

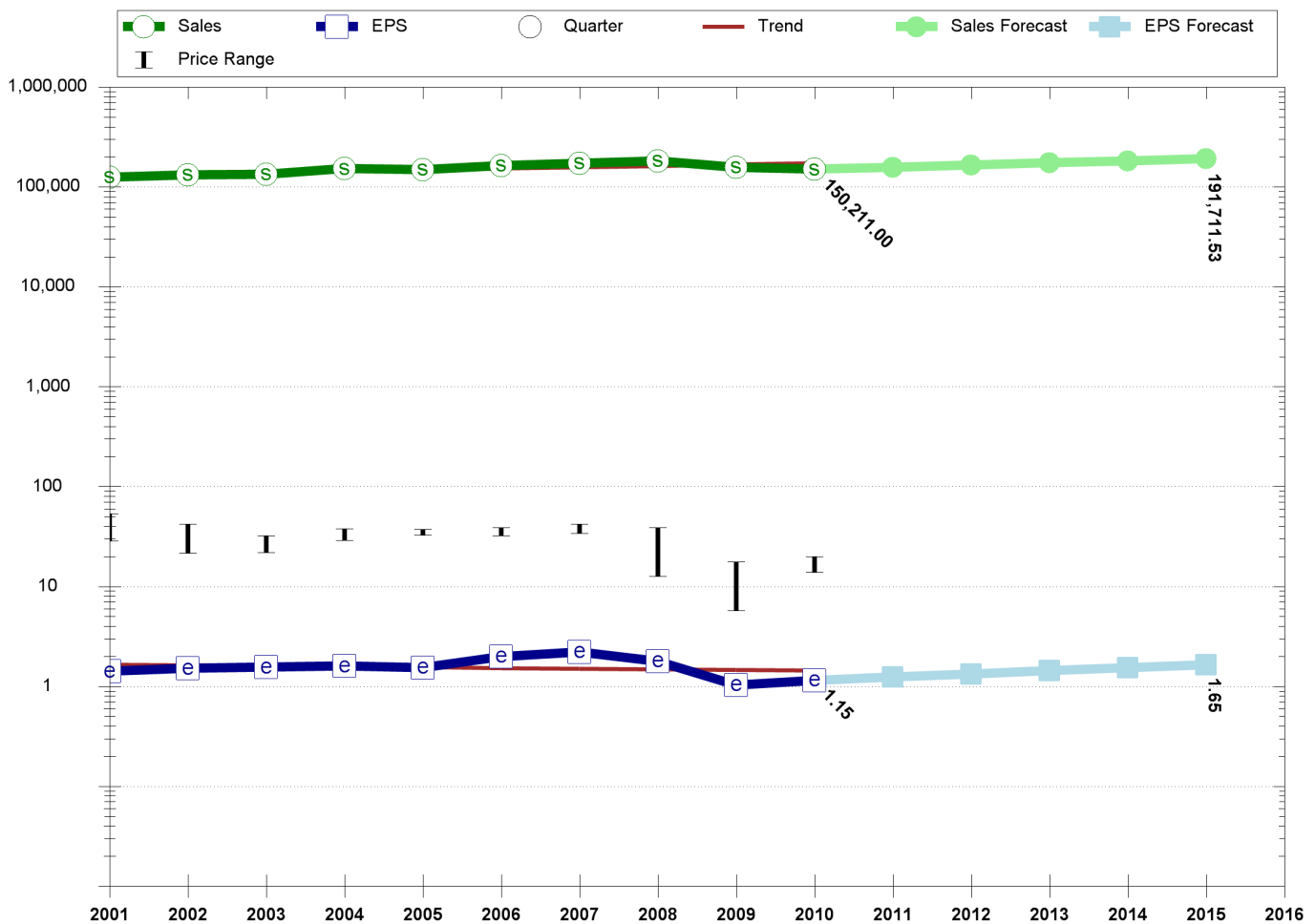
Company	General Electric Com		Date	3/2/2011	
Prepared by	Ritt		Data taken from	BI Stock Data	
Where traded	NYSE	Industry	Diversified Industrials		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	10,628.0	0.1	52.5		
Debt (\$M)	411,282.0	% to Tot Cap	77.6	% Pot Dil	0.2

## Stock Selection Guide

Symbol: GE

### 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 Quarter Ending (12/10)	Sales (\$M)	Earnings Per Share
Latest Quarter	40,274.0	0.35
Year Ago Quarter	41,438.0	0.28
Percentage Change	-2.81%	25.00%



(1) Historical Sales Growth	3.0%	(3) Historical Earnings Per Share Growth	-1.6%
(2) Estimated Future Sales Growth	5.00%	(4) Estimated Future Earnings Per Share Growth	7.50%

## 2 EVALUATING Management

General Electric Com

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	15.65%	14.34%	14.83%	13.20%	14.78%	15.07%	14.51%	10.49%	6.60%	9.46%	11.22%
% Earned on Equity (E/S / Book Value)	25.53%	23.59%	19.66%	15.24%	14.88%	18.34%	19.01%	16.93%	9.36%	10.26%	14.78%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 20.3

HIGH THIS YEAR 21.65

LOW THIS YEAR 13.75

	A	B	C	D	E	F	G	H	
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100	
1 2006	38.49	32.06	1.99	19.34	16.11	1.030	51.76	3.21	
2 2007	42.15	33.90	2.20	19.16	15.41	1.150	52.27	3.39	
3 2008	38.52	12.58	1.78	21.64	7.07	1.240	69.66	9.86	
4 2009	17.52	5.73	1.03	17.01	5.56	0.610	59.22	10.65	
5 2010	19.70	13.75	1.15	17.13	11.96	0.460	40.00	3.35	
6 TOTAL		98.0		94.3	56.1		272.9		
7 AVERAGE		19.6		18.9	11.2		54.6		
8 AVERAGE PRICE EARNINGS RATIO 15.0					9 CURRENT PRICE EARNINGS RATIO 17.7				

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 17.10 X Estimate High Earnings/Share 1.65 = Forecasted High Price \$ 28.22

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 11.22 X Estimate Low Earnings/Share 1.15 = Forecasted Low Price \$ 12.90

(b) Avg. Low Price of Last 5 Years 19.60

(c) Recent Market Low Price 5.73

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.560}{3.30\%} = 16.97$

Selected Forecasted Low Price 12.90

### C ZONING using 25%-50%-25%

Forecasted High Price 28.22 Minus Forecasted Low Price 12.90 = 15.32 Range. 25% of Range 3.83

Buy Zone 12.90 to 16.73

Hold Zone 16.73 to 24.39

Sell Zone 24.39 to 28.22

Present Market Price of 20.32 is in the **Hold** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{28.22 - 20.32}{20.32} = 0.39$   
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price}} = \frac{20.32 - 12.90}{20.32} = 0.36$   
 Ratio =  $\frac{0.39}{0.36} = 1.06$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{28.22}{20.32} = 1.39$   
 $1.39 \times 100 = 138.85 - 100 = 38.85$  % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A  $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.560}{20.32} = 0.03 = 2.76\%$  Present Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{54.58\%}{17.10} = 3.19\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 6.79 %

Average Yield 3.19 %

Annualized Rate of Return 9.98 %