

HUFFY

Ticker Symbol: HUF

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January 14, 2003

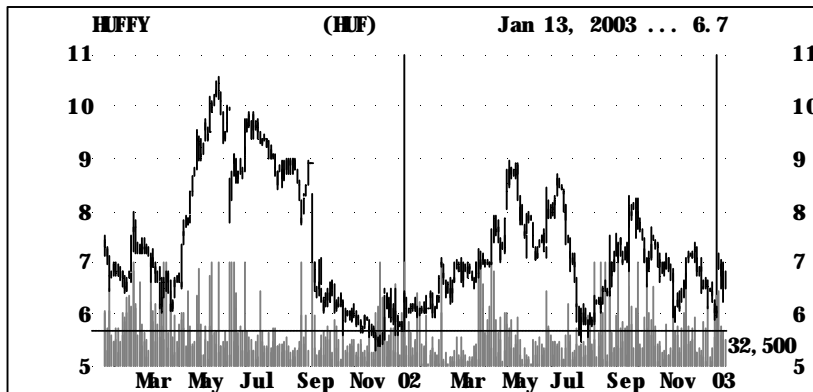
Current Data

Current Price	\$	6.70
52-Week Range		9-5
Shares Out (Mill)		15.5
Ave Vol. LTM (Act)		30,629
Market Cap (Mill)	\$	103.6
LTD/Tot Cap		6.0%
Institutional Holdings		42.6%
Insider Buys-Sells		-2.0
Book Value	\$	5.49

Valuation

P/E (Last FY)	-8.17
P/B	1.22
Price/Sales	0.33

Revised EPS Forecast: 4Q02 Better Than Expected, 2003 Reduced



Annual Results-FYE Dec

Operating Data	This Qtr	(\$Million)	1998	1999	2000	2001	Jun-01	Jun-02
Sales Growth	7.0%	Sales	\$708.0	\$561.0	575.0	331.0	86.9	93.4
EBITDA Margin	4.4%	Gr Margin	13.0%	9.5%	16.7%	12.1%	13.9%	18.2%
Net Inc. Growth	-66%	EBITDA	\$26.6	-\$9.8	\$33.3	-\$3.0	\$2.3	\$4.1
EPS		EPS*	(\$0.05)	(\$3.69)	\$1.03	(\$0.82)	\$ 0.08	\$ 0.12
2001	\$	LTD/Cap.	24.2%	58.1%	-	-	0.0%	0.0%
2002e	\$	Times Int	0.9	-	3	-	na	na
2003e	\$	* EPS on FAS 1412 equivalent basis						

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.

EPS Forecast Revised

We revised our EPS forecast based upon the Company's recent announcement. This report will review the important points in the release and discuss our revised forecast.

Sales for the fourth quarter of 2002 are expected to be approximately \$123.0 million, 2.3% better than our forecast and up 45% versus 4Q01. While sales were within management's expectations, re-orders by retailers during the last four weeks of the quarter fell below expectations. Sales growth was attributed to the McCalla and GenX acquisitions and "moderate organic growth."

With re-orders dropping below expectations in the last month, there is the risk of an inventory overhang in the early part of 2003, but management indicated that post-Christmas inventories are within normal ranges. "Normal" inventory levels should lessen the risk of excess inventory in 1Q03.

The west coast dock strike, and HUF's inventory build-up in anticipation of that strike, is expected to cause operating costs to increase in 4Q02 and reduced EPS by \$0.07. EPS from operations is now expected to be \$0.03 versus the \$0.17 we expected earlier.

Including a \$7.7 million charge that the company is expected to take in 4Q02 (as discussed in our 3Q02 report), our revised forecast is for a net loss per share of \$0.28. The \$7.7 million is HUF's estimate of its maximum liability under a litigation settlement involving a subsidiary that was sold in November 2000.

Given the current economic, political and retail environment we believe it is prudent to be conservative in our guidance. Although less aggressive than our initial outlook, we currently expect sales for 2003 in the range of \$460.0 to \$480.0 million and earnings of \$0.55 to \$0.65 per common share.

Based upon this new information, we have revised our 2002 and 2003 EPS forecasts. We now expect a net loss per share of \$0.11 for 2002 versus our prior EPS forecast of \$0.12. For 2003 we now forecast EPS of \$0.55 versus our previous forecast of \$0.83 based upon reduced sales expectations. The change in the sales forecast is based upon the weak reorders as noted in HUF's press release and current economic data that indicates consumer retrenchment.

Our 12-18 month target price has been lowered to \$8.50 from our prior \$9.50 due to the reduced EPS forecast. We will provide additional details in our full report on 4Q02.

--Rick Wayman, CFA
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Please read the important disclosures at the end of this report.

Comparative Price Performance

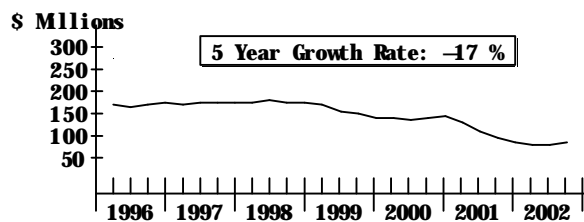
(% Change)	1 Mo	6 Mos	YTD	12 Mos.
HUF	-2.8	-10.7	12.2	8.1
SPX	2.9	1.4	5.3	-17.7

Operating Data-LTM		Sales	Gross	EBITDA	\$ Flow	LT Dbt/	ROE
Company	Symbol	Sales	Growth	Margin	Margin	/Share	Ttl Cap
HUFFY	HUF	\$332.0	-15.0%	17.2%	2.9	\$ 0.45	6.0
Peer Group Avg		\$595.6	#VALUE!	28.9%	14.9	\$ 0.48	15.5
Big Cap Peers		\$1,564.9	9.8%	64.4%	33.0	\$ 2.32	14.4
Peer Group							
CANNONDALE	BIKE	\$160.0	11.0%	26.2%	-	\$ (1.36)	0.0
ESCALADE	ESCA	\$150.0	4.0%	31.6%	14.9	\$ 2.32	31.0

Valuation Data		Price	CY P/E			Price/		
Company	Symbol	Price	2001	2002e	2003e	\$ Flow	Sales	Book
HUFFY	HUF	\$6.70	-8.20	(128.1)	12.1	14.8	0.3	1.2
Peer Group Avg		\$9.45	10.4	na	na	7.7	0.4	1.6
Big Cap Peers		\$21.54	41.4	34.3	57.4	22.5	4.1	6.9
Peer Group								
CANNONDALE	BIKE	\$1.05	-	-	-	-	0.1	0.4
ESCALADE	ESCA	\$17.84	10.4	-	-	7.7	0.8	2.8

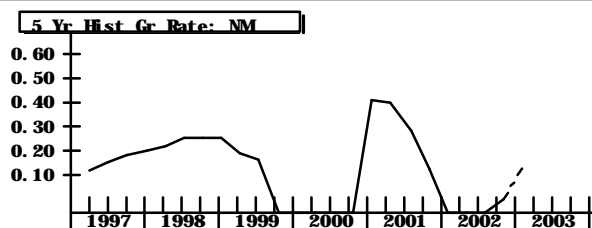
HUFFY(HUF)

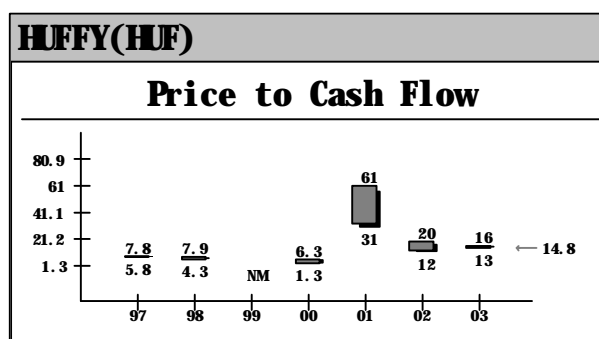
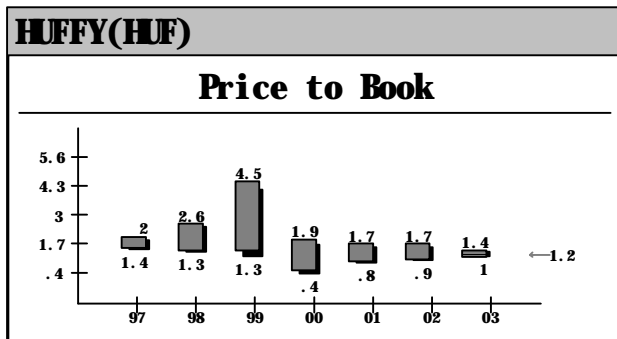
Revenues - 4 Quarter Moving Average



HUFFY(HUF)

Earnings - 4 Quarter Moving Average





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