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Disclosures mentioned  
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# Asset Allocation / Equity Valuation

## Highlights

- Stocks (S&P 500) fell 6.0% in December. Bonds (10-year U.S. government) rose, with the yield falling to 3.83%, from 4.22%. T-bill yields remained at 1.22%.
- Probability of stocks outperforming bonds at 99%, up from 96%. Probability of stocks outperforming cash at 98%, up from 97%. Probability of yield curve flattening at 78%, down from 87%. Stock weighting at 89%, up from 88%. Bond weighting at 11%, down from 12%. Cash weighting remained at 0%.
- Stocks undervalued on a P/E basis, at +19% appreciation potential to normal value.
- Liquidity and earnings power are neutral.
- Combining all five stock market gauges, the current value of the S&P 500 is +14% below fair value estimate of 1020.
- Three top-ranked industries in Equity Valuation Model: Finance (Diversified), Banks, Building & Home.
- Three bottom-ranked industries in Equity Valuation Model: Oil & Gas Services, Paper & Packaging, Metals.

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### Equity Valuation

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**Table 1: Asset Allocation Model**

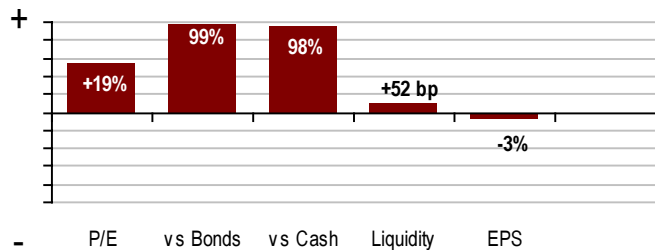
	Curr. mo. 12/02	Last mo. 11/02	Last year 12/01	1982-2002					
				Average	Std. Dev.	Maximum	Minimum		
<b>Expected rate of return</b>									
13-week T-bills	1.2%	1.2%	1.7%	5.7%	2.1%	11.0%	8/1984	1.2%	11/2002
10-year gov't bonds	3.8	4.2	5.1	7.5	2.1	13.6	6/1984	3.6	9/2002
S&P 500 stocks	8.5	8.3	8.4	10.2	1.8	14.2	12/1982	8.0	1/1999
Inflation (CPI)*	2.2%	2.0%	0.2%	3.2%	1.3%	7.3%	12/1990	-0.6%	8/1986
<b>Real expected rate of return</b>									
13-week T-bills	-1.0%	-0.8%	1.6%	2.6%	1.8%	8.0%	3/1983	-1.3%	9/2002
10-year gov't bonds	1.6	2.2	4.9	4.3	1.9	9.8	3/1983	0.8	9/2002
S&P 500 stocks	6.2	6.3	8.2	7.0	1.8	13.2	3/1983	3.6	12/1990
<b>Equity risk premium</b>									
S&P 500 stocks vs. 13-week T-bills	7.2%	7.1%	6.6%	4.5%	1.4%	7.5%	9/1992	1.8%	8/2000
S&P 500 stocks vs. 10-year gov't bonds	4.6	4.1	3.3	2.7	0.8	5.0	9/2002	0.4	9/1987
<b>Probability of S&amp;P 500 outperforming:</b>									
13-week T-bills	98%	97%	96%	55%	24%	98%	12/2002	10%	8/2000
10-year gov't bonds	99	96	81	48	21	100	9/2002	7	6/1984
<b>Time risk premium</b>									
10-yr gov't bonds vs. 13-week T-bills	2.6%	3.0%	3.3%	1.7%	1.1%	3.8%	4/1992	-0.8%	12/2000
<b>Probability of yield curve flattening</b>									
10-yr gov't bonds vs. 13-week T-bills	78%	87%	93%	60%	27%	97%	1/1985	4%	12/2000
<b>Probability of top performance**</b>									
13-week T-bills	1%	1%	2%	29%	23%	88%	8/2000	1%	12/2002
10-year gov't bonds	1	4	19	36	20	91	6/1984	1	9/2002
S&P 500 stocks	98	95	79	35	22	98	12/2002	5	6/1984
<b>Suggested balanced account weights</b>									
13-week T-bills	0%	0%	1%	8%	6%	23%	5/1989	0%	12/2002
10-year gov't bonds	11	12	20	38	14	75	6/1984	10	9/2002
S&P 500 stocks	89	88	79	54	14	89	9/2002	24	6/1984
<b>Suggested equity account weights</b>									
13-week T-bills	1%	1%	1%	11%	6%	22%	8/2000	1%	12/2002
S&P 500 stocks	99	99	99	89	6	99	12/2002	78	8/2000

\*CPI is 6-month moving average lagged by one month. \*\*Flexible/Asset Allocation account weights. Suggested balanced account weights are based upon a portfolio where maximum stock weightings are 100%, minimum 40%, bond weightings are 75% maximum and 10% minimum, and maximum cash weightings are 25%, minimum 0%. Suggested equity account weightings are based upon a portfolio where maximum stock weightings are 100%, minimum 75%, and maximum cash weightings are 25%, minimum 0%.

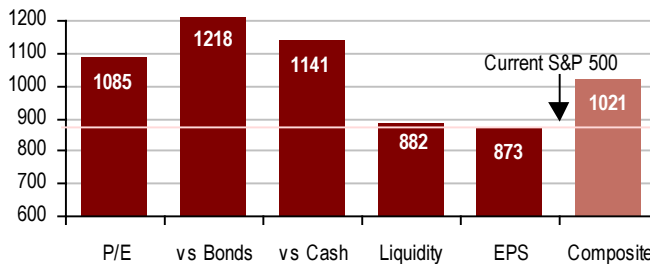
**Table 2: P/E Valuation, Liquidity and Earnings Power**

	Curr. mo. 12/02	Last mo. 11/02	Last year 12/01	1982-2002					
				Average	Std. Dev.	Maximum	Minimum		
<b>P/E valuation</b>									
Percent appreciation potential to normal value	18.9%	13.2%	21.7%	4.9%	11.4%	40.2%	7/2002	-33.8%	8/1987
<b>Liquidity</b>									
13-week T-bill; year-over-year basis point change (inverted)	+0.5	+0.6	+4.2	+0.5	+1.7	+6.1	2/1983	-3.3	3/1989
<b>Earnings Power</b>									
Operating S&P 500 EPS % deviation from normal EPS	-2.8	-3.3	-13.4	-2.0	+10.9	+28.8	12/1988	-20.8	4/1983

**Stock Market Gauges – December 31, 2002**

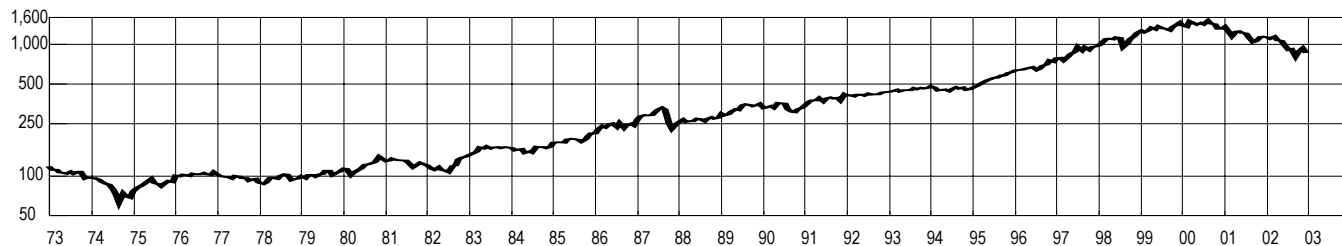


**S&P 500 Fair Value – December 31, 2002**

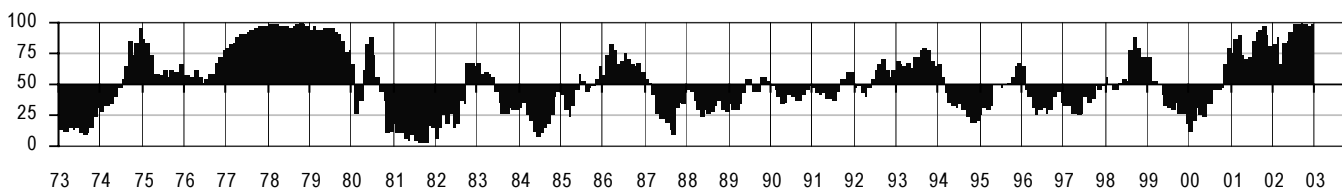


Note: All sources herein are UBS Warburg LLC or UBS Warburg LLC estimates.

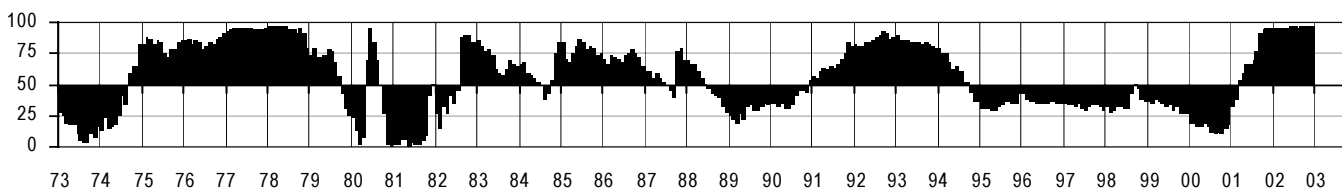
**S&P 500 Price**



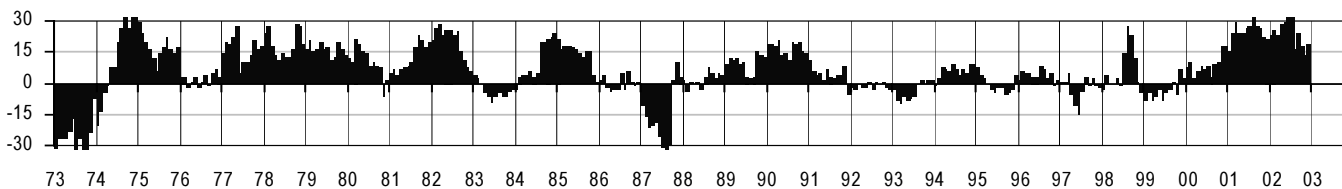
**Probability of Stocks Outperforming Bonds**



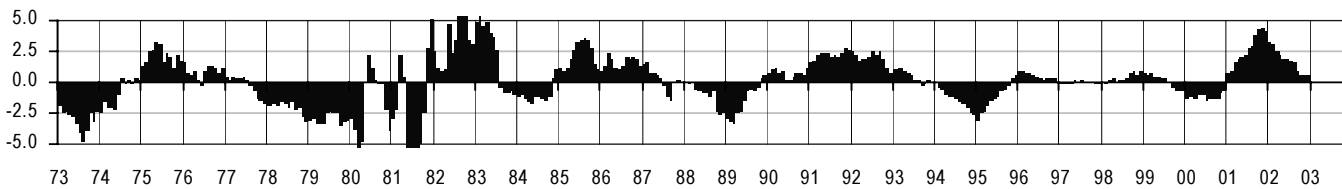
**Probability of Stocks Outperforming Cash**



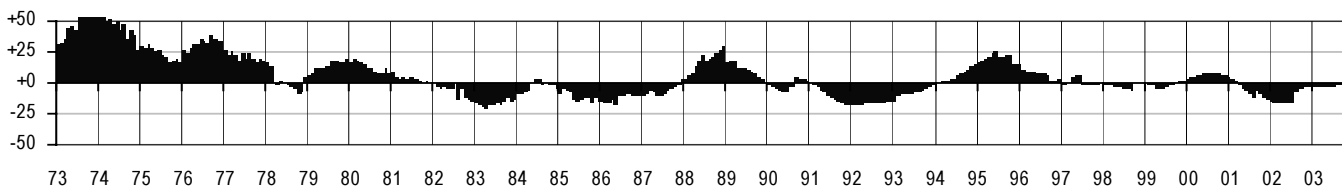
**P/E Valuation – Percent appreciation potential to normal value**



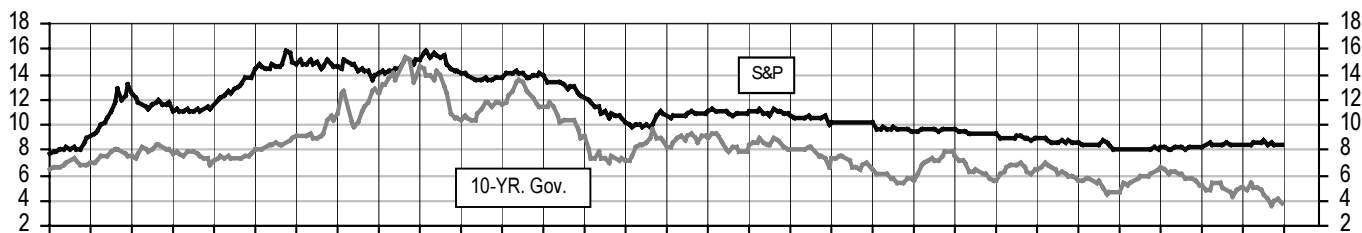
**Liquidity – 13-week T-bill; year-over-year basis point change (inverted)**



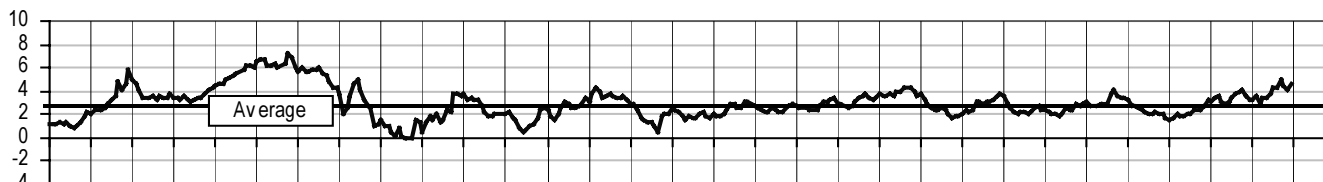
**Earnings Power – Operating S&P 500 EPS percent deviation from normal EPS**



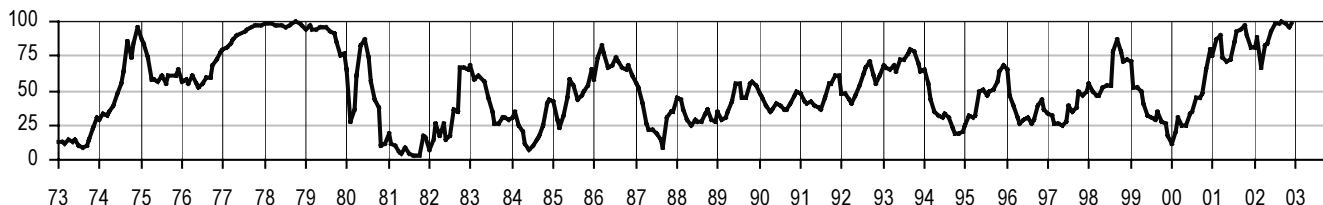
**Expected Rate of Return – S&P 500 versus 10-year Government Bonds**



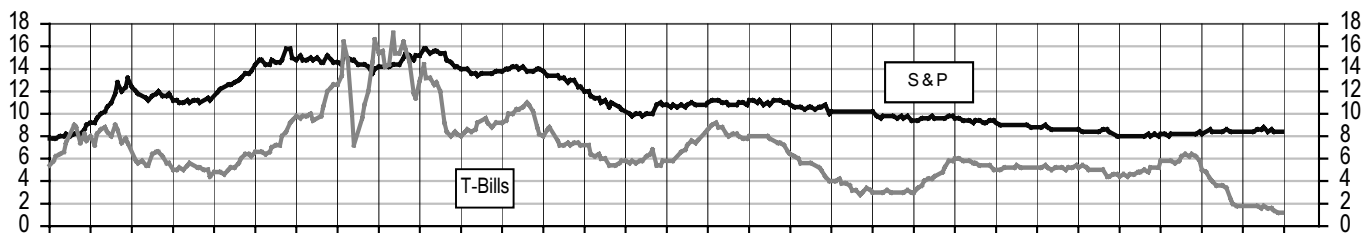
**Risk Premium – Stocks versus Bonds**



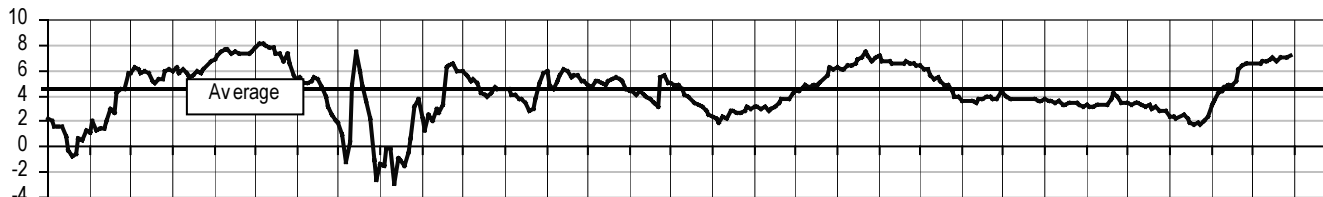
**Probability of Stocks Outperforming Bonds**



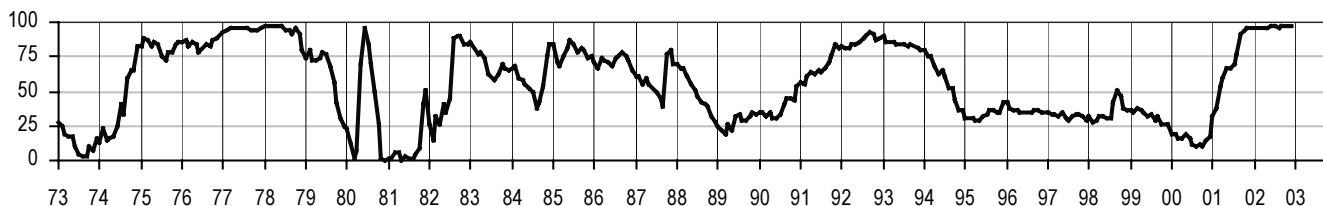
**Expected Rate of Return – S&P 500 versus 13 week U.S. Treasury Bills**



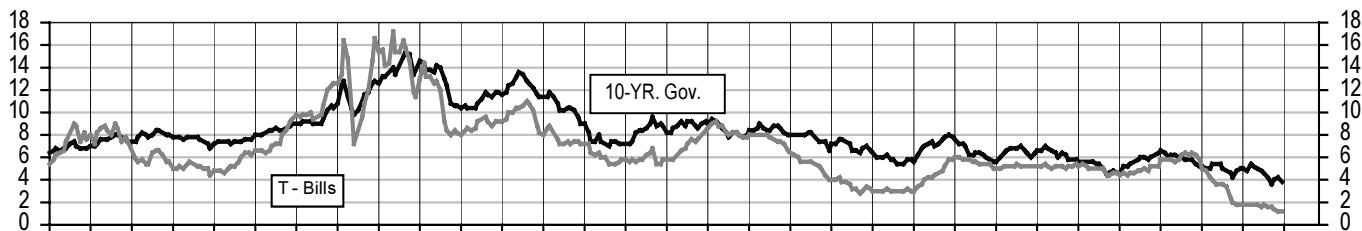
**Risk Premium – Stocks versus Cash**



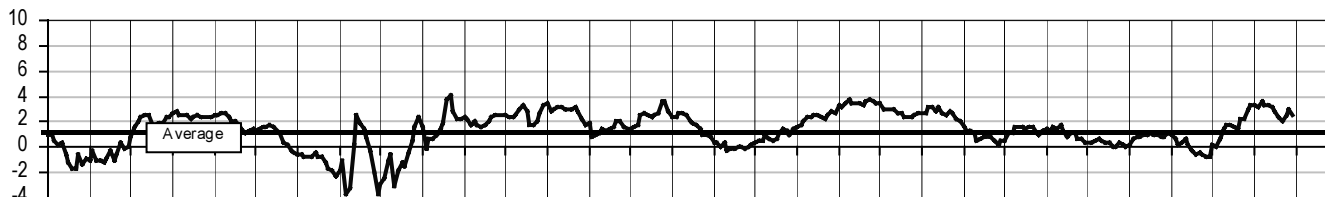
**Probability of Stocks Outperforming Cash**



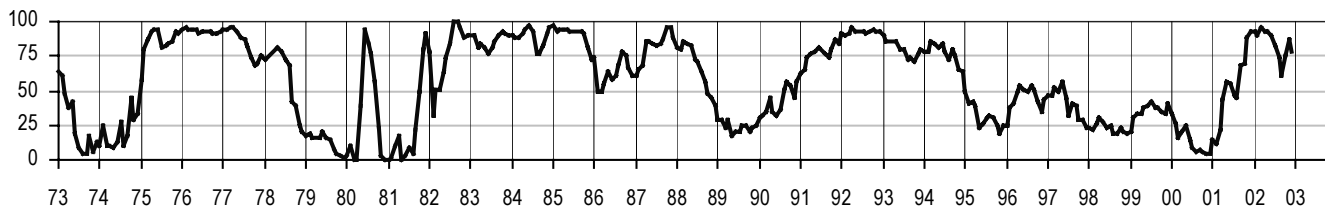
**Expected Rate of Return – 10-year Government Bonds versus T-Bills**



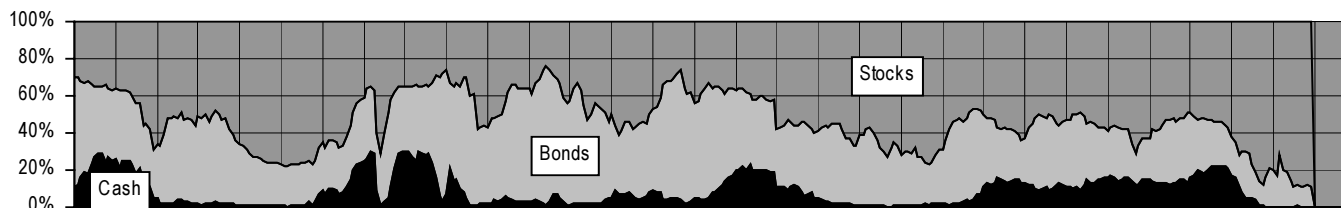
**Risk Premium – Bonds versus Cash**



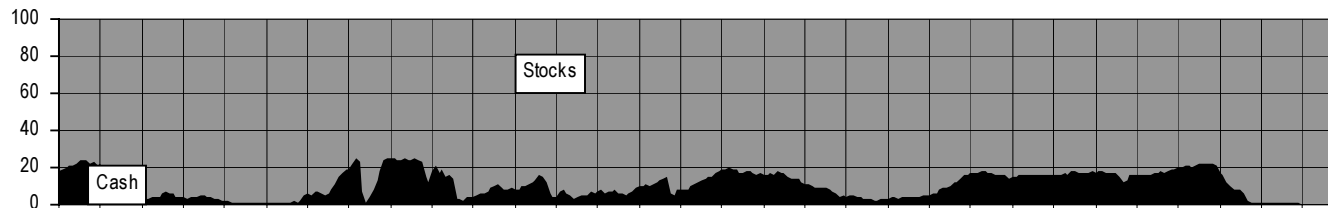
**Probability of Yield Curve Flattening**



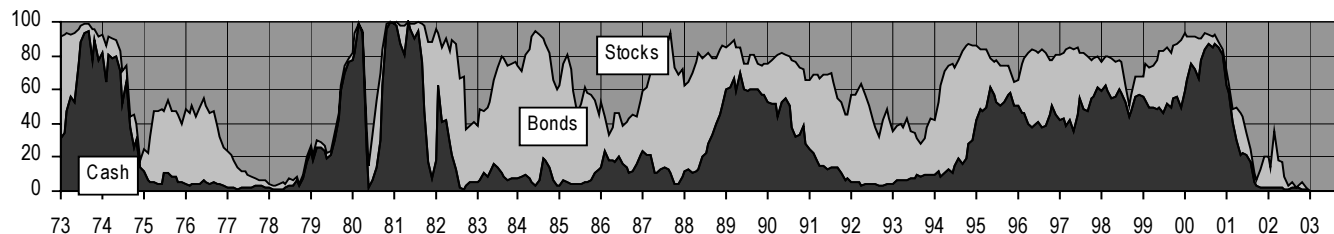
**Suggested Balanced Account Weight**



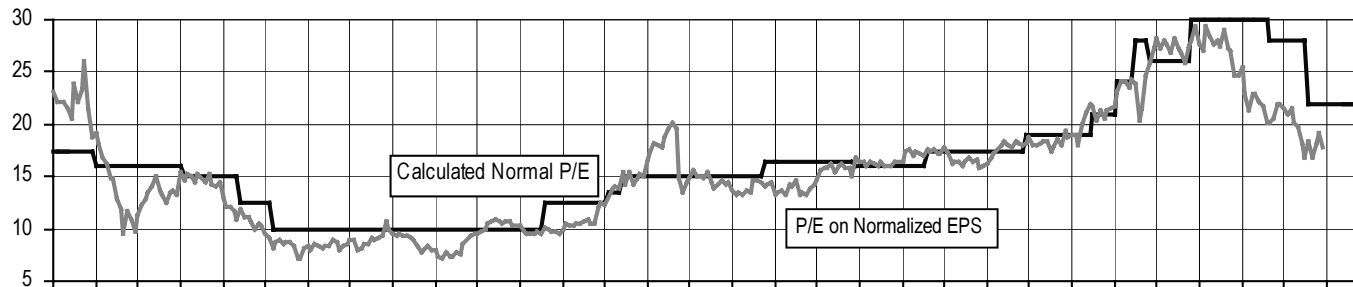
**Suggested Equity Account Weight**



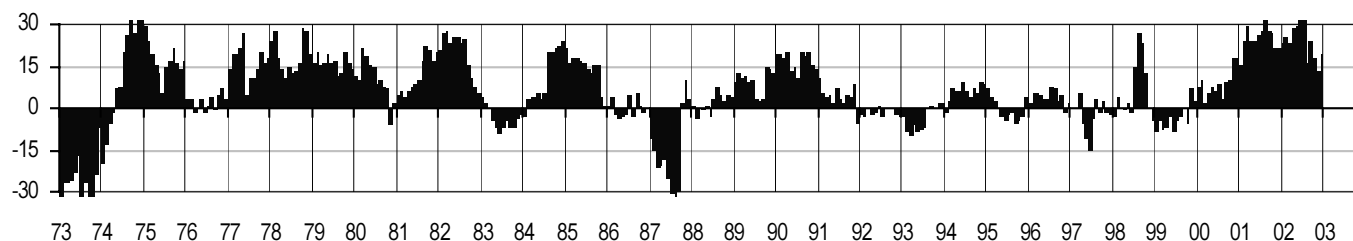
**Probability of Top Performance**



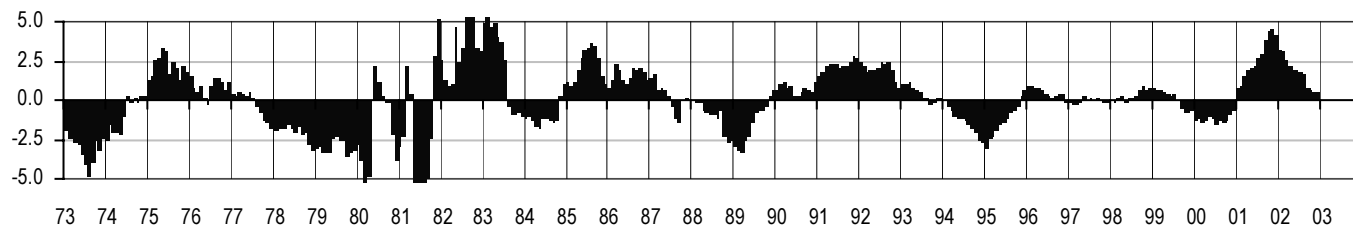
**S&P 500**



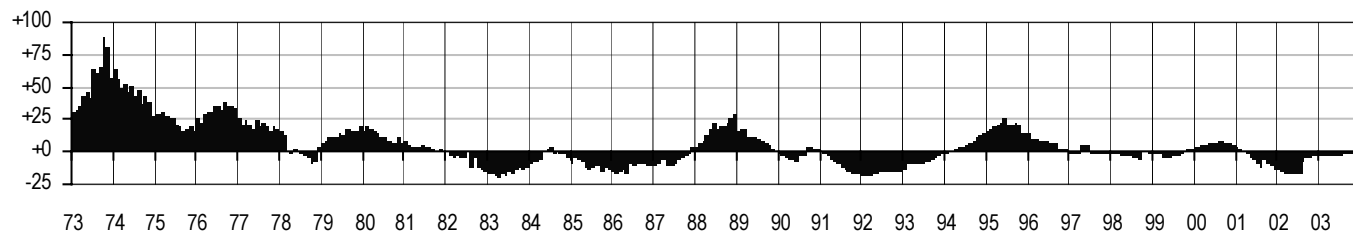
**P/E Valuation – Percent appreciation potential to normal value**



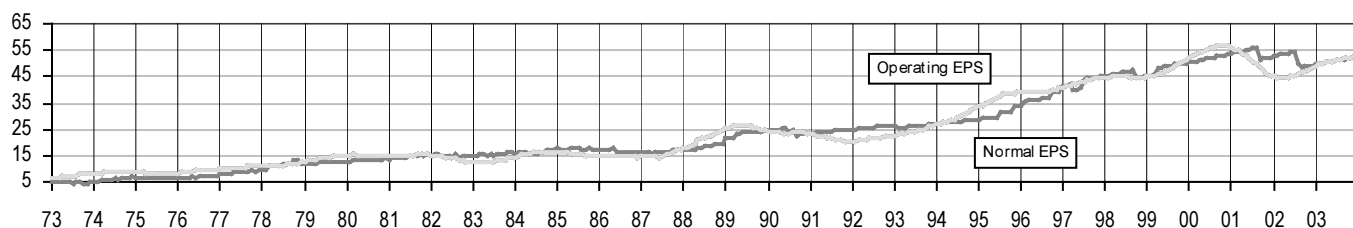
**Liquidity – 13-week T-bill; year-over-year basis point change (inverted)**



**Earnings Power – Operating S&P 500 EPS percent deviation from normal EPS**



**S&P Earnings – Actual operating EPS (2002, 2003 estimates) and normal EPS**



**Equity Valuation Model**  
**Alphabetical Summary**

Excess Potential			Excess Potential			Excess Potential			Excess Potential			Excess Potential			Excess Potential			Excess Potential		
Ticker	Rank	Return	Ticker	Rank	Return	Ticker	Rank	Return	Ticker	Rank	Return	Ticker	Rank	Return	Ticker	Rank	Return	Ticker	Rank	Return
A	498	-90.5	BLI	369	-21.5	DHR	406	-28.3	HAS	412	-29.9	MAY	46	70.8	PGL	383	-24.0	SWY	85	54.8
AA	310	-6.3	BLL	464	-52.0	DIS	471	-54.5	HBAN	231	10.2	MBI	7	116.4	PGN	146	32.4	SYK	295	-3.2
AAPL	442	-42.9	BLS	312	-6.4	DJ	456	-48.7	HCA	156	28.8	MCD	125	38.9	PGR	448	-44.1	SYT	189	20.3
ABC	111	43.7	BMC	439	-41.0	DLX	144	33.2	HCR	238	9.8	MCK	126	38.8	PH	401	-27.3	T	381	-23.8
ABI	326	-10.2	BMET	158	28.8	DNY	153	29.4	HD	26	87.1	MCO	241	8.5	PHA	275	0.1	TAPB	159	28.4
ABK	34	79.8	BMS	205	16.3	DOV	230	10.7	HDI	53	66.3	MDP	484	-66.1	PHM	47	69.1	TE	135	35.1
ABS	120	40.2	BMY	164	26.8	DOW	321	-8.3	HET	148	31.9	MDR	400	-27.2	PKI	455	-48.0	TEK	479	-59.8
ABT	59	63.1	BNI	219	13.7	DPH	300	-4.1	HI	2	171.9	MDT	195	18.8	PLL	186	20.6	TER	215	14.7
ACE	25	87.2	BOL	441	-42.3	DRI	250	7.1	HIG	149	31.7	MEDI	373	-22.0	PMCS	398	-26.8	TGT	73	58.8
ACV	334	-13.4	BR	469	-53.7	DTE	223	13.3	HLT	472	-54.8	MEL	225	12.4	PMTC	269	1.2	THC	228	11.3
ADBE	451	-45.5	BRCM	302	-4.5	DUK	77	56.8	HMA	110	43.8	MER	349	-16.1	PNC	91	51.8	TIF	131	36.7
ADCT	328	-10.6	BSC	299	-4.1	DVN	434	-38.7	HNZ	93	50.9	MERQ	314	-6.5	PNW	134	35.4	TIN	475	-58.3
ADI	232	10.2	BSX	491	-74.7	DYN	477	-58.6	HON	17	93.2	MET	55	65.8	PPG	393	-25.5	TJX	290	-2.1
ADM	457	-48.7	BUD	121	40.1	EBAY	237	9.8	HOT	151	30.1	MHP	133	35.4	PPL	266	2.0	TLAB	368	-21.2
ADP	74	58.4	C	21	90.3	EC	79	56.6	HPC	293	-2.9	MI	37	75.9	PRU	147	32.0	TMK	69	60.3
ADSK	476	-58.6	CA	343	-15.6	ECL	210	15.4	HPQ	366	-20.4	MIL	337	-14.4	PSFT	492	-79.3	TMO	363	-19.6
AEE	243	8.3	CAG	193	19.7	ED	257	4.0	HRB	181	21.0	MIR	61	62.7	PTV	396	-26.6	TMPW	272	0.8
AEP	63	61.6	CAH	20	91.4	EDS	32	80.4	HRC	171	24.3	MMC	62	62.2	PVN	324	-9.4	TNB	433	-38.5
AES	465	-52.3	CAT	259	3.6	EFX	354	-16.8	HSY	261	2.8	MMM	170	24.7	PWER	418	-31.8	TOY	209	15.6
AET	357	-17.0	CB	83	55.8	EIX	454	-46.8	HUM	72	58.8	MO	40	73.0	PX	355	-16.9	TRB	452	-46.0
AFL	71	58.9	CBE	177	22.5	EK	316	-7.2	IBM	361	-18.8	MOLX	486	-67.8	Q	485	-67.6	TROW	155	28.9
AGN	284	-1.4	CC	42	71.8	EMC	304	-4.8	IFF	350	-16.2	MON	208	15.9	QCOM	449	-45.9	TSG	287	-1.8
AHC	211	15.3	CCE	459	-49.9	EMN	347	-16.0	IGT	392	-25.4	MOT	306	-5.2	QLGC	289	-1.9	TUP	35	76.6
AIG	22	87.5	CCL	52	66.7	EMR	179	21.4	INTC	190	20.2	MRK	157	28.8	QTRN	432	-37.6	TXN	262	2.7
ALL	307	-5.6	CCU	443	-43.2	EOG	497	-90.3	INTU	342	-15.2	MRO	102	47.1	R	192	20.1	TXT	222	13.3
ALTR	296	-3.3	CD	60	62.7	EOP	10	107.8	IP	468	-53.4	MSFT	335	-13.9	RATL	489	-71.9	TXU	247	7.6
AM	428	-36.5	CE	226	12.3	EP	92	50.9	IPG	90	52.4	MTG	8	111.8	RBK	308	-5.8	TYC	282	-0.9
AMAT	173	23.4	CEG	175	23.2	EQR	405	-28.2	IR	283	-0.9	MU	41	72.1	RDC	496	-89.4	UCL	411	-29.6
AMCC	260	3.2	CF	81	56.4	ERTS	24	87.2	ITT	340	-14.9	MWD	265	2.0	RF	107	44.2	UIS	256	4.2
AMD	194	19.3	CFC	14	100.7	ETN	417	-31.2	ITW	141	33.7	MWV	263	2.4	RHI	336	-13.9	UNH	143	33.3
AMGN	201	17.3	CHIR	422	-35.2	ETR	344	-15.7	JBL	395	-25.9	MXIM	365	-20.0	RIG	239	9.1	UNM	140	33.8
AMR	374	-22.2	CI	39	73.0	EXC	253	6.6	JCI	31	82.4	MYG	132	36.3	RJR	115	42.0	UNP	318	-7.7
ANDW	327	-10.5	CIEN	191	20.2	F	154	29.1	JCP	474	-56.3	NAV	271	0.8	RJK	165	26.5	UPC	68	60.5
AOC	113	43.0	CIN	183	20.9	FBF	49	68.0	JDSU	356	-16.9	NBR	490	-72.6	ROH	325	-9.5	UPS	292	-2.9
AOL	277	-0.1	CINF	382	-23.8	FCX	281	-0.7	JHF	11	107.1	NCC	28	84.2	ROK	359	-17.6	USB	44	71.2
APA	494	-83.0	CL	258	3.6	FD	98	48.5	JNJ	167	25.8	NCR	470	-54.5	RSH	161	27.8	UST	142	33.3
APC	288	-1.9	CLX	248	7.3	FDC	145	32.5	JNY	108	44.1	NE	410	-29.4	RTN	323	-9.1	UTX	298	-4.1
APCC	481	-62.7	CMA	30	82.5	FDO	329	-11.6	JP	66	60.6	NEM	500	-103.9	RX	80	56.6	UVN	461	-51.0
APD	152	29.7	CMCSA	440	-41.2	FDX	279	-0.2	JPM	116	41.8	NFB	50	67.6	S	4	158.9	VC	473	-56.3
APOL	352	-16.5	CMS	204	16.4	FE	162	27.1	JWN	202	16.9	NI	273	0.5	SAFC	391	-25.4	VFC	33	80.2
ASD	320	-8.2	CMVT	467	-53.3	FISV	109	44.0	K	255	4.6	NKE	270	1.2	SANM	364	-19.8	VIAB	420	-33.4
ASH	242	8.4	CNP	278	-0.2	FITB	36	76.2	KBH	16	93.6	NOC	402	-27.4	SBC	384	-24.0	VMC	346	-15.9
ASO	103	46.0	COF	3	165.1	FLR	280	-0.3	KEY	286	-1.6	NOVL	394	-25.6	SBL	333	-12.8	VRTS	438	-40.9
AT	251	7.1	COL	424	-35.5	FNM	1	203.3	KG	13	101.8	NSC	483	-63.0	SBUX	119	41.3	VZ	330	-12.1
ATH	88	53.2	COP	315	-7.1	FO	291	-2.1	KLAC	249	7.1	NSM	229	11.0	SCH	419	-33.3	WAG	51	66.8
ATI	409	-29.3	COST	117	41.7	FON	460	-50.6	KMB	70	59.4	NTAP	375	-22.4	SDS	130	36.9	WAT	86	54.1
AV	387	-24.9	CPB	353	-16.7	FPL	206	16.1	KMG	150	30.2	NTRS	100	47.8	SEBL	388	-25.0	WB	276	0.0
AVP	160	28.2	CPN	367	-20.8	FRE	5	132.1	KMI	221	13.4	NUE	435	-38.8	SEE	462	-51.1	WEN	94	50.4
AVY	178	22.0	CPWR	458	-49.4	FRX	246	7.7	KO	240	8.7	NVDA	372	-21.9	SFA	385	-24.7	WFC	45	70.8
AW	370	-21.6	CR	348	-16.0	FTN	114	42.2	KR	75	58.0	NVLS	386	-24.8	SGP	358	-17.1	WHR	216	14.1
AWE	390	-25.3	CSC	236	9.8	G	399	-26.8	KRB	27	86.8	NWL	245	7.8	SHW	124	39.2	WIN	317	-7.6
AXP	264	2.4	CSCO	268	1.3	GAS	207	16.0	KRI	397	-26.8	NXTL	407	-29.0	SIAL	341	-15.1	WLP	82	56.0
AYE	311	-6.4	CSX	313	-6.5	GCI	203	16.8	KSE	214	14.8	NYT	436	-39.5	SLB	429	-37.4	WM	38	75.7
AZO	23	87.4	CTAS	197	18.0	GD	235	9.8	KSS	18	92.3	ODP	332	-12.7	SLE	137	34.5	WMB	415	-30.6
BA	338	-14.7	CTB	58	63.2	GDT	378	-23.3	LEG	163	26.9	OMC	56	64.8	SLM	351	-16.4	WMI	421	-34.7
BAC	12	105.5	CTL	187	20.5	GDW	99	48.1	LEH	414	-30.6	ONE	213	14.9	SLR	319	-8.0	WMT	217	14.0
BAX	9	111.7	CTX	84	55.5	GE	43	71.7	LIZ	305	-4.9	ORCL	447	-44.1	SNA	168	25.5	WOR	220	13.6
BBBY	87	53.9	CTXS	493	-80.7	GENZ	413	-30.1	LLTC	227	11.5	OXY	345	-15.8	SNV	15	98.5	WPI	389	-25.1
BBT	123	39.8	CUM	234	10.1	GIS	218	13.7	LLY	301	-4.2	PAYX	212	15.3	SO	303	-4.8	WVY	376	-22.7
BBY	166	26.2	CVG	176	23.1	GLK	463	-51.8	LMT	480	-61.0	PBG	297	-3.7	SOTR	106	44.4	WY	466	-52.4
BC	267	1.4	CVS	233	10.2	GLW	478	-58.9	LNC	29	83.5	PBI	57	63.3	SPC	138	34.0	WYE	76	57.0
BCC	445	-43.9	CVX	294	-3.2	GM	254	5.0	LOW	118	41.6	PCAR	487	-68.1	SPG	122	40.1	X	252	7.0
BCR	185	20.6	CZJN	499	-95.7	GP	198	17.9	LPX	430	-37.5	PCG	425	-36.0	SPLS	404	-28.0	XEL	380	-23.8
BDK	244	8.0	D	128	37.6	GPC	184	20.8	LSI	188	20.5	PCL	416	-30.8	SRE	95	49.6	XL	104	45.6
BDX	89	52.5	DAL	309	-6.0	GPS	427	-36.5	LTD	182	21.0	PCS	379	-23.5	STI	67	60.6	XLNX	423	-35.4
BEN	285	-1.6	DCN	112	43.5	GR	78	56.6	LTR	322	-9.0	PD	495	-87.7	STJ	331	-12.1	XOM	437	-40.8
BFB	200	17.6	DD	371	-21.8	GS	139	33.9	LU	426	-36.2	PEG	105	45.1	STT	65	61.1	XRX	362	-19.4
BGEN	453	-46.1	DDS	127	37.6	GT	129	37.1	LUV	403	-27.6	PEP	172	23.5	SUN	377	-23.0	YHOO	488	-71.5
BHI	360	-18.3	DE	444	-43.3	GTW	174	23.2	LXK	450	-45.2	PFE	19	92.0	SUNW	169	25.2	YUM	180	21.1
BJS	482	-63.0	DELL	446	-43.9	GWV	339	-14.7	MAR	101	47.2	PFJ	64	61.4	SV	274	0.4	ZION	6	123.3
BK	48	68.6	DG	196	18.1	HAL	224	13.1	MAS	97	48.8	PG	199	17.9	SVU	96	49.3	ZMH	408	-29.2
			DGX	136	34.8				MAT	431	-37.6				SWK	54	66.0			

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
1	Federal National Mortgage Association 2,3,74,81	64.33	6.05	1.32	10.6	2.1	10.0	7.00	30.7	215	203.3
2	Household International Corp 2,37,81	27.81	3.84	1.00	7.2	3.6	6.5	4.00	21.0	84	171.9
3	Capital One Financial Corporation	29.72	3.83	0.11	7.8	0.4	9.0	4.00	22.1	89	165.1
4	Sears Roebuck & Company 2,30,37,81	23.95	3.83	0.92	6.3	3.8	6.0	4.75	14.5	69	158.9
5	Federal Home Loan Mortgage Corporation 37,74,81	59.05	7.58	0.88	7.8	1.5	10.0	5.70	27.3	156	132.1
6	Zions Bancorp 1,2	39.35	2.69	0.80	14.6	2.0	7.5	3.85	26.0	100	123.3
7	MBIA Incorporated	43.86	4.19	0.68	10.5	1.6	6.5	4.75	22.9	109	116.4
8	MGIC Investment Corporation	41.30	6.16	0.10	6.7	0.2	6.0	6.00	16.8	101	111.8
9	Baxter International Inc 6,37,81	28.00	1.16	0.58	24.1	2.1	10.0	2.25	30.2	68	111.7
10	Equity Office Properties Trust 2,37	24.98	1.39	2.00	18.0	8.0	5.0	2.75	21.2	58	107.8
11	John Hancock Financial 37,74,80,81	27.90	1.99	0.32	14.0	1.1	8.0	3.00	22.2	67	107.1
12	BankAmerica Corporation 2,37,81	69.57	6.43	2.56	10.8	3.7	7.0	6.20	26.4	163	105.5
13	King Pharmaceuticals 37,81	17.19	1.26	0.00	13.6	0.0	10.0	1.50	26.9	40	101.8
14	Countrywide Financial Inc.3,4	51.65	6.44	0.48	8.0	0.9	8.0	6.20	19.4	120	100.7
15	Synovus Financial Corporation	19.40	1.17	0.59	16.6	3.0	9.0	1.35	32.8	44	98.5
16	KB Home Corporation 2,74	42.85	6.76	0.30	6.3	0.7	6.5	6.90	14.0	97	93.6
17	Honeywell Incorporated 37	24.00	1.67	0.75	14.4	3.1	8.0	2.40	22.3	54	93.2
18	Kohl's Corporation	55.95	1.78	0.00	31.4	0.0	17.5	2.25	56.0	126	92.3
19	Pfizer Incorporated 37	30.57	1.41	0.60	21.7	2.0	11.0	1.85	36.9	68	92.0
20	Cardinal Health Incorporated 37	59.19	2.60	0.10	22.8	0.2	12.5	3.50	37.9	133	91.4
21	Citigroup Incorporated 2,37,74	35.19	3.24	0.72	10.9	2.0	8.0	3.30	23.6	78	90.3
22	American International Group 2,81	57.85	2.83	0.19	20.4	0.3	10.0	4.00	31.9	127	87.5
23	Autozone Incorporated	70.65	4.39	0.00	16.1	0.0	11.0	5.00	31.2	156	87.4
24	Electronic Arts 1	49.77	1.86	0.00	26.8	0.0	15.0	2.70	40.6	110	87.2
25	ACE Limited	29.34	2.35	0.66	12.5	2.2	8.0	3.50	18.3	64	87.2
26	Home Depot Incorporated	24.02	1.57	0.24	15.3	1.0	10.0	1.75	30.1	53	87.1
27	MBNA Corporation 2,81	19.02	1.36	0.28	14.0	1.5	9.0	1.65	25.2	42	86.8
28	National City Corporation	27.32	2.56	1.22	10.7	4.5	5.0	2.60	22.4	58	84.2
29	Lincoln National Corporation 2,37	31.58	-0.46	1.34	NA	4.2	7.0	3.00	22.4	67	83.5
30	Comerica Incorporated	43.24	3.32	1.92	13.0	4.4	5.0	4.65	19.6	91	82.5
31	Johnson Controls Incorporated	80.17	6.71	1.44	11.9	1.8	6.5	7.25	23.6	171	82.4
32	Electronic Data Systems Corporation	18.43	2.42	0.60	7.6	3.3	6.5	1.75	22.1	39	80.4
33	VF Corporation	36.05	1.59	1.00	22.7	2.8	6.0	3.65	20.8	76	80.2
34	Ambac Financial Group	56.24	4.59	0.40	12.3	0.7	8.5	5.20	22.9	119	79.8
35	Tupperware Corporation	15.08	1.43	0.88	10.5	5.8	6.5	1.40	22.0	31	76.6
36	Fifth Third Bancorp 1	58.55	3.22	1.04	18.2	1.8	11.0	3.15	38.6	121	76.2
37	Marshall & Ilsley Corporation 2	27.38	1.53	0.64	17.9	2.3	7.0	2.30	24.6	57	75.9
38	Washington Mutual Incorporated	34.53	3.59	1.12	9.6	3.2	7.0	4.00	17.7	71	75.7
39	Cigna Corporation	41.12	-0.22	1.32	NA	3.2	6.5	5.00	16.7	83	73.0
40	Philip Morris Companies 2,37	40.53	5.39	2.56	7.5	6.3	6.0	3.50	23.1	81	73.0
41	Micron Technology Incorporated	9.74	-1.59	0.00	NA	0.0	8.0	1.25	16.0	20	72.1
42	Circuit City Group	7.42	0.83	0.07	8.9	0.9	8.5	0.85	17.8	15	71.8
43	General Electric Company 2	24.35	1.60	0.76	15.2	3.1	8.5	1.60	30.7	49	71.7
44	US Bancorporation 2,37,74	21.22	1.34	0.78	15.8	3.7	6.0	2.00	21.3	43	71.2
45	Wells Fargo & Company 37,81	46.87	2.25	1.12	20.8	2.4	8.5	3.65	25.9	94	70.8
46	May Department Stores Company	22.98	2.09	0.95	11.0	4.1	5.0	2.20	20.9	46	70.8
47	Pulte Homes Incorporated 74	47.87	6.54	0.16	7.3	0.3	6.5	7.00	13.8	97	69.1
48	Bank Of New York Incorporated	23.96	1.57	0.76	15.3	3.2	7.5	1.80	26.4	48	68.6
49	FleetBoston Financial Corporation	24.30	0.42	1.40	57.9	5.8	6.5	2.10	22.6	47	68.0
50	North Fork Bancorporation	33.74	2.50	1.08	13.5	3.2	7.0	2.80	23.8	67	67.6

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
51	Walgreen Company	29.19	1.00	0.15	29.2	0.5	14.0	1.25	46.6	58	66.8
52	Carnival Corporation 19,37,80	24.95	1.73	0.42	14.4	1.7	8.0	2.00	24.7	49	66.7
53	Harley-Davidson Incorporated	46.20	1.81	0.14	25.5	0.3	14.0	2.20	41.8	92	66.3
54	Stanley Works, The	34.58	2.51	1.02	13.8	2.9	7.0	2.75	24.7	68	66.0
55	MetLife Incorporated 37,81	27.04	2.25	0.21	12.0	0.8	7.0	2.70	19.8	54	65.8
56	Omnicom Group Incorporated	64.60	2.93	0.80	22.0	1.2	10.0	3.75	33.9	127	64.8
57	Pitney Bowes Incorporated	32.66	2.16	1.18	15.1	3.6	6.0	2.60	24.2	63	63.3
58	Cooper Tire & Rubber Company	15.34	1.43	0.42	10.7	2.7	6.0	1.60	18.6	30	63.2
59	Abbott Laboratories	40.00	2.03	0.94	19.7	2.4	10.0	2.30	33.7	78	63.1
60	Cendant Corporation 37	10.48	0.51	0.00	20.5	0.0	6.5	1.30	15.8	21	62.7
61	Mirant Corporation	1.87	0.20	0.00	9.4	0.0	2.0	0.75	4.9	4	62.7
62	Marsh & McLennan Companies	46.21	2.20	1.12	21.0	2.4	9.0	2.75	32.4	89	62.2
63	American Electric Power Company 2,37,80	27.33	2.37	2.40	11.5	8.8	2.0	2.85	17.8	51	61.6
64	Principal Financial Group 37,81	30.13	1.11	0.25	27.1	0.8	9.0	2.40	24.3	58	61.4
65	State Street Corporation	39.00	2.09	0.52	18.7	1.3	10.0	2.30	32.7	75	61.1
66	Jefferson-Pilot Corporation	38.11	3.24	1.21	11.8	3.2	5.0	3.70	19.6	73	60.6
67	Suntrust Banks Incorporated 81	56.92	4.77	1.72	11.9	3.0	5.0	5.00	21.7	109	60.6
68	Union Planters Corporation	28.14	2.36	1.33	11.9	4.7	5.0	2.70	19.7	53	60.5
69	Torchmark Corporation 30	36.53	3.34	0.36	10.9	1.0	7.0	3.50	20.1	70	60.3
70	Kimberly-Clark Corporation	47.47	3.18	1.20	14.9	2.5	6.0	3.85	23.4	90	59.4
71	AFLAC Corporation	30.12	1.59	0.24	18.9	0.8	11.0	1.75	32.9	58	58.9
72	Humana Incorporated	10.00	1.00	0.00	10.0	0.0	8.0	1.20	16.0	19	58.8
73	Target Corporation	30.00	1.79	0.24	16.8	0.8	11.0	2.05	28.0	57	58.8
74	Automatic Data Processing Inc	39.25	1.81	0.48	21.7	1.2	11.0	2.00	37.3	75	58.4
75	Kroger Company	15.45	1.62	0.00	9.5	0.0	5.5	1.70	17.4	30	58.0
76	Wyeth 37	37.40	2.80	0.92	13.4	2.5	8.0	2.50	28.1	70	57.0
77	Duke Energy Corporation 2,81	19.54	1.60	1.10	12.2	5.6	5.0	1.90	19.0	36	56.8
78	Goodrich Corporation	18.32	1.37	0.80	13.4	4.4	6.5	1.75	19.4	34	56.6
79	Engelhard Corporation	22.35	1.36	0.40	16.4	1.8	6.0	2.00	21.0	42	56.6
80	IMS Health Incorporated	16.00	0.61	0.08	26.2	0.5	10.0	1.15	26.3	30	56.6
81	Charter One Financial, Incorporated	28.73	3.20	0.88	9.0	3.1	9.0	2.38	22.5	54	56.4
82	Wellpoint Health Networks Incorporated 2,37,80	71.16	4.48	0.00	15.9	0.0	10.0	5.00	26.9	135	56.0
83	Chubb Corporation	52.20	0.89	1.40	58.7	2.7	8.0	5.00	19.4	97	55.8
84	Centex Corporation 2,37	50.20	6.85	0.16	7.3	0.3	6.0	7.50	12.6	95	55.5
85	Safeway Incorporated 2	23.36	2.65	0.00	8.8	0.0	6.5	2.60	16.9	44	54.8
86	Waters Corporation 37	21.78	0.84	0.00	25.9	0.0	12.0	1.40	29.1	41	54.1
87	Bed Bath & Beyond Incorporated 1	34.53	0.96	0.00	36.0	0.0	17.5	1.10	58.7	65	53.9
88	Anthem Incorporated 2,37	62.90	3.85	0.00	16.3	0.0	10.0	4.60	25.5	117	53.2
89	Becton Dickinson & Company	30.69	1.85	0.40	16.6	1.3	8.0	2.10	26.9	57	52.5
90	Interpublic Group Companies 2	14.08	-0.62	0.38	NA	2.7	8.0	1.00	25.7	26	52.4
91	PNC Financial Services Group 74	41.90	2.29	1.92	18.3	4.6	6.0	3.85	19.6	76	51.8
92	El Paso Corporation	6.96	1.23	0.87	5.7	12.5	2.0	0.90	13.3	12	50.9
93	Heinz H J Company 2,37	32.87	2.32	1.62	14.2	4.9	5.0	2.45	24.0	59	50.9
94	Wendys International Incorporated	27.07	1.95	0.24	13.9	0.9	8.5	2.00	24.7	49	50.4
95	Sempra Energy 2	23.65	2.68	1.00	8.8	4.2	3.5	2.80	15.1	42	49.6
96	Supervalu Incorporated 81	16.51	2.02	0.57	8.2	3.5	3.0	2.00	14.8	30	49.3
97	Masco Corporation	21.05	1.05	0.56	20.0	2.7	10.0	1.55	24.3	38	48.8
98	Federated Department Stores Inc	28.76	3.08	0.00	9.3	0.0	6.0	3.60	14.5	52	48.5
99	Golden West Financial Corporation	71.81	6.03	0.34	11.9	0.5	8.0	6.00	21.6	130	48.1
100	Northern Trust Corporation 1	35.05	2.04	0.68	17.2	1.9	8.5	2.10	29.9	63	47.8

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
101	Marriott International Incorporated CI A 37,80	32.87	1.44	0.28	22.8	0.9	11.0	2.10	28.1	59	47.2
102	Marathon Oil Corporation	21.29	1.17	0.92	18.2	4.3	5.0	2.70	13.9	37	47.1
103	AmSouth Bancorporation	19.20	1.65	0.92	11.6	4.8	6.0	1.50	22.3	33	46.0
104	XL Capital Limited 2	77.25	3.77	1.88	20.5	2.4	8.0	7.05	19.3	136	45.6
105	Public Service Enterprises 2,37,80,81	32.10	1.68	2.16	19.1	6.7	2.0	3.75	14.7	55	45.1
106	SouthTrust Corporation 1,2	24.85	1.81	0.68	13.7	2.7	5.0	2.00	21.7	43	44.4
107	Regions Financial Corporation 37,81	33.36	2.74	1.16	12.2	3.5	4.5	2.90	20.0	58	44.2
108	Jones Apparel Group Incorporated	35.44	2.31	0.00	15.3	0.0	8.0	3.00	20.9	63	44.1
109	Fiserv Incorporated 1	33.95	1.31	0.00	25.9	0.0	12.0	1.60	37.6	60	44.0
110	Health Management Association	17.90	1.02	0.08	17.5	0.4	10.0	1.20	26.3	32	43.8
111	AmerisourceBergen Corporation	54.31	3.29	0.10	16.5	0.2	14.0	3.25	29.5	96	43.7
112	Dana Corporation 37,80,81	11.76	0.85	0.04	13.8	0.3	5.0	2.00	10.4	21	43.5
113	Aon Corporation 37	18.89	1.33	0.60	14.2	3.2	5.0	2.00	16.3	33	43.0
114	First Tennessee National Corporation	35.94	2.61	1.20	13.8	3.3	7.0	2.80	22.1	62	42.2
115	R J Reynolds Tobacco	42.11	4.25	3.80	9.9	9.0	3.0	4.50	15.5	70	42.0
116	J P Morgan Chase & Company 2,37	24.00	1.66	1.36	14.5	5.7	6.0	1.80	22.6	41	41.8
117	Costco Companies Incorporated 1,37	28.06	1.57	0.00	17.9	0.0	11.0	1.75	28.0	49	41.7
118	Lowes Companies Incorporated 2	37.50	1.77	0.10	21.2	0.3	12.5	2.10	31.1	65	41.6
119	Starbucks Corporation 1	20.38	0.54	0.00	37.7	0.0	17.5	0.70	50.8	36	41.3
120	Albertsons Incorporated	22.26	3.08	0.76	7.2	3.4	5.0	2.25	16.8	38	40.2
121	Anheuser-Busch Companies Inc 2,37,80,81	48.40	2.16	0.78	22.4	1.6	10.0	2.45	33.9	83	40.1
122	Simon Property Group 2,37,81	34.07	1.67	2.20	20.4	6.5	4.0	3.20	17.8	57	40.1
123	BB&T Corporation 2,37,80	36.99	2.70	1.16	13.7	3.1	8.0	3.00	20.9	63	39.8
124	Sherwin-Williams Company 74	28.25	1.98	0.60	14.3	2.1	6.0	2.20	21.9	48	39.2
125	McDonalds Corporation	16.08	1.27	0.24	12.7	1.5	6.0	1.40	19.6	27	38.9
126	McKesson Corporation	27.03	1.76	0.24	15.4	0.9	12.0	1.80	25.7	46	38.8
127	Dillards Incorporated	15.86	1.95	0.16	8.1	1.0	5.0	2.50	10.8	27	37.6
128	Dominion Resources Incorporated 2,37,80,81	54.90	4.59	2.58	12.0	4.7	4.0	5.00	18.2	91	37.6
129	Goodyear Tire & Rubber Company	6.81	-1.08	0.48	NA	7.0	2.0	1.50	7.4	11	37.1
130	SunGuard Data Systems 39	23.56	1.06	0.00	22.2	0.0	12.0	1.30	30.8	40	36.9
131	Tiffany & Co.	23.91	1.26	0.16	19.0	0.7	15.0	1.20	33.7	40	36.7
132	Maytag Corporation 81	28.50	2.73	0.72	10.4	2.5	7.0	2.70	17.6	48	36.3
133	Mcgraw-Hill Companies	60.44	2.28	1.02	26.5	1.7	9.0	3.25	31.0	101	35.4
134	Pinnacle West Capital Corporation 81	34.09	3.13	1.70	10.9	5.0	3.0	3.20	17.4	56	35.4
135	TECO Energy Incorporated 2,37,81	15.47	2.23	1.42	6.9	9.2	2.0	1.50	16.4	25	35.1
136	Quest Diagnostics Incorporated 2,37	56.90	3.05	0.00	18.7	0.0	10.0	3.75	25.5	96	34.8
137	Sara Lee Corporation 37	22.51	1.38	0.62	16.3	2.8	6.0	1.50	24.7	37	34.5
138	St Paul Companies Incorporated 37	34.05	-5.02	1.16	NA	3.4	6.0	3.40	16.4	56	34.0
139	Goldman Sachs Group 2	68.10	4.27	0.48	15.9	0.7	8.0	5.15	22.0	113	33.9
140	Unum Corporation 81	17.54	2.51	0.59	7.0	3.4	5.0	2.20	13.0	29	33.8
141	Illinois Tool Works Incorporated 81	64.86	2.92	0.92	22.2	1.4	11.0	3.60	29.8	107	33.7
142	UST Incorporated	33.43	3.02	1.92	11.1	5.7	3.0	3.00	17.9	54	33.3
143	United Health Group Incorporated 37,81	83.50	3.99	0.03	20.9	0.0	12.0	4.75	29.2	139	33.3
144	Deluxe Corporation 6	42.10	3.30	1.48	12.8	3.5	5.0	3.70	18.5	69	33.2
145	First Data Corporation 80	35.41	1.44	0.08	24.6	0.2	11.0	1.85	31.6	59	32.5
146	Progress Energy Incorporated 2	43.35	1.41	2.24	30.7	5.2	3.5	4.00	17.4	70	32.4
147	Prudential Financial 81	31.74	0.62	0.40	51.2	1.3	7.0	2.50	20.8	52	32.0
148	Harrah's Entertainment Incorporated	39.60	2.92	0.00	13.6	0.0	11.0	2.80	23.3	65	31.9
149	Hartford Financial Services Group 2,37,81	45.43	4.92	1.08	9.2	2.4	7.0	4.25	17.4	74	31.7
150	Kerr-Mcgee Corporation	44.30	2.16	1.80	20.5	4.1	5.0	5.00	14.1	71	30.2

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
151	Starwood Hotels & Resorts 37	23.74	0.57	0.84	41.6	3.5	11.0	1.20	31.6	38	30.1
152	Air Products & Chemicals Inc	42.75	2.42	0.84	17.7	2.0	7.0	2.75	25.0	69	29.7
153	Donnelley R R & Sons Company	21.77	1.37	1.00	15.9	4.6	5.0	1.60	21.5	34	29.4
154	Ford Motor Company 30,37,80,81,122	9.30	-3.27	0.40	NA	4.3	3.0	1.75	8.4	15	29.1
155	T. Rowe Price Associates Incorporated 1	27.28	1.56	0.68	17.5	2.5	9.0	1.70	25.6	44	28.9
156	HCA-The Healthcare Company	41.50	2.52	0.08	16.5	0.2	12.0	2.75	24.4	67	28.8
157	Merck & Company Incorporated 2	56.61	3.15	1.44	18.0	2.5	6.5	3.40	26.5	90	28.8
158	Biomet Incorporated 1	28.66	0.97	0.10	29.5	0.3	12.0	1.20	38.6	46	28.8
159	Travelers Property Casualty Corporation	14.65	1.30	0.00	11.3	0.0	7.0	1.25	18.9	24	28.4
160	Avon Products Incorporated	53.87	1.86	0.80	29.0	1.5	10.0	2.55	33.8	86	28.2
161	Radio Shack Corporation	18.74	1.06	0.22	17.7	1.2	8.5	1.50	19.9	30	27.8
162	FirstEnergy Corporation	32.97	2.92	1.50	11.3	4.5	3.0	3.25	15.8	51	27.1
163	Leggett & Platt Incorporated 37	22.44	1.10	0.52	20.4	2.3	10.0	1.35	26.2	35	26.9
164	Bristol-Myers Squibb Corporation	23.15	0.62	1.12	37.3	4.8	4.0	1.60	22.4	36	26.8
165	Coors Adolph Company CI B 37	61.25	4.37	0.82	14.0	1.3	7.0	4.90	19.8	97	26.5
166	Best Buy Company, Incorporated 37,81	24.15	1.79	0.00	13.5	0.0	12.0	1.60	24.0	38	26.2
167	Johnson & Johnson 37	53.71	2.09	0.82	25.7	1.5	9.0	2.60	32.5	84	25.8
168	Snap-On Incorporated	28.11	1.00	1.00	28.1	3.6	6.0	2.15	20.3	44	25.5
169	Sun Microsystems Incorporated 1	3.11	-0.16	0.00	NA	0.0	10.0	0.25	19.7	5	25.2
170	Minnesota Mining & Manufacturing 2,37	123.30	4.68	2.48	26.3	2.0	9.0	5.90	32.6	192	24.7
171	HEALTHSOUTH Corporation 37,80,81	4.20	0.89	0.00	4.7	0.0	5.0	0.65	10.2	7	24.3
172	Pepsico Incorporated 37,74	42.22	1.64	0.60	25.7	1.4	10.0	2.15	30.5	66	23.5
173	Applied Materials Incorporated 1	13.03	0.16	0.00	81.4	0.0	14.0	0.70	29.1	20	23.4
174	Gateway Incorporated	3.14	-0.77	0.00	NA	0.0	4.0	0.60	8.2	5	23.2
175	Constellation Energy Group	27.82	1.14	0.96	24.4	3.5	3.0	2.75	15.5	43	23.2
176	Convergys Corporation	15.15	1.25	0.00	12.1	0.0	7.0	1.25	18.9	24	23.1
177	Cooper Industries Limited 2,6,81	36.45	2.66	1.40	13.7	3.8	5.0	3.00	18.4	55	22.5
178	Avery Dennison Corporation	61.08	2.62	1.44	23.3	2.4	10.0	3.10	30.1	93	22.0
179	Emerson Electric Company 2	50.85	2.52	1.57	20.2	3.1	7.0	3.00	25.7	77	21.4
180	Yum!Brands, Incorporated	24.22	1.94	0.00	12.5	0.0	7.0	2.10	17.8	37	21.1
181	Block H&R Incorporated	40.20	2.44	0.72	16.5	1.8	10.0	2.65	23.1	61	21.0
182	Limited Brands, Incorporated	13.93	1.06	0.30	13.1	2.2	9.0	0.85	24.9	21	21.0
183	Cinergy Corporation	33.72	2.33	1.80	14.5	5.3	3.0	2.80	17.9	50	20.9
184	Genuine Parts Company	30.80	1.73	1.16	17.8	3.8	4.0	2.35	19.7	46	20.8
185	Bard C R Incorporated 37,80	58.00	2.84	0.88	20.4	1.5	8.0	3.70	23.9	88	20.6
186	Pall Corporation 2,3,37	16.68	0.25	0.36	66.7	2.2	7.0	1.10	23.0	25	20.6
187	Century Telephone Enterprises, Inc 6	29.38	2.11	0.21	13.9	0.7	7.0	2.25	20.0	45	20.5
188	LSI Logic Corporation	5.77	0.91	0.00	6.3	0.0	10.0	0.45	19.7	9	20.5
189	Sysco Corporation 2	29.79	1.06	0.44	28.1	1.5	10.0	1.40	32.3	45	20.3
190	Intel Corporation 1	15.57	0.38	0.08	41.0	0.5	12.0	0.95	25.0	24	20.2
191	Ciena Corporation 1	5.14	-4.37	0.00	NA	0.0	10.0	0.40	19.7	8	20.2
192	Ryder System Incorporated	22.44	2.33	0.60	9.6	2.7	6.0	1.85	18.2	34	20.1
193	Conagra Incorporated	25.01	1.54	0.99	16.2	4.0	5.0	1.70	21.9	37	19.7
194	Advanced Micro Devices Inc	6.46	-1.36	0.00	NA	0.0	10.0	0.50	19.7	10	19.3
195	Medtronic Incorporated 2,37,74	45.60	1.31	0.25	34.8	0.5	14.0	1.60	43.1	69	18.8
196	Dollar General Corporation	11.95	0.76	0.13	15.7	1.1	11.0	0.75	23.9	18	18.1
197	Cintas Corporation 1	45.75	1.43	0.25	32.0	0.5	12.5	1.75	39.3	69	18.0
198	Georgia-Pacific Group 2,37	16.16	-1.99	0.50	NA	3.1	4.0	2.35	10.2	24	17.9
199	Procter & Gamble Company 2	85.94	4.07	1.64	21.1	1.9	8.0	4.35	29.4	128	17.9
200	Brown-Forman Corporation CI B	65.36	3.30	1.50	19.8	2.3	6.0	3.80	25.5	97	17.6

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
201	Amgen Incorporated 1	48.34	1.19	0.00	40.6	0.0	15.0	1.70	42.8	73	17.3
202	Nordstrom Incorporated	18.97	1.13	0.40	16.8	2.1	8.0	1.25	22.4	28	16.9
203	Gannett Company Incorporated	71.80	3.99	0.96	18.0	1.3	7.0	4.50	23.7	107	16.8
204	CMS Energy Group	9.44	1.47	0.72	6.4	7.6	2.0	1.50	8.9	13	16.4
205	Bemis Company Incorporated	49.63	3.06	1.04	16.2	2.1	6.0	3.25	22.5	73	16.3
206	FPL Group Incorporated	60.13	2.76	2.32	21.8	3.9	3.0	5.00	17.5	87	16.1
207	Nicor Incorporated 6	34.03	2.95	1.84	11.5	5.4	2.5	2.75	17.8	49	16.0
208	Monsanto Corporation 75	19.25	-0.13	0.48	NA	2.5	6.0	1.35	20.9	28	15.9
209	Toys R Us Incorporated	10.00	1.16	0.00	8.6	0.0	6.0	1.20	12.4	15	15.6
210	Ecolab Incorporated	49.50	1.53	0.58	32.4	1.2	11.0	2.00	36.5	73	15.4
211	Amerada Hess Corporation	55.05	5.73	1.20	9.6	2.2	5.5	6.00	13.4	81	15.3
212	Paychex Incorporated 1	27.90	0.76	0.44	36.7	1.6	14.0	0.85	48.2	41	15.3
213	Bank One Corporation 2,37	36.55	2.65	0.84	13.8	2.3	7.0	3.00	17.7	53	14.9
214	Keyspan Corporation 37	35.24	2.19	1.78	16.1	5.1	4.0	2.80	18.0	50	14.8
215	Teradyne Incorporated	13.01	-2.25	0.00	NA	0.0	12.0	0.80	24.0	19	14.7
216	Whirlpool Corporation	52.22	3.98	1.36	13.1	2.6	5.0	6.00	12.6	75	14.1
217	Wal-Mart Stores Incorporated 37	50.51	1.73	0.30	29.2	0.6	12.0	2.05	36.1	74	14.0
218	General Mills Incorporated 2,37,81	46.95	1.48	1.10	31.7	2.3	7.0	2.85	23.8	68	13.7
219	Burlington Northern Santa Fe Corp	26.01	1.92	0.48	13.5	1.8	5.0	2.50	15.1	38	13.7
220	Worthington Industries Incorporated	15.24	0.34	0.64	44.8	4.2	6.0	1.10	19.7	22	13.6
221	Kinder Morgan Incorporated 6,37,81	42.27	2.59	0.40	16.3	0.9	11.0	2.60	23.7	61	13.4
222	Textron Incorporated 2,37,80	42.99	0.04	1.30	NA	3.0	9.0	2.50	24.7	62	13.3
223	DTE Energy Company 2,37	46.40	5.37	2.06	8.6	4.4	3.0	4.00	16.5	66	13.3
224	Halliburton Company	18.71	0.04	0.50	NA	2.7	9.0	1.15	23.3	27	13.1
225	Mellon Financial Corporation	26.11	1.85	0.52	14.1	2.0	8.0	1.80	20.8	37	12.4
226	Concord EFS Incorporated	15.74	0.53	0.00	29.7	0.0	10.0	0.85	26.9	23	12.3
227	Linear Technology Corporation 1	25.72	0.65	0.20	39.6	0.8	17.5	0.80	46.2	37	11.5
228	Tenet Healthcare Corporation 37,81	16.40	2.54	0.00	6.5	0.0	6.5	1.50	15.8	24	11.3
229	National Semiconductor Corporation	15.01	-0.07	0.00	NA	0.0	12.0	0.90	24.0	22	11.0
230	Dover Corporation	29.16	1.00	0.54	29.2	1.9	10.0	1.75	23.6	41	10.7
231	Huntington Bancshares Incorporated 1,37	18.71	1.01	0.64	18.5	3.4	5.0	1.45	18.1	26	10.2
232	Analog Devices Incorporated	23.87	0.29	0.00	82.3	0.0	17.5	0.85	40.2	34	10.2
233	CVS Corporation	24.97	0.95	0.23	26.3	0.9	9.0	1.85	19.2	36	10.2
234	Cummins Incorporated	28.13	-1.53	1.20	NA	4.3	5.0	2.50	15.6	39	10.1
235	General Dynamics Corporation	79.37	4.95	1.20	16.0	1.5	7.0	5.50	20.4	112	9.8
236	Computer Sciences Corporation	34.45	2.34	0.00	14.7	0.0	10.0	2.50	19.7	49	9.8
237	eBay Incorporated 1	67.82	0.65	0.00	NA	0.0	25.0	1.00	96.9	97	9.8
238	Manor Care Incorporated 2,37	18.61	1.42	0.00	13.1	0.0	10.0	1.35	19.7	27	9.8
239	Transocean Incorporated 37,74	23.20	1.47	0.12	15.8	0.5	10.0	1.60	20.5	33	9.1
240	Coca-Cola Company 37	43.84	1.68	0.80	26.1	1.8	10.0	2.00	30.7	61	8.7
241	Moody's Corporation	41.29	1.79	0.18	23.1	0.4	11.0	2.00	29.1	58	8.5
242	Ashland Incorporated	28.53	1.83	1.10	15.6	3.9	4.0	3.50	11.2	39	8.4
243	Ameren Corporation	41.57	3.23	2.54	12.9	6.1	2.0	3.00	18.7	56	8.3
244	Black & Decker Corporation	42.89	1.76	0.48	24.4	1.1	8.0	3.40	17.7	60	8.0
245	Newell Company	30.33	1.07	0.84	28.3	2.8	7.0	1.75	23.9	42	7.8
246	Forest Laboratories	98.22	2.51	0.00	39.1	0.0	20.0	2.75	50.3	138	7.7
247	TXU Corporation 6	18.68	2.88	0.50	6.5	2.7	2.5	2.25	11.5	26	7.6
248	Clorox Company 74	41.25	1.63	0.88	25.3	2.1	7.0	2.30	24.8	57	7.3
249	KLA-Tencor Corporation 1,2,37	35.37	0.96	0.00	36.8	0.0	15.0	1.55	32.0	50	7.1
250	Darden Restaurants Incorporated	20.45	1.44	0.08	14.2	0.4	10.0	1.40	20.4	29	7.1

## Equity Valuation Model

### Stock Rankings

Rank	Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess	
							Normalized Earnings	Normal P/E	Normal Value	Potential Return	
251	Alltel Corporation	51.00	2.39	1.40	21.3	2.7	5.0	3.40	20.6	70	7.1
252	U.S. Steel Corporation	13.12	-1.43	0.20	NA	1.5	4.0	2.00	9.1	18	7.0
253	Exelon Corporation	52.77	5.02	1.76	10.5	3.3	4.0	5.00	14.4	72	6.6
254	General Motors Incorporated 2,30,37,81	36.86	4.35	2.00	8.5	5.4	3.0	4.75	10.3	49	5.0
255	Kellogg Company	34.27	1.59	1.01	21.6	2.9	6.0	1.90	24.3	46	4.6
256	Unisys Corporation	9.90	0.52	0.00	19.0	0.0	8.0	0.85	16.0	14	4.2
257	Consolidated Edison Incorporated 81	42.82	3.73	2.22	11.5	5.2	2.0	3.25	17.4	56	4.0
258	Colgate Palmolive Company 37	52.43	2.24	0.72	23.4	1.4	9.0	2.40	29.6	71	3.6
259	Caterpillar Incorporated	45.72	1.92	1.40	23.8	3.1	7.0	3.00	20.4	61	3.6
260	Applied Micro Circuits Corporation 1	3.69	-12.08	0.00	NA	0.0	20.0	0.10	50.3	5	3.2
261	Hershey Foods Corporation 37	67.44	1.67	1.31	40.4	1.9	7.0	3.50	25.8	90	2.8
262	Texas Instruments Incorporated	15.01	0.07	0.09	NA	0.6	15.0	0.60	33.8	20	2.7
263	MeadWestvaco Corporation 37	24.71	-0.26	0.92	NA	3.7	7.0	1.40	23.3	33	2.4
264	American Express Company	35.35	1.72	0.32	20.6	0.9	11.0	2.00	23.8	48	2.4
265	Morgan Stanley Dean Witter & Company 37,81	39.92	2.76	0.92	14.5	2.3	8.0	2.60	20.4	53	2.0
266	PPL Corporation 2,37,81	34.68	3.61	1.44	9.6	4.2	3.0	3.60	12.6	45	2.0
267	Brunswick Corporation	19.86	0.89	0.50	22.3	2.5	6.0	1.65	15.9	26	1.4
268	Cisco Systems Incorporated 1,37,74	13.10	0.38	0.00	34.5	0.0	15.0	0.55	32.0	18	1.3
269	Parametric Technology 1	2.52	-0.29	0.00	NA	0.0	4.5	0.37	9.1	3	1.2
270	Nike Incorporated	44.47	2.65	0.56	16.8	1.3	10.0	2.65	22.3	59	1.2
271	Navistar International Corporation	24.31	-2.18	0.00	NA	0.0	5.0	3.20	10.2	33	0.8
272	TMP Worldwide 1,2,80	11.31	0.16	0.00	70.7	0.0	12.5	0.60	25.2	15	0.8
273	NiSource Incorporated	20.00	1.70	1.16	11.8	5.8	2.0	1.70	15.0	26	0.5
274	Stilwell Financial Incorporated	13.07	0.87	0.04	15.0	0.3	7.5	0.85	20.5	17	0.4
275	Pharmacia Corporation	41.80	1.16	0.54	36.0	1.3	10.0	1.90	29.0	55	0.1
276	Wachovia Corporation 2,37	36.44	2.57	1.04	14.2	2.9	6.0	2.85	16.7	47	0.0
277	AOL Time Warner Incorporated 37,74	13.10	-0.35	0.00	NA	0.0	11.0	0.80	21.8	17	-0.1
278	CenterPoint Energy, Incorporated 2,36	8.50	3.03	0.64	2.8	7.5	2.0	1.00	10.7	11	-0.2
279	FedEx Corporation	54.22	2.50	0.20	21.7	0.4	9.0	3.00	23.9	72	-0.2
280	Fluor Corporation 6	28.00	1.98	0.64	14.1	2.3	7.0	2.00	18.3	37	-0.3
281	Freeport-McMoran Copper & Gold CI B 80	16.78	0.44	0.00	38.1	0.0	9.0	1.25	17.8	22	-0.7
282	Tyco International Limited 2,37,80	17.08	-1.40	0.05	NA	0.3	6.5	1.50	15.0	23	-0.9
283	Ingersoll-Rand Company 2	43.06	2.24	0.68	19.2	1.6	7.0	2.90	19.4	56	-0.9
284	Allergan Incorporated	57.62	0.96	0.36	60.0	0.6	12.0	2.30	32.8	76	-1.4
285	Franklin Resources Incorporated	34.08	1.66	0.30	20.5	0.9	9.0	2.00	22.3	45	-1.6
286	Keycorp 37,81	25.14	1.25	1.20	20.1	4.8	4.0	2.35	13.6	32	-1.6
287	Sabre Holdings Corporation	18.11	1.69	0.00	10.7	0.0	6.5	1.75	13.6	24	-1.8
288	Anadarko Petroleum Corporation 80	47.90	2.53	0.40	18.9	0.8	9.0	3.25	19.2	62	-1.9
289	Qlogic Corporation 1	34.51	0.99	0.00	34.9	0.0	20.0	0.90	50.3	45	-1.9
290	TJX Companies Incorporated	19.52	1.06	0.12	18.4	0.6	11.0	1.10	23.1	25	-2.1
291	Fortune Brands Incorporated	46.51	3.41	1.08	13.6	2.3	7.0	3.25	18.4	60	-2.1
292	United Parcel Service 2,37	63.08	2.11	0.76	29.9	1.2	11.0	2.55	31.9	81	-2.9
293	Hercules Incorporated 6,37	8.80	-0.21	0.00	NA	0.0	4.0	1.40	8.2	11	-2.9
294	ChevronTexaco Corporation	66.48	-2.05	2.80	NA	4.2	5.0	5.00	16.7	84	-3.2
295	Stryker Corporation	67.12	1.62	0.12	41.4	0.2	15.0	2.00	43.5	87	-3.2
296	Altera Corporation 1	12.33	0.08	0.00	NA	0.0	15.0	0.50	32.0	16	-3.3
297	Pepsi Bottling Group 2	25.70	1.36	0.04	18.9	0.2	11.0	1.50	22.1	33	-3.7
298	United Technologies Corporation	61.94	4.27	0.98	14.5	1.6	8.0	4.20	18.8	79	-4.1
299	Bear Stearns Companies Incorporated 2	59.40	7.00	0.68	8.5	1.1	7.0	4.75	16.0	76	-4.1
300	Delphi Corporation 37	8.05	0.17	0.28	47.4	3.5	4.0	0.90	11.2	10	-4.1

## Equity Valuation Model

### Stock Rankings

Rank	Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess	
							Normalized Earnings	Normal P/E	Normal Value	Potential Return	
301	Lilly Eli & Company 80,81	63.50	2.38	1.34	26.7	2.1	8.0	2.85	28.3	81	-4.2
302	Broadcom Corporation 1,37	15.06	-2.84	0.00	NA	0.0	25.0	0.25	77.5	19	-4.5
303	Southern Company 2,37	28.39	1.79	1.37	15.9	4.8	3.0	1.80	19.5	35	-4.8
304	EMC Corporation 37	6.14	-0.05	0.00	NA	0.0	10.0	0.40	19.7	8	-4.8
305	Liz Claiborne Incorporated	29.65	2.04	0.23	14.5	0.8	8.0	2.20	17.2	38	-4.9
306	Motorola Incorporated 37,81	8.65	-0.25	0.16	NA	1.8	9.0	0.50	21.8	11	-5.2
307	Allstate Corporation 2,37,74	36.99	1.95	0.84	19.0	2.3	6.0	2.94	15.8	46	-5.6
308	Reebok International Ltd	29.40	2.02	0.00	14.6	0.0	10.0	1.90	19.7	37	-5.8
309	Delta Air Lines Incorporated	12.10	-13.45	0.10	NA	0.8	2.0	3.00	5.1	15	-6.0
310	Aluminum Company Of America 30,37	22.78	0.56	0.60	40.7	2.6	7.0	1.45	19.5	28	-6.3
311	Allegheny Energy Incorporated	7.56	1.62	0.00	4.7	0.0	2.0	1.00	9.6	10	-6.4
312	Bellsouth Corporation 37	25.87	1.88	0.80	13.8	3.1	3.0	2.00	16.0	32	-6.4
313	CSX Corporation 37	28.31	1.66	0.40	17.1	1.4	6.0	2.50	14.2	35	-6.5
314	Mercury Interactive Corporation 1,6	29.65	0.62	0.00	47.8	0.0	22.5	0.60	62.5	38	-6.5
315	Conoco Phillips Company	48.39	2.17	1.60	22.3	3.3	5.0	4.10	14.5	59	-7.1
316	Eastman Kodak Company	35.04	1.54	1.80	22.8	5.1	4.0	2.75	15.4	42	-7.2
317	Winn-Dixie Stores Incorporated	15.28	1.38	0.20	11.1	1.3	6.0	1.35	14.1	19	-7.6
318	Union Pacific Corporation	59.87	4.94	0.92	12.1	1.5	7.0	4.40	16.8	74	-7.7
319	Soletron Corporation	3.55	-3.99	0.00	NA	0.0	9.0	0.25	17.8	4	-8.0
320	American Standard Companies	71.14	4.07	0.00	17.5	0.0	9.0	5.00	17.8	89	-8.2
321	Dow Chemical Company 2,37,74,80	29.70	0.44	1.34	67.5	4.5	7.0	1.35	26.5	36	-8.3
322	Loews Corporation	44.46	4.26	0.60	10.4	1.3	5.0	4.75	11.5	55	-9.0
323	Raytheon Company 37,81	30.75	1.65	0.80	18.6	2.6	7.0	1.90	19.6	37	-9.1
324	Provident Financial Corporation	6.49	-0.84	0.00	NA	0.0	3.0	1.25	6.4	8	-9.4
325	Rohm & Haas Company	32.48	2.49	0.84	13.0	2.6	7.0	2.00	19.6	39	-9.5
326	Applera Corp - Applied Biosystems 37	17.54	0.81	0.17	21.7	1.0	12.0	0.80	26.7	21	-10.2
327	Andrew Corporation 1	10.28	-0.30	0.00	NA	0.0	10.0	0.64	19.7	13	-10.5
328	ADC Telecommunications Incorporated 1	2.09	-1.44	0.00	NA	0.0	10.0	0.13	19.7	3	-10.6
329	Family Dollar Stores	31.21	1.30	0.26	24.0	0.8	12.0	1.25	30.1	38	-11.6
330	Verizon Communications 2,37,81	38.75	0.25	1.54	NA	4.0	2.5	3.00	15.1	45	-12.1
331	St Jude Medical Incorporated	39.72	2.30	0.00	17.3	0.0	12.0	1.65	29.1	48	-12.1
332	Office Depot Incorporated	14.76	0.93	0.00	15.9	0.0	9.0	1.00	17.8	18	-12.7
333	Symbol Technologies	8.22	0.20	0.02	41.1	0.2	12.0	0.40	24.7	10	-12.8
334	Alberto-Culver Company Cl B	50.40	2.40	0.36	21.0	0.7	7.0	2.50	24.0	60	-13.4
335	Microsoft Corporation 1,37	51.70	1.72	0.00	30.1	0.0	12.0	2.00	30.8	62	-13.9
336	Robert Half International	16.11	0.12	0.00	NA	0.0	15.0	0.60	32.0	19	-13.9
337	Millipore Corporation 2	34.00	1.67	0.00	20.4	0.0	10.0	2.05	19.7	40	-14.4
338	The Boeing Company 2	32.99	2.30	0.68	14.3	2.1	7.0	2.10	18.3	38	-14.7
339	Grainger W W Incorporated	51.55	2.53	0.72	20.4	1.4	7.0	2.90	20.8	60	-14.7
340	ITT Industries Incorporated	60.69	3.16	0.60	19.2	1.0	8.0	4.00	17.8	71	-14.9
341	Sigma-Aldrich Corporation 1	48.70	1.35	0.36	36.1	0.7	7.0	2.50	22.8	57	-15.1
342	Intuit Incorporated 1	46.92	0.30	0.00	NA	0.0	20.0	1.10	50.3	55	-15.2
343	Computer Associates International	13.50	0.44	0.08	30.7	0.6	10.0	0.75	21.0	16	-15.6
344	Entergy Corporation	45.59	2.43	1.40	18.8	3.1	5.0	3.60	14.5	52	-15.7
345	Occidental Petroleum Corporation 37	28.45	1.58	1.04	18.0	3.7	5.0	2.00	16.2	32	-15.8
346	Vulcan Materials Company	37.50	1.96	0.94	19.1	2.5	7.0	2.00	21.5	43	-15.9
347	Eastman Chemical Company	36.77	-2.69	1.76	NA	4.8	4.5	2.15	19.2	41	-16.0
348	Crane Company	19.93	1.17	0.40	17.0	2.0	4.0	1.75	13.1	23	-16.0
349	Merrill Lynch & Company Inc 2	37.95	2.71	0.64	14.0	1.7	8.0	2.25	19.4	44	-16.1
350	International Flavors & Fragrances	35.10	1.49	0.60	23.6	1.7	6.0	2.15	18.8	40	-16.2

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
351	SLM Corporation 2	103.86	4.76	1.00	21.8	1.0	11.0	4.60	26.1	120	-16.4
352	Apollo Group	44.00	0.99	0.00	44.4	0.0	15.0	1.20	42.8	51	-16.5
353	Campbell Soup Company 2,37,81	23.47	1.33	0.63	17.6	2.7	5.0	1.50	17.8	27	-16.7
354	Equifax Incorporated 6	23.14	0.92	0.08	25.2	0.3	8.0	1.40	19.2	27	-16.8
355	Praxair Incorporated	57.77	2.39	0.76	24.2	1.3	6.0	3.70	17.9	66	-16.9
356	JDS Uniphase Corporation 1,80	2.47	-5.91	0.00	NA	0.0	7.0	0.20	14.4	3	-16.9
357	Aetna Incorporated 2	41.12	0.72	0.04	57.1	0.1	9.0	2.65	18.0	48	-17.0
358	Schering-Plough Corporation	22.20	1.23	0.68	18.0	3.1	5.0	1.05	23.9	25	-17.1
359	Rockwell International Corporation 2,37	20.71	1.20	0.66	17.3	3.2	7.0	1.00	23.3	23	-17.6
360	Baker Hughes Incorporated	32.19	1.08	0.46	29.8	1.4	11.0	1.40	26.1	36	-18.3
361	International Business Machines 2,37,74,80,81	77.50	3.25	0.60	23.8	0.8	9.0	4.55	19.3	88	-18.8
362	Xerox Corporation 37,81	8.05	-0.49	0.00	NA	0.0	5.0	0.90	10.2	9	-19.4
363	Thermo Electron Corporation	20.12	1.34	0.00	15.0	0.0	12.0	0.95	24.0	23	-19.6
364	Sanmina - SCI Corporation 1,2	4.49	-5.60	0.00	NA	0.0	5.0	0.50	10.2	5	-19.8
365	Maxim Integrated Products 1	33.04	0.85	0.08	38.9	0.2	17.5	0.90	41.4	37	-20.0
366	Hewlett-Packard Company	17.36	-0.22	0.32	NA	1.8	8.0	0.95	20.2	19	-20.4
367	Calpine Corporation 2	3.26	0.84	0.00	3.9	0.0	2.0	0.75	4.9	4	-20.8
368	Tellabs Incorporated 1	7.27	-0.75	0.00	NA	0.0	5.0	0.80	10.2	8	-21.2
369	Big Lots, Incorporated	13.23	0.08	0.00	NA	0.0	10.0	0.75	19.7	15	-21.5
370	Allied Waste Industries Incorporated 81	10.00	1.05	0.00	9.5	0.0	6.0	0.90	12.4	11	-21.6
371	Du Pont E I De Nemours & Company 2,37	42.40	5.27	1.40	8.0	3.3	6.0	2.25	20.3	46	-21.8
372	NVIDIA Corporation 1	11.51	0.79	0.00	14.6	0.0	8.0	0.80	16.0	13	-21.9
373	MedImmune, Incorporated 1	27.17	0.51	0.00	53.3	0.0	17.5	0.75	40.2	30	-22.0
374	AMR Corporation	6.60	-18.00	0.00	NA	0.0	2.0	1.50	4.9	7	-22.2
375	Network Appliance Incorporated 1	10.00	0.27	0.00	37.0	0.0	20.0	0.22	50.3	11	-22.4
376	Wrigley William Jr Company	54.88	1.70	0.82	32.3	1.5	8.0	2.00	29.9	60	-22.7
377	Sunoco Incorporated 81	33.18	-1.25	1.00	NA	3.0	4.5	2.75	12.9	36	-23.0
378	Guidant Corporation	30.85	1.73	0.00	17.8	0.0	10.0	1.50	22.6	34	-23.3
379	Sprint Corporation (PCS Group) 37,74,81	4.38	-0.66	0.00	NA	0.0	15.0	0.15	32.0	5	-23.5
380	Xcel Energy, Incorporation 81,102	11.00	1.38	0.75	8.0	6.8	2.0	0.85	13.3	11	-23.8
381	AT&T Corporation 2,37	26.11	-19.20	0.75	NA	2.9	4.0	2.50	11.1	28	-23.8
382	Cincinnati Financial Corporation 1	37.55	1.12	0.89	33.5	2.4	7.0	2.00	20.1	40	-23.8
383	Peoples Energy Corporation	38.65	2.80	2.08	13.8	5.4	2.0	2.85	14.1	40	-24.0
384	SBC Communications Incorporated 2,37,80,113	27.11	2.16	1.08	12.6	4.0	2.0	2.00	14.2	28	-24.0
385	Scientific-Atlanta Incorporated	11.86	0.51	0.04	23.3	0.3	6.0	1.00	12.8	13	-24.7
386	Novellus Systems 1	28.08	0.25	0.00	NA	0.0	15.0	0.95	32.0	30	-24.8
387	Avaya Incorporated	2.45	-0.38	0.00	NA	0.0	7.0	0.14	18.9	3	-24.9
388	Siebel Systems Incorporated 1	7.40	0.08	0.00	92.5	0.0	15.0	0.25	32.0	8	-25.0
389	Watson Pharmaceuticals Incorporated 6,37	28.27	2.22	0.00	12.7	0.0	10.0	1.55	19.7	31	-25.1
390	AT&T Wireless Services 2,74	5.65	-0.91	0.00	NA	0.0	15.0	0.15	40.6	6	-25.3
391	Safeco Corporation 1	34.67	1.97	0.74	17.6	2.1	6.0	2.25	16.3	37	-25.4
392	International Game Technology	75.92	3.42	0.00	22.2	0.0	12.0	3.40	24.0	82	-25.4
393	PPG Industries Incorporated	50.15	-0.43	1.72	NA	3.4	5.0	3.15	16.6	52	-25.5
394	Novell Incorporated 1	3.34	-0.28	0.00	NA	0.0	7.0	0.25	14.4	4	-25.6
395	Jabil Circuit	17.92	0.22	0.00	81.5	0.0	15.0	0.60	32.0	19	-25.9
396	Pactiv Corporation	21.86	1.29	0.00	16.9	0.0	6.0	1.40	16.6	23	-26.6
397	Knight-Ridder Incorporated	63.25	3.16	1.08	20.0	1.7	7.0	3.70	17.9	66	-26.8
398	PMC-Sierra Incorporated 1	5.56	-3.80	0.00	NA	0.0	10.0	0.30	19.7	6	-26.8
399	Gillette Company 37	30.36	1.01	0.65	30.1	2.1	8.0	1.25	25.3	32	-26.8
400	McDermott International Inc	4.38	-10.45	0.00	NA	0.0	2.0	0.95	4.9	5	-27.2

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
401	Parker-Hannifin Corporation	46.13	1.12	0.72	41.2	1.6	7.0	2.75	17.5	48	-27.3
402	Northrop Grumman Corporation 6	97.00	4.99	1.60	19.4	1.6	6.5	6.00	16.8	101	-27.4
403	Southwest Airlines Company 37	13.90	0.34	0.02	40.9	0.1	12.0	0.60	24.4	15	-27.6
404	Staples Incorporated 1	18.30	0.80	0.00	22.9	0.0	12.0	0.80	24.0	19	-28.0
405	Equity Residential	24.58	1.27	1.73	19.4	7.0	5.0	1.00	24.1	24	-28.2
406	Danaher Corporation 6,37	65.70	2.25	0.10	29.2	0.2	11.0	2.90	23.7	69	-28.3
407	Nex tel Communications Inc. CI A 1,74	11.55	-2.66	0.00	NA	0.0	12.0	0.50	24.0	12	-29.0
408	Zimmer Holdings Incorporated	41.52	1.18	0.00	35.2	0.0	12.0	1.40	30.8	43	-29.2
409	Allegheny Technologies Incorporated	6.23	-0.89	0.24	NA	3.9	2.5	0.75	8.3	6	-29.3
410	Noble Corporation	35.15	1.68	0.00	20.9	0.0	10.0	1.85	19.7	36	-29.4
411	Unocal Corporation	30.58	0.80	0.80	38.2	2.6	6.0	1.70	18.1	31	-29.6
412	Hasbro Incorporated	11.55	0.37	0.12	31.2	1.0	8.0	0.65	18.2	12	-29.9
413	Genzyme Corporation - General 1	29.57	0.85	0.00	34.8	0.0	13.0	1.15	26.5	30	-30.1
414	Lehman Brothers Holding Incorporated 37,81	53.29	3.92	0.36	13.6	0.7	7.0	3.50	15.5	54	-30.6
415	Williams Companies 37,81	2.70	-1.49	0.04	NA	1.5	2.0	0.50	5.5	3	-30.6
416	Plum Creek Timber Company 37	23.60	2.58	1.40	9.1	5.9	3.0	1.45	15.7	23	-30.8
417	Eaton Corporation	78.11	3.21	1.76	24.3	2.3	6.0	4.60	16.9	78	-31.2
418	Power-One Incorporated 1	5.67	-2.54	0.00	NA	0.0	7.0	0.40	14.4	6	-31.8
419	Schwab (Charles) Corporation 37	10.85	0.15	0.04	72.3	0.4	14.0	0.35	30.8	11	-33.3
420	Viacom Incorporated CI B 2,37,74,80	40.76	0.87	0.00	46.9	0.0	11.0	1.45	28.0	41	-33.4
421	Waste Management Incorporated 37	22.92	1.20	0.01	19.1	0.0	8.0	1.40	16.1	23	-34.7
422	Chiron Corporation 1,37,80	37.60	0.84	0.00	44.8	0.0	15.0	1.15	32.0	37	-35.2
423	Xilinx Incorporated 1	20.60	0.37	0.00	55.7	0.0	17.5	0.50	40.2	20	-35.4
424	Rockwell Collins Incorporated 37,74	23.26	1.28	0.36	18.2	1.5	7.0	1.25	17.9	22	-35.5
425	PG&E Corporation 77	13.90	5.00	0.00	2.8	0.0	4.0	1.65	8.2	13	-36.0
426	Lucent Technologies Incorporated 74	1.26	-3.51	0.00	NA	0.0	2.0	0.25	4.9	1	-36.2
427	Gap Incorporated	15.52	0.22	0.09	70.5	0.6	10.0	0.70	21.3	15	-36.5
428	American Greetings Corporation CI A	15.80	0.95	0.00	16.6	0.0	5.0	1.50	10.2	15	-36.5
429	Schlumberger Limited 74	42.09	0.92	0.75	45.8	1.8	10.0	1.50	26.4	40	-37.4
430	Louisiana Pacific Corporation 2	8.06	0.04	0.00	NA	0.0	3.0	1.20	6.4	8	-37.5
431	Mattel Incorporated	19.15	0.97	0.05	19.7	0.3	8.0	1.10	16.6	18	-37.6
432	Quintiles Transnational Corporation 1,6	12.10	-0.09	0.00	NA	0.0	9.0	0.65	17.8	12	-37.6
433	Thomas & Betts Corporation	16.90	-1.81	0.00	NA	0.0	9.0	0.90	17.8	16	-38.5
434	Devon Energy Corporation 2,37,80	45.90	-4.00	0.20	NA	0.4	6.5	3.00	14.4	43	-38.7
435	Nucor Corporation	41.30	1.87	0.76	22.1	1.8	7.0	2.00	19.1	38	-38.8
436	New York Times Company CI A	45.73	1.75	0.54	26.1	1.2	9.0	2.00	21.1	42	-39.5
437	Exxon Mobil Corporation 74	34.94	1.53	0.92	22.8	2.6	4.0	2.00	15.7	31	-40.8
438	Veritas Software Corporation 1	15.62	-0.25	0.00	NA	0.0	15.0	0.45	32.0	14	-40.9
439	BMC Software Incorporated	17.11	-0.33	0.00	NA	0.0	10.0	0.80	19.7	16	-41.0
440	Comcast Corporation	23.57	-0.57	0.00	NA	0.0	10.0	0.85	25.5	22	-41.2
441	Bausch & Lomb Incorporated 37	36.00	0.98	0.52	36.7	1.4	7.0	1.80	17.9	32	-42.3
442	Apple Computer Incorporated 1	14.33	0.18	0.00	79.6	0.0	7.0	0.90	14.4	13	-42.9
443	Clear Channel Communications 37,81	37.29	-0.52	0.00	NA	0.0	14.0	1.15	29.1	33	-43.2
444	Deere & Company 2,37,80,81	45.85	1.34	0.88	34.2	1.9	6.0	2.40	16.8	40	-43.3
445	Boise Cascade Corporation	25.22	-1.67	0.60	NA	2.4	5.0	1.50	14.6	22	-43.9
446	Dell Computer Corporation 1,37	26.74	0.76	0.00	35.2	0.0	13.0	0.90	26.5	24	-43.9
447	Oracle Corporation 1,37	10.80	0.37	0.00	29.2	0.0	12.0	0.40	24.0	10	-44.1
448	Progressive Corporation	49.63	1.71	0.10	29.0	0.2	7.0	3.00	14.7	44	-44.1
449	Qualcomm Incorporated 1	36.39	0.47	0.00	77.4	0.0	15.0	1.00	32.0	32	-45.1
450	Lexmark International Group Inc. - Class A	60.50	2.22	0.00	27.3	0.0	10.0	2.70	19.7	53	-45.2

## Equity Valuation Model

### Stock Rankings

Rank		Price (12/31/02)	Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03	Calculated	Dec-03	Excess
								Normalized Earnings	Normal P/E	Normal Value	Potential Return
451	Adobe Systems Incorporated 1,37	24.80	0.81	0.05	30.6	0.2	11.0	0.90	24.1	22	-45.5
452	Tribune Company	45.46	1.12	0.44	40.6	1.0	9.0	1.90	20.6	39	-46.0
453	Biogen Incorporated 1	40.06	1.46	0.00	27.4	0.0	11.0	1.60	21.8	35	-46.1
454	Edison International 37	11.85	10.03	0.00	1.2	0.0	4.0	1.25	8.2	10	-46.8
455	PerkinElmer Incorporated 2	8.25	0.23	0.28	35.9	3.4	4.0	0.45	15.0	7	-48.0
456	Dow Jones & Company	43.23	0.30	1.00	NA	2.3	8.0	1.35	26.3	35	-48.7
457	Archer-Daniels-Midland Company	12.40	0.75	0.24	16.5	1.9	5.0	0.75	13.6	10	-48.7
458	Compuware Corporation 1	4.80	-0.67	0.00	NA	0.0	7.0	0.28	14.4	4	-49.4
459	Coca-Cola Enterprises 2,37	21.72	0.14	0.16	NA	0.7	8.0	1.00	17.9	18	-49.9
460	Sprint Corporation (FON Group) 37,81	14.48	0.00	0.50	NA	3.5	2.5	1.10	10.4	11	-50.6
461	Univision Communications 37,66,80,81	24.50	0.28	0.00	87.5	0.0	20.0	0.40	50.3	20	-51.0
462	Sealed Air Corporation 6	37.30	2.23	0.00	16.7	0.0	6.5	2.25	13.6	31	-51.1
463	Great Lakes Chemical Corporation	23.88	-1.81	0.36	NA	1.5	5.0	1.50	12.7	19	-51.8
464	Ball Corporation	51.19	2.40	0.36	21.3	0.7	6.0	3.00	13.7	41	-52.0
465	AES Corporation 2,37,80	3.02	0.34	0.00	8.9	0.0	2.0	0.50	4.9	2	-52.3
466	Weyerhaeuser Company 37	49.21	0.75	1.60	65.6	3.3	4.0	2.50	15.2	38	-52.4
467	Comverse Technology Incorporated	10.02	-0.23	0.00	NA	0.0	8.0	0.50	16.0	8	-53.3
468	International Paper Company 2,37	34.97	-0.31	1.00	NA	2.9	4.0	2.00	13.4	27	-53.4
469	Burlington Resources Incorporated	42.65	1.12	0.55	38.1	1.3	7.0	1.85	18.0	33	-53.7
470	NCR Corporation	23.74	1.46	0.00	16.3	0.0	7.0	1.30	14.4	19	-54.5
471	Disney Walt Company 37,74,81	16.31	0.63	0.21	25.9	1.3	7.0	0.70	18.0	13	-54.5
472	Hilton Hotels Corporation 2,80	12.71	0.43	0.08	29.6	0.6	10.0	0.45	21.9	10	-54.8
473	Visteon Corporation 2	6.96	0.29	0.24	24.0	3.4	2.5	0.30	17.0	5	-56.3
474	Penney J C Incorporated	23.01	0.88	0.50	26.1	2.2	4.0	1.50	11.4	17	-56.3
475	Temple-Inland Incorporated 6,37,81	44.81	1.06	1.28	42.3	2.9	4.0	2.25	14.3	32	-58.3
476	Autodesk Incorporated 1	14.30	0.42	0.12	34.0	0.8	7.5	0.60	17.5	11	-58.6
477	Dynegy Incorporated 2	1.18	-3.94	0.00	NA	0.0	2.0	0.18	4.9	1	-58.6
478	Corning Incorporated 2,6	3.31	-1.42	0.00	NA	0.0	4.0	0.30	8.2	2	-58.9
479	Tektronix Incorporated	18.19	0.48	0.00	37.9	0.0	9.0	0.75	17.8	13	-59.8
480	Lockheed Martin Corporation 37	57.75	1.70	0.44	34.0	0.8	7.0	2.50	16.5	41	-61.0
481	American Power Conversion Corporation 1	15.15	0.61	0.00	24.8	0.0	9.0	0.60	17.8	11	-62.7
482	BJ Services	32.31	1.06	0.00	30.5	0.0	10.0	1.15	19.7	23	-63.0
483	Norfolk Southern Corporation	19.99	1.15	0.28	17.4	1.4	4.0	1.35	10.2	14	-63.0
484	Meredith Corporation	41.11	1.95	0.36	21.1	0.9	7.0	1.60	17.0	27	-66.1
485	Qwest Communications International 37,80	5.00	-1.53	0.00	NA	0.0	4.0	0.40	8.2	3	-67.6
486	Molex Incorporated 1	23.04	0.41	0.10	56.2	0.4	10.0	0.65	23.0	15	-67.8
487	Paccar Incorporated 1	46.13	2.60	0.80	17.7	1.7	4.0	2.60	11.2	29	-68.1
488	Yahoo! Incorporated 1	16.35	0.09	0.00	NA	0.0	17.5	0.25	40.2	10	-71.5
489	Rational Software 1	10.39	-0.29	0.00	NA	0.0	13.0	0.24	26.5	6	-71.9
490	Nabors Industries 37	35.27	1.04	0.00	33.9	0.0	9.0	1.20	17.8	21	-72.6
491	Boston Scientific Company 37,74	42.52	0.82	0.00	51.9	0.0	10.0	1.10	22.6	25	-74.7
492	Peoplesoft Incorporated 1	18.30	0.59	0.00	31.0	0.0	10.0	0.50	19.7	10	-79.3
493	Citrix Systems Incorporated 1	12.32	0.43	0.00	28.7	0.0	7.0	0.45	14.4	6	-80.7
494	Apache Corporation 2	56.99	3.13	0.40	18.2	0.7	4.0	3.00	9.4	28	-83.0
495	Phelps Dodge Corporation 6	31.65	-1.91	0.00	NA	0.0	7.0	1.00	14.4	14	-87.7
496	Rowan Companies Incorporated	22.70	0.85	0.00	26.7	0.0	6.0	0.80	12.4	10	-89.4
497	EOG Resources Incorporated	39.92	0.07	0.16	NA	0.4	4.0	1.90	8.9	17	-90.3
498	Agilent Technologies Incorporated	17.96	-2.20	0.00	NA	0.0	10.0	0.30	25.5	8	-90.5
499	Citizens Communications	10.55	-2.65	0.00	NA	0.0	10.0	0.20	19.7	4	-95.7
500	Newmont Mining Corporation 2,37	29.03	0.35	0.12	82.9	0.4	5.0	0.70	11.9	8	-103.9

**Equity Valuation Model**  
**Stock Rankings**

	Price	Operating Earnings	Dividend	P/E Ratio	Dividend Yield	Projected Growth Rate	Dec-03 Normalized Earnings	Calculated Normal P/E	Dec-03 Normal Value	Excess Potential Return
All Stocks - Averages				31.7	1.7	8.1		22.0		9.6
All Stocks - Standard Deviation				23.9	1.9	3.9		9.8		45.3
S&P 500 Composite	879.82	47.94	15.60	18.4	1.8	6.5	52.50	22.0	1155	0.0

**Industry Rankings**

Rank		Number of Stocks	P/E Ratio	Dividend Yield	Projected EPS Growth	Calculated Normal P/E	Excess Potential Return
1	Finance (Diversified)	15	18.8	1.5	8.6	23.9	69.6
2	Banks (Money Center / Major Reg.)	31	16.5	3.2	6.9	23.2	57.3
3	Building & Home	6	12.6	1.4	7.5	18.8	55.5
4	Insurance	26	28.9	1.8	7.2	19.7	41.1
5	Retail	40	21.4	1.0	9.6	25.8	29.7
6	Restaurants & Hotels	10	21.3	0.9	10.0	26.3	28.0
7	Medical Products and Supplies	26	23.9	0.4	10.3	26.4	22.9
8	Household Products / Personal Care	15	20.2	2.3	7.2	23.1	17.8
9	Autos & Equipment	15	35.9	2.7	5.7	17.1	15.5
10	Drugs	17	29.8	1.3	10.9	30.9	14.1
11	Finance (Investment)	13	20.1	1.1	8.9	22.3	13.7
12	Beverages, Foods, and Tobacco	19	23.0	2.9	6.7	23.3	13.1
13	Utilities (Electric)	28	11.3	4.2	2.9	13.8	10.9
14	Industrial	15	25.0	1.8	7.4	20.1	5.8
15	Utilities (Natural Gas)	9	26.0	4.5	3.4	14.1	3.7
16	Oil (Domestic Integrated)	5	21.3	3.2	5.3	15.2	2.0
17	Chemicals	21	39.4	2.3	6.8	21.1	-2.0
18	Computer Hardware and Peripherals	33	54.0	0.3	12.5	28.4	-3.4
19	Miscellaneous	16	28.5	2.1	8.2	21.7	-7.4
20	Transportation	10	31.2	1.1	6.4	16.5	-10.2
21	Computer Software and Services	28	40.9	0.2	10.8	25.8	-12.0
22	Media: Entertainment / Publishing / Broadcast	19	46.3	1.0	9.9	25.9	-13.6
23	Electrical Equipment	14	47.9	1.0	8.9	22.1	-14.5
24	Aerospace / Defense	9	25.3	2.0	7.3	19.6	-16.2
25	Oil (International Integrated)	2	48.9	3.4	4.5	16.2	-21.9
26	Telecommunications	22	61.8	1.0	7.3	18.3	-26.5
27	Metals	8	55.7	1.8	5.9	15.0	-30.7
28	Paper & Packaging	11	50.4	1.9	5.0	14.9	-30.8
29	Oil and Gas Services	17	40.6	1.2	7.1	16.4	-33.3

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75 The analyst covering this company, a member of his or her team, or one of their household members have a long common stock position in Pharmacia, which owns more than 80% of this company.  
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## Asset allocation model

The Asset Allocation Model identifies the relative attraction of three asset classes—cash, fixed income and equity—by examining the expected rate of return of representative instruments.

**Expected Rate of Return for 10-year government bonds**—Source: Board of Governors of the Federal Reserve System. Data represent yield on Treasury securities at a constant maturity of ten years.

**Expected Rate of Return for T-bills**—Source: Board of Governors of the Federal Reserve System. Data represent coupon equivalent yield of discount rates on new three-month bills issued.

**Expected Rate of Return for the S&P 500**—Based upon forecasts of normalized earnings, dividend and earnings growth rate, the expected rate of return is calculated as follows: Expected Rate of Return is R, given that P = current price, D = current normalized dividend, and g = secular long-term growth rate.

$$P = \sum \frac{D(1+g)^t}{D(1+R)^t}$$

**Risk premium for stocks versus bonds**—Expected rate of return of S&P 500, as defined above, less the expected rate of return of Government bonds, as defined above.

**Risk premium for stocks versus cash**—Expected rate of return of S&P 500, as defined above, less the expected rate of return of T-bills, as defined above.

**Risk premium for bonds versus cash**—Expected rate of return of Government Bonds, as defined above, less the expected rate of return of T-bills, as defined above.

By examining these respective measures of investor expected return rates, the premium expected return from one instrument versus another is determined. Comparing current relationships with normal average levels and the range about the average, the relative attraction of a given instrument versus another is determined.

The probability that any deviation from average is meaningful can be established by examining the distribution of risk premiums historically. The greater the actual deviation from average (relative to historical standard deviation) the greater the probability.

These probabilities are then combined to produce a suggested asset weighting mix. (A detailed explanation of the Asset Allocation model is available upon request.)

## Equity valuation model

The equity valuation model is a fundamental model based upon an earnings payback methodology. The model analyzes the relative attraction of individual stocks, industry groups and economic sectors.

While a dividend discount/rate of return model can be used to assign a normal P/E level to the aggregate market, an earnings payback model is used to assign P/E's for individual stocks because of the difficulty in establishing reliable long-term inputs for individual companies (particularly dividend levels for high growth companies).

*Earnings payback* requires the determination of the time period for the market to payback, or recoup, the initial investment through the stream of earnings. For a particular stock at any given growth rate, a P/E can be assigned so that the stock through its stream of earnings will return the initial investment in the market's payback period.

Given the assigned P/E for a given growth rate, two adjustments are made: 1) a premium for above average dividend payout ratio and a discount for below average dividend payout ratio and 2) a premium for below average earnings volatility and a discount for above average earnings volatility.

Having developed a normal P/E for any given growth rate and made adjustments for dividend payout and earnings volatility, a unique normal P/E is thus assigned for a given stock. In order to calculate normal value, the normal assigned P/E is multiplied by normal earnings. Normal earnings is defined as earnings in mid-cycle, eliminating fluctuations due to seasonal or cyclical factors.

The excess potential return for a given stock is calculated, where excess potential return is defined as the potential total return (change from current price to normal value plus dividend yield) for a given stock less the potential return of the S&P 500.

Ranking stocks by excess potential return produces a list of stocks in order of relative attraction. The most attractive stocks have the highest excess potential return and the least attractive the lowest excess potential return. Ranking stocks by excess potential return has been an effective determination of future relative price performance for stocks. (A detailed explanation of the model is available upon request.)

## Definition of terms

### Fundamental data

**Price** The closing price as of the date of the report

**Earnings** The latest available 12 months' trailing operating earnings per share

**Dividend** The current indicated annual rate

**P/E ratio** The price divided by the earnings

**Dividend yield** The dividend divided by the price

### Valuation model data

**Projected growth rate** The projected compound annual rate in mid-cycle to mid-cycle earnings growth rate is projected.

**Normalized earnings** The base in mid-cycle earnings, as of year-end, from which the earnings growth rate is projected.

**Calculated normal P/E** The theoretical fair value P/E based upon projected growth rate, dividend payout ratio and earnings volatility.

**Normal value** The normal value of the stock, as calculated by the model, one year forward from the date of the report.

**Excess potential return** Potential total return (change from current price to normal value plus dividend yield) for a given stock less the potential return of the S&P 500.

**Liquidity** Year-over-year basis point change in T-bills (inverted).

**Earnings power** Percent difference between S&P operating EPS and consensus normalized earnings.

## Global ratings: Definitions and allocations

UBS rating	Definition	Rating category <sup>1</sup>	Coverage <sup>2</sup>	IB services <sup>3</sup>
<b>Strong Buy</b>	Greater than 20% excess return potential; high degree of confidence	<b>Buy</b>	53%	40%
<b>Buy</b>	Positive excess return potential			
<b>Hold</b>	Low excess return potential; low degree of confidence	<b>Hold/Neutral</b>	42%	26%
<b>Reduce</b>	Negative excess return potential			
<b>Sell</b>	Greater than 20% negative excess return potential; high degree of confidence	<b>Sell</b>	5%	18%

Excess return: Target price / current price - 1 + gross dividend yield - 12-month interest rate. The 12-month interest rate used is that of the company's country of incorporation, in the same currency as the predicted return.

1: UBS Strong Buy/Buy = Buy; UBS Hold = Hold/Neutral; UBS Reduce/Sell = Sell.

2: Percentage of companies under coverage globally within this rating category.

3: Percentage of companies within this rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS AG, its subsidiaries and affiliates; as of December 31, 2002.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Warburg LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Publishing Administration.

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