

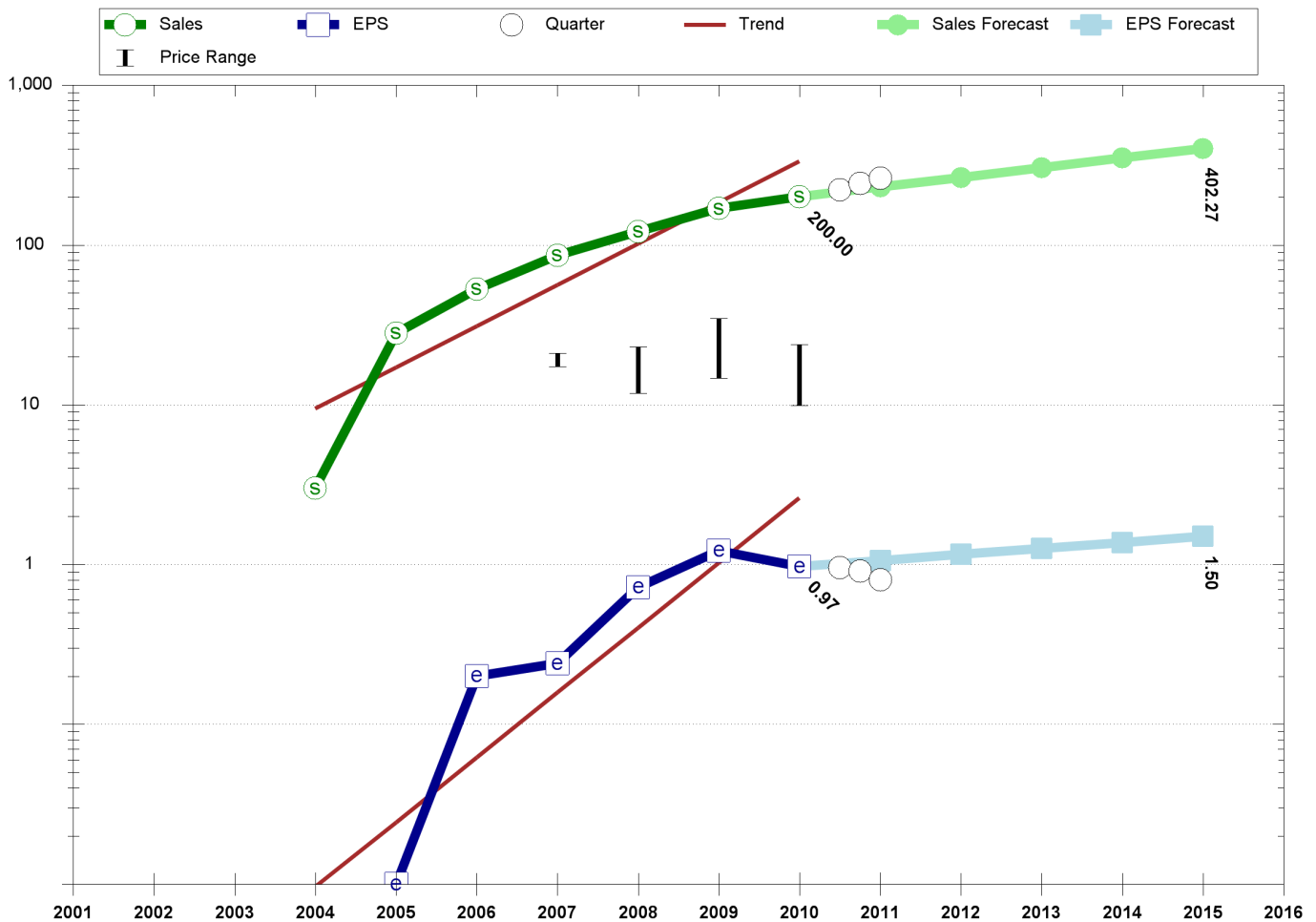
Company	Neutral Tandem, Inc.		Date	11/21/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Telecom Services		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	31.5	7.0	82.0		
Debt (\$M)	0.0	% to Tot Cap	0.0	% Pot Dil	1.3

Stock Selection Guide

Symbol: TNDM

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 QuarterEnding (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	67.3	0.18
Year Ago Quarter	46.5	0.29
Percentage Change	44.90%	-37.93%



(1) Historical Sales Growth	81.0%	(3) Historical Earnings Per Share Growth	111.9%
(2) Estimated Future Sales Growth	15.00%	(4) Estimated Future Earnings Per Share Growth	9.10%

2 EVALUATING Management

Neutral Tandem, Inc.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)				0.00%	-1.67%	7.87%	14.57%	30.61%	38.39%	27.57%	23.80%
% Earned on Equity (E/S / Book Value)							5.12%	12.91%	17.04%	11.86%	11.73%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 10.0

HIGH THIS YEAR 18.47

LOW THIS YEAR 9.02

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2006			0.20			0.000	0.00	
2 2007	20.90	17.25	0.24	87.08	71.88	0.000	0.00	0.00
3 2008	23.00	11.80	0.72	31.94	16.39	0.000	0.00	0.00
4 2009	34.56	14.58	1.22	28.33	11.95	0.000	0.00	0.00
5 2010	23.72	9.87	0.97	24.45	10.18	0.000	0.00	0.00
6 TOTAL		53.5		171.8	110.4		0.0	
7 AVERAGE		13.4		43.0	27.6		0.0	
8 AVERAGE PRICE EARNINGS RATIO 35.3					9 CURRENT PRICE EARNINGS RATIO 12.5			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 18.00 X Estimate High Earnings/Share 1.50 = Forecasted High Price \$ 27.00

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 27.60 X Estimate Low Earnings/Share 0.97 = Forecasted Low Price \$ 26.77

(b) Avg. Low Price of Last 5 Years 13.38

(c) Recent Market Low Price 9.02

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.00$

Selected Forecasted Low Price 9.02

C ZONING using 25%-50%-25%

Forecasted High Price 27.00 Minus Forecasted Low Price 9.02 = 17.98 Range. 25% of Range 4.50

Buy Zone 9.02 to 13.52

Hold Zone 13.52 to 22.51

Sell Zone 22.51 to 27.00

Present Market Price of 10.03 is in the **Buy** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{27.00 - 10.03}{10.03} = 1.69$
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price} - \text{Low Price}} = \frac{10.03 - 9.02}{10.03 - 9.02} = 1.01$
 = 16.80 To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{27.00 - 10.03}{10.03} = 2.69$
 $2.69 \times 100 = 269.19 - 100 = 169.19$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.000}{10.03} = 0.00 = 0.00\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.00\%}{18.00} = 0.00\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 21.90 %

Average Yield 0.00 %

Annualized Rate of Return 21.90 %