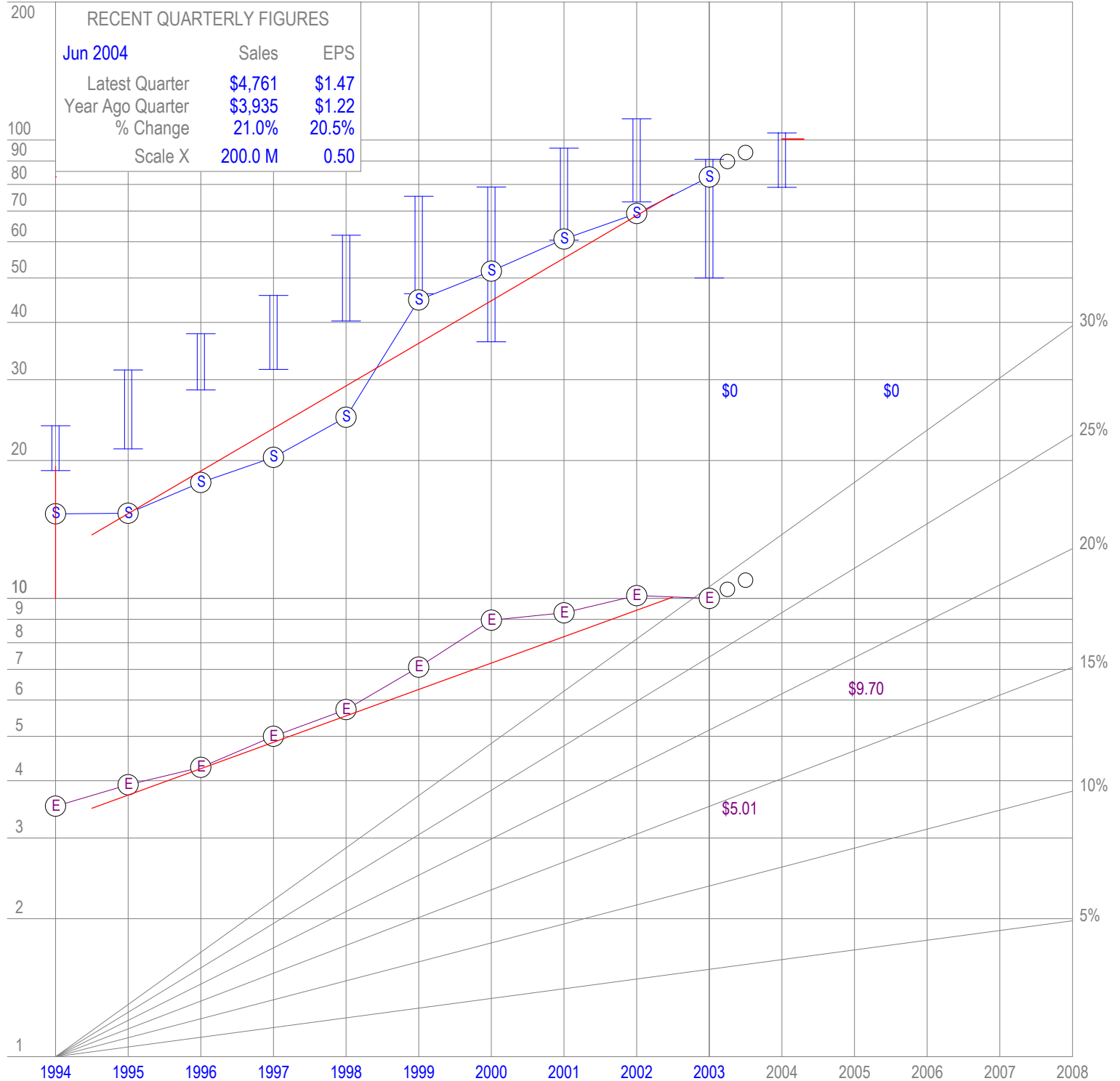


CAPITALIZATION - Outstanding Amounts

Preferred	%Insiders		%Institution	
Common	0.0 M	990.0	0.0	
Debt	\$0.0 M	% to Tot.Cap.	19.6	% Pot. Dil. 0.0

1 VISUAL ANALYSIS of Sales, Earnings and Price



- | | | | |
|------------------------------|-------------------|----------------------------|-------------------|
| (1) Hist. Sales Growth | 23.8% | (3) Hist. EPS Growth | 14.2% |
| (2) Est. Future Sales Growth | 0.0% (Lst Square) | (4) Est. Future EPS Growth | 0.0% (Lst Square) |

2 EVALUATING MANAGEMENT

General Dynamics

Nov 3, 2004

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND
A % Pre-tax Profit on Sales	11.2	12.2	11.4	11.8	11.0	12.6	12.2	11.7	11.4	8.3	11.2%	DOWN
B % Earned on Equity	16.8	15.8	15.8	16.4	16.3	22.4	23.5	20.6	19.6	16.7	20.6%	DOWN

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.

Current Price: \$100.48 52 Wk High: \$103.62 52 Wk Low: \$78.82 Dividend: \$1.04

Year	A PRICE		B	C Earnings Per Share	D Price Earnings Ratio		E Dividend Per Share	F % Payout F÷C X 100	G % Hi. Yield F÷B X 100
	HIGH	LOW			HIGH (A÷C)	LOW (B÷C)			
1 1999	\$75.40	\$46.20	\$3.54	21.3	13.1	\$0.96	27.1%	2.1%	
2 2000	\$79.00	\$36.30	\$4.48	17.6	8.1	\$1.02	22.8%	2.8%	
3 2001	\$96.00	\$60.50	\$4.65	20.6	13.0	\$1.10	23.7%	1.8%	
4 2002	\$111.20	\$73.30	\$5.07	21.9	14.5	\$1.20	23.7%	1.6%	
5 2003	\$90.80	\$50.00	\$5.00	18.2	10.0	\$1.26	25.2%	2.5%	
6 TOTAL		\$266.30		99.7	58.6		122.4%		
7 AVG.		\$53.26		19.9	11.7		24.5%		
8 AVERAGE PE				15.8	9 CURRENT PE	18.3			

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 PE 19.9 X Est. High EPS \$9.00 = Forecast Hi Pr \$179.41

B LOW PRICE - NEXT 5 YEARS

(a) Avg Low PE 11.7 X Est. Low EPS \$5.00 = \$58.62

(b) Avg Low Price of Last 5 Years = \$53.26

(c) Recent Severe Market Low Price = \$36.30

(d) Price Dividend Will Support = \$37.01 Estimated Lo Pr \$58.62

C ZONING

\$179.41 High Frct Price - \$58.62 Low Frct Price = \$120.79 Range X 1/3 = \$40.26

Buy Zone = \$58.62 to \$98.88

Hold Zone = \$98.88 to \$139.15

Sell Zone = \$139.15 to \$179.41

Present Market Price of \$100.48 is in the HOLD zone. Selected Zoning = 33/33/33

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

High Price - Present Price = 1.9 : 1
Present Price - Low Price

E PRICE TARGET (Price appreciation over the next five years in simple interest rates.)

$\frac{\text{High Price}}{\text{Present Market Price}} \times 100 - 100 = 78.6\%$ 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 PRESENT YIELD

$\frac{\text{Present Full Year's Dividend}}{\text{Present Price of Stock}} \times 100 = 1.0$ Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

$\frac{\text{Avg. Earnings Per Share Next 5 Years} \times \text{Avg. \% Payout}}{\text{Present Price of Stock}} = 1.6\%$

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	Simple	Compounded
Avg. 5 Year Appreciation Potential	<u>15.7%</u>	<u>12.3%</u>
Average Yield	+ <u>1.6%</u>	+ <u>1.6%</u>
Average Total Annual Return Over the Next 5 Years	= <u>17.3%</u>	= <u>13.9%</u>