



# General Electric (BUY)

Stock Report

Date: 11-21-2005

Symbol: GE

Price: \$36.20

Michigan State University  
Student Investment  
Association

John Myers  
Rob Park  
Matt Richter

Symbol: GE  
Sector: Conglomerate  
Industry: Multi-Industry  
Industry Outlook: Neutral

Market Cap: \$377.74 B  
Shs Outstanding: 10.57 B  
Avg. Daily Volume: 20.57 M  
52-Wk Range: 32.67 - 37.75

DCF Valuation: \$37.68

Net Profit Margin: 11.4%  
Return on Equity: 17.62%  
Dividend Yield: 2.50%  
Debt to Equity: 3.187  
Forward P/E: 17.35

#### Growth Rates (5 yr.)

	Company	Industry
Sales	6	--
EPS	10	--

#### Company Efficiency/Profitability

	Comp.	Ind.
ROE	17.62	15.7
ROA	2.27	--
Gross Margin	39.01	31.24
Rec Turnover	n/a	n/a

**Summary:** General Electric Company engages in the development, manufacture, and marketing of various products for the generation, transmission, distribution, control, and utilization of electricity. The company operates through 6 market-focused businesses: Commercial Finance, Consumer Finance, Infrastructure, Industrial, Healthcare, and NBC Universal.

GENERAL ELECTRIC CO  
as of 17-Nov-2005

Splits: ▼



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#### Revenues (Million \$)

	2005	2004	2003
1Q	39726	32888	30264
2Q	41556	36711	33225
3Q	41580	38083	32862
4Q	--	43293	36076
Yr.	122862	150975	132427

#### Earnings Per Share (\$)

	2005	2004	2003
1Q	.37	.32	.32
2Q	.44	.38	.38
3Q	.44	.38	.40
4Q	--	.51	.45
Yr.	1.25	1.59	1.55

#### Company Highlights

- AAA Bond Rating
- Strong Management
- \$12.5 B in R&D over past 5 years
- Sale of Insurance Business
- DIVIDENDS

#### Major Risks

- Conservative Accounting
- Too high Goodwill
- Exposed to many industries' risks
- (Free Cash Flows)

**Analysts Opinion:** We feel that General Electric (GE) should be listed as a BUY for an investment opportunity. It is currently on an up swing along with the S&P 500, which it usually follows suit with. Furthermore, our Discount Cash Flows (DCF) analysis valued one share of GE stock at \$37.68. When comparing this figure to its current price of \$36.20, it is apparent that GE is currently undervalued and thus is why we recommend it as a BUY.