THE DARDEN CAPITAL MANAGEMENT ADVISOR

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Asset Manager Spotlight

John Macfarlane, '79
Chief Operating Officer
Tudor Investments

DCMA: *Can you briefly summarize your educational and career paths to date?*
JM: I graduated from Hampden-Sydney College in 1976 with a degree in Classical Studies. Following graduation I worked as a project manager for a construction company in Roanoke, VA for one year prior to entering Darden. After Darden, I worked for Salomon Brothers for eighteen years primarily in the fixed income trading and fixed income derivatives businesses. From 1988 to 1996 I was the Treasurer of Salomon Brothers and Salomon Inc. In January 1998 I joined Tudor Investments as Chief Operating Officer. Today I remain in this role and also act as Co-Chair of Tudor's Management Committee.

DCMA: *What lessons learned within the Darden curriculum most impact your career?*
JM: Four things: First, I developed a core set of analytical skills-accounting, financial analysis, statistics, etc. Secondly, through the case method, I learned to apply those skills while, at the same time, learning about companies and industries to which I had not been previously exposed. Thirdly, Darden's rigorous curriculum tested my ability for work. Consequently, I developed a higher capacity for work than I thought possible and accordingly developed a higher level of self-confidence. Finally, the development of oral and written communication skills did, and probably still does, set Darden apart from its peers. Salomon Brothers' training program was filled with MBA's from other top schools and we all had essentially the same financial skills but it was the ability to communicate, both orally and in writing, that was ultimately the "separator".

DCMA: *Can you briefly describe Tudor's business model?*
JM: Tudor manages $8 billion in approximately ten client funds. Our flagship fund is a multi-strategy fund in which all 45 of Tudor's portfolio managers trade and the other funds are specialty funds which focus on specific markets such as US Public Equities, US Private Equities, European Equities, etc. These funds are neither marketed nor available to the general public.

DCMA: *Can you describe your primary responsibilities?*
JM: I manage Tudor's Operations, Technology, Risk Management, Financial Reporting, and Treasury Departments and, through our Management Committee, oversee the capital allocation process.

DCMA: *What type of person, in your view, is successful in investment management?*
JM: Successful portfolio managers all have the same three key characteristics. First, they are totally open and honest with others and with themselves about their strengths and their weaknesses as well as their successes and failures. There is no room for "spin". They must be willing to accept the negative feedback that comes with a bad trade. Second, successful portfolio managers typically have some unique angle or edge that enables them to outperform highly efficient markets. Some have outstanding technical abilities, i.e. reading price patterns, others have the ability to understand the fundamentals of businesses, others have superior execution skills, i.e. getting in and out at the right time. Third, they are all great at risk management. They are disciplined about cutting their losses so that they can come back to trade another day. They are willing to admit that there are times when the market knows more than they do. They set "stops and objectives" and are disciplined in adhering to them.

DCMA: *Are there particular skills which Darden could further emphasize in order to better prepare their graduates for careers in investment management?*

JM: Judging from my contact with the fund managers of Darden Capital Management, it seems that all of the students have developed solid fundamental analysis skills and strong presentation skills. The one area I would like to see further developed is risk management. It is really critical to be able to remain objective about an investment and not give into the temptation to stick with a company because of an emotional attachment to the original idea. There are times when the market knows something you don't. Overall, I think Darden graduates are very well prepared for careers in investment management. They are extremely well-rounded.

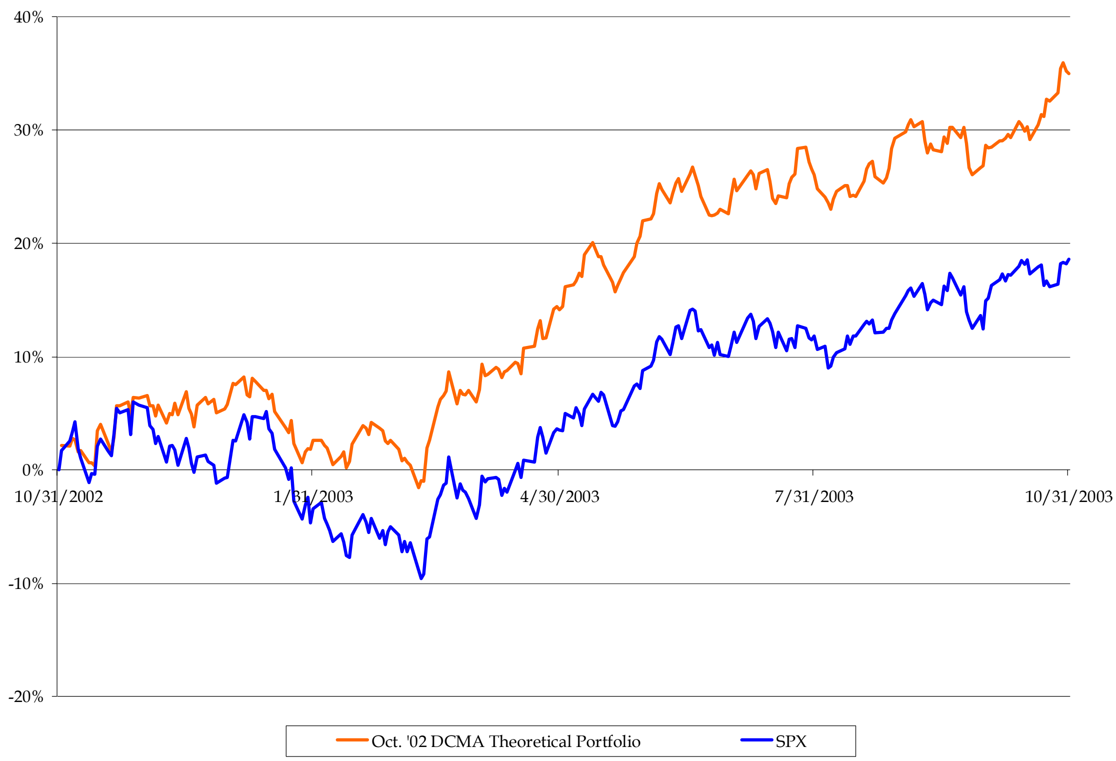
Darden Capital Management
Six Month Performance Summary

(Please visit our website for full six month investment committee presentation, current holdings, current monthly performance report, http://student.darden.virginia.edu/dcm)

April - September 2003	Darden Fund	Jefferson Fund	Monticello Fund
Beginning Portfolio Value	$557,365	$695,175	$536,277
Ending Portfolio Value	$670,108	$785,698	$613,785
Ending - Beginning Value	$112,743	$90,523	$77,508
Actual Total Return	20.2%	13.0%	14.5%
Benchmark Total Return	21.0%	15.0%	15.7%
Risk Free Rate (6 Month T-Bills)	1.0%	1.0%	1.0%
Actual Standard Deviation	5.3%	1.5%	1.7%
Benchmark Standard Deviation	6.3%	2.1%	2.6%
Actual Sharpe Ratio	2.15	4.92	4.86
Benchmark Sharpe Ratio	1.88	3.94	3.32
Actual - Benchmark	**0.27**	**0.98**	**1.54**

A Look Back: DCMA October 2002 Equities Considered
Performance Summary
(assumes each stock was equally weighted at theoretical fund's inception October 31, 2002)

	DCMA October '02 Equities	S&P 500
Return	34.97%	18.62%
Risk Free Rate	1.50%	1.50%
Standard Deviation	30.63%	18.58%
Sharpe Ratio	1.09	0.92



Company	Return	Company	Return
AmBev (ABV)	*51.8%*	*Patterson-UTI Energy (PTEN)*	*(1.1%)*
American Italian Pasta (PLB)	*11.0%*	*Sallie Mae (SLM)*	*18.0%*
Aztar (AZR)	*54.6%*	*ServiceMaster (SVM)*	*16.4%*
Cisco (CSCO)	*87.2%*	*Target (TGT)*	*33.0%*
Fortune Brands (FO)	*33.9%*	*Washington Mutual (WM)*	*26.7%*
General Mills (GIS)	*11.2%*	*Wilson Greatbatch Technologies (GB)*	*34.8%*
Newmont Mining (NEM)	*78.0%*		

Acxiom Corp. (ACXM - $15.80)

Peter Goulding, CFA, '04
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Target Price: $21.00
Current Market Capitalization: $1,865MM

Description: Acxiom integrates data, services, and technology to create and deliver customer and information management solutions for Fortune 1000 companies.

Positive Considerations:
Sales pipeline is strong. $60MM of new sales in the pipeline compared to an average of $30-40MM over the past two years.

Operational leverage. High fixed (72%) vs. variable (28%) cost base means relatively high share of revenue growth flows to bottom line.

Recent due diligence on ACXM's customers by its largest shareholders resulted in excellent reviews. ACXM also received praise for its software solutions in DM 2003 Review.

ACXM's products/services are increasingly purchased by IT purchasing managers rather than marketing managers. Trends in corporate IT spending are forecast to be positive in '04. Presidential election and Olympic year in '04 could provide additional project revenue from existing customers.

Risks: Continued stagnation in corporate IT spending would leave little upside in stock.

Increased competition from companies like IBM and EDS for corporate IT dollars would slow growth.

Valuation: DCF with modest growth in FY 3/31 '05, a slowing growth rate for the following four years ending in 0% growth in Year 5, a conservative discount rate of 10%, and no multiple expansion suggests a price target of $21/share.

Lone Star, Inc. (STAR - $21.00)
Craig Wiese, CFA, '04
wiesec04@darden.virginia.edu

Target Price: $25.00
Current Market Capitalization: $458MM

Description: Lone Star operates 304 steak houses under the Lone Star, Del Frisco's, and Sullivan's brands.

Positive Considerations: In addition to a current cash dividend yield of 3.18%, the company has repurchased an average of 11% of its stock each year over the past five years.

Remodeling initiative provides potential catalyst for 20% increase in same-store sales growth (from $1.9M annually to $2.4M annual level seen in mid-1990s).

Impact of high beef prices (due to mad cow ban on Canadian imports) is fully priced into stock for next several years. Improvement in outlook provides significant upside as beef accounts for 70% of physical materials costs.

Testing of Frankie's Italian Grille concept provides additional avenue for sales growth.

Risks: Expectations for more prolonged beef import restrictions

Remodeling initiative may fail to materially improve sales

Valuation: Earnings multiple expansion to the competitor average (from 15.6 to 18.9) suggests a price target of $25, representing 21% capital appreciation, with substantial dividend yield providing additional total return.

Blue Rhino (RINO - $12.00)
Joseph Burkhart, '05
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Target Price: $20.00
Current Market Capitalization: $208MM

Description: Blue Rhino Corporation is a national provider of propane grill cylinder exchange and complementary propane and non-propane products to consumers through a variety of retailers nationwide.

Positive Considerations: 80% of people who try cylinder exchange stay with cylinder exchange and do not return to the refill method. It is safer and more convenient for consumers and retailers.

Rhino possesses an estimated 50% market share in the propane cylinder exchange market, which continues to grow at 20% per annum. This is impressive given that eight years ago cylinder exchange represented only 5% of propane resale and today now represents 40% of the $1 billion-plus propane resale market.

The company continues to capitalize on new growth opportunities such as the sale of mosquito eradication devices and heat lamps.

Rhino has a low debt load and projects strong future cash flows.

Risks: Growth plan relies on the introduction of new products.

Company performance is significantly impacted by weather conditions.

The stock has a significant short position.

Ameritrade Holding Comp. (AMTD - $12.89)
Michael Dyakiv, '05
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Target Price: $22.00
Market Capitalization: $5,500MM

Description: Ameritrade is a provider of online brokerage services to retail investors mainly via the internet. The group also provides trading execution and clearing services for broker-dealer operations and for unaffiliated broker-dealers.

Positive Considerations: Ameritrade is in the pro-cyclical business of providing brokerage services to retail investors. As the bull market advances on Wall Street, so grows the fortune of the brokerage industry. As we stand at the beginning of a new bull market it is time to buy AMTD stock.

Ameritrade is ideally positioned to take advantage of the influx to the marketplace of price sensitive retail investors. As trading volumes during the bear market continued to decline during the last three years, AMTD reduced the break even point to 29,000 daily trades from the 50,000 level.

AMTD found the way to serve the right mix of services to its customers. As a proof of customer satisfaction, Ameritrade's annual attrition rate is about 7%, which is lower than rivals.

There is the possibility of expending its account base by purchasing TD Waterhouse.

Risks: General market risk. If the worst market predictions come true AMTD stock will suffer along with broader market.

Valuation: Based on assumption that investors will make as many trades as they have done since March 12 AMTD will earn at least forty percent more in 2004 than it did in 2003.

Alltel. (AT - $48.64)
Charles Hill, CFA, '05
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Target Price: $53.00
Market Capitalization: $15,170MM

Description: Provides wireline and wireless local, long distance, network access, and Internet services.

Positive Considerations: Less exposed to the very high competition and pricing pressures in the sector due to its focus on small rural markets.

Solid revenue and earnings growth while the sector as a whole has seen declines since 1999 highs.

Extremely focused management team that continues to emphasize the company's core strengths by divesting non-core assets and purchasing small rural wireless providers.

Excellent balance sheet for a wireless telecom provider. Debt to Equity ratio has declined significantly in the past year.

Risks: There is a significant lack of institutional interest in the telecom industry. As a result, Alltel could continue to be overlooked by the Street.

The impending commencement of wireless number portability (WNP) could convince investors to remain on the sidelines in the near term.

Valuation: P/E and EBITDA multiples in line with market – a premium could be justified. DCF analysis supports a price of $53. Stock appreciation to $53 would reflect an approximate 8% capital appreciation added to a 3% dividend yield for a total return of 11%, significantly exceeding expectations for the S&P 500 over the next year.

Applying Genomics to Eradicate Cancer.®

EXACT Sciences Corp. (EXAS - $10.06)
Jonathan Lee, '05
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Target Price: $18.00
Market Capitalization: $193MM

Description: EXACT Sciences Corporation is a pioneer in the application of genomics for the early detection of cancer. In August 2003, EXACT launched its first product, PreGen Plus, a proprietary DNA-based screening test for the detection of colorectal cancer.

Positive Considerations: Strong initial product launch of PreGen Plus screening test, significant physician advocacy, and robust distribution alliance with Lab Corp. should drive market penetration.

Based on positive patient trial results, I believe that EXACT's PreGen Plus screening test will emerge as the new industry standard because of higher sensitivity, greater accuracy, increased patient-compliance, and lower cost ($800). versus current standards (FOBT, flexible sigmoidoscopy, colonoscopy).

Patent protection on technology, process, and procedure creates barriers to entry. EXACT's proprietary genomics technology platform promises to yield broader applications in other cancer screening markets in the future.

Growth in the 50-plus age demographic will fuel demand for colorectal cancer screening among "at-risk" patients.

Risks: Slower-than-expected market penetration; reimbursement risk associated with medical procedure.

Valuation: Applying an industry P/E multiple of 30x to the 2006E EPS of $1.00, discounted at 25%, yields target price of $18.00. Recent resistance at $10 may imply floor for the stock after recent 45% decline.

MARVEL

Marvel Enterprises (MVL--$27.32)
Bennett Monson, '05
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Target Price: $35.00
Current Market Capitalization: $2,000MM

Description: Marvel is one of the world's most prominent character-based entertainment companies, with 4,700 proprietary characters portrayed in comics and other media over 60+ years. The company has three divisions: Licensing, Toys, and Comics.

Positive Considerations:
Restructuring: The company has restructured itself from primarily a toy manufacturer (high-cap ex, low margin) to a licenser of patents (low cap ex, high margin).

R&D: MVL develops its characters through its profitable comic book publishing business—which essentially serves as free R&D.

Licensing: The company is driving its substantial revenue and profit growth through licensing its characters patents for films, video games, TV, toys, and more. The company is capturing an increasing share of the money from projects involving its characters by negotiating better deals.

Risks: Shifting consumer preference, dependence on success in other media, lumpy earnings stream.

Valuation: MVL shares trade at a discount to peers (on a P/E and EV/EBITDA basis), and target price of $35 is based on multiples of 15x and 23x 2005 EV/EBITDA and P/E, respectively.

CLARCOR

Clarcor, Inc. (CLC - - $39.66)
Ryan Walsh, '05
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Target Price: $47.00
Current Market Capitalization: $1,003MM

Description: Clarcor, Inc. is a global provider of filtration products and services to a wide variety of aftermarket and OEM customers. Clarcor primarily targets companies in the transportation, energy and agriculture industries for heavy-duty engine filters as well as general commercial applications for environmental (clean air) filters.

Positive Considerations: Approximately 80% of Clarcor's business originates from the sale of aftermarket replacement filters. This countercyclical business provides a source of recurring revenue and downside protection.

During the last thirty years, Clarcor has experienced stable and solid annual growth in revenue and operating profit in its filter business of 20% and 19%, respectively.

Clarcor's Total Filtration Program, a one-stop shop filtration source strategy, provides a strong growth platform.

Provides income via dividends (current yield = 1.3%). Clarcor's ability to generate strong free cash flow and maintain low leverage enables it to distribute a healthy dividend (25% payout)..

Risks: Further decline in U.S. manufacturing activity.

Execution risk for Total Filtration Program.

Valuation: On a PE basis, Clarcor (19x) currently trades at a discount to its peer group and small-cap benchmark index. Assuming Clarcor's PE ratio expands to about 21x and FY '04 EPS grows by 11% (consistent with recent levels), Clarcor's target price is $47.

Curtiss-Wright Corp. (CW -- $73.15)
Jared Whatcott, '05
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Target Price: $90.00
Current Market Capitalization: $755MM

Description: Curtiss-Wright Corporation operates as a designer and manufacturer of motion control, metal treatment and flow control products for the aerospace, defense, automotive, construction, oil, petrochemical, metal working and other industries.

Positive Considerations: Because only one analyst covers this company, it remains one of the Aerospace/Defense Industry's hidden gems. With its hands in cutting edge defense projects from the Joint Strike Fighter to Global Hawk, it is well poised to profit from projected increases in the defense budget.

Its commercial applications, which provide almost 60% of sales, are also in great demand by industries requiring highly-engineered industrial products. R&D, along with well-timed acquisitions, have provided CW new high-tech processes like "laser-peening" and advanced facial recognition systems, which position the company well for future growth.

Consistently increasing sales have translated into earnings growth 5% higher than the industry average over the last five years, while keeping its debt at half the industry level.

Risks: Price is up 26% in the last year, with about half that appreciation in the last month.

The U.S. Government accounts for 41% of sales.

Valuation: CW's P/E of 15.3x is significantly lower than industry average of 44.4x, in part due to lack of analyst coverage. If CW traded at industry average it would be at 213. Next year's projected earnings support my target price of $90.