



**SPIN-OFF
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Table of Contents	Page
◆ Commerzbank (CBK GR) - Sum of the Parts	2
◆ France Telecom (FTE FP) - Sum of the Parts	6
◆ Spin-Off Announcement Calendar	9
◆ Current Spin-Off Situations:	
-Crown Cork & Seal (CCK) / Constar International (CNST) IPO ...	11
-St. Paul (SPC) / Platinum (PTP) IPO	14
◆ Recently Announced Spin-Offs:	
-American Financial Group (AFG) / Infinity Property & Casualty IPO	20
-Brookfield Properties (BPO) / Brookfield Homes	24
-El Paso Energy Partners (EPN) / El Paso Energy Mgmt. IPO	28
-TMP Worldwide (TMPW) / Staffing & Executive Search	31
◆ Updates:	
-Acacia Research (ACRI)	33
-Advanced Medical (AVO)	35
-HealthSouth (HRC)	36
-Heinz (HNZ) / Del Monte (DLM)	37
-ICN Pharmaceuticals (ICN) / Ribapharm (RNA)	41
-USA Interactive (USAI) / Ticket-Master Online	42
◆ Foreign Spin-Off Announced:	
-United Overseas Bank Ltd. (UOB SP) / Haw Par Ltd. (HPAR SP)..	44
◆ Potential Spin-Offs:	
-Genesis Healthcare (GHVI) / Elder Care Assets	45
◆ Potential Spin-Off Watch List	46
◆ Insider Transactions	47
◆ Valuation Snapshots	50
◆ Implied Values	63
◆ Spin-Off Calendar by Date	69
◆ Foreign Spin-Off Calendar by Date	71

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Sum of the Parts

Commerzbank

It has come to our attention that certain German banks may look like interesting opportunities for stub value trades. We are defining a stub value trade as those companies' stocks that have relatively low to negative implied market prices. A stock's implied price is calculated by synthetically removing (shorting-out) the current market value of non-core marketable securities, which the Company currently owns. We have decided to focus on Commerzbank because it has received some attention for having a relatively low and sometimes negative implied price. As of November 5, we calculated Commerzbank's implied price, as defined above to be € 0.22. Please see table #1. However, a Commerzbank implied value trade looks very uninteresting to us for three reasons. First, the trade would be very difficult if not impossible to execute. There are too many moving parts. One would have to purchase Commerzbank and short 16 different stocks based on the ratios we have prescribed in table #1. More importantly, utilizing implied values on financial institutions is always suspect because of their highly levered capital structure and Commerzbank is no exception. The Company is also facing serious financial issues compounded by persisting unfavorable economic conditions for German banks. For these reasons we believe a Commerzbank implied value trade may carry far greater risks than it would first appear.

Non-Core Marketable Assets

We recently spoke with Commerzbank regarding their marketable equity positions. Table 1 provides a detailed list of those holdings, Commerzbank's ownership interest (as of October 21), the current market value of the holdings and the ratio of shares embedded within each share of Commerzbank. Please note that we had to back into an approximate number of shares owned because Commerzbank would not provide the actual number of shares held only the percentage ownership. Commerzbank's ownership interest in these companies ranges from

1.4% on the low end to over 58% on the high end. The liquidity of the holdings varies greatly as well. On the low end Heidelberger Druckmaschinen and BRE Bank each recently had days where roughly 20,000 shares traded hands while on the high side Banco Santander's recent daily volume has been over 40 million shares.

Capital Structure

Looking for stocks with a highly discounted or negative stub value is a favorite pastime here at Spin-Off Advisors. In the most straightforward situations three important characteristics are present:

- The value of the marketable securities which the parent holds is greater than the parent's own market capitalization.
- There is a catalyst, such as a spin-off, which will make the market values of the parent and the subsidiary or subsidiaries correct so that the parent's market capitalization will at least equal the market value of their equity holdings.
- The parent company is 100% equity capitalized.

In these circumstances an investor can profit by purchasing the parent company and shorting the subsidiary or subsidiaries based on a ratio that captures the value of the subsidiary that is embedded in the parent.

If there is no catalyst to force the value of the parent and the subsidiaries to correct, negative stub values may persist for long periods of time. However, the parent company's market capitalization should still "in theory" at least equal the total value of marketable securities which it owns.

Unfortunately, when the parent company has a highly levered capital structure the impetus for executing a stub value trade becomes even less clear. The parent's marketable equity holdings are likely financed in part or in total by the debt. Since the parent's core operations are also financed all or in part by the debt, it becomes more difficult to separate the value of the marketable equity holdings from the value of the "core business" assets. Even if it is assumed that the two could be separated, the value of the marketable equity holdings should only be utilized if the value of the parent's remaining business is greater than the value of the parent's debt. In other words, if the value of the parent's debt is greater than the value of the remaining assets (assets less the marketable equity holdings) then the parent's stub value should be negative.

In addition, if revenue generated by the parent's operations is not sufficient to cover their current liabilities, the non-core equity holdings may need to be sold in order to meet their obligations. This is especially true in Commerzbank's situation because their lack of profitability and the current economic conditions in the German banking industry have led some to speculate that Commerzbank may have liquidity issues in the near future. In fact, Commerzbank may have sold shares between the time of our conversation and when this report was issued. During our discussion the Company indicated that they are currently looking to unload a portion of their ownership in Korea Exchange Bank. They are also trying to sell their wholly owned subsidiary, Montgomery Asset Management (not included in table #1 because there is no market valuation).

Commerzbank Financial Issues

In 2001, Commerzbank generated ROE of less than 1%. For 2002 and 2003 they are currently projected to generate ROE somewhere in the neighborhood of 5% and 4% respectively. The 2002 ROE of 5% includes the capital gain on the deconsolidation of Rheinyp of € 700 million. Without the capital gain, Commerzbank would likely generate a loss in 2002.

S&P recently downgraded Commerzbank from A to A- with a negative outlook. The downgrade will lead to higher financing as well as restrict the Company's ability to operate in the capital markets. The downgrade is due in part to rising loan loss provisions for Commerzbank. The Company's loan loss provision has risen from € 685 million in 2000 to € 927 million in 2001 or 35%. For 2002, we believe loan loss provision will reach € 1.5 billion for an expected increase of 62%. These rising loan loss provisions also translate into lower profitability and potential solvency issues. Potential solvency issues translate into even more difficulty operating in the capital markets and even less profitability. Some have called this a self-fulfilling prophecy others call

COMMERZBANK AG	
BALANCE SHEET	
JUNE 2002	
(In millions of Euros)	
ASSETS	
Cash	5,101
Claims on Banks	54,549
Customer loans	211,730
Loan loss provision	-5,888
Positive fair value on derivatives	3,461
Assets held for dealing	103,479
Investments	104,853
Intangible assets	1,456
Fixed assets	3,159
Tax assets	3,418
Other	2,149
Total assets	487,467
Liabilities & Equity	
Liabilities to banks	118,942
Customer deposits	107,812
Securitized liabilities	168,443
Negative fair values from derivatives	5,184
Liabilities from dealing activities	53,725
Provisions	2,798
Tax liabilities	1,954
Other liabilities	6,683
Subordinated debt	10,267
Minority interests	1,221
Subscribed capital	1,382
Capital reserve	6,126
Retained earnings	4,046
Revaluation reserve	-640
Measurement of cash flow hedges	-541
Currency translation reserve	-9
YTD 2002 net profit	74
Total liabilities and equity	487,467

it a downward spiral. However, it is termed, it seems, to be a very negative situation for Commerzbank.

Low volumes in the equity markets have also been painful for Commerzbank. Direct investment in stocks has fallen by approximately 50%. Commerzbank offset some of this revenue shortfall with an increase in fund sales. The Company changed to an “open architecture” in fund distribution allowing customers to purchase third party funds. Customer response was positive and revenues from fund distributions increased. However, sales of Commerzbank’s own Adig funds fell sharply. According to BVI figures Adig had a net outflow of € 1.16 billion during 1H02.

Commerzbank has been losing market share in investment banking and really lacks the critical mass to be competitive in this area. Commerzbank’s Investment Banking business has been focused on the German market, where they enjoyed a currency advantage over larger global players (except Deutsche Bank). Now that the Euro has been introduced, Commerzbank has lost its FX advantage and they are rapidly losing market share.

Finally, Commerzbank has been and will likely continue to be affected by the dismal environment in the German banking industry.

German Banking Environment

Recently the market has raised liquidity and profitability concerns in the German banking industry. The German banks are facing tough structural problems in a very difficult cyclical environment.

General economic conditions in Germany, as well as flooding in East Germany, have led to rapidly growing loan loss provisions among German banks, which were discussed above. In addition, the publicly held banks in Germany are not the loan price-setters. Basically, there are too many banks in Germany. The banking system is tremendously fragmented. The top five banks in Germany

control only 10% of the total bank branches. The vast majority of bank branches, as well as the entire retail banking market are controlled by non-publicly traded banks which fall into three categories:

- **Savings Banks:** Savings banks are typically owned by a municipality or state and operate only within their local area.
- **Cooperative Banks:** Cooperative banks are generally mutually owned.
- **Postbank:** Postbank is a subsidiary of Deutsche Post, which is publicly traded. However, Deutsche Post is still majority owned by the Government.

By the descriptions of their ownership, one can see that the interests of some of these non-publicly traded banks, and therefore their loan pricing policies, may be in part social and political and not purely economic. However, these banks control retail loan pricing. Therefore, better loan pricing requires the non-publicly traded banks to push up margins. While there is some indication that non-publicly traded banks are starting to increase margins it appears to be a very slow process. The overabundance of banks in Germany has also led to low loyalty levels among retail banking clients. In fact, many Germans utilize multiple banks to fulfill their retail banking needs. The low loyalty levels certainly lead to even tougher pricing conditions and decrease the banks’ chances of cross-selling more expensive services. In addition, the fragmented environment prohibits efficiencies of scale and creates a higher cost structure than is necessary.

While the liquidity/solvency rumors of a month ago may have been overdone (we believe Commerzbank’s tier 1 capital ratio will fall between 6.1% and 6.2% when they report 3Q02), continued low profitability and grim economic conditions among German banks will keep this issue in the forefront for the foreseeable future.

Other items

Commerzbank may be an acquisition target. Given

our analysis, this would likely be the best outcome for an investor who puts on an implied value trade involving Commerzbank as a premium would likely be paid. However, given the current structure of the German banking industry we do not believe that an acquisition of Commerzbank is imminent.

Anytime a publicly traded company owns marketable securities that have a combined market value exceeding the market capitalization of the company itself, a second look is warranted. However, in the case of Commerzbank there are three extenuating circumstances which make an implied value trade less appealing. The trade would be extremely difficult to execute due to the number of moving parts. The Company's highly levered capital structure overshadows the value of their marketable securities. Finally, the marketable securities themselves may be sold to meet liquidity shortfalls. Therefore, we conclude that while an implied value trade may create profits on market fluctuations, we do not believe there is an arbitrage opportunity here.

TABLE 1**COMMERZBANK AG Marketable Securities**

Name	Shares Out (in millions)	Price in Euros	Company's Market Cap (in millions of Euros)	Approximate # of Shares Owned by Commerzbank (in millions)	Ownership Interest	Embedded Ratio	Value of Ownership (in millions of Euros)
BANCO SANTANDER CENTRAL HISP	4,768.403	6.17	29,421.047	85.8	1.8%	0.16146	529.6
CREDIT LYONNAIS SA	348.793	36.15	12,608.852	14.0	4.0%	0.02624	504.4
LINDE AG	119.262	37.50	4,472.325	11.9	10.0%	0.02243	447.2
ASSICURAZIONI GENERALI	1,275.704	18.00	22,958.845	17.9	1.4%	0.03360	321.4
INTESABCI SPA	5,915.707	1.58	9,364.564	195.2	3.3%	0.36723	309.0
KOREA EXCHANGE BANK	222.175	3.42	759.409	72.4	32.6%	0.13625	247.6
HEIDELBERGER DRUCKMASCHINEN	85.908	23.75	2,040.315	8.5	9.9%	0.01600	202.0
BRE BANK SA	22.971	19.45	446.684	11.5	50.0%	0.02160	223.3
COMDIRECT BANK AG	140.500	3.64	511.420	82.4	58.6%	0.15501	299.7
DEUTSCHE BOERSE AG	111.803	39.50	4,416.219	4.5	4.0%	0.00841	176.6
T-ONLINE INTERNATIONAL AG	1,223.858	7.20	8,811.778	24.5	2.0%	0.04604	176.2
BUDERUS AG	63.001	21.15	1,332.471	6.6	10.5%	0.01242	139.6
MAN AG	140.974	12.59	1,774.863	9.2	6.5%	0.01724	115.4
MEDIOBANCA SPA	778.549	7.34	5,716.888	10.9	1.4%	0.02050	80.0
HOCHTIEF AG	63.045	13.90	876.326	1.8	2.8%	0.00329	24.3
ERSTE BANK DER OESTER SPARK	59.825	57.70	3,451.903	1.2	2.0%	0.00225	69.0
Total Value of Marketable Securities (in millions of Euros)							3,865.5
COMMERZBANK AG	531.600	7.49	3,981.684				3,981.7
COMMERZBANK AG Stub Value (in millions of Euros)							116.2
COMMERZBANK AG Stub Value per Share (in Euros)							0.22
COMMERZBANK AG Stub Value per Share (in US \$)						\$	0.22

Note: The Approximate # of Shares Owned by Commerzbank was calculated by Spin-off Advisors based on the percentage ownership provided by Commerzbank on October 21. The actual number of shares currently owned by the Company may differ.

Sum of the Parts

France Telecom

If you have been paying attention to our foreign implied value of stubs worksheet (at the back of every monthly issue) you have probably noticed that France Telecom has been trading at a negative stub value for some time. In fact, FTE's stub value has become significantly more negative falling from (\$1.37) in the June issue to (\$8.49) in the October issue. We are calculating stub value by synthetically removing (shorting-out) the current market value of marketable securities, which the parent company currently owns. France Telecom currently owns approximately 84% of Orange (OGE FP), 74% of Wanadoo (NAD FP), and 51% of Equant (EQU FP). Please see table #1. All three of these subsidiaries are consolidated into France Telecom for financial reporting purposes. Armed with updated holdings percentages we are currently calculating a stub value of (€12.29) or (\$12.40) for France Telecom. Unfortunately, executing a stub value trade by purchasing France Telecom and shorting Orange, Wanadoo and Equant by the ratios we have prescribed in table #1, does not appear to be an arbitrage opportunity.

Although there are significantly less moving parts compared to the Commerzbank situation, a FTE stub value trade is plagued with two of the same issues that effect Commerzbank (see page #2 of this report). First, there is currently no catalyst to force the market value of France Telecom to at least equal the market values of their equity stake in Orange, Wanadoo and Equant. Second, France Telecom is very highly levered and it is not clear that the value of their non-publicly traded assets is greater than or even close to the value of the debt, which rests on France Telecom's books. In addition, France Telecom may be teetering on the edge of severe liquidity problems. The impending liquidity crunch will likely result in dilution of stockholders ownership in France Telecom, dilution of France Telecom's ownership in Orange, Wanadoo and/or Equant, or a combination.

France Telecom provides a wide variety of telecommunications services to residential, professional and large business customers. As noted above France Telecom consolidates Orange, Wanadoo and Equant for financial purposes. The Company also conducts operations through these subsidiaries as well as wholly owned business units. Major lines of business include providing public fixed-line voiced telephone services, leased lines and data transmission services, mobile telecommunications services, telecommunications equipment sales and rentals, cable television and broadcasting services, information services as well as internet and wireless applications.

Orange provides wireless communications services. The Company offers a variety of services including wireless application protocol (WAP), wireless data transmission, general packet radio service (GPRS), internet related products and services as well as wireless telephony services based on digital global systems for mobile communication (GSM). Orange operates in 20 countries worldwide. However, its primary operations are in the UK and Europe.

Wanadoo is an internet service provider (ISP). The Company offers internet access packages via high-speed integrated services digital network or broadband cable and asymmetric digital subscriber line connections. Wanadoo provides internet service to both individuals and businesses. The Company's portals and information sites include www.voila.fr, www.pagesjaunes.fr and www.mappy.fr. Wanadoo also operates e-commerce sites, such as www.alapage.com and www.marcopoly.com.

Equant operates a data network and provides international data transmission services to businesses. The Company manages voice and data networks and offers dial-in access, wide and local area network connectivity, and security, systems integration and maintenance services.

No Catalyst

France Telecom has made no indication that they are or will ever consider a catalyst, such as a spin-off, that would force the market value of the parent to align with the market values of their publicly traded subsidiaries. While France Telecom may be forced to liquidate a portion of their position in one or all of the subsidiaries, the proceeds would be used to pay down debt and would not be a catalyst for market price alignment. Therefore, the negative stub value can continue and even become more negative over a long period of time.

Capital Structure

At first glance it seems that a stub value of (\$12.40) would imply some sort of arbitrage opportunity. However, the level of debt that France Telecom carries makes it impossible to say that the market value of France Telecom's equity should align with the market value of their equity in publicly traded subsidiaries. In fact, a disproportionately large portion of the total debt is carried by the parent company. Including the Mobilcom bank loans and vendor financing (approximately € 5.8 billion), which France Telecom agreed to assume as part of the plan to save Mobilcom from bankruptcy, we estimate that roughly € 65 billion of France Telecom's consolidated debt rests with the parent company. Looking at France Telecom's Voice and Data business and applying a multiple of 6x estimated 2002 EBITDA of € 6.9 billion we calculate a value of approximately € 41 billion for the parent's core business assets. We value other company assets at approximately € 4 billion. Therefore, non-publicly traded parent company assets could be valued as high as € 45 billion compared to parent company debt of approximately € 65 billion (a short-fall of € 20 billion with 1.2 billion France Telecom shares outstanding). In addition, France Telecom is subject to various Off-Balance Sheet commitments. These commitments include:

- The Equant CVRs currently valued at approximately € 2 billion.
- A TP SA put, which gives Kulczyk Holding the right to sell its initial 10% stake in TP SA to France Telecom between October 2003 and January 2007 at a price equal to its acquisition cost plus interest less dividends paid. In September, France Telecom put the amount at risk related to this put at approx. € 2.3 billion.

Liquidity Issues

Based on cash and equivalents on hand, cash flow projections and their current debt maturity schedule, it looks as though France Telecom will hit the liquidity wall around the middle of 2003. As of the end of 1H02 France Telecom had approximately € 7.1 billion in cash and equivalents. Between July 2002 and June 2003 the consolidated Company should generate nearly € 1 billion in free cash flow. In addition, planned disposals should generate approximately € 4 billion. The Company will pay € 400 million in dividends (assumes dividends will be terminated starting in 2003). Off balance sheet items and further investment in their equity investment Wind will likely drain an additional € 2.1 billion. Finally, debt maturities will total around € 9.5 billion leaving approximately € 100 million in liquidity going forward. From that point forward we estimate France Telecom will have a net refinancing requirement of approximately € 35-40 billion. Given the state of capital markets and its debt rating of BBB (S&P) the Company has confirmed that it is currently unable to refinance.

In addition to the liquidity issues caused by France Telecom's soon to mature debt, the Company's balance sheet is in exceptionally bad condition. As of the end of 1H02 France Telecom had negative Shareholder's equity. From 12/01 to 6/02 shareholders equity dropped from € 21.1 billion to (€ 400) million. In addition, 53 billion of France Telecom's 120 billion in total assets are intangible. As of 1H02 net tangible assets (net of liabilities and minority interests) were (€ 34.4) billion or (€ 28.86) per share.

France Telecom management, which includes new chairman Thierry Breton, is currently devising a plan to deal with the need for recapitalization as well as improve profitability by cutting costs. Mr. Breton is expected to unveil the Company's plan as early as the end of November or sometime during December. It is widely believed that the plan will involve a € 15-20 billion rights offering. Since the market is generally anticipating a rights offering the market may have already priced in its dilutive effect. On the other hand, companies generally suffer share price weakness following the announcement of a rights offering. In addition, if the recapitalization plan includes the disposal of part of Orange, Wanadoo and/or Equant, we believe France Telecom's stub value will be negatively affected. Conversely, if the plan includes sweeping cost cutting measures and favorable financing arrangement, the stub value could see significant appreciation.

France Telecom's Recent Consolidated Financial Performance

During 2001 France Telecom generated a net loss of € 8.3 billion, EBIT of € 5.2 billion, EBITDA of € 12.3 billion all on revenue of € 43.0 billion. For the first half of 2002 the Company generated a net loss of € 12.2 billion, EBIT of € 3.3 billion, EBITDA of € 6.9 billion all on revenue of € 22.5 billion. For 2002, we estimate that France Telecom will generate a net loss of € 11.8 billion, EBIT of € 6.5 billion, EBITDA of € 13.6 billion all on revenue of € 46.5 billion.

Other Items

French Government Control: The French government currently owns approximately 56% of France Telecom. Given the Company's current liquidity issues, government ownership could be a potential positive for the Company in the short run. However, other European Union countries will likely balk at blatant subsidization by the French Government. Therefore, the Government and the Company will have to be creative to assist France Telecom.

New Management: Thierry Breton took over as chairman of the Company on October 2. Mr. Breton appears to be well respected in the market. He is widely seen as responsible for the turnaround of Thomson Multimedia. Mr. Breton is also seen as having the ability to work with the Government and trade unions, which should ease the acceptance of restructuring plans. Based purely on France Telecom's current financial and operational situation we believe the stub value is vulnerable to expansion of the negative value. However, this new management is the wild card and a strong recapitalization and restructuring plan, which should be announced at the end of November or during December, could generate stub value appreciation.

TABLE 1
FRANCE TELECOM SA Noncore Assets

Name	Price in Euros	Shares Out (in millions)	Company's Market Cap (in millions of Euros)	Approximate # of Shares Owned by FRANCE TELECOM SA (in millions)	Ownership Interest	Embedded Ratio	Value of Ownership (in millions of Euros)
ORANGE SA	5.98	4,814.563	28,791.087	4,052.0	84.2%	3.39876	24,231.0
EQUANT NV	4.72	292.704	1,381.563	148.6	50.8%	0.12462	701.2
WANADOO	3.90	1,441.642	5,622.404	1,062.2	73.7%	0.89096	4,142.6
Total Value of Non-core Assets (in millions of Euros)							29,074.8
FRANCE TELECOM SA	12.10	1,192.199	14,425.608				14,425.6
FRANCE TELECOM SA Stub Value (in millions of Euros)							(14,649.2)
FRANCE TELECOM SA Stub Value per Share (in Euros)							(12.29)
FRANCE TELECOM SA Stub Value per Share (in US \$)							(12.40)

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
ACACIA RESEARCH	ACRI	03/20/02	COMBIMATRIX	CBMX	TR
ADELPHIA COMMUNICATIONS	ADLAC	11/09/01	ADELPHIA BUSINESS SOLUTIONS	ABIZ	SP
ADAPTEC	ADPT		ROXIO	ROXI	SP
ALLERGAN	AGN	01/23/02	ADVANCED MEDICAL OPTICS	AVO	SP
AMBASSADOR INTERNATIONAL	AMIE	11/15/01	AMBASSADOR GROUP	EPAX	SP
AMCOL INTL	ACO	12/27/00	NANOCOR UNIT		
AMERICAN FINANCIAL GROUP	AFG	10/09/02	INFINITY PROPERTY & CASUALTY		CO
AOL TIMEWARNER	AOL	08/21/02	TIMEWARNER CABLE		CO
AON	AOC	04/20/01	COMBINED SPECIALTY CORP.	CSE	SP
APOGENT	AOT	04/24/00	SYBRON DENTAL SPECIALTIES	SYD	SP
ARCH COAL	ACI	04/19/02	NATURAL RESOURCE PARTNERS	NRP	CO
ASTRONICS	ATRO	09/26/02	MOD-PAC		SP
AT&T	T	10/25/00	AT&T WIRELESS	AWE	SP
AT&T	T	11/15/00	LIBERTY MEDIA	L	SP
AVENTIS	AVE	11/15/00	AGRICULTURAL BUSINESS		CO
BARNES AND NOBLE	BKS	08/23/01	GAMESTOP	GME	CO
BELLSOUTH	BLS	04/05/00	CINGULAR WIRELESS		CO
BRISTOL-MYERS SQUIBB	BMJ	02/22/01	ZIMMER HOLDINGS	ZMH	SP
BRITISH TELECOM	BT/A LN	11/00/00	mmO2	OOM LN	SP
BROOKFIELD PROPERTIES	BPO	10/29/02	BROOKFIELD HOMES		SP
CABLEVISION SYSTEMS	CVC	12/22/99	RAINBOW MEDIA GROUP	RMG	TR
CHUGAI PHARMACEUTICAL	4519 JP	12/10/01	GEN-PROBE	GPRO	SP
CIRCUIT CITY	CC	02/22/02	CARMAX	KMX	SP
CITIGROUP	C	12/19/01	TRAVELERS PROPERTY & CASUALTY	TAP.A	CO
CLEAR CHANNEL COMM.	CCU	12/05/01	CLEAR MEDIA LTD.	CLMZ HK	CO
COMVERSE TECHNOLOGIES	CMVT	02/07/02	VERINT SYSTEMS	VRNT	CO
CONEXANT SYSTEMS	CNXT		MINDSPEED TECHNOLOGIES		SP
CONEXANT SYSTEMS	CNXT	12/18/02	SKYWALK	SKWK	SP
CONTINENTAL AIRLINES	CAL	07/09/01	EXPRESSJET	XJT	CO
COREL	CORL	01/22/01	LINUX DISTRIBUTION UNIT		SP
CROWN CORK & SEAL	CCK	05/23/02	CONSTAR INTERNATIONAL	CNST	CO
DSP GROUP	DSPG	04/05/02	PARTHUS	PRTH	SP/MERGER
DOVER DOWNS ENTERTAINMENT	DVD	07/25/01	DOVER DOWNS GAMING	DDE	SP
DUN & BRADSTREET	DNB	12/15/99	MOODY'S	MCO	SP
DUPONT	DD	02/11/02	DUPONT TEXTILES & INTERIORS		CO/SP
DYNEGY	DYN	02/25/02	DYNEGY ENERGY PARTNERS	DEP	CO
ELAN	ELN ID		ATHENA	DXL	CO
EL PASO ENERGY PARTNERS	EPN		EL PASO ENERGY MANAGEMENT		CO
ENI	ENI IM		SNAM RETE GAS	SRG IM	CO
ENBRIDGE	ENB CN		ENBRIDGE ENERGY MGMT	EEQ	CO
FAIRFAX FINANCIAL	FFH CN	03/11/02	CRUM & FORSTER	CRUF	CO
FIAT	FIN IM	05/ /02	FERRARI		CO
FMC Corp	FMC	10/31/00	FMC TECHNOLOGIES	FTI	CO
GENZYME GENERAL	GENZ		GENZYME BIOSURGERY		TR
GEORGIA PACIFIC	GP	03/29/02	CP&P		CO/SP
GOODRICH	GR	09/04/01	ENPRO	NPO	SP
GUS	GUS LN	05/29/02	BURBERRY	BRBY LN	CO
HEALTHSOUTH	HRC	08/27/02	SURGICAL CENTERS		SP
HEINZ	HNZ	06/13/02	DEL MONTE	DLM	SP/MERGER
HELMERICH & PAYNE	HP	02/25/02	CIMAREX	XEC	SP/MERGER

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
ICN PHARMACEUTICALS	ICN	06/15/00	RIBAPHARM	RNA	CO
ICN PHARMACEUTICALS	ICN	06/15/00	INTERNATIONAL OPERATIONS		CO
IMPCO TECHNOLOGY	IMCO	06/14/01	QUANTUM TECHNOLOGY	QTWW	SP
INSIGHT ENTERPRISES	NSIT	12/13/00	DIRECT ALLIANCE		CO/SP
IVEX PACKAGING	IXX	03/18/02	PACKAGING DYNAMICS	PKDY	SP
KINGFISHER	KGF LN	05/14/02	ELECTRICAL & FURNITURE		CO
LOWES CORP	LTR		CAROLINA GROUP	CG	TR
LUCENT TECHNOLOGIES	LU	06/00/00	AGERE SYSTEMS	AGR	CO/SPLIT
LUFTHANSA	LHA GR		SKYCHEFS		CO
LYNCH INTERACTIVE	LIC	08/17/01	MORGAN GROUP	MG	SP
MAYNE GROUP	MAY AU		TRANSPORTATION & Logistics		SP
MARCONI	MONI LN	05/16/02	STRATEGIC COMMUNICATIONS		CO
MARKWEST HYDRO CARBON	MWP	01/31/02	MARKWEST ENRGY PARTNERS	MWE	CO
MERCURY AIR	MAX		MERCFUEL	MK	CO/SP
MERCK	MRK	01/29/02	MEDCO-HEALTH	MHS	CO/SPLIT
MERCK KG	MRK GR		LABORATORY DISTRIBUTION		CO
NATIONAL SERVICE INDUSTRIES	NSI	06/28/01	ACUITY BRANDS	AYI	SP
NEC	6701 JP	05/16/02	SEMICONDUCTOR BUSINESS		SP
NESTLE, S.A.	NESN VX		ALCON	ACL	CO
NEXTEL COMMUNICATIONS	NXTL	08/18/00	NEXTEL INTERNATIONAL	NXTI	CO
NORTHWEST AIRLINES	NW AC	02/25/02	PINNACLE AIRLINES	PNCL	CO
NOVO NORDISK	NVO	09/10/01	ZYMOGENETICS	ZGEN	CO
NOVELL	NOVL	02/02/01	VOLERA		SP
PALM	PALM		OPERATING SOFTWARE		SP
PHARMACIA	PHA	08/30/00	MONSANTO	MON	CO/SP
PITNEY BOWES	PBI	12/11/00	IMAGISTICS INTERNATIONAL	IGI	SP
PROCTER & GAMBLE	PG	10/10/01	JM SMUCKER	SJM	SP/Merger
RELIANT ENERGY	REI	07/27/00	RELIANT RESOURCES	RRI	CO/SP
REUTERS GROUP PLC	RTR LN	02/08/01	INSTINET GROUP	INET	CO
ROYAL VOPAK	VPK NA	04/22/02	UNIVAR	UNIVR	SP
SCHLUMBERGER	SLB	05/21/02	NPTEST	NPTT	CO
SONY	SNE	12/06/00	INTERNET UNIT	67585 JP	TR
SPX CORP.	SPW	06/05/00	INRANGE TECHNOLOGIES	INRG	CO
St. PAUL	SPC		PLATINUM UNDERWRITERS	PTP	CO
STARBUCKS	SBUX	03/14/01	STARBUCKS JAPAN	2712 JP	CO
SWS GROUP	SWS	12/14/01	WESTWOOD HOLDINGS	WHG	SP
SUNOCO	SUN		SUNOCO LOGISTICS	SXL	CO
TELEFÓNICA	TEF	11/22/00	TELEFÓNICA MÓVILES	TEM	CO
TITAN CORP	TIN	08/14/00	SUREBEAM	SURE	CO/SP
TMP WORLDWIDE	TMP	10/21/02	eRESOURCE & EXECUTIVE SEARCH		SP
TRW	TRW	03/12/02	AUTOMOTIVE DIVISION		SP
TV AZTECA	TZA	11/15/00	UNEFON WIRELESS	UNEFONA	CO
TYCO INTERNATIONAL	TYC	01/22/02	CIT GROUP	CIT	IPO
ULTRAMAR DIAMOND SHAMROCK	UDS	08/14/00	SHAMROCK LOGISTICS	UDL	CO
USX – MARATHON OIL GROUP	MRO	04/24/01	USX-US STEEL GROUP	X	TR-SP
VOLVO	VOLVB SS		SCANIA	SCVB SS	SP
WMC	WMC AU	11/21/01	ALCOA WORLD ALUMINA		SP
YELLOW CORP.	YELL	03/14/02	SCS TRANSPORTATION	SCST	SP

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

Current Spin-Off Situation

Crown Cork & Seal Revises Constar International

After revising the terms of IPO, the offering of Constar Intl. (proposed ticker NASDAQ: CNST), a spin-off from Crown Cork & Seal (NYSE: CCK, \$6.95), has been postponed. Shares of Constar may price on November 11. The number of shares has been reduced from 16 million to 12 million and the price range changed from \$12-15 to \$15-18 then back to \$12-15. To complete the deal, another change in terms (price or share reduction) would not be surprising. Assuming the underwriters exercise the “green shoe” over-allotment option, 13.8mm shares would be issued with a market cap of \$248.4 million. The offer would represent 100% of the company, and CCK would no longer hold any stock. Deutsche Bank Securities and Salomon Smith Barney are managing the IPO.

Constar produces PET (polyethylene terephthalate) plastic containers, primarily for food and beverages. Markets include soft drinks, sports drinks, waters, juices, beer, flavored alcoholic beverages and all types of foods. The most familiar product is the 2-liter soft drink container. Unit growth has been rapid at 10% as PET displaces glass and metal. Issues affecting the stock and the company include industry overcapacity, plastic resin costs (oil prices), and product pricing. Pepsico is the largest customer.

CNST could be moderately interesting as an investment in the “defensive” consumer nondurables sector of the economy. At \$15, CNST would be priced at 17.7X 2003 EPS -- **the highest multiple in the peer group, which has a mean of 13X.** Thus, assuming our EPS estimate is in the ballpark, the upside appears limited from the IPO price.

There is a basic report on Constar in our October 2002 *Spin Off Research* publication. (Note that EPS figures in the October report must be adjusted for the new share count, which is now 12 million versus 16 million used in the October report.) This is an update covering (1) 3Q02 results, and (2) the changed terms and timing of the IPO.



Current Trends

In its amended S-1A, filed 10/17/02, Constar reported the following results for the 3Q02 and nine months:

Constar Intl. 9/30/02 Results (\$mm)	3Q01	3Q02	% Δ	9mo01	9mo02	% Δ
Net Sales	\$201.3	\$189.0	-6%	\$580.8	\$550.3	-5%
Gross Profit	13.4	16.6	24%	35.6	50.2	41%
Gross Margin	6.7%	8.8%		6.1%	9.1%	
Interest Expense	2.4	0.3		9.0	1.7	
Net Income/(loss) before goodwill adj.	(\$1.4)	\$5.7		(\$8.4)	\$17.1	
EPS (1)		\$0.48			\$1.43	
EBITDA	\$20.9	\$24.4	17%	\$55.0	\$71.7	30%
Cash flow from operations	40.2	23.9	-41%	87.0	59.9	-31%
Capital expenditures	6.1	8.3	36%	14.6	15.7	8%
(1) Spin-Off Advisors estimate						

Note that these are historic, not pro forma results.

Both the quarter and nine months were subject to cross-currents, with positives probably slightly outweighing negatives. Net sales declined in both periods, (6%) in the quarter. This was primarily due to the pass-through of lower PET plastic resin costs to customers, as stipulated in most if not all contracts. Unit sales of soft drink containers were relatively flat year-over-year in both periods. Overall, we estimate unit volume was up 5-10%, with the sales declines attributable to lower prices.

Gross profit was up strongly, 41% in the nine months and 24% in the quarter. This was due to a richer product mix – more high-margin custom products and fewer “perform” units (partially

formed containers which are finished by the customer). The Gross Margin was strong in both periods at 9%.

CNST will emerge from the IPO with substantial debt and negative tangible equity.

Concurrent with the offering, the company will sell \$200mm in senior subordinated notes due 2012 at an estimated interest rate of 9.75%. The company will also place a 7-year \$150mm term loan at LIBOR+325 basis points (5.1% currently) and will draw \$14mm on a 5-year revolving credit line at LIBOR+300 bp (4.9%). Thus, CNST will have \$364mm in debt. Interest expense in 2003 could be \$28mm. Adjusted for the dilutive effect of the IPO, tangible book value will be approximately (\$7.50) per share.

On a historic basis (pre-IPO), EPS were \$0.48 in the third quarter and \$1.43 in the nine months. Full year 2002 reported EPS will include two months of interest expense, or approximately \$4.5 million. Reported 4Q02 EPS could be approximately breakeven.

Pro Forma, assuming the IPO took place 1/2/02, we estimate Constar will report \$0.65 per share for 2002. Revenues could approximate \$725 million, down -2.4% due to lower PET resin costs.

For 2003, revenues could be up 3% (all unit volume; zero price). Using a 9.2% gross margin and a 36% tax rate, CNST could report \$0.85 per share, after \$28 million in interest expense.

One concern is that cash provided by operating activities decreased a fairly sharp 31.1% in the nine months and 40.5% in the 3Q02, year-over-year in each case. Constar reports that the decrease reflects a more typical seasonal increase in inventories and receivables in 2002 than 2001. Presumably this could reverse in 2003.

Note that YTD (as of 9/30), Constar had cash from operations of \$59.9mm versus capital expenditures

of only \$15.7 million. One positive side-effect of the industry overcapacity mentioned above is that capital spending should remain low for the next 1-2 years.

However, net interest expense will cut into CNST's cash flow. Next year, the firm could have \$10 million in net income plus \$56 million in depreciation, for \$66 million in cash flow. Capital spending could be \$20 million, for \$46 million in net cash flow, or \$3.83 per share.

ROI Issue

The entire container/packaging industry has been accused of reporting a low ROI, and CNST's figures seem to bear this out. On 6/30/02, the firm had \$364mm in Long-term debt and \$241.8mm in equity (including \$331.8 million in goodwill).

We estimate Constar could earn approximately \$8 million aftertax this year and possibly \$10 million next. This suggests a Return on Equity of 4% in 2003. The S&P500 ROE for the 5 years 1997-2001 was 21.85% -- with less leverage. This year, the S&P500 ROE is projected at 18%.

Net cash flow from operations (after capital expenditures and interest) in 2003 is projected at \$46 million. On \$605 million in capital (debt+equity) this is a 7.6% cash flow ROI.

Note on Crown Cork

As noted in the October report, the primary issue over CCK is its high debt leverage and the outlook for the success of its strategy to reduce debt – part of which is the spin of Constar.

CCK had a fairly good 3Q02, with increases in gross margins and operating profit on relatively flat sales year-over-year. Can pricing has been firm in most markets. Net debt decreased \$1B year-over-year and the company appears on track to reduce debt to \$3.9B by 12/31/02.

Nevertheless, we regard CCK as a relatively high-risk situation, given the continuing uncertainty over the debt, as well as the presence of asbestos questions – although the company is making progress on this front as well.

Valuation

CNST, especially around the lower end of its range (\$12-15), could be moderately interesting as an investment in the “defensive” consumer nondurables segment of the economy. Positives include a strong market share and strong customers. **Concerns include the debt load, low ROI, industry overcapacity, and the company’s lack of control over plastic resin costs.**

At \$12, CNST would be priced at 14X 2003 EPS (Our estimate). Thus, assuming our EPS estimate is in the ballpark, the upside appears limited from the IPO price.

(Note that Constar’s website URL is www.constar.net. The URL www.constar.com is a similarly-named but unrelated company.)

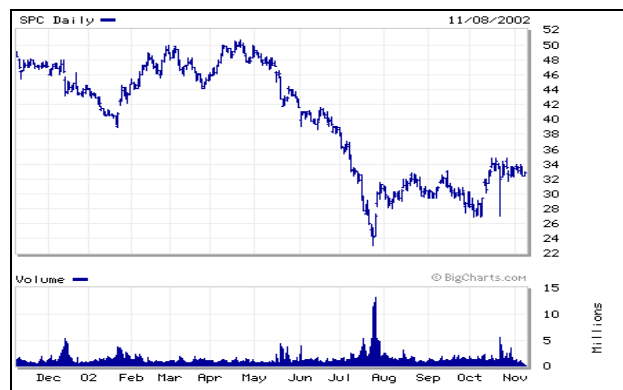
Constar Intl. peer group											
firm	ticker	fy	product line	shares (mm)	price 11/01/2002	mkt cap	eps2001	eps2002	eps2003	grth	# ests
Amcor Ltd. (1)	AMCR	june	diversified packaging	160.0	18.39	2942.40	\$1.02	\$1.42	\$1.76	13.3%	1
Ball Corp.	BLL	dec	diversified packaging	56.7	48.93	2774.33	\$1.78	\$2.72	\$3.48	10.8%	8
Constar Intl.	CNST	dec	PET packaging	12.0	12.00	144.00	(\$1.13)	\$0.65	\$0.85	10.0%	1
Owens-Illinois	OI	dec	diversified packaging	147.3	12.92	1903.12	\$1.22	\$2.03	\$2.11	9.0%	7
Rexam PLC (2)	REXMY	dec	diversified packaging	87.0	34.00	2958.00	\$2.75	\$2.00	\$2.00	10.0%	1
MEAN										10.0%	
firm	ticker	fy					p/e2001	p/e2002	p/e2003		
Amcor Ltd. (1)	AMCR	june	diversified packaging				18.03	12.95	10.45		
Ball Corp.	BLL	dec	diversified packaging				27.49	17.99	14.06		
Constar Intl.	CNST	dec	PET packaging				loss	18.46	14.12		
Owens-Illinois	OI	dec	diversified packaging				10.59	6.36	6.12		
Rexam PLC (2)	REXMY	dec	diversified packaging				12.36	17.00	17.00		
MEAN							17.12	14.55	12.35		
S&P500 (Operating EPS)					882		\$38.85	\$46.52	\$52.47		
S&P500 P/E							22.70	18.96	16.81		
all EPS diluted		EPS Estimates: Zacks Historic Data: Market Guide Est Growth Rates: Zacks									
(1) Australia-based; operates in U. S.											
(2) U. K. based; one ADR=5 U. K. shares. Figures are for ADR's.											

Current Spin-Off Situation

St. Paul Completes IPO of Platinum

On October 28, Platinum Underwriters Holdings (NYSE: PTP), the reinsurance arm of St. Paul Cos. (NYSE: SPC), sold about 30.04 million shares of its common stock at \$22.50 per share. The price was in the middle of the revised price range of \$22-23. Platinum also sold 5 million equity security units at \$25 each. The equity security units are senior notes that can be converted into Platinum common shares in 2005. Concurrent with the IPO, St. Paul sold about 3.96 million shares of Platinum to RenaissanceRe Holdings Ltd., a Bermuda-based property catastrophe reinsurer in a private placement. Platinum also announced that the underwriters have exercised their options to purchase an additional 3 million common shares and an additional 500,000 equity security units. In all, Platinum sold a total of 33.044 million common shares and 5.5 million equity security units. Platinum received total net proceeds of \$1.047 billion. Investors who purchased the IPO will own 76.8% of Platinum common shares. **St. Paul and RenaissanceRe will own 14% and 9.2%, respectively.**

Because the underwriters exercised their overallocation option, St. Paul and RenaissanceRe have the option to purchase shares so that the companies may own 15% and 9.9% of Platinum, respectively. Additionally, Platinum granted options to St. Paul and RenaissanceRe. St. Paul received a 10-year option to purchase up to 6 million shares at 120% of the IPO price. RenaissanceRe's option is also for 10-years but to purchase up to an additional 2.5 million shares at 120% of the IPO price. RenaissanceRe is able to nominate one director to Platinum's board. Platinum intends on paying a dividend of \$0.32 for 2003. Based on its November 6 closing price of \$25.20, PTP has a dividend yield of 1.3%. St. Paul first filed for the IPO in April 2002 before delaying the offering two more times as the stock market declined. In June, St. Paul cut the share price from a range of \$23-26 per share.



The sale of Platinum comes on the heels of Montpelier Re Holdings' (NYSE: MRH) raising \$190 million in an October 9 initial public offering. Shares of Montpelier rose 18% the next day. On November 6, shares of MRH closed at \$26.63, an increase of \$6.63 (33%) since the IPO. One of the appeals of insurance and reinsurance stocks is that rising insurance prices will boost profits. After sustaining a good portion of the losses from September 11, reinsurers have raised rates an average of 60% across all lines of business to recoup losses. This rise in prices follows a decade of price erosion that saw prices cut in half. Reinsurers are resisting the urge to win business by cutting prices because the weak equity markets and low interest rates means that investment income has not been able to recover the losses.

Platinum Underwriters Holdings is a holding company that provides property and casualty reinsurance coverages to insurers and select reinsurers on a worldwide basis. The company's segments are global property and marine, global casualty (general, auto, professional liability, workers' compensation, and accident and health), and Finite Risk (non-traditional reinsurance treaties). Respectively, these segments accounted for 22.8%, 42.8%, and 34.4% of Platinum's 2001 net premiums. The company markets its products through reinsurance brokers and acts as the lead

insurer on treaty reinsurance business. Platinum will write a majority of its business as excess-of-loss reinsurance. This indemnifies the reinsured against all or a specified portion of loss above a specified amount. On November 4, A.M. Best assigned an initial financial strength rating of A to Platinum.

The company derives its revenues from two sources: reinsurance premiums and investment income. Reinsurance premiums are a function of the amount and type of contracts that the company writes as well as market prices. The company's investment income is a function of the average assets in Platinum's portfolio and the average yield on those assets. The company's expenses consist of loss and loss adjustment expenses plus operating and administrative costs. Loss and loss adjustment expenses will be a function of the amount and type of reinsurance contracts that Platinum writes. Platinum records loss and loss adjustment expenses based on actuarial analysis of the estimated losses that the company expects to incur on each contract written. Operating and administrative costs consist primarily of acquisition expenses (commission and brokerage fees for the production of premiums written), excise taxes and other underwriting expenses, overhead, interest and income taxes. Platinum is going to emphasize underwriting discipline and profitability over market share.

Platinum faces competition from independent insurance companies, subsidiaries or affiliates of major worldwide companies and others, some of which have greater financial and other resources. Principal competition in the industry comes from U. S. and non-U.S. insurers and property catastrophe reinsurers, including other Bermuda-based property catastrophe reinsurers. Though all of these companies offer property catastrophe reinsurance, in many cases it accounts for a small percentage of their total portfolio. Primary insurers compete on the basis of factors including selling effort, product, price, service, financial strength and reputation. Further, the reinsurance industry is undergoing a marked trend toward greater consolidation.

Net premiums written for the six-month period ended June 30, 2002 increased 4.5% to \$602 million

from \$576 million for the six-month period ended June 30, 2001. For 2002, Global Casualty, Global Property and Marine, and Finite Risk generated revenues of \$242 million (40%), \$212 million (35%), and \$148 million (25%), respectively. The increase is due mainly to price increases averaging 33% across all lines of business while offset by decreases in exposures from re-underwriting the core book of business. Losses and loss adjustment expenses incurred were \$350 million in the six months ended June 30, 2002 compared to \$344 million in the six months ended June 30, 2001.

St. Paul Companies provides liability and casualty, property, workers' compensation, auto, marine, and other commercial insurance coverage. St. Paul also owns 80% of asset manager John Nuveen (NYSE: JNC). On June 3, 2002, the company announced that it settled its asbestos claims from Western Asbestos, an asbestos distributor and installer. St. Paul believes that this is the company's only material exposure to asbestos liability. The after tax impact on earnings will be about \$380 million or \$1.70 per share. On October 28, a lawsuit regarding this settlement was filed. The complaint alleges St. Paul failed to make adequate disclosures or take adequate reserves for the asbestos claims against Western Asbestos.

The separation of Platinum is the latest in a series of moves that St. Paul initiated in December 2001 to improve its profitability. Since then, St. Paul narrowed the product focus of its reinsurance operations and exited unprofitable lines of business. St. Paul's management decided to separate the reinsurance business from its primary insurance business to make St. Paul less cyclical. On October 23, St. Paul announced that its revenues, net income and EPS for the quarter ended September 2002 increased over the same quarter in 2001. Revenues were \$2.29 billion, an increase of \$63 million (3%). Net income for the quarter was \$63.3 million, an increase of \$722 million over 2001. EPS, which increased by \$3.43 over 2001, was \$0.27.

RenaissanceRe Holdings Ltd. (NYSE: RNR) provides property catastrophe reinsurance and insurance coverage to insurance companies and other reinsurers primarily on an excess of loss basis.

This means that RNR begins paying when its customers' claims from a catastrophe exceed a certain retained amount. Through these coverages, RNR is subject to claims arising from large natural catastrophes. The company is also exposed to claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, tornadoes, fires and explosions. RNR also writes certain specialty lines of reinsurance including accident and health, property per risk, aviation, catastrophe-exposed workers compensation coverages, finite and satellite. RNR is trading at about \$41.45 per share. With approximately 69 million shares outstanding, its market capitalization is \$2.9 billion.

Industry

Reinsurance is an arrangement in which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company, against all or a portion of the insurance risks that the ceding company underwrote under one or more insurance contracts. Reinsurance can provide a ceding company with several benefits, including a reduction in net liability on individual or classes of risks, catastrophe protection from large or multiple losses and assistance in maintaining acceptable financial ratios. Reinsurance also provides a ceding company with additional underwriting capacity by permitting it to accept larger risks and write more business than would be possible without an increase in capital and surplus. Reinsurance, however, does not discharge the ceding company from its liability to policyholders. During the time between when the reinsurer receives the premiums and when the reinsurer must pay losses and loss adjustment expenses, the reinsurer invests the premiums. Companies can write reinsurance through professional reinsurance brokers or directly with ceding companies.

There are two basic types of reinsurance arrangements: **treaty and facultative reinsurance**. In treaty reinsurance, the ceding company is obligated to cede and the reinsurer is obligated to assume a specified portion of a type or

category of risks that the ceding company insured. Treaty reinsurers do not separately evaluate each of the individual risks assumed under their treaties. Consequently, after a review of the ceding company's underwriting practices, treaty reinsurers are largely dependent on the original risk underwriting decisions that the ceding company made. In facultative reinsurance, the ceding company cedes and the reinsurer assumes all or part of the risk under a single insurance contract. Facultative reinsurance is negotiated separately for each insurance contract that is reinsured. A ceding company normally purchases facultative reinsurance for individual risks that their reinsurance treaties do not cover for amounts in excess of the dollar limits of their reinsurance treaties and for unusual risks.

Reinsurers may write treaty and facultative reinsurance on either a **pro rata basis or an excess of loss basis**. Under pro rata reinsurance, the ceding company and the reinsurer share the premiums as well as the losses and expenses in an agreed proportion. Under excess of loss reinsurance, the reinsurer indemnifies the ceding company against all or a specified portion of losses and expenses in excess of a specified dollar amount, known as the ceding company's retention or reinsurer's attachment point, generally subject to a negotiated reinsurance contract limit.

Typically, reinsurance has two categories: **property and casualty (non-life) and life**. Platinum will only write property and casualty. Property insurance protects the insured party against financial loss arising out of the loss of property that an insured peril causes. Property reinsurance covers property catastrophe (protects against losses from multiple claims for a single event) and property per-risk coverages (protects against losses from a single claim). Casualty insurance protects the insured party against financial loss arising out of loss or damage to persons other than the insured or property belonging to a third party. Examples of casualty insurance are general and automotive liability, professional liability, workers' compensation, and accident and health. Usually, reinsurers pay property claims quicker than casualty claims.

Non-traditional/finite reinsurance involves structured reinsurance solutions tailored to meet an individual cedent's strategic and financial objectives. Property and casualty risks may be reinsured on a non-traditional/finite basis. Because of constantly changing industry and regulatory framework plus changing market demands facing insurance companies, the uses of non-traditional/finite risk programs evolve. Customers that utilize non-traditional/finite reinsurance products have needs that traditional reinsurance products may not meet. Reinsurers may purchase reinsurance to cover their own risk exposure. Reinsurance of a reinsurer's business is called a **retrocession**. Reinsurance companies cede risks under retrocessional agreements to other reinsurers, known as retrocessionaires, for reasons similar to those that cause insurers to purchase reinsurance: to reduce net liability on individual or classes of risks, protect against catastrophic losses, stabilize financial ratios and obtain additional underwriting capacity.

Historically, property and casualty companies have been cyclical. Periods of intense price competition during periods of excessive underwriting capacity and of favorable pricing during shortages of capacity characterize the industry. Property and reinsurance premiums frequently rise after catastrophes. Claims deplete industry surplus. In turn, this diminishes the industry's capacity to write new business.

After an extended period of increased competition and declining premiums, the reinsurance markets experienced improvements in rates, terms and conditions in the first quarter 2000. These improvements continued throughout 2001 and into 2002. The terrorist attacks on September 11 accelerated the improvements.

Underwriting results of primary insurers and prevailing general economic and market conditions influence demand for reinsurance. The supply of reinsurance is related to prevailing prices, levels of insured losses and levels of industry surplus. The level of industry surplus may fluctuate in response to changes in rates of return on investments that the

reinsurance industry earns. The recent strong pricing has driven strong underwriting results. Historically, investment income and not underwriting is where property and casualty companies make their money. Several companies have increased their earnings guidance for the rest of this year and for the next calendar year because of the price increases.

Before 1999, excess capacity placed competitive pressures on the reinsurance industry. However, market participants reported significant price increases in catastrophe reinsurance during 2000 and into the 2001 renewal season due to industry losses in 1999 and the subsequent contraction of capacity in the market. Moreover, following the significant insured losses arising from the September 11th attack, which are estimated to be at least \$30 billion, coupled with the poor performance of equity markets in 2001 and other factors, the insurance industry experienced generally improved terms and pricing for reinsurance and insurance products. The demand for reinsurance will probably increase as primary insurers buy reinsurance to protect weakened capital positions, react to rating agency pressures and reflect revised estimates of the frequency and severity of man-made catastrophic events.

Following the September 11th attack, a number of new companies were formed to compete in the reinsurance markets. In addition, a number of existing market participants raised new capital, strengthening their ability to compete. At the same time, however, pricing and terms will probably become more severe in the retrocessional reinsurance market. The September 11th attacks may limit the availability of desired amounts of retrocessional reinsurance at "acceptable" pricing.

Although 2000 produced significantly fewer catastrophic events than 1999, market participants reported significant price increases in catastrophe reinsurance during 2000 and into the 2001 renewal season. This was probably because of the continuing effects of industry losses in 1999 and the subsequent contraction of capacity in the market. Prior to the

September 11th tragedy, the reinsurance industry had already experienced a number of large catastrophic events in 2001, including the 6.1-magnitude earthquake in El Salvador in February, and tropical storm Alison in the Southeast United States in June.

Property and casualty insurance companies generate income from collecting underwriting premiums and investment income. The companies' expenses consist of underwriting expenses, losses and expenses associated with covered policy losses, as well as general and administrative expenses. Property and casualty companies frequently have little or no underwriting profits. Historically, the demand for property and casualty insurance has been relatively constant. In the wake of September 11, the demand will probably increase. The supply of property and casualty insurance, however, has been relatively volatile. As interest rates rise, companies become more willing to offer property and casualty insurance because the company is able to generate more investment income on premiums collected. Consequently, the companies depend on their investments to earn returns. Low interest rates have made it more difficult for property and casualty companies to grow investment income. Although the companies have received increases in premiums stemming from large price increases, most of the companies have had flat to slight increases in investment income.

An accounting issue facing insurance companies is **loss reserve adequacy**. Companies are unable to have perfectly accurate reserves because of the uncertainty surrounding the value of payouts. Many property and casualty insurers have misstated their income statements materially because of having inappropriate reserves. Non-material misstatements in the industry are unavoidable. Changes in the business environment or management manipulation of the reserves can threaten the solvency of the insurer. Many of the start-up reinsurers are at advantage over existing companies because the start-ups will not have to face this issue for a number of years. While the September 11 terrorist attacks affected reinsurers significantly, some of the

companies combined losses from September 11 with reserve deficiencies.

An insurance company that receives a greater percentage of its premiums from liability lines will have greater insurance leverage than a company emphasizing property lines. Liability lines require larger loss reserves. These reserves are a source of funds to the insurer. An insurer that writes mostly property insurance policies will pay a high percentage of its premium dollars in loss settlements each year. Liability policies have claims that may not be settled and paid out for several years. The larger an insurer's loss reserves, the greater the extent to which the company is using other people's money to invest. Selling a greater percentage of liability insurance relative to property insurance may increase a company's total rate of return and its investment results.

Another issue facing property and casualty insurers is **asbestos litigation**, which has grown dramatically. Over the last 18 years, the number of claimants has increased thirty-fold while the number of defendants has increased twenty-fold. More than 60 companies, mostly the original miners and sellers of asbestos, have declared bankruptcy to protect themselves from the litigation. Consequently, the lawsuits have spread to companies that used asbestos in their products or at their facilities. Asbestos is a fibrous mineral that has heat resistant properties. Prolonged inhalation of asbestos particles causes a lung disease called asbestosis. This disease causes scarring or even tumors in the lungs. Much of the current litigation centers on cases from workers who may have been exposed to asbestos but have few if any symptoms of illness. This litigation is going to impact some companies more severely than others. Some companies (such as RenaissanceRe) do not have any exposure to asbestos litigation. Other insurers, such as Hartford and Chubb have exposure to asbestos litigation. Some of the companies had their credit ratings lowered because of asbestos exposure.

Negative issues that are affecting the industry are coverage for **future terrorist attacks**, as well as

potential U.S. **government involvement** with private insurance markets in these activities. To reduce risk exposure, many insurers are removing terrorism coverage from policies as they come up for renewal. This has prompted calls for the government to take on coverage for extreme terrorist events as a public service. In Britain and many European countries, government-backed mutual-insurance companies to cover potential terrorist attacks already exist.

Valuation

Since the IPO, shares of Platinum have increased by \$2.40 (11%) to \$24.90. This follows the strong performance that Montpelier Re had after it went public in October. Platinum is going public during a good environment for reinsurers and without the taint of any prior liabilities. St. Paul will be responsible for the liabilities on policies written before 2002. The improvement in pricing is going to be a catalyst for property and casualty reinsurers. After the IPO, Platinum is going to have a book value of about \$22.90 per share. Based on its current price of \$25 per share, the company is trading in line with its peers. Platinum is a newly formed company that will not be liable for any policies that St. Paul wrote before January 1, 2002. This will remove the issue of how adequate is the company's reserve for historical liabilities.

St. Paul's 3Q02 EPS of \$0.52 per share was below the consensus number of \$0.81 per share. While the company did not reach expectations, St. Paul reported that the company's core lines of business are experiencing 30% rate increases. For next year, the core lines could have a combined ratio of in the mid to upper 80% range. SPC reported third quarter earnings of \$63.3 million or \$0.27 per share. The company's runoff businesses (business segments that SPC is exiting – Lloyds, healthcare and reinsurance) had \$123 million of after tax losses from reserve adjustments in its runoff Lloyds business. St. Paul believes that it has eliminated its asbestos liability. Although the amount was materially more than St. Paul reserved for the liability, the company claims to have removed all of its asbestos liability with this settlement. Consensus

estimates have St. Paul's earning \$1.27 for calendar year 2002. This gives the company an EPS of about \$25.8x.

St. Paul owns about 78% of John Nuveen and about 14% of Platinum. Based on their respective prices of \$27.09 and \$24.90, St. Paul has \$8.78 and \$0.66 per share of John Nuveen and Platinum embedded in it. This leaves the St. Paul stub worth about \$23.12 per share. RenaissanceRe owns 3.96 million shares of Platinum. RenaissanceRe is trading at about \$40.15. Backing out the company's stake in Platinum, trading at \$24.87, leaves the RenaissanceRe stub trading at \$38.72. Each share of RenaissanceRe has \$1.43 of Platinum embedded in it.

Announced Spin-Off Situation

American Financial Group to Carve Out Infinity

American Financial Group (NYSE: AFG, \$23.24) plans to spin-off, via an IPO, its Infinity Property and Casualty division, which primarily provides auto insurance, as well as several other lines. After the IPO, AFG will continue to own approximately 30% of Infinity. The preliminary S-1 Registration was filed 10/09/02. Given the typical 90-180 day lag between initial filing and the actual underwriting, we estimate the deal could come some time between Dec-02 and the end of the 1Q03. American Financial Group has 68.9 million shares outstanding and a market cap of \$1.5 billion.

The S-1 estimated a market cap for the IPO of \$350 million, valuing the entire firm at \$500 million or \$7.25 per AFG share. Infinity has applied for listing on the NYSE. AFG will receive all of the proceeds of the offering. Post IPO, AFG ownership value would be reduced to about \$2.17 per AFG share.

This is a highly cyclical business. To quote the S-1 filing: "The industry has been characterized by periods of price competition and excess capacity followed by periods of high premium rates and shortages of underwriting capacity." (pp. 13-14). Based on pricing trends (auto rates up an estimated 10% this year), it appears that the industry is in the early stage of an up cycle. Confirming this observation, shares of the two largest factors in the auto sector of the industry are up strongly YTD. Allstate (NYSE: ALL, \$40) is up +19% YTD, while Progressive (NYSE: PGR, \$55.25) is up +14%. (Both firms have nonstandard exposure.) YTD the S&P500 is down -22.5%. (All prices are as of 10/31/02.)

As indicated below under "Valuation", we presently view the \$500 million market cap as fair value assuming the deal comes at this figure given possible 2003 earnings, Infinity's growth rate (10%), and the industry outlook. Presently, we

estimate Infinity Property's 2003 earnings potential around \$36 million. AFG is expected to earn \$2.72 per share in 2003 or about \$187.4 million of which \$0.52 would have been contributed by Infinity Property. This implies that AFG's 2003 core earnings are about \$2.20 per share.

Overview

Infinity markets nonstandard auto insurance, which provides coverage to drivers who, because of driving record, age, and/or type of car are higher than normal risks. Not surprisingly, such drivers pay higher insurance premiums for their coverage. **Infinity estimates that nonstandard risks comprise 15%-20% of the total personal auto insurance market.** This business contributed 96% of Infinity's premiums in 2001, the remainder being homeowners, umbrella liability, boat owners, and nonstandard commercial auto. The insurance is marketed via independent agents, approximately 14,000 of whom handle Infinity's product. Infinity is second in the nonstandard market, the largest participant is Progressive Corporation (NYSE: PGR \$55.25).

An insurance company's business model begins with the *Loss Ratio*, which is the ratio of direct claims to direct premiums earned ("Direct premiums earned" means premiums written during the year plus the unearned premiums at the beginning of the year less the unearned premiums at the end of the year.) The *Expense Ratio* (also called *Underwriting Expense Ratio*) is analogous to the SG&A Ratio in a manufacturing or service firm. It is the sum of general insurance expenses, direct commissions, and net commissions as a percentage of net premiums and annuity and fund deposits. The sum of the Loss Ratio and Expense Ratio = *Combined Ratio*. This is a basic indication of whether the company is profitable, where 100% equals breakeven. If the combined ratio is less than 100%, the company is

profitable; greater than 100% notionally indicates the company incurred a loss. (Definitions courtesy of N. Y. State Dept. of Insurance.)

As in most businesses, pricing is a key variable. In the insurance business, premiums are regulated, usually at the state level, to a greater or lesser degree. Finally, a company's loss experience, which it may or may not have a degree of control over, directly determines the loss ratio.

Another key to profitability is the underwriting process. This involves determining the correct premium for the policy, given its risk level.

Infinity: Background

Infinity is licensed to write auto insurance in all 50 states, but focuses on 25, the following being the most important:

State	1999 (1)	2000 (1)	2001 (1)
California	22%	23%	25%
Florida	9	10	10
NY	9	12	9
Connecticut	9	7	8
Georgia	10	8	8
All other	41	40	40
TOTAL	100%	100%	100%

(1) % of Gross Premiums Written

Concentration of 25% of the business in California obviously exposes the company to adverse trends in that state as far as regulation, claims experience, etc.

As noted above, Infinity is #2 in the nonstandard auto market after Progressive Corporation.

Recent Business Trends

Infinity had a strong 1H02. Earned premiums were down (36%) from the prior year due to a reinsurance agreement covering 90% of the company's auto physical damage business.

Reinsurance involves ceding premiums to the companies providing the reinsurance. Ex the reinsurance program, premiums were down (1%). Relatedly, losses were down (41%). Earnings leverage is clearly a function of the combined ratio, as net income was \$13.5 million against a loss of (\$13.9 million) in 1H01.

Most importantly, the combined ratio improved from 109% in 1H01 to 97.8%:

	1H01	1H02
Loss Ratio	87.1%	79.8%
Underwriting Exp. Ratio	21.9	18.0
Combined Ratio	109.0%	97.8%

The principal factor in the positive trend was an 8% rate increase in the 1H02. Rate increases for the overall personal automobile business were 14% in 2001, and management projects 10% for full year 2002. On 6/30/02, Infinity had 710,000 policies in force versus 847,000 a year ago.

Certainly an issue is how much more the combined ratio can improve. Its best level in recent history was 94.8% in 1997.

Making some fairly conservative assumptions, including 8% premium growth, a 92% combined ratio (77.5% loss ratio and 14.5% expense ratio) and a 36% tax rate, Infinity could earn \$36mm in net income in 2003.

Investment Portfolio

Like all insurance companies, Infinity has a substantial investment portfolio. In most periods, net investment income comprises more than 100% of total net income.

As of 6/30/02, the company held \$1 billion in fixed-income securities and \$94mm in equities. The securities are carried at market. Unrealized gains and losses are reported in a separate contra account

to shareholder's equity, and were quite small on 6/30/02 at \$16.9 million in gains. Some 94% of the bond portfolio was rated AAA to BBB.

Trends in net investment income have been as follows:

(\$mm)	1999	2000	2001	2002 (1)
Net inv. income	\$74.3	\$69.3	\$75.2	\$65
Cash & investments	1095.6	1216.2	1188.1	1134.4
Notional return	6.78%	5.70%	6.33%	5.73%

(1) Annualized

Between 1999-2002, the notional return has not fallen as much as interest rates generally. One could attribute this to good portfolio management and/or the use of mortgage-backed bonds (MBS), which are about 15% of the portfolio.

Comparison with Progressive

It is interesting to compare Infinity with Progressive, generally considered the highest-quality participant in the auto insurance market, including the nonstandard sector:

Infinity had a far more dramatic year-over-year

Infinity Prop. & Casualty vs. Progressive Corp. (First 6 mo. 2002)		
(\$mm)	Infinity	Progressive
Net Premiums Written	\$426.1	\$2,375.4
% Δ	-23%	29%
Combined Ratio	97.80%	93.40%
% Δ (points)	11.2	3
Net Income	\$13.5	\$160.4
% Δ	n/m	54.67%
ROE (annualized)	6.70%	19.50%
EPS Growth (annual) 1997-2001	neg.	7.72%
Annual Stock Return 1997-2002 (1)	-6.50%	6.68%
(1) Infinity return is for AFG; Return is for five-year period 10/1/97-9/30/02		

improvement in its combined ratio, up 11 points against three for Progressive. However, in absolute terms, PGR's ratio was better at 93.4% against 97.8%.

Elsewhere, the comparison strongly favors PGR (which, granted, is a much larger company), especially as far as ROE (19.5% vs. 6.7%), EPS growth, and especially 5-year stock return at 6.68% vs. -6.5% (for AFG as a proxy for Infinity).

The comparison argues either for a discount valuation for Infinity, vis-à-vis the industry, a premium valuation for PGR, or both.

Valuation

AFG is proposing to sell 70% of Infinity for \$350mm. This values the entire firm at \$500mm. Given the cyclical nature of the business, recent earnings have been erratic:

Net Aftertax Earnings (\$mm)				
1997	1998	1999	2000	2001
\$77.2	\$64	\$50.9	(\$50.1)	\$9.7

It is difficult to estimate what "normalized" earnings might be. The average of the past five years (ex the loss in 2000, which was due to unusual factors) is \$50mm. Notionally, Infinity will be priced at 10x "normalized" net income. However, based on industry trends, it seems unlikely the \$50mm would be reached in 2003.

Referring to the peer group table (below), the auto insurance industry is projected to grow at 10-11% as far as earnings. This seems plausible, given the mature state of the industry.

Infinity's shareholders' equity at 6/30/02 was \$402mm, making all the necessary adjustments for the separation from AFG. The firm could earn \$25mm aftertax in 2002 for a 6% ROE.

We examined the peer group as far as market cap to estimated 2003 net income (i. e. P/E ratio):

Firm (\$mm)	Market Cap	2003 Net Income (1)	Mkt Cap/Net Inc
Allstate Corp	\$28,351.0	\$2,293.0	12.36
Infinity P&C	500.0	36.0	13.89
Mercury General	2,233.4	160.0	13.99
Progressive Corp	12,027.9	762.0	15.79
State Auto Finl	602.6	53.8	11.20
MEAN			13.70

(1) source: Zacks

As noted above under "Recent Business Trends," we tentatively estimate Infinity could earn approximately \$36 million after-tax in 2003. This would place its P/E at approximately the peer group mean (13.9x vs. 13.7x). Assuming the deal comes at the indicated valuation (and remember the deal may be 3-6 months off), we would regard the stock as fairly valued. However, the stock could benefit from the industry being in the early stages of an up underwriting cycle.

Peer Analysis

Infinity Property & Casualty peer group											
firm	ticker	fy	product line	shares (mm)	price 10/31/2002	mkt cap	eps2001	eps2002	eps2003	grth	# ests
Allstate Corp.	ALL	dec	auto ins; all risk classifications	705.6	\$40.18	\$28,351.0	\$2.06	\$2.86	\$3.25	10.0%	19
Infinity Property & Casualty (1)	n/a	dec	auto ins; nonstandard	42.9	11.67	500.1	\$0.23	\$0.63	\$0.84	10.0%	1
Mercury General Corp.	MCY	dec	auto ins; all risk classifications	54.3	41.13	2233.4	\$1.86	\$2.38	\$2.94	12.0%	4
Progressive Corp.	PGR	dec	auto ins; all risk classifications	217.7	55.25	12027.9	\$2.16	\$3.20	\$3.50	13.5%	15
State Auto Financial	STFC	dec	auto ins; all risk classifications	39.0	15.45	602.6	\$1.07	\$0.86	\$1.38	10.0%	6
MEAN										11.1%	
firm	ticker	fy					p/e2001	p/e2002	p/e2003		
Allstate Corp.	ALL	dec					19.50	14.05	12.36		
Infinity Property & Casualty (1)	n/a	dec					51.55	18.52	13.89		
Mercury General Corp.	MCY	dec					22.11	17.28	13.99		
Progressive Corp.	PGR	dec					25.58	17.27	15.79		
State Auto Financial	STFC	dec					14.44	17.97	11.20		
MEAN							26.64	17.02	13.44		
S&P500 (Operating EPS)							890.7	\$38.85	\$46.52	\$52.47	
S&P500 P/E								22.93	19.15	16.98	
(1) For illustrative purposes ONLY, we assume an IPO of 30mm shares @ \$11.67											
AFG retains 12.85mm shares (30%)											
all EPS diluted			EPS Estimates: Zacks Historic Data: Market Guide Est Growth Rates: Zacks								

New Announced Spin-Off Situation

Brookfield Properties to Spin-Off Brookfield Homes

On October 29, Brookfield Properties (NYSE: BPO), one of Manhattan's biggest office landlords, announced their intention to spin-off their U.S. homebuilding business to shareholders in the form of a special dividend by year-end 2002. The motivation for the spin is to make Brookfield Properties a purer play commercial real estate company and drive a higher valuation. BPO proposes to distribute 1/5 of a share of Brookfield Homes ("BHC") to shareholders for each BPO share held. The value of the special dividend (taxable), based on a book value of \$322 million of equity, will be \$2 per BPO share. Brookfield Homes will list on the NYSE under the symbol "BHC".

A shareholder meeting is scheduled for December 16 to vote on whether the special dividend will be treated as a return of capital for tax purposes. A 66% majority is required for this vote to pass, which does appear to be an issue given that Brookfield's largest shareholder, Brascan Corporation, owns 48% of Brookfield Properties. **The special dividend would be paid December 31, to holders of record of December 20.** BPO has filed a Form-10 with the SEC.

We are not convinced that the sum of the parts is going to be worth much more than the whole. The spin (BHC) accounts for 11% of BPO's book value, but generates about 17% of FFO. This suggests the difference will have to be made up in multiple expansion. This may be a reach, given investor concerns over office space in lower Manhattan (to which BPO has extensive exposure). Management believes that the spin will simplify the Brookfield story and enable it to garner a multiple more in line with the company's peers. Traditionally BPO has traded at a discount to the group due to the perceived volatility of the earnings stream from the homebuilding business. We would point out that part of the discount is likely

attributable to the dividend disparity (BPO yields 2.2%) versus an average yield north of 7% for the focused office sector.

Parent, **Brookfield Properties**, owns commercial property and develops master-planned communities in the US and Canada. BPO is a Canadian company that trades on both the NYSE and Toronto exchanges. It has interest in 44 million square feet of office space in six major markets. About 55% of the portfolio size is in New York, with most of the holdings in lower Manhattan. The other major markets include Boston, Toronto, Calgary, Denver and Minneapolis. Its most important asset is the 6.2 MSF World Financial Center. BPO has virtually no lease expirations in New York until 2005 (602,000 square feet or 2.8% of the company's total portfolio). Large leases to Merrill Lynch and CIBC/Lehman do not expire for another 10 years.

BPO is not a REIT but a real estate operating company. This allows the company to retain most of its cash flow. The real estate management arm oversees more than 100 million sq. ft. of space. Brookfield's tenants include Bear Stearns, JP Morgan Chase, and Goldman Sachs. Brookfield Properties has 161 million shares outstanding and a current market value of \$3 billion. BPO is able to retain the cash flow because extensive net operating loss carry forwards allow it to act like a C Corporation and retain the cash flow. The NOLs should last until about 2007. The company has indicated that it may explore a REIT status, when the NOLs expire.

Brookfield Properties is 48% owned by Canada's **Brascan** (NYSE: BNN-\$20.17). Brascan's holdings include commercial properties, financial services firms, mines, and electric power plants. Brascan holds more than \$20 billion in assets, including 55 commercial properties and nearly 40 power generating facilities. Brascan's Noranda unit is a

major global producer of copper, zinc, and nickel. Brascan will also own (due to the dividend) 48% of Brookfield Homes (or 15,617,602 shares). Based on Brascan's 287, 912,242 shares outstanding (287.8 million Class A and 85,000 class B), the ratio will be 0.05424. If we apply the ratio to Brookfield Homes book value (post spin = \$10 per share), we estimate that there is about \$0.54 of Brookfield Homes value per Brascan share. Brascan's ratio for Brookfield Properties (the parent) is 0.2711 (78M BPO /287M BNN). This suggests that each share of Brascan has about \$5 of BPO embedded (\$18.69 x 0.2711). Together BPO and BHC account for 27% of Brascan's current stock price.

Brookfield Homes Corporation is a U.S.-based residential homebuilder which builds homes and develops land in master-planned communities and infill locations. The company markets, designs and develops single-family and multi-family homes primarily to move-up and luxury buyers and also develops land, which is sold to other homebuilders. The company's operations are currently in four markets: the San Francisco Bay Area; Southland/Los Angeles; San Diego/Riverside; and Northern Virginia. The company has 548 employees.

In the five year period ended December 31, 2001, BHC sold a total of 7,030 homes. In 2001, BHC sold 1,645 homes, compared with 1,467 in 2000. In the first nine months of 2002, BHC sold 994 homes versus 966 for the nine-month period last year. The average home price realized in 2001 was \$443,000 per unit, an increase of 10% over 2000. As of September 30, 2002, BHC controlled 21,622 lots in its land inventory which represent 8x 2001 closings. The company competes mainly with Centex (NYSE: CTX-\$3 B cap), Lennar (NYSE: LEN-\$3 B cap), Pulte (NYSE: PHM-\$2.88 B cap) and Toll Brothers (NYSE: TOL-\$1.5 B cap). About 75% of Brookfield Homes revenues are generated in California.

Operating results have improved over each of the last three years. The company has generated growth of 21% on CAGR basis through 2001. BHC's backlog represents 100% of expected 2002 closings, providing substantial visibility to earnings.

BHC should have about \$879 million in total assets (of which \$709 million was located in California and \$170 million was located in Northern Virginia). BHC will have \$441 million in debt (about \$150 million of which will be in the form of an unsecured note to BPO), \$93 million of trade liabilities, \$23 million of minority interest, and \$322 million of common equity. The subordinated debenture payable to BPO has a 10% interest rate and is due by the end of December 2005. The terms are still being determined.

Roughly 44% of project related debt matures in 2003. Proceeds from closings are expected to fund debt maturities. Reliance on sales to fund debt maturities present a risk in an illiquid market with declining prices and higher interest.

BHC will have a 7-person board combining 4 independent directors with 3 directors affiliated in some way with BPO/BNN. Bruce Flatt, CEO of Brascan, will be the Chairman of BHC. Ian Cockwell, a BPO director and head of BPO's housing business, will be director and the president and CEO of BHC. Gordon Arnell, a BPO director and former executive of BPO, will be a director of BHC.

Recent Results

On October 29, Brookfield Properties reported a steep rise in third-quarter profit (a year after the Sept. 11 attacks damaged some of its key properties near the World Trade Center in New York). More tenants returned to downtown New York, but Brookfield said the leasing environment was slow with more sublet space available. Brookfield itself has more than 1 million square feet of space up for sublease in Manhattan. Chief Executive Ric Clark said his company's long-term leases helped insulate it from weak market conditions during the quarter ended Sept 30.

Brookfield reported Q3 2002 FFO of \$0.59 (\$100 million), excluding gains on sale. (A 13% increase over the \$0.52 reported in Q3 2001). There was also a \$20 million gain during the quarter on the sale of a 50% interest in Bankers Hall. The portfolio

occupancy rate remained at 96% during Q3. For the nine months ended September, BPO generated \$1.51 billion in revenue, \$612 million in operating income and \$214 million in net income. BPO repurchased 207,700 shares during Q3 and an additional 271,600 after the end of the quarter. The company indicated that they have authorization to repurchase an additional 8 million shares pursuant to a recently filed Normal Course Issuer Bid.

During the quarter, Brookfield added to its investment in lower Manhattan, despite clients cutting space there. It bought 51 percent of Three World Financial Center. Brookfield also owns Tower One, Tower Two and 51 percent of Tower Four in the World Financial Center and One Liberty Plaza in New York, among other sites. During the quarter the company signed leases for 594,000 SF at an average rate of \$12. This compares to 624,000 SF of space vacating at the same \$12 rate. During the year, BPO has signed leases for 1.7 million SF, an average increase of 17%.

Post spin, Brookfield Properties will be focused on commercial real estate in city areas. As of September 30, 2002, BPO listed \$6.6 billion in Commercial and Development properties and \$4.6 billion in commercial property debt, not including \$0.7 billion minority interests and preferred shares. Book value will be \$1.7 billion following completion of the spin-off. The spin is expected to reduce cash flow by about \$85 million in 2003. BPO is expected to earn \$1.88 (Funds from Operations) per share in 2002 and \$2.15 in 2003 (14% growth). Brookfield properties enjoys an occupancy rate of 96% across the portfolio. Net of the spin-off deduction at book value (\$2 per BPO share), the stub is trading at \$16.69 (\$18.69 - \$2.00). The implied stub value is trading 8.87x estimated 2002 FFO, 7.76x estimated 2003 FFO. The dividend yield is currently 2.4% (\$0.40/\$16.69).

Valuation

BPO's supplementary information indicates that BPO will lose about \$0.26 in EPS in 2003 because of the spin-off. This implies that BHC could generate about \$1.30 in EPS in 2003 (5x \$0.26). The homebuilders trade in a range of 5 to 6 times forward EPS. At the midpoint (5.5x), BHC would be valued at \$7.15 a share post spin. This suggests that each share of BHC is worth \$1.43 per BPO share. There will be 32,194,123 shares of Brookfield Homes common stock outstanding on the spin-off date. This implies that Brookfield Homes could command a market value of about \$230 million. This is a meaningful discount (28%) to the stated book value of BHC (\$10 per share).

According to the Form-10 filing, for the nine months 2002, Brookfield Homes generated \$521.4 million in revenue, \$44.5 million in income before taxes, and \$26.7 million in net income (or \$0.83 in EPS). The company made \$0.74 for the full year of 2001.

Peer Analysis

Company	BROOKFIELD PROP	FOREST CITY -A	CATELLUS DEVELOP	NEWHALL LAND-LP	AVATAR HOLDINGS	Average	Brookfield Homes	CENTEX CORP	LENMAR CORP	PULTE HOMES INC	TOLL BROTHERS
Ticker	BPO	FCE/A	CDX	NHL	AVTR		O	CTX	LEN	PHM	TOL
Current Implied Price	\$ 16.79	\$ 29.66	\$ 17.68	\$ 28.00	\$ 21.00		\$ 10.00	\$ 47.72	\$ 56.17	\$ 47.45	\$ 21.65
Shares Out. (000,000)	162.9	47.4	102.7	25.6	8.5		32.6	62.5	70.6	50.3	77.4
Market Cap (000,000)	\$ 2,734.92	\$ 1,405.50	\$ 1,815.47	\$ 716.24	\$ 177.77		\$ 325.78	\$ 2,983.88	\$ 3,964.42	\$ 2,387.83	\$ 1,674.97
Enterprise Value (000,000)	\$ 7,996.02	\$ 4,698.75	\$ 3,084.13	\$ 834.02	\$ 184.20		\$ 764.69	\$ 9,205.88	\$ 5,549.07	\$ 4,147.62	\$ 2,724.91
EPS											
TTM Est. / Pro Forma (diluted)	\$ 1.26	\$ 2.15	\$ 0.96	\$ 1.71	\$ (0.18)		\$ 1.32	\$ 6.60	\$ 6.87	\$ 6.39	\$ 2.91
TTM P/E	13.37	13.80	18.42	16.37	-		7.58	7.23	8.18	7.43	7.44
2002E (Diluted)	\$ 1.18		\$ 1.99				\$ 1.30	\$ 8.05	\$ 7.36	\$ 7.07	\$ 2.88
Forward P/E	14.29		8.90				7.69	5.93	7.63	6.71	7.52
Enterprise											
Enterprise Value / EBITDA	12.75	15.28	11.98	21.27	409.32	114.46		10.54	5.82	6.21	6.70
Enterprise Value / EBIT							6.71	11.83	6.10	6.54	6.87
12 Month Trailing											
EBITDA Per Share	\$ 3.85	\$ 6.49	\$ 2.51	\$ 1.53	\$ 0.05			\$ 13.96	\$ 13.51	\$ 13.27	\$ 5.26
EBITDA Multiple	4.36	4.57	7.05	18.27	395.03	106.23		3.42	4.16	3.58	4.12
12 Month Trailing											
Trailing Sales	\$ 1,499.00	\$ 888.96	\$ 520.35	\$ 216.62	\$ 167.65		\$ 844.00	\$ 8,083.28	\$ 6,636.26	\$ 6,925.93	\$ 2,267.12
Price to Sales	1.82	1.58	3.49	3.31	1.06	2.36	0.39	0.37	0.60	0.34	0.74
Margins											
Gross Margin	33.42%	34.58%	86.88%	100.00%	100.00%		20.14%	10.28%	14.88%	9.85%	27.62%
Operating Margin	3.67%	-4.17%	17.68%	16.25%	-0.89%		13.51%	9.63%	13.70%	9.16%	17.49%
EBITDA Margin	41.83%	34.58%	49.47%	18.10%	0.27%		0.00%	10.80%	14.37%	9.64%	17.94%
Pretax Margin	-4.74%	0.00%	0.00%	0.00%	0.00%		8.41%	8.27%	11.74%	9.26%	15.24%
Net Profit Margin	13.61%	11.40%	19.08%	16.25%	-0.89%		5.09%	5.16%	7.28%	5.79%	9.66%
Effective Tax Rate							39.44%	33.26%	38.01%	38.85%	36.62%
Book Value	\$ 10.42	\$ 14.46	\$ 5.11	\$ 5.36	\$ 25.39		\$ 9.88	\$ 36.86	\$ 28.34	\$ 51.53	\$ 13.69
Price to Book	1.61	2.05	3.46	5.22	0.83	2.89	1.01	1.29	1.98	0.92	1.58
Turnover's											
Account Rec. Turnover	1.57		17.10	32.09	32.36			2.32	143.21		
Current Asset Turnover								0.99	1.78	1.39	0.83
Working Capital Turnover								1.21	2.34	2.13	1.24
Returns											
Return on Average Equity	12.39%	17.55%	17.21%	25.54%	-0.71%		14.50%	19.87%	27.64%	16.85%	22.62%
Pre-Tax Average ROA	0.74%	-0.84%	3.56%	9.62%	-0.40%		12.71%	8.60%	19.38%	10.54%	15.26%
Return on Average Assets	2.73%	2.28%	3.84%	9.62%	-0.40%		4.79%	4.61%	10.30%	6.66%	8.43%
Return on Capital	5.48%						8.04%	7.49%	18.88%	9.11%	13.55%
Current Ratio											
Quick Ratio							-	5.58	4.17	2.88	3.05
Cash Ratio							0.51	3.23	0.16		
Cash per share	\$ 0.96	\$ 0.70	\$ 2.60	\$ 0.08	\$ 13.55		\$ 0.06	\$ 1.01	\$ 0.83	\$ 10.76	\$ 0.66
Degree of Fin. Lev. (EBIT/EBT)	1.61						1.61	1.16	1.17	0.99	1.15
Fin. Lev. (Assets/Equity)	4.33	6.88	5.04	2.75	1.73	4.10	2.73	4.36	2.60	2.44	2.62
Total Debt to Total Capital	82.84%	82.60%	73.82%	46.64%	36.04%	59.77%	57.80%	72.65%	45.10%	47.02%	50.96%
Total Debt to Book Equity	311.84%	474.61%	281.95%	87.39%	56.36%	225.08%	136.96%	265.64%	82.15%	88.74%	103.92%
Debt to Enterprise Value	66.18%	69.21%	47.99%	14.37%	65.75%	49.33%	57.67%	66.51%	29.61%	55.48%	40.39%
Liabilities to Equity	332.53%	587.86%	403.69%	174.57%	72.90%	309.76%	172.98%	336.10%	160.47%	143.71%	161.51%
Interest Coverage											
Interest Coverage (Earnings)	1.67	1.57	2.72	9.75	0.50	3.64	2.92	6.81	6.99		6.49
EBIT/Interest Expense	(0.43)	-	-	-	-	-	3.08	7.08	6.99		6.30
Op. Cash Flow / Interest	1.31	0.54	3.85	8.92	(17.62)	(1.08)	0.95	6.94	0.79		(0.94)
Cash Flow Coverage	2.31	1.54	4.85	9.92	(16.62)	(0.08)	1.95	7.94	1.79		0.06

NOTES:

New Announced Spin-Off Situation

El Paso Energy Management IPO Postponed

El Paso Energy Management, a unit of El Paso Energy Partners LP (NYSE: EPN), the publicly traded partnership controlled by El Paso Corp. (NYSE: EP), filed to raise as much \$684.6 million in an initial public offering. Since this June filing, the unit has not updated the timetable for the IPO. After the IPO of 20 million limited liability shares of El Paso Energy Management, the public will own 14.7 million shares while El Paso Corp will hold 5.3 million. Upon completion of this IPO, the public and El Paso Corp will own 50% stakes in El Paso Energy Partners. The public will own 50% through EPN's common units. El Paso Corp will own EPN's general partnership interest, its i-units, and some of EPN's common units. The public will have no right to elect directors. El Paso Corp will own El Paso Energy Management's sole voting share. Goldman Sachs will lead the offering.

El Paso Energy Partners estimates the net proceeds to be about \$658 million. This is based on an estimated offering price of \$34.23 per share, the closing price of its common units on the NYSE on August 9. Based on El Paso Energy Partners' November 8 price of \$28.86, the IPO would have gross proceeds of \$577 million. El Paso Energy Management will use \$0.5 million of the proceeds to compensate El Paso Corp for its tax indemnity obligations and the balance to purchase i-units in EPN. The i-units are a new class of limited partnership interests of El Paso Energy Partners. El Paso Energy Partners will use about \$391 million of the proceeds from the sale of the i-units with about \$391 million from a revolving credit facility to fund its acquisition of the San Juan assets from EP. EPN will use the remaining proceeds for general business purposes. El Paso Energy Management intends to list on the NYSE under a yet to be determined symbol.

El Paso Energy Management is a limited liability company formed to manage El Paso Energy

Partners. El Paso Energy Management's only assets will be its i-units in El Paso Energy Partners. El Paso Energy Management will make distributions on its shares only in additional shares or fractions of shares except upon its liquidation. The fraction of an additional share distributed each quarter per share outstanding will be calculated by dividing the per unit amount of cash distribution that El Paso Energy Partners paid on its common units for that quarter by the average market price of one of El Paso Energy Management's shares as determined for a ten-trading day period ending on the trading day immediately before the ex-dividend date for El Paso Energy Management's shares.

El Paso Corp. conducts operations in natural gas transportation, gas gathering and processing, and gas and oil production. The company also has operations in power generation, merchant energy services, international project development, and energy financing. El Paso Corp.'s primary business is the interstate transportation of natural gas. The company conducts business through two pipeline systems, the EPNG system and the MPC system. The EPNG system consists of about 10,000 miles of pipeline with a design capacity of 4,744 million cubic feet per day. This system delivers natural gas from the San Juan Basin of northern New Mexico and Southern Colorado and the Permian and Anadarko Basins to several western states and to Mexico. The MPC system consists of about 400 miles of pipeline with a design capacity of about 400 million cubic feet per day. This system connects the EPNG system in Arizona and California.

With **trading losses and price manipulation charges** hanging over the company, shares of El Paso Corp have fallen from \$50.76 on November 11, 2001 to \$7.72 on November 8, 2002. On September 23, a judge ruled that El Paso Corp. should face penalties for limiting natural-gas supplies during the California energy crisis. The judge ruled

that the company contributed to the boost in energy prices by shutting lines for unnecessary maintenance and reducing suppliers' access from November 2000 to March 2001. California wants El Paso to pay \$3.7 billion in damages. On December 2, El Paso Corp. will get to argue before federal regulators that the company did not limit natural gas supply during this time.

On November 8, El Paso Corp. reported disappointing 3Q02 operating results. The company reported a net loss of \$69 million, or \$0.12 per diluted share, compared to earnings of \$211 million, or \$0.41 per diluted share, in same quarter last year. EBIT in 3Q02 was \$333 million versus \$648 million in 3Q01. Revenues during 3Q02 were \$2.66 billion, a decrease of \$500 million from 3Q01. The net loss figure includes a non-recurring charge on asset disposals of \$22 million, net of tax, and a charge from El Paso' discontinued coal operations for \$36 million. The company did not provide any guidance for 2003 but plans to do so within the next 6 weeks. El Paso announced that the company would leave the energy trading business during 4Q02. To do so, El Paso will have to take a charge of \$400-600 million. El Paso's decision to exit trading comes as other companies decided to do the same thing. Recently, Aquila, American Electric Power, and Dynegy have stopped their energy trading operations.

El Paso Corp formed **El Paso Energy Partners** in 1993 as a partnership that manages midstream energy interests and assets. EPN owns interests in natural gas pipeline systems extending over 16,900 miles with a combined maximum design capacity of over 10.3 billion cubic feet per day of natural gas and in three natural gas processing and treating plants. The partnership has interests in onshore and offshore pipeline systems in Texas, New Mexico, Alabama, Colorado and the Gulf of Mexico. EPN also has interests in three offshore oil pipeline systems in the Gulf of Mexico that extend over 340 miles and have a combined capacity of over 580 million barrels per day of oil. Next, El Paso Energy Partners has interests in five multi-purpose offshore

hub platforms in the Gulf of Mexico. Lastly, the partnership owns natural gas storage facilities in Mississippi with a capacity of 12.65 billion cubic feet and is capable of delivering over 1.2 billion cubic feet per day of natural gas to five interstate pipeline systems. For the most part, petroleum commodity prices do not affect the partnership's operations directly. To manage exposure to petroleum commodity prices as well as to interest rates, the partnership does use derivatives. EPN pays a quarterly dividend of \$0.675 (\$2.70 annually), a dividend yield of 8.99% as of October 29.

For the quarter ended September 2002, EPN had revenues of \$122.3 million, an increase of \$81.1 million (197%) over the quarter ended September 2001. Net income for the September 2002 quarter was \$23.8 million. This was an increase of \$11.8 million (98%). Net income per unit for the quarter increased by \$0.12 per unit (133%) to \$0.21 per unit. Lastly, EBITDA for the quarter was \$69 million, an increase of \$29.2 million (73%). EPN's results are favorable when compared to last year but are not as favorable when compared to last quarter. Compared to last quarter, revenues were essentially flat. For the quarter ended June 2002, EPN had revenues of \$120.5 million. The company's net income and net income per unit were \$28.8 million and \$0.33, respectively. EPN's revenues increased by \$1.8 million (1%); the partnership's net income and net income per unit declined by \$5 million (17%) and \$0.12 per unit (36%).

EPN's objective is to focus on increasing cash flow, earnings and return to its unitholders by providing midstream energy services. The partnership seeks to maintain and grow a base of midstream energy assets that have stable and long-term cash flows. EPN will enhance the quality of its cash flow by emphasizing operations and services for which fees are not normally linked to commodity prices. The key to the success of this type of partnership has been to acquire additional assets to increase cash distributions. This attracts more investors and permits the partnership to use its stock as currency

for acquisitions. This strategy has become more difficult to execute because of weak capital markets and rating agency concerns about debt have made acquisitions more difficult.

On July 16, EPN and EP agreed on EPN's proposed acquisition of midstream energy assets, **the San Juan Acquisition**, from EP for about \$782 million. These assets include substantially all of EP's San Juan Basin New Mexico natural gas gathering, processing and treating assets, a Gulf of Mexico natural gas pipeline, and over 750 miles of NGL pipelines and fractionation facility in Texas. With the completion of this offering EPN and EP are to consummate the deal. El Paso Energy Management will use substantially all of the proceeds from this offering to purchase units from EPN to finance this acquisition and fund general business requirements. These assets generated pro forma EBITDA of \$114 million during the year ended December 2001. Currently, the San Juan gathering system gathers more than 1.1 billion cubic feet per day of natural gas. The natural gas pipeline transports more than 60 million cubic feet per day.

El Paso Corp owns and elects all of the directors of El Paso Energy Partners Company, the general partner of El Paso Energy Partners. The interests of El Paso Corp and of El Paso Energy Management's shareholders may differ. Consequently, there is a risk that El Paso Corp may make important business decisions that will not be in the best interests of El Paso Energy Management's shareholders. El Paso Corp has the option to purchase all of El Paso Energy Management's shares if El Paso Corp owns 80% or more of El Paso Energy Management's shares and if El Paso Corp owns a number of El Paso Energy Management's shares and common units that equal 85% or more of El Paso Energy Management's shares.

El Paso Energy Partners' operations are subject to federal, state and local regulatory requirements relating to the environment, health and safety, waste management and chemical and petroleum products. Governmental authorities have the power to enforce compliance with applicable regulations and permits and to subject violators to civil and criminal penalties, including fines and/or injunctions. El Paso Energy Partners makes expenditures in connection with environmental matters as part of its normal capital expenditures programs. Because the partnership handles petroleum products, its operations always have some risk of environmental costs and liabilities.

El Paso Energy Partners (NYSE: EPN)

Price (11/08/02)	\$28.89	Book Value / Share	\$14.32
52 Week Range	\$20.50 – 38.68	Dividend Yield	\$2.31 / 8.0%
Shares Outstanding	44.03 m	Debt to Capital	62.09%
Market Capitalization	\$1.27 B	Return on Equity	13.59%
TTM Sales / Share	\$9.13	12/02 EPS, P/E	\$0.96, 30.1x

New Announced Spin-Off Situation

TMP Worldwide to Spin-Off Staffing Division

On October 21, 2002, TMP Worldwide (NASDAQ: TMPW) announced the spin-off of its executive search and eResourcing (professional staffing). The spin-off is expected to be a tax-free distribution to shareholders and completed in March of 2003. TMP Worldwide (TMP) has about 112 million diluted shares outstanding and a market cap of about \$1.3 billion. The spin-off will apply for listing on the NASDAQ. We value the spin-off business around \$1.50 per share of TMP or about \$168 million. We now believe the distribution ratio will probably be one share of Newco for every ten shares of TMP.

TMP is the world's largest online job search site based in New York. TMP, will retain Monster (Monster.com), Monstermoving.com, Yellow Pages, Advertising and Communications. The spin-off will consist of eResourcing (professional staffing) and the executive search business. Motivation for the spin where staffing customers of Monster viewed eResourcing as a competitor which created a conflict of interest between eResourcing and Monster. It is expected the spin will alleviate the perceived conflict and allow Monster to pursue greater opportunities in the staffing industry.

TMP is also one of the world's largest Yellow Pages advertising agencies. TMP offers its clients ad placement, direct marketing, and customer relations services such as call center operations and order fulfillment. In addition, it provides search and selection services for mid-market officers and upper-level executives and develops and executes recruitment advertising campaigns.

Monster boasts more than 800,000 job ads and a database of more than 17 million resumes for recruiters to browse through. The company also has launched a sister site, Monstermoving.com, dedicated to real estate and relocation services. In addition, Monster has purchased Jobtrak.com, a college job search site, and offers a forum for

executives to search for posts (ChiefMonster). Monster's chief rival, HotJobs.com, was acquired by Yahoo! (NASDAQ: YHOO) in early 2002.

The Spin-Off

eResourcing fills a niche for clients seeking professionals below the CEO level, who typically earn between \$50,000 and \$150,000 annually. This division uses traditional and interactive methods to select candidates for clients, and relies heavily on Monster's large resume database. Monster is an excellent resource for serving this market however.

Executive Search offers a range of executive search services aimed at finding the appropriate executive for clients. Executive search services identifies senior executives who typically earn in excess of \$150,000 annually. TMP entered the executive search field in 1998 because recruitment and online advertising traditionally did not target the senior executive candidate.

TMP has not provided pro-forma financials on the spin-off, but expects to file a Form-10 in late November. **They will provide further guidance at an analyst day, scheduled for December 4th, in New York.**

Management and Acquisitions

The former president of CIGNA Healthcare, William Pastore, has been named Chief Operating Officer of TMP. He is expected to help streamline TMP and the operating structure. TMP businesses have grown rapidly internally and through acquisitions. TMP completed 77 acquisitions accounted for as purchases with estimated annual gross billings of approximately \$372 million from January 1999 through December 2001, and 7 accounted for as pooling of interests. This growth has placed a significant strain on management and operations. Expansion has resulted in substantial growth in the number of employees that resulted in

increased responsibility for existing and new management personnel and has strained operations. As for Newco, they have named Jon Chait as CEO. He has experience in the staffing industry working at Manpower and Spring Plc.

Andrew McKelvey, Chairman of TMP, owns and controls about 33% (class B shares have 10 votes) of the voting power of TMP, but will only own/control 13% on the spin-off (one share class). No officer or director will serve on both Boards thus removing any appearance of conflicts of interest.

Tax-Free Status

TMP's five month time-line for the spin-off suggests they may rely on the opinion from counsel to complete the spin-off. TMP will also apply for a Private IRS letter ruling for the spin-off. However, IRS letter rulings usually take six to nine months on average. This means TMP may receive the IRS ruling after the distribution.

Index Issues

We expect TMP Worldwide to remain in the S&P 500, and expect the spin-off to be excluded.

Third Quarter Results

On November 6th, TMP announced adjusted diluted earnings per share of \$0.14 for the third quarter ended September 30, 2002, compared with \$0.40 for the third quarter of 2001. TMP reported net income of \$0.12 per diluted share on a GAAP basis, compared to net income of \$0.23 per diluted share in the third quarter of 2001. Total commissions and fees declined by 21% to \$284.0 million from \$361.2 million in the third quarter of 2001. Total interactive commissions and fees were \$128.3 million for the third quarter, down 26% from the \$174.3 million reported for the prior year period. Adjusted EBITDA fell 56% to \$35 million excluding merger and integration charges. TMP announced

revised 4th quarter guidance to breakeven from \$0.14 per share. Results reflect the continued sluggishness in the labor markets and the staffing business specifically.

Share Buy-Back

TMP repurchased 927,000 shares at an average price of \$10.62 per share, in connection with its five million share buyback program announced in September 2002. The company finished the 3rd quarter with net cash of \$182 million.

Risks

We continue to see challenges ahead as both TMP and the spin-off navigate a competitive online recruiting landscape, a more tempered economic recovery and increased softening in Europe as mentioned in TMP's 4Q02 estimates. We remain cautious on the labor market rebound.

In a healthier economic environment the spin-off would probably command a value closer to 1x's sales or about \$4.00 per TMP share. However, in the current employment environment, earnings are marginal, and revenue continues to soften. So we now estimate a spin value of \$1.50 per TMP share.

Spin-Off Update

Acacia Research Proceeding into Tracking Stocks

On March 20, Acacia Research (NASDAQ: ACRI) announced that it would split its stock into two tracking stocks, which will separately reflect the performance of CombiMatrix and Acacia Technologies. ACRI's current market capitalization is \$98.0 million.

On October 10, ACRI filed its fifth amended S4 with the SEC to complete the recapitalization of their common stock into two tracking stocks (AR-Acacia Technologies and AR-CombiMatrix). On October 24, the company announced that shareholders would be asked to approve the recapitalization on December 11, 2002. Shareholders will also be asked to approve the acquisition of all currently outstanding minority interests in CombiMatrix Corporation by swapping AR-CombiMatrix shares for CombiMatrix Corporation shares on a 1-for-1 basis. Separately, CombiMatrix shareholders will be asked to approve the acquisition. After giving effect to the Nanogen verdict (described below) ACRI currently owns approximately 48% of CombiMatrix. CombiMatrix's board has approved the acquisition. **Acacia has received an opinion from PricewaterhouseCoopers to the effect that the transaction will be tax-free except in instances where shareholders receive cash in lieu of a fractional share of AR-CombiMatrix stock.**

If ACRI goes forward with the recapitalization each share of ACRI will be converted into 1 share of AR-Acacia and 0.5582 shares of AR-CombiMatrix. The CombiMatrix ratio is subject to change based on the number of ACRI shares outstanding at the time of the transactions. As noted above CombiMatrix Corporation shareholders (other than ACRI) will receive one share of AR-CombiMatrix for one share of CombiMatrix Corporation. AR-Acacia Technologies will be designed to "track" the economic performance of Acacia's media

technology business and to benefit from the licensing of its technology and sale of its products. AR-CombiMatrix will be designed to "track" the economic performance of CombiMatrix. AR-CombiMatrix and AR-Acacia Technologies will be listed on the NASDAQ under the symbols "CBMX" and "ACTG", respectively. Please see the report in the August 2002 issue.

Since the August issue, two material legal events have cropped-up. At least one of these material events will have an impact on Acacia's future financial performance. In addition, these events could further delay the recapitalization/acquisition.

- **On October 1, Acacia announced that CombiMatrix had entered into an agreement with Nanogen to settle all litigation pending between the two companies.** Nanogen was suing CombiMatrix alleging, among other things, breach of contract, trade secret misappropriation and a claim that issued patents belonging to CombiMatrix are instead the property of Nanogen.

CombiMatrix agreed to pay Nanogen approximately 4 million shares of CombiMatrix common stock or 17.5% of CombiMatrix's total outstanding stock (after the effect of the settlement). Prior to the settlement Acacia owned approximately 58% of CombiMatrix. Now Acacia owns approximately 48% of CombiMatrix. In addition to the equity CombiMatrix agreed to pay Nanogen \$1 million for court fees and a revenue royalty amounting to 12.5% of CombiMatrix's first \$12 million of annual net revenue from product sales. This royalty will be paid for the life of the patents. The maximum annual royalty payment will therefore be \$1.5 million (12*0.125). The minimum CombiMatrix will

have to pay is \$37,500 for the first four quarters and \$25,000 every additional quarter until the patents expire. The royalty payments begin with the October 2003 quarter. CombiMatrix will not be required to pay Nanogen any royalty on revenue resulting from up-front licensing payments, research and development payments or milestone payments.

The Nanogen litigation was a risk that has been hanging over Acacia. With the litigation now settled, the financial position of the Company is now slightly clearer. According to CombiMatrix and Acacia management the settlement will allow CombiMatrix to move forward with the development and marketing of their products. The pending litigation has been a point of contention for some potential partners.

- On September 27, Acacia announced that a motion for summary judgement was granted by the U.S. District finding that television manufacturers named in the lawsuit do not infringe Soundview's (Acacia subsidiary) V-chip patent. Although Acacia will likely appeal the summary judgement we believe the likelihood for Acacia to receive significant V-chip revenue is low. The V-chip patent expires in July 2003. According to management Acacia will not be required to return any of the V-chip licensing revenue previously recorded.

COMBIMATRIX

CombiMatrix is basically a research and development shop. Their business model/plan entails creating and developing biochip system technologies and then finding a strategic partner to manufacture, market and distribute the resulting products. Note they have not fully implemented this model yet because they are still in the development stage of the first generation of their product line.

CombiMatrix is developing technology that integrates a semiconductor, proprietary materials, proprietary software, chemistry and the Internet into a system that pharmaceutical companies, biotechnology companies and academic research institutions can use to identify and determine the roles of genes, gene mutations and proteins. The

company's active biochip is a semiconductor coated with a three-dimensional layer of porous material that can synthesize or immobilize DNA, RNA, Peptides or small molecules in discrete test sites (virtual flasks). The group is developing automated, computer directed manufacturing processes for the synthesis of sequences of DNA, RNA, peptides or small molecules in the "virtual flasks" on its biological array processors. CombiMatrix management believes the chief advantage of their products will be the ability to customize analysis, the level of detail their system will provide and the quickness with which users will be able to complete analysis. **In July 2000, CombiMatrix received a patent for its biochip microarray processor system. The patent expires in July 2017.**

CombiMatrix believes that biological array processors, whether they contain DNA, peptides, or proteins have potential applications in all major phases of drug discovery and development. In the discovery phase they believe biological array processors can facilitate the process of identifying and validating targets and lead compounds. In the development phase, they believe biological array processors can enhance the speed and accuracy of the toxicology, pre-clinical and clinical development process. In addition, the CombiMatrix Group believes that biological array processors can also play a role in monitoring the therapeutic effectiveness of drugs that have been approved for use.

ACACIA TECHNOLOGIES

Acacia Technologies owns intellectual property principally related to the telecommunications industry. Acacia Technologies is principally comprised of Soundview Technologies, which owns the V-Chip technology, and Acacia Media Technologies, which owns the audio on demand and video on demand technology. Both Soundview Technologies and Acacia Media Technologies are wholly owned subsidiaries.

The key issue facing Acacia Technologies is the opposite side of their opportunity. If they are not able to defend their patented technologies Acacia Technologies will not be able to generate revenue or cash flow.

Spin-Off Update

Advanced Medical Optics Reports as a Standalone

On November 6, Advanced Medical Optics (NYSE: AVO) reported solid Q302 results. AMO, the recently spun-off ophthalmic surgery and contact lens solutions business of Allergan, delivered proforma Q3 EPS of \$0.20, a penny better than consensus. Reported Q302 revenues were up 1.8% YOY to \$139.3 million. Currency helped reported sales by 3.5%.

Advanced Medical Optics is focused on the eye care market. Former parent Allergan (NYSE: AGN) spun-off the firm on June 29th, 2002, in a tax-free distribution. AVO closed its first day as an independent stock at \$10.30 a share. Currently, the stock is trading at \$11.15 (an increase of 8% since the spin). The company's key segments are contact lens care and ophthalmic surgical products. Its contact lens division makes multi-purpose cleaning and disinfecting solutions, daily cleaners, enzymatic cleaners, and lens rewetting drops. The company's surgical products include intraocular lenses used in cataract surgery, as well as devices, equipment, and accessories used in cataract and laser vision correction procedures. Advanced Medical Optics operates in some 20 countries and markets its wares in about 60 countries worldwide.

In the third quarter Surgical revenues were up 11% YOY, driven by strength in foldable intracocular lenses (up 10.1% YOY) and pahcoemulsification products (up 13.4% YOY). Contact Lens Care sales were down 5.3% YOY, mostly due to the ongoing exit from the U.S. private label business. Gross margins were 63.1% (up 1.3% points and 3.3% points YOY) due to a more favorable sales mix. Operating margins were 14.4%. AMO was able to repay about \$3 million in debt in Q302.

Guidance

Advanced Medical Optics said it expects 2003 earnings to increase by a rate in the mid-teens compared to results for this year. For fourth quarter

2002, the Santa Ana, California-based company projected revenue of \$140 million to \$145 million, earnings per share of 28-29 cents and EBITDA of \$25-27 million. The estimate is slightly short of the average Wall Street projection for a profit of 31 cents a share, as compiled by research firm Thomson First Call.

For full-year 2002, the company forecast revenue of \$530 - \$535 million, proforma earnings per share of \$0.56-\$0.57 and proforma EBITDA of \$69-72 million for the full year 2002, compared with the current First Call estimate of 58 cents. The company expects to see the full year 2002 tax rate at 41%, up from 34.5% a year ago and 38% in the first half of 2002. Going forward, AMO sees a tax rate of about 39%, as the company avails itself to tax planning initiatives.

Going forward, Advanced Medical Optics said it expects revenue to grow in the mid-single digit range, and earnings per share growth in the mid-teens. As a result, 2003 projections include revenue of \$545 million to \$555 million and earnings per share of 65-67 cents, compared with the First Call estimate of 68 cents.

Valuation

AVO has nearly 29 million shares outstanding for a current market capitalization of \$323 million. The stock trades at a P/E of 20x based on 2002E EPS of \$0.57 (about 16.6x the \$0.66 EPS guidance for 2003). Given the high leverage on AMO's balance sheet (Debt/Cap =85%), perhaps a better metric to value the company is EBITDA. Currently, AMO trades about 7.5x EV/EBITDA. This represents a meaningful discount (30%) versus the peers'. We could see the stock trading a little higher (\$12-\$12.50), but given the leverage we think AMO appears priced about right.

Spin-Off Update

HealthSouth Cancels Spin-Off

On October 16, HealthSouth Corp (NYSE: HRC) announced that the company has suspended its previously announced plan to spin-off its surgery center division into a new publicly traded company. The company made the decision because of “. . . comments. . .from some of our investors and lenders and conditions in the debt and equity markets. . .” While the plan for the spin-off is suspended, HealthSouth may consider other options for the surgery centers, including resuming the transaction if the capital market conditions become more favorable. HealthSouth is continuing to evaluate the sale of non-core assets and business operations.

On August 27, HealthSouth announced that a government Medicare rule change might trim \$175 million per year from earnings. The Securities and Exchange Commission is investigating whether the disclosure came too late and whether share sales by Chairman Richard Scrushy violated insider-trading laws. Some investors have called for Scrushy to quit. In the past year, shares of HealthSouth have fallen from a high of \$15.69 to a price of \$4.60, as of October 31. On October 30, HealthSouth announced that an outside investigation, conducted by a national law firm, cleared Mr. Scrushy of all allegations of inside knowledge concerning the impact of a Medicare reimbursement rule change prior to stock and loan repayment transactions in May and July 2002. The SEC's investigation into Mr. Scrushy and his dealings is still outstanding.

The cancellation of the spin-off of the surgery center is the second time that HealthSouth has announced then cancelled a spin-off. In June 1999,

HealthSouth's board approved a plan to split its outpatient and inpatient operations into two companies. However, just as HealthSouth teased investors with the prospect of a spin-off the company changed its mind about its 1999 spin-off. In September 1999, HealthSouth cancelled the spin-off citing healthcare providers' uncertain environment and that the company would have better prospects as a combined entity. Even with this first spin-off, HealthSouth said that the company has not ruled out the possibility of proceeding with a spin-off at a later date.

HealthSouth Corp provides outpatient surgery and rehabilitative healthcare services. The company operates a network of inpatient and outpatient rehabilitation facilities such as outpatient surgery centers, diagnostic centers, and occupational health centers. The company operates throughout the US, UK and Australia. While the company's results for the quarter ended June 2002 looked better than its results in the quarter ended March 2002 (revenues, net income and EPS increased 3%, 134%, and 133%, respectively), HealthSouth has not returned to the better numbers the company generated in the quarter ended September 2001. When comparing the results of the quarter ended June 2002 and the quarter ended September 2001, revenues are up 8% while net income and EPS are off by 27% and 30%, respectively. This weaker performance coupled with uncertainty about the impact of the changes in Medicare on the company has hurt the company's price.

HealthSouth Corp (NYSE: HRC)

Price (10/31/02)	\$4.54	Book Value / Share	\$9.88
52 Week Range	\$2.79 – 15.90	Dividend / Share	\$0.00 / 0.00%
Shares Outstanding	396.377 M	Debt to Capital	43.38%
Market Capitalization	\$1.8 B	Return on Equity	5.53%
TTM Sales / Share	\$11.31	12/02 EPS, P/E	\$0.98, 4.6x

Spin-Off Update

Heinz Del Monte Spin-Off/Merger Proceeding

On June 13, 2002, Heinz (NYSE: HNZ) announced plans to spin-off its pet and food units representing \$1.8 billion in annual sales (20% of Revenues) and merge the spin-off unit with Del Monte (NYSE: DLM). The transaction, designed as a reverse Morris trust spin-off, should close by year-end. **Del Monte shareholders will vote for the transaction on December 5th.**

Merger Terms

Heinz shareholders will receive one share of Spin-Co for each share owned of Heinz. Spin-Co will then immediately merge with Del Monte and receive 0.446 shares of the "new" Del Monte stock for each share of Spin-Co they own. Del Monte will issue 157 million shares to Heinz shareholders in the transaction. Post spin-off Heinz shareholders will control 75% of new Del Monte. From a corporate governance point of view Heinz shareholders will elect six of the nine board of directors. Also, Texas Pacific Group will no longer be entitled to transaction advisory fees or management fees from "new" Del Monte as they have been under a management advisory agreement with Del Monte.

Heinz, generating revenues of \$9.4 billion in 2002, produces ketchup, condiments, sauces, frozen foods, beans, and pasta. It also makes tuna, soups, infant foods, and pet food, but is spinning off those businesses to Del Monte. Heinz ketchup controls more than 50% of its market. The company's other leading brands include Ore-Ida frozen potatoes and Weight Watchers foods. Heinz gets nearly half its sales from overseas operations (mainly Australia, Canada, New Zealand, the UK, and Northern Europe).

The spin-off makes strategic sense for Heinz because the units being spun-off have been sub-par performers with flat or declining revenue growth.

	Acquirer		Implied		Post-Spin
	Heinz HNZ	Del Monte DLM	Del Monte 0.450	Heinz HNZ	
Price as of	\$ 32.55	\$ 7.50	\$ 7.50	\$ 29.18	
Share Out	350,353	52,296	209,955	350,353	
Market Cap. (millions)	\$ 11,404	\$ 392	\$ 1,575	\$ 10,222	

The pet food line will represent about 23% of new Del Monte but the line has been in decline even though the category is growing around 5%. Heinz will focus on ketchup, sauces, condiments and frozen foods. The transaction should increase margins for Heinz over the long term and create a smaller more manageable entity.

Heinz will allocate \$1.1 billion in debt to the spin-off

Heinz Spin-Co	Revenues		
	2002	2001	2000
Tuna	\$ 569.90	\$ 557.40	\$ 670.50
Pet Products	\$ 935.30	\$ 965.60	\$ 1,069.40
Soup & Infant Feeding	\$ 311.80	\$ 310.20	\$ 306.70
	\$ 1,817.00	\$ 1,833.20	\$ 2,046.60
Del Monte	2002	2001	2000
Processed Vegetables	\$ 434.00	\$ 518.60	\$ 402.80
Processed Fruit	\$ 546.60	\$ 548.80	\$ 498.10
Tomato & Specialty	\$ 326.00	\$ 309.20	\$ 302.40
	\$ 1,306.60	\$ 1,376.60	\$ 1,203.30
Combined Total	\$ 3,123.60	\$ 3,209.80	\$ 3,249.90

Source: Company Filings

reducing its debt load to \$4.2 billion and reducing working capital by about \$450 million. However, they are also cutting their dividend from \$1.62 to \$1.08, and trimming their earnings guidance for 2003 to \$2.00 - \$2.05 as a result of the spin-off. We believe that Heinz earnings may be slightly lower than management's guidance. The transaction value is currently about \$3.36 per Heinz share compared to \$5.25 at the time of the announcement, a 36% decline. The Heinz stub is currently trading at \$28.82, about 14.4x 2003 earnings (FY: April).

Del Monte is the US's largest manufacturer and distributor of canned fruit and vegetables with \$1.3 billion in revenues. It has been reviving itself with

acquisitions, new products, and aggressive marketing. Its flagship products (corn, green beans, peas, peaches, pears, and pineapples) are purchased mostly from US growers and are sold in the US and South America. Brands include Del Monte, Contadina, Orchard Select, S&W, and Sunfresh. **Texas Pacific Group owns about 47% of Del Monte and will control 11.5% post merger.**

Concerns

New Del Monte will generate \$3.1 billion in revenues and should generate about \$483 million in EBITDA. The merger will actually increase their operating margins by 300 basis points and broaden their product offering. A concern to us is the fact that Heinz has abandoned these product lines because of their performance. We believe that Del Monte wants to increase their revenue base to help improve margins, pay down debt and expand their product range, however, the product lines being acquired are very different from their current products. We question if the acquired product lines will distract Del Monte from their core focus. In addition, the merger will put them in competition with Procter & Gamble, Mars and Nestle, all of which have greater resources and financial flexibility, and Del Monte will probably have to increase marketing to shore up these brands.

Heinz Spin-Co	Operating Income		
	2002	2001	2000
Tuna	\$ 45.00	\$ (100.70)	\$ 44.20
Pet Products	\$ 155.80	\$ 128.60	\$ 177.60
Soup & Infant Feeding	\$ 71.90	\$ 75.20	\$ 72.00
Misc. Expenses*	\$ (11.90)	\$ (127.70)	\$ (70.80)
	<u>\$ 260.80</u>	<u>\$ (24.60)</u>	<u>\$ 223.00</u>
*Expenses that could not be segmented			
Heinz Spin-Co	Operating Margins		
	2002	2001	2000
Tuna	7.9%	-18.1%	6.6%
Pet Products	16.7%	13.3%	16.6%
Soup & Infant Feeding	23.1%	24.2%	23.5%
Combined Operating Margins			
Heinz Spin-Co	14.4%	-1.3%	10.9%
Del Monte	9.1%	9.2%	12.2%
Pro-Forma Margins	12.1%	3.2%	11.4%
Source: Company Filings & Spin-Off Estimates			

S & P Effect

While Heinz is included in the S & P 500 index, Del Monte is not. We anticipate 14 million shares will be sold by index funds at the completion of the merger out of the total 210 million.

Valuation

Currently, Del Monte trades at \$7.46 implying a market cap of the new Del Monte at \$1.5 billion and an enterprise value of \$3.36 billion. We believe Del Monte, assuming a full calendar year, could generate about \$0.80 - \$0.85 in 2003 earnings and generate about \$483 million in EBITDA. At Del Monte's current price, it is trading about 9.2x 2003 calendar earnings and 7x EV/EBITDA. Given the stable nature of the food industry we produced a DCF analysis with three scenarios. Under the best case scenario, using 2% growth our top end valuation is \$13.00 per share. Under a moderate case scenario, using 0% growth our valuation is closer to \$11.00 per share, and under a declining revenue scenario, of -5% to -10% our valuation is \$8.00 per share. A blended value, under the three scenarios, is about \$10.40 per share or a 37% upside from its current market value. We would like to emphasize that until Del Monte's revenues stabilize, the \$8.00 per share valuation is more realistic. Therefore, we would prefer to be conservative until we see signs of revenue growth or stabilization. Until then we believe that a higher valuation is unwarranted.

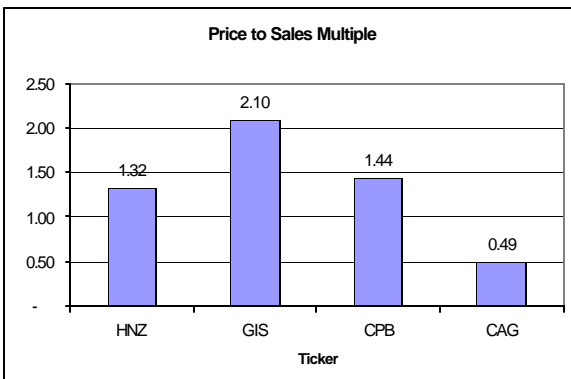
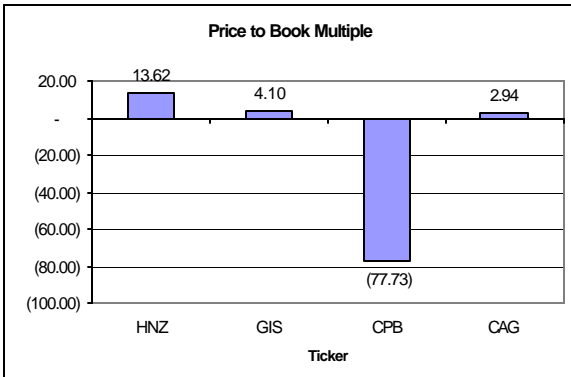
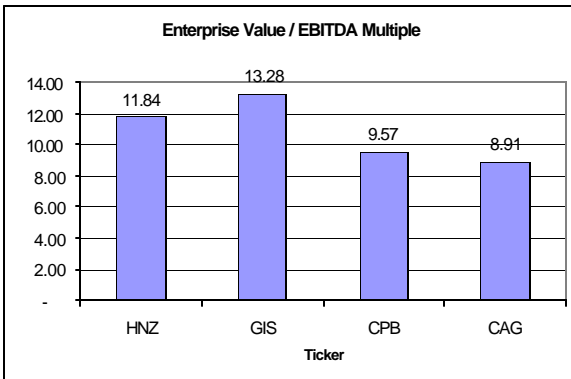
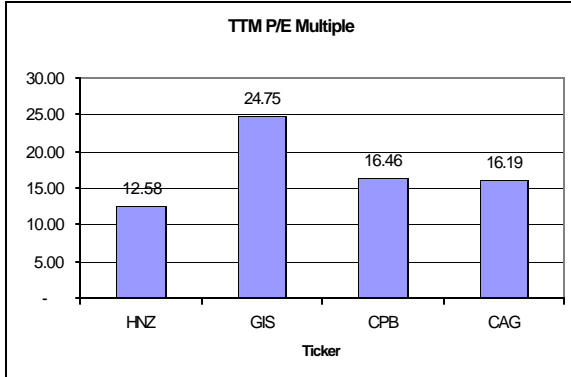
Peer Analysis

Company	HJ HEINZ CO	GEN MILLS INC	CAMPBELL S	CONAGRA FC	DEL MONTE	DOLE FOOD	RALCORP HL	CONAGRA FC	CAMPBELL S
Ticker	HNZ	GIS	CPB	CAG	DLM	DOL	RAH	CAG	CPB
Current Implied Price	\$ 29.18	\$ 42.57	\$ 21.56	\$ 24.93	\$ 7.50	\$ 28.93	\$ 20.66	\$ 24.93	\$ 21.56
Shares Out. (000,000)	351.0	342.0	411.0	528.0	210.0	56.3	30.4	528.0	411.00
Market Cap (000,000)	\$ 10,240.43	\$ 14,558.94	\$ 8,861.16	\$ 13,163.04	\$ 1,574.66	\$ 1,629.31	\$ 628.06	\$ 13,163.04	\$ 8,861.16
Enterprise Value (000,000)	\$ 14,284.61	\$ 23,086.54	\$ 12,485.16	\$ 20,417.74	\$ 3,373.36	\$ 2,223.75	\$ 805.66	\$ 20,417.74	\$ 12,485.16
EPS									
TTM Estimated / Pro Forma (diluted)	\$ 2.32	\$ 1.72	\$ 1.31	\$ 1.54	\$ 0.80	\$ 2.12	\$ 1.81	\$ 1.54	\$ 1.31
TTM P/E	12.58	24.75	16.46	16.19	9.37	13.65	11.41	16.19	16.46
2003E (Diluted)	\$ 2.00	\$ 2.57	\$ 1.46	\$ 1.62	\$ 0.79	\$ 2.68	\$ 1.95	\$ 1.62	\$ 1.46
Forward P/E	14.59	16.56	14.82	15.39	9.49	10.81	10.59	15.39	14.82
Enterprise									
Enterprise Value / EBITDA	11.84	13.28	9.57	8.91	6.99	6.70	6.39	8.91	9.57
Enterprise Value / EBIT	11.07	17.10	12.68	12.03	8.69	9.69	8.81	12.03	12.68
12 month Trailing									
EBITDA Per Share	3.44	5.08	3.17	4.34	64.37	5.89	4.14	4.34	3.17
12 month Trailing									
Trailing Sales	\$ 7,740.4	\$ 6,946.0	\$ 6,133.0	\$ 27,085.00	\$ 3,139.4	\$ 4,368.2	\$ 1,299.8	\$ 27,085.0	\$ 6,133.0
Price to Sales	1.32	2.10	1.44	0.49	0.50	0.37	0.48	0.49	1.44
Gross Margin	35.91%	42.62%	43.86%	14.98%	27.75%	12.70%	18.04%	14.98%	43.86%
Operating Margin	16.68%	19.44%	16.06%	6.27%	12.36%	2.96%	7.03%	6.27%	16.06%
Book Value	\$ 2.14	\$ 10.37	\$ (0.28)	\$ 8.47	\$ 5.57	\$ 12.89	\$ 14.40	\$ 8.47	\$ (0.28)
Price to Book	13.62	4.10	(77.73)	2.94	1.35	2.24	1.43	2.94	(77.73)
Turnover's									
Account Rec. Turnover	7.17	12.11	13.88	11.05	23.12	7.11	13.61	11.05	13.88
Current Asset Turnover	2.88	1.85	5.12	3.64	2.48	2.61	7.17	3.64	5.12
Working Capital Turnover	26.10	(2.80)	(4.15)	11.06	3.53	6.93	17.95	11.06	(4.15)
Returns									
Return on Average Equity	62.06%	31.15%	-290.86%	19.35%	28.15%	12.31%	13.33%	19.35%	-290.86%
Pre-Tax Average ROA	16.10%	12.37%	16.91%	10.12%	15.90%	4.46%	11.01%	10.12%	16.91%
Return on Average Assets	8.50%	5.01%	9.01%	4.90%	6.89%	2.82%	6.58%	4.90%	9.01%
Return on Capital	14.41%	24.16%	17.10%	9.10%	35.28%	6.07%	9.85%	9.10%	17.10%
Current Ratio	1.12	0.60	0.45	1.49	3.37	1.60	1.66	1.49	0.45
Quick Ratio	0.48	0.39	0.16	0.41	0.91	1.18	0.12	0.41	0.16
Cash Ratio	0.08	0.21	0.01	0.00	0.07	0.59	0.02	0.00	0.01
Cash per share	0.56	3.87	0.05	0.03	0.12	10.86	0.08	0.03	0.05
Degree of Financing Leverage (EBIT/EBT)	1.22	1.61	1.23	1.29	1.65	3.22	1.09	1.29	1.23
Financing Leverage (Assets/Equity)	10.40	4.75	(50.18)	3.68	3.21	4.21	1.86	3.68	(50.18)
Debt to Capital	84.94%	73.52%	103.23%	62%	60.94%	62.42%	29.13%	61.91%	103.23%
Debt to Book Equity	563.97%	277.70%	-3197.37%	163%	156.01%	166.12%	41.10%	162.56%	-3197.37%
Debt to Enterprise Value	29.68%	42.67%	29.19%	36%	54.09%	54.23%	22.33%	35.62%	29.19%
Liabilities to Equity	992.33%	374.70%	-5118.42%	264%	187.59%	315.98%	86.43%	264.23%	-5118.42%
Interest Coverage									
Interest Coverage (Earnings)	3.39	2.89	5.20	4.46	2.82	3.39	6.22	4.46	5.20
EBIT/Interest Expense	4.23	3.05	5.18	4.45	3.03	4.23	5.67	4.45	5.18

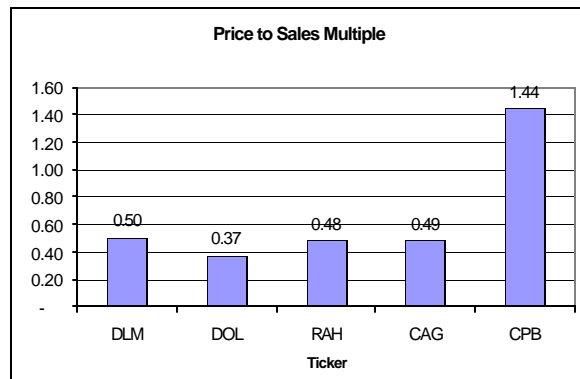
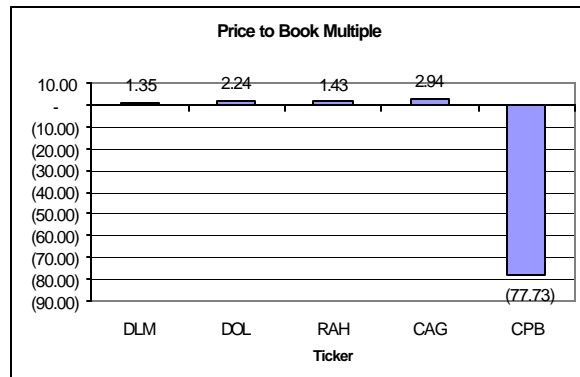
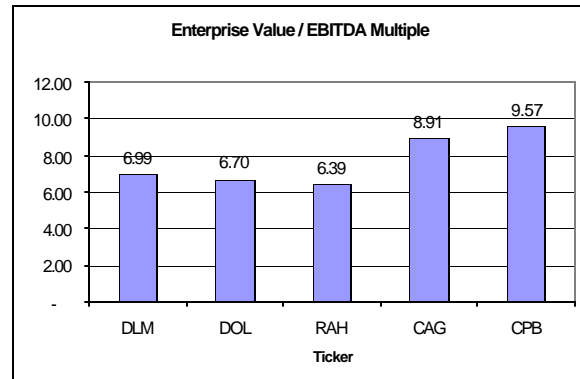
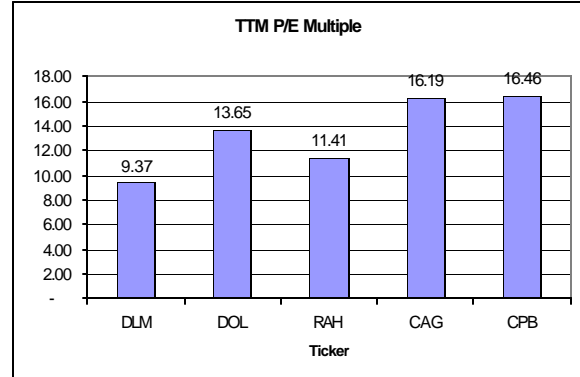
NOTES: Values are based on Fro-Forma and 12 month averages.

Valuation Analysis

Parent and Comparables



Spin-off and Comparables



Spin-Off Update

ICN Pharmaceuticals Makes Several Announcements

On November 7, ICN Pharmaceuticals (NYSE: ICN) reported its earnings for the quarter ending September 2002 (3Q02). ICN announced a new focus on its specialty pharmaceuticals business. Additionally, the company announced the new members of its permanent management. Lastly, the company also announced an update on its strategic option for Ribapharm (NYSE: RNA), its 83% owned biotech subsidiary. In the wake of this announcement, shares of ICN jumped \$2.79 (30%) to close at \$11.99 on November 7.

For the third quarter 2002, ICN had revenues of \$215.9 million, an 18% increase over the \$182.4 million in the same period last year. Excluding non-recurring, unusual and extraordinary items, ICN reported net income from continuing operations of \$15.1 million, or \$0.18 per diluted share. This is an increase of 46% over the \$10.3 million or \$0.12 per diluted share in the same period last year. Including the non-recurring, unusual and extraordinary items, ICN reported a net loss of \$74.9 million or \$0.90 per diluted share. In the same period last year, the company had a net loss of \$11.7 million or \$0.14 per diluted share. Ribapharm accounted for \$63.4 million (29%) and \$28.9 million, respectively, of ICN's revenues and net income.

Strategic Direction

ICN's management announced the company's new strategic direction. ICN is going to focus on its specialty pharmaceuticals business in North America, Latin America, and Western and Central Europe, with greater attention on therapeutic areas. Next, ICN also plans to bolster its product development capabilities. The company plans to develop its pipeline and extend existing products' lifecycles. Thirdly, ICN will divest non-core businesses that do not fit its strategic growth plans. These businesses include Eastern European operations, raw materials operations in Central

Europe, and ICN's Phototonics, Biomedicals, and Circe businesses. Lastly, ICN plans to lower costs. The company expects to lower costs by about \$21 million in its corporate and international headquarters alone.

Management

ICN announced that the company is putting together a new management team. Mr. Robert O'Leary will become the company's permanent Chairman and CEO. Mr. O'Leary has served as interim Chairman and CEO since June 2002. Secondly, Mr. Timothy Tyson, the current President of Global Manufacturing and Supply for GlaxoSmithKline, will become ICN's President and COO. Next, Mr. Bary Baily, who is the current Executive Vice President, Pharmacy and Technology, of PacifiCare Health Systems, will be ICN's CFO.

ICN expects to announce what the company intends to do with Ribapharm by the end of the calendar year 2002. Management would not specify any particular course of action but said that ICN could choose to spin-off its stake in RNA, maintain its majority owned stake (not spinning off RNA) or could opt to purchase the publicly traded shares that ICN does not currently own. If ICN opts to purchase the publicly traded shares of RNA that ICN does not own, ICN would have made a great trade on RNA. ICN took RNA public in April 2002 at \$10 per share. RNA quickly peaked at \$11.80 then slid over the next several months to a low of \$3.10 in October. Since its bottom, RNA has rebounded to its current price of \$5.60. Management did say that they would decide what to do with Ribapharm based on maximizing shareholder value.

Spin-Off Update

USA Interactive to Spin-In Ticketmaster

On October 10, 2002 Barry Diller's USA Interactive (Nasdaq: USAI) and Ticketmaster (Nasdaq: TMCS) announced that they have entered into an agreement by which Ticketmaster would be merged with USA. The agreement followed the recommendation of an independent Special Committee of the Ticketmaster Board. USA, which is now the controlling shareholder and majority owner of Ticketmaster, would acquire all Ticketmaster shares that it does not presently own in a tax-free transaction. Under the agreement, Ticketmaster shareholders would receive 0.935 of a share of USA common stock for each share of Ticketmaster common stock that they own (about 45 million shares). USA currently owns approximately 66.5% of the outstanding Ticketmaster stock and controls approximately 93% of the combined voting power of the outstanding shares of Ticketmaster common stock. Because USA Interactive controls the Ticketmaster vote, the deal does not require shareholder approval. The transaction is expected to be completed by the end of the year.

USA Interactive, via the Internet, television, and the telephone, engages worldwide in the business of interactivity across electronic retailing, travel services, ticketing services, personals services, local information services and teleservices. USA is comprised of HSN, Expedia, (Nasdaq: EXPE), Hotels.com (Nasdaq: ROOM) and Ticketmaster.

USA Interactive also announced that it is ending the ongoing processes to spin-in all of the publicly held shares of Expedia and Hotels.com that it does not now own. These processes began in connection

with USA's announcement on June 3 that it intended to commence exchange offers or pursue transactions to acquire all of the publicly held shares of Expedia and Hotels.com, as well as Ticketmaster. Expedia will remain 54% owned by USA and Hotels.com will remain 66% owned by USA. We note that USAI Chairman and CEO, Barry Diller reiterated his interest in fully consolidating Expedia and Hotels.com at some point in the future, but made it clear that he had no interest in doing so in the foreseeable future.

Ticketmaster, the world's leading ticketing and access company, sold 86.7 million tickets in 2001 valued at more than \$3.6 billion through approximately 3,300 retail ticket center outlets: 20 worldwide telephone call centers and ticketmaster.com. Ticketmaster serves more than 7,000 clients worldwide and acts as the exclusive ticketing service for hundreds of leading arenas, stadiums, performing arts venues and theaters and is the official ticket provider and supporter of the Athens 2004 Olympic Games. The Company also operates Match.com, a leading subscription-based online dating site, Citysearch, a leading online local network enabling people to get the most out of their city, and ReserveAmerica, the number one access point for outdoor recreation.

Expedia offers travel-planning tools that allow its users to book airline tickets, make hotel reservations, and secure car rentals. It also offers information on vacation packages and cruises. Users can get travel-related content such as destination guides covering some 150 locations, feature stories, news, and maps. Expedia also reaches travelers outside the US through Web sites in Canada, France,

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio	Economic % Owned	Embedded Value	Residual Stub Value
USA INTERACTIVE	USAI	\$26.55	TICKETMASTER-B	TMCS	\$24.63	0.1205	67.60%	\$ 2.97	\$ 23.58
			EXPEDIA INC -A	EXPE	\$75.10	0.2565	64.60%	\$ 3.43	\$ 23.12
			HOTELS.COM-CL A	ROOM	\$63.70	0.0715	68.33%	\$ 4.55	\$ 22.00
								\$ 10.95	\$ 15.60

Germany, Italy, the Netherlands, and the UK. The company has partnered with Ticketmaster, enabling customers to purchase event tickets while making travel plans. It has also agreed to buy corporate travel agency Metropolitan Travel. In 2002, the company agreed to acquire NewTrade Technologies, a developer of software and information services that aid hotels in reaching online markets. Microsoft sold its majority stake in the company to USA Interactive.

Hotels.com (formerly Hotel Reservations Network) books rooms at more than 4,500 hotels in about 180 markets in Asia, the Caribbean, North America, and Western Europe through several Web sites. It also accepts reservations through its toll-free call centers. With some 24,000 Internet and call center affiliates, Hotels.com offers rooms at discounts of up to 70%. The company has room supply agreements with hotel chains such as Hilton Hotels, Best Western, Radisson, and Sheraton. In 2002, the company acquired Turbotrip, a hotel consolidator.

Hotels.com (NASDAQ: ROOM)

Price (11/08/02)	\$62.66	Book Value / Share	\$10.28
52 Week Range	\$70.37 – 31.71	Dividend / Share	\$0.00 / 0.00%
Shares Outstanding	18.73 M	Debt to Capital	0%
Market Capitalization	\$1.2 B	Return on Equity	2.52%
TTM Sales / Share	\$14.25	12/02 EPS, P/E	\$1.59, 39.5x

Expedia (NASDAQ: EXPE)

Price (11/08/02)	\$72.31	Book Value / Share	\$6.54
52 Week Range	\$84.65 – 25.06	Dividend / Share	\$0.00 / 0.00%
Shares Outstanding	22.66 M	Debt to Capital	0%
Market Capitalization	\$1.6 B	Return on Equity	(8.90%)
TTM Sales / Share	\$8.85	12/02 EPS, P/E	\$1.81, 39.9x

USA Interactive (NASDAQ: USAI)

Price (11/08/02)	\$25.50	Book Value / Share	\$17.42
52 Week Range	\$33.53 – 15.21	Dividend / Share	\$0.00 / 0.00%
Shares Outstanding	383.6 M	Debt to Capital	6.1%
Market Capitalization	\$9.8 B	Return on Equity	10.39%
TTM Sales / Share	\$12.25	12/02 EPS, P/E	\$0.39, 65x

Foreign Announced Spin-Off Situation

United Overseas Bank, Ltd. to Spin Haw Par, Ltd.

On October 14, 2002, United Overseas Bank, Ltd. (Singapore SE:UOBH.SI – S\$13.40=USD \$7.50) announced plans to distribute most of its holding in Haw Par Corp., Ltd. (Singapore SE:HPAR.SI – S \$4=USD \$2.25). The spin is in line with an order by the Monetary Authority of Singapore that banks must divest non-core holdings by July 2004. (Singapore \$ converted at USD \$1=S\$1.775.)

UOB will distribute 64,251,957 ordinary shares of Haw Par, comprising 31.12% of the outstanding. The bank will retain 20,644,734 shares, or 10% of Haw Par as an investment. Haw Par has 206.45mm shares outstanding.

UOB has 1.571B shares outstanding. The spin ratio is 408 Haw Par shares per 10,000 UOB, or 0.0408. The timing of the spin has not yet been determined.

The dollar value of Haw Par to be received per UOB share is quite small (about 1% of UOB's share price). However, there are implications well beyond this specific deal. Given the Monetary Authority's order, UOB will have to divest other assets, mostly property, with an estimated value of S \$1.3B (USD \$732mm). Haw Par could be the vehicle for holding the non-bank assets, since the Wee family controls both UOB and Haw Par (see below).

Thus, Haw Par is potentially an intriguing means of investing in a cross-section of Singapore's economy, as well as possibly "undervalued" assets. Given the low spin ratio, purchasing UOB shares is not an efficient means of obtaining Haw Par. Following the spin, the Singapore Stock Exchange will set up a temporary counter for trading smaller lots of Haw Par. This could present an opportunity to build a position. The counter will be open for one month.

Haw Par Corp., Ltd: Overview

The Haw Par Healthcare subsidiary produces nutritional supplements and healthcare products including Tiger Balm, a natural remedy cream. The firm is also involved in the leisure industry, operating an oceanarium (aquarium) in Singapore and a chain of bowling alleys.

Other operations include production of golf clubs, power generation, and a property portfolio of commercial and industrial real estate. Haw Par operates in Singapore, Thailand, Malaysia, Philippines, Taiwan, People's Republic of China, Hong Kong, Channel Islands (U. K.), Australia, New Zealand, and Indonesia. Healthcare products accounted for 48% of 2001 revenues; leisure products & services, 28%; power generation, 13% & property rental, 11%.

United Overseas Bank: Overview

UOB is the largest bank in Singapore. The bank offers commercial and corporate banking, personal financial services, private banking, trust services, treasury services, asset management, corporate finance, capital market activities, venture capital, proprietary investments, general insurance and life assurance, and stock brokerage. As of 6/30/2002, the UOB Group had total assets of S\$108 billion (USD \$60.8B), deposits of S\$68B (USD \$38B) and shareholders' funds of S\$12.7 billion (USD \$7B). It reported net after-tax profit of S\$591million (USD \$333mm) for the 1H2002 and annualized ROE (excluding goodwill) of 10.7%.

Through subsidiaries and other associates (principally United Overseas Land Group and Haw Par Group), UOB also has interests in travel, leasing, property development, hotel management, health care, manufacturing and general trading.

UOB's operates in Singapore, Philippines, Malaysia, Thailand, Indonesia, China, Hong Kong, USA, Taiwan, Australia, Brunei, Canada, France, Japan, Myanmar (Burma), South Korea, United Kingdom and Vietnam.

UOB is essentially family-controlled, having been founded in 1935 by seven Chinese businessmen led by Datuk Wee Kheng Chiang, father of UOB Group Chairman & Chief Executive Officer, Mr. Wee Cho Yaw. Members of the Wee family and associates own approximately 43% of the stock. The family also owns 15% of Haw Par, which would increase to 18.5% after the spin.

Potential Spin-Off Situation

Genesis Health to Explore Spin of ElderCare Assets

On October 2, Genesis Health Ventures (Nasdaq: GHVI) announced that the company has retained UBS Warburg and Goldman Sachs to assist in exploring certain strategic business alternatives, including the potential sale or spin-off of the Company's ElderCare assets.

Genesis Health Ventures (GHVI) provides healthcare services to America's elders through a network of NeighborCare pharmacies and Genesis ElderCare skilled nursing and assisted living facilities. Other Genesis healthcare services include rehabilitation and hospitality services, group purchasing, consulting and facility management. Genesis Health Ventures owns or manages about 275 geriatric care facilities. These facilities include long-term-care, assisted-living, and independent-living centers. Genesis Health Ventures' NeighborCare pharmaceutical and medical supply operation includes some 100 institutional and medical center pharmacies and distribution centers. The company also offers speech, physical, and occupational therapy programs. Goldman Sachs and board member Joseph A. LaNasa III each own almost 20% of the company. With 41.5 million shares outstanding, GHVI has a market value of \$600 million.

Genesis ElderCare® is the brand name of Genesis Health Ventures' eldercare services, centers and programs. Within these centers, the company offers a range of services - from rehabilitation to respite care, from home care to nursing centers, from Alzheimer's programs to wellness plans. Through a combination of specialty medical services, owned and managed facilities, and joint ventures with other providers, Genesis ElderCare has developed eldercare networks in four major markets in the eastern United States and one in the Midwest: the New England region, Mid-Atlantic region, Chesapeake region, Southern region, and the Allegheny region. The Genesis ElderCare Network is comprised of approximately 300 skilled nursing and assisted living centers in 15 states. This network serves more than 38,000 customers daily.

In July, Genesis agreed to buy rival institutional pharmacy NCS HealthCare for about \$340 million in stock and assumed debt. On Oct 22, the board of NCS HealthCare (NCS) withdrew its recommendation that shareholders support a bid from Genesis Health Ventures, but Genesis said its deal is binding, casting doubt on a higher offer from Omnicare (OCR). The months-long battle for NCS, which provides pharmaceutical services to nursing homes, heated up after the NCS board changed its position on the Genesis bid and Omnicare extended the deadline for shareholders to tender their shares. Genesis insists its deal is binding, regardless that Omnicare's offer is for twice as much and that 71 percent of NCS' Class A shareholders have tendered their shares.

The decision by the NCS board to withdraw its support for the Genesis bid follows a rival Aug. 1 all-cash, \$83 million offer from Omnicare, which like Genesis provides pharmaceutical care to the elderly. Omnicare, based in Covington, Kentucky, extended its tender offer for NCS a fourth time until Nov. 4.

The all-stock offer from Genesis, based in Kennett Square, Pennsylvania, has suffered from a 17 percent decline in the company's stock the past few months. NCS conceded it does not have the right to terminate its merger agreement with Genesis and, by virtue of voting agreements entered into at the time of the deal, the company already has enough shareholder support to approve the merger.

NCS, based in Beachwood, Ohio, likewise is obligated by the merger agreement to follow through with a shareholder vote on the Genesis proposal. No date has been set for that vote. Omnicare is challenging the Genesis agreement in Delaware Chancery Court. The company said earlier on Tuesday that 71 percent of 13.1 million outstanding shares of NCS Class A common stock have been tendered thus far, but less than 1 percent of Class B common shares have been voted in support of their offer. Two senior NCS executives, who favor the Genesis deal, own about 88 percent of the Class B stock, Omnicare said.

Potential Spin-Off Watch List

Parent	Symbol	Potential Spin-Off	Report Date
Akzo Nobel	AKZA NA	Break Up	Nov-01
3COM	COMS	CommWorks	Feb-01
Boeing	BA	Satellite Business	Dec-00
Canary Wharf Group	CWG LN	Canary Wharf II	April-01
Cole Meyer	CML AU	Dept. Stores – Myer Grace Bros.	Sept-02
CSR	CSR AU	Sugar Unit	June-02
Delphi Automotive	DPH	High Tech supplier business	April-00
Elcor	ELK	Cybershield	April-00
EMC	EMC	Software Unit	Sept-02
General Electric	GE	Re Insurance	April-02
Genesis Healthcare	GHVI	Elder Care Assets	Nov-02
Halliburton	HAL	Engineering and Construction	April-02
Hilton Group Plc.	HLTGY	Betting and Gambling Business	Mar-00
Invensys Plc.	ISYS LN	Power Systems	November-00
ION Beam	IBAB	Food Safety Unit	June-01
Liberty Media	L	International Tracker	Oct-01
Kvaerner ASA	KVI NO	Oil & Gas	Feb-01
Matsushita Electric	6991 JP	Information Technology	August-01
Motorola	MOT	Semiconductor Unit	Sept-01
Norsk Hydro	NHY NO	Oil Unit	April-02
Omnicom Group	OMC	Career Mosaic	Jan-00
Pall Corporation	PLL	Life Sciences Group	June-01
PG & E	PCG	National Energy Group	July-02
Reuters Group Plc.	RTRSY	Web Security Financial Network	Mar-00
Rohm & Haas	ROH	CMP Slurry Division	March-01
Sports Resort International	SPRI	Colonel's Truck Accessories	July-02
Sony	6758 JP	Entertainment Business	June-02
Starbucks	SBUX	Starbucks Europe	June-02
Targeted Genetics	TGEN	Cell Therapy Division	Sept-00
Techtronic Ltd.	TTNDY	Vacuum Cleaner Unit	May-01
Telenor ASA	TELN	Directory Services	Feb-01
United Technologies	UTX	UTC Fuel Cell Systems	April-00
US Steel Corp	X	Tubular Division	Sept-01
Westell Technologies	WSTL	Conference Plus	Jan-00
WorkFlow Management	WORK	iGetSmart	June-00

Insider Transactions

Company Name	Ticker	Insider Name	Relationship	# of Shares	Trans Type	Trans Date(s)
Acuity Brands	AYI	James Heagle	Officer	3,686	PB	10/2/2002
Adaptec	ADPT	Ilene Lang	Director	1,000	B	10/29/2002
Allergan	AGN	Stephen Ryan	Director	1,800	PB	9/23/2002
Ambassadors Group	EPAX	Ralph Baard	VP	12,000	144	10/24/2002
Amcol	ACO	John Hughes	Chairman	80,000	B*	10/22/2002
Amcol	ACO	John Hughes	Chairman	80,000	S	10/22/2002
Amcol	ACO	Harris Trust	Shareholder	31,250	B	10/25/2002
Amcol	ACO	William Weaver	Shareholder	31,250	B	10/25/2002
AON	AOC	Lester Knight	Director	15,000	B	9/16/2002
AON	AOC	Board of Reg-Un Texas	Shareholder	5,000	144	10/11/2002
AON	AOC	Susan Marsh	Employee	520	144	10/25/2002
AON	AOC	Michael Gulotta	Employee	43,100	144	11/8/2002
Astronics	ATRO	Peter Gundermann	Director	22,686	B*	9/24/2002
AT&T	T	James Cicconi	VP	103,792	S	9/27/2002
AT&T	T	Richard Martin	VP	247,614	S	9/27/2002
AT&T	T	Frank Ianna	VP	206,075	S	9/27/2002
AT&T	T	M. Graddick-Weir	VP	129,685	S	9/27/2002
AT&T	T	Nicholas Cyprus	Controller	48,300	S	9/27/2002
AT&T	T	JP Morgan White Friars	Shareholder	11,260,932	144	10/14/2002
AT&T	T	Charles Noski	Vice Chairman	4,129	PS	10/17/2002
AT&T	T	John Petrillo	VP	150,000	S	10/23/2002
AT&T	T	William Schlever	CEO	21,916	PS	10/25/2002
AT&T Wireless	AWE	John Madigan	Director	3,683	PB	10/10/2002
AT&T Wireless	AWE	Addison Rand	Director	2,975	PB	10/10/2002
AT&T Wireless	AWE	Ralph Larsen	Director	3,683	PB	10/10/2002
AT&T Wireless	AWE	Carolyn Ticknor	Director	2,975	PB	10/10/2002
Bellsouth	BLS	Gary Forsee	Officer	689	PS	9/3/2002
Bellsouth	BLS	Eugene Murphy	Director	14,000	PS	9/18/2002
Bellsouth	BLS	Patrick Shannon	VP	2,007	S	10/23/2002
Bellsouth	BLS	Patrick Shannon	VP	385	PB	10/23/2002
Bristol-Myers Squibb	BMJ	Andrew Bonfield	CFO	100,000	PB	10/1/2002
Cablevision	CVG	NBC-Rainbow Holding	Shareholder	1,647,265	PB	9/27/2002
Cimarex Energy	XEC	Francis Merelli	Chairman	70,100	PB	9/30/2002
Cimarex Energy	XEC	Roger Burau	VP	7,168	PB	10/7/2002
Cimarex Energy	XEC	Gerald McLaughlin	VP	7,168	PB	10/7/2002
Cimarex Energy	XEC	Barbara Schaller	Officer	3,334	B*	10/15/2002
Cimarex Energy	XEC	Barbara Schaller	Officer	3,334	S	10/15/2002
Circuit City	CC	Lone Pine Capital	Shareholder	10,000	S	9/4/2002
Circuit City	CC	Lone Pine Capital	Shareholder	119,000	B	9/30/2002
Citigroup	C	Thomas Jones	Officer	128,664	B*	9/4/2002
Citigroup	C	Thomas Jones	Officer	103,622	S	9/4/2002
Conexant	CNXT	Great American Ventures	Shareholder	2,161	144	9/25/2002
Continental Airlines	CAL	David Bonderman	Director	15,000	B	10/30/2002
Del Monte Foods	DLM	Patrick Foley	Director	1,405	PB	10/1/2002
Del Monte Foods	DLM	Brian Haycox	Director	1,916	PB	10/1/2002
DSP Group	DSPG	Gideon Wertheizer	Officer	4,168	B*	10/25/2002
DSP Group	DSPG	Gideon Wertheizer	Officer	4,168	S	10/25/2002
EMC Corp	EMC	Dennis Haugh	Shareholder	1,302	144	10/11/2002
EMC Corp	EMC	Windel Priem	Director	50,000	144	10/30/2002
Enbridge Energy MGMT	EEQ	Richard Bird	Director	7,500	B	10/29/2002
Enbridge Energy MGMT	EEQ	Dan Tutcher	President	7,300	B	10/30/2002
Express Jet	XJT	John Wombell	Secretary	1,000	B	10/22/2002

B = Buy

PB = Private Buy – Non Open Market

144 = Intent to Sell

B* = Buy Exercising Options

S = Sell

PS = Private Sell – Non Open Market

Insider Transactions

Company Name	Ticker	Insider Name	Relationship	# of Shares	Trans Type	Trans Date(s)
Genzyme	GENZ	Robert Carpenter	Director	5,700	PS	10/18/2002
Georgia Pacific	GP	Alston Correll	Chairman	50,000	B	10/21/2002
HealthSouth	HRC	Richard Scrushy	Chairman	1,084,000	B*	9/11/2002
Heinz	HNZ	Michael Milone	VP	10,500	PB	9/12/2002
Heinz	HNZ	Edward Momenamin	VP	6,555	PB	9/12/2002
Heinz	HNZ	William Johnson	Chairman	62,230	PB	9/12/2002
Heinz	HNZ	Michael Bertasso	VP	11,025	PB	9/12/2002
Heinz	HNZ	Joseph Jimenez	VP	18,635	PB	9/12/2002
ICN Pharmaceutical	ICN	Bill MacDonald	VP	11,160	B*	9/12/2002
ICN Pharmaceutical	ICN	Bill MacDonald	VP	11,160	S	9/12/2002
ICN Pharmaceutical	ICN	John Giordani	VP	14,880	B*	9/12/2002
ICN Pharmaceutical	ICN	John Giordani	VP	14,880	S	9/12/2002
ICN Pharmaceutical	ICN	David Watt	VP	14,880	B*	9/12/2002
ICN Pharmaceutical	ICN	David Watt	VP	14,880	S	9/12/2002
Inverness Med Innovations	IMA	Robert Khederian	Director	200,000	PB	9/20/2002
Johnson & Johnson	JNJ	Brian Perkins	Officer	52,800	144	9/4/2002
Liberty Media	L	Magness Securities LLC	Shareholder	2,374,156	PS	10/11/2002
Lucent Technologies	LU	Frank D'Amelio	CFO	8,100	PS	10/5/2002
Lynch Interactive	LIC	Mario Gabelli	Chairman	2,000	B	9/13/2002
Lynch Interactive	LIC	Mario Gabelli	Chairman	1,000	B	9/18/2002
Lynch Interactive	LIC	Mario Gabelli	Chairman	300	B	10/9/2002
Marathon Oil	MRO	William Davis	Director	1,000	PB	9/3/2002
Marathon Oil	MRO	Philip Lader	Director	1,236	PB	9/4/2002
Marathon Oil	MRO	William Davis	Director	1,236	PB	9/4/2002
Markwest Hydrocarbon inc	MWP	Arthur Denney	Director	1,000	S	9/12/2002
McData	MCDTA	James Kuenzel		15,000	144	10/9/2002
Merk	MRK	Celia Colbert	Secretary	3,600	B*	10/8/2002
Merk	MRK	Caroline Dorsa	Officer	2,500	B*	10/24/2002
Merk	MRK	Caroline Dorsa	Officer	2,500	S	10/24/2002
Merk	MRK	Judy Lewent	CEO	45,000	B*	10/29/2002
Merk	MRK	Judy Lewent	CEO	45,000	S	10/29/2002
Monsanto	MON	Sarah Smith	Officer	17,000	PB	9/18/2002
Monsanto	MON	Mark Leidy	Officer	10,000	PB	9/18/2002
Monsanto	MON	Charles Burson	Secretary	20,000	PB	9/18/2002
Monsanto	MON	Gerald Steiner	Officer	15,000	PB	9/18/2002
National Service Inds	NSI	James Zook	VP	15,120	PB	10/7/2002
Natural Resource Partners	NRP	David Peugh	Director	1,000	B	10/17/2002
Natural Resource Partners	NRP	Steven Leer	Director	1,000	PB	10/17/2002
Natural Resource Partners	NRP	Nick Carter	President	5,000	PB	10/17/2002
Natural Resource Partners	NRP	Dwight Dunlap	CFO	4,000	PB	10/17/2002
Natural Resource Partners	NRP	W.W. Scott	Director	5,000	PB	10/17/2002
Natural Resource Partners	NRP	Reed Morian	Director	4,000	B	10/22/2002
Natural Resource Partners	NRP	Robert Kam	Director	1,500	B	10/24/2002
Nextel Communications	NXTL	Paul Saleh	CFO	100,000	PB	9/19/2002
Novell Inc	NOVL	James Robinson	Director	25,000	B	9/19/2002
Palm	PALM	Theodore Theophilos	Secretary	50,000	PB	9/13/2002
Palm	PALM	David Nagel	Director	50,000	PB	9/14/2002
Palm	PALM	David Nagel	Director	50,000	PS	9/14/2002

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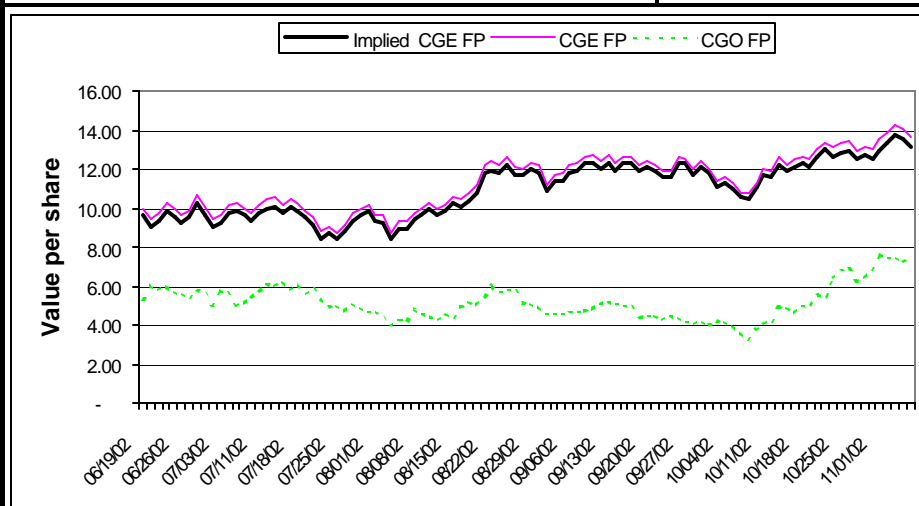
Insider Transactions

Company Name	Ticker	Insider Name	Relationship	# of Shares	Trans Type	Trans Date(s)
Pharmacia	PHA	Ulla Reinius	Director	3,800	PB	9/18/2002
Pharmacia	PHA	William Parfet	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Charles McMillian	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Glof Lund	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Berthold Lindqvist	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Philip Leder	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Gwendolyn King	Director	4,022	PB	9/18/2002
Pharmacia	PHA	Michael Kantor	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Kathryn Eickhoff	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Jacobus Peters	Director	3,800	PB	9/18/2002
Pharmacia	PHA	Frank Carlucci	Director	4,022	PB	9/18/2002
Pharmacia	PHA	Bengt Samuelsson	Director	3,800	PB	9/18/2002
Pharmacia	PHA	William Ruckelshaus	Director	4,022	PB	9/18/2002
Reliant Resources	RRI	Centerpoint Energy Inc	Shareholder	240,000,000	PS	9/20/2002
Schlumberger	SLB	Primine Inc	Shareholder	1,500,000	144	9/1/2002
Schlumberger	SLB	Didier Primat	Director	159,450	S	9/11/2002
Schlumberger	SLB	Didier Primat	Director	1,009,920	S	10/21/2002
Schlumberger	SLB	Didier Primat	Director	272,640	S	10/22/2002
Schlumberger	SLB	Didier Primat	Director	524,790	S	10/23/2002
Schlumberger	SLB	Didier Primat	Director	484,710	S	10/24/2002
Schlumberger	SLB	Didier Primat	Director	406,630	S	10/25/2002
Schlumberger	SLB	Didier Primat	Director	26,310	S	10/30/2002
Smucker JM	SJM	Fred Duncan	VP	2,835	B*	10/18/2002
Smucker JM	SJM	Fred Duncan	VP	2,571	S	10/18/2002
St. Paul	SPC	Bruce McLauray	Director	2,000	B*	10/30/2002
St. Paul	SPC	Bruce McLauray	Director	1,091	S	10/30/2002
Starbucks	SBUX	Arlen Prentice	Director	5,000	B*	10/9/2002
Starbucks	SBUX	Arlen Prentice	Director	5,000	S	10/9/2002
Starbucks	SBUX	Wanda Herndon	VP	26,664	B*	10/10/2002
Starbucks	SBUX	Wanda Herndon	VP	26,664	S	10/10/2002
Starbucks	SBUX	Arlen Prentice	Director	20,000	B*	10/14/2002
Starbucks	SBUX	Arlen Prentice	Director	20,000	S	10/14/2002
SWS Group	SWS	Kenneth Hanks	CFO	1,000	B	10/31/2002
Sybron Dental Specialties	SYD	Donald Ecker	Director	1,000	B	9/3/2002
Sybron Dental Specialties	SYD	Robert Klemme	Director	1,000	B	9/10/2002
Titan	TTN	Edward Bersoff	Director	5,000	S	9/11/2002
Titan	TTN	Robert LaBlanc	Director	3,766	PB	9/25/2002
Titan	TTN	Robert Hanisee	Director	1,361	PB	10/1/2002
Titan	TTN	Peter Cohen	Director	1,284	PB	10/1/2002
Titan	TTN	Edward Bersoff	Director	5,000	S	10/11/2002
Tyco	TYC	Linda Groverman	Shareholder	1,480	144	10/1/2002
Yellow	Yell	William Martin	VP	39,486	B*	10/24/2002
Yellow	Yell	William Martin	VP	39,486	S	10/24/2002
Yellow	Yell	James Welch	President	39,213	144	10/24/2002
Yellow	Yell	James Ritchie	Officer	6,808	B*	10/24/2002
Yellow	Yell	James Ritchie	Officer	6,808	B*	10/24/2002
Yellow	Yell	Carl Vogt	Director	2,178	B*	10/28/2002
Yellow	Yell	Gregory Reid	VP	5,000	B*	10/30/2002
Yellow	Yell	Gregory Reid	VP	5,000	S	10/30/2002
B =B uy		PB = Private Buy – Non Open Market		144 = Intent to Sell		
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Valuation Snapshot

ALCATEL SA / ALCATEL OPTRONICS

ALCATEL SA (CGE FP)		33-1-40-76-10-10	ALCATEL OPTRONICS (CGO FP)		33-01-64-49-47-00
Current Price (Euros)	4.92		Current Price 02-EPS est.	4.00	E-2.25 -- X
Shares Out (000)	1,239,186		Shares Out / Float	108,600	
Market Cap (000) (Euros)	6,096,795		Market Cap (000)	434,400	
Enterprise Value (000) (Euros)	7,482,795		Enterprise Value	\$ 618,400	
Sales 12 Month Trailing (000)	19,715,000		TTM Sales Price / Sales	\$ 470,400	0.92 X
Book Per Share (Euros)	6.20		Book Value Price / Book	2.12	1.89 X
Insider / Inst. Held	3%	9%	Insider / Inst. Held	1%	1%
Short Int. / Ratio			Short Int. / Ratio		
52 Week Range	\$2.05 - \$23.29		52 Week Range	\$1.61 - \$10.95	
CGE FP ownership of CGO FP		With CGO FP multiple		Without CGO FP per share multiple	
Shares owned (000)	89,052	Price-to-Sales	\$15.91 0.31 X	Price-to-Sales	\$15.53 0.3 X
Ratio per CGE FP share	0.0719	Price-to-Book	\$6.2 0.79 X	Price-to-Book	\$5.94 0.78 X
Value per CGE FP share	\$0.29	Price/Earnings	\$-1.48 -- X	Price/Earnings	\$-1.32 -- X
CGE FP Stub Value	\$4.63	Price/EBITDA		Price/EBITDA	
Economic/Voting Interest	82% / 82%	Enterpr./EBITDA		Enterpr./EBITDA	
CGE FP Relationship with CGO FP			Comparables		
Intend to Spin	No		JDSU	GLW	
IRS Tax Free Ruling			Price-to-Sales	3.51 X	0.83 X
Record Date / Distr. Date			Price-to-Book	1.95 X	0.58 X
CGO FP IPO Date /Price	10/20/2000	\$ 85.00	Price/Earnings	0 X	0 X
IPO Lockup Expires			Price/EBITDA	#VALUE!	-32.75 X
Shares to Distribute / Float	4.6 X		Enterpr./EBITDA	#VALUE!	-67.84 X



Spread Relationship	
40 Day Average	\$ 12.16
40 Day Variance	0.56
40 Day St. Dev	\$ 0.75
40 Day Correlation	0.91
20 Day Average	\$ 12.64
20 Day Variance	0.43
20 Day St. Dev	\$ 0.58
20 Day Correlation	0.91
10 Day Average	\$ 13.03
10 Day Variance	0.19
10 Day St. Dev	\$ 0.41
10 Day Correlation	0.76

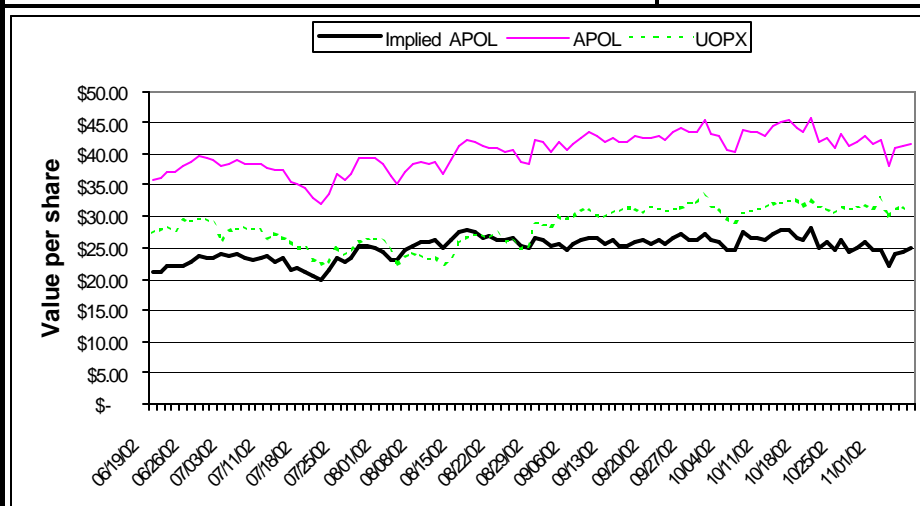
Alcatel SA develops, produces, and distributes telecommunications equipment and cables, and offers telecommunications services. The company manufactures and markets mobile telephones, microwave radio systems, switching equipment and underwater networks, printed circuit boards, inductive components, converters,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

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

Valuation Snapshot

APOLLO GROUP / UNIV PHOENIX ONLINE

APOLLO GROUP (APOL)		480-966-5394	UNIV PHOENIX ONLINE (UOPX)		800-765-4922
Current Price	\$	41.51	Current Price 02-EPS est.	\$	30.56 \$0.76 40.21 X
Shares Out (000)		176,040	Shares Out / Float		108,949
Market Cap (000)	\$	7,307,420	Market Cap (000)	\$	3,329,481
Enterprise Value (000)	\$	6,884,750	Enterprise Value	\$	3,329,481
Sales 12 Month Trailing (000)	\$	942,260	TTM Sales Price / Sales	\$	75,400 44.29 X
Book Per Share	\$	3.64	Book Value Price / Book	\$	1.39 21.99 X
Insider / Inst. Held		31 % 68 %	Insider / Inst. Held		84 % 87 %
Short Int. / Ratio		5.5314 2.0600	Short Int. / Ratio		0.3097 1.4900
52 Week Range		\$26.19 - \$46.15	52 Week Range		\$18.01 - \$35.11
APOL ownership of UOPX		With UOPX multiple		Without UOPX per share multiple	
Shares owned (000)		94,850	Price-to-Sales	\$5.35 7.76 X	Price-to-Sales \$4.92 5.09 X
Ratio per APOL share		0.5388	Price-to-Book	\$3.64 11.4 X	Price-to-Book \$2.72 9.21 X
Value per APOL share		\$16.47	Price/Earnings	\$1.08 38.29 X	Price/Earnings \$0.67 37.37 X
APOL Stub Value		\$25.04	Price/EBITDA	\$1.46 28.43 X	Price/EBITDA \$0.96 26.08 X
Economic/Voting Interest		87% / 87%	Enterpr./EBITDA	26.75 X	Enterpr./EBITDA 24.45 X
APOL Relationship with UOPX			Comparables		
Intend to Spin	Tracking Stock		Price-to-Sales	2.24 X	1.6 X
IRS Tax Free Ruling	N/A		Price-to-Book	12.28 X	2.88 X
Record Date / Distr. Date	N/A	N/A	Price/Earnings	24.74 X	19.72 X
UOPX IPO Date /Price	9/27/2000	\$ 14.00	Price/EBITDA	12.21 X	7.42 X
IPO Lockup Expires	3/26/2001		Enterpr./EBITDA	10.71 X	6.75 X
Shares to Distribute / Float	6.7 X				



Spread Relationship	
40 Day Average	\$ 25.81
40 Day Variance	1.50
40 Day St. Dev	\$ 1.22
40 Day Correlation	0.70
20 Day Average	\$ 25.55
20 Day Variance	3.29
20 Day St. Dev	\$ 1.51
20 Day Correlation	0.79
10 Day Average	\$ 24.61
10 Day Variance	1.96
10 Day St. Dev	\$ 1.16
10 Day Correlation	0.69

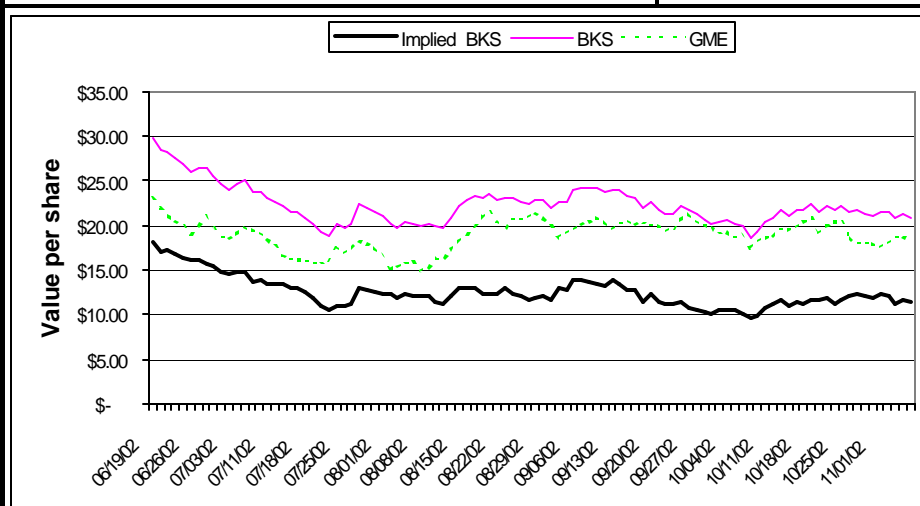
Apollo Group, Inc. provides higher education programs for working adults. The company's subsidiaries include the University of Phoenix, the Institute for Professional Development, the College for Financial Planning, and Western International University. Apollo offers accredited degree programs, certificate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

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

Valuation Snapshot

BARNES & NOBLE / GAMESTOP CORP

BARNES & NOBLE (BKS)		212-633-3300	GAMESTOP CORP (GME)		817-424-2000
Current Price	\$ 20.85		Current Price 03-EPS est.	\$ 18.47	\$0.98 18.77 X
Shares Out (000)	69,739		Shares Out / Float	56,940	
Market Cap (000)	\$ 1,454,058		Market Cap (000)	\$ 1,051,690	
Enterprise Value (000)	\$ 1,788,778		Enterprise Value	\$ 899,070	
Sales 12 Month Trailing (000)	\$ 5,103,070		TTM Sales Price / Sales	\$ 1,258,640	0.84 X
Book Per Share	\$ 14.57		Book Value Price / Book	\$ 8.86	2.08 X
Insider / Inst. Held	29 %	74 %	Insider / Inst. Held	70 %	111 %
Short Int. / Ratio	4.3484	8.1900	Short Int. / Ratio	1.8182	10.3700
52 Week Range	\$18.01 - \$38.4		52 Week Range	\$13.85 - \$24.3	
BKS ownership of GME		With GME multiple		Without GME per share multiple	
Shares owned (000)	36,009	Price-to-Sales	\$73.17 0.28 X	Price-to-Sales	\$55.13 0.21 X
Ratio per BKS share	0.5163	Price-to-Book	\$14.57 1.43 X	Price-to-Book	\$6.86 1.65 X
Value per BKS share	\$9.54	Price/Earnings	\$1.71 12.16 X	Price/Earnings	\$1.21 9.35 X
BKS Stub Value	\$11.31	Price/EBITDA	\$5.96 3.5 X	Price/EBITDA	\$5.27 2.15 X
Economic/Voting Interest	63% / 95%	Enterpr./EBITDA	4.31 X	Enterpr./EBITDA	3.47 X
BKS Relationship with GME			Comparables		
Intend to Spin	Possibly		BGP	BAMM	
IRS Tax Free Ruling			Price-to-Sales	0.4 X	0.1 X
Record Date / Distr. Date			Price-to-Book	1.47 X	0.36 X
GME IPO Date /Price	2/12/2002	\$ 18.00	Price/Earnings	11.66 X	18.13 X
IPO Lockup Expires			Price/EBITDA	4.59 X	1.68 X
Shares to Distribute / Float	1.7 X		Enterpr./EBITDA	5.08 X	3.87 X



Spread Relationship	
40 Day Average	\$ 11.42
40 Day Variance	0.81
40 Day St. Dev	\$ 0.90
40 Day Correlation	0.55
20 Day Average	\$ 11.59
20 Day Variance	0.24
20 Day St. Dev	\$ 0.44
20 Day Correlation	0.62
10 Day Average	\$ 11.84
10 Day Variance	0.17
10 Day St. Dev	\$ 0.39
10 Day Correlation	0.53

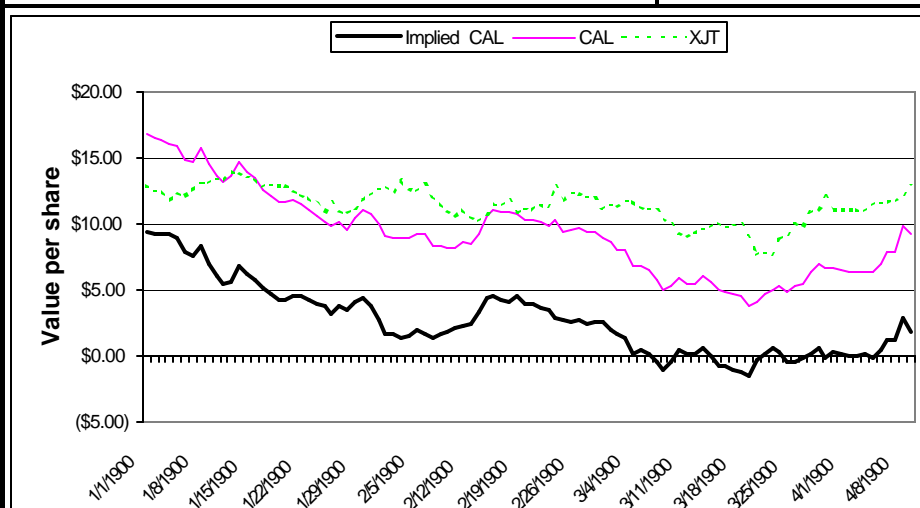
Barnes & Noble, Inc. operates superstores and mall-based bookstores throughout the US. The Company operates book superstores under the names Barnes & Noble Booksellers, Bookstop, and Bookstar. Barnes & Noble also operates bookstores in shopping malls under the names B. Dalton Bookseller, Doubleday Book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

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

Valuation Snapshot

CONTINENTAL AIR / EXPRESSJET HLDGS

CONTINENTAL AIR (CAL)		713-324-2950	EXPRESSJET HLDGS (XJT)		713-324-2639		
Current Price	\$ 9.15		Current Price 02-EPS est.	\$ 12.86	\$1.25 10.29 X		
Shares Out (000)	65,763		Shares Out / Float	64,000			
Market Cap (000)	\$ 601,735		Market Cap (000)	\$ 823,040			
Enterprise Value (000)	\$ 5,124,735		Enterprise Value	\$ 1,063,860			
Sales 12 Month Trailing (000)	\$ 8,101,000		TTM Sales Price / Sales	\$ 1,029,980	0.8 X		
Book Per Share	\$ 17.12		Book Value Price / Book	\$ (0.11)	-- X		
Insider / Inst. Held	2%	83%	Insider / Inst. Held	53%	43%		
Short Int. / Ratio	8.1369	5.8100	Short Int. / Ratio	0.5357	2.0200		
52 Week Range	\$3.59 - \$35.25		52 Week Range	\$7.15 - \$17.4			
CAL ownership of XJT		With XJT multiple		Without XJT per share multiple			
Shares owned (000)	37,910	Price-to-Sales	\$123.18 0.07 X		Price-to-Sales	\$107.52 0.02 X	
Ratio per CAL share	0.5765	Price-to-Book	\$17.12 0.53 X		Price-to-Book	\$17.23 0.1 X	
Value per CAL share	\$7.41	Price/Earnings	\$-4.926 -- X		Price/Earnings	\$-5.65 -- X	
CAL Stub Value	\$1.74	Price/EBITDA	\$2.87 3.19 X		Price/EBITDA	\$0.67 2.6 X	
Economic/Voting Interest	59% / 59%		Enterpr./EBITDA	27.11 X		Enterpr./EBITDA	100.31 X
CAL Relationship with XJT			Comparables			DAL	NWAC
Intend to Spin	No		Price-to-Sales	0.12 X		0.08 X	
IRS Tax Free Ruling			Price-to-Book	0.47 X		0 X	
Record Date / Distr. Date			Price/Earnings	0 X		0 X	
XJT IPO Date /Price	4/17/2002	\$ 16.00	Price/EBITDA	-7.92 X		-44.84 X	
IPO Lockup Expires	10/14/2002		Enterpr./EBITDA	-53.52 X		-351.3 X	
Shares to Distribute / Float	1.5 X						



Spread Relationship	
40 Day Average	\$ 0.14
40 Day Variance	0.81
40 Day St. Dev	\$ 0.90
40 Day Correlation	0.82
20 Day Average	\$ 0.36
20 Day Variance	1.90
20 Day St. Dev	\$ 0.82
20 Day Correlation	0.85
10 Day Average	\$ 0.71
10 Day Variance	1.68
10 Day St. Dev	\$ 1.00
10 Day Correlation	0.88

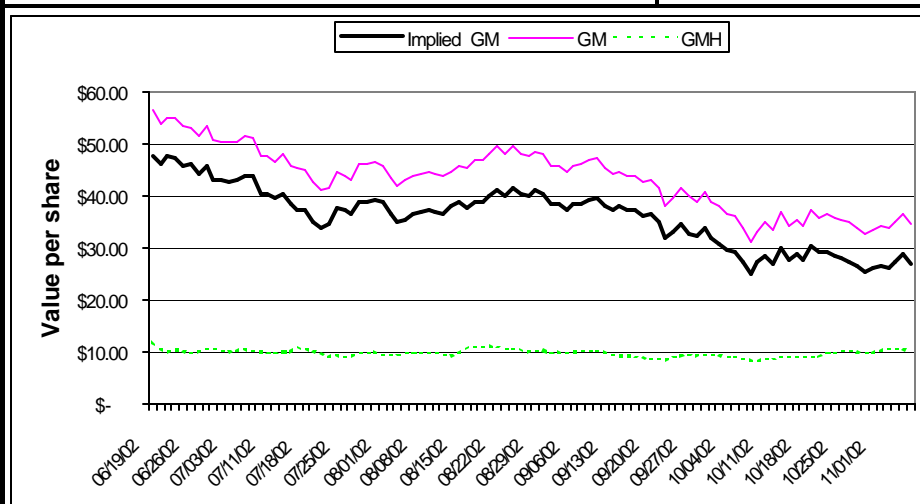
Continental Airlines, Inc. is an air carrier that transports passengers, cargo, and mail. The Company, along with its wholly-owned subsidiaries Continental Express, Inc. and Continental Micronesia, Inc., serves airports worldwide. Continental Airlines directly serves several European cities, South American cities, and Tokyo.

ExpressJet Holdings, Inc. is a holding company and its principal subsidiary is ExpressJet Airlines, Inc. The Airline provides scheduled air transportation for passengers, mail, and freight over a network of routes throughout North America. ExpressJet has a capacity purchase agreement with Continental Airlines.

Valuation Snapshot

GEN MOTORS CORP / HUGHES ELECTRONICS

GEN MOTORS CORP (GM)		313-556-5000	HUGHES ELECTRONICS (GMH)		310-662-9688
Current Price	\$ 34.58		Current Price 02-EPS est.	\$ 10.24	\$-0.33 -- X
Shares Out (000)	561,000		Shares Out / Float	1,373,065	
Market Cap (000)	\$ 19,399,380		Market Cap (000)	\$ 14,060,183	
Enterprise Value (000)	\$ 170,551,380		Enterprise Value	\$ 17,716,283	
Sales 12 Month Trailing (000)	\$ 184,057,000		TTM Sales Price / Sales	\$ 8,631,800	1.63 X
Book Per Share	\$ 34.16		Book Value Price / Book	\$ 10.58	0.97 X
Insider / Inst. Held	21 %	69 %	Insider / Inst. Held	8 %	77 %
Short Int. / Ratio	33.2442	4.8900	Short Int. / Ratio	3.5592	1.5600
52 Week Range	\$30.8 - \$68.17		52 Week Range	\$8 - \$17.55	
GM ownership of GMH		With GMH multiple		Without GMH per share multiple	
Shares owned (000)	415,020	Price-to-Sales	\$328.09 0.11 X	Price-to-Sales	\$312.7 0.09 X
Ratio per GM share	0.7398	Price-to-Book	\$34.16 1.01 X	Price-to-Book	\$16.04 1.68 X
Value per GM share	\$7.58	Price/Earnings	\$6.49 5.33 X	Price/Earnings	\$6.73 4.01 X
GM Stub Value	\$27	Price/EBITDA	\$24.85 1.39 X	Price/EBITDA	\$24.04 1.12 X
Economic/Voting Interest	30% / 30%	Enterpr./EBITDA	12.23 X	Enterpr./EBITDA	12.06 X
GM Relationship with GMH		Comparables		F	DCX GR
Intend to Spin	Tracking Stock	Price-to-Sales		0.09 X	0.22 X
IRS Tax Free Ruling	Yes	Price-to-Book		1.68 X	0.82 X
Record Date / Distr. Date		Price/Earnings		19.05 X	9.9 X
GMH IPO Date /Price		Price/EBITDA		#VALUE!	1.98 X
IPO Lockup Expires		Enterpr./EBITDA		#VALUE!	5.85 X
Shares to Distribute / Float	0.4 X				



Spread Relationship	
40 Day Average	\$ 30.26
40 Day Variance	14.26
40 Day St. Dev	\$ 3.78
40 Day Correlation	(0.15)
20 Day Average	\$ 27.76
20 Day Variance	1.59
20 Day St. Dev	\$ 1.38
20 Day Correlation	(0.07)
10 Day Average	\$ 26.86
10 Day Variance	1.34
10 Day St. Dev	\$ 1.05
10 Day Correlation	0.69

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

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

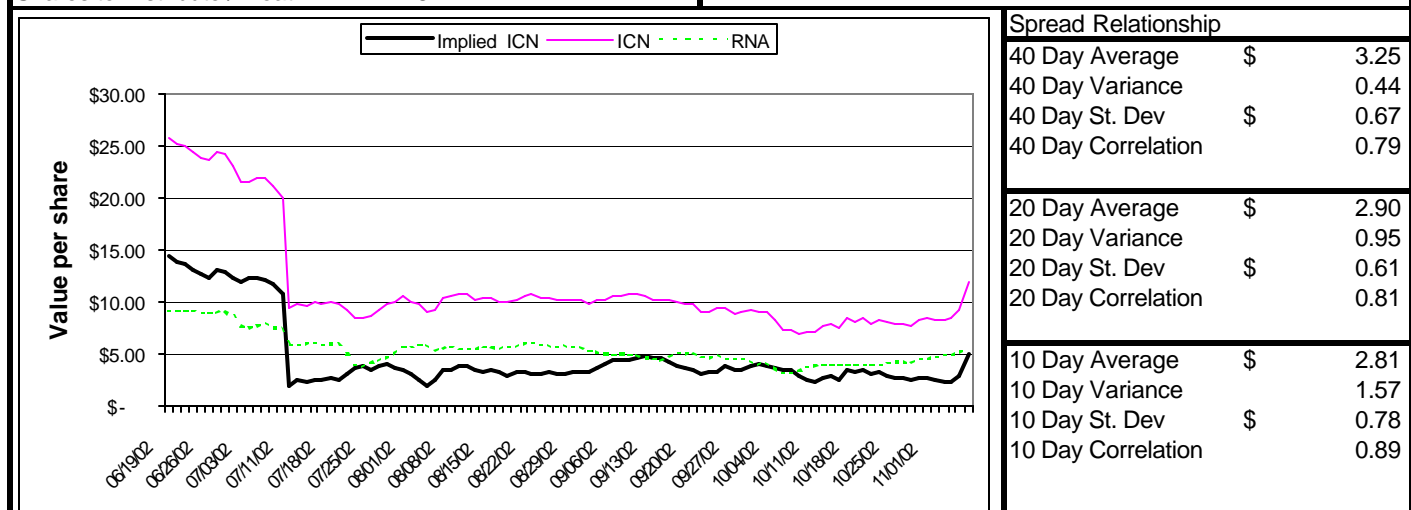
Valuation Snapshot

ICN PHARM INC / RIBAPHARM INC

ICN PHARM INC (ICN)		714-545-0100	RIBAPHARM INC (RNA)		714-427-6236
Current Price	\$	11.99	Current Price 02-EPS est.	\$	5.60 \$0.77 7.32 X
Shares Out (000)		99,398	Shares Out / Float		150,000
Market Cap (000)	\$	1,191,782	Market Cap (000)	\$	840,000
Enterprise Value (000)	\$	1,472,862	Enterprise Value	\$	1,353,200
Sales 12 Month Trailing (000)	\$	936,050	TTM Sales Price / Sales		
Book Per Share	\$	10.48	Book Value Price / Book	\$	(3.29) -- X
Insider / Inst. Held		17 %	Insider / Inst. Held		84 % 20 %
Short Int. / Ratio		5.2350	Short Int. / Ratio		1.1041 2.5300
52 Week Range		\$6.51 - \$33.88	52 Week Range		\$2.54 - \$11.85

ICN ownership of RNA		With RNA multiple		Without RNA per share multiple	
Shares owned (000)	124,000	Price-to-Sales	\$9.42 1.27 X	Price-to-Sales	
Ratio per ICN share	1.2475	Price-to-Book	\$10.48 1.14 X	Price-to-Book	\$13.7 0.36 X
Value per ICN share	\$6.99	Price/Earnings	\$0.89 13.47 X	Price/Earnings	\$-0.06 -- X
ICN Stub Value	\$5	Price/EBITDA	\$1.04 11.53 X	Price/EBITDA	
Economic/Voting Interest	83% / 83%	Enterpr./EBITDA	14.23 X	Enterpr./EBITDA	

ICN Relationship with RNA		Comparables		CEPH	SEPR
Intend to Spin	Yes	Price-to-Sales		6.72 X	4.48 X
IRS Tax Free Ruling	Pending	Price-to-Book		6.77 X	0 X
Record Date / Distr. Date		Price/Earnings		48.39 X	0 X
RNA IPO Date /Price	4/11/2002 \$	Price/EBITDA			-3.25 X
IPO Lockup Expires	10/8/2002	Enterpr./EBITDA			-5.06 X
Shares to Distribute / Float	4.8 X				



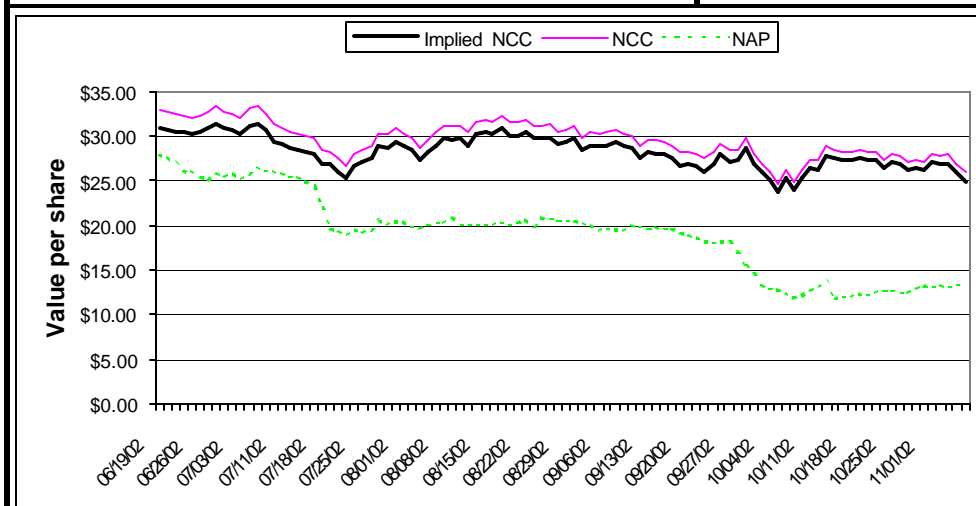
ICN Pharmaceuticals, Inc. manufactures and markets a variety of prescription and non-prescription pharmaceuticals, as well as biotechnology research products. The Company has operations in North America and Latin America, Europe, and the Pacific Rim.

Ribapharm Inc. is a biotechnology company that researches, develops and commercializes products used in treatment of antiviral and anticancer conditions.

Valuation Snapshot

NATL CITY CORP / NATL PROCESSING

NATL CITY CORP (NCC)		216-222-2000	NATL PROCESSING (NAP)		502-315-2000
Current Price	\$	25.85	Current Price 02-EPS est.	\$	13.22 \$1.04 12.71 X
Shares Out (000)		617,850	Shares Out / Float		52,503
Market Cap (000)	\$	15,971,423	Market Cap (000)	\$	694,090
Enterprise Value (000)	\$	48,837,863	Enterprise Value	\$	486,300
Sales 12 Month Trailing (000)	\$	8,709,800	TTM Sales Price / Sales	\$	461,050 1.51 X
Book Per Share	\$	13.32	Book Value Price / Book	\$	8.49 1.56 X
Insider / Inst. Held		16 % 53 %	Insider / Inst. Held		1 % 15 %
Short Int. / Ratio		6.3064 4.0000	Short Int. / Ratio		0.4964 4.5400
52 Week Range		\$24.6 - \$33.75	52 Week Range		\$11.5 - \$34.33
NCC ownership of NAP		With NAP multiple		Without NAP per share multiple	
Shares owned (000)		44,365	Price-to-Sales	\$14.1 1.83 X	Price-to-Sales \$13.35 1.87 X
Ratio per NCC share		0.0718	Price-to-Book	\$13.32 1.94 X	Price-to-Book \$12.49 1.99 X
Value per NCC share	\$	0.95	Price/Earnings	\$2.58 10.02 X	Price/Earnings \$2.5 9.96 X
NCC Stub Value	\$	\$24.9	Price/EBITDA		Price/EBITDA
Economic/Voting Interest		84% / 84%	Enterpr./EBITDA		Enterpr./EBITDA
NCC Relationship with NAP			Comparables		
Intend to Spin		No		STI	PNC
IRS Tax Free Ruling			Price-to-Sales	2.18 X	1.75 X
Record Date / Distr. Date			Price-to-Book	1.88 X	1.67 X
NAP IPO Date /Price		8/8/1996 \$ 16.50	Price/Earnings	12.2 X	9.45 X
IPO Lockup Expires			Price/EBITDA		
Shares to Distribute / Float		5.5 X	Enterpr./EBITDA		



Spread Relationship	
40 Day Average	\$ 26.70
40 Day Variance	1.15
40 Day St. Dev	\$ 1.07
40 Day Correlation	0.56
20 Day Average	\$ 26.78
20 Day Variance	0.45
20 Day St. Dev	\$ 0.69
20 Day Correlation	(0.33)
10 Day Average	\$ 26.47
10 Day Variance	0.45
10 Day St. Dev	\$ 0.68
10 Day Correlation	(0.33)

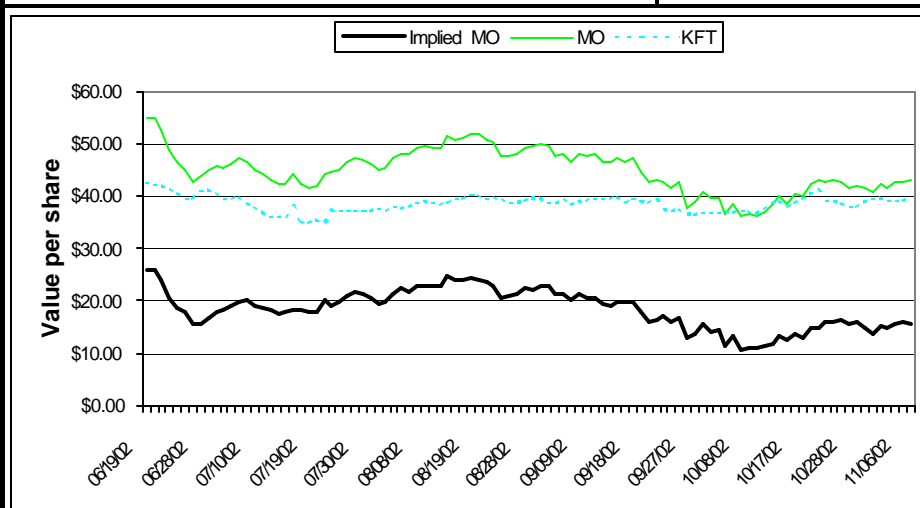
National City Corporation is a multi-bank holding company. The company offers a full range of financial services, including commercial and retail banking, consumer finance, asset management, mortgage financing and servicing, and item processing. National City has branch offices in Ohio, Michigan, Pennsylvania,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

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

Valuation Snapshot

PHILIP MORRIS CO / KRAFT FOODS INC

PHILIP MORRIS CO (MO)		917-663-5000	KRAFT FOODS INC (KFT)		847-646-2000
Current Price	\$ 43.06		Current Price 02-EPS est.	\$ 39.76	\$2.03 19.56 X
Shares Out (000)	2,119,000		Shares Out / Float	1,737,000	
Market Cap (000)	\$ 91,244,140		Market Cap (000)	\$ 69,063,120	
Enterprise Value (000)	\$ 106,844,140		Enterprise Value	\$ 81,575,120	
Sales 12 Month Trailing (000)	\$ 65,700,000		TTM Sales Price / Sales	\$ 30,636,000	2.25 X
Book Per Share	\$ 10.15		Book Value Price / Book	\$ 14.58	2.73 X
Insider / Inst. Held	1 %	67 %	Insider / Inst. Held	84 %	42 %
Short Int. / Ratio	15.4687	1.2400	Short Int. / Ratio	7.7582	4.2100
52 Week Range	\$35.4 - \$57.79		52 Week Range	\$31.5 - \$43.95	
MO ownership of KFT		With KFT multiple		Without KFT per share multiple	
Shares owned (000)	1,455,000	Price-to-Sales	\$31.01 1.39 X	Price-to-Sales	\$16.55 0.95 X
Ratio per MO share	0.6866	Price-to-Book	\$10.15 4.24 X	Price-to-Book	\$-1.88 -- X
Value per MO share	\$27.3	Price/Earnings	\$4.588 9.39 X	Price/Earnings	\$3.19 4.94 X
MO Stub Value	\$15.76	Price/EBITDA	\$8.87 4.85 X	Price/EBITDA	\$5.8 2.72 X
Economic/Voting Interest	84% / 98%	Enterpr./EBITDA	5.68 X	Enterpr./EBITDA	2.97 X
MO Relationship with KFT			Comparables		
Intend to Spin	No			RJR	UST
IRS Tax Free Ruling			Price-to-Sales	0.56 X	3.3 X
Record Date / Distr. Date			Price-to-Book	0.52 X	7.43 X
KFT IPO Date /Price	6/12/2001	\$ 31.00	Price/Earnings	7.12 X	11.08 X
IPO Lockup Expires	12/9/2001		Price/EBITDA	2.88 X	
Shares to Distribute / Float	5.2 X		Enterpr./EBITDA	2.48 X	



Spread Relationship	
40 Day Average	\$ 14.94
40 Day Variance	5.95
40 Day St. Dev	\$ 2.44
40 Day Correlation	0.67
20 Day Average	\$ 14.53
20 Day Variance	3.15
20 Day St. Dev	\$ 1.53
20 Day Correlation	0.56
10 Day Average	\$ 15.37
10 Day Variance	0.53
10 Day St. Dev	\$ 0.77
10 Day Correlation	0.21

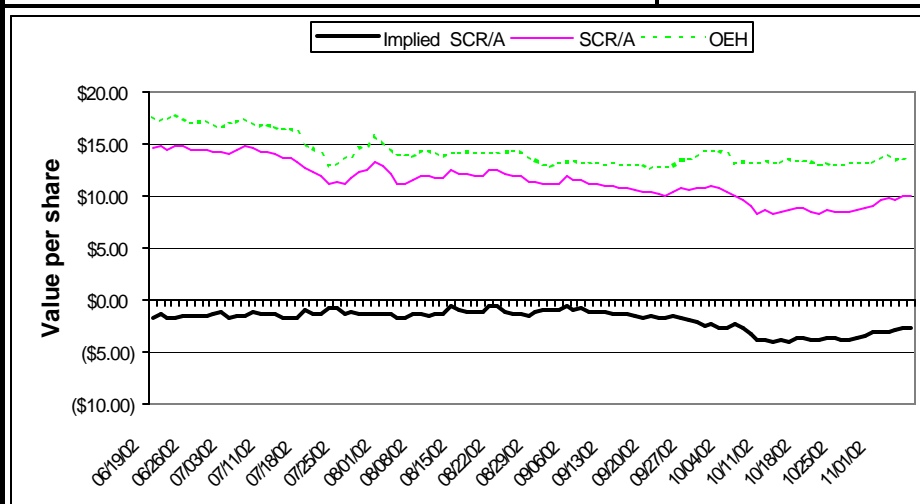
Philip Morris Companies Inc., through its subsidiaries, manufactures and sells a variety of consumer products. The company provides tobacco products, as well as packaged foods such as cheese, processed meat products, coffee, and grocery products. Philip Morris also provides a variety of beer and brewed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

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

Valuation Snapshot

SEA CONTAINERS / ORIENT EXPRESS HOTELS

SEA CONTAINERS (SCR/A)		441-295-2244	ORIENT EXPRESS HOTELS (OEH)		441-295-2244
Current Price	\$	9.90	Current Price 02-EPS est.	\$	13.40 \$1.06 12.69 X
Shares Out (000)		20,700	Shares Out / Float		30,802
Market Cap (000)	\$	204,930	Market Cap (000)	\$	412,747
Enterprise Value (000)	\$	2,479,560	Enterprise Value	\$	819,307
Sales 12 Month Trailing (000)	\$	1,334,040	TTM Sales Price / Sales	\$	276,400 1.49 X
Book Per Share	\$	25.90	Book Value Price / Book	\$	13.27 1.01 X
Insider / Inst. Held		9%	Insider / Inst. Held		42% 45%
Short Int. / Ratio		0.6650	Short Int. / Ratio		18.0600 1.5084
52 Week Range		\$8.19 - \$18.62	52 Week Range		\$12.2 - \$20.9 29.7400
SCR/A ownership of OEH		With OEH multiple		Without OEH per share multiple	
Shares owned (000)		19,324	Price-to-Sales	\$64.45 0.15 X	Price-to-Sales \$51.09 -0.05 X
Ratio per SCR/A share		0.9335	Price-to-Book	\$25.9 0.38 X	Price-to-Book \$6.54 -0.4 X
Value per SCR/A share	\$	\$12.51	Price/Earnings	\$0.88 11.25 X	Price/Earnings \$-0.11 -- X
SCR/A Stub Value	\$	-\$2.61	Price/EBITDA	\$11.79 0.84 X	Price/EBITDA \$9.21 -0.28 X
Economic/Voting Interest		63% / 78%	Enterpr./EBITDA	10.16 X	Enterpr./EBITDA 9.51 X
SCR/A Relationship with OEH			Comparables		
Intend to Spin		No	PO/ LN		NOL SP
IRS Tax Free Ruling		Sell	Price-to-Sales	0.54 X	0.2 X
Record Date / Distr. Date		2003	Price-to-Book	0.87 X	1.05 X
OEH IPO Date /Price	8/9/2000	\$ 19.00	Price/Earnings	0.42 X	0 X
IPO Lockup Expires	2/5/2001		Price/EBITDA	4.58 X	2.58 X
Shares to Distribute / Float	1.7 X		Enterpr./EBITDA	8.78 X	7.92 X



Spread Relationship	
40 Day Average	\$ (2.83)
40 Day Variance	0.83
40 Day St. Dev	\$ 0.91
40 Day Correlation	0.32
20 Day Average	\$ (3.53)
20 Day Variance	0.33
20 Day St. Dev	\$ 0.44
20 Day Correlation	0.74
10 Day Average	\$ (3.23)
10 Day Variance	0.40
10 Day St. Dev	\$ 0.44
10 Day Correlation	0.84

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

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

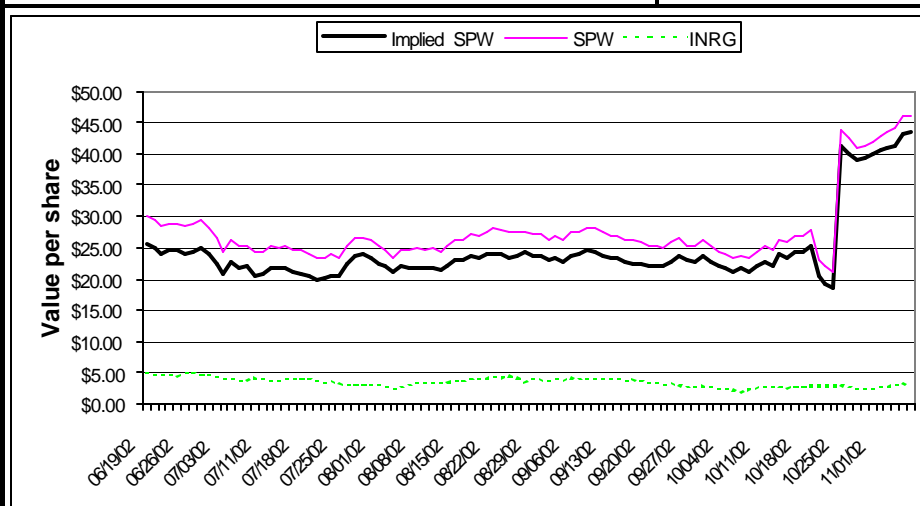
Valuation Snapshot

ST PAUL COS / JOHN NUVEEN CO							
ST PAUL COS (SPC)		651-310-7911	JOHN NUVEEN CO (JNC)		312-917-7700		
Current Price	\$	32.47	Current Price 02-EPS est.	\$	26.89 \$1.27 21.17 X		
Shares Out (000)		208,100	Shares Out / Float		93,090		
Market Cap (000)	\$	6,757,007	Market Cap (000)	\$	2,503,187		
Enterprise Value (000)	\$	10,319,007	Enterprise Value	\$	2,615,967		
Sales 12 Month Trailing (000)	\$	9,248,000	TTM Sales Price / Sales	\$	382,130 6.56 X		
Book Per Share	\$	23.67	Book Value Price / Book	\$	4.06 6.62 X		
Insider / Inst. Held		1 % 79 %	Insider / Inst. Held		81 % 129 %		
Short Int. / Ratio		5.1704 3.4500	Short Int. / Ratio		0.2617 4.0800		
52 Week Range		\$23 - \$50.6	52 Week Range		\$20.12 - \$31.05		
SPC ownership of JNC		With JNC multiple		Without JNC per share multiple			
Shares owned (000)		71,679	Price-to-Sales	\$44.44 0.73 X	Price-to-Sales \$42.6 0.54 X		
Ratio per SPC share		0.3444	Price-to-Book	\$23.67 1.37 X	Price-to-Book \$21.82 1.06 X		
Value per SPC share		\$9.26	Price/Earnings	\$1.273 25.51 X	Price/Earnings \$0.84 27.63 X		
SPC Stub Value		\$23.21	Price/EBITDA	-\$8.27 -3.93 X	Price/EBITDA \$-9.29 -2.5 X		
Economic/Voting Interest		77% / 77%	Enterpr./EBITDA	-6 X	Enterpr./EBITDA -4.28 X		
SPC Relationship with JNC			Comparables				
Intend to Spin		No	Price-to-Sales	CB	ACE		
IRS Tax Free Ruling			Price-to-Book	1.15 X	1.16 X		
Record Date / Distr. Date			Price/Earnings	1.35 X	1.26 X		
JNC IPO Date / Price		5/20/1992 \$ 18.00	Price/EBITDA	15.36 X	9.89 X		
IPO Lockup Expires			Enterpr./EBITDA	57.46 X	70.77 X		
Shares to Distribute / Float		3.3 X					
			Spread Relationship				
			40 Day Average	\$	22.92		
			40 Day Variance		2.50		
			40 Day St. Dev	\$	1.58		
			40 Day Correlation		0.83		
20 Day Average	\$	24.07					
20 Day Variance		0.81					
20 Day St. Dev	\$	0.69					
20 Day Correlation		0.65					
10 Day Average	\$	23.93					
10 Day Variance		0.19					
10 Day St. Dev	\$	0.44					
10 Day Correlation		0.20					
<p>The St. Paul Companies, Inc., through its subsidiaries, provides property-liability insurance, reinsurance, and services. The Company also has a presence in the asset management industry through its majority ownership of The John Nuveen Company. St. Paul has operations worldwide.</p> <p>The John Nuveen Company, through Nuveen Investments, provides investment management services designed to help financial advisors serve their clients. The company's brands include Nuveen, which specializes in tax-free investments, Rittenhouse, which provides a retail managed account service platform, and Symphony, an institutional manager of market-neutral and other portfolios.</p>							

Valuation Snapshot

SPX CORP / INRANGE TECH

SPX CORP (SPW)		704-752-4400	INRANGE TECH (INRG)		609-518-4000
Current Price	\$	46.01	Current Price 02-EPS est.	\$	2.72 \$-0.01 -- X
Shares Out (000)		81,722	Shares Out / Float		83,463
Market Cap (000)	\$	3,760,037	Market Cap (000)	\$	227,019
Enterprise Value (000)	\$	5,880,237	Enterprise Value	\$	210,429
Sales 12 Month Trailing (000)	\$	4,911,800	TTM Sales Price / Sales	\$	242,290 0.94 X
Book Per Share	\$	21.65	Book Value Price / Book	\$	2.36 1.15 X
Insider / Inst. Held		10 % 93 %	Insider / Inst. Held		93 % 52 %
Short Int. / Ratio		5.7410 7.1400	Short Int. / Ratio		0.6914 9.6900
52 Week Range		\$40.5 - \$75.72	52 Week Range		\$1.69 - \$15.8
SPW ownership of INRG		With INRG multiple		Without INRG per share multiple	
Shares owned (000)		75,633	Price-to-Sales	\$60.1 0.77 X	Price-to-Sales \$57.14 0.76 X
Ratio per SPW share		0.9255	Price-to-Book	\$21.65 2.13 X	Price-to-Book \$19.26 2.26 X
Value per SPW share		\$2.52	Price/Earnings	\$4.39 10.47 X	Price/Earnings \$4.4 9.88 X
SPW Stub Value		\$43.49	Price/EBITDA	\$10.05 4.58 X	Price/EBITDA \$9.83 4.42 X
Economic/Voting Interest		91% / 98%	Enterpr./EBITDA	7.16 X	Enterpr./EBITDA 7.09 X
SPW Relationship with INRG			Comparables		
Intend to Spin		No	TXT		ETN
IRS Tax Free Ruling			Price-to-Sales	0.53 X	0.7 X
Record Date / Distr. Date			Price-to-Book	1.74 X	1.91 X
INRG IPO Date /Price		9/21/2000 \$ 16.00	Price/Earnings	14.37 X	16.27 X
IPO Lockup Expires		3/21/2001	Price/EBITDA	4.67 X	#VALUE!
Shares to Distribute / Float		9.7 X	Enterpr./EBITDA	10.31 X	#VALUE!



Spread Relationship	
40 Day Average	\$ 27.03
40 Day Variance	66.81
40 Day St. Dev	\$ 8.17
40 Day Correlation	(0.07)
20 Day Average	\$ 31.60
20 Day Variance	92.46
20 Day St. Dev	\$ 9.62
20 Day Correlation	(0.02)
10 Day Average	\$ 40.79
10 Day Variance	3.06
10 Day St. Dev	\$ 1.53
10 Day Correlation	0.79

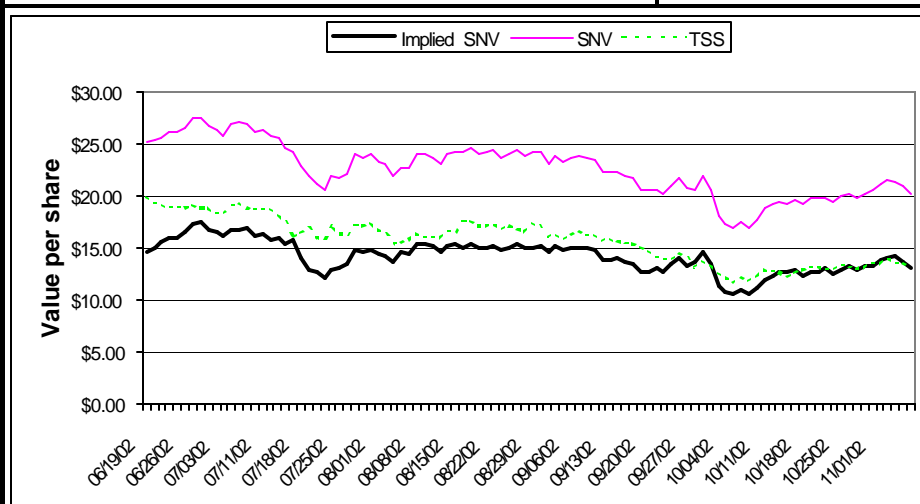
SPX Corporation is a global provider of technical products and systems, industrial products and services, service solutions, and vehicle components. The company designs, manufactures, and markets data networking equipment, fire detection equipment, power transformers, TV and radio broadcast equipment,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

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

Valuation Snapshot

SYNOVUS FINL / TOTAL SYS SERVS

SYNOVUS FINL (SNV)		706-649-2401	TOTAL SYS SERVS (TSS)		706-649-2310
Current Price	\$	20.05	Current Price 02-EPS est.	\$	13.05 \$0.62 20.95 X
Shares Out (000)		300,282	Shares Out / Float		197,691
Market Cap (000)	\$	6,020,654	Market Cap (000)	\$	2,579,868
Enterprise Value (000)	\$	7,569,074	Enterprise Value	\$	2,504,828
Sales 12 Month Trailing (000)	\$	2,019,680	TTM Sales Price / Sales	\$	794,640 3.25 X
Book Per Share	\$	6.12	Book Value Price / Book	\$	2.84 4.6 X
Insider / Inst. Held		28 % 45 %	Insider / Inst. Held		84 % 6 %
Short Int. / Ratio		7.1362 6.6200	Short Int. / Ratio		5.9195 21.0800
52 Week Range		\$16.48 - \$31.93	52 Week Range		\$11.01 - \$29.44
SNV ownership of TSS		With TSS multiple		Without TSS per share multiple	
Shares owned (000)		159,949	Price-to-Sales	\$6.73 2.98 X	Price-to-Sales \$4.08 3.21 X
Ratio per SNV share		0.5327	Price-to-Book	\$6.12 3.28 X	Price-to-Book \$4.18 3.13 X
Value per SNV share		\$6.95	Price/Earnings	\$1.2 16.65 X	Price/Earnings \$0.87 15.06 X
SNV Stub Value		\$13.1	Price/EBITDA	\$2.3 8.72 X	Price/EBITDA \$1.63 8.04 X
Economic/Voting Interest		81% / 81%	Enterpr./EBITDA	10.94 X	Enterpr./EBITDA 11.36 X
SNV Relationship with TSS			Comparables		
Intend to Spin		No		BBT	STI
IRS Tax Free Ruling			Price-to-Sales	2.85 X	2.18 X
Record Date / Distr. Date			Price-to-Book	2.28 X	1.88 X
TSS IPO Date / Price		8/1/1983 \$ 15.00	Price/Earnings	12.99 X	12.2 X
IPO Lockup Expires			Price/EBITDA		
Shares to Distribute / Float		4.2 X	Enterpr./EBITDA		



Spread Relationship	
40 Day Average	\$ 12.84
40 Day Variance	0.99
40 Day St. Dev	\$ 1.00
40 Day Correlation	0.86
20 Day Average	\$ 12.99
20 Day Variance	0.54
20 Day St. Dev	\$ 0.56
20 Day Correlation	0.85
10 Day Average	\$ 13.40
10 Day Variance	0.35
10 Day St. Dev	\$ 0.45
10 Day Correlation	0.87

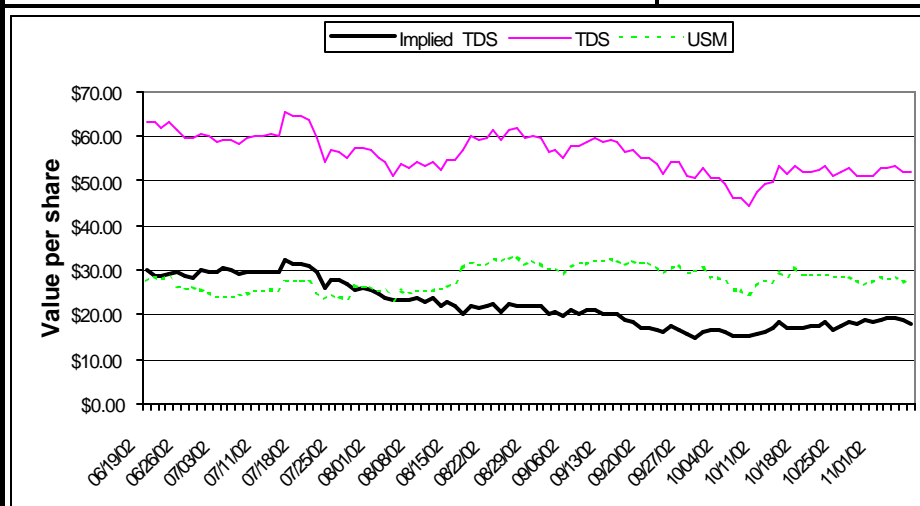
Synovus Financial Corp. provides various financial services. The company operates a network of branch offices in Georgia, Florida, Alabama, and South Carolina. Synovus also provides credit, debit, and private label card processing services through its 80.8% owned Total Systems Services, Inc. subsidiary.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

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

Valuation Snapshot

TELEPHONE & DATA / US CELLULAR CORP

TELEPHONE & DATA (TDS)		312-630-1900	US CELLULAR CORP (USM)		773-399-8900
Current Price	\$	51.90	Current Price 02-EPS est.	\$	28.26 \$1.82 15.49 X
Shares Out (000)		58,756	Shares Out / Float		86,094
Market Cap (000)	\$	3,049,459	Market Cap (000)	\$	2,433,012
Enterprise Value (000)	\$	6,185,689	Enterprise Value	\$	3,674,202
Sales 12 Month Trailing (000)	\$	2,861,760	TTM Sales Price / Sales	\$	2,082,450 1.17 X
Book Per Share	\$	48.46	Book Value Price / Book	\$	27.76 1.02 X
Insider / Inst. Held		21 % 85 %	Insider / Inst. Held		90 % 29 %
Short Int. / Ratio		0.8698 4.8800	Short Int. / Ratio		1.9804 13.9900
52 Week Range		\$44.1 - \$97	52 Week Range		\$22.97 - \$45.9
TDS ownership of USM		With USM multiple		Without USM per share multiple	
Shares owned (000)		70,745	Price-to-Sales	\$48.71 1.07 X	Price-to-Sales \$13.26 1.35 X
Ratio per TDS share		1.2040	Price-to-Book	\$48.46 1.07 X	Price-to-Book \$7.69 2.32 X
Value per TDS share	\$	\$34.03	Price/Earnings	\$2.82 18.39 X	Price/Earnings \$0.63 28.37 X
TDS Stub Value	\$	\$17.87	Price/EBITDA	#VALUE!	Price/EBITDA #VALUE!
Economic/Voting Interest		82% / 82%	Enterpr./EBITDA	#VALUE!	Enterpr./EBITDA #VALUE!
TDS Relationship with USM		Comparables		CTL	CZN
Intend to Spin		No	Price-to-Sales	2.11 X	0.98 X
IRS Tax Free Ruling			Price-to-Book	1.33 X	1.31 X
Record Date / Distr. Date			Price/Earnings	13.01 X	0 X
USM IPO Date /Price			Price/EBITDA	#VALUE!	2.31 X
IPO Lockup Expires			Enterpr./EBITDA	#VALUE!	6.91 X
Shares to Distribute / Float		4.6 X			



Spread Relationship	
40 Day Average	\$ 17.29
40 Day Variance	1.78
40 Day St. Dev	\$ 1.33
40 Day Correlation	0.91
20 Day Average	\$ 17.79
20 Day Variance	1.42
20 Day St. Dev	\$ 0.93
20 Day Correlation	0.66
10 Day Average	\$ 18.43
10 Day Variance	0.77
10 Day St. Dev	\$ 0.63
10 Day Correlation	0.71

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

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

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio (1)	Intend To Spin (2)	Economic % Owned (3)	Embedded Value	Residual Stub Value
ADV LIGHTING TEC	ADLT	\$ 0.28	FIBERSTARS INC	FBST	\$ 2.91	0.0433		20.03%	\$ 0.13	\$ 0.15
AMER BILTRITE	ABL	\$ 9.90	CONGOLEUM CORP	CGM	\$ 1.40	3.9189		38.59%	\$ 5.49	\$ 4.41
AMER FINL GROUP	AFG	\$ 22.67	GREAT AMERN FINL PROVIDENT FIN GP	GFR	\$ 15.70	0.5374		87.28%	\$ 8.44	\$ 14.23
				PFGI	\$ 26.46	0.0910		12.87%	\$ 2.41	\$ 20.26
AMER INTL GROUP	AIG	\$ 64.12	21ST CENTURY INS TRANSATLANTIC HL	TW	\$ 11.18	0.0205		62.56%	\$ 0.23	\$ 63.89
				TRH	\$ 64.45	0.0005		2.44%	\$ 0.03	\$ 64.09
AMER SOFTWARE -A	AMSWA	\$ 2.60	LOGILITY INC	LGTY	\$ 2.10	0.5019		85.61%	\$ 1.05	\$ 1.55
AMERITRADE HLDNG	AMTD	\$ 4.67	KNIGHT TRADING	NITE	\$ 5.21	0.0394		7.22%	\$ 0.21	\$ 4.46
APOLLO GROUP-A	APOL	\$ 41.51	UNIVERSITY OF PH	UOPX	\$ 30.56	0.5467		86.59%	\$ 16.71	\$ 24.80
AQUILA INC	ILA	\$ 3.85	QUANTA SERVICES	PWR	\$ 3.18	0.1396		34.20%	\$ 0.44	\$ 3.41
BANCO SANTAN-ADR	STD	\$ 6.04	SANTANDER BANCOR	SBP	\$ 11.64	0.0080		85.38%	\$ 0.09	\$ 5.95
BARNES & NOBLE	BKS	\$ 20.85	BARNESANDNOBLE GAMESTOP CORP	BNNB	\$ 1.20	0.8687		35.96%	\$ 1.04	\$ 19.81
				GME	\$ 18.47	0.5338		63.35%	\$ 9.86	\$ 10.99
BOWNE & CO INC	BNE	\$ 10.49	EDGAR ONLINE INC	EDGR	\$ 1.49	0.0298		6.48%	\$ 0.04	\$ 10.45
BRASCAN CORP-A	BNN	\$ 19.70	BROOKFIELD PROP	BPO	\$ 18.50	0.4582		47.92%	\$ 8.48	\$ 11.22
CELL GENESYS	CEGE	\$ 11.26	ABGENIX INC	ABGX	\$ 7.35	0.2508		10.40%	\$ 1.84	\$ 9.42
CENTEX CORP	CTX	\$ 44.92	CENTEX CONSTRUCT	CXP	\$ 35.15	0.1942		64.79%	\$ 6.83	\$ 38.09
CHEVRONTEXACO	CVX	\$ 67.50	DYNEGY INC-A	DYN	\$ 0.82	0.0810		23.42%	\$ 0.07	\$ 67.43
CINCINNATI FIN	CINF	\$ 38.15	FIFTH THIRD BANC	FITB	\$ 61.76	0.4493		12.31%	\$ 27.75	\$ 10.40
CITIGROUP INC	C	\$ 36.45	TRAVELERS PPTY-A	TAP/A	\$ 14.81	0.0197		9.99%	\$ 0.29	\$ 36.16
COCA-COLA CO	KO	\$ 44.82	COCA-COLA BOTTLI	COKE	\$ 55.19	0.0008		30.73%	\$ 0.04	\$ 44.78
			COCA-COLA ENTER	CCE	\$ 23.29	0.0681		37.68%	\$ 1.59	\$ 43.23
COCA-COLA ENTER	CCE	\$ 23.29	COCA-COLA BOTTLI	COKE	\$ 55.19	0.0016		10.78%	\$ 0.09	\$ 23.20
COMVERSE TECH	CMVT	\$ 8.51	ULTICOM INC	ULCM	\$ 6.00	0.1586		71.70%	\$ 0.95	\$ 7.56
			VERINT SYSTEMS	VRNT	\$ 11.26	0.0991		79.33%	\$ 1.12	\$ 7.39
DTE ENERGY CO	DTE	\$ 45.06	PLUG POWER INC	PLUG	\$ 5.53	0.0843		27.79%	\$ 0.47	\$ 44.59
DU PONT (EI)	DD	\$ 42.97	DUPONT PHOTOMASK	DPMI	\$ 23.16	0.0037		20.01%	\$ 0.08	\$ 42.89
EASTMAN CHEMICAL	EMN	\$ 37.97	GENENCOR INTL	GCOR	\$ 11.28	0.3234		40.94%	\$ 3.65	\$ 34.32
ECI TELECOM	ECIL	\$ 1.92	ECTEL LTD	ECTX	\$ 8.31	0.1128		67.62%	\$ 0.94	\$ 0.98
EPRESENCE INC	EPRE	\$ 2.09	SWITCHBOARD INC	SWBD	\$ 2.20	0.4327		52.02%	\$ 0.95	\$ 1.14
FID NATL FINL	FNF	\$ 29.91	FIDELITY NATL IN	FNIS	\$ 20.49	0.2000		49.89%	\$ 4.10	\$ 25.81
			AMER NATL FINL	ANFI	\$ 11.21	0.0278		28.49%	\$ 0.31	\$ 29.60
			CKE RESTAURANTS	CKR	\$ 3.93	0.0307		5.12%	\$ 0.12	\$ 29.79
FIRST ALBANY COM	FACT	\$ 6.45	MECHANICAL TECH	MKTY	\$ 1.28	1.2131		31.60%	\$ 1.55	\$ 4.90
GEN MOTORS CORP	GM	\$ 34.58	HUGHES ELECTRONICS	GMH	\$ 10.24	0.7407		43.32%	\$ 7.58	\$ 27.00
HUGHES ELECTRONICS	GMH	\$ 10.24	PANAMSAT CORP	SPOT	\$ 19.63	0.1261		80.66%	\$ 2.48	\$ 7.76
ICN PHARM INC	ICN	\$ 11.99	RIBAPHARM	RNA	\$ 5.60	1.2475	Y	82.67%	\$ 6.99	\$ 5.00
IDT CORP	IDT	\$ 17.35	NET2PHONE INC	NETOP	\$ 2.98	0.1124		15.76%	\$ 1.15	\$ 16.20
IMS HEALTH INC	RX	\$ 16.81	COGNIZANT TECH	CTSH	\$ 72.75	0.0398		56.93%	\$ 2.89	\$ 13.92
			TRIZETTO GROUP	TZIX	\$ 6.94	0.0428		26.55%	\$ 0.30	\$ 16.51
INTERACTIVE DATA	IDCO	\$ 14.64	MARKETWATCH.COM	MKTW	\$ 4.75	0.0617		33.86%	\$ 0.29	\$ 14.35

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

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

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

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

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

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

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

■ New Arb Listing
■ Expected IPO Price

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio (1)	Intend To Spin (2)	Economic % Owned (3)	Embedded Value	Residual Stub Value
INTERPUBLIC GRP	IPG	\$ 13.58	MODEM MEDIA INC	MMPT	\$ 2.40	0.0289		42.79%	\$ 0.07	\$ 13.51
LEVEL 3 COMM INC	L3	\$ 5.20	COMMON TELEPHON	CTCO	\$ 38.52	0.0237		41.29%	\$ 0.91	\$ 4.29
	LVT	\$ 5.20	RCN CORPORATION	RCNC	\$ 0.73	0.0655		24.11%	\$ 0.05	\$ 5.15
LIMITED BRANDS	LTD	\$ 15.38	GALYAN'S TRADING	GLYN	\$ 11.33	0.0079		24.36%	\$ 0.09	\$ 15.29
	LTR	\$ 15.38	ALLIANCE DATA	ADS	\$ 18.60	0.0280		19.62%	\$ 0.52	\$ 14.86
LOEWS CORP	LTR	\$ 41.14	DIAMOND OFFSHORE	DO	\$ 22.16	0.3767		53.78%	\$ 8.35	\$ 32.79
	LTV	\$ 41.14	CNA FINL CORP	CNA	\$ 24.52	1.0813		90.00%	\$ 26.51	\$ 14.63
	LTV	\$ 41.14	CAROLINA GROUP	CG	\$ 20.64	0.7173		76.83%	\$ 14.81	\$ 26.33
	LTV	\$ 41.14	BULOVA CORP	BULV	\$ 26.00	0.0240		97.02%	\$ 0.62	\$ 40.52
MECHANICAL TECH	MKTY	\$ 1.28	PLUG POWER INC	PLUG	\$ 5.53	0.3215		22.48%	\$ 1.78	\$ (0.50)
	MOT	\$ 1.28	SATCON TECH	SATC	\$ 1.34	0.0366		7.76%	\$ 0.05	\$ 1.23
	MOT	\$ 1.28	BEACON POWER	BCON	\$ 0.27	0.1242		10.30%	\$ 0.03	\$ 1.25
MOTOROLA INC	MOT	\$ 9.02	NEXTEL COMM-A	NXTL	\$ 13.00	0.0315		7.96%	\$ 0.41	\$ 8.61
	MOT	\$ 9.02	NEXT LEVEL COMM	NXTV	\$ 0.72	0.0279		74.23%	\$ 0.02	\$ 9.00
	MOT	\$ 9.02	NEXTEL PARTNER-A	NXTP	\$ 7.43	0.0057		5.39%	\$ 0.04	\$ 8.98
	MOT	\$ 9.02	BROADCOM CORP-A	BRCM	\$ 12.49	0.0037		3.39%	\$ 0.05	\$ 8.97
NATL CITY CORP	NCC	\$ 25.85	NATL PROCESSING	NAP	\$ 13.22	0.0725		85.19%	\$ 0.96	\$ 24.89
NAVARE CORP	NAV	\$ 1.39	NETRADIO CORP	NETRZ	\$ 0.02	0.0483		46.75%	\$ 0.00	\$ 1.39
NEXTEL COMM-A	NXTL	\$ 13.00	NEXTEL PARTNER-A	NXTP	\$ 7.43	0.0903		32.32%	\$ 0.67	\$ 12.33
NEWS CORP-ADR	NWS	\$ 25.82	FOX ENTERTAINM-A	FOX	\$ 26.49	0.5436		84.89%	\$ 16.77	\$ 9.05
NORTEL NETWORKS	NT	\$ 1.43	ENTRUST INC	ENTU	\$ 2.76	0.0034		20.34%	\$ 0.01	\$ 1.42
NORTHWEST AIRLIN	NWAC	\$ 8.52	MESABA HOLDINGS	MAIR	\$ 5.95	0.0659		27.87%	\$ 0.39	\$ 8.13
PEPSICO INC	PEP	\$ 43.48	PEPSI BOTTLING	PBG	\$ 27.54	0.0613		37.74%	\$ 1.69	\$ 41.79
PFIZER INC	PFE	\$ 33.58	NEUROGEN CORP	NRGN	\$ 6.26	0.0005		16.32%	\$ 0.00	\$ 33.58
PHILIP MORRIS CO	MO	\$ 43.06	KRAFT FOODS INC	KFT	\$ 39.76	0.6883		83.86%	\$ 27.37	\$ 15.69
PLAINS RESOURCES	PLX	\$ 21.72	PLAINS ALL AMER	PAA	\$ 22.65	0.5181		33.04%	\$ 11.74	\$ 9.98
RALCORP HLDGS	RAH	\$ 20.35	VAIL RESORTS	MTN	\$ 15.51	0.2516		21.47%	\$ 3.90	\$ 16.45
RENAISSANCE	RNR	\$ 40.00	PLATINUM UNDERWR	PTP	\$ 25.10	0.0573		9.21%	\$ 1.44	\$ 38.56
REUTERS GRP-ADR	RTRSY	\$ 19.20	TIBCO SOFTWARE	TIBX	\$ 5.91	0.4508		51.12%	\$ 2.66	\$ 16.54
	RTRSY	\$ 19.20	INSTINET GROUP	INET	\$ 3.21	0.8693		62.84%	\$ 2.79	\$ 16.41
SEA CONTAINERS-A	SCR/A	\$ 9.90	ORIENT EXPRESS H	OEH	\$ 13.40	0.9190		62.74%	\$ 12.31	\$ (2.41)
SEPRACOR INC	SEPR	\$ 9.55	BIOSPHERE MED	BSMD	\$ 5.08	0.0383		24.73%	\$ 0.19	\$ 9.36
SPX CORP	SPW	\$ 46.01	INRANGE TECH-B	INRG	\$ 2.72	0.9255		89.68%	\$ 2.52	\$ 43.49
STILWELL FINL	SV	\$ 12.64	DST SYSTEMS INC	DST	\$ 33.56	0.1786		33.13%	\$ 5.99	\$ 6.65
ST PAUL COS	SPC	\$ 32.47	JOHN NUVEEN-CLA	JNC	\$ 26.89	0.3240		78.77%	\$ 8.71	\$ 23.76
	SNV	\$ 20.05	PLATINUM UNDERWR	PTP	\$ 25.10	0.0265		13.95%	\$ 0.67	\$ 31.80
SYNOVUS FINL	SNV	\$ 20.05	TOTAL SYS SERVS	TSS	\$ 13.05	0.5337		81.77%	\$ 6.96	\$ 23.09
TELEPHONE & DATA	TDS	\$ 51.90	US CELLULAR CORP	USM	\$ 28.26	1.2068	N	78.67%	\$ 34.10	\$ 17.80
	TRE	\$ 34.65	DEUTSCHE TEL-ADR	DT	\$ 11.20	2.2411	N	3.13%	\$ 25.10	\$ 26.80
	TRB	\$ 48.38	VODAFONE GRP-ADR	VOD	\$ 16.04	0.0460	N	0.04%	\$ 0.74	\$ 51.16
TORONTO DOM BANK	TD	\$ 18.78	KNIGHT TRADING	NITE	\$ 5.21	0.0140		0.00%	\$ 0.07	\$ (8.04)
TREMONT CORP	TRE	\$ 34.65	TITANIUM METALS	TIE	\$ 1.57	1.9113		38.54%	\$ 3.00	\$ 31.65
TRIBUNE CO	TRB	\$ 48.38	AOL TIME WARNER	AOL	\$ 15.36	0.0653		0.43%	\$ 1.00	\$ 47.38
	TRB	\$ 48.38	APAC CUSTOMER	APAC	\$ 2.54	0.0063		3.90%	\$ 0.02	\$ 48.36
	TRB	\$ 48.38	IVILLAGE INC	IVIL	\$ 0.88	0.0086		1.50%	\$ 0.01	\$ 48.37
	TRB	\$ 48.38	LIGHTSPAN INC	LSPN	\$ 1.22	0.0061		3.90%	\$ 0.01	\$ 48.37

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

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

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

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

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

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

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

■ New Arb Listing
■ Expected IPO Price

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out/Holding	Symbol	Price	Ratio (1)	Intend To Spin (2)	Economic % Owned (3)	Embedded Value	Residual Stub Value
UGI CORP	UGI	\$ 38.25	AMERIGAS PARTNER	APU	\$ 23.74	0.5262		49.61%	\$ 12.49	\$ 25.76
UNITRIN INC	UTR	\$ 30.30	NORTHROP GRUMMAN UNOVA INC	NOC UNA	\$ 98.94 \$ 5.01	0.1135 0.1874		6.79% 21.67%	\$ 11.23 \$ 0.94	\$ 19.07 \$ 29.36
USA INTERACTIVE	USAI	\$ 26.55	TICKETMASTER-B EXPEDIA INC-A HOTELS.COM-CL A	TMCS EXPE ROOM	\$ 24.63 \$ 75.10 \$ 63.70	0.1205 0.2565 0.0715		67.60% 64.60% 68.33%	\$ 2.97 \$ 3.43 \$ 4.55	\$ 23.58 \$ 23.12 \$ 22.00
VALERO ENERGY	VLO	\$ 36.07	VALEROLP	VLI	\$ 35.51	0.0080	N	73.04%	\$ 0.28	\$ 35.79
VIACOM INC-A	VIA	\$ 44.28	BLOCKBUSTER-A	BBI	\$ 21.13	0.0808	N	80.99%	\$ 1.71	\$ 42.57
WESTAR ENERGY IN	WR	\$ 8.50	PROTECTION ONE ONEOK INC	POI OKE	\$ 2.05 \$ 18.01	1.2040 0.0659		87.88% 7.80%	\$ 7.79 \$ 1.19	\$ 0.71 \$ 7.31
WILLIAMS COS INC	WMB	\$ 3.06	WILLIAMS COMMUNI WILLIAMS ENERGY	WGRRQ WEG	\$ 0.00 \$ 31.60	0.0410 0.0316		4.27% 60.00%	\$ 0.00 \$ 1.00	\$ 3.06 \$ 2.06
ZAPATA CORP	ZAP	\$ 23.16	OMEGA PROTEIN CP ZAP.COM CORP	OME ZFCM	\$ 4.17 \$ 0.09	6.0648 20.4952		60.19% 98.00%	\$ 25.29 \$ 1.84	\$ (2.13) \$ 21.32
									\$ 27.13	\$ (3.97)

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

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

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

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

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

New Arb Listing
Expected IPO Price

Foreign Implied Value of Stubs

Parent Company	Exchange	ADR's	Bloomberg Symbol	Price (In \$)	Carve-Out / Holding	Exchange	Bloomberg Symbol	Price (In \$)	Ratio (1)	Intent To Spin (2)	Economic % owned (3)	Embedded Value (4)	Residual Stub Value (5)
ALCATEL A	EN Paris		CGE FP	4.96	ALCATEL O	EN Paris	CGO FP	4.04	0.061	N	80.00%	\$ 0.25	\$ 4.72
ALFA SA-A	Mexico		ALFAA MM	1.70	HYLSAMEX SA-CL-B	Mexico	HYLSAMXB IM	12.46	0.486	N	82.00%	\$ 0.36	\$ 1.34
ALLIANCE SEMICON	NASDAQ N-Mkt		ALSC	4.47	BROADCOM CORP-A	NASDAQ N-Mkt	BRCM	12.46	0.002		0.03%	\$ 0.02	
			ALSC	4.47	CHARTERED SE-ADR	NASDAQ N-Mkt	CHRT	4.88	0.040		0.66%	\$ 0.19	
			ALSC	4.47	CHARTERED SEMICO	Singapore	CSM SP	0.50	0.399		1.03%	\$ 0.20	
			ALSC	4.47	PMC-SIERRA INC	NASDAQ N-Mkt	PMCS	5.29	0.000		0.04%	\$ 0.00	
			ALSC	4.47	UNITED MICROELEC	Taipei	2303 TT	0.81	7.622		2.02%	\$ 6.19	
			ALSC	4.47	VITESSE SEMICON	NASDAQ N-Mkt	VTSS	1.89	0.018		0.37%	\$ 0.03	
ALLIANZ AG-REG	Frankfurt		ALV GR	112.83	BAYER HYPO-UND V	Frankfurt	HVM GR	14.61	0.374		17.40%	\$ 5.46	
			ALV GR	112.83	MG TECHNOLOGIES	Frankfurt	MGT GR	6.76	0.101		12.72%	\$ 0.68	
			ALV GR	112.83	MUENCHENER RUE-R	Frankfurt	MUV2 GR	133.28	0.097		13.18%	\$ 12.91	
AQUILA INC	New York		ILA	3.85	QUANTA SERVICES	New York	PWR	3.18	0.199		38.00%	\$ 0.63	
			ILA	3.85	UNITEDNETWORKS	NZSE	UNLNZ	19.70	0.564		55.50%	\$ 11.10	
			ILA	3.85	UNITED ENERGY	ASX	UEL AU	4.94	0.954		33.79%	\$ 4.71	
GENERALI ASSIC	Milan		G IM	18.16	ALLEANZA	Milan	AL IM	7.63	0.289		43.56%	\$ 2.20	\$ (12.60)
AUST GAS LIGHT	ASX		AGL AU	18.52	AUSTRALIAN PIPEL	ASX	APA AU	4.67	0.208		30.00%	\$ 0.97	\$ 17.55
AVENTIS SA	EN Paris		AVE FP	60.24	RHODIA SA	EN Paris	RHA FP	7.30	0.057		25.23%	\$ 0.41	\$ 59.83
BASF AG	Frankfurt		BAS GR	36.97	K+S AG	Frankfurt	SDF GR	18.61	0.013		17.75%	\$ 0.24	\$ 36.73
BILFINGER BERGER	Frankfurt		GBF GR	17.72	BUDERUS AG	Frankfurt	BUD GR	21.34	0.482		28.35%	\$ 10.50	\$ 7.22
SANTANDER	Continuous		SAN SM	6.23	SANTANDER BANCOR	New York	SBP	11.64	0.008		87.83%	\$ 0.09	\$ 6.13
CABLE & WIRELESS	London		CW/LN	2.21	NTL INC/OLD	OTC BB	NTLDQ	0.02	0.010		10.16%	\$ 0.00	\$ 2.21
CLEAR CHANNEL	New York		CCU	37.91	CLEAR MEDIA LTD	Hong Kong	100 HK	0.49	0.378		46.12%	\$ 0.18	\$ 37.73
COMMERZBANK	Frankfurt		CBK GR	7.56	SANTANDER	Continuous	SAN SM	6.23	0.161		1.80%	\$ 1.01	
			CBK GR	7.56	CREDIT LYONNAIS	EN Paris	CLFP	36.48	0.026		4.00%	\$ 0.96	
			CBK GR	7.56	LINDE AG	Frankfurt	LIN GR	37.84	0.022		10.00%	\$ 0.85	
			CBK GR	7.56	GENERALI ASSIC	Milan	G IM	18.16	0.034		1.40%	\$ 0.61	
			CBK GR	7.56	INTESABCI SPA	Milan	BIN IM	1.60	0.367		3.30%	\$ 0.59	
			CBK GR	7.56	KOREA EXCHNG BNK	Korea SE	0494 KS	3.45	0.136		32.60%	\$ 0.47	
			CBK GR	7.56	HEIDELBERG DRUCK	Frankfurt	HDD GR	23.97	0.016		9.90%	\$ 0.38	
			CBK GR	7.56	BRE BANK SA	Warsaw	BRE PW	19.63	0.022		50.00%	\$ 0.42	
			CBK GR	7.56	COMDIRECT BANK	Frankfurt NM	COM NM	3.67	0.155		58.65%	\$ 0.57	
			CBK GR	7.56	DEUTSCHE BOERSE	Frankfurt	DB1 GR	39.86	0.008		4.00%	\$ 0.34	
			CBK GR	7.56	T-ONLINE INTL AG	Munich	TO1 GR	7.14	0.046		2.00%	\$ 0.33	
			CBK GR	7.56	BUDERUS AG	Frankfurt	BUD GR	21.34	0.012		10.48%	\$ 0.26	
			CBK GR	7.56	MAN AG	Frankfurt	MAN GR	12.70	0.017		6.50%	\$ 0.22	
			CBK GR	7.56	MEDIOBANCA	Milan	MB IM	7.41	0.021		1.40%	\$ 0.15	
			CBK GR	7.56	ERSTE BANK DER O	Vienna	DESC AV	58.23	0.002		2.00%	\$ 0.13	
			CBK GR	7.56	HOCHTIEF AG	Frankfurt	HOT GR	14.03	0.003		2.78%	\$ 0.05	
			CBK GR	7.56	HOLZMANN (PH)	Frankfurt	HOZ GR	0.40	0.001		5.00%	\$ 0.00	
CREO INC	Toronto		CRE CN	6.67	PRINTCAFE SOFTWA	NASDAQ N-Mkt	PCAF	1.16	0.057		26.57%	\$ 0.07	\$ 6.61
DANISCO AS	Copenhagen		DCO DC	32.05	GENENCOR INTL	NASDAQ N-Mkt	GCOR	11.28	0.429		41.62%	\$ 4.84	\$ 27.21
DEUTSCHE BANK-R	Frankfurt		DBK GR	47.19	MUENCHENER RUE-R	NASDAQ N-Mkt	MUV2 GR	133.28	0.029		10.00%	\$ 3.83	
			DBK GR	47.19	DAIMLERCHRYSLER	Frankfurt	DCX GR	34.11	0.206		12.62%	\$ 7.01	
			DBK GR	47.19	ALLIANZ AG-REG	Frankfurt	ALV GR	112.83	0.029		7.30%	\$ 3.22	
			DBK GR	47.19	LINDE AG	Frankfurt	LIN GR	37.84	0.019		10.00%	\$ 0.73	
			DBK GR	47.19	HEIDEL CEMENT	Frankfurt	HEIGR	37.64	0.010		10.10%	\$ 0.39	
			DBK GR	47.19	MG TECHNOLOGIES	Frankfurt	MGT GR	6.76	0.028		9.02%	\$ 0.19	
			DBK GR	47.19	VOSSLOH AG	Frankfurt	VOS GR	23.73	0.002		8.20%	\$ 0.04	
			DBK GR	47.19	DEUTZ AG	Frankfurt	DEZ GR	1.93	0.027		25.88%	\$ 0.05	
			DBK GR	47.19	DEUTSCHE BETEILI	Frankfurt	DBA GR	9.28	0.003		15.00%	\$ 0.03	
			DBK GR	47.19	HOLZMANN (PH)	Frankfurt	HOZ GR	0.40	0.004		19.60%	\$ 0.00	

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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)
DEUTSCHE LUFT-RG	Frankfurt		LHA GR	12.14	AMADEUS AG	Frankfurt	AAD GR	7.06	0.003	N	25.00%	\$ 0.02	\$ 12.12
DEUTSCHE TELEKOM	Frankfurt		DTE GR	11.25	FRANCE TELECOM T-ONLINE INTL AG	Munich	FTE FP	12.21	0.005	N	-	\$ 0.08	\$ 9.49
ENI SPA	Milan		ENI IM	13.59	SNAM RETE GAS	Milan	SRG IM	3.12	0.292	N	59.74%	\$ 0.91	\$ 12.67
E.ON AG	Frankfurt		EOA GR	46.64	STINNES AG	Frankfurt	SNS GR	32.50	0.072	0.000	65%	\$ 2.34	\$ 8.14
FAIRFAX FINL HLD	Toronto		FFH CN	70.02	ODYSSEY RE HLDGS LINDSEY MORDEN HUB INTL LTD	New York Toronto Toronto	ORH LM CN HBQ CN	17.07 3.85 13.65	2.774 0.647 0.745		64.28% 68.28% 39.36%	\$ 47.35 \$ 2.50 \$ 10.17	\$ 31.18
FORMULA SYSTEMS	Tel Aviv		FORT IT	956.13	CRYSTAL SYS SOL MAGIC SOFTWARE FORMULA VISION T	Frankfurt Tel Aviv	CRYS MGIC FVT IT	2.05 1.06 32.49	0.394 1.409 1.870	0.000 0.000 0.000	41.10% 48.90% 74.48%	\$ 0.81 \$ 1.49 \$ 60.75	\$ 10.01
FRANCE TELECOM	EN Paris		FTE FP	12.21	WANADOO ORANGE SA NTL INC/OLD	EN Paris EN Paris OTC BB	NAD FP OBE FP NTLDQ	3.94 6.03 0.02	0.891 2.811 0.018	N N N	73.68% 84.16% 31.77%	\$ 3.51 \$ 16.96 \$ 0.00	\$ 893.08
FRESENIUS AG	Frankfurt		FRE GR	36.98	FRESENIUS MEDIC	Frankfurt	FME GR	34.80	1.719		50.30%	\$ 59.82	\$ (22.84)
GENCOR LTD	Johannesburg		GMF SJ	490.30	IMPALA PLATINUM	Johannesburg	IMP SJ	6,182.51	0.088		45.99%	\$ 542.82	\$ (52.52)
GRUPE BRUX LAMB	EN Brussels		GBL BB	39.15	TOTAL FINA ELF SUEZ SA IMERYS SA RHODIA SA	EN Paris EN Paris EN Paris	FP FP SZE FP NK FP RHA FP	135.42 18.34 120.08 7.30	0.190 0.527 0.030 0.071		3.79% 6.53% 25.28% 5.51%	\$ 25.75 \$ 9.66 \$ 3.63 \$ 0.52	\$ (0.41)
GUS PLC	London		GUS LN	9.22	BURBERRY GROUP	London	BRBY LN	3.66	0.385		77.52%	\$ 1.41	\$ 7.82
HENKEL KGA-PFD	Frankfurt		HENS GR	67.00	CLOROX CO	New York	CLX	45.80	1.091		28.17%	\$ 49.98	\$ 17.02
BAYER HYPO-UND V	Frankfurt		HVM GR	14.61	MUENCHENER RUE-R BRAU UND BRUNNEN AGR BAG	Frankfurt Frankfurt Munich	MUV2 GR BBA GR AGR GR	133.28 49.09 5.05	0.045 0.005 0.002		13.25% 55.20% 52.70%	\$ 6.01 \$ 0.23 \$ 0.01	\$ 8.35
IGATE CORP	NASDAQ N-Mkt		IGTE	3.39	MASCOT SYSTEMS	Bombay	MSCT IN	2.05	0.468		88.35%	\$ 0.96	\$ 2.43
INTLPAPER CO	New York		IP	35.80	CARTER HOLT HARV	NZSE	CAHNZ	3.34	1.819		50.40%	\$ 6.07	\$ 29.73
KINGFISHER PLC	London		KGF LN	3.69	CASTORAMA DUBOIS	EN Paris	CY FP	66.60	0.041		67.64%	\$ 2.76	\$ 0.94
LAFARGE SA	EN Paris		LGFP	78.71	HORNBAACH HLD-PFD	Frankfurt	HBH3 GR	49.45	0.011		21.20%	\$ 0.53	\$ (0.53)
LIBERTY MEDIA-A	New York		L	8.88	LAFARGE NORTH	New York	LAF	30.65	0.291		56.17%	\$ 8.98	\$ 69.73
					ACTV INC	NASDAQ N-Mkt	IATV	0.75	0.003		15.74%	\$ 0.00	\$ 8.88
					ALLOY INC	NASDAQ N-Mkt	ALOY	10.57	0.001		7.44%	\$ 0.01	\$ (0.01)
					AOL TIME WARNER	New York	AOL	15.36	0.065		3.99%	\$ 1.00	\$ (1.00)
					ARRIS GROUP INC	NASDAQ N-Mkt	ARRS	2.75	0.003		8.29%	\$ 0.01	\$ (0.01)
					CENDANT CORP	New York	CD	12.19	0.010		2.54%	\$ 0.12	\$ (0.12)
					CORUS ENT INC-B	New York	CJR	13.47	0.003		17.54%	\$ 0.04	\$ (0.04)
					CROWN MEDIA HL-A	NASDAQ N-Mkt	CR WN	5.69	0.004		12.78%	\$ 0.02	\$ (0.02)
					IDT CORP-B	New York	IDT/B	16.12	0.004		18.97%	\$ 0.06	\$ (0.06)
					LIBERTY LIVE-A	NASDAQ N-Mkt	LWIRA	1.30	0.013		83.40%	\$ 0.02	\$ (0.02)
					LIBERTY SATT - A	OTC BB	LSITA	2.36	0.002		44.44%	\$ 0.00	\$ (0.00)
					LIBERTY SATT - B	OTC BB	LSTTB	2.25	0.013		98.75%	\$ 0.03	\$ (0.03)
					LIGHTSPAN INC	NASDAQ N-Mkt	LSPN	1.22	0.002		8.57%	\$ 0.00	\$ (0.00)
					MOTOROLA INC	New York	MOT	9.02	0.027		3.10%	\$ 0.24	\$ (0.24)
					NEWS CORP-ADR PR	New York	NWS/A	21.90	0.088		28.87%	\$ 1.93	\$ (1.93)
					OPENTV CORP	NASDAQ N-Mkt	OPTV	1.35	0.001		5.71%	\$ 0.00	\$ (0.00)
					PRIMELINE.COM	NASDAQ N-Mkt	PCLN	1.56	0.003		3.68%	\$ 0.01	\$ (0.01)
					PRIMEDIA INC	New York	PRM	2.36	0.003		3.10%	\$ 0.01	\$ (0.01)
					SPRINT CORP-PCS	New York	PCS	4.00	0.073		18.85%	\$ 0.29	\$ (0.29)
					TELEWEST COMM	London	TWT LN	0.02	0.275		25.03%	\$ 0.01	\$ (0.01)
					WIRESLESS GRP PLC	London	TWG LN	0.77	0.008		29.99%	\$ 0.01	\$ (0.01)
					USA INTERACTIVE	NASDAQ N-Mkt	USAI	26.55	0.034		20.02%	\$ 0.91	\$ (0.91)
					UNITEDGLOBALCO-A	NASDAQ N-Mkt	UCOMA	1.98	0.120		76.23%	\$ 0.24	\$ (0.24)
					VIACOM INC-B	New York	VIA/B	44.00	0.006		0.93%	\$ 0.25	\$ (0.25)
					XM SATELLITE-A	NASDAQ N-Mkt	XMSR	3.50	0.000		1.10%	\$ 0.00	\$ (0.00)
												\$ 5.21	\$ 3.67

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Parent Company	Exchange	ADR's	Bloomberg Symbol	Price (in \$)	Cave-Out/Holding	Exchange	Bloomberg Symbol	Price (in \$)	Ratio (1)	Intent To Spin (2)	0 % owned (3)	Embedded Value (4)	Residual Stub Value (5)
MDC CORP INC	Toronto		MDZACN	5.01	MAXXCOMM INC	Toronto	MAXCN	1.02	2.183	N	77.80%	\$ 222	\$ 280
MUJENHENER RUE-R	Frankfurt		MJAZGR	133.28	ALLIANZ AG-REG	Frankfurt	ALVGR	112.83	0.298	N	21.93%	\$ 33.68	\$ 99.60
NOVARTIS-REG SHS	Virt-x		NOVNVX	38.26	CHIRON CORP	NASDAQ/NMkt	CHR	40.03	0.028		41.97%	\$ 1.12	\$ 37.13
NIPPON TELEGRAPH	Tokyo		9432 JP	3,951.00	NIT DOOMO INC	Tokyo	9437 JP	1,987.87	1.958		62.96%	\$ 3,892.22	\$ 58.79
NIT DOOMO INC	Tokyo		9437 JP	1,987.87	NIT DATA CORP	Tokyo	9613 JP	3,159.15	0.030		54.19%	\$ 95.69	\$ 1,892.18
PEARSON PLC	London		PSOJLN	10.73	RECOLETOS GRUPO	Continuous	REC SW	4.46	0.118		71.92%	\$ 0.53	\$ 10.20
PHILIPS ELECTRON	EN Amsterdam		PHIAVA	17.76	TAIWAN SEMICONDU	Taipei	2330 TT	1.49	0.262		1.79%	\$ 0.39	
POWER FINANCIAL	Toronto		PWFN CN	22.07	GREAT-WEST LIFE C	Toronto	GWO CN	22.77	0.817	N	77.20%	\$ 18.61	
					INVESTORS GROUP	Toronto	IGI CN	17.25	0.403	N	56.20%	\$ 6.96	
					PARGESAB	SWX Etc	PARG SW	1,619.96	0.002	N	27.35%	\$ 2.53	
												\$ 28.10	\$ (6.03)
PRUDENTIAL PLC	London		PRULN	7.28	EGG PLC	London	EGGLN	2.43	0.329	N	79.53%	\$ 0.80	\$ 6.48
QUEBECOR INC-A	Toronto		QBR/A	10.99	QUEBECOR WORLD I	New York	IQW	25.73	0.638	N	29.11%	\$ 16.41	\$ (5.42)
REUTERS GRP PLC	London		RTRLN	3.22	INSTINET GROUP	NASDAQ/NMkt	INET	3.21	0.145		62.84%	\$ 0.47	2.31
					TIBCO SOFTWARE	NASDAQ/NMkt	TIBX	5.91	0.075		50.65%	\$ 0.44	\$ 2.31
ROCHE HLDG-GENUS	Virt-x		ROGVX	104.19	LABORATORY CP	New York	LH	25.25	0.032		14.49%	\$ 0.80	\$ 103.39
RWE AG	Frankfurt		RWEGR	31.38	HEIDELBERG DRUCK	Frankfurt	HDD GR	23.75	0.082		50.00%	\$ 1.95	
					HOCHTIEF AG	Frankfurt	HOT GR	14.03	0.075		62.18%	\$ 1.05	\$ 28.38
SIEMENS AG-REG	Frankfurt		SEGR	46.27	INFINEON TECH	Frankfurt	IFX GR	10.34	0.498		61.48%	\$ 5.15	\$ 41.12
SONERA OYJ	Helsinki		SRA1V FH	4.85	DEUTSCHE TELEKOM	Frankfurt	DTE GR	11.25	0.047		1.24%	\$ 0.52	\$ 4.33
STARBUCKS CORP	NASDAQ/NMkt		SBUX	22.94	STARBUCKS COFFEE	NASDAQ Japan	2712 JP	150.12	0.001		40.14%	\$ 0.22	\$ 22.72
SULZER AG-REG	Virt-x		SUNVX	121.32	CENTERPULSE-REG	SWX Etc	CEPN SW	178.54	2.407	Y	74.00%	\$ 429.66	\$ (308.34)
T-ONLINE INTL AG	Frankfurt NM		TO1M	7.27	COMDIRECT BANK	Beilin	COMGR	3.53	0.067	N	58.65%	\$ 0.24	\$ 7.03
TELECOM ITALIA	Milan		TIIM	8.23	TELEKOM AUSTRIA	Vienna	TKA AV	8.48	0.010		10.15%	\$ 0.08	\$ 8.14
TELEFONICA SA	Continuous		TEF SM	9.51	TERRA NETWORKS	Continuous	TRR SM	4.58	0.047		37.36%	\$ 0.21	
					TELEFONICA MOVIL	Continuous	TEM SM	7.06	0.818		91.81%	\$ 5.78	\$ 3.51
TELEPHONE & DATA	American		TDS	51.90	US CELLULAR CORP	American	USM	28.26	1.205	N	81.92%	\$ 34.05	
					DEUTSCHE TELEKOM	Frankfurt	DTE GR	11.25	2.237	N	3.13%	\$ 25.17	
					VODAFONE GROUP	London	VOD LN	1.62	0.460	N	0.04%	\$ 0.74	
												\$ 59.97	\$ (8.07)
TERRA NETWORKS	Continuous		TRR SM	4.54	LYCOS EUROPE NV	Beilin	LCY GR	0.33	0.165	N	44.00%	\$ 0.05	\$ 4.48
UNITED OVERSEAS	Singapore		UOSP	7.21	HAW PAR CORP	Singapore	HPAR SP	2.27	0.054	***	37.29%	\$ 0.12	\$ 7.08
VIVENDI UNIVERSA	EN Paris		EX FP	13.12	VIVENDI ENVIRONN	EN Paris	VIE FP	23.31	0.137		34.97%	\$ 3.19	
					ECHOSTAR COMM/A	NASDAQ/NMkt	DISH	20.59	0.046		10.00%	\$ 0.96	\$ 8.97
VODAFONE GROUP	London		VOD LN	103.43	JAPAN TELECOM IHO	Tokyo	9434 JP	2,647.75	0.000		66.70%	\$ 0.08	
					FRANCE TELECOM	EN Paris	FTE FP	12.21	0.001		4.16%	\$ 0.01	\$ 103.34
VOLVO ABB	Stockholm		VOLVSS	15.80	SCANIA ABB	Stockholm	SCV BSS	16.36	0.070		30.70%	\$ 1.14	\$ 14.67
WESTON (GEORGE)	Toronto		WINON	63.46	LOBLAW COS LTD	Toronto	LON	35.81	1.314		62.81%	\$ 47.05	\$ 16.40

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

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

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

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

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

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

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

New Arb Listing
Expected IPO Price

Spin-Off Calendar by Date

Parent	Symbol	Listed		Symbol	Announce	Record	Spin-Off	Report	Tax	
		Options	Spin-Off		Date	Date	Date	Date	Exempt	Ratio
WorldCom	WCOM	Y	MCI-Tracker	MCIT	11/01/00		06/08/01	June-01		1:25
Philip Morris	MO	Y	Kraft Foods	KFT			06/12/01	June-01		CO
FMC	FMC	Y	FMC Technology	FTI	10/31/00		06/14/01	June-01		CO/SP
Rockwell	ROK	Y	Rockwell Collins	COL	12/08/00	06/15/01	07/01/01	June-01		1:1
Equifax	EFX	Y	Certegy	CEY	10/02/00	06/27/01	07/07/01	July-01	Y	1:2
AT&T	T	Y	AT&T Wireless	AWE	12/06/99	06/22/01	07/09/01	May-01	Y	.3218:1
Cabletron / Enterasys	CS-ETS	Y	Riverstone Networks	RSTN	2/00/00	07/27/01	08/06/01	July-01	Y	.51 : 1
Bristol-Myers Squibb	BMY	Y	Zimmer Holdings	ZMH	02/22/01	07/27/01	08/07/01	July-01	Y	1:10
Thermo Electron	TMO	Y	Kadant	KAI	01/31/00	07/30/01	08/08/01	July-01	Y	.061 : 1
AT&T	T	Y	Liberty Media	L	11/15/00		08/10/01	July-01	Y	1:1
ESS Technologies	ESST	Y	ViAlta	VLTA	07/20/00	07/23/01	08/10/01	Aug-01		1.21 : 1
Millipore	MIL	Y	Mykrolis	MYK	10/03/00		08/09/01	Aug-01	Y	CO/SP
SatCon Technology	SATC	Y	Beacon Power	BCON		09/21/01	09/24/01	Oct-01	T	.117:1
SeraCare	Acquired		SeraCare Life Sciences	SRLS			09/25/01	Oct-01		2:5
Thermo Electron	TMO	Y	Viasys Healthcare	VAS	01/00/01	11/07/01	11/15/01	Sept-01	Y	.1461:1
Unitrin	UTR		Curtiss-Wright	CW	11/06/00	11/12/01	11/29/01	Nov-01	Y	.065:1
National Services Ind.	NSI	Y	Acuity Brands	AYI	06/28/01	11/16/01	11/30/01	Nov-01	Opinion	1:1
Pitney Bowes	PBI	Y	Imagistics International	IGI	12/11/00	11/19/01	12/03/01	Dec-01	Y	1:12.5
FMC	FMC	Y	FMC Technology	FTI	10/31/00	12/12/01	12/31/01	Dec-01	Y	1.72 : 1
Marathon Group	MRO	Y	US Steel	X	04/24/01		12/31/01	Dec-01	Y	1:1
Senior Housing Properties	SNH		Five Star Quality Care	FVE	09/21/01	12/17/01	12/31/01	Jan-02	T	1:10
HRPT Properties	HRP		Five Star Quality Care	FVE	09/21/01	12/17/01	12/31/01	Jan-02	T	1:100
Adelphia Comm.	ADLAE	Y	Adelphia Business Solutions	ABIZQ	11/09/01	01/08/01	01/11/02	Jan-02	Opinion	1:2
Lynch Interactive	LIC		Morgan Group	MG	08/17/01	12//18/01	01/24/02	Jan-02		1:1
Novo Nordisk	NVO		ZymoGenetics	ZGEN	09/04/01		01/31/02	Feb-02		CO
Lowe's	LTR	Y	Carolina Group	CG	10/17/01		01/31/02	Feb-02		CO-TR
Sunoco	SUN	Y	Sunoco Logistics	SXL	10/22/01		02/04/02	Feb-02		CO
Barnes and Noble	BKS	Y	GameStop	GME	08/23/01		02/11/02	Feb-02		CO
Millipore	MIL	Y	Mykrolis	MYK	10/03/00	02/13/02	02/27/02	Feb-02	Y	0.667:1
Ambassadors Int.	AMIE		Ambassador Group	EPAX	11/15/01	02/04/02	02/28/02	Feb-02	Y	1:1
Nestle SA	NESN VX		Alcon	ACL			03/20/02	March-02		CO
Citigroup	C	Y	Travelers Property	TAP.A	12/19/01		03/20/02	March-02	P	CO
Dover Downs Ent.	DVD		Dover Downs Gaming	DDE	07/25/01	03/18/02	03/31/02	March-02	Y	0.7:1
ICN Pharmaceutical	ICN	Y	Ribapharm	RNA	06/15/00		04/11/02	April-02	P	CO
Continental Airlines	CAL	Y	XpressJet	XJT	07/09/01		04/18/02	March-02		CO
Comverse Tech	CMVT	Y	Verint Systems	VRNT	04/22/02		05/15/02	May-02		CO
MarkWest Hydrocarb	MWP		MarkWest Energy Part.	MWE	01/31/02		05/21/02	June-02		CO
Procter & Gamble	PG	Y	Jif-Crisco-Spin-off JM Smucker merger	SJM	10/10/01	05/29/02	06/03/02	May-02	Y	1:50 1:1
Lucent	LU	Y	Agere Systems	AGR	06/ /00	05/03/02	06/03/02	March-01	Y	0.28:1
Goodrich	GR	Y	EnPro Industries	NPO	09/04/01	05/28/02	06/03/02	June-02	Opinion	1:5
Allergan	AGN		Advanced Medical Optic	AVO	01/22/02	06/14/02	06/29/02	May-02	Y	1:4.5
Conexant Systems	CNXT	Y	Wireless Division – Alpha merger	AHAA	12/18/01		June-02	June-02		1:1 0.351:1
SWS Group	SWS		Westwood Holdings	WHG	12/14/01	06/17/02	06/28/02	June-02	Opinion	1:4

Spin-Off Calendar by Date

Parent	Listed		Symbol	Announce Date	Record Date	Spin-Off Date	Report Date	Tax	
	Symbol	Options						Spin-Off	Exempt
Ivex Packaging	IXX		Packaging Dynamics	PKDY	03/18/02	06/28/02	07/02/02	April-02	1:5
Tyco	TYC	Y	CIT Group	CIT	01/22/02		07/02/02	Feb-02	T IPO
IMPSCO TECH	IMCO	Y	Quantum Technology	QTTW	06/14/01	07/05/02	07/23/02	August-01	P 1:1
Titan	TTN	Y	Surebeam	SURE	08/14/00	07/26/02	08/05/02	August-02	Y .65:1
Pharmacia	PHA	Y	Monsanto	MON		07/29/02	08/13/02	August-02	Y 0.17:1
Citigroup	C	Y	Travelers Property	TAP.A/B	12/19/01	08/09/02	08/20/02	August-02	Y .0433:1 .0889:1
Chugai Pharma	4519 JP		Gen-Probe	GPRO	12/10/01	07/31/02	09/16/02	Sept-02	Y 0.086:1
Yellow Corporation	YELL	Y	SCS Transportation	SCST	03/14/02	09/03/02	09/30/01	April-02	Y 1:2
Helmerich & Payne	HP	Y	Cimarex / Merger	XEC	02/25/02		09/30/02	July-02	Y 0.533:1
Reliant Energy	REI	Y	Reliant Resources	RRI	07/27/00	09/20/02	09/30/02	May-01	Y 0.79:1
Circuit City	CC	Y	CarMax	KMX	02/22/02	09/16/02	10/1/02	Aug-02	Y 0.314:1
Arch Coal	ACI	Y	Natural Resource Part-ners	NRP	04/19/02		10/11/02	Oct-02	CO
Enbridge	ENB CN		Enbridge Energy Mgm	EEQ			10/11/02	Oct-02	CO
DSP Group	DSPG	Y	Ceva-Parthus-Merger	PCVA		10/22/02	10/28/02	Oct-02	Y 1:3
St. Paul Co.	SPC		Platinum UnderWr	PIP			10/28/02	Nov-02	CO
Crown Cork & Seal	CCK	Y	Constar International	CNST	05/23/02		11/11/02	Nov-02	IPO
AT&T	T	Y	Cable/Comcast	CMCSK			11/ /02	Sept-02	Y SP/MG
Heinz	HNZ	Y	Del Monte	DLM	06/13/02		Dec-02	Nov-02	P SP/MG
Acacia Research	ACRI	Y	AR-CombiMatrix (TR)	CBMX	11/22/00		Dec	Nov02	Y 0.558:1
Plains Resources	PLX		Plains Exploration		06/21/02		Delayed	July-02	CO
Georgia Pacific	GP	Y	CP&P		03/29/02		Delayed	Oct-02	CO/SP
ICN Pharmaceutical	ICN	Y	Ribapharm	RNA	06/15/00			April-02	P SP
Palm	PALM	Y	Operating Software				1st-qtr-03	May-02	SP
Merck	MRK	Y	MedcoHealth	MHS	01/29/02		Delayed	Oct-02	CO/SP
General Motors	GM	Y	Hughes / Direct TV	DISH			4th-qtr-02		Y SP/MG
Dynegy	DYN	Y	Dynegy Energy Partner	DEP	02/25/02		2002	March-02	CO
Verizon	VZ	Y	Verizon Wireless	VZW	08/00/00				CO
DuPont	DD	Y	Textiles and Interiors		02/11/02		2002-2003	March-02	SP
Novell	NOVL	Y	Volera		02/02/01		2002	Feb-01	CO/SP
Conexant	CNXT	Y	Mindspeed Technologies		09/13/00			June-02	CO
Sea Containers	SCRA		Orient Express Hotels	OEH	07/15/00		2003	March-01	T SP/Sale
AMCOL	ACO		Nanocor Unit		12/27/00			Feb-01	SP
Corel	CORL		Linux Distribution Unit		01/23/01			Feb-01	
Elan	ELN ID		Athena	DXL	10/31/01			Nov-01	CO
Enterasys Networks	ETS	Y	Aprisma Technology	APRM	02/01/00	02/05/02	Delayed	Dec-01	0.068:1
Schlumberger	SLB	Y	NPTTest	NPTT	05/21/02			June-02	CO
Mercury Air	MAX		Mercfuel	MQ	03/07/01			August-01	CO
Motorola	MOT	Y	Propel	PRPL	06/27/00			July-00	CO
ICN Pharmaceuticals	ICN	Y	Int. Operations		06/15/00			July-00	CO
Northwest Airlines	NWAC	Y	Pinnacle Airlines	PNCL	02/25/02			July-02	CO
Fairfax Financial	FFH CN		Crum & Forster	CRUF	03/11/02		Withdrawn	April-02	CO
TRW	TRW	Y	Automotive Division		03/12/02			April-02	SP
Transocean	RIG	Y	Shallow Water				1st qtr-03	August-02	CO
HealthSouth	HRC	Y	Surgical Center		08/27/02		CXL	Sept-02	SP
Plains Resources	PLX		Plains Exploration		06/21/02		May-03	Nov-02	SP
AOL TimeWarner	AOL	Y	TimeWarner Cable					Sept-02	CO
Astronics	ATRO		Mod-Pac		09/26/02		4th-qtr-02	Oct-02	SP
American Fin. Group	AFG	Y	Infinity Property & Cas.		10/09/02			Nov-02	CO
TMP Worldwide	TMPW	Y	Professional Staffing		10/21/02		March-03	Nov-02	P SP
Brookfield Properties	BPO		U.S. Homebuilding		10/29/02	12/20/02	12/31/02	Nov-02	1:5

Foreign Spin-Off Calendar by Date

Parent	Symbol	Spin-Off	Symbol	Announce	Spin-Off	Report	Tax
				Date	Date	Date	Exempt Ratio
Telefonos de Mexico	TMX	America Mobile	AMX	09/27/00	02/07/01	Oct-00	SP
France Telecom	FTE FP	Orange	OGE FP		02/16/01	Jan-01	CO
Sony	SNE / 6758 JP	Internet Unit	67585 JP	11/ /00	06/20/01	Dec-00	TR
Alcatel	CGE FP	Nexans	NEX FP			July-01	IPO
McDonald's	MCD	McDonald's Japan	2702 JP			July-01	CO
Sulzer	SUN VX	Sulzer Medica	SMEN VX	07/09/01	07/10/01	August-01	2:1
Kingfisher	KGF LN	Woolworths Group PLC	WLW LN	08/24/01	08/28/01	August-01	1:1
Industriforvaltnings AB Kinnevik	KINVA SS	Transcom	TWWB SS TWWA SS		09/06/01	October-01	.65:1 .35:1
United Pan-Europe	UPCOY	Priority Telecom	PRIOR NA	08/14/01	09/27/01	October-01	CO
Canadian Pacific	CP	PanCanadian Petroleum	PCX		10/09/01	Sept-01	0.684:1
		Fording	FDG		10/09/01	Sept-01	0.166:1
		Canadian Pacific Rail	CP		10/09/01	Sept-01	0.50:1
		CP Ships	TEU		10/09/01	Sept-01	0.25:1
		Fairmont Hotels	FHR		10/09/01	Sept-01	0.25:1
Starbucks	SBUX	Starbucks Japan	2712 JP		10/10/01	October-01	CO
British Telecom	BT/A LN	mmO2	OOM LN	11/ 15/00	11/19/01	Nov-01	1:1
ENI Spa	ENI IM	Snam Rete Gas	SRG IM		12/06/01	Dec-01	CO
Zurich Financial	ZURN VX	Converium	CHRN SW		12/10/01	Dec-01	IPO
LG Investments	6657 KS	LG Electronics	0261 KS		04/01/02	March-02	1:9
EMI		HMV Group	HMV LN		05/09/02	May-02	CO
DePfa	DEF GR	Aareal	ARL GR		06/06/02	July-02	1:1
Royal Vopak	VPK NA	Univar	UNIVR	04/22/02	07/01/02	July-02	1:2
Great Universal	GUS LN	Burberry	BRBY LN	11/10/00	07/12/02	July-02	CO
BHP Billiton	BHP AU	BHP Steel	BSL AU	12/10/01	07/25/02	June-02	1:5, IPO
Candian Natural Res.	CNQ CN	Rio Alto International	RXI	05/13/02	07/31/02	June-02	1:1
Natra	NAT SM	Natraceutical		06/18/02	10/07/02	Oct-02	1:1
TV Azteca	TZA-ADR	Unefon SA	UNEFONA	11/15/00	Oct-02	Sept-02	0.37:1
WMC	WMC AU	Alcoa World Alumina		11/21/01	12/04/02	Sept-02	P SP
Mayne	MAY AU	Loomis Logistics		05/30/02	12/02/02	Oct-02	SP
Vivendi	EX FP	Game Unit		10/03/02	2003	Oct-02	CO
Six Continents	SXC LN	Pub unit		09/20/02	April-03	Oct-02	SP
Kingfisher	KGF	Electrical (Electronics)		05/14/02	May-03	April-02	IPO
Psion	PON LN	Symbian		08/08/00		Sept-00	CO
Roche Holdings	ROG SW	Vitamins			Sold	Sept-02	Sold
Deutsche Telekom	DTE GR	T- Mobile	TMO GR	01/25/00			CO
Lufthansa	LHA GR	SkyChefs		07/23/01		August-01	CO
Grupo Carso	GCARSOA1	CompUSA		09/04/01		October-01	SP
Fiat	FIN IM	Ferrari		05/ /02	2003	June-02	CO
Marconi	MONI LN	Strategic Comm.		05/16/02		June-02	CO
NEC	6701 JP	Semiconductor Business		05/16/02		June-02	SP
Volvo	VOLVB SS	Scania	SCVB SS	06/ /02		July-02	SP/ Sale
Enel	ENEL IM	Telephone Unit		06/18/02		August-02	CO/SP
Mysis	MSY LN	Finance Unit		07/18/02		August-02	CO
United Overseas Bank	UOB SP	Haw Par	HPAR	10/14/02		Nov-02	.0408:1