



Stock Selection Guide®

The most widely used aid to good investment judgment

Company GENERAL ELECTRIC CO Date 05/25/07

Prepared by jah Data taken from NAIC Data

Where traded NYSE Major product/service Industrial

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	10,288.2	0.0	0.0
Debt (\$M)	450,073.0	% to Tot.Cap.	80.0
		% Potential Dil.	None

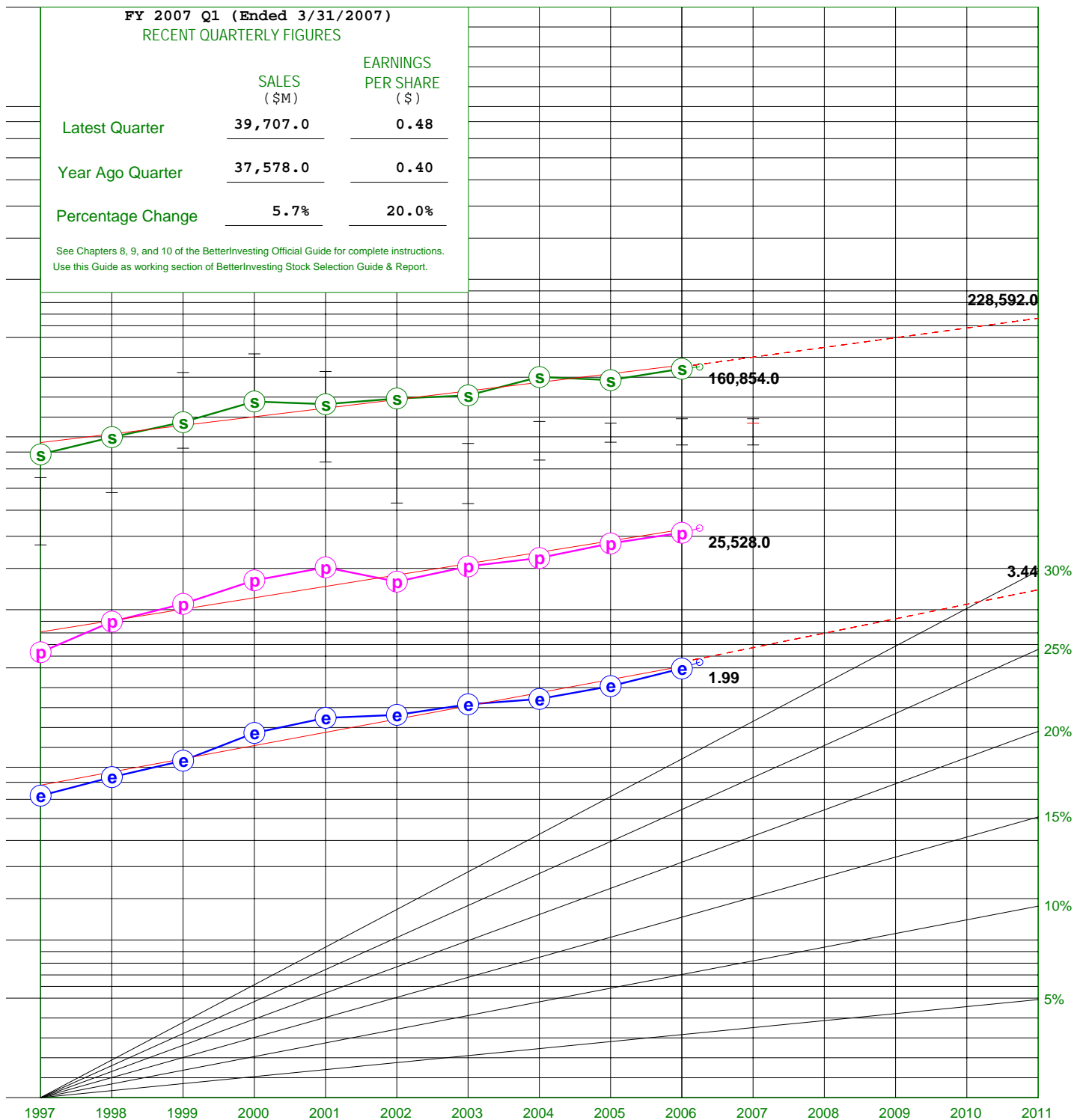
1 VISUAL ANALYSIS of Sales, Earnings and Price

GE

FY 2007 Q1 (Ended 3/31/2007)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	39,707.0	0.48
Year Ago Quarter	37,578.0	0.40
Percentage Change	5.7%	20.0%

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 6.2 %
- (2) Estimated Future Sales Growth 7.0 %
- (3) Historical Earnings Per Share Growth 9.6 %
- (4) Estimated Future Earnings Per Share Growth 10.6 %

2 EVALUATING MANAGEMENT

Company **GENERAL ELECTRIC CO (GE)**

05/25/07

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	12.5	13.8	14.0	14.3	16.0	13.9	15.1	14.1	16.0	15.9	15.0	UP	
B % Earned on Equity (E/S ÷ Book Value)	23.3	23.5	24.2	25.0	25.5	22.5	19.7	15.4	16.9	18.2	18.5		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 **37.380** HIGH THIS YEAR **38.490** LOW THIS YEAR **32.060**

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C			
1 2002	41.8	21.4	1.44	29.0	14.9	0.730	50.7	3.4
2 2003	32.4	21.3	1.55	20.9	13.7	0.770	49.7	3.6
3 2004	37.8	28.9	1.61	23.5	18.0	0.820	50.9	2.8
4 2005	37.3	32.7	1.76	21.2	18.6	0.910	51.7	2.8
5 2006	38.5	32.1	1.99	19.3	16.1	1.030	51.8	3.2
6 TOTAL		136.4		113.9	81.3		254.8	
7 AVERAGE		27.3		22.8	16.3		51.0	
8 AVERAGE PRICE EARNINGS RATIO			19.5	9	CURRENT PRICE EARNINGS RATIO		18.0	

4 Proj. P/E [16.25] Based on Next 4 qtr. EPS [2.30] Current P/E Based on Last 4 qtr. EPS [2.08] EVALUATING RISK and REWARD over the next 5 years PEG=153

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 **22.8** X Estimate High Earnings/Share **3.44** = Forecast High Price \$ **78.4**
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E **16.3** X Estimated Low Earnings/Share **1.99** **2.08** = \$ **33.9**
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = **27.3**
(3B7)
(c) Recent Severe Market Low Price = **32.1**

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{1.120}{0.036} = 31.0$
Selected Estimate Low Price = **33.9**
(4B1)

C ZONING

78.4 High Forecast Price Minus **33.9** Low Forecast Price Equals **44.5** Range. 1/3 of Range = **11.1**
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = **33.9** to **45.0** (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = **45.0** to **67.3** (Maybe)
(4C4) Upper 1/3 = **67.3** to **78.4** (4A1) (Sell)

Present Market Price of **37.380** is in the **Buy** Range
(4C5)

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

High Price (4A1) **78.4** Minus Present Price **37.380**
Present Price **37.380** Minus Low Price (4B1) **33.9** = $\frac{41.0}{3.5} = 11.8$ To 1
(4D)

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

High Price (4A1) **78.4**
Present Market Price **37.380** = $(2.097) \times 100 = (209.7) - 100 = 109.7$ % Appreciation
(4E)

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.

Relative Value: 92.3% Proj. Relative Value: 83.3%

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

A Present Full Year's Dividend \$ **1.120**
Present Price of Stock \$ **37.380** = $\frac{0.030}{37.380} \times 100 = 3.0$ Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years **2.81** X Avg. % Payout (3G7) **51.0** = **143.3** = **3.8** %
(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 109.7			P.A.R.	Tot. Ret.
	21.9 %		Average Yield 2.6%	2.2%
Average Yield (5B) -----	3.8 %		Annual Appreciation 12.5%	16.0%
Average Total Annual Return Over the Next 5 Years (5C)	25.7 %		% Compd Ann Rate of Ret 15.1%	18.2%

GENERAL ELECTRIC NYSE-GE

RECENT PRICE **35.32** P/E RATIO **16.4** (Trailing: 17.7; Median: 24.0) RELATIVE P/E RATIO **0.86** DIV'D YLD **3.2%** VALUE LINE

TIMELINESS 2 Raised 8/25/06	High: 17.7	25.5	34.6	53.2	60.5	53.6	41.8	32.4	37.8	37.3	38.5	38.3	Target Price Range	2010	2011	2012
SAFETY 1 New 7/27/90	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				
TECHNICAL 4 Lowered 3/30/07	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															
BETA 1.15 (1.00 = Market)	2010-12 PROJECTIONS Price 80 Gain (+125%) Ann'l Total Return 25% High 80 Low 65 Gain (+85%) Return 19%															
Insider Decisions M J J A S O N D J to Buy 1 0 1 1 0 2 0 0 3 Options 1 3 4 8 5 0 0 0 5 to Sell 1 3 4 1 4 0 0 0 1																
Institutional Decisions 2Q2006 3Q2006 4Q2006 to Buy 660 674 793 to Sell 793 761 753 Hld's(000)580283658603446248354													Percent shares traded	6	4	2
													% TOT. RETURN 3/07	THIS STOCK INDEX	VL ARITH. INDEX	
													1 yr.	4.8	9.9	
													3 yr.	25.7	42.9	
													5 yr.	8.1	75.8	

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	2000 ^A	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
Sales per sh ^A	5.00	5.25	5.65	6.42	6.85	7.35	13.33	14.44	14.28	15.90	17.35	19.00	Sales per sh ^A	22.50
"Cash Flow" per sh	1.00	1.18	1.32	2.06	2.14	2.12	2.24	2.38	2.56	2.90	3.30	3.60	"Cash Flow" per sh	4.95
Earnings per sh ^B	.83	.93	1.07	1.29	1.41	1.51	1.55	1.61	1.72	1.99	2.25	2.50	Earnings per sh ^B	3.50
Div'ds Decl'd per sh ^C	.36	.42	.49	.57	.64	.73	.77	.82	.91	1.03	1.10	1.15	Div'ds Decl'd per sh ^C	1.45
Cap'l Spending per sh	.22	.21	.21	.26	.29	.24	.97	1.24	1.38	1.62	1.70	1.80	Cap'l Spending per sh	2.10
Book Value per sh ^D	3.52	3.96	4.32	5.08	5.52	6.39	7.87	10.47	10.43	10.93	11.55	12.20	Book Value per sh ^D	17.65
Common Shs Outst'g ^E	9793.8	9813.9	9854.5	9932.0	9925.9	9969.9	10063	10586	10484	10277	10100	10000	Common Shs Outst'g ^E	10000
Avg Ann'l P/E Ratio	25.1	30.3	35.9	40.1	30.8	20.7	18.1	20.5	20.5	17.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	21.0
Relative P/E Ratio	1.45	1.58	2.05	2.61	1.58	1.13	1.03	1.08	1.09	.94			Relative P/E Ratio	1.40
Avg Ann'l Div'd Yield	1.7%	1.5%	1.3%	1.1%	1.5%	2.3%	2.7%	2.5%	2.6%	3.0%			Avg Ann'l Div'd Yield	2.0%
Sales (\$mill) ^A	48952	51546	55645	63807	68018	73317	134187	152363	149702	163391	175000	190000	Sales (\$mill) ^A	225000
Operating Margin	19.0%	21.2%	21.4%	30.4%	29.7%	27.0%	67.0%	65.1%	61.1%	60.2%	60.0%	59.0%	Operating Margin	59.5%
Depreciation (\$mill) ^F	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
Net Profit (\$mill)	8203.0	9296.0	10717	12735	14128	15133	15589	16819	18275	20666	23175	25250	Net Profit (\$mill)	35350
Income Tax Rate	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%
Net Profit Margin	16.8%	18.0%	19.3%	20.0%	20.8%	20.6%	11.6%	11.0%	12.2%	12.6%	13.2%	13.2%	Net Profit Margin	15.5%
Working Cap'l (\$mill) ^A	d4881	d6708	d6512	d4080	d6646	d19636	238969	287826	184959	235281	232550	226000	Working Cap'l (\$mill) ^A	232150
Long-Term Debt (\$mill) ^A	729.0	681.0	722.0	841.0	787.0	970.0	170004	212670	212281	260804	260000	260000	Long-Term Debt (\$mill) ^A	260000
Shr. Equity (\$mill) ^D	34438	38880	42557	50492	54824	63706	79180	110821	109354	112314	116600	122000	Shr. Equity (\$mill) ^D	176750
Return on Total Cap'l	24.2%	23.5%	24.8%	24.9%	25.4%	23.4%	7.4%	6.3%	7.1%	6.7%	7.0%	7.5%	Return on Total Cap'l	8.0%
Return on Shr. Equity	23.8%	23.9%	25.2%	25.2%	25.8%	23.8%	19.7%	15.2%	16.7%	18.4%	20.0%	20.5%	Return on Shr. Equity	20.0%
Retained to Com Eq	13.9%	13.8%	14.4%	14.5%	14.2%	12.5%	10.0%	7.7%	8.2%	9.1%	10.5	11.0%	Retained to Com Eq	12.0%
All Div'ds to Net Prof	42%	42%	43%	42%	45%	47%	49%	49%	51%	50%	47%	46%	All Div'ds to Net Prof	41.0%

CAPITAL STRUCTURE as of 12/31/06
 Total Debt \$433.0 bill.^A Due in 5 Yrs \$181.2 bill.
 LT Debt \$260.8 bill.^A LT Interest \$15.3 bill.
 (Total interest coverage: 2.5x) (70% of Cap'l)

Leases, Uncapitalized None
 Pension Assets-12/05 \$54.8 bill.
 Oblig. \$33.1 bill.

Pfd Stock None
 Common Stock 10,277,373,047 shs.

MARKET CAP: \$363 billion (Large Cap)

CURRENT POSITION (\$MILL.)	2004	2005	12/31/06
Cash Assets	15328	62155	76055
Receivables	296932	302490	351272
Inventory (LIFO)	9778	100474	11401
Other	172015	14767	17067
Current Assets	494053	389886	455795
Accts Payable	24729	21273	21697
Debt Due	157746	158156	172153
Other	23805	25498	26664
Current Liab.	206280	204927	220514

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%	11.0%
Earnings	10.5%	7.0%	12.0%
Dividends	12.5%	10.0%	8.0%
Book Value	14.0%	16.5%	9.0%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	33350	37035	38272	43706	152363
2005	34926	36956	37027	40793	149702
2006	38029	40048	40693	44621	163391
2007	40500	43000	44000	47500	175000
2008	44000	47000	48000	51000	190000

Cal-endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	.32	.38	.38	.51	1.59
2005	.34	.41	.42	.55	1.72
2006	.39	.47	.49	.64	1.99
2007	.45	.52	.55	.73	2.25
2008	.50	.59	.61	.80	2.50

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.19	.19	.19	.19	.76
2004	.20	.20	.20	.20	.80
2005	.22	.22	.22	.22	.88
2006	.25	.25	.25	.28	1.03
2007	.28	.28			

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 (3/06 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 continues to perform well. Indeed, the company ended 2006 with gains in sales and earnings of 9% and 16%, respectively. Management attributed the results to a strong showing across most of its segments.

NBC Universal has begun to rebound from its tepid performance over the past few years. The broadcasting unit ended 2006 with improved results. An increase in ratings and headway on the digital content front helped start the turnaround.

The company's plastics business will likely continue to struggle. Management recently announced its intent to sell the plastics division by the end of 2007. The segment's troubles have continued over the past few years due to inflation, natural gas prices, and raw material costs. Moreover, a business such as this does not fit into General Electric's current initiative for higher-margined, more-stable businesses.

Management's strategy seems to be bearing fruit. It has been seeking opportunities that will consistently contribute to bottom-line gains. The company has

been restructuring its business in an effort to evolve into an organization that will be able to sustain consistent growth over the long haul.

We believe share net will continue to grow at a steady clip throughout 2007. Due to the aforementioned focus and a healthy product mix, we are expecting sales and earnings to continue climbing in the year ahead. Moreover, the company's long track record of innovative products should also be a growth driver in the near term. Additionally,

General Electric has solid growth potential over the 3- to 5-year pull. Aside from the growth strategy, GE has some other compelling opportunities, most notably in its healthcare business where demand is increasing. These should contribute to top- and bottom-line gains over the 2010-2012 timeframe.

This stock is ranked 2 (Above Average) for Timeliness. Moreover, this issue holds our Highest rank for Safety. Given the company's solid prospects, we believe GE's stock should be of interest to many accounts.

Richard Gallagher April 13, 2007

(A) Excludes GE Capital Svcs. sub. until 2000. Consolidated figures thereafter.
 (B) Based on avg. shs. Excl. nonrecr. losses: '00, 24¢; '01, 4¢; '02, 10¢. Next earnings report due mid-April.
 (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.

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