



CAN SLIM

CAN SLIM is the IBD's checklist for the seven common characteristics that all great performing stocks have before they make their biggest gains. You can significantly reduce your risk and increase returns by using CAN SLIM as a fact-based performance checklist to evaluate a stock before you buy.

A thorough discussion of CAN SLIM™ can be found in William J. O'Neil's book, **How to Make Money in Stocks**.

Disclaimer

While great care was taken to ensure the accuracy and quality of this document, you should remember to consider every piece of financial information you receive is not a de facto recommendation, but an idea for further consideration.

Note: Materials provided are for non-commercial use.

What is CAN SLIM™

An acronym, CAN SLIM™ is:

C=Current Earnings

Growth: Minimum EPS growth rate of 20%-25% in the most recent quarter, or preferably in the last two quarters

A=Annual Earnings

Growth: Positive five-year EPS growth trend, with an EPS rank of at least 80

N=New Highs: Stock is often at or close to (within 15%) a new 52 week high

S=Shares Outstanding: Generally less than 50 million shares outstanding

L= Leader: Demonstrate a Relative Strength (RS) rank of 80 or above, and is part of a strong industry group

I= Institutional

Sponsorship: Have good institutional following, preferably from top ranked mutual funds

M=Market Direction:

Determine if the S&P 500, Dow, or NASDAQ index is in confirmed up trend or not. 3 out of 4 stocks will follow the market trend

According to William O'Neil, If you follow the 20 Rules For Investment Success (not just the ones you like); your investment results should materially improve:

1. Consider stocks with last 3 years' earnings up 25%+, return on equity of 17%+ and recent earnings and sales accelerating.

2. Recent quarterly earnings and sales should be up 25% or more.

3. Avoid cheap stocks. Buy higher quality stocks selling \$15 a share and higher.

4. Use charts to spot sound buy points with stocks breakout on big volume increases.

5. Cut every loss when it's 8% below your cost. Make no exceptions.

6. Have rules for when to sell and take a profit.

7. Buy when market indexes are in an uptrend.

8. Read IBD's "Investor's Corner" and "The Big Picture" to recognize important market indexes trends.

9. Buy stocks with RS Rating of 85 or higher.

10. Pick companies with management ownership of stock.

11. Buy mostly in the top six broad industry sectors.

12. Select stocks with increasing institutional sponsorship.

13. Current quarterly after-tax profit margins should be improving and near their peak margins.

14. Don't buy because of dividends or P-E ratios.

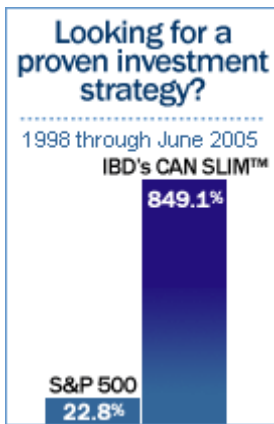
16. Invest in new company leaders.

17. Check into companies buying back 5% to 10% of their stock and those with new management.

18. Don't try to bottom guess or buy on the way down.

19. Find out if the market is currently favoring big cap or small cap stocks.

20. Do a post-analysis of all your buys and sells.



"Put IBD's investment strategy - known as CAN SLIM - to work for you."

Source: American Association of Individual Investors' independent, real-time study

How Do We Find CAN SLIM Stocks?

We use Investor's Business Daily and investors.com to identify, validate and track potential winners with quick reviews of key IBD fact-based market assessments.

Step 1: Identify Stocks With CAN SLIM Traits

Scan these lists:

Investor's Business Daily 100 and Weekly Stock In Review to identifies industry leaders showing strong earnings growth and price.

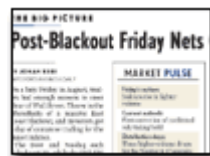


Discover promising companies and New Leaders in The New America and Internet Technology Section.

Find winning stock with Screen of the Day

STOCKS	SPY	WEEKLY	WEEKLY	ADD TO
	CHANGE	CHANGE	CHANGE	MY STOCK LIST
HP INC	97	99	99	ADD STOCK
FRANCIS	94	99	99	ADD STOCK
HEATS INC	95	99	99	ADD STOCK
FUNCTIONS	92	99	99	ADD STOCK
HP INC	94	99	99	ADD STOCK
HEATS INC	95	99	99	ADD STOCK

See where the market is headed. Understand today's investment climate with The Big Picture and Real Most Active



Step 2: Validate & Research CAN SLIM Stocks

Use investors.com to validate & further research potential winners using the following research tools.

Check The Stock's Relative Health

IBD Stock Checkup® :

IBD's "stock doctor" diagnoses the overall health of a stock with fact-based examinations of its technical and fundamental performance.



Get The Story Behind The Stock

IBD Archives let you assess the business history of prospective.

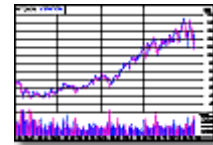


Watch Key Price And Volume Action

Daily and weekly IBD

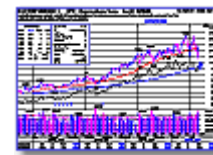
Charts are color coded to help you identify buying and selling trends. These charts include CAN SLIM-vital data such as moving average

lines and Relative Strength lines. These tools are invaluable in gauging the right time to buy or sell.



Buy And Sell Like A Pro

Daily Graphs Online® is an interactive, financial information service offering premium stock charts for equities traded on the NYSE, AMEX and NASDAQ. The service provides technical, fundamental and unique proprietary data for over 10,000 companies that are tracked in the William O'Neil + Co. Database



The **Daily Graphs Industry Groups®** service helps you track the intraday performance of the 197 O'Neil Industry Groups and easily identify leading stocks in leading groups