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Continuous Research on Corporate Spin-Offs SPIN-OFF RESEARCH

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

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Company Update

Global Crossing To Acquire IXnet and IPC Communications for \$3.8 Billion

On February 22, Global Crossing (Nasdaq: GBLX) a fast-growing long-distance carrier and undersea-cable operator announced that it will acquire IXnet (Nasdaq:EXNT), a provider of network services for financial institutions, and its parent IPC Communications (AMEX: IPI), which provides desktop-trading systems, for a total of \$3.8 billion in stock. IPC owns 73% of IXnet which it carved out last year. Using Global's closing price from February 18th, values IXnet at about \$62 per share (\$3.65 billion) on the 59.2 million fully diluted shares. IPI was being valued at \$283 per 10.1 million fully diluted share (\$150 million). IXnet/IPC on a consolidated basis posted \$339 million in sales and \$39 million in EBITDA in 1999 (FY Sep). Global Crossing is building high-capacity networks to transport data traffic around the world. The acquisitions could help Global Crossing fill its networks.

Global Crossing is a global telecom provider of voice, data, and Internet services, utilizing an extensive fiber-optic network. The company has built fiber-optic cable systems under the oceans and across the globe and offers a full bundle of facilities-based wholesale and retail services and is one of the largest long-distance operators in the United States. The company provides local and long-distance telephone service to about 2 million customers in the US, Canada, and the UK. Its Atlantic Crossing (AC-1) connects the US and the UK, the Netherlands, and Germany. Other planned cables include the Pacific Crossing (PC-1) system connecting the US and Asia; the Mid-Atlantic Crossing (MAC) connecting the eastern US, Bermuda, the Caribbean, and Central America; the Pan American Crossing linking the western US and Central America; and the South America Crossing (SAC).

Deal Structure

The acquisition is expected to be a tax-free, stock-for-stock transaction. Under terms of the deal, each IXnet share not held by IPC will be exchanged for 1.184 shares of Global Crossing. Each IPC share will be exchanged for 5.417 shares of Global Crossing. IPC shares soared \$104 ¼, or 75%, to \$244 ¼ on the news. IXnet improved \$2 ½ to \$55, or 4.8% and Global Crossing fell \$3 ¾, or 7.2%, to \$48 5/8. On a multiple basis, Global Crossing is paying about 7x 2000 estimated consolidated revenues (5.5x 2001E), with most of the value being ascribed to the IXnet subsidiary.

IXnet provides single "pipe" IP connectivity to more than 600 financial institutions for global trading and communications. This private network service allows its customers mission-critical data and voice communications worldwide without having to access public networks, offering increased performance, reliability, and security. IXnet hosts and distributes market data, news, streaming video, research and analytics for more than 30 leading content providers to the global financial community.

IXnet has 73 points of presence in 34 countries, 1,000 customer access nodes, and a strong management and sales force experienced in serving multinational financial institutions. Through a single connection, IXnet delivers end-to-end managed data and voice communications solutions to the worldwide financial services community. Customers receive voice and data connectivity, plus financial content and transactional capabilities on IXnet's global extranet without having to access multiple public networks or rely on

multiple customer service organizations. POPs are interconnected using leased or purchased fiber from various facilities-based carriers, with Cisco routers and Nortel Networks digital switches being the backbone of the network. IXnet's customer base consists of some 600 of the world's largest financial services companies including, Chase, Citigroup, Barclays, Fidelity, Nomura and Deutsche Bank.

IPC is the leading provider of sophisticated desktop trading systems to the global financial community with a market share estimated at 70% of the U.S. market and 60% worldwide (100,000 desktops worldwide). IPC's patented digital TRADENET MX(R) is the most widely installed voice trading system in the world. IPC focuses on serving the financial trading environment by designing, manufacturing, installing, and servicing products that allow traders around the world to communicate with each other instantly and reliably.

Strategically, the acquisition of IXnet/IPC allows Global access to 600 blue-chip customers. This will enable GBLX to use IXnet as a "Trojan Horse" to establish relationships with IXnet's top-tier clientele. GBLX's network offers significant direct cost synergies to IXnet, while IXnet's distribution strength and existing customer base enjoys strong visible revenue synergies to GBLX. Global Crossing estimates an NPV of \$1.2 billion in synergies over the next 10 years (50% from network cost synergies, 25% revenue, and 25% from capex). Terminating third-party leases will bring an estimated 55% of IXnet traffic on-net to GBLX's network by 2002. IXnet capex totaled about \$27 million in 1999.

The majority of IXnet capex is duplicate to GBLX current spending (switches/fiber).

Global Crossing Reports Q4 99 Results

On February 18th, Global Crossing reported fourth quarter and year-end results. This was the first time Global Crossing reported results that included all three recently completed acquisitions (Frontier, Global Marine, and Racal Telecom). Combined revenue was \$1.1 billion in Q4. Recurring adjusted EBITDA was \$325 million in the quarter. EPS in the quarter was a negative \$0.20 on a recurring basis. On the conference call, management reiterated its 30% + EBITDA growth expectations for 2000. Management highlighted that strong transocean demand continues. On a pro forma basis, total revenues grew 6% in Q499 over Q498, rising 14% for the full year 1999. Global Crossing's go-forward reporting format should highlight three revenue sources: telecom, ILEC, and installation/maintenance (i.e. Global Marine). Telecom led the group, growing 12% year over year in Q499.

Sub-IPO/Trackers

During 2000, Global Crossing plans to list its Global Center (the company's web hosting/data center business) and East Asia Crossing units, perhaps over the next several quarters. This will



Global Crossing

Price (2/29)	\$46 5/8	Dividend/Yield	\$0.0/0.0%
52-Week Range	\$61 - \$20	1999A EPS	\$0.17
Shares Outstanding	847M	Consensus 2000E	d\$1.12
Market Value	\$39.5B	Enterprise Value	\$45.5B

Company Update

TOO REPORTS F4Q RESULTS

Last month, Too Inc. (NYSE:TOO) reported significantly better than expected F4Q EPS of \$0.55 after an accounting change) vs. \$0.36 (+53%). Excluding the effect of an accounting change related to the recognition of gift certificate revenue, the Company would have reported F4Q EPS of \$0.60. Stronger than expected same-store sales and a higher gross margin contributed to the EPS upside. The gross margin increased 190 basis points to 39.6% driven by stronger merchandise margins, higher initial markups and lower markdown rates. Same-store sales increased 10% in F4Q. For the year Too earned \$0.75 per share.

New stores opening were ahead of plan. The Company opened twelve new stores in F4Q, remodeled five stores and closed two stores. At fiscal year end, the total number of Girl Power stores was 89 or 25% of the store base. Limited Too's new stores are generating higher initial sales than planned. New stores also appear to be generating higher than expected sales per square foot as overall sales per square foot is growing at a faster rate than same-store sales. Same-store sales increased 10% in F4Q while sales per square foot advanced 12%. The Company plans to open 50 new stores in Fiscal 2000 and remodel 10 stores. Growth in the store base is increasing to 14% in Fiscal 2000 from 11% in Fiscal 1999. Merchandising initiatives yielded gross margin gains. The gross margin benefited with a 190 basis point gain in F4Q. Limited Too reduced the amount of goods on markdown through enhanced merchandising initiatives.

Total sales advanced 26% to \$155.6 million from \$123.2 million. Total sales benefited from stronger than anticipated same-store sales. Gross margin improved 190 basis points to 39.6%. Selling expenses declined 120 basis points to 20.9%, slightly better than our estimate. The operating expense ratio declined

partially due to one-time expenses related to the spin-off from Limited as well as from improvements in store productivity. Operating income surged 51% to 18.7% of sales. Total consolidated inventory rose 25.7% in F4Q, in line with the 26% sales gain. The company has made investments in categories such as swimwear and sleepwear to be well positioned for the spring selling season.

Too's Internet strategy continues to evolve. In early February the Company added 400 pages of content to its limitedtoo.com web site. The site is currently receiving about 160,000 hits per day. E-Commerce is likely to be launched this summer in advance of the back-to-school selling season. Limited Too already has much of the third party back-office fulfillment in place as it offers sales via its "catazine".

Too has traded in a tight range since being spun-off from Limited last August, but broke-out on the blow out quarter. The stock now trades around \$26 for a market cap of \$813 million. The company's Too chain offers private-label apparel, sleepwear, and swimwear for trendy girls ages 7-14. Limited Too also sells GirlCare glitter makeup and nail polish and room accessories, such as inflatable furniture and glitter telephones. The stores strive to be a destination experience (photo booths, light shows, ear piercing) girls will go to for the fun, as well as for the clothes. Too's 320-plus stores are located in malls and as departments within Limited stores in 43 states. We think that 2000 earnings could approach \$1.00 a share.

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
3COM	COMS	09/13/99	PALM COMPUTING	PALM	CO/SP
ACTION PERFORMANCE	ACTN	07/06/99	GORACING.COM	GRCN	CO
GRAPHIC PACKAGING (Formerly ACX Tech.)	GPK	06/15/99	COORSTEK	CRTK	SP
AMERICAN SOFTWARE	AMSWA	01/25/00	AMQUEST		
AMR CORP.	AMR	12/14/99	THE SABRE GROUP	TSG	CO/SP
APPLIED POWER	APW	01/27/00	ELECTRONICS BUSINESS		
AT&T	T	12/06/99	WIRELESS GROUP		TR
AUTONATION	AN	05/25/99	AUTONATION.COM		TR
AVISTA	AVA	01/21/00	INTERNET BILLING		
BANYAN	BNYN	10/29/99	SWITCHBOARD.COM	SWBD	CO
BAXTER	BAX	07/12/99	EDWARDS LIFE SCIENCES	EW	SP
BCE	BCE	01/31/00	NORTEL NETWORKS	NT	CO?SP
BELL & HOWELL	BHW	12/16/99	INTERNET LEARNING		CO
CABLEVISION	CVC	12/22/99	RAINBOW PROGRAMMING		TR
CABLETRON	CS	02/10/00	SPLIT INTO 4 COMPANIES		
CABOT CORP.	CBT	07/9/99	MICROELECTRONICS		SP
C-CUBE	CUBE	10/27/99	C-CUBE SEMICONDUCTOR		
CENTURY BUSINESS	CBIZ	04/06/99	INSURANCE UNIT		
CIBER CORP.	CBR	03/01/00	ENTERPRISE SOLUTIONS		SP
CMGI	CMGI	12/17/99	ALTA VISTA	ALTA	CO
COMDISCO	CDO	06/17/99	PRISM		CO
COMPUTER HORIZONS	CHRZ	10/18/99	eB NETWORKS		CO
COMVERSE TECHNOLOGY	CMVT	01/19/00	ULTICOM		CO
CONSOLIDATES STORES	CNS	01/27/00	KBKIDS.COM		CO
COPART	CPRT	12/17/99	INTERNET BUSINESS		SP
CYBER-CARE	CYBR	02/29/00	AIR RESPONSE		SP
DAISYTEK	DZTK	09/21/99	PFSweb	PSWB	CO
DAMARK	DMRK		CLICKSHIP DIRECT		
DELIA'S	DLIA		iTURF	TURF	CO/SP
DELTA WOODSIDE	DLW	02/09/99	APPAREL DIVISION		SP
DELUXE	DLX	01/31/00	eFUNDS		CO
DUN & BRADSTREET	DNB	12/15/99	MOODY'S		
DUPONT	DD	03/10/99	LIFE SCIENCES		TR
EATON CORP.	ETN	02/24/00	SEMICONDUCTOR UNIT		CO
EXCITE/@HOME	ATHM	11/22/99	INTERNET MEDIA		TR
FIRST UNION	FUR	01/24/00	IMPERIAL PARKING		SP
GETGO MAIL.COM	GTGO	02/29/00	GETGO USA		SP
GREAT LAKES CHEMICAL	GLK	09/20/99	OSCA		CO
HEWLETT-PACKARD	HWP	03/02/99	AGILENT TECHNOLOGIES	A	CO/SP
HOLLYWOOD ENTERTAINMENT	HLYW	12/2/99	REEL.COM		CO
HYPERFEED TECHNOLOGIES	HYPR	04/26/99	PC QUOTE.COM	PCQT	CO
INTELLIGROUP	ITIG	11/04/99	SERANOVA	SERA	SP
INTERPOOL	IPX	08/09/99	MICROTECH AND POOLSTAT		SP
JC PENNEY	JCP	05/18/99	ECKERD DRUG CHAIN		TR
KANSAS CITY SOUTHERN IND.	KSU	02/03/98	STILWELL FINANCIAL	SV	SP
LASON	LSON	12/20/99	E-COMMERCE		
LUCENT	LU	03/01/00	CORPORATE NETWORKING		SP
MASTER GRAPHICS	MAGR	09/09/99	EAGLEDIRECT.COM		CO
METHODE ELECTRONICS	METHA	02/23/00	OPTICS DIVISION		CO/SP
MILLER	MLR	05/13/99	ROADONE		SP
MIM CORP.	MIMS	01/20/00	INTERNET PHARMACY		
MODIS PROF. SERVICES	MPS	11/09/99	IT DIVISION / SOLUTIONS UNIT		SP/CO
NATIONAL DATA	NDC	12/21/99	eCOMMERCE		SP
NETWORK SOLUTIONS	NSOL	12/22/99	REGISTRAR		
NETWORK ASSOCIATES	NETA	01/31/00	INTERNET DIVISION		
NEW YORK TIMES	NYT	01/28/00	INTERNET UNIT		CO/TR

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
NORDSTROM	JWN	08/26/99	NORDSTROM.COM		CO
ODETICS	ODETA	03/02/99	ITERIS		SP
OLSTEN	OLS	08/18/99	GENTIVA HEALTH SERVICES	GTIV	SP
ORCKIT	ORCT	02/10/00	SEMICONDUCTOR UNIT		SP
PETSMART	PETM	02/03/00	PETSMART.COM	PSCM	CO
PLAYBOY ENTERPRISES	PLA	09/28/99	PLAYBOY.COM		CO
POMEROY COMPUTERS	PMRY	01/15/99	POMEROY SELECT	PSIS	CO
PRIMARK	PMK	11/08/99	YANKEE GROUP		CO
RALSTON PURINA	RAL	06/10/99	EVEREADY		SP
PREMIER TECHNOLOGIES	PTEK	10/28/99	WEB PROPERTIES		
RELIANCE	REL	10/27/99	SURETY DIVISION		CO
RIGHTSTART	RTST		RIGHTSTART.COM		CO
PRC	RES	01/14/00	CHAPARRAL BOAT DIVISION		SP
S3	SIII	01/31/00	INTERNET & NETWORKING		
SEAGATE TECHNOLOGY	SEG	06/07/99	INTERNET SOFTWARE		CO
SCHLUMBERGER	SLB	07/13/99	TRANSOCEAN SEDCO FOREX	RIG	SP/MERGE
SGI	SGI	02/26/99	MIPS TECHNOLOGY	MIPS	CO
STAPLES	SPLS	09/15/99	STAPLES.COM	SDOT	TR
ST. JOE COMPANY	JOE	10/27/99	FLORIDA EAST COAST IND.	FLA	SP
SYLVAN LEARNING SYSTEMS	SLVN	09/24/99	PROMETRIC TESTING		CO
SYMANTEC	SYMC	06/10/99	INTERNET TOOLS SOFTWARE		CO
TECHNOLOGY SOLUTIONS	TSCC	03/31/99	eLOYALTY	ELOY	SP
THERMO ELECTRON		01/31/00	THERMO FIBERTEK	TFT	CO/SP
TITAN CORP	TTN		CAYENTA		CO/SP
US BANCORP	UBAN	07/12/99	THREE RIVERS BANK		SP
USA NETWORKS	USAI		HOTEL RESERVATIONS NETWORKS	ROOM	CO
US INDUSTRIES	USI	05/18/99	STRATEGIC INDUSTRIES		SP
VIACOM	VIA.B	05/06/99	BLOCKBUSTER	BBI	CO/SPLIT
	VIA.B		MTVi		CO
WALMART	WMT	01/07/00	ONLINE BUSINESS		CO
WEATHERFORD	WFT	07/21/99	GRANT PRIDECO DRILLING	GRP	SP

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

FOREIGN CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
BANCA POPOLARE DI BRESCIA	BPB.IM	06/18/99	FIN-ECO ONLINE		CO
CANAL PLUS	CNPLY		CANAL NuMEDIA		CO
COMMERZBANK	CBK.F	06/10/99	DIRECT-BANKING		CO
DEUTSCHE TELEKOM	DT	01/25/00	T-ONLINE		CO
HYUNDAI		10/14/99	NON-SEMICONDUCTOR		CO
IDS INTELLIGENT DETECTIONS SYSTEMS	ISD	12/14/00	GEO COMMERCE / CADUCEON		SP
MAGNA INTERNATIONAL	MGA – MG.T	05/25/99	VENTURES		SP
MANNESMANN AG	MNNSY	09/23/99	ATECS		CO
NATIONAL POWER	NP	11/17/99	INTERNATIONAL POWER UNIT		
NOVO NORDISK	NVO	09/09/99	ENZYMES AND HEALTHCARE		CO
PENINSULA & ORIENTAL	LSE; PO	02/03/00	PRINCES CRUISES		SP
REUTERS	RTR, RTRSY		INSTINET		CO
ROCHE	ROHHY	12/06/99	GIVAUDEN		SP
RSL COMMUNICATIONS	RSLC	09/09/99	AUSTRALIAN UNIT		CO
SCOTTISH POWER	SPI.N	09/17/99	TELECOMMUNICATIONS		CO
SIEMENS	SIEG.F		INFINEON	IFX	CO
TECK CORP.	TEK	07/27/99	GOLD MINING UNIT		SP
TELEFONICA S.A.	TEF.N	08/25/99	TERRA NETWORKS	TRRA	CO
THYSSEN KRUPP	THAG	11/ /99	STEEL OPERATION		CO

Calendar Highlights

Price (02/29/00):	\$33 1/16			Date	Spin-Off	Tax				
Shares Out.	11.5 m	Spin-off		Symbol	Announced	Date	Exempt	Ratio		
Market Cap	380 m	UBid		UBID						
		<p>UBid saw its shares surge 13 percent last month after Internet holding company CMGI agreed to buy the online auctioneering company for about \$407 million in stock. CMGI's offer represented a 19 percent premium for shareholders of UBid (UBID), will weave the company's e-commerce offerings into its network of properties. The deal is expected to close in May, following shareholder and regulatory approvals. Under the terms of the merger agreement, CMGI will issue 0.2628 CMGI shares for every share of UBid.com held on the closing date of the transaction. Differing from auctions sites like EBay, UBid.com sells new items from a big variety of suppliers including Sony, IBM, Hewlett Packard, Canon, Epson, and Harmon Kardon. CMGI Chairman David Wetherell said online auctions are "one of the fastest-growing areas of the Internet, and UBid.com has distinguished itself in the market with highly differentiated merchandising and inventory management capabilities that will prove hugely valuable as this model scales for the future."</p>			<h1>Acquired</h1>					
Price (2/29/00):	\$5 3/4	Listed		Date	Spin-Off	Tax				
Shares Out.	22m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap.	\$ 126 m	Olsten	OLS		Gentiva Health	GTVH	08/18/00	March /		1:4
FY: Dec		<p>Olsten Corp. will hold its shareholder meeting on its proposed merger with Adecco SA, on March 13th. Upon completion of the vote it is expected that Gentiva health Services will be spun-off shortly after. When-issued trading has begun on Gentiva Health Services under the symbol (NASDAQ: GTVHV). The distribution ratio of the Health Services will be one share of Health Services for every four shares of Olsten.</p> <p>Gentiva Health Services The health services business, which had 1998 revenues of about \$1.3 billion, and has approximately 400 offices in the U.S. and Canada. Gentiva Health Services will continue delivering home health-related services, skilled nursing, home health aide and personal services, acute and chronic infusion therapy, physical/occupational/neurological/ speech therapies, pediatric and perinatal care, and disease management. It will also continue to offer marketing and distribution services for pharmaceutical, biotechnology and medical device firms, as well as institutional, occupational and alternate site health care staffing.</p>								

Calendar Highlights ...

Price (03/6/00):	\$20 3/16	Listed				Date	Spin-Off	Tax	
Shares Out:	470 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$ 6,668 m	Staples	SPLS		Staples.com	SDOT	09/15/99		TR/
FY: January		<p>On February 18th, Staples (NASDAQ:SPLS) filed a registration statement for Staples.com to raise \$250 million. As we reported in our October-99 issue, Staples plans offer a tracking stock for its internet unit Staples.com.</p> <p>Recent Results Staples Inc.'s reported sales of \$43.1 million for the fourth quarter, which ended January 29, an increase of 80 percent from the \$24 million reported for the third quarter of 1999 and a 453 percent increase from the \$7.8 million reported for the fourth quarter of 1998.</p> <p>For fiscal year 1999, Staples.com reported sales of \$94.3 million, a 458 percent increase from the \$16.9 million reported for fiscal year 1998. Staples.com is expected to lose \$150 million in 2001 (FY: January) according to company estimates. This expected loss is double street expectations of about \$75 million. Shares of staples have fell over 25% since management has announced its intention to ramp up capital expenditures on Staples.com. The increased expenditures are intended to increase market share growth, but retailers have been out of favor given an increase in interest rates and the potential economic slow down.</p>							

Price (03/6/00):	\$49 5/8	Listed				Date	Spin-Off	Tax	
Shares Out:	108 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$ 5,359 m	Weatherford	WFT		Grant prideco	GRP	07/21/99	04/14/00	P 1:2
FY: Dec		<p>On March 6th, Weatherford (NYSE: WFT) announced that March 23rd would be the record date for the spin-off Grant Prideco. Shareholders of Weatherford will receive one share of Grant Prideco for every two shares of Weatherford. The spin-off is conditions on a tax-free ruling from the IRS that is expected in the next several weeks. The distribution will occur on or around April 14th. Grant Prideco will trade on the NYSE under the Ticker "GRP". When-issued trading is expected on or about record date.</p> <p>Grant Prideco is a manufacturer of drilling tools, pipe, connectors, tubular products and casing. The unit was formed in 1995 when Grant and Prideco operations were combined to establish the company's position as a leading supplier of value added products in the drill pipe and premium tubulars markets.</p>							

Fresh Spin-Off Situations

Palm Soars in Trading Debut

The March 2, IPO of Palm Inc., the maker of the pocket organizer shot out of the gate and limped to the finish line. The stock (Nasdaq: PALM) jumped to \$160 per share in early trading, but gradually weakened before closing at \$95 for a 150% increase from its \$38 per share offering price. Goldman Sachs and Morgan Stanley, the lead managers, upped the offering price to \$38 from its previous range of \$30 to \$32; the original price was between \$14 and \$16. Palm also executed three concurrent private placements. America Online, Finland's Nokia and Motorola purchased a total of more than \$600 million worth of Palm stock at the \$38 offering price.

Palm wrapped up its first day as a public company with a **market capitalization of \$54 billion**, based on 562.3 million shares outstanding. This suggests Palm is trading at 73 times the last 12 months revenue of \$735 million. About 23 million shares, or 5% of Palm, were sold, leaving about 95% in the hands of 3Com, which plans to distribute those holdings (532 million shares) to its shareholders in six months. The ratio suggests that 3Com shareholders have approximately 1.5 shares of Palm embedded in each share of 3Com. Based on the closing prices on the day of the IPO, 3Com had \$142 worth of Palm per share, **implying a negative \$60 value for the stub business**. In other words, despite the fact that Palm contributed only 13% of 3Com's 1999 revenues, its market cap exceeded the value of 3Com's market value. This illustrates the premium investors are placing on new Internet related technologies. 3Com's, primary business is making computer-networking equipment.

Palm has about 70% of the market for hand-held organizers. Palm pioneered and continues to dominate the market for handheld computers. Palm offers devices built around the proprietary Palm operating system, related productivity software, and recently initiated Internet services. The company also licenses the Palm OS via strategic partnerships with major OEMs such as Sony, QUALCOMM, IBM, Ericsson, Nokia, and Handspring. Palm enjoys tremendous acceptance among both consumers and developers with over

5.5 millions units sold since introduction and more than 45,000 developers of third-party applications. Palm sales are growing 65% a year, on a pace to top \$1 billion in the fiscal year ending in May. For the six months ended November 26, Palm reported net income of \$22.5 million, or four cents a share, on revenue of \$435 million. Gross margins were 43.4% in the first half of the year. In fiscal 1999, it rang up \$563.5 million in revenue and net of \$29.6 million vs. \$272.1 million in revenue and \$4.2 million in profit in 1998. Palm's hardware business relies heavily on distributors and retailers, who together account for nearly 90% of Palm's device sales. Ingram and Tech Data alone accounted for 34% and 8% of its latest six months of revenue respectively. After paying a dividend to 3Com of roughly \$270 million, Palm will still have significant cash on hand to the tune of about \$900 million. The company is cash flow positive with \$84 million generated (from operations) last fiscal year.

Palm is at the beginning of its evolution from a hardware company to an Internet software and services company. Although Palm-branded devices accounted for over 99% of Palm's revenue in the latest six months, Palm will see increased revenue streams from its OS licensing and Palm.net businesses. Management expects non-hardware revenue to reach 25% of total revenue within three years. Palm hopes to benefit from the proliferation of Palm OS-based devices (ranging from Nokia smart phones to consumer media devices from Sony).

Shares of 3Com have been on fire since the company announced plans to spin-off its Palm computing unit. With the wireless sector booming Palm is attracting legions of fans eager to get into the game. There are a couple of factors that complicate the story. First, 3Com is facing litigation from Xerox Corp., which claims that Palm uses a technology that it patented to enable the Palm to read handwriting. Xerox received the patent in January 1997 and filed the suit against U. S. Robotics, then Palm's owner, that April. Second, when you take away Palm, 3Com does not have that much going for it. **If one is compelled to own Palm, buying 3Com is a cheaper way to garner exposure to the Palm stock. In addition, options on Palm will be listed on March 16th.**

Fresh Spin-Off Situations

AMR sets Sabre Spinoff

On Feb 8th, AMR (NYSE:AMR) said it would complete the spinoff to its shareholders of Sabre Holdings Corp. (NYSE:TSG), the computer reservation system and travel services company, in mid-March. AMR announced the multibillion-dollar stock distribution in December. The plan calls for AMR to spin its 83 percent position in Sabre. Sabre also set a one-time cash dividend, of \$5.20 a share, or a total of \$675 million, most of which will go to AMR, parent of American Airlines, the world's No. 2 airline. AMR said it would use the cash to strengthen its balance sheet and invest in its core airlines business. Through the spinoff, AMR is adding about 107 million shares to the 23 million Sabre shares that are already publicly traded. We believe that with AMR's depressed stock price (as a result of high fuel prices), that buying AMR before the March spin-off is a cheap way to buy Sabre.

The stock dividend under the spinoff will be distributed March 15, to shareholders on record March 1. AMR shareholders will receive about 0.7 Sabre shares for each share of AMR. The spinoff will be tax-free to AMR and its shareholders for federal income tax purposes. In addition to its leading reservation system, Sabre owns Travelocity.com, a major consumer Internet travel site which has agreed to buy competitor Preview Travel Inc. (Nasdaq:PTVL), forming the No. 1 Web-based travel agent. It will be 70 percent owned by Sabre after the deal. Sabre had 1999 revenues of \$2.4 billion and has about 10,000 employees worldwide.

Sabre

Besides computer reservations, Sabre sells flight planning and other information technology services for airlines. Sabre accounts for about 12% of AMR's revenues and AMR's 83% ownership interest in Sabre accounted for about \$1.23 of AMR's 1999 \$4.68 diluted EPS (excluding extraordinary items) according to management estimates. The separation should enable Sabre to accelerate its growth, as we believe many of American Airline's competitors were reluctant to do business with them because of Sabre's ownership by AMR. The company recently lost bids for contracts with Continental and United Airlines. The Internet has been eroding the traditional travel-agent based reservation system that Sabre first developed 38 years ago. Sabre intends to spin-off its Travelocity.com service after it is combined with Preview Travel.

The AMR stub (without Sabre) started trading when issued on February 28th at \$24 and closed out February at \$24 ¾ a share. Sabre closed out February at \$40 1/8, suggesting \$28 of Sabre embedded in each share of AMR ($\$40 \frac{1}{8} \times .7 = \28). This may appeal to value oriented investors as the carrier is fairly well hedged (50% hedged below \$20 per barrel through 2000) in a high fuel price environment for the balance of the year. Airline stocks have tended to rally to higher multiples in the spring in anticipation of strong summer seasons. AMR should benefit in any industry upturn, as the carrier has one of the strongest route systems of any airline in the world.

AMR Corporation

Price (2/29)	\$52 7/8	Options	AMEX
52- Week Range	\$69 - \$53	Dividend	\$0.0
Shares Outstanding	148M	Yield	0.0%
Market Cap	\$7.8B	1999 EPS	\$4.49
Debt/Capital	64%	Book Value/Share	\$40.50

Fresh Spin-Off Situations

Baxter To Spin-Off Edwards LifeSciences

Based in Deerfield, Illinois, Baxter is a medical products company and a leader in technologies related to blood and the circulatory system. In a revised form 10-12 B/A registration statement released February 18th, **Baxter indicated that it would spin off Edwards Lifesciences (its cardiovascular division) unit in March to shareholders at a ratio of 1 share of EW for each 5 shares of BAX** (formerly the ratio was 1 for 6). The new terms boost the number of shares for Edwards to be issued from 49 to 58 million, which is expected to begin trading sometime in mid to late March. **We estimate that Edwards is worth \$2 to \$3 per Baxter share** (or \$10 to \$15 factoring the 1 for 5 ratio).

Baxter develops, makes and distributes a diversified line of products, systems and services used mainly by hospitals, clinical and medical research laboratories, blood and dialysis centers, rehabilitation centers, and nursing homes. Baxter, through its subsidiaries, has market-leading positions in four businesses: biotechnology, cardiovascular, renal, and intravenous systems and medical products. Baxter's products are made in 25 countries and sold in about 100 countries. In July 1999, the company announced its intention to spin off its cardiovascular (CV) business to create a publicly traded company. The company will be focused on products and services used in the treatment of late-stage cardiovascular disease. The spin-off is expected to occur by the end of March. **Sales of the business represent 12 –13% of Baxter's total sales.** The CV business largely consists of Tissue Heart Valves, Swan-Ganz catheters, which monitor cardiac pressure; and cardiopulmonary devices, accounting for only 3% growth year over year. With the exception of tissue valves, the company's other cardiovascular lines of business were a drag on Baxter's growth. In 1999, Edwards Lifesciences generated \$905 million and net income of \$41 million (about \$0.70 per share).

Edwards 'Sciences' products lines are grouped into four general areas: cardiac surgery, critical care, vascular and perfusion products and services. EW

also offers a diverse grouping of other product lines comprised mostly of pharmaceutical and select distributed products. EW's cardiac surgery product lines include products relating to heart valve therapy, a left ventricular assist device, as well as cannulae and cardioplegia products used during open-heart surgery. EW's critical care products include hemodynamic monitoring devices for measuring heart pressure and output during surgical procedures and in post-surgical intensive care settings. EW has been a leader in this area since the development of its Swan-Ganz catheter more than 30 years ago. EW's vascular products include a line of balloon tipped, catheter-based products, surgical clips and inserts, agioscopy equipment and artificial implantable grafts. The perfusion products offered by EW include disposable and hardware products used during cardiopulmonary bypass procedures, including oxygenators, blood containers, filters and related devices and heart-lung machines. EW is also the world's leading provider of contract perfusion services with a staff of more than 400 clinical perfusionists who perform an aggregate of more than 50,000 perfusion cases for open heart surgery per year.

The impetus for the spin-off was management's conviction that the division (the smallest and least profitable in Baxter's portfolio) could better harness growth as an independent entity. Within Baxter, the division's lagging performance was somewhat obscured by the higher growth areas of Baxter's business. EW will likely receive more attention from a reinvigorated and better-motivated management. They will have the flexibility to take a more aggressive stance on internal growth, acquisitions, and divestitures than may have been possible within the broader Baxter organization. However, we believe the typical structural issues are present in this spin that will likely keep interest (i.e., sponsorship) low in the short-term. For starters, holders of Baxter, a large-cap company, may not have much interest in holding the small-cap spin-off. In addition, **Baxter is in the S&P 500, suggesting index funds will be forced to sell their EW shares after the distribution.** Should the growth acceleration in EW not materialize, or slow to

come, the stock's valuation could suffer. Given that much of EW's business is slow growing, revitalizing growth may prove difficult. If EW does languish as a stand-alone stock, it may offer a good buying opportunity. Baxter's last spinoff, Allegiance, was hugely successful (despite the perception of being a low margin, low growth business) appreciating sixfold before being acquired.

Edwards Sciences by Division

The new company will organize major product lines around five operating units. The largest of these, Cardiac Surgery, will encompass heart valves, Novacor, and minimally invasive heart surgery products, contributing about 34% of the new company's revenues. Perfusion Services, about 30% of revenues, will combine the Psicor perfusion staffing business and Bentley oxygenator business. The Critical Care unit manufactures monitoring systems such as the Swan-Ganz catheters and disposables for cardiac output; blood pressure is roughly 26% of revenues. The vascular unit provides surgical accessories for peripheral vascular surgery and implantable grafts, and includes Lifepath. This division contributed about 7% of total revenues. Other revenues contributed about 3% of sales.

Management

Michael Mussallem, Baxter's VP for the Cardiovascular division, will assume the role of chief executive officer of the new company. Mussallem has headed the division since 1995. Within Baxter, the Cardiovascular division had been treated like the proverbial "red-headed step-child", never receiving the top management's full attention. The Cardiovascular division's performance was buried within the larger Baxter corporate performance; thus the link between performance and stock price was not very direct for divisional managers at EW. Going forward, these managers' compensation will more closely reflect the performance of Edwards Lifesciences.

Strategy

Edwards plans to pursue attractive opportunities through acquisition. Its existing operations generate significant cash flow, thus enabling the company to make small, strategically placed acquisitions.

In addition, we believe that improving EW's existing cost structure will be high on management's priority list. In order to compete effectively, Edwards will need to eliminate inefficiencies and cut costs. Investors will likely scrutinize its cost structure more closely once it is a separate, publicly traded company.

Edwards's plans to evaluate projects using incremental return on invested capital in excess of its weighted average cost of capital. Management has made clear their plans to apply this yardstick not only to new investment opportunities but also to its existing portfolio. They plan to assess all product lines and offerings to ensure that each is contributing a return on invested capital that meets objectives. Divestitures of low-margin slow growing, or non-core businesses in its existing portfolio is likely.

Risks

Given that much of the cardiovascular business is slow growing (critical care monitoring, cardiopulmonary products, perfusion, and vascular), **That coupled with selling pressure from new shareholders (who "inherit" the stock) will likely keep a lid on near-term price appreciation.** Moreover, a highly leveraged balance sheet could set up another hurdle for Edwards to overcome. The spin will take on a significant amount of debt, currently estimated at about \$50 million. Such leverage could limit the company's borrowing power. Thus, the stock's price/earnings ratio could be somewhat modest initially.

Valuing Edwards

We believe in the longer term EW is most likely to be compared for valuation purposes to companies such as St. Jude Medical (SJT), Boston Scientific (BSX) and C.R. Bard (BCR). In the near-term the supply of EW stock is likely to overpower demand, and could cause some temporary dislocation between the stock price and what normalized earnings power might suggest what the stock is worth. **We would guess that the stock could trade around 15x 1999 EPS of \$0.70, and perhaps 1x sales suggesting a range of \$10.50 to \$15.60 a share.** This equates to \$2.10 and \$3.12 per Baxter share.

Baxter Q499 Results

On January 27th, Baxter International reported fourth-quarter 1999 earnings of \$0.84 per share versus \$0.73 a year ago, for a gain of 15%. The numbers were consolidated to include “core Baxter” as well as the Edwards Lifesciences cardiovascular business. Earnings were pro forma to exclude \$19 million associated with the spin-off. Cardiovascular earned \$0.06 and the Baxter stub earned \$0.78. Fourth-quarter sales for Baxter grew 9%, to \$2.002 billion.

Operating income in the quarter increased 13%, to \$356 million. As a percentage of sales, operating margins increased 60 basis points year-over-year to 17.8%, essentially flat compared with Q399. Gross profit margins increased 10 basis points to 44.7% of sales. SG&A spending increased a modest 5% but decreased 70 basis points year over year as a percentage of sales, to 20.9%. R&D spending increased 30 basis points year over year to 5.3% of sales. Significant investments were made in noglobulin, recombinant Factor VIII, wound management, and vaccines. Interest expenses were about \$24 million. Other income was \$3 million (hedging gains). As a result, pretax income increased 16.7%, to \$335 million, 110 basis points higher than in Q498. The company’s effective tax rate was 26%. Net income improved 17% to \$258 million.

For the year sales grew 10.4% to \$7.286 billion. Domestic sales increased 3.2%, to \$943 million, while international sales rose 14.8%, to \$1,059 million. Management is backing 15% earnings growth for 2000.

Balance Sheet

Cash flow from operations approximated \$454 million for the quarter and \$719 million for the year. This compares with \$515 million for the full year of 1998. Capital expenditures increased to \$783 million

(including capitalized leases) for the year (up 13%) as Baxter continued to invest heavily in the blood business. For the year net debt to capital was 40.2% compared with 48.4% for 1998.

Year 2000 Outlook

During the company’s Q4 conference call, Baxter outlined its goals for 2000. The company hopes to generate \$600 million in cash flow. This includes \$500 million from “core Baxter” and \$100 million from Edwards. Management is aiming for sales growth in excess of 10% for the Baxter stub. This includes a) renal growth in the “upper-teens range” with the acquisition of Althin, b) IV growth of 6 –7 %, with the acquisition of Sabratek, and c) Biotech growth in the low to mid teens. Edward Lifesciences is expected to grow in the low mid single-digit range.

Net income growth at “core Baxter” should be in the mid teens. This would imply EPS in the \$3.05 range post spin-off (versus \$2.64 in 1999). Net income growth at Edwards is expected to exceed 20%, before the costs the company would incur as a public company. This suggests an EPS estimate for EW in 2000 of \$0.84 (+20%) exclusive of any one-time charges. If one assumes that EW will incur additional costs of about \$30 million per year pretax, this is roughly \$0.05 per share. Adding these numbers would suggest \$0.79 for Edwards.

Based on the markets current disinterest in healthcare related stocks, we feel it is unlikely that Baxter will trade for more than 20x expected earnings or roughly \$60 per share near-term. **We expect EW to trade around \$3 (\$15 as a stand-alone), suggesting a sum-of-the-parts of \$63 per share.**

Baxter International

52-Week Range	\$76 - \$56	Dividend/Yield	\$1.16/3.38%
Shares Outstanding	297M	1999 EPS	\$2.64 P/E=20.6
Market Capitalization	\$16B	Revenues	\$6.38B
ROE:	27%	Price/Sales	2.5x
LT Debt	\$2.9B	LT Debt/Capital	47.5%

Fresh Spin-Off Situations

USA Networks Carves-Out Hotel Reservations Network

On February 25th, USA Networks (NASDAQ: USAI) carved-out 5.4 million shares of Hotel Reservations Network (NASDAQ: ROOM). The Initial offering price was \$16 and raised \$86 million in proceeds. Hotel Reservations Network opened for trading at a price of \$24 5/8, a 54% premium over the offering price. USA Networks will continue to own 37 million shares (68% economic, 97% voting) of the 54 million outstanding. Based on opening day prices, Hotel Reservations network is valued at about \$1.40 per USA network share.

USA Networks is a diversified media company operating cable TV's USA Network and the Sci-Fi Channel. It also shows the Home Shopping Network (HSN) in almost 70 million US homes. USA Networks' Studios USA produces TV series (*Xena: Warrior Princess* and *Law & Order*), talk shows (*Jerry Springer*), and made-for-TV movies. The company's USA Broadcasting owns 13 TV stations, most of which air HSN. The company also owns Ticketmaster, the largest ticket outlet in the US, and 60% of Ticketmaster Online-CitySearch (NASDAQ: TMCS) TV mogul Barry Diller is in charge of USA. He is trying to transform the company into a 21st-century media enterprise by adding Internet-related businesses to its portfolio, including the failed attempt to acquire Internet portal Lycos and merge it with Ticketmaster Online-CitySearch. USA Networks is merging its Internet Shopping Network service with Web retailer Styleclick.com. (USA will own 75% of the new firm.) Seagram owns about 45% of USA Networks, and Liberty Media (a cable programming unit of AT&T) owns 21%.

Industry

The Travel Industry Association of America estimates that consumers in the U.S. spent in excess of \$515 billion on business and leisure travel in 1998. According to Smith Travel Research, the U.S. lodging industry generated \$93 billion in revenues in

1998, and as a result of the Internet's wide acceptance, online sales of travel services have expanded in recent years. Jupiter Communications reported that the U.S. online travel market has more than doubled from \$911 million in 1997 to \$2.2 billion in 1998. Jupiter Communications projects that online travel bookings will increase from \$4.2 billion in 1999 to \$16.6 billion in 2003, representing a compounded annual growth rate of 41%.

Hotel Reservations Network provides hotel accommodations through various websites. They contract with hotels in advance for volume purchases at wholesale prices and sell these rooms to consumers, often at significant discounts to published rates. In addition, these hotel supply relationships often allow customers hotel accommodation alternatives for otherwise unavailable dates. Pro-forma revenues for 1999 were \$161.8 million and generated a pro-forma operating loss of \$10.2 million. Revenues have been primarily driven by the leisure traveler and are therefore cyclical with higher bookings during the holiday and vacation seasons.

Recently we have witnessed several IPO's including Metamor Worldwide's carveout of Xpedior and Microsoft's Expedia, and Priceline.com which has expanded its scope of service to include hotel reservations. Currently, Hotel Reservations Network has arrangements with leading travel websites such as Preview Travel, Microsoft's Expedia, Sabre's Travelocity, Pegasus System's TravelWeb, Cheap Tickets, Yupi.com and GetThere.com. These companies do not actually purchase blocks of rooms at discounts and re-sell them, but we anticipate that competition within this market will heat up quickly as more online services offer equivalent services.

USA Networks, as of Feb 28th has no intentions to spin-off the remaining shares of Hotel Reservations Networks.

Recently Announced Spin-Off Situations

Cabletron Systems to Establish Four Independent Operating Companies

On February 10th, Cabletron Systems (NYSE:CS) announced plans to transform its business through the formation of four independent operating companies. **Cabletron Systems** makes routers, switches, and other products that let computers talk to each other in a geographically dispersed or office/home network (known as a LAN). Cabletron sells directly to government, corporate, and educational customers worldwide. Cabletron is splitting into four separate companies based on target markets: Riverstone Networks (service provider/broadband), Enterasys Networks (corporate networks), Global Network Technology Services (GTNS, professional services), and Aprisma Management Technologies (network software). Co-founder and director Craig Benson owns 11% of Cabletron. Cabletron has appreciated about 25% since announcing the restructuring plans. We suspect that there is still meaningful upside to Cabletron based on a sum-of-the-parts analysis.

Cabletron is a leading provider of enterprise-class networking solutions incorporating routers, hubs, switches, and related network management software. Cabletron sells its products to the enterprise, small business and service provider markets. Cabletron will separate its operations on March 1, following the close of the February quarter (Q4 FY 2000). The company will begin reporting results from the four segments with the May quarter. Cabletron hopes to complete all the spin-offs prior to the end of this calendar year. Aprisma is likely to be the first division to complete an IPO, which could take place as early as May of this year.

Riverstone Networks: Riverstone, led by Romulus Pereira, President, will focus exclusively on the service provider market, including content hosting, Application Service Providers, POPs, CLECs, ISPs, MSOs and alternate carriers with the goal of

delivering high performance, application enabled infrastructures. Riverstone's products will include SmartSwitch Routers, cache redirectors, load balancers, and related software solutions. Revenues for this segment account for about 5% -10% (roughly \$75 million) of Cabletron's revenues and could grow over 100% year over year in fiscal 2001. Foundry Networks (FDY), a company which Cabletron suggests is comparable, trades at about 110 times 1999 sales of \$133.5 million. Foundry went public on September 28th, 1999 at \$25, and now trades around \$130 a share. Clearly, if Foundry is an appropriate comparable, Riverstone could be worth \$4 billion or more. We would not assume that this is the market value that this division will be awarded, as we have limited information at this time.

Enterasys Networks: Enterasys, led by Henry Fiallo, President, will focus on providing networking equipment to enterprise customers. Its solutions enable customers to drive competitive advantage through their e-business infrastructures. In terms of revenue, this will be the largest of the four companies, accounting for about 75% (roughly \$1.1 billion) of Cabletron's revenues. Its products include SmartSwitch Routers for enterprise networks, Layer 2 Lan switches, shared hubs, and adapter cards, WAN firewalls, and connectivity services. Enterasys will be competing head on with Cisco, suggesting rather modest revenue growth.

Global Network Technology Services (GNTS): GNTS, led by Earle Humphreys, President, is a network consulting company that will focus exclusively on professional services, including the design, performance, management and security of complex networks for large enterprise and service provider customers. GNTS accounts for about 15% (\$240 million) of total revenue.

Aprisma Management Technologies: Aprisma, led by Michael Skubisz, President, will focus exclusively on delivering infrastructure management software for service provider and enterprise markets.

Demand has been strong for Aprisma's software that monitors computer networks and web sites and warns system operators of service slowdowns and breakdowns. As a separate company, Aprisma plans to sell its software for use with networking equipment from both Cabletron and other vendors. This business accounts for about 5% (or \$70 million) of Cabletron's total sales. Cabletron expects annual revenue growth of 50% to 60% for Aprisma, suggesting revenues in excess of \$100 million this year. Aprisma recently announced that it has reached an agreement with Compaq, under which Compaq's professional services organization will resell at least \$25 million of Aprisma's Spectrum software over two years. Compaq will take an equity stake of less than 2% in Aprisma for \$14 million. Aprisma is likely to file a registration statement in April or May, but no investment bankers have been selected yet. **The company is likely to sell less than 20% of the company for between \$100 to \$200 million. Based on this and what Compaq bought in for, we would expect the market cap based on the IPO price to approach \$1 billion. This suggests Cabletron's projected 80% stake could be worth \$800 million or about \$4 3/8 per Cabletron share (roughly 10% of Cabletron's stock price).**

If Aprisma is afforded a multiple on par with the other three pure plays in this space (Concord Communications-CCRD, Visual Networks-VNWK, and Micromuse-MUSE), it is possible that the stock could be worth \$6 or more per Cabletron share.

Recent Results

Cabletron reported financial results for the third quarter (ended November 1999) of fiscal 2000 of \$0.12 per diluted share. Net sales for the third quarter were \$371.7 million compared with \$356.6 million in the second quarter and \$329.9 million a year ago. On a proforma basis, net income was \$22 million, or \$0.12 per diluted share, compared with pro forma net income of \$12.5 million, or \$0.07 per

diluted share in the prior quarter. Gross margins were 46.4% and operating margins were 39% of sales. Increased focus in supply chain management has brought inventory down to \$179 million and increased turns to 4.5 times. Cabletron is also seeing 18% of its revenue generated over the web through its e-commerce site. Cabletron has no long-term debt and enjoys a cash balance of \$550 million. Sales of Cabletron's SmartSwitch Router continue to be the primary driver of revenues, which grew by 18% sequentially. Cabletron now has roughly 95% market share in the wide area network segment of the Layer 3 switching space and has been the leader in overall number of ports shipped for the third straight quarter.

Hidden Asset

Cabletron recently (December 21, 1999) sold a division (that they bought for \$25 million) called **Flowpoint to Efficient Networks (EFNT) for about 13.5 million Efficient common shares.** Efficient went public last July at \$15 per share and now trades around \$150 a share. Cabletron sold 1.9 million Efficient shares at \$70 per share (generating \$133 million in cash), but still owns 11.6 million shares or roughly 22% of Efficient. At current prices, Cabletron's stake is worth \$1.74 billion, or \$9.54 per Cabletron share. This represents 21% of Cabletron's \$45 1/2 stock price. Cabletron will maintain an original equipment manufacturing agreement with Efficient to continue to have access to the full line of Digital Subscriber Line modems and routers, thus continue to participate in this rapidly growing market. Over the next several quarters, we expect Cabletron to monetize a portion of its remaining investment to generate cash.

Efficient Networks' DSL CPE (digital subscriber line customer premises equipment) enables high-speed Internet connections on copper phone lines for consumers, branch offices of large companies, and small and mid-sized businesses. Products include PC modems for single users and high-speed remote connectivity products for multiple users. DSL CPE accounts for most of the company's sales, but Efficient still sells asynchronous transfer mode (ATM) connectivity products.

Recently Announced Spin-Off Situations

CIBER Plans to Carveout its Package Enterprise Solutions Business

On March 1, CIBER (NYSE:CBR), which installs software to help businesses run their operations, announced plans to create two major units and boost the share price. The company will separate its packaged-software integration and e-business solutions component from its custom information technology design, staffing, network and Internet offerings. The company anticipates an IPO of this business in spring 2000. CIBER is attempting to increase shareholder value by creating two pure play companies that will be able to pursue growth opportunities more effectively.

The e-business part of CIBER (the proposed spin) has been growing at 30-50 percent annually in the past five years, but the stock price has not reflected that growth, company executives said. CIBER will create a subsidiary (not yet named) to focus on software that helps e-businesses, and carveout 20 percent of that entity in an initial public offering. The company hopes to get approval for the IPO by the end of the second quarter. Eventually CIBER would like to spin off the remaining 80 percent of the new e-business company to shareholders if it can obtain an Internal Revenue Service ruling that the transaction would not be taxable to the holders. The "new" CIBER will represent businesses that generated about \$500 million in 1999 revenue and the new "e-business" company that represents about \$200 million. In the fiscal year ended June 30, 1999 CIBER had revenues of \$719 million. The company now reports on a calendar year basis.

CIBER, headquartered in Denver, is a national provider of systems integration and consulting services. CIBER offers information technology solutions in five principal areas: management consulting, enterprise integration and network services consulting, business/IT alignment, enterprise applications implementation and outsourcing, and IT staff augmentation. Founded in 1974, CIBER built a

branch office network through internal growth and acquisitions of IT staff augmentation businesses. The company began an acquisition program in the summer of 1995, which targeted both ITS solution and staff augmentation providers. Solutions services, which currently represent about 50% - 60% of CIBER's revenue mix, enjoys faster growth and higher profitability than IT staff augmentation services.

NEWCO

The new enterprise e-business company will build its extensive package software implementation integration expertise and aggressively expand into the business-to-business e-commerce implementation services market, customer relationship management and supply chain services. Its newer alliances include Commerce One and Siebel Systems. New e-business modules of the traditional package software companies, such as PeopleSoft, Lawson, J.D. Edwards, SAP and LogisticsPro, are also anticipated. These comprehensive enterprise e-business solutions will focus on the middle market, Fortune 1000 companies and targeted vertical markets. The new company represented about \$200 million in revenues in 1999.

CIBER's Continuing Operations

CIBER's continuing operations will expand the company's end-to-end Internet solutions through its proprietary e.Business Pyramid of practices, particularly in e-strategy and custom e-commerce / systems integration, as well as business intelligence / data warehousing, middleware, networks and outsourcing. CIBER will provide Internet solutions to vertical markets for the Global 2000 middle-market companies and "dot.coms" alike. Building on its 90 percent client renewal rate, it will help large, long-term customers move from "bricks to clicks." Back-end integration of business-to-business solutions will be a key strategy for which CIBER will engage in new alliances. A portion of CIBER's clients continue to

rely on CIBER for traditional information technology services; however, with the Internet revolution, CIBER is providing a growing number of updated Internet-related solutions. Strategic new hires are also being considered. This new CIBER represented about \$500 million in revenues in 1999.

Agilera.com

Agilera.com, CIBER's joint venture application service provider (ASP), unveiled its new name and the signing of the definitive agreements with CIBER, Verio (Nasdaq:VRIO), the world's largest Web-hosting company, and Centennial Ventures, Colorado's largest venture capital firm; the joint venture will close when Hart-Scott-Rodino approvals are received. Verio will invest \$30 million and own 39% of Agilera.com. Centennial Ventures, will invest \$15 million and own 19% and CIBER will contribute its ASP subsidiary, CIBER Enterprise Outsourcing, and hold a 42% interest in the company, which is expected to be split between the new enterprise e-business company and CIBER. On the conference call **management indicated that it intends to take this business public as early as this fall or perhaps as late as spring 2001.** The company hopes to exit the year with a run rate of about \$100 million. Paul Rudolph will assume Chairman and CEO role of Agilera.com. Agilera is an independent Application Service Provider (ASP) that delivers Internet-enabled e-business and enterprise solutions to emerging and middle-market companies such as J.D. Edwards, Peoplesoft, Lawson, and Rightworks, integrating them with current technologies.

CIBER'S Fourth Quarter 1999 Results

CIBER reported fourth quarter 1999 total revenue of \$175 million, lower than our estimate of \$180

million. Service revenue was \$165 million, including approximately \$4 million from acquisitions. Services revenue grew 6% from the year-ago period, but declined 7% from third quarter 1999. The company reported \$10 million in other income. CIBER ended the quarter with billable headcount of 5009 (plus 250 for the quarter), a decline of 5% from third quarter 1999. The quarter was adversely affected by seasonal factors and Y2K-resource diversion. Average billing rates increased slightly (\$75/hour or \$156k annualized) from Q3 as the company's headcount mix shifted toward solutions from staffing.

CIBER reported fourth quarter 1999 EPS of \$0.13, a decline of 50% from fourth quarter 1998 and 28% from third quarter 1999. Cash EPS was \$0.18 per share. Cost of service revenue decreased as a percent of revenue to 67.5% in the fourth quarter of 1999 versus 67.7% in Q3 1999. Selling, general and administrative expense increased as a percent of revenue to 23.4 in the fourth quarter of 1999 from 23.0% in Q3 1999. SG&A declined \$2 million sequentially.

The lower-than-expected revenue run-rate suggests normal IT spending patterns have not yet materialized. It appears Q2 will continue to be a period of transition. The company indicated that growth in Internet related services would not offset declining legacy system and IT staffing revenue until late 2000 or 2001. The company is trying to move away from staffing to higher margin solutions business and a greater percentage of revenue related to e-business projects. Staffing currently represents about 25% of CIBER revenue, down from 30% last year. E-business (including ERP work) represents about 55% of total revenue.

CIBER (NYSE-CBR)

Price (3/2/00)	\$22 9/16	Dividend/Yield	\$0.0 / 0.0%
52-Week Range	\$29 - \$14	LT Debt	None
Shares Outstanding	59M	1999A EPS	\$0.80 P/E = 28x
Market Capitalization	\$1.33B	Options	AMEX
Book Value (Dec 99)	\$5.84	Price/Book	3.85

Recently Announced Spin-Off Situations

Consolidated Stores Plan to IPO KBkids.com

On Jan. 27, Consolidated Stores (NYSE:CNS) announced KBkids.com Inc. had filed a Registration Statement for a \$210 million initial public offering. Based in Denver, CO, KBkids.com is an online retailer with an exclusive focus on children's products. The company, which is majority owned by Consolidated Stores, operates a web site that sells toys, video games, software and videos. KBkids.com is a joint venture between subsidiaries of Consolidated Stores Corporation, the parent company of K*B Toys, a 1,300 store toy retailing chain, and BrainPlay.com, Inc. Consolidated invested more than \$80 million for an 80 percent stake. KBkids.com Inc. intends to apply to trade on Nasdaq under the symbol, "KBKD." KBkids.com filed with the SEC to sell Class A shares. The number of shares to be sold and their estimated price has not been disclosed. Consolidated will retain all of the Class B shares.

Consolidated Stores is the dominant closeout retailer and the largest mall-based toy retailer in the U.S. and Puerto Rico. Stores by division consist of: 1,230 closeout stores operating as Odd Lots, Big Lots Furniture, Pic "N" Save, and MacFrugal's Bargain Close-Outs; and 1,320 toy stores operating as KB Toys, KB Toy Works, and KB Toy Outlet, with online shopping at www.KBkids.com Wholesale operations are conducted through Consolidated International and Wisconsin Toy. Consolidated's stock has been on a death spiral since peaking out on June 9th, 1999 at \$38. The stock has fallen 69% to \$11 ¾. Investors have not been interested in a closeout retailer during a boom economy.

KBkids.com is one of the fastest growing online retailers with an exclusive focus on children's products. In its first holiday season, according to Media Metrix, the site was ranked twelfth overall among all e-commerce sites for unique visitors during the five week holiday season ended December 26, 1999. For the same five-week holiday period, Media Metrix ranked the site among the top three toy sites in traffic. From PlayStations and Barney videos to

Barbie dolls, the company sells toys, video games, software, collectibles, and videos. It also offers reviews and information about its merchandise, as well as articles from toy experts. KBkids.com was formed in July 1999 when Consolidated Stores combined its online toy operations with those of BrainPlay.com. BrainPlay.com founder Srikant Srinivasan became CEO. Consolidated Stores owns 80% of KBkids.com, BrainPlay.com's investors (which included Sequel Ventures and Sevin Rosen Funds) own 20%.

Recent Results

Consolidated reported EPS of \$1.06, flat with last year's results, despite significant Internet investments this year. The company exceeded Street consensus EPS estimate of \$1.03. Internet losses came in at (\$0.16). Retail EPS was \$1.22. Total sales were up by 9.3% (to \$1.95 billion), on same store sales of 3.9% and the addition of 50 net new stores since Q4 1998. Closeout Sales were \$963.7 million, up 14.2% largely on a 7.2% same store sales increase. The toy division experienced a 4.3% revenue increase, with total sales from this division at \$872.1 million and a 0.5% increase in comp store sales. The company's wholesale business contributed \$10.2 million to the total sales figure. The company's core operating profits rose significantly, reflecting improvements in inventory control, merchandise mix, and shrinkage. Retail EPS was \$1.15, an increase of 19%. Gross profit improved roughly 12.6% to \$752.1 million from \$667.8 million, and the gross margin improved 80 basis points to 40.7%. The company's expense ratio climbed to 30.1% from 27.6%, primarily from the KBkids.com venture. The inclusion of expenses associated with KBkids.com led to a 130 basis point decrease in the operating margin, which came in at 10.6%. After \$5.9 million in interest expense, a \$4.6 million contribution by the shareholders of Brainplay.com from investments in KBkids.com, and taxes of \$74.9 million, Consolidated posted net earnings of \$119.3 million compared to \$118.8 million in Q4 of last year.

FY 1999 Details

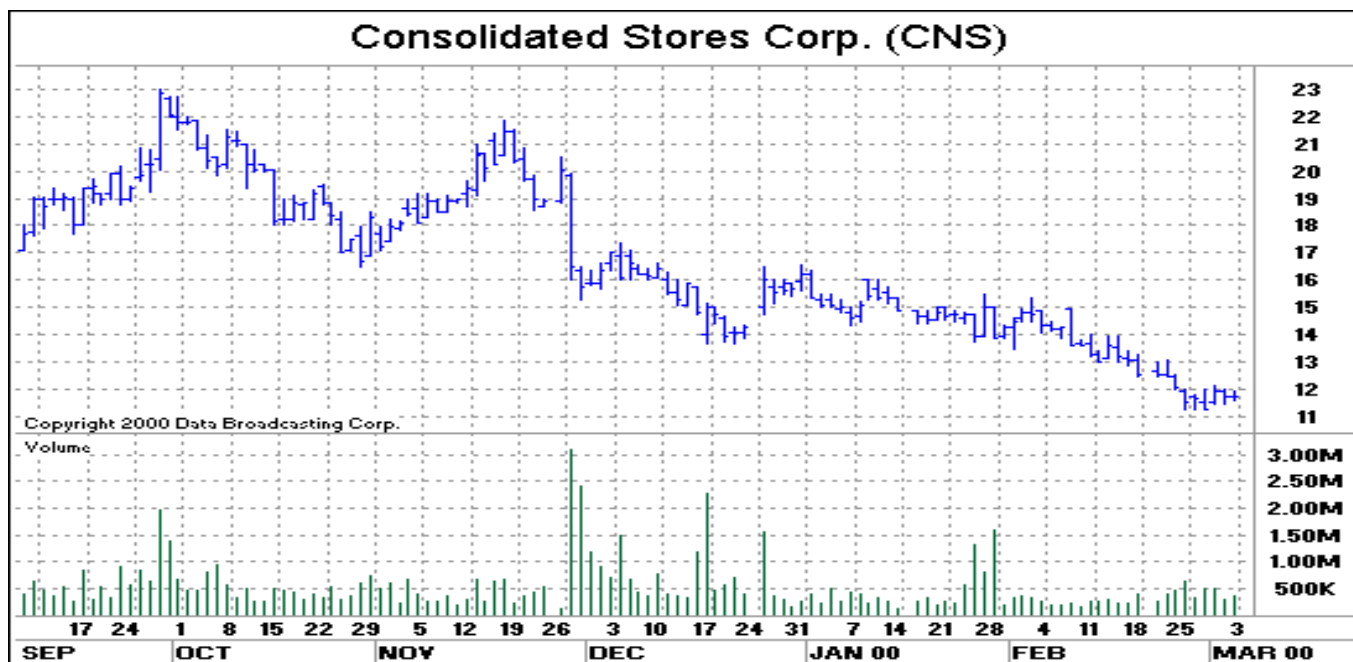
Consolidated generated EPS of \$0.85 compared to \$0.97 (excluding an \$0.11 loss from an extraordinary item) in FY 1998. Retail EPS was \$1.15 (a 19% increase). Internet losses for the KBkids.com ventures amounted to \$0.30. Total sales rose 12.1% to \$4.7 billion, with closeouts up 15.2% to \$2.9 billion and toy sales up 7.5% to \$1.8 billion. Comps increased 5.6% for the total year, with closeout comps improving 7.5% and toy store comps up 2.7%. The gross margin improved 60 basis points to 41.2% (closeouts at 43.5% and toys at 38%). Operating margin fell to 3.6% from 4.9%, due to the KBkids.com Internet start-up. Net income was slightly less than 2% of total sales or \$96 million. The number of shares outstanding used to calculate EPS was 113.0 million. As of January 31, 2000 the company's total store count was 2,550, for a net gain of 50 year over year.

IPO of KBkids.com could be the catalyst Consolidated needs. It does not appear to us that investors are factoring any value for KBkids.com into Consolidated's stock price. We expect the IPO could start trading as early as April of this year. KBkids are the second-largest e-toy-retailing site, right behind e-Toys (ETYS). EToys has a market capitalization of \$1.7 billion and trades at 16x sales. So, if KBkids.com is reasonably successful, then investors have a way of participating in a high-growth area without having to pay the high-growth premium via Consolidated Stores.

KBkids.com has promoted itself as a "clicks-and-motor" retailer, offering shoppers the benefits of both the Internet and actual stores. KBkids.com shoppers can get the convenience of buying toys online and can return products if needed at KB Toys stores. This advantage could allow it to gain market share in the online toy market.

Consolidated Stores

52-Week Range	38 – 11	Dividend/Yield	\$0.00/0.0%
Shares Outstanding	113M	Book Value/Share	\$10.80
Market Capitalization	\$1.32B	1999 Sales	\$4.7B
Debt/Capital	20%	Price/Sales	0.28%
Fiscal Year	January	1999 EPS	\$0.85 P/E= 13.8x



Recently Announced Spin-Off Situations

CYBeR-CARE to Sell or Spin Off the Company's Air Ambulance Business

Feb 29, CYBeR-CARE (Nasdaq:CYBR) has decided to sell or spin-off to shareholders the company's Air Response subsidiary, an ambulance air transport service. CYBeR-Care has seen its stock soar in the last three months as state Medicaid officials, home-care companies and health insurers express interest in its patented electronic-housecall system. The unit allows doctors and nurses to remotely monitor and test chronically ill patients in their homes. CYBeR-CARE's stock traded at about \$1 a share just four months ago, and now fetches about \$24 per share. The company has lost \$28.8 million during the last five years.

CYBeR-CARE will continue to integrate its e-pharmacy and rehabilitation businesses with its Electronic Housecall System, a patented Internet-based technology that remotely monitors individuals for health care purposes. Current CYBeR-CARE shareholders will receive a dividend of 5% of Air Response with a record date no later than March 30, 2000. The Board of Directors may consider giving shareholders a second 5% dividend before the spin-off or Initial Public Offering, which will occur sometime later this year. For every 100 shares of CYBeR-CARE, each shareholder will get one share in Air Response stock. The stock dividend or dividends will be delivered physically to shareholders.

In addition, the Air Response employees have agreed, after this transaction, not to sell their approximately 4.5 million CYBeR-CARE shares for a period of one year. Michael Morrell, CEO of CYBeR-CARE, said, "After evaluating our businesses which can be related to our Electronic Housecall System we realized that the air ambulance business did not fit into our longer-term strategy. Even though it is an excellent business we thought it would get a better valuation in the marketplace as a stand alone entity." The air ambulance service has 17 airplanes that charge \$3.50 a mile and make 250 trips a month. Air response is a dedicated air ambulance company, which owns and operates a fleet of aircraft. Within minutes of a call, flight coordinators make all the necessary air and ground arrangements for "bed-to-bed" service.

CYBeR-CARE has four business lines. The Electronic Housecall System, a patented Internet-based technology system that provides remote monitoring of individuals for health care purposes. In addition, CYBeR-CARE operates physical, occupational and speech therapy centers, an e-pharmacy and one of the world's largest air ambulance transport services.

CYBeR-Care has developed, with Georgia Tech University, a new Internet-based remote monitoring system. The system, besides monitoring the patient, collects and transmits the patient's vital signs such as blood pressure, heart rates, blood oxygen levels, lung function, etc. Its Internet-based remote monitoring system allows for more cost-effective and timely medical services to be delivered to the patient. In addition, the system provides insurance companies with a way to reduce their costs for chronically ill patients. The Internet system is called the Electronic Housecall System (EHC). The company has received interest for its EHC system. The company recently applied for FDA approval for the EHS system. CYBeR-Care has secured \$22 million in financing, giving the company the funds needed to launch the EHS, as well as grow its rehabilitation facilities and the e-pharmacy businesses. The company is in the process of negotiating agreements to manufacture the EHS. CYBeR-Care's main competitor, American TeleCare in Eden Prairie, Minn., also is in the early stages of rolling out its own system.

The units, which lease for \$150 each per month, will be distributed by insurance companies to chronically ill patients. The first two payers to sign up are Medicaid Florida and Cambridge Health Care in Deerfield Beach. The units are already in a number of patients' homes as part of clinical trials. The Medicaid Florida participation includes a pilot project involving patients with congestive heart disease.

Prior to last September, Cyber-care was known as Medical Industries of America. Since 1990, it has run an air-ambulance business, rehabilitation centers and a pharmacy. The stock did not take off until it purchased closely held Cyber-Care in Atlanta for \$10 million in stock last year and took the acquired company's name.

Recently Announced Spin-Off Situations

DAMARK International To Spin ClickShip Direct

On February 16, direct marketer, DAMARK International (NASDAQ: DMRK) announced it will pursue spinning-off its Internet services business (ClickShip Direct inc.) to shareholders in pursuit of growing the Company at a quicker pace. Directors have approved the plan to separate ClickShip Direct as a publicly traded Company, but the spin-off is contingent upon a favorable tax free ruling from the IRS. Damark expects to receive the ruling sometime in the 3rd quarter.

ClickShip Direct Inc. provides e-commerce services to corporate clients within the “e-tailing”, “clicks and mortar” retailing and consumer goods manufacturing industries. The services include order management, product fulfillment, and customer service.

DAMARK International, Inc. develops markets and manages cutting edge membership programs, which provide purchase price discounts and other benefits to consumer and small business needs in the areas of shopping, travel, hospitality, entertainment, health and fitness, and finance. In an effort to diversify beyond its traditional male customer base, in 1997 DAMARK debuted a membership club directed primarily at women (Essentials for Home). The Company also entered into an agreement in 1997 with Household Credit Services, thereby gaining access to Household Credit Services’ customers.

As of December 31, 1999, consumers enjoyed benefits provided through over 2.2 million DAMARK-managed memberships. Damark has traditionally offered discount prices on computers, home office equipment, consumer electronics, home improvement items, and sporting goods through catalogs. Although the Company mails approximately

150 million catalogs a year, DAMARK has increased its focus on its nine shopping clubs. Membership typically costs \$60 per year.

The Company is overhauling its catalog business, which has been plagued by costly mailings and low consumer response rates. The Company plans on distributing fewer catalogs to new consumer segments. Having suffered tremendously from lackluster returns on its catalog business, in 1998 DAMARK added four new membership clubs, and cut 10 percent of its office staff.

Recent Results

For the 4th quarter, Damark reported a net profit of \$6.0 million or \$0.99 per diluted share outstanding, compared to a net loss of \$9.5 million or \$1.50 per share in 1998.

For the year, DAMARK's membership services business generated net revenues of \$138.2 million, up 54.6 percent from the \$89.4 million recorded in 1998. Retail net revenues were down 25.9 percent to \$292.8 million from the \$395.0 million recorded last year. Net revenues from e-commerce were \$17.1 million, an increase of 535.5 percent from \$2.7 million a year ago. Total net revenues for the year were \$430.9 million, down 11.0 percent from \$484.4 million in 1998.

For the year, the Company recorded a consolidated net profit of \$1.2 million, or \$0.20 per weighted average diluted share. This is after an extraordinary gain on condemnation of land of \$297,000 after-tax, or \$0.05 per share. In 1998, DAMARK reported a net loss of \$19.6 million or \$2.71 per share. Damark has about 6.1 million shares implying a market cap. of about \$280 million.

Damark International (DMRK- \$46 1/4)

52-Week Range:	\$48 5/8 – 6 1/8	Dividend/Yield	\$0.00 / 0.0%
Shares Outstanding	6.1M	1999 EPS \$0.20	P/E=231x
Market Cap.	\$280 M	2000E EPS \$1.17	P/E=39x
Price / Book	10.4x	1999 Sales	\$430 M
Book Value/Share	\$4.42	FY	December

Recently Announced Spin-Off Situations

Eaton May Carve-Out Semiconductor Business

On February 24th, Eaton Corporation (NYSE:ETN) announced that it has hired Goldman, Sachs & Co. to study the feasibility of Eaton selling a minority equity interest in its Semiconductor Equipment segment through an initial public offering. A possible sale of equity would involve less than a 20 percent equity interest in Eaton's Semiconductor Equipment business. The division makes ion implanters, which are used in semiconductor manufacturing. Semiconductor Equipment sales were \$397 million in 1999, an increase of nearly 50 percent from 1998. Operating profits improved by \$111 million during the same period. The company competes with Varian Semiconductor (VSEA), which has appreciated significantly since being spun from Varian last year. Given the current valuations afforded to semi-cap equipment stocks, the plan to explore a partial spin-off of the semiconductor business could entice some investment sponsorship.

Eaton is a global manufacturer of engineered products that serve industrial, vehicle, construction, commercial aerospace and semiconductor markets. Principal products include hydraulic products and fluid connectors, electrical power distribution and control equipment, truck drivetrain systems, engine components, ion implanters and a wide variety of controls. The company makes electrical power distribution and control equipment, truck drivetrain systems, engine components, and hydraulic products for the aerospace, automotive, and marine industries, among others. Eaton has about 205 manufacturing facilities in 25 countries.

Valuation

Eaton is looking to benefit from the rich valuations assigned to technology stocks. The potential spin-off pleased investors as the stock closed up \$12 7/16 (19%) to \$78 on the news. Eaton reached a 52-week high of

\$103.50 in July, but recently has hovered around \$65. The stock closed out February at \$74 15/16. We expect the Semiconductor business to deliver sales of around \$540 million and EBITDA of \$125 million. Applying a multiple of 5x sales or 25x EBITDA, similar to its closest comparable Varian Semiconductor, implies a stand-alone value of \$2.7 to \$3.1 billion. **Assuming the semiconductor equipment business is worth about \$3 billion suggests each share of Eaton has \$40 of semi-value per share embedded (or 53% of current ETN stock price), implying the Eaton stub is worth \$35 per share or \$2.65 billion.** Eaton has about \$3 billion in debt, so the Eaton stub would have a projected enterprise value of \$5.625 billion. We would ballpark that the Eaton stub (without the semi-equipment division) could generate about \$1.5 billion in EBITDA, for an imputed Enterprise/EBITDA multiple of 3.75 times. While on the surface this may sound very cheap, investors have not been enthusiastic for diversified Truck component and Automotive companies.

Recent Results

In January, Eaton reported Q499 operating EPS of \$1.59 (vs. \$1.28). **Automotive Components** (21% of sales, 26% of profits) increased sales 1% to \$455 million. Operating margins were 13.0% (vs. 12.4%). **Fluid Power** and other components (27% of sales, 23% of profits) proforma sales declined 6% to \$602 million. **Industrial and Commercial Controls** (27% of sales, 23% of profits) sales increased 14% to \$597 million. Operating profits and margins were \$51 million and 8.5%. **Semiconductor Equipment** (5% of sales, 6% of profits) had strong results. Sales improved to \$133 million (compared to \$109 million in Q399). Operating profits were \$17 million. **Truck Components** (19% of sales, 21% of profits) sales increased by 19% to \$427 million. Operating profit was \$54 million, up 16%.

Eaton (ETN-\$74 15/16)			
52-Week Range:	\$103 ½ - \$60	Dividend/Yield	\$1.76/2.34%
Shares Outstanding	75M	1999 EPS \$5.45	P/E=13.7x
Market Cap.	\$5.62B	2000E EPS \$7.09	P/E=10.6x
Debt/Capital	52%	1999 Sales	\$8.4 B
Book Value/Share	\$35	FY	December

Recently Announced Spin-Off Situations

Intelligroup to Complete Spin-Off of SeraNova

On January 27, Intelligroup (Nasdaq: ITIG) decided to continue with plans to spin-off SeraNova, proposed (NASDAQ: SERA) its global business to business Internet, and filed a form 10 registration Statement with the SEC on January 27th. The spin-off is conditioned upon receipt of an opinion from Arthur Andersen that the spin-off should qualify as tax-free. Intelligroup will distribute one share of SeraNova for every one share of Intelligroup as soon as practical once Arthur Andersen has delivered its tax free opinion.

Coinciding with the January 27th filing, SeraNova CEO, Raj Koneru resigned his post as Co-CEO (with Ashok Pandey) of Intelligroup, committing to full time responsibilities with SeraNova. Mr. Koneru will continue to serve as a non-executive member of the Board of Directors of Intelligroup. CO-CEOs Ashok Pandey and Rajkumar Koneru and chairman Nagarjun Valluripalli collectively own approximately 42 percent of the Company.

Intelligroup's expertise is in setting up complex business software systems for companies such as SAP, Baan, Oracle, and PeopleSoft. Intelligroup also provides systems integration and Internet application services, and develops programming tools so corporate clients can implement and manage such projects. It sells its services to large companies worldwide, including Bristol-Meyers Squibb and Merrill Lynch. Approximately one-quarter of sales result from consulting on teams formed by other firms. Intelligroup reported \$186 million in sales for 1999 (FY: Dec), implying a price-to-sales of 3.6x's. Intelligroup has 15.6 million shares outstanding on a diluted basis, and a market capitalization of \$665 million.

Intelligroup solutions break down barriers across clients' organizations, sharing information with their customers, suppliers, partners, employees and investors, while building relationships within and among these constituencies. The goal is to increase

sales, cut cycle times, improve services and reduce costs (easy to say, difficult to prove). Intelligroup is a global applications services provider that aids its clients in improving their business performance by providing a continuum of ASPplus (SM) Solutions service offerings, including enterprise and e-commerce application hosting and management as well as the unique myADVISOR (SM) product support.

SeraNova is a provider of strategic eBusiness services, including business to business (B2B) solutions. SeraNova's services include strategic consulting, design, implementation and management of eBusiness systems. SeraNova applies a Time-to-Market (TTM) approach to all phases of their solutions offerings, including strategic consulting, implementation and management of applications focusing on bringing B2B eBusiness initiatives to the market in a rapid time-frame. SeraNova's services enable traditional businesses to combine the scope and efficiencies of the Internet with their existing business practices to provide an integrated eBusiness. Traditional business clients include American Express, Audi of America, EMI Music Publishing, Hewlett-Packard, Novell and Volkswagen.

Recently, the B2B market has emerged as a significantly larger industry segment. According to International Data Corporation, worldwide B2B transactions on the Internet are expected to reach \$1.14 trillion by 2003, and the development and implementation of Internet-based services and solutions requires the integration of strategic consulting, creative design and systems engineering skills. Many companies have chosen to outsource some or all of their Internet services requirements to outside specialists given their limited in house capabilities with strategic, creative and technical expertise. These outsourcing needs have generated worldwide demand for Internet professional services, which International Data Corporation estimates will grow from \$7 billion in 1998 to \$78.5 billion in 2003.

Recently Announced Spin-Off Situations

Lucent to Spin Off its Slow Growth Units

Shares of Lucent Technologies, the world's largest maker of communications equipment, soared 15 percent after the company announced plans to spinoff three of its poorer-performing businesses. The spinoff companies will form a yet-to-be-named business that accounted for 21 percent of Lucent's revenues last year. They include PBX, which provides company telephone systems; Systemax, which provides cables that link computers and telephones at corporations, and LAN-based data divisions, which provide the equipment linking corporate computers together. The spinoff, to be shepherded by Morgan Stanley Dean Witter & Co., would allow Lucent to focus in on its high-growth operations in telecommunications chips, networking, fiber optics and wireless. Investors applauded the move, pushing the shares up \$9 1/8, to \$68 5/8. The shares are still trading well off their 52-week high of 84 3/16. The spin-off is expected to close in the fiscal fourth quarter ending September 30, 2000.

Lucent Technologies, which was spun off from telecommunications giant AT&T, is North America's leading maker of telecom equipment and software, including business communications systems, switching and transmission equipment, and wireless networks. Lucent also makes integrated circuits and telecommunications power systems and is a major supplier to the personal communications services market. Technology developed by Bell Laboratories provides the basis for many of Lucent's products, but the company has become a force in the broadband (voice, data, and video) networking market through acquisitions. Most of Lucent's customers are telecom network operators such as AT&T (15% of sales).

The new company will start with about \$8 billion in annual sales, 34,000 employees and some of the nation's largest corporations as customers. Lucent said the businesses to be included in the spinoff are growing at a rate of about 8%. Operating margins in these businesses were only about 7% in fiscal 1999, less than half the corporate average. By contrast, Lucent expects revenue in fiscal 2000 to grow at least

17%. Donald Peterson will become president and chief executive officer of the new company. He currently serves as CFO of Lucent. The new company's products, include Definity PBX (including IP-based solutions), Octel enterprise voice messaging platforms (including Unified Messenger and Intuity Audix), call center solutions, campus-based solutions, conferencing and collaboration systems, structured cabling systems (SYSTIMAX) as well as associated installation and maintenance services. (The 1999 Prominet and Lannet acquisitions are included in the spin.) The spin plans to accelerate its growth in the enterprise business by leveraging its installed base in the U.S with new products and continuing to expand its international opportunities, which grew 20% last year. We would guess that this business could be valued around \$10 billion as a stand-alone company (\$8B sales x 8% operating margins x 32.5% tax rate x 25 multiple / 3.3 billion shares), or about \$3 1/4 per Lucent share.

After tripping up in the first quarter with a 23% decline in profits, attributed to declining demand and delayed delivery of some products, Lucent's stock, which had been hovering in the \$70s before the January 6 earnings warning, plummeted to the low \$50s. Lucent had to be feeling the pressure to boost performance, in light of the performance of its competitors: Cisco Systems and Nortel Networks. Shares of both network equipment makers soared to all-time highs in February, with Nortel's hitting \$126.50 on February 9 and Cisco's topping out at \$139 on February 23. Obviously, liberating a slow growth, low margin business can only help "juice" the Lucent stub going forward.

We are not sold that the spin will create much more value than it already has in the near-term (LU-\$72). There are no inherent conflicts of interest being removed, and it does not unlock any hidden value of an under-appreciated part of the business. The exact terms of the spin-off have yet to be determined. However, a one-time restructuring charge for the spin-off is expected.

Recently Announced Spin-Off Situations

Methode Electronics to Carve-Out its Optical Division

On February 23rd, Methode Electronics (NASDAQ: METHA) announced its intention to pursue an IPO of its optical products division followed by a tax free distribution to shareholders. The distribution date to shareholders is yet to be determined and is dependant on an IRS tax-free ruling on the distribution.

Methode Electronics makes electronic (80% of sales) and optical components, including connectors, current carrying distribution systems, and automotive electronic controls. Methode has 3,800 employees operating in 24 plants worldwide manufactures component devices for (OEMs)

The new optical products company will consist of Methode's optoelectronics division including subsidiaries Methode Communications Modules and Bandwidth Semiconductor and other assets. Certain units included in Methode's Optical segment will not be included in the new optical products company. Methode has indicated that the new optical products company will offer approximately 15% in an IPO sometime in fiscal 2001, Q1 or Q2 (Fiscal Year End: April).

The Optical segment is a producer of high performance optoelectronic transceiver sub-systems. Over the last two years the division has enjoyed strong growth in sales and earnings (accounts for 20% of Methode's sales). These transceivers operate at rates in excess of 1 billion bits of data per second or Gbps, employ the Gigabit Ethernet and Fibre Channel protocols in data communications and storage area network applications and represent the "high end" of networking technology. Customers include Cisco, Alcatel, Nortel Lucent, EMC and Sun Microsystems. Competitors include Agilent, Siemens and Finisar.

What exactly is an Optical Transceiver? Optical signals use light photons to communicate instead of traditional pulses. Fiber Optic cabling is a thin core of ultra pure glass, surrounded by a highly reflective "cladding" to keep the light signal in the core. Optical transceivers convert the optical signals to electronic signals or vice versa and are required at both ends of the cable.

Recent Results

Methode reported consolidated sales of \$102 million for the third quarter ended January 31, 2000, up 6% from \$96.3 million a year ago. Net income amounted to \$7.3 million up from \$7.1 million with earnings of \$0.21 per share vs. \$0.20 in the prior year period. Consolidated sales for nine months were \$304.9 million, up 4% from \$292.2 million, a year ago with net income of \$21.2 million, down from \$23.9 million, and earnings of \$0.60 per share vs. \$0.68 in the prior year period.

Valuation

Methode Electronics optical segment for nine months ending January 2000, reported \$58 million in sales an increase of 48%. The spin-off will not include all divisions within the optical segment, therefore we discount sales a further 5% to approximately \$45 million. Based on this estimate and using Finisar (NASDAQ: FNSR, market-cap \$7 Billion and 9 month revenues \$46 million) the spin-off's closest public comparable, it appears that optical could represent significant upside potential to Methode shareholders.

Methode Electronics (METHA)

Price (2/29/00)	\$56 7/8	Fiscal Year	April
Shares Outstanding	35.41 M	Revenue 99A	\$403.7 M
Market Cap	\$ 2,013 M	Net Income 99A	\$32.82 M
52 Week Range	\$10 ¼ - 58 1/4	EPS 99A	\$0.93
Price/Book	7.8x	Price/Revenue	4.83x

Recently Announced Spin-Off Situations

Orckit Communications Ltd. to Spinoff Semiconductor Business Mid-to-Late 2000

On February 10th, Orckit Communications Ltd., of Tel Aviv, Israel (NASDAQ: ORCT), announced that it will pursue plans on separating the Company into two distinct businesses after divesting its semiconductor business. All shares of the new Company will be distributed to existing shareholders sometime during mid to late 2000, however, share numbers are still unspecified. The new Company, which will own the semiconductor related business, is expected to be called **Tickro, and will be listed and registered as a US Company on the Nasdaq Stock Market**. The spin-off is contingent upon shareholder approval and other Israeli and U.S. regulatory and tax approvals. Orckit will not retain an equity interest in the new Company. After the spinoff, Tickro will remain a big supplier to Orckit with sales in 2000 estimated at \$25 million. Orckit Communications has 19.6 million shares outstanding and a market cap. of \$1.7 billion.

Management stated, "Separating chip and equipment design makes sense because demand is growing at a tremendous rate, and the move will allow Orckit to sell equipment to a broader range of companies." Management also stated, "Forming two companies represents a logical next step that will provide diverse products and services targeting the growing markets of access solutions in the local loop within two separate fields: a) telecommunications equipment solutions for the local loop b) semiconductors targeting xDSL and other broadband chip solutions." Shares of Orckit more than quadrupled last year as revenues doubled to \$89 million and as telephone companies ordered more DSL equipment to meet demand for quicker Internet service. The spin-off will allow Orckit to focus more on phone products business and will free up the chip business in having the ability to sell to other equipment manufacturers, enable expansion opportunities for strategic partnering and obtaining new customers the Company said.

Orckit Communications Ltd. is one of the world's biggest sellers of chips for digital subscriber line (DSL) technologies in products such as modems that transmit high-speed data on ordinary phone lines and second in equipment sales to telephone Company central offices, according to Dataquest Inc., a market research firm. Other semiconductor companies, including Conexant Systems Inc. build all Orckit chips and the microelectronics division of Fujitsu Ltd., Japan's largest computer maker. Orckit's digital modems are best for sending broadband data over copper telephone networks. Fast Internet access, videoconferencing, and interactive multimedia can be sent over the existing copper wires. DSL solutions enable incumbent telephone companies and competitive local exchange carriers to offer high-speed data and Internet access services over existing copper wires in the local loop. Devoted to DSL, Orckit develops, manufactures and markets a complete line of xDSL solutions including asymmetric DSL (ADSL), High bit rate DSL (HDSL), and very high bit rate DSL (VDSL) offered over its FastInternet™ DSL Access Multiplexer (DSLAM) and CopperTrunk® line of products. Orckit's DSL solutions are deployed in over 30 countries.

The Company's telecom equipment division will remain within Orckit, which will be responsible for the Company's FastInternet™ DSLAM and CopperTrunk® products development and continuous roll-out of DSL service by major telecom carriers. It is expected that the Company's new semiconductor entity will continue to supply semiconductor solutions to the Company's telecom equipment operation. Orckit's DSL chip solutions are incorporated into its FastInternet™ DSLAM and CopperTrunk® products, which are distributed to carriers directly and indirectly via sales and marketing alliances with Fujitsu Network Communications, Fujitsu Limited, Bosch telecom GmbH and Lucent Technologies.

Recently Announced Spin-Off Situations

PetSmart.com to Issue Shares

On Feb 3, PetSmart.com, online retailer of pet products, announced it has filed a registration statement with the Securities and Exchange Commission for an initial public offering of shares of common stock. Looking to go to the top amongst Pets.com, petopia.com and petco.com, the company intends to leverage its relationship with PetSmart Inc. (NASDAQ: PETM).

PetSmart holds a 48 percent pre-offering stake in the IPO, while Internet start-up enabler, Idealab Holdings controls 22 percent. The registration is for \$115 million. Price per share and shares to be outstanding is currently unknown. The Company plans to be listed on the Nasdaq under the symbol (NASDAQ: PSCM). Net proceeds of the offering have yet to be estimated, however, will be used for working capital and general corporate purposes, including marketing and promotional efforts, capital expenditures and technology and system upgrades, as well as to fund operating losses. Salomon Smith Barney, Chase, Hambrecht & Quist and J.P. Morgan & Co. are managing underwriters for the offering. The Company began selling products in June of 1999, and has incurred losses of \$32.1 million for the thirteen weeks ended January 2, 2000 and cumulative net losses of \$47.5 million for the period from inception through January 2, 2000.

PetSmart.com has entered into an agreement with **PETsMART**, pet product retailer and has the exclusive, worldwide right to use the PETsMART trademark royalty free for online retailing. The company plans on leveraging PETsMART, Inc.'s infrastructure in gaining significant economies of scale in purchasing, distribution, and customer service, enabling PetSmart.com to operate with limited direct investment in inventory, warehouses and support systems. PETsMart will also provide for numerous co-promotional and marketing

opportunities and access to PETsMART, Inc.'s popular proprietary branded products. From the commercial launch of the online store in June 1999 through January 2, 2000, the Company sold pet products to over 180,000 customers while generating net revenues of \$10.4 million.

The specialty retailer of pet supplies has more than 480 superstores in North America. In PETsMART stores, one can browse a 12,000-item selection of everything from dog food to iguana harnesses. Its private label brands include Sophista Cat and Top Paw. Many of the stores offer in-store grooming, obedience training, veterinary services, and sponsor in-store pet adoption programs for cats and dogs (reptiles, birds, and fish are for sale). Through its seven catalogs (including State Line Track), PETsMART is also a leading direct marketer of pet supplies.

The American Pet Product Manufacturers Association estimates the market for pet products and services was \$23 billion in 1998 and will grow to \$29 billion by 2001, driven in part by increases in the pet population and a trend toward providing improved pet care. Approximately 60% of U.S. households own a pet and 40% of those households own more than one pet. The company plans on capitalizing within the online marketplace by offering an enhanced shopping experience and attracting and retaining customers by providing the following: Selection for every type of household pet. Convenience, seven days a week, 24 hours a day, and easiness of accessing and receiving products with the convenience of home delivery. Detailed information on pets and products, expert advice and general care and behavior advice. Interactive community opportunities, including Vet Expert Chats, message boards and PAWsPECTIVES™, the Company's bi-weekly online newsletter.

Recently Announced Spin-Off Situations

Viacom to IPO MTVi

On February 11th, Viacom (VIA.b) filed an Initial Registration Statement for an IPO of MTVi class A shares. The offering price and quantity have yet to be determined, but Viacom will control MTVi through its class B shares. We initially reported in our September-99 report that Viacom was mulling over the idea of monetizing their web assets as a way to leverage their core brands. We expect Viacom to complete the offering sometime in the 2nd quarter. In addition, the merger of Viacom/CBS remains on track and is expected to close late March/early April.

MTVi is a leading Internet music content company, with 18 music website destinations around the world. MTVi delivers to consumers highly personalized music and music-related experiences and direct connections to a vibrant community of music fans and artists. MTVi was developed by MTV Networks, a leading global media and entertainment business delivering music content to more than 300 million television homes in 80 countries around the world.

MTVi leads the online music content category based on consolidated reach among U.S. Internet users, according to Media Metrix, Inc. research. MTVi's international presence includes 11 international websites in Japan, Europe and Latin America offering content and services customized to regional markets. MTV Networks intends to contribute prior to the IPO its interests in joint ventures that own three MTV-based websites in Asia and Brazil. Combined, MTVi generated more than 124 million page views in December 1999. MTVi posted net losses of approximately \$7.3 million in 1998 and \$21.4 million for the nine months ended September 30, 1999.

Recent Alliance

On March 3rd, MTVi and House of Blues Entertainment, Inc., the home of live music and the Internet's largest live music site, HOB.com announced a two year pay-per-view alliance. Under the terms of the agreement, MTVi will promote and

co-present live pay-per-view music events through MTV.com, VH1.com and SonicNet.com. The events will be produced and hosted by House of Blues via the HOB.com Web site. House of Blues will promote the co-branded events through its 27 concert venues located throughout the United States. MTVi will provide House of Blues with Internet radio technology and programming. In addition, HOB.com's proprietary Internet radio programs will be made available through the Radio SonicNet network. MTV Networks will make available on-air promotional support on MTV and VH1 television to House of Blues. MTVi will also develop sponsorship sales services for the co-branded pay-per-view events. As part of the strategic relationship MTVi has acquired an equity interest in HOB Entertainment, Inc.

Viacom Recent Results

On February 16th, Viacom reported 4th quarter earnings of \$0.19 vs. \$0.05 last year. Excluding investments in its online segment and at Blockbuster.com, Viacom recorded 74% higher net earnings from continuing operations in the fourth quarter of \$165 million, or \$.24 per share. EBITDA grew by 18.5% to 595 million. Revenues rose by 6.9% to \$3.57 billion. Viacom Cable Networks grew EBITDA by 19% to \$347 million. MTV Europe and Asia posted year-end subscriber counts of 84 million and 122 million, respectively.

Viacom posted net earnings for the full year from continuing operations of \$372 million, or \$.52 per basic and \$.51 per diluted common share, compared with a net loss from continuing operations of \$44 million, or a loss of \$.10 per basic and diluted common share, in the prior year. Viacom's 1999 EBITDA increased 37% to \$2.09 billion and operating income increased 66% to \$1.25 billion versus EBITDA of \$1.53 billion and operating income of \$752 million for the prior year.

Fresh Foreign Spin-Off Situations

Siemens to IPO Infineon Semiconductor Unit

Siemens AG (GR:SIE) will complete the IPO of its long awaited semiconductor unit, Infineon Technologies (Frankfurt: IFX), on March 13th. Infineon will be the largest IPO since Deutsche Telekom. Intel (NASDAQ: INTC) will invest \$250 million for a 1% stake in Infineon, and Siemens will retain 70% of Infineon. Infineon is expected to price on March 12th, between €29 and €35. Given the recent run up in semiconductor stocks, we would expect Infineon to be a hot IPO and to price at the high end of its range. Assuming that market estimates of Infineon are correct, each share of Siemens has an imbedded value of Infineon of approximately €26 per share ((22.4*.7)/.595). In addition, Siemens will reduce its holding to a minority within 1 year.

Siemens, one of the largest companies in Germany posted sales of €68 billion in 1999 (FY:Sept.), and has a market capitalization exceeding €100 billion. Siemens has over 594 million shares outstanding. Siemens plans to focus on its IT, communications and industrial divisions (2nd behind GE), implying further divestitures of its energy, medical and transport divisions. Siemens appears to be on track with its 10 point restructuring plan unveiled in 1998, and is now in phase II that includes floating Infineon and selling other non-core assets. In 1998, Infineon posted a €1.7 billion loss, which was the catalyst for Siemens to spin-off the semiconductor unit. In addition, German's immunity to takeovers appears to have come to and end with the recent takeover battle of Mannesmann by Vodafone AirTouch. The battle increased the pressure on Siemens to increase value for shareholders.

Infineon Technologies designs, produces and sells semiconductors. Infineon is active in providing application-oriented semiconductor solutions for use in sectors such as speech and data communications, peripherals, wireless communications, automotive and industrial electronics, security and chip cards as well as memory products. The Company's broad product spectrum covers digital signal processors, microcontrollers, radiofrequency products, power semiconductors, D-ramss as well as systems-on-chip and embedded solutions

Infineon is the world's 8th largest semiconductor group with sales over €4.2 billion. Sales were up 33% in 1999, benefiting from a sharp recovery in D-Rams (Dynamic Random Access). Infineon is the world's 4th largest D-Rams supplier which comprises over 30% of Infineon's revenue. Infineon produces semiconductor chips for mobile communications, multimedia, vehicles and "Smart Cards".

Recent Results

Siemens reported sales of €16.4bn for Q1 2000, an increase of 12% compared to the same period in Q1-99. Siemen's operating profit increased by 110% to €1,002 billion vs. \$447 in Q1-99. Infineon reported Q1 sales up 73% to €1.5 billion. Improving Dram prices and increasing success in the logic market helped Infineon boost its EBIT to €245 from a loss of €100 million a year ago. **Dram prices are extremely volatile and may cause dramatic variances on earnings.**

Siemens (Frankfurt: SIE)

Price (03/03/00)	€ 190.68	Fiscal Year	September
Shares Outstanding	594.8 M	Revenue 99A	€ 68,581 M
Market Cap	€ 113,414 M	Net Income 99A	€ 1,613 M
52 Week Range	€ 53.35 – € 195.39	EPS 99A	€ 2.71
Price/Book	6.9x	Price/Revenue	1.65x

Fresh Foreign Spin-Off Situations

Zurich Allied to IPO PSP Swiss Property

On February 22nd, Zurich Financial Services AG, a subsidiary of Zurich Allied (Swiss: ZUAN), announced plans to sell up to 60% of its real Estate Unit PSP Swiss Property AG. Zurich plans to IPO about 3.5 million shares between 143 and 158 Swiss Francs raising *f*534 million. The IPO is expected to be priced on March 7th, and would be worth *f*11 per Zurich share at its current offering price. PSP Swiss Property will trade under the ticker PSPN.

PSP Swiss Property will have assets worth *f*1.3 billion. PSP intends to use the capital raised to acquire about *f*500 million in Swiss properties that are expected to recover after years of stagnation. PSP owns real estate in the financial centers of Switzerland's five largest cities.

PublicGroupe SA, a Swiss marketing firm, recently sold property worth *f*200 million to Zurich in exchange for a 6% stake in PSP. After the IPO Zurich

Allied will control 34% and PublicGroupe SA 6%. Zurich Allied and Allied Zurich plc are holding companies that control 57%, and 43%, respectively, of Zurich Financial Services. Zurich Financial Services, Europe's #3 insurance company (after AXA and Allianz), was created from the 1998 merger of B.A.T Industries' financial units and Zurich Insurance. The Zurich financial services offers insurance, reinsurance, and asset management in the US through subsidiaries Farmers Group, Zurich Kemper Life, Universal Underwriters, and Scudder Kemper Investments and in the UK through Allied Dunbar, Zurich Municipal, and Threadneedle Asset Management.

Zurich Allied

Current price (3/6/00)	<i>f</i> 714	Dividend/Yield	<i>f</i> 13.50/1.89%
52-Week Range	<i>f</i> 685 – 1017	1999 EPS (Est.)	<i>f</i> 56.93
Shares Outstanding	48.5M	P/E 1999 (Est.)	12.5 x
Market Capitalization	<i>f</i> 34,629 B	Book Value/Share	<i>f</i> 371
Fiscal Year	December	Price/Sales	1.07

Foreign Announced Spin-Off Situations

IDS Intelligent Detection Systems to Spin B2B and Medical Diagnostics Divisions

On February 24th, IDS Intelligent Detection Systems (TSE:ISD) announced further information regarding their proposed spin-off of two business units. On December 14th, 1999, IDS announced plans to spin-off its B2B e-commerce business (GeoCommerce) and its medical and health diagnostics technology business (Caduceon) to its shareholders as separate companies. While the structuring is not yet fully determined, IDS' present intention is to create three separate corporations. This transaction would be subject to shareholder approval, regulatory approval, and receipt of an advance income tax ruling from Canada Customs and Revenue Agency. The proposed transaction is commonly referred to as a "butterfly" transaction.

Under the plan, IDS shareholders would receive the same number of shares in "new" IDS as they presently hold. IDS shareholders would also receive on a pro rata basis, call the shares representing the business in each of the GeoCommerce and Caduceon business units as are presently owned by IDS. Although the exact timing of the transaction is not yet settled, it is anticipated that a special meeting of shareholders of IDS will be held to consider the proposed transaction in mid to late May. It is expected that a proxy will be mailed to shareholders by mid April.

IDS is a developer, manufacturer and marketer of proprietary sensory technology and communication systems. The company operates through eight business units: Analytical & Security products and solutions, IDS Power Control Systems, Scintrex Earth Science Instrumentation, Survey & Exploration Technology Services, IEC (Integration,

Engineering and Consulting), ChemiCorp International, and Caduceon. Its more than 70 products range from drug and explosive detectors to nuclear safety control instruments, petroleum and mineral exploration instrumentation and services as well as developing technologies for industrial process control and point-of-care health analysis.

GeoCommerce, IDS's Internet initiative, through its portals GeophysicsOnline.com and MineOnline.com, provides centralized online marketplaces for the mining, geophysics and exploration markets. The portals offer a combination of e-commerce, communications and community services to users.

Caduceon is adapting the core GC/IMS (gas chromatography, ion mobility spectrometry) technology that powers IDS's narcotics and explosives detection devices. Caduceon is developing a point-of-care breath analysis unit for application in the clinical, lifestyle and occupational health markets. The application of this technology could possibly deliver reliable and non-invasive screening and monitoring of conditions such as asthma, neo-natal blood disorders, breast cancer, and lung cancer. The goal of the Caduceon research process is to supply a cost-effective, user-friendly device to identify life-threatening conditions. Currently Caduceon is on a capital raising roadshow for the division.

Foreign Announced Spin-Off Situations

P&O to Spin-Off Cruise Unit

On February 3, The Peninsular and Oriental Steam Navigation Company (LSE: PO) board announced its intention on spinning off its high-flying cruise business (Princess Cruises) as a separate company to existing shareholders. The move is expected to speed expansion and bolster the value of the cruise business. A listing will be sought for the new cruise company in both London and New York. Headquarters for the Company will be in London. P&O is moving further away from its days as a mammoth conglomerate (assets once including home building companies to fairgrounds) and intends on focusing on three core businesses: cruises, ferries and shipping and port operations. P&O is expected to distribute its cruise business on a one to one ratio for each existing P&O share. P&O will retain its ports and ferry businesses. Advisors on the transaction are J.P. Morgan & Co. and S.G. Hambros.

The Peninsular and Oriental Steam and Navigation Company is the UK's premier ferry operator with 50 ships carrying both freight and passengers and a strong market position. As one of the world's leading port operators with 21 container terminals in 15 countries and interests in a further 30 ports, the business is growing rapidly with the increase in world trade. A number of P&O's port investments are in a start-up phase and full potential have yet to be realized.

P&O is the third largest cruise business in the world. Competitors include Carnival Corp. (NYSE: CCL) and Royal Caribbean (NYSE: RCL). The cruise line division has grown to a point that street estimates valued it at around £5-6 billion (\$7.5-9 billion), as compared to P&O entire market cap of \$7.5 billion. P&O has about 668 million shares outstanding implying the Princess Cruises could be valued at 823 pence on a stand alone basis. Exact details are still

sketchy and we do not know how much debt will be allocated to Princess Cruises. Recently, Carnival and Royal Caribbean shares have come under pressure as Carnival's management raised concerns for 2000 bookings vs. capacity growth. P&O, however, is going full throttle in the cruise business, expanding the size of its fleet during the next five years by 11 new ships. P&O's Princess Cruise line had an 18% capacity increase and a 20% increase in occupancy in 1999. P&O will release year end financials on March 16th.

With the purchase of Aida Cruises of Germany, last fall, P&O has become the most geographically diverse of the three companies, boasting of operations in Asia, Alaska, the Caribbean and Europe. Separately, P&O stated that it agreed with authorities at Germany's Duisburg Port to jointly develop an inland port terminal and logistics center. The Company also stated that it would purchase the container and cargo operations of Seaport Terminal NV in Antwerp, Belgium.

The Company also carries cargo. P&O Nedlloyd Container Line, P&O's 50-50 joint venture with Nedlloyd of the Netherlands, is one of the largest container shipping lines in the world. P&O also owns 50 percent of bulk shipper Associated Bulk Carriers and 50 percent of a company which provides container depot operations. The UK-Continental freight market in particular has grown considerably, approximately 50 percent in the last five years, mostly due to the popularity among the world's aging elderly population and aging US baby boomers. P&O launched the *Grand Princess*, the largest passenger ship in the world, which can carry 2,600 people aboard 17 decks, and on February 16th P&O named its latest ship the *Ocean Princess* in Ft. Lauderdale. The ship is the second among six mega-ships P&O hopes to have in service by 2001,

Foreign Announced Spin-Off Situations

Prudential Plc. to IPO Online Banking Unit

London insurance giant, Prudential Plc. (Nasdaq: PPLCY) (London: PRU) will spin-off 15% of its online and telephone-banking unit. The unit, Egg.com is expected to be IPO'd in the 2nd quarter. Egg features a VISA credit card, mortgages and an online shopping mall. Egg is expanding into online brokerage and an online market selling unit trusts. Prudential has selected Goldman Sachs & Co. to facilitate the spin-off. Prudential will retain 85% of Egg after the initial public offering.

Like many other e-businesses, Egg is not making money as of yet. The deal is likely to raise a huge interest among private investors eager to cash in on the dot.com boom. Egg has supposedly brought in some one million customers and 7 billion pounds in savings. Street estimates value the unit at anywhere from £2 to £4 billion pounds (\$3.2 to \$6.4 billion). Egg.com has an estimated 800,000 accounts what would value each customer at £5,000. Egg.com has accumulated £2 billion in financial assets in the first 18 months of operation, of which £1.6 billion are mortgages. However, of that £1.6 billion in mortgages 78% were generated from sales agents not the Internet. Egg.com lost £150 million in 1999, primarily by offering higher deposit rates than its competitors. Egg.com has taken in £7.6 billion in deposits. One of many risks to consider is how many customers will Egg.com lose if it lowers deposits rates to be competitive.

Prudential, UK's biggest insurer, offers life insurance and savings products to some 10 million customers in the UK, Europe, the US and Asia. The company's UK business includes Scottish Amicable and its Prudential Banking Division. Products include pensions, investment bonds, home and car insurance, mortgages, and personal loans. The company expects an industry shakeout and is streamlining itself into a bank that can be all things financial to all people. It has divested non-core operations to concentrate on life insurance, retirement savings, and through Prudential Bank, savings accounts and mortgages. To further streamline, Prudential is cutting some 5,000 or more jobs.

Egg.com has the potential to be the Internet darling of the U.K. in 2000. If it generates the interest like U.K.'s first Internet IPO Freeserve, we would expect normal valuations not to apply, but instead valuations on the concept and potential to replace them. As we have said about valuing Internet IPO's, we would rather let the market determine fair value, better to have egg on their face than ours.

Prudential (London: PRU)

Price (03/06/00)	£9.35	Fiscal Year	December
Shares Outstanding	1954 M	Dividend/Yield	£0.278 / 2.9%
Market Cap.	£18,269 M	EPS	99A £0.278
52 Week Range	£7.45 – £12.25	EPS	00E £0.35 P/E 26x
Price/Book	5.61x	Price/Revenue	.96

Potential Spin-Off Situations

Able Telecom Potential Spin-Off

Recently, Able Telecom Holding Corp. (NASDAQ: ABTE) announced it has formed a new subsidiary corporation. The subsidiary will own, operate and manage broadband networks providing a wide array of advanced digital multimedia services, including local and long distance voice services, high speed Internet connection and interactive digital CATV products to business and residential customers in currently underserved second and third tier markets. The new Company will compete with regional telco monopolies and incumbent CATV systems by providing more service offerings and enhanced digital products at competitive prices. Able Telecom management and its advisors are evaluating the possibility of a future spin-off to its existing shareholders.

Able Telecom management anticipates that the new subsidiary will be funded by equity investors that will also participate in the management and operations of the new ICP network.

Able Telecom Holding Corp. is a leading network and systems integration provider to the communications and transportation industries in the US and Latin America. Able's one stop service capabilities include the development, design, engineering, project management, installation, construction, operation and ongoing maintenance services for both telecommunications/communication systems and for intelligent transportation and automated toll collection systems. The Company is able to design and install communications and traffic management systems. It builds and maintains coaxial and fiber-optic cables for voice, data, and video networks. The Company also installs intelligent traffic signs and signals, monitoring systems, and tollbooths. In order to bolster its intelligent traffic management operations, the Company acquired MCI WorldCom's MFS Network Technologies. Construction delays and boardroom turmoil have shaken Able's business plans.

British Telecommunications Mulls Carve-Outs

There is speculation that British Telecommunications Plc (NYSE: ADR: BTY) (BT/A LN) is **mulling the idea of spinning off one or more of its subsidiaries to enhance shareholder value by summer during a general restructuring of the company.** Public stakes may be sold off in BT's Internet business and possibly in BT's joint ventures with BskyB Broadcasting Group Plc and AT&T. BT has been working on plans for a public offering of the directory information business with its merchant bank Rothchilds and a firm of telecom consultants. The Yellow Pages directory services unit may be spun and listed in both New York and London, and is heading for a potential 5 billion pound (\$8 billion) offering later this year. The Company is aiming to show the world of possibilities within multimedia, mobile communications and the Internet. Increased competition and recent telecommunications spinoff models such as Spain's Telefonica SA spinning off Terra Networks, Telecom Italia SpA and Deutsche Telekom and France Telecom SA which all have plans to sell shares of their Internet units.

BT Cellnet (mobile phone unit) is no. 2 behind Vodafone Airtouch Plc. Freeserve Plc, a free Internet service, which began last year by electronics retailer Dixons Plc, is the top online service.

Sir Peter Bonfield, Chief Executive of BT stated in an interview last month that he did not rule out a share sale of Open, an interactive TV venture with BskyB, by the end of the year. A stake in BT's Concert joint venture with AT&T Corp., which pools the international operations of both companies, could also be sold. Hit by tumbling prices and stiff competition, BT reported a 24 percent decline in third-quarter profit and is looking at new ventures for expansion to boost its income and share levels.

British Telecommunications, Plc. (BT) is the crown jewel of the United Kingdom's telecommunications companies. As the dominant providers of local and long distance phone service (28 million access lines), as well as Internet access, leased lines, and other data services. Its BT Cellnet unit has 7 million subscribers and is the UK's no. 2 operator. Telecom competition has forced BT to upgrade and open its UK networks and the Company is expanding globally. BT has stakes in telecom companies throughout Europe, Latin America and Asia.

Potential Spin-Off Situations

ICN Pharmaceuticals May Spin-Off Eastern Europe Operations and Biomedicals Group

ICN Pharmaceutical, (NYSE: ICN) has hired investment bank Warburg Dillon Read to assist in advising a variety of strategic issues including the possible spin-off of the Company's Eastern European operations and the three businesses, which comprise ICN's Biomedicals group.

The Company's profits have tripled recently as it sold more of a hepatitis drug used by Schering-Plough Corp. in the combination treatment, Rebetrone. Revenue rose 15 percent to \$213 million from \$185 million, excluding the results from the Company's ICN Yugoslavia unit. In the fourth quarter of 1998, ICN took a charge of \$230 million related to the seizure of ICN's Yugoslavian operations.

ICN Pharmaceuticals is a research-based global pharmaceuticals Company that manufactures, markets and distributes a broad range of prescription and non-prescription pharmaceuticals under the ICN brand name. A broad range of prescriptions treat viral and bacterial infections, skin diseases, neuromuscular disorders, cancer, cardiovascular disease, diabetes and psychiatric disorders. Drugs include antibiotics, painkillers, tranquilizers, and hormones. The Company's best-known product is the antiviral ribavirin, which is marketed in the US, Canada, and most of Europe as Virazole. The drug is approved in the US for treatment of a pediatric lung infection as part of a two regime (with alpha interferon) for

Hepatitis C. Elsewhere it is used to treat herpes, influenza, chicken pox, and HIV. Virazole accounts for about 1 percent of net sales. ICN also sells research chemicals (immunobiologicals, radiochemicals, and rare and fine chemicals), diagnostics (immunoassay and neonatal diagnostic kits), and dosimetry (radioactivity monitoring services). The Company believes it is one of the largest pharmaceutical companies in Eastern Europe.

ICN and its founder, chairman, and CEO Milan Panic have frequently clashed with the SEC over what may be over-optimistic claims for Virazole. Sluggish earnings are not helping the Company either. Panic controls ICN yet owns only 3 percent of its stock. ICN has battled shareholder suits and SEC charges that insiders used optimistic announcements for personal profit. ICN has suffered lackluster financial results and a string of shareholder suits.



ICN Pharmaceutical (NYSE-ICN)

Price (3/6/00)	\$23 7/8	Dividend/Yield	\$0.24 / 1.17%
52-Week Range	\$16 9/16 - \$36 3/8	FY:	December
Shares Outstanding	78.3 M	1999A EPS	\$1.45 P/E = 16x
Market Capitalization	\$1,875 M	Revenues / Share	\$11.38
Book Value (Dec 99)	\$8.60	Price/Book	2.77x

Potential Spin-Off Situations

Montana Power Hires Goldman to Explore Spin of Touch America Fiber-Optics Network

On January 25, The Montana Power Company (NYSE: MTP) announced it has hired Goldman Sachs & Co. to explore the completion of plans to spin-off a stake in its Touch America fiber-optic network in response to de-regulation within the industry. The Company has invested \$250 million in its telecommunications network, which is the largest of any electric utility, with 23,000 fiber route miles. Back in August, Touch America president Mike Meldahl stated that the Montana Power might offer shares in Touch America thereby financially aiding the rapid expansion of the unit. We believe an IPO makes sense given the valuations given comparable companies (i.e. Williams Communications) In addition, On February 7, the telecommunications subsidiaries of two energy companies have formed American Fiber Touch LLC, to connect national and regional fiber optic networks. American Fiber Touch is a 50-50 joint venture between AEP Communications LLC, a subsidiary of American Electric Power (NYSE: AEP), and Touch America, the telecommunications subsidiary of the Montana Power Company.

Montana Power Company distributes electricity to approximately 285,000 customers and natural gas to about 150,000 customers in Montana. The Company is focusing on expansion of its wholly owned subsidiary, Touch America Telecommunications. The company has a 12,000-mile fiber optic network within the western United States, which it plans on extending throughout the US over a period of the next two years. Touch America services include broadband Internet access and long distance. Montana Power is also involved with coal mining, oil and gas exploration, and independent power projects in the US and overseas.

Touch America is a wholly owned telecommunications subsidiary of the Montana Power Company, providing long distance services, private

line services, internet and business telephone equipment since 1983. The Company's fiber optic network employs one of the most advanced telecommunications technologies available today.

AEP Communications LLC was formed in 1997 to provide fiber, wireless and information services to wholesale and retail customers. The Company has accelerated the deployment of bandwidth infrastructure with over 2,000 miles of high-speed fiber optic lines, wireless antenna structures, PCS equity investments and IP-based energy information services.

American Electric Power is a global energy Company. It is one of the US' largest investor-owned utilities, providing energy to 3 million customers in Indiana, Kentucky, Michigan, Ohio, Tennessee, Virginia and West Virginia. AEP has holding in the US, the UK, China and Australia.

Both Touch America and AEP Communications will fund the venture with a combination of cash, assets and in-kind services valued at approximately \$25 million. The first project for American Fiber Touch is the construction of a 330-mile long fiber route spanning St. Louis and Plano, IL, near Chicago, which passes through both Springfield and Peoria. Constuction is currently underway and expected to be completed in December.

“Touch America and AEP Communications have been aggressively marketing fiber capacity. This interconnection and the creation of American Fiber Touch will complement the assets of both companies”, management stated. According to Mike Meldahl, the “economics on this route are consistent with the Company's low cost provider position for its national fiber optic network that will reach upwards of 26,000 miles by year end 2001.”

Potential Spin-Off Situations

Kmart Creates BlueLight.com For Potential Spin-Off

Kmart (NYSE: KM) is teaming with Yahoo (NASDAQ: YHOO) in creating a new online venture called BlueLight.com. The venture will be a separate Internet Company, and will be backed by investments from Softbank Venture Capital, Martha Stewart, Omnimedia and other strategic investors. The new strategy is an effort to help awaken the slumbering giant, which has fallen under the shadow of Wal-Mart, which commanded a 22 percent market share last year. Kmart had only an 8 percent share of the \$20 billion discount retail market. Mark Goldstein, CEO of the company commented, "We are basically approaching this like any Silicon Valley venture-backed startup would, which is strike when they're not, hit them hard, and keep running. I think that that culture is going to be a really important thing distinguishes BlueLight over the long haul from Target, Wal-Mart, Costco, Sears, and others. Goldstein also stated, "I wanted to really build a brand, to take this entity public, to communicate to America what this is, and to turn BlueLight into a verb." Plans are to offer a free co-branded Internet access and to offer an additional 10,000 items to Kmart on-line's current offerings. Kmart CEO Floyd Hall and another Kmart executive will occupy two of the five board seats.

The Company plans on pursuing the same people which are currently customers at Kmart's 2,160 stores. This group includes lower and middle class women with children under age 18, most of whom currently do not have Internet access. According to management, Kmart's low to middle income demographic, largely ignored by Internet marketers, represents a huge market of potential Internet users. Spinway.com, a startup in Palo Alto, developed the service, which was in part funded by Softbank.

Kmart is the nation's # 3 retailer, behind Wal-Mart and Sears. The Company sells name brand and private-label general merchandise (including its popular Martha Stewart Everyday label) primarily to low and middle-income families in approximately 2,160 discount stores (including about 100 Super Kmart Centers). Kmart stores exist in all 50 states, Puerto Rico, the US Virgin Islands, and Guam. Kmart's diversification into specialty retailing brought it close to bankruptcy, but now the Company has shed its excess and has been converting most of its old stores to the Big Kmart format, which feature grocery sections, brighter décor, and an expanded selection of merchandise.

Hilton Group Plc. May Spinoff Betting and Gambling Businesses

There is speculation that the Hilton Group Plc. (Nasdaq: HLTGY) (London: HG), the second largest hotelier in the UK (formerly Ladbroke), is considering a spinoff of its betting and gambling business to concentrate more on hotels. The group, which owns the Hilton brand outside of the US, is involved in a 100 million pound (\$160) million investment in interactive betting which could potentially grow the market, estimated to be worth nearly 500 billion pounds (\$800 million), according to a report in the London Sunday business.

With more than 2,500 betting shops, the Watford, UK-based gambling and hotel company is the UK's premier operator of events ranging from cricket and horse racing to the existence of the Loch Ness Monster. It also offers 49s (a daily lottery style numbers game) and soccer betting. Also offered are offtrack betting, telephone betting, casinos, bingo, and slot machine arcades in Belgium, Ireland, Latin America, the Middle East, the UK and the US. The company launched bet.co.uk, a soccer based betting Web site, and is expected to launch ladbroke.com, a tax-free betting operation that will be multilingual and multi-currency to attract a diverse group of betters.

Hilton Group also has a major business in hotels. It holds the exclusive rights to the Hilton Hotel name outside the US. The company's Hilton International unit operates more than 220 hotels in over 50 countries, and accounts for approximately one-fifth of the group's revenues. (The company adopted the Hilton name in 1999 in an effort to strengthen its ties with the US hotelier.)

Potential Spin-Off Situations

Reuters and Equant to Team in Web-Security Financial Network

On February 3, 2000, Reuters Group Plc (Nasdaq: RTRSY London: RTR) and Equant (NYSE: ENT) have agreed to form a new Company to offer the world's largest secure Internet protocol network to the financial services industry. Reuters and Equant said the new Company is expected to begin operations midyear and could become a candidate for an initial public offering depending on market conditions. The new Company has yet to be named, but will be 51 percent owned by Reuters, and 49 percent owned by Equant.

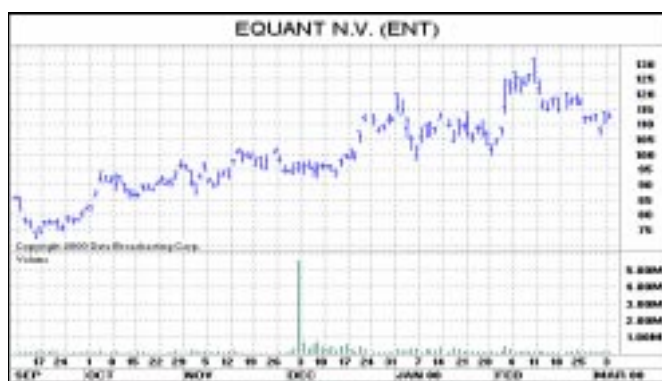
There is speculation, though, that the announcement may include partial spin-offs of the Company's Greenhouse Fund, which invests in Internet technologies, or its Instinet electronic trading system, because floats of such units could help provide a more reliable valuation for Reuters while taming share price fluctuations.

The deal includes Equant transferring \$230 million to the new Company, and to provide \$125 million in other services and contribute \$25 million of annual contracted services from current financial service customers. Reuters will also contribute \$130 million in telecom-network assets to the entity and will sell to the new Company Reuters Connect Services, its existing telecom business, for \$25 million. The new Company is expected to work closely with Tibco Software, (NASDAQ: TIBX), which will enable the delivery of TIB based applications over its network. The new Company is not expected to post a profit for at least two years.

Reuters Group Plc. is a leading financial information provider. Information is taken from over 265 exchanges, over-the-counter markets, contributing subscribers, and a staff of nearly 2,000 journalists, which it distributes, to approximately 500,000 users worldwide. The Company's Trading Systems division offers transactions and risk

management systems; subsidiary Instinet provides an equity securities information and market trading system and is the US's largest electronic communication network (ECN).

Equant N.V. operates a data network jointly with SITA that spans 220 countries and territories. Designed by airlines as their communications lifeline, the independent network supports IP (Internet Protocol) services, and Equant is adding high speed technologies such as ATM (Asynchronous Transfer Mode) and frame relay. Equant's distance-defeating services include LAN-to-LAN interconnections, WAN connectivity, remote dial-up access, dedicated Internet access, Web hosting, integrated voice and data, and virtual private networks. SITA owns approximately 40 of the Company.



Potential Spin-Off Situations

Spin Off Talk Sends Transactions Systems Architects Soaring

On February 24th, shares of Transaction Systems Architects (NASDAQ:TSAI), an electronic funds transfer software maker, jumped in pre-market trading after an analyst suggested that the company's ready to spin-out its Internet banking assets. Credit Suisse First Boston upped its recommendation on the stock to a strong buy from a buy and set a \$60 price target for the shares. Shares of banking software maker Transaction Systems Architects rose 44 percent on speculation that the company is planning to spin off at least one of its business segments. Transaction Systems' shares rose \$12.13 to \$39.88 on volume of 9.15 million shares. TSAI closed out February at \$45 1/8, suggesting a market cap of nearly \$1.5 billion.

Transaction Systems Architects makes electronic funds transfer software used to process transactions involving ATMs, home banking, credit and debit cards, point-of-sale terminals, and wire transfers. TSAI's customers include banks, retailers, and third-party transaction processors. The bulk of the company's sales stem from its BASE24 software for high-reliability Compaq computers. TSA also makes network integration and systems migration tools and interactive voice response software. Software license fees contribute more than half of sales with another 40% coming from technical services and maintenance fees.

Recent Results

Transaction Systems Architects reported Pro forma EPS of \$0.02 for FY2000 compared to \$0.31 last year. First Quarter revenues declined 22% to \$67.1 million compared to first quarter 1999. Pro forma Net Income reported for Q1-FY2000 was \$576,000 relative to \$9.8 million last year. Revenues from Initial License Fees were down significantly because customers were reluctant to do business and place orders due to Y2K related issues. TSAI reported an increased backlog of orders and recurring revenue is up sequentially from 4Q99. The backlog was \$204.2 million compared to \$198.9 million at the end of Q199. The company repurchased 500,300 shares worth \$13.3 million during the first quarter, under its stock buy-back program. Total shares repurchased are 975,000 to date.

France Telecom Considers IPO of Wanadoo & Itineris

France Telecom SA (NYSE - ADR: FTE) announced on March 1, 2000, that in response to prospects of both Telecom Italia and Deutsche Telekom having shares sold off by their respective governments, France Telecom is considering public offerings of both its Internet (Wanadoo) and mobile-phone (Itineris) subsidiaries. Itineris is a market leader in France with over 10 million subscribers and a market share of 49 percent. Wanadoo is France's biggest Internet Service Provider with approximately 1.1 million customers and a 39 percent market share. The Company is looking to cash in on the French boom in New Economy stocks the units publicly. Management stressed that no final decision has been made as of yet. Management stated recently, "We have achieved substantial growth in subscriber base, traffic, mobile telecommunications, and Internet business." France Telecom is also viewed as one of the most likely buyers of Orange, the UK mobile operator that Vodafone will sell post Mannesmann acquisition.

Looking ahead, the Company stated that 2000 should involve growth within Internet and mobile business, fixed-mobile-Internet convergence, greater data capacity and more international expansion. The Company said it hopes to have nearly 20 million cellular (Itineris) customers by the end of 2000 and 2 million subscribers to its Internet service provider, Wanadoo.

France Telecom is 62 percent owned by the French government. The Company is expanding throughout Europe with mobile phone networks. The Company is buying out its partners in Global One, a joint venture with Deutche Telekom and Sprint, which provides telecom services to over 30,000 business customers in some 65 countries. At home, the Company provides phone service (34 million lines), and its Itineris mobile phone unit serves 7 million customers, approximately 50 percent of the French market. Other services include data transport, Internet access and cable TV.

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	03/07/00	Ratio (1)	Intent To Spin (6)	Economic % owned (7)	Embedded Value (2)	Residual Stub Value (3)	Parent P/E (4)	Residual P/E (5)
3com	COMS	\$ 69.56	Palm	PALM	\$ 63.13	1.524	1.524	Y	92.77%	\$ 96.22	\$ (26.66)		
Alpine Group	AGI	\$ 11.25	Superior Telecom	SUT	\$ 12.44	0.634	0.634		50.10%	\$ 7.89	\$ 3.36		
American Home Products	AHP	\$ 46.88	Immunex	IMNX	\$ 248.13	0.074	0.074		54.10%	\$ 18.25	\$ 28.62	24.0	15.1
American Mobile Satellite	SKYC	\$ 34.75	XM Satellite Radio	XMSR	\$ 45.22	0.279	0.279		25.90%	\$ 12.64	\$ 22.11		
American Software	AMSWA	\$ 15.50	Logility	LGTY	\$ 16.13	0.514	0.514		83.70%	\$ 8.28	\$ 7.22	67.4	64.5
AMR Corp.	AMR	\$ 56.00	Sabre Group	TSG	\$ 47.81	0.676	0.676	Y	82.69%	\$ 32.30	\$ 23.70	9.59	5.4
ARC International	ATV	\$ 1.13	Ballantyne of Omaha Cabletel Communications	BTN TTV	\$ 6.06 \$ 6.31	0.204 0.232	0.204 0.232			\$ 1.24 \$ 1.46	\$ (0.11) \$ (0.34)		
Ascent Entertainment Group	GOAL	\$ 15.06	On Command	ONCO	\$ 18.06	0.578	0.578		57.00%	\$ 10.43	\$ 4.63		
Banco Santander Spain	STD	\$ 10.38	Banco Santander Puerto Rico	SBP	\$ 13.00	0.032	0.032		80.00%	\$ 0.42	\$ 9.96		
Banyan Systems	BNYN	\$ 18.94	Switchboard.com	SWBD	\$ 23.88	0.436	0.436		41.36%	\$ 10.40	\$ 8.54		
Barnes and Noble	BKS	\$ 16.75	Barnesandnoble.com	BNBN	\$ 8.50	0.849	0.849		41.13%	\$ 7.22	\$ 9.53		
BCE	BCE	\$ 122.00	Nortel	NT	\$ 129.00	0.835	0.835	Y	39.36%	\$ 107.76	\$ 14.24		
Boise Cascade	BCC	\$ 28.44	Boise Office products	BOP	\$ 15.25	0.946	0.946		81.21%	\$ 14.42	\$ 14.01	8.27	6.3
Bowne	BNE	\$ 11.75	Edgar Online	EDGR	\$ 13.75	0.040	0.040		12.60%	\$ 0.54	\$ 11.21		
BrookTrout	BRKT	\$ 47.75	Inerspeed	ISPD	\$ 33.25	0.593	0.593		53.75%	\$ 19.72	\$ 28.03		
Cabletron	CS	\$ 49.25	Efficient Networks	EFNT	\$ 82.75	0.064	0.064		21.85%	\$ 5.27	\$ 43.98		
CBS	CBS	\$ 58.44	Infinity Broadcasting MarketWatch.com	INF MKTW	\$ 32.81 \$ 43.13	0.968 0.007	0.968 0.007		82.00%	\$ 31.75 \$ 0.28	\$ 26.69 \$ 58.16		
Chris-Craft	CERN	\$ 35.94	Carehsite	CARI	\$ 53.81	0.387	0.387		18.70%	\$ 20.83	\$ 15.11		
Chris-Craft	CCN	\$ 67.00	BHC Communications	BHC	\$ 151.00	0.427	0.427		80.00%	\$ 64.54	\$ 2.46	108	(24.03)
Citizens Utility	CZN	\$ 15.63	Electric Lightwave	ELIX	\$ 21.00	0.159	0.159		83.00%	\$ 3.34	\$ 12.29		
Cohesion Technology	CSO*	\$ 13.00	Boston Scientific Pharming N. V. Innovative Devices	BSX PHAR IDEA	\$ 31.00 \$ 15.90 -	0.083 0.100 0.100	0.083 0.100 0.100			\$ 2.58 \$ 1.59 -	\$ 10.42 \$ 11.41 \$ 13.00		
Cordant	CDD	\$ 31.31	Howmet International	HWM	\$ 18.69	2.308	2.308		84.85%	\$ 43.14	\$ (11.83)		
Dalseytek	DZTK	\$ 23.56	PFSWeb	PFSW	\$ 34.75	0.808	0.808	Y	82.16%	\$ 28.07	\$ (4.51)	15.01	
Dellia	DLIA	\$ 6.13	iTurf	TURF	\$ 11.00	0.888	0.888	Y	53.95%	\$ 7.57	\$ (1.44)	(6.00)	64.0
Disney (Walt)	DIS	\$ 36.00	Go.Com	GO	\$ 21.69	0.052	0.052		72.00%	\$ 1.13	\$ 34.87		
Dixons PLC	DXNSL	\$ 14	Freessene	FREJ	\$ 7.52	2.087	2.087		85.55%	\$ 16	\$ (2)		
Donaldson Lufkin & Jenrette	DLJ	\$ 50.25	DLJ Direct	DIR	\$ 12.69	0.622	0.622			\$ 7.89	\$ 42.36		
eCom Ventures	ECMV	\$ 6.66	Envision Development	EDV	\$ 49.94	0.473	0.473		46.87%	\$ 23.62	\$ (16.96)		
Flowers Ind.	FLO	\$ 12.63	Keebler	KBL	\$ 25.63	0.464	0.464		55.00%	\$ 11.88	\$ 0.74	12.14	2.8
Ford	F	\$ 41.94	Herz	HRZ	\$ 32.69	0.077	0.077		81.00%	\$ 2.51	\$ 39.43	7.02	6.9
Gartner Group	IT	\$ 14.13	Jupiter Communications	JPTR	\$ 31.50	0.064	0.064		28.11%	\$ 2.03	\$ 12.10		
Motorola	MOT	\$ 180.63	Next Level Communications	NXTV	\$ 136.50	0.147	0.147		14.75%	\$ 20.13	\$ 160.50		
GM	GM	\$ 76.31	Hughes	GWH	\$ 125.88	0.397	0.397		73.89%	\$ 50.02	\$ 26.29		
Hardford Financial Services	HIG	\$ 31.00	Hardford Life	HLI	\$ 33.13	0.406	0.406		81.00%	\$ 13.46	\$ 17.54	7.52	6.74
Hewlett-Packard	HWP	\$ 145.56	Agilent	A	\$ 161.00	0.373	0.373	Y	84.07%	\$ 60.04	\$ 85.52	43.32	29.03
HNC Software	HNCS	\$ 117.56	Retek	RETK	\$ 67.00	1.569	1.569	Y	88.89%	\$ 105.10	\$ 12.46		
IDT	IDT	\$ 35.63	Net2Phone	NTOP	\$ 53.50	0.689	0.689		48.06%	\$ 36.86	\$ (1.23)		
IMS Health	RX	\$ 21.81	Cog Tech Solutions	CTSH	\$ 126.38	0.022	0.022		79.24%	\$ 2.83	\$ 18.99	22.26	20.0
Intermedia	ICIX	\$ 67.44	Digex	DIGX	\$ 91.75	0.694	0.694		66.87%	\$ 63.72	\$ 3.72		
IPC Communications	IPI	\$ 271.00	ixnet	ixnt	\$ 59.50	4.425	4.425		85.22%	\$ 263.29	\$ 7.71		

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 estimate of the parent company less the holding company's contribution, if the parent consolidates the holding.

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

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

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out/Holding	Symbol	Price	03/07/00	Ratio (1)	Intent To Spin (6)	Economic % owned (7)	Embedded Value (2)	Residual Stub Value (3)	Parent P/E (4)	Residual P/E (5)
Kansas City Southern	KSU	\$ 88.56	DST Systems	DST	\$ 56.50	0.234			41.00%	\$ 13.23	\$ 75.33		
Kushner-Loche	KLOC	\$ 4.25	USSearch.com	SRCH	\$ 4.78	0.751			55.20%	\$ 3.59	\$ 0.66		
Limited	LTD	\$ 33.50	Intimate Brands	IBI	\$ 32.00	0.922		Y	83.00%	\$ 29.49	\$ 4.01	16.34	34.9
Loews	LTR	\$ 42.25	Diamond Offshore Drilling CNA Insurance	DO CNA	\$ 35.75 \$ 25.94	0.826 1.415			83.95% 50.30%	\$ 22.36 \$ 36.69	\$ 19.89 \$ 5.56		
Maxxam	MAXM	\$ 28.75	Kaiser Aluminum	KLU	\$ 5.50	7.143			62.97%	\$ 39.29	\$ (10.54)		
Metamor Worldwide	MMWW	\$ 19.38	Xpedior	XPDR	\$ 17.13	1.211		Y	83.00%	\$ 20.74	\$ (1.36)		
Nabisco Group Holdings	NGH	\$ 8.44	Nabisco	NA	\$ 29.13	0.855			80.41%	\$ 19.06	\$ (10.63)		
National City	NCC	\$ 18.75	National Processing	NAP	\$ 8.94	0.142			88.00%	\$ 1.27	\$ 17.48		
Navarre	NAVR	\$ 4.81	NetRadio	NETR	\$ 6.13	0.327			77.00%	\$ 2.00	\$ 2.81		
Network Associates	NETA	\$ 28.44	McAfee	MCAF	\$ 50.00	0.295			86.79%	\$ 14.74	\$ 13.69	34.26	12.43
News Corp	NWS	\$ 64.94	Fox Corp	FOX	\$ 27.00	0.541			81.00%	\$ 14.62	\$ 50.32	63.66	59.8
Osicom	FIBR	\$ 139.00	NetSilicon	NSIL	\$ 29.50	0.877			60.38%	\$ 25.86	\$ 113.14		
Ocwen Financial	OCN	\$ 5.88	Ocwen Asset Investment	OAC	\$ -	0.031			10.00%	\$ -	\$ 5.88		
PepsiCo	PEP	\$ 31.00	Pepsi Bottling Group	PBG	\$ 17.56	0.037			35.00%	\$ 0.65	\$ 30.35		
PICO Holdings	PICO	\$ 13.13	Hyperfeed Technologies	HYPH	\$ 8.97	0.485			44.00%	\$ 4.35	\$ 8.77		
Ralston Purina	RAL	\$ 26.75	DuPont	DD	\$ 49.75	0.063			1.77%	\$ 3.13	\$ 23.62		
			Interstate Bakeries	IBC	\$ 11.88	0.094			42.75%	\$ 1.12	\$ 25.63		
			Conoco	COC	\$ 21.00	0.023			1.18%	\$ 0.49	\$ 26.26		
										\$ 4.74	\$ 22.01		
Reuters	RTSY	\$ 153.63	Tibco Software	TIBX	\$ 116.88	0.162			62.95%	\$ 18.89	\$ 134.74	51.04	44.7
RSL	RSLC	\$ 22.75	DelliaThree	DDDC	\$ 38.50	0.332			68.69%	\$ 12.80	\$ 9.95		
Seagate Technology	SEG	\$ 55.56	Veritas Software	VRTS	\$ 159.06	0.382			50.09%	\$ 60.71	\$ (5.15)		
			Sandisk	SNDK	\$ 125.25	0.022			7.81%	\$ 2.81	\$ 52.75		
			Gadzoox Networks	ZOOX	\$ 58.00	0.022			24.95%	\$ 1.30	\$ 54.26		
										\$ 64.82	\$ (9.26)		
ShopKo	SKO	\$ 17.63	Provanage Health	PHS	\$ 6.75	0.477			70.00%	\$ 3.22	\$ 14.41	5.88	
Silicon Graphics	SGI	\$ 9.69	Mips Technology	MIPS	\$ 65.00	0.133			67.29%	\$ 8.64	\$ 1.05		
Synovus	SNV	\$ 15.25	Total Systems	TSS	\$ 16.25	0.580			80.70%	\$ 9.43	\$ 5.82		
Toronto-Dominion	TD	\$ 24.25	TD Waterhouse Group	TWE	\$ 19.88	1.088			88.49%	\$ 21.61	\$ 2.64		
			Knight-Trimark	NITE	\$ 44.38	0.030			8.51%	\$ 1.34	\$ 22.91		
										\$ 22.96	\$ 1.29		
Telephone & Data Systems	TDS	\$ 114.75	U.S. Cellular	USM	\$ 66.88	1.155			0.00%	\$ 77.27	\$ 37.48		
			Aerial Communications	AERL	\$ 64.72	1.277			67.39%	\$ 82.67	\$ 32.08		
			Vodafone	VOD	\$ 61.75	0.044				\$ 2.73	\$ 112.02		
										\$ 162.67	\$ (47.92)		
Time Warner	TWX	\$ 81.75	Time Warner Telecom	TWTC	\$ 79.88	0.046			51.00%	\$ 3.66	\$ 76.09		
UnitedGlobalCom	UCOMA	\$ 105.69	United Pan-Europe Comm.	UPCOY	\$ 213.19	0.700			43.03%	\$ 149.23	\$ (43.54)		
USA Networks	USAI	\$ 21.63	Ticketmaster-Online	TMCS	\$ 35.25	0.066			61.00%	\$ 2.31	\$ 19.31		
			Hotel Reservation Networks	ROOM	\$ 20.50	0.056			68.00%	\$ 1.15	\$ 20.48		
										\$ 3.46	\$ 18.16		
Viacom	VIA	\$ 55.38	Blockbuster	BBI	\$ 12.00	0.203			82.29%	\$ 2.43	\$ 52.94		
Williams	WMB	\$ 48.00	Williams Communications	WCG	\$ 57.25	0.892			84.78%	\$ 51.09	\$ (3.09)	82.76	(1.7)
Ziff-Davis	ZD	\$ 18.19	ZD.net	ZDN	\$ 30.06	0.600			83.92%	\$ 18.04	\$ 0.15		

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

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

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

Spin-Off Calendar 1999

Parent	Symbol	Spin-Off	Symbol	Date Announced	Spin-Off Date	Report Date	Tax Exempt	Ratio
CBS / Data Broadcasting	DBCC	Marketwatch.com	MKTW	10/13/98	01/19/99	January	Y	CO
Olin	OLN	Arch Chemicals	ARJ	7/30/98	02/09/99	February		1:2
Pulitzer Publishing	PTZ	Pulitzer Inc.	PTZ	5/26/98	03/22/99	March	Y	1:1
PepsiCO	PEP	Pepsi Bottling Group	PBG	7/28/98	03/31/99	April		CO
Varian Associates	VAR	Varian Inc.	VARI	8/21/98	04/50/99	March	Y	1:1
		Varian Semiconductor	VSEA	8/21/98	04/05/99	March	Y	1:1
Investment Technologies Group	ITGI	Jefferies Group	JEF	3/18/98	04/28/99	April	Y	1:1
dElia*s	DLIA	iTurf	TURF		04/09/99			CO
Columbia/HCA	COL	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	Voicestream Wireless Corp.	VSTR	10/27/98	05/03/99	May	Y	1:1
General Motors	GM	Delphi Unit	DPH	8/3/98	05/28/99	May	Y	.7:1
Creative Computers	MALL	uBid	UBID	07/06/98	06/08/99	June	Y	.7:1
Wyndham International	PAH	Interstate Hotels	IHCO		06/18/99	June	N	1:30
Enron	ENE	Azurix	AZX	03/16/99	06/10/99	June		CO
Nabisco Group Holdings	NGH	RJ Reynolds	RJR	03/09/99	06/15/99	June	Y	1:3
Synetic	SNTC	CareInsite	CARI	03/26/99	06/16/99	July		CO
Toronto-Dominion	TD	TD Waterhouse Group	TWE	04/30/99	6/23/99	July		CO
Kushner-Locke	KLOC	USSearch.com	SRCH	04/12/99	6/25/99	July		CO
Genzyme General	GENZ	Genzyme Surgical	GZSP	05/27/99	06/28/99	July		TR
IMS Health	RX	Gartner Group	IT	11/12/98	07/26/99	July	Y	1:7.7
ShopKo	SKO	ProVantage Health Services	PHS	02/04/99	07/14/99	August		CO
Roche Holdings AG	RO.SW	Genentech	DNA	06/02/99	07/20/99	August		CO
IDT	IDTC	Net2Phone	NTOP	05/14/99	07/29/99	August		CO
Quantum	QNTM	Hard Disk Drive	HDD	03/01/99	08/03/99	July-U		.5:1
		DLT & Storage Systems	DSS	03/01/99	08/03/99	July-U		1:1
DuPont	DD	Conoco	COC	05/11/98	08/09/99	August	Y	1:2.95
Viacom	VIA.B	Blockbuster Entertainment	BBI	05/06/99	08/12/99	September	Y	CO
Limited	LTD	Limited Too	TOO	05/03/99	08/24/99	September	Y	1:7
Lynch Corp.	LGL	Lynch Interactive	LIC	04/09/99	09/01/99	September	Y	1:1
Snyder Communications	SNC	Ventiv Health	VTIV	06/23/99	09/28/99	September	Y	1:3
BrookTrout Inc.	BRKT	Interspeed Inc.	ISPD	06/18/99	09/24/99	October		CO
Perfumania	PRFM	Perfumania.com	PF	04/20/99	09/29/99	September		CO
Williams Co.	WMB	Williams Communications	WCG	11/20/98	10/01/99	October		CO
Gencorp	GY	Omnova Solutions	OMN	12/17/98	10/01/99	October	Y	1:1
HRPT Properties	HRP	Senior Living	SNH	12/24/98	10/12/99	September	N	1:10
Navarre	NAVR	Net Radio	NETR	03/03/99	10/14/99	April		CO
Watts Industries	WTS	CIRCOR International	CIR	12/15/98	10/19/99	November	Y	1:2
Harcourt General	H	Neiman Marcus	NMG.B	05/17/99	10/22/99	November	Y	3:10
Snyder Communications	SNC	circle.com	CRCM	05/12/99	10/29/99	September		TR .25:1
Tenneco	TEN	Tenneco Packaging	PTV	07/21/98	11/05/99	November	Y	1:1
Harris Corp.	HRS	Lanier Worldwide	LR	04/14/99	11/05/99	November		1:1
Microsoft	MSFT	Expedia	EXPE	09/23/99	11/10/99	December		CO
Hewlett-Packard	HWP	Agilent Technologies	A	03/02/99	11/18/99	December		CO/SP
Disney	DIS	Go.com	GO	07/12/99	11/18/99	December		TR
HNC Software	HNCS	Retek	RTEK		11/18/99	November		CO
RSL Corp.	RSLC	DeltaThree	DDDC	05/03/99	11/23/99	December		CO
Allegheny Teledyne	ALT	Teledyne Technologies	TDY	01/19/99	11/30/99	December	Y	1:7
Daisytek	DZTK	PFSweb	PFSW	09/21/99	12/02/99	December		CO
Schlumberger	SLB	Sedco Forex (Merger)	RIG	07/12/99	12/31/99	January	Y	1:5

Spin-Off Calendar by Date

Parent	Listed			Listed			Date Announced	Spin-Off Date	Report Date	Tax Exempt	Ratio
	Symbol	Options	Spin-Off	Symbol	Options	Options					
Schlumberger	SLB	Y	Sedco Forex (Merger)	RIG			07/12/99	12/31/99	January	Y	1:5
Graphics Packaging	GPK	Y	Coorstek	CRTK			06/15/99	01/04/00	January	Y	1:4
Technology Solutions	TSCC	Y	eLoyalty	ELOY			03/31/99	2/16/00	February	Y	1:1
USA Networks	USAI	Y	Hotel Reservations Network	ROOM			11/01/99	02/25/00	March		CO
3Com	COMS	Y	Palm	PALM	Y-3/16		09/14/99	03/02/00	February		CO/SP
Banyan	BNYN	Y	Switchboard.com	SWBD			11/11/99	03/02/00	January		CO
AMR Corp.	AMR	Y	Sabre Group Holdings	TSG	Y		12/14/99	03/15/00	March	Y	.7:1
Olsten Corp.	OLS	Y	Gentiva Health Services	GTIV			08/18/99	3/13-3/17	November		1:4
Baxter Int.	BAX	Y	Edwards Lifesciences	EW			07/12/99	March-00	August	P	1:5
C-Cube	CUBE	Y	C-Cube Semiconductor				10/27/99	3/28-4/7	February	N	SP
AutoNation	AN	Y	ANC Rental Corp.	ANC			08/02/99	March/April	September	Y	1:6-8
Ralston Purina	RAL	Y	Eveready				06/10/99	04/01/00	July	P	SP
US Bancorp	UBAN	N	Three Rivers Bancorp				07/12/99	04/01/00	August	Y	
Consolidated Stores	CNS		Kbkids.com	KBKD			01/27/00	April-00			
Weatherford	WFT	Y	Grant Prideco Drilling	GRP			07/21/99	04/14/00	January	P	1:2
Great Lakes Chemical	GLK		OSCA				09/20/99	May-00	October		CO
Cabot Corp.	CBT		Cabot Micro-Electronics				07/29/99	April/May	August	P	CO/SP
Kansas City Southern Ind.	KSU	Y	Stilwell Financial	SV			02/03/98	March/April	April	Y	2:1
AT&T	T	Y	Wireless Group				12/06/99	2nd qtr-00	January		CO-TR
Comdisco	CDO	Y	Venture Unit				12/22/99	2nd qtr-00	December		CO-TR
Reliance	REL	Y	Reliance Surety				10/27/99	2nd qtr-00	December		CO
HNC Software	HNCS		Retek	RTEK				3rd qtr-00	December		SP/CO
Daisytek	DZTK		PFSweb	PFSW			09/21/99	3rd qtr-00	December		SP/CO
RPC	RES		Chaparral Boat Unit				01/14/00	3rd qtr-00	February		SP
National Data	NDC	Y	eHealth & eCommerce				12/21/99	3rd qtr-00	January		SP
Dun & Bradstreet	DNB	Y	Moody's				12/15/99	3rd qtr-00	January		SP
JC Penney	JCP	Y	Eckerd Drug Chain				05/18/99	4th qtr-00	June		CO-TR
Hollywood Ent.	HLYW	Y	Reel.com	REEL			12/02/99		January		CO
Symantec	SYMC	Y	Internet Software				06/10/99		July		CO
Century Business	CBIZ	Y	Insurance				04/06/99		May		
Applied Power	APW	Y	Electronic Business				01/27/00	August-00	February		SP
Silicon Graphics	SGI	Y	Mips Technology	MIPS	N		02/26/99		March		CO
BCE	BCE	Y	Nortel Networks	NT	Y		01/31/00	2nd	February		SP
Action Performance	ACTN		Goracing.com	GRCN			07/06/99		September		CO
Odetics	ODETA	N	Intelligent Transportation				05/04/98		April		CO
Pomeroy Computers	PMRY	Y	Pomeroy Select	PSIS			01/15/99		February		CO
Miller Industries	MLR	Y	RoadOne				05/13/99		June	P	SP
Interpool	IPX	N	Microtech and Poolstat				08/09/99		September		SP
Nordstrom	JWN	N	Internet Unit				08/26/99		September		CO
Staples	SPLS	Y	Staples.Com	SDOT			09/15/99		October		CO-TR
St. Joe	JOE	Y	Florida East Coast	FLA			10/27/99		November		CO
FRP Properties	FRP	N	Real Estate Properties				09/24/99		November		SP
Premier Technologies	PTEK	Y	Web Properties				10/28/99		November		
Computer Horizons	CHRZ	Y	eB Networks - Softech				10/18/99		December		CO
Excite/@home	ATHM	Y	Internet Media				11/22/99		December		CO
Modis Professional Services	MPS	Y	IT Division-Solutions				11/09/99		December		SP/CO
Primark	PMK	Y	Yankee Group				11/08/99		December		CO
Titan	TTN	Y	Four Units						December		SP
Bell & Howell	BHW	Y	Internet Education Unit				01/12/00		January		SP
Cablevision	CVC	Y	Rainbow Programming				12/22/99		January		TR
CMGI	CMGI	Y	Altavista	ALTA			12/17/99		January		CO
Copart	CPRT	Y	Internet Business				12/17/99		January		SP
Hyperfeed Technologies	PQT	Y	PCQuote.com	PCQT			04/26/99		September		CO

Spin-Off Calendar by Date

Parent	Symbol	Listed		Symbol	Listed	Date	Spin-Off	Report	Tax	
		Options	Spin-Off						Options	Announced
Lason	LSON	Y	E-Commerce			12/20/99		January		
Odetics	ODETA,B		Iteris			12/20/99		January		SP
Network Solutions	NSOL	Y	Registrar Services			12/22/99	Acquired	January		
			Internet Division			01/31/00	Acquired	February		CO
American Software	AMSWA	Y	Amquest			01/25/00		February		CO
Avista	AVA	Y	Internet Billing			01/27/00	4th qtr-00	February		
Comverse Technology	CMVT	Y	Ulticom			01/19/00		February		CO
Deluxe Corp.	DLX	Y	eFunds			01/31/00		February		CO/SP
First Union Real Estate	FUR		Imperial Parking			01/24/00		February		SP
Good Guys	GGUY		Good Guys.com			01/05/00		February		CO
Hewlett Packard	HWP	Y	Deep Canyon			01/01/00		February		
MIM Corp.	MIMS		Internet Pharmacy			01/20/00		February		CO
New York Times	NYT	Y	Internet Unit			01/28/00		February		CO/TR
Rightstart	RTST		Rightstart.com			01/ /00		February		CO
S3	SIII	Y	Internet & Networking			01/31/00		February		SP
Thermo Electron	TMO	Y	Thermo Fibertek	TFT		01/31/00		February		SP
Wal Mart	WMT	Y	Online Business			01/07/99		February		CO
Viacom	VIA.B	Y	MTVi			02/11/00		March		CO
Cabletron	CS	Y						March		
PetSmart	PETM	Y	PetSmart.com	PSCM		02/03/00		March		CO
Intelligroup	ITIG		Seranova	SERA		11/04/00		March		SP
Ciber	CBR	Y	Enterprise Solutions			03/01/00		March		SP
Consolidate Stores	CNS	Y	Kbkids.com	KBKD		01/27/00		March		CO
Cyber-Care	CYBR		Air Response			02/29/00		March		SP
DAMARK	DMRK	Y	ClickShip Direct			02/16/00		March		SP
Eaton	ETN	Y	Semiconductor			02/24/00		March		CO
GETGO.COM	GTGO		GETGO USA			02/29/00		March		SP
Lucent	LU	Y	Corporate Networking			03/01/00		March		SP
Methode Electronics	METHA	Y	Optical Products Unit			02/23/00		March		CO/SP
Orckit	ORCT		Semiconductor Unit			02/10/00		March		SP

Foreign Spin-Off Calendar by Date

Parent	Symbol	Spin-Off	Symbol	Date	Spin-Off	Report	Tax	
							Announced	Date
VEBA AG	VEB.F, VEB.N	Stinnes	SNS.F		06/23/99	August-99		CO
Dixons Group PLC	DXNS.L	Freeseve	FRE.L	06/07/99	07/06/99	August-99		CO
Telefonica S.A.	TEF.N, TDESF.MA	Terra Networks	TRRA	08/25/99	11/17/99	December-99		CO
Magna International	MGA.N, MG.TO	Non-Automotive		05/25/99		June-99		SP
Zurich Allied	ZUAN	PSP Swiss Property	PSPN		03/07/00	March		CO
Siemens	SIEG.F	Infineon	IFX		03/13/00	March		CO
Deutsche Telekom	DT	T-Online		01/25/00	April-00			CO
		Deutsche Telecom MobileN		01/25/00	Sept-00			CO
Banca Popolare Brescia	BPB.IM	Fin-Eco Online		06/18/99	2000	July-99		CO
Mannesmann AG	MNNSY	Telecommunications		09/23/99	2000	October-99		SP
		Atecs			June-00			
Scottish Power	SPL.N	Telecommunications		09/17/99	2000	October-99		CO
IDS	IDS	B2B Commerce / Medical		12/14/99	June-00	March-00		SP
CommerzBank	CBK.F, CRBZY.N	Com-Direct		6/10/99	2000	July-99		CO
National Power	NP	International Business		11/17/99	2000	December-99		SP
Thyessen Krupp	THAG	Steel Operation		11/ /99	2000	December-99		SP
Hyundai		Non-Semiconductor		10/14/99	2000	November-99		
Nova Nordisk	NVO.N	Enzymes and Health Care		09/09/99	2001	November-99		SP
ROCHE	ROHHY	Givauden		12/06/99	2000	January-00		1:1
Canal+	CNPLY	Canal NuMedia			2000	January-00		