



# Stock Selection Guide <sup>®</sup>

The most widely used aid to good investment judgment

Company FACTSET RESEARCH SYSTEMS Date 05/04/07

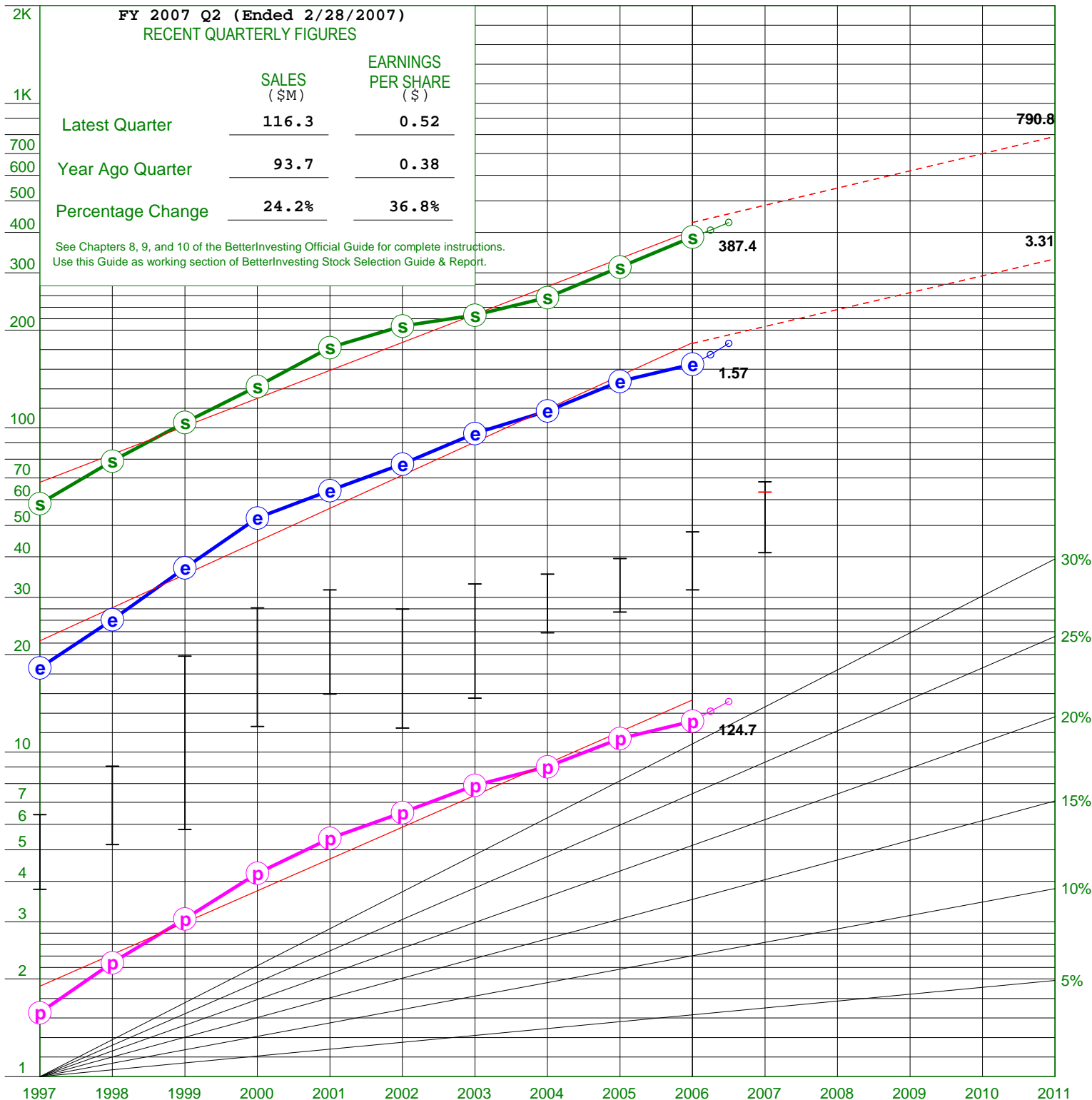
Prepared by MG Data taken from NAIC Data

Where traded NYSE Major product/service Application

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	49.0	47.9	61.2
Debt (\$M)	0.0	% to Tot.Cap.	0.0
		% Potential Dil.	None

## 1 VISUAL ANALYSIS of Sales, Earnings and Price

FDS



(1) Historical Sales Growth 22.0 % (3) Historical Earnings Per Share Growth 26.5 %  
 (2) Estimated Future Sales Growth 13.0 % (4) Estimated Future Earnings Per Share Growth 12.7 %

	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)	27.0	28.4	29.5	31.5	30.7	31.6	35.5	35.8	35.2	32.2	34.1		DOWN
<b>B</b> % Earned on Equity (E/S ÷ Book Value)	20.8	21.8	22.5	25.2	23.2	22.1	22.8	32.0	25.1	21.4	24.7		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.

PRESENT PRICE 63.280 HIGH THIS YEAR 68.130 LOW THIS YEAR 41.200

Year	PRICE		C Earnings Per Share	E Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
	A HIGH	B LOW		D HIGH A ÷ C	E LOW B ÷ C			
1 2002	27.6	11.9	0.77	35.7	15.4	0.120	15.5	1.0
2 2003	33.0	14.7	0.96	34.4	15.3	0.147	15.3	1.0
3 2004	35.4	23.3	1.13	31.4	20.7	0.173	15.4	0.7
4 2005	39.5	27.1	1.39	28.4	19.5	0.197	14.2	0.7
5 2006	47.8	31.6	1.57	30.4	20.1	0.220	14.0	0.7
6 TOTAL		108.6		160.3	91.0		74.4	
7 AVERAGE		21.7		32.1	18.2		14.9	
8 AVERAGE PRICE EARNINGS RATIO			25.1	9	CURRENT PRICE EARNINGS RATIO		34.8	

**4 Proj. P/E [30.84] Based on Next 4 qtr. EPS [2.05] Current P/E Based on Last 4 qtr. EPS [1.82] PEG=242**

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 ~~32.1~~ 30.0 X Estimate High Earnings/Share 3.31 = Forecast High Price \$ 99.3  
(3D7 as adj.) (4A1)

**B LOW PRICE -- NEXT 5 YEARS**

(a) Avg. Low P/E ~~18.2~~ 20.0 X Estimated Low Earnings/Share ~~1.57~~ 1.82 = \$ 36.4  
(3E7 as adj.)  
 (b) Avg. Low Price of Last 5 Years = 21.7  
(3B7)  
 (c) Recent Severe Market Low Price = 27.1

(d) Price Dividend Will Support  $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.240}{0.010} = 23.8$   
 Selected Estimate Low Price = \$ 36.4  
(4B1)

**C ZONING**

99.3 High Forecast Price Minus 36.4 Low Forecast Price Equals 62.9 Range. 1/3 of Range = 15.7  
(4A1) (4B1) (C) (4CD)  
 (4C2) Lower 1/3 = 36.4 to 52.1 (Buy) Note: Ranges changed to 25%/50%/25%  
 (4C3) Middle 1/3 = 52.1 to 83.6 (Maybe)  
 (4C4) Upper 1/3 = 83.6 to 99.3 (4A1) (Sell)

Present Market Price of 63.280 is in the Hold Range  
(4C5)

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

High Price (4A1) 99.3 Minus Present Price 63.280  
 Present Price 63.280 Minus Low Price (4B1) 36.4 =  $\frac{36.0}{26.9} = 1.3$  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) 99.3  
 Present Market Price 63.280 =  $(\frac{1.569}{100}) \times 100 = (156.9) - 100 = 56.9$  % 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.

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

**A Present Full Year's Dividend \$** 0.240  
 Present Price of Stock \$ 63.280 =  $\frac{0.004}{100} \times 100 = 0.4$  Present Yield or % Returned on Purchase Price  
(5A)

**B AVERAGE YIELD OVER NEXT 5 YEARS**  
 Avg. Earnings Per Share Next 5 Years 2.61 X Avg. % Payout (3G7) 14.9 = 38.9 = 0.6 %  
(5B)

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

5 Year Appreciation Potential <small>(4E)</small> <u>56.9</u>		P.A.R.	Tot. Ret.
<u>5</u>	<u>11.4</u> %	Average Yield	<u>0.5%</u>
Average Yield <small>(5B)</small> <u>0.6</u> %		Annual Appreciation	<u>9.4%</u>
Average Total Annual Return Over the Next 5 Years <small>(5C)</small> <u>12.0</u> %		% Compd Ann Rate of Ret	<u>9.9%</u>

# PERT Worksheet-A

Company FACTSET RESEARCH SYSTEMS

(FDS)

QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
11/98	0.09		7.09	29.7		23.83		39.1	0.28	24.56	28.8	85.3	10.5	42.6			
02/99	0.09	51.8	7.41	29.3	41.3	25.24	32.1	38.7	0.32	26.73	29.2	91.5	11.0	41.2			
05/99	0.09	41.4	7.77	29.4	34.1	26.45	30.9	38.6	0.34	28.70	29.4	97.7	11.5	40.0			
08/99	0.10	33.0	8.36	29.5	29.7	28.32	27.5	40.5	0.37	30.62	29.5	103.8	12.0	39.2			
11/99	0.11	23.1	9.37	30.9	32.2	30.28	27.1	40.9	0.39	32.90	29.8	110.3	13.1	39.7	35.8	33.9	29.2
02/00	0.14	55.6	9.95	30.6	34.3	32.49	28.7	26.8	0.44	35.44	30.2	117.5	13.0	36.7	38.5	32.6	28.5
05/00	0.13	42.6	11.14	32.5	43.4	34.30	29.7	38.0	0.48	38.81	31.0	125.4	14.2	36.6	39.0	35.2	28.3
08/00	0.14	44.8	11.87	32.0	42.1	37.11	31.1	38.8	0.52	42.33	31.5	134.2	15.3	36.2	41.7	38.2	29.2
11/00	0.15	37.8	12.71	31.1	35.7	40.91	35.1	39.8	0.56	45.67	31.5	144.8	16.4	35.9	44.8	38.8	31.3
02/01	0.16	14.3	13.48	31.4	35.5	42.92	32.1	38.1	0.58	49.20	31.7	155.2	19.0	38.7	32.8	38.8	32.1
05/01	0.17	25.6	13.82	30.5	24.1	45.37	32.3	37.2	0.61	51.88	31.2	166.3	20.0	38.5	28.9	33.7	32.7
08/01	0.17	19.3	14.24	30.0	19.9	47.48	27.9	39.0	0.64	54.25	30.7	176.7	20.9	38.5	23.3	28.2	31.7
11/01	0.17	17.7	14.93	31.4	17.4	47.51	16.1	39.7	0.67	56.46	30.8	183.3	21.7	38.5	19.1	23.6	26.6
02/02	0.19	16.9	15.61	32.2	15.8	48.51	13.0	37.1	0.69	58.60	31.0	188.9	22.4	38.2	19.7	19.1	21.7
05/02	0.19	15.6	16.64	32.9	20.5	50.53	11.4	38.6	0.72	61.42	31.7	194.0	23.7	38.6	17.3	18.4	16.7
08/02	0.21	27.5	17.96	34.7	26.1	51.75	9.0	38.2	0.77	65.14	32.9	198.3	25.0	38.4	19.5	20.1	12.2
11/02	0.22	27.2	18.46	35.0	23.7	52.82	11.2	37.9	0.81	68.67	33.7	203.6	26.1	38.0	21.9	21.6	11.1
02/03	0.23	24.6	19.43	35.3	24.5	55.08	13.5	37.7	0.86	72.49	34.5	210.2	27.6	38.1	23.8	23.7	11.3
05/03	0.25	28.0	20.01	35.2	20.2	56.83	12.5	36.0	0.91	75.86	35.0	216.5	28.4	37.5	26.8	23.5	11.6
08/03	0.25	18.8	21.11	36.7	17.6	57.56	11.2	36.3	0.95	79.02	35.5	222.3	29.2	37.0	24.4	21.3	12.1
11/03	0.26	18.2	21.77	36.7	17.9	59.26	12.2	36.3	0.99	82.33	36.0	228.7	30.1	36.6	22.1	19.9	12.3
02/04	0.27	17.2	22.19	36.2	14.2	61.37	11.4	36.9	1.03	85.08	36.2	235.0	31.0	36.4	20.3	17.4	11.8
05/04	0.27	10.5	22.05	34.7	10.2	63.60	11.9	39.5	1.06	87.13	36.0	241.8	32.5	37.2	16.0	14.9	11.7
08/04	0.31	23.7	24.20	35.7	14.6	67.68	17.6	36.6	1.12	90.21	35.8	251.9	33.7	37.3	17.4	14.2	13.3
11/04	0.33	25.8	26.01	35.1	19.5	74.06	25.0	37.2	1.19	94.45	35.4	266.7	35.4	37.5	19.4	14.7	16.6
02/05	0.34	24.5	27.25	35.6	22.8	76.47	24.6	37.1	1.25	99.51	35.3	281.8	37.4	37.6	21.3	17.0	19.9
05/05	0.35	28.2	27.68	34.9	25.5	79.34	24.8	36.8	1.33	105.14	35.3	297.6	38.8	36.9	25.6	20.7	23.1
08/05	0.37	18.2	29.22	35.3	20.8	82.77	22.3	36.2	1.39	110.16	35.2	312.6	40.6	36.8	23.9	22.1	24.1
11/05	0.35	7.0	27.76	31.0	6.7	89.65	21.1	36.9	1.41	111.91	34.1	328.2	41.1	36.8	18.9	18.5	23.1
02/06	0.38	11.8	30.21	32.2	10.9	93.67	22.5	36.1	1.45	114.87	33.3	345.4	41.9	36.5	15.7	15.4	22.6
05/06	0.40	14.3	32.01	32.4	15.6	98.82	24.5	36.4	1.50	119.20	32.7	364.9	43.4	36.4	12.8	13.4	22.6
08/06	0.43	16.2	34.71	33.0	18.8	105.22	27.1	37.0	1.56	124.69	32.2	387.4	45.6	36.6	12.5	13.2	23.9
11/06	0.47	34.3	36.91	33.9	32.9	108.88	21.4	35.0	1.68	133.84	32.9	406.6	48.3	36.1	19.1	19.6	23.9
02/07	0.52	36.8	39.58	34.0	31.0	116.31	24.2	32.6	1.82	143.21	33.4	429.2	50.4	35.2	25.5	24.7	24.3
05/07								38.4						35.7			
08/07								38.4						36.1			

A B C D E F G H I J K L M N O P Q R S T

# PERT Worksheet-A Graph

Company FACTSET RESEARCH SYSTEMS

(FDS)

