

MONTHLY TECHNOLOGY COMMENT

Vol. V, Issue #2

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BACK TO THE MARKETS OF 2004?

In this issue:

- *Can Unisys come back from the ashes?*
- *Defensive Investing? Give me a break*
- *IBM almost had a fine report*
- *Want to emphasize Lexmark here*

As we sailed into 2005, hoping for a fresh new market, what happened? We are back to the 2004 market, looks like. Another tough market, hard to make money in. We'll deal with that in a minute.

Among the interesting things this month, was the *Wall Street Journal* (January 18) proclaiming the end of the bull market. This just can't be right. One sign of encouragement.

OUR WORRY LIST

As we related in the last couple of issues, our main concerns continue to be:

1. Massive current account/ trade deficit, and
2. The federal deficit

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.

Should these concerns turn into reality, they would manifest themselves in interest rates; substantial interest rate increases would likely adversely affect the equity market. We do not believe a technology investor can defend against these risks, and assume they are dealt with elsewhere in a portfolio.

Perhaps we should mention that nothing on these fronts looks **imminent**. The bond market would be very sensitive to these developments, and we do not see any kind of apprehension in those markets now. For example, the 10-year treasuries have been flat the entire month of January to date.

OTHER RISKS

There are a bunch of other risks: geopolitical, wobbles in the economy, interest rates, energy prices, and so on. There is nothing new here this past month.

We might comment on interest rates, though. The Federal Funds rate has been brought up to 2.25% in a series of quarter-point steps. We think it stops sometime in 2005 at 3.5%. The reason? The economy just **isn't that ebullient**.

OUR THINKING

Last time, we suggested the economy might be a little better than expected. That view has not been borne out by results/conference calls this month, which by and large painted a fairly moderate recovery. However, in the technology business, the year is influenced by the second quarter and especially the fourth quarter. In other words, the jury is still out.

Although we do not keep a mathematical count, there were a few more pre-announcements and shortfalls than we expected, which didn't help.

As time has gone on, we have gradually evolved into a more conservative or defensive stance. Yes, we are going to continue to support such high growth names as EMC and Network Appliance, but we would balance that now with IBM and Lexmark. IBM is outright defensive but with a kicker, while Lexmark is a growth issue with a conservative tinge to it. Gateway and Unisys have to be considered special situations at this point. And, we are willing to buy any good "story" that we see, so we are not afraid of the market, either. For example, one might consider nVidia for a trade, despite its strong performance year to date.

Defensive investing is probably not our long suit, but for the moment we have to bend a little in that direction.

Our sector reviews follow.

DATA STORAGE

EMC Corporation (\$13.10 – Strong Buy)

EMC gave us an outstanding quarterly report, we thought. The company blew through our forecasts for revenue, operating margins, and earnings per share. Guidance was solid. We wound up raising our \$0.50 per share estimate for 2005 to \$0.52, a shade above guidance. But the stock was down!

- Some were concerned with **gross margin** guidance, which was 52% for 2005. Most people were higher (we were at 53%). In the company's view, the shortage of disk drives is a gating factor, and increased competition (e.g., Hitachi, IBM) is a gating factor. Not mentioned though, was expectation of a **new Symmetrix in the first half**, which could favorably affect margins in the second half. EMC's hardware margins were 31.7% in the fourth quarter (our estimate) which was one of the better performances in recent years.
- EMC's reported earnings, \$0.13 per share, up 45% from a year ago's \$0.09, included about \$0.01 from a more favorable **tax rate**. So, earnings were up 34%, big deal.
- EMC gave us a better-than-expected view of the first quarter, in revenue and earnings. For the full year, revenue was forecast higher than many thought, with earnings in the solid range of general expectations today. We find it hard to find fault with this.
- The company reiterated industry growth expectations of 7-8% growth in 2005, which we are comfortable with. EMC should grow at least twice that.
- The stock periodically has valuation issues come to the fore. Investors are not clear whether the growth rate is 15% or 20%. We are using the latter, so our view is that the recent drop is a buying opportunity.

Network Appliance (\$31.84 – Buy)

No news this month. We'll give an extensive write-up next issue.

SERVERS

Hewlett-Packard (\$19.59 – Hold)

- Hewlett stock firmed up on news the company would **no longer emphasize market share in the PC business** but would stress profitability. Amen! Hoping this is true, we note **Dell** would be helped, but you know what, especially **Gateway**, we think.
- Hewlett also announced it would combine its PC and printing units. The new operation would be under the printing chief, with the PC chief departing. This could make some sense. Our concern would be if they are joined for financial

- reporting. Industry executives have long been skeptical of how printer accounting might be helping out elsewhere. This could make it very hard to follow.
- Worldwide 4Q PC data from industry consultants show Dell picked up a point of share, H-P dropped 0.6 of a point. A point means something, since roughly 178 million PCs are shipped annually. In the U.S., Dell picked up nearly 3 points while Hewlett dropped a point.
 - On January 24, the *Wall Street Journal* reported the H-P board was considering a management **reorganization** to distribute some key day-to-day responsibilities from CEO Carly Fiorina to other managers. The stock market yawned, this isn't the reorganization they were hoping for.
 - Hewlett stock slightly underperformed our universe this month, not bad for an unloved stock! It looks like investors are saying, maybe they can put a couple of quarters together, in which case we can make a little money. On the other hand, if they can't, the pressure will mount for a breakup in which case we'll make quite a bit more. Of course, it could be simpler than that. This stock is a **defensive** holding. It is the only stock among the majors to have a **lower multiple** than the market.
 - We continue to rate the stock **Hold** and make no estimate changes.

Sun Microsystems (\$4.36 – Hold)

- The tone of this month's conference call was in general "up" – Scott McNealy, CEO, believes Sun is back on track.
- Investors didn't agree, and the stock sank. The quarterly report showed a profit of \$0.01 per share (vs. a loss of \$0.04 a year ago) but revenues declined 1.6%. This is **not a report that will excite investors**. Although unit sales rose, revenue from computer hardware declined 4%.
- Although the stock is down 25% from recent highs, we are still not attracted to it. Sun remains a solid value, but without a good buy catalyst. We continue our **Hold** rating.

International Business Machines (\$93.42 – Buy)

IBM had a really good-looking report. Revenue up 7%, pretax up 13%, EPS of \$1.81 up 16% and beat consensus by \$0.04. For the full year IBM revenues were up 8%, pretax before one-time charge up 14%, EPS before one-time charge was \$5.05

- We were extremely pleased with **Global Services**. 48% of revenue, this business was up 10%. Better yet, after three quarters of plateau on \$7 billion a quarter in new bookings, IBM broke out to \$14.6 billion.
- Elsewhere, hardware up 4%, software up 7%, only financing down 10%. No figures on microelectronics but yields were said to be improving.
- **Sale of the PC unit to Lenova of China was brilliant**. Revenue growth will be higher, margins will be higher (small numbers, but even so) IBM continues the services surrounding the products, and through Lenova has an introduction in China that few can emulate.

- **Guidance, for industry and company, was firm.** EPS is expected to grow 11% this year.
- What wasn't perfect here? **The dividend.** We wouldn't want IBM to go back to the days of yore and 50% payouts (too much loss of flexibility). But by the same token a 12% payout in this day and age seems preposterous. If IBM moves the dividend payout up to something in between, this is an **up** stock.
- We'll have to see if we get this "kicker" or not, but at a market multiple (17x) IBM is attractive for safety and some growth. We continue our **Buy** rating.

PC AND RELATED

Lexmark International Inc. (\$83.35 – Strong Buy)

Lexmark reported a good fourth quarter and we are comfortable with guidance given. The stock hasn't had much response, but that's par for the course these days. This is just about our favorite stock right now.

- Revenue was **up 13%**, with the hardware portion up 16% and **supplies 13%**. As indicated well in advance, increase in advertising cost \$0.08 and the bump up in R&D cost another \$0.08, although the effect was lessened by \$0.06 from a tax rate benefit. **Earnings per share were \$1.18, up 13%** from a year ago's \$1.05, despite the investment spending for the future.
- **Dell business finally reached 10%** and had to be reported—the \$570 million revenue figure was the only one disclosed. Moreover, it will only be disclosed annually! IBM and Lenova were the only OEM customers identified, though it was said there are "many" – not said, but we think they are a lot smaller. Nevertheless OEM adds a little pizzazz to the overall outlook.
- Supplies have grown double-digit every quarter this year, which is helping margins. We see more of the same for 2005, especially given the good performance of hardware which will draw supplies behind it. **We raised our 2005 estimate** from \$4.50 to \$4.55, and open 2006 with \$5.06.
- The company has \$1.6 billion cash (nearly \$12 per share) and virtually no debt. The multiple is 19x, modestly above the 17x for the market. This is a good buy for 2005 and the longer term. Rating: **Strong Buy.**

Dell Computer (\$41.76 – Hold)

Dell has a January fiscal quarter so hasn't reported. However, consultant figures show Dell had another strong quarter.

- Worldwide market share in the fourth quarter was 17%, up from 16% a year earlier. Hewlett and IBM, the second and third largest vendors, each slightly lost share.

- For the full year, Dell **increased 1.2 points of share**, while second ranked Hewlett fell 0.4 points. Dell has a comfortable, consolidated lead in the industry.
- With a strong industry performance in 2004 and the fourth quarter, and a pretty good year in prospect, investors consider Dell somewhat “**safe**.”
- This is too defensive for us, and the \$100 billion-plus price tag too rich for us. Continue our **Hold** recommendation.

nVidia Corporation (\$22.92 – Hold)

Things are going well at nVidia, we think, and we believe estimates are going to be going up (including ours) after the earnings release and conference call on February 17.

- The *GeForce 6200* has been shipping with triple the cache, and now **completes the full product lineup** – the *GeForce 6* series now runs from entry level all the way up through the enthusiast market.
- Mercury Research reports that nVidia has been **gaining share in every category**. The latest figures show nVidia picked up 4 points in the desktop standalone market (to 46%), and 3 points in the total market (to 18%). In another market cut, nVidia picked up 3 points in the performance market (to 67%) – just a year ago share was 21%!
- The company’s slick SLI technology (which enables **two graphics processors** in a single system) has been winning a lot of awards and could be a sleeper. The greatest technical expert we know in this area is wildly bullish.
- Small business, but nVidia has quietly picked up a pretty good book of handheld business, with Motorola, LG and Samsung.
- The company is on schedule to ship products into the Intel integrated market.
- The stock is volatile but could be attractive here as a trade, or possibly more, depending on the news. Call it a **Hold** but give it more consideration than that.

Gateway Inc. (\$4.73 – Speculative Buy)

Gateway reported a quarter that was a little difficult to interpret, but we believe on balance investors should stick with it. The aberration, if any, was not major.

Gateway is one of those companies that reports multiple ways, which is confusing (many investors hold up their hands and move on). We can take GAAP earnings, we can take out restructuring charges and have GAAP minus restructuring, we can take out transformation expenses and taxes and take out all of that from GAAP. Finally we can come up with a non-GAAP figure that deducts all these (what we do). And, of course, there are basic and diluted. Seven different figures do not make for happy investors. And, it may be a year before we have a single, comparable figure. Well, let’s take Gateway as it comes.

- **Fourth quarter** results were on target. Revenue of \$1.03 billion (our estimate had been \$1.00 billion) and EPS of \$0.04 (our accounting basis) exceeded the street by at least a penny.
- **First quarter** guidance was \$810-850 million in revenues. This was appreciably **less** than the previous guidance – this put pressure on the stock – yet management reiterated full year guidance of \$4 billion to \$4.25 billion. Investors are thinking that one over. The official explanation of Q1 is that seasonal mix shifts are causing it. **Full year** earnings continue to be predicted at \$0.17-0.19 (our accounting basis) and we have left our \$0.25 per share estimate alone.
- Operationally, retail revenue increased sequentially 48% and PC units 53%. Direct sales were up 3% and units 21%. Gateway is clearly holding its own in the PC market. And this is an important takeaway for investors. For the quarter, total PC sales were 1.2 million, up 29% sequentially. The company says that it is committed to being the **dominant** supplier at retail of PCs. Looks a long way off right now!
- Gateway has a lot of credibility to build, but if they keep bringing in numbers, it will come. The stock has been taken down sharply since the quarterly report – investors have very little patience. We have patience, but it is not inexhaustible. The year 2005 is going to be the key. Investors want to know why they should own it; Gateway needs to give them the reason. For now, maintain a **Speculative Buy**.

OUTSOURCING

Unisys Corp. (\$7.85 – Long Term Buy)

This company has followed one shortfall with another and reversed guidance given just a month earlier. There has been so much bad news that we can say at last maybe “the other shoe has dropped.” The stock has dropped like a stone but appears to want to bottom in the \$7 range.

- The company says that in Q1 it will be facing continuing cost on the large outsourcing contract that hurt the fourth quarter, that IT spending is weak at the high end and the high value, high margin *Clearpath* server demand is weak, and there are costs related to the cost reduction program announced in the third quarter. Accordingly, breakeven to a loss is likely. We expect services revenue to be down in the quarter as well. This has led to a revised forecast of full year results in the \$0.50-0.60 range **excluding** pension expense and expensing stock options. Our estimate right now is \$0.53 per share.
- As we see it, the maximum pressure for Unisys is in the first half. The problem service areas will have been reviewed, firmer pricing established, and the mainframe business should show some recovery. The quarterly compares get easier, particularly the fourth quarter.

- From a washed out basis, even the slightest bit of **good news** should help the stock. This is unlikely to be soon, but should be later in the year. The company would appear to have pretty good earning power in 2006. We continue the stock with a rating of **Long Term Buy**.

PERFORMANCE AND RATING CHANGES

This was a bad month for Tech. The market declined 3% (measured by the S&P 500) while tech was down 5% (NASDAQ Composite). Our universe struggled with that environment.

The storage stocks, EMC and Net App, were down 12% and 4% respectively; their high multiples and volatility ratings came out in force. IBM was down only 5% and Hewlett 7%, in the server group. As discussed, Sun was down 19%. In the PC group, Lexmark was down just 2% – this is our favorite stock so we feel pretty good about that. Dell was down only 1% while nVidia declined 3%, reflective of strong fundamentals. Gateway was off 21%, this stock is in weak hands. Wireless was generally down 14-19%, while Unisys was down 23% given weak fundamentals.

We made no rating changes this month. Except for Unisys, estimate changes have been small. Readers are reminded that our current quarterly and annual estimates are carried on 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 6 stocks (32%) but no sell ratings. 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 1/31/2005	52-week Range	E.P.S.				P/E		Rating
				2003A	2004E	2005E	2006P	2004E	2005E	
S&P 500*	SPX	1181	1218 1061	\$55.44	\$66.32	\$70.21	\$75.00	18	17	
NASDAQ Composite	COMP	6062	2192 1751							
Storage										
EMC Corp. (Dec)	EMC	13.10	15 - 9	\$0.19	\$0.37	A \$0.52	\$0.65	35	25	STRONG BUY
Network Appl. (Apr)	NTAP	31.84	35 - 16	\$0.40	\$0.62	\$0.80	u/r	51	40	BUY
Servers										
Hewlett-Packard (Oct)*	HPQ	19.59	25 - 16	\$1.16	\$1.34	A \$1.70	\$2.00	15	12	HOLD
IBM Corp. (Dec)*	IBM	93.42	100 - 82	\$4.34	\$5.05	A \$5.62	\$6.15	18	17	BUY
Sun Micro. (Jun)*	SUNW	4.36	6 - 3	(\$0.24)	\$0.04	\$0.10	\$0.15	NMF	44	HOLD
Personal Computers										
ATI Technologies (Aug.)*	ATYT	17.33	21 - 13	\$0.27	\$0.78	A \$1.06	\$1.28	22	16	HOLD
Dell (Jan fol.)	DELL	41.76	43 - 31	\$1.01	\$1.28	\$1.56	\$1.79	33	27	HOLD
Gateway (Dec)	GTW	4.73	7 - 4	(\$0.96)	(\$0.40)	A \$0.25	\$0.40	NMF	19	SPECULATIVE BUY
Lexmark (Dec)	LXK	83.35	98 - 78	\$3.34	\$4.13	A \$4.55	\$5.06	20	18	STRONG BUY
nVidia (Jan fol.)	NVDA	22.92	27 - 9	\$0.50	\$0.46	\$0.90	\$1.14	50	25	HOLD
Wireless										
palmOne (May)* ³	PLMO	25.88	47 - 10	(\$0.11)	\$1.72	\$1.93	\$1.95	15	13	HOLD
PalmSource (May)* ³	PSRC	21.54	27 - 10	\$0.10	\$0.40	\$0.60	\$0.60	54	36	HOLD
Res. in Motion (Feb)* ²	RIMM	71.29	104 - 42	\$0.48	\$2.04	\$2.82	\$3.46	35	25	HOLD
Outsourcing										
Celestica Inc. (Dec)*	CLS	13.05	20 - 12	(\$0.11)	\$0.42	A \$0.79	\$1.07	31	17	HOLD
Flextronics Intl. (Mar)*	FLEX	14.15	20 - 10	\$0.42	\$0.67	\$0.86	\$1.11	21	16	HOLD
Globix (Sep) ¹	GBXX	3.54	4 - 2	(\$2.00)	u/r	u/r	u/r	N/A	N/A	HOLD
Jabil Circuit (Aug)*	JBL	23.57	32 - 19	\$1.02	\$1.23	\$1.47	\$1.63	19	16	HOLD
Taiwan Semi. Mfg. (Dec)*	TSM	8.75	12 - 7	\$0.30	\$0.60	A \$0.50	\$0.56	15	18	HOLD
Unisys (Dec) ⁴	UIS	7.85	15 - 7	\$0.78	\$0.31	\$0.53	\$0.86	25	15	L. T. BUY

Notes: ¹Globix now trading post-bankruptcy. New Symbol GBXX. ²Research in Motion split 2-for-1 on June 4, 2004.

³Palm became palmOne and PalmSource started trading October 29, 2003.

⁴Unisys 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)	12/31/2002	12/31/2003	10/29/2004	Prices		1/31/2005	% chg January	2005 year to date
				11/30/2004	12/31/2004			
S&P 500	879	1112	1130	1174	1212	1181	-2.5%	-2.5%
NASDAQ Composite	1335	2003	1975	2097	2175	2062	-5.2%	-5.2%
Storage								
EMC Corp. (Dec)	6.14	12.92	12.87	13.42	14.87	13.10	-11.9%	-11.9%
Network Appl. (Apr)	10.00	20.44	24.47	30.16	33.22	31.84	-4.2%	-4.2%
Servers								
Hewlett-Packard (Oct)	17.36	22.97	18.66	20.00	20.97	19.59	-6.6%	-6.6%
IBM Corp. (Dec)	77.50	92.68	89.75	94.24	98.58	93.42	-5.2%	-5.2%
Sun Micro. (Jun)	3.11	4.47	4.50	5.55	5.39	4.36	-19.1%	-19.1%
Personal Computers								
ATI Technologies (Aug)	4.65	15.12	18.05	19.40	19.39	17.33	-10.6%	-10.6%
Dell (Jan)	26.74	33.98	35.06	40.52	42.14	41.76	-0.9%	-0.9%
Gateway (Dec)	3.14	4.60	5.85	6.81	6.01	4.73	-21.3%	-21.3%
Lexmark (Dec)	60.50	78.64	83.11	84.90	85.00	83.35	-1.9%	-1.9%
nVidia (Jan)	11.51	23.20	14.47	19.13	23.56	22.92	-2.7%	-2.7%
Wireless								
palmOne (May)	15.70	11.75	28.97	35.04	31.55	25.88	-18.0%	-18.0%
PalmSource (May)		21.77	22.42	15.84	12.74	10.34	-18.8%	-18.8%
Res. in Motion (Feb)	6.56	33.42	88.20	88.97	82.42	71.29	-13.5%	-13.5%
Outsourcing								
Celestica Inc. (Dec)	14.10	15.07	14.48	15.18	14.11	13.05	-7.5%	-7.5%
Flextronics Intl. (Mar)	8.19	14.80	12.05	14.35	13.82	14.15	2.4%	2.4%
Globix (Sep) (2)		4.00	2.61	3.05	3.60	3.54	-1.7%	-1.7%
Jabil Circuit (Aug)	17.92	28.30	24.31	25.06	25.58	23.57	-7.9%	-7.9%
Taiwan Semi. Mfg. (Dec)	7.05	10.24	7.57	7.97	8.49	8.75	3.1%	3.1%
Unisys (Dec)	9.90	14.85	10.62	11.49	10.18	7.85	-22.9%	-22.9%

Palm Had a 20-1 reverse split in October 2002.

Globix stock quoted is post-bankruptcy stock.

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

Palm became palmOne and PalmSource started trading October 29, 2003.

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	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	EMC Buy 10/31/01 at \$12.32 Strong Buy 3/28/02 at \$11.92
Celestica Hold 8/30/02 at \$22.97	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	Globix Spec. Buy 10/31/01 at \$0.56 Hold 1/31/02 at \$0.06
Flextronics Hold 8/30/02 at \$9.47	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	IBM Hold 10/31/01 at \$108.77 Buy 1/5/05 at \$98.58
Jabil Hold 8/30/02 at \$18.71	Lexmark International Hold 1/5/04 at \$78.64 Strong Buy 3/31/04 at \$92.00	Network Appliance Strong Buy 10/31/01 at \$13.30 Buy 9/1/04 at \$20.07
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	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	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	Taiwan Semi Mfg. Hold 8/30/02 at \$8.17	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

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