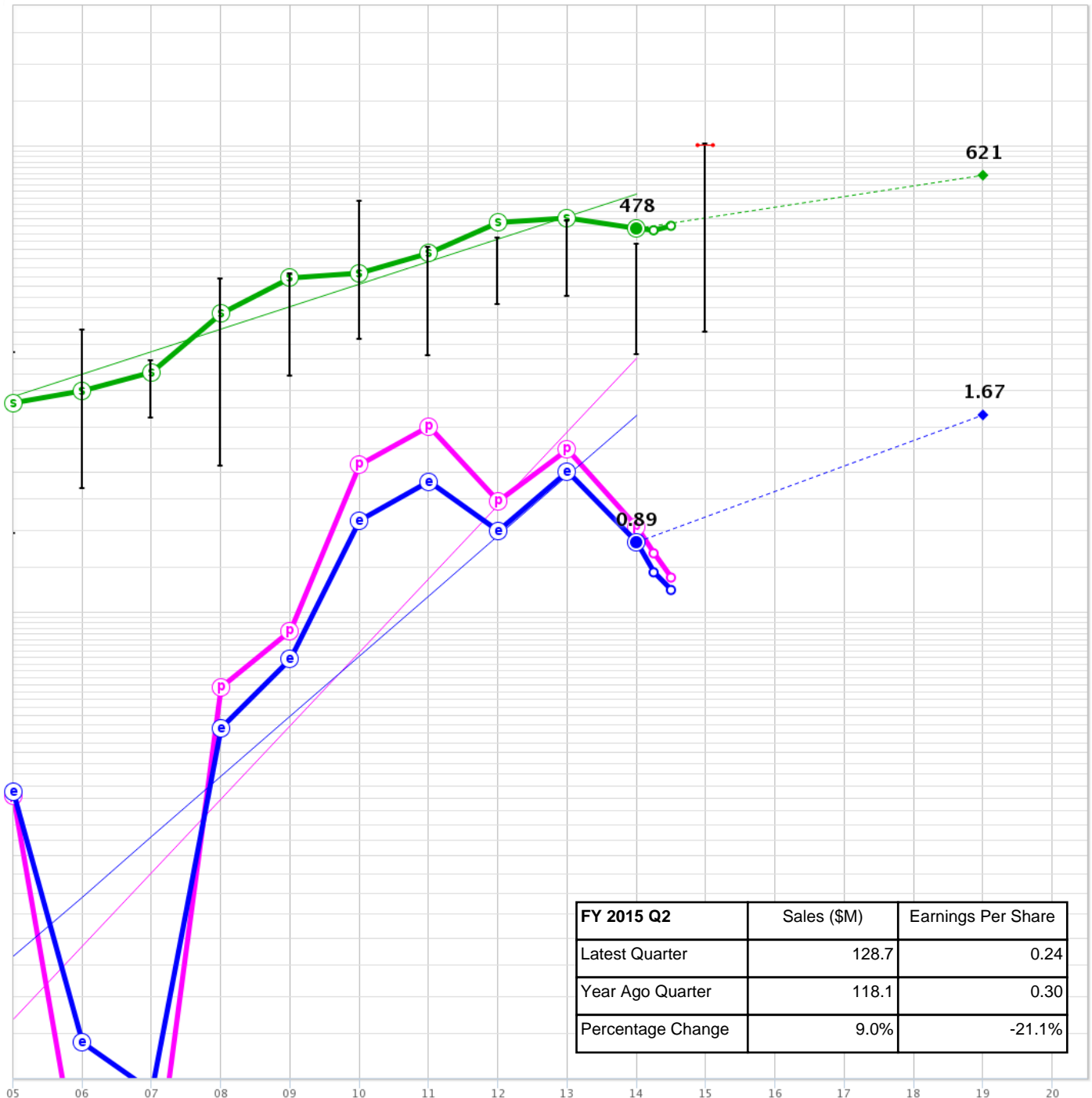


Company	Thoratec		Date	09/17/15	
Prepared by	HARPER		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Medical Devices	
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	55.3	4.4	93.4		
Debt (\$M)	0.0	% to Tot Cap	0.0	% Pot Dil	1.4

Stock Selection Guide

Symbol: THOR

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 11.8% | (3) Historical Earnings Per Share Growth | 34.6% |
| (2) Estimated Future Sales Growth | 5.4% | (4) Estimated Future Earnings Per Share Growth | 13.4% |

2 EVALUATING Management

Thoratec

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	8.9%	1.2%	1.0%	9.8%	10.9%	24.2%	26.5%	15.7%	19.8%	14.3%	20.1%
% Earned on Equity	4.2%	1.1%	0.8%	4.4%	5.4%	9.3%	11.5%	9.1%	11.2%	7.5%	9.7%
% Debt To Capital	29.2%	28.3%	26.5%	24.0%	20.1%	18.2%	0.0%	0.7%	0.0%	0.0%	3.8%

3 PRICE-EARNINGS HISTORY as an indicator of the future

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

CLOSING PRICE 63.2 (9/17/2015)

HIGH THIS YEAR 63.51

LOW THIS YEAR 25.04

	A	B	C	D	E	F	G	H	
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100	
5 2010	47.9	24.3	0.99	48.4	24.5	0.00	0.0	0.0	
6 2011	38.1	22.3	1.20	31.7	18.6	0.00	0.0	0.0	
7 2012	39.9	28.7	0.94	42.4	30.5	0.00	0.0	0.0	
8 2013	43.6	29.9	1.26	34.6	23.7	0.00	0.0	0.0	
9 2014	38.7	22.5	0.89	43.5	25.3	0.00	0.0	0.0	
AVERAGE		25.5		40.1	24.5				
CURRENT/TTM			0.70						
AVERAGE PRICE EARNINGS RATIO 32.3					CURRENT PRICE EARNINGS RATIO 90.1				

4 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 90.1 X Estimate High Earnings/Share 1.67 = Forecasted High Price \$ 150.2

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 24.5 X Estimate Low Earnings/Share 0.89 = Forecasted Low Price \$ 21.8

(b) Avg. Low Price of Last 5 Years 25.5

(c) Recent Market Low Price 22.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 21.8

C ZONING using 25%-50%-25%

Forecasted High Price 150.2 Minus Forecasted Low Price 21.8 = 128.4 Range. 25% of Range 32.1

Buy Zone 21.8 to 53.9

Hold Zone 53.9 to 118.1

Sell Zone 118.1 to 150.2

Present Market Price of 63.22 is in the **HOLD** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{150.2 - 63.22}{63.22 - 21.8} = \frac{87.0}{41.4} = 2.1$ To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{150.2 - 63.22}{63.22} = 2.38$ X 100 = 237.59 - 100 = 137.6 % Appreciation

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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{63.22} = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E $\frac{\text{Forecast High P/E}}{90.1} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E $\frac{\text{Forecast Avg P/E}}{60.30} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 18.9 %
Average Yield 0.0 %
Annualized Rate of Return 18.9 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 8.6 %
Average Yield 0.0 %
Annualized Rate of Return 8.6 %