Stock Prospector

March 2009
Version 2.7

Developed by
ICLUBcentral

Disclaimer

ICLUBcentral Inc. is not responsible for investments made as a result of using this program. The purchaser of the license for use of this program is responsible for assessing the software to insure its suitability.

An investor should be aware that there is no investment method that will work 100% of the time. There will be assumptions, ifs, and maybes in the analysis of stock choices. The techniques in this guide will help you improve investment choices. Look at the many indicators and suggestions as a whole. Because financial analysis is highly interrelated, there are no absolute answers.

Stock Prospector works with data considered to be reliable. Please keep in mind that the results from calculations—especially in the proxy items, trend, and projection groups—are entirely dependent on the data. The user is advised to complete a full stock study on securities found with Stock Prospector before making any investment decisions.

ICLUBcentral

1430 Massachusetts Avenue
Cambridge, MA 02138
Customer Support: 877-33-ICLUB
(617.661.2582)
Internet: http://www.iclub.com

Contents

Foreword

1

Introduction

Screening is a powerful tool used to help investors find companies worthy of studying. The Stock Prospector program has been developed to help you search for suitable stocks to study.

Screening Concept

The concept of screening is similar to a prospector searching for minerals, gold, or gems. Each gem is found in a distinct geological formation. Knowing what formation to look for can identify other promising sites.

So it is with screening (or searching) for promising stocks. The investor must start with a clear idea of what is being sought. Once the objective is defined, it becomes a simpler task to build the criteria to identify other interesting companies.

As with the gem prospector, locating a site does not automatically guarantee finding gems. The site has to be studied and analyzed carefully. So it is with the companies identified with Stock Prospector. They must be analyzed in detail to ensure that what you have discovered is indeed the investment gem you sought.

To review:

1. You must understand what you want to find. Your search objectives must be clearly stated, as they will direct your search.
2. Careful attention must be given to the task of defining the screening (search) criteria and building the report to ensure that the screening actually uncovers what you want.

It is very important to realize that screening is only a starting point and it must be followed by solid analysis of the companies discovered.

Helping the Beginner

For the beginner we introduce the Prospector Wizard to simplify defining objectives and setting criteria and reports. In-depth analysis of the stocks found by screening can also be simplified by using programs such as ICLUBcentral’s **Toolkit 6** or **Stock Analyst**.

The Prospector Wizard takes you through the steps of identifying promising stocks. It has two selections. The first and the simplest, allows the investor to choose from a set of pre-defined reports and criteria. It takes you quickly to the companies selected by your criteria. Pre-defined selections are those included with Stock Prospector.

The pre-defined selections are also excellent starting points for beginners. First of all, they can generate results quickly with minimum effort. But just as importantly, they can provide the beginner with templates for customizing new reports.

Stock Prospector also includes a customizing Wizard to help beginners shape searches. Variations of the major characteristics such as; growth, quality, value, and safety can be tested. The automated reports can then be analyzed in detail to help make the transition from beginner to experienced user of Stock Prospector.

Using the Manual and On-line Help

The main focus of the manual is on program operation. We have also illustrated examples of searches.

We suggest working with the program and operation sections first. Understanding the functions built into Stock Prospector will facilitate the use of the program.

The two exercises (Labs) included in the manual demonstrate using the Wizard and customizing searches.

To help you search for specific information, we include an appendix and index.

The contents of this manual are also within the on-line help. Use the F1 function key to access context-sensitive information. For specific help on an item, use the right mouse button to activate the 'What's this?' feature.

Additional information can be obtained at the ICLUBcentral website at http://www.iclub.com/prospector/.

Focusing Your Objectives

Clearly-focused objectives make screening easier and provide clear results. Time spent on setting your objectives is time well spent. Your investing personality (conservative, aggressive, etc.) may determine your investing objectives and shape your searches accordingly. The more clearly your objectives are specified, the more value you will get from Stock Prospector.

Criteria Statements

Screening by computer is a process of comparing specific company financial items with some set references.

As an example you may want to screen for companies with low Price-Earnings Ratios (PE), i.e.

[Cur PE] < 10 [1].

If the company's current PE (financial item) is less than 10 (the reference) then the company passes the screen and will be included in the resulting list of companies.

[Cur PE] < 10 is called a criteria statement. The most common format for specifying criteria statement is item, operator, value. One or more criteria statements are required to define a search.

More complex statements may be defined. These details are provided for experienced users in other parts of the manual.

It is important to understand items and criteria used for your searches. Using too many similar items and criteria may unnecessarily remove interesting candidates. Develop a list of criteria that you understand well and that reflect your investing objectives.

[1] Operators like < (less than) etc. specify the limiting value for the item selected. For more information see the Appendix - Operators.

About ICLUBcentral Inc.

ICLUBcentral provides individual investors with tools, data, and insight to help them successfully invest in the stock market. Among other things, the company is a leading provider of software to help individual investors manage their stock portfolios and investment clubs.

More than 150,000 investors have used ICLUBcentral's software to help them to analyze long-term investing candidates, a larger installed base than any other investing software company in this market. Programs such as Stock Analyst and Toolkit 6 work well in conjunction with Stock Prospector and can help you conduct the further analysis necessary in order to make an informed decision about a stock under study.

In addition, more investment clubs use ICLUBcentral's software for club recordkeeping management and tax preparation than any other product.

For information about the company and its products, please visit:

http://www.iclub.com/.

Getting Started

2

Proper installation of Stock Prospector onto your computer.

Specifications

Stock Prospector is designed for the Microsoft Windows Operating systems 2000, XP, or Vista. The following are minimum system requirements:

- 32 Mb
- 45 Mb (including a database of approximately 7,000 companies and industry averages)
- Intel Pentium 200 Mhz or equivalent
- A color display with 800x600 resolution and a mouse are also required.

Installing Stock Prospector

To install Stock Prospector from a CD, start Windows and then place the Stock Prospector CD in your CD-ROM drive. The Auto Start installation should automatically run, and you may just follow the on-screen instructions to install.

To install Stock Prospector from the downloadable installation file, simply double-click the installer and follow the prompts until finished.

Registering Stock Prospector

After installing your new Stock Prospector, please take a moment to register your program.

As a licensed Registered User of Stock Prospector, you will receive the following benefits:

- **Technical Support**: You may receive free technical support from ICLUBcentral for ninety days following the purchase of the software.
- **Updates**: Free software updates for Stock Prospector may be made available and will, with your permission, be down-loaded and installed automatically.

You may register your copy of Stock Prospector as you install the program. Simply follow the instructions on the screen to do so.

Running Stock Prospector

Once installed, Stock Prospector will have been set up to allow you to run the program. To run Stock Prospector, click the icon on your desktop. Or click Start and select Programs. From the list of Program Groups find and select the ICLUBcentral group and click the Stock Prospector icon. This will start the program.

Beginner Operations

3

Finding companies worthy of study.

Operation

There are two operating modes for Stock Prospector, Beginner, and Advanced. Either operating mode will help find attractive companies based on your input. The difference is the ease of use of the Beginner sections vs. the extensive customization possible at the Advanced level.

The Beginner level is meant for those relatively new to the idea of stock screening or who want to have quick results from their efforts.

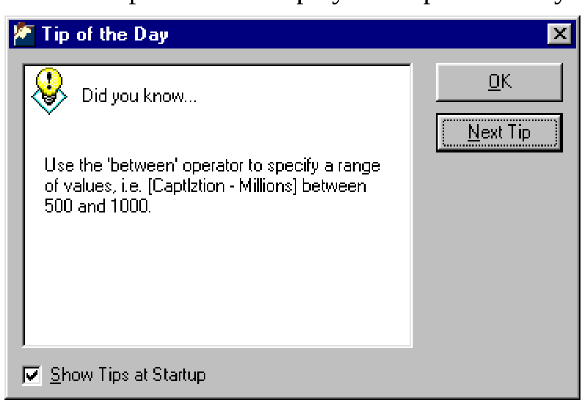
The reports and criteria at the Beginner level are sufficient for identifying worthy companies to study. More importantly, they can be used as templates to help formulate new searches. Your knowledge is built on understanding the pre-defined reports supplied with the program.

Shortcut Keys

Stock Prospector utilizes keyboard shortcuts for all the main menu functions. Shortcut keys are activated by holding down the Alt key and then pressing a corresponding letter. The shortcut letters for the main menu items are indicated by an underlined character in each item name. For example, pressing Alt-O will activate the Options menu. With the Options menu activated you may then press Alt-G to open the General Options window.

Tip of the Day

Stock Prospector will display the Tip of the Day window immediately after opening the program. You have the option to review more tips by clicking the More Tips button, or click OK to close the window.



If you do not want this Tips window to open every time the program starts, then remove the check mark in the Show Tips at Startup box. Any time you wish to see the Tip of the Day window you may select it from Help on the menu line.

Basic Knowledge

There are two areas of knowledge that will help you get the most from Stock Prospector.

The first is familiarity with the Windows environment. If you lack familiarity with Windows, we suggest using the Windows tutorial. You can access the Windows “Tour: Ten minutes to using Windows” accessible through the Microsoft Windows Explorer Help function.

The second is familiarity with investing terms. We have attempted to structure this manual as a teaching aid identifying how to search for companies with specific characteristics. The pre-defined reports and criteria are good starting points for assessing how to approach the search for prospective companies. Items used in reports and criteria are listed with comments to help you understand how you may use them. As your knowledge grows, you will be able to review these lists for greater insight.

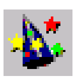
To understand the process of finding stocks to study, we have included 2 exercises (or labs) to familiarize you with the most common operations of the program. See Lab 1 - Working the Wizard, and Lab 2 - Customizing a search, for more details.

Icons and Menu Selections

This is a review of the icons available on the starting screen. Labels for these icons can be shown by clicking on the menu line View/Toolbar/Display icon caption.

Perhaps the most important icon for a beginner is the Wizard icon.

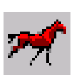
Import Data – imports historical data from your data service (subscribed to separately) to build the Stock Prospector database.



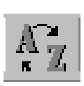
Prospector Wizard – the quick way for beginners to search for companies in a step-by-step guided process.

Criteria Selection – opens the lists of database items so you can define criteria to search for specific kinds of companies. You can also select from Stock Prospector’s pre-defined criteria or user criteria previously defined.

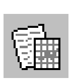
Report Selection – opens the numerous item lists to allow you to choose from a pre-defined report, a user report, or to define a new report.



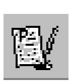
Run Query – executes the current criteria list and updates the company data grid based on the report definition, weights, and sort selections.



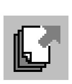
Sort – sorts the resulting list of companies by various items.



Company Data – the highlighted company in the company list can be displayed to show the graph for historical revenue, EPS, and prices as well as the list of data items.

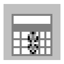


Print – prints the results of the currently displayed window.



Identify Companies for Analysis – companies from the company list can be selected and a file written so that data can be imported to Toolkit 6 or Stock Analyst.

Help – accesses the Help contents for the Stock Prospector program.

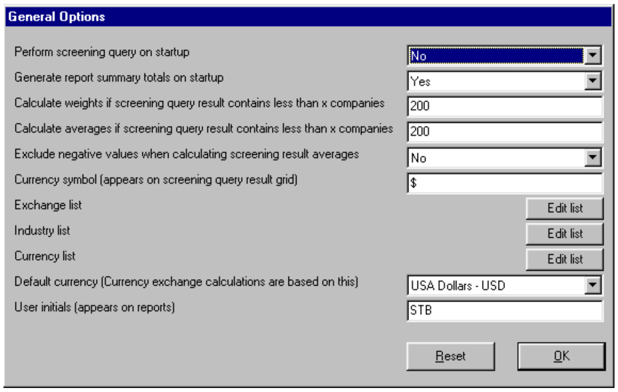


Adjust Window – Makes screen adjustments to view more data in the Company Grid.

General Options

There are a number of options that you may set to suit your search methods. Set these preferences in the General Options window.

Perform Screening at Start-up



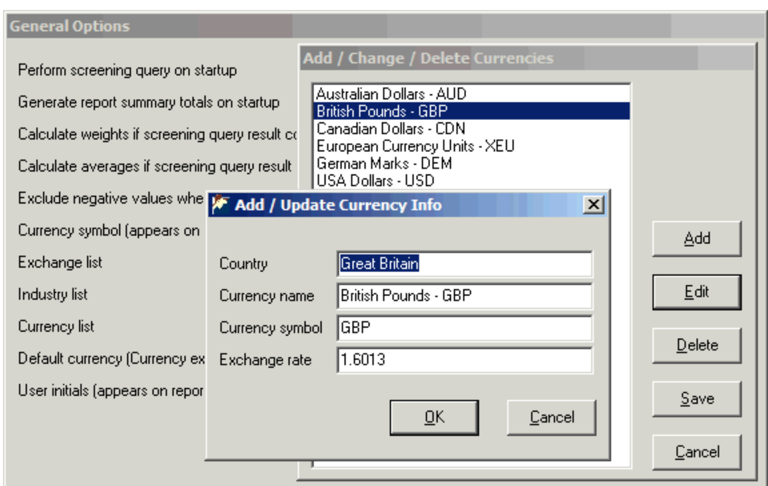
Normally set to No. This option initiates a screening upon starting the program. The last-defined criteria and report are used as the basis of this initial report.

At start up, the program will execute the last screen that was performed before Stock Prospector was exited. This additional processing may be excluded on start up for those with a minimally configured computer.

Calculate Weights and Averages

Normally set to 100. This option sets the maximum number of companies for calculating weights and averages. Large numbers of companies will make the results of weights and averages less meaningful. Also, as large numbers of companies adds substantial time to the screening process, you may wish to set these higher or lower depending on your computer resources (speed, memory, etc.)

Along with the calculations for averages on the screened data, you may elect to average positive numbers only. Making this choice will exclude negative values from the calculations.



Currency Symbol

This selection is only applicable if you work with stock data from different countries.

You can specify additional countries and currencies. When importing foreign companies, you can convert the data to your local currency. The currency name field will include the specified currency and can be used as a search item, i.e. companies from a specific country.

See the Importing section of the manual for details on converting currencies and for screening and differentiating between stocks in various currencies.

Exchange, Industry, and Currency Lists

These allow you to add or edit items in the database. Generally, these items are revised when data is imported. You can alter any of these to your preferences.

The currency list can be edited to add more currencies.

Default Currency

This is the currency used in importing data. You may also alter this choice when importing data.

User Initials

Your initials are printed with the report. Enter them here.

Start Window

The Start window indicates the steps for completing the screening process.

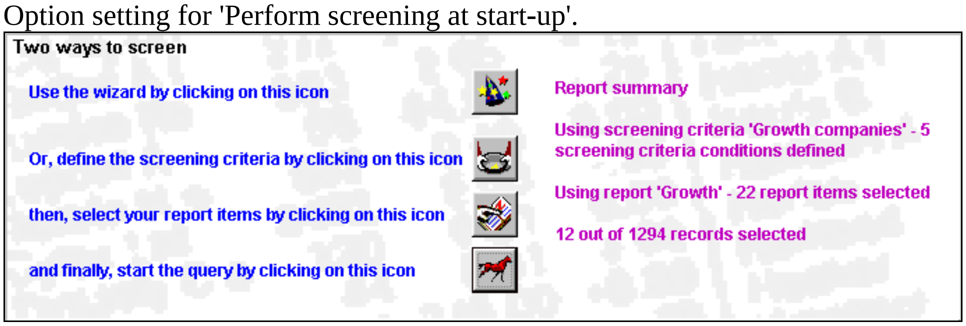
The choices are:

For the Beginner - use the Wizard

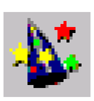
For the Advanced user -

1. define the screening criteria,
2. select the report items,
3. start the query.

The Start window also shows the summary of the current screening results. The Company Grid, below the start window, may be filled when you start the program. This depends on the Option setting for 'Perform screening at start-up'.



Prospector Wizard



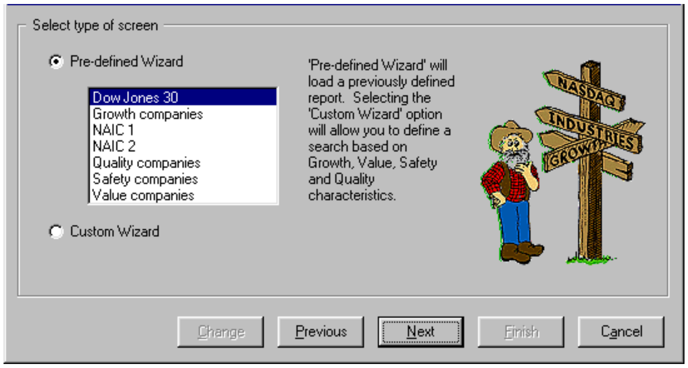
The Prospector Wizard quickly steps you through finding companies with specific characteristics. The Wizard can be accessed through the Wizard icon.

Pre-defined Wizard

The easiest and quickest choice is to select from previously defined reports. Selecting from this list will load your selection and perform the screening function. The only other selection is to set the sort item and direction, ascending or descending. The results will be displayed in the Company Grid.

Pre-defined Reports

There are 6 pre-defined reports and screening criteria provided with Stock Prospector. The 6 are:



BetterInvesting 1 – intended to search for companies that 'fit' BetterInvesting methodology.

BetterInvesting 2 – intended to duplicate the BetterInvesting Growth Screen methods adopted by Mr. Phil Keating in the Growth Screen BITS articles.

Growth – uses the BetterInvesting 1 report and biases the search (by altering the screening criteria) to find companies with higher growth characteristics.

Quality – uses the BetterInvesting 1 report and biases the search to find companies with higher quality characteristics.

Value – uses the BetterInvesting 1 report and biases the search to find companies with higher value characteristics.

Safety – uses the BetterInvesting 1 report and biases the search to find companies with higher safety characteristics.

Note that for the pre-defined reports the same name is used for both report list and screening criteria.

Other reports have also been included with the program. These are available as user-defined reports: (UR – User Reports icon)

The **Dow Jones** is an example of a user-defined report. (It lists the Dow Jones 30 stocks.) This allows you to generate reports on new data so that you can compare results with previous searches. New reports are added to the user-defined list as they are created.

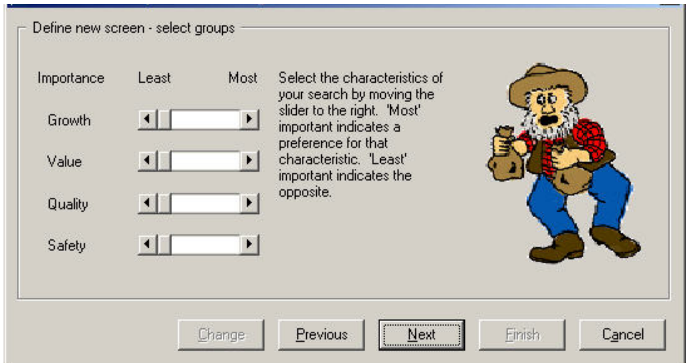
The last window for the Wizard displays the number of selected companies.

Custom Wizard

Choosing the Custom Wizard will give you the following window.

The Custom Wizard gives you the flexibility to set values for the characteristics of growth, quality, value, and safety when searching for companies. Criteria and reports will be generated on these items. The results can be scrutinized and used to help you learn how to build fully customized reports. You can save the results for future use.

In the Custom Wizard window, select the characteristics for your search. Set the slide controls to measure the levels of importance for the characteristics you seek for the companies. Zero denotes minimal importance. Five denotes the most importance. Be aware that selecting the highest setting (5) for each characteristic may yield few or no companies in the screen. At least one characteristic (slider) must be set to activate the Custom Wizard.

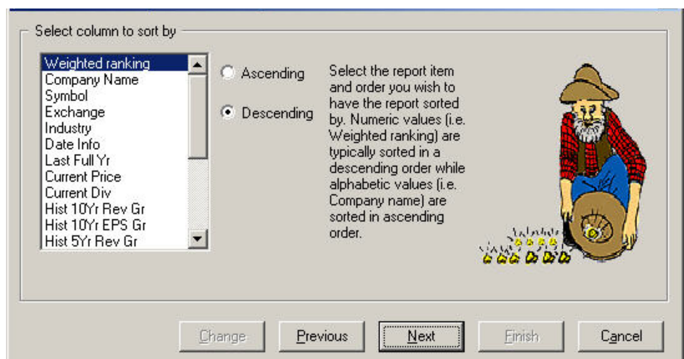


The Custom Wizard will alter the nature of the criteria and the report for screening your database of companies, according to your settings. If you change your settings, the number of companies screened will change.

To see the results of your Custom Wizard selections, click Finish and save the results when prompted. Then retrieve the saved criteria/report by clicking the Report icon and displaying your UR (User Report) list.

Sorting

The next screen allows you to sort the resulting set of companies. Select a data item from the list and choose an ascending or descending sort on that selection.

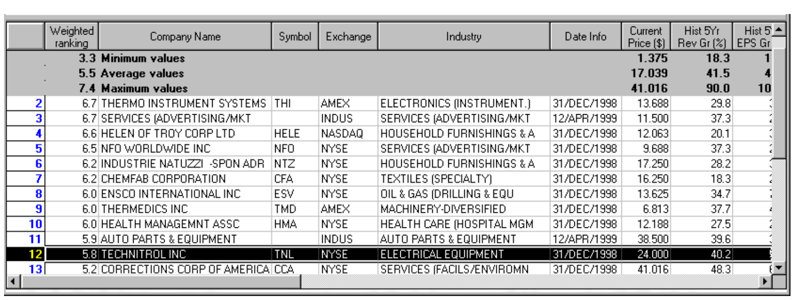


Viewing the Results

Once the criteria and report are defined, you can complete the screening process with the Run Query icon. In a few seconds, depending on the complexity of your query, the results will be displayed in the Company Grid.

Company Grid

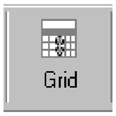
The Company Grid shows the results of your screening. If you have selected many items for your report, you may need to scroll vertically or horizontally to view all the data.



	Weighted ranking	Company Name	Symbol	Exchange	Industry	Date Info	Current Price ($)	Hist 5Yr Rev Gr (%)	Hist 5Yr EPS Gr
	3.3	**Minimum values**					**1.375**	**18.3**	**1**
	5.5	**Average values**					**17.039**	**41.5**	**4**
	7.4	**Maximum values**					**41.016**	**90.0**	**10**
2	6.7	THERMO INSTRUMENT SYSTEMS	THI	AMEX	ELECTRONICS (INSTRUMENT.)	31/DEC/1998	13.688	29.8	[illegible]
3	6.7	SERVICES (ADVERTISING/MKT		INDUS	SERVICES (ADVERTISING/MKT	12/APR/1999	11.500	37.3	[illegible]
4	6.6	HELEN OF TROY CORP LTD	HELE	NASDAQ	HOUSEHOLD FURNISHINGS & A	31/DEC/1998	12.063	20.1	[illegible]
5	6.5	NFO WORLDWIDE INC	NFO	NYSE	SERVICES (ADVERTISING/MKT	31/DEC/1998	9.688	37.3	[illegible]
6	6.2	INDUSTRIE NATUZZI -SPON ADR	NTZ	NYSE	HOUSEHOLD FURNISHINGS & A	31/DEC/1998	17.250	28.2	[illegible]
7	6.2	CHEMFAB CORPORATION	CFA	NYSE	TEXTILES (SPECIALTY)	31/DEC/1998	16.250	18.3	[illegible]
8	6.0	ENSCO INTERNATIONAL INC	ESV	NYSE	OIL & GAS (DRILLING & EQU	31/DEC/1998	13.625	34.7	[illegible]
9	6.0	THERMEDICS INC	TMD	AMEX	MACHINERY-DIVERSIFIED	31/DEC/1998	6.813	37.7	[illegible]
10	6.0	HEALTH MANAGEMNT ASSC	HMA	NYSE	HEALTH CARE (HOSPITAL MGM	31/DEC/1998	12.188	27.5	[illegible]
11	5.9	AUTO PARTS & EQUIPMENT		INDUS	AUTO PARTS & EQUIPMENT	12/APR/1999	38.500	39.6	[illegible]
12	5.8	TECHNITROL INC	TNL	NYSE	ELECTRICAL EQUIPMENT	31/DEC/1998	24.000	40.2	[illegible]
13	5.2	CORRECTIONS CORP OF AMERICA	CCA	NYSE	SERVICES (FACILS/ENVIROMN	31/DEC/1998	41.016	48.3	[illegible]

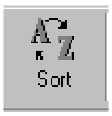
Your first step with the data grid is to determine if your screening process found what you expected. Review the data (and the historical graph - see below) to help you determine this.

If the number of companies is less than what is specified in the Options window on the menu line, the first 3 rows will contain the lowest, highest and simple average of the selected companies. You can compare a company's data with these figures to determine how the company 'stacks up' to the other screened companies.

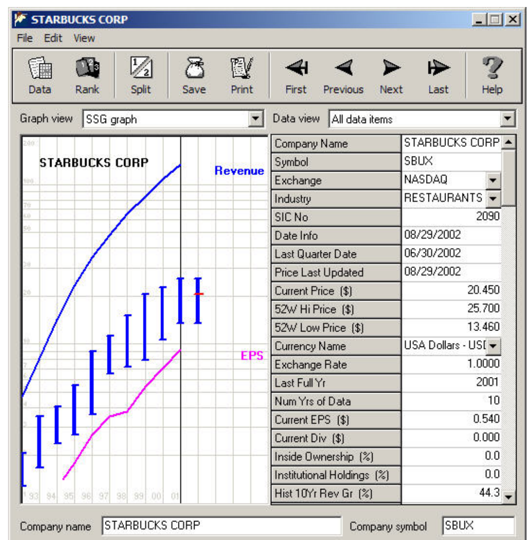


The vertical size of the Company Grid is variable. Alter this by clicking and dragging the upper border of the pane. Alternatively, you may use the Grid icon to increase and restore the vertical size of the grid.

Sorting



Sorting is performed after you have screened the companies. Click the column header with the right mouse button. From the selection window select an ascending or descending sort. Alternatively, the sort icon allows you to select the item to sort by and the sort direction. Either choice will redisplay the Company Grid with the companies listed in the desired sequence.



Historical Graph

For each company you can view a graph (a mini-SSG graph) of historical data for sales, earnings, and yearly price ranges. From this graphed information you can quickly see the quality of growth for the company by the straightness of the lines, and how quickly the company is growing by the steepness of the lines.

If the datafiles are accessible by the program you will be able to graph an additional 24 financial items. Use the Graph view pull-down box to select items to graph and view.

Ranking Report

The ranking report shows the reasons why a company was selected and ranked in the order indicated.

A Ranking Report may not be calculated and thus not be displayed if you have screened a large number of companies. This limitation is set in the Options/General Options window.

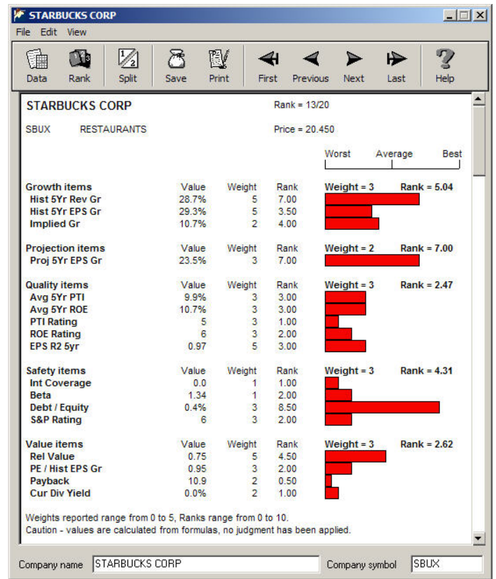
The ranking report should be read in the following manner:

1. Review the group results in bolded type. In the above example the Growth Group is given a weight of 5 out of 5 for level of importance. Overall the Growth Group ranked 3.89 out of 10 in relation to the Growth Group for the other companies in the report.

2. Review the results of each item within the group. In the above example for the growth items, 2 items are given weights of 5 out of 5 for importance and 1 is given 3 out of 5. Overall the Hist 5Yr Rev Gr item ranked 1.88 out of 10 in relation to the same item for all 16 companies in the report. Hist 5Yr EPS Gr ranked 3.75 out of 10 in relation to all the companies in the report. Implied Gr ranked 7.50.

3. Review the actual value for each item within each group. In the above example Hist 5Yr Rev Gr is 25.7%.

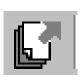
Generally, a quick look at the length of the bars will show items in which a company excels or does less well in relation to other companies within the report. Review these items in greater detail to determine how important they may be to your search for an 'ideal' company.



Printing Reports

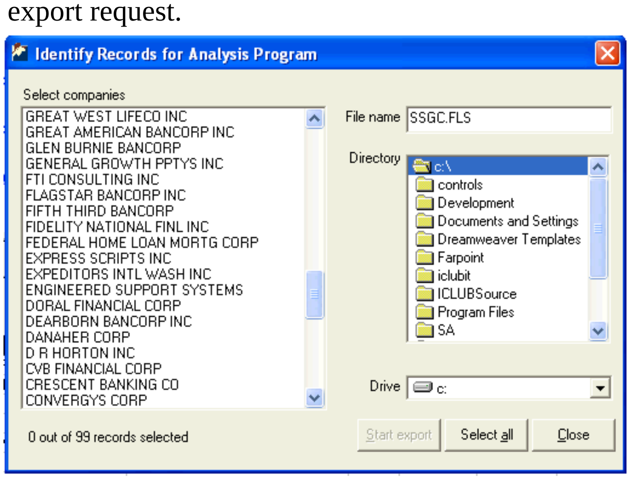
You may print any of the reports generated by Stock Prospector. These include the Company Data and graph, the Ranking Report and Company Data grid. Use the print icon to print the selected report.

Exporting to Analysis Program



Once you have assessed the screened companies, you will want to review and analyze them in greater detail with an analysis program such as ICLUBcentral's Stock Analyst or Toolkit 6**.**

Use the **Identify Companies** icon (as shown above) to select from the list of screened companies. For multiple selections, use the Shift key to select sequential companies or the Control key to mark/unmark multiple companies. Note you are limited to 30 files per export request.



The file generated is SSGC.FLS. This file contains information about the location of the original Datafiles when they were first imported. If the Datafiles were imported from a CD, remember to re-install the CD in order to import data into Stock Analyst or Toolkit 6.

If you use either Toolkit 6 or Stock Analyst, you will be able to open the company in your analysis program by clicking on the Company Grid with the right mouse button and selecting "Open .SSG file."

The long format option uses long path names for instances when datafiles are located in multiple subdirectories and the path is potentially long (greater than 30 characters).

Labs – Learning to Use Stock Prospector

These 2 labs may be used as tutorials to highlight sections of the program that will be used most often. Lab 1 deals with the Wizard and will show you how quickly you can screen for companies to study. Lab 2 takes you to a more advanced level to show how to edit criteria and a report in preparation for fully customized searches.

Lab 1 – Working the Wizard

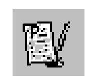
This exercise will familiarize you with the Wizard that quickly searches companies in the Stock Prospector database.

1. From the toolbar, click the Wizard icon.
2. In the Wizard window, select:

   a) Pre-defined Wizard and from the list of reports highlight the one you wish to use (see the Pre-defined Wizard section of the manual for more help).

   or select

   b) Custom Wizard and set the relative importance of the characteristics (growth, quality, value, and safety) to values (from 0 to 5) that specify your search (see the Custom Wizard section of the manual for more help).



To sort the Company Data grid, highlight an item in the sort column, choose ascending or descending, and click Next. Save your report item list and then click OK.

Review the screened companies in the Company Data grid. See the appropriate sections of the manual describing viewing individual company reports.

Lab 2 – Customizing a Search

This exercise takes a pre-defined report and customizes it to bias the search for a slightly different set of companies.

1. Click the Criteria icon and size the window to a suitable size.

   a) From the Available Criteria pane, highlight the pre-defined criteria (PDC) Growth Companies and click Add. This places the criteria statements in the editing grid. You will be adding a new criteria statement to this list.

   b) Place a check mark on the 'Display running totals' box, and then click Pre-Screen. This will take a few seconds to process.

   c) Under the Report Item column, click the down arrow in the next available cell. This opens a selection list of all items. To quickly take you to an appropriate item, key the first letter of the item. In this case key R. Use the arrow keys on the keyboard, or the scroll bar on the list control to find Rev R2 5Yr. Click this item to add it to the list

   d) In the Criteria column, next to the Rev R2 5Yr item, click the empty cell with the right mouse button. This opens a selection window. Select Operator allows you to choose amongst a number of operators. Select greater than '>'.

e) In the same cell as the > sign, key-in from the keyboard so that it reads '> 0.9'. Click Pre-Screen to re-process the criteria. This should result in fewer companies than in step 2 b) above.

f) Click Save List and enter 'Lab 2 Criteria' for the List Name and enter 'Modified Growth criteria with Rev R2 5Yr' to the description box. Click OK. Note that the new criteria, Lab 2 is now added to a newly added User Criteria (UC) icon. You can select this criteria in the future. Click OK to accept your new list.

2. Click the Report icon

   a) Clear the Selected items list by clicking Clear list. From the pre-defined reports (PDR) highlight the Growth Companies report and click Add. This places the report items on the right pane. You will add an additional item to this report.

   b) Click the Quality item group (IG). This opens the item list so that you can select from it. Highlight the Rev R2 5Yr item and then click Add. The item is added to the bottom of the list in the right pane.

   c) Highlight RevR2 5Yr and use the Up Field button to move the new item next to the EPS R2 5Yr item.

   d) Click Save List and enter 'Lab 2' as the List name. For Description add 'Modified Growth Report to include Rev R2 5Yr'. Click OK. Note that the new report Lab 2 is now added to a newly added User Report (UR) icon. You can select this report in the future.

   e) In the Select Report Items window click OK.

3. Click the Query icon to fill the Company Data grid with the screened companies.
4. To sort the Company Data grid, click on a column header to sort it. Alternatively, click on the header with the right mouse button and make the sort selection.
5. Review the screened companies in the Company Data grid. See the appropriate sections of the manual describing viewing reports for individual companies.

Advanced Operations

4

If you are an adventurous investor who understands what to look for, you can enjoy an unprecedented level of customization using Stock Prospector. Create your own reports, criteria, weights, custom items, and custom calculations.

Introduction

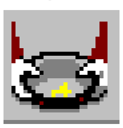
As you progress with using Stock Prospector, you will want to start experimenting with your own criteria, weights, and reports. Your natural curiosity will lead you to search for other 'interesting' companies using characteristics customized to your investing style and objectives.

At first, we suggest using the pre-defined reports for the beginner level. These reports serve as starting examples for your customized searches.

The advanced operation of Stock Prospector permits full customization of the search process. The principal activity occurs in two parts: the Screen and the Report windows.

Customizing Screening Criteria

Objective



First, you should have a clearly defined objective for the kind of companies you want to find. The objective in the Define Screening Criteria window is to set the conditions (criteria) to search for your companies. This definition will filter the database for the kind of companies you seek.

Until you are proficient with defining criteria statements, you will want to use the pre-defined criteria as a basis for your statements. The results of your screen will be displayed in a report that can be sorted and individual companies can be viewed and ranked.

Defining Objectives

The search for companies is based on the criteria statements used. Criteria for the companies should define the characteristics of interest to you. These criteria will vary depending on your investing objectives. Here are some examples of search objectives:

1. companies in a particular industry or industry group
2. companies of a particular size (small, medium or large capitalization or sales)
3. companies with the highest income (dividend)
4. companies with the best management (through consistency in growth, profitability, or invested capital)
5. the fastest growing companies

6. companies whose recent results exceed the average of the industry, industry group, or whole of the database
7. the best performing industries

The capabilities of the Stock Prospector program are very extensive. Your knowledge defines the criteria to discover companies appropriate for your type of investing.

Defining Criteria at the Advanced Level

There are several approaches to customizing your criteria. The simplest is to combine statements from pre-defined criteria (PDC) or user criteria (UC).

Criteria Window Icons

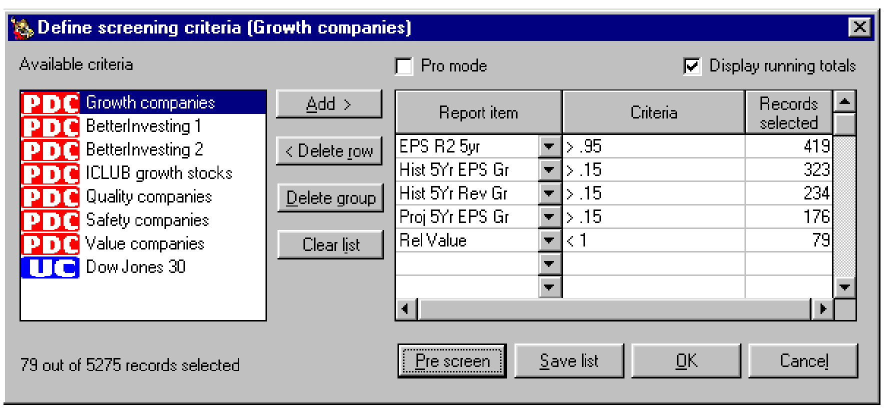
PDC Pre-defined Criteria are criteria statements included with Stock Prospector and meant as screening criteria for beginners.

UC User Criteria are statements defined and saved by you for future use. An example of this might be the DOW 30 companies.

Using Pre-defined Criteria

The pre-defined (beginner) criteria (PDC) items can be used as starting points for new criteria. We suggest that you review the pre-defined criteria lists to understand how each achieves its objective. You can then modify pre-defined criteria and specify variations to suit your purposes.

To define a new criteria expression, click the criteria icon. The Criteria Selection window opens with 2 panes. The left side contains the icons for Pre-Defined Criteria (PDC) and User Criteria (UC). Click on an icon to view individual criteria statements pertaining to the icon. Double-click on a statement to add it to the report item list. Continue until all the statements you wish to use are included.



To view hidden information in the right pane, use the scroll bars or re-size the Criteria Selection window. Columns can be sized by clicking on the title cell boundary and dragging the edge to the desired size.

Defining Your Own Criteria

Basically, criteria statements are made up of 3 parts: a report item, an operator, and a value. The pane on the right contains the 3 columns. If you don't see all 3, make the window wider or use the scroll bars. Your criteria choices should be based on your overall objective for your search.

As well, you may select report items from the drop-down list in the right pane (see the Report Item column). This list contains all criteria items, in alphabetical order.

In the Criteria column, click with the right mouse button and select Operators. From the list provided, select the operator for your criteria statement. The operator can also be typed in from the keyboard. You may refer to the Appendix for more information on operators.

Lastly, enter a value. Use a decimal fraction for a percentage (.15 for 15%, for example). For certain report items (exchange, industry, etc.) you can select from a list by clicking with the right mouse button.

You can add additional criteria statements to complete the expression.

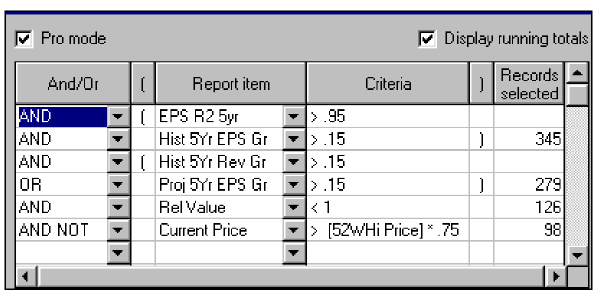
Refer to other pre-defined criteria lists for examples of how to customize criteria statements. Also, see the Appendix for other special statements.

Testing Criteria

You may wish to test your criteria statement by clicking the Pre Screen button. For this, ensure that Display Running Totals is not checked. (See figure on the previous page.) An improper (syntactically incorrect) statement will be displayed in red.

Pro Mode

The Pro Mode check box expands the customization of criteria statements to include very complex criteria expressions. Review the Dow 30 as one example.



The example above shows a segment of the Criteria window. The first two statements form one expression (note the brackets) and result in 345 companies selected. The next two form a second expression using the OR operator. The last statement uses the AND NOT operator to exclude companies whose current price is greater than 75% of the 52 week high.

As customized criteria can be very detailed, they can be prone to syntax errors such as incorrect placement of commas, quotes, brackets, etc. Complex expressions are under user control and knowledge. Please refer to one of the many SQL books available on this subject. **ICLUBcentral Support does not resolve errors due to user-built expressions.**

Running Totals

As individual criteria statements are defined, the results of your definition are displayed in the last column. Click the Pre-Screen button at the bottom of the window to apply any criteria statements and determine the number of companies screened.

The number of companies may be displayed in either of two ways.

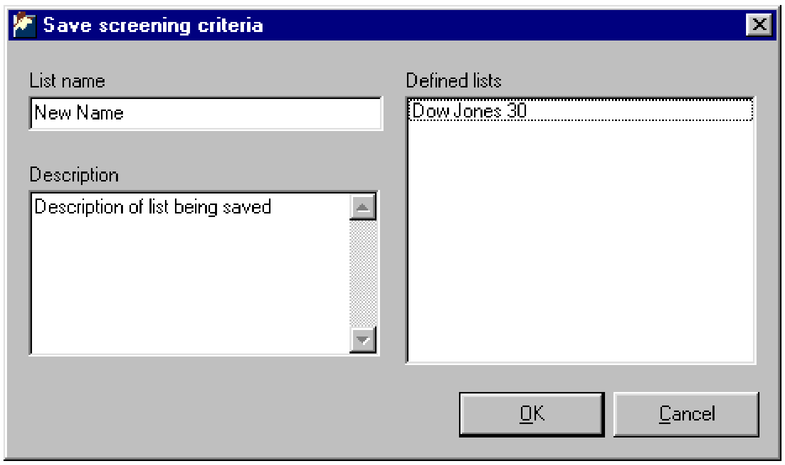
Check Display Running Totals (top right) to show the running total number of companies selected as each criteria statement is added.

With Display Running Totals not checked, you will see the number of companies selected by each independent criteria statement.

These numbers can help you decide how to set criteria values so that each statement provides an effective result.

Saving Criteria

When you have created a list of screening criteria, you have the option to save that list for future use.



Existing user-defined lists will be displayed on the right. Enter your new list name at the top left and type in a description if desired. Be sure to use a meaningful name. Each list will become part of the User Criteria (UC) and can be used for future searches or as a starting point for other criteria definitions.

When saving a screening criteria list Stock Prospector will automatically generate and save a report item list with the same name using the items defined in your screening criteria. If a report item list already exists with that name it will not be over-written. Use the Report Items window to save changes to existing (saved) user-defined report item lists.

You may want to define a number of small criteria expressions that achieve particular objectives. Then use these small expressions to build more complex expressions.

Deleting Criteria Statement

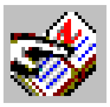
To delete a statement from the right side list, highlight the statement by clicking on any cell in the row. Then click the Delete Row button to remove it.

Viewing the Criteria Results

When you click OK, the computer will calculate the number of companies that passed the screening criteria you listed. A report summary will tell you how many screening criteria were applied.

Please note that the Company Data grid is not updated until the Run Query button has been clicked.

Building a Report



In the Report window you select items and set weights to include in your report. Although it is possible to select all items for the report, we suggest that you include only items that are meaningful to your search. Including all items tends to clutter your report and may confuse rather than clarify prospective selections.

Note - Stock Prospector automatically fills in the list of report items (columns) based on the selected screening criteria. (New Reports only) If you wish to customize a report, you may do so in the report window.

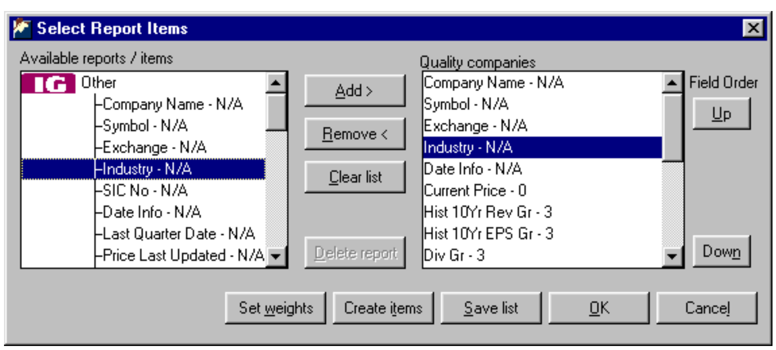
Report Window

To build a customized report, click the Define Report icon. The window contains two panes, with the Item Groups and Report Lists on the left.

Your objective is to select meaningful items for your custom report. Do this by clicking items from the pane on the left and adding them to the new report on the right.

Click the Item Group (IG) icons to expand and show individual items. Click a second time to compress the list. Use the scroll bar or resize the window to view all items on the list.

The icons in the left pane are defined below. These identify the Item Group (IG), Previously Defined Report (PDR), and User Report (UR). The ALL icon contains all the available items in alphabetical order.



The user should note that the number of items used in the report directly affects the time to search for companies and calculate weights.

Report Icons

The following icons on the left pane show the selection of reports and individual items to build customized reports.

Item Group – All database items are divided into related groups: other, growth, value, quality, safety, projection, proxy, and trend. Item Groups are not reports.

Pre-Defined Reports – These are the beginner reports provided by Stock Prospector. These are: BetterInvesting1, BetterInvesting2, ICLUB growth stocks, Growth, Value, Quality, and Safety.

User Reports – These are reports that you defined and saved. An example of this is the Dow Jones report.

All Database Items – You can select from this list in alphabetical order. This is not a report.

User Defined Item – These are items that you have defined using Create items, in the Report window.

IG (Item Group) and ALL (database items) are lists of items provided to help with the definition of customized reports.

Altering a Report

It is easiest and fastest to start with a previously defined report and alter it to suit your new search.

Start by selecting a pre-defined or user report. Highlight the report and click Add to add it to a blank list on the right pane. The selected report can then be edited by adding or removing items as desired.

To change the item order of your report, highlight the item and click the up/down button to move it to the new location. Once altered, you may choose to save the new report with its own unique name and description.

The numeral (0 to 5) on the right side of the item indicates the default weight for that item or group. N/A shows that an item does not have a weight rating.

Creating a New Report

A new report is created by selecting individual items from any of the item groups on the left pane and building your custom report on the right.

Highlight the item in the reports/items list and then click Add. Continue in this way to list all the items you want in your new report. Be sure to use only items that are meaningful to you and that tell you something about a company. Items should focus your search objectives for the characteristics of the companies you want to find.

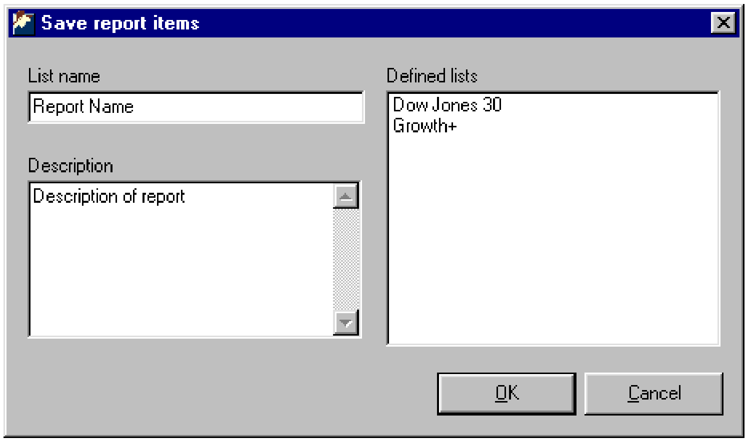
To change the position of an item in the list, highlight the item and click the up/down buttons to move it to the desired place.

To remove an item from the list, highlight it and click the Remove button.

You can add the contents of a group by highlighting the group icon on the left pane and then clicking Add .

Saving User-defined Reports

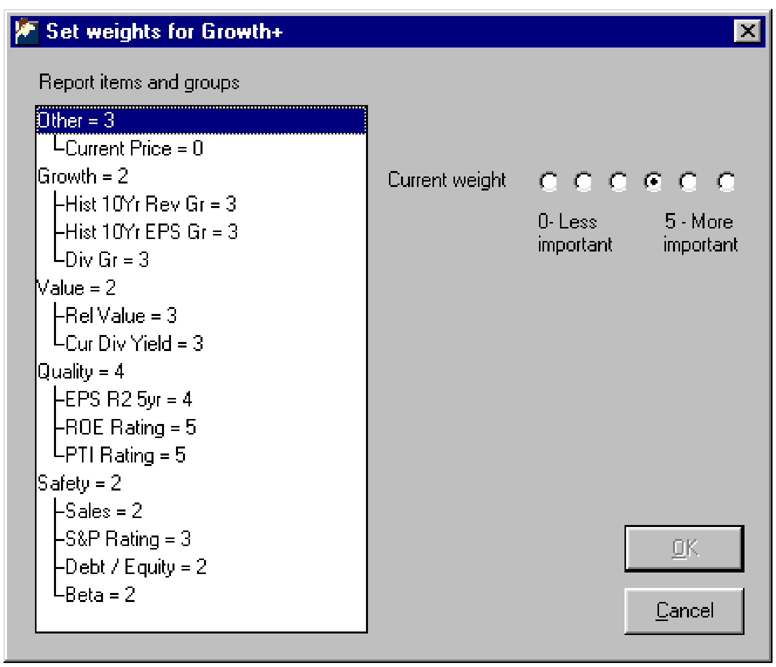
Once you have modified a report, it can be saved with an appropriate name. This new report now forms part of the user-defined reports (with a UR icon) and can be used at a future date to compare results using new data. As well, the user-defined report can be used as a starting point for generating other reports.



There is no limit to the number of reports that you can define. We suggest that you define an initial report that particularly suits your style of investing and your objectives. Then use this with minor variations to implement or test other possibilities. It is best to work from a report that you know well and use that knowledge to learn more about defining reports.

Ranking by Weights

Weights are a unique feature to Stock Prospector. Weights help rank companies selected in a report by assessing items and groups according to importance. Weights can vary from 0 (not important) to 5 (most important). The default weight is displayed next to the item. Some items (such as company name, exchange, etc.) do not lend themselves to being ranked so the value is set to N/A (not applicable).



Setting Weights

Set weights after your report is defined so that you can establish a relationship between items and between groups. To alter the weight of items in a report, click Set Weight in the Define Report window. This opens the Weights window. Alter the item weight by highlighting it and then setting the new weight.

The OK button is enabled if a change is made. Should you wish to save any changes, do this from the Select report window.

Item Weights

Here is an example where the sales growth item is made more important than EPS growth by assigning sales growth a higher number. The ratio of the numbers indicates how important each item is within the list. The following example shows the relative importance of the growth items.

Item	Weight	How Important
Sales Growth	5	5/11
EPS Growth	3	3/11
Implied Growth	3	3/11

The sum of all growth item weights is 11. Each item weight contributes its weight in relation to the sum of the group. In this example we have compared items within an item group.

Group Weights

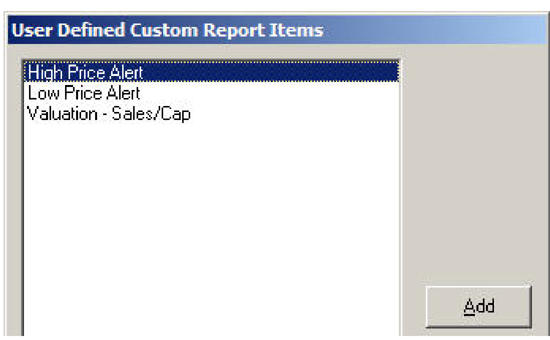
Group weights are used to show the relationship of importance among groups. In this example, growth is deemed to be very important, so a weight of 5 is assigned to it while other groups are assigned lower weights.

Each group weight contributes its weight to the group total. The portion of a group's weight to the total indicates how important the group is.

Group	Group Weight	How Important
Growth	5	5/13
Value	3	3/13
Quality	3	3/13
Safety	2	2/13

A way to see the results of group weight is to set your report to have equal weights (default is 3). Then make one group’s weight higher (5) and note the new rank for the selected companies (when sorted by Weights Rating).

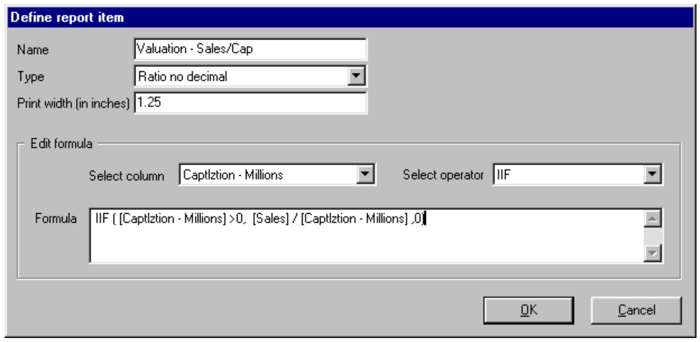
Defining Custom Items



The advanced user may choose to add custom items to the report list. Custom items can be defined using the Create items button in the Define Report window.

Custom items are identified by building a formula using other data items in the Stock Prospector database. Select Add or Edit to define or modify custom items.

Adding or defining a new item entails working with mathematical formulas. You should anticipate the data expected and ensure that calculations are free from potential errors. The most common error is division by zero. Use the IIF (immediate if) operator for this purpose. See the Appendix for descriptions of other operators.

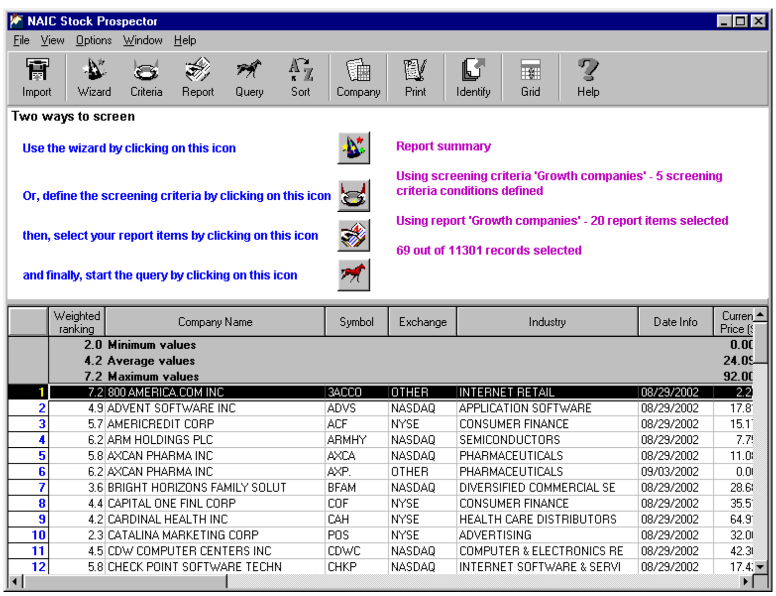


It is the responsibility of the user to construct syntactically correct SQL statements. Please refer to one of the many SQL books available on this subject.

Please note that ICLUBcentral does not provide support for user defined items.

Displaying Criteria Results

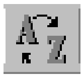
Once the criteria statement is defined and the items for the reports are defined, you can review the results by clicking the Run icon or in the Criteria window click the OK button. The results are displayed in the Company Data grid.



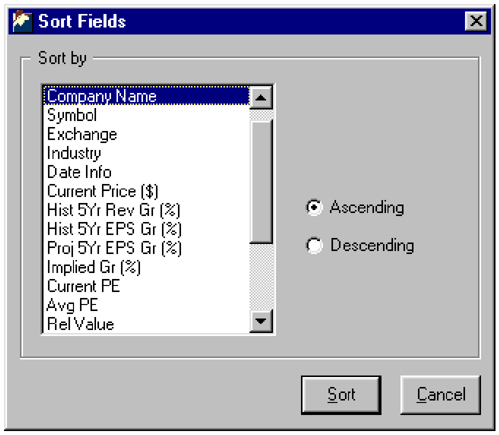
To view additional information in the Company Data grid, use the scroll bars at the bottom and on the right side. You may also show more data by using your mouse to drag higher the upper edge of the grid portion of the window.

Note the statistics for Minimum, Average, and Maximum values (in the top 3 rows) for each column. These help compare a particular company to the rest of the companies listed. These statistics will not be calculated or displayed if the number of companies screened is greater than the values set from the menu line item Options/General Options.

Sorting



The data grid displays the results of your screening. The default sorting order is by company name. However, you can sort by any of the displayed columns.

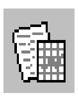


To sort, right-click the title header for the column. This will open a small window that allows you to select ascending or descending sorts.

Alternatively, the sort icon allows you to select the "sort by" item and the sort direction.

Either choice will redisplay the Company Data grid in the desired order.

Viewing Company Data

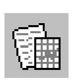


The Company Data grid displays the results of your search criteria. Several reports can be displayed for any of the companies in the data grid. To do this, double-click the company's name or highlight the company and click the Company Data icon.

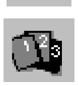
You may also view any company in the database at anytime. Click the Company Data icon and enter the name of the company or symbol at the bottom of the window.

Company Data Icons

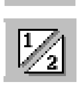
The following icons access additional reports and functions in the Company Data window.



Company Data

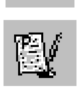


Ranking Report

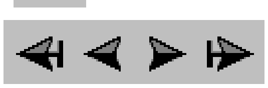


Stock split. You may do a stock split if data does not yet reflect the change due to the split.

Save changes. If you edit data, you may save changes made.



Print report.

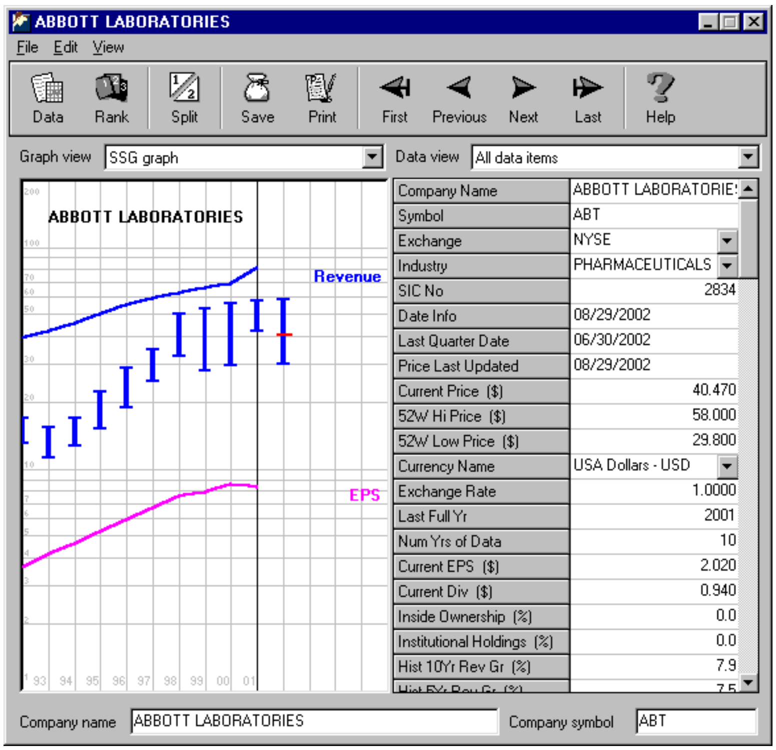


Navigation controls. These allow you to move to the first, previous, next, and last company on the companies grid.

Accessing More Companies

To look at details of companies that have been selected by your screen, highlight the company and click the View Company icon on the toolbar, or double-click on the company. You may open more than one company at a time.

Double-click on a second company to view it. You may need to drag one window away from the first, to view both companies at the same time. To close multiple open windows, use the menu line item Windows/Close all.



You may view the details of any company in the database at anytime. In the example above, at the bottom of the window you would type in the company name or symbol to view the company. Note that the navigation buttons are not functional when viewing companies from the database.

Historic Data Graph

The Graph view drop-down list allows you to plot additional data. To view selections other than the usual SSG graph items (revenue, EPS, and prices), the original imported Datafiles must be accessible.

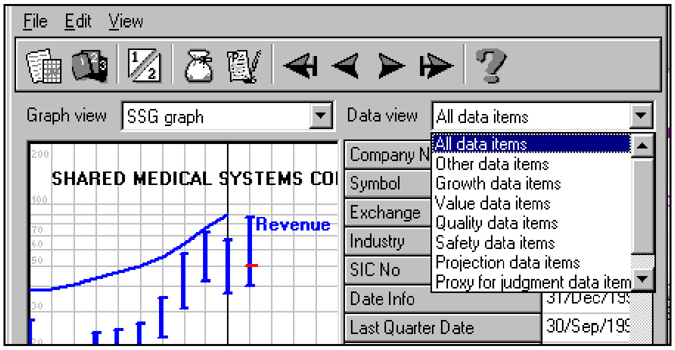
The Data Graph default is to plot the historical revenue, EPS, and price information for the selected company. Use this report to view growth and quality for the company. (Note the consistency of upward sloping lines for revenues and EPS.) This graph can serve as a preview of a detailed SSG study done with an analysis program such as Toolkit 6 or Stock Analyst .

The other charts require the actual SSG data to display properly. When selecting a graph view other than SSG Graph, Stock Prospector must request and download the SSG file from your data subscription's web site. You must be connected to the Internet in order for the data to download and allow the additional graph views to display.

Generally, the safest and best investments are companies providing steady and consistent growth year after year.

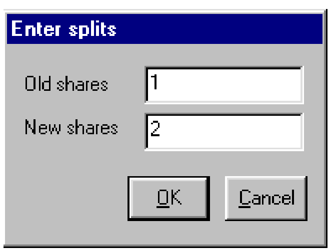
Company Data Items

Data as used in Stock Prospector is displayed by group, growth, quality, value, safety, trend, etc. In the Data view drop-down list at the top of the company window, you may choose to display all the data in the list or select a specific item group.



Share Splits

On occasion you may be confronted with data which is not current, due to a split in the shares. This will occur if the company split its shares shortly after the Datafile information was assembled. This is less of a problem with the monthly Datafile subscription.



You may edit the information to account for the stock split. First enable the editing capability of Stock Prospector. Click the Edit menu item and remove the check mark from the Read Only item. Then, in the same menu, select Share Splits.

In the Share Splits window enter the share split for the company and click OK.

Ranking Report

The Ranking Report is a culmination of all preceding steps involving report items, weights, criteria, etc. The ranking report is used to rank and justify the selection of screened companies.

Company rankings are determined by the group and item weights assigned in the report definition window.

Let us look at the components of the ranking report.

<u>Header Information</u>

Name of company

How the company ranked out of the total number of companies that came through the screening process

Ticker symbol

Industry group

Price

Worst, Average, Best are shown as a scale – This is used as a gauge for the bars shown below for each item result (rank).

Left Side of Window

Item Group labels: e.g. Growth

Individual items for each Group: e.g. Hist 5yr Rev Growth

Middle of Window

For individual items for each Group:

Value – the actual value for the item

Weight – from 0 to 5. Zero shows the least importance and 5 the most importance for the weighting.

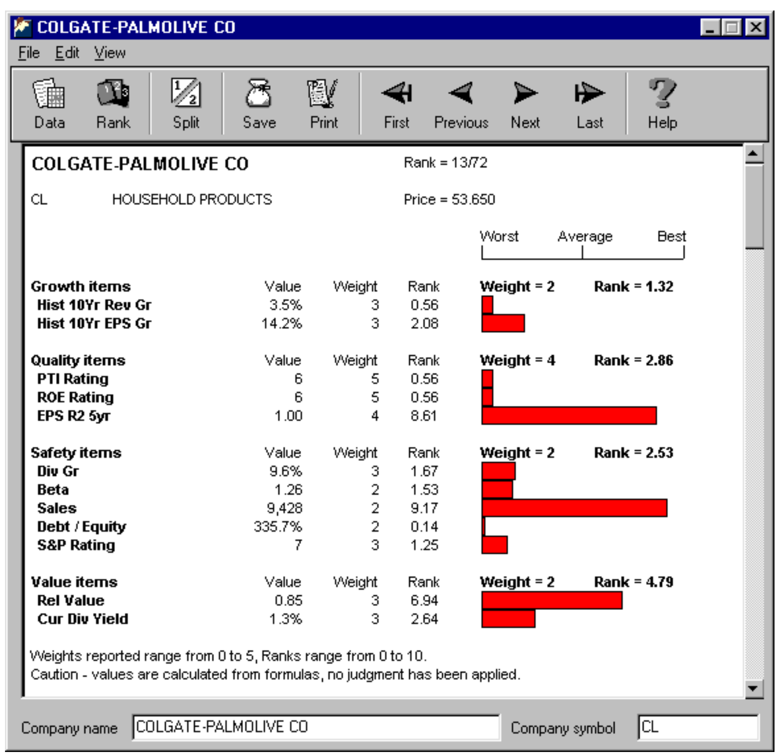
Rank – from 0 to 10. How each item performed in relation to the same item for all the companies within the screen. E.g. Hist 5yr EPS Growth ranked 1.88 in comparison to the 16 companies within the screen.

Right Side of Window

Group Weight – 0 to 5. Weights show the level of importance (5 is most important) for each Group. E.g. There are 5 Groups shown. Four are weighted equally with an importance of 2. The Growth Group is most important at 5.

Group Rank – 0 to 10. How each Group ranked in relation to the same Group for the 16 companies within the screen. This Growth Group earned a score of 3.89 in relation to the other companies.

Bar Lines – out of 10. These show graphically how each item performed in comparison to the 16 companies within the screen.



The sample ranking report above should be read in the following manner:

1. Review the weight assigned to each group. In the example, Growth is given a 5 for level of importance compared to the other Groups. Overall, the Growth Group calculated a rating of 3.89 out of 10 in relation to the 16 companies in the report.
2. Review the weight for each item within the group. In the example for the Growth items, two items are weighted most important (at 5 out of 5) and one is weighted at 3. The Hist 5Yr Rev Gr item was calculated to have a rating of 1.88 out of 10 in relation to the same item for all companies in the report.
3. Review the actual value for the item. In the example Hist 5Yr Rev Gr is 25.7%. This is the actual value calculated for this company.

Generally, a quick look at the length of the bars will show items that excel or are poor for a company. Review these items in greater detail to determine how important they may be to your search for an 'ideal' company.

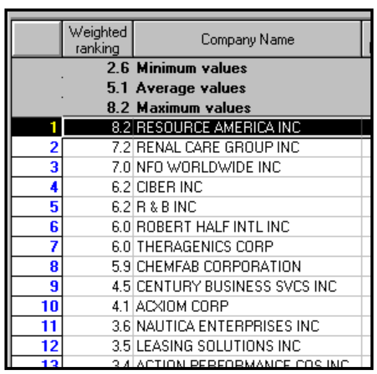
How It Works

Stock Prospector performs a 2-step process to generate the ranking order and thus the Ranking Report.

The first step uses items and item weights within a group to calculate a ranking for the group. Stock Prospector sorts companies by each item and rates each item accordingly.

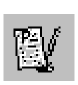
The second step is to accumulate the results for each group by applying the group weight. This results in a weighted ranking that combines all items for all screened companies. The weighted ranking appears on the Company Data grid showing all companies that have been screened. Sort by weighted ranking/descending to put the companies in this weighted ranking order.

Note that weight ranking is displayed only if the number of companies screened is less than the value set in the Options/General Options window from the menu line.



	Weighted ranking	Company Name
	2.6	**Minimum values**
	5.1	**Average values**
	8.2	**Maximum values**
1	8.2	RESOURCE AMERICA INC
2	7.2	RENAL CARE GROUP INC
3	7.0	NFO WORLDWIDE INC
4	6.2	CIBER INC
5	6.2	R & B INC
6	6.0	ROBERT HALF INTL INC
7	6.0	THERAGENICS CORP
8	5.9	CHEMFAB CORPORATION
9	4.5	CENTURY BUSINESS SVCS INC
10	4.1	ACXIOM CORP
11	3.6	NAUTICA ENTERPRISES INC
12	3.5	LEASING SOLUTIONS INC
13	3.4	ACTION PERFORMANCE COS INC

Printing



Use the Print icon to print the desired report. There are 3 main reports to print from Stock Prospector. These are:

Companies Grid
Company Data and Graph
Ranking Report

Exporting/Importing Queries and Reports

Two functions (in the File menu) allow sharing of criteria statements and reports with others. The export function saves the currently loaded report items and criteria to a file of your choice. This file can be shared with other Stock Prospector users.

Import a query file from the File menu. The imported QDF file will be automatically loaded into the report and screening windows. You can then save these with a name and description of your choice.

5

Company Search Techniques

The single most difficult step in finding companies is knowing what to search for. The key to discovering new investment opportunities is through well constructed criteria.

Methodology

The process of searching for possible investing prospects must begin with a clear understanding of what to look for. This goal must be uppermost in your mind if you are to be successful in defining meaningful reports and criteria. The most difficult part is to convert an investing objective into a series of appropriate statements. With Stock Prospector there are two major steps.

1. Defining screening criteria: a set of criteria statements to choose from a large database of potential companies a select few for subsequent analysis.
2. Defining a report: a set of data items that helps identify the companies with the characteristics you seek.

This section of the manual will identify a process to help in your definition of searches.

Setting Investment Objectives

You must have a clearly defined investment objective. Without this key ingredient, you will not necessarily accomplish the results that you want from your search.

Objectives can be set according to basic company characteristics such as growth, quality, value, and safety. These characteristics can be combined to set a broader objective. It is practically impossible to have a company excel in all categories. Generally, a fast growing company will be quite volatile (less safe). Similarly, a quality company will rarely be on sale (low value).

Recognizing such trade-offs will enable your searches to yield more reasonable results.

Notable Investors

A way to start looking for investment possibilities is to look at individuals who have achieved success or have studied approaches that show promise. Here are a few notable investors whose ideas may help identify searches for you.

Benjamin Graham

Benjamin Graham is the author of “The Intelligent Investor” and co-author of “Security Analysis”. These books are considered investor classics and are often referred to by individuals like Peter Lynch, Warren Buffet, and John Templeton. Graham’s books are for investors wanting to be challenged by concepts and ideas beyond BetterInvesting's investment methods.

Some of Graham's screening suggestions include low valuation (PE and price/book value), low debt, and consistent growth in EPS and dividends.

Peter Lynch

Peter Lynch is a highly regarded stock market investor who ran the Fidelity Magellan Fund for 13 years. This was the top-ranked general equity mutual fund in the US. $1000 invested in 1977 was worth $28,000 when Lynch quit in 1990.

Lynch's advice is to "invest in what you know". Work is required to research companies and find those that have the best growth possibilities. He suggests investing in good companies in out-of-favor industries and then patiently waiting for the market to realize that these companies are very good value, thus driving the price higher. He says that you can beat the market by ignoring what the herd of professional investors is doing. Also, you have the benefit of no restrictions on what you can do. You only answer to yourself.

Some things he looks for are low valuation (PE and PE/EPS growth), low debt and high cash flow.

Warren Buffet

Warren Buffet was born in Nebraska in 1930. He lives there now, one of America's richest people, with a net worth of more than $9 billion. He amassed this fortune from investments in the stock market, starting with $100 in 1956. Mr. Buffet is particularly known as the CEO of the Berkshire Hathaway holding company, which operates like a mutual fund. There are investors who buy one share of this company in order to gain information about what Mr. Buffet is doing and thinking, as he expresses himself through the annual report and the annual shareholders' meeting.

Buffet is characterized as a value investor. He does not pay attention to what the stock market is doing. He studies the facts and financial condition of a company, considers the value of its prospects, and buys it when it is at a fair or bargain price. Buffet never invests in companies he cannot understand. He says that this is why he stays away from technology stocks.

He indicates that consistent EPS growth, high profitability, and ROE (return on equity) are keys to quality companies.

James O'Shaughnessy

James O'Shaughnessy's book "What Works on Wall Street" assesses investing methods by testing them with historical data. The results seem to indicate that value and growth characteristics have merit. However, he stresses that no one method is successful over prolonged periods.

Suggestions from his book include looking for established and larger companies, preferably leaders in their industries, with high dividend yields and cash flow and consistent 5-year earnings growth.

Summary

You can see that these notable investors share similar strategies.

1. Invest in what you know.
2. Do your homework to understand the company's situation.
3. Buy when the company's price presents good value for your dollar.

Some other strategy suggestions include finding companies with a small institutional following, looking for insider buying, and checking for positive share buyback policies.

Defining Screening Criteria

To be more effective, the screening criteria should be set up to confirm that the selected companies are likely to realistically meet your objectives. A properly defined set of criteria statements will describe the characteristics of the companies you seek.

Set primary and secondary criteria to provide the most effective screening process.

Primary Objective

The primary screen defines what you are looking for and comprises the most important characteristic of your search (for example, growth). This helps focus your search. Determine what items describe the type of company you want. Refer to the Data Item tables in the Appendix for ideas.

Try to avoid combining criteria that negate each other. As an example, a search for fast growing companies should not include high yielding criteria. This is because companies that grow quickly generally pay little or no dividend. Such a search will likely produce poor results.

Secondary Validation

The secondary criteria statements should validate your primary search and help confirm that your primary objective is reasonable. Often companies will have exceptional achievements that may be misleading. The secondary criteria should substantiate that company achievements are sustainable.

Also use this approach when considering a secondary, less important objective along with your primary objective.

Here are a couple of examples to help clarify this idea. These are meant to show the thinking process for building criteria statements. Try this when devising your own search ideas.

Growth Example

Here the objective is to search for companies with growth characteristics for revenue and EPS.

Hist 5Yr Rev Gr > .15
Hist 5Yr EPS Gr > .15

The above statements look for companies that have revenue and EPS growth greater than 15%. The 5-year period is used because it focuses on the more recent information.

To ensure that the growth is 'legitimate' i.e. rather than irregular and uncertain, use the following statement to measure the consistency of year after year growth:

EPS R2 5yr > .95

To determine that the company is capable of achieving future growth, include the following statement that indicates the 'internal growth' potential:

Implied Gr > .1

Such implied growth identifies companies whose re-invested earnings can grow at least by 10%.

Lastly, include a statement to suggest that the company's management can continue to achieve the results you expect:

PTI Rating > 4

This says that the pre-tax income on sales (also called profitability) rates higher than 4 out of 7.

In summary, the first two items identify companies that have shown growth over the past 5 years. The last 3 statements confirm that the growth is consistent and that the company achieved the results through its good management.

Safety Example

This safety example focuses on companies that can deliver income (through dividends). The first two items identify primary criteria for the dividend.

Cur Div Yield >.05
Div Gr > .1

The example says first to look for companies whose dividend yield is more than 5%. Then specify that the dividend is growing faster than 10%.

To ensure that these results are achievable, include confirming criteria to substantiate these primary objectives. The secondary validations could be:

Hist 5Yr EPS Gr > .1
EPS R2 5yr > .9
Div Payout < .6

Here you ensure that dividend growth is achievable by testing for EPS growth greater than 10% (this should support the dividend growth of 10%). Validate the growth by defining the consistency of the EPS growth using EPS R Squared greater than 90%. Finally, test that the payout rate of earnings is low enough (less than 60% in this example) not to jeopardize the payment of future dividends.

Defining a Report

The report you define should follow your search objective. Select report items that describe the type of company you are looking for.

Include only items that you know and understand. The best report is the simplest one that tells ‘the story’ for the company.

The advanced user may want to include more items in a report than a beginning user. This will be a benefit when differentiating companies using weights (see below).

Additionally, reports should include items that ‘describe’ the company. Some of these include company symbol, trading exchange, current price, latest quarterly EPS and revenue growth figures.

Generally, items that are ratios provide a better comparison between companies than simple items like price, PE, sales, etc. However, the simple items do give information about the company. A balance of each type of item makes a good report.

More Screening Ideas

Pre-defined Lists and Criteria

The pre-defined lists and criteria form an excellent start for ideas. Use these as examples. Note how they are built and try to understand the purpose of the statements. With this knowledge you can then alter these to customize your own searches.

Importing Pre-Defined Query Files (QDF files)

Stock Prospector includes a number of pre-defined queries (QDF files) that can be imported, modified, or saved to the database. These sample queries are located in the Queries folder within the Stock Prospector program folder. Use the File > Import Query from File menu item to load these saved queries. Imported queries are not automatically saved to the Stock Prospector database. To save an imported query open the Screening Criteria window and use the Save option.

Other Criteria

Searching for companies with specific characteristics requires a certain amount of creativity. Focus on your objective so that you can have confidence in the results. The following ideas are illustrations only and are not meant as exhaustive examples.

Industry Averages

Once industry averages are calculated, you can look to see which industries are the best performers. You can also do a specific search for companies in an industry by using the following criteria statement:

Exchange="indus"

The 'indus' label for the exchange is a key to the industry averages record in the database.

Define your ‘best’ by setting weights to groups and items.

If you have many industries, you may need to increase the number in the Options/General Options window accessible from the menu line to calculate averages in the Company grid.

Industry Averages and Criteria Statements

Averages can be used in a variety of ways to compare specific companies to an average or to find companies that are better than the average.

The typical statement will be:

[Avg 5Yr PTI] > [Industry Average - Avg 5Yr PTI]

This statement identifies companies whose average 5 year profitability is higher than the its industry.

The industry average selection is made by clicking with the right mouse and selecting from the Industry average field list.

You can use Industry Averages to help you find companies with the best characteristics in your preferred items.

Tip – *When using Industry averages in your criteria it is best to place those statements at the bottom of the list. This will speed up the process of searching through the company list when screening.*

The Power of R2 (R Squared) Items

All R2 items are generated in the process of calculating growth. R2 is a measure of consistent year-over-year results. It provides a good screening item for determining the quality (consistency) of growth. The R2 value varies from 0 to 1, with 1 indicating excellent consistency. A value of R2 > 0.9 would be considered very consistent. A value of R2 < 0.6 would be considered very inconsistent. The following R2 items are included with Stock Prospector.

EPS R2 10yr
EPS R2 5yr
EPS R2 3yr
Rev R2 10Yr
Rev R2 5Yr
Rev R2 3Yr
Dividend R2 10Yr
Common Equity R2

Defining a Portfolio of Companies

Review the Dow Jones criteria to see how to define a list of companies.

You can use this same method to define a set of ‘ideal’ companies, i.e. companies whose attributes you admire. This group of companies can then become your standard for finding other companies. Use the Minimum, Average, and Maximum values for the group as your guide. Then search for similar companies with the attributes you admire by using the ‘between’ operator:

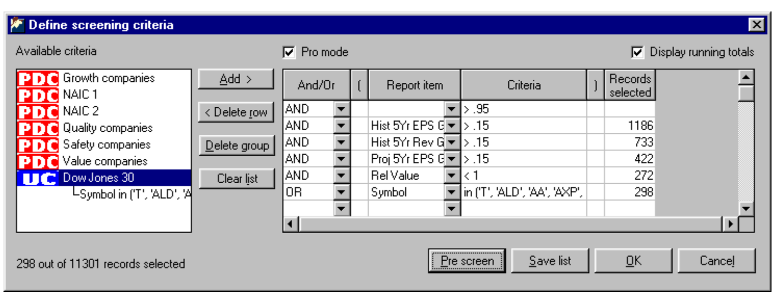
[Avg 5Yr ROE] BETWEEN 0.20 AND 0.40.

Including a Company with Your Searches

One or more companies can be added to search criteria. Use this method as a reference for your search criteria. For example, if you would like to include the Dow Jones companies within your screening definition, you may use them as below. Then compare the results of your search to these companies to determine if your search criterion was effective.

Place a check mark in the Pro mode box. Make sure you use the OR operator in the And/Or column. The criteria statement should be as follows:

OR Symbol in ('T', 'ALD', etc. …)



Make sure the Dow Jones criteria statement is the last one in the criteria list.

6

Working with Stock Data

Importing data

The initial database contains approximately 1000 companies. This is only a starting database and is meant to be used to help you learn the program using the Lab exercises later in the manual.

In order to screen for stocks, you’ll need to bring data relating to each stock into the program. There are two sources of data that you can use with the program.

One source of data is from **StockCentral.com**. The datafiles offered by StockCentral provide ten years of historical company histories for all U.S. public companies based on source data provided by Morningstar. Data for Stock Prospector is included in the annual subscription to the site, which is available for $39.99 a year. A free 45-day trial is available. (Terms, conditions, and pricing is subject to change.) For more information, please call 1-877-33-ICLUB or visit:

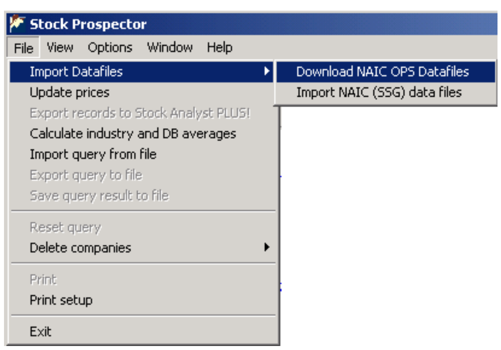
http://www.stockcentral.com

BetterInvesting’s S&P Data Service also provides data that may also be used in the program. Data is included in the organization’s $79 annual membership fee and is provided by Standard & Poor’s. (Price is subject to change.) For more information on BetterInvesting and their data services, visit:

http://www.betterinvesting.org

Importing data from data provoider

Use the Import button to download and transfer data directly from your selected data service. This is the fastest and easiest way to import data into Stock Prospector.



You can also click on File > Import Datafiles > Download Datafiles.

Once you have selected this option, you will be presented with a screen asking for your selected data subscription and your login name and password.

Once you have entered your email and password, click on ‘Apply Changes’ to save for future use.

Importing data

Once you have entered your data subscription information (login and password), review the date of the last import of data, and select ‘Start import’ to download the current data as needed.

You may be prompted to connect to the Internet if you use a modem and telephone dial-up connection. Depending on your internet connection speed, after you select ‘Start import’, you will need to wait between two and five minutes for a high speed connection such as a cable modem or between twenty minutes and one hour with slow connection speeds such as a 14.4 modem.

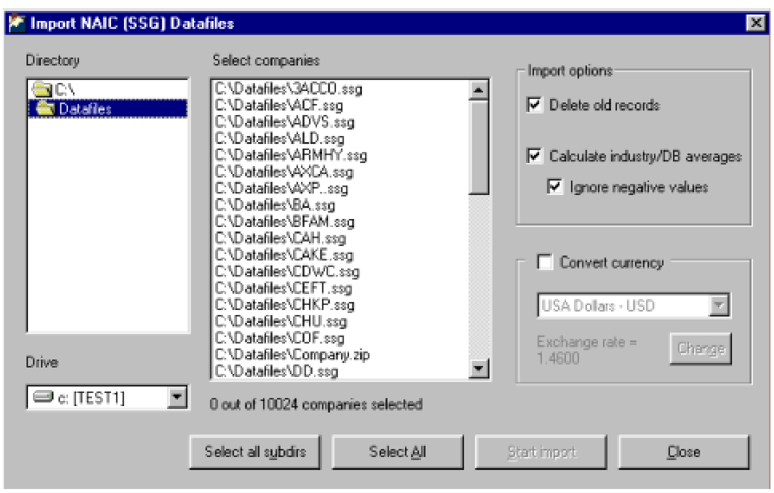
Once the process is complete, you should see a message that says ‘Import complete.’

Importing data from a CD

This is only applicable if you have a valid source of SSG data and are not using an online subscription. Select File > Import Datafiles > Import (SSG) datafiles.

The next step to importing is identifying the source of your Datafiles. Do this by setting both the disk and main directory for the SSG files. Main directory is defined as the directory that contains subdirectories for the SSG files. In the example, ‘naicdata’ is the main directory.

Click **Select all subdirs** to identify all SSG files. Then click **Select all** to identify all the files for importing.



The location of data will vary depending on the subscription source. Review the instructions that come with your data subscription for specific details.

Import Options

These options are not used when importing from datafiles. The Delete old records option deletes companies after importing Datafiles. This deletes companies that have not been updated and are likely discontinued. Select this item only when you do a full importing of all Datafiles.

Generally you will want to calculate industry and database averages when you import. Remove the check mark to speed up the importing process if these averages are not used.

Negative values can be excluded from the industry and database averages calculation. You would choose this option to assess companies that only have positive results.

Industry and DB Averages

You may choose to calculate industry and DB averages when importing. You can also perform this calculation anytime afterwards. This would be the case if you edit data (see Data Edit section of the manual) or do partial data importing.

If you updated price and price related data (see Price Updating section) industry and DB averages are re-calculate if the option is set.

Importing Foreign Company Datafiles

This section is only applicable to those users who subscribe to Datafiles from different countries. Foreign would be interpreted as companies with reported currencies other than the local currency.

You need to decide whether foreign currency data should be converted.

Generally, comparisons are best when data is converted to the local currency. This makes size (revenues, debt, etc.) comparisons easier and more meaningful. To ensure proper conversion, enter the currency exchange rate to translate the foreign currency to the local currency.

As an example, if your evaluations are normally done in American dollars but you wish to use British data reported in pounds, you would set and use a conversion factor (for example) of 1.62, i.e. 1 British £ = 1.62 US$.

The alternative is not to do any currency translation and to leave numbers in their native currency.

Keep in mind that there are differences in accounting methodologies for each country and comparisons amongst companies in different countries will be somewhat difficult in any case.

Screening for companies in a specific country can be done by using the Currency Name or Exchange items as criteria.

Customer Support

7

For Help from ICLUBcentral Inc.

Customer support is available on our web site at http://www.iclub.com.

You may ask specific questions by e-mail and review the "Frequently Asked Questions" section of the web site as well. You will also get general information for using Stock Prospector, including tips, sample queries, and other information from the Products page on the site.

If you cannot solve your problem using online help, the most efficient way to contact an ICLUBcentral Customer Support Representative is to use our web help forms located at:

http://www.iclub.com/support/.

Our experts will then easily be able to retrieve and reply to your question or problem quickly and efficiently.

Customer support is available for 90 days starting from the shipment date.

The Answer to Your Problem may be in One of These Sources

- Select Help from the Main Menu and choose “Help Contents” and “Search for Help.”
- Under “Help Contents,” check the Table of Contents and Index to see if the answer to your question is in this Manual.
- Check the README text file that is located in the program directory. It may contain information that was not available when the Manual and Help files were prepared.

When requesting Customer Support

Use the following list as a guide to help our experts quickly answer your questions:

1. Write down the precise wording of any error message displayed when you had a problem, including the names of any files mentioned in the message.
2. Be familiar with:
   (a) the version number of Stock Prospector (from Help > About Stock Prospector, or the original CD).
   (b) the version of Windows you are using.
   (c) the make, model, and amount of memory (RAM) on your computer.
   (d) the make and model printer if you have a question or problem regarding the printing of reports.

3. Note your Stock Prospector serial number and date of purchase/installation.

Return Policy

For information on ICLUBcentral's return policy, please contact ICLUBcentral toll-free at 1-877-33-ICLUB, or visit the ICLUBcentral website at www.iclub.com.

8

Appendix

Data Groups

Data groups are defined to contain items that pertain to that group. These collections make it easier for advanced users to find and use specific items for their reports.

The following groups are available:

1. **Other Items** describe the company and data that are normally not used for screening. These items cannot be assigned weights and are designated with N/A.
2. **Growth Items** deal with anything that has a growth component - revenue, EPS, dividends, etc. For several items the growth is calculated over different length periods. You could use these periods to determine improvement/deterioration of growth by comparing a longer growth period to a shorter growth period.
3. **Value Items** in some form include the current price in their calculation. Typical items are PE, relative value, etc.
4. **Quality Items** measure management's achievements. These include profitability, ROE (return on equity) and their trends, as well as the consistency of growth items (R^2).
5. **Safety Items** help determine a company's stability. Items that describe the size of the company, financial liquidity, and volatility fall into this group.
6. **Trend Items** are derived from the most recent data and are compared to older data. This is done for revenue, EPS, and price and the comparison is made to the company's own trend, to companies in the industry, and to all the companies in the database.
7. **Rank Items** are included with the trend group. Rank items compare actual recent achievements with averages for the same industry and the database. These indicate how a company is performing in relation to others.
8. **Projection Items** are based on information that may be included in the Datafiles. Datafiles may include information provided by analysts.
9. **Proxy Items** are computer calculations simulating methods for items such as upside/downside ratio, buy/sell zones, total return etc. These items should be used carefully as they may **not** necessarily be appropriate. Normally, these items are derived from a process where the investor imparts an understanding. The computer calculations have no similar capability.

Data Items

Alphabetical Sort (All Data Items)

#	Item Name	Description
1	% From 52W Hi	Compares current price to 52 week high price. Formula: Current Price - 52W Hi Price) / 52W Hi Price (Will always be <= 0). Price being close to the 52 week high suggests a positive trend. This may show the company to be overpriced.
2	% From 52W Low	Compares current price to 52 week low price. Formula: Current Price - 52W Low Price) / 52W Low Price (Will always be <= 0). Price being near the 52 week low suggests a negative trend.
3	52W Hi Price	Highest share price reached during the last 52 weeks.
4	52W Low Price	Lowest share price during the past 52 weeks.
5	ACE 1Yr Proj EPS	Analysts' consensus EPS. Analysts' forecast of current year's (fiscal year) EPS. See 'Proj 1 Yr EPS Gr' .
6	Analyst 5Yr EPS	Analysts' expectations for EPS extrapolated to calculate EPS 5 years in the future. Formula: ACE 1Yr Proj EPS * (1 + Proj 5 Yr EPS Gr) ^ 4 . See 'Proj 5 Yr EPS Gr' .
7	Assets - Millions	Current assets. Indicates company size by measuring its assets.
8	Avg Debt/Equity	Average debt to equity over the last 5 years.
9	Avg PE	Formula: (Avg 5Yr High PE + Avg 5Yr low PE) / 2 . Average Price/Earnings ration for the last 5 years.
10	Avg 5Yr High PE	Average high PE for last 5 years. Calculated from yearly information from OPS data.
11	Avg 5Yr Low PE	Average low PE for last 5 years. Calculated from yearly information from OPS data.
12	Avg 5Yr PTI	Average 5-year PTI. Simple average calculated from OPS data. Pre-tax Income on Sales (i.e. profitability). See 'Trend PTI' .
13	Avg 5Yr ROE	Average 5-year ROE. Simple average calculated from OPS data. Return on Common Equity. See 'Trend ROE' .
14	Avg Div Yield	Historical average dividend yield. Calculated using the last 5 years' annual data from OPS data.
15	Beta	Measure of price volatility in relation to the market. Could be misleading for fast-growing companies.
16	Book Value Gr	Book value per share growth (common equity / number of shares). Growth in book value for the number of years available. Regulated industries (utilities) pay out a fixed amount based on their assets. Book Value is an indication of assets.
17	Buy Below	Lowest third of the price range based on equal (33/33/33%) divisions between Proxy Hi Pr and Proxy Low Pr .
18	Captlztion - Millions	Capitalization = Number of shares * current price. Indication of the company size by market valuation.
19	Cash Flow Gr	Growth in cash flow for number of years of data available. Can be used to confirm EPS growth. In some industries (resources, cable, etc.) cash

		flow is a better indicator than EPS.
20	CashFlow / Share	Cash flow per share. As provided by OPS data.
21	Com Equity R2 10Yr	Common equity consistency over the last 10 years.
22	Company Name	Company name.
23	Current Div	Current dividend.
24	Current EPS	Current earnings per share – Total of last 4 quarters of reported earnings.
25	Current PE	Current Price/Earnings ratio as available from OPS data. EPS (earnings) is usually for 2 reported quarters plus 2 anticipated quarters.
26	Current Price	Current share price for the date indicated in 'Date Info' .
27	Current Ratio	Current ratio. Current assets / current liabilities. Measure of liquidity. Ratios of 2 or higher are generally considered good.
28	Cur Div Yield	Current dividend yield. For those interested in income from their investment.
29	Currency Name	Defined when importing OPS data. Applicable only for dealing with foreign stocks.
30	Date Info	Date when OPS data was generated.
31	Debt / Capital	As 'Debt / Equity' , except using the working capital.
32	Debt / Equity	Debt to equity ratio. Measure of long term debt for company. For most industries 30% is acceptable. Utilities typically have high ratios.
33	Debt / Equity Rating	Numerical figure derived from trend of 'Debt / Equity' . The numerical equivalent of 'Debt / Equity' , which varies from 6 to 0, where ++ = 6 and -- = 0. For this rating, 4 or <u>lower</u> is best.
34	Div Gr	Growth in dividends for the number of years of data available. For those interested in income from investments.
35	Div Payout	Dividend payout ratio. 5 yr average of ratio for dividends / EPS. An indicator of safety of dividends paid. For most industries look for 60% or less. Exceptions are utilities.
36	Dividend R2 10Yr	Dividend consistency over the last 10 years.
37	EPS Est Flag 1Yr	If True, it indicates that 'ACE 1Yr Proj EPS' was provided from the data provider. If False, it was calculated by Prospector based on internal formula.
38	EPS Est Flag 5Yr	If True, it indicates that 'Proj 5 Yr EPS Gr' was provided from the data provider. If False, it was calculated by Prospector based on internal formula.
39	EPS R2 10yr	EPS consistency. R^2 (or R squared) is the coefficient of correlation from the calculation of 'Hist 10Yr EPS Gr' . Varies from 1 to 0 where 1 is the most consistent and desirable.
40	EPS R2 3yr	EPS consistency over the last 3 years.
41	EPS R2 5yr	EPS consistency over the last 5 years.
42	EPS Rank - DB	Compares short term growth to the average short term growth of the database.
43	EPS Rank - Indus	Compares short term EPS growth to the average short term growth of the industry.
44	EPS Trend	Difference in % change EPS (last 4 quarters) to weighted growth for the company.
45	EPS Trend – DB	Compares 'EPS Trend' of the company to the trends of the database.

46	EPS Trend – Indus	Compares 'EPS Trend' of the company to the trends of the industry.
47	Exchange	Trading exchange.
48	Exchange Rate	Defined when importing OPS data. Applicable only for dealing with foreign stocks.
49	Hist Share Gr	Growth in average share price for the number of years available, based on yearly data. Comparing this to EPS growth, can suggest whether PE is expanding or contracting. This can indicate whether a stock is getting overpriced.
50	Hist 10Yr EPS Gr	Historical 10-year growth for EPS. Uses a least-squares calculation to determine EPS growth. Long term growth rate. Use 'EPS R2 10yr' to indicate consistency in results.
51	Hist 10Yr Rev Gr	Historical 10-year growth for revenues – Calculation uses the yearly data and a least-squares calculation to determine past growth. Long term growth rate. Use 'Rev R2 10Yr' to indicate consistency in results.
52	Hist 1Yr EPS Gr	Historical 1-year EPS growth. Use with 'Hist 10Yr EPS Gr', 'Hist 5Yr EPS Gr' and 'Hist 3Yr EPS Gr' to indicate trend of growth (increasing or decreasing).
53	Hist 1Yr Price Gr	Price growth based on Monthly data.
54	Hist 1Yr Rev Gr	Historical 1-year revenue growth. Use with Items 'Hist 10Yr Rev Gr' , 'Hist 5Yr Rev Gr' , and 'Hist 3Yr Rev Gr' to indicate trend of growth (increasing or decreasing).
55	Hist 3Yr EPS Gr	Historical 3-year EPS growth. Use with 'Hist 10Yr EPS Gr' and 'Hist 5Yr EPS Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'EPS R2 3Yr' to indicate consistency in results.
56	Hist 3Yr Price Gr	Price growth based on Monthly data.
57	Hist 3Yr Rev Gr	Historical 3-year revenue growth. Use with 'Hist 10Yr REV Gr' and 'Hist 5Yr REV Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'Rev R2 3Yr' to indicate consistency in results.
58	Hist 5Yr EPS Gr	Historical 5-year growth for EPS. As provided in OPS data. Use with 'Hist 10Yr EPS Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'EPS R2 5Yr' to indicate consistency in results.
59	Hist 5Yr Price Gr	Price growth based on Monthly data.
60	Hist 5Yr Rev Gr	Historical 5-year revenue growth. Use with 'Hist 10Yr Rev Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'Rev R2 5Yr' to indicate consistency in results.
61	Implied Gr	Formula: Avg 5Yr ROE * (1 – Div Payout) . The growth rate of retained earnings. An indication of future growth can be made from implied growth.
62	Industry	This is industry name. To screen by this use [Industry] = and select name from the list provided.
63	Inside Ownership	Percent ownership by directors and management of the company.
64	Institutional Holdings	Percent ownership by pension and mutual funds and professional managers.
65	Int Coverage	Interest coverage. The ratio of pre-tax income to interest paid on all debt. A ratio of 3 or larger is good.
66	Inventory Turnover	Based on yearly sales and the latest inventory.
67	Last Full Yr	Last year of data, the fiscal year. This is the year of the last full year of data.

68	Last 4Q EPS Gr	Latest 4 quarters EPS growth. Growth of moving yearly EPS compared to the same period a year earlier. Current growth rate. Compare this with the last 1 or 3 year growth to determine consistency.
69	Last 4Q Rev Gr	Latest 4 quarters revenue growth. Growth of moving 4 quarter revenues compared to the similar period a year earlier. Current growth rate. Compare this with the last 1 or 3 year growth to determine consistency.
70	Last Quarter Date	Date of the last reported quarter in the OPS data.
71	No Shares - Millions	Number of shares. Measure of possible liquidity of company.
72	Num Yrs of Data	Number of years of sales data available for the company.
73	Payback	The number of years for yearly accumulated EPS to equal current price. Generally between 6 and 10 - the lower the better. However, be suspicious of very low numbers.
74	PE / Avg ROE	Price of Profitability. Formula: Current PE / Avg 5Yr ROE . Values less than 1 indicate good value.
75	PE / Hist EPS Gr	Current PE divided by Historical EPS growth. As provided in OPS data or is equal to: Current PE / Hist 10Yr EPS Gr - (Peter Lynch's formula).
76	PE / Proj EPS Gr	Similar to 'PE / Hist EPS Gr' but using projected EPS. Commonly referred to as the PEG Ratio.
77	Price / Book Value	Current price divided by latest reported book value (per share). Review with 'Book Value Gr' .
78	Price / Cash Flow	Price to cash flow per share. Current price divided by the latest reported cash flow figure. Review with 'Cash Flow Gr' .
79	Price / Sales	Current price divided by the latest sales per share figure. An indication of value for fast growing companies - not susceptible to accounting methods (EPS) and depreciation (BookVl).
80	Price App	Compounded (annualized) appreciation from 'Current Price' to the 'Proxy Hi Pr' .
81	Price in Zone	The % that the 'Current Price' is above the 'Proxy Low Pr' . Zero is at the 'Proxy Low Pr' . 100% is at the 'Proxy Hi Pr' .
82	Price Last Updated	Typically the date of the last share price update, 'Current Price' , or when OPS data was first generated.
83	Price Rank - DB	Compares short term changes to the average short term changes of the database.
84	Price Rank - Indus	Compares short term price changes to the average short term changes of the industry.
85	Price Trend	Difference in % price change (last 12 months) in comparison to the 5 year change.
86	Price Trend - DB	Compares 'Price Trend' of the company to the trends of the database.
87	Price Trend - Indus	Compares 'Price Trend' of the company to the trends of the industry.
88	Price Variance	Statistical variation of yearly prices over the past 10 years.
89	Proj EPS Revision	Calculated only during updates from OPS data. This compares previous ACE EPS, 'ACE 1Yr Proj EPS' to the current value and reports any changes.
90	Proj 1 Yr EPS Gr	Expected EPS growth calculated from 'ACE 1Yr Proj EPS' .
91	Proj 5 Yr EPS Gr	Analysts' consensus EPS growth expected over the next 5 years. See 'Analyst 5Yr EPS' .

92	Proxy Hi Pr	Expected high price 5 years in the future.
93	Proxy Low Pr	Projected low price over the next 5 years based on a statistical assessment of price variation over the previous 5 years.
94	PTI Rating	Numerical figure derived from 'Trend PTI' . The numerical equivalent of 'Trend PTI' , which varies from 6 to 0, where ++ = 6 and -- = 0.
95	Q EPS Gr	Growth of quarterly EPS compared to the same period a year earlier. Current growth. Compare this with the last 1 or 3 year growth to determine consistency.
96	Q Rev Gr	Quarterly revenue growth. Growth of quarterly revenues compared to the same period a year earlier. Current growth rate. Compare this with the last 1 or 3 year growth to determine consistency.
97	Quick Ratio	Cash / current liabilities. Measure of liquidity which excludes receivables: ratio of 1 or higher is good. Some industries which deal in cash typically have lower ratios.
98	Rel Value	Relative value. Formula: Current PE / Avg PE . An indication of value based on past PE valuation.
99	Rev R2 10Yr	Revenue consistency. R^2 (or R squared) is the coefficient of correlation from the calculation of 'Hist 10Yr Rev Gr' . Varies from 1 to 0 where 1 is the most consistent and desirable.
100	Rev R2 3Yr	Revenue consistency over the last 3 years.
101	Rev R2 5Yr	Revenue consistency over the last 5 years.
102	Rev Rank - DB	Compares short term growth to the average short term growth of the database.
103	Rev Rank - Indus	Compares short term revenue growth to the average short term growth of the industry.
104	Rev Trend	Difference in % revenue change of last 4 quarters growth and the weighted growth for the company.
105	Rev Trend - DB	Compares 'Rev Trend' of the company to the trends of the database.
106	Rev Trend - Indus	Compares 'Rev Trend' of the company to the trends of the industry.
107	ROE Rating	Numerical figure derived from 'Trend ROE' . The numerical equivalent of 'Trend ROE' , which varies from 6 to 0, where ++ = 6 and -- = 0.
108	Quality Rating	Numerical value for company’s quality rating. BetterInvesting datafiles use the S&P Quality Rating, which varies from 8 to 0, with 8 being the best. StockCentral datafiles use the Take Stock Quality Rating, which varies from 0 to 10, with 10 being the best, with 3.4 or better considered “acceptable,” and 6.7 or better considered “desirable.”
109	Sales	Latest sales figure from OPS data. Indication of the company size by sales (revenue).
110	Sell Above	Highest third of the price range based on equal (33/33/33%) divisions between Proxy Hi Pr and Proxy Low Pr .
111	SIC No	Standard Industrial Classification number. A four-digit code: first 2 indicate industry group, second 2 indicate specific industry. As 'Industry' except that it deals with a code.
112	Symbol	Trading symbol.
113	Tax Rate	Average 5 year tax rate. Assess government’s effect on profits.
114	Total Return	Compounded (annualized) total return that includes price appreciation and portion contributed from dividends.

115	Trend Debt / Equity	Trend of debt to equity. Derived by reviewing the last 2 years' figures vs. the 5-year average. Item 2C in the SA+ SSG. Indicators are ++, +, -+, Even, +-, -, --, where + indicates an increase in debt to equity.
116	Trend PTI	Trend of pre-tax income on sales. Derived by reviewing the last 2 years' PTI figures vs. the 5-year average. Profitability will vary for each industry. Item 2A in the SSG. Best to worst indicators are ++, +, -+, Even, +-, -, --.
117	Trend ROE	Trend of return on common equity. Derived by reviewing the last 2 years' ROE figures vs. the 5-year average. How well does management use assets (equity)? Item 2B in the SSG. Best to worst indicators are ++, +, -+, Even, +-, -, --.
118	U/D Ratio	The ratio between the 'Current Price' and the 'Proxy Hi Pr' .

The following lists detail the various Report Item Groups (IG) in Stock Prospector. The order of items matches the order listed in Stock Prospector. The numbers to the left of the item name match those in the Alphabetical Sort on the previous pages.

Other Items

22	Company Name	Company name.
112	Symbol	Trading symbol.
47	Exchange	Trading exchange.
62	Industry	This is industry name. To screen by this use [Industry] = and select name from the list provided.
111	SIC No	Standard Industrial Classification number. A four-digit code: first 2 indicate industry group, second 2 indicate specific industry. As 'Industry' except that it deals with a code.
30	Date Info	Date when OPS data was generated.
70	Last Quarter Date	Date of the last reported quarter in the OPS data.
82	Price Last Updated	Typically the date of the last share price update, 'Current Price' , or when OPS data was first generated.
26	Current Price	Current share price for the date indicated in 'Date Info'.
3	52W Hi Price	Highest share price reached during the last 52 weeks.
4	52W Low Price	Lowest share price during the past 52 weeks.
29	Currency Name	Defined when importing OPS data. Applicable only for dealing with foreign stocks.
48	Exchange Rate	Defined when importing OPS data. Applicable only for dealing with foreign stocks.
67	Last Full Yr	Last year of data, the fiscal year. This is the year of the last full year of data.
72	Num Yrs of Data	Number of years of sales data available for the company.
24	Current EPS	Current earnings per share – Total of last 4 quarters of reported earnings.
23	Current Div	Current dividend.
63	Inside Ownership	Percent ownership by directors and management of the company.

64	Institutional Holdings	Percent ownership by pension and mutual funds and professional managers.

Growth Items

Growth items are calculated from data using a least squares regression formula based on a logarithmic function. This method is used because it most closely defines the compounded growth typical of growing companies.

The limitation of this calculation occurs for companies that have unusual data, i.e. negative EPS in one or more years. In these situations the growth calculation can provide misleading answers. To ensure a proper growth figure, check the corresponding R2 (see Quality Group items).

Where insufficient data exists to calculate an historical growth figure no data will be calculated. For example, company with only 3 years of data will not have 5 or 10 year growth figures)

51	Hist 10Yr Rev Gr	Historical 10-year growth for revenues – Calculation uses the yearly data and a least-squares calculation to determine past growth. Long term growth rate. Use 'Rev R2 10Yr' to indicate consistency in results.
60	Hist 5Yr Rev Gr	Historical 5-year revenue growth. Use with 'Hist 10Yr Rev Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'Rev R2 5Yr' to indicate consistency in results.
57	Hist 3Yr Rev Gr	Historical 3-year revenue growth. Use with Items 'Hist 10Yr Rev Gr' , 'Hist 5Yr Rev Gr' , and 'Hist 1Yr Rev Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'Rev R2 3Yr' to indicate consistency in results.
54	Hist 1Yr Rev Gr	Historical 1-year revenue growth. Use with Items 'Hist 10Yr Rev Gr' , 'Hist 5Yr Rev Gr' , and 'Hist 3Yr Rev Gr' to indicate trend of growth (increasing or decreasing).
69	Last 4Q Rev Gr	Latest 4 quarters revenue growth. Growth of moving 4 quarter revenues compared to the similar period a year earlier. Current growth rate. Compare this with the last 1 or 3 year growth to determine consistency.
96	Q Rev Gr	Quarterly revenue growth. Growth of quarterly revenues compared to the same period a year earlier. Current growth rate. Compare this with the last 1 or 3 year growth to determine consistency.
50	Hist 10Yr EPS Gr	Historical 10-year growth for EPS. Uses a least-squares calculation to determine EPS growth. Long term growth rate. Use 'EPS R2 10yr' to indicate consistency in results.
58	Hist 5Yr EPS Gr	Historical 5-year growth for EPS. As provided in OPS data. Use with 'Hist 10Yr EPS Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'EPS R2 5Yr' to indicate consistency in results.
55	Hist 3Yr EPS Gr	Historical 3-year EPS growth. Use with 'Hist 10Yr EPS Gr' and 'Hist 5Yr EPS Gr' to indicate trend of growth (increasing or decreasing). May also be used with 'EPS R2 3Yr' to indicate consistency in results.
52	Hist 1Yr EPS Gr	Historical 1-year EPS growth. Use with 'Hist 10Yr EPS Gr', 'Hist 5Yr EPS Gr' and 'Hist 3Yr EPS Gr' to indicate trend of growth (increasing or decreasing).
68	Last 4Q EPS Gr	Latest 4 quarters EPS growth. Growth of moving yearly EPS compared to the same period a year earlier. Current growth rate. Compare this with the last 1 or 3 year growth to determine consistency.

95	Q EPS Gr	Growth of quarterly EPS compared to the same period a year earlier. Current growth. Compare this with the last 1 or 3 year growth to determine consistency.
59	Hist 5Yr Price Gr	Price growth based on Monthly data.
56	Hist 3Yr Price Gr	Price growth based on Monthly data.
53	Hist 1Yr Price Gr	Price growth based on Monthly data.
34	Div Gr	Growth in dividends for the number of years of data available. For those interested in income from investments.
16	Book Value Gr	Book value per share growth (common equity / number of shares). Growth in book value for the number of years available. Regulated industries (utilities) pay out a fixed amount based on their assets. Book Value is an indication of assets.
19	Cash Flow Gr	Growth in cash flow for number of years of data available. Can be used to confirm EPS growth. In some industries (resources, cable, etc.) cash flow is a better indicator than EPS.
61	Implied Gr	Formula: Avg 5Yr ROE * (1 – Div Payout) . The growth rate of retained earnings. An indication of future growth can be made from implied growth.
49	Hist Share Gr	Growth in average share price for the number of years available, based on yearly data. Comparing this to EPS growth, can suggest whether PE is expanding or contracting. This can indicate whether a stock is getting overpriced.

Value Items

Value is dictated by the current price of the stock. Stock prices can vary substantially over relatively short periods of time. Stock price affects 29 items in the Stock Prospector database.

11	Avg 5Yr Low PE	Average low PE for last 5 years. Calculated from yearly information from OPS data.
10	Avg 5Yr High PE	Average high PE for last 5 years. Calculated from yearly information from OPS data.
9	Avg PE	Formula: (Avg 5Yr High PE + Avg 5Yr low PE) / 2 . Average Price/Earnings ration for the last 5 years.
25	Current PE	Current Price/Earnings ratio as available from OPS data. EPS (earnings) is usually for 2 reported quarters plus 2 anticipated quarters.
75	PE / Hist EPS Gr	Current PE divided by Historical EPS growth. As provided in OPS data or is equal to: Current PE / Hist 10Yr EPS Gr - (Peter Lynch’s formula).
76	PE / Proj EPS Gr	Similar to 'PE / Hist EPS Gr' but using projected EPS. Commonly referred to as the PEG Ratio.
98	Rel Value	Relative value. Formula: Current PE / Avg PE . An indication of value based on past PE valuation.
2	% From 52W Low	Compares current price to 52 week low price. Formula: Current Price - 52W Low Price) / 52W Low Price (Will always be <= 0). Price being near the 52 week low suggests a negative trend.

1	% From 52W Hi	Compares current price to 52 week high price. Formula: Current Price - 52W Hi Price) / 52W Hi Price (Will always be <= 0). Price being close to the 52 week high suggests a positive trend. This may show the company to be overpriced.
79	Price / Sales	Current price divided by the latest sales per share figure. An indication of value for fast growing companies - not susceptible to accounting methods (EPS) and depreciation (BookVl).
78	Price / Cash Flow	Price to cash flow per share. Current price divided by the latest reported cash flow figure. Review with 'Cash Flow Gr' .
77	Price / Book Value	Current price divided by latest reported book value (per share). Review with 'Book Value Gr' .
74	PE / Avg ROE	Price of Profitability. Formula: Current PE / Avg 5Yr ROE . Values less than 1 indicate good value.
20	CashFlow / Share	Cash flow per share. As provided by OPS data.
28	Cur Div Yield	Current dividend yield. For those interested in income from their investment.
14	Avg Div Yield	Historical average dividend yield. Calculated using the last 5 years' annual data from OPS data.
113	Tax Rate	Average 5 year tax rate. Assess government's effect on profits.
73	Payback	The number of years for yearly accumulated EPS to equal current price. Generally between 6 and 10 - the lower the better. However, be suspicious of very low numbers.

Quality Items

99	Rev R2 10Yr	Revenue consistency. R^2 (or R squared) is the coefficient of correlation from the calculation of 'Hist 10Yr Rev Gr' . Varies from 1 to 0 where 1 is the most consistent and desirable.
101	Rev R2 5Yr	Revenue consistency over the last 5 years.
100	Rev R2 3Yr	Revenue consistency over the last 3 years.
39	EPS R2 10yr	EPS consistency. R^2 (or R squared) is the coefficient of correlation from the calculation of 'Hist 10Yr EPS Gr' . Varies from 1 to 0 where 1 is the most consistent and desirable.
41	EPS R2 5yr	EPS consistency over the last 5 years.
40	EPS R2 3yr	EPS consistency over the last 3 years.
36	Dividend R2 10Yr	Dividend consistency over the last 10 years.
21	Com Equity R2 10Yr	Common equity consistency over the last 10 years.
13	Avg 5Yr ROE	Average 5-year ROE. Simple average calculated from OPS data. Return on Common Equity. See 'Trend ROE' .
12	Avg 5Yr PTI	Average 5-year PTI. Simple average calculated from OPS data. Pre-tax Income on Sales (i.e. profitability). See 'Trend PTI' .
117	Trend ROE	Trend of return on common equity. Derived by reviewing the last 2 years' ROE figures vs. the 5-year average. How well does management use assets (equity)? Item 2B in the SSG. Best to worst indicators are ++, +, -+, Even, +-, -, --.

116	Trend PTI	Trend of pre-tax income on sales. Derived by reviewing the last 2 years' PTI figures vs. the 5-year average. Profitability will vary for each industry. Item 2A in the SSG. Best to worst indicators are ++, +, -+, Even, +-, -, --.
107	ROE Rating	Numerical figure derived from 'Trend ROE' . The numerical equivalent of 'Trend ROE' , which varies from 6 to 0, where ++ = 6 and -- = 0.
94	PTI Rating	Numerical figure derived from 'Trend PTI' . The numerical equivalent of 'Trend PTI' , which varies from 6 to 0, where ++ = 6 and -- = 0.
66	Inventory Turnover	Based on yearly sales and the latest inventory.

Safety Items

109	Sales	Latest sales figure from OPS data. Indication of the company size by sales (revenue).
7	Assets - Millions	Current assets. Indicates company size by measuring its assets.
18	Captlztion - Millions	Capitalization = Number of shares * current price. Indication of the company size by market valuation.
71	No Shares - Millions	Number of shares. Measure of possible liquidity of company.
108	S&P Rating	Standard & Poor's rating from OPS data. Numerical value for S&P's Quality rating. Varies from 8 to 0, 8 being the best.
35	Div Payout	Dividend payout ratio. 5 yr average of ratio for dividends / EPS. An indicator of safety of dividends paid. For most industries look for 60% or less. Exceptions are utilities.
32	Debt / Equity	Debt to equity ratio. Measure of long term debt for company. For most industries 30% is acceptable. Utilities typically have high ratios.
8	Avg Debt / Equity	Average debt to equity over the last 5 years.
31	Debt / Capital	As 'Debt / Equity', except using the working capital.
33	Debt / Equity Rating	Numerical figure derived from trend of 'Debt / Equity' . The numerical equivalent of 'Debt / Equity' , which varies from 6 to 0, where ++ = 6 and -- = 0. For this rating, 4 or <u>lower</u> is best.
115	Trend Debt / Equity	Trend of debt to equity. Derived by reviewing the last 2 years' figures vs. the 5-year average. Item 2C in the SA+ SSG. Indicators are ++, +, -+, Even, +-, -, --, where + indicates an increase in debt to equity.
15	Beta	Measure of price volatility in relation to the market. Could be misleading for fast-growing companies.
65	Int Coverage	Interest coverage. The ratio of pre-tax income to interest paid on all debt. A ratio of 3 or larger is good.
27	Current Ratio	Current ratio. Current assets / current liabilities. Measure of liquidity. Ratios of 2 or higher are generally considered good.
97	Quick Ratio	Cash / current liabilities. Measure of liquidity which excludes receivables: ratio of 1 or higher is good. Some industries which deal in cash typically have lower ratios.
88	Price Variance	Statistical variation of yearly prices over the past 10 years.

Projection Items

Projection items are flagged to help the user determine the source of the data. Potentially, if the earnings growth is based on calculations, the figures could be misleading. Review both the appropriate growth and R2 items when using projected items.

90	Proj 1 Yr EPS Gr	Projected EPS growth rate calculated from ‘1Yr Proj EPS' .
91	Proj 5 Yr EPS Gr	Projected EPS growth rate expected over the next 5 years. See ‘5Yr Proj EPS'.
5	1Yr Proj EPS	Estimated EPS for current fiscal year EPS. See 'Proj 1 Yr EPS Gr'.
6	5Yr Proj EPS	Estimated EPS extrapolated to calculate EPS 5 years in the future. Formula: 1Yr Proj EPS * (1 + Proj 5 Yr EPS Gr) ^ 4 . See 'Proj 5 Yr EPS Gr' .
89	Proj EPS Revision	Calculated only during updates from data. This compares previous 1Yr Proj EPS' to the current value and reports any changes.
37	EPS Est Flag 1Yr	If True, it indicates that ‘1Yr Proj EPS' was provided from the data provider. If False, it was calculated by Prospector based on internal formula.
38	EPS Est Flag 5Yr	If True, it indicates that 'Proj 5 Yr EPS Gr' was provided from the data provider. If False, it was calculated by Prospector based on internal formula.

Proxy for judgment Items

The user is cautioned that proxy items are calculated from formulas and that they are not to be construed as substitutes for appropriate judgment based on knowledge of the company. Normally, judgment is applied based on personal interpretation of data that validates proxy items. No such validation is made or implied within Prospector.

92	Proxy Hi Pr	Expected high price 5 years in the future.
93	Proxy Low Pr	Projected low price over the next 5 years based on a statistical assessment of price variation over the previous 5 years.
17	Buy Below	Lowest third of the price range based on equal (33/33/33%) divisions between Proxy Hi Pr and Proxy Low Pr.
110	Sell Above	Highest third of the price range based on equal (33/33/33%) divisions between Proxy Hi Pr and Proxy Low Pr .
81	Price in Zone	The % that the 'Current Price' is above the 'Proxy Low Pr' . Zero is at the 'Proxy Low Pr.' 100% is at the 'Proxy Hi Pr.'
80	Price App	Compounded (annualized) appreciation from 'Current Price' to the 'Proxy Hi Pr.'
118	U/D Ratio	The ratio between the 'Current Price' and the 'Proxy Hi Pr'.
114	Total Return	Compounded (annualized) total return that includes price appreciation and portion contributed from dividends.

Trend and Rank Items

As with Growth Group items, Rank Items use growth calculation. As a result you are cautioned to assess Trends along with the corresponding R2 items in the Quality Group.

104	Rev Trend	Difference in % revenue change of last 4 quarters growth and the weighted growth for the company.
106	Rev Trend - Indus	Compares 'Rev Trend' of the company to the trends of the industry.
105	Rev Trend - DB	Compares 'Rev Trend' of the company to the trends of the database.
103	Rev Rank - Indus	Compares short term revenue growth to the average short term growth of the industry.
102	Rev Rank - DB	Compares short term growth to the average short term growth of the database.
44	EPS Trend	Difference in % change EPS (last 4 quarters) to weighted growth for the company.
46	EPS Trend – Indus	Compares 'EPS Trend' of the company to the trends of the industry.
45	EPS Trend – DB	Compares 'EPS Trend' of the company to the trends of the database.
43	EPS Rank - Indus	Compares short term EPS growth to the average short term growth of the industry.
42	EPS Rank - DB	Compares short term growth to the average short term growth of the database.
85	Price Trend	Difference in % price change (last 12 months) in comparison to the 5 year change.
87	Price Trend - Indus	Compares 'Price Trend' of the company to the trends of the industry.
86	Price Trend - DB	Compares 'Price Trend' of the company to the trends of the database.
84	Price Rank - Indus	Compares short term price changes to the average short term changes of the industry.
83	Price Rank - DB	Compares short term changes to the average short term changes of the database.

Operators

A search criteria is an expression using operators (such as < or >) and values (text or numbers).

The following operators can be used to define new expressions. Please be aware that this information is provided as a preliminary reference only and is presented here merely to indicate the variety of operators available. The list is not intended to be complete. Additional operators are available but not listed below.

This section is also not intended to be a lesson on using operators or building expressions. Users interested in learning more about SQL (Structured Query Language) can refer to the many books available on this subject. Specifically, we suggest books that reference Microsoft Access database SQL.

Logical Operators

Logical operators are normally set in the 'and/or' column when pro-mode is set. These operators can also be set within a criteria statement.

Operator	Example
AND[1]	Logical operators have seemingly strange operations to beginners. It is not the objective of this manual to explain Boolean operations.
OR	
AND NOT	
OR NOT	

Comparative Operators

Operator	Example
Greater Than >	[Hist 5Yr EPS Gr] > .15
Less Than <	[Rel Value] < 1.0
Equal =	[Exchange] = "NYSE"
Greater Than or Equal >=	[PTI Rating] >= 4
Less Than or Equal <=	[Date Info] <= #12/31/97#
Not Equal <>	[2] IIF([Cur Price] <> 0, [Cur Div]/[Cur Price], 0)

Quotes "" and the number symbol # are used to indicate text and date information as shown in the above examples.

Mathematical Operators

Operator	Example
Addition +	[Price App] + [Avg Div Yield]
Subtraction -	[Sell Above] - [Cur Price]
Multiplication *	[Rel Value] * 1.1 (relative value X 110%)
Division /	[3] [Cur Div] / [Cur Price]
Exponential ^	[Cur EPS] * (1 + Proj 5Yr EPS Gr) ^ 5

Text and Other Operators

Operator	Example
Like	[4][Company Name] like "*ADR"
In	[Symbol] in ('T', 'ALD', 'AA')
Between	[Rel Value] between .8 and 1.2

[1] The AND operator is used between statements if none is specified.

[2] Division by 0 (zero) is an illegal operation. Test for this possibility with the IIF (immediate if) command prior to performing the division.

[3] Division by 0 (zero) is an illegal operation. Test for this possibility with the IIF (immediate if) command prior to performing the division.

[4] The asterisk (*) wild card character is used to denote any number of characters preceding "ADR" This statement finds all companies that are ADRs. ADR stands for American depositary receipts and represent foreign shares traded on American exchanges.

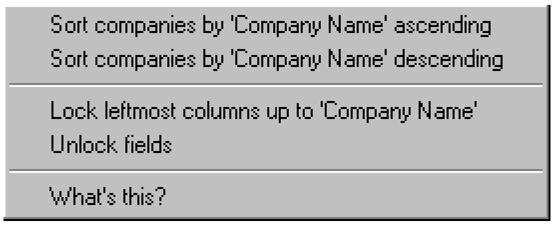
Special Menus and Selections

Right Click Selections

Prospector allows you to use the right mouse button to click on items within various screens in the program.

Company Grid – Headings

When you have successfully screened for a list of companies, you may sort the list by clicking on a column name. The first time will sort it in ascending order. Clicking the same column name a second time will sort it in descending order.



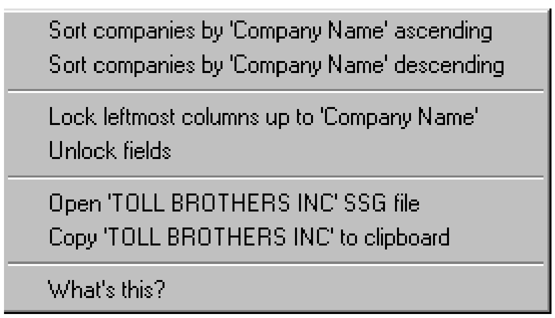
You may choose to right click on the column name, Company Name for example, and sort by making a selection from the option box.

You may also lock the leftmost columns up to the selected field name. This prevents columns from scrolling off the screen when viewing the columns furthest to the right.

Company Grid – Rows

View a company mini-SSG by double-clicking with the left mouse button on the company name in the Company Grid.

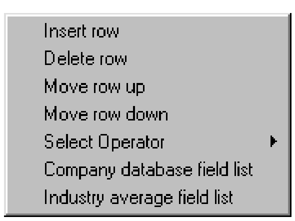
In addition, you may select to open or copy company information.



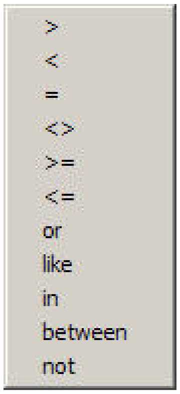
Just as you can right click on a data grid heading, right click on a data grid cell to display an option box for the given heading.

“Open <Company> SSG file” provides enhanced ability to send SSG data to any SSG stock analysis program (Toolkit 6 or Stock Analyst). You must have a connection to the Internet so Prospector can request the data from the website and allow the analysis program to open and use it immediately.

Criteria Window

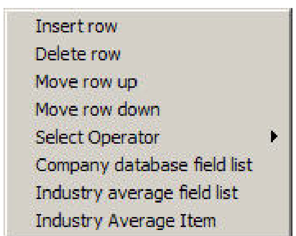


When viewing the Define Screening Criteria window you have the option to right click on any cells in the data grid and select from an option box.

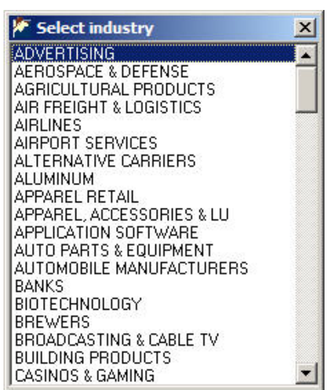


Choosing Select Operator from the right click option box will display this selection choice.

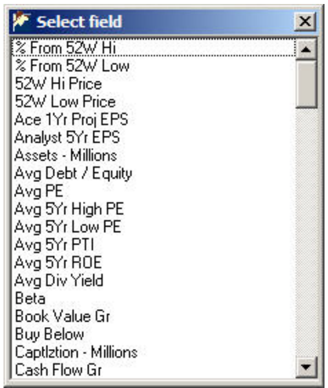
If you choose Industry as one of the Criteria items you may automatically select and use industry average data by right clicking on criteria cell and choosing 'Industry Average Item' from the option list. This feature is only available if the Criteria item box has been filled in.



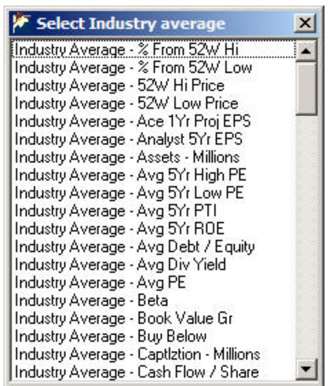
If you choose Industry as one of the report items, right clicking on a cell in the Report Item, Criteria, or Records Selected columns will display an additional option.



Select from Industry list will display the Select Industry box.



Choosing Company Database Field List from the right click option box will display the list of available database average items that can be used in your screening criteria.



Choosing Industry Average Field List from the right click option box will display the list of available Industry average items that can be used in your screening criteria.

User License and Support Agreement

Use of this product is governed by terms of a User License and support Agreement or ULSA. The User License and Support Agreement that appears during installation is reproduced below for your convenience. References to **clicking on "Accept"** are to an installation procedure. The text below is the same as the text seen at installation. Some formatting is different here to make it easier to read on a printed page.

THIS LICENSE AND SUPPORT AGREEMENT (THE "AGREEMENT") IS A LEGAL CONTRACT BETWEEN YOU IN YOUR INDIVIDUAL CAPACITY, AS ("YOU") AND ICLUBCENTRAL, INC. ("ICLUBCENTRAL"). BY CLICKING ON "ACCEPT", YOU ARE AGREEING TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE CUSTOMER SUPPORT PROVISIONS SET OUT BELOW. IF YOU DO NOT AGREE TO SUCH TERMS AND CONDITIONS, YOU MUST PROMPTLY RETURN THE SOFTWARE AND THE DOCUMENTATION TO ICLUBCENTRAL'S SOFTWARE DISTRIBUTOR, IN ORDER TO RECEIVE A FULL REFUND OF THE LICENSE AND CUSTOMER SUPPORT FEES THAT YOU HAVE PAID. If You should have any difficulty in obtaining such refund, please contact ICLUBcentral at 1430 Massachusetts Avenue, 2nd Floor, Cambridge, MA 02138.

THE ENCLOSED COPY OF ICLUBCENTRAL STOCK PROSPECTOR SOFTWARE, INCLUSIVE OF ALL ADD-ONS AND FUTURE RELEASES (the "SOFTWARE"), AND THE RELATED DOCUMENTATION, INCLUSIVE OF ALL FUTURE RELEASES (the "DOCUMENTATION"), ARE EACH LICENSED TO YOU WITH A PERSONAL, NON-EXCLUSIVE AND NON-TRANSFERABLE RIGHT, EXCEPT AS ALLOWED BELOW UNDER 'PERMITTED USES', TO USE ONLY UNDER THE FOLLOWING TERMS AND CONDITIONS:

PERMITTED USES

You MAY:

Install the Software on a storage device in Your computer, as set forth in the instructions contained in the Documentation. **Note**: The Software has been designed to only allow it to be used for a single individual on up to two personal computers. You may make only one (1) copy of the Software, provided that

1. such copy is used only for back-up purposes;
2. You retain possession of the back-up copy; and
3. all of the information appearing in the copyright notice on the label of the storage medium in the sealed package is copied onto the label of the storage medium for the back-up copy.

NON-PERMITTED USES

You MAY NOT:

- Make any copies of the Software, except as permitted above with respect to the one (1) back-up copy, or allow transfer of the Software to another individual.
- Make any copies of the Documentation.
- Disclose, rent, license, sublicense, lease, sell, lend, disseminate or otherwise distribute the Software or the Documentation.
- Network the Software or otherwise use it on more than one computer or computer terminal at the same time.
- Use the Software to conduct a service bureau, application service provider ("ASP") business or similar business for the benefit of third parties.
- Transfer Your rights under this Agreement.
- Alter, enhance, supplement, create derivative work therefrom, translate, decompile, disassemble, reverse engineer or otherwise reduce the Software to human readable form.

Remove or obscure the copyright and trademark notice on the label of the storage medium containing the Software or in the Documentation.

TERMINATION / DURATION

This Agreement and Your license to use the Software and the Documentation will automatically terminate without notice from ICLUBcentral and without any pro rata abatement of the license and customer support fees You have paid if You fail to comply with any term or condition of this Agreement or upon your giving written notice of termination to ICLUBcentral.

This Agreement is effective from the day upon which You indicate acceptance of this Agreement. In order to be granted license to use this Software, you must register this Software fully and accurately with ICLUBcentral and receive a valid confirmation of registration from ICLUBcentral. The license then granted will continue until either

(i) You terminate this Agreement by giving written notice of termination to ICLUBcentral; or this Agreement is terminated by ICLUBcentral, as provided in the immediately preceding paragraph.

TECHNICAL SUPPORT PROVISIONS

Included in the total fee that You have paid for the Software and the Documentation is an amount that covers the customer support services described in this Agreement (the "Technical Support Services"). (You can reference the information on accessing Technical Support Services and the term and duration of Technical Support Services provided with the Documentation.) The terms of these Technical Support Services are subject to change without notice. Technical Support Services cover technical questions about operation of the Software only.

Technical Support Obligations of ICLUBcentral:

Provide customer support for the Software only if (i) You have performed the online Product Registration as provided by ICLUBcentral in order to register the Software; and (ii) Your copy of the Software is identified with a valid serial number, and Registration Code.

Investigate and identify any problem reported by You to ICLUBcentral that is related to the then current release of the Software, and correct or provide within an appropriate time, as determined by ICLUBcentral, either (i) a workaround for any programming error in the then current release of the Software which You have identified, provided that the error is directly attributable to ICLUBcentral, or (ii) a resolution to the problem which You have identified (collectively the "Code Correction Services").

Related Obligations of End-User:

Use only the then current release of the Software during the initial and any renewal term of this Agreement.

In the event of (i) a problem with the Software that results in either a system crash or loop; or (ii) a situation where You can reasonably demonstrate that the Software produces an erroneous result that is not a function of incorrect or improper input data, then You must submit to ICLUBcentral a written report of all input and keystrokes to the Software giving rise to the problem to the extent reasonably practical.

LIMITED WARRANTY

ICLUBcentral does not have control over the conditions under which You use the Software and does not and cannot warrant the performance or results that may be obtained by its use. However, ICLUBcentral warrants that the Software will perform substantially in accordance with the Documentation for a period of ninety (90) days from the date the product was shipped to You, provided that the Software is used on the computer equipment, operating system and in the environment for which it was designed and configured. Your sole remedy and ICLUBcentral 's exclusive liability under the foregoing limited warranty will be the furnishing by ICLUBcentral, within a reasonable period of time and without charge, of the Technical Support Services pursuant to the Technical Support Services provisions of this Agreement. To bring a claim under this limited warranty, You should contact the Technical Department at ICLUBcentral, 1430 Massachusetts Ave, Cambridge, MA 02138 to obtain information on warranty performance; You must be given a Return Authorization Number by ICLUBcentral before returning the Software to ICLUBcentral. Some jurisdictions do not allow the exclusion or limitation of relief, incidental or consequential damages, so the above limitation or exclusion may not apply to You.

Because computer programs are inherently complex, You are advised to always verify Your work and periodically (after each use) back up the data You have created with the Software.

ICLUBcentral does not warrant that any of the Software, the Documentation or Technical Support Services to be provided pursuant to this Agreement will meet Your requirements. The only warranty made with respect to the Software is the limited warranty set forth in this Agreement.

EXCEPT AS SO SPECIFICALLY PROVIDED ABOVE IN THE IMMEDIATELY PRECEDING PARAGRAPH, THERE ARE NO WARRANTIES, REPRESENTATIONS, OR CONDITIONS MADE BY ICLUBCENTRAL OR ANY OTHER PERSON INVOLVED IN THE CREATION, PRODUCTION OR DISTRIBUTION OF THE SOFTWARE, THE DOCUMENTATION OR THE CUSTOMER SUPPORT SERVICES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SOFTWARE, THE DOCUMENTATION, ANY RELEASES THERETO, OR THE CUSTOMER SUPPORT SERVICES INCLUDING THEIR RESPECTIVE QUALITY, PERFORMANCE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. Notwithstanding the above, where applicable, if You qualify as a "consumer" under the Magnuson-Moss Warranty Act, then You may be entitled to any implied warranties allowed by law for the period of the express warranty as set forth above. Some states do not allow limitations on how long an implied warranty lasts, so the above limitation may not apply to You. This warranty gives You specific legal rights, and You may also have other rights which vary from state to state.

<u>LIMITATIONS OF LIABILITY; INDEMNIFICATION</u>

NEITHER ICLUBCENTRAL, NOR ANY OTHER PERSON INVOLVED IN THE CREATION, PRODUCTION, OR SUPPORT OF THE SOFTWARE, THE DOCUMENTATION OR THE TECHNICAL SUPPORT SERVICES WILL BE LIABLE TO YOU OR ANY THIRD PARTY ARISING OUT OF THIS AGREEMENT AND/OR YOUR USE OF OR INABILITY TO USE THE SOFTWARE, THE DOCUMENTATION OR THE TECHNICAL SUPPORT SERVICES, REGARDLESS OF THE FORM OF THE CLAIM OR ACTION, THAT EXCEEDS THE PORTION OF THE FEE YOU HAVE PAID FOR THE SOFTWARE, THE DOCUMENTATION OR THE TECHNICAL SUPPORT SERVICES, AS THE CASE MAY BE.

NEITHER ICLUBCENTRAL, NOR ANY OTHER PERSON INVOLVED IN THE CREATION, PRODUCTION, OR DISTRIBUTION OF THE SOFTWARE, THE DOCUMENTATION OR THE TECHNICAL SUPPORT SERVICES WILL BE LIABLE TO YOU OR ANY THIRD PARTY FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY DAMAGES OR OTHER INDIRECT DAMAGES OR LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES ARISING OUT OF

i. THIS AGREEMENT; AND/OR
ii. THE MANUFACTURE, SALE, SUPPLYING OR FAILURE OR DELAY IN SUPPLYING OF THE SOFTWARE, THE DOCUMENTATION OR THE TECHNICAL SUPPORT SERVICES RELATED THERETO, EVEN IF ICLUBCENTRAL HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Some jurisdictions do not allow the exclusion or limitation of special, incidental, consequential, indirect or exemplary damages, or the limitation of liability to specified amounts, so the above limitations or exclusions may not apply to You.

YOU AGREE TO INDEMNIFY AND HOLD ICLUBCENTRAL AND ALL OF THE PERSONS INVOLVED IN THE CREATION, PRODUCTION, OR DISTRIBUTION OF THE SOFTWARE, THE DOCUMENTATION AND THE CUSTOMER SUPPORT SERVICES HARMLESS FROM CLAIMS AND DAMAGES OF ANY TYPE WHATSOEVER ARISING FROM ANY THIRD PARTY AS A RESULT OF YOUR USE OF THE OUTPUT FROM, AND/OR YOUR INABILITY TO USE THE SOFTWARE OR AS A RESULT OF ANY TECHNICAL SUPPORT SERVICES PROVIDED OR TO BE PROVIDED UNDER THIS AGREEMENT.

<u>GEOGRAPHIC LIMITATION</u>

ICLUBcentral Technical Support Services cannot be provided at the same level to customers outside of the continental United States, Hawaii and Alaska. ICLUBcentral's website is available to customers anywhere in the world. Email support will be provided, on a best efforts basis, to foreign customers, but only in English. It is understood that the ICLUBcentral products have been developed for the U.S. marketplace.

<u>U.S. GOVERNMENT RESTRICTED RIGHTS</u>

The Software and Documentation are "commercial computer software" or "commercial computer software documentation." Absent a written agreement to the contrary, the U.S. Government's rights with respect to such Software or Documentation are limited by the terms of this Agreement, pursuant to FAR ' 12.212(a) and/or DFARS ' 227.7202-1(a), as applicable.

<u>GENERAL PROVISIONS</u>

The Software, the Documentation, and all releases thereto are licensed to You by ICLUBcentral, and are protected by United States copyright laws and by international treaty provisions. Title to the Software and the Documentation, and patents, copyrights and all other property rights applicable thereto, shall at all times remain solely and exclusively with ICLUBcentral and its licensors, and You shall not take any action inconsistent with such title. Therefore, except for the permitted right to make one (1) back up copy of the Software, You must treat the Software and the Documentation like any other copyrightable material and are precluded by law from making any copies of them. Any rights not expressly granted herein are reserved to ICLUBcentral and its licensors.

The rights and obligations under this Agreement will be governed by, and any arbitration or court action hereunder shall apply, the laws of the Commonwealth of Massachusetts, excluding its conflicts of law rules, and will not be governed by the United Nations Convention of Contracts for the International Sale of Goods, the 1974 Convention on the Limitation Period in the International Sale of Goods (the "1974 Convention") and the Protocol amending the 1974 Convention, done at Vienna April 11, 1980, the application of which is expressly excluded.

Any dispute, controversy or claim arising out of or relating to this Agreement or to a breach hereof, including its interpretation, performance or termination, shall be resolved in the courts of Massachusetts.

The parties irrevocably submit to the exclusive jurisdiction of the federal and state courts of Massachusetts. Notwithstanding anything contained in this paragraph to the contrary, ICLUBcentral shall have the right to institute judicial proceedings against You or anyone acting by, through or under You, in order to enforce ICLUBcentral's rights hereunder through reformation of contract, specific performance, injunction or similar equitable relief.

If any term or condition in this Agreement is invalid or unenforceable in any respect under any applicable statute or rule of law, then such term or condition is modified to have the most nearly similar permissible economic or other effect in order to be valid and enforceable under such applicable statute or rule of law.

YOU ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS. YOU FURTHER AGREE THAT THIS AGREEMENT IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE RELATIONSHIP BETWEEN YOU AND ICLUBCENTRAL, AND SUPERSEDES ALL PRIOR OR CONTEMPORANEOUS PROPOSALS, ORAL OR WRITTEN, UNDERSTANDINGS, REPRESENTATIONS, CONDITIONS, WARRANTIES, AND ALL OTHER COMMUNICATIONS BETWEEN YOU AND ICLUBCENTRAL OR BETWEEN YOU ANY OTHER PERSON INVOLVED IN THE CREATION, PRODUCTION OR DISTRIBUTION OF THE SOFTWARE, THE DOCUMENTATION OR THE CUSTOMER SUPPORT SERVICES; AND THIS AGREEMENT MAY NOT BE EXPLAINED OR SUPPLEMENTED BY CUSTOM OR USAGE OF TRADE OR ANY PRIOR COURSE OF DEALINGS BETWEEN YOU AND ANY OTHER PERSON.

IF THERE ARE ANY CONCERNS REGARDING THIS AGREEMENT, PLEASE CONTACT: ICLUBCENTRAL, 1430 MASSACHUSETTS AVE, 3rd FLOOR, CAMBRIDGE, MA 02138.

Index

A

B

C

D

E

G

H

I