

RECENT AND IMMINENT

Below are updated information and ratios for **China Agri Holdings** (0606.HK), **Regal REIT** (1881.HK), and **Broadridge Financial Solutions** (NYSE: BR). Two of these may seem familiar; despite the increase in large breakup announcements recently, April 2007 is the first month in over a year in which no U.S. spinoffs are slated to list. Covidien and Tyco Healthcare were expected soon, but as this goes to press, Tyco International investor relations said they still await SEC approval for registration forms they filed in January, and that this was the only hurdle preventing them from setting distribution dates.

	China Agri 0606.HK	Broadridge BR	Regal REIT 1881.HK
Distribution ratio	IPO	1 : 4	IPO
Market capitalization of spinoff	HK\$26b	\$2.7b	HK\$8.3b
Market cap ratio, spinoff to parent, post-spinoff	1.7	0.11	1.3
Parent symbol	0506.HK	ADP	0078.HK
Parent major index	none	S&P 500	none
Spinoff major index	none	none	none
Shares outstanding post-spinoff	3.5b	140m	3.1b
Record date	3/21/07	3/30/07	3/30/07
Revenue	HK\$16.3b	\$1.85b	HK\$1.08b
EBIT	HK\$493m	\$222m	HK\$295m
Earnings (loss)	HK\$283m	\$118m	HK\$218m
EPS, last fiscal year, current shares out (loss)	HK\$0.08	\$0.84	HK\$0.07
P/E ratio	91	22	38
Long-term debt	HK\$1.00b	\$800m	HK\$8.9b
Recent insider buying at market price		no	
Parent chairman/CEO moves to spinoff		no	
Widespread analyst coverage		no	
Insider ownership, post-spinoff		< 5%	

Note: Regal income is reported net of a large income entry for unrealized gains in property value. The initial dividend is 20 cents per share, or a yield of 7.5%. However, operating earnings plainly don't support the dividend, so over time the yield is essentially a speculation on rising land values.

SPINOFF & REORG NEWS

Last month in this section, we noted that **Anglo American** (AAUK), **Akzo Nobel** (AKZOY), and **Barloworld** (BRRAY) looked like underpriced ADRs of large, cash-rich overseas firms. We're pleased to report they are all up substantially in the ensuing month -- 17%, 8% and 11%, respectively -- well before their various large dividends, repurchases, spinoffs and divestitures are to take effect.

Walter Industries (WLT.N), the parent of December 2006 spinoff **Mueller Water Products** (MWA.N), now looks quite cheap, with substantially reduced debt load and a P/E around 10 after subtracting Mueller's results. We might well have selected this as our monthly favorite, had not *Barron's* already given it a similar thumbs-up April 2.

Incidentally, Mueller Water, the spinoff, looks less attractive. Tangible book value is negative, trailing P/E is 288 (or 24 if annualizing from the latest quarter), and net margins are 4% of sales. Turnarounds are a risky bet, so barring a hidden asset, its appeal is not obvious. Still, some respected value investors are buying -- for example, Fairholme Fund recently revealed it has accumulated over 10% of MWA.

ADP looks interesting, certainly more so than its recent spinoff, **Broadridge** (BR). ADP is market leader in its industry, has no debt, and is tolerably priced at 16.5 times earnings.

Tarragon (Nasdaq: TARR) released its annual report on April 2, showing significant deterioration. The company swung to a loss of \$26m in Q4 2006, largely due to \$26m in land impairments from troubled real estate developments. Chairman William Friedman has increased his longstanding personal credit line to the company from \$20m to \$40m. About \$300m in condo development assets have been reclassified as rental assets, reinforcing the sense that Tarragon intends to dump its most difficult condo development situations in its summer spinoff, keeping the best assets in the parent's rental management business. The author still owns TARR and intends to hold at least through the spinoff, but the risk-averse reader might reasonably consider this a good time to get out.

Vostok Nafta Investment Ltd. (ADR: VKNSF) of Finland, the fourth largest shareholder in **Gazprom**, plans to spin off all non-Gazprom holdings into a new entity that will take the name of the parent, while the parent will be renamed "Vostok Gas Ltd." Each current share will receive a "redemption share" redeemable for a warrant to purchase one share in the new entity. The company expects to raise \$150m from warrant exercises.

As we went to press, Australia's **Toll Holdings** (TOL.AX, ADR: THKUF) reiterated it expected regulatory approval on April 13 to spin off its infrastructure unit.

Televisión Azteca (ADR: TAZTF) of Mexico will merge its Iusacell and Unefon cellular phone subsidiaries into a new public company with a market capitalization of around \$1.5 billion. Shareholders will receive one Iusacell share for every 97 shares of TV Azteca.

Portland Gas will release its first interim financial results April 30. No date was declared for its spinoff from **Edgon Resources** (EDR.L).

DELAYS AND CANCELLATIONS

Covidien and **Tyco Electronics**, expected to list soon, remain up in the air as the parent awaits approval for documents filed with the SEC in January, according to **Tyco** (TYC.N) shareholder relations.

National Grid plc (NG.L) has cancelled its wireless tower spinoff, selling it instead to Australia's **Macquarie Bank** (MBL.AX) in a £2.5b (\$4.3b) deal announced April 3. NG will use £1.8b of the proceeds to repurchase shares.

Tribal Group plc (TRB.L) announced March 23 it would sell **Mercury Health to Care UK plc** (CUK.L) for £77m, mooting the spinoff.

Eline Entertainment's (EEGI.PK) spinoff of **Storm Depot International** was dropped in favor of a sale to **Techlabs** (TELA.OB).

BANKRUPTCIES AND RIGHTS OFFERINGS

Hayes Lemmerz (HAYZ.OB) shareholders of record on April 10 will receive, on April 18, rights to purchase a yet-undefined number of shares of HAYZ at \$3.25 per share. Proceeds will be used to pay down debt. HAYZ, an automotive supplier, has been awash in red ink since the previous millennium; now, as the auto industry sours, it's difficult to see how or when prospects might improve.

Much more interesting is **Delta Air Lines** (DALRQ.O), emerging from bankruptcy April 30. The current common will be cancelled, and new common issued to creditors, to commence trading in early May on the NYSE as DAL. This creates a couple of potential opportunities.

First, some classes of debt may still be inefficiently priced: for example, Delta's senior unsecured 8.125% notes maturing 7/1/2039, which were exchange traded and are now on the Pink Sheets as DNTNQ, sell for \$14.10, or 57% of face value, but the company estimated in writing on February 7 that it estimates unsecured creditors will recover 62% to 78% in the conversion.

Second, and more accessible, would be simply to purchase the new stock cheaply after creditors dump it in May. Creditors generally don't want equity -- they bought debt expecting to receive a cash stream -- so there is often no reason for them to hold it. If DAL's price-to-sales ratio should fall significantly below the rest of the industry, it might make an attractive short-term speculation; it would not be an investment in the traditional sense, since the company still loses money, even on its lighter debt load.

OTHER OBSERVATIONS

Mobile home manufacturers were hammered in recent years as cheap credit lured subprime borrowers into traditional sticks-and-bricks homes. It's logical that, as subprime mortgages have become suddenly difficult to obtain, mobile homes will slowly recover. Several manufacturers look cheap. For example, **Champion Enterprises** (CHB.N) sells for 5 times earnings, and is buying up other firms.

Nobility (Nasdaq: NOBH), currently 14 times earnings, is putting itself up for sale. **Cavco** (CVCO) costs a loftier 18 times earnings, but has no debt and enjoyed steady growth right through the industry downturn. A case could be made for any and all of these.

On April 6, **Cambrex** (NYSE: CBM) declared a onetime dividend of \$14 per share, or a yield of 55%, to be funded with debt and a sale of assets accounting for about 45% of the firm's Q4 2006 revenue. The implication is that they received a premium, but since the company perennially loses money, CBM would be a speculation for all but those able to accurately evaluate early stage drug products.

Assisted Living Concepts (ALC.N), spun off in November by **Extencare** (EXE-UN.TO) to permit the parent to convert to a REIT, has enjoyed recent insider buying by the CFO, general counsel, controller, and one director. This attracted interest until we saw the price: almost 3 times tangible book value, and over 90 times 2006 earnings. More chillingly, its most recent investor presentation employed the dreaded "EBITDAR," or earnings before interest, taxes, depreciation, amortization -- *and rent*. (Why stop there? A logical next step is EBEE, or "earnings before everything else," defined simply as gross revenue.) Whatever ALC executives find promising about the stock is not yet apparent to the outside passive minority shareholder; we cannot act on insider signals without confirming evidence.

Confirming evidence does exist to back up the recent vast insider buying at **Freeport McMoRan Copper & Gold** (FCX.N), this month's stock selection. See page 7.

OUR STOCK SELECTIONS VS. ALL SPINOFFS

In the table at right, "All Spinoffs" includes all U.S. spinoffs that began trading between June 15, 2005 and October 14, 2006 (the latest date for which a 6-month return could be compiled). These were Treehouse Foods, Discovery Holding Co., Proliance, Expedia, Omega Flex, GSE Systems, Ameriprise, WebMD Health, Fidelity National Title, Clear Channel Outdoor Holdings, Tronox, LiveNation, Delia's, Spansion, Triple Crown Media, CBS, the Chipotle carve-out, CNX Gas, Rosetta Resources, Hughes Communications, Mariner Energy, Ship Finance International Portland General Electric, Embarq, Arkema, Mueller Water Products, Verigy, Windstream, Wyndham Worldwide, Realogy, Security Capital Assurance, Qimonda, Hanesbrands, Aftersoft, Tim Hortons, Western Union, and the Chipotle distribution.

Jun 2005 – Oct 2006 Returns Comparison	All Spinoffs	Spinoff & Reorg selections
6-month absolute return	7.4%	12.8%
6-mo. return relative to S&P	1.3%	7.1%
Standard deviation	29%	23%

"Spinoff & Reorg Selections" includes each *Spinoff & Reorg* recommendation over the same period: Omega Flex, American Bank Holdings, Hexcel, Discovery Holding Co., M&F Worldwide, Escalon, American Eagle Outfitters, CBS, Forest Oil, the Fidelity National Financial/Fidelity National Title long/short, Rex Stores, Cendant, Arkema, USG, Wyndham, Tarragon and Western Union. Results are generated by calculating the 6-month return for each security, and taking the geometric mean of those returns.

"All Spinoffs" as shown in the left column of the table above -- affectionately known as our spinoff dartboard -- returned approximately to its historical norm, outperforming the S&P by 1.3% in the first 6 months after a spinoff event. *Spinoff & Reorg* continued to outperform both the S&P and spinoff benchmarks substantially.

SPINOFF CALENDAR

Company	Parent	Type	Domicile	Date	Market Cap
Pinnacle Staffing (PCL.L)	Nestor Healthcare (NSR.L)	Distrib	UK	9/5/06	< \$100m
Tim Hortons (THI.N)	Wendy's (WEN.N)	Distrib	USA	9/15/06	> \$2b
Invista Real Estate (INRE.L)	HBOS plc (HBOS.L)	IPO	UK	9/18/06	\$100m - \$500m
Western Union (WU.N)	First Data Corp (FDC.N)	Distrib	USA	9/22/06	> \$2b
Securitas Direct (SDIRb.ST)	Securitas AB (SECUB.ST)	Distrib	Sweden	9/25/06	\$500m - \$2b
Securitas Systems (SYSIb.ST)	Securitas AB (SECUB.ST)	Distrib	Sweden	9/25/06	\$500m - \$2b
CODA (CODA.L)	CODASciSys (CSY.L)	Distrib	UK	9/26/06	\$100m - \$500m
China Blue Chemical (3983.HK)	China National Offshore Oil Corp.	China	IPO	9/28/06	\$500m - \$2b
* Sinvest	Sinvest/Deep Drilling Invest (SIN.OL)	Distrib	Norway	Sep-06	< \$100m
KEC International (532714.BO)	KEC Infrastructures (504807.BO)	Distrib	India	10/3/06	< \$100m
Chipotle (CMG.N)	McDonald's (MCD.N)	Exch	USA	10/5/06	> \$2b
Experian (EXP.N)	GUS plc (GUS.L)	Distrib	UK	10/6/06	> \$2b
Home Retail Group (HOME.L)	GUS plc (GUS.L)	Distrib	UK	10/6/06	> \$2b
Biffa (BIFF.L)	Severn Trent (SVT.L)	Distrib	UK	10/9/06	> \$2b
Verigy (Nasdaq: VRGY)	Agilent (NYSE: A)	Distrib	USA	10/16/06	\$500m - \$2b
Fidelity Nat'l Info. Svcs. (FIS.N)	Fidelity National Financial (FNF.N)	Distrib/merger	USA	10/17/06	> \$2b
* West African Diamonds (WAD.L)	African Diamonds (AFDL)	Distrib	UK	10/26/06	< \$100m
Idearc (IAR.N)	Verizon (VZ.N)	Distrib	USA	11/1/06	> \$2b
Assisted Living Concepts (ALC.N)	Extencare (EXEA.N)	Distrib	USA	11/1/06	\$500m - \$2b
Great Offshore Ltd (GOFNS.NS)	GE Shipping (GESHIPIN.NS)	Distrib	India	11/15/06	\$500m - \$2b
Constellation Energy Ptrs (CEP.N)	Constellation Energy Grp (CEG.N)	IPO	USA	11/15/06	\$100m - \$500m
KBR (KBR.N)	Halliburton (HAL.N)	IPO	USA	11/16/06	> \$2b
Fiberweb (FWEB.L)	BBA Group plc (BBA.L)	Distrib	UK	11/16/06	\$500m - \$2b
Sally Beauty Holdings (SBH.N)	Alberto-Culver (ACV.N)	Distrib	USA	11/17/06	> \$2b
Air Canada (AC-A.TO)	ACE Aviation Holdings (ACE-B.TO)	IPO	Canada	11/20/06	> \$2b
Shivam Autotech (SHIVAMAUT.NS)	Munjial Auto Ind. (MUNJALAUT.NS)	Distrib	India	11/21/06	< \$100m
Tower Australia (TAL.AX)	Tower Ltd (TWR.AX, TWR.NZ)	Distrib	Austr./NZ	11/21/06	\$100m - \$500m
Torrent Power (532779.BO)	Torrent Energy (TREN.OB)	Distrib	India	11/28/06	< \$100m
Mueller Water Products (MWA.N)	Walter Industries (WLT.N)	Distrib	USA	12/6/06	\$500m - \$2b
China Comm. Svcs. (CUCSFPK)	China Telecommunications Corp.	IPO	HK	12/8/06	\$500m - \$2b
Tullett Prebon (TLPR.L)	Collins Stewart Tullett (CSTL.L)	Distrib	UK	12/14/06	\$500m - \$2b
* Formula Vision Technologies (FVT.TA)	Formula Systems (FORTY.O)	Distrib	Israel	12/14/06	< \$100m
Tiger Automotive Ltd. (TAL.J)	Tiger Wheels (TIW.J)	Distrib	S. Africa	12/15/06	< \$100m
* Card Activation Technologies, Inc.	MedCom USA, Inc. (EMED.OB)	Distrib	USA	12/15/06	< \$100m
Sunlight REIT (0435.HK)	Henderson Land Development (0012.HK)	IPO	HK	12/21/06	\$500m - \$2b
Universal Power Group (Amex:UPG)	Zunicom (ZNCM.OB)	IPO	USA	12/22/06	< \$100m
Total Produce plc (TOT.I, TOT.L)	Fyffes (ISE: FQ3)	Distrib	Ireland	12/29/06	\$500m - \$2b
Spectra Energy (NYSE: SE)	Duke Energy (DUK.N)	Distrib	USA	1/2/07	> \$2b
Indiabulls Real Estate (IBLFY.PK)	Indiabulls Financial Svcs (532544.BO)	Distrib	India	1/9/07	\$500m - \$2b
Wire and Wireless (WIWI.BO)	Zee Telefilms (505537.BO)	Distrib	India	1/10/07	
Zee News Limited (ZEEN.BO)	Zee Telefilms (505537.BO)	Distrib	India	1/10/07	
Harris Stratex Networks (Nasdaq: HSTX)	Harris Microwave (HRS.N)	Merger	USA	1/26/07	> \$2b
TravelCenters of America (Amex: TA)	Hospitality Trust (HPT.N)	Distrib	USA	1/26/07	\$500m - \$2b
Southland Health Services	Bad Toys Inc. (BTYH.OB)	Distrib	USA	2/2/07	< \$100m
Network 18 Fincap (532798.BO)	Television Eighteen (532299.BO)	Distrib	India	2/2/07	< \$100m

SPINOFF & REORG PROFILES

APRIL 2007

Issued April 14, 2007

Verichip (Nasdaq: CHIP)	Applied Digital Solns. (Nasdaq: ADSX)	IPO	USA	2/8/07	< \$100m
Time Warner Cable (TWC.N)	Time Warner (TWX.N)	Distrib	USA	2/13/07	> \$2b
* OptiCon Systems	Hathaway Corporation (HWYI.PK)	Distrib	USA	2/19/07	< \$100m
* Plastinum Corporation (PLNU.OB)	New Generation Holdings (NGPX.OB)	Distrib	USA	2/20/07	< \$100m
Emperor Capital Group	Emperor Intl Hldgs Ltd (0163.HK)	Distrib	HK	3/1/07	< \$100m
* NuPower Resources (NUP.AX)	Arafura Resources Ltd (ARU.AX)	Distrib	Australia	3/5/07	< \$100m
Domtar (NYSE: UFS)	Weyerhaeuser (NYSE: WY)	Merger/splitoff	USA	3/7/07	\$500m - \$2b
Xinhua Finance Media (Nasdaq: XFML)	Xinhua Finance (9399.T, XHFNY.OB)	IPO	China	3/9/07	\$500m - \$2b
Kraft Foods Inc (NYSE: KFT)	Altria (MO.N)	Distrib	USA	3/16/07	> \$2b
China Agri Holdings (0606.HK)	COFCO Intl. Ltd. (0506.HK)	IPO	HK	3/21/07	\$500m - \$2b
KBR (NYSE: KBR)	Halliburton (NYSE: HAL)	Exchange	USA	3/29/07	> \$2b
Broadridge Financial Solns (BR.N)	Automatic Data Processing (NYSE: ADP)	Distrib	USA	3/30/07	> \$2b
Regal REIT (1881.HK)	Regal Hotels Int'l Holdings (0078.HK)	IPO	HK	3/30/07	\$500m - \$2b
Nahar Spinning Mills (500296.BO)	Nahar Exports (523291.BO)	Distrib	India	4/1/07	< \$100m
* Southern Uranium Ltd (SNU.ASX)	Southern Gold Ltd (SAU.AX)	IPO	Australia	4/3/07	< \$100m
Avanti Comm. Group (AIM:TBD)	Avanti Screenmedia (ASG.L)	IPO	UK	4/16/07	< \$100m
* Tekmira Pharmaceuticals	Inex Pharmaceuticals (Toronto: IEX)	Distrib	Canada	4/30/07	< \$100m
* Sun Pharma Advanced Research	Sun Pharmaceuticals	Distrib	India	4/30/07	< \$100m
Covidien (Tyco Healthcare)	Tyco International Ltd. (NYSE: TYC)	Distrib	Bermuda	Apr-07	> \$2b
Dish TV (aka ASC Enterprises)	Zee Telefilms (505537.BO)	Distrib	India	Apr-07	
Tyco Electronics (NYSE: TEL)	Tyco International Ltd. (NYSE: TYC)	Distrib	Bermuda	Apr-07	> \$2b
Teledata Marine Solutions	Teledata Informatics	Distrib	India	Apr-07	< \$100m
Teledata Technology Solutions	Teledata Informatics	Distrib	India	Apr-07	< \$100m
Ports and rail unit	Toll Holdings (TOL.AX)	Distrib	Australia	Apr-07	> \$2b
New World Department Store	New World Development (0017.HK)	IPO	USA	May-07	\$500m - \$2b
HTMT Technologies Ltd	Hinduja TMT Ltd (500189.BO)	Distrib	India	May-07	< \$100m
Petra Energy	Petra Perdana	IPO/Distrib	Malaysia	May-07	< \$100m
Int'l Personal Finance plc	Provident Financial plc (PFG.L)	TBA	UK	Jun-07	\$500m - \$2b
Pretoria Portland Cement (JSE: PPC)	Barloworld (JSE: BAW)	Distrib	S. Africa	Jun-07	> \$2b
Air Canada (AC-A.TO)	ACE Aviation Holdings (ACE-B.TO)	Distrib	Canada	Q2 07	> \$2b
Portland Gas Ltd	Eqdon Resources plc (EDR.L)	Distrib	UK	Q2 07	< \$100m
Mondi	Anglo American plc (Nasdaq: AAUK)	Distrib	S. Africa	Q2 07	> \$2b
PharMerica Corp. (NYSE: PMC)	AmerisourceBergen / Kindred Healthcare	Distrib/Merger	USA	Q2 07	> \$2b
Sage Residential, Inc.	Tarracon Corporation (TARR.N)	Distrib	USA	Q2 07	\$100m - \$500m
Air Canada Technical Services	ACE Aviation Holdings (ACE.TO)	IPO	USA	Q2 07	\$500m - \$2b
Brandhouse	S Kumars Nationwide Ltd (SKSYF.PK)	Distrib	India	Q2 07	< \$100m
Non-Gazprom assets	Vostok Nafta Investment Ltd	see note	Sweden	Q2 07	\$500m - \$2b
BYD Electronics	BYD (HK.1211)	IPO	HK	Q2 07	> \$2b
Viking Oil and Gas ASA (Oslo)	Lundin Petroleum (LUPE.ST, LNDNF.PK)	IPO	Norway	Q2 07	
Iusacell/Unefon	TV Azteca (TVAZTCAA.MX, TAZTF.PK)	Distrib	Mexico	Q2 07	\$500m - \$2b
* Indiabulls Securities Ltd	Indiabulls Financial Svcs (532544.BO)	Distrib	India	Aug-07	< \$100m
VMWare	EMC (EMC.N)	IPO	USA	Sep-07	> \$2b
WABCO	American Standard (ASD.N)	Distrib	USA	Q3 07	\$500m - \$2b
PT Multimedia (PTA.LS)	Portugal Telecom SGPS (PT.N)	Distrib	Portugal	Q3 07	> \$2b
Discover Financial Svcs (DFS.N)	Morgan Stanley (MS.N)	Distrib	USA	Q3 07	> \$2b
Teradata	NCR (NYSE: NCR)	Distrib	USA	Q3 07	> \$2b
Neptune (combined zinc smelters)	Zinifex (ZFX.AX) / Umicore (ACUMt.BR)	Merger/IPO	EU/Austria	Q3 07	> \$2b
Loomis Cash Handling AB	Securitas AB (Stockholm: SECUB)	TBA	Sweden	Q3 07	> \$2b
Transfield Infrastructure	Transfield Services (TSE.AX)	IPO	Australia	Q3 07	\$100m - \$500m
* Mavuzi Resources Ltd.	OmegaCorp (OMC.AX)	IPO	Australia	Q3 07	< \$100m
MF Global	MAN Group (EMG.L)	IPO	USA	Q3 07	> \$2b

Guaranty Bank	Temple-Inland (NYSE: TIN)	Distrib	USA	Q4 07	\$500m - \$2b
Forestar Real Estate Group	Temple-Inland (NYSE: TIN)	Distrib	USA	Q4 07	\$100m - \$500m
Endosurgery division	Boston Scientific (BSX.N)	IPO	USA	Q4 07	\$500m - \$2b
Metavante	Marshall & Ilsley (MI.N)	Distrib	USA	Q4 07	> \$2b
Consumer Source Inc.	Primedia (NYSE: PRM)	Distrib	USA	2007	\$100m - \$500m
Printed circuit board mfg.	Titan Global Holdings (TTGL.OB)	Distrib	USA	2007	< \$100m
American Water Works	RWE AG (RWE.DE)	IPO	Germany	2007	> \$2b
* International Apparel Group, Inc.	Total Luxury Group, Inc. (TLEI.OB)	Distrib	USA	2007	< \$100m
Physio-Control	Medtronic (NYSE: MDT)	Distrib	USA	2007	\$500m - \$2b
* Relativity Inc.	US Starcom (OTC:USTA)	Distrib	USA	2007	< \$100m
VDO Automotive	Siemens AG (NYSE: SI)	IPO	Germany	2007	> \$2b
U.S. beverages unit	Cadbury Schweppes (CBRY.L)	TBA	UK	2007	> \$2b
* Norilsk Power	Norilsk Nickel (NILSY.PK)	Distrib	Russia	2007	> \$2b
FairPoint Communications (NYSE: FRP)	Verizon (NYSE: VZ)	Distrib/Merger	USA	Q1 08	> \$2b
Asusalpha (notebook division)	Asus (2357.TW, AKCPY.PK)	TBD	Taiwan	Q1 08	
Arseus	Omega Pharma NV (OMEP.BR)	TBA	Belgium	2008	\$500m - \$2b
Home textile business (LSE/AIM)	Gujarat Heavy Chemicals (GHCH.DL)	Distrib	India	2008	< \$100m
OpCo (media division)	Johnnic Comm. (JCM.J, JHNCY.PK)	Distrib	S. Africa	2008	
Precigen Therapeutics	Clinical Data, Inc. (CLDA.O)	Distrib	USA	TBA	< \$100m
* Beijing mfg. plant	Semiconductor Mfg Intl Corp (0981.HK)	IPO	China	TBA	< \$100m
* CombiMatrix (Amex: CBMX)	Acacia Research (Nasdaq: ACTG)	Distrib	USA	TBA	< \$100m
Gecina (GFCP.PA)	Metrovacesa (MEVCF.PK) (Spain)	Exchange	France	TBA	> \$2b
* Aequus BioPharma	Cell Therapeutics	Distrib	USA	TBA	< \$100m
Virgin Radio	SMG plc (SMG.L, SMGPF.PK)	IPO	UK	TBA	\$100m - \$500m
Sonae Capital	Sonae SGPS (SON.LS, SOVTF.PK)	TBA	Portugal	TBA	
Casa de Pedra	Companhia Siderurgica (ADR: SID)	IPO	Brazil	TBA	> \$2b

AX Australia	HK Hong Kong	N NYSE/Nasdaq/Amex	OB OTC Bulletin Board	ST Stockholm
BO Bombay	J Johannesburg	NS National (India)	PA Paris	TA Tel Aviv
BR Brussels	L London	NZ New Zealand	PK Pink sheets	TO Toronto
DL Delhi	LS Lisbon	O OTC	SG Singapore	TW Taiwan

ABOUT THE CALENDAR

Spinoffs are listed only if (i) publicly filed or announced by management as certain to proceed; and (ii) it appears a market will promptly be made in the spun-off entity. "Date" means record date for distributions or initial trade for IPOs. Listings are shown for a few months after the event, as some opportunities emerge only then. Publicly announced "possible" spinoffs are not listed, and not recommended for investment. "Exchange" transactions mean holders are offered the option to trade their shares in the parent for shares in the spinoff.

Promotional stocks are listed, but marked with an asterisk ("*") so that traditional value investors may rule them out quickly. Firms so indicated tend to exhibit the following: almost no current revenue; self-promotion via free, self-issued internet press releases not picked up by any news agency; spinoff announcement without prompt regulatory filing; claims to own valuable assets located in remote, inaccessible locations (Arctic Canada and interior Africa are time-honored favorites); high management salaries relative to revenue or capitalization; and headquarters disproportionately frequently located in Vancouver, Florida or southern California. We generally treat mining exploration and pure R&D as concept companies if they have little operating revenue, since the odds of successful development are difficult to estimate. Again, there may be specialists out there, which is why we include the information.

FEEDBACK

Please send suggestions to subscribe@gemfinder.net. Popular requests are incorporated regularly.

MERGER & INSIDER BUYING

STRUCTURE

BACKGROUND

Freeport McMoRan (FCX.N) acquired Phelps Dodge Corporation (PD.N, now delisted) in March for about \$30 billion. Approximately concurrently, Freeport directors purchased over \$60 million of FCX common on the open market.

TERMS

Each share of Phelps Dodge received \$88 cash plus 0.67 share of FCX.

Board members paid between \$53 and \$64 per share for over a million shares of FCX between January 22 and March 26.

ANALYSIS

For any who may feel they've missed out on the leveraged buyout party, here's a chance to visit the club without paying the 2-and-20 cover charge, by buying into a conceptually similar and apparently reasonable situation.

In Phelps Dodge, Freeport has bought a much larger competitor, mostly with cash from issued debt, and partly with new shares. Freeport paid a lower earnings multiple for Phelps than is currently applied to Freeport's own shares, implying the acquisition is anti-dilutive to FCX. And since Phelps was relatively unleveraged, the combined company is less indebted than one might expect.

Since Phelps Dodge is operationally similar to Freeport, when the dust clears this situation somewhat resembles a leveraged recap, disguised as a merger.

Most of the insider purchases were by a single director, Robert Day, who only last May was selling FCX at \$65. Day's net worth is \$1.3b, according to Forbes -- implying he has committed 4% of his entire fortune to FCX in the past 90 days. No one could call him indecisive.

AUTHOR OWNERSHIP

Author does not own FCX.

Freeport McMoRan Copper & Gold

Company Information

BUSINESS

Freeport McMoRan is, after the merger, the world's largest producer of copper, and among the largest producers of gold and molybdenum, with combined 2006 sales of \$17.7b, EBIT of \$7.0b and net earnings of \$4.4b.

The combined firm earned 25% on sales, and generated an EBIT return on employed capital of about 85% -- benefiting, of course, from recent high commodity prices.

Freeport obtained a number of non-mining businesses in the Phelps merger, which it believes it can sell off profitably. Thus the company apparently enjoys profitable fundamentals, a scale advantage, and, given the private-market premiums paid these days, a potential onetime gain from unbundling unrelated businesses.

VALUATION

After the merger, and after an associated share offering in late March to reduce indebtedness, there were 382m FCX shares outstanding, or about 452m fully diluted (mainly convertible preferred). The combined entity earned a fully diluted \$9.73 per share last year, i.e. Friday's closing price of \$71.17 is only around 7 times earnings.

It's at least as attractive from an EBIT perspective, yielding 17% of total capitalization (equity plus debt). The implication is that the company is cheap enough to enjoy a significant gain, or to withstand significant profit decline, or even both.

PROPOSED TACTIC

Buy, hold for 6 to 12 months. The common appears attractively priced even subject to moderate copper price fluctuations, but to cover that risk, an interesting variant is to consider preferred issues, namely the 5.5% 12/31/49 convertible (FCXGL), and the just-issued 6.75% 5/1/10 mandatory convertible (FCXPRM).

Graham was cautious about the latter class of security (see "Senior Securities with Speculative Features," *Security Analysis* [1934], pages 242-43), first because the conversion privilege compensated investors inadequately for the insolvency risk of a typical issuer, and second because as the common stock rises, the distribution of potential returns from the preferred comes to resemble that of the common, and thus ceases to justify paying much of a premium over common.

FCXPRM closed Friday at \$113, pays \$6.75 (6% yield), and converts to 1.3605 shares of common. It thus costs 9.1% more than its current yield plus conversion value. Since conversion is mandatory after only 3 years, the premium doesn't seem justified.

By contrast, FCXGL closed Friday at \$1579.30, pays \$55 (3.48% yield), and converts to 21.1568 shares of FCX. It thus costs only 1.2% more than its current yield plus the value of common it converts to. This seems an inexpensive conversion privilege.

RISKS

Copper prices might fall significantly. The 4-year runup will certainly not last forever, and like any commodity, copper is exposed to wild price swings. We can't predict short-run swings, but do observe that the long-term drivers haven't changed: emerging industrial economies are tripling the population of the industrialized world, new copper finds are rare, and a combined Freeport/Phelps controls and extracts the largest part of what is currently known to exist worldwide.