General Electric will use proceeds from NBCUniversal sale to repurchase $10 billion in shares

SCOTT MAYEROWITZ AP Business Writer

NEW YORK (AP) -- General Electric is saying goodbye to 30 Rock - the building and the TV business born there.

It's another step in GE's efforts to focus on less glamorous - but theoretically more profitable - ventures such as manufacturing medical imaging equipment, airplane engines and electrical generators.

The Fairfield, Conn., company announced Tuesday that it is selling its 49 percent stake in NBCUniversal to Comcast Corp., the nation's largest cable TV operator, for $16.7 billion. Comcast had bought a majority stake in the television and movie company in January 2011 and was expected to buy out GE's remaining stake over the next several years.

General Electric will use the money to accelerate its share repurchase program to approximately $10 billion in 2013.

"This transaction allows us to significantly increase the cash we plan to return to shareholders in 2013, to approximately $18 billion, and to continue to invest in our industrial business," GE CEO Jeff Immelt said in a statement.

GE is giving up its stake in one of America's best-known brands.

The sale includes the NBC broadcast network, which airs everything from "Law & Order" to "The Office" and "The Biggest Loser." The company also owns cable networks Bravo, CNBC, Telemundo, USA and the Golf Channel. There's also Universal Pictures, which over its 100 years has offered movies including "To Kill a Mockingbird," "The Sting," "Jurassic Park" and "E.T. The Extra-Terrestrial."

GE's capital unit will also sell the floors NBCUniversal occupies in the iconic 30 Rockefeller Center building in New York as well as property in Englewood Cliffs, N.J., for $1.4 billion. GE will retain two floors at 30 Rock, spokesman Seth Martin said.

The sale of the Rockefeller Center floors includes naming rights to the building, which has featured giant red "GE" letters at its top since 1988, a prominent part of the New York skyline.

A spokesman for Philadelphia-based Comcast said the company had no comment on its plans for the 1933 Art Deco building.

GE's history with NBC goes back to 1919, when it co-founded the Radio Corporation

of America, or RCA. The company pioneered commercial radio broadcasting. In 1926, RCA launched a television arm: the National Broadcasting Company, or NBC. Within two years, it had started the first regularly scheduled U.S. television programming in Schenectady, N.Y., then the site of GE headquarters.

GE sold its stake in RCA in 1932. But in 1986, GE ended up acquiring RCA, selling off its record label and television-manufacturing business. All that remained was NBC.

During the GE years, NBC was home to a number of hits including "Friends," "Seinfeld," "ER," "Frasier," and the "West Wing." Millions of American tuned in each night to watch the network's lineup, which was sold as "Must See TV."

In 2011, GE sold its majority ownership of NBCUniversal to Comcast for $8 billion in cash and reduced its ownership share from 80 percent to 49 percent. Tuesday's sale of the remaining stake gives GE cash to focus on its industrial businesses, such as building train locomotives, wind turbines and lights.

In 2007, just before the financial crisis hit with full force, GE's finance arm accounted for about 55 percent of the company's earnings, according to Martin. NBCUniversal contributed about $3 billion of the company's $22 billion in operating profit.

In 2012, GE's industrial segment - including a growing energy-infrastructure business - had a profit of $15.49 billion, compared with $7.4 billion from GE Capital.

General Electric CEO Immelt said that Tuesday's sale of NBCUniversal will allow his company to "accelerate our investment in our core businesses."

Showbiz might be sexy, but for GE the profit apparently is in manufacturing the devices that generate the power for our TVs

Source URL (retrieved on *07/14/2014 - 12:00pm*):
http://www.ecnmag.com/news/2013/02/general-electric-will-use-proceeds-nbcuniversal-sale-repurchase-10-billion-shares?qt-video_of_the_day=0