

Intrinsic Value Weekly

Volume 4, No. 16

Published Weekly by Intrinsic Value Associates, LLC

April 16, 2001

"No Mo' Mo"

How long will the slowdown last? You can tell the investment time horizon of the person asking that question easily: it's short. The momentum players long for the resumption of momentum so they'll know what to do. Without momentum, they're clueless. The value guys are now climbing all over the Technology group looking for good balance sheets, no debt, a solid if not spectacular long term industry position. And last, but not least, a low valuation. But, as with all cyclical groups, Technology PE multiples are rising now, as earnings estimates continue to fall. Without some longer term framework, even the value investors don't have a handle on this market. But then, if they did, the stocks might not have fallen as much as they have. One caveat for the bargain hunting value investor: be careful of shifting paradigms. As much as we believe that the growth rates of revenue will recover for nearly all the Technology companies, there is a shift still going on from computing to connectivity and network efficiency. Price elasticities will continue to drive the box makers revenue over time. And FCC reform of the telecom mess will likely presage a recovery in the health of many of the current communications basket cases. But the longer term big winners are more likely to come at the edge of the fiber network. See the Gilder Technology Report for more information (we're not affiliated). The terrific growth in the availability of bandwidth is not matched by the ability to connect to it. Just ask anyone with a 56k modem. This will change and there will be relative winners and losers. Avoid anyone who produces anything electro-mechanical for the network.

The Intrinsic Value Portfolio did pretty well without any Tech stocks last week. But the discounts to intrinsic value continue to be large, but continue to shrink. We don't expect a huge surge until prospects for the economy are clearer. But then the discounts will probably be smaller.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	4/12/2001	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change
BGP	Borders Group, Inc.	9/22/2000	\$ 17.100	\$29.31	(41.7%)	1.4	0.0%
BGG	Briggs & Stratton	9/22/2000	\$ 39.840	\$98.87	(59.7%)	1.3	3.2%
CTL	CenturyTel, Inc.	9/22/2000	\$ 29.300	\$40.74	(28.1%)	1.3	4.6%
DAL	Delta Air Lines, Inc.	3/6/2000	\$ 41.040	\$66.30	(38.1%)	0.8	3.9%
MLHR	Herman Miller, Inc.	3/6/2000	\$ 24.520	\$46.28	(47.0%)	2.4	2.7%
NUE	Nucor Corporation	9/22/2000	\$ 45.750	\$60.65	(24.6%)	1.2	13.4%
WEN	Wendy's International	3/26/2001	\$ 23.210	\$30.37	(23.6%)	1.9	2.6%
Average:					(37.5%)	Average:	4.3%
S&P 500							4.9%

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Capital Turnover	Sales Growth		Return On Capital	Quarterly Sales Y/Y	Yield	PE Last 12M	Price/Book	Price/ Sales	Market Cap (\$billions)
		Last 12M	EBIT Margin %							
BGP	1.6	9.2%	5.2%	8.5%	9.0%	0.0%	13.9	1.6	0.4	1.3
BGG	2.2	(13.5%)	12.9%	30.5%	(12.9%)	3.1%	10.3	2.0	0.6	0.9
CTL	0.3	10.1%	28.5%	9.8%	23.6%	0.7%	17.4	2.2	2.2	4.1
DAL	0.6	13.8%	10.4%	11.6%	1.5%	0.2%	5.3	0.9	0.3	5.0
MLHR	1.9	18.0%	12.1%	17.6%	12.6%	0.6%	11.9	6.1	0.9	1.9
NUE	1.5	14.4%	10.4%	15.9%	(7.5%)	1.5%	10.5	1.5	0.8	3.5
WEN	1.1	8.2%	13.9%	15.7%	7.6%	1.0%	15.1	2.5	1.2	2.7

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	(3.7%)	(29.5%)	(17.2%)
CONSUMER CYCLICALS	(29.5%)	(18.0%)	(13.7%)
CONSUMER STAPLES	(14.8%)	(16.2%)	1.6%
HEALTH	(31.2%)	(8.1%)	(1.3%)
ENERGY	13.1%	114.1%	82.9%
FINANCIAL	(17.9%)	(22.1%)	(30.8%)
CAPITAL GOODS	(23.2%)	(10.9%)	(13.0%)
TECHNOLOGY	(52.8%)	(35.9%)	(23.6%)
COMMUNICATIONS	(39.2%)	1.4%	(18.9%) *
UTILITY	(1.1%)	(17.9%)	(11.7%)
TRANSPORTATION	(35.9%)	(23.2%)	(12.9%)
Weighted Total:	(25.8%)	(10.2%)	(6.8%)

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 4/12/2001	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	2.6%	5.0%	4.2%	3.6%	4.5%	(0.9%)
CONSUMER CYCLICALS	8.6%	(0.5%)	14.4%	1.4%	18.2%	2.3%
CONSUMER STAPLES	11.8%	0.4%	8.0%	1.6%	9.9%	0.7%
HEALTH	13.3%	0.4%	11.5%	9.1%	11.8%	4.9%
ENERGY	7.0%	1.9%	7.8%	6.4%	7.7%	4.4%
FINANCIAL	17.3%	4.7%	16.7%	4.6%	11.6%	0.3%
CAPITAL GOODS	9.3%	7.5%	6.8%	5.7%	12.7%	6.3%
TECHNOLOGY	19.4%	14.4%	18.6%	3.4%	15.5%	19.4%
COMMUNICATIONS	6.1%	3.0%	1.5%	12.9%	0.3%	44.7% *
UTILITY	4.0%	4.4%	8.6%	6.6%	4.5%	2.8%
TRANSPORTATION	0.6%	3.1%	1.9%	(0.0%)	3.2%	3.5%
Index Total:		4.9%		6.2%		4.8%

* Sector contains only 4 companies

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

Sector Comments: An analyst on Wall Street finally had the guts to stand up amid the chaos and speak about the ridiculously low pricing of one section of the Technology Sector on Wednesday this past week. The logic he used was familiar. It addressed the cyclical nature of technology stocks and, though it appeared Wednesday, seemed to reflect much of our arguments of last Monday. At any rate, the Technology stocks roared afterward and, with the exception of the Mid Cap Techs, recovered a bit of the vast under-valuation we have been harping about. More to come, but the volatility of the news stream will very likely continue until really hard evidence of an upturn in orders presages a recovery in revenue and profits. For now, expect rallies if nothing gets worse than the present bleak sector condition.

The rest of the market didn't actually do much last week. Basic's popped on a bullish steel outlook from CS First Boston. Capital Goods makers jumped when GE reported on-target results and, since GE is a large portion of the Large Cap CG makers, it moved the group. But many consumer stocks were weak on continued under-whelming confidence and worries about the reverse of the wealth effect: the poverty effect.

Utilities bounced back from the bankruptcy-induced weakness of PCG. The outlook for increasingly available megawatts is improving, but the political morass now includes the Federal Energy Regulatory Commission (FERC). Whether to slap on price controls at the wholesale level? Dumb question. Don't.

Page 3 this week focuses its value driver data table on an improving group: Large Cap Financials

(\$millions)	<u>Large Capitalization</u>		<u>Mid-Cap Capitalization</u>		<u>Small-Cap Capitalization</u>	
	\$ 10,397,317	90.2%	\$792,111	6.9%	\$ 332,112	2.9%

Intrinsic Value Weekly

Large Cap Financials Have The Wind at Their Backs

Page 3

Company Name	Ticker	Market Value - Equity	12 Mo.	Current Price	Return on Assets	NOPAT Margin	PE Ratio	Price/Book Ratio	Leverage At Market	Return on Capital	Dividend Yield
			Quarterly Sales Growth								
AFLAC INC	AFL	\$8,134	5.2%	27.7	2.8%	10.61	21.2	3.8	65.5%	2.93	0.6%
ALLSTATE CORP	ALL	\$29,666	3.0%	40.8	3.2%	11.45	14.1	2.0	74.4%	3.22	1.9%
AMBAC FINANCIAL GP	ABK	\$6,514	14.4%	61.7	5.1%	83.66	18.2	3.3	52.8%	11.46	0.5%
AMERICAN EXPRESS	AXP	\$51,966	7.9%	39.2	2.5%	15.46	19.5	5.5	73.3%	3.13	0.8%
AMERICAN GENERAL CORP	AGC	\$19,785	4.8%	42.8	2.4%	26.29	19.0	3.0	85.0%	2.50	2.2%
AMERICAN INTERNATIONAL GI AIG	AIG	\$181,485	48.1%	77.8	3.6%	24.11	33.1	5.6	58.9%	3.93	0.2%
AMSOUTH BANCORPORATION	ASO	\$6,018	(9.3%)	16.1	1.5%	15.59	19.5	2.2	85.7%	4.22	5.2%
AON CORP	AOC	\$8,899	4.4%	34.2	4.8%	14.59	19.3	2.7	67.8%	8.33	2.6%
BANK OF AMERICA CORP	BAC	\$85,442	11.1%	53.0	1.9%	21.51	12.0	1.9	87.4%	4.42	4.2%
BANK OF NEW YORK CO INC	BK	\$36,626	18.9%	49.5	3.6%	36.70	25.3	7.1	66.0%	13.82	1.5%
BANK ONE CORP	ONE	\$40,548	1.3%	35.0	2.5%	25.64	(80.4)	2.1	86.0%	6.56	2.4%
BB&T CORP	BBT	\$13,886	14.3%	34.6	2.1%	23.74	22.4	3.0	79.7%	6.75	2.7%
BEAR STEARNS COMPANIES IN	BSC	\$5,379	(20.2%)	49.4	3.6%	59.70	9.9	1.0	96.4%	5.43	1.2%
CAPITAL ONE FINL CORP	COF	\$11,793	42.8%	59.8	6.5%	22.76	23.2	7.2	58.9%	12.08	0.2%
CHARTER ONE FINL INC	CF	\$5,616	26.7%	27.0	2.0%	25.27	13.9	2.4	84.5%	5.09	2.7%
CHUBB CORP	CB	\$11,706	8.7%	66.9	3.6%	12.49	17.7	2.0	60.7%	6.93	2.0%
CINCINNATI FINANCIAL CORP	CINF	\$5,873	13.5%	36.5	1.4%	7.92	51.3	1.1	39.8%	1.50	2.3%
CIT GROUP INC	CIT	\$7,754	58.4%	31.0	7.2%	56.85	12.3	1.4	82.0%	8.00	1.3%
CITIGROUP INC	C	\$237,551	21.2%	47.3	6.5%	52.35	16.7	3.5	77.7%	10.99	1.2%
COMERICA INC	CMA	\$9,424	15.9%	60.1	4.6%	47.38	13.1	3.0	79.7%	12.72	2.9%
CONSECO INC	CNC	\$4,997	(10.9%)	15.4	1.3%	9.53	(4.6)	1.0	90.8%	1.42	1.3%
COUNTRYWIDE CREDIT IND IN	CCR	\$5,204	48.5%	44.2	7.9%	39.97	15.1	1.9	65.1%	8.56	0.9%
FANNIE MAE	FNM	\$74,167	12.7%	74.5	6.3%	97.49	18.7	5.0	88.1%	6.87	1.6%
FED HOME LOAN MTG CO	FRE	\$41,659	23.0%	60.2	6.2%	95.75	19.1	5.4	90.8%	6.90	1.3%
FIFTH THIRD BANCORP	FITB	\$24,000	16.0%	51.5	2.9%	30.61	28.7	5.1	63.1%	8.61	1.6%
FIRST UNION CORP (N C)	FTU	\$31,280	(22.2%)	31.9	0.6%	6.59	275.0	2.1	88.4%	1.35	3.0%
FLEETBOSTON FINANCIAL COF	FBF	\$35,455	(3.3%)	39.1	2.8%	23.43	10.1	2.2	81.9%	6.62	3.4%
FRANKLIN RESOURCES INC	BEN	\$10,439	(0.3%)	42.8	18.1%	30.27	16.6	3.2	9.4%	21.56	0.6%
GOLDEN WEST FINANCIAL COI	GDW	\$9,671	48.6%	61.1	1.6%	22.19	18.9	2.8	84.3%	4.33	0.4%
HARTFORD FINL SVCS GRP IN	HIG	\$13,229	13.5%	58.5	0.9%	10.98	13.3	2.3	92.5%	1.06	1.7%
HOUSEHOLD INTERNATIONAL	HI	\$28,921	27.5%	61.4	8.5%	54.67	16.5	4.3	70.2%	10.44	1.2%
HUNTINGTON BANCSHARES	HBAN	\$3,572	4.8%	14.2	1.8%	19.60	10.8	1.5	88.0%	5.64	5.6%
J P MORGAN CHASE & CO	JPM	\$87,496	@AF	45.4	1.3%	15.33	15.0	2.1	88.3%	3.01	2.8%
JEFFERSON-PILOT CORP	JP	\$6,959	31.2%	45.1	3.2%	27.21	13.7	2.5	77.0%	3.37	2.2%
KEYCORP	KEY	\$10,806	9.3%	25.5	1.6%	16.65	11.1	1.6	88.2%	3.47	4.6%
LEHMAN BROTHERS HOLDING	LEH	\$15,855	6.5%	67.1	9.5%	80.86	9.7	2.1	91.9%	11.52	0.4%
LINCOLN NATIONAL CORP	LNC	\$8,290	(1.8%)	43.5	1.1%	15.96	13.1	1.6	92.0%	1.08	2.8%
LOEWS CORP	LTR	\$11,530	14.0%	58.5	6.2%	21.37	6.3	1.2	83.3%	6.23	0.9%
MARSH & MCLENNAN COS	MMC	\$25,063	6.1%	90.8	15.8%	21.45	21.8	6.1	16.0%	17.62	2.2%
MBIA INC	MBI	\$7,391	11.1%	75.0	5.5%	72.69	15.0	2.3	55.2%	5.88	1.2%
MBNA CORP	KRB	\$28,408	25.7%	33.4	5.5%	26.95	20.9	4.3	53.0%	16.02	1.1%
MELLON FINANCIAL CORP	MEL	\$18,934	5.6%	38.9	3.1%	26.46	19.8	4.8	70.9%	11.30	2.3%
MERRILL LYNCH & CO	MER	\$50,666	23.8%	62.4	6.0%	54.21	11.8	2.5	88.4%	8.75	1.0%
METLIFE INC	MET	\$22,706	61.6%	29.9	0.8%	6.39	24.4	1.4	91.0%	0.85	0.7%
MGIC INVESTMENT CORP/WI	MTG	\$6,757	22.9%	63.5	16.9%	52.41	13.5	4.1	17.3%	16.67	0.2%
MOODYS CORP	MCO	\$4,578	14.7%	28.5	72.4%	47.90	28.1	@NA	2.6%	1,092.80	0.6%

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 April 16, 2001. 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

Red - Warning

Bold Blue - Favorable Drivers

Source: Standard & Poors Corporation Compustat Research Insight®, Intrinsic Value Associates, LLC

Intrinsic Value Weekly

Large Cap Financials Have The Wind at Their Backs

Page 4

Company Name	Ticker	Market Value - Equity	12 Mo. Quarterly Sales Growth	Current Price	Return on Assets	NOPAT Margin	PE Ratio	Price/Book Ratio	Leverage At Market	Return on Capital	Dividend Yield
MORGAN STANLEY DEAN WITTM	MWD	\$66,420	10.3%	59.6	6.4%	59.8	11.8	3.2	86.1%	9.93	1.5%
NATIONAL CITY CORP	NCC	\$16,448	8.3%	27.0	2.2%	21.6	12.5	2.4	83.2%	5.49	4.2%
NORTHERN TRUST CORP	NTRS	\$13,985	21.9%	62.9	2.0%	20.5	28.8	5.9	70.4%	7.07	1.0%
PNC FINANCIAL SVCS GROUP	PNC	\$19,465	11.4%	67.1	2.6%	24.2	16.4	3.1	76.4%	7.23	2.9%
PRICE (T. ROWE) GROUP	TROW	\$4,132	2.4%	33.8	32.2%	39.0	14.1	3.9	16.0%	37.54	1.8%
PROGRESSIVE CORP-OHIO	PGR	\$6,908	10.1%	94.0	1.1%	1.7	154.0	2.6	51.0%	1.25	0.3%
PROVIDIAN FINANCIAL CORP	PVN	\$13,601	35.8%	47.6	7.2%	22.0	21.4	6.9	54.1%	29.60	0.3%
REGIONS FINL CORP	RGBK	\$6,668	8.4%	30.3	1.5%	17.5	11.9	1.8	85.8%	5.37	3.7%
SAFECO CORP	SAFC	\$3,526	4.0%	27.6	1.1%	4.7	31.3	0.8	88.4%	1.06	5.4%
SCHWAB (CHARLES) CORP	SCH	\$25,828	10.2%	18.6	3.7%	19.9	29.1	8.4	56.8%	18.66	0.2%
SOUTHTRUST CORP	SOTR	\$7,626	10.9%	45.1	1.6%	18.1	15.9	2.3	84.6%	4.68	2.5%
ST PAUL COS	SPC	\$9,226	14.3%	42.3	3.8%	18.1	9.6	1.5	78.4%	3.91	2.7%
STATE STREET CORP	STT	\$15,367	25.7%	95.0	1.3%	15.3	25.2	4.6	81.1%	3.12	0.8%
STILWELL FINL INC	SV	\$6,580	37.6%	30.1	58.5%	41.1	9.0	@NA	0.6%	74.68	0.1%
SUNTRUST BANKS INC	STI	\$19,026	20.7%	64.2	1.9%	22.8	14.9	2.3	83.4%	5.70	2.5%
SYNOVUS FINANCIAL CP	SNV	\$7,657	17.6%	26.9	2.7%	21.2	29.0	5.4	63.7%	11.95	1.9%
TORCHMARK CORP	TMK	\$4,870	9.3%	38.5	4.8%	24.5	13.7	2.6	66.0%	4.93	0.9%
U S BANCORP	USB	\$22,333	11.9%	23.5	2.9%	31.6	17.4	3.4	76.1%	10.49	3.2%
UNION PLANTERS CORP	UPC	\$5,071	9.2%	37.6	1.7%	19.7	12.7	1.8	86.2%	5.62	5.3%
UNUMPROVIDENT CORP	UNM	\$6,812	(2.0%)	28.3	2.6%	11.1	12.5	1.4	82.6%	2.73	2.1%
USA EDUCATION INC	SLM	\$11,613	19.7%	70.8	7.4%	86.2	25.6	16.9	80.0%	7.72	1.0%
WACHOVIA CORP	WB	\$12,246	12.7%	60.2	1.9%	19.7	14.7	2.0	84.7%	5.19	4.0%
WASHINGTON MUTUAL INC	WM	\$29,141	15.8%	54.0	1.5%	18.9	15.4	2.9	86.4%	2.71	2.3%
WELLS FARGO & CO	WFC	\$81,909	29.6%	47.8	2.7%	26.3	21.0	3.2	75.0%	7.70	2.0%

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 April 16, 2001. 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

Red - Warning

Bold Blue - Favorable Drivers

Source: Standard & Poors Corporation Compustat Research Insight®, Intrinsic Value Associates, LLC