

COMMENTS: INDEX RESULTS, period ending June 28, 2002

	<u>YEAR</u>	<u>YEAR</u>	<u>YEAR</u>	<u>YTD</u>	<u>CURRENT</u>
<u>STOCKS</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>MONTH</u>
S&P 500	19.6%	(10.1)%	(13.0)%	(13.8)%	(6.8)%
S&P 500 Growth	28.8%	(22.2)%	(13.0)%	(17.0)%	(7.2)%
S&P 500 Value	12.6%	6.1%	(12.0)%	(9.5)%	(6.1)%
Dow Jones	25.2%	(6.2)%	(7.1)%	(7.8)%	(6.8)%
NASDAQ Comp.	85.6%	(39.3)%	(21.0)%	(25.0)%	(8.0)%
Ext/MidCap US	25.0%	2.6%	(4.8)%	(6.0)%	(7.5)%
Small Cap US	19.6%	(4.2)%	1.0%	(4.2)%	(4.6)%
Intl, EAFE	25.3%	(15.2)%	(22.6)%	(1.1)%	(2.5)%

BONDS, Interm.

Taxable	(0.8)%	11.3%	8.3%	2.8%	0.2%
Tax-Exempt	(2.9)%	9.2%	5.0%	4.4%	0.9%

	<u>1999</u>				<u>2000</u>				<u>2001</u>			
	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>
S&P 500	4.1	7.6	(7.7)	15.6	2.0	(3.0)	(1.3)	(7.8)	(12.1)	4.8	(13.8)	8.1
NASDAQ COMP	14.6	10.0	0.0	61.0	12.4	(14.8)	(7.2)	(29.6)	(25.5)	12.9	(26.7)	18.3
BONDS: Interm. Taxable	0.0	(0.5)	0.4	(0.7)	2.4	1.5	3.1	4.3	3.2	0.8	4.3	0.0

	<u>2002</u>			
	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>
S&P 500	0.0	(13.8)		
NASDAQ COMP	(5.5)	(19.5)		
BONDS: Interm. Taxable	0.0	2.8		

JUNE 2002 COMMENTS

As the 2000 – 2002 Bear Market for STOCKS continues in full force, this month's Comments will discuss the following subjects:

- I. What has happened since the end of March 2002, at which time the stock market was essentially at break even for the year, to cause such an extensive decline in stock prices during the second quarter of 2002?
- II. Is this Bear Market so different that it is likely to reverse all the prior history that indicates: (a) stocks outperform bonds over time; and (b) stock price declines are followed by recoveries?

For this discussion, we will be presenting a number of different viewpoints from recently published articles, to give you a basis to make a more informed judgement of your own regarding these two questions. How you respond to these questions should have a bearing on whether you consider changing your existing allocation to stocks in the face of the current stock declines.

To review the bad news, during the month ending June 28th, the S&P 500 declined an additional 6.8%, bringing both its quarter and year-to-date decline to 13.8%. The Dow Jones Industrials suffered the same monthly decline of 6.8%, but its quarter and year-to-date declines are lower, at 11.6% and 7.8% respectively. The NASDAQ continues to be the worst performer, with a monthly decline of 8.0%, a quarterly decline of 19.5%, and a year-to-date decline of 25%. As for other stock market segments, Value continues to outperform Growth, and Midcap, Smallcap, and International continue to outperform Largecap. (All of these figures are presented on page 1).

As for the longer-term picture, for the 7 _ years starting in 1995, the average annual positive returns, through 6/30/02, are 10.8% for the S&P 500, 12.4% for the Dow Jones Industrials, and 9.3% for the NASDAQ. (These figures are presented in chart III on page 12).

By contrast with all the bad news for stocks, BONDS had another positive month in June. Prices for quality bonds moved higher, which in turn drove bond yields lower. (See page 5 of our March 2002 Comments for further discussion on the relationship between bond prices and yields.)

The chart below sets out the stock market's results since the September 21, 2001 lows, which occurred at the end of the first week of stock market activity following the September 11th terrorist attacks. Until June 2002, these indexes were all higher than on September 21, but no longer. The chart divides the nine months from September 2001 to June 2002 into three distinct periods: September 2001 to year end 2001, which was a period of recovery; the first quarter of 2002, which was a period of virtually no change; and the second quarter of 2002, which has erased all the gains of the fourth quarter of 2001 and taken two of the indexes close to new lows.

	S&P 500	% Change From 9/21 Low	YTD	DOW	% Change From 9/21 Low	YTD	NASDAQ	% Change From 9/21 Low	YTD
09/21/01 Lows	965			8,235			1,425		
Oct-Dec, 2001	1,150	19.2%	(13.0)%	10,020	21.7%	(7.1)%	1,950	36.8%	(21.0)%
Jan-Mar, 2002	1,147	18.9%	0.0%	10,400	26.3%	3.8%	1,845	29.5%	(5.5)%
Apr-Jun, 2002	990	2.6%	(13.8)%	9,243	12.2%	(7.8)%	1,463	2.7%	(25.0)%

I. These results bring us to our first key question: What has happened since the end of March 2002 that has so negatively affected stock prices? Let's review the basic factors affecting stock prices to see how and to what extent they have changed for the worse.

(1) Corporate Profits Remain Weak

Even as the general economy is making progress (see page 7), individual companies' profits have not improved because of factors such as intense price competition and lower demand in certain key sectors, including technology.

Corporate profits are the single most important determinant of stock prices, because investors project those figures into the future to establish a price they are willing to pay today for the expected flow of profits over time. (The relationship between a company's stock price and its profits is referred to as its Price/Earnings, or P/E, Ratio).

There are stock market observers who believe the aggregate stock market P/E is still too high, even after all the declines, because of weak corporate profits. This explanation appears insufficient to account for the stock market's poor performance in the second quarter of 2002, since the outlook for profits was not significantly better in the first quarter. There might have been an expectation of improving profits priced into the first quarter results that did not materialize in the second quarter. While it would be difficult to demonstrate this change in expectations, it can certainly serve as an after the fact explanation.

Other stock market observers have identified reasons for cautious optimism regarding corporate profits. In the Sunday, June 30th NY Times Business Section, there was an interview with Michael Zack, Director of Zack Investment Research, a firm that tracks corporate earnings estimates made by Wall Street firms. During the first quarter of 2002, according to Zack, 60% of companies exceeded earnings expectations, 20% met them, and 20% were lower. He expects similar results for the second quarter, and also said that analysts have estimated substantial earnings gains for the third and fourth quarters. Zack is not confident about these projections, however. Regarding recent accounting scandals (see page 5), he thinks expected earnings will be more conservative than in the recent 10 years, but "if you do not trust the earnings numbers, then no stock price to earnings multiple is too low."

In the Wednesday, June 26th Wall Street Journal (WSJ), Jonathan Clements writes that at current S&P 500 price levels, the P/E of the companies in the index is 18 times forecast operating earnings for the next twelve months. At this level, stocks now have a lower P/E than bonds, as measured by the current yield on 10-year Treasuries. (The P/E for bonds is calculated as the inverse of the yield; at the current rate of 4.82% for 10-year Treasuries, the bond P/E is 20.7). Historically, Clements notes, the two multiples "have tracked each other fairly closely."

The Clements article concludes with the following points: (1) Stay short-term (i.e., maturities of 3 years or less) with bonds, because of the high price of longer-term bonds and the fact that long-term bonds are more vulnerable to price declines when interest rates rise; (2) Stock holdings should be broadly diversified; and (3) Assume that stock returns going forward will be more modest than the double digit returns of the 1980s and 1990s. In support of this last point, a June 16th New York Times article cites two expert historians of the stock market, Professors Roger Ibbotson of Yale and Eugene Fama of the University of Chicago Graduate Business School, who estimate a range of 7.5% to 9.3% annual returns for stocks. The important point here is that they are not predicting endless declines, nor are they predicting returns less than the current yield on 10-year Treasury bonds. In short, they do not foresee that doomsday has arrived for the stock market.

2) Corporate Earnings Are Not Credible

This is, broadly speaking, the Enron question, which had its latest flare-up during the last week of June with Worldcom. Here again, there is some doubt as to how much of the difference between first and second quarter stock market performance can be explained by the accounting scandals. The Enron fiasco was well known in March 2002, and the full extent of the Worldcom situation became public only three days prior to the end of June, during which time stock prices actually rose.

In any event, there is now widespread public awareness of the current extent of these problems. In a major article that appeared in its June 20th edition, the WSJ listed 18 different companies and their accounting firms (including Worldcom before its June 25-26 announcement of understated expenses) that have been questioned as to the handling of their accounting for corporate profits. The article attempts to compare the extent of the current problems against those of prior stock market manipulations. It also makes clear that the corporate executives involved were assisted by many of the professionals (e.g., accountants and investment bankers) who in different times acted as watchdogs against excessive or improper behavior.

While other corporate names will undoubtedly emerge as problems, the fact that this issue is out in the open suggests that, at least from hereon, the impulse to put out false or even misleading figures is likely to be diminished. How long it takes for investor confidence to be restored is a major open question, however, and is clearly linked to the timing of any stock market recovery.

In a June 30th article in the New York Times News of the Week Section entitled "Could Capitalists Bring Down Capitalism?", Kurt Eichenwald writes: "By the late 90s ... some executives began hiding losses incurred in the faltering economy, manipulating the numbers they reported to investors. The fact that these companies are, in all probability, bad apples among many, many honest corporations makes little difference. By being deceptive on their disclosures for short-term gain, these capitalists have led investors to question the reliability of all the reported data – and the reliability of the checks and balances instituted to keep the data valid." The author concludes that the system will survive: "The system has a built-in corrective factor, which kicks in when abuses go too far, ... Eventually the capitalists' desire to get investor confidence back wins the day...."

In the context of the extremely high level of skepticism about reported and forecast corporate profits, Jonathan Clements' June 26th WSJ article quotes Jeremy Siegel, a well-known author who writes on the long-term history of stock prices: "The \$64,000 question is: Are these earnings estimates going to be met and what quality are these earnings... Until investors believe that earnings represent real money, they are going to be very cautious about pricing stocks."

Robert Schiller, author of "Irrational Exuberance" and professor at Yale's International Center for Finance, wrote in a June 27th WSJ article: "We have seen financial scandals in history before. Investors know that we emerged stronger from these experiences, with new government controls placed on the companies, and new initiatives from self-regulating organizations. Investors see a rational set of responses being proposed, from the SEC, the NY Stock Exchange, and Congress." He continued, "The expert consensus is for a return of earnings to nearly 2000 levels in 2003. But if that earnings outlook is not fulfilled, and there is not evidence of better growth down the road, the market could slip much further. Indeed, there is a risk that the experts are presenting too optimistic a picture and that the earnings outlook will disappoint in the future for reasons related to the scandals at Enron and now Worldcom."

3) Threats Of Terrorist Activity and Regional Conflicts

The fear of terrorist activity in the U.S., and of the consequences of the conflicts between Israel and the Palestinians and India and Pakistan, are the current headlines weighing on the stock market. These fears also appear not to have changed much since the end of March. In a world where perception can become reality, however, the ebb and flow of U.S. Government warnings about terrorists, and the recurring confrontations in the Middle East and over Kashmir, do not add to investor confidence.

The degree to which you fear the future as a result of these threats should be taken into account in your overall assessment of future risk. If you are 100% convinced that the U.S. is going to be adversely affected in a major way by all this political upheaval, a flight to safe short-term bonds is a reasonable response. But if you are wrong about the inevitability of the damage that can/will be inflicted upon our economy, and if stocks do recover, then you are likely to miss the recovery and end up with the lower returns associated with short-term fixed income investments. The "inevitability" of a nuclear war between the U.S. and Russia in the 1960s and 1970s (which of course did not happen) comes to mind in discussions of the inevitability of awful outcomes during current times.

4) Problems Associated With A Declining Dollar

The WSJ article of June 27th, headlining the Federal Reserve's decision not to change interest rates, also discusses the impact of the recent decline in the dollar. On the one hand, the dollar's weakness "should help U.S. companies regain market share both at home and abroad from foreign competitors, and boost profit margins." The downside to the dollar's decline is that if it accelerates, foreign investors could "rush to dump stock and bonds."

The decline in the dollar has definitely accelerated during the second quarter. Due to the mix of economic benefits and disadvantages associated with the falling dollar, however, it is difficult to conclude that this factor is a driving force in the most recent stock market decline.

Conclusion to Points 1) – 4)

Of the four major issues negatively impacting the stock market, it is difficult to pinpoint what, if anything, has changed so dramatically since the end of March to create an additional double-digit decline for all the major stock indexes.

Is there any good news to point to?

- 1) **General Economy is Improving.** The WSJ reported in its June 27th front page article that Fed Chairman Alan Greenspan does not think “gloomy markets...reflect the improving economy.” Fed officials are quoted as saying, “Economic activity is continuing to increase” and that they expect “the rate of increase of final demand to pick up over coming quarters.” In the same article, the authors write that “Fed officials...took pains not to be too upbeat in their assessment of the economy”, and that “the degree of strengthening of the growth they expect in coming months remains uncertain.” But, the article continues, “for all of Wall Street’s doom and gloom, there are plenty of signs that the economy ... is continuing its recovery from last year’s recession.”
- 2) **Interest Rates and Inflation Remain Low.** Because inflation remains low, the Federal Reserve has no reason to raise interest rates. Low interest rates act as a stimulant to the economy. For example, housing continues to be a growth sector in the current economy, and consumers are saving large amounts of money by refinancing their higher interest rate mortgages with lower rate mortgages. Typically, low interest rates mean higher stock prices, but in this market cycle, investors have been willing to accept the low rates on fixed income investments in order to avoid further losses from declining stock prices. How much longer investors will behave in this manner is a major question. In doing so, they are going against much of the history, which indicates that stocks outperform bonds.

Question II

This brings us to our second, and perhaps most important question: Are today’s negative factors so bad that they are likely to reverse all the long-term history indicating that (a) stocks outperform bonds over time, and (b) stock prices recover from declines.

In terms of stock outperformance over time, the average annual return from stocks since 1926 is approximately 10%, compared to 5% for bonds (Source: Ibbotson material). While Ibbotson has lowered his projected future return for stocks to 9.3%, this figure is still well above what bonds are likely to return, given interest rates under 5% on 10-year Treasuries.

But stock investors are clearly uncomfortable, their confidence sorely tested in the worst bear market since 1973 – 1974. Are the favorable investment results from stocks likely to be different this time around, at least in a time frame relevant to you and your circumstances? Or have the risks associated with stocks become so much greater that you are unable to live with stock price volatility, even if stocks do end up outperforming alternative liquid investments? Remember that in thinking about Risk, one-year returns for stocks show dramatic swings up and down. But as you extend the time frame out, the extreme ups and downs flatten dramatically. Given a time frame of 15 to 20 years, the range of returns narrows to approximately positive 10%, roughly the long-term return on stocks. (Source: Ibbotson data since 1946, from Financial Planning magazine, June 2002, page 147.)

A first point worth making in an effort to answer the question is that stock price changes are made by a minority of active market participants. Most stock is owned long-term by major institutional investors and many individuals. But there are a number of active mutual fund managers, and hedge fund managers, who are trading stocks every day. Most of these managers adhere to the "trend is your friend" principle; when stock prices are going up, they are buyers, driving prices higher; at some point, when this trend is broken, they become sellers, driving prices lower. In this way, markets can be over-bought (moving prices higher; everyone likes this result), and then over-sold (prices decline; no one likes this except the short sellers).

The idea that traders/investors can determine, in advance of the event, the short-term direction of prices is one with great allure, but no demonstrable record of success. Indeed, academics who study the stock market and investor behavior point out the tendency of people to believe that what has happened in the recent past is likely to continue indefinitely; when prices are rising these people buy on the belief prices will rise further, and when prices are falling these same people sell on the belief prices will fall further. The academics suggest this is not what stock market history or common sense would indicate. Rather, they observe that higher prices should bring out sellers and declining prices should bring out buyers, thereby correcting excesses in both directions and establishing the basis for the range in prices. The long-term upward trend of stock prices is the result of long-term economic growth, not short-term buying and selling activity.

A second basic point, as we consider whether this bear market will be different from the others, is to view your stock exposure as part of your overall asset allocation. This point is made in every one of our monthly Comments. Here we would like to be more specific as to why exposure to stocks is necessary for most investors, even though stocks are clearly more risky and volatile than bonds, with their inevitable down periods as the necessary price to be paid for earning their historically higher long-term return. Let's look at profiles of investors (see where you fit), and assume the lower 7.5% long-term return on stocks previously discussed, compared to 4.5% for bonds.

- 1) Younger investors (30s and 40s) earning a current income sufficient to meet living expenses, with modest amounts of capital (under \$1 million) and long time frames for the use of their money. For this group, money doubles every 10 years with stocks (@7.5%) versus 16 years with fixed income (@ 4.5%). (Both returns ignore the impact of taxation). Since the basic premise for this group is that they will not need to use their money for lengthy time periods, allocations to stocks can be upwards of 80%.
- 2) Middle-aged investors (50s and 60s), still working and earning sufficient money to pay for their lifestyles, but with larger amounts of capital (\$1 to \$5 million) and a time horizon in which the need for money can begin to be reasonably projected.

For this group, the extent of stock exposure should be directly related to the amount of money they are likely to need from their portfolios to support their lifestyles. Also, the sooner money is likely to be needed, the more cautious the allocation to stocks should be.

The most important factor is the amount you are likely to need. For example, if you need to withdraw 6% of your total assets to live (e.g., \$120,000 on a \$2 million portfolio, or \$180,000 on a \$3 million portfolio), then you can't just own bonds with a 4.5% investment return. At some point, the low return, coupled with the impact of inflation on your annual spending need, will cause you to run out of money. So you need to earn more on your investments, or reduce your spending, or work longer (i.e., have a source of income in addition to your investment portfolio).

For this group, having the flexibility to work a few more years, even part time, can relieve the strain of withdrawals from their investment portfolios. This bear market should give them pause to consider the best combination of work, spending, and investment risk needed to achieve a desired return.

- 3) Older investors (70 and above), no longer working, are certainly in the most difficult spot when it comes to stock allocations. If they have sufficient capital to support their lifestyle needs (e.g., \$5 million, with a needs 150,000 annually, or a 3% withdrawal rate), then the allocation can be primarily fixed income (assuming growth for future generations is not a key factor). But what if the lifestyle need requires a withdrawal rate of 6% (e.g., \$180,000 annually on a \$3 million portfolio)? In this case, there needs to be a material allocation to stocks, such as 50%, and/or spending needs to be reduced. The assumption here is that the possibility of generating additional income is not available.

In a WSJ article that appeared on Monday, June 24th, entitled "The Nest-Egg Blues: Jitters about your Retirement Savings", three experts discuss their views. Their comments included: "In the late 90's people went overboard with stocks. They didn't want to hear about asset allocation." "If you're retired (no earned income), then you are really anxious about lost money. You need to lower your standard of living; maybe go back to work (if you can); reallocate assets (1/3 bonds, 1/3 value stocks; 1/3 growth stocks)." Another of the panelists advised people to save more, diversify investments, keep investment costs down, retire later, and don't underestimate your longevity. Still another observed, "If people believe the balance sheet anomalies are truly widespread, they may want to cut back substantially in equities. Otherwise, the only change to consider is more diversification."

A major focus of our work with you involves an ongoing review of the appropriateness of your asset allocation. We think we have it right, based on our knowledge of your specific circumstances. But we welcome your input if you are becoming uncomfortable with what is taking place in the markets, or feel that the declines have changed your circumstances in a material way.

It is now time to address directly the question of whether this bear market is likely to end up differently than the others, i.e., without a recovery and without stocks outperforming bonds going forward. Since the future is inherently unknowable and unpredictable, we have gathered certain viewpoints of people well regarded in the investment community, some of which have been discussed earlier, and others of which are set out below. Whether any will be correct remains to be seen, but we believe you should know what some number of these people are thinking as you seek to make your own informed judgement on this issue.

- 1) We have already seen that certain well-regarded historians of the stock market, while forecasting lower long-term average returns, are at least forecasting positive average stock returns (i.e., Ibbotson's 9.3% and Fama's 7.5%) that exceed the returns on bonds (with 10-year Treasury yields are as low as 4.83%, and less risky shorter-term bonds yielding even less).
- 2) Jonathan Clements, a regular columnist for the WSJ, wrote, in his Thursday, June 27th article, that the stock market has been sinking for over two years, with the NASDAQ Composite down 72% from its high, the Dow down 22%, and the S&P 500 down 36%. "To be sure, further losses may lie ahead. But the worst is almost certainly behind us, so this strikes me as a terrible time to reduce your stock exposure."
- 3) Lewis Rukeyser, a notorious stock market bull, wrote in his latest Newsletter dated June 2002: "Walls of worry, which are precisely what investors are facing now, are what bull markets eventually scale. Not that there's nothing truly scary out there... terrorism, credibility, and doubts about the economic recovery." He then discusses the three issues, and concludes that "Wall Street's nervousness is obviously not about to vanish... There have been too many disappointments over these past two years, and too many concerns shadowing the future. But that's exactly not the time to give up on stocks." And he quotes another "shrewd" value investor: "Expect volatility. And if you're going to own stocks, know yourself well enough to know that if the market does get worse before it gets better, you won't sell out at the bottom."
- 4) A contra-indicator is Larry Tisch, a well-regarded businessman and investor, but also a notorious bear, who was advising against investing in stocks as early as 1996. In a recent article (available upon request), he predicts that stock prices will underperform bonds over the next five years, citing quality of earnings issues and problems with the declining dollar as major factors in his analysis.

The point of presenting you with all these opinions is that, as always, there is no agreement as to what the future holds. There is no way to know the answer to the question whether this bear market is likely to turn out differently. So what to do? Definitely reevaluate your comfort level as it relates to your allocation to stocks; you may need to reduce your allocation to stocks. But remember, when you do this, you are likely to give up the opportunity to earn the higher investment returns that history indicates do come with stock investments. And if your spending needs require a certain investment return, you either have to maintain an allocation that gives you the opportunity to earn that return, or consider the alternatives, including less spending and/or, where possible, increased income from sources other than your investment portfolio.

Our views on the subject are as follows:

- 1) We think the condition of the general economy, aided by low inflation and low interest rates, should eventually result in better corporate earnings. In fact, this seems to be the direction being reported by Zack (refer back to page 4).
- 2) We can only hope that terrorism and regional conflicts remains a fear, rather than a worsened reality. This problem presents a wildcard that clearly adds to risk. On the other hand, the U.S. has lived through, survived, and prospered in the face of many other crises (WWII, Korean War, Vietnam War, Iraq War, Cold War with the Russians, numerous battles between Israel and its surrounding countries, not to mention Nixon's resignation, Clinton's impeachment, and a lengthy unresolved presidential election).
- 3) The issue of the credibility and integrity of our financial accounting system, involving corporate executives, accountants, and other professionals, is troublesome. Even in the best of circumstances, accounting issues can be complex and subject to different conclusions. When the figures are hidden, or falsely presented, confidence is badly shaken, and properly so. In the Sunday New York Times article already cited (see page 5), the question is posed: Will the Capitalists bring down Capitalism? The author's conclusion is no, and we are inclined to agree. Despite all the high profile names, the vast majority of companies seem to report properly (if they're not in the news, they're okay so far). But real damage has been done here, and better rules and stronger enforcement need to emerge. But in the absence of many more headlines, we believe this issue can and will be overcome.

After all of this analysis and expert opinion, we're inclined to return to the basic principles that we bring to our investment advice:

- 1) The long-term history of stocks shows that they outperform bonds.
- 2) The long-term history of stock declines shows that stocks recover after periods of decline.
- 3) If the client's allocation to stocks is appropriate to his/her circumstances, we do not believe it is wise to try and time when the declines will stop and the gains begin. Selling high and then buying back into the stock market at lower prices sounds great, but is very difficult to do successfully in practice.
- 4) Since we do not believe that the negative factors of today are so great as to reverse all the history on which we rely, our advice continues to be to stay with the investment program that has been put in place, subject to ongoing monitoring to ensure that you remain comfortable with this program.

	<u>S&P 500</u>		<u>Dow</u>		<u>NASDAQ</u>	
<u>I. Figures From Period Starting 2001 (% Figures Are Declines From 1/01/01)</u>						
Start of 2001	1,320		10,785		2,470	
Sept. 21, 2001 <u>Lows</u>	965	(26.9)%	8,235	(23.7)%	1,425	(42.3)%
End of 2001	1,148	(13.0)%	10,020	(7.1)%	1,950	(21.0)%
June 28, 2002	990	(25.0)%	9,243	(14.3)%	1,463	(40.7)%
<u>II. Figures From Period Starting 2000 (% Figures Are Declines From 1/01/00)</u>						
Start of 2000	1,470		11,500		4,070	
End of 2000	1,320	(10.1)%	10,785	(6.2)%	2,470	(39.3)%
End of 2001	1,148	(13.0)%	10,020	(7.1)%	1,950	(21.0)%
Two Years		(21.8)%		(12.8)%		(52.0)%
June 28, 2002	990	(32.6)%	9,243	(19.6)%	1,463	(64.0)%
<u>III. Figures From Period Starting 1995 (% Figures Are Gains From 1/01/95)</u>						
Start of 1995	459		3,834		752	
End of 1999	1,470		11,500		4,070	
End of 2001	<u>1,148</u>		<u>10,020</u>		<u>1,950</u>	
5 Yr Gain; Anlzed % Gain	1,011;	26.2%	7,666;	24.6%	3,318;	40.2%
7 Yr Gain; Anlzed % Gain	689;	14.0%	6,186;	14.7%	1,198;	14.6%
June 28, 2002	<u>990</u>		<u>9,243</u>		<u>1,463</u>	
7yr&6mo Gain; Anl % Gain	531	10.8%	5,409	12.4%	711	9.3%

Victor Levinson

Nicholas Levinson