

Intrinsic Value Weekly

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"Growth, or No Growth?"

The big question for the week is "Growth or No Growth?". What with the concentration of policy makers on the Euro exchange rate, we shouldn't expect any resolution to the question in the short run. Many commentators have referenced the question of growth in the context of inflation but, of course, the question properly lies in the discussion of fiscal policy. Slower growth is often accompanied by higher inflation, a condition called stagflation. We think that the bracket creep in the personal tax position of those who have been prospering has been boosted by the higher inflation of the past year. As more people move into higher brackets, their incentives for further income progress is cut, and with inflation sometimes cut very sharply. This often adds up to slower economic growth, especially when the stifling of incentives of the successful isn't offset by new entrants into the workforce or the unemployed getting new jobs. The evenly-rotating economy described by the famous Austrian economist Ludwig von Mises, requires easy and fluid entry and exit of all factors affecting the production of goods and services. Progressive tax rates, interacting with inflation, can have a monkey wrench effect on activity in the short run. We may be experiencing some of that right now. No amount of targeted tax cuts can relieve this problem. Only a strong commitment by the Federal Reserve to a price rule for monetary policy and cuts in the tax bracket rates can relieve this pressure. Without these, the answer will more likely be "No Growth".

We re-ran our valuations this past week and found little change except that those most deeply under-priced have experienced some erosion in intrinsic value. This was especially true of **Gillette Company (G - NYSE)**. The company has been very slow to dispose of its non-growth businesses and the company has been savaged by the weakness in the Euro. Further, there has been no progress to date in getting growth back into its Duracell division. The stock is still under-priced, but not as much as we thought.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	Price 9/22/2000	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change *
HON	Honeywell Int'l Inc.	9/22/00	\$ 36.313	\$59.52	(39.0%)	1.7	(0.5%)
BGP	Borders Group, Inc.	9/22/00	\$ 13.563	\$29.31	(53.7%)	1.1	(0.5%)
BGG	Briggs & Stratton	9/22/00	\$ 38.125	\$98.87	(61.4%)	1.5	(8.1%)
CTL	CenturyTel, Inc.	9/22/00	\$ 26.313	\$40.74	(35.4%)	1.4	(4.7%)
DAL	Delta Air Lines, Inc.	3/6/00	\$ 45.813	\$66.30	(30.9%)	0.9	(2.5%)
G	Gillette Company	9/14/00	\$ 30.375	\$40.84	(25.6%)	3.4	1.9%
LOW	Lowe's Companies	9/22/00	\$ 50.750	\$56.04	(9.4%)	2.5	5.3%
MLHR	Herman Miller, Inc.	3/6/00	\$ 29.609	\$46.28	(36.0%)	3.5	3.9%
NYT	New York Times Co.	9/22/00	\$ 39.375	\$46.26	(14.9%)	2.6	1.9%
NUE	Nucor Corporation	9/22/00	\$ 30.313	\$60.65	(50.0%)	1.1	(12.0%)
WEN	Wendy's International	9/22/00	\$ 19.875	\$28.69	(30.7%)	1.4	4.9%

Average: (35.2%) Average: (0.9%)

S&P 500 (1.2%)

Bold - Outperformed the S&P 500 for the week

* two week change

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)
HON	1.2	0.7%	13.8%	14.0%	5.9%	2.1%	17.7	3.6	1.6	30.9
BGP	1.0	13.7%	5.7%	10.9%	10.9%	0.0%	10.9	1.3	0.3	1.0
BGG	2.2	5.9%	12.9%	30.5%	(9.2%)	3.1%	7.2	2.3	0.6	0.9
CTL	0.4	2.0%	30.3%	11.1%	1.5%	0.7%	17.5	2.2	2.4	4.0
DAL	0.7	8.0%	12.7%	10.4%	12.9%	0.2%	4.8	1.5	0.4	6.1
G	0.9	(0.1%)	21.3%	14.5%	2.0%	2.1%	25.4	9.6	3.4	31.6
LOW	2.2	18.9%	7.4%	11.1%	18.7%	0.3%	21.9	3.6	1.0	17.2
MLHR	2.2	11.2%	12.1%	26.5%	11.4%	0.5%	18.1	12.2	1.3	2.5
NYT	1.1	12.0%	18.7%	13.1%	13.6%	1.2%	19.2	4.7	2.1	6.6
NUE	1.4	20.1%	9.3%	14.4%	21.7%	2.0%	9.6	1.4	0.7	3.0
WEN	0.9	9.6%	13.8%	10.2%	7.8%	1.2%	12.9	2.1	1.1	2.1

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ECONOMIC SECTOR VALUATION

SECTORS	S&P 500	S&P MIDCAP	S&P SMALL CAP
BASIC INDUSTRY	(25.1%)	(37.8%)	(18.7%)
CONSUMER CYCLICALS	(29.1%)	(22.8%)	(13.4%)
CONSUMER STAPLES	(12.3%)	(25.2%)	(8.3%)
HEALTH	(23.7%)	27.7%	28.2%
ENERGY	16.1%	110.8%	56.5%
FINANCIAL	(10.0%)	(29.7%)	(24.8%)
CAPITAL GOODS	(13.8%)	1.4%	1.0%
TECHNOLOGY	1.4%	8.8%	16.8%
COMMUNICATIONS	(31.1%)	33.3%	(46.3%) *
UTILITY	7.9%	(6.3%)	(20.2%)
TRANSPORTATION	(40.7%)	(21.3%)	(7.5%)
Weighted Total:	(9.7%)	3.8%	2.2%

RED - Overvalued

BLUE - (Undervalued)

Bold - outperformed the relevant index

WEEKLY PRICE CHANGE

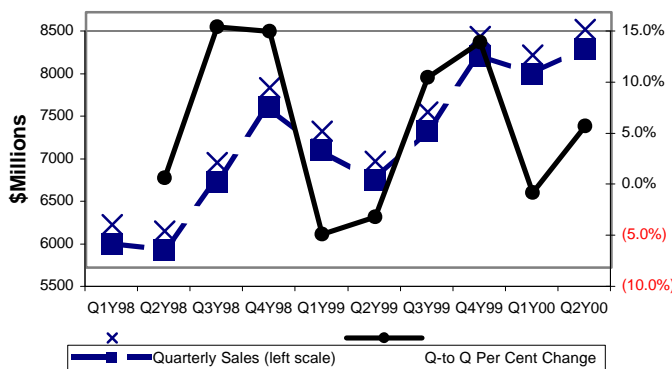
SECTORS	S&P 500		S&P MIDCAP		S&P SMALL CAP	
	Weight	Price	Weight	Price	Weight	Price
prices as of 9/22/2000	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	1.7%	(3.9%)	3.6%	(5.4%)	3.3%	(5.9%)
CONSUMER CYCLICALS	7.1%	(1.7%)	12.2%	(1.9%)	18.1%	(6.3%)
CONSUMER STAPLES	9.8%	(0.5%)	6.8%	(2.2%)	8.4%	3.9%
HEALTH	11.3%	6.4%	13.3%	2.2%	13.6%	2.4%
ENERGY	5.6%	(5.1%)	6.8%	(11.5%)	5.3%	(11.7%)
FINANCIAL	15.0%	(1.5%)	11.1%	(2.1%)	12.6%	(2.2%)
CAPITAL GOODS	8.4%	(0.4%)	7.1%	(7.3%)	13.6%	(7.1%)
TECHNOLOGY	31.1%	(2.3%)	24.9%	0.8%	18.5%	(5.2%)
COMMUNICATIONS	6.5%	(4.1%)	1.4%	(9.8%)	0.2%	(7.5%) *
UTILITY	3.0%	(6.1%)	11.5%	(4.7%)	3.2%	(4.3%)
TRANSPORTATION	0.5%	(0.5%)	1.3%	(4.6%)	3.4%	(1.1%)
Index Total:		(1.2%)		(2.6%)		(3.1%)

* Sector contains only 2 companies

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

Sector Comments The "Hot" Utility Sector got crushed last week, mostly among the large caps. Valuation really matters there. Could the bashing of companies in the presidential campaign be at fault?

Intel Corporation Quarterly Sales



Technology was the louder story last week, Friday anyway, with Intel's re-emergence as a cyclical stock. Chip companies have always been cyclical, with a strong growth trend underlying those cycles. Our best guess is that the cycle in its growth rate for Intel could be within one or two quarters of its trough. While pundits may not credit the company with the clout of a Sun Micro or an EMC, the agility and creativeness of Intel is legend. We doubt that the Technology Sector can continue its fundamental strength without Intel's participation. We present the value drivers for the Large Cap Technology Sector on Page 3 this week. Note the valuations and the revenue growth.

(\$millions)	Large Capitalization	Mid-Cap Capitalization	Small-Cap Capitalization
	\$ 12,751,628	\$941,957	\$ 375,700
	90.6%	6.7%	2.7%

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Company Name	Ticker	Market Value - Equity	12 Mo.	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Cash Flow	Return on Capital	Dividend Yield
			Quarterly Sales Growth								
ADAPTEC INC	ADPT	\$2,045	-4.7%	20.6	34.49	31.2	17.8	2.9	9.3	21.40	0.0%
ADC TELECOMMUNICATIONS II	ADCT	\$23,043	66.6%	32.5	7.73	17.3	33.9	19.7	102.9	12.92	0.0%
ADOBE SYSTEMS INC	ADBE	\$17,974	26.1%	149.6	37.09	28.2	54.4	30.1	61.4	54.43	0.1%
ADVANCED MICRO DEVICES	AMD	\$7,787	96.7%	25.0	(21.39)	(9.8)	32.4	5.7	17.4	(6.84)	0.0%
AGILENT TECHNOLOGIES INC	A	\$22,254	27.9%	49.1	31.16	9.5	43.1	6.8	18.9	22.15	0.0%
ALTERA CORP	ALTR	\$20,896	72.3%	52.4	11.59	35.7	86.4	23.0	82.1	28.71	0.0%
AMERICA ONLINE INC	AOL	\$125,927	40.1%	54.8	8.57	20.5	108.6	@NA	79.0	17.10	0.0%
ANALOG DEVICES	ADI	\$31,575	85.0%	88.4	10.10	17.8	73.9	21.8	92.2	12.22	0.0%
ANDREW CORP	ANDW	\$2,145	39.3%	26.4	16.92	12.0	35.3	5.0	31.2	15.92	0.0%
APPLE COMPUTER INC	AAPL	\$16,952	17.1%	52.2	20.54	8.3	27.1	6.6	24.5	13.29	0.0%
APPLIED MATERIALS INC	AMAT	\$56,779	83.3%	70.0	20.76	23.2	41.1	15.2	53.5	21.29	0.0%
AUTODESK INC	ADSK	\$1,508	11.5%	26.2	9.16	4.3	22.9	2.8	22.0	6.64	0.9%
AUTOMATIC DATA PROCESSING INC	AUD	\$39,532	17.2%	62.9	21.10	18.6	44.5	8.2	35.1	13.57	0.6%
BMC SOFTWARE INC	BMCS	\$5,014	-7.0%	20.3	24.83	25.1	27.8	3.7	11.1	20.23	0.0%
BROADCOM CORP -CL A	BRCM	\$55,232	105.3%	248.8	11.66	30.9	331.1	104.9	534.8	36.00	0.0%
CABLETRON SYSTEMS	CS	\$5,669	-21.3%	30.7	1.36	3.2	15.2	3.2	9.6	2.48	0.0%
CERIDIAN CORP	CEN	\$3,866	6.7%	26.6	19.95	20.4	29.1	4.2	17.0	16.80	0.0%
CISCO SYSTEMS INC	CSCO	\$422,251	60.7%	60.3	8.18	28.6	176.0	38.4	152.8	36.79	0.0%
CITRIX SYSTEMS INC	CTXS	\$3,476	12.4%	18.7	8.79	33.4	34.1	7.5	23.4	19.74	0.0%
COMPAQ COMPUTER CORP	CPQ	\$51,259	7.5%	29.8	3.38	1.1	48.7	3.9	25.6	3.06	0.3%
COMPUTER ASSOCIATES INTL	CA	\$15,735	7.6%	26.6	47.07	39.5	15.0	2.7	12.4	19.16	0.3%
COMPUTER SCIENCES CORP	CSC	\$12,553	11.8%	74.7	43.61	7.4	31.9	4.4	14.1	10.60	0.0%
COMPUWARE CORP	CPWR	\$3,200	16.0%	8.8	16.48	20.2	13.2	3.2	7.5	26.85	0.0%
COMVERSE TECHNOLOGY INC	CMVT	\$14,897	34.7%	93.7	13.16	20.5	69.9	19.9	72.8	13.88	0.0%
CONEXANT SYSTEMS INC	CNXT	\$10,070	39.5%	44.4	0.53	2.4	(81.7)	7.1	@NA	2.70	0.0%
CORNING INC	GLW	\$92,389	58.0%	315.0	23.84	12.6	169.9	34.6	89.2	10.63	0.2%
DELL COMPUTER CORP	DELL	\$93,295	24.9%	35.9	16.36	11.2	60.6	21.2	50.8	53.65	0.0%
EASTMAN KODAK CO	EK	\$17,935	3.9%	58.3	79.65	14.2	12.9	4.9	7.8	14.87	3.0%
ELECTRONIC DATA SYSTEMS	EDS	\$20,575	0.0%	44.1	18.85	6.6	31.7	5.1	15.7	8.70	1.4%
EMC CORP/MA	EMC	\$221,173	30.2%	101.4	7.44	18.0	163.3	41.1	150.9	17.00	0.0%
EQUIFAX INC	EFX	\$3,420	12.6%	25.5	23.75	17.8	16.0	15.8	10.0	15.61	1.5%
FIRST DATA CORP	FDC	\$16,627	-1.0%	40.6	5.48	19.1	16.0	5.1	11.0	13.68	0.2%
GATEWAY INC	GTW	\$17,880	12.0%	55.5	28.39	6.9	43.7	10.8	31.5	32.89	0.0%
GRAINGER (W W) INC	GWW	\$2,447	8.4%	26.1	20.88	3.5	15.7	1.8	9.1	6.83	2.6%
HEWLETT-PACKARD CO	HWP	\$102,516	14.5%	103.7	47.56	8.3	35.4	6.6	23.6	13.23	0.6%
INTEL CORP	INTC	\$321,856	23.0%	47.9	17.41	26.9	53.1	15.3	30.4	24.31	0.2%
INTL BUSINESS MACHINES CORP	IBM	\$218,327	-1.2%	124.0	31.93	10.0	32.4	11.6	16.0	7.39	0.4%
JDS UNIPHASE CORP	JDSU	\$83,680	501.4%	107.0	(13.59)	(35.3)	(98.8)	@NA	(486.9)	(3.40)	0.0%
KLA-TENCOR CORP	KLAC	\$8,067	106.3%	43.4	24.25	20.5	47.2	@NA	86.8	17.97	0.0%
LEXMARK INTL GRP INC -CL A	LXK	\$6,957	9.3%	54.6	46.13	12.7	25.7	13.2	17.6	31.44	0.0%
LINEAR TECHNOLOGY CORP	LLTC	\$19,920	50.2%	63.6	14.29	56.4	77.4	24.4	90.5	33.98	0.2%
LSI LOGIC CORP	LSI	\$10,385	28.6%	33.5	5.27	9.0	35.9	5.8	19.1	5.98	0.0%
LUCENT TECHNOLOGIES INC	LU	\$106,240	17.7%	31.8	18.84	12.8	49.2	9.5	20.6	17.91	0.3%
MAXIM INTEGRATED PRODUCTS INC	MXIM	\$22,631	60.9%	80.3	16.34	47.6	86.8	27.1	@CF	37.58	0.0%
MERCURY INTERACTIVE CORP	MERQ	\$11,896	63.8%	148.9	7.51	20.2	218.2	47.8	301.1	22.01	0.0%
MICRON TECHNOLOGY INC	MU	\$29,607	107.1%	51.6	(5.64)	(1.4)	57.8	11.1	39.6	(1.00)	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

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Company Name	Ticker	Market Value - Equity	12 Mo. Quarterly Sales Growth	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Cash Flow	Return on Capital	Dividend Yield
MICROSOFT CORP	MSFT	\$332,847	0.7%	63.3	32.34	48.0	38.6	@NA	39.1	31.91	0.0%
MOTOROLA INC	MOT	\$69,372	21.9%	31.8	9.64	6.0	66.8	4.1	19.5	7.09	0.5%
NATIONAL SEMICONDUCTOR (NSM	\$7,369	33.0%	41.5	24.31	14.6	12.3	4.8	8.3	17.45	0.0%
NCR CORP	NCR	\$3,618	-7.9%	37.7	7.14	2.8	12.0	2.3	5.1	4.76	0.0%
NETWORK APPLIANCE INC	NTAP	\$46,578	123.8%	147.4	5.75	20.1	531.8	76.2	513.4	30.01	0.0%
NORTEL NETWORKS CORP	NT	\$199,061	44.6%	66.9	4.33	5.6	(543.7)	18.9	171.7	6.82	0.1%
NOVELL INC	NOVL	\$3,149	-17.4%	9.7	10.51	17.5	25.5	2.7	12.1	14.81	0.0%
NOVELLUS SYSTEMS INC	NVLS	\$6,914	149.1%	52.8	11.78	21.6	40.1	9.5	59.0	12.43	0.0%
ORACLE CORP	ORCL	\$226,667	14.0%	80.7	11.77	22.9	41.0	39.5	33.9	28.75	0.0%
PALM INC	PALM	\$29,272	100.9%	51.8	2.19	7.7	488.9	24.1	543.5	15.04	0.0%
PARAMETRIC TECHNOLOGY C	PMTC	\$3,131	-14.0%	11.5	13.87	23.0	111.5	6.9	17.6	48.23	0.0%
PAYCHEX INC	PAYX	\$17,496	21.5%	47.0	10.73	17.7	87.5	29.4	81.7	51.26	0.5%
PEOPLESOFT INC	PSFT	\$7,642	16.5%	27.5	(0.16)	2.7	322.5	11.4	(92.6)	3.54	0.0%
PERKINELMER INC	PKI	\$4,919	31.0%	100.3	(0.84)	2.5	61.6	7.6	49.2	2.77	0.6%
POLAROID CORP	PRD	\$651	0.2%	14.5	8.76	4.9	15.3	2.0	5.6	4.92	4.1%
QUALCOMM INC	QCOM	\$54,096	-28.9%	73.0	13.52	16.2	62.0	13.5	131.3	20.37	0.0%
RAYTHEON CO -CL B	RTN.B	\$8,925	-9.7%	26.3	45.81	9.7	111.2	0.9	7.5	7.03	3.0%
SABRE HLDGS CORP -CL A	TSG	\$3,880	3.6%	30.1	23.13	10.5	11.8	2.9	6.6	11.57	0.0%
SAPIENT CORP	SAPE	\$4,930	95.9%	41.6	6.83	18.4	132.9	19.8	117.9	22.03	0.0%
SCIENTIFIC-ATLANTA INC	SFA	\$9,340	55.6%	58.7	3.34	3.1	78.7	16.3	61.2	4.86	0.1%
SEAGATE TECHNOLOGY	SEG	\$15,188	-5.8%	66.3	(57.12)	(10.7)	42.1	3.5	16.7	(11.06)	0.0%
SIEBEL SYSTEMS INC	SEBL	\$43,223	119.3%	105.0	5.23	25.9	599.4	57.1	282.9	19.57	0.0%
SUN MICROSYSTEMS INC	SUNW	\$187,297	42.7%	118.1	25.05	16.4	107.6	@NA	110.7	25.96	0.0%
TEKTRONIX INC	TEK	\$3,480	-0.9%	73.6	(11.45)	(0.7)	282.2	3.7	61.6	(0.71)	0.7%
TELLABS INC	TLAB	\$20,070	47.9%	48.9	23.16	26.6	37.0	11.1	30.7	32.83	0.0%
TERADYNE INC	TER	\$6,730	89.3%	38.8	22.50	14.5	28.9	9.6	23.9	20.38	0.0%
TEXAS INSTRUMENTS INC	TXN	\$91,867	18.7%	56.0	13.35	18.0	43.3	11.8	38.1	15.83	0.2%
UNISYS CORP	UIS	\$3,425	-15.8%	10.9	37.19	12.0	8.8	2.1	5.0	22.52	0.0%
VERITAS SOFTWARE CO	VRTS	\$57,315	140.2%	143.8	(17.07)	(61.4)	(67.5)	13.9	1,807.9	(15.06)	0.0%
XEROX CORP	XRX	\$11,041	-3.6%	16.6	37.87	16.5	21.1	2.2	4.7	8.82	4.8%
XILINX INC	XLNX	\$27,627	72.6%	84.6	14.78	32.6	41.4	16.3	40.1	21.52	0.0%
YAHOO INC	YHOO	\$61,217	110.1%	111.4	4.36	25.8	319.7	51.3	573.9	16.68	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