



# Stock Selection Guide<sup>®</sup>

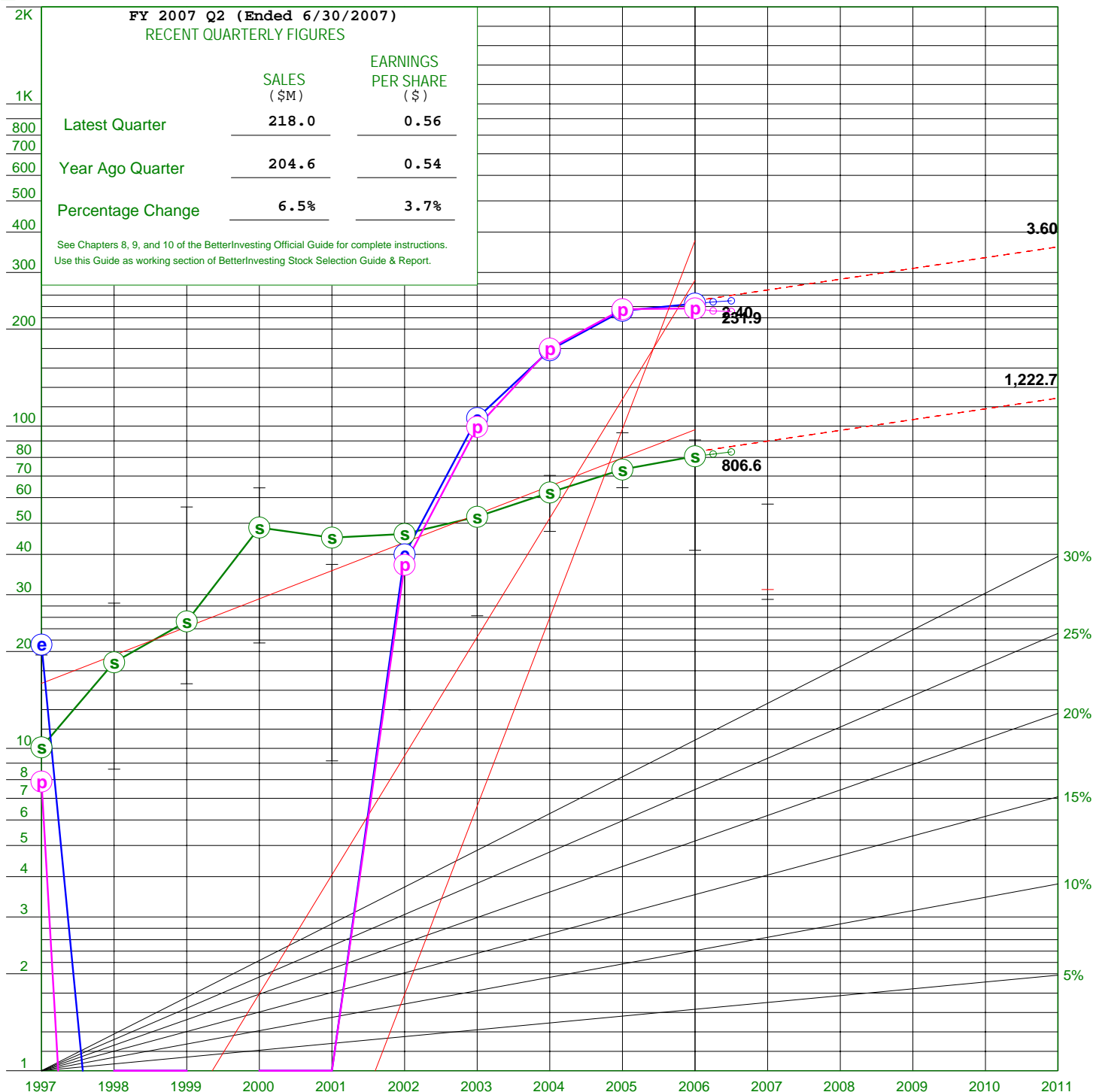
The most widely used aid to good investment judgment

Company GETTY IMAGES INC Date 08/24/07  
 Prepared by Ty H. Data taken from NAIC Data  
 Where traded NYSE Major product/service Publishing

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	59.2	0.0	0.0
Debt (\$M)	385.0	% to Tot.Cap.	23.5
		% Potential Dil.	None

## 1 VISUAL ANALYSIS of Sales, Earnings and Price

GYI



(1) Historical Sales Growth 22.3 % (3) Historical Earnings Per Share Growth 133.9 %  
 (2) Estimated Future Sales Growth 8.0 % (4) Estimated Future Earnings Per Share Growth 8.0 %

## 2 EVALUATING MANAGEMENT

Company **GETTY IMAGES INC**

(GYI)

08/24/07

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
<b>A</b> % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	7.8	-10.3	-23.9	-17.8	-14.0	8.0	19.0	28.0	31.4	28.8	23.0	UP	
<b>B</b> % Earned on Equity (E/S ÷ Book Value)	3.4	-8.1				3.2	7.3	9.8	11.4	11.4	8.6	UP	

## 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		31.130		HIGH THIS YEAR		57.280		LOW THIS YEAR		29.010	
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	38.5	13.2	0.40	<del>96.2</del>	<del>33.0</del>	0.000	0.0	0.0				
2	2003	51.0	25.8	1.06	48.1	24.3	0.000	0.0	0.0				
3	2004	70.3	47.2	1.72	40.9	27.4	0.000	0.0	0.0				
4	2005	95.4	64.4	2.28	41.8	28.2	0.000	0.0	0.0				
5	2006	90.6	41.2	2.40	37.7	17.2	0.000	0.0	0.0				
6	TOTAL		191.8		168.5	97.1		0.0					
7	AVERAGE		38.4		42.1	24.3		0.0					
8	AVERAGE PRICE EARNINGS RATIO			33.2		9			CURRENT PRICE EARNINGS RATIO			12.7	

## 4 Proj. P/E [11.76] Based on Next 4 qtr. EPS [2.65] Current P/E Based on Last 4 qtr. EPS [2.45] PEG=147

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 ~~42.1~~ 15.0 X Estimate High Earnings/Share 3.60 = Forecast High Price \$ 54.0 (4A1)

### B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~24.3~~ 10.0 X Estimated Low Earnings/Share ~~2.40~~ 2.45 = \$ 24.5 (3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = 38.4 (3B7)

(c) Recent Severe Market Low Price = 29.0

(d) Price Dividend Will Support Present Divd. = 0.000 = 0.0 High Yield (H) 0.000

Selected Estimate Low Price = \$ 38.4 (4B1)

### C ZONING

54.0 High Forecast Price Minus 38.4 Low Forecast Price Equals 15.6 Range. 1/3 of Range = 3.9 (4A1) (4B1) (C) (4CD)

(4C2) Lower 1/3 = 38.4 to 42.3 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 42.3 to 50.1 (Maybe)

(4C4) Upper 1/3 = 50.1 to 54.0 (4A1) (Sell)

Present Market Price of 31.130 is in the Buy Range (4C5)

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

High Price (4A1) 54.0 Minus Present Price 31.130 = 22.9 Present Price 31.130 Minus Low Price (4B1) 38.4 = -7.3 = 99.9 + 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) 54.0 = ( 1.735 ) X 100 = ( 173.5 ) - 100 = 73.5 % Appreciation (4E)

Relative Value: 38.3% Proj. Relative Value: 35.4%

## 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.

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

**A** Present Full Year's Dividend \$ 0.000 Present Price of Stock \$ 31.130 = 0.000 X 100 = 0.0 Present Yield or % Returned on Purchase Price (5A)

### B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 3.09 X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 % Present Price \$ 31.130 (5B)

### C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E)	73.5			P.A.R.	Tot. Ret.
		14.7 %		Average Yield	0.0%
Average Yield (5B)		0.0 %		Annual Appreciation	7.6%
Average Total Annual Return Over the Next 5 Years (5C)		14.7 %		% Compd Ann Rate of Ret	11.6%