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Continuous Research on Corporate Spin-Offs SPIN-OFF RESEARCH

Table of Contents	Page
◆ The Logic Behind Spin-Offs	2
◆ Update: Gartner Group (IT)	3
IDT (IDTC) /Net2Phone (NTOF)	4
Kansas City Southern Industries (KSU)	5
Tenneco (TEN) / Packaging Division	8
Watts Industries (WTS) / Industrial, Oil and Gas Valves	10
Williams (WMB) / Williams Communications Group (WCG)	12
◆ Spin-Off Announcement Calendar	14
◆ Calendar Highlights	16
◆ Fresh Spin-Off Situations:	
Action Performance (ACTN) / GoRacing.com (GRCN)	21
HRPT Properties (HRP) / Senior Housing Properties (SNH)	22
Hyperfeed (PQT) / PC Quote.com (PCQT)	23
Limited (LTD) / Limited Too (TOO)	24
Lynch (LGL) / Lynch Interactive (LIC)	26
Perfumania (PRFM) / Perfumania.com (PF)	27
Snyder (SNC) / Ventiv Health (VTIV)	28
Circle.com (CRCM) - Tracking	
Viacom (VIA) / Blockbuster (BBI)	30
◆ Recently Announced Spin-Offs:	
Autonation (AN) / Auto Rental	31
Interpool (IPX) / Microtech and Poolstat	33
Nordstrom (JWN) / Nordstrom.com.....	34
Olsten (OLS)/ Health Services	35
◆ Foreign Fresh Spin-Off Situations:	
Shaw Communications (SJR) / Corus (CJR)	36
◆ Foreign Announced Spin-Offs:	
Telefonica S.A (TEF,TDESF) / Internet Division	37
◆ Potential Spin-Offs	38
◆ Institutional Holdings	40
◆ Insider Trading	45
◆ Implied Values	46
◆ Spin-Off Calendar by Date	47
◆ Spin-Off Statistics	49
◆ Parent Statistics	50

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The Logic Behind Spinoffs

Many corporations are finding it easier to boost shareholder value by restructuring the capital and assets that make up their businesses. In the past decade, hundreds of corporations have used spin-offs, carve-outs and tracking stocks for this purpose. AT&T's 1996 divestiture illustrates a striking example. Before the company announced that it would spin-off Lucent Technologies and NCR, its market value was just \$75 billion. In January 1998, the separately trading AT&T, Lucent, and NCR had a combined market value of nearly \$160 billion. Today, the sum of the three parts is over \$200 billion. Companies that elect to restructure usually have one goal in mind: create value for shareholders. Companies that restructure their ownership can often improve the performance of business units by exposing them to the market and thus attracting a more focused analyst community and new investors. More important, such companies can improve their operating performance by providing incentives for managers.

How can one plus one persistently equal three in an allegedly semi-efficient market?

Empirical evidence in the form of P/E multiples and total return to shareholders, demonstrates on average, spin-offs create value. **According to a study done over the last 10 years by McKinsey & Co., spin-offs have risen an average of 27% in their first two years of independent existence, outperforming the market by 10 percentage points.** A typical conglomerate may have a handful of businesses in different industries. But the typical Wall Street analyst covers only one industry and may not understand the other businesses. There often is an **increase in coverage by analysts post spin.** Floating equity in a business unit not previously exposed to the market makes their operating performance more transparent. This translates into more and higher quality coverage. After the 1996 spin-off from AT&T, Lucent picked up coverage from 24 telecom equipment analysts (previously, only two had covered AT&T). In addition, spin-offs can

increase the strategic flexibility of businesses by allowing a subsidiary to form relationships with companies that do not want competitive information to flow to its parent. Lucent was better able to sell to AT&T's competitors post spin because these companies no longer perceived this as a conflict.

The restructuring of ownership permits a company to push **management accountability** deeper into the organization. For a subsidiary that is newly exposed to the market, greater scrutiny by investors and analysts creates outside constituents to which management must respond. For poorly performing businesses, the new accountability becomes tangible through lower compensation when the stock slides. Market forces tend to increase autonomy and entrepreneurialism and improve the flexibility of companies. Small businesses of large companies are often run suboptimally by management. Spin-offs put decisions in the hands of the managers most familiar with the business. With access to their own capital wondrous things often happen. A management with a direct financial stake in its own "baby" might give a more concerted effort (versus punching the clock within a bigger entity, which often does a poor job of creating incentives).

Tossing Losers Overboard

Conexant, (CNXT: \$72 9/16) the former chipmaking division of Rockwell International (ROK: \$59 13/16) was dragging its parent down. Last year Conexant had sales of \$1.2 billion, but lost money even on an operating basis. In January, Rockwell spun the loser off to its shareholders at the absolute bottom of the chip cycle. That left Rockwell with two strong businesses -- industrial electronics and aerospace products. This year, minus Conexant, a slimmed-down Rockwell will enjoy an operating margin of 17%, analysts predict, on sales of nearly \$7 billion. Prior to the spin-off, Rockwell traded at \$40 per share (now close to \$60). Adding back the value of the Conexant stock distributed, Rockwell shares are worth \$96 now. That translates into a total (if you held both stocks) return of 140% in less than a year.

Gartner Group Announces Workforce Reductions

On August 24th, Gartner announced plans to take a 4Q (September) charge of \$19-22M to cover severance costs associated with the layoff of 5% of worldwide staff, expenses associated with the ongoing recapitalization, and (3) special employee incentive payments. In addition, the company will pay between \$16 - \$20 million in additional incentive bonuses in the first and second quarters of F2000. These payments are designed to stem the potential tide of employee defections in the face of an underperforming stock and below plan bonus payments in F1999. Savings associated with the staff reduction will be reinvested in the company's initiatives to launch new research products to serve the ecommerce market.

To refresh your memory, IMS Health (RX-NYSE) previously owned 46% of Gartner Group, which it spun-off in July. Our expectation was that IT could be soft in the near-term as the flood of shares spun off would be sold by mostly disinterested IMS shareholders. First, IMS is in the S&P 500 Index and Gartner is not. Because of this, Gartner committed to holding a Dutch Auction for at least 15%, or 15 million of its shares outstanding (a mix of A and B in proportion to how many of each are outstanding). Gartner is also committed to buying back an additional 5% of its outstanding A and B shares over the next two years. How effective a mechanism for mopping up demand for the stock remains to be seen.

Restructuring Details:

Gartner Group announced today that it has eliminated 175 positions, or 5% of its workforce. Because of this material announcement, the company extended the tender period for its Dutch Auction to midnight on August 31, 1999. The original deadline was

August 24. The restructuring represents an effort by the company to redeploy its resources toward the new e-business product initiatives announced last month. The company estimates the annual savings to be approximately \$20 million, which it plans to reinvest in its e-business initiatives. This includes the hiring of 100 additional research professionals focused on e-business.

One-time charges in the fourth quarter (Sept.) related to this staff reduction are estimated to be between \$8.0 - \$10.0 million. This will be in addition to extraordinary charges of \$6.0 - \$7.0 million associated with the company's recapitalization and \$8.0 - \$10.0 million in special incentive payments for retained employees (see discussion below). The total 4Q charge is expected to be in the range of \$19.0 - \$22.0 million.

Incentive Payments:

In addition to the 4Q special charge, the company plans F2000 charges of \$5.0 - \$7.0 million in 1Q and \$11.0 - \$13.0 million in 2Q to cover additional cash incentive payments to retained employees. The company is paying these bonuses specifically because F1999 performance will result in minimal bonuses according to the company's existing incentive payment formula. In the context of the current high-tech employment market, the elimination of bonuses for Gartner's key research employees, coupled with lackluster stock performance could prompt increased turnover.

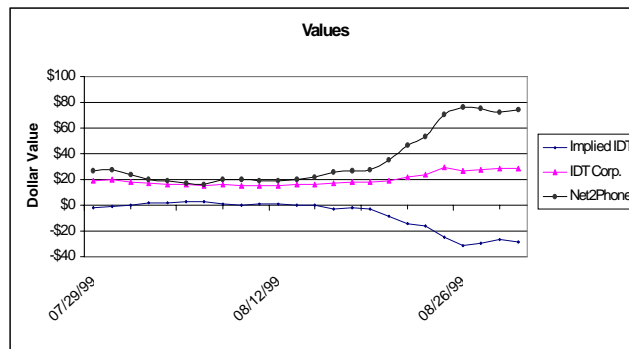
We continue to believe that it is too **soon for new commitments to these shares**. There seems ample evidence that Gartner's business is in a state of transition. We would be more aggressive if IT falls below \$20 per share.

IDT Carves-Out Net2Phone

IDT (NASDAQ:IDTC) priced its partial spin-off of Net2Phone (NASDAQ: NTOP), its Internet telephone subsidiary, on July 29. The stock priced at \$15. The stock soared 50% on August 24 and 25 to close at \$70 1/8 after the New Jersey-based Internet phone-service provider announced back-to-back strategic relationships with key partners. First came the deal that No. 1 PC-maker Compaq Computer would include Net2Phone with its Presario line. Then Sprint agreed to offer the company's low-cost service to Asia.

Net2Phone's products allow users to make telephone calls through the Internet to anywhere in the world, usually at a much lower cost than cellular or land-line calling. Callers can use a telephone, a fax machine, or a computer to connect with Net2Phone's services. The #1 Internet telephone carrier, Net2Phone serves 250,000 customers through a number of portals, including Yahoo! and Excite. Netscape has agreed to embed the company's PC2Phone software in its Internet browsers. Net2Phone was founded in 1997 as a subsidiary of long-distance carrier IDT, which owns two-thirds of the company. Investors include Softbank, AOL, and GE. Net2Phone just inked a deal with AT&T enabling Net2Phone to extend the international reach of its Internet telephony services over AT&T's global network. Under the terms of the contract AT&T will provide managed IP networking services so Net2Phone can expand its PC-to-telephone presence to 17 countries, with a dozen other countries under consideration for future expansion.

IDT Corp. provides international and domestic long distance telecommunications service, Internet access and, through its Net2Phone products and services, Internet Telephony services. The company delivers these services over a network consisting of 60 switches in the U.S. and Europe and owned and leased capacity on 16 undersea fiber optic cables. In addition, the company obtains additional transmission capacity from other carriers. IDT also maintains a high-speed network that carries Internet traffic in order to support both its Internet access services and its Internet telephony services. Net2Phone (NTOP) is



an Internet stock, and as such, should exhibit a high degree of volatility. Fluctuations in the value of Net2Phone have a direct effect on both the valuation of IDT and the perception of the company.

From our analysis, we believe that investors are either misunderstanding the financial implications of the value of IDT's stake in Net2Phone, or ascribing a significant negative value to IDT's core businesses. These core operations are expected to generate over \$700 million in revenue in calendar 1999, with positive net income. Net2Phone priced 5.4 million shares at \$15 out of a total of 52.8 million shares outstanding. Net2Phone now trades at \$72 1/2. This results in a **market cap for Net2Phone of \$3.83 billion. IDT owns about 30 million shares of Net2Phone or 57% of the company. This stake is worth \$2.175 billion or \$59 1/2 per IDT share (using 36.6 million fully diluted shares). Yet, IDT trades at only \$28 1/2 per share.** Experimenting with higher mathematics suggests the residual value of IDT's remaining operations is negative \$30 per share. Clearly, IDT cannot be worth less than zero. We would attribute this discontinuity to a combination of misunderstanding of the ownership structure of Net2Phone, negative sentiment toward the sectors of IDT's core operations-- in international long distance wholesale and prepaid cards--and unbridled enthusiasm for anything Internet related. The international wholesale market has experienced severe pricing pressure over the past year. In addition, the market has taken an increasingly dim view of the prepaid card providers and the valuations have contracted.

8/30/99

Kansas City Southern Industries (KSU-\$47 7/8)

Fear From Janus Sabre Rattling Creates Buying Opportunity Pre-Spin

The company is scheduled to undergo a corporate divorce in the fourth quarter. Kansas City Southern Industries has sold off on renewed concerns Janus' management will take action negative to KSU shareholders to prevent senior management of KSU from spinning off the financial services entity later this year. Valuation is extremely cheap, with the shares selling at an attractive discount to their breakup value. **We Believe the sum of the parts will be worth more than \$75 post spin.**

Key Issues

Recent confusion surrounding the spin-off of the financial services division has created an oversold condition. Concerns surfaced again because another brokerage firm downgraded the stock on fears that the management of Janus would invoke a "phantom stock" compensation plan which would decimate the company's margin, currently 40- plus percent. Barron's ran an article in July saying that a rift opened up between senior management of KSU and that of Janus, the operating unit responsible for the bulk of the firm's profitability (88% of net income for six months of 1999), and that Janus management wanted the upcoming spin-off of the financial services unit to be only Janus (i.e., not include Berger, Nelson's, and a 32% stake in DST). The Janus camp is unhappy that the cash flow they produce will be subject to re-investment in these and other businesses.

When the financial services unit (FAM) is spun off (as Stilwell Financial) later this year, the current Chairman & CEO (Landon Rowland) and CFO (Joseph Monello) are scheduled to go with Stilwell rather than remain with the railroad. Janus management may be concerned that this management group may seek to make acquisitions and other investments, which Janus does not agree with. Specifically, Janus wants to be free to grow its

business unconstrained, without having to negotiate with members from the holding company. And if they can't be spun off as a separate entity, Janus wants confirmation that their cash flow is not used to fund dilutive acquisitions. These are certainly valid concerns, and the Janus group has been quite vocal about them, threatening to invoke the above mentioned phantom stock plan and, implicitly we feel, threatening to walk. This is the reason the stock has performed so poorly in recent weeks.

KSU will likely make changes at the holding company to ensure long-term value is sustained (either equity incentives at Janus or greater control of Stilwell by Janus). Both sides will come under pressure to resolve their differences. At some point, the board of KSU will have to address the potential for permanent destruction of shareholder wealth, which would occur if Janus follows through with its threats. Janus has created significant waves within the investment community, and while their intentions are good (create value for shareholders by protecting the franchise), their timing and heavy-handed methods have left many investors less convinced they are acting in the best interest of shareholders. We find it difficult to buy that Janus will do something so precipitous to permanently harm shareholder interests. This group does, after all, have the intention of managing Janus/FAM as a public entity. They will ultimately need the support and credibility of investor sponsorship. We view the probability of Janus invoking phantom stock as a long-shot. We see the threat as a means of garnering more power and influence within the FAM structure. While there is certainly the risk that Janus is not bluffing, and there is the potential for more uncertainty and even a negative outcome. We believe the majority of KSU's current shareholders would prefer to see the proposed spin go through under its current format versus demanding KSU to

refile with the IRS to create a separate stock for Janus. Having endured one failed attempt at a spin-off in 1998, investors would rather run with a deal that has been blessed by the IRS, than change the structure in the eleventh hour. We suggest at current valuation levels, KSU warrants investment consideration. Valuing the DST stake at market value and the railroad at 10 times 1999 estimated EPS, or \$285 million in value (too low), FAM (without DST) is valued at around 15 times consensus 1999 estimates and 11.5 times 2000.

Aug 19, 1999 Kansas City Southern Industries, Inc. (NYSE:KSU-\$50 3/16) reported that its financial service holding company, **Stilwell Financial, Inc. filed a Registration Statement on Form 10** with the Securities and Exchange Commission in connection with KCSI's proposed spin-off of its financial services business. KCSI also stated, as it previously reported, that its Board of Directors has determined to proceed promptly with the spin-off as already favorably ruled on by the Internal Revenue Service in July, 1999. The IRS issued a ruling that the distribution of the stock of Stilwell Financial will be tax-free to KCSI and its shareholders. The transaction contemplates that **KCSI common stockholders will receive two shares of Stilwell Financial for each share of KCSI stock they own** on the record date, to be set by KCSI's Board of Directors. Based on the number of shares as of June 30, 1999, there will be 221 million shares of Stilwell distributed. The transaction is expected to be completed during the fourth quarter of 1999. It is contemplated that Stilwell Financial will be listed on the NYSE and, at about the time of separation, will begin trading under the symbol "SV". In addition, it is anticipated that KCSI (the stub) will reverse split.

Company Description

Kansas City Southern Industries (KSCI) is the holding company for The Kansas City Railway Company, which owns 49% of TexMex, 37% of the del Norte Mexican concession (collectively referred to as TFM), and 100% of Gateway Western. The company has rights to operate the Panama Canal Railroad and has a multiyear alliance with Canadian National (CNI-NYSE). The company operates a rail system that extends from St. Louis to Kansas City, down to Texas, Monterrey, and Mexico City, as well as from Alabama to Texas. More importantly (in terms of valuation), KCSI owns 82% of the Janus Mutual Fund Management Co. and 100% of The Berger Funds and 80% of Nelson's (a small UK financial planning firm). Additionally, KCSI owns 32% of publicly traded DST Systems (DST-NYSE-\$67 5/8). DST owns interests in Computer Sciences (CSC-NYSE-\$66 3/8), State Street Corporation (STT-NYSE-\$63 1/2), and European Financial (EEFT-NASDAQ-\$3 5/32), plus a number of other equity investments. KCSI has roughly 25 other unconsolidated investments. Reported rail revenues are about half a billion dollars but represent only consolidated rail subsidiaries excluding alliances.

Highlights Of The Quarter

Only 7.5% of second quarter EPS came from transportation units, while the balance was generated by FAM. U.S. rail operations suffered a decline in EPS contribution to \$0.07 from \$0.11 year over year. The Mexican concession before related deferred taxes went to \$0.01 gain from \$0.06 loss. In total, transportation came in at \$0.05 per share in the second quarter versus \$0.08 a year ago. FAM, enjoyed a 55.6% leap to \$0.61 from \$0.39 despite some narrowing in profitability. FAM, excluding DST, earned \$0.52 on 114.1 million diluted shares outstanding. The 32%-owned

DST increased earnings contribution to KSU in the quarter by 44% to \$10.8 million (\$0.09 to KSU consolidated EPS).

FAM's assets under management (AUM) increased 14% to \$161.7 billion in the end of the second quarter (\$155.8 billion for Janus, \$4.7 billion at Berger and \$1.2 billion at Nelson). Market appreciation accounted for \$5.8 billion of the increase through June 30, 1999. Fully, \$13.9 billion were comprised of net sales to investors. The number of FAM shareholder accounts increased 400,000 to 3.8 million. Average assets under management rose 70% over the year-ago figure. During 1999, combined Janus and Berger assets have grown 43% (as of June 30) compared to a 10% rate for the mutual fund industry as a whole over the same period. Net sales accounted for 24% of the increase for the six-month period (first half sales represent an increase of 113% over net sales for all of 1998). Amazingly, the company's inflows for the second quarter accounted for 22% of all industry inflows. Janus and Berger's market share continued to grow, reaching 2.6% at June 30, 1999. The record pace of growth in assets under management, revenues, and earnings for FAM was the driving force behind record second quarter earnings for KSU which followed record first quarter results.

Financial Services revenue reached \$282.2 million in Q299. This represents a 21% increase from \$233.3 million in Q199 and a

66.3% year-over-year gain. Revenues as a percentage of average assets under management were 74.3 basis points in the second quarter. Operating profit (excluding DST) narrowed to 40.9% , compared to 41.7% in Q199 and 43.9% in Q298 (because of increased staffing, training, bonuses, and other incentive compensation). Operating expenses totaled \$166.7 million versus \$136.1 million in the prior quarter, a 22.5% sequential increase, and \$95.1 million in the comparable year-earlier period, a 75.3% rise. FAM has increased the cash on its balance sheet to \$100 million.

Consolidated transportation revenue slipped 2.7% to \$148.7 million because of a 2.1% decline at The Kansas City Southern Railway Company and a 9.1% decline to \$13.0 million of other transport revenue. The operating expense ratio for the transport unit worsened to 85.7% from 80.5% as the rail expense ratio deteriorated from 78.2%.

Valuation/Price Target

KSU shares are selling at a significant discount the company's estimated breakup value. **Our 12-month price target is now \$75**, up from \$65 in our March 30, 1999 KSU report. We are assigning a \$55 value to the asset management business (a 26.2x multiple on \$2.10 estimate for 1999); \$12 to its 32% stake in DST (\$67 5/8 x 20.3 million shares/114 million KSU shares); and \$8 to the railroad (\$5 for the U.S. Railroads, \$2 for del Noreste and \$1 for miscellaneous assets).

Kansas City Southern

Price: 8/30/1999	\$47 7/8	Long-Term Debt	\$811.6 M
52-Wk Range	\$66 - \$23	Equity:	\$1.0 B
Shares Outstanding	114.1M	1998A EPS	\$1.86 P/E = 25.8x
Market Capitalization	\$5.47 B	1999E EPS	\$2.70* P/E = 17.8x
Div/Yield	\$0.16/0.3%		

*This assumes that FAM (ex.DST) earns \$2.10 in 1999, while the railroad earns \$0.30. The balance (\$0.30) is attributable to DST.

Tenneco Receives Favorable IRS Ruling On Tax-Free Spin-Off of Packaging

Aug. 23, 1999 Tenneco (NYSE:TEN-\$20 5/16) announced that it has received a private letter ruling from the Internal Revenue Service (IRS), which states that Tenneco's planned spin-off of **Tenneco Packaging will be tax free to Tenneco and its shareowners.** Receipt of the ruling is a key step in the planned separation of Tenneco Automotive and Tenneco Packaging that the company announced April 29. **The spin-off is expected this fall.** Mark Frissora will become the CEO of the automotive operations, while Richard Wambold will be CEO of the packaging business. Dana Mead will be the non-executive Chairman of both companies until March of 2000.

Separately, Tenneco also said that its Board of Directors has set October 25th for a shareowner vote to approve a reverse stock split of the company's common stock and to provide for the annual election of directors. Because both would become effective after the spin-off of the company's packaging business to shareowners, they would affect only the company's remaining automotive operations. The reverse stock split ratio is currently being determined and will be announced at a later date. The annual election of directors will be phased in as the terms of current directors expire.

In its draft proxy materials filed with the Securities and Exchange Commission, Tenneco said that following the spin-off, it would be renamed Tenneco Automotive, thus retaining the Tenneco corporate name. Tenneco Packaging currently is reviewing possible new corporate names. The special shareowners meeting will take place on Monday, October 25, 1999. The company expects to mail proxy materials for the meeting in mid-September.

Company Description

A global manufacturing company, Tenneco has operations in automotive parts (43% of 1998 sales) and packaging (57% of 1998 sales). Tenneco Automotive is one of the world's leading manufacturers of automotive exhaust and ride control systems (1998 sales of \$3.2 billion) for both the original equipment market and the replacement markets, supplying one in four shock absorbers and mufflers sold worldwide.

Tenneco Packaging is among the world's leading and most diversified packaging companies (\$2.8 billion in 1998 sales), manufacturing packaging products for consumer, institutional and industrial markets. Among its products are Hefty® trash bags, Hefty OneZip® and Baggies® food storage bags, E-Z Foil® single-use aluminum cookware and Hexacomb paper honeycomb products. The rating agency S&P stated that the packaging businesses will have a triple B rating and the auto business will have a double B rating.

Recent Financials

Tenneco reported Q299 EPS of \$0.50 (excluding charges), which was 25% lower than last year's \$0.67 per share. Tenneco's results would have been \$0.55 per share, including \$0.05 per share from discontinued paperboard operations.

Automotive

Revenues were \$868 million in the quarter, 0.5% above \$864 million last year. Automotive operating profit was \$99 million, 24% below last year. Strength in OE revenues, which were up 10%, was offset by weakness in the aftermarket. Worldwide aftermarket revenues declined 12%. Tenneco anticipates that it is on track to achieve targeted cost reduction goals of \$25 million annually. Total automotive

Tenneco

Price: 8/31	\$20 5/16	Fiscal Year	December
52-wk Range	\$37 1/2 - \$20	EPS 1998A	\$1.78 P/E= 11.4x
Shares Outstanding:	170.1 M	EPS 1999E	\$2.03 P/E= 10.0x
Market Capitalization	\$3.4 B	Dividend/Yield	\$1.20/5.9%

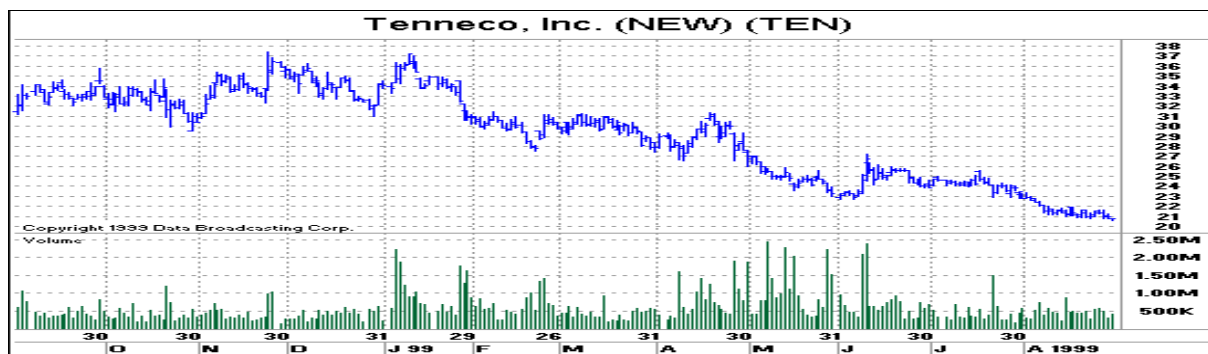
operating margin of 11.4% was down from last year's 15%. OE operating income was down 24%, due to soft worldwide aftermarkets and to increased R&D and development investment in the European OE market. Aftermarket income declined 42% in the quarter.

Packaging Overview

Specialty packaging revenues increased 1% in the quarter to \$738 million and operating profit increased 6% to \$107 million for an EBIT margin on 14.5%. Margins were held back modestly by Y2K expenses (\$3 million) and higher residual overhead after the paperboard sale (also \$3 million). Volumes were up 6%. Pricing was weak as a result of the pass-through of lower raw materials resin prices, which impacted sales by roughly 4%. Capex of \$43 million in the quarter was in line with D&A of \$42 million. Post separation, Tenneco

Packaging is expected to have roughly \$1.88 billion in debt, less proceeds from the containerboard equity offering.

In the consumer products business (mainly Hefty brand) unit volumes slowed to 2% growth, with Hefty trash bags down 5%, tableware products up 7%, and the One Zip product line gaining 25%. In the food service/food packaging business unit volumes grew 7% with strong growth in foam containers, plastic food containers and ovenable containers. The protective packaging business achieved 10% sales growth in the quarter, of which roughly 5% is attributable to volume increases and 5% to acquisitions. North America volumes grew 10% but Europe declined 7% (roughly half of the decline was due to currency).



Watts Industries to Spin-Off its Industrial, Oil and Gas Business

Watts Industries (NYSE: WTS) produces an extensive line of valves and operates in two markets: Plumbing, Heating and Water Quality plus Industrial, Oil and Gas. The North Andover, Massachusetts based company announced plans last December to spin-off its Industrial, Oil and Gas Business from its Plumbing, Heating and Water Quality Business. Watts will transfer the Industrial, Oil and Gas Business to a new subsidiary that Watts stockholders will receive in the form of a stock dividend. The spin-off is conditional upon the company's receiving tax-free approval, and the company expects to complete the transaction during the beginning of October 1999. By separating the two divisions, Watts hopes to receive a higher valuation by becoming a "pure play" in water valves and by eliminating a division which had operated in what was a depressed energy market. The Plumbing, Heating and Water Quality Business will retain the name Watts Industries. Since going public in 1986, the company has acquired over 40 companies. The Horne family has controlled the company since 1918.

The **Industrial, Oil and Gas Business** will continue to design, manufacture and market products for the energy sector. Products of Industrial, Oil and Gas Business include electric and pneumatic actuators, pressure regulators, oil and field check valves, steam traps, butterfly and control valves, and aerospace and industrial check valves. This "new" company will sell the industrial product line to domestic process industries through distributors and to aerospace and aircraft industries through special distributors and manufacturers' representatives. The company sells its product line to domestic oil and gas

industries through stocking supply stores and internationally through commissioned agents. The company also sells products directly to certain large original equipment manufacturers and private label accounts. David Bloss, currently President and COO of Watts, will become the CEO of the newly spun-off company. Some competitors are Daniel Industries (a subsidiary of Emerson) and Cooper Cameron (NYSE: CAM). Although this division stands to benefit from the recent rebound in the energy sector, soft energy commodity prices caused cutbacks in industry capital spending. This, in turn, lowers sales of valves for oil and gas.

The **Plumbing, Heating and Water Quality Business** designs and produces valves used in plumbing, heating, water quality, and water flow control. Some its products are ball valves, safety relief valves, pressure regulators, float valves, and drainage products. The division sales represent 61% of the WTS's sales in 1998. Sales from outside the United States represent 31% of WTS's total sales before the spin-off and 40% after the spin-off. To market its product lines, the company relies primarily on commissioned representative organizations, some of whom maintain a consigned inventory of the company's products. These organizations, which account for 72% of the company's net sales in the fiscal year ended June 30, 1998, sell primarily to plumbing and heating wholesalers, DIY Market accounts (do-it-yourself plumbing retailers, national catalog distribution companies, hardware stores, building material outlets and retail home center chains), and steam, industrial, oil and gas distributors. Products include ball and float valves, steam specialty products, water-conditioning valves,

water-pressure regulators, plus fittings and tubing products. After the spin-off, Timothy Horne will remain Chairman and CEO of Watts. The company will compete with Hughes Supply (NYSE: HUG), Flowserve Corporation (NYSE: FLS) and others. The company is party to a lawsuit which alleges that a former subsidiary of Watts sold products to municipal water systems that failed to meet contractually specified standards and falsely certified that the products met the standards. The municipal entities seek treble damages, reimbursement of legal costs and penalties.

Financial Information

Net earnings from continuing operations for the quarter ended June 30, 1999, increased 24% to \$7.324 million compared to \$5.925 million last fiscal year. Diluted earnings per share from continuing operations increased 23% to \$0.27 compared to \$0.22 last year. Net sales increased 18% to \$129.91 million compared to \$110.23 million last fiscal year. The company treated the Industrial, Oil and Gas Group as discontinued operations for accounting purposes. The company recognizes the cost of executing the spin-off against the income of the Industrial, Oil and Gas Group in the current quarter. These costs include taxes, certain

relocation costs and professional fees. Excluding the cost of the transaction, net earnings from discontinued operations decreased from \$6.17 million to \$3.97 million and diluted earnings per share decreased from \$0.22 to \$0.15.

For the twelve-month period ended June 30, 1999, income from continuing operations was \$29.45 million compared to \$28.12 million last year. Diluted earnings per share increased 7% to \$1.10 compared to \$1.03 in the previous fiscal year. Net sales from continuing operations also increased 7% to \$474.46 million compared to \$442.01 million last fiscal year. Net earnings for discontinued operations, excluding amortization of the cost of the spin-off transaction, declined to \$15.67 million compared to \$25.25 million last fiscal year. Fully diluted earnings per share for discontinued operations, excluding the spin-off transaction costs, declined to \$0.59 per share compared to \$0.92 per share last fiscal year. The results for discontinued operations had sales of \$77.42 million during the fourth quarter and \$321.71 million for the year. The fourth quarter sales results were flat with last year's results while the full year sales showed an increase of 11.7%.



Williams to IPO Williams Communication

Williams Companies (NYSE: WMB) is going to offer a minority stake in Williams Communications Group in an IPO, and will maintain a controlling interest in the company. After the offering, WMB will own almost 100% of outstanding Class B common stock, which has 10 votes per share. The common stock in the offering entitles the shareholder to 1 vote per share. SBC Communications will own the lesser of \$500 million worth of shares or 10% of outstanding shares. Intel agreed to invest \$200 million. Williams Communications Group will use the proceeds from the offering, which the company estimates to be \$600 million, to expand its fiber-optic network. Williams Communications filed to list on the NYSE as "WCG." **The size of the offering has not been determined, but we expect a more current filing anyday with the final details of the offering. A roadshow is planned for Mid-September and interested parties should contact David Cordeiro at 918-573-3142.**

Williams Companies has subsidiaries in the gas pipeline, energy and communications businesses (Williams Communications Group). Williams Gas Pipeline is the US's largest interstate natural gas pipeline by volume and has over 27,000 miles of pipeline. Williams Energy Group includes Williams Energy Services, which markets natural gas, natural gas liquids, crude oil and electric power, and other subsidiaries that provide exploration, production, and field services. In 1998, the company acquired MAPCO which it operates through the Williams Energy Services. Williams diversified into telecommunications in 1985, by forming Williams Telecommunications (WilTel), as energy sales slumped in the 1980s. In 1995, Williams sold WilTel to LDDS (which eventually became MCI WorldCom) for \$2.5 billion. After the sale, Williams began building another new fiber-optic network. Williams Energy

competes against El Paso Energy (NYSE: EPG) and Enron (NYSE: ENE), among others.

Williams Communications Group operates two primary business units: Williams Network (Network) and Williams Communications Solutions (Solutions). Network offers voice, data, Internet, and video transmission services to communications service providers on its 20,000-mile nationwide fiber-optic network, which it plans to expand to 32,000 miles and 125 cities by the end of 2000. The communications company's network, services long distance carriers, local service providers, Internet service providers, international carriers and utilities. The network is built partially along its parent company's pipelines. Network competes primarily against AT&T (T), MCI WorldCom (WCOM) and Sprint (FON). In 1997, WCG and Northern Telecom (now Nortel Networks) formed Solutions to distribute and integrate communications equipment from leading vendors for the voice and data networks of businesses, governmental, educational, and non-profit institutions. Solutions provides planning, design, implementation, management, maintenance, and optimization services for the full life cycle of these networks. Solutions also sells communications services of select Network customers and other carriers to Solutions' customers. WCG has strategic relationships with SBC Communications, Winstar Communications, Intermedia Communications and US West. Solutions' competitors are Norstan, Inc. (NRRD), Anixter Inc. (AXE), Lucent (LU), Siemens (SIEG.F), Cisco Systems (CSCO) and the equipment divisions of GTE (GTE) and Sprint.

Financial Information

For the year ended December 31, 1998, WMB's revenues increased by 74% to \$7.658 billion. Net income and EPS declined to \$127.5 million (53% decline from 1997) and \$0.28 (65%

decline from 1997), respectively. For the second quarter ending June 1999, revenues remained relatively flat at \$1.9 billion, compared to the prior quarter. Net income and EPS for the quarter fell 66% and 67% to \$17 million and \$0.04, respectively. WCG's revenues for the year ended December 31, 1998, increased by 20% over the prior year to \$1.717 billion. The company continued to operate in the red as its net loss for the year increased by 416% to a loss of \$184.9 million.

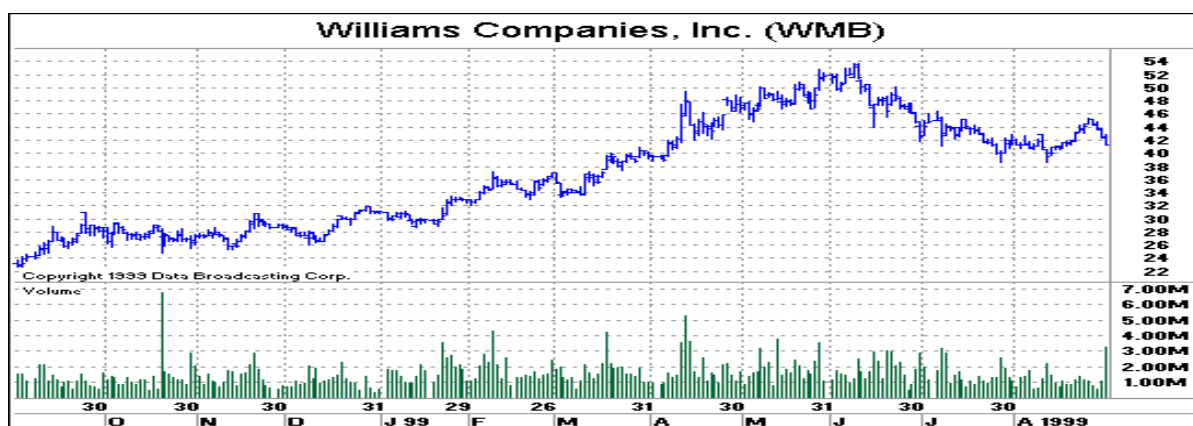
Indebtedness

In conjunction with the stock offering, WCG is offering general unsecured senior notes up to \$1.3 billion. Many of the terms of the offering are still pending. At any time before maturity, WCG may redeem all or a portion of the notes at a price specified in the indenture. The indenture contains restrictive covenants including, among others, a limitation on WCG's incurring additional indebtedness and on WCG's ability to pay dividends, repay subordinated debt or repurchase capital stock. Additionally, WCG has a Revolving Credit Facility that WMB guarantees which WCG may borrow up to \$400 million, of that Solutions may borrow up to \$300 million. Currently, WCG has no outstanding borrowings under this credit facility. Next, WCG has a \$1.4 billion interim loan facility that terminates September 30, 1999. The company has \$500 million outstanding under this credit facility. Borrowings from the company's Permanent Credit Facility will replace the borrowings from the Interim Loan

Facility. Under the Permanent Credit Facility, WCG may borrow up to \$1 billion, under 2 separate agreements. The first agreement entitles WCG to borrow \$500 million for up to one year. The other agreement enables WCG to borrow \$500 million for up to 6 years. Lastly, to fund operations, WCG received capital contributions and interest-bearing advances from WMB. At the time of the notes and stock offerings, the company estimates to have \$1 billion in borrowings from WMB. WCG will convert these borrowings to notes that resemble the terms and conditions of the Permanent Credit Facility. The WMB note will rank senior to the unsecured senior notes.

Valuation

We are assuming that the number of WCG shares offered equals the number of WMB shares. As a stand-alone entity, WMB is generating positive earnings. We value WMB at about 17x's estimated year 2000 First Call estimate of \$1.33 per share. This equates to a value of about \$22.50 per share. Backing this \$22.50 per share from the combined share price of \$41.75 implies that WCG shares are worth about \$19.20 per share. Currently WCG is not generating any earnings as it builds its fiber-optic network. Fiscal year 2000 revenues for WCG are estimated to be about \$2.3 billion, and by applying a 1999 price-to-sales ratio of 4.9x to the estimated year 2000 revenues results in a price of about \$25.80 per share. In addition, we believe that the IPO will be a catalyst for Williams Communications because they will attract a different shareholder base.



ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
ACTION PERFOAMANCE	ACTN	07/06/99	GORACING.COM	GRCN	CO
ACX TECHNOLOGIES	ACX	06/15/99	COORS CERAMICS		SP
ALLEGHANY TELEDYNE	ALT	04/22/98	AEROSPACE AND ELECTRONICS CONSUMER SEGMENT		SP
AUTONATION	AN	05/25/99 08/02/99	AUTONATION.COM CAR RENTAL UNITS		TR SP
BAXTER	BAX	07/12/99	CARDIOVASCULAR		SP
CABOT CORP.	CBT	07/29/99	MICROELECTRONICS LIQUIFIED NATUAL GAS		SP TR
CARRAMERICA REALTY	CRE	05/07/99	HQ GLOBAL WORKSPACES		
CENTURY BUSINESS	CBIZ	04/06/99	INSURANCE UNIT		
COMDISCO	CDO	06/17/99	HIGH-SPEED DIGITAL LINE		CO
COMPUSA	CPU	02/04/99	DIRECT GROUP		
CRANE	CR	06/21/99	HUTTIG		SP
DELTA WOODSIDE	DLW	02/09/99	APPAREL DIVISION		SP
DISNEY	DIS	07/12/99	GO.COM		TR
DUPONT	DD	05/11/98 03/10/99	CONOCO LIFE SCIENCES	COC	SPLIT TR
ENRON	ENE	03/16/99	AZURIX	AZX	CO
GENCORP	GY	12/17/98	OMNOVA SOLUTIONS		SP
HARCOURT GENERAL	H	05/17/99	NEIMAN MARCUS	NMG	CO
HARRIS CORP.	HRS	04/14/99	LANIER WORLDWIDE		SP
HEWLETT-PACKARD	HWP	03/02/99	AGILENT TECHNOLOGIES		SP
HRPT PROPERTIES	HRP	12/24/98	SENIOR HOUSING PROPERTY TRUST	SN	SP
GENZYME	GENZ	05/27/99	GENZYME SURGICAL	GZSP	TR
HEALTHSOUTH	HRC	06/14/99	HEALTHSOUTH HOSPITALS		SP
IDT CORP.	IDT	05/14/99	NET2PHONE	NTOP	CO
INTERPOOL	IPX	08/09/99	MICROTECH AND POOLSTAT		SP
IMS HEALTH	RX	11/12/98	GARTNER GROUP	IT	CO
JC PENNEY	JCP	05/18/99	ECKERD DRUG CHAIN		TR
KANSAS CITY SOUTHERN IND.	KSU	02/03/98	STILWELL FINANCIAL	SV	SP
LSB INDUSTRIES	LSB	08/05/98	AUTOMOTIVE BUSINESS		SP
LIMITED	LTD	05/03/99	LIMITED TOO	TOO	SP
LYNCH CORPORATION	LGL	04/09/99	LYNCH INTERACTIVE		SP
MEDITRUST (PAIRED STOCK)	MT	11/12/98	HEALTHCARE FINANCING BUSINESS		
MILLER	MLR	05/13/99	ROADONE		SP
NAVARRE	NAVR	03/03/99	NET RADIO	NETR	CO
NORDSTROM	JWN	08/26/99	NORDSTROM.COM		CO
OAK INDUSTRIES	OAK	04/21/99	LASERTRON		CO
ODETICS	ODETA	03/02/99	ODETICS ITS ODETICS BROADCAST		
OGDEN	OG	03/11/99	ENTERTAINMENT AVIATION		CO CO
OLSTEN	OLS	08/18/99	HEALTH SERVICES		SP

ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
PC QUOTE	PQT	04/26/99	PC QUOTE.COM	PCQT	CO
PERFUMANIA	PRFM	04/20/99	PERFUMANIA.COM	PF	CO
POMEROY COMPUTERS	PMRY	01/15/99	POMEROY SELECT	PSIS	CO
RALSTON PURINA	RAL	06/10/99	EVEREADY		SP
RSL COMMUNICATIONS	RSLC	05/03/99	DELTA THREE INC.		SP
SEAGATE TECHNOLOGY	SEG	06/07/99	INTERNET SOFTWARE		CO
SCHLUMBERGER	SLB	07/13/99	CONTRACT DRILLING/TRANSOCEAN	RIG	SP/MERGE
SGI	SGI	02/26/99	MIPS TECHNOLOGY	MIPS	CO
SHOPKO	SKO	02/04/99	PROVANTAGE HEALTH	PHS	CO
SNYDER COMMUNICATIONS	SNC	05/12/99	CIRCLE.COM		TR
		06/23/99	VENTIV HEALTH	VTIV	SP
SYMANTEC	SYMC	06/10/99	INTERNET TOOLS SOFTWARE		CO
TELEPHONE & DATA SYSTEMS	TDS	12/21/98	AERIAL COMMUNICATIONS	AERL	CO/SP
TECHNOLOGY SOLUTIONS	TSCC	03/31/99	eLOYALTY		CO
TEKTRONIX	TEK	06/24/99	COLOR PRINTING AND IMAGING		CO/SP
TENNECO	TEN	04/29/99	SPECIALTY PACKAGING		SP
TORONTO-DOMINION	TD	04/30/99	TD WATERHOUSE SECURITIES	TWE	CO
US BANCORP	UBAN	07/12/99	THREE RIVERS BANK		SP
US INDUSTRIES	USI	05/18/99	STRATEGIC INDUSTRIES		SP
VIACOM	VIA.B	05/06/99	BLOCKBUSTER	BBI	CO
WATTS INDUSTRIES	WTS	12/15/98	OIL AND GAS BUSINESS		SP
WILLIAMS COMPANY	WMB	11/20/98	COMMUNICATIONS GROUP	WCG	CO
WEATHERFORD	WFT	07/21/99	GRANT PRIDECO DRILLING		SP

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

FOREIGN ANNOUNCEMENT CALENDAR

Announced					
Company	Symbol	Date	Spin-Off	Symbol	Type
BANCA POPOLARE DI BRESCIA	BPB.IM	06/18/99	FIN-ECO ONLINE		CO
COMMERZBANK	CBK.F	06/10/99	DIRECT-BANKING		CO
HOECHST	HOE.N	12/01/98	CELANESE AG	CZ	SP
	HFAG.F			CZZ.F	
MAGNA INTERNATIONAL	MGA	05/25/99	VENTURES		SP
	MG.T				
SHAW COMMUNICATIONS	SJR.A	06/10/99	CORUS ENTERTAINMENT	CJR.TO	SP
	SJR.TO				
SIEMENS	SIEG.F		INFINEON		CO
TECK CORP.	TEK	07/27/99	GOLD MINING UNIT		SP
TELEFONICA S.A.	TEF.N TDES.F.MA	08/25/99	Internet Division		CO
TOMKINS PLC	TKS.L	07/12/99	RANKS HOVIS McDOUGAL		SP

Calendar Highlights ...

Price (8/31/99):	\$67 1/2	Listed			Date	Spin-Off	Tax			
Shares Out.	293 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$19,777 m	Baxter Int.	BAX	Y	Cardiovascular		7/12/99		P	
847-948-2000		<p>Baxter International Inc. (NYSE: BAX) announced that its board has approved a plan to spin off its cardiovascular business to Baxter shareholders on a tax-free basis. The spin-off will create a new publicly traded company, which will provide a comprehensive line of therapies and services to treat late-stage cardiovascular disease. Baxter, with leading global positions in blood therapies, medication delivery and renal therapy, will continue to focus on providing critical medical therapies for patients with life-threatening conditions. Baxter expects that shares of the new cardiovascular company will be distributed to its shareholders in a tax-free distribution in the first six months of next year. Both the stock distribution ratio and the new capital structure of the two companies are undetermined. We believe the spin of the cardiovascular business will enhance the prospects for both the new company and the Baxter stub. As a free standing entity, the cardiovascular business will be better able to respond to market challenges with greater speed and innovation, which eventually could include acquisitions. In addition, the spin will enable the Baxter stub (IV, Renal and Blood Therapy) to reward (and focus on) those businesses that have been performing at a higher level. The news drove shares of Baxter up 5 percent on the New York Stock Exchange.</p>								
FY: Dec		CARDIOVASCULAR								
Revenues LTM:	\$6,969 m	<p>Sales of the Cardiovascular (CV) business should approach \$920 million in 1999, representing a 3% increase from a year earlier and roughly 12% of Baxter's total sales. The CV business largely consists of Tissue Heart Valves; Schwan-Ganz catheters, which monitor cardiac pressure; and cardiopulmonary devices. Michael A. Mussallem, Baxter group vice president, will become chief executive officer of the new company, which has underperformed relative to Baxter's other businesses. More than 70 percent of the products and services in cardiovascular's current portfolio have market-leading positions. This portfolio includes heart-valve therapies, mechanical cardiac-assist systems, cardiac-monitoring systems, perfusion products and services, and vascular systems. More than 40 percent of its sales generated outside of the United States, and extensive manufacturing operations in North America, Japan, Europe and Latin America. The new cardiovascular company will be headquartered in Irvine, California.</p>								
Book Value:	\$9.76									
EPS: (First Call)	<u>00E</u> \$3.22									
P/E	21x									
Report: August										

Price (8/31/99):	\$5 1/4	Listed			Date	Spin-Off	Tax			
Shares Out.	36.8 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$ 193m	Billing Concepts	BILL		Software Company		4/22/99	9/30/99		1:1
210-949-7000		<p>Billing Concepts Corp. has cancelled the split into two publicly traded companies: a billing clearinghouse firm and a software company. The separation which was to take place by September 30th, was cancelled due to market conditions. Shareholders were to receive one share of the software company for each share of Billing Concepts held.</p>								
FY: September		<h1>Cancelled</h1>								
EPS: (First Call)	<u>99E</u> \$0.63	<p>Billing Concepts is a third-party provider of billing clearinghouse and information services to the telecommunications industry. In addition to processing call records, the firm provides a range of other services, including billing inquiry services, data processing, tax filings, accounting services and an advance-funding program. Billing Concepts looks at the records of more than 1,300 local telephone companies to determine how much is owed to its customers. Billing Concepts works for companies that provide telecommunications services -- including local and long-distance telephone service, operator service, Internet access, data services, and paging that are itemized on users' local telephone bills. Local telephone companies collect from end users, and Billing Concepts collects money from the local phone companies. The company also offers custom, convergent billing solutions through its Modular Business Applications (MBA) software, which supports billing for multiple services on one bill. Billing Concepts supports multiple services such as Internet, PCS, cellular, paging, cable, local service, long distance and Carrier Access Billing (CABS). With over 600 customers throughout North America, the Company offers billing solutions for service providers including LEC, Competitive Local Exchange Carrier (CLEC), Independent Local Exchange Carrier (ILEC) and Internet Service Provider (ISP) companies.</p>								
P/E	8.0 x									
Report: May 99										

Calendar Highlights

Price (8/31/99):	\$23 1/16																									
Shares Out.	66.51 m																									
Market Cap.	\$1,534 m																									
617-345-0100																										
FY: Sept																										
Revenues 98A:	\$1,596 m																									
Book Value:	\$9.33																									
EPS: (First Call)	<u>00E</u> \$1.88																									
P/E	12x																									
Report: August																										
		<table border="1"> <thead> <tr> <th>Parent</th> <th>Symbol</th> <th>Options</th> <th>Spin-Off</th> <th>Symbol</th> <th>Date Announced</th> <th>Spin-Off Date</th> <th>Tax Exempt</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>Cabot</td> <td>CBT</td> <td>Y</td> <td>Microelectronic Materials Cabot's Energy Group</td> <td></td> <td>7/28/99</td> <td></td> <td>CO TR</td> <td></td> </tr> </tbody> </table>							Parent	Symbol	Options	Spin-Off	Symbol	Date Announced	Spin-Off Date	Tax Exempt	Ratio	Cabot	CBT	Y	Microelectronic Materials Cabot's Energy Group		7/28/99		CO TR	
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Cabot	CBT	Y	Microelectronic Materials Cabot's Energy Group		7/28/99		CO TR																			
		<p>Cabot Corporation (NYSE: CBT) announced its intention to do a two-fold restructuring of their business. First, Cabot plans an initial public offering of 15 percent of its microelectronic materials business. According to management the IPO will put the microelectronic materials unit in a more competitive position. Secondly, Cabot's liquefied natural gas division (LNG) which caters the Northeastern U.S. will likely have a tracking stock issued for itself allowing investors to more readily see the value of that business. Eventually, management desires to separate this business from Cabot Corp. altogether.</p> <p>About Cabot Corp. Cabot Corp. is a giant in the carbon black industry, also referred to as "basic" black. The company produces carbon black, an abundant waste product of the oil fields, supplying the market for users needing reinforcing and pigmenting in tires and printing. Cabot produces other products including: fumed silica; which is used as an anti-caking, thickening, and reinforcing agent. Tantalum is produced for electronics, thermoplastic concentrates, semiconductor polishes, ink-jet colorants and fluids used in oil and gas drilling. Markets include: aerospace, automotive, cosmetics, defense, oil and gas and printing. In 1998, Cabot began field-testing a drilling fluid (cesium formate) which allows high temperature and pressure wells to be drilled twice as fast as before.</p> <p>Microelectronic Materials Cabot is a supplier of chemical-mechanical planarization (CMP) slurries, the Microelectronics Materials Division (MMD) offers advanced CMP process solutions to the worldwide semiconductor industry.</p> <p>Cabot's Energy Group Cabot's Energy Group, consisting of the Company's LNG business, reported a 3rd quarter operating loss of \$0.1 million, compared to a \$5.4 million operating loss in the same quarter last year. The LNG business is seasonal, and historically reports operating losses in the third and fourth quarters. Cabot LNG Corporation is the only importer and distributor of liquefied natural gas (LNG) on the east coast. Commencement of shipments from the new Trinidad supply during the June quarter caused the Company's LNG volumes to increase 158% compared with the same quarter last year, and allowed Cabot LNG to realize lower year-to-year gas costs. However, lower year-to-year natural gas prices partially offset the earnings effects of the improved volumes and gas costs.</p>																								
Price (8/31/99):	\$21 1/16																									
Shares Out.	151 m																									
Market Cap	\$3,180 m																									
847-698-3000																										
FY: Sept																										
Revenues 98A:	\$3,243																									
Book Value:	\$8.90																									
EPS: (First Call)	<u>00E</u> \$1.17																									
P/E	18x																									
Report: July																										
		<table border="1"> <thead> <tr> <th>Parent</th> <th>Symbol</th> <th>Options</th> <th>Spin-Off</th> <th>Symbol</th> <th>Date Announced</th> <th>Spin-Off Date</th> <th>Tax Exempt</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>Comdisco</td> <td>CDO</td> <td>Y</td> <td>Prism</td> <td></td> <td>6/17/99</td> <td>Oct-99</td> <td>CO</td> <td></td> </tr> </tbody> </table>							Parent	Symbol	Options	Spin-Off	Symbol	Date Announced	Spin-Off Date	Tax Exempt	Ratio	Comdisco	CDO	Y	Prism		6/17/99	Oct-99	CO	
Parent	Symbol	Options	Spin-Off	Symbol	Date Announced	Spin-Off Date	Tax Exempt	Ratio																		
Comdisco	CDO	Y	Prism		6/17/99	Oct-99	CO																			
		<p>On June 17th, technology services company Comdisco (NYSE: CDO) announced plans for a public stock offering of its high-speed digital subscriber line (DSL) business. Comdisco Chief Financial Officer John Vosicky spoke about the IPO at the 1999 US Bancorp Piper Jaffray conference in Minneapolis. Comdisco, based in Rosemont, Ill., acquired the unit, New York-based Prism Communication Services Inc., earlier this year. Vosicky said Prism would result in \$25 million in losses at Comdisco this year.</p> <p>Comdisco leases information technology (PCs, network servers), medical products such as MRI systems and CT scanners, and semiconductor production and test equipment. It provides asset management (procurement, administration, and disposal of a firm's PCs and other high-tech equipment), network maintenance, and continuity services (backup computer systems). It has agreed to sell its original business, mainframe leasing. CEO Nicholas Pontikes, son of the firm's founder, and his family own 24% of Comdisco.</p> <p>Comdisco has sold off recently. While operating results have been solid, the current focus is on Prism and Venture Lease. Disappointed by the lack of news in the Prism spin-off, some investors have abandoned the shares. CDO's growing technology division posted good results in the fiscal third quarter with revenues up 24%, bookings up 106% and pretax earnings up 32%. The computer leasing business is making a transition to a service-orientated, full pay-out lease operation with no residual risk. The company announced an additional \$100 million share repurchase program on July 28. The S1 filing for Prism has not yet been filed. Thus, we would anticipate that October would be the earliest month for the IPO.</p>																								

Calendar Highlights

Price (8/31/99): \$27 3/4 Shares Out. 2,059 m Market Cap \$57,137 m 818-560-1000 FY: Sept Revenues 98A: \$22,976 m Book Value: \$9.83 EPS: (First Call) <u>00E</u> P/E \$0.78 35x Report: August	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Parent</th> <th colspan="3" style="text-align: center;">Listed</th> <th style="text-align: center;">Date</th> <th style="text-align: center;">Spin-Off</th> <th style="text-align: center;">Tax</th> </tr> <tr> <th style="text-align: left;">Symbol</th> <th style="text-align: center;">Options</th> <th style="text-align: center;">Spin-Off</th> <th style="text-align: center;">Symbol</th> <th style="text-align: center;">Announced</th> <th style="text-align: center;">Date</th> <th style="text-align: center;">Exempt Ratio</th> </tr> </thead> <tbody> <tr> <td>Disney</td> <td style="text-align: center;">DIS</td> <td style="text-align: center;">Y</td> <td style="text-align: center;">Go.com</td> <td></td> <td style="text-align: center;">7/12/99</td> <td style="text-align: center;">TR</td> </tr> </tbody> </table> <p>The Walt Disney Company (NYSE: DIS) and Infoseek Corporation (NASDAQ: SEEK) announced plans to combine Disney's Buena Vista Internet Group (BVG) with Infoseek to create a single Internet business called go.com. The new company is expected to issue a tracking stock to trade on the NYSE as "GO." The deal needs the approval of Disney shareholders and non-Disney Infoseek shareholders.</p> <p>Disney is going to have a 72% interest in go.com. Disney is going to contribute 52.5% of the assets of the new company, including BVG. BVG creates and operates a range of family entertainment, news, and sports Web sites. These include [Disney.com, Disney's Club Blast, the Disney Store Online, Disney Travel Online, Disney.com's international web sites, Family.com, ABC.com, Oscar.com and ABCSports.com. Disney will also contribute a range of web initiatives that Disney is developing, such as Family Travel, Family shopping and Disney auctions. Additionally, Disney will contribute its share of the 10-year joint ventures it currently has with Infoseek: ABC News Internet Ventures, which includes ABCNEWS.com, Mr. Showbiz and Wall of Sound; and ESPN Internet Ventures, which includes ESPN.com, NFL.com, NBA.com, WNBA.com, NASCAR.com and The ESPN Store Online]. Shareholders of Infoseek will receive 1.15 shares of go.com for each share of Infoseek. The new business is expected to generate about \$350 million in pro forma revenues for the current fiscal year. Approximately \$200 million of this total represents Internet-related revenue. The Disney Catalog represents the balance.</p> <p>Infoseek The Sunnyvale, CA based company has grown from a search engine to the operator of The GO Network (www.go.com), an Internet portal that combines Infoseek's search and directory services with several Disney-related Web sites. The GO Network is one of the top five sites on the Internet, according to Media Metrix, with 21 million visitors each month. Almost 90% of its revenues come from advertising. For the year ended September 1998, the company's revenues were \$50.7 million, an increase of 47%. The company continued to operate in the red with a loss of \$5.7 million. For the quarter ended June 1999, revenues were \$36.1 million, an increase from the quarter ended March 1999 of 22%. The company lost \$51.3 million. The company competes against America Online (AOL), Yahoo! (YHOO) and Lycos (LCOS).</p>	Parent	Listed			Date	Spin-Off	Tax	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio	Disney	DIS	Y	Go.com		7/12/99	TR
Parent	Listed			Date	Spin-Off	Tax																
Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio																
Disney	DIS	Y	Go.com		7/12/99	TR																

Price (8/31/99): \$43 13/16 Shares Out. 51.1 m Market Cap \$ 2,206m 617-232-8200 EPS: (First Call) <u>00E</u> P/E \$2.81 15x	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Parent</th> <th colspan="3" style="text-align: center;">Listed</th> <th style="text-align: center;">Date</th> <th style="text-align: center;">Spin-Off</th> <th style="text-align: center;">Tax</th> </tr> <tr> <th style="text-align: left;">Symbol</th> <th style="text-align: center;">Options</th> <th style="text-align: center;">Spin-Off</th> <th style="text-align: center;">Symbol</th> <th style="text-align: center;">Announced</th> <th style="text-align: center;">Date</th> <th style="text-align: center;">Exempt Ratio</th> </tr> </thead> <tbody> <tr> <td>Harcourt General</td> <td style="text-align: center;">H</td> <td style="text-align: center;">Y</td> <td style="text-align: center;">Neiman Marcus</td> <td style="text-align: center;">NMG</td> <td style="text-align: center;">05/17/99</td> <td style="text-align: center;">Oct-99 p 3:10</td> </tr> </tbody> </table> <p>Harcourt reported Q3 operating EPS of \$1.90, up 23.3% from the prior year. Excluding the \$0.25 per share impact of Neiman Marcus Group, EPS rose 20% in the quarter. The company also realized a non-operating Gain of \$0.05 per share from the sale of its Conviser CPA Review Course to Devry. Margins in the education group rose slightly to 45.4% from 44.4% in the quarter, while margins (excluding goodwill amortization) declined to approximately 24.0% from 26.5% in the Lifelong Learning division. Margins in the STM business (including Mosby) expanded to 19.7% from 12.1%. On September 15th, Harcourt shareholders will vote on the spin-off out of Harcourt's 54% stake in Neiman Marcus Group. Assuming a favorable vote, the spin-off will be contingent upon a favorable IRS tax ruling. Harcourt hopes to complete the spin by the end of October.</p>	Parent	Listed			Date	Spin-Off	Tax	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio	Harcourt General	H	Y	Neiman Marcus	NMG	05/17/99	Oct-99 p 3:10
Parent	Listed			Date	Spin-Off	Tax																
Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt Ratio																
Harcourt General	H	Y	Neiman Marcus	NMG	05/17/99	Oct-99 p 3:10																

Calendar Highlights ...

Price (8/31/99):	\$66 11/16	Listed			Date	Spin-Off	Tax			
Shares Out.	545 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$36,346 m	Schlumberger	SLB	Y	Sedco Forex		7/12/99			1:5
212-350-9400		Schlumberger (NYSE: SLB) agreed to merge its offshore contract drilling business (Sedco Forex Offshore) with Transocean Offshore (NYSE: RIG). Sedco Forex Offshore will be spun off tax-free and merged with Transocean Offshore in a merger of equals. The resulting company, Transocean Sedco Forex (TSF) will be the world's largest offshore oil driller, and is projected to become the fourth largest oilfield service company in terms of market capitalization, estimated at \$6.3 billion.								
FY: Dec		Transocean Sedco Forex TSF will have the world's largest offshore rig fleet with 75 mobile units, 54 floating and 24 deep floating drill rigs (>3000 ft). The TSF's average deep drill rig is 9 years old compared to the industry average of 18 years. TSF's geographic diversity will include, the North Sea, the Gulf of Mexico, West Africa, Asia, Brazil and the Middle East. Transocean's closest competitor will be Diamond Offshore (NYSE: DO), which is 50.3% controlled by Lowes Corp (NYSE: LTR) and the Tisch family. Diamond Offshore has 12 floating deep drill rigs.								
EPS: (First Call)	<u>00E</u> \$1.67	Schlumberger Schlumberger is one of the world's largest and most diversified oil services firms with a market capitalization in excess of \$35 billion. Operating in more than 100 countries, its Oilfield Services unit provides seismic data and interpretation, drilling rigs and services, wireline logging, well construction, and project management. Its Measurement & Systems unit, which makes smart cards and other measurement and transaction systems, is a world leader in gas, water, and electric meter manufacturing. Subsidiary Omnes, a joint venture with Cable & Wireless, provides information technology and remote communications to oil companies.								
P/E	40x									
Report: August										

Price (8/31/99):	\$12	Listed			Date	Spin-Off	Tax			
Shares Out.	41.3m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$495 m	Technology Solutions	TSCC		eLoyalty		3/30/99		P	CO/SP
312-228-4500		Technology Solutions (NASDAQ: TSCC) announced plans to create a pure-play Enterprise Customer Management (ECM) business in an effort to improve its financial performance and create additional value for shareholders. The company expects to issue an IPO for eLoyalty during the late fall, with the proposed tax-free distribution of shares in a spin-off to follow at a later date (a two-step spin). Chicago based, Technology Solutions provides corporate network systems and enterprise resource planning, supply chain, and customer service applications. TSC assesses a company's procedures, then designs and implements systems which streamline them. Its customers are primarily large corporations in the financial services, communications, and manufacturing industries. The company sells custom designed application software packages and acts as a value-added reseller of computer hardware.								
FY: Dec		eLoyalty eLoyalty is a global business consulting and systems integration organization focused exclusively on building customer loyalty. eLoyalty delivers the proven proficiencies, technologies and business practices that span the full spectrum of a company's operations including the Internet, call centers, marketing channels, sales force optimization, customer service, and field service and logistics. With offices throughout North America, Europe and Australia, the 600-plus employee company is a wholly owned subsidiary of Technology Solutions.								
EPS: (First Call)	<u>00E</u> \$0.46	eLoyalty Highlights eLoyalty posted record revenues of \$34.6 million for the second calendar quarter of 1999. eLoyalty also achieved record business unit operating income of \$8.6 million, or 25 percent of revenues. Business unit operating income increased 46 percent on a year over year basis, and 19 percent on a sequential quarterly basis. In addition, eLoyalty announced the addition of 22 new customers over the quarter, including Allstate Insurance, Toshiba America Medical Systems, Inc. and several Internet focused customer relationship management engagements including Sybase, Inc. in North America, as well as expansions to its relationships with Eircell and Virgin Atlantic in Europe. eLoyalty's Loyalty Lab in Austin, TX also announced new software offerings geared at integrating SAP's R3/R4 and leading edge Internet technology into an integrated loyalty environment. eLoyalty is now working with 94 customers around the world.								
P/E	26x									
Report: August										

Calendar Highlights ...

Price (8/31/99):	\$14 3/4	Listed			Date	Spin-Off	Tax			
Shares Out.	13.3 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$196 m	USBANCORP	UBAN	N	Three Rivers Bank & Tr		7/12/99		P	
814-533-5300		<p>USBANCORP (NASDAQ: UBAN) announced it would spin off its Three Rivers Bank & Trust unit to form a new publicly traded company. USBancorp is comprised of U.S. Bank and USBancorp Trust company in Johnstown, PA, and Three Rivers Bank and Trust Company in Pittsburgh. Together, they service 6 south-western Pennsylvania counties through 46 offices. The spin-off is intended to be a tax-free dividend to shareholders, subject to IRS and regulatory approvals. Consummation of the spin is expected to take six to nine months and is expected around April, 2000. All of the shares of a holding company for Three Rivers Bank will be distributed to shareholders of USBANCORP in proportion to existing USBANCORP ownership.</p> <p>Management states that separating the banking subsidiaries will allow each bank to focus on its core strengths and pursue different future strategic directions. Three Rivers will be positioned to raise capital in a more cost-effective manner so that it can more meaningfully participate in the consolidation of the banking industry. We believe the possible motive for the spin-off is that USBancorp has not been able to partake in the industry consolidation wave. USBancorp's USBank subsidiary has union representation that has made USBancorp a less attractive acquisition target. With a limited market share primarily in greater Pittsburgh, Three Rivers may fit a strategic suitors appetite expanding into the region.</p> <p>US BANK is strategically positioning itself to be a full financial services provider with a strong emphasis on fee income generation through trust services, mutual funds and annuities, and insurance product lines. UBAN will pursue the strategy of emphasizing its union relationships to grow its business in a targeted manner.</p>								
FY: Dec										
Book Value:	\$7.81									
EPS: (First Call)	<u>00E</u> \$1.69									
P/E	8.7x									
Report: August										

Price (8/31/99):	\$16 1/8	Listed			Date	Spin-Off	Tax			
Shares Out.	89.7 m	Parent	Symbol	Options	Spin-Off	Symbol	Announced	Date	Exempt	Ratio
Market Cap	\$1,446 m	US Industries	USI	Y	Strategic Industries		05/18/99	Oct-99	P	1:10
732-767-0700		<p>U.S. INDUSTRIES, (USI-\$16 1/16), is organized into 3 business segments. The Consumer Group manufactures and distributes a broad range of houseware products, recreational and leisure products; the Building Products Group manufactures and distributes Jacuzzi whirlpool baths and spas; the Industrial Group manufactures and distributes automotive components, office furniture and other industrial products. In addition the Co. businesses include various U.S. real estate interests and minority interests in certain U.S. public companies. USI plans to spin-off "Strategic Industries" (the-post-spin label for its Diversified businesses) by year-end. Strategic Industries could earn perhaps \$0.30 in FY00 on a pre-reverse basis.</p> <p>USI reported Q3 operating EPS of \$0.51, up 46% versus \$0.35 in Q398 beating First Call Consensus estimates of \$0.49. The surprise was due to lower taxes and shares (\$0.01 each). USI believes that core businesses should deliver 15% growth in FY00 versus \$1.10 1999E EPS. This seems like a low hurdle given the financial flexibility (roughly \$600 million) that the Diversified spin gives core USI. It appears that Q499 could come in somewhat light due to difficult weather (drought conditions hurt re-orders of garden tools) and inventory draw-downs at customers, which accelerated in Q399. Core USI (Bath & Plumbing, Lighting and Hardware) internal sales grew 7% in Q399. Bath & Plumbing's 12% internal growth led the way with North America sales particularly strong. Core USI segment operating income grew 12% excluding acquisitions (reported core segment income rose 23%). Jacuzzi delivered strong results. The new bathroom suites at Jacuzzi are finding solid market acceptance, although the impact on revenues will not be significant until mid-FY00.</p> <p>At noncore Diversified, sales fell 7% but operating income improved 22% versus Q398 (ex acquisition and charges). Revenues were weak due to elimination of Native's lace product line, lower auto components and acquisitions and flat Rexair (vacuum cleaners) sales. Margin improvement was driven by a positive shift (towards auto components) and better Rexair margins.</p>								
FY: Dec										
Book Value:	\$10.15									
EPS: (First Call)	<u>00E</u> \$1.83									
P/E	8.8x									
Report: June										

Fresh Spin-Off Situations

Action Performance Plans IPO of goracing.com

On July 6th, 1999 Action Performance's (Nasdaq: ACTN-\$24 7/16) Goracing.com network filed a registration statement with the SEC for an initial public offering of its class A common stock. Goracing is an online provider of worldwide motorsports-related news and information, a meeting place and community for motorsports fans, and an e-commerce marketplace for motorsports merchandise. The initial public offering will be managed by Banc of America Securities L.L.C., William Blair & Company, U.S. Bancorp Piper Jaffray, and J.C. Bradford & Co. Action Performance will continue to own more than 80% of the shares of goracing.com after the offering. **The offering is anticipated in September.** The class A shares are expected to trade on the NASDAQ under the symbol "GRCN". The company will use \$2,000,000 of IPO proceeds to repay intercompany payables to Action Performance.

Goracing.com, plans to use the proceeds from the offering to promote the goracing network and expand sales and marketing activities; to add online content, community features, and e-commerce opportunities on the goracing network; to hire management and other personnel; to enhance network technology, software, and basic infrastructure; to expand internationally; and to pursue strategic relationships and acquisitions. Goracing.com operates a Web site featuring motorsports-related news and information on 14 racing series, including NASCAR and Formula One. The company uses its parent's relationships with more than 30 racing luminaries (including Dale Earnhardt, Jeff Gordon, and Rusty Wallace) to offer online chat sessions and merchandising agreements. Its SpeedMall Web site offers online shopping for motorsports merchandise, such as apparel, die-cast models, and souvenirs. goracing.com says its online network had 15.7 million page views and approximately 923,000 unique visitors during May.

More than 17 million fans attended racing events in North America during 1998, with an additional 287 million estimated viewers tuning into NASCAR events last year. Internationally, Formula One events are broadcast worldwide to approximately 130 countries. Corporate sponsors are expected to spend more than \$1.2 billion, or 24% of all sports sponsorship dollars, on motorsports marketing programs in the United States in 1999. Goracing.com believes their network provides merchants and advertisers targeted access to the growing base of motorsports fans throughout the world. **During the fiscal year ended September 30, 1998, the company generated \$38.7 million in revenue, up from \$22.9 million in revenue during the prior fiscal year. For the six months ended March 31, 1999, we generated \$21.2 million in revenue, up from \$14.6 million in revenue during the same period of the prior year.** From the early February 1999 launch of SpeedMall through June 30, 1999, the company-owned online stores received approximately 70,000 orders representing sales of approximately \$9.0 million, an average of \$129 per order.

Action Performance firm designs and markets collector-quality die-cast miniature replicas of NASCAR and other racing vehicles, sells licensed motorsports apparel and souvenirs, and manages race car drivers' marketing endeavors. Action has a licensing agreement with toy maker Hasbro, which produces die-cast cars for the mass-merchandise market. Action sells its products directly to its collectors' club, at trackside, and to retailers. It is spinning off its online retail subsidiary, goracing.com, but will retain an 80% stake in it. Founder, chairman, president, and CEO Fred Wagenhals owns 13% of Action, which has grown through a series of acquisitions. The company ranked #76 in *BusinessWeek* 100 Hot Growth Companies. The firm generated \$24.6 million in income on \$236.1 million in sales in 1998 (FY Sept). Action Performance has about 17 million shares outstanding and a current market cap of \$416 million. The consensus earnings for fiscal 1999 (ending Sept.) are \$2.00 and \$2.65 for next year.

Fresh Spin-Off Situations

HRPT Properties Trust to Spin-Off Senior Housing Properties

On August 2, 1999, HRPT Properties Trust (NYSE: HRP) announced a revised plan to separate its office properties from its senior housing and healthcare real estate. Originally, the company intended to separate its senior housing and healthcare real estate through an IPO. Because of the slump in share prices of health-care REITs, the company will distribute shares through a stock dividend. This revised plan results in HRP's retaining a higher than expected 49% interest in the health care unit. The health care unit will be called Senior Housing Properties Trust and has filed to trade on the NYSE as "SNH." HRP expects to pay the special dividend in September. HRP shareholders will receive one share of SNH for every 10 shares of HRP. Immediately after the distribution, SNH will draw \$200 million from a \$350 million line credit and pay HRP.

After the spin-off, HRPT will have 149 office buildings at a cost of \$2.3 billion which represents a combined 16,344,449 square feet. The Newton, MA based company has 17 properties in Philadelphia, 21 in Austin, TX, 15 in Washington, DC, 30 in Boston, 17 in southern California, and 49 in other markets. Additionally, HRP will have \$717 million of senior debt outstanding and \$205 million of subordinated debt. To fund growth, the company has a \$500 million bank credit facility. HRP will also have 4 million shares of Hospitality Properties Trust and 12.8 million shares of SNH. HRP's stake in SNH will represent 49%. The size of this stake will decrease as SNH issues additional shares for expansion. Lastly, HRP will pay a dividend of \$1.28 per share yearly. REIT Management & Research, Inc., which some HRPT trustees own, conducts the company's day-to-day operations by providing investment, management and administrative services.

Senior Housing Properties Trust will have about 26 million shares outstanding. Following the distribution, the company will have 93 properties in 26 states that it will lease to 9 tenants. These properties have a combined cost of about \$770 million. The major tenants of SNH are: Marriott (42%), Brookdale Living Communities, Inc. (13%), Integrated Health (29%), and Mariner (11%) among others. The company said that it leases more than half of its health-care properties to Marriott and Brookdale, which have little or no Medicare or Medicaid reimbursement programs. Annually, the company will generate about \$91 million of rent. The company will have \$200 million in debt

outstanding that it will draw from a \$350 million bank credit facility. Management anticipates that SNH will pay a dividend of about \$2.40 / share per year.

Financial Information

Revenues for the quarter ended June 1999 when compared to the prior quarter remained relatively flat at \$106.6 million. Net income for the quarter declined by 21% to \$37.7 million. EPS for the quarter was \$0.29, a decrease of 3%. When compared to the same quarter from 1998 (2Q98), revenues and net income increased by 28% and 12%, respectively. Funds from operations (FFO) increased from 2Q98 by 14% to \$62.4 million. EPS declined when compared 2Q98 by 3%. FFO per share remained flat at \$0.44. For the year ended December 1998, revenues were \$366.5 million (59.5% increase from December 1997). EPS fell by 2% to \$1.21, although net income for the year ended December 1998 increased by 27% to \$144.6 million.

On a pro forma basis, HRP, without SNH, had revenues of \$83.9 million in the quarter ended June 1999. Net income, before gain on sale of properties and FFO for the quarter was \$31.5 million and \$52.6 million, respectively. SNH's revenues, net income before gain on sales of properties and FFO was \$22.6 million, \$12.5 million and \$18.1 million, respectively.

Valuation

As a group, REITs have not performed well for some time. REITs have been trading at about 10x Price / FFO. At a price of \$17 per share, SNH would trade around this range. Additionally, dividends would represent about 66% of FFO and FFO represents about 18% of total debt. These indicate that the company is generating enough cash to fund any growth and pay any debt. As with most REITs, SNH's Price / Net Asset Value and Price / Real Estate per Share are both at less than 1x. If we back the value out of SNH from HRP, it would imply a stub value of about \$11.68 per share and a 16.8x FFO multiple. HRP's dividends are about 92% of FFO and FFO is about 9% of total debt. Such a high dividend payout is cause for concern because the company does not appear to be retaining sufficient cash flow to promote growth. FFO as a percentage of total debt indicates that HRP is generating enough cash to pay down debt. HRP's Price / Net Asset Value and Price / Real Estate per Share appears to be trading at a premium relative to other REITs. One additional consideration is the conservative debt -to-capital ratios which the firms possess. Investment grade REITs have debt-to-capital ratios of 50%-60%; HRP and SNH have conservative ratios in the 30% range.

Fresh Spin-Off Situations

Hyperfeed Technologies will Carveout PCQuote.com

Hyperfeed Technologies, formerly PCQuote (Amex: PQT), a provider of real-time and delayed stock and market quotes and engineer of HyperFeed(TM) 2000, the fastest data feed available plans to offer 7.5 million shares of PCQuote.com in an IPO expected early September between \$12-\$14 per share. The underwriters are Prudential, U.S. Bancorp's Piper Jaffray, FAC/Equities and E*Offering. Hyperfeed will retain approximately 7.8 million shares and have 50% voting control.

Hyperfeed Technologies offers real-time and delayed securities quotes and financial news to both professional clients and individual investors. Its flagship HyperFeed service transmits real-time financial data via satellite or digital data lines to servers at the customer locations. Hyperfeed Technologies MarketSmart subscription Web service provides real-time financial information over the Internet. The company also offers free delayed stock quotes on its Web site. Chicago based Hyperfeed Technologies lost \$6.4 million on \$23 million in sales in 1998. There are 14.8 million shares of Hyperfeed outstanding.

In April, Hyperfeed Technologies announced a strategic partnership between its newly incorporated subsidiary, PCQuote.com and CNNfn the financial network. Under a limited exclusive licensing agreement, PCQuote.com will provide CNNfn's financial news to users of its financial content website, PCQuote.com users will have access to continuously updated business stories from CNNfn, with direct links back to the

full range of financial information and services offered on the CNNfn.com site. Under the term of the agreement, CNNfn will acquire a minority equity position in PCQuote.com. CNNfn.com, which averages more than 1 billion page views a year, is a source for business news, financial intelligence and free business services.

PCQUOTE.COM

PCQuote.com is an Internet-based provider of real-time and delayed market quotes, timely business news and comprehensive tools for researching and analyzing financial information. Services consist of two Internet-enabled desktop applications, PCQuote 6.0 RealTick and PCQuote Orbit. Proforma revenues for 1998 were \$9.9 million and an operating loss of \$4.3 million. As of June 30th, 1999, PCQuote.com posted \$6.9 million in pro-forma revenues and an operating loss of \$2.7 million.

Valuation

It is obvious that Hyperfeed Technologies is trying to create currency and garner awareness of its Internet presence. If the offering is completed mid-range at \$13, it would value Hyperfeed's ownership at \$101 million, or \$6.85 per Hyperfeed share. As usual with these internet offerings, the valuation implies the parent is trading at close to zero on an implied basis, if we back out its stake in PCQUOTE.com.



Fresh Spin-Off Situations

Limited Completes "Too" Spin-Off

Limited (LTD) distributed 100% of the shares of Limited Too (NYSE:TOO \$17 9/16) on August 23, 1999 to shareholders of record as of August 11th. Limited shareholders will receive one share of "TOO" for every seven shares of Limited. Limited Too is a specialty retailer which operates 332 stores in 43 states, geared toward fashion-aware young girls (age 7 - 14 is the target customer group). Limited Too stores sell apparel, underwear, sleepwear, swimwear, lifestyle and personal care products. Limited estimates that approximately 30 million shares of common stock in TOO will be distributed. Regular-way trading will begin on August 24th, 1999. When-issued trading started on Monday August 9th, with TOO closing at \$14 5/8 a share. With 30 million shares out, TOO has a \$525 million market cap.

The Limited- through Express, Lerner New York, Lane Bryant, Limited Stores, Structure, Limited Too, Galyan's and Henri Bendel, currently operates 3,383 specialty stores. The company also owns 84% of Intimate Brands (NYSE: IBI), specialty retailer of intimate apparel, beauty and personal care products through the Victoria's Secret and Bath & Body Works brands. Victoria's Secret products are offered through 859 stores, Victoria's Secret Catalogue and online. Bath and Body Works products are available in 1,126 stores.

Limited Too

We attended the analyst presentation for TOO on August 4th. Michael Rayden, CEO of TOO, shared his plans for the company as a stand-alone retailer. Mr. Rayden joined Limited Too in March of 1996 to fix a brand that was in disarray. Before joining TOO he served as the CEO of Pacific Sunwear from 1990 to 1996, the CFO of Stride Rite from 1987 to 1989 and CEO of Eddie Bauer from 1984 to 1987. Under Mr. Rayden,

Limited Too has experienced better performance under a revised strategy focused on fashion-conscious young girls.

Too has established itself as the hottest brand in specialty girl retailing. In the period from fiscal 1996 to fiscal 1998 TOO increased net sales to \$376.9 million from \$258.8 million. CFO, Kent Kleeberger suggested that he expects the company to generate \$440 million in sales for fiscal 1999. Indeed, this may prove conservative given this guidance assumes only 5% increases in comp's. Gross margins were 33% in FY98. The goal is to increase gross margins to 36% this year. Pretax operating income improved to \$28.5 million from a loss of \$8.9 million. Operating income as a percent of sales increased to 7.6% from a loss of 3.4%. The company suggested \$34 million in operating income is achievable this year (an increase of 19.3%). Sales per average square foot improved to \$300 from \$214. The company has enjoyed 11 consecutive quarters of double digit comparable store sales. The company plans to open about 40 new stores per year in 1999 and 2000 and will remodel or expand approximately 20 existing stores in 1999. There are approximately 330 Limited Too stores currently. Michael Rayden believes that they can grow the brand to 700 stores. Too expects 18% sales growth and 20% earnings growth going forward. Profits are highly seasonal, with 97.5% of 1998 profits generated in the third and fourth quarters. Too inherited \$50 million in debt from Limited, indicating an enterprise value of \$563 million. Proforma shareholders' equity as of May 1, 1999 was \$9.236 million.

"Girl Power"

A major element of Too's recent success is the "Girl Power" store environment. The stores are designed to provide a "theme park" destination in the mall and to encourage customers to touch and sample products. Stores feature colorful window displays, photographic sticker booths, ear piercing stations, and gumball

machines. Mike Rayden described the feel as a "sorority for 10 year old girls, who watch Dawson's Creek, wish to dress like their older sister and enjoy shopping with their friends". The sales and returns are substantially higher for stores under the "Girl Power" format. The problem is that less than 25% of the Too fleet is converted into the new format. Limited Too projects that 25% will be converted by the end of fiscal 99. By 2002, they expect 60% to all stores to be "Girl Power" type stores.

Catalog and Web Launch

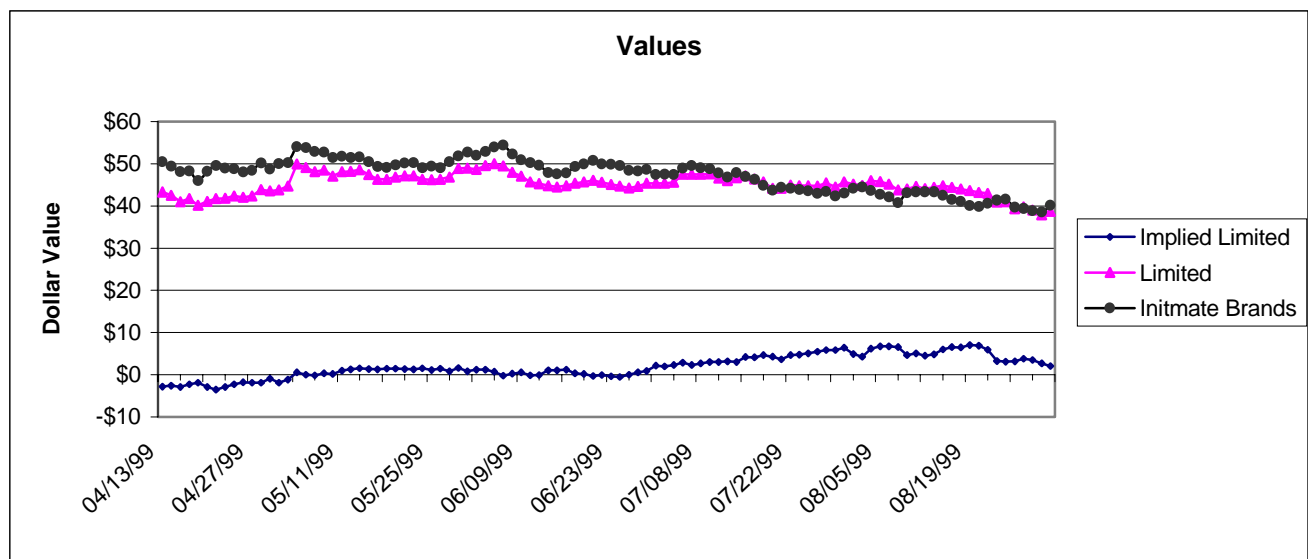
Limited Too will be mailing a 72-page catalog out in mid-October to 1.5 million customers currently in their database. It is expected that the catalog business will lose money for the first three years. Management is modeling a \$2 million loss in 1999 and 2000, and breakeven for 2001. Also in October, the company will be launching a content-community web-site to pave the way for future e-commerce plans.

Sum of the Parts

With Limited owning 84% of Intimate Brands, 93% of LTD's share price reflects its investment in

IBI. Limited currently owns 210 million shares of **IBI, which accounts for \$35.15 of each Limited share.** With the recent weakness in the retail group, IBI is now 23% off its 52-week high of \$52 3/8. The company said sales in July increased 13% to \$273.3 million from \$242.8 million, while same sales at stores open at least a year rose 9%. In addition to strong business momentum at the core Victoria's Secret and Bath and Body businesses, the company is paving the way for new growth ventures like the Intimate Beauty Business, White Barn Candle and the Internet (which they recently announced an agreement with AOL), which gives us some conviction that the company will deliver at least 15% EPS growth.

With LTD, owning 84% of **IBI, it is essentially a cheaper and more liquid way to garner exposure to IBI.** The Limited apparel businesses are showing signs of life. The company has completed a number of restructuring initiatives over the last few years including the split-off of Abercrombie and Fitch (NYSE:ANF) and the sale of some non-core divisions. In addition, LTD has completed three share repurchases. Limited currently trades around \$37 7/8, suggesting a stub value of \$2.72 (\$37.875 - \$35.15 in IBI = \$2.72 per share).



Fresh Spin-Off Situations

Lynch Corporation To Spin-Off Lynch Interactive

On August 11, Lynch Corporation (AMEX: LGL, \$78) of Rye, NY, expects to complete the spin-off of its Lynch Interactive Corporation. The spin-off is expected to be tax-free and is pending approval of the IRS. Each shareholder of Lynch Corporation would receive one share of Interactive stock. The new stock is expected to be listed on the ASE "LIC". Interactive will own all of Lynch's current multimedia and service businesses, while Lynch will hold all manufacturing businesses. (AMEX: SKK & SKKA), and Lynch will own a 48% equity interest in Spinnaker post spin-off, as well as M-tron Industries, Inc. and Lynch Systems, Inc. A transfer of approximately 15 percent of Spinnaker common shares will likely go to the "Interactive" side.

Lynch Corporation is a holding company for various businesses and will retain manufacturing businesses. Operations include: multimedia, services and manufacturing. The Company provides telecommunications services, operates television stations, and provides personal communications services. Also provided are outsourcing transportation services to various industries and manufactures and markets adhesive carton sealing tape and adhesive-based label stock. Manufacturing subsidiaries include: Spinnaker (industrial sealing tape and adhesive-based labels), Lynch Systems (components for television screens and computer monitors), and M-tron Industries (quartz crystal products). CEO Mario J. Gabelli owns nearly 25% of Lynch Corporation. The Company actively seeks acquisitions in related existing business areas. The spin-off is designed to allow shareholders to attain maximum value of each entity and for investors to be able to pursue investment activity within the separate entities more efficiently. Lynch currently has a market capitalization of \$110 million on 1.42 million shares.



Lynch Interactive Corporation will consist of Lynch's multimedia and service group. Interactive will own the telephone companies, television interests and PCS interests, in addition to a 55% equity interest of The Morgan Group, Inc. (AMEX: MG). Interactive will also own a 13.6% equity interest in Spinnaker Industries, Inc. (AMEX: SKK) Lynch will retain a 48% equity interest in Spinnaker Industries, as well as M-tron Industries, Inc. and Lynch Systems, Inc. Services subsidiary The Morgan Group transports manufactured housing units and recreational vehicles. The Company holds about 1.36 million shares in MG. Lynch's telecommunications division brings wireless communications to about 15,000 customers in rural New Mexico and North Dakota, Interactive will consist of: nine rural telephone companies, a 20 percent interest and a 50% interest in two network television affiliates: CBS affiliate WHBF-TV, serving parts of Illinois and Iowa, and ABC affiliate WOI-TV in Des Moines, Iowa, and a minority investment in two personal communications services (PCS). The PCS division includes a 49.9 percent partnership with Fortunet Communications, (covering nearly 7 million POPs) and a 49.9 percent partnership with Aer Force Communications, (covering nearly 20 million POPs).

Fresh Spin-Off Situations

Perfumania To Carveout Perfumania.com

Perfumania (NASDAQ:PRFM-\$3 1/4) has more than 280 stores in 36 states and Puerto Rico under the Perfumania, Perfumania Plus, Nature's Elements, and Class Perfumes banners. Its stores offer about 175 fragrances (including its own Nature's Elements label) at discount prices. Perfumania is collaborating with World Championship Wrestling to sell fragrances through its Web site, which has filed to go public. Its wholesale division distributes fragrances in the US and overseas. The family of CEO Ilia Lekach (also chairman of supplier Parlux Fragrances) owns about 23% of Perfumania (and has options to buy another 17%). With only 7.4 million shares outstanding Perfumania is a microcap stock with a current **market capitalization of \$24 million**. The **IPO is expected to begin trading in early September**.

Perfumania.com

Launched in 1999, the online sales arm of discount fragrance retailer Perfumania, perfumania.com sells more than 1,700 items, including fragrances and related products (deodorants, moisturizers, powders) and bath and body goods (scented candles, body splashes). perfumania.com's merchandise ranges in price from \$5-\$100 and includes designer fragrances (Giorgio Armani, Tommy Hilfiger, Cartier) and private-label fragrances. The company also offers its products wholesale to small, specialty retailers. After perfumania.com's planned IPO, Perfumania - which is controlled by the family of CEO Ilia Lekach -- will own about 67% of the company. Cruttenden Roth is doing the underwriting. The company **expects to raise \$28 million by selling 3.5 million shares between \$7 and \$9 per share**.



Since inception, perfumania.com has been operating at a loss. Net losses of \$764,657 for the three months ended May 1, 1999 primarily related to start-up costs. The company expects that **operating losses and negative cash flow will continue for the foreseeable future** as it invests in marketing and promotional activities, technology and operating systems.

Second Quarter Results

Aug 27, 1999 Perfumania announced results for its second quarter ended July 31, 1999. For the second quarter of 1999, the Company reported a profit of \$0.7 million or \$0.09 per diluted share, compared with a net loss of \$1.3 million or (\$0.20) per diluted share for the second quarter of 1998. Improvement was driven by increases in total revenues, comparable retail store sales, and gross profit. Results are before a non-cash interest charge on issuance of convertible debentures. Second quarter total revenues for 1999 increased 15.8% to \$46.0 million from \$39.7 million reported in 1998. Retail sales increased 18.9% to \$35.0 million from \$29.5 million in 1998. Comparable store sales increased 12.1%. Total gross profit increased 16.0% to \$19.2 million from \$16.5 million in 1998.

President Files Form 144, To Sell Shares

Jerome Falic, president of Perfumania reported on June 28, 1999, the proposed sale of 250,000 shares on June 25, 1999, for \$789,000 through Bank of America Securities LLC.

Fresh Spin-Off Situations

Snyder to Complete Ventiv Spin-Off and Create Circle.com Tracking Stock

Snyder Communications, Inc. (NYSE: SNC) announced August 31st as the record date for a special shareholders meeting to vote on the proposed creation of a tracking stock "Circle.com". The date of the meeting has yet to be announced. Snyder will distribute 80% of Circle.com in a ratio of one Circle.com share for every four Snyder shares. Additionally, on June 23, Snyder revealed plans to spin-off Ventiv Health, its healthcare marketing services unit, through a tax-free stock dividend. The ratio for Ventiv Health is one share of Ventiv Health for every three shares of Snyder. The company will trade on the NASDAQ under the ticker "VTIV". Both transactions are expected to occur in late September.

Snyder Communications

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

Financials

On July 29th, Snyder Communications reported second quarter earnings of \$154 million (excluding Ventive and Circle.com), a 34% increase over 1998, but below analysts forecasts. Snyder reported \$287 million for the first six months of 1999, a 28% increase over 1998. In the last month Snyder's stock has come under pressure as a result of slower growth and increased expenses as a result of the corporate reorganization. Since their second quarter announcement on July 29th, Snyder stock has fallen by over 30% from \$27 ³/₄ to a recent \$19 ⁷/₈. Snyder is expected to post 1999 revenues slightly below \$600 million, and generate approximately \$115 million in EBITDA or \$1.55 per share. Operating margins are approximately 16.4%.

Ventiv

Ventiv will be one of the largest providers of sales and marketing services for the pharmaceutical and life science industries. The new CEO of Ventiv is Eran Broshy of the Boston Consulting Group, where he served 14 years and headed the North American healthcare strategy and consultant practice.

Currently, approximately \$1.4 billion out of an estimated \$50 billion of marketing services are outsourced (2.8%). However, because regulatory and cost containment pressures along with escalating R&D costs, management believes that more companies will outsource their marketing services to increase flexibility and to control costs. In 1998, Ventiv recorded \$335 million in pro-forma revenues, and the company estimates that revenues will exceed \$400 million in 1999.

Ventiv will divide into 3 operating groups: Health Product Research Group, Healthcare Communication Group, and Contract Sales Group. The Health Product

Research Group seeks to optimize the mix of sales and marketing over a product's lifecycle. Healthcare Communication Group educates physicians and decision-makers about advances in pharmaceuticals from the prelaunch of a product to maturity. The Contract Sales Group implements and executes the outsourced sales programs. The Contract Sales Group has one of the largest direct sales forces in the world. Clients of the organization include the 20 largest pharmaceutical companies in the world as well as 45 of the 50 largest. Clients include Abbott Laboratories, Bausch & Lomb, Baxter, Bristol-Myers-Squibb, and Eli Lilly. Only Quintile Transnational (NASDAQ: QTRN) is a direct competitor across all of Ventiv's operating groups.

Circle.com (Tracking Stock)

Circle.com creates Internet-based customer relationship management systems for Fortune 1000 clients and e-commerce companies. The services that the company offers are business consultancy, brand development, interactive marketing databases, real-time marketing systems and e-commerce architectures. Circle.com sees strategic advantage in delivering all of the services, by delivering integrated services across multiple parts of a client's business, Circle.com wants to become an integral part of their client's organization. Thus, creating long-term client relationships that evolve as the client's Internet-based business strategy evolves. Customers of

circle.com include IBM, wsj.com (The Wall Street Journal – a subsidiary of Dow Jones & Co), Bell Atlantic, toysmart.com, OfficeDepot.com, Mobil Oil, and Fleet Financial. In 1999, revenues are estimated to grow over 162% to \$34 million from \$13 million in 1998, but we do not expect Circle.com to show a profit until 2001 at the earliest. The tracking stock is expected to create a currency for Snyder to pursue acquisitions and to highlight their Internet exposure.

Valuation

Street estimates for 2000 indicate that Ventiv could earn approximately \$0.40 pre-distribution. Applying Ventiv's closest comparable's 2000 P/E estimate of 18x's (QTRN), Ventiv's valuation appears to be worth \$7.20 of Snyder. Upon completion of the spin-off there will be approximately 24 million shares outstanding (1:3 ratio) which indicates that Ventiv could trade around \$21 per share. This implies that the stub portion of Snyder (including circle.com) maybe worth roughly \$12 per share. Backing out Ventiv's potential earnings contribution of \$0.40 from Snyder's First Call 2000 estimates of \$1.30, we estimate Snyder will earn \$0.90 per share. Valuing Snyder at \$12 per share, suggests that it is trading at 13x earnings.



Fresh Spin-Off Situations

Viacom Carve-out of Video Rental Subsidiary No Blockbuster

Newly public shares of Blockbuster Inc. ended their first day of trading unchanged at \$15. The tepid debut was due most likely to a jittery market coupled with some concern over the company's long-term prospects given looming competition from video-on-demand. The shares went public on August 12th at \$15 each, below their estimated range of \$16 to \$18 a share. About 11.7 million shares of the giant video rental chain were traded. Some news reports said lead underwriter Salomon Smith Barney bought up some stock to keep the shares from falling below their offering price—something Blockbuster and its parent Viacom Inc. were trying to avoid by keeping the price on the low side. **Viacom sold 31 million shares, or 17.7%, of Blockbuster, taking in \$465 million and setting a value of \$2.63 billion** for the entire company. The proceeds from the offering will be used to pay down debt. Viacom has said it plans to divest the rest of the company as well, probably next year in a split-off. At current prices, Blockbuster represents \$2.94 per Viacom share (7%).

Viacom bought Blockbuster in 1994 for about \$5.4 billion, before the company went into a tailspin. Viacom chief Sumner Redstone has made significant headway turning the business around by forging revenue-sharing agreements with major Hollywood studios. The studios are also making more money from revenue sharing, which is why many investors don't see them jumping full force into video-on-demand anytime soon, leaving Blockbuster a clear field for a number of years. Blockbuster is the world's #1 video rental chain, with more than 4,250 company-owned and franchised US stores and nearly 2,250 stores in 25 other countries. Blockbuster sells and rents videos and DVDs and rents VCRs, DVD players, video games, and video game consoles.

Viacom is a leading entertainment company, which boasts such franchises as the MTV Networks, "Beavis & Butthead," and "Star Trek." Based on 1998 results, Viacom's EBITDA is 33% Entertainment, 24% Blockbuster, 44% Networks/Broadcasting, 5% Theme Parks and 4% Publishing. Viacom has been deleveraging and divesting nonstrategic assets. MTV is now the number one music channel and the number one youth channel. VH-1 should achieve 68 million subscribers by year-end 1999.

MTV Networks Online executive Eyes IPO

The newly named president of MTV is mulling a possible initial public offering. The new company is considering a number of financing opportunities, including an IPO. The new company will include VH1.com, MTV.com and SonicNet.com. The new company also intends to push into e-commerce with downloadable music. The Internet could be a major pathway for leveraging the core brands. The MTV and Nickelodeon websites, which are already number one in their genres, should be enhanced by the recent acquisitions of Imagine Radio, Nvolve, Red Rocket, and Sonicnet.

After a series of divestitures, including the sale of its cable systems, educational & reference publishing, and most recently, 17.7% of Blockbuster, Viacom has an attractive financial profile. The net debt is expected to approximate \$4 billion by year-end 1999 (versus \$9.7 billion at year-end 1996), with a leverage ratio approaching 5x. The company is expected to generate roughly \$600 in free cash flow in 1999. The company recently boosted its share buyback program to \$600 million.

Viacom

Price: 8/30/1999	\$42 15/16	Revenues 98A	\$12.095 B
52-Week Range	\$49 - \$25	EPS 98A	\$0.28
Shares Outstanding	711 M	Dividend/Yield	Nil
Market Capitalization	\$30.6 B	L-T Debt/Capital	24%

Recently Announced Spin-Off Situations

AutoNation To Divest Auto Rental Operations

On August 2, Fort Lauderdale based, AutoNation (NYSE: AN-\$13 7/8) announced an intention to boost the price of its stock through a couple of viable restructuring options. First, is the idea of creating a tracking stock for the Internet division. Secondly, is the idea of spinning off the auto-rental business (includes: National Car Rental System Inc., Alamo Rent-A-Car Inc., [both International] and CarTemps USA, formerly known as Spirit Rent-A-Car Inc.) altogether, in hopes of allowing investors to recognize AutoNation as a pure-play auto retailing corporation. Formerly known as Republic Industries, AutoNation is the largest of auto-retailer in the U.S. AutoNation has 412 automotive franchises and 42 AutoNation USA stores in 24 states. Management believes that separating the rental unit will let investors see strengths and growth opportunities of the retail operation.

The spin-off is the latest effort at boosting AN's lagging stock price. Wall Street has been rather wary of AutoNation due to the cyclical nature of the industry plus the missteps the company has taken in trying to devise a long-term winning strategy. The company has already sold or spun-off waste hauling (Republic Services - NYSE: RSG, a 64% stake), billboards and home alarm businesses in a prolonged campaign to lift the company's shares. Also, the company has announced plans to buy back \$500 million of its stock, for a total of \$1 billion, under its ongoing repurchase program, stating that their shares are currently undervalued. AN has given no timetable for these plans and the board said they are investigating exactly which form the action may take. Currently, AutoNation's balance sheet reveals the auto-rental business as a "discontinued" operation. The proposed plans should allow AutoNation to pursue more strategic acquisitions and to expand its core businesses. In the end of 1998, the company decided to launch a pilot project in Denver to revolutionize auto-retailing and servicing by uniting its 17 dealerships in that market under one brand

(John Elway AutoNation). A no haggle pricing procedure was implemented and service departments are to be more efficient and will guarantee repairs in terms of time, cost and quality. This program previews the future of AN's dealerships nationwide and it is expected that at least two more markets will undergo the John Elway project by year-end. Successful attributes of this program will be introduced throughout all markets by year-end 1999.

AutoNationDirect.com is the company's new e-commerce initiative. A fully integrated website, allowing potential auto buyers the opportunity to browse AutoNation's entire inventory in a particular area, compare makes and models, check prices, chat electronically in real-time with Internet sales guides, arrange financing and insurance and complete the entire transaction online. Year to date, the company has transacted 15,000 vehicles over the Internet. Plans for the issuance of a tracking stock are in the works for this venture.

Auto Rental Business Worth About \$4 per AN Share. We believe the auto rental business (Alamo, National, and Car Temps) could earn EPS of \$0.45 in 2000 (up from about \$0.30 in 1999). At 10x estimated 2000 EPS, Auto Rental operations could be valued at \$2.0 billion or \$4.40 per share. The company intends to divest the auto rental operations in the form of either a tax-free distribution or an outright sale to a strategic buyer. We believe it more likely that the business will be divested through a tax-free spin-off. We suspect these businesses could benefit from improved corporate focus. It is estimated that Hertz, Dollar Thrifty Group, and Budget will post 1999 much greater car rental operating margins. Alamo/National operating margins have trailed others in the sector by 10 or more full percentage points in each of the past four years. We see no fundamental reason that Alamo/National can not perform on a par with its peers. If the company were able to achieve a margin of just 10%, operating income in the current

AutoNation

Price 8/30/1999	\$13 7/8	52-Week Range	\$19 - \$10
FY:	December	Dividend/Yield	Nil
Shares Outstanding	453.1 M	Revenues 1998A	\$12.66 B
Market Capitalization	\$6.29 B	EPS 1998A	\$0.47
ROE (1998)	12.1%	EPS Consensus 1999E	\$0.89
Current Book Value	\$11.60/Share	P/E	15.7x

year would be \$360 million rather than the \$165 million now expected. It is apparent that the synergies expected from ownership of auto rental and auto retailing has not materialized. When AutoNation (then known as Republic Industries (RII)) acquired Alamo in 1996 and National in 1997, the company hoped to use the rental operations as a source of used cars for its used car superstores. The used-car superstore model has not been stellar, and AN has halted the expansion of these operations in favor of new-car dealerships.

AutoNation Second Quarter

In August, AutoNation (AN) announced EPS for the second quarter of 1999. Auto retail performed well and Auto Rental continued to underperform. The company reported EPS from Auto retail operations of #0.21 vs. \$0.11 in the year-ago period. Revenues were \$5.1 billion. Margins were 3.8%. Same-store franchise automotive revenue grew 5%. The consensus estimate for this year is \$0.89 per share. The auto rental operations again disappointed. In the quarter they posted EPS of just \$0.06. Systems problems at National were addressed at the end of the quarter but hurt the company's performance. Operating income was \$30 million, down significantly from \$70 million in the year-ago period, but an improvement over the \$5 million operating loss in the first quarter. The auto rental business will be reported as discontinued operations going forward.

AutoNation Pure Play Auto Retailer

We suspect AutoNation would garner a richer multiple as a pure play. AutoNation is well positioned, given its debt-free balance sheet (other than vehicle debt), considerable borrowing power (none of the \$1.5 billion line of credit has been drawn down), strong cash position (the company has \$640 million of cash), and relative size (the firm is roughly 4x the size of the next-largest listed dealership, Sonic Automotive with 121 franchises). When the auto rental operations is separated, AN will be able to focus on its core auto retailing business, which should enhance operating performance.

Recently Announced Spin-Off Situations

Interpool to Explore Spin-off of Microtech and PoolStat

On August 9, Interpool Inc. of Princeton, NJ (NYSE: IPX- 9 1/2) announced it intends to explore the separation of its Microtech and Poolstat businesses into a separate entity under the Microtech name, and effect a spin-off of Microtech to Interpool shareholders. It plans to separate two of its subsidiaries, thus creating a pure-play cargo container and chassis leasing business. Also, the spin-off would provide investors with the chance to participate in the potential growth of Poolstat's Internet-based business to business chassis management operation. This operation allows 24-hour billing and tracking capabilities to pools of chassis. User lines are interrelated and can be shared, it is the internet based business of Poolstat combined with Electronic Data Interchange (EDI) which is an electronic, publicly used, downloading center for tracking chassis, which allows for the maximization of these capabilities, via Poolstat's proprietary software. The proposed spin would combine both technology subsidiaries: **Microtech**, which leases technology assets, and **Poolstat**, which operates proprietary pool management software. The newly created company would continue under the name, Microtech. The spin-off is expected to happen in the next 12 months. Microtech will most likely be spun-off to Interpool shareholders.

Interpool, founded in 1968, is a leader in the intermodal transportation business. Intermodal transportation permits movement of cargo in a dry, standard steel freight container by means of a combination of ship, rail and truck without unpacking and repacking of the contents during transit. It is one of the world's leading lessors of intermodal dry freight standard containers and the second largest lessor of intermodal container chassis within the U.S. Intermodal transportation is an efficient and cost-effective way to transport cargo, and it has facilitated dramatic growth in international trade. **Microtech** is primarily a lessor of computers and other information-technology based equipment to

companies. **Poolstat** is an Internet-based chassis-management business. The more profitable Microtech, will be combined with the struggling **Poolstat, which has exclusive rights to Poolstat's proprietary software.**

Second Quarter Results

Interpool reported 1999-second quarter net income of \$5,726,000, or \$0.20 per diluted share, versus net income of \$9,374,000, or \$0.33 per diluted share, for the same period in 1998. Revenues during the second quarter of 1999 were \$44,154,000, as compared to \$44,506,000 in the second quarter of 1998. For the first six months of 1999, net income was \$14,982,000 or \$0.52 per diluted share, as compared with net income of \$17,484,000, or \$0.61 per diluted share, for the same period in 1998. Revenues for the first half of 1999 were \$100,725,000, as compared to \$87,338,000 in the same period last year. Results in the recent quarter were negatively affected by the transfer of a significant portion of the Company's finance lease portfolio under the securitization facility in the first quarter of 1999. The sale caused a decline in revenues from finance leases from \$9.4 million in the second quarter of 1998 to \$3.1 million in the recent quarter, and a decline in pretax income from \$5.0 million to \$0.9 million for the same periods.

Revenues and pretax income from Interpool's operating leases, which include both containers and chassis on long-term lease, rose year over year as a result of increases in the size of the fleets. The Company's container operating lease fleet at the end of the second quarter was approximately 260,000 TEUs (twenty-foot-equivalent units), up from 244,000 TEUs at the beginning of the quarter. The chassis operating lease fleet at June 30th was 75,000, up from 72,000 in the previous quarter. Utilization of the container and chassis fleets in the quarter were 97% and 92%, respectively. Interpool has 27.6 million shares out for a market cap of \$264 million.

Recently Announced Spin-Off Situations

Nordstrom Forms Internet Unit, May Offer Stock

Nordstrom (NYSE: JWN) unveiled plans to forge a separate **Nordstrom.com** unit to concentrate on its growing Internet sales, and said it might offer shares in the unit in the future. The retailer will hold the majority interest in the new subsidiary (about 85%) but Silicon Valley firm **Benchmark Capital** will also take a \$15 million stake in the online venture, with principal Bill Gurley, sitting on its board. **Madrona Investment's** kicked in \$26 million in startup capital. Nordstrom co-President Dan Nordstrom will serve as the subsidiary's CEO. Nordstrom also said it plans to launch the largest online shoe store, **Nordstromshoes.com**, just in time for the holiday shopping season. The store will boast an inventory of 20 million pairs of shoes. That compared with 200,000 pairs in a typical shoe superstore and about 100,000 in a traditional Nordstrom store. Dan Nordstrom said the company planned to spend \$15 million to \$17 million on traditional and online advertising to promote the company's Web sales, mainly during the holiday season. Shoes were the biggest seller in the company's 10-month-old Web site, which generated about \$1.3 million in sales last month. On-line footwear sales were \$48 million last year and are expected to surge to \$100 million this year and \$172 million by 2000, according to Forrester Research. The new subsidiary also would incorporate the distribution network and other assets of Nordstrom's 6-year-old catalog operation, which generates about \$200 million annually.

Company Description

One of the nation's largest upscale apparel and shoe retailers, **Nordstrom sells clothes, shoes, and accessories through nearly 70 specialty stores and more than 20 outlet stores (Nordstrom Rack) in 23 states.** It also operates a clearance store, two freestanding shoe stores, and three Faconnable boutiques, and it sells goods through its catalog and online. With its easy return policy and ideas such as thank-you notes from employees, Nordstrom has developed a reputation for top-notch customer service. The chain is closely supervised by members of the Nordstrom family, who own about one-third of the company's stock. Nordstrom's sales in the retail stores average about \$390

per square foot (nearly the highest level of sales productivity in the department store sector). The company also ranks at the top of customer service surveys. Nordstrom's caters to an upper-middle income customer base. Nordstrom's stock closed at \$31 on the day of the announcement.

Q2 Results

On August 12, 1999, Nordstrom reported earnings of \$0.51 per share for its second quarter (ended July 31, 1999). Diluted earnings per share increased 8.5 percent compared to the same quarter a year ago, due primarily to improved gross margins and a decrease in the number of shares outstanding. Net earnings of \$70.8 million for the quarter were up 2.4 percent compared to last year's second quarter. Quarterly sales totaled \$1.4 billion, down 0.3 percent from the same period a year ago. Diluted earnings per share of \$.72 for the six-month period ended July 31, 1999, were up 5.9 percent over the same period last year. Net earnings rose to \$102.4 million, up 0.9 percent compared to the prior year. Year-to-date net sales of \$2.5 billion were down 0.2 percent from the prior year, while comparable store sales declined 2.6 percent. Quarterly gross margins improved 1.75 percentage points, to 34.6 percent of sales, compared to the same quarter a year ago. Comparable store sales declined 2.4 percent compared to the prior year. The company repurchased approximately 2.5 million shares of its common stock during the second quarter, at a cost of approximately \$85 million. The company has remaining share repurchase authorization of approximately \$185 million. The program is being funded by debt.

NORDSTROMshoes.com

The new site aims to be the largest shoe store in the world, offering an inventory of 20 million pairs of shoes. The site is expected to be launched in the fall of 1999. The new venture is expected to add approximately \$22 million in incremental operating expenses over the remainder of 1999, or \$0.10 per Nordstrom share. This suggests lowering the 1999 Street EPS estimate to \$1.50 per share. EPS of \$1.50 represents an 6.4% increase over 1998 EPS of \$1.41. Currently, the stock trades at \$30 per share, or 20x earnings expectations.

Nordstrom

Price: 8/26	\$30	Revenue:	\$5.027 B
Shares Outstanding:	140M	Mkt Cap/Rev:	0.835
Market Cap:	\$4.2 B	P/E	21x 1999A
Dividend/Yield:	\$0.32 /1.0%	Price/Book	3.7x 1999A
52-wk Range:	\$44 - \$22	5 Yr Est. Growth	18%
Fiscal Year	January	1999A EPS	\$1.41

Recently Announced Spin-Off Situations

Olsten to spin-off its Health Services unit

On August 18th, Olsten Corporation (NYSE: OLS) announced it intends to merge its staffing and information technology services businesses with Adecco S.A. (ADR: ADECY). The deal, which must still be approved by regulators, and by shareholders on September 10th and 11th. At the time of the merger, Olsten will split off its health services business as an independent, health services company. Based on the current market price for Olsten, the health services business market capitalization is valued at about \$90 million. It is expected that the distribution ratio of the spin-off to be approximately one share of newco for every five shares on Olsten.

Merger Details

Each shareholder of Olsten will receive a combination of cash and/or Adecco (ADRs), of \$8.75 per share, each ADR share represent 1/8th of a share of Adecco common stock. In addition, shareholders will receive stock in the spin-off of its health services company. Adecco, based in Lausanne, Switzerland, valued the deal at around \$710 million, including cash and shares. Additionally, it also would assume \$750 million worth of Olsten's debt.

Health Services

The health services business, which had 1998 revenues of about \$1.3 billion, and has approximately 400 offices in the U.S. and Canada. Health Services will continue delivering home health-related services, skilled nursing, home health aide and personal services, acute and chronic infusion therapy, physical/occupational/neurological/ speech therapies, pediatric and perinatal care, and disease management.

It will also continue to offer marketing and distribution services for pharmaceutical, biotechnology and medical device firms, as well as institutional, occupational and alternate site health care staffing. It is anticipated that the new company will have net tangible assets in excess of \$500 million and net debt less than \$100 million.

Olsten Corp.

Olsten has 1,000 staffing offices on three continents, and is a significant provider of information technology. Olsten's information technology division, IMI Systems, provides design, programming and maintenance of computer systems, including focused solutions for applications management, e-commerce, quality assurance and enterprise support services to clients in North America and Western Europe.

Adecco

Adecco is the largest employment agency in the world with \$11 billion in 1998 sales Adecco serves more than 200,000 clients from about 3,000 offices in 48 countries. It was formed by the merger of Switzerland's Adia and France's Ecco,

On a pro-forma 1998 basis, the addition of Olsten staffing and IT business adds 4.5 billion Swiss francs to Adecco sales. Combined, the companies hold the number one spot in the United States, the world's largest staffing market Manpower is 2nd. They will have a number one position in eight of the 12 most important countries for personnel services.

	Olsten OLS	Acquirer Adecco ADECY	Implied Acquirer 0.125	Health Services Remainder	Health Services 1:5
Price as of: 08/30/99	10 1/16	69	69 1/16	1 5/16	\$ 6.56
Share Out.	68.2	136.2	144.71	68.2	13.64
Market Cap. (millions)	\$ 686	\$ 9,398	\$ 9,995	\$ 90	\$ 90

Fresh Foreign Spin-Off Situations

Shaw Communications to Spin-Off Corus Entertainment

Shaw Communications (Toronto Stock Exchange: SJR.B, Alberta Stock Exchange: SJR.B, SJR.A, NYSE:SJR.B) plans to spin-off Corus Entertainment. The spin-off is viewed as a way to overcome legal barriers of cross ownership and allow each unit to pursue separate growth strategies. The distribution of class B "Non-Voting" shares is expected on September 8th, and regular way trade to commence on September 9th, in Toronto and Alberta. The shares will begin trading on the "NYSE" Sept 10th. The ratio will be one share of Corus for every three shares of Shaw.

Corus Entertainment

Corus will have 1,200 employees with annual sales of over C\$280 million. Corus will have six TV Channels including YTV (Young TV), Treehouse TV (Pre-schoolers) and CMT (Country Music). Corus will also own equity positions in three other specialty networks, Comedy network (15%), Teletino (20%) and Teletoon (20%). There are also plans to launch two new specialty networks targets at teens (Chaos) and Rock Video (The Edge). In addition, Corus will have eleven radio stations in four provinces, including three recently acquired from Blackburn Radio. Corus will begin life as an independent company with C\$300 million in long-term, debt not including the Blackburn acquisition. For the nine months ending May 31st, Corus posted pro-forma revenues and EBITDA of \$120 million and C\$36.7, respectively. Corus is expected to have

approximately 30 million shares post spin, and will not pay a dividend in the foreseeable future.

Shaw Communications

Shaw's is Canada's 2nd largest cable-television company behind Rogers Communications (NYSE: RG.B). Shaw serves 1.5 million subscribers in western Canada and Ontario (76% penetration) and offers @HOME Internet access to approximately 1.4 million homes and has approximately 120K subscribers (8% penetration). Shaw also provides telecom services to businesses over fiber-optic networks in Calgary and Toronto and offers paging. It owns 49% of direct-to-home TV carrier Star Choice (Vancouver: STC) and operates a satellite-delivered music service. Post spin-off Shaw has C\$ 1.2 billion in long-term debt and C\$ 988 in shareholder equity, which includes C\$543 in preferred securities. For the nine months ending May 31st, Shaw posted pro-forma revenues and EBITDA of C\$538 and C\$232 million, respectively. **Chairman J. R. Shaw and his family own 75% of the voting shares.**



Foreign Announced Spin-Off Situations

Telefonica Plans IPO for Internet Division

Telefonica S.A. (NYSE:TEF- ADR, TDES/Madrid), formerly Telefonica de Espana, is Spain's dominant telephone service provider. The former monopoly operates more than 16 million local lines in Spain and a mobile communications network with over five million subscribers. The company also has satellite TV, telecom equipment, Internet access, and phone book publishing interests. It provides fixed and mobile telephone services in several Latin American countries, including Argentina, Brazil, Chile, and Peru. Telefonica's alliance with MCI WorldCom also gives it access to a global network and expansion opportunities. On August 25th, Telefonica announced plans to for an initial public offering of Interactiva, its Internet division(access and portals business), attempting to become the world's largest Spanish and Portuguese-language Internet service. Few details have been revealed. In June, StarMedia, the region's largest Spanish-language portal, went public with a \$2.5 billion IPO. Recently, Juan Villalonga, Telefonica chairman, announced plans to place all the group's media interests, which would be partially sold off in a IPO. These assets would include broadcasting and print media stakes, and its recently acquired 5% share in UK based Pearson, publisher of the Financial Times.

TELEFONICA INTERACTIVA

The first half of 1999 saw Telefonica Interactiva's Internet business (both access and portals) expand rapidly, with the total number of customers totaling 368,407. The Telefonica Group, including those companies not integrated into Telefonica Interactiva, now has more than 473,000 ISP clients overall. The number of registered page views in June was more than 250 million. Telefonica Interactiva has consolidated its position as the leading Internet company in the Spanish and Portuguese-speaking markets. In Brazil, Telefonica Interactiva took control of Nutec, which operates ISP and portal businesses under the ZAZ brand, the second largest portal and access company in that market. In Mexico, an

agreement was signed with the Reforma group, to develop joint ISP and portal business through Infosel, the leading private ISP and portal company in Mexico. This is added to Telefonica's operations in Argentina, Chile and Peru. OLE has launched portals with local content in Argentina, Chile, Colombia, Peru, Uruguay and Venezuela, while strengthening its range of content from Spain via the launch of Mundo OLE. Meanwhile, other projects in the development of e-commerce include the launch of an OLE Visa card and upgrad of the OLE Internet store.

Telefonica announced that its first half net income leapt 73 percent, boosted by one-off gains. Net income for January to June surged to \$1.07 billion (1.02 billion euros) from \$622.9 million (589.7 million euros) in the same period of 1998. The company said this was due to capital gains generated through the sale of its shareholdings in Temasa and TPI, which totaled 580.9 million euros after tax. Telefonica also cited "generic provisions" and said if the capital gains and generic provisions are stripped out, its net income rose 31.7 percent to 776.6 million euros. The company's net income had been expected to come in at roughly 873 million euros. Telefonica, a former state-owned monopoly, posted a 63.3 percent rise in earnings per share to 0.96 euro from 0.58 euro.

Earnings before interest, tax, depreciation and amortization (EBITDA) advanced 3.8 percent to 3.4 billion euros from 3.2 billion euros. Operating profit declined 10.2 percent to 1.5 billion euros from 1.6 billion euros. The company said a shorter depreciation period applied for some of its assets since the start of 1999, which led to additional depreciation charges of 248.8 million euros. Without this, Telefonica said its operating profit would have risen 4.6 percent year-on-year. In July, Telefonica effected a 3-for-1 stock split. Telefonica shares ascended 0.15 euro, or 1 percent, to 15.25. (One euro equals \$1.0563 based on late London prices On August 31st).

Potential Spin-Offs

On August 11, eToys, Inc., (NASDAQ: ETYS) a leading Internet toy retailer, stated that its BabyCenter Inc. unit is exploring alternatives for one of its divisions as it focuses on its online provider of parenthood information and baby-related gear. Options are being reviewed for BabyCenter's Consumer Health Interactive division, which helps health plans use the Internet to market to potential members and retain existing ones. Consumer Health Interactive's customers include: Blue Shield of California, Oxford Health plans Inc., Blue Cross and Blue Shield of Massachusetts and Sharp Healthcare. BabyCenter said the alternatives include: a strategic transaction with another health-care industry company or a spin-off and further development of the division. Santa Monica, California- based eToys bought BabyCenter in July for \$640 million in stock. The recent add-on of BabyCenter has been helpful in decreasing seasonality risk and exposure.

eToys Inc. is a Web-based retailer focused exclusively on children's products, including toys, video games, videos, books, software and music. Created in 1996 by former Disney executive Toby Lenk and idealab! Founder, Bill Gross. Through a combination of children's products and a commitment to excellent customer service plus the convenience of 24 hour, seven days a week shopping and reliable and timely product delivery, the company is able to provide a unique and fun experience to shoppers. Online stores offer a vast array of over 100,000 carefully selected stock keeping units (SKUs). Web sites detail product information, helpful and useful shopping services (such as type of toy, age, price and gift wrap capabilities), and innovative merchandising through easy-to-use Web pages. eToys prides itself in fostering a more fun shopping experience, while eliminating the hassles of shopping. Competitors include WalMart, Amazon.com and Toys R' Us. According to the Toy Manufacturers of America, the domestic toy market had retail sales of approximately \$27.2 billion in 1998 (up 6.3% from 1997). EToys estimates that the market for all children's products is approximately \$75 billion. The six categories eToys represents a total market opportunity of approximately \$55 billion.

Tesoro Petroleum Corporation (NYSE: TSO) announced that it is considering a spin-off, sale, trade and other options, for its exploration and production (E&P) operations. TSO is a natural resource company engaged in petroleum refining and marketing, natural gas exploration, marketing and distribution of refined petroleum products and providing marine services. TSO is comprised of "Downstream" and "Upstream" operations. Downstream operations include refining and marketing businesses and a marine services business. Upstream operations include the exploration for and acquisition and development of primarily natural gas properties in Texas, Louisiana and Bolivia. According to management, the refining and marketing and (E&P) units, have tremendous growth opportunities right now. Through alternative opportunities, such as a potential spin or sale of the (E&P) unit, additional value may be created. Management feels the timing is right to evaluate alternatives and wishes to focus on refining and marketing.

TSO's **refining and marketing** unit operates three refineries in the western U.S. and markets motor fuels through retail outlets in Alaska, Hawaii and the Pacific Northwest. The company owns and operates a 72,000 barrels-per-day (bpd) refinery in Kenai, Alaska, and has the largest network of branded retail gas stations throughout the state. TSO is a primary supplier of jet fuel in Alaska to the major trans-polar and trans-pacific aircraft traffic route going through Anchorage. TSO owns and operates a 95,000 bpd refinery in Honolulu, Hawaii. TSO is a major retailer of gasoline and the largest marketer of jet fuel in Hawaii. Situated on Puget Sound, north of Seattle, the Anacortes refinery is TSO's largest. It is a complex, high conversion refinery producing approximately 85 percent gasoline and middle distillates and is the only refinery in the Northwest which can produce significant amounts of cleaner burning CARB gasoline. Oregon and Washington are among the fastest growing states and TSO is a major refiner and marketer within the region. Refinery products include gasoline, diesel and jet fuels, residual fuels, propane, and asphalt. The **exploration and production** unit concentrates in natural gas properties in Texas and Louisiana. Internationally, (E&P) concentrates on Bolivia and is looking to step out into Latin America. A new major gas pipeline from Bolivia to Brazil could provide access to potentially larger gas consuming markets for TSO's Bolivian production in 1999 and beyond.

Foreign Potential Spin-Offs

There is speculation that Deutsche Telekom AG may IPO its wireless division before year end 1999. Deutsche Telekom AG (ADR: DT) is Europe's largest telecommunications provider. Formed by the 1989 separation of West Germany's telecommunications services from the country's postal system. Globally, it ranks third behind Nippon Telegraph and Telephone and AT&T. Deutsche Telekom has more than 45 million fixed phone lines and 6.2 million mobile phone subscribers and is Germany's dominant cable TV provider (through its Kabel Deutschland) and it also provides radio broadcasts to nearly 17 million households. Other activities include text and data services, corporate networks, and online services. DT also sells telecommunications equipment and publishes phone directories. Deutsche Telekom agreed to merge with Telecom Italia in 1999, in a transaction that would create a dominant European telecom player. Deutsche Telekom also launched an assault on England's shores: It agreed to buy One 2 One, a wireless company jointly owned by MediaOne and Cable & Wireless for about \$11 billion.

Deutsche Telekom AG is leading the charge as Europe's former state-owned telecommunications monopolies confront competition. With no shortage of rivals emerging in Germany, Deutsche Telekom is striving to shed its image as a fumbling bureaucracy and to reposition itself as a slimmer, customer-friendly organization by eliminating jobs, boosting service, reducing tariffs and offering discounts. The company is investing globally, with an emphasis on Europe, Asia and the US.

On August 16, The Modern Times Group AB of Stockholm, Sweden (ADR: MTGNY) announced that it is considering a spin-off of its Metro International arm. **MTG** was formed in late 1995 as Industriforvaltnings AB Kinnevik's media division, and was spun as a stock distribution to Kinnevik's shareholders in May 1997. MTG is a Swedish media company operating within the areas of broadcasting, publishing, radio, electronic retailing, and media services. MTG owns eight channels including Scandinavia's first commercial channel (TV3). MTG also owns TV-Shop Europe and Home Shopping Service, which sell products and services over the TV, radio, and the Internet. The business area of Publishing consists of the daily newspaper Metro and the business newspaper *Finanstidningen*.

In 1995, MTG launched the advertising financed morning newspaper Metro in Stockholm, and beginning in July 1997, Metro has operated in Prague through a local company in which MTG holds 55%. Since its launch in 1995, Metro has grown to become the third largest morning newspaper in Sweden. Prague and Budapest are the first and second cities with international Metro publication followed by Gothenburg as the third city with Swedish Metro publication. The new business area, Metro International, was formed to take charge of further expansion of Metro abroad. This business area includes: Metro in Prague and Budapest as well as the contract concluded for Metro in Holland.

Institutional Holdings

Company	Symbol	Institution Name	Shares	% Held	Quarter End	Quarterly Change
Action Performance	ACTN	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	2,079,580	12.29%	6/30/99	131,300
		RAINIER INVESTMENT MANAGEMENT	832,250	4.92%	6/30/99	99,850
		AIM MANAGEMENT GROUP INC.	814,100	4.81%	3/31/99	<66900>
		PILGRIM BAXTER & ASSOCIATES LTD.	798,600	4.72%	6/30/99	<278000>
		MELLON BANK, N.A.	725,267	4.29%	6/30/99	<33520>
		PIMCO ADVISORS. L.P.	696,427	4.11%	3/31/99	80,708
		CITIGROUP INC.	588,981	3.48%	6/30/99	53,407
		SCUDDER KEMPER INVESTMENTS, INC.	567,950	3.36%	6/30/99	263,100
		GRANAHAN INVESTMENT MANAGEMENT INC.	509,500	3.01%	6/30/99	79,500
		FIRST UNION CORPORATION	463,780	2.74%	3/31/99	211,333
		NICHOLAS-APPLEGATE CAPITAL MANAGEMENT INC.	422,600	2.50%	3/31/99	<12000>
		PNC BANK CORPORATION	421,600	2.49%	6/30/99	<159805>
		AMERICAN CENTURY INVESTMENT MANAGEMENT INC.	384,800	2.27%	6/30/99	-
JANUS CAPITAL CORPORATION	357,165	2.11%	6/30/99	10,600		
Arch Chemicals	ARJ	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	2,903,950	12.62%	6/30/99	1,029,550
		FRANKLIN RESOURCES, INC	2,490,050	10.82%	6/30/99	<242164>
		MELLON BANK, N.A.	1,449,902	6.30%	6/30/99	<251250>
		PRICE (T. ROWE) ASSOCIATES	950,000	4.13%	6/30/99	<510600>
		BANKAMERICA CORPORATION	561,249	2.44%	3/31/99	561,249
		HIGH ROCK CAPITAL LLC	503,400	2.19%	6/30/99	210,700
		PRUDENTIAL INSURANCE CO OF AMERICA	486,700	2.12%	6/30/99	14,500
Azurix	AZX	JANUS CAPITAL CORPORATION	3,600,000	3.07%	6/30/99	3,600,000
		CITIGROUP INC.	2,715,800	2.32%	6/30/99	2,715,800
		DENVER INVESTMENT ADVISORS	2,699,100	2.31%	6/30/99	2,699,100
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	2,543,900	2.17%	6/30/99	2,543,900
Billings Concepts	BILL	EDGEMONT ASSET MANAGEMENT CORPORATION	2,423,300	6.54%	12/31/98	<26700>
		EMERGING GROWTH MANAGEMENT COMPANY	1,841,800	4.97%	6/30/99	<676100>
		WESTPORT ASSET MANAGEMENT INC.	1,710,500	4.61%	6/30/99	38,000
		SCUDDER KEMPER INVESTMENTS, INC.	1,488,600	4.02%	6/30/99	3,600
		PRICE (T. ROWE) ASSOCIATES	1,374,300	3.71%	6/30/99	52,000
		FUND ASSET MANAGEMENT INC	1,251,523	3.38%	6/30/99	<20700>
CALPERS (CALIFORNIA-PUBLIC EMPLOYEES RETIREMENT SYSTEM)	1,072,800	2.89%	6/30/99	-		
CareInsite	CARI	DUNCAN-HURST CAPITAL MANAGEMENT	496,530	0.71%	6/30/99	496,530
		PRICE (T. ROWE) ASSOCIATES	255,000	0.37%	6/30/99	255,000
		TIGER MANAGEMENT CORPORATION	225,000	0.32%	6/30/99	225,000
		MOORE CAPITAL ADVISORS LLC	181,400	0.26%	6/30/99	181,400
		TUDOR INVESTMENT CORPORATION	175,000	0.25%	6/30/99	175,000
		JANUS CAPITAL CORPORATION	158,745	0.23%	6/30/99	158,745
Comdisco	CDO	IRIDIAN ASSET MANAGEMENT LLC	6,497,700	4.30%	6/30/99	6,497,700
		SELIGMAN J.W.&CO INCORPORATED	5,562,410	3.68%	3/31/99	2,057,410
		PUTNAM INVESTMENT MANAGEMENT, INC.	5,242,000	3.47%	6/30/99	5,242,000
		AIM MANAGEMENT GROUP INC.	4,723,500	3.13%	3/31/99	12,000
		GREENE, DAVID J. AND COMPANY	4,654,648	3.08%	6/30/99	<1064466>
		WELLINGTON MANAGEMENT COMPANY	2,950,400	1.95%	6/30/99	2,327,000
		FIRST PACIFIC ADVISORS, INC	2,488,200	1.65%	6/30/99	<1572800>
Delphi Unit	DPH	STATE STREET CORPORATION	54,482,275	9.64%	6/30/99	54,482,275
		BARCLAYS BANK PLC	17,001,888	3.01%	6/30/99	16,147,314
		WELLINGTON MANAGEMENT COMPANY	15,919,504	2.82%	6/30/99	6,273,284
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	13,428,343	2.38%	6/30/99	10,415,343
		FRANKLIN RESOURCES, INC	11,859,578	2.10%	6/30/99	9,030,978
		MORGAN STANLEY DEAN WITTER & COMPANY	10,479,236	1.85%	6/30/99	8,261,136
		MELLON BANK, N.A.	9,775,287	1.73%	6/30/99	9,575,687
		BRINSON PARTNERS, INC.	9,590,471	1.70%	6/30/99	7,864,171
		MERRILL LYNCH & CO., INC.	9,439,749	1.67%	6/30/99	9,439,649
		VANGUARD GROUP, INC. (THE)	7,814,611	1.38%	6/30/99	7,591,011
Gartner group	IT	PRICE (T. ROWE) ASSOCIATES	10,137,000	9.93%	6/30/99	<69400>
		IRIDIAN ASSET MANAGEMENT LLC	4,233,500	4.15%	6/30/99	822,100
		NATIONWIDE ADVISORY SERVICES, INC.	3,998,300	3.92%	3/31/99	999,700
		FIRST MANHATTAN COMPANY	1,630,700	1.60%	6/30/99	204,700
		AMERICAN GENERAL CORPORATION	1,560,600	1.53%	6/30/99	45,600
		REICH & TANG ASSET MGMT	1,424,750	1.40%	6/30/99	286,000
		MCHUGH ASSOCIATES, INC.	1,346,310	1.32%	6/30/99	<11025>
		EQUITABLE COMPANIES, (THE)	1,301,350	1.28%	6/30/99	1,300
		FIRSTAR CORPORATION	1,110,425	1.09%	6/30/99	<1185100>
Gencorp	GY	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	4,824,300	11.54%	6/30/99	544,700
		FRANKLIN RESOURCES, INC	3,342,300	7.99%	6/30/99	112,278
		GAMCO INVESTORS INC	2,297,587	5.49%	6/30/99	56,600
		FUND ASSET MANAGEMENT INC	2,071,466	4.95%	6/30/99	<4000>
		REICH & TANG ASSET MGMT	1,199,800	2.87%	6/30/99	<19700>

Institutional Holdings

Company	Symbol	Institution Name	Shares	% Held	Quarter End	Quarterly Change
Genzyme Surgical	GZSP	IRIDIAN ASSET MANAGEMENT LLC	543,258	3.67%	6/30/99	543,258
		PEREGRINE CAPITAL MANAGEMENT INC.	189,195	1.28%	6/30/99	189,195
Harcourt General	H	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	4,137,002	8.09%	6/30/99	<410700>
		PRIMECAP MANAGEMENT COMPANY	3,981,300	7.79%	6/30/99	89,400
		DAVIS SELECTED ADVISERS, LP	3,836,654	7.51%	3/31/99	10,954
		BOSTON PARTNERS ASSET MANAGEMENT, L.P.	2,948,050	5.77%	6/30/99	<627475>
		PELL RUDMAN & CO., INC.	2,239,952	4.38%	3/31/99	-
		NEUBERGER BERMAN, LLC	1,987,170	3.89%	6/30/99	1,168,262
		BARCLAYS BANK PLC	1,923,725	3.76%	6/30/99	<23186>
Harris Corp.	HRS	PRUDENTIAL INSURANCE CO OF AMERICA	7,972,354	9.98%	6/30/99	312,681
		MORGAN (J.P.) & COMPANY INCORPORATED	4,555,413	5.70%	6/30/99	<191640>
		PPM AMERICA, INC.	3,821,450	4.78%	3/31/99	77,835
		IRIDIAN ASSET MANAGEMENT LLC	2,966,300	3.71%	6/30/99	2,966,300
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	2,662,667	3.33%	6/30/99	2,504,100
		BARCLAYS BANK PLC	2,262,536	2.83%	6/30/99	<15252>
		INVISTA CAPITAL MANAGEMENT, INC.	1,591,173	1.99%	6/30/99	<79250>
		LOOMIS SAYLES & CO INC	1,484,273	1.86%	6/30/99	<346225>
		BANKERS TRUST COMPANY (NEW YORK)	1,390,403	1.74%	3/31/99	50,822
		SUNTRUST BANKS, INC.	1,292,537	1.62%	6/30/99	<379656>
		DOMINO (CARL) ASSOCIATES L.P.	1,271,345	1.59%	3/31/99	374,125
HRPT Properties	HRP	STATE STREET CORPORATION	1,217,411	1.52%	6/30/99	163,912
		VANGUARD GROUP, INC. (THE)	1,122,789	1.41%	6/30/99	50,424
Hyperfeed Technol.	HRP	BARCLAYS BANK PLC	2,249,536	1.71%	6/30/99	<72261>
		CITIGROUP INC.	2,197,971	1.67%	6/30/99	<193084>
		GOLDMAN, SACHS & COMPANY	1,743,366	1.32%	6/30/99	-
		BANKERS TRUST COMPANY (NEW YORK)	1,493,443	1.13%	3/31/99	7,476
Interstate Hotels	IHCO	DIMENSIONAL FUND ADVISORS INC	299,500	2.02%	6/30/99	68,000
		BARCLAYS BANK PLC	150,326	1.01%	6/30/99	138,129
		MELLON BANK, N.A.	25,186	0.17%	6/30/99	-
iTurf	TURF	PAINWEBBER GROUP, INCORPORATED	15,200	0.10%	3/31/99	15,200
		WM ADVISORS INC./WA	86,799	1.43%	6/30/99	86,799
iTurf	TURF	VANGUARD GROUP, INC. (THE)	78,411	1.29%	6/30/99	78,411
		BARCLAYS BANK PLC	68,700	1.13%	6/30/99	68,700
		MUNDER CAPITAL MANAGEMENT, INC.	686,550	16.34%	6/30/99	686,550
JC Penney	JCP	PNC BANK CORPORATION	173,300	4.13%	6/30/99	173,300
		MORGAN STANLEY DEAN WITTER & COMPANY	96,400	2.29%	6/30/99	96,400
		CAPITAL RESEARCH AND MANAGEMENT COMPANY	35,132,600	13.51%	6/30/99	600,000
		STATE STREET CORPORATION	31,820,886	12.24%	6/30/99	372,892
		BERNSTEIN (SANFORD C) & COMPANY INC	23,755,249	9.13%	6/30/99	263,804
		BARROW, HANLEY MEWHINNEY & STRAUSS, INC.	10,462,962	4.02%	6/30/99	1,099,780
		FRANKLIN RESOURCES, INC	8,120,612	3.12%	6/30/99	4,131,900
		BARCLAYS BANK PLC	7,409,526	2.85%	6/30/99	<542558>
		MORGAN (J.P.) & COMPANY INCORPORATED	5,007,106	1.93%	6/30/99	449,462
		BANKERS TRUST COMPANY (NEW YORK)	4,167,258	1.60%	3/31/99	92,110
		PRICE (T. ROWE) ASSOCIATES	3,783,319	1.45%	6/30/99	<1667>
Jefferies Group	JEF	VANGUARD GROUP, INC. (THE)	3,541,459	1.36%	6/30/99	198,185
		HOTCHKIS AND WILEY	2,821,705	1.09%	6/30/99	<320524>
		WELLINGTON MANAGEMENT COMPANY	2,648,100	1.02%	6/30/99	<868400>
		TWEEDY BROWNE COMPANY, L.L.C.	1,467,024	6.12%	6/30/99	<70215>
		WELLINGTON MANAGEMENT COMPANY	1,132,600	4.73%	6/30/99	297,600
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	896,900	3.74%	6/30/99	667,200
		PALISADE CAPITAL MANAGEMENT, L.L.C.	544,400	2.27%	6/30/99	<22550>
Kansas City Southern	KSU	GUARDIAN INVESTOR SERVICES CORPORATION	538,000	2.25%	3/31/99	-
		TCW GROUP, INC. (THE)	5,575,705	5.05%	6/30/99	643,162
		BARCLAYS BANK PLC	4,965,494	4.50%	6/30/99	67,827
		ENGEMANN (ROGER) & ASSOCIATES, INC.	4,820,800	4.37%	6/30/99	3,338,546
		AMERICAN EXPRESS FINANCIAL CORP	4,654,045	4.22%	6/30/99	1,916,195
		FUND ASSET MANAGEMENT INC	4,094,960	3.71%	6/30/99	<991250>
		INVESCO FUNDS GROUP, INC.	3,906,600	3.54%	6/30/99	<589485>
		UNITED MISSOURI BANK, NATIONAL ASSOCIATION	3,728,891	3.38%	6/30/99	<309063>
		TRANSAMERICA CORPORATION	3,153,261	2.86%	6/30/99	<414839>
		AIM MANAGEMENT GROUP INC.	2,758,400	2.50%	3/31/99	<456600>
		MASSACHUSETTS FINANCIAL SERVICES CO - OTHER	2,651,120	2.40%	6/30/99	<539640>
		VANGUARD GROUP, INC. (THE)	1,730,432	1.57%	6/30/99	1,013,822
		ALGER (FRED) MANAGEMENT INC	1,691,100	1.53%	6/30/99	<925200>
		STATE STREET CORPORATION	1,583,223	1.43%	6/30/99	987,951
Kansas City Southern	KSU	DENVER INVESTMENT ADVISORS	1,557,700	1.41%	6/30/99	75,100
		BANKERS TRUST COMPANY (NEW YORK)	1,316,765	1.19%	3/31/99	239,009
		INDEPENDENCE INVESTMENT ASSOCIATES, INC.	1,312,008	1.19%	3/31/99	<129392>

Institutional Holdings

Company	Symbol	Institution Name	Shares	% Held	Quarter End	Quarterly Change
LifePoint Hospitals	LPNT	WELLINGTON MANAGEMENT COMPANY	4,092,699	13.69%	6/30/99	4,092,699
		EQUITABLE COMPANIES, (THE)	2,367,963	7.92%	6/30/99	2,367,963
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	1,691,838	5.66%	6/30/99	1,691,838
		GARDNER LEWIS ASSET MANAGEMENT, INC.	1,610,481	5.39%	6/30/99	1,610,481
		CAPITAL GUARDIAN TRUST COMPANY	1,289,500	4.31%	6/30/99	1,289,500
		RUDMAN (ERROL M.)	1,185,096	3.96%	6/30/99	1,185,096
		MASSACHUSETTS FINANCIAL SERVICES CO - OTHER	980,278	3.28%	6/30/99	980,278
		PRUDENTIAL INSURANCE CO OF AMERICA	851,693	2.85%	6/30/99	851,693
		BARCLAYS BANK PLC	556,186	1.86%	6/30/99	556,186
		CAPITAL RESEARCH AND MANAGEMENT COMPANY	552,557	1.85%	6/30/99	552,557
		BOSTON PARTNERS ASSET MANAGEMENT, L.P.	531,100	1.78%	6/30/99	531,100
		FEIRSTEIN, BARRY	500,000	1.67%	6/30/99	500,000
		BRANDES INVESTMENT PARTNERS, INC.	463,049	1.55%	6/30/99	463,049
		HLM MANAGEMENT CO., INC.	453,200	1.52%	6/30/99	453,200
		VANGUARD GROUP, INC. (THE)	394,269	1.32%	6/30/99	394,269
WADDELL & REED FINANCIAL INC.	299,999	1.00%	6/30/99	299,999		
Limited	LTD	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	21,927,140	10.24%	6/30/99	2,086,668
		CAPITAL RESEARCH AND MANAGEMENT COMPANY	19,583,674	9.15%	6/30/99	1,680,774
		EQUITABLE COMPANIES, (THE)	9,029,059	4.22%	6/30/99	<1720657>
		BARCLAYS BANK PLC	6,124,305	2.86%	6/30/99	<506961>
		CHASE MANHATTAN CORPORATION	5,513,685	2.58%	3/31/99	<414526>
		PRUDENTIAL INSURANCE CO OF AMERICA	4,633,831	2.16%	6/30/99	<818119>
		BANKERS TRUST COMPANY (NEW YORK)	3,779,340	1.77%	3/31/99	220,485
		TIAA CREF INVESTMENT MANAGEMENT, LLC	3,699,285	1.73%	6/30/99	<300504>
		MELLON BANK, N.A.	3,164,771	1.48%	6/30/99	<395096>
VANGUARD GROUP, INC. (THE)	3,039,570	1.42%	6/30/99	151,545		
Lynch	LGL	GAMCO INVESTORS INC	340,114	23.99%	6/30/99	-
		DIMENSIONAL FUND ADVISORS INC	78,700	5.55%	6/30/99	-
		WEITZ (WALLACE) R. & COMPANY	55,000	3.88%	6/30/99	5,000
		BARCLAYS BANK PLC	18,631	1.31%	6/30/99	<5405>
Marketwatch.com	MKTW	MUNDER CAPITAL MANAGEMENT, INC.	273,250	2.25%	6/30/99	215,550
		PUTNAM INVESTMENT MANAGEMENT, INC.	254,530	2.09%	6/30/99	56,023
Miller Industries	MLR	ACCOUNT MANAGEMENT CORPORATION	4,203,900	8.98%	3/31/99	98,000
		FUND ASSET MANAGEMENT INC	2,940,540	6.28%	6/30/99	-
		WISCONSIN (STATE OF) INVESTMENT BOARD	1,752,200	3.74%	6/30/99	-
		DIMENSIONAL FUND ADVISORS INC	1,150,300	2.46%	6/30/99	342,700
		ASHFORD CAPITAL MANAGEMENT INC.	1,120,400	2.39%	6/30/99	164,800
		KERN CAPITAL MANAGEMENT LLC	975,200	2.08%	6/30/99	562,200
		WM ADVISORS INC./WA	939,750	2.01%	6/30/99	-
		ALLEN HOLDING INC.	742,500	1.59%	6/30/99	-
		BARCLAYS BANK PLC	619,571	1.32%	6/30/99	25,202
SUNTRUST BANKS, INC.	539,793	1.15%	6/30/99	<205864>		
Ogden Group	OG	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	6,372,100	12.98%	6/30/99	160,300
		PUTNAM INVESTMENT MANAGEMENT, INC.	3,104,552	6.32%	6/30/99	<153799>
		FRANKLIN RESOURCES, INC	2,422,200	4.93%	6/30/99	357,600
		INDEPENDENCE INVESTMENT ASSOCIATES, INC.	1,965,502	4.00%	3/31/99	<454306>
		MELLON BANK, N.A.	1,044,276	2.13%	6/30/99	<258900>
		BARCLAYS BANK PLC	1,017,728	2.07%	6/30/99	13,895
		WELLINGTON MANAGEMENT COMPANY	1,000,000	2.04%	6/30/99	-
		MORGAN STANLEY DEAN WITTER & COMPANY	984,279	2.01%	6/30/99	608,142
		FIRST FIDUCIARY INVESTMENT COUNSEL, INC.	973,608	1.98%	3/31/99	<5200>
		CULLEN/FROST BANKERS, INC	934,869	1.90%	6/30/99	<34008>
		AMERICAN CENTURY INVESTMENT MANAGEMENT INC.	912,600	1.86%	6/30/99	333,400
STATE STREET RESEARCH & MANAGEMENT COMPANY - OTHER	572,182	1.17%	3/31/99	66,182		
DIMENSIONAL FUND ADVISORS INC	541,784	1.10%	6/30/99	212,500		
Pepsi Bottling Group	PBG	EQUITABLE COMPANIES, (THE)	6,705,950	4.33%	6/30/99	6,705,950
		ARK ASSET MANAGEMENT COMPANY, INC.	6,639,000	4.28%	6/30/99	<361000>
		PUTNAM INVESTMENT MANAGEMENT, INC.	5,352,335	3.45%	6/30/99	3,705,235
		JANUS CAPITAL CORPORATION	4,020,035	2.59%	6/30/99	4,020,035
		MORGAN STANLEY DEAN WITTER & COMPANY	3,050,507	1.97%	6/30/99	3,050,507
		CITIGROUP INC.	2,622,517	1.69%	6/30/99	2,622,517
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	2,250,000	1.45%	6/30/99	2,250,000
		AIM MANAGEMENT GROUP INC.	2,231,500	1.44%	3/31/99	2,231,500
		STRONG CAPITAL MANAGEMENT, INC.	2,069,050	1.33%	6/30/99	1,565,350
		BRINSON PARTNERS, INC.	1,996,217	1.29%	6/30/99	1,996,217
		SCUDDER KEMPER INVESTMENTS, INC.	1,870,200	1.21%	6/30/99	1,870,200
		DENVER INVESTMENT ADVISORS	1,841,300	1.19%	6/30/99	397,600
		OMEGA ADVISORS INC.	1,765,000	1.14%	6/30/99	1,765,000
		BOSTON PARTNERS ASSET MANAGEMENT, L.P.	1,693,175	1.09%	6/30/99	1,693,175

Institutional Holdings

Company	Symbol	Institution Name	Shares	% Held	Quarter End	Quarterly Change
Pulitzer Inc.	PTZ	GAMCO INVESTORS INC	1,029,217	12.41%	6/30/99	1,029,217
		TRINITY CAPITAL OF JACKSONVILLE, INC.	800,000	9.65%	6/30/99	24,300
		LAZARD FRERES & CO LLC	560,300	6.76%	6/30/99	43,000
		NICHOLAS COMPANY, INC.	470,866	5.68%	6/30/99	-
		POLEN CAPITAL MANAGEMENT, CORP.	395,032	4.76%	6/30/99	24,504
		CUMBERLAND ASSOCIATES	324,600	3.91%	6/30/99	324,600
		MELLON BANK, N.A.	246,522	2.97%	6/30/99	246,522
		CAXTON ASSOCIATES, L.L.C.	204,900	2.47%	6/30/99	65,000
		I.G. INVESTMENT MANAGEMENT, LTD	200,000	2.41%	6/30/99	200,000
		HIGH ROCK CAPITAL LLC	199,500	2.41%	6/30/99	139,600
		PRUDENTIAL INSURANCE CO OF AMERICA	189,400	2.28%	6/30/99	189,400
		FASCIANO, MICHAEL F.	160,000	1.93%	6/30/99	80,000
		GABELLI FUNDS, INC.	159,000	1.92%	6/30/99	159,000
		CARLSON CAPITAL, L.P.	133,200	1.61%	6/30/99	<30500>
		NEUBERGER & BERMAN MANAGEMENT INC.	118,866	1.43%	6/30/99	118,866
		CALPERS (CALIFORNIA-PUBLIC EMPLOYEES RETIREMENT SYSTEM)	101,500	1.22%	6/30/99	101,500
		SOCIETE GENERALE ASSET MANAGEMENT CORP.	100,000	1.21%	6/30/99	100,000
		PUTNAM INVESTMENT MANAGEMENT, INC.	99,605	1.20%	6/30/99	7,600
		ARONSON + PARTNERS	85,500	1.03%	6/30/99	<8400>
		FRIEDMAN, BILLINGS, RAMSEY INVESTMENT MANAGEMENT, INC.	84,415	1.02%	6/30/99	33,970
RJ Reynolds	RJR	BERNSTEIN (SANFORD C) & COMPANY INC	5,045,538	4.65%	6/30/99	5,045,538
		PRUDENTIAL INSURANCE CO OF AMERICA	4,795,806	4.42%	6/30/99	4,795,806
		TUKMAN CAPITAL MANAGEMENT, INC.	3,975,000	3.67%	6/30/99	3,975,000
		DREMAN VALUE MANAGEMENT, L.L.C.	3,517,977	3.24%	6/30/99	3,517,977
		DELAWARE MANAGEMENT BUSINESS TRUST	3,468,237	3.20%	6/30/99	3,468,237
		SCUDDER KEMPER INVESTMENTS, INC.	3,248,348	3.00%	6/30/99	3,248,348
		PUTNAM INVESTMENT MANAGEMENT, INC.	2,911,238	2.68%	6/30/99	2,911,238
		WELLINGTON MANAGEMENT COMPANY	2,403,687	2.22%	6/30/99	2,403,687
		CITIGROUP INC.	1,771,860	1.63%	6/30/99	1,771,860
		GOLDMAN, SACHS & COMPANY	1,702,506	1.57%	6/30/99	1,702,506
		Snyder Commun.	SNC	CAPITAL RESEARCH AND MANAGEMENT COMPANY	8,027,100	10.70%
PUTNAM INVESTMENT MANAGEMENT, INC.	7,702,850			10.26%	6/30/99	<957394>
ARK ASSET MANAGEMENT COMPANY, INC.	7,010,000			9.34%	6/30/99	685,000
GOLDMAN, SACHS & COMPANY	2,824,567			3.76%	6/30/99	1,258,339
AIM MANAGEMENT GROUP INC.	2,536,300			3.38%	3/31/99	1,006,700
WELLINGTON MANAGEMENT COMPANY	1,387,500			1.85%	6/30/99	1,049,200
MELLON BANK, N.A.	1,312,540			1.75%	6/30/99	811,700
PIMCO ADVISORS, L.P.	1,098,464			1.46%	3/31/99	961,081
TCW GROUP, INC. (THE)	1,039,514	1.39%	6/30/99	361,551		
TD Waterhouse Group	TWE	PUTNAM INVESTMENT MANAGEMENT, INC.	3,550,825	0.95%	6/30/99	3,550,825
		PEQUOT CAITAL MANAGMENT INC..	1,043,200	0.28%	6/30/99	1,043,200
		OHIO-PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)	1,000,000	0.27%	6/30/99	1,000,000
		ARK ASSET MANAGEMENT COMPANY, INC.	760,000	0.20%	6/30/99	760,000
		I.G. INVESTMENT MANAGEMENT, LTD	710,000	0.19%	6/30/99	710,000
		INVESCO FUNDS GROUP, INC.	500,000	0.13%	6/30/99	500,000
Telephone & Data Sys	TDS	FORTIS ADVISERS, INC.	395,000	0.11%	6/30/99	395,000
		FRANKLIN RESOURCES, INC	6,491,475	12.06%	6/30/99	<621838>
		GAMCO INVESTORS INC	4,518,155	8.40%	6/30/99	<63200>
		WEITZ (WALLACE) R. & COMPANY	3,043,600	5.66%	6/30/99	100,200
		GABELLI FUNDS, INC.	2,454,300	4.56%	6/30/99	<23000>
		GREENE, DAVID J. AND COMPANY	2,014,021	3.74%	6/30/99	<195779>
		EQUITABLE COMPANIES, (THE)	1,855,226	3.45%	6/30/99	<718450>
		GOLDMAN, SACHS & COMPANY	1,670,147	3.10%	6/30/99	65,980
		WANGER ASSET MANAGEMENT, L.P.	1,046,500	1.94%	6/30/99	358,500
		NEWSOUTH CAPITAL MANAGEMENT	969,167	1.80%	6/30/99	43,560
		SOUND SHORE MANAGEMENT, INC.	944,700	1.76%	6/30/99	24,400
		CITIGROUP INC.	921,360	1.71%	6/30/99	<42373>
		BARCLAYS BANK PLC	771,958	1.43%	6/30/99	29,312
		STRONG CAPITAL MANAGEMENT, INC.	648,250	1.20%	6/30/99	70,400
		TUDOR INVESTMENT CORPORATION	558,400	1.04%	6/30/99	508,500
Tenneco	TEN	BARROW, HANLEY MEWHINNEY & STRAUSS, INC.	20,761,040	12.21%	6/30/99	<720730>
		MORGAN STANLEY DEAN WITTER & COMPANY	10,221,650	6.01%	6/30/99	<440521>
		HOTCHKIS AND WILEY	5,695,029	3.35%	6/30/99	831,026
		MORGAN (J.P.) & COMPANY INCORPORATED	5,377,990	3.16%	6/30/99	471,799
		BARCLAYS BANK PLC	4,776,610	2.81%	6/30/99	<15854>
		PPM AMERICA, INC.	4,505,000	2.65%	3/31/99	749,615
		ABN AMRO ASSET MANAGEMENT (USA) INC.	4,100,000	2.41%	6/30/99	-
		LOOMIS SAYLES & CO INC	3,160,855	1.86%	6/30/99	1,384,045
		ARK ASSET MANAGEMENT COMPANY, INC.	3,153,400	1.86%	6/30/99	<312600>

Institutional Holdings

Company	Symbol	Institution Name	Shares	% Held	Quarter End	Quarterly Change
uBid	UBID	ZWEIG-DIMENNA PARTNERS, L.P.	162,400	1.78%	6/30/99	162,400
		GREENBERG-SUMMIT PARTNERS, LLC	117,087	1.28%	6/30/99	117,087
		BARCLAYS BANK PLC	101,742	1.11%	6/30/99	80,736
		VANGUARD GROUP, INC. (THE)	43,778	0.48%	6/30/99	26,078
US Industries	USI	HARRIS ASSOCIATES L.P.	18,831,720	20.35%	6/30/99	620,553
		FRANKLIN RESOURCES, INC	7,784,776	8.41%	6/30/99	395,500
		EQUITABLE COMPANIES, (THE)	7,181,396	7.76%	6/30/99	791,227
		SASCO CAPITAL, INC.	4,286,036	4.63%	6/30/99	<551320>
		SOUTHEASTERN ASSET MANAGEMENT, INC.	3,979,600	4.30%	6/30/99	<90800>
		IRIDIAN ASSET MANAGEMENT LLC	3,227,288	3.49%	6/30/99	<1767100>
		TRINITY 1 FUND, L.P.	2,114,200	2.28%	6/30/99	894,200
		CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	1,756,257	1.90%	3/31/99	89,000
USSearch.com	SRCH	SNYDER CAPITAL MANAGEMENT LP	1,631,300	1.76%	3/31/99	448,700
		KERN CAPITAL MANAGEMENT LLC	55,500	0.32%	6/30/99	55,500
Varian Inc.	VARI	S.A.C. CAPITAL ADVISORS, LLC	40,000	0.23%	6/30/99	40,000
		REICH & TANG ASSET MGMT	1,861,600	6.21%	6/30/99	1,861,600
		MELLON BANK, N.A.	1,640,676	5.47%	6/30/99	1,640,676
		I.G. INVESTMENT MANAGEMENT, LTD	1,557,000	5.19%	6/30/99	1,359,000
		GREENE, DAVID J. AND COMPANY	1,367,400	4.56%	6/30/99	1,347,400
		HIGH ROCK CAPITAL LLC	1,091,000	3.64%	6/30/99	1,091,000
		KESTREL INVESTMENT MANAGEMENT CORPORATION	876,900	2.92%	6/30/99	576,000
		WEDGE CAPITAL MANAGEMENT	871,348	2.91%	6/30/99	871,348
		GOLDMAN, SACHS & COMPANY	650,800	2.17%	6/30/99	650,800
		BARCLAYS BANK PLC	548,423	1.83%	6/30/99	548,423
Varian Semiconductor	VSEA	S&E PARTNERS LP	480,000	1.60%	6/30/99	223,000
		TCW GROUP, INC. (THE)	431,053	1.44%	6/30/99	431,053
		FUND ASSET MANAGEMENT INC	2,000,000	6.57%	6/30/99	2,000,000
		MELLON BANK, N.A.	1,668,516	5.48%	6/30/99	1,668,516
		REICH & TANG ASSET MGMT	1,462,700	4.81%	6/30/99	1,452,700
		GREENE, DAVID J. AND COMPANY	1,283,200	4.22%	6/30/99	1,283,200
		S SQUARED TECHNOLOGY CORP.	1,144,100	3.76%	6/30/99	1,144,100
		WELLINGTON MANAGEMENT COMPANY	673,400	2.21%	6/30/99	673,400
		P.A.W. CAPITAL PARTNERS	615,000	2.02%	6/30/99	615,000
		SCHNEIDER CAPITAL MANAGEMENT, L.P.	485,500	1.60%	6/30/99	314,000
Viacom	VIA	WEDGE CAPITAL MANAGEMENT	460,300	1.51%	6/30/99	460,300
		TCW GROUP, INC. (THE)	444,883	1.46%	6/30/99	444,883
		GOLDMAN, SACHS & COMPANY	437,100	1.44%	6/30/99	437,100
		GAMCO INVESTORS INC	8,306,750	5.92%	6/30/99	<32550>
		CAPITAL RESEARCH AND MANAGEMENT COMPANY	8,251,800	5.88%	6/30/99	-
Voicestream Wireless	VSTR	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	4,656,176	3.32%	6/30/99	<5021000>
		GABELLI FUNDS, INC.	4,402,000	3.14%	6/30/99	<4388000>
		GOLDMAN, SACHS & COMPANY	9,995,654	9.69%	6/30/99	9,995,654
		PRICE (T.ROWE) ASSOCIATES	5,514,776	5.35%	6/30/99	5,514,776
		MORGAN STANLEY DEAN WITTER & COMPANY	2,947,350	2.86%	6/30/99	2,947,350
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	2,437,800	2.36%	6/30/99	2,437,800
		WADDELL & REED FINANCIAL INC.	2,281,400	2.21%	6/30/99	2,281,400
		FRANKLIN RESOURCES, INC	2,047,100	1.98%	6/30/99	2,047,100
Watts Industries	WTS	WARBURG PINCUS ASSET MANAGEMENT, INC.	1,502,624	1.46%	6/30/99	1,502,624
		FORSTMANN-LEFF ASSOCIATES	1,410,725	1.37%	6/30/99	1,410,725
		FRANKLIN RESOURCES, INC	1,298,300	8.03%	6/30/99	<188800>
		LAZARD FRERES & CO LLC	1,105,800	6.84%	6/30/99	4,500
		BERGER ASSOCIATES, INC.	1,014,500	6.28%	6/30/99	288,900
		DIMENSIONAL FUND ADVISORS INC	906,600	5.61%	6/30/99	243,400
		OHIO-STATE TEACHERS RETIREMENT SYSTEM	650,900	4.03%	3/31/99	<42200>
		SCUDDER KEMPER INVESTMENTS, INC.	625,600	3.87%	6/30/99	23,580
		LEGG MASON INC.	563,864	3.49%	3/31/99	68,200
		FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	550,100	3.40%	6/30/99	550,100
Williams Co.	WMB	GABELLI FUNDS, INC.	478,000	2.96%	6/30/99	271,000
		TCW GROUP, INC. (THE)	422,800	2.62%	6/30/99	46,900
		CAPITAL RESEARCH AND MANAGEMENT COMPANY	24,723,850	5.72%	6/30/99	<892400>
		PUTNAM INVESTMENT MANAGEMENT, INC.	22,314,469	5.16%	6/30/99	<203803>
		BARROW, HANLEY MEWHINNEY & STRAUSS, INC.	18,394,531	4.25%	6/30/99	<5202400>
		CITIGROUP INC.	18,350,698	4.24%	6/30/99	815,638
		BARCLAYS BANK PLC	12,191,946	2.82%	6/30/99	<87437>
		SCUDDER KEMPER INVESTMENTS, INC.	10,644,854	2.46%	6/30/99	<1363655>
		BANKERS TRUST COMPANY (NEW YORK)	7,574,857	1.75%	3/31/99	28,789
		CAPITAL GUARDIAN TRUST COMPANY	7,424,167	1.72%	6/30/99	<620800>
Williams Co.	WMB	FMR CORPORATION (FIDELITY MANAGEMENT & RESEARCH CORP)	7,047,903	1.63%	6/30/99	3,501,316
		STATE STREET CORPORATION	6,561,879	1.52%	6/30/99	834,356

Insider Trading

Company	Symbol	Date	Filer's Name	Title / Status	Buy /Sell	Shares traded	Shares Held
Bindley Western	BDY	7/12/99	BURKS, KEITH W.	EX VP	Sell	85,000	34,581
	BDY	7/16/99	BEYERL, GREGORY S.	VP	Sell	20,000	13,406
Conoco	COC	7/22/99	HARKIN, RUTH R.	DIR	Buy (I)	50	50
Crescent Real Estate	CEI	7/23/99	ZOGG, JOHN L. JR	OFF	Sell	2,000	1,000
	CEI	7/23/99	ZOGG, JOHN L. JR	OFF	Sell (I)	600	2,175
Enron	ENE	7/7/99	RUBEN, LAWRENCE	B/O	Sell (I)	2,000	65,104
	ENE	7/26/99	CHAN, RONNIE C.	DIR	Sell	4,000	2,290
HiFn	HIFN	7/29/99	FARNOW, STEPHEN A.	VP	Sell	50,000	767
Husmann	HSM	7/30/99	DYKES, ARCHIE R.	DIR	Buy	1,000	5,823
Keebler	KBL	7/27/99	LOTKER, JACK M.	PR	Sell (I)	20,000	30,318
Meritor	MRA	7/23/99	YOST, LARRY D.	CB	Buy	1,000	26,081
	MRA	7/26/99	MADDEN, THOMAS A.	CFO	Buy	190	30,818
NCR	NCR	7/23/99	HOAK, JONATHAN S.	SR VP	Sell	7,000	4,156
Olsen	OLS	8/22/97	FRENCH, B.GARFIELD	EX VP	Sell (I)	7,643	100
Penford	PENX	7/7/99	COOK, JEFFREY T.	PR	Buy (I)	3,000	91,680
	PENX	7/7/99	COOK, JEFFREY T.	PR	Buy (I)	3,000	91,680
PepsiCo	PEP	7/6/99	ROCKEFELLER, SHARON P.	DIR	Buy	50	
	PEP	7/23/99	ROCKEFELLER, SHARON P.	DIR	Sell	8,000	51,266
Ralston Purina	RAL	7/22/99	MULCAHY, JOHN P.	VP	Sell	5,000	207,697
RSL Corp.	RSLC	7/30/99	SEKULOW, EUGENE A.	DIR	Buy	1,000	3,336
	RSLC	8/4/99	SHASSIAN, DONALD R.	EX VP	Buy	3,000	18,000
Schlumberger	SLB	7/29/99	GUNDERSON, JAMES L.	SEC	Sell	8,044	3,393
TorchMark	TMK	7/9/99	MCWHORTER, ANTHONY L.		Sell	2,000	43,200
Unova	UNA	7/27/99	CUSUMANO, CHARLES A.	VP	Buy	5,000	9,930
	UNA	7/28/99	KEANE, MICHAEL E.	CFO	Buy	5,000	34,673
Varian Inc.	VARI	7/1/99	MOON, WAYNE R.	DIR	Sell	36	800
Varian Semiconductor	VSEA	7/22/99	MACNAUGHTON, ANGUS A.	DIR	Buy	5,000	20,000

(I) Indicates indirect trade.

Implied Value of Stubs

Parent Company	Symbol	Price	Carve-Out / Holding	Symbol	Price	Ratio (1)	Embedded Value (2)	Residual Stub Value (3)	Parent P/E (4)	Residual P/E (5)
Adelphia Comm.	ADLAC	\$ 62.00	Hyperion Telecom	HYPT	\$ 18.81	0.897	\$ 16.87	\$ 45.13		
Alpine Group	AGI	\$ 16.38	Superior Telecom	SUT	\$ 26.31	0.634	\$ 16.68	\$ (0.31)	12.60	0.5
AMR Corp.	AMR	\$ 58.63	Sabre Group	TSG	\$ 56.00	0.676	\$ 37.83	\$ 20.79	10.47	4.9
ARC International	ATV	\$ 1.44	Ballantyne of Omaha	BTN	\$ 7.56	0.204	\$ 1.54	\$ (0.11)		
			Cabletel Communications	TTV	\$ 2.63	0.232	\$ 0.61	\$ 0.83		
							\$ 2.15	\$ (0.72)		
Ascent Entertainment Group	GOAL	\$ 13.63	On Command	ONCO	\$ 18.00	0.578	\$ 10.40	\$ 3.23		
Banco Santander Spain	STD	\$ 10.00	Banco Santander Peurto Rico	SBP	\$ 17.06	0.032	\$ 0.55	\$ 9.45	10.10	10.17
Barnes and Noble	BKS	\$ 23.69	Barnesandnoble.com	BNBN	\$ 17.06	0.849	\$ 14.48	\$ 9.20	20.96	8.1
Boise Cascade	BCC	\$ 36.38	Boise Office products	BOP	\$ 9.63	0.946	\$ 9.10	\$ 27.27	33.07	394.9
Bowne	BNE	\$ -	Edgar Online	EDGR	\$ 8.25	0.040	\$ 0.33	\$ (0.33)	-	(0.3)
CBS	CBS	\$ 47.00	Infinity Broadcasting	INF	\$ 27.13	0.968	\$ 26.24	\$ 20.76	111.90	606.6
			MarketWatch.com	MKTW	\$ 30.50	0.007	\$ 0.20	\$ 46.80		
			Medscape	MSCP		0.020	\$ -	\$ -		
			Sportsline USA	SPLN	\$ 24.13	0.007	\$ 0.16	\$ 46.84		
							\$ 26.60	\$ 20.40		
Cerner	CERN	\$ 16.63	CareInsite	CARI	\$ 47.75	0.387	\$ 18.48	\$ (1.86)	36.94	(4.13)
Cohesion Technology	CSON *	\$ 5.88	Boston Scientific	BSX	\$ 33.94	0.119	\$ 4.04	\$ 1.83		
			Pharming N.V.	PHAR	\$ 3.80	0.100	\$ 0.38	\$ 5.50		
			Medarex	MEDX	\$ 5.06	0.033	\$ 0.17	\$ 5.71		
			Innovative Devices	IDEA	\$ 7.00	0.100	\$ 0.70	\$ 5.17		
							\$ 5.29	\$ 0.58		
Delia's	DLIA	\$ 8.13	iTurf	TURF	\$ 12.25	0.660	\$ 8.09	\$ 0.04	27.08	0.1
Dixons PLC	DXNS.L	1,171	Freeserve	FRE.I	\$ 181.50	2.087	379	792	24.19	28.6
Dupont	DD	\$ 63.38	Conoco	COC	\$ -	0.389	\$ -	\$ 63.38	24.19	28.6
Donaldson Lufkin & Jenrette	DLJ	\$ 47.81	DLJ Direct	DIR	\$ 17.06	0.622	\$ 10.62	\$ 37.20	14.58	11.2
Flowers Ind.	FLO	\$ 15.75	Keebler	KBL	\$ 29.81	0.464	\$ 13.82	\$ 1.93	13.24	1.6
Ford	F	\$ 52.13	Hertz	HRZ	\$ 40.31	0.077	\$ 3.09	\$ 49.03	9.36	9.2
GM	GM	\$ 66.25	Hughes	GMH	\$ 51.63	0.739	\$ 38.15	\$ 28.10	7.75	5.4
Hartford Financial Services	HIG	\$ 45.44	Hartford Life	HLI	\$ 43.44	0.406	\$ 17.65	\$ 27.79	11.62	10.66
IDT	IDTC	\$ 29.63	Net2Phone	NTOP	\$ 85.00	0.764	\$ 64.93	\$ (35.31)		
IMS Health	RX	\$ 27.63	Cog Tech Solutions	CTSH	\$ 24.13	0.022	\$ 0.54	\$ 27.09		38.9
			Gartner Group	IT	\$ 20.94	0.146	\$ 3.06	\$ 24.57		
Intermedia	ICIX	\$ 26.00	Digex	DIGX	\$ 33.25	0.868	\$ 28.86	\$ (2.86)		
Kansas City Southern	KSU	\$ 46.31	DST Systems	DST	\$ 66.50	0.234	\$ 15.57	\$ 30.74		
Kushner-Locke	KLOC	\$ 4.25	USSearch.com	SRCH	\$ 7.94	0.751	\$ 5.96	\$ (1.71)		
Limited	LTD	\$ 37.88	Intimate Brands	IBI	\$ 38.56	0.922	\$ 35.54	\$ 2.34	21.77	(1,378.1)
Loews	LTR	\$ 78.50	Diamond Offshore Drilling	DO	\$ 38.25	0.626	\$ 23.93	\$ 54.57	11.72	0.72
			CNA Insurance	CNA	\$ 36.38	1.415	\$ 51.45	\$ 27.05		
							\$ 75.38	\$ 3.12		
Maxxam	MXM	\$ 57.13	Kaiser Aluminum	KLU	\$ 8.94	7.143	\$ 63.84	\$ (6.71)		
National City	NCC	\$ 27.63	National Processing	NAP	\$ 8.69	0.142	\$ 1.23	\$ 26.39	6.03	5.85
News Corp	NWS	\$ 29.31	Fox Corp	FOX	\$ 23.06	0.541	\$ 12.49	\$ 16.83	29.61	20.7
Ocwen Financial	OCN	\$ 6.69	Ocwen Asset Investment	OAC	\$ 4.31	0.031	\$ 0.13	\$ 6.55	5.18	
PepsiCo	PEP	\$ 34.13	Pepsi Bottling Group	PBG	\$ 18.94	0.037	\$ 0.70	\$ 33.43	28.44	28.3
Pittway cI.A.B	PRY	\$ 33.38	Cylink	CYLK	\$ 7.50	0.205	\$ 1.54	\$ 31.84	20.23	1.7
Ralston Purina	RAL	\$ 27.50	DuPont	DD	\$ 63.38	0.071	\$ 4.49	\$ 23.01	16.67	13.9
			Interstate Bakeries	IBC	\$ 24.00	0.094	\$ 2.27	\$ 25.23	16.67	15.3
							\$ 6.76	\$ 20.74		
Nabisco Group Holdings	NGH	\$ 17.75	Nabisco	NA	\$ 39.31	0.655	\$ 25.73	\$ (7.98)		
Seagate Technology	SEG	\$ 33.19	Veritas Software	VRTS	\$ 59.25	0.310	\$ 18.40	\$ 14.79		
			SanDisk	SNDK	\$ 84.38	0.028	\$ 2.33	\$ 30.86		
			Gadzook Networks	ZOOX	\$ 90.38	0.018	\$ 1.63	\$ 31.56		
							\$ 22.35	\$ 10.84		
ShopKo	SKO	\$ 29.06	Provantage Health	PHS	\$ 12.94	0.477	\$ 6.17	\$ 22.89	10.93	
Silicon Graphics	SGI	\$ 11.44	Mips Technology	MIPS	\$ 34.25	0.168	\$ 5.75	\$ 5.69		
Medical Manager (new)	MMGR	\$ 59.50	CareInsite	CARI	\$ 47.75	1.444	\$ 68.93	\$ (9.43)		
Synovus	SNV	\$ 18.81	Total Systems	TSS	\$ 15.50	0.580	\$ 8.99	\$ 9.82	23.52	16.3
Toronto-Dominion	TD	\$ 19.50	TD Waterhouse Group	TWE	\$ 15.06	1.088	\$ 16.38	\$ 3.12		
			Knight-Trimark	NITE	\$ 32.75	0.030	\$ 0.99	\$ 18.51		
							\$ 17.37	\$ 2.13		
Telephone & Data Systems	TDS	\$ 69.63	U.S. Cellular	USM	\$ 56.31	1.155	\$ 65.07	\$ 4.56	(386.81)	(5.4)
			Aerial Communications	AERL	\$ 15.75	0.962	\$ 15.15	\$ 54.47		
			Vodafone	VOD	\$ 200.56	0.009	\$ 1.77	\$ 67.86		
							\$ 81.99	\$ (12.37)		
Time Warner	TWX	\$ 59.31	Time Warner Telecom	TWTC	\$ 27.00	0.046	\$ 1.24	\$ 58.08	169.46	147.6
USA Networks	USAI	\$ 44.88	Ticketmaster-Online	TMCS	\$ 25.63	0.131	\$ 3.36	\$ 41.51		
Viacom	VIA	\$ 42.06	Blockbuster	BBI	\$ 14.88	0.203	\$ 3.01	\$ 39.05		
Ziff-Davis	ZD	\$ 15.44	ZD.net	ZDZ	\$ 15.13	0.600	\$ 9.08	\$ 6.36		

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

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

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

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

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

Spin-Off Calendar by Date

Parent	Listed			Listed		Date Announced	Spin-Off Date	Report Date	Tax	
	Symbol	Options	Spin-Off	Symbol	Options				Exempt	Ratio
CBS / Data Broadcasting	DBCC	Y	Marketwatch.com	MKTW		10/13/98	01/19/99	January	Y	CO
Olin	OLN	Y	Arch Chemicals	ARJ		7/30/98	02/09/99	February		1:2
Pulitzer Publishing	PTZ	N	Pulitzer Inc.	PTZ		5/26/98	03/22/99	March	Y	1:1
PepsiCO	PEP	Y	Pepsi Bottling Group	PBG	Y	7/28/98	03/31/99	April		CO
Varian Associates	VAR	Y	Varian Inc.	VARI	Y	8/21/98	04/50/99	March	Y	1:1
			Varian Semiconductor	VSEA	Y	8/21/98	04/05/99	March	Y	1:1
Investment Technologies Group	ITGI	N	Jefferies Group	JEF	Y	3/18/98	04/28/99	April	Y	1:1
dElia*s	DLIA	N	iTurf	TURF			04/09/99			CO
Columbia/HCA	COL	Y	LifePoint Hospitals	LPNT		7/29/98	05/11/99	May	Y	1:19
			Triad Hospitals	TRIH		7/29/98	05/11/99	May	Y	1:19
Western Wireless	WWCA	Y	Voicestream Wireless Corp.	VSTR		10/27/98	05/03/99	May	Y	1:1
General Motors	GM	Y	Delphi Unit	DPH	Y	8/3/98	05/28/99	May	Y	.7:1
Creative Computers	MALL	N	uBid	UBID		07/06/98	06/08/99	June	Y	CO .7:1
Wyndham International	PAH		Interstate Hotels	IHCO			06/18/99	June	N	1:30
Enron	ENE	Y	Azurix	AZX		03/16/99	06/10/99	June		CO
Nabisco Group Holdings	NGH	Y	RJ Reynolds	RJR		03/09/99	06/15/99	June	Y	1:3
Synetic	SNTC	Y	CareInsite	CARI		03/26/99	06/16/99	July		CO
Toronto-Dominion	TD	Y	TD Waterhouse Group	TWE	Y	04/30/99	6/23/99	July		CO
Kushner-Locke	KLOC	Y	USSearch.com	SRCH		04/12/99	6/25/99	July		CO
Genzyme General	GENZ	Y	Genzyme Surgical	GZSP		05/27/99	06/28/99	July		TR
IMS Health	RX	Y	Gartner Group	IT	Y	11/12/98	07/26/99	July	Y	1:7.7
ShopKo	SKO	Y	ProVantage Health Services	PHS		02/04/99	07/14/99	August		CO
Roche Holdings AG	RO.SW		Genentech	DNA		06/02/99	07/20/99	August		CO
IDT	IDTC	Y	Net2Phone	NTOP		05/14/99	07/29/99	August		CO
Quantum	QNTM	Y	Hard Disk Drive	HDD		03/01/99	08/03/99	July-U		.5:1
			DLT & Storage Systems	DSS		03/01/99	08/03/99	July-U		1:1
DuPont	DD	Y	Conoco	COC	Y	05/11/98	08/09/99	August	Y	1:2.95
Viacom	VIA.B	Y	Blockbuster Entertainment	BBI	Y	05/06/99	08/12/99	Featured	Y	CO
Limited	LTD	Y	Limited Too	TOO		05/03/99	08/24/99	Featured	Y	1:7
Lynch Corp.	LGL		Lynch Interactive	LIC		04/09/99	09/01/99	Featured	Y	1:1
Hyperfeed Technologies	PQT	Y	PCQuote.com	PCQT		04/26/99	Sept-99	Featured		CO
Perfumania	PRFM	N	Perfumania.com	PF		04/20/99	Sept-99	Featured		CO
HRPT Properties	HRP	Y	Senior Living	SNH		12/24/98	Sept-99	Featured	N	.1:10
Action Performance	ACTN		Goracing.com	GRCN		07/06/99	Sept-99	Featured		CO
Snyder Communications	SNC	Y	circle.com	CRCM		05/12/99	Sept-99	Featured		TR .25:1
			Ventiv Health	VTIV		06/23/99	Sept-99	Featured	Y	1:3
Billing Concepts	BILL	Y	Software and Systems			04/22/99	CXL	May		1:1
Williams Co.	WMB	Y	Communications Group	WCG		11/20/98	Sept / Oct	December-98		CO
Gencorp	GY	Y	Omnova Solutions			12/17/98	Sept / Oct	August-U	Y	SP
Harris Corp.	HRS	Y	Lanier Worldwide	LN		04/14/99	Sept / Oct	August-U		1:1
Comdisco	CDO	Y	Prism – High Speed Data Line			06/17/99	Oct-99	July		CO
US Industries	USI	Y	Strategic Industries			05/18/99	Oct-99	June	P	1:10
Kansas City Southern Ind.	KSU	Y	Stilwell Financial	SV		02/03/98	Oct-99	April	Y	2:1
Watts Industries	WTS	Y	Oil and Gas Business			12/15/98	Oct-99	January	P	SP
Harcourt General	H	Y	Neiman Marcus	NMG		05/17/99	Nov-99	May		3:10
Tenneco	TEN	Y	Tenneco Packaging			07/21/98	Nov-99	May	Y	SP
Telephone & Data Systems	TDS	Y	Aerial Communications	AERL	Y	12/21/98	Dec-99	January	P	SP
Miller Industries	MLR	Y	RoadOne			05/13/99	12/31/99	June	P	SP
Ogden Corp.	OG	Y	Aviation			03/11/99	4th qtr	April		CO
			Entertainment							
JC Penney	JCP	Y	Eckerd Drug Chain			05/18/99	4th qtr	June		CO-TR

Spin-Off Calendar by Date

Parent	Symbol	Listed		Symbol	Options	Date Announced	Spin-Off Date	Report Date	Tax	
		Options	Spin-Off						Exempt	Ratio
LSB Industries	LSB	N	Automotive Business			08/05/98	1999	September-98	P	SP
Navarre	NAVR	Y	Net Radio	NETR	N	03/03/99	1999	April		CO
Odetics	ODETA	N	Intelligent Transportation Unit			05/04/98	1999	April		CO
Allegheny Teledyne	ALT	Y	Aerospace and Electronics Consumer Segment			01/19/99	1999	February	Y	SP
Meditrust	MT	Y	Health Care Financing Business			11/12/98	1999	December-98	P	SP
MedPartners	MDM	Y	Physician Practice Management			11/12/98	CXL	December-98		Sold
Pomeroy Computers	PMRY	Y	Pomeroy Select	PSIS		01/15/99	1999	February		CO
Delta Woodside	DLW	Y	Apparel Division			02/09/99	1999	March	N	SP
Silicon Graphics	SGI	Y	Mips Technology	MIPS	N	02/26/99	1999/2000	March		CO
Hewlett-Packard	HWP	Y	Agilent Technologies			03/02/99	1999	April		SP
Century Business	CBIZ	Y	Insurance			04/06/99	1999	May		
Oak Industries	OAK	Y	Lasertron			04/21/99	1999	May		CO
Wall Data	WALL	Y	Rumba & Cyberprise			05/03/99	CXL	June		
CarrAmerica Realty	CRE	Y	HQ Global Workplaces			05/07/99	1999	June		CO
AutoNation	AN	Y	Autonation.com			05/25/99	1999	June		CO/TR
			Rental Car Units			08/02/99	1999	Featured		SP
ACX Technologies	ACX	Y	Coors Ceramics			06/15/99	1999	July	P	SP
HealthSouth	HRC	Y	HealthSouth Hospitals			06/14/99	1999	July	P	SP
Ralston Purina	RAL	Y	Eveready			06/10/99	1999	July	P	SP
Symantec	SYMC	Y	Internet Software			06/10/99	1999	July		CO
Crane	CR	Y	Huttig			06/21/99	1999	July	P	SP
Tektronix	TEK	Y	Color Printing and Imaging			06/24/99	2000	July	P	CO/SP
Technology Solutions	TSCC	Y	Enterprise Customer Mgmt.			03/31/99	1999	August	P	CO/SP
US Bancorp	UBAN	N	Three Rivers Bancorp			07/12/99	1999	August	P	SP
Weatherford	WFT	Y	Grant Prideco Drilling			07/21/99	1999	August	P	SP
Schlumberger	SLB	Y	Sedco Forex (Merger)	RIG		07/12/99	1999	August		SP
Baxter Int.	BAX	Y	Cardiovascular Unit			07/12/99	2000	August	P	SP
Interpool	IPX	N	Microtech and Poolstat			08/09/99		Featured		SP
Nordstrom	JWN	N	Internet Unit			08/26/99		Featured		CO
Olsten Corp.	OLS	Y	Health Services			08/18/99	1999	Featured		SP

Foreign Spin-Off Calendar by Date

Parent	Symbol	Spin-Off	Symbol	Date Announced	Spin-Off Date	Report Date	Tax	
							Exempt	Ratio
CommerzBank	CBK.F, CRBZY.N	Com-Direct		6/10/99	1999	July		CO
VEBA AG	VEB.F, VEB.N	Stinnes	SNS.F		06/23/99	August		CO
Dixons Group PLC	DXNS.L	Freeserve	FRE.L FREE	06/07/99	07/06/99	August		CO
Shaw Commnications	SJR.A, SJR.TO	Corus Entertainment	CJR	06/10/99	09/01/99	Featured	Y	1:3
Siemens	SIEG.F	Infineon			Oct-99	August		CO
Hoechst AG	HFAG.F, HOE.N	Celanese Chemicals	CZ, CZZ	12/01/98	Nov-99	July	Y	SP
Banca Popolare Brescia	BPB.IM	Fin-Eco Online		06/18/99	1999	July		CO
Magna International	MGA.N, MG.TO	Non-Automotive		05/25/99	1999	June		SP
Telefonica S.A.	TEF.N, TDESF.MA	Internet Division		08/25/99	1999	Featured		CO

Spin-off Statistics

Spin-Off Name	Symbol	Business	Parent	Symbol	Date	Spin-Off Price	CLOSING	Spin-Off	S:P 500
							PRICE 08/31/99	% Change	% Change
Agribands	AGX	Animal feeds and agricultural products	Ralston Purina	RAL	4/1/98	35 14/16	48 10/16	36%	19%
Arch Chemical	ARJ	Chemicals	Olin	OLN	2/9/99	18 7/8	19.6875	5%	9%
Bally Fitness Corp.	BFT	Healthclubs	Bally Entertainment (Merged)	BLY	1/10/96	4 14/16	32 1/16	558%	114%
BEI Technologies	BEIQ	Electronic Sensors and Motion Control	BEI Electronics	BEII	10/8/97	13 2/16	11 2/16	-15%	39%
Billing Information Concepts	BILL	Billing clearinghouse to Tele-Comm.	U.S. Long Distance	HSLD	8/2/96	10 8/16	5 4/16	-50%	99%
BJ's Whole Sale Club	BJ	Warehouse Clubs	HomeBase (Waban)	HBI	7/29/97	29 6/16	28 4/16	-4%	40%
Chicago Title Corp.	CTZ	Title Insurance	Alleghany	Y	6/18/98	46 12/16	45 5/16	-3%	19%
ChoicePoint	CPS	Risk Management	Equifax, Inc.	EFX	8/7/97	35 12/16	65 13/16	84%	39%
Cognizant Technology Solutions	CTSH	Software Solutions	IMH Health	RX	6/19/98	10	24 2/16	141%	20%
Cohesion Technologies	CSO	Medical Devices, Sealant	Collagen Aesthetics	CGEN	8/19/98	5	5 14/16	18%	20%
Commscope	CTV	Coaxial Cable	General Instrument	GIC	7/28/97	15 12/16	34 7/16	119%	41%
Conexant	CNXT	Semiconductors	Rockwell International	ROK	1/4/99	18 7/8	71.875	282%	8%
Convergys	CVG	Billing processing to Tele-Comm.	Cincinnati Bell	CSN	8/12/98	16 10/16	20 10/16	24%	23%
Corn Products International	CPO	Canned and preserved fruit & vegetables	Best Foods (CPC Intl.)	BFO	1/2/98	30	32 9/16	9%	35%
Covance	CVD	Research org. to Biotechnology	Corning Inc.	GLW	1/14/97	19 12/16	16 1/16	-19%	78%
Delphi Automotive	DPH	Automotive Parts	General Motors	GM	2/5/99	18 8/16	18 12/16	1%	7%
Earthgrains	EGR	Prod. and Dist. Bakery Products	Anheuser-Busch	BUD	3/26/96	7 10/16	24 2/16	216%	103%
Hi/fin	HIFN	Data Compression & Encryption	Stac	STAC	12/17/98	20 8/16	120 11/16	489%	12%
Highland Insurance Services	HIC	Insurance	Halliburton Co.	HAL	1/24/96	21 2/16	8 8/16	-60%	71%
Hussman Corp.	HSM	Refrigeration systems	Whitman Corp.	WH	2/2/98	13 10/16	17	25%	35%
Imation	IMN	Data storage and Imaging	Minnesota Mining	MMM	7/16/96	23 14/16	28 3/16	18%	108%
IMS Health	RX	Healthcare Information Systems	Nielsen Media research	NMR	7/1/98	31 8/16	27 10/16	-12%	15%
Infinity Broadcasting	INF	Broadcasting	CBS	CBS	12/10/98	23 2/16	27 2/16	17%	13%
ITT Industries	IIN	Hospitality and entertainment/gaming	ITT	ITT	12/20/95	22 4/16	33 13/16	52%	118%
Keebler Foods	KBL	Produces and distributes food products	Flowers	FLO	1/29/98	26 13/16	29 13/16	11%	34%
Leap Wireless	LWIN	Wireless Telecommunications	Qualcomm	QCOM	9/24/98	8	17 6/16	117%	26%
LNR Properties	LNR	Real Estate investment and Management	Lennar Corp.	LEN	11/3/97	25 3/16	18 10/16	-26%	45%
Lucent Technologies	LU	Telecommunication systems	AT&T	T	4/3/96	7 10/16	64 1/16	744%	92%
Meritor Automotive	MRA	Automotive accessories	Rockwell International	ROK	10/1/97	23 14/16	21 13/16	-9%	47%
Midas	MDS	Automotive Repair	Whitman Corp.	WH	2/2/98	16 1/16	23 10/16	47%	35%
NCR	NCR	Data, Transaction Processing	AT&T	T	1/2/97	33 12/16	43 12/16	30%	79%
Newport News Shipbuilding	NNS	Ship Building	Tenneco	TEN	12/12/96	17	31 7/16	85%	81%
Park Place Entertainment	PPE	Gaming	Hilton Hotels	HLT	1/4/99	7 8/16	11 8/16	53%	8%
Penton Media	PME	Publishing	Pittway	PRY	8/10/98	16 12/16	13 12/16	-18%	22%
Penwest Pharmaceuticals	PPCO	Pharmaceuticals	Penford Corp.	PENX	8/10/98	16 12/16	7 2/16	-57%	33%
Primex Technologies	PRMX	Defense and Aerospace	Olin	OLN	1/7/97	16 12/16	20 14/16	25%	78%
Quest Diagnostics	DGX	Diagnostic Testing	Corning Inc.	GLW	1/14/97	17 12/16	26 7/16	49%	78%
RCN Corp.	RCNC	Voice, Video and interactive processing	C-Tec Corporation	CTEX	10/1/97	15 14/16	42	165%	39%
RH Donnelley	RHD	Marketer and Publisher	Dun and Bradstreet	DNB	7/1/98	15 10/16	17 5/16	11%	15%
School Specialty	SCHS	Educational Supplies	U.S. Office Products	OFIS	6/10/98	15 14/16	12 6/16	-22%	19%
Solutia	SOI	Chemicals	Monsanto	MTC	9/3/97	19 3/16	20	4%	47%
Sonosight	SONO	Handheld Ultrasound devices	ATL Ultrasound	ATLI	4/7/98	13 6/16	27 12/16	107%	19%
Tricon Global Restaurants	YUM	Restaurants	Pepsi Corp.	PEP	10/7/97	31 2/16	40 10/16	31%	37%
uBid	UBID	Internet Auction House	Creative Computers	MALL	12/4/98	48	21 2/16	-56%	12%
Unova	UNA	Information and Manufacturing Technology	Western Atlas	WAI	11/3/97	18 6/16	15 1/16	-18%	46%
Vlasic	VL	Food products	Campbell Soup	CPB	3/30/98	25 12/16	7 6/16	-71%	21%
Waddell & Reed	WRD	Asset Management	Torchmark	TMK	3/5/98	26 7/16	22 13/16	-14%	28%
Workflow Management	WORK	Print Management	US Office	OFIS	6/10/98	9	13 4/16	47%	19%

Parent Statistics

Parent Name	Symbol	Spin-Off	Symbol	Spin-Off Date	Spin-Off Price	CLOSING PRICE 08/31/99	Spin-Off % Change	S & P 500 % Change
Alleghany	Y	Chicago Title & Trust	CZT	6/17/98	225	180.75	-20%	19%
American Medical Security Group	AMZ	United Wisconsin	UWZ	9/25/98	10 8/16	8.75	-17%	26%
AMR Corporation	AMR	Sabre Reservations System	TSG	10/10/96	82 5/8	58.63	-29%	90%
Anheuser-Busch	BUD	Earthgrains	EGR	3/27/96	17	77.00	356%	103%
AT&T	T	Lucent Technologies	LU	4/3/96	37 5/8	45.00	20%	92%
AT&T	T	NCR	NCR	1/2/97	42 5/8	45.00	6%	79%
Barnes & Noble	BKS	barnesandnoble.com	BNBN	5/25/99	28 6/16	23.69	-17%	3%
Baxter International	BAX	Allegiance	AEH	10/1/96	43	67.06	56%	92%
BEI Electronics	BMED	BEI Technologies	BEIQ	10/8/97	4 3/8	1.31	-70%	36%
Best Foods	BFO	Corn Products International	CPO	12/31/97	50 1/4	49.13	-2%	35%
Campbell Soup	CPB	Vlasic Foods International	VL	3/30/98	56 12/16	44.19	-22%	21%
CBS	CBS	Infinity Broadcasting	INF	12/10/98	30 4/16	47.00	55%	13%
CBS	CBS	Marketwatch.com	MKTW	1/19/99	34 10/16	47.00	36%	6%
Choice Hotels International	CHH	Sunburst	SNB	10/16/97	17 3/8	16.25	-6%	38%
Cooper Industries	CBE	Cooper Cameron	RON	7/5/95	40 3/8	51.88	28%	141%
Corning Inc.	GLW	Covance	CVD	12/31/96	45 3/8	66.50	47%	78%
Corning Inc.	GLW	Quest Diagnostics	DGX	12/31/96	45 3/8	66.50	47%	78%
Creative Computers	MALL	uBid	UBID	6/8/99	8 11/16	5.75	-34%	12%
CVS (Melville Corp.)	CVS	Footstar	FTS	10/16/96	38 1/4	41.69	9%	87%
dElia's	DLIA	iTurf	TURF	4/9/99	31 12/16	8.13	-74%	-2%
Dole Food Company	DOL	Castle & Cook, Inc.	CCS	1/4/95	20 6/8	25.19	21%	188%
Dun & Bradstreet	DNB	Reuben H. Donnelley	RHD	7/1/98	34 7/16	26.19	-24%	15%
Dun and Bradstreet	DNB	A.C. Nielson	ART	11/13/96	22 3/4	26.19	16%	80%
Dun and Bradstreet	DNB	Cognizant	CZT	11/13/96	22 3/4	26.19	15%	81%
DuPont	DD	Cononco	COC	10/22/98	61 10/16	63.38	3%	22%
Equifax, Inc.	EFX	ChoicePoint	CPS	8/8/97	30 5/8	30.50	0%	41%
Florida Progress Corp.	FPC	Echelon International	EIN	12/18/96	32 1/2	46.81	45%	80%
Flowers	FLO	Keebler Foods	KBL	1/29/98	23 4/16	15.75	-32%	34%
Ford	F	Associates First Capital Corp.	AFS	4/7/98	44 8/16	52.13	17%	19%
Fortune Brands	FO	Gallaher Tobacco	GLH	6/2/97	31 5/8	37.50	19%	56%
Forward Air (Formerly Landair Services)	FWRD	Landair Corporation	LAND	8/27/98	11 1/16	22.50	103%	26%
General Mills	GIS	Darden Restaurants	DRI	6/1/95	51 5/8	83.75	62%	148%
General Motors	GM	Delphi Unit	DPH	5/28/99	69	66.25	-4%	7%
Host Marriot Corp.	HMT	Host Marriot Services	HMS	2/2/96	11 5/8	9.25	-20%	107%
Investment Technologies Group	ITG	Jeffries Group	JEF	4/28/99	38	0.00	-100%	-2%
Lenmar	LEN	LNR Properties	LNR	11/3/97	16 5/8	19.00	14%	41%
Limited	LTD	Abercrombie & Fitch	ANF	9/26/96	19	37.88	99%	19%
May Department Stores	MAY	Payless ShoeSource	PSS	5/9/96	45 1/4	39.06	-14%	106%
Minnesota Mining	MMM	Imation	IMN	7/16/96	61 1/2	94.50	54%	108%
Monsanto	MTC	Solutia	SOI	9/1/97	45	41.13	-9%	47%
Nabisco Holdings Group	NGH	RJ Reynolds	RJR	6/15/99	21 9/16	17.75	-18%	1%
News Corp	NWS	Fox Entertainment	FOX	11/11/98	28 6/16	29.31	3%	18%
Olin	OLN	Primex Technologies	PRMX	12/31/96	37 5/8	14.19	-62%	78%
Olin	OLN	Arch Chemicals	ARJ	2/9/99	15 7/16	14.19	-8%	9%
Penford Corp.	PENX	Penwest Pharmaceuticals	PPCO	9/1/98	13 4/16	14.75	11%	33%
Pepsi	PEP	Tricon Global Restraunts	YUM	10/8/97	38 6/8	34.13	-12%	34%
Premark International	PMI	Tupperware	TUP	5/31/96	16 1/4	33.25	105%	97%
Qualcomm	QCOM	Leap Wireless	LWIN	9/23/98	24 2/16	192.19	698%	26%
Ralston Purina	RAL	Agribands	AGX	4/1/98	34 2/16	27.50	-19%	19%
Rockwell	ROK	Meritor	MRA	10/1/97	55 3/8	59.13	7%	38%
Sodexo Marriott Services	SDH	"New" Marriott International	MAR	3/30/98	26 10/16	14.13	-47%	21%
Sprint Corp.	FON	360 Communications	XO	3/8/96	34 3/4	44.31	28%	108%
Tenneco	TEN	Newport News Shipbuilding	NNS	12/12/96	44	20.13	-54%	81%
Time Warner	TWX	Time Warner Telecom	TWTC	5/12/99	77 4/16	59.31	-23%	-3%
Western Wireless	WWCA	Voicestream Wireless Corp.	VSTR	5/3/99	23 14/16	38.69	62%	-3%
Whitman	WH	Midas / Hussmann	MDS/HSM	1/30/98	16 3/4	16.56	0%	35%