



SPIN-OFF ADVISORS, L.L.C.

March 1999
Volume III Issue 3

Continuous Research on Corporate Spin-Offs

SPIN-OFF RESEARCH

Joe Cornell, C.F.A.
312-939-8900

Mark Minichiello
312-939-1415

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

Table of Contents	Page
◆ Internet Mania	2
◆ Updates -Delphi Automotive (DPH)	3
-Marketwatch (MKTW)	4
-Vlasic International (VL)	5
◆ Analyst Coverage	6-7
◆ Spin-Off Calendar	8
◆ Calendar Highlights	9-17
◆ Fresh Spin-Off Situations:	
-Jefferies Group (JEF) / Investment Technology Group (ITGI)	18-20
-Pulitzer Publishing (PTZ) / Pulitzer Publishing (PTZ)	21-22
-Varian Associates (VAR) / Varian Inc. (VARI)	23-26
Varian Semiconductor (VSEA)	
◆ Recently Announced Spin-Offs:	
-Delta Woodside (DLW) / Apparel Division	27-28
-Silicon Graphics (SGI) / MIPS (MIPS)	29-30
-Viacom (VIA) / Blockbuster Entertainment	31-32
◆ Potential Spin-Offs	33
◆ Recent Schedule 13 Filings	34
◆ Insider Transactions	35
◆ Implied Values	36
◆ Spin-Off Calendar by Date	37
◆ Spin-Off Statistics	38
◆ Selected Charts	39

Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, employees of Spin-off Advisors, L. L.C. may have positions and effect transactions in the securities or options of the issuers mentioned herein. All rights reserved by Spin-off Advisors, L. L.C..

Internet Mania Prompts Corporations to Spin-Off "Dot.Com" Units

A trickle of Internet spin-off deals have appeared in recent months. Expect many more. The technique will be increasingly used by opportunistic companies trying to cash in on the Internet phenomenon. It is more sophisticated than adding a few letters to a corporate name, but less evolved than actually creating something of value.

Consider some of the dot.com plays being contemplated. Compaq Computer inherits the **Alta Vista** search engine, (for next to nothing, by purchasing Digital Equipment) recently announced plans to take the search engine public. Network Associates, declares the Web site for its McAfee anti-virus software to be a "portal" and discloses plans to make an initial public offering of **McAfee.com** later this year. PeopleSoft, in an effort to decrease R&D expenses, creates a one-employee subsidiary, **Momentum Business Applications** (NASDAQ:MMTM), which it spins off to PeopleSoft shareholders. Momentum, whose sole purpose is to take R&D expenses off PeopleSoft's books (not a great business opportunity in our humble opinion), reached a high of \$25 before crashing back to \$8 per share. **MarketWatch.com** (NASDAQ: MKTW), owned by CBS and Data Broadcasting rocketed 474% in its first day of trading after going public at \$17 on January 15th (See update). MarketWatch has amassed nearly a \$1 billion market capitalization on roughly \$6 million in annual revenues. Barnes & Noble intend to carveout a piece of **Barnesandnoble.com** (their online bookseller). **ZDNet**, Ziff-Davis' popular on-line technology news venture, is in registration for an IPO. ZDNet had sales of \$37.6 million in sales in the first nine months of 1998, but lost more than \$8 million.

This is just the beginning. If investors are willing to pay rich valuations for high-growth but unprofitable Internet companies, owners of Internet properties that can stand-alone arguably owe it to their shareholders to highlight those assets. It is impossible to overstate the potential the Internet medium is unleashing for many companies. Other on-line ventures at the talking or rumor stage are Donaldson, Lufkin & Jenrette's on-line brokerage **DLJdirect** and **NBC Internet properties**. Last month, **CBS** said it was considering spinning off its Internet access in a new company that would be jointly owned by it and Infinity Broadcasting. In the first week of February, **Navarre** (NASDAQ: NAVR), seller of prerecorded music and software, announced intentions to soon file with the SEC for a public offering of a portion of its **NetRadio** business (Navarre owns 85%), an online music provider. NetRadio has become one of the largest broadcasters of internet-only original audio content on the web, offering customers 150 on-demand music and entertainment channels. Traffic to NetRadio has increased to nearly 3 million listening sessions and 20 million page-views per month.

However, the recent announced merger of Internet portal site operator Lycos with the home shopping and online operations of USA Networks could postpone the weaker Internet carveout proposals. The deal shook up the Internet world, prompting less generous valuations. Lycos had been up sharply since the beginning of the year on takeover speculation. The merger (with the slower growing Home Shopping Network disappointed investors who had jumped onto the Lycos bandwagon expecting a large premium offer to emerge. Whether this sell-off is a speed bump on the Internet superhighway or a more permanent adjustment of valuations is anybody's guess. But, as long as the appetite for Internet investments remains insatiable, we are certain to see the new issue pipeline fill up with partial carveouts of Internet plays.

Company Updates

Delphi Automotive

The world's largest maker of auto parts, Delphi has been spun off from the world's largest automaker, General Motors. With operations worldwide, Delphi and its Delco Electronics division make almost everything mechanical or electrical that goes into a car, including the chassis, engine, and thermal, electrical, and steering systems. Delphi operates some 170 manufacturing plants, 40 joint ventures, and 27 technical centers. After Delphi's IPO of 100 million shares in February, GM retained about an 82% stake, that it plans to divest later in the year to GM shareholders through a split-off, a spin-off or a combination of both. The stock has traded in a tight range (\$17.88 - \$19) since the offering, and appears modestly attractive at current levels. As an independent firm, Delphi will better utilize its scale, global presence, and technology to increase its non-GM business. **At \$18 Delphi is trading at 10x the consensus First Call estimate of \$1.77 a share.** Management is striving to boost DPH's net margins to 5% by 2003, from the current 3.2%. The connection to GM in the past has been an impediment in growing Delphi's non-GM business as other vehicle manufacturers were reluctant to source from a supplier owned by a major competitor. As an independent company, Delphi will be better able to expand its revenue base through sales to outside carmakers.

Delphi, the world's largest most diversified automotive parts supplier, generated \$28.5 billion in 1998 revenues. Delphi became an industry leader by capitalizing on its long history as GM's in-house supplier of individual components to GM into a global supplier of integrated systems, modules and components, with a wide range of customers. Management will be better incentivized going forward. Incentive compensation aligns management's and employees' interests with shareholders'. Enhanced management flexibility, accountability and incentives will drive financial and operating performance improvements, including employee compensation linked to business performance. The company allowed all US employees to buy shares at the IPO price. More than 21,000 of the 83,000 eligible employees requested shares forcing GM to increase the program's allocation of shares to 8 million.

Risks

Delphi's separation from GM resulted in a sizable under funded retiree benefit liability (pension) on its balance sheet. As of year-end 1998, Delphi's salaried employees and hourly other post retirement for retired Delphi employees benefit obligation was \$4.5 billion and the under funded pension obligation was \$1.9 billion. The under funded pension liability creates pension expense of about \$380 million in 1999. **Labor.** Delphi is subject to the risk of work stoppages as a result of its predominately unionized workforce. Roughly 96% of Delphi's hourly workforce is represented by 53 unions, including the UAW (which represents 28% of Delphi's workforce). The risk of further labor unrest could prove troublesome for Delphi. Delphi's high **exposure to GM** suggests a discount to the peer group is likely warranted. Despite Delphi's push to grow non-GM business, the company remains heavily exposed to GM. Roughly 80% of revenue is GM related.

At current market prices DPH has a market capitalization of roughly \$10.5 billion (580 million shares x \$18). This implies that Delphi is trading at 37% of sales. The company reported \$3.5 billion of debt at year-end. We would ball park operating cash flow for 1999 at \$1.5 billion (\$2.58 per share). **We would expect the stock to continue to trade in a tight range until more details of the separation are known.**

Company Updates...

MarketWatch

MarketWatch.com's (NASDAQ:MKTW) Web site is a "poor man's" Bloomberg consisting of financial information, news, stock quotes, analysis, and other information (some of which is updated throughout the day). The site features free information, but the company also offers two subscription packages that feature more detailed financial analysis. The January 15th IPO was priced at \$17. The company's staff of more than 40 reporters provides original content; the Web site also incorporates information from third parties such as the Associated Press, Hoover's, and Reuters. MarketWatch.com gets 68% of its revenues from advertisers. Television network CBS and Data Broadcasting Corporation each own about 38% of the company. MarketWatch's revenues are generated through advertising space sold on the Web site, news fees paid by DBC, and subscriptions to Web users for premium on-line services. Advertising sales, which represent over 80% of revenue, have been growing at nearly 30% a quarter as awareness of the site grows.

CBS and MarketWatch entered into a five year license agreement in 1997 in which the MarketWatch Web site was renamed "CBS.Marketwatch.com" and MarketWatch was granted the right to use the CBS name and logo in exchange for equity in MarketWatch and royalty payments on revenue. MarketWatch granted CBS 4.5 million shares (38% ownership), and royalty payments on gross revenues (between 6 - 8 % depending on the total dollar amount of gross revenues generated). In exchange, CBS provides MarketWatch with \$30 million worth of advertising through October 2002, and use of the CBS brand and trademark. **DBS** is a co-founder and 38% equity holder of MarketWatch and provides delayed financial data and software analytic tools to the MarketWatch Web site (for free) and real-time data to MarketWatch premium subscribers for a fee. DBS also hosts and manages the CBS.MarketWatch Web site and provides network support.

Q4 Results

MarketWatch reported a net loss of \$0.47 on revenue of \$2.5 million in the fourth quarter. Operating expenses were \$5.7 million. The company captured 160 million page views in the quarter (1.8 million per day). MarketWatch's pro forma balance sheet (including IPO proceeds) reflects \$46 million in cash. According to Zacks, the consensus is that the company will lose \$1.77 in 1999 and \$1.68 in 2000. MarketWatch loss \$1.38 in 1998. MarketWatch commands a market cap of nearly \$780 million despite projecting revenues this year of only \$15 million. This suggests the market is valuing this business at a whopping 52x this years-anticipated revenue. This seems somewhat high to us even when compared to the heady Internet valuations being awarded in January.

Internet Perfect for Delivery of Financial Information

A wave of growing interest in "on-line" trading bodes well financial web sites. Demand for financial content is being driven by the American public's increased interest in investing and the emergence of day-trading. The Internet has become a primary source of company and stock market information for millions of investors. Increasing usage of the Internet has made the Web an attractive medium for advertisers offering various benefits not available in traditional media. The company's focused financial content and audience provide solid opportunities to develop strategic commerce relationships with financial services companies, such as electronic trading brokerage firms, mutual fund companies, credit card marketers and insurance providers.

The problem is that the Internet has virtually no barriers to entry. Investment/financial web sites are proliferating at a staggering rate. MarketWatch is vulnerable to competition from other financial news sites, which could make its stock especially volatile.

Company Updates...

VLASIC INTERNATIONAL - Date: 2/25/99

Vlasic (NYSE: \$13 3/8), spun from Campbell last March, at current prices looks attractive.

The company produces and sells market-leading Vlasic pickles, Open Pit barbecue sauce, Swanson frozen meals, and Campbell's fresh mushrooms. Its international holdings include Swift canned meat products in Argentina. Vlasic is paying fresh attention to marketing and product development. Vlasic is the leader in market-sold pickles (32 %, almost double that of second-ranked Claussen). Vlasic is launching a new product ("Hamburger Stackers") that could be an instant hit. Vlasic researchers developed a strain of giant pickle that they slice crosswise, which will cover an entire burger. Hamburger Stackers are due to start shipping this month. Vlasic expects to do \$10 million in Hamburger Stackers sales this year, and \$20 million next. The stock is trading at all-time lows, but looks inviting at these levels. The stock has been marked down due to lower consensus earnings.

Q2 Earnings Update

On February 24, Vlasic Foods International reported a per-share operating profit of \$0.24 a share in its second quarter versus \$0.20 for Q2 F1999 (ended January). That number beat the consensus estimate by 4 cents a share. This excludes the last \$0.05/sh of transitional expenses related to start-up costs as well as a \$0.07/sh gain for the sale of the Kattus distribution business. However, shares dropped nearly 20 percent after investors realized sales for the quarter dropped to \$356 million compared to \$375 million in the year-ago period. Operating profit declined 13%, and operating margin was 7.8% versus 8.5. Gross profit was 30.1% versus 28.6%. SG&A increased as a percentage of sales to 22.3% versus 20.1%. Pre-tax income decreased 16% and interest expense declined 6% on lower debt levels. Net income decreased 8%.

Outlook

Vlasic continued with a warning that earnings for fiscal 1999 would be 5 cents lower than analysts expected. Vlasic cited a minimum tax law imposed by the Argentine government on the country's business assets. The company operates a cattle business under the name Swift-Armour Argentine. The new guidance provided by management suggests the consensus \$1.13 in earnings per share for fiscal 1999 is off the mark. On the conference call on 2/24, **management suggested \$0.90 is a more reasonable target.** We expect EPS growth of 10%, suggesting \$1 share for July 2000 year. For Q3 (ends April), we expect operating earnings of \$0.18 versus \$0.10.

One reason for the earnings shortfall is there a new tax imposed by the Argentine government in December 1998 on business assets in the country. This tax will adversely impact Argentine beef business by about \$0.05 per share. Vlasic announced that it is evaluating strategic alternatives for this business. We believe that a sale of this business is possible this year. This business has a return on invested capital of only 1%. If a divestiture were to occur, management suggested this would be mildly dilutive, but effect no change in cash flow. If divested, return on invested capital would approach 16% for Vlasic, versus the current 10-11% range (which is the approximate current cost of capital). Swanson and Vlasic businesses have a ROIC of nearly 25%, and account for 80% of earnings. Debt was pared down by \$50 million, and now stands at \$559 million. Capex is projected to be \$50 million for the entire year. The company is striving to achieve \$20 million in cost savings in fiscal 1999. Vlasic has 46 million shares outstanding for a market capitalization of \$615 million.

We feel Vlasic management has done a poor job of managing expectations on the "Street". Clearly consensus estimates for 1999 and 2000 were too high, but we think the magnitude of the sell-off is overdone. We expected Vlasic's first year as a public company to be transmission period as management "cleans-up" the company. We would take advantage of investor disappointment to accumulate shares under \$14.

Analyst Coverage of Recent 1998 Spin-Offs

Company	Symbol	Spin-Off Date	Broker	Recommendation	Date of Research
Abercrombie & Fitch	ANF	5/15/98	Salomon Smith Barney	Buy	2/17/99
			BancBoston Robertson	Strong Buy	2/17/99
			Merrill Lynch	Near-term Accumulate	2/17/99
			NationsBanc Montgomery	Buy	1/12/99
American Medical Sec	AMZ	9/25/98	Robert W. Baird & Co.	market perform	2/22/99
			Salomon Smith Barney	Buy	2/11/99
			ABN Amro	buy	2/11/99
Bindley Western	BDY	12/31/98	Warburg Dillon Read	Strong Buy	2/25/99
			Goldman Sachs	Market Outperform	1/04/99
CBS	CBS	12/9/98	DLJ	Top Pick	2/08/99
			Salomon Smith Barney	Buy	2/05/99
			Merrill Lynch	Near-term Buy	2/05/99
			Bear Stearns	Buy	2/03/99
			Painewebber	Buy	1/07/99
			Goldman Sachs	Recommend List	1/04/99
Chicago Title	CTZ	6/17/98	Ferris Baker Watts	Accumulate	2/10/99
Conexant Systems	CNXT	12/31/98	BancBoston Robertson	Long-term Attractive	2/23/99
			Merrill Lynch	Near-term Accumulate	2/11/99
			DLJ	Market Perform	2/09/99
			Lehman Brothers	Buy	1/20/99
			NationsBanc Montgomery	Hold	1/04/99
Convergys	CVG	12/31/98	Jefferies	Hold	2/23/99
			Salomon Smith Barney	Buy	2/23/99
			Robert W. Baird & Co.	Short-term	2/22/99
			Lazard Freres	Accumulate	2/18/99
			Merrill Lynch	Buy	2/02/99
Conoco	COC	10/22/98	CIBC Oppenheimer	Buy	2/19/99
			JP Morgan	Long-term Buy	2/19/99
			Salomon Smith Barney	Outperform	2/11/99
			Painewebber	Attractive	2/05/99
Forward Air	FWRD	9/23/98	AG Edwards	Accumulate	2/17/99
			BT Alex Brown	Buy	2/09/99
			Scott & Stringfellow	Strong Buy	2/09/99
			ABN Amro	Buy	2/09/99
Fox Entertainment	FOX	11/11/98	Salomon Smith Barney	Buy	2/11/99
			Merrill Lynch	Near-term Buy	2/11/99
			Bear Stearns	Buy	2/11/99
			Goldman Sachs	Recommend List	2/09/99
Hilton Hotels	HLT	12/31/98	Merrill Lynch	Near-term Accumulate	2/25/99
			Salomon Smith Barney	Neutral	2/24/99
			Bear Stearns	Neutral	2/05/99
			Prudential	Accumulate	2/03/99

Analyst Coverage of Recent Spin-Offs

Company	Symbol	Spin-Off Date	Broker	Recommendation	Date of Research
IMS Health	RX	7/1/98	Morgan Stanley DW	Outperform	2/19/99
			Schroder & Co.	Perform In Line	2/18/99
			CIBC Oppenheimer	Buy	2/18/99
Infinity Broadcasting	INF	12/9/99	Schroder & Co.	Outperform	2/09/99
			Credit Suisse First	Buy	2/05/99
			Boston	Recommend List	2/04/99
			Goldman Sachs	Buy	2/04/99
			Salomon Smith Barney		
Marketwatch.com	MKTW	1/19/99	Salomon Smith Barney	Buy	2/11/99
			BT Alex Brown	Buy	2/11/99
			DLJ	Buy	2/11/99
Park Place Entertainment	PPE	12/31/98	Merrill Lynch	Near-term Accumulate	2/5/99
			Salomon Smith Barney	Neutral	2/5/99
			Bear Stearns	Attractive	2/5/99
			Prudential	Accumulate	2/5/99
Pennzenergy	PZE	12/30/98	Deutsche Bank	Hold	2/19/99
			Burns Gustus & Co.	Strong Buy	2/12/99
Pittway Corp.	PRY	8/7/98	Josephthal & Co.	Buy	2/10/99
			Gerard Klauer Mattison	Buy	1/26/99
Priority Health Corp.	PHCC	12/31/98	Salomon Smith Barney	Buy	2/25/99
			Suntrust Equitable	Buy	1/21/99
			First Union Capital	Action List	1/19/99
			Mkts	Buy	1/12/99
Republic Industries	RII	7/1/98	Salomon Smith Barney	Buy	2/11/99
			Merrill Lynch	Near-term Accumulate	1/01/99
Republic Services Grp.	RSG	7/1/98	Salomon Smith Barney	Buy	2/17/99
			Morgan Stanley DW	Neutral	2/12/99
			Deutsche Bank	Buy	1/05/99
			Securities	Near-term Buy	1/04/99
Rockwell International	ROK	12/31/98	Merrill Lynch	Near-Term	1/21/99
			Salomon Smith Barney	Accumulate	1/20/99
			Brown Brothers	Outperform	1/19/99
			Harriman	Long-term Buy	
United Wisconsin	UWZ	9/25/98	ABN Amro	Buy	2/02/99
Vlasic	VL	3/31/98	JP Morgan Securities	Long-term Accumulate	2/25/99
			Merrill Lynch	Accumulate	2/25/99
Waddell & Reed	WDR	11/6/98	George K. Baum & Co.	Strong Buy	1/29/99
			Merrill Lynch	Near-term Accumulate	1/01/99

SPIN-OFF CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Trading
ADELPHIA COMMUNICATIONS	ADALC	5/05/98	HYPERION COMMUNICATIONS	HYPT	CO
ALLEGHANY TELEDYNE	ALT	4/22/98	CONSUMER DIVISION / ELECTRONICS		
BINDLEY WESTERN	BDY	10/24/97	PRIORITY HEALTHCARE	PHCC	RW
CBS	CBS	8/27/98	INFINITY BROADCASTING	INF	CO
CBS / DATA BROADCASTING	DBCC	10/13/98	MARKET WATCH.COM	MKTW	CO
CINCINNATI BELL	CSN	4/27/98	CONVERGYS	CVG	RW
CITIZENS UTILITIES	CZN	5/18/98	TELECOMMUNICATIONS		
COLUMBIA / HCA	COL	7/29/98	LIFEPOINT HOSPITALS TRIAD HOSPITALS		
COMPAQ COMPUTER	CPQ	1/16/99	ALTAVISTA		CO
CREATIVE COMPUTERS	MALL	7/6/98	uBID	UBID	CO
DELTA WOODSIDE	DLW	2/9/99	APPAREL DIVISION		
DUPONT	DD	5/11/98	CONOCO	COC	CO
ENERGY RESEARCH	ERC	8/11/98	EVERCEL, INC.		
ESSEF	ESSF	5/8/98	ANTHONY & SYLVAN POOLS	SWIM	CO
EXECUTONE INFORMATION SYSTEMS	XTON	12/21/98	E-LOTTERY		
FINGERHUT	FHT	10/9/97	METRIS	MTRS	RW
GENCORP	GY	12/17/98	SPECIALTY POLYMERS		
GENERAL MOTORS	GM	8/3/98	DELPHI AUTOMOTIVE	DPH	CO
HILTON HOTELS	HLT	6/30/98	PARK PLACE ENTERTAINMENT	PPE	RW
HOST MARRIOTT	HMT	4/17/98	CRESTLINE	CLJ	RW
HRPT PROPERTIES	HRP	12/24/98	SENIOR HOUSING PROPERTY TRUST	SN	
IMS HEALTH	RX	4/12/98	COGNIZANT TECHNOLOGY SOLUTIONS	CTSH	CO
IMS HEALTH	RX	11/12/98	GARTNER GROUP	IT	CO
JEFFERIES GROUP	JEF	3/18/98	INVESTMENT TECHNOLOGIES GROUP	ITGI	CO
KANSAS CITY SOUTHERN IND.	KSU	2/3/98	FINANCIAL SERVICES		
LSB INDUSTRIES	LSB	8/5/98	AUTOMOTIVE BUSINESS		
MEDITRUST (PAIRED STOCK)	MT	11/12/98	HEALTHCARE FINANCING BUSINESS		
MEDPARTNERS	MDM	11/11/98	PHYSICIAN PRACTICE MANAGEMENT		
NEWS CORP	NWS	6/29/98	FOX NEWS ENTERTAINMENT	FOX	CO
NEXSTAR PHARMACUETICALS	NXTR	10/14/98	ITEREX TECHNOLOGIES		
OLIN	OLN	7/30/98	ARCH CHEMICALS	ARJ	RW
PENNZENERGY (formerly Pennzoil)	PZE	4/15/98	PENNZOIL-QUAKER STATE	PZL	RW
PEPSICO	PEP	7/23/98	PEPSI BOTTLING GROUP	PBG	CO
POMEROY COMPUTERS	PMRY	1/15/99	POMEROY SELECT	PSIS	CO
PULITZER PUBLISHING	PTZ	5/26/98	PULITZER PUBLISHING	PTZ	
REPUBLIC INDUSTRIES	RII	5/13/98	REPUBLIC SERVICES	RSG	CO
ROCKWELL INTERNATIONAL	ROK	6/29/98	CONEXANT SYSTEMS	CNXT	RW
SILICON GRAPHICS	SGI	2/26/99	MIPS TECHNOLOGY	MIPS	CO
STAC	STAC	8/5/98	HI / FN	HIFN	RW
TELEPHONE & DATA SYSTEMS	TDS	12/21/98	AERIAL COMMUNICATIONS	AERL	CO
TORCHMARK	TMK	11/17/97	WADDELL & REED	WDR	RW
VARIAN ASSOCIATES	VAR	08/21/98	VARIAN INC. VARIAN SEMICONDUCTOR	VARI VSEA	
VIACOM	VIA		BLOCKBUSTER		
WATTS INDUSTRIES	WTS	12/15/98	OIL AND GAS BUSINESS		
WESTERN WIRELESS	WWCA	10/27/98	VOICESTREAM		
WILLIAMS COMPANY	WMB	11/20/98	COMMUNICATIONS GROUP		

[RW] Regular Way

[CO] Carve-out

Calendar Highlights

Price (2/26/99):	\$ 7 5/8	Listed				Date	Spin-Off	Tax	
Shares Out.	258 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$1.9 B	Citizens Utilities	CZN	N	Telecommunications		5/18/98	4th qtr	Pending
203-614-5629		<p>May 18, 1998 Citizens Utilities Co. (NYSE:CZN) approved the spin-off of the company's telecommunications businesses, in a move that will create two separately traded public companies. The telecom entity will continue to retain their Electric Lightwave subsidiary (ELIX). The public service sector will maintain the Citizens Utilities name and include natural gas, electric, and water distribution, as well as wastewater treatment facilities. The new stand-alone telecom company will include an 83 percent stake in Electric Lightwave Inc. (NASDAQ:ELIX) and other phone properties spread across 14 states. The spin-off, which remains subject to approval by federal authorities as well as utility and phone service regulators in 20 states, is expected to take place this year. The company plans to carry out the transaction through a distribution of stock of the new company to Citizens' shareholders. The deal is designed to be tax-free to Citizens and its shareholders for federal income-tax purposes.</p> <p>For 50 years, Citizens Utilities has served as a distributor of natural gas, electricity and water, and provider of wastewater treatment facilities in 10 states. The states where it has its largest presence are Hawaii, Arizona and Louisiana. But in recent years, as regulators have freed utilities to diversify into new business areas, Citizen has moved aggressively into phone services which now account for two-thirds of total revenues. Citizen's profits split roughly 60/40 between the phone and utility businesses. Higher profits in the company's local-exchange phone business are offset by heavy investments in building new networks serving business customers. The company serves as the local phone company for about 900,000 mostly rural customers in 12 states and is building competitive local exchange operations in six fast-growing metropolitan areas in six cities in the western United States.</p>							
FY: Dec	Results 3/11/99								
Sales									
Net Income									
EPS (Diluted)									
EBITDA									

Price (2/26/99):	\$ 17 7/8	Listed				Date	Spin-Off	Tax	
Shares Out.	646.6 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$11.5 B	Columbia/HCA	COL	Y	LifePoint Hospitals Triad Hospitals		7/29/98	April	Pending
615-344-5708		<p>Columbia/HCA Healthcare operates 345 hospitals and surgery centers nationwide. It also has operations in Spain, Switzerland, and the UK. Columbia/HCA also offers rehabilitation and home health care. Columbia/HCA has halted the aggressive expansion responsible for its growth, as it tries to cope with the inquiry as well as the changing hospital market. It has sold its prescription benefit management unit and plans to sell its home care operations, about one-third of its hospitals, and some of its surgery centers.</p> <p>The company plans to spin off dozens of its facilities into two new hospital companies called LifePoint and Triad Hospitals. LifePoint and Triad Hospitals will operate independently as publicly traded corporations. The spin-offs are expected to be completed in the second quarter pending approval by the IRS of their tax-free status and a SEC review.</p> <p>LifePoint, formerly America Group, is comprised of 22 non-urban hospitals and non-consolidated joint ventures. Columbia/HCA said. LifePoint hospitals are in Alabama, Florida, Georgia, Kansas, Kentucky, Louisiana, Tennessee, Utah and Wyoming.</p> <p>Triad, formerly Pacific Group, has 42 hospitals, one non-consolidating joint venture and 19 surgery centers. Triad hospitals are primarily located in the Southwestern United States, with about three-quarters in small cities. The rest are in larger urban areas.</p> <p>On February 23rd, Columbia/HCA reported year end revenues from continuing operations of \$18.68 billion and net income from continuing operations excluding gains on sales of facilities, impairment of long lived assets and restructuring of operations and investigation related costs totaled \$590 million or \$0.91 per share. In addition, Columbia/HCA announced a new share repurchase program on February 23, of up to \$1 billion.</p>							
FY: DEC	1998								
Sales	18.68 B								
Net Income	\$379 M								
EPS (Diluted)	\$0.59								
EBITDA	\$2.86 B								

Calendar Highlights ...

Price (2/26/99):	\$ 35 3/8	Listed				Date	Spin-Off	Tax	
Shares Out.	1.7 B	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$60 B	Compaq Computer	CPQ	Y	AltaVista		1/26/99	1999	Pending IPO
281-518-8932		<p>On January 26, 1999, Compaq announced plans to take its Internet search engine public (later this year). The AltaVista Company, based in Palo Alto, is a wholly owned subsidiary of Compaq. AltaVista was acquired just last year in Compaq's purchase of Digital Equipment Corporation. Compaq expects to boost AltaVista's electronic-commerce offering by combining the search engine with Shopping.com, an online retailer recently purchased by Compaq for \$220 million. By combining Shopping.com with AltaVista, Compaq hopes to turn the spin-off into a gateway to the web. To date, AltaVista lags behind Yahoo, Excite, Lycos and several other "portals".</p> <p>Compaq also announced an Internet technology agreement with Microsoft to share communication and community capabilities between AltaVista and the Microsoft Network (MSN). Under the agreement AltaVista will make available to its users an AltaVista-branded version of Microsoft's Hotmail service as well as future Microsoft instant messaging technology. In addition, the companies agreed to work together on a range of other future Web-based communications and community building services. Microsoft has also agreed that AltaVista will be the primary search engine powering the Microsoft Network.</p> <p>Given the company's aggressive growth strategy and intention to invest in the brand, AltaVista should have negative earnings for the next two years. So, like other Internet companies, AltaVista's will be valued on a multiple of revenues. If we ballpark 1999 revenues at \$100 million (which seems reasonable on Q4 98's run rate), and arbitrarily assign a 10x price-to-sales ratio, we would expect a market capitalization of at least \$1.0 billion. Compaq has a market capitalization of \$85 billion. Clearly, AltaVista does not represent a meaningful part of Compaq on a per share basis (estimated \$1B market cap/ 1.7 billion Compaq shares = \$0.58 per share).</p>							
FY: Dec	1998								
Sales	31 B								
Net Income	(\$2.7B)								
EPS (Diluted)	(\$1.71)								

Price (2/26/99):	\$ 16 1/4	Listed				Date	Spin-Off	Tax	
Shares Out.	13.5 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$220 M	Essef Corp.	ESSF	N	Anthony & Sylvan Pools	SWIM	5/8/98	Filed	IPO
440-286-2200		<p>May 8th, 1998, Essef Corp (NASDAQ:ESSF) announced plans to spin off its swimming pool sales and installation unit and sell a 15 to 20 percent stake in the new company through an initial public offering. The spin-off will be called Anthony & Sylvan Pools, which was acquired in the General Aquatics acquisition in May 1997. Anthony & Sylvan has about \$150 million in annual revenue with nearly 40 offices in 12 markets. "The spin-off is expected to follow the offering by several months and is subject to obtaining a favorable tax ruling from the Internal Revenue Service," the company said</p> <p>Description</p> <p>Essef is a leading supplier of water-related products that operates in three business segments from seven facilities in the U.S., Europe and India. The largest and most profitable is the swimming pool and spa equipment segment (heaters, filters and controls that can adjust temperature, light, etc.) that enables one-stop shopping for backyard and municipal pools, water parks and aquariums. Essef also designs and makes products associated with handling water. Essef manufactures products made from engineered plastics, specialized polymers combined with fiberglass-reinforced pressure vessels, which are used in the treatment, filtration, storage, and delivery of water, are marketed to the plumbing and waste-management industries. Anthony & Sylvan, joined Essef as part of the General Aquatics acquisition in May 1997, is the world's largest builder of in-ground concrete swimming pools. They have designed and installed over 300,000 pools since 1946. On an annualized basis, roughly 73% and 70% of sales and profits, respectively, are derived from the swimming pool equipment and sales/installation segments.</p>							
FY: Sep	First quarter 1999								
Sales	93.6 M								
Net Income	(\$1.3M)								
EPS (Diluted)	(\$0.11)								

Calendar Highlights ...

Price (2/26/99):	\$ 2 9/16	Listed			Date	Spin-Off	Tax			
Shares Out.	49.8 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$127 M	Executone Inf. Sys.	XTON	N	E-Lottery		12/21/98	1999	N	
203-876-7600		<p>On December 21st, 1998, Executone Information Systems Inc. (NASDAQ:XTON) scrapped a planned rights offering of its UniStar gaming division. Instead, Executone has simplified the planned spin-off and has changed the name of UniStar to eLottery. Executone plans to distribute 85 percent of the common equity of eLottery to shareholders and to exchange the rest for outstanding Executone Series A and Series B preferred shares. Executone Information Systems has received approval of the terms of the spin-off from its preferred shareholders, eliminating a need for a proxy solicitation, a special shareholder meeting and the prospect of a material dilution in the ownership of Executone common shareholders. The distribution of eLottery shares will be a taxable transaction.</p> <p>eLottery has created an Internet-based gaming system used by the National Indian Lottery, run by the Coeur d'Alene tribe of Idaho. An Idaho judge ruled in December that state laws against gaming apply to transactions over the telephone. If upheld, the decision would severely limit eLottery's ability to manage the telephone and Internet operations of the National Indian Lottery. This decision may actually benefit eLottery because the Indian National Lottery was a direct competitor to the 39 state lotteries currently in operation. By eliminating this conflict-of-interest, eLottery will now be able to expand its sales presence to state lotteries with proven technology. The Company believes it is well positioned to capitalize on the growth in non-traditional lottery sales with its ability to offer lotteries its new Internet and Intranet based lottery products worldwide.</p> <p>Executone Information Systems, Inc. develops, markets and supports voice and data communications systems. Products and services include telephone systems, voice mail systems, inbound and outbound call center systems, and specialized healthcare communications systems. Executone's products and services are sold under the EXECUTONE, INFOSTAR, IDS, LIFESAVER, and INFOSTAR/ILS brand names.</p>								
FY: Dec	<u>1998</u>									
Sales	\$133 M									
Net Income	(\$10 M)									
EPS (Diluted)	(\$.20)									

Price (2/26/99):	\$ 20 1/4	Listed			Date	Spin-Off	Tax			
Shares Out.	41.5 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$840 M	GenCorp	GY	Y	Specialty Polymers		12/17/98	1999	Pending	
330-869-4235		<p>On December 17, 1998, GenCorp (NYSE: GY) announced a plan to spin off its Performance Chemicals (formerly Specialty Polymers) and Decorative & Building Products businesses to GenCorp shareholders as a separate publicly traded polymer products company. Following the spin-off, GenCorp would continue to operate Aerojet, its existing aerospace, defense, and fine chemicals segment, and its automotive Vehicle Sealing business unit. The plan is subject to approval by GenCorp shareholders, the receipt of a favorable ruling from the Internal Revenue Service, as well as market conditions at the time of the spin-off. GenCorp intends to seek a ruling from the Internal Revenue Service to confirm that the transaction would be tax-free to the company and its shareholders. The transaction is expected to be finalized in the second half of 1999. GenCorp's current chief executive, John Yasinsky, will lead the new spin-off. Robert Wolfe, currently president of Aerojet, will become chairman and chief executive of the ongoing GenCorp. GenCorp believes that the faster growing performance chemical and decorative and building products spin-off will garner a richer multiple as a stand-alone company.</p> <p>Headquarters for the new polymer products company will be located in the Akron, Ohio area, where headquarters for its Performance Chemicals and Decorative & Building Products business units, along with its Corporate Technology Center will remain. Headquarters for GenCorp would ultimately move closer to its primary aerospace, defense, and fine chemicals businesses located in California. Under the spin-off plan, all shares of the new, as yet unnamed, polymer products company would be distributed to shareholders of GenCorp stock. GenCorp expects to assign approximately one-half of its debt to the new company. The resulting debt level and cash flow for both GenCorp and the new polymer products company is expected to allow each to continue to invest in future growth.</p>								
FY: Nov	<u>1998</u>									
Sales	\$1.7 B									
Net Income	\$83 M									
EPS (Diluted)	\$1.88									

Calendar Highlights ...

Price (2/26/99):	\$13 11/16	Listed			Date	Spin-Off	Tax			
Shares Out.	131	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$1.8 B	HRPT Properties	HRP	Y	Senior Living	SN	12/24/98	1999	N	IPO, .1:10
617-332-3990		<p>On Dec 24th, 1999, HRPT Properties (NYSE: HRP) announced the filing of a registration statement for the IPO and spin-off of its Senior Housing Properties Trust (Proposed NYSE: SN). One third of the shares will be IPO'd, one third will be distributed to shareholders on a one for ten basis, and the remaining one third will be retained by HRP. The distribution will be treated as a taxable event.</p> <p>HRPT owns approximately \$3 billion of real estate, including \$850 million of senior housing, congregate communities, assisted living properties and nursing homes. Approximately \$625 million will be contributed to the subsidiary or about eighty-four senior living properties. The IPO is expected to raise \$200 million (based on 131 million shares outstanding of HRPT) or about \$15.00 per share. The capital raised by the IPO is to be used to purchase fourteen new senior living communities to be leased to Marriott International (NYSE: MAR).</p> <p>Upon completion of the transaction:</p> <ul style="list-style-type: none"> • HRPT will own 137 office properties valued at \$2.2 billion, 13.2 million shares of Senior Housing Properties valued at \$170 million, and will sell 38 healthcare properties valued at \$225 million. • Senior Housing Properties will own 84 senior living and healthcare properties acquired from HRPT valued at \$625 million and 14 senior living properties to be acquired with the proceeds from the IPO. <p>If the proposed spin-off is completed, shareholders will own two fast growing, targeted REITs with a combined dividend that is expected to be greater than HRPT's current dividend.</p>								
FY: Dec	1998									
Sales	\$356 M									
Net Income	\$135 M									
EPS (Diluted)	\$1.14									
FFO	\$227 M									

Price (2/26/99):	\$ 35 1/2	Listed			Date	Spin-Off	Tax			
Shares Out.	334	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$11.9 B	IMS Health	RX	Y	Gartner Group	IT	11/12/98	2nd qtr	Pending	1:8
203-222-4200		<p>On November 12th, 1998, IMS HEALTH, a leading provider of information solutions to the pharmaceutical and healthcare industries announced a plan to spin-off its equity ownership of GartnerGroup, Inc. The transaction, expected to be completed in the first half of 1999, is to be structured as a tax-free distribution of GartnerGroup stock to IMS HEALTH shareholders. Spin-Offs are nothing new for IMS Health which was spun-off as Cognizant from Dun & Bradstreet two years ago and spun itself into two parts (IMS Health and Nielsen Media Research) in June of this year. This summer IMS Health spun-off (in a partial IPO) Cognizant Technology Solutions (NASDAQ:CTSH). Gartner Group (NASDAQ:IT) fell 13.5% to \$18 13/16 on November 12th, on soft earnings results. The Stamford, Conn., information technology consulting firm reported fiscal fourth-quarter results that were shy of forecasts, and guided analysts' expectations lower for 1999. The prior day of trading Gartner fell 11.5%, for a two-day loss of nearly 25%. Investors seem confused (or disappointed) over the spin-off/recapitalization deal reached with majority shareholder IMS Health. The prospect of 47% of the shares hitting the market next year will likely keep a lid on Gartner's stock price. Gartner Group is a leading independent firm on information technology (IT), GartnerGroup provides clients with a wide range of products and services in the areas of IT advisory services, measurement, research, decision support, analysis and consulting. Founded in 1979, with headquarters in Stamford, Conn., GartnerGroup is at the center of a global community of more than 11,000 client organizations served by analysts in 80 locations worldwide.</p> <p>IMS HEALTH owns approximately 47.6 million GartnerGroup shares (roughly 47%). Prior to the spin-off, 40.7 million of these shares will be exchanged for new Class B Common Stock of GartnerGroup. The Class B Common Stock will be entitled to elect at least 80 percent of GartnerGroup's board of directors (this is necessary to get the IRS approval for a tax-free spin), but will otherwise be substantially identical to existing Class A Common Stock. The exchange will be part of a GartnerGroup recapitalization and requires approval by GartnerGroup's non-IMS HEALTH shareholders.</p>								
FY: Dec	1998									
Sales	\$1.1 B									
Net Income	\$271 M									
EPS (Diluted)	\$0.81									

Calendar Highlights ...

Price (2/26/99):	\$ 46 3/4	Listed			Date	Spin-Off	Tax		
Shares Out.	109 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$5.1 B	Kansas City Southern	KSU	Y	Financial Services		2/3/98	4th qtr	Pending
816-983-1303		<p>On February 3rd, 1998 Kansas City Southern (KSU) announced that it is considering a spin-off of its financial services unit. KCSI plans to split its Janus and Berger mutual fund businesses from its Kansas City Southern Lines Inc. railroad unit. The company's railway services operate nearly 4,000 miles of track in nine central and southeastern states. A joint venture with Transportation Maritima Mexicana owns an 80% interest of the 2,500 mile Northeast Railway (Mexico's largest). The company owns 83% of Janus Capital and 100% of Berger Associates. Kansas City Southern also has a 32% interest in DST Systems which recently merged with USCS Int., which provides record keeping services and software to the financial services industry. By breaking the company up into two parts, KCSI is attempting to unlock the value of its fast growing Financial Asset Management ("FAM") group, which has been the earnings driver the last several years.</p> <p>Janus and Berger Funds Unit</p> <p>The Janus/Berger business has been one of the faster growing fund groups in the industry. Janus Funds makes up the bulk of KCSI's assets under management (AUM), with \$113 billion as of the end of 1998. The Financial Asset Management (FAM) business has demonstrated high operating margins. With AUM continuing to grow, and strong operating margins, earnings for FAM should continue to increase.</p>							
FY: Dec									
<u>Consolidated</u>	<u>1998</u>								
Sales	\$1.28 B								
Net Income	\$183 M								
EPS (Diluted)	\$1.60								
EBITDA	\$468 M								
Transportation:									
Revenues	\$613 M								
Net Income	\$38 M								
EBITDA	\$170 M								
FAM:									
Revenues	\$670 M								
Net Income	\$145 M								
EBITDA	\$297 M								

Price (2/26/99):	\$ 3	Listed			Date	Spin-Off	Tax		
Shares Out.	12 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$36 M	LSB Industries	LSB	N	Automotive Business		8/5/98	1999	Pending
405-235-4546		<p>On August 5th, 1998, LSB Industries (NYSE: LSB) announced plans to spin its automotive business to shareholders. The automotive unit intends to apply to the American Stock Exchange for listing, and the spin-off is subject to an IRS ruling on the tax free distribution to shareholders.</p> <p>The automotive unit manufactures precision anti-friction bearings, power train and drive line components for original equipment manufacturers (OEM's). The automotive unit also produces universal joints, clutches, seals and motor mounts for the replacement market. It is anticipated that the automotive unit will have approximately \$40 million in assets, and \$30 million in liabilities. The automotive unit accounted for approximately \$35 million of LSB revenues, or 11% in 1997. The automotive management will focus on growing sales which have decreased by 6% from 1996 revenues of \$38 million.</p> <p>LSB will retain the chemical and climate control businesses. Total revenues for LSB were \$313 million, in 1997, and approximately 83% of sales were from their chemical and climate control businesses. The chemical and climate control divisions have 2 year compounded growth of 7.9% and 12.5%, respectively. Gross margin for the operations were 12.3% and 27.9%, respectively. The chemical business manufactures and sells ammonium nitrate products and high grade specialty acids to the industrial, commercial explosives and agricultural markets. The climate control business manufactures and sells a broad range of hydronic fan coil, air handling, air conditioning, heating, water source heat pumps and dehumidification products.</p>							
FY: Dec	Mid-March								
Sales									
Net Income									
EPS (Diluted)									
EBITDA									

Calendar Highlights ...

Price (2/26/99):	\$ 12 3/8	Listed			Date	Spin-Off	Tax		
Shares Out.	125 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$1.5 B	Meditrust	MT	Y	Health Care Fin. Bus.		11/12/98	1999	Pending
781-433-6000		<p>On November 12th, Meditrust (NYSE: MT) announced a comprehensive plan that includes separating its two primary businesses, healthcare and lodging (La Quinta) through a spin-off to be completed in late 1999. Meditrust, the largest health care real estate investment trust (REIT), is reorganizing to form two separate REITs. Meditrust will continue to hold more than 800 US health care facilities, including assisted-living centers, nursing homes, hospitals, psychiatric and rehab facilities, and medical offices. It will also retain ties to PhyMatrix (physician management) and CareMatrix (nursing homes). A new lodging REIT, however, will retain Meditrust's paired-share REIT status (common to only four other REITs), meaning it can both own and manage properties. Meditrust invests in long-term care facilities, rehabilitation hospitals, alcohol and substance abuse treatment facilities, psychiatric hospitals, retirement living facilities, and an acute care hospital.</p> <p>The company plans to sell \$1 billion in assets designed to reduce bank debt and stabilize the balance sheet. The asset sales include the Cobblestone Golf Group properties, the Santa Anita racetrack and approximately \$550 million in non-core healthcare assets. The restructuring is intended to reverse a series of acquisitions completed over the past 18 months. Also, Meditrust expects to unwind its \$277 million "forward equity" agreement with Merrill Lynch, primarily with cash raised from the sale of certain assets and additional preferred stock. To reduce the company's borrowing needs, the plan calls for an approximate 26 percent decrease in the common dividend (dropping the dividend from \$2.48 to \$1.84), saving it \$90 million annually in dividend payments. At current prices the company is yielding about 15 percent. The company will use the savings to reduce debt. Due to industry and capital market conditions, Meditrust will also stop the development of new LaQuinta Inns & Suites not yet under construction. La Quinta has 18 new hotels under construction, and upon completion Meditrust will own and operate 233 LaQuinta Inns and 70 LaQuinta Inns and Suites, with 39,000 rooms.</p>							
FY: Dec	1998								
Sales	\$639 M								
Net Income	(\$161M)								
EPS (Diluted)	(\$1.29)								
FFO	\$227 M								

Price (2/26/99):	\$ 5 15/16	Listed			Date	Spin-Off	Tax		
Shares Out.	189 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$1.1 B	MedPartners	MDM	Y	Physician Practice Mgmt		11/12/98	1999	Pending
205-982-4265		<p>MedPartners (NYSE: MDM) on November 10th, said it would exit the physician practice management business (PPM). From 1993, MedPartners went on a buying binge that made it the largest PPM company, with 238 clinics and more than 13,000 doctors. MedPartners provides business information management and administration services through long-term contracts (up to 40 years) covering physicians in 42 states. In late 1997, MedPartners accepted a 6.3 billion-buyout offer from rival PhyCor. But PhyCor backed out of the deal just before MedPartners reported an unexpected operating loss.</p> <p>The PPM business has proven more difficult and less profitable than originally advertised. Accordingly, the company has announced plans to leave practice management to build its Caremark prescription benefits (PBM) and disease management subsidiary. MedPartners said it would divest the PPM operations either by sale, or spin-off to shareholders, or some combination thereof within the next twelve months. Management has come to the conclusion that the best asset to build the company around is the PBM operation (Caremark). We believe that a spin-off is more likely than a sale of the PPM operations.</p> <p>PBM Operations Management hopes the plan will increase shareholder value, by highlighting the value of Caremark. Caremark (a spin-off from Baxter) was acquired by MedPartners in 1996 and is a leader in providing PBM and therapeutic pharmaceutical services. The PBM business manages prescription programs for companies, HMOs and various groups. Through a network of over 53,000 affiliated pharmacies and its mail-order distribution centers, Caremark filled over 32 million prescriptions in the first nine months of 1998. The only comparable public company is Express Scripts.</p>							
FY: Dec	1998								
Sales	\$2.6 B								
Net Income	\$31 M								
EPS (Diluted)	\$0.16								
EBITDA	\$163 M								

Calendar Highlights ...

Price (2/26/99):	\$ 37 9/16	Listed			Date	Spin-Off	Tax			
Shares Out.	1.5 B	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$56 B	PepsiCO	PEP	Y	Pepsi Bottling Group	PBG	7/28/98	1999	Taxable	IPO
914-253-2000										
FY: Dec		On November 13th, PepsiCo's announced its intention to take its \$7 billion bottling unit public in the spring. That move is meant to focus its drink unit on brand building under a more simplified business structure. The spin is not a surprise to us. We speculated in the February (1998) issue of <i>Spin-Off Research</i> that the stage was being set for Pepsi-Cola Bottling Co. (PCBC) to merge with Whitman (NYSE:WH), which operates Pepsi-Cola General Bottlers and handles roughly 12% of Pepsi's U.S. volume. (Pepsi General is 20% owned by PepsiCo Inc.) Combined, the two would control about 70% of Pepsi's U.S. volume an unprecedented marketing and distribution reach in Pepsi's largest domestic markets. Combined, the two would be on par with Coca-Cola Enterprises (CCE).								
<u>Consolidated</u>	<u>1998</u>									
Sales	22.3 B									
Net Income	1.9 B									
EPS (Diluted)	\$1.31									
Pepsi Cola:										
Sales	\$10.6 B									
Operating Profit	\$992 M									
Frito-Lay:		We believe the spin should help unlock shareholder value. PepsiCo will maintain a significant equity interest (40%) in the bottling operations, so as to avoid consolidated reporting for this entity. It is also likely that the bottling spin-off would dividend a meaningful amount of cash back to PepsiCo (perhaps \$4 or 5 billion). Pepsi-Cola Bottling Company generated roughly \$6.6 billion in revenues in 1998 and \$721 million in EBITDA. Based on these actual results we feel the spin-off could command an enterprise value of \$10 billion, based on 10X EBITDA. This suggests that the North American bottling operations could be worth \$5 or \$6 per PepsiCo share. <u>The Initial Public offering is expected to occur as early as late March.</u>								
Sales	\$10.9 B									
Operating Profit	\$1.8B									
Tropicana:										
Sales	\$722 M									
Operating Profit	\$40 M									

Price (2/26/99):	\$ 22 5/8	Listed			Date	Spin-Off	Tax			
Shares Out.	11.7	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$264 M	Pomeroy Computers	PMRY	Y	Pomeroy Select	PSIS	1/15/99	1999	Pending	IPO
606-586-0600										
FY: Dec	<u>1998</u>	On January 15 th , 1999, Pomeroy Computer Resources announced the filing for an IPO of its Computer service division. The new company will be called Pomeroy Select Integration Solutions, Inc. (Proposed NASDAQ: PSIS), and is expected to offer 2.3 million shares and raise an estimated \$57 million. The proceeds will be used to pay down debt, working capital and capital spending. Pomeroy Computers will retain 81% voting interest.								
Sales	\$627 M									
Net Income	\$20 M									
EPS (Diluted)	\$1.78									
		Pomeroy Select is a single-source provider of integrated desktop management and network services that help corporate clients manage their information technology assets. Pomeroy Select provided IT services to more than 2,100 customers in the nine months ended October 5, 1998. Clients generally range from mid-sized organizations to Fortune 500 companies in a wide variety of industries. Pomeroy Select services nationally through over 900 technical and engineering personnel located in 30 offices. Over the four-year period ended January 5, 1998, revenue grew at a compounded annual growth rate of 51.0% and for the nine-month period ended October 5, 1998, revenue grew by 61.1% over the comparable nine-month period for the prior year.								
		It appears that the main catalyst for the IPO is that the higher margin service business does not appear to be valued within the parent. Pomeroy Select is estimated to have \$100 million in revenues for 1998. Other service computer providers trade at an average 2.5x revenues representing a valuation of \$250 million.								

Calendar Highlights ...

Price (2/26/99):	\$ 50 1/4	Listed		Date	Spin-Off	Tax				
Shares Out.	61 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$6.1 B	Telephone & Data	TDS	Y	Aerial Communications	AERL	12/21/98	1999	Pending	
312-630-1900		TDS recently announced that it is pursuing a tax-free spin-off of its 82.3% interest in Aerial, as well as reviewing other alternatives. TDS intends to ask the Internal Revenue Service (IRS) to rule on the tax-free status of such a spin-off. Prior to any spin-off, it is expected that Aerial will seek additional financing so that Aerial would have the appropriate capitalization to operate as a stand-alone entity. In connection with such financing, it is anticipated that a substantial amount of Aerial's debt to TDS may be converted into equity. We do not know how much of the debt owed to TDS (about \$484 million as the end of Q3 98) will be equitized. Given the share price of Aerial, it will take a substantial number of shares to equitize this debt. TDS did not indicate what percentage of the TDS debt would be converted. TDS intends to seek shareholder approval to distribute Aerial Series A Common Shares, on a pro-rata basis, to holders of TDS Series A Common Shares and Aerial Common Shares, on a pro-rata basis, to holders of TDS Common Shares. The AERL spin-off should help improve TDS's EPS going forward.								
FY: Dec	<u>1998</u>	TDS owns 81 percent of U.S. Cellular, a cellular telephone firm that manages operational systems serving 143 markets with a population of more than 25 million, making it the nation's eighth-largest cellular company. Minority shareholders have complained that TDS management has run its wireless companies without regard to their interest in raising share price. The company is now considering spinning off its 82 percent interest in Aerial to TDS shareholders. TDS has no plans to pursue any other strategies for ownership in U.S. Cellular. Founder Roy Carlson and his family own slightly more than half of TDS's stock.								
Telephone & Data Systems:										
Sales	\$488 M									
EBITDA	\$205 M									
U.S. Cellular:										
Sales	\$1.16 B									
EBITDA	\$382 M									
Aerial Communications:										
Sales	\$155 M									
EBITDA	(\$196M)									

Parent:	Carveout	Symbol	Shares Owned By Parent	Shares Outstanding	Price	Market Capitalization as % of Ownership	Difference	Parent Implied Value (Less-Carveout)	Carve-Out Value
Telephone & Data Systems	TDS		61,040,000	50 4/16	\$ 3,067,260,000	\$(317,677,500)	\$ (5.20)	\$ 55.45	
U.S. Cellular	USM		70,700,000	42 2/16	\$ 2,978,237,500				
Aerial Communications	AERL		58,100,000	7	\$ 406,700,000				

Price (2/26/99):	\$ 13 15/16	Listed		Date	Spin-Off	Tax				
Shares Out.	27 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$376 M	Watts Industries	WTS	Y	Oil and Gas Business		12/15/98	1999	Pending	
978-688-1811		On December 15, 1998 Watts Industries (NYSE:WTS) announced plans to separate its Industrial, Oil and Gas business from its Plumbing and Heating and Water Quality business. Watts will continue its existing Plumbing and Heating and Water Quality business and will transfer the Industrial, Oil and Gas business to a new subsidiary. Watts will then spin-off the new subsidiary to the Watts stockholders in the form of a pro rata stock dividend. Upon the spin-off, Timothy P. Horne will remain Chairman and Chief Executive Officer of Watts. David A. Bloss, Sr., currently President and Chief Operating Officer of Watts, will be appointed Chief Executive Officer of the new Industrial, Oil and Gas company. Completion of the spin-off will be subject to certain conditions, including receipt from the Internal Revenue Service of a private letter ruling as to the tax-free treatment of the spin-off, necessary governmental approvals and any required consents of third parties. The spin-off will be completed following receipt of the private letter ruling, which Watts currently expects to receive in the third quarter of 1999. Management likely feels that the spin should take away the energy valuation discount (due to low oil prices).								
FY: June		Watts makes valves designed to safely relieve gas, steam, and liquid pressure. Its valves are used in plumbing, heating, water quality, water flow control, industrial, and oil and gas applications. Products include ball valves, safety relief valves, pressure regulators, float valves, and drainage products. Watts' plumbing, heating, and water quality products generate 61% of sales (\$730 million in fiscal 98'). Customers include plumbing and heating wholesalers, do-it-yourself stores, and OEMs. The company has acquired around 40 companies since it began pursuing an acquisition strategy in fiscal 1985. Watts operates 26 manufacturing plants and four foundries worldwide.								
<u>Six Months Ending: 12/31/99</u>										
Net Sales Cont.	\$15 M									
Disc.	\$12 M									
Net Income	\$24 M									
EPS (Diluted):										
Continuing Operations:	\$0.56									
Discontinued	\$0.31									

Calendar Highlights ...

Price (2/26/99):	\$ 27 1/16	Listed			Date	Spin-Off	Tax		
Shares Out.	75.9 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$2.1 B	Western Wireless	WWCA		Voicestream Wireless		10/27/99	2nd qtr	Y
425-586-8700		<p>Oct. 27, 1998, Western Wireless (Nasdaq:WWCA), a provider of Cellular and personal communication services, will spin-off 80.1 percent ownership interest in VoiceStream Wireless. Western Wireless is considering alternatives to its current capital structure, one of which is a potential spin-off of its PCS operations (marketed under the name VoiceStream) to its shareholders. Western Wireless PCS business is comprised of an 80.9% interest VoiceStream PCS and a 49.9% interest in Cook-Inlet PCS. The average US PCS company is currently trading around \$60 per POP (Population). Using a \$60/Pop figure on Western's nearly 27 million PCS POP's implies a \$1.6 billion total enterprise value for the PCS operations. Subtracting an approximate \$700 million in debt forecast for 1998, implies a \$900 million equity value or about \$11 per share for Western's 80.1 interest. Adding Western Wireless 49.9% interest in Cook-Inlet's PCS operations, which include 2.7 million POPs would add about \$1 in per share value (2.7 million POPs x \$60 = \$162 million x 49.9% /80 million shares = \$1.01). Thus, using current valuations in the public market as a comparison implies the PCS operations may be worth around \$12 per share as a separate entity.</p> <p>If we assume that \$12 is a reasonable ballpark valuation for the PCS business, then we can subtract that from the current market price of Western Wireless to estimate the value of the Cellular operations. Currently Western Wireless is trading around \$26 7/16 (\$26 7/16 - \$12 = \$14 7/16). This implies that the Cellular business is trading for roughly \$14 7/16 per share. There are 76 million shares outstanding suggesting a market capitalization of \$1.1 billion (76 * \$14 7/16 implied price of Cellular).</p> <p>In addition, Western Wireless's Cellular business would include an international wireless operation, wireline and wireless CLEC operations and a paging business. Together these start-up businesses may be worth perhaps an additional \$1 or so.</p>							
FY: Dec									
Total Company	1998								
Subscribers	982,800								
Sales	\$584 M								
Net Income	(\$224 M)								
EPS (Diluted)	(\$2.95)								
EBITDA	\$34.8 M								
VoiceStream:									
Subscribers	322,400								
Sales	\$127 M								
EBITDA	(\$121 M)								
Western Wireless Cellular:									
Subscribers	660,400								
Sales	\$402 M								
EBITDA	\$155 M								

Price (2/26/99):	\$ 37	Listed			Date	Spin-Off	Tax		
Shares Out.	428 M	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio
Market Cap	\$ 15.8 B	Williams Co.	WMB	Y	Communications Group		11/20/98	1999	Pending IPO
918-573-2087		<p>On November 19th, Williams (NYSE:WMB): authorized Williams Communications Group, Inc. to sell a minority interest in its business to the public. <u>The initial equity offering, which would not require Williams shareholder approval, is expected to be filed in the second quarter of 1999.</u> The energy and communications company believes a separate public stock should improve the market's ability to value the communications business, and would also provide a currency that can facilitate certain types of acquisitions. The offering is expected to generate \$500 million to \$750 million in proceeds, which would be re-invested in the communications business -- primarily the continuing expansion of Williams' national fiber-optic network. The company expects to expand its current fiber-optic network to 32,000 miles by 2000 from 18,000 miles currently.</p> <p>The IPO may prove to be a catalyst for a higher share price as the earnings and cash flow of the two businesses (energy and communications) will become more transparent to investors. We would expect that Williams will carveout 15 to 20% of the communications business to public investors. A public offering will provide a market valuation of the telecom unit. <u>Applying the extremes of the offering range we would estimate that Williams Communications Group represents approximately \$9 to WMB shareholders</u> (\$500/20% = \$2.5B divided by 440 million shares outstanding = \$6 per share; \$750/15% = \$5B divided by 440 million shares = \$12 per share. Taking the midpoint = \$9 per share).</p> <p>The Williams Companies has three main units. Williams Gas Pipeline, the US's largest interstate natural gas pipeline system by volume, has 27,000 miles of pipeline. Williams Energy Group includes Williams Energy Services (which markets natural gas) and subsidiaries that provide exploration, production, mid-stream liquids, and petroleum services, and engage in energy marketing and trading. Williams Communications Group, with operations in Asia, Europe, South America, and the US, offers fiber-optic transmission services for broadcast and cable networks and other communications services for business customers.</p>							
FY: Dec									
The Williams Company	1998								
Sales	\$7.6 B								
Net Income	\$134 M								
EPS (Diluted)	\$0.32								
Communications:									
Sales	\$1.7 B								
Operating Profit	(\$163 M)								
EPS (Diluted)	(\$.03)								
EBITDA	(\$64 M)								

Fresh Spin-Off Situations

Jefferies To Spin Investment Technology Group

Jefferies (NYSE: JEF) expects to complete the separation of its 80.7% ownership of ITG by the end of the first quarter. They have not received a favorable tax ruling from the IRS as of yet. Jefferies carved out a portion (17.7%) of Investment Technologies Group (ITGI) in an IPO in May 1994. ITG provides technology-based equity trading services and research to institutional investors and brokers. ITG services help investors access liquidity, and execute trades more efficiently. ITG owns ITG Posit, the off-exchange electronic stock-crossing system for institutional investors. Jefferies believes by pursuing separate destinies, each firm will be better equipped to sharpen its focus on serving clients, and better able to take advantage of opportunities unique to its business. The company believes that ITG will garner a higher valuation as an independent entity. Approval of the spin-off requires approval by the board and shareholders of both Jefferies Group and ITG, and a favorable tax ruling from the Internal Revenue Service. **It is crucial that the tax ruling be attained by April. There is essentially a "fuse" in this deal in that options expiring at the end of April could dilute Jefferies interest in ITG to below 80%, thus making a tax-free distribution mute.**

ITG has been growing rapidly and is highly profitable. ITG had a record year in 1998, trading over 5.8 billion shares electronically in 1998. ITG recorded \$212.2 million in revenues, a 55% increase over 1997 revenues of \$137 million. Earnings for the year were \$43.4 million, an increase of 61% from \$26.9 million. Diluted EPS was \$2.25. Investment Technology Group was formed in late 1987 as a small group within Jefferies. The POSIT concept was developed as a computerized crossing systems, which was confidential in nature, using an optimization algorithm to match buyers with sellers. Because the computer does the match, there is no information imparted to the marketplace. In this information-less environment, buyers would be able to match with sellers with minimum market impact cost. POSIT' is an acronym for Portfolio System for Institutional Trading. ITG hopes to take advantage of the growing acceptance of electronic trading. ITG intends to grow by penetration of the \$6 billion dollar commission market.

Competition

ITG's POSIT is not the only electronic trading system available to investors. Optimark Technologies is a direct competitor, backed by NASDAQ and the Pacific Stock Exchange. Optimark runs its crossings more frequently than POSIT. In addition, ITG competes with Instinet, after the close. Lattice, a subsidiary of State Street Global, is also a crossing system.

Jefferies is a Los Angeles-based mid-sized investment bank that caters to institutional investors.

Its focus is on capital raising, research, mergers and acquisitions, advisory and restructuring services for small-to-medium sized companies, and trading in equity and fixed income securities, convertible bonds, options, futures and international securities. Like most brokerage firms, Jefferies derives its revenues from a combination of customer commissions, principal transactions in which the company commits its own capital to the purchase of securities in which it makes a market, and corporate finance and underwriting.

The Deal

Jefferies Group expects to spin off its 100% owned brokerage unit (a reverse spin). Under the somewhat convoluted separation plan, the investment bank, "Jefco", will be the spun-off company. The minority shareholders of ITG will be merged into Jefferies Group (which will retain 15 million shares of ITG), and the name will be changed from Jefferies Group to Investment Technology Group. The distribution of Jefco is expected by April 1999.

The spin-off plan calls for the exercise of Jefferies Group stock options; termination of Jefferies Group's deferred compensation plan, and a special dividend of approximately \$50 million to \$75 million from ITG to its stockholders (including Jefferies shares)

There should be roughly 24 million shares of Jefco at the time of the spin. They are projecting \$345 million in equity post spin. Therefore, the book is about \$14.45 per share without ITG. Jefferies earned \$36.2 million or \$1.58 without ITG.

<u>Implied Value of Jefco</u>	
Jefferies stock price	\$ 39 7/16
Shares projected at spin	24M
Jefferies-owned ITG shares	<u>15M</u>
ITG shares per Jefferies shares	0.625
ITG share price	\$ 40 15/16
Less: value of JEF-owned ITG shares	<u>(25.90)</u>
Implied Value of Jefferies	\$13.55
Implied Market Cap of Jefferies	\$325M
Estimated pro-forma shareholders' equity	\$345M \$14.45/share
Implied Value JEF = \$13.55/ JEF Book \$14.45=	94% of Book

We plan to visit Jefferies prior to the spin-off and will forward additional information.

Jefferies Comparables

Company Comparables	Jefferies	Hambrecht & Quist	Interstate/Johnson	First Albany	Advest	Everen Capital	Raymond James	Average of Comparables
Ticker	JEF	HQ	IJL	FACT	ADV	EVR	RJF	
Current or Implied Price	\$ 13.19	\$ 28.63	31.625	13.3125	20.25	\$ 22.31	\$ 18.69	
Shares Out. (000,000)	23.9	25.83	7.27	7.13	9.41	35.45	49.12	
Market Cap (000,000)	\$ 315	\$ 739	\$ 230	\$ 95	\$ 191	\$ 791	\$ 918	
Enterprise Value (000,000)	\$ 464	\$ 759	\$ 376	\$ 1,020	\$ 1,079	\$ 1,953	\$ 2,403	
1999E	\$ -	\$ 1.80	\$ 2.25	\$ 0.70	\$ 2.00	\$ 1.87	\$ 1.61	
Forward P/E		15.9	14.1	19.0	10.1	11.9	11.6	13.8
12 month Trailing								
Trailing Sales	\$ 515	\$ 381	\$ 284	\$ 224	\$ 331	\$ 755	\$ 1,095	
Price to Sales	0.37	0.86	0.27	0.11	0.22	1.05	0.84	0.56
Book Value	\$ 14.45	\$ 13.82	\$ 15.61	\$ 6.74	\$ 15.61	\$ 10.77	\$ 10.63	
Price to Book	0.91	2.07	2.03	1.97	1.30	2.07	1.76	1.87
Debt to Capital	30%	5%	56%	95%	88%	75%	74%	
Debt to Book Equity	43%	5%	129%	1924%	718%	304%	284%	
Liabilities to Equity	643%	91%	484%	2056%	897%	434%	744%	

NOTES:

*First Albany is 12 month trailing as of Sept 98.

** Interstate/Johnson to be acquired by Wachovia at \$32 (Pending)

Although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, employees of Spin-Off Advisors, L.L.C., may have positions in the securities or options mentioned herein. All rights reserved by Spin-Off Advisors, L.L.C.



Fresh Spin-Off Cont...

Pulitzer to Spin-Off Publishing Unit.

Pulitzer Publishing is a newspaper publisher and a broadcasting company. Its newspaper operations include two major metropolitan dailies: the *St. Louis Post-Dispatch* and the *Arizona Daily Star*. It also publishes 14 other dailies and nine weekly newspapers. The company's broadcasting holdings include nine network-affiliated television stations throughout the country. Pulitzer Publishing also operates five radio stations in Louisville, Kentucky, Winston-Salem, North Carolina, and Phoenix. The company is selling its broadcast operations to Hearst-Argyle Television. **On May 25th, 1998, Pulitzer agreed to sell its broadcasting unit to Hearst Argyle for \$1.15 billion in stock and assumed debt of \$700 million. The deal is expected to close around March 18th.** Pulitzer (NYSE:PTZ) has received a favorable letter ruling from the Internal Revenue Service ("IRS") confirming that the spin-off of Pulitzer's newspaper publishing operations (on a one-for-one share basis) immediately prior to the pending merger of Pulitzer's broadcasting business into Hearst-Argyle Television (NYSE:HTV) will be tax-free to Pulitzer stockholders.

Cash on Hand

The new Pulitzer Publishing will have a substantial cash position post spin. Cash on hand after the spin-off is estimated to be \$450 million by management. This estimate appears to be conservative based on its current stock price of \$82 per share. Pulitzer estimated the merger value at \$90, and each point above \$84 11/16's would generate a \$5.9 million cash payment to dissident shareholders. The second payment is a potential tax liability. Because management valued new Pulitzer at approximately \$40 per share (cost basis in the new Pulitzer is \$33), management anticipated a \$63 million tax payment or \$9 million for every one point above their cost basis. **Worst case scenario, Pulitzer will have \$450 million cash on hand (\$20 per share) and as much as \$500 million.** However, it appears that these two payments will not occur given its recent trading range, but to be conservative we'll take the average or \$475 million.

Valuation Attractive on a Pro Forma Basis

We believe the implied value of new **Pulitzer is trading at a very attractive multiple of 4.3X 1998 EBITDA of \$57 million, adjusted for about \$46/share of HTV shares to be received for each PTZ share and assuming pro forma cash of \$475 million.** New Pulitzer will have no debt and an estimate of \$475 million in cash (\$21 per share in cash). We have compared "new" Pulitzer to comparable companies (next page). If we apply a comparable EBITDA multiple to Pulitzer based on its clean balance sheet we estimate a conservative 7X's multiple, we value the newspaper portion at \$18 per share. By combining the newspaper valuation with the average cash expected on hand we value Pulitzer at \$39.00 per share, and they will have no debt.

Q4 Results and Outlook

The publishing operations reported fourth quarter diluted EPS of \$0.34/sh vs. \$0.29/sh a year ago. Full year 1998 publishing diluted EPS was \$1.19/sh vs. \$1.15/sh a year ago. We expect 1999 earnings in the \$1.65 to \$1.70 per share range. Total revenues climbed 3.6% in the fourth quarter to \$97.7 million and 4.2% in the full year 1999 to \$372.9 million. Ad revenues rose 4.9% in the fourth quarter to \$62.5 million. Circulation revenues were flat at \$21.9 million while other revenues improved 3.5% to \$13.4 million. PTZ paid \$575/ton for newsprint in the fourth quarter and is now paying \$565/ton. EBITDA grew 11% to \$15.3 million, or a 15.7% margin. We believe PTZ can generate \$60 million in EBITDA this year.

Growth Strategy

Looking forward, Pulitzer has expressed an interest in acquiring small regional or local community newspaper companies, and will be able to pursue this growth strategy through acquisition taking advantage of its cash and clean balance sheet.

Liquidity and Control

Liquidity and control are both concerns, because “new” Pulitzer is and will remain family controlled. The Pulitzer family controls at least 15 million leaving 7 million that are actually trading, of the estimated 22.5 million shares outstanding.

Comparable Analysis					
Company	Pulitzer Publishing	Central Newspaper	Journal Register	McClatchy	Average Comp**
Ticker	PTZ	ECP	JRC	MNI	
Current Implied Price	\$ 32.28	\$ 35.06	\$ 12.56	\$ 32.44	
Shares Out. (000,000)	22.45	50.77	48.6	44.76	
Market Cap (000,000)	\$ 725	\$ 1,780	\$ 611	\$ 1,452	
Enterprise Value (000,000)	\$ 726	\$ 1,785	\$ 1,393	\$ 2,485	
1999E	\$ 1.72	\$ 2.08	\$ 1.05	\$ 1.54	
Forward P/E	18.8	16.9	12.0	21.1	16.63
12 month Trailing					
EBITDA Per Share	2.54	3.90	3.02	6.18	
EBITDA Multiple*	4.4	9.0	4.2	5.3	6.14
12 month Trailing					
Trailing Sales	\$ 373	\$ 753	\$ 402	\$ 969	
Price to Sales	1.94	2.37	0.71	1.50	1.52
Book Value	\$ 33.80	\$ 7.92	\$ (4.93)	\$ 17.62	
Price to Book	0.96	4.43	(2.55)	1.84	1.24
Turnover's					
Account Rec. Turnover	10	9	7	7	
Current Asset Turnover	0.7	4.8	4.58	5.3	
Working Capital Turnover	0.7	13.1	17.11	-28.2	
Financing Leverage					
Current Ratio	15.23	1.57	1.37	0.84	
Quick Ratio	14.97	1.25	1.05	0.61	
Cash Ratio	13.99	0.44	0.15	0.00	
Debt to Capital	0%	1%	144%	57%	
Debt to Book Equity	0%	1%	-327%	131%	
Liabilities to Equity	21%	54%	-384%	184%	
NOTES:					
Pulitzer Pro-Forma and balance sheet items, are as of Sept, 30th, 1998.					
* EBITDA Multiple for Pulitzer has been derived by subtracting the cash value per share from the implied stock value. (\$475 million / 22.45) or \$21 per share, = (implied stock price-\$21)/\$2.54					
**Average comparable does not include Pulitzer values.					
Although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, employees of Spin-Off Advisors, L.L.C., may have positions in the securities or options mentioned herein. All rights reserved by Spin-Off Advisors, L.L.C.					

Varian Associates to Complete Trivestiture in April

On February 16th, Varian Associates (NYSE: VAR) received approval from the IRS on the tax-free status of its trivestiture. The plan will be presented to shareholders for approval. Upon shareholder approval, the spin-offs will trade regular-way on April 5th (record date is March 24th). Varian Associates will change its name to Varian Medical Systems, while simultaneously distributing one share of Varian Semiconductor Equipment Associates and one share of Varian (formerly, the instruments business) for every one share of Varian Associates. Varian anticipates approximately 29.9 million shares outstanding at the time of the spin. Varian Associates makes high-tech systems and components for medical and industrial applications worldwide. The company's semiconductor equipment unit makes ion implant systems. Its health care systems business is a leading maker of radiation equipment used to treat cancer and of X-ray tubes for diagnostic imaging equipment. Varian's instruments business makes analytical instruments and related equipment for the biological, chemical, pharmaceutical, petroleum, and other industries. It also makes vacuum pumps and helium leak detectors used in automotive, refining, and semiconductor fields.

First Quarter Results

Varian Associates, after reporting a disappointing first quarter has traded lower hitting a 52-Week low of \$31 on February 11th, 1999. Varian Medical reported a revenue increase of 7%, but orders only increased by 4%. Varian Instruments was hurt by supplier delays impacting shipments valued at \$5 million. Varian Semiconductor reported revenues of \$47 million, well below the run rate break even of \$60 million. While the Book-to-bill has been greater than one for the last two quarters, orders remain relatively weak and we do not expect improvement in profitability until FY2000. Redundant administrative costs post spin are estimated to be reduced by \$0.15 per share per unit (\$15-\$20 million), and we believe further reductions are still possible. Management has guided the FY 1999 EPS estimates for Varian pre-spin to an estimate of \$1.75.

Currently, Varian trades around \$32 per share. However, even with these disappointing first quarter results we think the **sum of the parts could be worth more than the whole**. Since Varian's all time high of \$67 on October 9, 1997, the stock has trended downward to a recent low of \$31. The trivestiture will create three independent pure play companies that should induce additional analyst coverage.

Management is planning two road-shows before the spin-offs to elaborate on their prospects. Parties interested in Varian Medical should contact Alicia Finney (650-424-6803), CFO of Varian Medical. Parties interested in Varian (instruments) should contact Wayne Somrak (650-424-5553), controller of Varian Associates. Varian Semiconductor will not be conducting a road show.

Varian Semiconductor

Varian Semiconductor designs, manufactures, markets and services semiconductor processing equipment used in the fabrication of integrated circuits. Varian Semiconductor supplies ion implantation systems, key pieces of capital equipment used to manufacture semiconductor chips. Varian Semiconductor is one of the industry's top suppliers of wafer processing capital equipment. Varian Semiconductor equipment is used by virtually every major semiconductor manufacturer in the U.S., Europe, Japan, Korea and throughout the Asia Pacific region. Varian Semiconductor has become an industry leader in providing after-market products and service that reduce operating costs and extend the cost-effective life of its products.

Pro-forma 1998 sales were \$342 million. International revenue represents \$239 million, or 70% of revenue in fiscal year 1998. North American (primarily United States) revenue dropped from 45% of revenue in fiscal year 1997 to 30% of revenue in fiscal 1998, while its Europe region revenue 19% of revenue in fiscal year 1998. The aggregate of Taiwan, Japan and Korea revenue increased to 45% of revenue in fiscal year 1998, with Taiwan accounting for most of the percentage increase in revenue.

The semiconductor industry has been experiencing a slowdown of product demand and extreme volatility in product pricing. This slowdown and volatility have caused the semiconductor industry to reduce significantly or delay purchases of semiconductor manufacturing equipment and construction of new fabrication facilities. This slowdown and volatility are expected to continue throughout fiscal year 1999. Varian Semiconductor will receive \$100 million in cash and virtually no debt at the time of the spin-off to ensure adequate financial support.

Varian (instruments)

Varian has several products which are used in environmental monitoring and analysis, biological and biochemical research, and quality control and research in such industries as pharmaceuticals, foods, metals, chemicals, petroleum and in independent test laboratories. They are employed in analyzing chemical substances including metals, inorganic materials, organic compounds, polymers, natural substances and bio chemicals.

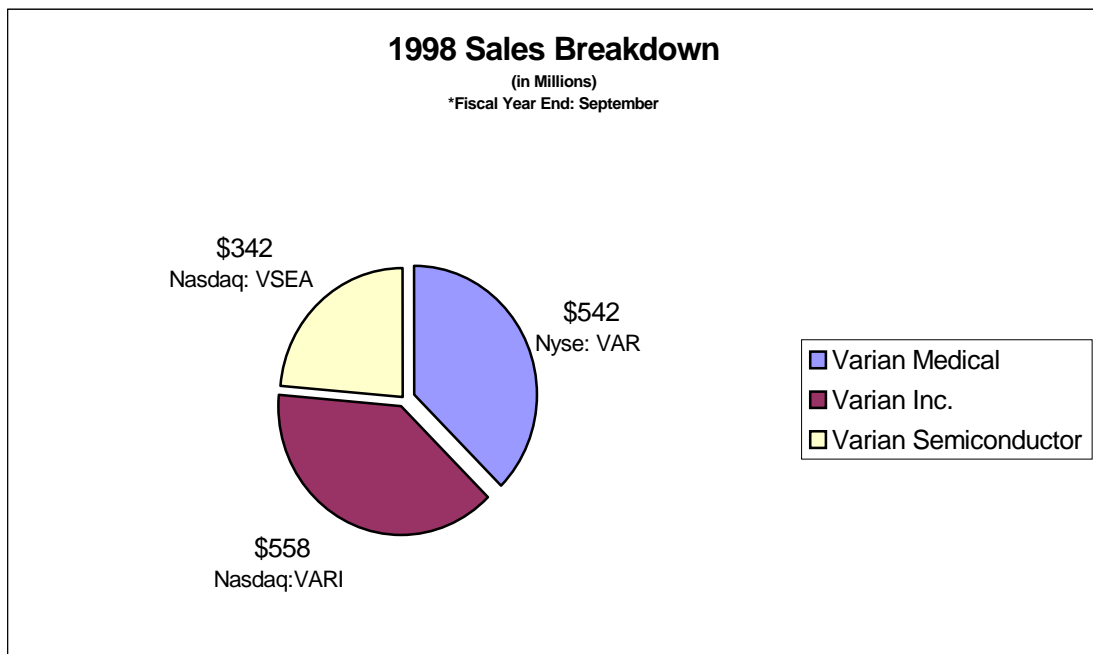
Varian is a supplier of instruments that are used to measure compounds and some 66 different metals in various substances. Varian produces Nuclear Magnetic Resonance Instruments (NMRI) and is a worldwide supplier of nuclear magnetic resonance (NMR) spectrometers for advanced bio molecular, chemical and material science research. NMR spectroscopy gives researchers the ability to determine the structure of many bio molecules including proteins, nucleic acids (DNA and RNA) and carbohydrates. Nuclear Magnetic Resonance Instruments systems can be found in all major pharmaceutical companies worldwide where they are key tools in developing new drugs to fight disease.

Varian also produces four types of vacuum pumps: primary, diffusion, turbo-molecular and ion. Primary pumps include rotary vane and dry diaphragm mechanical pumps, sorption pumps and dry scroll pumps. Diffusion pumps include the VHS-Series products. Turbo-molecular pumps provide a high speed/compression ratio in a compact package. Ion pumps, used to achieve ultra-high vacuum environments, are used primarily to create ultra-high vacuum in a variety of applications, from electron microscopes to linear accelerators. These products are used in many commercial and scientific applications, including industrial processes, analytical instruments and high-energy physics.

Varian Instruments first quarter revenues decreased by \$5 million to \$130 million, because of supplier delays, however, sales would have still been flat. FY 1999 is expected to see single digit growth. Pro-Forma 1998 sales were \$558 million.

Varian Medical

Varian Medical will be the surviving unit of Varian Associates, and had Pro-forma 1998 sales of \$542 million. Varian Medical is a world leader in the design and production of equipment for treating cancer with radiation, as well as high-quality cost-effective x-ray tubes for both equipment manufacturers and replacement tube and imaging subsystems suppliers. In serving the market for advanced medical systems (primarily for cancer care), its oncology systems line encompasses a fully integrated system of products embracing not only linear accelerators but also sophisticated ancillary products and services to extend its capabilities and efficiency. These ancillary offerings now account for more than half of all oncology systems sales. Varian Medical also develops clinical software products and devices that enhance productivity and quality. These developments, while particularly valuable in helping U.S. hospitals and clinics cope with the challenges of managed care, are finding use in markets around the world as health care providers search for new ways to reduce costs, improve efficiency and bring improved levels of care to more patients



What are the pieces worth?

We are breaking down the estimated values based on twelve month trailing sales.

Break-Up Value Estimates

Varian Medical (VAR) =	“Stub Business” TTM Sales (\$638 x 90%)	= \$19 per share
Varian (Instruments) (VARI) =	(\$547 x 90%) TTM Sales	= \$16.50 per share.
Varian Semiconductor (VSEA) =	(\$218 x 70%) TTM Sales	= <u>\$5.00 per share.</u>
Total		\$40.50

Comparables

Company	Varian Medical	Acuson Corp.	Bard (C.R.)	Average Comparable	Varian Inc	Dionex Corp.	Walrus Corp.	Average Comparable	Varian Semiconductor	Applied Materials	Novellus Systems	Average Comparable
Ticker	VAR	CAN	BCR		VARI	DNEX	WAT		VSEA	AMAT	NVLS	
Current estimated Price	\$ 16.5	\$ 15.31	\$ 57.00		\$ 19.0	\$ 37.00	\$ 99.75		\$ 5.00	\$ 57.31	\$ 56.13	
Shares Out. (000,000)	29.9	28.33	56.36		29.9	23.41	32.71		29.9	367.71	34.66	
Market Cap (000,000)	\$ 493	\$ 434	\$ 3,213		\$ 568	\$ 866	\$ 3,263		\$ 150	\$ 21,074	\$ 1,945	
Enterprise Value (000,000)	\$ 588	\$ 499	\$ 3,639		\$ 626	\$ 867	\$ 3,522		\$ 276	\$ 21,699	\$ 2,022	
12 month Trailing												
EBITDA Per Share	2.59	1.79	N/A		1.90	1.93	4.27		0.79	2.47	3.56	
EBITDA Multiple	6.4	8.5	N/A		10.0	19.2	23.3	21.3	6.3	23.2	15.8	19.5
12 month Trailing												
Trailing Sales	\$ 542	\$ 449	\$ 1,207	1.8	\$ 558	\$ 151	\$ 592	5.62	\$ 342	\$ 4,042	\$ 576	4.3
Price to Sales	0.91	0.97	2.66		1.02	5.72	5.52		0.44	5.21	3.38	
Gross Margin	36%	48%	52%		40%	69%	59%		34%	46%	55%	
Book Value	\$ 5.47	\$ 7.36	\$ 9.86	3.9	\$ 6.47	\$ 28.92	\$ 3.57		\$ 6.63	\$ 8.48	\$ 10.24	6.1
Price to Book	3.02	2.08	5.78		2.94	1.28	27.95		0.75	6.75	5.48	
Turnover's												
Account Rec. Turnover	2.91	3.02	4.85			5	5			5.29	3.62	
Current Asset Turnover	1.60	1.55	2.10		2.2	2.2	2.6		1.30	1.15	1.50	
Working Capital Turnover	5.30	4.23	14.92		5.9	4.3	12.9		2.37	1.68	2.22	
Financing Leverage												
Current Ratio	1.43	1.58	1.16		1.60	2.07	1.26		2.23	3.15	3.08	
Quick Ratio	0.97	0.88	0.57		0.05	1.46	0.69		0.85	2.26	2.16	
Cash Ratio	0.18	0.07	0.07		0.05	0.57	0.02		0.85	1.58	0.89	
Debt to Capital	37%	24%	43%		23%	0%	69%		2%	17%	18%	
Debt to Book Equity	58%	31%	77%		30%	0%	222%		3%	20%	22%	
Liabilities to Equity	208%	88%	126%		113%	83%	375%		0%	0%	0%	

NOTES:

* Information is based on September or October 1998 quarter ending.

** Average comparables does not include spin-off or stub.

Although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. In addition, employees of Spin-Off Advisors, L.L.C., may have positions in the securities or options mentioned herein. All rights reserved by Spin-Off Advisors, L.L.C.

Recently Announced Spin-Offs

Delta Woodside Plans Spinoff of Two Units

Delta Woodside Industries the textiles and clothing maker is planning to spin off subsidiaries Duck Head Apparel and Delta Apparel and sell its remaining business. Delta Apparel offers T-shirts, polo shirts, and sweat-shirts, while Duck Head Apparel makes men's and boys' casual wear and sells it in about 500 shops within department stores and in about 30 outlet stores in 13 states. The company's Delta Mills Marketing unit makes knitted and woven cotton, synthetic, and blended fabrics sold to apparel makers such as Levi Strauss. **The company hopes to have the spin-off/sale done by June of this year.**

Textile maker Delta Woodside Industries Inc. (NYSE:DLW), known for its Duck Head brand clothing, plans to spin off its two apparel businesses into separate companies and sell the remaining assets. The plan announced on February 8th, is subject to shareholder approval and would make the Duck Head Apparel division and Delta Apparel divisions separate companies. Duckhead had sales of \$92 million in its latest fiscal year. Delta Apparel makes T-shirts, polo-type shirts and sweatshirts and had sales of \$108 million last year. The Delta Mills Inc. subsidiary and its operating division, Delta Mills Marketing Co., would remain part of Delta Woodside, which would then be sold. Delta Mills sells fabrics to apparel manufacturers and reported sales of \$342 million in the most recent fiscal year. In addition to cash for the sale of the remaining Delta Woodside, shareholders would get shares in each of the new apparel companies. The stock closed up 3/16ths to \$4.75 on the news. At that price, the company has a market value of about \$115 million.

The company hopes the restructuring will allow investors to recognize the value in Delta Mills, which is a profitable operation focused on making khaki. The troubled company has struggled against foreign competition. It has shed operations, such as its Stevcoknit Fabrics Co. and Nautilus International fitness equipment subsidiary. It said in October it was looking for a buyer for the Duck Head line, but said in January that it was having trouble finding a buyer at the price it wanted.

Price 2/26:	\$6 5/8	FY End:	June
52 week Range:	\$7 1/4 \$3 1/8	Consensus EPS:	
Div/Yld:	\$0.10 1.5%	(First Call 99)	\$0.69
Shares (mil)	24.2	1998A	\$0.11
Market Cap	\$160 M	98 CF/Share:	\$1.07
Debt/Equity	91%	98 Price/Cash Flow	6.2 X
Book Value	\$7.13	Options:	Chicago

The Deal

Delta intends to spin-off each of its apparel divisions (Delta Apparel and Duck Head Apparel), and sell its Delta Mills division to an outside buyer. Delta Woodside shareholders would receive shares in Delta Apparel and in Duck Head Apparel, and would receive cash for Delta Woodside (whose remaining business would be Delta Mills). **We expect the transaction (receipt of stock and cash) would be taxable as capital gains to shareholders.** The restructuring is an attempt to separate the Delta Mills (the company's best business), so that it will be valued more appropriately.

Recent Results

Delta Woodside reported Q2 December EPS of \$0.03 (excluding \$3.5 million charge) vs \$0.07, well below consensus estimates. Total revenues were \$113.8 million compared with \$124.9 million, down 9% with all three divisions reporting lower sales year over year. Gross Margins improved to 17.6% from 17.3% due to lower raw material costs at Delta Mills. SG&A was up slightly to 12.4% of sales from 11.1% due to increased spending on advertising. Operating margins declined to 5.2% from 6.3%.

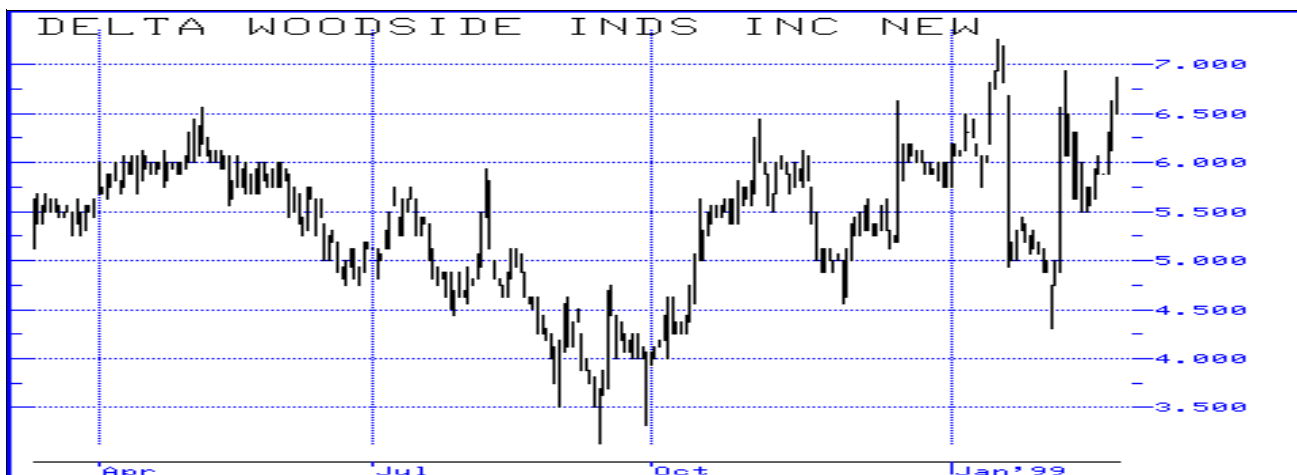
What are the Parts Worth?

Delta Mills is the largest and most profitable business (65% of sales). Delta makes cotton fabrics for casual apparel and synthetic blend fabrics for apparel. The division reported sales in June 1998 of \$342.4 million and operating income of \$46.4 million. Assuming a modest multiple of 5.0x an estimated \$55 million in 99 EBITDA suggest a value of \$275 million. Subtracting the debt issued by Delta Mills of \$150 million results in an **estimated market value of \$125 million, or \$5.16 per share.**

Duck Head Apparel, which makes apparel sold in department stores under the Duck Head label, had sales last year of roughly \$86 million and an operating loss of \$935,000. The book value of this division at year-end was \$75 million or about \$3.00 per share. The sales for this year will be flat at best. Operating losses could expand to \$3 or \$4 million. Assuming this is a viable brand and that the company could eventually reach a 5% operating profit margin on current levels of sales suggests **this piece may be worth perhaps \$2 a share** (\$86M x 5% = \$4.3M + \$4M Depreciation = \$8.7 million). Multiplying an estimated cash flow of \$8.7 million by 6X, we get a value of \$50 million, or \$2.06 per share.

Delta Apparel had sales last year of \$106.3 million and an operating loss of \$17.7 million, including a \$7.3 million impairment charge. Book value of this division at June 30, 1998, was \$98.3 million. Assuming a liquidation value of fifty cents on the dollar, suggests **this business may be worth \$49 million or equal to about \$2.00 per share.**

If a buyer for Delta Mills materializes in the second quarter at the price level that Delta Woodside would entertain, the parts could be worth closer to \$9 per share versus the current stock price of \$6 or so.



Recently Announced Spin-Offs...

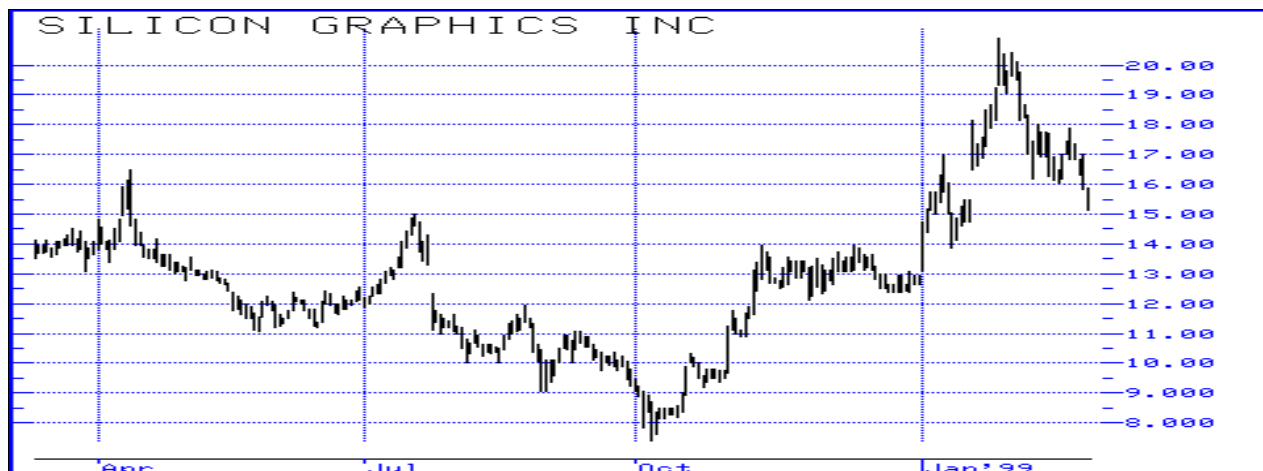
Silicon Graphics To Divest Ownership of MIPS Technologies

On February 26th, MIPS Technologies (Nasdaq:MIPS) and Silicon Graphics (NYSE:SGI) announced that MIPS Technologies filed a registration statement with the SEC for a proposed public offering by Silicon Graphics of 6,000,000 shares of MIPS Technologies common stock. The shares are being offered by Silicon Graphics as part of its previously announced intention to undertake a structured, multi-step divestiture of its interest in MIPS Technologies. The sale would raise about \$230 million for Silicon Graphics at the current stock price, and cut its stake in MIPS to 69 percent. **The remaining stake of about 25.8 million shares would be worth \$1 billion or \$5 1/2 per Silicon Graphics share.** The recapitalization is subject to the approval of MIPS Technologies public stockholders at a special meeting scheduled for March 31, 1999. We would expect the anticipated stock overhang to take some sizzle out of MIPS stock price.

MIPS Technologies is a designer of high-performance embedded 32- and 64-bit RISC processors and related intellectual property. The company's 32- and 64-bit architectures enable a wide variety of consumer devices and business equipment. The company licenses its core processor designs and related intellectual property to semiconductor manufacturing companies, fabless semiconductor companies and system OEMs. MIPS Technologies and its licensees offer a variety of high-performance, scalable processors in standard, custom, semi-custom and application-specific products. Microprocessors based on research and development from MIPS Technologies run more than 70 million video games, color printers, handheld PCs, and other high-volume electronics products. The company's RISC (reduced instruction set computing) technology is used in more than 60 microprocessor products. MIPS licenses its technology to semiconductor manufacturers such as NEC (25% of the company's sales), who design and sell MIPS-based microprocessors to original equipment manufacturers. Silicon Graphics owns about 85% of MIPS, which represents about \$6 1/2 per SGI share. **MIPS Technologies went public on June 30th, 1998 at \$14 per share.** At current prices the stock sports a market cap of \$1.45 billion on sales of \$57 million last year.

Silicon Graphics, is a \$3.0 billion supplier of visual computing solutions utilizing using UNIX and Windows NT. Silicon Graphics offers the broadest range of products in its industry -- from low-end desktop workstations to servers and high-end supercomputers. Silicon Graphics is recognized as a leader in graphics performance. New management is refocusing the company on core strengths, such as graphics and technical computing. The U.S., Europe and Asia account for 53%, 30% and 17% of revenue, respectively. The graphics systems/server mix is 47%/53%. Struggling in a high-end computer market (workstations) that is being encroached upon by increased power in the low end (PCs), Silicon Graphics is embracing PC technologies model. The new products embrace the high volume Wintel model and represent a departure from SGI's proprietary MIPS RISC heritage. The new "Visual Workstations" are clothed in stylistic casings and include a sleek new flat panel monitor. The new product symbolizes SGI's desire to differentiate itself from the box-like, commodity PC workstations from industry leaders HP, Compaq, and Dell. SGI has a market cap of about \$2.9 billion. **Backing out the value of their MIPS stock suggests the core SGI business is being valued at about \$9 per share**

On January 14, 1999, Silicon Graphics announced a recapitalization plan for MIPS Technology. The recapitalization plan creates a structure for a multistep divestiture of Silicon Graphics' ownership of MIPS Technologies, with the divestiture expected to be complete by September 30, 2000. The reduction in Silicon Graphics' equity position in MIPS Technologies is expected to occur through secondary market sales and other transactions. Ultimately, **the recapitalization is intended to preserve Silicon Graphics' ability to divest the remainder of its interest in MIPS Technologies in a tax-free transaction.** Silicon Graphics owns approximately 85% of MIPS Technologies' shares of common stock. In order to maintain Silicon Graphics' ability to effect a tax-free distribution, each share of MIPS Technologies' common stock, including such shares held by Silicon Graphics, will be redesignated as one share of newly created and issued Class A common stock of MIPS Technologies. Silicon Graphics will then exchange each share of Class A common stock it owns for one share of newly created and issued Class B common stock of MIPS Technologies. The Class A common stock will be entitled to elect 20 percent of MIPS Technologies' Board of Directors, but in no case less than one director. The remaining directors will be elected by the holders of the Class B stock which will initially be Silicon Graphics. The two classes of common stock will have substantially identical rights and preferences in all other respects. Any distribution by Silicon Graphics to its stockholders of its interest in MIPS Technologies would be subject to market and other conditions, including receipt of a ruling from the Internal Revenue Service confirming the tax-free status of the distribution.



Recently Announced Spin-Offs...

Viacom Likely To Spin Blockbuster in Second Quarter

Investor enthusiasm surrounding the potential Blockbuster carveout/spin-off expected this year has made Viacom a strong performer in recent months. The surge in viacom is due in large measure to the anticipated Blockbuster Video IPO and eventual spin-off. Last month, the New York Post reported that Viacom plans to offer 20 percent of the video stores unit to the public and spin-off the balance by the end of the year. New York based Viacom, has not commented on the timing of any IPO plans. **We suspect that a Blockbuster IPO could occur sometime in the second quarter. A further spin-off or exchange offer is possible after September when the tax consequence is favorable** (i.e., Viacom will have owned Blockbuster for a five year holding period, making a tax-free distribution possible). Viacom bought the video rental chain in 1994 for \$8.4 billion.

Viacom is one of the world's leading media companies. The company owns MTV Networks (MTV, VH-1, Nickelodeon, Nick at Nite, M2), Showtime Networks, and stakes in Comedy Central, United Paramount Network (UPN, 50%), and the All News Channel. Through Spelling Entertainment, Viacom produces and syndicates such TV shows as *Melrose Place* and *Beverly Hills 90210*. Viacom owns consumer book publisher Simon & Schuster, Blockbuster Video (the world's top video retailer), Paramount Pictures, 17 TV stations, and movie theaters with about 1,000 screens.

While an economic separation of Blockbuster Video may come in several forms, **we suspect Viacom will entertain a "split-off"** (an exchange offer) in which shareholders would have the opportunity to swap shares of Viacom into shares of Blockbuster Video, similar to the Abercrombie/Limited transaction last year. The effect of such a split-off or swap would be to shrink Viacom's shares outstanding. This is akin to a stock buyback without any cash outlay. Viacom would likely conduct an exchange offer at some discount to Blockbuster's value to induce shareholders to exchange Viacom shares for Blockbuster shares.

Blockbuster Video

Blockbuster Entertainment Group is the video-retailing subsidiary of entertainment giant Viacom. Blockbuster's video-rental stores are #1 in the US, with more than 4,000 stores in all 50 states. (There are another 2,000 stores in more than 26 foreign countries.)

While difficult to assign a value without knowing the capital structure post spin, we will try to venture a guess. Assuming Blockbuster Video could receive a public multiple of 10x EBITDA, which we estimate could be as much as \$600 million after overhead in 1999 suggests an enterprise value of \$6 billion. Assuming Viacom sells 20% of Blockbuster Video in an IPO, it could raise cash of \$1.2 billion. We would guess that Viacom would assign Blockbuster a minimum of \$1.5 billion in debt. This indicates a potential equity shrink of \$3.3 billion (\$6B-\$1.5B-\$1.2B= \$3.3B equity) or about 38 million shares (at today's Viacom price of \$85), or 10% of Viacom's share base.

Blockbuster Estimated 99 EBITDA

Blockbuster EST EBITDA	\$700
Less: Overhead	<u>100</u>
EBITDA	600
X Multiple	<u>10.0x</u>
Value	6,000
Less: 20% IPO	1,200
Less Projected Debt	<u>1,500</u>
Possible Equity Shrink	3,300
Viacom B Current Price	\$85/share
Potential Equity Shrink (Viacom Shares)	38
Shares outstanding	372
Potential Percent Shrink of Share Base	10%

Internet Spin-Off Possible

On February 23rd, Viacom announced it would create a new division to run its online businesses and may eventually spin it off into a separate company, hoping to cash in on the Internet's growing popularity among consumers and investors. Viacom believes the success of MTV, VH1 and Nickelodeon on television will draw a wealth of advertisers to the sites and lure consumers into online sales of CDs, concert tickets and toys. Viacom said it will invest \$250 million over the next five years into promoting the sites on the cable networks.

MTV and Nickelodeon already have two of the most popular Web sites, according to Internet research firm Media Metrix. MTV.com had 1.6 million individual visitors last month, with Nick.com at 1.4 million. The first result of Viacom's new Internet approach will be a music site to launch in June that will link to MTV.com and VH1.com but offer a much more extensive music library, including jazz, classical and country. Viacom also announced that it acquired online radio broadcaster Imagine Radio for an undisclosed amount, which will allow Viacom's new music site to offer 100 channels of Internet radio. Visitors will be able to punch in their favorite artists and genres to create customized online broadcasts. Viacom is also expanding its Nick.com site to offer a broader array of kid-oriented features from Nickelodeon and other providers, and adding services such as e-mail and online chats. The new version of Nickelodeon's site will debut in September and will employ two recent Viacom acquisitions: Red Rocket, an online educational toy retailer, and Nvolve Inc., a Web site developer.

Financial Highlights

Viacom announced a 2 for 1 stock split and its intention to move its listing to the NYSE from the AMEX (effective April 8th). The split would increase Viacom's common stock outstanding to about 696 million. Revenue for the fourth quarter increased 15% to \$3.34 billion from \$2.91 billion last year. Viacom reported a 25% increase in Q4 EBITDA to \$502 million vs. \$406 million last year (proforma for publishing). Reported EPS was \$0.30. Solid gains in EBITDA were driven by a 17% increase in EBITDA from MTV Networks to \$336 million and 28% increase in EBITDA from Blockbuster Video to \$128 million. For the year, Viacom reported a loss of 42 cents per diluted share compared with net income of \$2.07 in 1997. Revenue increased 13% to \$12.1 billion from \$10.7 billion. Operating income rose to \$752 million from \$685 million.

Potential Spin-Offs

Motorola (NYSE:MOT) has set the wheels in motion to spin off its Semiconductor Components Group from the rest of its chip operations, according to a report by CMP Media's Electronic Buyers' News. It is rumored the semiconductor group, which primarily sells standard discrete, analog and logic chips, will become a separate and distinct business entity. A spin-off would allow Motorola to focus on its core, higher-margin "systems-solutions" semiconductor lines, such as microprocessors, microcontrollers and digital-signal processors. Stay tuned.

In the first week of February, **Navarre (NASDAQ: NAVR)**, seller of prerecorded music and software, announced intentions to file for a public offering of a portion of its **NetRadio** business (Navarre owns 85%), an online music provider. NetRadio is one of the largest broadcasters of internet-only original audio content on the web, offering customers 150 on-demand music and entertainment channels. We expect the registration to be filed during March.

On February 26, Frontier **Corporation** President and CEO Joseph P. Clayton discussed a series of general options available concerning the future of the corporation, including mergers, acquisitions, **spin-offs and tracking stock**. Frontier emphasized that it has been looking at all possibilities to unlock additional value of the company's assets. No decisions on any structuring action have been made at this time, and all alternatives will continue to be evaluated by management and the board of directors. The company hinted that the likely financial restructuring may involve **creating a targeted stock for its Internet business and also spinning-off the local phone business (ILEC)**. **Frontier Corporation (NYSE:FRO)** is a telecommunications company that combines its own and others' long-distance, local, cellular, Internet, data, and paging services into integrated service packages for more than two million business, carrier, and residential customers in the US, Canada, and the UK. Long-distance service brings in the most revenues. It also provides local telephone service through 34 rural local telephone companies. In conjunction with Qwest Communications, Frontier is building a coast-to-coast fiber-optic network.

On Feb. 2, **Liberty Corp. (NYSE: LC)** announced it is **considering a variety of restructuring alternatives** that would more actively support the business objectives of its operating subsidiaries and enhance value for shareholders. Options being explored could potentially lead to a spin-off of one of the businesses, a joint venture with another company or other possibilities. The **Liberty Corporation is the holding company for Liberty Life Insurance and Cosmos Broadcasting**, which owns 11 television stations. Liberty Life's agency division generates more than half of the company's premiums; agents sell individual life and health insurance, primarily in the Southeast. The insurer writes mortgage-protection policies as well; these pay mortgages in the case of a policyholder's death or disability. Subsidiary Cosmos Broadcasting has TV stations in Alabama, Arkansas, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Ohio, North and South Carolina, and Texas. All of the stations are affiliated with a major broadcasting network. The company is considering a spin-off of its media business. The Hipp family controls 60% of the common stock.

Cablevision hopes to spin-off Rainbow Media, according to a recent New York Post report. Cablevision reportedly contacted the Internal Revenue Service in November about spinning off its Rainbow unit or creating a tracking stock for the subsidiary, which is 25 percent owned by NBC. Cablevision Systems has more than three million subscribers, mostly in the Northeast. **Rainbow Media Holdings owns cable channels (American Movie Classics, Bravo, The Independent Film Channel, and MuchMusic)**. Cablevision also owns 60% of Regional Programming Partners, and about 80% of Madison Square Garden, which includes the famed arena, the New York Knicks basketball team, and the New York Rangers hockey team, as well as the broadcast rights for the teams. In addition, Cablevision owns electronics retailer Nobody Beats The Wiz, which owns 40 stores in the New York City area. Tele-Communications, Inc., the #2 US cable company, owns 33% of Cablevision. The Dolan family owns about 30%.

Schedule 13 - Filings

Date of Filing	Form	Company	Inc. Dec.	Acquiring Firm	Shares Purchased	Shares Sold	Total Controlled	% Controlled*
2/12/99	SC 13G	American Medical Security	+	Oppenheimer Capital	1,110,016		1,110,016	6.7%
1/8/99	SC 13D	Convergys		WASLIC	13,905,392		13,905,392	9.1%
2/12/99	SC 13G	Crestline Capital Corp.	+	Marriott, J.W.	1,306,024		1,306,024	6.0%
2/8/99	SC 13G	Crestline Capital Corp.	+	Southeastern Asset Manage-	4,024,920		4,024,920	19.7%
1/12/99	SC 13G	Crestline Capital Corp.	+	Blackstone Real Estate Hold-	1,370,423		1,370,423	6.2%
2/11/99	SC 13G	Cohesion Technologies	+	Dimensional Fund Advisors	591,250		591,250	6.8%
2/11/99	SC 13G	Cohesion Technologies	+	Vanguard Specialized	525,800		525,800	6.0%
2/11/99	SC 13G	Cohesion Technologies	+	Dennis Reid	696,043		696,043	8.3%
2/9/99	SC 13G/A	Cohesion Technologies	+	Wellington Management	700		1,097,800	12.7%
1/19/99	SC 13G/A	Cohesion Technologies	-	Heartland Advisors		141,300	939,100	10.9%
9/10/98	SC 13G	Cohesion Technologies	+	Heartland Advisors	1,080,400		1,080,400	12.2%
9/10/98	SC 13G	Cohesion Technologies	+	Wellington Management	1,097,100		1,097,100	12.4%
2/12/99	SC 13G/A	Jefferies Group		Jefferies Group Employee	2,074,165		2,074,165	9.8%
2/12/99	SC 13G/A	Jefferies Group		Frank Baxter	1,661,223		1,661,223	7.8%
2/12/99	SC 13G/A	IMS Health	-	FMR Corp.		1,035,101	21,269,967	13.3%
11/10/98	SC 13G	IMS Health		FMR Corp.	22,305,068		22,305,068	13.4%
2/8/99	SC 13G	Landair Corporation.	+	Wellington Management	581,600		581,600	9.2%
2/4/99	SC 13G/A	Landair Corporation.		Merrill Lynch	644,100		644,100	10.2%
2/11/99	SC 13G	The Limited	+	Capital Research and Man-	14,421,900		14,421,900	6.4%
2/11/99	SC 13G	Metris	+	NewSouth Capital Manage-	1,637,272		1,637,272	8.5%
1/29/99	SC 13G	Metris	+	Franklin Mutual Advisors	1,198,900		1,198,900	6.2%
1/22/99	SC 13G	Metris	+	American Express Financial	965,000		965,000	5.0%
10/5/98	SC 13D	Metris	+	Deikel Theodore	1,329,887		1,329,887	6.9%
2/12/99	SC 13G	Midway Games Inc.	+	Capital Guardian Trust	2,030,000		2,030,000	5.5%
2/12/99	SC 13G	Midway Games Inc.	+	Merrill Lynch	2,624,557		2,624,557	7.0%
12/18/98	SC 13D/A	Midway Games Inc.	+	National Amusement	380,000		9,245,636	24.8%
2/16/99	SC 13G	Octel	+	State Street Bank and Trust	948,967		948,967	6.8%
2/16/99	SC 13G	Pomeroy Computer	+	FMR Corp.	595,000		595,000	5.2%
2/8/99	SC 13G/A	Pulitzer Publishing, CLA		Morgan Stanley Dean Witter	389,799		389,799	5.5%
2/12/99	SC 13G	Rockwell International	+	Oppenheimer Capital	12,834,519		12,834,519	6.7%
2/11/99	SC 13G/A	Torchmark		AMVESCAP PLC	11,202,128		11,202,128	7.9%
2/15/99	SC 13G/A	Varian	-	Oppenheimer Capital		328,500	1,373,500	4.6%
2/12/99	SC 13G/A	Varian	+	FMR Corp.	1,215,860		3,305,860	11.1%
2/10/99	SC 13G/A	Varian	-	Neuberger Berman LLC		1,653,644	736,356	2.5%
1/29/99	SC 13G/A	Varian	+	Merrill Lynch	6,000		1,756,000	5.9%
1/26/99	SC 13G/A	Varian	+	Sound Shore Management	500		1,507,500	5.0%
2/11/99	SC 13G	Vlasic	+	First Union	3,146,512		3,146,512	6.9%
2/12/99	SC 13G	Williams Companies	+	Barrow Hanlev Mewhinnev &	27,890,631		27,890,631	6.5%
2/12/99	SC 13G	Williams Companies	+	Capital Research & Manage-	24,116,810		24,116,810	5.6%

Source: Edgar Database.

*Aggregate amount beneficially owned by each reporting person or related company. Although Spin-Off Advisors, L.L.C. and its principals believe the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. Please review SEC Filing for complete details.

Insider Trading Transactions

COMPANY	SYMBOL	DATE	NAME	TITLE / STATUS	BUY/ SELL	SHARES TRADED	SHARES HELD
Agribands	AGX	01/15/99	EICHER, HENRY N.	VP	Buy	500	500
Bolle	BEYE	01/29/99	OZ MASTER FUND	B/O	Buy	248,055	248,055
Crescendo	CNDO	01/04/99	FARALLON PARTNERS	B/O	Buy (I)	29,200	240,800
Corn Products	CPO	02/10/99	SCOTT, SAMUEL C.	PR	Buy	7,000	34,522
Corn Products	CPO	02/12/99	DOANE, MARCIA E.	SEC	Buy	1,000	8,194
Corn Products	CPO	01/13/99	SCOTT, SAMUEL C.	PR	Buy	500	27,522
Corn Products	CPO	02/10/99	GROSS, RONALD M.	DIR	Buy	1,000	1,000
Corn Products	CPO	02/10/99	SCHLATTER, KONRAD	CB	Buy (I)	1,817	6,549
Corn Products	CPO	02/10/99	SCOTT, SAMUEL C.	PR	Buy	7,000	34,522
Donaldson, Lufkin &	DLJ	02/02/99	PECHTER, RICHARD S.	DIR	Sell	25,000	462,988
Delta Woodside	DLW	01/11/99	GREER, JANE H.	SEC	Buy	31	32,222
Delta Woodside	DLW	01/11/99	MADDREY, EDWIN	PR	Buy	627	2,825,010
Delta Woodside	DLW	01/11/99	HUMPHREYS, ROBERT	SEC	Buy	15	11,716
Fairchild	FA	01/11/99	JOHNSON, HAROLD R.	SR VP	Sell	1,500	-
Fairchild	FA	01/26/99	KELLEY, ROBERT H.	VP	Sell	1,500	26,136
Fingerhut	FHT	01/28/99	DEIKEL, THEODORE	CB	Sell (I)	41,000	406,530
HRPT Properties	HRP	01/14/99	HEGARTY, DAVID J.	PR	Buy	2,300	23,000
Keebler	KBL	01/26/99	ARTAL GROUP S.A.	XB/O	Sell (P,I)	15,654,50	1,574,229
Marriott International	MAR	01/05/99	STEIN, MICHAEL A.		Sell	77,332	55,902
Marriott International	MAR	01/08/99	MARRIOTT, JOHN W.	CB	Sell	99,073	8,890,737
Marriott International	MAR	01/11/99	JOHNSON, PAUL E. JR.	VP	Sell	7,000	-
Millenium Chemical	MCH	01/29/99	DREHER, MARIE S.	VP	Buy	25	44,981
Meritor Automotive	MRA	01/25/99	STELFOX, DIANE M.	CT	Buy	2,000	4,375
Meritor Automotive	MRA	01/29/99	JOYCE, THOMAS J.	TR	Buy	250	11,550
Meditrust	MT	01/21/99	AMARAL, DONALD J.	DIR	Buy (I)	11,500	11,500
Metris	MTRS	01/25/99	WESSELINK, DAVID D.	EX VP	Buy	1,000	1,000
Midway Games	MWY	01/29/99	FEDESNA, KENNETH J.	EX VP	Buy	9,743	52,206
Midway Games	MWY	01/13/99	REDSTONE, SUMNER	B/O	Buy	80,000	5,202,865
Midway Games	MWY	01/29/99	NICASTRO, NEIL D.	CB	Buy	303,950	762,408
Midway Games	MWY	01/29/99	COOK, BYRON C.	EX VP	Buy	94,985	161,574
Midway Games	MWY	01/29/99	EDIDIN, ORRIN	SEC	Buy	8,768	9,268
Midway Games	MWY	01/29/99	BACH, HAROLD H. JR	EX VP	Buy	14,614	46,288
Navarre	NAVR	01/29/99	TEO, ALFRED	DIR	Sell	68,600	1,210,200
Navarre	NAVR	01/29/99	WILTZ, DICKINSON	DIR	Sell	122,000	84,640
NCR	NCR	01/29/99	TAKAHASHI, HIDEAKI	SR VP	Sell	121,053	,353
Olin	OLN	01/27/99	JOHNSON, RUPERT H.	EX VP	Buy (I)	199	5,361,754
Olin	OLN	01/27/99	FRANKLIN MUTUAL	B/O	Buy	199	5,361,754
RH Donnelley	RHD	01/05/99	MARASCO,	SR VP	Buy	2,000	5,343
RH Donnelley	RHD	01/05/99	DANFORD, PHILIP C	CFO	Buy	2,000	5,756
RH Donnelley	RHD	01/08/99	SWANSON, DAVID C.	SR VP	Buy	1,000	1,679
RH Donnelley	RHD	01/05/99	NOONAN, FRANK R.	CB	Buy	3,400	8,403
Stac	STAC	01/28/99	SCHLEIDER, PETER D.	DIR	Buy (I)	39,600	500,000

(I) Indicates Indirect Trade

Implied Value of Stubs

Parent: Subsidiary:	Symbol	Shares Held by Parent	# of Average Shares	Price Close 2/26/99	Market Capitalization	Stub Implied Value	Carve-Out Value
Adelphia Comm.	ADLAC		31,200,000	56 6/16	1,758,900,000	53.86	2.51
Hyperion Telecom	HYPT	6,970,000	22,300,000	11 4/16	78,412,500		
AMR Corp.	AMR		182,396,000	55 7/16	10,111,578,250	32.32	23.12
Sabre Group	TSG	107,420,000	131,000,000	39 4/16	4,216,235,000		
ARC International	ATV		14,247,535	1 8/16	21,371,302	(0.78)	2.34
Ballantine of Omaha	BTN	3,179,290	13,823,000	8 11/16	27,620,082		
Cabletel Comm	TTV	3,312,450	6,495,000	1 8/16	4,968,675		
Boise Cascade	BCC		56,300,000	36 14/16	2,076,062,500	25.48	11.39
Boise Office products	BOP	53,438,490	65,730,000	12	641,261,880		
CBS	CBS		721,000,000	36 14/16	26,586,875,000	13.48	23.40
Infinity Broadcasting	INF	700,000,000	835,000,000	23 11/16	16,581,250,000		
MarketWatch.com	MKTW	4,382,750	11,750,000	66	289,261,500		
Citizens Utility	CZN		252,300,000	7 10/16	1,923,787,500	6.34	1.28
Electric Lightwave	ELIX	41,151,600	49,700,000	7 14/16	324,068,850		
Creative Computers	MALL		10,246,000	32 10/16	334,275,750	(17.78)	50.41
Ubic	ubic	7,136,000	8,909,000	72 6/16	516,468,000		
Dupont	DD		1,125,000,000	36 14/16	41,484,375,000	28.66	8.22
Conoco	COC	455,000,000	646,450,000	20 5/16	9,242,187,500		
Flowers Ind.	FLO		99,800,000	24 6/16	2,432,625,000	5.05	19.32
Keebler	KBL	49,445,000	89,900,000	39	1,928,355,000		
Ford	F		1,139,000,000	59 5/16	67,556,937,500	56.27	3.04
Hertz	HRZ	86,904,000	108,630,000	39 13/16	3,459,865,500		
IMS Health	RX		320,000,000	35 8/16	11,360,000,000	31.04	4.46
Cog Tech Solutions	CTSH	7,290,400	9,113,000	43	313,487,200		
Gartner Group	IT	49,578,420	105,486,000	22 7/16	1,112,415,799		
Jefferies Group	JEF		24,000,000	39 7/16	946,500,000	13.55	25.89
Investment Tech.	ITGI	15,176,000	18,200,000	40 15/16	621,267,500		
Kansas City South.	KSU		109,573,000	46 12/16	5,122,537,750	36.70	10.05
DST Systems	DST	20,300,000	50,000,000	54 4/16	1,101,275,000		
News Corp	NWS		1,058,800,000	36 14/16	39,043,250,000	23.44	13.43
Fox Corp	FOX	547,000,000	632,000,000	26	14,222,000,000		
Pittway clA,B	PRY		21,250,000	24 6/16	517,968,750	19.87	4.51
US Satellite Broadcast	USSB	3,772,440	89,820,000	16 2/16	60,830,595		
Cylink	CYLK	8,610,000	28,700,000	4 1/16	34,978,125		
Republic Industries	RII		467,000,000	12 4/16	5,720,750,000	8.06	4.19
Republic Services Grp	RSG	112,162,500	175,412,500	17 7/16	1,955,833,594		
RJR Nabisco	RN		324,813,000	27 5/16	8,871,455,063	(1.79)	29.10
Nabisco	NA	213,019,100	264,620,000	44 6/16	9,452,722,563		
Silicon Graphics	SGI		187,600,000	15 15/16	2,989,875,000	9.62	6.31
Mips Technology	MIPS	31,800,000	37,390,000	37 4/16	1,184,550,000		
Telephone & Data Sys.	TDS		61,200,000	50 4/16	3,075,300,000	(5.06)	55.31
U.S. Cellular	USM	70,700,000	87,400,000	42 2/16	2,978,237,500		
Aerial Comm.	AERL	58,100,000	71,700,000	7	406,700,000		
USA Networks	USAI		155,220,000	39 12/16	6,169,995,000	26.92	12.83
Ticketmaster-Online	TMCS	55,111,000	62,111,000	36 2/16	1,990,884,875		

Spin-Off Calendar by Date

Parent	Symbol	Listed		Symbol	Listed		Date Announced	Spin-Off Date	Tax Exempt	Ratio
		Options	Spin-Off		Options	Spin-Off				
Republic Industries	RII	Y	Republic Services Group	RSG	Y	5/7/98	7/1/98	Y	IPO	
Fingerhut	FHT		Metris	MTRS	Y	10/9/97	9/25/98	Y	1:3.14	
Forward Air	FWRD	N	Landair Corporation	LAND	N	7/10/98	9/23/98	Y	1:1	
American Med. Sec. Group	AMZ	N	United Wisconsin	UWZ	N	4/22/98	9/25/98	Y	1:1	
DuPont	DD	Y	Conoco	COC	Y	5/11/98	10/22/98	Y	IPO	
Torchmark	TMK	Y	Waddell & Reed	WDR	Y	11/17/97	11/6/98	Y	.0569:1 A .2447:1 B	
News Corp	NWS	Y	Fox Entertainment	FOX	Y	6/29/98	11/11/98	Y	IPO	
Creative Computers	MALL	N	uBid	UBID	N	7/6/98	12/4/98	Y	IPO	
CBS	CBS	Y	Infinity Broadcasting	INF	Y	8/27/98	12/9/98	Y	IPO	
Stac	STAC	N	Hi/fn	HIFN	N	8/5/98	12/15/98	Y	1:3.9	
PennzEnergy	PZE	Y	Pennzoil-Quaker State	PZL	Y	4/15/98	12/30/98	Y	1:1	
Hilton Hotels	HLT	Y	Park Place Entertainment	PPE	Y	6/30/98	12/31/98	Y	1:1	
Grand Casinos	GND	N	Lakes Gaming	LACO	N	6/30/98	12/31/98	Y	1:4	
Cincinnati Bell	CSN	N	Convergys	CVG	Y	4/27/98	12/31/98	Y	1:1	
Bindley Western	BDY	Y	Priority Healthcare	PHCC	N	10/24/98	12/31/98	Y	.46:1	
Rockwell International	ROK	Y	Conexant Systems	CNXT	Y	6/29/98	12/31/98	Y	1:2	
Host Marriott	HMT	Y	Crestline Capital Corporation	CLJ	Y	4/17/98	12/29/98	Y	1:10	
CBS / Data Broadcasting	DBCC	Y	Marketwatch.com	MKTW	N	10/13/98	1/19/99	Y	IPO	
Olin	OLN	Y	Arch Chemicals	ARJ	N	7/30/98	2/9/99	Y	1:2	
General Motors	GM	Y	Delphi Unit	DPH	Y	8/3/98	2/5/99	Y	IPO	
Pulitzer Publishing	PTZ	N	Pulitzer Inc.	PTZ	N	5/26/98	Late March	Y	1:1	
Jefferies Group	JEF	Y	Investment Technologies Group	ITGI	N	3/18/98	Late March	P	.62:1	
Varian Associates	VAR	Y	Varian Inc.	VARI		8/21/98	4/5/99	Y	1:1	
			Varian Semiconductor	VSEA		8/21/98	4/5/99	Y	1:1	
Columbia/HCA	COL	Y	LifePoint Hospitals			7/29/98	April	P		
			Triad Hospitals			7/29/98	April	P		
PepsiCO	PEP	Y	Pepsi Bottling Group	PBG		7/28/98	April	T	IPO	
IMS Health	RX	Y	Gartner Group	IT		11/12/98	2nd qtr	P	1:8	
Western Wireless	WWCA		Voicestream Wireless Corp.			10/27/98	2nd qtr	Y		
Citizens Utilities	CZN	N	Telecommunications			5/18/98	4th qtr	P		
Kansas City Southern Industries	KSU	Y	Financial Services			2/3/98	4th qtr	P		
LSB Industries	LSB	N	Automotive Business			8/5/98	1999	P		
Odetics	ODETA	N	Intelligent Transportation Unit			5/4/98	1999		IPO	
Meditrust	MT	Y	Health Care Financing Business			11/12/98	1999	P		
MedPartners	MDM	Y	Physician Practice Management			11/12/98	1999	P		
Williams Co.	WMB	Y	Communications Group			11/20/98	1999	P		
Watts Industries	WTS	Y	Oil and Gas Business			12/15/98	1999	P		
Gencorp	GY	Y	Specialty Polymers			12/17/98	1999	P		
Telephone & Data Systems	TDS	Y	Aerial Communications	AERL		12/21/98	1999	P		
Pomeroy Computers	PMRY	Y	Pomeroy Select	PSIS		1/15/99	1999	P		
Executone Information Systems	XTON	N	E-Lottery			12/21/98	1999	N		
HRPT Properties	HRP	Y	Senior Living	SN		12/24/98	1999		IPO, .1:10	
Compaq Computer	CPQ	Y	AltaVista			1/26/99	1999	Y	IPO	
Tenneco	TEN	Y	Packaging			7/21/98	1999			
Delta Woodside	DLW	Y	Apparel Division			2/9/99	1999	N		
Silicon Graphics	SGI	Y	Mips Technology	MIPS	N	2/26/99	1999/2000	P	IPO	
Essef Corp.	ESSF	N	Anthony & Sylvan Pools	SWIM		5/8/98	Filed		IPO	
Fairchild Corp.	FA	Y	Fairchild Fasteners			7/6/98	Postponed			
Nexstar Pharmaceuticals	NXTR	Y	Iterex Technologies			10/14/98	Cancelled	P		

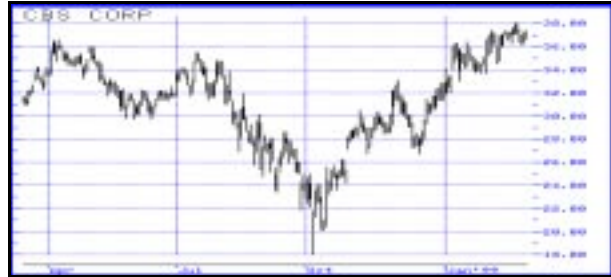
Spin-off Statistics

Spin-Off Name	Symbol	Business	Parent	Symbol	Spin-Off Date	Spin-Off Price	CLOSING	Spin-Off	S + P 500
							PRICE 02/26/99	% Change	% Change
Agribands	AGX	Animal feeds and agricultural	Ralston Purina	RAL	4/1/98	35 14/16	31	-14%	12%
Arch Chemical	ARJ	Chemicals	Olin	OLN	2/9/99	18 7/8	19	1%	2%
Bally Fitness Corp.	BFT	Healthclubs	Bally Entertainment	BLY	1/10/96	4 14/16	22 7/16	360%	101%
Billing Information Concepts	BILL	Billing clearinghouse	U.S. Long Distance	HSLD	8/2/96	10 8/16	10 1/16	-4%	87%
Chicago Title Corp.	CTZ	Title Insurance	Alleghany	Y	6/18/98	46 12/16	35 1/16	-25%	12%
Cognizant Technology Sol.	CTSH	Software Solutions	IMH Health	RX	6/19/98	10	43	330%	13%
Cohesion Technolgies	CSO	Medical Devises, Sealant	Collagen Asthetics	CGEN	8/19/98	5	5 2/16	3%	13%
Conexant	CNXT	Semiconductors	Rockwell International	ROK	1/4/99	18 7/8	17	-100%	1%
Conoco	COC	Energy Exploration	DuPont	DD	10/22/98	24 14/16	20 5/16	-18%	15%
Convergys	CVG	Billing processing	Cincinatti Bell	CSN	8/12/98	16 10/16	17 5/16	4%	15%
Corn Products International	CPO	Canned and preserved fruit	Best Foods (CPC Intl.)	BFO	1/2/98	30	23 6/16	-22%	27%
Delphi Automotive	DPH	Automotive Parts	General Motors	GM	2/5/99	18 8/16	18 7/16	0%	0%
Dial Corporation	DL	Personal Care Products	Viad Corporation	VVI	8/16/96	13 2/16	29 3/16	122%	86%
Fox Entertainment	FOX	Entertainment	News Corp	NWS	11/11/98	24 4/8	26	6%	10%
General Instrument	GIC	Communication	General Instrument	GIC	7/28/97	20 3/16	29 6/16	46%	32%
Hi/fn	HIFN	Data Compression & Encryption	Stac	STAC	12/17/98	20 8/16	26 12/16	30%	5%
Hussman Corp.	HSM	Refrigeration sytems	Whitman Corp.	WH	2/2/98	13 10/16	14 2/16	4%	26%
IMS Health	RX	Healthcare Information Systems	Nielsen Media research	NMR	7/1/98	31 8/16	35 8/16	13%	8%
Infinity Broadcasting	INF	Broadcasting	CBS	CBS	12/10/98	23 2/16	23 11/16	2%	6%
Keebler Foods	KBL	Produces and distributes food	Flowers	FLO	1/29/98	26 13/16	39	45%	26%
Land Air Corporation	LAND	Trucking	Forward Air	FWRD	9/24/98	6	5 13/16	-3%	19%
Leap Wireless	LWIN	Wireless Telecommunications	Qualcomm	QCOM	9/24/98	8	5 15/16	-26%	19%
Lucent Technologies	LU	Telecommunication systems	AT&T	T	4/3/96	15 3/16	101 9/16	569%	80%
Media One	UMG	Cable operations	US West	USW	6/12/98	36 8/16	53 5/16	46%	14%
Meritor Automotive	MRA	Automotive accessories	Rockwell International	ROK	10/1/97	23 14/16	15 14/16	-34%	38%
Midas	MDS	Automotive Repair	Whitman Corp.	WH	2/2/98	16 1/16	31 10/16	97%	26%
Midway Games	MWY	Interactive Entertainment	WMS Industries	WMS	10/30/96	20	8 9/16	-57%	77%
Millennium Chemical	MCH	Chemicals	Hanson PLC.	HAN	10/2/96	23	18 1/16	-21%	78%
Navigant International	FLYR	Travel Services	U.S. Office Products	OFIS	6/10/98	8 2/16	5 10/16	-31%	11%
NCR	NCR	Data, Transaction Processing	AT&T	T	1/2/97	33 12/16	40 15/16	21%	68%
Newport News Shipbuilding	NNS	Ship Building	Tenneco	TEN	12/12/96	17	28 15/16	70%	70%
Octel	OTL	Specialty Chemical	Great Lakes Chemical	GLK	5/26/98	22 12/16	13 7/16	-41%	13%
Park Place Entertainment	PPE	Gaming	Hilton Hotels	HLT	1/4/99	7 8/16	7 8/16	0%	1%
Pennzoil-Quaker State	PZL	Car Care & Oil Products	PennzEnergy	PZE	12/31/98	15 2/16	12 7/16	-18%	1%
RCN Corp.	RCNC	Voice, Video and processing	C-Tec Corporation	CTEX	10/1/97	15 14/16	24	51%	30%
Republic Service Group	RSG	Waste Management	Republic Industries	RII	7/1/98	25 8/16	17 7/16	-32%	8%
Solutia	SOI	Chemicals	Monsanto	MTC	9/3/97	19 3/16	17 13/16	-7%	38%
Sonosight	SONO	Handheld Ultrasound devices	ATL Ultrasound	ATLI	4/7/98	13 6/16	11 13/16	-12%	12%
Tricon Global Restaurants	YUM	Restraunts	Pepsi Corp.	PEP	10/7/97	31 2/16	62 2/16	100%	28%
uBid	UBID	Internet Auction House	Creative Computers	MALL	12/4/98	48	72 6/16	51%	5%
United Wisconsin	UWZ	Health, HMO	American Medical Group	AMZ	9/28/98	7 3/16	7	-3%	18%
US West	USW	Communications	US West	USW	6/12/98	50 8/16	53 5/16	6%	14%
Vencor (New)	VC	Healthcare	Vencor	VC	5/2/98	12 8/16	1 15/16	-85%	10%
Vlasic	VL	Food products	Campbell Soup	CPB	3/30/98	25 12/16	12 3/16	-53%	13%
Waddell & Reed	WRD	Asset Management	Torchmark	TMK	3/5/98	26 7/16	18 14/16	-29%	20%
Workflow Management	WORK	Print Management	US Office	OFIS	6/10/98	9	7 1/16	-22%	11%

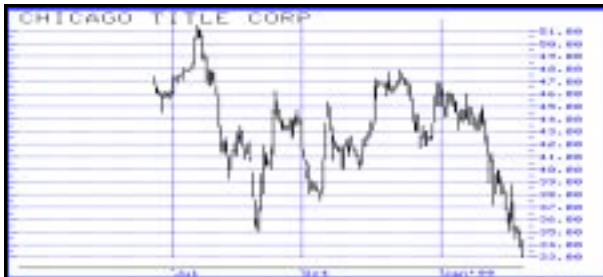
Selected Charts



Abercrombie & Fitch
Spin-Off Date: 5/15/98



CBS



Chicago Title
Spin-Off Date: 6/18/98



Conoco
Spin-Off Date: 10/22/98



Convergys
Spin-Off Date: 8/12/98



Pulitzer



Sonosite
Spin-Off Date: 4/7/98



Vlasic
Spin-Off Date: 3/30/98