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## **Several Stock Selection Methods Do Well In Negative Markets of 2002**

### **San Diego, CA (July 12, 2002)**

Each Quarter Ford Investor Services publishes "THE FORD FOCUS" which reviews the results of stocks ranked by 49 different stock selection criteria. A few stock selection strategies did very well in the first six months of 2002 with the S&P 500 down -13.2% and the Ford Universe of investment grade companies (C+ quality and higher) up 1.6%. The table below shows the top ten strategies for the first half of 2002. Each stock selection strategy was used to rank the investment grade universe into 20% groups, from best to worst each quarter.

The Ford Value/Momentum Model, which combines value, earnings momentum and price momentum, has done very well again this year, and has also produced a 9% YTD return on the high quality Ford Selected Stock List. Value measures such as Ford Operating Earnings Yield, Price to Trailing 12 Month EPS, Ford Price to Intrinsic Value and Price to Sales also turned in excellent performance. Price momentum variables showed a big improvement with Price Gain – Past 12 Months actually turning in the 4<sup>th</sup> best top quintile result. Share Buyback/Issuance which has been very consistent in performance ranked 8<sup>th</sup> and the big improvement came in the earnings momentum category with the 1 Quarter EPS growth rate, 1 Month Change in the FY1 Estimate and the 5 Year Dividend Growth Rate all making the list.

| <b>Stock Selection Criteria</b> | <b>Best</b> | <b>2<sup>nd</sup></b> | <b>3<sup>rd</sup></b> | <b>4<sup>th</sup></b> | <b>Worst</b> |
|---------------------------------|-------------|-----------------------|-----------------------|-----------------------|--------------|
| Ford Value/Momentum             | 21.0        | 8.3                   | 1.2                   | -5.2                  | -15.0        |
| Ford Operating EPS Yield        | 19.6        | 11.7                  | 3.7                   | -8.5                  | -16.1        |
| Price/12 Month EPS              | 18.4        | 11.2                  | 2.7                   | -8.6                  | -13.6        |
| Price Gain – 12 Months          | 12.4        | 12.3                  | 8.3                   | 0.5                   | -23.0        |
| Ford Price to Intrinsic Value   | 12.0        | 6.9                   | 2.4                   | -0.4                  | -11.9        |
| Price / Sales                   | 10.5        | 10.6                  | 8.9                   | -1.4                  | -18.5        |
| 1 Quarter EPS Growth            | 10.2        | 8.4                   | 8.5                   | 0.7                   | -9.4         |
| Share Buyback/Issuance          | 10.1        | 12.3                  | 0.5                   | -4.2                  | -10.2        |
| 1 Month Change FY1 Estimate     | 9.6         | 4.4                   | 4.0                   | 3.9                   | - 2.5        |
| 5 Year Dividend Growth          | 8.5         | 7.2                   | -0.1                  | -1.9                  | 4.1          |

*The results quoted here are the results of back testing and should be qualified in several respects: (1) results are not necessarily indicative of the returns that individual investors could have obtained, since the portfolios were large and transaction costs excluded; (2) no analysis technique is effective for every security to which it is applied, even though it is effective on the average; (3) there is, of course, no assurance that future results will duplicate past results.*