

Gabelli & Company, Inc.

Oil Services

Rising above the pressure

Cooper Cameron (CAM– \$52.19 – NYSE)

FYE	EPS <sup>(a)</sup>	P/E	PMV		
2006P	\$3.10	16.7x	\$ 61.00	Dividend: \$0.00	Current Return: 0.0%
2005P	2.50	20.8	52.00	Shares O/S:	54,933,658
2004E	1.84	28.4	42.00	52 Week Range:	\$40.05 – 56.74
2003A	1.24	42.0	31.00		

(a) denotes EPS from continuing operations, excluding all one time charges

COMPANY BACKGROUND

Cooper Cameron, headquartered in Houston, Texas, is a leading supplier of surface and subsea pressure control equipment for rigs and production systems. Products include surface and subsea trees, valves, wellheads, controls, chokes, blowout preventers, separation equipment, and air compressors. We estimate that the company will generate roughly \$2.0 billion in revenue in 2004 operating its three business segments. Cameron, which focuses on surface and subsea pressure control equipment, is the company's largest business segment, contributing roughly 68% of revenues and 65% of EBITDA. The remaining two segments are Cooper Cameron Valves, which contributes 16% of revenues and 20% of EBITDA, and Cooper Compression, which contributes 16% of revenues, and 15% of EBITDA. CAM's aftermarket service business generates one-third of revenues and is encompassed within each of the company's operating segments.

Cooper Cameron is highly dependent on natural gas with roughly 60% of sales from gas and the remaining from oil production. We believe the company is unique in that it is exposed to both the secular trends of deepwater development through its subsea business and the cyclical trends of the natural gas market. Sales from rapidly growing international markets, including Europe, Africa, Asia/Middle East, and South America, represent 52% of sales, while the remaining is derived from North America.

FYE Dec (\$ in thousands, except per share data)	2001	2002	2003	2004E	2005P	2006P	
<b>Revenues</b>	1,563	1,538	1,634	2,086	2,293	2,479	
<b>% change</b>		13.2%	-1.6%	6.3%	27.7%	9.9%	8.1%
<b>EBIT</b>	168	118	94	147	197	239	
<b>% margin</b>		10.8%	7.7%	5.7%	7.0%	8.6%	9.7%
<b>EBITDA</b>	266	212	196	264	316	359	
<b>% margin</b>		16.6%	17.0%	13.8%	12.0%	12.6%	13.8%
<b>EPS Continuing Operations</b>	\$2.09	\$1.55	\$1.24	\$1.84	\$2.50	\$3.10	
<b>% change</b>		34.1%	-26.0%	-19.8%	48.2%	36.0%	24.0%

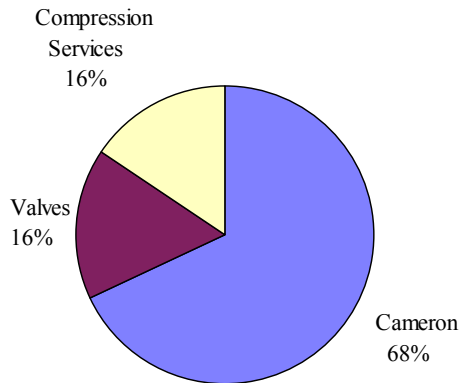
Source: Gabelli & Co. Inc estimates and Cooper Cameron

INVESTMENT SUMMARY

We believe CAM is a compelling investment opportunity:

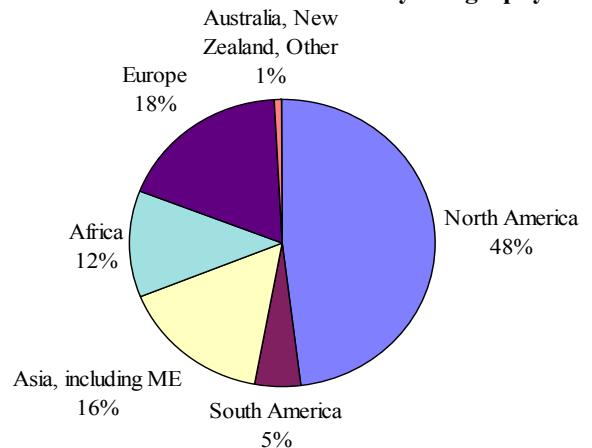
- **Accelerating subsea spending growth through 2007:** The subsea market is expected to grow at a 13% CAGR through 2007, driven by increased deepwater rig activity, deepwater infrastructure build-out, rapid depletion of mature reservoirs, and tight supply and demand fundamentals. CAM will generate over \$500 million in subsea revenues this year and is well positioned to take advantage of the secular trend in deepwater based on its wide geographic diversity and large installed base position.
- **Favored to receive next round of large subsea projects:** After a lackluster year of large subsea project bookings, Cooper Cameron is highly likely to receive the next round of large subsea awards, specifically Total's AKPO project in Nigeria and ExxonMobil's Kizomba C project in Angola.
- **Aftermarket business will buoy margins:** The aftermarket service business has represented between 30-39% of total revenues during the last three years and is characterized by steady demand, stable recurring revenue streams, and higher margins, all of which support and are in contrast to the company's other more cyclical business lines. CAM has the largest aftermarket business among its competitors, which is indicative of its large installed base.
- **Strong cash flow:** Cooper Cameron has strong cash flow, generating \$127 million in cash flow from operations for the first nine months of the year. The company has invested \$130 million in the last two years repurchasing three million shares; for the quarter ended September 30, 2004, 524,900 shares were repurchased. In addition, this year the company has already committed \$177 million to acquisitions.

**CHART 1: 2004E Revenue Breakdown by Segment**



Source: Cooper Cameron

**CHART 2: 2003 Revenue Breakdown by Geography**



**TABLE 1: Business Segment Breakdown and Description**

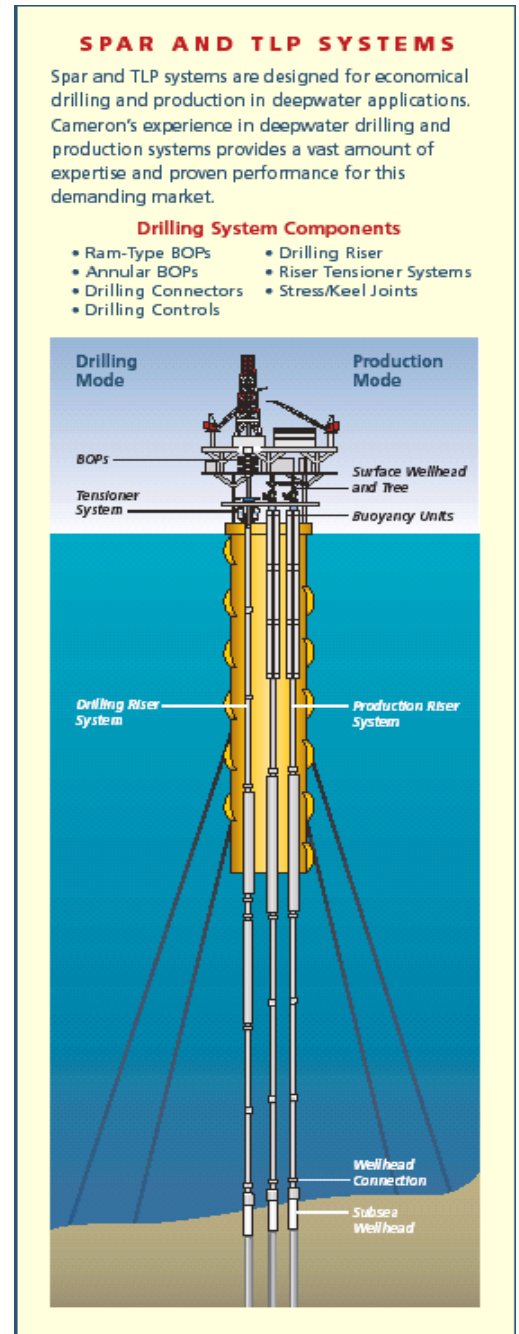
	<b>Cameron</b>	<b>Cooper Cameron Valves</b>	<b>Cooper Compression</b>
<b>Revenues</b> (2004E: \$2,086MN) <i>% of Total Revenues</i>	\$1,418.5 68	\$342.5 16	\$325.3 16
<b>EBITDA</b> (2004E: \$264MN) <i>% of Total EBITDA</i> <i>EBITDA Margin</i>	170.0 65 12.0	53.5 20 15.6	40.3 15 12.4
<b>Description</b>	<ul style="list-style-type: none"> <li>Provides equipment designed to control pressure and direct flows of oil and gas wells.</li> <li>Products include surface and subsea production systems, blowout preventers, drilling and production control systems, gate valves, etc.</li> <li>Leading market share in surface equipment with 3x the revenue generation of its competitors.</li> <li>50% installed base in the surface market. Surface business has strong correlation with US rig count.</li> <li>Roughly 32% of Cameron's revenues, or 23% of total company revenues, are derived from subsea production trees.</li> <li>Subsea market share has fallen to 16% YTD on poor bookings – we believe market share will return to historical levels of 35% in 2005.</li> <li>Approximately one-third of revenues are derived from parts and services, which typically command higher margins.</li> <li>Revenues from Petreco and Unicef are accounted for in this segment.</li> </ul>	<ul style="list-style-type: none"> <li>Provides equipment to control pressure and direct flow of oil and gas from wellheads through flow lines to refineries etc. for processing.</li> <li>Products include gate valves, ball valves, butterfly valves, plug valves, chokes, etc.</li> <li>40-50% of the valves business is sold through the distribution channel, which is closely tied to drilling activity in North America.</li> <li>Primarily tied to the North American natural gas market.</li> <li>Expanding aftermarket services by creating larger installed base through new technology improvements – should drive some margin expansion.</li> <li>Growth driven by engineered products, such as pipelines.</li> <li>Revenues from the PCC valve business will be accounted for within this division.</li> <li>Management anticipates EBITDA margins in the 15.5-16% range.</li> </ul>	<ul style="list-style-type: none"> <li>Provides reciprocating and centrifugal technology.</li> <li>Products include aftermarket parts and services, integral reciprocating engine-compressors, reciprocating compressors, turbochargers, control systems, etc.</li> <li>Approximately 2/3 of the business is derived from service and parts.</li> <li>Approximately 39% of the segment's revenues come from the sale of replacement parts for equipments that CAM no longer manufactures.</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>FMC Technologies</li> <li>Vetco Gray</li> <li>Aker Kvaerner</li> <li>Dril-Quip</li> </ul>	<ul style="list-style-type: none"> <li>Dresser Valve</li> <li>Circor</li> </ul>	<ul style="list-style-type: none"> <li>Dresser Rand</li> <li>Ingersoll-Rand</li> <li>Demag</li> <li>Atlas Copco</li> </ul>
<b>Customers</b>	- Oil and gas majors, independent producers, engineering and construction companies, drilling contractors, rental companies, geothermal energy producers, pipeline operators, and refining companies.		

Source: Gabelli & Company Inc. estimates and Cooper Cameron

**BUSINESS OUTLOOK**

- Accelerating subsea spending growth through 2007:** The subsea market, which is a \$1.4 billion market, is expected to grow at a 13% CAGR through 2007, driven by increased deepwater rig activity, deepwater infrastructure build-out, rapid depletion of mature reservoirs, and tight supply and demand fundamentals. According to management, bid activity is at its highest level ever. Geographically, much of the future subsea growth will come from large projects in West Africa. Wide geographic diversity and a large installed base position Cooper Cameron well in light of the increased E&P spending environment, which we forecast will grow 9% in 2005. Deepwater subsea system projects, however, are significantly larger in scope and complexity involving long lead times, increased financial scope, and substantial engineering resources. Approximately one-third of total Cameron revenues, or roughly 23% of total company revenues are derived from subsea production trees. (A subsea production ‘Christmas’ tree is a system for controlling the flow of hydrocarbons from a seabed well).
- Subsea awards - It’s a matter of timing:** The question is not will CAM get large subsea orders, but when will CAM get large subsea orders. The larger projects are centralized in the West African region, which is known for its slow moving pace and instability. Although we feel the sanctioning of at least one of the awards is likely in the next 2-3 quarters, it is difficult to predict the exact timing.

CAM is favored to win Total’s AKPO project in Angola, which is likely to have a \$400 million revenue impact for the delivery of 35-40 trees over a three-four year time period. The company is currently working on a FEED (Front End Engineering and Development) study for the AKPO project, thus giving Cooper Cameron a 95% probability that it will receive the award. In addition, CAM is also favored to win ExxonMobil’s Kizomba C (phase 1 of 2 phases) project in Nigeria. This project is likely to contribute roughly \$150 million for the delivery of 15-20 trees over a three-year period. CAM is favored to win this project given that it has provided ExxonMobil with trees for both Kizomba A and B. AKPO and Kizomba C represent roughly 45% of next year’s anticipated orders. The company is also competing aggressively for ChevronTexaco’s Agbami project in Nigeria and Tahiti project in the Gulf of Mexico. Note that CAM recognizes revenue on a completed contract basis (vs. competitors who book on a percentage of completion basis) and it typically takes 9-12 months to ship equipment after receiving a large new award.

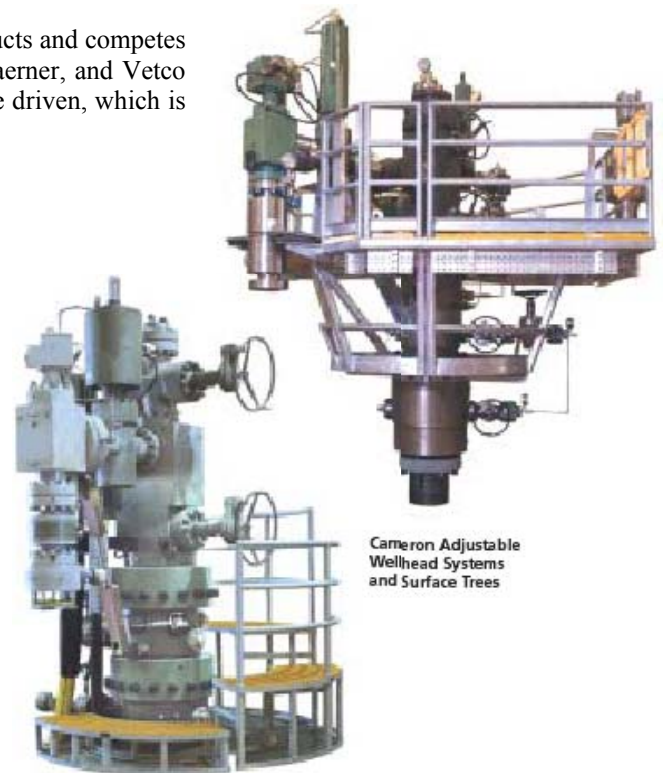


Source: Cooper Cameron

- Market share in subsea to return to historical levels:** For the first nine months of the year, CAM has only received 16% of total subsea tree awards, which is significantly lower than its historical market share of the 30-35% level. The market share shift has favored FTI Technologies as orders year-to-date have fallen behind revenues. Note that the last time the company received a large subsea order was in the first quarter of 2003 for the Kizomba B project. We expect, however, that the subsea order momentum will shift over the next few quarters to CAM and that the company will regain its market share position with the AKPO and Kizomba C wins. We expect that the company will receive \$8-10 million of business per tree including all the added costs. Management did caution on the third quarter conference call that second half 2005 revenues and margins might be affected by recent delays in West Africa. We expect subsea revenues in 2005 to be flat to slightly down with 2004 even without any large subsea orders.

- CAM to benefit from strong gas market:** Activity in the high-pressure natural gas markets is an important contributor to CAM as the company is 60% exposed to the gas market. We feel the gas market will remain strong for the next few years based on higher demand and lower supply fundamentals. Commodity prices should remain strong throughout the winter despite the fact that a mild winter in North America could lead to weakness in natural gas prices given high storage levels. Growth in international discovery and development of gas reserves will be spurred by infrastructure development in developing countries. Of note, in the third quarter conference call, management expressed that it did not anticipate a typical seasonal downturn in activity in the first quarter of 2005 given strength in bids, activity, and orders outside of subsea.
- Large aftermarket business to buoy margins:** Among its competitors, CAM has the largest aftermarket service business, which accounts for roughly one-third of total revenues, or roughly \$600 million, and is characterized by high margin contribution and stable recurring revenue streams. The aftermarket business essentially focuses on the replacement of parts and service (very little engineering work required) whose growth is incumbent upon on a large installed base. We expect the aftermarket business to grow in the mid single digits through 2006. The aftermarket business has demonstrated across the board strength, with notable improvement in the subsea area. Growth in the aftermarket business will be driven by subsea and growth through acquisitions.
- Another round of price increases is likely:** Price increases of 5-12% were put into place in April 2004 to combat higher raw material prices, namely steel. Management has expressed the likelihood of another round of selective price increases announced by the year-end intended to again offset increases in steel prices in the near future as well as adding cost escalators to contracts. Price hikes are likely to pass through with more ease in North America given the shorter cycle nature of the business in the area, in contrast to international markets, which are characterized by longer-term contracts.
- Competition:** CAM has a leading position in high pressure products and competes primarily with FMC Technologies, Drip-Quip, Hydril, Aker-Kvaerner, and Vetco Gray, and Varco. Business is very much relationship and alliance driven, which is a high barrier to entry.
- Recent acquisitions accretive to earnings:** Management has made three acquisitions in 2004 (about \$177 million), which will collectively be accretive by an estimated \$0.25 - \$0.30 per share in 2005.

  - On February 27, 2004, CAM acquired Petreco International, Inc., a Houston-based supplier of oil and gas separation products, for approximately \$90 million (net of cash and debt). Half of Petreco's business, which is accounted within the Cameron division, comes from deepwater or offshore markets.
  - On July 2, 2004, CAM acquired the assets of Unicel, Inc., a Louisiana based supplier of oil separation products for approximately \$6.7 million in cash and a note payable for \$0.5 million.
  - On November 29, 2004, CAM purchased the valve business of Precision Cast Parts (PCC) for \$80 million. The PCC deal should add about \$100 million in revenues, \$14.5 million in EBITDA, and be accretive by \$0.10 next year. Management has also indicated that it could close on another niche acquisition before the year-end.
- Financial targets:** Although management has no stated financial targets, it has in the past used a 15% EBITDA margin as a benchmark for the minimum performance level it would like to achieve. We believe this is a realistic target, particularly given that CAM was able to achieve a 17.6% margin in the last cycle peak. We have forecast that full year 2004 margins for CAM will be 12.6% growing to 13.8% in 2005 and 14.5% in 2006 based on increased activity in surface, aftermarket service, and subsea businesses, some leverage from pricing, and tighter cost controls. In addition, Cooper Cameron generates strong cash flow, generating \$127 million cash flow from operations for the first nine months of the year, and has a strong balance sheet with a 15% debt/capitalization.



Source: Cooper Cameron

- **Debt Refinancing:** In the past year, CAM has made efforts to refinance its convertible debt, including issuing \$200 million of 2.65% senior notes due in 2007 in the first quarter and issuing \$238 million of 1.5% convertible senior debt due in 2024 in the second quarter. This debt is convertible into common stock at a rate of 14.4857 shares per debenture, or \$69.03 per share. In the second quarter, management also repurchased \$259.5 million in existing zero coupon convertible senior debt due in 2021, as well as \$184.3 million of existing 1.75% convertible senior debt due in 2021. CAM retained \$15.7 million of the 1.75% convertible debt, which is convertible into common stock at a rate of 10.5158 shares per debenture, of \$95.095 per share.
- **Major Risks:** The biggest concern management has is the lack of spending by majors, who despite high commodity prices, have not aggressively increased E&P budgets. Also, West Africa is generally known as a high bid/low margin business, which may, in the long run have some downward pressure on margins given that most large subsea projects will be geographically from West Africa. And finally, given how unpredictable project bookings are for large subsea projects, there is a certain lumpiness of orders that should be expected.

**TABLE 2:** Pending Large Subsea Projects

Location	Customer	Potential Size	Notes
Brazil	Petrobras Campos Basin	55-60 trees	- Awarded to FMC, CAM, Kvaerner
Angola	BP Block 18	40-45 trees	- Awarded to FMC
Nigeria	Total AKPO	35-40 trees	- CAM is favored to win - CAM conducting FEED study - Potential \$300 million revenue impact
Nigeria	ChevTex Agbami	30-35 trees	
Angola	Total Rosa/Lirio	20-25 trees	- Awarded to FMC
India	Reliance Ind. KG-D6	15-20 trees	
Angola	Chev Tex Lobito-Tomboco	15-20 trees	- Awarded to Vetco-Gray
Brazil	Chev Tex Frade	15-20 trees	
Angola	ExxonMobil Kizomba C – Phase 1	15-20 trees	- CAM is favored to win - CAM provided trees for Kizomba A and B projects - Potential \$150 million revenue impact
Malaysia	Murphy Kikeh	15-20 trees	
Gulf of Mexico	Chev Tex Tahiti	5-10 trees	

Source: Cooper Cameron

### PRIVATE MARKET VALUE

- Based on a 9.5x EBITDA multiple, our private market value estimate for Cooper Cameron is \$52, growing to \$61 in 2006. The current stock price reflects an 8.8x 2006 EBITDA multiple and a 16.7x P/E multiple. We believe the company can translate 10% revenue growth into 30% earnings growth (2004-06 CAGR) over the next few years, driven by growth in the surface, aftermarket, and subsea businesses, improved pricing environment, and increasing operating efficiencies and cost savings.

**TABLE 3:** Private Market Value

FYE Dec (\$ in thousands, except per share data)	2001	2002	2003	2004E	2005P	2006P
EBITDA	266	212	196	264	316	359
Valuation Multiple	9.5	9.5	9.5	9.5	9.5	9.5
Total Private Market Value	2,524	2,018	1,865	2,504	3,006	3,410
Less: Debt (ex convertible debt)	(18)	(13)	(11)	(210)	(167)	(90)
Less: Convertible Debt	(452)	(455)	(458)	(254)	(254)	(254)
Less: Option Payments	(7)	(1)	-	(8)	(40)	(94)
Plus: Cash	112	274	292	273	273	273
Equity Private Market Value	2,160	1,822	1,688	2,306	2,819	3,246
Shares Outstanding	54.0	54.6	53.9	54.9	53.9	53.1
<b>PMV per share</b>	\$40	\$33	\$31	\$42	\$52	\$61
<i>% Discount to PMV</i>	-30%	-56%	-67%	-24%	0%	15%

Source: Gabelli & Company Inc. estimates and Cooper Cameron

TABLE 4: E&P Spending and Rig Count Trends

(US\$MM)															
E&P Spending in Aggregate Dollars	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004E
U.S. Independents	\$8,060	\$7,923	\$7,706	\$9,703	\$11,652	\$12,138	\$15,367	\$19,402	\$15,475	\$10,335	\$15,493	\$22,029	\$16,742	\$19,387	\$20,550
U.S. Majors	18,304	18,945	14,765	15,558	14,515	15,352	17,204	20,153	17,951	12,437	15,521	17,161	14,604	13,231	13,363
<b>Total U.S.</b>	<b>26,364</b>	<b>26,867</b>	<b>22,471</b>	<b>25,261</b>	<b>26,167</b>	<b>27,490</b>	<b>32,571</b>	<b>39,555</b>	<b>33,426</b>	<b>22,772</b>	<b>31,014</b>	<b>39,189</b>	<b>31,346</b>	<b>32,618</b>	<b>33,914</b>
Canada	3,150	3,586	3,215	4,410	5,895	5,636	6,704	8,584	6,996	6,828	10,249	13,893	11,017	13,672	13,262
Outside North America	28,290	35,132	37,942	36,349	35,040	40,086	45,457	52,549	59,643	51,412	55,628	73,822	83,788	92,418	102,584
<b>Worldwide E&amp;P Spending</b>	<b>\$57,804</b>	<b>\$65,585</b>	<b>\$63,628</b>	<b>\$66,019</b>	<b>\$67,102</b>	<b>\$73,211</b>	<b>\$84,732</b>	<b>\$100,687</b>	<b>\$100,064</b>	<b>\$81,012</b>	<b>\$96,890</b>	<b>\$126,904</b>	<b>\$126,150</b>	<b>\$138,708</b>	<b>\$149,759</b>
<b>% Change Year-over-Year</b>															
U.S. Independents	25%	-2%	-3%	26%	20%	4%	27%	26%	-20%	-33%	50%	42%	-24%	16%	6%
U.S. Majors	6%	3%	-22%	5%	-7%	6%	12%	17%	-11%	-31%	25%	11%	-15%	-9%	1%
<b>Total U.S.</b>	<b>11%</b>	<b>2%</b>	<b>-16%</b>	<b>12%</b>	<b>4%</b>	<b>5%</b>	<b>18%</b>	<b>21%</b>	<b>-15%</b>	<b>-32%</b>	<b>36%</b>	<b>26%</b>	<b>-20%</b>	<b>4%</b>	<b>4%</b>
Canada	13%	14%	-10%	37%	34%	-4%	19%	28%	-19%	-2%	50%	36%	-21%	24%	-3%
Outside North America	24%	24%	8%	-4%	-4%	14%	13%	16%	14%	-14%	8%	33%	14%	10%	11%
<b>Worldwide E&amp;P Spending</b>	<b>17%</b>	<b>13%</b>	<b>-3%</b>	<b>4%</b>	<b>2%</b>	<b>9%</b>	<b>16%</b>	<b>19%</b>	<b>-1%</b>	<b>-19%</b>	<b>20%</b>	<b>31%</b>	<b>-1%</b>	<b>10%</b>	<b>8%</b>
<b>Rig Count</b>															
<b>US</b>	<b>1008</b>	<b>864</b>	<b>721</b>	<b>754</b>	<b>774</b>	<b>724</b>	<b>777</b>	<b>944</b>	<b>829</b>	<b>622</b>	<b>916</b>	<b>1155</b>	<b>831</b>	<b>1032</b>	<b>1184</b>
<b>Canada</b>	<b>138</b>	<b>121</b>	<b>96</b>	<b>184</b>	<b>259</b>	<b>230</b>	<b>271</b>	<b>375</b>	<b>260</b>	<b>246</b>	<b>344</b>	<b>342</b>	<b>266</b>	<b>372</b>	<b>136</b>
Latin America	246	275	250	201	233	272	282	277	243	187	227	262	214	244	287
Europe	158	166	134	112	107	112	120	113	99	81	83	95	88	83	72
Africa	91	90	77	69	65	66	79	80	74	42	46	53	58	54	49
Middle East	137	118	153	158	126	128	136	159	166	140	156	179	201	211	234
Far East	274	261	243	232	204	181	176	180	173	139	140	157	171	177	199
<b>Total Outside North America</b>	<b>906</b>	<b>910</b>	<b>857</b>	<b>772</b>	<b>735</b>	<b>759</b>	<b>793</b>	<b>809</b>	<b>755</b>	<b>589</b>	<b>652</b>	<b>746</b>	<b>732</b>	<b>769</b>	<b>841</b>
<b>Worldwide Rig Count</b>	<b>2052</b>	<b>1895</b>	<b>1674</b>	<b>1710</b>	<b>1768</b>	<b>1713</b>	<b>1841</b>	<b>2128</b>	<b>1844</b>	<b>1457</b>	<b>1912</b>	<b>2243</b>	<b>1829</b>	<b>2173</b>	<b>2161</b>
<b>% Change Year-over-Year</b>															
<b>US</b>	<b>16%</b>	<b>-14%</b>	<b>-17%</b>	<b>5%</b>	<b>3%</b>	<b>-6%</b>	<b>7%</b>	<b>21%</b>	<b>-12%</b>	<b>-25%</b>	<b>47%</b>	<b>26%</b>	<b>-28%</b>	<b>24%</b>	<b>15%</b>
<b>Canada</b>	<b>6%</b>	<b>-12%</b>	<b>-21%</b>	<b>92%</b>	<b>41%</b>	<b>-11%</b>	<b>18%</b>	<b>38%</b>	<b>-31%</b>	<b>-5%</b>	<b>40%</b>	<b>-1%</b>	<b>-22%</b>	<b>40%</b>	<b>-63%</b>
Latin America	-4%	12%	-9%	-20%	16%	17%	4%	-2%	-12%	-23%	21%	15%	-18%	14%	18%
Europe	7%	5%	-19%	-16%	-4%	5%	7%	-6%	-12%	-18%	2%	14%	-7%	-6%	-13%
Africa	10%	-1%	-14%	-10%	-6%	2%	20%	1%	-8%	-43%	10%	15%	9%	-7%	-9%
Middle East	-15%	-14%	30%	3%	-20%	2%	6%	17%	4%	-16%	11%	15%	12%	5%	11%
Far East	1%	-5%	-7%	-5%	-12%	-11%	-3%	2%	-4%	-20%	1%	12%	9%	4%	12%
<b>Total Outside North America</b>	<b>-2%</b>	<b>0%</b>	<b>-6%</b>	<b>-10%</b>	<b>-5%</b>	<b>3%</b>	<b>4%</b>	<b>2%</b>	<b>-7%</b>	<b>-22%</b>	<b>11%</b>	<b>14%</b>	<b>-2%</b>	<b>5%</b>	<b>9%</b>
<b>Worldwide Rig Count</b>	<b>7%</b>	<b>-8%</b>	<b>-12%</b>	<b>2%</b>	<b>3%</b>	<b>-3%</b>	<b>7%</b>	<b>16%</b>	<b>-13%</b>	<b>-21%</b>	<b>31%</b>	<b>17%</b>	<b>-18%</b>	<b>19%</b>	<b>-1%</b>

Source: Gabelli & Company Inc. estimates

I, **Katherine Ahn**, the Research Analyst who prepared this report, hereby certify that the views expressed in this report accurately reflect the analyst's personal views about the subject companies and their securities. The Research Analyst has not been, is not and will not be receiving direct or indirect compensation for expressing the specific recommendation or view in this report.

**Katherine Ahn (914) 921-5138**

©Gabelli & Company, Inc. 2004

**IMPORTANT DISCLOSURES**

**ONE CORPORATE CENTER RYE, NY 10580 GABELLI & COMPANY, INC. TEL (914) 921-3700 FAX (914) 921-5098**

"Gabelli & Company, Inc. ("we or "us") attempts to provide timely, value-added insights into companies or industry dynamics for institutional investors. Our research reports generally contain a recommendation of "buy," "hold," "sell" or "non-rated. We do not undertake to "upgrade" or "downgrade" ratings after publishing a report. We currently have reports on 821 companies, of which 33%, 34%, 3% and 29% have a recommendation of buy, hold, sell or non-rated, respectively. The percentage of companies so rated for which we provided investment banking services within the past 12 months is 0%, 0%, 0% and 0%.

We prepared this report as a matter of general information. We do not intend for this report to be a complete description of any security or company and it is not an offer or solicitation to buy or sell any security. All facts and statistics are from sources we believe to be reliable, but we do not guarantee their accuracy. We do not undertake to advise you of changes in our opinion or information. Unless otherwise noted, all stock prices reflect the closing price on the business day immediately prior to the date of this report. We do not use "price targets" predicting future stock performance. We do refer to "private market value" or PMV, which is the price that we believe an informed buyer would pay to acquire 100% of a company. There is no assurance that there are any willing buyers of a company at this price and we do not intend to suggest that any acquisition is likely. Additional information is available on request.

Our affiliates beneficially own on behalf of their investment advisory clients or otherwise approximately 0% of CAM. Because the portfolio managers at our affiliates make individual investment decisions with respect to the client accounts they manage, these accounts may have transactions inconsistent with the recommendations in this report. These portfolio managers may know the substance of our research reports prior to their publication as a result of joint participation in research meetings or otherwise. The analyst who wrote this report may receive commissions from our customers' transactions in the securities mentioned in this report. Our affiliates may receive compensation from the companies referred to in this report for non-investment banking securities-related services, or may be soliciting these companies as clients for non-investment banking securities-related services."