

# Stock Traders Press

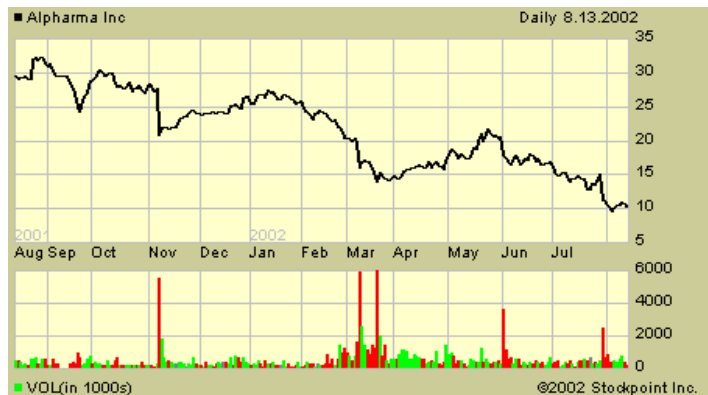
Volume 5 Issue 32

## Update – Strong Buy

**Alpharma Inc. (NYSE) ALO \$10.34**
**Initiated Coverage**
**November 27, 2001**

### Company Data

52-week range	\$9-\$32
Market Cap	\$544.8M
Shares Outstanding	51.2M
Book Value	\$20.80
Price/Book	0.51
Average Daily Vol.	500,500
Dividend/Yield	\$0.18/1.69%
Target Price	\$16.00

**Current Price \$10.34**


**Alpharma Inc.** is a multinational pharmaceutical company emphasizing both human pharmaceuticals (proprietary & generic) as well as animal health products. At the present time, the company has gross revenues of \$1 billion of which 33% are animal health products and the balance is human pharmaceutical products.

Over the past six months, Alpharma Inc. has experienced greater competition in its animal health products division, completed its integration of the Faulding drug company and a minor slowdown in its Latin America business. As a result, the stock of Alpharma Inc. has declined from the low \$20's per share to its current level of \$10.34. Despite these past difficulties we are recommending the purchase of Alpharma for the following reasons:

**-Alpharma recently reported 2<sup>nd</sup> quarter earnings of \$.20 per share, which was somewhat better than expected. More importantly, all operating divisions showed better revenues and operating margins.** The second quarter was the first quarter after the company completed its restructuring program and these results demonstrate that the program has been successful.

**-Over the past several months, Alpharma has received FDA approval on 5 new generic drugs.**

-During the first six months of 2002, the company has reduced its debt by \$110 million bringing it down to \$950 million. We anticipate further debt reduction during the second half of 2002.

**-We believe that Alpharma is an undervalued pharmaceutical company.** The company has a book value of \$20.00 per share and sells at \$.46 per share on the sales dollar.

- At its current price of \$10.34 the stock is selling at 9 times our earnings estimate of \$1.10 per share for 2003. We believe the stock should sell at a P/E multiple of at least 15 times which translate to a price of \$16.00 per share or 60% higher than its current price level.

### STOCKS THAT HIT TARGET

Company / Symbol	Recommend Date	Recommend Price	Day Hit	Days Held	% Gain
UAL Corp (UAL)	7/22/02	\$5.61	8/13/02	16	48.6% @ \$2.88

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**Update – Strong Buy**  
**Ohio Casualty Corp. (NASD) OCAS \$17.80**

**Initiated Coverage**  
**March 19, 2002**

**Company Data**

52-week range	\$10-\$22
Market Cap	\$1.10B
Shares Outstanding	60.4M
Book Value	\$17.68
Price/Book	1.03
Average Daily Vol.	397,000
Target Price	\$24.00

**Current Price \$17.80**



**Ohio Casualty** is an insurance holding company primarily engaged in property and casualty insurance. The company provides auto and homeowners insurance as well as commercial casualty. We are recommending the purchase of Ohio Casualty as an improving operating situation. Our reasons are as follows:

**-Over the past year, the company has focused its efforts on profitability by exiting unprofitable products, territories and agents.**

-Additionally, the company instituted a broad range of price increases across its total product line. Importantly, Ohio Casualty did not lose customers as a result and, in fact, have added new customers.

**-These two initiatives have resulted in a dramatic turnaround in company profitability. Recently the company reported 2<sup>nd</sup> Quarter earnings of \$.11 per share as compared with a \$.18 loss per share in second quarter of 2001.**

-We are estimating earnings of \$1.05 per share for 2002 and \$1.65 per share for 2003. We believe that Ohio Casualty is undervalued and its current price does not reflect the dramatic improvement in the company operations.

**Recent Recommendations**

Company/Symbol	Recommend Date	Recommend Price	Price 08/13/02	Percent Change	Target Price	Target % Gain	Stop Price
<b>SHORT RECOMMENDATIONS</b>							
UAL Corp (UAL)	7/22/02	\$5.61	\$2.88	<b>48.6%</b>	Hit Target	28.6%	\$6.20
Automated Data Proc. (ADP)	8/6/02	\$36.57	\$36.09	<b>0.9%</b>	\$33.00	9.7%	\$39.00

*Quote: "He does not possess wealth who allows it to possess him" – Benjamin Franklin*