

April 2002
Volume VI Issue 4

Joe Cornell, CFA

Mark C. Minichiello

Kevin P. Hare, CPA

Spin-Off Advisors, L.L.C.
150 North Wacker Drive
Suite 2660
Chicago, IL 60606
312-939-8900

www.spinoffadvisors.com

Table of Contents	Page
◆ Spin-Offs Dominate IPO Arena	2
◆ Instinet Group- Spin-in Candidate?	5
◆ Spin-Off Announcement Calendar	7
◆ Current Spin-Off Situations:	
ICN Pharmaceutical (ICN) / Ribapharm (RNA)	9
◆ Recently Announced Spin-Offs:	
Acacia Research (ACRI) / CombiMatrix (Tracker)	13
Fairfax Financial (FFH) / Crum & Forster	14
Georgia-Pacific (GP) / Consumer Products	16
Ivex Packaging (IXX) / Packaging Dynamics	19
Procter & Gamble (PG) / JM Smucker Company (SJM)	21
TRW (TRW) /Automotive Division	22
Yellow Corp (YELL) / SCS Transportation	23
◆ Updates:	
Adelphia Communications (ADLAC)	24
Aon (AOC) / Combined Specialty	28
Reliant Resources (RRI)	33
◆ Recently Announced Foreign Spin-Offs:	
Great Universal (GUS) / Burberry	34
Kingfisher (KGF) / COMET	35
◆ Potential Spin-Offs:	
GE (GE) / Property Casualty Unit	37
Halliburton (HAL) / Engineering & Construction	39
Norsk Hydro (NHY) / Oil Unit	43
◆ Potential Spin-Off Watch List	44
◆ Insider Transactions	45
◆ Valuation Snapshots	49
◆ Implied Values	69
◆ Stub Monitor	74
◆ Spin-Off Calendar by Date	75
◆ Foreign Spin-Off Calendar by Date	77

Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, Spin-off Advisors, L.L.C., a Registered Investment Advisor, and employees of Spin-off Advisors, L. L. C. may hold positions or effect transactions contrary to recommendations mentioned herein. No copy of this report may be reproduced, copied, duplicated or electronically forwarded without the expressed written permission of Spin-Off Advisors, L.L.C.

Spin-Offs Dominate IPO Arena

Overall, a very modest total of 16 U.S. IPOs had their market debut in the quarter. Combined, the deals raised \$10.24 billion, according to Dealogic Commscan, a research firm. In last year's first quarter, a total of 21 IPOs raised \$9.3 billion. Carveouts by large companies dominated the IPO scene. **Spin-offs accounted for 6 of the 16 IPO's (37.5%) and have produced more than two-thirds of the IPO proceeds. The three largest IPOs in the quarter were all spin-offs (Citigroup, Alcon and Carolina Group raised a total of \$7.18 billion).** The increased proportion of spin-offs among IPOs could continue as investors view carveouts of seasoned businesses as less speculative in an uncertain, volatile market.

The largest offering came from **Citigroup, which carved out 21% of Travelers** (NYSE: TAP.A), which raised a fat \$3.9 billion by offering 210 million shares at \$18.50 each on March 22. It was also the top insurance deal ever in terms of size. Travelers finished out the quarter with an 8.1 percent gain over its offering price after only a week of trading. Travelers dethroned **Alcon, the U.S. eyecare subsidiary of Nestle**, which raised \$2.3 billion and was the year's top offering for only one day. The March 21 IPO carveout from Alcon (NYSE: ACL) weighed in as the largest ever from the health sector. The stock finished out the quarter with a gain of 2.6 percent. Third place was held by **Carolina Group (NYSE: CG), the tobacco tracking stock for Lorillard Tobacco, a unit of Loews (NYSE: LTR)**. Carolina Group was the first IPO of the year (and carveout) of 2002. CG sold 35 million shares at \$28 raising a respectable \$980 million. The tracking stock finished the quarter up 7% over the offering price.

The best performing carve-out of the quarter came from Barnes & Noble's (BKS) video game retailing unit, **GameStop (GME)**, which tacked on 12 percent since February 11. **ZymoGenetics (ZGEN) fell 5.9 percent** from its \$12 offering price. ZymoGenetics was carved out of Novo Nordisk on January 31. Sunoco carved out 5.75 million units (at \$20.25) of **Sunoco Logistics Partners (NYSE: SXL)** on February 4. Sunoco Logistics Partners finished the quarter 9.3% higher than their IPO price.

IPO Carveouts Pending

The second quarter will produce some additional IPO spin-offs. Drug giant Merck is planning a midyear public offering for **Merck-Medco**, its pharmacy benefits management subsidiary. The mail order pharmacy unit was acquired in 1993. The case for splitting Merck in two is that a pharmacy consultant should deal with a drug manufacturer at arm's length.

Airlines, hungry for capital in a difficult operating environment, are liberating their captive regional carriers. Continental Airlines plans to offer shares in **ExpressJet**, which earned \$48 million on sales of \$980 million in 2001. Northwest Airlines has filed to carveout shares of **Pinnacle Airlines** in an IPO.

ICN Pharmaceuticals (NYSE: ICN) plans to carveout 18% (26 million shares) of Ribapharm ("RNA") in a IPO this month (see our March and April reports). Ribapharm is comprised of ICN's U.S. research and development operations, including its personnel and equipment, its chemical compound library, the products in its pipeline and, subject to receipt of certain approvals and consents, the royalty stream relating to its anti-hepatitis C drug, ribavirin. ICN expects to spin-off the balance of Ribapharm to shareholders in a tax-free distribution. We think that the carveout may set up an attractive "stub" trade.

At the midpoint of the Ribapharm offering range, RNA would account for the bulk of ICN's market capitalization. We expect that ICN could sell-off some after the RNA IPO as investors "switch horses". If Ribapharm trades at a healthy premium to the IPO price and ICN sells off, we would consider creating the spread (Buy one share of ICN and short 1.491 share of RNA). We would be aggressive if the stub value (ICN ex RNA) turns negative. The "stub value" represents the implied stand-alone value of the parent company's assets without the subsidiary, a projection of what the company will be worth after it distributes the RNA shares.

By Date

Spin-Off Name	Ticker	Parent Name	Ticker	Date Offered	Offering Price	CLOSING PRICE 03/28/02	Carve-Out % Change	Market Value (000) 03/28/02	Shares Offered (000)	Amount Raised (000)
1	Carolina Group	CG	Lowes	LTR	01/31/02	\$ 28.00	\$ 29.98 7%	\$ 1,099.31	35,000	\$ 980,000
2	ZymoGenetics	ZGEN	Novo Nordisk	NVO	02/01/02	\$ 12.00	\$ 11.27 -6%	\$ 1,958.16	10,000	\$ 120,000
3	Sunoco Logistics	SXL	Sunoco	SUN	02/05/02	\$ 20.25	\$ 22.14 9%	\$ 504.06	5,000	\$ 101,250
4	GameStop	GME	Barnes and Noble	BKS	02/13/02	\$ 18.00	\$ 20.20 12%	\$ 1,092.21	18,000	\$ 324,000
5	Alcon	ACL	Nestle SA	NESN VX	03/21/02	\$ 33.00	\$ 33.85 3%	\$ 10,155.00	70,000	\$ 2,310,000
6	Travelers Property	TAP.A	Citigroup	C	03/22/02	\$ 18.50	\$ 19.99 8%	\$ 19,990.00	210,000	\$ 3,885,000

By Market Value

Spin-Off Name	Ticker	Parent Name	Ticker	Date Offered	Offering Price	CLOSING PRICE 03/28/02	Carve-Out % Change	Market Value (000) 03/28/02	Shares Offered (000)	Amount Raised (000)
1	Travelers Property	TAP.A	Citigroup	C	03/22/02	\$ 18.50	\$ 19.99 8%	\$ 19,990.00	210,000	\$ 3,885,000
2	Alcon	ACL	Nestle SA	NESN VX	03/21/02	\$ 33.00	\$ 33.85 3%	\$ 10,155.00	70,000	\$ 2,310,000
3	Carolina Group	CG	Lowes	LTR	01/31/02	\$ 28.00	\$ 29.98 7%	\$ 5,209.03	35,000	\$ 980,000
4	GameStop	GME	Barnes and Noble	BKS	02/13/02	\$ 18.00	\$ 20.20 12%	\$ 1,092.21	18,000	\$ 324,000
5	ZymoGenetics	ZGEN	Novo Nordisk	NVO	02/01/02	\$ 12.00	\$ 11.27 -6%	\$ 413.25	10,000	\$ 120,000
6	Sunoco Logistics	SXL	Sunoco	SUN	02/05/02	\$ 20.25	\$ 22.14 9%	\$ 504.06	5,000	\$ 101,250

Alphabetic

Spin-Off Name	Ticker	Parent Name	Ticker	Date Offered	Offering Price	CLOSING PRICE 03/28/02	Carve-Out % Change	Market Value (000) 03/28/02	Shares Offered (000)	Amount Raised (000)
1	Alcon	ACL	Nestle SA	NESN VX	03/21/02	\$ 33.00	\$ 33.85 3%	\$ 10,155.00	70,000	\$ 2,310,000
2	Carolina Group	CG	Lowes	LTR	01/31/02	\$ 28.00	\$ 29.98 7%	\$ 5,209.03	35,000	\$ 980,000
3	GameStop	GME	Barnes and Noble	BKS	02/13/02	\$ 18.00	\$ 20.20 12%	\$ 1,092.21	18,000	\$ 324,000
4	Sunoco Logistics	SXL	Sunoco	SUN	02/05/02	\$ 20.25	\$ 22.14 9%	\$ 504.06	5,000	\$ 101,250
5	Travelers Property	TAP.A	Citigroup	C	03/22/02	\$ 18.50	\$ 19.99 8%	\$ 19,990.00	210,000	\$ 3,885,000
6	ZymoGenetics	ZGEN	Novo Nordisk	NVO	02/01/02	\$ 12.00	\$ 11.27 -6%	\$ 413.25	10,000	\$ 120,000

Carveouts Year to Date

Alcon (NYSE: ACL) sells its eye care products in more than 180 countries. These include surgical, pharmaceutical, and contact lens care products. Its surgical products account for about half of sales and include equipment for cataract removal and laser vision correction. The company's pharmaceuticals include glaucoma treatments, anti-infectives, and allergy relievers. Alcon is perhaps best known for its Opti-Free line of contact lens solutions and related accessories. Founded in 1945, the company had been a subsidiary of Nestle since 1977. Nestlé still owns about three-quarters of the company. Nestle has no current plans to fully separate Alcon.

Carolina Group's Lorillard Tobacco, is the #4 cigarette maker in the US. Lorillard accounts for about 25% of parent company Loews' sales, but 60% of the profits. Newport, Lorillard's top brand, is the #2 cigarette brand in the US and brings in 80% of Lorillard's sales; its other brands include Kent, True, Old Gold, and Maverick. Carolina Group (NYSE: CG) is a tracking stock.

GameStop (NYSE: GME) has risen to leader among video game retailers. GameStop sells video games, software, and accessories through about 990 GameStop, Babbage's, Software Etc., and FuncoLand stores in the US, Puerto Rico, and Guam. The company became the #1 US video game retailer through its purchase of rival Funco (400 stores) in 2000. Barnes & Noble bought Babbage's predecessor in 1986 and spun it off in 1988. Babbage's entered bankruptcy in 1996 and was sold to a group led by Riggio. In 1999 Barnes & Noble again bought Babbage's, which later adopted the GameStop name. Barnes & Noble owns 66% of GameStop, but has no current plans to fully separate GameStop.

Sunoco formed **Sunoco Logistics Partners** (NYSE: SXL) in 2001 to acquire, own and operate a large swath of its midstream and downstream assets. This includes over 3,600 miles of crude oil and refined product pipelines in Texas and Oklahoma, as well as about 35 terminals and other storage assets related to Sunoco's refining and marketing operations in the Midwest, Gulf Coast, and Eastern seaboard states. Sunoco Logistics Partners also purchases domestic crude and resells it to Sunoco's refining and marketing division. Sunoco subsidiary Sunoco Partners controls about 75% of Sunoco Logistics Partners. No full spin is planned.

Travelers Property Casualty (NYSE: TAP.A) is one of the US's top property/casualty insurers. The company has two lines: commercial and personal. Multi-peril policies make up about a third of its commercial coverage, which also includes workers' compensation, liability, and specialty property/casualty products. Personal lines include auto and homeowners insurance sold through more than 5,000 independent agents. A subsidiary of financial services provider Citigroup, Travelers Property Casualty is the product of a deal that merged the property/casualty operations of Travelers and Aetna. Citigroup carved out part of Travelers in March, and plan to distribute the balance to Citigroup shareholders by year-end.

ZymoGenetics (NASDAQ: ZGEN) identifies and develops protein-based drugs. Culled from genomics databases, its drug candidates target a variety of diseases and medical needs. Its lead candidates may control bleeding following heart bypass surgery and during other types of surgeries. ZymoGenetics is also developing a potential treatment for non-Hodgkin's lymphoma with Novo Nordisk, which owned the company for a dozen years and still controls almost half of it. Another partner is biotech firm Serono. ZymoGenetics funds its R&D from royalties earned from the sale of about half a dozen drugs developed for its former parent and other drug firms.

Current Spin-Off Situation

Instinet Group- Spin-In Candidate?

Following a recent *Financial Times* article, there is growing speculation that Reuters (NASDAQ: RTRSY) may acquire the minority-owned Instinet shares. According to FT, Reuters is considering strategic options for Instinet, including buying out the minority investors and taking back full control of the ECN. **On April 9, President and Chief Executive Officer Douglas Atkin resigned increasing the speculation of a buy-in.** Shares of Instinet, which are 83% owned by Reuters, have declined by more than 50% since being carved out on May 18, 2001 at \$14.50. Instinet closed its first day of trading at \$17, suggesting a market value of \$4 billion. With INET now trading at \$7, the 248 million shares outstanding on Instinet now sport a more modest value of \$1.7 billion. Recently the firm has faced sagging income and share price due to the growth of competitors. Instinet's fundamental earnings power remains challenged due to intense competition and pricing pressure in the commoditized trade execution business.

Instinet (NASDAQ: INET) operates an electronic communications network (ECN) that trades stock for institutional investors. As an ECN, Instinet maintains a neutral electronic marketplace for equity securities through which institutional investors match a bid for a stock with an offer. The company's strategy is to motivate broker-dealer, buy-side, and other market participants to use its marketplace by offering speedy execution, liquidity and trading anonymity. Instinet users can place orders with full anonymity, which lets client traders buy or sell large quantities without much market impact. Instinet works strictly as an agency broker, and does not take either side of a transaction. Instinet generates most of its revenue by charging the transacting parties for using its marketplace, typically on a per share basis. Thus, INET is highly leveraged to share volumes. The company has a stake in fellow ECN Archipelago and online investment banker W.R.



Hambrecht. Instinet is one of the largest ECNs and is a member of exchanges in Asia, Europe, and North America; about 25% of its transaction fees are earned internationally.

Instinet Preannounces Q102

In late March, INET announced that it may incur a net operating loss in Q1 2002, which does not include pending restructuring charges. A combination of reduced fees/trade and flat volumes will dramatically reduce Q102 EPS. INET's March volumes totaled 4.77 billion shares, down 3% versus February and down 42% year over year. INET's average daily Nasdaq volume declined 7.2% month/month to 191 million versus a 3.1% decline for overall Nasdaq volumes. Market share declined to about 10.8% in March versus 11.3% in February. INET's share did move up slightly in the second half of March, most likely due to the 60% price decrease for its broker-dealer customers in mid-March following similar cuts from competitors. Clearly the company's revenue and earnings visibility remains limited with its pricing and market share situation in flux. The company reports Q1 results on April 18.

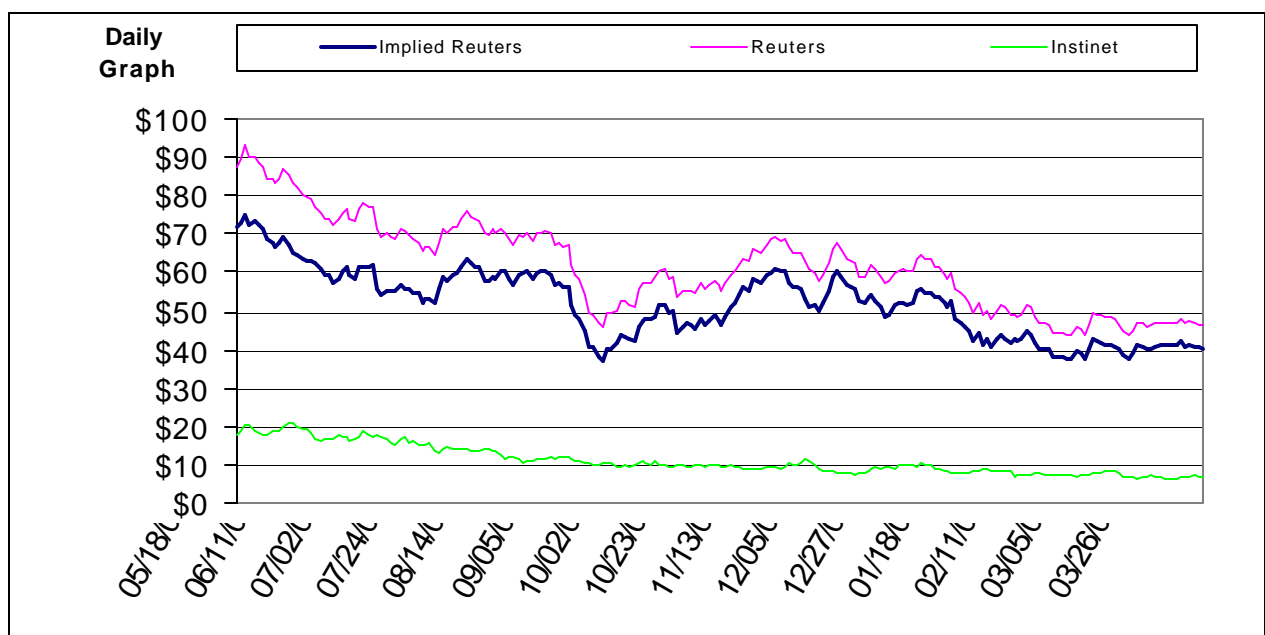
Management plans to aggressively cut costs, and is targeting \$120 million in annualized cost savings in 2002. In the 10-K, INET indicated that some of

these cost savings may come from restructuring non-core businesses, including its fixed income and correspondent brokerage businesses, which have contributed little revenue to date. Fixed income has had a cash burn rate of about \$10 million per quarter recently. As a result, INET's strategic focus is increasingly on buy-side clients, and listed and international equity trading, which are currently less commoditized than OTC equity trading. Additionally, INET filed an S-1 for 5 million shares that were originally issued to the owners of ProTrader, suggesting a pending sale. We would point out that ProTrader's original stock was valued at about \$10 per share.

Reuters May Spin-In Instinet at Trough Levels

The problems at Instinet have also tainted Reuter's stock. Reuter's shares last month hit a five-year low of 494p and is 50% off its 52-week high. Several analysts have downgraded earnings forecasts for Reuters based on fears of further deterioration at Instinet. Reuters may wish to hide INET behind the Kimono by spinning the business back into the company. The question is what would they be inclined to pay? Instinet, despite their current problems, possesses a leading brand, significant ECN market share and a global platform. Instinet's book value (post charges) will be around

\$5.60 a share, with tangible book at about \$4.80. Over the past few quarters, some companies that partially spun out brokerage related subsidiaries have bought those businesses back from the public, taking advantage of the collapse in the carveout's share price. Specifically, Credit Suisse First Boston bought back CSFBdirect for \$6 per share in the third quarter of 2001, 70% below its May 1999 IPO price of \$20. Toronto-Dominion Bank is bought back TD Waterhouse for \$9.50, 60% below the June 1999 \$24 initial offering. INET's current discount to its IPO price is 52%. TD Waterhouse was acquired for 1.5x book value. **If Reuters offered this multiple to the Instinet public shareholders, it would translate into a price of \$8.40 per share. This would represent a 20% premium to the current INET stock price.**



ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
ACACIA RESEARCH	ACRI	03/20/02	COMBIMATRIX	CBMX	TR
ADELPHIA COMMUNICATIONS	ADLAC	11/09/01	ADELPHIA BUSINESS SOLUTIONS	ABIZ	SP
ADAPTEC	ADPT		ROXIO	ROXI	SP
ALLERGAN	AGN	01/23/02	ADVANCED MEDICAL OPTICS		SP
AMBASSADOR INTERNATIONAL	AMIE	11/15/01	AMBASSADOR GROUP	EPAX	SP
AMCOL INTL	ACO	12/27/00	NANOCOR UNIT		
AON	AOC	04/20/01	COMBINED SPECIALTY CORP.		SP
APOGENT	AOT	04/24/00	SYBRON DENTAL SPECIALTIES	SYD	SP
AT&T	T	10/25/00	AT&T WIRELESS	AWE	SP
AT&T	T	11/15/00	LIBERTY MEDIA	L	SP
AVENTIS	AVE	11/15/00	AGRICULTURAL BUSINESS		CO
BARNES AND NOBLE	BKS	08/23/01	GAMESTOP	GME	CO
BELLSOUTH	BLS	04/05/00	CINGULAR WIRELESS		CO
BELLSOUTH	BLS	03/29/00	LATIN WIRELESS		IPO/TR
BRISTOL-MYERS SQUIBB	BMJ	02/22/01	ZIMMER HOLDINGS	ZMH	SP
BRITISH TELECOM	BT/A LN	11/00/00	mmO2	OOM LN	SP
CABLEVISION SYSTEMS	CVC	12/22/99	RAINBOW MEDIA GROUP	RMG	TR
CIRCUIT CITY	CC	02/22/02	CARMAX	KMX	SP
CITIGROUP	C	12/19/01	TRAVELERS PROPERTY & CASUALTY		CO
CLEAR CHANNEL COMM.	CCU	12/05/01	CLEAR MEDIA LTD.	CLMZ HK	CO
COMPUTER ASSOCIATES	CA	08/07/00	SOFTWARE AND SERVICES		SP
COMVERSE TECHNOLOGIES	CMVT	02/07/02	VERINT SYSTEMS		CO
CONEXANT SYSTEMS	CNXT		MINDSPEED TECHNOLOGIES		SP
CONEXANT SYSTEMS	CNXT	12/18/02	WIRELESS DIVISION		SP
CONTINENTAL AIRLINES	CAL	07/09/01	EXPRESSJET	XJT	CO
COREL	CORL	01/22/01	LINUX DISTRIBUTION UNIT		SP
DIAGEO PLC	DEO	06/22/00	BURGER KING		CO
DOVER DOWNS ENTERTAINMENT	DVD	07/25/01	DOVER DOWNS GAMING	DDE	SP
DUN & BRADSTREET	DNB	12/15/99	MOODY'S	MCO	SP
DUPONT	DD	02/11/02	DUPONT TEXTILES & INTERIORS		CO/SP
DYNERGY	DYN	02/25/02	DYNERGY ENERGY PARTNERS	DEG	CO
ELAN	ELN ID		ATHENA	DXL	CO
EMC Corp.	EMC	05/31/00	MCDATA	MCDATA	CO/SP
EMMIS COMMUNICATIONS	EMMS	08/21/01	TV ASSETS		SP
ENI	ENI IM		SNAM RETE GAS	SRG IM	CO
ENTERASYS NETWORKS	ETS	02/10/00	RIVERSTONE NETWORKS	RSTN	CO/SP
ENTERASYS NETWORKS	ETS	02/10/00	APRISMA	APRM	Delayed
FAIRFAX FINANCIAL	FFH	03/11/02	CRUM & FORSTER		CO
FMC Corp	FMC	10/31/00	FMC TECHNOLOGIES	FTI	CO
GENZYME GENERAL	GENZ		GENZYME BIOSURGERY		TR
GEORGIA PACIFIC	GP	03/29/02	CONSUMER PRODUCTS		SP
GLOBAL CROSSING	GBLXQ	05/23/00	ASIA GLOBAL CROSSING	ASGFX	CO
GOODRICH	GR	09/04/01	ENPRO		SP
GREAT LAKES CHEMICAL	GLK	09/20/99	OSCA	OSCA	CO/SPLIT
GREAT UNIVERSAL	GUS LN	12/05/00	BURBERRY UNIT		CO
HELMERICH & PAYNE	HP	02/25/02	OIL & GAS DIVISION (Merger)		SP/MERGER
HEWLETT-PACKARD	HWP	03/02/99	AGILENT TECHNOLOGIES	A	CO/SP
ICN PHARMACEUTICALS	ICN	06/15/00	RIBAPHARM	RNA	CO
ICN PHARMACEUTICALS	ICN	06/15/00	INTERNATIONAL OPERATIONS		CO

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
IMPCO TECHNOLOGY	IMCO	06/14/01	QUANTUM TECHNOLOGY		SP
INNOGY HOLDINGS	IOG	04/02/01	REGENESYS		CO
INSIGHT ENTERPRISES	NSIT	12/13/00	DIRECT ALLIANCE		CO/SP
IVEX PACKAGING	IXX	03/18/02	PACKAGING DYNAMICS		SP
JOHNSON & JOHNSON	JNJ	05/23/01	INVERNESS MEDICAL	IMA	SP
KANSAS CITY SOUTHERN IND.	KSU	02/03/98	STILWELL FINANCIAL	SV	SP
KINGFISHER	KGF LN		WOOLWORTHS GROUP	WLW LN	SP
LOWES CORP	LTR		CAROLINA GROUP	CG	TR
LUCENT TECHNOLOGIES	LU	06/00/00	AGERE SYSTEMS	AGR	CO/SPLIT
LUFTHANSA	LHA GR		SKYCHEFS		CO
LYNCH INTERACTIVE	LIC	08/17/01	MORGAN GROUP	MG	SP
MERCURY AIR	MAX		MERCFUEL	MK	CO/SP
MERCK	MRK	01/29/02	MERCK-MEDCO		CO/SPLIT
NATIONAL SERVICE INDUSTRIES	NSI	06/28//01	ACUITY BRANDS	AYI	SP
NEC	6701 JP		NETWORK CHIP BUSINESS		SP
NESTLE, S.A.	NESN VX		ALCON	ACL	CO
NEXTEL COMMUNICATIONS	NXTL	08/18/00	NEXTEL INTERNATIONAL	NXTI	CO
NORTHWEST AIRLINES	NWAC	02/25/02	PINNACLE AIRLINES	PNCL	CO
NOVO NORDISK	NVO	09/10/01	ZYMOGENETICS	ZGEN	CO
NOVELL	NOVL	02/02/01	VOLERA		SP
XCEL ENERGY	XEL	03/29/00	NRG ENERGY	NRG	Buy-In
PHARMACIA	PHA	08/30/00	MONSANTO	MON	CO/SP
PITNEY BOWES	PBI	12/11/00	IMAGISTICS INTERNATIONAL	IGI	SP
PROCTER & GAMBLE	PG	10/10/01	JM SMUCKER	SJM	SP/Merger
RELIANT ENERGY	REI	07/27/00	RELIANT RESOURCES	RRI	CO?SP
REUTERS GROUP PLC	RTR LN	02/08/01	INSTINET GROUP	INET	CO
ROCKWELL INTERNATIONAL	ROK	12/08/00	ROCKWELL COLLINS	COL	SP
SONY	SNE	12/06/00	INTERNET UNIT		TR
SPX CORP.	SPW	06/05/00	INRANGE TECHNOLOGIES	INRG	CO
ST. JOE COMPANY	JOE	10/27/99	FLORIDA EAST COAST IND.	FLA	SP
STARBUCKS	SBUX	03/14/01	STARBUCKS JAPAN	2712 JP	CO
SWS GROUP	SWS	12/14/01	WESTWOOD HOLDINGS	WHG	SP
SULZER AG	SUN VX		SULZER MEDICA	SMEN SW	SP
SUNOCO	SUN		SUNOCO LOGISTICS	SXL	CO
TELEFÓNICA	TEF	11/22/00	TELEFÓNICA MÓVILES	TEM	CO
TITAN CORP	TTN	08/14/00	SUREBEAM	SURE	CO/SP
TRW	TRW	03/12/02	AUTOMOTIVE DIVISION		SP
TV AZTECA	TZA	11/15/00	UNEFON WIRELESS		CO
TYCO INTERNATIONAL	TYC	01/22/02	4 WAY BREAK-UP		
ULTRAMAR DIAMOND SHAMROCK	UDS	08/14/00	SHAMROCK LOGISTICS	UDL	CO
USX – MARATHON OIL GROUP	MRO	04/24/01	USX-US STEEL GROUP	X	TR-SP
VERIZON COMM.	VZ	04/10/00	GENUITY	GENU	CO
WESTERN RESOURCES	WR	03/29/00	WESTAR ENERGY		SP
WMC	WMC AU	11/21/01	ALCOA WORLD ALUMINA		SP
YELLOW CORP.	YELL	03/14/02	SCS TRANSPORTATION		SP
ZURICH FINANCIAL	ZURN VX		CONVERIUM	CHRN SW	SP

{SP} Spin-Off {CO} Carve-out {TR} Tracking {SPLIT} Split-Off

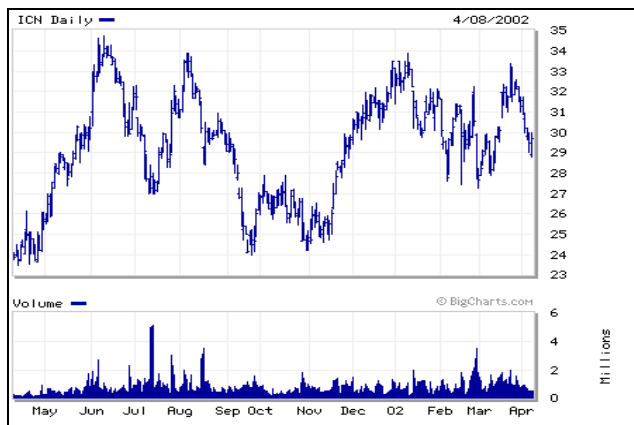
Current Spin-Off Situation

ICN Pharmaceutical to Complete Ribapharm IPO

On March 21, ICN Pharmaceuticals (NYSE: ICN) filed an amended filing for the IPO of its biotech subsidiary Ribapharm (proposed NYSE: RNA). ICN now plans on offering 26 million shares (17%) of RNA at a price range of \$13-15 per share. Originally, ICN was going to offer 20 million shares. The company expects to price **RNA during the week of April 8 and is targeting April 11**. ICN will receive the entire proceeds from the offering that the company will use to pay down about \$215 million of ICN's debt. RNA is reserving 22.5 million shares for issuance under its 2002 Option Pricing Plan and 23 million additional shares for issuance upon the completion of the spin-off and the conversion of ICN's convertible notes. Within 6 months of the IPO (October 2002), ICN plans on distributing the balance of its RNA shares to ICN shareholders. On March 12, ICN filed with the IRS to receive a ruling that the spin-off would be tax-free.

RNA's board adopted the 2002 Stock Option and Award Plan before the completion of the offering for RNA. ICN approved the plan as RNA's sole stockholder. This plan provides for the grant of incentive stock options for ICN directors, officers, employees and consultants. The plan authorizes the issuance of 22.5 million shares of common stock. RNA intends to grant options to acquire up to an aggregate of 7.9 million shares of common stock under this plan to ICN officers and employees, who are not one of RNA's directors, officers, employees or consultants. **Milan Panic, ICN Chairman, will receive a grant to acquire 5 million shares of RNA.** RNA will also intends to grant options to acquire 50,000 shares to each of ICN's nine non-management directors.

In July 2001, ICN completed an offering of \$525 million of 6 1/2% Convertible Subordinated Notes due 2008. The notes are convertible into ICN



common stock at a conversion rate of 29.1924 shares per \$1,000 principal amount of notes or \$34.26 per share, subject to anti-dilution adjustments. Upon the earlier to occur of a public offering of RNA common stock or a spin-off of RNA, RNA will become jointly and severally liable for the obligations under the Convertible Subordinated Notes. In the event of a spin-off of RNA, converting note holders would receive the ICN common stock and the number of shares of RNA common stock the note holders would have received had the Convertible Subordinated Notes been converted immediately prior to the spin-off. The potential conversion of these notes is why ICN is reserving 23 million shares of RNA stock. **These convertible subordinated notes and related interest expense are going to appear on the books of ICN and on the books of RNA.**

RNA's Stock Option and Award Plan plus ICN's convertible Subordinated Notes have the potential to dilute the number of shares of RNA common stock considerably. If RNA issues all of the authorized shares of RNA common stock that RNA is allowed under the Stock Option and Award Plan and all of ICN's Convertible Subordinated Notes are converted, an additional 45.5 million shares of RNA stock will be outstanding. This represents 30% of RNA's common stock that will be outstanding after

this offering. In response to Stock Option and Awards Plan, two large ICN shareholders disclosed their agreement to consult each other in connection with their respective investments in ICN Pharmaceuticals. The two shareholders, Iridian Asset Management and Franklin Mutual Series, combine to hold about 8.8% of ICN's outstanding shares.

The IPO

RNA will not receive and of the proceeds from the offering. RNA will use a \$60 million credit facility with ICN to finance its operations until the receiving its royalty payment from Schering-Plough in August 2002. ICN will receive the royalty payment from Schering-Plough for the first quarter 2002. The second quarter payment (that is due in August 2002) will be split on a pro-rata basis between ICN and RNA based on the timing of RNA's IPO.

RNA's only product and only source of cash flow and revenues is ribavirin. The company receives royalties from a licensing agreement with Schering-Plough. Management does not expect to have a new product (most likely Levovirin) and a diversified revenue stream until at least 2005. In addition, Roche Holding AG moved closer to European approval of its hepatitis C treatment Pegasys. Roche plans on introducing the drug this year in Europe in the US (most likely in 4Q02). The European panel recommended that patients use Pegasys in combination with ribavirin, which ICN sells and Roche manufactures. Roche's Pegasys and Schering-Plough's Peg-Intron are more effective when they are combined with ribavirin.

While Pegasys would be a complementary product for ribavirin, **RNA believes that F. Hoffman-La Roche may have filed a new drug application in the US and in the EU for a form of ribavirin under the brand name Copegus** to use in combination therapy with Pegasys. LaRoche announced at its annual media conference that the company expects to receive approval for Copegus in the second half of 2002. On February 11, F. Hoffman-La Roche filed a notice of opposition with the European Patent Office seeking to invalidate

RNA's patents relating to ribavirin. RNA intends to file a response to LaRoche's filing. It is possible that LaRoche filed a reexamination procedure with the US patent office for RNA's patents related to ribavirin. If the US patent office finds that a reexamination is in order, it will notify RNA and begin formal proceedings.

RNA has three patents related to ribavirin that expire in 2016. However, other drug manufacturers are challenging RNA's ribavirin patent. Geneva Pharmaceuticals Technology Corp, a subsidiary of Geneva Pharmaceuticals, and an indirect subsidiary of Novartis, Three Rivers Pharmaceuticals, and Teva Pharmaceuticals submitted abbreviated new drug applications (NDA) for generic forms of ribavirin. Geneva and Teva notified ICN of their respective NDA in August 2001 and February 2002. ICN sued Geneva and its parent, Geneva Pharmaceuticals (in September 2001), and Teva (in February 2002) to prevent them from marketing a generic form of ribavirin that relies on Schering-Plough's new drug application approvals. Schering-Plough has sued Geneva and Three Rivers to prevent them from marketing a generic form of ribavirin that relies on Schering-Plough's new drug application approvals. Geneva answered ICN's and Schering-Plough's complaints and asserted that Geneva has not infringed upon the Schering-Plough's and ICN's patents and that the claims of patents are invalid. Three Rivers has answered Schering-Plough's complaint and also asserted that the company has not infringed upon Schering-Plough's patents and that the claims of the patents are invalid.

By filing the suits, a 30-month period begins in which the parties attempt to resolve the contested patent. The generic manufacturers cannot market their product during this period. The 30-month period ends in about March 2004 for Geneva and in about August 2004 for Teva. If during the 30 months period, the generic manufacturers were found not to have infringed the patents, the generic manufacturers would be able to begin marketing a generic form of ribavirin. If the generic manufacturers are found to have infringed upon the

patents, the generic manufacturers will not be able to begin marketing a generic form of ribavirin. If there is no resolution during the 30-month period, the period may be extended. However, the generic manufacturers may begin to market a generic form of ribavirin during the extended period. So potentially, ICN could lose the patent on its product in 2004 but not have another product available until 2005.

ICN will have its annual shareholder meeting on May 29. At last year's meeting, a dissident shareholder group was able to have three of its candidates elected to the ICN board in a proxy battle. On March 13, two ICN shareholders, Iridian Asset Management and Franklin Mutual Advisors, disclosed their agreement to consult each other in connection with their respective investments in ICN. They believe that ICN has made insufficient progress towards enhancing the value of ICN common stock or restructuring the company. The filing indicates that Iridian and Franklin intend to take steps to enhance the value of ICN, including possibly submitting nominations for election to ICN's board at its upcoming annual meeting. On March 13, ICN responded that the company remains committed to shareholder value and had strong operating performance in 2001, and that the restructuring plan is on target. On March 25, ICN announced that its board appointed a nominating committee for the 2002 annual meeting, scheduled for May 29. The committee will review candidates that shareholders nominate for election to the board. ICN stated that the nomination procedures should allow for shareholder input in the director selection process without a proxy contest. On April 3, Iridian and Franklin stated that ICN created the nominating committee only after Iridian and Franklin delivered their formal notice to ICN on March 22 that they would seek to nominate three persons for election to ICN's board. ICN, also on April 3, responded to Iridian's and Franklin's statement that ICN board established an independent nominating committee on March 13 (10 days before Iridian and Franklin informed ICN of their intentions to nominate candidates).

Valuation

The carve-out of RNA is going to highlight the apparent undervaluation of ICN. As a biotech company, RNA will most likely trade at a premium to ICN, a pharmaceutical. If ICN begins trading at \$14 per share, the midpoint of the offering range, the ICN stub is worth \$8.98 (ICN traded at \$29.85 as of April 8). The ratio of RNA shares that ICN owns to ICN is 1.4910 – this reflects that ICN increased the size of its offering. RNA is a biotech company that has a viable product and generates revenues, income and EBITDA. Cash EPS for 2002 are expected to be around \$0.70. Cash EPS will be greater than accrual EPS because of RNA's having ICN's Convertible Notes and related interest on its books. As stated above, RNA is fully liable for these notes if ICN does not make payment on them. One of the keys for RNA will be whether the company is able to defend its ribavirin patents from generic products before introducing another product and whether Roche is able to introduce Copegus (Roche's ribavirin). After receiving the proceeds from the offering and paying down some \$190 million in debt, ICN will have about \$4.89 per share in cash on its books. Subtracting this from the stub value leaves the rest of ICN (ICN International and ICN Americas) worth about \$4.09 per share.

Peer Analysis

Company	ICN PHARM	CELGENE	SEPR CORP	SIGMA-ALDRICH	IVAX CORP	Average	Ribbapharm	ICOS CORP	ENZON INC	MILLENNIUM	IDEC PHARM	Average
Ticker	ICN	CELG	SEPR	SIAL	IVX		RNA	ICOS	ENZN	MLNM	DPH	
Current Implied Price	\$ 8.98	\$ 23.65	\$ 15.73	\$ 44.76	\$ 13.09		\$ 14.00	\$ 41.23	\$ 41.00	\$ 20.24	\$ 59.78	
Shares Out. (000,000)	83.2	75.1	77.5	75.2	204.6		150.0	54.1	43.6	218.9	181.5	
Market Cap (000,000)	\$ 746.51	\$ 1,776.30	\$ 1,219.61	\$ 3,364.83	\$ 2,678.72		\$ 2,100.00	\$ 2,229.43	\$ 1,787.85	\$ 4,431.28	\$ 10,848.93	
Enterprise Value (000,000)	\$ 898.29	\$ 1,478.61	\$ 1,650.49	\$ 3,775.27	\$ 3,339.25		\$ 2,625.00	\$ 1,825.09	\$ 1,960.13	\$ 3,092.38	\$ 10,361.09	
EPS												
TTM Est. / Pro Forma (diluted)	\$ 0.66	\$ (0.03)	\$ (2.89)	\$ 1.88	\$ 1.11		\$ 0.25	\$ (1.46)	\$ 0.51	\$ (0.86)	\$ 0.59	
TTM P/E	13.66	-	-	23.81	11.81	891	56.00	-	80.39	-	101.32	45.43
2002E (Diluted)	\$ 0.82	\$ 0.10	\$ (4.15)	\$ 2.15	\$ 1.04		\$ 0.70	\$ (2.83)	\$ 0.88	\$ (0.70)	\$ 0.89	
Forward P/E	10.94	234.16	-	20.80	12.59	66.89	20.00	-	46.70	-	67.40	28.52
Enterprise												
Enterprise Value / EBITDA	6.17	(74.45)	(7.73)	12.98	10.36	(14.71)	22.89	(137.12)	110.74	(15.35)		
Enterprise Value / EBIT	11.69	(59.29)	(7.29)	17.21	12.36	(9.25)	23.34	(66.39)	122.13	(10.25)	79.01	31.12
12 Month Trailing												
EBITDA Per Share	\$ 1.75	\$ (0.26)	\$ (2.75)	\$ 3.87	\$ 1.58		\$ 0.76	\$ (0.25)	\$ 0.41	\$ (0.92)	\$ -	
EBITDA Multiple	5.12	(89.44)	(5.71)	11.57	8.31	(18.82)	18.31	(167.50)	101.01	(22.00)		
12 Month Trailing												
Trailing Sales	\$ 714.49	\$ 114.24	\$ 152.09	\$ 1,179.44	\$ 1,215.37		\$ 143.62	\$ 93.37	\$ 51.13	\$ 246.21	\$ 272.67	
Price to Sales	1.04	15.55	8.02	2.85	2.20	7.16	14.62	23.88	34.97	18.00	39.79	29.16
Margins												
Gross Margin	60.01%	28.90%	89.55%	48.02%	51.98%		78.31%	29.44%	90.53%	-122.48%	68.35%	
Operating Margin	10.76%	-21.83%	-148.91%	18.60%	22.24%		79.84%	-14.26%	31.39%	-81.82%	48.09%	
EBITDA Margin	20.39%	-17.38%	-140.33%	24.65%	26.53%		54.55%	-85.86%	41.13%	-77.98%	59.27%	
Pretax Margin	9.24%	-3.62%	-148.71%	17.10%	23.51%		26.36%	-85.86%	42.42%	-77.98%	37.28%	
Net Profit Margin	4.64%	-1.67%	-147.29%	11.93%	20.02%		51.68%	0.00%	-3.04%	0.00%	37.09%	
Effective Tax Rate	27.45%	29.71%	0.00%	30.21%	17.46%							
Book Value	\$ 10.57	\$ 4.13	\$ (4.05)	\$ 10.77	\$ 3.51		\$ (3.36)	\$ 8.39	\$ 3.53	\$ 7.16	\$ 5.27	
Price to Book	0.85	5.72	(3.89)	4.16	3.73	2.43	(4.17)	4.91	11.60	2.83	11.34	7.67
Turnover's												
Account Rec. Turnover	3.22	11.60	10.30	6.34	7.81		39.90		8.58		160.39	
Current Asset Turnover	0.85	0.34	0.17	1.62	1.22		8.85	0.22	0.20	0.16	0.39	
Working Capital Turnover	1.05	0.37	0.21	3.58	2.03		13.28	0.24	0.22	0.19	0.41	
Returns												
Return on Average Equity	4.06%	-0.63%	84.79%	16.86%	40.46%		-15.23%	-24.12%	15.41%	-12.67%	12.31%	
Pre-Tax Average ROA	4.69%	-7.12%	-24.56%	15.74%	17.03%		616.47%	-7.09%	4.54%	-16.21%	13.13%	
Return on Average Assets	2.02%	-0.55%	-24.29%	10.10%	15.33%		207.49%	-20.67%	6.13%	-10.32%	10.18%	
Return on Capital	5.83%	-0.60%	-27.56%	13.35%	37.50%		801.50%	-37.98%	25.26%	-11.40%	12.33%	
Current Ratio	5.37	11.23	5.99	1.83	2.49		3.00	9.76	14.78	7.46	19.84	
Quick Ratio	4.21	10.79	5.85	0.55	1.45		3.00	9.29	14.37	7.26	17.71	
Cash Ratio	2.61	10.35	5.70	0.09	0.83		-	9.29	13.26	7.26	17.68	
Cash per share	\$ 4.89	\$ 4.13	\$ 10.72	\$ 0.50	\$ 1.63		\$ -	\$ 7.48	\$ 5.22	\$ 6.74	\$ 3.44	
Degree of Fin. Lev. (EBIT/EBT)	1.16	6.02	1.00	1.09	0.95	2.26	1.44	0.34	0.76	1.57	0.81	0.87
Fin. Lev. (Assets/Equity)	2.06	1.14	(3.49)	1.78	2.93	0.59	(0.05)	1.12	3.72	1.22	1.19	1.81
Total Debt to Total Capital	38.52%	3.83%	133.08%	35.62%	57.68%	57.55%	2474.20%	0.00%	72.19%	7.98%	12.45%	23.15%
Total Debt to Book Equity	62.66%	3.98%	-402.30%	55.34%	136.27%	-51.68%	-104.21%	0.00%	259.55%	8.67%	14.22%	70.61%
Debt to Enterprise Value	61.30%	0.84%	76.46%	11.87%	29.32%	29.62%	20.00%	0.00%	20.41%	4.40%	1.31%	6.53%
Liabilities to Equity	106.76%	14.03%	-448.59%	77.82%	193.09%	-40.91%	-105.29%	11.87%	271.52%	21.65%	19.31%	81.09%
Interest Coverage												
Interest Coverage (Earnings)	1.92		(3.69)	13.19	8.01		3.30		3.07	(19.47)		
EBIT/Interest Expense	1.38		(4.74)	13.26	6.47		3.30		1.58	(32.15)		
Cash Flow to Interest	1.68		(4.36)	9.62	4.76		1.31		1.67	(16.72)		
Cash Flow Coverage	2.68		(3.36)	10.62	5.76		2.31		2.67	(15.72)		

NOTES:

Although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, employees of Spin-Off Advisors, L.L.C. may have positions in the securities or options mentioned herein. All rights reserved by Spin-Off Advisors, L.L.C.

New Announced Spin-Off Situation

Acacia Research to Issue Tracking Stock

On March 20, 2002, Acacia Research (NASDAQ: ACRI) announced it will create a "tracking" stock for its CombiMatrix subsidiary. Initially, in November of 2000 Acacia Research announced plans to take the subsidiary public in a carve-out but found that the market conditions were less than favorable. Instead, Acacia Research withdrew its IPO registration statement with the SEC and will allow shareholders to vote on the tracking stock structure. If shareholders approve the plan, Acacia Research plans to issue the tracking stock late June or July. Upon issuance of the tracking stock Acacia Research will have two publicly traded securities, Acacia Media and CombiMatrix. Each shareholder will receive one share of Acacia Media group and approximate 0.55 shares of CombiMatrix in exchange for each Acacia Research share. Acacia Research will file an S-4 with the SEC in mid to late April that will provide greater clarity of the financial breakdown.

Acacia Media Group will consist of two divisions. Soundview Technologies owns and develops intellectual property in the telecommunications field, including audio and video blanking systems, also known as V-chip technology. The second division, Acacia Media Technologies, owns a worldwide portfolio of pioneering patents relating to audio and video transmission and receiving systems, commonly known as audio-on-demand and video-on-demand. Acacia Media reported licensing fee income of \$24 million in 2001 and should report positive earnings in 2002, given that the unit has little overhead and high margins.

Acacia Life Sciences Group will become CombiMatrix and will control 88% of Advanced Material Sciences. CombiMatrix is a development-

stage company engaged in the development of a proprietary universal biochip with applications in the genomics, proteomics and combinatorial chemistry markets. CombiMatrix is developing a technology to allow it to produce rapidly customizable biological array processors, which are semiconductor-based tools for use in identifying and determining the roles of genes, gene mutations and proteins. Advanced Material Sciences is a development-stage company that holds an exclusive license to CombiMatrix's biological processor technology within the field of material science. Material Science includes fuel cell catalysts, battery materials, sensor arrays, electronic and electrochemical materials and other materials relating to the use, storage, conversion and delivery of energy other than those involving living or biologic systems. Sales were negligible in 2001, but are expected to ramp-up late 2002-2003.

CombiMatrix estimates that the initial markets size for their biochip at \$500 million with potential to \$3 billion if medical diagnostics applications are included. In July 2001, CombiMatrix entered into a non-exclusive worldwide license, supply, research and development agreement with Roche. Roche will purchase, use and resell CombiMatrix's biochips (microarrays) and related technology. Additionally, CombiMatrix and Roche will develop a platform technology, providing standardized biochips for research applications. The agreement allows Roche to use, develop and resell licensed CombiMatrix products in diagnostic applications. The agreement includes a revenue sharing arrangement and has a term of 15 years. The agreement provides for payments by Roche to CombiMatrix over the first three years, including milestone achievements, payments for products, royalties and research and development projects.

Acacia Research (NASDAQ: ACRI)

Price (4/04/02)	\$11.05	Book Value / Share	\$3.00, 3.7x
52 Week Range	\$16.65 – \$4.68	Dividend / Yield	\$0.00 / 0.0%
Shares Outstanding	19.63 M	Cash & equivalents	\$4.28
Market Capitalization	\$216 M	TTM Sales / share	\$1.28

New Announced Spin-Off Situation

Fairfax Financial to Carve-Out Crum & Forster

On March 11, Crum & Forster Holdings Ltd., a subsidiary of Toronto-based Fairfax Financial Holdings Ltd. (TSE: FFH), filed a registration statement with the U.S. Securities and Exchange Commission for a proposed initial public offering of common stock. A commercial property/casualty underwriter based in Morristown, N.J., Crum & Forster plans to use proceeds from the IPO for general corporate purposes. Fairfax said it would sell shares as part of the IPO, although it plans to maintain control of the subsidiary. The proposed offering will be led by Banc of America Securities. The SEC filing did not disclose how much stock would be sold to the public. Based on Fairfax's IPO carveout of OdysseyRe (June 2001), we would expect Fairfax to get the "lion's" share of the proceeds.

Crum & Forster (a subsidiary of Fairfax Financial Holding) offers an array of property/casualty insurance products to businesses. Products include management liability, automobile, and workers' compensation coverage. Crum & Forster also offers THE DEFENDER, a broad commercial umbrella policy. In addition, the company's ECom products secure businesses against the growing risks, from hackers to power failures, associated with the Internet and e-commerce. The company has 1,023 employees, according to its S1 statement filed with the SEC. The financial strength of Crum & Forster's three insurance subsidiaries is rated A- (Excellent) with a negative outlook by A.M. Best Co. Xerox sold the company to Fairfax Financial for \$680 million in cash and assumed debt in August of 1998.

Crum & Forster posted a net loss of \$106.5 million in 2001 on sales of \$683.9 million. This compared with net income of \$71.6 million on sales of \$671.8 million in 2000. In 2001, 74% of Crum & Forster's business was related to casualty coverages and 26% to property coverages, as measured by gross



premiums written. As of the end of 2001, the company has cash and invested assets of \$2.3 billion, total assets of \$5.1 billion and stockholder's equity of \$719.6 billion and statutory surplus of \$708.4 million. Their asbestos reserve, net of reinsurance, stood at \$228 million as of December 31, 2001.

Fairfax Financial, lead by chairman and CEO Prem Watsa, is a holding company that generates more than 90% of its sales from insurance and reinsurance activities. The company's subsidiaries offer a complete line of insurance products, with a focus on property/casualty insurance. The company's products include trucking, oil, and gas insurance. The firm also provides investment management, claims adjusting, and risk management services through its subsidiaries. Fairfax has 15.11 shares outstanding (13.56 listed with one vote, and 1.548 unlisted 10 vote), worth \$1.67 billion. In addition to numerous wholly owned companies, Fairfax owns major stakes in three publicly traded stocks.

Fairfax owns 73.7% of OdysseyRe (NYSE: ORH). OdysseyRe was carved out of Fairfax last June, when it sold 17.143 million shares to the public at \$18. OdysseyRe has 65 million shares outstanding for a market value of \$1.08 billion. Currently, Fairfax controls about 53 million shares of

ORH (ratio of 3.50). OdysseyRe writes treaty reinsurance through its Newline Syndicate, EuroAsia, and Americas divisions. Its casualty lines, accounting for about 40% of premiums, include general and auto liability, professional liability, and accident and health. More than 30% of premiums come from commercial and personal property lines. OdysseyRe also offers marine, aerospace, and surety reinsurance. It sells its products through brokers in the US (about 75% of its premiums) and both directly and through brokers overseas. Odyssey Re retained approximately \$53 million of the net proceeds of the IPO and paid the remainder (about \$250 million) to Fairfax Financial Holdings Limited subsidiaries.

In addition, **Fairfax owns 68.4% of the equity and 86.6% of the votes of Lindsey Morden Group** (TSE: LM). Lindsey Morden Group has 14.3 million shares outstanding (12.128 million with one vote that trade on the TSE, and 2.17283 million with 10 votes that are unlisted). The stock has a market value of about \$80.5 million. Lindsey Morden Group provides claims adjusting, appraisal and claims and risk management services to a wide variety of insurance companies and self-insured organizations in Canada, the United States, the United Kingdom, continental Europe, the Far East, Latin America and the Middle East. In 2001, revenue totaled \$438.9 million (including \$14.2 million from Fairfax group companies). The company was established in 1923, and at year-end the group had 3,837 employees located in 355 offices.

Lastly, **Fairfax owns 45.1% (11,232,870 shares, ratio of 2.9847) of Hub International (TSE: HBG)**. Hub International has 21.655 million shares outstanding for a current market value of \$289 million. Hub International is an insurance brokerage company selling a broad range of commercial, personal and life insurance products. The company was established in 1998, and at year-end had 1,990 employees in 130 offices in Canada and the United States.

Hub International is a North American insurance brokerage operation that provides a variety of property and casualty, life and health, employee benefits, investment, and risk management products and services. Focusing on commercial accounts in the US and Canada, Hub has developed a presence in the northeastern and midwestern US and in the Canadian provinces of British Columbia, Ontario, and Quebec. The company operates under an organizational structure comprised of a head office and nine regional brokerages called "hub" brokerages. The company has four hub brokerages operating in the US and five in Canada managing relationships with more than a million consumers, corporations, and associations. Since being formed in 1998 through the merger of 11 Canadian insurance brokerages, Hub has acquired an additional 78 brokerages. The company has grown revenue from \$38.7 million in 1998 to \$154 million in 2001. EBITDA has increased from \$6.2 million in 1998 to \$30.7 million in 2001.

On March 22, Hub International Limited announced it has filed a registration statement with the U.S. Securities and Exchange Commission with respect to a proposed initial public offering in the United States of its common shares. Hub seeks to have its shares listed on the NYSE under the symbol HBG. Hub reported \$153.9 million in 2001 revenues and net income of \$10.6 million. In the SEC S-1 filing, Hub showed shareholder equity of \$135 million. Net tangible book value as of December 31, 2001 was a negative \$5.12 per share (negative \$110.9 million). Net debt as of December 31, 2001 was \$129 million. Executive officers and directors as a group control 15.85 million shares of Hub or 58%. The initial filing did not indicate if Hub was selling new shares or if current shareholders (such as Fairfax) would be the sellers.

C\$=\$0.62 US		Current	Shares	Market
	Ticker	Price	Controlled	Value (US\$)
Fairfax Holdings	FFH CN	C\$ 176.49	15.06	\$ 1,648
Lindsey Morden Group	LM CN	C\$ 9.00	9.780	\$ 55
Odyssey RE	ORH (NYSE)	\$ 16.58	53.000	\$ 879
Crum & Forster				?
Hub International	HBG CN	C\$ 22.00	11.232	\$ 153
Fairfax Stub		C\$ 60.13		\$ 561

New Announced Spin-Off Situation

Georgia Pacific Considers Consumer Spin-Off

In an effort to unlock shareholder value Georgia Pacific (NYSE: GP) is considering a spin-off that will separate its consumer products segment from its building products segment. On March 29, GP's board authorized the management team to finalize planning for the separation. The board will consider the plan for approval at its next regular meeting in May. We feel GP's current plan is to spin-off their consumer products unit with their packaging segment. GP's paper and wood distribution unit will be folded into their building products segment. However, GP did not specifically state that the bleached pulp and paper production unit would stay with paper and wood distribution. Therefore, it is unclear where the bleached pulp and paper unit will ultimately land. Management has been contemplating a separation since the summer of 2001. They put the spin-off plans on hold while Willamette Industries considered purchasing the building products unit. However, after Weyerhaeuser acquired Willamette, GP began to re-focus on the spin-off.

Through the proposed spin-off GP will try to unlock additional shareholder value related to the faster growing consumer products segment. The spin-off company's management could focus on building brand awareness and strengthening cash flow, while the remaining GP management would be able to focus on the building products industry. The spun-off company may be sheltered from GP's current and future asbestos liability. GP's stock price has fallen since December amid concern over asbestos litigation. The building products segment used asbestos, which can cause lung disease, from 1965 to 1977 to make a compound used to hang wallboard.

GP investors and potential investors will likely be concerned with how GP's current debt will be divided among the two surviving companies, the ultimate resolution of the asbestos issue and the

potential for other environmental issues. GP currently has over \$12 billion in debt and over \$3 billion in other long-term liabilities. In January, Moody's put GP's Baa3 debt rating under review. According to the company, Moody's will not change their debt rating until they know more about what GP will do relative to a separation of businesses. While investors may wish the debt would stay with the building products segment, the debt holders will likely push for the debt to follow the consumer products segment. We believe it is likely that at least a majority of the debt will be allocated to the spin-off company given that much of the debt was incurred to finance the purchase of Fort James (now part of GP's consumer products segment). At the end of 2001 GP had over 62,000 unresolved asbestos claims. In addition, 6,700 new asbestos claims were filed against GP during the fourth quarter of 2001. However, this is down from the quarterly average of 10,000 during 2001 and 14,000 during 2000. In fact, during 2001 GP and consultants estimated that GP's liability and litigation defense costs through 2011 would be less than \$1 billion. Therefore, the company booked a charge of \$350 million (pre-tax) to earnings to cover all of its projected asbestos related liabilities and defense costs, net of insurance. Finally, GP's operations are subject to significant regulation from environmental and safety authorities. At the end of 2001 GP was involved in environmental remediation activities at approximately 170 sites both owned by GP and by others. The company believes that it is sufficiently reserved for the costs resulting from investigation, remediation and monitoring of these sites but estimates that additional cost of up to \$121 million could be incurred. In addition, the company cannot estimate the potential costs of future sites identified by regulators.

Besides the proposed spin-off, GP has made many changes over the last few years. In late 2000 GP

completed the purchase of Fort James corporation for which it agreed to pay approximately \$7.7 billion in cash and stock as well as assume \$3.3 billion in debt. GP has also sold or closed a significant number of plants. In August of 2001 it sold paper and pulp assets to Domtar, Inc. for \$1.65 billion in cash. In October 2001 GP spun-off The Timber Company and completed its merger with Plum Creek. Additionally, GP may sell Unisource, its paper distribution business prior to the spin-off. Although Unisource was purchased for \$1.65 billion in 1999, we feel its sale would bring in approximately \$900 million. Proceeds could be used to pay down a portion of GP's debt load.

Valuation

Based on estimated EPS of \$1.67 for 2002 GP is trading at a forward P/E of 16.7x, while comparable companies International Paper, Weyerhaeuser, and Kimberly-Clark are trading at 47.2x, 33.4x, and 18.4x respectively. Similarly, GP's price to book ratio is approximately 1.3x while the other companies average 3.6x. GP is trading at a discount due in part to its high debt load with financial leverage of 5.4 compared to an average of 3.1 for the other companies. In addition, GP had a tough year last year resulting in a net loss of \$407 million and an EBITDA margin that trailed all of the comparable companies listed above.

By taking GP's average EBITDA for 2000 and 2001 and applying a multiple of 7 to the assumed spin-off company (including pulp and paper) and a multiple of 5 to the remaining building products company, we calculate a sum-of-the-equity parts value of \$35.31 for GP. As of April 2, GP was trading at \$27.85.

GP manufactures and sells a wide variety of pulp, paper and consumer products (including tissue products, disposable tableware, pulp, paper, containerboard, and packaging) as well as manufactured building products (including plywood,

lumber, gypsum products, chemicals and other products). The company operates its production facilities in four operating business segments: Consumer Products, Packaging, Pulp and Paper Manufacturing and Building Products.

GP's **Consumer Products** segment produces branded and private label products. The company's retail brands include Quilted Northern, Angel Soft, Soft'N Gentle and MD bath tissue, Brawny, Mardi Gras and Sparkle paper towels, Mardi Gras, Zee and Vanity Fair dinner napkins as well as Dixie brand disposable tableware. GP believes that it is also the largest supplier of private label towel and tissues, with an estimated market share between 40 and 45%. In addition, GP provides tissue products to commercial organizations such as independent paper distributors, food service and janitorial distributors, fast food accounts, hospitals, factories, etc. GP's commercial or "away from home" products include Cormatic, Ultimatic and Guardian Brands. GP believes it controls 39% of the "away from home" towel and tissue market. During 2001 this segment accounted for approximately \$7.1 billion in revenue and \$792 million in operating profit (without accounting for inter-company eliminations).

The **packaging** segment focuses on providing packaging solutions for a variety of industrial customers. Its primary products include containerboard, corrugated containers and packaging. GP has the capacity to produce 3.7 million tons of containerboard, approximately 10% of North American capacity. During 2001 the packaging segment accounted for approximately \$2.6 billion in sales and \$384 million in operating profit (without accounting for inter-company eliminations).

The **bleached pulp and paper** segment produces market pulp, paper and other products. The market for these products is affected by changes in industry capacity, and the level of economic growth in the U. S. and in their export markets. Exports consist

mainly of market pulp sent to Asia, Europe and Latin America. In 2001 exports accounted for approximately 15% of total pulp and paper revenues. GP produces paper for use in office copy machines and printers, commercial printing, business forms, stationary, tablets, books, envelopes, labels and checks. These products are sold under a variety of brand names including Microprint, Spectrum, Eureka, GeoCycle, and Eclipse. The company's pulp production includes southern softwood and northern hardwood pulps sold to industrial users for manufacture of many paper grades. GP is also a major supplier of fluff pulp and other specialty pulps. Fluff pulp is used in the production of disposable diapers and other sanitary items. The company currently distributes some of its paper and commercial tissue products through its subsidiary Unisource. Unisource operates primarily in the United States, with locations in Canada and Mexico. Unisources is also the exclusive national distributor of Xerox office paper. During 2001 GP's bleached pulp and paper segment accounted for approximately \$8.7 billion in sales and \$69 million in operating profit (without accounting for inter-company eliminations).

The market for building products is affected by the level of housing starts, the level of home repairs, remodeling and additions as well as commercial building activity. GP's building products segment should benefit from recent increases in the price of gypsum. During 2001 building products accounted for approximately \$7.8 billion in sales and \$150 million in operating profit (without accounting for inter-company eliminations).

	Consumer Products	Packaging	Bleached Pulp and Paper	Total for Spin-off Company	Building Products	Combined
2000 EBITDA		\$ 660	\$ 605		\$ 610	\$ 1,875
2001 EBITDA	1,482	558	330		449	2,819
Average EBITDA	1,482	609	468	2,559	530	3,088
EBITDA Multiple				7	5	
Enterprise Value				17,910	2,648	20,557
Less allocated Debt				10,540	1,860	12,400
Less Preferred Stock						
Equity Value				7,370	788	8,157
Shares				231	231	
Estimated Value Per Share				\$ 31.90	\$ 3.41	\$ 35.31
Current Price						\$ 27.85
Discount to calculated value						26.79%

Assumes 85% of the debt will be allocated to the spin-off company.

The **building products** segment manufactures many building products including gypsum, lumber, chemicals and wood panels (plywood, oriented strand board and industrial panels). These products are sold directly to industrial customers, independent dealers, wholesalers, building product retailers or through GP's building products distribution business.

Georgia Pacific (NYSE: GP)

Price (04/04/02):	\$27.85	Book Value/Share:	\$21.32
52 Week Range	\$18.60 – 37.65	Dividend/Yield:	\$0.50/1.6%
Shares Outstanding:	230.2 Million	Debt to Assets	49.6%
Market Capitalization:	\$6,411.2 Million	Return on Equity:	-7.66%
TTM Sales/Share	\$109.91	12/02 EPS, P/E	\$1.67, 16.73x

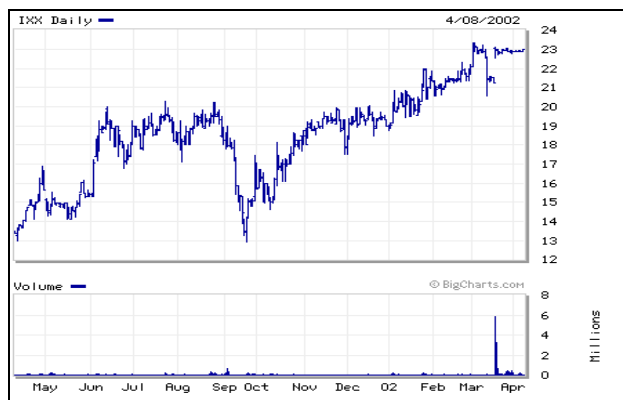
New Announced Spin-Off Situation

Alcoa to Acquire Ivex Packaging for \$21.50, Spin-Off Packaging Dynamics

Alcoa (NYSE:AA -- \$36.95) has agreed to acquire Ivex Packaging (NYSE: IXX -- \$22.90) for \$21.50/share in cash. The total value of the deal is \$790mm and the target timing is by the end of 2Q2002. Alcoa will retain the consumer packaging business of IXX and spin off IXX's 48.19% holding in Packaging Dynamics, a manufacturer of flexible (mainly plastic) packaging. IXX has owned this interest since 1998. Packaging Dynamics, presently called Packaging Holdings and structured as an LLC, is not a public company, but is expected to trade on a national exchange after the spin-off. IXX has 20.5mm fully-diluted shares. The other stockholders are Packaging Investors, LP, a partnership controlled by Robert Bass (42.2%) and IXX's management (9.6%). In its present structure as a privately-held LLC, PD does not have a specific number of shares. Thus, at the present time, the number (or fraction) of PD shares IXX shareholders will receive cannot be estimated. **On 04/01/2002, IXX traded (noon EST) at \$22.90, pricing the Packaging Dynamics stub at \$1.40.**

Business Review

Packaging Dynamics (PD) is in the flexible packaging segment of the industry, a large (\$18B) but highly fragmented market. This is very much a commodity business with the attendant commodity-type pricing. PD is an integrated manufacturer of flexible packaging supplying products to the food service, bakery, microwave popcorn, supermarket and industrial market segments. Additionally, the firm manufactures specialty lightweight papers with waxing and foil lamination capabilities for the flexible packaging industry and food packaging converters, masking tape base stock and natural kraft paper. PD was originally formed through the acquisition of the business of Bagcraft Corporation of America and the business of IXX's Detroit paper mill facility.



Business trends should be positive in 2002/2003, with 15-20% gains in both operating income and EPS foreseen. The group has historically been perceived as “defensive,” and would benefit from a muted (rather than vigorous) economic recovery. There could be some inventory pipeline re-filling this year after the massive inventory liquidation economy-wide in 2000-2001.

In the longer run, the industry is not an exciting growth or ROI story. **Unit growth should approximate GDP growth at 2-3%, with possibly another 1-2% for price.** Growth, specifically in flexible packaging, is slowing as the replacement of paper, cardboard, and other materials with plastics is largely finished. The mean ROE of PD's five-company peer group is 16.8% (2001), slightly below the S&P500 19-20%. The industry is not highly capital-intensive, but competitive pricing causes low profit margins and pressure on returns.

Valuation

After languishing in the 1990's under the perception that it was a mundane, slow-growth industry, the packaging industry has been a strong performer over the past 2-3 years. The chart below shows the

S&P Packaging & Container Index (top; bar chart) versus the S&P500 (bottom; line). This is in a way “data mining,” as the starting point coincides with a long-term top in the S&P500 (1Q2000) and a long-term bottom in the Packaging index. Nevertheless, one cannot argue with the numbers.

On the other hand, the recent outperformance has taken the group to a fairly rich valuation relative to history and the industry’s prospects. The valuation is approximately 7.5X EBITDA. In 2001, PD generated \$22.6mm in EBITDA. With the stub trading at \$1.42 (see above), IXX’s 48.19% share has an implied market value of \$29mm. This suggests the entire firm is worth \$60mm – a microcap market value. PD also has \$82mm in debt, for a total enterprise value of \$142mm, or 6.3X EBITDA. Given PD’s small size relative to the peer group and microcap market value, the 16% discount EBITDA multiple to the peer group seems warranted.

The peer group trades at 18.5X this year’s EPS and 16.5X 2003, a discount of 15% (2002) and 10% (2003) to the S&P500, which seems appropriate given the industry’s commodity characteristics and GDP-type growth rate. PD earned \$2mm aftertax in 2001. Assuming this year earnings could improve to \$2.5-3mm, the imputed market value would be \$46-55.5mm, somewhat below the current \$60mm. This would argue that the implied valuation of PD is fair if not somewhat rich. Finally, as we noted, the industry EBITDA multiple is somewhat rich and there is always a risk it could decline.

Packaging Dynamics peer group											
firm	ticker	fy	product line	shares (mm)	price 04/01/2002	mkt cap	eps2001	eps2002	eps2003	grth	# ests
Ball Corp.	BLL	dec	diversified packaging	54.8	47.00	2575.60	\$1.78	\$2.51	\$2.86	11.0%	7
Bemis	BMS	dec	diversified packaging	52.9	53.68	2839.67	\$2.64	\$2.98	\$3.25	10.3%	5
Owens-Illinois	OI	dec	diversified packaging	146.5	17.30	2534.45	\$1.22	\$1.96	\$2.16	8.8%	6
Pactiv	PTV	dec	diversified packaging	159.3	19.76	3147.77	\$1.03	\$1.26	\$1.43	11.0%	5
Sealed Air	SEE	dec	diversified packaging	83.7	46.15	3862.76	\$1.49	\$2.45	\$2.78	13.2%	6
MEAN										10.9%	
firm	ticker	fy				p/e2001	p/e2002	p/e2003			
Ball Corp.	BLL	dec				26.40	18.73	16.43			
Bemis	BMS	dec				20.33	18.01	16.52			
Owens-Illinois	OI	dec				14.18	8.83	8.01			
Pactiv	PTV	dec				19.18	15.68	13.82			
Sealed Air	SEE	dec				30.97	18.84	16.60			
MEAN						22.22	18.53	16.52			
S&P500 (Operating EPS)					1137	\$38.70	\$52.39	\$61.98			
S&P500 P/E						29.38	21.70	18.34			
all EPS diluted		EPS Estimates: Zacks Historic Data: Market Guide Est Growth Rates: Zacks									
(Prices are intraday 4/1/2002)											

New Announced Spin-Off Situation

Procter & Gamble to Spin-Off Jif & Crisco

On October 10, 2001, Procter & Gamble (NYSE: PG) announced a spin-off of its Jif Peanut Butter and Crisco cooking oil brands. The transaction is structured as a reverse Morris Trust transaction because the spin-off will immediately merge with JM Smucker (NYSE: SJM). The spin-off will be distributed to Procter & Gamble shareholders in a ratio of one share of the spin-off for every 50 shares of Procter & Gamble. The spin-off will have approximately 25.9 million shares immediately after the distribution, and then will merge with JM Smucker. Each share in the spin-off will receive one share of "New" JM Smucker, and JM Smucker shareholders will receive approximately 0.96 of "New" JM Smucker for each current share held. Upon completion of the merger, JM Smucker will have 49.3 million shares outstanding suggesting a market valuation of \$1.67 billion. Procter and Gamble shareholders will control 52.5% of "New" JM Smucker.

The transaction is worth about \$0.65 per Procter & Gamble share, and represents only a fraction of their overall sales. Procter & Gamble view Jif and Crisco as non core products. However, Jif and Crisco are both market leaders with combined revenues of \$615.3 million. The Jif brand has roughly 34% market share in peanut butter spreads, and Crisco products has roughly 24% market share of the shortening and cooking oils markets. The transaction benefits both Procter & Gamble by shedding non-core assets in a tax efficient manner, and allows JM Smuckers two new recognized brands effectively double their sales and almost doubling earnings.

JM Smucker shareholders approved the merger on April 5th, 2002 and expect the merger to close in May 2002. The Smucker family currently owns about 30%

of the stock, and the founder's great-grandsons run the firm. The transaction expects to receive an Internal Revenue private letter ruling that it will qualify as tax free to Procter & Gamble shareholders.

The J. M. Smucker Company is the leading marketer of jams, jellies, preserves and other fruit spreads in the U.S. It is a leader in dessert toppings, natural peanut butter and health and natural foods juice products. In addition to the Smucker's brand, Smucker markets products under numerous other brands including Dickinson's, Mary Ellen, Laura Scudder's, Adams, IXL (Australia), Double Fruit (Canada), The R. W. Knudsen Family, and Santa Cruz Organic. Smucker also produces industrial ingredients such as fruit fillings and toppings for use by other food manufacturers in their products. The Company has international operations in Australia, Canada, Scotland, Mexico, and Brazil and exports product to numerous other areas, including the United Kingdom, Eastern Europe, South and Central America, and Asia.

Upon completion of the merger, JM Smucker sales are expected to approximately double, to \$1.3 billion. JM Smucker has guided 2003 earnings to around \$100 million or about \$2.02 per new share. EBITDA is expected to be about \$215 million or \$4.36 per share. JM Smucker has \$135 million in debt. The "New" JM Smucker is valued around \$32.50 per share, and will have a market value of \$1.6 billion based on the merger ratio. The market is currently valuing JM Smucker at a 2003 price to sales of 1.2x, EV/EBITDA of 8.6x, and a P/E of 16x. In addition, JM Smucker will continue its dividend payout ratio of 40-50% of earnings or about \$0.90 per new share for a current yield of 2.7%. For the nine months ending January 31st, JM Smucker reported combined sales of \$977 million and a 34% gross margin.

JM Smucker (NYSE: SJM) (Pro-Forma)

Price (4/8/02)	\$32.50	Book Value (01/31/02)	\$21.19
Shares Outstanding	49.3 M	Price to Book	1.53x
Market Value	\$1.67 B	LT Debt	\$135 m
EPS 2003E, p/e	\$2.02 , 16.1x	Debt to Tangible Assets	23%
Dividend/Yield	\$0.90 / 2.7%	2003e EV/EBITDA	8.6x

New Announced Spin-Off Situation

TRW Likely to Spin-Off Automotive Division

On March 12, TRW's (NYSE: TRW) management disclosed a restructuring plan that aims to sell its Aerospace operations, use the proceeds from the sale and cash from other sources (operations, other divestitures) to reduce proforma net debt by \$1.6-\$2.0 billion. TRW then intends to split into two separate publicly traded entities: Automotive and Defense & Information Technologies. TRW hopes to have this completed by the end of 2002. TRW will hold a special meeting of shareholders April 22 to vote on the company's proposal, as well as the acquisition offer from defense contractor Northrop Grumman.

In a bid to take over TRW, Northrop made an unsolicited offer on February 22, to swap its stock in exchange of TRW's shares (valued at \$47 per share). The TRW board of directors voted to turn down the defense contractor's offer. They believe the \$47-per-share value is "grossly inadequate." Currently, TRW stock is trading around \$51 per share -- \$4 more than what Northrop offered. Promising better times ahead, TRW urged its stockholders to hold on to their shares and not trade them for Northrop shares. Unless Northrop Grumman raises its bid significantly we do not see a deal happening.

TRW

The company's automotive unit (which it plans to spin-off) makes airbags, antilock brake and traction-control systems, seat belt systems, and steering and suspension systems. TRW's aeronautical systems unit (which it is selling) makes cargo systems and engine controls; it also offers aircraft repair and overhaul services. The company's space and electronics division makes defense communications equipment and high-energy lasers. The company

also provides computer systems to government and private-sector clients through its Systems unit.

Automotive

With about \$10 billion in 2001 auto revenues, TRW would be a large player in the automotive sector as an independent entity. The gem business within the new spin would be the former chassis systems division, with its traditional and next-generation braking and steering products. The Occupant Safety Systems business, which supplies airbags, seatbelts, steering wheels, crash sensors, and "smart" systems would enjoy 25% plus market share for these products globally.

Valuation

Under the TRW plan, Automotive would inherit between \$2.7 billion and \$2.9 billion in debt. This would imply proforma Debt to EBITDA of about 2.8x for the spin. The Automotive spin-off could generate about \$1 billion in EBITDA in 2002. We would expect that the spin would trade around 5x EBITDA. Backing out the proposed \$2.8 billion in assigned debt, suggests an equity value of \$2.2 billion (\$1B EBITDA x 5 - \$2.8B Debt = \$2.2 B). This suggests that the spin is worth \$17.50 per TRW share (based on 126 million shares outstanding). This means the Defense and IT stub are currently valued at \$33.50, or \$4.2 billion. It is expected that this business will have \$1.2 billion in debt, suggesting an enterprise value of \$5.4 billion. We estimate that the TRW stub could generate \$475 million in EBITDA in 2002. This means the implied equity value is trading at about 11.5x EBITDA (11.5x \$475M EBITDA - \$1.2 B debt = \$4.26 B / 126 M shares = \$33.82). The stock looks fairly priced to us.

TRW (NYSE: TRW)

Price (4/8/02)	\$51.15	Book Value (12/31/01)	\$17.31
52 Week Range	\$51.69 - \$28	Price to Book	2.9x
Shares Outstanding	126 M	LT Liability % of Capital	72%
Market Value	\$6.44 B	Consensus EPS 2002E	\$3.32
Dividend/Yield	\$0.72 / 1.4%	P/E	15.4x

New Announced Spin-Off Situation

Yellow Corporation to Spin-Off SCS Transportation

On March 14, Yellow Corp (NASDAQ: YELL) announced that the company has received authorization from its board to spin-off SCS Transportation, the holding company for its regional trucking businesses. These businesses include Saia Motor Freight and Jevic Transportation. The spin-off will be a **distribution to YELL shareholders of all the SCS Transportation stock**. The spin-off is subject to regulatory approval and market conditions. The company expects to complete the spin-off by the end of 2002.

Yellow Corporation is a holding company that provides international, national and regional less-than-truckload (LTL), truckload, and non-asset-based transportation services through three operating units (Yellow Transportation, SCS Transportation, and Meridian IQ) and a technology company (Yellow Technologies). The company's primary focus is the movement of goods and materials for business customers internationally, nationally and regionally. In addition, the company has broadened its focus to include transportation management and logistics consulting services. The company has four reportable segments, Yellow Transportation, Saia, Jevic and Meridian IQ.

The largest operating unit, Yellow Transportation is the second largest transportation service company in the US and provides primarily LTL transportation as well as a full range of asset-based services for the movement of industrial, commercial, and retail goods and materials. Yellow Transportation, which is based in Overland Park, Kansas, accounted for 76% of total company revenue in 2001, 78% in 2000 and 81% in 1999.

SCS Transportation provides regional overnight and second-day transportation, as well as a variety of other transportation and supply chain solutions through its two subsidiaries, Saia and Jevic. SCS Transportation provides LTL and selected truckload services to a broad range of industries. SCS Transportation employees are not represented by a collective bargaining unit and management believes

that relations with its employees are good. Saia is a leading regional LTL carrier that serves the South, Southwest, Pacific Northwest and the West. Saia specializes in offering its customers a range of premium overnight and second-day LTL services, with time-definite and expedited options. Saia accounted for 15% of total company revenue in 2001, 13% in 2000 and 14% in 1999. Jevic is a specialized LTL provider that also offers selective truckload services throughout the continental United States and Canada. Jevic specializes in offering its customers standard and customized regional trucking solutions based on its non-traditional Breakbulk-Free® operating model, which often eliminates the need to rehandle freight at interim and destination facilities. As of December 31, 2001, Jevic owned 1,300 tractors and 2,727 trailers and operated nine facilities. Jevic has approximately 2,400 employees. Jevic, which is headquartered in the Philadelphia metropolitan area, accounted for 9% of total company revenue in 2001, 9% in 2000 and 4% in 1999 from its acquisition date on July 9, 1999, respectively.

Meridian IQ is a non-asset-based company utilizing web-based technology to provide customers a single source for their logistics planning, global shipment management and execution needs. Meridian IQ is designed to deliver a wide range of transportation solutions, providing customers improved return-on-investment results through flexible, fast and easy-to-implement transportation services and technology management solutions. Yellow Technologies is a subsidiary that provides information technology services to the company and its subsidiaries.

Yellow also announced on March 14 that the company would offer 3.4 million shares of its common stock to the public. The company intends to use the proceeds from this offering to finance possible acquisitions and to repay debt. At a March 25 price of \$24.88 per share, the offering would raise about \$85 million. Credit Suisse and Deutsche Banc are serving as the managers of the offering jointly.

Spin-Off Update

Adelphia Communications Shares Fall on Disclosure of Off-Balance Sheet Financing

Adelphia shares (NASDAQ:ADLAC -- \$11.67) had a turbulent final week in March, declining – 44% from Monday's (03/25/02) close to the 04/02 close of \$11.67 on several adverse pieces of news. The most serious, in the view of Spin-Off Advisors, was the disclosure that the company has guaranteed the debt of several off-balance sheet partnerships ("managed entities"), which have borrowed at least \$2.284B from banks and loaned the money to members of the Rigas family. The Rigas family controls ADLAC with a 69% voting interest. These disclosures triggered a credibility/confidence crisis, exacerbated by the post-Enron market psychology. The stock has fallen –62% from the 12/31/01 close of \$31. (There is a detailed report on ADLAC in the January 2002 issue of *Spin-Off Research*.)

On 04/01/02, ADLAC petitioned the SEC for an extension in filing its 10K past the 90-day deadline as it reviews the accounting treatment of the co-borrowing situation. (ADLAC's accounting firm is Deloitte & Touche).

Also on 04/01/02, a Florida shareholder, Crandon Capital Partners, filed a lawsuit in Delaware chancery court Monday against John Rigas, CEO, and other members of the Rigas family alleging that they "violated their duties of loyalty and care to Adelphia by knowingly and/or recklessly wasting" Adelphia assets and by causing Adelphia to guarantee the \$2.3 billion in loans. On 04/02, the Milberg Weiss class action law firm filed a suit in Philadelphia, making more or less the same allegations. These could be just the first of numerous suits.

On April 3, 2002, the SEC announced it had initiated an informal inquiry into the accounting for the managed entities. This is a fairly routine procedure; we understand that there are presently 50 such inquiries underway.

There remains substantial asset value in ADLAC's cable network. However, recent events and concerns, in our view, make the stock a high-risk situation at least in the short run. Another concern is the possibility of a margin call on the Rigas family members involved in the managed entities (see below). On the positive side, this could conceivably force the sale of all or part of the company.

While one could question the wisdom of adding another \$2.3B to ADLAC's \$14B in debt, which already has a junk BB rating, the overwhelming concern among investors is the eerie resemblance to Enron in several ways: the off-balance sheet partnerships, inadequate disclosure, complex structure, self-dealing with members of management, and high debt level.

Analyzing the situation is made greatly more difficult because the managed entities, including Highwood Holdings, the Rigas family holding company for their assets, are private and do not file public financial statements. The company's disclosure on the managed entities has been less than minimal (see below).

Bottom-line, investors clearly have been frightened that this could be "another Enron," as well as displeased at a case of very poor corporate

governance. A number of people have noted that a public company should not be in the business of guaranteeing loans to its management (especially more than \$2B!) – how does this benefit the shareholders? Five of ADLAC’s nine directors are insiders: Four members of the Rigas family and the son-in-law of a family member. There seems to be a clear conflict of interest to the degree that the loan guarantees, which benefit only the Rigases, reduce credit available to the corporation, which potentially harms all the shareholders.

In addition to comprising poor governance, this is also a case of very poor disclosure. The loan guarantees to the managed entities by the corporation are, at the least, a contingent liability. The only reference to the managed entities in the 2000 10K is the following footnote:

“Certain subsidiaries of Adelphia are co-borrowers with Managed Entities under facilities for borrowings of up to \$3.75 billion. Each of the co-borrowers is liable for all borrowings under the credit agreement, and may borrow up to the entire amount of the available credit under the facility. The lenders have no recourse against Adelphia other than against Adelphia’s interest in such subsidiaries.”

This is clearly inadequate, as the words “contingent liability” appear nowhere, nor is the amount of the actual borrowing as of 12/31/00 given. It is also, in our view, actually misleading, as the final sentence is inaccurate. Per the 03/27/02 conference call, the entire corporation has guaranteed the loans.

After reviewing the situation, including the managed entities, Spin-Off Advisors believes that the basic conclusions in our January report remain valid. However, the investment timing as far as some of those conclusions may have changed. ADLAC is

essentially an asset play for investors who can tolerate the high debt, poor governance, and control by the family. Now added to these risks is the damage to the company’s reputation and credibility – which may be permanent.

In the January 2002 report, valuing ADLAC’s 6mm cable subscribers at \$4,000 each, about the norm for the industry, implies an equity value of \$45/share, net of debt. Other metrics, such as EBITDA, return even higher numbers. Also, deals have taken place at higher valuations, such as Comcast—AT&T Broadband at \$4,400/subscriber. However, we would stand by the \$45, noting that it is a “ballpark” figure.

ADLAC’s depressed stock price could accelerate a bid for the company. It is now very difficult, if not impossible, for ADLAC to raise the capital it needs to continue upgrading its system to digital cable. Industry observers believe two possible bidders are AOL Time Warner (NYSE: AOL -- \$23.62) and Cox Communications (NYSE:COX -- \$36.25), noting that they are large enough and recently bid on a cable operation, AT&T Broadband, with arguably even more problems than ADLAC.

Also, worst-case (or, perhaps, best-case), inability of the managed entities and the Rigas family to service their debt would undoubtedly trigger a sale of the company. This indeed could be the best outcome for the public shareholders.

In the opinion of Spin-Off Advisors, significant asset value remains in ADLAC. The stock at current prices (below \$15) could be quite interesting for investors willing to live with the risks of the debt, uncertainty over the timing of any asset sale(s), and now, the credibility and governance questions.

The Managed Entities

The disclosure of the off-balance sheet managed entities took place during the 4Q01 conference call on 03/27/02. These are “co-borrowing” arrangements, which in fact are not uncommon, in which the debt is cross-secured by all parties – in this case, ADLAC, the managed entities, and the Rigas family. Ironically, it has been known for the past four years that the managed entities and the co-borrowing existed. What was not disclosed was the magnitude of the borrowing. The managed entities in total apparently have \$5.6B in credit available.

Most of the money seems to have been used by the Rigases to purchase ADLAC securities. Several assets collateralize the debt of the partnerships: cable systems comprising 300,000 subscribers, owned by the Rigas family and not ADLAC, some of the Rigas’ family’s assets, and the ADLAC guarantee.

The sharp drop in the stock raises the possibility of a margin call on the Rigas family members. A Dow Jones article on 04/02/02 noted that the ADLAC stock held as collateral in the managed entities was \$540mm in November 2001. It is now worth approximately \$250mm. \$10/share is probably roughly the level which would trigger a margin call, and obviously, the stock is almost there. The family’s options in the event of margin call seem to be (1.) draw down further on the credit line(s) in the managed entities, and/or (2.) sell some stock (the family holds in aggregate 67.5mm shares, not all of which is in the entities). Neither of these is desirable, either for the Rigases (we presume) or the public shareholders, but this would seem to be a controllable problem at the present time.

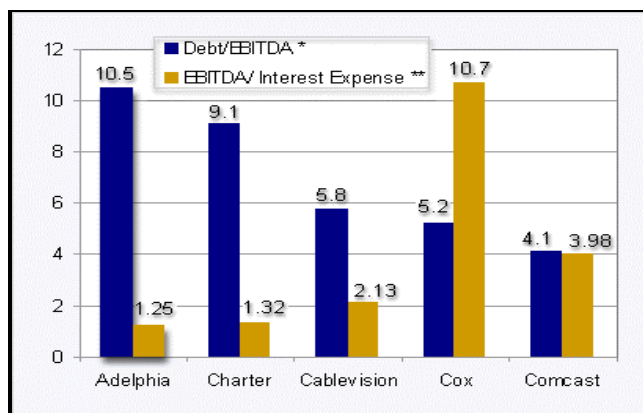
The \$2.3B debt figure is as of 12/31/01. There may have been additional borrowings since then,

especially since ADLAC did a financing on 01/22/02 which the Rigas family participated in. The Rigas family purchased \$400mm in 3.25% convertible notes in that offering and it is reasonable to assume that was financed via the managed entities.

On the positive side, the managed entities seem to have sufficient cash flow to service their debt. The cable systems generate approximately \$100mm EBITDA, and the entities also hold ADLAC convertible notes, which generate interest. Finally, there is very little amortization of the bank debt until 2006 (none in 2002), when a \$519mm “balloon” payment is due. Thus, the possibility of the managed entities having a liquidity crisis – which could trigger the ADLAC guarantee – before 2006 is remote.

ADLAC’s Debt Situation

As the table below illustrates, ADLAC is the most leveraged firm in the cable industry by a wide degree, even without consolidating the \$2.3B debt in the managed entities. The 10.5X debt to EBITDA and 1.25X EBITDA coverage of interest would be considerably out of line in most industries.



Source: Company SEC filings and press releases, *TheStreet.com* calculations

* Based on debt as of June 30, 2001 and annualized EBITDA for quarter ended June 30, 2001.

** Based on figures for quarter ended June 30, 2001 (courtesy: The Street.com)

ADLAC ended 2001 with \$14.7B in debt, including \$1.4B in ABIZ debt (see below). Subtracting the ABIZ debt and reflecting the January equity/convertible underwriting, ADLAC's debt as of 03/31/02 was approximately \$12B. (To be consistent, all the balance sheet figures in the table below are as of 12/31/01).

Valuation

ADLAC remains a value story, albeit a controversial one. Interestingly, the company's Enterprise Value/Revenues of 4.96X is right in line with the peer group. However, ADLAC's Enterprise Value/Subscriber (\$2,761) and Enterprise Value/EBITDA (10X) are the lowest in the peer group, and below the peer group average by a fair degree. This was also the case before all of the above blew up, but the discount to the peer group has increased.

ABIZ Files Chapter 11 – No Surprise

ADLAC's former subsidiary, Adelphia Business Solutions (OTCBB:ABIZQ -- \$0.04), which was spun-off in January 2002, filed Chapter 11 bankruptcy on 03/27/02. ABIZ is in the highly

depressed telecom sector, specifically in the CLEC (Competitive Local Exchange Carrier) business. This sector has already seen numerous bankruptcies, including Telegent, Winstar, Global Crossing, XO, et. al. The filing was widely expected and is essentially a non-event.

The significance to ADLAC is that it has guaranteed \$500mm in ABIZ bank debt and has agreed to provide \$135 in DIP (Debtor in Possession) financing to ABIZ. This, in our opinion, is minor compared to the debt in the managed entities.

ADLAC is vulnerable to lawsuits by ABIZ bondholders claiming that the spin-off was a "fraudulent conveyance" of ABIZ to ADLAC's shareholders. Fraudulent conveyance is defined in a standard law dictionary as: "A conveyance of property without any consideration of value, for the purpose of delaying or hindering creditors. Such a transfer will, when proven to the satisfaction of judge or jury, be declared void."

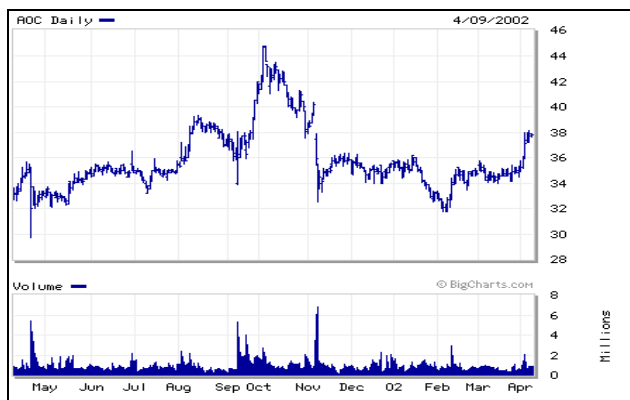
TABLE ONE: Enterprise Value Analysis (\$mm)		ticker	fy	shares (mm)	price 04/02/02	mkt cap	debt	Ent Value	Trailing 12 mo Revs	Ent Value/ Revenues
Adelphia Communications		ADLAC	dec	212.0	\$11.67	\$2,474.0	\$13,400.0	\$15,874.0	\$3,200.0	4.96
Cablevision		CVC	dec	175.3	30.21	5,295.8	6,050.0	11,345.8	4,400.0	2.58
Charter Communications		CHTR	dec	294.6	10.60	3,122.8	15,834.8	18,957.5	3,950.0	4.80
Comcast Corp.		CMCSK	dec	944.9	31.09	29,376.9	12,081.6	41,458.5	9,670.0	4.29
Cox Communications		COX	dec	600.7	36.25	21,775.4	8,417.7	30,193.1	4,070.0	7.42
MEAN										4.81
ADLAC debt pro forma for spin-off of Adelphia Business Solutions										
Enterprise value=Market value of equity plus debt less adjustments (cash, minority interest)										
Balance sheet figures as of 12/31/01										

Spin-Off Update

AON Closer to Combined Specialty Spin-Off

In May, Aon Corp (NYSE: AOC) plans to spin-off Combined Specialty Corp, its wholly owned, insurance underwriting subsidiary. Aon shareholders will receive **one share of Combined Specialty for every three shares of Aon** held. Based on Aon's 272.6 million shares outstanding, Combined Specialty will have about 90.9 million shares. Each share of Combined Specialty will have one vote per share. Aon will continue to trade under its current symbol. Combined Specialty plans to trade on the NYSE but has not selected a symbol. Aon has not determined the record and distribution dates. The company does expect "when issued" trading to begin on or shortly before the record date. Aon has filed with the IRS so that the distribution would qualify as tax-free but has not received it yet. Aon is distributing Combined Specialty so that Combined Specialty may avoid conflicts of interest with Aon and provide stock based incentive plans along with direct access to the capital markets.

Combined Specialty classifies its business into two segments: **specialty property and casualty (SPC) and specialty accident and health (SAH)**. SPC accounted for 44% of Combined Specialty's premium and contract fees. SAC has three product groups: extended warranty, credit insurance, and property and casualty. Extended warranty serves manufacturers, distributors and retailers of consumer goods for defects in material and workmanship for a period of time after the expiration of the manufacturers' warranty. Its products consist of up-front payments for services to be provided over multiple years. Sales of this line are subject to volatility of the general economy. Credit insurance provides insurance coverage through automobile dealers and financial institutions. The products consist of single up-front payments with coverage over the term of the loan that provides for unpaid loans in the event of death, illness, accident or involuntary unemployment. Property and casualty protects businesses against



losses related to personal and commercial risks (such as professional liability errors and omissions). SAH underwrites and distributes specialty individual accident, disability, health and life insurance products that target middle income consumers. SAH has a range of accident and sickness products that it markets through a sales force of 7,000 agents. SAH products are designed to help replace an insured's income while recovering from a disability or to provide funds to cover non-medical expenses and expenses associated with injuries that many health plans do not cover.

Following the spin-off, the perceived conflicts of interest associated with Combined Specialty's historical relationship with Aon will no longer prevent Combined Specialty from marketing its products through independent brokers. Consequently, Combined Specialty will seek to develop and strengthen its relationships with independent brokers to increase revenues and enter new markets. Combined Specialty will focus on specialty segments of the overall insurance markets (primary and excess property, inland marine, ocean cargo, hull protection and indemnity, general liability, professional liability, etc.) but plans on expanding into additional lines of business over time. Management plans on focusing on profitable underwriting as opposed to building market share or premium volume.

Combined Specialty is party to a lawsuit with reinsurers related to the attacks on the World Trade Center. Specifically, reinsurers disputed their liability as to approximately \$90 million of reinsurance recoveries under a Business Travel Accident policy that Combined Insurance Company of America issued to cover US based employees of subsidiaries of Aon. The reinsurers filed suit in Commercial Court in London; Combined Insurance filed a suit in US District Court seeking the \$90 million of reinsurance recoverables. The outcomes of both suits are still pending.

Financial

For the year ended December 2001, Combined Specialty reported revenues of \$2.3 billion, a decrease of \$134 million (5%) compared to 2000. Management attributed most of this decline to a decline in net investment income of \$217 million. A decrease in the values of its limited partnership interests. US revenues accounted for 69% of the company's revenues. Specialty Accident and Health accounted for 56% of revenues; Specialty Property and Casualty accounted for 44%. Net income and cash flows from operations also declined. Net income fell by \$190 million (91%); cash from operations declined by \$238 million (79%). The decline in net income and in cash flow from operations was mostly related to claim settlements related to the World Trade Center. Before the distribution date, Aon will make additional capital contributions and allocate \$600 million in debt to Combined Specialty.

Aon is a holding company with three operating subsidiaries: insurance brokerage, consulting and insurance underwriting. The insurance brokerage segment consists of Aon's retail, reinsurance and wholesale brokerage, as well as related insurance services, including claims services, underwriting management, captive insurance company management services and premium financing. The Consulting segment provides a full range of human capital management services utilizing five practices: employee benefits, compensation, management consulting, outsourcing and communications. Aon's Insurance Underwriting segment is comprised of

supplemental accident and health and life insurance, and extended warranty and casualty insurance products and services. Combined Insurance Company of America ("Combined Insurance") engages in the marketing and underwriting of accident and health and life insurance products. Combined Specialty Insurance Company (formerly known as Virginia Surety Company, Inc.) and London General Insurance Company Limited offer extended warranty and casualty insurance products and services. Aon is going to spin-off this third segment to its shareholders.

In November 2000, Aon announced a business transformation plan that began in 4Q00 and will continue into 2002. The transformation plan will affect each operating segment; however, most changes will affect the largest operating segment, Insurance Brokerage and Other Services, and will occur in the major countries of operation, the U.S. and the United Kingdom.

For the year ended December 2001, Aon had revenues of \$7.6 billion, an increase of \$301 million (4%) from 2000. Insurance brokerage, consulting and insurance underwriting accounted for 59%, 12% and 29% of 2001 revenues, respectively. Net income available to common shareholders fell to \$200 million, a decline of \$271 million (58%). Diluted EPS fell from \$1.79 to \$0.73. Special charges related to Aon's business transformation and charges related to the World Trade Center reduced net income and EPS. Special charges related to Aon's business transformation were responsible for \$218 million (pretax) or \$0.49 per share. World Trade Center charges accounted for \$68 million (pretax) or \$0.15 per share. Consensus estimates have Aon earning \$2.53 for the year ended December 2002.

Industry

After a period of declining rates since the late 1980s, the pricing environment in the specialty property and casualty insurance market began to improve in 2000. The terrorist attacks on September 11 accelerated the rate increases. The attacks on the World Trade Center were particularly

concentrated in the property and casualty segment. Previous natural catastrophes (hurricanes and earthquakes) impacted a range of insurance companies. Commercial insurers have altered pricing and coverage to reflect revised risk expectations (customers changing attitude towards risk, withdrawal of reinsurance capacity for terrorism risk, and uncertainty over federal intervention). In the extended warranty sector, sales of consumer goods drive demand. The specialty accident and health insurance industry in the US is highly diverse, with about 2,000 accident and health and life insurance companies competing in various segments of the industry. Private insurers and voluntary and cooperative plans provide insurance for meeting basic hospitalization and medical expense needs. Much of this insurance is sold on a group basis through an employer. Primary insurers generally do not provide full coverage of medical expenses or any coverage of non-medical expenses. To cover these, individuals purchase supplemental coverage – which is not an alternative to medical insurance.

Valuation

Currently, Aon is trading at \$37.87 or 15x 2002 earnings. This appears to be towards the low end of its peer group, who has better margins than Aon even after the spin-off. After the spin-off, Aon's margins should improve because Aon will be removing the effects of Combined Specialty's lower margin business. Until the company is able to improve its margins, the company will probably continue to trade below its peers. As for Combined Specialty, the company will probably trade at the middle to low end of its peers. Combined Specialty's book value per share is \$12.95 per share. At a price to book of 1.4x, Combined Specialty would have a price of \$18 per share. This translates to about \$6 per share of Aon and gives Combined Specialty a market capitalization of \$1.6 billion.

Aon Corp (NYSE: AOC)

Price (4/9/02)	\$37.69	Debt to Capital	30.86%
52 Week Range	\$44.80 – 29.75	Book / Share	\$13.03
Shares Outstanding	271.431 M	Dividend / Yield	\$0.90 / 2.39%
Market Capitalization	\$10.2 B	Return on Equity	5.79%
TTM Sales / Share	\$27.50	FY 12/02 EPS, P/E	\$2.53, 14.9x

Peer Analysis

Company	AON CORP	WILLIS GRP HLDGS	MARSH & MCLENNAN	GALLAGHER (ART)		Combine Specialty	ST PAUL COS	WYR BERKLEY CORP	MARKEL CORP	PROGRESSIVE CORP	
Ticker	AOC	WSH	MMC	AJG	Average	???	SPC	BER	MKL	PGR	Average
Current Implied Price	\$ 31.87	\$ 26.17	\$ 112.00	\$ 35.27		\$ 18.00	\$ 48.49	\$ 59.25	\$ 202.65	\$ 172.74	
Shares Out. (000,000)	272.4	148.0	286.0	90.1		90.8	212.0	30.6	8.5	75.1	
Market Cap (000,000)	\$ 8,681.39	\$ 3,873.16	\$ 32,032.00	\$ 3,178.78		\$ 1,634.40	\$ 10,279.88	\$ 1,810.38	\$ 1,729.42	\$ 12,972.77	
Enterprise Value (000,000)	\$ 8,265.39	\$ 3,224.16	\$ 34,586.00	\$ 3,028.86		\$ (918.60)	\$ 13,999.88	\$ 2,450.90	\$ 1,963.66	\$ 14,057.27	
EPS											
TTM Est. / Pro Forma (diluted)	\$ 0.61	\$ 0.01	\$ 3.41	\$ 1.39		\$ 0.20	\$ (5.13)	\$ (3.00)	\$ (15.78)	\$ 6.48	
TTM P/E	51.98	1,936.58	32.89	25.44	664.97	90.80	-	-	-	26.66	6.66
2001E (Diluted)		\$ 1.31	\$ 5.14	\$ 1.65			\$ 3.38	\$ 4.21	\$ 10.55	\$ 8.42	
Forward P/E		20.02	21.79	21.40	21.07		14.35	14.06	19.20	20.52	17.03
Dividends											
TTM Dividend / Share	\$ 0.90	\$ -	\$ 2.12	\$ 0.54		\$ -	\$ 1.13	\$ 0.52	#N/A N.A.	\$ 0.28	
Dividend Yield	2.82%	0.00%	1.89%	1.53%		0.00%	2.33%	0.88%	#VALUE!	0.16%	
Enterprise											
Enterprise Value / EBITDA	10.67	8.71	12.91	22.71	14.78	(5.64)	(12.54)	9.75	(21.43)	19.45	(1.19)
Enterprise Value / EBIT	17.47	10.68	16.02	26.73	17.81	(7.29)	(10.80)	(23.91)	(14.70)	21.90	(6.88)
12 Month Trailing											
EBITDA Per Share	\$ 2.85	\$ 2.50	\$ 9.37	\$ 1.48		\$ 1.80	\$ (5.26)	\$ 8.22	\$ (10.74)	\$ 9.63	
EBITDA Multiple	11.20	10.47	11.96	23.83	15.42	10.03	(9.21)	7.20	(18.87)	17.95	(0.73)
12 Month Trailing											
Trailing Sales	\$ 5,135.00	\$ 1,424.00	\$ 9,943.00	\$ 875.75		\$ 2,328.00	\$ 8,943.00	\$ 1,941.79	\$ 1,397.41	\$ 7,475.50	
Price to Sales	1.69	2.72	3.22	3.63	3.19	0.70	1.15	0.93	1.24	1.74	1.26
Margins											
Operating Margin	9.21%	21.21%	21.71%	12.94%		5.41%	-14.49%	-5.28%	-9.56%	8.59%	
EBITDA Margin	15.09%	25.98%	26.94%	15.23%		7.00%	-12.48%	12.94%	-6.56%	9.67%	
Pretax Margin	7.21%	6.60%	15.99%	16.16%		1.25%	-16.00%	-7.80%	-13.04%	7.86%	
Net Profit Margin	3.60%	0.14%	9.80%	14.27%		0.77%	-12.17%	-4.71%	-9.00%	5.50%	
Effective Tax Rate	39.19%	77.66%	37.67%	11.69%		37.93%	29.49%	37.43%	31.00%	29.99%	
Book Value	\$ 8.61	\$ 4.70	\$ 18.09	\$ 4.12		\$ 12.95	\$ 23.85	\$ 30.49	\$ 127.15	\$ 43.28	
Price to Book	3.70	5.56	6.19	8.55	6.77	1.39	2.03	1.94	1.59	3.99	2.39
Returns											
Return on Average Equity	8.12%		18.73%	36.44%		1.53%	-17.79%	-11.35%	-13.69%	13.44%	
Pre-Tax Average ROA	3.13%		15.96%	8.94%		1.72%	-3.51%	-1.92%	-2.24%	6.06%	
Return on Average Assets	1.22%		7.20%	9.86%		0.25%	-2.95%	-1.72%	-2.11%	3.89%	
Return on Capital	6.69%		13.85%	39.75%		2.48%	-10.82%	-5.12%	-6.95%	12.38%	
Degree of Fin. Lev. (EBIT/EBT)	1.28	3.21	1.36	0.80	1.79	4.34	0.91	0.68	0.73	1.09	0.85
Fin. Lev. (Assets/Equity)	6.56	12.86	2.57	3.96	6.46	6.22	7.58	6.05	5.94	3.42	5.75
Total Debt to Total Capital	38.83%	53.07%	37.40%	0.00%	30.16%	33.78%	37.34%	31.46%	25.99%	25.21%	30.00%
Total Debt to Book Equity	62.13%	113.07%	59.75%	0.00%	57.61%	51.02%	58.90%	45.89%	35.11%	33.71%	43.40%
Debt to Enterprise Value	17.63%	24.41%	8.94%	0.00%	11.12%	-65.32%	21.27%	17.44%	19.40%	7.79%	16.48%
Liabilities to Equity	555.86%	1185.78%	156.97%	296.07%	546.27%	522.36%	657.93%	504.71%	493.55%	242.15%	474.59%
Interest Coverage											
Interest Coverage (Earnings)	4.14	1.91	9.03	#DIV/0!		1.69	#DIV/0!	(2.24)	(2.75)	12.26	
EBIT/Interest Expense	4.50	3.68	11.02	#DIV/0!		3.00	#DIV/0!	(2.24)	(2.75)	12.30	
Cash Flow to Interest	4.71	2.70	7.03	#DIV/0!		1.52	#DIV/0!	3.32	3.38	23.65	
Cash Flow Coverage	5.71	3.70	8.03	#DIV/0!			#DIV/0!	4.32	4.38	24.65	

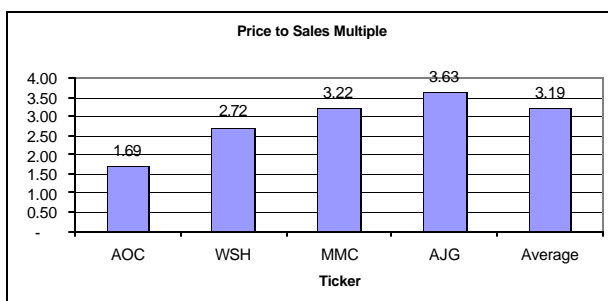
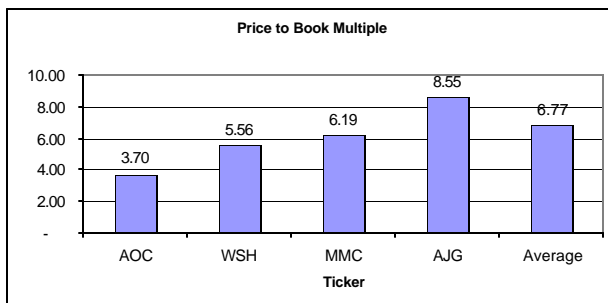
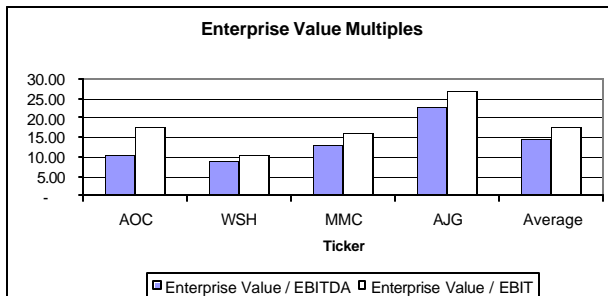
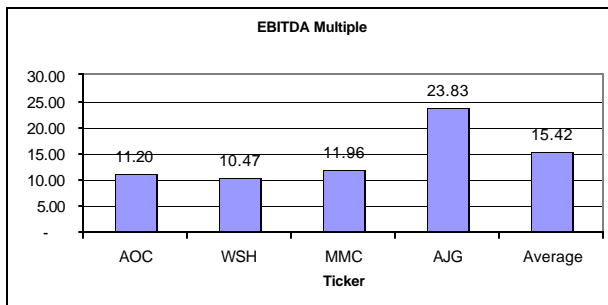
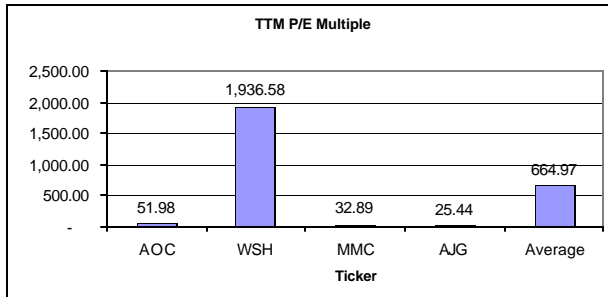
NOTES:

- Model does not allocate \$750 million shelf offering between Aon and Combined Specialty.
- Aon's 2001 EPS is Pro-forma amount reflecting the separation of Combined Specialty.

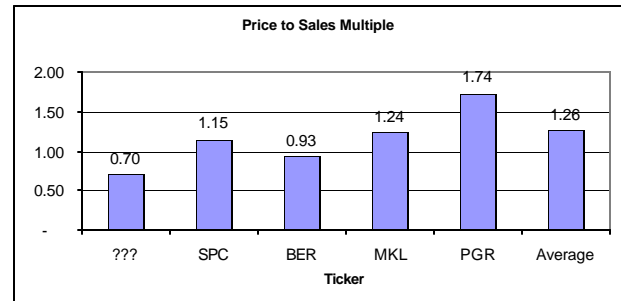
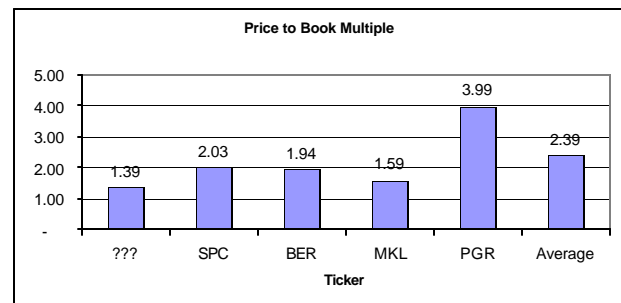
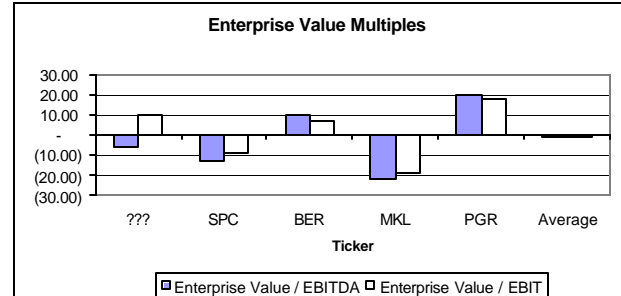
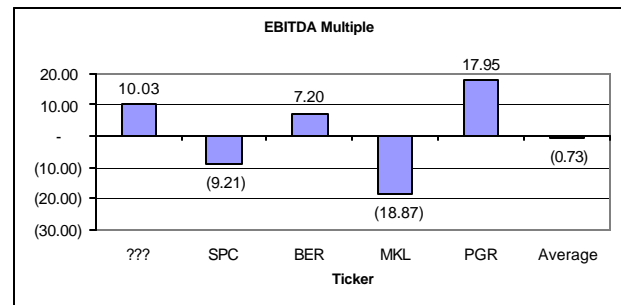
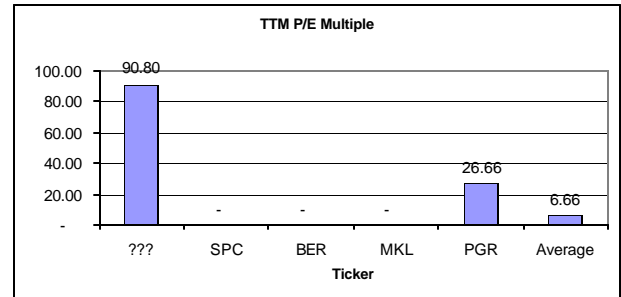
Although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, employees of Spin-Off Advisors, L.L.C. may have positions in the securities or options mentioned herein. All rights reserved by Spin-Off Advisors, L.L.C.

Valuation Analysis

Parent and Comparables



Spin-Off and Comparables



Spin-Off Update

SEC Launches Inquiry into Reliant Resources

On Friday, April 5, Reliant Resources (NYSE: RRI) announced that the SEC had launched an informal inquiry on the facts and circumstances surrounding the company's recent restatement of earnings for the second quarter and third quarters of 2001. Broadly meaning the SEC will investigate the policies/procedures & intent surrounding the EPS restatement. However, the inquiry is at the Enforcement division, meaning anything could be explored. Reliant Resources provides energy services to wholesale and retail customers in the US and Europe. The company is 80% owned by Reliant Energy (NYSE: REI). At this time, the company is unsure of the impact of the inquiry on its pending spin-off from Reliant Energy, which is pending receipt of a PUHCA exemption letter from the SEC. In the Q401 conference call in March, management indicated that they believed the spin-off could be achieved by June 30. **Management credibility and EPS visibility for RRI are already low. This coupled with a SEC inquiry and the overhang from the planned spin-off will likely cap RRI's stock near-term.**

In February the company announced it would restate earnings for those periods because certain derivative transactions accounted for as cash flow hedges in its conventional accrual accounts should have been marked to market. Specifically, the transactions were purchases and sales of gas and power intended to be cash flow hedges. The counterparties to all of the transactions were independent third parties that are regularly engaged in the trading business. Under US GAAP, these transactions may be accounted for as cash flow hedges if they meet specific criteria or must be marked to market if they do not meet those criteria. GAAP requires that the change in fair value of derivative transactions that do not qualify for hedge accounting treatment be recorded in the company's income statement. RRI originally accounted for the transactions as cash flow hedges. However, in preparing year-end financial statements, RRI's accounting department "discovered" the errors.

The mistreatment resulted in the restatement of second quarter and third quarter 2001 earnings, which were increased by \$53 million and \$81 million, respectively. In essence, the change shifted \$134 million in earnings (\$0.46 per share) into 2001 that would have otherwise been earned in 2002 and 2003. Reliant Resources announced 2001 operating EPS of \$2.07 versus \$1.08 in 2000. The company maintained its 2002 EPS guidance of \$1.80 - \$2.00 per share. The company commented that Q102 results were running below expectations as a result of lower gas prices and the effect on the company's margins from coal fired power generation. The company also canceled its \$400 million equity offering scheduled for mid-2002. Fitch rates RRI's corporate debt BBB and the company expects to here from the other two agencies shortly.

Reliant Resources provides energy and related services in US and European deregulated markets. The company operates more than 21,000 MW of generating capacity in the Netherlands and ten US states, and it trades and markets electricity, natural gas, and other commodities to wholesale and retail customers. Reliant Resources plans to sell its telecom operations, but has canceled plans to sell its Dutch plants. It acquired US power producer Orion Power Holdings in 2002, adding more than 80 power plants in the northeastern US to its portfolio.

Parent, **Reliant Energy** distributes electricity and natural gas to nearly 4 million customers in the southern US and Minnesota, and generate 14,000 MW of electricity. Preparing for deregulation, Reliant Energy transferred its nonregulated operations to majority-owned Reliant Resources. On May 1, 2001, Reliant Energy carved out 52 million shares of Reliant Resources in an IPO at \$30. Reliant Energy plans to change its name to CenterPoint Energy and spin off its remaining stake in Reliant Resources.

Foreign Spin-Off Situation

GUS Expected to Carve-Out Burberry

GUS (GUS LN), formerly The Great Universal Stores and considered a British Retail conglomerate, plans to Carve-Out its high fashion Burberry unit sometime in mid-2002. GUS is expected to file registration documents shortly. It has been widely speculated that the Burberry unit would be carved-out as far back November of 2000 (see potential spin-off watch list). Burberry is an international luxury brand with sales approaching £490 million and could be worth up to £1.2 billion.

GUS operates six divisions that we have further condensed into four. Its Argos unit, about 67% of sales, focuses on retail through catalogs, Web sites, and stores. Catalogs include Kays, Great Universal, and Wehkamp, offering clothing, toys, electronics, and housewares. The division also runs some 470 Argos catalog showrooms throughout the UK and over 460 Lewis Stores furniture outlets and Best Electric stores in Africa. GUS operates Burberry further accounting for 7% of sales and Scotch House luxury clothing stores in Europe and the US. The company's Experian division accounts for 16% of sales and provides credit reports and mailing lists. Gus's Reality division handles e-commerce infrastructure for GUS and customers.

Experian is a global supplier of information services relating to customer relationship management (CRM), e-commerce, and marketing solutions (including direct marketing via mail and e-mail). The company also provides information on real estate, consumer credit, and business credit. Alliances with such companies as eFunds and NCR have helped Experian build its database and develop new applications for its products and services. Experian has offices in about 20 countries and customers in 50. Along with the Marmon Group's Trans Union and #1 Equifax, Experian is one of the top credit-reporting agencies in the US, where it maintains

information on 215 million consumers and 14 million business. In March 2002, GUS announced the acquisition of Consumerinfo.com for \$130 million to further boost their online credit report presence.

Burberry is a distinctly British brand with a globally recognized name. The 150-year-old company has long been associated with its gabardine-checked fabric, invented by founder Thomas Burberry. Burberry-lined "trench" coats, donned by British soldiers in WWI, also became a company icon. Burberry operates retail and wholesale businesses and a licensing network. Its nearly 60 company-owned stores and other high-end retailers worldwide sell men's and women's designer apparel and accessories under the Prorsum and Burberry London names. Burberry's trademark check and signature trenchcoat have been an enduring style for over 150 years.

Once seen as staid, Burberry experienced a fashion renaissance in the late 1990's. Significant credit is given to Ms. Rose Maria Bravo who was hired away from Saks Fifth Avenue in 1997. Burberry's sales have increased from £200 million in 1999 to a projected £490 million in 2002 (FY: March), and operating profits have equally impressive grown from £10 million in 1997 to a projected £80 million in 2002, representing margin improvement from 5% in 1997 to 16% in 2002. Street estimates have valued the Burberry unit around 15x's its operating profit for a valuation of £1.2 billion or £1.19 per GUS share. This valuation seems a little rich for us especially since luxury retailing appears to have reached loft valuations. A more conservative valuation to us would be to value the unit around 12 to 13x's operating earnings or between £960 million and £1.04 billion or about £0.99 (median) per GUS share.

GUS(GUS LN)

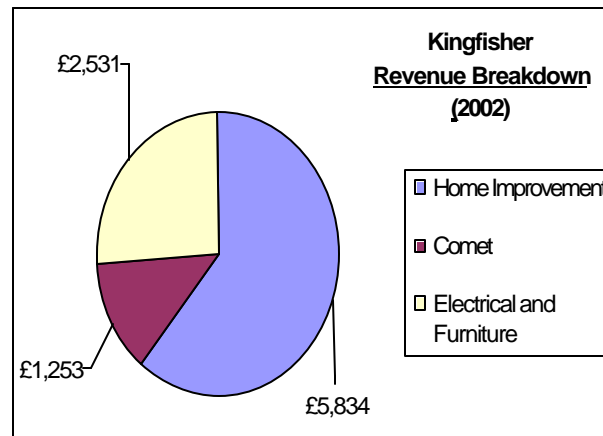
Price (04/09/02)	£6.69	Dividend Yield	£0.21, 0.03%
52 Week Range	£7.145 – 4.35	ROE	8.33%
Shares Out.	1.006B	Book / Share	£2.41
Market Cap.	£6.7 B	03/02e EPS, P/E	£0.325, 20.6x

Foreign Spin-Off Situation

Kingfisher Expected to Spin-Off Comet

Kingfisher Plc (London: KGF), Britain's No. 3 retailer, announced that it will spin-off its general merchandise division next year to speed up expansion of its more-profitable home-improvement business, which is the third largest in the world. Stockholders will receive separate shares of the Woolworth's and Superdrug unit. Kingfisher will retain its home-improvement business (do-it-yourself or DIT) as well as its consumer electronics chains after the spin-off. Kingfisher became Europe's largest home improvement retailer after the 1998 merger of its B&Q with France's Castorama. The company generates about 75% of sales from electronics and home-improvement products. Those businesses grew almost twice as fast as U.K.-based Woolworth's and Superdrug, which have come under increased pressure as supermarkets offer more general merchandise and drugs. Shares of Kingfisher rose 24 pence, or 5.3%, to 477.5, recovering from an initial 6.7% decline after the announcement.

Kingfisher has not announced many of the details of the spin-off. The company has said that the spin-off will take place by the end of July 2001 but has not decided on a name for the new unit. Kingfisher has also announced that the costs for spinning off the general merchandise division will not impact the current year, although it sees short-term profit eroded by investment costs. One of the issues hanging over the transaction is how Kingfisher will divide its debt between the two companies. About 694 million pounds worth of Kingfisher bonds mature after the spin-off is complete. Currently, Kingfisher has total debt of about £1.5 billion. Chief Executive Sir Geoffrey Mulcahy will stay with Kingfisher. Jean-Noel Labroue will become head of electronics and Bill Whiting head of the home improvement business. Labroue's appointment follows the departure of the electronics unit's current boss, Roger Holmes, who will become chief



executive of Marks & Spencer Plc in January 2001. After the spin-off, Kingfisher is going to focus on European expansion for the DIY market.

General Merchandise Division

The General Merchandise Division, which will consist of the Woolworth's and Superdrug, (the UK's #2 drug store chain), had £3.1 billion (\$4.4 billion) in sales but experienced declining profits in the first half of 2000. This division represents about 6% of the UK's £50 billion general merchandise market. The general merchandise units posted a 78% decline in profit in the first half of 2000 to £6.3 million on a sales increase of 8% to £1.3 billion. Martin Too good will serve as chief executive of the new company. Currently, Toogood is the head of the B&Q home improvement chain.

Kingfisher operates more than 2,800 stores in 15 countries. In addition to the stores that the company is spinning off, Kingfisher operates three electronics chains (Darty, Comet and BUT), Europe's #1 DIY chain, as well as music and video distribution plus an Internet service provider. The DIY chain whose larger rivals are Home Depot Inc. and Lowe's Cos. of the U.S. saw profit rise 10 percent to 191 million pounds in the first half. Sales gained 12% to £2.59 billion. Electrical goods such as television sets and

toasters posted a first-half profit of £48 million, a drop of 6.2 percent. Sales rose 14% to £1.5 billion. For the six months ended July 31, 2000, the company also said combined net income rose to £213 million, or 15.4 pence a share, from £127 million, or 8.9p a share, in the year-ago period. Pretax profit rose to £316 million from £248 million. The company said it would pay an interim dividend of 4.25p, up from 4p in the year-ago period. Total sales rose 12% to £5.4 billion. B&Q sales rose 22% to £1.4 billion and total home-improvement sales rose 12.2% to £2.6 billion, with profit rising 10.4% to £191 million.

Kingfisher Segment breakdown				
(FY: Jan)		Growth		
	(000,000)	2002	Y-o-Y	2003
Home Improvement		£5,834	14.7%	£6,692
Comet		£1,253	9.7%	£1,375
Electrical and Furniture *		£2,531	3.7%	£2,625
Total		£9,618	11.2%	£10,692
*Comet reported as a stand alone division				
Revenues exclude e-commerce, property and financial services				
Kingfisher	2002	2002	2003e	2003e
	Op. Inc.	Op. Mrgn	Op. Inc.	Op. Mrgn
Home Improvement	\$ 431	7.4%	\$ 495	7.4%
Comet	\$ 44	3.5%	\$ 45	3.3%
Electrical and Furniture *	\$ 140	5.5%	\$ 171	6.5%
	\$ 614	6.4%	\$ 711	7.4%

Kingfisher PLC (London: KGF)

Price (04/09/02)	£3.805	EPS 2002 (FY: Jan)	(0.199p)
52 Week Range	£493.74 p – 248p	EPS 2003	0.223p, 17x
Shares Outstanding	1.29 b	Price/Book	1.62, 2.3x
Market Cap	£4.9 b	EV/EBITDA	6.38x
ROE	14.86%	Price/Sales	0.39x

Potential Spin-Off Situation

GE Considers Property Casualty Spin-Off

Conglomerate General Electric (NYSE: GE) is considering a spin-off of its low return property and casualty division. The division on the block is the Employer Reimbursement Corporation (ERC) a subsidiary of GE Global Insurance Holdings, a part of GE Capital. On March 21, ERC announced that it would form a single global property & casualty reinsurance business by combining the direct reinsurer ERC with broker market reinsurer GE Reinsurance Corporation in the Americas and GE Frankona in Europe and Asia. GE has consulted investment banks regarding an initial public offering of up to 20% of ERC to be followed by a spin-off of the remainder of the company. **Proceeds from a 20% carve-out could range from \$1.6 to \$2.2 billion with a mean of \$1.8 billion. This implies a public valuation of approximately \$9 billion for ERC or \$0.91 per share of General Electric, based on 9.9 billion shares outstanding.** In addition, GE would consider the outright sale of ERC if a single buyer can be found.

By divesting ERC, GE would separate itself from the high-risk property and casualty lines that management does not believe provide sufficient returns. While ERC has grown earnings at a compound annual growth rate (CAGR) of 20% since GE acquired it in 1984, recent years have been volatile and disappointing. During 2001 and to a lesser extent 2000 ERC's financial performance has been adversely affected by higher projected ultimate losses for liability coverages, especially in the hospital liability, nonstandard automobile and commercial and public entity general liability lines of business. In 2001, ERC incurred losses of \$575 million (\$386 million after tax) related to the September 11 tragedy. In addition, insurance and reinsurance companies face the potential of large losses from rising asbestos and environmental claims. Finally, companies in the property and casualty industry are currently enjoying higher valuations due to recent increases in premium rates.



Here GE could follow Citigroup's lead and take advantage of current valuations to maximize shareholder value by exiting a high-risk low return business. On March 21, Citigroup was able to generate approximately \$3.7 billion in cash through their IPO of roughly 21% of Travelers Property Casualty.

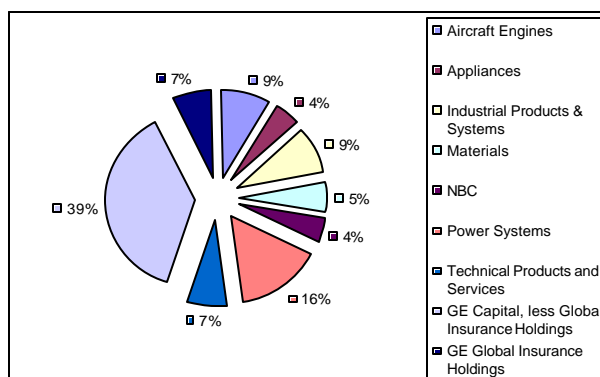
ERC provides risk transfer insurance to insurance companies, self-insurers, health-care providers and fortune 1000 companies. The Company conducts business and services its accounts through a network of local offices located in cities throughout the world. GE does not report ERC financial numbers separately. However, GE Global Insurance Holdings' numbers are reported and ERC makes up the majority of its assets. During 2001, GE Global Insurance Holdings generated \$9.5 billion in revenue or 7.5% of GE's total revenue. However, GE Global Insurance incurred a net loss of \$47 million during 2001. Management indicated that part of the losses recorded in 2000 and 2001 resulted from insufficient reserves recorded in prior years. Management also disclosed that while a pre-tax losses of \$575 million for charges related to the September 11 tragedy was their best estimate, it is not unusual for there to be significant subsequent revisions in such estimates. Finally, Standard & Poor's warned that a spin-off could hit ERC's credit rating dropping their debt from AAA to AA+, to

reflect the heightened risks involving potential senior management changes, shifts in operating strategy and the need to develop access to capital markets. Moody's would likely downgrade ERC's debt as well.

GE is one of the largest and most diversified industrial corporations in the world. Through GE Capital, the company also provides a broad range of financial services. GE's industrial products include major appliances; lighting products; industrial automation products; medical diagnostic imaging equipment; motors; electrical distribution and control equipment; locomotives; power generation and delivery products; nuclear power support services and fuel assemblies; commercial and military aircraft jet engines; and engineered materials, such as plastics, silicones and super-abrasive industrial diamonds. GE's financial services include consumer financing, commercial and industrial financing, real estate financing, asset management and leasing, mortgage services, consumer savings and insurance services, and specialty insurance and reinsurance. GE is currently trading at a price to book ratio of 6.69x and P/E of 22.35x with estimated earnings of \$1.65 for 2002.

In the wake of Enron, GE's 2001 annual report provides a great deal of additional disclosures regarding individual segment performance and off-balance sheet items. A few of the items that may catch investors eyes relate to special purpose entities (SPEs), Derivatives and the quality of earnings at GE Capital. GE provides commercial paper support for SPEs that produced gains on securitizations of 1.3 billion during 2001. This gain is up from \$500 million in 2000. However, most banks and financial institutions use SPEs to enhance shareholder returns. GE provides more disclosure regarding their use of derivatives to deal with various fluctuations such as commodity prices, currency exchange rates and interest rates. At year-end 2001 the fair value of derivatives in a gain

(In Millions)	2001	2000	1999
GE Total Revenues	125,913	129,853	111,630
GE Global Insurance Holdings Revenues	9,453	10,223	9,013
Percentage of GE Total Revenues	7.5%	7.9%	8.1%
	2001	2000	1999
GE Total Earnings	13,684	12,735	10,717
GE Global Insurance Holdings Earnings	(47)	413	625
Percentage of GE Total Earnings	-0.3%	3.2%	5.8%



position was carried at \$2.3 billion, the fair value of derivatives in a loss position was carried at \$3.8 billion. Earnings were up \$400 million over 2000. However, this increase includes the \$800 million increase in gains on securitizations as well as a benefit from a lower tax rate.

Recently GE has received criticism from bondholders like Bill Gross, PIMCO Total Return fund manager. In his monthly "Investment Outlook" Mr. Gross expressed concern over the quality of earnings at GE. He would like greater explanation of why GE has been able to grow earnings at nearly 15% per year for several decades. Mr. Gross was also concerned about the level of debt at GE, especially its level of short-term debt. On March 13, GE sold \$11 billion of bonds and then disclosed a \$50 billion mixed shelf registration several days after the bond offering was completed. According to Mr. Gross "GE is using near hedge fund leverage of 7-8 times at what appears to be non-hedge fund risk". Other Bond managers have also expressed concern over GE's AAA debt rating given their level of leverage.

Potential Spin-Off Situation

Halliburton to Separate Oil Service, Engineering/Construction – Precursor to Spin-Off or Sale

On March 19, Halliburton (NYSE:HAL -- \$17.00) announced plans by to restructure into two separate companies, Energy Services Group and Kellogg Brown & Root (KBR hereafter), which provides engineering and construction for large-scale projects such as oil refineries, public transit systems, utility plants, and chemical plants. The target timing for the restructuring is mid-2002. At that time, both businesses will technically be wholly-owned subsidiaries of HAL, which will continue to be the publicly-traded stock.

However, it seems quite likely that Kellogg Brown & Root will eventually be spun-off or, less likely, sold outright. In the view of Spin-Off Advisors, this is a low-P/E multiple business. Perhaps more important, this operation has asbestos liabilities, which were forthcoming about a year ago. This is an obvious barrier to an outright sale to another company. If KBR were spun off, via a carve-out or some other manner, it presumably would be structured to be tax-exempt.

Spin-Off Advisors estimates that KBR represents 12-13.5% of HAL's market cap, or \$2 to \$2.30 of the recent \$17 stock price (see the Valuation section below). Keep in mind that the P/E on the energy service business is being pulled down by the asbestos situation. As a stand-alone oil service stock, especially free of the asbestos concern, we believe HAL would trade substantially higher than \$15 per share.

HAL stock has dropped sharply since the asbestos claims became known. The stock traded at an all-time high of \$60 at the end of 1997 and recently at \$50 in September 2000. Since then it has been in a steady decline – in the face of a favorable oil service environment – until trading as low as \$8.60 on 01/04/2002. HAL closed at \$10.22 on 01/04/02.



Interestingly HAL has approximately doubled since the January low, which was the height of the asbestos concern (so far).

Spin-Off Advisors believes the asbestos situation is a controllable one for Halliburton and the possibility of a large judgment against HAL is remote:

- 1.) HAL disposed of the asbestos operation in 1992;
- 2.) The former asbestos company (Harbison-Walker) has already agreed to pay approximately half the pending claims;
- 3.) The subsidiary (Dresser Industries) has \$2.1B in liability insurance which would cover asbestos claims;
- 4.) Spinning-off KBR would twice-remove HAL from asbestos;
- 5.) Finally, it is possible that the tort laws may be reformed to control these claims before any money would have to be paid.

In the near-term, Energy Services should report somewhat lower revenues and earnings. Despite the move in the price of oil to \$25/bbl. drilling activity both in the U. S. and worldwide is lower year-over-year, according to the Baker Hughes rig count (see below). A negative is natural gas pricing (low) and inventories (high). KBR remains in a difficult environment, with a lack of large-scale, capital-

intensive projects (refineries, chemical plants). It could report flat revenues and earnings vis-à-vis last year.

The stock is priced at a deep discount to its oil service peer group – 12X next year against 20X for the peer group. If one had reasonable confidence that the restructuring and subsequent spin-off of KBR would distance HAL from asbestos, the stock could be highly attractive on a valuation basis.

Business Mix

HAL's segment reporting already separates the two businesses, apparently exactly as they would be under the new structure. The 2001 10K provides the following:

Revenues (\$mm)	1999	2000	2001
Energy Services	\$5,921	\$6,776	\$8,722
Engineering/Const.	6,392	5,168	4,324
TOTAL	\$12,313	\$11,944	\$13,046
Operating Income			
Energy Services	\$250	\$582	\$1,015
Engineering/Const.	175	-42	143
General Corp.	-24	-78	-74
TOTAL	\$401	\$462	\$1,084
Operating Margin			
Energy Services	4.20%	8.60%	11.60%
Engineering/Const.	2.70%	Loss	3.30%
TOTAL	3.30%	3.90%	8.30%
% of Revenue Mix			
Energy Services	48%	57%	67%
Engineering/Const.	52%	43%	33%

As is evident, both businesses are cyclical, although on different cycles. On a normalized basis, Spin-Off Advisors estimates Energy Service would contribute 60-65% of revenues and KBR 35-40%. The above also indicates that Engineering and Construction is basically a low-margin business (2-3%), even in good times.

Energy Services

Halliburton is essentially tied with Schlumberger (NYSE:SLB -- \$58.80) as the largest oil service company in the world. Its leading product is pressure pumping, which is a means of maximizing the output of the well. It also offers numerous other services, including well completion (cementing), and various geological products, called wireline logging, which utilize seismic techniques to provide detailed data on geological formations containing hydrocar-

bons (SLB is the leader in this business). In a significant breakthrough, logging can now be done while the well is actually being drilled. HAL also provides software (Landmark Graphics) for analysis of the seismic data.

The company also offers numerous products for the industry, including drill bits, drilling fluids, valves, pipes, and safety systems.

This business is closely tied to the fortunes of the oil and gas industry. Two macro variables which represent a good index to revenues and earnings are (1) the price of oil, and (2) the Baker Hughes rig count, which measures weekly how many drilling rigs are working in the U. S., onshore and offshore.

The rig count is down so far this year. In the week ending 03/22/02, there were 750 rigs active in the U. S., down -35% from the year-ago week. However, this figure fluctuates considerably, and the count could move up this summer.

This business is likely to report down earnings year-over-year in 2002, based on the lower rig counts, possibly down 20-25%, which is the assumption behind the consensus \$0.93 EPS estimate.

Kellogg, Brown & Root

Halliburton KBR is one of the largest engineering and construction companies in the world. The most comparable firms are Bechtel, which is privately-owned, and Fluor (FLR:NYSE -- \$40.79). Although at any given time KBR is working on hundreds of projects, the business is driven by large-scale projects such as oil and chemical refineries, offshore oil platforms, pipelines, and the like. The oil industry is the most important customer. There is also a government business, which largely involves managing defense facilities.

This is a backlog-driven business with long lead times. The percentage of completion method of accounting is used for most projects. As evident from the table above, this can lead to large and sometimes unpredictable moves in both revenues and earnings.

For the above reasons, this business has never been a stock market favorite and is unlikely to become so in the foreseeable future. Indeed, one should question whether this type of business should be public at all (the largest – Bechtel – is not).

In the short-run, as noted above, KBR could have flat revenues and earnings this year versus 2001.

Asbestos Issue

One could devote an entire report – or even a book – to the asbestos situation and its impact on industry and the stock market. The problem first surfaced 20 years ago, in the early 1980's, and Johns-Manville was the first casualty.

Once considered a “wonder” material, asbestos was used almost universally as an insulating and fire-proofing material in everything from ships to buildings to pipes.

In the 1970's, it became known that inhalation of asbestos can cause several illnesses, the most serious being lung cancer. One of the first group of workers identified with this problem were people who had worked building ships for the Navy during World War II. Complicating the situation was the fact that most of these people were also heavy smokers, which also can cause lung cancer.

At this point, the trial lawyer industry discovered this situation and hundreds of thousands of lawsuits were filed, many by people who had worked with asbestos but showed no signs of physical illness. The resulting damage awards drove a number of companies into Chapter 11, including Johns-Manville, W. R. Grace, Owens-Corning, U. S. Gypsum, Armstrong, and many others.

In 1998 – when now Vice-President Cheney was CEO – HAL acquired Dresser Industries. Although mainly an oil service company, Dresser had a number of industrial businesses, including Harbison-Walker Refractories, which had been sold in 1992, six years prior to the acquisition. Refractories are specialized bricks designed to withstand extreme heat, and are used to line industrial furnaces used to

make steel, glass, and other materials. The refractories contained asbestos, although, interestingly, when the furnace is fired up, the asbestos is vaporized and no longer exists. Harbison-Walker filed Chapter 11 on 2/14/2002.

So far (as of 12/31/01), 274,000 asbestos claims have been filed against Halliburton, although it is hard to believe that many people ever worked for Harbison-Walker (the entire Halliburton company today has 85,000 employees). In 1992, when it was spun-off, Harbison-Walker agreed to be responsible for 132,000 of the claims.

In a positive development, also on 2/14/2002, a Federal Bankruptcy Court stayed approximately 200,000 of the claims. The purpose of the stay was to protect a major asset of the bankruptcy estate, the \$2.1B in insurance held by Dresser Industries (see below). There is a possibility that some of all of the claims may be paid by a trust, called a Section 524 (g) trust, under the bankruptcy laws.

Dresser Industries has \$2.1B in product liability insurance which would be available for asbestos claims.

In conclusion, we believe this is a manageable problem for Halliburton. It is already once-removed from the claims having disposed of Harbison-Walker ten years ago. Spinning off Kellogg Brown & Root (which included Dresser Industries) would make the company twice-removed.

Finally, there is a movement in Congress and elsewhere to reform the tort laws, specifically as far as asbestos, to prevent more companies from going into Chapter 11, which diminishes the amount of money to pay *bona fide* claims.

Valuation

Halliburton's oil service peer group is priced at 30X this year's earnings and 20X 2003. HAL's multiples are 18.4X and 12.3X respectively. The company's EPS this year will be down about in line with the industry (see table), so it is unlikely this is the reason

for the deep discount P/E. The discount multiple is clearly attributable to the asbestos situation.

Hence, if one had reasonable confidence that the restructuring and subsequent spin-off of KBR would distance HAL from asbestos, the stock could be highly attractive on a valuation basis, given that the timing of the spin-off – if there is to be one – cannot be predicted at the present time.

The 2003 EPS estimate for HAL is \$1.39. Assuming that 10% of this is KBR, the stand-alone oil service company would earn \$1.25. At the peer group multiple of 20X, the stock would trade at \$25. A case could certainly be made that HAL should sell at a premium to the peer group due to its higher quality than some of the other firms. Schlumberger's P/E on 2003 is 26X.

What portion of HAL's \$7.4B market cap is attributable to KBR? In 2001, KBR was 12% of HAL's operating earnings. This equates to a market cap of \$892mm. Keep in mind that 2001 was a great year for the Energy Service business and a so-so one for KBR.

The market cap of KBR's peer group is a small fraction of revenues, as the bulk of revenues is simply passed-on construction costs (all figures are for 2001):

Firm	Revenues (mm)	Market Cap (mm)	Mkt Cap/Revenues
Chgo Bridge & Iron	\$1090	\$633.0	0.58
EMCOR Group	\$3420	\$859.6	0.25
Fluor	\$9195	\$3280.7	0.36
URS Corp.	\$2347	\$593.7	0.25
MEAN			0.36

Last year, KBR's revenues were \$4.3B. Using a 0.25 Market Cap/Revenues suggests a market cap of \$1.075B. (We use the lower end of the peer group range due to the "commodity" nature of most of KBR's business.)

Finally, as a stand-alone company and assuming 436mm shares (same as HAL), KBR notionally would have earned about \$0.16/share in 2001. At the peer group P/E of 12.6X, the stock would sell at \$2, a market cap of \$879mm.

Thus, a range of \$879mm-\$1B seems reasonable, which is 12-13.5% of HAL's market cap. Given the asbestos situation, it would probably be prudent to have a bias toward the lower end.

Potential Spin-Off Situation

Norsk Hydro May Spin-Off Oil and Energy Unit

Norsk Hydro (Bloomberg: NHY NO), Norway's second largest company, may spin-off its oil and energy segment to focus on light metals and agricultural products. Investors have been asking for a separation because they feel NHY's diverse operations and 44% government ownership have caused stock performance to fall behind the performance of oil and energy companies like BP as well as metal producers such as Alcoa. Norsk Hydro may also be considering an outright sale of their oil and energy business. The most likely candidate to purchase the unit is Norway's #1 oil producer Statoil. Statoil seems like the best candidate because the potential cost synergies between the two companies in offshore Norway oil exploration and production would be tremendous. We estimate that Statoil would pay between 70 and 85 billion Norwegian Kroner for Hydro's oil and energy segment. However, Statoil is 82% controlled by the government of Norway and the cost synergies mentioned above would come at the expense of many Norwegian jobs and office closings. Therefore, we do not expect Statoil to purchase Norsk Hydro's oil and energy segment in the near term.

NHY's stock price has already benefited from the buzz surrounding possible separation as well as recent hikes in the price of oil. From March 8 to April 8 the stock price has appreciated over 6%. During that time NHY has benefited from rising oil prices due to tension in the middle-east. For example, oil futures contracts rose as much as 6 percent on April 8, after Iraqi President Saddam Hussein announced Iraq's oil export suspension. On April 8 NHY's stock rose 0.7%. However, NHY's stock price has primarily benefited from discussion of possible separation.

Currently, Norsk Hydro is engaged in the development, production and marketing of energy, metal and agricultural products. NHY's oil and energy business produces energy and operates in the downstream utilization of energy through the following units: exploration and production Norway, exploration and production international, energy, oil marketing and technology and projects. NHY was able to produce 421,000 barrels of oil and gas a day during 2001 and they expect to produce 430,000 a day this year. Recently, this segment announced plans to enter the oil exploration area in Brazil. The metals business consists of the primary production and semi-fabrication of aluminum and magnesium. The company is a supplier to the building and automotive industries and supplies a breadth of products that includes raw aluminum to the manufacture of aluminum extruded sections and sheet. NHY is a supplier of mineral fertilizer through its subsidiary, Hydro Agri. Hydro Agri is comprised of two divisions: plant nutrition and gas and chemicals. Plant nutrition provides solutions to farmers regarding how to supply plants with the optimal amounts of nutrients needed for growth without providing excessive amounts. Gas and chemical develops applications for many sectors including the food, metallurgy and construction industries. Its products are marketed under the names Hydrogas, Hydro Chemicals and Hydro Care. During 2001 Light metals accounted for 33.3% of total revenue, agricultural products accounted for 31.3%, oil and gas contributed 30.9% with other accounting for the rest.

Norsk Hydro (Bloomberg: NHY NO)		NOK 1=US\$0.1152	
Price (04/09/02):	NOK 425	Book Value/Share:	NOK 290.31
52 Week Range	NOK 310 - 441	Dividend/Yield:	NOK 10 / 2.35%
Shares Outstanding:	266.6 M	Debt to Assets	24.39%
Market Capitalization:	NOK 113.3 B	Return on Equity:	11.00%
TTM Sales/Share	NOK 590.53	12/02 EPS, P/E	NOK 34.23, 12.42x

Potential Spin-Off Watch List

Parent	Symbol	Potential Spin-Off	Report Date
Akzo Nobel	AKZA NA	Break Up	Nov-01
3COM	COMS	CommWorks	Feb-01
Boeing	BA	Satellite Business	Dec-00
Bright Station	BSTN	4 units	June-00
Canary Wharf Group	CWG LN	Canary Wharf II	April-01
Delphi Automotive	DPH	High Tech supplier business	April-00
Elcor	ELK	Cybershield	April-00
General Electric	GE	Re Insurance	April-02
Halliburton	HAL	Engineering and Construction	April-02
Hilton Group Plc.	HLTGY	Betting and Gambling Business	Mar-00
Invensys Plc.	ISYS LN	Power Systems	November-00
ION Beam	IBAB	Food Safety Unit	June-01
Kingfisher	KFG	Comet	April-02
Liberty Media	L	International Tracker	Oct-01
Kvaerner ASA	KVI NO	Oil & Gas	Feb-01
Matsushita Electric	6991 JP	Information Technology	August-01
Motorola	MOT	Semiconductor Unit	Sept-01
Norsk Hydro	NHY NO	Oil Unit	April-02
Omnicom Group	OMC	Career Mosaic	Jan-00
Pall Corporation	PLL	Life Sciences Group	June-01
Palm	PALM	Operating Software	August-01
Reuters Group Plc.	RTRSY	Web Security Financial Network	Mar-00
Reynolds and Reynolds	REY	Document Services	May-00
Roche	ROG	Vitamins	March-02
Rohm & Haas	ROH	CMP Slurry Division	March-01
Targeted Genetics	TGEN	Cell Therapy Division	Sept-00
Techtronic Ltd.	TTNDY	Vacuum Cleaner Unit	May-01
Telenor ASA	TELN	Directory Services	Feb-01
Titan	TTN	Defense Operations	Oct-01
United Technologies	UTX	Fuel Cell Division	April-00
U.S. Plastics Lumber	USPL	Environmental Services Unit	Jan-00
US Steel Corp	X	Tubular Division	Sept-01
Volt Information Sciences	VOL	Break-Up	Feb-01
Westell Technologies	WSTL	Conference Plus	Jan-00
WorkFlow Management	WORK	iGetSmart	June-00

Insider Transactions

Company Name	Ticker	Insider Name	Relationship	# of Shares	Trans Type	Trans Date(s)
Acacia Research	ACRI	Paul Ryon	Chairman/CEO	16,000	S	2/25/2002
Adaptec	ADPT	Kok Lim	Officer	10,000	B*	2/1/2002
Adaptec	ADPT	Kok Lim	Officer	10,000	S	2/1/2002
Adaptec	ADPT	Lucie Fjeldstad	Director	2,000	B	2/6/2002
Adelphia Business Solutions	ABIZ	Adelphia Communications	Shareholder	19,700,117	S	1/11/2002
Agilent Technologies	A	Thomas Sopanas	Officer	5,000	144	3/1/2002
Agilent Technologies	A	Thomas Mines		5,000	144	3/5/2002
Allergan	AGN	George Lasezkay	Vice President	12,000	B*	2/12/2002
Allergan	AGN	George Lasezkay	Vice President	12,000	S	2/12/2002
Allergan	AGN	George Lasezkay	Vice President	41,100	144	2/12/2002
AMCOL	ACO	Lawrence Washow	President	39,907	B*	2/11/2002
AMCOL	ACO	Frank Wright	Vice President	36,231	B*	2/13/2002
AMCOL	ACO	John Hughes	Chairman	12,000	B*	2/21/2002
AON Corp	AOC	Catholic Universities of America	Shareholder	2,500	144	3/11/2002
AT&T	T	Cox@HOME Inc	Shareholder	12,500,000	144	2/14/2002
AT&T	T	Cox@HOME Inc	Shareholder	10,000,000	144	2/19/2002
AT&T	T	Cox@HOME Inc	Shareholder	12,500,000	144	2/26/2002
AT&T Wireless	AWE	Roderick Jordan	Officer	5,000	B	2/4/2002
AT&T Wireless	AWE	Nippon TLGPH & Tel corp	Shareholder	26,734,557	Private Purch	2/28/2002
Bell South	BLS	Gary Forsee	Officer	10,000	B	2/1/2002
Bristol Myers	BMY	Curtis Tomlin	Vice President	400	B	2/1/2002
Bristol Myers	BMY	Andrew Bomnar	Officer	33,154	S	2/8/2002
Carmax	KMX	Robert Schrader		10,699	144	3/6/2002
Carmax	KMX	Robert Schrader		2,111	144	3/14/2002
Circuit City	CC	Richard Cooper	Director	4,938	B*	2/25/2002
Circuit City	CC	John Froman	COO	12,500	S	2/25/2002
Circuit City	CC	Mikael Solovaara	Director	45,000	B	2/26/2002
Circuit City	CC	Mikael Solovaara	Director	15,000	B	2/26/2002
Circuit City	CC	Robert Jepsom	Director	10,000	B	2/26/2002
Citigroup	C	Winfried Bischoff	Chairman	18,497	B	2/13/2002
Citigroup	C	Robert Rubin	Director	111,304	B	2/13/2002
Citigroup	C	Todd Thomson	CFO	22,260	B	2/13/2002
Citigroup	C	Sanford Weill	Chairman	178,479	B	2/13/2002
Citigroup	C	Robert Willumstad	President	44,150	B	2/13/2002
Citigroup	C	Michael Carpenter	Officer	91,083	B	2/13/2002
Citigroup	C	Thomas Jones	Officer	37,101	B	2/13/2002
Citigroup	C	Deryck Maughan	Vice Chairman	43,223	B	2/13/2002
Citigroup	C	Victor Menezes	Director	35,060	B	2/13/2002
Citigroup	C	Charles Prince	COO	28,197	B	2/13/2002
Citigroup	C	William Rhodes	Vice Chairman	23,930	B	2/13/2002
Clear Channel Communications	CCU	Benjamin Homel	Officer	95	B	2/15/2002
Clear Channel Communications	CCU	Paul Meyer		2,500	144	3/6/2002
Clear Channel Communications	CCU	Paul Meyer		2,500	144	3/7/2002
CMS Energy	CMS	Doris Galvin		414	S	2/25/2002
CMS Energy	CMS	William Haener	Officer	595	S	2/26/2002
CMS Energy	CMS	William McCormick	CEO	10,000	144	3/8/2002
Computer Associates	CA	Charles Wang	Chairman	3,435,758	S	2/22/2002
Computer Associates	CA	Gary Quinn	Officer	3,000	B	2/22/2002
Computer Associates	CA	Sanjay Kumar	Officer	2,395,242	S	2/22/2002
Computer Associates	CA	Lewis Ranieri	Director	65,000	B	2/22/2002
Computer Associates	CA	Russell Artzt	Director	12,903	B*	2/25/2002
Computer Associates	CA	Alfonse D'amato	Director	30,000	B	2/26/2002
Computer Associates	CA	Charles Wang	Chairman	27,371	S	2/28/2002

Insider Transactions

Company Name	Ticker	Insider Name	Relationship	# of Shares	Trans Type	Trans Date(s)
Conexant	CNXT	Donald Beall	Director	482,010	B*	3/1/2002
Conexant	CNXT	Innotech Corporation	Shareholder	31,421	144	3/14/2002
Conexant	CNXT	Soloman Yeah	Shareholder	726	144	3/14/2002
Conexant	CNXT	Abdul Al-Marzoud	Shareholder	1,081	144	3/21/2002
Conexant	CNXT	Great American Ventures	Shareholder	2,161	144	3/25/2002
Dynegy	DYN	Michael Mott	Officer	28,074	B*	2/27/2002
Dynegy	DYN	Michael Mott	Officer	28,074	S	2/27/2002
EMC	EMC	Windle Priem	Director	25,000	B	2/13/2002
Emmis Communications	EMMS	Richard Cummings	Officer	4,800	B*	2/22/2002
Emmis Communications	EMMS	Richard Cummings	Officer	4,800	S	2/22/2002
Emmis Communications	EMMS	Norman Gurwitz	Officer	26,779	B*	2/22/2002
Emmis Communications	EMMS	Norman Gurwitz	Officer	26,779	S	2/22/2002
Emmis Communications	EMMS	Gary Kaseff	Officer	4,800	B*	2/26/2002
Emmis Communications	EMMS	Gary Kaseff	Officer	4,800	S	2/26/2002
Emmis Communications	EMMS	Susan Bayh	Director	10,000	B*	2/27/2002
Emmis Communications	EMMS	Susan Bayh	Director	10,000	S	2/27/2002
Emmis Communications	EMMS	Richard Leventhal	Director	5,000	144	3/4/2002
Enterasys	ETS	Enrique Fiallo	Officer	78,247	144	2/15/2002
Enterasys	ETS	Jerry Shanahan	COO	13,041	144	2/15/2002
Enterasys	ETS	Gerald Haines		7,825	144	2/15/2002
Enterasys	ETS	Ron Gula		72,000	144	2/28/2002
FMC Technologies	FTI	Charles Cannon	Officer	6,563	S	2/19/2002
Gamestop	GME	Richard Fontaine	Director	100	B	2/13/2002
Genzyme General	GENZ	Henry Blair	Director	2,500	S	2/14/2002
Goodrich	GR	Ernest Schaub	Officer	5,400	B	2/15/2002
Goodrich	GR	Ernest Schaub	Officer	9,183	B	2/15/2002
Goodrich	GR	Ulrich Schmidt	CFO	3,700	B	2/15/2002
Goodrich	GR	Ulrich Schmidt	CFO	2,359	B	2/15/2002
Goodrich	GR	David Burner	Chairman	15,400	B*	2/15/2002
Goodrich	GR	David Burner	Chairman	15,400	S	2/15/2002
Goodrich	GR	Jerry Lee	Officer	1,516	S	2/15/2002
Goodrich	GR	Jerry Lee	Officer	2,800	B	2/15/2002
Goodrich	GR	Jerry Lee	Officer	4,342	B	2/15/2002
Goodrich	GR	John Carmola	Officer	2,770	S	2/15/2002
Goodrich	GR	John Carmola	Officer	8,042	B	2/15/2002
Goodrich	GR	John Grisik	President	3,652	S	2/15/2002
Goodrich	GR	John Grisik	President	10,607	B	2/15/2002
Goodrich	GR	John Grisik	President	400	B	2/15/2002
Goodrich	GR	Michael Piscatella	Officer	6,932	B	2/15/2002
Goodrich	GR	Michael Piscatella	Officer	2,388	S	2/15/2002
Goodrich	GR	Michael Piscatella	Officer	460	B	2/15/2002
Goodrich	GR	Stephen Huggins	Officer	2,618	S	2/15/2002
Goodrich	GR	Stephen Huggins	Officer	7,600	B	2/15/2002
Goodrich	GR	Robert Koney	Officer	4,580	B*	2/15/2002
Goodrich	GR	Robert Koney	Officer	4,580	S	2/15/2002
Goodrich	GR	Actel Corp		41,372	B	2/15/2002
Goodrich	GR	Actel Corp		14,078	S	2/15/2002
Goodrich	GR	Terrence Linnert	Officer	4,200	B	2/15/2002
Goodrich	GR	Terrence Linnert	Officer	11,252	B	2/15/2002
Goodrich	GR	Ernest Schaub	Officer	20,000	144	3/28/2002

Insider Transactions

Company Name	Ticker	Insider Name	Relationship	# of Shares	Trans Type	Trans Date(s)
Helmerich & Payne	HP	W.H. Helmerich	Chairman	400	S	2/26/2002
Hewlett-Packard	HWP	Debra Dunn	Officer	1,428	S	2/12/2002
Hewlett-Packard	HWP	John Flaxman	Officer	1,868	S	2/12/2002
ICN Pharmaceuticals	ICN	Jean Kurz	Director	3,188	144	3/4/2002
ICN Pharmaceuticals	ICN	David Watt	Officer	38,944	144	3/12/2002
ICN Pharmaceuticals	ICN	Stephen Moses	Director	8,997	144	3/15/2002
Imagistics International	IGI	Joseph Skrzypczak	CFO	3,000	B	2/25/2002
Insight Enterprises	NSIT	Michael Gumbert	Officer	304	S	2/5/2002
Insight Enterprises	NSIT	Michael Gumbert	Officer	233,333	144	3/18/2002
Johnson & Johnson	JNJ	Christian Koffman	Officer	366,466	B	2/1/2002
Johnson & Johnson	JNJ	Christian Koffman	Officer	163,059	B*	2/1/2002
Johnson & Johnson	JNJ	Robert Savage	Director	34,400	B*	2/5/2002
Johnson & Johnson	JNJ	Robert Savage	Director	34,400	S	2/5/2002
Johnson & Johnson	JNJ	Ralph Larsen	Chairman	53,546	S	2/7/2002
Johnson & Johnson	JNJ	Pera Peterson	Officer	2,910	B	2/11/2002
Johnson & Johnson	JNJ	William Weldon	Officer	2,385	B	2/11/2002
Johnson & Johnson	JNJ	Robert Wilson	Officer	4,775	B	2/11/2002
Johnson & Johnson	JNJ	Michael Dormer	Officer	3,000	B	2/11/2002
Johnson & Johnson	JNJ	Stephen Cosgrove	Officer	600	B	2/11/2002
Johnson & Johnson	JNJ	Joann Heisen	Officer	1,790	B	2/11/2002
Johnson & Johnson	JNJ	James Lenehan	Officer	1,545	B	2/11/2002
Johnson & Johnson	JNJ	Brian Perkins	Officer	1,430	B	2/11/2002
Johnson & Johnson	JNJ	Christine Poon	Officer	1,500	B	2/11/2002
Johnson & Johnson	JNJ	Colleen Coggins	Officer	10,000	S	2/25/2002
Johnson & Johnson	JNJ	Colleen Coggins	Officer	25,000	B*	2/25/2002
Johnson & Johnson	JNJ	Stephen Cosgrove		2,000	144	3/13/2002
Lucent	LU	Denise Negrin	Former Employee	79,645	144	3/1/2002
Lucent	LU	Sutton Partners	Shareholder	49,756	144	3/19/2002
MCDATA	MCDATA	James Kuenzel		5,000	144	3/13/2002
Merck	MRK	Judy Lewent	Officer	6,300	B*	2/6/2002
Merck	MRK	Judy Lewent	Officer	53,000	S	2/6/2002
Moody's	MCO	Clifford Alexander	Director	8,600	B*	2/21/2002
Moody's	MCO	Clifford Alexander	Director	8,600	S	2/21/2002
Nextel Communications	NXTL	Barry West	Officer	20,000	B	2/26/2002
Nextel Communications	NXTL	Timothy Donahue	Officer	20,000	B	2/26/2002
Nextel Communications	NXTL	Paul Saleh	Officer	20,600	B	2/26/2002
Northwest Airlines	NWAC	Richard Blum	Director	180,643	S	2/27/2002
Pharmacia	PHA	Phillip Needleman	Officer	70,000	S	3/4/2002
Pitney Bowes	PBI	Arlen Henock	Officer	3,319	S	2/5/2002
Pitney Bowes	PBI	John Moody	Officer	5,944	B*	2/11/2002
Pitney Bowes	PBI	Arlen Henock	Officer	6,284	B*	2/14/2002
Pitney Bowes	PBI	Sara Moss	Officer	5,411	S	2/28/2002
Riverstone Networks, Inc.	RSTN	Robert Stanton	Affiliated Person	18,000	B*	2/1/2002
Riverstone Networks, Inc.	RSTN	Robert Stanton	Affiliated Person	18,000	S	2/1/2002
Riverstone Networks, Inc.	RSTN	Eric Jaeger	Affiliated Person	15,000	B*	2/1/2002
Riverstone Networks, Inc.	RSTN	Eric Jaeger	Affiliated Person	15,000	S	2/1/2002
Riverstone Networks, Inc.	RSTN	Suresh Gopalakrishnan	Affiliated Person	15,000	B*	2/1/2002
Riverstone Networks, Inc.	RSTN	Suresh Gopalakrishnan	Affiliated Person	15,000	S	2/1/2002
Riverstone Networks, Inc.	RSTN	Leroy Kern	Affiliated Person	12,900	B*	2/1/2002
Riverstone Networks, Inc.	RSTN	Leroy Kern	Affiliated Person	12,900	S	2/1/2002
Riverstone Networks, Inc.	RSTN	Piyush Patel	Director	49,800	B*	2/1/2002
Riverstone Networks, Inc.	RSTN	Piyush Patel	Director	57,300	S	2/1/2002
Riverstone Networks, Inc.	RSTN	Romulus Pereira	CEO	6,200	B*	2/1/2002
Riverstone Networks, Inc.	RSTN	Romulus Pereira	CEO	6,200	S	2/1/2002
Riverstone Networks, Inc.	RSTN	Romulus Pereira	CEO	39,000	B*	2/1/2002
Riverstone Networks, Inc.	RSTN	Romulus Pereira	CEO	39,000	S	2/1/2002
Riverstone Networks, Inc.	RSTN	Oginators Inv. Plan LP	Shareholder	2,958	144	2/15/2002

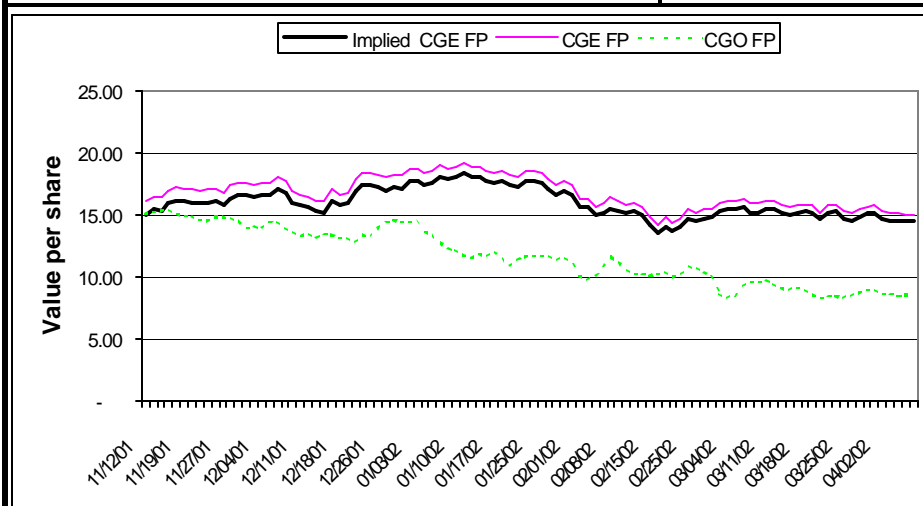
Insider Transactions

Company Name	Ticker	Insider Name	Relationship	# of Shares	Trans Type	Trans Date(s)
Rockwell Collins	COL	Chris Davis	Director	735	B	2/13/2002
Rockwell Collins	COL	Alfred Spigarelli	Officer	3,234	B*	2/27/2002
Rockwell Collins	COL	Alfred Spigarelli	Officer	3,234	S	2/27/2002
Rockwell International	ROK	Kenneth Yontz	Director	1,398	B	2/6/2002
Rockwell International	ROK	Kenneth Yontz	Director	20,000	B	2/12/2002
Roxio	ROXI	Richard Boyko	CFO	2,000	B	2/5/2002
SPX Corp	SPW	Thomas Riordan	Officer	19,201	S	2/19/2002
SPX Corp	SPW	Thomas Riordan	Officer	25,000	B*	2/19/2002
SPX Corp	SPW	Charles Johnson	Director	12,000	144	4/1/2002
St. Joe Company	JOE	Peter Rummel	Chairman	240,200	S	2/28/2002
St. Joe Company	JOE	Peter Rummel	Chairman	348,045	B*	2/28/2002
Starbucks	SBUX	Michael Casey	Vice President	60,064	B*	2/4/2002
Starbucks	SBUX	Michael Casey	Vice President	60,064	S	2/4/2002
Starbucks	SBUX	Eduardo Garcia	Vice President	71,666	B*	2/4/2002
Starbucks	SBUX	Eduardo Garcia	Vice President	71,666	S	2/4/2002
Starbucks	SBUX	Orin Smith	CEO	500,000	144	3/4/2002
Starbucks	SBUX	Michael Casey	Officer	70,000	144	3/4/2002
Starbucks	SBUX	Orin Smith	CEO	88,150	144	3/5/2002
Starbucks	SBUX	Wanda Herndon	Officer	26,668	144	3/5/2002
Starbucks	SBUX	Wanda Herndon	Officer	50,168	144	3/15/2002
Starbucks	SBUX	Orin Smith	CEO	73,350	144	3/15/2002
Starbucks	SBUX	Orin Smith	CEO	338,500	144	3/18/2002
Sunoco	SUN	Joseph Krott	Officer	483	S	2/5/2002
Sunoco	SUN	Rolf Naku	Officer	891	B*	2/5/2002
Sunoco	SUN	Joseph Krott	Officer	500	S	2/13/2002
Sunoco	SUN	Joseph Krott	Officer	1,479	B*	2/13/2002
Sunoco	SUN	Deborah Fretz	Officer	354	S	3/8/2002
Sunoco	SUN	Deborah Fretz	Officer	775	B*	3/8/2002
Sunoco Logistics	SXL	John Drosdick	Director	20,000	Private Purch	2/8/2002
Sunoco Logistics	SXL	Sunoco Partners LLC	Beneficial Owner	5,633,639	B	2/8/2002
Sunoco Logistics	SXL	Deborah Fretz	President	1,500	Private Purch	2/8/2002
Sunoco Logistics	SXL	Deborah Fretz	President	100	B	2/8/2002
Sunoco Logistics	SXL	David Justin	Officer	1,000	Private Purch	2/8/2002
Sunoco Logistics	SXL	Jeffrey Wagner	Officer	1,000	Private Purch	2/8/2002
Sunoco Logistics	SXL	Colin Oerton	CFO	5,000	Private Purch	2/8/2002
Sunoco Logistics	SXL	Paul Broker	Officer	500	Private Purch	2/8/2002
Sunoco Logistics	SXL	James Fidler	Officer	1,100	Private Purch	2/8/2002
Sunoco Logistics	SXL	Sun Pip Line Co	Beneficial Owner	3,267,511	B	2/8/2002
Sunoco Logistics	SXL	Thomas Hofmann	Director	2,500	Private Purch	2/8/2002
Sunoco Logistics	SXL	Joseph Krott	Officer	2,000	Private Purch	2/8/2002
Sunoco Logistics	SXL	Paul Mulholland	Officer	2,000	Private Purch	2/8/2002
Surebeam	SURE	Kevin Claudio	Director	30,000	144	3/4/2002
Surebeam	SURE	Donald Segal	Officer	50,000	144	3/6/2002
Surebeam	SURE	Lawrence Oberkfell	Officer	100,000	144	3/7/2002
SWS Group	SWS	Leland Daniel	Officer	40,000	S	2/1/2002
SWS Group	SWS	Nancy Todd	Shareholder	56,452	144	3/1/2002
Sybron Dental Specialists	SYD	William Siart	Director	2,000	B	2/7/2002
Tyco International	TYC	John Fort		3,000	B	2/1/2002
Tyco International	TYC	Assembly of God	Shareholder	900	144	2/1/2002
Tyco International	TYC	John Fort		1,000	B	2/6/2002
Tyco International	TYC	Joseph Welch	Director	4,000	B	2/11/2002
USX Marathon	MRO	David Daberko	Director	2,000	B	2/1/2002
USX Marathon	MRO	Dennis Reilley	Director	2,100	B	2/1/2002
USX Marathon	MRO	John Mills	CFO	39,586	S	2/14/2002
USX Marathon	MRO	John Mills	CFO	46,280	B*	2/14/2002
Western Resources	WR	Thomas Grenin	Former Officer	25,432	S	2/22/2002
Western Resources	WR	Richard Terrill	Former Officer	2,000	S	2/28/2002
Zymogenetics	ZGEN	Warburg Pincus LLC	Shareholder	7,223,760	B	2/6/2002
Zymogenetics	ZGEN	Robert Whitehead	Officer	500	B	2/6/2002
Zymogenetics	ZGEN	Lori Rafield	Director	2,840,398	B	2/6/2002
Zymogenetics	ZGEN	David Hirsh	Director	28,900	B	2/6/2002
Zymogenetics	ZGEN	Lars Sorenson	Director	866,541	B	2/6/2002
Zymogenetics	ZGEN	Novo Nordisk Pharmaceuticals	Shareholder	866,541	B	2/6/2002
Zymogenetics	ZGEN	Kurt Nielson	Director	866,541	B	2/6/2002
Zymogenetics	ZGEN	Patricof & CO	Shareholder	2,840,398	B	2/6/2002
Zymogenetics	ZGEN	Jonathan Leff	Director	7,223,760	B	2/6/2002
Zymogenetics	ZGEN	George Rathman	Director	400,000	Private Purch	2/6/2002
Zymogenetics	ZGEN	George Rathman	Director	96,282	B	2/6/2002
Zymogenetics	ZGEN	Bruce Carter	President	11,500	B	2/8/2002
Zymogenetics	ZGEN	Mark Young	Officer	604	B	2/20/2002

Valuation Snapshot

ALCATEL SA / ALCATEL OPTRONICS

ALCATEL SA (CGE FP)		33-1-40-76-10-10	ALCATEL OPTRONICS (CGO FP)		33-01-64-49-44-39
Current Price (Euros)	14.80		Current Price 02-EPS est.	5.65	E-0.77 -- X
Shares Out (000)	1,223,937		Shares Out / Float	103,880	
Market Cap (000) (Euros)	18,114,268		Market Cap (000)	586,922	
Enterprise Value (000) (Euros)	20,995,268		Enterprise Value	\$ 573,822	
Sales 12 Month Trailing (000)	25,353,000		TTM Sales Price / Sales	\$ 432,300	1.36 X
Book Per Share (Euros)	8.13		Book Value Price / Book	3.34	1.69 X
Insider / Inst. Held	3%	8%	Insider / Inst. Held	1%	1%
Short Int. / Ratio			Short Int. / Ratio		
52 Week Range	\$11.34 - \$39.14		52 Week Range	\$4.5 - \$35.9	
CGE FP ownership of CGO FP		With CGO FP multiple	Without CGO FP per share multiple		
Shares owned (000)	85,182	Price-to-Sales	\$20.71 0.71 X	Price-to-Sales	\$20.36 0.71 X
Ratio per CGE FP share	0.0696	Price-to-Book	\$8.13 1.82 X	Price-to-Book	\$7.58 1.9 X
Value per CGE FP share	\$0.39	Price/Earnings	\$-0.48 -- X	Price/Earnings	\$-0.42 -- X
CGE FP Stub Value	\$14.41	Price/EBITDA	\$0.75 19.73 X	Price/EBITDA	\$0.64 22.52 X
Economic/Voting Interest	82% / 82%		Enterpr./EBITDA	22.8 X	
CGE FP Relationship with CGO FP		Comparables		JDSU	GLW
Intend to Spin	No		Price-to-Sales	3.15 X	1.02 X
IRS Tax Free Ruling			Price-to-Book	0.98 X	1.15 X
Record Date / Distr. Date			Price/Earnings	0 X	0 X
CGO FP IPO Date /Price	10/20/2000	\$ 85.00	Price/EBITDA	-26.57 X	6.86 X
IPO Lockup Expires			Enterpr./EBITDA	-20.48 X	9.9 X
Shares to Distribute / Float	4.6 X				



Spread Relationship	
40 Day Average	\$ 14.88
40 Day Variance	0.27
40 Day St. Dev	\$ 0.52
40 Day Correlation	0.00
20 Day Average	\$ 14.93
20 Day Variance	0.13
20 Day St. Dev	\$ 0.34
20 Day Correlation	0.71
10 Day Average	\$ 14.70
10 Day Variance	0.08
10 Day St. Dev	\$ 0.27
10 Day Correlation	0.83

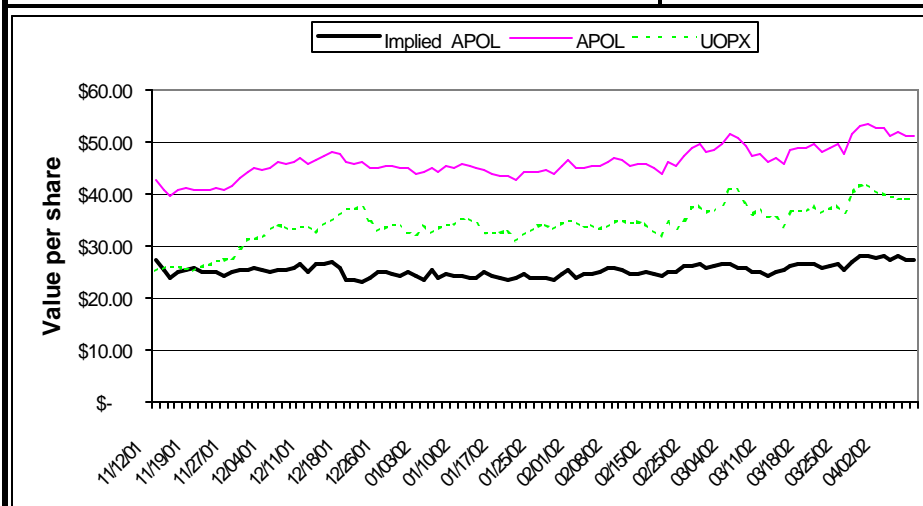
Alcatel SA develops, produces, and distributes telecommunications equipment and cables, and offers telecommunications services. The company manufactures and markets mobile telephones, microwave radio systems, switching equipment and underwater networks, printed circuit boards, inductive components, converters, and optronics and solutions for utilities, cable TV operators, and the Internet.

Alcatel Optronics manufactures electronic components. The company produces lasers, pump lasers, optical amplifier modules, optical interface modules, optical routing modules, and passive devices which create, extend, receive, or process optical signals traveling through an optical fiber. Alcatel Optronics manufactures its components in France, the United States, and Canada.

Valuation Snapshot

APOLLO GROUP / UNIV PHOENIX ONLINE

APOLLO GROUP (APOL)		480-966-5394	UNIV PHOENIX ONLINE (UOPX)		800-765-4922
Current Price	\$	51.16	Current Price 02-EPS est.	\$	38.95 \$0.57 68.09 X
Shares Out (000)		116,604	Shares Out / Float		79,991
Market Cap (000)	\$	5,965,461	Market Cap (000)	\$	3,115,649
Enterprise Value (000)	\$	5,635,651	Enterprise Value	\$	3,115,649
Sales 12 Month Trailing (000)	\$	820,580	TTM Sales Price / Sales	\$	75,400 41.44 X
Book Per Share	\$	4.66	Book Value Price / Book	\$	1.48 26.32 X
Insider / Inst. Held		31 %	Insider / Inst. Held		90 % 111 %
Short Int. / Ratio		1.5911	Short Int. / Ratio		1.3000
52 Week Range		\$29 - \$54.33	52 Week Range		\$18.57 - \$42.94
APOL ownership of UOPX		With UOPX multiple		Without UOPX per share multiple	
Shares owned (000)		71,250	Price-to-Sales		\$7.04 7.27 X
Ratio per APOL share		0.6110	Price-to-Book		\$4.66 10.98 X
Value per APOL share		\$23.8	Price/Earnings		\$1.17 43.58 X
APOL Stub Value		\$27.36	Price/EBITDA		\$1.78 28.74 X
Economic/Voting Interest		89% / 89%	Enterpr./EBITDA		27.18 X
APOL Relationship with UOPX		Comparables		ESI	DV
Intend to Spin		Tracking Stock	Price-to-Sales		2.52 X 3.42 X
IRS Tax Free Ruling		N/A	Price-to-Book		13.21 X 6.58 X
Record Date / Distr. Date		N/A N/A	Price/Earnings		26.44 X 31.83 X
UOPX IPO Date /Price		9/27/2000 \$	Price/EBITDA		15.27 X
IPO Lockup Expires		3/26/2001	Enterpr./EBITDA		14.86 X
Shares to Distribute / Float		8.2 X			



Spread Relationship	
40 Day Average	\$ 26.06
40 Day Variance	1.21
40 Day St. Dev	\$ 1.10
40 Day Correlation	0.97
20 Day Average	\$ 26.66
20 Day Variance	5.67
20 Day St. Dev	\$ 1.11
20 Day Correlation	0.98
10 Day Average	\$ 27.44
10 Day Variance	2.74
10 Day St. Dev	\$ 0.81
10 Day Correlation	0.95

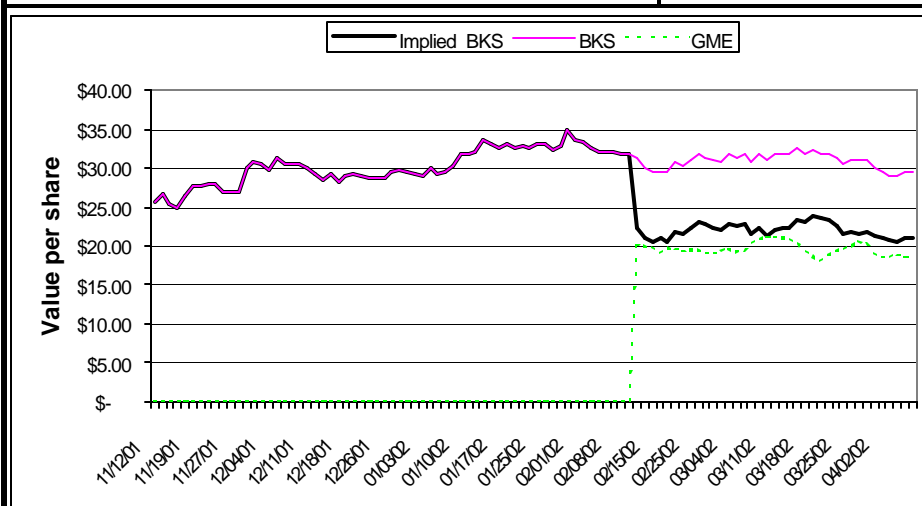
Apollo Group, Inc. provides higher education programs for working adults. The company's subsidiaries include the University of Phoenix, the Institute for Professional Development, the College for Financial Planning, and Western International University. Apollo offers accredited degree programs, certificate programs, and customized training at campuses in the United States and Canada.

University of Phoenix Online is a division of the University of Phoenix, Inc., a wholly owned subsidiary of the Apollo Group. The company is an online provider of accessible, accredited education programs for working adults.

Valuation Snapshot

BARNES & NOBLE / GAMESTOP CORP

BARNES & NOBLE (BKS)		212-633-3300	GAMESTOP CORP (GME)		817-424-2000
Current Price	\$ 29.43		Current Price 02-EPS est.	\$ 18.49	\$0.86 21.5 X
Shares Out (000)	79,171		Shares Out / Float	54,060	
Market Cap (000)	\$ 2,330,003		Market Cap (000)	\$ 999,569	
Enterprise Value (000)	\$ 2,670,783		Enterprise Value	\$ 990,929	
Sales 12 Month Trailing (000)	\$ 4,870,390		TTM Sales Price / Sales	\$ 756,700	1.32 X
Book Per Share	\$ 13.21		Book Value Price / Book	\$ (0.38)	-- X
Insider / Inst. Held	29 %	82 %	Insider / Inst. Held	0 %	0 %
Short Int. / Ratio	3.6798	3.7100	Short Int. / Ratio		
52 Week Range	\$23.3 - \$43.99		52 Week Range	\$17 - \$21.9	
BKS ownership of GME		With GME multiple		Without GME per share multiple	
Shares owned (000)	36,000	Price-to-Sales	\$61.52 0.48 X	Price-to-Sales	\$51.96 0.4 X
Ratio per BKS share	0.4547	Price-to-Book	\$13.21 2.23 X	Price-to-Book	\$11.48 1.83 X
Value per BKS share	\$8.41	Price/Earnings	\$1.85 15.93 X	Price/Earnings	\$1.46 14.4 X
BKS Stub Value	\$21.02	Price/EBITDA		Price/EBITDA	
Economic/Voting Interest	67% / 95%	Enterpr./EBITDA		Enterpr./EBITDA	
BKS Relationship with GME		Comparables		BGP	BAMM
Intend to Spin	Possibly	Price-to-Sales	0.56 X	0.2 X	
IRS Tax Free Ruling		Price-to-Book	2 X	0.75 X	
Record Date / Distr. Date		Price/Earnings	15.47 X	16 X	
GME IPO Date /Price	2/12/2002 \$ 18.00	Price/EBITDA		3.78 X	
IPO Lockup Expires		Enterpr./EBITDA		6.54 X	
Shares to Distribute / Float	2 X				



Spread Relationship	
40 Day Average	\$ 22.71
40 Day Variance	7.80
40 Day St. Dev	\$ 2.79
40 Day Correlation	(0.23)
20 Day Average	\$ 22.00
20 Day Variance	1.23
20 Day St. Dev	\$ 1.00
20 Day Correlation	0.43
10 Day Average	\$ 21.25
10 Day Variance	0.65
10 Day St. Dev	\$ 0.49
10 Day Correlation	0.93

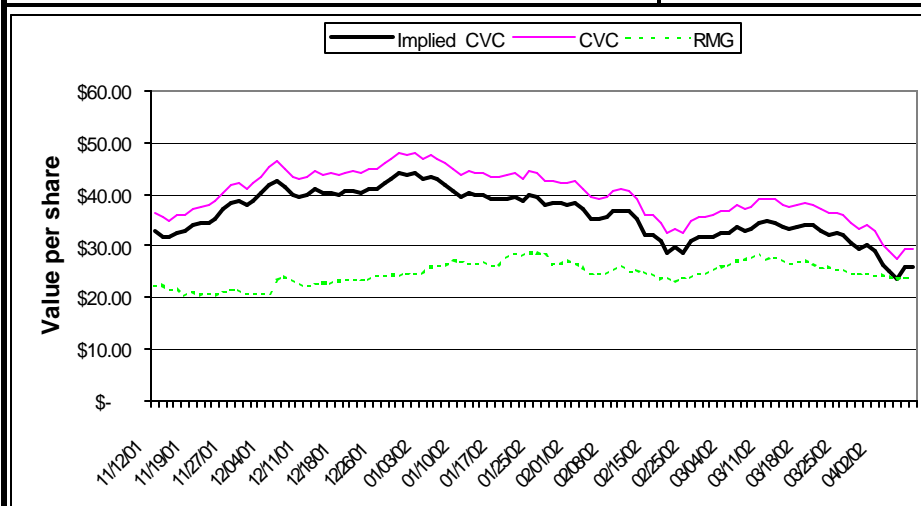
Barnes & Noble, Inc. operates superstores and mall-based bookstores throughout the US. The Company operates book superstores under the names Barnes & Noble Booksellers, Bookstop, and Bookstar. Barnes & Noble also operates bookstores in shopping malls under the names B. Dalton Bookseller, Doubleday Book Shops, and Scribner's Bookstore.

GameStop Corporation operates specialty electronic game and PC entertainment software stores throughout the United States, Puerto Rico, and Guam. The stores operate under the names GameStop, Babbage's, Software Etc., and FuncoLand. The Company sells video games through its stores and within bookstores operated by Barnes & Noble. GameStop also publishes Game Informer, a video game magazine.

Valuation Snapshot

CABLEVISION SYS / RAINBOW MEDIA GR

CABLEVISION SYS (CVC)		516-803-2300	RAINBOW MEDIA GR (RMG)		516-803-2300
Current Price	\$	29.60	Current Price 02-EPS est.	\$	23.72 \$0.69 34.33 X
Shares Out (000)		133,304	Shares Out / Float		93,310
Market Cap (000)	\$	3,945,795	Market Cap (000)	\$	2,213,306
Enterprise Value (000)	\$	11,646,225	Enterprise Value	\$	2,062,546
Sales 12 Month Trailing (000)	\$	4,404,550	TTM Sales Price / Sales		
Book Per Share	\$	(9.04)	Book Value Price / Book	\$	4.52 5.25 X
Insider / Inst. Held		54 % 83 %	Insider / Inst. Held		50 % 94 %
Short Int. / Ratio		10.8017 5.4400	Short Int. / Ratio		
52 Week Range		\$27.01 - \$71	52 Week Range		\$18.2 - \$29.06
CVC ownership of RMG		With RMG multiple		Without RMG per share multiple	
Shares owned (000)		21,072	Price-to-Sales		\$33.04 0.9 X
Ratio per CVC share		0.1581	Price-to-Book		\$-9.04 -- X
Value per CVC share	\$	\$3.75	Price/Earnings		\$-5.46 -- X
CVC Stub Value	\$	\$25.85	Price/EBITDA		\$7.05 4.2 X
Economic/Voting Interest		23% / 74%	Enterpr./EBITDA		12.39 X
CVC Relationship with RMG			Comparables		
Intend to Spin	Tracking Stock		COX	CHTR	
IRS Tax Free Ruling			Price-to-Sales	4.91 X 0.76 X	
Record Date / Distr. Date			Price-to-Book	2.26 X 1.05 X	
RMG IPO Date /Price			Price/Earnings	0 X 0 X	
IPO Lockup Expires			Price/EBITDA	14.06 X 1.65 X	
Shares to Distribute / Float	0.3 X		Enterpr./EBITDA	20.17 X 12.77 X	



Spread Relationship	
40 Day Average	\$ 31.65
40 Day Variance	9.90
40 Day St. Dev	\$ 3.15
40 Day Correlation	0.72
20 Day Average	\$ 30.64
20 Day Variance	13.82
20 Day St. Dev	\$ 3.52
20 Day Correlation	0.92
10 Day Average	\$ 27.79
10 Day Variance	7.91
10 Day St. Dev	\$ 2.74
10 Day Correlation	0.89

Cablevision Systems New York Group provides telecommunications and entertainment services. The Company has operations in multimedia delivery, subscription cable television services, championship professional sports teams, and national television program networks. Cablevision serves cable customers primarily in the New York metropolitan area.

Cablevision Systems Corporation-Rainbow Media Group provides national and regional niche programming in the United States. The Company's assets include American Movie Classics, Bravo, The Independent Film Channel, and MuchMusic USA. Cablevision also holds an interest in the national service, FOX Sports Net and several FOX regional sports channels.

Valuation Snapshot

CINCINNATI FIN / FIFTH THIRD BANC

CINCINNATI FIN (CINF)		513-870-2000	FIFTH THIRD BANC (FITB)		513-579-5300		
Current Price	\$ 44.30		Current Price 02-EPS est.	\$ 66.75	\$2.76 24.15 X		
Shares Out (000)	161,798		Shares Out / Float	582,013			
Market Cap (000)	\$ 7,167,651		Market Cap (000)	\$ 38,849,361			
Enterprise Value (000)	\$ 7,683,651		Enterprise Value	\$ 51,506,361			
Sales 12 Month Trailing (000)	\$ 2,561,140		TTM Sales Price / Sales	\$ 6,463,640	6.01 X		
Book Per Share	\$ 37.03		Book Value Price / Book	\$ 13.10	5.1 X		
Insider / Inst. Held	16 %	45 %	Insider / Inst. Held	20 %	53 %		
Short Int. / Ratio	1.8868	5.0200	Short Int. / Ratio				
52 Week Range	\$34 - \$44.72		52 Week Range	\$48.88 - \$69.69			
CINF ownership of FITB		With FITB multiple		Without FITB per share multiple			
Shares owned (000)	72,781	Price-to-Sales	\$15.83 2.8 X		Price-to-Sales	\$-24.12 -0.59 X	
Ratio per CINF share	0.4498	Price-to-Book	\$37.03 1.2 X		Price-to-Book	\$-10.09 -- X	
Value per CINF share	\$30.03	Price/Earnings	\$1.68 26.38 X		Price/Earnings	\$0.44 32.43 X	
CINF Stub Value	\$14.27	Price/EBITDA	\$1.76 25.17 X		Price/EBITDA	[REDACTED]	
Economic/Voting Interest	13% / 13%	Enterpr./EBITDA	26.93 X		Enterpr./EBITDA	[REDACTED]	
CINF Relationship with FITB			Comparables				
Intend to Spin	No			CNA	ORI		
IRS Tax Free Ruling	[REDACTED]		Price-to-Sales	0.5 X	1.65 X		
Record Date / Distr. Date	[REDACTED]		Price-to-Book	0.78 X	1.4 X		
FITB IPO Date / Price	[REDACTED]		Price/Earnings	13.14 X	11.01 X		
IPO Lockup Expires	[REDACTED]		Price/EBITDA	-3.77 X	[REDACTED]		
Shares to Distribute / Float	0.1 X		Enterpr./EBITDA	-7.2 X	[REDACTED]		
			Spread Relationship				
			40 Day Average	\$ 11.79			
			40 Day Variance	1.07			
			40 Day St. Dev	\$ 1.03			
			40 Day Correlation	0.84			
20 Day Average	\$ 12.36						
20 Day Variance	0.78						
20 Day St. Dev	\$ 1.17						
20 Day Correlation	(0.59)						
10 Day Average	\$ 13.22						
10 Day Variance	0.83						
10 Day St. Dev	\$ 1.09						
10 Day Correlation	(0.60)						

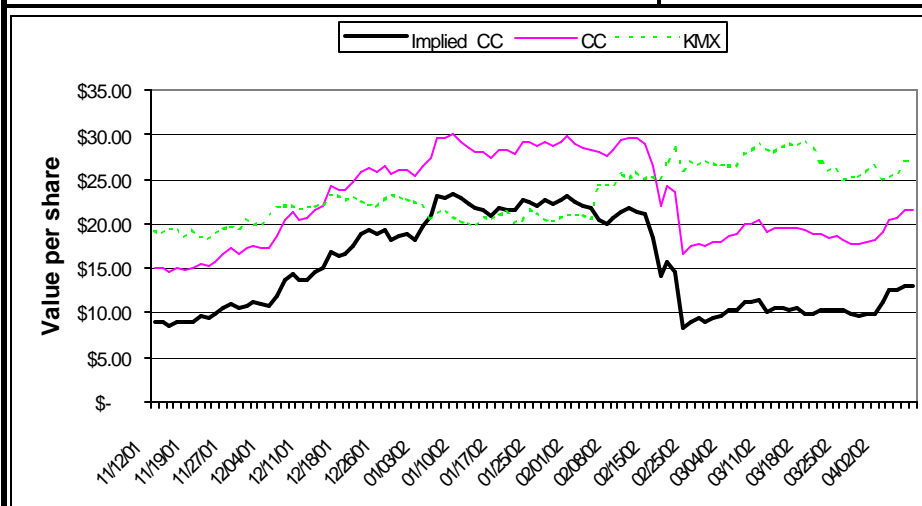
Cincinnati Financial Corporation, through its subsidiaries, offers property and casualty insurance. The Company markets a variety of insurance products, provides leasing and financing, and provides investment management services to institutions, corporations, and individuals.

Fifth Third Bancorp is a diversified financial services company that operates banking centers in Ohio, Kentucky, Indiana, Florida, Michigan, Illinois, and West Virginia. The Company's principal businesses include retail banking, commercial banking, investment advisory, and data processing.

Valuation Snapshot

CIRCUIT CITY GRP / CARMAX GROUP

CIRCUIT CITY GRP (CC)		804-527-4000	CARMAX GROUP (KMX)		804-527-4000
Current Price	\$	21.50	Current Price 02-EPS est.	\$	27.01 \$0.99 27.42 X
Shares Out (000)		208,722	Shares Out / Float		102,382
Market Cap (000)	\$	4,487,523	Market Cap (000)	\$	2,765,346
Enterprise Value (000)	\$	3,362,363	Enterprise Value	\$	2,850,506
Sales 12 Month Trailing (000)	\$	12,791,470	TTM Sales Price / Sales	\$	3,201,660 0.86 X
Book Per Share	\$	13.26	Book Value Price / Book	\$	13.27 2.04 X
Insider / Inst. Held		39 %	Insider / Inst. Held		39 % 87 %
Short Int. / Ratio		5.1707	Short Int. / Ratio		0.7500
52 Week Range		\$9.55 - \$31	52 Week Range		\$7.33 - \$30.08
CC ownership of KMX		With KMX multiple		Without KMX per share multiple	
Shares owned (000)		65,923	Price-to-Sales	\$61.28 0.35 X	Price-to-Sales \$45.95 0.28 X
Ratio per CC share		0.3158	Price-to-Book	\$13.26 1.62 X	Price-to-Book \$10.77 1.2 X
Value per CC share	\$	\$8.53	Price/Earnings	\$0.92 23.42 X	Price/Earnings \$0.61 21.26 X
CC Stub Value	\$	\$12.97	Price/EBITDA		Price/EBITDA
Economic/Voting Interest		64% / 64%	Enterpr./EBITDA		Enterpr./EBITDA
CC Relationship with KMX		Comparables		BBY	RSH
Intend to Spin		Yes	Price-to-Sales	0.83 X	1.08 X
IRS Tax Free Ruling		Will Apply	Price-to-Book	6.48 X	7.27 X
Record Date / Distr. Date		██████████ Late Summer 02	Price/Earnings	24.09 X	17.57 X
KMX IPO Date /Price		2/3/1997 \$ 20.00	Price/EBITDA	██████████	8.83 X
IPO Lockup Expires		██████████	Enterpr./EBITDA	██████████	9.41 X
Shares to Distribute / Float		1.8 X			



Spread Relationship	
40 Day Average	\$ 12.31
40 Day Variance	15.47
40 Day St. Dev	\$ 3.93
40 Day Correlation	(0.32)
20 Day Average	\$ 10.73
20 Day Variance	1.24
20 Day St. Dev	\$ 1.10
20 Day Correlation	0.25
10 Day Average	\$ 11.16
10 Day Variance	2.45
10 Day St. Dev	\$ 1.43
10 Day Correlation	0.58

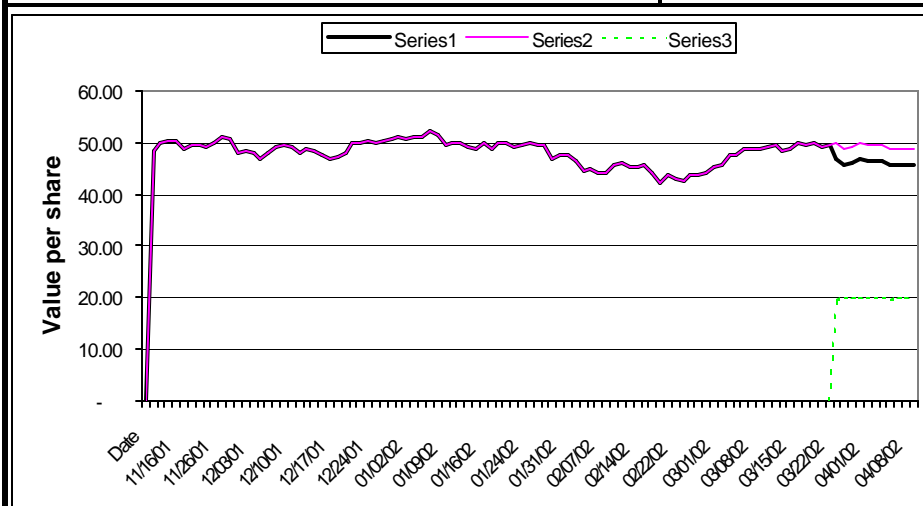
Circuit City Stores-Circuit City Group is a specialty retailer of brand name consumer electronics, personal computers, major appliances, and entertainment software. The Company operates Circuit City Superstores and Circuit City Express mall stores throughout the United States. Circuit City also includes an interest in the CarMax Group used-car dealerships.

Circuit City Stores, Inc. - CarMax Group sells retail new and used cars and light trucks throughout the United States. The Company purchases, reconditions, and sells new and used vehicles in its superstores and franchises throughout the United States.

Valuation Snapshot

CITIGROUP INC / TRAVELERS PROPERTY CASUALTY

CITIGROUP INC (C)		212-559-1000	TRAVELERS PROPERTY CASUALTY (TAP/A)		860-277-0111
Current Price	\$ 48.60		Current Price 02-EPS est.	\$ 20.13	
Shares Out (000)	5,127,926		Shares Out / Float	1,000,000	
Market Cap (000)	\$ 249,217,204		Market Cap (000)	\$ 20,130,000	
Enterprise Value (000)	\$ 638,465,204		Enterprise Value	\$ 22,870,000	
Sales 12 Month Trailing (000)	\$ 112,022,000		TTM Sales Price / Sales	\$ 12,231,000	1.65 X
Book Per Share	\$ 15.48		Book Value Price / Book		
Insider / Inst. Held	1 %	66 %	Insider / Inst. Held	0 %	
Short Int. / Ratio	34.1896	2.0700	Short Int. / Ratio		
52 Week Range	\$34.51 - \$53.75		52 Week Range	\$18.5 - \$20.24	
C ownership of TAP/A		With TAP/A multiple		Without TAP/A per share multiple	
Shares owned (000)	790,000	Price-to-Sales	\$21.85 2.22 X	Price-to-Sales	\$19.46 2.34 X
Ratio per C share	0.1541	Price-to-Book	\$15.48 3.14 X	Price-to-Book	\$13.46 3.38 X
Value per C share	\$3.1	Price/Earnings	\$3.29 14.76 X	Price/Earnings	
C Stub Value	\$45.5	Price/EBITDA	\$6.16 7.89 X	Price/EBITDA	\$5.83 7.8 X
Economic/Voting Interest	79% / 95%	Enterpr./EBITDA	20.22 X	Enterpr./EBITDA	20.75 X
C Relationship with TAP/A		Comparables		MWD	JPM
Intend to Spin	Yes	Price-to-Sales	1.39 X	1.37 X	
IRS Tax Free Ruling	Will Apply	Price-to-Book	2.99 X	1.72 X	
Record Date / Distr. Date		Price/Earnings	16.36 X	13.03 X	
TAP/A IPO Date / Price	3/21/2002 \$ 18.50	Price/EBITDA		6.19 X	
IPO Lockup Expires		Enterpr./EBITDA		20.25 X	
Shares to Distribute / Float	3.8 X				



Spread Relationship	
40 Day Average	\$ 46.43
40 Day Variance	4.72
40 Day St. Dev	\$ 2.17
40 Day Correlation	0.48
20 Day Average	\$ 47.52
20 Day Variance	0.24
20 Day St. Dev	\$ 1.70
20 Day Correlation	(0.12)
10 Day Average	\$ 46.02
10 Day Variance	0.24
10 Day St. Dev	\$ 0.49
10 Day Correlation	(0.01)

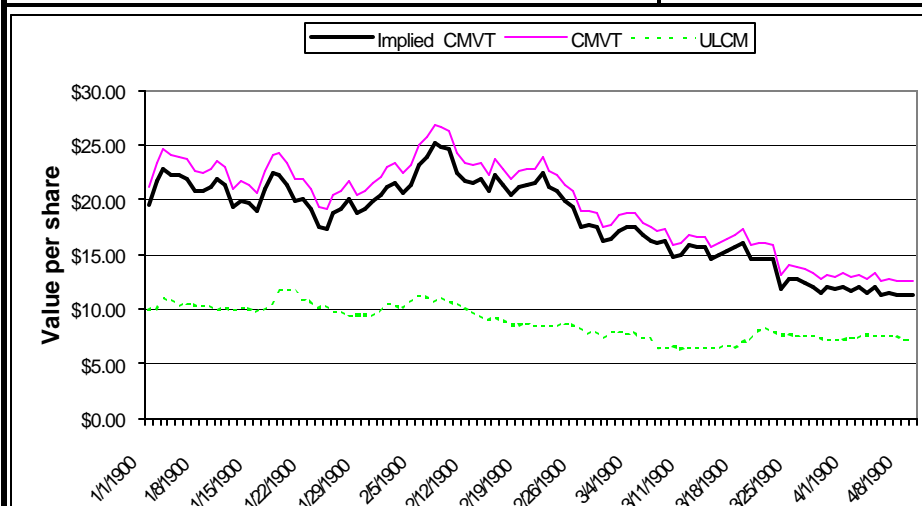
Citigroup Inc. is a diversified financial services holding company that provides a broad range of financial services to consumer and corporate customers around the world. The Company's services include investment banking, retail brokerage, corporate banking, and cash management products and services.

Travelers Property Casualty Corp. provides a broad range of insurance products and services for the commercial and consumer markets. The Company's products include workers' compensation, property, liability, and fidelity and surety bonds. Travelers also provides homeowners and auto insurance for consumers. The Company is an indirect wholly-owned subsidiary of Citigroup Inc.

Valuation Snapshot

COMVERSE TECH / ULTICOM INC

COMVERSE TECH (CMVT)		516-677-7200	ULTICOM INC (ULCM)		856-787-2700
Current Price	\$	12.51	Current Price 01-EPS est.	\$	7.20 \$0.13 56.25 X
Shares Out (000)		186,262	Shares Out / Float		41,117
Market Cap (000)	\$	2,330,138	Market Cap (000)	\$	296,042
Enterprise Value (000)	\$	1,098,958	Enterprise Value	\$	78,952
Sales 12 Month Trailing (000)	\$	1,270,220	TTM Sales Price / Sales	\$	58,160 5.11 X
Book Per Share	\$	8.68	Book Value Price / Book	\$	5.45 1.32 X
Insider / Inst. Held		31 % 85 %	Insider / Inst. Held		78 % 23 %
Short Int. / Ratio		4.2458 0.4100	Short Int. / Ratio		0.2114 0.7900
52 Week Range		\$12 - \$77.63	52 Week Range		\$5.9 - \$36.26
CMVT ownership of ULCM		With ULCM multiple		Without ULCM per share multiple	
Shares owned (000)		31,260	Price-to-Sales		\$6.82 1.83 X
Ratio per CMVT share		0.1678	Price-to-Book		\$8.68 1.44 X
Value per CMVT share	\$	1.21	Price/Earnings		\$-0.123 -- X
CMVT Stub Value	\$	\$11.3	Price/EBITDA		
Economic/Voting Interest		76% / 76%	Enterpr./EBITDA		
CMVT Relationship with ULCM			Comparables		
Intend to Spin		No	Price-to-Sales		1.79 X
IRS Tax Free Ruling			Price-to-Book		1.59 X
Record Date / Distr. Date			Price/Earnings		64.66 X
ULCM IPO Date /Price		4/4/2000 \$ 13.00	Price/EBITDA		56.29 X
IPO Lockup Expires		10/1/2000	Enterpr./EBITDA		40.24 X
Shares to Distribute / Float		3.2 X			



Spread Relationship	
40 Day Average	\$ 13.96
40 Day Variance	4.38
40 Day St. Dev	\$ 2.09
40 Day Correlation	(0.20)
20 Day Average	\$ 12.11
20 Day Variance	0.99
20 Day St. Dev	\$ 0.96
20 Day Correlation	0.74
10 Day Average	\$ 11.57
10 Day Variance	0.10
10 Day St. Dev	\$ 0.32
10 Day Correlation	(0.05)

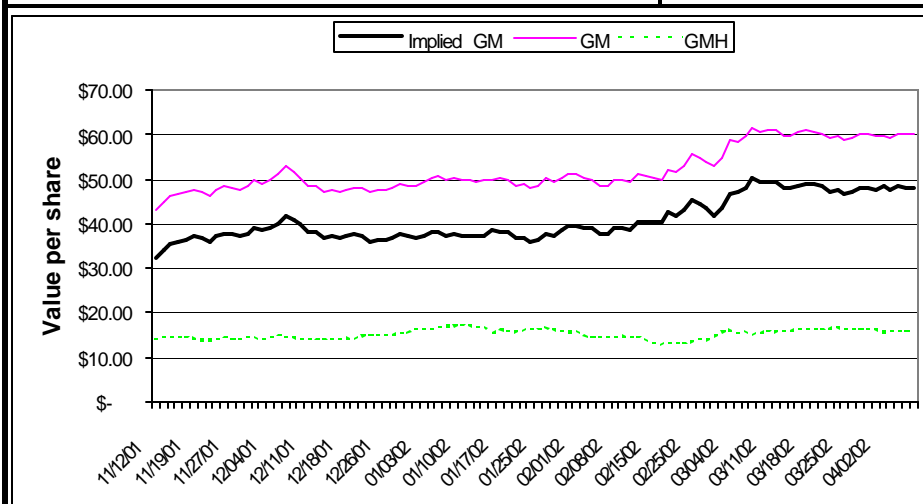
Comverse Technology, Inc. designs, manufactures, markets, and supports computer and telecommunications systems and software for multimedia communications and information processing applications. The Company's products are used in a variety of applications by fixed and wireless telephone network operators, government agencies, call centers, financial and institutions.

Ulticom, Inc. provides network signaling software for wireless, wireline, and Internet communication services. The Company's Signalware call control products interconnect the switching, database, and messaging systems and manage the number, routing, and billing information.

Valuation Snapshot

GEN MOTORS CORP / HUGHES ELECTRONICS

GEN MOTORS CORP (GM)		313-556-5000	HUGHES ELECTRONICS (GMH)		310-662-9688
Current Price	\$ 60.01		Current Price 02-EPS est.	\$ 16.04	\$-0.4 -- X
Shares Out (000)	559,000		Shares Out / Float	1,291,800	
Market Cap (000)	\$ 33,545,590		Market Cap (000)	\$ 20,720,472	
Enterprise Value (000)	\$ 170,591,590		Enterprise Value	\$ 23,198,972	
Sales 12 Month Trailing (000)	\$ 177,260,000		TTM Sales Price / Sales	\$ 8,262,000	2.51 X
Book Per Share	\$ 35.25		Book Value Price / Book	\$ 12.62	1.27 X
Insider / Inst. Held	21 %	61 %	Insider / Inst. Held	8 %	80 %
Short Int. / Ratio	29.7398	4.2000	Short Int. / Ratio		
52 Week Range	\$39.17 - \$67.8		52 Week Range	\$11.5 - \$25.09	
GM ownership of GMH		With GMH multiple		Without GMH per share multiple	
Shares owned (000)	415,020	Price-to-Sales	\$317.1 0.19 X	Price-to-Sales	\$302.32 0.16 X
Ratio per GM share	0.7424	Price-to-Book	\$35.25 1.7 X	Price-to-Book	\$15.45 3.11 X
Value per GM share	\$11.91	Price/Earnings	\$3.96 15.16 X	Price/Earnings	\$4.25 11.32 X
GM Stub Value	\$48.1	Price/EBITDA	\$41.17 1.46 X	Price/EBITDA	\$40.48 1.19 X
Economic/Voting Interest	32% / 32%	Enterpr./EBITDA	7.41 X	Enterpr./EBITDA	7.14 X
GM Relationship with GMH			Comparables		
Intend to Spin	To be sold		F	DCX GR	
IRS Tax Free Ruling			Price-to-Sales	0.16 X	0.32 X
Record Date / Distr. Date			Price-to-Book	3.57 X	1.27 X
GMH IPO Date /Price			Price/Earnings	132.02 X	21.93 X
IPO Lockup Expires			Price/EBITDA	2.66 X	
Shares to Distribute / Float	0.5 X		Enterpr./EBITDA	17.9 X	



Spread Relationship	
40 Day Average	\$ 45.72
40 Day Variance	12.17
40 Day St. Dev	\$ 3.49
40 Day Correlation	0.82
20 Day Average	\$ 48.12
20 Day Variance	0.42
20 Day St. Dev	\$ 0.73
20 Day Correlation	(0.20)
10 Day Average	\$ 47.79
10 Day Variance	0.29
10 Day St. Dev	\$ 0.61
10 Day Correlation	(0.17)

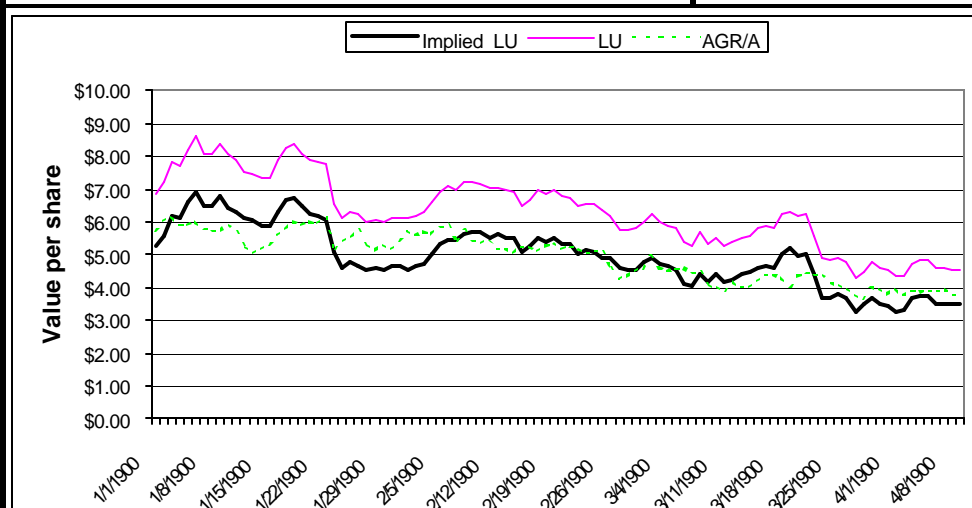
General Motors Corporation manufactures and sells vehicles worldwide under the Chevrolet, Buick, Cadillac, Oldsmobile, Pontiac, Saturn, and GMC names. The company also has financing and insurance operations. In addition, General Motors produces products and provides services in other industries such as satellite and wireless communications.

General Motors Corporation - Class H stock represents Hughes Electronics Corporation. Hughes Electronics designs, manufactures, and markets advanced electronic systems, including building communications satellites, providing telecommunications equipment, offering digital television entertainment and information programming via satellite, and operating a network of satellites.

Valuation Snapshot

LUCENT TECH INC / AGERE SYSTEMS-A

LUCENT TECH INC (LU)		908-582-8500	AGERE SYSTEMS-A (AGR/A)		610-712-4323
Current Price	\$ 4.53		Current Price 01-EPS est.	\$ 3.78	\$-0.55 -- X
Shares Out (000)	3,423,024		Shares Out / Float	1,635,100	
Market Cap (000)	\$ 15,506,299		Market Cap (000)	\$ 6,180,678	
Enterprise Value (000)	\$ 17,614,299		Enterprise Value	\$ 5,825,678	
Sales 12 Month Trailing (000)	\$ 20,527,000		TTM Sales Price / Sales	\$ 3,255,000	1.9 X
Book Per Share	\$ 3.11		Book Value Price / Book	\$ 1.29	2.93 X
Insider / Inst. Held	1 %	35 %	Insider / Inst. Held	56 %	93 %
Short Int. / Ratio	115.4929	5.2100	Short Int. / Ratio	2.9020	0.9700
52 Week Range	\$4 - \$11.5		52 Week Range	\$3.1 - \$9.5	
LU ownership of AGR/A		With AGR/A multiple		Without AGR/A per share multiple	
Shares owned (000)	945,100	Price-to-Sales	\$6 0.76 X	Price-to-Sales	\$5.05 0.69 X
Ratio per LU share	0.2761	Price-to-Book	\$3.11 1.46 X	Price-to-Book	\$2.49 1.4 X
Value per LU share	\$1.04	Price/Earnings	\$-0.582 -- X	Price/Earnings	\$-0.43 -- X
LU Stub Value	\$3.49	Price/EBITDA	\$-1.78 -2.54 X	Price/EBITDA	\$-1.63 -2.14 X
Economic/Voting Interest	58% / 84%	Enterpr./EBITDA	-2.88 X	Enterpr./EBITDA	-2.58 X
LU Relationship with AGR/A			Comparables		
Intend to Spin	Yes		CSCO		
IRS Tax Free Ruling	Will Apply		JNPR		
Record Date / Distr. Date		4Q - 02	Price-to-Sales	6.46 X	4.26 X
AGR/A IPO Date /Price	3/27/2001	\$ 6.00	Price-to-Book	4.21 X	3.71 X
IPO Lockup Expires	9/23/2001		Price/Earnings	51.11 X	215.47 X
Shares to Distribute / Float	1.4 X		Price/EBITDA	179.44 X	18.42 X
			Enterpr./EBITDA	164.51 X	19.22 X



Spread Relationship	
40 Day Average	\$ 4.11
40 Day Variance	0.33
40 Day St. Dev	\$ 0.57
40 Day Correlation	0.78
20 Day Average	\$ 3.67
20 Day Variance	0.21
20 Day St. Dev	\$ 0.40
20 Day Correlation	0.82
10 Day Average	\$ 3.51
10 Day Variance	0.03
10 Day St. Dev	\$ 0.17
10 Day Correlation	0.28

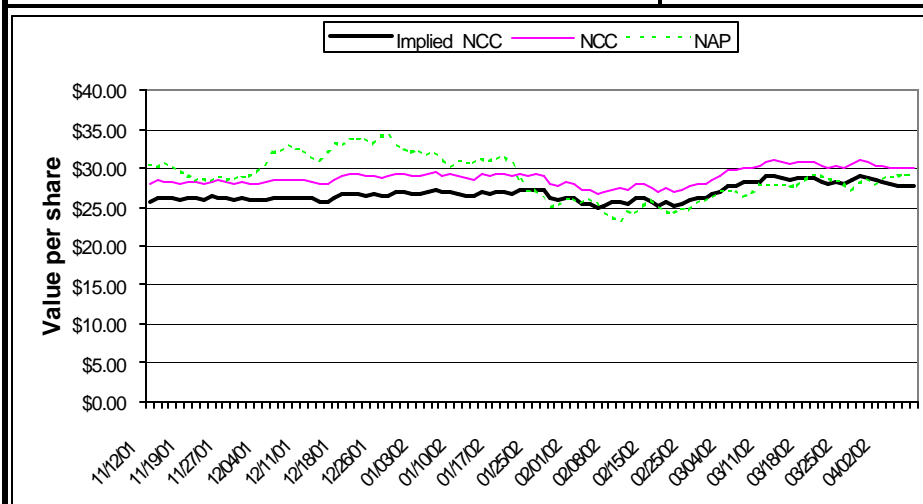
Lucent Technologies Inc. designs, builds, and delivers a wide range of public and private networks, communications systems and software, and data networking systems. The Company also designs, builds, and delivers business telephone systems and microelectronic components. Lucent conducts its research and development activities through Bell Laboratories.

Agere Systems Inc. designs, develops, and manufactures optoelectronic components for communications networks and integrated circuits for use in communications and computer equipment. The Company is focusing on optical components and integrated circuits for network communications equipment and wireless local area networking products.

Valuation Snapshot

NATL CITY CORP / NATL PROCESSING

NATL CITY CORP (NCC)		216-222-2000	NATL PROCESSING (NAP)		502-315-2000
Current Price	\$	29.94	Current Price 01-EPS est.	\$	29.11 \$1.18 24.63 X
Shares Out (000)		612,984	Shares Out / Float		51,837
Market Cap (000)	\$	18,352,741	Market Cap (000)	\$	1,508,961
Enterprise Value (000)	\$	46,266,341	Enterprise Value	\$	1,407,701
Sales 12 Month Trailing (000)	\$	9,092,580	TTM Sales Price / Sales	\$	473,250 3.19 X
Book Per Share	\$	12.15	Book Value Price / Book	\$	7.72 3.77 X
Insider / Inst. Held		16 % 50 %	Insider / Inst. Held		88 % 15 %
Short Int. / Ratio		7.1495 5.9100	Short Int. / Ratio		0.3130 5.6900
52 Week Range		\$25.96 - \$32.7	52 Week Range		\$17.35 - \$35.75
NCC ownership of NAP		With NAP multiple		Without NAP per share multiple	
Shares owned (000)		44,365	Price-to-Sales		\$14.83 2.02 X
Ratio per NCC share		0.0724	Price-to-Book		\$12.15 2.46 X
Value per NCC share		\$2.11	Price/Earnings		\$2.49 12.05 X
NCC Stub Value		\$27.83	Price/EBITDA		\$5.28 5.67 X
Economic/Voting Interest		86% / 86%	Enterpr./EBITDA		14.29 X
NCC Relationship with NAP		Comparables		STI	PNC
Intend to Spin		No	Price-to-Sales		2.28 X 2.43 X
IRS Tax Free Ruling			Price-to-Book		2.3 X 2.9 X
Record Date / Distr. Date			Price/Earnings		13.63 X 13.12 X
NAP IPO Date /Price		8/8/1996 \$ 16.50	Price/EBITDA		7.16 X 5.62 X
IPO Lockup Expires			Enterpr./EBITDA		14.08 X 8.11 X
Shares to Distribute / Float		5.9 X			



Spread Relationship	
40 Day Average	\$ 27.40
40 Day Variance	1.68
40 Day St. Dev	\$ 1.30
40 Day Correlation	0.89
20 Day Average	\$ 28.42
20 Day Variance	0.15
20 Day St. Dev	\$ 0.41
20 Day Correlation	(0.44)
10 Day Average	\$ 28.23
10 Day Variance	0.15
10 Day St. Dev	\$ 0.41
10 Day Correlation	(0.52)

National City Corporation is a multi-bank holding company. The company offers a full range of financial services, including commercial and retail banking, consumer finance, asset management, mortgage financing and servicing, and item processing. National City has branch offices in Ohio, Michigan, Pennsylvania, Indiana, Kentucky and Illinois.

National Processing, Inc. provides transaction processing services and customized processing solutions. The company provides processing of card and check transactions for merchants and other commercial businesses, outsourcing administrative and financial functions for corporations, and ticket processing and settlement for providers of travel-related services.

Valuation Snapshot

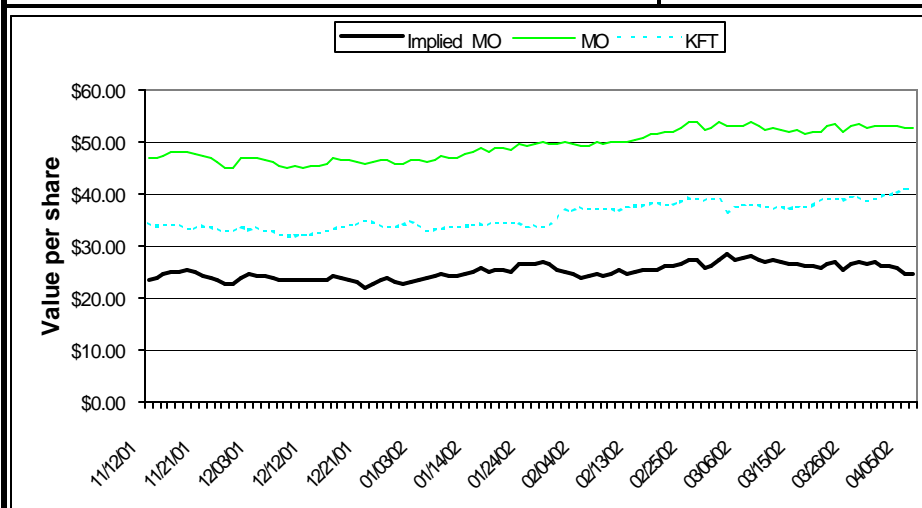
PHARMACIA CORP / MONSANTO CO

PHARMACIA CORP (PHA)		908-901-8000	MONSANTO CO (MON)		314-694-1000	
Current Price	\$ 42.95		Current Price 01-EPS est.	\$ 33.00	\$2.08 15.9 X	
Shares Out (000)	1,297,259		Shares Out / Float	258,157		
Market Cap (000)	\$ 55,717,274		Market Cap (000)	\$ 8,519,165		
Enterprise Value (000)	\$ 57,795,274		Enterprise Value	\$ 9,668,165		
Sales 12 Month Trailing (000)	\$ 13,837,000		TTM Sales Price / Sales	\$ 5,462,000	1.56 X	
Book Per Share	\$ 9.35		Book Value Price / Book	\$ 28.99	1.14 X	
Insider / Inst. Held	1 %	75 %	Insider / Inst. Held	87 %	15 %	
Short Int. / Ratio	11.3870	2.7700	Short Int. / Ratio	1.7411	5.9400	
52 Week Range	\$36.5 - \$52.95		52 Week Range	\$28.6 - \$38.8		
PHA ownership of MON		With MON multiple		Without MON per share multiple		
Shares owned (000)	220,000	Price-to-Sales	\$10.67 4.03 X	Price-to-Sales	\$6.46 5.78 X	
Ratio per PHA share	0.1696	Price-to-Book	\$9.35 4.59 X	Price-to-Book	\$3.58 10.43 X	
Value per PHA share	\$5.6	Price/Earnings	\$1.928 22.28 X	Price/Earnings	\$1.58 23.64 X	
PHA Stub Value	\$37.35	Price/EBITDA		Price/EBITDA		
Economic/Voting Interest	85% / 85%	Enterpr./EBITDA		Enterpr./EBITDA		
PHA Relationship with MON			Comparables			
Intend to Spin	Yes			SGP	MRK	
IRS Tax Free Ruling	Pending			Price-to-Sales	4.35 X	
Record Date / Distr. Date	██████████ 2 H - 02			Price-to-Book	5.99 X	
MON IPO Date /Price	10/17/2000 \$ 20.00			Price/Earnings	16.62 X	
IPO Lockup Expires				Price/EBITDA	13.11 X	
Shares to Distribute / Float	5.8 X			Enterpr./EBITDA	12.51 X	
			Spread Relationship			
			40 Day Average	\$ 36.97		
			40 Day Variance	4.71		
			40 Day St. Dev	\$ 2.17		
			40 Day Correlation	0.34		
			20 Day Average	\$ 38.75		
			20 Day Variance	1.93		
			20 Day St. Dev	\$ 1.44		
			20 Day Correlation	(0.47)		
			10 Day Average	\$ 38.79		
10 Day Variance	0.92					
10 Day St. Dev	\$ 1.07					
10 Day Correlation	(0.90)					
<p>Pharmacia Corporation researches, manufactures, and sells pharmaceuticals worldwide. The Company's pharmaceutical segment includes prescription products for humans and animals, bulk pharmaceuticals, and contract manufacturing. Pharmacia's agricultural products segment is comprised of chemicals, seeds, and genomics, as well as animal productivity and nutrition research.</p> <p>Monsanto Company provides technology-based solutions and agricultural products for growers and downstream customers in the agricultural markets. The Company's herbicides, seeds, and related genetic trait products provide growers with integrated solutions to produce crops at higher yields, while controlling weeds, insects, and diseases.</p>						

Valuation Snapshot

PHILIP MORRIS CO / KRAFT FOODS INC

PHILIP MORRIS CO (MO)		917-663-5000	KRAFT FOODS INC (KFT)		847-646-2000
Current Price	\$	52.66	Current Price 01-EPS est.	\$	41.10 \$2.02 20.37 X
Shares Out (000)		2,147,304	Shares Out / Float		1,735,000
Market Cap (000)	\$	113,077,029	Market Cap (000)	\$	71,308,500
Enterprise Value (000)	\$	138,739,029	Enterprise Value	\$	80,501,500
Sales 12 Month Trailing (000)	\$	72,944,000	TTM Sales Price / Sales	\$	33,875,000 2.11 X
Book Per Share	\$	9.12	Book Value Price / Book	\$	13.53 3.04 X
Insider / Inst. Held		8 % 68 %	Insider / Inst. Held		84 % 39 %
Short Int. / Ratio		15.0369 2.3600	Short Int. / Ratio		1.1048 0.6300
52 Week Range		\$43 - \$54.48	52 Week Range		\$29.5 - \$41.2
MO ownership of KFT		With KFT multiple		Without KFT per share multiple	
Shares owned (000)		1,455,000	Price-to-Sales		\$33.97 1.55 X
Ratio per MO share		0.6776	Price-to-Book		\$9.12 5.77 X
Value per MO share		\$27.85	Price/Earnings		\$4.871 10.81 X
MO Stub Value		\$24.81	Price/EBITDA		\$8.4 6.27 X
Economic/Voting Interest		84% / 98%	Enterpr./EBITDA		7.69 X
MO Relationship with KFT		Comparables		RJR	UST
Intend to Spin		No	Price-to-Sales		0.69 X 3.83 X
IRS Tax Free Ruling			Price-to-Book		0.75 X 10.71 X
Record Date / Distr. Date			Price/Earnings		7.76 X 11.98 X
KFT IPO Date / Price		6/12/2001 \$ 31.00	Price/EBITDA		4.23 X
IPO Lockup Expires		12/9/2001	Enterpr./EBITDA		3.84 X
Shares to Distribute / Float		5.2 X			



Spread Relationship	
40 Day Average	\$ 26.40
40 Day Variance	0.88
40 Day St. Dev	\$ 0.94
40 Day Correlation	0.48
20 Day Average	\$ 26.36
20 Day Variance	0.35
20 Day St. Dev	\$ 0.71
20 Day Correlation	0.54
10 Day Average	\$ 26.02
10 Day Variance	0.22
10 Day St. Dev	\$ 0.75
10 Day Correlation	0.01

Philip Morris Companies Inc., through its subsidiaries, manufactures and sells a variety of consumer products. The company provides tobacco products, as well as packaged foods such as cheese, processed meat products, coffee, and grocery products. Philip Morris also provides a variety of beer and brewed non-alcohol beverages. The company's products are sold worldwide.

Kraft Foods, Inc. is a holding company. Its principle subsidiaries are Kraft Foods North America, Inc., which conducts their food business in the United States, Canada and Mexico, and Kraft Foods International, Inc., which conducts their food business in the rest of the world.

Valuation Snapshot

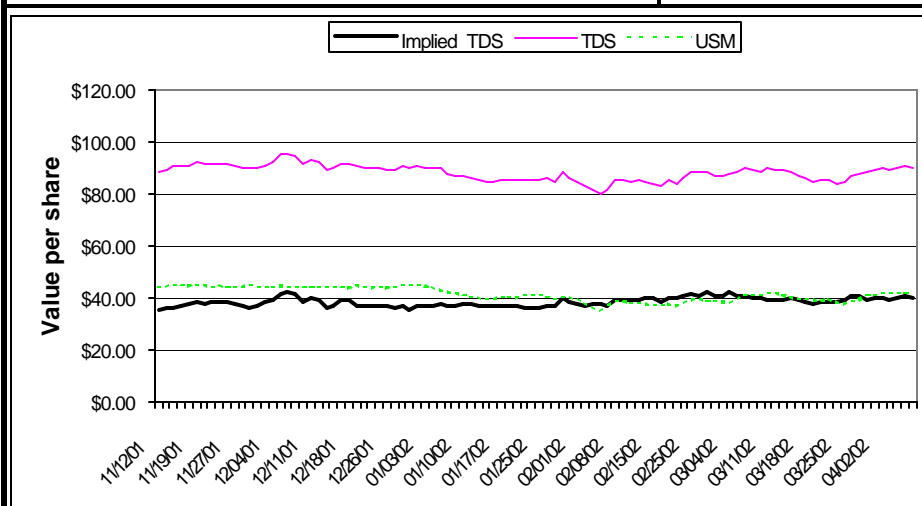
RELIANT ENERGY / RELIANT RES INC

RELIANT ENERGY (REI)		713-207-3000	RELIANT RES INC (RRI)		713-207-3000		
Current Price	\$	24.90	Current Price 01-EPS est.	\$	15.95 \$1.81 8.81 X		
Shares Out (000)		298,150	Shares Out / Float		291,176		
Market Cap (000)	\$	7,423,935	Market Cap (000)	\$	4,644,254		
Enterprise Value (000)	\$	17,206,435	Enterprise Value	\$	5,547,544		
Sales 12 Month Trailing (000)	\$	47,595,090	TTM Sales Price / Sales				
Book Per Share	\$	23.04	Book Value Price / Book	\$	21.69 0.74 X		
Insider / Inst. Held		19 % 52 %	Insider / Inst. Held		83 % 16 %		
Short Int. / Ratio		2.1517 1.6300	Short Int. / Ratio		4.1148 3.7700		
52 Week Range		\$20.25 - \$50.45	52 Week Range		\$9.5 - \$37.5		
REI ownership of RRI		With RRI multiple		Without RRI per share multiple			
Shares owned (000)		240,000	Price-to-Sales	\$159.63 0.16 X	Price-to-Sales		
Ratio per REI share		0.8050	Price-to-Book	\$23.04 1.08 X	Price-to-Book	\$1.29 9.35 X	
Value per REI share	\$	12.84	Price/Earnings	\$2.65 9.4 X	Price/Earnings	\$1.19 10.13 X	
REI Stub Value	\$	12.06	Price/EBITDA	\$9.31 2.67 X	Price/EBITDA		
Economic/Voting Interest		82% / 82%	Enterpr./EBITDA	6.2 X	Enterpr./EBITDA		
REI Relationship with RRI			Comparables				
Intend to Spin	Yes		XEL	AEP			
IRS Tax Free Ruling	Received		Price-to-Sales	0.62 X	0.25 X		
Record Date / Distr. Date		2Q - 02	Price-to-Book	1.39 X	1.83 X		
RRI IPO Date /Price	4/30/2001	\$ 30.00	Price/Earnings	10.73 X	12.94 X		
IPO Lockup Expires	10/27/2001		Price/EBITDA	3.28 X	3.95 X		
Shares to Distribute / Float	4.7 X		Enterpr./EBITDA	9.01 X	8.16 X		
			Spread Relationship				
			40 Day Average	\$	12.76		
			40 Day Variance		0.43		
			40 Day St. Dev	\$	0.65		
			40 Day Correlation		0.95		
			20 Day Average	\$	12.57		
			20 Day Variance		0.19		
20 Day St. Dev	\$	0.62					
20 Day Correlation		0.77					
10 Day Average	\$	12.19					
10 Day Variance		0.13					
10 Day St. Dev	\$	0.19					
10 Day Correlation		0.89					
<p>Reliant Energy, Inc. is an international energy services company. The company's retail group consists of three natural gas utilities and one electric utility, as well as a retail marketing group which provides unregulated retail energy products and services. Reliant's wholesale group invests in power generation projects and provides wholesale trading and marketing services.</p> <p>Reliant Resources, Inc. provides electricity and energy services, focusing on the electric power industry in the United States and Europe. The company acquires, develops, and operates electric power generation facilities that are not subject to traditional cost-based regulation. Reliant also trades and markets power, natural gas, and other energy-related commodities.</p>							

Valuation Snapshot

TELEPHONE & DATA / US CELLULAR CORP

TELEPHONE & DATA (TDS)		312-630-1900	US CELLULAR CORP (USM)		773-399-8900
Current Price	\$	91.00	Current Price 01-EPS est.	\$	41.94 \$2.18 19.25 X
Shares Out (000)		58,756	Shares Out / Float		88,075
Market Cap (000)	\$	5,346,836	Market Cap (000)	\$	3,693,852
Enterprise Value (000)	\$	7,821,206	Enterprise Value	\$	4,378,502
Sales 12 Month Trailing (000)	\$	2,588,540	TTM Sales Price / Sales	\$	1,894,830 1.95 X
Book Per Share	\$	60.08	Book Value Price / Book	\$	27.14 1.55 X
Insider / Inst. Held		31 %	Insider / Inst. Held		90 % 27 %
Short Int. / Ratio		0.8881	Short Int. / Ratio		1.1709 9.6100
52 Week Range		\$79.24 - \$111.25	52 Week Range		\$34.49 - \$67.65
TDS ownership of USM		With USM multiple		Without USM per share multiple	
Shares owned (000)		70,788	Price-to-Sales	\$44.06 2.07 X	Price-to-Sales \$11.81 3.43 X
Ratio per TDS share		1.2048	Price-to-Book	\$60.08 1.51 X	Price-to-Book \$20.14 2.01 X
Value per TDS share	\$	\$50.53	Price/Earnings	\$2.98 30.57 X	Price/Earnings \$0.35 115.63 X
TDS Stub Value	\$	\$40.47	Price/EBITDA	\$15.08 6.03 X	Price/EBITDA \$4.57 8.86 X
Economic/Voting Interest		80% / 80%	Enterpr./EBITDA	8.83 X	Enterpr./EBITDA 15.53 X
TDS Relationship with USM		Comparables		CTL	CZN
Intend to Spin		No	Price-to-Sales	2.27 X	1.25 X
IRS Tax Free Ruling			Price-to-Book	2.07 X	1.58 X
Record Date / Distr. Date			Price/Earnings	16.3 X	40.41 X
USM IPO Date /Price			Price/EBITDA	4.67 X	
IPO Lockup Expires			Enterpr./EBITDA	7.67 X	
Shares to Distribute / Float		4.1 X			



Spread Relationship	
40 Day Average	\$ 39.73
40 Day Variance	1.02
40 Day St. Dev	\$ 1.01
40 Day Correlation	0.88
20 Day Average	\$ 39.31
20 Day Variance	4.78
20 Day St. Dev	\$ 0.85
20 Day Correlation	0.93
10 Day Average	\$ 39.84
10 Day Variance	3.94
10 Day St. Dev	\$ 0.56
10 Day Correlation	0.96

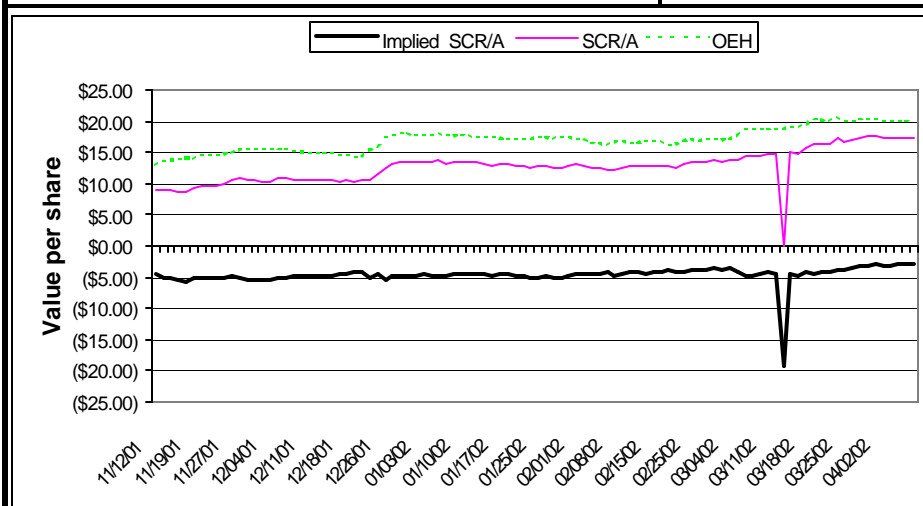
Telephone and Data Systems, Inc. is a diversified telecommunications company. The company operates primarily in the cellular, local telephone, and personal communications services markets. Telephone and Data Systems provides telecommunications services throughout the United States.

United States Cellular operates networks from sea to shining sea. Doing business as U.S. Cellular, the firm provides cellular phone service to 2.8 million customers in 26 US states. Its operations are organized into eight regional clusters, which allow U.S. Cellular to market a unified brand and offer services over larger areas without roaming agreements. U.S. Cellular's networks use both analog and digital technologies such as TDMA (time division multiple access) and CDMA (code division multiple access). Products and services are marketed through company stores, the Internet, and national chain stores such as Best Buy.

Valuation Snapshot

SEA CONTAINERS / ORIENT EXPRESS HOTELS

SEA CONTAINERS (SCR/A)		212-302-5066	ORIENT EXPRESS HOTELS (OEH)		441-295-2244
Current Price	\$ 17.47		Current Price 01-EPS est.	\$ 20.01	\$0.93 21.52 X
Shares Out (000)	19,009		Shares Out / Float	30,800	
Market Cap (000)	\$ 332,087		Market Cap (000)	\$ 616,308	
Enterprise Value (000)	\$ 2,019,007		Enterprise Value	\$ 929,608	
Sales 12 Month Trailing (000)	\$ 1,315,970		TTM Sales Price / Sales	\$ 276,400	2.23 X
Book Per Share	\$ 26.68		Book Value Price / Book	\$ 12.75	1.57 X
Insider / Inst. Held	33 %	47 %	Insider / Inst. Held	75 %	42 %
Short Int. / Ratio	0.5928	13.2700	Short Int. / Ratio	1.1704	30.3200
52 Week Range	\$7.51 - \$19.3		52 Week Range	\$10.6 - \$23.25	
SCR/A ownership of OEH		With OEH multiple		Without OEH per share multiple	
Shares owned (000)	19,400	Price-to-Sales	\$69.23 0.25 X	Price-to-Sales	\$54.69 -0.05 X
Ratio per SCR/A share	1.0206	Price-to-Book	\$26.68 0.65 X	Price-to-Book	\$5.35 -0.55 X
Value per SCR/A share	\$20.42	Price/Earnings	\$0.25 69.88 X	Price/Earnings	\$-0.7 -- X
SCR/A Stub Value	\$-2.95	Price/EBITDA	\$15.4 1.13 X	Price/EBITDA	\$12.24 -0.24 X
Economic/Voting Interest	63% / 78%	Enterpr./EBITDA	6.9 X	Enterpr./EBITDA	5.66 X
SCR/A Relationship with OEH			Comparables		
Intend to Spin	?		PO/ LN	NOL SP	
IRS Tax Free Ruling	Opinion		Price-to-Sales	69.63 X	0.26 X
Record Date / Distr. Date	██████████	Pending Lawsuit	Price-to-Book	113.64 X	1.27 X
OEH IPO Date /Price	8/9/2000	\$ 19.00	Price/Earnings	37.15 X	0 X
IPO Lockup Expires	2/5/2001		Price/EBITDA	397.73 X	2.06 X
Shares to Distribute / Float	1.7 X		Enterpr./EBITDA	402.57 X	4.76 X



Spread Relationship	
40 Day Average	\$ (4.36)
40 Day Variance	6.06
40 Day St. Dev	\$ 2.46
40 Day Correlation	0.58
20 Day Average	\$ (4.50)
20 Day Variance	14.89
20 Day St. Dev	\$ 3.50
20 Day Correlation	0.62
10 Day Average	\$ (3.19)
10 Day Variance	0.09
10 Day St. Dev	\$ 0.25
10 Day Correlation	0.57

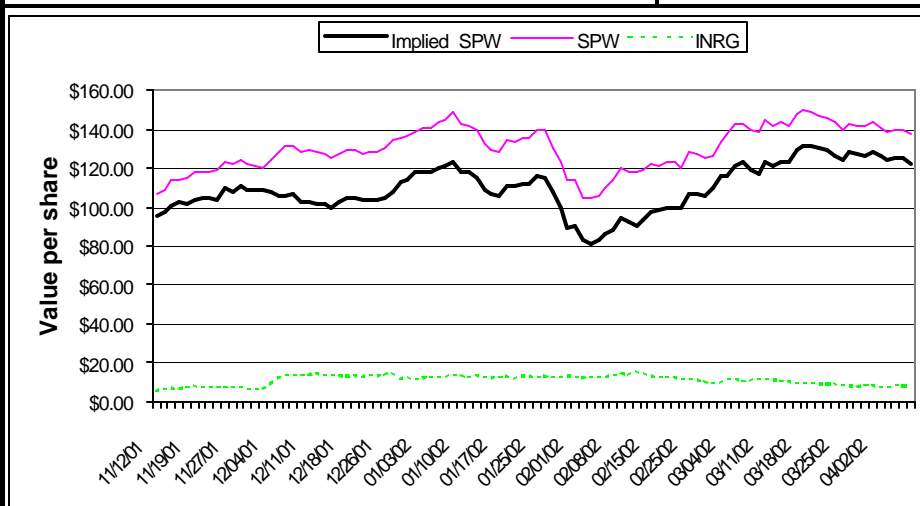
Sea Containers Limited leases and sells cargo containers to liner ship operators worldwide and operates ferry and rail services. The company is also involved in the ownership and management of luxury hotels and resort properties, restaurants located in New York City and London, tourist trains, and a river cruiseship.

Orient-Express Hotel Ltd. owns and operates luxury hotels, tourist trains, a river cruise ship, and restaurants. The company's properties include Hotel Cipriani in Venice, Italy, Reid's Palace in Madeira, Portugal, Copacabana Palace in Rio de Janeiro, Brazil, and the 21 Club in New York City, in the United States.

Valuation Snapshot

SPX CORP / INRANGE TECH

SPX CORP (SPW)		704-347-6800	INRANGE TECH (INRG)		609-518-4000
Current Price	\$	140.00	Current Price 01-EPS est.	\$	7.87 \$0.1 78.7 X
Shares Out (000)		40,815	Shares Out / Float		84,503
Market Cap (000)	\$	5,714,075	Market Cap (000)	\$	665,039
Enterprise Value (000)	\$	7,891,475	Enterprise Value	\$	649,179
Sales 12 Month Trailing (000)	\$	4,114,300	TTM Sales Price / Sales	\$	260,850 2.55 X
Book Per Share	\$	42.47	Book Value Price / Book	\$	2.52 3.12 X
Insider / Inst. Held		22 % 92 %	Insider / Inst. Held		90 % 83 %
Short Int. / Ratio		3.5756 5.7000	Short Int. / Ratio		1.5222 4.0600
52 Week Range		\$75 - \$151.45	52 Week Range		\$3.91 - \$22.36
SPW ownership of INRG		With INRG multiple		Without INRG per share multiple	
Shares owned (000)		75,633	Price-to-Sales		\$100.8 1.39 X
Ratio per SPW share		1.8531	Price-to-Book		\$42.47 3.3 X
Value per SPW share		\$14.58	Price/Earnings		\$8.83 15.85 X
SPW Stub Value		\$125.42	Price/EBITDA		\$16.74 8.36 X
Economic/Voting Interest		90% / 99%	Enterpr./EBITDA		11.55 X
SPW Relationship with INRG		Comparables		TXT	ETN
Intend to Spin		No	Price-to-Sales		0.57 X 0.78 X
IRS Tax Free Ruling			Price-to-Book		1.79 X 2.3 X
Record Date / Distr. Date			Price/Earnings		17.22 X 19.49 X
INRG IPO Date / Price		9/21/2000 \$ 16.00	Price/EBITDA		4.56 X 7.15 X
IPO Lockup Expires		3/21/2001	Enterpr./EBITDA		8.7 X 9.82 X
Shares to Distribute / Float		8.5 X			



Spread Relationship	
40 Day Average	\$ 115.60
40 Day Variance	183.43
40 Day St. Dev	\$ 13.54
40 Day Correlation	(0.72)
20 Day Average	\$ 126.39
20 Day Variance	11.52
20 Day St. Dev	\$ 3.08
20 Day Correlation	0.47
10 Day Average	\$ 125.90
10 Day Variance	3.90
10 Day St. Dev	\$ 1.91
10 Day Correlation	0.28

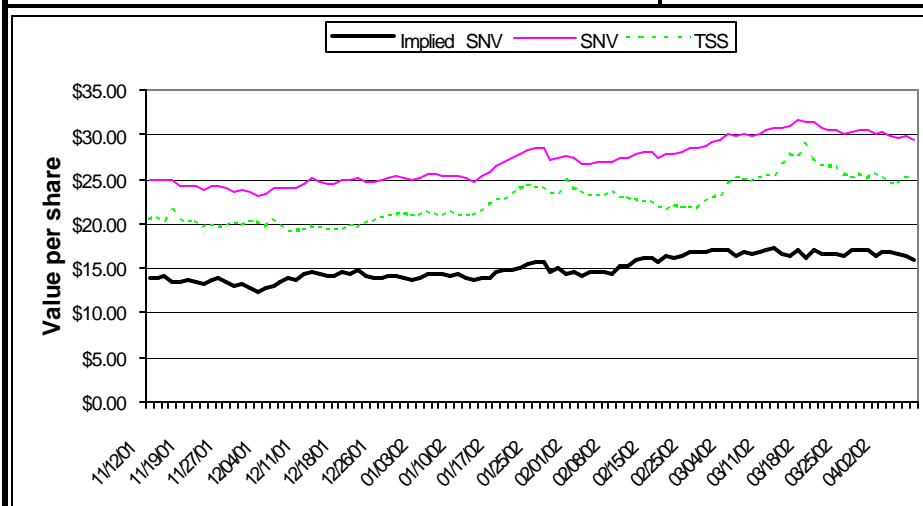
SPX Corporation is a global provider of technical products and systems, industrial products and services, service solutions, and vehicle components. The company designs, manufactures, and markets data networking equipment, fire detection equipment, power transformers, TV and radio broadcast equipment, and a variety of specialty tools, equipment, and services.

Inrange Technologies Corporation designs, manufactures, markets, and services switching and networking products for storage, data, and telecommunications networks. The company's products are compatible with various vendors' products and multiple communication standards and protocols. Inrange serves Fortune 1000 businesses and other enterprises that operate large-scale systems.

Valuation Snapshot

SYNOVUS FINL / TOTAL SYS SERVS

SYNOVUS FINL (SNV)		706-649-2401	TOTAL SYS SERVS (TSS)		706-649-2310
Current Price	\$	29.77	Current Price 01-EPS est.	\$	25.30 \$0.63 40.16 X
Shares Out (000)		296,556	Shares Out / Float		195,443
Market Cap (000)	\$	8,828,472	Market Cap (000)	\$	4,944,708
Enterprise Value (000)	\$	10,650,132	Enterprise Value	\$	4,891,108
Sales 12 Month Trailing (000)	\$	2,068,590	TTM Sales Price / Sales	\$	650,410 7.6 X
Book Per Share	\$	5.75	Book Value Price / Book	\$	2.57 9.84 X
Insider / Inst. Held		28 %	Insider / Inst. Held		84 % 6 %
Short Int. / Ratio		3.4080	Short Int. / Ratio		3.4443 41.8400
52 Week Range		\$22.75 - \$34.74	52 Week Range		\$18.91 - \$35.84
SNV ownership of TSS		With TSS multiple		Without TSS per share multiple	
Shares owned (000)		157,456	Price-to-Sales	\$6.98 4.27 X	Price-to-Sales \$4.78 3.42 X
Ratio per SNV share		0.5309	Price-to-Book	\$5.75 5.18 X	Price-to-Book \$4.03 4.05 X
Value per SNV share	\$	13.43	Price/Earnings	\$1.22 24.46 X	Price/Earnings \$0.88 18.57 X
SNV Stub Value	\$	16.34	Price/EBITDA	\$2.19 13.59 X	Price/EBITDA \$1.54 10.61 X
Economic/Voting Interest		81% / 81%	Enterpr./EBITDA	16.42 X	Enterpr./EBITDA 14.74 X
SNV Relationship with TSS			Comparables		
Intend to Spin	No		BBT		
IRS Tax Free Ruling			STI		
Record Date / Distr. Date			Price-to-Sales	2.91 X	2.28 X
TSS IPO Date / Price	8/1/1983	\$ 15.00	Price-to-Book	2.82 X	2.29 X
IPO Lockup Expires			Price/Earnings	13.49 X	13.63 X
Shares to Distribute / Float	4.1 X		Price/EBITDA		7.16 X
			Enterpr./EBITDA		14.08 X



Spread Relationship	
40 Day Average	\$ 16.48
40 Day Variance	0.36
40 Day St. Dev	\$ 0.60
40 Day Correlation	0.90
20 Day Average	\$ 16.67
20 Day Variance	0.39
20 Day St. Dev	\$ 0.34
20 Day Correlation	0.85
10 Day Average	\$ 16.66
10 Day Variance	0.13
10 Day St. Dev	\$ 0.35
10 Day Correlation	0.35

Synovus Financial Corp. provides various financial services. The company operates a network of branch offices in Georgia, Florida, Alabama, and South Carolina. Synovus also provides credit, debit, and private label card processing services through its 80.8% owned Total Systems Services, Inc. subsidiary. In addition, the company provides trust, brokerage, and mortgage services.

Total System Services, Inc. is an information technology processor of credit, debit, commercial, and private-label cards. The company provides an on-line system of data processing services marketed as THE TOTAL SYSTEM. Total System serves institutions throughout the United States, Puerto Rico, Canada, Mexico, and the Caribbean.

Valuation Snapshot

TITAN CORP / SUREBEAM CORP					
TITAN CORP (TTN)		858-552-9500	SUREBEAM CORP (SURE)		858-552-9500
Current Price	\$ 19.45		Current Price 01-EPS est.	\$ 5.53	\$-0.34 -- X
Shares Out (000)	77,238		Shares Out / Float	58,000	
Market Cap (000)	\$ 1,502,275		Market Cap (000)	\$ 320,740	
Enterprise Value (000)	\$ 2,061,045		Enterprise Value	\$ 369,040	
Sales 12 Month Trailing (000)	\$ 1,132,050		TTM Sales Price / Sales		
Book Per Share	\$ 6.89		Book Value Price / Book	\$ 0.67	8.25 X
Insider / Inst. Held	23 %	70 %	Insider / Inst. Held	81 %	83 %
Short Int. / Ratio	4.4768	5.2600	Short Int. / Ratio	3.8325	4.7200
52 Week Range	\$13.2 - \$29.01		52 Week Range	\$4.69 - \$19.45	
TTN ownership of SURE		With SURE multiple		Without SURE per share multiple	
Shares owned (000)	46,500	Price-to-Sales	\$14.66 1.33 X	Price-to-Sales	
Ratio per TTN share	0.6020	Price-to-Book	\$6.89 2.82 X	Price-to-Book	\$5.73 2.81 X
Value per TTN share	\$3.33	Price/Earnings	\$0.58 33.53 X	Price/Earnings	\$0.79 20.41 X
TTN Stub Value	\$16.12	Price/EBITDA	\$1.21 16.07 X	Price/EBITDA	
Economic/Voting Interest	80% / 98%	Enterpr./EBITDA	22.06 X	Enterpr./EBITDA	
TTN Relationship with SURE			Comparables		
Intend to Spin	Yes		Price-to-Sales	CSC	CACI
IRS Tax Free Ruling	Pending		Price-to-Book	0.72 X	1.65 X
Record Date / Distr. Date		2002	Price-to-Earnings	2.35 X	4.59 X
SURE IPO Date / Price	3/15/2001	\$ 10.00	Price/EBITDA	24.37 X	28.79 X
IPO Lockup Expires	9/11/2001		Enterpr./EBITDA	6.13 X	17.45 X
Shares to Distribute / Float	4 X			7.89 X	18.55 X
			Spread Relationship		
			40 Day Average	\$ 15.70	
			40 Day Variance	1.05	
			40 Day St. Dev	\$ 1.02	
			40 Day Correlation	0.13	
			20 Day Average	\$ 16.44	
			20 Day Variance	0.45	
			20 Day St. Dev	\$ 0.71	
			20 Day Correlation	(0.34)	
			10 Day Average	\$ 16.48	
			10 Day Variance	0.25	
			10 Day St. Dev	\$ 0.51	
			10 Day Correlation	(0.41)	

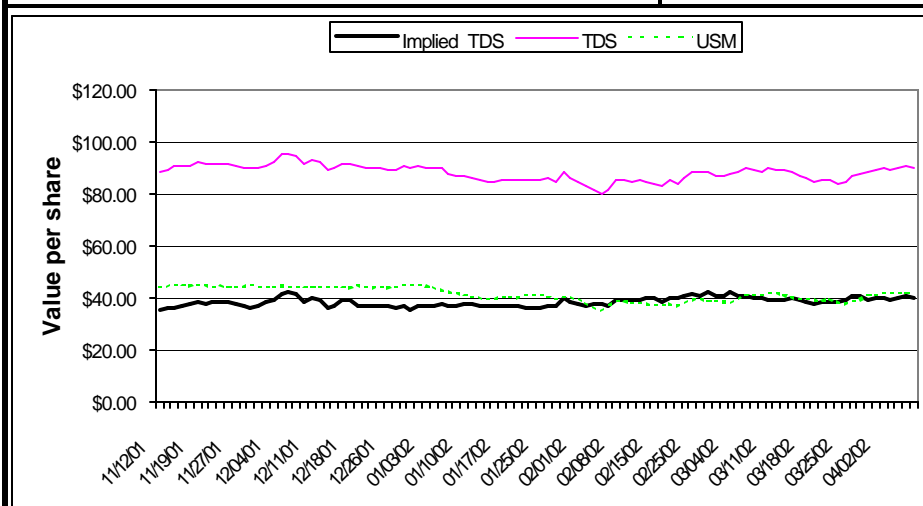
The **Titan Corporation** creates, builds, and launches technology-based businesses offering technical solutions. Titan provides information technology, communications and electron beam food pasteurization and medical product sterilization systems and services. Three of Titan's five segments develop and deploy communications and information technology solutions and services.

SureBeam Corporation provides patented and proprietary electronic pasteurization systems and services for the food industry. The company's systems are sold to food growers, packers, processors, and retailers.

Valuation Snapshot

TELEPHONE & DATA / US CELLULAR CORP

TELEPHONE & DATA (TDS)		312-630-1900	US CELLULAR CORP (USM)		773-399-8900
Current Price	\$	91.00	Current Price 01-EPS est.	\$	41.94 \$2.18 19.25 X
Shares Out (000)		58,756	Shares Out / Float		88,075
Market Cap (000)	\$	5,346,836	Market Cap (000)	\$	3,693,852
Enterprise Value (000)	\$	7,821,206	Enterprise Value	\$	4,378,502
Sales 12 Month Trailing (000)	\$	2,588,540	TTM Sales Price / Sales	\$	1,894,830 1.95 X
Book Per Share	\$	60.08	Book Value Price / Book	\$	27.14 1.55 X
Insider / Inst. Held		31 % 82 %	Insider / Inst. Held		90 % 27 %
Short Int. / Ratio		0.8881 5.2300	Short Int. / Ratio		1.1709 9.6100
52 Week Range		\$79.24 - \$111.25	52 Week Range		\$34.49 - \$67.65
TDS ownership of USM		With USM multiple		Without USM per share multiple	
Shares owned (000)		70,788	Price-to-Sales	\$44.06 2.07 X	Price-to-Sales \$11.81 3.43 X
Ratio per TDS share		1.2048	Price-to-Book	\$60.08 1.51 X	Price-to-Book \$20.14 2.01 X
Value per TDS share	\$	\$50.53	Price/Earnings	\$2.98 30.57 X	Price/Earnings \$0.35 115.63 X
TDS Stub Value	\$	\$40.47	Price/EBITDA	\$15.08 6.03 X	Price/EBITDA \$4.57 8.86 X
Economic/Voting Interest		80% / 80%	Enterpr./EBITDA	8.83 X	Enterpr./EBITDA 15.53 X
TDS Relationship with USM			Comparables CTL CZN		
Intend to Spin	No		Price-to-Sales	2.27 X	1.25 X
IRS Tax Free Ruling			Price-to-Book	2.07 X	1.58 X
Record Date / Distr. Date			Price/Earnings	16.3 X	40.41 X
USM IPO Date /Price			Price/EBITDA	4.67 X	
IPO Lockup Expires			Enterpr./EBITDA	7.67 X	
Shares to Distribute / Float	4.1 X				



Spread Relationship	
40 Day Average	\$ 39.73
40 Day Variance	1.02
40 Day St. Dev	\$ 1.01
40 Day Correlation	0.88
20 Day Average	\$ 39.31
20 Day Variance	4.78
20 Day St. Dev	\$ 0.85
20 Day Correlation	0.93
10 Day Average	\$ 39.84
10 Day Variance	3.94
10 Day St. Dev	\$ 0.56
10 Day Correlation	0.96

Telephone and Data Systems, Inc. is a diversified telecommunications company. The company operates primarily in the cellular, local telephone, and personal communications services markets. Telephone and Data Systems provides telecommunications services throughout the United States.

United States Cellular operates networks from sea to shining sea. Doing business as U.S. Cellular, the firm provides cellular phone service to 2.8 million customers in 26 US states. Its operations are organized into eight regional clusters, which allow U.S. Cellular to market a unified brand and offer services over larger areas without roaming agreements. U.S. Cellular's networks use both analog and digital technologies such as TDMA (time division multiple access) and CDMA (code division multiple access). Products and services are marketed through company stores, the Internet, and national chain stores such as Best Buy.

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio (1)	Intend To Spin (2)	Economic % Owned (3)	Embedded Value	Residual Stub Value
ADV LIGHTING TEC	ADLT	\$ 1.41	FIBERSTARS INC	FBST	\$ 4.36	0.0440		23.86%	\$ 0.19	\$ 1.22
ALPINE GROUP INC	AGI	\$ 1.35	SUPERIOR TELECOM	SUT	\$ 0.93	0.7475		49.01%	\$ 0.70	\$ 0.65
AMER BILTRITE	ABL	\$ 13.60	CONGOLEUM CORP	CGM	\$ 2.15	0.0439		4.14%	\$ 0.09	\$ 13.51
AMER INTL GROUP	AIG	\$ 74.90	21ST CENTURY INS TRANSATLANTIC HL	TW TRH	\$ 18.53 \$ 83.53	0.0205 0.0120		62.61% 59.82%	\$ 0.38 \$ 1.00	\$ 74.52 \$ 73.90
AMER SOFTWARE -A	AMSWA	\$ 3.30	LOGILITY INC	LGTY	\$ 3.35	0.4963		85.42%	\$ 1.66	\$ 1.64
APOLLO GROUP-A	APOL	\$ 53.65	UNIVERSITY OF PH	UOPX	\$ 40.00	0.6189		87.45%	\$ 24.76	\$ 28.89
AQUILA INC	ILA	\$ 24.01	QUANTA SERVICES	PWR	\$ 16.82	0.0849		17.39%	\$ 1.43	\$ 22.58
ARC INTL CORP	ATVL	\$ 0.00	BALLANTYNE OMAHA CABLETEL COMM	BTNE TTV	\$ 0.68 \$ 1.26	0.1680 0.1955		23.24% 48.14%	\$ 0.11 \$ 0.25	\$ (0.11) \$ (0.24)
AT&T CORP	T	\$ 15.11	RAINBOW MEDIA GR CABLEVISION SYS	RMG CVC	\$ 23.19 \$ 29.90	0.0069 0.0138		33.88% 36.71%	\$ 0.16 \$ 0.41	\$ 14.54 \$ 14.95
BANCO SANTAN-ADR	STD	\$ 8.30	SANTANDER BANCOR	SBP	\$ 19.77	0.0073		85.38%	\$ 0.15	\$ 8.15
BARNES & NOBLE	BKS	\$ 29.35	BARNESANDNOBLE GAMESTOP CORP	BNBN GME	\$ 1.56 \$ 18.90	0.8719 0.5357		36.90% 66.59%	\$ 1.36 \$ 10.12	\$ 27.99 \$ 19.23
BOWNE & CO INC	BNE	\$ 14.52	EDGAR ONLINE INC	EDGR	\$ 3.25	0.0300		6.70%	\$ 0.10	\$ 14.42
BROOKTROUT INC	BRKT	\$ 5.45	INTERSPEED INC	ISPD	\$ 0.01	0.4977		56.05%	\$ 0.01	\$ 5.44
CABLEVISION SYS	CVC	\$ 29.90	RAINBOW MEDIA GR	RMG	\$ 23.19	0.1581		22.58%	\$ 3.67	\$ 26.23
CELL GENESYS	CEGE	\$ 16.09	ABGENIX INC	ABGX	\$ 16.15	0.2512		10.40%	\$ 4.06	\$ 12.03
CENDANT CORP	CD	\$ 18.74	HOMESTORE.COM	HOMSE	\$ 2.42	0.0142		11.88%	\$ 0.03	\$ 18.71
CENTEX CORP	CTX	\$ 52.70	CENTEX CONSTRUCT	CXP	\$ 39.46	0.1954		65.17%	\$ 7.71	\$ 44.99
CHEVRONTEXACO	CVX	\$ 86.94	DYNEGY INC-A	DYN	\$ 28.94	0.0809		26.50%	\$ 2.34	\$ 84.60
CINCINNATI FIN	CINF	\$ 44.78	FIFTH THIRD BANC	FITB	\$ 67.19	0.4479		12.25%	\$ 30.09	\$ 14.69
CIRCUIT CITY GRP	CC	\$ 22.26	CARMAX GROUP	KMX	\$ 29.48	0.3158		70.96%	\$ 9.31	\$ 12.95
CISCO SYSTEMS	CSCO	\$ 15.37	TIBCO SOFTWARE	TIBX	\$ 10.72	0.0018		6.18%	\$ 0.02	\$ 15.35
CITIGROUP INC	C	\$ 48.98	TRAVELERS PPTY-A	TAP/A	\$ 20.19	0.1541	Y	79.00%	\$ 3.11	\$ 45.87
CITIZENS COMM CO	CZN	\$ 11.10	ELEC LIGHTWAVE	ELIX	\$ 0.43	0.1464		80.82%	\$ 0.07	\$ 11.03
COCA-COLA CO	KO	\$ 52.95	COCA-COLA BOTTLI COCA-COLA ENTER	COKE CCE	\$ 49.09 \$ 18.67	0.0008 0.0680		31.04% 37.84%	\$ 0.04 \$ 1.27	\$ 52.91 \$ 51.68
COMVERSE TECH	GMVT	\$ 12.70	ULTICOM INC	ULCM	\$ 7.52	0.1678		72.28%	\$ 1.26	\$ 11.44
DTE ENERGY CO	DTE	\$ 44.73	PLUG POWER INC	PLUG	\$ 10.52	0.0887		28.40%	\$ 0.93	\$ 43.80
EASTMAN CHEMICAL	EMN	\$ 48.04	GENENCOR INTL	GCOR	\$ 11.10	0.3252		40.94%	\$ 3.61	\$ 44.43
ECI TELECOM	ECIL	\$ 4.09	ECTEL LTD	ECTX	\$ 13.42	0.1310		68.32%	\$ 1.76	\$ 2.33
EPRESENCE INC	EPRE	\$ 4.05	SWITCHBOARD INC	SWBD	\$ 5.70	0.4293		52.36%	\$ 2.45	\$ 1.60
FIRST ALBANY COM	FACT	\$ 6.65	MECHANICAL TECH	MKTY	\$ 3.45	1.3634		33.51%	\$ 4.70	\$ 1.95
GEN MOTORS CORP	GM	\$ 61.11	HUGHES ELECTRONICS	GMH	\$ 16.10	0.7419		47.33%	\$ 11.94	\$ 49.17
GLOBAL TELESYS	GTLQ	\$ 0.00	GOLDEN TELECOM	GLDN	\$ 14.26	0.0023		80.73%	\$ 5.02	\$ 56.09
GREAT LAKES CHEM	GLK	\$ 27.01	OSCA INC	OSCA	\$ 27.90	0.1674		2.61%	\$ 0.03	\$ (0.03)
								56.34%	\$ 4.67	\$ 22.34

1) Shares held or (Carve-Out or Holding by Parent Company) divided by shares outstanding of the Parent Company.

2) Company has announced intent to distribute shares of carve-out to parent shareholders.

3) Parent's economic ownership value of carve-out. This column does not include consideration for voting rights.

4) Embedded Value = (Carve-Out or Holding price) multiplied by the Ratio.

5) Residual Stub Value = Parent Price less Embedded Value.

6) Parent P/E = Parent price divided by First Call Estimate

7) Residual P/E = First Call estimates of the parent company less the holding company's contribution, if the parent consolidates the holding.

■ New Arb Listing
■ Expected IPO Price

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio (1)	Intend To Spin (2)	Economic % Owned (3)	Embedded Value	Residual Stub Value
ICN PHARM INC	ICN	\$ 30.21	RIBAPHARM	RNA	\$ 14.00	1.5240	Y	84.00%	\$ 21.34	\$ 8.87
IDT CORP	IDT	\$ 23.15	NET2PHONE INC	NTOP	\$ 4.60	0.1172		17.05%	\$ 2.41	\$ 20.74
IMS HEALTH INC	RX	\$ 21.41	COGNIZANT TECH	CTSH	\$ 40.61	0.0241		34.36%	\$ 0.98	\$ 20.43
			TRIZETTO GROUP	TZIX	\$ 11.41	0.0418		26.80%	\$ 0.48	\$ 20.93
			GARTNER INC-A	IT	\$ 13.04	0.0238		8.05%	\$ 0.31	\$ 21.10
INTERACTIVE DATA	IDCO	\$ 17.02	MARKETWATCH.COM	MKTW	\$ 4.43	0.0621		33.86%	\$ 0.28	\$ 16.74
KUSHNER-LOCKE CO	KLOC	\$ 0.00	US SEARCH.COM	SRCH	\$ 1.01	0.4369		22.76%	\$ 0.44	\$ (0.44)
LEVEL 3 COMM INC	LVL3	\$ 4.02	COMMONW TELEPHON	CTCO	\$ 36.95	0.0245		41.29%	\$ 0.91	\$ 3.11
			RCN CORPORATION	RCNC	\$ 1.15	0.0678		26.16%	\$ 0.08	\$ 3.94
LIMITED INC/THE	LTD	\$ 18.50	GALYAN'S TRADING	GLYN	\$ 18.82	0.0044		13.21%	\$ 0.08	\$ 18.42
			ALLIANCE DATA	ADS	\$ 25.53	0.0284		19.73%	\$ 0.72	\$ 17.78
LOEWS CORP	LTR	\$ 60.25	DIAMOND OFFSHORE	DO	\$ 30.46	0.3660		46.95%	\$ 11.15	\$ 49.10
			CNA FINL CORP	CNA	\$ 30.24	1.0339		88.55%	\$ 31.27	\$ 28.98
			CAROLINA GROUP	CG	\$ 30.33	0.7245		79.86%	\$ 21.97	\$ 38.28
			BULOVA CORP	BULV	\$ 26.00	0.0233		97.02%	\$ 0.61	\$ 59.64
LORAL SPACE&COMM	LOR	\$ 2.05	GLOBALSTAR TELECOM	GSTRF	\$ 0.09	0.0438		13.38%	\$ 0.00	\$ 2.05
LUCENT TECH INC	LU	\$ 4.34	AGERE SYSTEMS-A	AGRIA	\$ 3.70	0.2761	Y	57.80%	\$ 1.02	\$ 3.32
MAXXAM INC	MXM	\$ 13.05	KAISER ALUMINUM	KLUCQ	\$ 0.14	7.6593		61.95%	\$ 1.07	\$ 11.98
MECHANICAL TECH	MKTY	\$ 3.45	PLUG POWER INC	PLUG	\$ 10.52	0.3398		23.95%	\$ 3.57	\$ (0.12)
			SATCON TECH	SATC	\$ 3.48	0.0507		10.88%	\$ 0.18	\$ 3.27
			BEACON POWER	BCON	\$ 0.51	0.1090		9.04%	\$ 0.06	\$ 3.39
MOTOROLA INC	MOT	\$ 13.83	NEXTEL COMM-A	NXTL	\$ 5.33	0.0319		9.32%	\$ 0.17	\$ 13.66
			NEXT LEVEL COMM	NXTV	\$ 1.41	0.0282		74.54%	\$ 0.04	\$ 13.79
			NEXTEL PARTNER-A	NXTP	\$ 5.65	0.0058		5.39%	\$ 0.03	\$ 13.80
			BROADCOM CORP-A	BRCM	\$ 34.71	0.0038		3.39%	\$ 0.13	\$ 13.70
NATL CITY CORP	NCC	\$ 30.07	NATL PROCESSING	NAP	\$ 28.61	0.0730		85.59%	\$ 2.09	\$ 27.98
NETWORK ASSOC	NET	\$ 23.55	MCAFEE.COM CORP	MCAF	\$ 17.25	0.2559		75.96%	\$ 4.41	\$ 19.14
NEXTEL COMM-A	NXTL	\$ 5.33	NEXTEL PARTNER-A	NXTP	\$ 5.65	0.1036		32.32%	\$ 0.59	\$ 4.74
NEWS CORP-ADR	NWS	\$ 26.85	FOX ENTERTAINM-A	FOX	\$ 25.05	0.4525		82.77%	\$ 14.07	\$ 12.78
NORTEL NETWORKS	NT	\$ 3.65	ENTRUST INC	ENTU	\$ 5.00	0.0050		24.84%	\$ 0.03	\$ 3.62
NORTHWEST AIRLIN	NWAC	\$ 18.72	MESABA HOLDINGS	MAIR	\$ 9.03	0.0660		27.97%	\$ 0.60	\$ 18.12
PEPSICO INC	PEP	\$ 50.71	PEPSI BOTTLING	PBG	\$ 25.95	0.0311		18.55%	\$ 0.81	\$ 49.90
PFIZER INC	PFE	\$ 38.39	NEUROGEN CORP	NRGN	\$ 12.21	0.0005		16.32%	\$ 0.01	\$ 38.38
PHOENIX TECH LTD	PTEC	\$ 13.02	INSILICON CORP	INSN	\$ 2.65	0.4121		69.94%	\$ 1.09	\$ 11.93
PHARMACIA CORP	PHA	\$ 44.06	MONSANTO CO	MON	\$ 33.27	0.1696		83.46%	\$ 5.64	\$ 38.42
PHILIP MORRIS CO	MO	\$ 52.54	KRAFT FOODS INC	KFT	\$ 39.53	0.6776		83.86%	\$ 26.79	\$ 25.75
PICO HOLDINGS	PICO	\$ 14.80	HYPERFEED TECH	HYPR	\$ 0.53	0.6604		44.71%	\$ 0.35	\$ 14.45
PLAINS RESOURCES	PLX	\$ 25.17	PLAINS ALL AMER	PAA	\$ 26.18	0.4472		33.04%	\$ 11.71	\$ 13.46
RALCORP HLDGS	RAH	\$ 27.35	VAIL RESORTS	MTN	\$ 19.64	0.2565		21.86%	\$ 5.04	\$ 22.31

1) Shares held or (Carve-Out or Holding by Parent Company) divided by shares outstanding of the Parent Company.

2) Company has announced intent to distribute shares of carve-out to parent shareholders.

3) Parent's economic ownership value of carve-out. This column does not include consideration for voting rights.

4) Embedded Value = (Carve-Out or Holding price) multiplied by the Ratio.

5) Residual Stub Value = Parent Price less Embedded Value.

6) Parent P/E = Parent Price divided by First Call Estimate

7) Residual P/E = First Call estimates of the parent company less the holding company's contribution, if the parent consolidates the holding.

New Arb Listing
Expected IPO Price

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio (1)	Intend To Spin (2)	Economic % Owned (3)	Embedded Value	Residual Stub Value
RELIANT ENERGY	REI	\$ 24.78	RELIANT RES INC	RRI	\$ 15.63	0.8002	Y	81.93%	\$ 12.51	\$ 12.27
REUTERS GRP-ADR	RTRSY	\$ 46.55	TIBCO SOFTWARE INSTINET GROUP	TIBX INET	\$ 10.72 \$ 7.03	0.4606 0.8693		53.86% 83.18%	\$ 4.94 \$ 6.11	\$ 41.61 \$ 40.44
SATCON TECH	SATC	\$ 3.48	BEACON POWER	BCON	\$ 0.51	0.2845	Y	11.00%	\$ 0.15	\$ 3.33
SEA CONTAINERS-A	SCR/A	\$ 17.50	ORIENT EXPRESS H	OEH	\$ 20.06	0.9129		55.00%	\$ 18.31	\$ (0.81)
SEPRACOR INC	SEPR	\$ 15.33	BIOSPHERE MED	BSMD	\$ 8.01	0.0412		24.97%	\$ 0.33	\$ 15.00
SPX CORP	SPW	\$ 144.35	INRANGE TECH-B	INRG	\$ 7.51	1.8531		89.52%	\$ 13.92	\$ 130.43
STILWELL FINL	SV	\$ 24.01	DST SYSTEMS INC	DST	\$ 48.48	0.1787		31.53%	\$ 8.66	\$ 15.35
ST PAUL COS	SPC	\$ 49.46	JOHN NUVEEN-CLA	JNC	\$ 55.45	0.0198		8.64%	\$ 1.10	\$ 48.36
SYNOVUS FINL	SNV	\$ 30.04	TOTAL SYS SERV	TSS	\$ 24.87	0.5341		80.50%	\$ 13.28	\$ 16.76
TELEPHONE & DATA	TDS	\$ 89.35	US CELLULAR CORP	USM	\$ 41.49	1.2080	N	78.67%	\$ 50.12	\$ 39.23
			DEUTSCHE TEL-ADR	DT	\$ 14.34	2.2433	N	3.13%	\$ 32.17	\$ 57.18
			VODAFONE GRP-ADR	VOD	\$ 17.19	0.0461	N	0.04%	\$ 0.79	\$ 88.56
TITAN CORP	TTN	\$ 19.80	SUREBEAM CORP -A	SURE	\$ 5.58	0.6031	Y	72.79%	\$ 3.37	\$ 16.43
TORONTO DOM BANK	TD	\$ 27.39	KNIGHT TRADING	NITE	\$ 6.69	0.0141		0.00%	\$ 0.09	\$ 27.30
TREMONT CORP	TRE	\$ 28.07	TITANIUM METALS	TIE	\$ 5.08	1.9113		38.98%	\$ 9.71	\$ 18.36
TRIBUNE CO	TRB	\$ 46.45	AOL TIME WARNER	AOL	\$ 22.28	0.0210		0.14%	\$ 0.47	\$ 45.98
TRW INC	TRW	\$ 51.03	E-SYNC NETWORKS	ESNI	\$ 0.09	0.0244		41.52%	\$ 50.94	\$ 1.00
			CELERA GENOMICS	CRA	\$ 18.65	0.0041		0.76%	\$ 0.08	\$ 50.95
			RF MICRO DEVICES	RFMD	\$ 18.77	0.1355		10.23%	\$ 2.54	\$ 48.49
UNITEDGLOBALCO-A	UCOMA	\$ 6.00	UNITED PAN-A ADR	UPCOY	\$ 0.18	2.3353		52.39%	\$ 0.42	\$ 5.58
UNITRIN INC	UTR	\$ 41.07	NORTHROP GRUMMAN UNOVA INC	NOC UNA	\$ 116.49 \$ 7.14	0.1135 0.1874		6.82% 21.79%	\$ 13.22 \$ 1.34	\$ 27.85 \$ 39.73
USA NETWORKS INC	USAI	\$ 32.95	HOTEL RES INC -A	ROOM	\$ 56.09	0.0488		65.28%	\$ 2.74	\$ 30.21
			TICKETMASTER-B	TMCS	\$ 27.93	0.0697		37.29%	\$ 1.95	\$ 31.00
VALERO ENERGY	VLO	\$ 46.84	VALERO LP	VLI	\$ 38.10	0.0083	N	76.00%	\$ 0.32	\$ 46.52
VERIZON COMMUNIC	VZ	\$ 43.66	GENUITY INC-A	GENU	\$ 0.81	0.0391		10.37%	\$ 0.00	\$ 43.63
			NTL INC	NTLD	\$ 0.09	0.0090		8.85%	\$ 0.03	\$ 43.66
VIACOM INC-A	VIA	\$ 50.27	BLOCKBUSTER -A	BBI	\$ 23.32	0.0808	N	80.99%	\$ 1.88	\$ 48.39
WACKENHUT CORP-A	WAK	\$ 32.96	WACKENHUT CORREC	WHC	\$ 13.95	0.7989		57.21%	\$ 11.14	\$ 21.82
WESTERN RES INC	WR	\$ 16.94	PROTECTION ONE ONEOK INC	POI OKE	\$ 2.85 \$ 21.20	1.2693 0.0607		92.59% 7.19%	\$ 16.15 \$ 1.29	\$ 0.79 \$ 15.65
WILLIAMS COS INC	WMB	\$ 22.22	WILLIAMS COMMUNI	WCCR	\$ 0.14	0.0411		4.32%	\$ 0.01	\$ 22.21
			WILLIAMS ENERGY	WEG	\$ 37.98	0.0119		54.14%	\$ 0.45	\$ 21.77
WORLDCOM INC-WOR	WCOM	\$ 6.01	DIGEX INC	DIGX	\$ 1.06	0.0133		61.41%	\$ 0.01	\$ 21.76
WYETH	WYE	\$ 65.01	IMMUNEX CORP	IMNX	\$ 29.25	0.1687		39.25%	\$ 4.94	\$ 60.07
XCEL ENERGY INC	XEL	\$ 24.86	NRG ENERGY INC	NRG	\$ 12.36	0.4038		74.35%	\$ 4.99	\$ 19.87
ZAPATA CORP	ZAP	\$ 24.90	OMEGA PROTEIN CP	OME	\$ 3.05	6.0648		60.19%	\$ 18.50	\$ 6.40
			VISKASE COMPANIE	VCIC	\$ 0.03	2.4580		38.37%	\$ 0.07	\$ 24.83
					\$			\$	\$	\$ 6.33

1) Shares held of (Carve-Out or Holding by Parent Company) divided by shares outstanding of the Parent Company.
 2) Company has announced intent to distribute shares of carve-out to parent shareholders.
 3) Parents economic ownership value of carve-out. This column does not include consideration for voting rights.
 4) Embedded Value = (Carve-Out or Holding price) multiplied by the Ratio.
 5) Residual Stub Value = Parent Price less Embedded Value.
 6) Parent P/E = Parent price divided by First Call Estimate
 7) Residual P/E = First Call estimates of the parent company less the holding company's contribution, if the parent consolidates the holding.

Foreign Implied Value of Stubs

Parent Company	Exchange	ADR's	Bloomberg Symbol	Price (In \$)	Carve-Out / Holding	Exchange	Bloomberg Symbol	Price (In \$)	Ratio (1)	Intent To Spin (2)	Economic % owned (3)	Embedded Value (4)	Residual Stub Value (5)
Alcatel A	EN Paris		CGE FP	13.11	Alcatel O (Optronics)	EN Paris	CGO FP	4.81	0.062	N	80.00%	\$ 0.30	\$ 12.81
Alliance Semiconductor	NASDAQ N-Mkt		ALSC	10.89	Broadcom Corp	NASDAQ N-Mkt	BRCM	33.89	0.012		0.19%	\$ 0.40	
					Chartered Semiconductor	NASDAQ N-Mkt	CHRT	26.05	0.052		1.54%	\$ 1.35	
					Chartered Semiconductor-S	Singapore	CSM SP	2.63	0.518		1.55%	\$ 1.36	
					United Microelectronics-S	Taipei	2303 TT	1.52	8.193		2.54%	\$ 12.42	
					Vitesse Semiconductor	NASDAQ N-Mkt	VTSS	8.87	0.021		0.43%	\$ 0.18	
Allianz AG	Frankfurt		ALV GR	233.97	Dresdner Bank AG	Frankfurt	DRB GR	45.14	0.507	N	21.31%	\$ 22.87	\$ (4.82)
					Bayerische Hypo-Und Vereinsb.	Frankfurt	HVM GR	34.14	0.376	N	17.40%	\$ 12.85	\$ 198.25
Aquila Corp	New York		ILA	24.04	Quanta Services	New York	PWR	17.11	0.187		33.91%	\$ 3.21	
					UnitedNetworks Limited	NZSE	UNL NZ	18.52	0.602		56.25%	\$ 11.14	
					United Energy Limited	ASX	UEL AU	3.92	1.005		33.81%	\$ 3.94	
Australian Gas Light Co	ASX		AGL AU	17.52	Australian Pipeline Trust	ASX	APA AU	4.82	0.208		30.00%	\$ 0.96	\$ 16.56
Aventis SA	EN Paris		AVE FP	65.42	Rhodia SA	EN Paris	RHA FP	10.27	0.057		25.23%	\$ 0.58	\$ 64.84
BASF AG	Frankfurt		BAS GR	40.92	Kall und Salz AG	Frankfurt	SDF GR	20.01	0.013		17.82%	\$ 0.26	\$ 40.65
Bilfinger Berger AG	Frankfurt		BBF GR	20.47	Buderus AG	Frankfurt	BUD GR	23.82	0.493		28.50%	\$ 11.63	\$ 8.83
Banco Santander Central Hic Continuous	London		SAN SM	8.20	Santander Bancorp	New York	SBP	19.77	0.007		80.44%	\$ 0.15	\$ 8.08
Cable & Wireless plc	London		CW/LN	2.94	NTL Inc.	OTC BB	NTL	0.09	0.010		10.16%	\$ 0.00	\$ 2.94
Clear Channel Communicat New York	Frankfurt		CCU	51.25	Clear Media Ltd.	Hong Kong	100-HK	0.87	0.593		70.89%	\$ 0.40	\$ 50.85
Commerzbank AG	Frankfurt		CBK GR	17.04	Buderus AG	Frankfurt	BUD GR	23.82	0.012		10.50%	\$ 0.29	
					Hochtief AG	Frankfurt	HOT GR	17.19	0.003		2.77%	\$ 0.06	
					Heidelberger Druckmaschinen	Frankfurt	HDD GR	44.71	0.006		4.00%	\$ 0.29	
					ComDirect Bank AG	Berlin	COM GR	8.05	0.154		58.65%	\$ 1.24	
Deutsche Bank	Frankfurt		DBK GR	61.75	Munchener Ruck	Frankfurt	MUV2 GR	246.91	0.029		10.00%	\$ 7.11	\$ 15.17
					Daimler Chrysler	Frankfurt	DCX GR	43.65	0.196		11.94%	\$ 8.55	
					Allianz	Frankfurt	ALV GR	233.97	0.029		7.30%	\$ 6.70	
					Linda AG	Frankfurt	LIN GR	49.32	0.020		10.10%	\$ 0.97	
					Heidelberger Zement	Frankfurt	HEI GR	46.71	0.009		10.10%	\$ 0.44	
					Metallgesellschaft	Frankfurt	MGT GR	9.75	0.040		13.00%	\$ 0.39	
					Vossloh	Frankfurt	VOS GR	18.89	0.002		8.20%	\$ 0.04	
					Deutz	Frankfurt	DEZ GR	1.84	0.027		25.80%	\$ 0.05	
					Deutsche Betelligu	Frankfurt	DBA GR	17.49	0.003		15.00%	\$ 0.06	
					Holzmann	Frankfurt	HOZ GR	1.22	0.004		19.60%	\$ 0.01	
Dresdner Bank	Frankfurt		DRB GR	45.14	Allianz	Frankfurt	ALV GR	233.97	0.039		10.00%	\$ 9.18	\$ 37.43
					Munich Re	Frankfurt	MUV2 GR	246.91	0.029		10.00%	\$ 7.11	
					BMW	Frankfurt	BMW GR	39.18	0.051		5.00%	\$ 1.98	
					Heidelberger Zement	Frankfurt	HEI GR	46.71	0.019		20.80%	\$ 0.91	
					Dyckerhoff	Frankfurt	DYK3 GR	15.10	0.003		10.00%	\$ 0.05	
					Metallgesellschaft	Frankfurt	MGT GR	9.75	0.042		13.50%	\$ 0.41	
					AMB	Frankfurt	AMB2 GR	101.46	0.004		5.10%	\$ 0.45	
					Bilfinger & Berger	Frankfurt	GBF GR	20.47	0.015		25.10%	\$ 0.30	
					Buderus AG	Frankfurt	BUD GR	23.82	0.041		39.89%	\$ 0.96	
Deutsche Luthansa	Frankfurt		LHA GR	14.74	Amadeus AG	Frankfurt	AAD GR	14.43	0.003		25.00%	\$ 0.05	\$ 23.78
Deutsche Telekom AG	Frankfurt		DTE GR	14.43	T-Online Intl AG	Munich	TOI GR	10.85	0.238		81.70%	\$ 2.58	\$ 11.85
ENI SPA	Milan		ENI IM	14.39	Snam Rete Gas	Milan	SRG IM	2.72	0.307		62.77%	\$ 0.83	\$ 13.56
Fairfax Financial Holdings I Toronto			FFH CN	110.59	Odysey Re Holdings Corp	New York	ORH	16.59	3.508		81.36%	\$ 58.19	
					Lindsey Morden Group Inc.	Toronto	LM CN	5.64	0.646		68.28%	\$ 3.64	
					Hub International Ltd	Toronto	HBG CN	13.79	0.743		50.39%	\$ 10.25	
Formula Systems	Tel Aviv		FORT IT	1,106.92	Crystal Systems Solutions	NASDAQ N-Mkt	CRYS	3.80	0.394		41.10%	\$ 1.50	
					Magic Software Enterprises	NASDAQ N-Mkt	MGIC	1.55	1.409		51.96%	\$ 2.18	
					Mashov Computers Ltd	Tel Aviv	FVT IT	36.79	1.870		74.48%	\$ 68.80	
												\$ 72.48	\$ 1,034.43

1) Shares held of (Carve-Out or Holding by Parent Company) divided by shares outstanding of the Parent Company.

2) Company has announced intent to distribute shares of carve-out to parent shareholders.

3) Parent's economic ownership value of carve-out. This column does not include consideration for voting rights.

4) Embedded Value = (Carve-Out or Holding price) multiplied by the Ratio.

5) Residual Stub Value = Parent Price less Embedded Value.

6) Parent P/E = Parent price divided by First Call Estimate

7) Residual P/E = First Call estimates of the parent company less the holding company's contribution, if the parent consolidates the holding.

New Arb Listing
Expected IPO Price

Foreign Implied Value of Stubs

Parent Company	Exchange	ADR's	Bloomberg Symbol	Price (in \$)	Carve-Out / Holding	Exchange	Bloomberg Symbol	Price (in \$)	Ratio (1)	Intent To Spin (2)	Economic % owned (3)	Embedded Value (4)	Residual Stub Value (5)
France Telecom SA	EN Paris	FTE FP		28.05	Wanadoo	EN Paris	NAD FP	5.52	0.851	N	68.08%	\$ 4.70	
					Orange SA	EN Paris	OGE FP	6.28	2.810	N	84.14%	\$ 17.59	
					NTL Inc.	OTC BB	NTLD	0.09	0.011	N	18.32%	\$ 0.00	
												\$ 22.28	\$ 5.76
Global Light Telecom Inc	American	GBT		0.77	Nerue Communications	Venture	NTU/U CN	0.01	0.186		40.00%	\$ 0.00	\$ 0.77
Groupe Bruxelles Lambert / EN Brussels		GBL BB		54.26	TotalFiniElf SA	EN Paris	FPP	148.30	0.174		3.39%	\$ 25.74	
					Suez	EN Paris	SZE FP	27.63	0.535		6.72%	\$ 14.78	
					Imerys SA	EN Paris	NK FP	116.57	0.030		25.28%	\$ 3.53	
					Rhodia SA	EN Paris	RHA FP	10.39	0.071		5.51%	\$ 0.74	
												\$ 44.79	\$ 9.47
Henkel KGAA-Vorzug	Frankfurt	HEN3.GR		61.92	Clorox Company	New York	GLX	43.74	1.091		26.99%	\$ 47.73	\$ 14.18
Hypoereinsbank	Frankfurt	HVM GR		34.43	Munich Re	Frankfurt	MUV2 GR	251.03	0.045		13.30%	\$ 11.38	
					Allianz	Frankfurt	ALV GR	238.76	0.042		6.80%	\$ 10.00	
					Dresdner Bank AG	Frankfurt	DRB GR	45.21	0.016		1.30%	\$ 0.74	
					Brau und Brunnen	Frankfurt	BBA GR	28.05	0.005		55.20%	\$ 0.13	
					AGROB	Munich	AGR GR	7.67	0.002		52.70%	\$ 0.02	
												\$ 22.26	\$ 12.17
iGate Capital Corp	NASDAQ N-Mkt	IGTE		4.46	Mascot Systems Ltd	Bombay	MSCT IN	4.29	0.468		88.45%	\$ 2.00	\$ 2.45
International Paper	New York	IP		41.31	Carter Holt Harvey Ltd	NZSE	CAH NZ	4.28	1.819		50.40%	\$ 7.79	\$ 33.52
Kingfisher Plc	London	KGF LN		5.51	Castorama Dubois Investisse	EN Paris	CY FP	52.11	0.068		55.91%	\$ 3.56	\$ 1.95
Lafarge SA	EN Paris	LG FP		88.53	Lafarge Corp	New York	LAF	43.49	0.297		56.55%	\$ 12.91	\$ 75.61
MDC Corporation	Toronto	MDZ/A CN		3.98	Maxxcom	Toronto	MXX CN	1.10	1.273	N	77.80%	\$ 1.40	\$ 2.59
Nestle SA	Virt-x	NESN VX		227.84	Alcon Inc	New York	ACL	30.89	0.593	N	76.67%	\$ 18.33	\$ 209.51
Novartis SA	Virt-x	NOVN VX		38.48	Chiron Corp	NASDAQ N-Mkt	CHR	43.85	0.031		41.86%	\$ 1.36	\$ 37.12
NTT Corp	Tokyo	9437 JP		3,849.67	NTT Docomo Inc	Tokyo	9437 JP	2,690.96	0.398		12.81%	\$ 1,072.21	\$ 2,777.46
NTT Docomo Inc	Tokyo	9437 JP		2,690.96	NTT Data	Tokyo	9613 JP	4,459.52	0.030		54.19%	\$ 135.08	\$ 2,555.88
Pearson Plc	London	PSOJ LN		12.26	Recolatos Compania Editorial	Continuous	REC SM	4.91	0.118		71.92%	\$ 0.58	\$ 11.68
Philips Electronics NV	EN Amsterdam	PHIA NA		28.20	Taiwan Semiconductor	Taipei	2330 TT	2.62	0.262		1.98%	\$ 0.69	
Prudential Plc	London	PRU LN		10.32	Egg Plc	London	EGG LN	2.31	0.329	N	79.53%	\$ 0.76	\$ 9.57
Reuters Group Plc	London	RTR LN		7.66	Infinitel	NASDAQ N-Mkt	INET	7.00	0.145		83.18%	\$ 1.01	
					Tibco Software Inc	NASDAQ N-Mkt	TIBX	10.82	0.077		51.75%	\$ 0.83	\$ 5.82
Roche Holding AG-Genuss Virt-x	Frankfurt	ROG VX		113.07	Laboratory Corp of Amer Hldi New York	LH		97.09	0.032		30.23%	\$ 3.06	\$ 110.01
RWE AG	Frankfurt	RWE GR		37.08	Heidelberger Druckmaschinen	Frankfurt	HDD GR	52.40	0.082		50.00%	\$ 4.30	
					Hochtief AG	Frankfurt	HOT GR	17.48	0.075		62.08%	\$ 1.31	\$ 31.47
Siemens AG	Frankfurt	SIE GR		61.40	Infineon Technologies AG	Frankfurt	IFX GR	20.98	0.499		63.95%	\$ 10.47	\$ 50.93
Sonera Corp	Helsinki	SRA1V FH		4.88	Deutsche Telekom	Frankfurt	DTE GR	14.31	0.047		1.24%	\$ 0.67	\$ 4.21
Starbucks Corp	NASDAQ N-Mkt	SBUX		24.61	Starbucks Coffee Japan Ltd	NASDAQ Japan	2712 JP	197.06	0.001		40.14%	\$ 0.29	\$ 24.32
Sulzer AG	Virt-x	SUN VX		216.47	Sulzer Medica	SWX Elec	SMEN SW	99.87	2.136	Y	74.00%	\$ 213.26	\$ 3.21
Telecom Italia Spa	Milan	TLIM		8.02	Telekom Austria AG	Vienna	TKA AV	8.38	0.010		29.00%	\$ 0.08	\$ 7.94
Telephone & Data Systems American		TDS		89.31	US Cellular Corp	American	USM	41.51	1.205	N	81.92%	\$ 50.01	
					Deutsche Telekom	Frankfurt	DTE GR	14.31	2.237	N	3.13%	\$ 32.02	
					Vodafone Group Plc	London	VOD LN	1.73	0.460	N	0.04%	\$ 0.80	
Telefonica SA	Continuous	TEF SM		10.83	Terra Networks	Continuous	TRR SM	7.77	0.046		35.70%	\$ 0.35	
					Telefonica Movil	Continuous	TEM SM	6.17	0.001		0.09%	\$ 0.01	\$ 10.47
Terra Networks	Continuous	TRR SM		8.86	Lycos Europe N.V.	Berlin	LCY GR	0.80	0.161	N	44.00%	\$ 0.13	\$ 8.74
Vivendi Universal	EN Paris	EX FP		33.84	Vivendi Environment	EN Paris	VIE FP	35.42	0.406		72.00%	\$ 14.37	\$ 17.57
					Echosstar Communications	NASDAQ N-Mkt	DISH	24.44	0.078		10.00%	\$ 1.91	\$ 105.98
Vodafone Group Plc	London	VOD LN		106.06	Japan Telecom Co	Tokyo	9434 JP	3,308.43	0.000		46.70%	\$ 0.07	\$ 17.57
Weston (George) Ltd	Toronto	WJCN		70.76	Loblav Companies Ltd	Toronto	LCN	37.11	1.320		62.81%	\$ 48.99	\$ 21.77
WorldCom Inc	NASDAQ N-Mkt	WCOM		6.02	Embratel Participacoes	Sao Paulo	EBTP4 BZ	3.00	13.511		19.00%	\$ 40.58	\$ (34.56)

1) Shares held of (Carve-Out or Holding by Parent Company) divided by shares outstanding of the Parent Company.
 2) Company has announced intent to distribute shares of carve-out to parent shareholders.
 3) Parents economic ownership value of carve-out. This column does not include consideration for voting rights.
 4) Embedded Value = (Carve-Out or Holding price) multiplied by the Ratio.
 5) Residual Stub Value = Parent Price less Embedded Value.
 6) Parent P/E = Parent price divided by First Call Estimate.
 7) Residual P/E = First Call estimates of the parent company less the holding company's contribution, if the parent consolidates the holding.

New Arb Listing
 Expected IPO Price

Stub Monitor

Parent	Sub.	Ticker Par. / Sub.	Parent Price	Sub. Price	Stub Ratio	Current Stub Value	Min.	Max.
Wyeth	Immunex	WYE - IMNX	\$ 64.93	\$29.32	0.171829231	\$ 59.89		\$ 60.59
Apollo Group	Phoenix Online	APOL - UOPX	\$ 53.63	\$40.28	0.651607804	\$ 27.38	\$ 16.20	\$ 28.38
Barnes & Noble	GameStop	BKS - GME	\$ 29.19	\$19.10	0.535794017	\$ 18.96	\$ 18.84	\$ 22.35
Citigroup	Travelers	C - TAP.a	\$ 49.00	\$20.25	0.149471102	\$ 45.97	\$ 45.59	\$ 52.00
Citizens Comm.	Electric Lightwave	CZN - ELIX	\$ 11.09	\$ 0.43	0.146978488	\$ 11.03	\$ 8.29	\$ 14.64
Circuit City	Carmax	CC - KMX	\$ 22.10	\$29.50	0.315251866	\$ 12.80	\$ 6.77	\$ 23.46
Comverse Tech.	Ulticom	CMVT - ULCM	\$ 12.79	\$ 7.52	0.175947565	\$ 11.47	\$ 11.19	\$ 70.24
General Motors	GM-Hughes	GM - GMH	\$ 61.21	\$16.06	0.747110711	\$ 49.21	\$ 30.12	\$ 52.95
Loews	Carolina Group	LTR - CG	\$ 60.31	\$30.40	0.724580918	\$ 38.28	\$ 35.67	\$ 38.75
Lucent	Agere	LU - AGR.A	\$ 4.31	\$ 3.68	0.276256982	\$ 3.29	\$ 3.23	\$ 7.26
Network Assoc.	McAfee.com	NET - MCAF	\$ 23.46	\$17.24	0.255319149	\$ 19.06	\$ 7.61	\$ 25.51
News Corp.	FOX	NWS - FOX	\$ 26.75	\$25.00	0.005043976	\$ 26.62	\$ 23.46	\$ 39.20
Pharmacia	Monsanto	PHA - MON	\$ 44.07	\$33.23	0.170620671	\$ 38.40	\$ 32.07	\$ 47.08
Philip Morris	Kraft	MO - KFT	\$ 52.59	\$39.52	0.111691105	\$ 48.18	\$ 41.25	\$ 49.69
Reliant Energy	Reliant Resources	REI - RRI	\$ 24.75	\$15.56	0.832038288	\$ 11.80	\$ 11.19	\$ 14.41
Reuters	Tibco Software	RTRSY - TIBX	\$ 46.48	\$10.90	0.468093284	\$ 41.38	\$ 37.93	\$ 86.11
Sorrento Networks	NetSilicon	FIBR - NSIL	\$ 2.44	\$ -	0.536135535	\$ 2.44	\$ 0.51	\$ 13.60
Sea Containers	Orient Express	SCR - OEH	\$ 17.50	\$20.06	0.914197831	\$ (0.84)	\$ (17.15)	\$ 0.56
Synovus	Total Systems	SNV - TSS	\$ 30.02	\$24.93	0.540002403	\$ 16.56	\$ 11.22	\$ 18.22
St. Paul	John Nuveen	SPC - JNC	\$ 49.55	\$55.49	0.118646435	\$ 42.97	\$ 30.50	\$ 47.59
SPX Corp.	Inrange Tech.	SPW - INRG	\$144.30	\$ 7.50	1.876675603	\$ 130.22	\$ 66.89	\$ 131.18
Stilwell Financial	DST Systems	SV - DST	\$ 24.03	\$48.83	0.182349472	\$ 15.13	\$ 11.17	\$ 24.80
Telephone & Data	U.S. Cellular	TDS - USM	\$ 89.30	\$41.44	1.207564454	\$ 39.26	\$ 18.36	\$ 44.22
Titan	Surebeam	TTN - SURE	\$ 19.80	\$ 5.55	0.691881919	\$ 15.96	\$ 7.94	\$ 20.03
UnitedGlobalCom	United Pan-Europe	UCOMA - UPCOY	\$ 6.01	\$ 0.17	0.249510868	\$ 5.97	\$ 0.70	\$ 15.15
Xcel	NRG	XEL - NRG	\$ 24.86	\$12.36	0.427184115	\$ 19.58	\$ 15.74	\$ 22.28

Spin-Off Calendar by Date

Parent	Symbol	Listed		Symbol	Announce	Record	Spin-Off	Report	Tax	
		Options	Spin-Off		Date	Date	Date	Date	Exempt	Ratio
National Data	NDC	Y	Global Payments	GPN	12/21/99	01/19/01	01/31/00	Jan-00	Y	.8:1
EMC	EMC	Y	McDATA	MCDT	05/31/00	01/24/01	02/08/01	February	Y	~1:36
Williams Companies	WMB	Y	Williams Energy LP	WEG	10/ /00		02/06/01	February		CO
Cabletron	CS	Y	Riverstone Networks	RSTN	2/00/00		02/15/01	February	Y	CO/SP
RPC	RES		Marine Products	MPX	01/14/00	02/16/01	03/01/01	March-00	Y	.6:1
Lucent	LU	Y	Agere Systems	AGR	06/ /00	03/23/01	March	March-00		CO/SP
Titan	TTN	Y	Surebeam	SURE	08/14/00	03/16/01	March	March-00		CO
Cablevision	CVC	Y	Rainbow Media Group	RMG		03/15/01	03/30/01	March-00		1:2
Ceridian	CEN	Y	Arbitron	ARB	07/18/00	03/16/01	04/01/01	March-00	Y	1:5
Sara Lee	SLE	Y	Coach	COH	05/30/00		04/05/01	March-U	Y	Split
Southern Company	SO	Y	Mirant	MIR	04/17/00	03/21/01	04/02/00	April-01	Y	.397:1
Ultramar Diamond Sham.	UDS	Y	Shamrock Logistics	UDL	08/14/00		04/10/01	Nov-00		CO
Williams Companies	WMB	Y	Williams Comm.	WCG		04/09/01	04/23/01	April-01	Y	.82:1
UtiliCorp	UCU	Y	Aquila	ILA	12/13/00		04/23/01	April-U		CO/SP
Methode Electronics	METHA	Y	Stratos Lightwave	STLW	02/23/00	04/05/01	04/30/01	April-01	Y	~1.5 : 1
Reliant Energy	REI	Y	Reliant Resources	RRI	07/27/00		04/30/01	May-01		CO/SP
Adapttec	ADPT	Y	Roxio	ROXI	02/21/01	04/30/01	05/11/01	May-01		~1:6
AT&T	T	Y	AT&T Wireless	AWE	12/06/99		05/25/01	May-01		SPLIT
Reuters	RTR LN	Y	Instinet	INET	02/08/01		05/28/01	May-01		CO
WorldCom	WCOM	Y	MCI-Tracker	MCIT	11/01/00		06/08/01	June-01		1:25
Philip Morris	MO	Y	Kraft	KFT			06/12/01	June-01		CO
FMC	FMC	Y	FMC Technology	FTI	10/31/00		06/14/01	June-01		CO/SP
Rockwell	ROK	Y	Rockwell Collins	COL	12/08/00	06/15/01	07/01/01	June-01		1:1
Equifax	EFX	Y	Certegy	CEY	10/02/00	06/27/01	07/07/01	July-01	Y	1:2
AT&T	T	Y	AT&T Wireless	AWE	12/06/99	06/22/01	07/09/01	May-01	Y	.3218:1
Cabletron / Enterasys	CS-ETS	Y	Riverstone Networks	RSTN	2/00/00	07/27/01	08/06/01	July-01	Y	.51 : 1
Bristol-Myers Squibb	BMY	Y	Zimmer Holdings	ZMH	02/22/01	07/27/01	08/07/01	July-01	Y	1:10
Thermo Electron	TMO	Y	Kadant	KAI	01/31/00	07/30/01	08/08/01	July-01	Y	.061 : 1
AT&T	T	Y	Liberty Media	L	11/15/00		08/10/01	July-01	Y	1:1
ESS Technologies	ESST	Y	ViAlta	VLTA	07/20/00	07/23/01	08/10/01	Aug-01		1.21 : 1
Millipore	MIL	Y	Mykrolis	MYK	10/03/00		08/09/01	Aug-01	Y	CO/SP
SatCon	SATC	Y	Beacon Power	BCON		09/21/01	09/24/01	Oct-01	T	.117:1
SeraCare	Acquired		SeraCare Life Sciences	SRLS			09/25/01	Oct-01		2:5
Thermo Electron	TMO	Y	Viasys Healthcare	VAS	01/00/01	11/07/01	11/15/01	Sept-01	Y	.1461:1
Unitrin	UTR		Curtiss-Wright	CW	11/06/00	11/12/01	11/29/01	Nov-01	Y	.065:1
National Services Ind.	NSI	Y	Acuity Brands	AYI	06/28/01	11/16/01	11/30/01	Nov-01	Opinion	1:1
Pitney Bowes	PBI	Y	Imagistics International	IGI	12/11/00	11/19/01	12/03/01	Dec-01	Y	1:12.5
FMC	FMC	Y	FMC Technology	FTI	10/31/00	12/12/01	12/31/01	Dec-01	Y	1.72 : 1
USX-Marathon Group	MRO	Y	US Steel	X	04/24/01		12/31/01	Dec-01	Y	1:1
Senior Housing Properties	SNH		Five Star Quality Care	FVE	09/21/01	12/17/01	12/31/01	Jan-02	T	1:10
HRPT Properties	HRP		Five Star Quality Care	FVE	09/21/01	12/17/01	12/31/01	Jan-02	T	1:100
Adelphia Comm.	ADLAC	Y	Adelphia Business Solutions	ABIZ	11/09/01	01/08/01	01/11/02	Jan-02	Opinion	1:2
Lynch Interactive	LIC		Morgan Group	MG	08/17/01	12//18/01	01/24/02	Jan-02		1:1
Novo Nordisk	NVO		ZymoGenetics	ZGEN	09/04/01		01/31/02	Feb-02		CO
Lowe's	LTR	Y	Carolina Group	CG	10/17/01		01/31/02	Feb-02		CO-TR
Sunoco	SUN	Y	Sunoco Logistics	SXL	10/22/01		02/04/02	Feb-02		CO
Barnes and Noble	BKS	Y	GameStop	GME	08/23/01		02/11/02	Feb-02		CO
Millipore	MIL	Y	Mykrolis	MYK	10/03/00	02/13/02	02/27/02	Feb-02	Y	0.667:1

Spin-Off Calendar by Date

Parent	Symbol	Listed		Symbol	Announce	Record	Spin-Off	Report	Tax	Ratio
		Options	Spin-Off		Date	Date	Date	Date	Exempt	
Ambassadors Int.	AMIE		Ambassador Group	EPAX	11/15/01	02/04/02	02/28/02	Feb-02	Y	1:1
Nestle SA	NESN VX		Alcon	ACL			03/20/02	March-02		CO
Citigroup	C	Y	Travelers Property	TAP.A	12/19/01		03/20/02	March-02	P	CO
Dover Downs Ent.	DVD		Dover Downs Gaming	DDE	07/25/01	03/18/02	03/31/02	March-02	Y	0.7:1
ICN Pharmaceutical	ICN	Y	Ribapharm	RNA	06/15/00		04/11/02	April-02	P	CO
AON	AOC	Y	Combined Specialty		04/20/01		May-02	April-02	Y	1:3
Goodrich	GR	Y	EnPro Industries		09/04/01		2nd-qtr-02	Feb-02	Opinion	1:5
Conexant Systems	CNXT	Y	Wireless Division – Alpha merger	AHAA	12/18/01		June-02	Jan-02		1:1 0.342:1
Proctor & Gamble	PG	Y	Spin-off JM Smucker merger	SJM	10/10/01		2nd-qtr-02	April-02		1:50 1:1
Acacia Research	ACRI	Y	CombiMatrix (Tracker)		11/22/00		June-02	Feb-01		0.58:1
Tyco	TYC	Y	Break-up		01/22/02		2nd-qtr-02	Feb-02		CO
Continental Airlines	CAL	Y	XpressJet	XJT	07/09/01		2nd-qtr-02	March-02		CO
Merck	MRK	Y	Merck-Medco		01/29/02		2nd qtr-02	Feb-02		CO/SP
Reliant Energy	REI	Y	Reliant Resources	RRI	07/27/00		June/July	May-01	Y	0.82:1
Comverse Tech	CMVT	Y	Verint Systems				2nd-qtr-02			CO
Allergan	AGN		Advanced Medical Optic		01/22/02		3rd-qtr-02	Feb-02		SP
Circuit City	CC	Y	CarMax	KMX	02/22/02		3rd-qtr-02	March-02	P	0.316:1
Helmerich & Payne	HP	Y	Cimarex / Merger-Key	KP	02/25/02		3rd-qtr-02	March-02		
Lucent	LU	Y	Agere Systems	AGR	06/ /00		2002	March-01		Split
Elan	ELN ID		Athena	DXL	10/31/01			Nov-01		CO
SWS Group	SWS		Westwood Holdings	WHG	12/14/01			Jan-02		1:4
Diageo	DEO	Y	Burger King		06/22/00		2002	July-00		CO
Enterasys Networks	ETS	Y	Aprisma Technology	APRM	02/01/00	02/05/02	Delayed	Dec-01		0.068:1
Verizon	VZ	Y	Verizon Wireless	VZW	08/00/00					CO
Emmis Comm.	EMMS	Y	TV Assets		08/21/01		2002	Sept-01	T	SP
Pharmacia	PHA	Y	Monsanto	MON			4th-qtr-02		P	SP
Novell	NOVL	Y	Volera		02/02/01		2002	Feb-01		CO/SP
Titan	TTN	Y	Surebeam	SURE	08/14/00		2002	March-00		SP
Sea Containers	SCRA		Orient Express Hotels	OEH	07/ /00		Delayed	March-01	Opinion	.75:1
DuPont	DD	Y	Textiles and Interiors		02/11/02		2002-2003	March-02		SP
Western Resources	WR	Y	Westar Industries		03/29/00			April-00		SP
AMCOL	ACO		Nanocor Unit		12/27/00			Feb-01		SP
Corel	CORL		Linux Distribution Unit		01/23/01			Feb-01		
Mercury Air	MAX		Mercfuel		03/07/01			August-01		CO
IMPCO TECH	IMCO	Y	Quantum Technology		06/14/01		2002	August-01		
Computer Associates	CA	Y	Software and Services		08/07/00			August-00		CO
Conexant	CNXT	Y	Mindspeed Technologies		09/13/00		2002	Oct-00		CO
Motorola	MOT	Y	Propel	PRPL	06/27/00			July-00		CO
BellSouth	BLS	Y	Latin Wireless		03/29/00			April-00	Y	CO/TR
ICN Pharmaceuticals	ICN	Y	Int. Operations		06/15/00			July-00		CO
Nortel Networks	NT	Y	Optic's Division		09/15/00			Oct-00		CO
TYCO	TYC	Y	4 way Break Up					Feb-02	T	CO/SP
Dynergy	DYN	Y	Dynergy Energy Partner	DEP	02/25/02		2002	March-02		CO
Northwest Airlines	NWAC	Y	Pinnacle Airlines		02/25/02			March-02		CO
Ivex Packaging	IXX		Packaging Dynamics		03/18/02			April-02		SP
Yellow Corporation	YELL		SCS Transportation		03/14/02			April-02		SP
Fairfax Financial			Crum & Forster		03/11/02			April-02		CO
TRW	TRW	Y	Automotive Division		03/12/02			April-02		SP
Georgia Pacific	GP	Y	Consumer Products		03/29/02			April-02		SP

Foreign Spin-Off Calendar by Date

Parent	Symbol	Spin-Off	Symbol	Announce Date	Spin-Off Date	Report Date	Tax Exempt Ratio
Telefonos de Mexico	TMX	America Mobile	AMX	09/27/00	02/07/01	Oct-00	SP
France Telecom	FTE	Orange	OGE FP		02/16/01	Jan-01	CO
Sony	SNE / 6758 JP	Internet Unit	67585 JP	11/ /00	06/20/01	Dec-00	TR
Alcatel	CGE FP	Nexans	NEX FP			July-01	IPO
McDonald's	MCD	McDonald's Japan	2702 JP			July-01	CO
Sulzer	SUN VX	Sulzer Medica	SMEN VX	07/09/01	07/10/01	August-01	2:1
Kingfisher	KFG LN	Woolworths Group PLC	WLW LN	08/24/01	08/28/01	August-01	1:1
Industriforvaltnings AB Kinnevik	KINVA SS	Transcom	TWWB SS TWWA SS		09/06/01	October-01	.65:1 .35:1
United Pan-Europe	UPCOY	Priority Telecom	PRIOR NA	08/14/01	09/27/01	October-01	CO
Canadian Pacific	CP	PanCanadian Petroleum	PCX		10/09/01	Sept-01	0.684:1
		Fording	FDG		10/09/01	Sept-01	0.166:1
		Canadian Pacific Rail	CP		10/09/01	Sept-01	0.50:1
		CP Ships	TEU		10/09/01	Sept-01	0.25:1
		Fairmont Hotels	FHR		10/09/01	Sept-01	0.25:1
Starbucks	SBUX	Starbucks Japan	2712 JP		10/10/01	October-01	CO
British Telecom	BT/A LN	mmO2	OOM LN	11/ 15/00	11/19/01	Nov-01	1:1
ENI Spa	ENI IM	Snam Rete Gas	SRG IM		12/06/01	Dec-01	CO
Zurich Financial	ZURN VX	Converium	CHRN SW		12/10/01	Dec-01	IPO
LG Electronics	0261 KS	Non Core Electronics			04/01/02	March-02	SP
WMC	WMC AU	Alcoa World Alumina		11/21/01	June 2002	Dec-01	SP
BHP Billiton	BHP AU	BHP Steel		12/10/01	June 2002	Jan-02	SP
Great Universal	GUS LN	Burberry		11/10/00	June 2002	Dec-00	CO
Psion	PON LN	Symbyan		08/08/00		Sept-00	CO
Roche Holdings	ROG SW	BASILEA Pharm.		10/17/00		Nov-00	CO
Aventis	AVE-ADR	Agreva		11/ /00		Dec-00	SP
Deutsche Telekom	DTE GR	T- Mobile		01/25/00			CO
TV Azteca	TZA-ADR	Unefon SA	UNEFONA	11/15/00		Dec-00	SP
Innogy Holdings	IOG	Regenesys		04/02/01		April-01	CO
Lufthansa	LHA GR	SkyChefs		07/23/01		August-01	CO
Grupo Carso	GCARSOA1	CompUSA		09/04/01		October-01	SP
DePfa	DPF GR	Real Estate Financing				Feb-02	SP
Nycomed Amersham	NYE-ADR	Amersham Biosciences	APBI	08/07/00	Cxl'd- Buy-in 2002	Aug-00	CO
Kingfisher	KFG	Comet Unit				April	SP