



# Stock Selection Guide®

The most widely used aid to good investment judgment

Company COMMERCE BANCORP INC/NJ Date 12/22/03

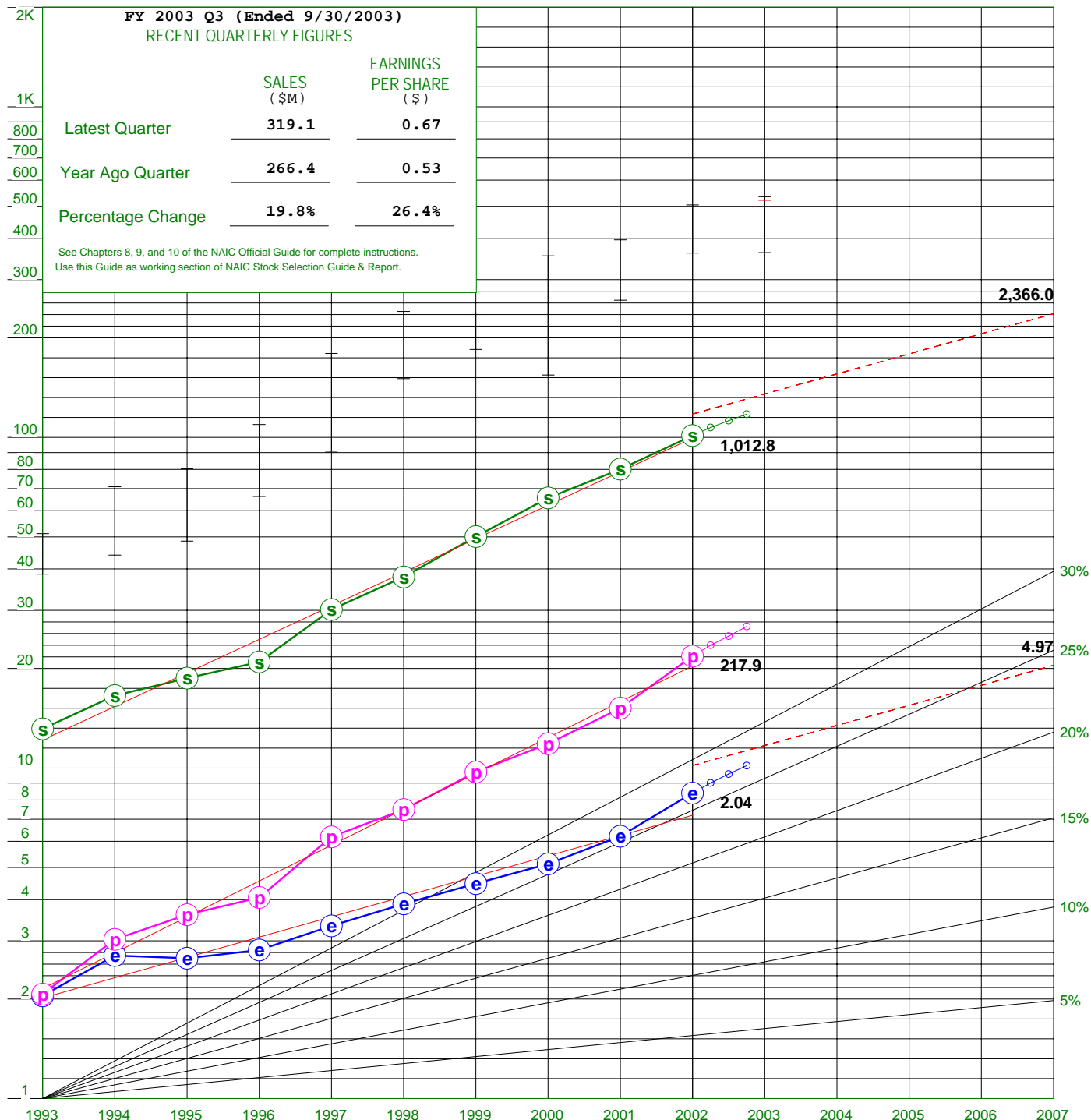
Prepared by jah Data taken from NAIC Data

Where traded NYSE Major product/service Regional Ba

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	75.5	0.0	0.0
Debt (\$M)	355.8	% to Tot.Cap.	25.8
		% Potential Dil.	None

## 1 VISUAL ANALYSIS of Sales, Earnings and Price

CBH



(1) Historical Sales Growth 26.3 % (3) Historical Earnings Per Share Growth 15.2 %  
 (2) Estimated Future Sales Growth 15.0 % (4) Estimated Future Earnings Per Share Growth 15.0 %

Printed: 12/26/03 10:26 AM Prepared by: jah Using The NAIC Investor's Toolkit

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
<b>A</b> % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	15.8	18.3	19.3	19.4	20.5	19.8	19.4	18.0	18.9	21.5	19.5	UP	
<b>B</b> % Earned on Equity (E/S ÷ Book Value)	12.7	17.7	15.0	15.3	16.3	16.6	18.1	16.0	15.6	15.1	16.3		DOWN

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

*This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.*

Year	PRESENT PRICE		HIGH THIS YEAR		LOW THIS YEAR		36.230			
	A	B	C	D	E	F	G	H		
	HIGH	LOW	Earnings Per Share	HIGH Price Earnings Ratio A ÷ C	LOW Price Earnings Ratio B ÷ C	Dividend Per Share	% Payout F ÷ C X 100	% High Yield F ÷ B X 100		
1	1998	24.0	15.1	0.94	25.5	16.0	0.440	46.7	2.9	
2	1999	23.8	18.5	1.09	21.9	17.0	0.414	38.1	2.2	
3	2000	35.4	15.4	1.25	28.4	12.4	0.490	39.4	3.2	
4	2001	39.6	26.0	1.51	26.2	17.2	0.550	36.4	2.1	
5	2002	50.5	36.1	2.04	24.8	17.7	0.600	29.4	1.7	
6	TOTAL		111.1		126.8	80.3		190.0		
7	AVERAGE		22.2		25.4	16.1		38.0		
8	AVERAGE PRICE EARNINGS RATIO			20.8	9 CURRENT PRICE EARNINGS RATIO			21.1		

## 4 Proj. P/E [18.35] Based on Next 4 qtr. EPS [2.84] Current P/E Based on Last 4 qtr. EPS [2.47] EVALUATING RISK and REWARD over the next 5 years

*Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.*

### A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 25.4<sup>(3D7 as adj.)</sup> X Estimate High Earnings/Share 4.97 = Forecast High Price \$ 126.2<sup>(4A1)</sup>

### B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 16.1<sup>(3E7 as adj.)</sup> X Estimated Low Earnings/Share 2.04 = \$ 32.8

(b) Avg. Low Price of Last 5 Years = 22.2<sup>(3B7)</sup>

(c) Recent Severe Market Low Price = 26.0

(d) Price Dividend Will Support Present Divid. 0.660 = 20.7  
Selected Estimate Low Price High Yield (H) 0.032

= \$ 22.2<sup>(4B1)</sup>

### C ZONING

126.2<sup>(4A1)</sup> High Forecast Price Minus 22.2<sup>(4B1)</sup> Low Forecast Price Equals 104.0<sup>(C)</sup> Range. 1/3 of Range = 26.0<sup>(4CD)</sup>

(4C2) Lower 1/3 = 22.2<sup>(4B1)</sup> to 48.2 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 48.2 to 100.2 (Maybe)

(4C4) Upper 1/3 = 100.2 to 126.2<sup>(4A1)</sup> (Sell)

Present Market Price of 52.120 is in the Hold<sup>(4C5)</sup> Range

### D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price 126.2<sup>(4A1)</sup> Minus Present Price 52.120  
Present Price 52.120 Minus Low Price 22.2<sup>(4B1)</sup> = 74.1 = 2.5 To 1  
29.9<sup>(4D)</sup>

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price 126.2<sup>(4A1)</sup>  
Present Market Price 52.120 = ( 2.421 ) X 100 = ( 242.1 ) - 100 = 142.1<sup>(4E)</sup> % Appreciation

**Relative Value: 101.4% Proj. Relative Value: 88.2%**

## 5 5-YEAR POTENTIAL

*This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.*

**A Present Full Year's Dividend \$** 0.660  
Present Price of Stock \$ 52.120 = 0.013 X 100 = 1.3<sup>(5A)</sup> Present Yield or % Returned on Purchase Price

**B AVERAGE YIELD OVER NEXT 5 YEARS**  
Avg. Earnings Per Share Next 5 Years 3.76 X Avg. % Payout 38.0<sup>(3G)</sup> 41.2 = 154.9 = 3.0<sup>(5B)</sup> %  
Present Price \$ 52.120

<b>C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS</b>			
5 Year Appreciation Potential <u>142.1</u> <sup>(4E)</sup>		P.A.R.	Tot. Ret.
Average Yield <u>3.0</u> <sup>(5B)</sup>	<u>28.4</u> %	Average Yield <u>2.0%</u>	<u>1.6%</u>
Average Total Annual Return Over the Next 5 Years <u>31.4</u> <sup>(5C)</sup>	<u>3.0</u> %	Annual Appreciation <u>14.6%</u>	<u>19.3%</u>
		% Compd Ann Rate of Ret <u>16.6%</u>	<u>21.0%</u>

Trailing 4 quarters

# PERT Worksheet-A Graph

Company COMMERCE BANCORP INC/NJ

(CBH)

