

Intrinsic Value Weekly

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ECONOMIC SECTOR VALUATION

<u>SECTORS</u>	<u>S&P 500</u>	<u>S&P MIDCAP</u>	<u>S&P SMALL CAP</u>
BASIC INDUSTRY	25.2%	(11.8%)	(3.8%)
CONSUMER CYCLICALS	(10.8%)	(5.3%)	(4.2%)
CONSUMER STAPLES	1.2%	(5.0%)	0.7%
HEALTH	(20.7%)	(15.2%)	(32.5%)
ENERGY	17.6%	20.6%	14.3%
FINANCIAL	(3.9%)	(14.1%)	(20.2%)
CAPITAL GOODS	15.4%	5.1%	(2.2%)
TECHNOLOGY	(0.4%)	7.3%	2.9%
COMMUNICATIONS	16.4%	20.5%	(1.2%) *
UTILITY	(6.2%)	(17.8%)	(2.3%)
TRANSPORTATION	(6.4%)	(22.5%)	(24.8%)
Weighted Total:	0.9%	(4.3%)	(7.1%)

RED - Overvalued

BLUE - (Undervalued)

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 6/11/1999	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	3.5%	(0.6%)	5.9%	(1.1%)	4.5%	(2.0%)
CONSUMER CYCLICALS	8.9%	(4.1%)	17.9%	(2.2%)	20.8%	(0.9%)
CONSUMER STAPLES	13.1%	(3.6%)	8.1%	(1.0%)	9.5%	0.5%
HEALTH	10.5%	(6.3%)	9.0%	(2.8%)	9.1%	(2.0%)
ENERGY	6.3%	0.1%	4.4%	2.4%	3.5%	1.8%
FINANCIAL	15.8%	(2.2%)	12.7%	(3.0%)	15.1%	(1.1%)
CAPITAL GOODS	8.3%	(1.7%)	9.7%	(0.9%)	13.1%	1.2%
TECHNOLOGY	20.4%	(2.2%)	19.6%	0.9%	16.6%	1.2%
COMMUNICATIONS	9.3%	(2.0%)	1.2%	(1.4%)	0.4%	6.4% *
UTILITY	3.0%	(1.4%)	10.2%	(1.6%)	4.7%	(1.0%)
TRANSPORTATION	1.0%	(2.9%)	1.3%	(2.0%)	2.7%	(2.8%)
Index Total:		(2.6%)		(1.2%)		(0.2%)

* Sector contains only 3 companies

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

Sector Comments Small and Mid Cap stocks continue to outperform. The combination of higher interest rates and some under-pricing seem to help. Energy performed very well. Recovery of asian economies, especially Japan (as we mentioned in our March 29th issue) is positive for energy demand and for basic industry stocks. Higher interest rates hurt growth stock prices through the discount rate. The present value of a growing stream of free cash flow is more affected by higher rates than is a static stream. In the progress of this bull market, such periods as last September-October and in 1994 have been opportunities to acquire those rapidly growing free cash flow streams at what later turn out to be bargain prices. We don't pretend to forecast interest rates, but the factors which have served well in the past to differentiate the onset of an inflationary period from a head fake seem to be pointing to the latter.

Thus, we'd suggest looking at the Technology Sector and Drugs in the Health Care sector as areas to increase exposure. Further, the faster growing segments of Consumer Cyclicals also look interesting in this environment; for those investors with a longer term horizon.

Our value driver data on Page 3 is concentrated on the Large Cap Technology sector for the first time since last year.

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Intrinsic Value Portfolio

Current Data on stocks with Current Intrinsic Value Reports

Symbol	Name	Updated Valuation	Price 6/11/1999	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change	
ALD	AlliedSignal Inc.	4/29/99	\$ 62.063	\$64.60	(3.9%)	2.4	6.3%	
CTL	Century Telephone Ent.	3/1/99	\$ 37.750	\$42.51	(11.2%)	1.8	(6.6%)	
DAL	Delta Air Lines, Inc.	3/1/99	\$ 57.000	\$66.79	(14.7%)	1.0	(3.7%)	
G	Gillette Company	5/24/99	\$ 48.688	\$53.52	(9.0%)	6.0	(6.3%)	
HD	Home Depot	3/1/99	\$ 59.938	\$53.65	11.7%	5.8	(0.9%)	
INTC	Intel Corporation	3/1/99	\$ 54.438	\$59.17	(8.0%)	7.0	2.4%	
LOW	Lowes Companies	3/1/99	\$ 54.750	\$52.28	4.7%	3.9	(2.2%)	
MLHR	Herman Miller, Inc.	3/1/99	\$ 21.438	\$37.95	(43.5%)	3.1	0.9%	
NYT	New York Times Co.	3/1/99	\$ 34.500	\$48.21	(28.4%)	2.4	(1.4%)	
NUE	Nucor Corporation	3/1/99	\$ 45.250	\$57.99	(22.0%)	1.7	(2.6%)	
PFE	Pfizer, Inc.	5/31/99	\$ 97.500	\$135.80	(28.2%)	10.8	(15.3%)	
SLB	Schlumberger Limited	3/1/99	\$ 61.313	\$51.09	20.0%	2.6	0.6%	
WEN	Wendy's International	3/1/99	\$ 29.250	\$29.86	(2.0%)	2.1	(0.6%)	
					Average:	(10.3%)	Average:	(2.3%)
							S&P 500	(2.6%)

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales Growth		ROC	Free Cash Flow Annuity	Yield	PE Last 12M	Price/Book	Price/Sales
	Last 12M	EBIT Margin %						
ALD	1.9%	13.0%	11.5%	@CF	1.1%	23.8	6.1	2.2
CTL	50.8%	30.4%	10.9%	\$52.4	0.5%	22.7	3.5	3.2
DAL	4.3%	12.0%	11.0%	\$68.1	0.2%	7.7	2.1	0.6
G	-2.8%	23.1%	18.5%	\$21.5	1.2%	53.1	11.9	5.7
HD	25.1%	8.8%	13.0%	-\$5.7	0.2%	47.1	9.5	2.6
INTC	11.2%	32.5%	25.8%	\$33.5	0.2%	26.6	7.6	6.6
LOW	20.5%	6.8%	11.0%	-\$14.3	0.2%	36.1	5.8	1.4
MLHR	8.1%	12.1%	24.0%	\$45.5	0.7%	12.3	7.6	1.0
NYT	2.0%	17.5%	11.9%	@CF	1.2%	22.5	4.0	2.2
NUE	-9.4%	9.9%	12.6%	\$71.5	1.1%	19.4	2.1	1.1
PFE	30.2%	27.0%	20.8%	@CF	0.9%	60.5	15.7	9.4
SLB	-8.8%	14.7%	11.9%	@CF	1.2%	45.3	4.0	3.0
WEN	-3.2%	12.6%	9.7%	\$55.8	0.8%	26.2	3.2	1.8

Notes on Intrinsic Value Portfolio

We mentioned sales growth as a risk factor in our recent report on PFE. The concerns about PFE's Trovan having adverse effects on patients' liver could be damaging to investors' short-run expectations of PFE sales growth. In the past, such problems have been over-discounted by investors and great buying opportunities. We continue to see PFE as a wealth-building opportunity in the longer run and continue it in the Intrinsic Value Portfolio.

In fact, the IVP outperformed the S&P last week, even with the sharp drop in PFE. The strong performance of ALD, INTC, MLHR and SLB more than offset drops in CTL, DAL and PFE. The average under-pricing of the IVP is now more than 10%.

Concentrate on the deeper under-pricings in this market: DAL, MLHR, NYT, NUE and PFE.

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Technology Sector - S&P 500 Index

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Company Name	Ticker	Market Value - Equity	Last 12MM 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	\$9,443	5.8%	25.8	-25.23	7.6	25.8	3.5	14.6	17.13	0.0%
ADOBE SYSTEMS INC	ADBE	\$4,141	4.6%	67.9	118.47	18.5	40.1	8.7	26.9	26.95	0.3%
ADVANCED MICRO DEVICES	AMD	\$2,465	12.3%	16.8	-66.54	(5.6)	(15.8)	1.3	8.7	(4.13)	0.0%
AMERICA ONLINE INC	AOL	\$107,200	59.8%	99.5	-3.21	11.0	190.0	175.2	145.1	14.97	0.0%
ANDREW CORP	ANDW	\$1,435	-6.2%	17.4	40.67	19.6	25.0	2.6	13.9	27.71	0.0%
APPLE COMPUTER INC	AAPL	\$6,346	-2.1%	46.4	30.21	6.3	12.0	4.0	10.1	12.58	0.0%
APPLIED MATERIALS INC	AMAT	\$24,547	-29.1%	65.8	24.13	10.8	183.3	6.5	51.1	10.72	0.0%
ASCEND COMMUNICATIONS IN	ASND	\$21,472	42.7%	96.4	-51.99	26.6	463.4	9.8	163.2	25.58	0.0%
AUTODESK INC	ADSK	\$1,124	7.2%	23.8	35.52	20.4	25.1	2.8	11.8	36.55	1.0%
AUTOMATIC DATA PROCESSIN	AUD	\$24,595	15.0%	39.8	@CF	14.2	37.8	7.3	27.2	14.65	0.8%
BMC SOFTWARE INC	BMCS	\$9,781	65.4%	45.1	6.16	40.0	33.6	13.4	@CF	40.57	0.0%
CABLETRON SYSTEMS	CS	\$2,454	2.5%	14.3	@NA	(1.7)	(10.1)	@NA	@CF	(1.89)	0.0%
CERIDIAN CORP	CEN	\$4,642	9.9%	32.2	@CF	18.9	28.0	7.3	21.2	23.84	0.0%
CISCO SYSTEMS INC	CSCO	\$176,326	39.8%	110.7	-4.26	24.9	88.4	24.0	73.5	36.66	0.0%
COMPAQ COMPUTER CORP	CPQ	\$37,731	39.6%	22.3	-11.35	2.7	(14.4)	3.5	(28.0)	7.68	0.4%
COMPUTER ASSOCIATES INTL	CA	\$25,044	11.3%	46.8	@NA	39.6	41.1	@NA	26.7	30.45	0.2%
COMPUTER SCIENCES CORP	CSC	\$9,966	16.0%	62.8	@CF	6.8	29.9	5.1	13.4	14.03	0.0%
COMPUWARE CORP	CPWR	\$9,736	43.8%	26.3	1.81	24.6	32.7	15.8	29.5	45.12	0.0%
DATA GENERAL CORP	DGN	\$670	-4.4%	13.3	@CF	(0.2)	(4.8)	1.7	@CF	(0.28)	0.0%
DELL COMPUTER CORP	DELL	\$86,940	45.4%	34.2	3.16	10.4	54.9	37.7	51.8	73.34	0.0%
EASTMAN KODAK CO	EK	\$22,741	-5.0%	70.7	36.17	11.3	16.1	5.5	9.7	12.36	2.5%
EG&G INC	EGG	\$1,375	-4.1%	30.6	@CF	2.8	16.5	3.3	10.1	4.92	1.8%
ELECTRONIC DATA SYSTEMS	EDS	\$28,404	10.8%	57.9	64.31	5.0	51.1	4.7	14.4	8.06	1.0%
EMC CORP/MA	EMC	\$52,009	35.8%	51.4	@CF	19.4	58.1	15.2	46.5	20.65	0.0%
EQUIFAX INC	EFX	\$4,779	20.1%	34.5	@CF	17.4	26.1	13.8	@CF	21.12	1.0%
FIRST DATA CORP	FDC	\$19,783	-0.4%	45.6	@CF	18.6	41.6	5.2	18.2	14.42	0.2%
GATEWAY 2000 INC	GTW	\$9,584	18.8%	61.3	18.54	6.6	25.6	7.1	19.7	39.20	0.0%
GENERAL INSTRUMENT CORP	GIC	\$6,777	17.9%	38.3	-7.68	9.8	45.0	4.0	29.8	11.58	0.0%
GRAINGER (W W) INC		\$5,164	4.0%	55.4	39.15	5.7	21.2	3.9	15.8	13.03	1.2%
HARRIS CORP	HRS	\$3,016	-5.9%	37.8	@CF	7.1	30.3	1.9	8.7	8.68	2.5%
HEWLETT-PACKARD CO	HWP	\$89,731	3.1%	88.4	@CF	6.4	29.9	5.7	18.8	13.05	0.7%
IKON OFFICE SOLUTIONS	IKN	\$2,116	1.1%	14.3	-22.07	3.8	(16.8)	1.7	44.6	4.33	3.9%
INTEL CORP	INTC	\$180,625	11.2%	54.4	33.51	24.2	26.6	7.6	18.4	25.75	0.2%
INTL BUSINESS MACHINES CO	IBM	\$207,459	7.0%	114.3	@CF	8.8	31.8	11.1	18.4	9.41	0.4%
KLA-TENCOR CORP	KLAC	\$4,733	-27.4%	53.7	9.64	16.0	239.5	3.3	63.9	16.39	0.0%
LSI LOGIC CORP	LSI	\$6,241	24.2%	44.0	-49.36	4.7	(33.1)	3.5	52.8	2.95	0.0%
LUCENT TECHNOLOGIES INC	LU	\$157,838	16.0%	59.1	@CF	9.6	74.8	27.1	@SF	15.16	0.1%
MICRON TECHNOLOGY INC	MU	\$11,571	-14.1%	43.5	3.52	(16.2)	(37.5)	3.0	19.6	(11.34)	0.0%
MICROSOFT CORP	MSFT	\$397,734	26.0%	78.1	7.95	52.8	58.3	25.5	52.5	55.78	0.0%
MOTOROLA INC	MOT	\$50,275	-1.0%	83.4	@CF	1.6	(50.8)	4.1	40.4	2.18	0.6%
NATIONAL SEMICONDUCTOR	NSM	\$3,632	-22.9%	21.6	@CF	3.6	(3.2)	1.7	(5.2)	4.14	0.0%
NORTEL NETWORKS CORP	NT	\$56,033	18.4%	83.9	-56.20	6.5	(47.5)	4.5	@CF	9.46	0.4%
NOVELL INC	NOVL	\$7,790	34.0%	23.2	12.83	9.1	58.8	5.3	37.7	6.36	0.0%
ORACLE CORP	ORCL	\$36,438	24.2%	25.3	@CF	15.2	30.8	12.2	24.0	29.20	0.0%
PARAMETRIC TECHNOLOGY C	PMTC	\$3,621	-2.8%	13.4	35.23	32.7	36.5	11.4	@SF	61.86	0.0%
PAYCHEX INC	PAYX	\$6,425	22.6%	26.1	5.20	13.6	56.2	22.0	48.4	45.65	0.9%
PE CORP	PEB	\$5,828	27.5%	114.3	-0.75	7.7	53.7	9.8	@CF	11.03	0.6%

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

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Company Name	Ticker	Market Value - Equity	Last 12MM Sales Growth	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Cash Flow	Return on Capital	Dividend Yield
PEOPLESOFT INC	PSFT	\$3,898	42.7%	15.9	-3.35	20.0	(62.3)	5.7	(580.4)	44.20	0.0%
POLAROID CORP	PRD	\$887	-11.8%	19.9	@CF	(1.0)	(14.4)	2.4	39.5	(1.00)	3.0%
RAYTHEON CO -CL B	RTN.B	\$24,159	31.4%	71.9	146.28	12.3	25.8	2.1	14.0	10.06	1.1%
SCIENTIFIC-ATLANTA INC	SFA	\$2,670	-0.7%	34.9	@CF	3.9	31.5	4.4	@CF	6.74	0.2%
SEAGATE TECHNOLOGY	SEG	\$6,862	-6.7%	30.8	@IF	(0.7)	40.8	2.5	7.9	(0.93)	0.0%
SHARED MEDICAL SYSTEMS C SMS		\$1,648	21.6%	61.9	-45.72	8.3	24.4	4.4	16.1	14.13	1.4%
SILICON GRAPHICS INC	SGI	\$2,383	-22.8%	12.6	30.11	(12.9)	(7.2)	1.6	(31.5)	(17.66)	0.0%
SUN MICROSYSTEMS INC	SUNW	\$46,190	17.3%	59.7	14.13	10.5	49.8	12.8	30.7	27.13	0.0%
TEKTRONIX INC	TEK	\$1,162	-9.0%	24.8	@CF	6.7	(30.9)	1.5	25.7	11.88	1.9%
TELLABS INC	TLAB	\$23,003	40.4%	58.8	-0.86	25.1	51.5	16.5	46.4	33.63	0.0%
TEXAS INSTRUMENTS INC	TXN	\$50,026	-14.1%	127.6	@CF	10.4	68.4	6.5	24.9	11.41	0.3%
UNISYS CORP	UIS	\$9,639	9.1%	37.6	@CF	10.0	29.2	100.4	16.3	19.80	0.0%
XEROX CORP	XRX	\$38,359	5.5%	58.1	24.20	17.1	63.5	7.6	25.2	11.36	1.4%

@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Bold Blue - Favorable Drivers

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