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# High-flying CT firms'stocks due for a split?

**By Gregory Seay**
gseay@HartfordBusiness.com

Seven publicly traded Connecticut corporations have stocks trading in triple digits (or higher), topped by Priceline.com's recent eye-popping $1,009 a share.

So, a split of their shares must be around the corner, right?

It sounds good, in theory, at least. Stockholders in Alexion Pharmaceuticals, FactSet Research Systems, Hubbell, Praxair, United Technologies and Virtus Investments — each trading at press time above $100 a share — would see their wealth climb on paper at least. Splitting shares means more investors also could afford to invest, diversifying the companies' stakeholder base.

But it's not that cut and dry, Connecticut finance and legal experts say. A triple-digit stock price doesn't guarantee a split is coming. Just ask Apple stockholders and wannabes who are still waiting and hoping the popular mobile-devices maker will divide its high-flying stock. The motivation for public as well as private, closely held businesses to split their shares — or not — is largely influenced by other circumstances, experts say.

Rick Slavin, former enforcement lawyer, U.S. Securities and Exchange Commission

William Bouton, chairman of the corporate department, Hinckley, Allen & Snyder LLP

None of Connecticut's high-flyers has comments in this story. Even if they wanted to say something, securities regulators have a nasty bag of sanctions for firms releasing or saying anything that could be construed as inside information not widely available to the general marketplace. So outside experts are the ones talking.

"Companies do it if they think their stock price is too high, and want to broaden their base of stockholders," said Westport attorney Rick Slavin, a former enforcement lawyer for the U.S. Securities and Exchange Commission.

While a post-split stock is more affordable to existing and future shareholders, splitting a stock doesn't alter companies' ability to pull in revenues, or make it more profitable, said Slavin, of Cohen & Wolfe P.C. It also won't change their market capitalization — the share price multiplied by the number of shares outstanding.

Often, a high-flying stock price affords Wall Street bragging rights to company insiders and stockholders, Slavin said.

Take billionaire Warren Buffett's stellar investment vehicle, Berkshire Hathaway Inc. Its six-figure stock price above $173,000 is a badge of honor among its institutional and individual investors. Few are badgering Buffett, who runs Berkshire as chairman, to split its stock.

Of course, some companies like Hartford insurer The Phoenix Cos. Inc. find themselves backed into a corner with no choice but to split their stock.

Phoenix in August 2012 executed a one-for-20 reverse split, to boost its then flagging stock price and stay on the New York Stock Exchange. Phoenix's stock is now trading around $40.

West Haven anti-infection drug developer NanoViricides Inc. executed a reverse split in early September to a post-split peak of $5.25.

CEO Anil R. Diwan says the split will benefit NanoViricides long-term by pulling its share price beyond the realm of penny stocks, which securities brokers and investors have an aversion to.

NanoViricides had been an over-the-counter stock since 2006, but just moved to the more credible New York Stock Exchange.

Viewed essentially as a penny stock, "We were missing out on a valuable pool of investors," Diwan said.

In 2011, Alexion's stock split two-for-one. Anyone with 100 Alexion shares worth around $5,000 before the split was sitting on 200 shares worth around $12,000 a few months afterward. Today, that holding is worth $22,726.

Six years earlier, Hartford conglomerate United Technologies split two-for-one. A UTC investor with 100 post-split shares worth $5,200 in 2005 would have shares valued at around $11,000 at today's stock price.

And those are just the firms the general market knows about because of specific disclosure rules that apply to publicly traded companies.

However, those rules don't apply to the scores of Connecticut closely held firms, such as family businesses, that routinely increase or shrink their issued shares to attract capital or for estate-planning purposes, says Hartford attorney William Bouton, chairman of the corporate department at Hinckley, Allen & Snyder LLP.

Private firms may also split their stock to expand the holdings of relatives or key employees, Bouton said. Offering a trusted employee 10 shares of stock in a family business isn't nearly as palatable, as say, 100 shares, he said.

Unless a client is preparing to go public, or is looking to bring new investors into the fold, Bouton says he usually urges private companies to think hard and proceed slowly — if at all — with splitting shares.

"You're still faced with the whole pie," he said. "You either cut it into quarters or you cut it into eighths." ■

## CT's High Flyers

Publicly traded firms with stocks trading above $100

| Company (ticker symbol) | Hometown | Stock Price* | Mkt Capitalization* |
|---|---|---|---|
| Alexion Pharmaceuticals (ALXN) | Cheshire | $115 | $23B |
| FactSet Research Systems Inc. (FDS) | Norwalk | $109 | $4B |
| Hubbell Inc. (HUBB) | Shelton | $105 | $6B |
| Priceline.com Inc. (PCLN) | Norwalk | $1,009 | $51B |
| Praxair Inc. (PX) | Danbury | $120 | $35B |
| United Technologies Corp. (UTC) | Hartford | $109 | $100B |
| Virtus Investment Partners (VRTS) | Hartford | $167 | $1B |

SOURCE: YAHOO.COM
*STOCK PRICES AND MARKET CAPITALIZATIONS AS OF 2 P.M. SEPT. 26.