

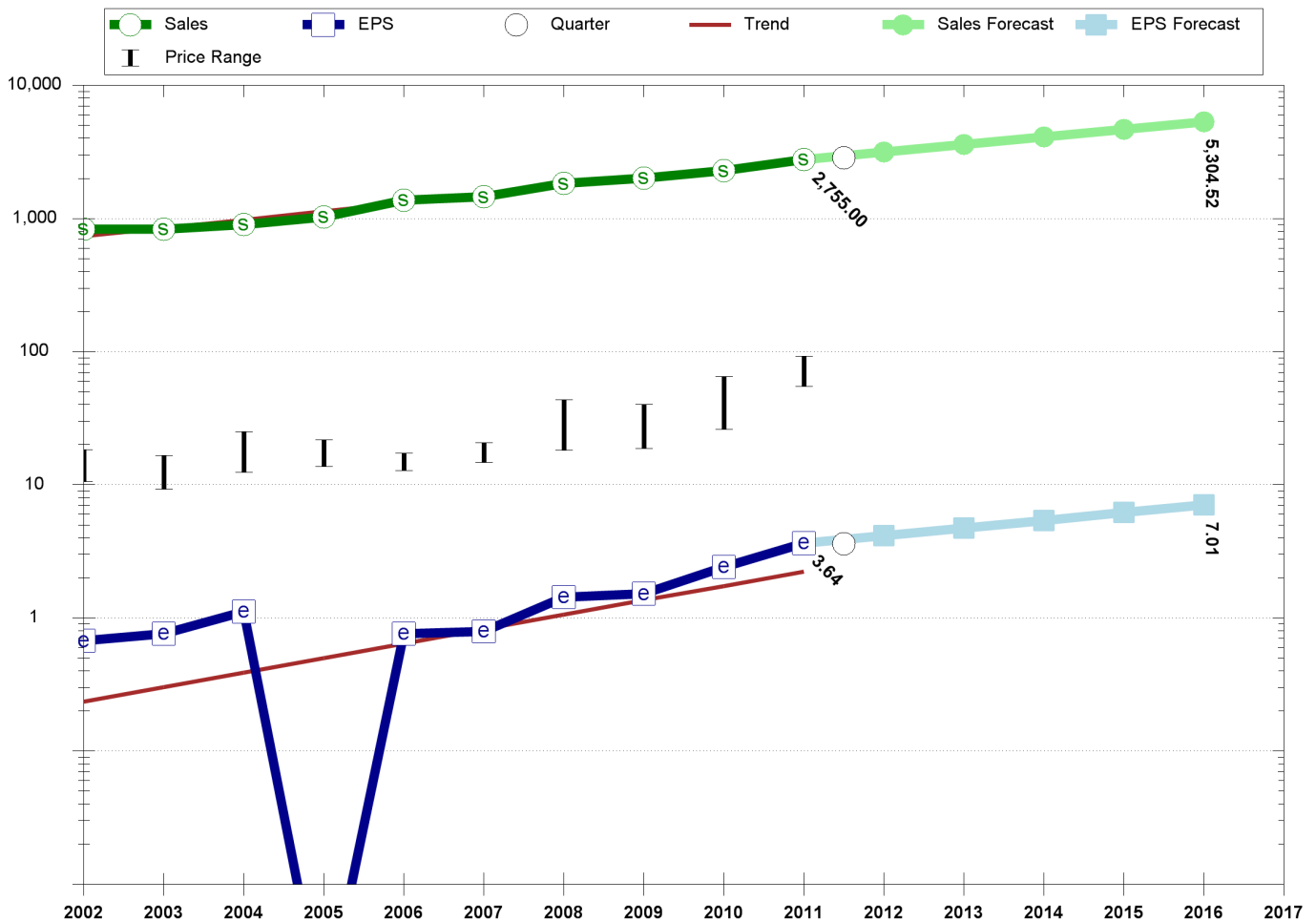
Company	Perrigo Company			Date	11/21/2011
Prepared by	Taylor IV			Data taken from	BI Stock Data
Where traded	NAS	Industry	Drug Manufacturers - Specialty & G		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	92.9	0.8	78.2		
Debt (\$M)	1,199.5	% to Tot Cap	43.7	% Pot Dil	1.1

## Stock Selection Guide

Symbol: PRGO

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

FY2011 Quarter Ending (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	725.3	0.75
Year Ago Quarter	641.3	0.79
Percentage Change	13.09%	-5.06%



- |                                   |        |  |        |
|-----------------------------------|--------|--|--------|
| (1) Historical Sales Growth       | 15.5%  | (3) Historical Earnings Per Share Growth       | 20.7%  |
| (2) Estimated Future Sales Growth | 14.00% | (4) Estimated Future Earnings Per Share Growth | 14.00% |

## 2 EVALUATING Management

Perrigo Company

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	11.56%	10.44%	11.80%	6.10%	8.40%	6.78%	10.18%	10.90%	14.00%	16.39%	11.65%
% Earned on Equity (E/S / Book Value)	11.67%	11.77%	14.63%	-72.58%	11.15%	9.71%	14.31%	15.10%	20.23%	22.09%	16.29%

## 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 90.0

HIGH THIS YEAR 101.46

LOW THIS YEAR 59.87

	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 2007	20.65	14.63	0.79	26.14	18.52	0.178	22.53	1.22
2 2008	43.08	18.13	1.43	30.13	12.68	0.195	13.64	1.08
3 2009	40.00	18.54	1.51	26.49	12.28	0.215	14.24	1.16
4 2010	64.66	25.91	2.41	26.83	10.75	0.243	10.08	0.94
5 2011	92.30	54.58	3.64	25.36	14.99	0.273	7.50	0.50
6 TOTAL		131.8		134.9	69.2		68.0	
7 AVERAGE		26.4		27.0	13.8		13.6	
8 AVERAGE PRICE EARNINGS RATIO 20.4					9 CURRENT PRICE EARNINGS RATIO 25.0			

## 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 21.00 X Estimate High Earnings/Share 7.01 = Forecasted High Price \$ 147.21

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 13.84 X Estimate Low Earnings/Share 3.64 = Forecasted Low Price \$ 50.38

(b) Avg. Low Price of Last 5 Years 26.36

(c) Recent Market Low Price 25.91

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.320}{0.50\%} = 64.00$

Selected Forecasted Low Price 25.91

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

Forecasted High Price 147.21 Minus Forecasted Low Price 25.91 = 121.30 Range. 25% of Range 30.33

Buy Zone 25.91 to 56.24

Hold Zone 56.24 to 116.89

Sell Zone 116.89 to 147.21

Present Market Price of 89.96 is in the **Hold** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{147.21 - 89.96}{89.96 - 25.91} = \frac{57.25}{64.05} = 0.89$  To 1

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

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{147.21}{89.96} = 1.64$  X 100 = 163.64 - 100 = 63.64 % 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  $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.320}{89.96} = 0.00 = 0.36\%$  Present Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{13.60\%}{21.00} = 0.65\%$

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

Annualized Appreciation 10.35 %

Average Yield 0.65 %

Annualized Rate of Return 11.00 %