THE SPIN-OFF CALENDAR

CONTINUOUS COVERAGE OF NEWLY ANNOUNCED AND PENDING U.S. TAX-FREE SPIN-OFFS

June 2011

All prices as of May 25, 2011, unless otherwise indicated

HIGHLIGHTS

El Paso Corporation to Spin Off Exploration and Production Assets

El Paso Corporation (NYSE: EP) intends to spin off its exploration and production (E&P) assets from its midstream and pipeline assets by the end of 2011. On May 24, 2011, EP announced that its Board of Directors had approved plans to separate into two stand-alone publicly traded companies. The parent company would retain the general and limited partnership interests in El Paso Pipeline Partners LP (NYSE: EPB). Additionally, the parent company would continue to operate the country's largest interstate pipeline system, with more than 42,000 miles of pipe extending from the Gulf Coast to large consumer markets in the Northeast, as well as supply basins in the Southwest and Rockies. Midstream assets include gathering lines, compression units, and a gas processing plant in Utah's Uinta basin, as well as gathering lines and dehydration equipment in Louisiana's Haynesville Shale.

The proposed spin-off company had 3.4 trillion cubic feet equivalent (Tcfe) of hydrocarbon proved reserves at year-end 2010, up 22% from the previous year. The primary assets are located in the Haynesville Shale, the Eagle Ford Shale in South Texas, and the Wolfcamp Shale in West Texas's Permian Basin, as well as the Altamont Field in Northern Utah's Uinta Basin. Production averaged 782 MMcfe/d (million cubic feet equivalent per day) in 2010, up 3% year-over-year. Increased drilling in the Eagle Ford and Wolfcamp Shale plays has led to a shift in inventory toward oil and away from gas (from 38% oil in 2007 to 48% in 2010). Management expects the shift to continue.

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The Spin-Off Report

PCS Research Services
125 Maiden Lane, 6th Floor
New York, NY 10038
(212) 233-0100
www.pcsresearchservices.com

HORIZON

Horizon Research Group

Murray Stahl	**Steven Bregman**
Thérèse Byars	Derek Devens
Peter Doyle	Steve Ferazani
Michael Gallant	Matthew Houk
David Leibowitz	Eric Sites
Fredrik Tjernstrom	Steven Tuen

THE SPIN-OFF CALENDAR

INDEX OF PENDING TAX-FREE SPIN-OFFS

(_) New this issue; * New info./valuation; (wi) Trading when-issued; (rw) Trading regular way

DATE-ORDER SPIN-OFF CALENDAR

Parent	Symbol	Mkt. Cap. (mn)	Dates of Importance: Announced	Distributed	Spin-Off	Symbol	Mkt. Cap. (mn)
CoreLogic, Inc.	CLGX	$2,000	1/15/2008	6/1/2010	First American Financial	FAF	$1,700
PPD, Inc.	PPDI	$3,300	10/27/2009	6/14/2010	Furiex Pharmaceuticals	FURX	$170
Questar Corporation	STR	$3,000	4/21/2010	6/30/2010	QEP Resources	QEP	$7,500
Vishay Intertechnology	VSH	$2,400	10/27/2009	7/6/2010	Vishay Precision Group	VPG	$240
J. Ray McDermott	MDR	$5,100	12/7/2009	7/30/2010	Babcock & Wilcox	BWC	$3,300
General Growth	GGP	$15,800	2/24/2010	11/9/2010	The Howard Hughes Corp.	HHC	$2,800
Sun Healthcare Group	SUNH	$250	5/24/2010	11/15/2010	Sabra Health Care REIT	SBRA	$430
Motorola Solutions	MSI	$16,100	2/11/2010	1/4/2011	Motorola Mobility	MMI	$7,400
Northrop Grumman	NOC	$19,000	7/13/2010	3/31/2011	Huntington Ingalls Industries	HII	$1,800
Marathon Oil Corp.	MRO	$37,800	1/13/2011	6/30/2011	Marathon Petroleum Corp.	MPC	
Liberty Media Corp.	LINTA	$10,300	6/20/2010	Mid-2011	Liberty Capital	LCAPA	$6,800
Liberty Media Corp.	LINTA	$10,300	6/20/2010	Mid-2011	Liberty Starz	LSTZA	$3,800
Cablevision Systems Corp.	CVC	$10,100	11/18/2010	Mid-2011	AMC Networks	AMCX	
IDT Corporation	IDT	$510	11/5/2010	Mid-2011	Genie Energy		
Expedia, Inc.	EXPE	$6,900	4/7/2011	3Q 2011	TripAdvisor		
Fortune Brands (Beam Inc.)	FO	$9,800	12/8/2010	2H 2011	Fortune Brands Home & Security		
NTELOS Holdings Corp.	NTLS	$860	12/8/2010	2H 2011	NTELOS Wireline One		
El Paso Corporation	EP	$16,100	5/24/2011	4Q 2011	Exploration & Production Assets		
ITT Corporation	ITT	$10,500	1/12/2011	4Q 2011	Water and Defense Businesses		
Marriott International	MAR	$13,600	2/14/2011	4Q 2011	Timeshare Business		
Sara Lee Corporation	SLE	$11,400	1/28/2011	1Q 2012	North America Retail & Food		

Source: Thomson One, Bloomberg, and Institutional Research Group

Cablevision Systems Corporation / AMC Networks

PARENT	SPIN-OFF	STATUS
Cablevision Systems Corporation (516) 803-2270 NYSE: CVC Price: $33.82 Dividend / Yield: $0.60 / 1.8% 52-Wk. Rng.: $22.02 - $38.08 Market Cap.: $10.1 B 2010 Financial Performance (Cons.) Revenue: $7.3 B Op. Income: $1.5 B	*AMC Networks* N/A NASDAQ: AMCX Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A 2010 Financial Performance (Historical) Revenue: $1.1 B Op. Income: $280 M	Spin-Off Announcement: 11/18/10 Spin-Off Date: Mid-2011 Tax Status: Tax-free expected Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS, and final approval from Board of Directors Form 10: Amendment filed 5/17/2011 Published Report: May 23, 2011

DESCRIPTION

On December 16, 2010, Cablevision Systems (NYSE: CVC) announced that its Board had approved the spin-off of AMC Networks Inc., Cablevision's programming-related assets, to be effected as a tax-free pro rata distribution of shares to shareholders in mid-2011. AMC Networks will trade on the NASDAQ exchange under the symbol "AMCX." The Dolan family owns 100% of Class B shares and 3.9% of Class A shares, which together amounts to approximately 71% of the voting power and approximately 20% equity ownership of Cablevision.

The separation has the potential to unlock shareholder value, as the growth prospects of the programming assets are reflected in a higher multiple than is currently generated by the parent. In addition, CVC offers value, as declining capital expenditures following the build-out of its digital network could enable management to better reward shareholders with steady cash flow generation through an increased dividend or share buybacks. A fair value estimate of $42 per share, based on current operating metrics and potential advertising growth opportunities when compared to peers, offered about 20% upside to the share prices as of the publication of our comprehensive report on May 23, 2011. As a result, shares were recommended for purchase prior to the spin-off.

Longer term, concerns about the cable operator business model could make investors uneasy about future prospects. The pre-spin buy recommendation is predicated on CVC's ability to generate stronger cash flow in 2011 as the current investment cycle in new equipment winds down. As a result, CVC is positioned to potentially buy back shares or increase the dividend. Over the next several years, however, CVC may face threats from increased competition and evolving technology. The growth of Netflix Inc. (NASDAQ: NFLX) and other streaming services, increased overlap with telcos offering video and high-speed data services, and even video over wireless services could pose challenges to cable companies' dominant industry position. Our comprehensive report does not attempt to reach conclusions regarding the long-term future of the industry, other than to note the dynamic nature of the business and issue a caution about the potential for significant disruption in the model. Conversely, increased competition among distributors such as cable operators, streaming services, and telcos for content could benefit companies such as AMCX. High-quality and in-demand programming could generate higher fees in a competitive marketplace where consumers can switch easily from varying distributors. If competition intensifies, it could weaken post-spin CVC's position with suppliers while strengthening AMCX's negotiating power.

AMC Networks' assets include five national cable networks, including AMC, WE tv, IFC, Sundance Channel, and Wedding Central, as well as IFC Entertainment, an "indie" film distributor, and Rainbow Network Communications, which is primarily a transmission company servicing Cablevision's current programming. Cablevision will retain the telecommunications and cable business, the Newsday newspaper publishing business, a New York regional news network named News 12, a network dedicated to high school sports named MSG Varsity, and fifty-four movie theater operations through Clearview Cinemas.

The Dolan family will retain control over both the parent and the spin-off. The Dolans offered to take CVC private in October 2007 for $27 per share. This effort was ultimately voted down by shareholders, as the proposed bid was deemed to undervalue the company. Since then, CVC spun off Madison Square Garden Inc. (NASDAQ: MSG), the sports and entertainment company, in February 2010. The potential for the family to attempt to take CVC or the spin-offs private in the future cannot be ruled out.

Please refer to our published *Spin-Off Report* on Cablevision Systems, dated May 23, 2011, for additional information.

PARENT INDEX MEMBERSHIP

* NYSE Composite	* Russell Midcap	* Russell 3000
* S&P 500	* Russell Midcap Value	* Russell 3000 Value
* S&P Barra Growth	* Russell 1000	* Russell Smallcap Completeness
* S&P Composite 1500	* Russell 1000 Value	* Russell Smallcap Completeness Value

PARENT TOP 10 SHAREHOLDERS

1	Dolan Family	20.0%	**6**	Vanguard Group	4.3%
2	T. Rowe Price Associates	9.6%	**7**	AllianceBernstein LP	3.2%
3	ClearBridge Advisors	7.1%	**8**	State Street Global Advisors	3.0%
4	Marathon Asset Management	5.9%	**9**	BlackRock Institutional Trust Company	2.8%
5	GAMCO Investors	5.3%	**10**	Tiger Global Management	2.1%

El Paso Corporation / Exploration and Production Assets

PARENT	SPIN-OFF	STATUS
El Paso Corporation (713) 420-5855 NYSE: EP Price: $21.11 Dividend / Yield: $0.04 / 0.2% 52-Wk. Rng.: $10.60 - $19.09 Market Cap.: $16.1 B <u>2010 Financial Performance (Cons.)</u> Revenue: $4.6 B EBITDA: $3.1 B	*Exploration and Production Assets* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A <u>2010 Fin. Perf. (E& P Segment)</u> Revenue: $1.8 B EBITDA: $1.2 B	Spin-Off Announcement: 5/24/2011 Spin-Off Date: 4Q 2011 Tax Status: Tax-free expected Spin-Off Ratio: N/A Prerequisites: Approval from shareholders, SEC, IRS, and Board of Directors Form 10: N/A Published Report: N/A

DESCRIPTION

El Paso Corporation (NYSE: EP) intends to spin off its exploration and production assets from its midstream and pipeline assets by the end of 2011. On May 24, 2011, EP announced that its Board had approved plans to separate into two stand-alone publicly traded companies. The parent company would retain the general and limited partnership interests in El Paso Pipeline Partners LP (NYSE: EPB). Additionally, the parent company would continue to operate the country's largest interstate pipeline system, with more than 42,000 miles of pipe extending from the Gulf Coast to large consumer markets in the Northeast, as well as supply basins in the Southwest and Rockies. Midstream assets include gathering lines, compression units, and a gas processing plant in Utah's Uinta basin, as well as gathering lines and dehydration equipment in the Haynesville Shale.

The proposed spin-off company had 3.4 trillion cubic feet equivalent of hydrocarbon proved reserves at year-end 2010, up 22% from the previous year. The primary assets are located in the Haynesville Shale, the Eagle Ford Shale in South Texas, and the Wolfcamp Shale in West Texas's Permian Basin, as well as the Altamont Field in Utah's Uinta Basin. Production averaged 782 MMcfe/d in 2010, up 3% year-over-year. Increased drilling in the Eagle Ford and Wolfcamp Shale plays has led to a shift in inventory toward oil and away from gas (from 38% oil in 2007 to 48% in 2010). Management expects the shift to continue.

At the time of the announcement, a peer group of similar-sized US-based E&P companies traded at around $3 per Mcfe on an enterprise value per year-end proved reserves. One could reach a fair value estimate range of $4-$10 for the spin-off based on EP's proved reserves of 3,362 Bcfe at year-end 2010. The range is based on a one-for-one share distribution and $7 billion in net debt being distributed to the spin-off. Clearly, more debt could be left with the parent, given the stable cash flow generation of the pipeline and midstream assets. EP has a targeted dividend of $0.60 per share for the parent in 2012 post spin-off. Investors can base a fair value estimate for the parent on a reasonable dividend yield, given the relatively secure cash flow generation of pipeline and midstream assets.

PARENT INDEX MEMBERSHIP

* NYSE Composite
* NYSE ARCA Natural Gas
* Russell 1000
* Russell 1000 Value
* Russell 1000 Growth
* Russell 3000
* Russell 3000 Value
* Russell 3000 Growth
* Russell Midcap
* Russell Midcap Value
* Russell Midcap Growth
* S&P 500
* S&P Composite 1500
* S&P Barra Value

PARENT TOP 10 SHAREHOLDERS

1	T. Rowe Price Associates	5.5%	6	BlackRock Institutional Trust Company	3.5%
2	Vanguard Group	5.1%	7	Lord, Abbett & Co.	2.9%
3	State Street Global Advisors	4.2%	8	BlackRock Financial Management	2.4%
4	JANA Partners LLC	4.0%	9	Wellington Management Company	1.7%
5	Fidelity Management & Research	3.6%	10	MFS Investment Management	1.6%

Expedia, Inc. / TripAdvisor

PARENT	SPIN-OFF	STATUS
Expedia, Inc. (425) 679-3555 NASDAQ: EXPE Price: $27.33 Dividend / Yield: $0.28 / 1.0% 52-Wk. Rng.: $18.30 - $29.85 Market Cap.: $6.9 B 2010 Financial Performance (Cons.) Revenue: $3.3 B OIBA: $831 M	*TripAdvisor* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A 2010 Fin. Perf. (TripAdvisor Segment) Revenue: $314 M OIBA (ex. Corp. and Elim.): $260 M	Spin-Off Announcement: 4/7/2011 Spin-Off Date: 3Q 2011 Tax Status: Tax-free expected Spin-Off Ratio: N/A Prerequisites: Approval from shareholders, SEC, IRS, and Board of Directors Form 10: N/A Published Report: N/A

DESCRIPTION

On April 7, 2011, Expedia, Inc. (NASDAQ: EXPE) announced that its Board of Directors had preliminarily approved the spin-off of the company's TripAdvisor unit via tax-free distributions to shareholders, with an expected completion date sometime during 3Q 2011. The transaction is subject to customary spin-off approvals, including IRS, SEC, and final Board of Directors approval. Barry Diller is Chairman of the Board and holds 61% of the company's voting rights, which include a proxy to vote Liberty Interactive Inc.'s (NASDAQ: LINTA) 29% stake.

TripAdvisor, which operates websites in 29 countries, including China, offers travel advice, recommendations, and planning services. The advertiser-driven sites boast more than 40 million unique monthly visitors and 20 million members. Expedia's remaining sites, including expedia.com and hotels.com, provide airline, hotel, and other travel-related booking services for a fee. EXPE had about $415 million in net debt at year-end 2010. The company generated about $777 million in cash from operations with $155 million in capital expenditures. Revenue grew 13% in 2010 to $3.3 billion on a 19% gross bookings increase. Operating income before amortization (OIBA) rose 9% to $831 million, with slower growth from leisure OIBA partially offsetting TripAdvisor's much faster profitability improvement. TripAdvisor revenue increased 38% to $486 million in 2010 to account for 15% of total EXPE revenue. Segment OIBA of $260 million in 2010 was up 33% year over year, accounting for more than 31% of total EXPE OIBA, up from 26% in the previous year. TripAdvisor generated an OIBA margin of 53% in 2010 compared to a margin of 29% for the leisure segment (including expedia.com and hotels.com).

EXPE trades at a discount to both travel-related bookings sites and leisure information sites. The fast-growth, high-margin TripAdvisor business seems to be undervalued, in our view, when compared to similar travel information provider Travelzoo Inc. (NASDAQ: TZOO). The spin-off could unlock value.

PARENT INDEX MEMBERSHIP

* AMEX Interactive Internet
* Nasdaq 100
* Nasdaq Combined Industrials
* Nasdaq Composite
* Nasdaq Global Select Market
* Russell 1000
* Russell 1000 Value
* Russell 1000 Growth
* Russell 3000
* Russell 3000 Value
* Russell 3000 Growth
* Russell Midcap
* Russell Midcap Value
* Russell Midcap Growth
* S&P 500
* S&P Composite 1500
* S&P Barra Growth

PARENT TOP 10 SHAREHOLDERS

1	Barry Diller	28.4%	6	BlackRock Institutional Trust Company	2.6%
2	Fidelity Management & Research	7.0%	7	JP Morgan Asset Management	2.1%
3	T. Rowe Price Associates	4.2%	8	ClearBridge Advisors	1.8%
4	Vanguard Group	3.8%	9	Calamos Advisors LLC	1.7%
5	State Street Global Advisors	2.9%	10	Columbia Wanger Asset Management	1.6%

Fortune Brands, Inc. (Beam, Inc.) / Fortune Brands Home & Security, Inc.

PARENT	SPIN-OFF	STATUS
Fortune Brands, Inc. (Beam Inc.) (847) 484-4400 NYSE: FO Price: $63.27 Dividend / Yield: $0.76 / 1.2% 52-Wk. Rng.: $37.05 - $65.48 Market Cap.: $9.8 B 2010 Financial Performance (Cons.) Revenue: $7.1 B Op. Income: $764 M	*Fortune Brands Home & Security, Inc.* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A 2010 Fin. Perf. (Pro Forma) Revenue: $3.2 B Op. Inc.: $188 M	Spin-Off Announcement: 12/8/2010 Spin-Off Date: 2H 2011 Tax Status: Tax-free Spin-Off Ratio: 1:1 Prerequisites: Approval from SEC, IRS, and Board of Directors Form 10: May 6, 2011 Published Report: N/A

DESCRIPTION

On December 8, 2010, Fortune Brands announced that its Board of Directors had approved the tax-free spin-off of its home and security consumer products business. Previously, Fortune Brands had also announced the decision to divest its golf business, which the company recently announced would be sold for $1.2 billion. Shares of the spin-off company, which will be named Fortune Brands Home & Security, will be distributed to Fortune Brands shareholders on a 1:1 ratio sometime during 2H 2011.

Fortune Brands Home & Security is a leader in a variety of branded consumer products, including: faucets, cabinets, entry-doors, windows, padlocks and related security products, and home-storage products. To the extent that the housing market recovers going forward, this business could become much more profitable, as evidenced by the segment's 2006 revenue of $4.7 billion and operating income of $700 million, ex. its share of corporate expenses, which is more than three times the segment's 2010 pro forma operating income of $188 million.

Following the completion of the home and security spin-off, the remaining entity, to be renamed Beam Inc., would be a pure-play spirits company with a leadership position in bourbon (Jim Beam) as well as a global participation in cognac (Courvoisier), tequila (Sauza), and other liquors. Within the spirits segment, revenue and operating income for 2010 were approximately $2.7 billion and $544 million, respectively (ex. corporate expenses). There appears to be a long-term investment thesis surrounding these businesses, as the spirits and home and security segments are currently performing well below the peak earnings that were realized in healthier environments.

PARENT INDEX MEMBERSHIP

* NYSE Composite
* Russell Midcap
* Russell Midcap Growth
* Russell Midcap Value
* Russell 1000
* Russell 1000 Growth
* Russell 1000 Value
* Russell 3000
* Russell 3000 Growth
* Russell 3000 Value
* S&P 500
* S&P Composite 1500
* S&P Barra Value

PARENT TOP 10 SHAREHOLDERS

1	Pershing Square Capital Management	10.9%	6	State Street Global Advisors	3.5%
2	T. Rowe Price Associates	7.7%	7	BlackRock Institutional Trust Co.	3.3%
3	Societe Generale	5.0%	8	Pzena Investment Management	2.4%
4	Vanguard Group	4.8%	9	UBS Global Asset Management	2.4%
5	Fisher Investments	4.7%	10	JP Morgan Asset Management	1.7%

IDT Corporation / Genie Energy

PARENT	SPIN-OFF	STATUS
IDT Corporation (973) 438-3838 NYSE: IDT Price: $28.10 Dividend / Yield: $0.44 / 1.6% 52-Wk. Rng.: $8.37 - $30.46 Market Cap.: $510 M <u>FY2010 Financial Performance (Cons.)</u> Revenue: $1.4 B Op. Income: $32 M Net Income: $20 M	*Genie Energy* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A <u>FY2010 IDT Energy and Genie Oil & Gas Segments Financial Performance</u> Revenue: $201 M Op. Inc. (ex. Corporate): $31 M	Spin-Off Announcement: 11/5/2010 Spin-Off Date: Mid-2011 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS, and Board of Directors Form 10: N/A Published Report: N/A

DESCRIPTION

On November 5, 2010, IDT Corporation (NYSE: IDT) announced that its Board of Directors had authorized management to explore the potential spin-off of its Genie Energy division via a tax-free distribution to shareholders. Genie Energy will comprise the company's energy services company ("ESCO"), which resells electricity and natural gas to residential and small business customers primarily in New York State, as well as interests in shale oil initiatives in the state of Colorado and in Israel. If the transaction is approved by the Board of Directors, IDT Corporation management expects to complete the spin-off within its current fiscal year, which ends July 31, 2011.

The stated reasons for effecting the spin-off are the divergent growth prospects and internal competition for capital that have existed under IDT Corporation's current structure. As a stand-alone, Genie Energy will seek to develop its shale oil initiatives, including an Israeli license to explore a shale oil play that covers approximately 238 square kilometers, estimated to hold approximately 40 billion barrels of oil equivalent. Pilot test operations to provide a basis for determining the economic viability of the shale could begin as early as calendar year 2012. For its part, IDT Corporation would promote its mobile content platform Zedge.com and its video software platform Fabrix TV as it continues to operate its core telecommunications services business, which includes prepaid and rechargeable calling cards and local and long distance consumer services in the US.

On March 16, 2011, IDT Corporation announced the tax-free share distribution of its Voice over Internet Protocol (VoIP) patents into a separate, publicly traded entity. This spin-off transaction, which is unrelated to the spin-off of Genie Energy, will occur during 2011, and the spin-off, to be named Innovative Communications Technologies, will trade on the over-the-counter market. The principal business of the company consists of ownership and value-creation from its VoIP patents. Pro forma shareholders' equity of Innovative Communications Technologies as of January 31, 2011, is $3.325 million.

PARENT INDEX MEMBERSHIP

* NYSE Composite	* Russell 2500	* Russell 3000 Value
* Russell 2000	* Russell 2500 Value	* Russell Smallcap Completeness
* Russell 2000 Value	* Russell 3000	* Russell Smallcap Completeness Value

PARENT TOP 10 SHAREHOLDERS

1	Jonas (Howard S.)	25.5%	6	Raging Capital Management	2.5%
2	Renaissance Technologies	6.1%	7	State Street Global Advisors	2.4%
3	Dimensional Fund Advisors	5.7%	8	O'Shaughnessy Asset Management	2.0%
4	BlackRock Institutional Trust Company	3.7%	9	Bridgeway Capital Management	1.7%
5	Kahn Brothers Group	2.9%	10	Courter (James A.)	1.6%

ITT Corporation / ITT Water and ITT Defense

PARENT	SPIN-OFF	STATUS
ITT Corporation (914) 641-2030 NYSE: ITT Price: $56.58 Dividend / Yield: $1.00 / 1.8% 52-Wk. Rng.: $42.05 - $64.00 Market Cap.: $10.5 B 2010E Financial Performance (Post-Spin-Off Parent) Revenue: $1.9 B	*ITT Water / ITT Defense* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A 2010E Financial Performance (Post-Spin-Off) Revenue: $3.2 B / $5.9 B	Spin-Off Announcement: 1/12/2011 Spin-Off Date: 4Q 2011 Tax Status: Tax-free expected Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS, and Board of Directors Form 10: N/A Published Report: 3/10/2011

DESCRIPTION

On January 12, 2011, ITT Corporation (NYSE: ITT) announced that its Board of Directors had approved a plan to separate into three publicly traded companies through tax-free spin-offs of its Defense & Information Solutions segment into Future Defense and its water-related businesses into Future Water. The remaining entity, Future ITT, which will continue to trade on the NYSE, would comprise remaining technologies and engineered products for the transportation, energy and mining, aerospace, and industrial end-markets. The transactions are scheduled to be completed by late 2011. Each company is expected to have a capital structure and balance sheet enabling it to achieve an investment-grade credit rating. The final capital structure and share distribution have yet to be determined. The two newly created entities are expected to be listed on the NYSE. Separation still requires customary regulatory approvals and the receipt of the IRS tax ruling.

Our fair value estimates for New Water and New Defense assume a distribution of one share of New Water and New Defense stock for every share of ITT to shareholders. The net debt assumptions are based on an even split of cash and debt among the three entities. Our fair value estimates will be adjusted prior to the spin-off date to reflect the finalized capital structure and share distribution set in Form 10 filings. All three companies will be global leaders in their respective markets. The stated reason for the spin-offs is management's belief that shareholder value may be unlocked by more tightly focusing the operations of each stand-alone company.

A sum-of-the-parts valuation for ITT shows a clear discount to competitors in each segment. Even assuming a 150-basis-point declination in operating margins for the three companies post-spin-off due to higher SG&A costs, one can still reach a price target of $72. The stock is trading at the lower end of its historical price-to-forward-earnings range, likely already reflecting slower defense spending growth and reduced federal funds for water infrastructure development. Even with less federal funds available for municipal water source improvement, one could still expect aging infrastructure and increased regulatory scrutiny to result in modest growth in US water spending buffered by expanding demand from emerging markets. Future ITT revenue could benefit from increased energy and mining investment given the recent rise in commodity prices. As a result, faster growth in Future ITT and more stable growth in Future Water could offset near-term weakness in Future Defense. It also seems likely that a pure-play water company will be in demand by water ETFs, which include PowerShares Water Resources ETF (NYSE: PHO), PowerShares Global Water ETF (NYSE: PIO), and the Guggenheim S&P Global Water Index ETF (NYSE: CGW), which have combined net assets of around $2 billion. Water-related mutual funds would also seem likely to gobble up shares. Post-spin, ITT will be the world's largest water pure-play.

Longer term, strong cash flow generation can be used to expand market-leading positions in each industry through bolt-on acquisitions. ITT also has more than $500 million remaining under its $1 billion share repurchase program established in 2006. ITT has largely abandoned the strategy over the last three years, utilizing only $75 million for repurchases in 2008 and instead focusing on debt reduction and opportunistic acquisitions. Given the significant upside to the sum-of-the-parts valuation of $72, strong cash flow generation, the potential that any one of the three pieces could be an acquisition target prior to the spin-offs, and ITT's previous success in spinning out segments, the stock is recommended for purchase.

Investors should base their post-spin investment decisions regarding Future Defense, Future Water, and Future ITT on their fair value estimates of $31, $28, and $13 per share, respectively. Those estimates will be reevaluated as more information is made available by the company in amended Form 10 filings. As share distributions and capital structures are finalized, the fair value estimates for the three entities will be revised pre-spin.

Please refer to our published *Spin-Off Report* on ITT Corporation, dated March 10, 2011, for additional information.

PARENT INDEX MEMBERSHIP

* NYSE Composite	* Russell 3000	* S&P 500
* PHLX Defense	* Russell 3000 Value	* S&P Barra Value
* Russell 1000	* Russell Midcap	* S&P Composite 1500
* Russell 1000 Value	* Russell Midcap Value	

PARENT TOP 10 SHAREHOLDERS

1	Barrow, Hanley, Mewhinney & Strauss	6.9%	6	T. Rowe Price Associates	2.4%
2	Harris Associates	4.3%	7	Invesco Advisers	2.4%
3	State Street Global Advisors	3.7%	8	Schafer Cullen Capital Management	1.9%
4	Vanguard Group, Inc.	3.6%	9	LSV Asset Management	1.9%
5	BlackRock Institutional Trust Company	3.4%	10	Pictet Asset Management	1.9%

Liberty Media Corporation / Liberty Capital and Liberty Starz

PARENT	SPIN-OFF	STATUS
Liberty Media Corporation (877) 772-1518 NASDAQ: LINTA (Liberty Interactive) Price: $17.29 Dividend / Yield: N/A 52-Wk. Rng.: $10.07 - $18.64 Market Cap.: $10.3 B 2010 Fin. Perf. (Interactive Group) Revenue: $8.9 B Adjusted OIBDA: $1.7 B	*Liberty Capital / Liberty Starz* (877) 772-1518 NASDAQ: LCAPA / LSTZA Price: $89.44 / $75.68 Dividend / Yield: N/A 52-Wk. Rng.: $38.6-$92.1 / $49.8-$80.2 Market Cap.: $6.8 B /$3.8 B 2010 Fin. Perf. (Capital/Starz Groups) Revenue: $708 M / $1.3 B Adjusted OIBDA: ($77 M) / $401 M	Spin-Off Announcement: 6/20/10 Spin-Off Date: Mid-2011 Tax Status: Tax-free expected Spin-Off Ratio: 1:1 Prerequisites: Approval from SEC, IRS, Board of Directors, and shareholders Definitive 14M: Filed 4/18/2011 Published Report: 12/8/10

DESCRIPTION

On June 20, 2010, Liberty Media Corporation (NASDAQ: LCAPA, LCAPB, LINTA, LINTB, LSTZA, LSTZB) announced that its Board had approved the tax-free split-off of its Liberty Capital and Liberty Starz businesses from its Liberty Interactive business. As a result, Liberty Interactive will emerge as a stand-alone, asset-backed security, while Liberty Capital and Liberty Starz will retain their tracking stocks status within a newly formed entity, to be named Liberty CapStarz. Each outstanding share of Liberty Capital and Liberty Starz tracking stocks will be redeemed, on a 1:1 basis, for Splitco Capital or Splitco Starz tracking stocks, respectively. On May 23, 2011, shareholders approved the transaction, which is expected to be completed in the near future. Significant discounts to fair value persisted at all of the Liberty entities, and, because of this, shares of Liberty Interactive, Splitco Capital, and Splitco Starz were recommended for purchase in our report published on December 8, 2010. Liberty Media co-founder John Malone, one of the leading entrepreneurs in the media and telecommunications industry, holds a significant ownership interest and voting power in the Splitco tracking stocks. As Chairman of the Board of both Liberty Media Corporation and Splitco, Mr. Malone is considered to have operating control over the newly formed entity.

After the split-off, Liberty Media Corporation will be composed solely of the Interactive Group (LINTA, LINTB), which owns video and online commerce companies such as subsidiary QVC, as well as interests in HSN, Expedia, Tree.com, IAC/Interactive, and Interval Leisure. The transaction should lend greater transparency to these operations and erase the tracking stock discount attached to this security, which could be a catalyst for share price appreciation. In our report, it was noted that if one were to attach a target free cash flow yield of 10% to the QVC operations, while giving full value to the entity's publicly traded investments, shares of Liberty Interactive would be worth $22.

Shares of Splitco Capital (CAPA, CAPB) were similarly attractive upon the publication of our report, as the value of its publicly listed investments (the most prominent being a 40% equity stake in Sirius XM Radio), less net liabilities, was higher than this segment's then market capitalization. Splitco Capital also has private businesses, including the Atlanta Braves, which boosted its estimated fair value to $77 per share. Splitco Capital, as a tracking stock, has persistently traded at a discount to net asset value, although the company has taken advantage of this discount by enacting a stock repurchase program. Since it was recapitalized in March 2008, the company had repurchased 47.3 million shares, or 37% of the outstanding shares, for $1.07 billion, through 10/29/2010, with approximately $300 million of these repurchases occurring during the third quarter of 2010.

On May 19, 2011, the company announced that it had made a bid to acquire the bookseller Barnes & Noble (NYSE: BKS), for $17 per share, valuing it at $1.3 billion, inclusive of net debt of $278 million. If the bid is successful, the business would be attributed to Liberty Capital. The bid is conditioned upon the participation of Barnes & Noble's founding Chairman, Leonard Riggio, in terms of both his 30% ownership stake and his continuing role in management of the business. With this potential acquisition, it appears that Liberty Media will look to develop the e-book business, whose growth far outpaces that of physical books.

Finally, Splitco Starz (STZA, STZB), valued at roughly 6.5x consensus 2011E EBITDA on our publication date, represented a fair value estimate higher than the company's share price, while valuations based on a target free cash flow yield of 8% represented significantly more upside. Although Splitco Starz will continue as a tracking stock and, as such, may trade at a discount to fair value, Liberty management has a track record of taking advantage of this discount by repurchasing stock. Splitco Starz, with over $900 million in net cash, will have ample balance sheet capacity to repurchase shares or pay dividends.

THE SPIN-OFF CALENDAR

Please refer to our published *Spin-Off Report* on Liberty Media, dated December 8, 2010, for additional information.

LIBERTY INTERACTIVE INDEX MEMBERSHIP

* Nasdaq 100
* Nasdaq Composite
* Nasdaq Global Select Market
* Nasdaq Combined Industrials
* Russell 1000
* Russell 1000 Value
* Russell 3000
* Russell 3000 Value
* Russell Midcap
* Russell Midcap Value
* Russell Smallcap Completeness
* Russell Smallcap Completeness Value

LIBERTY INTERACTIVE TOP 10 SHAREHOLDERS

1	T. Rowe Price Associates	11.0%	**6**	Harris Associates	3.2%
2	Southeastern Asset Management	10.3%	**7**	ClearBridge Advisors	3.0%
3	Dodge & Cox	7.7%	**8**	Vanguard Group, Inc.	2.8%
4	Capital Research Global Investors	6.4%	**9**	BlackRock Institutional Trust Company	2.7%
5	Malone (John C.)	6.0%	**10**	Davis Selected Advisers	1.9%

LIBERTY CAPITAL INDEX MEMBERSHIP

* Nasdaq Composite
* Nasdaq Global Select Market
* Nasdaq Combined Industrials
* Russell 1000
* Russell 1000 Value
* Russell 2500
* Russell 2500 Value
* Russell 3000
* Russell 3000 Value
* Russell Midcap
* Russell Midcap Value
* Russell Smallcap Completeness
* Russell Smallcap Completeness Value

LIBERTY CAPITAL TOP 10 SHAREHOLDERS

1	Malone (John C.)	10.9%	**6**	Horizon Kinetics	3.1%
2	ClearBridge Advisors	7.2%	**7**	Kensico Capital Management	3.0%
3	Comcast Corp.	6.1%	**8**	Vanguard Group, Inc.	2.7%
4	Tiger Global Management	4.3%	**9**	BlackRock Institutional Trust Company	2.6%
5	Peninsula Capital Advisors	3.8%	**10**	Principal Global Investors	2.5%

LIBERTY STARZ INDEX MEMBERSHIP

* Nasdaq Composite
* Nasdaq Global Select Market
* Nasdaq Combined Industrials
* Russell 1000
* Russell 1000 Value
* Russell 2500
* Russell 2500 Value
* Russell 3000
* Russell 3000 Value
* Russell Midcap
* Russell Midcap Value
* Russell Smallcap Completeness
* Russell Smallcap Completeness Value

LIBERTY STARZ TOP 10 SHAREHOLDERS

1	T. Rowe Price Associates	7.9%	**6**	Munder Capital Management	2.1%
2	Malone (John C.)	5.0%	**7**	Capital Research Global Investors	2.1%
3	BlackRock Institutional Trust Company	3.3%	**8**	Fidelity Management & Research	2.0%
4	Vanguard Group, Inc.	3.0%	**9**	Davis Selected Advisers	1.8%
5	Blue Ridge Capital	2.4%	**10**	Robeco Investment Management	1.7%

Marathon Oil Corporation / Marathon Petroleum Corporation

PARENT	SPIN-OFF	STATUS
Marathon Oil Corporation (713) 296-4140 NYSE: MRO Price: $52.76 Dividend / Yield: $1.00 / 1.9% 52-Wk. Rng.: $30.04 - $54.33 Market Cap.: $37.8 B 2010 Financial Performance (Cons.) Revenue: $73.6 B Net Income: $2.6 B	*Marathon Petroleum Corporation* N/A NYSE: MPC Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A 2010 PF Financial Performance Revenue: $62.6 B Net Income: $545 M	Spin-Off Announcement: 1/13/2011 Spin-Off Date: 6/30/2011 Tax Status: Tax-free expected Spin-Off Ratio: 1 share of MPC for every 2 MRO shares held Prerequisites: Approval from SEC Form 10: Amendment filed 5/20/2011 Published Report: April 21, 2011

DESCRIPTION

On January 13, 2011, Marathon Oil Corporation (NYSE: MRO) announced that its Board of Directors had approved the spin-off of its refining, marketing, and transportation business via a tax-free distribution to shareholders, which is expected to be completed on June 30, 2011. "When-issued" trading is expected to commence on or about June 23, 2011, with "regular way" trading commencing on July 1, 2011. The spin-off company, which will be named Marathon Petroleum, is expected to trade on the NYSE under the ticker symbol "MPC," while Marathon Oil, which will become a pure-play global exploration and production company, will continue to trade under the ticker symbol "MRO." Shareholders of record will receive one share of MPC for every two shares owned of MRO. The company has already received favorable rulings from the IRS and its Board of Directors, with only SEC approval of its Form 10 still to be obtained.

Marathon Oil ("MRO") had originally intended to spin off the downstream business in early 2009, but management eventually cancelled the transaction due to uncertainty in the financial markets. The decision to move forward with the spin-off will permit both companies to focus their operations and implement strategic objectives without internal competition for capital and resources. Management also expects to unlock shareholder value by making the investment profiles of each business more transparent to the market.

Marathon Petroleum ("MPC"), the spin-off company, will operate within three segments: Refining & Marketing, which will comprise a six-plant refining network with 1,142,000 barrels per day of crude oil refining capacity located primarily in the Midwest, as well as wholesale marketing, transportation, and retail operations; Speedway, a convenience store chain with approximately 1,350 locations in the Midwest; and Pipeline Transportation, comprising ownership interests in 9,700 miles of crude oil pipelines. Marathon Petroleum will target investment-grade status and is expected to pay yearly dividends of $0.80 per share.

Following the completion of the spin-off, Marathon Oil will become a geographically diverse upstream company with a portfolio primarily comprising liquids. Exploration and production assets include its core areas in the US, Equatorial Guinea (where LNG operations are also undertaken), Libya, and the North Sea, while its growth assets that are yet to be developed include resource plays in the US, Gulf of Mexico, Angola, and Canada, and exploration plays in the Gulf of Mexico, Iraq, Poland, and Indonesia. Post-spin-off Marathon Oil will also own a 20% interest in an oil-sands mining business in Canada.

A sum-of-the-parts valuation as of the date of our comprehensive publication on April 21, 2011, showed modest upside for pre-spin-off MRO stock on a comparison of proved reserves, daily production, and refinery capacity to similar companies in the exploration and production and US refinery sectors. Investors may also see opportunities in post-spin MRO as management focuses on expanding its reserve base and investing in drilling programs as opposed to the heavy capital investment required in the competitive refinery space. Alternatively, MPC investors may see opportunities in a refiner that just completed upgrades to two large plants, a step that could boost operating margins compared to competitors.

MRO appears to be trading at a slight discount to peers due to its integrated model, although the discount partially evaporated following the announced plans to separate. From the January announcement date through April 12, 2011, MRO was up approximately 23%, compared to a rise of only about 6.5% for the AMEX Oil Index (AMEX: XOI), a price-weighted index of leading E&Ps. Still, given the investment in the refinery system prior to the spin-off and the ability of the E&P to invest more heavily in drilling programs and reserve growth post-spin-off, the upside to our sum-of-the-parts fair value estimate of $60 per share is enough to warrant a cautious buy recommendation. Of note, the probable reserves of MRO's stake in its Canadian oil-sands operations may be under-reflected in this valuation based on recent acquisition premiums paid for assets in this region, including Sinopec's purchase of ConocoPhillips's (NYSE: COP) interest in Syncrude in 2010. If one applies recent purchase prices to MRO's Canadian oil-sands 2P (probable and proved reserves), an $80 target is not unreasonable. Thus, if MRO were to consider an asset sale, one might find extra upside to the current price target. As a result, the shares are recommended for purchase prior to the spin-off.

Please refer to our published *Spin-Off Report* on Marathon Oil, dated April 21, 2011, for additional information.

PARENT INDEX MEMBERSHIP

* AMEX Oil Index
* NYSE Composite
* Russell Top 200
* Russell Top 200 Growth
* Russell Top 200 Value
* Russell 1000
* Russell 1000 Growth
* Russell 1000 Value
* Russell 3000
* Russell 3000 Growth
* Russell 3000 Value
* S&P 500
* S&P Composite 1500
* S&P Barra Value

PARENT TOP 10 SHAREHOLDERS

1	Fidelity Management & Research	6.2%	6	BlackRock Institutional Trust Co.	3.3%
2	State Street Global Advisors	4.1%	7	Capital Research Global Investors	2.4%
3	Wellington Management Company	4.1%	8	Institutional Capital	1.7%
4	AllianceBernstein	3.8%	9	LSV Asset Management	1.5%
5	Vanguard Group	3.7%	10	Franklin Mutual Advisers	1.4%

Marriott International / Timeshare Business

PARENT	SPIN-OFF	STATUS
Marriott International (301) 380-6500 NYSE: MAR Price: $36.71 Dividend / Yield: $0.40 / 1.1% 52-Wk. Rng.: $28.94 - $42.78 Market Cap.: $13.6 B 2010 Financial Performance (Cons.) Revenue: $11.7 B Net Income: $458 M	*Timeshare Business* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A 2010 Financial Performance (Timeshare Segment) Revenue: $1.5 B	Spin-Off Announcement: 2/14/2011 Spin-Off Date: 4Q 2011 Tax Status: Tax-free expected Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS, and Board of Directors Form 10: Expected during June 2011 Published Report: N/A

DESCRIPTION

On February 14, 2011, Marriott International Inc. (NYSE: MAR) announced plans to spin off its timeshare business through a tax-free special dividend by late 2011. The spun-off business will focus on developing and operating timeshare and fractional ownership units under the Marriott brand and fractional ownership products under the Ritz-Carlton brand. Marriott will receive franchise fees for the use of brand names by the spun-off company. Following the spin-off, Marriott will focus on lodging management and franchises.

The Marriott family is expected to hold 21% of the common stock of each entity following the special dividend. Each company will have a separate Board of Directors. The CEO of the timeshare business will be Stephen Weisz, the current President of that segment. The timeshare company is not expected to pay a quarterly dividend or to be investment grade. The spin-off is not expected to result in any change in MAR’s current dividend policy. The spun-off company will operate 71 timeshare and fractional resorts with more than 10,000 employees. The segment generated $1.5 billion in revenue in 2010 (or about 14% of company-wide sales). The timeshare market has been slow to recover, and management is guiding for flat sales in 2011. Meanwhile, company-wide guidance for 2011 (including timeshares) is for lodging REVPAR (revenue per available room) to increase 6%-8%, with adjusted EBITDA improving 12%-18% to $1.17-$1.23 billion. EPS is projected to improve 18%-21% to $1.35-$1.45, despite the stagnant timeshare market. Given the slower recovery in timeshares and the more capital-intensive nature of the business, management may have determined that a spin-off would make sense at this time.

Earlier in February Cerberus Capital announced a deal to acquire timeshare operator Silverleaf Resorts (NASDAQ: SVLF) for $2.50 per share, which equates to nearly 9x trailing 12-month EBITDA. Using that multiple, the Marriott timeshare segment’s enterprise value could be estimated at about $2 billion following the spin-off. MAR appears not to trade at a discount to leading peers, several of which also operate fractional ownership programs. The spin-off benefit would seem largely to relate to growth opportunities for the lodging unit untethered from the slower-growth, more cyclical timeshare segment. An investor may consider a higher valuation for the remaining business if one expects faster EPS growth over the longer term.

PARENT INDEX MEMBERSHIP

* NYSE Composite
* Russell Midcap
* Russell Midcap Growth
* Russell 1000
* Russell 1000 Growth
* Russell 3000
* Russell 3000 Growth
* S&P Barra Growth
* S&P 500
* S&P Composite 1500

PARENT TOP 10 SHAREHOLDERS

1	J. W. Marriott Jr.	14.1%	6	State Street Global Advisors	3.1%
2	T. Rowe Price Associates	12.8%	7	Vanguard Group	2.9%
3	Richard Marriott	7.0%	8	Fidelity Management & Research	2.8%
4	Jennison Associates	4.3%	9	BlackRock Institutional Trust Co.	2.7%
5	Capital World Investors	3.8%	10	Lord, Abbett & Co.	2.2%

NTELOS Holdings Corporation / NTELOS Wireline One Inc.

PARENT	SPIN-OFF	STATUS
NTELOS Holdings Corporation (540) 946-3500 NASDAQ: NTLS Price: $19.85 Dividend / Yield: $1.12 / 5.7% 52-Wk. Rng.: $15.84 - $20.66 Market Cap.: $860 M 2010 Financial Perf. (Wireless Ops.) Revenue: $406 M Adj. EBITDA (ex. corp. costs): $148 M	*NTELOS Wireline One Inc.* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A 2010 Financial Perf. (Pro Forma) Revenue: $213 M Op. Income: $44 M	Spin-Off Announcement: 12/8/10 Spin-Off Date: 2H 2011 Tax Status: Tax-free expected Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS, Board of Directors, state regulatory bodies, and FCC Form 10: Filed 5/16/2011 Published Report: N/A

DESCRIPTION

On December 8, 2010, NTELOS Holdings Corporation (NASDAQ: NTLS), a Virginia-based regional communications services provider, announced that its Board of Directors had approved the tax-free spin-off of its wireline business from its wireless business, to take place during the second half of 2011. The transaction is subject to the customary spin-off approvals, including IRS, SEC, and final Board of Directors approval, but it will also require confirmation from state regulatory bodies and the FCC. The spin-off company, to be named NTELOS Wireline One, will operate the company's land-line businesses as a rural exchange carrier, offering communications services to residential and small business customers in select cities in Virginia and, as a competitive wireline operator, providing large business customers with high-capacity Internet protocol and data services, primarily in Virginia and West Virginia. NTELOS Wireline One's operations are supported by a 5,700-route-mile fiber optic network.

Following the completion of the spin-off, New Wireless (post-spin-off NTELOS Holdings) will continue providing wireless digital voice and data service to approximately 435,000 subscribers, primarily in Virginia and West Virginia, as well as operating a wholesale business that provides Sprint Nextel (NYSE: S) service in the western Virginia and West Virginia area for Sprint Nextel customers.

Among the stated reasons for effecting the spin-off are the divergent growth prospects and internal competition for capital that have existed under NTELOS Holdings' current structure. The wireless business, for example, is positioned as a regional, independent leader that could potentially be acquired by one of the national wireless carriers, while the wireline business is likely to continue acquiring assets in order to expand its offerings and drive future growth. The spin-off could unlock value, as the company appears to be valued as a wireless operator, without giving consideration to the higher-multiple wireline business.

PARENT INDEX MEMBERSHIP

* Nasdaq Composite
* Nasdaq Global Select Market
* Nasdaq Telecommunications
* Russell Smallcap Completeness
* Russell Smallcap Completeness Growth
* Russell 2000
* Russell 2000 Growth
* Russell 2500
* Russell 2500 Growth
* Russell 3000
* Russell 3000 Growth
* S&P Composite 1500
* S&P 600 Smallcap

PARENT TOP 10 SHAREHOLDERS

1	Quadrangle Group	27.2%	6	TimesSquare Capital Management	3.9%
2	Jennison Associates	9.4%	7	Federated Investors	3.3%
3	BlackRock Institutional Trust Co.	5.6%	8	River Road Asset Management	2.5%
4	JP Morgan Asset Management	4.9%	9	Columbia Management Investment Advisers	2.1%
5	Vanguard Group	4.1%	10	Epoch Investment Partners	1.6%

Sara Lee Corporation / North American Retail and Foodservices

PARENT	SPIN-OFF	STATUS
Sara Lee Corporation (630) 598-8100 NYSE: SLE Price: $19.36 Dividend / Yield: $0.46 / 2.4% 52-Wk. Rng.: $13.22 - $20.26 Market Cap.: $11.4 B PF FY2010 Fin. Performance (Parent) Revenue: $4.6 B	*North American Retail & Foodservices* N/A N/A Price: N/A Dividend / Yield: N/A 52-Wk. Rng.: N/A Market Cap.: N/A PF FY2010 Fin. Performance (Spin-Off) Revenue: $4.1 B	Spin-Off Announcement: 1/28/2011 Spin-Off Date: 1Q 2012 Tax Status: Tax-free expected Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS, and Board of Directors Form 10: N/A Published Report: N/A

DESCRIPTION

On January 28, 2011, Sara Lee Corp. (NYSE: SLE) announced that its Board of Directors had approved the tax-free spin-off of its North American Retail and Foodservice businesses (excluding beverages). The spun-off brands will include Sara Lee, Jimmy Dean, and others. The separation is expected early in 2012. SLE also intends to declare a $3 per share special dividend prior to the spin-off, funded largely through the previously announced sale of its North American bakery business. The announcement follows a long-drawn-out process during which management reportedly received take-over offers for one or both businesses. The spin-off will retain the Sara Lee name, while the unnamed remaining company will consist of the North American and international beverage businesses as well as the international fresh bakery business, which includes well-known brands such as Senseo and Pickwick. These businesses generated $4.6 billion in sales in fiscal 2010 (ending July 3, 2010), while the Retail and Foodservice businesses accounted for $4.1 billion in revenue over the same period.

Management indicated that the reason for the separation of the businesses is to help maximize shareholder value while enabling the management of each company to focus on distinct growth strategies and end markets. The expectation is that the two stocks will develop separate focused shareholder groups. Each company is expected to maintain an investment-grade credit rating and a dividend yield. The spin-off also will enable prospective buyers more easily to consider the attributes of the separate businesses. Each business could become a more appealing acquisition candidate to a wider pool of buyers, in our view.

There appears to be little upside in the short term, given the significant run-up in the stock on investor expectations of a potential near-term sale of the entire business. The stock currently trades at a much higher forward P/E multiple than other food service companies, although at a modest discount to coffee producers. We note that SLE has generated much higher margins for the international beverages business than for its North American Foodservice and Retail businesses. (The North American beverage operations have been reported in the Foodservice segment to date.) Longer term, we expect buyers may be enticed by strong brands in both businesses, and there is potential upside to the stock price if offers are made pre- or post-spin-off.

PARENT INDEX MEMBERSHIP

* NYSE Composite
* Russell 1000
* Russell 1000 Growth
* Russell 1000 Value
* Russell 3000
* Russell 3000 Growth
* Russell 3000 Value
* Russell Midcap
* Russell Midcap Growth
* Russell Midcap Value
* S&P 100
* S&P 500
* S&P Composite 1500
* S&P Barra Value

PARENT TOP 10 SHAREHOLDERS

1	AllianceBernstein	7.9%	6	BlackRock Institutional Trust Company	3.7%
2	ValueAct Capital Management	5.5%	7	INTECH Investment Management	2.2%
3	Harris Associates	5.0%	8	Capital Research Global Investors	2.1%
4	Vanguard Group	3.8%	9	Sasco Capital	1.3%
5	State Street Global Advisors	3.8%	10	BlackRock Financial Management	1.1%

MANAGEMENT COMPENSATION

Company	Name	Position	Salary	Bonus	Other
			2010, in 000's		
Cablevision Systems	Charles Dolan	Chairman	$1,664	$0	$12,110
El Paso Corporation	Douglas L. Foshee	Chairman & CEO	$1,069	$0	$7,385
Expedia, Inc.	Barry Diller	Chairman	$465	$2,000	$2,038
Fortune Brands, Inc.	Bruce A. Carbonari	Chairman & CEO	$1,128	$0	$10,111
IDT Corporation	Howard Jonas	Chairman & CEO	$35	$350	$0
ITT Corporation	Steve Loranger	Chairman & CEO	$1,154	$0	$11,481
Liberty Media Corp.	Gregory Maffei	President & CEO	$1,000	$0	$23,017
Marathon Oil	Clarence Cazalot	President & CEO	$1,400	$2,500	$6,311
Marriott International	Bill Marriott, Jr.	Chairman & CEO	$1,253	$0	$8,505
NTELOS Holdings Corp.	James A. Hyde	President & CEO	$575	$58	$1,509
Sara Lee Corporation	Brenda Barnes	Fmr. Chairman & CEO	$1,150	$0	$11,839

Source: Reuters Knowledge

THE SPIN-OFF CALENDAR

LIST OF GLOBAL TAX-FREE SPIN-OFFS

The spin-offs listed here are occurring outside the US, and are therefore not covered by *The Spin-Off Report*. In-depth analysis of these spin-offs is provided by *The Global Spin-Off Report*. For further information on *The Global Spin-Off Report*, please contact PCS Research Services at 212-233-0100.

Parent	Symbol	Country	Spin-Off Date/ Expected Date	Spin-Off	Symbol	Country
Global Upcoming Spin-Offs						
Guinness Peat Group	GPG-LN	UK	Ongoing	GPG Australia		Australia
Shinsegae Co.	004170-SE	S. Korea	May-11	E-Mart Co.		S. Korea
Aker Solutions	AKSO-NO	Norway	1H 2011	Aker Contractors		Norway
Toromont Industries	TIH-T	Canada	1H 2011	Enerflex Ltd.		Canada
Haldex AB	HLDX-SK	Sweden	2Q 2011	Concentric AB		Sweden
Jindal Saw	JINDALSAW-IN	India	Jul-11	Jindal Investment Co.		India
Carrefour SA	CA-FR	France	Jul-11	Dia		France
Tabcorp	TAH-AU	Australia	Jul-11	Tabcorp Casino		Australia
Punch Taverns plc	PUB-LN	UK	3Q 2011	Spirit plc		UK
Telecom Corp. of N. Zealand	TEL-NZ	NZ	4Q 2011	Chorus		NZ
Global Completed Spin-Offs						
PostNL N.V. (fka TNT N.V.)	PNL-AE	Netherlands	1H 2011	TNT Express NV	TNT-AE	Netherlands
Essar Shipping Ports	ESSARSHIP-IN	India	1H 2011	Essar Ports/Essar Shipping	N/A	India
Foster's Group	FGL-AU	Australia	May-11	Treasury Wine Estates	TWE-AU	Australia
Rieter Holding AG	RIEN-EB	Switzerland	May-11	Autoneum Holding AG	AUTN-EB	Switzerland
RMB Holdings Ltd.	RHM-JO	South Africa	Mar-11	RMI Holdings	RMI-JO	South Africa
Straits Resources Ltd.	Acquired	Australia	Feb-11	Straits Metals Ltd.	SRQ-AU	Australia
ArcelorMittal	MT-NA	Amsterdam	Jan-11	Aperam	APAM-NA	Amsterdam
Fiat S.p.A.	F-MI	Italy	Jan-11	Fiat Industrial	FI-MI	Italy
Grupo Carso	GCARSO.A1-MX	Mexico	Jan-11	Inmuebles Carso	INCARSO.B.1-MX	Mexico
Grupo Carso	GCARSO.A1-MX	Mexico	Jan-11	Minera Frisco	MFRISCO.A.1-MX	Mexico
Modern Times Group	MTGB-SK	Sweden	Dec-10	CDON Group AB	CDON-SK	Sweden
Mvelaphanda Group	MVG-JO	S. Africa	Nov-10	Mvelaserve	MVS-JO	S. Africa
UTS Energy	UTS-T	Canada	Oct-10	SilverBirch Energy	SBE-V	Canada
Accor SA	AC-FR	France	Jul-10	Edenred Group	EDEN-FR	France
Arrow Energy Ltd.	AOE-AU	Australia	Jul-10	Dart Energy Ltd.	DTE-AU	Australia
Orica Ltd.	ORI-AU	Australia	Jul-10	DuluxGroup	DLX-AU	Australia
Liberty International	LII-LN	UK	May-10	Capital & Counties Prop.	CAPC-LN	UK
Petrofac Ltd.	PFC-LN	UK	Apr-10	EnQuest plc	ENQ-LN	UK
Lundin Petroleum AB	LUPE-SK	Sweden	Apr-10	EnQuest plc	ENQ-LN	UK
Carphone Warehouse	CPWN-LN	UK	Mar-10	TalkTalk Telecom	TALK-LN	UK
Cable & Wireless plc	CWC-LN	UK	Mar-10	C&W Worldwide	CWW-LN	UK
Terra Nova Royalty	TTT-US	US	Mar-10	KHD Humboldt Wedag	KWG-XE	Germany
Grasim Industries	GRASIM-IN	India	Mar-10	UltraTech Cement	UTCEM:IN	India

Source: *The Global Spin-Off Report*.