

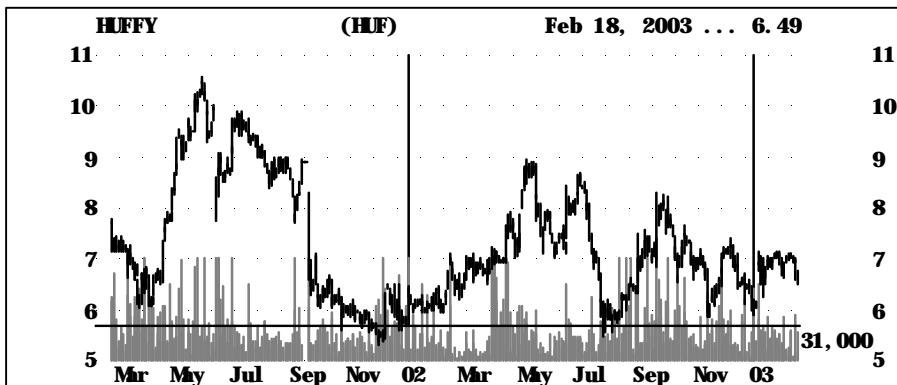
HUFFY

Ticker Symbol: **HUF****researchstock.com**

February 19, 2003

Current Data

| | |
|------------------------|---------------|
| Current Price | \$6.49 |
| 52-Week Range | \$8.95-\$5.48 |
| Shares Out (Mill) | 14.7 |
| Ave Vol. LTM (Act) | 30,187 |
| Market Cap (Mill) | \$95.21 |
| LTD/Tot Cap | 6.0% |
| Institutional Holdings | 31.8% |
| Insider Buys-Sells | -2.0 |
| Book Value | \$5.49 |

On Track to Benefit from Acquisitions and Innovative Products**Valuation**

| | |
|---------------|--------|
| P/E (Last FY) | -56.83 |
| P/B | 1.18 |
| Price/Sales | 0.31 |

Current**Operating Data**

| | |
|-----------------|-------|
| Sales Growth | 48.2% |
| EBITDA Margin | 1.2% |
| Net Inc. Growth | 114% |

EPS

| | |
|-------|-----------|
| 2001 | \$ (0.82) |
| 2002 | \$ (0.11) |
| 2003e | \$ 0.55 |

Annual Results-FYE Dec

| This Qtr | (\$Million) | 1999 | 2000 | 2001 | 2002 | 12/01 | 12/02 |
|------------|-------------|----------|--------|-----------|-----------|-----------|-------|
| Sales | \$561.0 | \$575.0 | 331.0 | 373.0 | 85.1 | 126.1 | |
| Gr Margin | 13.0% | 9.5% | 16.7% | 12.1% | 10.1% | 16.9% | |
| EBITDA | \$26.6 | -\$9.8 | \$33.3 | -\$3.0 | (\$5.9) | \$1.5 | |
| EPS | (\$0.05) | (\$3.69) | \$1.03 | \$ (0.11) | \$ (0.69) | \$ (0.29) | |
| LTD/Cap. | 24.2% | 58.1% | - | 0.4% | 0.0% | 0.4% | |
| Times Int* | 0.9 | - | 3.0 | 7.1 | na | 2.0 | |

* 2002 Times Interest Earned is our estimate.

Company Description: Huffey Corp manufactures, designs and sells bicycles and sports products. Subsidiary Huffey Bicycle Company makes Huffey and Royce Union branded wheeled products, including bicycles, scooters and tricycles. The Huffey Sports division supplies basketball backboards, poles, goals and related products as well as basketballs, footballs and soccer balls for use at home. Huffey Service First, a wholly-owned subsidiary, serves the needs of major retailers in 50 states, Puerto Rico, Guam and the Virgin Islands by providing in-store and in-home assembly and repair, and in-store display services for a variety of products including bicycles, barbecue grills, lawn mowers, fitness equipment and furniture. GenX (acquired in September 2002) added golf (Tommy Armour, RAM, Zebra and Tear Drop brands), snowboards (LTD and Lamar brands), hockey (Hespeler), skis (Volant), and in-line skates (Ultrawheels and Rage).

4Q02 Results

Results were in line with our forecast as continuing operations posted EPS of \$0.07 versus a loss of \$0.71 in 4Q01. The GAAP loss per share (which included a \$5.97 million charge for the WIS litigation) was \$0.29. Our GAAP forecast was for a net loss of \$0.29. Sales increased 48% as the result of acquisitions (McCalla in 3Q01 and GenX in late 3Q02) and strength in basketball backboards and inflatable balls. Operating margins improved to 0.6% from -7.9% as the result of top line growth, improved gross margin (mainly due to GenX) that offset higher pension and insurance costs.

FY02

EPS from continuing operations increased to \$0.38 from a net loss per share of \$0.82 in 2001 (when HUF took charges for a plant closure and K-mart). Sales growth of almost 13% was due to acquisitions (noted above), basketball backboards and inflatable balls. Operating margins improved to 2.3% from -3.4% as top line growth and gross margin expansion offset increased SG&A costs.

Financial Condition

Although HUF's financial condition significantly changed with the GenX acquisition, the Company's financial condition is good. Debt increased to \$59.6 million in 4Q02 from \$52.3 in 3Q02 as the slow economy impacted sales and as the GenX cash cycle altered HUF's traditional cash flows. Despite the increased debt, times interest earned was a comfortable 2.0x.

Outlook

While we await more detailed information the 10-K, we reiterate our 2003 estimate of \$0.55 and 12-18 month target price of \$8.50

HUF Continues to Outperform

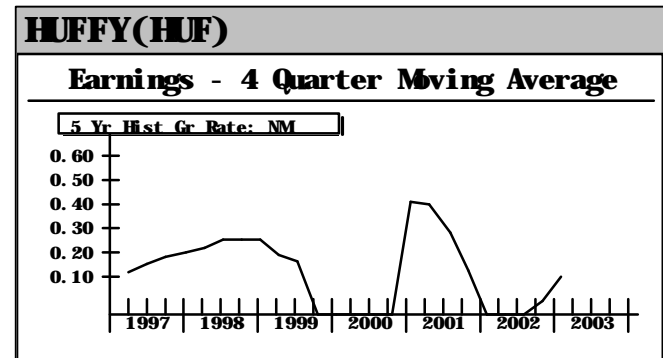
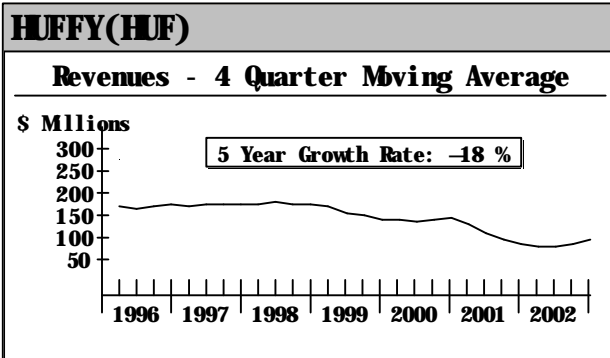
As shown in the following table, HUF shares have outperformed the S&P 500 over several time periods.

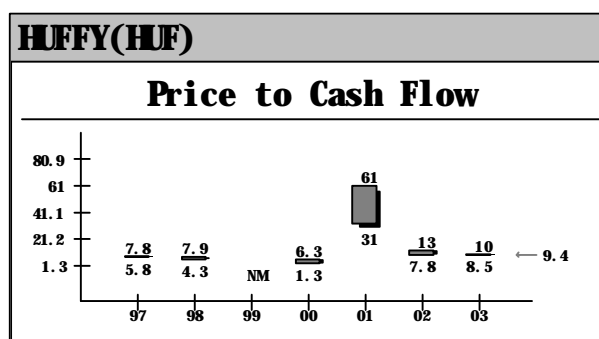
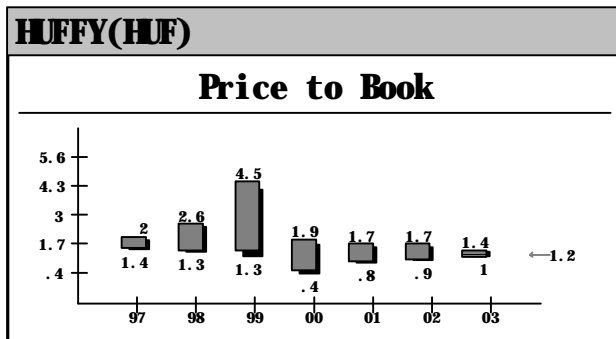
--Rick Wayman, CFA
rwayman@researchstock.com

Please read the important disclosures at the end of this report.

| Comparative Price Performance | | | | |
|-------------------------------|------|-------|------|---------|
| (% Change) | 1 Mo | 6 Mos | YTD | 12 Mos. |
| HUF | -6.5 | 6.7 | 8.7 | -3.1 |
| SPX | -5.5 | -9.6 | -3.0 | -21.5 |

| Operating Data-LTM | | Sales | Gross | EBITDA | \$ Flow | LT Dbt/ | | |
|--------------------|--------|-----------|--------|--------|---------|---------|---------|------|
| Company | Symbol | Sales | Growth | Margin | Margin | /Share | Ttl Cap | ROE |
| HUFFY | HUF | \$372.9 | 13.0% | 17.2% | 4.1 | \$ 0.69 | 6.0 | 7.9 |
| Peer Group Avg | | \$616.6 | 7.1% | 43.1% | 18.1 | \$ 1.93 | 15.5 | 23.4 |
| Big Cap Peers | | \$1,601.1 | 12.4% | 64.4% | 33.0 | \$ 2.32 | 14.4 | 20.0 |
| Peer Group | | | | | | | | |
| CALLAWAY GOLF | ELY | \$791.1 | -3.0% | 54.7% | 22.2 | \$ 1.60 | 0.0 | 15.6 |
| ESCALADE | ESCA | \$155.5 | 4.0% | 31.6% | 13.9 | \$ 2.25 | 31.0 | 31.2 |
| Valuation Data | | CY P/E | | | | Price/ | | |
| Company | Symbol | Price | 2001 | 2002e | 2003e | \$ Flow | Sales | Book |
| HUFFY | HUF | \$6.49 | -7.95 | 17.1 | 12.9 | 9.4 | 0.3 | 1.2 |
| Peer Group Avg | | \$12.79 | 9.4 | na | na | 6.8 | 0.9 | 1.8 |
| Big Cap Peers | | \$21.54 | 41.4 | 34.3 | 57.4 | 22.5 | 4.1 | 6.9 |
| Peer Group | | | | | | | | |
| CALLAWAY GOLF | ELY | \$11.96 | 10.8 | 12.9 | 11.1 | 7.5 | 1.2 | 1.4 |
| ESCALADE | ESCA | \$13.61 | 8.0 | - | - | 6.0 | 0.6 | 2.1 |





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(Legalese)

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