

SPINS AND NO SPINS

by Robert W. Wood • San Francisco

Readers of this newsletter are well aware of our penchant for covering spinoffs, both novel and ordinary. Strangely, there is a relative paucity of spins in the news lately, with several of the more widely publicized spins in recent memory being scuttled. Host Marriott Corp. has scrapped plans to spin off its real estate investment trust to be made up of its limited-service hotels. See *Wall Street Journal*, Oct. 14, 1998, p. B26. Readers will recall that Host Marriott is closely allied with Marriott International, Inc., but is a separate company that owns many Marriott properties. Host Marriott operates full-service hotels as well as limited-service properties; apparently they will continue to be operated by the same entity.

Another scuttled spinoff involves Zapata Corp. announcing that it is calling off its planned acquisitions of Internet companies, as well as the spinoff of its Internet operations. Global volatility has been blamed for the change in plans. *Wall Street Journal*, Oct. 16, 1998, p. B5.

On a more positive front, CBS Corp. has announced that it is going forward with plans to spin off part of its Infinity Broadcasting unit in an initial public offering. Interestingly, this is despite the current IPO market that has decidedly soured in recent months. See *Wall Street Journal*, Nov. 3, 1998, p. B6. While CBS will retain a majority stake in Infinity, the IPO will be huge, apparently ranking among the top three domestic IPOs in terms of proceeds raised (behind Conoco, Inc. and Lucent Technologies).

Finally, Siemens AG, one of the world's largest electronics companies, has recently announced plans to spin off a number of divisions, including its Semiconductor unit, Copper-Communication-Cable business, and the Siemens Nixdorf retail and banking systems. See Rhoads, "Siemens Restructures with Charge of \$2.4 Billion," *Wall Street Journal*, Nov. 15, 1998, p. A14. The Siemens divisions that are intended to be spun off actually include several of the company's most profitable businesses as well as some of its least profitable units.