

**S&P Equity Analyst Downgrades Opinion on Adtran to 'Sell'.**

729 words

15 January 2003

PR Newswire

PRN

English

(c) 2003 PR Newswire

Unwarranted Premium Valuation Cited PRNewswire NEW YORK Jan. 15

NEW YORK, Jan. 15 /PRNewswire/ - Standard & Poor's has downgraded its equity STARS ranking on Adtran from a three-STARS "Hold" to a one-STARS "Sell." A leading provider of independent research, indices and ratings, Standard & Poor's made this announcement through Standard & Poor's MarketScope, its real-time market intelligence service.

"Despite the difficult telecom spending market, Adtran is experiencing strong new product traction and overall market share gains. However, at an above-peer-average 38X our '03 EPS estimate of \$1.05, and 4X our sales estimate, we believe the shares are at an unwarranted premium valuation," says Ari Bensinger, Standard & Poor's Telecommunications Equipment Equity Analyst. "We are also wary of ADTN's quality of earnings, since '01 EPS of \$0.45 becomes a \$0.01 loss if stock option expenses were included. We would sell the shares at a notable premium to their \$34 fair value based on our discounted cash flow model," concludes Bensinger.

Standard & Poor's Stock Appreciation Ranking System (STARS), which was first introduced on December 31, 1986, reflects the opinions of Standard & Poor's equity analysts on the price appreciation potential of more than 1,230 U.S. stocks for the next 6-12 month period. Rankings range from 5-STARS (strong buy) to 1-STARS (sell).

A model portfolio comprised of Standard & Poor's equity STARS recommendations was recently recognized by Investars.com as outperforming those of other equity research firms who analyze more than 500 stocks, over the 12-month period ending December 31, 2002.(1)

Standard & Poor's analytic services are performed as entirely separate activities in order to preserve the independence of each analytic process. In this regard, STARS, which are published by Standard & Poor's Equity Research Department, operates independently from, and has no access to information obtained by Standard & Poor's Ratings Services, which may in the course of its operations obtain access to confidential information.

Standard & Poor's has the largest U.S. equity coverage count among equity research firms that are not affiliated with a Wall Street investment bank, analyzing more than 1,230 U.S. stocks. Standard & Poor's, a division of The McGraw-Hill Companies, is a leader in providing widely recognized financial data, analytical research and investment and credit opinions to the global capital markets. With 5,000 employees located in 19 countries, Standard & Poor's is an integral part of the world's financial architecture. Additional information is available at [www.standardandpoors.com](http://www.standardandpoors.com).

(1) Investars.com has created a performance measurement tool called ROSS (Rate of Success System). The system quantifies the recommendations of Equity Research Firms by hypothetically purchasing shares in the recommended stock at the time of the recommendation. In short, the system calculates returns as if the Firm had actually purchased or sold shares at the time of the recommendation. Furthermore, the amount of shares purchased depends on the strength of the recommendation. For example, if a Firm's initial recommendation for the period is a buy on Cisco Systems (CSCO) then the system purchases 300,000 shares in CSCO at the price at the time of the recommendation. The price used is the opening price on the day of the recommendation. If the Equity Research Firm upgrades Cisco at a later date from a "buy" to a "strong buy" then the system increases the number of shares by 50% at the time of the upgrade. Similarly, if an Equity Research Firm downgrades a stock then the system decreases the number of shares by 33.3%. If a Firm reiterates a recommendation then the

position in that stock is left unchanged. If a Firm issues a bearish rating on the stock (underperform, sell or strong sell) the system goes short the stock in the hypothetical portfolio. A short position is calculated as the inverse of a long position to reflect an analyst's market timing. Standard & Poor's

CONTACT: John J. Piecuch, Communications Manager, +1-212-438-1102, John - Piecuch@standardandpoors.com, or Ari Bensinger, Telecommunications Equipment Equity Analyst, +1-212-438-9503, Ari - Bensinger@standardandpoors.com, both of S&P

Web site: <http://www.standardandpoors.com/>.

Document prn0000020030116dz1f0001m

#### Search Summary

Text	
Date	All Dates
Source	GlobeNewswire (U.S.) Or PR Newswire (U.S.) Or Business Wire (U.S.) Not Newswires
Author	All Authors
Company	Adtran Inc
Subject	All Subjects
Industry	All Industries
Region	United States
Language	English
Results Found	809
Timestamp	18 July 2018 10:10