
Presentation to the Board of Directors Regarding the Stockholder Rights Plan

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VALUATION ADVISORS AND INVESTMENT BANKERS

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I. Executive Summary

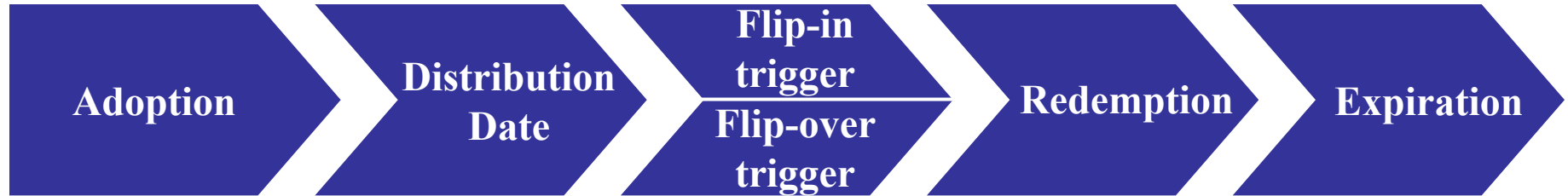
Executive Summary

- Market valuations of many companies have decreased substantially since reaching all-time highs in 2000
- With economic prospects improving while stock market volatility continues, hostile activity is expected to accelerate
 - Well-capitalized bidders with access to cash are likely to take advantage of current environment
 - Unsolicited and hostile offers are increasingly accepted as a tactical option for achieving strategic goals
- Adoption of a rights plan is critical to achieving a fair balance or “level playing field” in takeover situations
 - For a Delaware corporation, in the absence of a rights plan, a tender offer with 85% acceptance may result in a change of control in as few as 20 business days
 - Given this limited response time, the Board may be constrained from making a full consideration of value maximizing alternatives
- Stockholder rights plans enhance the Board’s ability to promote the interests of all stockholders in the event of an unsolicited offer or other stock accumulation program
 - Deter coercive tactics that may not be in the best interests of the Company and its stockholders
 - Increases the Board’s ability to: (i) reject an inadequate offer in favor of the Company’s long-term business plan; (ii) seek alternative means to maximize stockholder value; or (iii) negotiate a better deal
- Stockholder rights plans are not designed, however, to preclude transactions that, in the opinion of the Board of Directors, are fair and in the best interests of the Company and its stockholders
 - Not designed to entrench inefficient management
 - Should not affect any prospective offeror willing to negotiate with the Board

II. Mechanics of Rights Plan

Mechanics of Rights Plan

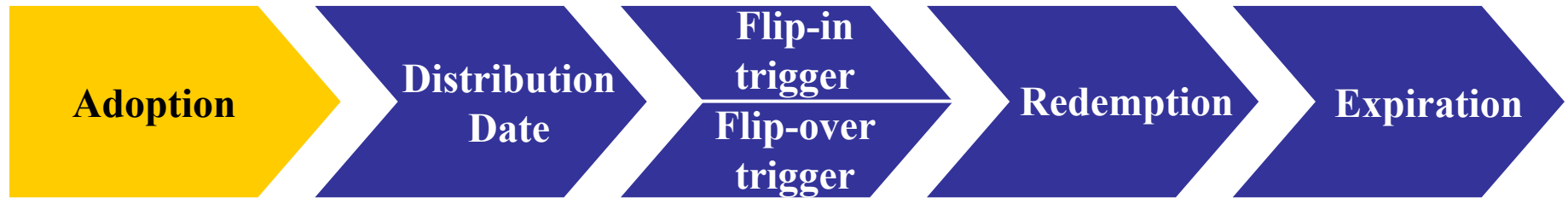
Typical rights plans follow a distinct sequence



- The Board approves an issue of rights to existing stockholders – one right for each outstanding share of common stock
- The rights are issued pursuant to a Rights Agreement entered into between the Company and a trust company
- The issuance of rights under a stockholder rights plan is exempt from 1933 Act registration requirements, but has to be registered under the 1934 Act
- Until a distribution date occurs, the rights are represented by the common stock certificates

Mechanics of Rights Plan

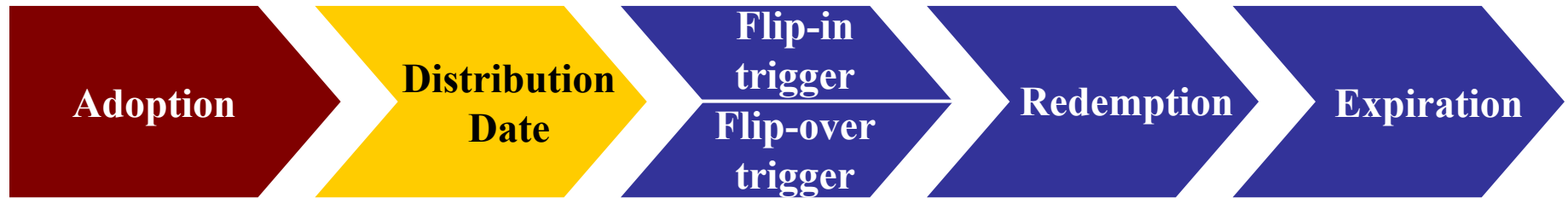
STEP 1: Board Adopts Rights Plan



- Board approves an issue of one right for each outstanding share of common stock
 - Redemption price may vary and is usually set at \$0.01 to \$0.05 per right, although some rights plans have set a redemption price as low as \$0.001 per right
- Each right entitles its holder, upon the occurrence of certain events, to purchase common or participating preferred stock of the Company (“Flip-in”) or common stock of the Acquirer (“Flip-over”) at a predetermined exercise price
- Rights initially are attached to and trade with the Company’s common stock
- Exercise price is set by the Board
 - Determined by the estimated long-term trading value of the Company’s common stock during the life of the rights
 - Usually in the range of four to six times the Company’s current stock price
- The Acquirer is precluded from exercising the rights so that substantial dilution of the Acquirer’s ownership results in the event of a “Flip-in”

Mechanics of Rights Plan

STEP 2: Rights Are Distributed at First Sign of Aggressor



- Rights are usually distributed and begin trading separately from common stock the tenth business day following one of the following events
 - Acquisition of a predetermined amount (usually 10%-20%) of the Company’s common stock
 - Commencement of a tender or exchange offer which, if successful, would give the acquirer beneficial ownership of some predetermined percentage (usually 10%-20%) of the Company’s common stock
- Until an actual acquisition of the predetermined percentage, the rights are “out-of-the-money”
 - A direct acquisition of a predetermined amount will simultaneously trigger a Distribution and a Flip-in event
 - A commencement of a tender or exchange offer will trigger a Distribution, but only acceptance of the tendered shares would trigger a Flip-in event

Mechanics of Rights Plan

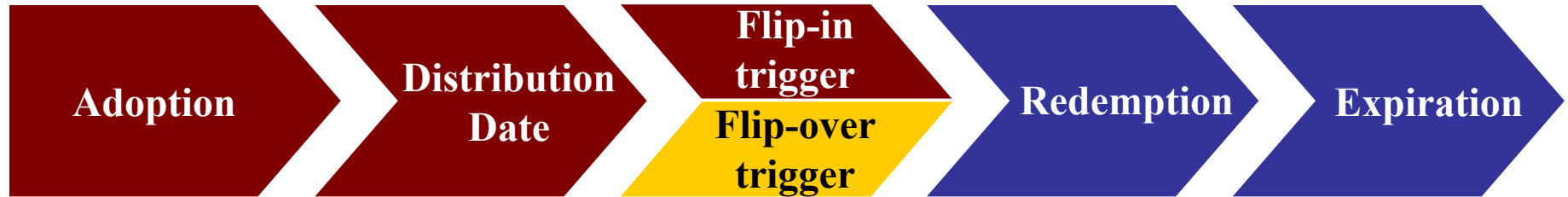
STEP 3: Flip-In Trigger Initiates When Acquirer Continues Aggression



- Should an Acquirer acquire a certain percentage of the Company's common stock and/or engage in a self-dealing transaction, the rights "Flip-in"
- After "Flip-in," each right can be exercised to purchase common stock of the Company having a value of some multiple of the exercise price, typically 2x (i.e., the new shares are acquired at a 50% discount to market)
- Rights owned by the Acquirer or any transferee that receives rights from the Acquirer cannot be exercised
- The number of common shares purchased is determined by the stock price at the time the rights are exercised

Mechanics of Rights Plan

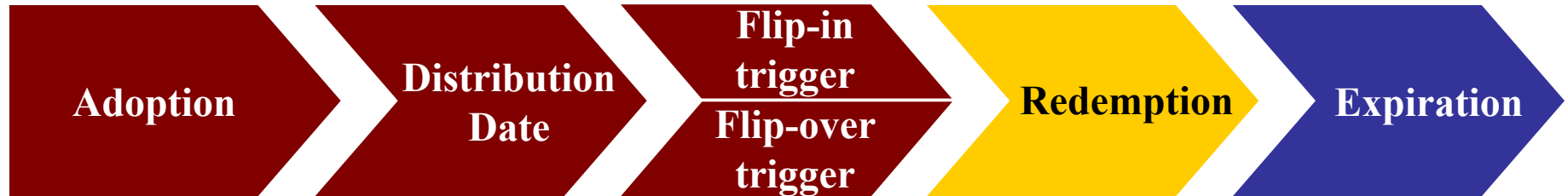
STEP 4: Flip-Over Trigger Initiates With Merger



- Each right “Flips-over” into the right to acquire, at the exercise price, common stock of the Acquirer having a value of some multiple of the exercise price, typically 2x (i.e., each share is acquired at a 50% discount to market), if
 - i. The company is not the surviving corporation in a business combination;
 - ii. The company is the surviving corporation in a business combination and its common stock is changed into or exchanged for any other securities of another person or any other property; or
 - iii. The company sells or transfers more than 50% of its assets or earning power

Mechanics of Rights Plan

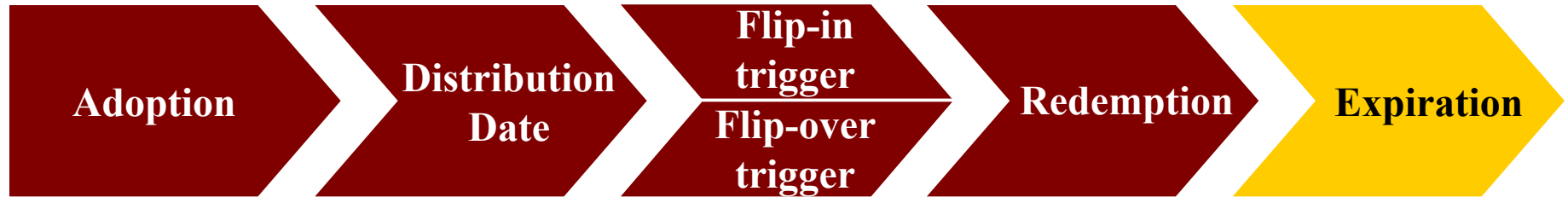
STEP 5: Directors Hold Power of Redemption



- The rights are redeemable, in whole but not in part, at the option of the Company’s Board without the approval of any rights holder at any time prior to the occurrence of a “Flip-in” event (i.e., the acquisition of the predetermined amount of the Company’s common stock)
- The rights have no voting rights and are not entitled to receive dividends until exercised
- The Rights Plan may be amended or supplemented without the approval of any holders of the rights, so long as they are redeemable, and thereafter if the holders of the rights are not adversely affected

Mechanics of Rights Plan

STEP 6: Plan Expires If No Triggers Initiated



- The rights typically expire ten years after the date of adoption unless redeemed earlier or amended to extend term

III. Overview of Stockholder Rights Plans

Overview of Stockholder Rights Plans

Advantages

- Make an acquisition uneconomical to the unwanted suitor
- Increase the Board's ability to reject an inadequate offer in favor of an existing comprehensive long-term business plan, to seek alternative means to maximize stockholder value or to negotiate a better deal
- Deter coercive takeover tactics that may not be in the best interests of the Company and its stockholders
- Protect against self-dealing transactions by acquirers
- Rights are not designed to, nor do they, entrench inefficient management
- Issuance of rights has no tax or accounting impact for either the Company or its stockholders
- Rights have no balance sheet, income statement or cash flow effects on the Company prior to exercise or redemption
- Rights can be distributed in advance of a specific bid without placing a "price-tag" on the Company
- Supported by the precedent that hundreds of major companies have adopted rights plans and such adoptions have been upheld in numerous court actions

Disadvantages

- In the presence of a takeover attempt, a rights plan could present the Board with difficult decisions under highly pressured circumstances should the rights ever be threatened to be triggered
- May require the Board to take action to redeem or amend a rights plan at a time when no reaction by the Board to a takeover threat otherwise would have been required
- A rights plan may become the subject of litigation if a takeover attempt is made
- Rights plans may increase the threat of proxy fights and lawsuits by stockholders claiming they have been deprived of the opportunity to realize the full value of their investment
- May deter some acquisition proposals that otherwise would have been forthcoming
- Rights plans are disfavored by some institutional investors

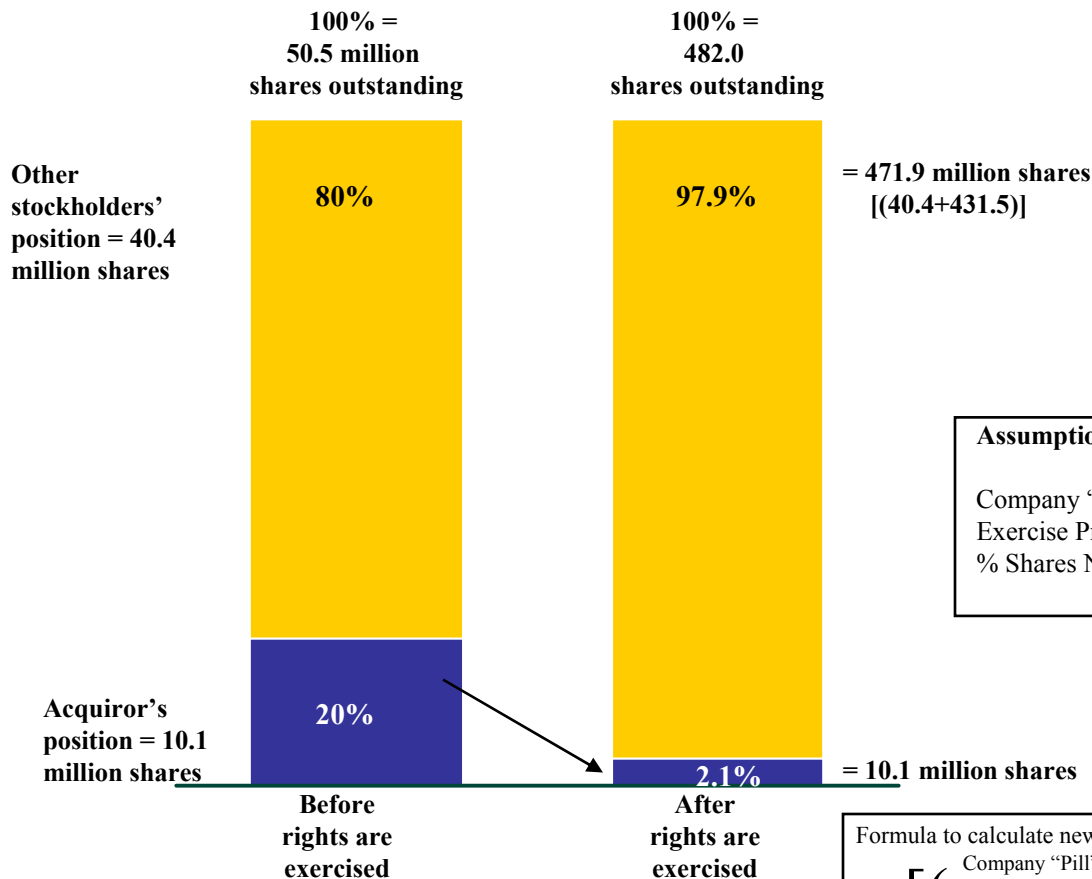
Overview of Stockholder Rights Plans

- Three types of stockholder rights plans exist:
 - Call Plans (“Flip-in” and/or “Flip-over” Plans)
 - Enable all rights holders (other than the Acquirer) to acquire stock of the Company at a specified price (“Flip-in” Plan)
 - Enable all rights holders (other than the Acquirer) to acquire stock of the Acquirer into which the Company is merged at a specified price (“Flip-over” Plan)
 - Put Plans (“Back-End” or “Fair Price” Plans)
 - Enable all rights holders to exchange stock for a specified amount of value in cash, stock and/or notes
 - Voting Plans
 - Give substantially disproportionate voting rights to the rights holders
- Call Plans that combine both the “Flip-in” and the “Flip-over” provisions are the most widely adopted rights plans by U.S. corporations, whereas Put and Voting Plans are no longer widely used. The popularity of the Flip-in/Flip-over Call Plans is due to:
 - Their effectiveness against the widest range of coercive, unfair and destructive takeover tactics
 - The decision by the DE Supreme Court upholding the legality of Household International Inc.’s Rights Plan

Overview of Stockholder Rights Plans

- Flip-in dramatically dilutes Acquirer's ownership position ⁽¹⁾

Structure and Mechanics of Rights Plan



Assumptions:

Company "Pill" Stock Price ⁽²⁾	\$7.49
Exercise Price ⁽³⁾	\$40.00
% Shares Not Owned by Acquiror	80%

Formula to calculate new Company "Pill" shares issued:

$$\left[\left(\text{Company "Pill" fully diluted shares outstanding} \right) \left(\frac{\% \text{ shares not owned by acquiror}}{100} \right) \right] \times \left[\frac{\text{exercise price}}{0.5 \times \text{Company "Pill" stock price}} \right]$$

1. Assumes Rights Plan is triggered on acquisition of 20% of Company "Pill's" common shares; 15% or 20% is "market"

2. Stock price of \$7.49 on (last year's earnings)

Variations on Standard Rights Plan

- Four variations on the standard rights plan are sometimes included if appropriate given a company's specific circumstances

Rights Plan Enhancements	Description
Exchange Option	In lieu of stockholders exercising their flip-in rights, allows the Board to issue one share of common stock or a “spread” in exchange for each right
Continuing Director Clause	Provides that the Rights Plan may be amended or the rights redeemed only by Directors in office prior to the triggering of the Rights Plan (not available for companies incorporated in DE)
Adverse Person Clause	Mechanism for reducing “trigger” threshold by Board
Rights Plan Exception Window	Description
Qualified Offer Provision	Provides that the Rights Plan will not be triggered by an offer meeting certain specified requirements (i.e. all cash, all shares, etc.; often referred to as “chewable pills”)

IV. Determination of Exercise Price

Rationale for Determining Exercise Price

- The Exercise Price is determined by estimating the long-term trading value of the Company's common stock during the life of the rights
- The setting of the Exercise Price is designed neither to put a transaction value on the Company nor reflect an appropriate acquisition price
- Projections are made for ten years based upon the fundamentals of the business and the economy and the strategic outlook for the Company
- The Exercise Price is generally in the range of four to six times the company's stock price at the time of a plan's adoption, although multiples have risen recently due to generally depressed stock prices
- Generally, the Exercise Price as a multiple of the company's stock price is higher for companies with high growth rate potential or companies where current operating performance is depressed, while lower for more established companies in mature industries
- Development of an Exercise Price should not be based on the average of other companies' rights plans, but rather on the characteristics of the Company

Summary of Stockholder Rights Plan Terms

Company "Pill" PROPOSED PLAN

Exercise Price	\$35.00 - \$45.00
Exercise Price/Market Price Prior to Adoption	4.7x – 6.0x
Option to Pay Exercise Price in Common Shares	No
Plan Type	Flip-In/Flip-Over
Security Received Upon Exercise	One one-thousandth of a share of Series A Junior Participating Preferred Stock, \$0.01 par value
Flip-in Bargain Purchase %	50%
Exchange Provision	Yes
Acquiring Person Trigger %	20%
Tender Offer Trigger %	20%
Flip-Over Trigger %	Consolidation or merger of Company "Pill" with or into another person or transfer of 50% of assets or assets which produce 50% of earnings power
Permitted Offer Exemption	None
Redemption Price	\$.00001 per right
Redemption Window	Anytime prior to person becoming an Acquiring Person
Director Qualification to Redeem	None
Stockholder Referendum to Redeem	None
Director Flexibility to Amend	Yes
Director Qualification to Amend	None
Adverse Person Clause	Yes

Stockholder Rights Plan Pricing Methodology

Methodology	Basis of Exercise Price Determination	Implied Exercise Prices	Implied Multiples of Current Stock Price
Historical Stock Price Analysis	Extrapolation of historical compound annual growth rate of stock price	\$23.26 - \$39.20	3.1x - 5.2x
Projected EPS	Application of current trading multiples to projected earnings per share	\$23.76 - \$56.25	3.2x - 7.5x
Capital Asset Pricing Model	Theoretical expected future stock price appreciation	\$27.77 - \$33.04	3.7x - 4.4x
Comparable Company Multiples	Review of exercise price multiples of pills adopted by comparable companies	\$21.83 - \$50.35	2.9x - 6.7x
HFBE Reference Range		\$35.00 - \$45.00	4.7x - 6.0x

Historical Stock Pricing Analysis

Historical Stock Price Appreciation

Company "Pill" Stock Price					2 Year CAGR	4 Year CAGR
2/27/00	2/27/01	2/27/02	2/27/03	2/27/04	(2000-2002)	(2000-2004)
\$17.56	\$23.50	\$25.00	\$10.39	\$7.49	19.3%	(19.2%)

Implied Exercise Price

Projected Ten Year Stock Price Compound Annual Growth Rate	Projected Price (a) Year 10	Implied Multiple
8.0%	16.17	2.2x
10.0%	19.43	2.6x
12.0%	23.26	3.1x
14.0%	27.77	3.7x
16.0%	33.04	4.4x
18.0%	39.20	5.2x
20.0%	46.38	6.2x
22.0%	54.71	7.3x

Notes:

(a) Based upon stock price of \$7.49 on (date near adoption).

Projected EPS

Historical and Projected EPS Growth

	2001A	2002A	2003A	Consensus Estimates			Five-Year CAGR (2001A-2006E)
				2004E (a)	2005E (b)	2006E (b)	
Earnings per Share (c)	\$1.21	\$1.37	\$1.02	\$0.82	\$0.94	\$1.08	-2.2%
% Growth		13.2%	-25.5%	-19.6%	15.0%	15.0%	
Trailing P/E (d)	22.0x	5.6x	7.5x	9.1x			

Implied Exercise Price

	Projected Stock Price (Year 10) Assuming EPS CAGR of:						
	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%

Trailing P/E

	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%	
2.5x		\$5.51	\$6.61	\$7.92	\$9.45	\$11.25	\$13.35	\$15.79
5.0x		11.01	13.23	15.84	18.91	22.50	26.69	31.58
7.5x		16.52	19.84	23.76	28.36	33.75	40.04	47.37
10.0x		22.02	26.46	31.68	37.81	45.00	53.39	63.16
12.5x		27.53	33.07	39.60	47.27	56.25	66.73	78.94
15.0x		33.03	39.68	47.52	56.72	67.49	80.08	94.73
17.5x		38.54	46.30	55.44	66.17	78.74	93.42	110.52

Implied Multiple of Current Stock Price

	Implied Multiple of Current Stock Price (e)						
	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%

Trailing P/E

	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%	
2.5x		0.7x	0.9x	1.1x	1.3x	1.5x	1.8x	2.1x
5.0x		1.5	1.8	2.1	2.5	3.0	3.6	4.2
7.5x		2.2	2.6	3.2	3.8	4.5	5.3	6.3
10.0x		2.9	3.5	4.2	5.0	6.0	7.1	8.4
12.5x		3.7	4.4	5.3	6.3	7.5	8.9	10.5
15.0x		4.4	5.3	6.3	7.6	9.0	10.7	12.6
17.5x		5.1	6.2	7.4	8.8	10.5	12.5	14.8

Notes:

- Analyst estimate reported by Zack's Investment Research, Inc.
- Assumes a 15.0% EPS growth rate after 2004.
- Diluted EPS from continuing operations.
- The 2001 and 2002 trailing P/E is based upon the average stock price in the month of the earnings announcement (March) divided by EPS. The 2003 through 2004 trailing P/E is based upon a stock price of \$7.49 on (date near adoption) divided by EPS.
- Multiple analysis based on (date near adoption) stock price of \$7.49

Capital Asset Pricing Model

Assumptions

	Estimated Levered Beta - β (a)		
	1.06	1.16	1.26
10 Year Implied Treasury Rate - R_f (b)	4.0%	4.0%	4.0%
Market Risk Premium - R_p (c)	7.0%	7.0%	7.0%
Dividend Yield - D	0.0%	0.0%	0.0%
Small-Cap Premium - S_p (c)	1.5%	1.5%	1.5%
Recent Stock Price (b)	\$7.49	\$7.49	\$7.49
Expected Price Growth = $R_f + \beta(R_p) - D + S_p$	12.9%	13.6%	14.3%
Expected Future Stock Price	\$25.27	\$26.88	\$28.58

Indicated Values

Projected Ten-Year Compound Annual Growth Rate (d)	Projected Price (Year Ten)	Implied Multiple
10.0%	19.43	2.6x
12.0%	23.26	3.1x
14.0%	27.77	3.7x
15.0%	30.30	4.0x
16.0%	33.04	4.4x
18.0%	39.20	5.2x
20.0%	46.38	6.2x

Notes:

- (a) Reuters reported beta.
- (b) As of (date near adoption).
- (c) Source: Ibbotson.
- (d) Based on indicated expected price growth from CAPM calculations above.

Comparable Company Multiples

Date of Rights Plan Adoption	Company	Issuer Ticker Symbol	Issuer State of Incorporation	Status Flip-In Trigger Percent	Stock Price (a)	Exercise Price	Exercise Price/Stock Price	
7/19/2002	Impath Inc	IMPH	Delaware	15	12.40	140.00	11.3 x	
10/31/2001	Odyssey HealthCare Inc	ODSY	Delaware	15	6.67	75.00	11.2 x	
6/29/2001	LaserSight Inc	LASE	Delaware	15	2.37	20.00	8.4 x	
5/3/2001	Health Net Inc	HNT	Delaware	15	21.01	170.00	8.1 x	
4/17/2003	Accredo Health Inc	ACDO	Delaware	15	12.56	100.00	8.0 x	
9/17/2001	Select Medical Corp	SLMC	Delaware	15	15.47	104.00	6.7 x	
8/28/2002	RehabCare Group Inc	RHB	Delaware	20	22.67	150.00	6.6 x	
6/14/2002	Syncor International Corp	SCOR	Delaware	15	28.21	180.00	6.4 x	
8/26/2002	Centene Corp	CNTE	Delaware	15	27.84	170.00	6.1 x	
3/26/2001	NDCHealth Corp	NDC	Delaware	15	23.71	140.00	5.9 x	
7/25/2001	Express Scripts Inc	ESRX	Delaware	15	53.90	300.00	5.6 x	
12/5/2002	VitalWorks Inc	VWKS	Delaware	15	3.76	20.00	5.3 x	
6/6/2001	United Surgical Partners Intl	USPI	Delaware	15	17.07	80.00	4.7 x	
3/11/2002	Caremark Rx Inc	CMX	Delaware	20	17.84	52.00	2.9 x	
12/3/2002	MIM Corp	MIMS	Delaware	15	7.28	20.00	2.7 x	
2/2/2002	American Medical Security Grp	AMZ	Wisconsin	12	11.48	30.00	2.6 x	
7/12/2001	AmSurg Corp	AMSGA	Tennessee	15	29.99	48.00	1.6 x	
4/28/2002	Trigon Healthcare Inc	TGH	Virginia	10	98.87	100.00	1.0 x	
11/10/2002	Dianon Systems Inc	DIAN	Delaware	15	40.19	20.00	0.5 x	
Selected Multiples (b)								
							75th Percentile	6.7x
							Mean	5.5x
							Median	5.9x
							25th Percentile	2.9x

Notes:

- (a) Closing share price the trading day prior to the adoption of the Shareholder Rights Plan.
 (b) Calculations exclude the highest and lowest observations.

Source: Financial statements of respective companies and non-split adjusted closing stock prices per Securities Data Company

Sensitivity Analysis of Stockholder Rights Plan

Exercise of Flip-in Rights

(Amounts in Millions, Except Per Share)

Exercise Price	\$25.00	\$30.00	\$35.00	\$40.00	\$45.00	\$50.00	\$55.00
% of Stock Acquired Prior to Triggering the "Flip-in"	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Share Price Prior to Triggering Event							
Fully Diluted Shares Outstanding (a)	50.5	50.5	50.5	50.5	50.5	50.5	50.5
Market Value	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2
Status Upon Triggering Plan							
Percentage Held by Acquiror	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Number of Shares Held	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Mechanics of Rights Plan - Exercise of Flip-in Rights							
Aggregate Number of Rights Exercisable at Event	40.4	40.4	40.4	40.4	40.4	40.4	40.4
Number of Shares Issued Upon Exercise of Each Right	6.7	8.0	9.3	10.7	12.0	13.4	14.7
Aggregate Number of Shares Issued Upon Exercise	269.7	323.6	377.6	431.5	485.4	539.4	593.3
Pro Forma Outstanding After Flip-In	320.2	374.1	428.1	482.0	535.9	589.9	643.8
Pre-Trigger Market Value	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2
Plus: Cash from Exercise of Rights	1,010.0	1,212.0	1,414.0	1,616.0	1,818.0	2,020.0	2,222.0
Pro Forma Market Value	\$1,388.2	\$1,590.2	\$1,792.2	\$1,994.2	\$2,196.2	\$2,398.2	\$2,600.2
Pro Forma Market Value Per Share	\$4.34	\$4.25	\$4.19	\$4.14	\$4.10	\$4.07	\$4.04
Impact on Acquiror's Ownership							
Pre-Trigger Voting Power	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Pro Forma Voting after Trigger	3.2%	2.7%	2.4%	2.1%	1.9%	1.7%	1.6%
Dilution to Voting Power	-84.2%	-86.5%	-88.2%	-89.5%	-90.6%	-91.4%	-92.2%
Impact on Acquiror's Value							
Pre-Trigger Value of Acquiror's Stake	\$75.6	\$75.6	\$75.6	\$75.6	\$75.6	\$75.6	\$75.6
Pro Forma Value of Acquiror's Trigger Stake	43.8	42.9	42.3	41.8	41.4	41.1	40.8
Value Transferred from Acquiror to Other Holders	(31.9)	(32.7)	(33.4)	(33.9)	(34.3)	(34.6)	(34.9)
Dilution in Value to Acquiror	-42.1%	-43.3%	-44.1%	-44.8%	-45.3%	-45.7%	-46.1%
Pro Forma Acquisition Cost							
Pro Forma Implied Value Per Share	\$4.34	\$4.25	\$4.19	\$4.14	\$4.10	\$4.07	\$4.04
Remaining Shares Required to Acquire Company "Pill"	310.1	364.0	418.0	471.9	525.8	579.8	633.7
Control Premium to Acquire Remaining Shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pro Forma Cost to Acquire Remaining Shares	\$1,344.5	\$1,547.3	\$1,750.0	\$1,952.5	\$2,154.9	\$2,357.2	\$2,559.5
Plus: Cost of Initial Shares	75.6	75.6	75.6	75.6	75.6	75.6	75.6
Less: Cash Proceeds from Exercise of Rights	1,010.0	1,212.0	1,414.0	1,616.0	1,818.0	2,020.0	2,222.0
Pro Forma Total Cost to Acquire Company "Pill"	\$410.1	\$411.0	\$411.6	\$412.1	\$412.5	\$412.8	\$413.1
Pro Forma Increase in Cost to Acquire Company "Pill" (b)	31.9	32.7	33.4	33.9	34.3	34.6	34.9
% Increase in Cost to Acquire Company "Pill" (b)	8.4%	8.7%	8.8%	9.0%	9.1%	9.1%	9.2%

Notes:

(a) Includes 50.5 million shares outstanding as of 12/31/03. Excludes options, warrants and

Sensitivity Analysis of Stockholder Rights Plan

Exchange Option

(Amounts in Millions, Except Per Share)

Exercise Price	\$25.00	\$30.00	\$35.00	\$40.00	\$45.00	\$50.00	\$55.00
% of Stock Acquired Prior to Triggering the "Flip-in"	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Share Price Prior to Triggering Event							
Fully Diluted Shares Outstanding (a)	50.5	50.5	50.5	50.5	50.5	50.5	50.5
Market Value	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2
Status Upon Triggering Plan							
Percentage Held by Acquiror	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Number of Shares Held	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Mechanics of Rights Plan - Exchange Option							
Aggregate Number of Rights Exercisable at Event	40.4	40.4	40.4	40.4	40.4	40.4	40.4
Number of Shares for which each Right is Exercisable	6.7	8.0	9.3	10.7	12.0	13.4	14.7
Aggregate Number of Shares Issued in Exchange	134.8	161.8	188.8	215.8	242.7	269.7	296.7
Pro Forma Outstanding After Flip-In	185.3	212.3	239.3	266.3	293.2	320.2	347.2
Pre-Trigger Market Value	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2
Plus: Cash from Exercise of Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pro Forma Market Value	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2	\$378.2
Pro Forma Market Value Per Share	\$2.04	\$1.78	\$1.58	\$1.42	\$1.29	\$1.18	\$1.09
Impact on Acquiror's Ownership							
Pre-Trigger Voting Power	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Pro Forma Voting after Trigger	5.4%	4.8%	4.2%	3.8%	3.4%	3.2%	2.9%
Dilution to Voting Power	-72.8%	-76.2%	-78.9%	-81.0%	-82.8%	-84.2%	-85.5%
Impact on Acquiror's Value							
Pre-Trigger Value of Acquiror's Stake	\$75.6	\$75.6	\$75.6	\$75.6	\$75.6	\$75.6	\$75.6
Pro Forma Value of Acquiror's Trigger Stake	20.6	18.0	16.0	14.3	13.0	11.9	11.0
Value Transferred from Acquiror to Other Holders	(55.0)	(57.7)	(59.7)	(61.3)	(62.6)	(63.7)	(64.6)
Dilution in Value to Acquiror	-72.8%	-76.2%	-78.9%	-81.0%	-82.8%	-84.2%	-85.5%
Pro Forma Acquisition Cost							
Pro Forma Implied Value Per Share	\$2.04	\$1.78	\$1.58	\$1.42	\$1.29	\$1.18	\$1.09
Remaining Shares Required to Acquire Company "Pill"	175.2	202.2	229.2	256.2	283.1	310.1	337.1
Control Premium to Acquire Remaining Shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pro Forma Cost to Acquire Remaining Shares	\$357.6	\$360.3	\$362.3	\$363.9	\$365.2	\$366.3	\$367.2
Plus: Cost of Initial Shares	75.6	75.6	75.6	75.6	75.6	75.6	75.6
Less: Cash Proceeds from Exercise of Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pro Forma Total Cost to Acquire Company "Pill"	\$433.3	\$435.9	\$437.9	\$439.5	\$440.9	\$442.0	\$442.9
Pro Forma Increase in Cost to Acquire Company "Pill" (b)	55.0	57.7	59.7	61.3	62.6	63.7	64.6
% Increase in Cost to Acquire Company "Pill" (b)	14.6%	15.2%	15.8%	16.2%	16.6%	16.8%	17.1%

Notes:

(a) Includes 50.5 million shares outstanding as of 12/31/03. Excludes options, warrants and

Appendices

A. Rights Plan Market Update

Stockholder Rights Market Overview

- More than 3,100 companies have a stockholder rights plan including approximately 62% of the S&P 500 and more than half of the Fortune 100
- Since 1990, approximately 1,700 companies have adopted a rights plan for the first time
- Threshold levels for rights plans commonly correspond to the age of the plan
 - Most newer plans (68% of all plans adopted since 1994) have thresholds of 15% or less
 - Many older plans have higher thresholds – only 52% of plans adopted since 1983 have thresholds of 15% or less
- Recent academic studies continue to confirm that adopting a rights plan has no meaningful downward impact on a company's stock price
- In fact, certain studies confirm that a Rights Plan can increase the premium received by stockholders in a takeover
- Rights plans continue to be a significant corporate governance issue particularly in light of recent Fleming decision
- Key current issues include dead hand pills as well as plan variations adopted in response to corporate governance considerations

Thresholds of Stockholder Rights Plans

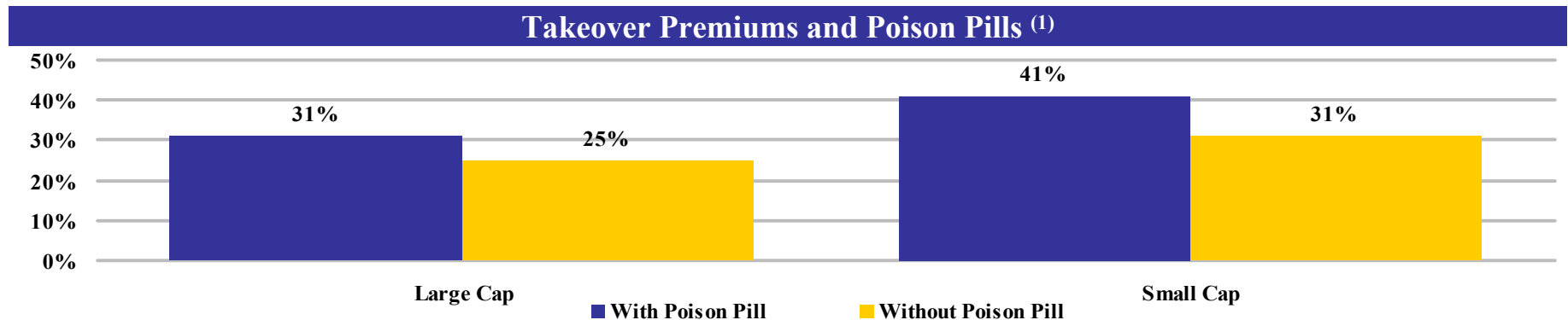
	Rights Plans Adopted 1984 - present ⁽¹⁾	Rights Plans Adopted 1994 - present ⁽¹⁾
10.0% or lower	7.19%	8.43%
12.5% or lower	7.44%	8.77%
15.0% or lower	52.44%	68.38%
17.5% or lower	52.80%	68.86%
19.9% or lower	53.21%	69.30%
20.0% and above	46.79%	30.70%

(1) As of 2/10/04

Source: Securities Data Company

Georgeson Study

- A study of merger and acquisition activity between 1992 and 1996 confirmed the efficacy of stockholder rights plans
- The Georgeson study of 319 transactions found:
 - Premiums paid to targets with poison pills were on average 8% higher than the premiums paid to targets without a stockholder rights plan
 - The presence of a poison pill contributed an additional \$13 billion in stockholder value in the merger and acquisition transactions studied while the stockholders of acquired companies without a poison pill gave away \$14.5 billion in potential premiums
 - The presence of a poison pill at a target company did not increase the likelihood of the withdrawal of a friendly bid nor the defeat of a hostile one
 - Poison pills did not reduce the likelihood of a company becoming a takeover target – companies with rights plans had a slightly higher takeover rate than companies without pills



1. By Target market capitalization. Large Cap \geq \$1bn, Small Cap $<$ \$1bn. Georgeson study covering 1992-1996

B. Detailed Defensive Profile

Company "Pill" Detailed Defensive Profile

Company "Pill"

State of Incorporation:	<ul style="list-style-type: none"> DE
Fiscal Year End:	<ul style="list-style-type: none"> December
Share Capital:	<ul style="list-style-type: none"> Common Stock: 100,000,000 shares authorized; approximately 51,340,000 outstanding at 9/30/03; par value \$.01 per share "Blank Check" Preferred Stock: 10,000,000 authorized; none outstanding; par value \$0.01 per share Common stock has one vote per share No cumulative voting
Board of Directors:	<ul style="list-style-type: none"> Nine Directors currently constitute the Board (maximum of x and a minimum of y) Directors are divided into three classes and are elected to three year terms ("staggered" or classified board) Directors may be removed with cause by an affirmative vote of two-thirds of the shareholders or the unanimous vote of all other members of the Board Vacancies filled by majority vote of remaining Directors
Annual Meeting of Board of Directors:	<ul style="list-style-type: none"> As soon as practicable after each annual election of Directors
Special Meeting of Board of Directors:	<ul style="list-style-type: none"> May be called by the Chairman of the Board, the President or by the Secretary on the written request of the Directors
Special Meeting of the Stockholders:	<ul style="list-style-type: none"> May be called by the Chairman of the Board, the President or the Board of Directors
Amendment to By-Laws:	<ul style="list-style-type: none"> May be amended by the shareholders at any annual or special meeting
Amendment to Charter:	<ul style="list-style-type: none"> Requires a majority vote of shareholders. For some sections, a super majority vote of 2/3 is required
Action by Written Consent:	<ul style="list-style-type: none"> Permitted
Business Combination Restrictions:	<ul style="list-style-type: none"> The Company has not opted out of Sec. 203 of the DE General Corporation Law (see the following page)

Company “Pill” Detailed Defensive Profile

Key Provisions of DE Takeover Statute

- Any “interested” stockholder in a DE company (defined as a holder of over 15% of the stock) may not merge or enter into certain other “business combinations” with that company for three years after the date on which it became “interested” unless
 - the Target Board approves the combination prior to the transaction in which the acquirer becomes “interested,”
 - the “interested party” owns more than 85% of the Target Company’s stock after the transaction in which it becomes “interested,” or
 - the Target Board and 2/3 of the non-affiliated Target stockholders approve the combination