



HISTORICAL ANALYSIS							
TWEETER HOME ENTERTAINME			S&P Rated: -- a/o --				
INCOME STATEMENT			(000) OMITTED YR END: September 30				
	1997	1998	1999	2000	2001	2002	
Net Sales	130,759	228,946	279,562	399,926	540,123	796,072	
Cost Of Goods Sold	84,549	147,938	179,227	251,646	343,285	509,258	
GROSS PROFIT	46,210	81,008	100,335	148,280	196,838	286,814	
Sell General Adm	37,691	55,440	69,332	101,164	141,129	235,401	
R&D							
Advertising		3,958	4,405	5,148	5,029	5,148	
Pre-Opening							
Executive Salaries							
Amortization	487	917	1,056	1,522	2,380	1,573	
Impairment						194,902	
Oper Exp Rentals	5,979	8,638	10,310	14,702	20,515	14,702	
Fixed Charges							
Other Oper Expense							
TOTAL OPER EXP	44,157	68,952	85,103	122,536	169,053	451,726	
OPER PROFIT	2,053	12,056	15,232	25,744	27,785	(164,912)	
Other Income				1,665	373	(26)	
Extra Item (Net)		(340)					
Other Expense							
Interest Expense	1,808	2,737	106			2,255	
Minority Interest (+)							
PRE TAX PROFIT	245	8,979	15,126	27,409	28,158	(167,193)	
Income Tax	99	3,724	6,050	10,964	11,263	(1,913)	
NET PROFIT	146	5,255	9,076	16,445	16,895	(165,280)	

TWEETER HOME ENTERTAINMENT GROUP							
BALANCE SHEET		(000) OMITTED YR END: September 30					
	1997	1998	1999	2000	2001	2002	
Cash	1,157	777	999	34,293	3,278	2,283	
Mkt. Securities							
Acct Receivable	6,104	6,768	10,207	15,463	32,101	24,191	
Allow Bad Debt (-)	(631)	(560)	(650)	(800)	(850)	(1,075)	
Total Inventory	31,160	38,362	62,136	85,967	129,173	143,234	
Raw Materials							
Work-in-Process							
Finished Goods							
LIFO Reserve (-)							
Tax Refund Receivable							
DIT	1,220	1,598	1,900	2,424	4,054	3,944	
Prepays & Other	823	591	679	1,579	3,469	17,085	
TOT CURR ASSET	39,833	47,536	75,270	138,926	171,225	189,661	
Land		940	1,717	4,447	9,880	6,357	
Buildings							
Mach & Equipment	17,968	32,727	43,933	62,649	122,816	155,783	
Furn, Fixt & Other							
Constr In Progress		476	2,900	4,902	4,606	6,340	
Accm Depr & Amt (-)		(10,165)	(14,306)	(20,060)	(28,160)	(34,169)	
NET FIXED ASSETS	17,968	23,978	34,243	51,938	109,142	134,311	
Contracts In Progress							
DIT	59					7,273	
LT Investments			1,846	1,653	1,194	1,103	
Investment in Sub				3,214	3,398		
Prepaid Retirement Plans							
Intangibles (Net)	20,496	20,093	30,068	38,043	194,931	2,607	
Other	332	36	192	1,263	537	923	
TOTAL ASSETS	78,688	91,643	141,619	235,038	480,428	335,878	
Commercial Paper							
Notes Payable	4,949	4,071	6,023	8,866	8,465	4,521	
LTD Current	400		36	63	322	289	
Accts Payable	11,457	10,663	18,377	21,500	38,558	51,550	
Deferred Revenues	1,255	1,423	2,440	5,154	13,999	16,260	
Dividends Payable							
Income Tax Payable			1,160	958			
Taxes Non-Income							
Marketing & Distrib							
Employee Compens							
Customer Vol Discts							
Rent							
Insurance							
Warranty Costs	1,509	1,109	673	294	533	302	
Other	8,393	12,007	15,037	18,551	38,887	27,450	
TOTAL CURR LIAB	27,963	29,273	43,746	55,386	100,764	100,370	
LTD	14,500	5,250	5,717	14	36,699	50,074	
Repurch Agrm Oblig							
Notes							
Notes							
Bonds							
Bonds							
Securitization of A/Rs							
Other - Non-Int Debt	4,916	4,086	3,815	3,562	10,375	10,823	
Post Retirement Obligation							
Subordinated Debt	16,388						
Subordinated Debt							
TOTAL LIABILITIES	63,766	38,609	53,278	58,962	147,839	161,267	
DIT		1,423	1,096	1,125	197		
Minority Interest							
Reserves							
Forgn Curr Transl Adj							
Min Pension Liab Adj							
Stock Option Loans	(32)						
Cumm Unreal Inv G/L							
Deferred Compensation (-)			302	176	66	49	
Treasury Stock (-)	(1,550)	(2,007)	(1,913)	(1,895)	(1,878)	(1,852)	
Retained Earnings	(1,382)	6,701	15,483	31,929	48,824	(116,305)	
Paid-In-Capital	(2,732)	46,841	73,202	144,538	285,133	292,465	
Preferred Stock A	13,399						
Preferred Stock B	7,191						
Common Stock A	28	75	171	203	247	254	
Common Stock B							
TOT NET WORTH	14,922	51,610	87,245	174,951	332,392	174,611	
TOT LIAB + NW	78,688	91,643	141,619	235,038	480,428	335,878	



TWEETER HOME ENTERTAINMENT GROUP							
MISCELLANEOUS DATA							
	1997	1998	1999	2000	2001	2002	
Common Dividends							
Depreciation	2,798	3,920	5,215	7,357	11,376	18,063	
Other Non Cash Chg	19	59	(38)	(3,290)	919	198,343	
= Depletion							
+ Amortization							
- G/L On Sale Secs					(1,162)	(194,902)	
- G/L On Sale Land	(19)	(59)	38	26		(209)	
- Equity Earnings				518	843		
+ Equity Dividends				(2,745)	600	3,232	
+ Other							
Preferred Dividends							
Other Fixed Chg							
Costs Capitalized							
Int Exp Capitalized							
CF Interest Exp Paid	15,238	3,180	325	395	233	2,396	
CF Income Tax Paid	358	3,553	6,090	11,939	10,836	10,151	
Defer Inc Taxes (+)		1,105	(830)	(412)	5,736	(7,360)	
CFFO Def Inc Tax (+)	71	1,105	(830)	(412)	5,736	(7,360)	
Bal Sh Change DFIT	XXX	1,105	(629)	(496)	(2,557)	(7,360)	
Tax Val Allowance							
Capital Expenditures	3,972	8,997	12,699	20,960	47,573	54,600	
Proceeds Asset Sale		13	38	26		25	
Maintenance Exp.							
# Yr-End Employees	0.997	0.997	1.598	2.055	3.776		
Σ Square Footage							
Accountants:	Deloitte & Touche						
Audit Fees							
Non-Audit Fees							
Commitments and Contingencies:							
LT Lease Obligations							
Total Amount							
Unrealized Tax Benefits							
UTB/TA (%)							
UTB/CFFO (%)	XXX						
Depreciation & Amortization Estimates of Useful Asset Lives (Years):							
Buildings							
Mach & Equip							
Goodwill							
Investments:							
Held-Maturity							
Trading							
Available-Sale							
PENSION + POST-RETIREMENT PLAN(S) DATA	Smoothing or Pure Market Values?						
FV Plan Assets							
Projected Bene Oblig							
Assumed Rate of Return							
Funded Status							
Expected Return							
Actual Return							
Recognized on BalSheet							
OperStm Net CR/Cost							
STOCK DATA							
# C/S Outstanding	3,345	4,972	14,385	17,006	19,333	23,342	
# Diluted C/S Outstd	3,345	10,068	15,972	18,551	20,119	23,342	
\$ Amt Dilution Adjstm							
Treasury Stk Repur			(24,428)	(59,970)			
Proceeds Ex Stk Opt			1,031	3,402	1,491	3,345	
Stk Option Tax Bene							
Stk Opt Compensation							
# Shares Under Option							
Wted Avg Price/Opt Shr							
STOCK MARKET DATA							
High Price	N/A	10.57	20.75	44.75	37.68	30.99	
Low Price	N/A	5.63	5.31	18.50	9.94	5.26	
Last Price	N/A	6.82	18.69	36.31	13.64	6.90	
MARKET CAPITAL	#VALUE!	68,613	298,485	673,642	274,423	161,059	



TWEETER HOME ENTERTAINMENT GROUP						
ANALYSIS RATIOS						
	1997	1998	1999	2000	2001	2002
SOLVENCY						
Debt/Equity	243%	18%	13%	5%	14%	31%
TNW+Sub Debt	10,814	31,517	57,177	136,908	137,460	172,004
Tangible NW/Debt	(0.09)	0.82	1.07	2.32	0.93	1.07
(TNW+SubDebt)/(Debt-SubDebt)	0.23	0.82	1.07	2.32	0.93	1.07
Debt/CFFO	XXX	1.98	(3.10)	(8.24)	2.07	2.11
Times Interest Earned	1.06	2.66	5.27	6.59	5.12	(22.37)
Fixed Charge Coverage	1.03	1.82	2.45	2.86	2.37	(8.86)
CFFO/Fixed Charges	XXX	0.41	(0.37)	(0.07)	1.07	1.54
Debt/EBITDA	1.89	0.46	0.45		0.91	(0.40)
Avg Int Exp Rate	XXX	12.02%	1.00%			4.49%
TAKEOVER TARGET						
EV/EBITDA	#VALUE!	4.17	12.93	15.95	6.83	(1.64)
SALES						
Sales Growth	XXX	75.09	22.11	43.05	35.06	47.39
CGS Growth	XXX	74.97	21.15	40.41	36.42	48.35
Oper Exp. Growth	XXX	56.15	23.42	43.99	37.96	167.21
Sales/Square Foot						
FUNDS MANAGEMENT						
A/R Turn Days	17.05	10.80	13.34	14.12	21.71	11.10
A/R Debt Allowance	10.34%	8.27%	6.37%	5.17%	2.65%	4.44%
Collections/Sales	XXX	1.00	1.01	1.01	1.03	0.99
Inv Turn Days	134.61	94.71	126.63	124.78	137.44	102.73
Raw Materials						
Work-in-Process						
Finished Goods						
A/P Turn Days	XXX	25.76	33.94	29.29	37.54	37.27
Net Trade Cycle	XXX	79.76	106.03	109.61	121.60	76.56
Acct Pay/Inv	36.77%	27.80%	29.58%	25.01%	29.85%	35.99%
Net FA/Sales	XXX	9.16%	10.41%	10.77%	14.91%	15.29%
DeprExp/(NFA-L-CIP)	XXX	19.35%	19.99%	20.37%	16.58%	16.70%
Inc AccmDeprec/Deprec	XXX	259.29%	79.41%	78.22%	71.20%	33.27%
Asset Utilization Ratios						
Sales/Cash	XXX	236.83	314.80	22.66	28.75	286.33
Sales/Tot Assets	XXX	2.69	2.40	2.12	1.51	1.95
Accrued Accounting						
Prepays/Sales	0.63%	0.26%	0.24%	0.39%	0.64%	2.15%
Accruals/Sales	7.57%	5.73%	6.03%	4.95%	7.30%	3.49%
Inc Pay/Inc Tax Exp			19.17%	8.74%		
R&D/Sales						
CDiv/(NP-ExI-Pfd)						
PROFITABILITY AND LEVERAGE						
Profit Margin	0.11%	2.30%	3.25%	4.11%	3.13%	-20.76%
Net Profit/Employee	XXX	5,271	6,995	9,004	5,795	
Return on Tot Assets	XXX	8%	8%	9%	5%	-40%
Return on C/S Equity	XXX	23%	13%	13%	7%	-65%
Du Pont's Formula for ROE:						
Profit/Sales	XXX	0.02	0.03	0.04	0.03	(0.21)
Sales/Assets	XXX	2.69	2.40	2.12	1.51	1.95
Assets/Equity	XXX	3.71	1.68	1.44	1.41	1.61
Finl Leverage Index	XXX	2.82	1.67	1.44	1.41	
Operating Leverage	XXX	6.49	1.19	1.60	0.23	(14.64)
LIQUIDITY						
Working Capital	11,870	18,263	31,524	83,540	70,461	89,291
Current Ratio	1.42	1.62	1.72	2.51	1.70	1.89
Quick Ratio	0.24	0.24	0.24	0.88	0.34	0.25
CFFO/AvgCL	XXX	0.16	(0.10)	(0.02)	0.28	0.26
"Free Cash Flow"	XXX	(4,275)	(16,465)	(22,019)	(25,642)	(28,534)
Total Debt/FrCFlow	XXX					
WORKING CAPITAL PERFORMANCE						
Days Sales Outstanding	17.04	10.79	13.33	14.11	21.69	11.09
Days Inventory Outstanding	86.98	61.16	81.12	78.46	87.29	65.67
Days Payables Outstanding	31.98	17.00	23.99	19.62	26.06	23.64
Days Working Capital	72.04	54.95	70.46	72.95	82.93	53.13



TWEETER HOME ENTERTAINMENT GROUP							
PREDICTOR OF FINANCIAL DISTRESS							
	1997	1998	1999	2000	2001	2002	
ALTMAN							
Privately Held Non-Manufacturing Firms							
Z Score	1.35	3.81	4.26	6.67	4.05	(1.55)	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 1.10. 1.10 =< "gray area" =< 2.60. Low probability if Z Score > 2.60.							
Privately Held Firms							
Z Score (1983)	1.93	3.66	3.24	3.68	2.44	1.19	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 1.20. 1.20 =< "gray area" =< 2.90. Low probability if Z Score > 2.90.							
Publicly Held Firms							
Z Score (1968)	#VALUE!	3.79	5.77	8.99	2.71	1.18	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 1.81. 1.81 =< "gray area" =< 2.99. Low probability if Z Score > 2.99.							
SPRINGATE (Canadian)							
Z Score (1978)	1.35	2.45	2.09	2.16	1.25	(0.78)	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < .862.							
FULMER							
Z Score (1984)	XXX	(0.35)	1.08	0.17	(0.84)	(2.93)	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 0.0.							
LEGAULT (Canadian)							
Manufacturing Firms							
CA Score (1987)	XXX	XXX	1.04	1.54	1.96	1.35	
CA Score is a predictor of bankruptcy within one (1) time period. High probability if CA Score < -0.3.							
ZMIJEWSKI							
(1984)	62%	2%	1%	0%	0%	74%	
Probability of bankruptcy.							

TWEETER HOME ENTERTAINMENT GROUP							
QUALITY OF REPORTED EARNINGS							
	1997	1998	1999	2000	2001	2002	
Net Profit	XXX	5,255	9,076	16,445	16,895	(165,280)	
CFFO	XXX	4,708	(3,805)	(1,086)	21,930	26,041	
Earnings Quality Ratio	XXX	12%	339%	1615%	23%	735%	
Acctg Int/CF Int Paid	12%	86%	33%			94%	
Acctg Tax/CF Tax Paid	XXX	74%	94%	97%	60%	54%	
Def Tax/Tax Exp		30%	-14%	-4%	51%	385%	
Effective Rate<30%?	40%	40%	40%	40%	40%	1%	
Manipulation Index	XXX	(1.95)	(1.64)	(1.66)	(1.13)	(5.89)	
Prob of Manipulation	XXX	2.56%	5.00%	4.87%	12.96%	0.00%	
M-Score (5 VAR)	XXX	(2.78)	(2.53)	(2.67)	(1.42)	(3.54)	
M-Score (8 VAR)	XXX	(1.99)	(1.58)	(1.66)	(1.22)	(5.78)	
ROIC	XXX	21.24%	18.75%	18.06%	9.87%	-54.29%	
ROIC With LT Leases	XXX						
Oper CF ROIC	XXX	26.79%	24.79%	20.73%	16.66%	17.10%	
Sales Growth	XXX	75.09%	22.11%	43.05%	35.06%	47.39%	
Inventory Growth	XXX	23.11%	61.97%	38.35%	50.26%	10.89%	
Raw Materials	XXX						
Work-in-Process	XXX						
Finished Goods	XXX						
A/R Growth	XXX	10.88%	50.81%	51.50%	107.60%	-24.64%	
BadDebt/A/R Grwth	XXX	-85.81%	366.99%	274.64%	1829.25%	-117.73%	
A/P Growth	XXX	-6.93%	72.34%	16.99%	79.34%	33.69%	
Chg Cash for Inventory	XXX	7,996	16,059	20,709	26,147	1,069	
Fictitious Inventory?							
Gross Mgn & Inventory	XXX		Problem!				
Sales, Gross Mgn & Inv	XXX						
Fictitious Assets?							
Sales/NFA	XXX	10.92	9.60	9.28	6.71	6.54	
Sales/Total Assets	XXX	2.69	2.40	2.12	1.51	1.95	
Inventory	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Raw Materials							
Work-in-Process							
Finished Goods							
Hidden LIFO Liquidation?	XXX	No.	No.	No.	No.	No.	
Reserve Changes Impact on Net Profit							
LIFO	XXX						
A/R Allowance	XXX	71	(90)	(150)	(50)	(225)	
Tax Val Allowance	XXX						
Long-Term Accruals	XXX	829	271	253	(6,813)	(448)	
Intangibles/NW	137%	39%	34%	22%	59%	1%	
PENSION + POST-RETIREMENT PLAN(S) ANALYSIS							
Rate of Return Chg?	XXX						
Funded Status							
Unfunded/TNW							
Bal Sheet Surplus/Deficit							
Additional Liability?							
Actual-Expected ROPA?							
Chg Unrecogn Actual G/L	XXX						
Pension Income/NP							
Future Asset Write-Offs?	XXX	Maybe.	Maybe.	Maybe.	Maybe.	Maybe.	
Dec Deferred Revenue?	XXX						

TWEETER HOME ENTERTAINMENT GROUP						
QUALITY OF REPORTED EARNINGS						
	1997	1998	1999	2000	2001	2002
Fixed Asset Analysis (Under-expensed? Uncompetitive? Milked?)						
Depreciable Life	XXX	6.47	7.35	7.24	8.15	7.71
Approx Age (Yrs)		2.59	2.74	2.73	2.48	1.89
AccDeprec/GFA		0.31	0.33	0.32	0.23	0.22
Depreciation/Sales	2.14%	1.71%	1.87%	1.84%	2.11%	2.27%
Maintenance/Sales						
Dec Deprec Exp?	XXX	No.	No.	No.	No.	No.
CapExpnd/Deprec	1.42	2.29	2.43	2.85	4.18	3.02
G/L Asset Sales	XXX	9,944	15,518	25,078	68,580	43,257
Stock Option Compensation:						
Stk Opt Comp/NP						
Tax Benefit/CFFO	XXX					
Stock Option Overhang as an Impediment to Growth:						
% Option/Dil Shares						
Wted Avg Pr/Share						
Cash Reinvestment	XXX	6%	-3%	-1%	5%	10%



TWEETER HOME ENTERTAINMENT GROUP							
STATEMENT OF SHAREHOLDERS' EQUITY							
	1997	1998	1999	2000	2001	2002	
Begin Net Worth	XXX	14,922	51,610	87,245	174,951	332,392	
Net Profit	XXX	5,255	9,076	16,445	16,895	(165,280)	
Stk Option Shares	XXX		1,031	3,402	1,491	3,345	
Stk Opt Tax Benefits	XXX						
Treasury Stk Repur	XXX		24,428	59,970			
Forgn Curr Transl Adj	XXX						
Min Pension Liab Adj	XXX						
Stock Option Loans	XXX	32					
Unreal Investm G/L	XXX						
Other *	XXX	31,402	1,100	7,889	139,055	4,154	
Cash Dividends	XXX						
Ending Net Worth	XXX	51,610	87,245	174,951	332,392	174,611	
* E.G. Compensation Under Employee Incentive Plans; Acquisitions; Securities Valuation Adjustment; Conversion of Subordinated Notes; Repayment of Notes Receivable from ESOP.							



TWEETER HOME ENTERTAINMENT GROUP						
FUNDS STATEMENT						
	1997	1998	1999	2000	2001	2002
SOURCES OF FUNDS						
Net Profit	XXX	5,255	9,076	16,445	16,895	(165,280)
Depreciation	XXX	3,920	5,215	7,357	11,376	18,063
Other Non-Cash Chg *	XXX	59	(38)	(3,290)	919	198,343
CASH FLOW	XXX	9,234	14,253	20,512	29,189	51,126
Inc Non-Curr Liab	XXX		196		43,499	13,822
Dec Fixed Assets	XXX					
Dec Other Non-Curr A	XXX	700				
Inc Res & Def Credits	XXX	1,423		29		
Other Inc NW	XXX	31,433	26,559	71,261	140,546	7,499
Dec Working Cap	XXX				13,078	
TOTAL PROVIDED	XXX	42,791	41,008	91,802	226,312	72,448
APPLICATIONS OF FUNDS						
Cash Div or Wd	XXX					
Dec Non-Curr Liab	XXX	26,467		5,956		
Inc Fixed Assets	XXX	9,931	15,480	25,051	68,580	43,232
Inc Other Non-Curr A	XXX		11,939	8,778	156,805	10,189
Dec Res & Def Credits	XXX		328		927	197
Other Dec NW	XXX					
Inc Working Capital	XXX	6,392	13,261	52,016		18,830
TOTAL APPLIED	XXX	42,790	41,009	91,802	226,312	72,448

TWEETER HOME ENTERTAINMENT GROUP										
STATEMENT OF COMPREHENSIVE INCOME										
		1997	1998	1999	2000	2001	2002			
Net Profit		XXX	5,255	9,076	16,445	16,895	(165,280)			
Forgn Curr Transl Adj		XXX								
Min Pension Liab Adj		XXX								
Unreal Investm G/L		XXX								
Comprehensive Inc		XXX	5,255	9,076	16,445	16,895	(165,280)			

TWEETER HOME ENTERTAINMENT GROUP							
STATEMENT OF CASH FLOW FROM OPERATIONS AND FREE CASH FLOW							
	1997	1998	1999	2000	2001	2002	
Net Profit	XXX	5,255	9,076	16,445	16,895	(165,280)	
DIT	XXX	1,105	(830)	(412)	5,736	(7,360)	
Depreciation	XXX	3,920	5,215	7,357	11,376	18,063	
Depletion	XXX						
Amortization	XXX						
Chg LT Accruals	XXX	(829)	(572)	(128)	6,923	465	
LIFO Charge(s)	XXX						
G/L on Sale of Secs	XXX				697	192,672	
G/L on Sale of Land	XXX	34	(23)	(16)		207	
Equity Earnings	XXX			(518)	(843)		
Equity Dividends	XXX			(2,745)	600	3,232	
Other	XXX						
Amt Dilution Adj	XXX						
Extra Item (Net)	XXX	340					
Minority Interest	XXX						
Capitalized Int/Costs	XXX						
Chg Accts Recv	XXX	(664)	(3,439)	(5,256)	(16,639)	7,910	
Chg Allowance A/Rs	XXX	(71)	90	150	50	225	
Chg Inventory	XXX	(7,202)	(23,773)	(23,832)	(43,205)	(14,061)	
Chg Other Curr Assets	XXX	232	(88)	(900)	(1,890)	(13,616)	
Chg Accts Payable	XXX	(794)	7,714	3,123	17,058	12,992	
Chg A/P Adjustment	XXX		(1,946)		(3,290)		
Chg Income Tax Pay	XXX		1,160	(202)	(958)		
Chg Deferred Rev	XXX	168	1,018	2,714	8,845	2,261	
Chg Other Curr Liabs	XXX	3,214	2,594	3,135	20,575	(11,669)	
Cash Flow From Ops	XXX	4,708	(3,805)	(1,086)	21,930	26,041	
Dividends	XXX						
Net Cap Expenditure	XXX	8,983	12,661	20,933	47,573	54,575	
Free Cash Flow	XXX	(4,275)	(16,465)	(22,019)	(25,642)	(28,534)	





TWEETER HOME ENTERTAINMENT GROUP									
CASH-GENERATING EFFICIENCY									
		1997	1998	1999	2000	2001	2002		
CFFO/NetProfits	XXX	0.90	(0.42)	(0.07)	1.30	(0.16)			
CFFO/Sales	XXX	0.02	(0.01)	(0.00)	0.04	0.03			
CFFO/AvgTotAssets	XXX	0.06	(0.03)	(0.01)	0.06	0.06			

TWEETER HOME ENTERTAINMENT GROUP							
STATEMENT OF CASH VARIANCE							
		1997	1998	1999	2000	2001	2002
Revenue		XXX	98,187	50,616	120,364	140,197	255,949
Cost of Goods Sold							
Growth		XXX	(63,488)	(32,707)	(77,165)	(88,216)	(162,673)
Efficiency		XXX	99	1,418	4,746	(3,423)	(3,300)
Operating Expenses							
Growth		XXX	(33,158)	(15,244)	(36,641)	(42,956)	(80,109)
Efficiency		XXX	8,363	(907)	(792)	(3,561)	(202,564)
Receivables							
Growth		XXX	(4,110)	(1,372)	(4,115)	(5,140)	(14,809)
Efficiency		XXX	3,374	(1,977)	(991)	(11,448)	22,945
Inventory (Fifo)							
Growth		XXX	(23,362)	(8,114)	(25,107)	(31,306)	(62,453)
Efficiency		XXX	16,159	(15,660)	1,275	(11,900)	48,392
Accounts Payable							
Growth		XXX	8,590	2,255	7,426	7,829	18,642
Efficiency		XXX	(9,383)	5,459	(4,303)	9,229	(5,650)
Taxes							
Growth		XXX	(3,529)	(2,549)	(4,913)	(300)	78,139
Efficiency		XXX	(96)	223	(1)	1	(64,963)
Deferred Taxes							
Growth		XXX	2,601	690	(674)	(11)	(6,710)
Efficiency		XXX	(1,567)	(2,625)	1,092	6,159	(6,386)
Taxes Payable							
Growth		XXX			758	(493)	
Efficiency		XXX		1,160	(960)	(466)	

TWEETER HOME ENTERTAINMENT GROUP							
WORKING CAPITAL ANALYSIS							
	1997	1998	1999	2000	2001	2002	
INC IN WK CAPITAL							
Inc Cash	XXX		223	33,293			
Inc Accts Recv	XXX	664	3,439	5,256	16,639		
Dec Bad Debts	XXX	71					
Inc Inventory	XXX	7,202	23,773	23,832	43,205	14,061	
Inc Other Curr. Asset	XXX	146	389	1,425	3,520	13,505	
Dec Notes Payable	XXX	877			401	3,944	
Dec Accts Payable	XXX	794					
Dec Tax Payable	XXX			202	958		
Dec Other Curr. Liab.	XXX					9,441	
DEC IN WK CAPITAL							
Dec Cash	XXX	380			31,015	995	
Dec Accts Recv	XXX					7,910	
Inc Bad Debts	XXX		90	150	50	225	
Dec Inventory	XXX						
Dec Other Curr. Asse	XXX						
Inc Notes Payable	XXX		1,952	2,843			
Inc Accts Payable	XXX		7,714	3,123	17,058	12,992	
Inc Tax Payable	XXX		1,160				
Inc Other Curr. Liab.	XXX	2,982	3,648	5,876	29,679		
WK CAP CHANGE	XXX	6,392	13,261	52,016	(13,078)	18,830	

TWEETER HOME ENTERTAINMENT GROUP										
SALES PER SEGMENT ANNUAL GROWTH RATES (%)										
		1997	1998	1999	2000	2001	2002			
Net Sales		XXX	75.09	22.11	43.05	35.06	47.39			

TWEETER HOME ENTERTAINMENT GROUP							
COMMON SIZE INCOME STATEMENT (%)							
	1997	1998	1999	2000	2001	2002	
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost Of Goods Sold	64.66%	64.62%	64.11%	62.92%	63.56%	63.97%	
GROSS PROFIT	35.34%	35.38%	35.89%	37.08%	36.44%	36.03%	
Sell General Adm	28.82%	24.22%	24.80%	25.30%	26.13%	29.57%	
R&D							
Advertising		1.73%	1.58%	1.29%	0.93%	0.65%	
Pre-Opening							
Executive Salaries							
Amortization	0.37%	0.40%	0.38%	0.38%	0.44%	0.20%	
Impairment						24.48%	
Oper Exp Rentals	4.57%	3.77%	3.69%	3.68%	3.80%	1.85%	
Fixed Charges							
Other Oper Expense							
TOTAL OPER EXP	33.77%	30.12%	30.44%	30.64%	31.30%	56.74%	
OPER PROFIT	1.57%	5.27%	5.45%	6.44%	5.14%	-20.72%	
Other Income				0.42%	0.07%	0.00%	
Extra Item (Net)		-0.15%					
Other Expense							
Interest Expense	1.38%	1.20%	0.04%			0.28%	
Minority Interest (+)							
PRE TAX PROFIT	0.19%	3.92%	5.41%	6.85%	5.21%	-21.00%	
Income Tax	40.41%	39.96%	40.00%	40.00%	40.00%	1.14%	
NET PROFIT	0.11%	2.30%	3.25%	4.11%	3.13%	-20.76%	

TWEETER HOME ENTERTAINMENT GROUP							
COMMON SIZE BALANCE SHEET (%)							
	1997	1998	1999	2000	2001	2002	
Cash	1.47%	0.85%	0.71%	14.59%	0.68%	0.68%	
Mkt. Securities							
Acct Receivable	7.76%	7.39%	7.21%	6.58%	6.68%	7.20%	
Allow Bad Debt (-)	-0.80%	-0.61%	-0.46%	-0.34%	-0.18%	-0.32%	
Total Inventory	39.60%	41.86%	43.88%	36.58%	26.89%	42.64%	
Raw Materials							
Work-in-Process							
Finished Goods							
LIFO Reserve (-)							
DIT	1.55%	1.74%	1.34%	1.03%	0.84%	1.17%	
Prepays & Other	1.05%	0.64%	0.48%	0.67%	0.72%	5.09%	
TOT CURR ASSET	50.62%	51.87%	53.15%	59.11%	35.64%	56.47%	
Land		1.03%	1.21%	1.89%	2.06%	1.89%	
Buildings							
Mach & Equipment	22.83%	35.71%	31.02%	26.66%	25.56%	46.38%	
Furn, Fixt & Other							
Constr In Progress		0.52%	2.05%	2.09%	0.96%	1.89%	
Acum Depr & Amt (-)		-11.09%	-10.10%	-8.54%	-5.86%	-10.17%	
NET FIXED ASSETS	22.83%	26.16%	24.18%	22.10%	22.72%	39.99%	
Contracts In Progress							
DIT	0.08%					2.17%	
LT Investments			1.30%	0.70%	0.25%	0.33%	
Investment in Sub				1.37%	0.71%		
Prepaid Retirement Plans							
Intangibles (Net)	26.05%	21.93%	21.23%	16.19%	40.57%	0.78%	
Other	0.42%	0.04%	0.14%	0.54%	0.11%	0.27%	
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Commercial Paper							
Notes Payable	6.29%	4.44%	4.25%	3.77%	1.76%	1.35%	
LTD Current	0.51%		0.03%	0.03%	0.07%	0.09%	
Accts Payable	14.56%	11.64%	12.98%	9.15%	8.03%	15.35%	
Deferred Revenues	1.59%	1.55%	1.72%	2.19%	2.91%	4.84%	
Dividends Payable							
Income Tax Payable			0.82%	0.41%			
Taxes Non-Income							
Marketing & Distrib							
Employee Compens							
Customer Vol Discs							
Rent							
Insurance							
Warranty Costs	1.92%	1.21%	0.48%	0.13%	0.11%	0.09%	
Other	10.67%	13.10%	10.62%	7.89%	8.09%	8.17%	
TOTAL CURR LIAB	35.54%	31.94%	30.89%	23.56%	20.97%	29.88%	
LTD	18.43%	5.73%	4.04%	0.01%	7.64%	14.91%	
Repurch Agrm Oblig							
Notes							
Notes							
Bonds							
Bonds							
Securitization of A/Rs							
Other - Non-Int Debt	6.25%	4.46%	2.69%	1.52%	2.16%	3.22%	
Post Retirement Oblig							
Subordinated Debt	20.83%						
Subordinated Debt							
TOTAL LIABILITIES	81.04%	42.13%	37.62%	25.09%	30.77%	48.01%	
DIT		1.55%	0.77%	0.48%	0.04%		
Minority Interest							
Reserves							
Forgn Curr Transl Adj							
Min Pension Liab Adj							
Stock Option Loans	-0.04%						
Cumm Unreal Inv G/L							
Deferred Compensatio			0.21%	0.07%	0.01%	0.01%	
Treasury Stock (-)	-1.97%	-2.19%	-1.35%	-0.81%	-0.39%	-0.55%	
Retained Earnings	-1.76%	7.31%	10.93%	13.58%	10.16%	-34.63%	
Paid-In-Capital	-3.47%	51.11%	51.69%	61.50%	59.35%	87.07%	
Preferred Stock A	17.03%						
Preferred Stock B	9.14%						
Common Stock A	0.04%	0.08%	0.12%	0.09%	0.05%	0.08%	
Common Stock B							
TOT NET WORTH	18.96%	56.32%	61.61%	74.44%	69.19%	51.99%	
TOT LIAB + NW	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	



TWEETER HOME ENTERTAINMENT GROUP							
STOCK PERFORMANCE ANALYSIS							
	1997	1998	1999	2000	2001	2002	
# Outstanding Shares	3,345	4,972	14,385	17,006	19,333	23,342	
# Diluted C/S Outstd	3,345	10,068	15,972	18,551	20,119	23,342	
\$ Amt Dilution Adjstm							
High Price	N/A	10.57	20.75	44.75	37.68	30.99	
Low Price	N/A	5.63	5.31	18.50	9.94	5.26	
Dividends/Share							
Low Yield/Share	#VALUE!						
High Yield/Share	#VALUE!						
Earnings Per Share							
Diluted EPS	0.04	0.56	0.57	0.89	0.84	-7.08	
High P/E Ratio	#VALUE!	19.01	36.52	50.48	44.87		
Avg High P/E Ratio Latest 3 Yrs =	#VALUE!			35.34	43.96	31.78	
Low P/E Ratio	#VALUE!	10.12	9.35	20.87	11.83		
Avg Low P/E Ratio Latest 3 Yrs =	#VALUE!			13.45	14.02	10.90	
Is the EPS approximate growth rate implicit in the present PE Multiple (H/L) greater than the actual EPS growth rate? Psychological red flag of overpayment regardless of quality?							
		N/N	Y/Y	N/N	Y/Y	Y/Y	
EPS Growth Rate	XXX	1173.21%	2.25%	56.00%	-5.27%	-943.20%	
Sustainable Growth Rate	XXX	22.88%	13.07%	12.54%	6.66%	-65.20%	
Net Profit Growth Rate	XXX	3732.19%	62.22%	81.19%	2.74%	#####	
Is the EPS approximate growth rate implicit in the present PE Multiple (H/L) greater than the ROE? Psychological red flag of overpayment regardless of quality?							
		N/N	Y/N	Y/Y	Y/Y	Y/Y	
Return on C/S Equity	XXX	22.88%	13.07%	12.54%	6.66%	-65.20%	
High EPS Relative Weight =			#VALUE!	#VALUE!	#VALUE!		
Low EPS Relative Weight =			#VALUE!	#VALUE!	#VALUE!		
Cash Flow Per Share							
Dil Cash Flow/Shr	0.91	1.06	0.84	1.08	1.74	1.88	
Cash Flow	3,034	10,679	13,423	20,100	34,925	43,766	
High P/CF Ratio	#VALUE!	9.96	24.69	41.30	21.71	16.53	
Avg High P/CF Ratio Latest 3 Yrs =	#VALUE!			25.32	29.23	26.51	
Low P/CF Ratio	#VALUE!	5.30	6.32	17.07	5.72	2.81	
Avg Low P/CF Ratio Latest 3 Yrs =	#VALUE!			9.57	9.71	8.53	
High CF/S Relative Weight =			#VALUE!	#VALUE!	#VALUE!	#VALUE!	
Low CF/S Relative Weight =			#VALUE!	#VALUE!	#VALUE!	#VALUE!	
Sales Per Share							
Diluted Sales/Share	39.09	22.74	17.50	21.56	26.85	34.10	
High P/S Ratio	#VALUE!	0.46	1.19	2.08	1.40	0.91	
Avg High P/S Ratio Latest 3 Yrs =	#VALUE!			1.24	1.55	1.46	
Low P/S Ratio	#VALUE!	0.25	0.30	0.86	0.37	0.15	
Avg Low P/S Ratio Latest 3 Yrs =	#VALUE!			0.47	0.51	0.46	
High Sales/Share Relative Wt =			#VALUE!	#VALUE!	#VALUE!	#VALUE!	
Low Sales/Share Relative Wt =			#VALUE!	#VALUE!	#VALUE!	#VALUE!	



Book Value Per Share									
Tangible BV/Share	-1.67	6.34	3.97	8.05	7.11	7.37			
Book Value/Share	4.46	10.38	6.07	10.29	17.19	7.48			
High P/BV Ratio	#VALUE!	1.02	3.42	4.35	2.19	4.14			
	Avg High BV/S Ratio Latest 3 Yrs =	#VALUE!	#VALUE!	2.93	3.32	3.56			
Low P/BV Ratio	#VALUE!	0.54	0.88	1.80	0.58	0.70			
	Avg Low BV/S Ratio Latest 3 Yrs =	#VALUE!	#VALUE!	1.07	1.08	1.03			
	High BV/Share Relative Wt =	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!			
	Low BV/Share Relative Wt =	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!			

NOTE:	INFORMATION OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE,								
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