

October 24, 2008

United States of America
General Electric (GE - US\$ 18.80) 1-Overweight
Industrial

Company Update

Electrical Equipment
We Look At GE's Funding Options Inc CP

Robert T. Cornell

1.212.526.2498

rcornell@barcap.com

Investment Conclusion

- We believe GE has a variety of options to deal with its funding needs in an efficient way while they hold out for more liquid and lower cost credit market. GE has the means to address the liquidity issue, but the risk is the earnings opportunity cost tradeoff as earning assets are not redeployed. The company is in the news today as it appears poised to tap the new Fed CP funding facility. We consider this one of GE's options that investors ought to expect GE to exercise.

Summary

- GE says it will not issue long term debt at current rates for the remainder of 2008. The \$10B that matures in 4Q wil most likely be funded utilizing a net collection vs. origination mix.
- In 2009, we believe GE has \$66B of debt maturing, but only \$11B in 1Q09. Further biasing collections over originations, deposits, & the co.'s recent offering provide flexibility, but potentially at the cost of earnings growth.
- We believe the plan to access the Fed's ST funding facility should not be viewed as a negative, but as a positive, as a tool to extend the avg maturities at comp. mkt rates. Fed backstop gives GE further flexibility w/ regard to use \$15B of proceeds recently raised.

Stock Rating
Target Price

New: 1-Overweight New: US\$ 26.00

Old: 1-Overweight Old: US\$ 26.00

Sector View: 1-Positive

EPS (US\$) (FY Dec)

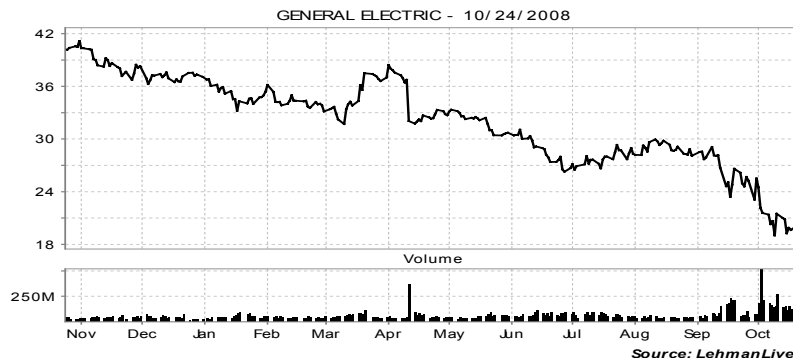
	2007		2008		2009		% Change	
	Actual	Old	New	St. Est.	Old	New	2008	2009
1Q	0.48A	0.44A	0.44A	0.44A	N/A	N/A	-8%	N/A
2Q	0.54A	0.54A	0.54A	0.54A	N/A	N/A	0%	N/A
3Q	0.50A	0.45A	0.45A	0.45A	N/A	N/A	-10%	N/A
4Q	0.68A	0.52E	0.52E	0.52E	N/A	N/A	-24%	N/A
Year	2.20A	1.95E	1.95E	1.95E	1.75E	1.75E	-11%	-10%
P/E			9.6			10.7		

Market Data

Market Cap (Mil.)	187163
Dividend Yield	6.60
52 Week Range	41.22 - 17.97

Financial Summary

Revenue TTM (Mil.)	178041.0
--------------------	----------

Stock Overview


INVESTMENT COMMENT: Although the short term credit markets have been showing meaningful signs of improvement, we note the longer term credit markets remain slow to follow. Tuesday (10/21), Pepsi Bottling Group Inc. launched a \$3.05B two-part offering with spreads of 435bps and 420bps over Treasuries respectively; this for a name whose parent company (PepsiCo) is rated Aa2 by Moody's and A+ by S&P. Clearly with these types of rates, funding in this environment can be an

Barclays Capital Inc. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report.

Customers of Barclays Capital Inc. in the United States can receive independent, third-party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at www.lehmanlive.com or can call 1-800-253-4626 to request a copy of this research.

Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST(S) CERTIFICATION(S) ON PAGE 3 AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 4

issue as the company's CDS suggest longer term debt cost in the Pepsi ballpark, which would put substantial margin pressure of the profitability of financing receivables....so what does that mean for GE which has \$75+ billion of debt that will need to be refinanced over the next 15 months?

- First off, the company has said that it will not issue debt this year to refinance the \$10B that matures in 4Q. Instead, the company plans on utilizing a net collection vs. origination mix to build the capital it will need in the quarter.
- In 2009, we believe GE has \$66B of debt maturing. Fortunately, that total is back half loaded with only \$11B and \$16B coming due in the first and second quarters of 2009 respectively. If financing costs don't improve from the Pepsi example by early next year, the company could again manage collections against originations to fill the void without having to turn to the markets. That could have an adverse impact on earnings as the earning assets might trend down below current expectations.
- The company has said that it would target assets to come off from \$680 billion to \$650 billion through the end of next year. But that total could increase as the company considers the earnings power of the assets relative to the cost of funds. In that context, note that we believe the natural maturity of the portfolio would see the monetization of some \$120 billion of the \$680 billion over the next 12 months, which is clearly well more than the \$66 billion of funding. If the funding outlook improves, the company could well proceed with the \$150 billion in potentially attractive originations it says is possible.
- Additionally, we think GE has added over \$20B of deposits in the first 9 months of 2008, a portion of which is located domestically at GE Money Bank in Utah (we'll have to check the 3Q 10Q to find out exactly how much).
- Furthermore, we think GE's equity offering has put incremental control in the hands of management. With the CP market improving significantly (not to mention the Fed's CP funding facility as a backstop), we believe the \$15B of cash raised in the offers could be tapped as longer term debt matures should GE need the funds.
- With regard to the Fed CP backstop, we think GE probably will access the Fed's CP funding facility given the rates wouldn't differ much from what GE is currently able to achieve in the market and our view that it could extend the average maturities out to 90 days. **We believe GE's use of the new Fed CP facility would not be viewed negatively by the rating agencies.**

So while the funding risk seems substantial at first glance, we believe GE has the options to deal with the issue in an efficient way while they hold out for more liquid and lower cost credit markets. In summary then, GE would deal with the funding by accessing deposits, biasing collections over originations, and to some extent accessing the debt markets. These actions have the benefit of taking out one of the larger risks we think investors may perceive in GE shares.

Be advised though, that to the extent that earning assets go down, and funding costs go up, all while provisions for losses rise as well towards management's target of \$7.5-\$9.0 billion, that would suggest that investors should adopt a conservative outlook relative to GE Financial services earnings next year. In our \$1.75 EPS estimate we have Capital Finance earnings down 30% which is the low end of management's down 10-30% range. It is not clear at this point if managements range anticipates a reduction in earning assets below the drop from \$680 to \$650 previously noted.

GE QUARTERLY SEGMENT EARNINGS MODEL (\$MM)
Source: Company filings, Barclays Capital's estimates

Revenues	A2006	A2007					E2008					E2009
	Total	AQ1	AQ2	AQ3	AQ4	Total	AQ1	AQ2	AQ3	EQ4	Total	Total
Technology Infrastructure	37,687	9,498	10,262	10,549	12,492	42,801	10,460	11,851	11,450	13,242	47,003	49,000
Energy Infrastructure	25,221	6,322	7,543	7,386	9,447	30,698	7,724	9,671	9,769	12,092	39,256	43,800
Capital Finance	56,378	15,553	15,915	16,979	17,854	66,301	16,969	17,981	17,292	17,497	69,739	66,252
NBC Universal	16,188	3,484	3,625	3,756	4,551	15,416	3,584	3,882	5,073	4,915	17,454	17,978
Consumer & Industrial	13,202	2,924	3,250	3,163	3,326	12,663	2,862	3,139	2,989	3,126	12,116	8,915
Total Segment revenues	148,676	37,781	40,595	41,833	47,670	167,879	41,599	46,524	46,573	50,872	185,568	185,945
Corporate items and eliminations	2,892	1,343	1,724	679	863	4,609	629	316	661	1000	2,606	2,700
Total Consolidated Revenues	151,568	39,124	42,319	42,512	48,533	172,488	42,228	46,840	47,234	51,872	188,174	188,645
Segment Profit												
Technology Infrastructure	7,308	1,678	1,861	1,869	2,475	7,883	1,701	2,056	1,900	2,537	8,194	8,604
<i>Growth</i>						8%	1%	10%	2%	2%	4%	5%
Energy Infrastructure	3,518	815	1,115	1,086	1,801	4,817	1,070	1,579	1,425	2,071	6,145	7,067
<i>Growth</i>						37%	31%	42%	31%	15%	28%	15%
Capital Finance	10,397	3,152	2,907	3,021	3,163	12,243	2,679	2,903	2,020	2,214	9,816	6,871
<i>Growth</i>						18%	-15%	0%	-33%	-30%	-20%	-30%
NBC Universal	2,919	691	904	589	923	3,107	712	909	645	969	3,235	3,397
<i>Growth</i>						6%	3%	1%	10%	5%	4%	5%
Consumer & Industrial	970	223	302	255	254	1,034	144	138	47	64	393	150
<i>Growth</i>						7%	-35%	-54%	-82%	-75%	-62%	-62%
Total Segment Profit	25,112	6,559	7,089	6,820	8,616	29,084	6,306	7,585	6,037	7,855	27,783	26,089
GE corporate items and eliminations	(1,548)	(475)	(328)	(600)	(437)	(1,840)	(595)	(656)	(39)	(250)	(1,540)	(1,350)
GE interest and other financial charges	(1,668)	(533)	(422)	(473)	(565)	(1,993)	(602)	(554)	(525)	(570)	(2,251)	(2,400)
Income before taxes	21,896	5,551	6,339	5,747	7,614	25,251	5,109	6,375	5,473	7,035	23,992	22,339
Income Tax Provision	(2,552)	(640)	(731)	(636)	(787)	(2,794)	(758)	(981)	(996)	(1,398)	(4,133)	(3,403)
Aftertax Earnings	19,344	4,911	5,608	5,111	6,827	22,457	4,351	5,394	4,477	5,637	19,859	18,936
Cumulative effect of accounting changes	0	0	0	0	0	0	0	0	0	0	0	0
Extra. charges	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Div	0	0	0	0	0	0	0	0	(75)	(75)	(300)	(300)
Net Earnings	19,344	4,911	5,608	5,111	6,827	22,457	4,351	5,394	4,477	5,562	19,784	18,636
Discontinued Operations	1,398	(340)	(226)	448	(131)	(249)	(47)	(322)	(165)	(534)	(534)	-
Net Earnings with Disc Op.	20,742	4,571	5,382	5,589	6,696	22,208	4,304	5,072	4,312	5,562	19,250	18,636
Diluted EPS	\$1.86	\$0.48	\$0.54	\$0.50	\$0.68	\$2.20	\$0.44	\$0.54	\$0.45	\$0.52	\$1.95	\$1.75
<i>Growth</i>	14.44%					17.95%	-8.61%	-0.72%	-10.25%	-22.52%	-11.16%	-10.34%
Diluted EPS (Including Discops)	\$2.00	\$0.44	\$0.52	\$0.54	\$0.66	\$2.17	\$0.43	\$0.51	\$0.43	\$0.52	\$1.90	\$1.75
<i>Growth</i>	26.81%					8.78%	-2.88%	-2.73%	-20.53%	-21.01%	-12.59%	-7.85%
Dividends per Share	\$0.28	\$0.28	\$0.28	\$0.28	\$0.31	\$1.15	\$0.31	\$0.31	\$0.31	\$0.31	\$1.24	\$1.24
Average Basic Shares	10,354	10,284	10,268	10,177	10,048	10,190	9,978	9,958	9,953	10,578	10,115	10,617
Average Diluted Shares	10,389	10,317	10,303	10,215	10,083	10,225	10,002	9,982	9,970	10,602	10,139	10,652

Analyst Certification:

I, Robert T. Cornell, hereby certify (1) that the views expressed in this research Company Note accurately reflect my personal views about any or all of the subject securities or issuers referred to in this Company Note and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Company Note.

Other Team Members:

Yip, Darren ()

1.212.526.3869

darren.yip@barcap.com

Company Description:

GE is a diversified technology, services and manufacturing company.

On September 20, 2008, Barclays Capital Inc. acquired Lehman Brothers' North American investment banking, capital markets, and private investment management businesses. During this transition period, we have endeavored to provide our respective conflicts of interest disclosures on a combined basis. All ratings and price targets prior to the acquisition date relate to coverage under Lehman Brothers Inc.

Important Disclosures:

General Electric (GE)

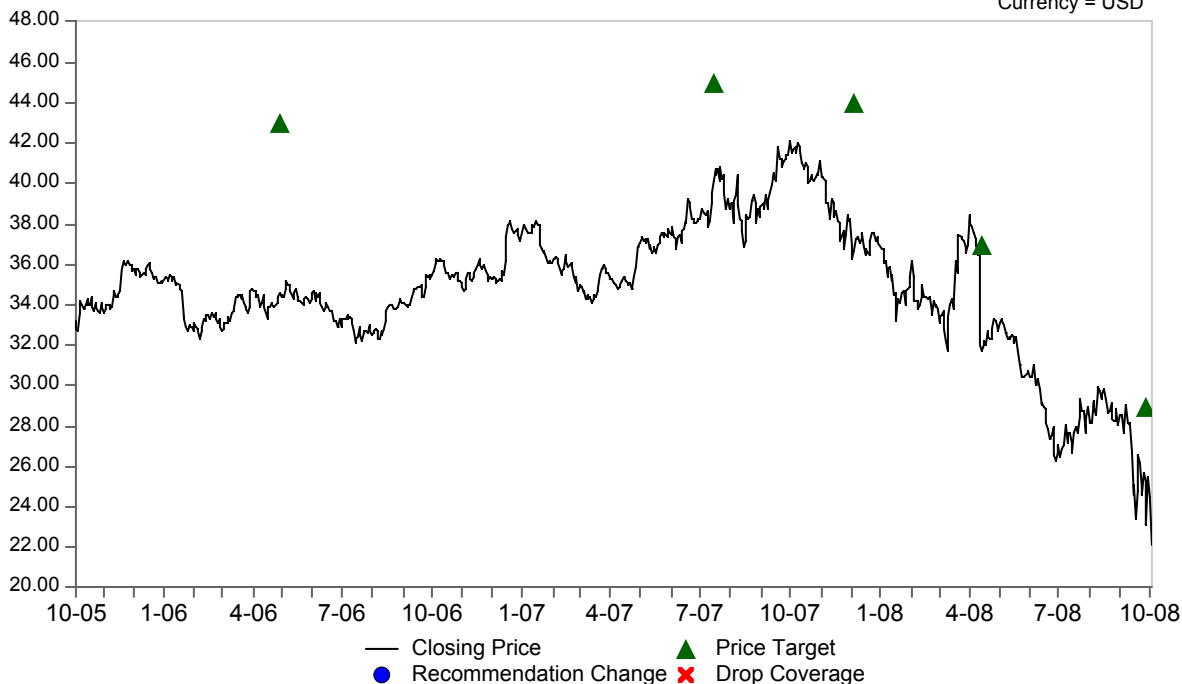
US\$ 18.80 (23-Oct-2008)

1-Overweight / 1-Positive

Rating and Price Target Chart:

GENERAL ELECTRIC CO.

As of 02-Oct-2008
Currency = USD



Source: FactSet

Currency=US\$

Date	Closing Price	Rating	Price Target
26-Sep-08	25.25		29.00
14-Apr-08	31.75		37.00
05-Dec-07	36.71		44.00

Date	Closing Price	Rating	Price Target
16-Jul-07	40.12		45.00
28-Apr-06	34.59		43.00

FOR EXPLANATIONS OF RATINGS REFER TO THE STOCK RATING KEYS LOCATED ON THE PAGE FOLLOWING THE LAST PRICE CHART.

- Barclays Capital Inc. and/or Lehman Brothers Inc. and/or one of their affiliates has managed or co-managed within the past 12 months a 144A and/or public offering of securities for General Electric.
- Barclays Capital Inc. and/or an affiliate makes a market or provides liquidity in the securities of General Electric.
- Barclays Capital Inc. and/or Lehman Brothers Inc. and/or one of their affiliates has received compensation for investment banking services from General Electric in the past 12 months.
- Barclays Capital Inc. and/or an affiliate expects to receive or intends to seek compensation for investment banking services from General Electric within the next 3 months.
- Barclays Capital Inc. and/or an affiliate trade regularly in the shares of General Electric.
- Barclays Capital Inc. and/or Lehman Brothers Inc. and/or one of their affiliates has received non-investment banking related compensation from General Electric within the last 12 months.
- General Electric is or during the past 12 months has been an investment banking client of Barclays Capital Inc. and/or Lehman Brothers Inc. and/or one of their affiliates.
- General Electric is or during the last 12 months has been a non-investment banking client (securities related services) of Barclays Capital Inc. and/or Lehman Brothers Inc. and/or one of their affiliates.
- General Electric is or during the last 12 months has been a non-investment banking client (non-securities related services) of Barclays Capital Inc. and/or Lehman Brothers Inc. and/or one of their affiliates.

Valuation Methodology: Our \$26 price target assumes a ~15x multiple on our FY09 EPS estimate of \$1.75.

Risks Which May Impede the Achievement of the Price Target: GE is in a period of transition evolving toward a technology and services company. GE's strategic moves in this transition could result in diminished EPS growth as the company exits legacy businesses and builds new technology and services growth platforms. The company also faces potential EPS headwind from reduced pension income and declines in its power business.

Important Disclosures Continued:

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities.

Company Name	Ticker	Price	Price Date	Stock / Sector Rating
General Electric	GE	US\$ 18.80	23-Oct-2008	1-Overweight / 1-Positive

Guide to the Barclays Capital Inc. Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as 1-Overweight, 2-Equal weight or 3-Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry sector (the "sector coverage universe"). Below is the list of companies that constitute the sector coverage universe:

Cooper Industries (CBE)	Danaher Corp. (DHR)
Eaton Corp. (ETN)	Emerson (EMR)
General Electric (GE)	Hubbell, Inc. (HUBB)
Rockwell Automation (ROK)	Thomas & Betts Corp. (TNB)

In addition to the stock rating, we provide sector views which rate the outlook for the sector coverage universe as 1-Positive, 2-Neutral or 3-Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

1-Overweight - The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

2-Equal weight - The stock is expected to perform in line with the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

3-Underweight - The stock is expected to underperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

RS-Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including when Barclays Capital Inc. is acting in an advisory capacity in a merger or strategic transaction involving the company.

Sector View

1-Positive - sector coverage universe fundamentals/valuations are improving.

2-Neutral - sector coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

3-Negative - sector coverage universe fundamentals/valuations are deteriorating.

U.S. Distribution of Ratings:

Barclays Capital Inc. Equity Research has 977 companies under coverage.

41% have been assigned a 1-Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 44% of companies with this rating are investment banking clients of the Firm.

46% have been assigned a 2-Equal weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating;

42% of companies with this rating are investment banking clients of the Firm.

10% have been assigned a 3-Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 33% of companies with this rating are investment banking clients of the Firm.

IRS Circular 230 Prepared Materials Disclaimer: Barclays Capital and its affiliates do not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

This publication has been prepared by Barclays Capital, Inc., a US registered broker/dealer and member of FINRA. This publication is provided to you for information purposes only. Prices shown in this publication are indicative and Barclays Capital is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. Other than disclosures relating to Barclays Capital, the information contained in this publication has been obtained from sources that Barclays Capital knows to be reliable, but we do not represent or warrant that it is accurate or complete. The views in this publication are those of Barclays Capital and are subject to change, and Barclays Capital has no obligation to update its opinions or the information in this publication.

Neither Barclays Capital, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents. The securities discussed in this publication may not be suitable for all investors. Barclays Capital recommends that investors independently evaluate each issuer, security or instrument discussed in this publication, and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information in this publication is not intended to predict actual results, which may differ substantially from those reflected.

This communication is being made available in the UK and Europe to persons who are investment professionals as that term is defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005. It is directed at persons who have professional experience in matters relating to investments. The investments to which it relates are available only to such persons and will be entered into only with such persons. Barclays Capital - the investment banking division of Barclays Bank PLC, authorised and regulated by the Financial Services Authority ('FSA') and member of the London Stock Exchange.

Subject to the conditions of this publication as set out above, ABSA CAPITAL, the Investment Banking Division of ABSA Bank Limited, an authorised financial services provider (Registration No.: 1986/004794/06), is distributing this material in South Africa. Any South African person or entity wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of ABSA Capital in South Africa, ABSA TOWERS NORTH, 180 COMMISSIONER STREET, JOHANNESBURG, 2001. ABSA CAPITAL IS AN AFFILIATE OF BARCLAYS CAPITAL.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

Barclays Bank PLC Frankfurt Branch is distributing this material in Germany under the supervision of Bundesanstalt fuer Finanzdienstleistungsaufsicht.

© Copyright Barclays Bank PLC (2008). All rights reserved. No part of this publication may be reproduced in any manner without the prior written permission of Barclays Capital or any of its affiliates. Barclays Bank PLC is registered in England No. 1026167. Registered office 1 Churchill Place, London, E14 5HP. Additional information regarding this publication will be furnished upon request.