

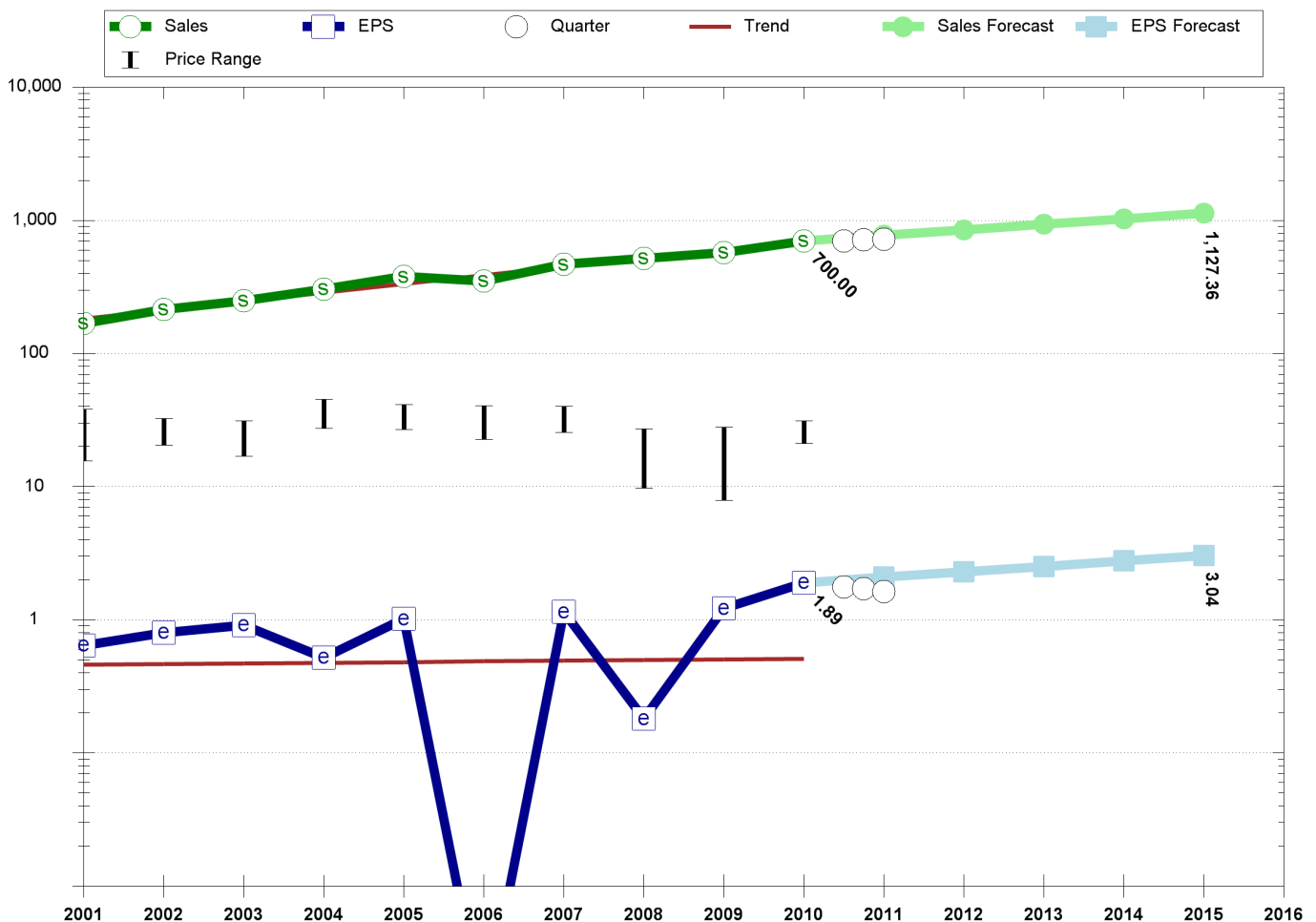
Company	Medicis Pharmaceutic		Date	11/18/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NYSE	Industry	Biotechnology		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	61.3	5.2	88.5		
Debt (\$M)	169.3	% to Tot Cap	16.3	% Pot Dil	10.7

## Stock Selection Guide

Symbol: MRX

### 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 Quarter Ending (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	184.7	0.34
Year Ago Quarter	177.3	0.42
Percentage Change	4.15%	-19.05%



(1) Historical Sales Growth	16.1%	(3) Historical Earnings Per Share Growth	-5.0%
(2) Estimated Future Sales Growth	10.00%	(4) Estimated Future Earnings Per Share Growth	10.00%

## 2 EVALUATING Management

Medicis Pharmaceutical

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	35.35%	40.04%	31.37%	15.20%	26.29%	-33.40%	27.14%	14.08%	23.71%	31.27%	12.56%
% Earned on Equity (E/S / Book Value)	7.56%	11.25%	10.57%	5.24%	11.27%	-15.01%	10.31%	1.69%	10.27%	16.41%	4.73%

## 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 31.8

HIGH THIS YEAR 40.51

LOW THIS YEAR 24.97

		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	40.31	22.57	-1.39	-29.00	-16.24	0.120	-8.63	0.53	
2	2007	39.94	25.41	1.14	35.04	22.29	0.120	10.53	0.47	
3	2008	27.02	9.66	0.18	150.11	53.67	0.160	88.89	1.66	
4	2009	27.82	7.85	1.21	22.99	6.49	0.160	13.22	2.04	
5	2010	30.94	21.02	1.89	16.37	11.12	0.240	12.70	1.14	
6	TOTAL		86.5		195.5	77.3		116.7		
7	AVERAGE		17.3		39.1	15.5		23.3		
8	AVERAGE PRICE EARNINGS RATIO 27.3					9 CURRENT PRICE EARNINGS RATIO 19.5				

## 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 25.00 X Estimate High Earnings/Share 3.04 = Forecasted High Price \$ 76.00

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 23.39 X Estimate Low Earnings/Share 1.89 = Forecasted Low Price \$ 44.21

(b) Avg. Low Price of Last 5 Years 17.30

(c) Recent Market Low Price 7.85

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.320}{1.10\%} = 29.09$

Selected Forecasted Low Price 7.85

### C ZONING using 25%-50%-25%

Forecasted High Price 76.00 Minus Forecasted Low Price 7.85 = 68.15 Range. 25% of Range 17.04

Buy Zone 7.85 to 24.89

Hold Zone 24.89 to 58.96

Sell Zone 58.96 to 76.00

Present Market Price of 31.84 is in the **Hold** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{76.00 - 31.84}{31.84 - 7.85} = \frac{44.16}{23.99} = 1.84$  To 1

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

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{76.00 - 31.84}{31.84} = 2.39$  X 100 = 238.69 - 100 = 138.69 % 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  $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.320}{31.84} = 0.01 = 1.01\%$  Present Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{23.34\%}{25.00} = 0.93\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 19.01 %

Average Yield 0.93 %

Annualized Rate of Return 19.94 %