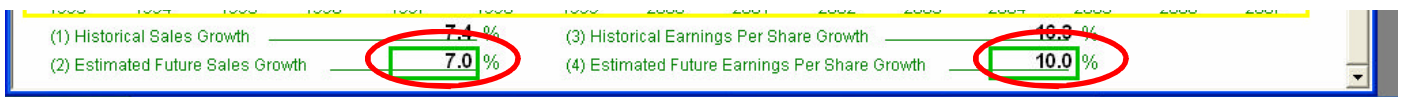


PERT-A Graph

One of the most important tools in portfolio management is the PERT— A Graph. This graph is simply a picture of the tabular data on the PERT— A form itself.

The PERT-A is the form that contains quarterly sales and earnings figures for each company in your portfolio.

The following page depicts a typical graph. Annotations B and C are very important, because they represent the performance expectations of the person who completed the Stock Selection Guide. Annotation C shows that the analyst expects sales [green line] to grow at 7% per year. He also expects earnings to grow at 10% per year [blue line.] These figures comes from Part 1 of the SSG. Remember that the figures on the bottom below have to be inserted by the analyst completing the SSG. Top figures are historical.



The idea behind this graph is that the analyst can tell at a glance if the company is performing up to his expectations. He simply looks at the EPS, sales and pre-tax profit lines to see if they are at or above his expectation lines [B and C.]

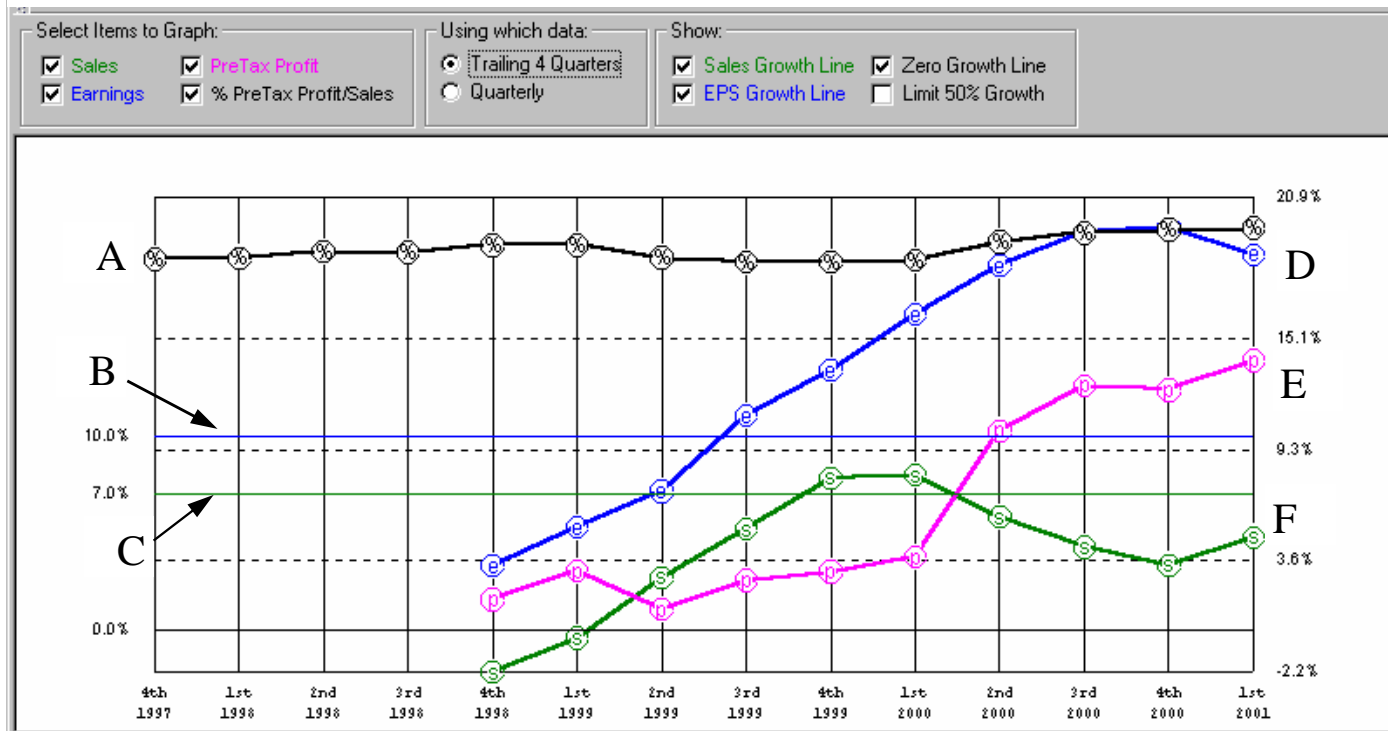
Although this graph is intended for portfolio management purposes, some individuals and clubs use it when making purchase decisions.

PERT-A Graph

Trailing Four Quarters

A major tool in portfolio management

Many also use in their buying decisions



A - Profit margin line. Look for upward trend or even trend.

B - Projected EPS growth line. From SSG, part 1 [10%.]

C - Projected sales growth line. From SSG, part 1 [7%.]

D - EPS growth line [actual.] For the four quarters ending 3/01, growth was 19.5 % over four quarters ending 3/00.

E - Pretax profit increased by 13.9% for the four quarters ending 3/01 versus the four quarters ending 3/00.

F - Percent change in sales growth [4.8 %] for the four quarters ending 3/01 versus the four quarters ending 3/00.