

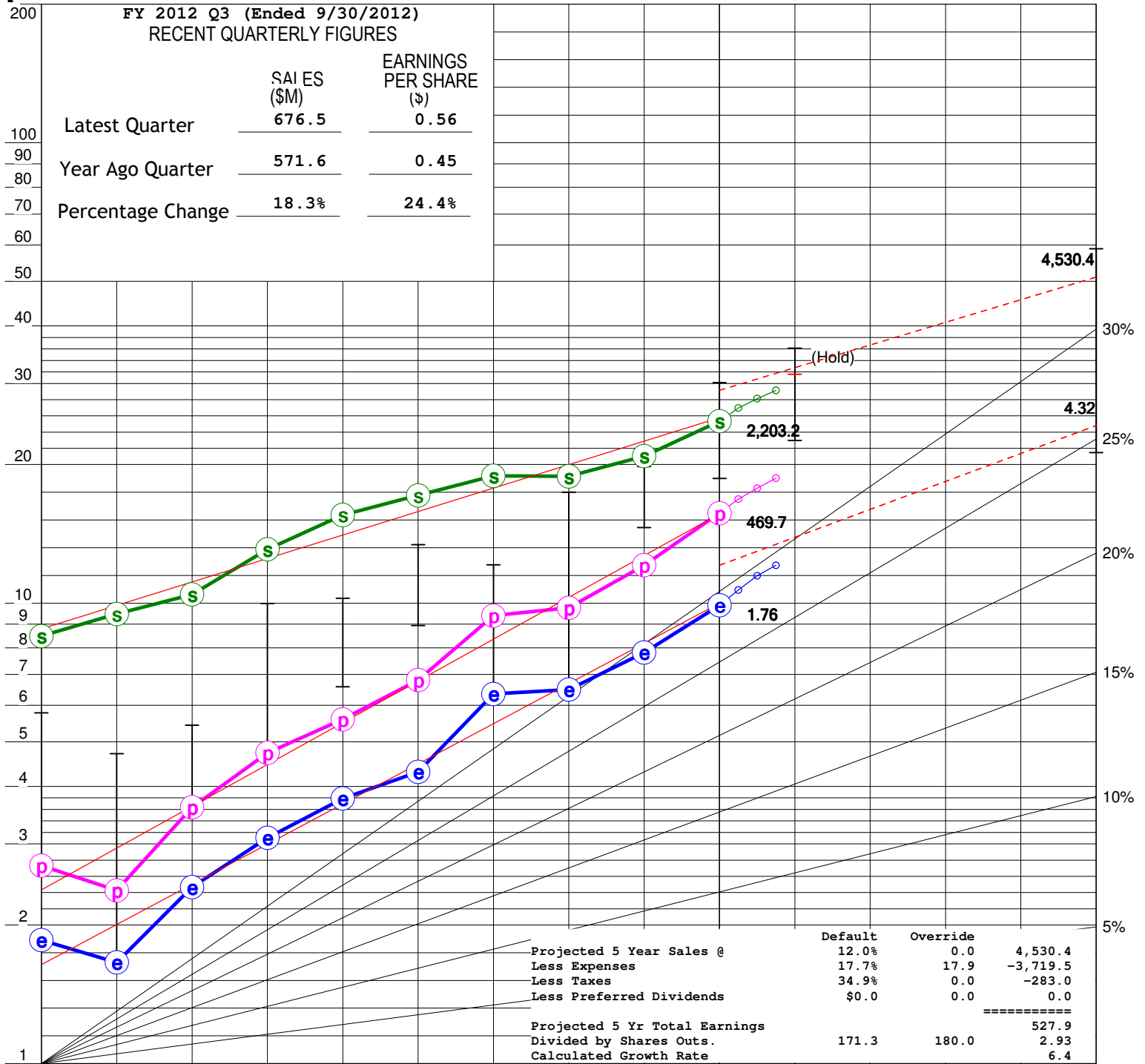


# Stock Selection Guide

Company	Cerner 11-20-12	Price Date	11/19/12
Study by	S Patterso	Data Date	11/19/12
Sector	Technology	Data Source	StkCntrl
Industry	Health Information Servi	Reference	Morningsta
Preferred(\$M)	0.0		
Common(M Shares)	171.3	% Insiders	7.4
Debt(\$M)	196.7	% Institutions	86.3
% Debt to Tot.Cap.	7.8	Quality	6.8 (Take Stock)

## 1 Growth Analysis

NAS: CERN



(1) Historical Sales Growth	12.4 %	(3) Historical Earnings Per Share Growth	22.3 %
(2) Estimated Future Sales Growth	12.0 %	(4) Estimated Future Earnings Per Share Growth	15.0 %
(5) Sales Growth R <sup>2</sup>	0.97	(6) Earnings Per Share Growth R <sup>2</sup>	0.98

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## 2 QUALITY ANALYSIS

Company **Cerner 11-20-12 (CERN)**

11/19/12

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	5 YEAR AVG.	TREND UP / DOWN
<b>A</b> % Pre-tax Profit on Sales	10.7	8.5	11.6	12.2	12.2	13.4	16.8	17.5	19.6	21.3	17.7	UP
<b>B</b> % ROE (Beginning Yr)	<del>10.7</del>	9.5	12.3	13.4	13.5	13.0	16.0	14.3	14.4	15.3	14.6	UP
<b>C</b> % Debt to Equity	31.0	25.2	18.3	26.3	20.5	15.8	8.5	6.1	3.6	3.8	7.6	DOWN

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE (P/E) **77.47 (36.0)** 52-WEEK HIGH (P/E) **88.32 (41.1)** 52-WEEK LOW (P/E) **55.69 (25.9)**

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2007	33.1	22.1	0.77	43.3	28.9	0.000	0.0	0.0
2 2008	29.9	15.2	1.13	26.5	13.5	0.000	0.0	0.0
3 2009	43.0	16.7	1.16	37.2	14.5	0.000	0.0	0.0
4 2010	48.9	36.0	1.39	35.2	25.9	0.000	0.0	0.0
5 2011	74.4	46.0	1.76	42.3	26.1	0.000	0.0	0.0
6 AVERAGE		27.2		36.9	21.8		0.0	
AVERAGE P/E RATIO		29.4	PROJECTED P/E RATIO		31.3	TTM EPS		2.15
CURRENT P/E RATIO		36.0	PEG RATIO		2.1	FTM EPS		2.47
RELATIVE VALUE		122.4	PROJ. RELATIVE VALUE		106.6	AVG TTM + FTM EPS		2.31

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS – NEXT 5 YEARS

Selected High P/E ~~36.9~~ **33.6** X Estimated High Earnings/Share **4.32** = Forecast High Price \$ **145.2**

### B FUTURE LOW PRICE ANALYSIS – NEXT 5 YEARS

(a) Sel. Low P/E ~~21.8~~ **16.7** X Estimated Low Earnings/Share ~~1.76~~ **2.15** = \$ **35.9**

(b) Average 5-Year Low Price = **27.2**

(c) Recent Severe Low Price = **36.0**

(d) Price Dividend Will Support = Present Divd. + High Yield = **0.000** + **0.000** = **0.0**

Selected Estimated Low Price = \$ **52.4**

### C PRICE RANGES

Forecast High Price **145.2** - Estimated Low Price **52.4** = Range **92.8** 25% of Range = **23.2**

BUY (Lower 25% of Range) = **52.4** to **75.6**

MAYBE (Middle 50% of Range) = **75.6** to **122.0**

SELL (Upper 25% of Range) = **122.0** to **145.2**

Current Price **77.470** is in the **Hold** Range

### D UPSIDE/DOWNSIDE ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price **145.2** - Current Price **77.470**) ÷ (Current Price **77.470** - Estimated Low Price **52.4**) = **2.7** To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ **0.000** ÷ Current Price of Stock \$ **77.470** = **0.0** % Present Yield or % Returned on Purchase Price

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

Avg. % Payout **0.0** ÷ Forecast High P/E **33.6** = Avg. Yield **0.0**

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

Avg. % Payout **0.0** ÷ Forecast Avg P/E **25.2** = Avg. Yield **0.0**

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

Average Yield **0.0** % + Annual Appreciation **13.4** % = Compound Annual Total Return **13.4** %

### D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

Average Yield **0.0** % + Annual Appreciation **7.0** % = Projected Average Total Return **7.0** %