

STOCK TRADERS PRESS

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Long-Term Report May 8, 2003

Strong Buy

King Pharmaceutical (NYSE) KG \$ 12.07

Company Data

52-Week Range	\$9.46-\$29.90
Market Cap	\$3.01B
Shares Outstanding	240.6M
Book Value	\$8.33
Price/Book	1.50
Average Daily Vol.	2.65M
Target Price	\$18.00
Target Percentage	49%



Despite the high level of volatility in the stock of **King Pharmaceutical** over the past few weeks, we continue to recommend the company as an undervalued drug company.

Recently, **King Pharmaceutical** reported first quarter results, which were \$0.33 per share, as expected. These earnings were excluding non-recurring charges. **We continue to estimate 2003 earnings of \$1.50-\$1.55 per share.**

With respect to the SEC investigation of **King's** pricing policy, the company stated that the total amount of sales of the two drugs during 1999 and 2000 was about \$56 million – this is out of sales of over \$2 billion during the period. We are not concerned about this situation mainly because it represents a miniscule amount.

King Pharmaceutical continues to benefit from the growing sales of its core drugs and it has a very strong balance sheet and operating cash flow. While we recognize the stock will trade erratically over the near term, we believe the current price level of \$11.50 per share does not reflect the strong fundamental of the company and consider the stock an extremely undervalued situation. Our price target of \$21.00 per share continues to be very achievable.

Fremont General Inc.

We continue to recommend holding positions in **Fremont General** despite the recent rise in the stock price. Today, the company announced that it repurchase \$45 million of its outstanding debt due in 2004, which will result in only \$22 million remaining of the debt due in 2004. This early redemption further demonstrates this company's strong cash flow and earnings growth.

We maintain a target price of \$14.00-\$14.50 per share.