

## *MONTHLY TECHNOLOGY COMMENT*

**Vol. IV, Issue #9**

September 1, 2004  
Peter Labé, CFA

### **THE BEAR WON THIS ROUND, BUT IT'S NOT OVER!**

*In this issue:*

- *Network Appliance's Conference Call – Best in the World*
- *Hewlett-Packard's Conference Call – Worst in the World*
- *Re-arranging Buy Rated Stocks for New Conditions*

In early August, tech stocks broke through the lows established in May, and set new lows for the year. We assume that, technically, this confirms the direction or trend is down. Stocks tended to be close to their lows for the year. For these reasons, we say this round was won by the bears.

But the year isn't over. We believe that by yearend, stock prices will be **higher**, possibly materially so. We believe investors should be buying stocks despite the bear market indications.

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.

Look at it this way. In 2003, when we (and precious few others) were recommending these stocks, we were expressing confidence in the economy developing. In 2003, it paid to bet on the economy, tech stocks were up 50%.

In 2004, when nothing really has gone wrong with the economy (yes, we know about oil), it has paid to bet against the economy. (We didn't see this!) Perception means a lot. We were hearing about a "fragile" recovery, not enough jobs, "soft patches", the election, interest rate bumps, and a whole litany of things. There are those who believe consumer spending has topped off, this sector being the main driver of the economy for three years. Fears of the economy backsliding, which would not be good since both fiscal and monetary tools are limited (we've had the tax cuts, and ultra-low interest rates already). These voices suggest that economic recovery isn't guaranteed, but simply at these prices we think it pays to bet on it.

This leaves us now, on September 1, 2004, pretty much where we were in 2003. No one seems to have confidence in the economy and stocks are down. It seems to me that we have a mini-replay of 2003 possible if not probable. *At these prices it pays once again to bet on the economy.*

Let's see, we need to touch briefly on a number of issues before summing up our investment conclusions. The issues include:

1. Oil
2. Interest rates
3. The election
4. Iraq/geopolitical outlook
5. Technology demand/outlook

## **OIL**

We have little doubt oil prices are artificially high. Too many speculators have come in to an illiquid market. On the other hand, sustained relatively high prices seem assured for years to come to support investment in exploration. So we would expect lower prices, but not dramatically.

The good thing is that the spike in prices comes at a time when inflation is relatively low and under control, and interest rates are rising, and can now rise more slowly. Most economists have whittled 0.3% off 2004 and 0.2% off 2005 GDP growth estimates.

## **INTEREST RATES**

Moderate rises in rates are the order of the day, and should not bother economic or securities markets. We are impressed with the Federal Reserve's apparent great confidence in economic growth.

## THE ELECTION

We continue to believe President Bush has a slight lead. We are aware that there is considerable history of more favorable markets under democrats than republicans, but this theory doesn't look like a lock here. The market needs Bush for his tax policy and to "finish the job." It is scared of anything resembling class warfare or increased taxes; Senator Kerry's position is not totally clear. These considerations may dampen market action until the election is past.

## IRAQ/GEOPOLITICAL

These thorny background issues remain imponderable, for the most part. One thing we don't like: with the aggressive aid and support of the media, we are painting a **DEEPLY DIVIDED AMERICA**. Long term, this could lead to a reduction of the entire multiple structure of American equities.

## TECHNOLOGY DEMAND/OUTLOOK

We are in a worldwide economic recovery. This is our view, and we stick with it. After looking at the June/July "soft patch" and the effect of higher energy prices, we like others have simply moderated the pace of growth somewhat.

Many tech companies got caught in the slight hesitation in the market in June – not broad enough to catch everybody, but in some sectors the enterprise market sector was soft. This is temporary, we think, at the risk of agreeing with chairman Greenspan.

We expect conference calls and "guidance" to be conservative, and we are comfortable with that. There are no special drivers in this cycle and, as with each cycle, the industry is closer to maturity. Our stock selection attempts to take these factors into account.

## TECH STOCKS DISCOUNTED SLOWER PACED OUTLOOK

The concern over second quarter shortfalls and short-term business is out and past – it is in the stocks. In our view, stocks are appropriately valued given the outlook.

In our universe, including changes we made in this month's review, we rank them as follows:

### Strong Buy

EMC  
Lexmark  
Unisys

### Buy

Network Appliance  
nVidia

### Speculative Buy

Gateway

We turn next to the sector reviews.

## DATA STORAGE

### Network Appliance (\$20.07 – Buy)

As we said in the header, Net App had an all-world report. The quarter showed above-expectations revenue growth, chalking up a 38% year over year gain. And, no talk of hesitation in the market, soft patch, etc., just solid, good business. And, gross margins held in the 60% area (product margins in the 65% area) as they have been consistently. Net App may have the lowest price to the user of the majors, but the best and most consistent margins. Software, not counting that shipped with the system, held steady at 32% of revenue. The result, 16.3% operating margins, is industry-leading and right in line with objectives. Earnings per share were \$0.13, a penny higher than expected.

And, underneath the hood, is the low-cost disk backup system called *NearStor*, now up to 14% of revenues. This is a huge success, and fortifies the outlook.

Cash of \$827 million (no debt) grew \$19 million despite meaningful amounts of stock buyback, which is keeping the share count level despite extensive use of options particularly for new hires. Net App has an aggressive hiring program funded by the high margins.

Looking ahead, Net App believes it can take on any tier one storage application, not just the mid-range and entry level where it has always been major. These are large markets opening for the company. In addition, Net App is taking important amounts of market share, which we believe likely to continue. Projections are for more than 30% growth. It doesn't get better than this!

*The question in this stock is the valuation. Is 37x this fiscal year's estimate and 26x the opening line for the year following, a good entry point for new commitments. We take it for granted everyone knows this is one of the best long-term investments in the computer industry. While we can go either way on this, we are going to rate it now as a **Buy** rather than **Strong Buy**.*

### EMC Corporation (\$10.77 – Strong Buy)

Not many news items on EMC this month. But, anecdotally, we figure they must be doing well. Net App blew out the lights its quarter and we understand Brocade had a good quarter. The summer is not a good time to run checks, but we feel good about EMC. The stock was under some pressure when Hewlett reported softness in its storage business, which adds to the value here. These businesses are as different as night and day. We continue to rate the stock a **Strong Buy**.

## SERVERS

### Hewlett-Packard (\$17.89 – Hold)

Hewlett's quarter was lousy, and according to guidance, will be followed by another quarter of reduced expectations.

Revenue for the quarter was more or less in line with expectations, but earnings per share were well below expectations at \$0.24 per share.

Without getting into micro detail, the principal culprit was the Enterprise Systems operation, which fell about \$600 million sequentially to \$3.3 billion. Reported operating loss was \$208 million vs. a profit previous quarter and small loss a year ago.

Culprits included some execution issues, weak performance in storage (Hewlett admits products are not so competitive), and dismal performance in servers. Revenue was short \$400 million, operating profit \$270 million. Industry standard servers were up only 2%, while Alpha was down 32% and Non-stop, down 25%.

We consider this performance to invalidate the Hewlett investment concept. In our view, the base printer business has to be accompanied by improving the huge low margin businesses surrounding it. *What is happening, though, is that Hewlett is showing us the enormous mass of technology deadwood that lies underneath the report. This will have to be pruned sooner or later, and a few management changes aren't going to mean anything.* The remnants of Compaq, DEC, and Tandem are unlikely to excite investors.

The stock was knocked 30-35%, and appropriately, we think. The reason you don't want to sell it here, though, is the great value. The glorious printer business, up 8% in revenues and 12% in operating profit for the quarter, is a great mass of inner strength. For the year, this roughly translates to \$24.2 billion in revenue and \$3.8 billion in operating profit. This becomes approximately \$0.80-\$0.90 per share in net earnings, which is easily worth where the stock is selling for (and a good discount from Lexmark's valuation!). This approach values the rest of the company at nothing – and maybe that's what its worth, for now.

*Hewlett stock has been a classic "value trap" with the lowest multiple in the group. At this point, though, we feel the defensive characteristics of the stock take over and we now become a value holder hoping that management does something imaginative to rally support.* Meantime, we reduce the rating from **Buy** to **Hold**.

### International Business Machines (\$84.69 – Hold)

As we have pointed out in the last several issues, IBM is in a good solid position with a good outlook. As a stock, though, buying it here is a judgment that the market will be

kind of neutral to down. We are not prepared to make this capitulation, at least not yet. Therefore, we maintain our **Hold** rating for the stock.

**Sun Microsystems (\$3.87 – Hold)**

Sun is the same “value” stock it’s been the last several issues. The problems are, the results just aren’t there yet, and there does not seem to us to be a compelling reason to buy the stock. Accordingly, we keep our **Hold** rating.

**PC AND RELATED**

**Gateway (\$4.39 – Speculative Buy)**

Not a lot of news coming out of Gateway right this moment. General merchandise retailers are apparently not that happy with the back-to-school selling season so far, but B-T-S for computers right now seems ok.

The program to sell the Gateway brand at retail has gone satisfactorily so far. Retailers are interested in the PC lines, the “convergent” products (low volume) and probably the large plasma displays. The rest of the consumer electronics line doesn’t appear as yet of interest to these people.

This will be ok provided there’s volume. The initial goal has to be to sell enough PCs to replace the volume in the former Gateway Country Stores. If they can do that, and without the overhead of the stores, profits will follow.

There are Gateway computers now in over 2,000 retail outlets, shown below:

Retailer	Approx. Stores
Best Buy	660
Future Shop	110
CompUSA	225
Office Depot	850
Micro Center	20

(there are also 20 or so outlets in Canada, over 200 in the U.K. and Europe, over 100 in Japan)

Retailers that eMachines has penetrated but do not have Gateway products as yet include *Circuit City (600 stores), Frye’s Electronics, and Costco(300-400 stores)*.

The company has an analyst meeting in New York on September 13. Investors badly need this update, which hopefully will include not just how many stores are carrying the line, but *how many they are selling!*

We think the stock is a good solid speculation. It is not for everybody. But at this point, it can't be singled out as having failed, nor can it yet be demonstrated to work. We think the company's low overhead policy will be successful, what is needed is the consumer acceptance. We maintain a **Speculative Buy** posture on the stock.

### **Dell Computer (\$34.84 – Hold)**

Dell's quarterly report was pretty well as advertised. The company previously had issued comments that supported slightly higher gross margins and lower tax rate. These came to pass, and sales volume was exactly as expected. Moreover, guidance for the quarter ahead was pretty much exactly in line with consensus before the report.

Having said this, we note the report was strong. Revenues were up 20% year over year, and earnings per share were up 29%. Features were growth outside the United States (up almost 30%) and growth in servers (31%). Dell continues to be optimistic about printers, where the \$1 billion target for the fiscal year is expected to be met. U.S. market share in PC's is estimated to have gone up 2 points.

Dell continues to report good growth in practically all segments and that corporate buying continues to strengthen.

Our problem with Dell is valuation. The stock price implies a capitalization of \$92 billion, and is roughly 27x earnings estimates for this fiscal and 22x for next. We believe Dell stock will tend to be quite defensive, holding up well in choppy or down markets. We maintain our **Hold** rating for now.

### **nVidia Corp. (\$12.46 – Buy)**

On August 9, we e-mailed clients with an upgrade in this stock from **Hold** to **Buy**. The stock had dropped sharply - to the \$9.50 area - in the wake of a horrible quarterly report, and looked attractive to us with a target price of \$16.

Sales for the quarter were \$456 million, probably \$40-50 million light, and EPS of \$0.03 compared with expectations that might have been around \$0.14.

The reasons are many: industry desktops were down, Intel delayed PCI Express and had a product recall, the low end was under heavy competitive price pressure, and integrated graphics producers were cutting prices. Down units, down ASP's.

The stock drifted from \$23 the end of May to around \$15 just before the report – which in our view generated a buying opportunity when it fell under \$10. Eleven million shares traded the first day, and we think moved the stock from weaker hands to stronger hands.

We think investors could consider:

- We are at the start of a new product cycle with the *GeForce 6800* which should have much better costs than previous chips and superiority over competition.

- New Shader 3.0 technology should enable recapture of the high-profit, high-performance segment of the market.
- nVidia is well prepared for the major new development in the industry, PCI Express, the new bus architecture from Intel. Recent articles indicate that so far only nVidia has it on the market.
- nVidia has a strong balance sheet with over \$600 million cash and no debt.

Our revised estimates are \$0.36 per share this year and \$0.80 next year. The minimum multiple we expect is 20x, so our minimum target is \$16 within a year.

The stock has since recovered sharply, up 31%. We think it can still be bought here, but we are getting closer to our Buy limit now. Our upgraded rating of **Buy** remains in effect.

### **Lexmark International (\$88.45 – Strong Buy)**

No new news this month at Lexmark. We note, though, Hewlett-Packard had a good quarter in its printer business. While the businesses are not the same, there is some comparability. For the moment, anyway, we are assuming this is good news to a degree.

At \$88.45, the stock sells at just under 20x our earnings estimate for next year. This is not expensive for a quality growth stock, in our opinion. We maintain our **Strong Buy** rating.

## **OUTSOURCING**

### **Unisys Corp. (\$10.04 – Strong Buy)**

No news at Unisys this month. Summer months are quiet for the industry anyway. In an e-mail sent to clients early in the month, we advised investors with a little patience to step up and buy now, the price is right. Short-term developments admittedly are weak, but discounted in the price. We look for good growth in 2005 over a depressed year this year. We look for the stock to sell for \$15 on the strength of our \$0.91 per share estimate for next year. This merits continuation of our **Strong Buy**.

## **PERFORMANCE IN OUR UNIVERSE**

As noted earlier, August was a challenging month for the market and most of the technology stocks. While the S&P 500 Index managed to eke out a 0.2% gain for the month, the NASDAQ composite was down 2.6%. Network Appliance, after its strong report, gained 4% in August while EMC declined 2%. Hewlett disappointed investors and was down 11% during the month; IBM and Sun declined in line with the tech market at 3% and 2%, respectively. In the personal computer group, nVidia led the decline losing 19%, ATI was down 10%, Dell and Gateway decreased in line with the technology

market and Lexmark was almost flat for the month. PalmOne, in the wireless group, declined 19%, Research in Motion was down 2% and PalmSource was actually up 11%. Most of the outsourcing stocks declined in August led by Celestica and Globix, down 17% and 13%, respectively. Jabil stock was off by 5%, Flextronics and Unisys declined pretty much in line with the market and Taiwan Semi increased 6% during August.

## **ESTIMATES AND RATING CHANGES**

We reduced our ratings on Hewlett-Packard from **BUY** to **HOLD** and Network Appliance from **Strong Buy** to **Buy** this month. We also changed our rating on Gateway from **Buy** to **Speculative Buy** since there remain a number of questions concerning the execution of its new business plan.

The biggest estimate changes this month were for nVidia; the estimate for 2004 (January following) was reduced from \$0.74 to \$0.36 per share and the estimate for 2005 was reduced from \$1.06 to \$0.80 per share. Estimates for Hewlett were also reduced with the EPS estimate for 2004 fiscal year now \$1.30 and fiscal 2005 \$1.50. Previous estimates were \$1.43 for fiscal 2004 and \$1.64 for fiscal 2005. Dell estimates were lowered modestly to \$1.28 for 2004 (January following) and \$1.50 for 2005 from \$1.31 and \$1.56. Estimates for Network Appliance were increased to \$0.58 for fiscal 2005 and \$0.77 for fiscal 2006; earlier estimates were \$0.54 for 2005 and \$0.71 for 2006. PalmOne is now expected to report EPS of \$1.10 for 2004 and \$1.70 for 2005 compared with previous estimates of \$1.10 and \$1.62. Other estimate changes in the quarter were one or two cents per share and not significant.

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 8/31/2004	52-week Range	2003A	E.P.S. 2004E	2005E	P/E		Rating
							2004E	2005E	
S&P 500*	SPX	1104	1163 990	\$55.44	\$65.57	\$70.29	17	16	
NASDAQ Composite	COMP	1838	2154 1751						
<b>Storage</b>									
EMC Corp. (Dec)	EMC	10.77	16 - 9	\$0.19	\$0.36	\$0.50	30	22	STRONG BUY
Network Appl. (Apr)	NTAP	20.07	27 - 16	\$0.40	\$0.58	\$0.77	35	26	BUY
<b>Servers</b>									
Hewlett-Packard (Oct)*	HPQ	17.89	26 - 16	\$1.16	\$1.30	\$1.50	14	12	HOLD
IBM Corp. (Dec)*	IBM	84.69	100 - 82	\$4.34	\$4.97	\$5.51	17	15	HOLD
Sun Micro. (Jun)*	SUNW	3.87	6 - 3	(\$0.10)	(\$0.15)	\$0.03	NMF	129	HOLD
<b>Personal Computers</b>									
ATI Technologies (Aug.)*	ATYT	14.46	19 - 13	\$0.42	\$0.85	N/A	17	NMF	HOLD
Dell (Jan fol.)	DELL	34.84	37 - 31	\$1.01	\$1.28	\$1.50	27	23	HOLD
Gateway (Dec)	GTW	4.39	7 - 4	(\$0.96)	(\$0.42)	\$0.23	NMF	19	SPECULATIVE BUY
Lexmark (Dec)	LXK	88.45	98 - 62	\$3.34	\$4.05	\$4.50	22	20	STRONG BUY
nVidia (Jan fol.)	NVDA	12.46	27 - 9	\$0.50	\$0.36	\$0.80	35	16	BUY
<b>Wireless</b>									
palmOne (May)*	PLMO	32.65	42 - 10	(\$1.65)	\$1.10	\$1.70	30	19	HOLD
PalmSource (May)*	PSRC	22.51	48 - 15	u/r	\$0.30	\$1.13	75	20	u/r
Res. in Motion (Feb)*	RIMM	60.22	72 - 14	\$0.17	\$1.56	\$2.01	39	30	HOLD
<b>Outsourcing</b>									
Celestica Inc. (Dec)*	CLS	14.30	22 - 13	(\$0.11)	\$0.45	\$0.90	32	16	HOLD
Flextronics Intl. (Mar)*	FLEX	12.41	20 - 10	\$0.35	\$0.66	\$0.90	19	14	HOLD
Globix (Sep)	GBXX	2.80	5 - 2	(\$2.00)	u/r	u/r	N/A	N/A	HOLD
Jabil Circuit (Aug)*	JBL	20.63	32 - 19	\$0.80	\$1.07	\$1.36	19	15	HOLD
Taiwan Semi. Mfg. (Dec)*	TSM	7.55	13 - 7	\$0.34	\$0.60	\$0.62	13	12	HOLD
Unisys (Dec)	UIS	10.04	17 - 10	\$0.78	\$0.67	\$0.91	15	11	STRONG 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	Prices				% chg August	2004 year to date
			5/28/2004	6/30/2004	7/30/2004	8/31/2004		
S&P 500	879	1112	1121	1141	1102	1104	0.2%	-0.7%
NASDAQ Composite	1335	2003	1987	2048	1887	1838	-2.6%	-8.2%
<b>Storage</b>								
EMC Corp. (Dec) (1)	6.14	12.92	11.24	11.40	10.97	10.77	-1.8%	-16.6%
Network Appl. (Apr)	10.00	20.44	19.80	21.53	19.29	20.07	4.0%	-1.8%
<b>Servers</b>								
Hewlett-Packard (Oct)	17.36	22.97	21.24	21.10	20.15	17.89	-11.2%	-22.1%
IBM Corp. (Dec) (1)	77.50	92.68	88.59	88.15	87.07	84.69	-2.7%	-8.6%
Sun Micro. (Jun)	3.11	4.47	4.17	4.33	3.95	3.87	-2.0%	-13.4%
<b>Personal Computers</b>								
ATI Technologies (Aug)	4.65	15.12	16.45	18.86	16.10	14.46	-10.2%	-4.4%
Dell (Jan)	26.74	33.98	35.24	35.82	35.47	34.84	-1.8%	2.5%
Gateway (Dec) (1)	3.14	4.60	4.05	4.50	4.50	4.39	-2.4%	-4.6%
Lexmark (Dec) (1)	60.50	78.64	94.32	96.53	88.50	88.45	-0.1%	12.5%
nVidia (Jan)	11.51	23.20	23.45	20.47	15.42	12.46	-19.2%	-46.3%
<b>Wireless</b>								
palmOne (May)	15.70	11.75	21.23	34.77	40.22	32.65	-18.8%	177.9%
PalmSource (May)		21.77	20.25	17.14	20.26	22.51	11.1%	3.4%
Res. in Motion (Feb)	6.56	33.42	59.97	68.45	61.67	60.22	-2.4%	80.2%
<b>Outsourcing</b>								
Celestica Inc. (Dec)	14.10	15.07	18.80	19.95	17.15	14.30	-16.6%	-5.1%
Flextronics Intl. (Mar)	8.19	14.80	17.56	15.95	12.57	12.41	-1.3%	-16.1%
Globix (Sep) (1)(2)		4.00	2.49	2.90	3.20	2.80	-12.5%	-30.0%
Jabil Circuit (Aug)	17.92	28.30	28.31	25.18	21.75	20.63	-5.1%	-27.1%
Taiwan Semi. Mfg. (Dec) (1)	7.05	10.24	10.15	8.31	7.12	7.55	6.0%	-26.3%
Unisys (Dec)	9.90	14.85	13.56	13.88	10.24	10.04	-2.0%	-32.4%

*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
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

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