

## ***MONTHLY TECHNOLOGY COMMENT***

**Vol. VI, Issue #6**

June 1, 2006  
Peter Labé, CFA

### **FASTEN SEAT BELTS**

- *Dell still attractive longer term, patience needed*
- *Hewlett: Looks better than ever*
- *nVidia keeps on rolling*
- *Net App maintains leadership*
- *Insider buying at Gateway!!*

### **ECONOMIC AND RATE JITTERS**

We've been traveling for awhile on the theory the economy strength would overcome the risk of slightly higher short-term interest rates. This has become questioned in recent weeks. There is more worry about rising inflation (pointing to higher rates), there has been some considerable fluctuation in commodities, the yield on 10-year Treasury notes has moved decisively up as compared with two-year notes (ending the yield inversion), the U. of Michigan Consumer Confidence Index fell significantly (citing gasoline prices, cooling housing markets), and so on. Add to this the market itself, which had been advancing since the fall without correction and reaching levels that could have some vulnerability.

Anyway, the month of May has been one meaningful market correction, whether we have described it well or not. The question is, Now What?

#### 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.

We suspect the answer is, more of the same. Choppy markets with limited range looks to us to be the order of the day. We are contemplating our recommendations in this light, anyway.

## **OUTLOOK FOR TECH STOCKS**

The computer group is a good economy group, but then so is the general market. There are a few reasons though to think Tech might keep up. The top performance the last six months has been in the smaller, and perceived more exciting, tech stocks. Large cap tech has not participated (with a few exceptions) and has less to correct from here (fewer valuation issues). Second, a lot of funds have shifted from tech to old school heavy industrial names. This movement looks pretty complete to us, and maybe won't be restrictive.

In May, the general market was down about 3%, while the NASDAQ Composite was down 6%. In our view, the gap shouldn't widen much from here or conceivably could narrow a little.

## **CURRENT THINKING ON THE GROUP**

The caution we have had on the group since the beginning of the year continues. We want to be careful and conservative. No rating changes this month.

We presently have three stocks rated Strong Buy. One is Hewlett-Packard, which we comment on in this issue, that has "everything." It looks to us suitable to most portfolios. A second is IBM, which we think is defensive enough, but having trouble grinding out some offense (services business). It should look much, much better in the second half. Last is Unisys, which is a special situation and a turnaround story that in our view has great potential.

We have two stocks rated Buy. One is Lexmark, which we don't mention in this issue, a printer company slowly recovering its position after a terrible fall but where value is high. The other is Dell, which we review in this issue, which has fallen into great disfavor along with a few estimate reductions. Like Lexmark, there is no quick fix but over time the prospects look much better and there is now value in the shares.

That's it. We want to be alert to new places to go, like the storage stocks, but we're in no hurry.

Our sector comments follow.

## DATA STORAGE

### Network Appliance (\$32.00 – Hold)

Net App, as expected, posted a powerful fiscal fourth quarter, with revenues up 32% and non-GAAP EPS up 36% to \$0.23 per share. This was a very impressive performance. For the fiscal year to April 30 just ended, Net App earned \$0.81 per share (all Net App numbers non-GAAP). For the new fiscal we are at \$1.02 (consistent with guidance) and the following year, \$1.29. This is a great company and you only have to decide what to pay for it. It is not expensive here (the multiple of a year forward is about the growth rate) but we'd like to see it cheaper for new commitments. **Hold.**

The storage business has basically come to a two-horse race, EMC and Net App. Net App is winning, and should win, I believe. It offers by far the lowest total cost of ownership (TCO) of any storage vendor, and is, as we mentioned, one of just two who can offer a complete solution to the user. Its hallmark (and part of its cost advantage) is *simplicity*. EMC generally is higher cost, very complex, and has to support at least two architectures. It is, however, unmatched in IBM mainframe computing environments, and in certain types of high performance requirements. These companies should do well, with the edge to Net App – which after all is 20% the size of EMC measured by revenue. Superficially it looks like one is growing 15%, the other 30%.

Given all this background, we find Net App's latest offerings of high interest. Forget the hardware, look at the operating system. The latest version, ONTAP 7G, is on the fastest acceptance ramp in history and over 52% of the base is on it. A key new feature is FlexVol, which allows customers to dynamically allocate storage and greatly increase utilization rates. The next generation operating system, nearly complete, will be ONTAPGX, which enables massive horizontally scalable storage, and grid computing architectures.

New products are coming out on time, the distribution agreement with IBM seems to be working out, and things generally look in order.

### EMC (\$12.80 – Hold)

We have spent more than one monthly issue in ruminating on EMC's multiple. In fact, the latest treatment of valuation and issues was in our Monthly dated April 3, 2006 (Vol. VI, Issue #4), to which we refer readers (copies on request).

In general, EMC has had a major multiple devaluation over the past year, and tough to determine the cause. The latest round of weak stock market action has been blamed on the quarterly report, which was only 98% perfect (not 100%) but we find this hard to believe. Maybe some were disappointed that the new product introduction plowed no new ground or had no major innovation. We can't go too far with this, because to us,

having a position at the table where resides the largest growth business in computer technology is valuable. It is true, though, that margins and returns, like Net App, are pretty much back to full, and we are revenue dependent for growth.

This is one limiting factor, but we are still at a loss. We infer the market thinks maybe it is a slower horse and will not pay up for \$4 billion worth of software acquisitions, at least not yet. At this price, it may pay to devote some serious thought to the stock on a value basis. More on this next time.

## SERVERS

### Hewlett-Packard (\$32.38 – Strong Buy)

Hewlett delivered another solid quarter, with good **balance** and **progress** virtually across the board. Revenue was up, margins widened, cash flow good. While at some point margins are going to be “enough”, we consider it still quite some time off in the future. Meanwhile, we continue to rate the stock **Strong Buy**.

Revenue for the quarter was up 5% (8% adjusted for currency), non-GAAP EPS up 46% to \$0.54 per share. Forward guidance continued strong, in line with forecasts of \$91 billion revenue and \$1.89 (GAAP) and \$2.06 (non-GAAP) mid-point of expected. In our view, **a 16x multiple of a consensus number for 2007 is undervalued**. Our target remains \$40+.

Anyway, back to business and the issues.

First, Enterprise Storage & Servers. This hodge-podge of servers and mostly related storage, is not supposed to grow and not supposed to be profitable. But under Mr. Hurd, we are seeing growth and steadily improving profitability. We are now convinced that there is **a lot more money to be made here, though maybe not so much growth**. There are enough proprietary revenue streams it can be done with better management. We should have further to go here. Operating profit was \$322 million vs. \$180 million a year ago, but still only **7.5%**. Revenue was up 2% but the conference call mentioned the enterprise sales model is being overhauled and will be built the next several quarters. Right on.

Next, Personal Systems. A strong looking quarter with revenue up 10%, units up 16% and something like a 2% market share gain. Many think Hewlett right now is going better than Dell! For Hewlett, consumers were up 24%, commercial up 3% – a good mix for Hewlett, not so good for Dell. Operating profit was \$248 million, up from \$180 million a year earlier, and 3.6% of revenue. Lots of room for growth here!

However, there is an emerging issue we need to point out. If Dell’s response to its current volume problems is strictly price, people might excessively worry. **We think**

**Dell's biggest problem and Hewlett's greatest asset is that we are probably bumping the boundaries of how many buyers will go over the phone versus how many must touch, feel and compare first.** So we don't worry that much about Hewlett.

Last, the Imaging and Printing Group. Revenue grew 5%, and operating profit was a whopping \$1.04 billion, up from \$814 million, and 15.5% of revenue. Wow! Supplies were up 10% for the group and 12 million printers were shipped.

We omit review of the other operating divisions for brevity. Suffice it to say the company's business units are performing, and this has a massive underlay we will simply call **restructuring**. At this point the company is only a little over half done in getting to the announced personnel cutbacks of approximately 15,000, but this lowered cost structure is a key part of the plan.

## PC'S AND RELATED

### Dell Computer (\$25.38 – Buy)

Last issue we suggested Dell, having dropped to 26, was now at the high end of our value range and would be appropriate to start nibbling. Since then, the stock has appropriately dropped to 24, where we feel the stock can be **accumulated**. It is still a “value” situation with a relatively bleak short-term outlook; however, in our view, it is laying the seeds of a recovery that could be quite interesting.

Dell pre-announced a shortfall this quarter (I think this is the third) and an ever so slight drop in market share was released by consultants. Moreover, revenue growth has now decelerated to **6%**. This has led to several policy changes:

1. Some reversal of holding margins up, take a little less volume, take a lot more profit – management has talked of this for some time, but now it is clear some actions are and will be taken. Less gross margins will be accepted in exchange for volume.
2. The company will invest over \$100 million in customer satisfaction – e.g. faster handling in call centers. Dell will hire 2,000 in new sales and support, retrain 5,000 in support, expand warranties, establish more call centers. These steps are vital in the consumer business, which Dell has not understood as well as its traditional commercial business.
3. Dell will offer, for the first time, AMD manufactured chips. It finally capitulated after years of an Intel-Only policy. The AMD chips will initially appear in high end multi-processor servers and will improve Dell's competitiveness. This is not a BIG deal (AMD does not have that many chips!) but it sends a powerful message to the market: Dell aims to **supply best of breed, regardless of manufacturer**.

The contra arguments to Dell include the fact competition has changed. Hewlett-Packard and Lenovo have greatly strengthened their positions. They have shortened their supply chain so they are no longer at a major cost disadvantage to Dell. Since they have different approaches to the market, they will not so easily be handled by simply changing the gross margin-volume relationship. Moreover, the current market is heavily consumer, and emerging countries. These are not the strongest points in Dell operations.

The company has discontinued **guidance**. So what? The figures are either going to show successful competitive counterattack or not.

The next couple of quarters are expected to show some tailing off of the PC market, and we would not expect much from Dell as a result. If we look at next year, however, we have *Windows Vista* and *Office 12* and appropriate microprocessors and graphics units to start stimulating the consumer market first, and then the office market. If Dell makes the support investments and has balanced the gross margin-volume tradeoffs, it will look a very different company. Most important, it will look like a double-digit grower – **the key driver for the stock**.

It follows from this that we are maintaining our **Buy** rating. Our current estimates are \$1.46 this year (fiscal to 1/31/07) and \$ 1.63 next (fiscal) year. The P/E is only 16 on next year's number and we haven't mentioned \$11 billion cash (\$ 4.80 per share).

#### **Gateway Inc (\$1.72 – Hold)**

It is one of our tenets that anyone involved with Microsoft *Vista* is going to make some money next year, but this is too slender a reed to buy Gateway, even at the reduced price of \$1.72!! I think we at least need to know who the CEO is.

Note, however, insider buying at Gateway! Interim CEO Rick Snyder bought some shares. Its been a long time since we've seen insider buying at Gateway and hopefully this is a good sign for the future.

#### **nVidia (\$22.98 – Hold)**

nVidia reported yet another powerful quarter, with better than expected revenue and better earnings. Revenues up 17%, EPS up 28% (including expensing stock options). Allowing for the April 6<sup>th</sup> 2-1 split, our EPS numbers are now \$1.25 for this (fiscal) year, \$1.55 next. Solid growth stock, excellent holding at these prices.

Financially, the headlines were the **42.4%** gross margins (after stock expense). We attribute this to the *GeForce 7* series graphics processors being at least 50% of the mix; this is the most modern product.

All the product lines were up. The chipset business recorded a 7<sup>th</sup> quarter in a row of record business (\$120 mil., 17% of revenue) and moved up to a 42% share of the AMD

market from 35%. Market share in the graphics processors went from 79% to 83% in high performance chips.

Most interesting chatter: Microsoft *Vista*. Graphics in today's notebook computers will NOT handle *Vista*. This suggests some changes. Note that nVidia's *GeForce 7* is "*Vista-ready*". *Vista* is the first operating system ever to *require* a graphics processor (as it is for the full-blown (aero) version). We also believe a graphics processor is required for Toshiba HDVD and Sony Blue Ray.

This is a great company and an exciting one; however, investor concern may increase as the company has too great a share of market and is at historically high margins. For the moment, we are recommending **Hold**.

## DATA SERVICES

### Unisys (\$6.58 – Strong Buy)

Nothing terribly new at Unisys. We were, however, impressed by at least one new hire, Brian Maloney. He was named president of Global Industries, a new post. "Global Industries" is basically the old consulting and systems integration businesses. The verticals (finance, public, commercial) fit underneath. This is an important position, and Mr. Maloney appears well qualified. He comes to Unisys from being president and CEO of AT&T Solutions, and from being chief operating officer of Perot Systems.

We believe Unisys is still on track, and maintain our **Strong Buy**.

## PERFORMANCE AND RATING CHANGES

During May the market consolidated somewhat with the S&P 500 down 3% and the NASDAQ Composite down more than 6%. In this environment most of the names on our list were down. Network Appliance was down 14% during the month while EMC's performance was more in line with the market down 5%. Hewlett was almost unchanged in the period, IBM was down 3% and Sun Microsystems declined 7%. Gateway was down 22% in May and nVidia declined 21%. The best performing name on our list for the month was Lexmark, **up** almost 18%. Unisys also outperformed the market, up 5%.

There were no rating changes in this month. We made moderate estimate changes at Dell and nVidia, and fine-tuned our 2007 Gateway estimate. 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 5 stocks (31%) 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 5/31/2006	52-week Range	2004A	E.P.S.			P/E		Rating
					2005A	2006E	2007E	2006E	2007E	
S&P 500*	SPX	1270	1318 1139	\$67.10	\$76.28	\$83.13	\$87.79	15	14	
NASDAQ Composite	COMP	2179	2376 1890							
<b>Storage</b>										
EMC Corp. (Dec)	EMC	12.80	15 - 12	\$0.37	\$0.53	\$0.57	\$0.72	22	18	HOLD
Network Appl. (Apr)	NTAP	32.00	39 - 23	\$0.62	\$0.81	\$1.02	\$1.29	31	NMF	HOLD
<b>Servers</b>										
Hewlett-Packard (Oct)*	HPQ	32.38	35 - 20	\$1.36	\$1.72	\$2.17	\$2.39	15	14	STRONG BUY
IBM Corp. (Dec)*	IBM	79.90	90 - 73	\$4.50 R	\$5.32	\$5.86	\$6.38	14	13	STRONG BUY
Sun Micro. (Jun)*	SUNW	4.63	5 - 4	(\$0.12)	(\$0.12)	(\$0.12)	(\$0.04)	NMF	NMF	HOLD
<b>Personal Computers</b>										
ATI Technologies (Aug.)*	ATYT	16.51	18 - 10	\$0.90	(\$0.03)	\$0.79	\$0.87	21	19	HOLD
Dell (Jan fol.)	DELL	25.38	42 - 26	\$1.28	\$1.56	\$1.45	\$1.63	18	16	BUY
Gateway (Dec)	GTW	1.72	4 - 2	(\$0.40)	\$0.12	\$0.06	\$0.17	29	10	HOLD
Lexmark (Dec)	LXK	57.25	70 - 39	\$4.13	\$3.35	\$3.27	\$4.00	18	14	BUY
nVidia (Jan fol.) <sup>4</sup>	NVDA	22.98	31 - 10	\$0.57	\$1.07	\$1.25	\$1.55	18	15	HOLD
<b>Wireless</b>										
Palm, Inc. (May)* <sup>2</sup>	PALM	16.48	25 - 10	\$0.65	\$0.73	\$0.93	\$0.88	18	19	HOLD
Res. in Motion (Feb)* <sup>1</sup>	RIMM	64.89	91 - 51	\$1.67	\$2.59	\$2.80	\$3.51	23	18	HOLD
<b>Services</b>										
Accenture (Aug)*	ACN	28.15	33 - 21	\$1.28	\$1.50	\$1.63	\$1.82	17	15	HOLD
Affiliated Computer (June)*	ACS	49.92	64 - 47	\$2.83	\$3.23	\$3.11	\$3.73	16	13	HOLD
First Data (Dec)*	FDC	46.11	49 - 37	\$2.16	\$2.25	\$2.38	\$2.73	19	17	HOLD
Unisys (Dec) <sup>3</sup>	UIS	6.58	7 - 4	\$0.31	(\$0.46)	(\$0.13)	\$0.62	NMF	11	STRONG 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)	12/31/2004	12/30/2005	Prices				% chg May	2006 year to date
			2/28/2006	3/31/2006	4/28/2006	5/31/2006		
S&P 500	1212	1248	1281	1295	1311	1270	-3.1%	1.7%
NASDAQ Composite	2175	2205	2281	2340	2323	2179	-6.2%	-1.2%
<b>Storage</b>								
EMC Corp. (Dec)	14.87	13.62	14.02	13.63	13.51	12.80	-5.3%	-6.0%
Network Appl. (Apr)	33.22	27.00	33.16	36.03	37.07	32.00	-13.7%	18.5%
<b>Servers</b>								
Hewlett-Packard (Oct) (1)	20.97	28.63	32.81	32.90	32.47	32.38	-0.3%	13.1%
IBM Corp. (Dec) (1)	98.58	82.20	80.24	82.47	82.34	79.90	-3.0%	-2.8%
Sun Micro. (Jun)	5.39	4.19	4.17	5.13	5.00	4.63	-7.4%	10.5%
<b>Personal Computers</b>								
ATI Technologies (Aug)	19.39	16.99	15.88	17.18	15.52	16.51	6.4%	-2.8%
Dell (Jan)	42.14	29.95	29.00	29.76	26.20	25.38	-3.1%	-15.3%
Gateway (Dec)	6.01	2.51	2.36	2.19	2.20	1.72	-21.8%	-31.5%
Lexmark (Dec)	85.00	44.83	47.09	45.38	48.70	57.25	17.6%	27.7%
nVidia (Jan)	11.78	18.28	23.57	28.63	29.22	22.98	-21.4%	25.7%
<b>Wireless</b>								
Palm, Inc. (May)	15.78	15.90	20.65	23.16	22.60	16.48	-27.1%	3.6%
Res. in Motion (Feb)	82.42	66.01	70.53	84.88	76.63	64.89	-15.3%	-1.7%
<b>Services</b>								
Accenture (Aug)	27.00	28.87	32.66	30.07	29.07	28.15	-3.2%	-2.5%
Affiliated Computer (June)	60.19	59.18	62.92	59.66	55.76	49.92	-10.5%	-15.6%
First Data (Dec)	42.54	43.01	45.13	46.82	47.69	46.11	-3.3%	7.2%
Unisys (Dec)	10.18	5.83	6.68	6.89	6.24	6.58	5.4%	12.9%

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

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

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

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

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

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

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

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

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

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

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

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

Accenture  
Hold 5/2/05 at \$21.70

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

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

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