

Opinion Research Corporation

NASDAQ-ORCI- \$6.15

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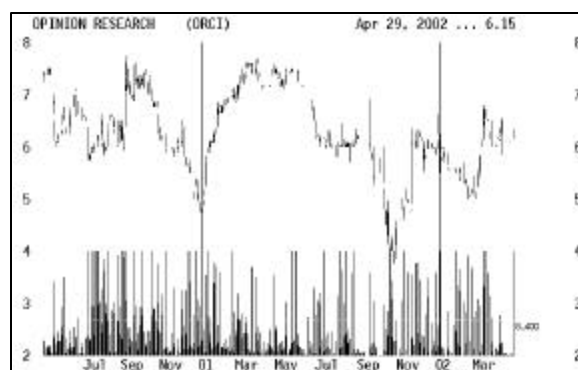
(www.opinionresearch.com)

1Q02 Results

Good Performance Despite Effects of Weak Economy

Current Data		EPS (Fas 142)		P/E
Fiscal Year End	Dec	2001	\$ 0.71	8.7
Current Price	\$ 6.15	2002E	\$ 0.73	8.5
52-Week Range	8-2	2003E	\$ 1.00	6.1
Shares Out (Mill)	4.67	Valuation		LTM
Ave Volume LTM	7,529	P/E (Next FY)	8.47	30-18
Market Cap. (Mill)	\$ 28.75	P/B	1.32	1.1-0.7
LTD/Total Capital	65.0%	Price/Sales	0.21	0.21-0.15
Institutional Holdings	34%	Operating Data		This Qtr
Insider Holdings	20%	Sales Growth	-7.4%	3.4%
Book Value	\$ 4.67	EBITDA Margin	8.6%	8.9%
10Yr Bond	5.11%	Net Inc. Growth	-53.5%	-70.9%

Source: Baseline except for EPS estimates, researchstock.com



Source: Baseline

Key Investment Points

- Core EPS was stronger than we expected, \$0.13 versus our forecast of \$0.11.
- Goodwill impairment charge was \$0.05 per share (non-cash).
- Despite control over SG&A, margins shrank as revenues declined 7%.
- Sequential improvement in operating results indicates a slow recovery from the recession.
- 12-18 month target price remains \$9.50.

Company Description

Princeton, New Jersey-based Opinion Research Corporation (ORCI) is one of the leading global market research firms in the US, providing business-to-business (B2B) and public (government) markets with sophisticated market research and teleservices. ORCI's services help firms improve customer loyalty, branding, corporate reputation, and evaluate market demand for new or existing products. The Company focuses on projects that require continuous updating, thus resulting in a stable client base and recurring revenue streams (we estimate approximately 60% of revenues are from recurring projects). The Company's client base is comprised of Fortune 50 multinational firms such as IBM, EDS, and General Motors and government agencies. Founded in 1938 by market research pioneer Claude Robinson, the Company had its IPO in 1993. During the last four years, the Company entered the telemarketing and government research services sectors via strategic acquisitions and has been successful in realizing cross-selling opportunities.

The Bottom Line

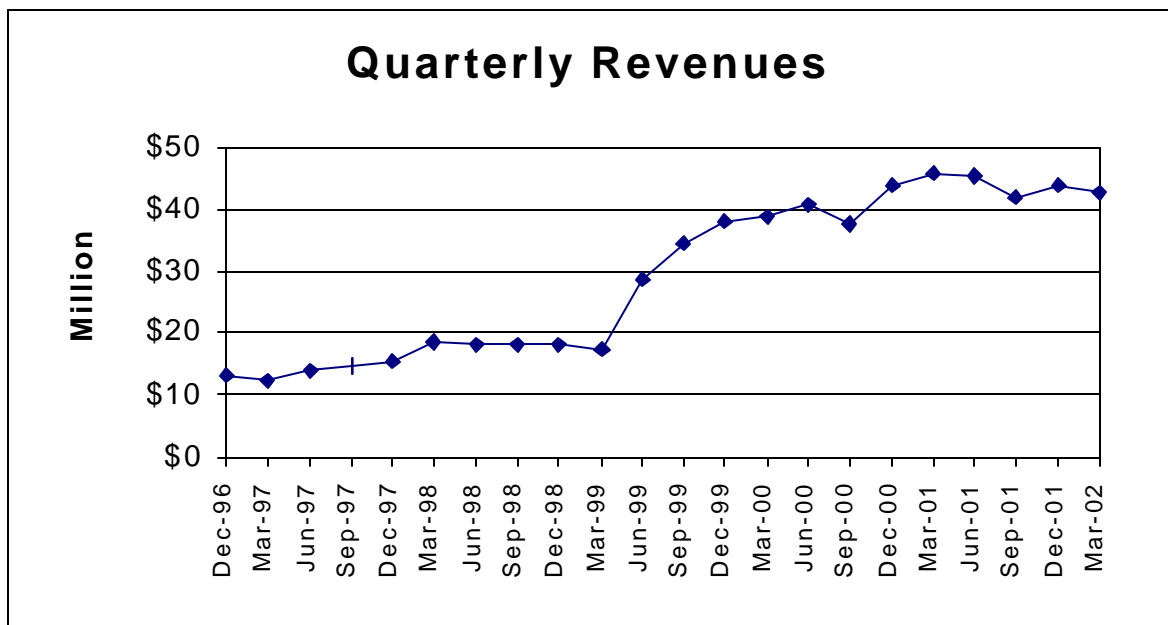
We reiterate our 12-18 month target price of \$9.50 because, despite the adverse impact of the weak US economy, ORCI remains on track to meet our earnings forecasts. Our 2003 EPS estimate could be viewed as conservative because it does not assume any contribution from either the new teleservice center or the new Brand database service.

1Q02 Results

Core operating results were better than we expected, despite lower than expected revenues. On a FAS 142 comparable basis, core EPS was \$0.13 versus our forecast of \$0.11 and \$0.29 in 1Q01. ORCI recorded a FAS142 Impairment charge of \$0.05 per share from the write off of the goodwill associated with the Mexican subsidiary.

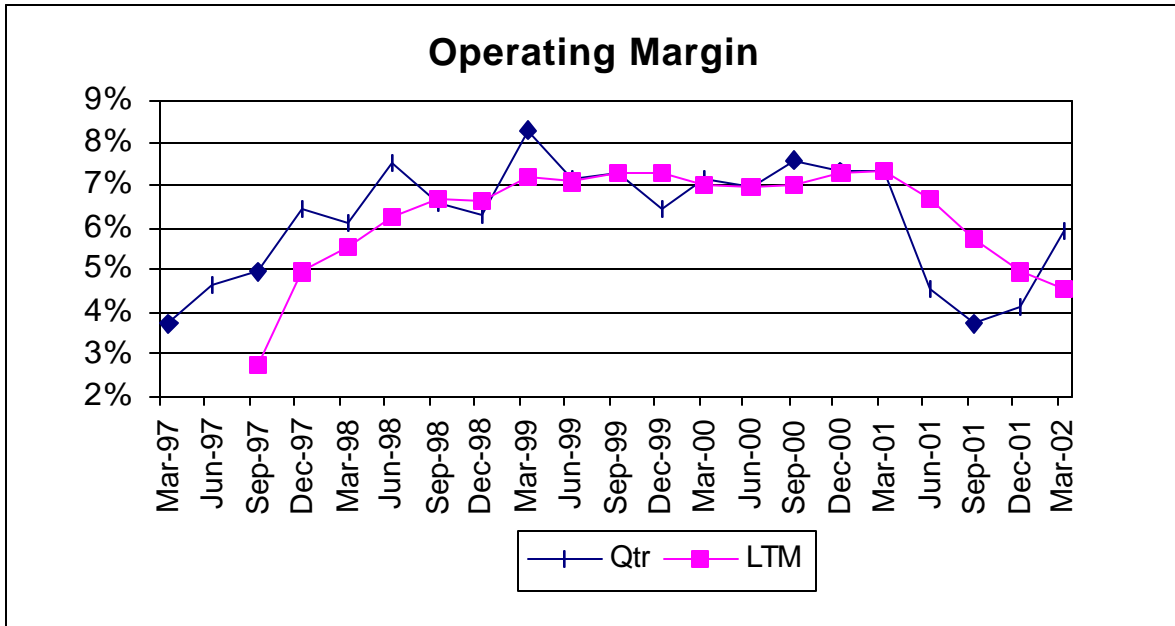
Revenues for the quarter were \$42.4 million, down 8% from 1Q01 as continued weakness in US Market Research and Teleservices (both down 28%) offset good growth in the UK Market Research (+8%) and Social Research (+3%) units. Revenue weakness is due to the continuing effects of the recession as companies postpone spending for any project until signs of a recovery are more evident. Figure 1 illustrates the trend in quarterly sales.

Figure 1



Profit margins declined relative to 1Q01 despite control over SG&A spending (relatively flat at \$9.6 million) due to the drop in revenues. But, as shown in Figure 2, margins have been improving on a sequential basis.

Figure 2



The Company recorded a relatively minor \$292,000 impairment charge to write off goodwill associated with their Mexican subsidiary. While this amounted to \$0.05 per share, it is small compared to similar charges that have been announced by other companies. For example AOL recorded a \$54 billion charge and AT&T recorded an \$800 million charge. Goodwill impairment charges are required under FAS 142 which most companies adopted with their 2002 fiscal year. Impairment tests are required annually, but we think that the biggest hits will be taken in 1Q02.

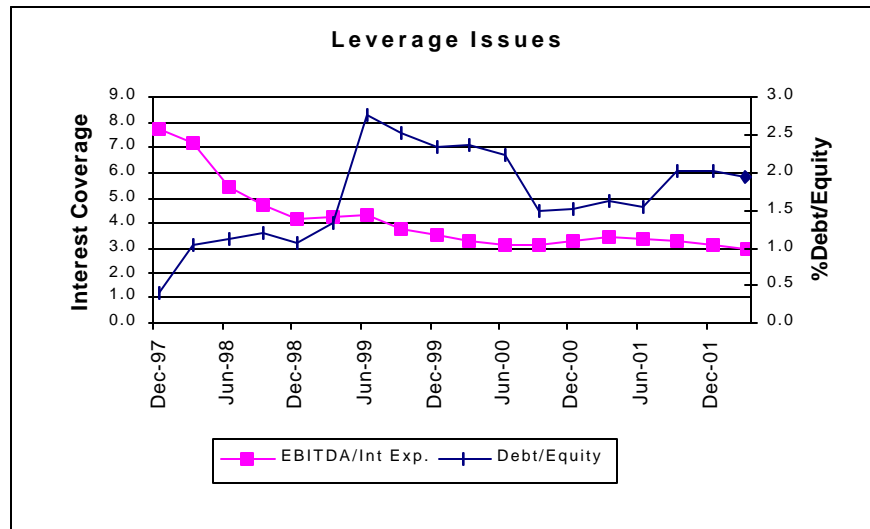
Table 1 compares the quarter's results with 1Q01.

Table 1: Quarterly Operating Comparison			
	3/01	3/02	Growth
Market Res-US	11.758	8.44	-28%
Market Res-UK	4.406	4.77	8%
Global MR	16.164	13.21	-18%
Teleservices	5.691	4.096	-28%
Social Research	23.255	24.007	3%
Total Seg.	45.11	41.313	-8%
Other	0.725	1.138	57%
Revenues	45.835	42.451	-7%
Cost of Goods Sold	30.85	29.144	-6%
Gross Profit	14.985	13.307	-11%
SG&A	9.56	9.658	1%
Depreciation	2.055	1.149	-44%
Operating Income	3.37	2.5	-26%
Interest Expense	1.423	1.185	-17%
Other Income/Expens	0	0	na
PreTax Income	1.947	1.315	-32%
Income Taxes	0.878	0.526	-40%
Extraord	0	-0.292	na
Net Income	1.069	0.497	-54%
Diluted EPS	\$ 0.18	\$ 0.08	-54%
FAS 142 Equivalent	\$ 0.29	\$ 0.08	-71%
(ex-Impairment)	\$ 0.29	\$ 0.13	-55%
Diluted Shares	5.981	6.004	0%
Eff. Tax Rate	45%	40%	-11%
Growth Rates			
Revenues	17.8%	-7.4%	
EBIDTA	4.0%	4.0%	
Net Inc.	36.4%	-53.5%	
EPS (F142 Equiv)	11.5%	-71.5%	
Margin Analysis			
Gross	32.7%	31.3%	
EBIDTA	11.8%	-7.6%	
Net	2.3%	1.2%	

Financial Condition

ORCI's financial condition is good and improving. Leverage, while high relative to the peer group, is declining. The Company continues to generate cash to repay debt and more than cover interest expense. Figure 3 shows the trends in leverage and times interest earned ("TIE").

Figure 3



Peer Group Comparison

The last 12 months has been a difficult one for everyone in the marketing and business services sectors, but ORIC has posted a very respectable relative performance. As shown in Table 2, ORCI:

- Posted 3% revenue growth when many of the peers posted sales declines.
- Continues to generate positive cash flow (albeit lower than in the year-ago period).
- Generated a positive EBITDA margin when most in the marketing service sector had negative EBITDA margins.

Company Name	TKR	Sales \$Mill.	%Sales Growth	EBITDA Margin	Op Cash Flow		EPS		Debt/ Capital	Int. Cover
					(Mill.)	Change	\$	Chnge		
OPINION RESEARCH	ORCI	174.0	3.0	9.7%	\$8.9	-66%	\$ 0.22	-68%	0.7	1.6
Ave. Marketing Services		1817.4	-6.5	19.3%	-\$247.3	-149%	\$ (1.40)	-13%	0.2	12.7
Ave. Business Services		501.3	-5.8	10.4%	\$128.6	291%	\$ 0.05	-48%	0.2	20.9
Marketing Services										
OMNICOM GROUP	OMC	6,900.0	12.0	17.2%	-\$1,070.5	17%	\$ 2.72	13%	0.4	12.7
INTERPUBLIC GROUP	IPG	6,700.0	-6.0	1.0%	-\$1,176.6	-1054%	\$ 0.96	-37%	0.6	-
INFORMATION RESOURC	IRIC	553.0	3.0	28.0%	\$432.4	36%	\$ 0.23	229%	0.0	-
CORPORATE EXECUTIVE	EXBD	136.0	31.0	30.9%	\$130.0	34%	\$ 0.65	34%	-	-
MKTG SERVICES	MKTG	93.0	-49.0	-	-\$25.2	24%	\$ (13.70)	-323%	0.1	-
HARRIS INTERACTIVE	HPOL	88.0	52.0	-	-\$33.3	41%	\$ (0.31)	59%	0.0	-
JUPITER MEDIA METRIX	JMXI	61.0	-22.0	-	-\$169.6	-239%	\$ (1.25)	-140%	-	-
NET PERCEPTIONS	NETP	8.1	-73.0	-	-\$65.4	-55%	\$ (0.50)	61%	0.0	-
Business Services										
TELETECH HOLDING	TTEC	932.0	0.0	6.8%	\$222.7	1234%	\$ 0.35	-44%	0.2	0.6
WEST	WSTC	788.0	4.0	22.3%	\$316.1	36%	\$ 1.16	5%	0.0	41.2
NAVIGANT CONSULTING	NCI	233.0	-3.0	2.2%	-\$20.6	86%	\$ 0.21	200%	-	-
THOMAS GROUP	TGIS	52.0	-24.0	-	-\$3.7	-193%	\$ (1.51)	-352%	0.4	-

Source: Baseline

On a total return basis, ORCI shares have outperformed the peers and the S&P 500 since the lows of October 2001. Table 3 compares the period returns for ORCI, the S&P 500 and the peers.

Company Name	TKR	Price	1 Mo.	3 Mos.	6 Mos.	12 Mos.	YTD
OPINION RESEARCH	ORCI	\$ 6.15	2.50	10.2	33.50	(18.00)	(7.40)
S&P 500	SPX	1,065.45	(7.10)	-5.6	(2.80)	(13.70)	(6.80)
Ave. Marketing Services		\$ 21.55	(6.58)	(1.98)	5.79	(6.96)	(13.26)
Ave. Business Services		\$ 11.81	(17.80)	(17.80)	(15.20)	16.95	0.07
Marketing Services							
OMNICOM GROUP	OMC	\$ 87.53	(7.30)	-0	9.10	(0.10)	(1.80)
INTERPUBLIC GROUP	IPG	\$ 31.30	(8.70)	9.7	40.60	(6.70)	6.30
INFORMATION RESOURCE	IRIC	\$ 9.27	0.90	10.4	29.70	53.20	11.70
CORPORATE EXECUTIVE	EXBD	\$ 37.10	(1.10)	17.4	21.00	13.20	1.10
MKTG SERVICES	MKTG	\$ 2.10	14.80	52.2	(57.10)	(71.50)	(34.00)
HARRIS INTERACTIVE	HPOL	\$ 3.73	8.40	18.8	81.10	26.40	28.60
JUPITER MEDIA METRIX	JMXI	\$ 0.12	(40.00)	-91.5	(91.50)	(91.20)	(92.70)
NET PERCEPTIONS	NETP	\$ 1.27	(19.60)	-32.8	13.40	21.00	(25.30)
Business Services							
TELETECH HOLDING	TTEC	\$ 12.25	(8.80)	-21.8	53.30	74.80	(14.50)
WEST	WSTC	\$ 27.70	(12.50)	7.6	23.90	12.20	11.10
NAVIGANT CONSULTING	NCI	\$ 6.45	(0.50)	20.3	61.70	(1.50)	17.30
THOMAS GROUP	TGIS	\$ 0.85	(49.40)	-66.9	(71.10)	(85.20)	(62.20)

Source: Baseline

Outlook

We raised our 2002 EPS forecast to \$0.73 from \$0.72 to reflect 1Q02 results and lower SG&A expenses in 2Q02. We also nudged up our 2003 EPS estimate to \$1.00 from \$0.99.

For 2003, our key assumptions are as follows:

- Revenues are expected to grow 8% over 2002. This is based upon US and UK Market Research growing 3% and 8% respectively, while Teleservice sales increase 9% and Social research revenues rise 10%. All these growth assumptions are expected to be the long-term organic growth rates for the respective businesses. As such, at this time we are implicitly assuming that the new initiatives will help the Market Research and Teleservice units rebound to normalized growth rates.
- Operating margins are expected to improve to historical levels (about 7%). Most of the improvement is expected to be in the gross margin, as it rebounds to 31.5% (which is within the 1999-2001 range). SG&A expenses as a percent of sales are expected to decline from 21.5% in 2002 to 21.2% in 2003.
- The effective tax rate falls to 40% as amortization of goodwill is eliminated under FAS 142.
- Outstanding shares range between 6.1 million in 2002 to 6.4 million in 2003.

As shown in Table 4 (next page), on an equivalent (FAS 142) basis, we expect EPS to be relatively flat in 2002 but increase 37% in 2003. This may be an overly conservative forecast because we are not expecting much of an impact from the inbound teleservice or data base product in 2003. While we are cautiously optimistic about the upside potential returns from these initiatives, we prefer to wait until we have more information on their potential before raising our forecast. Our quarterly sales and EPS forecast for 2002 is detailed in Table 5.

Table 4: Annual Earnings Model							
(\$MM)	1997	1998*	1999	2000	2001	2002e	2003e
Revenues	56.67	73.17	118.62	160.91	176.91	185.35	199.65
Cost of Goods Sold	34.37	44.81	75.85	105.98	121.53	127.95	136.96
Gross Margin	22.30	28.36	42.77	54.93	55.38	57.40	62.69
SG&A	16.84	19.41	28.50	36.00	38.13	39.82	42.32
Depreciation	2.66	4.14	5.81	7.28	8.43	4.82	4.82
Operating Income	2.80	4.81	8.46	11.65	8.82	12.76	15.54
Interest Expense	0.67	1.87	4.01	5.68	5.41	4.88	4.88
Other Income/Expense	0.00	2.47	0.00	0.00	0.00	0.00	0.00
PreTax Income	2.13	0.47	4.46	5.97	3.41	7.88	10.65
Income Taxes	0.98	0.49	1.94	2.67	1.80	3.15	4.26
Extraord	0.00	0.15	0.09	0.00	0.00	-0.29	0.00
Net Income	1.15	-0.17	2.42	3.30	1.62	4.43	6.39
EPS-Basic	\$ 0.28	\$0.0 *	\$0.59 **	\$ 0.78	\$ 0.28	\$ 0.75	\$ 1.08
Diluted	\$ 0.28	\$0.0 *	\$ 0.58 **	\$ 0.65	\$ 0.27	\$ 0.73	\$ 1.00
Cash EPS (F142 Equiv.)			\$ 0.90	\$ 1.06	\$ 0.71	\$ 0.73	\$ 1.00
			* Includes charges related to ex-CEO.				
			**Excludes debt re-structuring charges				
Basic Shares	4.144	4.202	4.244	4.244	5.762	5.896	5.896
Diluted Shares	4.146	4.202	4.332	5.053	5.992	6.109	6.389
Tax Rate	45.8%	104.3%	43.6%	44.7%	52.6%	40.0%	40.0%
Boldfaced data are estimates							
Growth Rates							
Revenues	19.9%	29.1%	62.1%	35.6%	9.9%	4.8%	7.7%
EBIDTA	14.5%	63.9%	59.4%	32.7%	-8.8%	1.9%	15.8%
Net Inc.	42.7%	nm	nm	36.3%	-51.1%	174.4%	44.2%
EPS	45.0%	nm	nm	12.7%	-58.8%	169.2%	37.8%
Margin Analysis							
Gross	39.4%	38.8%	36.1%	34.1%	31.3%	31.0%	31.4%
EBIDTA	9.6%	12.2%	12.0%	11.8%	9.8%	9.5%	10.2%
Net	2.0%	-0.2%	2.0%	2.1%	0.9%	2.4%	3.2%

(\$MM)	3/01	6/01	9/01	12/01	3/02	6/02	9/02	12/02
Revenues	45.84	45.16	41.94	43.97	42.45	45.80	47.30	49.80
Cost of Goods Sold	30.85	31.01	28.90	30.76	29.14	31.70	32.69	34.41
Gross Margin	14.99	14.15	13.04	13.21	13.31	14.10	14.61	15.39
SG&A	9.56	9.98	9.33	9.26	9.66	10.00	9.90	10.26
Depreciation	2.06	2.09	2.16	2.13	1.15	1.23	1.23	1.23
Operating Income	3.37	2.08	1.56	1.82	2.50	2.87	3.49	3.90
Interest Expense	1.42	1.37	1.36	1.27	1.19	1.23	1.23	1.23
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PreTax Income	1.95	0.71	0.20	0.56	1.32	1.64	2.25	2.67
Income Taxes	0.88	0.36	0.19	0.37	0.53	0.66	0.90	1.07
Extraord	0.00	0.00	0.00	0.00	-0.29	0.00	0.00	0.00
Net Income	1.07	0.35	0.00	0.19	0.50	0.98	1.35	1.60
EPS-Diluted	\$ 0.18	\$ 0.06	\$ 0.00	\$ 0.03	\$ 0.08	\$ 0.16	\$ 0.22	\$ 0.26
Cash EPS (F142 Eq)	\$ 0.29	\$ 0.17	\$ 0.12	\$ 0.15	\$ 0.08	\$ 0.16	\$ 0.22	\$ 0.26
Diluted Shares	5.981	6.105	6.175	5.901	6.004	6.074	6.144	6.214
Tax Rate	45%	50%	97%	66%	40%	40%	40%	40%

Boldfaced data are estimates

Valuation

We reiterate our 12-18 month target price of \$9.50, which is slightly above the mid-point of the range (see Table 6). This could be viewed as a conservative target because it does not include any impact from either the new teleservice center or the Brand Awareness service.

(\$MM except EPS)				2002e		2003e		
	Multiples			per share	Price Range	Mult. Est.	per share	Price Range
	LTM	Current	Est.					
Revenues	0.27	0.21	0.40	\$30.34	\$ 12.14	0.50	\$ 31.25	\$ 15.62
	0.11		0.20		\$ 6.07	0.20		\$ 6.25
EPS (cash) (LTM)	8.5	8.4	9.0	\$0.73	\$ 6.53	15.0	\$ 1.00	\$ 15.01
	3.9		5.0		\$ 3.63	5.0		\$ 5.00
EBITDA	2.3	2.1	2.2	\$2.88	\$ 6.33	3.0	\$ 3.19	\$ 9.56
	1.1		1.5		\$ 4.32	1.5		\$ 4.78
	Share estimate:			6.109		6.389		
Average Est. Price				High	\$ 8.33	High	\$ 13.40	
				Low	\$ 4.67	Low	\$ 5.34	
				Ave.	\$ 6.50	Ave.	\$ 9.37	

Risk Consideration

Investors need to consider the following risks before investing:

- The shares are not very liquid and can experience significant price volatility.
- By some measures, debt levels are higher than sector averages. While we do not consider leverage to be extreme and interest coverage is more than adequate, the current debt load could impair ORCI's financial flexibility.

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