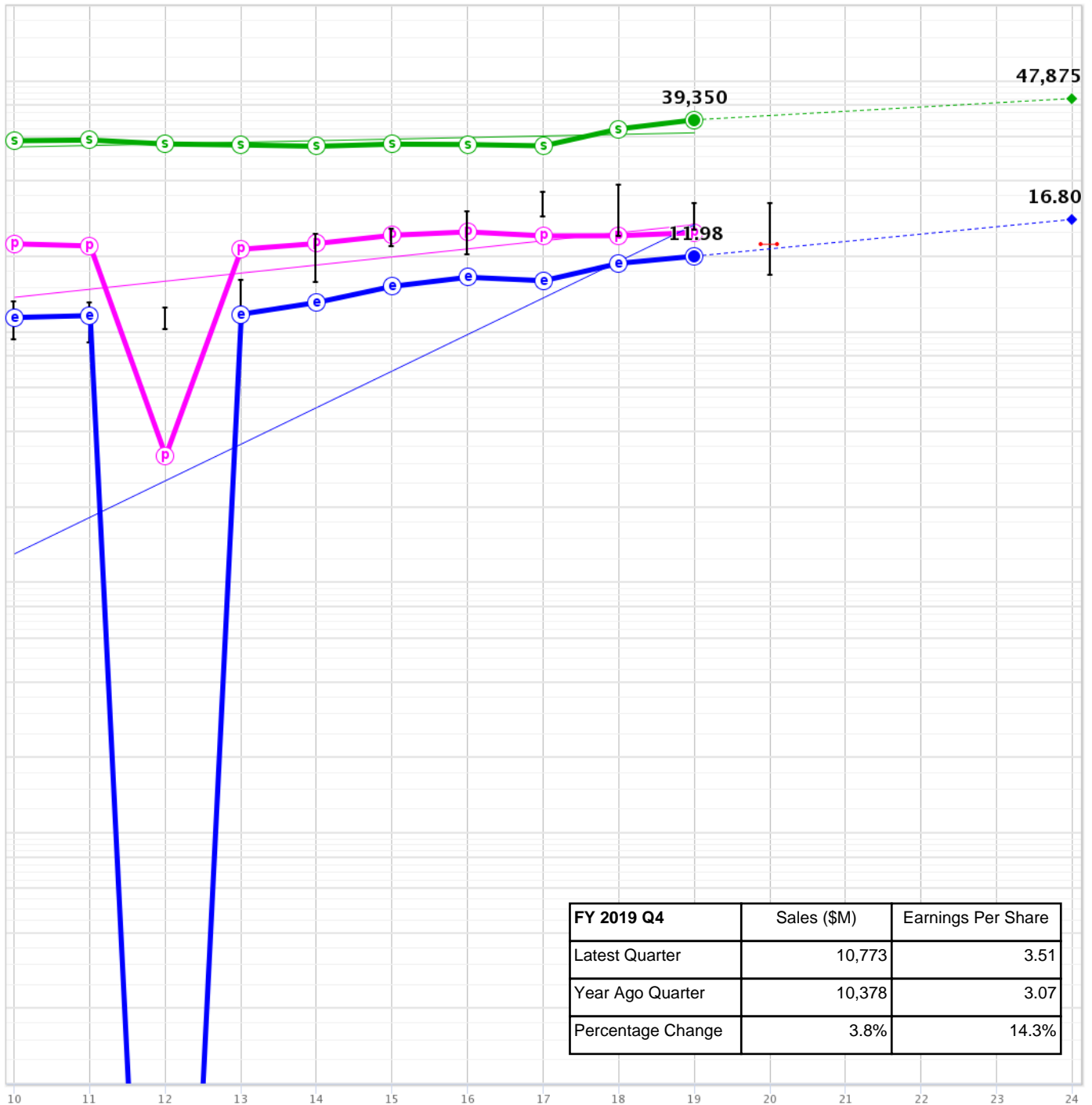


Company	General Dynamics		Date	03/30/20	
Prepared by	PATTERSON		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Aerospace & Defense		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	290.8		1.7	47.5	
Debt (\$M)	13,433.0	% to Tot Cap	49.7	% Pot Dil	0.7

Stock Selection Guide

Symbol: GD

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2019 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	10,773	3.51
Year Ago Quarter	10,378	3.07
Percentage Change	3.8%	14.3%

- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 1.5% | (3) Historical Earnings Per Share Growth | 39.9% |
| (2) Estimated Future Sales Growth | 4.0% | (4) Estimated Future Earnings Per Share Growth | 7.0% |

2 EVALUATING Management

General Dynamics

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	11.7%	11.4%	1.7%	11.6%	12.3%	13.0%	13.5%	13.2%	11.3%	10.7%	12.3%
% Earned on Equity	19.1%	18.2%	-2.9%	19.7%	20.0%	26.5%	26.4%	24.5%	25.4%	25.7%	25.7%
% Debt To Capital	19.4%	22.9%	25.5%	21.2%	24.8%	24.0%	26.2%	25.8%	51.4%	49.7%	35.4%

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.

CLOSING PRICE 133.60 (03/30/20)

HIGH THIS YEAR 193.76

LOW THIS YEAR 100.55

	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
2015	153.8	130.9	9.08	16.9	14.4	2.69	29.6	2.1
2016	180.1	121.6	9.87	18.2	12.3	2.97	30.1	2.4
2017	214.8	172.4	9.56	22.5	18.0	3.28	34.3	1.9
2018	230.0	143.9	11.22	20.5	12.8	3.63	32.4	2.5
2019	193.8	152.4	11.98	16.2	12.7	3.99	33.3	2.6
AVERAGE		144.3		18.0	13.1		31.9	
CURRENT/TTM			11.98			4.40	36.7	
AVERAGE PRICE EARNINGS RATIO: 15.5				CURRENT PRICE EARNINGS RATIO: 11.2				

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 16.0 X Estimate High Earnings/Share 16.80 = Forecasted High Price \$ 268.8

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 8.0 X Estimate Low Earnings/Share 11.98 = Forecasted Low Price \$ 95.8

(b) Avg. Low Price of Last 5 Years 144.3

(c) Recent Market Low Price 100.6

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{4.40}{2.62\%} = 168.1$

Selected Forecasted Low Price \$ 95.8

C ZONING using 25%-50%-25%

Forecasted High Price 268.8 Minus Forecasted Low Price 95.8 = 173.0 Range. 25% of Range 43.3

Buy Zone 95.8 to 139.1

Hold Zone 139.1 to 225.6

Sell Zone 225.6 to 268.8

Present Market Price of 133.60 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{268.8 - 133.60}{133.60 - 95.8} = \frac{135.24}{37.80} = 3.6$ To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{268.8 - 133.60}{133.60} = 2.0123$ X 100 = 201.23 - 100 = 101.2 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{3.99}{133.60} = 0.0329 = 3.3\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{31.9\%}{16.00} = 2.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{31.9\%}{12.00} = 2.7\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 15.0 %
Average Yield 2.0 %
Annualized Rate of Return 17.0 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

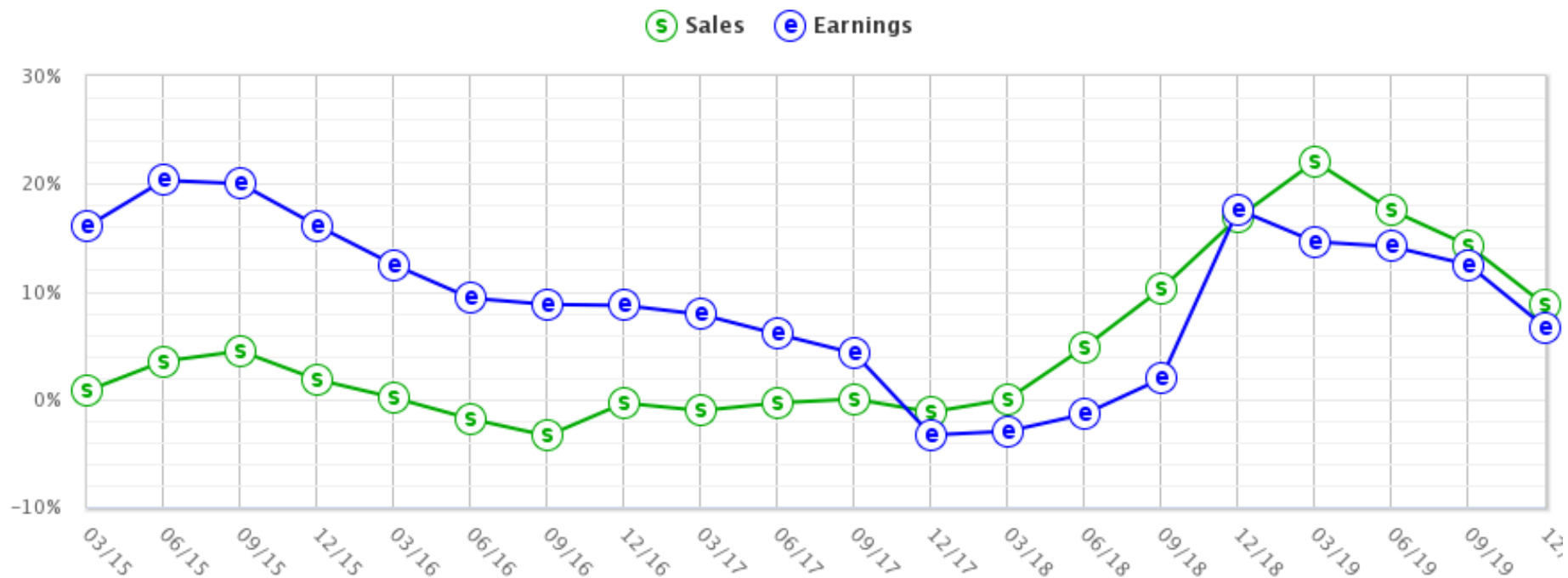
Annualized Appreciation 8.6 %
Average Yield 2.7 %
Annualized Rate of Return 11.2 %

Notes: GD 3/31/20

Date	Subject	Description	Type
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Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Period	Quarterly Data								Last 12 Months Data											
	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS		Pre-Tax Profit			Sales		Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales	\$ Mil	%Rate	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales		
12/19	3.51	14.3	1,214.0	11.3	7.2	10,773.0	3.8	16.0	11.98	4,202.0	10.7	39,350.0	722.8	17.2	6.7	2.9	8.7			
09/19	3.14	8.7	1,090.0	11.2	6.5	9,761.0	7.3	16.2	11.54	4,120.0	10.6	38,955.0	747.1	18.1	12.5	4.0	14.3			
06/19	2.77	5.7	983.0	10.3	1.3	9,555.0	4.0	18.0	11.29	4,053.0	10.6	38,288.0	727.8	18.0	14.2	2.2	17.5			
03/19	2.56	-3.4	915.0	9.9	-4.7	9,261.0	22.9	18.6	11.14	4,040.0	10.7	37,919.0	735.2	18.2	14.6	0.3	22.1			
12/18	3.07	46.2	1,132.0	10.9	12.3	10,378.0	25.4	19.7	11.23	4,085.0	11.3	36,193.0	724.9	17.7	17.6	0.2	16.9			
09/18	2.89	14.7	1,023.0	11.2	-0.4	9,094.0	20.0	15.5	10.26	3,961.0	11.6	34,092.0	873.2	22.0	1.9	-4.9	10.2			
06/18	2.62	6.9	970.0	10.6	-6.0	9,186.0	19.7	19.0	9.89	3,965.0	12.2	32,578.0	973.9	24.6	-1.4	-5.2	4.8			
03/18	2.65	6.9	960.0	12.7	-5.0	7,535.0	1.3	16.8	9.72	4,027.0	13.0	31,067.0	1,074.2	26.7	-3.0	-4.1	0.0			
12/17	2.10	-19.8	1,008.0	12.2	-7.9	8,277.0	0.5	36.9	9.55	4,077.0	13.2	30,973.0	1,165.9	28.6	-3.3	-3.6	-1.2			
09/17	2.52	1.6	1,027.0	13.5	-2.0	7,580.0	-2.0	25.6	10.07	4,163.0	13.5	30,929.0	1,079.5	25.9	4.2	0.2	0.0			

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change	\$		\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
06/17	2.45	0.4	1,032.0	13.4	-1.5	7,675.0	0.1	27.4	10.03	4,184.0	13.5	31,080.0	1,097.5	26.2	6.0	1.5	-0.4
03/17	2.48	6.0	1,010.0	13.6	-3.0	7,441.0	-3.7	24.5	10.02	4,200.0	13.5	31,070.0	1,104.3	26.3	7.9	1.6	-1.1
12/16	2.62	9.2	1,094.0	13.3	7.4	8,233.0	5.4	26.2	9.88	4,231.0	13.5	31,353.0	1,169.8	27.6	8.7	3.1	-0.4
09/16	2.48	8.8	1,048.0	13.6	3.5	7,731.0	-3.3	26.8	9.66	4,156.0	13.4	30,929.0	1,136.5	27.3	8.8	0.7	-3.4
06/16	2.44	7.5	1,048.0	13.7	-1.2	7,665.0	-2.8	27.7	9.46	4,121.0	13.2	31,192.0	1,135.4	27.6	9.4	0.7	-1.8
03/16	2.34	9.3	1,041.0	13.5	3.2	7,724.0	-0.8	29.9	9.29	4,134.0	13.2	31,409.0	1,154.0	27.9	12.5	4.4	0.1
12/15	2.40	9.6	1,019.0	13.0	-2.5	7,809.0	-6.6	25.0	9.09	4,102.0	13.0	31,469.0	1,136.5	27.7	16.1	7.9	1.8
09/15	2.28	11.2	1,013.0	12.7	3.5	7,994.0	3.1	27.6	8.88	4,128.0	12.9	32,022.0	1,189.6	28.8	20.0	12.9	4.5
06/15	2.27	20.7	1,061.0	13.5	14.7	7,882.0	5.5	29.1	8.65	4,094.0	12.9	31,779.0	1,194.8	29.2	20.3	13.2	3.5
03/15	2.14	25.1	1,009.0	13.0	18.6	7,784.0	6.3	29.0	8.26	3,958.0	12.6	31,371.0	1,165.4	29.4	16.0	8.9	0.7
12/14	2.19	24.4	1,045.0	12.5	16.1	8,362.0	3.1	29.5	7.83	3,800.0	12.3	30,911.0	1,128.8	29.7	11.4	5.4	-1.0
09/14	2.05	11.4	979.0	12.6	4.1	7,751.0	-0.6	29.1	7.40	3,655.0	11.9	30,656.0	1,096.7	30.0	1,025.0	474.7	-1.7
06/14	1.88	3.9	925.0	12.4	-1.9	7,474.0	-5.5	30.2	7.19	3,616.0	11.8	30,701.0	1,099.7	30.4	864.9	546.9	-2.0
03/14	1.71	5.6	851.0	11.6	3.3	7,324.0	-1.1	30.1	7.12	3,634.0	11.7	31,138.0	1,123.1	30.9	826.5	568.0	-0.6
12/13	1.76	129.0	900.0	11.1	143.5	8,107.0	0.4	30.7	7.03	3,607.0	11.6	31,218.0	1,120.3	31.1	782.5	566.7	-0.9
09/13	1.84	8.2	940.0	12.1	8.9	7,796.0	-1.7	30.7	-0.80	636.0	2.0	31,189.0	144.2	22.7	-111.9	-81.9	-4.3
06/13	1.81	2.3	943.0	11.9	1.6	7,911.0	-0.1	32.1	-0.94	559.0	1.8	31,327.0	126.4	22.6	-113.7	-84.5	-3.6
03/13	1.62	3.2	824.0	11.1	0.4	7,404.0	-2.3	30.7	-0.98	544.0	1.7	31,338.0	122.4	22.5	-114.3	-85.1	-3.5
12/12	-6.07	-461.3	-2,071.0	-25.6	-327.3	8,078.0	-11.7	-2.9	-1.03	541.0	1.7	31,513.0	122.6	22.7	-114.8	-85.4	-3.6
09/12	1.70	-7.1	863.0	10.9	-9.3	7,934.0	1.0	30.5	6.72	3,523.0	10.8	32,582.0	1,120.9	31.8	-6.3	-8.5	1.4
06/12	1.77	-1.1	928.0	11.7	-3.2	7,922.0	0.5	31.7	6.85	3,612.0	11.1	32,501.0	1,146.3	31.7	-2.7	-5.6	0.7
03/12	1.57	-4.3	821.0	10.8	-8.4	7,579.0	-2.8	31.3	6.87	3,643.0	11.2	32,458.0	1,145.8	31.5	-0.9	-4.4	-0.2
12/11	1.68	-12.0	911.0	10.0	-12.7	9,147.0	6.3	33.8	6.94	3,718.0	11.4	32,677.0	1,166.9	31.4	1.6	-1.9	0.6
09/11	1.83	7.6	952.0	12.1	2.6	7,853.0	-2.0	30.2	7.17	3,850.0	12.0	32,131.0	1,172.7	30.5			
06/11	1.79	6.5	959.0	12.2	1.5	7,879.0	-2.8	30.6	7.04	3,826.0	11.8	32,289.0	1,164.5	30.4			
03/11	1.64	6.5	896.0	11.5	2.5	7,798.0	0.6	31.0	6.93	3,812.0	11.7	32,514.0	1,165.6	30.6			
12/10	1.91		1,043.0	12.1		8,601.0		30.1									
09/10	1.70		928.0	11.6		8,011.0		30.1									
06/10	1.68		945.0	11.7		8,104.0		31.1									
03/10	1.54		874.0	11.3		7,750.0		31.5									