

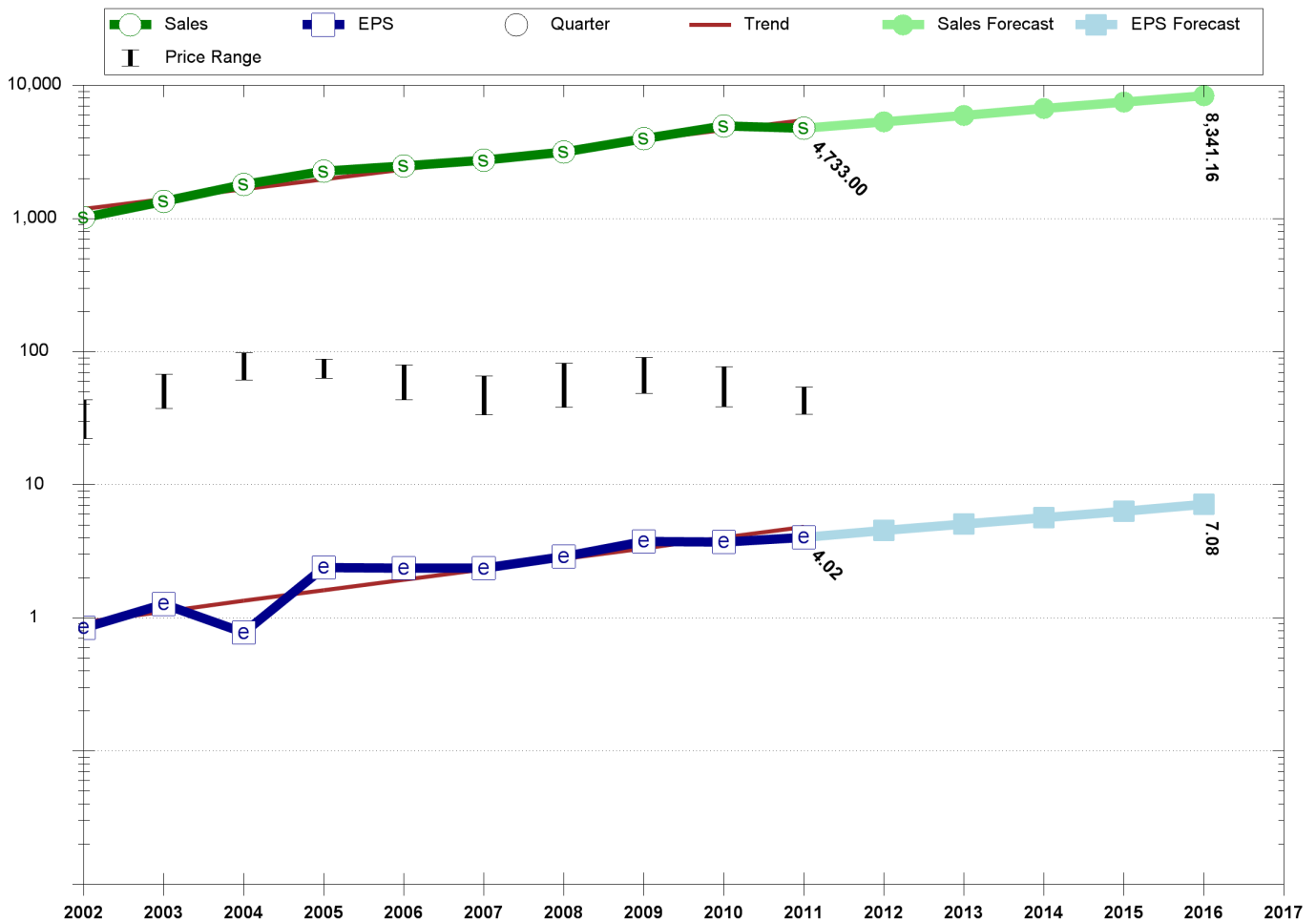
Company	Apollo Group Inc		Date	11/18/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Education & Training Services		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	136.5	3.4	91.4		
Debt (\$M)	599.0	% to Tot Cap	32.6	% Pot Dil	0.6

## Stock Selection Guide

Symbol: APOL

### 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2011 Quarter Ending (08/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	1,122.1	1.36
Year Ago Quarter	1,259.4	0.35
Percentage Change	-10.90%	288.57%



(1) Historical Sales Growth	18.6%	(3) Historical Earnings Per Share Growth	20.0%
(2) Estimated Future Sales Growth	12.00%	(4) Estimated Future Earnings Per Share Growth	12.00%

## 2 EVALUATING Management

Apollo Group Inc

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	26.34%	30.00%	25.38%	32.42%	26.97%	24.13%	24.92%	26.16%	27.68%	25.03%	25.59%
% Earned on Equity (E/S / Book Value)	20.85%	21.74%	14.11%	61.04%	67.34%	61.84%	54.53%	50.03%	40.54%	42.29%	49.84%

## 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.

PRESENT PRICE 45.0

HIGH THIS YEAR 54.23

LOW THIS YEAR 33.75

	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
1 2007	65.50	33.33	2.35	27.87	14.18	0.000	0.00	0.00
2 2008	81.68	37.92	2.87	28.46	13.21	0.000	0.00	0.00
3 2009	90.00	48.30	3.75	24.00	12.88	0.000	0.00	0.00
4 2010	76.86	38.39	3.72	20.66	10.32	0.000	0.00	0.00
5 2011	54.23	33.75	4.02	13.49	8.40	0.000	0.00	0.00
6 TOTAL		191.7		114.5	59.0		0.0	
7 AVERAGE		38.3		22.9	11.8		0.0	
8 AVERAGE PRICE EARNINGS RATIO 17.3					9 CURRENT PRICE EARNINGS RATIO 11.2			

## 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 20.00 X Estimate High Earnings/Share 7.08 = Forecasted High Price \$ 141.60

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 11.80 X Estimate Low Earnings/Share 4.02 = Forecasted Low Price \$ 47.44

(b) Avg. Low Price of Last 5 Years 38.34

(c) Recent Market Low Price 33.75

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.00$

Selected Forecasted Low Price 33.75

### C ZONING using 25%-50%-25%

Forecasted High Price 141.60 Minus Forecasted Low Price 33.75 = 107.85 Range. 25% of Range 26.96

Buy Zone 33.75 to 60.71

Hold Zone 60.71 to 114.64

Sell Zone 114.64 to 141.60

Present Market Price of 44.98 is in the **Buy** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{141.60 - 44.98}{44.98 - 33.75} = \frac{96.62}{11.23} = 8.60$  To 1

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

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{141.60 - 44.98}{44.98} = 3.15$  X 100 = 314.81 - 100 = 214.81 % 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  $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.000}{44.98} = 0.00 = 0.00\%$  Present Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.00\%}{20.00} = 0.00\%$

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

Annualized Appreciation 25.78 %

Average Yield 0.00 %

Annualized Rate of Return 25.78 %