

MONTHLY TECHNOLOGY COMMENT

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UPTREND STILL LOOKS GOOD

In this issue:

- *Lexmark best value in the market*
- *Buy Opportunity in Network Appliance*
- *Hewlett Stays in line for The Big Story*
- *Dell's Quarterly shortfall causes us to revise to Hold from Sell*
- *nVidia continues strong performance*

ECONOMY DOING ITS PART

Through all of 2003 and certainly all of 2004, we have been fighting the perception (if not the fact) of a wobbly economy, uneven recovery, etc. Today we have *passed* that point. A relatively good economy is now *accepted*, and we simply assume it as background for this commentary. To be sure, there are still details not totally put together. But these are issues we are not hearing, either.

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.

GASOLINE AND ENERGY

The constant march to ever-higher gas prices is taking its toll on consumer attitudes and spending, according to virtually everything we read. This is not surprising. That there would be some effect is a given. While we leave to the economists the job of estimating the effect on GDP growth, and the like, we note high energy prices have never led to a recession. The most likely scenario in our view is that high energy prices will be absorbed at some expense to growth, but (a) they should not be a lasting influence, and (b) remember that energy prices can go *down* as well as up. Informed people have suggested to us that gasoline prices at some point here will drop!!

THE REAL ESTATE/HOUSING BUBBLE

While we have been writing about this for at least two years, rising interest rates have brought the issue much closer to the forefront than before. The question really is, can we absorb some softness in the housing and real estate markets without a recession?

The constant raising of the Fed Funds rate in small increments, but relentless, testifies to the Fed's views on the economy, which it turns out has been pretty largely right. Investors are wondering (hoping?) just how many more increases there are left. Fed chairman Greenspan is certainly aware of the issues, but he is going to have to do a marvelous tight rope walking act to pull this one off. He wants rates higher to hold down business expectations and to control inflation, but he doesn't want an Internet-type bubble bursting all over him.

This is a risk. Interest rates are a risk. Interest rates have ultimately stopped virtually every bull market. It pays to watch rates and the bond market carefully. We judge we are not yet at critical points so for now believe the investor can sit pat on his basically bullish views. Similarly, the flattening of the yield curve that is developing is worrisome to some, but we are not steeped in background for this issue. In sum, interest rates pose a potential threat to the market, which is a risk to be dealt with outside the tech portfolio.

OUTLOOK FOR TECH STOCKS

The outlook for large cap growth technology, and many of the lesser names as well, looks good to us. Business conditions are good and improving. In public forums like conference calls, managements are conservative yet optimistic. There are more, and larger, stock buy-back programs announced in recent months than in a long period before that. I don't know if there is a statistical or other reason for feeling good about these, but we feel good about it.

RECOMMENDED DEPLOYMENT

If we sort out our recommendations quickly, they would sort out as follows:

Large Cap /Growth/
Moderate P/E

Lexmark – Strong Buy
Hewlett – Strong Buy
IBM – Strong Buy

Growth/Higher P/E

Network Appliance – Strong Buy
nVidia – Strong Buy
EMC - Buy

Special Situation

Unisys – Long Term Buy

This month we raised **Dell Computer** from Sell to Hold. Other ratings remained the same this month.

Next, we turn to our sector comments.

DATA STORAGE

EMC Corporation (\$12.86 – Buy)

EMC had a strong, upbeat analyst day but still was perceived by some to be less enthusiastic about its outlook. We feel quite comfortable with the estimates and the outlook. No change in our **Buy** rating.

Network Appliance (\$23.73 – Strong Buy)

Net App had a shortfall in the fiscal quarter announced this month. The \$25 million sales shortfall was attributed to the transition to the new FAS3000 midrange storage system. Customer evaluation time caused many shipments to be pushed out into the next quarter.

Guidance of 25-28% growth in sales for the year was probably slightly below where analysts were but non-GAAP earnings of \$0.76-0.79 as forecast was probably *higher* than most analysts. The stock was penalized in the market, as might be expected.

Point of view: investors, who not long ago were using 35% as a growth rate, are wondering whether it should be 30% (where we are) or 25-28%, the most recent news. In our view, the stock is attractive on a 25% growth forecast, and we don't expect anything that low. The stock should sell at \$40, we think (1.3 times our CAGR rate of 30%). We should add that we buy into management's explanation 100% – the FAS3000 is an incredibly strong product. Believe the stock decline is a Buy opportunity and maintain our **Strong Buy** rating.

Highlights of conference call:

1. EMC is competitive across the board, Sun and Hewlett losing.
2. The first OEM product for IBM is due out this fall.
3. The period of cannibalization, lower priced deals, and stretch-outs, should be over.
4. *NearStor* 18% of total revenues, but actually units were less than forecast.

SERVERS

Hewlett-Packard (\$27.76 – Strong Buy)

- Hewlett took another step along the path of justifying *The Big Story* status we have given it. The first step was to beat the analyst estimates (\$0.31 per share for this, the third fiscal quarter) and CEO Mark Hurd's own forecast of \$0.29-\$0.31. Further, Mr. Hurd raised forward guidance to \$0.44 - \$0.47 for the upcoming fiscal quarter, above Wall Street estimates of \$0.43. *Mr. Hurd's reputation from NCR was that he set conservative goals, and then consistently beat them. This strategy paid off there, and will pay off here.*
- The story is actually a little stronger than that, looking at the time factor. Mr. Hurd has not had the time to go over and strategize each division or operation. Performance seems to us to be the enthusiastic reception given him by the employees, any gains from the strategic reviews are yet ahead of us.
- The company has already begun to achieve better balance. This quarter the Imaging and Printing Group accounted for 57% of operating profit, Services 19%, Personal Systems Group, 12%, and Enterprise Storage and Servers, 11%. A year ago, by contrast, IPG accounted for 84%, Services 3%, PSG 2%, and ESS had a loss.
- Despite the advance, the stock is still attractive.

Highlights from the conference call:

1. Entering seasonally strong quarter with channel inventories in good shape.
2. No bonus accrual 1H 2005, had accrued bonus in 4Q2004.
3. Personal systems business has had steady improvement, consumer notebooks strong, notebooks passed desktop for first time.
4. Inkjet printer prices fell behind in 4Q04-1Q05, have been catching up. This is not a new pricing strategy, HP is not viewed as a price leader and pricing action is very targeted. Operating margin goal still 13-15%.
5. Revenue performance encouraging. ESS up 20% year to year, PSG 8%, IPG 5%, Services up 10%

Point of View: We consider 18-20x multiples of \$2+ earnings perfectly feasible for this stock, or \$35-\$40. There will be some bumps along the way. As the company's restructuring plan comes into being and strategic positions adopted, the stock should take time to breathe. After all, this still has to be executed. Continue to rate **Strong Buy**.

IBM (\$80.62 – Strong Buy)

IBM offers us (a) good exposure to the economy through its large Service business, (b) a beneficiary of a new mainframe product cycle about to start, and (c) the benefits of a significant restructuring which should start to show in Q4 and be an increasing factor through next year. No change in **Strong Buy**. Price objective mid-\$90s - \$100.

Sun Microsystems (\$3.80 – Sell)

No news to single out at Sun. Stock remains cheap, but we see no catalyst to drive it. Maintain **Sell**.

PC AND RELATED

Lexmark International (\$62.98 – Strong Buy)

No sales and earnings news this month, Wall Street just waiting for the punk quarter to be announced. But buried deep in the pages of the business papers lies an item that the Lexmark Board raised the stock repurchase authorization by \$500 million. This is just a ton of stock. The company had about \$200 million left under its previous authorization. If you like to have company when you buy, then this stock is for you.

At 12x projected earnings next year, on conservative assumptions, we consider this stock one of the great bargains around. Maintain **Strong Buy**.

Dell Computer (\$35.60 – Hold)

Dell reported a soft fiscal quarter, with earnings per share a few pennies less than expected and light on revenue. The forecast for the upcoming quarter has been described as “tepid.” The combination was enough to knock the stock down 10% as an initial reaction. Since we had been skeptical of the PC outlook and Dell’s ability to make that ever bigger quarterly bogey, stock performance was pretty well what we hoped. With the cat out of the bag, now, and a new lower price, we revise our Sell rating to **Hold**.

Highlights from the conference call:

1. Market showed 19-20% growth (we think peaked) with Dell overly aggressive on pricing. Need short term is to “upsell” in consumer market. Some evidence competitors have stuffed the channel.
2. Printer business strong, over 50% growth, but again more aggressive on pricing than need to be. Expect profit next year from printing, not just breakeven. Printer units up 77%.
3. Problem areas are consumer (price) and federal (demand).

nVidia (\$30.68 – Strong Buy)

nVidia reported its second fiscal quarter and had earnings above expectations, and raised guidance. This is the third consecutive quarter nVidia has done this, and we wouldn’t be surprised if next quarter we don’t see the same phenomena. We are up to \$1.55 per share this year, \$1.85 per share next year. We think there is upside to these numbers still.

There is a lot for nVidia to be excited about:

- We are closer and closer to the introduction of Sony Playstation 3, and with it the prospect of substantial royalty income for many years to come.
- A crucial design win was announced, the mainstream Dell products including the flagship product.
- Strong growth in workstations (up 40% this quarter).
- The combination of a hot new chip (the *GeForce 7000* series), SLI technology (the use of dual processors, which no one else has), and Shader 3.0 technology, as yet unmatched, has led to nVidia wins all over the industry.

Point of view: investors are unnecessarily worrying about ATI of Canada and Intel, because the company’s leadership today is spread over several technologies. Demand factors continue to look good and margins are back to historic strong numbers. The company has a strong balance sheet and proven capable management. We expect a high multiple and at least \$40 per share price objective (20x a whisper \$2 for next year will get you there – and it may be low given the company’s historic even-higher multiples). Still a **Strong Buy**.

Gateway Inc (\$3.04 – Hold)

Gateway delayed its quarter due to discussions with the SEC on how to account for a large cash settlement receivable from Microsoft. When the numbers came out, volume was a tad light, earnings better than expected although only in line if Microsoft payments are excluded. Guidance for the year was reduced modestly in sales but earnings were also reduced even in light of some push from Microsoft. The stock has been considerably weak since the announcement.

We're not completely sure on the causative factors here. Price has been more aggressive for most in this market, and consumer markets have been tough.

We have reduced our estimates to \$0.12 per share this year and \$0.19 per share next year which should be generally consistent with the company's guidance to date. Microsoft adds 3 cents a share this quarter, then 1-2 cents per share each quarter.

The company seems to be making progress at retail (some market share gains suggest that) and is focused on improving position in the professional market. But in our view, the company is going to have to demonstrate the potential for much higher earnings to get the stock going again. We will be observing very closely, now, a \$3 per share number is tempting!! There is no rush, as we see it, and we maintain our **Hold** rating.

DATA SERVICES

Unisys (\$6.65 – L.T. Buy)

There is no news on Unisys this month. There are no changes in estimates or rating. We carry dual estimates for Unisys, one ex-pension expense (which appears in our tables) and one including it, which we show on First Call. The stock is cheap but lacks a near term catalyst. We would be buyers for the **long term**.

PERFORMANCE AND RATING CHANGES

August was a slippery month, with about a 2% backtracking in the averages (gasoline and geopolitical news has been terrible!) with generally comparable results in our universe.

Starting with data storage, EMC was down 6%, Net App 7%. Net App's shortfall probably affected both, and EMC's perceived lack of enthusiasm didn't help. In servers, Hewlett once again was strong, up 13%. IBM fell more than 3%, Sun 1%. In PC and related, nVidia was up 13% while Lexmark firmed at last and held even. Dell and Gateway, both with shortfalls, were down 12% and 24%, respectively, for the month. In services, Unisys was up nearly 3% as this stock appears to be bottoming at last.

We have adjusted estimates downward by a penny at the two memory stocks, brought estimates down at Dell and Gateway, and brought estimates up at nVidia. Readers are reminded that our estimates for quarters and years are posted on First Call in generally timely fashion.

Only one rating change this month: Dell raised from Sell to Hold.

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 7 stocks (41%) and 1 sell rating (6%). 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 8/31/2005	52-week Range	2003A	E.P.S.			P/E		Rating
					2004A	2005E	2006P	2005E	2006E	
S&P 500*	SPX	1220	1229 1061	\$55.44	\$67.10	\$73.53	\$77.95	17	16	
NASDAQ Composite	COMP	2152	2192 1751							
Storage										
EMC Corp. (Dec)	EMC	12.86	15 - 9	\$0.19	\$0.37	\$0.51	\$0.64	25	20	BUY
Network Appl. (Apr)	NTAP	23.73	35 - 16	\$0.40	\$0.62	\$0.77	\$1.01	31	23	STRONG BUY
Servers										
Hewlett-Packard (Oct)*	HPQ	27.76	25 - 16	\$1.16	\$1.34	\$1.56	\$1.81	18	15	STRONG BUY
IBM Corp. (Dec)*	IBM	80.62	99 - 72	\$4.34	\$4.50	R \$4.96	\$5.47	16	15	STRONG BUY
Sun Micro. (Jun)*	SUNW	3.80	6 - 3	(\$0.24)	\$0.01	\$0.02	\$0.07	190	54	SELL
Personal Computers										
ATI Technologies (Aug.)*	ATYT	12.18	21 - 11	\$0.27	\$0.78	\$0.41	\$0.47	30	26	HOLD
Dell (Jan fol.)	DELL	35.60	43 - 33	\$1.01	\$1.28	\$1.55	\$1.80	23	20	HOLD
Gateway (Dec)	GTW	3.04	7 - 3	(\$0.96)	(\$0.40)	\$0.12	\$0.19	25	16	HOLD
Lexmark (Dec)	LXK	62.98	95 - 64	\$3.34	\$4.13	\$4.20	\$4.87	15	13	STRONG BUY
nVidia (Jan fol.)	NVDA	30.68	30 - 9	\$0.50	\$0.57	\$1.55	\$1.85	20	17	STRONG BUY
Wireless										
palmOne (May)* ³	PALM	34.18	47 - 21	(\$0.11)	\$1.54	\$1.65	\$1.70	21	20	HOLD
PalmSource (May)* ³	PSRC	9.95	27 - 8	\$0.10	\$0.26	\$0.13	\$0.26	77	38	HOLD
Res. in Motion (Feb)* ²	RIMM	78.30	104 - 52	\$0.48	\$2.10	\$2.52	\$3.34	31	23	HOLD
Services										
Accenture (Aug)*	ACN	24.40	28 - 21	\$1.05	\$1.23	\$1.44	\$1.60	17	15	HOLD
Affiliated Computer (June)*	ACS	51.95	61 - 46	\$2.62	\$3.12	\$3.41	\$3.92	15	13	HOLD
First Data (Dec)*	FDC	41.55	45 - 37	\$1.96	\$2.16	\$2.30	\$2.62	18	16	HOLD
Unisys (Dec) ⁴	UIS	6.65	14 - 6	\$0.78	\$0.31	\$0.34	\$0.60	20	11	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)	12/31/2003	12/31/2004	Prices				% chg August	2005 year to date
			5/31/2005	6/30/2005	7/29/2005	8/31/2005		
S&P 500	1112	1212	1192	1191	1234	1220	-1.1%	0.7%
NASDAQ Composite	2003	2175	2069	2057	2185	2152	-1.5%	-1.1%
Storage								
EMC Corp. (Dec)	12.92	14.87	14.06	13.71	13.69	12.86	-6.1%	-13.5%
Network Appl. (Apr)	20.44	33.22	28.76	28.27	25.51	23.73	-7.0%	-28.6%
Servers								
Hewlett-Packard (Oct) (1)	22.97	20.97	22.51	23.51	24.62	27.76	12.8%	32.4%
IBM Corp. (Dec)	92.68	98.58	75.55	74.20	83.46	80.62	-3.4%	-18.2%
Sun Micro. (Jun)	4.47	5.39	3.81	3.73	3.84	3.80	-1.0%	-29.5%
Personal Computers								
ATI Technologies (Aug)	15.12	19.39	15.07	11.85	12.58	12.18	-3.2%	-37.2%
Dell (Jan)	33.98	42.14	39.93	39.46	40.47	35.60	-12.0%	-15.5%
Gateway (Dec)	4.60	6.01	3.46	3.30	3.98	3.04	-23.6%	-49.4%
Lexmark (Dec) (1)	78.64	85.00	68.44	64.83	62.70	62.98	0.4%	-25.9%
nVidia (Jan)	23.20	23.56	27.10	26.72	27.06	30.68	13.4%	30.2%
Wireless								
palmOne (May)	11.75	31.55	28.42	29.77	28.54	34.18	19.8%	8.3%
PalmSource (May)	21.77	12.74	10.03	8.50	7.80	9.95	27.6%	-21.9%
Res. in Motion (Feb)	33.42	82.42	82.82	73.79	70.66	78.30	10.8%	-5.0%
Services								
Accenture (Aug)	26.32	27.00	23.28	22.67	25.04	24.40	-2.6%	-9.6%
Affiliated Computer (June)	54.46	60.19	51.73	51.10	49.97	51.95	4.0%	-13.7%
First Data (Dec)	41.09	42.54	37.83	40.14	41.14	41.55	1.0%	-2.3%
Unisys (Dec)	14.85	10.18	7.24	6.33	6.47	6.65	2.8%	-34.7%

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

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

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

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

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

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

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

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

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

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

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

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

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

This report has been prepared from original sources and company data that we believe to be reliable, but make no representation as to its accuracy or completeness. This report is published solely for informational purposes and is not to be construed as an offer to sell, a solicitation of an offer to buy any security, or the provision of or an offer to provide investment services in any state where such an offer, solicitation, or provision would be illegal. Any opinions expressed herein are statements of our judgment on this date and are subject to change without notice. Recommendations contained in this report represent a high degree of risk and may not be suitable for all investors. Nutmeg Securities, Ltd., its affiliates, its subsidiaries, and/or its officers and employees may from time to time acquire, hold, or sell a position in the securities mentioned herein. Additional information on subjects in this report is available upon request. Member NASD, SIPC and Chicago Stock Exchange. All rights reserved by Nutmeg Securities, Ltd.