



ValuEngine™

Quantitative Report

THE WALT DISNEY COMPANY (DIS)

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Valuation Overview for

THE WALT DISNEY COMPANY (DIS)

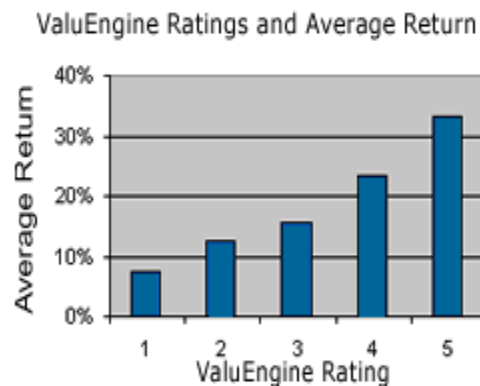
Recent Price	Industry	Sector
18.00	LEISURE	Consumer Services

Walt Disney Company owns 100% of Disney Enterprises, Inc. which, together with its subsidiaries, is a diversified worldwide entertainment company with operations in five business segments: Media Networks, Studio Entertainment, Theme Parks and Resorts, Consumer Products and Internet and Direct Marketing.

• ValuEngine Rating for DIS



*The ValuEngine Rating is an overall assessment of a stock's attractiveness. It combines the following five factors: valuation, risk–return tradeoff, momentum, market capitalization, and forecasted future returns. Only three percent of the stock universe receives the highest 5–engine rating, while the lowest rating is a single engine. The chart on the right shows historically how stocks in the various ratings have performed on average.



• ValuEngine Assessment

Today's Fair Value:
31.77

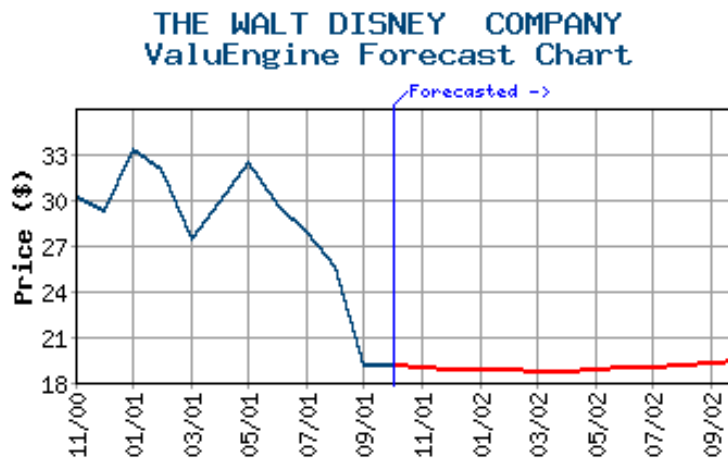
43.35% undervalued

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Fair Value is an assessment based on the ValuEngine Stock Valuation Model. Fair Value indicates what the price of the stock should be today. For DIS, it is based on actual Earnings Per Share (EPS) for the previous 4 quarters of \$0.88, forecasted EPS for the following 4 quarters of \$0.71, and the current 30–Yr Treasury Bond yield of 5.63%. There are 10 firm–specific and interest–rate–related parameters each playing a role in the valuation formula. For detailed model description see page 14.

• ValuEngine Style Rating for DIS		
LESS ATTRACTIVE	to Day Traders*	*Day Traders prefer volatile stocks with dramatic price swings.
LESS ATTRACTIVE	to Momentum Investors	Momentum Investors believe that stocks that have seen recent price increases will continue to increase in the short term.
ATTRACTIVE	to Market Leader Investors	Market Leader Investors look for stable, high–quality, industry–leading companies.
NEUTRAL	to Growth–at–Reasonable–Price Investors	Growth–at–Reasonable–Price Investors combine momentum and value considerations, in order to gain the benefits of both strategies.
NEUTRAL	to Balanced Investors	Balanced Investors look for stocks that have favorable momentum, are undervalued (with low Mispricing) and offer a good risk–return tradeoff.
LESS ATTRACTIVE	to Classic–Value Investors	Classic–Value Investors look for stocks that are considered undervalued by the market. This is done using traditional valuation measures such as Market/Book Ratio and Price/Sales Ratio.
NEUTRAL	to Conservative Investors	Conservative Investors prefer stocks that are either stable with good returns, or volatile with exceptional returns.

ValuEngine Forecasts for THE WALT DISNEY COMPANY



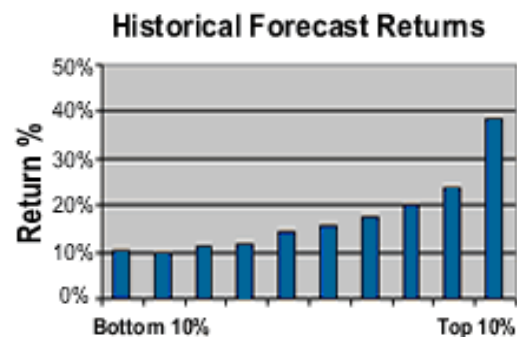
Return Forecasts						
	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years
Target Price	18.40	18.28	18.11	18.83	19.96	22.87
Expected Return	-0.52%	-1.18%	-2.10%	1.81%	7.90%	23.64%

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The ValuEngine Stock Forecast Model

The predictive variables used in ValuEngine.com forecasting models include both proprietary and well-established forecasting variables derived from credible financial research studies and publications. ValuEngine.com uses a distinct forecasting model for each forecasting horizon and for every industry. Our forecasting models capture, among other things, several important tendencies that stock prices consistently exhibit: Short-term price reversals, Intermediate-term momentum continuation and Long-term price reversals. ValuEngine.com applies the most advanced statistical/econometric techniques to ensure that our stock return forecasts are as reliable as possible. In addition, we have a realistic econometric model for assessing a stock's and a portfolio's future return prospects.

This econometric model involves running thousands of simulations to estimate the probability of a double in stock price as well as the probability that a stock or portfolio of stocks will meet or exceed any given estimate target.



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Market Ratio Based Valuation

Portfolio managers and professionals traditionally rely on market ratios to gauge whether a stock is fair-valued or overvalued. On this page, we present such a valuation based on one of three market ratios: PEG (price to trailing 4-quarter earnings ratio, divided by the consensus analyst forecasted next-year EPS growth), P/E (price to forward 4-quarter earnings ratio), and P/S ratio (price to trailing 4-quarter sales). Among the three, PEG is the most informative as it reflects both the price/earnings ratio and expected future EPS growth, while P/E is better than P/S. For each given stock, we apply the PEG to give a fair value assessment if both its trailing 4-quarter EPS and forecasted EPS growth rate are positive. If its forecasted EPS growth is negative but its forward 4-quarter EPS is positive, we apply the P/E to give a fair value for the stock as of today. Otherwise, we resort to the P/S to assess its fair value.

To establish a valuation standard, we use both (i) the average historical market ratio of the stock over the past 10 years (or however long there is data available for the stock), and (ii) the average market ratio today of five comparable stocks in the same sector and from companies of similar size. These two alternative perspectives should give you a good idea about where this stock's valuation stands today.

1.

Valuation Based on DIS's Past P/E

Over the past years, DIS's average P/E is 26.79. DIS earned \$N/A per share in its recent 4 quarters. The analyst consensus estimate is \$0.71 for its 4-quarter-forward EPS. DIS's current sales per share is \$11.84. The following assessment is based on multiplying the historical P/E with next 4-quarter EPS for DIS.

Market Price	Historical Average P/E	P/E-Based Fair Value
\$18.00	26.79	\$19.02

2. Valuation Based on Comparables' P/E

DIS's comparables are CCL, MAR, ACRFY, HOT and MGM. The current P/E average of these comparables is 30.06.

• Comparables	• Current P/E
CCL	13.21
MAR	18.18
ACRFY	NEGATIVE
HOT	12.54
MGM	76.32

DIS earned \$N/A per share in its recent 4 quarters. The analyst consensus estimate is \$0.71 for its 4-quarter-forward EPS. DIS's current sales per share is \$11.84. The following assessment is based on multiplying comparable stocks' average P/E today with DIS's next 4-quarter EPS.

Market Price	Comparable Stocks' Average P/E	Comparable P/E-Based Fair Value
\$18.00	30.06	\$21.34

Quantitative Summary for THE WALT DISNEY COMPANY

• Valuation & Rankings			
Valuation	43.35% undervalued	Valuation Rank	84
12 Month Return	-47.44%	Momentum Rank	27
Sharpe Ratio	-0.05	Sharpe Ratio Rank	52
5 Yr Avg Annual Return	-1.97%	5 Yr Avg Annual Rtn Rank	51
Volatility	36.14%	Volatility Rank	80
Expected EPS Growth	-19.77%	EPS Growth Rank	19
Market Cap (billions)	38.49	Size Rank	99
P/E Ratio	21.02	P/E Rank	32
Price/Sales	1.52	Price/Sales Rank	41
Market/Book	1.67	Market/Book Rank	42

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Just as important as the percentages shown for our ten predictive variables for each stock is the way they are ranked against the 7000 plus stocks in our database. This is sometimes confusing to newcomers to ValuEngine.com. Each of these quantitative measurements is ranked on a scale of 1 to 100. Generally the higher the ranking, the more positive the influence each measurement has on the overall attractiveness of the stock. In other words a high rank is always better. Let's take them one by one:

Valuation rank 70: 30% of stocks are more undervalued
 Momentum rank 70: 30% of stocks have higher momentum
 Sharpe Ratio rank 70: 30% of stocks have a higher Sharpe Ratio
 Volatility rank 70: 30% of stocks have less volatility
 Size rank 70: 30% of companies have higher market capitalization
 EPS growth rank 70: 30% of stocks have greater projected EPS growth
 P/E rank 70: 30% of stocks have lower P/E ratios
 Price/Sales rank 70: 30% of stocks have lower price/sales ratios
 Market/Book rank 70: 30% of stocks have lower market/book value ratios
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Valuation Comparison for DIS

• Valuation Comparison				
	DIS	Industry Average	Sector Average	S&P 500 Index
Valuation	43.35% undervalued	0.18% undervalued	0.12% undervalued	0.09% overvalued
Valuation Rank	84	56.10	51.31	19

• Momentum Comparison				
	DIS	Industry Average	Sector Average	S&P 500 Index
Recent 12 Month Return	-47.44%	-2.45%	-6.25%	-20.21%
Momentum Rank	27	51.56	48.20	42

• Quality Comparison				
	DIS	Industry Average	Sector Average	S&P 500 Index
Sharpe Ratio	-0.05	-0.23	-0.30	0.56
Sharpe Ratio Rank	52	43.72	43.60	93
5-Yr Avg Return	-1.97%	-12.83%	-9.90%	9.16%
5-Yr Return Rank	51	44.23	45.41	72
Volatility	36.14%	71.91%	85.41%	16.26%
Volatility Rank	80	49.76	43.49	100

• EPS & Growth Comparison				
	DIS	Industry Average	Sector Average	S&P 500 Index
Expected EPS Growth	-19.77%	28.73%	31.28%	17.16%
EPS Growth Rank	19	50.02	53.27	50
Avg EPS Surprise	89.53%	60.45%	28.77%	123.08%
EPS Surprise Rank	51	55.62	47.22	95

• Other Valuation Comparisons				
	DIS	Industry Average	Sector Average	S&P 500 Index
P/E Ratio	21.02	16.89	20.01	30.10
P/E Ratio Rank	32	60.11	51.29	19
Market/Book Ratio	1.67	1.72	2.08	N/A
Market/Book Rank	42	58.60	56.91	N/A
Price/Sales Ratio	1.52	1.07	1.32	N/A
Price/Sales Rank	41	59.94	62.15	N/A

Comparison of Similar Stocks to DIS

• Valuation Comparison				
Ticker	DIS	CCL	MAR	ACRFY
Last Trade	18.00	21.14	31.99	0.00
Model Price	31.77	27.54	43.54	N/A
Valuation	43.35% undervalued	23.25% undervalued	26.54% undervalued	
Valuation Rank	84	66	67	

• Momentum Comparison				
Ticker	DIS	CCL	MAR	ACRFY
Recent 12 Month Return	-47.44%	-1.72%	-8.62%	N/A
Momentum Rank	27	54	50	

• Quality Comparison				
Ticker	DIS	CCL	MAR	ACRFY
Sharpe Ratio	-0.05	0.14	-0.22	N/A
Sharpe Ratio Rank	52	68	39	
5 Yr Avg Annual Return	-1.97%	6.60%	-10.53%	N/A
5 Yr Avg Annual Rtn Rank	51	68	38	
Volatility	36.14%	48.22%	48.14%	36.82%
Volatility Rank	80	65	65	79

• EPS & Growth Comparison				
Ticker	DIS	CCL	MAR	ACRFY
Expt EPS Growth	-19.77%	-8.46%	-9.59%	N/A
EPS Growth Rank	19	25	24	
EPS Surprise	89.53%	95.72%	101.30%	N/A
EPS Surprise Rank	51	63	83	

• Size Comparison				
Ticker	DIS	CCL	MAR	ACRFY
Market Cap [Billions]	38.49	12.49	8.31	7.52
Size Rank	99	97	95	94

• Other Comparisons				
Ticker	DIS	CCL	MAR	ACRFY
P/E Ratio	21.02	12.17	17.09	N/A
P/E Ratio Rank	32	66	43	
Market/Book Ratio	1.67	2.06	2.31	N/A
Market/Book Rank	42	33	29	
Price/Sales Ratio	1.52	3.00	0.82	N/A
Price/Sales Rank	41	22	59	

• Return Forecast : Expected return				
Ticker	DIS	CCL	MAR	ACRFY
1 Month	-0.52%	0.03%	-0.71%	N/A
3 Months	-1.18%	1.08%	-0.88%	N/A
6 Months	-2.10%	1.42%	-2.85%	N/A
1 Year	1.81%	2.02%	-1.22%	N/A
2 Years	7.90%	7.71%	1.77%	N/A
3 Years	23.64%	18.41%	9.77%	N/A

• Odds Assessments : Chance of a double				
Ticker	DIS	CCL	MAR	ACRFY
1 Month	0.00%	0.00%	0.00%	N/A
3 Months	0.00%	0.00%	0.00%	N/A
6 Months	0.00%	0.19%	0.13%	N/A
1 Year	0.33%	2.11%	1.78%	N/A
2 Years	3.58%	8.80%	7.45%	N/A
3 Years	11.13%	16.43%	13.96%	N/A

• Odds Assessments : Chance of gain				
Ticker	DIS	CCL	MAR	ACRFY
1 Month	48.00%	50.07%	47.97%	N/A
3 Months	47.39%	51.78%	48.54%	N/A
6 Months	46.72%	51.66%	46.66%	N/A
1 Year	51.99%	51.67%	48.99%	N/A
2 Years	56.14%	54.50%	51.04%	N/A
3 Years	64.72%	58.72%	54.67%	N/A

• Odds Assessments : Chance of loss				
Ticker	DIS	CCL	MAR	ACRFY
1 Month	52.00%	49.93%	52.03%	N/A
3 Months	52.61%	48.22%	51.46%	N/A
6 Months	53.28%	48.34%	53.34%	N/A
1 Year	48.01%	48.33%	51.01%	N/A
2 Years	43.86%	45.50%	48.96%	N/A
3 Years	35.28%	41.28%	45.33%	N/A

Earnings Reports and Analyst Recommendations

• Earnings History					
	2000–Jun	2000–Spe	2000–Dec	2001–Mar	2001–Jun
Estimate	0.24	0.17	0.25	0.14	0.22
Actual	0.30	0.20	0.28	0.19	0.23
Difference	0.06	0.03	0.03	0.05	0.01
% Surprise	25.00%	17.65%	12.00%	35.71%	4.55%

• Analyst Recommendations			
	Number of brokers recommending as:	Average Recommendation (Strong Buy) 1.00–5.00 (Strong Sell)	
Strong Buy	7	This Week	2.06
Moderate Buy	10	Last Week	1.82
Hold	10	Change	0.24
Moderate Sell	0		
Strong Sell	0		

• Earnings Per Share Estimates				
	This Quarter (2001–Spe)	Next Quarter (2001–Dec)	This Year (2001–Spe)	Next Year (2002–Spe)
Avg Estimate	0.09	0.19	0.75	0.77
# of Analysts	22	12	26	26
Low Estimate	0.03	0.02	0.54	0.50
High Estimate	0.14	0.31	0.93	1.10
Year Ago EPS	0.23	0.25	1.01	0.75
EPS Growth	–62.06%	–25%	–25.44%	1.79%

• Consensus EPS Trend				
	This Quarter (2001–Spe)	Next Quarter (2001–Dec)	This Year (2001–Spe)	Next Year (2002–Spe)
Current	0.09	0.19	0.75	0.77
7 Days Ago	0.10	0.20	0.76	0.81
30 Days Ago	0.13	0.25	0.79	0.90
60 Days Ago	0.14	0.25	0.80	0.91
90 Days Ago	0.15	0.26	0.82	0.97

• Earnings Growth						
	Last 5 Years	This Year (2001–Spe)	Next Year (2002–Spe)	Next 5 Years	Price/EPS (2001–Spe)	PE/Growth Ratio (2001–Spe)
DIS	6.1%	–25.5%	6.6%	12.7%	25.4	–1.00
LEISURE	11.4%	9.7%	14.30%	12%	14.9	1.54

Annual Financials for THE WALT DISNEY COMPANY

Balance Sheet

• Annual Assets (in millions)					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Cash & Short Term Investment	N/A	842.00	414.00	127.00	317.00
Accounts Receivable	N/A	3,599.00	3,633.00	3,999.00	3,726.00
Notes Receivable	N/A	0.00	0.00	0.00	0.00
Inventories	N/A	702.00	796.00	899.00	942.00
Other Current Assets	N/A	4,864.00	5,357.00	4,350.00	
Total Current Assets	N/A	10,007.00	10,200.00	9,375.00	4,985.00
Net Property & Equipment	N/A	12,310.00	11,346.00	10,346.00	8,951.00
Equity Invest	N/A	2,270.00	2,434.00	1,814.00	1,897.00
Other Non-Current Assets	N/A		0.00	0.00	0.00
Deferred Expenses	N/A	2,895.00	2,489.00	2,506.00	4,401.00
Intangible Assets	N/A	16,117.00	15,695.00	15,769.00	16,011.00
Other Assets	N/A	1,428.00	1,515.00	1,568.00	1,531.00
Total Assets	N/A	45,027.00	43,679.00	41,378.00	37,776.00

• Annual Liabilities & Shareholder's Equity (in millions)					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Notes Payable	N/A	0.00	0.00	0.00	0.00
Accounts Payable	N/A	5,161.00	4,588.00	4,767.00	5,577.00
Current Portion Long Term Debt	N/A	2,502.00	2,415.00	2,123.00	0.00
Current Portion Capital Leases	N/A	0.00	0.00	0.00	0.00
Accrued Expenses	N/A	0.00	0.00	0.00	0.00
Income Taxes Payable	N/A	0.00	0.00	0.00	995.00
Other Current Liabilities	N/A	739.00	704.00	635.00	1,172.00
Total Current Liabilities	N/A	8,402.00	7,707.00	7,525.00	7,744.00
Mortgages	N/A	0.00	0.00	0.00	0.00
Deferred Taxes/Income	N/A	2,833.00	2,660.00	2,488.00	1,679.00
Convertible Debt	N/A	0.00	0.00	0.00	0.00
Long-Term Debt	N/A	6,959.00	9,278.00	9,562.00	11,068.00
Non-Current Capital Leases	N/A	0.00	0.00	0.00	0.00
Other Non-Current Liabilities	N/A	2,657.00	2,699.00	2,696.00	2,377.00
Minority Interest ()	N/A	107.00	0.00	0.00	0.00
Total Liabilities	N/A	20,927.00	22,704.00	21,990.00	20,491.00

• Annual Shareholder's Equity					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Preferred Stock	N/A	0.00	0.00	0.00	0.00
Common Stock (Par)	N/A	12,101.00	9,324.00	8,995.00	8,534.00
Capital Surplus	N/A	0.00	0.00	0.00	0.00
Retained Earnings	N/A	12,767.00	12,281.00	10,981.00	9,557.00
Other Equity	N/A	-79.00	-25.00	5.00	-344.00
Treasury Stock					
Total Shareholder's Equity	N/A	24,100.00	20,975.00	19,388.00	17,285.00
Total Liabilities & Shareholder's Equity	N/A	45,027.00	43,679.00	41,378.00	37,776.00
Average Shares	2,093.30	2,084.61	2,062.33	2,048.69	2,025.40

Annual Income Statement

• Annual Income Statement (in millions)					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Sales	N/A	25,402.00	23,402.00	22,976.00	22,473.00
Cost of Goods	N/A	21,321.00	19,715.00	18,961.00	18,161.00
Gross Profit	N/A	4,081.00	3,687.00	4,015.00	4,312.00
Selling & Administrative Expenses	N/A	105.00	196.00	236.00	367.00
Non-Operating Income	N/A	448.00	-109.00	0.00	135.00
Interest Expense	N/A	558.00	612.00	622.00	693.00
Pretax Income	N/A	2,633.00	2,314.00	3,157.00	3,387.00
Income Taxes	N/A	1,606.00	1,014.00	1,307.00	1,421.00
Minority Interest	N/A	107.00	0.00	0.00	0.00
Investment Gains/Losses	N/A	0.00	0.00	0.00	0.00
Other Income/Charges	N/A	0.00	0.00	0.00	0.00
Income from Cont. Operation	N/A	920.00	1,300.00	1,850.00	1,966.00
Extra & Discontinued Operation	N/A	0.00	0.00	0.00	0.00
Net Income	N/A	920.00	1,300.00	1,850.00	1,966.00

• Annual Depreciation Footnote (in millions)					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Income before Depreciation & Amortization	N/A	3,976.00	3,491.00	3,779.00	3,945.00
Depreciation & Amortization (Cash Flow)	N/A	1,233.00	456.00	0.00	0.00

• Annual Earnings Per Share Data					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Average Shares	2,093.30	2,084.61	2,062.33	2,048.69	2,025.40
Diluted EPS Before Non-Recurring Items	N/A	0.34	0.66	0.92	0.88
Diluted Net EPS	N/A	0.57	0.62	0.91	0.92

Annual Cash Flow

• Cash Flow from Op. Inv. & Fin. Activity (in millions)					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Net Income (loss)	N/A	920.00	1,300.00	1,850.00	1,966.00
Depreciation/Amortization & Depletion	N/A	4,664.00	3,779.00	3,754.00	4,958.00
Net Change from Assets/Liabilities	N/A	1,070.00	452.00	-414.00	290.00
Net Cash from Discontinued Operations	N/A	0.00	0.00	0.00	0.00
Other Operating Activities	N/A	-220.00	57.00	-75.00	-150.00
Net Cash From Operating Activities	N/A	6,434.00	5,588.00	5,115.00	7,064.00
Property & Equipment	N/A	-2,013.00	-2,134.00	-213.00	-1,922.00
Acquisition/Disposition of Subsidiaries	N/A	-34.00	-319.00	0.00	1,601.00
Investments	N/A	34.00	163.00	-2,117.00	-2,268.00
Other Investing Activities	N/A	-1,757.00	-3,020.00	-3,335.00	-3,312.00
Net Cash from Investing Activities	N/A	-3,770.00	-5,310.00	-5,665.00	-5,901.00

• Uses of Funds (in millions)					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Issuance (Repurchase) of Capital Stock	N/A	316.00	185.00	154.00	-453.00
Issuance (Repayment) of Debt	N/A	0.00	0.00	0.00	0.00
Increase (Decrease) Short-Term Debt	N/A	-2,118.00	-2,482.00	618.00	-1,641.00
Payment of Dividends & Other Distributions	N/A	-434.00	0.00	-412.00	-342.00
Other Financing Activities	N/A	0.00	2,306.00	0.00	1,312.00
Net Cash from Financing Activities	N/A	-2,236.00	9.00	360.00	-1,124.00
Effect of Exchange Rate Changes	N/A	0.00	0.00	0.00	0.00
Net Change in Cash & Equivalence	N/A	428.00	287.00	-190.00	39.00

• Cash and Equivalents (in millions)					
	2001-Spe	2000-Spe	1999-Spe	1998-Spe	1997-Spe
Cash at Beginning of Period	N/A	414	127	317	278
Cash at End of Period	N/A	842.00	414.00	127.00	317.00

Quarterly Financials for THE WALT DISNEY COMPANY

Balance Sheet

• Quarterly Assets (in millions)					
	2001-Spe	2001-Jun	2001-Mar	2000-Dec	2000-Spe
Cash & Short-Term Investment	N/A	2,448.00	663.00	1,200.00	842.00
Accounts Receivable	N/A	3,683.00	3,974.00	4,381.00	3,599.00
Notes Receivable	N/A	0.00	0.00	0.00	0.00
Inventories	N/A	595.00	578.00	567.00	702.00
Other Current Assets					
Total Current Assets					
Net Property & Equipment	N/A	12,678.00	12,589.00	12,514.00	12,310.00
Equity Invest	N/A	2,074.00	2,137.00	2,078.00	2,270.00
Other Non-Current Assets					
Deferred Expenses	N/A	5,210.00	5,012.00	5,056.00	2,895.00
Intangible Assets	N/A	14,769.00	15,172.00	15,791.00	16,117.00
Other Assets	N/A	1,677.00	1,436.00	1,452.00	1,428.00
Total Assets	N/A	45,872.00	44,457.00	45,802.00	45,027.00

• Quarterly Liabilities & Shareholder's Equity (in millions)					
	2001-Spe	2001-Jun	2001-Mar	2000-Dec	2000-Spe
Notes Payable	N/A	454.00	175.00	0.00	0.00
Accounts Payable	N/A	4,668.00	4,813.00	5,495.00	5,161.00
Current Portion Long Term Debt	N/A	0.00	0.00	1,974.00	2,502.00
Current Portion Capital Leases	N/A	0.00	0.00	0.00	0.00
Accrued Expenses	N/A	0.00	0.00	0.00	0.00
Income Taxes Payable	N/A	0.00	0.00	0.00	0.00
Other Current Liabilities	N/A	853.00	916.00	698.00	739.00
Total Current Liabilities	N/A	5,975.00	5,904.00	8,167.00	8,402.00
Mortgages	N/A	0.00	0.00	0.00	0.00
Deferred Taxes/Income	N/A	2,922.00	2,783.00	2,744.00	2,833.00
Convertible Debt	N/A	0.00	0.00	0.00	0.00
Long-Term Debt	N/A	10,482.00	9,661.00	8,341.00	6,959.00
Non-Current Capital Leases					
Other Non-Current Liabilities	N/A	2,657.00	2,699.00	2,696.00	2,377.00
Minority Interest ()	N/A	20.00	33.00	30.00	9.00
Total Liabilities	N/A	22,398.00	21,466.00	22,334.00	20,927.00

• Quarterly Shareholder's Equity					
	2001-Spe	2001-Jun	2001-Mar	2000-Dec	2000-Spe
Preferred Stock	N/A	0.00	0.00	0.00	0.00
Common Stock (Par)	N/A	12,106.00	12,083.00	12,079.00	12,101.00
Capital Surplus	N/A	0.00	0.00	0.00	0.00
Retained Earnings	N/A	12,118.00	11,726.00	12,293.00	12,767.00
Other Equity	N/A	-61.00	-129.00	-215.00	-79.00
Treasury Stock					
Total Shareholder's Equity	N/A	23,474.00	22,991.00	23,468.00	24,100.00
Total Liabilities & Shareholder's Equity	N/A	45,872.00	44,457.00	45,802.00	45,027.00
Average Shares	2,093.30	2,089.96	2,080.29	2,084.61	2,084.61

Quarterly Income Statement

• Quarterly Income Statement (in millions)					
	2001-Spe	2001-Jun	2001-Mar	2000-Dec	2000-Spe
Sales	N/A	5,975.00	6,047.00	7,306.00	6,034.00
Cost of Goods	N/A	4,947.00	5,133.00	6,283.00	5,604.00
Gross Profit	N/A	1,028.00	916.00	1,150.00	696.00
Selling & Administrative Expenses	N/A	0.00	0.00	0.00	105.00
Non-Operating Income	N/A	-52.00	-930.00	-78.00	185.00
Interest Expense	N/A	80.00	98.00	121.00	115.00
Pretax Income	N/A	751.00	-296.00	658.00	-126.00
Income Taxes	N/A	339.00	238.00	386.00	262.00
Minority Interest	N/A	20.00	33.00	30.00	9.00
Investment Gains/Losses	N/A	0.00	0.00	0.00	0.00
Other Income/Charges	N/A	0.00	0.00	0.00	401.00
Income from Cont. Operation	N/A	392.00	307.00	341.00	240.00
Extra & Discontinued Operation	N/A	0.00	0.00	-278.00	0.00
Net Income	N/A	392.00	307.00	63.00	240.00

• Quarterly Depreciation Footnote (in millions)					
	2001-Spe	2001-Jun	2001-Mar	2000-Dec	2000-Spe
Income before Depreciation & Amortization	N/A	1,028.00	916.00	1,150.00	591.00
Depreciation & Amortization(Cash Flow)	N/A	145.00	184.00	293.00	787.00

• Quarterly Earnings Per Share Data					
	2001–Spe	2001–Jun	2001–Mar	2000–Dec	2000–Spe
Average Shares	2,093.30	2,089.96	2,080.29	2,084.61	2,084.61
Diluted EPS Before Non–Recurring Items	N/A	0.23	0.19	0.28	0.20
Diluted Net EPS	N/A	0.19	0.15	0.03	0.11

About the Company

Who We Are

ValuEngine.com is a stock valuation, investment advisory and forecasting service. The company was co–founded by Dr. Zhiwu Chen, professor of finance at Yale University's School of Management. Dr. Chen, with the ValuEngine research team, developed and tested the VE Stock Valuation Model, econometric models for forecasting, and the VE portfolio construction, tracking and advisory products. Our services include these reports, the ValuEngine.com website for individual investors and ValuEngine Institutional, a software product for equity fund managers and other financial professionals.

What we deliver to you:

Until now, the VE Institutional stock valuation, risk management and forecasting technology has been available only to financial professionals in the United States and Asia. Our ongoing cooperative research program, involving economists and financial theorists at Yale University and our own development team, has forged a solid bridge between the academic world and the marketplace. Thus armed with the freshest concepts and ideas, the ValuEngine team tests new theories and works out practical applications for them. We can say without fear of contradiction that there is no asset valuation and forecasting system in use today that is the equal of ValuEngine.com.

Please e–mail us at contact@valuengine.com with any of your suggestions and comments.

The Models and the ValuEngine System

ValuEngine.com employs four computer models to provide its services and functions. They are:

1. The VE Stock Valuation Model
2. The VE Stock Forecast Model
3. The VE PortfolioAdvisor model
4. The PortfolioForecast Model.

The Stock Valuation Model is VE's "flagship" model. It uses three primary variables to arrive at a computer modeled or fair value price for any stock at any given point in time. These variables are the company's trailing 12 month earnings per share (EPS), the analyst consensus of its future 12 months EPS and the current yield of the 30 year Treasury bond which creates the interest rate "climate" in which the market as a whole operates.

Underlying these three time sensitive variables are seven additional criteria. Five are specific to the stock being evaluated and are unique to the VE stock valuation model in that they quantify the subjective component of value for that stock. They include the price history of the stock and its relationship to the market in terms of volatility, momentum and liquidity as well as its market capitalization. Two others are related to the interest rate climate, tracking the duration of the interest rate cycle and its volatility. These seven criteria provide a structured parametrical platform for the three primary variables.

The correlation of these variables defines their complex interrelationship and is the core of the computer model that delivers the fair value price of a stock.

The deviation of the stock's current market price from the current fair value is calculated as a percentage to provide a measure of the extent to which the market is "mispricing" the stock. Because the three primary variables are time sensitive, and a change in any or all of them produces a change in the fair value, the VE model is the only system that provides valuation of a stock in real time.

To establish its validity, the stock valuation model was backtested against the S P 500 index over a fifteen year period. A rigorous out-of-sample discipline was employed that permitted only data available at the point in the timeline that each valuation was made. This eliminated any forward looking bias or survivorship bias that could result from data leakage.

The model tracked the index accurately, showing the market to be over or undervalued when indeed it was. For example, when the test period was charted, the price bubble that preceded the 1987 crash is clearly visible as is the overvaluation of 1998 that provoked Alan Greenspan's remark about "irrational exuberance".

The **Stock Forecast Model** was developed from the accumulated test data and uses a total of eight predictive variables (including the mispricing measure). These are incorporated into our own econometric formula that enables the model to capture a stock's susceptibility to short term price reversals, its probability of intermediate term price momentum continuation, and the probability of long term price reversals. The model is at the heart of a computer screening program that ferrets out stocks with the characteristics needed for favorable investment results. Strongly undervalued stocks with high momentum proved to provide the greatest return and the program will sort through the more than 7000 stocks in our database to find them.

Because most of the variables in the model are firm-specific, the model automatically adapts across sectors and industries. In fact, regression analysis comparing the VE models against existing valuation methods **showed the mispricing measure to be the only predictive variable of significant value in all sectors.**

The forecasting model was backtested with the same methodology used in validating the valuation model and while not a perfect crystal ball, it was found to be reasonably accurate. We can say that its use, together with the stock valuation model, will definitely enhance the investor's odds of success in the stock market.

Dr. Chen explains that the reason the VE models work better than any other valuation and forecasting mechanism now available is a combination of their structural integrity and their ability to respond continuously to new information. "The multistage dividend, discounted cash flow or residual income models do not offer a rich enough parameterization of both a firm's fundamentals and those of the economy."

The **Portfolio Advisor Model** helps the investor select stocks that will reflect his/her choice of three basic investment strategies: Aggressive, with attendant greater risk (growth orientation), conservative with minimal risk (capital preservation) and balanced with some growth and moderate risk. Using its own econometric model together with the Stock Forecast Model, Portfolio Advisor will then make allocations of the chosen amount of capital across the selected stocks to maximize the probability of achievement of the selected investment goal within a chosen timeframe. The investor can select varying time horizons and risk levels and compare varying capital allocations and projected returns.

The **Portfolio Forecast Model** is essentially an extension of the Stock Forecast Model, and can be used to estimate the total forward return of a given portfolio. The model will first analyze each of the stocks listed in the portfolio. Then, not unlike a chess-playing computer that considers thousands of moves before selecting the best one, it plugs all the variables into its own econometric model and estimates the portfolio's return over various time horizons and risk tolerance levels as selected by the investor. The forecast model also functions automatically in the portfolio advisor model to project returns following the capital allocation function.

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