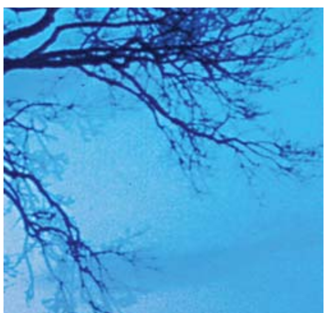
QUICKTAKE - APRIL 2003

Equities Reaction to Military Actions

An Historical Perspective using StockVal

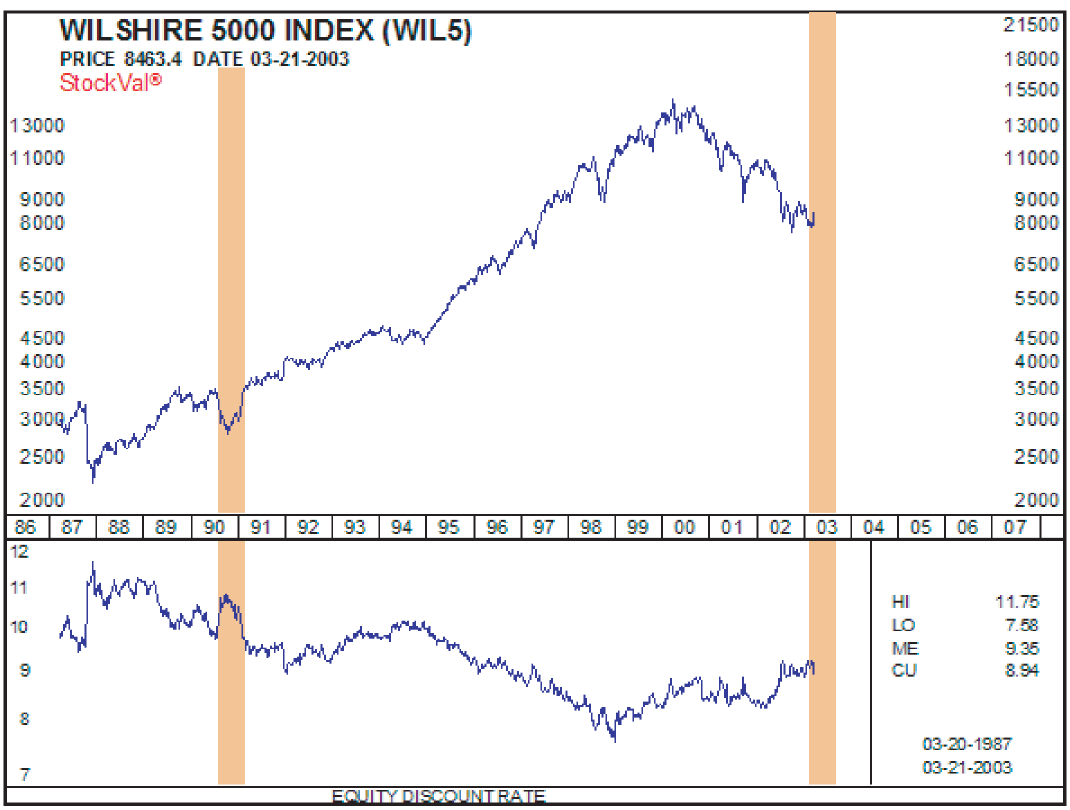


ABOUT STOCKVAL

Since 1985, StockVal has offered comprehensive equity analysis and portfolio management tools to the investment management community through distinctive software and database products.

With the United States engaged in military action in Iraq, viewing and analyzing previous wartime periods may provide some insight as to how the market will respond to this conflict. The consensus is tilted toward the war being short and decisive, similar to the Gulf War in 1991. If this opinion becomes reality, investors may be able to obtain valuable information by evaluating market trends during a previous wartime period.

StockVal has introduced custom shading allowing the user to isolate user-defined periods and more easily recognize trends and collect meaningful data. By setting the custom shading with both the first and current Gulf War dates we can view how the market performed on an aggregate level, as well as how specific market capitalization groups performed during a period of war.



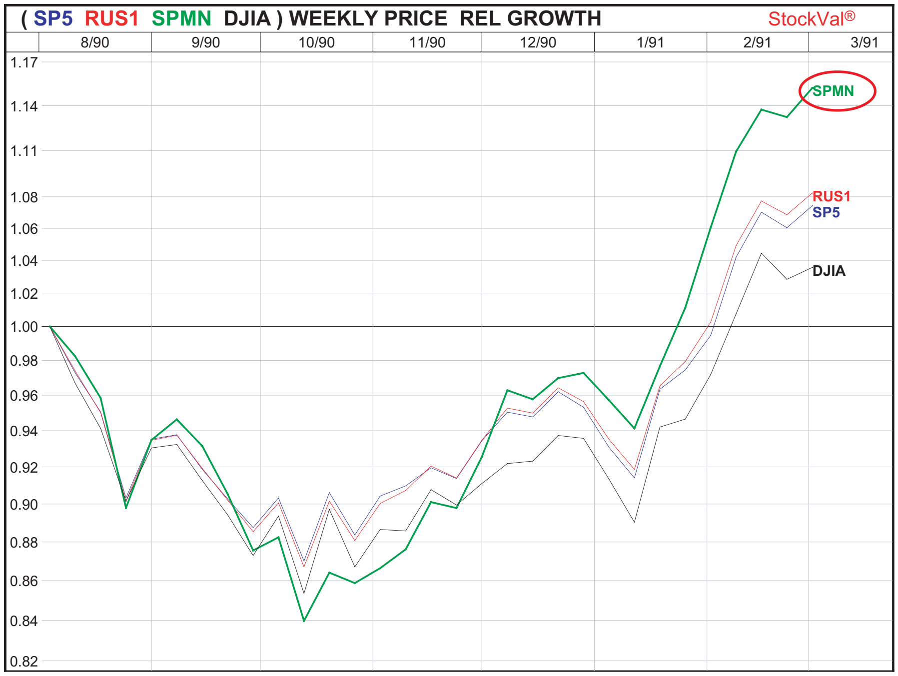
EQUITIES REACTION TO MILITARY ACTIONS

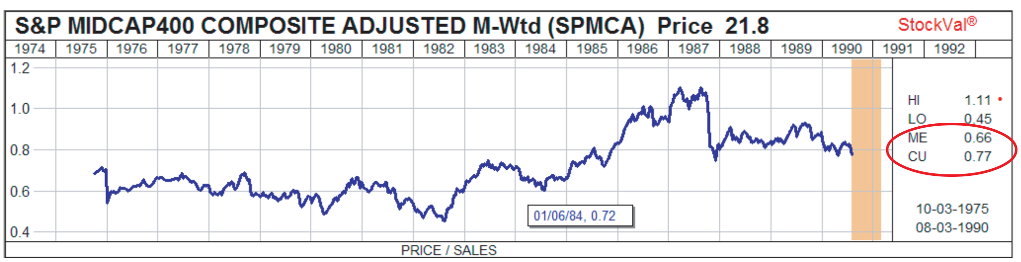
During the initial months of the first Gulf War, the build-up of troops in the region along with the uncertainty of when action would take place caused investors to shift out of equities and into safer investments.

However, as the United States defined and initiated military action, the cloud of uncertainty began to lift. By this time, valuations had reached attractive levels and investors returned to equities.

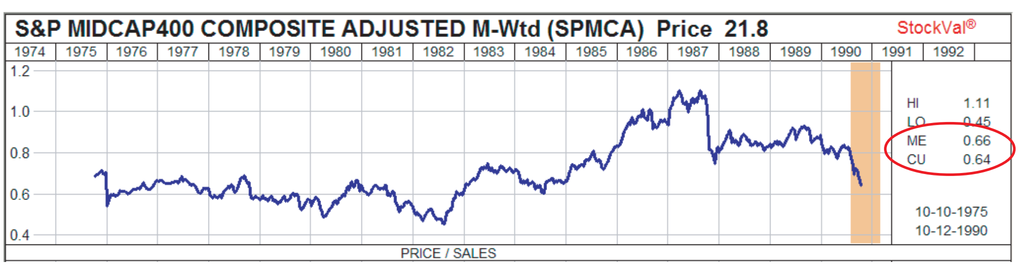
During this period, returns for the Dow Jones Industrial Average, Standard & Poor's 500, Russell 1000 and Standard & Poor's Mid-Cap Indices were 3.57%, 7.4%, 8.2% and 15.2% respectively.

Was there a reason for a stronger rally in mid-caps?

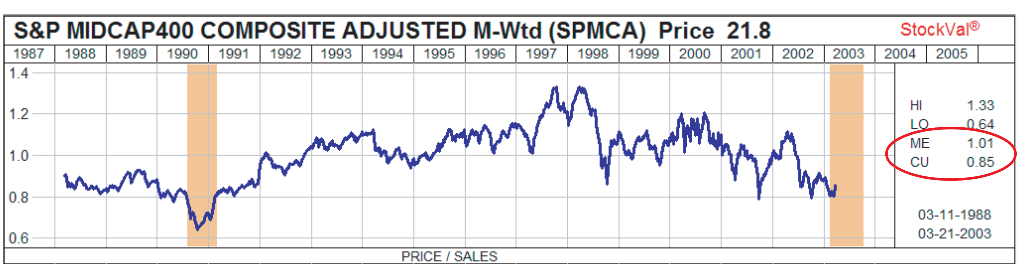




In the fifteen years preceding the first Gulf War, mid-caps were expensive according to the price/sales multiple, which was 17% higher than its 15-year median at the time.



The impressive recovery of the mid-caps could be attributed to the attractive valuations achieved after the war began. Initial uncertainty pushed prices lower which in turn lowered the price/sales multiple for the mid-cap group back into close range of its 15 year median. Once this occurred, the recovery was under way.



Currently, the mid-cap group looks to be undervalued based on the price/sales multiple, which is 20.8% below its 15-year median. If this group follows the previous wartime trend, then a recovery should be quick to follow.

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