

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	27.4%	(17.2%)	(4.2%)
CONSUMER CYCLICALS	(18.6%)	(13.7%)	(8.7%)
CONSUMER STAPLES	(2.7%)	(10.3%)	(0.4%)
HEALTH	(32.2%)	(15.9%)	(26.5%)
ENERGY	21.2%	44.6%	23.2%
FINANCIAL	(13.2%)	(21.1%)	(22.2%)
CAPITAL GOODS	16.5%	0.4%	(1.1%)
TECHNOLOGY	4.6%	2.7%	9.9%
COMMUNICATIONS	17.2%	13.3% *	0.1% *
UTILITY	(9.6%)	(20.2%)	(1.5%)
TRANSPORTATION	(19.3%)	(21.0%)	(18.2%)
Weighted Total:	(1.3%)	(7.8%)	(5.8%)

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 8/6/1999	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	3.5%	2.7%	5.5%	(0.8%)	4.4%	(1.0%)
CONSUMER CYCLICALS	8.7%	(5.1%)	15.7%	(5.5%)	19.7%	(5.6%)
CONSUMER STAPLES	12.9%	(2.2%)	8.9%	(4.5%)	9.8%	(3.3%)
HEALTH	10.3%	(4.0%)	10.0%	(3.4%)	9.4%	(3.5%)
ENERGY	6.5%	2.4%	4.8%	10.8%	3.7%	2.8%
FINANCIAL	14.0%	(6.1%)	12.7%	(4.9%)	14.6%	(2.8%)
CAPITAL GOODS	8.5%	(1.0%)	9.7%	(3.2%)	12.7%	(3.4%)
TECHNOLOGY	22.6%	(1.2%)	20.0%	(4.2%)	17.9%	(4.6%)
COMMUNICATIONS	9.0%	(0.4%)	1.1%	(6.2%) *	0.3%	(6.4%) *
UTILITY	3.0%	0.6%	9.9%	(0.8%)	4.5%	(2.2%)
TRANSPORTATION	0.9%	(3.8%)	1.6%	(2.4%)	3.1%	(2.3%)
Index Total:		(2.1%)		(3.0%)		(3.6%)

* Sector contains only 3 companies

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

Sector Comments

The overall indices didn't do badly last week, but to most investors, the damage was more severe as Mid Cap and Small Cap stocks got drubbed by the Large Cap stocks. Basic Industry and Energy stocks continued the trend begun in April. But the year-to-year quarterly sales pattern shows that Energy stocks are still having trouble maintaining their share of the world economy. In fact, the sector has been shrinking in importance for nearly twenty years - ever since the de-control of oil and natural gas prices in the US in 1981. All this is to caution you as an investor in extrapolating the price rebound of oil prices. The long run revenue trend for the sector ought to continue at less-than-GDP numbers. Our Page 3 Data Page shows the problem clearly. One exception may be those energy companies adept at using technology to provide the sector the means to survive by lowering costs. Schlumberger (SLB - NYSE) has been the stock of choice in this area, but our revenue forecast of 10% is still intact and the pricing of the stock is a bit ahead of the business value.

We haven't found any Utility stocks to recommend recently, but the sector continues to do well in the market and the massive restructuring of the industry over the next few years should provide opportunity at the point when the fundamentals begin to show some semblance of stability.

(\$millions)	<u>Large Capitalization</u>	<u>Mid-Cap Capitalization</u>	<u>Small-Cap Capitalization</u>
\$	10,508,631	\$837,374	\$ 336,855
	89.9%	7.2%	2.9%

Intrinsic Value Weekly

Notes on Intrinsic Value Portfolio Over-priced stocks rose last week and under-priced stocks generally got more so. Thus, painful as it is, opportunities are created. The principal villain again last week was the fear of inflation, but this time accompanied by increases in gold, especially gold stocks, and a drop in the dollar. These indicators are serious, but the trends still favor low inflation. Also, the political drumbeat use of the phrase "risky tax scheme" can't be good for markets either.

As you should expect during periods like this, value-creating companies are under great price pressure and intrinsic values can drop in the short run as future free cash flows are discounted at a higher cost of capital. We still think the longer run trend toward lower inflation is intact, but this period since April has been a severe test of that belief. Last year, great opportunities were created by an emotional market. This market has to deal with robust earnings, low measured inflation and lots of worry by bond holders. Given the way these factors have worked in the past, we think the odds still favor a longer term favorable resolution of the inflation question.

WEN got under-priced quickly last week as investors fled anything retail. Its numbers were good and the improvement continues. Opportunity. **LOW** and **HD** also had a very bad week, with extrapolation of housing fears in charge. **LOW** is now under-priced for the first time this year. Watch **INTC** and **SLB** closely. Their prices have run ahead of the business for now.

Intrinsic Value Portfolio

Current Data on stocks with Current Intrinsic Value Reports

Symbol	Name	Updated Valuation	Price 8/6/1999	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change
ALD	AlliedSignal Inc.	4/29/99	\$ 64.688	\$64.60	0.1%	2.7	0.0%
CTL	Century Telephone Ent.	3/1/99	\$ 40.625	\$42.51	(4.4%)	1.9	(5.0%)
DAL	Delta Air Lines, Inc.	3/1/99	\$ 55.625	\$66.79	(16.7%)	1.0	(6.7%)
G	Gillette Company	5/24/99	\$ 45.375	\$48.52	(6.5%)	5.2	4.0%
HD	Home Depot	3/1/99	\$ 57.313	\$53.65	6.8%	6.5	(10.2%)
INTC	Intel Corporation	7/23/99	\$ 71.563	\$62.52	14.5%	8.9	3.7%
LOW	Lowe's Companies	3/1/99	\$ 46.188	\$52.28	(11.6%)	4.0	(12.4%)
MLHR	Herman Miller, Inc.	3/1/99	\$ 25.656	\$46.47	(44.8%)	3.9	(2.3%)
NYT	New York Times Co.	3/1/99	\$ 37.313	\$48.21	(22.6%)	2.7	(5.1%)
NUE	Nucor Corporation	3/1/99	\$ 45.188	\$57.99	(22.1%)	1.7	(6.8%)
PFE	Pfizer, Inc.	6/23/99	\$ 32.750	\$42.73	(23.4%)	10.2	(3.3%)
SLB	Schlumberger Limited	3/1/99	\$ 63.313	\$51.09	23.9%	2.6	4.5%
WEN	Wendy's International	3/1/99	\$ 26.813	\$29.86	(10.2%)	2.2	(8.7%)
Average:					(9.0%)	Average:	(3.7%)
						S&P 500	(2.1%)

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales Growth		ROC	Quarterly Sales Y/Y	Yield	PE Last 12M	Price/Book	Price/Sales
	Last 12M	EBIT Margin %						
ALD	-0.4%	13.0%	11.5%	-1.3%	1.1%	25.4	6.8	2.4
CTL	31.6%	30.4%	10.9%	7.3%	0.4%	26.6	3.9	3.6
DAL	4.1%	12.0%	11.0%	5.2%	0.2%	7.8	2.2	0.6
G	-1.5%	23.1%	18.5%	3.8%	1.3%	48.5	10.2	4.8
HD	25.1%	8.8%	13.0%	25.7%	0.3%	53.2	10.8	2.9
INTC	14.7%	32.5%	25.8%	13.8%	0.2%	31.2	9.7	8.2
LOW	20.5%	6.8%	11.0%	19.8%	0.3%	36.9	5.9	1.4
MLHR	2.8%	12.1%	24.0%	-7.1%	0.6%	15.5	9.9	1.3
NYT	2.0%	17.5%	11.9%	4.0%	1.1%	25.2	4.7	2.5
NUE	-14.3%	9.9%	12.6%	-11.6%	1.2%	20.7	2.0	1.1
PFE	22.5%	27.0%	20.8%	14.1%	0.9%	54.3	14.9	8.6
SLB	-16.7%	14.7%	11.9%	-29.5%	1.2%	71.2	4.1	3.2
WEN	-2.8%	12.6%	9.7%	-0.3%	0.9%	26.9	3.4	1.9

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So What's So Good About Energy?

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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	Cash Flow per sh.	Return on Capital	Dividend Yield
AMERADA HESS CORP	AHC	\$5,671	-11.6%	62.8	10.50	(1.5)	(19.0)	2.0	28.6	(1.03)	1.0%
ANADARKO PETROLEUM CORP	APC	\$4,400	17.4%	36.5	(76.74)	(1.8)	(62.6)	4.3	26.9	(0.31)	0.5%
APACHE CORP	APA	\$4,408	25.2%	45.1	72.56	(20.1)	(31.4)	2.4	8.9	(4.60)	0.6%
ASHLAND INC	ASH	\$2,886	5.4%	39.4	274.25	(0.7)	16.2	1.4	7.8	(0.75)	2.8%
ATLANTIC RICHFIELD CO	ARC	\$30,002	18.8%	93.2	105.49	(26.2)	(76.3)	3.8	12.9	(10.65)	3.1%
BAKER-HUGHES INC	BHI	\$10,927	-43.7%	33.4	(97.54)	2.0	(27.0)	3.6	23.7	2.36	1.4%
BARRETT RESOURCES CORP	BRR	\$1,244	71.4%	38.6	4.95	(22.6)	(14.3)	3.9	147.3	(19.30)	0.0%
BENTON OIL & GAS CO	BNO	\$59	-36.8%	2.0	21.89	(188.4)	(0.5)	6.3	(0.4)	(45.48)	0.0%
BJ SERVICES CO	BJS	@NA	-30.7%	33.7	53.77	13.3	(66.4)	2.4	11.4	11.76	0.0%
BURLINGTON RESOURCES INC	BR	\$8,043	-8.7%	45.3	34.77	9.4	401.7	2.6	13.0	3.02	1.2%
CABOT OIL & GAS CORP -CL A COG		\$449	-1.5%	18.2	(75.32)	13.9	(69.5)	2.4	8.8	3.83	0.9%
CHEVRON CORP	CHV	\$62,847	10.7%	95.8	9.31	2.3	63.8	3.5	17.1	1.75	2.5%
CROSS TIMBERS OIL CO	XTO	\$590	3.7%	13.2	(118.29)	9.6	(12.7)	3.8	42.6	2.42	0.3%
DEVON ENERGY CORPORATIO	DVN	\$1,870	66.8%	38.6	(99.20)	(9.9)	(27.5)	3.4	29.5	(3.88)	0.5%
ENSCO INTERNATIONAL INC	ESV	\$3,089	-66.1%	22.5	24.97	41.1	29.6	2.3	9.1	19.25	0.4%
EXXON CORP	XON	\$195,151	1.2%	80.4	61.12	3.7	37.3	4.4	16.6	4.20	2.0%
GLOBAL MARINE INC	GLM	\$3,145	-45.0%	18.1	17.97	24.0	19.8	2.8	9.6	14.84	0.0%
HALLIBURTON CO	HAL	\$21,698	-20.0%	49.3	(116.71)	5.5	(67.8)	5.0	37.9	13.71	1.0%
HELMERICH & PAYNE	HP	\$1,336	-16.0%	27.0	42.05	19.3	24.6	1.6	7.0	12.08	1.0%
HS RESOURCES INC	HSE	\$269	-1.0%	14.5	222.26	(3.0)	19.5	1.7	4.9	(0.73)	0.0%
INPUT/OUTPUT INC	IO	\$398	-82.0%	7.9	3.03	17.4	(3.4)	0.8	4.8	17.18	0.0%
KERR-MCGEE CORP	KMG	\$4,977	66.5%	57.6	57.47	(31.9)	(8.1)	1.8	6.6	(16.63)	3.1%
MOBIL CORP	MOB	\$80,733	24.1%	103.3	69.70	0.1	51.9	4.3	17.8	0.16	2.2%
MURPHY OIL CORP	MUR	\$2,237	0.7%	49.8	57.62	(3.3)	(51.6)	2.3	11.3	(3.18)	2.8%
NABORS INDUSTRIES	NBR	\$2,533	-48.0%	25.1	(7.83)	14.7	36.4	2.7	12.1	12.24	0.0%
NEWFIELD EXPLORATION CO	NFX	\$1,242	20.4%	30.0	(28.20)	(41.7)	(18.2)	3.6	18.5	(15.05)	0.0%
NOBLE AFFILIATES INC	NBL	\$1,738	-5.6%	30.5	106.47	(24.7)	(8.8)	2.6	4.7	(13.74)	0.5%
NOBLE DRILLING CORP	NE	\$3,342	-18.8%	25.4	(43.98)	23.4	24.9	2.3	14.3	10.78	0.0%
OCCIDENTAL PETROLEUM CO	OXY	\$6,960	6.7%	20.0	13.18	0.2	(115.1)	2.2	6.0	0.11	5.0%
OCEAN ENERGY INC	OEI	\$1,721	47.6%	10.4	5.53	(23.0)	(5.1)	1.3	9.0	(8.14)	0.0%
OCEANEERING INTERNATIONAL	OII	\$421	-0.1%	18.8	(11.54)	8.2	16.6	2.2	7.6	11.06	0.0%
OFFSHORE LOGISTICS	OLOG	\$259	-1.0%	12.3	32.48	8.1	12.5	0.9	4.8	5.90	0.0%
PENNZOIL-QUAKER STATE CO	PZL	\$1,079	@SF	13.9	(404.00)	3.1	@NA	0.9	34.4	2.20	5.4%
PHILLIPS PETROLEUM CO	P	\$12,943	8.0%	51.3	17.29	(2.5)	(513.1)	3.1	8.4	(2.15)	2.7%
PIONEER NATURAL RESOURCI	PXD	\$1,128	-5.1%	11.3	88.80	(78.2)	(1.5)	1.5	22.4	(15.82)	0.0%
PLAINS RESOURCES INC	PLX	\$329	369.3%	19.5	(306.34)	3.9	(5.1)	6.3	(12.0)	7.64	0.0%
POGO PRODUCING CO	PPP	\$758	-15.7%	18.9	(77.94)	(28.5)	(25.8)	3.1	11.2	(7.18)	0.6%
POOL ENERGY SERVICES CO	PESC	\$506	-42.9%	23.9	(99.62)	8.9	80.0	1.5	8.2	7.44	0.0%
PRIDE INTERNATIONAL INC	PDE	\$643	-23.3%	12.8	(134.19)	17.6	(42.4)	0.8	4.1	8.80	0.0%
REMINGTON OIL&GAS CP -CL	ROIL	\$107	-16.9%	5.0	(9.01)	(49.6)	10.8	1.8	2.8	(17.15)	0.0%
ROWAN COS INC	RDC	\$1,598	-41.7%	19.3	(14.22)	25.5	64.9	2.1	9.2	12.87	0.0%
ROYAL DUTCH PET -NY REG	RD	\$135,091	0.8%	63.0	68.36	4.5	244.0	4.0	23.6	4.28	4.0%
SANTA FE SNYDER CORP	SFS	\$996	44.5%	9.8	(0.76)	(53.0)	(4.2)	2.7	7.9	(20.38)	0.0%
SCHLUMBERGER LTD	SLB	\$34,634	-29.5%	63.3	(36.30)	13.2	71.2	4.1	16.7	11.94	1.2%
SEACOR SMIT INC	CKH	\$595	-28.5%	49.1	(323.37)	30.2	8.5	1.2	3.9	9.33	0.0%
SEITEL INC	SEI	\$291	-7.7%	12.3	(14.38)	26.3	16.2	1.3	3.1	9.52	0.0%
SMITH INTERNATIONAL INC	SII	\$2,229	-30.1%	46.3	(43.41)	7.4	180.5	3.3	21.3	11.89	0.0%
ST MARY LAND & EXPLOR CO	MARY	\$299	-21.6%	27.6	49.11	(17.5)	(27.5)	2.1	14.6	(6.97)	0.7%
STONE ENERGY CORP	SGY	\$769	28.8%	50.9	(33.71)	(63.5)	(13.7)	6.5	46.4	(23.11)	0.0%
SUNOCO INC	SUN	\$2,721	9.0%	30.1	26.94	1.6	15.9	1.8	5.1	2.24	3.3%
TEXACO INC	TX	\$33,933	7.0%	63.3	80.49	0.2	76.9	2.9	14.8	0.26	2.8%
TIDEWATER INC	TDW	\$2,055	-45.8%	33.9	90.29	27.8	11.3	1.9	6.7	22.12	1.8%

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

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So What's So Good About Energy?

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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/	Return on Capital	Dividend Yield
TOSCO CORP	TOS	\$4,086	16.1%	26.8	48.51	5.4	52.8	2.1	12.2	11.35	1.0%
TRANSOCEAN OFFSHORE INC	RIG	\$3,300	-6.4%	32.8	(0.47)	35.5	9.1	1.6	7.2	12.74	0.4%
TUBOSCOPE INC	TBI	\$681	-39.6%	15.4	(4.85)	9.8	57.7	2.0	9.5	8.21	0.0%
ULTRAMAR DIAMOND SHAMRC	UDS	\$2,131	11.3%	24.6	122.01	4.1	94.5	1.5	13.4	6.84	4.5%
UNION PACIFIC RESOURCES G	UPR	\$4,706	-22.9%	18.9	(168.05)	(90.2)	(5.4)	6.1	3.8	(24.75)	1.1%
UNOCAL CORP	UCL	\$9,655	26.8%	40.0	(9.62)	(1.4)	396.9	4.4	9.7	(0.88)	2.0%
USX-MARATHON GROUP	MRO	\$9,588	17.4%	31.1	(135.16)	2.4	42.8	2.2	7.7	3.51	2.7%
VALERO ENERGY CORP	VLO	\$1,228	26.0%	21.9	(65.16)	2.0	(11.3)	1.1	39.0	4.14	1.5%
VARCO INTERNATIONAL	VRC	\$809	-20.9%	12.4	4.64	8.4	14.4	2.2	10.0	17.29	0.0%
VINTAGE PETROLEUM INC	VPI	\$631	-27.1%	11.9	(22.92)	(31.7)	(6.0)	2.3	29.6	(11.12)	0.8%
WEATHERFORD INTL INC	WFT	\$3,705	-35.4%	37.9	(175.91)	12.9	195.9	2.6	15.7	14.37	0.0%

Bold Blue - Favorable Drivers

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

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@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure