

"Best Investment Manager" New Purchase Evaluation Form

Stock Name:	Pharmaceutical Product Dev	Date Recommended:	5/18/2007
Symbol:	PPDI	Next Reporting Date:	Jul-07
PX:	34.97	Fiscal YE:	December
Market Cap:	\$4.1 billion	GICS Industry	Life Sciences Tools & Svcs
PE F12M:	21.2	P/S:	3.24
PE Range - last 3 yrs	16.6-26.7	P/S Range - last 3 yrs:	2.22-4.00
3-5yr Growth Estimate	19.5%	P/B:	4.2
PEG Ratio	1.1	P/B Range - last 3 yrs:	3.1-5.6
FY2/FY1	22.00%	P/TB:	5.3
Trailing Rev Growth (4Q):	17.20%		
Dividend Yield	0.34%	Total Debt/Total Cap	5%
Dividend 3 Growth	NA	Cash/Total Cap	43%
Price vs.S&P 500:		2008Estimate:	
4 week %	-6%	4 week %	0.54%
13 week %	-1%	12 week %	0.54%
Price Momentum Index:	-0.09	Inside Ownership Level:	12.00%
Short Interest level & trend:	3.4mm +30%	Insider Transactions:	Selling by former employees
Percent of float	3.20%		
# of days (based on 10-day)	4	Top 3 institutions %+ trend	Fidelity - 12% + Earnest - 8% - Neuberger - 6% flat
Index Memberships:	S&P 400, Russell 1000		
Lock-up expirations:	None	60 day Avg. trading volume	815k
Peers and PE/PEGs:	CVD(23.2/1.3) ICLR (24.5/1.2) PRXL (25.2/1.4)	Stock Options	Reports w/-options, =7%
		Converts:	None
Brokers covering:	12, mix of big and small	Recent Acquisitions:	SurroMed (1/05, very small)
Buy Rating	1.5 (1=SB, 2=B, 3=N, 4=S)		
Buy Rating six months ago	1.6		
Price Target (and basis):	45 - 22x FY2 blend of \$2.05		
Downside (and basis):	33.5 (chart, volume over past year)		
LT Support (and basis):	31 (tested several times)		
Why Buy?	1) A leading CRO with exposure to late-stage trials, especially of global nature 2) Leveraged to growth in biotech 3) CEO owns 8% and is very focused 4) Company may monetize assets (development program) 5) Very strong balance sheet and cashflow generation 6) Increased concerns about safety could fuel Phase 4 trials 7) Valuation has returned to reasonable level		
Primary Risks:	1) Reliance on CEO/Management Turnover (COO, CFO and EVP Global Ops) 2) Orders, Cancellations and the timing of service delivery tend to be lumpy 3) Outsourcing could slow 4) Attracting and retaining workers could prove challenging		