

Stock Traders Press

Volume 5 Issue 33

Strong Buy

Forest Oil (NYSE) FST \$24.52

Initiated Coverage

August 21, 2002

Company Data

52-week range	\$20-\$32
Market Cap	\$1.15B
Shares Outstanding	47.0M
Book Value	\$19.56
Price/Book	1.27
Average Daily Vol.	165,000
Target Price	\$32.00
Target Percentage	30.5%
Stop Price	\$21.00



Forest Oil Corporation is an independent oil and gas company engaged in the exploration, development and marketing of natural gas and oil. **We believe Forest Oil is an attractive energy company with a strong financial position and a balanced portfolio of energy reserves.** We are attracted to Forest Oil Corporation for the following reasons:

-Forest Oil has completed a two-year transition program whereby it reduced its exposure to short-lived oil and gas reserves in the Gulf of Mexico. Currently, these assets represent about 33% of assets, down from 55%. At the same, the company has expanded its reserves in Alaska and Lower Canada. Importantly, these properties have a longer reserve life. Overall reserve life has risen from 8 years to 12 years.

-During the transition period the company spent over \$500 million on development and exploration expenses. Despite the expenditures, **overall debt is only 44% of total capitalization.**

-Over the next year we anticipate that the reinvested capital needed to maintain production should be greatly reduced. For 2002, the company will spend about \$300 million; however, we estimate capital spending for 2003 of about \$200 million.

-For 2003 we estimate that free cash flow will approximate \$5.80 per share, which is an increase of about 40% over estimated free cash flow of \$4.60 per share for 2002. Forest Oil is selling at only 4 times free cash flow. We should note that our estimates for 2003 assume an average price of \$21 per barrel of oil and \$3.50 per MCF of natural gas. At the present time oil is currently quoted at about \$28 per barrel and natural gas is quoted at \$3.26 per MCF.

-Currently the book value of Forest Oil is \$19.50.

Update – Strong Buy
Kopin Corp. (NASD) KOPN

Initiated Coverage
March 19, 2002

Company Data

52-week range \$5-\$19
 Market Cap \$517.9M
 Shares Outstanding 69.3M
 Book Value \$2.32
 Price/Book 3.22
 Average Daily Vol. 665,000
 Target Price \$11.00
 Target Percentage 51.7%
 Stop Price \$6.00

Current Price \$7.25



We continue to be attracted to **Kopin Corp.** as a niche technology company. The company’s main products of specialty semiconductor materials and micro-display panels continue to receive strong market acceptance. In fact, **Kopin’s products are incorporated into 25% of the worldwide wireless telephones and more than 30% of all camcorders shipped today.**

We believe the company is undervalued at \$7.25. Kopin has a book value of \$2.40 per share and cash per share of \$1.68 as of June 30, 2002.

We continue to be attracted to the downside potential of **Citigroup Corp. (C)**. The exposure to possible Enron-related litigation is significant. Today the firm performed a spin-off of a portion of its Travelers Insurance unit.

Recent Recommendations

Company/Symbol	Recommend Date	Recommend Price	Price 08/21/02	Percent Change	Target Price	Target % Gain	Stop Price
Forest Oil (FST)	8/21/02	\$24.52	-----	-----	\$32.00	30.7%	\$21.00
Archer Daniels Midland (ADM)	4/16/02	\$13.27	\$11.44	-13.7%	\$16.50	24.3%	\$10.50
Alpharma (ALO)	8/3/02	\$10.34	\$9.52	Hit Stop**	\$16.00	54.7%	\$9.00
SHORT RECOMMENDATIONS							
Automated Data Proc. (ADP)	8/6/02	\$36.57	\$37.45	-2.4%	\$33.00	9.8%	\$39.00
Citigroup (C)	7/26/02	\$29.97	\$33.79	-12.7%	\$25.00	15.6%	\$34.50

**We continue to like Alpharma long-term despite short-term price weakness

Quote: “The stock market is the only place in the world where people want to buy when prices are on the way up and sell when prices are on the way down”