

June 26, 2002

Huffy Corporation

NYSE: HUF - \$8.04

www.huffy.com

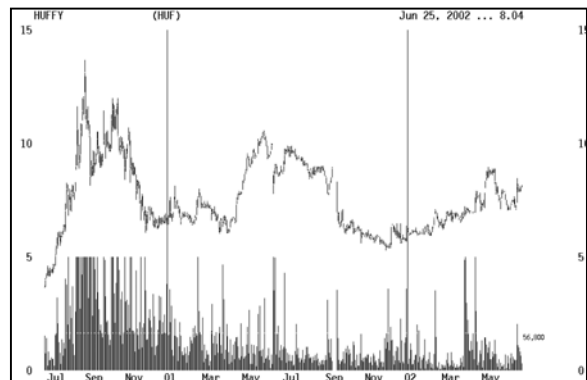
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Gen-X Sports Acquisition

Acquisition Diversifies Product Line and Expected to Boost EPS This Year.

Current Data		EPS	P/E
Fiscal Year End	Dec	2001 (pre FAS 142)	\$ (0.82) -9.8
Current Price	\$ 8.04	2002E	\$ 0.56 14.4
52-Week Range	10-5	2003E	\$ 0.65 12.3
Shares Out (Mill)	10.3	Valuation	Current LTM
Ave Volume LTM	26,397	P/E (Next FY)	14.43 NM-NM
Market Cap. (Mill)	\$ 82.81	P/B	1.26 1.5-0.9
LTD/Total Capital	0.0%	Price/Sales	0.26 0.29-0.18
Institutional Hldngs	42.0%	Operating Data	4Q01 LTM
Insider Holdings	9.3%	Sales Growth	-13.4% -31.8%
Book Value	\$ 6.39	Operating Margin	2.1% -2.4%
10Yr Bond	4.82%	Net Inc. Growth	37.2% -168.7%

Source: Baseline except for EPS estimates, researchstock.com



Source: Baseline

Key Investment Points

- HUF to acquire Gen-X Sports for about \$59 million (\$19 million in cash and 5 million shares of HUF).
- HUF buying company at 50% of 2002 sales and about 9.9x 2002 net income.
- Adds golf, skiing, hockey, snowboards and inline skates to HUF's portfolio.
- Also provides entrée into specialty sporting goods chain and more international opportunities.
- Our forecast remains unchanged until more information is available.

Company Description

Huffy Corporation ("HUF") designs and manufactures sport products and provides services for retailers. The Company's Consumer Products segment makes bicycles, basketball backboards, backboard support systems, goals and related products through its wholly-owned subsidiaries: Huffy Bicycle Company and Huffy Sports Company. The Company's Huffy Service First unit provides retailers with in-store and in-home assembly and repair and in-store display services for a variety of products.

The Bottom Line

The Gen-X acquisition is a definite plus for HUF. Product line diversification and distribution synergies are expected to be accretive in 2002 and significantly boost EPS in 2003. We expect HUF to be one of the few companies that posts significant EPS growth in 2002.

Gen-X Sports Acquisition

On June 17th, HUF announced that it entered into a definite agreement to acquire Gen-X Sports Inc. ("Gen-X") for \$19 million in cash and 5 million shares of HUF. This is the second acquisition in as many months for HUF.

Gen-X is a privately-held diversified sporting goods company with headquarters in Toronto, Canada and offices in Minneapolis, Minnesota and Geneva, Switzerland. Like HUF, Gen-X designs, markets and distributes a wide range of branded products across several channels. Here is a brief summary of their product line:

Golf:	Tommy Armour® , RAM®, Zebra®, and Teardrop®
Snowboards:	Sims®, Lamar®, and Limited®
Action/Inline Skates:	Rage®, Dukes®, Oxygen®, Ultra-Wheels®, Street Attack®, and Skate Attack®
Skis:	Volant®
Hockey:	Hesepeler®

Gen-X markets primarily to large sporting goods retailers in the US, Canada, Europe, and Japan. For the year ending December 2001, Gen-X recorded sales of \$107.5 million and net income of approximately \$5.5 million. For 2002, Gen-X is projecting sales of \$150.0 million, with most of the growth going from acquisitions made within the last year.

HUF expects to close the transaction in the 4Q02, due to the need to get shareholder approval, government approvals and make the necessary SEC filings. Management also noted that they expect the acquisition to be accretive to earnings in 2002 and should boost results in 2003.

The Benefits

We see two main benefits from this acquisition.

1. Broader product line.

With this acquisition, HUF will enter new areas with some well-known brand names. This will provide some welcomed diversification from wheeled sporting goods. We long expected HUF to leverage its extreme sports theme to snowboarding and this acquisition will give them the entrée and the addition of the winter sports products will smooth out the seasonality of the combined companies. The golf brands, while not on par with Titleist or TaylorMade, are respectable and have potential.

2. Leverages Distribution Strengths

HUF dominates the big-box mass merchants (i.e. Wal-Mart) while Gen-X has developed its strength with the smaller sporting goods retailers such as Galt and Sports Authority and has more international distribution. Gen-X US sales will benefit from the HUF connection and HUF has the opportunity to expand its international business via the Gen-X network.

Outlook

We do not have enough information at this time to change our forecast. We expect HUF to file an S-4 with the SEC within the next few weeks that should provide the data we need to evaluate the potential of this acquisition and revise our earnings model.

Risk Considerations

In addition to normal investment risk, investors need to consider the following when evaluating an investment in the shares of this stock:

The shares are thinly traded and could experience significant volatility.

The Company is not widely followed by Wall Street analysts. As a consequence, any improvement in operations may not be reflected in the share price as quickly as it might if the Company was widely followed.

The EPA issue is a wild card. While the company has reserved an amount it deems adequate (\$6.93 million), it is possible that the Company could have a higher liability for any one of a number of reasons. In the 10-K for 2001, HUF indicates that it expects to start dispersing payments during 2002. The potential liability is discussed in detail in the notes to the financial statements in the SEC filings (10-Qs and 10-Ks).

This report contains "forward looking" statements within the meaning of U.S. federal securities laws. Forward-looking statements regarding the Company's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence upon third party vendors; and other risks discussed in the Company's periodic report filings, including interim reports, with the Securities and Exchange Commission. By making these forward looking statements, researchstock.com, Inc. undertakes no obligation to update these statements for revisions or changes after the date of this report.

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