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**Excite@Home (NASDAQ: ATHM)**

**Update: Effect of propensity toward open access and tracking stock -ACCUMULATE**

January 31, 2000

**KEY CONSIDERATIONS**

- General propensity toward open access by AT&T, the FCC, and other key players has pushed Excite@Home into some short run valuation setbacks.
- The recent AOL-Time Warner merger along with AT&T's stake in both Road Runner (through MediaOne) and Excite@Home, creates some conflict of interest issues.
- @Home announcement to issue tracking stock in Q3 '00 could allow creation of an acquisition currency as well as potentially unlocking shareholder value.
- Subscription rates passed the 1 million mark to 1.15 million by December 1999 end with more than 24 million customer market base.
- Excite@Home's acquisition of online greeting card company, Bluemountain.com, has significantly opened its reach to web users. Bluemountain.com is the digital media shopping industry leader; according to Media Metrix, it attracted over 18 million unique visitors in 1999.

Recent Price	\$37.31
52WK Low	\$33.13
52WK High	\$99.00
P/E	N/A
P/Book	1.87
P/Sales	45.27
Market Capitalization	13.9 billion
Shares Outstanding	380 million
Float	98.9 million
Daily Volume (3-month Average)	N/A
<b>EPS</b>	
1998	\$-(0.54)
1999	\$-(0.63)
2000E	\$(4.25)
Current Ratio	2.82
Total Debt to Equity	0.05
LT Debt	0.04
Total Cash	\$ 225 M

**ONE-YEAR PRICE AND VOLUME GRAPH**



**COMPANY PROFILE**

Excite@Home is the leading provider of broadband access across cable television lines and leased telecommunication lines to residential and commercial users. Utilizing its numerous cable company partnerships, Excite@Home currently has the largest market in the United States with over 1 million subscribers. Additionally, Excite@Home provides broadband cable access internationally in Europe, Japan, and Australia. Excite@Home's two business units include the subscription based @Home and @Work ISP service and advertisement @Media which includes Enliven and MatchLogic and the Excite narrowband portal.

This report was prepared by Jeff Li, Simit Patel and Christopher Kim.

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## THE COMPANY

### Overview

At Home Corporation, or "Excite@Home" is a global media company that focuses on providing high-speed, high bandwidth Internet connectivity and content and interactive services available on multiple bandwidth platforms. @Home's primary service is to provide both consumers and businesses with broadband Internet access through cable lines. @Home's broadband access operates primarily from both consumers' homes and business locations over the cable television infrastructure. The company also offers slower speed, narrowband access for customers who may not wish to pay the higher charges associated with broadband Internet access. In the future, the company is considering offering digital subscriber line (DSL) access to its customers.

@Home's media and marketing services include the Excite Network, a leading consumer Internet portal and MatchLogic, a targeted advertising platform. The Excite Network offers search, content, community, communications services and commerce functionality to Internet users. Excite's media service, @Media, focuses on comprehensive navigation, global reach and personalization technology. Excite's business service, @Work, also offers companies with e-commerce and web hosting solutions in addition to high-speed Internet access. For all of its services, Excite utilizes MatchLogic, a subsidiary of Excite that provides advertisers with targeted ad campaign management designed to improve the effectiveness of their advertising campaigns – thus enabling Excite to rely on advertising as a substantial revenue source.

### Product And Services

**Media and Advertising Services:** Excite Network contains a rich suite of specialized narrowband and broadband information services, organized under numerous topical channels that combine proprietary search technology as well as content, community features and information management services. The Excite Network has consistently ranked as one of the top ten destinations on the Internet. Furthermore, it announced that Excite reached a milestone in early February by establishing an index of over 250 million Web pages and multimedia items, providing Excite Search with the largest index among portals. In addition to such a large index, Excite currently provides broadband media content from Internet companies such as Intuit, Sportsline, Tickets.com and WebMD. For advertisers, it offers a variety of broadband and narrowband advertising options including banner advertising and sponsorships, allowing them to develop an advertising plan designed to optimize their reach, frequency of exposure, and consumer response.

**Subscriber Network Services:** At Home is the leading provider of broadband Internet services over the cable television infrastructure to consumers, with over 840,000 subscribers worldwide as of September 30, 1999. The @Home service enables subscribers to access all Internet content and services at transmission speeds of up to 50 times faster than typical 56.6 kilobits per-second dial-up connections, provides an "always on" connection and delivers rich multimedia programming. The service allows subscribers to connect to @Home's proprietary network, a high-speed "parallel" Internet, via cable modem. The @Work service which offers commercial customers high-speed end-to-end managed connectivity, Web hosting, e-commerce solutions, virtual private networking and telecommuting over digital telecommunications lines, HFC cable and digital subscriber lines, leverages the same national transport facilities and other infrastructure as is used by the @Home service. As of September 30, 1999, @Work provided its Internet services to over 4,200 companies.

### Management

**CEO Change:** On Jan.20, the company announced that President George Bell was promoted to the additional post of chief executive officer. Tom Jermoluk will remain chairman.

**Board Of Directors:** TCI controls approximately 57% of voting power. AT&T owns TCI and therefore controls this voting power. Currently, four of eleven directors are directors, officers or employees of TCI,

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AT&T or their affiliates. AT&T currently owns all 30,800,000 outstanding shares of Series B common stock, each of which carries ten votes per share. This Series B common stock ownership gives AT&T the right to elect five Series B directors, one of which is designated by Comcast and one of which is designated by Cox. So long as AT&T owns at least 15,400,000 shares of Series B common stock and holds a majority of voting power, the board may take action only if approved by the board and by at least 75%, or four of the five, of @Home's Series B directors. As a result, corporate actions generally require the approval of AT&T's three Series B directors and one, or in some cases both, of the directors designated by Comcast and Cox.

## **RECENT DEVELOPMENTS**

**Strategic Relationship With Microsoft:** In Dec.1999, @Home and Microsoft Corp. announced that they are in discussions to form a strategic relationship with the intent of developing and deploying enhanced television technology and services. This collaboration would strengthen and broaden the companies' two-year working relationship with a new focus on accelerating the rollout of enhanced television services on advanced set-top boxes and other devices. One way the companies hope to speed the delivery of this technology is by reducing multiple system operator (MSO) deployment barriers such as the need to integrate new television services with existing cable operations.

**Tracking Stock:** In Jan. 2000 the company announced that its board of directors has authorized the Company to establish a tracking stock for the media assets of its business. The decision to pursue the establishment of the tracking stock reflects the strategic alignment of the board on the overall direction of the Company with a view to the appropriate development and evolution of its subscription and media businesses. This will enable the media business to operate with speed and independence while the subscription business will drive the accelerated adoption of broadband bringing new services to consumers.

**Agreement With Vstream:** The company announced on Dec.16 that it would make Vstream a key provider of Internet communication services for Excite@Home. Vstream will be the exclusive provider of technologies that enable co-branded Web conferencing and collaboration services at Excite@Home's business portal, Work.com, and through the business channel on Excite.com. Aimed at empowering the online business user, Vstream's suite of communication service engines are expected to be integrated on Work.com and Excite.com properties in the first quarter of 2000. The VStream technology enables Excite@Home to offer its business users a wide range of Internet communication fee-based services, including the ability to initiate Web conferences, share visuals over the Web and create instant webcasts for thousands of online participants.

## **STRATEGIES FOR GROWTH AND ALLIANCES**

Over the next few years, a critical part of @Home's strategy for growth is to enable consumers to easily acquire the technology that is required for the high-speed connection that @Home provides. Retail electronic stores are the primary means by which consumers acquire computers and related technology. Most importantly, these stores off consumers the opportunity to easily purchase DSL and cable modems -- technology is a prerequisite for obtaining high-speed Internet access from any Internet service provider. With this in mind, @Home has initiated distribution programs with leading consumer electronics retailers and computer manufacturers, including CompUSA, Compaq and Dell, to facilitate the sale of the @Home service and cable modems compliant with FCC regulations. In addition, Excite@Home is working with CableLabs and National Digital Television Center, a subsidiary of TCI, to develop advanced digital set-top boxes to provide broadband Internet access via television sets and to accelerate transformation of the Internet into a mass medium.

@Home's growth strategy also focuses on establishing key partnerships and acquisitions. Excite@Home has entered into distribution arrangements for @Home service with 16 cable companies in North America whose cable systems pass approximately 57.3 million homes through such companies as Tele-Communications, Inc., Cablevision Systems Corp., Comcast Corporation, Cox Communications, Inc., Rogers Cablesystems Limited, Shaw Cablesystems Ltd., Bresnan Communications Company, Century Communications Corp.,

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Cogeco Cable, Inc., Garden State Cable, Insight Communications, InterMedia Partners IV L.P., Jones Intercable, Inc., Lenfest Communications Inc., Marcus Cable Operating Company, L.P. and Midcontinent Cable Co. In order to increase its customer base, the @Home will attempt to access the 41 million registered users of the Excite Network and the 10 million users of Bluemountain.com, its most notable acquisition.

The company also plans to utilize key partnerships and alliances for its @Work division. In order to accelerate deployment of the @Work connectivity and hosting solutions into major U.S. metropolitan areas, Excite@Home has established strategic relationships with Teleport Communications Group, the country's largest competitive local exchange carrier and a subsidiary of AT&T, Northpoint, a provider of digital subscriber line services to businesses, and Exodus, a provider of Internet hosting and network management services. By combining Excite@Home's broadband distributed network architecture with cable, telephone and technology relationships, the @Work services provide a platform for nationwide delivery of network-based business applications. Excite@Home currently provides @Work services to nearly 1,700 businesses.

As part of the company's strategy to expand into international markets, they have entered into agreements for the distribution of @Home service by Edon and Palet Kabelcom in the Netherlands. The company has entered into an agreement with Intel to create a limited partnership whereby Intel will invest \$20 million in @Home Benelux, which operates under the trade name @Home Nederland, to help speed the deployment of broadband services in the Netherlands.

In addition to establishing alliances and acquisitions for marketing, distribution, and technological purposes, @Home also aims to offer superior content to attract and retain customers. The company's @Media group has already established the @Home launch screen as the leading broadband Internet portal, providing a gateway to multimedia and electronic commerce offerings on the Internet. To date, the @Home Experience has generated greater page views per subscriber than are reported by the leading narrowband Internet portal companies. The @Media group works with content providers to facilitate the creation of multimedia broadband content delivered through the @Home portal and to facilitate online transactions and services for @Home subscribers. Multimedia content offerings include on-demand video clips from partners such as Bloomberg and CNN Interactive, on-demand music and CD previews provided by Excite@Home's Tune-In service and multiplayer gaming from SegaSoft. Excite@Home's electronic commerce partners include Amazon.com, the leading online bookseller, BuyDirect.com, an online software distributor, and Travelocity, a leading online travel site. @Home's recent acquisition of BlueMountain.com, an online greeting cards site, will also be used to provide services and content to @Home customers.

## **INDUSTRY OUTLOOK AND COMPETITION**

With the Y2K paranoia now an afterthought, the purchases of computer related products will surely be on the rise. Computer systems and networks need continual upgrading, and the burgeoning of new businesses will find the Internet a necessity in today's world. @Work provides high-speed Internet access solutions that are cost effective, while competing technologies such as ISDN or T1 either do not provide enough bandwidth or are just too expensive for the Small Office/Home Office (SOHO) user. In addition, cable access is far more marketable towards consumers, since they can easily gain access from their cable television provider. Obtaining ISDN or T1 access, however, is much more difficult. As a result, the market for cable access is expected to grow at a phenomenal rate. Kinetic Strategies predicts that there will be 10 million U.S. subscribers to cable Internet access by 2002; Forrester Research predicts even greater results, estimating that the subscriber base will be approximately 15.2 million.

While ISDN and T1 Internet connection technologies may not pose a sincere threat to cable access, digital subscriber line (DSL) technology certainly does. DSL runs through telephone lines thus allowing DSL to easily reach customers via their phone service provider. In fact, a survey by the Yankee Group indicated that

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only 5 percent of U.S. consumers would prefer to buy broadband service from their cable company, where as 75 percent would prefer to purchase it from their phone company. As a result, the demand for DSL service from both individuals and businesses is growing at an extremely rapid rate. Computer Economics predicts that there will be over 10.2 million DSL subscribers in the United States by 2003. Furthermore, International Data Corporation predicts that there will be 27.3 million DSL subscribers across the globe by 2003. While DSL currently trails cable access providers in terms of subscriber base, that trend will most likely change in the coming years.

One of @Home's biggest concerns in terms of competition and industry outlook stems from the pending merger between AOL and Time Warner. It is most likely that Time Warner's Road Runner broadband cable service will soon be used to promote AOL, and vice versa. AOL is currently the most used network in the industry with over 53 million unique visitors in Dec. '99. Currently, @Home customers can opt to pay a \$9.95 "bring your own access" fee for AOL service. While the merger will undoubtedly allow AOL to easily provide cable access to its enormous customer base, this alone is not a guarantee that AOL can dominate the cable access market. Another key issue in determining who will be victorious in the battle for market share is pricing. Given that the quality of service for AOL/Time Warner and @Home is on par, price will be a critical factor. What we ultimately see with the possible old-new media merger is the option of a one low cost full cable, Internet, telephone package. AT&T, a major shareholder of Excite@Home, is the largest cable and telephone service provider in the US. The AOL-Time Warner merger creates a new playing field for media companies that must compete with low pricing to gain early market share. As mentioned earlier, Excite@Home is trying to become a player in this game by making strategic partnerships with cable and telephone providers for its @Work unit. This trend may spill into its main @Home unit.

One other strategic possibility is the full acquisition of Excite@Home by AT&T. While there have been rumors circulating regarding this potential acquisition, it seems unlikely due to the regulatory hurdles that would need to be overcome. A more realistic possibility is Excite@Home's acquisition by Yahoo, the largest Internet portal. The synergies would include the addition of vast resources on the @Home service with immense @Home product placement on the internet.

## **KEY RISK FACTORS**

- The profit potential of its broadband business model is unproven and broadband services may not achieve widespread consumer or commercial acceptance.
- Growth of broadband service may be inhibited by factors beyond anyone's control, such as failure upon the part of cable partners and mishaps in the technological infrastructure.
- @Home may experience difficulty in sustaining key alliances with cable partners.
- The market for high-speed Internet access for retail customers may not be as high as anticipated.
- @Home's ability to connect and manage a substantial number of subscribers at high transmission speeds is unknown.
- @Home may have difficulty in preventing subscriber abuse; it has already experienced this dilemma to a small extent.
- Regulations instilled by the North American cable industry may hinder @Home's subscriber growth. New industry standards, known as DOCSIS, have already intimidated some of @Home's cable partners.
- @Home's cable access requires customers to have two-way cable modems. At this point, such modems are not very accessible, particularly for retail customers. Furthermore, the installation of such modems needs to be simplified in order to cater to the average retail customer.
- There are few barriers to entry in this market; as a result, competition is extremely intense.
- Many of @Home's existing competitors, as well as a number of potential new competitors, have longer operating histories in the Internet market, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than @Home.
- The Internet in general, and narrowband services specifically, also must compete with traditional advertising media, such as print, radio and television, for a share of advertisers' total advertising budgets.

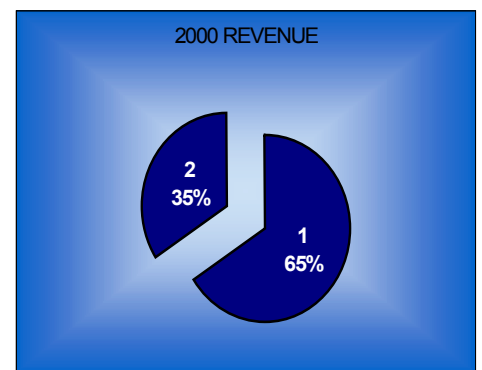
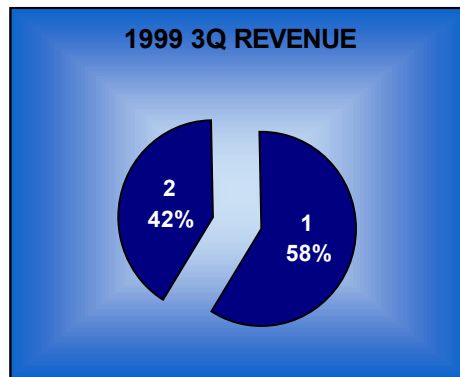
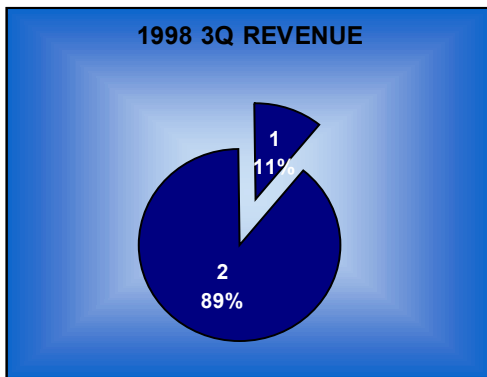
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- If Internet users do not continue to use Internet portal sites, or Internet users won't continue to use "portal" web sites for their information needs. Internet measurement services have reported that the number of unique users of Internet portal sites has been decreasing in recent periods. If Internet users begin to become less dependent on portal sites, and instead go directly highly branded commercial web sites, the company's traffic levels could decrease, which could make Excite Network less attractive to advertisers.
  - @Home's systems may not be able to accommodate increases in the number of users of its narrowband services.
  - The Excite Network must accommodate a high volume of traffic and deliver frequently-updated information. The web sites for the Excite Network have in the past, and may in the future, experience slower response times or other problems for a variety of reasons.
  - The company's broadband business may be impacted by cable unbundling proposals and other government regulation.
  - Currently, its broadband services are not directly subject to regulations of the FCC or any other federal, state or local communications regulatory agency. However, changes in the regulatory environment relating to the Internet, cable television, or telecommunications markets could require regulatory compliance that may impact @Home's exclusivity arrangements and its ability to provide broadband services subscribers. For instance, such regulations may include the following:
    - The FCC or local agencies could require its cable partners to grant competitors access to their cable systems.
    - Some local jurisdictions, including Portland and Multnomah County, Oregon and Broward County, Florida, have imposed third-party access requirements on AT&T and other cable companies operating in those communities.
    - Regulatory changes that affect telecommunications costs, limit usage of subscriber-related information or increase competition from telecommunications companies could affect its business.
  - @Home may fail to integrate its business model and technologies with those of Bluemountain.com, iMall, and any other companies it's recently acquired or may acquire. If it fails to integrate these businesses, financial results may be adversely affected.
  - Integrating acquired organizations and products and services could be expensive and time-consuming, and may also place a strain on resources. In particular, a current challenge is to integrate the technology platform of the @Home network broadband services with Excite's Internet services and the advertising services of Excite's subsidiary, MatchLogic. Currently, the Excite narrowband services are operated from Excite's network operations centers. Integration of the Excite and MatchLogic services to the @Home network broadband platform poses a number of technical challenges, including difficulties associated with providing regularly updated and personalized content over Excite@Home's broadband services and the difficulties associated with applying the advertising services and targeting technologies from Excite's MatchLogic subsidiary with the Excite@Home broadband services. This is particularly challenging because it is more difficult to provide regularly updated and personalized information from distributed regional data centers, relying upon to deliver broadband services, than it is to deliver services from a central data center, as Excite and MatchLogic currently do, in delivering narrowband services.
  - With respect to any future acquisitions, it may be unable to identify future acquisition targets and unable to complete future acquisitions on reasonable terms.
  - Any acquired features, functions, products or services may not achieve market acceptance, and thus may hinder @Home's quest to establish itself as the premier leader in high-speed Internet access.
  - @Home has incurred net losses in each fiscal period since its inception. Furthermore, Bluemountain.com, one of the company's key acquisitions, has never realized any significant revenues. The company anticipates net losses in the foreseeable future.
  - At Home expect to derive a substantial amount of revenues from the sale of advertising for the foreseeable future. No standards have been widely accepted to measure the effectiveness of online advertising. If standards do not develop, existing advertisers may not continue their current levels of online advertising.
  - Competition for advertising dollars is intense on the Internet, particularly for Internet access providers.

- The relative infancy of Internet businesses makes it difficult to predict if @Home's advertising-based revenue model is viable.
- Privacy concerns over the use of cookies, a commonly utilized form of Internet technology that greatly enhances companies' ability to effectively target customers, is highly controversial. Regulation against cookies could significantly impact @Home's advertising strategy and service.

## FINANCIALS

**Revenues.** ATHM's revenues are primarily derived from media, advertising, and subscriber network services. Media and advertising earnings consist of revenues from advertising and sponsorship agreements, banner advertisements, and targeting revenues. Subscriber network and other revenues consist primarily of monthly customer subscription revenues from the @Home and @Work services and revenues from cable system operators for providing support services, such as customer support, local area content development, and pre-commercial deployment fees. Other services include the following: consulting services provided to @Home's international joint ventures on a cost plus basis; revenues from cable system operators for development fees for set-top devices; and @Work services and for providing support services, such as customer support, local area content, and pre-commercial deployment fees. We believe that @Home's revenue from media and advertising will soar quickly due its recent acquisition of BlueMountain.com, while revenue from subscriber network and other services will grow at a lower speed due to increased competition from DSL technology.

Name	1998.9.30	1999.9.30	2000.12.31
<b>Media And Advertising Revenue</b>	3.2	121.5	454
<b>Subscriber Network Revenue</b>	25.6	86.7	240
<b>Total Revenue</b>	28.8	208.2	694



\*1 represents revenue from media and advertising; 2 represents revenue from subscriber network services.

**Gross Profit.** Given the positive industry outlook for the growth of broadband Internet service, it seems that @Home will have the opportunity to grow immensely in the years to come. Its strong alliances with cable distributors should allow the company to fulfill the rapidly growing demand for cable access. In addition, @Home's strategic marketing alliances with BlueMountain.com and the Excite Network should allow the company to easily access new customers. Because of the enormous potential of the broadband access market and @Home's alliances, we believe that the company will be capable of experiencing a sharp increase in its gross margin in the years to come.

**Net Income.** In spite of the enormous growth opportunities for @Home over the next few years, the company still faces numerous costly obstacles. Intense competition will bring about greater marketing expenses, and may possibly drive revenue from subscriber services down. Competition may also force @Home to allocate a greater portion of its budget towards product development and engineering; doing so could allow the company to remain unique and innovative. With these possibilities in mind, it seems most likely that @Home will not reach profitability for quite some time, and may even become more unprofitable in the near future.

Income Statement: (in Thousands)				
Fiscal Year 12/31				
	1997 (A)	1998 (A)	1999 (A)*	2000 (E)
Revenues	7437	48045	336955	694055
Growth %		546%	601%	106%
Cost and Expenses				
Operating Costs	22459	46965	143056	284563
Gross Profits	(15022)	1080	193899	409492
Gross Margin %	-202%	2%	58%	59%
Product Development and Engineering	11984	17009	54805	104108
R&D Margin %	161%	35%	16%	15%
Sales and Marketing	11863	18091	130725	222098
General and Administrative	10635	12429	30726	55524
Total Cost and Expenses	56943	94494	358862	666293
Operating Cost before cost of distribution	(49506)	(46449)	(21907)	27762
Operating Margin %	-666%	-97%	-7%	4%
Interest Income	3033	6413	10253	12000
Equity Share loss from affiliated companies			(9574)	(634)
Net Income before cost of distribution	(46473)	(40036)	(21228)	39128
Earnings per share before cost of dist.	(0.45)	(0.18)	(0.07)	0.10
Cost of distribution	9246	101385	296057	90000
Amortization of acquisition charges		2758	1152919	1588000
Net Income	(55719)	(144179)	(1470204)	(1638872)
Net Margin %	-749%	-300%	-436%	-236%
Shares Outstanding	103543	228480	316441	385542
Earnings per share after cost of dist.	\$(0.54)	\$(0.63)	\$(4.65)	\$(4.25)
*1999 and 2000 estimates are calculated before the cost of distribution agreements.				
2000 Quarterly Estimates (in Thousands)				
	1Q (E)	2Q(E)	3Q(E)	4Q(E)
Revenues	155478	195614	184534	158429
Growth %		26%	-6%	-14%
Cost and Expenses				
Operating Costs	65301	78908	73814	66540
Gross Profits	90177	115412	110720	91889



Gross Margin %	58%	59%	60%	58%
Product Development and Engineering	22010	28108	26802	27188
R&D Margin %	14%	14%	15%	17%
Sales and Marketing	49103	54563	58992	59440
General and Administrative	13276	14332	14176	13740
Total Cost and Expenses	149690	175911	173784	166908
Operating profit before cost of distribution	5788	19703	10750	(8479)
Operating Margin %	4%	10%	6%	-5%
Interest Income	3000	3000	3000	3000
Equity Share loss from affiliated companies	0	(234.00)	(200.00)	(200.00)
Net Income before cost of distribution	8788	22469	13550	(5679)
Earnings per share before cost of dist.	0.03	0.07	0.04	(0.01)
Amortization of goodwill	(397000)	(397000)	(397000)	(397000)
Cost of distribution	(20000)	(25000)	(25000)	(200000)
Net Income	(408212)	(399531)	(408450)	(422679)
Net Margin %	-263%	-204%	-221%	-267%
Shares Outstanding	316441	326550	326550	385462
Earnings per share after cost of dist.	\$(1.29)	\$(1.22)	\$(1.25)	\$(1.10)

## VALUATION

It could be easily seen that AOL, Earthlink, and @Home fell behind the performance of the AMEX Internet Index. As companies in the ISP sector, these three stocks have some level of correlation. As a result, we believe that one of the major factors that drives the stock of these companies is the sector performance.



## COMPARATIVE ANALYSIS

On account of the hybrid business of @Home (ISP and Internet portal), it is very difficult to determine whether or not a merger would increase the growth rate. We notice that the company's shifting its strategy in term that the management is seeking for mutual contribution between its broadband service and narrowband one. The more partnership are coming into the Excite network in order to satisfy consumer and B2B use and consequently could bring more advertiser and larger brand recognition which will influence the subscriber growth positively. The media and advertising revenue is becoming the vital factor for the financial success. We strongly believe that exclusive agreements between the company and its cable operator partners will still place a positive push on the subscriber base. In spite of these exclusive alliances, however, the AOL-Time Warner merger most likely pose a serious threat to @Home's future operations in broadband service market. Below is a graph that provides a valuation analysis of @Home and some of its prime competitors:

		Value Comparison 02/11/00				
	<i>\$ Price</i>	<i>Market Cap. In millions</i>	<i>P/S</i>	<i>Gross Margin %(TTM)</i>	<i>Exclusivity</i>	<i>Short Interest % Floating</i>
<b>@Home</b>	<b>34.19</b>	<b>13000.16</b>	<b>42.33</b>	<b>52.10</b>	<b>Decreasing</b>	<b>20.057</b>
<b>America Online</b>	<b>56.63</b>	<b>127915.88</b>	<b>25.60</b>	<b>46.61</b>	<b>Increasing</b>	<b>2.095</b>
<b>Yahoo.</b>	<b>342.69</b>	<b>90209.19</b>	<b>154.16</b>	<b>81.86</b>	<b>Unchanged</b>	<b>15.847</b>
<b>Earthlink</b>	<b>24.56</b>	<b>2855.69</b>	<b>2.91</b>	<b>58</b>	<b>Unchanged</b>	<b>4.036</b>
<b>Average</b>						

## INVESTMENT OPINION

We believe that Excite@Home is in a positively unique strategic position. Although its stock prices have been hurting lately, we believe that @Home is well-situated in the market and that its strategy for growth is viable. Intense competition from newer technologies such as DSL and from the AOL-Time Warner merger, however, may hinder @Home's ability to become a completely dominant force in the market for broadband access. Overall, we give the AtHome Corporation a long-term ACCUMULATE rating.