

MONTHLY TECHNOLOGY COMMENT

Vol. IV, Issue #11

November 1, 2004
Peter Labé, CFA

DIFFICULT TIME, BUT STILL POSITIVE

In this issue:

- *Storage Continues to Perform*
- *Buying Opportunity in Lexmark International*
- *Solid Quarter at Big Blue*

ELECTION EVE

In our last issue, we suggested that President Bush was the likely winner. Over the course of the month, however, the polls have indicated some slippage. We consider it too close to call, now. We'll know tomorrow. We still think Kerry would be some kind of surprise with a potential negative reaction.

CONSUMER CONFIDENCE

The Conference Board's reading of consumer confidence fell to a 7-month low in October, apparently reflecting:

1. Rising energy costs
2. Continued violence in Iraq
3. Increasingly bitter presidential campaign

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.

The pattern of mixed economic signals and the appearance of a wobbly economy continue. However, confidence remains in a range that we think is satisfactory.

JOB CREATION

The president of the Federal Reserve Bank of Philadelphia has forecast job creation of 150,000 - 200,000 per month (greater than the net inflow of new entrants to the job market) through 2005. This is slightly less than the 38 economists of the National Association for Business Economics, but looks pretty good to us right now. The premise of a self-sustaining economic expansion at a moderate pace continues to look like the most likely scenario.

HIGH ENERGY PRICES

Opinion is near unanimous that high oil prices have created only a small drag on the economy and not the big factor as in some past energy price shocks. We agree.

GEOPOLITICAL ISSUES

The risks from the Iraqi situation and other international developments pretty much remain as they have been. For planning purposes we have not assumed any short-term changes.

THE TECHNOLOGY BUSINESS

The situation we have loosely outlined is not wildly bullish for tech. There is no sign of a tidal wave of spending. There is no "Next Big Thing" we decided several years ago. The environment is not particularly easy.

Yet, having said that, our review of third quarter reports is generally favorable. We didn't have a lot of shortfall pre-announcements, and guidance has been satisfactory. We think the industry has held up quite well.

INDUSTRY OUTLOOK

We asked this question of Larry Weinbach, CEO of Unisys Corporation, recently. He suggested that if we took PC's out of the equation (everybody is upgrading the desktop right now, with the corporate sector strong), the technology business would remain under pressure. Companies are being very careful in procurement, and in many cases taking much longer to make a decision (possibly due to Sarbanes-Oxley, at least in some cases).

The double-digit technology growth of the old days is not going to come back in the next few years, in his view. He is thinking industry growth rates in the 4%-6% range.

His view makes a lot of sense to us, and is consistent with our thinking.

STOCK SELECTION

We think a couple of observations follow from this analysis. The industry is not always going to be #1 in the eyes of the investor. On the other hand, it is still exciting, and still an area of constant change. We see the romance of investors with tech continuing. If companies or sectors can outperform IT spending aggregates, they will sell at a substantial premium in our view. This is one of the reasons we have liked **EMC** and **Net App**.

Another area that will be rewarded is consistent growth or solid fundamentals. Our favorite stock right now is **Lexmark**, and we think it fits this description.

We continue to support **Unisys** on a value basis, and **Gateway** as a special situation.

We turn next to our sector comments.

DATA STORAGE

EMC Corporation (\$12.87 – Strong Buy)

EMC reported this month, with yet another strong quarter just as we expected. Revenue for the quarter was reported at up 34%, broken down as systems up 18%, software up 56%, and services up 55%. Because of acquisitions, only the systems number seems relevant. On an apples-to-apples basis, revenue was up about 20%. That number is closer to EMC's long-term growth rate, which we peg as approaching 20%. EPS was \$0.08, up from \$0.04 a year ago.

Financial performance continues to be a major factor for investors in EMC. Gross margins were at 50.6%, a recovery high. Operating margins were 12.1%, also a recovery high.

If we look at hardware gross margins, our proprietary estimate for the quarter comes out at 29.9%, almost double the 16% in one of the quarters of 2002. We believe this figure will move into the 30% area, probably low-30s, possibly mid-30s. Under no circumstance is hardware going back to the 54-55% area of 1999-2000.

Allowing for this but also expecting rising software margins, we believe EMC can get to mid-50s gross margins and 15-16% operating margins. Basically we look for continuing improvement along the way, but it may take a year to get to these objectives.

EMC has over \$7 billion cash and essentially no debt, roughly equal to \$2.89 per share.

Point of view: EMC remains a comfortable stock to own and one of the few growth vehicles in the computer industry. We hold our \$17 target (30x earnings + cash) and maintain our Strong Buy rating. No change in our \$0.50 per share estimate for 2005.

EMC vs. IBM

IBM announced another Shark disk array storage subsystem this month, which will compete with EMC's mainline, the *Symmetrix*.

The new products are termed the *DS6000* and *DS8000*. The products are slick and the introduction was slick, but there is no way an external observer can figure competitive performance and other attributes. No customer benchmarks were offered. Some of the attributes include support for 1,000 drives, which is above 576 supported by EMC. However, it isn't clear whether IBM can support the maximum, and the market for over 576 might just be a handful of users anyway.

The key thing, though, as with Hitachi, *no incremental new functionality was provided*. Therefore, while IBM will sell some of these machines, it is unlikely to be an EMC "killer."

Network Appliance (\$24.47 – Buy)

Nothing particularly new at Net App. They continue to have the lowest TCO (total cost of ownership) in the storage industry and a grand story of simplicity to go with it. They are picking up share consistently; over time, Net App has brought its products to where the addressable market is now very large.

Point of view: A premiere growth stock but selling a little higher than we like from a new entry perspective. We continue to rate the stock Buy and we should probably review our \$30 target.

SERVERS

IBM (Hold - \$89.75)

We really liked IBM's quarterly report, pretty solid across the board. Revenue growth was 9% (5% excluding currency translation), which we consider good, and the \$1.17 per share earnings was exactly in line with expectations (\$1.02 a year ago). IBM considered the third quarter one of the strongest in recent years and indicates it has been gaining momentum.

IBM had good balance. Services revenue was up 10%, hardware up 12%, and software up 5%. Similarly, IBM showed growth across all geographies. Highlights: Business Performance Transformation Services grew 45% year-to-date, the emerging markets (e.g., China) grew 30%.

IBM signed \$10 billion in new services business, slightly less than the quarter's revenue. Backlog stands at \$110 billion, so for the moment we see no issue. It is necessary for services to show good growth, if IBM stock is to move higher. Although strategic outsourcing is about 40% of the business and showed 12% growth, the "sex" in the story is Business Performance Transformation Services showing strong growth.

Servers were up 9%, which we consider good. PC business was up 17%, which we consider good for this quarter. Microelectronics continued to improve, with further gains expected in 4Q. Storage was up a moderate 5%.

IBM has cash of \$9.7 billion and low levels of non-financing subsidiary debt.

All in all, we see few issues here.

Point of view: IBM has solidified its position as an excellent defensive holding or choppy markets performer. Hold.

Sun Microsystems (\$4.50 – Hold)

Nothing new this month at Sun. We note, though, that the stock has been moving up and that estimates have increased slightly. Hold.

Hewlett-Packard (\$18.66 – Hold)

No news this month from Hewlett. As we wrote in last month's issue, we see no good reason to buy it. Hold.

PC AND RELATED

Lexmark International (\$83.11 – Strong Buy)

Lexmark reported a good third quarter, with revenue up 9% and EPS up 29%. Revenue was about \$12 million under our forecast, though gross margins were well above our expectations, resulting in better earnings than we thought. The drags on revenue seem to be:

1. The business market continues to be weak, and mixed, because it is economy-driven and affected by tighter budgets (46% of business).
2. Back-to-school was weaker than expected (consumer is 54% of the business).
3. The company is in the middle of transitioning its ink cartridge prices from a higher sticker price to a lower sticker price (e.g., \$30 to \$20). Less ink is provided, so there is no margin impact, but there will always be some slippage during the transition.
4. Overall, the company performed quite well in what we consider weak markets.

Looking forward, the company offered guidance for the fourth quarter that was slightly less than analysts were looking for. The key pieces on this development appear to us as follows:

1. A program to step up R & D. The company believes there is good opportunity to invest in new segments (such as photographic printing), in color laser printers, and in total customer solutions.
2. An ongoing ad campaign is being started, stressing brand awareness, ease of use, etc.
3. We expect higher margins to overcome a good part, but not all, of these higher operating expenses.

The key supplies business was up 11%. The previous two quarters were up 14% each, so market conditions had their effect. We don't expect this to be permanent – we have had 5 consecutive quarters of double-digit growth worldwide in printers, which will drive supplies.

Fourth quarter guidance results in a quarter \$0.05 per share less than our previous forecast of \$1.15. All things considered, we don't think it's that bad. We adjusted the margin and cost components to be in line with the conference call and re-calculated the quarters; our current estimate is \$4.50 per share as it was before. Our 2004 estimate is now \$4.04, not \$4.10.

Relations with, and business with, Dell Computer is never discussed on conference calls and apparently will not be until it qualifies for segment reporting. Dell is doing well marketing the Lexmark products but over time can be expected to diversify suppliers, particularly on lasers. One small deal was struck last week, with small photo printers with Kodak. Such events are not harmful to Lexmark and in the big picture this is a strong ongoing relationship.

Point of view: relatively minor issues have put pressure in the stock, now around \$80 after having been in the \$90s earlier in the year. This is an outstanding long-term growth situation at about 18x our 2005 estimate. The company has about \$11 per share cash and no debt. Rate a Strong Buy, and consider recent weakness a buy opportunity.

nVidia (\$14.47 – Hold)

nVidia made some news this month with a preannouncement – an upside!

The company estimated fiscal third quarter volume at \$510 - \$515 million, versus previous expectations of \$470 – \$502 million, with profit margins in a range we have been expecting. We raised our estimate from \$0.36 to \$0.40, pending further information on the November 4 conference call.

While no explanations were given pending the call, it is clear the new *GeForce 6* has picked up a lot of momentum. The company is now shipping the *GeForce 6800, 6600*

and 6200, so this covers a broad spectrum. There is one more in the family to be announced, expected in the upcoming quarter.

Also, Mercury Research released data for last month that showed market share in the “performance” segment of the market had risen from 24% to 64%, all attributable to GeForce 6 products.

Point of view: the stock has advanced almost 50% since we upgraded it last month. While product cycles should last at least 12-18 months and we are still in the early phase of this one, this is a volatile field. Given our \$0.80 per share estimate for next year, we think the stock is a borderline Buy and therefore for now, lower the rating to Hold.

Dell Computer (\$35.06 – Hold)

There is no news to single out this month. The Dell story is well known and the valuation relatively full. Hold.

Gateway (\$5.85 – Speculative Buy)

Gateway’s quarter was generally good: revenue a hair less than we thought, much better profitability. Earnings were \$0.01 against our calculation of a \$0.07 per share loss. Guidance for Q4 is \$0.01-0.02 profit on roughly \$1 billion in revenues. These numbers give more substance to a profit prediction for 2005, although we expect a wide range until management clarifies the overhead expense structure. Our estimate is \$0.25 per share right now.

Management asserted on the conference call that Gateway is “back on track”, and that retailers have met introduction of Gateway at retail “with open arms.” Combined with eMachines, it was said inroads are being made in displacing Hewlett as top vendor at retail.

The company recognizes the discussion about exiting consumer electronics but seems more comfortable for now in stressing “convergence” products.

At some point the company is going to have to re-define itself if there is to be permanent upward valuation of the shares.

Financially, gross margins of 11.1% were reported, good by our estimates, but down 3.2 points from a year ago due to a higher mix of third-party retail stores and closure of the Gateway stores. CE and non-PC products represented 60% of gross profit. The company had good improvement in the PC product lines, though. SG&A was down \$24 million or 20% to \$101 million. This was a tremendous performance.

Direct sales (phone-web) were down 15% sequentially but income rose sequentially from \$4 million to \$25 million, attributed to higher margin software and peripherals, and better costs.

Gateway's cost elements are still fluid and hard to predict. The stock has shown good sensitivity to profit and loss, so as these ratios stabilize and become more predictable, greater confidence should develop in the stock.

Point of view: Gateway has made a lot of progress in a short period of time. The next 6-18 months should show the benefits of the radical changes made. Although those cannot be set in cement at this time, prospects are looking good and improving. Continue to rate Speculative Buy.

OUTSOURCING

Unisys Corp. (\$10.62 – Buy)

Ex pension expense, Unisys reported a quarter (\$0.12 EPS) in line with expectations. Excluded from results were a tax refund of \$0.20 and a restructuring charge of \$0.18 from a headcount reduction of 1,400 personnel, facility consolidation, etc. Guidance for the year was reaffirmed at \$0.68-70, excluding pension accounting.

There were a couple of things different, this time:

- **Pension expense** – we had hoped pension expense in 2005 would at least go down from 2004 if not more, and this issue would be well on its way to a non-issue. The conference call said that these figures jump around a lot, but at the moment it looks like the U.S. plan expense of \$38 million would be 100-200% up and the other plans up as well. We don't want to get too stressed out over a non-cash item, but still we are disappointed.
- **Contract modifications** – two contracts in the outsourcing services area are going to have a lot more work (cost) than contemplated and will drag on margins and earnings for the next couple of quarters. One is an early stage contract that is now going to require a lot of duplicate operation, and one a mid-stage contract needing some completely new application changes.

Revenue for the quarter was flat (down 3% ex currency translation). Management was quite pleased, because results showed the business came back after the shortfall quarter, and new orders were up quite strong (double digits).

The **earnings** situation for 2005 will be introduced at the company's analyst meeting in early December. For the moment, we are keeping our \$0.91 per share estimate intact. We have modified the quarters, however, to reflect the changed outsourcing contracts. In general, this is to reduce earnings in the first half, with an offsetting increase in the second half. The second half will also benefit from the initial restructuring savings. We wouldn't attempt to guess the pension numbers, but we think investors will recognize the operating earnings trends.

*Our point of view: we continue to think Unisys is a money-making stock in 2005 and quite cheap here. We have moved a fair amount of earnings from the first half to the second half, so right now it looks early on the stock. To try to reflect this, we have re-rated the stock from **Strong Buy** to **Buy**.*

PERFORMANCE AND RATING CHANGES

This month, the NASDAQ Composite rose 4% against the market (S&P 500) gain of 1.4%. This helped a good part of our universe, but quite selectively.

In storage, EMC was up 12% and Net App 6%. Servers were mixed. Sun was up 11%, IBM nearly 5%, while Hewlett was down ½ percent. In the PC group, Gateway was up 18%, and ATI just under 18%. nVidia was down 0.3%, Dell 1.5% and Lexmark 1.1%. Unisys was up 2.9%. The other outsourcers and wireless stocks are shown in Table II.

Rating changes this month: nVidia from Buy to Hold, Unisys from Strong Buy to Buy.

Estimate changes in the universe were generally a penny or two upward, but relatively small. Readers are reminded that our estimates for quarters and years appear in First Call and are kept current.

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 5 stocks (26%) 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		52-week			E.P.S.			P/E		Rating
		10/29/2004	Range	2003A	2004E	2005E	2004E	2005E				
S&P 500*	SPX	1130	1163 1031	\$55.44	\$65.33	\$69.83	17	16				
NASDAQ Composite	COMP	1975	2154 1751									
Storage												
EMC Corp. (Dec)	EMC	12.87	16 - 9	\$0.19	\$0.35	\$0.50	37	26			STRONG BUY	
Network Appl. (Apr)	NTAP	24.47	27 - 16	\$0.40	\$0.58	\$0.77	42	32			BUY	
Servers												
Hewlett-Packard (Oct)*	HPQ	18.66	26 - 16	\$1.16	\$1.30	\$1.48	14	13			HOLD	
IBM Corp. (Dec)*	IBM	89.75	100 - 82	\$4.34	\$5.01	\$5.54	18	16			HOLD	
Sun Micro. (Jun)*	SUNW	4.50	6 - 3	(\$0.24)	\$0.06	\$0.12	NMF	38			HOLD	
Personal Computers												
ATI Technologies (Aug.)*	ATYTT	18.05	19 - 13	\$0.27	\$0.78	\$1.02	23	18			HOLD	
Dell (Jan fol.)	DELL	35.06	37 - 31	\$1.01	\$1.28	\$1.50	27	23			HOLD	
Gateway (Dec)	GTW	5.85	7 - 4	(\$0.96)	(\$0.42)	\$0.25	NMF	23			SPECULATIVE BUY	
Lexmark (Dec)	LXK	83.11	98 - 72	\$3.34	\$4.04	\$4.50	21	18			STRONG BUY	
nVidia (Jan fol.)	NVDA	14.47	27 - 9	\$0.50	\$0.40	\$0.80	36	18			HOLD	
Wireless												
palmOne (May)*	PLMO	28.97	42 - 10	(\$0.11)	\$1.76	\$2.05	16	14			HOLD	
PalmSource (May)*	PSRC	22.42	48 - 15	\$0.10	\$0.73	\$1.43	31	16			u/r	
Res. in Motion (Feb)*	RIMM	88.20	90 - 21	\$0.48	\$1.97	\$2.47	45	36			HOLD	
Outsourcing												
Celestica Inc. (Dec)*	CLS	14.48	22 - 12	(\$0.11)	\$0.38	\$0.75	38	19			HOLD	
Flextronics Intl. (Mar)*	FLEX	12.05	20 - 10	\$0.42	\$0.66	\$0.84	18	14			HOLD	
Globix (Sep)	GBXX	2.61	5 - 2	(\$2.00)	u/r	u/r	N/A	N/A			HOLD	
Jabil Circuit (Aug)*	JBL	24.31	32 - 19	\$1.02	\$1.23	\$1.47	20	17			HOLD	
Taiwan Semi. Mfg. (Dec)*	TSM	7.57	12 - 7	\$0.30	\$0.58	\$0.52	13	15			HOLD	
Unisys (Dec)	UIS	10.62	17 - 10	\$0.78	\$0.70	\$0.91	15	12			BUY	

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

Palm became palmOne and PalmSource started trading October 29, 2003. PSRC 52-week range includes "when issued" trades.

* 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	7/30/2004	Prices			% chg October	2004 year to date
				8/31/2004	9/30/2004	10/29/2004		
S&P 500	879	1112	1102	1104	1115	1130	1.4%	1.6%
NASDAQ Composite	1335	2003	1887	1838	1897	1975	4.1%	-1.4%
Storage								
EMC Corp. (Dec) (1)	6.14	12.92	10.97	10.77	11.54	12.87	11.5%	-0.4%
Network Appl. (Apr)	10.00	20.44	19.29	20.07	23.05	24.47	6.2%	19.7%
Servers								
Hewlett-Packard (Oct)	17.36	22.97	20.15	17.89	18.75	18.66	-0.5%	-18.8%
IBM Corp. (Dec) (1)	77.50	92.68	87.07	84.69	85.74	89.75	4.7%	-3.2%
Sun Micro. (Jun)	3.11	4.47	3.95	3.87	4.04	4.50	11.4%	0.7%
Personal Computers								
ATI Technologies (Aug)	4.65	15.12	16.10	14.46	15.33	18.05	17.7%	19.4%
Dell (Jan)	26.74	33.98	35.47	34.84	35.60	35.06	-1.5%	3.2%
Gateway (Dec)	3.14	4.60	4.50	4.39	4.95	5.85	18.2%	27.2%
Lexmark (Dec) (1)	60.50	78.64	88.50	88.45	84.01	83.11	-1.1%	5.7%
nVidia (Jan)	11.51	23.20	15.42	12.46	14.52	14.47	-0.3%	-37.6%
Wireless								
palmOne (May)	15.70	11.75	40.22	32.65	30.44	28.97	-4.8%	146.6%
PalmSource (May)		21.77	20.26	22.51	20.74	22.42	8.1%	3.0%
Res. in Motion (Feb)	6.56	33.42	61.67	60.22	76.34	88.20	15.5%	164.0%
Outsourcing								
Celestica Inc. (Dec)	14.10	15.07	17.15	14.30	12.70	14.48	14.0%	-3.9%
Flextronics Intl. (Mar)	8.19	14.80	12.57	12.41	13.25	12.05	-9.1%	-18.6%
Globix (Sep) (1)(2)		4.00	3.20	2.80	3.25	2.61	-19.7%	-34.8%
Jabil Circuit (Aug)	17.92	28.30	21.75	20.63	23.00	24.31	5.7%	-14.1%
Taiwan Semi. Mfg. (Dec) (1)	7.05	10.24	7.12	7.55	7.14	7.57	6.0%	-26.1%
Unisys (Dec) (1)	9.90	14.85	10.24	10.04	10.32	10.62	2.9%	-28.5%

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
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	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	PalmSource u/r 10/31/03 at \$38.17	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

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