

## *MONTHLY TECHNOLOGY COMMENT*

**Vol. VI, Issue #8**

August 1, 2006  
Peter Labé, CFA

### **REMAINING CAUTIOUSLY BULLISH**

*In this issue:*

- *The Disaster at Dell*
- *Bombs going off at EMC*
- *Hewlett to make large acquisition*
- *nVidia looks cheap again*
- *Unisys quarter horrendous*

### **VIEWS ON THE ECONOMY**

Conventional wisdom is that the economy is, in fact, decelerating. The discussion now is more apt to be around whether there is a soft landing or not. If we look at the tech companies in this context, we would say the deceleration has already started – in the second quarter. The large number of shortfalls and pre-announcements appear to be company-specific but we think there's more to it than that. Using this as evidence there is a slowdown, it means we are entering a period in which we are "blind" – **we don't really know what these companies are earning.**

I think this showed up in the second quarter tech reports, but that's now history. Looking ahead, the market appears convinced that we will have a "soft landing", with just enough economic weakness to convince Mr. Bernanke to stop raising interest rates but strong

#### 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.

enough to allow the earnings to unfold as predicted. There is a little tightrope walking in this view, admittedly, but right now looks ok to us.

Then there is the matter of the fighting in the Middle East. There is no way this can be good news, but one has to assume it will be over soon, at least the head to head part of the hostilities. It has, however, pushed the price of crude oil to new highs, which is troublesome. On the plus side, it appears to have strengthened the dollar at least short term, as investors considered the U.S. relatively "safe."

Federal Reserve chairman Bernanke gave testimony in the Senate to the effect that in his view inflation was moderating. If this translates into holding the line on interest rates, we would support it. Uncertainty on the Federal Reserve outlook remains one of the things that spook the market.

The nation's long-term problems, the trade imbalance/current accounts deficit, and the federal deficit, in the short term seem unlikely to come to the fore as a market factor.

The end result will be, we think, a continuation of choppy markets, with an upward bias.

The behavior of the stocks has been a general decline in July while the poor results were being absorbed, followed by an oversold condition late in the month and a bounce back. We believe the stocks are likely to consolidate around here with an upward bias.

## **WHERE WE THINK TECHNOLOGY STOCKS SHOULD GO**

In view of the economic uncertainties, we consider it likely investors will tend to migrate to the larger, well known companies, of which many have substantial balance sheets and of course market liquidity. The smaller, dynamic companies will not be forgotten, but they may be on the back burner over the short term. Accordingly, we think the outlook for big cap tech stocks is generally pretty good.

## **COMPOSITION OF OUR LIST**

We have Buys out on EMC, IBM, Dell, Lexmark, and Unisys, in addition to Hewlett-Packard which we continue to rate Strong Buy. We believe these stocks are consistent with our policy generally as we have discussed before. They cover a broad span of investor objectives. We make no other changes or adds or subtractions at this time.

## **DATA STORAGE**

### **EMC Corporation (\$10.15 - Buy)**

EMC is one of those giving us a pre-announcement this quarter, part of the reason for the stock's decline. The things that hurt EMC this month would include the following, we think:

1. Proposed to acquire RSA Inc. for \$2.1 billion, in our view substantially overpaying for this property, which looks like a \$370 million sales company earning something over \$40 million. It looks certain to dilute earnings in 2007.
2. A shortfall in revenue and earnings for the second quarter.
3. Lowered guidance for the full year 2006.
4. Drove the stock down to \$10, creating a potentially massive overhead supply in the \$12-\$14 range where the stock traded for almost a year.

The positive aspects have not been stressed, we feel. One is that the purchase of RSA is for its encryption technology, not the identity-access markets where RSA is presently. This could give EMC an edge looking at the long term for data storage. Another is the more conservative nature of the guidance. The outlook now is \$10.8 billion in revenue and \$0.51 per share in earnings, versus earlier forecasts of \$11.1-\$11.3 billion revenues and \$0.54-\$0.57 per share in earnings. The new numbers are more believable as well as more achievable.

Our feeling is that we were premature in upgrading the stock last month as it came down. But the stock is down now, to levels where we would rate the stock **Buy** rather than Strong Buy. Our price objectives are now more limited, is the reason why. At \$10, the stock is in our view good value, with price objectives in the \$13 - \$13.50 range (low 20's multiple of forward earnings). Our estimates are \$0.50 this year, \$0.62 next.

### **Network Appliance (\$29.65 - Hold)**

When EMC pre-announced a shortfall, Net App reiterated that its guidance was not changing. While investors are not worried about growth slowing as at EMC, they are worried how sustainable maintaining the current high growth rates is. Actually, quite awhile we think, more on this next issue.

## SERVERS

### IBM (\$77.41 - Buy)

IBM's quarterly report slightly exceeded analyst earnings estimates on a modest revenue performance. The key Services business, however, had a rocky quarter, which will hold the stock back. New contract signings were a relatively low \$9.6 billion (Wall Street estimates ranged from \$8.5 to \$12 billion). Management, however, continues to believe things are falling in place and performance will still improve, beginning really this quarter.

We are leaving a **Buy** rating on IBM because of this factor in part, and in part for its defensive characteristics and traditional role as a haven.

### Hewlett-Packard (\$31.91 - Strong Buy)

Hewlett this month proposed its first acquisition since the new management team took over. The company to be acquired is Mercury Interactive, a delisted company facing civil charges over timing of option grants (seems like everybody is being looked at for timing of option grants, so this is nothing extraordinary). The purchase price is \$4.5 billion **cash**. Mercury revenues are estimated at \$900 million, which will immediately bring Hewlett's Software revenues to \$2 billion with solid, not marginal as now, profitability. Dilution is expected to be \$0.04 per share in 2007, and accretive in 2008 by an estimated \$0.02 per share.

The acquisition brings together the strength of Hewlett *OpenView* systems, networking, and IT management software with Mercury's strength in application management, application governance and service-oriented architecture. HP management claims that it will permit the company to be the leader in end-to-end enterprise IT management, that it has the building blocks for an entire IT lifecycle.

We think this step is a smart, even brilliant move. While the incremental adds or subtractions from reported earnings is small, it is a good, solid strategic move. We are encouraged now as far as future acquires, and maintain our **Strong Buy** rating.

### Sun Microsystems (\$4.35 - Hold)

Sun reported a quarter of 29% revenue gain but zero profits. We'll let someone else make money on this one.

## PC AND RELATED

### **nVidia (\$22.14 - Hold)**

There is no particular news out of nVidia, but there has been a major industry development. That is the announced proposal for AMD (\$19.39 - Not followed) to acquire ATI Technology of Canada (\$20.12 - Hold). At first blush, one might think this is a little adverse for nVidia, but it turns out not really so.

The AMD microprocessor market presently accounts for about 17% of nVidia's revenue. Is this in danger of an ATI part substituting for it? The nVidia product, the *nForce* line of chip sets, has been a powerful part of the AMD growth story and part of its great performance. nVidia must maintain its leadership to keep this business whether or not ATI is acquired. There is no greater danger now that ATI will be part of AMD.

More important, AMD's leadership in microprocessors is being threatened by new microprocessors coming out of Intel the next few months. Intel may have been neutral or stand-offish as far as nVidia before but now conditions have changed. Intel will opt for the best graphics solution to compete with AMD. Right now, anyway, that choice is nVidia by several miles. Some in the industry have characterized this as AMD driving nVidia into Intel's arms!

The stock recently got down to \$18 where we love it. At current prices we rate it a **Hold**, since we have no "buy on weakness" category. The PC market is slowing and investors may be concerned that that will have an effect on nVidia. We don't think so, but the stock's performance will be affected if the perception is that it will be a problem for nVidia. nVidia will report its fiscal second quarter on August 10

Our estimates are \$1.25 this year, \$1.55 next.

### **Gateway (\$1.60 - Hold)**

Gateway has not yet reported its second quarter (scheduled for August 3) but a lot of things look to be going on under the surface. Interim CEO Rick Snyder is making some waves, in advance of hiring a new CEO, which we expect by the Christmas selling season.

Management believes that the company has reasonable brand recognition, but could do better – we expect a re-launch in the fourth quarter. The company has always been alert to customer satisfaction, meaning mostly tech support. It is now established that all support centers be U.S.-based and manned, including North Sioux City. One of the company's tenets is that it believes it can come out with innovative products. Examples might be the success of the 21-inch screen, and the gaming products.

We further think the direct business will be re-positioned to serve the high end, and will involve more options for the user. This is a traditional market for Gateway, and we are optimistic. In the Professional market, where Gateway has been losing money and having erratic performance, the thinking is that it is fixable by good management.

In sum, while the stock has been dropped out of the S&P 500, it is a security that should be added to the investor's radar screen. For now, we rate the stock **Hold** and await further developments.

Our estimates are \$0.06 per share this year, \$0.17 per share, next.

### **Dell Computer (\$21.68 - Buy)**

It was not a reporting period for Dell but they pre-announced anyway. Volume was once again predicted to be short (maybe the third time this year) but earnings, instead of being a penny or two off, were projected at around 50% off the forecast. (Actual forecast \$14 billion revenues, \$0.21-0.23 per share in earnings.) No details were provided, pending the August 17 conference call.

Some of the company's problems appear clear:

1. The market trend favors consumer demand over business or corporate right now. This is a large business for Dell but also the one in which it is the weakest. There is a structural problem here.
2. Retail is doing well (i.e. store sales) but Dell as an 800 number/internet marketer does not participate in that market.
3. On the corporate side, the market is slowing down. This is beyond Dell's control.
4. Hewlett Packard, the largest competitor, has been doing a better job of executing.
5. It has become popular to say Dell's competitors, like Hewlett and Lenovo, have been reducing their costs faster than Dell, thereby reducing competitive disadvantage.

Unfortunately, all the fixes for Dell look like they are going to cost margin dollars. The company has already announced it is going to invest \$100 million in customer support (which means, we believe, customer or tech support centers). The company needs to operate the consumer business much better, and re-balance the pricing. The need to be profitable drives prices upward, the need for growth and market share drives prices downward. Dell badly needs to re-visit this formula.

It is going to take Dell a number of quarters to get in shape. It has some attributes that are good, however:

1. It is still the lowest cost producer.
2. Microsoft Windows *Vista* should be an important stimulus to demand, initially by the consumer, but then followed by corporate.
3. The company has time now, with a slowing market, to get its corporate business into shape for that next wave.

4. Dell has a powerful position overseas and in emerging markets.
5. The company is rich – approximately \$8.5 billion cash not including nearly \$3 billion in investments.

At \$20-21, we rate the stock a solid **Buy** based on the value. Because we are looking over a period of time to get the house in order, it does not merit a Strong Buy rating. The key is, what is the outlook a year from now? We suspect it will be very much better.

Our estimates are \$1.16 per share for Dell this year, \$1.45 next.

### **Lexmark International (\$54.05 - Buy)**

The Lexmark quarter was ok. Revenues of \$1.28 billion (vs. \$1.35 billion a year ago) and EPS of \$0.78 (vs. \$1.06). EPS in 2006 would have been \$1.03 if special items were excluded. Guidance was modest. Investors decided there was not enough here to go one way or another on the stock.

The pluses and minuses seemed to be as follows:

- + The product set improved. The all-in-one ink jet, color laser, multi-function laser, branded products all looked good.
- OEM business was disappointing. It has been just plain weak since late last year.
- Weaker supplies growth – down 1% (last year inventory was built).
- + Growth in branded in key segments.

As we see it, Lexmark is gradually making progress on its principal problems, quietly and with no fanfare. The product proposition continues to improve, which should increase growth in the all-important supplies base. The supplies business, meanwhile, has been absorbing a lot of adjustments due to OEM changes, dealer inventories, and so on. This won't continue forever. During this rebuilding process, Lexmark has responded by a restructuring designed to save \$80 million annually, and by accumulating large amounts of stock. The buyback was \$300 million in the quarter (\$600 million year to date). This follows \$1 billion in 2005. Nearly 30 million shares have been repurchased in 2005-06. It will take another year for Lexmark to get straightened out, we think, and then on a small capital base, earnings could be substantial. We continue to rate the stock **Buy**.

Our estimates are \$3.51 per share this year, \$3.87 next.

## **SERVICES**

### **Unisys (\$5.12 - Buy)**

Unisys reported an absolutely horrendous quarter. It suggests we may have more than one bump in the road before the payoff in 2008; we demoted Unisys from Strong Buy to just **Buy** as a result.

For the quarter, revenue declined 2% year over year, and the reported loss of \$0.57 exceeded the \$0.08 per share loss of a year ago. Unisys announced that there would be 1,900 more people laid off, bringing the total to 5,500. Also announced was a double-digit decline in new orders. This is not a dreamy report. It appears that there has been confusion and turmoil, given the disruption of the layoffs. About 2,200 personnel were cut in the June quarter, with 1,300 more expected in Q3 and 1,500 in Q4.

Segment analysis showed that Technology (Unisys name for the mainframe and large computer business) had the lowest revenue the writer can remember (the writer, please note, has covered Unisys for more than 40 years) and took a 15 point whack in margins, to the lowest levels in recent memory.

Before you say sayonara, though, the positives need to be considered:

1. The restructuring is designed to take \$325 million out of costs, nearly \$1 per share pretax, by the end of the second half of 2007.
2. The costs of the restructuring are on hand and not a risk.
3. The technology plan looks very sound. It will eliminate the custom CMOS chips that are the heart of the processor and use industry-standard (Intel) chips. A clear 3-year plan can be sold to the user, backed up by low costs. In addition, Unisys has under development a “next generation” system, that is a brand new architecture and quite innovative. We may see this system this year. These steps should restore confidence in the user base and get the business healthy.
4. The order outlook for Services is double-digit growth in the second half this year. The company should be over the hump in its layoffs by then, and we think the situation will stabilize.
5. As reported in previous issues, Unisys has the pension cost issue under control. The bookkeeping pension cost in 2006 will be down about \$46 million, and continues on down from there at a fairly high rate.

We continue to be persuaded that the positives far outweigh the negatives. This stock is a **Buy**, just a little early on the timing.

## **SUMMARY**

The second quarter had a lot of surprises and weak business conditions. These look pretty well in the stock prices now, though, and we believe investors should increase their exposure.

## **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 6 stocks (38%) and no sell ratings (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	
		7/31/2006	Range	2005A	2006E	2007E	2008E	2006E		2007E
S&P 500*	SPX	1277	1327 1168	\$76.28	\$83.32	\$88.34	\$93.00	15	14	
NASDAQ Composite	COMP	2091	2376 2013							
<b>Storage</b>										
EMC Corp. (Dec)	EMC	10.15	15 - 9	\$0.53	\$0.50	\$0.62	\$0.74	20	16	BUY
Network Appl. (Apr)	NTAP	29.65	39 - 23	\$0.81	\$1.02	\$1.29	u/r	29	NMF	HOLD
<b>Servers</b>										
Hewlett-Packard (Oct)*	HPQ	31.91	35 - 24	\$1.72	\$2.17	\$2.39	na	15	13	STRONG BUY
IBM Corp. (Dec)*	IBM	77.41	90 - 73	\$5.32	\$5.85	\$6.35	\$7.01	13	12	BUY
Sun Micro. (Jun)*	SUNW	4.35	5 - 4	(\$0.12)	(\$0.10)	\$0.12	\$0.15	NMF	36	HOLD
<b>Personal Computers</b>										
ATI Technologies (Aug.)*	ATYT	20.12	20 - 10	(\$0.03)	\$0.71	\$0.95	na	28	21	HOLD
Dell (Jan fol.)	DELL	21.68	41 - 19	\$1.56	\$1.16	\$1.45	\$1.60	19	15	BUY
Gateway (Dec)	GTW	1.60	4 - 2	\$0.12	\$0.06	\$0.17	u/r	27	9	HOLD
Lexmark (Dec)	LXK	54.05	65 - 39	\$3.35	\$3.51	\$3.87	\$4.80	15	14	BUY
nVidia (Jan fol.) <sup>4</sup>	NVDA	22.14	32 - 13	\$1.07	\$1.25	\$1.55	\$2.00	18	14	HOLD
<b>Wireless</b>										
Palm, Inc. (May)* <sup>2</sup>	PALM	14.91	25 - 12	\$0.73	\$0.97	\$1.07	\$1.16	15	14	HOLD
Res. in Motion (Feb)* <sup>1</sup>	RIMM	65.63	91 - 51	\$2.59	\$2.81	\$3.49	\$4.17	23	19	HOLD
<b>Services</b>										
Accenture (Aug)*	ACN	29.26	33 - 24	\$1.50	\$1.67	\$1.83	na	18	16	HOLD
Affiliated Computer (June)*	ACS	50.93	64 - 47	\$3.23	\$3.12	\$3.73	na	16	14	HOLD
First Data (Dec)*	FDC	40.85	49 - 39	\$2.25	\$2.36	\$2.72	\$3.17	17	15	HOLD
Unisys (Dec) <sup>3</sup>	UIS	5.12	7 - 4	(\$0.46)	(\$0.70)	\$0.37	\$0.90	NMF	14	BUY

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

<sup>2</sup>Palm stock split 2-for-1 effective March 15, 2006.

<sup>3</sup>Unisys estimates GAAP and include pension accounting.

<sup>4</sup>nVidia split 2-for-1 effective April 6, 2006.

\* First Call consensus estimates.

u/r = under review

Source: Nutmeg Securities estimates, except as noted.

Table II - Price History

Company (FY)	Prices						%chg July	2006 year to date
	12/31/2004	12/30/2005	4/28/2006	5/31/2006	6/30/2006	7/31/2006		
S&P 500	1212	1248	1311	1270	1270	1277	0.5%	2.3%
NASDAQ Composite	2175	2205	2323	2179	2172	2091	-3.7%	-5.2%
<b>Storage</b>								
EMC Corp. (Dec)	14.87	13.62	13.51	12.80	11.18	10.15	-9.2%	-25.5%
Network Appl. (Apr)	33.22	27.00	37.07	32.00	35.34	29.65	-16.1%	9.8%
<b>Servers</b>								
Hewlett-Packard (Oct) (1)	20.97	28.63	32.47	32.38	31.94	31.91	-0.1%	11.5%
IBM Corp. (Dec) (1)	98.58	82.20	82.34	79.90	76.63	77.41	1.0%	-5.8%
Sun Micro. (Jun)	5.39	4.19	5.00	4.63	4.14	4.35	5.1%	3.8%
<b>Personal Computers</b>								
ATI Technologies (Aug)	19.39	16.99	15.52	16.51	13.65	20.12	47.4%	18.4%
Dell (Jan)	42.14	29.95	26.20	25.38	24.62	21.68	-11.9%	-27.6%
Gateway (Dec)	6.01	2.51	2.20	1.72	1.69	1.60	-5.3%	-36.3%
Lexmark (Dec)	85.00	44.83	48.70	57.25	55.02	54.05	-1.8%	20.6%
nVidia (Jan)	11.78	18.28	29.22	22.98	21.49	22.14	3.0%	21.1%
<b>Wireless</b>								
Palm, Inc. (May)	15.78	15.90	22.60	16.48	18.66	14.91	-20.1%	-6.2%
Res. in Motion (Feb)	82.42	66.01	76.63	64.89	65.99	65.63	-0.5%	-0.6%
<b>Services</b>								
Accenture (Aug)	27.00	28.87	29.07	28.15	27.05	29.26	8.2%	1.4%
Affiliated Computer (June)	60.19	59.18	55.76	49.92	50.51	50.93	0.8%	-13.9%
First Data (Dec)	42.54	43.01	47.69	46.11	43.99	40.85	-7.1%	-5.0%
Unisys (Dec)	10.18	5.83	6.24	6.58	6.28	5.12	-18.5%	-12.2%

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

Palm 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

Palm, Inc.  
Sell 10/31/01 at \$24.30  
Hold 1/31/02 at \$37.40  
Sell 5/31/02 at \$15.90  
Hold 8/30/02 at \$7.60

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  
Buy 5/1/06 at \$26.20

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  
Buy 7/3/06 at \$76.63

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  
Strong Buy 7/3/06 at \$11.18  
Buy 8/1/06 at \$10.15

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 \$21.38  
Buy 1/31/02 at \$32.87  
Strong Buy 2/28/03 at \$26.00  
u/r 6/28/02 at \$8.59  
Buy 7/25/02 at \$7.53  
Strong Buy 8/9/02 at \$4.71  
Buy 5/30/03 at \$ 13.09  
Strong Buy 6/30/03 at \$11.45  
Buy 8/29/03 at \$9.09  
Hold 9/30/03 at \$7.95  
Strong Buy 1/5/04 at \$11.60  
Hold 8/2/04 at \$7.71  
Buy 8/9/04 at \$4.71  
Hold 10/29/04 at \$7.24  
Buy 3/1/05 at \$14.50  
Strong Buy 4/1/05 at \$11.88  
Hold 2/1/06 at \$22.48

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  
Buy 8/1/06 at \$5.12

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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