



SPIN-OFF ADVISORS, L.L.C.

July 1999
Volume III Issue 7

Joe Cornell, CFA
312-939-8900

Mark Minichiello
312-939-1415

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

www.spinoffadvisors.com

Continuous Research on Corporate Spin-Offs SPIN-OFF RESEARCH

Table of Contents	Page
◆ Last Dip in the Pool	2
◆ Special Update – AMR (AMR) / Sabre Group / Travelocity.....	6
Ogden (OG)	8
Quantum (QNTM)	10
◆ 1999 Spin-Offs Year to Date Focus: RJR Tobacco (RJR)	13
Focus: Time Warner Telecom (TWTC)	16
◆ Spin-Off Announcement Calendar	17
◆ Calendar Highlights	19
◆ Fresh Spin-Off Situations:	
-Genzyme (GENZ) / Genzyme Surgical Products (GZSP) Tracking	27
-IMS Health (RX) / Gartner Group (IT)	28
-Kushner-Kloc (KLOC) / US Search.com (SRCH)	31
-Synetic (SNTC) / CareInsite (CARI)	32
-Toronto Dominion (TD) / Waterhouse Securities (TWE)	33
◆ Recently Announced Spin-Offs:	
-ACX Technologies (ACX) / Coors Ceramics	34
-Comdisco (CDO) / High Speed Digital Subscriber line	35
-Crane (CR) / Huttig	36
-HealthSouth (HRC) / HealthSouth Hospital Corp	37
-Ralston Purina (RAL) / Eveready	38
-Snyder Communications (SNC) / Circle.com Tracking	39
Snyder Healthcare Services	
-Symantec (SYMC) / Internet Software	41
-Tektronix (TEK) / Test and Measuring / Printing and Imaging	42
◆ Foreign Announced Spin-Offs:	
-[British] Dixon PLC (DXNS.L) / Freeserve	43
-[Canada] Shaw Communication (SJR) / Corus Entertainment	44
-[Germany] CommerzBank (CBK.F) / Com-Direct	45
-[Germany] Hoechst AG (HFAG) / Celanese AG	46
-[Italy] Banco Popolare Brescia (BPB.IM) / Fin-Eco Online	49
◆ Potential Spin-Offs	50
◆ Implied Values	52
◆ Spin-Off Calendar by Date	53
◆ Spin-Off Statistics	55

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, employees of Spin-off Advisors, L. L. C. may have positions in the securities or options of the issuers mentioned herein. All rights reserved by Spin-off Advisors, L. L. C.

Last Dip in the Pool?

When FASB adopts new accounting rules for business combinations, many mergers and acquisitions will be less attractive. The proposed rules will eliminate the pooling-of-interest method and shorten the period for the amortization of goodwill from 40 years to as short as 10 years. These rule changes may encourage a stampede of companies to take advantage of pooling before its elimination. Roughly 20% of all spin-offs are acquired by another company (“Some New Evidence That Spinoffs Create Value” by Patrick Cusatis *et al.*, *Journal of Applied Corporate Finance*. Summer 1994), several companies that were spun-off are likely to be acquisition targets.

Currently, there are two methods to account for business combinations: pooling-of-interests and the purchase method. To use pooling-of-interests, the companies must meet the conditions in the table below. The conditions are attributes of the combining companies, manner of combining interests, and absence of planned transactions. Attributes of combining companies indicate that independent ownership interests are combined in their entirety to continue previously separate operations. Next, combining existing voting common stock interests through an exchange of stock is the cornerstone of a business combination under the pooling method. Finally, after a combination is consummated some transactions are inconsistent with the combining of entire existing interests of common stockholders. Including those transactions in the negotiations and terms of the combination, either explicitly or by intent, counteracts the effect of combining stockholder interests.

Because of high stock valuations, pooling recently has become the more attractive alternative. Pooling enables companies to use their stock as currency to complete the transaction. Under the pooling method, the two companies just add together the old book values. This eliminates goodwill recorded on the books. Under the alternative method, purchase accounting, one company is identified as the buyer and records the company being acquired at the price that it

actually paid, including any goodwill. Goodwill is equal to the excess of the purchase price over the fair market value of the acquired company’s net assets. The company must then amortize goodwill against earnings for a period not to exceed 40 years.

Why get rid of Pooling?

FASB sees several problems with pooling-of-interests. First of all, having the option of using the pooling or the purchase method, two separate accounting treatments exist for essentially the same transaction. Pooling is only widely available only in the United States so U.S. companies have a bidding advantage over foreign ones. Having two different methods makes comparing acquisitive companies within the U. S. and internationally more difficult. Eliminating pooling will align U.S. and international accounting standards. Next, management is less accountable to shareholders for earning a return on the acquired operations. Generally, pooling acquirers pay higher premiums than purchase buyers do. According to Michael Davis in his article “The Purchase vs. Pooling Controversy: How the Stock Market Responds to Goodwill.” (*Journal of Applied Corporate Finance*. Spring 1996.), the average premium over book value was nearly three times larger for firms using pooling than for firms using the purchase method. Under pooling, shareholders never see how much that the company paid for the acquired company and never see the amortization of goodwill. Lastly, the FASB believes that the purchase method gives investors a better idea of the initial cost of the transaction and of the investment’s performance over time than pooling does. Recording all assets, including acquisitions, at their cost is consistent with how the company purchases other assets.

While companies are going to have to use the purchase method (and recognize any goodwill), the FASB is also considering shortening the period over which companies can amortize goodwill. This will hurt corporate earnings. Currently, companies can amortize goodwill up to 40 years. The FASB has decided that the useful life of goodwill in the future cannot exceed 20 years but did eliminate the presumption that goodwill has a useful life of 10 years or less.

Combining this shorter amortization period with companies' having to use the purchase method will result in more goodwill amortization on income statements and more goodwill on corporate balance sheets. A company that uses pooling may have higher earnings than one that uses the purchase method and has to amortize goodwill. The pooling company may have higher earnings, which results in higher P/E ratios, ROE and ROA. Additionally, the book value of assets of a company that uses pooling will be lower than that of a company that uses the purchase method.

One mitigating factor is FASB's decision to allow companies to include a second EPS number that does not include goodwill amortization in addition to reporting "traditional" EPS, which includes goodwill amortization. Another mitigating factor could be the FASB's considering some additional disclosures such as requiring separate line items for goodwill in the balance sheet and for the amortization of goodwill in the income statement. These will allow investors to consider goodwill in

their analysis. Because of the changes, investors may utilize cash flow analysis instead of the P/E ratio and earnings analysis.

Companies are expected to have the opportunity to use the pooling-of-interests method until December 2000. Consequently, M&A activity would probably increase to take advantage of this window of opportunity. After this date, the number of mergers may decrease in the near term. With a flurry of M&A activity expected, several spin-offs represent potential acquisition candidates. Many spin-offs that are "pure plays" and/or underperforming are attractive targets for larger, better performing companies. However, limiting the number of spin-offs as acquisition targets is that spin-offs must wait 2 years before changing their corporate structure. Some companies that will have waited this two-year period as of December 2000 and could be potential acquisition candidates before the elimination of pooling are the following:

Pooling Conditions	
Category	Attribute
Combining companies	<ul style="list-style-type: none"> Each of the combining companies has not been a subsidiary for at least 2 years before the plan of combination is initiated Each of the combining companies is independent of the other combining companies (one combining company cannot own more than 10% of the outstanding voting common stock of another combining company)
Combining of interests	<ul style="list-style-type: none"> The business combination is a single transaction or is completed in accordance with a specific plan within one year after the plan is initiated A corporation offers and issues only common stock with rights identical to those of the majority of its outstanding common stock in exchange for substantially all (at 90%) of the voting common stock interest of another company None of the combining companies changes the equity interest of voting common stock within 2 years before the plan of combination or before the combination is initiated Combining companies may reacquire shares for purposes other than business combination The ratio of the interest of an individual common stockholder to those of other common stockholders in a combining company remains the same as a result of the exchange of stock Stockholders may exercise the voting rights to which common stock ownership interests in the resulting combined corporation are entitled The combination is resolved at the consummation of the plan and no provisions of the plan are pending
Absence of planned transactions	<ul style="list-style-type: none"> Combined corporation does not agree to retire/reacquire all or part of the common stock issued to effect the combination Combined corporation does not enter into other financial arrangements for the benefit of the former stockholders of a combining company The combined corporation does not intend or plan to dispose of a significant part of the assets of the combining companies within 2 years after the combination

Pooling Candidates

The following is a list of companies that will have been separate for 2 years and may be eligible for pooling of interests by the end of the year 2000. We kept the aquired and merged companies in to show the high number of spin-offs that are acquired or merged.

Parent	Sym.	Spin-Off	Sym.	Date
Dole Food Company	DOL	Castle & Cook, Inc.	CCS	01/04/95
Briggs & Stratton	BGG	Strattec Security	STRT	02/28/95
Signet Banking Corporation (Acquired)	SBK	Capital One Financial	COF	03/02/95
General Mills	GIS	Darden Restaurants	DRI	06/01/95
Cooper Industries	CBE	Cooper Cameron	CAM	07/05/95
Samsonite Corp.	SAMC	Culligan Water Tech (Acquired)	CUL	09/13/95
Kimberley-Clark	KMB	Midwest Express	MEH	09/22/95
		Schweitzer-Maudit International	SWM	12/01/95
Eaton Vance Corp.	EV	Investor Financial Services	IFIN	11/11/95
Caliber System, Inc. (Merged)	CBB	Roadway Express	ROAD	01/16/96
Halliburton Co.	HAL	Highland Insurance Services	HIC	01/24/96
Host Marriot Corp.	HMT	Host Marriot Services	HMS	02/02/96
Sprint Corp.	FON	360 Communications (Acquired)	XO	03/08/96
Ruby Tuesday	RI	Morrison Fresh Cooking (Acquired)		03/11/96
		Morrison Healthcare	MHCI	03/11/96
Anheuser-Busch	BUD	Earthgrains	EGR	03/27/96
AT&T	T	Lucent Technologies	LU	01/02/97
		NCR	NCR	01/02/97
H&R Block	HRB	Compuserve (Acquired)	CSRV	04/19/96
May Department Stores	MAY	Payless ShoeSource	PSS	05/09/96
Premark International	PMI	Tupperware	TUP	05/31/96
Minnesota Mining	MMM	Imation	IMN	07/16/96
Viad Corporation	VVI	Dial Corporation	DL	08/16/96
Comercial Intertech	TEC	Cuno	CUNO	09/11/96
Baxter International	BAX	Allegiance (Acquired)		10/01/96
CVS (Melville Corp.)	CVS	Footstar	FTS	10/16/96
Union Pacific	UNP	Union Pacific Resources	UPR	10/16/96
WMS Industries	WMS	Midway Games	MWY	04/07/98
Manor Care, Inc. (Merged)	MNR	Choice Hotel International	CHH	11/04/96
Dun and Bradstreet	DNB	A.C. Nielson	ART	11/13/96
		Reuben H. Donnelley	RHD	07/01/98
Tele-Communications (Acquired)	TCOMA	TCI Satellite Entertainment	TSATA	12/05/96
Tenneco	TEN	Newport News Shipbuilding	NNS	12/12/96
Florida Progress Corp.	FPC	Echelon International	EIN	12/18/96
Corning Inc.	GLW	Covance (Merger cancelled)	CVD	12/31/96
		Quest Diagnostics	DGX	12/31/96
Murphy Oil	MUR	Deltic Timber	DEL	12/31/96
Olin	OLN	Primex Technologies	PRMX	12/31/96
Fortune Brands	FO	Gallaher Group	GLH	06/02/97
Sante Fe Synder Corp. (Merged)	SFS	Monterey Resources (Acquired)		07/25/97
HomeBase (formerly Waban Corp.)	HBI	BJ's Whole Sale Club	BJ	07/29/97
Valero Energy	VLO	Valero Refining and Marketing	VLO	07/31/97
Equifax, Inc.	EFX	ChoicePoint	CPS	08/08/97
National Healthcare Corp.	NHC	National Health Realty	NHR	08/20/97
Monsanto	MTC	Solutia	SOI	09/01/97
Mego Financial Corp.	MEGO	Altiva Financial Corp	ATVA	09/03/97
ALZA (Acquisition pending)	AZA	Crescendo Pharmaceuticals	CNDO	10/01/97

Pooling Candidates cont.

Rockwell	ROK	Meritor	MRA	10/01/97
BEI Medical Systems Co.	BMED	BEI Technologies	BEIQ	10/08/97
Pepsi	PEP	Tricon Global Restraunts	YUM	10/08/97
Choice Hotels International	CHH	Sunburst Hospitality	SNB	10/16/97
Odetics, Inc.	ODETA	ATL Products (Acquired)	ATLPA	10/31/97
Lennar	LEN	LNR Properties	LNR	11/03/97
Western Atlas (Acquired)	WAI	Unova	UNA	11/03/97
Lumen Technologies (Acquired)	LMN	Bolle Inc.	BEYE	11/19/97
Best Foods	BFO	Corn Products International	CPO	12/31/97
Epitope, Inc.	EPTO	Agritrope, Inc.	AGTO	01/08/98
Sodexho Marriott Services	SDH	"New" Marriott International	MAR	01/12/98
Whitman Corp.	WH	Midas	MDS	01/30/98
		Hussmann	HSM	01/30/98
Torchmark Corp.	TMK	Waddell & Reed	WDR	11/06/98
Campbell Soup Company	CPB	Vlasic Foods International	VL	03/30/98
New Plan Excel Realty Trust	NXL	Excel Legacy Corp	XLG	03/31/98
W.R. Grace	GRA	"New" W.R. Grace	GRA	03/31/98
Ralston Purina	RAL	Agribrands	AGX	04/01/98
ATL Ultrasound (Acquired)	ATLI	Sonosite	SONO	04/06/98
Ford	F	Associates First Capital Corp.	AFS	04/07/98
Vencor	VC	Ventas	VTR	05/01/98
Limited	LTD	Abercrombie & Fitch	ANF	05/15/98
Great Lakes Chemical	GLK	Octel	OTL	05/22/98
U.S. Office Products	OFIS	Navigant International	FLYR	06/10/98
		School Specialty	SCHS	06/10/98
		Workflow Management	WORK	06/10/98
		Aztec Technology Partners	AZTC	06/11/98
U.S. West (Acquisition pending)	USW	Media One (Acquisition pending)	UMG	06/12/98
Alleghany	Y	Chicago Title Corp.	CTZ	06/17/98
Pittway	PRY	Penton Media	PME	08/11/98
Collagen (Acquired)	CGEN	Cohesion Technologies	CSO	08/19/98
Forward Air (formerly Landair Services)	FWRD	Landair Corporation	LAND	08/27/98
Penford Corp. (formerly Penwest)	PENX	Penwest Pharmaceuticals	PPCO	09/01/98
Qualcomm	QCOM	Leap Wireless	LWIN	09/23/98
American Medical Security Group	AMZ	United Wisconsin	UWZ	09/25/98
Fingerhut (Acquired)	FHT	Metris	MXT	09/25/98
American Healthcorp	AMHC	Amsurg	AMSGA	12/04/98

Update

AMR / Sabre Group / Travelocity

AMR ascended 5% to \$67 after Barton Biggs, Chairman of Morgan Stanley Dean Witter highlighted the issue as an attractive holding. We agree. **We do not believe that AMR's 82% ownership of The Sabre Group (NYSE:TSG \$67) is fully recognized in AMR's stock price.** AMR's main subsidiary, American Airlines, is the US's #2 air carrier (behind UAL's United Airlines). With hubs in Chicago, Dallas/Fort Worth, Miami, and San Juan, Puerto Rico, American Airlines serves about 180 destinations in the Americas and Europe (some through code-sharing alliances); the airline also leads Oneworld, a global marketing alliance with British Airways and other carriers. AMR provides commuter service through American Eagle and owns low-fare carrier Reno Air, which operates primarily in the western US. Based on a sum-of-the-parts analysis, we believe that AMR offers meaningful upside.

SABRE Group's computer reservation system dominates the travel reservation industry. Almost 150,000 travel agency terminals around the world use SABRE -- one of the world's largest privately owned real-time computer networks -- to book airline reservations, car rentals, hotel rooms, cruises, and tours. The company's easySABRE and **Travelocity** services allow consumers to book their own reservations via the Internet and online services. SABRE has formed a joint venture with Singapore's Abacus International Holdings to help it catch up to competitors in the Asia/Pacific region's fast-growing travel market. AMR, which developed SABRE, spun the company off in 1996 in a partial public offering. In our opinion, Sabre's high-powered growth (and corresponding P/E multiple of 35x) is not reflected in AMR's stock price. About 12% of AMR's revenues and 18% of net income is currently generated by Sabre, which is growing at a 15% rate annually. The value of 82% owned Sabre could be recognized by AMR if the subsidiary was spun-off to shareholders. However, AMR management has indicated that this is not in the cards in the foreseeable future. Thus, we do not expect AMR to monetize its Sabre investment anytime soon. But, AMR shareholders will benefit by the growth potential of Sabre and its income generation. The Sabre Group booked \$2.3 billion in revenues in 1998 and the dollar value of the travel-

related products and services sold over the Sabre system last year were some \$70 billion. It booked 408 million reservations (1.1 million a day).

Left Handed Internet Play?

But wait, there's more. Travelocity.com, Sabre's travel web site, which sells airline tickets over the Internet could be carved out in a partial IPO as a way to highlight the value of this business. We believe that the recent public offering of Priceline.com (an Internet booking site for travel and financial services) on March 31st will be a catalyst in unleashing the value of Sabre to AMR stockholders. Priceline.com (NASDAQ:PCLN \$100) enjoys a \$14 billion market capitalization. Interestingly, Travelocity.com sells more airline tickets than Priceline.com. We believe that investors are likely to start taking into account the two separate parts of AMR when calculating the value of the company, rather than simply taking AMR's earnings in aggregate and applying an airline multiple. Since Priceline went public on March 31st, The Sabre Group has appreciated 46%, while AMR has increased only 14.5%. In our view, Travelocity could be valued between \$5 - 10 billion. Travelocity's bookings grew 167% over the prior year, adding over half a million members a month. Membership is currently over six million. We estimate that the Travelocity site could generate between \$50 - 60 million in revenues this year. Travelocity had \$200 million in on-line bookings in 1998.

Sum of the Parts

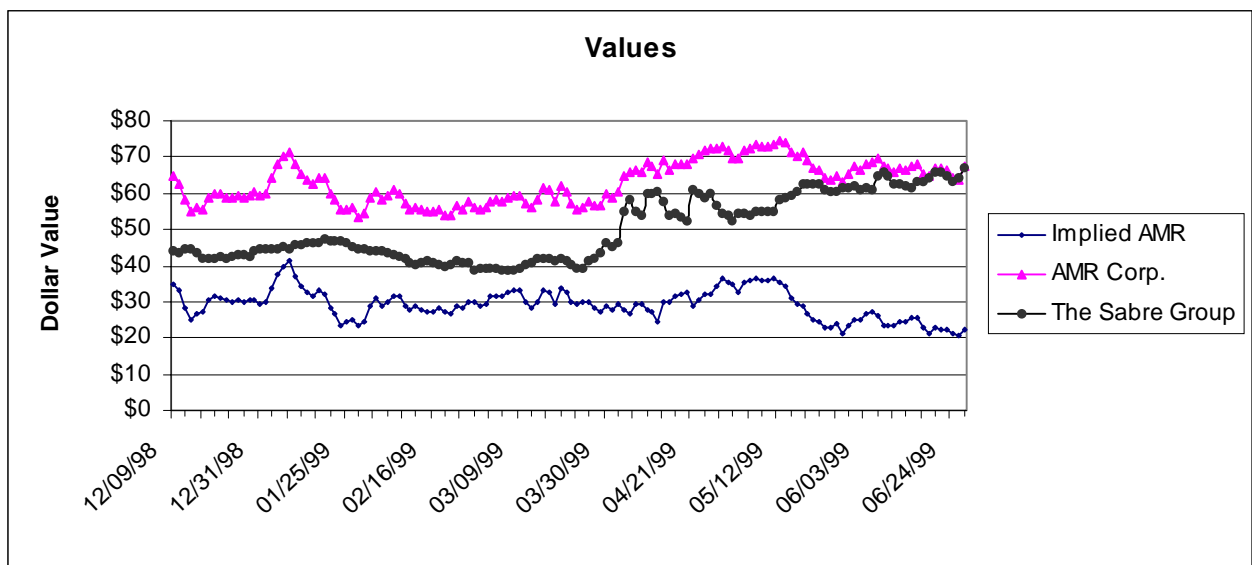
So, what is AMR's value? Peeling the layers of AMR's two primary subsidiaries, American Airlines and Sabre and estimating a market value for Travelocity, we believe the stock could gravitate toward \$85. In terms of Sabre, the stock's current market capitalization is \$8.7 billion. Since AMR owns 82.5% of the company, this suggests that \$45 of Sabre is embedded in each share of AMR (\$8.7B x 82.5%/159 million AMR shares). AMR has a market cap of \$10.6 billion based on a current price of \$67 1/8. Subtracting \$45 worth of Sabre from AMR implies that the AMR stub has an imputed value of only \$22 1/8 per share, or roughly \$3.5

billion. This seems like a good deal to us considering the airline segment itself (including over 850 owned and leased aircraft, \$17.4 billion in 1998 revenues, \$2 billion in operating income) is trading at about 55% of book value.

We feel the stub Airline Transportation Group is worth \$40 per share. This is derived by placing a 10.0 times P/E multiple on an estimated \$4.00 per share in earnings. Adding the stub value (\$40), to the value of the Sabre holdings, suggests a value of \$85. Should AMR decide to carveout Travelocity in a partial IPO, the valuation could be considerably greater. Based on Priceline.com's \$14

billion in market capitalization, Travelocity could conceivably be valued between \$5 - 10 billion. Assuming a 20% spin-off of Travelocity, this would suggest the value to AMR could be between \$20 - 40 a share. In addition, AMR has a committed stock buyback program of \$500 million in place, which will continue to reduce the number of shares outstanding as we progress through the year.

AMR Corporation				
Date:	6/28/99	Dividend/Yield	\$0.00/0.0	
Price:	\$67 1/8	First Call Est.	99E \$5.18	P/E=12.9x
52-Week Range:	89-46	First Call Est	00E \$6.19	P/E=10.8x
Average Shares Out:	159	Book Value/Share:	\$40.62	
Market Cap.	\$10.67 B	Debt/Capital:	64%	



Update

Ogden to Acquire Volume Services America

On March 11, 1999, Ogden Corp. (NYSE: OG) announced plans to pursue the separation of its slow growth Energy division and faster growth Entertainment and aviation divisions. **The separation plans are expected mid-July**, and management will announce the form of the transaction, if it is to be a carve-out of the Aviation / Entertainment division followed by a spin-off or a pure spin-off.

Recent Acquisition

Ogden announced on June 24th that it has entered into an agreement to purchase Volume Services America (VSA) for \$127 million plus the assumption of \$215 million in debt. Ogden will refinance VSA's debt given their higher credit rating. The combination will create the largest U.S. food/beverage and venue management Company, and would have provided services to over 300 venues worldwide, including 68 amphitheaters, auditoriums and performing art centers, 67 arenas, 63 stadiums and 53 convention centers. In 1998, sales for the combined entity would have been about \$900 million.

Strategic Fit

The acquisition of VSA will create overlap in geographic areas that will allow significant cost reductions (est. \$25-30 million). The combined entity will serve 11 of 30 Major Baseball teams (including the N.Y. Yankees, The Chicago Cubs and Seattle Mariners), 9 of 29 Major Basketball teams (including the L.A. Lakers and the Indiana Pacers), 13 of 30 Major Football teams (including the Denver Broncos and S.F. 49ers), 6 of 27 Major Hockey teams and 8 of the largest convention centers, Detroit (COBO), Cleveland (International) and Kentucky (Fair Grounds). Other attractions include amusement and theme parks located in New York, Florida, California and Illinois.

2000 EBITDA Estimates and Earnings

The acquisition is expected to be accretive to 2000 earnings, but management would not provide the accretive estimates. The Entertainment division's EBITDA estimates for 2000, which include themed attractions and specialty gaming, are \$140 million or \$2.84 per share. We then add Aviation EBITDA estimates at \$46 million (assumes 4.5% EBITDA growth) million or \$0.93 per share, for a combined total of \$3.77 per share.

Ogden Aviation

Ogden Aviation performs support services to more than 350 airlines at 116 airports in 24 countries. Ogden builds, finances and operates major airport facilities and infrastructure projects, and renders a complete range of ground and passenger handling operations from terminal check-in to aircraft maintenance and ramp services. Ogden provides air freight handling at 28 airports and cargo terminal operations at 18 airports throughout North America, Europe, South America and the Pacific Rim. Operations include warehouses ranging up to facilities totaling 355,200 square feet and the handling of both unitized and loose cargo, valuables, live animals, perishables and outsized freight. Ogden handles more than 5.4 billion gallons of the aviation industry's fueling needs with operations at 26 installations worldwide. Aviation is expected to generate revenues of \$225 million and pre-tax income of \$40 million in 1999.

Future Expectations

Investors have had a difficult time trying to value Ogden as a result of its highly diversified enterprises. The spin-off of Aviation and Entertainment is the first step in highlighting the value within Ogden. **However, what does aviation have in common with entertainment?** We see the spin-off as an important first step, but not the last. We can

only hypothesize that the Aviation division will eventually be divested down the road. When and how is the question to be asked?

Ogden Energy

Ogden designs, builds, owns, acquires, operates, maintains and manages international and domestic independent power projects using biomass, coal, geothermal, hydroelectric, landfill gas and natural gas. **Management believes that the independent power operation is the main growth engine going forward.** Ogden operates more large-scale waste-to-energy facilities than any other company in the world, serving the waste disposal needs of more than 17 million people. However, the waste-to-energy is not a growth driver.

In addition, Ogden operates as an international water and wastewater services company specializing in facility and system-wide design management, technical operations, water and wastewater technologies, environmental controls, community relations, risk transfers and management, and guarantees to support a multitude of project financing options. Ogden also operates as a consulting engineering firm specializing in developing cost-effective, reliable and informed solutions to the

environmental and infrastructure needs of industry, utilities and government.

Unfortunately, Ogden does not break down revenues between independent power generation and Waste-to-energy. As we will lean on the conservative side and use the present EBITDA margins looking forward. Ogden Energy is estimated to generate revenues of about \$900 and \$945 million in 1999 and 2000, respectively. EBITDA margins are projected at 20%, generating \$179 and \$189 million, or \$3.63 and \$3.84 per share.

Analyst Coverage and Shareholder Base

At the present time, Ogden has little Wall Street coverage. Once the spin-off occurs, it will create more focused companies, and we anticipate more analyst coverage in addition to a more focused shareholder base.

Company Comparables

It is difficult to find a pure competitor to both Ogden Aviation / Entertainment and Ogden Energy. We have prepared a blend to help better value the separate entities using the Entertainment industry as the primary comparable for Ogden's entertainment, given aviation will contribute less than 22% in sales.

Entertainment							1998	1998	1998
Company	Ticker	Description	Current Price	2000 EPS (Est.)	P/E	Sales	Price-to Sales	Price-to Book	Price-to EBITDA
Host Marriott Serv.	HMS	Concessions	\$7 ½	\$0.74	10x	\$1,377	0.18x	---	2.5x
SFX Entertainment	SFX	Venues	\$62	\$1.51	41x	884	1.75x	4.9x	19.3x
Premier Parks	PKS	Theme Parks	\$36 ¼	\$0.10*	---	813	3.0x	1.7x	8.6x
Family Golf Centers	FGCI	Family Ent.	\$6 ¾	\$1.02	6.6x	122	1.27x	0.6x	4.1x
*Premier parks acquired Six Flags Amusement Parks in 1998.									
Energy							1998	1998	1998
Company	Ticker	Description	Current Price	2000 EPS (Est.)	P/E	Sales	Price-to Sales	Price-to Book	Price-to EBITDA
AES Corp	AES	Independent Pow.	\$58 ½	\$2.64	22.0x	\$2,398	4.3x	5.9x	11.0x
Calpine	CPN	Independent Pow.	\$51 ½	\$2.89	17.8x	528	2.0x	3.6x	5.6x
MidAmerica Energy	MEC	Independent Pow.	\$34 ½	\$2.51	13.7x	2,166	1.0x	1.5x	3.4x
Browning-Ferris	BFI	Waste-to-Energy	\$42 ¾	\$2.39	17.8x	4,745	1.6x	4.9x	7.1x
Waste Management	WMI	Waste-to-Energy	\$54 ½	\$3.58	15.0x	12,703	2.6x	7.5x	8.5x
* Ogden does not provide waste hauling services.									

Further details will be available in late July, when Ogden is expected to report the details of the spin-off.

Update

Quantum Corporation to Become Two Tracking Stocks

In August or September, Quantum Corporation (NASDAQ: QNTM) plans to become two separate tracking stocks: one for its disk-drive operations and one for its high growth, lucrative tape business. Both are expected to begin trading on the NASDAQ (the disk drive division as "QHDD" and the tape business as "QDSS"). For every share of Quantum, shareholders should receive 0.5 of a share of QHDD and 1 share of QDSS. According to the company, this proposal will not result in a spin-off.

Quantum Corporation

Quantum is a leading data storage company. The Milpitas, California based company manufactures hard disk drives and tape drive products for computer manufacturers. Quantum has about 20% of the market, ranking behind only Seagate (NYSE: SEG). Quantum's customers include Hewlett-Packard, Compaq, Apple, IBM, and Dell. Sales to Quantum's top five customers for the first nine months of fiscal year 1999 represented 43% of revenue.

QHDD designs, develops and markets a diversified product portfolio of hard disk drives. A hard disk drive is a non-removable storage device found in most computers that stores data on multiple rotating magnetic disks. The company's hard disk drives are for the desktop market, for the high-end market (to store data on large computing systems which require faster and higher capacity disk drives), and for the consumer electronics market (for devices such as TV recording devices). In each of the past six years, QHDD has been the leading volume supplier of hard disk drives for the desktop market. QHDD designs desktop hard disk drives to meet the storage requirements of entry-level to high-performance desktop PCs in home and business environments.

QDSS designs, manufactures, licenses and markets DLTtape drives, DLTtape media cartridges and tape libraries. Tape drives are devices that read and write data to magnetic tape that is stored in media cartridges. Tape libraries are systems that allow for the automatic functioning of multiple tape drives and cartridges within a single storage system. Tape backup is used as an efficient and cost-effective means to make back-up copies of large amounts of data often stored on network servers which are high speed computers that allow many computer users to access shared computer programs and data. According to Dataquest, DLTtape drives are projected to have accounted for 24% of total tape drive market revenue in calendar year 1998, up from 2% in calendar year 1994, a compounded annual growth rate of 85%.

FQ4 Results

Quantum's revenues declined from the third quarter by 1% to \$1.309 billion. EPS for the quarter, however, grew to \$0.34. Total revenues grew by 2% Y/Y. Desktop disk drives accounted for 94% of all hard disk drives shipped in the quarter. They grew 9% Y/Y and 3% Q/Q. The poor pricing from high inventory levels throughout the industry caused total revenues to decline. The asking selling price (ASP) of desktop disk drives decreased by 18% Y/Y and 5% Q/Q to \$129 per unit. Gross margins on hard disk drives were 10% for desktops and 14% for high capacity. Tape systems were 32% of revenues in the quarter. DLT sales grew by 35% Y/Y and 5% Q/Q; tape subsystems increased by 18% Q/Q. The gross margins on DLT and tape subsystems were 44%. DLT and tapes were responsible for 55% of the entire companies gross margins.

Meridian Acquisition

In May, Quantum announced that it would acquire Meridian Data, Inc. (NASDAQ: MDCD) for \$85 million in stock, subject to limits on Quantum's share price. The transaction should be completed in August or September 1999. Quantum will also repurchase \$200 million of shares to offset any dilutive effects of the acquisition (at \$23 per share, this would be 8.6 million shares or 5% of the outstanding shares). MDCD shareholders will receive 0.489 shares of regular QNTM stock for each share of MDCD. Meridian designs and manufactures network attached storage devices, including its branded product "Snap," and CD servers. Meridian will become a part of Quantum's QDSS division.

Financial Information

Analysts treat the company as a disk drive manufacturer despite tapes generating roughly 30% of revenues and in excess of 100% of profits. For the 9 months ended December 1998, Quantum generated revenues of \$3,593 M. QHDD and QDSS contributed \$2,681 M and \$913 M, respectively. At the current price of \$23 per share, Quantum is trading at about 30x fiscal year 1999 earnings of \$0.75A per share. According to First Call, Quantum is expected to earn about \$1.07 per share in diluted EPS for the year ending March 2000 (QHDD is estimated to lose about \$0.58 per share, while QDSS is expected to earn \$1.65 per share). This implies a P/E of 21x's First Call estimates for year 2000 earnings. With 165.9 million shares outstanding, Quantum's current market capitalization is \$3.8 billion.

Tracking Stock

The company intends for the tracking stocks to replace QNTM common stock. Although each tracking stock will have its own income, balance sheets and cash flow statements, stockholders of the tracking stocks will still be stockholders of a single company. Consequently, the stockholders will continue to be subject to all of the risks of an investment in Quantum. Quantum's board of directors may

elect to convert the tracking stock related to one group into the tracking stock related to the other group at a 10% premium during the first 5 years of the issuance of the tracking stock and without a premium thereafter.

Instead of issuing a tracking stock, Quantum represents a classic spin-off opportunity – the money losing disk drive division hurts the value of a profitable tape division. We have stated in past reports (April 1999 and June 1999) that we do not like tracking stocks. They separate the finances, but shareholders of the tracking stock do not actually own the subsidiary. The parent company's board of directors still controls the subsidiary, which could result in conflicts-of-interest. Furthermore, tracking stocks are immune from takeovers. Most importantly, value creation has not changed (management and the tax structure of earnings remain the same). Recently, Congress has mentioned its intention to terminate the loophole in creating tax-free tracking stocks. This should not affect pending deals which probably will be completed.

Valuation

Because HDDG does not generate positive earnings, we are valuing the company based on about 0.2x sales. Using the division's sales revenues of \$3,590 M (for the year ended March 31, 1999), this would imply a price of about \$9.05 per share for QHDD. QDSS, however, generates positive earnings and is valued based on about 14x earnings. QDSS is estimated to earn \$1.65 per share for fiscal year ended March 2000. Using a P/E of 13.3x, QDSS's implied price would be about \$22.00 per share. Although we prefer spin-offs to tracking stocks, the highlighted visibility of QDSS may provide a catalyst for price appreciation if trends continue. Our valuation suggests \$26.33 (See Model).

Company	Hard Disk Drive Group	Seagate Technology	Western Digital Corp.	DLTape and storage	Storage Technology	Exabyte Corporation
Ticker	HDDG	SEG	WDC	DSSG	STK	EXBT
Current Implied Price	\$ 8.67	\$ 32.00	\$ 7.69	\$ 22.00	\$ 19.25	\$ 5.19
Shares Out. (000,000)	82.95	243.90	89.88	165.90	101.98	22.19
Market Cap (000,000)	\$ 719	\$ 7,805	\$ 691	\$ 3,650	\$ 1,963	\$ 115
Enterprise Value (000,000)	\$ 837	\$ 8,509	\$ 1,229	\$ 3,885	\$ 2,230	\$ 123
EPS (Diluted)						
1999 Actual / Pro Forma	\$ -	\$ 0.73	\$ (6.24)	\$ -	\$ 1.87	\$ (0.12)
1999 Trailing P/E	#DIV/0!	43.84			10.29	
2000E	\$ (0.58)	\$ 1.60	\$ (3.32)	\$ 1.65	\$ 1.47	\$ (0.60)
Forward P/E		20.00		13.33	13.10	
Enterprise						
Enterprise Value / EBITDA		12.41		19.14	8.34	(28.65)
Enterprise Value / EBIT		27.18		22.33	12.42	(7.47)
9 Month Trailing						
EBITDA Per Share	(0.76)	2.81	(2.65)	1.22	2.62	(0.19)
EBITDA Multiple		11.38		17.98	7.34	
EBITDA Margin	-2.3%	13.3%	-11.6%	22.2%	15.3%	-2.2%
9 Month Trailing						
Free Cash Flow per Share	0.73	3.06		0.88		0.26
FCF Multiple	11.94	10.46		25.05		19.61
9 Month Trailing						
Trailing Sales	\$ 2,681	\$ 5,159	\$ 2,058	\$ 913	\$ 1,749	\$ 199
Price to Sales	0.27	1.51	0.34	4.00	1.12	0.58
Gross Margin	7%	23%	-1%	45%	44%	25%
Operating Margin	-4%	6%	-17%	19%	35%	-8%
Book Value	\$ 9.45	\$ 9.66	\$ (0.56)	\$ 3.13	\$ 9.72	\$ 7.49
Price to Book	0.92	3.31		7.02	1.98	0.69
Turnover's						
Account Rec. Turnover	6.43	5.63	6.61	3.70	2.78	5.16
Current Asset Turnover	2.16	1.59	2.55	1.48	1.35	1.30
Working Capital Turnover	3.69	2.97	13.47	1.96	3.34	1.71
Returns						
Return on Average Equity	-17.87%	5.96%		13.18%	10.36%	-4.98%
Pre-Tax Average ROA	-7.48%	5.71%	-26.15%	20.13%	10.49%	-7.87%
Return on Average Assets	-9.74%	2.85%	-30.08%	7.52%	6.37%	-4.02%
Leverage						
Current Ratio	2.41	2.16	1.23	4.13	1.68	4.16
Quick Ratio	1.75	1.09	0.93	3.00	1.09	2.30
Cash Ratio	0.94	0.48	0.45	1.34	0.28	1.26
Financing Leverage	0.94	1.13	0.93	1.08	1.06	1.00
Debt to Capital	13%	23%	110%	31%	21%	5%
Debt to Book Equity	15%	30%	-1069%	45%	27%	5%
Debt to Enterprise Value	14%	8%	44%	6%	12%	7%
Liabilities to Equity	86%	122%	-2402%	80%	80%	25%
Interest Coverage (Earnings) EBIT / Interest Expense		7.19 8.46		13.92 13.38	18.96 18.37	

NOTES: 9 month trailing information. The split of Quantum's hard disk drive and DLT tape and storage is from the company's S-4 filed on 4/29/99.
*Quantum's tracking stock valuation are based on separately trading "Tracking Stocks". The Hard Disk Drive ratio is 1:2, which implies \$4.33 pre-tracking.
Combined valuation is \$26.33

1999 Spin-Offs Year to Date

This year is proving to be very active for corporate spin-off activity. There have been 24 spin-offs (including 4 tracking deals), which began trading in the first six months of 1999. We have provided the list below. We have highlighted R.J. Reynolds Tobacco as one recent spin that may appeal to value oriented investors.

Spin-offs of 1999

Spin-Off Name	Sym.	1st Day of Regular Trading	Spin-Off Price 1st Close	Spin-Off Price 6/30/99	% Change	Shares (000)	Initial Market Value (000)	Current Market Value (000)
1 Marketwatch.com	MKTW	1/19/99	93 6/16	58 14/16	-59%	12,200	1,139,175	718,275
2 Delphi Automotive	DPH	2/5/99	18 4/8	18 8/16	0%	464,000	8,555,000	8,584,000
3 Arch Chemical	ARJ	2/9/99	18 7/8	24 5/16	23%	23,000	432,688	559,188
4 Genzyme Tissue Repair	GZTR	2/16/99	3 2/16	2 1/16	-54%	22,370	69,906	45,439
5 Pulitzer	PTZ	3/22/99	42 3/8	48 9/16	13%	22,450	951,319	1,090,228
6 Pepsi Bottling Group	PBG	3/31/99	23 1/8	23 2/16	0%	155,000	3,584,375	3,584,375
7 ZD Net	ZDZ	3/31/99	36	26	-38%	71,500	2,574,000	1,859,000
8 Varian Semiconductor	VSEA	4/5/99	11	17	35%	29,900	328,900	508,300
9 Varian Inc.	VARI	4/5/99	9 2/8	13 8/16	32%	29,900	274,706	403,650
10 iTurf	TURF	4/9/99	57 4/8	18 1/16	-218%	16,700	959,206	301,644
11 Jefferies	JEF	4/28/99	23	29	21%	23,900	549,700	693,100
12 VoiceStream	VSTR	5/3/99	20 8/16	28 7/16	28%	79,000	1,619,500	2,246,563
13 Lifepoint	LPNT	5/12/99	13 4/16	13 7/16	1%	30,000	397,500	403,125
14 Triad	TRIH	5/12/99	12 6/16	13 8/16	8%	30,000	371,250	405,000
15 Time Warner Telecom	TWTC	5/12/99	20 12/16	29	28%	101,950	2,115,463	2,956,550
16 BarnesandNoble.com	BNBN	5/25/99	22 15/16	18	-27%	142,000	3,257,125	2,556,000
17 DLJ Direct	DIR	5/26/99	30	29 8/16	-2%	100,000	3,000,000	2,950,000
18 RJ Reynolds	RJR	6/15/99	32 7/16	31 12/16	-2%	108,000	3,503,250	3,429,000
19 CareInsite	CARI	6/16/99	30 15/16	47 4/16	35%	69,550	2,151,703	3,286,238
20 Azurix	AZX	6/10/99	19 2/16	20 8/16	7%	100,000	1,912,500	2,050,000
21 TD Waterhouse Group	TWE	6/23/99	25 10/16	25	-3%	365,000	9,353,125	9,125,000
22 US Search.com	SRCH	6/25/99	6 15/16	8	13%	10,870	75,411	86,960
23 Interstate	IHCO	6/18/99	4 6/16	4 2/16	-6%	5,600	24,500	23,100
24 Genzyme Surgical	GZSP	6/28/99	4 11/16	4 7/16	-6%	14,500	67,969	63,891

Total Spin-off Volume

\$ 47,268,270 \$ 47,928,624

R.J. Reynolds Tobacco

R.J. Reynolds Tobacco

Freshly independent RJR (separated June 15th, 1999) could appeal to value oriented investors. RJR is the second-largest U.S. cigarette manufacturer with an approximate 25% market share. RJR offers products in all segments of the market, and makes four of the nation's 10 best-selling cigarette brands: Winston, Camel, Salem and Doral. Reynolds Tobacco brands also include Monarch, Vantage, More, Now, Best Value and Century to meet a variety of smoker preferences. Reynolds Tobacco was a subsidiary of RJR Nabisco before the June 1999 separation of RJR Nabisco's tobacco and food businesses.

We feel RJR could reach a \$40 price objective within 12 months. We acknowledge that many investors have lost interest in the shares because of the on-going tobacco litigation. We believe RJR's now less complicated structure and focus should appeal to deep value investors and attract sponsorship moving forward. Our favorable investment opinion is the result of RJR's attractive relative and absolute valuation and high yield, strong cash flow, and capacity to reward shareholders through dividend increases and stock repurchases. The company's moderate debt levels, high cash balance (almost \$10 per share) and increased financial flexibility should alleviate investor fears somewhat, helping valuations on the shares. On a very simplistic basis, we would expect an anticipated yield of nearly 10%, a price-to-book value 0.5X and a price-to-earnings multiple of 9.5X on estimated 1999 EPS, will attract the value crowd. We anticipate that RJR's potential \$400 million to \$500 million in annual

excess free cash flow will ultimately trickle down to shareholders in the form of share repurchase, further debt retirement and dividend payments. We think the company will establish and initiate a stock buy back program before year-end. RJR's recently restructured balance sheet has net debt of just \$1 billion versus its market cap of \$3.5 billion and its annual EBITA of \$1.3 billion.

Big Fat Dividend

With RJR's strengthened balance sheet management has indicated that it is leaning toward a dividend payout (on cash EPS) of 50% (versus 56% for RN). The dividend policy has yet to be announced. RJR's board will first meet on July 2, but we believe that is unlikely to be announced until after the second board meeting currently scheduled for July 28. We estimate cash EPS of roughly \$6.50 for 1999. A 50% payout ratio on cash EPS would imply a DPS of \$3.25 and a yield of 10.9% (based on the close on June 29 of \$32).

Key Risks

Tobacco litigation and regulation

We expect the tobacco litigation environment will continue to be an issue with investment in the shares. There are three major classes of lawsuits currently pending against the industry, including individual suits, class-action lawsuits and third-party payer suits. The largest number of claims against the tobacco industry have been filed by individual plaintiffs, which account for about 75% of all suits filed, and represent the largest risk to the industry. There are over 470 individual suits pending against RJR.

The litigation environment has improved, of late, with respect to the two remaining types of suits, class

Fundamental Data

Symbol:	RJR	Shares Outstanding	109 M
Price (6/30)	\$31.625	Market Value	\$3.5 B
Range	34 - 31 3/8	Market Value/Sales	0.56%
Estimated Dividend	\$3.25	Trailing 12 month PF Sales	\$6.2 B
Estimated Yield	11%	Debt to Total Cap. (12/98PF)	22%
Book Value (12/98PF)	\$71.23	Current Ratio (12/98PF)	1.1X
Price/Book Value	0.45X	First Call Consensus 12/99	\$3.49 E P/E=9x
EPS 98PF A	\$5.79	First Call Consensus 12/00	\$3.66 E P/E=8.6
ROE 98PF	7.14%	CEPS 99E	\$6.50
		Price/CE	4.86X

action and third-party payer suits. Of the approximately 60 class-action claims currently pending against the industry, three class action claims currently certified at the state level, with the Engle case the only class-action suit to proceed to trial. The Engle jury is expected to hear closing arguments for Phase I of the trial sometime in the next few weeks, where the jury will determine whether common issues exist within the class with respect to causation, addiction and entitlement to punitive damages to causation, addiction and entitlement to punitive damages to enable the case to proceed to Phase II of the trial. If the case moves into Phase II, the market reaction could put severe pressure on the shares near term. No class certification has ever survived a federal appellate court review.

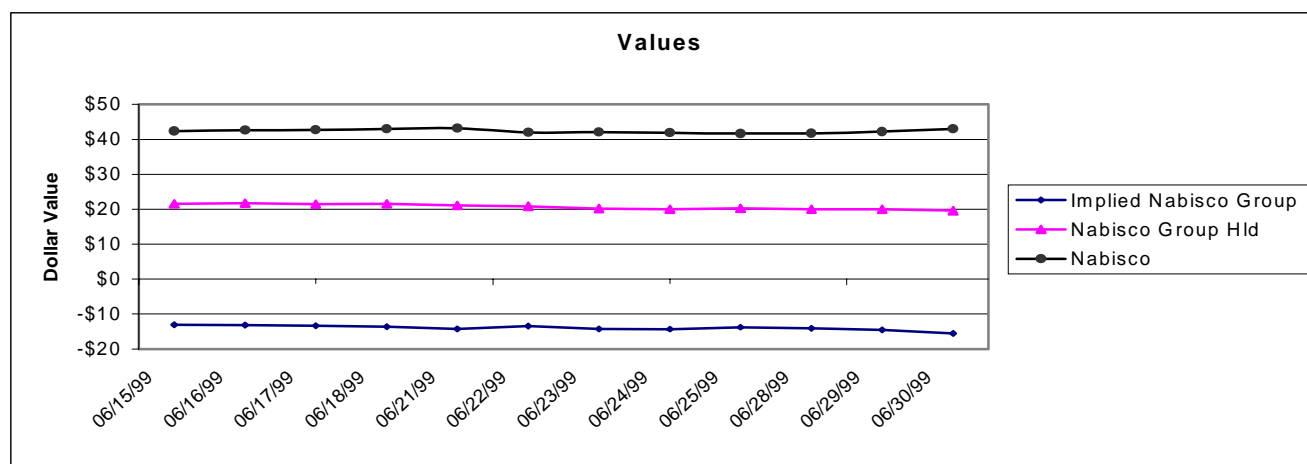
Third-party payer suits are the last class of lawsuits filed against the tobacco industry. Plaintiffs including Medicaid, union health funds, health maintenance organizations and Blue Cross-Blue Shield have attempted to claim direct damages to their funds as a result of their participants incurring injuries from smoking related illnesses.

Nabisco Group Holdings and Nabisco

Although the spin-off of the domestic tobacco company has now produced three different publicly traded stocks, the two remaining stocks-Nabisco Group Holdings (NGH- \$19 3/8) and Nabisco (NA-\$42)- will trade on the same underlying food division assets. Nabisco Group Holdings will own 80.5% of the economic interest in the food assets, while the remaining 19.5% will be owned by the public under Nabisco. Based on

the 80.5% ownership interest in the food operations, holders of Nabisco Group Holdings will continue to share in this proportion of actual earnings and dividends, but not on a 1-to-1 relationship due to the difference in number of shares outstanding for each company. Dividing Nabisco Group Holding's 80.5% ownership of total Nabisco shares outstanding by the total number of NGH's shares outstanding produces a conversion factor of 0.658 (265 Nabisco shares X 80.5% / 324 Nabisco Group Holdings shares). Using this factor we can determine the dividend that will be payable to NGH shareholders, which should be \$0.49 per share (0.658 X \$0.75 per share- NA Div). Based on the current Nabisco Group Holdings share price, this suggests a yield of 2.5%.

The initiated will notice that Nabisco Group Holdings trades at a 30% discount to the embedded value of it's Nabisco ownership (0.658x\$42 = \$27.63 NA in each share of NGH). The fact is that Nabisco Group Holdings continues to have some litigation liability attached to its assets from previously owning RJR Tobacco, despite RJR's indemnification of NGH, whereas Nabisco is essentially clear. Nabisco is not tainted with this liability. Although both companies trade on the identical underlying food assets, the attachment of litigation to NGH seems to offer a less expensive avenue into owning the economic interest of the food operations, if one assumes some incremental increase in risk due to potential litigation. Since these two equities will trade on identical assets, traders may consider looking at the spread of the discount between NGH and NA when considering exposure to those assets. In terms of voting control, owners of Nabisco Group Holdings control 97.7% of the voting shares of Nabisco, which should offer an ownership premium on NGH with respect to NA.



Time Warner Telecom

May 11, Time Warner Telecom, priced its initial public offering of 18,000,000 shares of Class A Common Stock at a price of \$14 per share. The shares started trading on Nasdaq under the symbol TWTC on May 12th. Time Warner Telecom is hurrying to build out fiber-optic networks in 19 metropolitan markets, which it plans to interconnect into regional clusters. Time Warner Telecom is a competitive local-exchange carrier (CLEC) that provides telecommunications services to large and mid-sized businesses and long-distance carriers, Internet service providers, wireless companies, and government agencies. It offers dedicated phone lines and access, switched phone services, data and video transmission, and Internet services, including dedicated Internet access. Time Warner Telecom is 51%-owned by Time Warner; its other stakeholders include Advance/Newhouse Partnership (16%) and MediaOne Group (15%). The new offspring of Time Warner was well received by investors. The stock closed its first day of trading at \$20 3/4, up 48%. **It closed out the quarter at \$29 per share for an impressive 107% return from the subscription price in only two months.**

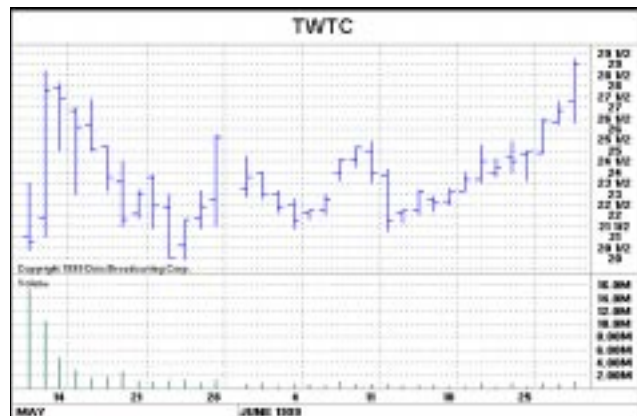
TWT's fiber optic network spans more than 7,000 miles and contains over 275,000 fiber miles, nearly 40 strands per route mile. TWT now serves over 4,600 buildings with more than 2,000 on its own fiber network. The company operates in 19 metropolitan areas. All of switched revenues are derived from TWT's switches, with no revenues from resale. Historically the company has derived most of its sales from dedicated access services, but switched revenues now contribute 37% and should contribute more than 40% of full-year 2000 revenues. Its fiber network assets enable TWT to offer high bandwidth services targeted at high-end users of communications services. It is expected that TWT should be EBITDA positive in the second quarter of 1999.

Market Data:	6/30/99	FY:	DEC
Time Warner Telecom	TWTC	Shares Out:	102 m
Price:	\$29	Market Cap:	\$2,958 m
52 Week Range	\$29 \$20	Revenues 98A:	\$122 m
EPS 99E	(\$0.92)	Price-to-Revenues	24.5x
EPS 00E	(\$0.62)		

Data/Internet Services

Time Warner Telecom offers a variety of data and Internet services. While many of these products can be described as access offerings, the company plans to offer other value-added services in addition to access. In April, the company acquired Inc.Net, a regional Internet Service Provider (ISP). With Inc.Net, TWT can offer the full suite of security and managed services to support its Internet product offering. TWT appears well positioned to exploit Inc.Net's assets and salesforce. With its scalable broadband connectivity to over 2,000 buildings, the company can support the demand for more bandwidth from its existing customers.

At current prices, TWT represents \$1.30 of value in each share of parent, Time Warner (52M shares/1.135 B shares = .045 x \$29 = \$1.30)



SPIN-OFF ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
ACX TECHNOLOGIES	ACX	6/15/99	COORS CERAMICS		SP
ALLEGHANY TELEDYNE	ALT	04/22/98	CONSUMER DIVISION / ELECTRONICS		SP
AUTONATION	AN	05/25/99	AUTONATION.COM		TR
BARNES AND NOBLE	BKS	03/18/99	BARNESANDNOBLE.COM	BNBN	CO
BILLING CONCEPTS	BILL	04/22/99	SYSTEMS AND SOFTWARE		SP
CARRAMERICA REALTY	CRE	05/07/99	HQ GLOBAL WORKSPACES		
CENTURY BUSINESS	CBIZ	04/06/99	INSURANCE UNIT		
COMDISCO	CDO	06/17/99	HIGH-SPEED DIGITAL LINE		CO
COMPUSA	CPU	02/04/99	DIRECT GROUP		
CRANE	CR	06/21/99	HUTTIG		SP
DELIAS	DLIA	01/04/99	iTURF	TURF	CO
DELTA WOODSIDE	DLW	02/09/99	APPAREL DIVISION		SP
DUPONT	DD	05/11/98	CONOCO	COC	CO
		03/10/99	LIFE SCIENCES		TR
ENRON	ENE	03/16/99	AZURIX	AZX	CO
ESSEF	ESSF	05/08/98	ANTHONY & SYLVAN POOLS	SWIM	SP
GENCORP	GY	12/17/98	SPECIALTY POLYMERS		
HARCOURT GENERAL	H	05/17/99	NEIMAN MARCUS	NMG	CO
HARRIS CORP.	HRS	04/14/99	LANIER WORLDWIDE		CO
HEWLETT-PACKARD	HWP	03/02/99	MEASURING EQUIPMENT		
HRPT PROPERTIES	HRP	12/24/98	SENIOR HOUSING PROPERTY TRUST	SN	
GENZYME	GENZ	05/27/99	GENZYME SURGICAL	GZSP	TR
HEALTHSOUTH	HRC	06/14/99	HEALTHSOUTH HOSPITALS		SP
IDT CORP.	IDT	05/14/99	NET2PHONE		CO
IMS HEALTH	RX	11/12/98	GARTNER GROUP	IT	CO
JC PENNEY	JCP	05/18/99	ECKERD DRUG CHAIN		TR
KANSAS CITY SOUTHERN IND.	KSU	02/03/98	FINANCIAL SERVICES		SP
KUSHNER-LOCKE	KLOC	04/12/99	U.S.SEARCH.COM	SRCH	CO
LSB INDUSTRIES	LSB	08/05/98	AUTOMOTIVE BUSINESS		SP
LIMITED	LTD	05/03/99	LIMITED TOO		SP
MEDITRUST (PAIRED STOCK)	MT	11/12/98	HEALTHCARE FINANCING BUSINESS		
MEDPARTNERS	MDM	11/11/98	PHYSICIAN PRACTICE MANAGEMENT		
MILLER	MLR	05/13/99	ROADONE		SP
NAVARRÉ	NAVR	03/03/99	NET RADIO	NETR	CO
OAK INDUSTRIES	OAK	04/21/99	LASERTRON		CO
ODETICS	ODETA	03/02/99	ODETICS ITS		
			ODETICS BROADCAST		
OGDEN	OG	03/11/99	ENERGY /ENTERTAINMENT & AVIA- TION		CO
QUANTUM	QNTM	03/01/99	DISK DRIVE	QHDD	TR
			STORAGE	QDSS	TR

SPIN-OFF ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
PC QUOTE	PQT	04/26/99	PC QUOTE.COM	PCQT	CO
POMEROY COMPUTERS	PMRY	01/15/99	POMEROY SELECT	PSIS	CO
RALSTON PURINA	RAL	06/10/99	ENERGIZER BATTERY		SP
RSL COMMUNICATIONS	RSLC	05/03/99	DELTA THREE INC.		SP
SEAGATE TECHNOLOGY	SEG	06/7/99	INTERNET SOFTWARE		CO
SGI	SGI	02/26/99	MIPS TECHNOLOGY	MIPS	CO
SNYDER COMMUNICATIONS	SNC	05/12/99	CIRCLE.COM		TR
		06/23/99	SNYDER HEALTHCARE		SP
SYMANTEC	SYMC	06/10/99	INTERNET TOOLS SOFTWARE		CO
TELEPHONE & DATA SYSTEMS	TDS	12/21/98	AERIAL COMMUNICATIONS	AERL	SP
TENNECO	TEN	04/29/99	SPECIALTY PACKAGING		SP
TORONTO-DOMINION	TD	04/30/99	WATERHOUSE SECURITIES		CO
US INDUSTRIES	USI	05/18/99	USI DIVERSIFIED		SP
VIACOM	VIA.B	05/06/99	BLOCKBUSTER		CO
WALL DATA	WALL	05/03/99	RUMBA & CYBERSPACE		
WATTS INDUSTRIES	WTS	12/15/98	OIL AND GAS BUSINESS		SP
WILLIAMS COMPANY	WMB	11/20/98	COMMUNICATIONS GROUP	WCG	CO
{SP} Spin-Off {CO} Carve-out {TR} Tracking					

FOREIGN SPIN-OFF ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
BANCO POPOLARE DI BRESCIA SPA	BPB.IM	06/18/99	FIN-ECO ONLINE		CO
COMMERZBANK	CBK.F	06/10/99	DIRECT-BANKING		CO
DIXONS GROUP PLC	DXNS.L	06/07/99	FREESERVE		CO
HOECHST	HOE.N HFAG.F	12/01/98	CELANESE AG	CZ,CZZ	SP
MAGNA INTERNATIONAL	MGA MG.T	05/25/99	VENTURES		SP
SHAW COMMUNICATIONS	SJR.A SJR.TO	06/10/99	CORUS ENTERTAINMENT		SP

Calendar Highlights ...

Price (6/30/99):	\$17 13/16	Listed			Date	Spin-Off	Tax		
Shares Out.	447 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$7,962 m	AutoNation	AN	Y	AutoNation.Com		5/25/99		
954-769-6000		<p>AutoNation (formerly Republic Industries; NYSE: AN) hired Merrill Lynch to devise strategic moves to lift the company's long-depressed stock price. Shares of AN have been depressed despite rising sales fueled by the company's aggressive acquisition campaign. AN sold half a million vehicles in 1998, but share of AN ended May at \$16 3/8, with a yearly high of \$27 and a low of \$10. Wayne Huizenga also told shareholders at the company's annual meeting that AutoNation was considering creation of a tracking stock for AutoNation.com, the company's Internet sales site, which produced \$150 million of revenues in the first quarter. Huizenga said he hoped to issue some of the tracking stock to AN's shareholders if the proposal won tax-free status from the U.S. government. AN recently sold off an interest in a waste hauling business after failing to receive a tax-free ruling on the proposed spin-off of the multi-billion dollar operation. Instead, AN sold 100 million shares of Republic Services, Inc. (NYSE: RSG) at \$16.875 per share. As a result of the sale, AutoNation expects to receive net cash proceeds of approximately \$1.2 billion. Huizenga owns more than 12 percent of AutoNation's 447 million shares. AutoNation now has 380 dealerships across the United States. The company is continuing to buy back its shares and had \$150 million left under a \$500 million share repurchase program begun last summer. On June 30, AutoNation announced that is beginning to search for a new CEO. Current co-CEO Steve Berrard will step down once a successor is found. Wayne Huizenga will also give up his co-CEO title but remain as Chairman.</p> <p>Transformed by entrepreneur Wayne Huizenga (Waste Management, Blockbuster Video), the former Republic Industries is now AutoNation, the largest car dealer in the fragmented US market. The company owns or has deals to acquire about 400 new car franchises and over 40 used car stores. AutoNation offers auto financing and insurance and sells auto parts. It owns Alamo Rent A Car, CarTemps USA, and National Car Rental, making it a top US car-rental company. In separate moves to focus on its auto businesses, AutoNation has sold its security systems and monitoring operations and spun off its solid-waste business.</p>							
FY: Dec									
EPS: (First Call)	<u>99E</u> \$1.16								
P/E	15.4x								
Report: June 99									

Price (6/30/99):	\$11 3/16	Listed			Date	Spin-Off	Tax		
Shares Out.	36.8 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$411 m	Billing Concepts	BILL		Software Company		4/22/99	9/30/99	1:1
210-949-7000		<p>Billing Concepts Corp. will split into two publicly traded companies: a billing clearinghouse firm and a software company. The Systems and Software division will operate under an undetermined corporate name, and the LEC Billing division will operate under the name Billing Concepts. The separation is expected to take place by September 30th. Billing Concepts Board has approved the spin-off. Shareholders will receive one share of the software company for each share of Billing Concepts held. Further details of the split will be available in June or July. Billing Concepts' CEO, Parris Holmes, will serve as chairman of both Billing Concepts and the new software company.</p> <p>Billing Concepts is a third-party provider of billing clearinghouse and information services to the telecommunications industry. In addition to processing call records, the firm provides a range of other services, including billing inquiry services, data processing, tax filings, accounting services and an advance-funding program. Billing Concepts looks at the records of more than 1,300 local telephone companies to determine how much is owed to its customers. Billing Concepts works for companies that provide telecommunications services -- including local and long-distance telephone service, operator service, Internet access, data services, and paging that are itemized on users' local telephone bills. Local telephone companies collect from end users, and Billing Concepts collects money from the local phone companies. The company also offers custom, convergent billing solutions through its Modular Business Applications (MBA) software, which supports billing for multiple services on one bill. Billing Concepts supports multiple services such as Internet, PCS, cellular, paging, cable, local service, long distance and Carrier Access Billing (CABS). With over 600 customers throughout North America, the Company offers billing solutions for service providers including LEC, Competitive Local Exchange Carrier (CLEC), Independent Local Exchange Carrier (ILEC) and Internet Service Provider (ISP) companies.</p>							
FY: September									
EPS: (First Call)	<u>99E</u> \$0.76								
P/E	14.7x								
Report: May 99									

Calendar Highlights

Price (6/30/99): \$11 1/8 Shares Out. 258 m Market Cap \$2,870 m 203-614-5629 FY: Dec EPS: (First Call) <u>99E</u> P/E \$0.18 62x	<table border="1"> <thead> <tr> <th colspan="4">Listed</th> <th>Date</th> <th>Spin-Off</th> <th>Tax</th> </tr> <tr> <th>Parent</th> <th>Symbol</th> <th>Options</th> <th>Spin-Off</th> <th>Symbol</th> <th>Announced</th> <th>Date</th> <th>Exempt</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>Citizens Utilities</td> <td>CZN</td> <td>N</td> <td>Telecommunications</td> <td></td> <td>5/18/98</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Listed				Date	Spin-Off	Tax	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio	Citizens Utilities	CZN	N	Telecommunications		5/18/98			
Listed				Date	Spin-Off	Tax																				
Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio																		
Citizens Utilities	CZN	N	Telecommunications		5/18/98																					
	<p>May 18, 1998, Citizens Utilities Co. (NYSE: CZN) approved the spin-off of the company's telecommunications businesses, in a move that would create two separately traded public companies. The telecom entity will continue to retain their Electric Lightwave subsidiary (NASDAQ: ELIX).</p> <p style="text-align: center; font-size: 2em; font-weight: bold;">Cancelled</p> <p>*On June 16th, 1999, US WEST (NYSE: USW) and Citizens Utilities (NYSE: CZN, CZNPr) announced that they have entered into an agreement for Citizens to purchase local-exchange telephone properties serving approximately 530,000 telephone access lines in nine states for approximately \$1.65 billion in cash. Combined with the Citizens acquisition of 187,000 telephone access lines from GTE in May and its present operation of 900,000, Citizens will have in excess of 1,600,000 access lines. By increasing their access lines, economies of scale will allow them to better compete in the telecommunications market. The company serves mostly rural customers in 12 states and is building competitive local exchange operations in six fast-growing metropolitan areas in the western United States.</p> <p>The public service sector is expected to be sold, which include natural gas, electric, and water distribution, as well as wastewater treatment facilities.</p> <p>For 50 years, Citizens Utilities has served as a distributor of natural gas, electricity and water, and provider of wastewater treatment facilities in 10 states. The states where it has its largest presence are Hawaii, Arizona and Louisiana. Citizen's 1998 profits were split roughly 60/40 between the phone and utility businesses.</p>																									
Price (6/30/99): \$23 11/16 Shares Out. 1.7 b Market Cap \$40.2 b 281-518-8932 FY: Dec EPS: (First Call) <u>99E</u> P/E \$0.32 74x	<table border="1"> <thead> <tr> <th colspan="4">Listed</th> <th>Date</th> <th>Spin-Off</th> <th>Tax</th> </tr> <tr> <th>Parent</th> <th>Symbol</th> <th>Options</th> <th>Spin-Off</th> <th>Symbol</th> <th>Announced</th> <th>Date</th> <th>Exempt</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>Compaq Computer</td> <td>CPQ</td> <td>Y</td> <td>AltaVista</td> <td></td> <td>1/26/99</td> <td>1999</td> <td>Pending</td> <td>IPO</td> </tr> </tbody> </table>	Listed				Date	Spin-Off	Tax	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio	Compaq Computer	CPQ	Y	AltaVista		1/26/99	1999	Pending	IPO
Listed				Date	Spin-Off	Tax																				
Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio																		
Compaq Computer	CPQ	Y	AltaVista		1/26/99	1999	Pending	IPO																		
	<p>June 29, Compaq sold an 83% stake in AltaVista, its Internet search service for \$2.3 billion in stock and debt to Internet venture fund company CMGI (Nasdaq: CMGI). CMGI did not rule out an IPO of AltaVista at some point. Compaq cancelled its plan to take the search engine public. Compaq acquired the Palo Alto, CA based search engine just last year in Compaq's purchase of Digital Equipment Corporation. CMGI expects to incorporate AltaVista into CMGI's network of 40 Internet operating companies. To date, AltaVista lags behind Yahoo, Excite, Lycos and several other "portals". According to Media Metrix, AltaVista ranked 15th among most-visited Web sites in May. Shopping.com and Zip2.com, Compaq's 2 other Internet sites, are also included in the deal.</p> <p style="text-align: center; font-size: 2em; font-weight: bold;">Cancelled</p> <p>Compaq said that it will integrate the AltaVista service and other CMGI Web services into its Presario Internet and commercial PCs. The companies also said that they plan to develop Internet technologies and next-generation Internet appliances together. Earlier this year, Compaq also announced an Internet technology agreement with Microsoft to share communication and community capabilities between AltaVista and the Microsoft Network (MSN). Under the agreement AltaVista will make available to its users an AltaVista-branded version of Microsoft's Hotmail service as well as future Microsoft instant messaging technology. In addition, the companies agreed to work together on a range of other future Web-based communications and community building services. Microsoft has also agreed that AltaVista will be the primary search engine powering the Microsoft Network.</p> <p>Given the company's aggressive growth strategy and intention to invest in the brand, AltaVista should have negative earnings for the next two years. CMGI and Compaq said that they will spend \$100 million in the next 18 months to promote AltaVista and to develop it into a "megaportal." So, like other Internet companies, AltaVista's will be valued on a multiple of revenues. CMGI's paying \$2.3 billion for an 83% stake implies a market value of about \$2.77 billion. If we estimate 1999 revenues at \$100 million (which seems reasonable on Q4 98's run rate), the company is trading at about 27x price-to-sales.</p>																									

Calendar Highlights ...

Price (6/30/99):	\$51 9/16	Listed			Date	Spin-Off	Tax			
Shares Out.	51.1 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$2,634 m	Harcourt General	H	Y	Neiman Marcus Group	NMG	5/17/99	4th qtr		3:10
FY: Oct		<p>Harcourt General, Inc. (NYSE: H) and The Neiman Marcus Group, Inc. (NYSE: NMG) announced a plan, subject to shareholder approval of both companies, to spin off Harcourt General controlling interest in The Neiman Marcus Group to Harcourt General shareholders in a tax-free distribution that is expected to be completed in the fall of 1999. Under the plan, approximately 21.4 million shares of the 26.4 million NMG shares currently held by Harcourt General will be exchanged for a new class of NMG stock (Class B Stock) that will elect approximately 80% of the Board of Directors of NMG. The NMG Class B Stock will in turn be distributed to the shareholders of Harcourt General. All of the other shares of NMG, including approximately 5 million shares that will be retained (about 10%) by Harcourt General, will be redesignated as Class A Common Stock and will be entitled to elect approximately 20 percent of the Board of Directors of NMG. The proxy information should be available early July. The distribution is worth roughly \$9 per Harcourt share.</p>								
EPS: (First Call)	<u>99E</u> \$2.25	Recapitalization								
P/E	23x	<p>The recapitalization and spin-off transactions have been approved by both the Harcourt General and NMG Boards of Directors, as well as a committee of independent directors of The Neiman Marcus Group. Completion of the transaction is contingent upon approval of the spin-off's tax-free status by the Internal Revenue Service; approval of the recapitalization plan by holders of NMG shares that are not held by Harcourt General; and approval by shareholders of both companies of a new class of "low voting" stock in each company that will have one-tenth of a vote per share. Harcourt General currently owns approximately 26.4 million shares, or about 54 percent, of NMG's Common Stock. Richard Smith and members of his family currently hold approximately 28 percent of the equity securities of Harcourt General and will own the same percentage of the NMG Class B Common Stock following the spin-off.</p>								
Report: June										

Price (6/30/99):	\$22 1/4	Listed			Date	Spin-Off	Tax			
Shares Out.	23.37 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap.	\$520 m	IDT Corp.	IDTC		Net2Phone					
201-928-1000		<p>IDT Corp. filed an IPO for its Net2Phone Internet telephony unit. IDT (NASDAQ: IDTC) will own 66.2 percent of Net2Phone or 27.6 million shares; Softbank will be the second largest stockholder with 10.8 percent or 4.6 million shares. Net2Phone Chairman and President Clifford Sobel will own 8 percent or 3.3 million shares. America Online and GE Capital will each own 5.4 percent or 2.3 million shares. The percentages are based on 41.7 million shares including 4.7 million shares of common stock, 27.6 million shares of Class A stock and 9.4 million shares of Class A common stock issueable upon conversion of the Series A preferred stock at the same date. The Net2Phone IPO has been anticipated for months. On April 9, shares of IDT jumped 29.4 percent after reports that Softbank was in talks to invest in Net2Phone. Softbank, whose shares trade in Tokyo under the symbol "SFTBF," owns about 28 percent of Yahoo (NASDAQ: YHOO). Net2Phone peddles long distance phone service that's cheaper than traditional calling. International calls are typically 50- to 70 percent cheaper.</p>								
FY: July		Description								
EPS: (First Call)	<u>99E</u> \$0.34	<p>IDT provides international and domestic long distance telecommunications service, Internet access and, through its Net2Phone unit, Internet telephony services. IDT's callback telephone system allows overseas phone callers in more than 170 countries to bypass non-US long-distance companies, which often charge exorbitant rates for international calls. The company also sells transmission services wholesale and provides Internet access services and prepaid calling cards. Through Net2Phone, users can make telephone calls through the Internet to anywhere in the world, usually at lower rates than are available through cellular or land-line services. Net2Phone, is the #1 Internet telephone carrier, with 250,000 customers. The company delivers these services over a network consisting of 60 switches in the U.S. and Europe and owned and leased capacity of 16 undersea fiber optic cables. In addition, the company obtains additional transmission capacity from other carriers. IDT also maintains a high-speed network that carries Internet traffic in order to support both its Internet access and its Internet telephony services.</p>								
P/E	65x									
Report: June 99										

Calendar Highlights ...

Price (6/30/99):	\$48 9/16	Listed			Date	Spin-Off	Tax		
Shares Out.	260 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$12,629 m	JC Penney	JCP	Y	Eckerd Drug Stores		5/18/99	1999	TR
972-431-1000		<p>JC Penney (NYSE: JCP) announced plans to create a tracking stock for its wholly owned Eckerd Drugstore Chain. Eckerd has more than 2,900 stores in 24 states, primarily in the Northeast, Southeast, and Southwest. A player in the photo finishing business, Eckerd features overnight photo services in all stores and photos-in-an-hour Express Photo labs in nearly 600 stores. Eckerd, like other pharmacies, has benefited from managed care prescription sales, which account for more than 75% of its prescription revenues.</p> <p>The tracking stock is expected to be created in the fourth quarter of 1999, and will require stockholder approval. It is projected that proceeds of the IPO will raise \$1 billion which will be used to fund a share repurchase program. JC Penney will then proceed to spin-off Eckerd Drugstores to JC Penney shareholders in a tax-free distribution, pending an IRS ruling within twelve months of the IPO.</p> <p>JC Penney the No. 4 retailer operates nearly 1,150 department stores in the U.S., Puerto Rico, Mexico, and Chile. The company's long-term plan is to re-emphasize and increase private label brands to fifty percent of department store sales (40% FY98). Operating profit totaled \$167 million for the first quarter compared with \$234 million in last year's period, a decline of 28.6 per cent. Management attributed the decline in operating profits by sales at the same level as last year and special promotional programs designed to rebalance inventory levels. Operating profit as a per cent of sales declined. Direct Marketing Services recorded first quarter revenue of \$274 million, up \$28 million or 11.4 per cent over last year, primarily due to insurance and membership services increases.</p>							
FY: Jan									
EPS: (First Call)	^{99E} \$2.97								
P/E	16.3x								
Report: June 99									

Price (6/30/99):	\$56 3/4	Listed			Date	Spin-Off	Tax		
Shares Out.	77.6 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$4,403 m	Magna Intl.	MGA		Ventures		5/25/99	1999	
905-726-2462		<p>Magna International Inc. (NYSE: MGA) an Ontario, Canada based, total automotive parts engineer, designer and manufacturer, has announced its approval of the establishment of its "Ventures" company as a separate entity. Created in 1998, Ventures, which is the non-automotive related assets holding company for Magna, develops real estate for commercial and recreational purposes and invests in entertainment and gaming businesses.</p> <p>Magna is a worldwide player in the automotive industry in engineering, designing and manufacturing. The focus is that of improving vehicle quality, plain and simple. Magna is well positioned to participate on a high level of productivity in the future due to its high level of efficiency in global manufacturing, program management, component design and engineering, and vehicle assembly. Strategic acquisitions are also rapidly fueling Magna's growth. The company has greatly enhanced its market command through 20 strategic acquisitions. Much of Magna's success is due to the "light truck" market, which includes sport utility vehicles (SUV's). This market accounts for roughly 45% of Magna's 1998 total sales and is expected to hit around 55% in 1999. A pioneer in the "hydroform" technology field, a process of using high-pressured water to expand a metal tube into a desired complex shape. The results of hydroform technology seem to be promising in the automotive industry. Magna is a leader in a potential 10 billion global market for auto parts. However, Magna faces some serious opponents ahead, including: vehicle demand is a cyclical industry, dependent on economic conditions and disposable income. Also, pricing pressure is continuous and pushes supplier's margins to the brink. Last, but not least, is the reality of having Delphi (spun-off from GM – see May 1999 issue) as a separate and viable market force to contend with, in the same arena, beginning next year.</p>							
FY: Dec									
EPS: (First Call)	^{99E} \$4.88								
P/E	11.6x								
Report: June 99									

Calendar Highlights ...

	Price (6/30/99):	\$3 15/16	Listed			Date Announced	Spin-Off Date	Tax	
			Parent	Symbol	Options			Spin-Off	Symbol
Shares Out.	46.45 m		Miller Industries	MLR		RoadOne	5/13/99	1999	
Market Cap	\$182.9 m								
423-238-4171									
FY: April			<p>Miller Industries, Inc. (NYSE: MLR) a leading provider of vehicle towing and recovery equipment and services announced its intention for a tax free spin off of its RoadOne ® division. RoadOne, the towing and recovery services business, will be spun from their towing and recovery equipment manufacturing operations unit, Miller Industries, Inc. RoadOne is the largest provider in the world of towing services, with about 40% of the market. The spin-off would create two public companies, which management believes, will maximize both entities' potential, especially that of RoadOne. RoadOne currently trades around \$ 4 3/8 with a market capitalization near \$207 million. MLR markets its towing services under the national brand name RoadOne ® and its towing equipment under a variety of well-recognized brands. The RoadOne division of MLR accounts for some 35% of total sales, up from 25% in the year earlier quarter. The company expects the spin-off transaction, if completed, will take place around January 1, 2000. MLR has hired Goldman Sachs & Co. to advise the transaction.</p> <p>RoadOne's recent acquisition binge: RoadOne has already signed letters of intent to purchase over 100 companies. RoadOne towing services now consist of 116 subsidiaries and 1,050 affiliates have signed on, boosting RoadOne's truck force to over 7,400. Seventeen acquisitions were completed during the July quarter alone, for a total of 93 representing more than \$150 million in annualized revenue. RoadOne now owns a platform tower in 52 of the top 209 markets in the U.S. RoadOne's earnings growth is estimated to be around 30% or even greater. Management is looking to achieve rapid growth through its recent acquisition spree.</p>						
EPS: (First Call)	\$0.33	^{00E}							
P/E	11.9x								
Report: June 99									

	Price (6/30/99):	\$7 3/8	Listed			Date Announced	Spin-Off Date	Tax		
			Parent	Symbol	Options			Spin-Off	Symbol	Exempt
Shares Out.	11.2 m		PCQuote	PQT	N	PCQuote.com	PCQT	4/26/99	July/Aug	CO
Market Cap	\$82.6 m									
312-913-2800										
FY: December			<p>PC Quote, Inc. (Amex: PQT), a provider of real-time/delayed stock market quotes and engineer of HyperFeed (TM) 2000, the fastest datafeed available, announced its intention to change its corporate name to HyperFeed Technologies, Inc. Separately, PCQuote.com, Inc., a subsidiary of PC Quote, announced that it intends to make an initial public offering of its common stock. PCQuote.com file an S1 registration statement on June 9th 1999, for an offering of 7.75 million in its initial public offering. PC Quote is a provider of delayed and real-time financial market data to financial and consumer markets worldwide.</p> <p>PC Quote offers real-time/delayed securities quotes and financial news to both professional clients and individual investors. Its flagship HyperFeed service transmits real-time financial data via satellite or digital data lines to servers at the customer locations. PC Quotes' MarketSmart subscription Web service provides real-time financial information over the Internet. The company also offers free delayed stock quotes on its Web site. Chicago based PC Quote lost \$6.4 million on \$23 million in sales in 1998.</p> <p>In April, PC Quote (Amex: PQT) announced a strategic partnership between its newly incorporated subsidiary, PCQuote.com and CNNfn the financial network. Under a limited exclusive licensing agreement, PCQuote.com will provide CNNfn's financial news to users of its financial content website. PCQuote.com users will have access to continuously updated business stories from CNNfn, with direct links back to the full range of financial information and services offered on the CNNfn.com site. Over the term of the agreement, CNNfn will acquire a minority equity position in PCQuote.com. CNNfn.com, which averages more than 1 billion page views a year, is a source for business news, financial intelligence and free business services.</p>							
Full Year 1998 vs 1997										
Sales:	\$23	\$17								
Op. Inc.	(\$4.7)	(\$2.9)								
EPS: (First Call)		^{99E}								
P/E		\$								
Report: May 99										

New Info.

Calendar Highlights ...

Price (6/30/99):	\$19 5/16	Listed			Date	Spin-Off	Tax			
Shares Out.	44.75 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap.	\$864 m	RSL Com.	RSLC		Delta Three		5/3/99	1999		
FY: Dec		<p>RSL Communications, Ltd, announced its plans to IPO its Delta Three Inc. Internet telephone subsidiary to the public. RSL is a multinational telecommunications company, providing a catalogue of services, focusing on international long distance voice services while catering to small and medium sized businesses in key markets. RSL's services include calling cards, fax, data, Internet, international and national fixed and wireless, private line and other value-added telecommunications services. The company began operations in the United States in 1995 and has been growing rapidly due to strategic regional investments, multiple acquisitions, joint ventures and alliances, and the formation of its own operations in key markets. Currently, the company generates revenue in 19 countries.</p> <p>Four regions make up the bulk of where RSL operates: North America, Europe (14 countries), Asia/Pacific Rim and Latin America. By going through a local subsidiary, RSL interconnects its switches directly with the local exchange networks instead of through leased lines or dial-in-access. In the United Kingdom and Germany, RSL competes effectively through its acquiring of Motorola's business there. Motorola resells wireless services and related products in Germany to a customer base of over 350,000 subscribers. In Australia, RSL has a significant presence as well, due to a more advanced stage of deregulation.</p> <p>Delta Three deals in Internet Protocol ("IP") telephony service offerings by increasing its investment in Internet gateway servers and expanding its sales and marketing channels. IP protocol is used by Delta Three as a transmission standard for voice communications over the public Internet and private intranets, extranets and dedicated lease lines at substantially reduced transmission and termination costs. The Company believes that the single switch platform (Ericsson AXE-10 switches), gives them a strategic advantage in developing new services and allows them to upgrade network software on a more efficient basis in comparison to those other global carriers which employ multiple switch technologies. Other minimizing costs for transmission are in the works, such as, the Internet and managed (IP) networks.</p>								
EPS: (First Call)	^{99E} -\$4.77									
Report: June 99										
Price (6/30/99):	\$23 7/8	Listed			Date	Spin-Off	Tax			
Shares Out.	168.8 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$4,030 m	Tenneco	TEN	Y	Specialty-Packaging		4/29/99	4 qtr 99		
203-863-1000		<p>Tenneco announced the spin-off of its Specialty Packaging unit. Under terms of the transaction, Tenneco shareholders will receive one share of the new packaging company for each Tenneco share they own. The spin-off is expected to be tax-free and to be completed in the fall. Management has not decided how to distribute Tenneco's \$3.7 billion in debt (net debt is about \$2.8 billion), but disclosed that they expect that the packaging company's debt will be investment grade and the auto-parts business to be non-investment grade. The automotive division makes Monroe shock absorbers and Walker mufflers. The packaging business makes Baggies and Hefty OneZip food storage bags. Both companies will be based in Lake Forest, Illinois. The much-anticipated spin is the final move in the Tenneco's transformation from a seven-headed conglomerate a decade ago.</p> <p>Company Description</p> <p>A global manufacturing company, Tenneco has operations in automotive parts (42% of 1998 sales) and packaging (57% of 1998 sales). The Automotive arm is one of the worlds' leading manufacturers and marketers of automotive exhaust and ride-control systems for both the original equipment and the replacement markets, supplying one in four shock absorbers and mufflers sold worldwide. Sales in 1998 were \$3.24 billion. Tenneco Packaging manufactures packaging products for consumers, institutional, and industrial markets. Tenneco Packaging makes Hefty and Baggies plastic bags and produces clear plastic single-use food containers, aluminum foil, pressed paperboard, and polystyrene foam. Packaging generated \$2.79 billion in revenue in 1998. Packaging Corporation of America, its 45%-owned joint venture with investment firm Madison Dearborn Partners, makes containerboard. Tenneco has more than 260 facilities in 32 countries. The company's automotive segment posted an operating loss of \$4 million in 1998, versus a gain of \$77 million in the prior, due to deterioration in the aftermarket segment. Soft demand led to an inventory buildup and hurt results. Tenneco has struggled under the weight of its debt obligation. In 1998, Tenneco's earnings slumped 12% to \$319 million, or \$1.89 a share, despite 5% revenue growth to \$7.6 billion.</p>								
FY: December										
Specialty Packaging										
Full Year	<u>1998</u> vs <u>1999E</u>									
Sales:	\$2,785	\$3,000								
EBIT	\$0,346	\$0,390								
EBITDA		\$0,560								
Automotive										
Full Year	<u>1998</u> vs <u>1999E</u>									
Sales:	\$3,237	\$3,400								
EBIT	\$0,301	\$0,374								
EBITDA		\$0,560								
EPS: (First Call)	^{99E} \$1.96									
P/E	12									
Report: May 99										

Calendar Highlights ...

Price (6/30/99):	\$ 17	Listed				Date	Spin-Off	Tax	
Shares Out.	92.54 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$1,573 m	US Industries	USI		US Diversified		5/18/99	1999	
732-767-0700		<p>U.S. Industries, Inc. (NYSE: USI) announced that its Board of Directors has approved a spin-off of its diversified businesses to USI's shareholders. Completion of the spin-off is subject to receipt of a tax ruling from the Internal Revenue Service, that the distribution will be tax free, to USI shareholders. The spin-off will become effective after receipt of the tax ruling, which the company anticipates prior to year-end. U.S. Industries has four business divisions, most of which deal with construction and home improvement. Its tools and hardware division makes BiltBest windows, Keller Ladders, and lawn and garden tools (Ames, Spear & Jackson). Its lighting division makes products for both commercial and residential purposes. A broad-ranging diversified division makes everything from work and western boots (Georgia, Durango) to Rexair vacuum cleaners to leather for car seats (Garden State). The company makes and sells Jacuzzi whirlpools and bathroom fixtures. It also makes plumbing products under the Eljer and Zurn brands. USI is expected to file in June with the SEC on the proposed spin. The company has filed with the IRS for a tax-free ruling. After the spin, U.S. Industries will focus on three core businesses (Jacuzzi, Lighting, and Hardware).</p> <p>John G. Raos, President and Chief Operating Officer of USI, will resign to become Chairman and Chief Executive Officer of the Diversified Company, which will apply for listing on the New York Stock Exchange. The Diversified group will include Rexair ("Rainbow" brand vacuum cleaners); Garden State Tanning and Leon Plastics (automotive interiors); Jade Holdings Singapore, Huron and Bearing Inspection (precision engineered products); EJ Footwear, including Georgia Boot and Lehigh Safety Shoe; Bilt Best Windows and Native Textiles. It is expected that an Information Statement about the new company will be filed with the SEC in June, providing additional details.</p>							
FY: Sep									
EPS: (First Call)	<u>99E</u> \$1.60								
P/E	10.6x								
Report: June 99									
Price (6/30/99):	\$ 9 9/16	Listed				Date	Spin-Off	Tax	
Shares Out.	10.15 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap.	\$97 m	Wall Data	WALL		Rumba / Cyberprise		5/3/99	1999	
FY: April		<p>Wall Data Incorporated (NASDAQ: WALL) announced the spin-off or sale of its internet related software businesses, RUMBA® and Cyberprise™ units. Wall Data is a global internet company, specializing in enterprise software products and services enabling organizations to integrate and deploy applications over the Web and compete in the Net economy. Wall Data develops, markets, and supports enterprise and Internet software products and associated application tools, and provides support services. The Company's products deliver existing corporate computing systems, including various host, database, client/server, and public information to users in a browser or "Windows" based environment. The cost for the new sophistication will be surprisingly low due to the fact that it is an upgrade and not an entirely new application. Internet applications will be added to existing technology which will generously boost the output level most employees are currently able to achieve in their work. Wall Data has hired Bear Stearns and Co. to advise the restructuring.</p> <p><u>RUMBA®</u> the flagship product of Wall Data Inc, is making the move to its upgraded 2000 version, which will be backed through ONESTEP® customer service, a customer support system. This new product will lead in providing better applications to access, create, organize, and publish business information while assuring a comprehensive support system and proven performance for users. Also, Wall Data announced that RUMBA 2000 will help customers lower their "cost of PC ownership." Wall Data believes in the fact that their internet related software products will lead the industry in respect to trustworthiness and reliability in mission-critical situations.</p> <p><u>Cyberprise™</u>, backed by its core product ARPEGGIO Live! is focusing on the Enterprise Information Portal (EIP) market. Enterprise class information portals will be the cornerstone upon which employees, partners and customers access a personalized view of corporate information. ARPEGGIO Live! will enable users to view multiple dynamic screens containing corporate database information and World wide Web pages at the same time.</p>							
Report: June 99									

Fresh Spin-Off Situations

Genzyme to Distribute Tracking Stock of Genzyme Surgical

On May 27th, Genzyme Corp. (NASDAQ:GENZ) announced a tax-free dividend of its Genzyme Surgical division. Shareholders will receive .17967 shares of Genzyme Surgical Products for every one share of Genzyme General. Genzyme Surgical will trade on the Nasdaq (proposed: GZSP). The record date was June 14th and the distribution occurred on June 28th. Genzyme Surgical has approximately 14.5 million shares outstanding, and approximately 1.1 million shares reserved for issuance upon conversion of Genzyme General's 5.25 percent convertible debentures. Genzyme Surgical will be the third tracking stock to be issued by its parent. Genzyme General's management believes that by establishing separate tracking stocks each of the four businesses are able to focus on individual strategies and highlight their performance. (We beg to differ)

Divisions

Genzyme General (Nasdaq: GENZ) researches gene therapy treatments, develops and markets therapeutic products (such as Ceredase and Cerezyme, enzymes that treat Gaucher's disease) and diagnostic services and products. Genzyme's top competitors include Chiron (NASDAQ: CHIR), 50% owned by Novartis, Genetech, recently acquired by Hoffman-LaRoche (expected to be carved-out later this summer). **Genzyme Tissue Repair** (NASDAQ:GZTR) develops and markets biological products and devices for orthopedic injuries (cartilage damage), and severe burns. **Genzyme Molecular Oncology** (NASDAQ: GZMO) is developing cancer products, with a focus on therapeutic vaccines and angiogenesis inhibitors.

Genzyme Surgical Products will highlight its growing Septra family of anti-adhesion products, and accelerate research and development

Market Data:	6/22/99		FY: Dec
Genzyme-General	GENZ		
Price:	\$51 5/16	Shares Out:	82.5
52 Week Range	\$55 3/4 \$23 1/2	Market Cap:	4,233.5 m
Annual Dividend	\$0.00	Revenues 98A:	688.5 m
Dividend Yield	0.0	Revenues 99E:*	624 m
EPS 98A	\$1.48	Price-to-Rev 99E:	7.57x
EPS 99E	\$1.76	P/E:	26x
EPS 00E	\$2.12	P/E:	22x
		Book Value	\$14.56
		Price-to-Book	3.5x

*Revenues exclude Genzyme Surgical

programs in gene and cell therapy for cardiovascular disease. Genzyme Surgical Products has a revenue base of over \$100 million, an established sales force, and new product offerings in minimally invasive cardiac surgery and biomaterials. Genzyme Surgical Products will also be funded with \$150 million in cash from Genzyme General in compensation for the dividend.

Genzyme tracking stocks, to early too tell

As we have stated in the past and probably more than you would want to hear, we are not fans of tracking stocks. Since issuance, these tracking stocks have performed poorly at best (perhaps too early to tell). The first tracking stock issued by Genzyme was its Molecular Oncology unit, opening at \$7 ¾, on November 17th, 1998, it currently trades at about \$3 ¼ (down 58%). The second, Genzyme Tissue Repair, opened at \$3 1/8th, on February 16th, 1999, currently trading at about \$2 ½ (down 20%). We anticipate Genzyme Surgical Products to continue the trend and trade down given the large distribution ratio and large institutional shareholder base (95%).

Fresh Spin-Off Situations

GartnerGroup Sets Shareholder's Meeting to Approve Spin-Off of IMS HEALTH Equity Stake

June 17, IMS HEALTH (NYSE: RX) and GartnerGroup, Inc. (NYSE: IT) announced that a special meeting of GartnerGroup shareholders will be held July 16, 1999, for shareholders of record at the close of business on June 14, 1999, to approve the previously announced GartnerGroup recapitalization and spin-off of GartnerGroup stock to IMS HEALTH shareholders. GartnerGroup plans to mail proxy statements to shareholders on June 18, 1999. **Completion of the spin-off is expected in July, 1999.**

IMS HEALTH owns approximately 47.6 million GartnerGroup shares. Prior to the spin-off, 40.7 million of these shares will be exchanged for new Class B Common Stock of GartnerGroup as part of a GartnerGroup recapitalization. The Class B Common Stock will be entitled to elect at least 80 percent of GartnerGroup's Board of Directors, but will otherwise be substantially identical to existing Class A Common Stock. All Class B shares will be distributed to IMS HEALTH shareholders in a tax-free distribution upon approval of the spin-off. IMS HEALTH is required by IRS regulations to monetize its remaining interest in GartnerGroup as quickly as feasible after the spin-off, subject to certain restrictions agreed to by both companies. This includes 6.9 million shares and warrants for an additional 600,000 shares. One of the nation's leading information technology consultants, GartnerGroup provides research and recommendations on computer hardware and software, communications, and related high-tech industries and products. It also provides customized project consulting and sponsors conferences and seminars. The company serves more than 11,000 organizational clients from 80 locations worldwide.

In May, both boards agreed to amend the terms of the transaction to provide for an increased share repurchase by IT, which has committed to repurchase 20% of its outstanding shares (the

maximum amount allowed by IRS rules) upon completion of the spin-off. IT will conduct a Dutch Auction tender offer, currently planned for July 1999, for 15% of its outstanding shares. The remaining 5% of the shares will be repurchased in the open market. RX and IT have also agreed to reallocate \$175 million of the previously planned \$300 million cash dividend to the share repurchase. This will result in a cash dividend of \$125 million to IT shareholders (IMS will receive about \$60 million pre-tax) and ensure sufficient funding for the increased share repurchase. We view the spin as positive for IMS, as it creates a "pure play" pharmaceutical information company.

IMS HEALTH

The spin-off of information services firm Cognizant (now Nielsen Media Research) is a leading worldwide provider of information and decision-support services to the pharmaceutical and health care industries. Its Erisco subsidiary develops administrative and analytical software for managed care companies. IMS provides venture capital to emerging health care companies through Enterprise Associates and develops software through Cognizant Technology Solutions. Its SSJ K.K. unit sells financial software in Japan. IMS is spinning off its 47% stake in high-tech research and consulting firm Gartner Group. Nearly 60% of IMS's sales come from outside the US. IMS was spun off on July 1, 1998, from Cognizant, itself a 1996 spin-off from Dun & Bradstreet as part of a strategy to improve shareholder value (trust us, it worked). IMS retained a 47% interest in Gartner Group, the world's leading supplier of research and analysis to the information and technology industry, but plans to spin off Gartner this month. IMS owns 62% of all outstanding shares and controls 80% of the voting rights of Cognizant Technology Solutions (NASDAQ: CTSH), an outsourcer of software applications and development services specializing in Year 2000 conversion services. Cognizant Technology Solutions completed an IPO of 3.4 million shares on June 19, 1998. Cognizant Technology Solutions had revenues of

\$20.4 million in Q199 implying an annualized run rate of \$81.6 million. We believe that Cognizant Technology will eventually be completely spun from IMS.

IMS operates through five business units serving the health care industry: market research to measure worldwide product volumes, trends and market share; sales management services, which enable client companies to measure the impact of their sales force activity; technology-enabled selling involving sales automation; OTC tracking services of non-prescription pharmaceutical products; and software based services for the managed care industry. As the largest information partner to the pharmaceutical industry, IMS is well positioned to benefit from the positive developments in the global pharmaceutical industry. There are a growing number of products being brought to market by the drug industry, and an increase in sales due to changing demographics. The billions of dollars invested in research and development by pharmaceutical companies bodes well the IMS. The company tracks 98% of all prescription pharmaceuticals.

Strong Financials

IMS enjoys predictable earnings due to recurring revenues of approximately 75%. IMS has \$135 million in cash and is expected to throw off approximately \$150 million in free cash flow in 1999. The company has roughly 9.5 million shares remaining to repurchase under a stock buyback program. Revenue growth in the low teens should be driven by favorable secular pharmaceutical industry trends, geographic expansion, new customers in existing markets (biotech), expansion of pharmaceutical sales and demand for managed care software. EPS growth of 20% + should result from margin expansion (as the firm leverages its databases) as well as from the ongoing share buyback program.

Gartner Recap

Gartner is a \$2.5 billion market cap information technology company that is 47% owned by IMS. Gartner is a non-core asset with recent decelerating growth. Late in 1998, IMS filed with the IRS to recapitalize Gartner and spin-off approximately 40 million of the 47 million shares it owns to shareholders in a tax-free spin-off. Since IMS did not "control" Gartner, Gartner needs to issue IMS a new class of high-vote common stock to give IMS Health 80% of the voting rights in Gartner. IMS then will effectively "control" Gartner for purposes of the tax-free spin-off rules. IMS announced on April 13, 1999 that it had received a favorable tax ruling from the IRS regarding the tax-free spin-off of the GartnerGroup. The spin should be effected by late July. Since approximately 40 million shares will be spun out of 320 million basic IMS shares, IMS shareholders will receive roughly one Gartner share for every eight IMS shares owned. **Based on Gartner's June 30 closing price of \$20.50, IMS should drop about \$2.50 post spin.**

Gartner makes profit by providing large and middle-sized companies with in-depth data on technology trends, which helps companies decide how to spend their IT budgets. Because the consulting business is not capital intensive, a firm can pump out profits without using a lot of assets. Moreover, more than three fourths of Gartner's sales come from annually renewable contracts, which mean that the company gets a good portion of its revenue paid up front. This type of business model can produce strong free cash flow. As of April 15, 1999, there were more than 9,000 client organizations, subscribing to IT's advisory, measurement, research, decision support, analysis and support services. Gartner Advisory provides qualitative and quantitative research and analysis that clarifies decision-making for IT buyers, users and vendors. GartnerMarketDynamics, provides coverage of research, statistical analysis, growth projections and market share rankings of suppliers and

IMS HEALTH (RX)

Price (6/30)	\$31 1/4	EPS:1998	\$0.65 A	P/E=48x
52 Week Range	\$39 - 23	Consensus Estimate 99	\$0.85 E	P/E=37x
Dividend/Yield	\$0.08/ 0.25%	Consensus Estimate 00	\$1.02 E	P/E=31x
Shares Out	326 M	Revenue 1998	\$1.2 B	
Market Cap	\$10.2 B	Revenue 1998E	\$1.4 B	
L-T Debt	\$286 M	FY:	December	

vendors to IT manufacturers and the financial community.

The company measures its business based on contract value, calculated as the annualized subscription fees in effect at a given point in time. Contract value as of March 31, 1999, was \$603 million, up 18% from the year-earlier level. The company also provides a number of other products and services, including GartnerConsulting, which offers customized project consulting on the delivery, deployment and management of high-tech products and services. In addition, through GartnerEvents, IT holds conferences designed to provide comprehensive coverage of information technology issues and forecasts of key industry segments. In July 1998, the company sold its Gartner Learning unit to Harcourt Brace, a subsidiary of Harcourt General (NYSE: H), retaining an 8% equity interest in Harcourt. With Harcourt trading at \$51 1/2 **this 8% stake is worth approximately \$293 million or roughly \$2.75 per Gartner share.**

Earnings Results

Gartner's second quarter (March) EPS from operations rose 17.4% to \$0.27 from a comparable \$0.23 in the prior year on revenue growth of 18.5%. Contract value grew 17.7% to \$603.1 million while the number of client organizations grew 16% to 9,231 on a comparable basis. The

company's core Advisory & Measurement business grew 9.0% Y/Y, confirming market perception that the growth of the firm's traditional business has slowed. Cash increased by 15%, or 34.4 million to \$256.5 million from the December quarter.

Recapitalization Will Eliminate IMS Overhang

The positive result of these moves is that IMS is eliminated as a shareholder and the associated overhang on Gartner's share is resolved. We expect it will take several months for the market to absorb the 40 million new IT shares that will be spun. This could cause negative pressure on Gartner's share price should IMS shareholder decide to quickly sell their newly received IT shares. The \$475 million buyback would absorb a portion of IMS's total Gartner shares. While we expect that a portion of the IMS shareholders will choose to retain their Gartner shares, there will likely be some overhang even under the revised terms. This issue is exacerbated by the IRS rules restricting Gartner from repurchasing more than 20% of its shares. The share buyback should also be accretive to FY2000 earnings, and may push EPS growth next year toward the 30% level. **We would not be very aggressive with GartnerGroup until the market has had the opportunity to absorb the IMS distribution of IT shares that the planned repurchase will not cover.**

Gartner Group (IT)

Price (6/30)	\$20 1/2	EPS:1998	\$0.94 A	P/E=22x
52 Week Range	\$35 - 13	Consensus Estimate 99	\$1.10 E	P/E=19x
Dividend/Yield	\$0.00/ 0.00%	Consensus Estimate 00	\$1.32 E	P/E=15.5x
Shares Out	106.8 M	Revenue 1998	\$642 M	
Market Cap	\$2.2 B	Revenue 1998E	\$740 M	
L-T Debt	\$0.0	Shareholders' Equity	\$378 M	
FY:	September	Book Value per share	\$3.54	

Fresh Spin-Off Situations

US SEARCH.com Sells 6 Million Shares of Common Stock in IPO Carveout

June 25, US SEARCH.com Inc. (Nasdaq: SRCH) started trading with an initial public offering of 6 million shares of its common stock at a price of \$9 per share. The underwriters have an option to purchase up to an additional 900,000 shares at the initial public offering price to cover over-allotments, if any. Of the 6 million shares being sold, 4.5 million shares are being sold by US SEARCH and 1.5 million shares are being sold by US SEARCH's parent company, the **Kushner-Locke Company** (Nasdaq: KLOC).

Kushner-Locke will own about 55.2% of the outstanding stock after the offering. US SEARCH was not well received and dropped \$2 1/6, or 23% from the IPO price of \$9. The company can locate individuals, produce personal profiles, and find an adoptee's natural parents by electronically accessing public records. It offers instant searches through its Web site as well as in-depth investigations by staff members. Results can be delivered by fax, phone, or e-mail, or displayed on its Web site. Service fees range from \$10 to \$140. US SEARCH plans to expand its offerings to include pre-employment screening services for corporations.

Kushner-Locke

The Kushner-Locke Co. is a Los Angeles based company that distributes feature films. Kushner-Locke also distributes Christian music and, thanks to a stock swap, owns most of the rights to cartoon characters Casper the Friendly Ghost, Baby Huey and Richie Rich. Kushner-Locke now owns 55.2% of US SEARCH. Kushner-Locke also owns and operates a Latin American TV channel, Gran Canal Latino. The channel broadcasts Latin American movies 24 hours a day. The company provides 1,000-plus hours of original television programming including *Erotic Confessions*, *The Brave Little Toaster*, and *Your Mother Wears Combat Boots*. Kushner-Locke's cable and video fare includes *Cellblock Sisters*, *Lap Dancer*, and *Flesh Suitcase*. The company also owns 50% of TVFirst, which purchases airtime for evangelical Christian-music infomercials. It owns about 83% of joint venture KLC/New City, which distributes films via pay cable, video-on-demand, and satellite. Kushner-Locke had sales of \$75.8 million in 1998, and lost \$6.3 million. Kushner-

Locke dropped 28% to \$6 15/16 on the day US Search debuted as a public company.

US SEARCH.com provides clients with a single, comprehensive access point to a broad range of public record information about individuals. US SEARCH's services can be accessed from anywhere and at any time through its Web site, 1800US SEARCH.com, or by calling its toll-free telephone number, 800/US-SEARCH. Using US SEARCH's services, clients can obtain addresses, aliases, phone numbers, property ownership, court records and judgments, corporate affiliations, date of birth and date of death information. The company currently offers services such as individual locator, individual profile report, anti-fraud identification verification, nationwide court record, adoption and reunion search services. Recently US SEARCH began offering individual locator and individual profile report services to corporate and professional clients. In the fourth quarter of 1999, the firm intends to introduce pre-employment background screening. All of the searches are highly automated and performed by electronically accessing multiple, geographically-dispersed public record databases. In the first quarter of 1999, US SEARCH had approximately 4.6 million unique visits to their Web site and received over 220,000 telephone inquiries. According to Nielsen/Net Ratings, 2.83% of all people who logged onto the Internet in February 1999 visited the company's Web site, up from 1.99% in January 1999.

Valuation

At \$7 3/16 a share (price 6/28), US Search has a total market value of \$125 million (17.4 M shares). Kushner-Locke's market value, with the stock at \$6 3/8, sits at \$81 million (12.8M shares). At these prices **Kushner-Locke's stake in US Search is worth about \$5.40 per share** (\$7.1875 x .751). This suggests the Kushner stub is being valued at **about \$0.85 a share, or roughly \$11 million**. Kushner-Locke logged sales of \$10.2 million in its most recent quarter, down 58 percent from the year-ago period. Revenues included \$3.39 million from 1-800-US SEARCH.

Fresh Spin-Off Situations

Synetic Carves-out CareInsite

On June 16th, Synetic (NASDAQ: SNTC) carved out 8.3% of CareInsite (NASDAQ: CARI) in an IPO priced at \$18. Since the carve-out CareInsite has appreciated 169% to \$48 ½, implying a market capitalization of \$3.3 billion.

CareInsite

CareInsite is building an Internet-based network that will link **physicians, payers such as managed-care organizations and pharmacy-benefit managers, suppliers, (such as pharmacies and clinical laboratories) and patients.** The network uses software by health care information systems provider Cerner Corporation. Apparently, the Internet craze is alive and well, as investors are still hungry for Internet stocks with little revenues. CareInsite had \$213 thousand in sales for the nine months ending March 31st. The official launch of their Internet product is expected this fall.

Cerner

Cerner designs information systems for the health care industry. **Its clinical and administrative information systems connect large health care providers' multisite departments, from emergency rooms to nurses' stations to pharmacies.** Extensive patient records, as a result, are always available to physicians. The company's products run on Digital Equipment Corporation (absorbed by Compaq) and IBM servers. Customers include hospitals, health maintenance organizations, clinics, physicians, and integrated health organizations. In 1998, Cerner posted \$330 million in sales.

However, Cerner could face long-term pressure from the Internet model that offers a superior delivery system with little capital expenditure costs for its clients. Reflecting this concern maybe the market valuation of Cerner which owns approximately 13 million shares of CareInsite, valued at \$604 million ($\$46 \frac{1}{2} \times 13$). Cerner, currently has 33.9 million shares outstanding with a market capitalization of \$647 million, indicating that Cerner's business is valued at

only \$1.25 per share. First Call estimates for 1999 and 2000 are \$0.44 and \$0.73. This implies that Cerner's business is trading at 3.7x's and 1.7x's 1999 and 2000 earnings, respectively.

Synetic

Synetic, a healthcare plastics and communications group, makes surgical plastics and provides medical information services. Its plastics division, Porex Technologies, makes plastics used mostly in medicine, including blood filters, pipette tips, and plastic surgery implant parts. Synetic posted \$68.7 million in sales for the nine months ending March 31st.

Merger

On May 17th, Synetic agreed to merge with Medical Manager Corp. (NASDAQ: MMGR) in a pooling of interest stock swap valued at \$1 billion. Each outstanding share of Medical Manager common stock will be exchanged for 0.625 newly issued share of Synetic common stock. Medical Manager provides practice-management information systems to health care service providers. The firm's primary software product, "The Medical Manager", includes clinical, financial, administrative, and patient-information applications used by physicians, practice-management organizations, and managed-care organizations. The scalable software facilitates the processing of claims. Special shareholder meeting is scheduled for July 23rd.

Valuation

While it is difficult to value CareInsite, Synetic appears to be **attractive**. If we back out the value of CareInsite from Synetic, the stub portion is valued at \$4.81 per share (Post Merger). Synetic's combined twelve month trailing sales as of March equaled \$233 million (including Medical Manager). With 34 million shares outstanding (post merger) Synetic has a price-to-sales ratio of .70x. There is no first call estimate for Synetic in 2000, but twelve month trailing earnings were \$1.02 (Post merger). This indicates a P/E of 4.7x. Book value as of March 31st was \$7.63 (post-merger), indicating a price-to-book of .63x. **Interestingly, Synetic has approximately \$353 million in cash post merger or \$10.38 per share (\$353/34).**

Fresh Spin-Off Situations

TD Bank Financial Group Carves-out TD Waterhouse

TD Waterhouse Securities (NYSE: TWE) has been spun off by Canada's Toronto-Dominion Bank (TSE: NYSE: TD), which retains about a 90% ownership of TWE. One of the top online brokerages by market share, TD Waterhouse offers stock trading and mutual fund services via Touch-Tone phone and the Internet. The company is expanding its online operations, offering more financial services to investors. Although online trading accounts for the majority of trades, the company is adding to its branch network of more than 200 offices in Australia, Canada, Hong Kong, the UK, and the US. The US accounts for nearly 70% of sales. TWE has over 2.6 million customer accounts, including approximately 1.9 million active accounts, and more than \$106 billion in customer assets under administration as of April 30, 1999. The offering of an 11.2 percent stake values TD Waterhouse at \$9 billion.

Wednesday June 23, TD Bank Financial Group carved out TD Waterhouse in an initial public offering of 42 million shares of common stock priced at \$24. The underwriters will have a 30-day option to purchase up to 5.25 million additional common shares at the offering price to cover over-allotments. If the over-allotment option is exercised, the public would own 12.4% of TD Waterhouse Group and TD Bank Financial Group would own the remaining 87.6%. Of the 42 million share offering, 27.3 million shares are being offered in the United States, 10.5 million shares will be offered in Canada, subject to final regulatory approvals, and 4.2 million shares are being offered outside the United States and Canada. The shares began trading on the New York Stock Exchange and the Toronto Stock Exchange at \$26 per share. TD Waterhouse boosted its size by nearly 30 percent to 42 million shares, citing investor demand. TD Waterhouse ranks second behind Charles Schwab (which has 6.1 million accounts with \$561 billion in assets, operates 304 branch offices and has a market value of \$40 billion) and operates the third-largest Internet brokerage, Waterhouse Investor Services, which processed 58,000 trades a day in the first quarter of 1999. It also owns Canadian discount broker Green Line Investor Services. Online brokerage shares have declined in recent months, in part because of worries that the industry could not keep up the phenomenal growth it has shown in trading activity and new accounts. The shares, which as a group lost roughly half of their value, recently rebounded but most

are still down around 40 percent from their April highs.

The Toronto-Dominion Bank (NYSE: TD-\$44 5/8) is Canada's #5 banking company (Canadian Imperial Bank of Commerce, or CIBC, is #1). TD has more than 1,000 branches offering consumer and business services, including deposit accounts, credit cards, mortgage loans, trust services, and investment management services. TD also offers financial and advisory services internationally.

In recent months, TD's shares have surged, reflecting growing investor attention to its electronic commerce businesses. The valuation of TD is now heavily influenced by the valuation ascribed to these businesses, which now accounts for more than half of TD's market capitalization. On this basis, the banking stub, which is well positioned among Canadian banks, appears modestly undervalued. TD has 297 million shares outstanding for a market capitalization of \$13.3 billion. TD owns 323 million shares of TD Waterhouse, which is worth \$7.77 billion or \$26 per TD share. TD also owns 9 million shares of third-market securities firm Knight-Trimark (NASDAQ: NITE-\$55 1/5). This stake is worth about \$500 million, or another \$1.50 per TD share. **Backing out the value of these two positions indicates that the TD stub is being ascribed a value of only \$17 per share.** Toronto Dominion has a book value of over \$19 per share. But wait, there is more. TD Waterhouse recently made a \$25 million investment (for a 12.5% stake) in "Island ECN", an electronic-trading system based in New York. We would view this as a cheap option embedded within Waterhouse that could be monetized should (when?) Island go public.

ECN Connection

Instinet, founded in 1969, was the first of a growing number of electronic communications networks, or ECNs, that match buyers and sellers in the stock market. Rivals for post- and pre-market liquidity are busy sewing up partnerships, hoping to cash in on this fast-developing area. To name a few: Goldman Sachs (NYSE: GS) and E-Trade (NASDAQ: EGRP) have stakes in the Archipelago ECN, Microsoft co-founder Paul Allen is in Datek and the fast-growing Island ECN, too. Eclipse Trading -- headed by Instinet's former chief executive -- is planning a summer launch of after-hours trading with Morgan Stanley (NYSE: MWD). It is too early to tell who will be the winners and the losers among the ECN battles. So, we will not attempt to estimate what Waterhouse's investment in Island could be worth.

Recently Announced Spin-Off Situations

ACX Technologies to Spin-Off Coors Ceramics

On June 15, Golden, Colorado based ACX Technologies Inc. (NYSE: ACX) said it would spin-off its ceramics business, Coors Ceramics Company. ACX's two primary operating segments are Graphic Packaging Corp. and Coors Ceramics Company. ACX shareholders are expected to receive all the shares of Coors Ceramics in a tax-free distribution. The spin-off is subject to regulatory and board approvals plus a favorable IRS ruling. The company expects to complete the transaction by the end of the year. In 1998, ACX's revenues were approximately \$988 million, an increase of 35% over the prior year.

ACX Technologies, Inc.

ACX Technologies, Inc. was spun-off from the Adolph Coors Company in 1992. The Coors family still retains a 42% stake in ACX. Through ACX's wholly owned subsidiaries (Graphic Packaging Corp. and Coors Ceramics Company), the company manufactures high performance consumer and industrial packaging products and advanced technical ceramics and other engineered materials. After the spin-off, ACX will own the Graphic Packaging Corp., and 2 smaller divisions: a real estate development partnership and a solar electric system assembler/distributor. Graphic Packaging is the largest North American maker of folding paper cartons, such as boxes for beverages, cereal, fast food, frozen foods and soap. Its 1998 revenues were \$623.9 million, an increase of 71% from 1997. The Adolph Coors Company accounted for about 24% of Graphic Packaging's sales. Folding carton sales represented 75% of Graphic Packaging's total sales. Revenues of the real estate development partnership and of the solar electric system assembler/distributor were \$67.9 million for the year ended 1998, an increase of 11% over 1997. During the quarter ended March 31, 1999 revenues were \$150.7 million, or an increase of 8% over the quarter ended March 31, 1998.

Coors Ceramics Company

Coors Ceramics Company develops, manufactures, and sells technical ceramic products and other engineered materials across a wide range of product lines for a variety of custom applications. Formed in 1986, CCC is the largest U.S.-owned, independent manufacturer of advanced technical ceramics. During the last two years, CCC has moved into new products

Market Data:	6/21/99	FY: DEC
ACX Techology	ACX	
Price:	\$14.38	Shares Out: 27.4 m
52 Week Range	\$22 3/4 \$9 5/16	Market Cap: \$409 m
Annual Dividend	\$0.00	Revenues 98A: \$988 m
Dividend Yield	—	Revenues 99E:*
EPS 98A	\$0.73	Price-to-Revenues
EPS 99E	\$1.42	Book Value \$15.75
EPS 00E	\$1.70	Price-to-Book 0.91x
00E P/E:	10x	
01E P/E:	8.5x	

such as Teflon, silicon and aluminum based products. CCC's 1998 sales of \$296.6 million were to the automotive, petrochemical, power generation and mining, semiconductor equipment, telecommunications, and pulp and paper industries. Revenues in 1998 decreased by 3% from 1997. Revenues in the 1Q99 (ended March 31) fell to \$12.8 million from 1Q98, a decrease of 4%. After the spin-off, CCC is expected to have about \$200 million of debt.

ACX represents a classic spin-off opportunity – 2 unrelated businesses operating as a single entity. Separating the company into two distinct units will allow management to focus on their respective businesses. ACX has not released any additional information on the spin-off. The market viewed the news favorably; shares of ACX rose $\frac{15}{16}$ to \$13 $\frac{1}{2}$, gaining 7%.



Recently Announced Spin-Off Situations

Comdisco Plans DSL Offering in September

June 17th, technology services company Comdisco (NYSE: CDO) announced plans for a public stock offering of its high-speed digital subscriber line (DSL) business sometime in the first half of September. Comdisco Chief Financial Officer John Vosicky spoke about the IPO at the 1999 US Bancorp Piper Jaffray conference in Minneapolis. Comdisco, based in Rosemont, Ill., acquired the unit, New York-based Prism Communication Services Inc., earlier this year. Vosicky said Prism would result in \$25 million in losses at Comdisco this year. Comdisco is in negotiations with strategic partners to make a 2 to 2-1/2 percent investment in Prism.

Comdisco leases information technology (PCs, network servers), medical products such as MRI systems and CT scanners, and semiconductor production and test equipment. It provides asset management (procurement, administration, and disposal of a firm's PCs and other high-tech equipment), network maintenance, and continuity services (backup computer systems). It has agreed to sell its original business, mainframe leasing. **Through its subsidiary Prism Communication Services Inc., Comdisco is developing a high-speed, always-on digital network.** The company operates from more than 100 offices and facilities in North America, Europe, and the Pacific Rim. CEO Nicholas Pontikes, son of the firm's founder, and his family own 24% of Comdisco. The company's revenue for the 12 months ended March 31, 1999, was \$3.6 billion. Comdisco is evolving from a leasing company with an ill-fated focus on the mainframe computer markets to a technology services company providing an array of customer solutions (equipment planning, procurement, deployment, management, protection and asset disposal).

DSL (Digital Subscriber Line) Rollout

Recently the DSL business, offered by the Prism subsidiary, had 6 co-locations in Manhattan with 1 million individual phone lines installed. By July, the company estimates the number of co-locations will total 32 with 5 million individual phone lines plus 400,000 small and mid-sized customers signed up. By October, Comdisco estimates a total of 135 co-locations in 12 different markets and 11 million individual customers in 32 different markets with 27 million addressable phone lines. Comdisco recorded a loss of \$2.9 million last quarter for Prism.

Market Data:	6/29/99		FY: Sep
Comdisco	CDO		
Price:	\$24 5/8	Shares Out:	151 m
52 Week Range	\$30 7/8 \$10 3/4	Market Cap:	\$3,700 m
Annual Dividend	\$0.10	Revenues 98A:	\$3,243 m
Dividend Yield	0.43%	Revenues 99E:	\$3,550 m
EPS 98A	\$0.93	Price-to-Revenues	1x
EPS 99E	\$1.01	Book Value	\$8.90
EPS 00E	\$1.15	Price-to-Book	2.76x
99E P/E:	24.4x		
00E P/E:	21.4x		

Hidden Assets

Comdisco has a 12-year old Venture Lease business which contributes to the company's results. Comdisco provides a variety of financing products to venture backed start-ups that include equipment leases and loans, subordinated debt, receivables financing and equity financing. Comdisco invests in all stages of companies, from seed to mezzanine and pre-IPO. A typical arrangement is Comdisco leases equipment to start-ups in exchange for normally 1% or less of the company's warrants. The \$30-\$40 million in profit that is realized annually from Venture Lease is attributed 50/50 to warrants and profitability of the leases. At December 31, 1999, Comdisco had \$27 million worth of publicly traded stocks that it owned but had not recognized (off the P&L). At March 31, 1999, the company had \$56 million worth of publicly traded stocks that it owned but was not recognized. There are approximately 15 companies in Venture Lease's portfolio undergoing registration, including E-Toys, Flycast, NextCard, and Northpoint Communications. Critical Path (NASDAQ: CPTH-\$53) a recent IPO (Critical Path handles the mail for about five million e-mailboxes) enjoys a \$2 billion market capitalization. Venture Lease has invested in more than 550 companies over the past 12 years. If the IPO market for Internet-related stocks remains strong, some of these investments will prove to be very rewarding.

Recently Announced Spin-Off Situations

Crane to Spin-Off Huttig

Crane Co. (NYSE: CR), a \$2.3 billion manufacturer of airplane-braking systems and fluid-handling equipment, said that it is considering spinning off its Huttig Building Products division to shareholders. The distribution of Crane's wholesale/distributor, will not happen for at least six months pending a tax-free ruling from the IRS. Crane is spinning off Huttig so that the division can participate in the consolidation taking place within its own industry as a stand-alone unit. Furthermore, management stated Crane has been considering the move for some time to improve its bottom line. Huttig accounts for about 1/3 of Crane's revenues but only about 13% of its earnings. Separating lower-margin Huttig from Crane's remaining businesses should result in a higher valuation for Crane's stock. Crane's operating margins, excluding Huttig, could approach 15% for 1999, versus 11.5% with Huttig, before corporate expenses.

Crane makes a variety of industrial products and is a leading US distributor of doors, windows, and millwork products through its Huttig Sash & Door Company subsidiary. Its offerings include valves and fluid control products, aerospace components and systems (including pressure sensors and braking systems), electric switches, fiberglass panels for refrigerated trucks, plumbing fixtures, and vending machines. Crane sells through distributors and directly to aerospace, automotive, construction, defense, fluid-handling, and other industrial customers. About 20% of the company's sales are generated outside the United States.

Huttig

Huttig Building Products is the third-largest distributor of Anderson Windows in the United States and also distributes doors and construction materials for retailers, contractors, and home remodelers. While Huttig has sales of nearly \$900 million, operating margins at Huttig have increased to over 4% from less than 3% five years ago. Huttig's

Market Data:	6/30/99		FY: DEC
Crane	CR		
Price:	\$31 7/16	Shares Out:	68 m
52 Week Range	\$35 11/16 \$21 3/4	Market Cap:	\$2,137 m
Annual Dividend	\$0.40	Revenues 98A:	\$2,260 m
Dividend Yield	1.26%	Price-to-Revenues	.94x
EPS 98A	\$2.00	Book Value	\$9.27
EPS 99E	\$2.31	Price-to-Book	3.4x
EPS 00E	\$2.54	LT Debt-to-Cap	37%
99E P/E:	13.6x	ROE (98)	23.5%
00E P/E:	12.4x		

profitability levels have remained below Crane's manufacturing businesses.

First Quarter Results

In April, Crane reported first quarter net income of \$33.7 million or \$0.49 per share compared to \$29.9 million or \$0.43 a share in the first quarter 1998. Revenues for Q199 improved 9% to \$575 million, while operating income rose 9% to \$57 million on flat operating margins of 9.9%. Pre-tax income rose 11% to \$52 million on a \$1 million rise in interest expense which was offset by a \$2 million positive swing in miscellaneous income. EPS increased 14% to \$0.49 on a modest decline in share count. Crane repurchased 800,000 shares at an average price of \$25 per share in the first quarter. Revenues in 1998 increased by 11% to \$2,268.5 million. Net income and EPS also increased in 1998 to \$138.4 million (23% increase) and \$2.00 per share (23% increase).

Recently Announced Spin-Off Situations

HealthSouth Plans to Split its Inpatient/Outpatient Units.

On June 14th, the board of HealthSouth (NYSE: HRC) Corporation, the nations largest provider of outpatient healthcare services and inpatient rehabilitation services, approved a preliminary plan to separate its inpatient and outpatient service units, through a tax-free spin-off of the inpatient unit. The Spin-Off will be called **HealthSouth Hospital Corp.** HealthSouth has 1,900 facilities in all 50 states, Puerto Rico, the United Kingdom and Australia. The spin-off is contingent upon a favorable **tax-free ruling** and also upon various governmental and third party approvals. The spin-off is expected to happen by year-end.

HealthSouth Post-Spin

HEALTHSOUTH will include more than 1,200 outpatient rehabilitation centers, 222 outpatient surgery centers, 119 diagnostic centers and 119 occupational health centers. Outpatient care generally involves services provided to patients who aren't staying in hospitals or clinics overnight.

HealthSouth Hospital Corp

HealthSouth Hospital Corporation will operate HealthSouth's 128 inpatient rehabilitation locations, including 4 acute-care hospitals. These facilities contain approximately 8500 licensed beds. During the year ended December 31, 1998, the company's inpatient facilities achieved an overall utilization, based on patient days and available beds, of 76%.

Risks

A key factor in the decision to separate the two entities is their exposure to Medicare. In October 2000, inpatient facilities and inpatient rehabilitation hospitals will be affected by a new reimbursement system for Medicare, known as Prospective Pay (PPS). While HealthSouth will have minimal exposure, HealthSouth Hospital will have a higher level of exposure to Medicare, due to more prolonged visits of elderly people. This new system, based on fixed costs, is likely to damage some health care

Market Data:	6/25/99	FY: Dec
HealthSouth	HRC	
Price:	\$14 9/16	Shares Out: 442 m
52 Week Range	\$19 3/8 \$13 1/4	Market Cap: \$6,438 m
Annual Dividend	\$0.00	Revenues 98A: \$4,006 m
Dividend Yield	—	Price-to-Revenues 1.6x
EPS 98A	\$0.11	
EPS 99E	\$1.10	Book Value \$8.31
EPS 00E	\$1.25	Price-to-Book 1.76x
99E P/E:	13.0x	
00E P/E:	11.7x	

companies. Investors may be more prone to hold the outpatient company due to Medicare exposure on the inpatient side. Therefore we could see a significant sell-off post-spin.

Financial Information

The company generated \$1,031 M in revenues in Q1 (ended March 31, 1999) and earned \$109.9 M or \$0.26 per share. Revenues remained relatively flat (\$1,031 M) when compared to Q498 (\$1,040.81 M). Earnings however, jumped from a loss of \$0.46 per share in 4Q98 to positive earnings of \$0.26 in 1Q99. In 1998, revenues grew by 28% to \$4,006 M while net income declined by 86% to \$46.56 M.



Recently Announced Spin-Off Situations

Ralston Purina Announces Intention to Spin Eveready

On June 10th, St. Louis based Ralston Purina (NYSE: RAL) announced its intention to spin-off Eveready Battery Co. In fiscal 1998, Eveready had sales of \$2.07 billion but has been struggling to generate earnings. The Asia market provides about 25% of Eveready's earnings. Ralston expects to complete the spin-off of Eveready around year-end, and spin-off is contingent upon receiving a favorable tax ruling from the Internal Revenue Service.

Eveready Battery Co.

Eveready Battery Co. is the world's second largest maker of alkaline batteries and the largest maker of flashlights and of dry cell batteries, including Eveready and its flagship Energizer batteries. As a prelude to spinning off Eveready, Ralston has been divesting its holdings not related to its two core divisions of pet-food and batteries. In 1998, the company spun-off its international animal feed business as Agribands International (NYSE: AGX). Earlier this year, the company announced plans to sell its rechargeable battery division. With a 32.5% market share, Eveready is second only to Gillette-owned Duracell, whose market share is 43.6%. Rayovac is third with a market share of 11.1%. During the most recent 52-week period, Rayovac gained market share at Eveready's expense. Rayovac grew its market share from 9.8% to 11.1%; Eveready lost market share from 35.3% to 32.5%.

The battery market is one of the better consumer-product categories. It has grown about 8% - 10% annually. Being spun-off will force Eveready management to focus on operations because its financial results will no longer be combined with Ralston's. After the spin-off, Eveready could be a possible acquisition candidate for another consumer products-company or from a Japanese battery maker. US battery makers have focused on single-use batteries used in CD players and pagers. Japanese battery makers have targeted rechargeable batteries, such as ones in laptop computers.

Ralston Purina

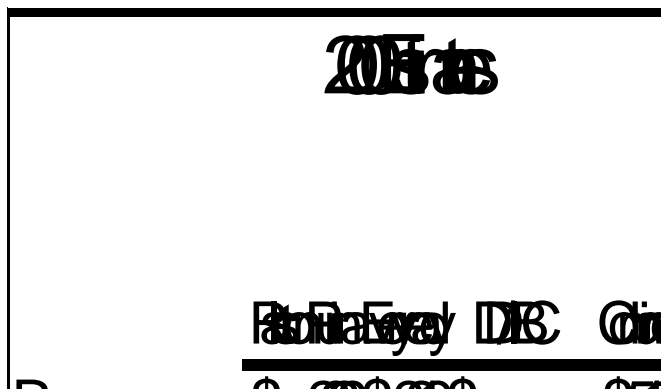
Ralston Purina is the leading brand of dry pet food (Cat Chow, Dog Chow, Puppy Chow and Meow Mix) in North America. Fiscal 1998 sales for Ralston Purina Pet Products were \$2.58 billion. For the 52 weeks ended March 28, Ralston's cat food sales were up 4.1% to \$622.6 million and dog food sales rose 6.1% to \$1.14 billion. Ralston Purina has become more dependent on Wal-Mart, which accounts for about 14% of sales. In addition to owning

Market Data:	6/10/99		FY: Sept
Ralston-Purina	RAL		
Price:	\$29.56	Shares Out:	317.5 m
52 Week Range	\$39.07 \$25.625	Market Cap:	\$9,366 m
Annual Dividend	\$0.40	Revenues 98A:	\$4,647.4 m
Dividend Yield	1.35%	Revenues 99E:	\$4,896 m
EPS 98A	\$1.21	Price-to-Revenues	157.22
EPS 99E	\$1.30	Book Value	\$4.73
EPS 00E	\$1.45	Price-to-Book	6.25
99E P/E:	22.7x	LT Debt/Total Cap	60.66%
00E P/E:	20.3x		

Eveready, Ralston also owns 22.5 million shares of DuPont (NYSE: DD) worth about \$1.54 billion and 30 million shares of Interstate Bakeries Corp. (NYSE: IBC) worth about \$630 million (see arb sheet).

History

Ralston Purina acquired Eveready Battery from Union Carbide Corp. (NYSE: UK) in 1986 as Union Carbide sold assets in the wake of its chemical disaster in India. Ralston's spinning-off of Eveready represents a classic spin-off opportunity: two unrelated businesses operating as one company. Freed of the problems in its battery division, Ralston Purina hopes to attract more investors to its pure play pet-food business. The company has yet to announce any specifics about the transaction. One of the concerns is how Ralston will divide its debt of \$2.3 billion between the spin-off and itself. Another concern is how many shares of Eveready will shareholders of Ralston receive. Currently, there are 317.5 million shares of Ralston outstanding. On the news of the announcement, Ralston Purina shares gained \$1.8125 to \$29.50.



Recently Announced Spin-Off Situations

Snyder to Issue Tracking Stock for circle.com and to Spin-off its Healthcare Agency

On May 12, 1999, Snyder Communications, Inc. (NYSE: SNC) announced its intention to issue tracking stock for its interactive communications arm, circle.com. Snyder will distribute 100% of the tracking stock as a dividend. Additionally, On June 23, Snyder revealed its plans to spin-off its healthcare marketing services business to create a new publicly traded company, Snyder Healthcare Services, through a tax-free stock dividend. Snyder anticipates completing both transactions in September or October of this year. Lastly, Snyder also announced that its Board of Directors authorized share repurchasing of at least \$100 million worth of SNC stock. At \$30 per share, the company would be able to repurchase about 3.3 million (4%) of the outstanding shares. Management initiated all of these transactions to help bolster its stock. Recently, on May 28, the stock hit a one-year low of 20 ³/₄. Since then, the stock has rebound by almost 50% to 29 ¹/₂ on June 24.

Snyder Communications

After the spin-off, Snyder will be a global, direct marketing, advertising, and Internet based professional services organization. The company offers a variety of direct marketing services: database management and mailings, Web site design, strategic planning, teleservices, advertising and brand positioning. Since the founding of the company, it has grown by building and initiating new programs and service offerings and by acquiring businesses that offer complementary services. The Company will have four agency networks after the spin-off: **Brann Worldwide** (direct marketing), **Bounty SCA Worldwide** (sales promotion and specialty direct marketing services), **Arnold Communications** (advertising, creative and PR services), and **circle.com** (full service interactive agency). Between the four agencies, Snyder is going for the "One-stop" shopping network for its global clients, while eliminating redundancies and increasing cross-selling opportunities.

Market Data:	6/22/99		FY: Dec
Snyder Comm.	SNC		
Price:	\$27.69	Shares Out:	76.6 m
52 Week Range	\$50 \$20 ³ / ₄	Market Cap:	\$2,122 m
Annual Dividend	\$0.00	Revenues 98A:	\$815 m
Dividend Yield	0%	Revenues 99E:	\$1,097 m
EPS 98A	\$1.05	Price-to-Revenues	14.3x
EPS 99E	\$1.41	Book Value	\$5.13
EPS 00E	\$1.85	Price-to-Book	5.4x
99E P/E:	19.8x		
00E P/E:	15x		

Financial

In 1998, revenues for all of Snyder grew by 33% to \$815 M. Additionally, the company reported 1Q99 EPS of \$0.30, beating market expectations for the eleventh quarter consecutive quarter. Snyder estimates 2nd quarter revenues to be \$256 million and EPS of \$0.31. The 1998 results restated on a pro forma basis, exclusive of Snyder Healthcare Services, are revenues of \$493.8 million and pre-tax net income, exclusive of non-recurring acquisition charges, of about \$76.3 million. The company estimates 1999 revenues for the four agencies to be over \$600 million (75% from direct marketing and 25% from advertising and PR). Clients include Bell Atlantic, British Telecom, Fleet Financial Group, IBM, and McDonald's.

Snyder Healthcare Services (Spin-off)

Snyder Healthcare Services (SHS) will be the world's largest provider of sales and marketing services for the pharmaceutical and life science industries. The new CEO of the SHS is Eran Broshy of The Boston Consulting Group. In 1998, SHS recorded \$321.5 million in revenues and generated pre-tax net income, exclusive of non-recurring acquisition charges, in excess of \$42.6 million. The company estimates that revenues will exceed \$400 million in 1999. SHS will divide into 3 operating groups: Health Product

Research Group, Healthcare Communication Group, and Contract Sales Group. The Health Product Research Group seeks to optimize the mix of sales and marketing levers over a product's lifecycle. Healthcare Communication Group educates physicians and decision-makers about advances in pharmaceuticals from the prelaunch of a product to maturity. The Contract Sales Group implements and executes the outsourced sales programs. The Contract Sales Group has one of the largest direct sales forces in the world. Clients of the organization include the 20 largest pharmaceutical companies in the world as well as 45 of the 50 largest. Clients include Abbott Laboratories, Bausch & Lomb, Baxter, Bristol-Myers-Squibb, and Eli Lilly. SHS will be listed on the NASDAQ. Only Quintile Transnational (NASDAQ: QTRN) is a direct competitor across all of SHS's operating groups. Professional Detailing and Cardinal also compete with SHS but are more focused in services offered.

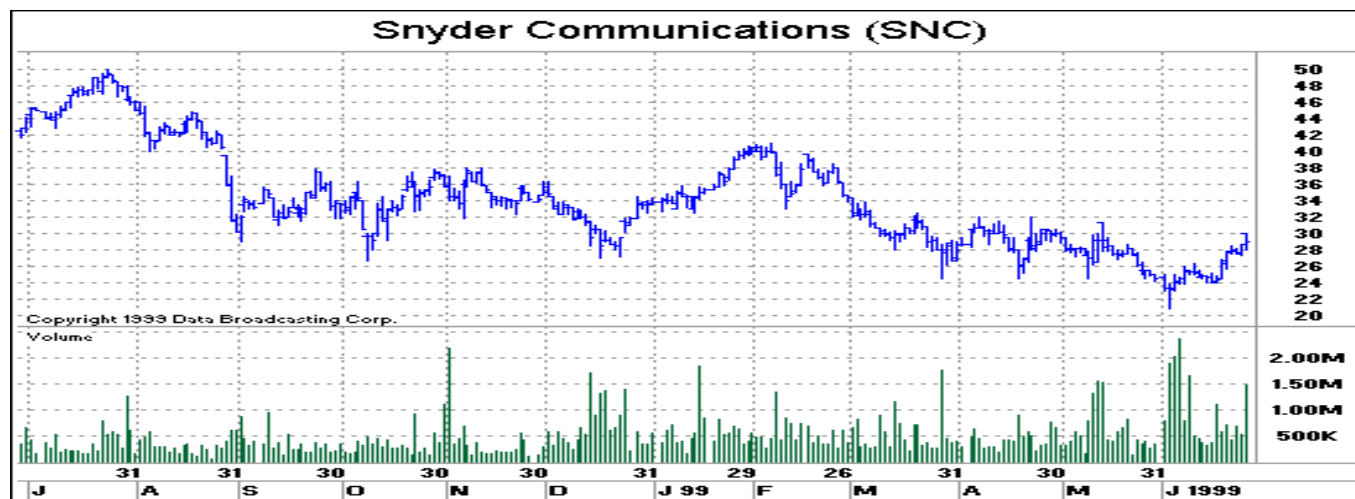
Management believes that SHS is positioned to capitalize on a trend in the pharmaceutical and life science industries to outsource marketing services. Currently, approximately \$1.4 billion out of an estimated \$50 billion of marketing services are outsourced (2.8%). However, because regulatory and cost containment pressures along with escalating R&D costs, management believes that more companies will outsource their marketing services to increase flexibility and to control costs.

circle.com (Tracking Stock)

circle.com creates and manages on-line commerce, customer service and marketing programs for Fortune 500 and emerging e-commerce companies. The services that the company offers are business consultancy, brand development, interactive marketing databases, real-time marketing systems and e-commerce architectures. By measuring the entire customer lifecycle, circle.com is able to measure revenue in real time and to optimize customer relationships. Customers of circle.com include IBM, wsj.com (The Wall Street Journal – a subsidiary of Dow Jones & Co. - NYSE: DJ), Bell Atlantic, toysmart.com, OfficeDepot.com (a subsidiary of Office Depot - NYSE: ODP), Mobil Oil (NYSE: MOB), and Fleet Financial. In 1999, revenues are estimated to grow over 90% to \$40 million from \$21 million in 1998.

Tracking Stock

Management hopes to highlight a rapidly growing division and to grow this business without adversely impacting its own earnings. The tracking stock reflects the performance of circle.com separately from its parent yet offer investors no voting rights or claims on corporate assets. See our April 1999 and June 1999 issues for more information and discussion of tracking stocks.



Recently Announced Spin-Off Situations

Symantec Corp. to spin-off its Internet-tools

On June 10, Cupertino, California based Symantec Corporation (NASDAQ: SYMC), a leading maker of utility software for business and personal computing announced that it will spin-off its Internet Tools unit. Management hopes to capitalize on what they perceive as increased corporate demand for Java software. Symantec's Internet Tools unit is regarded as the leading provider of Java development solutions for web-enabling enterprise organizations. Symantec initially will be the sole shareholder but expects to add other investors. The move will be the first in a series of steps to highlight the operations of the Internet company on its way of becoming a publicly traded company.

About Symantec

Founded in 1982, the Company is the 7th largest PC software company in the world. Symantec products include security and assistance (facilitating customers' daily use of computers by keeping computers safe and reliable, including the popular Norton products of anti-virus and PC-assistance products), remote productivity solutions (focusing on helping remote users remain productive, including products such as pcAnywhere, Winfax, and ACT!), and the Café product line (Internet development tools). More than 50 million customers worldwide use Symantec products. The number of units that the company distributes domestically through the retail channel is second only to Microsoft. For its fiscal year ended March 1999, revenues grew by 10% from fiscal year ended March 1998 to \$633.8 million. Net income, however, decreased by 41% to \$50.2 million.

Internet Tools

Symantec is expected to form the Symantec Internet solutions company (Internet Tools) sometime by year end. Internet Tools will market Symantec's flagship Internet product called VisualCafe. Management hopes to grow its presence in the Web technologies market by helping corporations integrate the Web within their existing business systems. The company is also expected to continue developing VisualCafe.

Market Data:	6/28/99	FY: March
Symantec	SYMC	
Price:	\$24 1/16	Shares Out: 55.67 m
52 Week Range	\$8 11/16 \$29	Market Cap: \$1,340 m
Annual Dividend	\$0.00	Revenues 99A: \$633.8 m
Dividend Yield	—	Revenues 00E:
EPS 99A	\$1.42	Price-to-Revenues 2.19
EPS 00E	\$1.87	Book Value 5.99
EPS 01E	\$2.26	Price-to-Book 4.02x
00E P/E:	12.9x	
01E P/E:	10.6x	

Internet Tools helps corporations build software based on the Java programming language, which allows software to run on different programming languages. According to market researcher PC Data, during the past year the company increased its share of the Java market to 56% from 33% (ahead of Microsoft, IBM and Sun Microsystems). Internet Tools generated \$31.7 million in the fiscal year ended March 1999, or 5% of Symantec's revenues. Forrester Research expects the e-commerce software market to grow to \$1.4 billion by 2002.



Recently Announced Spin-Off Situations

Tektronix to Spin-Off Color Printing and Imaging

On June 24, Tektronix Inc. (NYSE: TEK) shares closed up \$3.25, or 12%, at \$29 1/8 on the news of the company's announcement to split into 2 publicly traded companies within 1 year. One company will be a test and measurement company still called Tektronix (\$845 million in revenues in 1999); the other will be a color printer and imaging company (revenues of \$725 million). An IPO for about 15% of the new color printing and imaging company prior to the end of fiscal year 2000 is also under consideration. TEK shareholders would then receive the remaining shares at some time after the offering. The spin-off is expected to be a tax-free dividend and to be completed by FY end (May) 2000. TEK also announced that it intends to sell or find a strategic alliance for its Video & Networking Division, excluding its VideoTele.com unit.

Tektronix

Currently, Tektronix makes digital-broadcast equipment, test and measurement devices and color laser printers. Tektronix measurement business provides telecommunications test products, oscilloscopes, signal measurement and television test equipment. Sales fell 7% in the fourth quarter to \$230.6 million from \$247.3 million a year ago and orders fell 3%. Sales for the test and measurement business in total were \$845 million in 1999. Sales growth is estimated to be 7% (\$904 million, excluding videotel.com). FY 2000 operating margins are expected to increase by 200 basis points to 11%.

Video Networking

Tektronix plans to sell or find a strategic partner for its video and networking division excluding the VideoTele.com business. Sales in FY 1999 for the video and networking division were \$299 million and about \$260 million when excluding VideoTele.com. The video and networking division provides communication solutions to distribute and store broadcast and post-production information.

Spin-Off

The color printing and imaging division makes high-end printers. **The company may carve-out a 15% stake in the new color printing and imaging company in an IPO before the fiscal year end (May), however the IPO is not a prerequisite to the spin-off.** Color printing sales in the fourth quarter rose to \$213.1 million from \$203.7 million a year ago; orders fell 8% from last year. Sales for the color printing and imaging business in total were \$725

Market Data:	6/25/99	FY: May
Tektronix	TEK	
Price:	\$29 3/8	Shares Out: 47.7 m
52 Week Range	\$37 1/16 \$13 11/16	Market Cap: \$1,401 m
Annual Dividend	\$0.48	Revenues 98A: \$1,863 m
Dividend Yield	1.6%	Revenues 99E:* \$1,741 m
EPS 99A	(\$1.07)	Price-to-Revenues .80
EPS 00E	\$1.68	Book Value \$13.02
00E P/E:	17.5x	Price-to-Book 2.25x

*Excludes Video & Networking

million in 1999. Its U.S. market share was estimated at 34%, 2nd to Hewlett-Packard at 44%, the industry leader. Sales growth is estimated at about 10%. FY 2000 operating margins are expected to increase by 400 basis points to 8%.

Financial Information

FY 2000 capital expenditures are expected in the \$70 million to \$80 million range (4% of expected sales), compared with \$117 million in FY 1999 (6% of sales). The decrease is a result of heavy equipment investment in FY99. Total debt is \$267 million (30% debt-to-capital ratio). Comprised of \$116 million S/T, \$151 L/T. For the quarter ended May 29, 1999, TEK reported net income of \$24.8 M or \$0.53 per diluted share, compared to year ago earnings of \$42.5 million and \$0.83 per share. For the year ended May 29, 1999, TEK had a net loss of \$51.2 M and an EPS before non-recurring charges of \$0.65 per share. Consensus estimates were for TEK to earn \$0.64 per share. For the year ended May 1998, the company earned \$82.3 M and \$2.63 per share.



Foreign Announced Spin-Off Situations

Dixons Group PLC to Carve-Out Freeserve

On June 7th, UK's largest electronics retailer Dixons Group (London: DXNS) with about 950 stores divided among four retail chains, announced plans to take its Freeserve Internet unit public. Dixons Group, plans to IPO a 20%-25% stake. Freeserve, which has grown rapidly on the back of its subscription-free Internet service, has about 1.3 million active subscribers. In May, Freeserve had about 65 million user hits. Freeserve is expected to be dual listed in London and on Nasdaq (no SEC filing as of 6/28).

Has Freeserve missed the Boat?

Freeserve, may have missed the boat in terms of the Internet boom in the U.S., where there is already a glut of new issues. A flood of new Internet firms are expected to come to market in the U.S. via IPO's, with some 20 Internet IPO "roadshows" doing the rounds at the moment. Freeserve's business model expects its revenues will come eventually from e-commerce. Freeserve has no real track record and its revenues, based on call charges, e-commerce and advertising, are difficult to estimate.

Competition

Freeserve, launched last September, already spurred a whole list of competitors, including the UK's biggest supermarket Tesco Plc, the top selling tabloid newspaper *The Sun* and broadcaster British Sky Broadcasting Group Plc launched its own free service provider. AOL Europe is also considering offering free Internet access in Britain to counter the rise of new online companies such as Freeserve. AOL was Britain's top Internet access company until Freeserve's launch last autumn.

About Dixons Group PLC

Its flagship **Dixons** chain sells a variety of consumer electronics, including appliances, computers, and cameras, through more than 340 stores (including five duty-free shops). **Currys** sells appliances in about 380 stores (two-thirds of which are superstores). **PC World** sells computers (Dixons

Market Data:	6/21/99		FY:April
Dixons Group PLC	DXNS.L		
Price:	1130p	Shares Out:	434 m
52 Week Range	1578p 474p	Market Cap:	£4,904
Annual Dividend	13	Revenues 98A:	£4,635
Dividend Yield	1.1%	Revenues 99E:	
EPS 98A	34.8p	Price-to-Revenues	
EPS 99E	37p	Book Value	150p
EPS 00E	41p	Price-to-Book	7.8x
99E P/E:	30x		
00E P/E:	27.5x		

Group has more than 50% of the UK's computer market) in about 55 stores. **The Link** sells mobile phones in nearly 170 stores. Dixons' Mastercare unit provides after-sale support and service for customers of those chains. Dixons Group PLC is a member of the FTSE 100.

Valuation

Street estimates value Freeserve between £1 billion and £2 billion pounds (average \$2.4 billion) based on 1.3 million users or \$1,846 per user. This implies Freeserve is valued at \$5.50 per Dixons Group's share. Freeserve's closest comparable is AOL based on its mix of businesses and revenue sources. However AOL has more than 15 million subscribers, and whom are valued at about \$5,000 each. A significant difference to point out, AOL charges a subscription fee whereas Freeserve does not. A low end comparison, UK Internet service provider Easynet Group Plc, (London: ESY) with 135,000 subscribers, has a value per subscriber of \$1,300 each.

Foreign Announced Spin-Off Situations

Shaw Communications to Spin-Off Media Assets

On June 10th, 1999, Shaw Communications (Toronto Stock Exchange: SJR.B) (Alberta Stock Exchange: SJR.B, SJR. A.) (NYSE: SJR.B), announced plans to spin-off its media assets into a new publicly traded company called Corus Entertainment. The plan is contingent on shareholder and regulator approval and is expected to be tax-free. **The spin-off is viewed as a way to overcome legal barriers of cross ownership and become “pure plays” allowing each unit to pursue separate growth strategies.** If approved the distribution is expected to occur in September or October.

Corus Entertainment

Corus will have 1,200 employees with annual sales of over C\$280 million. Corus will have six TV Channels including YTV (Young TV), Treehouse TV (Pre-schoolers) and CMT (Country Music). Corus will also own equity positions in three other specialty networks, Comedy network (15%), Teletino (20%) and Teletoon (20%). There are also plans to launch two new specialty networks targets at teens (Chaos) and Rock Video (The Edge). In addition, Corus will have eleven radio stations in four provinces, including three recently acquired from Blackburn Radio.

Shaw Communications

Shaw is Canada's 2nd largest cable-television company behind Rogers Communications (NYSE: RG CI B). Shaw serves 1.5 million subscribers in western Canada and Ontario and offers @HOME Internet access over its networks. Shaw also provides telecom services to businesses over fiber-optic networks in Calgary and Toronto and offers paging. It owns 49% of direct-to-home TV carrier Star Choice (Vancouver: STC) and operates a satellite-delivered music service. **Chairman J. R. Shaw and his family own 75% of the voting shares.**

Digital Cable

Digital cable offers Dolby Digital™ (AC-3) sound and picture clarity with up to 200 channels of viewing and listening options. The signal travels through the cable already installed in the home to a set top box. There is no rewiring, no satellite dishes, no weather interference and no cost for follow up service. The service fee for digital cable is only \$4.00 more than the existing analogue decoders, and includes the Navigator, 30 channels of Digital Music Express and access to more Pay TV services. In addition to Digital Basic Services, customers who order any Pay TV or Pay Per View service offered by Shaw including the

Market Data:	6/28/99		FY: Aug
Shaw Comm.	SJR		
Price:	C\$55	Shares Out:	88.3 m
52 Week Range	C\$61 C\$27.90	Market Cap:	C\$4,859 m
Annual Dividend	C\$.08	Revenues 98A:	C\$783.8
Dividend Yield	.01%	Revenues 99E:	C\$877.0
EPS 98A	C\$-0.01	Price-to-Revenues	5.5x
		Book Value	C\$13.04
98 EBITDA:	C\$3.62	Price-to-Book	4.2x
99E EBITDA	C\$4.02	98 Cashflow per share	C\$2.30
Price-to-EBITDA	13.7x		

commercial free, movie service TMN 1, 2, 3, 4 and Moviepix. When any of these channels are ordered, customers automatically receive four US Superstations WGN, WSBK, WPIX, and KTLA.

The Navigator

The Navigator is unique to Shaw Communications, an interactive program guide and 30 channels of commercial-free Digital Music Express (DMX). Customers can use the Navigator to sort program listings by time, channel and theme for special programming such as movies, sports and children's shows. Digital Music Express has CD quality sound on 30 channels with a variety of different music formats. DMX is used as a continuous music source in thousands of commercial establishments and now, is available for consumers. Shaw expects to have more than 200 audio and video choices for digital cable customers in all Shaw markets. Channels will include CTV Sportsnet regional programming, Star TV, Canadian Learning Television (CLT), and Talk TV, along with Deutsche Welle (German/European news), TV Japan, Asian Television Network (South Asian), Odyssey Television (Greek), and Fairchild television (Chinese) and other multilingual video and audio services. SHAW Digital Cable is currently available in Calgary, Edmonton, Lethbr, Pickering, Richmond Hill, Winnipeg, Orangeville and Barrie.

Acquisition and Legal Restrictions

With recent consolidation in the cable industry, we wanted to point out that foreign entities are restricted to 1/3 ownership of voting shares.

Foreign Announced Spin-Off Situations

CommerzBank

On June 10th, Commerzbank (Frankfurt: CBK) announced plans to Carve-Out up to 25% of its direct-banking unit. It does not surprise us that they intend to carve-out Com-Direct given the high multiples online trading units command. Recently, we have seen several completed carve-outs of online trading units. DLJ's (NYSE: DLJ) 16 million share offering of DLJ Direct (NYSE: DIR) raised \$320 million (€307). It appears that investor appetites are still strong for internet brokerage IPO's. More recently (6/22/99), Toronto Dominion's raised its IPO offering from 32 million shares priced between \$22-\$24 to 42 million shares of TD Waterhouse Group (NYSE: TWE and TSE: TWE) and priced at \$24 per share, raising \$1 billion (€969). TD Waterhouse Group opened on June 23rd at \$26 per share.

Comparables

DLJ Direct (6/22: \$32) has about 590,000 accounts and trades about 22x's revenue per share down 50% from a high of 43x's revenue per share on its first trading day, May 26th. DLJ Direct has 100 million shares outstanding implying a market capitalization of \$3.2 billion or \$5,423 per account (3.2 billion / 590).

TD Waterhouse Group (6/23: \$26) has about 1,900,000 active accounts and reported revenues of \$464 million for the six months through April 30th. TD Waterhouse has 365 million shares outstanding, with a market capitalization of \$9.4 billion valuing each account at \$4,994 (9,490/1.9). This suggest the stock trades at 20x's sales (26/1.27) through April.

Consors Discount Broker AG (6/22: €78.16, Berlin: CSO) is a Domestic comparison for Commerzbank's Com-Direct unit. It has approximately 190,000 accounts. Consors has 44 million shares outstanding with a market capitalization of (€3.4 billion) implying a market value of €18,000 (\$18,720) for each account.

Market Data:	6/22/99		FY:Dec
CommerzBank	CBK		
Price:	€29.15	Shares Out:	501 m
52 Week Range	€37.17 €19.68	Market Cap:	€14,610 m
Annual Dividend	€ .77	Revenues 98A:	€20,000 m
Dividend Yield	2.6%	Revenues 99E:	
EPS 98A	€1.86	Price-to-Revenues	
EPS 99E	€1.90	Book Value	€20.3
EPS 00E	€2.20	Price-to-Book	1.44x
99E P/E:	15x		
00E P/E:	13x		

Valuation

Com-Direct has an estimated 200,000 accounts of which 150,000 are trading accounts. We will value Com-Direct with its domestic comparable Consors because of local market conditions, implying a market capitalization of €3.1 billion (150,000 x 18,000) + (50,000 x 9,000). We valued non-trading accounts at a 50% discount. This would indicate that Com-Direct is worth about €6.2 per share for every CommerzBank share outstanding. If we back-out Com-Directs estimated value, Commerzbank is valued at €23 per share.

Parent Sell-Off?

It is not uncommon for the parent company to be bid up to rich levels in expectation of the IPO and then sell off as traders switch the parent for shares of the Carve-Out when available. DLJ is trading 20 percent lower from \$68 on May 25th to \$55 per share on June 23rd, and has traded as low as \$50 since the IPO of DLJ Direct. We would expect Commerzbank to be no different

Foreign Announced Spin-Off Situations

Hoechst AG to merge with Rhône-Poulenc S.A. and Spin-Off Chemical Division

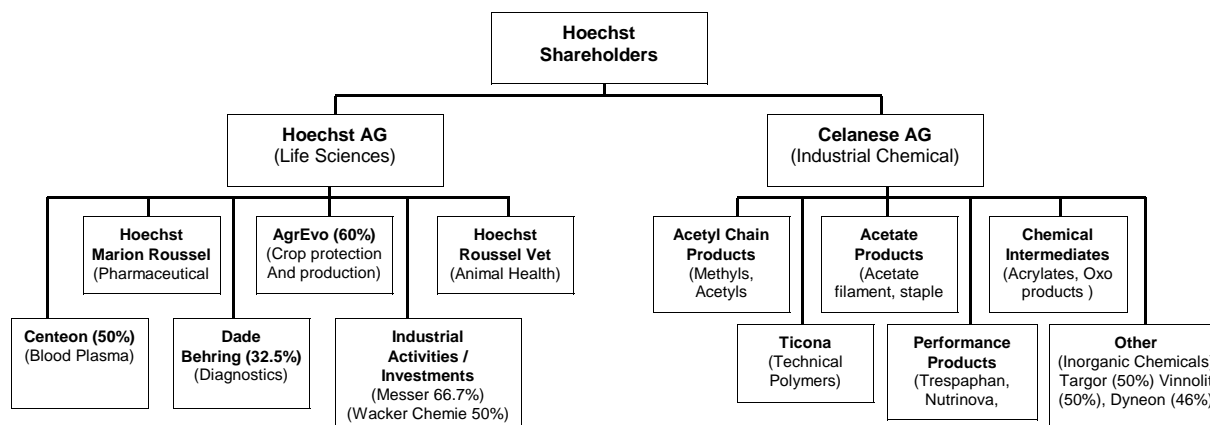
On December 1st, 1998, Hoechst AG (NYSE: HOE, Frankfurt: HFAG) announced plans to merge with Rhone-Poulenc (NYSE: RP) to form the world's largest life sciences company called Aventis. The deal is valued at approximately \$21 billion. Initially, the deal was expected to close in 2000-2001 but Hoechst's largest shareholder (Kuwait Petroleum Corp.- 24.5%) objected to the slow pace of the merger. The deal is expected to close in November of this year. Rhône-Poulenc will exchange 3 shares for every 4 Hoechst shares, conditioned on Hoechst repurchasing 29 million shares, a special dividend to Hoechst shareholders equal to €1.5 billion, and the spin-off of Celanese AG to shareholders. The spin-off is expected to be a tax-free distribution prior to the merger. The pro-forma ownership of Aventis would be 47% and 53% for Rhône-Poulenc and Hoechst shareholders, respectively. Hoechst AG believes that as stand alone entities both Life Sciences and Industrial chemicals will create better opportunities to shareholders. The global Life sciences market is growing rapidly, driven by population growth and increasing life expectancies.

Rhone-Poulenc

Rhone-Poulenc (NYSE: RP-ADR) life sciences division develops pharmaceuticals, human and animal vaccines, and herbicides and insecticides. Rhône-Poulenc's market capitalization is \$16 billion, and has 372 million shares outstanding. Rhône-Poulenc S.A. had sales in 1998 of FF86.8 billion (US\$14.7 billion; €13.232 billion), the company employs 65,000 people in 160 countries worldwide. Primary units in this sector are US subsidiary Rhône-Poulenc Rorer (which makes Maalox over-the-counter antacids, as well as pharmaceuticals), Merial (a product of the merger of Rhône-Poulenc's and Merck's animal health units), and Pasteur Merieux Connaught (which makes vaccines). The company plans to divest its 70% of specialty chemical maker Rhodia (NYSE: RHA-ADR) valued at \$2.2 billion or \$6 per Rhone-Poulenc share, which it carved-out in 1998 as part of its refocusing on life sciences.

Aventis

Aventis will have a market capitalization of \$35 billion, and will trade on the Frankfurt Stock Exchange (FSE), the NYSE will list ADR's. **It**



	Hoechst HOE	Acquirer Rhône	Implied Acquirer 0.470	Celanese	Celanese 1:10
Price as of: 06/21/99	45 5/16	44 1/16	44 12/16	8 9/16	\$ 85.37
Share Out.	559 (1)	372.15 (2)	791.40	559 (3)	55.9
Market Cap. (millions)	\$ 25,330	\$ 16,398	\$ 35,395	\$ 4,772	\$ 4,772

Notes:

1) Assumes Hoechst will buy back 29 million shares pre-merger
2) Ratio is 3 Rhone for every 4 Hoechst
3) Value of Celanese is less \$1.56 billion paid as a special dividend

will be included in the Stoxx 50 index.

Celanese Spin-Off Details

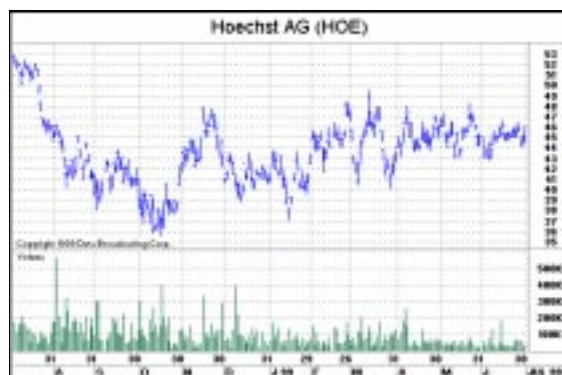
Terms of the transaction include the spin-off of Hoechst AG's industrial chemical unit. Shareholders will receive one share of Celanese AG for every ten shares of Hoechst AG. It is expected after the spin-off that Celanese will have 59 million shares outstanding and will be authorized to repurchase 10% within the following eighteen months. The shares will be listed on both the NYSE (Ticker: CZ) and Frankfurt (Ticker: CZZ). A "When Issued" market is expected prior to listings. Celanese operate 30 major facilities in North America, Europe, Middle East and the Pacific Rim (including China and Japan), and has over 12,000 employees. **Celanese will not remain in the DAX, therefore there may be index selling pressure. It will be moved into the M-DAX.** At current prices, Celanese is valued at \$8 ½ per Hoechst share pre-spin (See Model).

Competition

Many of Hoechst AG competitors have recently realigned themselves to focus on life sciences. DuPont (NYSE: DD) recently carved-out Conoco (NYSE: COC) and plans to complete the separation later this year to become a pure-play life sciences company. Monsanto (NYSE: MTC) spun-off Solutia (NYSE: SOI) in September of 1997, and is increasing its focus on Life Sciences.

Recent News

Hoechst AG announced that it will be decreasing its stake in Clariant AG (SWISS: CLN), a specialty chemicals firm, from its present 45% stake to a more modest 10%-20%. In 1997, Hoechst acquired 45% of Clariant as a result of a sale of Hoechst specialty chemicals to Clariant. As part of the sale, Hoechst agreed in the 1997 terms that if it sold its stake it would be by means of a secondary offering to increase its shareholder base. The value to Hoechst of the Clariant stake is estimated at E3.6 (\$3.75 billion). Proceeds of the sale will be used to pay the special dividend to Hoechst shareholders. In addition, Hoechst plans to divest its Hoechst Roussel Vet division valued at \$500 million prior to the merger.



Comparables

Company	Hoechst AG	Monsanto	DuPont	Celanese AG	Cytec	Millennium Chemicals	\$	€/€
Ticker	HOE	MTC	DD	CZZ	CYT	MCH		1.04
Current Implied Price	\$ 36.93	\$ 40.88	\$ 59.38	\$ 85.69	\$ 26.63	\$ 26.19		
Shares Out. (000,000)	588.0	603.5	1,145.35	58.8	46.48	75.7		
Market Cap (000,000)	21,715.62	\$ 24,668	\$ 68,007	\$ 5,038	\$ 1,238	\$ 1,982		
Enterprise Value (000,000)	26,697.22	\$ 31,996	\$ 76,787	\$ 6,708	\$ 1,669	\$ 2,985		
EPS (Diluted)								
1998 Actual / Pro Forma	1.69	\$ (0.41)	\$ 3.62	\$ (0.78)	\$ 2.68	\$ 2.17		
1998 Trailing P/E	21.9		16.4		9.93	12.07		
1999E	1.81	\$ 0.96	\$ 2.22		\$ 2.59	\$ 1.06		
Forward P/E	20.4	42.6	26.8		10.28	24.71		
Enterprise								
Enterprise Value / EBITDA	9.3	22.45	22.72	12.08	6.12	9.72		
Enterprise Value / EBIT	18.2	40.55	48.32	35.24	9.00	14.56		
1998								
EBITDA Per Share	4.89	2.36	2.95	\$ 9.44	\$ 5.87	\$ 4.06		
EBITDA Multiple	7.6	17.3	20.1	9.1	4.5	6.5		
EBITDA Margin	16.1%	16.5%	43.5%	10.4%	18.9%	19.2%		
1998								
Free Cash Flow per Share		8.70	6.38		\$ 2.94			
FCF Multiple		4.70	9.30		9.05			
1998								
Trailing Sales	17,810	\$ 8,648	\$ 7,772	\$ 5,365	\$ 1,445	\$ 1,597		
Price to Sales	1.22	2.85	8.75	0.94	0.86	1.24		
Gross Margin		58.5%	69%		30%	23%		
Operating Margin	8.22%	9.12%	20%	3.5%	12.8%	12.8%		
Book Value	10.25	\$ 8.26	\$ 9.21	\$ 46.80	\$ 9.27	\$ 20.85		
Price to Book	3.60	4.95	6.45	1.83	2.87	1.26		
Turnover's								
Account Rec. Turnover		3.60	2.79	2.58	5.99	6.60		
Current Asset Turnover	2.29	1.39	1.20	1.78	3.02	1.71		
Working Capital Turnover	2.29	4.02	-3.21	8.71	17.36	2.87		
Returns								
Return on Average Equity	15.6%	-5.5%	16.9%	-2.3%	30.5%	10.8%		
Pre-Tax Average ROA	6.0%	5.7%	7.6%	2.6%	11.1%	4.9%		
Return on Average Assets	4.2%	-1.8%	6.4%	-0.6%	7.5%	3.9%		
Leverage								
Current Ratio		1.53	0.73	1.26	1.21	2.47		
Quick Ratio		0.62	0.39	0.88	0.62	0.91		
Cash Ratio		0.02	0.08	0.014	0.004	0.272		
Financing Leverage	0.98	3.25	0.83	1.578	0.937	1.015		
Debt to Capital	45%	60%	45%	38%	50%	39%		
Debt to Book Equity	83%	147%	83%	61%	100%	64%		
Debt to Enterprise Value	19%	23%	11%	25%	26%	34%		
Liabilities to Equity	249%	71%	122%	186%	402%	159%		
Interest Coverage (Earnings)	4.11	0.22	7.37	1.54	9.83	3.64		
EBIT / Interest Expense	3.24	2.53	4.95	1.36	8.28	2.70		

NOTES: (prepared to meet US GAAP requirements and converted to US \$)

1) Hoechst AG, 1998 sales include E1,515 for Herberts which was sold in February 1999.

2) Celanese, pro-forma tax rate was 100%, vs statutory rate between 35% and 45%. Tax rate is primarily result of limitation of foreign tax credit utilization, tax costs of restructuring in U.S., losses in Germany for which no benefit was recognized and the non-deductibility of goodwill amortization. Excluding these effects, the 1998 tax rate was still above 50%.

3) Hoechst AG is Pre-Merger.

4) Dupont's valuation excludes its Conoco Subsidiary.

Foreign Announced Spin-Off Situations

Banca Popolare di Brescia SpA examines the Spin-Off of Its Internet Trading Unit

On June 21st, Banca Popolare, (Milan: BPB) known as Bipop announced the exploration into Carving-Out its Fin-ECO Online. Bipop shares rose €1.29 to €42.05, up over 3.2%. This news was no surprise given Bipop shares have more than doubled since January. Fin-Eco Online is one of Italy's largest online trading services, and has plans to offer services in other European countries.

About Bipop

Bipop is a cooperative bank with 64 branches in northern Italy providing financial services. Bipop has 118 million shares outstanding with a market capitalization just shy of €5 billion. It is the second largest regional bank in the Mib-30 index.

Asset Management

Bipop has been focused on developing and expanding its asset management. In May, Bipop reached an accord with Spain's Banco de la Pequeña y Mediana Empresa, gaining access to non-Italian accounts. Bipop will pay €24 million for a twenty percent stake in Bankpyme SGII, the Barcelona based bank's fund management unit, and €5.8 million for five percent of the bank. Bankpyme SGII has 23 mutual funds that posted net sales of €793 million, and over 22 branches. Rumors have also swirled that Bipop is planning an accord with Banco Banif, to extend into the Portuguese market.

The Carve-Out

The Carve-out makes strategic sense from several points of view. First, given current valuations for online trading units (valuations highlighted in this issue "Commerzbank report"), it will provide a source of currency for further strategic investments. Next it will highlight a valuable asset that appears to be part of their core strategy.

Market Data:	6/22/99		FY:Dec
Banca Popolare	BPB.IM		
Price:	€42.09	Shares Out:	118.67m
52 Week Range	€44.55 €12.91	Market Cap:	€4,994 m
Annual Dividend	-	Book Value	€5.84
Dividend Yield	-%	Price-to-Book	7.2x
EPS 98A	€ .98		
EPS 99E	€ 1.07		
99E P/E:	39x		

Strategic Partners

Fin-ECO Online is already cooperating with with Class Editori SpA, the publisher of Milan's MF newspaper by providing trading services and financial information. Recently, Fin-ECO Online reached an agreement with Telecom Italia SpA. The agreement allows for Fin-ECO Online clients to be supplied with high-speed ISDN connections for online trading at lower prices than would otherwise be available.

In addition, Bipop also has a strategic accord with Putnam Investments of the U.S. Putnam Investments provides investment management for institutional and individual customers, offering more than 100 mutual funds. The Boston-based company has more than nine million shareholder accounts and nearly \$270 billion under management. Putnam is a wholly owned subsidiary of Marsh & McLennan, the world's largest insurance broker.

Potential Spinoffs

Consolidated Stores Corporation

Columbus, Ohio, May 19, Consolidated Stores (NYSE: CNS) announced that it will combine forces with BrainPlay.com to form a new entity called KBToys.com LLC, which will operate its kbtoys.com online retail business. Set to launch sometime midsummer, Consolidated Stores and BrainPlay.com will own 80% and 20%, respectively, of the new venture. BrainPlay.com will operate the new company. This could be the first in a series of moves that ultimately may result in a spin-off of the venture.

Consolidated Stores Corporation, is a retailer in toys and closeout merchandise, operating approximately 2,477 stores in all 50 states and Puerto Rico. Stores include ODD LOTS, PIC N' SAV, MAC FRUGALS BARGAINS* CLOSEOUTS, K*B TOYS, K*B TOY WORKS, K*B TOY OUTLET and BIG LOTS FURNITURE. Online shopping is via, www.kbtoys.com.

BrainPlay.com, is a retailer of children's products such as software, videos, musical instruments and toys. BrainPlay.com helps parents make informed decisions when purchasing children's products and is a resource for finding and purchasing products to help kids learn and grow. BrainPlay has relationships with AOL, Yahoo, Women.com and Netscape.

KBToys is a mall-based specialty toy retailer, with a \$1.6 billion in annual sales. Stores include KB Toys, KB Toy Works, KB Toy Outlet and KB Toy Express. KB Toys has nearly 1,000 stores in major shopping malls across the U.S. and Puerto Rico, featuring a selection of top brands, hottest video games and value-priced items. KB Toy Works is a neighborhood toy store, carrying sports equipment, bicycles, ride-ons and greeting cards. KB Toy Outlets are found in more than 100 outlet malls across the U.S. and carry brand name, close-out merchandise. KB Toy Express, is a temporary toy store for holiday buying frenzy, which open in malls from late October to late December.

Seagate Technology

On June 9, Seagate Technology Inc. (NYSE: SEG) will start giving away some of its software products on June 15 to raise the profile of that business in preparation for a possible IPO. The company began to give away its Seagate Analysis and Info 7 software. Both are used to analyze and manage data in a storage system or network. The company wants to raise the profile for that business to boost sales and profits before the carve-out. The company did not announce a time frame for the IPO but said that the company would like to give the unit time to gain momentum in the market. Seagate Software had \$38 million in sales in its 3rd quarter ended April 2 and has been one of Seagate's fastest growing divisions.

About Seagate

The Scotts Valley, California based company is the world's largest maker of computer disk drives. It has been developing and acquiring technologies to help companies manage all the information contained in the network storage systems. In the fiscal year ended June 1998, the company's revenues decreased Y/Y by 24% to \$6,819 million. Likewise, the company's net income (loss of \$530 million) and EPS (loss per share of \$2.17) in 1998 declined by 181% and 183%, respectively. When comparing the quarter ended March 1999, to the quarter ended December 1998, revenues remained relatively flat (\$1,805 million for 3/99 and \$1,801 million for 12/98). In the same quarter to quarter comparison, the company's net income and EPS declined to \$82 million (21% decrease) and \$0.34 (19% decrease). Based on 243.9 million shares outstanding, Seagate's market capitalization is \$7.8 billion. Currently, the company is trading at 18x 1999E earnings of \$1.60 per share. On the news, Seagate's shares closed at \$32.75, gaining \$1 5/16.

Potential Spinoffs

Sinclair Broadcast Group

On June 8, Sinclair Broadcast Group (NASDAQ: SBGI) announced that the Company is considering selling its radio operations either in a public offering of common shares or an outright sale. Under the public offering scenario, any shares sold would be less than a majority of the shares of the subsidiary. The offering of the radio subsidiary would seek to raise approximately \$175-\$200 million to pay indebtedness owed to Sinclair. Sinclair would then use the proceeds it receives from the radio subsidiary to repay a portion of its outstanding indebtedness and to fund acquisitions. This is a follow up to last October's announcement that Sinclair would sell some "non-strategic" radio and TV assets worth as much as \$500 million during late 1998 and early 1999 to reduce debt and fund acquisitions. On June 28, the company said its former CEO Barry Baker has elected to exercise his option to purchase the radio and television properties of Sinclair in the St. Louis, MO market for their fair market value. Sinclair's holdings in the St. Louis market are 1 television station and 5-radio stations.

The Baltimore based company currently owns or manages 58 TV stations in 39 markets and approximately 51 radio stations (17 AM and 34 FM) in 10 markets. Revenues in the fiscal year ended December 31, 1998 and the quarter ended March 31, 1999, were \$672.8 M (an increase of 43% from 12/98) and \$174.5 M (an increase of 55% from the quarter ended 3/98). SBGI is one of the 10 largest radio groups in terms of the number of stations owned and an active consolidator of both radio and television stations. The Company focuses on establishing affiliations with ABC, CBS, NBC, Fox, UPN and WB. The four sons of founder Julian Sinclair Smith own about 94% of the Company.

It is questionable whether a separate radio stock would be well received by the market, but as a pure-play television entity, Sinclair might be looked upon favorably. On the announcement, shares of SBGI rose \$1 3/16 to close at \$16 13/16.

Tandy Corp,

RadioShack.com is scheduled to begin selling merchandise over the Internet in August 1999. Given Internet retailing's losses and capital expenditures, this could represent an opportunity to spin-off, IPO or issue tracking stock for the Internet unit if valuations on Internet securities remain high. RadioShack.com will be the on-line trading unit of RadioShack, the electronics stores that the Tandy Corporation (NYSE: TAN) operates. RadioShack.com has its own management team and is preparing a long-term business plan.

Tandy is primarily engaged in consumer electronics retailing, principally through RadioShack's company-owned stores and dealer/franchise outlets. With 7,000 locations, 3,800 different products, and an estimated 100,000 orderable additional items, RadioShack is a force in retailing consumer electronic products. Products available at RadioShack include electronic parts and accessories, cellular, PCS, and conventional telephones, and computers, scanners, software, and related products and accessories. Tandy can offer customers access to several service providers (Sprint, Sprint PCS, DirecTV, BellSouth, Airtouch, Southwestern Bell, GTE, Bell Atlantic, and AllTel). In January 1998, Tandy formed a strategic alliance with Compaq Computer Corporation. RadioShack carries a unique line of Compaq Computers only available through RadioShack. These unique models contain an exclusive set of software for the Internet, and educational programs to help students get better grades. Tandy sold Computer City in 1998 to concentrate on building RadioShack. During the past year, Tandy's stock reached a new all-time high.

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio (1)	Embedded Value (2)	Residual Stub Value (3)	Parent P/E (4)	Residual P/E (5)
Adelphia Comm.	ADLAC	\$ 66.69	Hyperion Telecom	HYPT	\$ 17.38	0.897	\$ 15.58	\$ 51.11		
Alpine Group	AGI	\$ 15.13	Superior Telecom	SUT	\$ 25.50	0.634	\$ 16.17	\$ (1.04)	11.63	1.7
AMR Corp.	AMR	\$ 67.25	Sabre Group	TSG	\$ 69.75	0.676	\$ 47.12	\$ 20.13	12.01	4.7
ARC International	ATV	\$ 1.31	Ballantine of Omaha	BTN	\$ 7.50	0.204	\$ 1.53	\$ (0.22)		
			Cabletel Communications	TTV	\$ 3.00	0.232	\$ 0.70	\$ 0.62		
Ascent Entertainment Group	GOAL	\$ 13.75	On Command	ONCO	\$ 17.00	0.578	\$ 9.82	\$ 3.93		
Banco Santander Spain	STD	\$ 10.94	Banco Santander Peurto Rico	SBP	\$ 17.75	0.032	\$ 0.57	\$ 10.37	11.05	11.16
Barnes and Noble	BKS	\$ 26.94	Barnesandnoble.com	BNBN	\$ 17.81	0.849	\$ 15.12	\$ 11.82	23.84	10.5
Boise Cascade	BCC	\$ 42.56	Boise Office products	BOP	\$ 11.94	0.946	\$ 11.29	\$ 31.27	38.69	452.8
Bowne	BNE	\$ 14.00	Edgar Online	EDGR	\$ 8.38	0.040	\$ 0.33	\$ 13.67	12.96	12.7
CBS	CBS	\$ 43.38	Infinity Broadcasting	INF	\$ 29.50	0.968	\$ 28.54	\$ 14.83	103.27	431.9
			MarketWatch.com	MKTW	\$ 47.25	0.007	\$ 0.31	\$ 43.07		
Cerner	CERN	\$ 20.13	Carelnsite	CARI	\$ 48.00	0.387	\$ 18.58	\$ 1.54	44.72	3.43
Cohesion Technology	CSO * *	\$ 6.13	Boston Scientific	BSX	\$ 42.75	0.190	\$ 8.14	\$ (2.02)		
			Pharming N.V.	PHAR	\$ 3.80	0.100	\$ 0.38	\$ 5.75		
			Medarex	MEDX	\$ 4.19	0.033	\$ 0.14	\$ 5.99		
			Innovative Devices	IDEA	\$ 3.25	0.100	\$ 0.33	\$ 5.80		
Delia's	DLIA	\$ 13.31	iTurf	TURF	\$ 16.81	0.660	\$ 11.10	\$ 2.21	44.38	3.1
Dupont	DD	\$ 67.94	Conoco	COC	\$ 26.44	0.389	\$ 10.29	\$ 57.65	25.93	26.0
Donaldson Lufkin & Jenrette	DLJ	\$ 56.75	DLJ Direct	DIR	\$ 26.94	0.622	\$ 16.76	\$ 39.99	17.30	12.0
Flowers Ind.	FLO	\$ 21.44	Keebler	KBL	\$ 30.50	0.464	\$ 14.14	\$ 7.30	18.01	6.1
Ford	F	\$ 53.56	Hertz	HRZ	\$ 57.00	0.077	\$ 4.37	\$ 49.19	9.62	9.2
GM	GM	\$ 64.13	Hughes	GMH	\$ 57.31	0.739	\$ 42.35	\$ 21.78	7.50	4.9
Hartford Financial Services	HIG	\$ 58.13	Hartford Life	HLI	\$ 52.25	0.406	\$ 21.23	\$ 36.90	14.87	14.16
IMS Health	RX	\$ 31.81	Cog Tech Solutions	CTSH	\$ 26.69	0.022	\$ 0.60	\$ 31.22		45.8
			Gartner Group	IT	\$ 20.00	0.146	\$ 2.92	\$ 28.89		
Kansas City Southern	KSU	\$ 61.94	DST Systems	DST	\$ 60.56	0.234	\$ 14.18	\$ 47.76		
Kushner-Locke	KLOC	\$ 6.13	USSearch.com	SRCH	\$ 6.75	0.751	\$ 5.07	\$ 1.06		
Limited	LTD	\$ 45.31	Intimate Brands	IBI	\$ 48.69	0.922	\$ 44.87	\$ 0.45	26.04	(262.5)
Loews	LTR	\$ 80.00	Diamond Offshore Drilling	DO	\$ 26.75	0.626	\$ 16.73	\$ 63.27	11.94	1.40
			CNA Insurance	CNA	\$ 40.44	1.415	\$ 57.20	\$ 22.80		
Maxxam	MXM	\$ 61.63	Kaiser Aluminum	KLU	\$ 9.00	7.143	\$ 64.29	\$ (2.66)		
National City	NCC	\$ 65.31	National Processing	NAP	\$ 10.06	0.142	\$ 1.43	\$ 63.89	14.26	14.16
News Corp	NWS	\$ 34.88	Fox Corp	FOX	\$ 26.00	0.541	\$ 14.08	\$ 20.80	35.23	25.6
Ocwen Financial	OCN	\$ 8.25	Ocwen Asset Investment	OAC	\$ 4.81	0.031	\$ 0.15	\$ 8.10	6.40	
PepsiCo	PEP	\$ 38.00	Pepsi Bottling Group	PBG	\$ 22.31	0.037	\$ 0.82	\$ 37.18	31.67	31.4
Pitway cIA,B	PRY	\$ 31.25	Cylink	CYLK	\$ 3.75	0.205	\$ 0.77	\$ 30.48	18.94	1.7
Ralston Purina	RAL	\$ 30.06	DuPont	DD	\$ 67.94	0.071	\$ 4.81	\$ 25.25	18.22	15.3
			Interstate Bakeries	IBC	\$ 22.06	0.094	\$ 2.08	\$ 27.98	18.22	17.0
Nabisco Group Holdings	NGH	19 9/16	Nabisco	NA	43	0.655	\$ 28.15	\$ (8.58)		
Silicon Graphics	SGI	\$ 16.25	Mips Technology	MIPS	\$ 43.13	0.168	\$ 7.24	\$ 9.01		
Synetic	SNTC	\$ 75.00	Carelnsite	CARI	\$ 48.00	1.444	\$ 69.29	\$ 5.71		
Synovus	SNV	\$ 20.31	Total Systems	TSS	\$ 19.25	0.580	\$ 11.17	\$ 9.14	25.39	15.2
Toronto-Dominion	TD	\$ 44.56	TD Waterhouse Group	TWE	\$ 23.75	1.088	\$ 25.83	\$ 18.73		
			Knight-Trimark	NITE	\$ 55.50	0.030	\$ 1.68	\$ 42.88		
Telephone & Data Systems	TDS	\$ 72.25	U.S. Cellular	USM	\$ 52.75	1.155	\$ 60.95	\$ 11.30	(401.39)	(0.7)
			Aerial Communications	AERL	\$ 13.44	0.962	\$ 12.93	\$ 59.32		
Time Warner	TWX	\$ 68.69	Time Warner Telecom	TWTC	\$ 26.88	0.046	\$ 1.23	\$ 67.46	196.25	171.4
USA Networks	USAI	\$ 43.00	Ticketmaster-Online	TMCS	\$ 25.94	0.131	\$ 3.40	\$ 39.60		
Ziff-Davis	ZD	\$ 14.56	ZD.net	ZDZ	\$ 23.19	0.600	\$ 13.91	\$ 0.65		

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 (Column 3), if the parent consolidates the holding.

Spin-Off Calendar by Date

Parent	Listed			Listed		Date Announced	Spin-Off Date	Report Date	Tax Exempt	Ratio
	Symbol	Options	Spin-Off	Symbol	Options					
Fingerhut (Acquired)	FHT		Metris	MTRS	Y	10/9/97	09/25/98	September-98 October-98-U	Y	1:3.14
Forward Air	FWRD	N	Landair Corporation	LAND	N	7/10/98	09/23/98	September	Y	1:1
American Med. Sec. Group	AMZ	N	United Wisconsin	UWZ	N	4/22/98	09/25/98	October-98	Y	1:1
Qualcomm	QCOM	Y	Leap Wireless	LWIN		05/27/99	09/23/99	October-98	Y	1:4
Torchmark	TMK	Y	Waddell & Reed	WDR	Y	11/17/97	11/06/98	November-98	Y	.0569:1 A .2447:1 B
News Corp	NWS	Y	Fox Entertainment	FOX	Y	6/29/98	11/11/98	April-99-U		CO
CBS	CBS	Y	Infinity Broadcasting	INF	Y	8/27/98	12/09/98	September-98		CO
Stac	STAC	N	Hi/fn	HIFN	N	8/5/98	12/15/98	December-98	Y	1:3.9
PennzEnergy	PZE	Y	Pennzoil-Quaker State	PZL	Y	4/15/98	12/30/98	November-U	Y	1:1
Hilton Hotels	HLT	Y	Park Place Entertainment	PPE	Y	6/30/98	12/31/98	December-98	Y	1:1
Grand Casinos	GND	N	Lakes Gaming	LACO	N	6/30/98	12/31/98	December-98	Y	1:4
Cincinnati Bell	CSN	N	Convergys	CVG	Y	4/27/98	12/31/98	December-98 April-U	Y	1:1
Bindley Western	BDY	Y	Priority Healthcare	PHCC	N	10/24/98	12/31/98	December-98	Y	.46:1
Rockwell International	ROK	Y	Conexant Systems	CNXT	Y	6/29/98	12/31/98	December-98	Y	1:2
Host Marriott	HMT	Y	Crestline Capital Corporation	CLJ	Y	4/17/98	12/29/98		Y	1:10
CBS / Data Broadcasting	DBCC	Y	Marketwatch.com	MKTW	N	10/13/98	01/19/99	January	Y	CO
Olin	OLN	Y	Arch Chemicals	ARJ	N	7/30/98	02/09/99	February		1:2
Pulitzer Publishing	PTZ	N	Pulitzer Inc.	PTZ	N	5/26/98	03/22/99	December-98 March	Y	1:1
PepsiCO	PEP	Y	Pepsi Bottling Group	PBG	Y	7/28/98	03/31/99	April		CO
Varian Associates	VAR	Y	Varian Inc.	VARI	Y	8/21/98	04/50/99	March	Y	1:1
			Varian Semiconductor	VSEA	Y	8/21/98	04/05/99	March	Y	1:1
Investment Technologies Group	ITGI	N	Jefferies Group	JEF	Y	3/18/98	04/28/99	March April	Y	1:1
dElia*s	DLIA	N	iTurf	TURF	N		04/09/99			CO
Columbia/HCA	COL	Y	LifePoint Hospitals	LPNT		7/29/98	05/11/99	May	Y	1:19
			Triad Hospitals	TRIH		7/29/98	05/11/99	May	Y	1:19
Western Wireless	WWCA	Y	Voicestream Wireless Corp.	VSTR		10/27/98	05/03/99	October-98 May	Y	1:1
General Motors	GM	Y	Delphi Unit	DPH	Y	8/3/98	05/28/99	January May	Y	.7:1
Creative Computers	MALL	N	uBid	UBID	N	07/06/98	06/08/99	December-98 June	Y	CO .7:1
Wyndham International	PAH		Interstate Hotels	IHCO	N		06/18/99	June	N	1:30
Enron	ENE	Y	Azurix	AZX	N	03/16/99	06/10/99	April June		CO
Nabisco Group Holdings	NGH	Y	RJ Reynolds	RJR		03/09/99	06/15/99	June	Y	1:3
Synetic	SNTC	Y	CareInsite	CARI		03/26/99	06/16/99	Featured		CO
Toronto-Dominion	TD	Y	TD Waterhouse Group	TWE		04/30/99	6/23/99	Featured		CO
Kushner-Locke	KLOC	Y	USSearch.com	SRCH		04/12/99	6/25/99	Featured		CO
Genzyme General	GENZ	Y	Genzyme Surgical	GZSP		05/27/99	06/28/99	Featured		TR
IMS Health	RX	Y	Gartner Group	IT	Y	11/12/98	July	Featured	Y	1:8
Limited	LTD	Y	Limited Too			05/03/99	July/ August	Featured		SP
Williams Co.	WMB	Y	Communications Group	WCG		11/20/98	July/ August	December-98		CO
PC Quote	PQT	Y	PCQuote.com	PCQT		04/26/99	July / August	May		CO
Quantum	QNTM	Y	Disk Drive	QHDD		03/01/99	August / Sept	April June-U	Y	.5:1
			Tape Drive	QDSS		03/01/99	August / Sept	April June-U	Y	1:1
DuPont	DD	Y	Conoco	COC	Y	05/11/98	3rd qtr	November-98	Y	CO,SP
Harcourt General	H	Y	Neiman Marcus	NMG		05/17/99	3rd qtr	May		3:10
Harris Corp.	HRS	Y	Lanier Worldwide			04/14/99	Sept-99	March		
Billing Concepts	BILL	Y	Software and Systems			04/22/99	Sept-99	May		1:1

Spin-Off Calendar by Date

Parent	Symbol	Listed		Spin-Off	Listed		Date Announced	Spin-Off Date	Report Date	Tax	
		Options	Spin-Off		Symbol	Options				Exempt	Ratio
Kansas City Southern Ind.	KSU	Y		Financial Services			02/03/98	4th qtr	April	P	SP
Navarre	NAVR	Y		Net Radio	NETR	N	03/03/99	1999	April		CO
LSB Industries	LSB	N		Automotive Business			08/05/98	1999	September-98	P	SP
Odetics	ODETA	N		Intelligent Transportation Unit			05/04/98	1999	April		CO
Allegheny Teledyne	ALT	Y		Consumer Division / Electronics			01/19/99	1999	February	P	SP
Meditrust	MT	Y		Health Care Financing Business			11/12/98	1999	December-98	P	SP
MedPartners	MDM	Y		Physician Practice Management			11/12/98	1999	December-98	P	SP
Watts Industries	WTS	Y		Oil and Gas Business			12/15/98	1999	January	P	SP
Gencorp	GY	Y		Specialty Polymers			12/17/98	1999	January	P	SP
Telephone & Data Systems	TDS	Y		Aerial Communications	AERL		12/21/98	1999	January	P	SP
Pomeroy Computers	PMRY	Y		Pomeroy Select	PSIS		01/15/99	1999	February		CO
HRPT Properties	HRP	Y		Senior Living	SN		12/24/98	1999	January		CO, .1:10
Tenneco	TEN	Y		Specialty Packaging			07/21/98	1999	May		SP
Viacom	VIA.B	Y		Blockbuster Entertainment			05/06/99	1999	March		CO
Delta Woodside	DLW	Y		Apparel Division			02/09/99	1999	March	N	SP
Silicon Graphics	SGI	Y		Mips Technology	MIPS	N	02/26/99	1999/2000	March		CO
Ogden Corp.	OG	Y		Energy / Entertainment			03/11/99	4th qtr 99	April		CO
Hewlett-Packard	HWP	Y		Measuring Equipment			03/02/99	1999	April		CO
Century Business	CBIZ	Y		Insurance			04/06/99	1999	May		
Oak Industries	OAK	Y		Lasertron			04/21/99	1999	May		CO
IDT	IDTC	Y		Net2Phone			05/14/99	1999	May		CO
Perfumania	PRFM	N		Perfumania.com			04/20/99	1999	May		CO
JC Penney	JCP	Y		Eckerd Drug Chain			05/18/99	4th qtr	June		CO-TR
Wall Data	WALL	Y		Rumba & Cyberprise			05/03/99	1999	June		
CarrAmerica Realty	CRE			HQ Global Workplaces			05/07/99	1999	June		CO
Miller Industries	MLR	Y		RoadOne			05/13/99	12/31/99	June		SP
US Industries	USI	Y		US Diversified			05/18/99	1999	June		SP
AutoNation	AN	Y		Autonation.com			5/25/99	1999	June		CO-TR
ACX Technologies	ACX	Y		Coors Ceramics			06/15/99	1999	Featured		SP
Comdisco	CDO	Y		High Speed Digital Line			06/17/99	September-99	Featured		CO
HealthSouth	HRC	Y		HealthSouth Hospitals			06/14/99	1999	Featured		SP
Ralston Purina	RAL	Y		Eveready			06/10/99	1999	Featured		SP
Snyder Communications	SNC	Y		Circle.com			05/12/99	September-99	Featured		TR
				Snyder Healthcare			06/23/99	September-99	Featured		SP
Symantec	SYMC	Y		Internet Software			06/10/99	1999	Featured		CO
Crane	CR	Y		Huttig			6/21/99	1999	Featured		SP

Foreign Spin-Off Calendar by Date

Parent	Symbol	Spin-Off	Symbol	Date	Spin-Off	Report	Tax	
				Announced	Date	Date	Exempt	Ratio
CommerzBank	CBK.F, CRBZY.N	Com-Direct		6/10/99	1999	Featured		CO
Dixon Group PLC	DXNS.L	Freeserve		06/07/99	July/August	Featured		CO
Shaw Communications	SJR.A, SJR.TO	Corus Entertainment		06/10/99	September	Featured	Y	SP
Hoechst AG	HFAG.F, HOE.N	Celanese Chemicals	CZ, CZZ	12/01/98	November-99	Featured	Y	SP
Banco Popolare Brescia	BPB.IM	Fin-Eco Online		06/18/99	1999	Featured		CO
Magna International	MGA.N, MG.TO	Non-Automotive		05/25/99	1999	June		SP

Spin-off Statistics

Spin-Off Name	Symbol	Business	Parent	Spin-Off Symbol	Spin-Off Date	Spin-Off Price	CLOSING	Spin-Off	S-P
							PRICE 6/30/99	% Change	% Change
A.C. Nielson	ART	Market Research	Dun and Bradstreet	DNB	11/13/96	18 12/16	30 4/16	61%	88%
Agribands	AGX	Animal feeds and agricultural products	Ralston Purina	RAL	4/1/98	35 14/16	39 9/16	10%	24%
Arch Chemical	ARJ	Chemicals	Olin	OLN	2/9/99	18 7/8	24.3125	29%	13%
Aztec Technology Partners	AZTC	Computer Solutions	U.S. Office Products	OFIS	6/10/98	11	1 14/16	-83%	23%
Billing Information Concepts	BILL	Billing clearinghouse to Tele-Comm.	U.S. Long Distance	HSLD	8/2/96	10 8/16	11 3/16	7%	107%
Chicago Title Corp.	CTZ	Title Insurance	Alleghany	Y	6/18/98	46 12/16	35 11/16	-24%	24%
ChoicePoint	CPS	Risk Management	Equifax, Inc.	EFX	8/7/97	35 12/16	67 2/16	88%	44%
Cognizant Technology Solutions	CTSH	Software Solutions	IMH Health	RX	6/19/98	10	26 1/16	161%	25%
Cohesion Technologies	CSO	Medical Devices, Sealant	Collagen Aesthetics	CGEN	8/19/98	5	6	20%	25%
Commscope	CTV	Coaxial Cable	General Instrument	GIC	7/28/97	15 12/16	30 12/16	95%	47%
Conexant	CNXT	Semiconductors	Rockwell International	ROK	1/4/99	18 7/8	58.0625	209%	12%
Conoco	COC	Energy Exploration	DuPont	DD	10/22/98	24 14/16	27 14/16	12%	27%
Convergys	CVG	Billing processing to Tele-Comm.	Cincinnati Bell	CSN	8/12/98	16 10/16	19 6/16	17%	28%
Covance	CVD	Research org. to Biotechnology	Corning Inc.	GLW	1/14/97	19 12/16	23 15/16	21%	85%
Delphi Automotive	DPH	Automotive Parts	General Motors	GM	2/5/99	18 8/16	18 8/16	0%	11%
Earthgrains	EGR	Prod. and Dist. Bakery Products	Anheuser-Busch	BUD	3/26/96	7 10/16	25 13/16	239%	112%
Footstar	FTS	Specialty Retailer	CVS Corp. (Melville Corp.)	CVS	10/16/96	20 8/16	37 3/16	81%	95%
Fox Entertainment	FOX	Entertainment	News Corp	NWS	11/11/98	24 4/8	26 15/16	10%	22%
General Instrument (Next Level)	GIC	Communication	General Instrument	GIC	7/28/97	20 3/16	42 8/16	111%	47%
Hi/fn	HIFN	Data Compression & Encryption	Stac	STAC	12/17/98	20 8/16	76 2/16	271%	16%
Hussman Corp.	HSM	Refrigeration systems	Whitman Corp.	WH	2/2/98	13 10/16	16 9/16	22%	40%
Imation	IMN	Data storage and Imaging	Minnesota Mining	MMM	7/16/96	23 14/16	24 13/16	4%	116%
IMS Health	RX	Healthcare Information Systems	Nielsen Media research	NMR	7/1/98	31 8/16	31 4/16	-1%	20%
Infinity Broadcasting	INF	Broadcasting	CBS	CBS	12/10/98	23 2/16	29 9/16	28%	18%
Leap Wireless	LWIN	Wireless Telecommunications	Qualcomm	QCOM	9/24/98	8	20 4/16	153%	31%
Lucent Technologies	LU	Telecommunication systems	AT&T	T	4/3/96	7 10/16	67 7/16	788%	100%
Meritor Automotive	MRA	Automotive accessories	Rockwell International	ROK	10/1/97	23 14/16	25 8/16	7%	53%
Midas	MDS	Automotive Repair	Whitman Corp.	WH	2/2/98	16 1/16	28 6/16	77%	40%
Midway Games	MWY	Interactive Entertainment	WMS Industries	WMS	10/30/96	20	12 15/16	-35%	96%
Millennium Chemical	MCH	Chemicals	Hanson PLC.	HAN	10/2/96	23	23 9/16	2%	98%
Navigant International	FLYR	Travel Services	U.S. Office Products	OFIS	6/10/98	8 2/16	7 14/16	-3%	23%
NCR	NCR	Data, Transaction Processing	AT&T	T	1/2/97	33 12/16	48 13/16	45%	86%
Newport News Shipbuilding	NNS	Ship Building	Tenneco	TEN	12/12/96	17	29 8/16	74%	88%
Octel	OTL	Specialty Chemical	Great Lakes Chemical	GLK	5/26/98	22 12/16	12 8/16	-45%	25%
Park Place Entertainment	PPE	Gaming	Hilton Hotels	HLT	1/4/99	7 8/16	9 9/16	27%	12%
Payless ShoeSource	PSS	Footwear Retailer	May Department Stores	MAY	5/9/96	28 12/16	53 8/16	86%	114%
Pennzoil-Quaker State	PZL	Car Care & Oil Products	PennzEnergy	PZE	12/31/98	15 2/16	15	-1%	12%
Penton Media	PME	Publishing	Pittway	PRY	8/10/98	16 12/16	24 4/16	45%	27%
Penwest Pharmaceuticals	PPCO	Pharmaceuticals	Penford Corp.	PENX	8/10/98	16 12/16	8	-52%	38%
Primex Technologies	PRMX	Defense and Aerospace	Olin	OLN	1/7/97	16 12/16	21 9/16	29%	85%
Quest Diagnostics	DGX	Diagnostic Testing	Corning Inc.	GLW	1/14/97	17 12/16	27 6/16	54%	85%
RCN Corp.	RCNC	Voice, Video and internet broadband	C-Tec Corporation	CTEX	10/1/97	15 14/16	41 10/16	162%	44%
RH Donnelley	RHD	Marketer and Publisher	Dun and Bradstreet	DNB	7/1/98	15 10/16	19 8/16	25%	20%
School Specialty	SCHS	Educational Supplies	U.S. Office Products	OFIS	6/10/98	15 14/16	16 1/16	1%	23%
Solutia	SOI	Chemicals	Monsanto	MTC	9/3/97	19 3/16	21 5/16	11%	53%
Sonosight	SONO	Handheld Ultrasound devices	ATL Ultrasound	ATLI	4/7/98	13 6/16	17	27%	24%
Tricon Global Restaurants	YUM	Restaurants	Pepsi Corp.	PEP	10/7/97	31 2/16	54 2/16	74%	42%
uBid	UBID	Internet Auction House	Creative Computers	MALL	12/4/98	48	32	-33%	17%
Vlassic	VL	Food products	Campbell Soup	CPB	3/30/98	25 12/16	7 5/16	-72%	26%
Waddell & Reed	WRD	Asset Management	Torchmark	TMK	3/5/98	26 7/16	27 9/16	4%	33%
Workflow Management	WORK	Print Management	US Office	OFIS	6/10/98	9	14 4/16	58%	23%