THE DARDEN CAPITAL MANAGEMENT ADVISOR

February 2004

January Equities Considered

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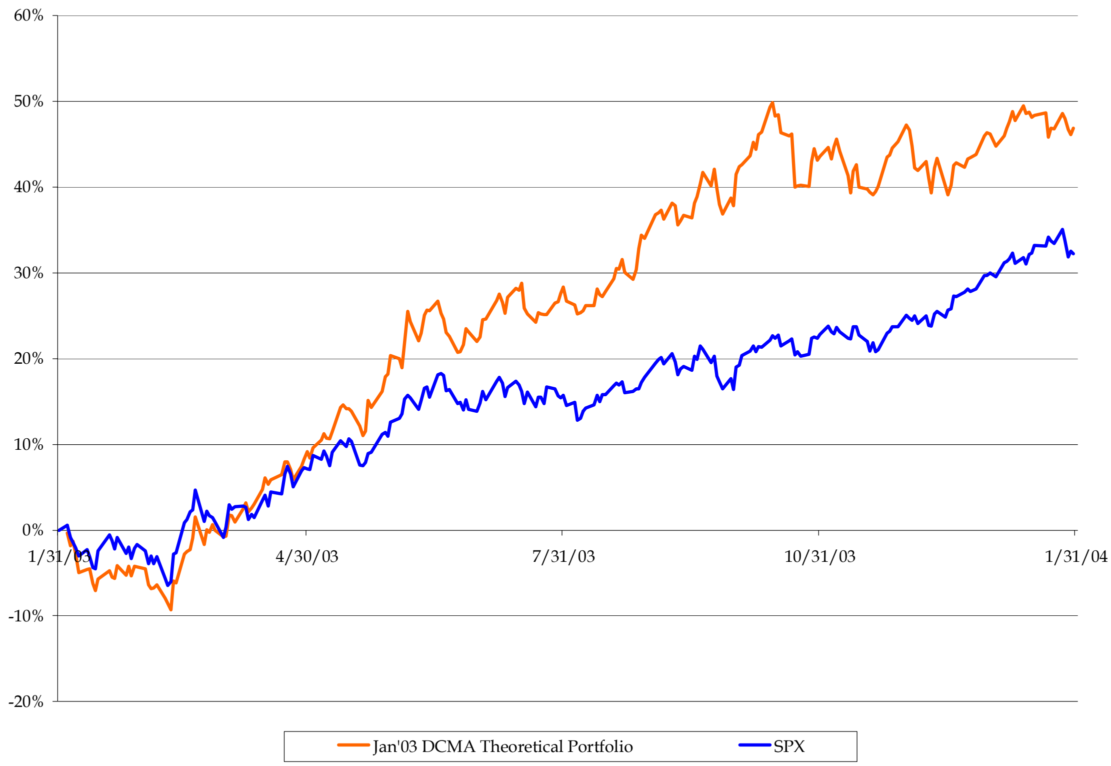
Darden Capital Management
Performance Summary (March 31, 2003 – January 31, 2004)
(Please visit our website for current holdings, current monthly performance report, http://student.darden.virginia.edu/dcm)

	Total Return			Sharpe Ratio		
	Fund	Benchmark	(+/-)	Fund	Benchmark	(+/-)
Darden Fund	34.1%	37.0%	(2.9%)	1.17	1.22	(0.05)
Jefferson Fund	25.9%	27.7%	(1.8%)	1.91	1.42	0.49
Monticello Fund	26.1%	29.5%	(3.4%)	1.45	1.21	0.24

A Look Back: DCMA January 2003 Equities Considered
Performance Summary

(assumes each stock was equally weighted at theoretical fund's inception January 31, 2003)

	DCMA January '03 Equities	S&P 500
Return	46.86%	32.19%
Risk Free Rate	1.50%	1.50%
Standard Deviation	31.57%	15.76%
Sharpe Ratio	1.44	1.95



Company	Return	Company	Return
Aramark (RMK)	*17.7%*	*Harman International (HAR)*	*142.1%*
Avalon Bay Communities (AVB)	*42.3%*	*International Gaming Technology (IGT)*	*91.7%*
Blue Rhino (RINO)	*(7.7%)*	*Mattel (MAT)*	*(3.5%)*
Enzo BioChem (ENZ)	*49.9%*	*Neiman Marcus Group (NMG.A)*	*95.7%*
Family Dollar (FDO)	*16.0%*	*Seagate Technology (STX)*	*79.2%*
Harley-Davidson (HDI)	*22.7%*	*Washington Post (WPO)*	*16.1%*

devon

Devon Energy Corporation (DVN – $54.90)

Kailash Balasubramaniam, '05
Balasubramk05@darden.virginia.edu

Target Price: $65.00
Market Capitalization: $12,960 MM

Description: DVN is engaged in oil and gas exploration, production and property acquisitions. It is one of the largest independent processors of natural gas and natural gas liquids in North America.

Positive Considerations: Merger with Ocean Energy successfully completed in 2003. Full year financial performance above expectations.

Natural gas and Oil prices projected to stay high, increasing DVN's Y-o-Y realizations.

Energy demand in early '04 expected to remain high due to severe winter.

Energy policy is moving towards weaning the US away from over-reliance on foreign sources of energy.

Risks: Upstream oil production is characterized by high capital expenditures (and high debt levels), with companies seeking to maintain comfortable levels of:

- Basins, where companies are licensed to explore

- Proved Reserves, where companies establish the availability of oil / gas

- Reserves/ Production ratio

Recent write-offs of reserves by companies such as Shell puts a dampener on other companies' share prices as well.

Valuation : Based on projected improvement in forward P/E ratio to peer levels.

MONSANTO imagine

Monsanto Company (MON -- $31.91)

Joseph Burkhart, '05
BurkhartJ05@darden.virginia.edu

Target Price: $38.00
Market Capitalization: $8,470MM

Description: Monsanto Company is a global provider of agricultural products and integrated solutions for farmers.

Positive Considerations: Market resistance to Genetically Modified Foods (GMF) seems to be declining. Countries such as Great Britain plan to announce the lifting of some restrictions that currently prohibiting the import of GMF pending the release of an EU backed study.

Genomics is Monsanto's future. Gross profit generated by Monsanto's Seeds and Genomics (S&G) segment now exceeds that derived from its traditional herbicide business. S&G turned profitable in fiscal 2003, posting $421 million in EBITDA despite spending $400 million on R&D. Monsanto's pipeline of seeds and traits is the strongest of any of its competitors (BASF and Syngenta).

CEO Michael Patrick Pragnell has staged a fairly dramatic turnaround over the past three years and MON's current valuation multiples are below historic levels. In July 2001, Monsanto shares peaked at $38, or 24x trailing EPS. Today's shares trade at 21x EPS.

Risks: Scientific studies fail to reduce consumer resistance to GMF.

Potential environmental liabilities resulting from the 1997 divesture of Solutia subsidiary.

Monsanto shares have doubled since 3/2003.

Valuation: Based on increased consumer acceptance of GMF and new product introductions that focus on enhancing foods' nutritional attributes.

Taiwan Semi. Manu. (TSM-10.41) (ADR)
Edward Cheng, '05
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Target Price: $15.00
Market Capitalization: $45,000MM

Description: TSMC is the world's leading dedicated foundry service provider with a quarterly capacity of 990K wafer as of Q203. The company currently runs one six-inch fab, six 8-inch fabs and one 12-inch fab in Taiwan.

Positive Considerations: Utilization in the fourth quarter of 2003 at TSMC approached 100% due to the economic recovery and the conservative capacity expansion during the past three years.

Strong demand and tight capacity also mean TSMC can increase its wafer prices this year. With huge price and output increases at the same time, TSMC will have a considerable jump in net income, especially compared to last year's low numbers.

TSMC belongs to a cyclical industry with a high beta. When the stock market rises these cyclical companies have much higher opportunity to earn capital gains.

This year for the first time, TSMC will pay a cash dividend to its shareholders in order to attract more institution investors.

Risks: Rapidly changing technology, intense competition, high capital investment requirements and cyclical demand.

Valuation: Based on the average growth rate and EV/CF ratio in the booming economy.

Dana Corporation (DCN -- $ 21.35)
Anurag Dhanwantri, '05
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Target Price: $27.00
Market Capitalization: $2,886MM

Description: DCN is a Tier-1 auto parts supplier providing auto parts to both light vehicle and medium and heavy truck OEMs. DCN has a diversified client base, with Ford the largest client accounting for just 18% of the revenues, a key differentiator from its main competitors Delphi and Visteon.

Positive Considerations: DCN's recently completed restructuring exercise is expected to yield savings of $180 million p.a. Focused R&D has helped DCN win $1.2 billion in new platform business spread over five years.

The timing of the restructuring and new order wins is impeccable as North America auto production is expected to start growing through '04, '05. Over the past two years DCN's international revenues have grown but the negative growth in North America pulled down overall profitability.

The combination of new order wins, broader recovery in North American auto production and restructuring will help the margins recover from all time low.

Risks: The automotive industry, and therefore auto-parts industry, is cyclical. While all indicators point to start of the recovery phase in North American automotive production, delay in onset of recovery may have some impact on DCN's earnings growth.

Valuation: DCF supports stock price of $ 32. The beneficial effect of DCN's intention to sell the aftermarket group is not captured in the DCF.

America Comes Home to AIMCO

Apartment Investment and Management Company (AIV - - $34.30)
Bob Donohoe, CFA, '05
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Target Price: $37.00
Market Capitalization: $3,230MM

Description: AIV is the largest owner/operator of apartment properties in the United States, owning and/or managing a well-diversified, nationwide portfolio of approximately 1,740 apartment communities.

Positive Considerations: The stock offers a high current dividend yield of 7% and strong upside potential with limited downside risk.

AIV's Class B properties are well-positioned to capitalize on the improving fundamentals in the multifamily sector as the economy continues to recover, jobs are added, new apartment supply is absorbed, and demand for homes subsides.

Management is experienced and has demonstrated its abilities in the past by increasing earnings and beating the Morgan Stanley REIT index in the 1990's. Management is committed to focusing on AIV's core assets going forward.

The stock is extremely cheap compared to its historical FFO multiples and those of its peers.

Risks: A continued "jobless" economic recovery and/or an attractive home buying environment could harm occupancies and prohibit AIV from increasing rental rates.

Management earnings misguidance or another dividend cut could further damage credibility.

Valuation: Applying a multiple of 10.5x to estimated 2004 FFO of $3.55 yields a price of $37.00 per share.

SkyWest

SkyWest Airlines (SKYW - - $19.59)
Aman Gupta, CPA, Passed Level III CFA, '04
guptaa04@darden.virginia.edu

Target Price: $24.00
Market Capitalization: $1,130MM

Description: SkyWest is a regional airline partner for Delta in Dallas and Salt Lake City, United in Portland, Seattle, Los Angeles, and Denver, and Continental in Houston. Its earnings are based on a negotiated price per departure, budgeted cost, negotiated operating margin, and performance based incentives.

Positive Considerations: Only non-unionized airline in the country. Labor flexibility offers an opportunity to better control costs.

Reliable business partner and high service quality reputation. Ranked #1 of 18 domestic carriers for on-time performance by DOT. Record of 87.6% on-time performance bests some of the largest airlines in the world.

Won an 11 year contract from United's restructuring. Lead contender for United's Chicago hub as Atlantic Coast winds down.

Flexible contract with current airlines has few restrictions on adding new partners. Mesa, its main competitor, has shaky operational record.

Strong balance sheet with superior cash affords it the financial ability to refinance and buy new regional jets for future expansion.

Risks: Liquidation of United or Delta. Cost squeezes by partner airlines. Unattractive terms (not public yet) of United contract.

Valuation: DCF supports a price of $24 with a 20% margin of safety. A 16.5 P/E and $1.52 2004 diluted EPS supports a price of $25. A 2.34 P/Book and $10.4 book value per share support a price target of $24.

UTStarcom

UTStarcom, Inc. (UTSI - - $33.73)
Tyler Jayroe, '05
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Target Price: $45.00
Market Capitalization: $3,500MM

Description: UTSI provides communications equipment for telecom service providers that operate in rapidly growing markets. The company has built its business on selling inexpensive wireless phones via a technology called PAS, mostly in China (80% of sales). Over the last three years, USTI's top and bottom lines have grown 70% annually.

Positive Considerations: Extremely low teledensity in developing nations represents huge market opportunity that should allow UTSI to grow sales and earning at least 20% annually over the next several years.

$1B backlog, market leading position and multi-year contracts with wireline providers provides strong visibility through 2004.

Expansion into new markets (DSL) and geographies (India, Latin America) will reduce UTSI's reliance on China PAS sales.

Risks: 3G technology could eclipse PAS when it arrives in China within the next few years. UTSI will be a player in 3G, but not to the same degree as in PAS.

Increasing competition in PAS handsets could reduce UTSI's market share and/or compress margins.

Valuation: UTSI trades at 18.2x the company's $1.92 forward (2004) EPS estimate, well below the peer group multiple of 35x. Stock is also cheap relative to long-term growth expectations with a PEG ratio of 0.91. Applying a P/E multiple of 23.6x results in a 12-month target price of $45.

Sanderson Farms.

Sanderson Farms, Inc (SAFM - - $56.19)
David Khtikian, '05
khtikiand05@darden.virginia.edu

Target Price: $ 68.00
Market Capitalization: $ 731MM

Description: Sanderson Farms, Inc. produces, processes, markets, and distributes fresh and frozen chicken products. Sanderson sells its chicken, primarily under the Sanderson Farms brand name in the southeastern, southwestern, and western United States.

Positive Considerations: Protein based diets (Atkins & South Beach) have changed eating habits of Americans. This, along with a negative perception for beef, makes the chicken market a growth market.

In 2003, Sanderson became the 6th largest processor of dressed chickens in the US and increased distribution to the Midwest.

Direct competitors (Tyson Food Inc and Pilgrim's Pride Corp) both have farms in Delmarva, a high-risk area for bird flu.

Large dividend payments including a surprise $0.50 per share payment at CYE 2003.

Overall margins and return on assets/equity well exceed industry averages.

Risks: Avian influenza (bird flu) is currently contained to the Delmarva and New Jersey areas where Sanderson has no farms, but spread to the south could hurt both domestic sales and exports.

Low volume due to high insider holdings and small institutional investment.

Valuation: Even after a recent run-up the stock is still cheap on an absolute P/E basis versus both its direct competitors and the food industry. DCF supports a price of $68.

Open Text Corporation. (OTEX - - $29.00)
Jerett Lee, '05
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Target Price: $38.50
Market Capitalization: $1,100MM

Description: Open Text is an Enterprise Content Management (ECM) solutions provider specializing in a collaborative work environment and an integrated knowledge management system.

Positive Considerations: Open Text is the market leader in the high growth segment of the enterprise software space with a globally established product "Livelink."

Opportunity to leverage Livelink to develop industry and process specific applications – compliance and corporate governance issues have created a need for accurate content management, knowledge management and collaborative software solutions.

Active acquisitions for external growth – recent purchase of IXOS to move into WCM and data archiving space within ECM business.

Improving relationships with strategic partners – leveraging consulting and IT integration firms to indirectly sell products.

Strong balance sheet – over $100M in cash, no debt, healthy operating cash flow.

Risks: Integration risk – the latest IXOS acquisition will pose a challenge for the senior management.

Valuation: Even with the recent ramp up in price, improved forecast for next year's pro forma lend to higher valuation. Conservative PE of 35X EPS of $1.10 for FYE2005 suggests 1 year target of $38.50.

Headwaters Inc. (HDWR - - $23.33)
Paul Leggett, '04
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Target Price: $30.25
Market Capitalization: $774MM

Description: Headwaters is focused on converting fossil fuels such as gas, coal and heavy oils into alternative energy products. HDWR operates through one division and two wholly owned subsidiaries. Hydrocarbon Technologies, Inc. (HTI) develops and markets energy and catalyst technologies. Covol Fuels licenses technology and sells chemical reagents to produce solid alternative fuel.

Positive Considerations: HDWR has gained momentum following a positive IRS review of HDWR's chemical agent process that makes coal available as a tax-credited alternative fuel.

HDWR is valued as a low-growth cyclical, but the Company has demonstrated (and committed to) extremely aggressive growth projections. ISG should become accretive this year, and a number of additional projects are scheduled to come on-line in 2004.

Forward P/E=13.2x, ROE=26.5%, Operating Margin=20.1%, Profit Margin=9.7%, PEG ratio=0.63.

Risks: Expect further IRS investigations to confirm validity of chemical reagent processes used to transform coal into tax-credit fuel. The IRS has successfully reviewed the independent tests four times in the past.

69% increase in stock price since September 1, 2003.

Valuation: DCF based on continued strong growth with inflation-based terminal growth.

Sunrise Senior Living, Inc. (SRZ - - $41.70)
Brian Maguire, '05
maguireb05@darden.virginia.edu

Target Price: $47.00
Market Capitalization: $844MM

Description: Sunrise is the leading provider of senior living services. They operate 347 communities in the U.S., Canada, and the U.K.

Positive Considerations: Sunrise is in the final stages of a transformation of their business model and capital structure. They have transformed themselves from being the owner and operator of senior living facilities to simply being the operator of these facilities.

The sale of their facilities has reduced their debt by half and left them with 4x their historical level of cash. Sunrise will use this excess cash to continue their $150MM share repurchase program and to make selective acquisitions such as Marriott Senior Living.

A significant percentage of the float has been shorted. Shorters will continue to buy back shares to cover their position as the stock appreciates. The percentage of the float that is short has decreased in the past 5 months from 32% to 30% to 26% to 23% to 21% currently.

Demographic trends indicate that the market for senior living services will grow dramatically. According to the U.S. census bureau, the population of Americans aged 85+ will grow 20% by 2010. Sunrise's new business model has positioned themselves to take advantage of this rapid growth.

Risks: As they transition to a services company they will rely heavily on their JV partners.

Valuation: Based on DCF taking into account market growth as well as lower future CAPEX demands. Valuation supported by applying a comparable P/E to their forward earnings.

International Speedway (ISCA - - $47.21)
Steven Majocha '05
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Target Price: $54.00
Market Capitalization: $2,510MM

Description: ISCA is the leading track operator within the motorsports industry. The company operates 12 of the nation's largest motorsports facilities, which in total have more than 1 million grandstand seats

Positive Considerations: ISCA has a consistent and visible revenue stream. TV revenues will grow at 21% in 04' and 18% in 05' based on ISCA's current TV contract.

Chase for the Championship Point System – ISCA has redesigned its current point system. The new format will create a playoff system that should increase both fan and corporate sponsorship participation.

Geographic expansion – NASCAR is becoming increasingly mainstream and ISCA plans to expand in NYC area and Pacific NW.

Increased visibility of Nextel sponsorship. In 2004 Nextel will replace Winston as the main sponsor of NASCAR

ISCA has a strong cash flow position and a low debt load.

Risks: Litigation / Anti-trust – ISCA is being sued by shareholders of Speedway Motorsports (TRK).

Sponsorship revenues are dependent on continuing corporate support

Renewal of TV contracts in 2006 - 2008

Valuation: Currently, ISCA shares are trading at 23X (TTM) earnings. Based on our projected 17% EPS growth in 04', ISCA will reach our $54 target with no multiple expansion.

Alcoa Inc. (AA - - $36.70)
Antonio Martins, '05
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Target Price: $47.00
Market Capitalization: $31, 890MM

Description: Alcoa Inc. is a producer of primary aluminum, fabricated aluminum and alumina and is active in technology, mining, refining, smelting, fabricating and recycling. Aluminum and alumina represent approximately two-thirds of the Company's revenues.

Positive Considerations: AA presented strong 4Q 03 results, it has major earnings exposure to the alumina market, and continued efforts to reduce costs.

AA continues to generate cash through operations, controlled capex, and working capital reduction. Cash flow from operations went up $591 million – up 32% from 02.

Chinese demand for aluminum expanded 20% in 2003. The outlook for 2004 appears to be the same since its automobile industry is growing at record rates.

Aluminum prices are expected to rise 20% in 2004, accordingly to JPMorgan's commodity team.

Risks: unexpected economic downturn. It would negatively impact AA's earnings and ability to conclude intended asset sales.

Valuation: AA has a potential cash flow and earnings increase over this year that are not been captured by current multiples.

American Land Lease (ANL - - $19.90)
Bennett Monson, '05
monsonb05@Darden.Virginia.edu

Target Price: $21.00
Market Capitalization: $159MM

Description: American Land Lease is a REIT specializing in the acquisition, development, and management of upscale, subdivision-style manufactured housing communities. The company owns 28 mainly communities in Arizona, Florida, and California and has a strong pipeline of developable sites.

Positive Considerations: *Demographics*: ANL owns retirement-focused upscale communities in sun belt states, a great strategy for growth because of the imminent retirement of the baby boomer generation. *Management*: ANL has an outstanding management team for a small cap REIT, led by Chairman/CEO Terry Considine, who is also the Chairman of Apartment Investment and Management Corporation (AIMCO, ticker AIV). Considine is very well respected and has a fine team at ANL. *Outstanding Recent Performance*: ANL has exceeded analysts' estimates based on stronger than expected manufactured home sales and brokerage results. Home sales were up over 40% from 2002 to 2003 YTD. ANL's core lot rental business is robust, with current occupancy at 96%. FFO per share grew 25% in 3Q03. ANL has grown its FFO and NAV per share over the past couple of years.

Risks: Low average daily volume. A recession in residential real estate valuations.

Valuation: American Land Lease's valuation looks favorable vs. REITs in general and its manufactured housing peers. It is trading at a slight premium to NAV, but other REITs are trading at far larger premiums. My price target is $21 based on NAV and multiple analysis, providing a solid 11% total return over the next 12 months. 5% dividend.

AmeriCredit Corp. (ACF - - $18.48)

Jonathan Right '05
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Target Price: $23.00
Current Market Capitalization: $2,900MM

Description: AmeriCredit is an independent subprime auto finance company with more than one million customers and $14 billion in managed receivables. Using its branch network and strategic alliances with auto groups and banks, the company purchases retail installment contracts entered into by auto dealers with consumers typically unable to obtain financing from traditional sources.

The company's recent restructuring transitioned the company away from gain on sale accounting and increased its ability to weather short term changes in liquidity by increasing the amount of cash on hand and by decreasing the company's dependence on securitization in its growth needs.

A move up-market in the B and C credit space has significantly improved trust performance.

The company in a unique, strong position to capitalize on $240 billion in the subprime auto segment due to its strong proprietary scoring models and dealer networks.

Credit losses topped-out at 7.6% and have stabilized, and leading indicators signal a significant improvement in the near-term. '03 loans, 14% of the portfolio, are performing significantly better than earlier vintages. As new loans begin to comprise a larger percentage of the portfolio, the aggregate performance of the company will improve.

Valuation: Valuation is attractive on a premium on receivables and P/B basis, supported by a DCF that assumes moderate improvement in credit quality and trapped cash released from securitization trusts.

Laboratory Corp. of America (LH -- $38.12)

Jacob Rothman, CPA '05
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Target Price: $45.00
Market Capitalization: $5,455MM

Description: Lab Corp is one of the largest independent laboratory companies in the US, offering a full range of clinical and anatomical tests through thirty-six full service labs with over one thousand service sites and reference lab arrangements.

Positive Considerations: Lab Corp has recently acquired Dianon to extend its offering of tests and to gain expertise in marketing its new oncology test. Additionally, Lab Corp. has developed niche markets based on specialized testing capabilities and is a pioneer in the area of HIV and HPV genotype and phenotype testing.

Government funding of HIV treatment is growing rapidly, and genotype testing is an effective, but expensive way to monitor the disease and the effect of medication.

Growth is coming from higher margin specialized tests. Revenue growth is from both volume increases and price increases.

Strong cash flows are funding stock repurchases and strategic acquisitions.

Risks: Competitive environment could change.

Lab Corp. is subject to risks inherent in the health care industry such as change in patient mix, lawsuit, change in Medicare/Medicaid reimbursement rates, etc.

Valuation: Based on continued growth in Lab Corp's new lines, a $45 price appears reasonable compared with current industry and historical multiples from newly-acquired businesses.

L-3 Communications Holdings, Inc.(LLL)

Jared Whatcott, '05
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Target Price: $75.00
Market Capitalization: $5,330MM

Description: The company's principal activities are to provide communication systems, aviation products, and support services to military and government customers.

Positive Considerations: L-3 is well positioned for increased DOD focus on information and communication transformation and will continue to be a large benefactor of increased security spending by DHS. Its contracts are diversified across a variety of leading-edge defense projects (F-22, JSF, UAVs, etc.) and when considering that defense procurement and R&D budget projections show 7% annual increase for next several years, its exposure to government should prove beneficial, since its relationships with prime defense contractors ensure it a significant "piece of the pie."

Sales at LLL have increased each of last five years, with 2003 growth of 26%, which is above its defense peers, while its P/E of 20 is well below the defense products industry average of 33.4. This is even more attractive considering that its PEG of 1.11 indicates attractive value for above-average growth prospects.

Risks: While Debt-to-Equity of .85 is relatively high to the rest of the defense products industry at .74, management has committed to reducing debt levels. Also, reliance on government customers (89% of sales) may pose a risk if government buys don't materialize as forecasted.

Valuation: Based on a slight increase in the current P/E of 20 and assuming a conservative 25% earnings increase for 2004, I believe $75 is a reasonable target for this stock.

Corrections Corp of Ameriaca (CXW - $30.00)

Craig Wiese, CFA, '04
Wiesec04@darden.virginia.edu

Target Price: $40.00
Market Capitalization: $1,100MM

Description: The largest prison management outsourcer in the US with 55,000 inmates in 60 facilities in 20 states. CXW owns, operates, and manages prisons and other facilities, as well as providing residential and prisoner transport services.

Positive Considerations: Projected increases in the 18-24 year old male population, with the highest incarceration of any demographic segment, will lead to increased demand for services.

Undercapacity in the federal system (currently 133% occupancy) and many state systems (20 exceed 100% occupancy) suggest further demand for outsourcing services. Court orders are increasingly forcing states to resolve the overcrowding problems.

Budget deficits are forcing many states to examine opportunities to cut costs. Outsourcing is a cheaper solution to incarceration of criminals.

Significant insider buying over the past 12 months.

Risks: Competitor Cornell faces charges from lawsuits from employees abusing some inmates. May curtail rate of outsourcing.

Valuation: DCF supports price of $40. Forward P/E of 16 and 5-year growth of 15% puts PEG at 1.07. ROE exceeds 20%.