



BANYAN CAPITAL MANAGEMENT

February 2001

Dear Client:

Last year was especially rewarding for Banyan Capital Management and our clients. After being frustrated in the speculative market environment of 1999, our patience in adhering to a value-oriented investment philosophy was finally rewarded. For the period ending December 31, 2000, the following table shows the compounded annual returns of Banyan's equity composite versus the S&P 500:

[\(Explanation of how composite is compiled\)](#)

		Since				
	12 Months	3 Years	5 Years	10 Years	12/31/87	
Banyan	29.3%	13.2%	20.3%	19.9%	17.2%	
S&P 500	-9.1	12.3	18.3	17.5	16.7	

While we are proud of our overall investment record, we certainly have no crystal ball that will enable us to peer into the future. At the same time, we remain confident in those companies where we are currently invested. Each of them is excellently managed and selling at reasonable to very attractive prices.

Sincerely,

Gary L. Watkins
President