

Intrinsic Value Weekly

Volume 2, No. 51

Published Weekly by Intrinsic Value Associates, LLC

December 20, 1999

"The Internet Seems to Affect Everyone"

The New York Times Co. (NYT) has finally reached its intrinsic value (see the assumptions in the **NYT** Report). With all that investors in internet stocks are capable of (irrational extrapolation, for example), **NYT's** price may rise well beyond its business value. Perhaps, but we don't think so. The seemingly direct link between hot internet IPO's, the surge in newspaper advertising in November, and the rise in **NYT** may only be a seasonal effect and an ephemeral one at that. Should this use of newly minted internet capital fail to generate the desired internet traffic, or if the IPO machine begin to falter, this rise in NYT could be cut short. It certainly adds some degree of both excitement and uncertainty to the **NYT** revenue mix. For now, unless the price gets totally insane, we'll hang on to **NYT** until the stability of new revenue streams is more clearly visible.

As an afternote, **HD** managed to rise 10% after we removed it from the Intrinsic Value Portfolio last week, additional testimony to the power of the momentum school of investing. The news on **HD** has been good, of course, but right in line with our forecasts and thus requiring no re-assessment of our valuation. We expect to restore **HD** to the portfolio at a price closer to intrinsic value.

The death of Gordon F. Teter, 56, chairman, CEO and president of Wendy's International (**WEN**) on Saturday is a true loss. His management team's achievements had not yet borne market value fruit, though the increase in intrinsic value has been quite solid. We expect that the remaining team plus Dave Thomas will recruit a first class replacement in the next few months and that the implementation of the company's strategy of strong consumer value plus excellent stewardship of shareholders capital will be continued as before. We reiterate our buy recommendation for **WEN**.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	Price 12/17/1999	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change
AC	Alliance Capital Mgt LP	9/24/1999	\$ 30.188	\$44.68	(32.4%)	7.2	(2.6%)
HON	Honeywell Int'l Inc.	4/29/1999	\$ 62.750	\$64.60	(2.9%)	2.4	7.4%
BGG	Briggs & Stratton	9/20/1999	\$ 51.563	\$117.62	(56.2%)	2.0	0.4%
CTL	CenturyTel, Inc.	3/1/1999	\$ 47.563	\$45.97	3.5%	2.0	(0.3%)
DAL	Delta Air Lines, Inc.	3/1/1999	\$ 48.625	\$66.79	(27.2%)	0.9	0.0%
G	Gillette Company	6/23/1999	\$ 40.125	\$48.52	(17.3%)	4.7	(2.0%)
LOW	Lowes Companies	9/27/1999	\$ 56.625	\$61.77	(8.3%)	3.8	9.2%
MLHR	Herman Miller, Inc.	7/5/1999	\$ 24.125	\$46.47	(48.1%)	3.2	6.9%
NYT	New York Times Co.	3/1/1999	\$ 47.625	\$48.21	(1.2%)	2.6	2.6%
NUE	Nucor Corporation	3/1/1999	\$ 54.500	\$57.99	(6.0%)	1.7	(3.2%)
PFE	Pfizer, Inc.	6/23/1999	\$ 33.250	\$42.73	(22.2%)	10.9	(1.8%)
WEN	Wendy's International	3/1/1999	\$ 20.625	\$29.86	(30.9%)	1.7	(1.5%)
Average:					(19.7%)	Average:	1.2%
						S&P 500	0.3%

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales		EBIT Margin %	Quarterly ROC	Quarterly Sales Y/Y	Yield	PE Last 12M	Price/Book	Price/Sales
	Growth Last 12M								
AC	30.1%		27.7%	52.7%	36.2%	6.5%	13.9	11.9	3.1
HON	(0.3%)		13.0%	11.6%	2.6%	1.1%	21.4	6.0	2.1
BGG	14.2%		12.0%	26.4%	33.5%	2.3%	9.7	3.4	0.8
CTL	16.0%		30.4%	10.9%	4.3%	0.4%	27.5	4.2	3.8
DAL	2.8%		12.7%	10.9%	2.0%	0.2%	6.2	1.5	0.5
G	(0.0%)		23.1%	18.5%	(0.9%)	1.5%	32.6	9.4	4.5
LOW	22.4%		6.8%	11.0%	30.1%	0.2%	29.7	5.6	1.2
MLHR	1.5%		12.7%	23.8%	5.7%	0.6%	13.1	8.7	1.1
NYT	3.7%		17.5%	11.9%	6.9%	0.9%	23.7	4.6	2.4
NUE	(12.2%)		9.9%	12.6%	1.6%	1.0%	21.2	2.1	1.2
PFE	22.1%		27.0%	20.8%	19.8%	1.0%	53.3	16.0	8.8
WEN	2.0%		12.6%	9.7%	11.4%	1.2%	19.7	2.6	1.4

Intrinsic Value Weekly

ECONOMIC SECTOR VALUATION

<u>SECTORS</u>	<u>S&P 500</u>		<u>S&P MIDCAP</u>		<u>S&P SMALL CAP</u>
BASIC INDUSTRY	31.0%	➡	(28.9%)		(11.4%)
CONSUMER CYCLICALS	(3.0%)	➡	(21.1%)	➡	(18.2%)
CONSUMER STAPLES	(6.9%)		(11.8%)	➡	(16.1%)
HEALTH	➡ (35.7%)		(13.9%)	➡	(22.2%)
ENERGY	4.1%		37.1%		(8.2%)
FINANCIAL	➡ (14.8%)	➡	(30.5%)	➡	(34.7%)
CAPITAL GOODS	19.0%		6.9%		(1.4%)
TECHNOLOGY	33.8%		25.4%		63.3%
COMMUNICATIONS	20.1%		63.9% *		35.5% *
UTILITY	➡ (23.8%)	➡	(30.0%)	➡	(12.2%)
TRANSPORTATION	➡ (27.3%)	➡	(36.6%)	➡	(15.8%)
Weighted Total:	7.3%		(3.7%)		4.8%

RED - Overvalued

BLUE - (Undervalued)

Bold - outperformed the relevant index

WEEKLY PRICE CHANGE

<u>SECTORS</u>	<u>S&P 500</u>		<u>S&P MIDCAP</u>		<u>S&P SMALL CAP</u>	
	Weight	Price	Weight	Price	Weight	Price
prices as of 12/17/1999	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	3.0%	8.1%	4.7%	(0.4%)	3.9%	0.1%
CONSUMER CYCLICALS	9.3%	8.2%	15.2%	(1.4%)	17.7%	(3.2%)
CONSUMER STAPLES	11.3%	(3.9%)	8.8%	(1.6%)	7.5%	(3.6%)
HEALTH	9.3%	(11.6%)	9.8%	(2.3%)	9.7%	3.4%
ENERGY	5.0%	(6.3%)	4.7%	(2.3%)	2.8%	(8.8%)
FINANCIAL	13.1%	(7.9%)	11.5%	(9.6%)	10.9%	(5.7%)
CAPITAL GOODS	8.2%	1.1%	7.9%	(0.8%)	13.1%	(0.0%)
TECHNOLOGY	29.5%	8.6%	25.9%	0.0%	26.6%	8.1%
COMMUNICATIONS	8.4%	(2.6%)	1.5%	(3.3%) *	0.6%	(15.6%) *
UTILITY	2.3%	(0.5%)	9.0%	(2.9%)	3.8%	(3.1%)
TRANSPORTATION	0.7%	(0.1%)	1.0%	(7.6%)	3.3%	2.2%
Index Total:		0.3%		(0.6%)		(0.7%)

* Sector contains only 3 companies

Weekly price changes may not match prior issues due to changes in composition of sectors.

Sector Comments The overall market is becoming more over-priced each week. On average we calculate that excess at some \$809 billion in total. Most of the over-pricing is in Technology, Communications, Capital Goods and Basic Industry, the large capitalization sectors which account for 49.1% of the Standard & Poors 500 Index. The large cap Technology Sector alone has gained more than 10 percentage points share of the aggregate market value of the index, from 19.1% at year-end 1998 to 29.5% today. This outperformance is reminiscent of the mania for energy stocks in the 1970's when the only way to outperform the market was to own more than the market's share of the best performing group. This happened largely because few areas other than Energy were in favor, as now with Technology. The large cap Technology Sector is up 69% year-to-date, Basics up 22%, Capital Goods up 20.6, Communications up 19.9%. Only the Consumer Cyclicals, up 19.2% and the Energy sector, up 15.6% come close. All the rest of the sectors have declined in price this year. So being in the right sector has been the total game this year.

Intrinsic Value Weekly will return January 3, 2000. **Happy Holidays to all our readers!**

(\$millions)	<u>Large Capitalization</u>		<u>Mid-Cap Capitalization</u>		<u>Small-Cap Capitalization</u>
\$	11,753,987	90.8%	\$852,730	6.6%	\$ 344,348
					2.7%

Intrinsic Value Weekly

Technology Has won the year with a Spectacular Performance...where's the value?

Page 3

Company Name	Ticker	Market Value - Equity	Quarterly Sales Growth	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Cash Flow	Return on Capital	Dividend Yield
3COM CORP	COMS	\$16,806	-1.3%	48.8	85.54	10.0	31.8	4.5	25.7	17.70	0.0%
ADAPTEC INC	ADPT	\$4,933	35.0%	48.3	171.23	12.4	33.9	7.2	210.0	7.79	0.0%
ADC TELECOMMUNICATIONS I	ADCT	\$9,742	47.0%	64.9	289.90	11.3	90.4	7.9	41.3	15.35	0.0%
ADOBE SYSTEMS INC	ADBE	\$6,377	14.2%	67.5	121.72	18.5	17.4	16.2	50.9	26.95	0.1%
ADVANCED MICRO DEVICES	AMD	\$4,258	-3.5%	28.8	(84.16)	(5.6)	(31.4)	2.0	11.5	(4.13)	0.0%
AMERICA ONLINE INC	AOL	\$190,007	46.8%	85.1	1,398.27	15.0	175.6	52.9	189.9	21.95	0.0%
ANALOG DEVICES	ADI	\$13,773	44.8%	79.0	426.36	14.4	49.6	8.2	51.9	10.69	0.0%
ANDREW CORP	ANDW	\$1,467	-2.5%	17.9	9.92	19.6	37.7	2.3	10.7	27.71	0.0%
APPLE COMPUTER INC	AAPL	\$16,080	-14.1%	100.0	353.04	6.3	23.3	8.9	32.2	12.58	0.0%
APPLIED MATERIALS INC	AMAT	\$41,909	132.6%	110.8	681.59	10.8	50.5	11.5	71.0	10.72	0.0%
AUTODESK INC	ADSK	\$1,844	14.1%	29.9	28.84	20.4	104.7	3.0	10.4	36.55	0.8%
AUTOMATIC DATA PROCESSIN	AUD	\$31,295	8.5%	50.1	122.79	15.2	42.6	7.7	32.2	16.04	0.6%
BMC SOFTWARE INC	BMCS	\$17,601	41.4%	72.6	174.00	36.1	59.7	12.9	42.1	36.98	0.0%
CABLETRON SYSTEMS	CS	\$4,644	-3.8%	26.6	(182.66)	(2.9)	(36.1)	3.6	(35.0)	(3.58)	0.0%
CERIDIAN CORP	CEN	\$2,932	17.9%	20.3	19.95	18.9	17.7	4.8	13.3	23.69	0.0%
CISCO SYSTEMS INC	CSCO	\$330,466	49.3%	99.7	582.09	28.6	146.2	25.0	126.3	36.79	0.0%
CITRIX SYSTEMS INC	CTXS	\$11,028	56.4%	123.7	758.55	45.8	78.4	27.4	139.3	38.38	0.0%
COMPAQ COMPUTER CORP	CPQ	\$43,595	4.7%	25.8	84.88	2.7	40.7	3.6	(23.5)	7.68	0.3%
COMPUTER ASSOCIATES INTL	CA	\$32,139	32.0%	59.6	73.57	36.4	48.7	12.7	34.2	30.57	0.1%
COMPUTER SCIENCES CORP	CSC	\$13,436	15.1%	83.9	143.98	7.8	28.1	4.3	17.9	15.73	0.0%
COMPUWARE CORP	CPWR	\$12,539	55.0%	35.1	51.81	30.8	30.6	11.5	33.0	52.77	0.0%
COMVERSE TECHNOLOGY INC	CMVT	\$8,818	24.5%	124.7	663.71	15.8	55.4	21.8	66.4	17.21	0.0%
DELL COMPUTER CORP	DELL	\$116,231	40.8%	45.6	170.79	10.4	65.2	47.1	74.1	73.34	0.0%
EASTMAN KODAK CO	EK	\$19,291	5.6%	61.1	83.17	11.3	16.7	5.0	8.8	12.36	2.9%
ELECTRONIC DATA SYSTEMS I	EDS	\$28,428	8.3%	59.3	151.71	5.0	60.7	5.4	17.7	8.06	1.0%
EMC CORP/MA	EMC	\$98,316	33.0%	96.6	763.26	19.4	78.6	25.4	100.5	20.65	0.0%
EQUIFAX INC	EFX	\$2,793	4.5%	20.6	19.34	17.4	17.2	9.5	9.7	21.12	1.8%
FIRST DATA CORP	FDC	\$19,728	9.2%	46.9	153.09	18.6	28.8	5.0	24.4	14.42	0.2%
GATEWAY INC	GTW	\$23,155	20.0%	73.6	211.88	6.6	55.5	17.8	51.0	39.20	0.0%
GENERAL INSTRUMENT CORP	GIC	\$13,022	5.0%	75.0	316.46	9.8	77.5	6.7	91.1	11.58	0.0%
GRAINGER (W W) INC	GWV	\$4,319	4.9%	46.3	58.25	5.7	20.1	3.4	13.8	13.03	1.4%
HEWLETT-PACKARD CO	HWP	\$107,237	10.4%	105.3	246.47	6.4	31.5	5.7	22.2	13.05	0.6%
IKON OFFICE SOLUTIONS	IKN	\$867	-4.2%	5.8	28.42	3.8	9.8	0.8	14.0	4.33	2.8%
INTEL CORP	INTC	\$274,172	8.9%	82.1	219.78	24.2	35.0	10.8	30.7	25.75	0.1%
INTL BUSINESS MACHINES CO	IBM	\$198,892	5.2%	109.1	283.18	8.8	23.6	9.8	18.5	9.41	0.4%
KLA-TENCOR CORP	KLAC	\$8,686	33.0%	96.6	1,618.10	3.8	109.8	6.0	96.6	2.60	0.0%
LEXMARK INTL GRP INC -CL A	LXK	\$10,936	13.6%	84.8	186.43	10.6	35.9	18.8	34.9	35.18	0.0%
LSI LOGIC CORP	LSI	\$8,820	36.1%	59.9	575.03	4.7	106.0	5.7	110.6	2.95	0.0%
LUCENT TECHNOLOGIES INC	LU	\$246,968	31.6%	81.0	538.55	9.6	64.1	34.8	112.9	15.16	0.1%
MICRON TECHNOLOGY INC	MU	\$19,162	56.2%	71.5	(1,687.99)	(1.5)	(257.9)	4.5	27.4	(1.09)	0.0%
MICROSOFT CORP	MSFT	\$593,307	28.4%	115.3	416.44	50.9	55.7	16.9	71.2	44.57	0.0%
MOTOROLA INC	MOT	\$80,134	7.5%	131.6	1,700.27	1.6	110.9	5.6	64.0	2.18	0.4%
NATIONAL SEMICONDUCTOR (NSM	\$7,547	0.7%	44.0	(77.96)	(15.1)	(10.7)	8.0	(12.3)	(16.35)	0.0%
NETWORK APPLIANCE INC	NTAP	\$10,804	90.0%	144.7	1,678.35	20.0	170.6	29.0	240.8	30.23	0.0%
NORTEL NETWORKS CORP	NT	\$123,142	30.2%	90.4	605.44	6.9	(103.3)	8.9	474.1	9.69	0.2%
NOVELL INC	NOVL	\$8,225	15.8%	24.6	123.62	9.1	34.3	4.4	46.7	6.36	0.0%
ORACLE CORP	ORCL	\$129,110	12.9%	90.7	520.62	15.6	67.8	26.3	79.5	30.21	0.0%

FOR INFORMATIONAL PURPOSES ONLY The information contained in this publication has been obtained from a variety of sources. We cannot vouch for their reliability. However, through our analysis we attempt to provide reliable information. We do not guarantee accuracy or completeness. Intrinsic Value Weekly is published solely for informational purposes and should not be construed as a solicitation to buy or sell any security. All opinions and estimates included in this report represent our judgment as of this date and are subject to change without notice. Delivery of this publication shall not, under any circumstances, create any implication that there has been no change in the information provided herein from the date of this report which is December 20, 1999. Intrinsic Value Associates, LLC or its affiliates may maintain ownership positions in any of the companies mentioned in this report

@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Bold Blue - Favorable Drivers

Source: Standard & Poors Corporation Compustat PC Plus®, Intrinsic Value Associates, LLC

Intrinsic Value Weekly

Technology Has won the year with a Spectacular Performance...where's the value?

Page 4

Company Name	Ticker	Market Value - Equity	Quarterly Sales Growth	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Cash Flow	Return on Capital	Dividend Yield
PARAMETRIC TECHNOLOGY C	PMTC	\$8,212	12.0%	30.5	46.67	32.7	51.6	18.6	61.2	61.86	0.0%
PAYCHEX INC	PAYX	\$10,086	18.2%	40.8	133.35	16.0	60.8	22.6	62.4	48.36	0.9%
PE CORP	PEB	\$12,897	13.4%	99.9	849.37	6.6	94.9	15.3	106.3	6.75	0.3%
PEOPLESOFT INC	PSFT	\$5,308	-13.7%	21.1	28.87	20.0	(33.0)	6.6	25.2	44.20	0.0%
PERKINELMER INC	PKI	\$1,808	102.8%	39.3	182.02	2.8	91.4	4.6	11.5	4.92	1.4%
POLAROID CORP	PRD	\$833	3.2%	18.8	(282.59)	(1.0)	(8.9)	2.2	20.8	(1.00)	3.2%
QUALCOMM INC	QCOM	\$73,524	14.4%	455.0	3,283.77	15.9	268.4	20.4	204.6	21.65	0.0%
RAYTHEON CO -CL B	RTN.B	\$8,629	-0.4%	25.5	21.48	12.3	14.1	1.0	5.3	10.06	3.1%
SCIENTIFIC-ATLANTA INC	SFA	\$4,291	35.7%	54.7	394.50	3.0	40.0	6.1	28.5	4.82	0.1%
SEAGATE TECHNOLOGY	SEG	\$9,231	8.3%	44.3	53.95	8.8	7.0	2.4	5.8	11.69	0.0%
SHARED MEDICAL SYSTEMS C	SMS	\$1,325	7.7%	49.3	68.56	8.3	14.9	2.9	12.3	14.13	1.7%
SILICON GRAPHICS INC	SGI	\$1,781	-5.1%	9.7	(16.65)	(3.6)	(14.6)	1.2	6.4	(4.86)	0.0%
SUN MICROSYSTEMS INC	SUNW	\$117,354	25.3%	75.1	340.72	13.6	85.9	21.4	70.4	32.14	0.0%
TEKTRONIX INC	TEK	\$1,714	-40.4%	36.5	137.59	2.3	42.5	2.6	84.6	3.74	1.3%
TELLABS INC	TLAB	\$25,444	38.8%	63.3	244.12	25.1	52.1	18.3	54.1	33.63	0.0%
TERADYNE INC	TER	\$8,423	48.3%	49.2	208.41	8.5	58.1	7.1	46.4	11.60	0.0%
TEXAS INSTRUMENTS INC	TXN	\$80,777	12.8%	101.9	616.21	10.3	66.2	11.5	50.5	11.41	0.2%
UNISYS CORP	UIS	\$9,530	4.1%	30.8	52.97	10.0	17.3	76.1	14.6	19.58	0.0%
XEROX CORP	XRX	\$14,069	0.5%	21.2	25.45	17.1	10.6	3.7	9.9	11.36	3.8%
XILINX INC	XLNX	\$13,033	52.5%	81.8	425.11	23.5	75.2	15.9	79.2	17.56	0.0%
YAHOO INC	YHOO	\$92,134	133.9%	350.0	53,503.33	23.7	1,418.3	79.0	1,945.6	14.61	0.0%

FOR INFORMATIONAL PURPOSES ONLY The information contained in this publication has been obtained from a variety of sources. We cannot vouch for their reliability. However, through our analysis we attempt to provide reliable information. We do not guarantee accuracy or completeness. Intrinsic Value Weekly is published solely for informational purposes and should not be construed as a solicitation to buy or sell any security. All opinions and estimates included in this report represent our judgment as of this date and are subject to change without notice. Delivery of this publication shall not, under any circumstances, create any implication that there has been no change in the information provided herein from the date of this report which is December 20, 1999. Intrinsic Value Associates, LLC or its affiliates may maintain ownership positions in any of the companies mentioned in this report

@AF - Annual Figure @NA - Not available @CF - Combined Figure @SF - SemiAnnual Figure

Bold Blue - Favorable Drivers

Source: Standard & Poors Corporation Compustat PC Plus®, Intrinsic Value Associates, LLC