

Bulletin

ISSUED BY UE LOCAL 332 • 159 Main Street • Hudson Falls, NY



UE - The Union For GE Workers

October 21, 2013

Independent Financial Analyst Tells GE:

“In my professional opinion you have not made the case for moving to Clearwater”

UE continued negotiations with GE last week on October 16 and 17 in its ongoing effort to turn around the company’s “intent announcement” and stop the move to Clearwater, Florida. Union bargainers remain frustrated by GE’s continuing refusal to provide all of the documents that its business leaders used when making that decision, as well as other information critical to the bargaining process.

To move the process along and assess some of the confidential documents that GE did provide, UE asked Jim Schaffner, a forensic financial investigator to review that information. Schaffner has 40 years of public practice experience and co-founded a mid-sized regional accounting firm, Schaffner, Knight, Minnaugh & Company, P.C. with headquarters in Erie, Pa. Meeting with the company here in Ft. Edward on October 17, the financial investigator startled GE and its negotiators appeared visibly shaken when the independent financial analyst flatly told them: **“My professional opinion after 40 years ... you have not made the case for moving to Clearwater...”**

Fort Edward Overall Costs Down 13%

GE claims that it has a bad “cost structure” in Fort Edward, but according to the financial analyst, that claim is not supported by the small amount of documents which GE supplied. Since 2009, according to Schaffner, GE’s costs to produce capacitors have declined. Total production costs, including labor costs, have actually fallen by 13 percent.

Profits Up Significantly

In the 2011-2013 time span, Schaffner calculated that GE profits in Fort Edward increased significantly exclusive of “assessments” allocated to Fort Edward by an undisclosed GE entity. The analyst further criticized GE for its failure to invest and modernize “1940s vintage equipment” and told company negotiators that profits could have been even greater in Fort Edward if GE had made the kind of investments that it now is contemplating at its Clearwater facility. He remarked, “you have made the case that management needs to take a look at itself... this is a management problem, not 332’s problem.”

GE Fails to Prove “Non-Competitive” Claim

GE’s claim that it is “not competitive” was also soundly rejected by the financial analyst. He noted that GE has provided little information to support that claim, (a one-page document

(Continued on other side)

which lists three small orders it claimed to have lost to Cooper Industries) but he nevertheless remarked: "I have a hard time believing that a company like GE who has only one competitor in the U.S., is that worried about one entity that they can't compete with and they have to move a plant to compete." It is worth noting that UE has requested a listing of Fort Edward GE's top ten customers during for the past five years along with their sales volume, revenue generated, and operating profits. GE has refused to supply that information.

In summing up his presentation to GE, financial investigator Schaffner commented that GE has a unique financial position here in Ft. Edward. Once Fort Edward covers its fixed costs and achieves efficiencies of scale, GE generates significant profit without incurring significant additional costs. According to Schaffner, this strongly suggests that GE "can accept a price reduction" on what it charges customers for capacitors it makes in Fort Edward "and still make a lot of money."

Representing UE Local 332 in bargaining this week were President Scott Gates, Business Agent Angel Sardinia, Vice-President Carol Dudley, Chief Steward Mark Rock, Recording Secretary Kim Little, Executive Board members Sonny Goodman, Jason Brown, Chris Little, and Bruce Ostrander, UE Northeast Regional President Peter Knowlton, and UE International Rep. Gene Elk. They were joined on October 17 by Jim Schaffner and Kelley Byers from the accounting firm of Schaffner, Minnaugh, and Knight.

GE 3rd Quarter Profits Up Again

On Friday GE announced that its 3rd quarter profits for all of its industrial segments increased 12%. Profits for the Energy Management (which includes the capacitor business) declined by 57% due largely to poor performance in its industrial meters business, which has nothing do with Fort Edward. Based on the confidential information supplied by GE to us, however, it is clear that the capacitor business is outperforming the Energy Management business segment which we are part of and that we are contributing increased profits to corporate GE..

**Join Us on
Solidarity Saturdays,
Saturdays at 9 am**

Work in Our Towns

- **Get Petition Signed**
- **Plant Lawn Signs**
- **Talk to our Neighbors**

**UE Local 332 Hall
159 Main Street
Hudson Falls**

