

# STOCK TRADERS PRESS

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Short-Term Report

January 28, 2003

## Strong Buy

**King Pharmaceutical (NYSE) KG \$16.90**

### Company Data

|                    |           |
|--------------------|-----------|
| 52-Week Range      | \$15-\$39 |
| Market Cap         | \$3.95B   |
| Shares Outstanding | 240.8M    |
| Book Value         | \$8.17    |
| Price/Book         | 2.01      |
| Average Daily Vol. | 1.79M     |
| Dividend/Yield     | None      |
| Target Price       | \$21.00   |
| Target Percentage  | 24.3%     |
| Stop Price         | \$15.00   |



**King Pharmaceutical is a small, integrated pharmaceutical company that develops, manufactures and markets primarily branded prescription drugs.** The company also has a generic drug capability. We are attracted to King Pharmaceutical for the following reasons:

- **King Pharmaceutical has demonstrated successfully its ability to purchase from the major drug companies relatively small drug licenses at very attractive prices.** Once acquired, King will develop these drugs at a healthy profit.
- In addition to acquiring licenses, King has purchased small drug companies whose products easily fit into the company's product line.
- At the present time, the stock is selling at \$16 per share, which is 10 times estimated earnings of \$1.62 per share. Additionally, the company has a book value of \$8.17 per share and cash per share of \$3.80. We believe these are very conservative valuations.
- **King Pharmaceuticals has achieved a growth rate in excess of 28% per year over the past several years.**
- Any governmental drug prescription program would not have a noticeable impact on the company since most of King's drug products are targeted for medical problems with a very small population.
- **We consider King Pharmaceutical an undervalued drug company, which has a unique niche within the industry.**

**QUOTE:** "The mind, once expanded to the dimensions of larger ideas, never returns to its original size." -- Oliver Wendell Holmes

## Update – Strong Buy Kopin Corp. (NASD) KOPN \$4.09

### Company Data

|                    |              |
|--------------------|--------------|
| 52-Week Range      | \$1.93 -\$12 |
| Market Cap         | \$260.2M     |
| Shares Outstanding | 69.4M        |
| Book Value         | \$2.26       |
| Price/Book         | 1.66         |
| Average Daily Vol. | 712,000      |
| Dividend/Yield     | None         |
| Target Price       | \$7.00       |
| Target Percentage  | 71.1%        |
| Stop Price         | \$3.25       |



**Kopin Corporation** is a developer and manufacture of advanced semiconductor material and flat panel displays, primarily for the telecommunications industry.

**We are attracted to Kopin Corp. because of its proprietary products, which are considered the best performing in the industry.** Additionally, we believe Kopin Corp.'s stock is attractive for the following reasons:

- **The company has recently experienced an upturn in both sales and orders (backlog) primarily due to improved business at Motorola and Nokia.** As this economic improvement continues, Kopin should show market improvement.
- Kopin Corp. has significantly reduced operating expenses over the past year and thus enjoys significant upside operating leverage.
- The company's recently introduced CyberDisplay products have received exceptional reception within the marketplace. The majority of the 78% increase in third quarter sales was the result of the new CyberDisplay products.
- Currently, the company has a book value of \$2.24 per share and \$1.00 per share in cash. The stock is presently selling at \$4.09 per share, which is modest relative to its book value and operating potential.
- We estimate that Kopin will have earnings of \$0.25 per share for 2003 as compared with an estimated loss of \$0.18 per share in 2002.