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MONDAY, MARCH 6, 2006

## BARRON'S COVER

### Top Spins

By **ANDREW BARY**

**YOU CAN BEAT THE STREET.** At a time when many professional investors lament that the proliferation of hedge funds and widespread use of screening techniques have made it tougher to find bargains in the stock market, one simple investing area continues to pay off handsomely: spinoffs.

Spinoffs have long been a fruitful investment area; a number of studies show that they historically have generated far better returns than the overall stock market. And they continue to shine.

"The market is definitely more efficient than it was a few years ago, when nobody was paying attention, but we still find excellent opportunities in the spinoff space. If you had bought them all blindly, you would have done extremely well," says Joe Cornell, a principal of Spin-Off Advisors, a Chicago research and investment-advisory firm specializing in the breed.

A spinoff occurs when a corporation issues stock in a subsidiary to its shareholders to create a new public company, as [American Express](#) (ticker: AXP) did last summer for its insurance and asset-management arm, now called [Ameriprise Financial](#) (AMP). A related corporate event is a carve-out, through which a company sells the public a stake in a unit, while retaining the rest of the division. (Sometimes, the remainder is later distributed to shareholders.)

Example: In November, [Clear Channel Communications](#) (CCU), the big radio company, made an initial public offering of a 10% stake in its billboard operation, [Clear Channel Outdoor](#) (CCO), and kept the remaining 90%.

Last year, there were 27 spinoffs and carve-outs, with a total value of \$54 billion, down from 35 deals and \$61 billion in 2004, according to Spin-Off Advisors. From their closes on their first day of trading through Feb. 24, the 2005 spinoff and carve-out group gained, on average, 20.1%, versus a 6.1% advance for the Standard & Poor's 500. The 2004 crop's performance is even more impressive. Through Feb. 24, its members were up 56.1%, versus 14.3% for the S&P.



A study by Lehman Brothers strategist Chip Dickson of 88 spinoffs between 2000 to 2005 found that they beat the S&P 500 by an average of 45% in their first two years as independent companies. The group evaluated contained only spinoffs -- no carve-outs -- and was drawn

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One study found that the 88 spinoffs from 2000 to 2005 beat the S&P 500 by a stunning 45% in their first two years as independent companies.

from the top 1,500 companies in the stock market. A larger group, dating back to 1990, topped the benchmark average by 18%.

Why do spinoffs outstrip the market? Dickson thinks they benefit from greater management focus and accountability as stand-alone public companies than they had when they were part of larger enterprises. In a like vein, Cornell argues that many spinoffs were larger companies' neglected stepchildren.

Spinoffs tend to be relatively small operations -- only one deal, Ameriprise, exceeded \$10 billion last year -- and therefore are off most investors' radar screens.

There often is little or no initial coverage by Wall Street analysts of spinoffs, perhaps resulting in greater inefficiencies in their valuations, especially for those valued below \$1 billion. In some cases, institutional holders of the parent reflexively sell the spinoff's shares, because the newly liberated unit isn't part of an index, such as the S&P 500, or because it's deemed too small to merit attention.

One of last year's biggest deals, Ameriprise, has been a winner, rising to 45 from 34. Ameriprise initially came under pressure from selling by Amex holders and negative reports from several Street analysts, who failed to recognize that it was being launched at little more than its book value.

There will be plenty of opportunities to play new spinoffs in the coming year because several major companies have announced plans to split up or jettison divisions. Among them: [Tyco International](#) (TYC), [Cendant](#) (CD), [Wendy's](#) (WEN), [First Data](#) (FDC), [Sprint Nextel](#) (S) and [Liberty Media](#) (L). If certain legal judgments go its way this year, [Altria](#) (MO) may split its global tobacco business into U.S. and international parts while spinning off its 85% stake in [Kraft Foods](#) (KFT) to shareholders. [Time Warner](#) (TWX) plans to take public its cable TV business, Time Warner Cable, in an unusual way -- distributing shares in the No. 2 U.S. cable outfit to creditors of bankrupt Adelphia Communications around midyear.

Not only are there many coming spinoffs, there are several ways to play the game: Investors can buy shares of the spinoffs or the parent company prior to the transaction's completion, betting that the sum-of-the-parts will be worth more than the whole.

Dickson looked at the performance of parents from 2000 to 2005 and found that they bested the S&P 500 by an average of 40% in three years, measured from 12 months prior to the spinoff to 24 months after it occurred.

Where is there opportunity? Tyco, Cendant, Wendy's and First Data all could benefit from pending corporate breakups. Among spinoffs, [CBS](#), [Tronox](#) (TRX), [Fidelity National Title](#) (FNT) and [Live Nation](#) (LYV) could reward investors, too.

**Tables:** [Winning Strategy](#) | [Full Slate](#)

The rationale for spinoffs varies. Some companies want to get rid of a weak or low-margin division that is detracting attention from the parent. The Amex/Ameriprise deal is an example of that. Other companies seek to highlight the attributes of a desirable unit whose full value may not be reflected in the parent's stock price, like Clear Channel's IPO of its billboard operations. Whatever the underlying motivation for spinoffs, they tend to do well.

Lehman's Dickson says that more companies are breaking up to reduce the "conglomerate discount" that may afflict their shares, and to regain greater focus. There also is pressure on managements from the growing number of activist investors, whose prescription for a lagging stock often is a breakup.

The largest conglomerate, [General Electric](#) (GE), took public some of its slower-growth financial businesses as [Genworth Financial](#) (GNW) in 2004, and recently announced that it will divest its remaining stake. Genworth was greeted with initial skepticism on Wall Street but has done very well, rising to a recent 33, versus 19.50 at its May 2004 IPO. Investors have done far better with Genworth than with GE, which has barely edged up, from 31 to 33, in the past two years. [Merck's](#) former pharmacy-benefit management arm, [Medco Health Solutions](#) (MHS), has nearly tripled, to 58, since its emergence in 2003, while Merck shares (MRK) are down to 35, from 60.

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Focused companies appeal to many investors. "To build a diversified portfolio, I'd rather buy a portfolio of pure-play companies than buy diversified businesses," says Ken Broad, a portfolio manager at Delaware Investments in San Francisco.

Broad's group, which runs the Delaware Select Growth Fund, has done well with such spinoffs as [Moody's](#) (MCO), one of the two leading credit-rating agencies. Moody's has risen sevenfold since it separated from Dun & Bradstreet in 2000.

Indeed, investors' preference for pure plays is apparent at Moody's. It trades for 33 times estimated 2006 profits and is valued at \$20 billion, about equal to [McGraw-Hill](#) (MHP), which owns Standard & Poor's, the other major rating agency. While S&P is similar in size to Moody's and more profitable, the market now is effectively assigning no value to McGraw-Hill's other businesses -- educational publishing and media. *Barron's* recently highlighted the opportunity in McGraw-Hill ("[Free S&P!](#)," Jan. 30). This odd situation could persist, because McGraw-Hill has resisted the idea of splitting off S&P.

Dickson's employer, [Lehman Brothers](#) (LEH), is perhaps the ultimate spinoff success story. A struggling Lehman, jettisoned by American Express in 1994, has become a Wall Street powerhouse under the leadership of its CEO, Richard Fuld. Lehman has stayed focused on its core trading and investment-banking franchises, while more diversified financial companies like Citigroup, JPMorgan and Morgan Stanley have struggled. Lehman shares, at 145, are up 20-fold since 1994, giving the company a market value of almost \$40 billion.

Other notable spinoff winners include [Guidant](#), Coach and [Monsanto](#).

But spinoffs are hardly foolproof. Losers include [Lucent Technologies](#), [Palm](#), [Blockbuster](#) and [Janus Capital Group](#), while spinoffs Delphi, [Mirant](#), Genuity and Vlastic all entered bankruptcy.

A look at some coming and recent deals:

### **Tyco International**

A lot of smart investors have been burned by Tyco lately, including Legg Mason's Bill Miller, Chris Davis of the Davis Funds and *Barron's* Roundtable member Oscar Schafer. The company warned earlier this year that 2006 profits probably would be below Street expectations -- its second warning in less than six months. This year, the stock is down about 10%, to 26, and is well below its 2005 high of 36.

Tyco's fans are taking heart in the company's plan, announced in January, to split into three parts by 2007's first quarter. The trio will be: Healthcare; Electronics; and Fire & Security/Engineered Products. The plan so far has failed to excite Wall Street, perhaps because it's a variation on an idea hatched by disgraced former CEO Dennis Kozlowski, as part of his ill-fated attempt to stem Tyco's declining share price in 2002 -- months before he was fired. Yet Robert Cornell, a Lehman Brothers equity analyst, is bullish, valuing the three parts at around \$36 a share, a sizable premium to Tyco's current price.

Tyco may not be the growth company that its boosters have long portrayed it as. But its stock -- now trading around 14 times the \$1.85 a share it's expected to earn in its current fiscal year -- seems inexpensive, given the breakup potential.

[Cover Story -- Part II](#)



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MONDAY, MARCH 6, 2006

## BARRON'S COVER

# Top Spins -- Part II

[Cover Story -- Part I](#)

### Cendant

Like Tyco, Cendant has been over-hyped and disappointing. Under its lavishly paid CEO Henry Silverman, who netted more than \$100 million last year, Cendant has gobbled up a host of businesses and brands. But its stock, at 16, is no higher than it was six years ago. Cendant's disastrous merger with CUC International in 1997 helped dent Silverman's reputation as a great deal maker.

Cendant plans to split into four companies: Real-Estate Services, including Century 21 brokerage business; Hospitality, which controls the Ramada and Howard Johnson hotel brands, and a big time-share business. Then there's Travel Network services -- including Galileo, which services travel agents, and an online-travel division -- and Vehicle Rental Services, featuring Budget and Avis.

The company last month slightly reduced its 2006 profit guidance, prompting Lehman Brothers analyst Jeffrey Kessler to cut his 2006 forecast to \$1.30 a share, from \$1.36. A slowing residential real-estate market is hurting Cendant. In a client note, Kessler said that the breakup, now expected to be completed in the third quarter, could lift the stock. Kessler values Cendant's four parts at \$23 a share, offering plenty of upside potential.

Companies tend to do well when they leave Silverman's fold. In the past two years, Cendant has spun off three -- [Jackson Hewitt Tax Services](#), [Wright Express](#) and [PHH](#) -- and all have been winners. Jackson Hewitt (JTX), a tax-preparation specialist, is up to 30 from 17; PHH (PHH), a mortgages services provider, has risen to 26 from 21.90; and [Wright Express](#) (WXS), which offers vehicle-management services, has advanced to 24 from 17. Silverman will head the travel business, while handing the reins of the other three operations to other Cendant executives.

### First Data

First Data's decision in January to spin off its crown jewel, Western Union, was greeted favorably on Wall Street as the stock rose 5%, to 45. The shares had been dead money for 2½ years, putting pressure on management to act.

#### Down From the Peak

There were \$55 billion worth of spinoffs last year, versus a record \$482 billion in 2000, when there were huge deals involving Nortel Networks and AT&T Wireless.

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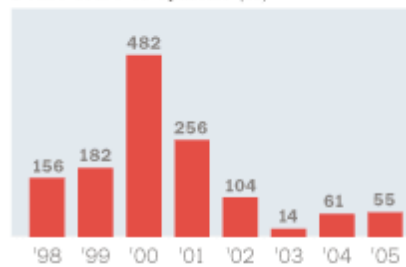
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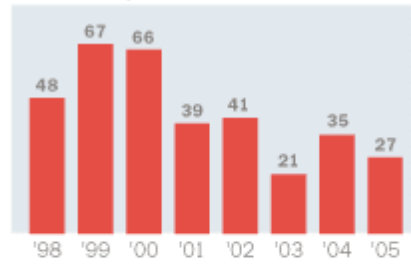
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Dollar Value of Spinoffs (bil)



Number of Spinoffs

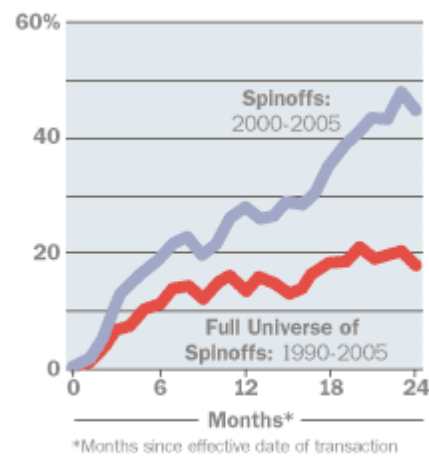


Source: Spin-Off Advisors

### Big Returns

Since 2000, spinoffs have beaten the S&P 500 by 45%, while those done since 1990 have topped the S&P by 18% in their first two years as independent companies.

### Average Cumulative Total Return Relative to the S&P



\*Months since effective date of transaction

Source: Lehman Brothers

Western Union, the leading money-transfer agent, has capitalized on the boom in immigrants -- legal and illegal -- who regularly send money to relatives back home.

Smith figures that Western Union could trade for 24 times his 2007 estimate of \$1.47 a share for its operations. And he thinks the company's other units are worth 16 times his 2007 projection of \$1.29 a share.

### Wendy's

The burger chain bowed to investor pressure last July and decided to spin off its hot Canadian doughnut-shop chain, Tim Hortons, which has become a Starbucks of the North. Since then, the stock has advanced to 59, from 45. It could rise another \$20 a share, based on the strong demand expected for the coming Tim Hortons IPO and potential improvement in Wendy's core fast-food franchise, whose margins trail those of [McDonald's](#) (MCD) and [Yum Brands](#) (YUM).

Wendy's current market value is about \$7 billion. Tim Hortons could carry a market value of as much as \$5 billion (U.S.), or \$40 per Wendy's share. The Street talk is that Canadians are excited about the Tim Hortons deal because the chain is the country's No. 1 fast-food operator, and one of its top brands. Tim Hortons generated about \$350 million of pre-tax cash flow last year. Put a multiple of 15 on that, and the chain would be valued at more than \$5 billion. Starbucks commands well over 20 times trailing cash flow. Dunkin' doughnuts, which is less attractive than Tim Hortons, was sold late last year for almost 13 times cash flow.

If Tim Hortons is worth \$5 billion, that would value the Wendy's burger business at just 10 times operating income. An investment group that includes Nelson Peltz and Peter May owns 5% of Wendy's. The group, valuing Tim Horton's at 32 a share, argued in a December regulatory filing that the stock could be worth 77 to 89.

Peltz and May, who were invited last week to join the board, stated that Wendy's operating margins are half those of McDonald's and Yum Brands, and that with better management, could rise. Wendy's plans to sell about 15% of Tim Hortons in the IPO and then spin off the rest to shareholders during the next year.

### Fidelity National Title

The title-insurance industry is an oligopoly, with its top five companies controlling 90% of the market. Fidelity National Title is the biggest of the bunch, with a market share of 31%. It was born last year, when [Fidelity National Financial](#) (FNF) distributed a 17% stake in FNT to its shareholders.

Title insurers historically have commanded low price-earnings multiples because of the volatility of their results, which are linked to the housing market. Fidelity National Title, recently around 23, trades for little more than eight times its projected 2006 profits of \$2.85 a share. But even if the company were to make less than \$2.50, its price/earnings ratio would still be below 10. It earned \$3.11 a share in 2005. Unlike other title insurers, Fidelity National Title has an ample dividend yield -- 5% -- and aims to increase its payout. A hedge-fund manager who owns the stock argues that fair value is around 33. Book value is about \$14 a share.

## Tronox

Tronox is the third-largest producer of titanium dioxide, a pigment used to whiten paints and other products. [Kerr-McGee](#) (KMG) took 43% of Tronox public in November at \$14 a share and plans to spin off the remainder to Kerr-McGee holders by the end of this month.

Tronox, whose shares now change hands around 15, appeals to Minichiello, who argues that it trades at a sizable discount to other makers of specialty chemicals. "It's undervalued, based on fundamentals, and it would be a great bolt-on acquisition for a larger specialty-chemicals company," he says. The equity market value is \$600 million, and the company has \$500 million of net debt.

Minichiello figures that Tronox trades at an enterprise value -- market value plus net debt -- of just five times 2005 pre-tax cash flow of \$233 million, versus an average of about eight for other specialty chemical companies. And this year's cash flow is apt to be higher than 2005's. Tronox is valued at 12 times estimated 2006 earnings of \$1.25 a share. The outlook for titanium-dioxide producers looks good, with strong current demand and no new plants scheduled to come on-stream until 2010. Minichiello figures Tronox is worth about 25 a share.

## CBS

Sumner Redstone probably isn't pleased with the initial market response to his move to split Viacom in two, creating CBS and a new [Viacom](#) (VIA).

Redstone acted out of frustration with Viacom's weak stock price of recent years. But CBS is down to 24 from 26 in early January, while new Viacom, which holds a group of cable properties, including MTV, and the Paramount movie studio, has fallen to around 40 from 43.

CBS is an old-media value play. It trades at a modest 14 times projected 2006 profit of \$1.70 a share and at eight times estimated 2006 pre-tax cash flow, a discount to most media companies. It yields 2.7%.

Tables: [Winning Strategy](#) | [Full Slate](#)

CBS' boosters, including Morgan Stanley analyst Rich Bilotti, argue that it's worth more than 30 a share. The company is looking for low single-digit revenue growth and mid-single-digit growth in earnings per share this year. That's not great, but maybe CBS is simply being more realistic about its prospects than some of its rivals are. The company controls the CBS TV network, about 40 TV stations, CBS radio and a large billboard operation. The radio business has been hurt by the loss of Howard Stern to Sirius Satellite Radio, which may cost CBS \$50 million in profit this year.

CBS sued the shock jock last week for allegedly violating his contract late last year by plugging his coming satellite show while working for the network. That might have helped lift the value of the Sirius stock granted to Stern. The suit might have merit, and it highlights CBS's difficulties in replacing him. David Lee Roth, the former Van Halen rocker who replaced him in New York, has bombed in the ratings, as have Stern successors in Los Angeles and Chicago.

Stern accused his former employer of "bullying" him and said "the radio division of CBS is in a shambles." That's an overstatement, considering that the unit should generate \$900 million of cash flow this year, although that's \$25 million below 2005's figure. At least one CBS insider thinks the future is bright. CFO Fred Reynolds has been buying shares (see [Inside Scoop](#), "[CBS Finance Chief's Prime-Time Play](#)," March 1, 2006).

## Cypress Semiconductor

Cypress' most valuable asset is its 85% stake in [SunPower](#) (SPWR), the hot maker of solar panels. Cypress took SunPower public in late 2005 at 18 a share; the stock is now around 45, making Cypress' stake worth \$2.3 billion, or more than \$16 per Cypress share.

With Cypress trading late last week around 18, investors are paying very little for Cypress' core semiconductor business. "There's no reason to buy SunPower when you can buy Cypress," says Mark Minichiello, a principal at Opportunity Research Group, a Los Angeles research firm. "I don't know what Cypress is worth, but it's more than a dollar or two." Cypress had almost \$900 million in revenue last year and operated at close to breakeven in the fourth quarter. The main risk: a drop in

SunPower's richly valued shares.

## Live Nation

One of the worst media deals of the Bubble era was Clear Channel's \$4 billion purchase in 2000 of SFX Entertainment, a producer of concerts and other live entertainment. The strategic rationale was that Clear Channel, the No. 1 radio company, would promote SFX events, and that singers and other artists would be attracted to SFX because of Clear Channel's marketing muscle.

The synergies didn't materialize, and SFX's margins eroded under Clear Channel, which seemed more interested in increasing revenue than profit.

In December, Clear Channel decided to cut bait -- and generate a large tax loss -- by spinning off the old SFX.

Redubbed Live Nation, the spinoff initially was valued at just \$700 million, or \$10 a share. The company has no net debt. The stock has rallied to 17, and there could be more upside because the company's low margins could be lifted by a new management team that already has turned around Live Nation's European operations. Last year, Live Nation handled concerts for, among others, U2, Paul McCartney and the Eagles.

"Live Nation is a classic, inefficiently priced spinoff," wrote Neil Barsky, managing partner of Alson Capital Partners in New York, in a letter to the firm's investors last month. Alson holds more than 5% of Live Nation shares. Barsky noted that there is no Street coverage of Live Nation, no comparable company and that management did no institutional road show prior to the spinoff.

In late 2005, Live Nation abandoned some noncore businesses, shed 10% of its work force and realigned 12 divisions into six. The bull case is that Live Nation, which has \$3 billion in annual sales, can improve its margins, renegotiate unfavorable contracts and deliver for shareholders with a management team that got options after the spinoff. In other words, it's a classic spinoff.

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MONDAY, MARCH 6, 2006

## Winning Strategy

Spinoffs historically have been a fertile investment area and they continue to shine. The 27 created in 2005 were up, on average, 20% through Feb. 24, versus a 6% gain in the S&P 500 index. Future winners could be CBS, Tronox, Fidelity National Title and Live Nation.

Spinoff Name	Spinoff					1st Day of	1st Day	Recent	S&P		Mkt
	Ticker	Type	Industry	Parent Company	Trading	Closing Price	Price*	Change*	Change*	Value	
<b>2005</b>											
1	<a href="#">Novelis</a>	NVL	Spinoff	Aluminum Products	Alcan	1/19/05	\$23.30	\$18.39	-21.1%	8.9%	\$1,361
2	<a href="#">National Interstate</a>	NATL	Carve-Out	Vehicle Insurance	American Fincl	1/28/05	15.58	20.67	32.7	10.1	393
3	<a href="#">PHH</a>	PHH	Spinoff	Mortgage Services	Cendant	2/1/05	21.90	28.92	32.1	8.4	1,541
4	<a href="#">First Bank Del</a>	FBOD	Spinoff	Regional Bank	Republic First Banc	2/1/05	3.50	2.50	-28.6	8.4	19
5	<a href="#">Wright Express</a>	WXS	Carve-Out	Mgmt Services	Cendant	2/16/05	17.10	24.25	41.8	6.5	975
6	<a href="#">Teekay LNG Part</a>	TGP	Carve-Out	Shipping	Teekay Shipping	5/5/05	24.30	30.10	23.9	10.0	436
7	<a href="#">Bois d'Arc Energy</a>	BDE	Carve-Out	Energy Exploration	Comstock Resource	5/6/05	12.65	16.20	28.1	10.1	1,039

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8	<a href="#">TreeHouse Foods</a>	THS	Spinoff	Packaged Foods	Dean Foods	6/28/05	29.65	21.92	-26.1	7.3	681
9	<a href="#">DSW</a>	DSW	Carve-Out	Footwear Retailer	Retail Ventures	6/29/05	24.10	27.96	16.0	7.5	1,227
10	<a href="#">Atlas America</a>	ATLS	Spinoff	Energy Exploration	Resource America	7/1/05	38.21	62.45	63.4	8.0	834
11	<a href="#">Discovery Hldg</a>	DISCA	Spinoff	Cable Programming	Liberty Media	7/22/05	14.99	14.42	-3.8	4.5	4,040
12	<a href="#">Proliance Intl</a>	PLI	Spinoff	Auto Parts	Modine Mfg	7/25/05	6.78	5.30	-21.8	4.9	81
13	<a href="#">Chaparral Steel</a>	CHAP	Spinoff	Steel	Texas Industries	8/1/05	18.93	44.20	133.5	4.4	1,008
14	<a href="#">Expedia</a>	EXPE	Spinoff	Online Travel	IAC/InterActive	8/9/05	23.85	19.52	-18.2	4.7	6,196
15	<a href="#">ACCO Brands</a>	ABD	Spinoff	Office Supplies	Fortune Brands	8/17/05	24.86	23.90	-3.9	5.7	1,253
16	<a href="#">Williams Part</a>	WPZ	Carve-Out	Gas Pipeline	Williams Part	8/19/05	25.50	33.50	31.4	5.7	235
17	<a href="#">WebMD Health</a>	WBMD	Carve-Out	Health-Care Information	Emdeon Corp	9/29/05	24.40	36.29	48.7	5.0	289
18	<a href="#">Ameriprise Fincl</a>	AMP	Spinoff	Financial Services	American Express	10/3/05	34.70	46.26	33.3	5.1	11,380
19	<a href="#">Double Hull Tanker</a>	DHT	Carve-Out	Shipping	Overseas Shiphld	10/13/05	12.05	13.95	15.8	9.6	419
20	<a href="#">Fidelity Natl Title</a>	FNT	Spinoff	Title Insurance	Fidelity Natl Fincl	10/17/05	23.20	24.60	6.0	8.4	4,269
21	<a href="#">Boardwalk Pipeline</a>	BWP	Carve-Out	Natural Gas Pipeline	Loews	11/9/05	18.95	19.33	2.0	5.6	1,319
22	<a href="#">Clear Chan Outdoor</a>	CCO	Carve-Out	Billboards	Clear Chan Comm	11/11/05	18.55	20.91	12.7	4.4	732
23	<a href="#">SunPower</a>	SPWR	Carve-Out	Solar Power	Cypress Semi	11/17/05	25.45	39.67	55.9	3.8	309
24	<a href="#">Tronox</a>	TRX	Carve-Out	Speciality Chemicals	Kerr-McGee	11/22/05	14.30	15.69	9.7	2.2	633
25	<a href="#">Spansion</a>	SPSN	Carve-Out	Flash Memory	Advanced Micro Dev	12/16/05	13.55	14.89	9.9	1.7	1,426
26	<a href="#">dELIA*s</a>	DLIA	Spinoff	Apparel/Accessories	Alloy	12/20/05	9.00	8.61	-4.3	2.4	252
27	<a href="#">Live Nation</a>	LYV	Spinoff	Live Concerts	Clear Channel	12/22/05	10.60	18.49	74.4	1.7	1,254

**AVERAGE**

20.1% 6.1%

**2006**

1	<a href="#">Triple Crown Media</a>	TCMI	Spinoff	Small Newspapers	Gray Television	1/3/06	\$9.95	\$7.02	-29.4	1.6	\$34
2	<a href="#">CBS</a>	CBS	Spinoff	TV, Radio, Billboards	Viacom	1/3/06	26.20	24.53	-6.4	1.6	18,955
3	<a href="#">Chipotle Mex Grill</a>	CMG	Carve-Out	Restaurants	McDonald's	1/26/06	45.74	46.67	2.0	1.2	1,517

**AVERAGE**

-11.3% 1.5%

\*As of Feb 24.

Sources: Spin-Off Advisors, Bloomberg

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MONDAY, MARCH 6, 2006

## Full Slate

Some sizable spinoffs are likely this year. Cendant is due to separate into four companies, while Wendy's soon will sell the public a stake in Tim Hortons, its hot Canadian doughnut chain.

Parent	Spinoff	Projected Date
Tyco International	Health-Care	Early 2007
	Electronics	Early 2007
	Fire/Security/	
	Engineered Prod	Early 2007
	Travel Distribution	Fall 2006
Cendant	Hospitality	Summer 2006
	Real Estate	Spring 2006
	Car Rental	Fall 2006
	Local/Long Distance	2Q 2006
Sprint Nextel	Tim Hortons	March 2006
Wendy's	Western Union	2nd Half 2006
First Data	Time Warner Cable	Summer 2006
Time Warner	Local Phone	Mid-2006
Alltel	Interactive Assets	2Q 2006
Liberty Media	Semiconductor Testing	Mid-2006
Agilent Tech.	Kellogg, Brown & Root	Mid-2006
Halliburton		

Sources: Company reports

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