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## U.S. BUSINESS NEWS

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# GE Says It Will Combine Appliances, Lighting Units

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**General Electric Co.**, in the latest restructuring move by Chairman and Chief Executive Jeffrey R. Immelt, said it is combining two of its weakest, smallest and oldest businesses, lighting and appliances, to cut costs and combine sales resources.

The new business, called GE Consumer Products, incorporates virtually all of the consumer products GE has left, except for some financial services at GE Capital Corp. Though light bulbs and refrigerators helped establish GE's brand name early in the 20th century, the company increasingly has moved away from consumer businesses in recent decades to focus on larger industrial businesses such as power systems and aircraft engines. Even with lighting and appliances combined, and with more than \$8 billion in revenue, the consumer business generates only about 6% to 7% of GE's annual revenue.

Both also have been generally weak performers in recent years, despite rolling out new products, in the face of strong competition, economic uncertainty, tough profit margins and difficult overseas markets. GE Appliances has enjoyed a small turnaround of late, however. With little growth in rough markets, both have been considered perennial candidates for sale, despite the company's emotional ties to them.

Asked whether the move to combine them was done with an eye toward a possible sale, a GE spokeswoman declined to comment specifically about the lighting and appliances businesses. "We constantly review every business, and where there are opportunities to create growth and grow our brand we pursue them," she said.

The shuffling follows several other moves Mr. Immelt has made as he approaches his first anniversary in early September as head of the conglomerate, based in Fairfield, Conn. These include the recent split of GE Capital into four separate businesses, increased accounting disclosures and a series of corporate-governance measures. In the wake of the recent accounting scandals, GE has been under heavy fire from some critics for what they say is inadequate disclosure.

With its latest move, GE hopes that performance will improve for lighting and appliances by cutting administrative and, possibly, manufacturing costs, and funneling the savings back into product development and marketing. In addition, with the retail sector increasingly dominated by

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powerful chains such as **Home Depot Inc.** and **Lowe's Cos.**, and GE putting a greater emphasis on the homebuilder market, the company hopes that a single consumer entity will have more leverage in the marketplace.

GE said the new unit will be based in Louisville, Ky., the home of GE Appliances, at a campus known as Appliance Park. But the company will hold on to Nela Park in Cleveland, the landmark industrial park that had been the headquarters for the lighting business since 1913. GE Lighting employs 31,000 people, while the appliance business has 14,000 workers.

James P. Campbell, 44 years old, the head of GE Appliances since April 2001, will lead the new unit. Matthew J. Espe, 43, president and CEO of GE Lighting, is leaving GE after 22 years to become head of Ikon Office Solutions Inc., Valley Forge, Pa., the companies announced.

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