

And a Few More Spins...

by Robert W. Wood • San Francisco

At the risk of pandering to spin freaks, we feel obligated to mention a number of recent spin developments, even if only cryptically. They include Bank of America, set to spin off a portion of its credit card processing business. See "BofA to Spin Off Stake in Card Unit," *San Francisco Chronicle*, Oct. 12, 1996, p. D7. Westinghouse Electric Corp. has also entered the fray, opting for a clear division of two business groups, with a spinoff of its \$5 billion a year industrial operations into a new public company. See "Westinghouse to Spin Off Industrial Operations," *Wall Street Journal*, Nov. 12, 1996, p. A3. See also "For Old Westinghouse, Spinoff is Life-or-Death Test," *Wall Street Journal*, Nov. 13, 1996, p. B4.

More and more of these transactions seem to be happening, particularly coupled with initial public offerings. Other examples include Triarc, which now plans to spin off its beverage and fast food businesses. See "Triarc's Beverage, Fast-Food Business Set to be Spun Off," *Wall Street Journal*, Oct. 30, 1996, p. A10. Most of the announcements of such plans stress bolstering and enhancing shareholder value. A good example is the planned spin by Value Health, Inc. of its pharmacy-benefit management business. See "Value Health, in Broad

Restructuring, to Spin Off its Pharmacy-Benefit Line," *Wall Street Journal*, Oct. 10, 1996, p. B7.

New technology in the high tech field may increasingly turn to spins, too. Recently, Interval Research Corp. (founded by Paul Allen of Microsoft fame) has announced it will spin off three different companies, each with high tech inventions that are to be separately exploited. See "Interval Research Will Spin Off 3 Firms to Parlay Inventions," *Wall Street Journal*, Nov. 13, 1996, p. A3. Not all of the spins being announced involve public offerings. See "Fox Will Spin Off Children's Network, Merge it Into New Company with Saban," *Wall Street Journal*, Sept. 23, 1996, p. B7. See also "State in Zimmerman Sign to be Spun Off to Holders," *Wall Street Journal*, Nov. 15, 1996, p. B4.

But after all the hoopla about shareholder value, sometimes it doesn't turn out to be true. Take Hanson, for example. Recent articles suggest that everything has not gone as well as had been expected. See "Hanson Spinoff Plans Haven't Raised Shareholder Value," *Wall Street Journal*, Sept. 26, 1996, p. B4. But the trend still favors the "value enhancement" argument. See "Baxter Official Sees 10% Sales Growth Following Spinoff," *Wall Street Journal*, Oct. 25, 1996, p. B10. ■

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