

## ***MONTHLY TECHNOLOGY COMMENT***

**Vol. VI, Issue #4**

April 3, 2006  
Peter Labé, CFA

### **STILL GOING WITH THE FLOW**

*In this issue:*

- *GATEWAY - PUT IT BACK ON THE RADAR SCREEN !*
- *Unisys makes SOME REALLY SMART MOVES*
- *More on Dell*
- *Ruminations about EMC*

### **ECONOMY SHOWING SIGNS OF STRENGTH**

At the time of this writing, the economy shows continued strength. All the profit gains are predicted to be double-digit for all quarters in the S&P 500 – and this is *before* the addition of Google! The economy remains robust despite continually rising rates – the Fed went up another quarter point on March 28. (The next meeting is May 10, and another increase is all but assured).

Since investors associate strong economy with Tech and Industrials, Tech continues to hold up quite well.

Interest rates have come more into the news. This is the Achilles heel of the market, we think, so it has to be watched carefully. First there was a scare that some small countries would take their currency reserves and instead of putting them in dollars, would

#### Disclosure

I, Peter Labé, certify that (1) the views expressed in this report reflect my personal views on all of the subject companies and securities, and (2) my opinions are not affected by my compensation which is derived solely from brokerage trade commission(s) which may or may not be of securities discussed in this report.

diversify. This followed another horrible trade balance report. Calmer heads prevailed, when it was pointed out that larger countries would not do this. They are already laden to the gills with U.S. dollars, and diversification now would simply mean devaluing their dollar holdings.

The Federal Reserve is another matter. Language like “some further policy firming is needed” clearly spells the next interest rate move is upward, and does not give any easy hope for stopping. Treasury Bonds have been inching up, whether due to Fed action or to assessment of inflationary news. The equity market so far has ignored these developments, but sooner or later there is likely to be a period of “catch up.”

## **OUTLOOK FOR TECH STOCKS**

Tech earnings were reasonable for the first quarter and should be pretty good for the second quarter. We see no reason for the NASDAQ not to continue to moderately outperform the S&P 500 (pre-Google, anyway). Guidance has been good, anecdotal evidence favorable.

## **CURRENT THINKING ON THE GROUP**

We are keeping IBM and Hewlett as Strong Buys, pending review of the upcoming quarterly reports. As written in the text, we moved Unisys up to Strong Buy, on the basis it deserved it after some intelligent steps in restructuring. We hold Lexmark as a Buy strictly on a value basis at this point.

We've also asked readers to start tracking Gateway.

From here, we turn to our sector reviews.

## **DATA STORAGE**

### **EMC Corp. (\$13.63 - Hold)**

This stock is not selling much above where it sold at the end of 2003 and we are just about into the second quarter of 2006. In the interim, the company has done everything asked of it, if not in fact many quarters where “just a little more” than expected was shown. Guidance has been consistently strong.

By doing nothing in the market, there has been a de facto devaluation of up to 12 multiples depending on how you calculate it. The stock is today selling around 20x company-forecast non-GAAP estimates of around \$0.66 per share, and around 18x Wall street estimates for 2007.

This would seem low enough for support but doesn't solve what happened. Our guess is two-fold. One is the company's growth prospects are now being considered more closely in line with the **expected growth rate of 7% CAGR for storage** (and much slower than Network Appliance, the company's only other real competitor). The company has a ton of cash but nothing big is happening with it and it reduces overall returns. The second factor is the one other clear policy at EMC: **acquire software**.

From 2003 to present, EMC has invested \$4 billion in a series of software acquisitions, as listed below:

Legato	Protection/recovery , intelligent data movement
VMWare	Server virtualization
Documentum	Unstructured data content management
Dantz	Backup/recovery for SMB
SMARTS	Realtime network systems management
Rainfinity	Extends virtualization to NAS environments
Captiva	Information capture, digitization, categorization
Acxiom	Acxiom's information grid software
Internosis	IT services for Microsoft environments

Source: EMC

Perhaps if EMC provided us with a glue that put all this together, or a separate company with spinoff possibilities, or a marketing fabric consistent with storage, this big bet could pay off.

The stock offers reasonable value, if not in fact lower than it should be, and we continue our **Hold** rating.

## **SERVERS**

### **Hewlett-Packard (\$32.90 - Strong Buy)**

No particular news at H-P this month.

We note that of the 15,300 personnel layoffs announced, the company still has 8,800 to go. We don't think the earnings picture at Hewlett is fully displayed yet, and this is just one more piece of the evidence.

The delay of Microsoft *Vista* doesn't help anybody but Hewlett should not be more affected than others.

### **International Business Machines (\$82.47 - Strong Buy)**

Watching and waiting is all we can do right now at IBM. The single most important thing to watch is the first quarter revenue performance, billings and backlog, future guidance at the key services operation. If the report is dull, the stock will be too and we'd move on. We continue to bet (this quarter and next, anyway) that the shareholder is going to look at something good come reporting.

### **Sun Microsystems (\$5.13 – Hold)**

Sun has been buoyed by reports of a big restructuring and lots of cost cuts. Two years overdue, we think. The company's former CFO has come out of retirement, and will apparently be involved.

## **PC'S AND RELATED**

### **Gateway (\$2.19 - Hold )**

We wrestled for quite some time thinking about this stock. Its not that a management change is insufficient for an upgrade in rating, or a lower stock price. The difficulty is how to describe it. To call it a long-term buy conveys part of it. This is not likely to be an overnight miracle. To call it a speculative buy conveys part of it. This is a high-risk company in a high-risk business. But we think investors already understand this. And, to call it a Hold is easy – let's sit back and see what new management can do with this property. We decided in fact to make it a Hold, but making a clear cut bet on new management so that we could pull the trigger on a moment's notice.

We recognize most investors profiles will not be able to absorb this level of risk at this stage of development. For them, we advise **PUT THE STOCK ON THE RADAR SCREEN NOW – NOT LATER.**

Since many people have not looked seriously at this stock for quite a long time, we will take some editorial license and write a little refresher course in the paragraphs to follow.

### **Thumbnail History**

Founded in 1985 by 28-year-old Ted Waitt, the company became one of the great success stories in the industry. Mr. Waitt, with his laugh and infectious personality were becoming, with only the pony-tail hair-do to explain away. Our view right from the start was that underneath this great personality lived a genius-type mind. (We finally got some additional believers over time.)

The company was always "sell-direct", through an 800 number, and was slanted to the consumer, and to the power user. Gateway was credited with a number of industry "firsts" and the company got bigger and bigger. Eventually, the company turned to TV

advertising to try to keep up the pace. At that point Ted made a brilliant decision: have a national chain of computer stores with only Gateway products offered, but do not carry any inventory (customer orders would be immediately shipped from the direct-sale operation). Store personnel would be trained and would be many times superior to the typical box salesman in a computer department store. The first “ Gateway Country Store” opened in 1996, with the goal of 300-400 stores to blanket the key markets in the U.S.

There are many aspects of brilliance in this program. For example, Dell is not in this market! Located in areas of minimal rent but high exposure to upscale traffic, the business case was promising. But the facts are that the stores were not successful and were closed down in 2004, after substantial losses and significant writedowns.

Gateway then acquired eMachines and entered the retail market through store distribution. Best Buy, for example, is now the company’s largest customer. Mr. Waitt stepped down as CEO, later resigning from all positions including a director. He still owns, however, approximately 80 million shares of stock.

Mr. Waitt turned over the company to Wayne Inouye, eMachines CEO. Mr. Inouye brought his management team with him, and effectively has been in control of the company. In March this year, though, Mr. Inouye stepped down and Richard (Rick) Snyder, board chairman, became interim CEO. We think, though that Rick might be a permanent change.

### **Significance of the Management Change**

Wayne Inouye, who came with eMachines, did not seem to us to have a vision or a long term thought-out plan. He brought his skill in supplying retailers with low-end machines at tiny profits. Rick Snyder in our view could supply the vision, the long-term look, and has the know-how in the Direct and Professional markets. If he can hire the right people and manage the company’s thin resources, this could be a **big stock**. Under Inouye, we did not believe this could be a Big Stock.

Rick spent close to seven years in Gateway operations and has been on the Gateway Board for 15 years. We think he has the knowledge base for the Direct and Professional businesses, which are the areas that have to get healthy for Gateway, as well as the comprehensive view.

### **Profile of the Company**

In 2005, the company’s revenues were divided as follows:

Revenues	% of Total	Activity
\$2,359	62%	Retail sales (incl.International)
987	26	Professional
508	12	Direct
\$3,854	100%	Total

Source: Gateway 10-K report to the SEC

Gateway sold \$1.9 billion desktop, \$1.1 billion laptop.

### **Retail Sales**

We believe this operation has been successful, and achieves around 5% operating profit. We believe Mr. Snyder will not tinker with success, and simply pat the men on the shoulder and say “go.” There is not a lot of potential for growth or margin improvement in our view. The company is already in 7,000 retail outlets.

### **Professional Market**

This is the name for a market that consists of education (K through 12, and higher), government, medium to large business, and third party resellers.

Gateway has been in this market for 20 years, but has a long string of ups and downs to show for it. We are convinced no one “owns” this market and Gateway has reasonable market opportunity if it can get the right people, revive the marketing approach and deliver the quality and support this market appears to require.

### **The Direct Market**

Of all the Gateway markets, this is the one with huge growth and profit potential. This is the origin of the company, and the market very likely Mr. Snyder considers one of his long suits. The company reported sales of \$2 billion in this category just two years ago, but of course included the Country Stores also. \$4-5 billion might be a stretch, but the point is we need big things here for Gateway to fly.

This is the business in which all web-based sales and all 800 telephone number sales are counted. The **marketing approach** we suspect will be the company’s familiar “you’ve got a friend in the business”, or rely on Gateway as a “trusted guide” in this sea of bewildering technology. This would use Gateway’s soft image to advantage and maybe tap a residual of past ad campaigns.

**Management will be an issue.** We note that Rick Snyder’s first key hire in this area (no public press release available) is **Bart Brown**. Bart had been with Gateway in a variety of positions from 1989 through the fall of 2002; he was in sales for part of the time, and ran the direct operation as his latest assignment. He has been running his own company since. For now anyway, we see Bart as running Direct for Gateway. This could be a good choice.

We should probably mention somewhere around here, that we do not expect co-founder Ted Waitt to return to the business, his ownership of roughly 80 million shares notwithstanding.

### **Patents and Intellectual Property**

There is a lot to talk about here, so in the interest of brevity we defer this discussion to the next issue.

### **Resources**

Gateway has \$585 million cash, and is not in a cash-consumptive business. It has \$300 million in convertible debt, and \$255 million in equity

These are satisfactory resources for current operation, but not for big things. Gateway is going to have to earn its way up.

### **Opinion**

At this point, earnings estimates are worthless. We advise investors to sit back and see how the business goes. We'll know what to do long before the estimates show up. Our current opinion, therefore, is **Hold**.

### **Dell Computer (\$29.76 - Hold)**

We are not too taken with recent noise about Intel-only supplier decisions by Dell. It is true AMD has done a superior job and that the Intel road map has experienced some slippage. Intel appears to be behind 9-12 months on the desktop. But AMD is small overall and is principally a factor in the server market. It is Dell's position that new Intel-based server products this summer will be "competitive" or on a parity basis. Servers are \$5.4 billion for Dell in revenue terms, or about 10% (excluding about \$2 billion in storage and unknown dollars of services). If Dell is right, this issue is not big enough to impact Dell.

We remain cautious over Dell on the near term and maintain our **Hold** rating.

### **Lexmark (\$45.38 - Buy)**

We are hopeful that we will see a bunch of new products soon and some momentum restored here. We think the value is there in this out-of-favor name but would like to see more action.

## DATA SERVICES

### Unisys (\$6.89 - Strong Buy)

Unisys finally hit pay dirt. By that we mean finally had a favorable announcement (it had seemed for quite awhile these were only one way, the wrong way). Moreover, it followed up with a *second* favorable announcement. Anyway, let's not quibble.

The first announcement we refer to is the March 14 disclosure of selling all of its 28% stake in Nihon Unisys Limited of Japan. Unisys netted \$374 million cash from the deal. Nihon Unisys, or NUL, is primarily a Unisys *Clearpath* marketer, which, like other mainframe businesses, is a non-growth operation. Unisys' share of operating earnings was approximately \$18 million in 2003, \$16 million in 2004, and \$9 million last year. We are comfortable with the price received by Unisys and agree with the trend of the business. \$374 million should more than cover the \$250-300 million cash cost of the personnel cutbacks.

We should note, though, that NUL remains the exclusive distributor of Unisys hardware and software products in Japan.

**The stock sale is designed to be part of the master plan to sell non-core assets, and the proceeds will be used to fund the company's large restructuring plan of 2006-7. This puts "teeth" in the company's restructuring plan and makes the company's position with investors more credible.**

The second announcement came March 22 with changes to the pension plan. Unisys froze future benefits of the defined U.S. pension plans at the end of 2006, and increased matching contributions under redesigned 401-K plans. Virtually all U.S. employees including management are affected. International plans, which require difficult and lengthy country negotiations, were not affected.

**The effect on a pretax basis is as follows:**

(in \$ million)	2005	2006	2007	2008
Ttl. U.S. Pension Exp.	\$123	\$101	\$67	\$35

Source: Unisys

**Although these are non-cash charges (the U.S. plan is essentially fully funded) they have been a thorn in the investor's side because of uncertainty how to treat them in calculating earnings and because the size and wide shifts made prediction impossible. As the trend shows, this is going to disappear as an issue over the next few years.** Management's estimate of savings over the next 10 years from adoption of the new plans is \$700 million.

By our calculations, the U.S. plans will **help earnings** after tax \$0.05 per share in 2006, \$0.08 in 2007, and \$0.07 in 2008. After years of uncertainty and wide fluctuation, this should be a welcome change for investors. We omitted the international plan, which is basically flat throughout, as an area we expect change but because of European labor commissions will probably take quite some time to effect changes.

The company has not issued any forward guidance whatsoever. We have come up with a set of estimates, however, which look like \$0.08 per share for 2006, \$0.60-0.70 for 2007, and \$1.10 - \$1.20 for 2008. **We are upgrading the stock to Strong Buy from Buy.**

## **PERFORMANCE AND RATING CHANGES**

This month, the S&P was up 1%, the Nasdaq Composite 2.6%. Tech did better than that, but very selectively.

In storage, Net App was up 9%, EMC down 3% (commented on in text). In servers, Sun was up 23%, IBM 3%, and H-P less than 1% (see text). In PC/related, nVidia kept rolling at up 22%, Dell was up 3%, Lexmark down 4% and Gateway down 7%. In services, Unisys was up 3%.

The only rating change this month was to upgrade Unisys to Strong Buy from Buy, as explained in the text.

Our only estimate changes were to establish new figures for 2007 and 2008 which previously had been under review. Readers are reminded that our quarterly and annual estimates are kept current in First Call.

## **REGULATORY COMPLIANCE**

Nutmeg Securities, Ltd. has implemented rules that conform to published SEC rules to address analyst conflicts. Accordingly, we note for the record that we have not acted as manager or co-manager for any equity offering, nor received investment banking fees from, any of the companies mentioned in this review. Further, we have footnoted in Table II where the analyst has a position in any of these securities. Next, we have some kind of Buy rating on 4 stocks (25%) and no sell rating (0%). We consider this somewhat unusual, but not in a case of an attractive investment sector. Finally, we note our investment performance can be gauged by comparing our recommendations which appear in Table I along with the prices at the time, with the NASDAQ Composite Index, which also appears in Table I.

Table I - Price, P/E and Rating

Company (FY)	Symbol	Price	52-week	E.P.S.			P/E		Rating	
		3/31/2006	Range	2004A	2005A	2006E	2007P	2005A		2006E
S&P 500*	SPX	1295	1311 1136	\$67.10	\$76.28	\$81.64	\$86.94	17	16	
NASDAQ Composite	COMP	2340	2345 1890							
<b>Storage</b>										
EMC Corp. (Dec)	EMC	13.63	15 - 11	\$0.37	\$0.53	\$0.57	\$0.72	26	24	HOLD
Network Appl. (Apr)	NTAP	36.03	37 - 23	\$0.62	\$0.80	E \$1.01	u/r	45	36	HOLD
<b>Servers</b>										
Hewlett-Packard (Oct)*	HPQ	32.90	35 - 20	\$1.36	\$1.72	\$2.02	\$2.31	19	16	STRONG BUY
IBM Corp. (Dec)*	IBM	82.47	92 - 72	\$4.50	R \$5.32	\$5.80	\$6.32	16	14	STRONG BUY
Sun Micro. (Jun)*	SUNW	5.13	5 - 3	(\$0.12)	(\$0.12)	(\$0.13)	(\$0.08)	NMF	NMF	HOLD
<b>Personal Computers</b>										
ATI Technologies (Aug.)*	ATYT	17.18	18 - 10	\$0.90	(\$0.03)	\$0.79	\$1.00	NMF	22	HOLD
Dell (Jan fol.)	DELL	29.76	42 - 29	\$1.28	\$1.53	\$1.56	\$1.85	19	19	HOLD
Gateway (Dec)	GTW	2.19	4 - 2	(\$0.40)	\$0.12	\$0.08	u/r	18	27	HOLD
Lexmark (Dec)	LXK	45.38	80 - 39	\$4.13	\$3.35	\$3.00	\$3.60	14	15	BUY
nVidia (Jan fol.)	NVDA	57.26	58 - 21	\$0.57	\$1.72	\$2.55	u/r	33	22	HOLD
<b>Wireless</b>										
palmOne (May)* <sup>2</sup>	PALM	23.16	23 - 10	\$0.90	(\$0.03)	\$0.79	\$1.00	-772	29	HOLD
Res. in Motion (Feb)* <sup>1</sup>	RIMM	84.88	91 - 51	\$1.67	\$2.59	\$3.07	\$3.76	33	28	HOLD
<b>Services</b>										
Accenture (Aug)*	ACN	30.07	33 - 21	\$1.28	\$1.50	\$1.63	\$1.81	20	18	HOLD
Affiliated Computer (June)*	ACS	59.66	64 - 46	\$2.83	\$3.23	\$3.64	\$4.13	18	16	HOLD
First Data (Dec)*	FDC	46.82	48 - 37	\$2.16	\$2.25	\$2.39	\$2.74	21	20	HOLD
Unisys (Dec) <sup>3</sup>	UIS	6.89	8 - 4	\$0.31	(\$0.46)	\$0.08	\$0.60	NMF	86	STRONG BUY

Notes: <sup>1</sup>Research in Motion split 2-for-1 on June 4, 2004.

<sup>2</sup>Palm became palmOne and PalmSource which started trading October 29, 2003. The stock split 2-for-1 effective March 15, 2006.

<sup>3</sup>Unisys estimates non-GAAP and exclude pension accounting.

\* First Call consensus estimates.

u/r = under review

Source: Nutmeg Securities estimates, except as noted.

Table II - Price History

Company (FY)	Prices						% chg March	2006 year to date
	12/31/2003	12/31/2004	12/30/2005	1/31/2006	2/28/2006	3/31/2006		
S&P 500	1112	1212	1248	1280	1281	1295	1.1%	3.7%
NASDAQ Composite	2003	2175	2205	2306	2281	2340	2.6%	6.1%
<b>Storage</b>								
EMC Corp. (Dec)	12.92	14.87	13.62	13.40	14.02	13.63	-2.8%	0.1%
Network Appl. (Apr)	20.44	33.22	27.00	31.20	33.16	36.03	8.7%	33.4%
<b>Servers</b>								
Hewlett-Packard (Oct) (1)	22.97	20.97	28.63	31.18	32.81	32.90	0.3%	14.9%
IBM Corp. (Dec) (1)	92.68	98.58	82.20	81.30	80.24	82.47	2.8%	0.3%
Sun Micro. (Jun)	4.47	5.39	4.19	4.50	4.17	5.13	23.0%	22.4%
<b>Personal Computers</b>								
ATI Technologies (Aug)	15.12	19.39	16.99	17.85	15.88	17.18	8.2%	1.1%
Dell (Jan)	33.98	42.14	29.95	29.31	29.00	29.76	2.6%	-0.6%
Gateway (Dec)	4.60	6.01	2.51	2.72	2.36	2.19	-7.2%	-12.7%
Lexmark (Dec)	78.64	85.00	44.83	48.57	47.09	45.38	-3.6%	1.2%
nVidia (Jan)	23.20	23.56	36.56	44.96	47.13	57.26	21.5%	56.6%
<b>Wireless</b>								
Palm, Inc. (May)	5.88	15.78	15.90	19.74	20.65	23.16	12.2%	45.7%
Res. in Motion (Feb)	33.42	82.42	66.01	67.53	70.53	84.88	20.3%	28.6%
<b>Services</b>								
Accenture (Aug)	26.32	27.00	28.87	31.53	32.66	30.07	-7.9%	4.2%
Affiliated Computer (June)	54.46	60.19	59.18	62.60	62.92	59.66	-5.2%	0.8%
First Data (Dec)	41.09	42.54	43.01	45.10	45.13	46.82	3.7%	8.9%
Unisys (Dec)	14.85	10.18	5.83	6.69	6.68	6.89	3.1%	18.2%

Research in Motion split 2-for-1 on June 4, 2004.

Palm became palmOne and PalmSource which started trading October 29, 2003. Stock split 2-for-1 on March 15, 2006.

Notes: (1) The author has a position in the common stock. (2) The author has a position in the debentures.

Source: Reuters.

### ***DEFINITION OF OUR RATING SYSTEM***

In general, we have three basic ratings of followed securities: Buy, Sell and Hold (Not Rated is a term we use where a security is not followed, or if followed, where not enough information is currently available to base an opinion).

**BUY** – is our rating for a stock that we consider currently attractive for purchase for most technology investors. It is a stock that we believe will outperform the market, as measured by the NASDAQ Composite, in a six to eighteen month timeframe. The recommendation could be based on industry or company fundamentals, on equity prices, or any one of a host of other factors, as assessed by the analyst.

We have also formed additional sub-categories of “BUY” rated stocks to make more clear our position. The most common of these are listed below:

- **STRONG BUY** – where the analyst feels a stock is especially attractive, in some cases due to recent price declines, in some where conventional wisdom on prospects is viewed as wrong, in some where there is a visible catalyst that will call attention to the security.
- **LONG-TERM BUY** – where the analyst considers the stock as fundamentally attractive but where fruition appears extended over a longer than normal period of time, or where the stock price currently is higher than levels where the analyst would rate the stock “BUY”.
- **SPECULATIVE BUY** – where the analyst considers the stock as very attractive on the price and the fundamentals but where well above average risk must be assumed by the investor.

**HOLD** – is our rating for a stock where prospects appear more or less in line with the market, or where we feel a compelling case cannot be made either for Buy or for SELL.

**SELL** – is our rating for a stock that in our opinion is likely to underperform the market as measured by the NASDAQ Composite in a six to eighteen month time frame.

Additional information on subjects in this report is available upon request.

Our recommendation changes on the securities mentioned in this report are as follow:

ATI Technologies  
Hold 4/30/04 at \$14.57

Celestica  
Hold 8/30/02 at \$22.97  
Ended coverage 5/2/05 at \$11.50

Flextronics  
Hold 8/30/02 at \$9.47  
Ended coverage 5/2/05 at \$11.15

Hewlett-Packard  
Sell 10/31/01 at \$16.83  
LT Sell 12/31/02 at \$17.36  
Hold 1/8/03 at \$19.65  
Buy 5/5/03 at \$16.65  
Strong Buy 5/30/03 at \$19.50  
Buy 8/2/04 at \$20.15  
Hold 9/1/04 at \$17.89  
LT Buy 7/1/05 at \$23.51  
Strong Buy 8/1/05 at \$24.62

Lexmark International  
Hold 1/5/04 at \$78.64  
Strong Buy 3/31/04 at \$92.00  
Hold 11/1/05 at \$41.52  
Strong Buy 12/1/05 at \$47.62  
Buy 2/1/06 at \$48.57

palmOne  
Sell 10/31/01 at \$48.60  
Hold 1/31/02 at \$74.80  
Sell 5/31/02 at \$31.80  
Hold 8/30/02 at \$15.20

Dell  
Hold 10/31/01 at \$23.89  
LT Buy 3/28/02 at \$26.11  
Buy 8/9/02 at \$25.59  
Hold 11/29/02 at \$28.60  
Sell on 7/1/05 at \$39.46  
Hold on 9/1/05 at \$35.60

Gateway  
Value Buy 10/31/01 at \$5.65  
Strong Buy 1/31/02 at \$5.21  
Buy 2/28/02 at \$5.60  
Strong Buy 3/25/02 at \$6.45  
Buy 12/31/02 at \$3.14  
Strong Buy 7/31/03 at \$5.11  
Buy 4/30/04 at \$4.82  
Speculative Buy 9/1/04 at \$4.39  
Hold 6/1/05 at \$3.46

IBM  
Hold 10/31/01 at \$108.77  
Buy 1/5/05 at \$98.58  
Strong Buy 5/2/05 at \$76.38

Network Appliance  
Strong Buy 10/31/01 at \$13.30  
Buy 9/1/04 at \$20.07  
Strong Buy 6/1/05 at \$28.76  
Hold 1/3/06 at \$27.00

PalmSource  
u/r 10/31/03 at \$38.17  
Acquired 11/14/05 at \$18.50

EMC  
Buy 10/31/01 at \$12.32  
Strong Buy 3/28/02 at \$11.92  
Buy 8/1/05 at \$13.69  
Hold 1/3/06 at \$13.62

Globix  
Spec. Buy 10/31/01 at \$0.56  
Hold 1/31/02 at \$0.06  
Ended coverage 5/2/05 at \$3.55

Jabil  
Hold 8/30/02 at \$18.71  
Ended coverage 5/2/05 at \$27.60

nVidia  
LT Buy 10/31/01 at \$42.75  
Buy 1/31/02 at \$65.74  
Strong Buy 2/28/03 at \$52.01  
u/r 6/28/02 at \$17.18  
Buy 7/25/02 at \$15.07  
Strong Buy 8/9/02 at \$9.42  
Buy 5/30/03 at \$ 26.17  
Strong Buy 6/30/03 at \$22.91  
Buy 8/29/03 at \$18.17  
Hold 9/30/03 at \$15.91  
Strong Buy 1/5/04 at \$23.20  
Hold 8/2/04 at \$15.42  
Buy 8/9/04 at \$9.43  
Hold 10/29/04 at \$14.47  
Buy 3/1/05 at \$28.99  
Strong Buy 4/1/05 at \$23.76  
Hold 2/1/06 at \$44.96

Res. In Motion  
Buy 10/31/01 at \$16.01  
Strong Buy 2/28/02 at \$23.89  
LT Buy 4/15/02 at \$20.39  
Hold 2/28/03 at \$12.70

Sun Microsystems  
Hold/LT Sell 10/31/01 at \$10.17  
LT Buy 11/29/02 at \$4.29  
Buy 1/8/03 at \$3.75  
Hold 9/30/03 at \$3.31  
LT Buy 1/5/04 at \$4.47  
Hold 4/30/04 at \$3.90  
Sell 7/1/05 at \$3.73  
Hold 1/3/06 at \$4.19

Taiwan Semi Mfg.  
Hold 8/30/02 at \$8.17  
Ended coverage 5/2/05 at \$8.61

Unisys  
Value Buy 10/31/01 at \$8.93  
Buy 1/31/02 at \$12.50  
Strong Buy 8/9/02 at \$7.82  
Buy 7/31/03 at \$12.26  
Strong Buy 8/29/03 at \$12.98  
Buy 10/29/04 at \$10.62  
Long Term Buy 1/5/05 at \$10.18  
Buy 6/1/05 at \$7.24  
Long Term Buy 8/1/05 at \$6.47  
Strong Buy 11/1/05 at \$5.11  
Buy 2/1/06 at \$6.69  
Strong Buy 4/3/06 at \$6.89

Accenture  
Hold 5/2/05 at \$21.70

Affiliated Computer  
Hold 5/2/05 at \$47.67

First Data  
Hold 5/2/05 at \$38.03

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