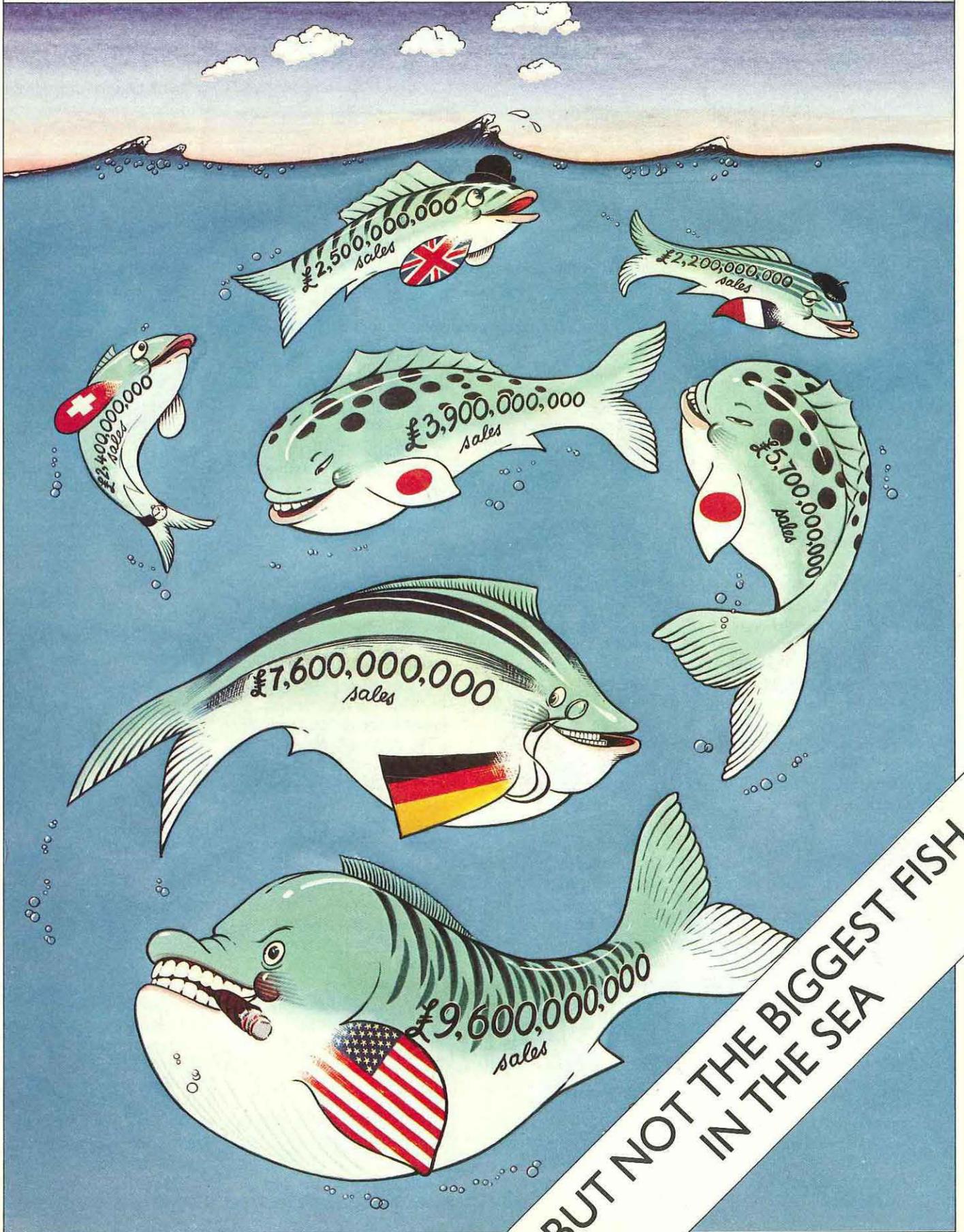


G&C 79

BRITAIN'S LARGEST PRIVATE EMPLOYER



BUT NOT THE BIGGEST FISH
IN THE SEA

WHO WE ARE UP AGAINST

So who is the biggest fish in the sea?

It all depends on what you mean by biggest.



If you use sales as the yardstick, then General Electric of America (GE is no relation of GEC) with £9,600 million must be the biggest. And if you judge by numbers of employees, with 401,000 it still is the biggest.



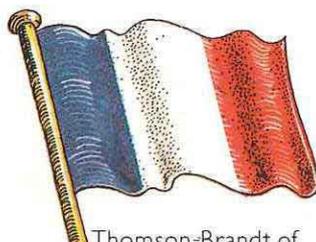
But when compared with GEC, although the two companies compete in many products, there are many differences between them. GE makes aero-engines, operates television and radio stations, owns uranium and coal mines, and is involved in exploration and drilling for oil. GEC is not in these businesses.



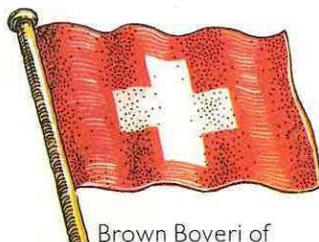
Strong competition comes for GEC from big companies in the Common Market. Siemens of West Germany made sales last year of £7,600 million, more than three times GEC, and achieved this level with only seventy-five per cent more employees. But whilst there are many areas of overlap between the



product ranges of GEC and Siemens, there are marked differences. And, as in the case of GE, Siemens enjoys a considerably larger home market than GEC.



Thomson-Brandt of France is a little smaller in overall sales than GEC and is also differently structured; a quarter of its business is in durable consumer products, and about half in professional electronics, with nothing at all in power engineering.

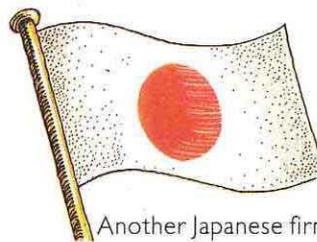


Brown Boveri of Switzerland and Germany, also sold a little less than GEC last year at £2,400 million. But over half the Brown Boveri sales came from power generation and distribution activities, and less than ten per cent from electronics.



One of GEC's main competitors in the East is Toshiba of Japan who, with

100,000 employees, last year made £3,900 million of sales. Compared with GEC's eleven per cent of sales in consumer products, Toshiba had nearly forty per cent in that area, and also had a larger percentage of power engineering sales than GEC.

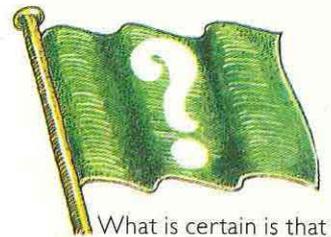


Another Japanese firm, Matsushita Electric, made sales of £5,700 million last year, but over seventy-five per cent was in products for the home like television receivers and domestic appliances.

The many differences in the make-up of the activities of the great electrical companies - the fish in the sea - make valid comparisons of one business with another far from straightforward. Distortion can also arise through changes in currency exchange rates which are moving all the time. Yardsticks such as sales per head can be misleading unless the distribution of costs of the different elements of the product are known, and whether a particular company makes more or less of its components than another.

It is commonly and wrongly believed that our Japanese and American competitors achieve relatively larger exports from their

countries than the Europeans. The fact is that twenty per cent of Toshiba's output in Japan was exported last year. GE of America exported sixteen per cent of its US manufactures. GEC, on the other hand, exported 34 per cent of its home manufacture (£751 million out of £2196 million) and so was close to Siemens which exported nearly forty per cent of its home output.



What is certain is that GEC has to compete for business round the world with powerful and larger fish, not only those that have been mentioned above, but many others besides.



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GEC 79

NEWS OF THE YEAR

Last year was exciting and eventful. Big orders, especially for export; expansion in the United States; redoubled activity in other markets. GEC has been in the headlines regularly—and usually with a success story for Britain.

With joint companies, by take-overs, and with straight exports from Britain, GEC has been fighting to expand in the biggest and most competitive market of all, the USA. A new agreement was signed with Turbodyne Corporation of Minneapolis to produce and market industrial control products in the USA. In April, shortly after the year end, GEC laid out some £50m to acquire A. B. Dick of Chicago, a leading office equipment manufacturer. A new company, Fisher Controls Corporation, in which GEC has a 33.5 per cent stake, was formed with Fisher Controls Company of Delaware to operate in the control valve and process control field.

In South Africa, Barlow Rand took a half share in GEC's major interests in a move designed to give local participation.



The appointment of Dr Henry Kissinger as consultant to the GEC Board was a dramatic sign of the growing importance of GEC's international dimension. No-one could possibly do more to strengthen and widen our knowledge of conditions in the larger world in which we operate.

On the home front, two events spring to mind – the Averys negotiation, and the establishment of GEC-Hitachi.

It was in November that GEC announced its interest in an association with the Birmingham based weighing company, Averys. GEC did not make a bid for the company, but nevertheless the Government asked the Monopolies and Mergers Commission to consider what effect the proposals would have. Evidence is being collected by the Commission and at the time this document went to press the matter was still unresolved.



With Hitachi of Japan, we got together to make tv receivers and music centres in the UK. The aim of the new business, GEC-Hitachi Television Ltd, is to increase sales and exports and by this means to safeguard employment in the South Wales factory.

Many more jobs have been, and will be, created by other GEC companies. New factories include Schreiber at Runcorn, 1,000 jobs eventually; and GEC Computers at Dunstable, 150 new jobs. There was a net increase in space occupied by the company in Britain of more than one million square feet.



Job security apart, several outstanding GEC orders during the year have helped keep alive some sectors of UK industry which have found the going pretty tough lately, while at the opposite end of the spectrum other contracts have given a fillip to the newer, technology orientated industries.

For instance, the largest order ever placed in the UK for power generation equipment, worth £100m, was won by GEC Turbine Generators for the design and supply of a power station in Hong Kong. Only three months later the same company notched up another success with a £50m contract for generating units in Korea.

These orders were valuable in maintaining a viable turbine generator industry in Britain at a time of low demand in the home market.

GEC took a leading rôle in getting going the electronic information system now available from the Post Office at Prestel; GEC Computers of Borehamwood took £8m worth of orders for equipment used in the system, including £1m in export sales.



GEC's pioneering work on viewdata and teletext was seen to good effect at the Wembley Conference Centre at the "GEC 78" exhibition. Virtually every GEC company was represented at the show making it the biggest exhibition ever staged by the group; it was seen by some 15,000 people over its three days! About 6,000 of these visitors were GEC employees who came from many parts of the country.

As usual, GEC won a good share of Queen's Awards; three subsidiary companies were honoured during 1978/79, Ruston Gas Turbines, Marconi Avionics and GEC Measurements, for their export successes.

All in all, an exciting year of achievement.

What the pictures show

- (a) This artist's impression of an integrated circuit indicates their small size and compactness.
(b) Sir Arnold Weinstock, managing director of GEC, looks on as the president of Hitachi, Japan, Hirokichi Yoshiyama signs an agreement between the two companies for the manufacture of colour and monochrome television sets and music centres in Britain.
(c) Inside the new Schreiber furniture factory at Runcorn, Cheshire.



Another major step in transatlantic co-operation was the well-publicised deal with Fairchild Camera and Instrument Corporation to produce integrated circuits at Neston in Cheshire. This venture will be a formidable addition to Britain's technical resources, and should provide eventually 1,000 new jobs.

GEC 79

A TYPICAL GEC UNIT

Who works for GEC?

Who are the people who make up the total team which is GEC? What skills do they possess? What type of work do they do?

If we take a typical GEC company with 1,000 employees, the team will look like this:

360 production operatives, who make the goods.

140 clerks and office workers, who order the material in and keep tabs on it whilst it moves through the factory, keep the records, pay bills, collect debts and so on.

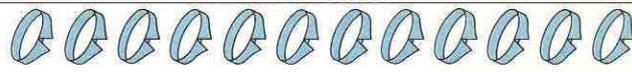
140 craftsmen, such as toolmakers and electricians, who maintain the services and the plant.

80 engineers and scientists, including draughtsmen and testers, who provide technical skills at each end of the production process.

50 supervisors, foremen and chargehands, who oversee production and the handling of goods.

30 salesmen, and supporting commercial staff, who sell the

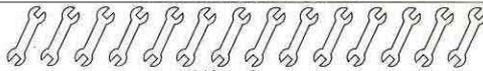
output of the factories and other services.



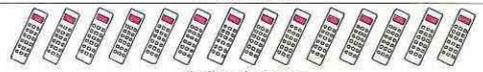
360 production operatives



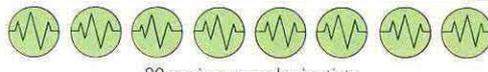
140 clerks and office workers



140 craftsmen



140 technicians



80 engineers and scientists



50 supervisors, foremen and chargehands



30 salesmen



30 welfare and personnel



30 managers

output of the factories and other services.

30 of those who look after others, providing training and development, medical, personnel and welfare services, and manning canteens and security posts.

30 managers, accountants, lawyers and specialist advisers who co-ordinate and control operations, take responsibility for business results and make sure that the unit functions efficiently.



How are these people trained?

Even if they are fully proficient in their trade or profession, in a typical GEC unit 311 of its 1,000 people will have received specific training



TRAINING & INDUSTRIAL RELATIONS

at some time during the last twelve months, in addition to the experience of actually doing a job of work. This number is made up as follows:

Production operatives	101
Technicians	54
Engineers	47
Craftsmen	36
Supervisors	22
Managers	19
Salesmen	15
Clerks and office workers	12
Welfare and Personnel	5
	311

What sort of training does GEC offer?

Last year nearly 45,000 people benefited from some GEC-sponsored training in the UK, and, of these, 8,200 employees were engaged on long-term training programmes. They were attending universities, technical colleges or polytechnics, or were on socially-orientated courses, like Endeavour Training and the Duke of Edinburgh Award Scheme.

Apart from training its own people in Britain, GEC also trains many from abroad, not least from the countries of the Third World. They come from our own overseas subsidiaries and from the staffs of our customers.



What has GEC been doing about school leavers?

In the last year, apart from GEC's normal recruitment, hundreds of additional school leavers have been helped to start their working life by several GEC establishments

under special schemes usually operated in conjunction with the Manpower Services Commission.

For example, a 16 year-old school leaver had been out of work for five months before arriving at GEC, Trafford Park. Aptitude tests showed he had potential mechanical skills. So he became a craft apprentice and is already advancing his career.

A 16 year-old girl was sent to the GEC Hillend enterprise in Scotland after an unsuccessful search for work on leaving school. She was found to have ability for assembly work, and she was encouraged to pursue this talent and continue through the training programme. She is now settled and working as an operative in the printed circuit board plant.

GEC still needs more skilled people

Last year, GEC recruited 1,500 graduates and many more skilled personnel. Yet it is still short of qualified people and had vacancies in April 1979 for:

VACANCIES	
1,600	Engineers
1,100	Technicians
800	Craftsmen

More of them should be coming into the Group through the education system. But GEC, like other companies whose output is vital to sustain British industry, is deprived of key people because they are hoarded in the public sector; their abilities in many cases not being properly utilised and their talents not even directed to productive purposes. GEC would welcome those among them who recognise this and are ready to make a change.



GEC's links with the trade unions

Many employees at a typical GEC factory belong to one or other of the 22 trade unions which represent people in the engineering industry.

GEC businesses are run quite separately by their individual managements, so central negotiations between the whole company and the unions would not work efficiently. There are national agreements on a few basic matters between the unions and the whole of the UK engineering industry, but mostly matters are discussed and settled locally.

Negotiations between unions and management at the factory follow simple procedures in which general subjects like pay increases, or particular matters affecting individuals, can be talked over in an orderly way.

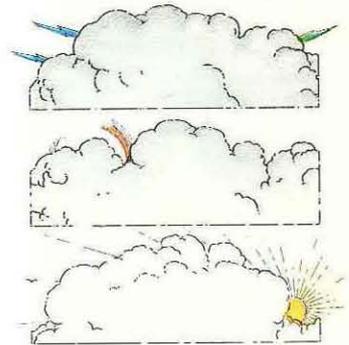
Discussions between the factory shop stewards and management are sometimes reinforced by local trade union officials, and, exceptionally, by national union leaders.

When an issue is not resolved by such discussions, a strike may occur, though this is fortunately rare. An official strike usually reflects a genuine difference of opinion between management and employee representatives, and both the unions and company still go on seeking agreement to resolve their differences.

Occasionally, unofficial action is taken before agreed

procedures have been exhausted, or even before they are under way. For example, people may refuse to work normally, and managers may respond by stopping pay. Situations like this can arise for all sorts of reasons, some of them understandable. But others can appear to be reckless and to bring only harm to those drawn into them by having little regard to the interests of employees or to the consequences for the company.

Usually, however, good sense prevails in industrial relations, and settlements acceptable to both sides are reached without disruption.



GEC regards consultation with the unions and participation by employees as very important. Managers are required to encourage employees to participate as much as possible in the conduct of the business, and discussions take place on a wide range of topics covering market trends, production plans, investment, new methods, training, health and safety and employment prospects. Employees play an important rôle in the affairs of the pension schemes through the regional advisory committees.

These topics and others are discussed from the overall standpoint by management and national trade union officials within the formal framework of GEC's National Joint Consultative Council.

WHERE GEC EMPLOYEES WORK



Offices of Moteurs Baudouin S.A., diesel engine manufacturers, in St. Loup, Marseilles. Moteurs Baudouin is a member of GEC Diesels Group.

GEC 79

TEN YEARS ON

A lot has happened in the ten years since GEC was created in its present form after the mergers with English Electric and AEL.

GEC is now acknowledged as one of the leading industrial companies in the world, but what GEC does has quite an effect on the wellbeing of our own country. Our exports (£751m last year) and overseas investments make us an important factor in the British economy. In money terms, we have multiplied our exports nearly four times. Even allowing for the fall in the value of the pound, we have increased them by many million pounds.

In 1970, we employed 234,000 people. Today, though our output is far greater, we employ 50,000 fewer. This is partly because we have sold or closed down a number of our operations which either did not fit into a sensible business structure or could not be made viable (though we have also bought some new ones). But the main reason is that better organisation and better equipment enable each of us to produce much more.

As a result, the average yearly earnings of our UK employees went up between 1970 and 1979 from £1,134 to £3,953. Our mounting success has meant that whereas in 1970 we could spend only £18m on property, machinery and equipment to develop our business, in 1979 we spent £126m.

Our direct contribution to the money needed to run the country has massively increased. In the year ended March 1970 we paid £9m in corporation tax. By the year ended March 1979 the figure had risen to £77m.

Rightly, too, the shareholders have also benefited. Our dividends, before tax, have risen from 3.23p to 9.07p.

I cannot foretell what the future holds for the economy of the world, or of Britain. But it is certain, whatever lies ahead, that we are in a far stronger position to withstand setbacks and to take advantage of new opportunities in the 1980's than we were in 1970.

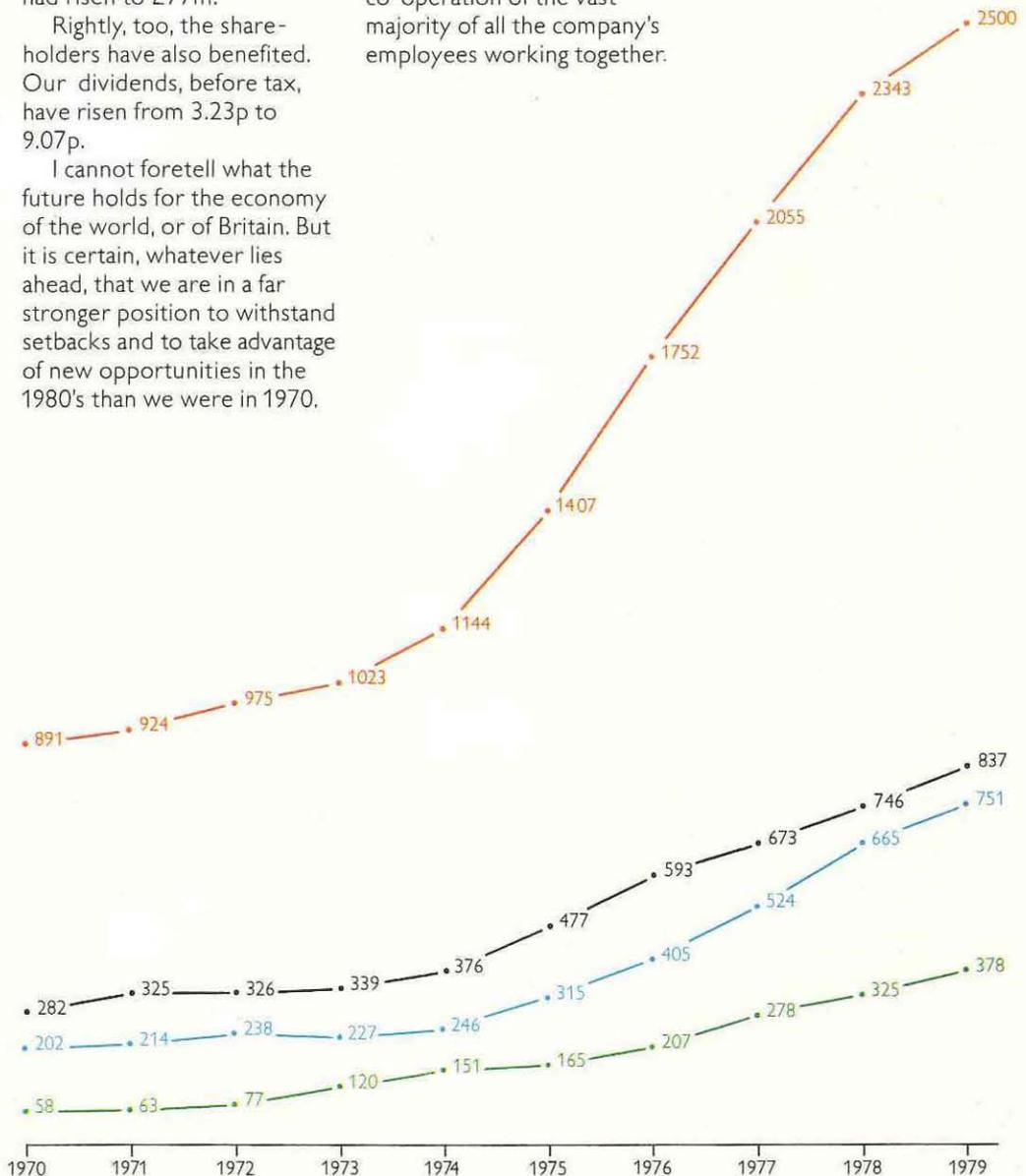
As long ago as 1928 Lord Hirst, then Chairman of GEC, had a great dream that the mergers, which eventually came about forty years later, would make the companies and employees more prosperous. He was right.

It is up to us not to fritter away what we have built and not to fail to advance where and when we can. We must reinforce the success won by the high quality and diligence of our management, the skills of our technical staffs and the intelligent understanding and co-operation of the vast majority of all the company's employees working together.

That will be good for all of us—employees, shareholders and the nation.

Arnold Weinstock

Sales £ millions



Wages, Salaries, Employee Insurance and GEC contribution to Pensions £ millions

Exports £ millions

Profit before tax £ millions

GEC 79

WEALTH CREATED IN 1979

HOW WEALTH WAS CREATED

Compared with 1978

	1979	1978
We Sold Goods and Services	£2,500,000,000	£2,343,000,000
We Spent on Raw Materials, Components, Goods and Services	£1,280,000,000	£1,251,000,000
We Created Wealth from our own efforts of	£1,220,000,000	£1,092,000,000
We Added net Interest on Deposits, Investments and Profits from Associated Companies	£56,000,000	£31,000,000
TOTAL WEALTH CREATED	£1,276,000,000	£1,123,000,000

HOW IT WAS USED

We Paid in Wages, Salaries, Employee Insurance and GEC contribution to Pensions	in the UK Overseas	£703,000,000 £134,000,000	£592,000,000 £154,000,000
We Set Aside for Company Taxation*		£159,000,000	£167,000,000
as Depreciation, for renewal and replacement of Assets†		£61,000,000	£52,000,000
for Dividends to Shareholders		£34,000,000	£22,000,000
for Other Companies' stakes in GEC		£5,000,000	£3,000,000
We Retained in the Business for Investment, increase in Stocks and Inventories, etc.		£180,000,000	£133,000,000
TOTAL WEALTH SHARED		£1,276,000,000	£1,123,000,000

How each 100p of wealth created was used in 1979

We Paid in Wages, Salaries, Employee Insurance and GEC contribution to Pensions	66p
We Set Aside for Company Taxation	12p
as Depreciation, for renewal and replacement of Assets	5p
for Dividends to Shareholders	3p
We Retained in the Business for Investment, increase in stocks and Inventories, etc	14p
Total Shared	100p

* Most of this Taxation will not be due for payment until next year. In the meantime it forms part of the funds used by GEC in the business. How much tax is actually paid will depend on the tax regulations at the time. Last year GEC paid **£95 million** in tax in the UK and overseas

† The money set aside for depreciation (wear and tear) reflects the original cost of the assets. Because prices have risen, GEC actually invests far more in new buildings, plant and machinery. Last year GEC spent **£126 million** on property, machinery and equipment.

GEC 79

WHAT GEC IS WORTH

GEC's ASSETS

At the end of March 1979

Fixed Assets	£351,000,000
Land, Buildings, Machinery and Vehicles	

Investments	£177,000,000
in other Companies	

Inventories & Stocks	£621,000,000
Raw Materials, Components, Work-in-Progress, Stores and Finished Goods	

Debtors	£569,000,000
Goods and Services sold but not yet paid for	

Net Cash	£730,000,000
Money in the Bank and Financial Securities	

GEC's ASSETS	£2,448,000,000
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GEC's LIABILITIES

At the end of March 1979

Long Term Loans to GEC	£175,000,000
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Capital Notes	£170,000,000
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Other Companies'	£42,000,000
interests in GEC companies	

Current Tax	£171,000,000
payable soon	

Dividends	£22,000,000
to shareholders	

Creditors	£517,000,000
Goods & Services received but not yet paid for	

Advances against Contracts	£159,000,000
Deposits paid by Contract Customers	

Provisions	£136,000,000
Money set aside to meet possible costs and losses	

GEC's LIABILITIES	£1,392,000,000
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The difference between GEC's **ASSETS (£2,448 million)** and GEC's **LIABILITIES (£1,392 million)** is the money subscribed by and retained profits owned by GEC's shareholders. It is known as **SHAREHOLDERS' FUNDS***

£1,056,000,000

TOTAL	£2,448,000,000
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*SHAREHOLDERS' FUNDS

consist of:

The face value of GEC's shares (548,698,196 at 25p each)	£137,000,000
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The additional premium also paid by shareholders when certain shares were issued	£85,000,000
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Profits retained over the years	£807,000,000
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Tax which might be payable one day	£197,000,000
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but not in the foreseeable future sub-total	£1,226,000,000
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Less Premiums paid by GEC when acquiring businesses (mainly English Electric)	£170,000,000
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SHAREHOLDERS' FUNDS	£1,056,000,000
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GEC 79

WHAT YOU ARE WORTH

You can work out your own balance sheet on the same lines as GEC. Some of the headings are different, but

the main features are roughly similar. Of course, GEC's figures are somewhat larger.

YOUR ASSETS

what they are worth now

HOUSE (if owned)	£
VEHICLES car, motor cycle, bicycle, caravan	£
FURNITURE chairs, beds, tables, cooker, fridge, carpets, curtains, radio, vacuum cleaner, china, TV set (if owned) lights, tools, records, pots & pans, kitchen gadgets, clocks, shaver etc.	£
CLOTHES & LINEN suits, dresses, skirts, sweaters, blouses, shirts, coats, pyjamas, shoes, socks, hats, bed linen, towels etc.	£
INVESTMENTS & CASH Bank & Building Society deposits, premium bonds, shares, cash and the surrender value of your life-assurance and pension.	£
DEBTORS (money owed to you) wages earned but not yet paid to you, income tax rebates yet to be received, money lent to other people.	£
PREMIUMS & PREPAYMENTS money paid by you in advance such as rates, season tickets, Christmas club, holiday deposit, insurance on car & house, car tax.	£
STOCKS food, drink, cleaning materials, light bulbs, shoe polish, lawn seed etc.	£
ANYTHING YOU'VE MISSED Jewellery, watches, garden tools, sports gear, toys, the odd Michaelangelo, racehorse, yacht, stamp collection, fishing rod, books etc.	£
TOTAL ASSETS	£

YOUR LIABILITIES

what you have borrowed and what you owe now

HOUSE MORTGAGE	£
H.P. on VEHICLES	£
H.P. on FURNITURE	£
CREDIT ACCOUNTS including credit card accounts	£
BANK LOAN + OVERDRAFT	£
CREDITORS unpaid rent, gas, phone, electricity & milk bills, money borrowed from friends and other unpaid bills such as alimony, newsagent, bookmaker	£
TOTAL LIABILITIES	£
TOTAL ASSETS	£
less TOTAL LIABILITIES	£
equals WHAT YOU ARE WORTH	£

Remember these points

Any balance sheet is a snapshot at a particular moment. Values can change. If you walk down the street and knock someone off a ladder, your liabilities could go up sharply. If your premium bonds win a prize your assets would get a welcome boost.

You cannot be exactly sure what some things are worth. You might value your clothes at what they originally cost, less the amount of wear and tear. Alternatively, you might value them at what you could sell them for - or again, at what they would cost you if you had to replace them with new ones. Like many things,

the value of some items depends on whether you are selling or buying. Inflation may increase the value of some of your assets, but it will also increase the cost of replacing them if they wear out.

Unless you prefer to put money aside for these uncertainties (as GEC has to do in its "provisions"), you

would be well advised to insure yourself against your assets going down (through, say, fire or burglary) and your liabilities going up because of accidents. Insurance companies usually wish you to insure things at the replacement cost of new items and they want you to keep the sum up to date to cover inflation.

SECTOR BY SECTOR

Power Engineering

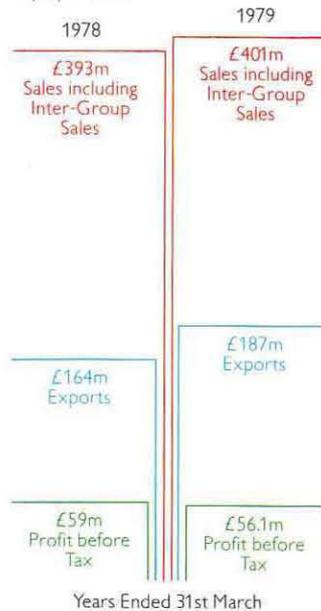
Notable successes were achieved in the year. In exports, GEC Turbine Generators recorded orders of £175 million, GEC Gas Turbines £55 million, and Ruston Gas Turbines £30 million, all considerably beating their figures for the previous year. On the other hand, export orders won by GEC Switchgear slumped after the previous year's record intake.

New business was not easy to secure. The level of demand for electrical equipment from the home generating and area boards has been low, and overseas competition has become more intense than ever. In these circumstances, it was not possible to get enough sales to maintain full factory loading at all sites. But management, employees and their representatives worked together, to the credit of all, to carry through the requisite scaling down with the minimum amount of fuss.



GEC Turbine Generators substantially completed the first 600 MW unit for overseas, which is planned to be commissioned in September 1979 to give completion only fifty-four months from the award of the contract. Our products in the Power Engineering field are being continuously modernised; new developments included a new range of vacuum flameproof

switchgear for mining applications, cast resin dry type transformers, power conversion equipment for rail vehicle drives, and a non-toxic fire resistant fluid for use in transformers and other equipment.



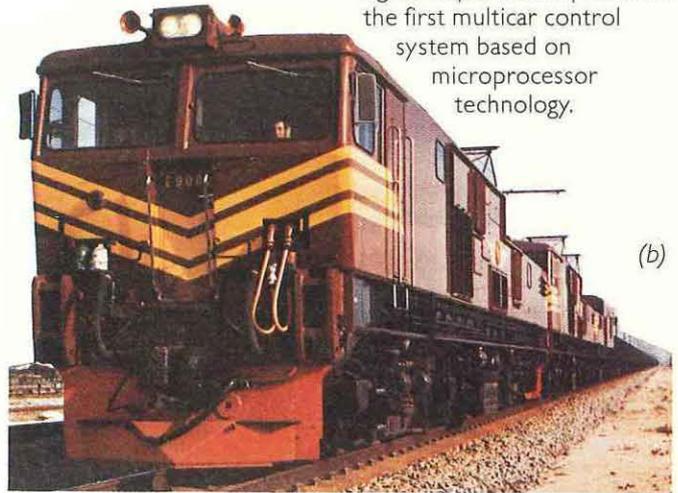
Labour problems at Lincoln and Stafford held back production; the results for the year would otherwise have been more satisfactory.

Industrial

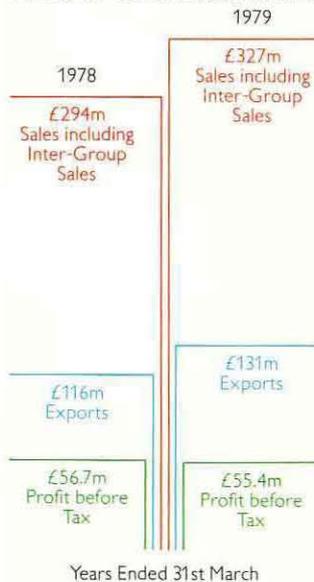
Home and export sales for the Industrial Group as a whole were higher, with turnover up in Large Machines, Fractional Horsepower Motors, Marine and Industrial Gears, Traction, and Simplex of Cambridge. But the Diesels activities did worse than last year in sales and profits.

Considering that GEC Diesels had to contend with a drop in demand and on top of that lost five months' output at Paxman Diesels because of industrial disputes, its performance was reasonably satisfactory. New products are being brought forward, investment in new plant is continuing and some streamlining is being undertaken, so the business

should be ready to take advantage of any improvement in market conditions.



Exports continue to provide GEC Traction with the greater part of its incoming business. Last year, new orders were received from Hong Kong, South Africa, Australia, India, Brazil, Denmark, New Zealand and notably, from the United States for electric locomotives.



The results for GEC Machines and Woods of Colchester were by no means unsatisfactory in very competitive conditions.

GEC Marine and Industrial Gears had a very good year and GEC Foundries turned in

a creditable performance in difficult market conditions.

Express Lift again recorded higher exports, and produced the first multicar control system based on microprocessor technology.

Electronics, Automation and Telecommunications

Electronics is the area which these days provides the most rapid growth. Sales, which last year exceeded £500 million and were more than 25 per cent higher than in the year before, would have been higher still had not production been retarded by shortages of skilled people. Exports comprised over 40 per cent of total sales, emphasising the importance of development of GEC's overseas trade. But neither Marconi International Marine, which was affected by the continuing depression in the shipbuilding and shipping industries, nor GEC Medical

What the pictures show

(a) Ruston gas turbines generate the power for an offshore natural gas recovery complex operated by Qatar Petroleum Producing Associates (Offshore) Ltd.

(b) The world's first export fleet of 50kV thyristor-controlled locomotives has been supplied by GEC Traction. The photograph shows three of these giant locomotives hauling a 20,200-tonne ore train in South Africa.

SECTOR BY SECTOR

Equipment, which found trading difficult at home and abroad, shared in this growth.

GEC Computers doubled its order intake and, like Avionics, Space and Defence, and Radar Systems, has a substantial order book which will keep its enlarged production facilities busy for some time ahead.

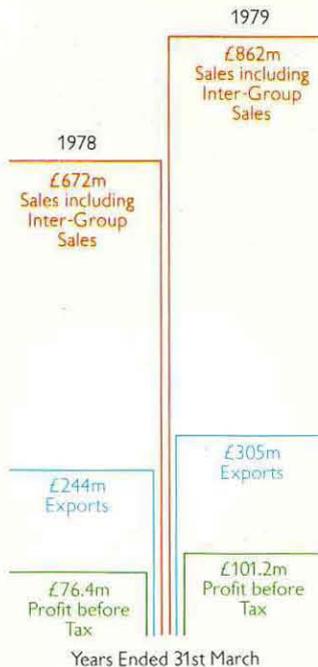
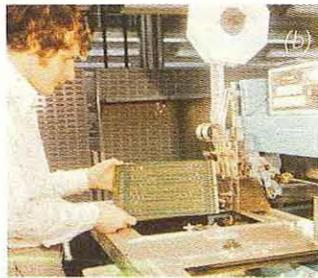


(a)

Led by Electrical Projects, Industrial Controls, GEC-General Signal, and Traffic Automation, nearly all the automation activities moved ahead, with higher turnover. Transportation Projects made progress with study and design work on the £150 million railway electrification scheme for Brazil, and is pursuing a number of prospects in Latin America and the Far East.



Telecommunications enjoyed a much better year, with higher output and a big order intake. Profit recovered to the level of two years ago. A marked expansion of development resources in System X brought considerable progress; the first exchanges are now going into manufacture and plans for export promotion are well advanced.

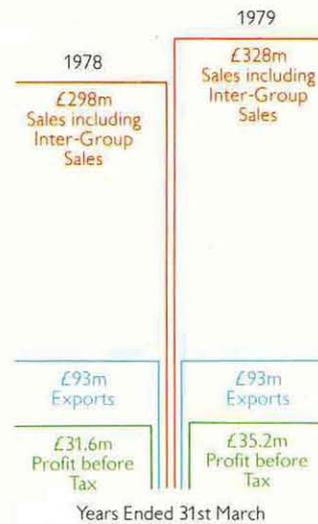


Transmission and subscribers' apparatus divisions are now beginning to reap the benefit of the new products they have brought to production, and Reliance Systems enjoyed another growth year.

Components, Cables and Wire

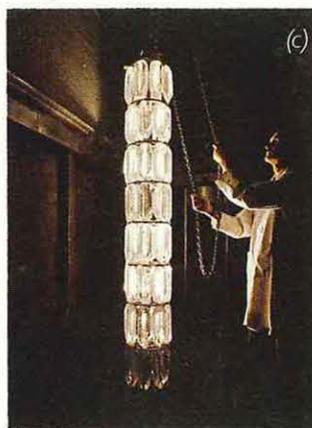
This group contains two sub-groups where the prospects for growth are especially favourable; electronic devices and energy conservation together have a turnover in excess of £100 million, and their expansion will be supplemented in due course by microprocessors and advanced semiconductor memories produced by GEC-Fairchild. The development of new products by these two sub-groups will enlarge the scope and potential of new

systems and equipment to be made by other GEC units and their customers.



Redring has consistently improved its figures over the years and has succeeded in investing its new products with considerable customer appeal; for the first time, its sales exceeded £10 million and its profit £1 million.

The Wire and Cables Group results were somewhat mixed. Telephone Cables' exports were higher; Power Cables' exports dropped. Throughout the group, capital investment spend has been rising and new products are flowing as a result of a more concentrated development effort, particularly in the field of optical fibres.



(c)

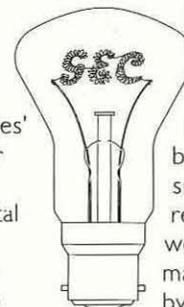
Walsall Conduits, Fusegear, and the other installation equipment businesses had a good year.

Consumer Products

A distinct improvement in the results was achieved in what is not the least competitive area of GEC activities.

GEC Schreiber, with Schreiber furniture and domestic appliances under the Hotpoint and Morphy Richards trade marks, sold more, and with better margins recorded a good advance in profits. The company is committed to increasing its share of the home market at the expense of imports, and to sell more overseas, particularly furniture to other EEC countries. To raise production, substantial capital expenditure programmes are already under way or in course of being launched.

Osram (GEC) is the second largest business in this group, and although it does not have the same opportunity for rapid growth, its progress over the years has been steady and sustained. The results this year were, however, marred somewhat by an industrial dispute, the lorry drivers' strike, and bad weather, all in the last quarter. Even so,



What the pictures show

(a) Martello, the revolutionary long-range 3-D radar, developed by Marconi Radar Systems Limited.

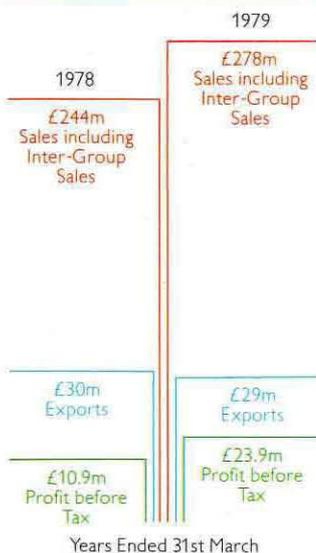
(b) Computer-controlled automatic component insertion machine at GEC Telecommunications, Coventry.

(c) Synthetic quartz being drawn from the autoclave where it has been grown from 'seed' over a period of about one month. This quartz is the basis of many electronic components manufactured by Salford Electrical Instruments and other GEC companies.

SECTOR BY SECTOR

exports which account for nearly 25 per cent of sales, were quite well up on the previous year.

The television business was moving back towards profitability by December, when the manufacturing activity was transferred to a new joint company with Hitachi of Japan. This new venture, based on the factory in Wales, will benefit from Hitachi know-how as well as from the additional loading of receivers to be sold under the Hitachi trade mark. GEC receivers will continue to be marketed by GEC (Radio & Television), which is already actively taking steps to improve its distribution to independent dealers in the manner so successfully demonstrated by Hotpoint in domestic appliances.



Cannon had a good year with gas cookers and fires, and so did Xpelair with fans and other household products.

Overseas

It is GEC's intention to widen and strengthen its distribution outlets around the world and to supplement its product ranges. Opportunities have and will be taken to enter into partnership arrangements with others where there is advantage in the pooling of experience and sharing of the costs of development, or where local participation is necessary to gain or maintain access to overseas markets. These are the reasons underlying the sale of one-half of most of the GEC businesses in South Africa to Barlow Rand, and the merging of the control valves and process control businesses with Fisher.



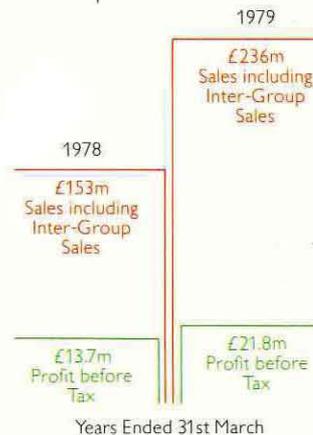
subsidiaries in Canada and Italy; in both cases, a major contribution came from the introduction of new products derived from their own development programmes.



The fall in the value of local currencies of most of the overseas companies has had the effect of reducing the figures expressed in sterling in comparison with those of the previous year.

Associated Companies

GEC participates with others at home and overseas in joint companies in which GEC holds 50 per cent or less of the shares. Such companies are engaged, among other things, in making glass bulbs, filament wire and components for lamps, mobile heavy earthmoving equipment, and design and construction of nuclear power stations.



In the last year, GEC has established four new associated companies, with Fisher Controls Corporation of the USA in the field of control valves and process control equipment; with Fairchild-Camera, also of the USA, to make in the UK

microprocessors and advanced semiconductor memories; with Hitachi of Japan for producing in South Wales colour television receivers; and with Barlow Rand in South Africa for jointly carrying on the businesses of GEC's former subsidiaries in that territory.

How your own unit of GEC performed in 1978/79

Yes, it's blank. That's because your unit management can tell you more than we can squeeze into the space. Why don't you ask them?

What the pictures show

(a) A new Hotpoint automatic washing machine, the Super Electronic De Luxe with Reversomatic no-tangle action and Variomatic spin control. (b) The keyboard of an advanced word processing machine – the Magna II electronic typewriter made by A. B. Dick in Chicago.

YOUR QUESTIONS ANSWERED

About 180 shareholders and 80 employees wrote in following the invitation in "GEC in 78" to ask questions about the company. Here are some of the more popular questions and a summary of the answers:-

Q Do you offer sponsorship for University and Polytechnic degree courses and what vacancies do you have for graduates?

A Yes, the company has over 1,200 young people on sponsored courses with the majority studying electrical/electronic engineering. We recruit large numbers of graduates and last year were trying to fill over 1,700 vacancies. Details are obtainable from A. S. Robb, education manager, The General Electric Company Limited, 1 Stanhope Gate, London W1A 1EH.

Q How do you buy shares in GEC?

A There is no special scheme for the purchase of GEC shares by employees or others, but it is quite easy to do so through the local branch of any bank which will deal with a stockbroker on your behalf.



Q Does GEC operate a scheme offering a discount to shareholders buying GEC products?

A We do not provide facilities for shareholders to purchase goods direct from the company. Other companies which do this usually deal direct with the public, and are therefore organised appropriately. GEC has no companies engaged in retail trade.

Q What steps does GEC take to save energy in its factories etc. and what results have been achieved?



A Our own technical experts visit the factories with the express purpose of examining and reporting on all aspects of energy utilisation and making recommendations to increase efficiency wherever possible. Useful savings have resulted from this.

Q Is it possible to obtain employment for myself with GEC? I am at present unemployed.

A If you have a trade or skill, there may be good opportunities for you, but this depends on GEC's needs in your district. In an increasingly technological age, GEC is constantly trying to up-grade the skills of its work force.

The chances are obviously much better if you have qualifications, but there are also vacancies from time to time for unskilled people. You should check the local employment position with the personnel department of any GEC units where you would like to work.

Q What is the system used for capital project evaluation within the organisation and how effective is it?

A Capital projects are usually generated by the management of each of GEC's many businesses. Major proposals are subjected to detailed scrutiny by supervisory management, and there are further discussions with headquarters through the usual budgeting procedures and, for large projects, to obtain specific approval and finance. Local management is responsible for achieving the results which their proposals claim.

In GEC, finance is available for any investment which can be justified. GEC has never turned down any sound capital proposal because money could not be made available. On the contrary, GEC is constantly seeking new opportunities for capital investment inside and outside the UK.

Q It is pleasing to note that you consider 'Community Relations' sufficiently important to list Mrs. Sara Morrison as a member of your central management. What is her rôle?

A Mrs. Morrison was brought into the company in 1975 with the aim of reconciling the requirements of efficient management with the recognition of the human identity and aspirations of all the company's employees. She also seeks, as part of this rôle, to encourage the operating units to appreciate the social concerns which affect the local communities of which they form part.

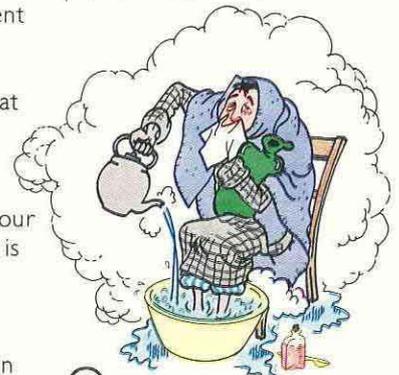
Q I am over 70 years in age, and as I am more in need of income on my shares than distant prospects, should I not

swap my GEC shares for Consols?

A At one time, the yield on industrial shares was higher than on gilt edged securities. An extended period of inflation has changed that. You may prefer the predictably higher income from Consols to the possibility of capital appreciation on your GEC shares, but you should not forget that the high yield on Consols has come about because of the decline in their price.

Q With modern day stresses, should not GEC provide BUPA membership for foremen and other middle management?

A Many GEC units do operate group arrangements offering reduced rates to those who wish to subscribe to private medical schemes.



Q As a shareholder, I wish to know what percentage of employees are not members of unions and what percentage are members of non-TUC affiliated associations or unions.

A We do not generally ask our employees whether they are members of a trade union. But our guess is between 20 and 30 per cent of our UK employees do not belong to a trade union. A few people, probably less than one per cent, belong to bodies not affiliated to the TUC.

GEC 79

YOUR THOUGHTS ON "GEC IN 78"

We asked researchers from Oxford University to find out what GEC employees thought of last year's employee and shareholder report.

Some opinions were pleasing. Others were embarrassing.

The distribution of "GEC in 78" was patchy, with some units much better than others. In one case, 95% of employees had read a copy. In others, less than 50% even saw one. White collar workers were more likely to have received a copy than others.

The people who saw "GEC in 78" usually read most of it and found it interesting. Some said that the financial

information was difficult to understand; others that it was too light hearted. The presentation was well regarded though some thought the style and colours rather garish.



People were quite surprised by the wide extent of the

range of GEC products. They liked the map of the company locations, and wanted more information—particularly about activities in their own unit.

There was insufficient opportunity to discuss "GEC in 78" with managements and, whilst management information was almost always seen as truthful, the contact between management and shopfloor was seen as too limited. Information was more likely to come through supervisors or via the grapevine.

This year we have simplified the financial information further—though it is less "visual," and incorporated many of the other changes wanted by employees.

The key lessons of the 78 innovation are:

People cannot be expected to show interest in GEC's affairs if they don't get a copy.

There is a strong demand for local managements to provide local information about performance, plans and prospects.

Financial information could be much better understood if the GEC results were explained and discussed by managements—even if informally.

It is important to raise the level of employees' understanding of business and financial matters to maximise opportunities for constructive participation at work.



ANY QUESTIONS THIS YEAR?

My name and address is:

I am a shareholder tick box

I am an employee tick box

Please send me a copy of GEC's full Report & Accounts tick box

Please answer the following questions about GEC

Send this coupon or a letter to The Secretary, The General Electric Company Ltd, 1 Stanhope Gate, London W1A 1EH

GEC 79

DID YOU KNOW . . . ?

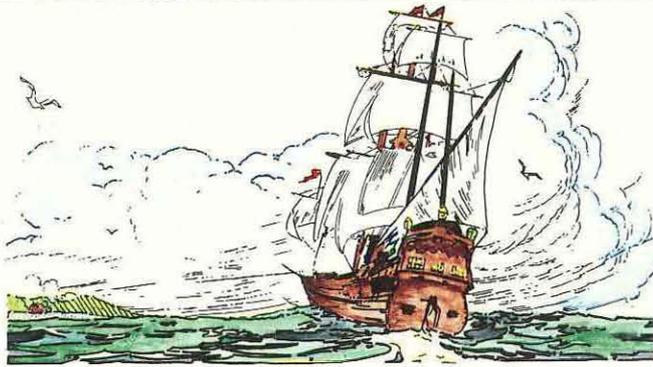
GEC can print on eggshells. Peak freshness can be guaranteed by A.B. Dick's ink-jet date coding system.



It's all plain sailing for yachting enthusiasts with the aluminium spinnaker poles from Vactite. Designed for ocean racers, the company produces three sizes of pole.



Probing deep into space and recording the phenomenon of the 'black holes' and other mysteries of the universe is the Ariel 6 satellite which Marconi Space and Defence Systems built for the Science Research Council and which was launched in June. GEC has played a major rôle in every British space project. Since 1964 the company has contributed to 28 national and international satellites and is now working on 19 more planned for launch in the period until June 1982.



No mutinies on this Bounty where Kelvin Diesels is firmly in charge! The company's twin diesel engines have been fitted in a replica of the famous vessel, used by David Lean in a film made in Tahiti.



On the up-and-up is the Express Lift Company in the new National Westminster Tower, London. Here the company has installed 21 main lifts for this prestigious building which has no less than 51 floors. Five of these lifts are double-deckers which are new to Europe, and they travel at 1,400 feet per minute.

Underwater detection is the name of the game for the sonar hull unit produced by GEC Engineering (Accrington). It is used for a variety of Admiralty and commercial applications, such as locating shoals of fish.



Claudgen of Wembley is always the talk of the town! The company provides bright, neon lights in London's Piccadilly Circus, an attraction for millions of tourists each year.



Designed to provide the maximum in light and space is this aluminium-framed greenhouse from Simplex of Cambridge.

Marconi Instruments is going for gold at the 1980 Moscow Olympics. Outstripping all the competition, the company will provide the technical quality control for all the TV broadcasting.



A.G. Hackney, whose main job is producing electrical insulators also uses its skills to produce a variety of products which would seem to have little to do with GEC. One of them is the porcelain jar for gentlemen's relish.



Take a look around you and the odds are that a great many things in your home have passed through a Paxman filter at some stage in their production. The picture shows just a few of the articles, including the dress, material, which are produced after the liquid/solid separation process undertaken by Paxman's filtration equipment.