

Intrinsic Value Weekly

Volume 4, No. 19

Published Weekly by Intrinsic Value Associates, LLC

May 7, 2001

"Updates"

Borders Group (BGP - NYSE) is still priced at a steep discount to intrinsic value even though it has risen 61% this year. Some of that rise was after announcing that it was out-sourcing its online activity to Amazon. But most was simply closing the value gap. The company's sales progress has been good, with sales rising 10.2% during 2000. Further, its Waldenbooks unit continues flat and thus becomes a smaller part of the sales mix each year. We expect that the company's focus will improve as management is trained by the market to understand that low-profit, low-growth high-capital expenditure diversification will minimize rather than maximize shareholder value. A deal to off-load the Waldenbooks unit would help too. Meanwhile, shareholders have a considerable value gap remaining.

Wendy's International (WEN - NYSE) continues to put in solid sales numbers and, in spite of higher food and energy costs, has kept its margins under pretty good control. Though operating margins shrank by 200 basis points in the first quarter, due largely to higher beef costs and more expensive electricity. Yet net income grew at the same rate as sales, about 7%. Other income accounted for all the difference and was one-time expense in 2000. So, margins will stay under pressure. The company has in place strategies to combat both beef costs and energy costs, so the deterioration may moderate somewhat. Long term, we expect both food costs and energy costs to cause an increase in supplies and less pressure on their relative prices. Clearly, the company is focused on keeping costs under control and offering more menu value by increased diversity and new products. The intrinsic value gap is moderate at 17% and with news on beef issues and rolling blackouts likely to continue, only a long term view justifies continued holding.

The Intrinsic Value Portfolio has beaten the S&P 500 Index by 5.6% this year and, as usual, the excess return is very unevenly distributed with BGP and NUE accounting for virtually all of it. Diversification is necessary. So is a focus on the value gaps. But, do not try to cherry pick. Chances are you'll lose.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	5/4/2001	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change	
BGP	Borders Group, Inc.	9/22/2000	\$ 19.300	\$29.31	(34.2%)	1.5	8.9%	
BGG	Briggs & Stratton	9/22/2000	\$ 40.630	\$98.87	(58.9%)	1.4	(4.2%)	
CTL	CenturyTel, Inc.	9/22/2000	\$ 28.130	\$40.74	(31.0%)	1.3	2.7%	
DAL	Delta Air Lines, Inc.	3/6/2000	\$ 44.960	\$66.30	(32.2%)	0.8	1.0%	
MLHR	Herman Miller, Inc.	3/6/2000	\$ 26.500	\$46.28	(42.7%)	2.6	(0.4%)	
NUE	Nucor Corporation	9/22/2000	\$ 50.980	\$60.65	(15.9%)	1.4	0.2%	
WEN	Wendy's International	3/26/2001	\$ 25.170	\$30.37	(17.1%)	2.1	2.6%	
Average:					(33.1%)	Average:	1.5%	
							S&P 500	1.1%

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	9.1%	5.2%	8.4%	9.0%	0.0%	19.8	1.8	0.5	1.5
BGG	2.2	(15.4%)	12.9%	30.5%	(8.2%)	3.1%	12.4	2.2	0.6	0.9
CTL	0.3	16.3%	28.5%	9.8%	25.0%	0.7%	16.7	2.1	2.0	4.0
DAL	0.6	12.5%	10.4%	11.6%	(1.7%)	0.2%	9.6	1.0	0.3	5.5
MLHR	1.9	18.0%	12.1%	17.6%	12.6%	0.5%	13.6	7.1	1.0	2.0
NUE	1.5	2.3%	10.4%	15.9%	(14.3%)	1.3%	15.5	2.0	0.9	4.0
WEN	1.1	7.7%	13.9%	15.7%	6.9%	1.0%	16.7	2.8	1.3	2.9

Intrinsic Value Weekly

ECONOMIC SECTOR VALUATION

SECTORS	S&P 500	S&P MIDCAP	S&P SMALL CAP
BASIC INDUSTRY	1.6%	(26.8%)	(10.9%)
CONSUMER CYCLICALS	(23.9%)	(9.6%)	(4.6%)
CONSUMER STAPLES	(9.8%)	(11.6%)	8.1%
HEALTH	(28.9%)	0.6%	6.6%
ENERGY	17.9%	119.3%	81.4%
FINANCIAL	(12.8%)	(17.9%)	(28.3%)
CAPITAL GOODS	(16.0%)	(1.2%)	(5.9%)
TECHNOLOGY	(47.5%)	(22.8%)	(14.6%)
COMMUNICATIONS	(36.8%)	15.8%	(3.4%) *
UTILITY	1.6%	(16.4%)	(9.9%)
TRANSPORTATION	(34.1%)	(16.8%)	(8.3%)
Weighted Total:	(21.3%)	(3.5%)	(1.1%)

RED - Overvalued

BLUE - (Undervalued)

Bold - outperformed the relevant index

WEEKLY PRICE CHANGE

SECTORS	S&P 500		S&P MIDCAP		S&P SMALL CAP	
	Weight	Price	Weight	Price	Weight	Price
prices as of 5/4/2001	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	2.5%	1.1%	4.0%	2.6%	4.6%	3.3%
CONSUMER CYCLICALS	8.6%	0.5%	14.5%	2.5%	19.0%	0.8%
CONSUMER STAPLES	12.6%	1.0%	7.7%	1.3%	9.8%	0.6%
HEALTH	12.7%	0.3%	11.5%	1.6%	11.7%	0.0%
ENERGY	6.7%	(3.1%)	7.3%	(4.8%)	6.9%	(4.6%)
FINANCIAL	17.0%	1.1%	16.4%	1.7%	11.1%	1.1%
CAPITAL GOODS	9.5%	0.1%	7.0%	3.0%	12.8%	1.4%
TECHNOLOGY	20.0%	4.4%	19.8%	5.7%	16.4%	2.6%
COMMUNICATIONS	5.9%	(0.0%)	1.6%	4.0%	0.4%	5.1% *
UTILITY	3.8%	(2.4%)	8.2%	(0.3%)	4.3%	0.2%
TRANSPORTATION	0.7%	(1.5%)	1.9%	1.9%	2.9%	1.7%
Index Total:		1.1%		2.0%		1.1%

* Sector contains only 4 companies

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

Sector Comments: Overall market volatility was low last week, a useful respite. Technology continues its gradual recovery, with Large Cap and Mid Cap Tech's leading. The valuation gulf in Large Cap Technology bespeaks a huge dose of skepticism, one echoed in an article in the New York Times Business section that argued that yesterday's winners will not repeat in this recovery. The relative business success of any company in the Technology sector is always in question. But, the group as a whole will gradually close the valuation gap as the cyclical recovery proceeds apace. An increase in merger and acquisition activity is likely, especially for companies that have need of new ideas and products and plenty of balance sheet strength to buy for cash rather than for inflated stock. Right now, cash is king and the leveraged creative have bull-eyes painted on them. More acquisitions by strong companies will rebuild the revenue growth recently sapped by the triad of Y2K, communications/broadband capex recession and tightened credit. Those with the guts and the borrowing power will win.

Energy stocks seem to be losing steam these days, even with gasoline prices in new uptrend. Is the price elasticity of demand working its will? The government's commitment to encourage the further development of energy supplies and the realization that combating cost pressures includes controlling energy use may be the confluence of events to bring energy prices back down. The sector's stocks seem to reflect that and there's no valuation gap in Energy. Page 3 this week highlights the value drivers for Large Consumer Cyclicals.

(\$millions)	Large Capitalization	Mid-Cap Capitalization	Small-Cap Capitalization
	\$ 11,236,399	90.2%	\$ 865,414
			6.9%
			\$ 355,964
			2.9%

Intrinsic Value Weekly

Large Consumer Cyclical Are Up This Year

Page 3

Company Name	Ticker	Market Value - Equity	12 Mo. Quarterly		Free Cash			PE Ratio	Price/Book Ratio	Leverage At Market	Return on Capital	Dividend Yield
			Sales Growth	Current Price	Flow Annuity	NOPAT Margin						
AMERICAN GREETINGS -CL A	AM	\$8,134	7.8%	\$ 11.1	\$ 32.15	10.38	(7.9)	0.6	66.3%	7.97	3.6%	
AUTOZONE INC	AZO	\$3,462	5.4%	\$ 31.0	\$ 56.20	14.02	15.0	3.8	45.4%	16.26	0.0%	
BED BATH & BEYOND INC	BBBY	\$7,632	29.9%	\$ 26.7	\$ 11.75	11.46	46.4	14.2	0.3%	42.75	0.0%	
BEST BUY CO INC	BBY	\$11,749	26.3%	\$ 56.6	\$ 43.15	4.54	30.4	10.1	1.1%	47.17	0.0%	
BLACK & DECKER CORP	BDK	\$3,182	(5.6%)	\$ 39.6	\$ 94.47	13.96	12.9	4.6	42.0%	17.22	1.2%	
BLOCK H & R INC	HRB	\$4,875	29.0%	\$ 53.4	\$ 57.37	19.28	22.6	4.4	29.3%	18.70	2.2%	
BRUNSWICK CORP	BC	\$1,767	(4.4%)	\$ 20.2	\$ 67.90	12.30	9.7	1.6	38.9%	17.17	2.5%	
CARNIVAL CORP	CCL	\$16,413	22.2%	\$ 28.1	\$ 22.47	26.68	17.0	2.6	14.0%	12.50	1.5%	
CENDANT CORP	CD	\$12,985	37.9%	\$ 17.7	\$ 6.45	30.97	18.9	4.7	52.9%	7.97	0.0%	
CENTEX CORP	CTX	\$2,586	16.2%	\$ 43.7	\$ 115.27	9.25	9.0	1.8	49.1%	18.02	0.4%	
CINTAS CORP	CTAS	\$7,528	13.2%	\$ 44.6	\$ 19.48	12.85	34.2	7.1	5.7%	16.94	0.5%	
CIRCUIT CITY STR CRCT CTY C	CC	\$3,064	(8.6%)	\$ 14.9	\$ 23.61	3.09	20.6	1.5	4.4%	6.72	0.5%	
CONSOLIDATED STORES CORI CNS		\$1,261	14.2%	\$ 11.3	\$ 22.68	5.66	12.5	0.9	16.8%	6.72	0.0%	
CONVERGYS CORP	CVG	\$6,012	12.5%	\$ 38.9	\$ 36.38	20.00	27.4	5.1	15.0%	20.59	0.0%	
COOPER TIRE & RUBBER	CTB	\$881	(17.9%)	\$ 12.2	\$ 43.15	8.39	12.8	0.9	60.9%	11.53	3.5%	
COSTCO WHOLESALE CORP	COST	\$16,134	7.4%	\$ 35.9	\$ 33.34	3.45	25.0	3.7	12.4%	16.63	0.0%	
DANA CORP	DCN	\$3,030	(21.7%)	\$ 20.5	\$ 52.40	6.73	50.3	1.1	66.7%	8.15	6.1%	
DELPHI AUTOMOTIVE SYS COF	DPH	\$8,219	(16.3%)	\$ 14.7	\$ 40.18	7.26	24.8	2.2	58.7%	14.57	1.9%	
DILLARDS INC -CL A	DDS	\$1,493	3.2%	\$ 17.0	\$ 27.60	4.72	16.0	0.6	60.5%	5.60	0.9%	
DOLLAR GENERAL CORP	DG	\$5,372	22.5%	\$ 16.3	\$ 14.82	7.35	26.6	5.9	3.9%	27.91	0.8%	
DOW JONES & CO INC	DJ	\$4,731	(16.5%)	\$ 54.5	\$ 87.40	26.42	(23.4)	29.7	22.6%	28.48	1.8%	
FEDERATED DEPT STORES	FD	\$8,554	2.4%	\$ 43.3	\$ 86.64	8.10	(47.8)	1.4	40.1%	11.42	0.0%	
FORD MOTOR CO	F	\$53,914	(1.2%)	\$ 29.1	\$ 66.97	12.32	12.3	@NA	80.3%	8.55	4.1%	
GANNETT CO	GCI	\$17,286	19.2%	\$ 65.4	\$ 82.34	29.64	18.1	3.9	26.8%	18.83	1.3%	
GAP INC	GPS	\$23,997	18.7%	\$ 28.1	\$ 24.82	10.65	26.9	10.6	8.8%	18.39	0.3%	
GENERAL MOTORS CORP	GM	\$30,879	(9.0%)	\$ 56.3	\$ 49.26	8.29	13.0	1.0	88.0%	5.52	3.6%	
GENUINE PARTS CO	GPC	\$4,611	(1.1%)	\$ 26.8	\$ 60.53	9.71	12.2	2.1	31.2%	17.02	4.3%	
GOODYEAR TIRE & RUBBER C	GT	\$3,954	(6.8%)	\$ 24.9	\$ (7.02)	3.84	(70.3)	1.1	71.8%	3.80	4.8%	
HARCOURT GENERAL INC	H	\$4,020	1.0%	\$ 54.9	\$ 60.46	18.04	24.3	5.4	35.1%	24.28	1.5%	
HARLEY-DAVIDSON INC	HDI	\$14,137	11.4%	\$ 46.8	\$ 26.09	17.90	39.1	12.0	4.1%	28.54	0.2%	
HARRAHS ENTERTAINMENT IN	HET	\$4,059	14.8%	\$ 35.0	\$ 47.16	16.03	@NC	2.9	44.8%	11.90	0.0%	
HASBRO INC	HAS	\$2,233	(40.1%)	\$ 13.0	\$ 0.37	2.27	(11.4)	1.3	39.9%	2.65	0.9%	
HILTON HOTELS CORP	HLT	\$4,247	5.0%	\$ 11.5	\$ 15.52	23.62	15.1	2.9	53.7%	8.90	0.7%	
HOME DEPOT INC	HD	\$115,235	14.1%	\$ 49.6	\$ 26.97	9.16	42.4	8.8	1.5%	22.07	0.3%	
IMS HEALTH INC	RX	\$8,146	(6.5%)	\$ 28.0	\$ 18.60	26.08	83.2	16.8	5.8%	36.13	0.3%	
INTERPUBLIC GROUP OF COS	IPG	\$10,856	8.7%	\$ 34.5	\$ 32.30	14.11	36.5	6.0	18.7%	15.01	1.1%	
K MART CORP	KM	\$5,128	4.8%	\$ 10.5	\$ 12.22	1.87	(20.8)	0.8	48.4%	4.08	0.0%	
KB HOME	KBH	\$1,008	2.7%	\$ 29.5	\$ 67.13	7.37	6.4	1.6	67.7%	11.98	1.0%	
KNIGHT-RIDDER INC	KRI	\$4,022	(3.1%)	\$ 54.4	\$ 111.05	21.01	22.1	2.4	31.8%	17.51	1.8%	
KOHL'S CORP	KSS	\$19,747	38.3%	\$ 59.5	\$ 27.61	10.64	54.0	11.8	4.2%	18.03	0.0%	
LEGGETT & PLATT INC	LEG	\$3,981	0.9%	\$ 20.3	\$ 32.99	11.47	16.3	2.3	21.0%	16.67	2.4%	
LIMITED INC	LTD	\$7,240	7.2%	\$ 17.0	\$ 28.16	8.18	16.9	3.4	8.0%	14.11	1.8%	
LIZ CLAIBORNE INC	LIZ	\$2,520	2.1%	\$ 49.2	\$ 92.28	10.53	14.0	3.1	10.0%	29.58	0.9%	
LOWES COS	LOW	\$24,608	19.9%	\$ 64.2	\$ 51.19	7.79	29.7	5.1	10.7%	16.05	0.2%	
MARRIOTT INTL INC	MAR	\$11,062	12.6%	\$ 45.9	\$ 45.43	10.46	21.7	3.4	32.3%	12.51	0.5%	
MASCO CORP	MAS	\$10,229	5.3%	\$ 23.0	\$ 31.65	15.49	17.2	3.3	24.1%	16.05	2.3%	

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 May 4, 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 Consumer Cyclicals Are Up This Year

Page 4

Company Name	Ticker	Market Value - Equity	12 Mo. Quarterly		Free Cash		NOPAT Margin	PE Ratio	Price/Book Ratio	Leverage At Market	Return on Capital	Dividend Yield
			Sales Growth	Current Price	Flow Annuity							
MATTEL INC	MAT	\$6,807	5.6%	\$ 16.0	\$ 16.2	11.5	35.9	3.5	19.7%	12.48	0.0%	
MAY DEPARTMENT STORES C	MAY	\$11,152	8.0%	\$ 37.4	\$ 73.4	12.2	13.6	3.0	29.6%	18.09	2.5%	
MAYTAG CORP	MYG	\$2,613	(1.7%)	\$ 34.3	\$ 69.4	10.6	13.3	6.7	37.6%	17.72	2.1%	
MCGRAW-HILL COMPANIES	MHP	\$12,877	5.5%	\$ 66.0	\$ 53.7	17.9	28.8	7.5	10.0%	20.23	1.5%	
MEREDITH CORP	MDP	\$1,875	(5.1%)	\$ 37.5	\$ 44.8	17.8	30.2	4.4	28.0%	16.14	0.9%	
NEW YORK TIMES CO -CL A	NYT	\$6,695	(7.7%)	\$ 41.2	\$ 60.1	24.5	18.1	5.2	34.9%	21.97	1.1%	
NIKE INC -CL B	NKE	\$11,012	0.4%	\$ 40.6	\$ 34.3	9.1	20.4	3.6	28.0%	12.32	1.2%	
NORDSTROM INC	JWN	\$2,515	5.8%	\$ 18.8	\$ 22.4	5.1	23.6	2.1	37.7%	9.74	1.9%	
OFFICE DEPOT INC	ODP	\$3,118	(1.6%)	\$ 10.5	\$ 16.4	3.1	(316.7)	1.6	21.2%	6.19	0.0%	
OMNICOM GROUP	OMC	\$16,370	16.1%	\$ 88.9	\$ 59.7	13.4	34.2	10.0	9.1%	17.96	0.8%	
PENNEY (J C) CO	JCP	\$5,452	(4.6%)	\$ 20.7	\$ (33.4)	0.2	(8.8)	0.8	54.5%	0.27	2.4%	
PULTE CORP	PHM	\$1,814	7.3%	\$ 43.7	\$ 125.1	10.1	8.2	1.6	47.5%	19.58	0.4%	
RADIOSHACK CORP	RSH	\$5,434	8.8%	\$ 29.3	\$ 51.0	13.5	16.8	7.3	13.3%	23.99	0.8%	
REEBOK INTERNATIONAL LTD	RBK	\$1,549	0.0%	\$ 27.0	\$ 40.6	6.1	16.2	2.7	20.1%	12.90	0.0%	
SEARS ROEBUCK & CO	S	\$12,031	(0.8%)	\$ 36.5	\$ 125.4	8.9	9.7	2.0	63.8%	11.72	2.5%	
SHERWIN-WILLIAMS CO	SHW	\$3,411	(5.2%)	\$ 21.4	\$ 50.8	13.0	419.6	2.3	42.0%	16.00	2.7%	
SNAP-ON INC	SNA	\$1,705	(3.0%)	\$ 29.5	\$ 61.1	13.5	14.2	2.0	39.4%	13.50	3.3%	
STANLEY WORKS	SWK	\$3,074	(9.9%)	\$ 36.1	\$ 57.9	12.7	16.3	4.4	17.6%	21.58	2.5%	
STAPLES INC	SPLS	\$7,516	18.4%	\$ 16.2	\$ 15.1	4.6	125.2	4.3	8.5%	20.09	0.0%	
STARWOOD HOTELS&RESORT	HOT	\$7,361	1.8%	\$ 37.9	\$ 46.4	23.9	17.5	1.8	40.1%	8.59	2.1%	
TARGET CORP	TGT	\$35,237	12.8%	\$ 39.3	\$ 35.2	6.7	27.5	6.0	17.6%	18.10	0.6%	
TIFFANY & CO	TIF	\$4,960	3.0%	\$ 34.0	\$ 32.5	19.6	24.7	6.2	7.0%	20.88	0.5%	
TJX COMPANIES INC	TJX	\$8,894	8.9%	\$ 31.7	\$ 47.8	9.4	16.8	8.4	5.6%	9.15	0.5%	
TOYS R US INC	TOY	\$5,163	(4.5%)	\$ 26.1	\$ 6.7	5.0	12.9	1.6	57.4%	5.49	0.0%	
TRIBUNE CO	TRB	\$12,879	81.0%	\$ 43.0	\$ 28.7	21.4	40.1	@NA	25.9%	9.60	1.0%	
TRW INC	TRW	\$4,796	(8.7%)	\$ 38.4	\$ 60.6	6.5	16.6	1.8	64.2%	7.19	3.6%	
VF CORP	VFC	\$4,615	5.0%	\$ 41.3	\$ 74.6	10.7	17.6	2.2	22.9%	16.26	2.2%	
VISTEON CORP	VC	\$2,261	(10.0%)	\$ 17.3	\$ 63.4	4.6	13.9	0.6	72.1%	10.06	1.4%	
WAL-MART STORES	WMT	\$236,999	10.0%	\$ 53.0	\$ 28.4	4.9	36.7	8.9	9.0%	16.71	0.5%	
WHIRLPOOL CORP	WHR	\$3,787	(2.8%)	\$ 57.2	\$ 158.5	8.1	13.4	2.2	43.8%	15.17	2.4%	

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 May 7, 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