

Intrinsic Value Weekly

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"The Live Cat Bounce"

The IVA Portfolio gave back 3 of the 6 percentage points it gained. Not surprising since it has no technology stocks and outperforming last week required technology stocks. When a sector or a stock drops like technology did the week before, market wisdom has it that even a dead cat will bounce after a sharp fall. Well, since technology stocks weren't dead, just over-priced and most of the excess had been wrung out, those live cats did bounce and big. But, Technology profit reports are terrific this month, its growth is faster than any other sector, and their intrinsic values are growing very fast as a result. Re-estimate intrinsic value often because these cats move fast.

CenturyTel (CTL - NYSE) filed a \$2billion shelf financing on Friday, including debt, preferred and common stock and warrants to be used for acquisitions, refinancing debt, and "funding new business initiatives, capital expenditures or strategic investments". **CTL** has been acquiring large numbers of existing access lines from GTE and others, starting up DSL services, and will begin offering competitive local exchange telephone services (coupled with long distance, wireless, internet access and other services) to small to medium-sized businesses in ten new markets this year. Also, the company is building a fiber-optic ring in central and southern Michigan with a spur connecting Chicago and Detroit. These ambitious plans bode well for revenue growth rates. Our valuation is based on revenue growth of 14% is two points higher than 1999 growth, but this announcement bolsters our confidence that the company will achieve or exceed that target. With a 33% discount to intrinsic value, **CTL** is very attractive.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	Price 4/20/2000	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change
AC	Alliance Capital Mgt LP	3/6/2000	\$ 41.313	\$48.58	(15.0%)	5.9	3.3%
HON	Honeywell Int'l Inc.	4/29/1999	\$ 57.000	\$64.60	(11.8%)	2.2	5.3%
BGP	Borders Group, Inc.	3/6/2000	\$ 15.000	\$33.81	(55.6%)	1.2	0.4%
BGG	Briggs & Stratton	3/6/2000	\$ 38.000	\$106.86	(64.4%)	1.6	(3.2%)
CTL	CenturyTel, Inc.	3/6/2000	\$ 33.750	\$50.51	(33.2%)	1.7	(6.3%)
DAL	Delta Air Lines, Inc.	3/6/2000	\$ 53.125	\$66.30	(19.9%)	0.9	6.3%
G	Gillette Company	3/2/2000	\$ 37.625	\$50.55	(25.6%)	4.1	(1.0%)
LOW	Lowe's Companies	3/6/2000	\$ 55.313	\$63.82	(13.3%)	3.6	(2.5%)
MLHR	Herman Miller, Inc.	3/6/2000	\$ 26.250	\$46.28	(43.3%)	2.9	10.5%
NYT	New York Times Co.	2/10/2000	\$ 41.438	\$49.37	(16.1%)	2.9	2.6%
NUE	Nucor Corporation	3/6/2000	\$ 46.000	\$59.99	(23.3%)	1.5	(1.9%)
PFE	Pfizer, Inc.	6/23/1999	\$ 41.938	\$44.97	(6.7%)	9.0	10.5%
WEN	Wendy's International	3/6/2000	\$ 20.438	\$24.49	(16.6%)	1.8	5.1%

Average: (26.5%) Average: 2.3%

S&P 500 5.8%

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Value Drivers					Standard Market Statistics				
	Capital Turnover	Sales 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)
AC	1.6	41.2%	29.5%	41.1%	67.7%	6.0%	15.3	12.9	3.8	7.1
HON	1.2	2.7%	13.8%	14.0%	(1.0%)	1.3%	17.7	4.9	1.6	41.9
BGP	0.9	15.6%	6.4%	8.8%	15.6%	0.0%	15.2	1.9	0.4	1.3
BGG	2.2	13.3%	12.0%	26.4%	(1.6%)	3.2%	6.6	2.6	0.5	0.9
CTL	0.4	6.3%	30.3%	11.1%	2.8%	0.6%	21.6	2.8	2.8	5.2
DAL	0.7	6.8%	12.7%	10.4%	13.0%	0.2%	5.8	1.7	0.5	7.1
G	0.9	(1.6%)	21.3%	14.5%	(4.4%)	1.6%	32.8	12.0	4.0	40.1
LOW	2.5	21.6%	7.4%	18.2%	30.0%	0.3%	33.2	6.6	1.3	22.3
MLHR	2.0	2.7%	12.7%	18.4%	13.4%	0.6%	16.2	10.7	1.1	2.2
NYT	1.1	9.5%	18.7%	13.1%	14.1%	1.0%	24.3	5.2	2.2	7.5
NUE	1.4	10.5%	9.3%	13.6%	34.2%	1.3%	17.9	2.1	0.9	4.4
PFE	1.1	14.9%	29.7%	25.0%	9.9%	0.9%	43.0	15.8	9.7	140.7
WEN	1.0	6.4%	13.8%	15.4%	11.8%	1.2%	14.7	2.3	1.2	2.4

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<u>ECONOMIC SECTOR VALUATION</u>			
<u>SECTORS</u>	<u>S&P 500</u>	<u>S&P MIDCAP</u>	<u>S&P SMALL CAP</u>
BASIC INDUSTRY	12.5%	(28.5%)	(18.4%)
CONSUMER CYCLICALS	(13.2%)	(24.3%)	(17.8%)
CONSUMER STAPLES	(10.9%)	(8.5%)	(12.7%)
HEALTH	(29.7%)	(4.6%)	(10.7%)
ENERGY	6.9%	81.8%	37.1%
FINANCIAL	(14.1%)	(40.8%)	(32.0%)
CAPITAL GOODS	22.3%	12.3%	5.0%
TECHNOLOGY	20.4%	24.3%	53.2%
COMMUNICATIONS	(3.2%)	59.1% *	(33.3%) *
UTILITY	(12.2%)	(19.3%)	(20.8%)
TRANSPORTATION	(35.5%)	(22.8%)	(9.9%)
Weighted Total:	1.3%	1.2%	6.0%

RED - Overvalued
 BLUE - (Undervalued) Bold - outperformed the relevant index

<u>WEEKLY PRICE CHANGE</u>	<u>S&P 500</u>		<u>S&P MIDCAP</u>		<u>S&P SMALL CAP</u>	
<u>SECTORS</u>	Weight	Price	Weight	Price	Weight	Price
prices as of 4/20/2000	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	2.6%	(0.8%)	4.6%	1.8%	3.5%	(4.0%)
CONSUMER CYCLICALS	8.5%	3.9%	13.5%	4.2%	17.1%	4.0%
CONSUMER STAPLES	10.1%	4.1%	8.8%	4.2%	7.4%	2.5%
HEALTH	9.6%	5.0%	10.4%	5.6%	10.3%	4.1%
ENERGY	5.6%	0.8%	6.0%	1.7%	4.2%	0.9%
FINANCIAL	13.1%	4.2%	9.7%	2.4%	10.6%	3.8%
CAPITAL GOODS	8.5%	6.3%	9.2%	7.5%	14.4%	5.8%
TECHNOLOGY	31.0%	9.7%	25.0%	15.9%	26.1%	12.1%
COMMUNICATIONS	7.8%	1.1%	1.8%	10.3%	0.2%	4.3% *
UTILITY	2.5%	2.0%	9.7%	1.8%	3.1%	(2.1%)
TRANSPORTATION	0.5%	3.1%	1.3%	5.2%	3.0%	3.9%
Index Total:		5.8%		6.9%		5.8%

* Sector contains only 2 companies

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

Sector Comments The market bounce this week was led by the worst performers of last week, but to hear the pundits, much "damage" has been done. As you must gather, if you've read our comments over time, just the reverse is true. Buying stocks at inflated prices relative to their business value is the most damaging action an investor can take. Even now, with the bounce, Technology, Large and Mid Cap Capital Goods makers and Mid Cap Communications stocks are again too elevated in price to buy. At the end of the week, that is. You'll recall that we highlighted Technology stocks on Page 3 last week and spoke favorably of many of these stocks. Now that they've risen sharply again, it's time to pull back. With much of the profit reporting now done, the surprises have been mostly positive except for poor old Microsoft. Since Microsoft accounts for a large portion of the market value of the Large Cap Technology Sector, we might expect that aggregate to be under pressure this coming week. And since the sector is highly integrated, expectations for others may be lowered too. As we mentioned above, frequent re-estimation of values for stocks in this sector is essential with business conditions seeming to get more volatile each quarter. The concern about revenue growth shortfall at Microsoft may be somewhat overdone, but we're glad that the obsession with earnings per share is now replaced for a time at least by that most important value driver. This week, we focus attention on the Large Cap Health sector and display its value drivers on Page 3.

(\$millions)	Large Capitalization	Mid-Cap Capitalization	Small-Cap Capitalization
	\$ 12,164,561	\$884,825	\$ 363,842
	90.7%	6.6%	2.7%

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The Pundits Are Now Noticing Value in Health Stocks

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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
ABBOTT LABORATORIES	ABT	\$60,747	1.2%	39.3	34.46	27.5	22.1	7.3	18.5	34.69	1.7%
AETNA INC	AET	\$7,758	37.0%	54.4	(548.41)	5.4	11.7	0.7	@CF	1.39	1.5%
ALLERGAN INC	AGN	\$7,400	10.4%	57.0	23.48	16.9	35.2	10.2	28.2	17.70	0.6%
ALZA CORP	AZA	\$4,538	8.5%	44.4	11.55	19.5	41.7	5.5	37.6	8.90	0.0%
AMERICAN HOME PRODUCTS (AHP)	AHP	\$77,746	-3.1%	59.6	19.46	18.0	(57.2)	11.3	(142.7)	12.72	1.5%
AMGEN INC	AMGN	\$54,967	22.8%	54.0	21.93	43.7	57.4	20.7	43.2	46.98	0.0%
BARD (C.R.) INC	BCR	\$2,079	8.0%	40.9	35.16	13.6	16.7	3.4	12.4	13.48	2.0%
BAUSCH & LOMB INC	BOL	\$3,083	4.4%	54.1	18.20	10.4	29.2	2.4	14.4	5.96	1.9%
BAXTER INTERNATIONAL INC	BAX	\$17,377	8.3%	59.8	34.09	15.4	23.3	5.4	16.0	12.15	1.9%
BECTON DICKINSON & CO	BDX	\$6,431	5.9%	25.6	23.94	14.8	24.1	3.8	14.8	12.87	1.4%
BIOGEN INC	BGEN	\$7,988	26.3%	53.3	34.55	44.5	47.5	10.7	32.4	32.47	0.0%
BIOMET INC	BMET	\$3,936	11.1%	34.9	30.67	30.3	31.9	5.3	28.6	27.52	0.4%
BOSTON SCIENTIFIC CORP	BSX	\$10,083	-4.1%	24.3	26.85	26.8	23.2	10.2	18.1	21.45	0.0%
BRISTOL MYERS SQUIBB	BMJ	\$97,832	8.4%	49.5	38.11	25.6	27.6	13.3	20.2	41.35	2.0%
COLUMBIA/HCA HLTHCR -VTG	COL	\$15,024	-10.8%	26.6	30.98	9.9	22.6	2.1	9.2	9.83	0.3%
GUIDANT CORP	GDT	\$16,914	6.9%	55.1	33.34	30.9	51.2	20.8	40.0	38.61	0.0%
HEALTHSOUTH CORP	HRC	\$2,892	-3.9%	7.5	12.92	18.4	29.9	0.7	6.4	7.80	0.0%
HUMANA INC	HUM	\$1,319	4.3%	7.9	5.41	0.9	(3.2)	0.7	(5.1)	2.98	0.0%
JOHNSON & JOHNSON	JNJ	\$113,433	10.3%	81.6	47.59	17.2	23.4	6.0	20.2	19.62	1.4%
LILLY (ELI) & CO	LLY	\$82,762	8.7%	75.8	42.78	33.0	26.8	13.6	27.7	44.42	1.4%
MALLINCKRODT INC	MKG	\$1,787	-2.4%	26.1	15.12	7.2	10.6	1.9	6.1	5.56	2.5%
MANOR CARE INC	HCR	\$1,208	-3.4%	11.8	17.32	8.7	(26.5)	1.4	22.7	7.80	0.0%
MEDTRONIC INC	MDT	\$62,663	18.2%	52.4	13.31	24.9	65.5	16.5	90.1	30.01	0.3%
MERCK & CO	MRK	\$162,744	19.0%	69.9	50.46	26.0	24.8	10.9	23.3	29.78	1.7%
PFIZER INC	PFE	\$161,335	9.9%	41.9	14.19	23.2	43.0	15.8	43.4	25.01	0.9%
QUINTILES TRANSNATIONAL C QTRN		\$1,684	0.4%	14.6	20.94	9.9	26.7	2.6	10.8	12.50	0.0%
SCHERING-PLOUGH	SGP	\$59,064	10.1%	40.1	23.61	25.6	25.8	10.6	25.5	33.80	1.2%
ST JUDE MEDICAL INC	STJ	\$2,515	10.8%	30.0	28.10	17.1	89.0	2.7	31.9	14.33	0.0%
TENET HEALTHCARE CORP	THC	\$8,049	1.0%	25.8	29.31	11.4	44.7	1.9	12.0	8.43	0.0%
UNITED HEALTHCARE CORP	UNH	\$11,241	7.5%	67.1	83.80	4.8	18.3	2.7	14.0	11.55	0.0%
WARNER-LAMBERT CO	WLA	\$97,789	13.3%	113.4	41.03	19.5	48.1	16.5	46.7	30.94	0.8%
WATSON PHARMACEUTICALS	WPI	\$4,434	23.7%	46.1	30.60	30.8	21.2	3.6	19.9	17.54	0.0%
WELLPOINT HLTH NETWRK -C WLP		\$4,875	15.4%	76.6	127.81	8.5	15.5	3.4	13.5	22.01	0.0%

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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