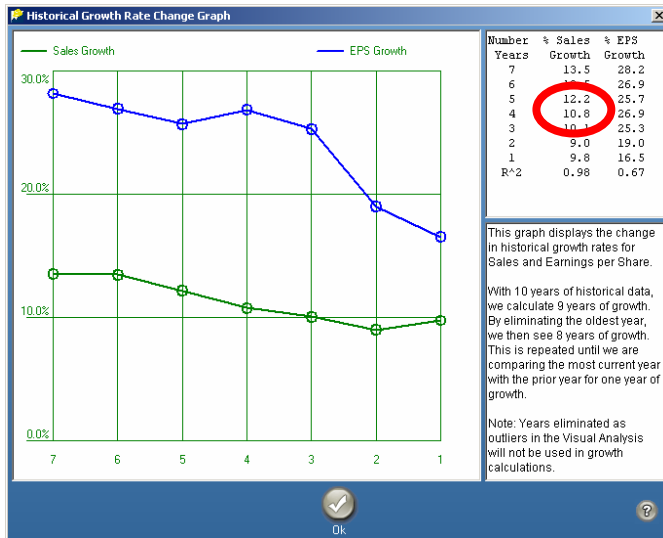
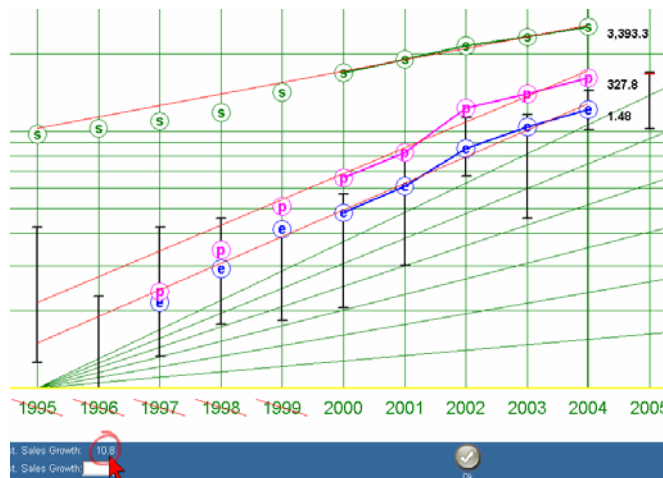


Analyzing Rates of Change

Good analysts know the importance of interpreting trends. Toolkit contains several charts to assist in interpretation. One has to be careful to interpret these charts correctly. The "Historical Growth Rate Change Graph," shown below is one of them.



Care and judgment must be applied so as to not over react to the slope of the lines on this chart. This is a rate of change representation of the data. The Visual Analysis plot shows the plots of actual Sales and Earning to be certainly straighter and trending upward. Let us look at where the numbers in the Historical Growth Rate Change Graph come from. The Growth Rates are calculated from each year's date to the latest.



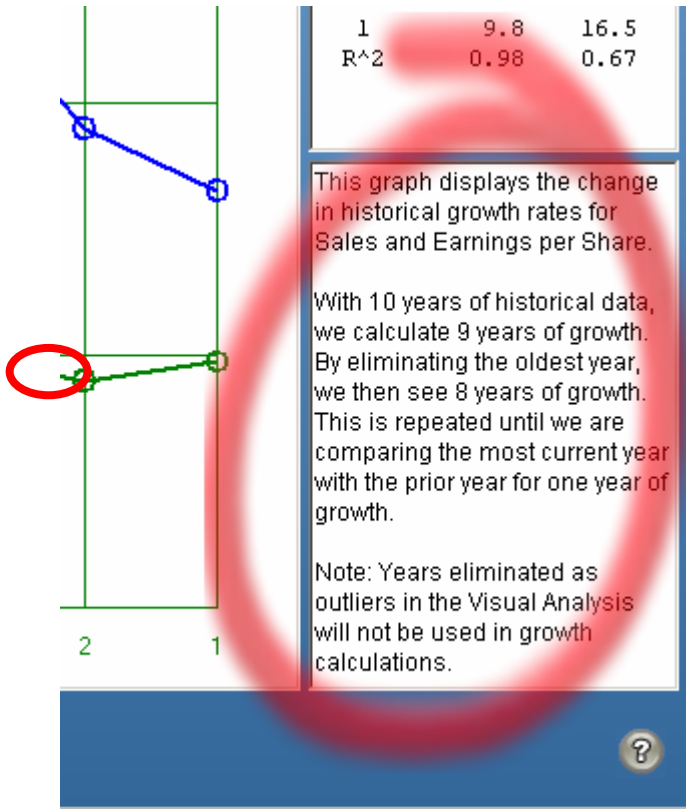
As shown below all years prior to 2000 have been clicked out as outliers. The Historical Sales Growth is shown to be 10.8%. This can be repeated for all years of interest.

It is now a matter to view the data presented by the Historical Growth Rate Change Graph and Table. The decline in growth could result from internal management problems or external market conditions. In the

judgment of this writer the feeling is that this company is progressing through mid-sized stages of growth. Ten years back the sales were just under \$2 billion. In the last years sale have grown to almost \$4 billion. This company is approaching the group of large-sized companies.

The Desired Growth (or minimum acceptable growth) of a company with \$3,393.3 million in sales is 8.3%. Recent years growth of 9% and higher is acceptable,

however, estimates of future Sales Growth must be tempered based on your own assessment of risk.



Please read carefully the text within the block in the lower right of the Historical Growth Rate Change Graph window.