



Stock Selection Guide [®]

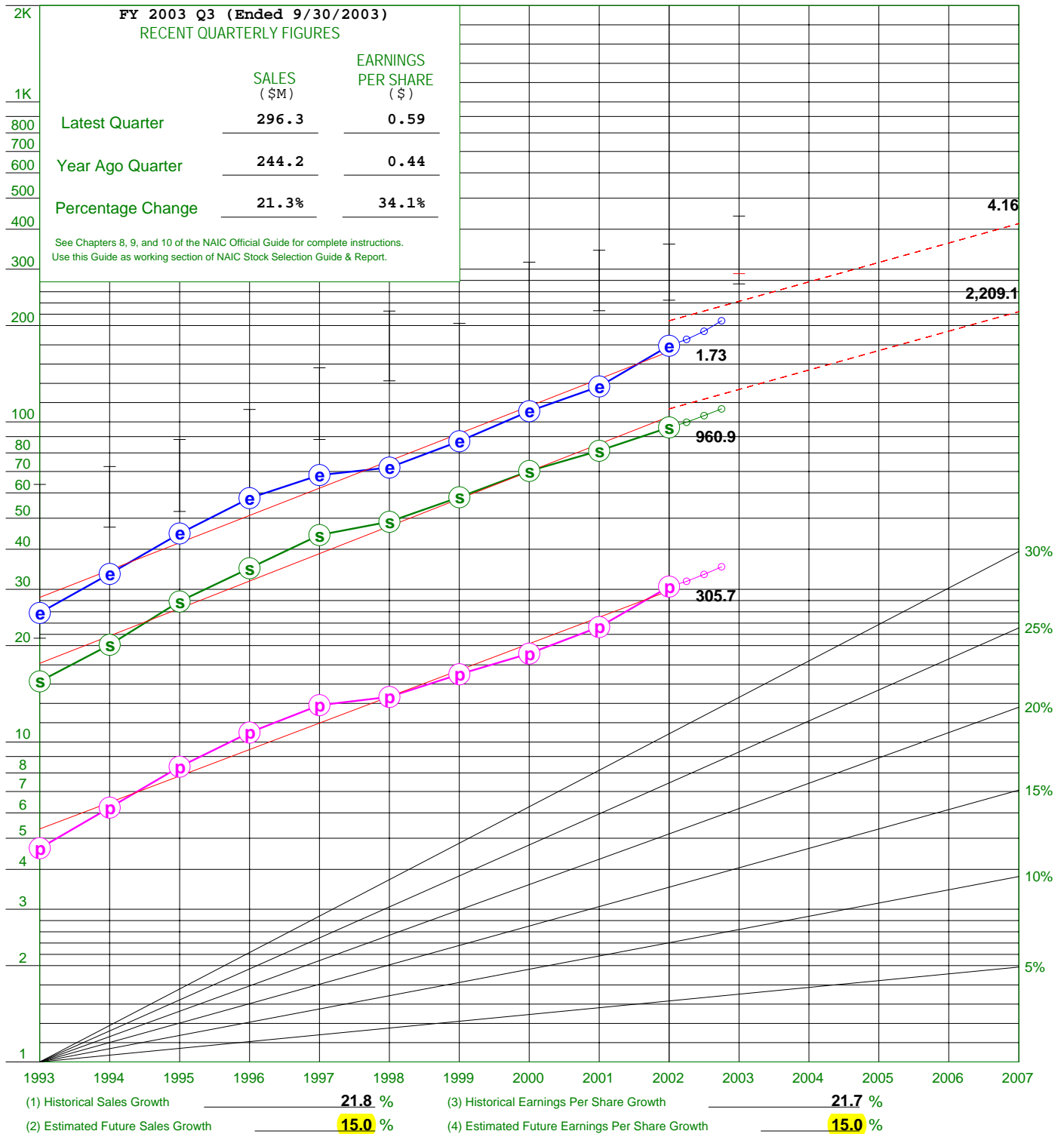
The most widely used aid to good investment judgment

Company LINCARE HOLDINGS INC. Date 01/16/04
 Prepared by MG Data taken from NAIC Data
 Where traded NASDAQ Major product/service Health Care

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	98.4	24.0	103.7
Debt (\$M)	441.5	% to Tot.Cap.	35.7
		% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

LNCR



2 EVALUATING MANAGEMENT

Company **LINCARE HOLDINGS INC.** (LNCR)

01/16/04

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	30.1	31.0	30.4	30.7	29.4	28.4	28.0	26.9	28.1	31.8	28.6	UP	
B % Earned on Equity (E/S ÷ Book Value)	22.8	22.4	22.4	21.8	19.9	16.9	19.4	19.7	18.8	21.4	19.2	UP	

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		29.050	HIGH THIS YEAR	43.980	LOW THIS YEAR	27.000			
	A	B	C	D	E	F	G	H		
	HIGH	LOW	Earnings Per Share	Price Earnings Ratio	Price Earnings Ratio	Dividend Per Share	% Payout	% High Yield		
1 1998	22.2	13.4	0.72	30.8	18.6	0.000	0.0	0.0		
2 1999	20.3	8.6	0.87	23.3	9.9	0.000	0.0	0.0		
3 2000	31.6	10.4	1.08	29.3	9.6	0.000	0.0	0.0		
4 2001	34.4	22.3	1.29	26.7	17.3	0.000	0.0	0.0		
5 2002	36.0	24.0	1.73	20.8	13.9	0.000	0.0	0.0		
6 TOTAL		78.7		70.8	33.4		0.0			
7 AVERAGE		15.7		23.6	11.1		0.0			
8 AVERAGE PRICE EARNINGS RATIO			17.4	9 CURRENT PRICE EARNINGS RATIO				14.0		

4 Proj. P/E [12.20] Based on Next 4 qtr. EPS [2.38] Current P/E Based on Last 4 qtr. EPS [2.07] 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 23.6 (3D7 as adj.) X Estimate High Earnings/Share 4.16 = Forecast High Price \$ 98.2 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 11.1 (3E7 as adj.) X Estimated Low Earnings/Share 1.74 = \$ 19.3

(b) Avg. Low Price of Last 5 Years = 15.7 (3B7)

(c) Recent Severe Market Low Price = 22.3

(d) Price Dividend Will Support 0.000 Present Divd. = 0.000 High Yield (H)

Selected Estimate Low Price = \$ 19.3 (4B1)

C ZONING

98.2 (4A1) High Forecast Price Minus 19.3 (4B1) Low Forecast Price Equals 78.9 (C) Range. 1/3 of Range = 19.7 (4CD)

(4C2) Lower 1/3 = 19.3 (4B1) to 39.0 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 39.0 to 78.5 (Maybe)

(4C4) Upper 1/3 = 78.5 to 98.2 (4A1) (Sell)

Present Market Price of 29.050 is in the Buy (4C5) Range

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

High Price (4A1) 98.2 Minus Present Price 29.050 = 69.1 = 7.1 (4D) To 1
Present Price 29.050 Minus Low Price (4B1) 19.3 = 9.8

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

High Price (4A1) 98.2 = (3.380) X 100 = (338.0) - 100 = 238.0 (4E) % Appreciation
Present Market Price 29.050

Relative Value: 80.5% Proj. Relative Value: 70.1%

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 \$ 0.000 Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.
Present Price of Stock \$ 29.050 = 0.000 X 100 = 0.0 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

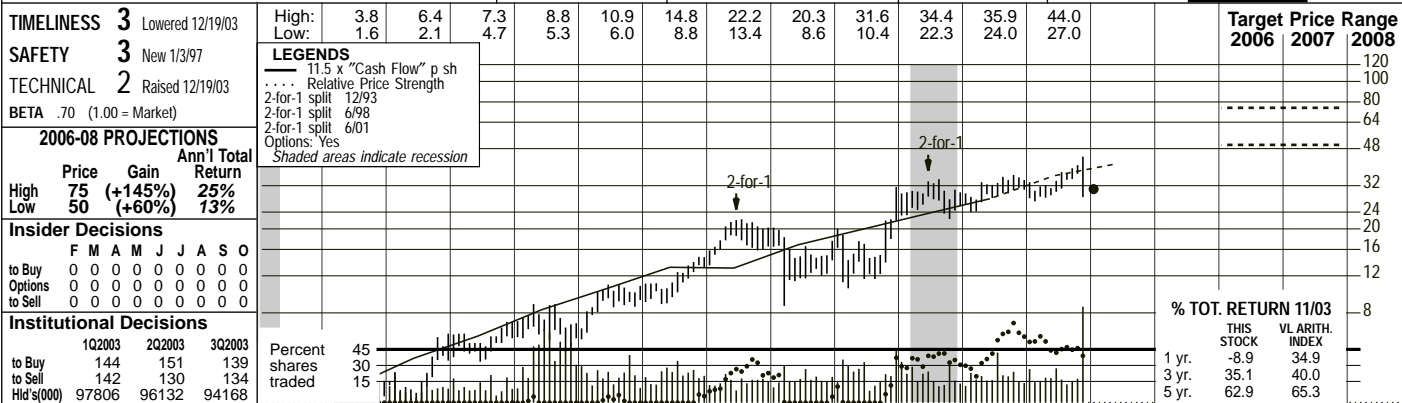
Avg. Earnings Per Share Next 5 Years 3.15 X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 % (5B)
Present Price \$ 29.050

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) <u>238.0</u>			P.A.R.	Tot. Ret.
Average Yield (5B) <u>0.0</u> %	<u>47.6</u> %		Average Yield <u>0.0%</u>	<u>0.0%</u>
Average Total Annual Return Over the Next 5 Years (5C) <u>47.6</u> %	<u>0.0</u> %		Annual Appreciation <u>20.0%</u>	<u>27.6%</u>
			% Compd Ann Rate of Ret <u>20.0%</u>	<u>27.6%</u>

LINCARE HOLDINGS NDQ-LNCR

RECENT PRICE **30.88** P/E RATIO **12.6** (Trailing: 14.9 Median: 16.0) RELATIVE P/E RATIO **0.67** DIV'D YLD **Nil** VALUE LINE



Lincare Holdings was formed in 1972 as a subsidiary of Union Carbide. By 1987, it was 50%-owned by Union Carbide and 50%-owned by management. In 1990 management and other investors bought out Union Carbide. The company went public in March 1992. Lincare is the second largest provider of home health respiratory services in the U.S., with about 7% of the \$4.5 billion market. Most of the company's customers are over 65 years old, and Medicare/Medicaid represents 60% of its payor mix.

CAPITAL STRUCTURE as of 9/30/03
 Total Debt \$441.5 mill. Due in 5 Yrs \$370.0 mill.
 LT Debt \$366.1 mill. LT Interest \$16.0 mill. (32% of Cap'l)
 Leases, Uncapitalized Annual rentals \$23.5 mill.

No Defined Pension Benefit Plan
 Pfd Stock None

Common Stock 98,354,516 shs. as of 10/31/03
MARKET CAP: \$3.0 billion (Mid Cap)

CURRENT POSITION	2001	2002	9/30/03
Cash Assets	8.4	1.6	3.4
Receivables	143.8	142.7	156.2
Inventory (FIFO)	2.9	3.0	2.5
Other	6.1	6.4	15.6
Current Assets	161.2	153.7	177.7
Accts Payable	29.9	27.0	30.3
Debt Due	97.5	53.7	75.4
Other	34.6	30.0	41.7
Current Liab.	162.0	110.7	147.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '00-'02 to '06-'08
Revenues	21.0%	19.5%	18.5%
"Cash Flow"	21.0%	17.5%	18.5%
Earnings	24.0%	18.0%	21.0%
Dividends	--	--	Nil
Book Value	23.5%	20.5%	21.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2000	159.6	167.6	186.0	189.3	702.5
2001	191.6	198.4	206.8	215.6	812.4
2002	228.4	234.5	244.2	253.8	960.9
2003	265.2	283.1	296.3	305.4	1150
2004	310	325	330	345	1310

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2000	.25	.26	.28	.29	1.08
2001	.30	.32	.34	.36	1.32
2002	.41	.42	.44	.46	1.73
2003	.49	.53	.59	.61	2.22
2004	.62	.63	.64	.66	2.55

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
1999					
2000					
2001					
2002					
2003					

NO CASH DIVIDENDS BEING PAID

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	© VALUE LINE PUB., INC.	06-08
Revenues per sh	1.46	1.85	2.48	3.09	3.86	4.18	5.38	6.59	7.54	9.08	11.75	13.45		21.25
"Cash Flow" per sh	.42	.54	.72	.90	1.15	1.14	1.46	1.73	2.05	2.41	3.10	3.55		5.65
Earnings per sh ^A	.25	.34	.46	.59	.77	.72	.87	1.08	1.32	1.73	2.22	2.55		4.30
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil
Cap'l Spending per sh	.17	.21	.27	.34	.44	.53	.62	.55	.69	.78	1.05	1.20		1.70
Book Value per sh ^B	1.11	1.49	2.00	2.65	3.42	4.25	4.50	5.48	6.86	8.09	8.50	11.00		21.60
Common Shs Outst'g ^C	105.60	108.50	110.75	113.02	114.88	116.71	108.14	106.64	107.74	105.80	98.00	97.50		96.00
Avg Ann'l P/E Ratio	16.0	17.7	15.2	15.4	15.0	25.3	16.8	15.0	21.3	17.7				15.0
Relative P/E Ratio	.95	1.16	1.02	.96	.86	1.32	.96	.98	1.09	.97				1.00
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--				Nil
Revenues (\$mill)	154.5	201.1	274.8	348.9	443.2	487.4	581.8	702.5	812.4	960.9	1150	1310		2040
Operating Margin	41.7%	42.0%	42.2%	42.6%	43.6%	39.4%	40.0%	40.3%	40.2%	40.0%	40.0%	40.0%		40.5%
Depreciation (\$mill)	16.5	20.7	27.6	33.9	41.8	47.2	57.1	67.5	75.8	65.0	75.0	90.0		120
Net Profit (\$mill)	28.3	38.0	52.2	68.2	89.7	85.3	100.7	116.9	144.8	190.4	230	255		425
Income Tax Rate	39.3%	39.1%	39.0%	38.5%	38.5%	38.3%	38.1%	38.1%	36.7%	37.7%	37.5%	37.5%		38.0%
Net Profit Margin	18.3%	18.9%	19.0%	19.6%	20.2%	17.5%	17.3%	16.6%	17.8%	19.8%	19.8%	19.5%		20.8%
Working Cap'l (\$mill)	35.6	18.5	16.5	23.7	42.2	49.0	70.2	84.5	d.8	43.0	70.0	125		325
Long-Term Debt (\$mill)	7.5	4.7	2.4	.7	4.6	22.3	159.0	204.0	125.8	155.5	370	365		350
Shr. Equity (\$mill)	117.1	162.1	221.4	299.2	393.1	495.7	486.1	584.5	739.0	856.3	825	1075		2075
Return on Total Cap'l	22.8%	22.9%	23.5%	22.8%	22.7%	16.6%	16.1%	16.0%	17.7%	19.5%	19.5%	18.5%		18.0%
Return on Shr. Equity	24.1%	23.4%	23.6%	22.8%	22.8%	17.2%	20.7%	20.0%	19.6%	22.2%	27.5%	24.0%		20.5%
Retained to Com Eq	24.1%	23.4%	23.6%	22.8%	22.8%	17.2%	20.7%	20.0%	19.6%	22.2%	27.5%	24.0%		20.5%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil

BUSINESS: Lincare Holdings is a leading provider of oxygen and respiratory services to home-based patients, who typically suffer from chronic obstructive pulmonary disease, such as emphysema, chronic bronchitis, or asthma. Products and services incl.: liquid oxygen systems, oxygen concentrators, nebulizers, respiratory medications, noninvasive ventilation, apnea monitors, ventilators,

and continuous positive airway pressure devices. Also provides infusion therapy and home med. equip. 2002 dep. rate: 12.6%. Has about 6,700 empl. Off./dir. control 4.9% of com.; GE Asset Mgmt. 6.1%; Oppenheimer Fds., 6.0% (4/03 proxy). Chrmn., CEO & Pres.: John P. Byrnes. Inc. DE. Add: 19337 US 19 North, Ste 500, Clearwater, FL 34624. Tel: 727-530-7700. Internet: www.lincare.com.

Lincare Holdings stock has come under pressure of late. As we have often pointed out, these shares tend to be volatile based on news or rumors of changes in Medicare reimbursement rates. The recently passed Medicare reform bill included a proposed 10% reduction in reimbursement for the asthma-drug albuterol in 2004, possibly followed by more dramatic cuts in 2005 and beyond. This would affect about 20% of Lincare's revenues, and, by itself, we estimate it would trim about \$0.20 from the bottom line. However, additional reimbursement issues could affect the company's respiratory equipment and services business in the coming years. Although the eventual impact cannot be determined at this juncture, investors appeared to prefer erring on the side of caution, as LNCR shares plummeted by as much as 36% in the wake of the bill's passing. The company's ongoing solid performance (see below) would have prompted an increase to our share-net estimate for 2004, but, we are leaving it unchanged at \$2.55, pending further details.

The company continues to benefit from internal and external growth.

Third-quarter results maintained a long-standing positive trend, with share net rising 34%, on a 21% increase in revenues. Even though the market it serves continues to grow at an annual rate of about 6%, Lincare has traditionally outpaced the industry, largely through acquisition and expansion. This year is proving to be no different, with 11 companies added through the first nine months, representing \$80 million in annual revenues. It also opened 40 new centers of its own, increasing the total to 715. With the home-respiratory care industry still fragmented among a large number of small-scale providers, the company has the opportunity to maintain this tack for some time to come.

Our long-term projections are somewhat ill-defined. Although demographic trends suggest continued growth in demand for Lincare's products and services, potential reimbursement changes could dramatically alter the earnings picture in the years ahead. Until these issues become clearer, all but the most intrepid investors may want to hold off on taking new positions.

Mario Ferro

December 26, 2003

(A) Diluted earnings. Excludes nonrecurring charges: in '95, 2¢; '96, 3¢; '97, 16¢; '01, 9¢. Next earnings report due mid-February. (B) Includes intangibles: at 12/31/02, \$809.4 million (\$7.65/share). (C) In millions, adjusted for splits.

Company's Financial Strength	A
Stock's Price Stability	50
Price Growth Persistence	95
Earnings Predictability	95