NATIONAL ASSOCIATION OF INVESTORS CORPORATION
BETTERINVESTING™
The Leader In Investment Education

Company _____ Date _____

Prepared by _____ Data taken from _____

Where Traded _____ Major product/service _____

CAPITALIZATION --- Outstanding Amounts _____ Reference _____

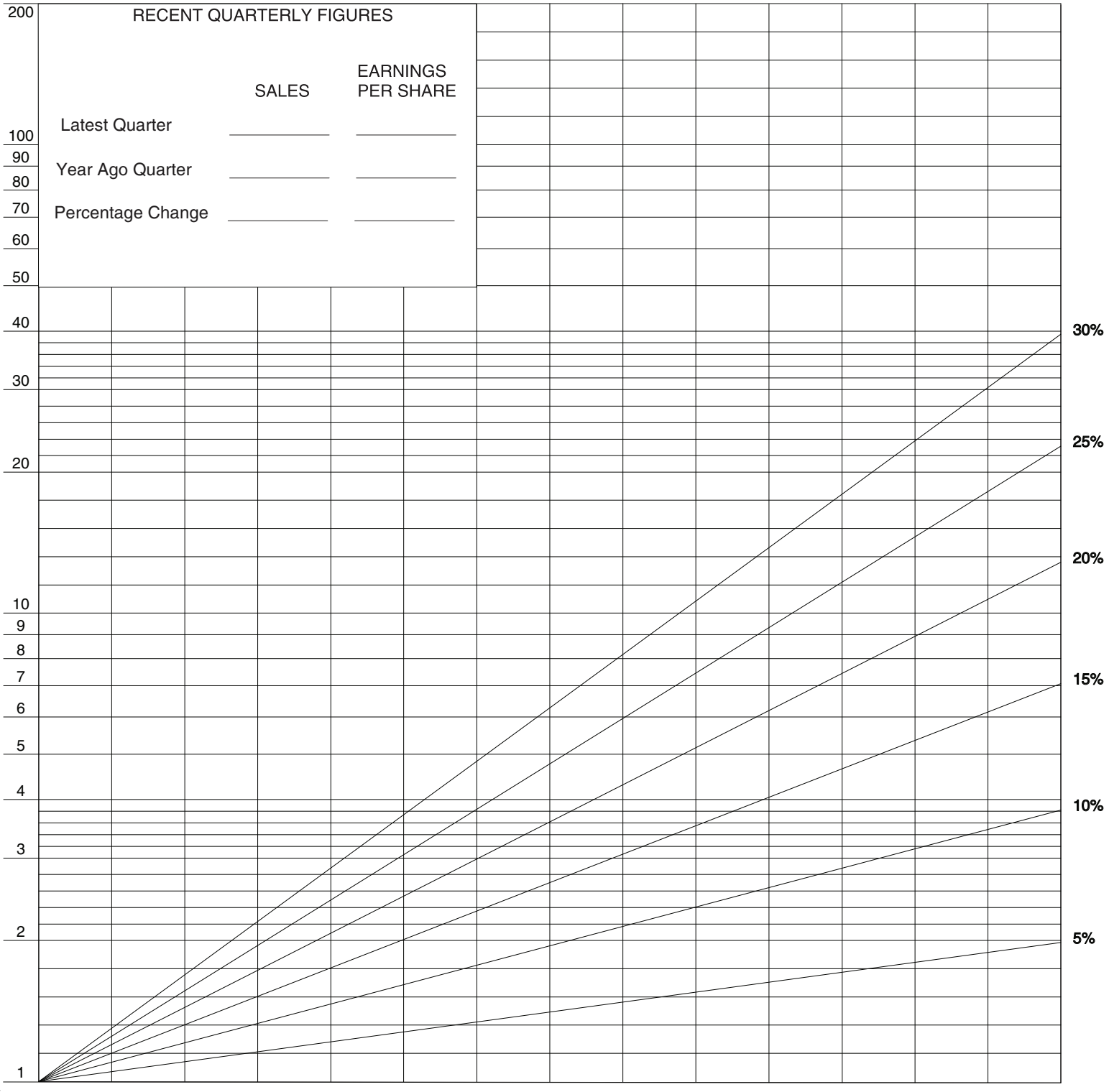
Preferred			% Insiders	% Institution
Common				
Debt	% to Tot.Cap.		% Potential Dil.	

Stock Selection Guide®

1 VISUAL ANALYSIS of Sales, Earnings and Price

RECENT QUARTERLY FIGURES

	SALES	EARNINGS PER SHARE
Latest Quarter		
Year Ago Quarter		
Percentage Change		



(1) Historical Sales Growth _____ %

(2) Estimated Future Sales Growth _____ %

(3) Historical Earnings Per Share Growth _____ %

(4) Estimated Future Earnings Per Share Growth _____ %

2 EVALUATING MANAGEMENT

Company _____

	Year											LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)													
B	% Earned on Equity (E/S ÷ Book Value)													

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 _____ HIGH THIS YEAR _____ LOW THIS YEAR _____

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1									
2									
3									
4									
5									
6	TOTAL								
7	AVERAGE								
8	AVERAGE PRICE EARNINGS RATIO			9	CURRENT PRICE EARNINGS RATIO				

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 P/E _____ (3D7 as adj.) X Estimate High Earnings/Share _____ = Forecast High Price $ _____ (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E _____ (3E7 as adj.) X Estimated Low Earnings/Share _____ = $ _____

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

(c) Recent Severe Market Low Price = _____

(d) Price Dividend Will Support Present Divd. / High Yield (H) = _____ = _____

Selected Estimate Low Price _____ = $ _____ (4B1)

C ZONING

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

(4C2) Lower 1/3 = (4B1) _____ to _____ (Buy)

(4C3) Middle 1/3 = _____ to _____ (Maybe)

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

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

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

High Price (4A1) _____ Minus Present Price _____ / Present Price _____ Minus Low Price (4B1) _____ = _____ = _____ 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) _____ / Present Market Price _____ = (_____) X 100 = (_____) - 100 = _____ % 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 $ _____ / Present Price of Stock $ _____ = _____ X 100 = _____ (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years _____ X Avg. % Payout (3G7) _____ = _____ = _____ % (5B)

Present Price $ _____

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) _____ / 5 = _____ %

Average Yield (5B) _____ = _____ %

Average Total Annual Return Over the Next 5 Years (5C) = _____ %

Table to Convert From Simple to Compound Rate

Simple Rate	2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40
Compound Rate	2	4	6	8	10	12	14	16	18	20	22	24								