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Joe Cornell, CFA

Mark C. Minichiello

Kevin P. Hare, CPA

Karl J. Landa

Spin-Off Advisors, L.L.C.
111 W. Jackson Blvd.
Suite 1146
Chicago, IL 60604
312-939-8900

www.spinoffadvisors.com

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Review of Third Quarter Spinoffs

There were 21 additional spin-offs announced during the quarter. This compares to 48 spin-offs announced in the first quarter of 2000 and 27 in the second quarter of 2000. This brings the year year-to-date total to 96. A total of 21 companies were spun-off in the quarter (10 IPO carveouts and 11 pure spins), bringing the year-to-date total to 51.

Third Quarter Spin-Offs

American Online (AOL)	/ American Online Latin (AOLA)	Carve-Out
Actuant (Formerly Applied Power) (ATU)	/ APW (APW)	Spin-off
Apollo Group (APOL)	/ Phoenix Online (UOPX)	Carve-Out / Tracker
BRE Properties (BRE)	/ VelocityHSI (VHSI)	Spin-off
Cabot (CBT)	/ Cabot Microelectronics (CCMP)	Spin-off
Daisytek (DZTK)	/ PFSWeb (PFSW)	Spin-off
Dun & Bradstreet (DNB)	/ Moody's (MCO)	Spin-off
Eaton (ETN)	/ Axcelis Technologies (ACLS)	Carve-Out
EMC (EMC)	/ McDATA (MCDT)	Carve-Out
Great Lakes Chemical (GLK)	/ OSCA (OSCA)	Carve-Out
Verizon (VZ)	/ Genuity (GENU)	Carve-Out
IMS Health (RX)	/ Synavant (SNVT)	Spin-off
Intelligroup (ITIG)	/ SeraNova (SERA)	Spin-off
Kansas City Southern (KSU)	/ Stilwell Financial (SV)	Spin-off
Lucent (LU)	/ Avaya (AV)	Spin-off
MCSi (MCSI)	/ Zengine (ZNGN)	Carve-Out
Sea Containers (SCR.A,B)	/ Orient Express Hotels (OEH)	Carve-Out
Southern Company (SO)	/ Southern Energy (SOE)	Carve-Out
SPX (SPW)	/ Inrange Technologies (INRG)	Carve-Out
Tyco (TYC)	/ TyCom (TCM)	Carve-Out
Ziff Davis (ZD)	/ Key3media (KME)	Spin-off

Third Quarter Announced Spin-Offs:

BEI Tech (BEIQ)	/ OpticNet
Cadence Design (CDN)	/ Tality (TLTY)
Ceridian (CEN)	/ Arbitron
Computer Associates (CA)	/ Software and Service Business
Conexant (CNXT)	/ Network Access (NASC)
Diageo PLC (DEO)	/ Burger King
ECI Telecom (ECIL)	/ Break-up into 5 companies
Enron (ENE)	/ TNPC (NPW)
ESS Technology (ESST)	/ Vialta
Infocure (INCX)	/ Practice Works
Marshall & Ilsley (MI)	/ Metavante
MRV Communications (MRVC)	/ Luminent (LMNE)
Nextel (NXTL)	/ Nextel International
Nortel (NT)	/ Fiber Optics Unit
Qualcomm (QCOM)	/ Chip Business
Pharmacia (PHA)	/ Monsanto (MON)
Reliant (REI)	/ Energy Business
Saks (SKS)	/ Saks Fifth Ave Enterprises
Titan (TTN)	/ Surebeam (SURE)
Ultramar Diamond Shamrock (UDS)	/ Shamrock Logistics
US Industries (USI)	/ Lighting and Industrial Tools

AOL Latin America

AOL Latin America (AOLA) sold 25 million Class A shares (one vote) to the public at \$8 per share on August 8th. Originally AOL hoped to price the deal between \$15 and \$17. **The issue has not fared well, as it has now trades at \$6 7/8 (14% below the offer).** The company has three classes of stock. Class A common stock represents 23.3% of AOLA's outstanding stock and just 3.0% of the voting power. Parent, AOL holds all of the Class B shares, which is entitled to 10 votes for each share. The Cisneros Group holds all of the Class C shares, which is entitled to 10 votes for each share. AOL and the Cisneros Group control 49.7% (40.6% financial) and 47.7% (39.1 financial) of the voting power. Grupo Cisneros is a holding company for a number of companies in broadcast television, satellite television, pay-TV programming, and other entertainment, media, and communications throughout Latin America. Banco Itau has a 12.2% financial interest in AOLA with 1.5% voting power. Itau is Brazil's second-largest private bank, with over 7 million customers, of which about 1 million are online banking users. There are no plans to distribute AOL Latin America at this time. AOLA has 275.4 million shares out for a market value of \$1.89 billion. This seems like a rich value to us, seeing that AOLA is expected to produce just \$54 million in fiscal year end 2001 revenues (35x sales). With a total of 314,000 reported subscribers, AOLA is being valued at \$6,019 per subscriber.

America Online Latin America offers Internet access and Spanish and Portuguese versions of AOL features such as Web communities, e-mail, and instant messaging. The company launched its first country-based service in Brazil in late 1999. It later launched services in Argentina and Mexico and plans to do likewise in other Latin American countries. The ISP market and Internet usage is ramping in Brazil and throughout Latin America. Media Metrix estimated that as of September 2000 there were 8.65 million Internet users in Brazil, Latin America's largest Internet market. AOLA has faced intense competition from "Free ISPs", but that should moderate. Two major Free ISPs have recently shut down operations (Super11 and Net Gatuita). This should lead to less pricing pressure

on AOLA and reduced customer defections. The only major free ISPs left in Brazil are Internet Gratis and Terra Networks' Terra Livre. A significant portion of AOLA's current user base is in the free trial period. The company is offering 90-day free trials in Mexico and Argentina, 20-day trials in Brazil. The ability to translate this user base into a paying subscriber is critical for the success of AOLA.

AOLA is investing heavily in sales and marketing to promote its brand across the region and attract new customers. The "street" expects EPS losses in FY2001 of \$1.63. AOLA's cash balances (we estimate \$120 - \$125 million), is not sufficient to take the company to breakeven. The company is on track to lose \$400 million in both 2001 and 2002. Thus, the company will require additional funds for operations. **The upshot- we are not very enthusiastic about America Online Latin America.**

On November 7, AOLA reported FYQ101 results. Total subscribers of 314 thousand grew 155% QoQ. Revenues came in at \$4.6 million, up 14% QoQ, from \$4 million. Loss per share during FYQ101 was (\$0.36) versus a loss per share of (\$0.18) during FYQ400, slightly better than the First Call Consensus loss per share of (\$0.37). Subscription revenues increased by 33% from \$1.97 million during FYQ4 to \$2.62 million. Advertising and e-Commerce revenues decreased slightly from \$2 million during FYQ400 to \$1.9 million. As of June 30, AOLA had advertising agreements with companies such as Citibank, 3Com, American Airlines, and Nestle, among others. Operating expenses increased by 108% from \$41.5 million during FYQ400 to \$86.4 million during FYQ101 as a result of increased Marketing and Sales expenses to build the AOLA brand, and an increased cost of sales resulting from a higher subscriber base. AOLA's net loss during FYQ101 totaled \$100.1 million versus a net loss of \$46.7 million during FYQ100.

APW Ltd.

APW (formerly Applied Power-NYSE:APW) is a leading manufacturer of custom electronic enclosures, thermal management solutions, and power supplies to leading communications and computing original equipment manufacturers (OEMs). Sales totaled \$1.2 billion in F2000 (August). Applied Power distributed its electronic enclosure business on July 31, 2000. At that time, Actuant, Applied Power's industrial business, started to trade under the ticker ATU. On August 1, shares of Actuant and APW closed at \$3 5/8 and \$39 1/4, respectively. **Currently APW is trading at \$46 3/4, up 19% since the spin.** APW makes electronic enclosures (including cases, racks, backplanes, thermal management systems, power supplies, and cabling) that house, organize, and protect electronic systems. The company also provides design, engineering, manufacturing, and assembly services. Customers include Ericsson, Hewlett-Packard, IBM, Lucent, and Nokia. Despite leaving Actuant with considerable debt, APW is still highly leveraged. APW's debt-to-capital ratio at the end of fiscal 2000 was 30.6%, and its debt-to-equity ratio is roughly 38%. APW has 41 million shares out and a current market value of \$1.9 billion.

In October, APW reported its first quarter as a stand-alone entity. FQ400 revenues reached \$351 million, up 25% year-over-year. Cash EPS (earnings before amortization of goodwill) increased 22%, to \$0.50 per share on a pro-forma basis for the spin. Reported FQ400 earnings were (\$0.92) per share, including one-time charges for corporate reorganization (\$2.3 million after tax), and various adjustments for the spin-off. Management believes that APW sales in F2001 can reach \$1.55 billion, up 25% year-over-year. This figure does not include the pending acquisition of Ericsson's shelter division (which could add \$100 million in sales). For fiscal 2000, sales climbed to \$1.2 billion, up 17% year-over-year. For the full year, 59% of sales were from North America, 40% from Europe, and 1% from Asia. During the quarter, computing and communications equipment customers represented the largest segments, accounting from 47% and 16.6% of sales, respectively. APW's top 10 customers accounted for 40% of sales, and the largest customer accounted for only 7% of total sales. Gross margin for FQ400 was 25.7%, down

from 28.3% a year ago on a pro-forma basis. EBITDA was \$43 million, up 24% year-over-year, and the EBITDA margin was 12.2%. Long-term debt decreased by \$408 million sequentially, to \$236 million, due to the spin. We expect APW to benefit from the outsourcing trend.

University of Phoenix Online

University of Phoenix Online (Nasdaq:UOPX) is an online provider of accessible, degree granting education programs for working adults. UOPX is a tracking stock for the University of Phoenix Online, a division of Apollo Group (Nasdaq:APOL). **UOPX went public on September 28, when Apollo carved 5.75 million shares in an IPO at \$14.** Each Apollo Group share has 0.62 shares of UOPX embedded. Formed in 1989, UOPX has 11 years of experience in the e-learning marketplace. The company's 1,500 faculty members currently serve 13,779 students across all 50 states and in 25 countries. UOPX offers 10 accredited degree programs (23 specialized degrees) and 225 courses in business, management, technology, education, and nursing. Of the 13,779 students, 135 (1.0%) are in associate's degree programs, 8,624 (62.6%) are in bachelor's degree programs, 4,960 (36.0%) are in master's degree programs, and 60 (0.4%) are in doctorate programs. All of the programs are accessible, anywhere, anytime with a Pentium-class personal computer, a minimum 28.8k modem, and access to the Internet.

Parent, Apollo Group, is the largest US private university with a 65,000 plus enrollment. Apollo delivers its curriculum via 4 primary divisions: University of Phoenix (87% of total enrollments); Online Education division of IPO; Institute for Professional Development; Western International University. Apollo Group recently acquired the College of Financial Planning. We suspect that Apollo chose a tracking structure for UOPX, because the issuance of a tracking stock avoids regulatory involvement that could have placed its accreditation and Title IV funding eligibility at risk. While we believe that "distance learning" is experiencing growing demand, and that UOPX has a proven business model, we dislike the "tracking" structure. UOPX shareholders have no legal claim on specific assets. The purpose of the tracker is to track the economic performance of the University

of Phoenix Online. It may fail to do so for several reasons. First, UOPX has reputational ties to Apollo Group. Therefore, a change in the market's perception of Apollo could cause UOPX's share price to fluctuate. In addition, UOPX is financially tied to Apollo. If Apollo were to face a period of financial difficulty, it could disrupt the existing procedures that UOPX and Apollo have in place. Overall, tracking stocks in general have tended to underperform. **We would not buy UOPX.** If one wished to have exposure to UOPX's business, we would suggest buying the parent, Apollo Group (as they own the assets and effectively call the shots).

VelocityHSI

BRE Properties is a real estate investment trust (REIT) that owns, acquires, develops, refurbishes, and manages apartment complexes in the western US. It owns about 85 apartment complexes with more than 22,000 units located in Arizona, California, Colorado, Nevada, New Mexico, Oregon, Utah, and Washington. The trust also owns several multifamily properties under development. BRE Properties is selling nearly two dozen properties in non-core markets to focus on targeted markets in California (60% of its properties) and other western cities seeing an influx of refugees from its high housing costs. The REIT spun off its VelocityHSI (OTCBB:VHSI-\$0.98) unit, which provides high-speed Internet access to apartment communities. This is too small to consider.

Cabot Microelectronics

The company is the world's top maker (80% market share) of slurries used in chemical mechanical planarization (CMP). CMP is a polishing process that enables integrated circuit (IC) manufacturers to produce smaller, faster, and more complex devices. CMP is increasingly being used in fine-line integrated circuit manufacturing. Cabot Microelectronics' CMP slurries consist of liquids containing abrasives and chemicals that aid in the CMP polishing process. The company also makes slurries for polishing the substrates and magnetic heads used in hard disk drives.

Former parent Cabot Corporation carved out a minority stake (20% in an IPO) in Cabot Microelectronics on April 4, 2000 at \$20 per share

and distributed 0.28 shares to Cabot holders on September 29th to separate the two businesses completely. **Cabot Microelectronics is one of our favorite spin-offs from the third quarter.** Sales increased 80% last year (to \$180 million) and should improve by at least 50% this coming year (with about 40% bottom line growth. Trends toward smaller logic devices, 300 mm wafers, copper interconnects, less than 0.25 m, bodes well for the CMP slurry market. Significant capacity expansions are currently underway to support robust sales growth. CMP was a \$120 market in 1999, and is expected to grow to \$400 million by 2003 (35% CAGR). In addition Cabot Microelectronics is branching out into polishing pads used in the CMP process. We believe that Cabot's position as a materials rather than a tool supplier should buffer the impact of equipment industry cycles on the company's business.

Cabot is the dominating player in CMP slurries—the primary competition is Rodel (a subsidiary of Rohm & Haas (ROH)), Fujimi, ChemFirst (CEM) and Clariant. Cabot is well positioned to benefit from the growth in this industry. As ICs become smaller and denser to provide greater performance, manufacturers have needed to increase the number of layers in each. Cabot Micro now has the capacity to handle the estimated 50% sales growth, as it has just completed a 170,000 square foot facility in Aurora, Illinois. About 45% of Cabot's sales are from the United States, with another 30% generated in Asia.

Recent Results

Cabot Microelectronics reported operating FYQ400 (September) EPS of \$0.44, up 17.3% sequentially and handily beating the Street's expectation of \$0.32. Revenues were \$56.2 million, up 11.1% from last quarter. The company also reported a one-time charge related to the accelerated vesting of Cabot Microelectronics' employee incentive compensation and benefits at the time of the spin off from Cabot Corporation, which amounted to \$1.64 million (or \$0.07 per diluted share). This brings total EPS for

the quarter to \$0.37. Gross margins increased by 80 basis points to 52.2% as the company benefits from increased leverage on higher sales and a higher mix of advanced products. R&D expenses declined slightly to \$5 million to account for 8.9% of revenues. Management has suggested that R&D expenditures to increase significantly with a target of 15% of sales, as the company makes investments in new products for applications such as copper, dielectrics, and fine polishing for data storage. SG&A spending at \$8.1 million increased by \$1.5 million, and increased by 140 basis points to represent 14.4% of sales. Despite this projected increase in spending, we expect Cabot to earn 25% operating margins over the next few years. This is a healthy margin for a company expected to display 50% top-line growth. Cabot's ROE is more than 40% and its ROA is greater than 30%. Cabot enjoys a strong balance sheet with minimal debt (just \$3.5 million). Between cash flow and its \$25 million credit facility, Cabot should easily have the resources to continue to invest in its businesses.

We believe that Cabot Microelectronics is attractive at current levels. After its IPO in April at \$20 a share, Cabot's stock rose to a high of \$69 in August and have since slipped back to \$35 before recovering to current levels (\$45 a share).

We think Cabot can earn \$1.85 this fiscal 2001 year (on roughly \$270 million in sales). This suggests that Cabot is trading at 24.3x expected earnings. A healthy discount to the 40% earnings growth we expect. We would apply a P/E multiple of 30 (less than its growth rate) to factor in that sentiment has turned against the company's customers, the semiconductor manufacturers. **This leads us to a target price of \$55.50, or 23% higher than current levels.**

PFSweb

PFSweb (Nasdaq:PFSW) provides transaction management services for electronic and traditional commerce, offering retailers and e-tailers order management, customer support, billing services, and distribution. Its approximately 30 clients include American Eagle Outfitters, Hewlett-Packard, and

Nokia, but more than 90% of the company's sales come from arrangements to distribute inventory for IBM. PFSweb has a low-tech past as a subsidiary of computer supplies distributor Daisytek International (Nasdaq:DZTK), which established the firm in 1996 as Priority Fulfillment Services. Former parent, Daisytek carved out 3.1 million shares of PFSweb on December 2 at \$17. On July 7th, Daisytek shareholders received 0.81 shares of PFSweb in a tax-free distribution. At the time of the spin, PFSweb was valued at \$5 ³/₄, for a \$100 million market value. PFSweb now trades at 1 15/32. With 17.87 million shares outstanding PFSW has an anemic market cap of just \$25.7 million.

Moody's

Moody's (formerly Moody's Investors Service) publishes credit ratings and other financial information on about 85,000 commercial and government entities in 100 countries. The firm rates such credit risks as insurance companies, bonds, pensions, managed funds, and securities. The company's famous letter rating (ranging from Aaa to C), invented by John Moody in 1909, is still used today. Moody's (NYSE:MCO) also offers research services, as well as economic analyses on entire industries or governments. Former parent company Dun & Bradstreet spun off Moody's on October 3rd, 2000. Moody's closed its first day as a stand-alone company at \$26 ⁹/₁₆ for a market value of \$4.3 billion, based on 162 million shares. Moody's replaced Dun&Bradstreet (NYSE:DNB) in the S&P 500 stock index as of October 2. Going forward, the expectation is for low double-digit revenue growth with stable margins and free cash flow paying down debt and buying back shares, should lead to mid-teens EPS growth. The company expects to generate \$90 million in free cash flow this year. That coupled with \$110 million of cash on hand would give Moody's \$200 million which it could (if inclined) be used for a special share buyback program. Currently MCO is trading at \$25 ¹¹/₁₆, or about 26x the \$1.00 we think they can earn this year. We really like the Moody's franchise and would buy the stock on weakness.

Axcelis Technologies

Axcelis Technologies (Nasdaq:ACLS) is a semiconductor equipment company. Axcelis derives the majority of its revenue from ion implantation devices. Chip makers use ion implanters to insert electrically charged particles into silicon wafers, changing their conductive properties. Axcelis' other chip equipment includes systems for dry strip, photostabilization, and rapid thermal processing. The company and SEN, its Japanese joint venture with Sumitomo, supply products to 19 of the 20 largest semiconductor makers in the world. STMicroelectronics, Motorola, and Texas Instruments collectively account for nearly 40% of sales. US customers account for about 85% of sales. On July 11, 2000 Axcelis was carved out from Eaton (NYSE:ETN), which retained an 80% stake in the company. Axcelis sold 15.5 million shares to the public for \$22 a share, for an initial market value of \$2.1 billion. The stock now trades at \$9 13/16 for a \$937 million market value. Eaton, the automotive and industrial components maker, recently set the terms to fully spin its remaining 82% share in Axcelis to its shareholders. Eaton shareholders will receive 1.15 shares of Axcelis by the end of the year. The overhang associated with the pending distribution will likely continue to suppress the stock. We believe that Eaton shareholders in general are more conservative in their investing objectives than a typical semiconductor equipment company investor. Thus, many Eaton shareholders may be inclined to sell off the Axcelis distribution. **We suspect this will create a large inorganic supply of Axcelis shares in the market, which will impact the share price negatively. This coupled with the current negative sentiment surrounding the semiconductor equipment space, leads us to believe that the stock will trade lower going into the spin.** Further, we feel Varian Semiconductor (a direct competitor) offers better value.

McDATA

McDATA (Nasdaq:MCDT) makes fibre channel switches and software for huge enterprisewide storage area networks (SANs), which let users anywhere on a network share storage devices. It also sells FabricReady preconfigured SAN systems

built around its switch and director products. McDATA's end-to-end solutions provide IT organizations with the tools and methodologies to implement robust SANs. McDATA sells through other manufacturers, resellers, and systems integrators to large companies. Storage specialist EMC and IBM account for about 70% and 10% of sales, respectively. EMC, which acquired McDATA in 1995, owns 76% of the company, but plans to distribute the stake to its shareholders by mid-2001. EMC carved out 12.2 million shares on August 9, 2000 at \$28 per share. The stock finished its first day as a public company at \$85.56 per share, for a market value of \$9.1 billion. The stock has traded as high as \$141, and currently trades around \$77 1/2. With 112.4 million shares outstanding, McDATA enjoys a market capitalization of \$8.7 billion.

McDATA reported results for FQ300 on October 23, 2000. These are the first results reported as a public company. Revenues were \$66.8 million, up 195% Y/Y. Operating EPS came in at \$0.10 versus a loss of \$0.01 in the previous year. McDATA improved its gross margin for the quarter to 54.2%, up from 46.1% the prior year. Total operating expenses came in lower at 32.8% versus 33.9% the prior quarter. Net income came in at a record \$10.8 million, up from a loss of \$1 million in FQ399 and represented 16.2% of revenues. McDATA is dependent on its parent for much of its business, with EMC represented 73% of total revenue. Enterprise hardware (specifically the ED-5000 Director switch) continues to be the driving force behind the company's performance. ED-5000 revenues reached a record \$60 million, up 215% Y/Y. The company is on pace to approach \$250 million in revenues for the year, suggesting that McDATA is trading at 35x expected sales.

OSCA

Oil field services company OSCA (Nasdaq:OSCA) extends the lives of oil and gas wells and increases their productivity. The company provides specialized oil and gas well completion fluids (such as clear brines of sodium), as well as completion services and downhole completion tools. Major and independent oil and gas exploration and production companies use OSCA's offerings mainly in offshore applications in the Gulf of Mexico. OSCA plans to grow by expanding its deepwater operations and

adding new products and services through acquisitions. Founded in 1979, the company is a subsidiary of Great Lakes Chemical, a leading manufacturer of chloride and bromide brines.

Great Lakes Chemical carved out 5.6 million shares of OSCA on June 14, 2000 at \$15.50. OSCA closed day one as a public company at \$17.69, for \$260 million. There are no current plans for a near-term full separation. Currently the stock trades around \$15 per share. OSCA trades at a meaningful discount to the oil services group. While some discount is expected due to its small capitalization and limited liquidity, we feel the current valuation is attractive. The company's businesses are experiencing growing demand, driven by increased drilling in the Gulf of Mexico. Recently OSCA has seen its first price increase in the last several years in the commodity low-density segment of the fluids market, which may bode well for the company's results in this segment. The completion fluids market is a relatively small niche market. The other players in this segment are primarily the drilling fluids subsidiaries of the major and mid-cap services companies. Third-quarter results exceeded expectations. OSCA reported third-quarter EPS of \$0.12. Earnings were flat versus Q200. While earnings for 2000 should be about \$0.50 a share, we expect 2001 EPS could be closer to \$1.00 a share.

Genuity

The name is new, but the company is a veteran of the Internet. ISP and data carrier Genuity is a descendant of Internet pioneer BBN Corporation, which was bought by GTE in 1997. Genuity (Nasdaq:GENU) serves businesses, providing Internet access (dial-up, dedicated, and digital subscriber line), transport and transit of data traffic, Web hosting, and e-commerce services. Although the firm has some 7,000 business clients, America Online accounts for half of sales. Genuity's operations are based on its Tier-1 international fiber-optic backbone and 10 data centers. GTE sold off 90% of Genuity to the public in 2000 to meet regulatory concerns arising from its acquisition by Bell Atlantic (which formed Verizon). Genuity went public on June 28, 2000 at \$11, selling 179.8 million shares in an IPO. The stock closed day one underwater at \$9.41, and has continued to slide to

current levels of \$5 5/16. Currently, Genuity has a market value of \$5.45 billion. One problem with Genuity is that Verizon retained a low cost option to acquire 80% control of Genuity's assets (this must occur within 5 years). **The call option would suggest some type of "minority shareholder" discount should be applied to Genuity.** We would take a pass on this spin-off.

Genuity produced revenue of \$308.1 million, up 15% sequentially. Gross margin in the quarter was a negative 10.1%. EBITDA loss came in at \$170.4 million (-55.3%). EPS was a loss of \$24. The company is on pace to generate about \$1.15 billion in revenue. Negative EBITDA should approach \$680 million. The company closed the quarter with 414 total Web hosting customers (357 complex managed hosting customers and 57 collocation hosting customers), with average annualized revenue of \$284,000 for the new hosting customers (a 52% increase over Q399 and up from \$234,000 in Q200) obtained in the quarter. With regard to dedicated customer connections, average annualized revenue per connection increased 26% year-over-year to about \$46,100 and its number of dedicated access connections increased to 3,050, a 23% increase year-over-year. The company's digital subscriber line (DSL) business added 62,000 DSLs, bringing the company's total DSL user count to 138,500. Finally, Genuity increased its cumulative number of dial-up modems to 813,000, or 92,000 dial-up modems during the quarter.

The company further indicated that it will be reducing its planned square footage build-out of hosting space going forward (no details were provided). It plans to elaborate further at the December 5 analyst day in NYC. On the call the company indicated that it would have about 400,000 square feet of data center space at the close of 2000 (down from the prior guidance of 700,000 square feet). Capital spending in the quarter was \$441 million. Capital expenditures consisted of \$233.3 million in access, \$52.5 million in hosting, and \$135.8 million for network infrastructure and \$18.8 million for value-added service and other. During the quarter Genuity secured a \$2 billion 5 year bank-line of credit. This figure, coupled with the \$2.75 billion Verizon can lend the company and the \$1.9 billion raised in the IPO gives the company enough financial flexibility to fund its capex programs.

Synavant

Synavant, a product of IMS Health's (NYSE:RX) August 31st spinoff of its Strategic Technologies and Clark-O'Neill divisions, makes support software for sales and marketing professionals in the pharmaceutical industry. The firm's Pharmaceutical Relationship Management software enables customer profiling and provides drug sample management information. Synavant's (Nasdaq:SNVT) Cornerstone and Premiere products generate sales reports as well as allow access to pharmaceutical databases and contact and territory information. Foreign sales account for nearly half of the company's revenue. Synavant is working with Siebel Systems to develop versions of that company's e-business software for the pharmaceutical and health care industries. Synavant began regular-way trading on September 1st at \$9 ¼ for a market value of \$138 million. The stock has been cut in half since the spin to a current \$4 3/8. With 14.86 million shares outstanding for a market value of \$65 million. We expected that there would be a fair amount of natural sellers for Synavant. The spin ratio was large (1:20) and many of IMS's institutional investors are unable to hold microcaps.

The company reported third quarter results on November 9. The company reported pro forma revenue of \$42.9 million (about flat on a constant dollar basis). Pro forma EBITDA in the 2000 third quarter totaled minus \$3.0 million. For the nine months ended September 30, 2000, pro forma revenue totaled \$136.9 million, an increase of 1 percent on a constant dollar basis. Pro forma EBITDA totaled minus \$4.3 million. The company expects that fourth quarter revenue will be in the \$41 million-to-\$45 million range, and EBITDA to be between negative \$4.5 million and negative \$2.0 million. Further SNVT suggested they could generate revenue growth in the 8-to-10 percent (constant dollar, constant-portfolio basis), and positive EBITDA in 2001. As of November 9, SNVT had \$12 million in cash. The company has a \$20 credit line with SunTrust bank that expires in mid-December. It is currently working out a credit facility with an entity that is expected to finalize in January. DSOs in the quarter were 86. The company stated that they have no current plans to raise additional capital. Synavant expects to cross-

over to EBITDA breakeven by the middle of next year.

SeraNova

SeraNova, spun from Intelligroup (Nasdaq:ITIG) on July 6th, provides strategy consulting and Internet-based application development and management to five industries: automotive, financial services, health care, technology, and telecommunications. Software offerings include applications for customer interaction, procurement processes, employee services, and partnership channel management. Customers include American Express (28% of sales), Bell Atlantic, and Volkswagen. Systems integration specialist Intelligroup spun off electronic business services unit SeraNova (Nasdaq:SERA) in 2000 to highlight its Internet business services. The company is being acquired by IT solutions provider Silverline Technologies. SeraNova opened day one of regular-way trading at \$10 5/8. Currently the stock trades at \$3 ¾, for a market value of \$65 million based on the 17.46 million shares outstanding.

Stilwell Financial

Stilwell Financial (NYSE:SV) is a financial services holding company, which was spun from Kansas City Southern (NYSE:KSU) on July 13th. KSU shareholders received two shares of Stilwell and ½ a share of new Kansas City Southern for each old KSU share. Stilwell Financial consists of 82.3% stake in Janus Capital Corp., and 86% stake in Berger, an 80% stake in Nelson Money Managers PLC, and a 32% interest in DST Systems (NYSE:DST). As of September 30, the company's assets under management totaled \$315.5 billion with accounts totaling 6.3 million. In the first nine months of 2000 Stilwell took in \$67.7 billion in assets. The stock peaked out in September at \$54.50, and has since pulled back 17.4% to \$45 a share. **Stilwell is our favorite spin idea from the third quarter. We believe the stock will hit \$60, based on a sum-of-the parts valuation, within the next 12 months.** This suggests 33% upside from current levels. Using a multiple of 20 on our 2000 EPS estimate of \$2.50 for Stilwell's core asset management business (excluding DST), gives us a target price of \$50. In addition, SV's 32% stake in DST Systems is now worth \$10 (40.5 million shares x \$57 = \$2.3B / 229M Stilwell shares). We believe that Janus' superior long-term

investment results position the company to continue to attract a disproportionate share of mutual fund flows. Though Janus' investment style appears under pressure at the moment, Janus is a preeminent franchise. In July, Stilwell announced that it would buy back up to \$1.0 billion of its own stock over the next two years. Through September \$150 million (3.1 million shares) of the buyback had been completed. The buyback can be financed through free cash flow (**Stilwell generated \$532 million of EBITDA during the first six months of 2000**).

Recent Results

Stilwell reported Q300 operating earnings per share of \$0.73 on a diluted basis, compared with \$0.64 in Q200 and \$0.36 a year ago on revenues of \$609.5 million. SV easily beat the First call Consensus of \$0.67. The core money management business generated \$0.68 per share and DST contributed \$0.05. Investment management fee income reached \$502.3 million in the quarter. Fees as a percentage of Assets Under Management (AUMs) reached 62.0% basis points, compared to 61.6% basis points a year ago. Pretax margins at the asset management division expanded to 48.0% in the third quarter, up from 45.4% in Q200 and 42.7% a year ago. Net inflows hit \$8.5 billion in Q300 and was partially offset by \$6.0 billion in market depreciation. Thus, ending assets rose 0.8% sequentially to \$315.5 billion (up 85% from last year) from \$313.0 billion. As of the end of the third quarter, 51% of Janus assets were held in funds that have been closed. These funds accounted for 30% of inflows in the third quarter (existing shareholders are able to continue to invest new money). The remaining funds currently account for 49% of Janus assets and 70% of net flows. The company will be launching the new Janus II fund in December.

Shareowner Servicing Fees totaled \$90.2 million in Q300, up 5.1% from \$85.8 million in Q200 and 83.3% from \$49.2 million in the comparable quarter a year ago. Other revenues were \$17.0 million in Q300. This represents a 17.2% gain from the previous quarter's \$14.5 million, more than doubling from the \$8.2 million generated in Q399. Equity earnings from DST totaled \$14.3 million, an increase of 31% from \$10.9 million a year earlier.

Avaya

Avaya is a global enterprise communications company. Avaya (NYSE:AV) makes communication systems and software (two-thirds of sales) that integrate voice and data for large enterprises, including government agencies and nearly 80% of the *FORTUNE* 500. Its customer contact center systems incorporate various media, such as e-mail, Web site access, chat rooms, and interactive voice response systems. The company also offers services (one-quarter of sales) including consulting, outsourcing, and support, and makes networking systems and software. Avaya (formerly the enterprise-networking arm of Lucent) was spun off to Lucent shareholders (1:12) on October 2, 2000 and contains the operations of several Lucent acquisitions. The shares have sold off since the distribution to about \$12 a share. Based on 289 million shares outstanding, AV has a market value of \$3.5 billion (equating to about 44% of the estimated \$8 billion in F2001 revenue). Avaya intends to redirect its product portfolio from traditional low-margin, slow growth product lines to higher margin, higher-growth enterprise communications products that support e-business solutions. The first phase of the restructuring plan involves cost cutting and workforce reductions.

Recently Avaya reported its quarterly results as an independent company for the first time. FQ400 (September) revenues came in at \$2.02 billion, up 8% sequentially and down 6.5% year-over-year. Net income was \$20 million, or \$0.07 per share. Gross margins were 40.8%. (versus 44% last quarter). Operating margins were 1.6%. The tax rate in the quarter was 37.5%. International revenues were 21.8% of total revenues. In terms of business segments, the Connectivity Solutions business improved 32% year over year. The company saw strong sales for ExchangeMAX structured cabling systems and electronics cabinets, along with increased demand from service providers. Operating margins in this segment were 20%. Connectivity Solutions accounted for about 22% of total revenue or roughly \$442 million. Avaya's Communication Solutions business generated about 53% of revenues, or about \$1.07 billion, a decline of 19% from a year ago. Services Revenues accounted for about 25% of sales or under \$506 million, flat from a year ago.

Zengine

Zengine's outsourced and private-label technologies help business implement and conduct electronic commerce. Its services include Web site user interface design, product content and merchandising, customer relationship management, advertising and sponsorship management, order management and fulfillment, and inventory management, among others. The company counts MCSi (Nasdaq:MCSI) and Excite@Home among its customers. Zengine, which is expanding through technology and marketing alliances, began in 1999 as a division of Miami Computer Supply (now MCSi); MCSi still owns 50.7% of the company. At Home owns 5.5% and the management team owns about 16.5%. Wilblarico (an affiliate of the underwriter, William Blair) owns 5.5%.

Zengine (Nasdaq:ZNGN) went public on September 21, 2000 at \$13 a share, closing at \$14.13. The company sold 4.29 million shares to the public raising about \$60 million. Since then the stock has fallen to \$11 7/8 for a current market value of \$195 million (based on 16.5 million shares). **The company is expected to generate revenue of about \$8 million in Fiscal 2000 (Sept), which means the stock is trading at 25x sales. Like many companies with an Internet –or –e-commerce related business model, Zengine expects to incur operating losses in the near-term.** Thus, stock performance in the short-term is likely to be driven largely by trends in revenue growth, general enthusiasm for e-commerce, and the company's success in adding new customers. This does not bode well for Zengine, as investors have become more wary of business models that require a period of operating losses. As of October, Zengine had 31 clients, with 18 platform clients and 16 product placement and sponsorship clients (3 are clients of both categories). Platform customers, that is, companies for whom Zengine has designed, implemented, and continues to operate the e-commerce portion of their site. Historically, Zengine's customers primarily have sold consumer and business electronics. MCSi is Zengine's largest customer, and accounts for roughly 35% of the company's revenues. MCSi and Zengine on January 1, 2000 signed a two-year service agreement whereby it will operate, host, and manage MCSi's B2B Web site, for which MCSi will

pay Zengine a transaction fee based on the dollar amount of products sold via the MCSi Web site.

Orient-Express Hotels

Orient-Express Hotels (NYSE:OEH) is a subsidiary of transportation and leisure firm Sea Containers (NYSE:SCR.A,B). Orient-Express owns or manages more than two dozen-luxury hotels worldwide. Among the jewels in its hotel crown are the Hotel Cipriani in Venice, Italy, and Mount Nelson Hotel in Cape Town. Orient-Express lives up to its name by operating six tourist trains, including Venice Simplon-Orient-Express, British Pullman, and Great South Pacific Express. It also operates Burma's Road to Mandalay cruise ship, owns New York's 21 Club, and has a 49% interest in Harry's Bar in London. Hotels and restaurants represent the largest segment of OEH, contributing 84% of revenue in 1999, the company's hotels were composed of 2,563 individual guest rooms and multiple-room suites, which archived a daily room rate ("ADR") of \$289. The majority of Orient-Express' customers are leisure travelers, with about 55% originating from the United States, 20% from Europe and remaining 26% from the rest of the world.

Sea Containers

Aside from the Leisure segment, SCR also has two other significant businesses, Passenger Transportation and Container Leasing. Passenger Transportation is a leading provider of passenger and vehicle ferry services in the English Channel, Irish Sea and, though its 50% ownership interest in Neptun Maritime Oyj (Neptun), the northern Baltic Sea. The division also provides passenger rail services in Britain between London and Scotland (GNER). The ferry business has been negatively impacted by the loss of duty free sales on its cross channel routes as well as substantially higher fuel costs. Another important issue facing the passenger transportation business is the current negotiations with the British Strategic Rail Authority (SRA), to extend the GNER franchise to 2020. SCR is competing against a joint bid from Virgin Rail and Stagecoach, which operates the West Coast franchise from London to Scotland. This division is expected to generate about \$985 million in revenue and \$69 million in operating income.

The Container Leasing division is the largest global lessor of cargo containers, principally through its GE SeaCo joint venture. This division also engages in the construction and repair of container equipment. While results since 1999 have been negatively impacted by the Asian slowdown, recently this division has experienced higher lease rates and utilization. This division could generate sales of \$135 million and operating income of \$60 million in 2000.

Stock Ownership

On August 10, 2000, Orient Express completed its initial public offering of 10 million Class A Common shares at a price of \$19 per share, five million of which were primary shares offered by the company and five million of which were offered on a secondary basis by Sea Containers. An additional 1.5 million secondary shares were sold by Sea Containers in accordance with an over-allotment option exercised by the underwriters. Total proceeds from the offering were \$230.5 million, of which \$90 million went to Orient Express. Sea Containers plans to distribute to its shareholders all of the Class A and Class B common shares that it owns approximately six months after the IPO (completed on August 9th, 2000). This assumes that Sea Containers will receive all necessary consents and approvals from its board of directors, lenders and others, and a favorable tax opinion from Deloitte & Touche (the company is not asking for an IRS tax-free Ruling). Sea Containers is not obligated to complete the spin-off, and the distribution may not occur in six months or at all.

Each share of SCR has 1.05 of OEH embedded. At current stock levels (\$22.50 and \$19.56 respectively, as of 11/9/00), each share of SCR has \$20.53 of OEH value. This suggests that the implied stub is trading at a \$1.96. Using this methodology, the implied value peaked at about \$6.15 on August 11. We believe the normalized EPS for the stub (assuming a Q101 spin) will be about a \$1.00 or so. Using a multiple of 8x, suggests the remaining business might be worth about \$8 a share.

Orient-Express Hotels has 28.4 million Class A and 2.5 million Class B common shares outstanding. The two classes are similar except in one respect: the Class A shares

have one-tenth of one vote per share, while Class B shares carry one vote per share. Sea Containers currently owns 16.9 million shares, or 60% of the outstanding Class A common shares of OEH. Sea Containers also controls 2.5 million Class B shares, which does not include 18 million Class B shares to be transferred to four OEH subsidiaries at the time of the spin-off. The 18 million shares are essentially treasury shares and are not counted for purposes of computing EPS. However, the shares may be voted by the subsidiaries. The subsidiaries will be able to vote about 79% of the total number of votes on matters for which each Class A common share has one-tenth of a vote. They will also be able to vote about 37% of the total number of votes on matters for which each Class A share has one vote. James Sherwood, the Chairman of the board of Orient-Express Hotels and President of Sea Containers, controls 359,805 Class A shares and 974,696 Class B shares of Sea Containers. Assuming a distribution of 1.0478 Class A share of OEH for each Class A share of SCR and 1.0478 Class B shares for each Class B SCR share, following the spin-off, Mr. Sherwood would control 377,004 Class A and 1.0 Class B shares outstanding, or 4.6% of total voting control.

Bondholder Lawsuit

On August 4th, 2000, a group of institutional bondholders holding about \$158 million of the \$430 million of Sea Containers' outstanding public debt commenced with a lawsuit in the Supreme Court of New York. The plaintiffs are seeking a judgment that would void the IPO of OEH and the spin-off, as well as an injunction enjoining any further action to complete the spin-off. The bondholders claim that Sea Containers has breached covenants in the senior note indentures by completing the IPO and announcing spin-off plans. While Sea Containers has indicated that it had been advised by its legal counsel that the lawsuit is without merit and has also indemnified OEH, a potential delay of the spin-off or its cancellation would likely have a negative impact on the OEH stock price due to potential overhang from additional secondary issues of Class A shares held by Sea Containers.

Orient-Express reported third quarter EPS of \$0.37 versus \$0.38 (share issuance negatively affects the comparison). Total revenue and EBITDA increased

12.2% and 14.0%, respectively. The results were driven by strong demand for the company's luxury hotels with the portfolio registering same-store RevPAR gains in local currencies of 12%. Due to the decline of the Euro, the company's RevPAR increase in U.S. dollars was 2%. EBITDA for the quarter totaled \$22.6 million versus \$19.8 million. Operating income improved 15.7% to \$18.8 million. OEH is trading at 14x the First Call Consensus EPS estimate for 2000 of \$1.40. As of June 30, OEH had long-term debt and capital leases totaling \$377.3 million, the majority of which is represented by bank loans with variable interest rates based on LIBOR and Euribor with an average cost of about 7.5%. Management indicated that it intends to use the majority of the net proceeds from the IPO to pay down debt.

Sea Containers will release results for the third quarter ended September 30, 2000 on Monday, November 13 and will hold a conference call at 10:00 a.m. (EST). To participate call 212 346-6582 (a replay available till 5 PM Friday November 17th can be accessed by calling 800 633-8284.

INRANGE Technologies

INRANGE Technologies makes networking and switching equipment primarily for computer storage area networks (SAN). These products, which include its flagship IN-VSN line of networking systems, make up half of sales. INRANGE makes switches, repeaters, signal generators, and other networking gear for data and telecommunications applications. The company also provides services such as consulting, network design, and disaster recovery. Its customers include American Express, Cisco, Lockheed Martin, and SunGard Data Systems.

Parent SPX (NYSE:SPW), an electronics manufacturer, owns 90% of the company and controls 98% of the voting power. INRANGE was carved out of SPX in an IPO on September 22, 2000 at \$16. The stock closed day one at \$46 ¼ for an initial market value of \$3.85 billion. This is about 19x what the company is expected to produce in sales for 2000 (\$200 million). The company was acquired by SPX in 1998, so we do expect a full separation prior to October of 2003. This is because a spinoff undertaken prior to that date

would run afoul of one of the central requirements for a tax-free spinoff; the "active business requirement". This is so because INRG was acquired by SPX, in October of 1998, in connection with the latter's acquisition of INRANGE's parent General Signal Corporation. That acquisition was structured as a cash-option merger in which the consideration conveyed to General Signal's shareholders consisted of both cash and SPX stock. For a spinoff to meet the active business requirement, both the distributing and distributed corporation must, immediately after the spinoff, be engaged in the active conduct of a trade or business that has been actively conducted throughout the five-year period ending on the date of the distribution. This could explain why the SPX is receiving so little credit for their 90% stake. **Each share of SPX Corp (NYSE:SPW) has 2.39 shares of INRANGE embedded worth \$93 per SPX share. This means the SPX stub is currently valued at about \$24 (\$117- \$93 = \$24/share). SPX looks like a cheap way to own both companies.** It appears that SPX has core earnings EPS power (without INRANGE) in the neighborhood of \$6.00 in 2001. This means the stub is trading at just 4x the core 2001 earnings.

It might be possible to accelerate the spinoff if certain restructuring steps were taken. For example, SPX could create a Newco to which it would convey the stock of INRANGE together with a five-year active business—the gross assets associated with such a business would need only have a value of 5% of the total value of the Newco's gross assets. If the stock of the Newco was then distributed to the SPX shareholders, the spinoff could (technically) meet the active business requirement.

INRANGE

A SAN is a high-speed network of shared storage devices, including disk arrays and tape drives, acting as hosts with computers, such as servers and workstations, acting as clients. One way to look at a SAN is that it is similar to a LAN, but instead of Ethernet, SANs use data transfer protocols commonly used in the data storage world. These include fibre channel, SCSI (small computer systems interface), ESCON (enterprise systems connection), and T-1-and T-3 dedicated high-speed lines. SANs

use switches, hubs, and gateways to create a bus dedicated to storage devices. INRANGE's product portfolio includes directors, switches, channel extenders and optical products. The crown jewel of the portfolio in a high-end SAN product called the FC/9000. The FC/9000 is a high-end director class switch. The main competitors in the switch market include McDATA (another recent spin-off from EMC) and Brocade.

Recent Results

In its first quarter as a public company, INRANGE reported blowout numbers. Sales were \$64.1 million, up 28% year over year. Excluding unusual items, EPS came in at \$0.07, a penny above Q2 EPS. Operating margins were 16.2%, up 150 basis points over last quarter. Storage networking revenues were strong in the quarter led by the FC/9000. Open storage networking revenues were \$14.1 million. Sales were up 150% year over year and 34% sequentially. Products in this segment include optical networking and fibre channel directors. This is the main driver for the business and what the majority of what the company's valuation is based on. Accounts receivable DSOs were up sequentially from 93 to 103 days.

SPX

SPX makes a range of niche products for industrial customers. Its business segments include industrial products (valves, motors, and power systems), technical products and systems (data-networking and fire-detection systems), service tools and equipment for auto dealers, and auto components. Its 45%-owned EGS Electrical group produces electrical fittings and industrial lighting and signaling products. SPX operates globally, with plants in North America, Europe, and Asia. On 10/24 SPX reported Q3 EPS of \$1.55, excluding a net gain from unusual items of \$0.39 per share, beating consensus estimates by \$0.01. Revenues were \$645.1 million versus \$668.9 million in Q399. Operating margins improved 190 basis points versus Q399, to 15.9% resulting in an operating profit of \$102.3 million.

Southern Energy

Southern Energy (NYSE:SOE) is an integrated power provider, which owns or controls 14,160 MW of generation capacity from regionally based businesses in the Asia/Pacific region, Europe, North

America, and South America and the Caribbean. It has another 7,000 MW in development. With its 60% stake in Southern Company Energy Marketing, the company is one of North America's top energy marketers. It also owns 26% of Berlin utility Bewag and 49% of the UK's Western Power Distribution. Southern Company, one of the largest investor-owned utility companies in the US, owns about 80% of Southern Energy. Southern Energy was carved out of Southern Company (NYSE:SO) on September 27, 2000 at \$22 per share. SOE sold 58 million shares (19.7%) to the public, which closed day one of trading at \$28.88, for a market value of \$9.5 billion. Parent, Southern Company plans to distribute its 80% interest to shareholders within 12 months. The ratio is 0.40, so every Southern Company share has about \$11 worth of Southern Energy embedded. This means the stub is now being valued at about \$18 a share. Southern Company is the largest producer of electricity in the United States. Southern Company is the parent of five southeastern utilities: Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Savannah Electric. The company has about 4 million electricity customers in its four-state territory.

Southern Energy reported very strong results for the third quarter. SOE reported \$0.35 per share in operating EPS (excludes transition expenses related to the separation from SO, about -\$0.08 per share). Results were buoyed by strong demand in the Western U.S., strong performance by the company's New York assets, the incremental impact of 600 MW of new greenfield capacity in the Midwest. We think SOE will earn about a \$1.00 in 2000.

TyCom

TyCom (NYSE:TCM) is tying together terrestrial telecommunications from six continents. The company, which has already installed more than 217,000 miles of undersea cable for other companies, designs, manufactures, and installs undersea fiber-optic cable and conducts bandwidth expansion research. In a quest to become the world's largest owner/supplier of undersea fiber-optic bandwidth, it is building the TyCom Global Network (more than 155,000 miles when it's finished). It plans to market capacity wholesale to

telecom companies worldwide. TyCom is the holding company for the undersea cable operations of diversified manufacturer Tyco International, which owns 86% of the company. Tycom was carved 61 million shares in an IPO on July 27, 2000 at \$32 per share. The stock closed day one at \$38 for a market value of \$19.1 billion. Tyco has no plans to spinoff the 86% stake in TyCom to shareholders.

The company is not expected to turn free cash flow positive until 2003. Pro-Forma for the recent IPO, which yielded about \$1.9 billion (net of a \$200 million dividend paid to parent Tyco International), TyCom has a 2000E total debt to capital ratio of 23%. The proceeds from the IPO coupled with a \$1.25 billion credit facility should fully fund the firm's business. Revenues were \$1.6 billion in 1999. Recurring adjusted EBITDA was \$371 million in 1999.

TyCom recently reported the September quarter (Q4), with revenues coming in at \$588 million, up 16% year over year. Recurring EBITDA was \$155.9 million. EBITDA margins improved 880 basis points year over year to 26%. Total backlog stands at \$2.9 billion. Gross profit increased 93% year over year to \$206 million. Gross margins increased about 2400 basis points to 35% reflecting increased volumes from the Sam-a, 360atlantic, and Yellow Submarine cable projects. Operating profits for the quarter increased 72% year over year to \$127 million. Operating profit margins rose about 700 basis points to 22% year over year. EPS for the quarter was \$0.18, 50% about 80% above consensus of \$0.10. Available cash as of year-end FY2000 stood at about \$2 billion. Capital expenditures for Q400 were \$141 million. Capital expenditures for FY2000 were \$205 million. The company reiterated capex guidance of \$2.6 billion for FY2001.

Key3Media

Key3Media (KME) owns and produces several large trade shows and conferences for the information technology industry, including the annual COMDEX show held in Las Vegas. In addition to the Key3Media puts on about 15 other COMDEX shows in 12 countries. (COMDEX shows account for more than 35% of sales.) Other events include

Networld+Interop, Seybold Seminars, and JavaOne. The company puts on about 44 events annually, which involve over 6,000 exhibiting companies and one million attendees in 18 countries. Former Internet publisher Ziff-Davis spun off the unit to its shareholders in 2000 as part of its fire sale. **Japan's SOFTBANK owns about 39% of Key3Media following the distribution.** Key3Media began trading as a separate public company on August 21 (it closed at \$5 ³/₄). Ziff-Davis shareholders received ½ a share of KME. Revenues in 1999 were \$251 million and EBITDA was \$90 million. The company is led by Fred Rosen, the former President and CEO of Ticketmaster Group.

Key3Media has a solid balance sheet. The spin-off from Ziff-Davis enabled Key3Media to recapitalize its balance sheet. In August, it sold 11.6 million shares of stock at \$6 each, for proceeds of \$69 million in a private placement. It also issued \$75 million in zero coupon bonds with 6.8 million warrants attached and entered into a new \$330 million credit facility and has another untapped \$50 million credit line. Its pro forma balance sheet has \$390 million of debt based on \$330 million of bank debt and a \$60 million valuation for the zero coupon note after deducting \$15 million the value of the warrants. There are \$65 million primary shares of KME for a current market value of \$723 million. There were 21 million options issued in the formation of Key3 and 6.8 million warrants issued the zero coupon bond, bringing the fully diluted total to 92.8 million shares. SOFTBANK owns about 39% of the company on a fully diluted basis. **Management owns stock and options equivalent to about a 16% stake.** Senior management bought about 1.06 million of the 11.6 million shares sold in the IPO, or 9% of the issue. The 21 million options were issued based on a formula whereby employees with greater than 125,000 options have one half of their options priced at \$5 per share and the other half at \$11 per share, for a combined average exercise price of \$8.00. Below the 125,001 per employee level, all options are priced at \$5.00 each. Fred Rosen has 9.6 million options. In other words, these guys are motivated to "pull-the-wagon".

Company Update

Eaton to Complete Axcelis Spin-Off

Eaton Corporation (NYSE: ETN) and Axcelis Technologies (NASDAQ: ACLS) announced that the Eaton board of directors has declared a dividend distribution of Axcelis shares. The dividend will be distributed on December 29, 2000 to Eaton shareholders of record on December 6, 2000. Currently, Eaton holds about 80 million shares (approximately 82%) of the outstanding common stock of Axcelis. Eaton shareholders will receive approximately 1.15 shares of Axcelis for each Eaton share. The final ratio will be based on the actual number of Eaton shares outstanding on the record date. On October 20, 2000, Eaton had 69.9 million shares outstanding. The IRS has ruled that the stock distribution to shareholders qualifies as tax-free for US federal income tax purposes. Eaton is separating the semiconductor unit from its slower-growing businesses to increase share value and enable the new company to offer stock options to attract and retain employees.

Eaton is a global diversified industrial manufacturer of products for industrial, vehicle, construction, commercial, aerospace and semiconductor markets. Principal products include hydraulic products and fluid connectors, electrical power distribution and control equipment, truck drivetrain systems, engine components, ion implanters and a wide variety of controls.

Axcelis is headquartered in Beverly, MA and is a producer of ion implantation equipment used in the fabrication of semiconductors. Axcelis also produces dry strip, photostabilization and rapid thermal processing equipment used in semiconductor manufacturing, and provides extensive aftermarket service and support, including spare parts, equipment upgrades, maintenance services and customer training.

Eaton (ETN)		216-523-5000		Axcelis (ACLS)		978-232-4000	
Current Price	\$ 69.94			Current Price 00-EPS est.	\$ 9.63	\$1.12 8.5X	
Shares Out (000)	69,857			Shares Out / Float	95,500	15,505	
Market Cap. (000)	\$ 4,885,612			Market Cap. (000)	\$ 919,188		
Enterprise Value	\$ 7,815,612			Enterprise Value	\$ 647,788		
Sales 12 Month Trailing	\$ 9,066,000			TTM Sales Price /Sales	\$ 548,000	1.68 X	
Book Cash Per Share	\$ 42.33	\$-3.44		Book Value Price /Book	\$ 3.08	3.12 X	
Insider / Inst. Held	11%	68%		Insider / Inst. Held	84%	3%	
Short Int. / ratio	0.753	2.579		Short Int. / ratio	0.083	0.11	
52 Week Range	\$57.5 - \$86.56			52 Week Range	\$7.18 - \$30		
Eaton ownership of Axcelis		With Axcelis		Without Axcelis			
Shares owned (000)	79,995	Price-to-Sales	0.54 X	Price-to-Sales	\$121.93 0.48 X		
Ratio Per Eaton share	1.1451	Price-to-Book	1.65 X	Price-to-Book	\$38.8 1.51 X		
Value Per Eaton share	\$11.02	Price/Earnings	9.58 X	Price/Earnings	\$6.01 9.79 X		
Eaton Stub Value	\$58.91	Price/EBITDA	3.83 X	Price/EBITDA	\$17.24 3.41 X		
Economic / Voting Interest	83% / 84%	Enterpr./EBITDA	6.13 X	Enterpr./EBITDA	6.13 X		
Eaton Relationship with Axcelis		Comparables		Johnson Cntls		Parker Hannifan	
Intend to Spin	Yes / Split-off			Price-to-Sales	0.29 X	0.84 X	
IRS Tax Free Ruling	Yes			Price-to-Book	2184.29 X	2.13 X	
Record Date / Distr. Date	12/6/00	12/29/00		Price/Earnings	11.77 X	10.52 X	
Axcelis IPO Date / Price	7/10/00	\$22		Price/EBITDA	3.6 X	5.46 X	
IPO-Lockup Expires				Enterpr./EBITDA	4.59 X	6.38 X	
Shares to Distribute / Float	5.2 X						

Company Update

Fluor to Complete Massey Spin-Off

Fluor (NYSE: FLR) will complete the spin-off of its Massey Energy division by the end of this year. A record date has not been determined but the distribution ratio is expected to be one share of Massey for every share of Fluor. A special shareholder meeting is scheduled for November 30, to vote on the spin-off, but the vote is not required to complete the transaction. The spin-off of Massey Energy is expected shortly after the special meeting. Presently, Fluor has a market capitalization of about \$2.7 billion with approximately 75.6 million shares outstanding. Fluor's fiscal year end is October 31st, but will be changed to a December year-end for 2001.

Fluor is following the lead of Ashland & Co. (NYSE: ACI) which distributed Arch Coal to its shareholder in a taxable distribution earlier this year. The separation will allow Fluor to concentrate on its core businesses, increase margins and create a stronger and more flexible balance sheet. In addition, the separation will create two pure play companies that will be valued by their own industry metrics.

The spin-off will complete the transformation of new Fluor into a construction and project management firm with three primary segments. Fluor Daniel (71% of sales) provides design, engineering and construction services. Fluor Global Services (28% of sales) provides outsourcing of maintenance services and asset operations, design and build-out services. Fluor Signature Services (NM% of sales) provides business support services including information technology and safety consulting. Combined these three segments contributed \$7.6 billion for the nine months ending July 2000. Gross margins were 6.2% and operating margins were 2.3% for the first 9 months, and EBIT excluding provisions and one-time charges totaled \$129.6 million. Fluor post-spin is forecasted to

generate \$400 million in EBITDA in 2001 or \$5.29 per share. Fluor will also walk away post spin-off with an estimated pro-forma debt level of \$237 million. FY01 initial earnings estimates are \$2.00 per share before one time restructuring charges. Management's goal is to generate \$100 million in free cash flow for 2001. Competitors include Chicago Bridge, Foster Wheeler and Washington Grin.

Massey Energy will become a pure play coal producer with 2001 projected \$1.1 billion in annual sales. Massey operates eighteen mining complexes in West Virginia, Virginia and Kentucky. Massey is the largest coal producer in Central Appalachia and the fifth largest producer in the US ranked by revenues. The coal-pricing environment has been tough due to an oversupply of coal. The current competitive landscape is the result of the U.S. coal industry losing the European export market to Australia (due to a weak Aussie dollar), soft steel production, environmental pressures, and higher transportation costs. Massey is expected to generate \$300 million in EBITDA in 2001. Post spin-off Massey will have approximately \$530 million in debt. Competitors include Arch Coal and Consol Energy.

Valuation

Fluor is currently trading at \$37 per share. Assuming an average Enterprise/EBITDA valuation of 6x's, we estimate Massey to be worth up to \$18 per share, but we would not be surprised to see structural selling. If our \$18 top end estimate of Massey's is correct it would imply that the stub (new Fluor) is currently valued at about \$19 per share, which is a slight discount to its comparables. At \$19 per share, new Fluor is trading at 9.5x's 2001 earnings estimates and 5.3x's 2001 Enterprise/EBITDA estimates

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
AMERICAN SOFTWARE	AMSWA	01/25/00	AMQUEST		
AUTONATION	AN	05/25/99	AUTONATION.COM		TR
AVISTA	AVA	01/21/00	INTERNET BILLING		
AZTEC	AZTC	03/30/00	PCSI		CO/SP
BEI TECHNOLOGIES	BEIQ	07/24/00	OPTICNET		
BELLSOUTH	BLS	04/05/00	CINGULAR WIRELESS		CO
		03/29/00	LATIN WIRELESS		IPO/TR
CABLEVISION	CVC	12/22/99	RAINBOW PROGRAMMING		TR
CABLETRON	CS	02/10/00	SPLIT INTO 5 COMPANIES		
CENTRAL GARDEN & PET	CENT	03/20/00	LAWN AND GARDEN DISTRIBUTION		SP
CERIDIAN	CER	07/18/00	ARBITRON		SP
CHRONIMED	CHMD	03/13/00	MEDGENESIS	MDGN	SP
CIBER CORP.	CBR	03/01/00	ENTERPRISE SOLUTIONS		SP
CMGI	CMGI	12/17/99	ALTA VISTA	ALTA	CO
COMDISCO	CDO	06/17/99	Comdisco VENTURE	CDOV	CO TR
COMPUTER ASSOCIATES	CA	08/07/00	SOFTWARE AND SERVICES		SP
COMPUTER HORIZONS	CHRZ	10/18/99	eB NETWORKS		CO
CONSOLIDATES STORES	CNS	01/27/00	KBKIDS.COM		CO
COPART	CPRT	12/17/99	INTERNET BUSINESS		SP
ESS TECHNOLOGY	ESST	07/20/00	VIALTA		CO
ECI TELECOM	ECIL	08/03/00	MULTIPLE UNITS		
DAMARK	DMRK		CLICKSHIP DIRECT		Delayed
DELIA'S	DLIA		iTURF	TURF	CO/SP
DELUXE	DLX	01/31/00	eFUNDS	EFDS	CO/SPLIT
DIAGEO PLC	DEO	06/22/00	BURGER KING		CO
DUN & BRADSTREET	DNB	12/15/99	MOODY'S	MCO	SP
EATON CORP.	ETN	02/24/00	AXCELIS TECHNOLOGIES	ACLS	CO
EMC Corp.	EMC	05/31/00	MCDATA	MCDT	CO
ENRON	ENE		NEW POWER	NPW	CO
FISHER SCIENTIFIC	FSH	03/08/00	ALCHEMATRIX		CO
FLUOR	FLR	06/08/00	MASSEY ENERGY		SP
GLOBAL CROSSING	GBLX	05/23/00	ASIA GLOBAL CROSSING	ACGX	CO
GREAT LAKES CHEMICAL	GLK	09/20/99	OSCA	OSCA	CO
HEWLETT-PACKARD	HWP	03/02/99	AGILENT TECHNOLOGIES	A	CO/SP
iGATE	IGTE	03/07/00	MULTIPLE UNITS		CO
ICN PHARMACEUTICALS	ICN	06/15/00	RIBAPHARM	RIBA	CO
			INTERNATIONAL OPERATIONS		CO
INFOCURE	INCX	08/22/00	PRACTICE WORKS		
INTELLIGROUP	ITIG	11/04/99	SERANOVA	SERA	SP
INTERPOOL	IPX	08/09/99	MICROTECH AND POOLSTAT		SP
JC PENNEY	JCP	05/18/99	ECKERD DRUG CHAIN		Delayed
KANSAS CITY SOUTHERN IND.	KSU	02/03/98	STILWELL FINANCIAL	SV	SP
KROLL O'GARA	KROG	04/18/00	SPLIT UP		SP
LASON	LSON	12/20/99	E-COMMERCE		Delayed

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
LUCENT	LU	03/01/00	AVAYA	AV	SP
LUCENT	LU		MICROELECTRONICS		SP
MARSHALL & ILSLEY	MI	07/13/00	METAVANTE	MVNT	CO/SP
METHODE ELECTRONICS	METHA	02/23/00	STRATOS LIGHTWAVE	STLW	CO/SP
MILLER	MLR	05/13/99	ROADONE		SP
MIM CORP.	MIMS	01/20/00	INTERNET PHARMACY		
MODIS PROF. SERVICES	MPS	11/09/99	IT DIVISION / SOLUTIONS UNIT		SP/CO
MOTOROLA	MOT	06/27/00	PROPEL		CO
NATIONAL DATA	NDC	12/21/99	eCOMMERCE		SP
NETWORK ASSOCIATES	NETA	01/31/00	INTERNET DIVISION		
NEXTEL	NXTL	08/18/00	NEXTEL INTERNATIONAL	NXTI	CO
NORTHERN STATES	NSP	03/29/00	NRG ENERGY	NRG	CO
PHARMACIA	PHA	08/30/00	MONSANTO	MON	CO
PSINET	PSIX	03/28/00	INTERDOT.NET		CO
PTEK HOLDINGS	PTEK	10/28/99	E RESEARCH TECHNOLOGY		CO
QUALCOMM	QCOM	07/25/00	SEMICONDUCTOR BUSINESS		SP
RELIANT ENERGY	REI	07/27/00	ENERGY BUSINESS		SP
RPC	RES	01/14/00	CHAPARRAL BOAT DIVISION		SP
SAKS	SKS	07/19/00	SAKS ENTERPRISIS		SP
SARA LEE	SLE	05/30/00	COACH	COH	CO
SOUTHERN COMPANY	SO	04/17/00	SOUTHERN ENERGY	SOE	CO/SP
SPX CORP.	SPW	06/05/00	INRANGE TECHNOLOGY	INRG	CO
ST. JOE COMPANY	JOE	10/27/99	FLORIDA EAST COAST IND.	FLA	SP
SYBRON INTERNATIONAL	SYB	04/24/00	SYBRON DENTAL SPECIALTIES		SP
SYMANTEC	SYMC	06/10/99	INTERNET TOOLS SOFTWARE		CO
THERMO ELECTRON	TMO	01/31/00	THERMO FIBERTEK	TFT	CO/SP
TITAN CORP	TTN	12/29/99	CAYENTA	CYTA	CO/SP
TITAN CORP	TTN	08/14/00	SUREBEAM	SURE	CO/SP
TRANSACTION SYSTEMS ARCHITECTURE	TSAI	06/02/00	INSESSION TECHNOLOGY	INSX	Delayed
UCAR	UCAR	04/18/00	GRAFTECH	GRAF	Delayed
ULTRAMAR DIAMOND SHAMROCK	UDS	08/14/00	SHAMROCK LOGISTICS		CO
VIACOM	VIA.B	05/06/99	BLOCKBUSTER	BBI	CO/SPLIT
	VIA.B		MTVi		Cancelled
VERIZON	VZ	04/10/00	GENUITY	GENU	CO
WALMART	WMT	01/07/00	ONLINE BUSINESS		Delayed
WESTERN RESOURCES	WR	03/29/00	WESTAR ENERGY		SP
XEROX	XRX	04/27/00	CONTENTGUARD		CO
Ziff-Davis	ZD		Key3Media	KME	SP

{SP} Spin-Off

{CO} Carve-out

{TR} Tracking

{SPLIT} Split-Off

Calendar Highlights

Price (11/09/00):	\$7 3/4	Listed			Date	Spin-Off	Tax			
Shares Out.	12.1 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$ 94.1 M	Chronimed	CHMD		MEDgenesis	MDGN	03/18/00	Pending		1:3
<p>Chronimed (NASDAQ: CHMD) has announced that it is engaged in negotiations to sell its MEDgenesis subsidiary while continuing to pursue a spin-off the business. Chronimed also has filed a Form 10 and amendments with the SEC to obtain approval to divest MEDgenesis through a tax-free dividend to shareholders. Chronimed is addressing the comments that it received from the SEC related to the filing of the Form 10.</p> <p>Chronimed distributes pharmaceuticals and educational materials by mail and retail pharmacy to provide patients with prescription drugs, medical products, counseling support and a variety of educational materials to help patients control their chronic conditions. Chronimed primarily serves patients with complex conditions treated with injectable medications.</p> <p>MEDgenesis is a developer, manufacturer and distributor of diagnostics products and related medical devices used outside the human body to monitor chronic conditions such as diabetes and to screen for acute conditions utilizing blood and urine diagnostics. The primary focus of the company's technology is proprietary dry reagent chemistry that enables point of care testing of blood and urine diagnostics. Healthcare professionals and individuals use MEDgenesis' products to screen for or monitor various acute and chronic conditions. MEDgenesis focuses on blood and urine medical diagnostic products and related accessories that it develops and manufactures, owns outright, or controls through excessive license or distribution agreements.</p>										

Price (11/09/00):	\$33 3/4	Listed			Date	Spin-Off	Tax			
Shares Out.	79.43M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$2.68 B	ICN Pharm.	ICN		Ribapharm	RIBA	06/15/00		P	CO
<p>ICN Pharmaceuticals (NYSE: ICN) announced revisions to its restructuring plan. Management will still follow its original plan by carving out portions of Ribapharm and ICN International but has added that the ICN will separate the three companies completely, with separate management and boards. ICN plans to achieve this by a tax free distribution of ICN's entire remaining interests in Ribapharm and ICN International (following IPO's of the stock of these two subsidiaries) to ICN shareholders. The distribution will be subject to obtaining IRS approval that the distribution will be tax-free and to the approval by the holders of ICN's outstanding debt. ICN has filed for Ribapharm to trade on the NASDAQ under the symbol "RIBA". ICN will offer ICN International as soon as market circumstances permit on the Budapest and London Stock Exchanges. In conjunction with this restructuring, ICN will refinance or repay its senior debt. However, before finalizing the restructuring, management may consider other strategic transactions, including the sale of all or part of the company, as an alternative way to increase shareholder value.</p> <p>Milan Panic, the current Chairman and CEO of ICN, will be Chairman and CEO of ICN International. He will also be the non-executive Chairman of ICN Americas. Mr. Panic will have no management or board position with Ribapharm. <i>The Los Angeles Times</i> reported that Mr. Panic may resign his post as CEO of ICN as early as December, when the company's annual meeting is held. He would remain Chairman to mentor his probable successor, Adam Jerney, ICN's president and COO.</p>										

Calendar Highlights

Price (11/10/00):	\$36 3/4	Listed				Date	Spin-Off	Tax	
Shares Out.	234 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$8.6 B	Deutsche Telekom	DT		T-Online	TOI GR	03/27/00	04/17/00	CO
<p>T-Online (TOI GR) released preliminary results for the first three quarters of 2000. Revenue totaled € 542.6 million, increasing 87% y/y. The company stated that € 31.6 million were contributions from their newly acquired foreign subsidiaries. The reported EBITA loss for the period was € 14.4 million. This includes an extraordinary contribution from an IPO, in which T-Online had a 25% stake. The EBITDA loss without this contribution was € 43.2 million. On the bright side, the number of customers using T-Online exceeded 7 million. The company will publish detailed third-quarter earnings on November 30.</p> <p>The company blamed the introduction of the narrowband flat rate in Germany for widening its loss. This new flat rate for unlimited Internet usage is intended to increase usage of the network and the number of new subscribers. Flat rate products in Europe may increase the losses of Internet service providers (ISP). An ISP is forced to buy telephone capacity by the minute but resell the capacity at a fixed rate while providing unlimited access to the Internet. Complicating matters, European ISPs, including T-Online, are losing money as they try to gain market share as quickly as possible in the face of rising competition. Competition from America Online Inc. and Freenet.de AG in Germany pushed T-Online to offer Germans a lower monthly payment for Internet access to attract more users.</p>									

Price (11/10/00):	\$93 3/8	Listed				Date	Spin-Off	Tax	
Shares Out.	1.02 B	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$95.6 B	France Telecom	FTE		New Orange			2001	CO
<p>France Telecom purchased UK mobile phone company Orange from Vodafone for £25.1 billion, creating Europe's second-largest mobile phone company. The French operator will also take over £1.8 billion of the UK operator's debt. With the money from Orange's flotation, France Telecom hopes to buy back its shares from Vodafone. France Telecom is to merge Orange with Itineris its French mobile phone network and its other mobile activities into a company called New Orange. The new company will be floated on the London, Paris and New York stock exchanges. France Telecom is hoping that the deal will give it an opportunity to expand its presence in the new generation of mobile phones, which can carry a full Internet service. It already owns a stake in UK cable operator NTL, which is planning a roll-out of digital services.</p> <p>The acquisition of Orange and the creation of New Orange is a major step in France Telecom's international strategy to become a European leader and global player. Orange chief executive Hans Snook welcomed the sale. Mr Snook originally threatened to leave if he didn't like the new owner. Orange will now take on its old owner Vodafone - the largest mobile company in Europe - in a battle for market share in Europe and globally. Under the deal, Vodafone now holds just under 10% of France Telecom, while the French government's stake will be diluted to 54% from 61%.</p>									

Calendar Highlights

Price (11/09/00):	\$72 11/16	Listed			Date	Spin-Off	Tax		
Shares Out.	748.4 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$ 54.4 B	Qualcomm	QCOM	Y	Spinco		07/25/00		CO
<p>Qualcomm Inc (NASDAQ: QCOM) announced that it received a ruling from the IRS indicating that the proposed spin-off of its integrated circuits and system software business (referred to as Qualcomm Spinco) should be a tax-free distribution to Qualcomm and its stockholders. Qualcomm stockholders of record as of the record date, which the company has not determined, would receive shares of Qualcomm Spinco common stock, at an undetermined ratio. Qualcomm also announced that it would postpone the initial public offering of Qualcomm Spinco common stock until January 2001 because of unfavorable market conditions (semiconductor shares have fallen 30% since July).</p> <p>Qualcomm designs and delivers digital wireless communications products and services based on the company's Code Division Multiple Access (CDMA) digital technology. The company's business areas include integrated CDMA chipsets and system software, technology licensing, e-mail software, digital cinema systems, and satellite-based systems. Qualcomm also owns patents that are essential to all of the CDMA wireless telecommunications standards that have been adopted or proposed for adoption by worldwide standards-setting bodies.</p>									

Price (11/09/00):	\$25 1/4	Listed			Date	Spin-Off	Tax		
Shares Out.	105.2M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$2.66 B	Sybron (Apogent)	SYB		Sybron Dental	SYD	04/24/00		Y 1:3
<p>Sybron International (NYSE: SYB) announced that it has declared a pro rata distribution to its shareholders of the common stock and related preferred stock purchase right of Sybron Dental Specialties, Inc. (SDS). Shareholders of record as of November 30, 2000 will receive one share of SDS common stock for every three shares of Sybron International common stock they own. The distribution is subject to satisfactory completion of all required financing arrangements, including the related syndication process and the negotiation and execution of definitive financing agreements. Sybron International has already received favorable ruling from the Internal Revenue Service that the spin-off of SDS will be tax-free. SDS's common stock will list on the NYSE under the symbol "SYD". In connection with the spin-off, Sybron International will change its name to Apogent Technologies and will trade on the NYSE under the symbol "AOT".</p> <p>After banks balked at buying Sybron Dental's debt, ABN Amro Bank reduced the amount of the loans that it is arranging for the company by 18% to \$450 million (originally \$550 million). ABN also increased the yield on these new loans from 2 percentage points above LIBOR to 2.75 – 3.75 points above LIBOR. Moody's has assigned Baa3 ratings to Sybron International's proposed senior unsecured bank facilities.</p> <p>Sybron International's subsidiaries design, manufacture and market laboratory products for the life science industry and professional dental consumable products worldwide. The laboratory products division (Apogent Technologies) will consist of four segments (Laboratory and Life Sciences, Clinical and Industrial, Diagnostics and Microbiology, and Laboratory Equipment). Sybron Dental will operate three segments (Professional Dental, Orthodontics, and Infection Control Products) and will sell an assortment of dental products. For planning purposes, management of Apogent expects earnings growth in the future to approximate 15% per year, excluding potential acquisitions. Sybron Dental anticipates earnings growth to approximate 10% per year, excluding potential acquisitions.</p>									

Calendar Highlights

Price (11/09/00):	E21.55	Listed			Date	Spin-Off	Tax	
Shares Out.	4.25M	Parent	Symbol	Op-	Spin-Off	Symbol	An-	Date
Market Cap	E 91 B	Telefónica Group	TEF		Telefónica Móviles	1230z	09/29/00	CO
<p>Telefónica Móviles, the subsidiary of the Telefónica Group dedicated to mobile communications, recently informed Spain's National Securities Market Commission (CNMV), of its IPO of Telefonica Moviles unit. The IPO has been scaled back due to an unfavorable market condition, to a price range of 10.85 to 13.25 euros a share, valuing the mobile telephony group at between US \$36.8-\$44.6 billion. The IPO is expected to be the largest in the Spanish Stock Market. Spanish retail investors will be offered 55 % of the shares, Spanish institutions will get 15%, and international institutional investors will get roughly 30%. Telefonica will raise 3 to 4.5 billion euros through the offering and will finance its quest for third generation, mobile telephony licenses across Europe. The group will then place 300 million new shares, approximately 7.8% of its share capital, for sale.</p> <p>Listings have been requested for Telefónica Móviles's shares on the four Spanish stock exchanges and on the <i>Mercado Continuo</i> (Continuous Market); and in the United States, on the New York Stock Exchange (NYSE), in the form of American Depositary Shares (ADS's). Telefónica Móviles will inform the CNMV of further details of the transaction as they are finalized. In addition, Telefónica Móviles will present the accreditation documents and the corresponding Prospectus to the CNMV for verification and registration. Telefónica Móviles is one of the leading mobile communications companies in Spain and Latin America and one of the 10 largest operators in the world in its sector.</p>								

Price (11/09/00):	\$56	Listed			Date	Spin-Off	Tax	
Shares Out.	2.72B	Parent	Symbol	Op-	Spin-Off	Symbol	An-	Date
Market Cap	\$152 B	Verizon Comm.	VZ	Y	Verizon Wireless		04/04/00	CO
<p>On October 18th, Verizon Wireless (NYSE: VZ) and Vodafone (NYSE: VOD) announced that they are postponing the IPO of their joint venture, Verizon Wireless. Verizon and Vodafone executives have agreed. The companies said in a statement that the recent volatility of capital markets has created an environment in which, it is prudent to defer the Verizon Wireless IPO. The companies expected to raise \$5 billion from the IPO when they filed for it in August. However, they did not set a date for the offering and have not announced a timetable for the delayed IPO. Verizon and Vodafone only had to look as far as some of their top competitors in the U.S. wireless market for a sign that their joint venture's IPO would best be delayed. AT&T Wireless (NYSE: AWE) shares have disappointed investors since AT&T (NYSE: T) spun it off as a tracking stock for its wireless businesses in May. In addition, Sprint PCS (NYSE: PCS), Sprint's (NYSE: FON) wireless tracking stock, hasn't been a top performer, and Nextel Communications NASDAQ: NXTL) shares have dropped even as Nextel continues to dominate the specialized mobile radio service market.</p> <p>Upon completion of the IPO, Verizon Wireless Inc. will be a holding company whose sole asset will be partnership interests in the Verizon Wireless partnership and whose sole business will be to act as the managing general partner of the partnership. Verizon owns 55 percent of Verizon Wireless and Vodafone owns the remaining 45 percent interest.</p>								

Fresh Spin-Off Situations

MRV Communications Carves Out Luminent in IPO

On November 10, MRV (Nasdaq:MRVC) carved out a minority stake in Luminent (a 90% owned subsidiary). Luminent (Nasdaq:LMNE) sold 12 million shares at \$12, down from the \$13 to \$15 they hoped to receive according to the S-1 filing. The deal raised \$144 million and was lead by Credit Suisse First Boston (the underwriters have an option to purchase up to 1.8 million additional shares from Luminent to cover over allotments). This is another in a recent series of IPOs by optical network components maker. Interest in this sector is being driven by the size and growth rate of the expected market. Estimated at \$6.6 billion in 1999, it is expected to grow to \$34 billion by 2003. Luminent designs, makes and sells a comprehensive line of fiber optic components that enable communications equipment manufacturers to provide optical networking equipment for the rapidly growing metropolitan and access segments of the communications network. **MRVC plans to distribute the rest of their shares next year.** MRV owns 144 million of the 156 million shares of LMNE outstanding (ratio is 2.1). Based on the IPO price of \$12, **there is \$25.20 of LMNE embedded in each share of MRVC.** **At current prices, this suggests the MRVC stub is being valued at about \$5 per share.**

Luminent specializes in components for metro area optical networks that connect end-users with high volume, long-haul "pipelines". Its products are designed for modern single mode fiber cables and include both active and passive components. Traditional active components include lasers, transceivers, triplexers, and modulators. LMNE's passive components, a rapidly developing new generation of optical products, include WDM modules, attenuators, fiber gratings, and film filters. LMNE's customers include Cisco, General Instrument, Marconi, Cabletron, Extreme Networks, and Foundry Networks. In the past, the business has been concentrated with Marconi and Cisco which accounted for 24% (6 months of 2000) of the revenues. Between April and July, LMNE completed three major acquisitions, which added high demand passive optical products to its portfolio. It also broadened the customer base, opening markets in Asia, and diversified the



manufacturing facilities. Between 1998 and 1999 revenues increased by 70% to \$65 million, with a 34% gross margin and a 6.4% (\$4.2 million) net margin. Growth was primarily from Marconi demand for higher margin duplexers, triplexers, and transceivers. For the first six months of 2000 revenues increased 53% to \$433.6 million, with a 33.4% gross margin and a 5.2% (\$2.3 million) net margin (excluding acquisition & equity charges). The firm recently announced that its preliminary estimates for Q300 revenues were in the \$35 million range.

Optical Access Plans to Go Public

MRVE plans to take another optics division public shortly. In a filing with the SEC, Optical Access, a 97% owned subsidiary of MRV Communications, revealed that it will offer a portion of its common stock in an IPO. The filing is preliminary and did not reveal many of the specifics of the transaction including number of shares, offering price, and capital structure of the company. The company does plan on trading on the NASDAQ under the symbol "OPXS." As a part of the spin-off, OA is receiving ownership of seven issued U. S. patents, five issued foreign patents, fourteen patents pending in the United States, and two Patent Cooperation Treaty patent applications on various aspects of optical laser network and wireless network technologies.

Optical Access (OA) offers an optical wireless solution that delivers high-speed communications traffic to the portion of the communications network commonly

known as the “last mile,” which extends from the end user to the service provider’s central office. The company’s products and services allow service providers to bypass the incumbent carrier’s copper-based network and offer high-speed communication services to business users. OA seeks existing and emerging competitive local exchange carriers as customers.

The volume of high-speed traffic across communications networks has grown dramatically as the Internet and private corporate Intranets have become essential communications mediums. To meet this expected growth in data traffic, many service providers have made significant investments in the deployment of fiber optic cable and wavelength division multiplexing equipment to improve bandwidth. Although service providers are upgrading their existing copper infrastructure to fiber optic cable from the long-haul network to their central offices, they are not upgrading the portion of the network from their central offices to the customer's premises. Currently, technologies to provide communications services over the last mile include those based on copper, fiber, and fixed wireless technologies. Each is subject to inherent deficiencies (bandwidth and/or cost) that limit their effectiveness. Optical wireless technology, also known as free space optics, is essentially fiber optics without the glass. Optical wireless technology transmits data through the atmosphere. Although wireless optical transmission requires line-of-sight between each link and experiences atmospheric fade during severe weather conditions such as dense fog, it contains the potential for virtually unlimited bandwidth since transmission occurs in the optical domain. Optical wireless technology also provides increased security and, unlike licensed radio frequency bands, does not require service providers to obtain or pay for governmental licenses. OA can deploy its products to provide redundancy and availability in nearly all weather conditions.

Since beginning operations, OA has operated in the red as it developed its products and strategy. The company had net losses of \$3.2 million for the period from April 1, 1998, the date of its inception, through

December 31, 1998, \$2.3 million for the year ended December 31, 1999 and \$6.9 million for the six months ended June 30, 2000. OA expects to operate at a loss for the foreseeable future.

The company believes that it is the only provider of wireless optical solutions but thinks that new competitors are likely to emerge. Many companies compete directly with OA’s individual products. Direct competitors for its optical wireless technology include AirFiber, Canon and TeraBeam. Indirect competitors include companies that provide radio frequency wireless solutions, such as Netro, Ceragon Networks and Adaptive Broadband. Direct competitors for its switching products include Cisco Systems, Extreme Networks, Foundry Networks and Nortel Networks. Furthermore, the company faces competition from a number of competitors, including TeraBeam Networks, AirFiber and Netro with respect to its TereScope products and Cisco Systems, Extreme Networks and Foundry Networks with respect to its OptiSwitch™ products.

Fresh Spin-Off Situations

Ultramar Diamond Shamrock to IPO Shamrock

Ultramar Diamond Shamrock (NYSE: UDS) will sell 4,000,000 common units (22.5%) of **limited partner interests in Shamrock Logistics, LP, a Delaware limited partnership** in an IPO. Units are expected to price between \$19-\$21 and trade on the NYSE under the symbol "UDL." Shamrock estimates that the net proceeds will be approximately \$74.4 million, assuming a price of \$20 per unit. After this offering, 8,399,322 common units and 8,999,322 subordinated units (47.3% and 50.7% limited partner interests in Shamrock) will be outstanding. Through December 2005, UDL can issue up to 4,199,661 additional common units without obtaining unitholder approval. UDL can also issue an unlimited number of common units for acquisitions that increase cash flow from operations per unit on a pro forma basis.

UDL anticipates using this offering's net proceeds and \$63.7 million of borrowings under a new \$125 million revolving credit facility to repay \$107.7 million in indebtedness to UDS and its affiliates, make a distribution of approximately \$20.5 million to UDS affiliates (for reimbursement of capital expenditures), pay \$4.9 million in fees and expenses (incurred in connection with this offering), and use the remainder for working capital and other general corporate purposes. The 4,000,000 common units are entitled to receive distributions of operating cash of \$0.60 per quarter, or \$2.40 annually through December 2005. UDL's general partner, Riverwalk Logistics (indirect subsidiary of UDS) will manage and operate UDL. Unlike the holders of common stock, unitholders will have only limited voting rights on matters affecting UDL's business. The general partner may have conflicts of interests between its fiduciary duty to UDL unitholders and UDS, its owner.

Ultramar formed **Shamrock Logistics** to acquire, own and operate most of Ultramar's crude oil and refined product pipeline, terminating and storage assets that support its refining and marketing operations located in Texas, Oklahoma, Colorado, New Mexico and Arizona. UDL assets will include 510 miles of crude oil pipelines, including approximately 31 miles jointly owned with

third parties. Shamrock will also own three major crude oil storage facilities with a total storage capacity of approximately 2.1 million barrels and approximately 2,820 miles of refined product pipelines which include approximately 1,970 miles jointly owned with third parties. UDL will own ten refined product terminals, one of which is jointly owned, with a total storage capacity of approximately 2.5 million barrels.

UDL generates revenues by charging tariffs for transporting crude oil and refined products through its pipelines and by charging a fee for use of its terminals. The company does not own any of the crude oil or refined products transported through its pipelines does not engage in the trading of crude oil or refined products. Although the company is not exposed to any risks associated with fluctuating commodities prices directly, these risks indirectly influence the company's activities and results of operations. In the first six months of 2000, UDL transported an average of 299,525 barrels per day through its crude oil pipelines and an average of 317,752 barrels per day through its refined product pipelines and handled an average of 168,433 barrels per day through its refined product terminals.

Ultramar Diamond Shamrock is an independent refiner and marketer of high-quality refined products and convenience store merchandise in the central, southwest and northeast regions of the United States, and eastern Canada. The company operates six refineries in the United States and Canada with a total throughput capacity of 682,000 barrels per day and has over 5,000 branded retail gasoline/convenience merchandise stores, the majority of which are branded Diamond Shamrock, Ultramar, Beacon or Total. In the Northeast, the company operates a retail home heating oil businesses that sells heating oil to approximately 250,000 households.

Financial Summary

For the first six months of 2000, UDL reported pro-forma revenues of \$44.5 million, an increase of \$1.7 million (4%) over the same period in 1999. Net income on a pro forma basis for the first six months of 2000 increased by \$3.2 million (25%) to \$16.6 million. UDL's EBITDA during the period fell by \$890 thousand (3%) to \$27.2 million.

Recently Announced Spin-Off Situations

AT&T to Break-Up

On October 25th, AT&T announced the intention to dismantle nearly three years of acquisitions, worth more than \$100 billion. Under the breakup plan, AT&T will spin off its 85% ownership in AT&T Wireless in the first quarter 2001, eventually converting the unit from a tracking stock into an asset-based common stock. AT&T will separate its cable broadband business, built through acquisitions, first as a tracking stock and then convert the company into an independent entity. AT&T will retain the Business Services division as its core operation as well as consumer long distance, for which AT&T will issue a tracking stock. The tracking stock will be similar to the one proposed by WorldCom's MCI unit, which **in theory** could appeal to high yield investors.

The break up is logical given that each unit has different focuses. AT&T, which is an asset rich company, certainly has upside potential, but we see execution and timing risk as the main variables in the equation. How will the restructuring distract management from day to day operations? The industry dynamics will not remain stagnant while this restructuring is unfolding. How will the debt be proportioned? And what about Liberty Media?

Debt Levels and Asset Sales

2001 EPS estimates have been reduced from \$1.70 to \$0.77. Moody's and S&P have indicated that they have put AT&T on credit watch for a possible downgrade that would effect \$33 billion in debt. Also, in the Spring of 2000, AT&T acquired voting control of Excite/At Home from Comcast and Cox. The deal gave each the right to sell their stakes in Excite/At Home (about 30 million shares each) to AT&T for \$48 per share after January 1st, 2001 through June 4th, 2002. At current levels, this would cost AT&T an additional \$2.1 billion. We anticipate that AT&T will liquidate some equity holdings to reduce its debt level prior to the distributions and to retain its present credit rating.

The Parts

AT&T Broadband is potentially the industry juggernaut. AT&T has paid about \$100 billion over the last several years for Tele-Communications and Media One and has for the potential to offer phone services into 28 million homes. AT&T's goal was to sign-up 800,000 cable subscribers for phone service by year end. However, this target will not be met. New estimates project about 550,000 subscribers by year end, and this new estimate takes into account AT&T's promo for free service through January 31, 2001. Even with reduced estimates, revenue for the division is projected at \$9.6 billion for 2001 and has an expected CAGR of 16%. EBITDA estimates for 2000 are \$2.3 billion (EBITDA margin 23.9%), but EBITDA growth rates are projected to increase to 26% in 2001 to \$2.9 billion. As Broadband completes its upgrading of its cable lines, EBITDA growth rates should increase by 20% on an annual basis.

AT&T Wireless (NYSE:AWE) is the number 3 carrier and may become the industry leader with a national network in place. AT&T has approximately 14 million subscribers generating revenue forecasted at \$9.3 billion in 2001. AT&T Wireless is attractive because it is the largest network that is not a joint venture like Verizon Wireless (Verizon and Vodafone) and Cingular (SBC Comm. and BellSouth). As a stand alone entity, AT&T Wireless will have greater agility than it presently has under AT&T. Currently, 2001 EBITDA estimates are forecasted at \$2.7 billion and AT&T Wireless carry's \$1.9 billion of debt on the books, implying an enterprise multiple of 19X's 2001 projections.

Business Services, which will remain with AT&T is expected to generate revenues of \$28.5 billion in 2000 and boasts an impressive array of clients. However, competition from WorldCom and Qwest, to name a few, has been fierce. Business Services is expected to have a single digit growth rate as compared to

WorldCom's business services segment that is expected to grow in the mid-teens. In addition, because of the competition in this segment, estimates have margins falling by 300 to 400 basis points in 2001, from 37% to 33-32%. Management will probably have to be shore up this division by offering more data centers, hosting capabilities and addition services. Business Services is expected to grow in 2001 by 3% to \$29.3 billion while EBITDA is expected to decline to \$10.1 billion in 2001 from \$10.6 billion in 2000, a decline of 4.7%.

Consumer Services

Consumer Services will remain with Business Services but trade separately as a tracking stock. Consumer Services boasts 60 million long distance customers and is the largest provider of long-distance services, generating an estimated \$19.3 billion in revenues for 2000. The problem for Consumer Services is that revenue is declining by 20% Y-o-Y, which translates into a 32% EBITDA decline for 2001 to \$5.2 billion from \$7.6 billion. In addition, Verizon and SBC have recently begun to offer long distance in New York and Texas gaining 15% and 10% share, respectively. We believe BellSouth will begin offering long distance service in Georgia and Florida in 1Q01. We expect that competition in this segment will increase in the coming years as regionals file for s-271 relief. We would not be surprised to see more downward revisions for this segment.

Liberty Media?

We still do not know what will happen to Liberty Media, the cable and programming tracker. We would suspect that John Malone has plans that may not include AT & T, but this is only a hunch. Liberty Media currently has a market value north of \$40 billion, but how will the assets be distributed, if at all? AT&T could divest its Liberty Media stake after March 10th, 2001 without a large tax liability. An announcement before then could trigger a large tax liability for AT&T. We have listed some ownership percentages based on Liberty Media annual report.

Valuation

AT&T based on sum-of-the parts analysis is probably worth about \$38 per share, but we don't know what type of fire sale AT&T will hold to pay down debt. Credit agencies may still lower their ratings on AT&T, which will create greater borrowing costs for their \$33 billion commercial paper operation. Therefore, the current discount is probably warranted due to execution risks. However, for the patient investor, AT&T may hold upside potential as there breakup becomes more of a reality.

Sum of the Parts		Per Share	Total Value (000,000)	
AT & T Wireless (Tax Free)		\$ 10.94	\$ 41,072	
Time Warner Ent. 25% (est)		\$ 3.19	12,000	
ATHome 64 million shares		\$ 0.18	672	
AT&T Canada 15 million shares		\$ 0.12	444	
AT&T Latin 73 million shares		\$ 0.15	570	
Net2Phone 18.9 million shares		\$ 0.09	343	
Vodafone 75 million shares		\$ 0.71	2,667	
Cablevision 52 million shares		\$ 1.03	3,858	
Less 35% for tax		\$ (1.67)	\$ (6,260.45)	
Sum		\$ 14.74	\$ 55,366	
AT&T's Present Price		\$ 21.19		
AT & T less holdings		\$ 6.45		
Debt & preferred Sec			62,426	
Comcast /Cablevision Put on AtHome			2,250	
Wireless Debt			(1,954)	
Total Debt			\$ 62,722	
Unit	Multiple	2001E EBITDA	Market Value	Debt* Assignment
Business	4	9,800	39,200	17,780
Consumer	3.5	5,300	18,550	8,890
Broadband	10	2,900	29,000	33,375
	4.82	18,000	86,750	60,045
AT&T Stub Value		\$ 6.45	Market Value	Per share
Shares Out		3,756	Difference	Difference
Market Value		\$ 24,215	62,535	\$ 16.65
		Add Back Present Market Price		\$ 21.19
		Total Value		\$ 37.84
*Does not reflect sale of assets to pay down debt and debt is estimate per unit				
		Per Share	Market Value (000,000)	
Liberty Media		?	40,519	
Liberty Media Holdings				
Entity	Stake	Entity	Stake	
Video Programming				
BET Holdings	35%	BroadbandNOW	5%	
Court TV	50%	On Command	57%	
Discovery Comm.	49%	ACTV	16%	
E! Entertainment	10%	Bet.com	5%	
MacNeil/Lehrer Prod.	67%	CarsDirect.com	1%	
News Corp.	8%	DMX	100%	
Odyssey	33%	Drugstore.com	1%	
QVC	43%	HomeGrocer.com	1%	
Starz Encore Group	100%	iBeam Broadcasting	8%	
Telemundo Network	50%	iVillage	3%	
Time Warner	9%	MTVN Online	10%	
TV Guide	44%	Online Retail Partners	21%	
USA Networkkd	21%	OpenTV	4%	
Cable, Telephony, Satellite				
Sprint PCS Group	24%	Pogo.com	19%	
Teligent	34%	Priceline.com	2%	
iSKY	19%	Replay TV	1%	
XM Satellite Radio	2%	Sportline USA	3%	
Antec	19%	TiVO	1%	
Technoloav				
Motorola	3%	Emmis Comm.	12%	
Trueposition	100%	Cendant	7%	
Source: Liberty Media annual Report				

Recently Announced Spin-Off Situations

Cendant to Spin-Off Membership Services

Cendant Corporation (NYSE: CD) announced that it intends to spin-off 100% of the stock of a new company incorporating its individual membership and loyalty businesses to Cendant's shareholders in a tax-free distribution by the middle of 2001. The principal operating units of the new company will be Cendant Membership Services and Cendant Incentives. Cendant will retain its direct marketing businesses (FISI Madison, Benefits Consultants, CIMS and Long-Term Preferred Care) and continue to report these businesses in Cendant's Insurance/Wholesale business segment. The businesses to be spun off were at the core of CUC International, which merged with HFS Inc. to form Cendant. And the target of one of the largest corporate fraud cases ever. After the spin-off, Cendant will essentially be the old HFS plus insurance and Internet businesses. Cendant will reclassify its individual membership business segment as a discontinued operation. Shares of Cendant have fallen 63% to \$12 1/16 during 2000.

Cendant is the largest hotel franchiser in the world (Days Inn, Ramada, Super 8, and Howard Johnson) with more than 6,000 locations. The company also owns Resort Condominiums International (timeshare exchange), the Avis car rental franchise system, as well as 18% of Avis Group. Cendant has offered to buy the balance of the Avis Group stock that it does not own. In the real estate market, Cendant franchises real estate brokerages (Century 21, Caldwell Banker, and ERA) plus operates mortgage and relocation services. Earlier in the year, Cendant launched the relocation service and real estate Internet portal, Move.com. Recently, Cendant announced that it would sell Move.com to Homestore.com. For the quarter ended June 2000, revenues grew by \$9 million (1%) to \$1.14 billion. The company's net income increased by \$106 million (154%) to \$175 million.

The to-be-spun-off company contributed about 13% of Cendant revenue in 1999. The division became less desirable because of new SEC rules that required Cendant to record marketing costs immediately while waiting at least one year or later, or until membership term ends, to record revenues. Consequently, the faster the company grew, the worse its results appeared. The

fraud in this division as a part of old CUC International was widespread. The company created some \$500 million of revenues from 1995-1997; accounting errors were responsible for another \$200 million. Several former CUC executives have pleaded guilty. Cendant paid \$2.8 billion to settle a class-action lawsuit brought by shareholders. The spin-off will operate clubs that offer discounts on services such as travel and restaurant meals to fee-paying members. Scott Bernstein, currently the president of Cendant Membership Services, will be the CEO of the new company.

Homestore.com will acquire Cendant's Move.com real estate Internet portal in an all-stock transaction for 26.3 million Homestore.com shares, worth about \$761 million. Homestore.com will acquire Cendant's Move.com, apartment locator Rent Net, Welcome Wagon (direct marketing company) among other Move.com web sites. Homestore.com will also acquire the exclusive rights to the aggregated online residential real listing of Cendant's national real estate brokerage franchises for 40 years. In addition, Cendant will invest in Homestore.com's development of the Realtors® Electronic Transaction Platform (eRealtor.com™, the official real estate transaction program of the National Association of Realtors®). The acquisition is subject to a number of customary conditions, including the approval of Homestore.com shareholders and the Department of Justice.

Cendant will acquire all of the outstanding common stock of Fairfield Communities (NYSE: FFD) at \$15 per share, or about \$635 million. At least half of the consideration will be in cash; the other half will be either cash or Cendant stock. Fairfield is the largest vacation ownership company in the US (324,000 vacation owning households at 33 locations in 12 states plus the Bahamas). As a part the transaction, Fairfield may, at the request of Cendant, spin-off the property development portion of its business to Fairfield shareholders before the completion of the transaction. The new independent property development company would continue to serve as a developer of timeshare resorts. Cendant would serve as the exclusive sales and marketing agent for such facilities and would also

Recently Announced Spin-Off Situations

Constellation Energy to Spin-Off Merchant Energy

On October 23rd, Constellation Energy Group (NYSE: CEG) announced several initiatives to grow its merchant energy business and to provide electric and gas delivery and energy products and services to Central Maryland consumers. The initiatives include the separation of Constellation Energy Group's merchant energy business (which includes wholesale generation and power marketing) from its retail services business, an equity investment by Goldman Sachs in the merchant energy business, and a change in the dividend policy aimed at financing rapid growth.

After transforming itself from a Maryland utility into a merchant energy company, CEG will separate itself into two stand-alone and publicly traded energy companies headquartered in Maryland. One, Constellation Energy Group, will be a merchant energy (trading) business engaged in wholesale power marketing and generation in North America. The other, BGE Corp., will be a regional retail energy and energy services company. CEG will accomplish the separation through a tax-free spin to shareholders, that the company expects to complete by mid-to-late 2001. Goldman Sachs will own up to 17.5% of Constellation Energy Group, by contributing \$250 million and certain assets related to power marketing and trading. In addition, Goldman Sachs will assist in developing Constellation Energy Group's natural gas trading and power marketing operations. After taking an early retirement in January 2000, Edward A. Crooke will return to chair BGE.

The merchant energy business will own all of the company's unregulated power generation assets and the merchant energy trading and power marketing operations, including the Calvert Cliffs Nuclear Power Plant, the first nuclear plant in the nation to achieve license renewal. This combination of assets contributes to a diverse fuel portfolio with a low cost

position enabling the company to grow through a combination of development and acquisition. Upon the separation, the holding company of the retail services business will become BGE Corp. BGE Corp. will be the parent of Baltimore Gas & Electric, as well as the competitive retail companies that offer energy services and products for home and commercial use. Baltimore Gas & Electric will continue as a regional utility with a core regulated energy delivery business serving 1.1 million electricity customers and approximately 600,000 gas customers. BGE Corp will augment its core business through its several competitive affiliates, which provide energy services to customers in Central Maryland and throughout the mid-Atlantic region. Competition takes effect in Maryland in 2000. The merchant energy business has a goal of establishing control of a portfolio of over 30,000 megawatts of electric generation facilities by 2005.

Constellation Energy Group will maintain its current common stock dividend through January 2001. In a move closely aligned with its separation plan, effective April, 2001, Constellation Energy Group's annual dividend is expected to be set at \$.48 per share. After the business separation, BGE Corp. expects to pay initial annual dividends of \$.48 per share. Constellation Energy Group, as a growing merchant energy company, expects to initially reinvest its earnings and not pay a dividend in order to fund its aggressive growth plans. Beginning 2002, the post-spinoff Constellation is targeting annual earnings growth in the range of 20 to 25%.

Recently Announced Spin-Off Situations

FMC to Carve-Out Machinery Business

On October 31st, FMC Corporation (NYSE: FMC) announced a strategic restructuring that would split the corporation into two, independent publicly traded companies -- a machinery business and a chemicals business. The move will allow each business to strengthen their own identities, maximize growth potential and focus management expertise on their respective operations.

As the first step, FMC said it is planning an initial public offering of up to 20 percent of the machinery business by the second quarter 2001. FMC intends to use the proceeds from the offering to reduce FMC debt. Subject to market conditions, final board approval and a favorable tax ruling, FMC intends to make a tax-free distribution of the remaining shares of the machinery company by the end of 2001.

Under this plan, the chemicals business initially would continue to operate under the current FMC corporate structure. As independent companies, each business will have its own management team and board of directors. FMC said that FMC President Joe Netherland would run the machinery business, which will be headquartered in Chicago. The chemicals business ultimately will be headquartered in Philadelphia, with a management team to be announced at a later date.

Management pointed out the two groups had few synergies, with different customers, different technologies, different research and development requirements. The deal also would allow shareholders to realize the value inherent in both the machinery and chemicals businesses. Because FMC has operated as a diversified company, much of its inherent value, especially in the oil field services business, is not being recognized by the stock market. In the event that FMC does not complete the spin-off, FMC may pursue other strategic restructuring options. Merrill Lynch is financial advisor to FMC and is anticipated to be the lead underwriter for the planned initial public offering.

This next step better focuses FMC on providing technology and providing solutions to customers that meet the needs of the marketplace. FMC does not expect any significant impact on overall employment as a result of the restructuring, but acknowledged that re-assignments are likely next year, given the need to support the new structures of the businesses. Current responsibilities for line operations below the corporate level are unlikely to change, so reassignments are likely to be limited to Chicago staff.

The machinery company will comprise FMC's Energy Systems and Food and Transportation Systems businesses. In total, these businesses represent about \$2 billion in 1999 sales (50 percent of FMC's 1999 revenues) and more than \$160 million in operating profit. The largest business is the \$1.1 billion Energy Services business, which is focused on deepwater, offshore development of oil and gas fields. Its broad range of capabilities and fast-track technological leadership make FMC Energy Systems a market leader in providing integrated deepwater production systems. Revenues for Energy Systems have grown 15 percent per year since 1993, acquisitions added to growth in the subsea, floating production and measurement markets and strengthened FMC's Norwegian and Brazilian global position. In addition, year 2000 research and development expenditures are three times the 1996 level, strengthening the company's ongoing technology leadership position. Within the food processing industry, FMC FoodTech is a global food industry supplier and technology leader, holding number one or number two positions in the niches where it competes, including citrus systems, sterilizing, freezing systems and poultry processing. Equipment that FMC Airport Systems provides a standard for modern airports and airlines, from helping passengers board aircraft to loading cargo to deicing planes.

The chemicals business, totaling about \$2 billion in 1999 sales and more than \$280 million in operating profit, will be composed of FMC's specialty and industrial chemicals businesses, as well as its Agricultural Products Group. Within Specialty Chemicals, FMC applies leading-edge technology to highly specific applications in three major market areas: food ingredients, pharmaceuticals and specialty applications. Its biopolymer business is a leading supplier of carrageenan, alginate and microcrystalline cellulose used in food applications and in providing solutions to the pharmaceutical and personal care industries. Within Industrial Chemicals, FMC holds strong positions in three high-volume chemical groups: soda ash, hydrogen peroxide and phosphates. FMC's Agricultural Products business has a strong portfolio of crop protection products. Efforts focus on lower application rates, more environmentally compatible products, alternatives to insect-resistant products and products that can be adapted to developing countries. A genomics-based discovery strategy, focused on insecticides, holds the promise of future, cost-effective innovation.

Recently Announced Spin-Off Situations

Quantum to Carve-Out Snap Appliances

On October 24th, Data storage company Quantum Corp.'s DLT and Storage Systems Group (NYSE: DSS) said it planned to spin off its server appliance unit in an initial public offering. Quantum will sell less than 20 percent of shares in the unit, Snap Appliances Inc., as part of the offering. About six months after the offering, Quantum plans to distribute the balance of the shares to Quantum DSS stockholders. The distribution is subject to receiving a favorable ruling from the Internal Revenue Service and board approval.

Quantum DSS will be comprised of two business groups: Enterprise Solutions and DLTtape. The Enterprise Solutions Group, building on the Quantum/ATL brand, will grow the company's current position beyond leadership in tape automation systems, into storage solutions supported by direct sales and service capability. The DLTtape Group, the world's largest tape drive business, will continue to expand its leadership position in storage devices and media.

With Quantum DSS as a separate company, there will be greater market focus on data protection for enterprise markets, backed by tape automation, tape drives and media. The growth in e-business, particularly among Internet service providers, application service providers and dot.com companies is creating strong demand for sophisticated tape automation solutions for backup and archival of mission-critical data.

The company's Enterprise Solutions Group, comprised of ATL tape automation systems, is focused on sustaining growth in the market for mid-range and high-end library systems. The business is a provider of DLTtape(TM) libraries covering a full spectrum of workgroup, departmental, mid-range and enterprise-class applications. Providing one of the industry's most comprehensive product families ranging from desktop to data center, ATL library systems provide high-performance, reliability, cost-effectiveness and scalability for organizations requiring backup, archival and recovery of business-critical computer data. The

Enterprise Solutions Group also has a partnership with Network Appliance to deliver complete fiber channel and gigabit Ethernet (GbE) storage solutions. The Group will continue to work with other industry leaders, as it has with Network Appliance, Cisco, Veritas and others in the Open Storage Networking (OSN) initiative to deliver integrated solutions which realize the promise of reliability and openness for shared data in a networked environment.

Quantum's DLTtape Group will continue its industry leadership for tape drives and media, while growing the business beyond the recently introduced Super DLTtape (TM) platform to include new directions such as autoloaders, branded products and near on-line storage. With more than 1.5 million DLTtape drives and nearly 50 million DLTtape media cartridges installed to date, DLTtape technology is the de facto standard for back up and archiving of business-critical data from mid-range servers and high-end workstations. Last quarter, the company began shipments of its next-generation Super DLTtape products, which offer substantially higher storage capacities and quicker data transfer rates than standard DLTtape, but are part of the world's most widely-adopted, scalable, and compatible tape format.

Founded in 1980, Quantum Corporation is one of the world's leading storage suppliers. Its principal products include hard disk drives for both the desktop and high-end market segments, tape drives, network attached storage (NAS) appliances, solid state systems, hard disk drive appliances for consumer electronics, and DLTtape (TM) automation systems. In 1999, Quantum became the first Silicon Valley company to issue tracking stocks, replacing its existing common stock with the ticker symbols DSS and HDD, which track the separate performance of the company's DLT and Storage Systems and Hard Disk Drive businesses. Both trade on the NYSE. Selling its products through OEM and distribution channels worldwide, Quantum's sales for the fiscal year ended March 2000 were \$1.4 billion for Quantum's DLT and Storage Systems Group and \$3.3 billion for Quantum's Hard Disk Drive Group.

Recently Announced Spin-Off Situations

Unitrin to Spin off 44% Stake in Curtiss-Wright

On November 6, Curtiss-Wright Corp. (CW), a supplier of engineering products and services and its shareholder Unitrin (Nasdaq:UNIT) said they agreed to a spin-off of Unitrin's stake in Curtiss-Wright. Unitrin owns 44 percent of Curtiss-Wright. The spin will take the form of a tax-free distribution to Unitrin's shareholders and will be completed in the first half of 2001. Unitrin shareholders will receive about 6.5 shares of Curtiss-Wright stock for every 100 shares of Unitrin stock owned. The Curtiss-Wright stock is valued at \$222 million, or about \$3.20 per share. Curtiss-Wright also said its board had approved a special cash dividend of \$0.25 a share for Curtiss-Wright shareholders as part of the deal. Curtiss-Wright's shares closed up \$1-1/8 at \$50-3/4 on the New York Stock Exchange and Unitrin's shares rose 3/16 to close at \$31-1/8 on the Nasdaq.

Curtiss-Wright performs metal treating and makes actuation systems used to control wing flaps aircraft including the F-16 Falcon fighter and V-22 Osprey. It also makes highly engineered valves for US Naval nuclear propulsion systems and performs shot peening and heat treating for metal durability and shaping in the automotive and construction equipment industries. US government sales made up 17% of revenues. Other customers include Boeing and Lockheed Martin, and most sales are in the US. Curtiss-Wright produced \$293 million in revenue in 1999 and profit of \$39 million. The company has 10 million shares outstanding and a current market value of \$507 million.

Unitrin is an insurance holding company with four segments: property/casualty, life and health, direct insurance, and consumer finance. United Insurance Company of America and subsidiaries sell traditional and group life insurance and individual health and Medicare supplement policies. Trinity Universal and subsidiaries offer automobile, homeowners, fire, commercial, and workers' compensation. Fireside Thrift finances used automobiles and makes personal loans. Unitrin sold its Pyramid Life Insurance unit to the Ceres Group and bought Valley Group from White Mountains Insurance Group (formerly Fund American Enterprises Holdings). The company holds big stakes

in a handful of companies, including Litton Industries and Unova Inc. Unitrin reported \$1.85 billion in sales in 1999 and generated \$201 million in net income. Unitrin has 67.9 million shares outstanding and a current market value of \$2.1 billion.

According to Chicago-based Unitrin, all of the 4.28 million Curtiss-Wright shares held by Unitrin will be exchanged for an equal number of new Class B Curtiss-Wright shares that will be entitled to elect 80% of the Curtiss-Wright board but otherwise be identical to the company's existing common. This is required in order to attain a tax-free ruling from the IRS. To accomplish a tax-free spin-off, among other things, the distributing corporation must, immediately prior to the distribution, be "in control" of the corporation whose shares it is distributing and, for this purpose, control (as defined in Section 368 (c)) means ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80% of the total number of shares of each class of the non-voting stock. In order to satisfy this control requirement, as Harcourt (with respect to Neiman Marcus) and IMS Health (with respect to GartnerGroup) did before it, Curtiss-Wright will be effecting a preliminary recapitalization in which it will create a new class of stock the holders are entitled to elect 80% of the members of its board. Unitrin will then swap its existing Curtiss-Wright shares for this newly created class of "super-voting" stock, which it will then distribute to its shareholders in a tax-free spin-off. As a carrot to induce the minority shareholders to approve the plan, Curtiss-Wright will be remitting to them a special cash dividend of \$0.25/share.

This transaction continues to work under the law as it currently exists. For the past several years, the Clinton administration has proposed a change in the definition of control, for spin-off purposes (requiring the ownership of 80 percent of not only the voting power but, also, the value of the outstanding stock). The proposal has not garnered much support in congress.

Recently Announced Spin-Off Situations

Williams to Carve-out Williams Energy Partners

In a recent SEC filing, Williams Companies (NYSE: WMB), the number 2 US natural gas pipeline operator, revealed that it will offer a 32% stake in its Williams Energy Partners LP, (WEP). WEP will principally engage in the storage, transportation and distribution of refined petroleum products and ammonia. Williams Cos. will offer 3.75 million common units (32% of ownership), that will list on the NYSE under the symbol "WEG". The filing estimated that the total proceeds would be as much as \$90.6 million (if the underwriters exercise an option to sell an additional 562.5 thousand units). Based on a hypothetical unit price of \$20, WEP expects to receive net proceeds of \$70.1 million. The company will use the proceeds from the offering with \$90.1 million from its line of credit to repay \$156 million of debt owned to Williams Cos. Lehman Brothers is expected to begin the sale of the units in January 2001. Williams Cos. will own a 68% interest in the limited partnership and serve as the general partner, through Williams GP LLC, its wholly owned subsidiary. As a result, Williams GP may have conflict of interests issues between WEP unitholders and Williams Companies.

The partnership consists of a terminal network to link oil and gas refineries to end users of gasoline and other refined petroleum products. Specifically, the partnership has three petroleum products terminals along the Gulf Coast and one along the New York Harbor, 24 inland petroleum product terminals and an ammonia pipeline. The four marine terminals have a storage capacity of more than 17.6 million barrels. The marine terminal facilities are located in close proximity to refineries and are large storage and distribution facilities that handle refined petroleum products, blendstocks and heavy oils and feedstocks. The inland terminals are located in the southeastern United States and are primarily located along third party pipelines. The 1,100-mile long ammonia pipeline

transports and distributes ammonia, which is produced from natural gas, from production facilities in Texas and Oklahoma to distribution points in the Midwest for use as an agricultural fertilizer. The company does not take title to the products that it stores, transports and distributes, and has little direct exposure to commodity price fluctuations.

The products that WEP stores in and distributes through its terminal network include refined petroleum products, blendstocks, and heavy oils and feedstocks. Refined petroleum products are the output from refineries that consumers often use as fuels. Refined petroleum products include gasoline, diesel, jet fuel, kerosene and heating oil. Blendstocks are blended with other products to change or enhance their characteristics such as increasing a gasoline's octane or oxygen content. Blendstocks include products such as alkylates and oxygenates. Heavy oils and feedstocks are products that refineries and petrochemical facilities often use as burner fuels or feedstocks for further processing. Heavy oils and feedstocks include products such as #6 fuel oil and vacuum gas oil. For the six months ended June 30, WEP had actual net income of \$2.8 million on operating revenue of \$36.6 million. For the same period last year, the company had a net income of \$4.7 million on net revenue of \$15.2 million. Williams Energy will offer holders of the units a quarterly dividend of \$0.52 per unit each quarter, or \$2.10 per unit each year.

Recently Announced Spin-Off Situations

WorldCom Announces MCI Tracker

On November 1, WorldCom (NASDAQ: WCOM) announced that they would create a tracking stock for its consumer wholesale and long-distance voice services. The tracker will be called MCI and trade under the ticker "MCIT". Each WorldCom shareholder will receive one share of MCI for every 25 shares of WorldCom. WorldCom has 2.8 billion shares out-standing which implies that MCI will have 114.8 million tracking shares. The announcement of the tracker comes as no surprise, given that WorldCom indicated its intention in July (August report). However, the shocker in the tracking announcement was that once again the company revised its growth rate lower from 10%-12% to 7%-9% and reduced cash earnings guidance to \$1.65 from \$2.65. In 1999, WorldCom posted a growth rate of 16%. WorldCom's new guidance is a reflection of realistic growth targets given competitive pressures, but WorldCom's timing for the announcement could not have come at a more inopportune time following the AT & T decision to break up. Although WorldCom's business model is quite different from AT & T's cable/phone model, its investors, tired of industry disappointments, have pushed WorldCom to new one year lows.

The slower growth and earnings guidance are probably a result of WorldCom's renewed focus on its business after its attempt to win government approval of the merger with Sprint that failed. WorldCom made its bid for Sprint in an effort to gain Sprint's wireless PCS Group business. However, European regulators blocked the deal because they feared it would create an Internet backbone monster, while U.S. regulators objected because it would decrease competition in the domestic long-distance market. The US argument seems mute since SBC Communications and Verizon have both entered the long distance market, each signing up over million customers. WorldCom will now focus on its

performance over the next year to regain investor confidence and garner a return to higher multiples. It will take several quarters to regain investor confidence given investors' skepticism about WorldCom's revised estimates. In addition, WorldCom's renewed focus on its core businesses would indicate that there are no plans for any wireless transaction on the horizon.

Valuation

MCI 's 2001 revenue guidance is forecasted at \$15.2 billion (down 8%) from 2000 estimates of \$16.2 billion and EBITDA is projected at \$3.2 billion (down 28.8%) from 2000 estimates of \$4.5 billion. MCI is also expected to carry \$7.5 billion in debt. MCI will focus on cash flow generation and will have an annual dividend of \$300 million per year. Shareholders of MCI will undoubtedly wish to be well compensated through dividend payments to own a declining business and we would expect a yield of at least 9%, given present market conditions. If we divide \$300 million in dividend payments by 115 million shares we end up with \$2.60 per share, and assuming a 9% yield, we estimate that the MCI tracker will be worth \$29.00 (top end) post distribution or about \$1.16 per current WorldCom share. Also, we would expect MCI to come under initial selling pressure because of its narrow dividend appeal to investors.

WorldCom (ex-MCI) is expected to generate \$26 billion in revenue for 2001. Growth targets for WorldCom segments are data (20-23%) International (20-25%) Internet dedicated (40-50%) and voice (negative 6-8%). WorldCom ex-MCI forecasts about \$9.2 billion in EBITDA for 2001, and will have \$17 billion in proportioned debt. If the market assigns a 7x Enterprise/EBITDA multiple we derive a \$17 per share value for WorldCom ex-MCI. **Combined, WorldCom's sum of the parts value equals \$18.16 per share.**

Fresh Foreign Spin-Off Situations

BG Group Completes Spin-Off of Lattice Group

On October 23rd, BG Group Plc (NYSE: BRG ADR 1:5, BG LN) completed the spin-off of its UK gas pipelines network and telecom business called Lattice Group (LAT LN). Each BG Group shareholder received one share of Lattice Group for every share held of BG Group. Post spin-off there are approximately 3.5 billion shares outstanding of each company. On November 9, share prices were 160 Pence and 269 Pence for Lattice and BG Group, respectively. Based these prices, the company's market values are £5.6 billion and £9.4 billion, respectively. The spin-off leaves BG Group with only its international gas and oil explorations. The spin-off marks a final step in the dismantling of the U.K.'s natural gas monopoly.

Lattice Group holds the former BG group's pipeline and distribution business. Lattice's core business is Transco, a UK regulated utility that manages a national pipeline grid and liquefied natural gas storage facilities. Revenues are projected at £3 billion and £3.15 in 2000 and 2001, respectively. The 275,000-kilometer (170,500-mile) grid of gas mains supplies 20 million consumers and 60 gas shippers. The Transco business will have a new pricing structure in April of 2002. After this date, the new pricing regime will impact revenues and earnings. Revenues are expected to drop by 6% in 2002 from 2001. Lattice's 2001 EBITDA is expected to be around £1.55 billion in 2001 but is expected to drop by 4% in 2002 because of the new pricing structure. BG Group transferred most their debt onto Lattice saddling them with £6.7 billion in short and long-term debt. At current values, Lattice has a 2001 Enterprise/ EBITDA multiple of 7.9x.

Lattice Group also has inherited BG Group's telecommunications holdings, including a mobile joint venture with US-based SpectraSite, to install a network of telecommunications towers in Europe.

Subsidiary FPLTelecom will lay a fiber-optic network along Transco's gas lines at an estimated cost £332 million over the next two years. Once finished, the network will connect twelve major centers to connect to third party networks. FPL Telecom expects to complete the first part of the network in spring 2002.

BG Group will now focus on oil and gas exploration. Recently, BG Group and partners signed a \$1.06 billion deal to drill, process and transport oil and gas in northern Kazakhstan's Karachaganak field. As a pure play international exploration and production company, it has both upstream and downstream operations. BG Group would like to see itself as a major player in the industry, but given its size is caught in the middle. BG Group's proven gas reserves are only 5 tcf as compared to the smallest major, Texaco's 8 tcf, but larger than Enterprise and LASMO. In addition, Texaco plans to merge with Chevron that would put them even further apart.

BG has upstream interests in over 20 countries and is reviewing seven additional countries. BG Group operates within UK offshore waters and overseas and has growing international presence including operations in Trinidad, Egypt and Gaza. BG Group has targeted a 15% growth rate with a planned upstream capex program totaling \$5 billion through 2003. In addition, BG Group owns 45% of Metrogas (249 million shares) included in their downstream assets.

Fresh Foreign Spin-offs

Syngenta Spun from Novartis and AstraZeneca

Syngenta (SYT-ADS) is a leader in crop protection chemicals (23% global market share) market and the number three in seeds. This is a Swiss firm that is being formed by the combination of the agricultural businesses of Novartis and AstraZeneca. The firm competes with Aventis, Monsanto (a recent spin from Pharmacia) and BASF. This is not a standard spin. This is international deal and has not been filed with the SEC. All of the shares are being spun-off to existing Novartis and AstraZeneca shareholders. Novartis shareholders will get shares via a rights issue. **One Novartis share entitles the owner to acquire one share of Syngenta. AstraZeneca shareholders will receive one share in Syngenta for every 40.2 shares of AstraZeneca held.** There is also a small offering (22.5 million shares) as part of the spin-off and the company plans a 10% share buyback immediately after the listing. For tax reasons the buy back will only be of Syngenta shares and ADS's held by AstraZeneca shareholders. To facilitate this, there will be two separate quotes for Syngenta, one for AstraZeneca shareholders and the other for Novartis shareholders. The cost of the buyback will be reimbursed by Novartis (61%) and AstraZeneca (39%)

Because it will be a Swiss firm, it is not eligible for inclusion in the FTSE indices, unlike parents Novartis and AstraZeneca. Consequently **there may be some early selling pressure by parent shareholders liquidating the distribution.** It is

expected that Syngenta will be separately quoted from November 13th, 2000. If the market assigns a market value similar to Monsanto (NYSE:MON), we think Syngenta could be worth about \$7.5 billion (assuming an EV/EBITDA multiple of 8.0x 2001 estimate). The spin-off will be achieved via a rights issue to Novartis shareholders and a dividend to AstraZeneca shareholders. However, for accounting purposes the creation of Syngenta will be treated as an acquisition of the Zeneca business by Novartis Agribusiness. This treatment creates significant goodwill—the June pro forma balance sheet contains total intangible assets of \$5.6 billion. Agrochemicals are synthetic chemicals, which protect plants from weeds, insects and fungi. This is a very slow growth market (perhaps 2%).

Syngenta produced \$7.3 billion in sales in 1999 and \$320 million in operating profit (4.4% margins). EBITDA in 1999 was \$1.25 billion. Syngenta is projected to have about \$4.4 billion in net debt.

Fresh Foreign Spin-Off Situations

Novo Nordisk to Spin-Off Novozymes

On November 2nd, Danish pharmaceuticals and industrial enzymes company Novo Nordisk (NYSE: NVO ADR 2:1 , NOVO DC) said it will split into two separately listed companies later this month. One will be the company's health care business, which will retain the name Novo Nordisk; the other will be its industrial enzymes business to be called Novozymes. Novo Nordisk has scheduled an extraordinary general meeting on November 13 for its shareholders to approve the divestiture of Novozymes. Upon approval, shareholders will receive one B share in Novozymes for every B share they own in Novo Nordisk. This divestiture follows the November 3 initial public offering of Novozymes on the Copenhagen Stock Exchange that will list November 17th, on the Copenhagen Exchange under the ticker (NZUMB DC). Novo Nordisk put a market price tag of over 11.3 billion crowns (\$1.4 billion) on Novozymes, pricing an offering of 4.75 million shares in the unit in a range of 125-160 Danish crowns (\$14.51-18.57) per share. The offer, for 75 percent of Novozymes ordinary shares including a greenshoe option of 750,000 shares, priced below expectations of about 180 crowns per share in a 150-205 crown range. After the distribution, the Novo Nordisk Foundation will continue to own 25% of the total share capital and 69% of the voting power of Novo Nordisk and Novozymes.

The **new Novo Nordisk** will continue as the world leader in diabetes care. The company is the world's largest producer of insulin, about 45% of the insulin market. Other diabetes treatments that the company offer injection and monitoring systems as well as oral treatments. The company also offers hormone replacement products and hemophilia treatment (NovoSeven®).

Novozymes develops, produces, and sells enzymes for industrial use for technical, food and animal feed markets. Enzymes are biological catalysts in the form of proteins that drive chemical reactions in the cells of living organisms. The company will use advanced technologies including microbiology, modern gene technologies, molecular evolution, and large-scale fermentation to develop enzymes. The company expects to launch between 15-25 new products from 2000-2002. The technical, food and animal feed segments accounted for 73%, 22%, and 5% of Novozymes' sales, respectively.

On October 23, Novo Nordisk split-off its Seattle-based research division, **ZymoGenetics**, in a \$150 million private placement. Novo Nordisk sold about 35% of ZymoGenetics to a group led by E.M. Warburg, Pincus & Co. Although Novo will retain 51% of all of the shares, it will control 49% of the voting shares. Employees will own about 14% of ZymoGenetics' shares. The company, which focuses on the discovery and development of protein therapeutics that prevent or treat significant human diseases, has discovered several drugs that Novo Nordisk has on the market. After the sale, the company will focus on treatments for cancer and autoimmune diseases. ZymoGenetics will use the proceeds to advance development of the company's lead therapeutic candidates into clinical trials. The transaction is subject to the approval by U.S. regulators. This move may be a precursor to a possible public stock offering in the future.

Fresh Foreign Spin-Off Situations

Pearson Group Carves-Out Recoletos

Recoletos (REC SM), the Spanish media group that UK-based Pearson Plc (PSON LN) owns, priced shares in its initial public offering at €12 per share, valuing the company at €1.57 billion (\$1.32 billion). The value is below the indicative share price of €12.75 to €15 which the media group had hoped to obtain. Although the offering was 6.3 times subscribed, the lower-than-planned pricing reflected investor concerns about the European media sector. Other European media companies have put planned flotations on hold as investor sentiment has turned against the sector. The Recoletos offering reduces Pearson's stake to 78.9 percent from 99.4 percent. The offering consisted of 7.52 million new Recoletos shares and 17.95 million existing shares that Pearson currently owns.

Recoletos Compañía Editorial is a leading media group on the Iberian Peninsula. It sells about 900,000 copies of its newspaper titles each day, and its weekly and monthly magazines have a combined circulation of about 500,000. It publishes Spain's financial and business publication *Expansión* and popular European sports newspaper *Marca*. Recoletos also has a 30%



stake in Unedisa, which publishes daily newspaper *El Mundo*. The company also has a 50% stake in Portuguese newspaper publisher Economica and has expanded into TV broadcasting with a 10% stake in Antena 3 and a 5% stake in satellite digital platform Via Digital.

Pearson Plc is the world's largest publisher of educational materials through imprints like Prentice Hall, while its Penguin Group trade-publishing unit produces books through imprints including Penguin and

Pearson Group (PSON LN)

Price (11/10/00)	1,675 p	Fiscal Year	Dec.
52 Week Range	2,375 p – 1,267.86p	Price/Sales	3.5 x
Shares Outstanding	691.26 b	Price/Book	8.83 x
Market Cap	£12.37 b	Est 2000 EPS	53.274
Book Value Share	1.925	P/E	31.4 x

Announced Foreign Spin-Offs

Kingfisher to Spin-Off General Merchandise

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 Toogood 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

Kingfisher PLC (London: KGF)

Price (11/6/00)	415.5 p	EPS 2000	0.303 p
52 Week Range	740 p – 343.5p	EPS 2001	0.265 p
Shares Outstanding	1,395 b	Price/Book	2.15
Market Cap	5.75 b	EV/EBITDA	8.40

Announced Foreign Spin-Offs

Lynx to Spin Off its Office Management Software

On November 1, Lynx Group (LSE: LNX) a U.K. computer software provider, said it plans to spin off its office management software unit early next year to focus on its financial software unit. The Oxfordshire-based company said it would create a separate listed company, **Ascent**. Management expects Ascent to be valued at no less than £50 million (\$72.5 million). Ascent sells Sage Group Plc and SAP AG software to small and medium-size companies.

Lynx Group is a provider of software and systems to the financial, commercial and communications sectors. Lynx offers customers a managed services proposition and consulting to blue chip multinationals, large corporations and local governments. These customers are fuelling international growth, as they demand cross-national deployment and support for their Lynx systems. About 60% of Lynx's sales come from its Computer Services Division, which offers computer products, services, and training. The company's Software and Systems Division provides proprietary and third party systems for financial institutions, commercial customers, and the automotive industry. Lynx sells products enabling car dealers to

communicate electronically with buyers and other computer services. The company stated back in July that it wants to sell its automotive unit. Lynx Financial Systems supplies Lynx-owned software and systems to retail banks, building societies, asset finances and credit companies, offshore fund management and trusts administrators and pension scheme managers. In the face of declining hardware sales, Lynx plans to focus on expanding its consulting business. Customers include Barclays, Citigroup, and Tesco. The Group was founded in 1991 and over the last six years (93-99) turnover has grown from £11million to £212.5million.

Lynx Group (LNX LN)

Price (11/10/00)	102 p	Fiscal Year	Sept.
52 Week Range	372.8 p – 92.5p	Price/Sales	052 x
Shares Outstanding	109.72 b	Price/Book	13.94 x
Market Cap	118.49 b	Est 9/01 EPS	7.156
Book Value Share	0.074	P/E	14.3 x

Announced Foreign Spin-offs

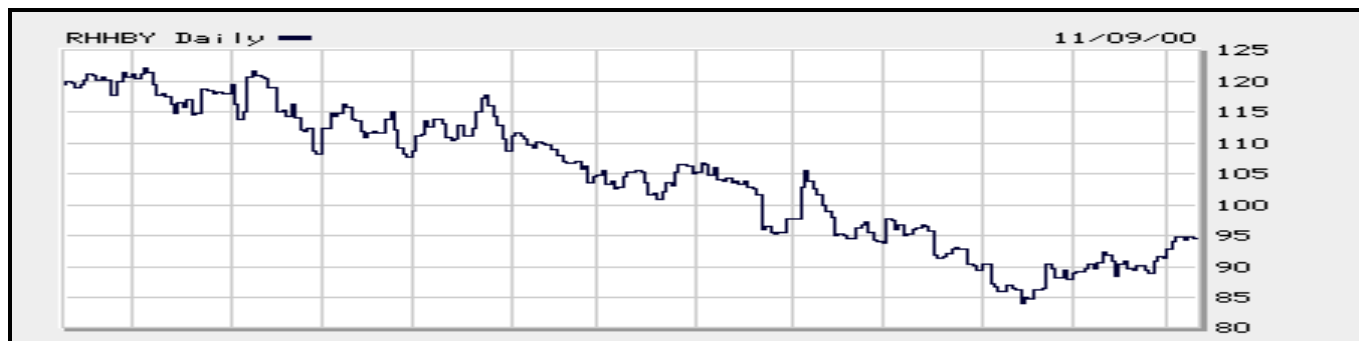
Roche Holdings to Spin-Off Antiviral Division

On October 17th, **Roche Holding AG** (RHO GR, RO SW) announced the creation of an independent biotech company named **BASILEA Pharmaceutica** to develop drugs in the areas of infectious diseases and dermatology. Over the last 15 years, Roche has established intellectual property in antibiotics, antifungals and dermatology that it will integrate in the formation of BASILEA. Roche is exiting the infection-fighting medicines business to focus on treatments and diagnostic tests for conditions such as diabetes and cancer.

Roche is going to supply the spin-off will start with a strong portfolio of five compounds entering phase I and II development, two projects in late stages of preclinical research and ten projects at the stage of lead optimization. BASILEA will develop new medicines through the use of cutting-edge technologies, as well as the latest in genomics, biochemistry and biophysics, plus combinatorial and medicinal chemistry. The company will also integrate Informatics into all processes as a major driver of efficiency in drug discovery. Natural product screening, historically a source of novel medicines for the treatment of microbial diseases, will be an additional strength of BASILEA. Former Roche

employees primarily will constitute BASILEA Pharmaceutica's management and staff.

Management revealed that Roche would receive milestone and royalty payouts from BASILEA. Roche maintains the products' rights so at given steps in the development process the company has the option to reacquire the products. Roche has invested 50 million Swiss francs in the new firm, which Roche will launch as a private company within weeks. Roche will maintain a minority equity stake in BASILEA but declined to name other investors. Roche has not ruled out a stock market listing as a possible future option.



Potential Spin-Off Situations

Edison International's Spin-off Potential

Edison International, (NYSE: EIX) is engaged in the business of holding, for investment, the stock of Southern California Edison Company (SCE), a California public utility corporation. As of December 31, 1999, Edison International also owned other subsidiaries engaged in non-utility businesses. These nonutility companies are: Edison Mission Energy (EME), which is engaged in developing, acquiring, owning, and operating electric power generation facilities worldwide; Edison Capital, a provider of capital and financial services for energy and infrastructure projects; Mission Land Company, which is in the business of managing and selling real estate projects; and Edison Enterprises, which provides integrated energy services, utility outsourcing, and consumer products and services.

Edison's high growth engine (power generation) could be a potential spin-off candidate, some time down the road, from the utility side. With approximately 28,000 megawatts of unregulated capacity, all fully operational, and roughly \$29-\$30 per share embedded within the non-utility business, it seems a likely candidate for some form of a spin-off in the not-too-distant future.

The Company had revenues of \$9.7 billion in 1999 compared to \$8.9 billion in 1998. **SCE** is a public utility primarily engaged in the business of supplying electric

energy to a 50, 000 square-mile area of Central and Southern California, excluding the City of Los Angeles and certain other cities. This SCE service territory includes approximately 800 cities and communities and a population of more than 11 million people. **Edison Mission Energy**, primarily through its subsidiary corporations, is engaged in the business of developing, acquiring, owning, and operating electric power generation facilities worldwide. **Edison Capital** is a provider of capital and financial services in energy and infrastructure projects, including power generation, electric transmission and distribution, transportation, telecommunications, and affordable housing. **Mission Land Company** was formed to develop, own and manage industrial parks and other real property investments. Mission Land plans to exit the real estate business in an orderly manner and to recover a substantial amount of the outstanding investment. **Edison Enterprises** was organized to own the stock and coordinate the activities of Edison International's retail products and services business. The current Edison Enterprises businesses include Edison Select, Edison Source, and Edison Utility Services. Edison Select is engaged in the business of providing home services to consumers, and currently provides electrical repair services under the Edison OnCall name, as well as providing security services through Edison Security.

Edison International (NYSE: EIX)

Price (11/10/00)	\$22.56	Fiscal Year	Dec
52 Week Range	\$30 – \$15 1/4	Price/Sales	0.81 x
Shares Outstanding	349 m	Price/Book	1.56 x
Market Cap	9.14 b	Est 2000 EPS	2.00
Book Value Share	\$14.45	P/E	11.3

Potential Spin-Off Situations

Invensys Considering Spin-Off

On October 25th, British engineering group **Invensys Plc** (ISYS LN) is considering spinning off its power systems business and listing it on the Nasdaq Stock Exchange. Much of the optimism on Invensys' power systems business stems from the information technology and telecom industries' need for a reliable supply of power. Among the division's operations are Hawker Batteries, Lambda power conversion systems, Best Power and Exide Electronics. Around 35 percent of this division's turnover come from Europe; around 33 percent from North America and around a quarter from the Asia Pacific region, where the power infrastructure is struggling to keep pace with telecom and IT growth.

Engineering group **Invensys** was formed in 1999 when control maker Siebe bought larger UK diversified industrial manufacturer BTR. The merged company makes thousands of control and industrial products, from simple stovetop knobs to industrial automation systems. The global company also makes semiconductor surge protection devices, factory control and specialty engineering equipment, air compressors, and safety shutdown systems. It is

developing Internet standards for consumer appliances with Microsoft.

Invensys' power systems division is based in North Carolina and reported a 25 percent increase in sales in for the year ended March 2000, of £1.38 billion (\$1.99 billion), over a fifth of Invensys' revenues, with profits of £198 million. The current break-up value of the power systems business could exceed over £2.5 billion pounds. Currently, Invensys has 3.5 billion shares outstanding and a market cap of £5.3 billion. Based on the breakup value of the power systems division, it could be worth almost half of the parents value. The industry in which it operates, power controls and energy storage products for computer, automation and telecom industries, is growing at a double-digit rate.



Invensys (ISYS LN)

Price (11/10/00)	151.5 p	Fiscal Year	March
52 Week Range	352 p – 119p	Price/Sales	0.72 x
Shares Outstanding	3.741 b	Price/Book	5.18 x
Market Cap	10.42 b	Est 3/01 EPS	14.70
Book Value Share	0.293	P/E	10.3

Potential Spin-Off Watch List

Parent	Symbol	Potential Spin-Off	Report Date
Able Telecom	ABTE	Broadband Networks	Mar-00
American Standard	ASD	Medical System Group	Aug-99
Arel Communications	ARLCF	ArelNet	May-00
Autozone	AZO	Internet Sales Unit	May-00
Aventis	AVA	Crop Science	Oct-00
Best Buy	BBY	E-Commerce Subsidiary	Dec-99
British Telecommunications	BTY	Internet Business	March-00
Bright Station	BSTN	4 units	June-00
Carolina Power & Light	CPL	Interpath Communications	May-00
Delphi Automotive	DPH	High Tech supplier business	April-00
Degussa-Huels		Dental Unit	June-00
Dupont	DD	Life Sciences	April-99
Edison International	EIX	Independent Power	November-00
Elcor	ELK	Cybershield	April-00
eToys	ETYS	Babycenter Unit	Sept-99
eToys	ETYS	eToys Europe	May-00
Hilton Group Plc.	HLTGY	Betting and Gambling Business	Mar-00
Invensys	ISYS LN	Power Systems	November-00
JC Penney	JCP	Eckerd Drug Chain	June-00
Kmart	KM	Bluelight.com	Mar-00
Litton	LIT	Electronics Division	April-00
Novell	NOVL	Internet Content Division	Sept-00
Omnicom Group	OMC	Career Mosaic	Jan-00
Phillip Morris	MO	Kraft	July-00
Reuters	RTRSY	Web Security Financial Network	Mar-00
Reuters	RTRSY	Instinet	Jan-00
Reynolds and Reynolds	REY	Document Services	May-00
Quest	Q	Cyber.Solutions	August-00
Targeted Genetics	TGEN	Cell Therapy Division	Sept-00
United Technologies	UTX	Fuel Cell Division	April-00
U.S. Plastics Lumber	USPL	Environmental Services Unit	Jan-00
Westell Technologies	WSTL	Conference Plus	Jan-00
WorkFlow Management	WORK	iGetSmart	June-00

Insider Transactions

Company Name	Ticker	Insider Name	Rel	# of Shares	Trans Type	Trans Date(s)	Trans Price(s)	Total Holdings
3COM Corporation	COMS	STARR, DAVID	-	30,000	144	9/28/00	-	-
3COM Corporation	COMS	STARR, DAVID H.	SR VP	30,000	B*	9/28/00	\$5.05	-
3COM Corporation	COMS	STARR, DAVID H.	SR VP	30,000	S	9/28/00	\$17.50 - \$17.00	-
3COM Corporation	COMS	JOYCE, RICHARD	OFF	210,000	B*	9/29/00	\$11.73 - \$5.54	-
3COM Corporation	COMS	JOYCE, RICHARD	SR VP	210,000	S	9/29/00	\$19.50 - \$16.88	-
AMR Corp.	AMR	MILES, MICHAEL A.	DIR	-	3	9/22/00	-	-
AMR Corp.	AMR	MILES, MICHAEL A.	DIR	-	3	9/22/00	-	-
Apollo Group	APOL	NELSON, TODD S.	-	100,000	144	10/10/00	-	-
Apollo Group	APOL	SPERLING, PETER V.	-	250,000	144	10/10/00	-	-
Apollo Group	APOL	WEIR, THOMAS	DIR	12,500	144	10/10/00	-	-
Apollo Group	APOL	KLOR DE ALVA, JORGE	-	64,584	144	10/13/00	-	-
Apollo Group	APOL	SPERLING, JOHN '94 IRV	-	250,000	144	10/19/00	-	-
Arch Coal	ACI	BURKE, FRANK M.	DIR	-	3	9/7/00	-	30,000
Arch Coal	ACI	BURKE, FRANK M.	DIR	-	3	9/7/00	-	30,000
Ashland Inc.	ASH	CHELLGREN, PAUL W.	CEO	13,617	JS	9/6/00	\$35.88	86,211
Ashland Inc.	ASH	CHELLGREN, PAUL W.	CEO	15,000	B*	9/6/00	\$30.75	-
Ashland Inc.	ASH	CHELLGREN, PAUL W.	CEO	43,091	JB	9/8/00	\$34.81	81,463
Baxter Int.	BAX	DEL SALTO, CARLOS A.	OFF	9,063	S	9/7/00	\$81.88 - \$81.75	99,418
BellSouth Corporation	BLS	FORSEE, GARY D.	OFF	709	JS	9/1/00	\$38.00	7,291
Cabletron Systems,	CS	KIRKPATRICK, DAVID J.	CFO	10,000	B*	10/4/00	\$7.25	28,000
Cabletron Systems,	CS	KIRKPATRICK, DAVID J.	CFO	10,000	S	10/4/00	\$28.50	-
Cabletron Systems,	CS	FIALLO, ENRIQUE PABLO	OFF	2,811	144	10/24/00	-	-
Cabletron Systems,	CS	HUMPHREYS, EARLE S.	OFF	2,589	144	10/24/00	-	-
Cabletron Systems,	CS	KIRKPATRICK, DAVID J.	OFF	4,545	144	10/24/00	-	-
Cabletron Systems,	CS	PATEL CHILDREN'S	OFF	5,697	144	10/24/00	-	-
Cabletron Systems,	CS	PEREIRA FAM TR R&J 7/98	OFF	22,311	144	10/24/00	-	-
Cabletron Systems,	CS	SKUBISZ, MICHAEL &	OFF	2,559	144	10/24/00	-	-
Cabletron Systems,	CS	JAEGER, ERIC	OFF	3,375	144	10/26/00	-	-
Cablevision Systems	CVC	DOLAN, CHARLES F.	CB	75,300	JS	9/25/00	-	143,296
Cabot Corp.	CBT	ANDERSON, JOHN E.	VP	2,420	B	9/1/00	\$36.94	15,960
Cadence Design Sy s-	CDN	SANGIOVANNI-VINC., AL	DIR	5,000	B	9/12/00	\$23.94	41,959
Cadence Design Sy s-	CDN	BUSHBY, KEVIN	OFF	10,000	144	9/15/00	-	-
Cadence Design Sy s-	CDN	BUSHBY, KEVIN	SR VP	10,000	S	9/15/00	\$26.81	1,385
Comdisco, Inc.	CDO	KASH, RICK	DIR	1,586	JS	9/29/00	\$20.19	120,103
Comdisco, Inc.	CDO	KASH, RICK	DIR	9,450	B*	9/29/00	\$3.39	-
Computer Horizons	CHRZ	LEONARD, DANIEL J.	-	620	144	9/21/00	-	-
Computer Horizons	CHRZ	NMS SERVICES (CAYMAN	-	270,700	144	10/16/00	-	-
Comverse Technology	CMVT	KREINBERG, DAVID	CFO	115	JB	9/1/00	\$78.15	-
Comverse Technology	CMVT	ITZCHAK, DANZIGER	DIR	108	S	9/6/00	\$92.45	214
Comverse Technology	CMVT	KREINBERG, DAVID	CFO	682	JS	9/13/00	\$88.56	12,971
Comverse Technology	CMVT	DENENBERG, LAWRENCE	EMP	102,000	144	9/26/00	-	-
DaisyTek	DZTK	LAYTON, MARK C.	DIR	25,000	144	9/7/00	-	-
DaisyTek	DZTK	LAYTON, MARK	PR	25,000	S	9/29/00	\$6.69 - \$6.00	-
Delta Apparel Inc.	DLA	MUELLER, HERBERT M.	CFO	2,400	B	9/22/00	\$10.25 - \$9.63	3,834
Deluxe Corporation	DLX	HOLLIS, DONALD R.	DIR	428	JB	9/15/00	\$21.19	5,640
Deluxe Corporation	DLX	SALIPANTE, ROBERT C.	DIR	432	JB	9/15/00	\$21.19	5,006
B=Buy		S=Sell		B/O=Owner of >10%		JB=Non-Open market Buy		
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Insider Transactions

Company Name	Ticker	Insider Name	Rel	# of Shares	Trans Type	Trans Date(s)	Trans Price(s)	Total Holdings
Energizer Holdings	ENR	MANNIX, PATRICK C.	PR	14,000	B	9/1/00	\$19.75 - \$19.50	91,186
Florida East Coast,	FLA	THORNTON, WINFRED L.	DIR	2,424	B	9/29/00	\$41.25	4,660
Gartner Group	IT	FLEISHER, MICHAEL D.	CEO	11,200	B*	9/14/00	\$3.17 - \$2.00	-
Gartner Group	IT	PAOLILLO, REGINA M	EX VP	9,280	B*	9/15/00	\$4.83 - \$3.17	-
GenCorp Inc.	GY	CARLEONE, JOSEPH	OFF	-	3	9/8/00	-	1,913
GenCorp Inc.	GY	CALDER, ROBERT	-	427	144	-	-	-
Genentech Inc.	DNA	HEYBOER, JUDITH ANN	-	15,000	144	9/1/00	-	-
Genentech Inc.	DNA	DILLY, STEPHEN	VP	14,386	B*	9/6/00	\$48.50	85,164
Gentiva Health Serv-	GTIV	MITCHELL, TERRY	SR VP	20,773	B*	9/20/00	\$3.61	-
Genuity Inc.	GENU	FARINA, JOSEPH C	PR	4,500	B	9/29/00	\$8.50	20,500
Global Crossing Ltd.	GBLX	CLAYTON, JOSEPH P.	EMP	100,000	144	9/5/00	-	-
Global Crossing Ltd.	GBLX	CLAYTON, JOSEPH P.	PR	100,000	B*	9/5/00	\$9.48	525,000
Global Crossing Ltd.	GBLX	CLAYTON, JOSEPH P.	PR	100,000	S	9/5/00	\$36.05	505,134
Global Crossing Ltd.	GBLX	GORTON, JAMES C.	SR VP	250,000	S	9/5/00	\$36.05	84,955
Global Crossing Ltd.	GBLX	CARTER, WILLIAM B.	OFF	400,000	B*	9/19/00	\$0.84	79,055
Global Crossing Ltd.	GBLX	CARTER, WILLIAM B.	OFF	400,000	S	9/19/00	\$28.52	239,520
Graphics Packaging	GPK	COORS, JOSEPH	XDIR	50,000	B	9/12/00	\$2.00	300,000
Hewlett-Packard	HWP	ZITZNER, DUANE E.	VP	40	JS	9/21/00	-	83,280
HNC Software	HNCS	MUTCH, JOHN&TERESA	-	20,606	144	9/1/00	-	-
HNC Software	HNCS	MUTCH, JOHN&TERESA	-	17,500	144	9/5/00	-	-
HNC Software	HNCS	BUCHANAN, JOHN	OFF	103,500	B*	9/7/00	\$32.00 - \$26.75	-
HNC Software	HNCS	CHEN, DAVID	DIR	6,250	B*	9/7/00	\$39.25	18,750
HNC Software	HNCS	CHANDLER, EDWARD K.	DIR	37,146	B*	9/8/00	\$55.00 - \$29.69	13,938
HNC Software	HNCS	HANSEN, BRUCE E.	PR	3,500	144	9/8/00	-	-
HNC Software	HNCS	SAUNDERS, KENNETH J.	CFO	4,500	S	9/8/00	\$54.88 - \$51.00	2,946
HNC Software	HNCS	SAUNDERS, KENNETH J.	CFO	5,000	B*	9/8/00	\$30.75	95,528
HNC Software	HNCS	CAREY, W. WARD	P	29,700	144	9/13/00	-	-
HNC Software	HNCS	CAREY, W. WARD & HEIDI	P	29,700	144	9/13/00	-	-
HNC Software	HNCS	MUTCH, JOHN&TERESA	-	7,500	144	9/13/00	-	-
HNC Software	HNCS	KENDRICK, KEITH S.	CEO	9,482	B*	9/15/00	\$55.00	-
HNC Software	HNCS	KENDRICK, KEITH S.	CEO	9,482	S	9/15/00	\$61.39	-
HNC Software	HNCS	CAREY, W. WARD & HEIDI	P	24,650	144	10/19/00	-	-
HNC Software	HNCS	PATTERSON, JAMES A.	OFF	14,360	S	9/11/00	\$60.48 - \$55.00	9,081
HNC Software	HNCS	PATTERSON, JAMES A.	OFF	23,441	B*	9/11/00	\$38.69 - \$31.50	96,095
HNC Software	HNCS	GAYLORD, CHARLES H. JR	DIR	27,146	B*	9/13/00	\$55.00 - \$35.00	50,022
Hotel Reservations	ROOM	RUBIN, JACK B.	CFO	25,000	144	9/6/00	-	-
Hotel Reservations	ROOM	RUBIN, JACK B.	XCFO	25,000	B*	9/6/00	\$16.00	-
Hotel Reservations	ROOM	RUBIN, JACK	XCFO	25,000	S	9/6/00	\$37.75 - \$36.25	7,500
Hotel Reservations	ROOM	D'ARCY, SANDRA	EX OFF	1,000	144	10/27/00	-	-
Inrange Technologies	INRG	BLYSTONE, JOHN B.	DIR	10,000	PB	9/22/00	\$16.00	10,000
Inrange Technologies	INRG	FOREMAN, ROBERT B.	DIR	3,500	PB	9/22/00	\$16.00	3,500
Inrange Technologies	INRG	KEARNEY, CHRISTOPHER	DIR	10,000	PB	9/22/00	\$16.00	10,000
Inrange Technologies	INRG	KLING, LEWIS M.	DIR	10,000	PB	9/22/00	\$16.00	10,000
Inrange Technologies	INRG	O'LEARY, PATRICK J.	DIR	10,000	PB	9/22/00	\$16.00	10,000
Lucent Technologies	LU	DICKSON, JOHN T.	EX VP	27,468	JS	9/1/00	\$42.59	292,956
Lucent Technologies	LU	LUSK, JAMES S.	SR VP	10,103	JS	9/1/00	\$42.49	19,004
Lucent Technologies	LU	MCGINN, RICHARD A.	CB	111,342	JS	9/1/00	\$42.59	594,125
Lucent Technologies	LU	O'SHEA, WILLIAM T.	EX VP	44,518	JS	9/1/00	\$42.59	540,403
Lucent Technologies	LU	PETERSON, DONALD K.	OFF	44,518	JS	9/1/00	\$42.59	209,618
Lucent Technologies	LU	RAWSON, RICHARD J.	SR VP	17,359	JS	9/1/00	\$42.59	45,108
Lucent Technologies	LU	SERRAO, JEEVAN	P	28,080	144	9/5/00	-	-
Lucent Technologies	LU	SOMAN, SATISH	XOFF	15,000	144	9/7/00	-	-
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Insider Transactions

Company Name	Ticker	Insider Name	Rel	# of Shares	Trans Type	Trans Date(s)	Trans Price(s)	Total Holdings
Marshall & Ilsley	MI	RENARD, PAUL J.	SR VP	2,660	B*	10/23/00	\$7.68	-
McData Corporation	MCDT	MCDONNELL, JOHN F.	PR	1,500	B	9/19/00	\$85.47	10,061,500
McData Corporation	MCDT	MCDONNELL, PATRICIA	B/O	500	B	9/19/00	\$85.47	10,061,500
McData Corporation	MCDT	MCDONNELL, PATRICIA	B/O	1,000	B	9/19/00	\$85.47	-
McData Corporation	MCDT	DEE, J. PERRY	CFO	200,000	B*	10/26/00	\$1.00	200,000
McData Corporation	MCDT	PERRY, DEE J.	CFO	200,000	B*	10/26/00	\$1.00	200,000
MCSi	MCSI	SCHWARTZ, D. ROBERT	-	32,806	144	9/8/00	-	-
MCSi	MCSI	CLAHANE, GEORGE	-	25,306	144	10/9/00	-	-
MCSi	MCSI	CULP, MARTHA A.	P	9,533	144	10/24/00	-	-
Nextel Communica-	NXTL	MCCAW, JOHN E. JR	-	87,896	144	9/25/00	-	-
Nortel Networks	NT	DLJ FD INV PRT II LP	-	26,927	144	9/1/00	-	-
Nortel Networks	NT	SONI, ROBI L.	-	2,118	144	9/18/00	-	-
Nortel Networks,	NT	DLJ FD INV PRT II LP	-	26,927	144	9/1/00	-	-
Nortel Networks,	NT	SONI, ROBI L.	-	2,118	144	9/18/00	-	-
Omnova Solutions	OMN	HICKS, MICHAEL E.	CFO	9,000	B	9/25/00	\$5.31	15,851
Palm, Inc.	PALM	BRUNER, JUDY	-	5,000	144	9/27/00	-	-
Palm, Inc.	PALM	BRUNER, JUDY	CFO	5,000	S	9/27/00	-	13,553
Palm, Inc.	PALM	KESSLER, ALAN	-	150,000	144	9/27/00	-	-
Palm, Inc.	PALM	YU, STEPHEN	OFF	8,000	144	9/27/00	-	-
Palm, Inc.	PALM	YU, STEPHEN	SEC	8,000	B*	9/29/00	\$14.04	20,664
Palm, Inc.	PALM	YU, STEPHEN	SEC	8,000	S	9/29/00	\$54.00	334
Palm, Inc.	PALM	KESSLER, ALAN J.	COO	150,000	B*	9/28/00	\$29.71 - \$20.10	46,003
Palm, Inc.	PALM	KESSLER, ALAN J.	COO	150,000	S	9/28/00	\$53.63 - \$52.13	657
PFSweb	PFSW	DEFEE, CLIFF	VP	6,824	B	9/12/00	\$2.94	6,824
PFSweb	PFSW	LAYTON, MARK	CEO	33,000	B	10/5/00	\$1.94 - \$1.88	251,942
PFSweb	PFSW	TALLEY, SCOTT	VP	950	B	9/13/00	\$3.00 - \$2.88	1,247
PSINet Inc.	PSIX	CRAGG, JAMES	SR VP	1,001	B	9/30/00	\$8.18	1,517
PSINet Inc.	PSIX	HORNE, KATHLEEN B.	SR VP	1,619	B	9/30/00	\$8.18	2,670
PSINet Inc.	PSIX	LYMAN, RODERICK	VP	493	B	9/30/00	\$8.18	1,243
RSL Corp.	RSLC	SHEPPARD, R -R&T FMLY	-	5,000	144	9/26/00	-	-
Sara Lee Corp.	SLE	CARLSON, JAMES R.	SR VP	28,221	144	9/1/00	-	-
Sara Lee Corp.	SLE	CARLSON, JAMES R.	SR VP	28,221	S	9/5/00	\$18.94	193,216
Sara Lee Corp.	SLE	LUSTIG, PAUL J.	EX VP	10,593	S	9/5/00	\$18.75	-
Sara Lee Corp.	SLE	MCCARVILLE, MARK J.	SR VP	30,773	S	9/7/00	\$19.56 - \$19.50	142,192
Sara Lee Corp.	SLE	GROM, GARY & BARBARA	EMP	19,788	144	9/8/00	-	-
Sara Lee Corp.	SLE	GROM, GARY C.	OFF	13,890	144	9/8/00	-	-
Sara Lee Corp.	SLE	GROM, GARY C.	SR VP	33,678	S	9/8/00	\$19.70 - \$19.69	201,372
Sara Lee Corp.	SLE	LUSTIG, PAUL J.	EX VP	500	JB	9/11/00	\$19.72	131,762
Sara Lee Corp.	SLE	MEYSMAN, FRANK L.	EX VP	500	JB	9/11/00	\$19.72	302,091
Sara Lee Corp.	SLE	MEYSMAN, F.L.V.	DIR	126,000	144	-	-	-
Sara Lee Corp.	SLE	MCMILLAN, C. STEVEN	PR	64,379	S	9/1/00	\$19.12 - \$19.00	-
Schlumberger	SLB	GUNDERSON, JAMES L.	OFF	3,901	144	10/20/00	-	-
Schlumberger	SLB	GUNDERSON, JAMES L.	OFF	7,843	144	10/20/00	-	-
Snyder Communica-	SNC	DRASNER, FRED	DIR	325,303	JS	9/27/00	-	-
Snyder Communica-	SNC	DRASNER, FRED	DIR	1,865,403	JS	9/27/00	-	-
Snyder Communica-	SNC	JENNINGS, MARK E.	DIR	4,600	JS	9/27/00	-	-
Snyder Communica-	SNC	PERFALL, A. CLAYTON	CFO	5,000	JS	9/27/00	-	-
Snyder Communica-	SNC	SNYDER, DANIEL M.	CEO	8,472,671	JS	9/27/00	-	-
Snyder Communica-	SNC	SNYDER, MICHELE D.	VCB	3,361,970	JS	9/27/00	-	-
Snyder Communica-	SNC	ZUCKERMAN, MORTIMER	DIR	4,860,236	JS	9/27/00	-	-
SPX Corporation	SPW	BLYSTONE, JOHN B.	CB	44,433	JS	9/1/00	\$172.00	109,752
SPX Corporation	SPW	BLYSTONE, JOHN B.	CB	63,102	B*	9/1/00	\$87.88 - \$73.63	7,843
SPX Corporation	SPW	FOREMAN, ROBERT B.	VP	450	B	9/1/00	\$168.84	450
SPX Corporation	SPW	KEARNEY, CHRISTOPHER	SEC	9,058	JS	9/25/00	\$144.00	-
SPX Corporation	SPW	KEARNEY, CHRISTOPHER	SEC	14,315	B*	9/25/00	\$67.19 - \$43.38	24,142
SPX Corporation	SPW	KLING, LEWIS M.	VP	633	B	9/25/00	\$143.19 - \$140.44	1,968
St. Joe Company	JOE	RUMMELL, PETER S.	CB	825,000	144	10/23/00	-	-
B=Buy	S=Sell		B/O=Owner of >10%		JB=Non-Open market Buy			
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Insider Transactions

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Stilwell Financial, Inc.	SV	CARPENTER, DANNY R.	SEC	15,000	144	9/12/00	-	-
Stilwell Financial, Inc.	SV	CARPENTER, DANNY R.	VP	14,332	JB	9/12/00	-	-
Stilwell Financial, Inc.	SV	CARPENTER, DANNY R.	VP	14,332	JS	9/12/00	-	-
Stilwell Financial, Inc.	SV	CARPENTER, DANNY R.	VP	15,000	S	9/12/00	\$53.10	20,734
Stilwell Financial, Inc.	SV	MONELLO, JOSEPH D. JR.	VP	66,420	JS	9/13/00	-	20,000
Stilwell Financial, Inc.	SV	MONELLO, JOSEPH D. JR.	VP	111,474	JS	9/13/00	\$53.22	-
Stilwell Financial, Inc.	SV	MONELLO, JOSEPH D. JR.	VP	117,384	JB	9/13/00	-	117,384
Stilwell Financial, Inc.	SV	MONELLO, JOSEPH D. JR.	VP	259,998	B*	9/13/00	\$7.91 - \$7.43	400,002
Switchboard, Inc.	SWBD	JEWETT, JOHN P.	CFO	5,000	B*	9/27/00	\$2.50	-
Thermo Electron	TMO	MCCABE, ROBERT A.	DIR	596	B*	9/18/00	\$13.96	-
Thermo Electron	TMO	BERGSTEDT, JAN-ERIE	-	6,200	144	9/26/00	-	-
Thermo Electron	TMO	GYFTOPOULOS, ELIAS P.	DIR	1,555	B*	9/22/00	\$21.25 - \$13.96	-
Three Rivers Bancorp.	TRBC	VAIL, W. HARRISON	PR	148	B	9/18/00	\$8.30 - \$8.11	51,594
Three Rivers Bancorp.	TRBC	DUNKLE, TERRY K.	CB	3,100	B	9/7/00	\$8.25 - \$8.13	35,730
Titan Corporation	TTN	LABLANC, ROBERT E	DIR	10,000	B*	9/1/00	\$7.50	-
Titan Corporation	TTN	BICKNAS, JOHN	-	544	144	-	-	-
TNPC, Inc.	NPW	ALVARADO, LINDA G.	DIR	-	3	10/11/00	-	1,000
TNPC, Inc.	NPW	ALVARADO, LINDA G.	DIR	-	3	10/11/00	-	1,000
TNPC, Inc.	NPW	GROVES, RAY J.	DIR	-	3	10/11/00	-	7,500
TNPC, Inc.	NPW	GROVES, RAY J.	DIR	-	3	10/11/00	-	7,500
TYCO	TYC	KOZLOWSKI, L. DENNIS	CB	744,000	B*	9/7/00	\$58.28	-
TYCO	TYC	KOZLOWSKI, L. DENNIS	CB	965,043	JS	9/7/00	\$58.28	-
TYCO	TYC	SWARTZ, MARK H.	EX VP	368,197	JS	9/7/00	\$58.28	-
TYCO	TYC	SWARTZ, MARK H.	EX VP	1,567,999	B*	9/7/00	\$58.28	-
TYCO	TYC	SUDARIZ, RODOLFO	EMP	8	144	10/11/00	-	-
TYCO	TYC	BELNICK, MARK A.	OFF	116,716	144	10/25/00	-	-
TYCO	TYC	FORT, JOHN F.	DIR	20,000	144	10/25/00	-	-
TYCO	TYC	KOZLOWSKI, L. DENNIS	CB	292,809	S	9/12/00	\$56.83 - \$55.25	-
TYCO	TYC	KOZLOWSKI, L. DENNIS	CB	1,235,882	S	9/12/00	\$56.83 - \$55.25	2,067,641
TYCO	TYC	SWARTZ, MARK H.	EX VP	1,149,802	S	9/12/00	\$56.83 - \$55.25	419,088
TYCO	TYC	KOZLOWSKI, L. DENNIS	CB	537,424	JS	9/14/00	\$58.30 - \$58.28	1,211,675
Ventiv Health	VTIV	TOPAKAS, GEORGETTE	-	142,072	144	10/20/00	-	-
Visteon Corporation	VC	JOHNSTON, MICHAEL F.	PR	-	3	9/15/00	-	150,000
Visteon Corporation	VC	JOHNSTON, MICHAEL F.	PR	-	3	9/15/00	-	150,000
Weatherford	WFT	THOMAS, DEBRA	-	16,344	144	9/19/00	-	-
Weatherford	WFT	HOSFORD, PATRICK E.	-	3,516	144	-	-	-
Western Resources	WR	MOORE, WILLIAM B.	XOFF	19	JB	9/1/00	\$17.00	74,268
Western Resources	WR	MOORE, WILLIAM B.	XOFF	12,681	JB	9/1/00	-	-
Western Resources	WR	GRENNAN, THOMAS L.	EX VP	12,217	JB	9/18/00	-	-
Western Resources	WR	KOUPAL, CARL M. JR	EX VP	25,039	JB	9/18/00	-	-
Western Resources	WR	LAKE, DOUGLAS T.	EX VP	638	JB	9/18/00	\$18.66 - \$17.00	206,180
Western Resources	WR	LAKE, DOUGLAS T.	EX VP	18,763	JB	9/18/00	-	-
Western Resources	WR	MARTIN, JAMES A.	SR VP	11,261	JB	9/18/00	-	-
Western Resources	WR	SHARPE, RITA A.	EX VP	12,264	JB	9/18/00	-	-
Western Resources	WR	TERRILL, RICHARD D.	EX VP	9,147	JB	9/18/00	-	73,567
Western Resources	WR	WITTIG, DAVID C.	CB	1,381	JB	9/18/00	\$18.66 - \$17.00	613,043
Western Resources	WR	WITTIG, DAVID C.	CB	97,575	JB	9/18/00	-	-
Williams Co.	WMB	BAILEY, KEITH	CB	5,450	JS	9/15/00	\$45.88	1,522,785
Xerox Corporation	XRX	FILTER, EUNICE M.	TR	26,372	JS	9/19/00	-	46,198
Xerox Corporation	XRX	FILTER, EUNICE M.	TR	60,000	JB	9/19/00	-	-
Zengine Inc.	ZNGN	PEPPEL, MICHAEL E.	CB	676,860	B*	9/25/00	\$0.08	-
Zengine Inc.	ZNGN	LIBERATI, ANTHONY W	DIR	4,000	B	9/26/00	\$13.00	4,000
Zengine Inc.	ZNGN	LIBERATI, ANTHONY W	DIR	6,883	B	9/26/00	\$13.00	-
Zengine Inc.	ZNGN	LIBERATI, ANTHONY W	DIR	10,000	B	9/26/00	\$13.00	16,883
Zengine Inc.	ZNGN	MCSI, INC.	B/O	199,483	B	9/26/00	\$13.00	8,547,427
Zengine Inc.	ZNGN	SNIDER, STACEY	DIR	10,000	B	9/26/00	\$13.00	10,000

B=Buy	S=Sell	B/O=Owner of >10%	JB=Non-Open market Buy
B*=Option Related	144=Intent to Sell	3=Form 3	JS=Non-Open Market Sale

Valuation Snapshot

Apollo / Phoenix					
Apollo (APOL)			Phoenix (UOPX)		
480-966-5394			800-765-4922		
Current Price	\$	37.94	Current Price 01-EPS est.	\$	27.50 \$-0.01 0X
Shares Out (000)		75,200	Shares Out / Float		52,500 5,750
Market Cap. (000)	\$	2,852,900	Market Cap. (000)	\$	1,443,750
Enterprise Value	\$	2,768,900	Enterprise Value	\$	1,382,805
Sales 12 Month Trailing	\$	610,000	TTM Sales Price /Sales	\$	69,000 20.92 X
Book Cash Per Share	\$	3.13 \$0.25	Book Value Price /Book	\$	1.53 17.93 X
Insider / Inst. Held		36% 60%	Insider / Inst. Held		90% 2%
Short Int. / ratio		2.745 2.997	Short Int. / ratio		0.055 0.067
52 Week Range		\$18.37 - \$47.75	52 Week Range		\$0 - \$0
Apollo ownership of Phoenix		With Phoenix		Without Phoenix	
Shares owned (000)	46,750	Price-to-Sales	4.68 X	Price-to-Sales	\$7.19 2.89 X
Ratio Per Apollo share	0.6217	Price-to-Book	12.11 X	Price-to-Book	\$2.17 9.56 X
Value Per Apollo share	\$17.09	Price/Earnings	44.63 X	Price/Earnings	\$0.85 24.34 X
Apollo Stub Value	\$20.84	Price/EBITDA	21.61 X	Price/EBITDA	\$1.56 13.28 X
Economic / Voting Interest	89% / 0%	Enterpr./EBITDA	20.98 X	Enterpr./EBITDA	13.21 X
Apollo Relationship with Phoenix			Comparables		
Intend to Spin	NO - Tracker		Price-to-Sales		
IRS Tax Free Ruling	N/A		Price-to-Book		
Record Date / Distr. Date			Price/Earnings		
Phoenix IPO Date / Price	9/28/00	\$14	Price/EBITDA		
IPO-Lockup Expires	3/26/01		Enterpr./EBITDA		
Shares to Distribute / Float	8.1 X				
Daily Graph			Spread Relationship		
			40 Day Average 40 Day Variance 40 Day St. Dev. 40 Day Correlation		
			20 Day Average \$ 22.04 20 Day Variance \$ 0.74 20 Day St. Dev. \$ 0.86 20 Day Correlation 0.73		
			10 Day Average \$ 22.32 10 Day Variance \$ 0.80 10 Day St. Dev. \$ 0.89 10 Day Correlation 0.22		

The online unit of Apollo Group's University of Phoenix offers about a dozen degree programs to some 12,000 students who access class notes and lectures from home through the Internet. Its classes -- covering business, education, information technology, and nursing -- target nontraditional and working adult students (almost half the students are between 34 and 45-years-old). The company hopes to attract international students who can't afford to travel to the US and plans to develop customized training content for third-party clients. It has offered online courses since 1989, so it has an inventory of proven courseware and a delivery system.

Apollo is one of the largest providers of higher education for adults in the US, with total degree enrollment exceeding 94,000 students. University of Phoenix is the US's largest private university. Apollo also runs Western International University and the College for Financial Planning. Its Institute for Professional Development develops and manages programs at 21 private universities in 22 states. Apollo also offers its courses through the Internet. CEO John Sperling and his son Peter (SVP) together own about 35% of Apollo, but control nearly all of its voting stock. The company generates about 90% of its revenues from its 28 UOP campuses located online, and in 15 states, Puerto Rico, Vancouver, and British Columbia. The graduation rate is in the 60% area.

Valuation Snapshot

AT&T / AT&T Wireless					
AT&T (T)		212-387-5400	AT&T Wireless (AWE)		425-580-8349
Current Price	\$ 21.19		Current Price 00-EPS est.	\$ 21.06	\$0.058 363.1X
Shares Out (000)	3,756,000		Shares Out / Float	2,310,000	360,000
Market Cap. (000)	\$ 79,580,250		Market Cap. (000)	\$ 48,654,375	
Enterprise Value (000)	\$ 141,580,250		Enterprise Value	\$ 50,354,375	
Sales 12 Month Trailing (000)	\$ 64,661,000		TTM Sales Price /Sales	\$ 8,976,000	5.42 X
Book Per Share	\$ 0.03		Book Value Price /Book		
Insider / Inst. Held	1%	38%	Insider / Inst. Held	84%	9%
Short Int. / ratio	39.382	2.094	Short Int. / ratio	23.742	6.241
52 Week Range	\$21 - \$61		52 Week Range	\$18.06 - \$36	
AT&T ownership of AT&T Wireless		With AT&T Wireless		Without AT&T Wireless	
Shares owned (000)	1,950,000	Price-to-Sales	1.23 X	Price-to-Sales	\$14.82 0.69 X
Ratio Per AT&T share	0.5192	Price-to-Book	747.88 X	Price-to-Book	
Value Per AT&T share	\$10.93	Price/Earnings	11.94 X	Price/Earnings	\$1.74 5.87 X
AT&T Stub Value	\$10.25	Price/EBITDA	3.75 X	Price/EBITDA	\$5.18 1.97 X
Economic / Voting Interest	84% / 84%	Enterpr./EBITDA	6.69 X	Enterpr./EBITDA	5.06 X
AT&T Relationship with AT&T Wireless			Comparables		
Intend to Spin	Yes / Split-off	Tracking			
IRS Tax Free Ruling			WorldCom	Sprint	
Record Date / Distr. Date			Price-to-Sales	1.28 X	1.01 X
AT&T Wireless IPO Date / Price	4/27/00	\$29.5	Price-to-Book	0.93 X	1465.32 X
IPO-Lockup Expires	10/23/00		Price/Earnings	9.46 X	11.53 X
Shares to Distribute / Float	5.4 X		Price/EBITDA	3.6 X	3.39 X
			Enterpr./EBITDA	5.13 X	4.26 X

Daily Graph		Spread Relationship	
40 Day Average	\$ 14.68	20 Day Average	\$ 11.93
40 Day Variance	\$ 11.15	20 Day Variance	\$ 4.55
40 Day St. Dev.	\$ 3.34	20 Day St. Dev.	\$ 2.13
40 Day Correlation	0.03	20 Day Correlation	(0.12)
10 Day Average	\$ 10.20	10 Day Average	\$ 10.20
10 Day Variance	\$ 0.30	10 Day Variance	\$ 0.30
10 Day St. Dev.	\$ 0.55	10 Day St. Dev.	\$ 0.55
10 Day Correlation	0.56	10 Day Correlation	0.56

AT&T Corporation provides voice, data and video communications services to large and small businesses, consumers and government entities. AT&T's primary lines of business are business services, consumer services, broadband services and wireless services. In addition, AT&T's other lines of business include network management and professional services through AT&T Solutions and international operations and ventures. In June 2000, AT&T completed the acquisition of MediaOne Group. With the addition of MediaOne's 5 million cable subscribers, AT&T becomes the country's largest cable operator, with about 16 million customers on the systems it owns and operates, which pass nearly 28 million American homes.

AT&T Wireless Group is one of the largest wireless service providers in the United States. Including its partnership markets, AT&T Wireless Group had over 12 million total subscribers as of December 31, 1999. AT&T Wireless Group focuses on revenue growth through the retention and expansion of its subscriber base. AT&T Wireless Group seeks to do this by providing new and innovative services that distinguish it from its competitors. Examples include pricing plans that simplify customer choice, such as AT&T Digital One Rate service, and bundled offerings of communications products and services that target specific customer groups.

Valuation Snapshot

Limited / Intimate Brands

Limited (LTD)		614-415-7000	Intimate Brands (IBI)		614-415-6900																																	
Current Price	\$	26.63	Current Price 00-EPS es:	\$	23.44 \$1.079 21.7X																																	
Shares Out (000)		445,306	Shares Out / Float		475,200 80,784																																	
Market Cap. (000)	\$	11,856,272	Market Cap. (000)	\$	11,137,500																																	
Enterprise Value	\$	11,922,172	Enterprise Value	\$	12,044,240																																	
Sales 12 Month Trailing	\$	9,726,970	TTM Sales Price /Sales	\$	4,645,270 2.4 X																																	
Book Per Share	\$	4.92	Book Value Price /Book	\$	1.22 19.16 X																																	
Insider / Inst. Held		26% 73%	Insider / Inst. Held		84% 14%																																	
Short Int. / ratio		7.469 4.85	Short Int. / ratio		1.102 2.195																																	
52 Week Range		\$14.43 - \$27.87	52 Week Range		\$14 - \$24.31																																	
Limited ownership of Intimate Brands		With Intimate Brands multiple		Without IBI per share multiple																																		
Shares owned (000)		394,416	Price-to-Sales		\$21.84 1.21 X \$11.41 0.51 X																																	
Ratio Per Limited share		0.8857	Price-to-Book		\$4.92 5.41 X \$3.83 1.52 X																																	
Value Per Limited share	\$	20.75	Price/Earnings		\$1.189 22.39 X \$0.23 25.14 X																																	
Limited Stub Value	\$	5.86	Price/EBITDA		\$2.44 10.91 X \$0.37 15.7 X																																	
Economic / Voting Interest		83% / 83%	Enterpr./EBITDA		10.98 X 14.66 X																																	
Limited Relationship with Intimate Brands			Comparables																																			
Intend to Spin		NO	The Gap																																			
IRS Tax Free Ruling		[REDACTED]	Ann Taylor																																			
Record Date / Distr. Date		[REDACTED]	Price-to-Sales		1.66 X 0.88 X																																	
Intimate Brands IPO Date		[REDACTED]	Price-to-Book		8.37 X 1.87 X																																	
IPO-Lockup Expires		[REDACTED]	Price/Earnings		20.1 X 14.02 X																																	
Shares to Distribute / Float		4.9 X	Price/EBITDA		8.85 X 6.69 X																																	
			Enterpr./EBITDA		9.51 X 7.23 X																																	
<div style="display: flex; align-items: flex-start;"> <div style="flex: 1;"> <p>Daily Graph</p> </div> <div style="flex: 1; border-left: 1px solid black; padding-left: 10px;"> <p>Spread Relationship</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>40 Day Average</td> <td>\$</td> <td style="text-align: right;">5.27</td> </tr> <tr> <td>40 Day Variance</td> <td>\$</td> <td style="text-align: right;">0.29</td> </tr> <tr> <td>40 Day St. Dev.</td> <td>\$</td> <td style="text-align: right;">0.54</td> </tr> <tr> <td>40 Day Correlation</td> <td></td> <td style="text-align: right;">0.95</td> </tr> <tr> <td>20 Day Average</td> <td>\$</td> <td style="text-align: right;">5.37</td> </tr> <tr> <td>20 Day Variance</td> <td>\$</td> <td style="text-align: right;">0.37</td> </tr> <tr> <td>20 Day St. Dev.</td> <td>\$</td> <td style="text-align: right;">0.61</td> </tr> <tr> <td>20 Day Correlation</td> <td></td> <td style="text-align: right;">0.96</td> </tr> <tr> <td>10 Day Average</td> <td>\$</td> <td style="text-align: right;">5.57</td> </tr> <tr> <td>10 Day Variance</td> <td>\$</td> <td style="text-align: right;">0.60</td> </tr> <tr> <td>10 Day St. Dev.</td> <td>\$</td> <td style="text-align: right;">0.77</td> </tr> <tr> <td>10 Day Correlation</td> <td></td> <td style="text-align: right;">0.87</td> </tr> </table> </div> </div>			40 Day Average	\$	5.27	40 Day Variance	\$	0.29	40 Day St. Dev.	\$	0.54	40 Day Correlation		0.95	20 Day Average	\$	5.37	20 Day Variance	\$	0.37	20 Day St. Dev.	\$	0.61	20 Day Correlation		0.96	10 Day Average	\$	5.57	10 Day Variance	\$	0.60	10 Day St. Dev.	\$	0.77	10 Day Correlation		0.87
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<p>The Limited, Inc. is principally engaged in the purchase, distribution and sale of women's and men's apparel, women's intimate apparel and personal care products. The Company operates an integrated distribution system that supports its retail activities. These activities are conducted under various trade names, primarily through its retail stores and catalogue businesses. Merchandise is targeted to appeal to customers in various market segments that have distinctive consumer characteristics.</p>																																						
<p>Intimate Brands, Inc. is principally engaged in the purchase, distribution and sale of intimate and other women's apparel and personal care products. The Company's retail activities are conducted under two brand names, Victoria's Secret and Bath & Body Works, and its overall business is conducted through an integrated retail approach, which includes stores, catalogue and Internet. Merchandise is targeted to appeal to customers in various market segments that have distinctive consumer characteristics. The Company's retail distribution channels offer lingerie, hosiery, swimwear, beauty products and specialty gift items. In addition, the Company's catalogue offers women's apparel, shoes and accessories. Intimate Brands also operates Gryphon Development, Inc., which creates, develops and sources a substantial portion of the bath and personal care products sold by the Company.</p>																																						

Valuation Snapshot

Methode / Stratos Lightwave																																															
Methode (METHA)		708-867-9600	Stratos Lightwave (STLW)		708-867-9600																																										
Current Price	\$ 32.94		Current Price 00-EPS est.	\$ 22.75	\$0.22 103.4X																																										
Shares Out (000)	35,500		Shares Out / Float	64,092	10,063																																										
Market Cap. (000)	\$ 1,169,281		Market Cap. (000)	\$ 1,458,093																																											
Enterprise Value	\$ 949,381		Enterprise Value	\$ 1,276,643																																											
Sales 12 Month Trailing	\$ 422,000		TTM Sales Price /Sales	\$ 71,785	20.31 X																																										
Book Per Share	\$ 13.18		Book Value Price /Book	\$ 3.03	7.51 X																																										
Insider / Inst. Held	31%	70%	Insider / Inst. Held	86%	8%																																										
Short Int. / ratio	0.404	1.095	Short Int. / ratio	6.679	6.972																																										
52 Week Range	\$19.25 - \$66.43		52 Week Range	\$21.31 - \$56.12																																											
Methode ownership of Stratos Lightwave		With Stratos Lightwave		Without STLW per share multiple																																											
Shares owned (000)	54,029	Price-to-Sales	2.77 X	Price-to-Sales	\$9.86 0 X																																										
Ratio Per Methode share	1.5219	Price-to-Book	2.5 X	Price-to-Book	\$8.57 0 X																																										
Value Per Methode share	\$34.62	Price/Earnings	27.91 X	Price/Earnings	\$0.84 0 X																																										
Methode Stub Value	\$-1.68	Price/EBITDA	19.63 X	Price/EBITDA	\$1.5 0 X																																										
Economic Interest	84%	Enterpr./EBITDA	15.94 X	Enterpr./EBITDA	[REDACTED]																																										
Methode Relationship with Stratos Lightwave			Comparables																																												
			Molex Thomas & Betts																																												
Intend to Spin	Yes		Price-to-Sales	2.28 X	0.43 X																																										
IRS Tax Free Ruling	Pending		Price-to-Book	2.97 X	0.82 X																																										
Record Date / Distr. Date	[REDACTED]	Dec-00 /April-01	Price/Earnings	37.02 X	39.16 X																																										
Stratos Lightwave IPO Date / Price	6/27/00	\$21	Price/EBITDA	9.87 X	-34.26 X																																										
IPO-Lockup Expires	12/23/00		Enterpr./EBITDA	9.45 X	-79.81 X																																										
Shares to Distribute / Float	5.4 X																																														
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>Daily Graph</p> </div> <div style="width: 35%;"> <p>Spread Relationship</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>40 Day Average</td><td style="text-align: right;">\$</td><td style="text-align: right;">(3.76)</td></tr> <tr><td>40 Day Variance</td><td style="text-align: right;">\$</td><td style="text-align: right;">3.10</td></tr> <tr><td>40 Day St. Dev.</td><td style="text-align: right;">\$</td><td style="text-align: right;">1.76</td></tr> <tr><td>40 Day Correlation</td><td></td><td style="text-align: right;">0.99</td></tr> <tr><td colspan="3"><hr/></td></tr> <tr><td>20 Day Average</td><td style="text-align: right;">\$</td><td style="text-align: right;">(3.19)</td></tr> <tr><td>20 Day Variance</td><td style="text-align: right;">\$</td><td style="text-align: right;">1.96</td></tr> <tr><td>20 Day St. Dev.</td><td style="text-align: right;">\$</td><td style="text-align: right;">1.40</td></tr> <tr><td>20 Day Correlation</td><td></td><td style="text-align: right;">0.97</td></tr> <tr><td colspan="3"><hr/></td></tr> <tr><td>10 Day Average</td><td style="text-align: right;">\$</td><td style="text-align: right;">(2.13)</td></tr> <tr><td>10 Day Variance</td><td style="text-align: right;">\$</td><td style="text-align: right;">0.22</td></tr> <tr><td>10 Day St. Dev.</td><td style="text-align: right;">\$</td><td style="text-align: right;">0.47</td></tr> <tr><td>10 Day Correlation</td><td></td><td style="text-align: right;">0.97</td></tr> </table> </div> </div>			40 Day Average	\$	(3.76)	40 Day Variance	\$	3.10	40 Day St. Dev.	\$	1.76	40 Day Correlation		0.99	<hr/>			20 Day Average	\$	(3.19)	20 Day Variance	\$	1.96	20 Day St. Dev.	\$	1.40	20 Day Correlation		0.97	<hr/>			10 Day Average	\$	(2.13)	10 Day Variance	\$	0.22	10 Day St. Dev.	\$	0.47	10 Day Correlation		0.97			
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<p>Methode Electronics, Inc. is engaged in the manufacture of electronic components and devices that connect, control and convey electrical energy, pulse and signal including connectors, automotive components, interconnect devices, printed circuits, and current carrying distribution systems. Components and devices manufactured by the Company are used in the production of electronic equipment and other products with applications in the automotive, computer, voice and data communications equipment, industrial, military and aerospace, and consumer electronics industries. The Company's products are sold primarily to original equipment manufacturers (OEMs) and also to independent distributors.</p>																																															
<p>Stratos Lightwave develops, manufactures and sells optical subsystems and components for high data rate networking, data storage and telecommunication applications. Optical subsystems convert electronic signals into optical signals and back into electronic signals. There optical subsystems are designed for use in local area networks (LANs), storage area networks (SANs), metropolitan area networks (MANs), wide area networks (WANs) and central office networking in telecommunication markets.</p>																																															

Valuation Snapshot

Southern Company / Southern Energy						
Southern Company (SO)			Southern Energy (SOE)			
		404-506-5000			770-379-7000	
Current Price	\$	28.69	Current Price 00-EPS est.	\$	27.44 \$1.15 23.8X	
Shares Out (000)		648,600	Shares Out / Float	330,000	66,700	
Market Cap. (000)	\$	18,606,713	Market Cap. (000)	\$	9,054,375	
Enterprise Value	\$	37,688,713	Enterprise Value	\$	8,872,375	
Sales 12 Month Trailing	\$	12,120,000	TTM Sales Price /Sales	\$	2,247,000 4.03 X	
Book Cash Per Share	\$	13.75 \$0.23	Book Value Price /Book	\$	4.46 6.15 X	
Insider / Inst. Held		1% 33%	Insider / Inst. Held	82%	2%	
Short Int. / ratio		6.899 2.743	Short Int. / ratio	2.593	0.41	
52 Week Range		\$20.06 - \$35	52 Week Range		\$23.31 - \$31.87	
Southern Company ownership of		Southern Energy	With	Southern Energy	Without	Southern Energy
Shares owned (000)		263,300	Price-to-Sales	1.54 X	Price-to-Sales	\$15.22 1.15 X
Ratio Per Southern Company share		0.4060	Price-to-Book	2.09 X	Price-to-Book	\$11.94 1.46 X
Value Per Southern Company share		\$11.13	Price/Earnings	14.06 X	Price/Earnings	\$1.57 11.15 X
Southern Company Stub Value		\$17.54	Price/EBITDA	4.09 X	Price/EBITDA	\$5.75 3.04 X
Economic / Voting Interest		80% / 80%	Enterpr./EBITDA	8.3 X	Enterpr./EBITDA	6.36 X
Southern Company Relationship with		Southern Energy	Comparables	Entergy	Cinergy	
Intend to Spin		Yes	Price-to-Sales	0.98 X	0.73 X	
IRS Tax Free Ruling		Yes	Price-to-Book	1.24 X	1.76 X	
Record Date / Distr. Date		██████████	Price/Earnings	14.35 X	12.03 X	
Southern Energy IPO Date / Price		9/27/00 \$22	Price/EBITDA	4.04 X	4.28 X	
IPO-Lockup Expires		3/25/01	Enterpr./EBITDA	7.41 X	7.67 X	
Shares to Distribute / Float		3.9 X				
Daily Graph 			Spread Relationship			
			40 Day Average	██████████		
			40 Day Variance	██████████		
			40 Day St. Dev.	██████████		
			40 Day Correlation	██████████		
			20 Day Average	\$	18.14	
			20 Day Variance	\$	0.22	
			20 Day St. Dev.	\$	0.46	
			20 Day Correlation		0.75	
			10 Day Average	\$	18.08	
			10 Day Variance	\$	0.34	
			10 Day St. Dev.	\$	0.58	
			10 Day Correlation		0.21	
<p>Southern Energy is one of the world's largest competitive providers of electricity and energy related products and services. The company has regionally based businesses in the Americas, Europe and the Asia-Pacific region. Southern Energy built and acquired a portfolio of power plants in which it has net ownership interests totaling 13,214 megawatts (MW) of generation capacity. In addition, the company has projects under development or pending acquisitions totaling 10,925 MW. SOE also markets energy and energy-linked commodities and manages risk associated with market price fluctuations of these commodities. Southern Energy's revenue base for the first six months of 2000 are comprised of the Americas (62%), Europe (16%) and Asia (21%). Philippines National Power Corporation (NPC), a subsidiary of Southern Energy, generated almost 100% of Asian revenues and over 54% of net income for the six months ending June 30. Southern Energy's comparables include Duke Energy, NRG, and Dynegy.</p>						
<p>Southern Company is a holding company for public utilities located in the southeast United States, as well as Southern Energy, Southern LINC, Southern Nuclear, SCS, Energy Solutions and other subsidiaries. The utilities supply electric service in Alabama, Florida, Mississippi and Georgia. Southern Company comparables include Cinergy, Entergy, and American Electric among others.</p>						

Valuation Snapshot

SPX / INRANGE					
SPX (SPW)		231-724-5000		INRANGE (INRG)	
Current Price		\$ 117.00		Current Price 00-EPS est. \$ 39.00 \$0.6 65X	
Shares Out (000)		31,638		Shares Out / Float 83,333 7,700	
Market Cap. (000)		\$ 3,701,646		Market Cap. (000) \$ 3,250,000	
Enterprise Value		\$ 4,879,846		Enterprise Value \$ 3,283,930	
Sales 12 Month Trailing		\$ 2,716,900		TTM Sales Price /Sales \$ 232,500 13.98 X	
Book Cash Per Share		\$ 19.07 \$0.47		Book Value Price /Book \$ 2.34 16.68 X	
Insider / Inst. Held		22% 78%		Insider / Inst. Held 91% 1%	
Short Int. / ratio		0.241 0.567		Short Int. / ratio 0.643 0.212	
52 Week Range		\$73 - \$186		52 Week Range \$31 - \$65.62	
SPX ownership of INRANGE			With INRANGE		Without INRANGE
Shares owned (000)			75,633		Price-to-Sales 1.36 X
Ratio Per SPX share			2.3906		Price-to-Book \$78.52 0.3 X
Value Per SPX share			\$93.23		Price-to-Book \$13.47 1.76 X
SPX Stub Value			\$23.76		Price/Earnings \$4.45 5.33 X
Economic / Voting Interest			91% / 98%		Price/EBITDA \$13.42 1.77 X
Enterpr./EBITDA			10.3 X		Enterpr./EBITDA 4.56 X
SPX Relationship with INRANGE			Comparables		United Tech Fluor
Intend to Spin			No		Price-to-Sales 0.79 X 0.43 X
IRS Tax Free Ruling			[REDACTED]		Price-to-Book 3.56 X 1.94 X
Record Date / Distr. Date			[REDACTED]		Price/Earnings 11.54 X 6.27 X
INRANGE IPO Date / Price			9/22/00 \$16		Price/EBITDA 4.54 X 2.47 X
IPO-Lockup Expires			3/20/01		Enterpr./EBITDA 7.02 X 4.95 X
Shares to Distribute / Float			9.8 X		
Daily Graph				Spread Relationship	
				40 Day Average [REDACTED]	
				40 Day Variance [REDACTED]	
				40 Day St. Dev. [REDACTED]	
				40 Day Correlation [REDACTED]	
				20 Day Average \$ 31.57	
				20 Day Variance \$ 46.18	
				20 Day St. Dev. \$ 6.80	
				20 Day Correlation 0.76	
				10 Day Average \$ 37.62	
				10 Day Variance \$ 5.59	
				10 Day St. Dev. \$ 2.37	
				10 Day Correlation 0.81	
<p>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 fire detection systems, data networking equipment, broadcast antennas and automated fare collection systems. The Company also designs, manufactures and markets power transformers, industrial valves, mixers, electric motors, laboratory freezers and ovens, high-pressure hydraulics, industrial furnaces and coal feeders, as well as specialty service tools, equipment and services primarily to the motor vehicle industry in North America and Europe. In addition, the Company is also engaged in the design, manufacture and marketing of transmission and steering components for light and heavy-duty vehicle markets, principally in North America and Europe. SPX operates in 19 countries.</p> <p>INRANGE is a manufacturer of channel switches and channel extension products for copper and ESCON-based mainframes and SCSI and PCI based servers; matrix switches for wide area networks; wavelength division multiplexers; fiber management systems; and performance monitoring and test systems for digital and analog networks. Products are sold to multiple industries.</p>					

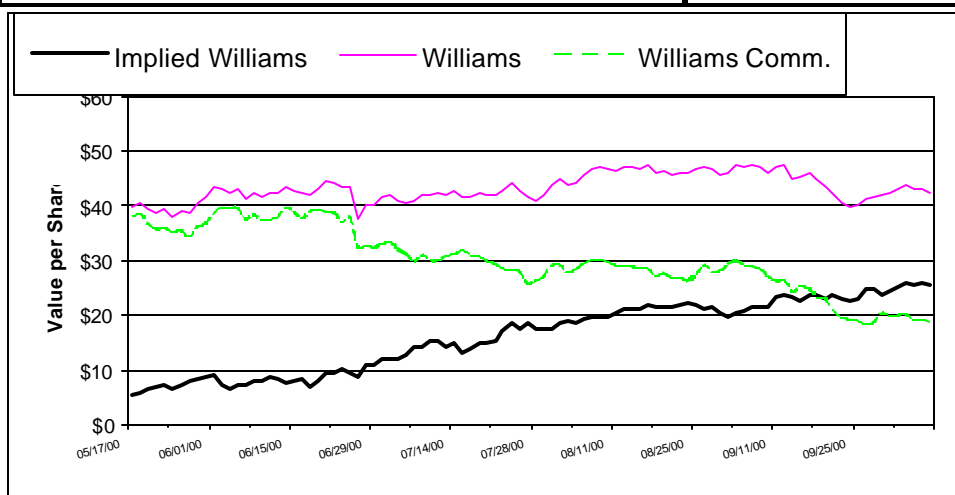
Valuation Snapshot

TYCO / Tycom																																									
TYCO (TYC)			Tycom (TCM)																																						
441-292-8674			441-298-9770																																						
Current Price	\$	56.13	Current Price 01-EPS est.	\$	30.00 \$0.65 46.1X																																				
Shares Out (000)		1,691,000	Shares Out / Float		500,000 54,400																																				
Market Cap. (000)	\$	94,907,375	Market Cap. (000)	\$	15,000,000																																				
Enterprise Value	\$	106,311,875	Enterprise Value	\$	15,517,200																																				
Sales 12 Month Trailing	\$	27,351,100	TTM Sales Price /Sales	\$	2,100,000 7.14 X																																				
Book Cash Per Share	\$	9.10 \$0.69	Book Value Price /Book	\$	2.60 11.52 X																																				
Insider / Inst. Held		14% 76%	Insider / Inst. Held		89% 2%																																				
Short Int. / ratio		25.881 4.398	Short Int. / ratio		0.121 0.144																																				
52 Week Range		\$22.5 - \$59.18	52 Week Range		\$24 - \$46.25																																				
TYCO ownership of Tycom		With Tycom		Without Tycom																																					
Shares owned (000)		445,600	Price-to-Sales		3.47 X																																				
Ratio Per TYCO share		0.2635	Price-to-Book		6.17 X																																				
Value Per TYCO share		\$7.9	Price/Earnings		20.63 X																																				
TYCO Stub Value		\$48.21	Price/EBITDA		13.82 X																																				
Economic / Voting Interest		89% / 89%	Enterpr./EBITDA		15.48 X																																				
TYCO ownership of Tycom			Price-to-Sales		\$14.93 3.22 X																																				
Ratio Per TYCO share			Price-to-Book		\$8.41 5.73 X																																				
Value Per TYCO share			Price/Earnings		\$2.54 18.91 X																																				
TYCO Stub Value			Price/EBITDA		\$3.74 12.88 X																																				
Economic / Voting Interest			Enterpr./EBITDA		14.58 X																																				
TYCO Relationship with Tycom			Comparables																																						
Intend to Spin			-																																						
IRS Tax Free Ruling			-																																						
Record Date / Distr. Date			-																																						
Tycom IPO Date / Price			7/27/00 \$32																																						
IPO-Lockup Expires			1/22/01																																						
Shares to Distribute / Float			8.2 X																																						
Daily Graph			Spread Relationship																																						
			<table border="1"> <tr> <td>40 Day Average</td> <td>\$</td> <td>43.66</td> </tr> <tr> <td>40 Day Variance</td> <td>\$</td> <td>8.81</td> </tr> <tr> <td>40 Day St. Dev.</td> <td>\$</td> <td>2.97</td> </tr> <tr> <td>40 Day Correlation</td> <td></td> <td>0.10</td> </tr> <tr> <td>20 Day Average</td> <td>\$</td> <td>45.16</td> </tr> <tr> <td>20 Day Variance</td> <td>\$</td> <td>12.45</td> </tr> <tr> <td>20 Day St. Dev.</td> <td>\$</td> <td>3.53</td> </tr> <tr> <td>20 Day Correlation</td> <td></td> <td>0.64</td> </tr> <tr> <td>10 Day Average</td> <td>\$</td> <td>47.97</td> </tr> <tr> <td>10 Day Variance</td> <td>\$</td> <td>0.57</td> </tr> <tr> <td>10 Day St. Dev.</td> <td>\$</td> <td>0.76</td> </tr> <tr> <td>10 Day Correlation</td> <td></td> <td>0.60</td> </tr> </table>			40 Day Average	\$	43.66	40 Day Variance	\$	8.81	40 Day St. Dev.	\$	2.97	40 Day Correlation		0.10	20 Day Average	\$	45.16	20 Day Variance	\$	12.45	20 Day St. Dev.	\$	3.53	20 Day Correlation		0.64	10 Day Average	\$	47.97	10 Day Variance	\$	0.57	10 Day St. Dev.	\$	0.76	10 Day Correlation		0.60
40 Day Average	\$	43.66																																							
40 Day Variance	\$	8.81																																							
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10 Day Correlation		0.60																																							
<p>Tyco International Ltd. is a diversified manufacturing and service company that operates four divisions: Telecommunications and Electronics group (34% of 1999 sales), Healthcare and Specialty Products group (26%), Fire and Security Services division (24%), and Flow Control group (16%). The Telecommunications and Electronics group manufactures and distributes electrical and electronic components plus manufactures and installs undersea fiber-optic cable communication systems. The Healthcare and Specialty Products group manufactures disposable medical supplies and other specialty products. Next, the Fire and Security Services division installs fire detection and suppression systems and electronic security systems. Lastly, the Flow Control group manufactures flow control products (pipes, pipefittings, tubing, flow meters, etc.).</p> <p>TyCom is a provider of undersea fiber optic networks and services. The company plans to design, operate, and sell bandwidth capacity on a global undersea fiber optic network, called the TyCom Global Network, which the company believes will be the largest and most technologically advanced network in the world. TyCom will provide bandwidth solutions to telecommunications providers, Internet and application service providers, and to other customers who require significant bandwidth capacity. Ultimately, the company plans on transforming itself into a provider of undersea bandwidth services and on delivering customer-driven network solutions. The company's R&D division, TyCom Laboratories, has its origins in Bell Labs. TyCom will compete against companies such as Global Crossing.</p>																																									

Valuation Snapshot

Williams / Williams Comm.

Williams (WMB)		918-573-2000	Williams Comm. (WCG)		918-573-2000	
Current Price	\$	42.31	Current Price 00-EPS est.	\$	18.75 \$-1.5 0X	
Shares Out (000)		440,000	Shares Out / Float		463,500 68,065	
Market Cap. (000)	\$	18,617,500	Market Cap. (000)	\$	8,690,625	
Enterprise Value	\$	29,061,300	Enterprise Value	\$	7,169,805	
Sales 12 Month Trailing	\$	9,075,500	TTM Sales Price /Sales	\$	2,064,390 4.21 X	
Book Per Share	\$	12.97	Book Value Price /Book	\$	4.43 4.23 X	
Insider / Inst. Held		20%	Insider / Inst. Held		93%	
Short Int. / ratio		6.223	Short Int. / ratio		2.176	
52 Week Range		\$28 - \$49.75	52 Week Range		\$18.06 - \$61.81	
Williams ownership of Williams Comm.		With Williams Comm. multiple		Without WCG per share multiple		
Shares owned (000)		395,435	Price-to-Sales	\$20.62 2.05 X	Price-to-Sales	\$15.93 1.59 X
Ratio Per Williams share		0.8987	Price-to-Book	\$12.97 3.26 X	Price-to-Book	\$8.98 2.83 X
Value Per Williams share	\$	\$16.85	Price/Earnings	\$1.09 38.82 X	Price/Earnings	\$2.43 10.44 X
Williams Stub Value	\$	\$25.46	Price/EBITDA	\$4.36 9.71 X	Price/EBITDA	\$4.77 5.32 X
Economic Interest		85%	Enterpr./EBITDA	15.17 X	Enterpr./EBITDA	10.43 X
Williams Relationship with Williams Comm.			Comparables			
Intend to Spin	Yes		Enron		El Paso Ene.	
IRS Tax Free Ruling	Yes		Price-to-Sales	1.14 X	1.07 X	
Record Date / Distr. Date	Before 7/1/01	N/A	Price-to-Book	6.23 X	4.23 X	
Williams Comm. IPO Date /	10/1/99	\$23	Price/Earnings	57.63 X	23.16 X	
IPO-Lockup Expires	4/1/00		Price/EBITDA	27.45 X	7.41 X	
Shares to Distribute / Float	5.8 X		Enterpr./EBITDA	33.39 X	10.72 X	



Spread Relationship		
40 Day Average	\$	22.65
40 Day Variance	\$	2.85
40 Day St. Dev.	\$	1.69
40 Day Correlation		0.93
20 Day Average	\$	24.07
20 Day Variance	\$	1.17
20 Day St. Dev.	\$	1.08
20 Day Correlation		0.90
10 Day Average	\$	24.84
10 Day Variance	\$	0.94
10 Day St. Dev.	\$	0.97
10 Day Correlation		0.51

The Williams Companies moves energy and information through gas pipeline, energy services, and communications businesses. The Williams Energy Group is engaged in exploration and production (it has proved reserves of 1.05 trillion cu. ft. of natural gas equivalent); gas and liquids gathering, storage, and processing; gasoline retail; and energy trading and marketing. Williams Gas Pipeline operates 27,300 miles of coast-to-coast pipeline, including the Transco system, which runs from Texas to New York.

Williams Communications Group puts fiber in the diets of communications providers. Williams Communications unit offers telecom providers voice, data, and video transmission services on its 26,700-mile national network. The company's Solutions unit offers communications equipment and network services throughout North America. The Network unit operates a nationwide fiber-optic network using ATM (asynchronous transfer mode) technology to provide data, Internet, video, and voice transmission services to telecommunications carriers, ISPs, utilities, and other service providers. The Strategic Investments unit invests in or owns, and operates, US and foreign communications businesses. The newest business unit, Broadband Media, offers distribution and management of digital assets and related information.

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out/Holding	Symbol	11/10/00 Price	Ratio (1)	Inlend To Spin (2)	Economic % owned (3)	Embedded Value (4)	Residual Stub Value (5)
Alpine Group	AG	\$ 4.13	Superior Telecom	SUT	\$ 4.69	0.695		51.70%	\$ 3.26	\$ 0.87
American Home Products	AHP	\$ 60.25	ImmuneX	IMX	\$ 40.69	0.221		54.10%	\$ 8.99	\$ 51.26
Motion Corp.	MTNT	\$ 11.31	XM Satellite Radio	XMSR	\$ 27.25	0.279		22.13%	\$ 7.62	\$ 3.70
American Software	AMS/A	\$ 3.03	Logility	LGTY	\$ 2.91	0.498		84.92%	\$ 1.45	\$ 1.58
Apollo Group	APOL	\$ 38.38	Phoenix Online	UOPX	\$ 27.75	0.622		88.05%	\$ 17.25	\$ 21.12
AT&T	T	\$ 20.63	AT&T Wireless	AWE	\$ 20.50	0.519	Y	84.42%	\$ 10.64	\$ 9.98
AXA Financial	AXA	\$ 69.19	Donaldson Lufkin & Jenrette	DLJ	\$ 89.88	0.390		64.50%	\$ 35.10	\$ 34.09
Banco Santander Spain	STD	\$ 9.81	Santander Bancorp	SBP	\$ 15.25	0.008		80.00%	\$ 0.12	\$ 9.70
ePresence	EPRE	\$ 5.63	Switchboard.com	SWBD	\$ 6.31	0.415		39.76%	\$ 2.62	\$ 3.01
Barnes and Noble	BKS	\$ 18.25	Barnesandnoble.com	BNBN	\$ 2.91	0.897		39.38%	\$ 2.61	\$ 15.64
Bowne	BNE	\$ 8.31	Edgar Online	EDGR	\$ 3.63	0.030		8.03%	\$ 0.11	\$ 8.20
BrookTrout	BRKT	\$ 13.31	Interspeed	ISPD	\$ 1.16	0.551		61.59%	\$ 0.64	\$ 12.68
Cabletron	CS	\$ 24.94	Efficient Networks	EFNT	\$ 39.38	0.063		0.00%	\$ 2.48	
			Riverstone Networks	RSTN	\$ 14.00	0.494		89.23%	\$ 6.92	
									\$ 9.40	\$ 15.54
Cadence	ODN	\$ 23.63	Tally	TLTY	\$ 11.00	0.287		82.96%	\$ 3.15	\$ 20.47
Cell Genesys	CEGE	\$ 24.25	Abgenix	ABGX	\$ 78.63	0.071		2.99%	\$ 5.62	\$ 18.63
Chris-Craft	CCN	\$ 68.19	BHC Communications	BHC	\$ 133.00	0.518		80.31%	\$ 68.84	\$ (0.66)
Citizens Communications	CZN	\$ 14.56	Electric Lightwave	ELIX	\$ 5.50	0.155		81.09%	\$ 0.86	\$ 13.71
Cohesion Technology	CSO*	\$ 8.88	Boston Scientific	BSX	\$ 15.38	0.078			\$ 1.20	
			Pharming N.V.	PHAR*	\$ 12.60	0.089			\$ 1.13	
									\$ 2.33	\$ 6.55
Comdisco	CDO	\$ 13.56	Comdisco Ventures	ULCM	\$ 15.00	0.491	Y	88.24%	\$ 7.37	\$ 6.19
Comverse Technology	GMVT	\$ 107.00	Ullicom	ULCM	\$ 45.75	0.199		80.84%	\$ 9.10	\$ 97.90
Data Broadcasting	DBCC	\$ 4.31	MarketWatch.com	MKTW	\$ 5.13	0.077		49.91%	\$ 0.40	\$ 3.92
Dellia's	DLJA	\$ 1.38	iTurf	TURF	\$ 0.84	0.662	Y	55.26%	\$ 0.55	\$ 0.82
Delluxe	DLX	\$ 22.88	eFunds	EFDX	\$ 8.00	0.553	Y	87.91%	\$ 4.42	\$ 18.45
DTE Energy	DTE	\$ 36.50	Plug	PLUG	\$ 22.00	0.096		31.48%	\$ 2.11	\$ 34.39
Disney (Wait)	DIS	\$ 31.50	Disney Internet Group	DIG	\$ 6.94	0.054		72.00%	\$ 0.37	\$ 31.13
Donaldson Lufkin & Jenrette	DLJ	\$ 89.88	DLJ Direct	DIR	\$ 4.56	0.624		84.25%	\$ 2.85	\$ 87.03
Eaton	ETN	\$ 69.44	Axcelis tech.	ACLS	\$ 9.13	1.143	Y	82.43%	\$ 10.43	\$ 59.01
eCom Ventures	ECMV	\$ 0.97	Emission Development	EDV	\$ 2.56	0.352		29.06%	\$ 0.90	\$ 0.07
ECI Telecom	ECIL	\$ 23.56	Ectel	ECTX	\$ 15.94	0.132		75.76%	\$ 2.10	\$ 21.46
EMC	EMC	\$ 82.63	McData	MDDT	\$ 70.38	0.042	Y	86.89%	\$ 2.99	\$ 79.64
Enton	ENE	\$ 83.00	Azuix	AZX	\$ 6.00	0.056		34.99%	\$ 0.33	
			TNPC	NPW	\$ 10.19	0.134		82.51%	\$ 1.37	
									\$ 1.70	\$ 81.30

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.

New Arb Listing

Expected IPO Price

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	11/10/00		Intend To Spin (2)	Economic % owned (3)	Embedded Value (4)	Residual Stub Value (5)
						Ratio (1)	Price				
Flowers Ind.	FLO	\$ 15.50	Keebler	KBL	\$	40.88	0.462	54.36%	\$ 18.89	\$	(3.39)
First Albany	FACT	\$ 10.75	Mechanical Tech.	MKTY	\$	6.31	1.480	34.00%	\$ 9.34	\$	1.41
Ford	F	\$ 24.88	Hertz	HRZ	\$	33.31	0.046	81.00%	\$ 1.53	\$	23.35
GM	GM	\$ 57.25	Hughes	GMH	\$	27.95	0.774	47.52%	\$ 21.62	\$	35.63
Global Crossing	GBLX	\$ 21.50	Asia Global Storage Networks	AGCX	\$	6.44	0.553	90.17%	\$ 3.56	\$	
				STOR	\$	53.88	0.006	5.70%	\$ 0.32	\$	
Great Lakes Chemical	GLK	\$ 33.25	OSCA	OSCA	\$	14.50	0.161	60.00%	\$ 2.33	\$	17.62
ICN Pharmaceuticals	ICN	\$ 34.38	Ribapharm	RIBA	\$	14.00	1.572	87.40%	\$ 22.00	\$	12.37
IDT	IDTC	\$ 30.50	Net2Phone	NTOP	\$	18.06	0.690	41.03%	\$ 12.47	\$	18.03
IMS Health	RX	\$ 24.69	Cog Tech Solutions	CTSH	\$	42.13	0.049	78.47%	\$ 2.07	\$	
			Gartner Group	IT	\$	10.31	0.024	8.16%	\$ 0.24	\$	
Kushner-Locke	KLOC	\$ 0.44	USSearch.com	SRCH	\$	0.59	0.673	52.61%	\$ 0.40	\$	0.04
Limited	LTD	\$ 25.94	Intimate Brands	IBI	\$	22.63	0.927	80.45%	\$ 20.97	\$	4.97
Loews	LTR	\$ 90.19	Diamond Offshore Drilling	DO	\$	35.75	0.711	86.94%	\$ 25.41	\$	
			CNA Insurance	CNA	\$	35.69	1.617	52.31%	\$ 57.71	\$	
Loral	LOR	\$ 5.94	Globalstar	GSTRF	\$	2.25	0.146	42.44%	\$ 0.33	\$	5.61
Maxxam	MXM	\$ 17.63	Kaiser Aluminum	KLU	\$	4.69	7.410	62.86%	\$ 34.73	\$	(17.11)
MCSI	MCSI	\$ 29.25	Zengine	ZNGN	\$	11.88	0.671	50.70%	\$ 7.97	\$	21.28
Mechanical Tech.	MKTY	\$ 6.31	Plug	PLUG	\$	22.31	0.388	31.48%	\$ 8.65	\$	(2.34)
Motorola	MOT	\$ 21.75	Next Level Communications	NXTV	\$	32.56	0.029	76.67%	\$ 0.96	\$	20.79
Marshall & Ilsley	MI	\$ 42.44	Metavante	MVNT	\$	8.50	0.837	84.06%	\$ 7.11	\$	35.33
Methode Electronics	METHA	\$ 30.88	Stratos Lightwave	STLW	\$	21.38	1.549	86.35%	\$ 33.12	\$	(2.24)
Motorola	MOT	\$ 21.75	Propel	PRPL	\$	19.00	0.057	82.16%	\$ 1.08	\$	20.67
MRV Communications	MRVC	\$ 38.50	Luminet	LMNE	\$	12.00	2.118	92.31%	\$ 25.41	\$	13.09
National City	NCC	\$ 22.25	National Processing	NAP	\$	16.50	0.074	88.14%	\$ 1.22	\$	21.03
Navarre	NAVR	\$ 1.38	Net Radio	NETR	\$	0.69	0.195	49.85%	\$ 0.13	\$	1.24
Network Associates	NETA	\$ 17.69	McAfee	MCAF	\$	6.88	0.261	81.09%	\$ 1.80	\$	15.89
Nextel	NXTL	\$ 30.50	Nextel International	NXTI	\$	18.00	0.373	86.18%	\$ 6.71	\$	23.79
			Nextel Partners	NXTP	\$	21.13	0.106	33.38%	\$ 2.25	\$	
News Corp	NWS	\$ 36.31	Fox Corp	FOX	\$	18.00	0.636	82.77%	\$ 11.45	\$	24.87
Xcel Energy	XEL	\$ 26.13	NRG Energy	NRG	\$	25.31	0.440	82.00%	\$ 11.14	\$	14.98
Ostcom	FIBR	\$ 30.00	NetSilicon	NSIL	\$	7.13	0.643	54.62%	\$ 4.58	\$	25.42
PepsiCo	PEP	\$ 48.88	Pepsi Bottling Group	PBG	\$	37.00	0.042	41.45%	\$ 1.55	\$	47.33
PICO Holdings	PICO	\$ 12.38	Hyperfeed Technologies	HYPR	\$	2.31	0.904	71.29%	\$ 2.09	\$	10.28
Pharmacia	PHA	\$ 58.69	Monsanto	MON	\$	22.50	0.170	86.27%	\$ 3.81	\$	54.87
PSINet	PSIX	\$ 1.72	Xpedior	XPDR	\$	1.13	0.210	79.14%	\$ 0.24	\$	1.48

New Atb Listing
Expected IPO Price

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.

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	11/10/00 Price	Ratio (1)	Intend To Spin (2)	Economic % owned (3)	Embedded Value (4)	Residual Stub Value (5)
Ralcorp Holdings	RAH	\$ 14.00	Vail Resorts	MTN	\$ 21.38	0.257		22.00%	\$ 5.50	\$ 8.50
Ralston Purina	RAL	\$ 26.88	DuPont	DD	\$ 43.69	0.052		1.42%	\$ 2.27	
			Interstate Bakeries	IBC	\$ 14.94	0.099		43.18%	\$ 1.47	
			Conoco	COC	\$ 26.38	0.024		1.18%	\$ 0.63	
Reuters	RTSY	\$ 105.88	Tibco Software	TIBX	\$ 59.13	0.478		58.63%	\$ 28.26	\$ 77.61
RSL	RSLC	\$ 1.00	Delta Three	DDC	\$ 3.06	0.335		68.00%	\$ 1.03	\$ (0.03)
Sabre Group	TSG	\$ 34.38	Travelocity	TVLY	\$ 14.75	0.259		67.84%	\$ 3.83	\$ 30.55
Sea Containers	SCR.a	\$ 22.44	Orient Express Hotels	OEH	\$ 19.44	1.050	Y	62.94%	\$ 20.41	\$ 2.02
Seagate Technology	SEG	\$ 66.81	Veritas Software	VRTS	\$ 136.75	0.467		32.99%	\$ 63.86	
			Sandisk	SNDK	\$ 54.22	0.046		16.09%	\$ 2.51	
			Gadzoom Networks	ZOOX	\$ 5.63	0.023		25.45%	\$ 0.13	
Southern Company	SO	\$ 28.75	Southern Energy	SOE	\$ 27.00	0.406		79.79%	\$ 10.96	\$ 17.79
SPX Corp.	SPW	\$ 122.5	Inrange Tech.	INRG	\$ 33.69	2.339		88.80%	\$ 78.79	\$ 43.71
Stitwell Financial	KSU	\$ 42.50	DST Systems	DST	\$ 56.38	0.180		32.28%	\$ 10.17	\$ 32.33
St. Paul Co.	SPC	\$ 50.06	John Nuveen & Co.	JNC	\$ 48.44	0.114		78.50%	\$ 5.50	\$ 44.56
Synovus	SNV	\$ 21.81	Total Systems	TSS	\$ 15.56	0.554		80.76%	\$ 8.62	\$ 13.20
Toronto-Dominion	TD	\$ 27.81	TD Waterhouse Group	TWE	\$ 16.25	0.521		0.00%	\$ 8.47	
			Knight-Trimark	NITE	\$ 26.50	0.015		8.51%	\$ 0.38	
Telephone & Data Systems	TDS	\$ 92.95	U.S. Cellular	USM	\$ 56.50	1.155		60.91%	\$ 65.29	
			VoiceStream	VSTR	\$ 116.25	0.366		14.00%	\$ 42.50	
			Vodafone	VOD	\$ 34.63	0.044			\$ 1.53	
Time Warner	TWX	\$ 77.60	Time Warner Telecom	TWTC	\$ 60.50	0.041		51.00%	\$ 2.46	\$ 75.14
Titan	TTN	\$ 17.13	Cayenta	CYTA	\$ -	0.385		61.32%	\$ -	\$ 17.13
			Surebeam	SURE	\$ 15.50	0.866		73.81%	\$ 13.42	
Tribune	TRB	\$ 38.25	AOL	AOL	\$ 51.75	0.020		0.26%	\$ 1.03	\$ 37.22
TRW	TRW	\$ 36.94	Wireless Inc.	WLSI	\$ 2.44	0.047		13.50%	\$ 0.11	
			E Sync Networks	ESNI	\$ 2.44	0.025		40.00%	\$ 0.06	
			Celera Genomics	CRA	\$ 66.25	0.004		1.00%	\$ 0.28	
			RF Micro Devices	RFMD	\$ 21.63	0.187		13.68%	\$ 4.03	
TYCO	TYC	\$ 55.63	TYCOM	TCM	\$ 28.81	0.266		89.54%	\$ 4.49	\$ 32.45
Ucar	UCR	\$ 9.50	Graftech	GRAF	\$ 16.50	0.559		82.79%	\$ 9.23	\$ 0.27
UnitedGlobalCom	UCOMA	\$ 26.50	United Pan-Europe Comm.	UPCOY	\$ 15.81	1.839		61.00%	\$ 29.09	\$ (2.59)
* UCOWA information is updated to reflect Liberty Media Purchase										
USA Networks	USAI	\$ 20.06	Ticketmaster-Online	TMCS	\$ 14.06	0.066		61.00%	\$ 0.92	
			Hotel Reservation Networks	ROOM	\$ 37.00	0.056		68.00%	\$ 2.08	
Utilicorp	UCU	\$ 26.63	Quanta Services	PWR	\$ 35.06	0.237		34.23%	\$ 8.33	\$ 18.30
Viacom	VIA	\$ 53.81	Blockbuster	BBI	\$ 9.44	0.096		83.24%	\$ 0.90	
			Infinity Broadcasting	INF	\$ 31.31	0.463		64.20%	\$ 14.49	
Wackenhut	WAK	\$ 12.50	Wackenhut Corrections	WHC	\$ 7.31	0.820		58.54%	\$ 6.00	\$ 6.50
Western Resources	WR	\$ 22.50	Protection One	POI	\$ 1.44	1.557		85%	\$ 2.24	\$ 20.26
			Oneok - Common	OKE	\$ 41.56	0.047		11%	\$ 1.95	
			Oneok-Preferred	OKE	\$ 46.56	0.144		34%	\$ 6.71	
Williams	WMB	\$ 43.25	Williams Communications	WCG	\$ 16.94	0.893	Y	85.29%	\$ 15.13	\$ 28.12
Verizon	VZ	\$ 56.63	Genuity	GENU	\$ 5.28	0.007		1.87%	\$ 0.04	\$ 56.59

New Atb Listing
Expected IPO Price

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.

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	New York	Y	ALA	\$ 59.31	Alcatel Optics	NASDAQ N-Mkt	ALAO	\$ 59.13	0.067	N	80.00%	\$ 3.93	\$ 56.38
Alliance Semiconductor	NASDAQ N-Mkt		ALSC	18.19	Broadcom	NASDAQ N-Mkt	BRCM	156.94	0.011		0.21%	\$ 1.79	
					Chartered Semiconductor	NASDAQ N-Mkt	CHRT	43.00	0.050		1.55%	\$ 2.14	
					Chartered Semiconductor-S	Singapore	CSM SP	4.53	0.498		0.00%	\$ 2.26	
					United Microelectronics-S	Taipei	2303 TT	2.04	7.885		4.47%	\$ 16.11	
					Vitesse Semiconductor	NASDAQ N-Mkt	VTSS	61.19	0.020		0.45%	\$ 1.21	
												\$ 23.50	\$ (5.32)
Canadian Pacific	Toronto		CP CN	28.04	PanCanadian Petroleum	Toronto	PCP CN	23.24	0.697	N	87%	\$ 16.19	\$ 11.85
Commerzbank	Frankfurt		CBK GR	38.35	ComDirect	Berlin	COM GR	33.26	0.231	N	81.85%	\$ 7.68	\$ 30.67
Deutsche Telekom	New York	Y	DT	33.63	T-Online	Munich	TOI GR	23.02	0.356	N	91.05%	\$ 8.20	\$ 25.42
Dixons	London		DXNS LN	3.21	Freemove	London	FRE LN	2.05	0.412		80.00%	\$ 0.85	\$ 2.37
France Telecom	New York	Y	FTE	93.75	Wanadoo	Paris	NAD FP	15.51	1.046	N	90.00%	\$ 16.23	\$ 77.52
iGate Capital	NASDAQ N-Mkt		IGTE	5.19	Mascot	Bombay	MSCT IN	6.01	0.466		88.89%	\$ 2.80	\$ 2.39
MDC	NASDAQ N-Mkt		MDCA	7.88	Maxxcom	Toronto	MXC CN	6.65	1.138	N	77.80%	\$ 7.56	\$ 0.31
Philips	Amsterdam		PHIL NA	47.39	Taiwan Semiconductor	Taipei	2330 TT	3.56	0.253		2.85%	\$ 0.90	
					Seagram's	Toronto	VO CN	57.77	0.036		10.77%	\$ 2.10	\$ 44.39
Prudential	London		PRUL LN	14.46	Egg	London	EGG LN	1.68	0.343	N	82.00%	\$ 0.58	\$ 13.88
Reuters	NASDAQ N-Mkt	Y	RTRSY	106.63	Tibco	NASDAQ N-Mkt	TIBX	59.16	0.479		36.50%	\$ 28.34	\$ 78.29
Siemens	Frankfurt		SIE GR	155.89	Infinion	New York	IFX	38.00	0.731		70.00%	\$ 27.77	\$ 128.12
Telephonica	New York	Y	TEF	54.06	Terra Networks	NASDAQ N-Mkt	TRLY	22.88	0.248		40.76%	\$ 5.67	\$ 48.40
Vivendi	Paris		EX FP	97.58	Vivendi Environment	Paris	VIE FP	51.63	0.360		63.04%	\$ 18.60	\$ 78.98

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.

New Aib Listing

Expected IPO Price

Spin-Off Calendar by Date

Parent	Listed			Listed		Date Announced	Spin-Off Date	Report Date	Tax Exempt	Ratio
	Symbol	Options	Spin-Off	Symbol	Options					
IMS Health	RX	Y	Gartner Group	IT	Y	11/12/98	07/26/99	July	Y	1:7.7
ShopKo	SKO	Y	ProVantage Health Services	PHS		02/04/99	07/14/99	August		CO
Roche Holdings AG	RO.SW		Genentech	DNA	Y	06/02/99	07/20/99	August		CO
IDT	IDTC	Y	Net2Phone	NTOP		05/14/99	07/29/99	August		CO
Intermedia	ICIX		Digex	DIGX			07/30/99	August		CO
Quantum	QNTM	Y	Hard Disk Drive	HDD		03/01/99	08/03/99	July-U		.5:1
			DLT & Storage Systems	DSS		03/01/99	08/03/99	July-U		1:1
DuPont	DD	Y	Conoco	COC	Y	05/11/98	08/09/99	August	Y	1:2.95
Viacom	VIA.B	Y	Blockbuster Entertainment	BBI	Y	05/06/99	08/12/99	September	Y	CO
Limited	LTD	Y	Limited Too	TOO	Y	05/03/99	08/24/99	September	Y	1:7
Lynch Corp.	LGL		Lynch Interactive	LIC		04/09/99	09/01/99	September	Y	1:1
Snyder Communications	SNC	Y	Ventiv Health	VTIV		06/23/99	09/28/99	September	Y	1:3
BrookTrout Inc.	BRKT	Y	Interspeed Inc.	ISPD		06/18/99	09/24/99	October		CO
Perfumania	PRFM	N	Perfumania.com	PF		04/20/99	09/29/99	September		CO
Williams Co.	WMB	Y	Williams Communications	WCG		11/20/98	10/01/99	October		CO
Gencorp	GY	Y	Omnova Solutions	OMN		12/17/98	10/01/99	October	Y	1:1
HRPT Properties	HRP	Y	Senior Living	SNH		12/24/98	10/12/99	September	N	1:10
Navarre	NAVR	Y	Net Radio	NETR	N	03/03/99	10/14/99	April		CO
Watts Industries	WTS	Y	CIRCOR International	CIR		12/15/98	10/19/99	November	Y	1:2
Harcourt General	H	Y	Neiman Marcus	NMG.B		05/17/99	10/22/99	November	Y	3:10
Snyder Communications	SNC	Y	circle.com	CRCM		05/12/99	10/29/99	September		TR .25:1
Tenneco	TEN	Y	Tenneco Packaging	PTV		07/21/98	11/05/99	November	Y	1:1
Harris Corp.	HRS	Y	Lanier Worldwide	LR		04/14/99	11/05/99	November		1:1
Microsoft	MSFT	Y	Expedia	EXPE		09/23/99	11/10/99	December		CO
Hewlett-Packard	HWP	Y	Agilent Technologies	A		03/02/99	11/18/99	December		CO/SP
Disney	DIS	Y	Disney Internet Group	DIG		07/12/99	11/18/99	December		TR
HNC Software	HNCS		Retek	RTEK			11/18/99	December		CO
RSL Corp.	RSLC		DeltaThree	DDDC		05/03/99	11/23/99	December		CO
Allegheny Teledyne	ALT	Y	Teledyne Technologies	TDY		01/19/99	11/30/99	December	Y	1:7
			Water Pik Technologies	PIK					Y	1:20
Daisytek	DZTK		PFSweb	PFSW		09/21/99	12/02/99	December		CO
Metamor Worldwide	MMWW	Y	Xpedior	XPDR		10/18/99	12/16/99	November		CO
Crane	CR	Y	Huttig	HBP		06/21/99	12/17/99	December	Y	1:4.5
Schlumberger	SLB	Y	Sedco Forex (Merger)	RIG		07/12/99	12/31/99	Jan-00	Y	1:5
Graphics Packaging	GPK	Y	Coorstek	CRTK		06/15/99	01/04/00	Jan-00	Y	1:4
Technology Solutions	TSCC	Y	eLoyalty	ELOY		03/31/99	2/16/00	Feb-00	Y	1:1
USA Networks	USAI	Y	Hotel Reservations Network	ROOM		11/01/99	02/25/00	Mar-00		CO
3Com	COMS	Y	Palm	PALM	Y	09/14/99	03/02/00	Feb-00		CO
Banyan	BNYN	Y	Switchboard.com	SWBD		11/11/99	03/02/00	Jan-00		CO
AMR Corp.	AMR	Y	Sabre Group Holdings	TSG	Y	12/14/99	03/15/00	Mar-00	Y	.7:1
Olsten Corp.	OLS	Y	Gentiva Health Services	GTIV		08/18/99	03/16/00	Nov-99	N	1:4
Ashland Inc.	ASH	Y	Arch Coal	ACI		10/6/00	03/27/00	April-00	N	1:2458
First Union Real Estate	FUR		Impark	IPK		01/24/00	03/28/00	April-00		1:20
Ralston Purina	RAL	Y	Energizer Holdings	ENR		06/10/99	04/01/00	April-00	Y	1:3
US Bancorp	UBAN	N	Three Rivers Bancorp	TRBC		07/12/99	04/01/00	April-00	Y	1:2
Baxter Int.	BAX	Y	Edwards Lifesciences	EW		07/12/99	04/03/00	April-00	Y	1:5
Cabot Corp.	CBT		Cabot Micro-Electonics	CCMP		07/29/99	04/04/00	April-00	Y	CO
Comverse Technology	CMVT	Y	Ulticom	ULCM		01/19/00	04/05/00	April-00		CO
Weatherford	WFT	Y	Grant Prideco Drilling	GRP		07/21/99	04/14/00	April-00		1:1
AT&T	T	Y	Wireless Group	AWE		12/06/99	04/27/00	April-00	Y	CO-TR
C-Cube	CUBE	Y	C-Cube Semiconductor	CUBE		10/27/99	05/03/00	May-00	N	1:1
BCE	BCE	Y	Nortel Networks	NT		01/31/00	05/02/00	Feb-00	N	SP
Xcel Energy	XEL	Y	NRG Energy	NRG		03/29/00	05/31/00	June-00		CO

Spin-Off Calendar by Date

Parent	Listed		Spin-Off	Symbol	Date	Record	Spin-Off	Report	Tax	Ratio
	Symbol	Options			Announced	Date	Date	Date	Exempt	
SGI	SGI	Y	Mips Technology	MIPS	02/26/99		06/20/00	June-00		.135:1
Hewlett-Packard	HWP	Y	Agilent	A	03/02/99		06/02/00	June-00	Y	.37:1
iGate	IGTE		Mascot	MSCT	03/07/00		06/12/00	April-00		CO
Great Lakes Chemical	GLK	Y	OSCA	OSCA	09/20/99		06/15/00	July-00		CO
Deluxe Corp.	DLX	Y	eFunds	EFDS	01/31/00		06/26/00	June-00		CO/SP
Methode Electronics	METHA	Y	Stratos Lightwave	STLW	02/23/00		06/26/00	June-U		CO/SP
Ford	F	Y	Visteon	VC	04/14/00		06/28/00	June-00	Y	1:7.637
Verizon	VZ	Y	Genuity	GENU	04/10/00		06/28/00	May-00		CO
AutoNation	AN	Y	ANC Rental Corp.	ANCX	08/02/99		06/30/00	June-00	Y	1:8
Delta Woodside	DLW		Duck Head	DHA	02/09/99	06/19/00	06/30/00	July-00	Y	1:10
			Delta Apparel	DLA	02/09/99	06/19/00	06/30/00	July-00	Y	1:10
Orckit	ORCT		Tioga Technologies	TIGA	02/10/00	06/28/00	07/03/00	July-00	Y	1:1
Intelligroup	ITIG		Seranova	SERA	11/04/00	05/12/00	07/06/00	July-00	Y	1:1
Daisytek	DZTK		PFSweb	PFSW	09/21/99	06/19/00	07/07/00	July-00	Y	.81:1
Eaton	ETN	Y	Axcelis Technologies	ACLS	02/24/00		07/10/00	July-00		CO/SP
Kansas City Southern	KSU	Y	Stilwell Financial	SV	02/03/98	6/28/00	07/12/00	July-00	Y	2:1 1:2
3Com	COMS	Y	Palm	PALM	09/14/99	07/11/00	07/27/00	July-00	Y	1.5:1
TYCO	TYC	Y	Tycom	TCM	03/10/00		07/27/00	August-00		CO
Atuant	ATU	Y	APW Ltd	APW	01/27/00		07/31/00	August-00	Y	1:1
America Online	AOL	Y	America Online Latin	AOLA	07/06/00		08/07/00	August-00		CO
EMC	EMC	Y	McData	MCDT	05/31/00		08/09/00	August-00		CO/SP
Sea Containers	SCRA		Orient Express Hotels	OEH			08/10/00	August-00		CO/SP
BRE Properties	BRE		VelocityHSI	VHSI	03/16/00	08/07/00	08/15/00	August-00	N	1:5
Ziff-Davis	ZD		Key3Media	KME			08/21/00	Sept-00		1:2
IMS Health	RX	Y	Synavant	SNVT	03/28/00	07/28/00	09/01/00	Sept-00	Y-Opin	1:20
MCSi	MCSI		Zengine	ZNGN	08/22/00		09/22/00	Sept-00		CO
SPX	SPW	Y	Inrange Technologies	INRG	06/05/00		09/22/00	Sept-00		CO
Southern Company	SO	Y	Southern Energy	SOE	04/17/00		09/27/00	Oct-00	Y	CO/SP
HNC Software	HNCS		Retek	RETK		09/15/00	09/29/00	August-00	Y	~1.24:1
Cabot Corp.	CBT		Cabot Micro-Electronics	CCMP	07/29/99	09/13/00	09/29/00	Sept-00	Y	1:3.7
Lucent	LU	Y	Avaya	AV	03/01/00	09/20/00	09/30/00	Sept-00	Y	1:12
Dun & Bradstreet	DNB	Y	Moody's	MCO	12/15/99	09/20/00	09/30/00	Sept-00	Y	1:2
Apollo Group	APOL		Phoenix Online	UOPX	03/28/00		09/28/00	Oct-00		CO/TR
Enron	ENE		New Power	NPW			10/05/00	Oct-00		CO
SARA LEE	SLE	Y	Coach	COH	05/30/00		10/05/00	Oct-00		CO/SP
St. Joe	JOE	Y	Florida East Coast	FLA	10/27/99	9/18/00	10/09/00	Oct-00	Y	.23:1
Global Crossing	GBLX		Asia Global Crossing	ACGX			10/06/00	Oct-00		CO
Pharmacia	PHA		Monsanto	MON	08/30/00		10/18/00	Oct-00		CO
MRV Communications	MRVC		Luminent	LMNE	07/29/00		11/10/00	Nov-00		CO/SP
Ultramar Diamond Sham.	UDS		Shamrock Logistics		08/14/00		11/ /00	Nov-00		CO
BEI Technologies	BEIQ		OpticNet		08/24/00	10/30/00	11/21/00	Sept-00	N	SP
ICN Pharmaceuticals	ICN		Ribapharm	RIBA	06/15/00		December	Oct-00		CO
Fluor	FLR		Massey Energy		06/08/00		December	Nov-00		1:1
Sybron (Apogent-AOT)	SYB		Sybron Dental Special	SYD	04/24/00	11/30/00	12/11/00	Sept-00	Y	1:3
Eaton	ETN	Y	Axcelis Technologies	ACLS	02/24/00	12/06/00	12/29/00	July-00		1.15:1
Deluxe Corp.	DLX	Y	eFunds	EFDS	01/31/00		4th qtr-00	June-00		SPLIT
National Data	NDC	Y	eHealth & eCommerce		12/21/99			Jan-00		SP
Comdisco	CDO	Y	Ventures	CDOV	12/22/99			October-00		CO-TR
Titan	TTN	Y	Surebeam	SURE	08/14/00					CO
Chronimed	CHMD		MEDgenesis	MDGN	03/13/00	06/16/00	Pending	August-00		1:3
Cadence Design	CDN		Tality	TLTY			Delayed	October-00		CO
Marshall & ilsley	MI		Metavante	MVNT	07/13/00					CO
Nextel	NXTL		Nextel International	NXTI	08/18/00			Sept-00		CO
AT&T	T	Y	AT&T Wireless	AWE						SPLIT

Spin-Off Calendar by Date

Parent	Listed		Spin-Off	Symbol	Date	Spin-Off	Record	Report	Tax	Ratio
	Symbol	Options			Announced	Date	Date	Date	Exempt	
Cabletron	CS	Y	Riverstone Networks	RSTN	2/00/00	4th qtr-00		Mar-00		CO/SP
Cabletron	CS	Y	Enterasys Networks		2/00/00					
Cabletron	CS	Y	Global Network Tech.		2/00/00					
Modis Professional	MPS	Y	IdeaIntegration	IDEA				Sept-00		CO
Titan	TTN	Y	Cayenta		12/29/99			Dec-99		CO
Motorola	MOT		Propel	PRPL	06/27/00			July-00		CO
Cabletron	CS	Y	Aprisma Technology		2/00/00					
Interpool	IPX	N	Microtech and Poolstat		08/09/99					SP
PTEK Holdings	PTEK	Y	E Research Technologies		10/28/99					CO
Computer Horizons	CHRZ	Y	eB Networks – Softech		10/18/99	2001		Dec-99		CO
Modis Professional	MPS	Y	Prolianz	PRO	11/09/99			Dec-99		SP/CO
Hewlett Packard	HWP	Y	Deep Canyon		01/01/00			Feb-00		
Thermo Electron	TMO	Y	Thermo Fibertek	TFT	01/31/00	4th qtr-00		Feb-00		SP
Ciber	CBR	Y	Enterprise Solutions		03/01/00			Mar-00		SP
Cyber-Care	CYBR		Air Response		02/29/00	SOLD		Mar-00		SP
GETGO.COM	GTGO		GETGO USA		02/29/00			Mar-00		SP
Aztec	AZTC		PCSI		03/30/00			April-00		CO
Sea Containers	SCRA		Orient Express Hotels	OEH				August-00	Y- Opinion	~1.1:1
Bellsouth	BLS	Y	Latin Wireless		03/29/00			April-00	Y	CO/TR
			Domestic Wireless		04/05/00			April-00		CO
PSINet	PSIX	Y	Interdot.net		03/28/00	4th qtr-00		April-00		CO
Western Resources	WR	Y	Electric Utility		03/29/00			April-00		SP
Fisher Scientific	FSH		Alchematrix		03/08/00	2001		May-00		CO
Kroll-O'Gara	KROG		Break-Up		04/18/00	Dec/Jan-01		May-00		
Xerox	XRX	Y	Contentguard		04/26/00			May-00		CO
ICN Pharmaceuticals	ICN		International Operations		06/15/00			July-00		CO
Lucent	LU	Y	Microelectronics Unit					July-00		
Diageo	DEO		Burger King		06/22/00			July-00		CO
Ceridian	CEN		Arbitron		07/18/00			August-00		SP
Computer Associates	CA		Software and Services		08/07/00			August-00		CO
ESS Technologies	ESST		ViAlta		07/20/00	2001		August-00		CO
Qualcomm	QCOM		Semiconductor Business		07/25/00			August-00		CO
Reliant	REI		Reliant Resources		07/27/00			August-00		CO/SP
Saks	SKS		Saks Fifth Ave Enterprises		07/19/00	1st half-01		August-00	Opinion	1:3
ECI Telecom	ECIL		Multiple Break Up		08/03/00			Sept-00		
CMS Energy	CMS		Oil and Gas		10/03/00	1st half-01		Oct-00		CO
Conexant	CNXT		Network Access Division		09/13/00	1st half-01		Oct-00		CO/SP
Equifax	EFX		Payment Services Division		10/02/00	2nd qtr-01		Oct-00		SP
Millipore	MIL		Micro-electronics		10/03/00	1st half-01		Oct-00		CO/SP
Nortel Networks	NT		Optic's Division		09/15/00	1st half-01		Oct-00		CO
US Industries	USI		Lighting and Tool Division			Dec-00		Oct-00	N	SP
RPC	RES		Chaparral Boat Unit		01/14/00			Feb-00		SP
Cablevision	CVC	Y	Rainbow Programming		12/22/99			Jan-00	Y	TR
Avista	AVA	Y	Internet Billing		01/27/00			Feb-00		
Miller Industries	MLR	Y	RoadOne		05/13/99			June-99	P	SP
AT&T	T	Y	Break Up					Nov-00		
Cendant	CD	Y	Member Services					Nov-00		SP
Constellation Energy	CEG		Merchant Energy					Nov-00		
FMC	FMC		Machinery					Nov-00		
Quantum	DSS		Snap Appliances					Nov-00		
Unitrin	UNIT		Curtiss-Wright	CW				Nov-00		SP
Williams	WMB		Williams Energy Partners	WEP				Nov-00		
WorldCom	WCOM		MCI-Tracker	MCIT				Nov-00		

Foreign Spin-Off Calendar by Date

Parent	Symbol	Spin-Off	Symbol	Date	Spin-Off	Report	Tax	
				Announce d	Date	Date	Exempt	Ratio
Zurich Allied	ZUAN	PSP Swiss Property	PSPN		03/07/00	Mar-00		SP
Siemens	SIEG_GR	Infineon	IFX		03/13/00	Mar-00		CO
Lycos	LCOS	Lycos Europe	LCY		03/22/00	April-00		CO
Deutsche Telekom	NYSE: DT	T-Online	NM: TQI	03/27/00	04/17/00	April-00		CO
Toys-R-Us	TOY	Toys-R-Us Japan	7645_JP	03/20/00	04/25/00	April-00		CO
Commerzbank	CBK_GR	Comdirect	COM_GR		06/05/00	June-00		CO
Prudential	LSE: PRU	Egg	EGG			June-00		CO
France Telecom	NYSE: FTE	Wanadoo	DOO		07/19/00	July-00		CO
Vivendi	Paris: EX	Vivendi Environment	Paris: VIE		07/19/00	August-00		CO
Modern Times	MGTNY	Metro International	MTROA,B	04/18/00	08/18/00	May-00		1:1
Alcatel	ALA	Fiber Optics	OPTRO	07/27/00	10/20/00	October-00		TR
Penninsular and Oriental	LSE: PO	Princess Cruises	POC	02/24/00	10/23/00	October-00	Y	1:1
BG Group	BG LN	Lattice Group	LAT LN		10/23/00	November-00		1:1
Pearson PLC	LSE: PSON	Recoletos	REC SM		10/23/00	November-00		CO
Novartis	NVS	Syngenta	SYT		11/14/00	November-00		CO
Novo Nordisk	NVO.N	Novozymes	NZUMB DC	09/09/99	11/17/00	November-00		CO, 1:1
Nycomed Amersham		APbiotech		08/07/00	4th-qtr-00	August-00		CO
IDS Intelligent Detect. Sys.	TSE: ISD	GeoCommerce		02/24/00		Mar-00		
IDS Intelligent Detect. Sys.	TSE: ISD	Caduceon		02/24/00		Mar-00		
Roche		Givaudan Fragrances		12/06/99		Jan-00		
Scottish Power	SPI.N	Telecommunications		09/17/99		Oct-99		CO
IDS	IDS	B2B Commerce / Medical		12/14/99		Mar-00		SP
National Power	NP	International Business		11/17/99		Dec-99		SP
Deutsche Telekom	DT	Deutsche Telecom Mobile		01/25/00	Delayed			CO
Alcatel	ALA	Cable and Components		04/04/00		May-00		IPO
Telefonica S.A.	TEF	Telefonic Moviles		09/29/00	11/20/00			CO
Telefonos de Mexico	TMX	Telcel Mobile Unit		09/27/00	1st half-01	October-00		CO
Reuters	RTRSY	Greenhouse Fund				May-00		CO
United Pan-Europe	UPCOY	Chello Broadband	CHLO	03/21/00	2001	June-00		CO
Psion	PON_LN	Symbyan		08/08/00	2001	Sept-00		CO
Kingfisher	KFG LN	General Merchandise				November-00		SP
Lynx Group	LNK LN	Office Mgmt. Software				November-00		
Roche Holdings	RHO GR	BASILEA Pharmaceutica				November-00		CO
France Telecom	FTE	Itineris / New Orange			2001			

Delayed Spin-Off's

Parent	Listed		Spin-Off	Symbol	Date	Spin-Off	Report	Tax	
	Symbol	Op- tions			Announced	Date	Date	Exempt	Ratio
New York Times	NYT	Y	New York Times Digital	TCD	01/28/00	Withdrawn	Feb-00	Y	CO/TR
Staples	SPLS	Y	Staples.Com	SDOT	09/15/99	Delayed	Oct-99	Y	CO-TR
CMGI	CMGI	Y	Altavista	ALTA	12/17/99	Delayed	Jan-00		CO
UCAR	UCR	Y	Graftech	GRAF	04/18/00	Delayed	August-00		CO
Playboy	PLA		Playboy.com	PBYI	09/28/99	Delayed			CO
Central Garden	CENT		Lawn and Garden Dist.		03/20/00	Delayed			SP
Nordstrom	JWN	N	Internet Unit		08/26/99	Delayed			CO
MIM Corp.	MIMS		Internet Pharmacy		01/20/00	Delayed	Feb-00		CO
Lason	LSON	Y	E-Commerce		12/20/99	Delayed	Jan-00		
Transaction Sys. Arch.	TSAI		Insession Technologies		06/02/00	Delayed	June-00		CO
DAMARK	DMRK	Y	ClickShip Direct		02/16/00	Delayed	Mar-00		SP
American Software	AMSWA	Y	Amquest		01/25/00	Delayed	Feb-00		CO
Copart	CPRT	Y	Internet Business		12/17/99	Delayed	Jan-00		SP
Good Guys	GGUY		Good Guys.com		01/05/00	Delayed	Feb-00		CO
WalMart	WMT	Y	Online Business		01/07/99	Delayed	Feb-00		CO
Verizon	VZ	Y	Verizon Wireless		04/04/00	Delayed	April-00		CO
Comdisco	CDO	Y	Prism		06/17/99	CXL	October-00		CO
Infocure	INCX		Practice Works		08/22/00	Withdrawn	Sept-00		