140 BROADWAY NEW YORK, NY 10005
TEL (212) 320-3000 FAX (212) 320-3040

CONFERENCE CALL SUMMARY
Friday, November 12, 2004

SPEAKER: JOHN HUGHES
Technical Market Comment:
An anticipated quiet semi-holiday session turns into a significant rally.

There are just some days that are all good, and yesterday was one such day, in our opinion. Technology was the driving force Thursday, which began slowly but intensified as the day wore one. The catalyst here was from an upgrade to the semiconductor names like Intel. Interesting, to us was that the bad news didn't impact stocks to the same degree negatively as the good news did positively for technology stocks today. This is yet another sign of the growing strength the markets are displaying, resiliency to bad news and exploiting good news. Thursday's action was strong when evaluating the objective technical indicators. Volume was slightly lower than Wednesday but considering the Veterans Day holiday this was still a strong showing. Advancers were ahead of decliners by better than a 2-to-1 margin on the NYSE and significantly positive on the NASDAQ. New highs are continuing to expand and dramatically out-number new lows. These characteristics suggest a continued rally.

Dell's earnings will be important to the market's tone today and by the looks of the early reaction the earnings, and subsequent comments, had the stock trading slightly higher in the after market yesterday. At a minimum there didn't appear to be any disappointment, which should help boost technology shares today. The market remains in an overbought condition, all be it a positive one, and Thursday's rally further entrenched this condition. This has us thinking about how much further the rally can go without a significant pullback. We remain positive for equities through rest of the year but will put forth a theory that is a concern of success. When markets get into overbought position that doesn't abate and new catalysts arise each day providing reasons to buy, this can create a situation where the rally can get exhausted. For instance, this Dell earnings report coupled with an already improving technology area can create a massive rush to put money to work in this area causing some "panic buying" for fear of underperforming as the indexes continue to improve. Not only did portfolio managers have a difficult time making money this year, now in the improving indexes trailing the performance of benchmark indexes is a real concern. This creates a sharp rally that a substantial amount of money into stocks is leaving little to support the run up after it occurs. Such a scenario would make stocks vulnerable to a short-term decline. We aren't trying to rain on the parade here, This is simply a possible scenario we thought worth mentioning.

For recommendations please call John in out New York office.

SPEAKER: ALAN SIVLERMAN
Retailing:
The decline in third quarter earnings reported by **Tiffany (TIF - $30.10)** was caused by a combination of negative factors. Results in the firm's flagship New York City store were hurt by the Republican National Convention, which sharply reduced tourist visits. In the Caribbean, the Little Switzerland operation was severely impacted by hurricanes. Moreover, a typhoon and an earthquake reduced sales in Japan. On the positive side, new stores performed well, but were overshadowed by the major unpredictable events.

We expect a significant improvement in both sales growth and profits in the fourth quarter, aided by general economic trends as well as new design collections and an increase in catalog mailings. Most importantly, we project an

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acceleration in sales gains next year, which will boost profit margins. Purchase of Tiffany stock is likely to produce well-above-average investment returns during the next six to 12 months.

SPEAKER: ROBERT CUMMINS

Food:

Performance Food Group (PFGC-$26.20) continues to make good progress in overcoming the problems that have depressed its earnings and its stock price over the past year. Had it not been for the hurricanes in the Southeast, EPS in 3Q would have come within 6% of last year's record high. In 4Q, despite continued storm-related influences, and the slowing of retail category growth for packaged salads that has been evident since 2Q, as well as the absence of last year's extra week, EPS from operations are expected to rise 15%-31% to $0.30-$0.34, versus a depressed $0.26, marking the first up quarter since 3Q-03. We expect the improving trend to continue in 2005, with each of the three business segments achieving healthy sales and earnings growth, and EPS rising to the $1.75 range, a new all-time high, up from a disappointing $1.25 from operations for the year just ending. The September 16th announcement that PFGC will "explore strategic alternatives" for its $1 billion a year produce operations adds an element of uncertainty, but we do not believe management will dispose of that attractive business unless it can be done on a basis that enhances shareholder value. Despite a 25% recovery from the September low, the shares remain reasonably priced at 15 times our 2005 estimate, which still does not reflect peak earning power. Rated "1" (Strong Buy) for aggressive investors, 12-month target price $34-$35.

For more on PFGC please read Bob's Company Summary on SYY dated November 12, 2004.

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If you need any additional information either contact the analyst directly, or call Sherrie Kharouba at (212) 320-3041.