



SPIN-OFF ADVISORS, L.L.C.

August 2000
Volume IV Issue 8

Joe Cornell, CFA

Mark Minichiello

Kevin P. Hare, CPA

Karl Landa

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

www.spinoffadvisors.com

SPIN-OFF RESEARCH

Table of Contents

	Page
◆ Review of Second Quarter Spin-Off Activity	2
◆ Updates: Aetna (AET) /Healthcare	7
Cablevision (CVC) / Rainbow Media	8
Flowers (FLO) / Keebler (KBL)	9
HNC Software (HNCS) / Retek (RETK)	11
Mips (MIPS) vs Mips (MIPSB)	13
Southern Company (SO) / Southern Energy (SOE) ...	14
Ucar (UCR) / Graftech (GRAF)	16
Williams (WMB) / Williams Communications (WCG) ...	17
◆ Spin-Off Announcement Calendar	19
◆ Fresh Spin-Off Situations:	
American Online (AOL) / American Online Latin (AOLA) ...	21
Actuant (Formerly Applied Power) (ATU) / APW (APW)	23
BRE Properties (BRE) / VelocityHSI (VHSI)	25
Chronimed (CHMD) / MEDGenesis (MDGN)	26
EMC (EMC) / McDATA (MCDT)	27
Sea Container (SCR.A,B) / Orient Express Hotels (OEH)	28
Tyco (TYC) / TyCom (TCM)	29
◆ Recently Announced Spin-Offs:	
Ceridian (CEN) / Arbitron	31
Computer Associates (CA) / Software and Service Business	32
ESS Technology (ESST) / Vialta	34
Marshall & Ilsley (MI) / Metavante	36
Qualcomm (QCOM) / Chip Business	39
Reliant (REI) / Energy Business	41
Saks (SKS) / Saks Fifth Ave Enterprises	43
◆ Fresh Foreign Spin-Off Situations:	
Vivendi (EX.PA) / Vivendi Environment (VEL.PA)	44
◆ Announced Foreign Spin-Off Situations:	
Alcatel (ALA) / Optoelectronics	45
Nycomed () / APBiotech	46
◆ Potential Spin-off's	47
◆ Potential Spin-Off Watch List	49
◆ Company Snapshots	50
◆ Implied Values	63
◆ Spin-Off Calendar by Date	65

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

Review of Second Quarter Spin Activity

The activity in the spin-off world subsided somewhat in the second quarter. In the first quarter of 2000, there were 48 new spin-offs announced (versus 70 announced in total for all of 1999). In the second quarter of 2000, 27 spin-offs were announced bringing the year-to-date total to 75 (eclipsing the total number in 1999). A total of 15 companies were spun-off in the quarter (7 IPO carveouts and 8 pure spins).

Second Quarter Announced Spin-Offs

Spin % Change to August 8

PARENT / SPINOFF

America Online (AOL)/ America Online Latin America	August 8	IPO-\$8	5.4%
Apollo (APOL)/ Phoenix Online (Tracking Stock)			
Eaton (ETN)/ Axcelis Technologies (ACLS)	July 11	IPO-\$22	(29.3%)
EMC (EMC)/ McData			
Fisher (FSH)/ Alchematrix			
Fluor (FLR)/ Massey Energy			
Ford (F)/ Visteon (VC)	June 28 th	Dist. \$13 5/16	16.0%
Global Crossing (GBLX)/ Global Center (Tracking Stock) /Asia Global Crossing			
Verizon (VZ)/ Genuity (GENU)	June 28	IPO-\$11	(19.8%)
ICN Pharmaceutical (ICN)/ Ribapharm / International Operations			
Kroll O'Gara (KROG) / Trivestiture Planned			
Lucent (LU) Avaya / Microelectronics			
Motorola (MOT) / Propel			
Northern States Power (NSP) / NRG Energy (NRG)	May 31-	IPO-\$15	38.6%
Phillip Morris (MO) / Kraft			
Sara Lee (SLE) / Coach / PYA-Monarch			
Southern Co.(SO) / Southern Energy			
SPX (SPW) Inrange Technologies			
Sybron (SYB) / Dental Group			
Transaction Systems Architects (TSAI) / Insession Tech			
Triarc (TRY) / Snapple Beverage Group			
UCAR (UCR) / ContentGuard			

Second Quarter Spin-offs

Spin Change to August 8

AT&T (T) / Wireless Tracker (AWE)	Carveout	April 27 IPO	\$29.50	(8.5%)
Autonation (AN) / ANC Rental (ANCX)		June 30 Dist.	\$ 4.75	36.8%
BCE (BCE) / Nortel (NT)		May 2 Dist.	\$57.53	39.2%
C-Cube (merged) / Cube Semiconductor (CUBE)		May 4 Dist.	\$21.81	(16.7%)
Delta Woodside (DLW) / Duckhead (DHA)/ Delta Apparel (DLA)		June 30 Dist.	\$2.25	(55%)
		June 30 Dist.	\$8.75	8.6%
Deluxe (DLX) / eFunds (EFDS)	Carveout	June 27 IPO	\$13	(25.4%)
Ford (F) / Visteon (VC)		June 29 Dist.	\$13.75	12.2%
Great Lakes Chemical (GLK) / OSCA (OSCA)	Carveout	June 15 IPO	\$15.50	(20%)
IGate (IGTE) / Mascot Systems (India Listing)	Carveout	June 12 IPO	\$11	(47%)
Methode Electronics(METHA)/Stratos Lightwave (STLW)	Carveout	June 27 IPO	\$21	68%
Northern States Power (NSP) / NRG Energy (NRG)	Carveout	May 31 IPO	\$15	38.6%
Orckit (ORCT) / Tioga Technologies (TIGA)		July 5 Dist.	\$15.50	56.8%
Silicon Graphics (SGI) / MIPS Technologies (MIPS) Class B		June 21 Dist.	\$32.87	34.6%
Verizon (VZ) / Genuity (GENU)	Carveout	June 28 IPO	\$11	(19.8)

We culled two situations from the second-quarter spin universe that we found intriguing. One, **eFunds (NASDAQ:EFDS) was carved out of Deluxe in an IPO on June 27th at \$13 per share. Now it is at \$9 11/16.** The company sold 5.5 million shares to the public. Deluxe retained about 86% of eFunds. It is expected that eFunds will be “split-off” from Deluxe (the largest check printer in the world) by November through an exchange offer. Despite the dot.com sounding name, eFunds is not a no-revenue, no-earnings start-up. A provider of payment-transaction processing and risk management services, eFunds is expected to earn \$0.23 a share in 2000 and \$0.80 or so in 2001, up from \$0.10 last year. Revenues are expected to total \$411 million year and exceed \$500 million next year, up from \$306 million in 1999. Among their blue-chip customers are Citibank, Bank of America, Wells Fargo and Wal-Mart. The company is one of the big third party processors of debit transactions at automated teller machines and point-of sale terminals. If the company can earn \$0.80 in 2001, it is trading at 12 projected earnings. The shares of First Data, Concord EFS, and Fiserv are all trading at earnings multiples north of 20.

eFunds operates three principal businesses: electronic payments; professional services; and government services. Through the Electronics Payments segment, eFunds provides debit and ATM transaction processing services, check verification services and related risk management products. Through the Professional Services Unit, eFunds provides IT consulting and business process management services. Through Government Services, eFunds provides electronic benefits transfer services (EBT). Transaction Processing and Service Fees are recognized in the period that the service is performed. Services include processing customers' electronic debit transactions through electronic funds transfer networks and settling the funds with the financial institutions involved in the transactions. Because of the contractual nature of eFunds' businesses, a substantial portion of the company's revenue is recurring, enhancing the predictability of revenue and earnings.

An alternative to purchasing shares in eFunds directly is to buy Deluxe. Parent company Deluxe has .55 worth of eFunds embedded in each share (40M/72M DLX shares out). At current prices this translates into \$5.32 worth of eFunds for each share of Deluxe. This implies that the core check printing business is being valued at \$16.55 a share or \$1.2 billion. Deluxe expects to distribute all of its shares of eFunds common stock to its shareholders through an exchange offer. Deluxe shareholders would exchange their Deluxe shares for shares of eFunds common stock that Deluxe owns. The split off is subject to Deluxe receiving a private letter ruling from the Internal Revenue Service on its request that the split-off will be tax-free.

Split-Off Mechanics

In a split-off, the investor must decide between the new company and the parent. What's more, in an effort to induce enough shareholders to swap stock, investors are offered shares in the subsidiary that are worth more than the shares being returned to the parent company. This offered “premium” is tantamount to free money and explains why split-offs are often oversubscribed. Split-offs take some finesse in determining the exchange ratio. The parent would like to set the exchange ratio so that just enough shareholders want the new spinco. If the exchange offer is too stingy, the split-off shares will have no takers. If it is too charitable, then all of the parent's shareholders will rush to participate, and the shares will have to be allocated pro rata (which was the case in the recent GM/GMH split-off). From the parent's point of view there isn't any major difference between a split-off and a spin-off. Either way the parent can separate itself from a division without incurring a corporate capital gains tax. When the dust settles, the split-off leaves the parent with somewhat fewer shares outstanding. The maneuver is akin to a stock buyback without any cash outlay.

Valuation Snapshot

Deluxe / eFunds					
Deluxe (DLX) 651-483-7111			eFunds (EFDS) 651-483-7111		
Current Price	\$ 22.00		Current Price 00-EPS est.	\$ 9.75	\$0.22 44.3X
Shares Out (000)	67,700		Shares Out / Float	46,250	6,250
Market Cap. (000)	\$1,489,400		Market Cap. (000)	\$ 450,938	
Enterprise Value	\$1,516,067		Enterprise Value	\$ 377,038	
Sales 12 Month Trailing	\$1,640,850		TTM Sales Price /Sales	\$ 301,000	1.5 X
Book Per Share	\$ 7.35		Book Value Price /Book	\$ 5.99	1.62 X
Insider / Inst. Held	18%	65%	Insider / Inst. Held	88%	0%
Short Int. / ratio	0.803	2.502	Short Int. / ratio	1.22	2.268
52 Week Range	21.18 - \$38.12		52 Week Range	\$8.87 - \$14	
Deluxe ownership of eFunds		With eFunds		Without eFunds	
Shares owned (000)	40,000	Price-to-Sales	0.91 X	Price-to-Sales	0.82 X
Ratio Per Deluxe share	0.5908	Price-to-Book	2.99 X	Price-to-Book	4.26 X
Value Per Deluxe share	\$5.76	Price/Earnings	8.4 X	Price/Earnings	6.52 X
Deluxe Stub Value	\$16.23	Price/EBITDA	4.04 X	Price/EBITDA	3.14 X
Economic Interest	86%	Enterpr./EBITDA	4.11 X	Enterpr./EBITDA	3.45 X
Deluxe Relationship with eFunds			Deluxe / eFunds Spread Relationship		
Intend to Spin	Yes/Split		40 Day Average		
IRS Tax Free Ruling	Pending		40 Day Variance		
Record Date / Distr. Date		Oct/Nov	40 Day St. Dev.		
eFunds IPO Date / Price	6/26/00	\$13	40 Day Correlation		
IPO-Lockup Expires	10/1/00				
Shares to Distribute / Float	6.4 X				
Daily Graph					
<div style="display: flex; justify-content: space-around; align-items: center;"> — Implied Deluxe — Deluxe - - - eFunds </div>					
<p>Deluxe Corporation is a provider of integrated risk management, electronic transaction services and paper payments to the financial services and retail industries. The Company's operations are conducted by the Company and 25 subsidiaries. During 1999, the Company classified its operations into four business segments: Paper Payment Systems, Electronic Payment Solutions, Professional Services and Government Services.</p> <p>eFunds is a provider of electronic payment processing services and Internet electronic funds transfer software transaction services. Developer of electronic funds transfer software called Connex(tm); credit card management software, Select(tm); an direct banking software, Architect(tm). The company also provides data processing services. The software runs on Tandem and IBM mainframes. Products and services are provided to financial institutions, grocers, the government and the retail industry.</p>					

Methode/Stratus

Another intriguing situation is a recent carveout from Methode. On June 27th, Methode carved out 10 million shares of Stratos Lightwave (STLW) in an IPO at \$21 a share (raising \$184 million). Stratos is now trading at \$35 5/16 (as of 8/9/00 close) for a market value of \$2.2 billion. Methode Electronics (METHA), which still owns 84% of Stratos is trading at \$46, or \$1.64 billion. Methode plans to distribute its ownership in Stratos. If the spin is completed at current ownership levels, **Methode shareholders would receive 1.52 shares of Stratos for every share owned in Methode.** This means that each share of Methode has \$53.67 of Status embedded, suggesting the stub business is being valued at negative \$7.67 per share. ($\$46 - 53.67 = -7.67$). If we value the core Methode business at 1x 2001 projected sales, we see the stub is valued at \$10.56 a share. This implies that the sum of the Methode is worth about \$64 ($\$10.50 + 53.50 = \64). **We would view the purchase of Methode as the cheaper method to access exposure to the fast growing Stratos.** In addition, you get the parent as a “throw-in”. We also think it makes a good “paired” trade (i.e., Buy a share of Methode and sell short 1.52 shares of Stratos). **This would create the core stub business at a negative \$7.67.** The caveat is Stratos is currently difficult to borrow. Stratos options now trade, thus it is possible to short synthetically, but the premiums are expensive.

Methode makes electronic components such as connectors, and systems for automotive electronic controls. Their products are used by manufacturers of electronic equipment, cars, computers, voice and data communications equipment, industrial systems and consumer electronics. **Stratos Lightwave develops manufactures and sells optical transceivers, fiber optic connectors and optical subassemblies.** These interconnect products are used in a number of different high data rate networking, data storage and telecommunications applications, including local area networks, storage area networks, metropolitan area networks and

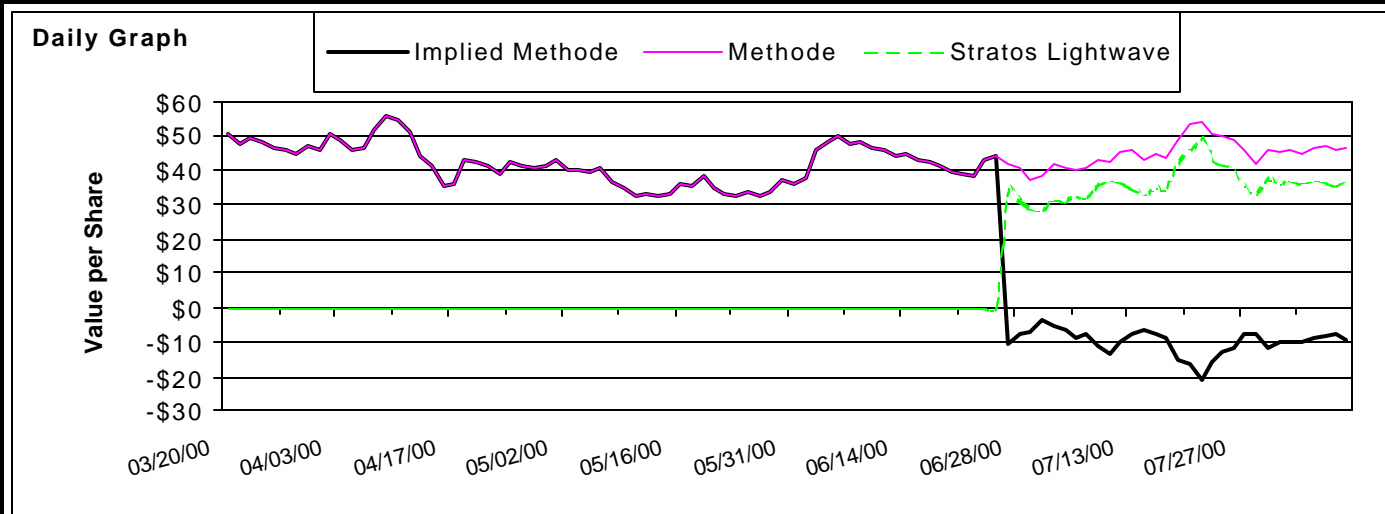
wide area networks. Storage Area Networks are a flexible way to connect servers to storage devices. Stratos produces about 70% of its sales from optical transceivers and around 30% from fiber optic connectors and assemblies. Stratos' served markets are growing at 50% per year, driven by demand for bandwidth and the increasing use of fiber optic technology.

Stratos is profitable. Sales have increased at an average annual rate of nearly 50% since F1996 (April) to about \$72 million while net income has grown from roughly breakeven to about \$4 million over the same period. It is expected that sales will rise in F2001 to \$115 million (up more than 50% from \$72 million). Thus, **Stratos is trading at 20 times expected sales.** Stratos competes with a number of larger companies such as Agilent, Finisar, Infineon, Molex and IBM in transceivers as well as AMP (a division of Tyco), Infineon, Lucent, and Molex in fiber optic connectors and assemblies. In fiscal 2000, Stratos' three largest customers accounted for 44% of total sales, Cisco, Nortel Networks, and Alcatel (26%, 10% and 8% respectively).

Recently, Stratos Lightwave announced a major capacity expansion in order to support the demand for the company's optical transceivers and fiber optic connectors. Stratos has acquired 50,000 square feet of manufacturing capacity that is located adjacent to its headquarters in Chicago. Currently, Startos has about 70,000 square feet in Chicago and around 100,000 square feet elsewhere (Florida, the U.K. and China). The additional space will be used to increase its Gigabit speed transceiver unit capacity by 50% by the end of October 2000 and to double capacity in these products from levels by the end of calendar 2000. They will also expand their fiber optic connector and assembly capacity by about 200% in unit terms by year-end. Stratos also announced that its backlog had increased by about 88% during the past quarter to \$47 million in FQ1 (July) from about \$25 million in FQ4 (April).

Valuation Snapshot

Methode / Stratos Lightwave					
Methode (METHA)		708-867-9600		Stratos Lightwave (STLW)	
Current Price	\$ 46.69			Current Price 00-EPS est.	\$ 36.81 \$0.22 167.3X
Shares Out (000)	35,500			Shares Out / Float	64,092 10,063
Market Cap. (000)	\$1,657,406			Market Cap. (000)	\$ 2,359,387
Enterprise Value	\$1,437,506			Enterprise Value	\$ 2,177,937
Sales 12 Month Trailing	\$ 422,000			TTM Sales Price /Sales	\$ 71,785 32.87 X
Book Per Share	\$ 13.18			Book Value Price /Book	\$ 3.03 12.16 X
Insider / Inst. Held	33%	68%		Insider / Inst. Held	86% 1%
Short Int. / ratio	0.514	0.401		Short Int. / ratio	3.205 0.64
52 Week Range	\$13.5 - \$66.43			52 Week Range	\$26 - \$56.12
Methode ownership of Stratos Lightwave		With Stratos Lightwave		Without STLW per share multiple	
Shares owned (000)	54,029	Price-to-Sales	3.93 X	Price-to-Sales	\$9.86 0 X
Ratio Per Methode share	1.5219	Price-to-Book	3.54 X	Price-to-Book	\$8.57 0 X
Value Per Methode share	\$56.02	Price/Earnings	39.57 X	Price/Earnings	\$0.84 0 X
Methode Stub Value	\$-9.33	Price/EBITDA	27.82 X	Price/EBITDA	\$1.5 0 X
Economic Interest	84%	Enterpr./EBITDA	24.14 X	Enterpr./EBITDA	[REDACTED]
Methode Relationship with Stratos Lightwave			Methode / Stratos Lightwave Spread Relationship		
Intend to Spin	Yes		40 Day Average	[REDACTED]	
IRS Tax Free Ruling	Pending		40 Day Variance	[REDACTED]	
Record Date / Distr. Date	[REDACTED]	Dec-00 /April-01	40 Day St. Dev.	[REDACTED]	
Stratos Lightwave IPO Date	6/27/00	\$21	40 Day Correlation	[REDACTED]	
IPO-Lockup Expires	12/23/00				
Shares to Distribute / Float	5.4 X				



Methode Electronics, Incis engaged in the manufacture of electronic components and devices that connect, control and convey electrical energy, pulse and signal including connectors, automotive components, interconnect devices, printed circuits, and current carrying distribution systems. Components and devices manufactured by the Company are used in the production of electronic equipment and other products with applications in the automotive, computer, voice and data communications equipment, industrial, military and aerospace, and consumer electronics industries. The Company's products are sold primarily to original equipment manufacturers (OEMs) and also to independent distributors.

Stratos Lightwave develops, manufactures and sells optical subsystems and components for high data rate networking, data storage and telecommunication applications. Optical subsystems convert electronic signals into optical signals and back into electronic signals. These optical subsystems are designed for use in local area networks (LANs), storage area networks (SANs), metropolitan area networks (MANs), wide area networks (WANs) and central office networking in telecommunication markets.

Company Update

Aetna to Spin-Off Health Care

On July 20th, Aetna (NYSE: AET) announced plans to sell its financial services and international businesses to ING Group in a transaction valued at approximately \$7.7 billion, consisting of approximately \$5 billion in cash and the assumption of approximately \$2.7 billion in debt. Aetna's announcement ends a three month battle to remain independent. Under the agreement, Aetna will spin-off a new health business to shareholders, which will include Aetna U.S. Healthcare, Group Insurance and Large Case Pensions, as well as Aetna Global Benefits. The parent company and its remaining subsidiaries, which include the financial services and international businesses, will merge with a subsidiary of ING.

Aetna shareholders will receive one share in the new health company, and approximately \$35 per share in cash. The deal is expected to close by year end and presently values the healthcare spin-off at \$24 per Aetna share ($\$59 - \$35 = \24). Presently, Aetna has 142 million shares outstanding giving the new health company a market value of \$3.4 billion and will retain about \$1.5 billion in debt. New "Aetna" believes they will maintain an investment grade rating. The transaction will be taxable to shareholders.

Recent results

On August 3rd, Aetna reported second quarter operating earnings of \$134.0 million, or \$0.94 per common share, compared with \$160.9 million, or \$1.03 per common share, for the second quarter of 1999. These results were in line with Aetna's downward revised earnings estimates. Aetna's U.S. Healthcare, which provides a full spectrum of managed health care, indemnity and group insurance products, reported operating earnings of \$74.0 million, compared with \$104.1 million for the second



quarter of 1999. During the quarter, increases in Aetna U.S. Healthcare's commercial HMO medical costs rose approximately 10 percent over the second quarter of 1999, primarily due to higher-than-anticipated utilization. The increase appears to be company specific and not industry wide.

The new Aetna will remain the nation's largest health care benefits company, with 19.5 million health members, 14.8 million dental members and 11.5 million group life insurance members. The earnings of the new company are still somewhat difficult to pin down, but estimates suggest they could earn potentially up to \$2.81 in 2001, implying an 8.5x P/E. We believe these estimates are probably on the high side given the many challenges the new Aetna will face. New Aetna will also face a higher borrowing cost. This EPS multiple may seem somewhat lower to Aetna's peer group, but the discount is probably warranted given the uncertainty of their turnaround. Aetna has about \$9 billion in goodwill that will probably remain with health care (\$430 million annually, \$3.02 per share). Management has indicated that they will file a form 10 for health care in September.

Aetna (AET)			
Price (8/7/00)	\$59 1/2	Fiscal Year	December
Shares Outstanding	142 M	Book Value , Price/Book	\$ 79.67 , .75 X
Market Capitalization	\$8,449 M	EPS 2000E , P/E	\$ 4.07 , 14.6X

Company Update

Cablevision Announces Rainbow Media Tracker

On August 9th, Cablevision Systems Corporation (NYSE: CVC) announced that the company has filed preliminary proxy materials with the SEC describing a series of Cablevision common stock to be called Rainbow Media Group, which will track the performance of certain programming assets held by Rainbow Media Holdings, Inc. The Rainbow Media Group tracking stock will be issued in two series, mirroring Cablevision's equity composition with class A and class B common shares. When issued, the class A is expected to trade on the NYSE under the symbol "RMG". The distribution of the tracking stock to holders of Cablevision common stock is currently expected to be at a ratio of one RMG share for every two shares of CVC held. In connection with the tracking stock issuance, Cablevision has agreed to permit NBC, which currently owns 26% of the common stock of Rainbow Media Holdings, to exchange its interest in Rainbow Media Holdings for 34% of the shares of the Rainbow Media Group tracking stock. Issuance of the tracking stock is subject to the approval of Cablevision's board of directors and shareholders.

Rainbow Media Group will include American Movie Classics, Bravo, Independent Film Channel, Romance Classics, MuchMusic USA, and Rainbow Sports. **American Movie Classics (AMC)**, is one of the top basic cable services in the United States based on its audience reach approximately 73 million households representing more than 90 percent of America's cable homes. AMC features classic, unedited, uncolored films produced between the 1930s and 1980s, and produces a diverse blend of original programming, including series, specials and mini-documentaries. **The Independent Film Channel (IFC)** is the first program service dedicated to films developed outside of the Hollywood studio system. Through its IFC Productions, IFC also provides funding for director-driven independent feature films. Rainbow launched **Romance Classics** in 1997 as a 24-hour network providing "time out" television for women. The network reaches 33 million households, an increase



of 61 percent since the end of 1998. **MuchMusic USA** reaches 18 million households with an all-music-all-the-time format including original television shows, live concerts, and broadband content. Rainbow Media Group will also hold Rainbow Network Communications (a network programming origination and distribution company), Rainbow's 50% interest in National Advertising Partners (which provides advertising representation services for FOX Sports Net). A Cablevision tracking stock, such as Rainbow Media Group, represents an interest in Cablevision and is not a direct interest in the businesses and interests included in the Rainbow Media Group. Dividends, entitlements in the event of a merger or similar transaction and rights in liquidation will not necessarily be related to the performance of the Rainbow Media Group.

Cablevision Systems is one of the nation's leading entertainment and telecommunications companies. Its cable television operations serve more than 3.4 million households located primarily in the New York metropolitan area, but as well as in Boston and Cleveland. The company's telecommunications offerings include Lightpath (an integrated business communications services) and high speed Internet service. In addition to the company's Rainbow Media Holdings subsidiary, Cablevision owns a controlling interest in Madison Square Garden and its sports teams (Knicks, Rangers, and the Liberty). The company also operates Radio City Music Hall, Clearview Cinemas and the Wiz, an electronics chain in the New York area.

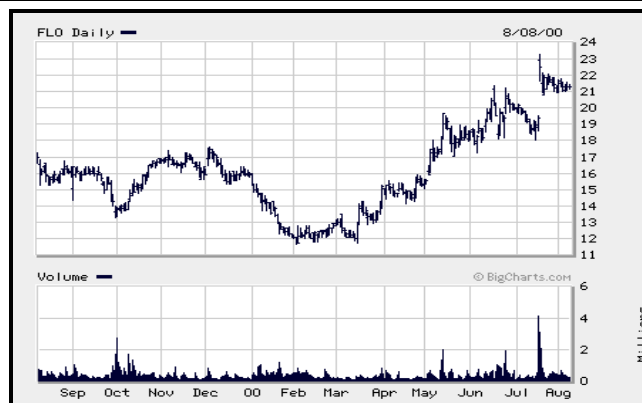
Company Update

Flowers to Explore Strategic Alternatives

On July 18th, Keebler Foods (NYSE: KBL) and its majority shareholder Flowers Industries Inc. (NYSE: FLO) said that their respective boards have authorized them to explore strategic alternatives for each of the companies to maximize shareholder value. Flowers said it has retained Morgan Stanley Dean Witter and UBS Warburg as financial advisers to assist in the review of such alternatives. Keebler said it intends to form a special committee comprised of outside independent members of its board of directors to review any transaction that may be presented. Flowers, which owns 55 percent of Keebler, is looking to boost its stock price.

Flowers' board also said it plans to spin off its non-Keebler assets to Flowers' shareholders. Such assets include Flowers Bakeries and the Mrs. Smith's Bakeries units. The plan expects the spin-off to be completed simultaneously with any transaction involving Flowers and Keebler. The plan could include the sale of popular cookie and snack maker Keebler, according to the press release. Keebler shares reacted to the news by leaping \$9.00, or about 25%, to \$44.38. Shares of Flowers did not take quite as dramatic a leap, climbing \$2.69 to \$22.06. Flowers, which makes Mrs. Smith's pies and Nature's Own bread, said it wants to "unlock the value" of its majority stake in Keebler by offering it to potential acquirers in the rapidly-consolidating food industry. The companies plan to complete any transaction by year-end.

The Thomasville, Georgia based **Flowers Industries**, which makes and distributes baked goods, is the largest shareholder of Keebler. Flowers is also a holding company that owns all of the outstanding common stock of Flowers Bakeries, Inc. and Mrs. Smith's Bakeries, Inc. The company is one of the largest nationally branded producers and marketers of a full line of baked foods in the United States. The products of the company's three

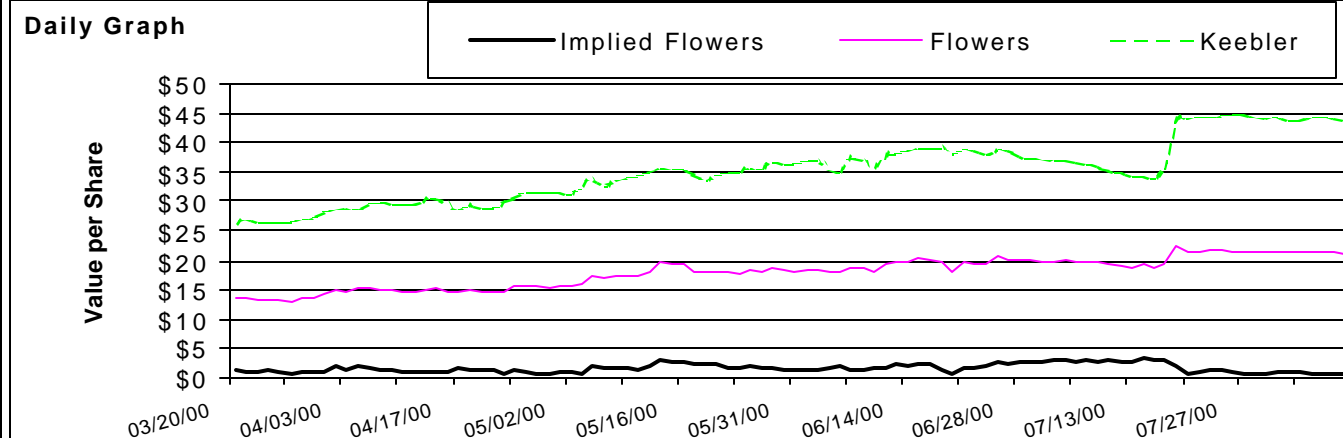


segments include Flowers Bakeries' fresh breads and rolls, Mrs. Smith's Bakeries' fresh and frozen baked desserts, snacks, breads and rolls, as well as Keebler's cookies and crackers.

Keebler, based in Elmhurst, Ill., is the No. 2 cookie and cracker maker behind Nabisco. The company is widely known for its advertising campaign featuring the Keebler elves. Keebler has owned the Augusta bakery, which makes Murray and Famous Amos brand cookies, since it purchased President Baking Co. in 1998 for \$450 million. The Keebler-Flowers announcement on Tuesday came just weeks after the completion of several large food company acquisitions. General Mills said it will buy Pillsbury, owner of the Green Giant vegetable and Haagen-Dazs ice cream brands, from London-based food and drinks conglomerate Diageo PLC for \$5 billion in stock. Philip Morris Co. also announced it will pay \$15 billion for Nabisco Holdings Corp. Additionally, Unilever agreed to buy Bestfoods for \$20 billion.

Valuation Snapshot

Flowers / Keebler						
Flowers (FLO)		912-226-9110	Keebler (KBL)		630-833-2900	
Current Price	\$ 21.13		Current Price 00-EPS est.	\$ 43.81	\$1.81 24.2X	
Shares Out (000)	100,000		Shares Out / Float	84,300	38,200	
Market Cap. (000)	\$2,112,500		Market Cap. (000)	\$ 3,693,394		
Enterprise Value	\$3,600,810		Enterprise Value	\$ 4,044,454		
Sales 12 Month Trailing	\$3,311,390		TTM Sales Price /Sales	\$ 2,671,600	1.38 X	
Book Cash Per Share	\$ 5.45	\$0.01	Book Value Price /Book	\$ 5.29	8.28 X	
Insider / Inst. Held	14%	45%	Insider / Inst. Held	74%	40%	
Short Int. / ratio	2.961	4.367	Short Int. / ratio	1.659	5.058	
52 Week Range	11.68 - \$23.25		52 Week Range	\$21.75 - \$45.06		
Flowers ownership of Keebler		With Keebler		Without Keebler		
Shares owned (000)	46,100	Price-to-Sales	0.64 X	Price-to-Sales	\$6.39 0.14 X	
Ratio Per Flowers share	0.4610	Price-to-Book	3.88 X	Price-to-Book	\$3 0.3 X	
Value Per Flowers share	\$20.19	Price/Earnings	28.94 X	Price/Earnings	\$-0.1 -8.88 X	
Flowers Stub Value	\$0.92	Price/EBITDA	5.24 X	Price/EBITDA	\$0.3 0 X	
Economic / Voting Interest	55% / 55%		Enterpr./EBITDA	8.94 X	Enterpr./EBITDA	30.5 X
Flowers Relationship with Keebler			Flowers / Keebler Spread Relationship			
Intend to Spin	Sell		40 Day Average	\$ 1.98		
IRS Tax Free Ruling			40 Day Variance	\$ 0.80		
Record Date / Distr. Date			40 Day St. Dev.	\$ 0.89		
Keebler IPO Date / Price			40 Day Correlation	0.91		
IPO-Lockup Expires						
Shares to Distribute / Float	1.2 X					



Flowers Industries, Inc. is a holding company that owns all of the outstanding common stock of Flowers Bakeries, Inc. and Mrs. Smith's Bakeries, Inc., and owns a majority of the outstanding common stock of Keebler Foods Company. The Company is one of the largest nationally branded producers and marketers of a full line of baked foods in the United States. The products of the Company's three segments include Flowers Bakeries' fresh breads and rolls, Mrs. Smith's Bakeries' fresh and frozen baked desserts, snacks, breads and rolls, as well as Keebler's cookies and crackers.

Keebler Foods Company is a cookie and cracker manufacturer. Keebler markets a majority of its products under well-recognized brands such as KEEBLER, CHEEZ-IT, CARR'S and FAMOUS AMOS. The Company is a licensed supplier of Girl Scout cookies and produces cookies, crackers, custom-baked products for several markets. The Company also manufactures a variety of custom-baked products for other marketers of branded food products. In addition, the Company is a manufacturer of retail branded ice cream cones and a major producer of retail branded piecrusts. The Company produces custom-baked products for other marketers of branded food products.

Company Update

HNC Software Finalizes Retek Spin-Off

HNC Software (NASDAQ: HNCS) announced that it has declared a dividend on HNC common stock of all the shares of Retek (NASDAQ: RETK) common stock that HNC owns. HNC will distribute the Retek shares on or about September 29 to those HNC stockholders who are holders of record on September 15. On August 7, HNC received a private letter ruling from the IRS that HNC's dividend of its shares of Retek stock will be tax-free to HNC and its shareholders. HNC has also accelerated the vesting of 25% of its outstanding stock options that would have been unvested as of September 15 to allow its option holders the opportunity to participate in the receipt of the dividend. As a result, options to purchase 2.8 million shares of HNC common stock will be vested and exercisable between now and September 15. HNC also has \$100 million of convertible notes that the holders could convert into about 2.2 million shares of common stock before September 15. Currently, HNC owns 40 million (85.2%) of Retek's outstanding common stock. As of August 7, each shareholder of HNC would receive 1.4862 shares of Retek for every share of HNC. This ratio will most likely change and be fixed on the record date. HNC also announced that the company would repurchase up to \$30 million of its common stock. As of July 31, HNC had approximately 27.3 million shares outstanding, of which 0.1 million were in treasury stock.

Retek offered 5.5 million shares to the public on November 17, 1999 that priced at \$15 per share, which raised \$82.5 million. After the offering, shares of Retek have appreciated and, on August 7, closed at \$30 ½. This gives the company a market capitalization of \$1.43 billion. HNC's stake of 40 million shares of Retek is worth about \$1.22 billion. This almost equals HNC's market capitalization of \$1.33 billion. Each share of HNC has about \$45 worth of Retek embedded in it. After backing out the value of HNC's Retek stake, HNC is implicitly trading at \$4.79 per share. At this price, HNC is trading at only 11x estimated 12/00 earnings. Similar companies are trading in the range of about 40x to

100x estimated 12/00 earnings, with the industry average about 80x estimated earnings. If HNC were to trade at the industry P/E, this would warrant a \$35 stock price. However, even if HNC were \$12 per share, HNC would still only be trading at 28x estimated December 2000 earnings.

HNC Software produces predictive software. The company employs neural-network technology, a type of artificial intelligence, to predict human behavior patterns from company databases of customer information, transactions, and business rules. By analyzing high volumes of customer transactions in real time, the company's predictive solutions help companies shift their decision making from retrospective to prospective. The company's customers, such as banks, insurers, and retailers, use the software to detect debit and credit card fraud, manage merchant risk, automate customer lending, and target potential customers and sales trends. Some of HNC's customers are The Container Store, Chase Manhattan, AT&T, Excite@Home and CIGNA. HNC's Falcon fraud detection software screens 85% of all credit card transactions. The company is looking to expand to the Internet and telecommunications through acquisitions and Falcon's success.

Retek provides Internet-based, business-to-business software solutions for retailers and their trading partners. The company's software offers a retail-focused solution that incorporates technology that can predict customer demand and behavior. The company's software solutions enable retailers to use the Internet to communicate and collaborate efficiently with all parts of their supply chain (suppliers, distributors, wholesalers, logistic providers, brokers, transportation companies, consolidators, and manufacturers). The company also provides consulting and support services to its clients. Lastly, the company has launched the web site retail.com, an electronic commerce network that provides software solutions to retailers.

Comparables

Company	HNC Software	Business Objects	Cognos	MicroStrategy	Average Comp	Retek	JDA Software	Manhattan Software	Manugistics Group	Average Comp
Ticker	HNC	BOBJ	COGN	MSTR	Average	RETK	JDAS	MANH	MANU	Average
Current Implied Price	\$ 7.18	\$ 87.50	\$ 39.63	\$ 22.38		\$ 28.81	\$ 15.63	\$ 45.25	\$ 56.50	
Shares Out. (000,000)	26.9	39.4	85.2	24.4		47.0	24.2	24.7	28.5	
Market Cap (000,000)	\$ 193.2	\$ 3,445.4	\$ 3,374.7	\$ 545.0		\$ 1,353.2	\$ 378.2	\$ 1,116.0	\$ 1,610.3	
Enterprise Value (000,000)	\$ 293.2	\$ 3,448.3	\$ 3,376.7	\$ 545.0		\$ 1,353.2	\$ 378.2	\$ 1,117.0	\$ 1,610.3	
EPS										
TTM Estimated / Pro Forma (diluted)	\$ 0.25	\$ 0.75	\$ 0.68	\$ (1.33)		\$ (0.04)	\$ 0.37	\$ 0.34	\$ (0.42)	
TTM P/E	28.78	116.67	58.70				42.23	133.09		
2000E (Diluted)	\$ 0.44	\$ 0.88	\$ 0.81	\$ (2.12)		\$ (0.56)	\$ 0.56	\$ 0.49	\$ 0.16	
Forward P/E	16.49	99.43	49.16				28.15	91.78	357.59	
Enterprise										
Enterprise Value / EBITDA	7.98	71.72	50.41	(9.95)	61.07	(56.17)	24.66	108.87	214.99	116.17
Enterprise Value / EBIT	89.66	142.02	80.75	(10.17)	111.39	(49.62)	115.32	175.90	(429.40)	(46.06)
6 month Trailing										
Trailing Sales	\$ 82.2	\$ 147.4	\$ 226.8	\$ 96.8		\$ 25.4	\$ 74.2	\$ 51.6	\$ 94.2	
Price to Sales	2.35	23.37	14.88	5.63	14.63	53.36	5.10	21.63	17.10	14.61
Gross Margin	59.82%	84.60%	94.97%	71.13%		33.20%	52.20%	51.50%	71.13%	
Operating Margin	3.98%	16.47%	18.44%	-55.37%		-107.53%	4.42%	12.31%	-3.98%	
Book Value										
Book Value	\$ 9.11	\$ 4.33	\$ 2.75	\$ 3.39		\$ 2.51	\$ 7.41	\$ 2.38	\$ 3.12	
Price to Book	0.79	20.21	14.39	6.60	13.73	11.47	2.11	19.04	18.14	13.10
Turnover's										
Account Rec. Turnover	2.28	2.81	2.48	2.74		1.13	2.02	2.05	1.97	
Current Asset Turnover	0.50	0.57	0.72	0.95		0.27	0.53	0.65	0.96	
Working Capital Turnover	0.64	1.02	1.27	3.68		0.38	0.63	0.96	2.59	
Returns										
Return on Average Equity		9.87%	14.76%	-54.24%			1.62%	7.26%	-2.55%	
Pre-Tax Average ROA		8.70%	10.86%	-27.74%			1.65%	7.38%	-2.45%	
Return on Average Assets		5.92%	8.62%	-25.22%			1.44%	5.21%	-1.47%	
Return on Capital		9.53%	14.07%	-60.54%			1.60%	7.52%	-2.52%	
Liquidity										
Current Ratio	4.63	2.29	2.29	1.35		3.48	6.33	3.10	1.59	
Quick Ratio	4.38	2.15	2.21	1.18		3.18	5.90	2.96	1.47	
Cash Ratio	3.37	1.68	1.55	0.72		2.35	4.23	1.97	0.70	
Cash per share	4.45	4.79	2.51	2.25		1.36	3.84	2.04	1.51	
Leverage										
Degree of Financing Leverage (EBIT/EBT)	(0.35)	1.00	0.91	1.09	1.00	0.82	0.69	0.89	1.50	1.03
Financing Leverage (Assets/Equity)	1.56	1.67	1.66	2.34	1.89	1.23	1.12	1.56	1.73	1.47
Capital Structure										
Debt to Capital	28.97%	1.67%	0.88%	0.00%		0.00%	0.00%	1.68%	0.00%	
Debt to Book Equity	40.78%	1.70%	0.89%	0.00%		0.00%	0.00%	1.71%	0.00%	
Debt to Enterprise Value	34.11%	0.08%	0.06%	0.00%		0.00%	0.00%	0.09%	0.00%	
Liabilities to Equity	57.01%	67.45%	66.34%	133.90%		23.39%	12.26%	44.88%	72.52%	
Interest Coverage										
Interest Coverage (Earnings)	(5.83)		300.64							
EBIT/Interest Expense	2.39		271.53							

NOTES:

Company Update

MIPS VS MIPS B

SGI completed the spin-off of MIPS Technologies Class B (NASDAQ: MIPSB) shares on June 21st. Under the terms of the spin-off, SGI distributed to its shareholders as a dividend all of its 25,069,759 shares of Class B Common Stock of MIPS. There are now 38 million shares trading between class A and B, 13 million and 25 million respectively. The Class A and Class B shares have substantially identical rights except that the Class B shares are entitled to elect 80% of MIPS Technologies' board of directors.

MIPS develops technology that enables a microprocessor to communicate with its environment, and also designs processor chip systems. MIPS receives royalty and licensing fees from companies that use its technology, which include makers of set-top boxes, handheld devices, printers, and home video games system like Nintendo 64 and Sony PlayStation.

Efficient Market?

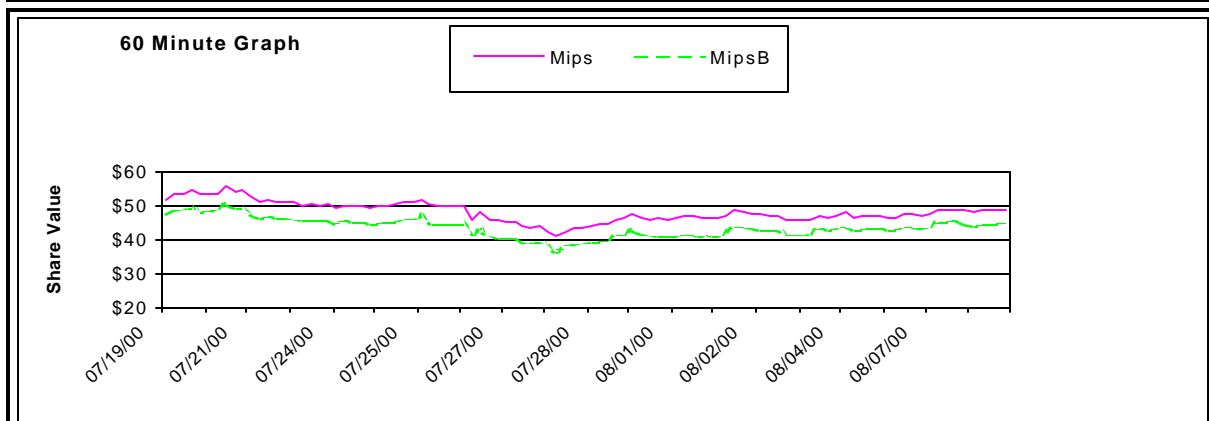
You would think that the Class B shares would trade at a premium because they have greater

liquidity and greater voting rights, but that's not happening. Currently, the Class A shares trade at a \$4 5/8 premium over the Class B, and Class A shares still have 3x's the average volume of the Class B shares. We would suspect the primary reason for this anomaly is a lack of shareholder awareness. We would expect over the next several months as awareness grows on the street that the premium for the Class A shares will work its way to a discount under the Class B shares.

Year End Results

Total revenue for fiscal year 2000 grew 25 percent to a record \$89.8 million, compared to revenue of \$71.7 million in fiscal 1999. Total revenue for fiscal year 2000 excluding royalties from Nintendo were \$47.2 million an increase of 102 percent compared to \$23.3 million in fiscal 1999. Contract revenue increased by \$21.7 million or 176 percent to \$34.0 million and accounted for 38 percent of total revenue for fiscal 2000 compared to 17 percent in fiscal 1999. Net income for fiscal 2000 was \$27.1 million compared to \$22.7 million for fiscal 1999. Diluted net income per share was \$0.68 for fiscal

MIPS Technologies (NASDAQ: MIPS, MIPSB)			
Price (8/2/00)	\$ 46 5/8 , \$42 1/2	Fiscal Year	June
Shares outstanding	13 M , 25 M	Price-to-Sales	\$2.36 18X
Market Capitalization	\$ 1.65 B	EPS 2000A - P/E	\$ 0.68 64X
Book Value / Share	\$ 1.98 / 22X	EPS 2001 Est. - P/E	\$ 0.69 64X



Company Update

Southern Company Carving out Southern Energy

Southern Company (NYSE: SO) plans to carve out, in an IPO, 18% of its division that provides electricity and energy-related products and services. SO will then spin-off the remaining balance of the division, named Southern Energy, to its shareholders within 12 months after the completion of this offering, pending receipt of a tax-free ruling from the IRS. Southern Energy filed to trade on the NYSE under the symbol "SOE." The offering will be for 58 million shares of common stock that is expected to price between \$15 and \$17 per share. At \$16, the midpoint of the range, the offering would raise net proceeds of about \$884 million.

Concurrently with SOE's offering of common stock, a Delaware business trust that SOE owns will sell up to 6 million shares of Convertible Trust Preferred Securities. The trust will issue all of its common securities to SOE. The trust will use the proceeds from the sale of preferred securities and the common securities to purchase Junior Convertible Subordinated Debentures from SOE. Holders of the preferred securities will not have any voting rights but will have the right to convert preferred securities into shares of common stock. Based on an assumed IPO price of \$50 per preferred security, proceeds from the concurrent sale of 6 million of Convertible Trust Preferred Securities will be approximately \$300 million. SOE intends to use a portion of the net proceeds from these offerings to repay commercial paper balances (\$390 million), to repay a short-term loan of \$450 million (used to pay a \$503 million dividend to Southern Company), and for general corporate purposes.

Southern Energy

The company is one of the world's largest competitive providers of electricity and energy related products and services. The company has regionally based businesses in the Americas, Europe and the Asia-Pacific region. SOE has built and acquired a portfolio of power plants in which it has net ownership interests totaling 13,214 megawatts

(MW) of generation capacity. In addition, the company has projects under development or pending acquisition totaling 10,925 MW. SOE also markets energy and energy-linked commodities and manages risk associated with market price fluctuations of these commodities. Southern Energy's competitors include Duke Energy, PG&E, and Dynegy. Revenues for the quarter ended March 31, 2000 were unchanged from the quarter ended March 31, 1999 at \$521 million. Net income for the quarter increased year-over-year by \$21 million (26%) to \$101 million.

Southern Company

Southern Company is a holding company for public utilities located in the southeast United States, as well as Southern Energy, Southern LINC, Southern Nuclear, SCS, Energy Solutions and other subsidiaries. The utilities supply electric service in Alabama, Georgia, Florida, Mississippi and Georgia. Southern's other subsidiaries own and operate power production and delivery facilities and provide a broad range of energy-related services. Southern also provides digital wireless communications services. The company competes against Enron, Entergy, and the Tennessee Valley Authority, among others. For the quarter ended March 31, 2000, revenues increased year-over-year by 5% (\$131 million) to \$2.6 billion. Additionally, net income and EPS for the quarter increased by \$20.5 million (7%) and \$0.06 (19%) to \$294.2 million and \$0.38 per share.

Valuation

At \$16 (midpoint of SOE's pricing range), SOE would have a market capitalization of \$5.3 billion and would be trading at approximately 26x estimated December 2000 year-end earnings. After backing out the portion of SO's earnings attributed to SOE, SO is trading at about 10.3x estimated December 2000 year-end earnings. Lastly, about \$6.71 of SOE is embedded in each share of SO.

Comparables

Company	Southern Company	Enron	Energy Corp	Energy Corp	Average Comp	Southern Energy	Duke Energy	PG&E Corporation	Dynegy Inc	Average Comp
Ticker	SO	ENE	ETR	CIN	Average	SOE	DUK	PCG	DYN	Average
Current Implied Price	\$ 21.10	\$ 82.38	\$ 31.06	\$ 29.00		\$ 16.00	\$ 70.00	\$ 28.75	\$ 77.75	
Shares Out. (000,000)	648.6	732.0	232.2	158.9		330.0	367.0	385.3	146.0	
Market Cap (000,000)	\$ 13,687.9	\$ 60,302.1	\$ 7,213.0	\$ 4,608.7		\$ 5,280.0	\$ 25,690.0	\$ 11,078.2	\$ 11,348.4	
Enterprise Value (000,000)	\$ 23,038.6	\$ 70,474.1	\$ 14,986.1	\$ 8,268.2		\$ 12,975.0	\$ 36,510.0	\$ 21,415.2	\$ 15,981.9	
EPS										
TTM Estimated / Pro Forma (diluted)	\$ 1.79	\$ 1.32	\$ 2.69	\$ 2.27		\$ 0.57	\$ 3.94	\$ 2.49	\$ 1.66	
TTM P/E	11.78	62.41	11.55	12.78	28.91	28.07	17.77	11.54	46.84	25.38
2000E (Diluted)	\$ 1.78	\$ 1.41	\$ 2.61	\$ 2.50		\$ 0.61	\$ 4.04	\$ 2.76	\$ 2.59	
Forward P/E	11.83	58.42	11.89	11.61	27.31	26.23	17.32	10.42	30.02	19.25
Enterprise										
Enterprise Value / EBITDA	6.43	34.43	7.23	7.58	20.83	15.23	11.74	5.26	29.12	15.37
Enterprise Value / EBIT	9.91	57.77	11.23	11.27	34.50	24.12	18.96	8.97	44.82	24.25
12 month Trailing										
EBITDA Per Share	5.52	2.80	8.92	6.87		2.58	8.47	10.57	3.76	
EBITDA Multiple	3.82	29.46	3.48	4.22	16.47	6.20	8.26	2.72	20.68	10.55
EBITDA Margin	37.92%	4.49%	23.16%	17.83%		37.57%	12.53%	19.80%	3.09%	
12 month Trailing										
Trailing Sales	\$ 9,448.0	\$ 45,625.0	\$ 8,944.8	\$ 6,118.7		\$ 2,268.0	\$ 24,818.0	\$ 20,571.0	\$ 17,734.3	
Price to Sales	1.45	1.32	0.81	0.75	0.96	2.33	1.04	0.54	0.64	0.74
Gross Margin	71.47%	9.95%	48.40%	38.16%		58.33%	28.41%	84.01%	38.16%	
Operating Margin	24.61%	2.67%	14.92%	11.99%		23.72%	7.76%	11.60%	2.01%	
Book Value										
Book Value	\$ 10.16	\$ 12.31	\$ 30.13	\$ 17.16		\$ 8.17	\$ 25.19	\$ 18.39	\$ 15.13	
Price to Book	2.08	6.69	1.03	1.69	3.14	1.96	2.78	1.56	5.14	3.16
Turnover's										
Account Rec. Turnover	14.58	11.70	11.75	9.12		3.04	7.06	10.25	8.45	
Current Asset Turnover	4.84	4.89	2.68	5.05		1.67	3.84	6.05	5.08	
Working Capital Turnover	(6.22)	319.06	8.55	(9.75)		(0.99)	(13.39)	(7.76)	(2,154.83)	
Returns										
Return on Average Equity		13.28%	8.36%	15.60%			10.03%	0.35%	11.70%	
Pre-Tax Average ROA		3.48%	5.78%	7.52%			5.91%	7.54%	2.73%	
Return on Average Assets		3.16%	2.55%	4.23%			2.80%	0.08%	2.11%	
Return on Capital		8.83%	6.36%	8.84%			6.85%	1.32%	4.33%	
Liquidity										
Current Ratio	0.56	1.02	1.46	0.66		0.37	0.78	0.56	1.00	
Quick Ratio	0.20	0.47	1.07	0.41		0.32	0.47	0.37	0.60	
Cash Ratio	0.01	0.05	0.74	0.04		0.12	0.05	0.04	0.00	
Cash per share	0.07	0.64	7.26	0.48		1.28	1.02	0.67	0.01	
Capital Structure										
Degree of Financing Leverage (EBIT/EBT)	1.34	0.89	1.28	1.16	1.11	0.85	1.23	4.71	1.29	2.41
Financing Leverage (Assets/Equity)	3.71	4.16	3.34	3.58	3.69	5.18	3.95	4.12	5.91	4.66
Debt to Capital	58.66%	53.03%	52.63%	57.30%		74.05%	53.93%	59.33%	67.72%	
Debt to Book Equity	141.90%	112.88%	111.10%	134.20%		285.42%	117.06%	145.86%	209.80%	
Debt to Enterprise Value	40.59%	14.43%	51.87%	44.26%		59.31%	29.64%	48.27%	28.99%	
Liabilities to Equity	390.76%	270.48%	277.06%	302.14%		390.39%	309.09%	346.58%	470.66%	
Interest Coverage										
Interest Coverage (Earnings)	4.35	2.92	2.75	3.79	3.15	1.85	3.08	1.53	2.92	2.51
EBIT/Interest Expense	3.98	1.90	2.37	3.25	2.51	1.00	2.85	3.17	2.68	2.90
NOTES:										
Although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, employees of Spin-Off Advisors, L.L.C. may have positions in the securities or options mentioned herein. All rights reserved by Spin-Off Advisors, L.L.C.										

Company Update

Ucar Delays Graftech IPO

On August 4th, Ucar (NYSE:UCR) postponed its Graftech subsidiary's IPO. The expected price range was between \$15 and \$18 per share. Graftech would have raised \$86 million selling 5.2 million shares. Ucar would have retained 82% of Graftech. Ucar cited market conditions, but Graftech's attractiveness is in its developing technology for fuel cells. Given that there was north of forty IPO's debuting in the last two weeks it was inevitable that some IPO's would not take place. Fuel Cell technology is still in development and Graftech's exclusive sales agreement with Ballard Power (more on this below) may have dampened investor enthusiasm.

Graftech is in a slow growing and mature industry providing sealants and gaskets to the auto, petrochemical and chemical industries. Graftech has been attempting to diversify and expand its growth opportunities in the fuel cell industry. We believe that the market for fuel cells is tremendous, but they are still years away from mass commercialization (2003-2005).

Graftech has teamed up with Ballard Power Systems and has worked with Ballard since 1992 on developing flexible graphite products for use as flow field plates in proton exchange membrane, or PEM, fuel cells. As part of their ongoing relationship, Graftech developed GRAFCELL(TM) products for use in flow field plates for Ballard(R) fuel cells. Flow field plates are an integral component of PEM fuel cells, which Ballard is developing as an alternative to the internal combustion engine and other traditional power generation sources.

Ballard is a leader in developing, manufacturing and marketing zero-emission PEM fuel cells that generate electricity for transportation, stationary and portable power applications. Graftech believes that fuel cell components made with our GRAFCELL(TM) products, together with Ballard's leading technology, will contribute to the commercial viability of fuel cells in the transportation and portable power markets.

In 1999, Graftech entered into a **nine year exclusive** agreement to supply Ballard with their GRAFCELL (TM) products for use in Ballard(R) fuel cells and to collaborate on future development of advanced

flexible graphite products for use in flow field plates. **An issue that concerns us is that Ballard is under no obligation to purchase a specific quantity of product from Graftech**, and under the terms of the agreement they may not market their product to other fuel cell manufacturers. These terms create a high level of revenue risk that may shy away potential investors. Graftech may be an interesting long-term play as Fuel Cell Technology becomes more mainstream, but we would take a cautionary view at least at the early stages. One investor (GAMCO) believes the risk is acceptable and has recently taken a 7% stake in Graftech's parent Ucar. The stake in Ucar can be probably be viewed as an option on Graftech.

Recent Results by Segment

Graphite electrode net sales increased to \$137 million in the second quarter from \$129 million in the first quarter. Sales volume of graphite electrodes during the second quarter was 56,800 metric tons, up from 51,200 metric tons in the first quarter. The impact of increased sales volume was partially offset by a decrease in average prices. The average sales revenue per metric ton in US dollars of graphite electrodes in the second quarter was \$2,375 as compared to the first quarter average of \$2,485. Gross profit for this segment in the 2000 second quarter was \$41 million (29.9 percent of net sales) as compared to 2000 first quarter gross profit of \$40 million (31.0 percent of net sales). The increase in gross profit was largely due to higher volume sold and improvements in cost of sales, offset by lower average prices. Graphite and Carbon Products Segment: Net sales of the graphite and carbon products segment were \$62 million in the 2000 second quarter as compared to \$66 million in the 2000 first quarter. The decrease was primarily due to a decrease of \$3 million in net sales of refractories as blast furnace relines are being postponed due to the strong demand for steel products and, to a lesser extent, lower net sales in other product lines. Gross profit for this segment in the 2000 second quarter was \$15 million (24.2 percent of net sales) as compared to 2000 first quarter gross profit of \$17 million (25.8 percent of net sales).

Company Update

Williams/Williams Communication Spread Continues to Tighten

On July 24th, the board of directors of Williams (NYSE:WMB) authorized management to complete the spin-off of its communications businesses. Last October, Williams carved-out a portion of Williams Communications (NYSE:WCG). Williams owns approximately 85 percent of Williams Communications. The spin-off is expected to be completed within the next 18 months. Further, on August 8th, Williams announced that **the IRS has issued a favorable ruling on the company's proposed tax-free spin-off** of its communications business to Williams' shareholders. As recently as April, Keith E. Bailey, chairman, president and chief executive officer, stated that there are no plans to spin-off the unit. A typical IRS private letter ruling takes 6 months or longer, so we believe that Mr. Bailey would have known their intentions at the first quarter conference call but preferred not to show his cards. In December of 1999, the Williams stub (core energy business) was being valued at about \$3 per share. **The stub value is now \$20.45 a share (based on a ratio of .898).**

Parent, Williams recently reported consolidated second-quarter net income of \$351.8 million, or 78 cents per share on a diluted basis, or \$0.58 on a recurring basis, compared to recurring earnings of only \$0.14 last year. Segment profit from Williams' energy businesses more than doubled that of the same period last year, driven primarily by higher income from electric power activities and continued improvement in key energy markets. The consolidated results also include the previously reported 25 cents per share gain on a Williams Communications investment transaction.

On July 27th, Williams Communications reported second-quarter revenues of \$515.1 million, including Network revenue of \$145.6 million. Excluding revenues from dark fiber transactions, accounted

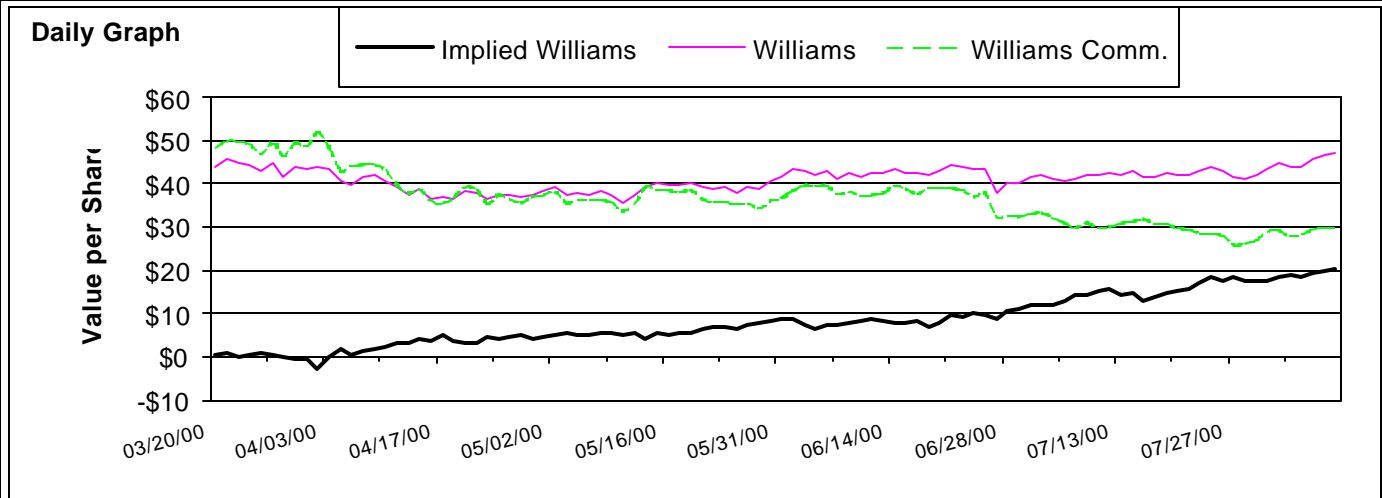
for as sales-type leases, Network revenue increased 20 percent versus the first quarter of 2000, reflecting continued growth in sales of network capacity. The company reported a net loss for the second quarter of \$3.9 million, or a penny per share. Included in that amount is a pre-tax gain of \$214.7 million (before a deferred tax expense impact of \$82.1 million), or 29 cents per share after tax, resulting from the conversion of the company's ownership in Concentric Network Corporation into shares of common stock of NEXTLINK Communications, Inc. pursuant to a merger of those companies completed in the second quarter. This non-cash gain is excluded from the company's reported EBITDA loss of \$33.6 million (-6.5% margin), which compared with a loss of \$22 million (-3.9% margin) last year. Capex totaled \$785 million relative to \$469 million last year. Capital spending is expected to reach \$2.9 billion for the full year.

It appears that Williams is on track to complete the buildout of its 33,000-mile network by the end of this year. Currently 28,000 miles of fiber are in place and 26,000 of those miles have been lit. In addition, the company built an additional 8 data centers in Q2 bringing the total to 98. Currently, WCG has about 1.3 million square feet of data center space.

Williams Communications shares have traded down sharply since June 26th. The shares weakened in reaction to management's downward revisions in the 2000 and 2001 revenue outlook, coupled with higher spending plans for the same period. In addition, we expect arbitrageurs have been more active since the Board of Williams authorized the full spin of WCG.

Valuation Snapshot

Williams / Williams Comm.					
Williams (WMB)		918-573-2000		Williams Comm. (WCG)	
Current Price	\$ 47.13			Current Price 00-EPS est.	\$ 29.88 \$-1.52 0X
Shares Out (000)	440,000			Shares Out / Float	463,500 68,065
Market Cap. (000)	\$ 20,735,000			Market Cap. (000)	\$ 13,847,063
Enterprise Value	\$ 31,178,800			Enterprise Value	\$ 12,326,243
Sales 12 Month Trailing	\$ 9,075,500			TTM Sales Price /Sales	\$ 2,064,390 6.71 X
Book Per Share	\$ 12.97			Book Value Price /Book	\$ 4.43 6.74 X
Insider / Inst. Held	20%	66%		Insider / Inst. Held	93% 7%
Short Int. / ratio	6.248	3.119		Short Int. / ratio	2.81 4.072
52 Week Range	\$28 - \$49.75			52 Week Range	\$23.25 - \$61.81
Williams ownership of Williams Comm.		With Williams Comm. multiple		Without WCG per share multiple	
Shares owned (000)	395,435	Price-to-Sales	\$20.62 2.28 X	Price-to-Sales	\$15.93 1.27 X
Ratio Per Williams share	0.8987	Price-to-Book	\$12.97 3.63 X	Price-to-Book	\$8.98 2.25 X
Value Per Williams share	\$26.84	Price/Earnings	\$0.75 62.83 X	Price/Earnings	\$2.11 9.58 X
Williams Stub Value	\$20.27	Price/EBITDA	\$4.36 10.82 X	Price/EBITDA	\$4.77 4.24 X
Economic Interest	85%	Enterpr./EBITDA	16.27 X	Enterpr./EBITDA	9.35 X
Williams Relationship with Williams Comm.			Williams / Williams Comm. Spread Relationship		
Intend to Spin	Yes	40 Day Average	\$ 13.93		
IRS Tax Free Ruling	Yes	40 Day Variance	\$ 15.63		
Record Date / Distr. Date	Before 7/1/0	40 Day St. Dev.	\$ 3.95		
Williams Comm. IPO Date /	10/1/99	40 Day Correlation	0.03		
IPO-Lockup Expires	4/1/00				
Shares to Distribute / Float	5.8 X				



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

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

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
3COM	COMS	09/13/99	PALM COMPUTING	PALM	CO/SP
AMERICAN ONLINE	AOL	07/06/00	AOL LATIN AMERICA	AOLA	CO
AMERICAN SOFTWARE	AMSWA	01/25/00	AMQUEST		
APOLLO GROUP	APOL	03/28/00	PHOENIX ONLINE		TR
ACTUANT	ATU	01/27/00	APW Ltd.	APW	
AT&T	T	12/06/99	WIRELESS GROUP	AWE	TR
AUTONATION	AN	05/25/99	AUTONATION.COM		TR
		08/02/99	ANC RENTAL CORP.	ANCX	SP
AVISTA	AVA	01/21/00	INTERNET BILLING		
AZTEC	AZTC	03/30/00	PCSI		CO/SP
VERIZON	VZ	04/10/00	GENUITY	GENU	CO
BELLSOUTH	BLS	04/05/00	WIRELESS UNIT		CO
		03/29/00	LATIN WIRELESS		IPO/TR
BRE PROPERTIES	BRE	03/16/00	VELOCITYHSI	VHSI	SP
CABLEVISION	CVC	12/22/99	RAINBOW PROGRAMMING		TR
CABLETRON	CS	02/10/00	SPLIT INTO 5 COMPANIES		
CABOT CORP.	CBT	07/9/99	CABOT MICROELECTRONICS	CCMP	CO/SP
CENDANT	CD		MOVE.COM	MOV	TR
CENTRAL GARDEN & PET	CENT	03/20/00	LAWN AND GARDEN DISTRIBUTION		SP
CHRONIMED	CHMD	03/13/00	DIAGNOSTICS UNIT		SP
CIBER CORP.	CBR	03/01/00	ENTERPRISE SOLUTIONS		SP
CMGI	CMGI	12/17/99	ALTA VISTA	ALTA	CO
COMDISCO	CDO	06/17/99	PRISM		CO
			VENTURE FUND TRACKER		TR
COMPUTER HORIZONS	CHRZ	10/18/99	eB NETWORKS		CO
CONSOLIDATES STORES	CNS	01/27/00	KBKIDS.COM		CO
COPART	CPRT	12/17/99	INTERNET BUSINESS		SP
CYBER-CARE	CYBR	02/29/00	AIR RESPONSE		SP
DAISYTEK	DZTK	09/21/99	PFSWEB	PSWB	CO/SP
DAMARK	DMRK		CLICKSHIP DIRECT		
DELIA'S	DLIA		iTURF	TURF	CO/SP
DELUXE	DLX	01/31/00	eFUNDS	EFDS	CO/SPLIT
DIAGEO PLC	DEO	06/22/00	BURGER KING		CO
DUN & BRADSTREET	DNB	12/15/99	MOODY'S		
EATON CORP.	ETN	02/24/00	AXCELIS TECHNOLOGIES	ACLS	CO
EMC Corp.	EMC	05/31/00	MCDATA	MCDT	CO
FISHER SCIENTIFIC	FSH	03/08/00	ALCHEMATRIX		CO
FLUOR	FLR	06/08/00	MASSEY ENERGY		SP
GLOBAL CROSSING	GBLX	04/19/00	GLOBAL CENTER		IPO/TR
GLOBAL CROSSING	GBLX	05/23/00	ASIA GLOBAL CROSSING		CO
GREAT LAKES CHEMICAL	GLK	09/20/99	OSCA	OSCA	CO
HEWLETT-PACKARD	HWP	03/02/99	AGILENT TECHNOLOGIES	A	CO/SP
iGATE	IGTE	03/07/00	MULTIPLE UNITS		CO
ICN PHARMACEUTICALS	ICN	06/15/00	RIBAPHARM		CO
			INTERNATIONAL OPERATIONS		CO
INTELLIGROUP	ITIG	11/04/99	SERANOVA	SERA	SP
INTERPOOL	IPX	08/09/99	MICROTECH AND POOLSTAT		SP
JC PENNEY	JCP	05/18/99	ECKERD DRUG CHAIN		TR
KANSAS CITY SOUTHERN IND.	KSU	02/03/98	STILWELL FINANCIAL	SV	SP
KROLL O'GARA	KROG	04/18/00	SPLIT UP		SP
LASON	LSON	12/20/99	E-COMMERCE		
LUCENT	LU	03/01/00	AVAYA		SP
LUCENT	LU		MICROELECTRONICS		SP

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
METHODE ELECTRONICS	METHA	02/23/00	STRATOS LIGHTWAVE	STLW	CO/SP
MILLER	MLR	05/13/99	ROADONE		SP
MIM CORP.	MIMS	01/20/00	INTERNET PHARMACY		
MODIS PROF. SERVICES	MPS	11/09/99	IT DIVISION / SOLUTIONS UNIT		SP/CO
MOTOROLA	MOT	06/27/00	PROPEL		CO
NATIONAL DATA	NDC	12/21/99	eCOMMERCE		SP
NETWORK ASSOCIATES	NETA	01/31/00	INTERNET DIVISION		
NEW YORK TIMES	NYT	01/28/00	NEW YORK TIMES DIGITAL		CO/TR
NORTHERN STATES	NSP	03/29/00	NRG ENERGY	NRG	CO
PLAYBOY ENTERPRISES	PLA	09/28/99	PLAYBOY.COM	PBYI	CO
PSINET	PSIX	03/28/00	INTERDOT.NET		CO
PTEK HOLDINGS	PTEK	10/28/99	E RESEARCH TECHNOLOGY		CO
RPC	RES	01/14/00	CHAPARRAL BOAT DIVISION		SP
SARA LEE	SLE	05/30/00	COACH	COH	CO
			PYA-MONARCH	PYA	CO
SOUTHERN COMPANY	SO	04/17/00	SOUTHERN ENERGY		CP
SPX CORP.	SPW	06/05/00	INRANGE TECHNOLOGY	INRG	CO
STAPLES	SPLS	09/15/99	STAPLES.COM	SDOT	TR
ST. JOE COMPANY	JOE	10/27/99	FLORIDA EAST COAST IND.	FLA	SP
SYBRON INTERNATIONAL	SYB	04/24/00	DENTAL GROUP		SP
SYMANTEC	SYMC	06/10/99	INTERNET TOOLS SOFTWARE		CO
THERMO ELECTRON	TMO	01/31/00	THERMO FIBERTEK	TFT	CO/SP
TITAN CORP	TTN	12/29/99	CAYENTA	CYTA	CO/SP
TRANSACTION SYSTEMS ARCHITECTURE	TSAI	06/02/00	INSESSION TECHNOLOGY	INSX	CO
TRIARC	TRY	06/22/00	SNAPPLE BEVERAGE		CO
TYCO	TYC	03/10/00	TYCOM	TCM	CO
VIACOM	VIA.B	05/06/99	BLOCKBUSTER	BBI	CO/SPLIT
	VIA.B		MTVi		CO
UCAR	UCAR	04/18/00	GRAFTECH	GRAF	CO
WALMART	WMT	01/07/00	ONLINE BUSINESS		CO
WESTERN RESOURCES	WR	03/29/00	WESTAR ENERGY		SP
XEROX	XRX	04/27/00	CONTENTGUARD		CO
Ziff-Davis	ZD		ZDNET	ZDZ	SP

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

FOREIGN CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
ALCATEL	ALA	05/04/00	CABLE AND COMPONENTS		
CANAL PLUS	CNPLY		CANAL NuMEDIA		CO
DEUTSCHE TELEKOM	DT	01/25/00	DEUTSCHE TELEKOM MOBILENET		CO
IDS INTELLIGENT DETECTIONS SYSTEMS	ISD	12/14/00	GEO COMMERCE / CADUCEON		SP
MANNESMANN AG	MNSY	09/23/99	ATECS		CO
MODERN TIMES	MTGNY	04/18/00	METRO		SP
NATIONAL POWER	NP	11/17/99	INTERNATIONAL POWER UNIT		
NOVO NORDISK	NVO	09/09/99	ENZYMES AND HEALTHCARE		CO
PENINSULAR & ORIENTAL	LSE; PO	02/03/00	PRINCES CRUISES		SP
REUTERS	RTR, RTRSY		INSTINET		CO
REUTERS	RTR, RTRSY		GREENHOUSE FUND		CO
ROCHE	ROHY	12/06/99	GIVAUDEN		SP
SCOTTISH POWER	SPLN	09/17/99	TELECOMMUNICATIONS		CO
THIESSEN KRUPP	THAG	11/ /99	STEEL OPERATION		CO

Fresh Spin-Off Situations

AOL Latin America Prices at \$8 per Share

On August 7, AOL – Latin America (AOL-LA) priced 25 million class A shares to the public at \$8 per share, the low end of its expected between \$8 - \$10 per share. Due to low interest, the company had delayed the offering and lowered the price per share, which was originally set at \$15 to \$17. AOL-LA has filed to trade on the NASDAQ under the symbol “AOLA.” Concurrently with this offering, the following events will occur:

- AOL issued 31.7 million class A shares to Banco Itau, a Brazilian bank that is one of the largest in Latin America (7 million customer and 1 million users of its online financial services). AOL-LA will create a co-branded customized version of AOL Brazil that Banco Itau will market to its customers.
- AOL issued 28 thousand class A shares to Abrenuncio, the publisher of Cambio and other magazines, for entering an interactive services agreement with us
- Venezuela’s The Cisneros Group gave up to 2 million shares of AOL-LA class A stock to some its former and current employees. AOLA originally issued these shares to the Cisneros Group as class C preferred stock. The class C shares will automatically convert into shares of class A common stock upon their distribution. The Cisneros Group (through its various member companies, joint ventures, partnerships and investments) is an active participant in broadcast television, direct-to-home satellite television, pay-TV programming and other entertainment, media and communications enterprises.

AOL-LA is going to use the estimated net proceeds of \$183 million from the offering for working capital purposes, including expansion of interactive services and telecommunications network capacity and capital expenditures. The company is a joint venture between AOL and Venezuela’s Cisneros Group (a Latin American media entity). Each holder of class A common



stock is entitled to one vote per share. AOL, which holds all of the class B, is entitled to ten votes for each share and entitled to elect 5 of AOL-LA’s 14 directors. The Cisneros Group, which holds all of the class C shares, is entitled to ten votes for each share and entitled to elect five of AOL-LA’s 14 directors. Following all of these transactions, AOL and the Cisneros Group will control 49.51% and 47.54% of the voting power of the company.

AOL-LA will provide its members with access to local, regional and global online communities, localized version of AOL’s interactive products, content and e-commerce opportunities. AOL-LA will first target Brazil, Mexico, and Argentina. In November 1999, the company launched its first Latin American country service (in Brazil) and the related portal. In July 2000, AOLA launched service and the related portal in Mexico. AOLA plans on launching service to Argentina during the 3Q00. AOL-LA will derive its revenues primarily from subscriptions to its country services and generate additional revenues from advertising and e-commerce.

America Online Inc., based in Dulles, Virginia, is the world’s leader in interactive services, Web brands, Internet technologies and e-commerce services. AOL operates two worldwide Internet services: America Online (with more than 22 million members) and Compu-

Serve (with more than 2.2 million members, several leading Internet brands including ICQ, AOL Instant Messenger and Digital City, Inc., the Netscape Netcenter and AOL.COM portals, the Netscape Navigator and Communicator browsers, AOL MovieFone, the nation's leading movie listing guide and ticketing service, and Spinner Networks and NullSoft, Inc., leaders in Internet music). Through its strategic alliance with Sun Microsystems, the Company develops and offers easy-to-deploy, end-to-end e-commerce and enterprise solutions for companies operating in the Net Economy.

During February, AOL and Time Warner filed joint applications requesting FCC merger approval. After receiving shareholder approval for the transaction, regulatory approval is the only remaining step in the merger. The companies remain confident that the merger will close in "the fall." Disney is the most vocal opponent of the merger. Disney wants the FCC to split AOL Time Warner into two companies (one for content and one for distribution) so that AOL Time Warner cable network is open to all content providers.

Through AOL-LA, AOL is hoping to take advantage of the expected huge growth of Internet usage in Latin America. Latin America is comprised of more than 20 Spanish- and Portuguese-speaking countries in North, Central and South America and the Caribbean with a total population of approximately 500 million people. According to International Data Corporation, the number of Internet users in Latin America is expected to grow from 5.3 million in 1998 to 29.6 million in 2003 (41% compounded annual growth rate). AOL-LA believes that it can be successful in Latin America for several reasons. First, the company will be able to use the AOL brand name, technology, infrastructure and relationships. Next, AOL-LA has received capital contributions from AOL (total of \$48 million) and the Cisneros Group (over \$147 million) to establish itself in

Latin America. Thirdly, through the Cisneros Group, AOL-LA has access to advertising (on Cisneros Group media assets), content creation, and many Latin America's television networks and channels. Lastly, Banco Itau has committed to promote a co-branded version of America Online Brazil to its over 7 million customers as a means of accessing Banco Itau's financial services.

Challenges

AOL-LA does face several major challenges. The Latin American market is already competitive with primary challenges coming from ISP's affiliated with telephone carriers (Terra Networks & Telefonica, Telmex & Microsoft joint venture). The carrier affiliations provide cheap access and avoid steep customer acquisition costs. Additionally, carrier affiliations may offer other services that may be cross-advertised and billed through the carrier systems. Next, the telephone tariff structure in Latin America differs from the US. Phone companies charge all local calls by the minute – which makes Internet use more expensive. AOL-LA is already one of the more expensive services despite lowering prices by 29%. Some other competitors offer free Internet access. Lastly, the monthly credit card billing & payment system that AOL uses in the US is not widely available in Latin America. Currently, AOL is looking for invoicing and collection alternatives because problems with accounts receivable are already surfacing.

At its August 4 price of \$52, AOL is trading at 89x estimated June 2001 earnings of \$0.59 per share and at 17x trailing twelve-month sales. For the year ended June 2001, AOL's earnings are expected to grow at 46.5%. At AOLA's offering price of \$8 per share, each share of AOL would have \$0.35 worth of AOL-LA embedded in them.

Fresh Spin-Off Situations

Actuant Spins-Off APW

On August 1, Applied Power spun-off its electronics division (APW) in a tax free transaction to shareholders of record as of July 21 on a 1-to-1 basis. Both companies began regular trading on August 1. After the spin-off, the parent Applied Power changed its name to Actuant Corporation and began trading under the symbol "ATU". APW remained trading under the old Applied Power symbol of "APW". On August 1, shares of Actuant and APW closed at \$3 5/8 and \$39 1/4, respectively. Current Applied Power CEO Dick Sim will be chairman and CEO of APW as well as chairman of Actuant.

Before the spin-off, enclosure sales accounted for about \$1.2 billion of the old Applied Power's \$2 billion in annual revenue. The slower growing industrial division (which is becoming Actuant) represented only about 40% of revenues and has obscured the greater growth of the enclosure business. Whereas the electronics division sales increased 78% during the fiscal year ended 8/99, sales in the industrial division increased only 9%. After the spin-off, APW will have the largest market share (3%) of the highly fragmented enclosure market, which is estimated to be up to \$40 billion per year. APW should continue to benefit from the strong growth in its sector and customer base. The company expects to achieve 20% plus growth rate in fiscal year 2000 and beyond. Another consequence of the spin-off was Actuant's receiving the bulk of the old Applied Power's debt (APW and Actuant will have approximately 40% and 60% of Applied Power's \$746 million in debt, respectively). Applied Power issued the debt to fund acquisitions for APW. Actuant has taken steps to reduce the amount of debt.

APW Ltd.

APW designs and manufactures integrated enclosure systems for the telecommunications, networking, data processing, financial, and semiconductor markets. Essentially, APW's products house and protect telecom, networking and data processing equipment. The company provides program management solutions for the design, engineering, and manufacturing of

integrated electronic enclosure systems by supporting customer needs with everything from conceptual design, cost analysis, and product qualification testing to contract manufacturing on a global basis. The company offers standard, modified standard and custom products and systems. Cisco, IBM, Sun and Ericsson have outsourced their enclosure needs to APW. APW competes against Flextronics International and Solectron Corp.

Actuant

Actuant is a global manufacturer and marketer of a broad range of industrial products and systems, organized into two business segments: Tools & Supplies and Engineered Solutions. Tools & Supplies designs, manufactures, and distributes tools and consumables for the construction, electrical wholesale, retail, DIY, datacom, retail automotive, industrial, and production automation markets worldwide. Brand names are Ancor, Calterm, Enerpac, Gardner Bender, GB Instruments, JetLine, Norelem, and TAM. Engineered Solutions develops, produces, and markets customized solutions in the areas of motion control systems and vibration isolation of products for the OEM in the automotive, truck, medical, aerospace, semiconductor, defense, and industrial markets. Brand names are Barry Controls, Milwaukee Cylinder, Mox-Med, Necom, Nielsen/Sessions, Power Gear, Power-Packer, and Vlier. The Milwaukee, WI based company sells to customers in Europe, North America and Asia.

Valuation

At its current price of \$39 1/4, APW is trading at 36x estimated 8/00 earnings of \$1.13 per share (competitors are trading at about 46x estimated forward earnings). Furthermore, APW's price-to-trailing sales is 1.43x (compared to 2.15x for the average competitor). This appears to indicate that APW is trading at a discount to comparable companies. Actuant also appears to be trading at a discount (about 3x 8/00 estimated earnings). Although Actuant does not warrant a premium valuation, it appears to have some room for appreciation or to be an acquisition target.

Comparables

Company	Actuant Corp	Eaton Corp	Hubbel	Cooper Industries	Average Comp	APW Ltd.	Flextronics Intl	Soletron Corp	Average Comp
Ticker	ATU	ETN	HUB/A	CBE	Average	APW	FLEX	SLR	Average
Current Implied Price	\$ 3.63	\$ 70.81	\$ 24.94	\$ 34.63		\$ 36.06	\$ 77.63	\$ 38.94	
Shares Out. (000,000)	39.1	73.8	63.6	94.4		39.1	131.5	620.1	
Market Cap (000,000)	\$ 141.8	\$ 5,226.0	\$ 1,586.3	\$ 3,268.6		\$ 1,411.1	\$ 10,204.6	\$ 24,145.1	
Enterprise Value (000,000)	\$ 598.8	\$ 8,257.0	\$ 1,842.8	\$ 4,562.3		\$ 1,700.1	\$ 10,690.2	\$ 27,480.4	
EPS									
TTM Estimated / Pro Forma (diluted)		\$ 6.74	\$ 2.06	\$ 3.66			\$ 1.04	\$ 0.75	
TTM P/E		10.51	12.11	9.46	10.69		74.64	51.92	63.28
2000E (Diluted)	\$ 1.34	\$ 7.27	\$ 2.39	\$ 3.80		\$ 1.13	\$ 1.58	\$ 0.84	
Forward P/E	2.71	9.74	10.44	9.11	9.76	31.91	49.29	46.46	47.88
Enterprise									
Enterprise Value / EBITDA	2.66	6.48	7.96	6.15	6.86	12.95	44.01	32.36	38.18
Enterprise Value / EBIT	7.25	10.30	10.33	7.74	9.45	20.43	66.71	44.05	55.38
12 month Trailing									
EBITDA Per Share	5.74	17.26	3.64	7.85		3.36	1.85	1.37	
EBITDA Multiple	0.63	4.10	6.85	4.41	5.12	10.75	42.01	28.43	35.22
EBITDA Margin	42.07%	14.05%	16.02%	18.62%		11.85%	5.64%	7.31%	
12 month Trailing									
Trailing Sales	\$ 534.2	\$ 9,066.0	\$ 1,445.0	\$ 3,983.1		\$ 1,108.3	\$ 4,307.2	\$ 11,613.7	
Price to Sales	0.27	0.58	1.10	0.82	0.83	1.27	2.37	2.08	2.22
Gross Margin	36.26%	27.95%	28.04%	32.64%		27.21%	7.02%	9.22%	
Operating Margin	15.45%	8.85%	12.35%	14.81%		7.51%	3.72%	5.37%	
Book Value	\$ 11.83	\$ 36.08	\$ 13.14	\$ 18.56		\$ 16.06	\$ 12.12	\$ 5.76	
Price to Book	0.31	1.96	1.90	1.87	1.91	2.25	6.40	6.77	6.59
Turnover's									
Account Rec. Turnover	6.70	6.45	6.29	4.92		11.23	6.78	6.31	
Current Asset Turnover	2.73	3.10	2.39	2.40		4.48	1.87	1.45	
Working Capital Turnover	5.15	30.63	7.05	7.15		40.80	4.13	2.02	
Returns									
Return on Average Equity		28.37%	16.82%	20.35%			11.55%	16.25%	
Pre-Tax Average ROA		11.24%	12.47%	13.41%			7.31%	9.89%	
Return on Average Assets		9.31%	9.87%	8.32%			5.52%	6.69%	
Return on Capital		13.62%	14.04%	12.44%			7.24%	6.56%	
Current Ratio	2.13	1.11	1.51	1.51		1.12	1.83	3.52	
Quick Ratio	0.94	0.57	0.71	0.76		0.45	1.00	2.31	
Cash Ratio	0.07	0.04	0.14	0.02		0.00	0.49	1.50	
Cash per share	0.17	1.37	0.87	0.25		0.01	4.71	5.52	
Degree of Financing Leverage (EBIT/EBT)	1.46	0.77	0.94	1.11	0.94	1.29	1.17	1.08	1.13
Financing Leverage (Assets/Equity)	2.24	3.23	1.71	2.51	2.48	1.88	1.94	2.57	2.25
Debt to Capital		53.23%	23.48%	42.48%			23.36%	48.31%	
Debt to Book Equity		113.82%	30.69%	73.85%			30.48%	93.46%	
Debt to Enterprise Value		36.71%	13.92%	28.36%			4.54%	12.14%	
Liabilities to Equity		223.02%	70.98%	151.15%			93.54%	156.52%	
Interest Coverage									
Interest Coverage (Earnings)	3.36	6.95	12.63	9.78	9.79	4.60	5.09	13.93	9.51
EBIT/Interest Expense	2.80	4.58	10.88	9.78	8.41	4.65	4.80	12.97	8.89

Fresh Spin-Off Situations

BRE Properties to Complete Spin-Off of VelocityHSI

BRE Properties, (NYSE:BRE), announced August 7th as the record date for the distribution of shares of VelocityHSI. BRE shareholders will receive one share of VelocityHSI for every five shares of BRE Properties. VelocityHSI will have about 13.7 million shares and the distribution of VelocityHSI will be a taxable event to the BRE shareholders. The distribution of VelocityHSI is expected to occur on or about August 15th and will trade OTCBB:VHSI. BRE will retain 9.9% of VelocityHSI and VelocityHSI management will own about 15.4% post distribution. BRE shareholders are expected to receive about 8.9 million shares.

BRE is a real estate investment trust (REIT) which owns and manages multifamily apartment communities in the Western United States. BRE owns and operates 86 apartment communities, totaling 22,882 units in California, Arizona, Washington, Oregon, Nevada, New Mexico, Utah and Colorado. BRE currently has 13 other apartment communities in various stages of development and construction totaling 3,123 units. On July 12, BRE announced that it had entered into an agreement to sell 22 apartment communities with 4,909 apartment units located in Tucson and Phoenix, Arizona; Albuquerque, New Mexico; and Las Vegas, Nevada.

VelocityHSI provides high-speed Internet installation, access and content to the multifamily apartment industry. Customers are multifamily apartment property owners, managers, and apartment unit residents who receive Internet-related products and services to meet their specific high-speed Internet communication, information, and entertainment needs. Basic installation costs per multifamily apartment

community are approximately \$30,000 and can accommodate up to 50 subscribers. Additional subscriber capacity costs VelocityHSI \$25,000 for each additional 50 subscribers. Currently BRE is VelocityHSI's sole customer and monthly subscriber fees from these residents comprised 100% of VelocityHSI's revenues. As of June 30th, revenues were \$182,000. BRE will remain VelocityHSI's largest customer through the end of 2000.

VelocityHSI competes with Local Exchange Carriers (LEC), inter-exchange carriers and Digital Subscriber Line (DSL) providers, several of which have greater resources. Competitors include AT&T, Sprint, Worldcom, SBC and PacBell to name a few. Velocity expects to generate negative cash flow as it implements its expansion plans. Terms of the spin-off include BRE providing additional funds due September 2001 to finance VelocityHSI's operating expenses. Recent market volatility will probably prove difficult for VelocityHSI to raise additional capital.

Recent Financials

On July 13th, BRE Properties reported funds from operations (FFO) of \$30.8 million, or \$0.64 per share, for the quarter ended June 30, 2000, a per share increase of 12.3% over FFO of \$27.3 million, or \$.57 per share, in the same quarter a year ago. As of June 30, 2000, BRE's use of debt and equity resulted in a total market capitalization of approximately \$2.2 billion, with a debt-to-total market capitalization ratio of 37%. BRE's outstanding debt of \$856.5 million carries a average interest rate of 7.39%. BRE's coverage ratio of EBITDA to interest expense is 3.6:1.

BRE Properties (NYSE: BRE)			
Price (8/1/00)	\$ 32 9/16	Fiscal Year	December
52 Week Range	\$32 7/8 – \$20 1/2	ROA	4.38%
Shares outstanding	44.5 M	FFO (ttm)	\$ 2.32
Market Capitalization	\$ 1.45 B	FFO 2000 Est.	\$ 2.61
Dividend / Yield	\$1.56 / 5.22%	P/FFO Ratio (ttm)	14.0x
Book Value / Share	\$ 17.25 / 1.88X	P/FFO Ratio (2000 est.)	12.47x

Fresh Spin-Off Situations

Chronimed to Spin off MEDgenesis

Chronimed (NASDAQ: CHMD) is going to spin-off all of MEDgenesis, its diagnostics products subsidiary to shareholders of record June 16. Chronimed shareholders are going to receive one share of MEDgenesis for every three shares of Chronimed. Chronimed has yet to establish the distribution date. According to Ernst & Young, the IRS should treat the spin-off as a tax-free transaction. On July 31, Chronimed closed down $\frac{1}{8}$ to $\$7 \frac{13}{16}$.

MEDgenesis

MEDgenesis is a developer, manufacturer and distributor of diagnostics products and related medical devices used outside the human body to monitor chronic conditions such as diabetes and to screen for acute conditions utilizing blood and urine diagnostics. The primary focus of the company's technology is proprietary dry reagent chemistry that enables point of care testing of blood and urine diagnostics. Dry reagents tests are single use tests designed to measure chemical characteristics in fluids, primarily blood and urine. Healthcare professionals and individuals use MEDgenesis' products to screen for or monitor various acute and chronic conditions. MEDgenesis focuses on blood and urine medical diagnostic products and related accessories that it develops and manufactures, owns outright, or controls through excessive license or distribution agreements. MEDgenesis competes against companies such as Bayer Diagnostics, Roche Diagnostics, Abbott Labs and Quidel. The major classes of trade to which the company sells its products are long-term care, medical-surgical distributors, drug wholesalers, and durable medical equipment outlets. Comparing results for the quarter ended March 31, 2000 to the one ended March 31, 1999, revenues increased by \$445 thousand (6%) to



\$8.1 million. Net income, however, fell by \$49 thousand (7%) to \$635 thousand.

Chronimed

Chronimed, Inc., based in Minnetonka, Minnesota, is an integrated healthcare company that, after the spin-off of its diagnostics unit, will specialize in specialty pharmacy services. The Company develops, manufactures, markets and distributes pharmaceuticals and educational materials by mail and retail pharmacy (30 StatScript pharmacy outlets). The Company provides patients with a convenient, competitively priced source of prescription drugs, medical products, counseling support and a variety of educational materials to help patients control their chronic conditions. Chronimed primarily serves patients with complex conditions treated with injectable medications. CVS and Walgreen's are two of Chronimed's competitors. Revenues for the quarter ended March 31, 2000 were \$57.6 million, an increase of 24% (\$13.6 million) when compared to the same quarter in 1999. The company experienced a net loss of \$1.9 million (502% decline Y/Y). Additionally, its EPS declined by \$2.36 (500%) to a loss of \$0.16 per share.

Chronimed (CHMD)			
Price (7/31/00)	\$7 13/16	Fiscal Year	June
52 Week Range	\$11 – 4 15/16	ROE	6.41%
Shares Outstanding	12.144 M	Dividend / Yield	\$0.00 / 0.0%
Market Cap	\$93.35 M	First Call 00 EPS	\$0.39
Enterprise Value	\$97.02 M	P/E 2000	19.7 x

Fresh Spin-Off Situations

EMC to Carve-Out McDATA

McDATA (NASDAQ: MCDT) offered 12.5 million shares of its Class B common stock in an IPO that priced at \$28 per share. The company will use the net proceeds from the offering, about \$350 million, to repay \$1.9 million in outstanding debt to McDATA Holdings and for general corporate purposes. Currently, EMC, through its wholly owned subsidiary, McDATA Holdings, owns 100% of McDATA Class A common stock. After the offering, McDATA will have 81 million and 25.5 million shares of Class A and Class B common stock outstanding, respectively. EMC will own 100% of the Class A shares (97% of the voting power). EMC then plans to liquidate McDATA Holdings and distribute all of the shares of Class A common stock to the holders of EMC's common stock on a pro rata basis approximately six to twelve months after the IPO. EMC's distribution depends on, among other things, receiving a ruling from the IRS that the distribution will be tax-free. Each share of Class A common stock entitles its holder to one vote per share, while each share of Class B common stock entitles its holder to 1/10 of one vote per share. EMC's class A holdings represent approximately 97% of the combined voting power of both classes of voting stock.

McDATA Corporation

McDATA is a provider of high-performance enterprise switches and related software for connecting servers and storage systems in a storage area network (SAN) that enable its customers to connect and manage large numbers of storage and networking devices centrally. SANs enable fast, efficient and reliable transfer of data across multiple servers and storage devices to improve the management of data within an enterprise. The company's solutions include hardware and software products, methodologies and education that enable businesses to scale their operations globally through a comprehensive, manageable, flexible data infrastructure that is optimized for rapid application deployment and

responsiveness to customer needs. The company sells its products through original equipment manufacturers (such as EMC Corporation), resellers (such as IBM), and systems integrators. McDATA had three major customers during 1999, EMC (69% of 1999 total revenue), Hewlett-Packard (13%), and IBM (11%). For the six months ended June 30, 2000, McDATA depended on EMC and IBM for 74% and 15% of its revenues, respectively. Additionally, McDATA's ED-5000 product accounted for 43% of 1999's revenues. McDATA's competitors include Brocade Communication, Vixel Corp, and QLogic. Between 1998 & 1999 revenues increased by 160% reaching \$95.3 million with 47.4% gross margin but a \$1 million net loss. Between the first six months of 2000, revenues grew 203% reaching \$103.6 million with a 51.8% gross margin and a 10.5% net margin. During this period EMC accounted for 74.5% of the business.

EMC

EMC Corporation designs, manufactures, markets and supports a wide range of hardware and software products and provides services for the storage, management, protection and sharing of electronic information. The company, based in Hopkinton, Massachusetts, is the #1 producer of hardware and software for data storage and retrieval systems. The company's products, which work with larger mainframes and with UNIX and Windows NT systems, manage and share data across different types of networked computers. EMC also offers Web site management and data migration services. Some of the companies which EMC competes against are IBM, Hitachi and Compaq.

McDATA's stock popped on the first day of trading to as high as \$90 7/8. At \$88, EMC is trading at about 116x estimated December 2000 earnings of \$0.76 per share. McDATA would have a market capitalization of \$9.4 billion. In comparison, EMC has a market capitalization of \$198 billion. Currently, one share of EMC has about \$3 of McDATA embedded in it.

Fresh Spin-Off Situations

Sea Containers to Carve-Out Orient Express

On July 3rd, Orient-Express Hotels Ltd. filed with the SEC to offer 10 million class A common shares in an IPO for between \$20-\$23 per share. Orient will trade on the NYSE under the ticker "OEH". Orient-Express and its parent, Sea Containers (NASDAQ: SCR.A, SCR.B), will each sell 5 million shares. Orient-Express plans to use the estimated \$100 million in net proceeds from its 5 million shares to repay about \$95 million of its existing debt secured by five of its properties, which will then be available to secure a \$125 million revolving credit facility to fund future acquisitions and expansions. The IPO will have two stages. On, or about, August 9th, Orient will IPO 10 million shares. Sea Containers will then distribute the remaining Orient-Express shares to its stockholders sometime next year. Like its parent, Orient-Express will have two classes of stock. Sea Containers will retain 18.4 million class A (1/10th vote) and 2.45 million class B (1 vote), (67% economic, 81% voting). Sea Containers will receive approximately \$100 million in proceeds from its five million shares offering. Upon completing the IPO, the outstanding capital stock of Orient-Express will consist of 28.4 million class A shares and 2.5 million class B shares (all of which Sea Containers will hold). About 90% of the class B shares are subject to an agreement for their purchase by subsidiaries of Orient-Express Hotels. Under applicable Bermuda corporate law, the 90% of the class B shares are considered outstanding and may be voted by Sea Containers. For purposes of computing earnings per share, these shares are deemed to be owned by subsidiaries of Orient-Express Hotels and will be accounted for as a reduction to outstanding shares.

Orient-Express Hotels, the Bermuda based unit of Sea Containers, is a hotel and leisure company focused on the luxury end of the leisure market. The company currently owns and/or operates 26 highly individual deluxe hotels worldwide reported as 22 business units, six tourist trains, a river cruiseship and two restaurants. The company acquires distinctive properties in areas of outstanding cultural, historic or recreational interest in order to provide luxury lifestyle experiences for the elite traveler. Some of the company's most prominent properties are the Windsor Court in New Orleans, the

Copacabana Palace Hotel in Rio de Janeiro, the Mount Nelson Hotel in Cape Town, South Africa, Reid's Palace Hotel in Madeira, Portugal, and the '21' Club in New York City. Sea Containers entered the hotel and leisure market in the late 1970s when Orient-Express Hotels' corporate predecessor acquired the Hotel Cipriani in Venice and the legendary Venice Simplon-Orient-Express tourist trains. Since then, Orient Express has grown into an international leisure company and has received numerous awards. Hotels and restaurants represent the largest segment of the company's business, contributing 84% (\$203 million) of revenue in 1999. Tourist trains and cruises accounted for the remaining 16% (\$38 million). The company's worldwide portfolio of hotels consists of 2,563 individual guest rooms and multiple-room suites, each known as a key, which achieved an average daily room rate, or ADR, of \$289 in 1999. A majority of the company's customers are leisure travelers, with approximately 54% of the company's guests in 1999 originating from the United States, 20% from Europe and the remaining 26% from elsewhere in the world.

Sea Containers currently engages in three main businesses: passenger transport operations (which provides service-oriented ferry and rail transportation services primarily in and around the United Kingdom and Scandinavia), marine container leasing operations (which offers a wide variety of standard and specialized cargo containers) and Orient Express. Sea Containers' transport division (66% of sales) runs ferry lines (including hovercraft service) in the English Channel, the Irish and Baltic seas, and New York Harbor and operates high-speed train service between London and Scotland.

In 1999, Orient posted \$35 million in net income (\$35/30.9=\$1.13 EPS). If the IPO was to price at its mid-point of \$21.50, Orient would be trading at 19X's its 1999 earnings. In addition, Sea Containers' ownership stake would be valued at \$462 million or \$25 per share. Sea Containers current price is \$27.25, implying its other businesses are valued at \$2.25 per share. In 1999, Sea Containers earned \$2.64 per share. Orient's contribution was approximately \$1.31 indicating Sea Containers 1999 earnings were \$1.33 per share in 1999 on a stand alone basis.

Fresh Spin-Off Situations

Tyco International Carves-Out TyCom

TyCom raised the number of common shares in its IPO to 61 million from 54.4 million and the expected price range to \$32 per share. After the offering, Tyco will retain a stake of 450 million shares (89% of outstanding shares) of TyCom. TyCom trades on the NYSE and the Bermuda exchange under the symbol "TCM". **Tyco has not indicated whether it will spin-off the remaining shares of Tycom to shareholders.**

TyCom is a provider of undersea fiber optic networks and services. The company plans to design, operate, and sell bandwidth capacity on a global undersea fiber optic network, called the TyCom Global Network, which the company believes will be the largest and most technologically advanced network in the world. TyCom will provide bandwidth solutions to telecommunications providers, Internet and application service providers, and to other customers who require significant bandwidth capacity. Ultimately, the company plans on transforming itself into a provider of undersea bandwidth services and on delivering customer-driven network solutions. The company's R&D division, TyCom Laboratories, has its origins in Bell Labs. TyCom will compete against companies such as Global Crossing, MCI Worldcom, Level 3 Communications, and Pacific Gateway. For the six month period ended March 31, 2000, the company's revenues were \$1,275.8 million, an increase of 82% or \$576.5 million over the six month period ended March 31, 1999. Additionally, net income for the period increased by \$57.8 million (75%) to \$135.2 million.

Tyco International

Tyco International Ltd. is a diversified manufacturing and service company that operates four divisions: Telecommunications and Electronics

group (34% of 1999 sales), Healthcare and Specialty Products group (26%), Fire and Security Services division (24%), and Flow Control group (16%). The Telecommunications and Electronics group manufactures and distributes electrical and electronic components plus manufactures and installs undersea fiber-optic cable communication systems.

The Healthcare and Specialty Products group manufactures disposable medical supplies and other specialty products. Next, the Fire and Security Services division installs fire detection and suppression systems and electronic security systems.

Lastly, the Flow Control group manufactures flow control products (pipes, pipefittings, tubing, flow meters, etc.). For the quarter ended March 31, 2000, the company's revenues increased by \$431.2 million (6.5%) to \$7,070 over the quarter ended December 31, 2000. Tyco's net income and earnings per share increased by \$98.5 million (13%) and by \$0.06 (14%) to \$855.5 million and \$0.50, respectively. After being exonerated of charges of accounting irregularities, Tyco, which closed at \$xx per share on July xx, has nearly recovering the entire \$40 billion in market value that the company lost when the charges surfaced.

Valuation

At \$32 per share (the top of the expected offering range), proceeds from the offering will be approximately \$2 billion. TyCom will pay a \$200 million dividend to TGN Holdings, a wholly owned subsidiary of Tyco International and currently TyCom's sole shareholder and use the remainder to developing the first phase of the TyCom Global Network. At TyCom's first day closing price of \$36 ½ (up \$4.50 on the day), each share of Tyco will have \$9.60 worth of TyCom embedded in it.

Comparables

Company	Tyco International	Honeywell International	Johnson & Johnson	3M	Average Comp	TyCom Ltd	Global Crossing	MCI WorldCom	Level 3 Communications	Pacific Gateway	Average Comp
Ticker	TYC	HON	JNJ	MMM	Average	TCM	GBLX	WCOM	LVLT	PGEX	Average
Current Implied Price	\$ 44.98	\$ 36.25	\$ 96.66	\$ 91.38		\$ 36.44	\$ 30.50	\$ 35.94	\$ 63.75	\$ 2.63	
Shares Out. (000,000)	1,710.7	806.7	1,411.0	401.9		511.0	778.8	2,921.0	350.3	19.5	
Market Cap (000,000)	\$76,943.2	\$29,242.9	\$136,382.0	\$36,723.6		\$18,619.6	\$23,752.8	\$104,973.4	\$22,331.0	\$ 51.2	
Enterprise Value (000,000)	\$88,524.7	\$35,567.9	\$140,042.0	\$39,266.6		\$19,276.9	\$29,796.1	\$124,672.4	\$29,384.0	\$ 126.6	
EPS											
TTM Estimated / Pro Forma (diluted)	\$ 2.00	\$ 2.85	\$ 3.21	\$ 4.40		\$ -	\$ (0.66)	\$ 1.53	\$ (2.11)	\$ (0.89)	
TTM P/E	22.49	12.72	30.11	20.77	21.20			23.49			
2000E (Diluted)		\$ 3.03	\$ 3.37	\$ 4.72			\$ (2.22)	\$ 1.89	\$ (4.55)	\$ (1.68)	
Forward P/E		11.96	28.68	19.36	20.00			19.01			
Enterprise											
Enterprise Value / EBITDA	15.36	11.57	76.44	10.14	44.00	43.60	96.76	9.41	(51.64)	(351.78)	(74.31)
Enterprise Value / EBIT	20.31	16.53	22.52	12.90	19.52	50.56	(137.72)	14.13	(34.82)	(7.11)	(41.38)
12 month Trailing											
EBITDA Per Share	3.37	3.81	1.30	9.63		0.87	0.40	4.54	(1.62)	(0.02)	
EBITDA Multiple	13.35	9.51	74.44	9.49	41.98	42.12	77.14	7.92	(39.25)	(142.33)	(24.13)
EBITDA Margin	24.49%	12.71%	6.53%	24.29%		19.97%	11.81%	34.77%	-96.44%	-0.06%	
12 month Trailing											
Trailing Sales	\$23,539.0	\$24,197.0	\$ 28,051.0	\$ 15,935.0		\$ 2,214.1	\$ 2,608.0	\$ 38,097.0	\$ 590.0	\$ 590.6	
Price to Sales	3.27	1.21	4.86	2.30	2.79	8.41	9.11	2.76	37.85	0.09	12.45
Operating Margin	18.52%	8.89%	22.17%	19.10%		17.22%	-8.30%	23.16%	-143.05%	-3.02%	
Book Value	\$ 7.52	\$ 11.09	\$ 12.15	\$ 15.57		\$ 2.01	\$ 11.50	\$ 18.16	\$ 15.90	\$ 4.79	
Price to Book	5.98	3.27	7.95	5.87	5.70	18.16	2.65	1.98	4.01	0.55	2.30
Turnovers											
Account Rec. Turnover	4.94	6.16	6.43	5.67		4.54	2.86	6.22	1.95	3.81	
Current Asset Turnover	2.18	2.48	2.01	2.61		2.48	1.00	3.43	0.07	3.05	
Working Capital Turnover	9.68	16.85	4.10	7.36		(5.80)	6.82	(5.82)	0.09	(5.07)	
Returns											
Return on Average Equity		22.57%	27.69%	30.52%			-6.81%	9.22%	-14.22%	-27.15%	
Pre-Tax Average ROA		10.70%	21.93%	21.79%			-1.79%	9.78%	-5.88%	-4.26%	
Return on Average Assets		7.99%	15.32%	13.47%			-2.74%	5.09%	-6.08%	-8.17%	
Return on Capital		11.93%	21.52%	21.96%			0.13%	7.06%	-4.11%	-15.90%	
Current Ratio	1.29	1.17	1.96	1.55		0.70	1.17	0.63	5.83	0.62	
Quick Ratio	0.70	0.59	1.20	0.78		0.39	0.97	0.38	5.73	0.59	
Cash Ratio	0.13	0.12	0.59	0.07		0.01	0.56	0.03	5.52	0.09	
Cash per share	0.66	1.24	2.98	0.69		0.03	1.61	0.21	21.92	1.42	
Degree of Financing Leverage (EBIT/EBT)	1.35	0.92	1.03	1.00	0.98	1.05	1.40	1.06	1.01	0.72	1.05
Financing Leverage (Assets/Equity)	2.67	2.78	1.75	2.23	2.25	1.82	2.40	1.78	2.58	4.46	2.81
Debt to Capital	47.38%	41.42%	17.59%	28.89%		39.06%	40.30%	27.08%	55.87%	44.62%	
Debt to Book Equity	90.05%	70.71%	21.34%	40.63%		64.10%	67.50%	37.13%	126.60%	80.57%	
Debt to Enterprise Value	13.08%	17.78%	2.61%	6.48%		3.41%	20.28%	15.80%	24.00%	59.54%	
Liabilities to Equity	159.39%	177.66%	74.71%	123.18%		189.56%	106.93%	71.21%	157.84%	346.36%	
Interest Coverage											
Interest Coverage (Earnings)	6.24	8.46	32.87	29.41		21.71	(0.07)	9.62	(3.88)		
EBIT/Interest Expense	6.58	6.90	32.90	29.27		22.56	(1.08)	9.55	(4.94)		

Recently Announced Spin-Off Situations

Ceridian to Split Into Two Companies

On July 18th, Ceridian Corp. said it plans to split into two separate publicly traded companies: one comprised of its human resources and transaction-processing business, **Ceridian (the company's new main focus)**, and the other its media research firm, **Arbitron Co.** Ceridian said it expects to take a special charge, estimated at \$25 million to \$30 million, in the fourth quarter to cover the cost of the split and a debt restructuring.

Ceridian's board will determine the final distribution to shareholders of stock in the two companies. Stephen Morris, president of the Arbitron business, will be president and chief executive of Arbitron Co. New York-based Arbitron reported 1999 revenues of \$215 million, primarily derived from the radio market. Ronald Turner will continue as chairman, president and chief executive of Minneapolis-based Ceridian, which includes the Comdata business, a transaction-processing company. Excluding Arbitron, Ceridian had 1999 revenues of \$1.1 billion. Ceridian has retained Bear Stearns as its financial advisor in connection with the transaction

Management believes the split up will create two distinct companies with unique positions to pursue the markets each serve. Ceridian's Human Resources and Comdata businesses provide outsourcing services to customers of all sizes. Large-scale transaction processing, money movement and regulatory compliance services will continue to be the core businesses of Ceridian. Comdata's eCash product and stored value card technology will be available to all Ceridian Human Resources customers. Conversely, payroll, benefits services and other Human Resources services will be sold into Comdata's large niche in the trucking industry. Comdata's purchase of Stored Value Systems also has created opportunities within the retail market for Ceridian.

Ceridian Corporation operates exclusively in the information services industry. The Company provides products and services to customers in the human

resources, transportation and media information markets through its Human Resource Services businesses, Comdata subsidiary, and Arbitron division. These businesses collect, manage and analyze data and process transactions on behalf of the Company's customers, report information resulting from such activities to its customers, and provide its customers with related software applications and services. The technology-based products and services of these businesses are typically provided through long-term customer relationships.

For the second quarter ended June 30, 2000, Ceridian reported net earnings of \$32.2 million, or \$.22 per diluted share, on revenue of \$343.8 million. For the second quarter of 1999 Ceridian's net earnings were \$35.7 million, or \$.24 per diluted share of common stock, on revenue of \$322.2 million. Second quarter 1999 cash earnings per share were \$.29. For the first half of 2000, Ceridian reported net earnings of \$67.7 million (excluding first quarter special charges), or \$.46 per diluted share, on revenue of \$705.6 million. For the first half of 1999, net earnings totaled \$77.5 million, or \$.52 per diluted share, on revenue of \$643.6 million.

Human Resources revenue for the quarter was lower than anticipated. Human Resources revenue for all of 2000 is now expected to be in the range of \$890 to \$895 million, management stated. The companies' shortfall in revenue is not due to weakness in the Human Resources market. The year 2000 is a transition year for the Human Resources business, particularly U.S. payroll. Due to a focus on U.S. payroll, cross-selling efforts with Ceridian Benefits Services were deferred, which negatively impacted revenues. However, efforts to improve the U.S. payroll business are showing great signs of success, and have resulted in a higher than anticipated customer retention rate. Orders were significantly higher during the second quarter compared to the first quarter.

Recently Announced Spin-Off Situations

Computer Associates to Spin Some Businesses

On August 7th, Computer Associates International Inc. (NYSE-CA) said it would spin off its software and services businesses, and that it would later spin off its desktop accounting business and some other technology operations. The business software maker also said it promoted Sanjay Kumar to chief executive officer in addition to president. Kumar was previously president and chief operating officer. Founder and longtime CEO Charles Wang will continue as chairman, overseeing new ventures to unlock value to shareholders. Computer Associates' products run mostly on mainframes and large corporate systems. The stock gained \$1.56, to \$27.06 on the news.

The first business to be spun off is a unit that serves the application service providers market (ASPs). ASP's provide remote access to software programs. The business will be called iCan-ASP Inc., **but it was not yet determined if the stock would be a tracking stock or other issue.** Nancy Li, Mr. Wang's wife, will become iCan-ASP's CEO. CA declined to disclose the size of the business, but said it is profitable and has about 40 employees. ASPs rent software to other companies through the Internet. Other potential spinoffs are a desktop accounting software business and four telecommunications joint ventures in Asia. CA has retained both Credit Suisse First Boston and Morgan Stanley Dean Witter to advise it on separating companies.

Computer Associates International is the world's #3 independent software company (after Microsoft and Oracle; Microsoft and IBM are #1 and #2 overall). Computer Associates develops, licenses, and supports more than 500 integrated products that include enterprise computing and information management, application development, manufacturing, and financial applications. The company's main business lines are Network Management, Storage, and Security. The company also has intelligent neural network-based technology, called Neugents, which enables prediction across CA's entire product line.

Its flagship Unicenter program -- which accounts for a quarter of sales -- gives customers centralized control over their software, hardware, and networks. CA, which has a history of gobbling up smaller software firms, purchased PLATINUM Software in 1999 and Sterling Software for 2000 for nearly \$4 billion. Computer Associates based in Islandia, N.Y. has 20,000 employees and had \$6.76 billion in revenue for the fiscal year ended March 31 (42% from mainframe software products, 50% from distributed systems products and the rest from professional services and other). Founder Charles Wang was the country's highest paid executive last year with a package totaling \$650 million, most of it from bonuses related to stock performance.

On July 5th, the company surprised Wall Street by warning that its first-quarter earnings would be far below expectations. The stock plummeted 42 percent, to \$29.59. **We believe that given the June quarter debacle and lack of specifics on the spin plans, it is unlikely that CA's stock will get much help from the announced restructuring.** CA has over 600 million shares outstanding, so to transfer \$5 a share in value, for instance, CA would have to transfer \$3 billion in value (assuming a tax-free spin). Given that iCan-ASP (the first spin proposed) probably has well below \$50 million in sales, it is unlikely that it will account for a meaningful amount of CA's capitalization.

CA's objective is to segment, fast growing businesses that aren't essential to the core business and derive shareholder value for those assets in the public markets. In another effort to increase shareholder value, the company announced an initiative to streamline its internal operations by emphasizing Web-based selling and fulfillment. CA feels that many of its mainframe businesses are mature and could be managed using fewer resources. Through a Web-based service-offering customers would be able to help themselves to many of the product upgrades for mainframe-based applications.

Recent Results

In July, CA reported FY01 Q1 EPS of \$0.14, essentially in line with the July 5th pre-release (but well below the \$0.55 originally expected). CA posted total contract value (the total dollar amount of signed contracts) of \$1.278 billion. Mainframe was well below expectations (\$442 million in sales) which dragged down distributed systems (\$684 million). The U.S. accounted for 71.6% of sales, an 8% increase year-over-year. International revenues contributed the remaining 28% of sales. Operating income in the quarter totaled \$134 million. Operating margin was 10.5%. Net income totaled \$84 million.

Exiting the June quarter, cash stood at \$700 million. The company also issued \$370 million of commercial debt, \$300 million of which was used to retire longer-term debt. DSOs were 92 days down from 117 last quarter. The effective tax rate was 37.5%. Capitalized R&D was 14% of product revenues versus 11% last year. In addition, CA spent more than \$50 million to repurchase shares in the first two weeks of July. For Q2 management gave guidance of \$1.7 billion in revenues.

Computer Associates (CA)

Price (8/8/00)	\$26 7/16	Debt to Total Capital	42%
52 Week Range	\$79 - \$24	Book/Share	\$11.30
Shares Outstanding	606 M	Dividend/Yield	\$0.08/0.32%
Market Capitalization	\$16 B	2000 FY March EPS	\$3.28 P/E= 8.0x
Revenue (LTM)	\$6.8 B	Fiscal Year	March



Recently Announced Spin-Off Situations

ESS Technologies Announces Spin-off of ViAlta

On July 20th, ESS Technology, Inc. (NASDAQ: ESST) announced a plan to spin-off its ViAlta subsidiary following an initial public offering in 2001. ESS, which designs and sells advanced PC audio, digital video, modem and broadband communications solutions, formed the ViAlta subsidiary last year to apply its proprietary technologies to opportunities in the Internet marketplace. ESS Technology currently holds a 63 percent ownership position in ViAlta. The planned transactions are subject to receiving a favorable tax ruling and other approvals as well as market conditions. **ViAlta plans to introduce a line of Internet appliances in 2000.**

ESS Technology designs, markets, and sells highly integrated multimedia semiconductor and software solutions for the personal computer and consumer electronics markets. The company is a leader in Internet, communications, PC audio and digital video and provides advanced products enabling the convergence of communications, computer, consumer, and Internet markets. ESS sells its highly integrated multimedia semiconductor and software solutions to global consumer electronic and PC manufacturers and distributors, and currently holds the No. 1 global market share position in both the digital video and PC audio accelerator markets. In addition, the company plans to grow its share of the communications market through its new broadband home networking and high-speed DSL products. ESS is headquartered in Fremont, California. ESS is fables, meaning it does not own its own manufacturing facility. It contracts out its manufacturing to foundries in Taiwan (TSMC and UMC), allowing the company access to the most advanced production processes, yet maintaining financial flexibility. The company competes with other sound and video chipmakers such as STMicroelectronics, LSI Logic and C-Cube.

ViAlta provides easy-to-use Internet-focused products, applications and content for the living room. **In March, ViAlta unveiled its first product family, which includes a multi-function web-based videophone and a full-featured web DVD player**

that connects to a standard television, accesses the Internet, plays DVDs, downloads and plays MP3 music, and places internet and video phone calls. ViAlta plans to launch a pilot introduction of its Internet solution in Q4 this year. The solution includes the hardware platform, Internet portal, applications and content. ViAlta also plans to roll-out full volume production early next year. ESS's subsidiary, ViAlta.com, provides advanced, easy-to-use products and applications for the Internet. Products include multimedia appliances, applications and content for the Internet, which enable the user to experience new levels of entertainment and e-Commerce. The launch of ViAlta's internet/portal product is being pushed from Q3/Q400 into 2001. Management suggested that this subsidiary would pull an additional \$0.10 or so out of EPS during the second half of the year because of this.

Recently, ESS introduced its first two product lines based on the proprietary ViAlta architecture- the ViDVD and the ViPhone. The ViDVD draws upon ESS's DVD technology and includes a full-featured DVD player supporting Dolby Digital audio, MP3 and DTS audio, Karaoke capability and high-quality Internet telephony functionality. The ViPhone features a complete videophone solution, enabling users to make point-to-point or Internet-based video phone calls. Both units include a wireless keyboard for full web access, including e-mail, chat, and audio capabilities. All ViAlta users are directed first to the proprietary ViAlta portal, where they can access any part of the web they wish. The company believes that ViAlta portal will be capable of generating significant advertising and e-commerce revenues.

ViAlta plans to ship the ViDVD in limited quantities to application-specific partners in Q2 and ship the ViPhone in Q3. Both units are expected to ship with a suggested retail price under \$200 without ISP subsidization. ViAlta plans to announce content, ISP, and distribution partners in the coming months and expects widespread retail availability in the second half of 2000.

Recent Results

On July 19th, ESS Technologies reported net revenues of \$79.6 million for the quarter ended June 30th, 2000, an 18% increase above the \$67.2 million in revenue reported in the prior year. Audio sales represented about 42% of the total, while video was about 48% and communication products (modem chips) about 10%. The company recorded sales of about 250,000 new soft modem chips, which were only introduced four months ago. The company shipped more than 500,000 DVD chips.

Net income for the second quarter was a record \$8.5 million, or \$0.18 per diluted share, compared to \$7.9 million, or \$0.18 per diluted share. EPS was flat due to the company's investment in its subsidiary, ViAlta.com, and an increase in the number of shares outstanding. Sales growth was driven by DVD

products and the new SuperLink V.90 softmodem communications products. Gross margins increased to 38% in the quarter. DSO's fell to 53 days from the Q100 level of 62 days. In addition, the company produced cash flow from operations of approximately \$11 million.

ViAlta achieved its first quarter of revenue (about \$1 million). Although this division recorded a net loss of about \$3.4 million, ESS management expects ViAlta to reach \$40 million in sales by year-end and turn a profit in the Q400. ViAlta plans to launch its new DVD and Internet browser product in the U.S. in the second half of 2000.

ESS Technology (NASDAQ:ESST)

Price (8/7/00)	\$16 13/16	Dividend	None
52 Week Range	\$26 – 10	Revenues 1999	\$307.9 M
Shares Outstanding	42 M	EPS 1999	\$0.86 P/E = 19.5x
Market Capitalization	\$706 M	LT Debt to Total Capital	0%
ROE 1999	25%	Fiscal Year	December



Recently Announced Spin-Off Situations

Marshall & Ilesley to Carveout its Data Services Unit

On July 13th, financial services company Marshall & Ilesley Corp. (NYSE-MI) announced plans for an initial public offering of part of its M&I Data Services unit, a move that would free the higher growth data processing and e-commerce business from the traditional banking business. The company also posted second quarter earnings that met analysts estimates and said it would sell some assets and consolidate its bank charters to help improve efficiency in the banking part of its business. Milwaukee, Wisconsin-based Marshall & Ilesley said it will post charges in the third quarter and subsequent quarters, reflecting \$19 million in costs of the IPO and a consolidation of its bank charters, as well as \$33 million related to asset sales and investment portfolio realignment. The stock has a 52-week low of 41-4/16 and a high of 69-8/16. After the IPO, Marshall & Ilesley will own more than 80 percent of the shares of the data unit, which has been renamed Metavante Corp. **The company expects those shares will be distributed to Marshall & Ilesley's shareholders in the form of a dividend within a year after the IPO.** Earlier in the day, the \$25.2 billion asset financial services holding company said that second quarter net income rose to \$90.3 million, or 83 cents a diluted share, compared with \$87.5 million, or 77 cents a share, a year ago.

Metavante was formed from the Data Services unit of bank holding company Marshall & Ilesley (M&I). The company has been offering account processing services to community, regional, and national banks for more than 35 years. **Metavante is a leading provider of integrated solutions that enable financial service providers to initiate and process a broad range of financial transactions electronically, including through the Internet.** Metavante is an application services provider (ASP), which means they enable their clients to access and utilize their solutions over public and private networks,

including the Internet.

After making a move toward Internet banking in 1995, Metavante now offers outsourced account processing (about 70% of sales), electronic bill payment, online banking and mortgage services, customer relationship management, private-label banking, software, and consulting services. Clients include Bank of America, FleetBoston Financial, E*Trade, and M&I (10% of sales). As of June 20, the company had more than 3,300 clients, including 19 of the nation's 20 largest banks. In 1999, Metavante's solutions were used to originate and or process over 6.4 billion transactions for over 90 million customers and business customer bank accounts.

The SEC filing says that Metavante hopes to raise \$200 million from the IPO. If the market agrees that 15% of Metavante is worth that much, then **the implied value for the entire company would be \$1.333 billion.** This would value Metavante at 2.44x 1999 sales (\$546.4 million) and 36x 1999 net income (\$36.9 million). M&I has 104 million shares outstanding, **suggesting each share would have about \$12.80 worth of Metavante embedded, representing 27% of M&I's current stock price (of \$48 a share).** It is expected that the IPO could price sometime in September. Metavante plans to retain \$100 million of the net proceeds of the offering after the repayment of an intercompany payable to M&I bank of \$85.4 million. Metavante is expected to trade under the symbol "MVNT".

In the first three months of 2000, Metavante produced \$144.7 million in revenues versus \$126.1 in the first quarter of 1999 (a 14.7% increase). Online financial solutions generated revenue of \$17.7 million and operating income of \$0.9 million. Enabling technology solutions produced \$115.1 million in sales and 15.6 million in operating income. Other revenues totaled \$12 million, generating \$2.7 million in operating profit. Total income from operations in the first quarter of

2000 was \$19.2 million. Net income was \$10 million versus 8.4 million, suggesting a 7% net margin in the quarter. This compares to \$73 million in operating income for all of 2000 (versus \$58.4 million in 1999).

Marshall & Ilsley Corp

Holding company **Marshall & Ilsley** has 27 bank subsidiaries and one thrift with some 250 offices in Wisconsin, as well as in Chicago; Las Vegas; Naples, Florida; and Phoenix. It's largest bank is Wisconsin's M&I Marshall & Ilsley Bank. M&I Thunderbird Bank has more than a dozen offices in Arizona. Commercial loans, commercial mortgages, and residential mortgages each represent about a quarter of the banks' loan portfolio. Its M&I Data Services division provides software to more than 3,300 financial institutions. Subsidiaries also offer insurance, investment management, equipment lease financing, venture capital, and brokerage services. Its www.savingsbot.com Web site lets clients open CDs online. M&I's eventual stand-alone bank status could make it an attractive acquisition candidate.

M&I enjoys a strong Wisconsin franchise with the largest market share in the state (about 20%). M&I has more deposits than anyone else in Wisconsin, with about \$16.2 billion (20% of all deposits in Wisconsin). M&I has a reputation as a solid and safe banking company with a high quality balance sheet and great credit quality. M&I's net charge-off to average loan ratio was 0.17% in 1999. The rise in interest rates during the past year has squeezed M&I's net interest margin (the percentage difference between what a bank pays depositors and charges borrowers). According to its second quarter earnings report, M&I's net interest margin declined to 3.05% from 3.67% for the same period a year earlier. In the announcement, the company said it is taking measures to increase profits. M&I plans to sell and de-emphasize loans with low interest spreads, such as student loans, adjustable rate mortgages and auto loans. The company has established an affinity arrangement with AAA motor club to market certificates of deposit and money market accounts to

the 39 million members of the organization nationwide. In addition, M&I plans to consolidate all M&I affiliate branch offices under one charter within a year, a move that should cut administrative and regulatory costs. In addition, M&I is authorized to buy back up to six million shares per year in an ongoing buy back program. The company repurchased 5.1 million shares in 1999.

M&I's niche in data processing services contributed 31% of revenues in 1999. Last year, roughly 50% of the data services revenue was derived from data processing, a third was from e-commerce data processing, and the remainder was from software and consulting. E-commerce data processing fees (electronic funds transfer, electronic banking, cash management, home banking and electronic payment services) grew 76% to \$141 million in 1999, partly as a result of the acquisitions (in April) of ADP's leading electronic banking services business and MoneyLine Express (December 1998), the number-two bill payment processor. Currently, M&I processes Internet banking for over 80 banks. Excluding these acquisitions, e-commerce data processing revenue grew around 22% in 1999.

M&I Mortgage Corp. launched www.mortgagebot.com in November 1998, introducing the first ten-minute mortgage application, approval and rate lock via the Internet. Mortgage.com is expanding nationwide from the 30 states in which it is offered now. Currently, Mortgage.com is closing over \$30 million of mortgages per month. M&I expanded its Internet delivery channel in Q399 with the introduction of www.savingbot.com offering online CD investments and www.homeequitybot.com offering home equity loan application.

We believe the IPO of the data processing business could improve M&I's valuation by focusing attention on its processing activities for electronic commerce businesses. Currently, M&I is trading 14.5x the 2000 EPS estimate of \$3.38. M&I has filed a preliminary registration statement for a proposed IPO of Metavante, which will include most, but not all, of the businesses that M&I currently classifies as its data

processing operations. **M&I expects to complete an IPO of about 15% of the shares this fall, and to spin off the balance to M&I shareholders within 12 months of the IPO.** The IPO will provide Metavante with its own public equity currency for making acquisitions, and provide equity-orientated employee compensation through a stock that will likely enjoy a technology-related valuation rather than a bank multiple.

Recent Results

Net interest income fell 2% versus Q100 and 9% compared to Q299. The primary reason was a 13 basis point compression in the net interest margin for

the quarter, falling to 305 basis points from 318 basis points. Fee income was up 6% for the quarter and 17% versus Q299. Data processing and e-commerce were the largest contributors, growing 10% and 9% respectively. Fee income as a percentage of net revenue grew to 58.0% from 56.5% in Q100. Loss provisions as a percentage of average loans were 23 basis points for the quarter, compared to 14 basis points last quarter. Net income was flat versus Q100, assisted by a 1.4% drop in the tax rate compared to the first quarter, 35.9% for Q200. EPS of \$0.83 was inline with the First Call consensus estimate.

Marshall & Ilsley Corp (MI)

Price (8/4/00)	\$48	Dividend/Yield	\$1.06/2.2%
Range	\$70 – 41	EPS 1999A	\$3.14 P/E = 15.3
Shares Outstanding	104 million	EPS 2000E (First Call)	\$3.38 P/E = 14.2
Market Capitalization	\$4.99 B	Price/Book (99)	2.4x
ROE (6/00)	17.8%	Sales 1999	\$2.34 B



Recently Announced Spin-Off Situations

Qualcomm to Spin-off Chip Division

On July 25, Qualcomm (NASDAQ: QCOM) filed an S-1 with the SEC that detailed Qualcomm's plan to carve out 10% of its chips division then to spin-off the remaining 90% to Qualcomm shareholders by August 2001. One of the conditions of the plan is for the distribution to be tax-free. Qualcomm is acting to bolster its falling share price. Shares of Qualcomm, which appreciated 27 fold in 1999 (the best performer in the S&P500), have been the 7th worst performer in the S&P500 in 2000 – losing over 60% of their market value as the company's potential in Asia has dried up. During 2000, China and South Korea, who represent over 60% of revenues, have moved away from using the technology Qualcomm favors. Qualcomm said that it expects chip shipments based on CDMA to drop 20% in the fiscal fourth quarter because of weak demand in South Korea.

Spinco (the name of the chips division for now) would use the proceeds from the offering, which in the SEC filing was estimated at \$100 million but which Qualcomm executives later said would be as much as \$1 billion, for general corporate purposes. Separating the business will free the spin-off to make chips using standards that compete with the code division multiple access (CDMA) technology that Qualcomm developed and that 65 million people use. Specifically, the chip division would be able to sell chips to the two largest cell-phone makers (Nokia and Motorola), which use a different standard (WCDMA) in their phones, and have not licensed Qualcomm's patents for new phones and equipment. Qualcomm would continue to receive royalties from CDMA patents and retain the company's other businesses. Qualcomm Chairman and CEO Irwin Jacobs will also serve as Chairman of the new unit. Qualcomm President and COO Richard Sulpizio will be CEO of Spinco.

Spinco

Spinco, to be based in San Diego, is the leading developer and supplier worldwide of CDMA integrated circuits and system software solutions for wireless voice and data communications products. According to Dataquest's most recent analysis,

Spinco is the world's largest fabless provider of semiconductor products. The company's offerings include the following integrated circuits and software: baseband integrated circuits, radio frequency (RF) and intermediate frequency (IF) integrated circuits, power amplification (PA) integrated circuits, and system software. Spinco introduced its first CDMA integrated circuits in 1991 and is developing sixth, seventh and eighth generation products. To date, the company has shipped system solutions for use in more than 100 million CDMA handsets worldwide. Spinco provides integrated circuits and system software solutions to many of the world's leading wireless handset and infrastructure manufacturers, including: LM Ericsson, Lucent, Casio, Motorola, Nortel Networks, Samsung, Hitachi, and Sony. Spinco's current competitors include major semiconductor companies such as Intel, LSI Logic and Philips. In connection with its separation from Qualcomm, Spinco will maintain its own wireless intellectual property portfolio and will license additional intellectual property from Qualcomm. Once on its own, Spinco could be an acquisition candidate or could purchase other companies.

Qualcomm

Qualcomm is a provider of digital wireless communications products, technologies and services based on its CDMA technology. After the spin-off, the company will design, develop, manufacture and market CDMA subscriber products. The company also licenses and receives royalty payments on its CDMA technology from major domestic and international telecommunications equipment suppliers. In addition, Qualcomm designs, manufactures and distributes products and provides services for its OmniTRACS system, itself subject to spin-off rumors. The company also has contracts with Globalstar L.P., a low-Earth-orbit satellite system utilizing CDMA technology, to design, develop and manufacture subscriber products and ground communications systems and to provide contract development services. After the spin-off, Qualcomm would become similar to companies that license their

chip designs and collect royalties, such as Rambus and MIPS Technologies. Spinco is going to receive the rights to some of Qualcomm's 1,000 CDMA-related patents. Qualcomm is hoping that Spinco will swap access to the patents for information on rival standards that will help Qualcomm make new types of chips.

Financials

For the quarter ended June 30, 2000, Qualcomm's revenues fell by \$290.5 million (29%) to \$713.5 million, when compared to the quarter ended June 30, 1999. Net income and EPS, however, increased. Net income increased by \$95.8 million (163%) to \$154.7 million. EPS increased by \$0.10 per share (111%) to \$0.19 per share. Spinco's revenues accounted for 47% and 32% of Qualcomm's revenues for the quarters ended 6/30/00 and 6/30/99, respectively. When comparing the 6/00 quarter to last year, Spinco's revenues increased by \$19.8 million (6%) to \$338.1 million. Spinco's contribution to Qualcomm's

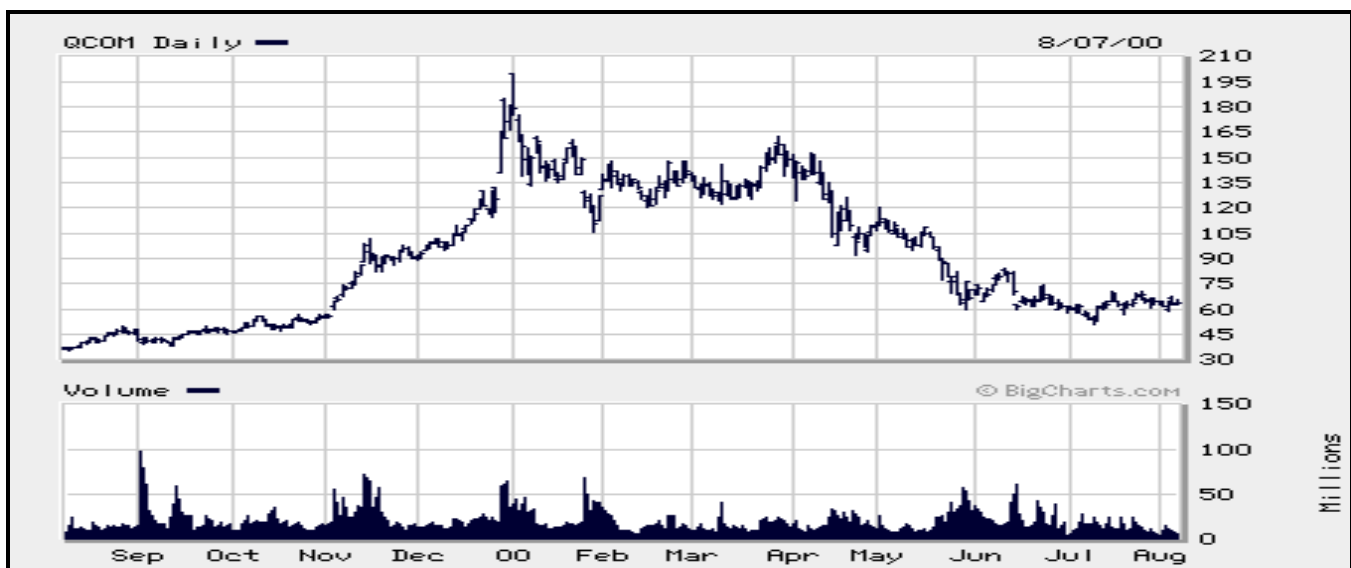
earnings before taxes (EBT) decreased from \$129.5 million (143% of EBT) in 1999 to \$109.6 million (39% of EBT) in 2000.

Valuation

As of August 3, Qualcomm has a market capitalization of \$47.9 billion. The company is trading at 62.6x 9/00 year end estimated earnings of \$1.03 per share and at 13.2x sales per share of \$6.62. Street estimates for post-spin Qualcomm's and Spinco's market values have ranged from \$40 billion to \$60 billion and from \$10 to \$40 billion, respectively. We believe that Spinco's market value to be closer to \$10 billion because of the IPO's offering 10% of Spinco's shares, which could raise up to about \$1 billion dollars. At Qualcomm's August 3 price of \$64 1/4 and at a Spinco estimated value of \$10 billion, each share of Qualcomm would have about \$12 worth of Spinco embedded in it.

QUALCOMM, Inc. (QCOM)

Price (8/8/00)	\$61 1/16	Debt to Total Capital	0%
52 Week Range	\$200 - \$35 1/4	Book/Share	\$7.75
Shares Outstanding	745.1 M	Dividend/Yield	\$0.00/0.00%
Market Capitalization	\$45.9 B	2000 FY Sept EPS	\$1.03 P/E= 60x
Revenue (LTM)	\$3.62 B	Fiscal Year	September



Recently Announced Spin-Off Situations

Reliant to Spin-off Unregulated Energy Business

On July 27th, Reliant Energy, Inc. (NYSE: REI) said it plans to spin-off its unregulated energy business into a separate public company which, it said would be better placed to pursue growth opportunities created by deregulation. We would guess that the sum of the market valuations of the two separate companies should be greater than the current whole. This would mark yet another high profile, unregulated energy company that is creating value for shareholders by escaping the puny utility multiples by liberating a separately traded high multiple energy company.

Upon receipt of the necessary regulatory approvals, an initial public offering of about 20% of the unregulated operations is planned either in late 2000 or early 2001. Reliant then plans to distribute the new company's remaining common stock to its shareholders within 12 months of the IPO. It is expected that the separation plan and IPO followed by a spin-off, can be executed upon receipt of approvals from: 1) the Public Utility Commission of Texas (PUCT); 2) the Securities Exchange Commission (SEC); 3) the Nuclear Regulatory Commission (NRC); 4) the Internal Revenue Service (IRS); and 5) Reliant shareholders.

The new company will be a more growth-oriented company with exposure to the volatility of world energy markets. The new company, which has yet to be named, will own Reliant's unregulated power generation assets and related energy trading and marketing operations. It will also include retail businesses such as telecommunications, Internet services and the company's European electric generating, trading and marketing operations. Minneapolis-based Northern States Power Co. has already spun-off NRG Energy Inc. and Atlanta-based Southern Co. has announced plans to do the same with its Southern Energy Inc. unit. Reliant's spin-off announcement plus the higher than expected earnings gave a boost to its stock which reached a high for the year of \$33 13/16. The stock has risen steadily from a low of 19-3/4 in March.

Reliant Energy has three natural gas utilities and one electric utility that serve nearly 4 million customers in six states. The Company has a wholesale energy trading and marketing business that ranks among the top five in the U.S. in combined electricity and natural gas volumes and has a presence in most of the major power regions of the U.S. It also has power generation and wholesale trading and marketing operations in Western Europe. The Company has more than 22,000 megawatts of power generation in operation in the U.S. and Western Europe and has announced acquisitions and development projects that will add another 10,000 megawatts. Reliant Energy also has marketing and distribution operations serving nearly four million electricity and natural gas customers in the U.S., has significant interests in power distribution operations serving nearly 10 million customers in Latin America, and recently launched a telecommunications business in the Houston area.

Valuation

The unregulated company that is spun-off will continue Reliant Energy's merchant power and wholesale marketing and trading operations in the United States and Europe. Merchant power involves the production of electricity for sale at unregulated wholesale market prices, in contrast to power sold at regulated prices by traditional utilities. Based on industry comparables, the price to earnings to growth ratio (PEG) for independent power producers (IPPs) is about 1.10x. The group includes AES, Calpine, Dynegy, and NRG Energy. Assuming that REI-non regulated can sustain a growth rate of 30%, implies a multiple of 33x. In the case of a minority IPO we would discount the multiple to reflect the lack of public control and small float. **Thus, using a 20 multiple, we see the generation business as worth about \$10 per REI share currently, based on the roughly \$0.50 they should earn in 2001 (net of debt).** We would value the utility business at perhaps 11x 2001 estimated core earnings of \$2.20, or about \$24 a share. **This suggests a total value of \$34 (essentially where it is currently valued).**

Second Quarter Earnings

Reliant announced second quarter earnings of \$0.76 per share, an increase of 77% over the same period last year with earnings of \$0.43 per share. This exceeded the consensus estimate of \$0.58 per share. The drivers included the electric wholesale energy businesses. The company's wholesale energy segment, which includes unregulated power generation domestically and trading and marketing activities in the U.S. and Canada, showed a dramatic increase in second quarter operating earnings to \$184 million in 2000 from \$9 million in 1999. Reliant's utility subsidiary, Houston Power & Light, had operating income for the second quarter of 2000 that was \$325 million up 28% over the same period in 1999. The increase resulted from the strong kilowatt hour sales growth (\$31 million), improved weather (\$10 million) and a decrease in depreciation and

amortization (\$59 million).

Natural Gas reported an operating loss of \$6 million for the second quarter of 2000, compared to operating income of \$1 million for the second quarter of 1999. The company's Europe segment reported operating income of \$24 million for the second quarter. Reliant's Latin American segment had an operating loss of \$20 million compared to \$15 million operating income for the same period in 1999. The company's Corporate segment, which includes its unregulated retail services businesses and corporate costs, has an operating loss of \$35 million for the second quarter of 2000 compared to an operating loss of \$14 million for the same period last year. The increase in losses was due to start-up costs with retail and telecommunications.

Reliant Energy (REI)

Price (8/7/00)	\$36 7/8	Equity/Total Capital	38%
52 Week Range	\$32 – 20	Book Value Per Share	\$15
Shares Outstanding	296 M	Dividend/Yield	\$1.50/4.0%
Market Capitalization	\$10.9 B	EPS 1999A	\$2.11 P/E= 17.5x
ROE	10%	EPS FC Cons.:	\$2.49 P/E= 14.8x



Recently Announced Spin-Off Situations

Saks Announces the Spin-Off of Saks Fifth Avenue

On July 19th, Saks Inc. said its board approved the planned spin-off of its Saks Fifth Avenue and related businesses into a separate publicly owned company. This effectively reverses the acquisition, which was consummated just two years ago. The new company, to be called Saks Fifth Avenue Enterprises Inc., will include the New York-based retailers Saks Direct, the company's direct response business, and Saks Off 5th operations. As a result of the spin-off, each Saks shareholder is expected to receive one share of the new company stock for every three shares of Saks common stock owned. Fractional shares will be paid in cash.

The parent Saks Inc. will consist of the company's Proffitt's, McRae's, Younkers, Parisian, Herberger's, Carson Pirie Scott, Bergner's, and Boston Store operations. Saks plans to ask shareholders to authorize a change of its corporate name, which is still to be determined. **Management expects the spin to be completed in November 2000.** This seems like a very aggressive timetable to us. Shares of Saks rose 1/4 to close at 12-1/16. Management believes the spin will allow them to focus on the two distinctly different and unrelated operating enterprises: the upscale Saks Fifth Avenue, and the more moderate traditional store division. **On the conference call management indicated that there are no regulatory or shareholder approvals required for this transaction, and that the dividend would be a tax-free distribution. Saks is not seeking an IRS tax free ruling. Instead, they are relying on opinion from counsel.** Brad Martin will serve as Chairman and CEO of the newly formed SFA Enterprises. At the yet to be named department store group, Martin will serve as the non-executive Chairman of the Board of Directors. Martin indicated he would retain the pro-rata equity stake in each company, which is around 3 to 4%.

Saks Incorporated, formerly Proffitt's, is a top US department store operator, with more than 360 stores in about 40 states. Most of its stores are in regional chains concentrated in the Southeast and Midwest, including Parisian, Younkers, Carson Pirie Scott, McRae's, Proffitt's, Herberger's, Boston Store, and

Bergner's. The company has grown by acquisitions, including renowned luxury retailer Saks Holdings which included the company's adoption of the high-dollar Saks name. The Saks Fifth Avenue division runs 61 Saks Fifth Avenue stores in over 20 states. The stores are known for their luxury-priced selections, selling apparel, cosmetics, jewelry, and shoes from the world's top designers. In addition to full-line stores, the division runs smaller, boutique-like versions called Main Street stores and Resort stores in chic vacation hot spots. The company, along with Saks Off 5th and Saks Direct (catalog and online unit), is being spun off by parent Saks Incorporated. **It is expected that the Form-10 will be filed within two months.** The spun-off company had revenues in FY1999 of about \$3.9 billion and total assets of \$2.8 billion. The stub department store business FY 1999 annual revenues will total about \$2.5 billion and have total assets of around \$3.2 billion. Saks will take charges in the third and fourth quarters of 2000 related to effecting the spin-off transaction and will incur other business separation costs throughout the distribution period.

On the conference call management announced that second quarter earnings are expected to be produce a "modest loss" (well below the Street \$0.08 estimate, which compares to the \$0.18 EPS in last year's second quarter). Saks reported July comp store sales were 0.0%. Saks Fifth Avenue stores posted mid-single positive comps (+5.5%), and the traditional department stores posted low single digit negative comps of 3.2%. The poor sales results do not bode well for second quarter results, which are expected to be reported on Tuesday, August 15, 2000. To participate, call 816/650-0766. For June 2000, total company owned sales were \$394.4 million compared to \$391.7 million last year, a 0.7% decrease. On a quarter-to-date basis, comparable store sales decreased 0.4%. During the quarter, SFA comps rose 5.9% and the "stub" department store comps declined 4.3%. The planned restructuring has done nothing to bolster the sagging stock price, which is flirting with 52-week lows (\$9.25). Saks has 144 million shares outstanding for a market cap of \$1.35 billion.

Fresh Foreign Spin-Off Situations

Vivendi Carves-Out Vivendi Environment

On July 19th, Vivendi Environment, the world's largest environmental services company, was carved-out from the Vivendi group (Paris: EX). The carve-out was priced at €32.5 and raised €2.5 billion. The pricing was below original expectations of €36-41 and had to be delayed twice for lack of investor interest. Vivendi Environnement is listed under the symbol "VIE" on the Paris Stock Exchange. The capital raised will be used to pay down Vivendi Group debt. Vivendi is currently in the process of acquiring Seagram and Canal Plus. The new company, named Vivendi Universal, will have combined annual revenue of around \$55 billion and EBITDA of about \$7 billion. The deal created the world's No. 2 media and entertainment company after AOL Time Warner.

Vivendi Universal, will own businesses ranging from the Universal film studio and music labels to European pay-TV channels, electronic media, wireless telecommunications and theme parks. The world's #1 water distributor is transforming itself into a leading entertainment company. Vivendi has agreed to acquire Canada's Seagram (owner of Universal Music Group and Universal Studios) and to buy the 51% of French pay-TV provider CANAL+ that it doesn't already own. Once operating mainly as a distillery, Seagram now receives most of its sales from entertainment. It owns theme parks (some are co-owned by Rank Group), and retail outlets (Spencer Gifts). Seagram's beverage unit is still one of the world's largest distillers, including Chivas Regal and Crown Royal whiskeys, Absolut Vodka and Captain Morgan Original Spiced Rum, as well as wines, wine

coolers, and mixers. The beverage unit represents about 30% of Seagram's cash flow. The merger involves selling the Seagram beverage unit by 2002 which is expected to fetch between \$8-\$9 billion. Proceeds will pay off Seagram debt.

Vivendi, once a utility company, is transforming itself into a communications and entertainment powerhouse. Vivendi's communications operation is France's 2nd largest operator. Vivendi has a stake in Cegetel, France's 2nd largest wireless company (35% market share). Vivendi's media holdings include publisher Havas, Internet provider AOL France, and pay-TV provider BSKyB. Vivendi also has a joint venture with Vodafone called Vizzavi, a portal utilizing the world's largest subscriber footprint. Together with Canal Plus and Seagram's Universal library, and USA Networks (Seagram's owns 46%), it will have created a company with a significant international presence, access to media content with significant cross marketing and selling potential.

First Half Results

On August 4th, Vivendi reported total sales rose 9% to €19.4 billion. Revenue at Vivendi communication gained 68% to €6 billion. Vivendi Environment sales rose by 41% to €12.1 billion. Vivendi Environment includes Vivendi's water, waste, energy and transport divisions. 57% of Vivendi Environment's sales were generated from outside France. Vivendi Environment includes the acquisitions of US Filter and Superior Services. Ex-acquisitions, Vivendi Environment sales rose a modest 13%.

Vivendi (EX – Paris)			
Price (8/7/00)	€ 84.8	Fiscal Year	December
Shares Outstanding	603.2 M	Price-to-Sales (ttm)	1.07 X
Market Capitalization	€ 51,152 M	Book Value , Price/Book	€ 18.81 , 4.51 X
52 week High - Low	€ 150 – € 61.10	EPS 2000E , P/E	€ 2.90 , 29X
Vivendi Environment (VIE – Paris)			
Price (8/7/00)	€ 37.1	Fiscal Year	December
Shares Outstanding	37.1 M	52 week High - Low	€ 37.45 – € 32.9
Market Capitalization	€ 12,843 M	1999 Sales	€ 19,846

Announced Foreign Spin-Off Situations

Alcatel's Board Approves Optoelectronics Tracking Stock

On July 27th, Alcatel (ADR: ALA) announced that it is considering a spin-off as a way to highlight the value of its optical components unit. The plan is subject to shareholders' approval and the Board of Directors has called for an extraordinary general meeting of Alcatel's shareholders for September 20th, 2000. A tracker would preserve its strategic value to Alcatel's systems business, but most likely garner a lower valuation multiple (versus a spin) as the lack of independence. Alcatel's Optoelectronics Division designs, manufactures and sells high performance optical components, modules and integrated subsystems for use in terrestrial and submarine optical telecommunications networks. The division is a leading provider of Dense Wavelength Division Multiplexing (DWDM) active components and modules into subsystems.

Alcatel intends to **complete the public offering of the Optoelectronics tracker in the fourth quarter**. In addition, the company targets a previously announced IPO of its cables division later this year. Alcatel operates two divisions: Telecomm (70% of 1999 sales) makes and sells complete telecom systems; and Cables and Components (30% of 1999 sales) manufactures a range of products geared at the telecom and electronics markets. In May, Alcatel acquired Newbridge Networks (NT) for about \$7 billion in a stock-for-stock deal. Alcatel is headquartered in Paris, France.

We are not convinced that a tracking stock will unlock meaningful value in Alcatel. A tracking stock would preserve its strategic value to Alcatel's systems business, but likely garner a lower valuation multiple (relative to an IPO) as the lack of independence could avert other systems manufacturers from increasing their business. A tracking stock does not create an independent company, but a separately

identifiable division of Alcatel. In theory, the tracker works as a fully tradable proxy for how a subsidiary would be valued were it listed as an independent company. In addition, this will be the very first European tracking stock. It is not known how this type of security will be viewed by the European investment community. The U.S. trackers have not performed particularly well, and have lost much of the luster they enjoyed earlier in the year. It is possible, if not well received, Alcatel could simply float part of Optoelectronics in a carveout.

Recent Results

On July 27th, Alcatel reported strong Q2 results (\$0.38), which were 20% higher than consensus estimates of \$0.32. For the second quarter, Alcatel reported sales of €7,687 million, up 33.2% from €5,772 million in 1999. Income from operations in Q2 was €638 million, up 37.2% from €465 million in 1999, with an operating margin of 8.3%. Net income (after goodwill amortization) increased 42.3% to €344 million in 1999. Diluted EPS after goodwill amortization was €0.32 (\$0.31 per ADS), up 23% on €0.26 in 1999. Gross margin was 30.1%, down from 31.1% in Q299. SG&A and R&D dropped to 13.0% and 8.9% of sales, respectively, as the company generated operating leverage on the higher sales base. Optoelectronics increased sales by 140% year-over-year in the first half (to €160 million), and generated close to 24% operating margins. Cash flow from operating activities showed an inflow of €190 million during Q1, but deteriorated to an outflow for the first half. Inventories rose €1 billion and receivables by close to €1.3 billion versus the end of Q1. Part of this was due to the first-time consolidation of Newbridge during the quarter.

Alcatel (ADRs-ALA)

Price (8/7/00)	\$69 9/16	ADRs per Ord. Share:	One
52 Week Range	\$77 – 27	Dividend/Yield	\$0.34 / 0.48%
Shares outstanding	1.139 B	EPS 1999A	\$1.17 P/E=59x
Market Capitalization	\$79.2 B	EPS FC Cons.: 2000E	\$1.38 P/E=50x

Announced Foreign Spin-Off Situations

Nycomed Amersham and Pharmacia to Carve-Out APBiotech

On August 7th, Nycomed Amersham Plc announced that it will offer about 10% of its Life Sciences business, Amersham Pharmacia Biotech. This decision follows a review of APBiotech's ownership structure announced at the time of Nycomed Amersham's 1999 results in February. Through an IPO that is expected to occur by the end of 2000, APBiotech would raise between \$4 billion and \$6 billion (2.6 billion euros - 4 billion euros) that the company will use for more research and acquisitions. Currently, Nycomed Amersham Plc and Pharmacia Corporation own 55% and 45% of APBiotech, respectively. The equity interest in APBiotech to be sold in the offering will come from Nycomed Amersham 55% stake. Following the offering, Nycomed Amersham will still control Amersham Pharmacia Biotech. APBiotech's proposed board and shareholding structure would provide that Nycomed Amersham would maintain a majority on the board and will appoint the Chairman and the Chief Executive. Additionally, Pharmacia has granted Nycomed Amersham a call option, exercisable for 6 months from June 2002, over 15-20% of APBiotech from the 45% interest held by Pharmacia. The option exercise price would be based on the then prevailing market price of APBiotech. The offering should help the company to continue attracting and retaining the highest quality employees. Following the listing of APBiotech, the company is planning to award share options in the company's business to each of the company's 8,500 employees in the Nycomed Amersham group. APBiotech plans to list on the NASDAQ.

image quality in Xray, magnetic resonance imaging, and ultrasound procedures. It is also a leading producer of radiopharmaceuticals used in nuclear medicine imaging. Nycomed Amersham Plc is a world leader in the development and supply of in-vivo diagnostic imaging agents and research-based biotechnology supply. Diagnostic imaging agents produce improved pictures of organs or tissues, enabling an early, accurate diagnosis of illnesses such as cancer or heart disease. During the year, it acquired Magnetic Imaging Technologies Inc. and Satis Radioisotopos e Proteccoes Contra Sobretensoes Electricas Unipessoal, Lda and disposed of Nycomed Pharma.

Amersham Pharmacia Biotech, Ltd., a joint venture of Nycomed Amersham and what is now Pharmacia Corporation, makes equipment and supplies for biotechnology, drug development, and gene sequencing research. The company provides complete systems (instruments, software, reagents and service) to enable research into genes and proteins, the subsequent discovery and development of drugs, and the manufacture of drugs based on biological molecules. Products include MegaBACE 1000 sequencers (made by subsidiary Molecular Dynamics), a leading system used by researchers to map the human genome; the Joint Genome Institute has bought more than 85 of them. Other products include chromatography devices, protein labeling systems, and microassays. Amersham Pharmacia Biotech often forms development partnerships with other companies.

Formed from the merger of Norway's Nycomed and UK-based Amersham International, **Nycomed Amersham Plc** is a medical products maker and top producer of contrast imaging agents used to enhance

Potential Spin-Off Situations

Navistar May Spin-Off Engine Business

Institutional investors, who represent 25% of Navistar International's shares, have urged the company's board to study ways to boost the company's share price. Shares of Navistar have remained in the mid-\$30s, well off its 52-week high of \$52. Navistar, who is the world's number 3 truckmaker, operates in what is a consolidating industry. The shareholder effort comes a week after DaimlerChrysler AG bought Canada's Western Star Trucks for \$454 million and agreed to buy the shares of truck-engine maker Detroit Diesel Corp. it does not already own. Last year, it was reported that Navistar was in talks with Sweden's Volvo AB, although no deal materialized. Volvo later announced that it would be French automaker Renault SA.

Investors are concerned about the shrinking list of possible merger candidates. One likely scenario is to divide Navistar into two pieces, spinning off Navistar's engine business in a public offering and the selling the truck business. Navistar has reportedly approached Volkswagen AG, Fiat SpA and other commercial truckmakers and sellers about interest in a merger or acquisition of company assets. Allegedly, Navistar's rival Paccar is in talks with Navistar about the possible purchase of Navistar's medium- and heavy-duty truck operations. On the same day that the shareholder meeting was announced, Navistar said that it was forming a new subsidiary for its engine group, to be called International Engine Corp. This could possibly serve as a precursor to spinning off the unit. Navistar's engine business is more profitable than the company's better-known truck unit. The engine segment earned \$294 million in fiscal 1999 on sales of \$1.69 billion, while trucks accounted for \$295 million in earnings on sales of \$6.62 billion.

Qwest May Spinoff Cyber.Solutions

Qwest Communications International Inc. (NYSE: Q) stated it is likely to sell shares in its Cyber.Solutions venture with KPMG LLP by year-end or early next year. The venture provides facilities for storage of other companies' web site data and enables businesses to rent software and get other services over Denver-based Qwest's national voice and data network. The Cyber.Solutions venture is 51 percent owned by Qwest, the fourth largest U.S. long distance company, and 49 percent owned by accountant and consultant KPMG, the US member firm of KPMG International.

Qwest Communications International provides Internet access, data, multimedia, and voice services over its 25,500-mile broadband fiber-optic network. Covering 150 US metro areas and reaching into Mexico (1,400 miles), the network uses Internet protocol and traditional technologies. Through its joint venture with Dutch telecom provider KPN, the company operates an ISP in Europe and is developing a fiber-optic network there. Qwest also has transmission capacity on transatlantic cables and is helping to construct a transpacific cable. The #4 US long-distance provider has agreed to merge with Baby Bell U S WEST. Founder Philip Anschutz owns about 38% of the company; BellSouth owns 10%.

Qwest Cyber.Solutions LLC is a joint venture between Qwest Communications International Inc., the Internet communications company, and KPMG LLP, a leading professional services firm, providing Internet-based end-to-end application service provider (ASP), and application management (AM) services. Qwest Cyber.Solutions combines strategic assets from both Qwest and KPMG. Qwest owns a 51% stake in the venture, with KPMG owning 49%. The venture leverages existing Qwest and KPMG relationships with Hewlett-Packard, SAP AG and other industry-leading hardware and software providers. Qwest Cyber.Solutions offers customers the broadest set of vendor products available for Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and E-Commerce solutions in the marketplace today, a state-of-the-art Internet Protocol (IP) broadband network, industry leading CyberCenterssm, and a starting skill base of more than 450 certified applications

Potential Spin-Off Situations

WorldCom Considers Tracker

WorldCom (Nasdaq: WCOM) sought to put its failed merger with Sprint Corp behind it recently, by announcing plans to continue the expansion of its global network while also looking at the possibility of spinning-off some of its switched voice operations. The group expressed disappointment at the failure of the merger, which was blocked last month by U.S. regulators, but said it is now moving forward and looking at ways of restructuring its business. **WorldCom is looking at ways to separate portions of its switched voice operations into separate companies or tracking stocks**, and the company has announced plans to exit the consumer long-distance business. WorldCom chief executive and president Bernard Ebbers also revealed that the company is to expand its global network to sharpen its focus on what he described as higher-margin, value-added services in the commercial data internet and international markets. We would expect WorldCom to announce further details this fall as it considers its various options.

Second quarter results saw total sales rise to \$10.193 billion from \$9.065 billion while operating income rose to \$2.413 billion from \$1.782 billion. WorldCom reported profitability gains in the second quarter up 13.3% (slightly below consensus forecasts), driven by revenue increases in data, Internet and international services. WorldCom, which recently abandoned plans to purchase Sprint Corp., is endeavoring to bolster sales from Internet, international and data services amid plans to separate its declining long distance business. The Internet division posted 40% revenue growth which was slightly below estimates. The primary factor for the weakness was AOL dial-up revenues. The company also stated that second half growth in sales would be

at the low end of its 13.5 to 15.5 percent forecast. The combined consumer and wholesale businesses grew 1% in Q2, and growth in both consumer revenue and wholesale revenue dilutes WorldCom's overall growth by 1-2% and by 34%, respectively. Consumer adds about \$0.30 EPS annually.

WorldCom is a provider of long distance telephone communications services, LAN consulting services, fiber optic-based LAN consulting services, local wire connected telecommunications services, intra-LATA phone carrier services and custom applications software programming services. The company also provides dedicated switched circuits for critical communication needs. The circuits are provided over digital fiber optic networks. In addition, the company provides ATM, network management and long distance data communications services. Products and services are sold to multiple industries. Formerly MCI WorldCom, the company trails only AT&T in the US long-distance race, and it has a controlling stake in Brazil's leading long-distance firm, Embratel.

Fiber-based WorldCom, also provides facilities-based competitive local service in more than 20 countries, and its UUNET unit offers data services to businesses over its Internet backbone. Missing from WorldCom's plate, however, is a major wireless network. We expect this issue to be addressed more clearly as they announce the reorganization plans this fall. Given its recent pullback, WorldCom may be attractive for long-term investors because the industry is still in a state of flux. While they may have been delayed going to the party, the dance is not over and we would expect material developments to continue within the industry. We also point out that WorldCom is flirting with one year low's.

Worldcom (WCOM)			
Price (8/7/00)	\$38 1/8	Fiscal Year	December
Shares Outstanding	2,863 M	Price-to-Sales (ttm)	2.87 X
Market Capitalization	\$109,154 M	Book Value , Price/Book	\$ 18.56 , 2 X
52 week High - Low	\$61 5/16 - \$35 11/16	EPS 2000E , P/E	\$ 1.88 , 20X

Potential Spin-Off Watch List

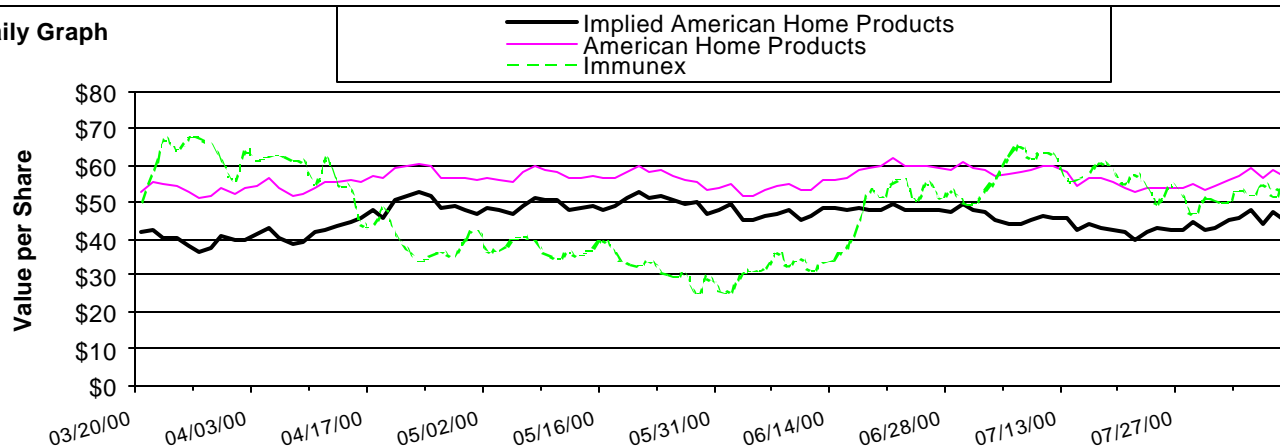
Parent	Symbol	Potential Spin-Off	Report Date
Able Telecom	ABTE	Broadband Networks	Mar-00
American Standard	ASD	Medical System Group	Aug-99
Arel Communications	ARLCF	ArelNet	May-00
AT & T	T	Cable Tracker	May-00
Autozone	AZO	Internet Sales Unit	May-00
Best Buy	BBY	E-Commerce Subsidiary	Dec-99
British Telecommunications	BTY	Internet Business	March-00
Bright Station	BSTN	4 units	June-00
Carolina Power & Light	CPL	Interpath Communications	May-00
Delphi Automotive	DPH	High Tech supplier business	April-00
Degussa-Huels		Dental Unit	June-00
Dupont	DD	Life Sciences	April-99
Elcor	ELK	Cybershield	April-00
eToys	ETYS	Babycenter Unit	Sept-99
eToys	ETYS	eToys Europe	May-00
France Telecom	FTE	Wanadoo and Itineris	Mar-00
Hilton Group Plc.	HLTGY	Betting and Gambling Business	Mar-00
Interpublic Group	IPG	Zentropy	Jan-00
JC Penney	JCP	Eckerd Drug Chain	June-00
Kingfisher	KJF	Internet Units	April-00
Kmart	KM	Bluelight.com	Mar-00
Litton	LIT	Electronics Division	April-00
Motorola	MOT	Network Management	June-00
Omnicom Group	OMC	Career Mosaic	Jan-00
Phillip Morris	MO	Kraft	July-00
Reuters	RTRSY	Web Security Financial Network	Mar-00
Reuters	RTRSY	Instinet	Jan-00
Reynolds and Reynolds	REY	Document Services	May-00
Quest	Q	Cyber.Solutions	August-00
SBC Communications	SBC	Wireless Tracking Stock	Jan-00
Tandy	TAN	RadioShack.com	July-99
United Technologies	UTX	Fuel Cell Division	April-00
U.S. Plastics Lumber	USPL	Environmental Services Unit	Jan-00
Westell Technologies	WSTL	Conference Plus	Jan-00
WorkFlow Management	WORK	iGetSmart	June-00
WorldCom	WCOM	Consumer and Wholesale	August-00

Valuation Snapshot

American Home Products / Immunex

American Home Products (AHP)		973-660-5000	Immunex (IMNX)		206-587-0430
Current Price	\$	56.38	Current Price 00-EPS	\$	53.88 \$0.27 199.5X
Shares Out (000)		1,306,000	Shares Out / Float		532,680 244,500
Market Cap. (000)	\$	73,625,750	Market Cap. (000)	\$	28,698,135
Enterprise Value	\$	75,976,460	Enterprise Value	\$	28,022,775
Sales 12 Month Trailing	\$	13,444,000	TTM Sales Price /Sale:	\$	623,000 46.06 X
Book Per Share	\$	4.79	Book Value Price /Boo	\$	0.87 62.13 X
Insider / Inst. Held		1% 68%	Insider / Inst. Held		65% 32%
Short Int. / ratio		5.046 1.551	Short Int. / ratio		6.91 1.001
52 Week Range		\$36.5 - \$61.62	52 Week Range		\$13.76 - \$83.6
American Home Products ownership of Immunex			With Immunex multiple	Without IMNX per share multiple	
Shares owned (000)	288,180	Price-to-Sales	\$10.29 5.47 X	Price-to-Sales	\$9.81 4.53 X
Ratio Per American Home Products share	0.2207	Price-to-Book	\$4.79 11.78 X	Price-to-Book	\$4.59 9.67 X
Value Per American Home Products share	\$11.88	Price/Earnings	\$1.92 29.36 X	Price/Earnings	\$1.86 23.91 X
American Home Products Stub Value	\$44.48	Price/EBITDA	\$2.82 19.99 X	Price/EBITDA	\$2.75 16.14 X
Economic Interest	54%	Enterpr./EBITDA	20.63 X	Enterpr./EBITDA	16.89 X
American Home Products Relationship with Immunex			American Home Products / Immunex Spread Relationship		
Intend to Spin	NO	40 Day Average	\$	45.29	
IRS Tax Free Ruling	N/A	40 Day Variance	\$	6.48	
Record Date / Distr. Date	N/A N/A	40 Day St. Dev.	\$	2.55	
Immunex IPO Date / Price	3/1/91 \$4.46	40 Day Correlation		0.16	
IPO-Lockup Expires					
Shares to Distribute / Float	1.2 X				

Daily Graph

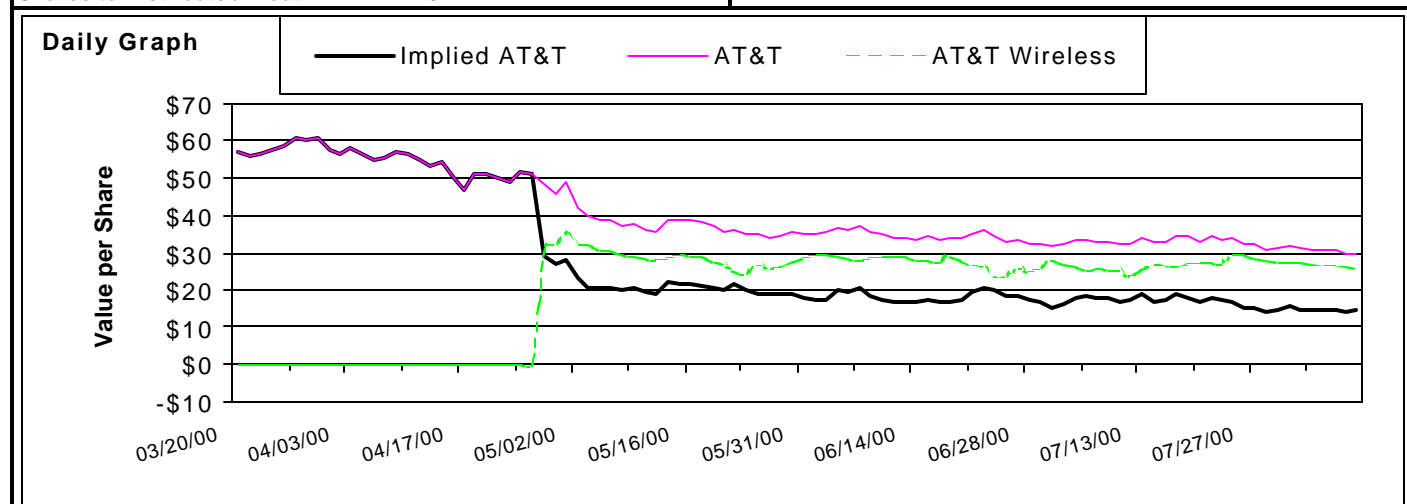


American Home Products is currently engaged in the discovery, development, manufacture, distribution and sale of a diversified line of products in three primary businesses, Pharmaceuticals, Consumer Health Care and Agricultural Products. The Company's Pharmaceuticals segment manufactures, distributes and sells branded and generic human ethical pharmaceuticals, biologicals, nutritional and animal biologicals and pharmaceuticals. The Company's Consumer Health Care segment manufactures, distributes and sells over-the-counter healthcare products. In addition, the Company's Agricultural Products Group manufactures, distributes and sells crop protection and pest control products. Products include Triphasil, infant nutritionals, neuroscience therapies, Advil, Robitussin and Dimetapp, Centrum and Centrum Silver vitamins, and herbal products.

Immunex is a biopharmaceutical company that discovers, develops, manufactures and markets innovative therapeutic products for the treatment of human diseases including cancer, infectious diseases and immunological disorders. The Company's major product lines are Enbrel, Leukine, Novantrone and Thioplex. Enbrel is a soluble tumor necrosis factor receptor used to reduce inflammatory activity in patients with moderate to severe rheumatoid arthritis. Leukine is a yeast-derived granulocyte-macrophage colony-stimulating factor that is used to stimulate infection-fighting white blood cells. Novantrone and Thioplex are chemotherapy drugs that are used to treat pain in cancer patients. Immunex is currently developing new products to address ailments such as inflammatory disease, infection, multiple sclerosis, asthma and cancer.

Valuation Snapshot

AT&T / AT&T Wireless					
AT&T (T)		212-387-5400	AT&T Wireless (AWE)		425-580-8349
Current Price	\$ 30.00		Current Price 00-EPS est.	\$ 25.81	\$-0.06 0X
Shares Out (000)	3,278,000		Shares Out / Float	2,310,000	360,000
Market Cap. (000)	\$ 98,340,000		Market Cap. (000)	\$ 59,626,875	
Enterprise Value (000)	\$135,319,000		Enterprise Value	\$ 61,139,875	
Sales 12 Month Trailing (000)	\$ 64,131,000		TTM Sales Price /Sales	\$ 8,976,000	6.64 X
Book Per Share	\$ 24.62		Book Value Price /Book		
Insider / Inst. Held	1%	46%	Insider / Inst. Held	84%	0%
Short Int. / ratio	101.753	6.865	Short Int. / ratio	10.077	3.122
52 Week Range	\$29.62 - \$61		52 Week Range	\$23.56 - \$36	
AT&T ownership of AT&T Wireless		With AT&T Wireless		Without AT&T Wireless	
Shares owned (000)	1,950,000	Price-to-Sales	1.53 X	Price-to-Sales	\$16.82 0.87 X
Ratio Per AT&T share	0.5949	Price-to-Book	1.22 X	Price-to-Book	
Value Per AT&T share	\$15.35	Price/Earnings	16.48 X	Price/Earnings	\$1.85 7.89 X
AT&T Stub Value	\$14.64	Price/EBITDA	4.77 X	Price/EBITDA	\$5.81 2.51 X
Economic / Voting Interest	84% / 84%	Enterpr./EBITDA	6.58 X	Enterpr./EBITDA	4.22 X
AT&T Relationship with AT&T Wireless			AT&T / AT&T Wireless Spread Relationship		
Intend to Spin	Yes / Split-off	Tracking	40 Day Average	\$ 16.86	
IRS Tax Free Ruling	Not necessary		40 Day Variance	\$ 2.72	
Record Date / Distr. Date			40 Day St. Dev.	\$ 1.65	
AT&T Wireless IPO Date / Price	4/27/00	\$29.5	40 Day Correlation	0.01	
IPO-Lockup Expires	10/23/00				
Shares to Distribute / Float	5.4 X				



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

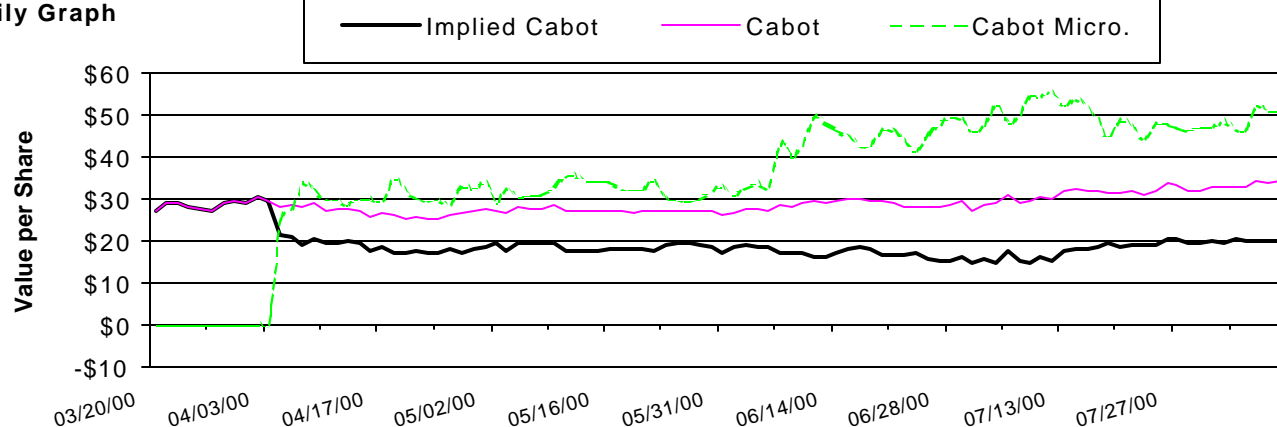
AT&T Wireless Group is one of the largest wireless service providers in the United States. Including its partnership markets, AT&T Wireless Group had over 12 million total subscribers as of December 31, 1999. AT&T Wireless Group focuses on revenue growth through the retention and expansion of its subscriber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

Valuation Snapshot

Cabot / Cabot Micro.

Cabot (CBT)		617-345-0100	Cabot Micro. (CCMP)		630-375-6631
Current Price	\$	33.88	Current Price 00-EPS est.	\$	50.88 \$0.8 63.5X
Shares Out (000)		72,000	Shares Out / Float		23,500 4,000
Market Cap. (000)	\$	2,439,000	Market Cap. (000)	\$	1,195,563
Enterprise Value	\$	3,022,000	Enterprise Value	\$	1,217,758
Sales 12 Month Trailing	\$	1,454,000	TTM Sales Price /Sales	\$	112,000 10.67 X
Book Per Share	\$	9.58	Book Value Price /Book	\$	2.73 18.62 X
Insider / Inst. Held		44%	64%	Insider / Inst. Held	83%
Short Int. / ratio		0.509	2.223	Short Int. / ratio	0.473 2.353
52 Week Range		\$17.93 - \$34	52 Week Range		\$22 - \$57.5
Cabot ownership of Cabot Micro.		With Cabot Micro. multiple		Without CCMP per share multiple	
Shares owned (000)	19,500	Price-to-Sales	\$20.19 1.67 X	Price-to-Sales	\$18.63 1.07 X
Ratio Per Cabot share	0.2708	Price-to-Book	\$9.58 3.53 X	Price-to-Book	\$8.84 2.27 X
Value Per Cabot share	\$13.77	Price/Earnings	\$1.93 17.55 X	Price/Earnings	\$1.71 11.72 X
Cabot Stub Value	\$20.09	Price/EBITDA	\$4.98 6.8 X	Price/EBITDA	\$4.59 4.37 X
Economic Interest	83%	Enterpr./EBITDA	8.43 X	Enterpr./EBITDA	6.09 X
Cabot Relationship with Cabot Micro.			Cabot / Cabot Micro. Spread Relationship		
Intend to Spin	Yes	40 Day Average	\$	17.76	
IRS Tax Free Ruling	Yes	40 Day Variance	\$	3.54	
Record Date / Distr. Date	9/13/00 9/29/00	40 Day St. Dev.	\$	1.88	
Cabot Micro. IPO Date / Price	4/4/00 \$20	40 Day Correlation		0.29	
IPO-Lockup Expires	10/1/00				
Shares to Distribute / Float	4.9 X				

Daily Graph



Cabot Corp has businesses in chemicals, performance materials, specialty fluids, microelectronics materials and liquefied natural gas. The Company manufactures and sells carbon black, which consists of fine particles. The Company's carbon black products are grouped generally into three categories comprised of tire blacks, industrial product blacks and special blacks. Products offered by the Company's inkjet colorants business target various printing markets including home and office printers, wide format printers, and commercial and industrial printing applications. The Company also produces tantalum, niobium (columbium) and their alloys for the electronic materials and refractory metals industries, and cesium, germanium, rubidium and tellurium.

Cabot Microelectronics is the world's top maker of slurries used in chemical mechanical planarization (CMP). CMP is a polishing process which improves the yield and smooths out the surface of a silicon wafer as it goes through the semiconductor manufacturing process. CMP enables integrated circuit (IC) manufacturers to produce smaller, faster, and more complex devices. Cabot Microelectronics' CMP slurries consist of liquids containing abrasives and chemicals that aid in the CMP polishing process. The company also makes slurries for polishing the substrates and magnetic heads used in hard disk drives.

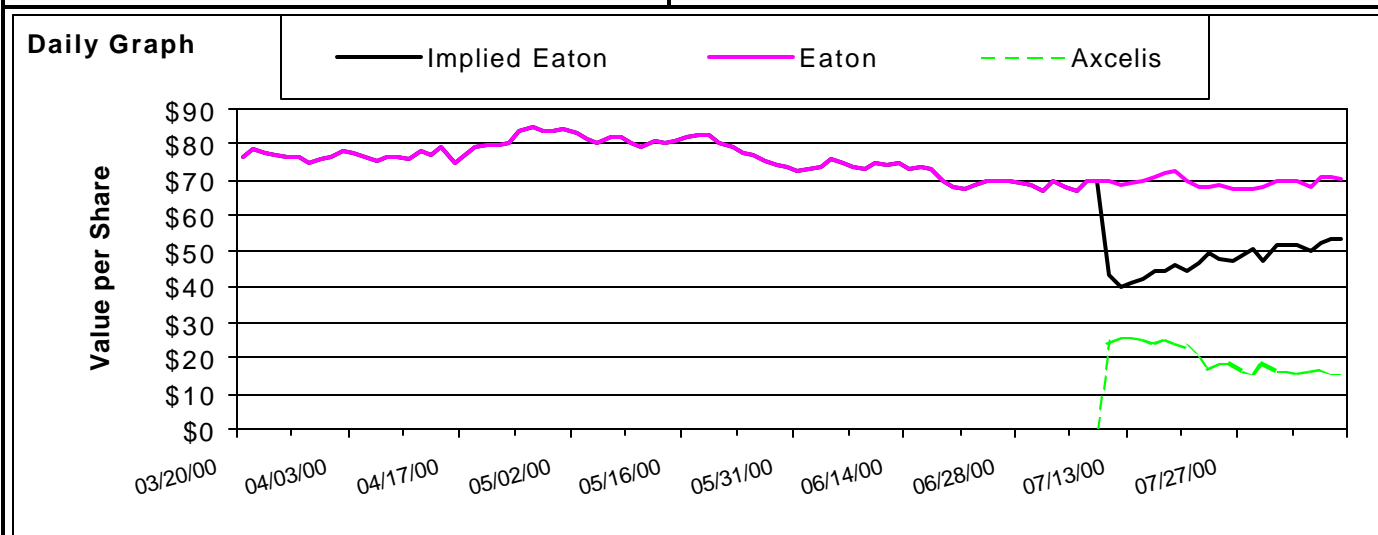
Valuation Snapshot

Deluxe / eFunds					
Deluxe (DLX) 651-483-7111			eFunds (EFDS) 651-483-7111		
Current Price	\$ 22.00		Current Price 00-EPS est.	\$ 9.75	\$0.22 44.3X
Shares Out (000)	67,700		Shares Out / Float	46,250	6,250
Market Cap. (000)	\$1,489,400		Market Cap. (000)	\$ 450,938	
Enterprise Value	\$1,516,067		Enterprise Value	\$ 377,038	
Sales 12 Month Trailing	\$1,640,850		TTM Sales Price /Sales	\$ 301,000	1.5 X
Book Per Share	\$ 7.35		Book Value Price /Book	\$ 5.99	1.62 X
Insider / Inst. Held	18%	65%	Insider / Inst. Held	88%	0%
Short Int. / ratio	0.803	2.502	Short Int. / ratio	1.22	2.268
52 Week Range	21.18 - \$38.12		52 Week Range	\$8.87 - \$14	
Deluxe ownership of eFunds		With eFunds		Without eFunds	
Shares owned (000)	40,000	Price-to-Sales	0.91 X	Price-to-Sales	0.82 X
Ratio Per Deluxe share	0.5908	Price-to-Book	2.99 X	Price-to-Book	4.26 X
Value Per Deluxe share	\$5.76	Price/Earnings	8.4 X	Price/Earnings	6.52 X
Deluxe Stub Value	\$16.23	Price/EBITDA	4.04 X	Price/EBITDA	3.14 X
Economic Interest	86%	Enterpr./EBITDA	4.11 X	Enterpr./EBITDA	3.45 X
Deluxe Relationship with eFunds			Deluxe / eFunds Spread Relationship		
Intend to Spin	Yes/Split		40 Day Average	[REDACTED]	
IRS Tax Free Ruling	Pending		40 Day Variance	[REDACTED]	
Record Date / Distr. Date	[REDACTED]	Oct/Nov	40 Day St. Dev.	[REDACTED]	
eFunds IPO Date / Price	6/26/00	\$13	40 Day Correlation	[REDACTED]	
IPO-Lockup Expires	10/1/00				
Shares to Distribute / Float	6.4 X				
Daily Graph					
— Implied Deluxe — Deluxe - - - eFunds					
<p>Deluxe Corporation is a provider of integrated risk management, electronic transaction services and paper payments to the financial services and retail industries. The Company's operations are conducted by the Company and 25 subsidiaries. During 1999, the Company classified its operations into four business segments: Paper Payment Systems, Electronic Payment Solutions, Professional Services and Government Services.</p> <p>eFunds is a provider of electronic payment processing services and Internet electronic funds transfer software transaction services. Developer of electronic funds transfer software called Connex(tm); credit card management software, Select(tm); an direct banking software, Architect(tm). The company also provides data processing services. The software runs on Tandem and IBM mainframes. Products and services are provided to financial institutions, grocers, the government and the retail industry.</p>					

Valuation Snapshot

Eaton / Axcelis

Eaton (ETN)		216-523-5000	Axcelis (ACLS)		978-232-4000
Current Price	\$ 70.69		Current Price 00-EPS est.	\$ 15.47	\$0.73 21.1X
Shares Out (000)	72,700		Shares Out / Float	95,500	15,500
Market Cap. (000)	\$5,138,981		Market Cap. (000)	\$ 1,477,266	
Enterprise Value	\$8,068,981		Enterprise Value	\$ 1,205,866	
Sales 12 Month Trailing	\$9,066,000		TTM Sales Price /Sales	\$ 548,000	2.7 X
Book Cash Per Share	\$ 40.67	\$-3.3	Book Value Price /Book	\$ 3.08	5.02 X
Insider / Inst. Held	11%	70%	Insider / Inst. Held	84%	
Short Int. / ratio	0.74	1.864	Short Int. / ratio		
52 Week Range	\$60 - \$100.5		52 Week Range	\$14.25 - \$30	
Eaton ownership of Axcelis		With Axcelis		Without Axcelis	
Shares owned (000)	80,000	Price-to-Sales	0.57 X	Price-to-Sales	\$117.16 0.45 X
Ratio Per Eaton share	1.1004	Price-to-Book	1.74 X	Price-to-Book	\$37.28 1.43 X
Value Per Eaton share	\$17.02	Price/Earnings	9.68 X	Price/Earnings	\$6.49 8.26 X
Eaton Stub Value	\$53.66	Price/EBITDA	4.03 X	Price/EBITDA	\$16.56 3.23 X
Economic / Voting Interest	83% / 84%	Enterpr./EBITDA	6.33 X	Enterpr./EBITDA	5.95 X
Eaton Relationship with Axcelis			Eaton / Axcelis Spread Relationship		
Intend to Spin	Yes / Split-off		40 Day Average		
IRS Tax Free Ruling	Pending		40 Day Variance		
Record Date / Distr. Date		4-Qtr-00	40 Day St. Dev.		
Axcelis IPO Date / Price	7/10/00	\$22	40 Day Correlation		
IPO-Lockup Expires					
Shares to Distribute / Float	5.2 X				



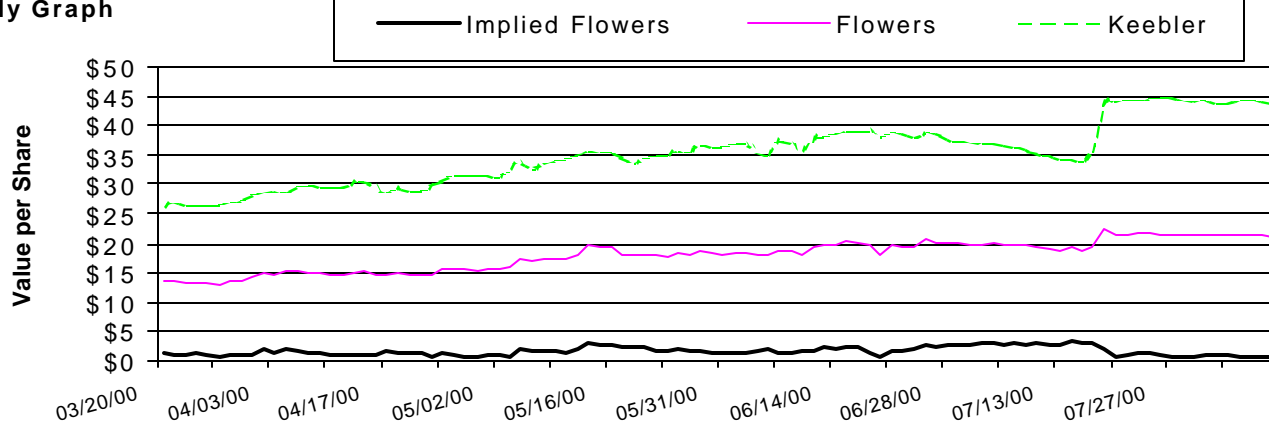
Eaton Corporation is a global manufacturer of highly engineered products that serve industrial, vehicle, construction, commercial, aerospace and semiconductor markets. Principal products include hydraulic products and fluid connectors, electrical power distribution and control equipment, truck drivetrain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

Axcelis Technologies, Inc. is a leading producer of ion implantation equipment used in the fabrication of semiconductors. The ion implantation process provides a means for introducing charged ions into the surface of a silicon wafer in order to form the active components of a semiconductor. The Company also produces dry strip, photostabilization and rapid thermal processing equipment, which is used in semiconductor manufacturing primarily before and after the ion implantation process.

Valuation Snapshot

Flowers / Keebler					
Flowers (FLO)			Keebler (KBL)		
912-226-9110			630-833-2900		
Current Price	\$	21.13	Current Price 00-EPS est.	\$	43.81 \$1.81 24.2X
Shares Out (000)		100,000	Shares Out / Float		84,300 38,200
Market Cap. (000)	\$	2,112,500	Market Cap. (000)	\$	3,693,394
Enterprise Value	\$	3,600,810	Enterprise Value	\$	4,044,454
Sales 12 Month Trailing	\$	3,311,390	TTM Sales Price /Sales	\$	2,671,600 1.38 X
Book Cash Per Share	\$	5.45 \$0.01	Book Value Price /Book	\$	5.29 8.28 X
Insider / Inst. Held		14% 45%	Insider / Inst. Held		74% 40%
Short Int. / ratio		2.961 4.367	Short Int. / ratio		1.659 5.058
52 Week Range		11.68 - \$23.25	52 Week Range		\$21.75 - \$45.06
Flowers ownership of Keebler		With Keebler		Without Keebler	
Shares owned (000)	46,100	Price-to-Sales	0.64 X	Price-to-Sales	\$6.39 0.14 X
Ratio Per Flowers share	0.4610	Price-to-Book	3.88 X	Price-to-Book	\$3 0.3 X
Value Per Flowers share	\$20.19	Price/Earnings	28.94 X	Price/Earnings	\$-0.1 -8.88 X
Flowers Stub Value	\$0.92	Price/EBITDA	5.24 X	Price/EBITDA	\$0.3 0 X
Economic / Voting Interest	55% / 55%	Enterpr./EBITDA	8.94 X	Enterpr./EBITDA	30.5 X
Flowers Relationship with Keebler			Flowers / Keebler Spread Relationship		
Intend to Spin	Sell	40 Day Average	\$	1.98	
IRS Tax Free Ruling		40 Day Variance	\$	0.80	
Record Date / Distr. Date		40 Day St. Dev.	\$	0.89	
Keebler IPO Date / Price		40 Day Correlation		0.91	
IPO-Lockup Expires					
Shares to Distribute / Float	1.2 X				

Daily Graph



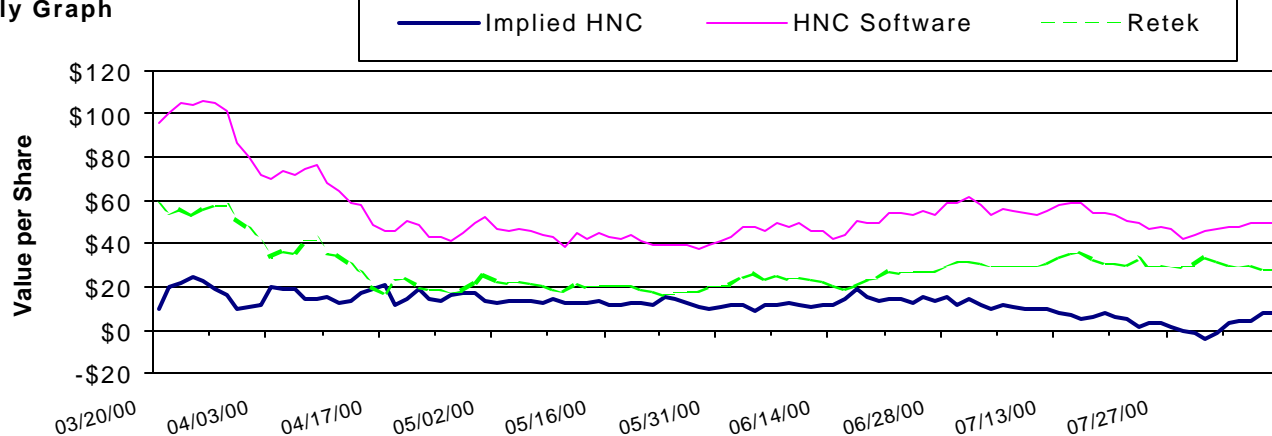
Flowers Industries, Inc. is a holding company that owns all of the outstanding common stock of Flowers Bakeries, Inc. and Mrs. Smith's Bakeries, Inc., and owns a majority of the outstanding common stock of Keebler Foods Company. The Company is one of the largest nationally branded producers and marketers of a full line of baked foods in the United States. The products of the Company's three segments include Flowers Bakeries' fresh breads and rolls, Mrs. Smith's Bakeries' fresh and frozen baked desserts, snacks, breads and rolls, as well as Keebler's cookies and crackers.

Keebler Foods Company is a cookie and cracker manufacturer. Keebler markets a majority of its products under well-recognized brands such as KEEBLER, CHEEZ-IT, CARR'S and FAMOUS AMOS. The Company is a licensed supplier of Girl Scout cookies and produces cookies, crackers, custom-baked products for several markets. The Company also manufactures a variety of custom-baked products for other marketers of branded food products. In addition, the Company is a manufacturer of retail branded ice cream cones and a major producer of retail branded piecrusts. The Company produces custom-baked products for other marketers of branded food products.

Valuation Snapshot

HNC Software / Retek					
HNC Software (HNCS)		858-546-8877	Retek (RETK)		630-833-2900
Current Price	\$ 49.44		Current Price 00-EPS est.	\$ 27.94	\$-0.562 0X
Shares Out (000)	26,914		Shares Out / Float	46,967	6,967
Market Cap. (000)	\$1,330,561		Market Cap. (000)	\$ 1,312,141	
Enterprise Value	\$1,246,761		Enterprise Value	\$ 2,628,591	
Est. 2000 Sales	\$ 272,000		Est. 2000 Sales Price/Sales	\$ 84,900	15.46 X
Book Cash Per Share	\$ 12.84	\$4.45	Book Value Price /Book	\$ 2.51	11.11 X
Insider / Inst. Held	25%	95%	Insider / Inst. Held	87%	12%
Short Int. / ratio	1.051	3.109	Short Int. / ratio	2.178	8.609
52 Week Range	\$30.5 - \$130		52 Week Range	\$15 - \$122.81	
HNC Software ownership of Retek		With Retek		Without Retek	
Shares owned (000)	40,000	Price-to-Sales	4.89 X	Price-to-Sales	\$6.95 1.13 X
Ratio Per HNC Software share	1.4862	Price-to-Book	3.85 X	Price-to-Book	\$9.11 0.86 X
Value Per HNC Software share	\$41.52	Price/Earnings	[REDACTED]	Price/Earnings	\$0.43 18.18 X
HNC Software Stub Value	\$7.91	Price/EBITDA	1.12 X	Price/EBITDA	\$-7.24 -1.09 X
Economic / Voting Interest	85% / 85%	Enterpr./EBITDA	1.05 X	Enterpr./EBITDA	-0.99 X
HNC Software Relationship with Retek			HNC Software / Retek Spread Relationship		
Intend to Spin	Yes	40 Day Average	\$ 8.29		
IRS Tax Free Ruling	Yes	40 Day Variance	\$ 30.91		
Record Date / Distr. Date	9/15/00 9/29/00	40 Day St. Dev.	\$ 5.56		
Retek IPO Date / Price	11/18/99 \$15	40 Day Correlation	0.43		
IPO-Lockup Expires	5/15/00				
Shares to Distribute / Float	5.7 X				

Daily Graph



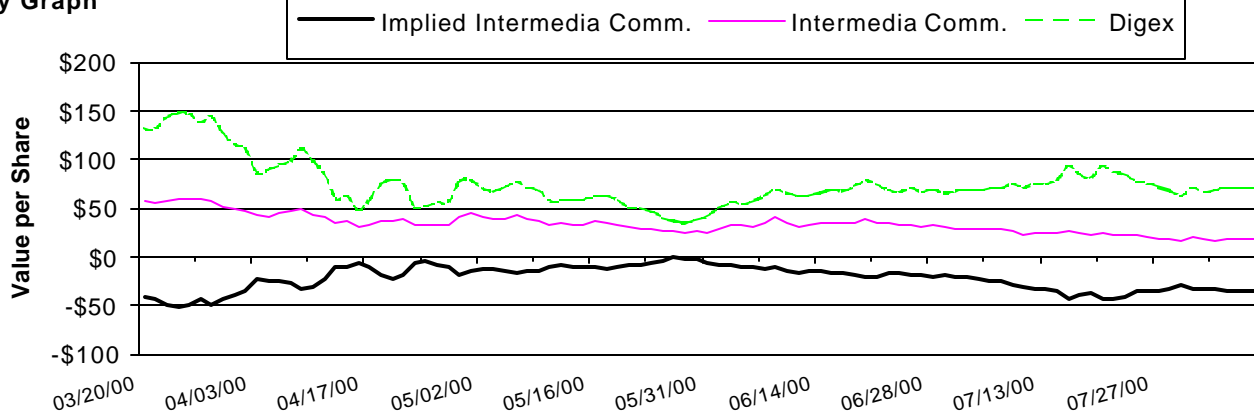
HNC Software Inc. is a business-to-business software company that develops, markets, licenses and supports predictive software solutions for various service industries, including companies in the insurance, financial services, telecommunications, e-commerce and retail industries. The Company's predictive software solutions help service industry companies manage and optimize their customer relationships. By analyzing high volumes of customer transactions in real-time, the Company's predictive solutions help companies shift the decision-making process from a retrospective to prospective basis. The increasing conduct of e-business over the Internet increases the demand for analysis of large volumes of real-time information, which the Company's products provide. Electronic customer interaction is necessary to manage and respond to customer activity and expectations in all markets.

Retek Inc. provides Internet-based, business-to-business software solutions for retailers and their trading partners. The Company's software offers a retail-focused solution that incorporates technology that can predict customer demand and behavior, which the Company refers to as predictive technology. The Company's software solutions enable retailers to use the Internet to communicate and collaborate efficiently with their suppliers, distributors, wholesalers, logistics providers, brokers, transportation companies, consolidators and manufacturers.

Valuation Snapshot

Intermedia Comm. / Digex						
Intermedia Comm. (ICIX)		813-829-0011	Digex (DIGX) Class-A		240-264-2000	
Current Price	\$ 19.00		Current Price 00-EPS est.	\$ 71.50	\$-2.21 0X	
Shares Out (000)	53,000		Shares Out / Float	63,500	24,000	
Market Cap. (000)	\$ 1,007,000		Market Cap. (000)	\$ 4,540,250		
Enterprise Value	\$ 3,729,500		Enterprise Value	\$ 4,201,930		
Sales 12 Month Trailing	\$ 963,000		TTM Sales Price /Sales	\$ 78,000	58.21 X	
Book Per Share	\$ 0.05		Book Value Price /Book	\$ 8.22	8.69 X	
Insider / Inst. Held	42%	94%	Insider / Inst. Held	62%	35%	
Short Int. / ratio	11.746	3.737	Short Int. / ratio	1.387	2.219	
52 Week Range	\$16.62 - \$77.37		52 Week Range	\$18.06 - \$184		
Intermedia Comm. ownership of Digex		With Digex multiple		Without DIGX per share multiple		
Shares owned (000)	39,500	Price-to-Sales	\$18.16 1.04 X		Price-to-Sales	\$16.69 0 X
Ratio Per Intermedia Comm.	0.7453	Price-to-Book	\$0.05 347.24 X		Price-to-Book	\$-6.07 0 X
Value Per Intermedia Comm.	\$53.28	Price/Earnings	\$-11.57 -1.64 X		Price/Earnings	\$-9.92 0 X
Intermedia Comm. Stub Value	\$-34.28	Price/EBITDA	\$1.03 18.42 X		Price/EBITDA	\$2.06 0 X
Economic / Voting Interest	62% / 94%	Enterpr./EBITDA	68.24 X		Enterpr./EBITDA	[REDACTED]
Intermedia Comm. Relationship with Digex			Intermedia Comm. / Digex Spread Relationship			
Intend to Spin:	Looking to Sell		40 Day Average	\$ (28.19)		
IRS Tax Free Ruling:	[REDACTED]		40 Day Variance	\$ 74.03		
Record Date / Distr. Date	[REDACTED]		40 Day St. Dev.	\$ 8.60		
Digex IPO Date / Price	7/30/99	\$17	40 Day Correlation	-0.10		
IPO-Lockup Expires	[REDACTED]					
Shares to Distribute / Float	1.6 X					

Daily Graph



Intermedia Communications Inc. provides integrated data and voice communications services, including enterprise data solutions (frame relay and ATM), Internet connectivity, private line data, local and long distance, and systems integration services to approximately 90,000 business and government customers throughout the United States.

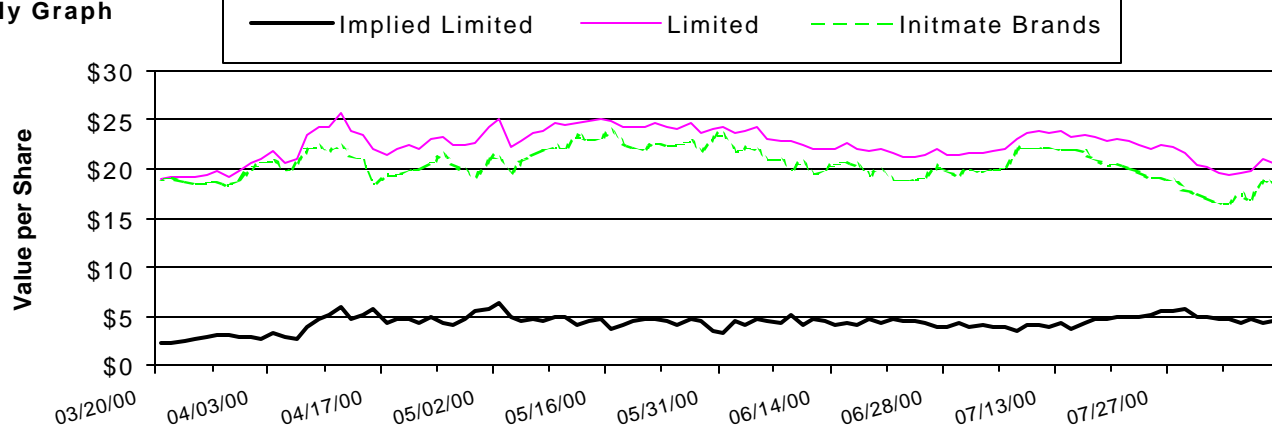
Digex Incorporated, is a provider of managed Web hosting services to businesses operating mission-critical, multi-functional Web sites. In addition, Digex offers Web hosting services to the rapidly growing number of application service providers, enabling them to more efficiently deliver their application services to their customers over the Internet. The Company also offers related value-added services, such as firewall management, stress testing and consulting services, including capacity and migration planning and database optimization. From major corporations to Internet start-ups, its customers leverage its services to rapidly and cost-effectively deploy secure and reliable business solutions including on-line banking, on-line procurement and electronic retailing. Its services include providing the computer hardware, software, network technology, and systems management necessary to offer its customers comprehensive outsourced Web site and application hosting solutions.

Valuation Snapshot

Limited / Initmate Brands

Limited (LTD)		614-415-7000		Initmate Brands (IBI)		614-415-6900	
Current Price	\$	20.63		Current Price 00-EPS e	\$	18.31	\$1.08 16.9X
Shares Out (000)		445,306		Shares Out / Float		475,200	80,784
Market Cap. (000)	\$	9,184,436		Market Cap. (000)	\$	8,702,100	
Enterprise Value	\$	9,250,346		Enterprise Value	\$	9,608,810	
Sales 12 Month Trailing	\$	9,726,970		TTM Sales Price /Sales	\$	4,645,270	1.87 X
Book Per Share	\$	4.92		Book Value Price /Book	\$	1.22	14.97 X
Insider / Inst. Held		26%	71%	Insider / Inst. Held		85%	13%
Short Int. / ratio		19.419	16.583	Short Int. / ratio		2.039	4.521
52 Week Range		\$14.43 - \$25.87		52 Week Range		\$14 - \$24.18	
Limited ownership of Initmate Brands		With Initmate Brands multiple		Without IBI per share multiple			
Shares owned (000)		394,416		Price-to-Sales		\$21.84 0.94 X	Price-to-Sales \$11.41 0.38 X
Ratio Per Limited share		0.8857		Price-to-Book		\$4.92 4.19 X	Price-to-Book \$3.83 1.14 X
Value Per Limited share	\$	\$16.21		Price/Earnings		\$1.18 17.48 X	Price/Earnings \$0.22 19.71 X
Limited Stub Value	\$	\$4.4		Price/EBITDA		\$2.44 8.45 X	Price/EBITDA \$0.37 11.79 X
Economic / Voting Interes		83% / 83%		Enterpr./EBITDA		8.52 X	Enterpr./EBITDA 10.75 X
Limited Relationship with Initmate Brands				Limited / Initmate Brands Spread Relationship			
Intend to Spin		NO		40 Day Average	\$	4.48	
IRS Tax Free Ruling				40 Day Variance	\$	0.25	
Record Date / Distr. Date				40 Day St. Dev.	\$	0.50	
Initmate Brands IPO Date				40 Day Correlation		0.94	
IPO-Lockup Expires							
Shares to Distribute / Floa		4.9 X					

Daily Graph



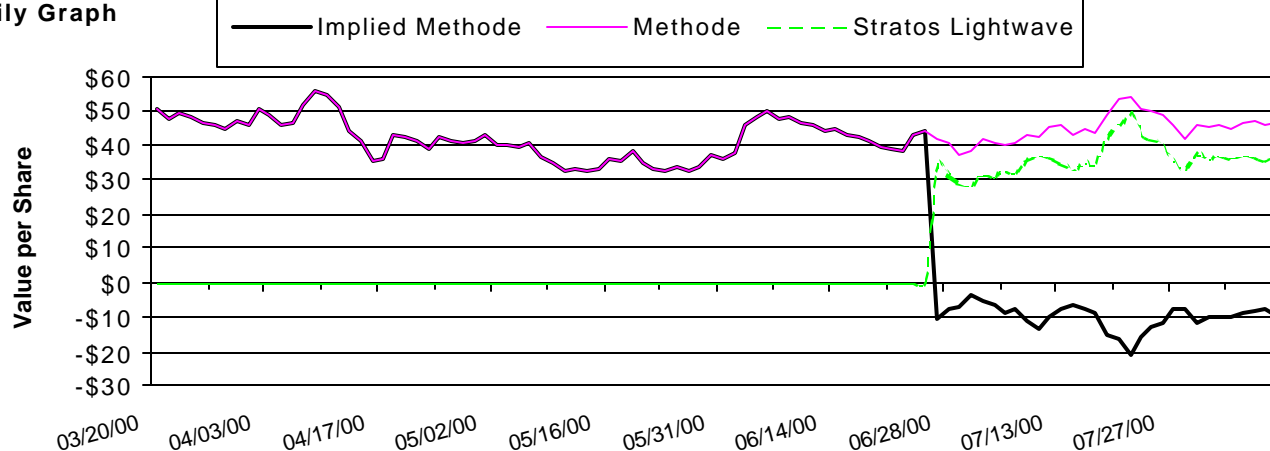
The Limited, Inc is principally engaged in the purchase, distribution and sale of women's and men's apparel, women's intimate apparel and personal care products. The Company operates an integrated distribution system that supports its retail activities. These activities are conducted under various trade names, primarily through its retail stores and catalogue businesses. Merchandise is targeted to appeal to customers in various market segments that have distinctive consumer characteristics.

Intimate Brands, Inc is principally engaged in the purchase, distribution and sale of intimate and other women's apparel and personal care products. The Company's retail activities are conducted under two brand names, Victoria's Secret and Bath & Body Works, and its overall business is conducted through an integrated retail approach, which includes stores, catalogue and Internet. Merchandise is targeted to appeal to customers in various market segments that have distinctive consumer characteristics. The Company's retail distribution channels offer lingerie, hosiery, swimwear, beauty products and specialty gift items. In addition, the Company's catalogue offers women's apparel, shoes and accessories. Intimate Brands also operates Gryphon Development, Inc., which creates, develops and sources a substantial portion of the bath and personal care products sold by the Company.

Valuation Snapshot

Methode / Stratos Lightwave					
Methode (METHA)		708-867-9600		Stratos Lightwave (STLW)	
Current Price	\$ 46.69			Current Price 00-EPS est.	\$ 36.81 \$0.22 167.3X
Shares Out (000)	35,500			Shares Out / Float	64,092 10,063
Market Cap. (000)	\$1,657,406			Market Cap. (000)	\$ 2,359,387
Enterprise Value	\$1,437,506			Enterprise Value	\$ 2,177,937
Sales 12 Month Trailing	\$ 422,000			TTM Sales Price /Sales	\$ 71,785 32.87 X
Book Per Share	\$ 13.18			Book Value Price /Book	\$ 3.03 12.16 X
Insider / Inst. Held	33%	68%		Insider / Inst. Held	86% 1%
Short Int. / ratio	0.514	0.401		Short Int. / ratio	3.205 0.64
52 Week Range	\$13.5 - \$66.43			52 Week Range	\$26 - \$56.12
Methode ownership of Stratos Lightwave		With Stratos Lightwave		Without STLW per share multiple	
Shares owned (000)	54,029	Price-to-Sales	3.93 X	Price-to-Sales	\$9.86 0 X
Ratio Per Methode share	1.5219	Price-to-Book	3.54 X	Price-to-Book	\$8.57 0 X
Value Per Methode share	\$56.02	Price/Earnings	39.57 X	Price/Earnings	\$0.84 0 X
Methode Stub Value	\$-9.33	Price/EBITDA	27.82 X	Price/EBITDA	\$1.5 0 X
Economic Interest	84%	Enterpr./EBITDA	24.14 X	Enterpr./EBITDA	[REDACTED]
Methode Relationship with Stratos Lightwave			Methode / Stratos Lightwave Spread Relationship		
Intend to Spin	Yes		40 Day Average	[REDACTED]	
IRS Tax Free Ruling	Pending		40 Day Variance	[REDACTED]	
Record Date / Distr. Date	[REDACTED]	Dec-00 /April-01	40 Day St. Dev.	[REDACTED]	
Stratos Lightwave IPO Date	6/27/00	\$21	40 Day Correlation	[REDACTED]	
IPO-Lockup Expires	12/23/00				
Shares to Distribute / Float	5.4 X				

Daily Graph



Methode Electronics, Incis engaged in the manufacture of electronic components and devices that connect, control and convey electrical energy, pulse and signal including connectors, automotive components, interconnect devices, printed circuits, and current carrying distribution systems. Components and devices manufactured by the Company are used in the production of electronic equipment and other products with applications in the automotive, computer, voice and data communications equipment, industrial, military and aerospace, and consumer electronics industries. The Company's products are sold primarily to original equipment manufacturers (OEMs) and also to independent distributors.

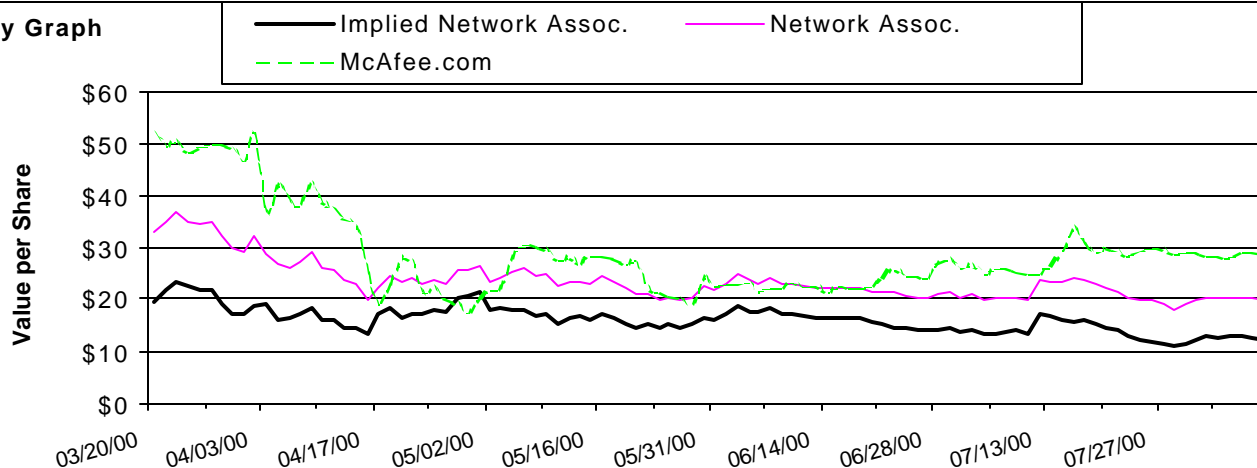
Stratos Lightwave develops, manufactures and sells optical subsystems and components for high data rate networking, data storage and telecommunication applications. Optical subsystems convert electronic signals into optical signals and back into electronic signals. These optical subsystems are designed for use in local area networks (LANs), storage area networks (SANs), metropolitan area networks (MANs), wide area networks (WANs) and central office networking in telecommunication markets.

Valuation Snapshot

Network Assoc. / McAfee.com

Network Assoc. (NETA)		408-988-3832		McAfee.com (MCAF)		408-572-1500	
Current Price	\$ 19.88			Current Price 00-EPS est.	\$ 28.75	\$-0.53	0X
Shares Out (000)	139,200			Shares Out / Float	43,500		7,400
Market Cap. (000)	\$2,766,600			Market Cap. (000)	\$ 1,250,625		
Enterprise Value	\$2,353,953			Enterprise Value	\$ 1,177,225		
Sales 12 Month Trailing	\$ 891,000			TTM Sales Price /Sales	\$ 48,000		26.05 X
Book Cash Per Share	\$ 4.91	\$5.23		Book Value Price /Book	\$ 1.52		18.86 X
Insider / Inst. Held	3%	56%		Insider / Inst. Held	86%		15%
Short Int. / ratio	3.208	1.466		Short Int. / ratio	0.335		3.317
52 Week Range	\$15 - \$37.18			52 Week Range	\$15.56 - \$63.75		
Network Assoc. ownership of McAfee.com		With McAfee.com multiple		Without MCAF per share multiple			
Shares owned (000)	36,100	Price/Sales-F00	\$6.4 3.1 X	Price/Sales-F00	\$6.05	2.05 X	
Ratio Per Network Assoc. share	0.2593	Price-to-Book	\$4.91 4.05 X	Price-to-Book	\$4.51	2.74 X	
Value Per Network Assoc. share	\$7.45	Price/Earnings	\$0.96 20.7 X	Price/Earnings	\$1.09	11.31 X	
Network Assoc. Stub Value	\$12.41	Price/EBITDA		Price/EBITDA			
Economic / Voting Interest	83% / 94%	Enterpr./EBITDA		Enterpr./EBITDA			
Network Assoc. Relationship with McAfee.com		Network Assoc. / McAfee.com		Spread Relationship			
Intend to Spin		40 Day Average	\$ 14.05				
IRS Tax Free Ruling		40 Day Variance	\$ 2.68				
Record Date / Distr. Date		40 Day St. Dev.	\$ 1.64				
McAfee.com IPO Date / Price	12/2/99	\$12		40 Day Correlation	-0.04		
IPO-Lockup Expires	6/1/00						
Shares to Distribute / Float	4.9 X						

Daily Graph

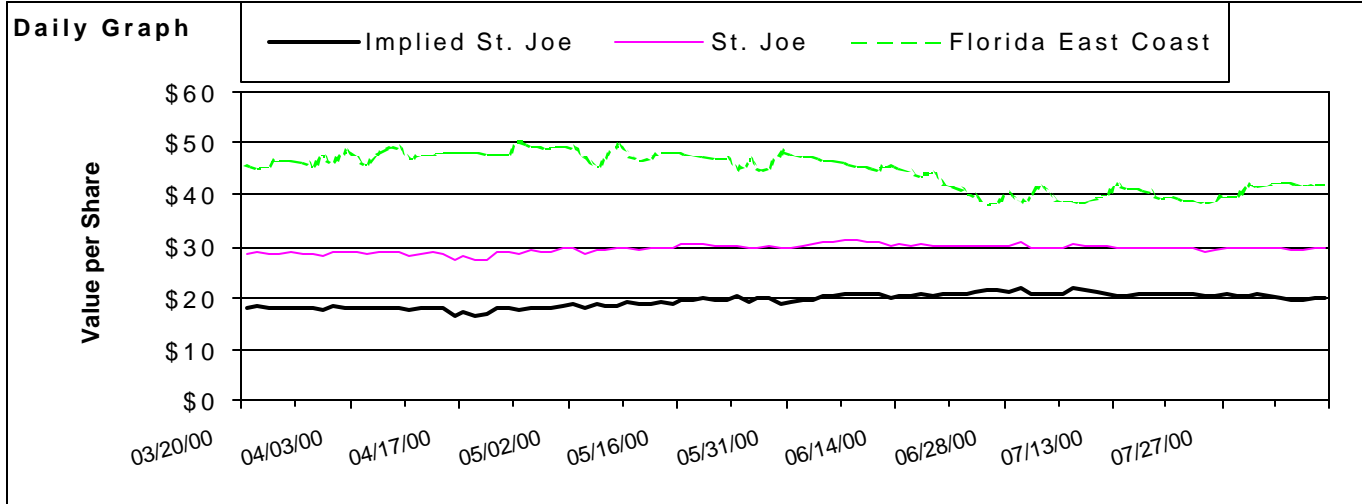


Networks Associates, Inc. is a leading supplier of security and availability solutions for e-business. The Company is organized into four product groups based on its product suites: McAfee, which primarily markets the McAfee Active Virus Defense product suite; Sniffer Technologies, which primarily markets the Sniffer Total Network Visibility product suite; PGP Security, which primarily markets the PGP Total Security Defense product suite; and Magic Solutions, which primarily markets the Magic Total Support Desk product suite. The four individual product suites form the Company's single Net Tools mega suite. In addition to the product groups, the Company includes myCIO, a wholly owned subsidiary and a business applications service provider.

McAfee.com Corporation provides online PC management products and services for consumers. Through its web site at www.McAfee.com, the Company allows consumers to secure, repair, update and upgrade their PCs. The Company encourages consumers to become paid subscribers to its main product, McAfee Clinic, which gives them access to all the centers on its web site. These centers consist of the McAfee Clinic, Anti-Virus Center, Firewall/Security Center, PC Checkup Center, Shopping Center, Download Center and Support Center.

Valuation Snapshot

St. Joe / Florida East Coast							
St. Joe (JOE)		904-396-6600	Florida East Coast (FLA)		904-829-3421		
Current Price	\$ 29.44		Current Price 00-EPS €	\$ 42.19	\$0.91 46.3X		
Shares Out (000)	87,074		Shares Out / Float	36,313	16,704		
Market Cap. (000)	\$2,563,236		Market Cap. (000)	\$ 1,531,970			
Enterprise Value	\$2,629,206		Enterprise Value	\$ 1,542,300			
Sales 12 Month Trailing	\$ 779,420		TTM Sales Price /Sale:	\$ 278,880	5.49 X		
Book Per Share	\$ 10.41		Book Value Price /Boo	\$ 20.25	2.08 X		
Insider / Inst. Held	61%	24%	Insider / Inst. Held	74%	29%		
Short Int. / ratio	0.171	3.42	Short Int. / ratio	0.041	0.976		
52 Week Range	20.06 - \$31.37		52 Week Range	\$29.62 - \$51			
St. Joe ownership of Florida East Coast		With Florida East Coast multiple		Without FLA per share multiple			
Shares owned (000)	19,609	Price-to-Sales	\$8.95 3.28 X		Price-to-Sales	\$5.74 3.46 X	
Ratio Per St. Joe share	0.2252	Price-to-Book	\$10.41 2.83 X		Price-to-Book	\$5.84 3.4 X	
Value Per St. Joe share	\$9.5	Price/Earnings	\$1.84 16 X		Price/Earnings	\$1.63 12.19 X	
St. Joe Stub Value	\$19.93	Price/EBITDA	\$1.8 16.35 X		Price/EBITDA	\$0.86 23.03 X	
Economic / Voting Interest	53% / 54%		Enterpr./EBITDA	16.78 X		Enterpr./EBITDA	24.84 X
St. Joe Relationship with Florida East Coast			St. Joe / Florida East Coast Spread Relationship				
Intend to Spin	Yes		40 Day Average	\$ 20.68			
IRS Tax Free Ruling	Pending		40 Day Variance	\$ 0.32			
Record Date / Distr. Date	██████████		40 Day St. Dev.	\$ 0.57			
Florida East Coast IPO Date	██████████		40 Day Correlation	0.07			
IPO-Lockup Expires	██████████						
Shares to Distribute / Float	1.2 X						



The St. Joe Company provides a broad range of real estate services to meet both residential and commercial real estate needs. The Company is one of the few real estate operating companies to have assembled the range of real estate, financial, marketing and regulatory expertise to take a large-scale approach to real estate development and services. The Company conducts primarily all its business in six operating segments. These are Community Residential Development; Residential Real Estate Services; Commercial Real Estate Development and Services; Forestry; Land Sales; and Transportation. In 1999, the Company started a hospitality development group.

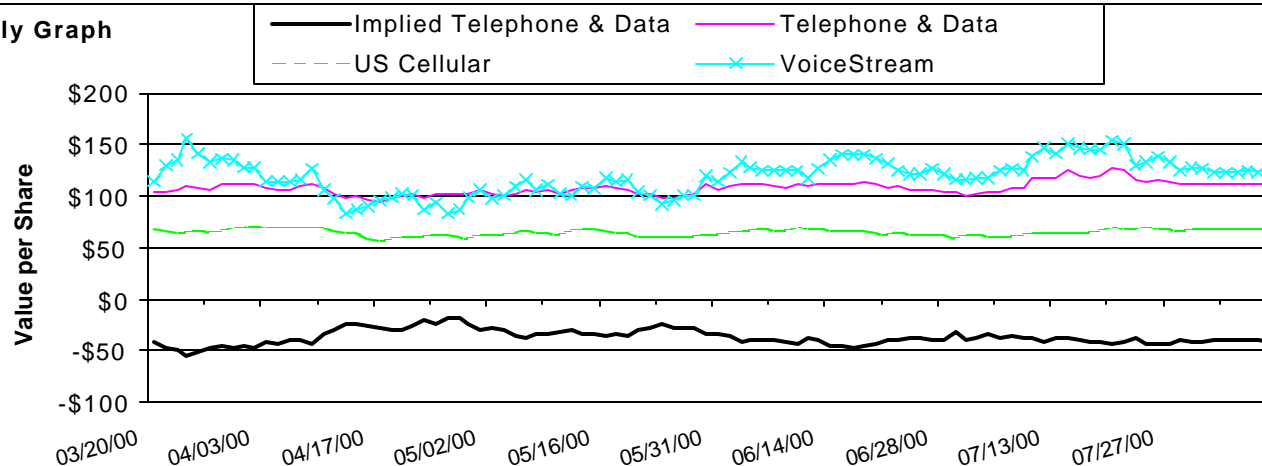
Florida East Coast Industries Incis is a holding company engaged, through four wholly-owned subsidiaries, in rail and trucking operations, real estate (ownership, development and management) and telecommunications (dark fiber and broadband capacity sales). The Company's subsidiaries are Florida East Coast Railway, International Transit, Inc., Gran Central Corporation and EPIK Communications Incorporated.

Valuation Snapshot

Telephone & Data / US Cellular

Telephone & Data (TDS)		312-630-1900	US Cellular (USM)		773-399-8900
Current Price	\$ 110.81		Current Price 00-EPS est	\$ 68.00	\$2.01 33.8X
Shares Out (000)	61,081		Shares Out / Float	93,311	22,522
Market Cap. (000)	\$6,768,499		Market Cap. (000)	\$ 6,345,148	
Enterprise Value	\$8,329,419		Enterprise Value	\$ 6,620,034	
Sales 12 Month Trailing	\$2,012,405		TTM Sales Price /Sales	\$ 1,451,280	4.37 X
Book Per Share	\$ 40.29		Book Value Price /Book	\$ 24.70	2.75 X
Insider / Inst. Held	43%	68%	Insider / Inst. Held	89%	18%
Short Int. / ratio	0.493	2.85	Short Int. / ratio	4.787	46.029
52 Week Range	\$65.81 - \$137		52 Week Range	\$52.56 - \$125.75	
Telephone & Data ownership of US Cellular		With US Cellular	Without US Cellular		
Shares owned (000)	70,789	Price-to-Sales	3.36 X	Price-to-Sales	\$ 9.18 3.48 X
Ratio Per Telephone & Data share	1.1589	Price-to-Book	2.75 X	Price-to-Book	\$11.66 2.74X
Value Per Telephone & Data share	\$78.8	Price/Earnings	40.74 X	Price/Earnings	\$0.25 81.95 X
Telephone & Data Stub Value	\$32	Price/EBITDA	8.98 X	Price/EBITDA	\$3.99 8.01 X
Economic Interest	76%	Enterpr./EBITDA	11.06 X	Enterpr./EBITDA	13.13 X
Telephone & Data Relationship with US Cellular			Telephone & Data / US Cellular Spread Relationship		
Intend to Spin	No		40 Day Average	\$ (40.53)	
IRS Tax Free Ruling	[REDACTED]		40 Day Variance	\$ 8.93	
Record Date / Distr. Date	[REDACTED]		40 Day St. Dev.	\$ 2.99	
US Cellular IPO Date / Price	[REDACTED]		40 Day Correlation	0.59	
IPO-Lockup Expires	[REDACTED]				
Shares to Distribute / Float	3.1 X				

Daily Graph



Telephone and Data Systems is a diversified telecommunications service company with cellular telephone and telephone operations. At December 31, 1999, TDS served approximately 3.2 million customer units in 35 states, including 2,602,000 cellular telephones and 645,800 telephone access lines. TDS conducts substantially all of its telephone operations through its wholly owned subsidiary, TDS Telecommunications Corporation. At December 31, 1999, TDS Telecom operated 104 Incumbent Local Exchange Carrier (ILEC) telephone companies serving 571,700 access lines in 28 states. **TDS also owns 35.5 million shares of Voicestream Wireless (VSTR)**

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 service 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	08/09/00 Price	Ratio (1) To Spin (6)	Intent % owned (7)	Economic Value (2)	Residual Stub Value (3)	Date Updated
Alpine Group	AGI	\$ 6.31	Superior Telecom	SJT	\$ 24.75	0.685	51.70%	\$ 5.82	\$ 0.49	12/31/99
Alliance Semiconductor	ALSC	\$ 22.81	Broadcom	BRCM	\$ 24.75	0.011		\$	\$	
			Chartered Semiconductor	CHRT	\$ 74.00	0.050	1.59%	\$ 3.68	\$	
			Chartered Semiconductor-S	CSM *	\$ 0.45	0.498	0.00%	\$ 0.23	\$	
			United Microelectronics-S	2303 *	\$ 2.98	7.884	3.14%	\$ 23.48	\$	
			Vitesse Semiconductor	VTSS	\$ 71.06	0.020	0.52%	\$ 1.41	\$ (8.77)	
American Home Products	AHP	\$ 57.25	Immunex	IMNX	\$ 55.00	0.221	54.10%	\$ 12.15	\$	08/14/00
Motion Corp.	MTNT	\$ 11.81	XM Satellite Radio	XMSR	\$ 39.13	0.279	25.90%	\$ 10.93	\$ 0.88	03/03/00
American Software	AMSWA	\$ 5.81	Logility	LGTY	\$ 4.38	0.514	83.70%	\$ 2.28	\$ 3.57	02/14/00
A T & T	T	\$ 29.88	AT&T Wireless	AWE	\$ 25.88	0.595	84.42%	\$ 15.39	\$	04/20/00
			Cablevision	CVC	\$ 66.94	0.016	30.06%	\$ 1.06	\$	
								\$ 16.45	\$ 13.42	
AXA Financial	AXA	\$ 75.00	Donaldson Lufkin & Jenrette	DLJ	\$ 55.31	0.390	64.50%	\$ 21.60	\$ 53.40	03/30/00
Banco Santander Spain	STD	\$ 10.44	Santander Bancorp	SBP	\$ 11.94	0.032	80.00%	\$ 1.94	\$ 10.05	05/25/99
ePresence	EPRE	\$ 6.56	Switchboard.com	SWBD	\$ 7.88	0.436	41.36%	\$ 3.43	\$ 3.13	03/01/00
Barnes and Noble	BKS	\$ 18.56	Barnesandnoble.com	BNNB	\$ 4.56	0.837	40.56%	\$ 8.37	\$ 14.74	03/21/00
Bone	BNE	\$ 9.06	Edgar Online	EDOR	\$ 3.63	0.027	8.67%	\$ 0.10	\$ 8.96	03/15/00
BrookTrust	BRKT	\$ 37.00	Interstep	ISPD	\$ 12.38	0.616	55.81%	\$ 7.62	\$ 29.38	03/15/00
Cabletron	CS	\$ 28.69	Efficient Networks	ENFT	\$ 58.47	0.064	21.85%	\$ 3.72	\$ 24.97	03/01/00
Cabot	CBT	\$ 33.69	Cabot Micro Electronics	CCMP	\$ 50.98	0.271	82.98%	\$ 13.78	\$ 19.91	03/15/00
Celji Genesys	CEGE	\$ 25.13	Abgenix	ABGX	\$ 64.25	0.075	12.55%	\$ 4.81	\$ 20.31	03/22/00
Cerner	CERN	\$ 38.13	Caresite	CARI	\$ 15.21	0.390	18.33%	\$ 5.97	\$ 32.15	06/16/99
Chris-Craft	CCN	\$ 69.56	BHC Communications	BHC	\$ 145.00	0.427	80.36%	\$ 61.98	\$ 7.59	03/30/00
Citizens Utility	CZN	\$ 15.50	Electric Lightwave	ELIX	\$ 15.88	0.158	82.05%	\$ 2.51	\$ 12.99	03/31/00
Cohesion Technology	CSON *	\$ 9.13	Boston Scientific	BSX	\$ 16.81	0.088		\$	\$	
			Pharming N.Y.	PHAR *	\$ 12.90	0.099		\$	\$ 6.43	
Comverse Technology	CMVT	\$ 84.13	Uticom	ULCM	\$ 37.00	0.214	87.33%	\$ 7.94	\$ 76.19	04/05/00
Data Broadcasting	DBCC	\$ 3.44	MarketWatch.com	MKTW	\$ 14.50	0.077	49.91%	\$ 1.12	\$ 2.32	06/30/00
Dellia's	DLIA	\$ 2.00	iturf	TURF	\$ 3.19	0.652	55.26%	\$ 2.08	\$ (0.08)	03/15/00
Deluxe	DLX	\$ 22.06	eFunds	EFD5	\$ 9.63	0.591	86.49%	\$ 5.69	\$ 16.38	05/18/00
DTE Energy	DTE	\$ 33.69	Plug	PLUG	\$ 30.963	0.094	30.96%	\$ 3.74	\$ 29.94	03/31/00
Disney (Walt)	DIS	\$ 40.38	Go-Com.	DIG	\$ 12.56	0.052	72.00%	\$ 0.65	\$ 39.72	12/31/99
Dixons PLC	DXNS L	\$ 2.68	Freesat	FREI	\$ 2.89	0.475	85.55%	\$ 1.37	\$ 51.31	01/00/00
Donaldson Lufkin & Jenrette	DLJ	\$ 55.31	DLJ Direct	DIR	\$ 7.19	0.624	84.25%	\$ 4.49	\$ 50.83	03/30/00
Eaton	ETN	\$ 71.31	Axcelis tech.	ACLS	\$ 15.13	1.100	83.77%	\$ 16.64	\$ 54.67	06/16/00
eCom Ventures	ECMV	\$ 1.38	Envision Development	EDV	\$ 11.69	0.473	46.67%	\$ 5.53	\$ (4.15)	01/00/00
EMC	EMC	\$ 91.19	McData	MCDT	\$ 87.00	0.043	87.26%	\$ 3.71	\$ 87.48	08/02/00
Flowers Ind.	FLO	\$ 21.06	Keerber	KBL	\$ 44.00	0.462	54.80%	\$ 20.33	\$ 0.74	03/31/00
First Albany	FACT	\$ 18.31	Mechanical Tech.	MKTY	\$ 10.38	1.515	34.00%	\$ 15.72	\$ 2.60	01/00/00
Ford	F	\$ 29.63	Hertz	HRZ	\$ 31.88	0.077	81.00%	\$ 2.44	\$ 27.18	05/25/99
GaiNet Group	IT	\$ 13.75	Jupiter Communications	JPTR	\$ 25.56	0.056	24.43%	\$ 1.43	\$ 12.32	04/07/00
Global Crossing	GBLX	\$ 30.19	Asia Global	AGL	\$ 0	0.000	0.00%	\$	\$	
			Storage Networks	STOR	\$ 132.38	0.006	5.88%	\$ 0.84	\$	
			GlobalCenter	GCTR	\$ 17.00	0.286	80.24%	\$ 4.85	\$	06/18/00
								\$ 5.70	\$ 24.49	
Great Lakes Chemical	GLK	\$ 30.19	GSCA	GSCA	\$ 12.63	0.154	60.00%	\$ 1.95	\$ 28.24	05/10/00
Verizon	VZ	\$ 40.00	Genity	GENU	\$ 8.63	0.007	9.13%	\$ 0.06	\$ 39.94	06/28/00
HNC Software	HNS	\$ 48.88	Retix	RETX	\$ 27.38	1.486	85.17%	\$ 40.69	\$ 8.19	08/07/00
IDT	IDT	\$ 39.31	Net2Phone	N2OP	\$ 26.56	0.692	48.26%	\$ 18.37	\$ 20.94	03/20/00
IGTE Capital	IGTE	\$ 8.89	Masco	MASCT *	\$ 8.71	0.485	88.88%	\$ 4.23	\$ 4.46	06/12/00
IMS Health	RX	\$ 18.13	Cog Tech Solutions	CTSH	\$ 40.25	0.047	78.86%	\$ 1.91	\$	03/30/00
			Gartner Group	IT	\$ 13.75	0.023	7.92%	\$ 0.31	\$	03/30/00
								\$ 2.23	\$ 15.90	
Intermedia	ICIX	\$ 18.63	Digex	DIGX	\$ 71.25	0.686	62.20%	\$ 48.86	\$ (30.24)	03/20/00
Kushner-Loke	KLOD	\$ 1.53	USSearch.com	SCH	\$ 1.78	0.751	55.20%	\$ 1.34	\$ 0.19	03/20/00
Limited	LTD	\$ 20.88	Intimate Brands	IBI	\$ 18.06	0.886	83.00%	\$ 16.00	\$ 4.88	05/31/00
Loews	LTR	\$ 73.38	Diamond Offshore Drilling	DO	\$ 40.25	0.674	86.49%	\$ 27.13	\$	03/31/00
			CNA Insurance	CNA	\$ 40.75	1.533	51.62%	\$ 62.48	\$	03/31/00
								\$ 89.61	\$ (16.23)	

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

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	08/03/00	Intent	Economic	Embedded	Residual	Date
							Ratio (1) To Spin (6)	% owned (7)	Value (2)	Sub Value (3)	Updated
Loral	LOR	\$ 6.44	Globalstar	GSTRF	\$ 7.38	0.175			\$ 1.29	\$ 5.15	03/21/00
Maxxam	MXM	\$ 20.00	Kaiser Aluminum	KLU	\$ 4.31	7.143		62.97%	\$ 30.80	\$ (10.80)	03/20/00
Mechanical Tech.	MKT	\$ 10.13	Plug	PLUG	\$ 3.06	3.100%		31.00%	\$ 15.98	\$ (5.85)	03/30/00
Medical Manager (new)	MMGR	\$ 29.50	Cariprite	CARI	\$ 15.91	1.392		69.00%	\$ 21.91	\$ 8.19	03/23/00
Motola	MOT	\$ 34.88	Nextel Communications	NXTV	\$ 77.00	0.030		80.23%	\$ 2.29	\$ 32.58	06/22/00
PSINet	PSIX	\$ 18.44	Xpedior	XPDW	\$ 11.78	0.254		80.00%	\$ 2.99	\$ 15.45	06/20/00
Methode Electronics	METH	\$ 47.63	Stratus Lightwave	STLW	\$ 37.75	1.570	Y	86.43%	\$ 58.40	\$ (10.78)	06/05/00
Nabisco Group Holdings	NGH	\$ 27.44	Nabisco	NA	\$ 53.75	0.658		80.74%	\$ 35.35	\$ (7.91)	03/20/00
National City	NCC	\$ 19.19	National Processing	NAP	\$ 10.98	0.142		88.18%	\$ 1.55	\$ 17.64	03/22/00
Navarre	NAVR	\$ 1.75	NetRadio	NETR	\$ 1.94	0.216		50.99%	\$ 0.42	\$ 1.33	03/20/00
Network Associates	NETA	\$ 19.75	McAfee	MCAF	\$ 28.69	0.259		85.21%	\$ 7.42	\$ 12.33	12/31/99
News Corp	NWS	\$ 51.19	Fox Corp	FOX	\$ 28.88	0.639		83.01%	\$ 18.44	\$ 32.75	03/31/00
Northern States Power	NSP	\$ 25.31	NRG Energy	NRG	\$ 24.75	0.940		83.97%	\$ 23.27	\$ 2.04	05/31/00
Ostcom	OSCM	\$ 72.19	NetSilicon	NSIG	\$ 22.81	0.822		56.60%	\$ 18.75	\$ 53.44	03/20/00
PepsiCo	PEP	\$ 44.13	Pepsi Bottling Group	PBG	\$ 31.75	0.040		40.00%	\$ 1.28	\$ 42.84	03/20/00
PICO Holdings	PICO	\$ 12.88	Hyperflex Technologies	HYPR	\$ 3.50	0.833		75.52%	\$ 2.91	\$ 9.96	03/20/00
Ralcorp Holdings	RAH	\$ 13.94	Vail Resorts	MTN	\$ 17.63	0.148		22.00%	\$ 2.80	\$ 11.34	03/21/00
Ralston Purina	RAL	\$ 20.88	DuPont	DD	\$ 49.13	0.052		1.42%	\$ 2.56		03/21/00
			Interstate Bakeries	IBC	\$ 17.98	0.099		43.18%	\$ 1.76		03/21/00
			Conoco	COC	\$ 23.38	0.024		1.18%	\$ 0.56		03/21/00
Reuters	RTRSY	\$ 112.63	Tibco Software	TIBX	\$ 116.38	0.485		62.95%	\$ 56.41	\$ 56.21	05/04/00
RSL	RSLC	\$ 5.44	DeltaThree	DDDC	\$ 7.97	0.357		73.77%	\$ 2.84	\$ 2.59	03/21/00
Sabre Group	SG	\$ 29.38	Travelocity	TVLY	\$ 14.44	0.260		70.00%	\$ 3.75	\$ 25.63	05/31/00
Sea Containers	SCRA	\$ 26.56	Orient Express Hotels	OEH	\$ 21.50	1.130	Y	67.64%	\$ 24.29	\$ 2.27	08/07/00
Seagate Technology	SEG	\$ 53.88	Veritas Software	VRTS	\$ 107.81	0.467		32.99%	\$ 50.35		03/21/00
			SanDisk	SNDK	\$ 59.56	0.046		16.09%	\$ 2.75		03/21/00
			Gadzoox Networks	ZOOX	\$ 8.56	0.023		25.45%	\$ 0.20		03/21/00
Stiwell Financial	KSU	\$ 44.19	DST Systems	DST	\$ 93.84	0.092		32.00%	\$ 53.30	\$ 0.58	03/20/00
St. Joe	JOE	\$ 29.81	Florida East Coast	FLA	\$ 42.19	0.225	Y	54.00%	\$ 8.61	\$ 35.58	03/20/00
Synovus	SNV	\$ 19.38	Total Systems	TSS	\$ 17.98	0.580		80.70%	\$ 10.37	\$ 9.00	03/21/00
Toronto-Dominion	TD	\$ 24.13	TD Waterhouse Group	TWE	\$ 18.75	0.521		0.00%	\$ 9.77		03/24/00
			Knight-Trimark	NITE	\$ 26.31	0.015		8.61%	\$ 0.38		03/24/00
Telephone & Data Systems	TDS	\$ 109.06	US Cellular	USM	\$ 67.44	1.155		80.91%	\$ 77.92		01/12/00
			VoiceStream	VSTR	\$ 125.56	0.366		14.00%	\$ 45.90		01/12/00
			Vodafone	VOD	\$ 41.63	0.044			\$ 1.84		01/12/00
Time Warner	TWX	\$ 76.81	Time Warner Telecom	TWTC	\$ 63.63	0.046		51.00%	\$ 2.92	\$ 73.90	05/25/99
Titan	TTN	\$ 28.44	Cayenta	CYTA	\$ 12.00	0.221		60.61%	\$ 2.65	\$ 25.79	04/04/00
Tribune	TRB	\$ 34.19	AOL	AOL	\$ 52.84	0.023		0.23%	\$ 1.21	\$ 32.97	03/10/00
TRW	TRW	\$ 49.19	Wireless Inc.	WLSS	\$ 9.00	0.047		13.50%	\$ 0.42		06/20/00
			E Sync Networks	ESNI	\$ 5.69	0.025		40.00%	\$ 0.14		06/20/00
			Celera Genomics	CRA	\$ 93.75	0.004		1.00%	\$ 0.40		06/20/00
			RF MicroDevices	RFMD	\$ 71.56	0.093		14.41%	\$ 6.70		06/20/00
TYCO	TYC	\$ 53.75	TYCOM	TCM	\$ 36.19	0.264		89.12%	\$ 7.66	\$ 41.52	05/03/00
UCR	UCR	\$ 13.13	Graftech	GRAF	\$ 16.30	0.560		82.78%	\$ 9.23	\$ 3.89	07/03/00
UnitedGlobalCom	UCOMA	\$ 43.38	United Pan-Europe Comm.	UPCOY	\$ 24.25	1.839		61.00%	\$ 4.61	\$ (1.23)	06/29/00
USA Networks	USAN	\$ 23.13	Ticketmaster-Online	TMCS	\$ 23.50	0.066		61.00%	\$ 1.54		05/25/99
			Hotel Reservation Networks	ROOM	\$ 32.50	0.056		68.00%	\$ 1.82		03/20/00
Utilicorp	UCU	\$ 23.19	Quanta Services	PWR	\$ 36.69	0.214		36.00%	\$ 3.36	\$ 19.76	07/03/00
Viacom	VIA	\$ 71.06	Blockbuster	BB	\$ 10.00	0.096		83.24%	\$ 0.86		07/05/00
			Infinity Broadcasting	INF	\$ 35.63	0.463		64.20%	\$ 16.49		06/21/00
Western Resources	WR	\$ 17.50	Protection One	POI	\$ 1.69	1.573		85%	\$ 2.65	\$ 14.85	04/06/00
			Oneok - Common	OKE	\$ 29.88	0.047		11%	\$ 1.40		01/00/00
			Oneok-Preferred	OKE	\$ 34.88	0.146		34%	\$ 5.08		04/06/00
Williams	WMB	\$ 47.13	Williams Communications	WCG	\$ 30.00	0.899	Y	85.31%	\$ 26.96	\$ 20.16	03/21/00

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

Spin-Off Calendar by Date

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

Spin-Off Calendar by Date

Parent	Listed			Symbol	Date Announced	Record Date	Spin-Off Date	Report Date	Tax	
	Symbol	Options	Spin-Off						Exempt	Ratio
SGI	SGI	Y	Mips Technology	MIPS	02/26/99		06/20/00	June-00		.135:1
Hewlett-Packard	HWP	Y	Agilent	A	03/02/99		06/02/00	June-00	Y	.37:1
iGate	IGTE		Mascot	MSCT	03/07/00		06/12/00	April-00		CO
Great Lakes Chemical	GLK	Y	OSCA	OSCA	09/20/99		06/15/00	July-00		CO
Deluxe Corp.	DLX	Y	eFunds	EFDS	01/31/00		06/26/00	June-00		CO/SP
Methode Electronics	METHA	Y	Stratos Lightwave	STLW	02/23/00		06/26/00	June-U		CO/SP
Ford	F	Y	Visteon	VC	04/14/00		06/28/00	June-00	Y	1:7.637
Verizon	VZ	Y	Genuity	GENU	04/10/00		06/28/00	May-00		CO
AutoNation	AN	Y	ANC Rental Corp.	ANCX	08/02/99		06/30/00	June-00	Y	1:8
Delta Woodside	DLW		Duck Head	DHA	02/09/99	06/19/00	06/30/00	July-00	Y	1:10
			Delta Apparel	DLA	02/09/99	06/19/00	06/30/00	July-00	Y	1:10
Orckit	ORCT		Tioga Technologies	TIGA	02/10/00	06/28/00	07/03/00	July-00	Y	1:1
Intelligroup	ITIG		Seranova	SERA	11/04/00	05/12/00	07/06/00	July-00	Y	1:1
Daisytek	DZTK		PFSweb	PFSW	09/21/99	06/19/00	07/07/00	July-00	Y	.81:1
Eaton	ETN	Y	Axcelis Technologies	ACLS	02/24/00		07/10/00	July-00		CO
Kansas City Southern Ind.	KSU	Y	Stilwell Financial	SV	02/03/98	6/28/00	07/12/00	July-00	Y	2:1 1:2
3Com	COMS	Y	Palm	PALM	09/14/99	07/11/00	07/27/00	July-00	Y	1.5:1
TYCO	TYC	Y	Tycom	TCM	03/10/00		07/27/00	August-00		CO
Atuant	ATU	Y	APW Ltd	APW	01/27/00		07/31/00	August-00	Y	1:1
UCAR	UCR	Y	Graftech	GRAF	04/18/00		Delayed	August-00		CO
BRE Properties	BRE		VelocityHSI	VHSI	03/16/00	08/07/00	08/15/00	August-00	N	1:5
America Online	AOL	Y	America Online Latin	AOLA	07/06/00		08/07/00	August-00		CO
EMC	EMC	Y	McData	MCDT	05/31/00		08/09/00	August-00		CO/SP
Sea Containers	SCRA		Orient Epxpress Hotels	OEH			August-00	August-00		CO/SP
Chronimed	CHMD		MEDgenesis	MDGN	03/13/00	06/16/00	August-00	August-00		1:3
Central Garden	CENT		Lawn and Garden Dist.		03/20/00		Delayed			SP
HNC Software	HNCS		Retek	RETK			Aug/Sept	August-00	P	~1:1.48
Dun & Bradstreet	DNB	Y	Moody's		12/15/99		Sept-00	Jan-00		SP
Global Crossing	GBLX		Asia Global Crossing					June-00		CO
Global Crossing	GBLX	Y	Global Center		04/19/00			May-00	Y	CO/TR
Cabot Corp.	CBT		Cabot Micro-Electronics	CCMP	07/29/99	09/13/00	09/29/00	April-00	Y	1:3.7
Lucent	LU	Y	Lucent EN		03/01/00		Sept-00	Mar-00		SP
Apollo Group	APOL		Phoenix Online		03/28/00		Sept.-00	May-00	Y	CO/TR
National Data	NDC	Y	eHealth & eCommerce		12/21/99		Sept/Oct	Jan-00		SP
RPC	RES		Chaparral Boat Unit		01/14/00			Feb-00		SP
Comdisco	CDO	Y	Ventures		12/22/99		Sept/Oct	Dec-99	Y	CO-TR
			Prism		06/17/99					
Titan	TTN	Y	Cayenta		12/29/99			December		CO
Cablevision	CVC	Y	Rainbow Programming		12/22/99		4th qtr-00	Jan-00	Y	TR
Avista	AVA	Y	Internet Billing		01/27/00		4th qtr-00	Feb-00		
Miller Industries	MLR	Y	RoadOne		05/13/99			June-99	P	SP
Eaton	ETN	Y	Axcelis Technologies	ACLS	02/24/00		4th qtr-00	July-00		SPLIT
Deluxe Corp.	DLX	Y	eFunds	EFDS	01/31/00		4th qtr-00	June-00		SPLIT
AT&T	T	Y	AT&T Wireless	AWE			4th qtr-00			SPLIT
Interpool	IPX	N	Microtech and Poolstat		08/09/99					SP
St. Joe	JOE	Y	Florida East Coast	FLA	10/27/99			Nov-99		CO
PTEK Holdings	PTEK	Y	E Research Technologies		10/28/99					CO
Computer Horizons	CHRZ	Y	eB Networks – Softech		10/18/99		2001	Dec-99		CO
Modis Professional	MPS	Y	Prolianz	PRO	11/09/99			Dec-99		SP/CO
Hewlett Packard	HWP	Y	Deep Canyon		01/01/00			Feb-00		
Thermo Electron	TMO	Y	Thermo Fibertek	TFT	01/31/00		4th qtr-00	Feb-00		SP

Spin-Off Calendar by Date

Parent	Listed			Symbol	Date	Spin-Off	Report	Tax	
	Symbol	Options	Spin-Off		Announced	Date	Date	Exempt	Ratio
Cabletron	CS	Y	4 Unit break up				Mar-00		
Ciber	CBR	Y	Enterprise Solutions		03/01/00		Mar-00		SP
Cyber-Care	CYBR		Air Response		02/29/00		Mar-00		SP
DAMARK	DMRK	Y	ClickShip Direct		02/16/00		Mar-00		SP
GETGO.COM	GTGO		GETGO USA		02/29/00		Mar-00		SP
Aztec	AZTC		PCSI		03/30/00		April-00		CO
Bell Atlantic	BEL	Y	Wireless Options		04/04/00		April-00		CO
Bellsouth	BLS	Y	Latin Wireless		03/29/00		April-00	Y	CO/TR
			Domestic Wireless		04/05/00		April-00		CO
PSINet	PSIX	Y	Interdot.net		03/28/00	4th qtr-00	April-00		CO
Western Resources	WR	Y	Electric Utility		03/29/00		April-00		SP
Fisher Scientific	FSH		Alchematrix		03/08/00		May-00		CO
Kroll-O'Gara	KROG		Break-Up		04/18/00	Dec/Jan-01	May-00		
Southern Company	SO	Y	Southern Energy		04/17/00		May-00		CO
Sybron International	SYB		Dental Group		04/24/00	11/01/00	May-00		SP
Xerox	XXR	Y	Contentguard		04/26/00		May-00		CO
SARA LEE	SLE	Y	Coach		05/30/00		June-00		CO
			PYA-Monarch		05/30/00		June-00		CO
SPX	SPW	Y	Inrange Technologies		06/05/00		June-00		CO
Transaction Sys. Arch.	TSAI		Insession Technologies		06/02/00		June-00		CO
Fluor	FLR		Massey Energy		06/08/00		July-00		SP
ICN Pharmaceuticals	ICN		Ribapharm		06/15/00		July-00		CO
			International Operations		06/15/00		July-00		CO
Lucent	LU	Y	Microelectronics Unit				July-00		
Motorola	MOT		Propel		06/27/00		July-00		CO
Triarc	TRY		Snapple Beverage Group		06/22/00		July-00		CO
New York Times	NYT	Y	New York Times Digital	TCD	01/28/00	Delayed	Feb-00	Y	CO/TR
Staples	SPLS	Y	Staples.Com	SDOT	09/15/99	Delayed	Oct-99	Y	CO-TR
CMGI	CMGI	Y	Altavista	ALTA	12/17/99	Delayed	Jan-00		CO
Playboy	PLA		Playboy.com	PBYI	09/28/99	Delayed			CO
Nordstrom	JWN	N	Internet Unit		08/26/99	Delayed			CO
MIM Corp.	MIMS		Internet Pharmacy		01/20/00	Delayed	Feb-00		CO
Lason	LSON	Y	E-Commerce		12/20/99	Delayed	Jan-00		
American Software	AMSWA	Y	Amquest		01/25/00	Delayed	Feb-00		CO
Copart	CPRT	Y	Internet Business		12/17/99	Delayed	Jan-00		SP
Good Guys	GGUY		Good Guys.com		01/05/00	Delayed	Feb-00		CO
WalMart	WMT	Y	Online Business		01/07/99	Delayed	Feb-00		CO
Viacom	VIA.B	Y	MTVi		02/11/00	Delayed	Mar-00		CO

Foreign Spin-Off Calendar by Date

Parent	Symbol	Spin-Off	Symbol	Date	Spin-Off	Report	Tax	
				Announced	Date	Date	Exempt	Ratio
Scottish Power	SPI.N	Telecommunications		09/17/99	2000	Oct-99		CO
IDS	IDS	B2B Commerce / Medical		12/14/99		Mar-00		SP
ROCHE	ROHHY	Givauden	GIVN	12/06/99		Jan-00		1:1
National Power	NP	International Business		11/17/99	2000	Dec-99		SP
Deutsche Telekom	DT	Deutsche Telecom MobileN		01/25/00	Delayed			CO
Thyssen Krupp	THAG	Steel Operation		11/ /99	2000	Dec-99		SP
Novartis	NVTSY	Agrochemical Business			2000	April-00		SP
Alcatel	ALA	Cable and Components		04/04/00	2000	May-00		
Alcatel	ALA							CO
Modern Times	MTGNY	Metro		04/18/00	2000	May-00		1:1
Reuters	RTRSY	Greenhouse Fund			2000	May-00		CO
Novo Nordisk	NVO.N	Enzymes and Health Care		09/09/99	2001	Nov-99		SP
United Pan-Europe	UPCOY	Chello Broadband	CHLO	03/21/00	2001	June-00		CO