General Electric Company — Lynn Ostrem

March 11, 2008

S&P Sector Industrials **Sub-Industry** Industrial Conglomerates	**Manifest Sector** Industrials **Sub-Industry** Diversified Cos.
Value Line Sector Industrials **Sub-Industry** Electrical Equipment	**Hemscott Sector** Conglomerates **Sub-Industry** Conglomerates

Introduction:

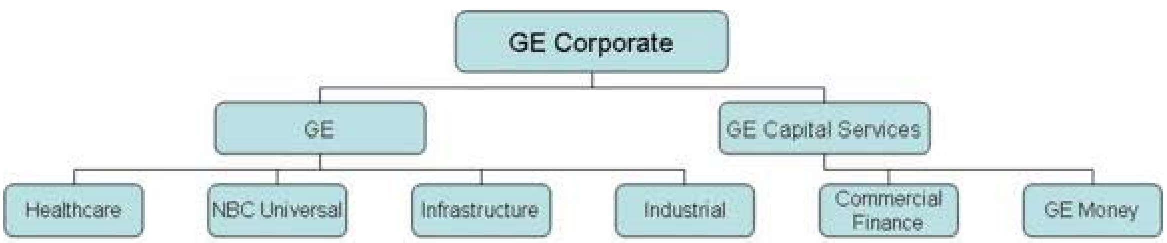
GE hardly needs an introduction. It's a multinational conglomerate specializing in technology and services, and a one-stop shop for emerging economies seeking to industrialize. GE is the second largest company, by market capitalization, second only to Exxon Mobil. In fact, the company's revenues are so vast, it estimates its growth in terms of how many times GDP it will earn.

This brainchild of Thomas Edison traces its roots to 1876. The invention of the incandescent light bulb spawned the formation of the Edison Electric Light Company in 1890. Two years later, the company merged with its largest competitor to form the General Electric Company. GE was one of the twelve companies that composed the original Dow Jones index in 1896, and it's the only one of the twelve that remains on the index.

The company currently headquarters out of Connecticut, but is planning a move to London, England soon, in order to be closer to its new and growing client base.

What They Do:

GE's businesses are organized in six different segments. The combined Industrial division accounted for 60% of the company's 2007 pre-tax profits, while the financial services side accounted for about 40%. The infrastructure segment is the main growth driver.



GE Infrastructure

Emerging Markets, with their thirst for power, planes and infrastructure were crucial to last year's order growth, offsetting turbulence in the American financial and housing markets. GE focuses on producing complex, highly-engineered, big-ticket items such as jet aircraft engines and electric power plant turbines. It serves extremely large markets with ample opportunity for market share expansion. Further, it emphasizes businesses that offer a substantial service component with high-margin after-market services. GE's infrastructure segment **generated 23% sales growth in 2007** and operating profit margins of 18.6%. As of December 2007, the infrastructure **backlog increased 33% to $44 billion**.

NBC Universal

In media and entertainment, GE's NBC Universal unit boasts valuable broadcasting and theme park franchises that should generate excellent long-term sales growth and solid returns on invested capital.

GE Industrial

The world's emerging economies are vigorously investing in electrical power generation plants, clean water projects, and transportation infrastructure. In power generation, GE is the world leader in the production of mega-watt gas turbines and generators, and is one of the leading producers of wind-powered energy systems. In water infrastructure, GE is a leader in the production of pumping, purification, and desalination equipment. It is also a dominant supplier of mass transportation products and systems, leading the world in the production of jet aircraft engines and locomotives. GE **sold its ailing plastics unit for $11.6 billion in 2007**, unlocking increased value for shareholders.

GE Healthcare
In health care, the aging population in the industrial world is driving healthy long-term sales growth for GE's medical imaging and testing equipment.

GE Commercial Finance
GE Capital emphasizes asset-based financing in its commercial finance unit where it enjoys a cost of funding advantage due to its AAA credit rating.

GE Money
In consumer finance, GE focuses on lower-risk businesses such as credit and bank cards, auto loans, leases, and prime mortgages. It sold its WMC Mortgage unit in November, 2007, leaving it **little exposure to collateralized debt obligations or sub-prime mortgages**. In December 2007 GE announced that it **plans to sell its private-label credit card business**, generating about $15 billion in cash for the company.

How They Make Money:

General Electric employs a strategy of acquiring and selling off companies to maximize revenues at any given time. By using this strategy to enter and exit various industries, GE adjusts its portfolio of offerings in order to take advantage of profitable conditions in any one market or industry. For example, improved fuel efficiency in airplane engines has reduced commercial airlines' operating costs, allowing them to expand their fleet of airplanes. GE has responded to this trend by expanding further into the engine production and airplane leasing businesses. Because GE's operations are spread across several different industries, acquisitions and sales are very common and frequent.

Positive Influences – Reasons to Buy

The company’s largest end markets in power, energy infrastructure, and aerospace are growing rapidly, and analysts think continued rapid expansion in emerging markets will fuel substantial earnings growth over the next five years. Apart from the main reasons, there are various other factors which point at GE being a great buy:

- GE stock is significantly oversold (indicative of a bottom); eventually the price has to follow earnings
- Insiders have started buying shares in the open market (see attached article)
- GE has its own financing unit, while most competitors have to pay more to finance bank debt
- With the writer's strike over, NBC Universal can start contributing to GE's profitability
- The new FOX business channel could challenge CNBC's dominance in business programming.
- GE's under-appreciated Healthcare segment should improve with the demand for imaging products
- The company has divested numerous underperforming segments while entering into new high-growth markets.
- GE does the majority of its business outside of the U.S. so the weak dollar is a boon
- Attention to emerging markets will help to keep revenue growth on track
- GE has paid a dividend every year since 1899; 2007 was the 32nd consecutive year of increases
- Dividend yield of 3.8% is higher than most savings account yields
- And the **Industrial sector is expected to outpace** that of other sectors this year, due to exposure to international markets and the weak dollar.

Nuclear Power
GE Energy is the only US based company that has the technology to build a nuclear power plant and has the most advanced design for a safe nuclear power plant. They have built four and are in the process of building three more. However, none of them are in the U.S. In fact, there has not even been an application for a new U.S.

nuclear power plant submitted in almost 30 years. But from the end of Q3 2007 through the end of this year, there is estimated to be close to 30 such applications filed. Under the Energy Policy Act of 2005, the industry is getting something like $12 billion in subsidies to build new plants. And they will be getting more in federal loan guarantees and risk insurance.

Geothermal Advances
GE also has leading edge geothermal products – the way of the future for commercial heating in extreme climates, as well as leading edge wind turbines as well as a range of solar products. Granted that they catch only 12% of the energy at present, the efficiency rate of the solar panels has been steadily increasing and is expected to commercialize very soon.

Negative Influences - Reasons for Concern

GE doesn't come without its share of issues.

- GE's diversification reduces the impact of strong performance in any one market.
- The Health-Care unit is dogged by reduced federal government reimbursement
- GE's turnaround efforts at NBC Universal have been slow; the writer's strike didn't help
- It exited the Japanese consumer finance market in 2007, recording an after-tax charge of $890 million in the process. The Japanese government kept passing unfavorable regulations that hurt GE.
- And, execution of its acquisitions and divestitures must be flawless or the costs could cause the company to lose money or miss out on booming industry trends. However, this is an area where GE's management is legendary.

Competitors

GE competes against a number of other companies, but most of them are more specialized, focusing in one industry. GE's operations, on the other hand, are spread across many different industries, limiting its exposure to competition from any one company. As such, very few companies pose a significant threat to GE's revenues or profits.

Of GE's competitors, Siemens AG (SI) is the most significant. Siemens operates in a number of different industries, many of which it shares with GE. In fact, NBC Universal is the only of GE's six divisions that Siemens does not directly compete with. GE is the larger of the two, with revenues of over $163 billion in 2006 as compared to Siemens' $115 billion. Despite GE's size advantage, however, Siemens is still a very large company in its own right, and it's the only company that effectively competes against GE in nearly all of its main industries.

2006 GE vs. Siemens income data	**Net Revenue (ttm)**	**Net Income (ttm)**	**Profit Margin (ttm)**	**5 Yr. Avg. Profit Margin**	**ROE**
GE	$163,391	$20,829	12.75%	12.33%	19%
Siemens	$115,242	$4,002	3.47%	3.92%	13.8%

Financial Information:

Debt
GE's financial health is excellent. It boasts an AAA credit rating (the highest possible rating), and parent-supported debt (debt within capital services backed by cash flows from the industrial business, if needed) has been completely eliminated. GE had $61.2 billion in cash at the end of 2007.

2007 numbers were good!
GE is poised for a period of significant earnings growth after lumbering through the first part of this decade. In 2007, the firm generated $173 billion in **revenue, up 14%** from 2006 and **earnings were $2.20, up 16%**. And,

9% of revenue growth was organic. This came despite extreme volatility in the financial services markets that resulted in a $100 million loss in the 3rd quarter.

- Infrastructure, which accounts for one third of revenue and 40% of earnings, provided much of the boost in 2007 by delivering 23% revenue growth and 22% profit growth in 2007.
- Furthermore, NBC Universal achieved profit growth in all 4 quarters of 2007, thanks to the successful launch of its new prime-time television line-up, a strong cable performance and a host of popular summer films.
- The Healthcare division was fairly stagnate in 2007, in part due to a deficiency found in its X-ray surgical imaging systems.
- Sub-prime lending losses of over $300 million were largely offset by gains from the $11.6 billion sale of the company's plastics division.

Valuation

GE is one of the market's most consistent performers. At $32.23 (as of March 7th), it boasts an attractive **3.8% yield** and trades at a P/E ratio slightly above 14.8, below its long term average of 19. The company has steadily increased its revenue, earnings per share, dividends and book value per share, yet its **share price has gone literally nowhere**. In today's volatile market GE is relatively safe…and cheap! It's trading within 1% of its 52-week low and at a P/E at the very low end of its 10 year range.

Analyst Estimates

Morningstar

GE has ample growth opportunities, particularly in international markets and in servicing its products. Despite its enormous size, we believe GE's **top line can increase by high-single digits annually** on average for the next five years.

S&P

We estimate **revenue growth of about 8% in 2008 and 2009** driven by the Infrastructure, Healthcare and NBC-Universal segments, with more moderate growth in Commercial Finance, GE Money and Industrial. We project EPS of $2.43 in 2008, with growth to $2.70 in 2009.

Yahoo

ACE estimates 10.9% average annual EPS over the next 5 years

Value Line

General Electric will likely continue to perform well in 2008. GE's business in emerging markets, **should** help the company **beat the 10% growth rate** stated in its recent guidance. **We look for share earnings to increase roughly 14%,** to $2.50, **on a 10% gain on the top line** to $189 billion in 2008. These shares are a good choice given current market conditions.

GE has high ratings for Financial Strength, Price Stability, and Earnings Predictability, and the stock holds our highest rank for Safety. No exposure to collateralized debt obligations or structured investment vehicles, which are at the heart of the turmoil in the world's financial markets. We recommend GE's shares because of the company's strong balance sheet and global business. GE is a solid selection.

Argus Research

Argus agrees with Value Line that 10% guidance from the company seems somewhat conservative. They are **forecasting long term EPS growth at 11%.**

Company Guidance

Per the Argus report, GE is guiding overall **top line growth of 10%-15%** to $195 billion in 2008 with **EPS growth of at least 10%** over the long term. They also expect a near term ½ point improvement in profit margins. GE also expects to return nearly half of the proceeds from any sale of assets to investors in the form of dividends or share buybacks. They **anticipate buying back around $5 billion** in 2008.

Judgments on the SSG

Far be it for me to buck company guidance! My estimates for future growth are 10% for sales and EPS, and I'm going to use the average P/E of 19 for the high and low, since I don't care anymore about Upside/Downside ratios. All I really want to know is, *Will 10% EPS growth at an average P/E of 19, plus the dividend yield be enough to get us the growth we seek, at today's price?* The answer is yes. It's 17.7% at March 7th's price of $32.23.

This gives me a high price in 5 years of $64.80. Based on ALT-B (and a margin of safety of 50%), we could buy the stock below $36.26 and still get a 15% compounded return in 5 years. In contrast, Manifest's high price is $60.5 and Morningstar (which is always ultra conservative) is $54.60.

Sources for my Report

In order of importance to me, and the order at which I looked at these sources:

1. Company's website – annual report, letter to the shareholders, business segments
2. SEC – Business and Legal Section of the company's SEC 10K filing for 2007
3. Analyst reports for commentary – Morningstar, Value Line, S&P, and Argus
4. Numbers – I use Yahoo, Manifest, Morningstar and S&P as well as the company itself
5. News – Seeking Alpha, Motley Fool, and Yahoo Finance
6. A new site Wikinvest.com – a community where people share research reports

Stock Selection Guide ®

NATIONAL ASSOCIATION OF INVESTORS CORPORATION
INVESTMENT EDUCATION FOR INDIVIDUALS AND CLUBS SINCE 1951

The most widely used aid to good investment judgment

Company General Electric Company Date 03/07/08
Prepared by Lynn Data taken from StkCntrl
Where traded NYSE Major product/service Conglomerat
CAPITALIZATION --- Outstanding Amounts Reference Hemscott

		% Insiders	% Institution
Preferred ($M)	0.0		
Common (M Shares)	10,218.0	0.1	61.4
Debt ($M) 514,116.0	% to Tot.Cap. 81.3	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

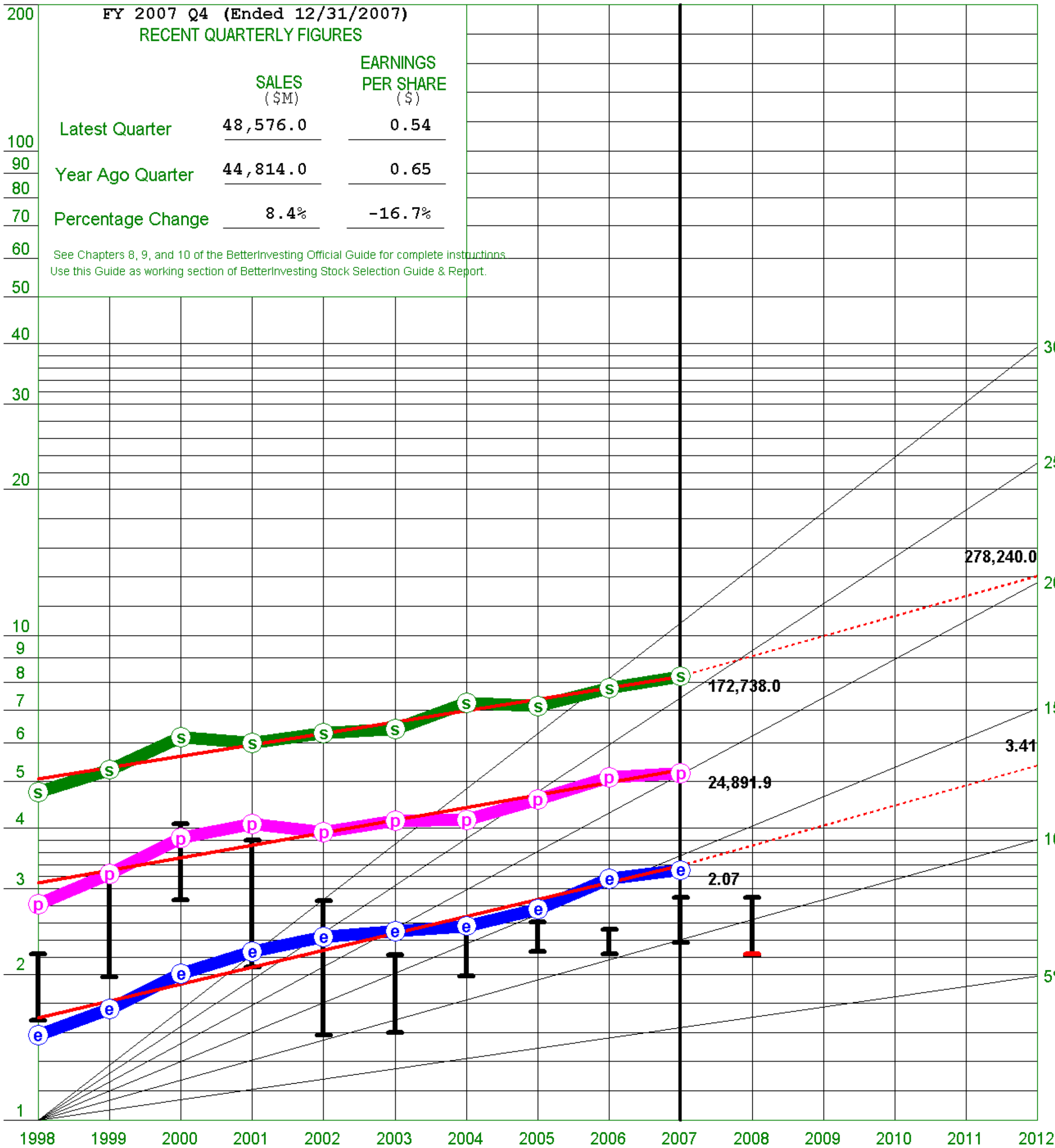
GE

FY 2007 Q4 (Ended 12/31/2007)

RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	48,576.0	0.54
Year Ago Quarter	44,814.0	0.65
Percentage Change	8.4%	-16.7%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions.
Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.



(1) Historical Sales Growth 5.6 %

(2) Estimated Future Sales Growth 10.0 %

(3) Historical Earnings Per Share Growth 8.4 %

(4) Estimated Future Earnings Per Share Growth 10.0 %

Printed: 03/08/08 04:16 PM Prepared by: Lynn Using The Investor's Toolkit

2 EVALUATING MANAGEMENT

Company General Electric Company (GE) 03/07/08

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	13.4	13.9	14.1	15.5	14.3	14.8	13.1	14.7	15.0	14.4	14.4	EVEN	EVEN
B	% Earned on Equity (E/S ÷ Book Value)	23.9	24.8	24.9	25.5	23.6	19.7	15.2	16.5	18.2	17.9	17.5	EVEN	

3 PRICE-EARNINGS HISTORY as an indicator of the future

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

PRESENT PRICE 32.230 HIGH THIS YEAR 42.150 LOW THIS YEAR 32.010

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	2003	32.1	22.2	1.55	20.7	14.4	0.760	49.1	3.4
2	2004	36.8	29.1	1.59	23.2	18.3	0.800	50.3	2.7
3	2005	37.5	32.7	1.72	21.8	19.0	0.880	51.1	2.7
4	2006	36.3	32.3	1.99	18.3	16.2	1.000	50.3	3.1
5	2007	42.1	34.1	2.07	20.3	16.5	1.120	54.1	3.3
6	TOTAL		150.4		104.3	84.4		254.9	
7	AVERAGE		30.1		20.9	16.9		51.0	

8 AVERAGE PRICE EARNINGS RATIO 18.9 9 CURRENT PRICE EARNINGS RATIO 16.1

Proj. P/E [14.65] Based on Next 4 qtr. EPS [2.20] Current P/E Based on Last 4 qtr. EPS [2.00]
PEG=147

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 ~~20.9~~ 19.0 (3D7 as adj.) X Estimate High Earnings/Share 3.41 = Forecast High Price $ 64.8 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~16.9~~ 19.0 (3E7 as adj.) X Estimated Low Earnings/Share ______ = $ ______

(b) Avg. Low Price of Last 5 Years = ______ (3B7)

(c) Recent Severe Market Low Price = ______

(d) Price Dividend Will Support Present Divd. / High Yield (H) = ______ = ______

Selected Estimate Low Price = $ ______ (4B1)

C ZONING

______ (4A1) High Forecast Price Minus ______ (4B1) Low Forecast Price Equals ______ (C) Range. 1/3 of Range = ______ (4CD)

(4C2) Lower 1/3 = (4B1) ______ to ______ (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = ______ to ______ (Maybe)

(4C4) Upper 1/3 = ______ to ______ (4A1) (Sell)

Present Market Price of ______ is in the ______ (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) ______ Minus Present Price ______ / Present Price 32.230 Minus Low Price (4B1) ______ = ______ = ______ (4D) To 1

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

High Price (4A1) ______ / Present Market Price 32.230 = (______) X 100 = (______) - 100 = ______ (4E) % Appreciation

Relative Value: 85.2% Proj. Relative Value: 77.5%

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.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend $ ______ / Present Price of Stock $ ______ = ______ X 100 = 3.8 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years ______ X Avg. % Payout (3G7) 51.0 = 143.3 / Present Price $ 32.230 = 4.4 (5B) %

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) ______ / 5 ______ %

Average Yield (5B) ______ %

Average Total Annual Return Over the Next 5 Years (5C) ______ %

Tot. Ret.
2.7%
15.0%
17.7%

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GE Brings Bad Things to Light and Fixes Them

http://www.fool.com/investing/general/2008/02/19/ge-brings-bad-things-to-light-and-fixes-them.aspx

Anders Bylund (TMF Zahrim)
February 19, 2008

When you're running one of the largest and most complex businesses in the world, it can be hard to keep all the moving parts in check. **General Electric** (NYSE: GE) has been under the SEC's microscope for three years, launched an internal investigation last year, and expects another year or so of the commission's probing and prodding.

The company just told *The Wall Street Journal* it is changing its methods and procedures for recognizing revenue, a move inspired by extensive shenanigans it found in how the heavy manufacturing units interact with GE's capital markets group. Apparently a lot of machinery was booked as sold before ever leaving GE warehouses, and complex financing deals played a big part in the problem.

Heads have rolled, restatements have been made, and more of both will come before we see the end of this affair. In total, the new accounting adjustments added $574 million to GE's revenues between 2002 and 2007, but chopped $350 million off the net income.

It sounds like a lot, and it *is* a huge load of cash, but it's like throwing pennies down a copper mine, or trying to start an earthquake by shaking your hips. That's a 0.1% revenue adjustment, and 0.4% off of earnings.

Immaterial or not, this drawn-out affair proves that no company is beyond reproach -- not even one as respected as GE. **IBM** (NYSE: IBM) has been there. So has the usually irreproachable **Apple** (Nasdaq: AAPL). I'm not even going to mention the E-word here.

I'm glad to see that the SEC is giving the big boys the white-glove treatment. If we can't trust their numbers, why should we trust the words coming out of executives' mouths? There won't be any reason to invest a single dime anywhere unless we can be reasonably sure that what we see is what we get.

So take your time and get it right, GE -- even if it's a long and perilous road to the finish line. Hold the wrongdoers properly accountable. Your shareholders deserve that respect, and more.

Further Foolishness:

- Fool Awards 2007: Most Shareholder-Friendly Company
- 3 CEOs Who Should Go
- The One-Year $1 Million Challenge

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Seeking Alpha$^{\alpha}$

Another Drop in the GE Bucket

posted on: March 06, 2008 | about stocks: GE

Our friend Jeff Immelt, CEO of General Electric (GE) is at it again...

Back in October, I posted about how Jeff bought about $3.3 million dollars worth of GE shares, which would have amounted to a commitment of about $9,150 for someone who earns $50,000 per year. Perhaps a sign that he still feels the global conglomerate is undervalued, was his purchase of an additional 90,000 shares of GE for about $3.0 million on February 29, 2008.

I agree with Mr.Immelt, as I'm interested in adding to GE at these levels as well. GE is currently trading at a P/E of 15.3, which is near it's 10-year low. The company has also grown it's profit margin steadily over the past 10 years, and grown it's return on equity over the last 4 years. I like GE's global presence, and its environmental focus in developing and developed markets.

GE is currently yielding 3.7%, and is trading near a 52 week low. If this company can produce the 10%+ earnings growth in 2008 and beyond, this is looking like a great entry point. Given the strength of the Canadian dollar, combined with GE's valuation and outlook, I may add to my position soon. GE already makes up about 6% of my portfolio. You can always view my portfolio holdings, and their weight in my portfolio on the panel on the right of the screen.

Disclosure: The author is long GE.

Government Wants More Efficient Washing Machines, Light Bulbs In '09

March 7, 2008

WASHINGTON (AP)--The government wants more green washing.

The Energy Department isn't pushing for more misleading ad campaigns meant to paint corporate practices as environmentally friendly, or green. But it is beefing up standards for washing machines sold with the Energy Star label, which identifies less-energy hungry products.

The department said Friday the change is projected to save $92.4 million on water and utility bills in the first year, based on a projection that 1.9 million washers will be sold under the new Energy Star requirements beginning July 1, 2009.

Major makers of washers include Whirlpool Corp. (WHR), which makes the Whirlpool and Maytag brands, and General Electric Co. (GE).

To qualify for the label program washers must be 43% more energy-efficient than current minimum standards. By 2011, they must be 59% more energy efficient. The 2011 requirements are projected to save consumers $120 million per year in utility bills and 11.2 billion gallons of water.

The government also is allowing more kinds of energy-efficent compact fluorescent light bulbs - such as decorative bulbs for candelabras - that can receive the Energy Star label. The new standards also limit, for the first time, the amount of mercury that the bulbs can contain. If broken, the bulbs release a small level of mercury, considered toxic..

The energy bill signed by President Bush last year calls for incandescent bulbs - which were developed by Thomas Edison - to start being phased out in 2012. At that point, for example, manufacturers will have to replace 100-watt bulbs with those that provide the same amount of light for 72 watts, with additional improvements required by 2020.

The Energy Star program is run by the Energy Department and the Environmental Protection Agency.

(END) Dow Jones Newswires

03-07-08 1855ET

URL for this article:
http://www.smartmoney.com/news/ON/index.cfm?story=ON-20080307-001070-1855

Aircraft Leasing Companies Poised For More Growth

February 27, 2008

By Ann Keeton
Of DOW JONES NEWSWIRES

CHICAGO -(Dow Jones)- Two of the smaller aircraft leasing companies have successfully navigated the weakening U.S. economy and the credit crisis, and expect to keep adding to their fleets and keeping pace the broader leasing industry.

Klaus Heinemann, chief executive of Aercap Holdings N.V. (AER), told Dow Jones Newswires Wednesday the Dutch leasing company's business with commercial airlines remains strong. "We're not seeing a slowdown in any region of the world," he said.

Aercap, which leases planes to airlines in 50 countries, said he believes that even if passenger traffic slows along with the U.S. economy, and possibly those of Europe, demand for new or almost-new aircraft will remain healthy for several years.

In some cases airlines are expanding, and in others they wish to replace older, less fuel-efficient planes, Heinemann said. In 2007, Heinemann said, Aercap was able to keep its fleet youthful by selling older, less-fuel-efficient aircraft.

Airlines are turning to lessors because Boeing Co. (BA) and Airbus, the only makers of large aircraft, are sold out until 2012. Worldwide, there are currently 4,500 aircraft in service that are at least 20 years old, Heinemann said. Carriers can trade in those older planes for newer planes, or if passenger traffic were to nosedive they could park old planes to quickly cut seat capacity. Airbus is a division of European Aeronautic Defence and Space (5730.FR).

Historically, when recessions have hit the airline industry, passenger traffic growth has slowed but hasn't come to a halt, Heinemann said.

Aercap on Wednesday reported fourth-quarter net income of $45.1 million, or 53 cents a share, from a loss of $8 million, or 10 cents a share, a year ago.

In order to buy more aircraft, lessors need ready access to capital. Heinemann said Aercap can get the financing it needs to keep adding to its fleet.

On Monday, Goldman Sachs analyst James Fotheringham raised his rating on Aircastle Ltd. (AYR), a Stamford, Conn., aircraft lessor, to buy from neutral, with a $27 price target. Its shares closed Wednesday at $21.68, down from a 12-month high of $41.31, as investors worried about the company's access to funding, as well as its cost of funding lagging growth, the analyst said.

Aircastle said it would take a conservative approach to acquiring new aircraft, given the turmoil in the credit markets. "We believe that the bank market would represent an attractive and available source of liquidity for Aircastle, relative to the current securitization market," the Goldman analyst wrote. "We view Aircastle as a defensive name within our otherwise-troubled coverage universe of mortgage and specialty finance stocks," Fotheringham wrote.

Aercap shares closed Wednesday at $19.94, up 2.2%. However, in recent late trading, shares are down to $19.79. In the past year, the shares have traded between a low of $14.22 and a high of $32.82.

Financing isn't such an issue for the two largest aircraft lessors: International Lease Finance Corp., or ILFC, is a unit of insuror American International Group, Inc. (AIG), while General Electric Commercial Aircraft Leasing and Financing, or GECAS, is owned by General Electric Co. (GE).

-By Ann Keeton, Dow Jones Newswires; **312-750-4120** ; ann.keeton@dowjones.com

(END) Dow Jones Newswires

02-27-08 1730ET

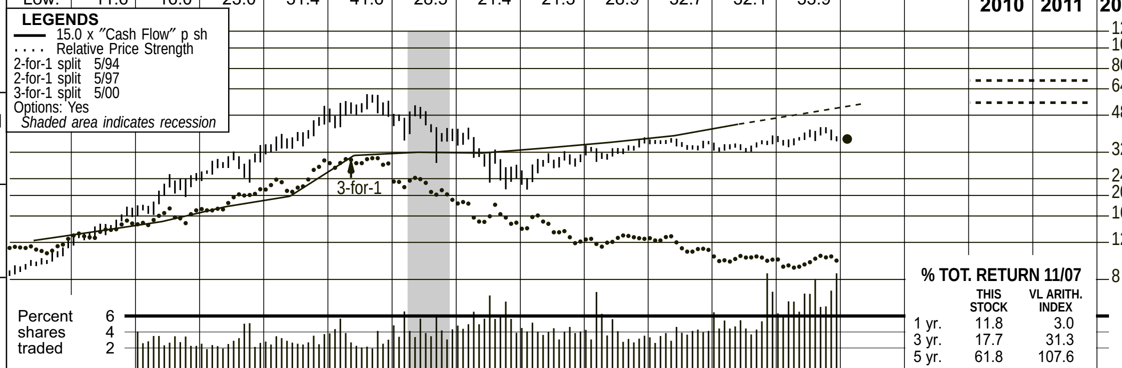
GENERAL ELECTRIC NYSE-GE

RECENT PRICE **37.07** | P/E RATIO **16.2** (Trailing: 17.2; Median: 24.0) | RELATIVE P/E RATIO **0.94** | DIV'D YLD **3.3%** | **VALUE LINE**

TIMELINESS 2 Raised 8/25/06
SAFETY 1 New 7/27/90
TECHNICAL 3 Lowered 1/11/08
BETA .95 (1.00 = Market)

High:	17.7	25.5	34.6	53.2	60.5	53.6	41.8	32.4	37.8	37.3	38.5	42.2
Low:	11.6	16.0	23.0	31.4	41.6	28.5	21.4	21.3	28.9	32.7	32.1	33.9

LEGENDS
—— 15.0 x "Cash Flow" p sh
.... Relative Price Strength
2-for-1 split 5/94
2-for-1 split 5/97
3-for-1 split 5/00
Options: Yes
Shaded area indicates recession



Target Price Range
2010 | 2011 | 2012

2010-12 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+90%)	*19%*
Low	55	(+50%)	*13%*

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	1	0	0	1	0	0	2
Options	4	0	1	0	0	0	12	0	0
to Sell	6	0	1	1	0	0	0	0	0

Institutional Decisions

	1Q2007	2Q2007	3Q2007
to Buy	751	755	704
to Sell	808	795	821
Hld's(000)	6061382	6043630	6023740

% TOT. RETURN 11/07

	THIS STOCK	VL ARITH. INDEX
1 yr.	11.8	3.0
3 yr.	17.7	31.3
5 yr.	61.8	107.6

For greater clarity, our presentation includes all of GE Capital's results, beginning in 2000. Prior to that year, these figures, except net earnings (which are reflected in the Net Profit line after taxes, eliminations and interest), were excluded to prevent the distortion of GE's industrial operations.
GE Capital's fiscal results (in billions):
Revenues: 1999, $55.75; 1998, $48.70; 1997, $39.93.
Net Earnings: 1999, $4.44; 1998, $3.80; 1997, $3.26.

1997	1998	1999	2000A	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
5.00	5.25	5.65	6.42	6.85	7.35	13.33	14.44	14.28	15.90	*17.05*	*18.90*	Sales per sh A	*22.50*
1.00	1.18	1.32	2.06	2.14	2.12	2.24	2.38	2.56	2.90	*3.25*	*3.65*	"Cash Flow" per sh	*4.75*
.83	.93	1.07	1.29	1.41	1.51	1.55	1.59	1.72	1.99	*2.20*	*2.50*	Earnings per sh B	*3.30*
.36	.42	.49	.57	.64	.73	.77	.82	.91	1.03	1.12	*1.25*	Div'ds Decl'd per sh C ■	*1.45*
.22	.21	.21	.26	.29	.24	.97	1.24	1.38	1.62	*1.70*	*1.80*	Cap'l Spending per sh	*2.10*
3.52	3.96	4.32	5.08	5.52	6.39	7.87	10.47	10.43	10.93	*11.40*	*12.00*	Book Value per sh D	*16.90*
9793.8	9813.9	9854.5	9932.0	9925.9	9969.9	10063	10586	10484	10277	*10100*	*10000*	Common Shs Outst'g E	*10000*
25.1	30.3	35.9	40.1	30.8	20.7	18.1	20.5	20.5	17.3	*17.2*		Avg Ann'l P/E Ratio	*19.0*
1.45	1.58	2.05	2.61	1.58	1.13	1.03	1.08	1.09	.94	*.91*		Relative P/E Ratio	*1.40*
1.7%	1.5%	1.3%	1.1%	1.5%	2.3%	2.7%	2.5%	2.6%	3.0%	3.0%		Avg Ann'l Div'd Yield	*2.0%*
48952	51546	55645	63807	68018	73317	134187	152363	149702	163391	*172500*	*189000*	Sales ($mill) A	*225000*
19.0%	21.2%	21.4%	30.4%	29.7%	27.0%	67.0%	65.1%	61.1%	60.2%	*61.5%*	*60.5%*	Operating Margin	*58.5%*
1622.0	2292.0	2319.0	7736.0	7089.0	5998.0	6956.0	8385.0	8538.0	9158.0	*10000*	*11000*	Depreciation ($mill) F	*14000*
8203.0	9296.0	10717	12735	14128	15133	15589	16819	18275	20666	*22650*	*25250*	Net Profit ($mill)	*33300*
24.0%	23.3%	23.0%	23.0%	22.9%	20.2%	21.7%	17.9%	17.4%	16.1%	*16.0%*	*16.0%*	Income Tax Rate	*18.0%*
16.8%	18.0%	19.3%	20.0%	20.8%	20.6%	11.6%	11.0%	12.2%	12.6%	*13.1%*	*13.4%*	Net Profit Margin	*14.8%*
d4881	d6708	d6512	d4080	d6646	d19636	238969	287826	184959	235281	*231350*	*224000*	Working Cap'l ($mill) A	*225000*
729.0	681.0	722.0	841.0	787.0	970.0	170004	212670	212281	260804	*260000*	*260000*	Long-Term Debt ($mill) A	*260000*
34438	38880	42557	50492	54824	63706	79180	110821	109354	112314	*115500*	*120000*	Shr. Equity ($mill) D	*169000*
24.2%	23.5%	24.8%	24.9%	25.4%	23.4%	7.4%	6.3%	7.1%	6.7%	*6.0%*	*6.5%*	Return on Total Cap'l	*8.0%*
23.8%	23.9%	25.2%	25.2%	25.8%	23.8%	19.7%	15.2%	16.7%	18.4%	*19.5%*	*21.0%*	Return on Shr. Equity	*20.0%*
13.9%	13.8%	14.4%	14.5%	14.2%	12.5%	10.0%	7.7%	8.2%	9.1%	*9.5%*	*10.5%*	Retained to Com Eq	*11.0%*
42%	42%	43%	42%	45%	47%	49%	49%	51%	50%	*51%*	*49%*	All Div'ds to Net Prof	*44.0%*

CAPITAL STRUCTURE as of 9/30/07
Total Debt $463.2 bill.A **Due in 5 Yrs** $181.2 bill.
LT Debt $282.8 bill.A **LT Interest** $15.3 bill.
(Total interest coverage: 2.5x) (70% of Cap'l)

Leases, Uncapitalized None
Pension Assets-12/06 $54.8 bill. **Oblig.** $33.1 bill.
Pfd Stock None
Common Stock 10,106,209,000 shs.

MARKET CAP: $375 billion (Large Cap)

CURRENT POSITION ($MILL.)	2005	2006	9/30/07
Cash Assets	62155	76055	65057
Receivables	302490	351272	374389
Inventory (LIFO)	10474	11401	13319
Other	14767	17067	16703
Current Assets	389886	455795	469468
Accts Payable	21273	21697	18716
Debt Due	158156	172153	180403
Other	25498	26664	28524
Current Liab.	204927	220514	227643

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '04-'06 to '10-'12
Sales	13.5%	18.5%	*7.0%*
"Cash Flow"	12.5%	7.5%	*10.5%*
Earnings	10.5%	7.0%	*11.0%*
Dividends	12.5%	10.0%	*8.0%*
Book Value	14.0%	16.5%	*8.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	33350	37035	38272	43706	152363
2005	34926	36956	37027	40793	149702
2006	38029	40048	40693	44621	163391
2007	40195	42316	42534	*47455*	*172500*
2008	*42500*	*46500*	*47500*	*52500*	*189000*

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.32	.38	.38	.51	1.59
2005	.34	.41	.42	.55	1.72
2006	.39	.47	.49	.64	1.99
2007	.47	.55	.50	*.68*	*2.20*
2008	*.52*	*.59*	*.61*	*.78*	*2.50*

Cal-endar	QUARTERLY DIVIDENDS PAID C ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.20	.20	.20	.20	.80
2005	.22	.22	.22	.22	.88
2006	.25	.25	.25	.28	1.03
2007	.28	.28	.28	.28	1.12
2008	.31				

BUSINESS: General Electric Co. is one of the largest & most diversified industrial companies in the world. Segments include: Infrastructure (28% of '06 revenues; 34% of operating profits); Healthcare (10%, 12%); NBC Universal (10%, 12%); Industrial (22%, 10%); Commercial Finance (27%, 32%), other (3% of revenues). In 2005, sold Insurance Solutions business and reduced ownership to less than 20% of Genworth Financial. Foreign sales: 87%; R&D, 2.3%; '06 deprec. rate: 7.6%. Has about. 319,000 employees. Officers/ directors own less than 1% of stock (2/07 Proxy). Chairman & Chief Executive Officer: Jeffrey Immelt. Incorporated: NY. Address: 3135 Easton Turnpike, Fairfield, Connecticut 06431. Telephone: 203-373-2211. Internet: www.ge.com.

General Electric probably finished 2007 with solid gains on its top and bottom lines. The company's diversified business has allowed it to register steady gains for numerous years. The recent performance has been driven by the Infrastructure and Commercial Finance divisions. All told, GE probably finished 2007 with sales of over $172 billion and earnings of about $2.20 a share on the strength of these businesses.

The company continues to focus on high-growth opportunities. Under the leadership of CEO Jeffrey Immelt, General Electric has evolved its business over the past few years. The company has divested numerous underperforming segments while entering into new high-growth markets. GE also continues to diversify its global business by developing new opportunities in emerging markets.

General Electric will likely continue to perform well in 2008. Management gave a conservative view on its recent Analyst Day. However, the company remains on track to post double-digit growth in share earnings in the coming year. The renewable energy market, along with GE's business in emerging markets, should help the company beat the 10% growth rate stated in its recent guidance. We look for share earning to increase roughly 14%, to $2.50, on a 10% gain on the top line to $189 billion in 2008.

These shares are a good choice given current market conditions. The recent volatility in the marketplace makes equities like General Electric a more attractive selection. GE has high ratings for Financial Strength, Price Stability, and Earnings Predictability, and the stock holds our Highest rank for Safety. Management has highlighted the fact that GE does not have exposure to collateralized debt obligations or structured investment vehicles, which are at the heart of the turmoil in the world's financial markets.

This stock is ranked 2 (Above Average) for Timeliness. We recommend GE's shares because of the company's strong balance sheet and global business. It continues to deliver gains on its top and bottom lines. Thus, given the potential for some volatility in 2008, GE is a solid selection.

Richard Gallagher *January 11, 2008*

(A) Excludes GE Capital Svcs. sub. until 2000. Consolidated figures thereafter.
(B) Based on avg. shs. Excl. nonrecur. losses: '00, 24¢; '01, 4¢; '02, 10¢. Next earnings report due late January.
(C) Dividends historically paid in late January, April, July and October. ■ Div'd reinvest. plan. avail.
(D) Incl. intang. At 12/31/06: $86,433 mill., $8.41/sh.
(E) In mill., adj. for stk. splits.
(F) Mostly on an accelerated basis.

Company's Financial Strength	A++
Stock's Price Stability	95
Price Growth Persistence	15
Earnings Predictability	100