

Intrinsic Value Weekly

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"Fast Food in the Fast Lane"

Until August, the stocks of the major fast food companies, **WEN**, **MCD** and **YUM**, tracked fairly closely. They appeared to be influenced by concern about rising energy prices (driving to your food is more expensive) and rising beef and chicken costs. But now, even with energy prices still high, **WEN** has shot to the top of the performance heap, rising to within a few points of intrinsic value. This change could reverse, of course. We expect that its non-exposure to the Euro may have something to do with it. But we urge those who have been patient with **WEN** to be vigilant about any move to intrinsic value. We have not chosen the stocks in the **Intrinsic Value Portfolio** for their timeless ability to outperform the market consistently. We chose them because they possessed some favorable characteristics and because their prices were well below intrinsic value. When stocks sell at intrinsic value, to continue to rise they need additional favorable change in their circumstances. Those changes must have a sufficiently positive effect on their intrinsic value, putting it above the stock price again, to justify continuing to hold the stock. This is especially true of investors holding such a stock in a tax-deferred account like an IRA. Culling stocks which reach Intrinsic Value gives an investor the opportunity to increase his potential portfolio return by upping his exposure to stocks which are priced at a large discount to intrinsic value. Doing this is not easy, though. There is great temptation to go with the conventional wisdom of letting one's winners run. "They're up, so maybe someone else knows more about it", you might say to yourself. But delegating your decisions to the whim of the crowd is the worst error you can make. Just as with selling a stock when everything looks the bleakest and the stock is at a new low can shut off the possibility of a reversal of investor emotion, buying, or continuing to hold a stock that is making new highs can reduce your potential resources for capturing more investment opportunity in undervalued stocks. Nobody ever said discipline is easy or fun. But, it can be profitable.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	11/24/2000	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change
HON	Honeywell Int'l Inc.	9/22/2000	\$ 48.625	\$59.52	(18.3%)	2.3	(4.7%)
BGP	Borders Group, Inc.	9/22/2000	\$ 11.688	\$29.31	(60.1%)	1.1	(9.2%)
BGG	Briggs & Stratton	9/22/2000	\$ 38.438	\$98.87	(61.1%)	1.2	3.9%
CTL	CenturyTel, Inc.	9/22/2000	\$ 34.750	\$40.74	(14.7%)	1.8	(2.6%)
DAL	Delta Air Lines, Inc.	3/6/2000	\$ 49.938	\$66.30	(24.7%)	0.9	3.6%
G	Gillette Company	9/14/2000	\$ 35.875	\$40.84	(12.2%)	3.8	0.3%
INTC	Intel Corporation	9/11/2000	\$ 43.938	\$67.55	(35.0%)	8.0	5.9%
LOW	Lowe's Companies	9/22/2000	\$ 39.063	\$56.04	(30.3%)	2.5	(4.3%)
MLHR	Herman Miller, Inc.	3/6/2000	\$ 25.188	\$46.28	(45.6%)	2.6	0.0%
NYT	New York Times Co.	9/22/2000	\$ 35.438	\$46.26	(23.4%)	2.5	0.2%
NUE	Nucor Corporation	9/22/2000	\$ 33.500	\$60.65	(44.8%)	1.0	(2.0%)
WEN	Wendy's International	9/22/2000	\$ 26.188	\$28.69	(8.7%)	1.6	6.1%

Average: (31.6%) Average: (0.2%)

S&P 500 (1.9%)

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales					Standard Market Statistics				
	Capital Turnover	Growth Last 12M	EBIT Margin %	Return On Capital	Quarterly Sales Y/Y	Yield	PE Last 12M	Price/Book	Price/Market Cap Sales (\$billions)	Market Cap (\$billions)
HON	1.2	0.7%	13.8%	14.0%	3.0%	1.5%	17.7	5.0	1.6	38.8
BGP	1.0	11.4%	5.7%	10.9%	7.2%	0.0%	11.4	1.3	0.3	0.9
BGG	2.2	(6.6%)	12.9%	30.5%	(39.5%)	3.1%	7.8	1.9	0.6	0.8
CTL	0.4	4.8%	30.3%	11.1%	15.1%	0.5%	23.1	2.9	2.8	4.9
DAL	0.6	11.0%	11.6%	11.9%	13.5%	0.2%	4.8	1.2	0.4	6.1
G	0.9	(0.2%)	21.3%	14.5%	(1.4%)	1.8%	29.6	11.1	4.0	37.8
INTC	0.9	15.4%	34.6%	24.3%	19.1%	0.2%	28.9	9.2	8.8	295.7
LOW	2.2	17.9%	7.4%	11.1%	15.2%	0.4%	22.3	3.7	0.8	15.0
MLHR	1.9	11.2%	12.1%	17.6%	11.4%	0.6%	14.8	6.9	1.0	1.9
NYT	1.1	12.1%	18.7%	13.1%	7.9%	1.3%	17.2	4.4	1.8	6.0
NUE	1.4	23.2%	9.3%	14.4%	13.3%	1.8%	8.9	1.3	0.6	2.6
WEN	0.9	9.2%	13.8%	10.2%	8.5%	0.9%	14.3	2.4	1.4	3.0

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ECONOMIC SECTOR VALUATION

SECTORS	S&P 500	S&P MIDCAP	S&P SMALL CAP
BASIC INDUSTRY	(18.7%)	(36.7%)	(20.6%)
CONSUMER CYCLICALS	(36.9%)	(20.4%)	(18.3%)
CONSUMER STAPLES	(6.1%)	(19.2%)	(2.0%)
HEALTH	(20.3%)	23.6%	(0.8%)
ENERGY	20.0%	96.9%	57.0%
FINANCIAL	(16.8%)	(27.4%)	(30.9%)
CAPITAL GOODS	(16.9%)	4.4%	(1.6%)
TECHNOLOGY	(24.9%)	(12.4%)	0.6%
COMMUNICATIONS	(34.1%)	24.0%	(66.1%) *
UTILITY	9.9%	(15.2%)	(14.5%)
TRANSPORTATION	(29.7%)	(15.0%)	(1.6%)
Weighted Total:	(17.3%)	(3.3%)	(5.5%)

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 1124/2000	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	1.9%	(0.8%)	3.3%	0.7%	3.6%	(1.3%)
CONSUMER CYCLICALS	6.7%	(4.3%)	13.3%	0.5%	17.5%	(2.3%)
CONSUMER STAPLES	11.2%	(1.5%)	7.6%	0.4%	9.3%	(1.6%)
HEALTH	12.7%	0.2%	14.1%	0.4%	10.6%	(5.4%)
ENERGY	6.8%	1.6%	6.0%	0.2%	5.9%	2.4%
FINANCIAL	15.0%	(4.0%)	11.6%	(0.6%)	12.3%	(1.7%)
CAPITAL GOODS	8.7%	(2.7%)	7.8%	(0.2%)	14.4%	(1.8%)
TECHNOLOGY	27.0%	(2.1%)	22.2%	(3.3%)	18.5%	(3.9%)
COMMUNICATIONS	6.0%	(0.0%)	1.6%	(1.6%)	0.2%	(13.1%) *
UTILITY	3.4%	(1.6%)	10.8%	0.4%	4.0%	1.6%
TRANSPORTATION	0.7%	1.9%	1.6%	2.1%	3.6%	0.9%
Index Total:		(1.9%)		(0.6%)		(2.1%)

* Sector contains only 3 companies

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

Sector Comments: Small Cap stocks performed slightly worse than Large Cap stocks last week, suggesting that the market may see some resolution to the current list of crisis problems. But, as with all major questions, it doesn't pay to infer too much from any period's sectoral or capitalization performance. The overall market continues to move prices to a more undervalued level. This creates more opportunity for investors who have cash. As this process continues, the psychological pressure to increase cash positions gets greater, not less. When the real steals appear, who among us won't have a pang of regret for not having sold more stocks at higher prices? Thus is the opportunity created in the first place. For those with really short memories, the exact opposite psychology was at work less than a year ago when anyone not owning a ton of Technology stocks was looked at like some drooling idiot. Value managers were castigated as an obsolete and thoroughly stubborn crowd of nerds and losers. As with the passing of the seasons, where if you don't like the current weather just wait a few months, the passing of fads in the market is the only true certainty. Investors who are new to the market should use only small amounts of money or even just paper portfolios until they can assimilate this lesson. Finally, we don't pretend to know how far this process will move stocks in relations to their intrinsic values. But we do know that the odds are moving higher that future stock prices will be higher than they are today.

Page 3 shows the Value Drivers for Mid Cap Utility stocks for those looking for shelter from the storm.

(\$millions)	Large Capitalization	Mid-Cap Capitalization	Small-Cap Capitalization
\$	11,825,509	\$910,762	\$ 347,401
	90.4%	7.0%	2.7%

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Many Mid Cap Utility Stocks Appear Undervalued

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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
AGL RESOURCES INC	ATG	\$1,219	-27.5%	22.5	22.78	14.5	15.8	1.8	8.1	8.61	4.8%
ALLEGHENY ENERGY INC	AYE	\$4,521	42.8%	40.9	54.46	22.8	15.8	2.7	8.2	9.70	4.2%
ALLETE	ALE	\$1,630	5.0%	21.9	12.93	12.4	10.8	2.0	11.1	6.27	4.9%
ALLIANT CORP	LNT	\$2,484	10.0%	31.4	35.76	17.1	6.5	1.1	5.1	7.17	6.4%
AMERICAN WATER WORKS INC	AWK	\$2,526	3.0%	25.7	5.32	23.1	15.7	1.4	8.6	5.50	3.5%
BLACK HILLS CORP	BKH	\$780	106.2%	34.0	35.47	8.3	15.5	3.1	11.7	12.76	3.2%
CALPINE CORP	CPN	\$20,852	171.0%	37.3	(0.25)	29.5	72.1	10.3	52.6	7.11	0.0%
CLECO CORP	CNL	\$1,059	-4.0%	47.1	30.09	14.9	16.7	2.4	9.9	7.90	3.6%
CONECTIV INC	CIV	\$1,695	43.6%	19.1	18.54	9.2	10.5	1.4	4.3	6.02	4.6%
DPL INC	DPL	\$3,778	7.3%	29.5	25.51	30.1	24.0	3.1	13.6	10.88	3.2%
DQE INC	DQE	\$1,789	-9.5%	34.3	22.89	23.8	12.7	1.9	6.1	5.91	4.7%
ENERGY EAST CORP	EAS	\$2,449	14.0%	20.8	59.97	24.0	9.5	1.6	2.6	12.84	4.2%
HAWAIIAN ELECTRIC INDS	HE	\$1,099	13.6%	33.5	23.71	29.0	10.9	1.3	4.9	10.18	7.4%
IDACORP INC	IDA	\$1,854	42.9%	49.6	29.88	26.2	13.8	2.5	10.7	7.39	3.8%
IPALCO ENTERPRISES INC	IPL	\$2,044	-1.7%	23.3	31.81	32.1	10.7	2.8	8.3	12.64	2.8%
KANSAS CITY POWER & LIGHT	KLT	\$1,644	7.9%	26.6	24.11	22.6	13.1	1.7	8.2	7.09	6.2%
KINDER MORGAN INC	KMI	\$4,853	50.8%	42.4	(12.21)	17.4	20.5	2.6	16.0	3.24	0.5%
LG&E ENERGY CORP	LGE	\$3,218	-21.2%	24.8	39.28	18.2	18.9	2.8	7.1	10.55	5.3%
MCN ENERGY GROUP INC	MCN	\$2,470	0.6%	27.4	9.42	7.9	35.2	2.6	17.2	4.91	3.7%
MONTANA POWER CO	MTP	\$2,390	-18.8%	22.6	19.40	17.3	31.0	3.0	9.1	8.85	3.5%
NATIONAL FUEL GAS CO	NFG	\$2,302	30.7%	58.7	68.86	20.2	16.5	2.2	9.3	9.47	3.3%
NORTHEAST UTILITIES	NU	\$2,872	27.5%	20.0	15.23	11.7	20.8	1.3	7.3	5.55	2.0%
NSTAR	NST	\$2,148	41.3%	39.4	46.16	19.0	14.3	1.5	6.4	9.03	5.1%
OGE ENERGY CORP	OGE	\$1,698	31.3%	21.8	43.58	15.6	10.5	1.6	5.4	10.71	6.1%
POTOMAC ELECTRIC POWER	POM	\$2,429	-3.0%	21.8	38.14	22.9	15.3	1.4	5.0	8.86	7.6%
PUBLIC SERVICE CO OF N MEX	PNM	\$977	46.6%	25.0	15.77	12.5	10.6	1.3	5.9	5.28	3.2%
PUGET SOUND ENERGY INC	PSD	\$2,184	138.0%	25.5	43.49	20.3	11.9	1.5	6.0	9.01	7.2%
QUESTAR CORP	STR	\$2,491	33.9%	30.9	21.68	19.3	18.0	2.4	10.6	9.12	2.2%
SCANA CORP	SCG	\$2,893	46.0%	27.6	33.82	25.5	13.0	1.3	8.1	7.97	4.2%
SIERRA PACIFIC RESOURCES	SRP	\$1,245	81.3%	15.9	5.82	15.1	(22.3)	0.9	7.4	5.28	6.3%
TECO ENERGY INC	TE	\$3,761	10.6%	29.9	36.20	21.4	15.0	2.5	8.7	10.31	4.5%
UTILICORP UNITED INC	UCU	\$2,709	25.1%	29.1	23.89	2.1	12.3	1.6	7.7	7.23	4.1%
VECTREN CORP	VVC	\$1,408	338.6%	23.0	31.12	18.7	20.8	2.2	8.3	12.01	4.2%
WESTERN RESOURCES INC	WR	\$1,492	17.9%	21.4	3.10	15.9	46.5	0.8	3.5	4.36	5.6%
WGL HOLDINGS INC	WGL	\$1,299	18.4%	27.9	30.91	16.7	14.2	1.7	8.7	9.60	4.4%
WISCONSIN ENERGY CORP	WEC	\$2,465	43.9%	20.4	36.21	21.8	13.8	1.1	5.0	9.04	7.7%

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@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