

Intrinsic Value Weekly

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"These Stocks are No Turkeys"

We're not worried about weekly performance when arbitrage is part of the reason. Pfizer's drop caused the IVP to underperform the S&P 500 Index for the week. The real powerhouse last week was CenturyTel, Inc. With no news on the tape we can't comment about its rise. We did re-run the valuation on **CTL** just to see how much time had increased the value since March and found that the revenue growth (ex divestitures) has increased too. So now the value of **CTL** is nearly \$46. So the price jump wasn't unwarranted. But so sudden with no news releases. Investors get edgy when this happens, but it could be just a normal readjustment to intrinsic value. It's a good business selling at a fair value and investors can't ask much more than that.

What have been the losers in the Intrinsic Value Portfolio this year? **DAL, BGG, G** and **PFE** on an absolute basis; also **LOW, WEN** and **CTL** on a relative-to-the-S&P 500 basis. But the winners have been big ones: **MLHR, INTC, ALD, HD, NYT, NUE** and **AC** on the relative basis. Overall, the winners have been large enough to more than offset the losers and the average excess has been 12.7% this year. A strategy of just cherry-picking wouldn't have worked as well because some of the losers were the most deeply under-priced. The Intrinsic Value Portfolio is designed to run as a portfolio and members are chosen primarily because they have managements that demonstrate the ability to create shareholder value and are under-priced at the time of selection. Sales are rare and often temporary.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	Price 11/19/1999	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change
AC	Alliance Capital Mgmt LP	9/24/1999	\$ 32.125	\$44.68	(28.1%)	6.6	(0.2%)
ALD	AlliedSignal Inc.	4/29/1999	\$ 60.688	\$64.60	(6.1%)	2.4	0.3%
BGG	Briggs & Stratton	9/20/1999	\$ 55.813	\$117.62	(52.5%)	2.1	4.1%
CTL	CenturyTel, Inc.	3/1/1999	\$ 47.500	\$45.97	3.3%	1.8	14.3%
DAL	Delta Air Lines, Inc.	3/1/1999	\$ 48.875	\$66.79	(26.8%)	0.9	(4.9%)
G	Gillette Company	6/23/1999	\$ 36.375	\$48.52	(25.0%)	4.3	2.6%
HD	Home Depot	9/27/1999	\$ 82.000	\$58.33	40.6%	7.6	1.9%
LOW	Lowes Companies	9/27/1999	\$ 55.000	\$61.77	(11.0%)	4.1	(5.0%)
MLHR	Herman Miller, Inc.	7/5/1999	\$ 24.313	\$46.47	(47.7%)	3.1	5.7%
NYT	New York Times Co.	3/1/1999	\$ 40.313	\$48.21	(16.4%)	2.8	4.2%
NUE	Nucor Corporation	3/1/1999	\$ 51.375	\$57.99	(11.4%)	1.8	3.0%
PFE	Pfizer, Inc.	6/23/1999	\$ 33.750	\$42.73	(21.0%)	11.9	(3.9%)
WEN	Wendy's International	3/1/1999	\$ 23.500	\$29.86	(21.3%)	1.9	(0.8%)
Average:					(16.3%)	Average:	1.6%
						S&P 500	1.9%

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales		EBIT Margin %	Quarterly ROC	Quarterly Sales Y/Y	Yield	PE Last 12M	Price/Book	Price/Sales
	Growth Last 12M								
AC	30.1%		27.7%	52.7%	36.2%	6.1%	12.6	10.9	2.9
ALD	(0.3%)		13.0%	11.6%	2.6%	1.1%	21.4	6.0	2.1
BGG	14.2%		12.0%	26.4%	33.5%	2.2%	10.6	3.7	0.9
CTL	16.0%		30.4%	10.9%	4.3%	0.4%	24.2	3.7	3.3
DAL	2.8%		12.7%	10.9%	2.0%	0.2%	6.8	1.7	0.5
G	(0.0%)		23.1%	18.5%	(0.9%)	1.6%	29.5	8.5	4.0
HD	27.3%		8.8%	13.0%	28.3%	0.2%	52.2	12.8	3.1
LOW	22.4%		6.8%	11.0%	30.1%	0.2%	33.0	6.2	1.3
MLHR	1.5%		12.7%	23.8%	5.7%	0.6%	12.5	8.3	1.0
NYT	3.7%		17.5%	11.9%	6.9%	1.0%	24.8	4.8	2.5
NUE	(12.2%)		9.9%	12.6%	1.6%	1.0%	21.8	2.2	1.2
PFE	22.1%		27.0%	20.8%	19.8%	0.9%	58.4	17.5	9.7
WEN	2.0%		12.6%	9.7%	11.4%	1.0%	21.3	2.8	1.5

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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	23.7%	(26.6%)	(11.3%)
CONSUMER CYCLICALS	(9.9%)	(20.2%)	(14.5%)
CONSUMER STAPLES	(4.3%)	(8.5%)	(12.6%)
HEALTH	(25.3%)	(11.7%)	(25.9%)
ENERGY	15.1%	50.0%	8.2%
FINANCIAL	(3.5%)	(19.5%)	(28.1%)
CAPITAL GOODS	20.1%	9.9%	(1.1%)
TECHNOLOGY	24.4%	24.9%	50.7%
COMMUNICATIONS	20.3%	67.0% *	66.4% *
UTILITY	(20.3%)	(25.8%)	(8.1%)
TRANSPORTATION	(25.6%)	(29.3%)	(16.4%)
Weighted Total:	6.1%	(0.7%)	2.0%

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 11/19/1999	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	2.9%	1.2%	4.4%	1.7%	3.9%	(1.2%)
CONSUMER CYCLICALS	8.8%	0.1%	14.3%	2.1%	18.2%	1.1%
CONSUMER STAPLES	11.7%	1.7%	8.6%	0.9%	7.8%	0.7%
HEALTH	10.6%	0.1%	9.7%	6.7%	9.6%	2.0%
ENERGY	6.0%	2.4%	4.8%	4.5%	3.3%	4.4%
FINANCIAL	14.2%	(0.3%)	13.0%	(0.9%)	12.2%	(1.5%)
CAPITAL GOODS	8.3%	2.5%	8.7%	4.7%	13.0%	4.7%
TECHNOLOGY	26.0%	5.4%	24.9%	(1.3%)	24.1%	4.8%
COMMUNICATIONS	8.3%	2.7%	1.4%	5.5%	0.8%	3.4% *
UTILITY	2.5%	(2.6%)	8.8%	(1.8%)	4.0%	(2.0%)
TRANSPORTATION	0.8%	(4.1%)	1.3%	(0.7%)	3.1%	0.5%
Index Total:		1.9%		3.0%		2.4%

* Sector contains only 3 companies

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

Sector Comments Energy stocks continue to power ahead, with crude prices reaching new yearly highs.

Normally, market pundits would find this a problem since they focus on inflation indicators such as commodity price trends. Looking for reasons to be bullish seems to be popular now. We like to look at the facts, though. So, an inspection of the above tables reveals that last week, of 33 sectors, only 2 under-priced sectors outperformed their relevant index. The over-priced then mostly extended their condition further. Further, markets are now somewhat over-priced on average, but still within what any experienced observer would allow as a "fairly-priced" range. Valuation, after all, is not exact.

This week, we encourage you to look at the data on Page 3 for Large Cap Consumer Cyclical. This economic sector is the most populous of all: of the 1500 stocks in all three indexes combined, 294 are Consumer Cyclical, some 20% of the index companies, but only 9.4% of the aggregate market value of all 3 indexes. Perhaps the beginning of the holiday season is affecting us nostalgically, but the fact is that many under-priced stocks appear in these three groups. So we'll show the Mid Caps next week and the Small Cap Consumer Cyclical the week after that. Happy Thanksgiving!

(\$millions)	<u>Large Capitalization</u>	<u>Mid-Cap Capitalization</u>	<u>Small-Cap Capitalization</u>
\$	11,637,467	\$900,400	\$ 346,880
	90.3%	7.0%	2.7%

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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 per sh.	Return on Capital	Dividend Yield
AMERICAN GREETINGS -CL A	AM	\$1,589	-0.4%	24.6	22.32	10.5	15.6	1.3	6.9	9.50	3.2%
ARMSTRONG WORLD INDS INC	ACK	\$1,385	10.0%	34.6	57.15	11.8	77.9	2.1	10.4	10.77	5.6%
AUTOZONE INC	AZO	\$4,168	14.4%	28.9	36.84	8.9	16.2	2.9	11.4	11.91	0.0%
BED BATH & BEYOND INC	BBBY	\$4,711	32.7%	33.7	60.02	11.6	41.6	11.3	39.0	43.94	0.0%
BEST BUY CO INC	BBY	\$10,315	23.2%	50.3	87.91	3.6	41.9	10.7	55.1	23.87	0.0%
BLACK & DECKER CORP	BDK	\$4,174	0.3%	48.1	63.28	8.6	13.5	6.6	(7.0)	9.50	1.0%
BLOCK H & R INC	HRB	\$4,613	72.2%	47.2	608.16	1.6	18.2	3.9	14.8	1.42	2.3%
BRUNSWICK CORP	BC	\$2,061	5.0%	22.4	19.25	8.2	11.0	1.6	6.1	12.63	2.2%
CARNIVAL CORP	CCL	\$29,611	10.1%	48.3	111.37	28.7	27.1	6.2	27.7	15.16	0.7%
CENDANT CORP	CD	\$11,617	-3.3%	16.3	28.63	24.2	13.1	2.8	29.6	8.44	0.0%
CENTEX CORP	CTX	\$1,594	15.0%	26.9	42.27	9.8	n.a.	1.3	6.0	17.44	0.6%
CIRCUIT CITY STR CRCT CTY C	CC	\$9,325	14.4%	45.9	97.54	4.3	39.2	4.7	33.2	9.81	0.2%
CONSOLIDATED STORES CORP	CNS	\$2,244	16.7%	20.4	34.18	5.7	20.8	1.7	11.5	8.75	0.0%
COOPER TIRE & RUBBER	CTB	\$1,218	10.7%	16.1	17.54	6.6	9.0	1.5	5.3	8.30	2.6%
COSTCO WHOLESALE CORP	COST	\$18,846	14.3%	85.4	211.40	2.2	34.2	5.9	28.3	11.12	0.0%
DANA CORP	DCN	\$4,596	4.9%	27.9	23.69	10.1	7.5	1.7	4.5	15.07	4.4%
DAYTON HUDSON CORP	DH	\$28,453	9.9%	64.6	113.11	4.2	27.6	5.7	16.4	11.52	0.6%
DELPHI AUTOMOTIVE SYS CO	DPH	\$8,976	12.9%	16.0	@NA	2.2	9.8	@NA	@NA	-	1.8%
DILLARDS INC -CL A	DDS	@NA	-33.5%	19.1	@NA	2.9	9.5	0.7	5.5	3.55	0.8%
DOLLAR GENERAL	DG	\$6,500	21.6%	24.4	39.98	9.5	31.7	8.1	23.1	32.06	0.5%
DOW JONES & CO INC	DJ	\$5,441	5.9%	60.8	148.58	8.2	26.5	11.1	37.1	10.71	1.6%
DUN & BRADSTREET CORP	DNB	\$4,434	3.1%	27.6	38.70	15.7	17.2	(13.1)	13.7	22.52	2.7%
FEDERATED DEPT STORES	FD	\$9,001	16.3%	42.9	49.58	6.9	11.9	1.6	6.8	10.77	0.0%
FLEETWOOD ENTERPRISES	FLE	\$725	13.9%	21.8	9.96	5.9	7.3	1.3	5.5	22.28	3.5%
FORD MOTOR CO	F	\$61,635	16.3%	50.4	210.79	9.6	10.2	2.9	1.7	5.99	4.0%
GANNETT CO	GCI	\$20,507	10.8%	73.6	133.39	16.0	23.4	5.4	15.7	12.92	1.1%
GAP INC	GPS	\$32,264	26.9%	37.6	98.49	10.8	31.0	20.2	28.5	21.82	0.2%
GENERAL MOTORS CORP	GM	\$44,783	12.9%	69.8	889.66	4.6	7.5	3.7	3.0	3.20	2.9%
GENUINE PARTS CO	GPC	\$4,623	18.3%	26.0	26.31	6.6	12.5	2.3	11.0	13.56	4.0%
GOODYEAR TIRE & RUBBER CO	GT	\$5,783	3.0%	37.0	56.58	6.2	20.1	1.7	4.8	7.98	3.2%
HARCOURT GENERAL INC	H	\$2,462	12.3%	34.6	55.50	6.2	17.2	3.0	5.5	13.78	2.4%
HARRAHS ENTERTAINMENT INC	HET	\$3,520	38.9%	27.4	62.54	10.5	20.4	3.5	11.1	8.30	0.0%
HASBRO INC	HAS	\$4,459	16.1%	22.9	40.01	6.3	15.4	2.1	12.0	8.36	1.0%
HILTON HOTELS CORP	HLT	\$2,550	@SF	10.0	9.05	26.9	12.4	13.0	8.3	8.77	0.8%
HOME DEPOT INC	HD	\$121,596	28.3%	82.0	361.41	6.1	52.2	12.8	60.9	12.97	0.2%
IMS HEALTH INC	RX	\$8,276	22.8%	26.9	67.00	18.6	33.7	11.2	31.2	17.78	0.3%
INTERPUBLIC GROUP OF COS	IPG	\$13,014	12.2%	46.3	154.95	7.9	31.6	9.0	27.6	10.01	0.7%
JOSTENS INC	JOS	\$639	-3.4%	19.1	10.29	12.3	17.8	12.6	10.3	69.66	4.6%
K MART CORP	KM	\$4,606	5.4%	9.3	13.75	3.9	8.3	0.8	3.9	7.82	0.0%
KAUFMAN & BROAD HOME CO	KBH	\$1,154	60.4%	24.2	31.80	7.6	7.1	1.7	8.7	12.81	1.2%
KNIGHT-RIDDER INC	KRI	\$4,731	4.2%	57.5	135.25	7.3	17.0	3.0	9.1	5.77	1.6%
KOHL'S CORP	KSS	\$11,524	23.7%	70.8	169.23	9.7	52.0	10.2	42.7	16.29	0.0%
LAIDLAW INC	LDW	\$1,940	@AF	5.9	4.88	11.8	12.3	0.7	3.0	8.12	3.2%
LEGGETT & PLATT INC	LEG	\$4,490	12.1%	22.9	28.71	8.1	15.8	3.1	12.0	12.88	1.6%
LIMITED INC	LTD	\$8,374	3.2%	39.0	73.30	6.9	24.8	4.2	3.8	8.53	1.5%
LIZ CLAIBORNE INC	LIZ	\$2,303	16.6%	38.3	18.37	11.2	14.7	2.6	10.9	28.41	1.2%
LOWES COS	LOW	\$21,025	30.1%	55.0	157.38	4.7	33.0	6.2	25.7	11.04	0.2%

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@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Bold Blue - Favorable Drivers

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

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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/Price/	Return on Capital	Dividend Yield
MARRIOTT INTL INC	MAR	\$7,905	10.6%	32.3	66.39	6.5	19.6	3.2	14.8	8.25	0.7%
MASCO CORP	MAS	\$11,995	51.9%	27.1	39.51	17.9	24.0	3.8	15.0	16.18	1.8%
MATTEL INC	MAT	\$5,921	-3.2%	14.1	19.62	10.5	445.8	2.2	7.4	14.61	2.6%
MAY DEPARTMENT STORES C	MAY	\$10,885	5.1%	32.8	30.33	8.7	13.6	3.0	8.5	13.17	2.7%
MAYTAG CORP	MYG	\$3,804	3.3%	45.1	54.14	8.4	10.8	7.0	9.2	13.37	1.6%
MCGRAW-HILL COMPANIES	MHP	\$11,925	9.3%	60.8	145.65	9.6	30.9	7.6	25.4	11.94	1.4%
MEREDITH CORP	MDP	\$1,982	5.9%	39.5	72.76	10.1	20.9	4.3	14.9	10.98	0.8%
MIRAGE RESORTS INC	MIR	\$2,611	82.3%	13.1	32.60	10.2	48.5	1.6	12.4	4.09	0.0%
NEW YORK TIMES CO -CL A	NYT	\$6,961	6.9%	40.3	63.21	11.9	24.8	4.8	17.4	11.92	1.0%
NIKE INC -CL B	NKE	\$13,795	-0.1%	49.3	80.41	6.9	32.6	4.7	20.8	12.71	1.0%
NORDSTROM INC	JWN	\$3,395	1.4%	24.5	33.87	5.0	17.2	2.7	9.0	9.39	1.3%
OFFICE DEPOT INC	ODP	\$4,067	15.4%	12.0	13.90	4.9	19.0	2.3	11.9	11.54	0.0%
OMNICOM GROUP	OMC	\$16,458	23.4%	92.8	306.91	9.3	44.9	13.7	37.4	14.80	0.6%
OWENS CORNING	OWC	\$987	0.7%	18.0	72.95	8.6	(1.7)	(1.0)	(2.1)	9.19	1.7%
PENNEY (J C) CO	JCP	\$5,850	5.7%	22.5	80.39	3.8	12.6	0.9	4.6	4.93	9.7%
PEP BOYS-MANNY MOE & JACI	PBY	\$470	-1.6%	9.3	22.03	3.6	26.0	0.9	5.6	4.11	2.9%
PULTE CORP	PHM	\$927	28.2%	21.4	26.34	7.8	5.9	0.9	@CF	14.46	0.7%
REEBOK INTERNATIONAL LTD	RBK	\$530	-9.6%	9.4	13.35	3.6	29.7	1.0	7.8	7.60	0.0%
RUSSELL CORP	RML	\$459	-8.6%	13.9	13.36	5.8	189.9	0.9	7.7	5.89	4.0%
SEARS ROEBUCK & CO	S	\$12,142	-2.7%	32.1	53.79	6.8	8.6	1.8	6.5	8.37	2.9%
SERVICE CORP INTERNATIONAL	SRV	\$2,176	9.0%	8.0	49.61	16.5	12.3	0.8	4.1	3.98	4.5%
SHERWIN-WILLIAMS CO	SHW	\$3,578	0.3%	21.5	21.14	9.0	12.8	2.2	8.7	11.75	2.2%
SNAP-ON INC	SNA	\$1,748	5.3%	29.9	44.21	7.0	15.8	2.3	45.6	8.05	3.1%
SPRINGS INDUSTRIES -CL A	SMI	\$727	-2.7%	40.7	43.90	4.2	11.9	1.0	6.1	6.45	3.2%
STANLEY WORKS	SWK	\$2,867	0.3%	32.1	34.84	9.7	18.9	3.7	13.6	15.35	2.7%
STAPLES INC	SPLS	\$11,195	26.0%	24.5	41.01	5.8	38.3	6.2	39.7	23.74	0.0%
TANDY CORP	TAN	\$13,721	-14.9%	71.0	242.92	6.1	56.0	15.8	86.3	11.27	0.3%
TIMES MIRROR COMPANY -SE	TMC	\$3,979	1.4%	66.6	98.08	12.6	27.0	8.3	20.3	33.60	1.2%
TJX COMPANIES INC	TJX	\$7,347	11.4%	23.3	46.13	5.6	16.6	7.2	13.1	9.90	0.6%
TOYS R US INC	TOY	\$4,207	13.5%	17.2	54.57	3.3	10.0	1.0	35.0	3.98	0.0%
TRIBUNE CO	TRB	\$12,327	10.5%	51.9	112.84	16.1	9.8	6.4	20.2	10.18	0.7%
TRW INC	TRW	\$6,498	57.3%	53.4	127.26	3.6	14.2	2.4	5.4	7.69	2.5%
VF CORP	VFC	\$3,531	0.4%	29.6	22.02	8.8	9.8	1.7	6.4	15.41	2.8%
WAL-MART STORES	WMT	\$258,582	20.7%	58.1	320.47	2.3	48.5	11.9	41.0	8.33	0.3%
WHIRLPOOL CORP	WHR	\$4,838	7.1%	65.0	170.92	3.1	16.6	2.6	6.6	4.98	2.1%

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Bold Blue - Favorable Drivers

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