

# General Electric dropped from Dow Jones stock index

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General Electric is being dropped from the prestigious Dow Jones stock index

Slumping US industrial giant General Electric will be booted from the prestigious Dow Jones stock index next week, S&P Dow Jones Indices announced Tuesday.

GE will be replaced on June 26 by pharmacy chain Walgreens Boots Alliance, which will contribute "more meaningfully" to the index, S&P Dow Jones said.

GE was an original member of the Dow in 1896 and has been in the index continuously since 1907.

The move comes on the heels of a bruising two-year slump for the iconic US company, which has seen shares tumble nearly 60 percent over the last 24 months amid downturns in its power generation and oil services businesses.

S&P Dow Jones noted that the Dow index is weighted by stock price, which means that GE accounts for less than one percent of the overall benchmark.

Walgreens Boots has a higher stock price and will have more influence on the index, which has 30 members.

Thomas Edison launched GE in the 19th century. Over time, the company has an intermittent presence in a sprawling array of industries, including entertainment and finance.

The company has pared back some of these businesses in recent years, selling NBC Universal to Comcast and divesting most of its finance business.

GE's best performing units of late have been health care and aviation.

Under pressure from Wall Street, GE last year replaced Jeffrey Immelt with John Flannery as chief executive.

Since Flannery became CEO last summer, GE has trimmed costs,

streamlined its board, cut its dividend and revamped employee compensation. The company also has announced plans to sell \$20 billion in industrial assets.

In April, GE reported a loss of \$1.2 billion in the first quarter due to \$1.5 billion in reserves to cover legal settlements connected to a subprime lending unit it exited.

Flannery warned at the time that outlook for the power sector was even worse than previously thought.

Analysts have praised Flannery, but questioned whether the moves are sufficient, with some speculating whether a breakup of the company would make sense.

GE said its turnaround efforts were on track.

"We are focused on executing against the plan we've laid out to improve GE's performance," the [company](#) said in response to the index change.

"Today's announcement does nothing to change those commitments or our focus in creating a stronger, simpler GE."

## **Blue-chip evolution**

The Dow's membership has evolved over time to add more technology companies, such as Apple and Intel and cutting many former manufacturing giants such as Alcoa and International Paper.

Since the founding of the index, "the US economy has changed: consumer, finance, [health care](#) and technology companies are more prominent today and the relative importance of industrial companies is less," said David Blitzer, managing director and chairman of the index

committee at S&P Dow Jones.

"Walgreens is a national retail drug store chain offering prescription and non-prescription drugs, related health services and general goods," he added.

"Today's change to the DJIA will make the [index](#) a better measure of the economy and the stock market."

Shares of GE fell 1.9 percent in after-hours trading to \$12.71, while Walgreens Boots jumped 3.1 percent to \$66.60.

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