WSP Winning Stock Picks

The WEEKLY UPDATE

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Current Editions:

- August 9th Edition of Weekly Update by Tom Heysek
- August 9th Edition of Market Perspectives by Andrew Kline

Previous Weekly Update Editions:
by Tom Heysek

- July 26th Edition
- July 19th Edition
- July 12th Edition
- July 5th Edition
- June 28th Edition
- June 21st Edition
- June 14th Edition
- June 7th Edition
- May 31st Edition
- May 24th Edition
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- May 3rd Edition
- April 19th Edition
- April 12th Edition
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- March 28th Edition
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- February 23rd Edition

Previous Market Perspectives Editions:
by Andrew Kline

- August 2nd Edition
- July 26th Edition
- July 19th Edition
- July 12th Edition
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- June 28th Edition
- June 21st Edition
- June 14th Edition
- June 7th Premier Edition

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The opportunity of being a Premium member of Winning Stock Picks "WSP" is simple – as a Premium member you receive our stock picks first. Also, as a bonus you receive a weekly update on each company profiled on Winning Stock Picks as well as other "Special Offers" directly from our staff of Analysts. If you have questions concerning the profiled companies you also have the opportunity to ask our Analysts questions concerning the profiled companies as well as a you will be invited to a once a month special conference call where our Analysts will answer your questions live on the phone for you our Premium members.

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I find WSPs picks to be way better than those expensive membership sites
that claim to have the best picks. This is my favorite bookmark!
John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up."
Paul Pittman Jarrettsville Md

John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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Market Snapshot

	NASD	S&P 500

NASD

S&P 500

↑	MSFT	27.20	+0.08
↑	NASD	1838.02	+18.13
↑	S&P 500	1098.35	+7.12

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Final Take: Dell's Secret Stash
Take: Electronic Arts Breaking Out
Take: Icahn Targets Mylan
Take: New Look at Electronics Boutique
Take: Wet Seal All Washed Up?
Take: Apple's Juicy Recall
Take: Dimmer View for Sharper Image
Take: The Networks' Horror
Take: Stein Mart's Staying Power
Take: Is United Taking Aim at Retirees?

About Winning Stock Picks

Winning Stock Picks offers hot investment advice to both novice and experienced investors who are ready to capitalize on undervalued companies selling stock over the counter.

We are currently promoting highly profitable **Penny Stocks** (also known as **Micro Cap Stocks, Small Cap Stocks and Pink Sheet Stocks**). We represent a host of different industries that will cater to any investor's taste.

Become a member now and gain access to interactive tools and charts, as well as a limited free subscription to our investment newsletter, offering winning stock picks, top buying opportunities and much, much more!

Membership is free, quick and easy. Become an informed investor - join now for weekly investment news!

Projected Target Price : **$ 30.00**

OUR WINNING PICK :

(CNDD) 08.20.04 8:43 PM EDT

Last Sale	4.70
Change	+0.41
% Change	+9.56
Volume	323,441

Open	4.20	Day High	4.95
Prev Close	4.29	Day Low	3.50
Bid	0	Ask	0
52 Week Range	1.75-8.90	Market Cap	-
1 Month Range	1.75-8.90	Shares Outstanding	-
Earnings		P/E Ratio	-

© Quote delayed 20 mins. Stock Quote Powered by FinancialContent.com

Concorde America Inc - Concorde America is one of those rare opportunities to invest in a venture that has the opportunity to be a significant

global win across the board.Concorde America provides a new solution to an aging problem --- staffing "Infrastructure Jobs", especially in agriculture where labor needs can be seasonal. Table THREE illustrates why Spain and Italy are amongst the first EU Member States to be receptive to the type of new- solution Concorde offers. In the five years ended 2003, among the ten largest EU economies --- Spain and Italy ranked at the bottom, meaning loss of market share, income and jobs.

BUY NOW and never look back | Learn more | CEO Interview

Meet the Winning Stock Picks Editor:

Tom Heysek, the Editor of the WSP newsletter and our financial guru, has extensive experience in stock investment analysis and financial forecasts. His stock tips and financial expertise help WSP members to make informed investments!

Read Tom's biography »

Request one-on-one investment advice

PREVIOUS PICKS :

Storage Innovation Technologies - Technology

Storage Innovation Technologies - is in the business of owning & operating state-of-the-art public self-storage facilities, underground safe-houses for high end storage requirements of individuals & companies (products such as: paintings, boats, cars, wine, etc), state of the art "Panic Rooms", and underground "Shelters" that will be built on the property of individuals and offer the utmost of protection for any family. Facilities will include basic conventional self-storage units, climate control self-storage units and self-administered vault / safe-keeping services. Each facility will also rent safe rooms and disaster-relief rooms in the event of a natural catastrophe or a terrorist event.

BUY NOW and never look back | Learn more | CEO Interview

Absolute Health and Fitness - Healthcare

Absolute Health and Fitness - currently owns and operates 4 fitness centers in the Southeast, and expects to add another 8 centers via acquisition, resulting in a company generating revenues in excess of $10 million / year. A business combination with one other major fitness

center operator is expected to more than double the Company's revenues to over $23 million this year, and increase the number of its operating Business Units to 24.

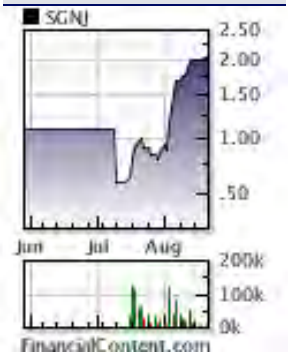
BUY NOW and never look back | Learn more | CEO Interview

Winning Stock Picks also offers a **Premium Membership** subscription where you will receive company profiles a full day before distribution to our Internet and Fax databases commences.

This gives **Premium Members** the opportunity to read about our profiled company, predict their penny stock potential and use our exclusive tips to secure a profitable investment before anyone else!

As with all investment opportunities offered online we urge you to read our Terms, Conditions & Disclaimer prior to making a penny stock investment.

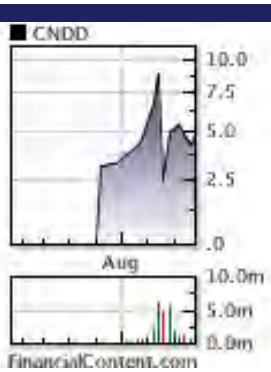
Top



Target Price : $ 2.00
SGNJ
Storage Innovation Technologies

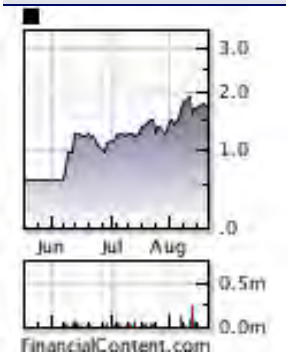
Snap Quote | More »

Target Price : $ 30.00
CNDD
Concorde America Inc



Snap Quote | More »

Target Price : $ 5.00
AHFI
Absolute Health and Fitness



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WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

August 9, 2004 edition

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

After years of mediocre results in the market, I finally found winningstockpicks.net. Taking advantage of your advice to buy AHFI, I bought 10,000 shares at 0.64 on 6/8/04. Less than a week later it had risen to almost a dollar and I sold for 0.97, netting a hefty one week profit of $3266.80 after commissions. Since then the stock has climbed even higher, making for many other happy investors. I finally feel I have a source I can trust for timely information that will help me make a profit like the big guys. Bruce M. July 19, 2004

Learn more about Premium Membership which includes your ability to speak directly with our writers & analysts. Free subscribers are offered a one time pass to ask a question of our experts, so feel free to enjoy & benefit from our site. You will have to complete a contact form in order to receive an answer on your question. Click here to email your question now. Thank you for your subscription to Winning Stock Picks. If you want to offer us any criticism or care to give us compliments, please do so by clicking here.

Otherwise, enjoy this weeks edition!

Headlines

by Tom Heysek

- **The WinningStockPicks-Bulletin Board Index** advanced 1.7% last week (about $23 million), showing a contrary trend to the overall stock markets, which declined unmercifully last week
- No other stock advisory service has put such an easily understood frame of reference around this sector of the stock market --- identifying Market Values, and comparing them to the three conventional exchanges (New York, American and NASDAQ)
- CYOS Systems and InsynQ appear poised to move up and Storage Innovations has already more than doubled --- more on all of these inside ---
- Our two cents, presented by our Good Penny Puppy and Bad Penny Watchdog visit us with another rendition ---
- The current problem with Google --- and Large Cap companies

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Microsoft (MSFT)	**General Motors (GM)**	**Covad Comm (COVD.OB)**
Storage Innovations (SGNJ.OB)	**InsynQ (INSN.OB)**	**CYOP Systems (CYOP.OB)**
Cisco (CSCO)	**P-com (PCMC.OB)**	**PTS Products (PTSO.OB)**
Merril Lynch (MER)	**GE**	**ExxonMobil (XOM)**
Verizon (VZ)	**Google (GOOG)**	

MARKET "RAP" --- Last week, we unveiled the **WinningStockPicks Bulletin Board Index, or WSP-BB™ Index**, to our Subscribers. This Index, proprietary and constructed by WSP's Research Staff, is comprised of the most active BB stocks. It collectively represents the only relevant barometer in existence with which to gauge investment sentiment and trading activity in stocks that are not listed on one of the three major stock exchanges (New York, American and NASDAQ).

The WSP-BB™ Index stood at 13,909.70 when it premiered on July 30th. Last Friday, that Index closed at **14,142.03, up 1.7% for the week**. This is exceptional news. For the first time, investors now have a credible method to measure stock market activity in a segment of the market that everyone suspects has been appreciating in value (i.e. cheap stocks) yet no one has actually constructed an Index to clinically measure and track its investment performance, until now.

Even more significantly, the WSP-BB™ Index appreciated in the midst of an unkind stock market for most investors last week --- the Dow Jones Average and the S&P 500 both declined 3%; NASDAQ lost a punishing 6%. These indexes also include large Blue Chip stocks. Finer tuning last week's stock market results to focus on ONLY the smaller companies listed on the 3 major stock exchanges produces even worse news for individual investors ---

The Russell 2000 Index---a stand-alone Index of the 2,000 smallest companies on the three major exchanges --- was **down 6%** for the week alone...! As an indication of how brutal the stampede out of small companies was last week, for the Year-to-Date, this Index is down 7%. The S&P Index of Small Cap Companies was also down 6%. Losses of this magnitude in these small company stocks means only one thing: Investor Capitulation, and a Bee-line for the exits...!.It'll get worse before it gets better.

Amidst this widespread financial carnage and dashed hopes of investment gain, however, the Bulletin Board Companies remain surprisingly buoyant. Indeed, their market values rose last week --- and now, we have an objectively compiled Index of BB companies to document that perception. At this point, most new subscribers to WinningStockPicks have three questions ~

A. Why aren't more stockbrokers calling individual investors to tell them about these Penny Stock 'bargains'...?
B. How do individual investors go about investing in Penny Stocks in the first place...?
C. Where can I learn more about this particular type of investment strategy?

Our web site (www.winningstockpicks.net) provides answers to all of these questions, and more. In addition, click here for the Special Edition "A Primer for Perspective on Small Cap Companies. For now, however, to address each question individually ~

First, why brokers will never call you about these stocks...Understand the commercial reality of the investment banking and securities industry that no one else will tell you---there is insufficient financial incentive in Penny Stocks for full-service brokers to ever take an interest in them---**ever**. To help place this commercial reality into perspective, consider this fact~

The stock market value of the entire OTC BB (more than 3,200 companies) approximates $2 Billion.

Microsoft's 75 million share trading volume last Friday alone was worth $2.1 Billion, that day. At an average 5 cents a share brokerage commission, this represents $3.8 million in commission income to the stock brokers handling those MSFT trades.

In addition to negligible trading incentives for stockbrokers, BB Companies are of zero interest to investment banks. Investment Banking Fees are always based on a percentage of the banking transaction's size --- and since the average market value of the typical Bulletin Board Stock is only $14 million, Penny Stocks are of ZERO commercial interest to bankers as well. Consider this fact~

The smallest Blue Chip Stock (**General Motors**, GM) has a Market Value of $23.4 Billion. The largest BB Company (**Covad Communications**, COVD.OB) has a Market Value of $443 million. GM is larger by a factor of 50 --- and so are its commercial opportunities for investment banks.

Remember, every one of the full service brokers has at least one skyscraper in mid-town Manhattan that must be paid for --- and those payments are **not** going to get met by embracing the commercial outlook for any Bulletin Board Company, either trading their stocks or raising them capital. And then there's this ---

The third reason brokers won't tell you to invest in BB stocks is that they are risky.

Unfortunately for the fuller understanding by individual investors, this is usually the **ONLY** reason you're given not to invest in these stocks. The brokers would rather you put your money into the larger cap companies they are financing...! That's yet another commercial reality about brokers.

In fact, the OTC BB stock market has presented **the only opportunity** to make money in stocks this year, and certainly since June, when the macro-economy suddenly slowed. As the mainstream, conventional media have already reported, Oil, Interest Rates and Iraq are heavy-duty burdens upon consumer confidence.

But that wasn't the trigger that ignited this energized investment interest in Penny Stocks. That trigger, history may show, was Microsoft's July-decision to pay out $32 Billion in dividends --- that the best use this leading tech-innovator had for its cash (now at $61 Billion) was to give half of it back to shareholders. Whoa...!

What does this mean...?

To quote Barron's on MSFT's dividend, "...this confirms the end of the last new, big thing...and that the next, new big thing has yet to arrive". That was July 26th. Since then, all the major markets have diminished in value. Some, like the Russell 2000, dramatically.

Maybe, just maybe, the OTC BB contains more than just a few of those companies that will become an integral part of that "next, new big thing" that Barron's says awaits us. Somebody is making money in OTC BB stocks...! Based on our WSP-BB™ Index, we know for a fact that OTC BB market values appreciated $23.2 million last week.

Here are a few of the winners that we know about ---

1. **Storage Innovations Technologies** (SGNJ.PK) was first showcased here when it was selling for 60 ¢ / share less than a month ago. Current stock price: $1.69. The standard individual investment commitment, $1,000, would have bought you about 1,500 shares then, that would be worth $2,500 today. That $1,000 will buy about 600 shares today, and it's still reasonably priced, up to $3 / share.

2. A name change is usually the first tip-off that something constructive is in the wind. That's what first led us to SGNJ --- and with desired investment results. This is what brought **InsynQ** (INSN.OB) to our attention. Revenues are up; losses are reduced, and a reverse stock split leaves only 8 million shares outstanding.
   The usual $1,000 commitment in these stocks means an individual investor could buy about 30,000 INSN shares (at about 3 cents apiece). There appear to be some short sellers who've been caught by surprise --- and we see a quick pop up to 5 cents / share. On 30,000 shares, that's a $600 profit on a $1,000 investment, and in less than a month
3. CYOP Systems International (CYOS.OB) saw its shareholders' value increase more than 30% last week, as its stock price appreciated from $0.0055 to $0.007. An investment of $1,000 two weeks ago in CYOS would be worth $1,300 today. In the event there is a short squeeze in this stock (where short sellers scramble to cover their position), this stock could shoot up to 3 cents / share --- telling us that (i) the original $1, 000 investment could grow to be worth over $5,000; and (ii) CYOS.OB is probably still a good BUY...!

Penny Stock investing is a newly emerging investment strategy. There just isn't a lot of information about it. A few general rules, however, are beginning to come forward --- mostly from Subscribers who've written in. We have distilled some of these emerging investment techniques into a Special Edition called The Ten Commandments of Successful Penny Stock Investing.

You will soon find out that for the most part, online brokers are the only way these stocks can be bought and sold. It is possible that some people-based brokers may become involved in this sector of the stock market --- especially if there is no action in the three major stock markets. So start off online --- here's a link to a few of the online brokers.

The biggest mistake Subscribers who've begun to invest in BB and other Penny Stocks report making is going beyond the $1,000 per investment discipline --- which is Commandment # VI. Also, don't expect the conventional investment research sources to provide any help --- this is Do-it-Yourself investing. But then, so is conventional investing.

Look, there are 45 analysts that cover Cisco, for example. Here's the link to confirm that fact --- http://finance.yahoo.com/q/ae?s=CSCO. Forget whether the investment community really needs 45 people covering Cisco... we've already informed you WHY wo many do --- to capture the potential investment banking business. And Cisco can afford to hire them --- in the last quarter, CSCO reported net income of $5 Billion...!

That's two and a half times the size of the entire Bulletin Board Stock Market. If you owned a broker / dealer yourself, where would you direct your research resources?

Good Penny Puppy
& Bad Penny Watchdog

Digging for investment opportunities amidst the more than 7,500 Penny Stock Companies is basically pawn shop research. Penny Stock Companies, as with pawn shops, usually represent a legacy of busted plans and broken dreams. Just as every article for sale in a pawn shop carries with it some element of human misfortune, so too do most of the companies that become Penny Stocks carry with them an image of failure and risk.

The OTC Bulletin Board is the Electronic Exchange on which the stocks of more than 3,200 public companies are bought and sold --- just about all of them Penny Stocks, which means these are included in our research universe. The aggregate market value of the companies traded on the OTC Bulletin Board approximates $ 2 Billion. The OTC BB, therefore, is arguably the most valuable pawn shop in the world.

Within the OTC BB itself, there will be good pennies (Penny Stocks warranting further investment consideration) and bad pennies (Penny Stocks about which our research renders a warning to individual investors).

Our Good Penny Stock in this week's edition is Campbell, CA-based **P-com** (PCMC.OB.)

Here's their story --- P-Com develops, manufactures and markets wireless access systems worldwide. Their web site (www.p-com.com) will get you started on your own research trail --- it's an interesting journey. The symbol has just changed (always a good sign) and the stock is showing new life --- up to 99 cents last week from 83 cents the week before. With 8 million shares outstanding, that's an appreciation in shareholder value last week of more than $1 million --- and during a week when the market tanked.

PCMC has retuned to profitability, Revenues for the past 12 months are in excess of $25 million --- and the Market Value of the stock is one-third of Revenues. With $4 million in Cash in the Bank, the Company begins its commercial reincarnation with Cash equal to 50 cents per Share. We see minimal downside in this Penny Stock --- and we encourage individual investors to BUY $500 worth of this stock while it is still less than $ 1 / share. Here's a link to Management's Conference Call about the most recent quarter. Take notes!

http://biz.yahoo.com/cc/9/44289.html

PTS Products International (PTSO.OB) gets Mark, our **Bad Penny Watchdog**, barking. (PCMC.OB.)

PTSO is in the business of licensing an automated latex glove dispenser. That's their intended business, but so far, revenues have been elusive. Last April, $500 would have bought you 125,000 shares. Today, those shares are worth 62 cents --- a loss of 87%. PTSO is what we describe in the Ten Commandments as a Black diamond. You'll never be able to sell it, so eat your loss.

We point out PTSO to Subscribers for two reasons (i) Investing in fallen stocks like PTSO is a strategy deployed by some individual investors, looking for an unexplained bounce back up. Won't happen with PTSO; and (ii) We want to provide a living example of what a Black Diamond looks like, and why investors should limit their positions in Penny Stocks to no more than $500 to $1,000---because you can lose it all...!

Here's a clip from PTSO's latest 10-Q filing. It ells you nothing about its business.

> " PTSPI was incorporated on October 10, 2003 in the state of Nevada and, under a license agreement, currently holds the non-exclusive United States patent rights to manufacture, sell and distribute, under private label, an apparatus known as the Glove Box, pursuant to a license agreement. It also has acquired the exclusive rights in China, Malaysia, Singapore and Thailand and the right of first refusal for other countries to manufacture, sell and distribute, under private label, the Glove Box, pursuant to license agreements. The development of this product has not yet reached the point of manufacture. As such, the Company is subject to the risks and uncertainties associated with a new business. The success of the Company's future operations is dependent, in part, upon the Company's ability to raise sufficient capital to complete development and testing of the Glove Box."

On the broader Market ~ You've already been inundated with last week's bad news on the larger cap scene. Here's a table that's won't make you any more hopeful about Large Caps. This table lists the twenty most-widely held stocks in America. It is derived from accounts at Merrill Lynch, and published in the New York Times every day.

The combined Market Value of these twenty companies is more than $100 Billion less than it was at the start of the year. This is probably no surprise. But look at this fact --- all of that decline in combined Market Value took place in the month of July...! The significance of this statistic, from this particular table, is that these are the stocks most Americans own, and they are not feeling very well at the moment.

This also explains why investors' disenchantment with the three major stock exchanges has accelerated in recent weeks.

Only three companies showed a higher stock price in both periods ---GE, ExxonMobil and Verizon. This cannot possibly be a favorable stock market environment for the Google (GOOG) IPO. In last week's edition, we peeled back the layers of information to show the average investor how GOOG's Market Value was derived.

The mistake may be in the number of shares outstanding --- 268 million. If the investment bankers advised GOOG to issue 2.6 Billion shares, rather than 268 million, they'd be offering Google at a more reasonably priced $10.80 to $13.50. Not $108 to $135. But then, bankers earn larger fees on a higher priced stock.

	12/31/03	2-Jul	6-Aug	Percent Change	
	$2,856	$2,865	$2,753	YTD	since Jul
GE	313	323	333	3%	3%
XOM	265	292	295	10%	1%
MSFT	295	308	295	4%	-4%
PFE	267	259	238	-3%	-8%
C	247	237	224	-4%	-4%
WMT	225	222	219	-2%	-1%
JNJ	152	164	162	8%	-1%
INTC	207	170	146	-18%	-4%
IBM	156	147	140	-6%	-5%
CSCO	164	155	135	-5%	-13%
VZ	94	100	106	6%	6%
CVX	91	100	100	10%	0%
MRK	101	104	97	3%	-7%
TWX	82	79	75	-4%	-5%
HD	78	77	73	-2%	-5%
CMCSA	74	63	61	-15%	-3%
AWE	22	39	33	79%	-15%
LU	12	15	13	23%	-13%
AV	6	7	6	17%	-14%
AGRb	5	4	2	-23%	-50%

Adios --- until next week.

Email us at editor@winningstockpicks.net or contact us

Disclaimer: The opinions and beliefs of these newsletters written by Tom Heysek and Andrew Kline are not the opinions and beliefs of the owners of this website.

www.winningstockpicks.net **August 9, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

After years of mediocre results in the market, I finally found winningstockpicks.net. Taking advantage of your advice to buy AHFI, I bought 10,000 shares at 0.64 on 6/8/04. Less than a week later it had risen to almost a dollar and I sold for 0.97, netting a hefty one week profit of $3266.80 after commissions. Since then the stock has climbed even higher, making for many other happy investors. I finally feel I have a source I can trust for timely information that will help me make a profit like the big guys. Bruce M. July 19, 2004

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Otherwise, enjoy this weeks edition!

Headlines

by Andrew Kline

- Take a look at past winners you could have had by being a “Premium Member.” It’s not too late, because we’re just getting started!
- We look for gold where no one else does. We analyze 7,800 stocks that the big stockbrokers don’t even look at. Find out how we pick the winners!
- Penny Stocks are the way to go. See why it’s true!
- “If it’s important, it’s probably not obvious.” (Jay Snelson) Why do you think this is true?
- The stock market is just like any other sport. Find out what the heck we’re talking about.
- Inside, check out 4 great stock picks for the week.
- Do you know the basic Penny Stock investment rules? We have them for you, inside.
- Market View: We predicted a meltdown in the market, and there it was. Find out what’s next.

Market Moves

Major Indexes	31-Dec-03	9-Jul	30-Jul	6-Aug	% Chg week	% Chg YTD
DJIA	10,454	10,213	10,140	9,815	-3.2%	-6.1%
NASDAQ	2,003	1,946	1,887	1,777	-5.9%	-11.3%
S&P 500	1,112	1,113	1,102	1,064	-3.4%	-4.3%
Wilshire 5000	10,800	10,843	10,702	10,308	-3.7%	-4.6%
Russell 2000	557	564	551	520	-5.7%	-6.7%

What We Do

With regards to the stock market, you may wonder what we do as "Penny Stock" Analysts. **Our job is to look for and analyze little known companies that have great potential for growth**. To this, you might say, "Don't all the thousands of stockbrokers and investment houses do this?"

The answer is, "No, they don't." It's that simple. The major brokerage houses like Merrill Lynch or SmithBarney make their money from the business they do with huge companies like IBM, DuPont, Lockheed Martin, or Microsoft. **They aren't interested in penny stocks**! This leaves approximately 7,800 individual stocks that no one looks at.

"If it's important, it's probably not obvious." (Jay Snelson—Institute for Human Progress)

That is why we at Winning Stock Picks have chosen to specialize in this area. Why look for gold in the same place that other people have already picked clean? **We are mining for golden stock picks in new areas**! The entire research staff at **Winning Stock Picks** could easily be working for the big brokerage houses. We have, however, chosen the "road less traveled," and we invite you to travel that road with us.

The stock market is based, like all business in America, on competition. Companies compete within a particular industry to gain a larger share of the consumer market. That is how they WIN the game!

Think of it like a football team. In the National Football League (NFL), there are a bunch of different teams. Each one is like a separate company, yet they are all in the same industry---football. The same is true for all the teams (companies) in baseball. What decides who the best team/company is, and who wins the most games/contracts?

Which team or company has the best talent (players)? In our case, we look for a great management team. We look for management that is both experienced and creative (comes up with the game-winning plays). A good example of this is eMerge Interactive (**EMRG**) (See "Recommendations" Aug. 2nd edition)

We also look at the equipment. **Which team or company has state-of-the-art equipment and facilities**? Examples here include Storage Innovation Technologies (**SGNJ**) and Absolute Health and Fitness (**AHFI**), both of which are featured stocks of ours (See home page).

Finally, **which team or company has the best plays or products**? This is probably the most important aspect of a company that we look at. Does this company have a great product or service to sell? If not, we won't recommend them! A great example of this is Concorde America (**CNDD**) (See home page). We think **CNDD is a future Superbowl winner of a company**!

To bring you the best possible recommendations, we also look at many other factors such as; amount of debt, cash on hand, current selling price, revenue growth, and any other information that we can find.

Recommendations

Note: All picks and strategies are **completely unbiased**. We are not paid to recommend any stocks or strategy.

2nd Note: Please consider signing up for our very best service----the Premium membership! The recommendations we give you in the weekly newsletter are solid choices. The stock market, however, can change rapidly in the middle of the week---as last Thursday and Friday should prove.

If you sign up to receive our Premium Membership, **you will get the information when it happens, not when it's over**. With more information, you will save money and you will make money. That's not a plug, that's a fact!!

Envoy Communications Group, Inc. (**ECGI**: Nasdaq)

Envoy Communications Group (ECGI). The Group's principal activities are the provision of marketing communication, brand strategy, and design consultancy services. These services include strategic brand consulting, corporate identity and communications, retail branding and store design and packaging design services. The Group also provides marketing services including creative concept development, branding, print and broadcast production, media planning and buying, event marketing and public relations. The Group operates in Canada, the United States, the United Kingdom, and Continental Europe.

Envoy conducts its branding (name recognition) services through its wholly owned subsidiaries, Watt International Inc. and Watt Gilchrist Limited. Envoy provides advertising and communications services through a 70%-owned subsidiary, John Street Inc.

Envoy is now in a position of strength. **They have NO DEBT and $52 million in cash. That means they have $0.55 per share just in cash**. Their revenues are growing and they have a competitive advantage with their proprietary software (only they have it). They have recently embarked on a well-defined strategic acquisitions program (buying other companies). As corporate profit margins grow smaller in the 3rd and 4th quarter of this year, companies will need to spend more on advertising to achieve the same returns. That is great for ECGI.

In the past quarter, ECGI has added new contracts with six major North American retailers from various industries, including hardware, North American food retailers, a major U.S. account in the beverage/alcohol category, and a fashion account.

ECGI closed at $0.42 on Friday. Place an order to **Buy at $0.36 per share**. We think that this one will easily test $0.50 per share.

AVI BioPharma, Inc. (**AVII**: Nasdaq)

AVI BioPharma, Inc. The Company's principal activity is to develop therapeutic products for the treatment of life-threatening diseases. It is in the development stage. The products have initial applications in cardiovascular disease, colorectal cancer, pancreatic cancer, polycystic kidney disease, and drug metabolism. These are based on two distinct core technologies, NeuGene antisense compound, and Avicine cancer vaccine. These compounds have the potential to provide safe and effective treatment for a wide range of human diseases.

In addition to targeting specific genes in the body, AVI's antiviral program uses NeuGene antisense compounds to

target single-stranded RNA viruses, including West Nile virus, SARS coronavirus, hepatitis C virus, and Dengue virus. AVI's second technology, Avicine, is a therapeutic cancer vaccine with late-stage trials planned for the treatment of pancreatic cancer.

The Company has entered into alliances with SuperGen, Inc, Abgenix, Inc, and Exelixis, Inc for product development and marketing. It has licensed Medtronic, Inc to use its antisense compounds in conjunction with Medtronic devices.

AVI BioPharma develops therapeutic products for the treatment of life-threatening diseases using two technology platforms: third-generation NEUGENE antisense drugs and cancer immunotherapy. AVI's lead NEUGENE antisense compound is designed to target cell proliferation disorders, including cardiovascular restenosis, cancer, and polycystic kidney disease.

The company has nearly $1.00 per share in cash, and no debt. We feel that the stock price of AVII has been beaten down too far. We are looking for it to turn and move up soon. **AVII** closed at $1.60 last Friday. Because of the stock market weakness, we feel that a good time to buy this stock is just below. **Buy AVII at $1.47 per share**.

Markland Technologies, Inc. (**MRKL**: OTC.BB)

The Group's principal activity is to provide integrated security solutions to the Homeland Security marketplace. It provides emerging technology services and products to protect the country's borders, infrastructure assets, and personnel. The emerging technologies include automatic detection of explosives and illicit materials and cryptographic systems for secure communications. The Groups principal end customer is the United States Government.

They have a very strong balance sheet with approximately $8M in cash, and very little debt. There is a potential for significant increases in revenue from the company's border security division, as **MRKL was recently included in the government team that will install the security systems for the "U.S. Visit" program, which protects our borders**.

Markland's significant patent portfolio of innovative gas plasma antenna technology can potentially create a new model for secure WiFi data transmission. Their new approach towards WiFi data transmission will enable the industry to provide very cost effective and secure WiFi products. Their business model is to create a patent royalty revenue flow for this technology commercialization opportunity in the WiFi marketplace. This marketplace is presently estimated at $4 billion per year and growing rapidly.

Aug. 3rd ---US Army's Night Vision and Electronic Sensors Directorate (NVESD) has just awarded EOIR Technologies Inc., a wholly owned subsidiary of Markland Technologies, contracts in the amount of $1,985,823 for EOIR to provide support services for the development and testing of airborne sensors and data collection platforms over a 24 month performance period.

MRKL recently closed at $0.44 per share. **Buy MRKL at $0.42 per share**. As there is increasing pressure to adequately fund Homeland Security, our research indicates that Markland Technologies should experience growing revenues well into the future. **We expect this stock to reach $1.20-$1.50 over the next 6-12 months**.

Note: This next stock is not classically a "penny stock" because its price is higher than $5.00. It is, however, not far off so we have decided to include it here.

Siebel Systems, Inc. (**SEBL**: Nasdaq)

The Group's principal activity is to provide business applications software. The Group designs, develops, markets, and supports Siebel eBusiness Applications, its family of industry-specific eBusiness software applications. Customers include Accenture Ltd, Cisco Systems Inc, IBM Corp, Microsoft Corp, and Unisys Corp. The Group operates in Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Columbia, Czech Republic, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Korea, Mexico, Netherlands, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Siebel is the No. 1 vendor of software for companies to manage sales and customer service. It recently warned, along with 14 other software companies, that 2nd quarter results would not meet expectations. For this, it paid the price, with its shares dropping about 30% in the last month. We feel that SEBL is near a bottom, and has a 20-25% bounce coming.

SEBL is sitting on $2.13 billion IN CASH, a figure that equals $4.23 per share just in cash. It had free cashflows (a very good thing) of $209 million last year, and it has virtually NO DEBT.

Place your buy order for SEBL at $6.97. The stock closed at $7.18 on Friday, and we believe the bottom will be around the $6.90-$7.00 level. We expect it to go up to $8.50-$9.00 in the near-term.

Past Recommendations

In the past, if you had been a **Premium Member**, you would have had access to some of our great tips, BEFORE anyone else got them!!

The stock market keeps moving up and down and up again. There are many new opportunities to make money by investing in penny stocks. Our job is to find new opportunities for our members to invest in.

Join our family of members now, and enjoy the benefits of our great stock tips!

Great Tips from Past Editions
Table is based on buying 1000 shares of each stock

	Buy At	Current Price or Sold At	Profit
AHFI	0.95	1.64	**$690**
CNDD	3.28	4.61	**$1,330**
APNJ	0.85	0.90	**$50**
GVA	18.26	20.77	**$2,510**

Basic Rules for Investing in Penny Stocks

Our research staff has prepared a set of rules to follow when trading penny stocks. Remember, a “penny stock” is defined as a stock selling for under $5.00 per share. These simple rules will help you focus on the important aspects of penny stock investing. Follow these rules and you will stand a great chance of becoming a successful investor.

1) Never invest more than you can afford to lose. Since penny stocks are risky, only a reasonably sized investment should be made in each stock. We recommend investing from $500 to $2,000 in each stock that is under $2.00 per share. For a stock that is around $5.00 per share we recommend a maximum $5,000 investment.

This, of course, is dependent on the level of your income and available resources. Some people prefer to make larger investments to amplify their potential rewards. Just remember that the larger the reward, the larger the risk.

2) Be prepared to invest with at least a one to two year time horizon. Peter Lynch, one of the most successful fund managers of all time, stated that he made his best returns starting the second year he held a stock, sometimes waiting several years to fully maximize his profits. While one month might seem like an eternity, one year is a small fragment in the life cycle of a successful company.

3) Be prepared to take advantage of short-term opportunities. As a general rule, the 1 to 2 year investment horizon is a good plan. Many of the companies we recommend have products that are in the development stages and may take 6 months to a year to return profits.

However, **at Winning Stock Picks, we often come across windows of opportunity that are only open for a short time**. When we find these great opportunities, **we will alert our Premium Members immediately**, so that they can gain the extra rewards of getting in more quickly.

Please consider signing up as a Premium Member. You will make more money in one trade than the cost of the membership!

In addition to all the other great benefits, you will receive our tips 24 hours before anyone else does. **People have often said that information is power. They were right**. Market conditions change rapidly. Buying a stock 20 or 30 cents lower than other people will simply make you more money. We will be sending out Premium Member tips at least once a month, and possibly each week.

4) Learn to tolerate and embrace down markets. Penny stocks, as with all stocks, will always trade both higher and lower than you ever thought possible. When market conditions are unfavorable, it can be psychologically damaging to undisciplined investors.

Markets go up then down then up again! That is the way of things. Be patient with your investments. **A drop in price can often become an excellent buying opportunity for many stocks**. In the mass psychology of the markets, we find our best picks when other people are "running for the exits."

5) Learn to accept losses. This is often the most difficult rule of all. As a way of illustration, I would like to point out a movie I once saw. It is called "The Freshman," with Mathew Broderick and Marlon Brando. The Godfather (Brando) is sitting behind his desk talking to his stock broker. He says something like, "...I don't want to hear about my stocks going down. I only want them to go up. Don't call me again with bad news."

You can imagine how that stockbroker was feeling. The Godfather says, "Only up." Well sorry, it doesn't work that way. You will experience losses. A good investor accepts those losses. **You must be secure in the knowledge that a few really big winners will result in success**.

Most unsuccessful investors become pre-occupied with their mistakes. Successful investors, on the other hand, enjoy the process of investing as much as they enjoy making money. Stocks can go 5 or 10 times higher, but can only lose 1 time the value of the investment. Therefore, your upside potential is many times greater than your downside risk.

Market View

As we predicted in last week's newsletter, there were too many "roadblocks" in front of the market to keep it from

going up. (see “Market View” Aug. 2nd edition) The markets had a meltdown last week.

“Meltdown” might be a nice word. Both the Nasdaq and the Russell 2000 lost nearly 6%. (See “Market Moves” above) Three of the five reasons that we cited were involved in the drop in stock prices. Those were oil prices, terrorism, and lowered expectations for future corporate profits.

Another big reason was the poor showing in jobs creation last month. The Unemployment report last Friday showed only 32,000 new jobs created in July, a very low number. The country needs at least 150,000 new jobs each month to move forward. June’s number was also revised downward to 78,000 jobs created in June, also a low number.

We continue to be plagued by high oil prices. The price reached new all-time highs on Friday, at $44.77 per barrel before sliding back to close for the week at $43.95 per barrel. Wow, that’s painful. The high price of oil acts as a “hidden tax” on everyone in America. That includes both businesses and individuals.

One potential positive for the stock market is the capture of various Al Qaeda figures around the world. If authorities can work their way up the chain of command and arrest the people at the top, it would be very positive for the stock market.

The stock market may need to work its way down to the 9,500 level on the Dow Jones Industrial Average (“Dow”) before it is ready to go up. That is only 300 more points, so we might attempt another rally this week or next. Let’s keep our fingers crossed, and hope this thing turns around.

Email us at editor@winningstockpicks.net.

Disclaimer: The opinions and beliefs of these newsletters written by Tom Heysek and Andrew Kline are not the opinions and beliefs of the owners of this website.

WSP Winning Stock Picks

The WEEKLY UPDATE

TOM HEYSEK

Tom Heysek is Director of Research for Asian American Capital, a San Francisco-based investment management and securities research company. Mr. Heysek began his financial services career at J P Morgan's Trust & Investment Division in New York for ten years. He moved to Crocker Bank, with HQ in San Francisco , where he was a Corporate Banker, and was promoted to Director of Asia Pacific Merchant Banking for Crocker, based in Hong Kong . From 1985 to 1993, Mr. Heysek was Managing Director of The Consulting Shoppe, with HQ in Singapore and branches in Bangkok , Kuala Lumpur and Jakarta (Indonesia). The Consulting Shoppe was relocated to San Francisco and re-named Asian American Capital in 1993.

WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

July 26, 2004 edition[1]

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

After years of mediocre results in the market, I finally found winningstockpicks.net. Taking advantage of your advice to buy AHFI, I bought 10,000 shares at 0.64 on 6/8/04. Less than a week later it had risen to almost a dollar and I sold for 0.97, netting a hefty one week profit of $3266.80 after commissions. Since then the stock has climbed even higher, making for many other happy investors. I finally feel I have a source I can trust for timely information that will help me make a profit like the big guys. Bruce M. July 19, 2004

Learn more about Premium Membership which includes your ability to speak directly with our writers & analysts. Free subscribers are offered a one time pass to ask a question of our experts, so feel free to enjoy & benefit from our site. You will have to complete a contact form in order to receive an answer on your question. Click here to email your question now. Thank you for your subscription to Winning Stock Picks. If you want to offer us any criticism or care to give us compliments, please do so by clicking here.

Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **The stock market tanked last week. Earnings for the second quarter are coming in as expected, however, the average investor now recognizes that these earnings gains are NOT sustainable.**
- **No one seems prepared to tell Individual Investors this. We just did. Last week's rout took away a staggering $215 Billion of market value, mostly in the Large Cap sector.**
- **NASDAQ finished the week at 1849 --- the same year as the California Gold Rush, which led us to take a look at the Gold Strocks---INSIDE. The best of the lot --- a penny gold stock (also in the Philadelphia Gold/Silver Index...DROOY**
- **Microsoft's plan to spend $75 Billion on its stock ($30 Billion as a one-time cash dividend to shareholders (in December...!) and $45 Billion in stock buy-back in the open market (YAWN)**
- **GOOD PENNY STOCK / BAD PENNY STOCK. A new feature designed to make individual investors money in the stock market. Check the first two cents...! and prosper.**
- **Check out our e-LETTER this week --- from a Subscriber whose made over $1,200 in the last month --- on a $410 investment...it CAN be done.**

A PAIR OF 1849's

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Microsoft (MSFT)
Amazon.com (AMZN)
Lucent (LU)
Durban Roodepoort (DROOY)
Harmony Gold (HMY)
Atlantic Coast Air (ACAI)
Diversified Design (DDVS.OB)
Sears (S)
Coca-Cola (KO)
Agere (AGRB)
Kinross Gold (KGC)
Gold Fields (GFI)
CMKM Diamonds (CMKX.PK)
Intel (INTC)
Phil GOld (^XAU)
ATT (T)
AngloGold (AU)
Delta (DAL)
United (UALAQ.PK)

Market "Rap" ---All financial markets were ruthless to individual investors last week. Even Gold lost ground every trading day (closing at $390 an ounce) on the New York Mercantile Exchange. The Dow Jones Average lost 1.7% to close at 9962. The Dow Jones Average hasn't closed below the psychologically-important 10000 level for almost two months (May 25th).

The NASDAQ Composite declined a tad more --- down 1.8% ---to close at 1849. This represents a new low for the 2004 calendar year, though still up 8% from its level of one year ago (1719---July 23, 2003). NASDAQ's closing index level at 1849 on Friday ironically is the year of the California Gold Rush. The price of Gold is now just 11% above its 52-week low of $351.10[2].

That was August 1, 2003. Let's compare that rate of gain in an uncertain investment climate with the two most popular stock market averages. The Dow Jones Average (a proxy on 30-Large Cap companies), now at 9962, is up 9% since August of last year. The S&P 500 Index, with 470 additional (smaller cap) companies, is up 11% since August 2003. Investment Conclusion: the Index with smaller cap companies in it at least matched the rate of gain for Gold.

...and recently reported operating results for **Microsoft** (MSFT), **Sears** (S), **Intel** (INTC), **Amazon.com** (AMZN) and **Coca-Cola** (KO) --- all Large Cap Stocks --- are clearly unconvincing to quell otherwise jittery stock market sentiments. Click here for the Large Cap Supplemental Review, linked to this week's edition.

Gold has always represented a counter-balance, or a hedge, within a traditional investment portfolio. As the price of oil rise, Gold has typically moved upward, in tandem. More recently, as interest rates begin to rise, the price of Gold declines --- and so do the Gold stocks. The Gold / Silver Index on the Philadelphia Exchange (ticker symbol **^XAU**) is a composite of 12 Gold-Stocks, recently at 84 (52-week high-low: 77 – 113).

We've saved you the trouble of looking up the components --- here they are ~

COMPONENTS FOR ^XAU

Symbol	Name	Last Trade	Change	Volume
ABX	BARRICK GOLD	**19.49** 4:08PM ET	**- 0.51 (2.55%)**	1,090,200
AEM	AGNICO EAGLE	**13.18** 4:00PM ET	**-0.40 (2.95%)**	445,500
AU	ANGLOGLD ASHANTI	**31.05** 4:01PM ET	**-0.84 (2.63%)**	668,000
DROOY	DURBAN DEEP	**2.41** 3:59PM ET	**-0.16 (6.23%)**	1,641,727
FCX	FRPRT-MCM GD	**33.36** 4:01PM ET	**-0.66 (1.94%)**	2,284,500
GFI	GOLD FIELDS LTD	**9.27** 4:04PM ET	**-0.21 (2.22%)**	777,000

GG	GOLDCORP INC	**11.14** 4:01PM ET	**-0.12 (1.07%)**	1,321,400
HMY	HARMONY GOLD MNG	**10.20** 4:00PM ET	**-0.11 (1.07%)**	872,700
KGC	KINROSS GOLD	**5.36** 4:00PM ET	**-0.20 (3.60%)**	1,317,100
MDG	MERIDIAN GOLD	**12.75** 4:01PM ET	**-0.55 (4.14%)**	397,800
NEM	NEWMONT MINING	**39.00** 4:04PM ET	**-1.48 (3.66%)**	5,109,700
PDG	PLACER DOME INC	**15.53** 4:00PM ET	**-0.55 (3.42%)**	1,410,600

In this week's edition, we use the research material **just above** as a shopping list to find a cheap stock...also known as **penny stocks**. The conventional definition of a penny stock is a stock that sells for less than $5 / share. Both State and Federal securities regulators seem to agree on this point. Based on our research into its genesis, however, it also appears that this definition dates back to the 1930's, so it's about 70 years old, if not out of date. But c'mon --- who doesn't love a cheap stock and a good story...really.

No one seems to talk much about the large number of penny stocks that suddenly exist these days, though at less than $5 / share...they are penny stocks nonetheless. Rather than suppress this investment strategy --- and that's what penny stock investing is --- an investing strategy --- USPennyStocks brings that strategy out of the lock-down and onto Center Stage...!

The Penny Stock Universe of Stocks has become so abundant reflecting ~

- The Stock Market Bubble that burst in the first quarter of 2000 (the Dow was almost 12000 and the NASDAQ Composite had been 5048[3]);
- A Bust in the dotcom industry in general, with a meltdown in the stock prices of those that could avoid liquidation; and finally ~
- The **Corporate Fraud Trifecta**---Enron, Worldcom and Adelphia---wiping out $1 Trillion in shareholder wealth, including collateral damage in related industries.

Consequently, there are a considerable number of well-known companies whose stocks are currently penny stocks. **Lucent** (LU), for example, at $3.25 / share is a penny stock. **Agere** (AGRB), a 2001 spin-off of Lucent, sells for $1.05 per share.

Lucent itself was a spin-off from **AT&T** (T)...and even though ATT's stock currently sells for $14.02 / share, had it not been for a one-for-five[4]. Reverse Stock Split in November 2002, it too would be a penny stock.

It is not uncommon for the mainstream media to warn individual investors of losing 50% to 100% of your money in a penny stock. Let's examine this warning using AT&T stock. In October 2002, if you owned 500 shares of AT&T's stock, with an average stock price that month of $13 / share, your investment in AT&T would be worth $6,500.

By December 2002, the reverse stock split would have reduced your shares to 100, offset by $849 as a one-time dividend of $8.49 / share. But, as of last Friday, your 100 shares are now only worth $1,403 (100 shares times $14.03 per share). **The current market value, including that $849 dividend is $2,251 --- for a pretty sizable loss of 65% from the $6,500 value you used to have, less than two years ago.**

These are the types of gnarly losses that are haunting every Large Cap portfolio --- and there appears to be no end in sight based on last week's events and outlook.

Of the 12 companies in our Gold Index table, only **Durban Roodepoort Deep** (DROOY) qualifies as a Penny Stock,

at **$2.41 / share**. With 232 million shares outstanding, it is also a small cap company (market value of $559 million). DROOY is a South African-based gold mining company, operating in Africa and Australia.

The Gold Sector has sold off --- Big Time. It will come back --- Big Time. There is enough worldwide tension right now to trigger a 'rush-to-gold' so if history tells us that there are above-average swings in the sector on the upside, it seems logical that the percentage upswing in the penny stocks of that sector will be even more out-sized...Big Time. Alas, there is only one penny stock in this mini-universe...DROOY.

We compare our investment selection to the next cheapest stock in this mini-universe, **Kinross Gold** (KGC), merely to give our stock pick some bearings in relation to the group. Both stocks have underperformed the market, as illustrated in the following chart.

DROOY's restructuring problems are behind them, and it appears it can return to the $50 million in earnings level. That's over $0.20 in Earnings Per Share --- and none of the industry's analysts have caught this yet --- since regulators frown on brokers who cover Penny Stocks. But now, you're empowered to make an investment decision based on some do-it-yourself research.

First --- conclusion: BUY 500 shares of DROOY THIS WEEK **at $2.45 / share** or better. That's $1,225 plus the online commission. Target Exit Price --- **$3.00 per share** in a month. That's a profit of $275 on a $1,225 investment, or 22 ½ %, in a month, or 269% on an annualized basis.

Now, the rationale --- the table below shows DROOY next to Engine-Derived other companies in the Gold Sector. The average multiple of Market Cap-to-Sales for these other three companies is 3.0. Discounting this by 20% and applying

it to flat sales of $300 million for DROOY yields a market value of $720 million, or $3.10 per share.

So jump in...take the plunge into Penny Stock Land. To quote Brian Dennehy as Tom Callahan, of Callahan Auto Parts in the movie "Tommy Boy" --- "Why say no when it feels soooo good to say yes...!"--- and invest $1,225 on a calculated risk, not a blind gamble. The truth may set you free but the numbers will point the way.

DIRECT COMPETITOR COMPARISON

	DROOY	AU	GFI	HMY	Industry
Market Cap:	559.12M	8.10B	4.55B	2.64B	90.91M
Employees:	19,238	53,097	53,528	41,927	61
Rev. Growth (ttm):	N/A	14.60%	N/A	15.40%	14.60%
Revenue (ttm):	303.04M	2.06B	1.96B	984.94M	21.38M
Gross Margin (ttm):	7.75%	39.57%	21.92%	4.52%	34.96%
EBITDA (ttm):	6.77M	781.00M	403.52M	79.84M	-696.00K
Oper. Margins (ttm):	-5.70%	19.93%	10.38%	-7.66%	10.60%
Net Income (ttm):	-8.11M	250.00M	287.76M	-36.21M	-798.00K
EPS (ttm):	-0.068	1.118	0.595	-0.228	N/A
PE (ttm):	N/A	27.77	15.58	N/A	28.53
PEG (ttm):	N/A	1.00	0.86	1.26	2.98
PS (ttm):	1.97	4.04	2.38	2.71	6.1

The Research Department has entitled this week's edition a "Pair of 1849's", given last Friday's close for the NASDAQ Composite Index (at 1849---the low for the year), and 1849 being the year of the California Gold Rush, enables us to introduce you to our Gold Play in Penny Stocks. Research also uses this edition to debut a NEW FEATURE section that will appear with regularity. We call it ~

Good Penny Puppy and Bad Penny Watchdog

Micro-cap companies and penny stocks are inherently risky, volatile and speculative.

This is the phrase that accompanies most literature dealing with Penny Stocks. We do not withhold this disclaimer, but embrace it --- for in the final analysis, we work on behalf of our Subscribers. The reason this disclaimer abounds is because there are a lot of problem companies in this space.

In this and future editions---we'll strive to find a few of those problem companies to alert our Subscribers, unleashing our Watchdog for Bad Pennies.

We call this dog Mark

At the same time, we'll balance this with a showcasing of a Good Penny, logofied with our Puppy, and who can't love this puppy?

We call this Puppy Woody

Atlantic Coast Airlines (ACAI) is accorded the first-ever Puppy designation...a Good Penny Stock. Here's the story. ACAI has been in business since 1989. It currently sells for **$3.86 per share** --- making it a Penny Stock. By 2000, it had become a principal feeder airline for **United Airlines** (UALAQ.PK --- also a penny stock these days at $1.31 per share) and **Delta** (DAL --- a Penny Stock wannabe at $5.59).

United went into bankruptcy in December 2002, and Delta draws nearer to that event with every passing week. In November 2003, Independence Air was born, creating a new low fare, value airline that would eventually service 35 cities directly, rather than as a feeder under United or Delta.

Value airlines used to be called no-frills. The net, net of this metamorphosis in the airline industry is that travelers end up spending $10 at the **Starbucks** (SBUX) or **McDonalds** (MCD) in the airport, for what the airlines used to give you for free. Let's place this into perspective. There are 1.3 billion air travelers per year. Even only 1% of these travelers spend $10 at the airport for food---that's a $1.3 Billion industry on its own.

The Company has accumulated more than $350 million in cash to accommodate what has been described by industry trade journals as the most aggressive route expansion for an airline, ever. Moreover, remember this statistical gem in your Do-it-Yourself analysis --- **Cash per Share for ACAI is $7.78, or twice the current stock price**.

The only way this would be insufficient funding is if management were completely inept, and we think this is not the case. Incidentally, the conversion price on the $125 million in Convertible Debentures that ACAI issued in February 2004 are convertible at a stock price of **$11.08** / share. We're only looking for $ 5 / share near term, $10 long term.

Look at it in this practical manner---Capital is currently very hard to come by and some very sophisticated institutional investors have invested $125 million in this company, expecting its shares of stock to be worth at least $11.08 per share some day.

A $2,000 financial commitment THIS WEEK will BUY you 500 shares of ACAI...and frankly, it's worth $2,000 of our money to participate in the outcome of this financial drama. We encourage you to also listen in on a Conference Call about the second quarter earnings scheduled for July 28th ... here's the info on that ---

Source: Atlantic Coast Airlines

WEBCAST ADVISORY: Atlantic Coast Airlines Holdings, Inc. Second Quarter 2004 Financial and Operating Results Wednesday, July 28th at 3:00pm Eastern---DULLES, Va., July 15 /PRNewswire-FirstCall/ -- Atlantic Coast Airlines Holdings, Inc. (Nasdaq: ACAI - News) will release financial and operating results for second quarter 2004 on Wednesday, **July 28th. That afternoon at 3:00pm Eastern, the senior executives of the company will conduct a live webcast. You are invited to listen.** The webcast will be hosted by:

-- Kerry Skeen, Chairman and Chief Executive Officer
-- Richard Surratt, Executive Vice President and Chief Financial Officer

Instructions to hear the webcast:
The live webcast can be accessed directly through the
Atlantic Coast Airlines website at http://www.atlanticcoast.com
(please go to the "For Investors HOME" section).

NOTE: Replays of the webcast will be available for
five business days following the conference call.

Ordinarily, a Good Penny like this might not have emerged on our radar screen. However, given the Do-it-Yourself style of our research, which we share with you, when United Airlines began showing up on our mini-universe of Penny Stocks...ACAI popped up too.

The next 12 months are going to be tough on reported operating results for ACAI. Losses are expected in each of the next three quarters --- but take advantage of this Conference Call opportunity and find out for yourself. Take control, make the call, you've been invited---and if you are unhappy with the investment advise you've been given over the years, **then do something about it...NOW...!**

As Maury Finkel said in the movie "Starsky and Hutch", "Do it...!"

If the management is credible in articulating its plans and in guiding investors' expectations in that conference call... this stock could bounce back over $ 5 / share in a heartbeat, and in six months, over $10. Its post-9/11 stock price is $30 / share, and while it won't see that stock price for a few more years, REMEMBER --- it already possesses a market value greater than United Airlines ($145 million).

Here's the link---we call it Subscribers' Good Penny Stock Supplement---ACAI

e-Letters to the Editor

The e-LETTER we've selected to present in this week's edition also serves as a marvelous true-to-life example of what a person can accomplish financially by applying the Do-it-Yourself research techniques presented in USPennyStocks. **'Triple-A'** writes

"Earlier this year, I researched a company called **CMKM Diamonds** (CMKX.PK). I came up with a number of valuation ratios you've illustrated in your weekly articles. I bought 4 million shares of CMKX.PK at $0.0001 per share. Total investment: $410.95, including the **Ameritrade** (AMTD) online commission.

In the last month, the stock has risen to $0.0005, and now stands at $0.0004. I am at my Exit Strategy, ahead by over $1,200. But I don't want to miss out another move upward. What would you do...?"

Dear Triple-A: The most frequent mistake individual investors make is selling too soon, not riding the winners to even higher price levels like institutional investors do. This is not necessarily true in Penny Stock investing. These are small risky markets --- and let's face it, on CMKX, you just got lucky. But hey, that's okay too.

Therefore, in Penny Stock investing, you have to think a little differently in your trading. Yes---**TRADING**. That's the first distinction to recognize. Trading in Penny Stocks used to be prohibitively expensive --- but online brokerage accounts changed that completely, now empowering every Individual Investor to express an investment point-of-view.

We'd suggest you sell 1,000,000 shares, at $0.0004. This will return your initial capital outlay (less commission). It means that the 3 million shares you still own are profits --- and the $400 you get back by lightening up on your position now can be used to buy another 4 million shares if it goes back to $0.0001 --- and trust us, IT WILL. On the other hand, if the stock makes further gains, you'll have your initial capital back to average up.

That's just our suggestion --- we could be wrong, and in any event...check with your financial advisor.

The challenge in Do-it-Yourself original research is to come up with analytical barometers or measurements that place issues into anecdotal perspectives you can understand. Here's a follow-up example with the USPennyStock recommendation for ACAI --- as grim as the financial outlook is for Delta Airlines, the stock market has taken ACAI down even more in value, as confirmed by the following graph. We think this is overkill, and that a short term bounce back is imminent.

Basic Chart

Get Basic Chart(s) for: GO

DELTA AIR LINES (NYSE) Edit

Range: 1d 5d 3m 6m 1y 2y 5y max Type: Bar | Line | Cdl Scale: Linear | Log Size: M | L

Compare: DAL vs acai S&P Nasdaq Dow Compare

We call our Bad Penny Watchdog Mark, for now. You see, he has a hair lip, and every time he barks, it comes out "mark, mark"...and hence, the moniker given him by the research Staff.

Distinctive Devices (DDVS.OB) is in the telecommunications business, and at a recent stock price of $2.20 / share, has a market value of $44 million. The Company manufactures and markets digital devices attached to television sets that can transmit cable, satellite and Voice-over-Internet Protocol into the consumers' home.

From DDVS' 10-K filing with the Securities & Exchange Commission (here's the whole link ---)

> "Distinctive Devices, Inc., through its subsidiaries, operates in two distinct segments: digital television technologies and telecom access equipment. Our newly-acquired wholly-owned subsidiary, galaxis technology ag, is involved in developing, manufacturing and marketing digital television technologies

and in distributing digital Set-Top-Boxes on terrestrial, cable, satellite and IP platforms. Convergence GmbH, a subsidiary of galaxis, is a leading provider of Multimedia Home Platforms ("MHP") on Linux platform and develops advanced software applications for chip manufacturers. Our subsidiary Realtime Systems Ltd. designs, manufactures and sells Multi-Service Access Platforms ("MAP") that provide voice, data and video services over existing copper wire infrastructure for both telecom and cable carriers on networking protocols such as ATM, TCP/IP and other application protocol suites.

HISTORY -------

During the fiscal year ended December 31, 2003, the operating business of Distinctive Devices, Inc. ("DDI", the "Company", "we", "our", or "us") was conducted by two subsidiary corporations located in India, namely, Distinctive Devices (India), PLC, based in Mumbai (Bombay) ("DDI-India") and Realtime Systems Ltd., headquartered in New Delhi ("RTS"). DDI-India was organized in September 2001 and is 98.67% owned by the Company. RTS was acquired in December 2002 and 99.97% of its outstanding common stock is held by DDI-India. Our involvement in these Indian operations is attributable to Mr. Mody, a native of India, who became our President and CEO in May 2001. He has been a DDI shareholder and director since March 2000.

A third subsidiary, International Gemsource, Inc. ("Gemsource"), was formed in January 2002 for the purpose of trading in gemstones."

Actually, it was this last sentence that tweaked our analytical curiousity, and got Mark, the watchdog to barkin', so to speak. Here's why ~

Distinctive Devices' first quarter sales were $3,028,170. On these sales, the Company earned a Gross Profit of $686,520. However, after incurring more than $5 million in Operating expenses during the quarter --- versus 4346,542 in the year earlier quarter --- the Company showed a loss of $4.7 million, or $0.14 per share.

As promising as DDVS' TV-box top telco technology might be --- first quarter sales consisted entirely of trading gemstones --- as in diamonds, rubies and emeralds.

A $44 million market valuation for a gemstone-trading company seems overly generous. Our review of the Company's balance sheet does nothing to make us less concerned --- nor cause Mark to bark a little less --- $22 million in Bank Debt to European Banks is coming due on October 1st of this year. So we decided to call the Company to inquire about this.

Based in Fort Lee, New Jersey, we spoke with the CEO, SanJay Mody. The $22 million bank debt is actually provided through "friends and family" and will be refinanced. These must be pretty well-heeled friends and family...! Then, we noticed this item in recent SEC filings ---

http://www.sec.gov/Archives/edgar/data/59963/000095012004000428/ddis8.txt

It is a Warrant Agreement between Jack Grubman and DDVS. Jack Grubman was the de-throned, high profile telco analyst with Solomon Smith Barney, part of **Citigroup** (C). In the aftermath of the Stock Market Bubble Bursting and the scandals that ensued, Mr. Grubman was found to be less than upfront in his business dealings.

As part of the settlement, he agreed to a lifetime ban from the securities industry. Maybe the SEC is just to busy to notice these details --- in which case, we'll send them a copy of this week's edition ---

Adios My Friends and remember..

Email us at editor@winningstockpicks.net or contact us

[1] This material is not and should not be considered investment advice and readers are encouraged to do their own due diligence and to consult with their own investment advisers about any investment.
[2]Its 52-week high is $433 / ounce (April 1, 2004).
[3]Based on last Friday's market close, this translates into a decline from the peak of 17% for the Dow Jones and a whopping 63% for NASDAQ.
[4]That's right, **a REVERSE stock split**...so that if you owned 100 shares before the split, you owned 20 shares of that stock afterward. ATT's stock would be theoretically selling at $2.80 / share today had it not been for that reverse split. This is a fact. Most Penny Stock-destined companies have attempted to get out of that stock price territory (i.e. under $5 / share) by a reverse stock split. It usually doesn't work...and it doesn't appear to be working for AT&T either.

The WEEKLY UPDATE

www.winningstockpicks.net **July 19, 2004 edition**

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

After years of mediocre results in the market, I finally found winningstockpicks.net. Taking advantage of your advice to buy AHFI, I bought 10,000 shares at 0.64 on 6/8/04. Less than a week later it had risen to almost a dollar and I sold for 0.97, netting a hefty one week profit of $3266.80 after commissions. Since then the stock has climbed even higher, making for many other happy investors. I finally feel I have a source I can trust for timely information that will help me make a profit like the big guys. Bruce M. July 19, 2004

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **Year-over-Year growth in trading volume on the three major stock exchanges is now ahead only 9%, single digits, foretelling widespread lay-offs in the brokerage industry as margins and earnings pressure intensify (DOES THE BROKERAGE INDUSTRY REALLY NEED 42 ANALYSTS COVERING CISCO...REALLY?)**
- **The conventional financial media is revving up its alert to investors to BUY STOCKS NOW---the Bull Market is imminent. Don't believe it. We are about as far from the values in the market at the Dow Jones Average peak as can be---and we vividly illustrate just how far inside ---**
- **Imitation is the highest form of flattery --- last week, we identified the current market lull for our Subscribers as one of 12 stagnant market periods since 1982 (link to last week's edition). The current issue of Barron's now runs its variation on this same conclusion, but you saw it first, here~**
- **Two Paired-Investments from May 24th are up 38%...!**
- **Two new sets of Paired-Investments for Subscribers ---**

SELL Home Depot / BUY Honeywell

SELL JPMorganChase / BUY ChevronTexaco

SINCE JPM MERGED WITH BANK ONE (July1st), IT HAS LOST 6% OF ITS MARKET VALUE DEJA VU AOL / TIME WARNER...? THE BEGINNINGS OF PROTRACTED DEMISE...? THE TRUTH MAY SET YOU FREE but THE NUMBERS ULTIMATELY POINT THE WAY ---details on how this strategy was derived, INSIDE

- **The Top Five Performing Stocks in the Dow Average since January 2000, when it peaked at 11,723, may surprise you. (HINT: SMOKES & TOOTHPASTE) Find out, inside --- and learn about two new investment strategies**
- **A new player in the $165 Billion women's apparel industry, or, an Oscar de la Renta designer's outfit for under $100...? Name the public company that will benefit...INSIDE**

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Cisco (CSCO)	**Home Depot (HD)**	**Honeywell (HON)**
Intel (INTC)	**JPMorganChase (JPM)**	**Chevron Texaco (CVX)**
Microsoft (MSFT)	**General Elec (GE)**	**Altria (MO)**
Proctor & Gamble (PG)	**3 M (MMM)**	**Pfizer (PFE)**
ExxonMobil (XOM)	**Morgan Stanley (MWD)**	**Merrill Lynch (MER)**
Goldman Sachs (GS)	**Lehman Bros (LEH)**	**Chas. Schwab**
Bear Stearns (BSC)	**Kellwood (KWD)**	

Market "Rap" ---Only 14.9 Billion shares traded last week on the three major stock exchanges. Year-to-Date volume of 461.6 Billion shares is merely 9% ahead of the volume for the same period last year (422.3 Billion shares). This compares dismally with earlier-in-the-year euphoria when trading volume was up more than 32%, as were thre brokerage stocks.

The number of stocks traded fell to less than 8,100 (8,096 to be precise) with 3,571 advancing, 4,306 declining, and 219 unchanged. The number of stocks hitting new 52-week lows continues to dwarf the number of stocks hitting new 52-week highs. The Dow Jones Average fell 0.7% last week and is down YTD by 3%; The S&P 500 and the NASDAQ Composite declined 1.0% and 3.3% respectively, closing at 1101 and 1883.

NASDAQ is now down by 6% YTD. **Intel** (INTC) reported its results for the June quarter. Sales were up 20% to $8.1 Billion, gross margins improved to 60% from 50% for the year ago June quarter, and Earnings Per Share of 27 cents were almost double the 14 cents per share reported in the June 2003 quarter. So what's wrong with that --- ?

Plenty. Applied Fundamental Investment Research necessarily means going into the Balance Sheet --- and here's what we found. Inventories of $2.8 Billion are 29% higher than a year ago, Accounts Receivable are 47% higher, and adding these together to get a Cash-to-Cash Cycle, it now takes Intel 128 days to convert Inventory into Cash, up from a 100 day Cash-to-Cash Cycle in March 2003.

With almost $16 Billion in Cash on hand, this is not a question of survival; however, it is a matter of valuation and prosperity. We are not alone in that re-assessment.

Intel's stock dropped like a rock, falling 14% last week to close at $22.73 per share, down from $26.57 the week before. With 6.5 Billion shares outstanding, this translates into a $25 Billion loss in shareholders' market value. The table below summarizes the market aggregates (link to full Subscribers Supplement # 04 – 036)

Subscribers' Supplement # 04 - 036

SNAPSHOT for the WEEK ENDED July 16th

Indexes, at mkt close	12/31/03	21-May	4-Jun	9-Jul	16-Jul	%cChg YTD	Wk %
Dow Jones Avg	10454	9967	10243	10213	10140	-3.0%	-0.7%
S&P 500	1112	1094	1123	1113	1101	-1.0%	-1.0%
NASDAQ Comp	2003	1912	1979	1946	1883	-6.0%	-3.3%
Wilshire 5000	10800	10625	10936	10843	10733	-0.6%	-1.0%
WilshMicroCap	481	479	499	490	481	0.0%	-1.8%
WilshSmCap	274	271	282	281	277	0.9%	-1.4%
Market Value-All Stocks	**$12,948**	**$12,739**	**$13,112**	**$13,001**	**$12,879**	**0.5%**	**-0.9%**

Click here to link to Subscribers' Supplement to view th entire table

Undoubtedly, our Subscribers hear the same cheerleaders in the financial media that we hear --- "Bull Market Imminent", "Don't miss out on the coming bull" and our favorite, "Dow Jones Average Headed for 15,000 in 2005...!" Let's place some practical perspective on the state of the market, and what the Individual Investor can expect.

In order to comprehend where we stand (in terms of market values) today, we begin by analyzing where we once were. The Dow Jones Industrial Average closed at 10140 last week. The Dow's peak was set on January 14, 2000 when it closed at 11723. (FOR STOCK MARKET TRIVIA BUFFS, the INTRADAY HIGH IS 11908.50.) This represents a decline of 14%. But let's translate this into actual market values for the companies comprising this Index.

Based on Friday's closing prices, the 30 stocks comprising the Dow Index had a total market value of $3.6 Trillion. The market value associated with the Dow at 11723 was $4.2 Trillion. --- or a loss of market value of $600 Billion. This is a loss bigger than the Gross Domestic Product of most countries...and not easily retrieved.

The table below illustrates the companies in the Dow, and presents comparative growth rates in the components' market values. This table will help quantify in the Individual Investor's mind the amplitude of where the Bubble was, where valuations stand today, and the magnitude of the stock market losses upon the American economy. SPECIAL NOTE: MSFT valued at over half a Trillion dollars, Intel at $332 billion, and even Old Economy stocks like GE ($ 498 Billion).

Listed by Mkt Value Rank in 2004

	14-Jan 2000	16-Jul 2004 (add 9 zeros)	Percent Change
	$4,258	**$3,629**	-15%
GE	458	338	-26%
XOM	238	300	26%
MSFT	600	297	-51%
PFE	265	247	-7%
C	192	226	17%
WMT	268	225	-16%
AIG	196	180	-9%
JNJ	127	169	33%
INTC	332	147	-56%
IBM	200	142	-29%

	14-Jan 2000	16-Jul 2004 (add 9 zeros)	Percent Change
VZ	133	96	-28%
SBC	118	77	-35%
HD	134	75	-45%
MMM	33	69	111%
AXP	66	62	-6%
HPQ	50	60	20%
DIS	66	48	-27%
UTX	31	47	53%
DD	58	43	-27%
BA	33	41	25%

PG	62	142	127%	**MCD**	52	35	-32%
JPM	166	128	-23%	**HON**	47	31	-33%
KO	139	123	-12%	**AA**	32	29	-8%
MO	38	100	160%	**CAT**	16	27	70%
MRK	139	100	-29%	**GM**	38	25	-35%

Even more telling is a ranking of each company. Of the 30 stocks in the Dow Index, 10 advanced and 20 declined. Altria (Philip Morris, MO) ranked # 1, increasing 160% in value from January 2000 to today. P&G (PG) ranked second at 127% and 3M (MMM) was third at 111% appreciation.

At the bottom of the table are the laggards --- Microsoft (MSFT) and Intel (INTC), down 51% and 56% respectively. A ranking like this tells our nation's recent commercial history in a nutshell --- check out the top ten most valuable corporations in January 2000. Tech ruled then. Compare this with today --- Microsoft down to # 3, replaced by Old Economy GE and ExxonMobil, i.e. Big Oil.

Ten Most Valuable Public Companies In

2000		**2004**	
Microsoft	($600 B)	GE	($338 B)
GE	($498 B)	ExxonMobil	($300 B)
Intel	($332 B)	Microsoft	($297 B)
Wal*Mart	($268 B)	Pfizer	($247 B)
Pfizer	($265 B)	Citigroup	($226 B)
ExxonMobil	($238 B)	Wal*Mart	($225 B)
IBM	($200 B)	AIG	($180 B)
AIG	($196 B)	Johnson & Johnson	($169 B)
Citigroup	($192 B)	Intel	($147 B)
JPMorganChase	($166 B)	IBM	($142 B)

The 30 Dow Components, Listed by Percentage Change in Mkt Value Since January 2004

----10 DOW JONES COMPANIES UP----		**10 DOW COMPANIES DOWN**	
Altria (Philip Morris)	+160%	American Express	- 6%
P&G	+127%	Pfizer	- 7%
3 M	+111%	Alcoa	- 8%
Caterpillar	+ 70%	AIG	- 9%
United Technology	+ 53%	Coca-Cola	-12%
J&J	+ 33%	Wal*Mart	-16%
ExxonMobil	+ 26%	JPMorganChase	-23%
Boeing	+ 25%	GE	-26%
HewlettCompaq	+ 20%	duPont	-27%
Citigroup	+ 17%	Disney	-27%
		Verizon	-28%
		Merck	-29%
		IBM	-29%
		McDonalds	-32%
		Honeywell	-33%

	General Motors	-35%
	SBC	-35%
	Home Depot	-45%
	Microsoft	-51%
	Intel	-56%

The value in assembling research like this is in the investment decisions that emerge --- especially with respect to Large Cap stocks. This is NOT a stock market environment where an investor can easily pick a Large Cap stock on its own, in the blind hope it will appreciate.

Fundamental Research empowers the Individual Investor to convert a Blind Gamble into a Calculated Risk. That's what a Subscription to this WEB SITE brings you: EMPOWERMENT

While such individual stock picking might have led the investor to Altria and P & G (which as you now know are both up more than 100% since the Bubble Burst), your chances of doing so are slim.

The strategy that has worked well for our Subscribers is the Paired-Investment Strategy, making BUY and SELL SHORT investment decisions based on the relative ranking of large cap stocks within their own grouping.

In our June 28th edition (link to that edition), a review of the performance of our Paired-Investments through mid-year revealed capital gains of 5.5% per quarter, or **22%** on an annualized basis.

In the May 24th edition (click here for link), **Pfizer** (PFE) was losing steam, whereas AIG was gaining momentum in the relative rankings (link to Subscribers' Supplement #04 – 037). We sold short 300 shares of Pfizer (total cost: $10,493[1]) and purchased 100 shares of ChevronTexaco (CVX, $9,011).

Since then, Pfizer went from $34.81 / share to $32.58 and CVX from $89.61 / share to $95.40 producing an investment gain of $1,251 on a total investment of $19,504, which equals a 6.4% return over two months, or 38% on an annual basis.. A second paired-investment at that time included selling short 300 shares of SBC ($7,349) and purchasing 100 shares of AIG ($7,065).

Since then, that position has produced a net investment gain of $284, or 1.97% for two months and 12% per annum. While this is a lesser rate of return, looking at both paired-investment positions together, the gain was 4.5% for two months, or 27% on an annual basis. Keep these investment performance figures in your mind about what is achievable in an otherwise boring market.

The two new Paired-Investments this extensive research leads us to is

SELL Home Depot / BUY Honeywell

SELL JPMorganChase / BUY ChevronTexaco

Here's why ~

We were, frankly, riveted by the starkly evident deterioration in the market value of **Home Depot** (HD). With 20 analysts supposedly covering this stock, one would think there would be some material in the media addressing this fact. There isn't. Companies this huge do not turn-around instantly...we expect the Long Term deterioration in its

market value to resume as investors take profits (see graph below, up 50% since January).

Having locked-in the SELL SHORT component of our Paired-Investment, we began the search for the offsetting BUY. The only companies of similar market value are SBC (in which we already have short positions of 600 shares) and 3 M (MMM)...whose market value has double since the Bubble Burst. We consult our Worksheet (Supplement # 04 – 037) and discover that **Honeywell** (HON) is also trading in the mid-$30 range --- but with a more transparent upside.

In addition, Honeywell would have been a part of General Electric by now if that acquisition had not been prohibited in the European Union. At that time, the EU was flexing its muscles --- and there are industry observers who expect GE to re-visit this acquisition in the next 12 months. In the meantime, the investor gets a 2.1% dividend return, which handily beats a money market return. Here is the arithmetic, for purposes of calculating our investment performance in the weeks ahead ~

HD/HON Paired-Investment (July 16, 2004)

SELL SHORT 300 HD at $33.92=$10,176+$50	=$10,226
BUY 300 HON at $36.40=$10,920+$50	=$10,970
Total Position	$21,196

The second Paired-Investment presented to Subscribers was derived more arduously. First, the arithmetic, then the explanation ~

JPM/CVX Paired-Investment (July 16, 2004)

SELL SHORT 300 JPM at $35.87=$10,761+$50	=$10,881
BUY 100 CVX at $95.40=$9,540+$50	=$ 9,590
Total Position	$19,504

In reviewing the table presenting market value of Dow Components at the January 2000 peak, we were initially surprised at **JPMorganChase** (JPM) showing up in the top ten at all. However, on July 1, JPM completed its merger with Bank One by issuing 1.5 Billion shares of JPM to the shareholders of Bank One. Total shares now outstanding: 3.6 Billion

Since July 1st, here's what JPM's stock price has done with 1.5 Billion more shares in circulation and here's how its market value has eroded, and in a relatively brief period of time. Research says this erosion is likely to continue.

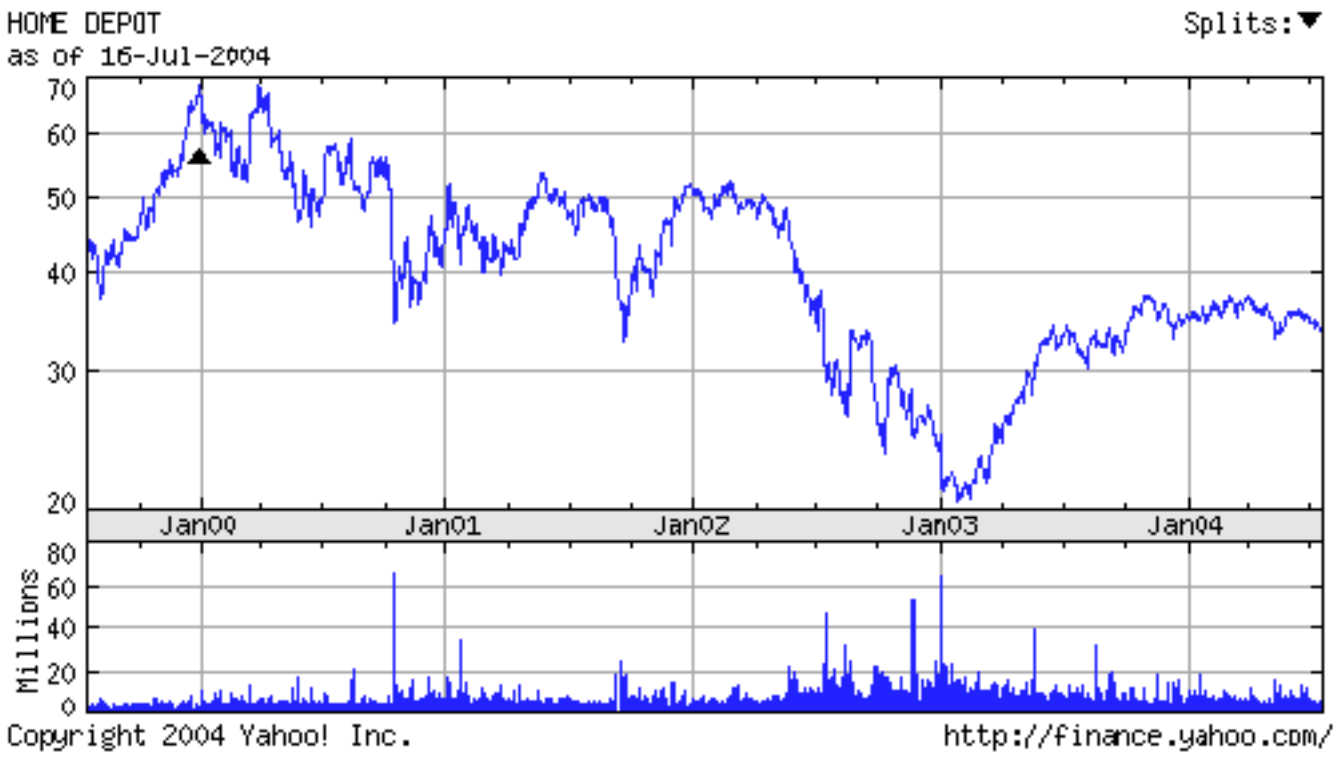
June 30:	$38.77	July 1:	$38.17	July 16th:	$35.87
Shares Outstg:	2,040 mm		3,570 mm		3,570 mm
Market Value:	**$79.1 Bln**		**$136.3 Bln**		**$128.1 Bln**
>>>**Percentage Loss in Value**					**-6.0%**
Dow Jones Average		10334.16		10139.78	

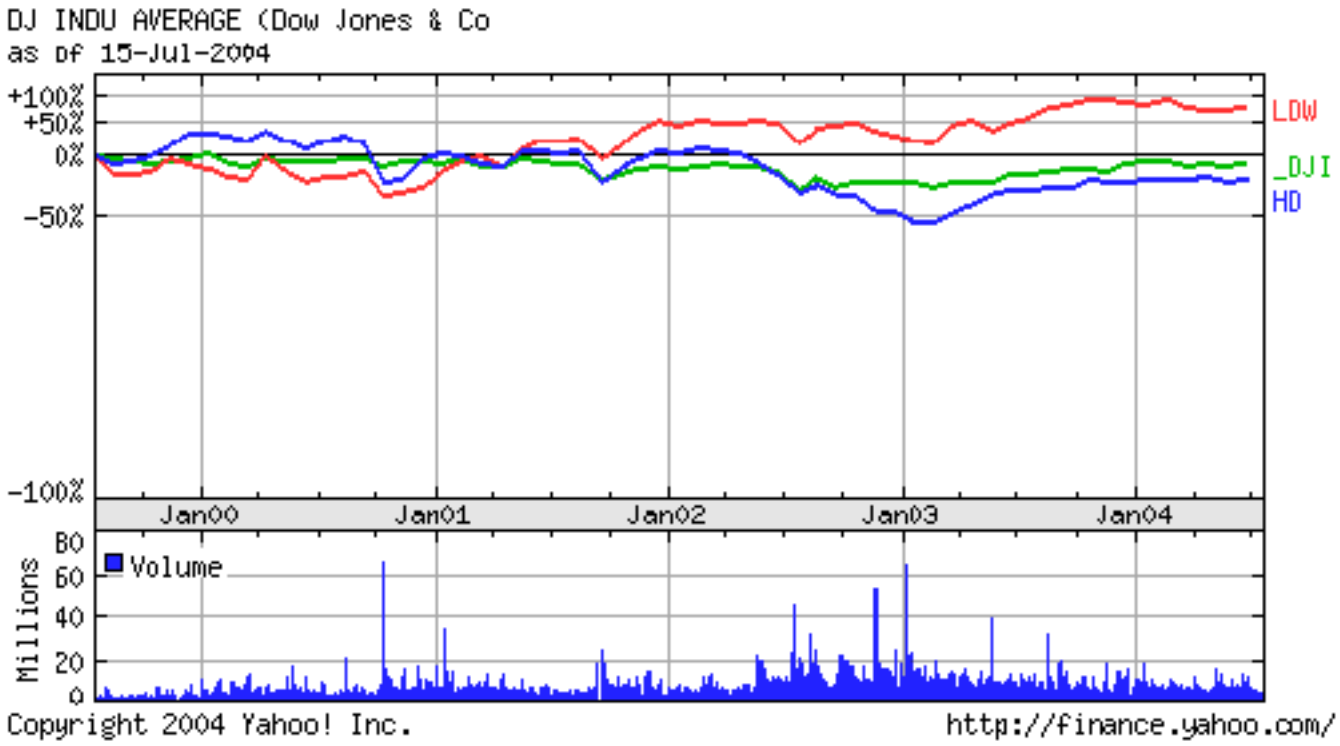
>>>**Percentage Loss in Value** **1.9%**

CONCLUSION: Since JPM's merger with Bank One, the deterioration in market value is triple the rate of decline in the overall market --- a valuation adjustment that is unlikely to change in the next six months. A drop below the $100 mm level means a $27 stock price. SELL

Range: 1d 5d 3m 6m 1y 2y 5y max Type: Bar | Line | Cdl Scale: Linear | Log Size: M | L

Compare: HD vs S&P Nasdaq Dow Compare





The top graph charts the decline (or demise) in Home Depot's stock price since January 2000, which translates into a loss of 45% of its market value. The Dow Jones declined 14% over the same period. Lowes Corp (LOW) out-performed both.

Periodically, we re-visit the brokerage stocks. The last time we did this was in April when we concluded two short positions were warranted: Goldman Sachs (GS) at $103 / share and Morgan Stanley at $53 / share Both positions were taken in the Aggressive Investment Strategy portfolio[2].

Company (symbol)	Market Value	Past 12 Months Rev's	EPS	Highest EPS Est	Paid to Top 3 Exec's	Employees
	---(Billions)---					
Morgan Stanley (MWD)	$52	$37	$4.27	$5.00	$ 26 million	51,196
Merrill Lynch (MER)	$47	$19	$4.70	$5.20	$ 46 million	49,300
Goldman Sachs (GS)	$42	$27	$8.43	$9.30	$ 54 million	19,476
Lehman Bros (LEH)	$19	$19	$7.87	$7.56	$ 38 million	16,200
Chas Schwab (SCH)	$11	$ 4	$0.41	$0.65	$ 9 million	16,300
Bear Stearns (BSC)	$ 9	$ 8	$9.57	$9.28	$112 million	10,532

The Big-Six Brokerage Firms represent a $180 Billion industry. Another way to view this fact: The total market value of the six largest US brokerage firms approximates the market value of one AIG...! Of course, AIG has 86,000 versus 163,000 for the Big Six brokers --- which brings us to our point.

All the brokers are selling below their 52-week highs, however, the punishment imposed upon the shareholders of **Charles Schwab** (SCH) appears to have been overdone. Reporting record earnings levels and revenue growth

through Q-1 and Q-2, “selling on the news” has been evident.

The greater decline in SCH’s stock may well be a hidden strength. The other five brokers are active participants in the new issue market, a business which Schwab does not pursue. This also means that SCH will not be a visible defendant in the securities law suits that have yet to make their way to the public domain. Rather than BUY Schwab now, however, we recommend awaiting the next round of lay-offs in the industry, an unavoidable development in light of minimal trading volumes and a lighter new issue calendar.

	52-Week High	Price 16-Jul	Percent Decline
MWD	62.83	47.07	-25%
MER	64.89	48.76	-25%
GS	109.29	87.25	-20%
LEH	89.72	68.35	-24%
SCH	14.20	8.40	-41%
BSC	91.76	83.48	-9%

The Research Department is likely to be the most vulnerable ---as we said earlier, does the industry really need 42 analysts covering Cisco, 35 covering Intel and 30 covering Microsoft? The market value of these three companies has collectively declined from $1.2 Trillion in January 2000 to $590 Billion today, a diminished valuation of 54%[3].

In practical terms, what this means for Individual Investors is that the scope and breadth of “Wall Street” driven research will shrink even more than it already has, and increasingly, Individual Investors will need to resource their own investment initiatives.

Speaking of investment initiatives, this just in from THE ERRANT OBSERVER ---

“Oscar de la Renta has just announced plans to introduce moderately priced clothes, including ‘rhinestone-buttoned silk tops, embroidered sweaters and brocade jackets’...that have been especially designed for mid-priced retailers (such as Macy’s and Dillards. This in itself may not be news,” says our roving-reporter, “but the fact that these will sell for less than $100 is.”

We asked our reporter to place this news into perspective for our Subscribers. “Last week, we were having lunch at “21” on East 55th Street in Manhattan. Regis Filbin was there too, with his wife, Joy. They were joined by another couple. Both women wore Oscar de la Renta day suits. Cost: $3,000.

De la Renta designs will now be available at mid-priced retailers starting this Fall. To demonstrate that all news has some investment application, these designs will be manufactured and marketed through **Kellwood** Co (KWD).

More than 70% of the $165 Billion women’s apparel industry is mid-priced apparel, almost triple the amount represented by upscale designer wear. With additional volume, greater market share, and rising margins, Research thinks the six analysts that cover this stock are too low on their earnings estimates (consensus of $3.25 Earnings Per Share).

Assuming multiples remain steady, this could be a $ 50 stock by the end of this year (recent price: $39). The graph following shows that KWD has already outperformed the market --- and based on recent news from our Errant Reporter --- this is a trend that’s likely to continue.

Adios My Friends and remember..

Email us at editor@winningstockpicks.net or contact us

[1] These costs include a $50 commission
[2]Asian American Capital deploys its research toward two basic investment strategies (i) Paired-Investments; and (ii) Aggressive Investments, comprised of Short Sales of Large Caps and Long Positions in Small Cap companies---with all investment selections being research-driven.
[3]Specifically: MSFT from $600 Billion to $297 Billion; Cisco from $364 Billion to $146 billion; and Intel from $332 Billion to $146 Billion.

www.winningstockpicks.net **July 12, 2004 edition**

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

Just a line to thank you for the tip on twister (TWTN). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at $.77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a profit of $8,100. This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up. Paul P. May 8, 2004

Learn more about Premium Membership which includes your ability to speak directly with our writers & analysts. Free subscribers are offered a one time pass to ask a question of our experts, so feel free to enjoy & benefit from our site. You will have to complete a contact form in order to receive an answer on your question. Click here to email your question now. Thank you for your subscription to Winning Stock Picks. If you want to offer us any criticism or care to give us compliments, please do so by clicking here.

Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **All Stock Market Indexes were in the Red last week, and trading volume continues light. It is not likely to liven-up. Both momentum and enthusiasm are gone in the macro-sense...which means --- Ya' gotta' do your own research.**
- **We can help ---in this edition, we show the results of one of our research initiatives – up 100%, and if you missed that one, then read about our next recommendation**
- **We've reproduced a testimonial from one of our subscribers whoi wrote us about his/her investment results ---the question to us..which we answer in detail ---INSIDE**
- **Yahoo is called the "fall guy" for last week's sell-off of the NASDAQ (down a full 3 percentage points in a week). YHOO itself was down 10%. In this edition, we look at the numbers a little closer --- and reach a much different conclusion.**
- **Since the end of last year, the stock market has added a mere $53 Billion in market value, and this, after a whopping 449.5 Billion shares of stock have changed hands this year. (Subscribers' Supplement # 035) for a gain of 0.5%, year-to-date**
- **Our model portfolios investment performance...up 28%, and counting...learn how, inside ~**

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Yahoo! (YHOO)	**IBM**	**Intel (INTC)**
Time Warner (TWX)	**Microsoft (MSFT)**	**Bank of America (BAC)**
Citigroup (C)	**ExxonMobil (XOM)**	**ChevronTexaco (CVX)**
Cisco (CSCO)	**Comcast (CMCSA)**	**MFRI**
Agere Systems (AGRB)	**Texas Instruments (TXN)**	**Trump Hotels (DJT)**
Harrah's (HET)	**Caesar5's Enter. (CZR)**	**MGM Mirage (MGG)**
Mandalay Resort (MBG)		

Market "Rap" ---All the popular stock market averages turned in red ink last week. NASDAQ suffered the worst, dropping a mean-spirited 3% over the Holiday-shortened trading week to close at 1946. To place that loss into market perspective --- prior to last week, the tech-laden NASDAQ Composite Index was modestly ahead for the Year-to-Date (2007 versus 2003). After last week, the NASDAQ Index is now down 2.9% YTD.

Yahoo! (YHOO) reported second quarter operating results last week. The mainstream financial media attributed the NASDAQ sell-off to investor disappointment that Sales and Earnings Per Share only met expectations. These consensus expectations were Sales of $610 million for the quarter (up 90% from $321 million in the year-earlier quarter) and EPS of 8 cents---double the 4 cents of a year ago.

In fact, Yahoo came in with $609 million in sales, and precisely 8 cents per share. Yet, Yahoo closed the week at $30.11 per share, down 17% from $36.40, its closing price on July 2nd . With 1.4 billion shares outstanding, that a loss of $8.5 Billion in market value---in a week. There remains good reason to be optimistic about Yahoo!. In May, its sites had 113 million unique users, placing it in the top spot to AOL's (**Time Warner**, TWX)112 million reported users in May, and 111 million for MSN (**Microsoft**, MSFT).

Moreover, its Overture Services business unit has made considerable headway in local matching services. Its research has indicated that many consumers search online then buy offline. Local merchant matching services connects these dots (and in direct competition with Google...!) Here's a link with more on that new commercial service.

http://www.newsfactor.com/perl/story/25629.html#story-start

Our own analysis of last week's stock markets is that it was not a Yahoo!-driven tech-wreck. Consider these observations ~

- From the start of the week, NASDAQ never traded above the 2000 level
- Of the 3,440 NASDAQ stocks traded last week (down from over 5,000 stocks traded in March 2000), new lows were almost twice as great as new highs
- Trading volume was extra heavy before the Yahoo! earnings release

Essentially, NASDAQ had already begun to "tank" way before Yahoo! reported its earnings. TRADERS TAKE NOTE --- With **IBM** (IBM) and **Intel** (INTC) reporting its second quarter results in the week ahead, the smart money is staying on the sidelines until after these reports are released. Intel reports Tuesday (consensus EPS estimates are $0.27 versus $0.14) and IBM on Thursday (consensus EPS estimates of $1.12 vs. $0.97).

The Blue Chip stocks were also hammered last week, though not as severely as NASDAQ. The Dow Jones Average was off less than 1% to close at 10213 and the S&P500 Index was off a little more than 1% to close the week at 1113. The Dow is off more than 2% for the YTD and the S&P500 Index is up a point. Summary table follows:

Subscribers' Supplement # 04 - 035

SNAPSHOT for the WEEK ENDED July 9th

Indexes, at mkt close	12/31/03	21-May	4-Jun	2-Jul	9-Jul	%cChg YTD	Wk %
Dow Jones Avg	10454	9967	10243	10283	10213	-2.3%	-0.7%
S&P 500	1112	1094	1123	1125	1113	0.1%	-1.1%
NASDAQ Comp	2003	1912	1979	2007	1946	-2.9%	-3.0%
Wilshire 5000	10800	10625	10936	10998	10843	0.4%	-1.4%
WilshMicroCap	481	479	499	506	490	1.8%	-3.2%
WilshSmCap	274	271	282	289	281	2.6%	-2.8%
Market Value-All Stocks	**$12,948**	**$12,739**	**$13,112**	**$13,186**	**$13,001**	**0.5%**	**-1.4%**

Click here to link to Subscribers' Supplement to view th entire table

Even companies in the small cap stock sector were clipped last week. The most relevant barometer our research deploys for measuring this sector is the Wilshire **Micro-cap Index**, an Index that consists of the smallest public companies (the average stock market value of companies in this Index is $171 million).

This Index declined more than the NASDAQ --- down 3.2% last week, and taking Year-to-Date gains for this sector from 5 % + down to less than 2 % (see table). The Wilshire Small Cap 1750 is comprised of the 1,750 companies AFTER the companies that comprise the S&P 500 (i.e. companies ranking # 501 through #2251 in market value size. This measure is also a non-Blue Chip stock gauge.

It fell 2.8% last week, cutting its YTD gains in hald. It now stands at a YTD gain of 2.6%. All of the Wilshire's family of Indexes can be obtained from the Wilshire web site. Here's that link ~ www.wilshire.com

Another reason to be extra cautious this week is that two large banks are reporting second quarter results: **Bank of America** (BAC) on Wednesday and **Citigroup** (C) on Thursday. The Consensus EPS Estimate for B of A is $1.74 (vs $1.80) and for Citigroup, $0.97 (vs $0.83). These are sizable absolute earnings levels --- $14.2 Billion (annualizing Q-2's expected results) for BAC and $19.2 Billion for Citigroup. Herein may lie the answer to why stock market momentum has been so elusive ~ Any analytically curious Individual Investor must ask this question ---

Will the economic and political environments over the second half of this year contain more uncertainty or less uncertainty than the first half...?

The answer to that question is obviously more uncertainty --- and the stock market hates nothing more than uncertainty. Here's just a small sampling of the uncertainty hurdles ~

- The Presidential Election
- How severe will be the impact of rising interest rates on consumer spending
- What will the economic ripple effect be of lower levels of mortgage refinancings
- Oil remains stubbornly attached to the $40 / barrel level
- Impact on stock market values from sustained deficits in Trade and Fed Budget
- Possibility of another Terrorist Attack

In last week's edition, we presented a table that laid out the length of time previous market lulls endured since 1982---there have 12 of them. The current lull, which began February 11th, ranks as the sixth longest. On the basis that the above stated uncertainties make this market lull THE longest, or at least 311 days, this market is not likely to move up on a broad basis until next January.

Length of Flat Stock Market	Commenced	Length of Flat Stock Market	Commenced
310 days	February 19, 1991	**152**	**February 11, 2004**
241	March 27, 1998	144	April 29, 1983
232	May 13, 1999	131	August 24, 1989
228	April 17, 1986	124	July 7, 1995
214	February 12, 1996	111	January 29, 1985
171	August 3, 1984	87	March 23, 1987

Reviewing the stock market performance of the 20 Most Widely-Held stocks in the first half of this year, five turned in double digit gains in market value, five turned in single digits gains, six turned in a single digit decline in value and four exhibited double digit declines...! A table summarizing these individual companies follows ~

First Half Performance --- 20 Most Widely-Held Stocks

Ten Advancing Stocks	Percent Change	Ten Declining Stocks	Percent Change
AWE	**79%**	**WMT**	**-2%**
LU	**23%**	**PFE**	**-3%**
AV	**22%**	**HD**	**-3%**
XOM	**12%**	**TWX**	**-4%**
CVX	**11%**	**C**	**-6%**
JNJ	**7%**	**CSCO**	**-8%**
GE	**5%**	**IBM**	**-10%**
VZ	**4%**	**CMCSA**	**-16%**
MSFT	**2%**	**INTC**	**-17%**
MRK	**1%**	**AGRb**	**-42%**

Despite a gloomy outlook in the larger cap sectors of the macro-economy, it is quite possible to generate above average investment gains by shrewdly selecting individual stocks (to buy and sell short) in an otherwise stalled market environment. As testimony that this is possible, here's an email we received from Amir in Vermont ~

Trump Hotels & Resorts - - "First off, I don't know how to thank you for saving my portfolio. I was down approximately 40% due to some stupid mistakes. And then, I started following WSP's recommendations. One newer recommendation, Trump Hotels & Casino Resorts (DJT), has come down to below $2 / share --- what is your recommendation?"

DJT was selling at $2.10 at the time we recommended it. It did slide below the $2 / share mark, but has since risen to $2.38 --- putting it clearly in the "Gain" category. The principal detractor from this company's market valuation is the amount of debt it has to refinance by January 2006. The fact that DJT has a negative equity position doesn't help.

The table following lists the ten largest gaming companies by sales. DJT ranks # 7. In order to become a shareholder of DJT, one has to believe that the company will successfully refinance its maturing debt --- in other words, "The Donald" pulls it out of the air yet again.

According to our research, this type of crisis surfaces every five years --- and today is no different. The drama presented by this refinancing requirement will be entertaining in any event, however, seeing it unfold to a favorable conclusion as a shareholder of the company makes it a bit sweeter.

Upside potential --- DJT once had a market value of just over $ 1 Billion. That was in June 1996 when the stock sold for $35.50 / share. That valuation represented a market value-to-revenue multiple of one-times (1996 revenues = $1,089 million). Indeed, the current industry average of market value-to-revenues is 1.14 times.

Currently, at a $2.38 per share stock price, the company's market value to revenues approximates 6%...! In our opinion, the current valuation assumes the company files for bankruptcy protection next year, an unlikely scenario. On the basis that the refinancing is concluded within 12 month, we see the stock back to $5 / share --- a stock price DJT hasn't seen since September 1999.

So, to Amir of Vermont --- **double your position in DJT at these levels**...!

		Market Value	Annual Sales (mm of $)	Net Income	Market Value to Sales	Market Value to Net	Debt / Equity Ratio	Shareholders Equity (mm's)
Caesars Entertainment	CZR	4,100	4,560	77	90%	53 times	1.43	3161
Harrah's Entertainment	HET	5,800	4,370	293	1.3 times	19 times	1.93	1861
MGM Mirage	MGG	6,090	4,020	285	1.5 times	21 times	2.07	2590
Mandalay Resort Gp	MBG	4,640	2,600	193	1.8 times	24 times	2.55	1132
Stanley Leisure	private	private	1,596		X	x	x	x
Boyd Gaming	BYD	1,710	1,260	38	1.4 times	45 times	2.37	463
Trump Hotels/Casinos	DJT	71	1,161	(losses)	6%	n.c.	n.c.	$43 mm
Isle of Capris Casinos	ISLE	513	1,110	28	46%	18 times	3.76	242
Mashantucket Pequot	private	private	1,000		x	x	x	x
Station Casinos	STN	2,920	898	2	3.3 times	> 1000	3.76	346
			$22,575					

Another example of individual stock selection producing Super-sized gains is **MFRI** (also its symbol, MFRI). This company entered our research radar screen as a better value than another company in the same commercial space, **Lydall** (LDL). In our Model Portfolio, we purchased 3,000 shares at $3.09 / share ($9,270) plus $37 in online commissions.

Closing price of MFRI last Friday: $3.36 / share. This position is now worth $10,080 and represents a GAIN of $773 --- in a month. Here's an exercise to help all Individual Investors measure their own performance.

The cost of this investment was $ 9,307. The gain is $773, or 8.31% on the investment. How does this compare with the market averages...? Here's how ~

	9-Jun	9-Jul	
Dow Jones	10368.44	10213.22	**-1.50%**
S&P 500	1131.33	1112.81	**-1.63%**
NASDAQ	1990.61	1946.33	**-2.22%**
Wilshire Micro-Cap	498.54	490.37	**-1.63%**
Wilshire 5000	11006.29	10842.68	**-1.49%**
MFRI Buy, 3000 shares		**8.31%**	

In order to annualize this rate of return, multiply the monthly gain of 8.31% times 12 to get an annual rate of return --- which in this case is 100%...!...and in a dull market.

Finally, we've engineered some original analysis for our Subscribers. The value of original analysis is in the investment performance it generates. Our constant advise to Individual Investors is open-mindedness, since all sources of good investment ideas is never fully known.

In reviewing the earlier table on the first half performance of the 20 most widely-held companies, **Agere Systems** (AGRB) is at the bottom --- having lost 42% of its market value this year. Agere is in the chip-application business, admittedly not the most popular of industries, and was completely spun off from Lucent (LU) in mid-2002.

Agere's stock price reached a high of $3.84 per share in February. Its all-time low is 51 ¢ in October 2002. The graph of its stock price since inception as a public company follows. NOTE ---the SEC defines any stock selling for under $5 / share a penny stock. Hence --- Agere is a penny stock.

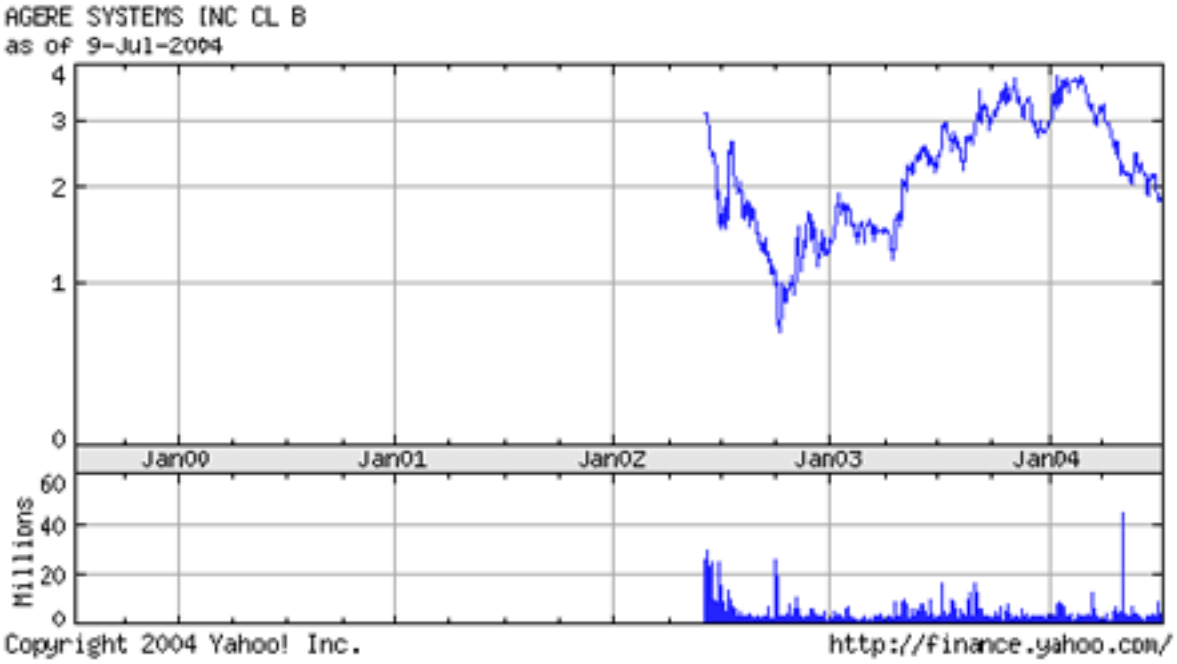
The second graph following presents AGRB in relation to Texas Instruments (TXN) and the popular market averages.

AGERE SYSTEMS (NYSE)

Edit

Range: 1d 5d 3m 6m 1y 2y 5y Type: Bar | Line | Col Scale: Linear | Log Size: M | L

Compare: AGRb vs S&P Nasdaq Dow Compare



On the basis that the sell-off in AGRB has been overdone, we prepared a Basic Financial Analysis table, comparing AGRB to TXN, and also did a detailed analysis on Agere itself. Click here to link to Special Edition---Basic Financial Analysis. You can use this form to analyze and evaluate just about any public company.

Even though Texas instruments is 10 times the size of Agere, financial ratios are clinical, leading to dispassionate conclusions regardless of size. Our conclusions follow --- as well as the investment positions initiated in our model portfolio.

1. All semiconductor companies have been punished in this market --- even TXN, however, the market has been especially ruthless in marking down AGRB, as evidenced by its current Market Value being 48% of its high, versus 1 63% proportion for TXN;
2. AGRB's Debt component is high (more than 100% of Equity). But companies do not go bankrupt from high debt loads (really...!); companies go bankrupt from an absence of cash flow. AGRB has reduced its running 12 month losses from $1.2 Billion down to $10 million;
3. The stock market has accorded that improvement ZERO value --- for which we adjust. Here's how[1]--- if the market is prepared to accord TXN a multiple of 27 times its earnings of $1.5 Billion, we believe it might be prepared to accord an incremental valuation to AGRB's earnings improvement of TWO-times.
4. Two times the $1,245 million earnings improvement = an elevated stock value by $2,510 million. We add this to the current valuation (at bottom of attachment) to derive a total corporate value of $5.7 Billion --- or $3.35 per share.
5. Here's the investment position we shall implement this week (AFTER our Subscribers take their positions) based on research contained in the Supplement

   a. Total financial commitment: No more than $10,000
   b. Allocating approximately half to each position yields 2,000 shares of AGRB to **BUY** at no greater than $ 2 /share (no more than $4,000), and
   c. Sell short 200 shares of TXN at $22.50 /share or higher (no more than $4,500)
6. Stay tuned to monitor these results --- better yet, join in.

And let us hear from you...

Email us at editor@winningstockpicks.net or contact us

[1] Individual Investors should devise their own techniques for determining Exit Strategy --- these are just our suggestions.

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WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

July 5, 2004 edition

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **Every market barometer declined last week--- except the Wilshire Micro-cap Index...a trend that will not change for the remainder of this year--- more on why inside**
- **Yogi Berra once said "Predicting is difficult, especially the future", so we've prepared, and introduce to Subscribers the Yogi Berra Stock Market Forecast for the Remainder of 2004**
- **Link here for Special Edition (Three Defining Moments of Modern Civilization) to understand why the current market lull is not a harbinger of a market's demise--- but just a break after an 18 year Bull Market; More Inside**
- **Current market lull is the eighth longest (there have been 12--- find out more inside**
- **COMDEX CANCELLED---YES...! MediaLive International, the company that owns Comdex "... decided to redefine the event..." Comdex was created in 1979 by Sheldon Adelson, a Boston financial consultant. Talk about timing (Apple presented that year).**
- **This cancellation merely reflects the broader picture that major market initiatives in tech are only likely to be those that individual companies make, rather than momentum fever-**
- **Two small cap companies to embrace ---Network Equipment (NWK) and Atlantic Air (ACAI)--- straight from our Private Label Research Division.**
- **If Cisco is destined to buy NWK --- 2004 is the year it will happen--- MORE INSIDE. ACAI does**

(in) UAL and Delta

- **Three Large Caps to avoid--- Comcast (CMCSA), Verizon (VZ) and ATT Wireless (AWE). The SEC wants info from the cable and telco companies--- and let's be blunt--- the SEC is looking for negative info it probably has already--- someone's ratted one of these companies out--- more inside**

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Goldman Sachs (GS)
Cisco (CSCO)
Comcast (CMCSA)
Nortel (NT)
Morgan Stanley (MWD)
United Airlines (UALAQ.OB)
Verizon (VZ)
Network Equipment (NWK)
Delta Airlines (DAL)
ATT Wireless (AWE)

Market "Rap" ---The broader market averages remained listless last week. As illustrated in the summarized table below (for full unabbreviated table, click here to link to Subscribers' Supplement # 033), the ONLY market index to show an increase last week was the Wilshire Micro-cap Index. All other indexes were in the red last week

Subscribers' Supplement # 04 - 0333

SNAPSHOT for the WEEK ENDED June 2nd

Indexes, at mkt close	12/31/03	21-May	4-Jun	25-Jun	2-Jul	%cChg YTD	Wk %
Dow Jones Avg	10454	9967	10243	10372	10283	-1.7%	-0.9%
S&P 500	1112	1094	1123	1134	1125	1.2%	-0.8%
NASDAQ Comp	2003	1912	1979	2025	2007	0.2%	-0.9%
Wilshire 5000	10800	10625	10936	11074	10998	1.8%	-0.7%
WilshMicroCap	481	479	499	504	506	5.2%	0.3%
WilshSmCap	274	271	282	292	289	5.5%	-0.1%
Market Value-All Stocks	in Billions>>>	**$12,739**	**$13,112**	**$13,278**	**$13,186**	**1.8%**	**-0.7%**

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices July 2nd

Company	Symbol	Market Cap					
		30-Apr	21-May	4-Jun	11-Jun	25-Jun	2-Jul
Totals		$2,844	$2,825	$2,877	$2,921	$2,889	$2,865

The market value of all stocks declined by almost $100 Billion last week, placing that valuation within eye-sight of its market value at 2003 year-end, which was $12.9 Trillion. Moreover, trading volume continues to deteriorate. Volume through last Friday totaled 433.3 Billion shares, up a mere 10% from the comparable year-earlier period.

At the beginning of the year, year-over-year (YOY) gains in trading volume had been up by 32%. This changed after February 11th...merely only six weeks into 2004. By the end of March, with YOY trading volume up only half the rate of the first six weeks of the year, we accumulated our profitable short sale positions in **Goldman Sachs** (GS) at $103 and **Morgan Stanley** (MWD) at $53.

This swift turnaround in investment sentiment since February 11th has been with us ever since---140 days and still counting. Whether one calls this a stall in the market, a range-bound or a listless stock market, it all adds up to the same end-result: Large Cap stocks are dead money for awhile. **Emphasis on Large Caps**. The reason investment activity in Large Cap Stocks is so beneficial to investor sentiment, positive outlook and general sense of well-being simply reflects their larger size. For example,

- Large cap stocks are more expensive, so gross revenues of brokerage firms are larger;
- The public companies are bigger, so investment banking and advisory fees are bigger; and
- Advertising budgets for the brokers, the banks and the large cap companies themselves are fatter---so the media have more fun covering them.

To sum up stock market sentiment and investor confidence since February 11th

- few investors have made much money[1],
- everyone's waiting for the tech-engine to re-start (a start that remains elusive),
- the mainstream financial media are all covering the same companies and events,
- due to fewer and fewer original investment ideas coming forward from the traditional sources due to increased regulatory concerns, and finally
- nobody's having a lot of fun.

The stock market has been with us since 1792. It's not on the verge of extinction. (Click here for link to our Independence Day Special Edition, where the New York Stock Exchange is identified as one of the Three Defining Moments in Modern Civilization...really). Moreover, since 1982 --- when the current Bull Market officially began (this is also covered in that Special Edition), there have been a total of 12 market lulls such as we are experiencing now.

Length of Flat Stock Market	Commenced
310 days	February 19, 1991
241	March 27, 1998
232	May 13, 1999
228	April 17, 1986
214	February 12, 1996
171	August 3, 1984
144	April 29, 1983
140	**February 11, 2004**
131	August 24, 1989
124	July 7, 1995
111	January 29, 1985
87	March 23, 1987

Yogi Berra, former star catcher for the New York Yankees, once said that 'Predicting is difficult, especially the future' --- which is why we have labeled this our Yogi Berra Investment Outlook for the Remainder of 2004. The

average length of these prior market lulls was 178 days. We are already 140 days into this one, now the 8th longest. If this proved to be a lull of average duration, we'd have another 38 days to go.

However, that puts us into late August, three months before the Election, so intuitively, this lull will not be of average duration. Look for the mainstream financial media to become even more boring than it has already become. Given the magnitude of macro-economy issues and overseas military issues to overcome, we estimate this lull will surpass the longest --- meaning at least another 311 days, or **December 22nd**.

Making allowances for the Holiday Season, in tribute to Yogi Berra, we predict the turnaround to the up-side commences with the start of business in 2005, or January 3rd. Between now and then, we introduce our **Yogi Berra Stock Market Forecast for the Remainder of 2004**. Here it is ~

- **EXPECT** THE BROAD MARKET AVERAGES TO BE LIFELESS until JANUARY 2005
- INDEX MUTUAL FUNDS ARE DEAD MONEY FOR SIX MONTHS...**DUMP 'EM**
- **STAY AWAY FROM** COMPANIES WITH MARKET VALUES MORE THAN $ 1 Billion--- THEIR DOWNSIDE RISK IS CONSERDABLY GREATER THAN ANY UPSIDE GAIN
- **FOCUS** ON SMALL CAP AND MICRO-CAP COMPANIES THAT LEAD, if not define, THEIR INDUSTRY, HAVE STRONG BALANCE SHEETS, AND DOUBLE DIGIT MARGINS
- **RECOGNIZE** THAT THE MOST WORTHWHILE NEW INVESTMENT OPPORTUNITIES ARE NOT LIKELY TO COME YOUR WAY FROM MAINSTREAM MEDIA
- ABOVE ALL, **DO YOUR OWN SUPPLEMENTAL RESEARCH** BEFORE YOU INVEST

Here's a snapshot of two small cap stocks that meet the Yogi Berra Investment Criteria ~

Network Equipment (NWK) is a global network technology provider, specializing in mission-critical communications. Its client base includes the Federal Government, the United Nations and other foreign governments. At a stock price of $ 8 / share and a $196 million market value, NWK is priced at 1 1/2 times annual sales.

If NWK were to be valued at half the sales multiple of **Cisco** (CSCO), it would have a market value of $1.1 Billion, or $ 46 / share...! In fact, NWK once sold for over $42 / share (in 1995---so this is not a totally unfounded benchmark price in the Company's stock market history.

This is a company that has been in the process of "turning-around" since 1999. There is an abundance of evidence that says it is on its way. Sales for the 12 months ended March 2004 of $127 million are up only 4% (YOY), but far ahead of the $101 million in Revenues from 2002, its lowest annual revenues on record.

If the stock market boredom forecast by our Yogi Berra approach comes to be, large cap companies like Cisco may find that acquiring NWK at say, four times Revenues is a warranted business combination (given that Cisco is selling at 8 times Revenues). Four times $150 million in forecast Revenues for 2005 equals a $600 million takeover valuation, or $ 25 / share (based on 24 million NWK shares outstanding.

In other words, if there is any chance Cisco is going to BUY NWK --- the next six months is the time to do it --- and frankly, with NWK selling at only $ 8 / share, we'd consider a 1,000 share purchase a good, calculated risk 9versus a blind gamble0. As Morty Finkle, from Starsky & Hutch would say --- "Do it...!"

Atlantic Coast Airlines (ACAI) is the latest recommendation from our Private Label Research division --- click here to subscribe to this independent research product (empowering Individual Investors through institutional-investor-grade research). ACAI had been primarily a feeder airline to **United** (UALAQ.PK) and **Delta** (DAL).

Flying under the trade name Independence Air, ACAI has announced one of the most aggressive roll-out plans in

aviation history --- providing servicing to 35 cities by August. In anticipation of this heightened competitive scenario with its former partners, the Company raised $125 million this year, via debentures that are convertible into common stock at $11 / share.

We just don't see the big airlines surviving the next 2 years. United, with a market value of $156 million has lost 93% of its value since the WTC Attacks. Delta, once worth $4.6 Billion is now valued by the market at $880 million --- a loss of 80%. However, given Delta's flirtation with Federal Bankruptcy Court, perhaps it too will experience a 93% loss in value once it joins United there.

Finally --- here are three stocks to avoid for the time being --- **Comcast** (CMCSA), **Verizon** (VZ) and **ATT Wireless** (AWE). And here's why---

The Securities & Exchange Commission has given the cable industry and telephone carriers until "mid-July" to hand over information about how they calculate subscribers for their services. Since the number of subscribers to a service-provider is fundamental to determining its market value, any material deviations in current subscriber-levels from the recent past could be seriously punished in the market place.

How badly could this punishment get...?

Using **Nortel** (NT) as a recent example of how severely the market can beat up on a fallen hero --- the stock reached a peak valuation of $263 Billion in March 2000 ($63 / share). Closing price last Friday: $4.56 (market value: $ 19 Billion, loss from peak, 93%). Reaching the conclusion that CMCSA, VZ and AWE are three stocks to avoid requires deployment of market savvy.

The SEC is asking for this information for a reason --- it already has the "goods" on some of these companies messing around with some important figures. Probably snitched on by a competitor or disgruntles employees --- doesn't matter --- somebody done something wrong, and now the law knows about it.

We wouldn't even begin to tell our Subscribers which cable companies or telco carriers are squeaky clean --- but here are three that should definitely be avoided. In the table below, we provide a rough idea of what a 30% hair cut in the stock prices of these companies would be...and that's only one-third of the hair cut Nortel was given.

Company	Market Value	Stock Price	Less a 30% Correction
ATT Wireless	$ 39 Billion	$14.34	$10.00
Comcast	$ 63 Billion	$27.96	$19.50
Verizon	$100 Billion	$36.07	$25.00

Email us at editor@winningstockpicks.net or contact us

[1] Except --- check our investment performance based on past recommendations which we documented in last week's edition---click here for that link).

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WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

June 28, 2004 edition

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

Just a line to thank you for the tip on twister (TWTN). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at $.77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a profit of $8,100. This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up. Paul P. May 8, 2004

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **NASDAQ led the stock market last week, up 2%, while the other major indexes were down modestly**
- **The Wilshire Small Cap Index advanced almost 3% for the week...!**
- **MFRI---our alternative to Lydall Corp (LDL) is paying off, “Big Time”, to quote Dick Cheney—more inside**
- **Second Quarter Track Record detailed inside --- Aggressive Investment Strategy, up 19.6% for the quarter (79% per annum...!)**
- **Paired-Investments up a more conservative 5.5% for the quarter, or 22% on an annualized basis.**
- **Both WSP-Resarch-Driven Investment strategies surpassed in-house investment objective of 4% per month.**
- **Stocks we still own in the Model Portfolio ---detailed inside**
- **A Call for Scuttlebutt --- Terremark Worldwide (TWW)...Whazzup with this stock. Why does everyone love it, yet the insiders are all bailing out...? Write us with whatever scuttlebutt on this you come across---!**

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Microsoft (MSFT)
Lydall (LDL)
J & J (JNJ)
Pfizer (PFE)
Trump Resorts (DJT)
Johnson Outdoors (JOUT)
MCI (MCIA.PK)
General Electric (GE)
Pall Corp (PLL)
SBC
Chevron Texaco (CVX)
Goldman Sachs (GS)
Terremark Worldwide (TWW)
MFRI (MFRI)
Cisco (CSCO)
AIG
Amazon (AMZN)
MOrgan Stanley (MWD)
Level 3 (LVLT)

Market "Rap" ---While the Tech-laden NASDAQ showed remarkable buoyancy last week, advancing 2% to close at 2025 (up from 1987 the week before), the Dow, S&P500 and the Wilshire 5000 were lackluster, again. The Wilshire Micro-cap index was up the most last week, advancing a hearty 2.8% (see table highlights below).

In the large cap rankings, Microsoft has solidified its ranking as the second most valuable company in the world, after General Electric. Interestingly, the market value of these 20 Most-Widely Held large cap companies was flattish, at $2.9 Trillion---meaning that the $38 Billion increase in Total Market Value all came from less widely-held companies.

This trend is GOOD NEWS for individual investors in small cap companies.

WARNING --- ! ! ! --- Information Contained in these pages is Hazardous to your Stock Market Ignorance

Trading volume continues to be dismal, with a total of 14.7 Billion shares last week on all three exchanges---2.9 Billion per day. Year-to-date trading volume on all three exchanges is up only 11% to 417.5 Billion shares versus 375.9 Billion for the comparable 2003 period.

The second quarter is sufficiently over to draw a simple conclusion --- Year-to-Date figures for the market are misleading about the current state of investor sentiment. Specifically, since the start of the second quarter, four of the six most popular market indexes are up less than 1%; the Micro-cap Index, up a respectable 4.9% Year-to-Date is actually DOWN 3.5% for the second quarter alone; and the Wilshire Small Cap Index, up 6.2% Year-to-Date did virtually nothing in the second quarter. Tables follow ~

	Year-to-Date	Second Quarter-to-Date
Dow Jones	**-0.8%**	**+0.1%**
S & P 500	**+2.0%**	**+0.7%**
Wilshire 5000	**+2.5%**	**+0.3%**
Wilshire Small Cap	**+6.2%**	**+0.3%**
NASDAQ Composite	**+1.1%**	**+1.6%**
Wilshire Micro-cap	**+4.9%**	**-3.5%**

Subscribers' Supplement # 04 - 031

SNAPSHOT for the WEEK ENDED June 25th

Indexes, at mkt close	12/31/03	30-Apr	21-May	18-Jun	25-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	9967	10416	10372	-0.8%	+0.4%
S&P 500	1112	1107	1094	1135	1134	2.0%	-0.1%
NASDAQ Comp	2003	1920	1912	1987	2025	1.1%	1.9%
Wilshire 5000	10800	10794	10625	11034	11074	2.5%	0.4%
WilshMicroCap	481	508	479	495	504	4.9%	1.8%
WilshSmCap	274	278	271	284	292	6.2%	2.8%
Market Value-All Stocks	in Billions>>>		**$12,739**	**$13,240**	**$13,278**	**2.5%**	**0.3%**

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices June 25th

Company	Symbol	Market Cap					
		12-Mar	30-Apr	21-May	11-Jun	18-Jun	25-Jun
Totals		$2,783	$2,844	$2,823	$2,921	$2,938	$2,889

Last week, we pounded the table about a company called **MFRI**---a filtration products & industrial equipment company---selling for $3.14 / share. The stock closed at $3.36 / share on Friday with trading volume for the week averaging almost 4,000 shares a day. This compares with daily average volume of 2,500 shares for the last 3 months.

As uneventful as the overall market in large cap stocks may be at the moment, these results with MFRI reinforce two observations for the Individual Investor: (1) There are indeed investment opportunities within this lackluster market environment; and (2) It doesn't take an awful lot of money to get involved and have a visible financial impact.

In the case of MFRI, for example, the dollar amount of the average daily trading volume is approximately $10,000 per day. Moreover, the genesis of how our research department identified this investment opportunity is also instructive --- here's the recap from last week's edition, for new subscribers ---

Our story line focused on the former Chairman of the NYSE, Richard Grasso, and how the recent disputes within that organization cannot be good for the NYSE, in the context of its regulatory purview. We then mentioned **Lydall** Corp (LDL) as a newsworthy company that declined to comment to a NYSE-request about the price movement in its stock.

Our research led us to a more promising company, Pall Corp (PLL), which in turn led us to MFRI, a company in the same commercial space that appeared to be considerably undervalued.

Even a valuation of 25% of annual sales produces a $30 million market value --- or a Target Price of $ 6 / share --- and last week, the stock market got us a little closer to that objective. Advancing 22 cents per share on 3,000 shares purchased represents a $ 660 Gain in our investment performance.

Since the second quarter concludes next week, let's review the balance of our investment recommendations throughout the quarter, and determine the rate of return on capital deployed.

The investment portfolios to be reviewed are comprised of two investment strategies---

(A) Aggressive Investment Strategies; and (B) Paired-Investment Strategies

The Aggressive Investment Strategy produced net gains of $13,231 in the second quarter which on $67,555 in committed capital translates into a 19.59% rate of investment return during the quarter---or more than 78% on an annual basis. Paired-Investments produced a 5.5% rate of return for the quarter, or 22% on an annualized basis.

Annualizing second quarter performance for the popular stock market averages, here is how our Model Portfolios for the Individual Investor performed, in relation to the most widely-used market barometers to measure investment performance ---

	Second Quarter Change-to-Date	Annualized
Dow Jones	**+0.1%**	**+0.4%**
S & P 500	**+0.7%**	**+2.8%**
Wilshire 5000	**+0.3%**	**+1.2%**
Wilshire Small Cap	**+0.3%**	**+1.2%**
NASDAQ Composite	**+1.6%**	**+6.4%**
Wilshire Micro-cap	**-3.5%**	**14.0%**
WSP-Aggressive Model Portfolio	**+19.6%**	**+78.5%**
WSP-Paired-Investment Model	**+5.5%**	**+22.0%**

In this edition, to close out the second quarter, WSP Research reviews the prior recommendations that produced these ABOVE-AVERAGE investment results during the quarter, highlights the underlying research conclusions that generated these investments, and introduces several new companies (and the research rationale) to usher in the third quarter ---

During the quarter, we opened four paired-trades, three of which remain intact. These were mostly based on the relative market cap rankings we publish each week in the Subscribers' Supplements (click here for Supplement # 04 – 031)

PAIRED-INVESTMENT STRATEGY MODEL

Pair One:

Sell short 500 shares Cisco at	$23.19	**AND** Buy 250 Johnson&Johnson at	$53.30
Current Value	$23.43	Current Value	$54.50
Loss	**$120** (24 cents x 500 shares)	**Gain**	**$300**
	NET GAIN: $180		

Pair Two:

Sell short 300 shares SBC at	$24.33	**AND** Buy 100 shares AIG at	$70.15
Current Value	$23.80	Current Value	$71.75
Gain	**$159**	**Gain**	**$160**
	NET GAIN: $319		

Pair Three:

Sell short 300 shares Pfizer at	$34.81	**AND** Buy 100 ChevronTexaco at	$89.61
Current Value	$33.82	Current Value	$93.39
Gain	**$295**	**Gain**	**$378**
	NET GAIN: $673		

Pair Four:

Sell short 200 shares Amazon at	$46.00	**AND** Buy 5,000 Trump Resorts at	$2.20
Covered short May21st at	$41.00	Current Value	$2.52
Gain	**$1,000** ($5 x 200 shares)	**Gain**	**$1,600**
	NET GAIN: $2,600		

Two Other Short sales in this portfolio---

100 shares of Goldman Sachs sold short at	$103.36	(Click here for April 19th edition)
Current Value:	$94.55	(Gain of $881)
200 shares of Morgan Stanley sold short at	$54.53	
Current Value:	$52.44	(Gain of $338)

Total All GAINS= $ 4,997

Capital Deployed: $90,798

Return: 5.5% per quarter, or 22% on an annualized basis

Commentary on the above investment positions --- The Subscribers' Supplements we publish each week have been a reliable source of actionable investment decisions. In the middle of March, as the market fervor of the first six weeks of the year was cresting, Cisco's market value of $159 Billion was greater than Johnson & Johnson's market value.

This historical figure can sti8ll be seen under the March 15th heading in this week's Supplement attached (click here for # 04 – 031). Since that time, the gain in our JNJ position was greater than the small loss in our CSCO position. We have been negative on SBC all year, however, with AIG entering the Dow Jones Index on April 8th, an opportunity to position SBC with a long position on AIG has proven to be profitable.

Our short position in Pfizer was a gutsy call at the time. Nevertheless, it has worked to our advantage, as has our long position in ChevronTexaco, which only returned to the list of the 20 Most-Widely-Held stocks in April. Since we

covered our short position in Amazon earlier, we are still left with a long position of 5,000 shares of DJT, for an unrealized profit of $1,600.

AGGRESSIVE MODEL PORTFOLIO for the Individual Investor

There were a total of 12 transactions in the Aggressive Model Portfolio. Here they are ~

	GAIN/(LOSS)
1. Above referenced purchase of 3,000 shares of MFRI at $ 3.14, now at $ 3.36	$660
2. ABX Air (ABXA.OB), first purchased 1,000 share at $5.35 / share, rose to $7.46, now at $6.50	$1,150
3. Johnson Outdoors (JOUT), 600 shares at $16.90, now at $19.30	$1,440
4. Vail Resorts (MTN), 500 shares at $17.75, now at $18.89	$570
5. Axeda (XEDA), 10,000 shares at 92 cents, sold at $1.55 (on 4 / 8)	$6,300
6. BSquare (BSQR), purchased 10,000 at 96 cents, another 10,000 at 99 cents (4/15), then sold 20,000 at $1.28 (4/27)	$6,100
7. Merck (MRK) 200 shares at $44, now at $47	$ 600
8. Central European Dist (CECD), bought 300 at $32. now at $25.57	($1,929)
9. Catuity (CTTY), purchased 10,000 shares at 79 cents / share (4/8), sold at 63 cents (4/30)	($1,600)
10. Entrx (ENTX), bought 10,000 shares at 84 cents and sold at $1.01	$1,700
11. Littelfield (LTFD), purchased 12,000 shares at 76 cents and sold at 60 cents	(1,920)
12. Ionatron (IOTN.OB), purchased 2,000 shares at $4.89, now at $5.36	$940
13. Hanaro Telecom (HANA), purchased 4,000 shares at $2.50, now at $2.32	($720)

Total Gain: **$13,261** Capital Deployed: **$67,555**

Return / Quarter: **19.63%** Annualized: **78.5%**

THIS ALSO ANSWERS AN EMAIL FROM WILLIAM in ALASKA ---Who wrote "...WSP's picks really impress me. How can I track past recommendations" Kodiak, Alaska ---

William ~ We received a number of emails like yours---and selected yours as it's come the farthest. You might say this edition was designed to reply to all such letters --- so please dig in...!

Curiosity --- on Friday, a new company was added to the Russell 2000 Index, an index widely-used as the benchmark for smaller stocks. **Terremark Worldwide** (TWW) will become a member of this Index. There is something unusual underway here, and we are not quite sure what to make of it. Send us an email to tell us what you think...?

TWW's stock is selling at 95 cents --- by definition, the Russell 2000 Index components must be at least $1 / share. TWW went public in July 2000, briefly sold at $5 per share, but has been under $ 1 per share most of the time since. Its life-time low was at 22 cents per share, twice---in October 2002 and again in February 2003.

With 311 million shares outstanding, TWW has a market value of $295 million---or almost 20 times sales. A search lists the Company's three nearest competitors as **Cincinnati Bell** (CBB), **Level 3 Communications** (LVLT) and **MCI** (MCIA.PK). The average multiple of sales for these companies is 0.6.

Even splitting the difference only gets TWW to a 50 cent per share Target Price at best. But the prevailing winds-of-

rumor say the stock goes to $3 per share..and quick. The abundance of celebrity names you can identify in your own search will tell you this is indeed a “HOT” item. Match what you read in The Enquirer with what they’re telling the SEC they are selling in the stock market.

But for those with a longer view---recognize the inherent value of this company is about 50 cents per share.

Press Release

Source: Terremark Worldwide, Inc.

Terremark Slated to Join Russell 2000 Index
Monday June 14, 8:20 am ET

MIAMI--(BUSINESS WIRE)--June 14, 2004--Terremark Worldwide, Inc. (AMEX:TWW - News), a leading operator of integrated Tier-1 Internet exchange points and best-in-class network services, today announced that it will join the Russell 2000® Index when the broad-market index is reconstituted on June 25, according to a preliminary list of additions issued by Russell Investment Group. Membership in Russell's 21 U.S. equity indexes is determined primarily by market capitalization rankings and style attributes. Russell indexes are widely used by managers for index funds and as benchmarks for both passive and active investment strategies. More than $360 billion is invested in index funds based on Russell's indexes and an additional $850 billion is benchmarked to them. Investment managers who oversee these funds purchase shares of member stocks according to that company's weighting in the particular index. For more information about the Russell Index, visit http://www.russell.com/us/indexes/us/membership/recon_additions.asp

About Terremark Worldwide, Inc.

Terremark Worldwide Inc. (AMEX:TWW - News) is a leading designer, builder and operator of integrated Tier-1 Internet exchange points and best-in-class network services, creating technology marketplaces in strategic global locations. Terremark is the owner and operator of the NAP of the Americas, the 5th Tier-1 Network Access Point in the world and the model for TerreNAP(sm) Data Centers the company is deploying in Sao Paulo, Brazil (NAP do Brasil), Madrid, Spain (NAP de las Americas - Madrid) and other emerging markets. The carrier-neutral NAP of the Americas is a state-of-the-art facility providing interconnection between global carriers, ISPs and others, as well as connecting fiber networks in Latin America, Europe, Asia and Africa to those in the U.S. Terremark is headquartered at 2601 S. Bayshore Drive, 9th Floor, Miami, Florida USA, 305/856-3200. More information about Terremark Worldwide can be found at http://www.terremark.com.

MORE e-MAIL --- "jackfrank" writes this "I am an older (86) investor that likes to take a chance every once in a while. I play poker very well and visit casinos occasionally. My first trip to Las Vegas was 1946. Guess I shoulda' bought land instead of chasing girls, but I cannot complain. I have never bought penny stocks, and perhaps that is the reason I have done well. What three penny stocks would you recommend to purchase?

Dear "jack" --- A penny stock is defined as any stock under $ 5 / share. In this regard, therefore, we repeat our three favorite stocks in this qualifying category:

- **ITXC** (ITXC)
- **Trump Resorts** (DJT)
- **Twister Networks** (TWTN.PK)

From Doug K in New York, who writes --- "Many of the stocks you write about have quotes like this BID: $0.01, ASK: $9000.00...and the last trade might have been $1.71 or $2.36, or whatever. What do you make of this?"

Dear Doug ~ Your letter summarized similar queries from other subscribers, but here's your answer, which will help familiarize you with the philosophy of this financial site. There are over 11,000 publicly-traded companies.

There are fewer than 1,000 companies that are covered by the investment community. That means about 10,000 companies which most broker / dealers know nothing about.

In order to NOT stock their neck out on a price quotation, the broker merely prints a spread of one-cent to $9,000... like you've seen...just to see what's lurking out there. Remember, by being informed about the companies you read about here, you, the Individual Investor, probably know more about that company than the broker / dealer.

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The WEEKLY UPDATE

www.winningstockpicks.net **June 21, 2004 edition**

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **All the popular averages moved less than 1% in either direction last week**
- **Nevertheless, as the range-bound market continues, worthwhile investment opportunities are abundant---the Individual Investor merely has to do more of the research to find them—find out how...inside**
- **Goldman Sachs and Morgan Stanley --- our seminal SHORT SALES --- and there's more to come...!**
- **Five weeks ago, we pounded the table, telling you to BUY TWX / SELL SHORT SBC --- here are the results, five weeks later**
- **Why first-born children get all the respect (and results)...**
- **How one Individual Investor converted $300,000 in stock into $25,000 in cash...!**
- **The New York Stock Exchange is one of three Defining Moments that have literally shaped our Modern Civilization --- find out what the current dispute means for YOU...!!!**
- **Lydall and Pall Corp, NOT. MFRI, YES...!**
- **After Internet Security businesses, Cisco states last week VoIP is its next Billion-Dollar division---how can the Individual Investor financially participate in this inevitable development...?**
- **The WSP Research Universe defined --- inside**

CompaniesMentioned In This Edition

(in order of appearance in this week's update)

Goldman Sachs (GS)	**Morgan Stanley (MWD)**	**Microsoft (MSFT)**
ExxonMobil (XOM)	**Time Warner (TWX)**	**SBC**
Lydall (LDL)	**Pall Corp (PLL)**	**MFRI (MFRI)**
Cisco (CSCO)	**deltathree (DDDC)**	**8x8 (EGHT)**
iBasis (IBAS.OB)	**ITXC**	**Net2Phone (NTOP)**
Twister Networks (TWTN.PK)	**New York Stock Exchange**("many are called, few are chosen...")	

Market "Rap" ---The most popular market averages barely budged last week...all changing less than 1% in either direction (see turquoise-colored area in the table below). There were a total of 8,094 stocks that traded on the three major exchanges, trading activity which is up by almost 100 more stocks (over the last four weeks, the number of stocks traded in any given week averaged 8,005).

On the other hand, the volume of trading activity last week has diminished even more---13.5 Billion shares for the week, and 25% below the 18 Billion shares-per-week that prevailed earlier this year. Reduced trading volume is now apparent in the market aggregates: Year-to-Date: 396.9 Billion shares have traded on the three major exchanges, up a mere 12% from the comparable year-earlier period (355.5 Billion shares).

Subscribers' Supplement # 04 - 027

SNAPSHOT for the WEEK ENDED June 18th

Indexes, at mkt close	12/31/03	30-Apr	21-May	11-Jun	18-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	9967	10410	10416	-0.4%	+.1%
S&P 500	1112	1107	1094	1136	1135	2.1%	-.1%
NASDAQ Comp	2003	1920	1912	2000	1987	-0.8%	-.7%
Wilshire 5000	10800	10794	10625	11046	11034	2.2%	-.1%
WilshMicroCap	481	508	479	499	495	2.9%	-.8%
WilshSmCap	274	278	271	283	284	3.7%	+.4%
Market Value-All Stocks	in Billions>>>		**$12,739**	**$13,244**	**$13,240**		**1.0%**

Two months ago, in our April 19th edition, when WSP Research pointed out this trend in reduced trading volume to our Subscribers, we recommended SELLING SHORT two of the major-bracket brokerage firms, **Goldman Sachs** (GS) and **Morgan Stanley** (MWD). Click here for link to that prior edition.

Goldman and Morgan were sold short at $103 / share and $53 / share respectively...100 shares sold short for each. Closing prices for these stocks last Friday was $89 / share for GS and almost $52 for MWD. This translates into an impressive gain for each position... and based on the technicals, the decline in these two brokerage stocks isn't over yet.

In the Market Value rankings of the top 20 most-widely-held stocks, not much change last week. **Microsoft** increased its hold on the # 2 spot---and is now worth $12 Billion more than **ExxonMobil**, having been only $1 Billion more valuable than XOM the week before. Click here to view Subscribers' Supplement # 04 – 029 for detailed rankings by company.

Likewise, **Time Warner** (TWX), solidified its position at current price levels (see same Supplement). In our May 10th edition, we announced that Time Warner's exercise of warrants, investing $22 million in Google, could translate into another 25 cents in Earnings Per Share, and that consensus earnings estimates were probably too low. As a result, we introduced a new "paired-trade" in that issue---BUYING TWX and SELLING **SBC**.

Specifically, imposing our standard $10,000 per position discipline, we bought 600 shares of TWX at 16.30 and simultaneously SOLD SHORT 400 shares of SBC at $25.25 (it had been as high as $26 / share. TWX closed last week at $17.68 / share. SBC closed at $24.60. Taken together, this paired-trade is yielding a profit of $1,088---and in five weeks, this equates to a 5.2%.return, or 52% based on a 52 week year...!

According to a study published in the July 13th issue of Family Circle (www.familycircle.com), two-thirds of the people listed in Who's Who and 45% of the world's female leaders over the past 45 years were first born children. That article includes commentaries by Behavioral Psychologists that conclude it is possible for the **non-first born** to emulate this rather riveting statistic by practicing the three most common traits that apparently account for the success of first-born children ~

- Believe in yourself
- Be accountable
- Pat your own back

Believing in yourself eliminates the un-confident and unsure; being accountable means "Don't blame others for your screw-ups"; and patting your own back means wearing your achievements where they will be noticed (versus bragging when there aren't any clear results to identify).

This is timely advice for all Individual Investors in general and our own Subscribers in particular. Applying this to the investment world, it specifically means that in order to achieve above-average investment performance, investors must do their own homework, and be prepared to reap (or weep) based on the actionable investment decisions that emerged from this do-it-yourself investment research.

Let's review the news last week about an investor who did not heed this advice---in the most recent edition of Barron's (www.barrons.com). Don Zabawa of Boynton Beach, Florida owned a small business (medical equipment supply). He was hit by an automobile while riding a bicycle, and was left partially disabled, such that he could not resume work at his old job. To compound the stress, his wife was about to give birth. Having put the $40,000 insurance settlement into a down-payment for a house, and his wife not working, he was understandably eager to supplement his income in the stock market.

By 1999, the stock market was rising, a slew of dot-coms had appeared on the investment scene, and you can probably guess how the rest of this story unfolds. He put all of his savings ($50,000) into the stock market, which had begun to rise appreciably. In order to buy any stock in the market, an investor needs to go through a broker. This is how securities laws are administered---via brokers.

Had Mr. Zabawa used an online broker---and done his own research / homework, perhaps his fate might have turned out differently---or certainly with less disaster for by the time his non-online broker was done, not only had he lost the initial $50,000 but maxed-out credit cards and two mortgages swelled his total losses to over $300,000.

Had he believed in himself, he would have never been so reliant on this broker. Rather than holding himself accountable, in effect, he was holding a broker accountable...and because his losses were so massive for an individual investor, the very notion of self-back patting was a non-starter.

This is not to say that non-online brokers render poor investment advice. However, recognize that no other person will have as much an interest in the success of your investment decision than you---so

- do your own research and homework
- know what you are buying (or selling short)---and why
- always have an Exit Strategy

Buying or selling short a stock without a clear Exit Strategy is comparable to a football game without end zones. As an individual investor---have a clear notion about where you want to terminate your financial position in a stock. Do not be misguided that the SEC will suddenly come rallying to your defense. Even if it does, don't expect much help---in Mr. Z's case, the errant broker was ultimately ordered to pay him $25,000.

In the post-Sarbanes-Oxley[1] investment world in which we live, a recent trend has surfaced that warrants highlighting to our subscribers, namely, the increasing lack of public disclosure, since no disclosure carries less potential risk that faulty disclosure---at least that's what the management of **Lydall** (LDL) thinks. Here's the story ~

LDL's stock price jumped 12% on June 8th to almost $10 / share. The New York Stock Exchange asked LDL about any developments that might explain this jump in stock price. The Company commented to the NYSE that it was company-policy "not to comment"...!

This is not totally unheard of, however, a "No Comment" is becoming fashionable. Out of 17 NYSE requests for explanations this year, 8 (or almost half) declined to comment. In all of 2003, the NYSE sent out 34 such requests, to which only 12 (or 35%) declined to comment. There may be more to this trend than just Sarbanes-Oxley, however.

We refer to the now escalating legal battle between the former head of the New York Stock Exchange, Richard Grasso, and New York's Attorney General, Eliot Spitzer. To recap that brouhaha, the contentious issue is the $139.5 million bonus that Mr. Grasso was paid when he retired as Chief Executive of the NYSE---a position he had held since June 1st, 1995[2].

Ordinarily, issues of executive compensation are beyond the purview of State Attorneys General---however, on the basis that the NYSE is a non-profit regulatory institution, there are laws that govern payments to personnel.

Plus, there is this curious twist : William Donaldson, currently Chairman of the Securities & Exchange Commission, preceded Mr. Grasso as CEO of the NYSE, but, Donaldson was never paid more than $180,000 a year in that position (in fact, as SEC Chairman, he is paid even less than this...!).

Moreover, there is something implicitly odd about calling the NYSE non-profit in the first place. Here's how we clock in on this dispute---which we have submitted to Mr. Grasso's attorney in this matter.

One aspect of the NYSE[3] which isn't non-profit is the price of a seat on the NYSE. There are only 1,366 of them, a number that's been fixed for decades. The cost of a seat on the NYSE was $725,000 when Mr. Grasso was appointed CEO. At the time of his retirement, a seat on the NYSE changed hands at $2 million.

Since there are only 1,366 seats, the market value, so to speak, of all the 1,366-seat NYSE was $990,350,000 in 1995. By 2002, this had increased to $2,732,000,000---an increase of 175% (or $1.7 Billion). Our research staff **ASSUMES** that there is nothing non-profit at all about the cash-proceeds to owners of a NYSE seat once they sell their NYSE-seat.

Hence, Mr. Grasso's bonus, which has come into increasingly visible (and some would say nasty) dispute, represents a mere 8% of the elevated value of the seats the NYSE's member firms all own...! Egad---even real middle-aged housewives selling real estate earn a 6% commission---so what's the big deal?

The relevance of this dispute is not without ramifications for individual investors. If we are in a stock market environment where individuals can be publicly pilloried, and that anyone who comes to their defense is also pilloried---it will be even more incumbent upon the investor to glean their own information / research to form actionable

investment decisions about stocks---pretty much reinforcing the Do-it-Yourself nature of successful investing espoused in these electronic pages. So stay tuned...

Lydall is in the business of designing and manufacturing filtration systems and thermal barriers for the auto industry. First quarter sales (ended March) were flattish at $72 million---so on an annualized basis, that's about $280 million. LDL is a small cap company, with a market value of $155 million based on Friday's close.

Whenever Market Value divided by Annualized Sales is less than one, WSP Research is interested. Maybe there is a good reason management chose NOT to comment to the NYSE---lest the company's shareholders run the risk of making too much money in a takeover...!

A comparable company in the same industry-space is **Pall Corp** (PLL)---which is valued at 1.7 times sales. In our prior editions, we have mentioned that the number of analysts covering a stock directly contributes to its valuation, and in this case, we discover there are 12 analysts covering PLL (versus 2 for LDL)...

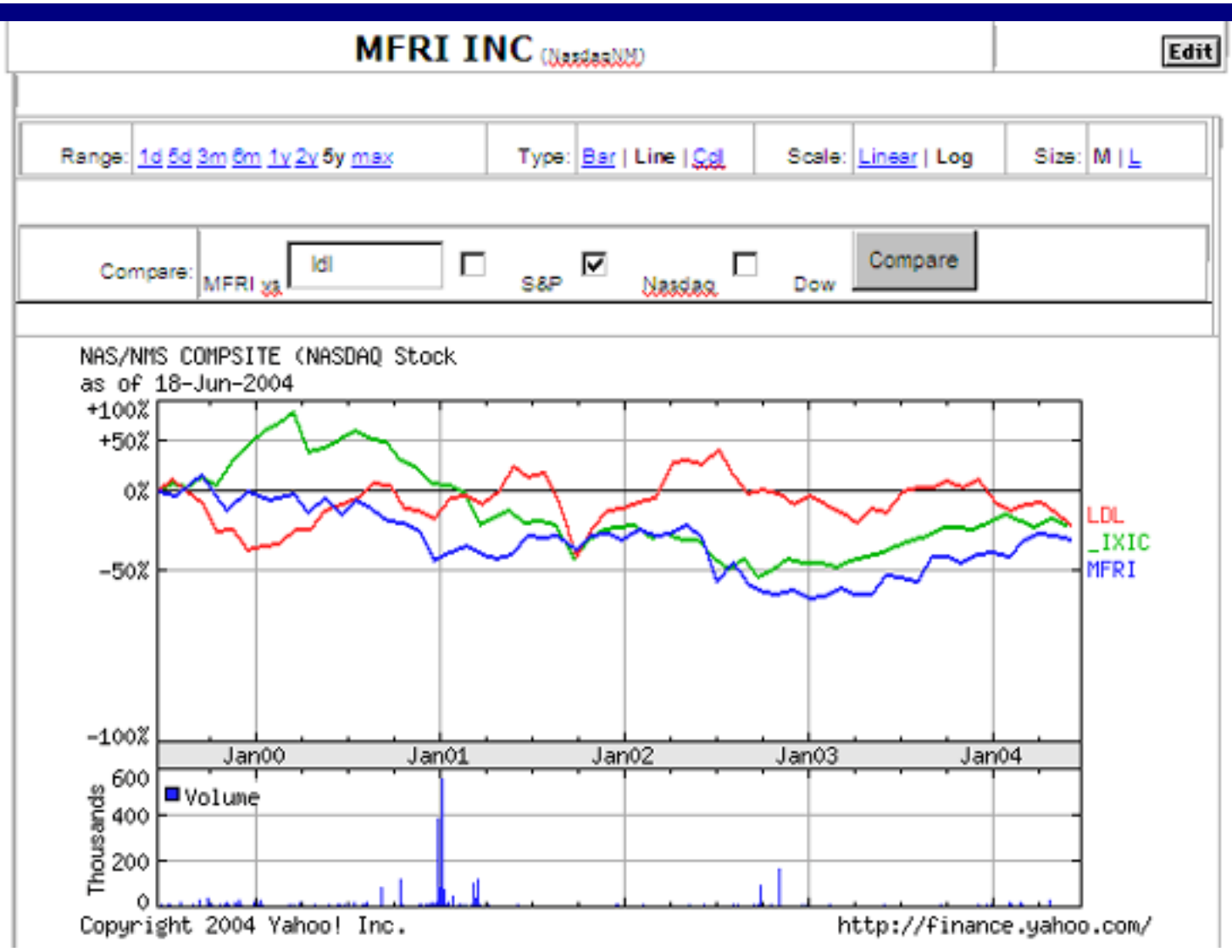
...but on behalf of our Subscribers, we dug a little deeper.

There is a Company called **MFRI** in the same business as Lydall. Based in Niles, Illinois, Sales for the past 12 months are $122 million. With the stock selling at $3.14, its Market Value is a mere $15 million...! This represents a Market Value to Sales ratio of about 13%.

Moreover, institutions own only 27% of the stock (versus 85% for Pall and 83% for LDL), meaning that in the event institutions embrace MFRI to the same degree as LDL and PLL, MFRI has the potential to double by the end of this year---and this forms the basis for setting our Exit Strategy at $ 6 /share.

At a minimum, Individual Investors, consider buying at least 1,000 shares of MFRI stock. We'll do the same in our model portfolio. As illustrated in the graph that follows, MFRI has stayed even in relation to Lydall and the NASDAQ market. Hence, there is probably limited downside technically.

The nature of MFRI's business, however, is such that it should handsomely benefit from the economic recovery---and in the event analyst coverage picks up, followed by greater institutional ownership, we maintain a high-confidence level in our Exit Strategy being met, and on time.



One area where we have demonstrated the value of original research has been in the Voice-over Internet Protocol (VoIP) industry. Cisco (CSCO) last week stated that VoIP was likely to become its next Billion-dollar business, after its Internet-Security business unit. This is truly welcomed news---especially for those investors who have been following our recommendations in this industry. We introduced a VoIP index in April---and as evident from the table below, that index has now increased to 105 (May 1 = 100).

	STK PRICE		MARKET VALUE		SHS O/S
	18-Jun	7-May	18-Jun	7-May	(mm)
DDDC	1.85	1.50	54.8	44.4	29.6
EGHT	2.38	2.75	90.0	104.0	37.8
IBAS.OB	1.85	1.56	83.4	70.4	45.1
ITXC	2.36	1.94	85.3	84.0	43.3
NTOP	4.58	3.49	346.2	263.8	75.6
TWTN	1.45	1.70	84.1	85.0	58.0
			743.8	651.6	
VoIP Index (May 1, 2004=100)			**105**	**92**	

ITXC and Twister Networks (TWTN) remain our favorites in the grouping.

Click here for the Special Edition entitled “Primer on Small Cap Investing --- since small cap companies form the universe of most of our original research, and since small caps are technically defined as under $1 Billion in market

value, the tables below will give Individual Investors the picture on where this $1 Billion benchmark comes from.

The 30 stocks in the Dow Jones Industrial Average have a total market value of $3.7 Trillion (click here for last week's edition where we discuss this Index and its relationship to the administrations of U S Presidents going back to 1897 when that Index was first invented by Charles Dow and Edward Jones.

The market value of the Top 20 Most-Widely-Held is $2.9 Trillion; however, eleven of these 20 are already in the Dow Jones Index. The nine large cap companies that are not in the Dow have a market value of $650 Billion. Hence, these 39 companies have a collective market value of almost $4.4 Trillion.

In the Market Rap, we have already mentioned that a total of 8,094 stocks traded last week. Market Value of these stocks totaled $13. 2 Trillion. Reducing this total market value figure by the $4.4 trillion in market value for just 39 companies means there are another 8,055 companies with a market value of $8.9 Trillion, or, on average, $1 Billion in market value. Hence, any company with less than a $1 Billion market value is considered small cap...and that defines **WSP's Research Universe**

GE	**GE**	**$333**
ExxonMo	**XOM**	**$294**
Pfizer	**PFE**	**$270**
Microsoft	**MSFT**	**$306**
Citigroup	**C**	**$246**
Wal*Mart	**WMT**	**$237**
AIG	**AIG**	**$188**
Intel	**INTC**	**$179**
J&J	**JNJ**	**$164**
IBM	**IBM**	**$152**
P&G	**PG**	**$142**
Coca-Cola	**KO**	**$125**
Altria	**MO**	**$98**
Merck	**MRK**	**$107**
Verizon	**VZ**	**$100**
Home Dep	**HD**	**$79**
JPMChas	**JPM**	**$78**
SBC Com	**SBC**	**$82**
HP	**HPQ**	**$64**
3 M	**MMM**	**$68**
Amex	**AXP**	**$66**
Disney	**DIS**	**$51**
Utd Tech	**UTX**	**$46**
duPont	**DD**	**$44**
McD's	**MCD**	**$34**
Boeing	**BA**	**$42**
Honeywell	**HON**	**$31**
Alcoa	**AA**	**$28**
Caterpillar	**CAT**	**$25**
Gen Mot	**GM**	**$27**

$ 3,706 Billion

650 Billion (Nine of the 20 most-Widely-Held **NOT** in the Dow Jones Average
$ 4,356 Billion (for 39 companies---includes the above nine plus the Dow-30)

$13,240 Billion (market value for all 8,094 stocks traded last week)
- 4,356 Billion for 39 of these
$ 8,884 Billion for the other 8,055 public companies (**average market value---$1 Billion**)

Conclusion---the estimated market value of all non-major public companies approximates $8.9 Trillion...this represents an almost inexhaustible supply of small cap, underfollowed, overlooked companies---which you can read about here...!

That's all for this week, folks---and keep those letters to the editor coming
Email Questions / Comments / Research Needs, email editor@winningstockpicks.net or contact us

A M F, until next time...WSP RESEARCH STAFF
NEXT WEEK --- The Airlines

[1]The Sarbanes-Oxley Bill was enacted into law in July 2002 in the aftermath of the highly visible 'fraudaprises' Enron, Worldom and Adelphia. That law compels the top management of public companies to personally sign-off on the accuracy and truthfulness of financial statements and other disclosures.
[2]According to public records, Mr. Grasso started working for the NYSE as a clerk for a salary of $81 / week.
[3]The NYSE dates back to 1792. It is one of three Defining Moments that literally shape our Modern Civilization. Every individual investor should read the NYSE's weekly bulletins (www.nyse.com/bulletin). It is no exaggeration to equate the capital markets themselves to the New York Stock Exchange. The majority of the names that own these 1,366 seats are names you've never heard of—but quietly, these unknown names carry on the business of capitalism. As an editorial opinion, WSP is saddened that such otherwise constructive forces feel the need to engage in a dispute which is totally contrary to the optimistic spirit that capitalism fosters.

WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

June 14, 2004 SPECIAL edition

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

Just a line to thank you for the tip on twister (TWTN). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at $.77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a profit of $8,100. This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up. Paul P. May 8, 2004

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **The overall market added $132 Billion in value last week --- a shortened trading week due to a National Day of Mourning for former President Ronald Reagan**
- **During Reagan's Presidency, the market value of the Dow Jones Index appreciated 135%...!**
- **But where does this place him in relation to other President since the Dow Jones Index was first introduced in 1897...??? Details inside ~**
- **Which President was # 1...?**
- **The Dow Jones Index is a living, breathing barometer that gauges which companies are commercially relevant to the American economy...and which are not**
- **How the components of the Dow Index have changed since Ronald Reagan was President—and**
- **What predictions can be made about the future investment performance of Large Cap stocks ~ FOR THE NEXT 20 YEARS...!**
- **Click here for link to Subscribers' Supplement # 027---Snapshot of the Week and the Top Twenty Widely-Held stocks ~**
- **Click here for link to Supplement # 028 --- Election Results for Presidents Past since JFK ~**

Market "Rap" ---All the popular market averages advanced last week, in a shortened trading week (the markets were closed Friday as a day of National Mourning for former President Ronald). Daily trading volume averaged 2.6 Billion shares a day, about the same level of activity as the week before. Here's a Snapshot of the Week ~

Subscribers' Supplement # 04 - 027

SNAPSHOT for the WEEK ENDED June 11th

Indexes, at mkt close	12/31/03	30-Apr	28-May	4-Jun	11-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	10188	10243	10410	-0.4%	1.6%
S&P 500	1112	1107	1121	1123	1136	2.2%	1.2%
NASDAQ Comp	2003	1920	1987	1979	2000	-0.2%	1.0%
Wilshire 5000	10800	10794	10926	10936	11046	2.3%	1.0%
WilshMicroCap	481	508	497	499	499	3.7%	0.0%
WilshSmCap	274	278	282	282	283	3.3%	0.4%
Market Value-All Stocks		in Billions>>>		**$13,112**	**$13,244**		**1.0%**

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices June 14th

Company	Symbol	Market Cap					
		20-Feb	12-Mar	30-Apr	28-May	4-Jun	11-Jun
Totals		$2,864	$2,783	$2,844	$2,870	$2,877	$2,921

Click here for the link to the full table that is summarized above (Subscribers' Supplement # 04-027)

A total of 8,044 stocks traded on th4e three major stock exchanges, and altogether, advanced $132 Billion in market value (to $13,244 Billion, or 1% for the week). The 20 Most Widely-Held stocks accounted for $44 Billion of this capital appreciation, or roughly one-third of the market's overall gain.

It is possible that fond memories of the Reagan Era accounted for some of this improved investment sentiment. Indeed, the Dow Index appreciated 135% during Reagan's term of Office ~

Dow Jones Index at Inauguration of President Reagan:	950.68
Dow Jones Index on Last Day of Reagan's Presidency:	2235.36
Per Cent Change:	**135%**

The stock market pundits were raving all week about this fact --- and that it was a Republican President who achieved this overall market appreciation. This planted the seeds for a research trail that has produced some chilling evidence--- analytical evidence which we now share with our Subscribers, in this Special Edition ~

The Dow Jones Average is the longest running barometer with which to gauge the American political economy. Beginning with the McKinley Presidency in 1897 through George Bush's Presidency today, there have been 27 Presidential Administrations.

Table ONE: The Dow Jones Index on President's Inauguration Day (January 20th)

1897	42.78		**1953**	288.0	59%
1901	64.92	52%	**1957**	475.90	65%
1905	70.63	9%	**1961**	634.37	33%
1909	84.76	20%	**1965**	895.31	41%
1913	81.55	-4%	**1969**	931.25	4%
1917	97.97	20%	**1973**	1018.81	9%
1921	76.08	-22%	**1977**	959.03	-6%
1925	121.74	60%	**1981**	950.68	-1%
1929	304.64	150%	**1985**	1261.37	33%
1933	61.63	-80%	**1989**	2235.36	77%
1937	185.96	202%	**1993**	3241.95	45%
1941	129.24	-31%	**1997**	6843.87	111%
1945	125.71	18%	**2001**	10578.24	55%
1949	181.43	19%	**2005(e)**	11000.00	4%

Remarkable as this may seem, the market declined in only six of these administrations, advancing in the other 21...or 78% of the time. These 27 administrations, however, were comprised of 19 Presidents. We therefore clinically programmed our computer with the exact dates of each of these Presidents, plugged in the Dow Jones Index for those dates, then calculated the percentage change. **Here's the results of that print-out ~**

Table TWO: Ranking of U S Presidents by the Change in the Dow Jones Index

Calvin Coolidge	245%	**Teddy Roosevelt**	17%
Bill Clinton	226%	**Warren Harding**	16%
FDR	157%	**JFK**	2%
Ronald Reagan	135%	**Jimmy Carter**	-1%
Dwight Eisenhower	120%	**George W. Bush**	-2%
Harry S. Truman	82%	**William H. Taft**	-4%
William McKinley	69%	**Woodrow Wilson**	-7%
George H.W. Bush	45%	**Richard M. Nixon**	-17%
Lyndon B. Johnson	44%	**Herbert Hoover**	-80%
Gerald R. Ford	23%		

One riveting conclusion from this table is how the performance of the Dow Jones index under these Presidents so accurately reflects the country's mood and economic direction at the time. It is no surprise that the Administrations of Hoover, Nixon and Carter are at the bottom-end of this table---and the tenure of triple digit Presidents was characterized by confidence and strong leadership.

Warning --- ! --- Information Contained in these editions of winningstockpicks.net is hazardous to stock market ignorance

It is also for this reason that the outlook for Large Cap stocks in general and the Dow Component Companies in particular is so shaky---an absence of strong leadership, which as illustrated in the table above, places the current George Bush Administration in the bottom half, rather than in the triple digit camp (the Dow Index has diminished 2% since Bush was inaugurated President).

As it turns out, the Dow's performance under Reagan's Presidency ranks fourth. Calvin Coolidge, who became President when Warren Harding died, takes the top spot with 245%, followed by Bill Clinton (226%) and FDR (157%). One little-publicized achievement of the Coolidge Administration was that he dramatically reduced the National Debt. Perhaps this might be a lesson for today's political leaders...!

To summarize Table TWO ~

- Five Presidents stewarded **triple digit** appreciation in Dow Jones' market value
- Seven stewarded **double digit** gains
- One (JFK) stewarded a **single digit** gain
- Six stewarded a **diminished** Dow Jones' market value

The President of the United States is at the helm of the engines that drive not only the American political economy but also the worldwide global economy. It is conceivable that the Stock Market Boom of the late-1990's reflects the American-centric nature of the emerging worldwide web. That, plus the Peace Dividend in the 1990's from the end of the Cold War set the stage for Clinton's performance at the # 2 spot in this ranking.

Applying that relationship in reverse, however, produces a chilling observation.

Could a languishing Dow Jones Index reflect the possibility that America's largest companies are destined to be less involved in the most profitable worldwide investment opportunities for the next 20 years?

Check out Table ONE again.

In the first two decades of the last century, the Dow Jones Index increased a meager **17%---in 20 years**...! It was a time period when the financial markets were European-centric. London, for example, was considered the financial capital of the world. Given the truly global nature of today's economy, a similar result in terms of today's Dow Jones Index means a trading range from **10000 to 12000**, for the next twenty years!

This macro-economic possibility serves to reinforce our belief that the best investment opportunities for Individual Investors over the next 3 – 5 years are most likely to come from small cap and micro-cap stocks. This poses special challenges for the average Individual Investor ---

How to unsurface these rarely publicized investment opportunities...???

Television is an unlikely source of reliable information to identify small cap companies with investment potential for the Individual Investor. By definition, television features on specific public companies will necessarily concentrate on larger cap companies, since these are the most widely-held stocks, and therefore, represent a better potential-viewing audience to this media.

Printed media with national distribution produce poor leads for small cap companies---since small cap public companies have small-size advertising budgets...! And since small cap companies represent insignificant fee-potential for the major investment banks (click here for reference to last week's edition on this subject), it is unlikely a broker with national stature will unsurface small cap public companies for the Individual Investor.

THIS POURS THE FOUNDATION OF OUR RESEARCH UNIVERSE & THE RESULTING FOCUS FOR OUR SUBSCRIBERS, THE INDIVIDUAL INVESTOR, NAMELY THE 8,000 NON-LARGE CAP PUBLIC COMPANIES

Warning --- ! --- Information Contained in these editions of winningstockpicks.net is hazardous to stock market ignorance

Of the 30 Companies that comprise the Dow Jones Industrial Average today (**Click Here for Subscribers' Supplement # 026...the Dow Component Companies today**), only ten of these Companies were in that Index when Ronald Reagan was inaugurated as President of the United States. These ten companies were ~

Alcoa (replaced National Steel in 1959)
duPont (replaced Borden Inc in 1935)
GE (replaced Tennessee Coal & Iron in 1907)
General Motors (replaced U S Rubbe3r in 1916)
IBM (replaced Chrysler in 1979)
3M (replaced Anaconda in 1976)
Merck (replaced Esmark in 1979)
P&G (replaced United Air in 1932)
Exxon (since 1928)
Utd Tech (Nash Kelvinator in 1939)

Another five companies were added to the Index during his Presidential Term---such substitutions deemed to be more reflective of the economy at that time ~

- **American Express** (in 1982) replaced Johns Manville
- **McDonalds** (in 1985) replaced American Brands
- **Altria** (Philip Morris) replaced General Foods in 1985
- **Boeing** (in 1987) replaced International Nickel
- **Coca-Cola** (in 1987) replaced Owens-Illinois

Another 11 Companies have entered the Index since 1997. These are ~

- In April 2004, **AIG** replaced AT & T
- **Pfizer** replaced International Paper
- **Verizon** replaced Eastman Kodak
- In 1999, **Home Depot** replaced Sears Roebuck
- **Intel** replaced Dow Chemical
- **Microsoft** replaced Goodyear Tire & Rubber
- **SBC Communications** replaced Chevron
- In 1997, **Wal Mart** replaced Woolworth's
- **Johnson & Johnson** replaced Texaco
- **Hewlett-Packard** replaced Bethlehem Steel
- **Traveler's Insurance** (which became Citigroup) replaced Westinghouse

In Table ONE, WSP Research forecasts the Dow Index at 11000, a 4% increase for the Bush Administration. This single digit forecast is totally consistent with the national mood that prevailed during the Administrations of similarly situated Presidents for the past 100 years.

THIS BODES WELL FOR THE SMALL CAP / MICRO-CAP ONLY PORTFOLIO

There is one scenario that would dramatically alter this macro-economic forecast: In the event the Bush Administration begins to exert evident leadership in the global economy during this era of the War on Terrorism, our country's Large Cap stocks have the potential of adding another digit to their market value, just like Reagan accomplished 20 years ago. Inadvertently or otherwise, President Bush himself has laid the groundwork to distinguish his Administration, right now, before the election. Here is that groundwork --- his May 24th speech, laying out the Free World's present choice between "Tragedy & Murder", espoused by a fanatical few, or "Hope & Opportunity", preferred by most of the world.

<<<(Click here for link to that audio of President Bush's speech)>>>

IN THE NEXT SPECIAL EDITION ---WE SCRIPT THE SOLUTION FOR Mr. BUSH

LETTERS to the EDITOR

E-Mail from Nancy in Nebraska --- who asked us when is the best time of day or day of the week to buy or sell stock.

ANSWER ~ Dear Nancy --- We programmed trading activity for a 30 day, randomly selected, period and derived the following conclusions about hourly trading for the 6 1/2 hours the stock markets are opened (9:30 am to 4 pm) ~

20.9%	9:30 thru 10:30 AM
14.3%	10:30 thru 11:30 AM
16.6%	FROM 11:30 thru 1:00 PM
9.8%	1:00 PM thru 2:00 PM
13.6%	2:00 PM thru 3:00 PM
24.9%	3:00 PM thru 4:00 PM
100%	

Almost HALF of the trading volume for the day, on average, takes place in the first hour and last hour of that trading day, even though these two hours represent only 30% of the length of the trading day. If you want to take a break from the market, on the other hand, from 11:30 in the morning to 3 pm in the afternoon, which is more than half the trading day---less than 40% of the day's trading volume will take place.

The days of the week are almost evenly divided, with Wednesday touching 22% of the week's volume more than once. All other days are 20%---most of the time (one-fifth of the week---duh...?). Therefore, best time to buy or sell stock when there is the most trading activity---

Any Wednesday between 9:30 and 10:30 in the Morning Or between 3:30 and 4:30 in the Afternoon.

A M F --- and remember ---
Email Questions, Letters and Comments to editor@winningstockpicks.net or contact us

If you have received this message in error, or no longer wish to receive messages from winningstockpicks.net, please send an email with the word UNSUBSCRIBE in the subject line to optout@winningstockpicks.net

WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

June 7, 2004 edition

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

Just a line to thank you for the tip on twister (TWTN). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at $.77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a profit of $8,100. This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up. Paul P. May 8, 2004

Learn more about Premium Membership which includes your ability to speak directly with our writers & analysts. Free subscribers are offered a one time pass to ask a question of our experts, so feel free to enjoy & benefit from our site. You will have to complete a contact form in order to receive an answer on your question. Click here to email your question now. Thank you for your subscription to Winning Stock Picks. If you want to offer us any criticism or care to give us compliments, please do so by clicking here.

Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

- **While the market, for the most part, languished again last week, Microsoft lost its # 2 ranking in the Top Twenty list to ExxonMobil. Can it get that back...?**
- **Trading Volume continues to dry up, placing the market value of most major brokers in doubt---**
- **Ever wonder why the major brokers have ZERO interest in recommending Small Cap Stocks to Individual Investors...? Find the clinical, dispassionate explanation inside--- !**
- **There are now about 11,200 public companies (3,500 on the NYSE; 3,400 NASDAQ; 3,300 OTC Bulletin Board; 1,000 on the American Exchange). Compare this with March 2000, at the peak of the Bubble, there were 17,800. What does this mean for YOU...the Individual Investor**
- **Internet America (GEEK.OB) and Travelzoo (TZOO) --- two stocks that are under-followed, overlooked, and unloved --- UNTIL NOW...!**
- **A review of our VoIP index --- and the six companies in it ---**
- **A Top Ten List of ---stolen cars --- a list which American Companies no longer dominate**
- **Notable Obit --- The late, great, Mr. Alan King --- missed, but not forgotten**

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Microsoft (MSFT)	**ExxonMobil (XOM)**	**GE**
Goldman Sachs (GS)	**Merrill Lynch (MER)**	**Morgan Stanley (MWD)**
Lehman Brothers (LEH)	**Bear Stearns (BSC)**	**Internet America (GEEK.OB)**
Travelzoo (TZOO)	**Thomson Corp (TOC)**	**deltathree (DDDC)**
8x8 (EGHT)	**iBasis (IBAS.OB)**	**ITXC**
Net2Phone (NTOP)	**Twister Networks (TWTN.PK)**	

Market "Rap" ---Last week's Holiday-shortened trading session did little to alter the lackluster stock market averages that have basically typified the two months. While the overall market was up, with the exception of the Dow Jones Average, which increased by 55 points, all other indexes showed single digit changes ---

S&P 500---up 2 points to close at 1123
NASDAQ --- down 8 points to 1979
Wilshire Total Market --- up 9 to 10936
Wilshire Microcap --- up 2 to 499
(SEE TABLE BELOW)

Subscribers' Supplement # 04 - 025

SNAPSHOT for the WEEK ENDED June 4th

Indexes, at mkt close	12/31/03	30-Apr	7-May	28-May	4-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	10117	10188	10243	-2.0%	0.5%
S&P 500	1112	1107	1099	1121	1123	1.0%	0.2%
NASDAQ Comp	2003	1920	1918	1987	1979	-1.2%	-0.4%
Wilshire 5000	10800	10794	10686	10926	10936	1.3%	0.1%
WilshMicroCap	481	508	493	497	499	3.7%	0.4%
WilshSmCap	274	278	273	282	282	2.9%	0.0%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices June 4th

Company	Symbol	Market Cap					
		20-Feb	12-Mar	23-Apr	30-Apr	28-May	4-Jun

Totals	$2,863.6	$2,863.6	$2,924.9	$2,844.1	$2,870.1	$2,876.6

Click here for the link to the full table that is summarized above (Subscribers' Supplement # 04-025)

One particularly noteworthy development last week --- **Microsoft** (market value: $280 Billion) has lost its # 2 position in the Large Cap Stock rankings to **ExxonMobil** ($284 Billion). For the second time this year, Exxon has surpassed Microsoft in the rankings (early March was the first), and this time, it may prove a more lasting change.

To illustrate how range-bound the large cap sector of the stock market has been, the aggregate market value of the three largest public companies in the USA has barely moved since the start of the year. We also include the actual stock prices in the table below that generate these market values. GE, for example, has changed less than 50 cents.

	Market Value		**Percent**	**In Terms of**
	December 31st	**Last Friday**	**Change**	**Stock Price**
GE	$314 Billion	$319 Billion	+ 1.6%	30.79 UP 31.23
XOM	$266 Billion	$284 Billion	+ 6.8%	41.00 UP 43.37
MSFT	$296 Billion	$280 Billion	- 5.4%	27.37 DOWN 25.95
Total	**$876 Billion**	**$883 Billion**	**+ 0.8%**	

On the three major exchanges, a total of 8,057 stocks traded --- this is down from 8,114 stocks that traded last week. However, the market value of these stocks was **$13,112.6 Billion**, up from the week ago total market value of $13,100.7 Billion.

The attached Subscribers' Supplement tells us that the 20 Most Widely-Held stocks accounted for $6.5 Billion of this gain, meaning that the other **8,037** public companies on those three exchanges collectively appreciated $5.4 Billion. Given this rate of decline, by year end, **we expect fewer than 8,000 public companies to be trading on these three exchanges**.

To give Individual Investors some relevant historical perspective, in March 2000, there were more than 10,000 traded companies on these exchanges; the OTC Bulletin Board listed another 7,500. Today, there are only 3,302 stocks traded on the OTC Bulletin Board. In total, therefore, we have seen the number of publicly-traded companies shrink <`b>from 17,800 in March 2000 to **11,359**. **This represents a contraction of 36%**.

Ordinarily, a reduced supply of stocks might augur well for improved stock prices, assuming DEMAND stayed constant; however, trading volume has also been contracting. Last week's average Daily Trading Volume was 2.5 Billion shares, down from 2.8 Billion last month and 3.8 Billion in the first eight weeks of this year.

It was largely for these reasons that we SOLD SHORT **Goldman Sachs'** stock in April (at $103 / share)---an investment point of view which we still maintain. In fact, all of the major bracket brokerage firms are vulnerable in this market. Nevertheless, some individual investors still find themselves intimidated by these larger brokers.

To explain their aggressive nature to sell you stock, consider this statistical fact --- the top five brokerage firms have a staggering amount of office overhead to pay for, failing which eviction and / or foreclosure are the consequences. In fact, according to 10-K filings with the SEC, a total of 20.8 million square feet of office space is owned or leased.

Even at a $100 / square foot, this translates into $ 2 Billion of fixed expenses --- expenses that Individual Investors

pay in the form of commissions. Every dollar of commissions to buy and sell stock that goes to Regional Brokers or to Online Brokers is one dollar less available to cover an enormous overhead expense.

This reality ALSO explains why small cap companies hold such little interest for the major bracket brokers. Companies with market values of less than $ 1 Billion are of no interest to the majors since trading volume in these stocks is too small, and these smaller companies provide fewer investment banking (i.e. fee-paying) deals.

It is for these reasons that Individual Investors must take the initiative to seek out on their own small cap and micro-cap companies in which to invest. It is unlikely that any major brokers will bring any small caps to your attention. We published a Primer on Small Caps on April 13th (click here for link to that edition).

The table following places some perspective of the amount of overhead the five largest brokers have to meet, including 145,500 employees and almost $12 Billion in Selling, General and Administrative Expenses ~

	Office Real Estate (mm of Sq Ft)	Number of Employees	Overhead (Bln's of $)
Merrill Lynch (MER)	7.5	48,100	$ 4.2
Goldman Sachs (GS)	5.1	19,500	$ 3.3
Morgan Stanley (MWD)	4.5	51,200	$ 2.9
Lehman Brothers (LEH)	2.3	16,200	$ 0.4
Bear Stearns (BSC)	1.4	10,500	$ 1.1
	20.8	**145,500**	**$11.9**

Research has provided us with this morsel from Goldman Sachs' last 10-K filing (buried in page 26) with the SEC ~

"Our occupancy expenses include costs associated with office space held in excess of our current requirements. This excess space, the cost of which is charged to earnings as incurred, is being held for potential growth or to replace currently occupied space that we may exit in the future. We continually evaluate our current and future space capacity in relation to current and projected future staffing levels. In 2003, we reduced our global office space and incurred exit costs of $153 million. We may incur additional exit costs in 2004..."

Is there any possibility that a major bracket brokerage firm will ever recommend a small cap stock to an Individual Investor? We suppose that anything is possible, however, ask yourself this ---

Given the enormity of the overhead and personnel expenses these large brokerage firms must cover, there is NO commercial basis for firms this large to become involved in public companies smaller than $1 Billion in market value. In other words --- for the Individual Investor, small cap investing is a Do-it-Yourself project, using his / her own resources and research to successfully invest in this segment of the public market.

Warning --- ! --- Information Contained in these Editions is Hazardous to Ignorance

Contributing to this Do-it-Yourself strategy, we introduce our newer Subscribers to

- **Internet America** (GEEK.OB)
- **Travelzoo** (TZOO) and
- **Network Equipment** (NWK).

Internet America is an Internet Service Provider primarily serving the Texas and Louisiana market. It launched a Self-Managed Server Hosting Solution (called NEO, as in The Matrix) provide a broad array of options to run the most demanding applications, ranging from site-hosting and e-commerce to gaming platforms.

Research thinks that the loss reported in the quarter just ended (March) has been misread by the mainstream investment research community. Indeed, a $104,000 loss HAD been reported, however, that included the settlement of a lawsuit and legal fees of $525,000---and without which the company would have earned $0.04 per share. GEEK.OB's fiscalk year ends this June. The Company seems poised to earn $1 million...Net Income...or 10 cents / share (10.7 million shares outstanding). Since there are zero analysts covering this stock, it is an achievement that might well have gone unnoticed, except for WSP...!

To quote William Ladin, President and CEO "Subscriber attrition has been reduced to 5% from 9% and we believe this improvement was due to increased marketing and advertising efforts and our introduction of a number of new products. While we are not able to predict exactly when we will stop losing customers, we believe that we are making progress."

Clearly, a quote like this is intended to detract any would-be litigation, a fact-of-life in the securities industry. Since the Sarbanes-Oxley Act was passed on July 30, 2002, a total of 120 companies have announced plans to go private. The accounting firm, Grant Thornton International estimates that the cost of regulatory compliance for a small cap company is $400,000. The challenge for successful Individual Investing is not only to identify corporate situations to avoid, but also seeing through unduly cautious statements.

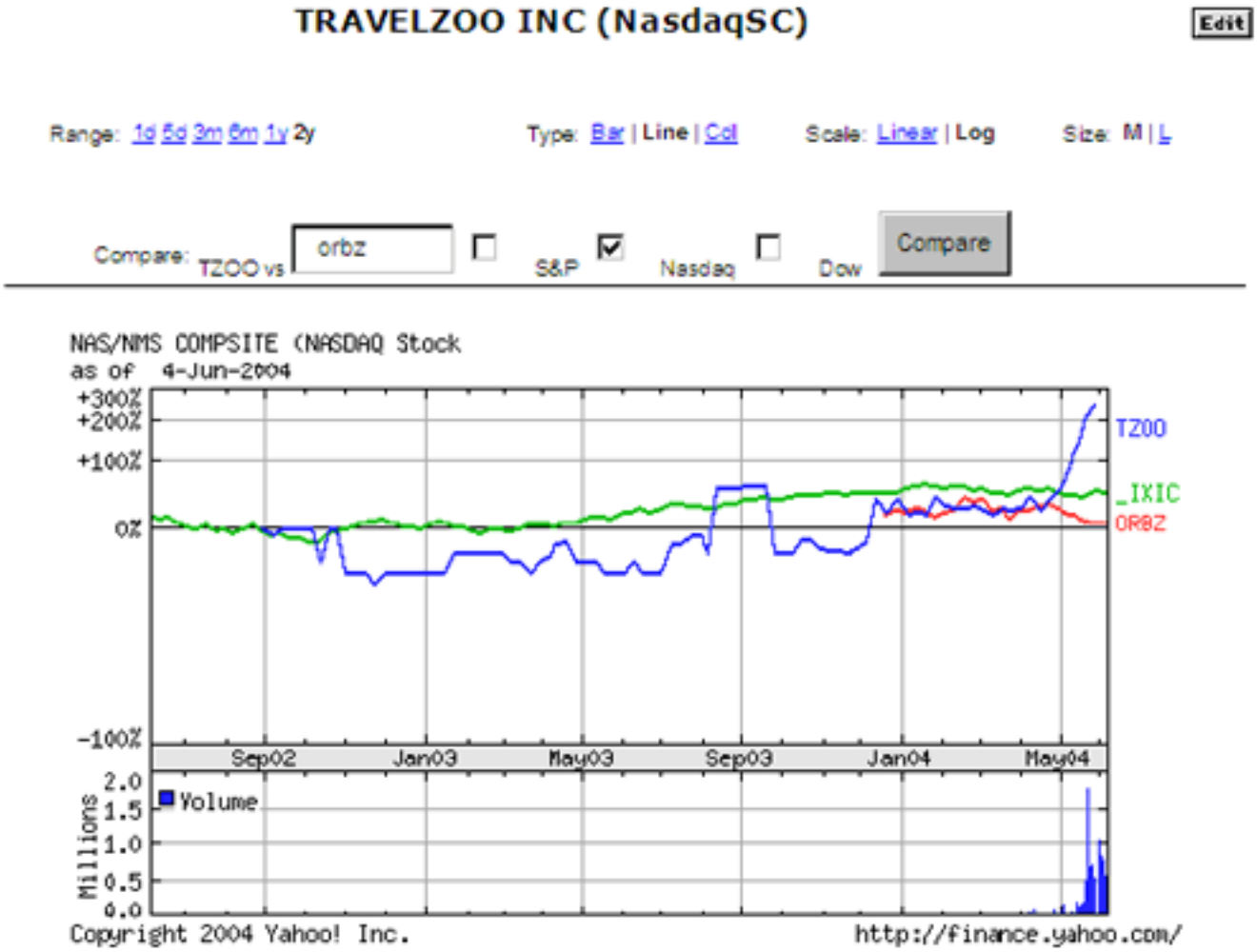
GEEK.OB is currently selling for 60 cents / share. It hit a high of $1.40 last October, which means our target price of $1 / share by this year's end is precisely in the middle of this range. Moreover, the Research Department stresses that its market value to trailing 12 months is less than 50%.

Travelzoo is a marvelous example of a company the major bracket brokerage firms would never touch. Its genesis is 1998, when by just showing up on its web site http://www.travelzoo.com the visitor would receive 3 shares of stock. Depending on the viewer's activity, another 3 – 4 shares could be earned.

It admittedly sounds hokey, yet, guess what...? Those shares are now actually worth some money---and another 4.1 million have yet to be converted. The company is basically an Internet Infomercial, publishing sales and promotional events for the travel industry. It boasts 4.7 million users per month.

Its weekly newsletter, the Travelzoo Top 20 has 3.6 million subscribers, and highlights specials from more than 200 businesses in the travel industry. While **Orbitz** (ORBZ) may have more brand recognition, TZOO has a market value that is less than half ORBZ's, and whereas ORBZ continues to lose money, TZOO earned $0.13 through March 2004.

Travelzoo has ZERO analyst coverage versus six analysts covering Orbitz...confirming the industry's natural affinity for larger cap stocks ($900 million for ORBZ; $355 million for TZOO). Were TZOO to be valued on a comparable basis as ORBZ, it would be a $30 stock (currently selling for $18 / share). The graph following speaks volumes ~ since May 2002, TZOO has outperformed both NASDAQ and ORBZ---and not one major broker knows about this gem ~



We revisit our Voice-over-Internet-Protocol stocks, and see that our Index has changed little in the past week, emblematic of the market overall. Our six Index components have a collective market value of $737 million, off 1% from last week.o:p>

	Stock Price		**Market Value**		**Shs O/S**
	4-Jun	28-May	4-Jun	28-May	(mm)
DDC	2.25	2.14	66.6	63.4	29.6
EGHT	2.59	2.65	97.9	100.2	37.8
IBAS.OB	1.61	1.51	72.8	68.1	45.1
ITXC	2.36	2.36	102.1	102.2	43.3
NTOP	4.11	4.28	310.7	323.6	75.6

TWTN	1.50	1.75	87.0	87.5	50.0
			737.1	745.0	
VoIP Index (May 1, 2004 = 100)			**105**	**106**	

For purposes of educating and informing, we provide the following link to an Independent Research Study prepared by **Thomson Corp** (TOC), a database service company serving the financial and healthcare industries. We encourage all Subscribers to read this study, as it reinforces the importance of doing your own research...!

Finally, we have this in from one of our Subscribers --- Ted of Tulsa --- who informed us that just as American companies no longer dominate the list of the top ten banks, neither do American brands top another list --- a list of the Most Frequently Stolen automobiles. A partial list appears below --- but here's the link for the top 25 brands ~

http://www.nicb.org/public/newsroom/whereismycar/top25makemodel.cfm

1. Toyota Camry
2. Honda Accord
3. Honda Civic
4. Olds Cutlass
5. Jeep Cherokee
6. Chevy Pick-up
7. Toyota Corolla
8. Ford Taurus
9. Chevy Caprice
10. Ford F-150 Pick-up

From --- www.nicb.org

NOTABLE OBITUARIES

ALAN KING, Died May 2004. He was born Irwin Alan Kniberg in December 1927 in Brooklyn, New York. Mr. King arguably set the standard for what is today called Stand-up Comedy. His 56 appearances on the "Ed Sullivan Show" during the 1950's and 1960's remains a record---surpassed only by the Italian puppet mouse, Topo Gigio. His style can be vividly seen in such other famous comedians as Robert Klein and especially Bill Cosby.

Mr. King was uniquely instrumental in bridging the transition from Burlesque / Vaudeville, which dominated pre-World War Two live entertainment and the then emerging television media of the 1950's. He accomplished this by meshing humor into current events at the time. For example, in performing before a black audience at a rally after the first lunch counter sit-ins, Mr. King asked "Why is everybody carrying on about Woolworth's? Have you ever eaten there?"

Less well known is his charitable endeavors---which included the Nassau Center for Emotionally Disturbed Children, his establishment of a Chair in dramatic arts at Brandeis University and the Alan King Diagnostic Medical Center in Jerusalem. Born to Russian immigrant parents and raised in Manhattan's lower East Side (aka Hell's Kitchen), Mr. King's lifelong achievements and career accomplishments are inspirational. Amusing anecdote, demonstrating his blending of real life and comedy, from The New York Times

--- "When he took his mother, Minnie, to see 'Fiddler on the Roof', he thought the fictional village of Anatevka might bring back memories of her own childhood village and when the show was over and we were back on the street, Mr.

King asked 'Ma, how did you enjoy it? Did it bring back memories? "It was wonderful", his mother said, then added "But I don't remember so much singing".

Adios Mr. King --- you will be missed, but not forgotten---and in the final analysis, who can ask for a better epitaph than that...?

The current economic landscape is changing rapidly. It is more important than ever to remember the importance of adapting --- to quote Darwin

"It is not the strongest who survives, nor the most intelligent, but the one most responsive to change." ...this is straight out of Charles Darwin's classic on evolution, The Origin of Species (1859).

A more obscure, but equally useful Darwinism is found in Life and Letters of Charles Darwin, edited and published by his son, Francis Darwin (1887), five years after Charles Darwin's death ---

"...Every man must judge for himself between conflicting vague probabilities".

These words of wisdom, though written over 150 years ago, should guide you through your own investment research processes. The small cap and micro-cap arena is fraught with risk; it is also abundant with financial opportunities. It is unlikely the Indidual Investor will learn about these opportunities from the major brokers or from television 9since small companies do not have the budgets to advertise on TV.

The Individual Investor's ability to discover financial opportunities in small cap companies is a direct function of the amount of effort the individual puts into it.

Adios, my friends --- AMF
Email Questions, Letters and Comments to editor@winningstockpicks.net

WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

May 31, 2004 edition

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

May 31, 2004 edition...Trading Volume in the Stock Market continues to languish, making our SHORT sale on Goldman Sachs (GS) a very profitable recommendation.

Market sentiment has improved with the geo-political picture stabilizing --- for now --- but stay nimble, objective and concentrated in Small Cap stocks.

WHY...? The Market Value of ALL stocks increased $158 Billion in the past two weeks, reflecting an emerging exit strategy in Iraq, and Oil prices getting no worse.

HOWEVER, the Blue Chips (as in the Dow Jones Companies) accounted for less than $10 Billion of this capital appreciation. More on this phenomenon inside ---

Microsoft is DEAD MONEY --- but this time, here are the facts --- INSIDE ---

Our Paired-Trades of SHORTING SBC and Pfizer (PFE) AND SIMULTANEOUSLY BUYING AIG and ChevronTexaco (CVX) are making profits for those Subscribers who listened...! More Inside

The VoIP Industry is HOT...! The VoIP Index we created last month is back over 100 --- as all companies in this space reported news recently --- Good news at ITXC and Twister Networks (TWTN) and Not-so-Good News at iBasis (IBAS.OB) and 8 x 8 (EGHT). More Inside ---

A new small cap to our coverage universe ---Farm Brothers (FARM---you've probably had their coffee). At $29 / share --- this fits our 100 Club Criteria--- $100 per share in 100 weeks...!

Want to be part of an exclusive stakeholding---Markel (MKL)

Congrats to at least two Subscribers who wrote to say they bought Newbridge Capital (NBGC.PK) at 10 cents (it was 6 cents when we wrote it up). Current Price: 20 cents --- headed for a dollar...!

Next big hit --- AstroPower (APWRQ.PK) at 3 cents. More Inside ---

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Microsoft (MSFT)	**Comcast (CMCSA)**	**Verizon (VZ)**
Goldman Sachs (GS)	**SBC**	**American Int'l**
Chevron Texaco (CVX)	**Pfizer (PFE)**	**deltathree (DDDC)**
8 x 8 (EGHT)	**iBasis (IBAS.OB)**	**ITXC**
Net2Phone (NTOP)	**Twister Networks (TWTN)**	**Farm Brothers (FARM)**
Markel Corp (MKL)	**Chubb (CB)**	**St Paul Cos (STA)**
AstroPower (APWRQ.PK)	**Evergreen Solar (ENER)**	**Energy Convers'n (ENER)**
Fuel Cell Energy (FCEL)	**Newbridge Cap'l**	

MORE---

- eMail to the EDITOR (keep 'em comin' people...!)
- Memorial Day Obituary

NEW --The Speculator's Edge

The Speculator's Edge is a new feature to showcase occasional "quirks" that emerge in the market...quirks which can make you some money. No fundamentals, no inside info, nothing except a chance-discovery of an inefficiency that exists in the market place, an inefficiency from which the Q & A (Quick & Astute) Individual Investor can profit. We call this **---The Speculator's Edge**

Market "Rap" ---The stock market showed some buoyancy last week as **Oil** and **Iraq** loosened the dismal-factor otherwise imbedded in Investor Sentiments. This has led to renewed forecasts in the traditional financial media of an imminent Rally in those stand-by market favorites, **Microsoft**, **Comcast** and **Verizon**. We'll return to these three favorites in a few paragraphs ~ Back to the Rap" ~

A total of 14.1 Billion shares traded on the three major exchanges last week, about 20% less than average (about 18 Billion / week). Year-to-Date, a total of 363.8 Billion shares have traded on the New York, American and NASDAQ Stock Exchanges, up 20% from the same year-earlier period (302.4 Billion shares).

From prior editions, Subscribers will recall that trading volume had been up 32% in February of this year. The purpose of our Motto --- **'Intuitive Research for the Individual Investor'** is to identify stock market opportunities holding the prospect of an investment gain.

By April, it was apparent trading volume had markedly slowed down. This would ultimately have a negative effect on the revenues of brokerage firms in general (lesser commission income), and since Goldman Sachs was a major factor in that industry, this mega-trend is eventually having some negative effect upon Goldman Sachs, in particular.

It was from this basis we formulated our SHORT SALE position, **SELLING SHORT 100** shares of **Goldman Sachs** (week of April 19th click here for that link to that edition) at $103 per share. (Recent price: $94). That's the power of intuitive research.

In the overall market last week, a total of 8,114 stocks traded. Compare last week's investment sentiment environment with that of just two weeks ago, when 8,115 stocks traded:

	Last Week Ended May 28th	**Week Ended May 14th**
Issues Traded	**8,114**	**8,115**
Stocks Up	6,347 (78%)	2,866 (35%)
Stocks Down	1,577 (19%)	5,063 (62%)
Unchanged	190 (3%)	186 (3%)
Market Value (all Exchanges)	**$ 13.1 Trillion**	**$ 12.8 Trillion**

The above table illustrates the significance of uncertainty upon the stock market. Two weeks ago, oil was drying up, Iraqi insurgencies were relentless, Civilian casualties were increasing and the Prison Abuse scandal broke. As of last week, though a similar number of stocks traded, in stark contrast, some degree of an exit strategy from Iraq appears to be taking shape, and at least the price of oil did not get much beyond $41 per barrel. The financial result of this improved sentiment: A stock market worth $300 Billion more.

Expect this respite in oil prices to be short-lived. Last week, some hedge fund traders in the oil patch were caught short of capital---and unwinding those positions, as large as they were, kept the price of oil futures contracts in check. Don't be surprised...someone always has the inside track[1].

This steady-state position of the overall market throughout May is vividly illustrated in the two Subscribers' Supplements attached---Supplement # 04 – 024 and # 04 – 016. In #024, the market value of the 30 companies in the Dow Jones Index is $3,631 Billion; in #016, the market value of the 30 companies in the Dow Jones Index is $3,621 Billion, a change of less than $10 Billion for the month of May.

The additional information revealed in Supplement # 04 – 024 (**which we encourage all new Subscribers to study**) is the updated consensus earnings forecast for these thirty Blue Chip companies for 2005, which Supplement #-016 did not have. This cross-section of America's Bluest Chip companies is collectively forecast to earn $234 Billion next year, up 9% from $215 Billion in earnings forecast for 2004. This rate of gain may seem modest, however, based on such enormous numbers, it is an impressive performance.

Our Research Department nevertheless concludes that at current price levels, the Dow Index is still richly valued. Currently, the Dow Jones Average at 10188 is valued at 17 times this year's earnings and 16 times 2005's earnings. **Historically, the market has been valued at a multiple of 16 times current earnings and 12 times projected earnings.**

If we were to apply these historic market valuations to the current consensus earnings outlook for the Dow components, the Dow should be selling at 7900, or 22% lower.

With such a modest outlook for these companies, it is easy to understand the range-bound trading status and uneventful price movement of the overall market, at least until after the November Elections. It is also largely for this reason that our research focus continues to be on smaller cap companies.

Despite this steady-state aggregate outlook, the financial media have intensified its campaign suggesting that **Microsoft** is ready to soar to new heights. We've even received email to this effect. So we dispatched our research gnomes to re-visit our investment conclusion that we've passed on to you, our subscribers, that **MSFT is DEAD MONEY**.

We link here to a SPECIAL SUPPLEMENT to Subscribers --- an institutional-grade analysis that compares the movement and volume of Microsoft before and after its three most recent stock splits, 2-for-1 splits in February 2003, March 1999 and February 1998. Here are the three conclusions from that supplement ~

1. The Average Trading Volume per month is up only 63% in the 13 months since MSFT's last stock split versus the 13 months before that split; this is a lesser increase relative to prior stock splits---specifically 75% after the 1999 stock split and 101% after the 1998 stock split;
2. In the 13 months since the last stock split, the monthly dollar value of MSFT stock traded is **20% less** than the 13 months before the stock split; in 12 months before and after the two prior stock splits, post-split dollar values increased 40% and 93% respectively;
3. From the time of MSFT's last stock split through March 2004, the Dow Jones Average increased 30% to 10358 from 7992 (see above); MSFT's stock price has increased a mere 3% from $24.21 to $24.93; this suggests that MSFT stock is undergoing distribution---meaning **more Sellers than Buyers**.

This leaves the uninformed Holders of MSFT stock enfeebled and diminished financially. Remember, Microsoft's stock price has not been below $40 / share since **October 1986**, the year it went public. At a stock price in the mid-$20's, therefore, investors with a low-cost basis (and there are MANY) find the capital gains tax incurred a bit more easier to swallow than when the stock price was over $ 40 / share.

Warning --- ! --- Information Contained in these Editions is Hazardous to Ignorance

There is ONE caveat to this scenario, namely, if MSFT decides to pay a one-time cash dividend on its stock. We think this is unlikely for two reasons: (i) Chairman Bill Gates owns 10.1 million shares of MSFT and the last thing he needs right now is another $10 million in taxable income; and (ii) While MSFT's cash position is above $50 Billion, this has been increasing at a decreasing rate, quarter-to-quarter.

As Microsoft and the other Blue Chip companies drift, we continue to emphasize small cap stocks as offering the greatest potential to Individual Investors. Indeed, the market aggregates confirm that this is where the gains have been. In the table below, research offers you compelling evidence that overlooked and under-followed companies is the place individual investors should be to maximize investment gains.

During the month of May, the overall stock market appreciated $158 Billion in value. This includes a total of 8,115 stocks that were traded on the three major Stock Exchanges in the month of May. The 30 companies that comprise the Blue Chip Dow Index appreciated less than $10 Billion in value, meaning there are another 8,085 companies

offering greater investment gain potential than the large cap Blue Chips.

	Market Value of The Dow-30 Stocks	Market Value of All Stocks on the 3 Major Exchanges
April 30th	$3,621.5 Billion	$12,942.0 Billion
May 28th	$3,631.4 Billion	$13,100.0 Billion
GAIN	$9.9 Billion	$158.0 Billion
Represented by	30 stocks	8,085 stocks

Look at these ratios in another context --- a month ago, the Dow 30 companies accounted for 28.0% of the market value of all public companies; as of the end of May, these 30 companies accounted for 27.7% of that market value... meaning the Blue Chips are losing market share to less visible, smaller companies. The Research Department does not expect this macro-dynamic to change for at least another six months.

Reviewing our Paired Trades from last week, we update the table from that edition (click here to link to last week's issue...SBC and Pfizer were our SHORT SALES---paired with AIG and ChevronTexaco as our BUYS.

SBC / AIG Paired-Investment (May 24, 2004)		May 28th Prices
SELL SHORT 300 SBC at $24.33 = $7,299 + $50 =	$ 7,349	@ $23.70 + $239
BUY 100 AIG at $70.15 = $7,015 + $50 =	$ 7,065	@ $73.30 + $265
Total Position	$14,414	+$504

PFE / CVX Paired-Investment (May 24, 2004)		May 28th Prices
SELL SHORT 300 PFE at $34.81 = $10,443 + 50 =	$10,493	@ $35.34 - $159
BUY 100 CVX at $89.61 = $8,961 + 50 =	$ 9,011	@ $90.40 + $29
Total Position	$19,504	-$130

Taking BOTH positions together, the individual investor following our recommendations would be ahead $374 on a total investment of $33,918---which works out to 1.1% capital appreciation in a week---or better than 50% on an annual basis. Within the components of those paired-trades, some are doing better than others.

This is the objective of diversification: Broaden Exposure to Diffuse Risk and Increase Gain (BEDRIG). Last week's Paired-Trade is an example of this fundamental investment principal at work.

The recent paired-trade and the Goldman short sale have not been our only innovations---In our May 10th edition (click here for link to that issue), research literally pounded the table to champion the Voice-over-Internet Protocol industry (VoIP). We even compiled an Index to track that sector. Here's what that group looked like ~

	Stock Price		Market Value		Shs O/S
	14-May	7-May	14-May	7-May	(mm)
DDC	1.34	1.50	39.7	44.4	29.6
EGHT	2.35	2.75	88.8	104.0	37.8
IBAS.OB	1.55	1.56	69.9	70.4	45.1

ITXC	1.97	1.94	85.3	84.0	43.3
NTOP	3.43	3.49	259.3	263.8	75.6
TWTN	1.59	1.70	79.5	85.0	50.0
			622.5	651.6	
VoIP Index (May 1, 2004 = 100)			**88**	**92**	

Updating to May 28th Closing Stockp Prices ---

	Stock Price		Market Value		Shs O/S
	14-May	28-May	14-May	28-May	(mm)
DDC	1.34	2.14	39.7	63.4	29.6
EGHT	2.35	2.65	88.8	100.2	37.8
IBAS.OB	1.55	1.51	69.9	68.1	45.1
ITXC	1.97	2.36	85.3	102.2	43.3
NTOP	3.43	4.28	259.3	323.6263.8	75.6
TWTN	1.59	1.75	79.5	87.5	50.0
			622.5	745.0	
VoIP Index (May 1, 2004 = 100)			**88**	**106**	

---shows that in fact, the entire group has been doing well, the index is back over 100, the group **has appreciated $122.5 million** in market value since we introduced it, and each company in this index has had news to report. Specifically ~

- **deltathree** (DDDC) reported record revenues of $4.6 million, its fourth consecutive gain in sequential quarterly revenues. First quarter 2004 revenues were 55% ahead of Q-1 in 2003, and 19% ahead of the prior quarter. The Net Loss was reduced 57% (versus first quarter 2003) to $1.1 million or ($0.04) per share and Q-1 end cash and cash equivalents $17.8 million.
- **8 x 8** (EGHT) also reported results---though unimpressive. Full year revenues declined by 15%, and even more worrisome, fourth quarter revenues declined by 31%...! Commercially relevant companies in an emerging industry are supposed to achieve revenue GROWTH. The positive effect of this development for Individual Investors interested in this industry is that the market appears to differentiate between VoIP companies that are garnering market share like deltathree and **Twister Networks** and those that are not, like 8 x 8 and **iBasis**
- **iBasis** recently announced plans to increase share authorization to 170 million shares from 85 million. It is no

secret that iBasis will need to raise capital, especially with $65 million in debt coming due next year. The stock market, however, has been unaccommodating for iBasis' stock price---languishing at $1.50 per share

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- **ITXC** is merging with Teleglobe, a leading provider of international voice, data, Internet and wireless roaming services. Teleglobe is currently a private company, but becomes public via the merger with ITXC. The new symbol, starting June 1st will be **TLGB**. Together, the merged companies own and operate one of the world's most extensive global telecommunications networks, providing reach to over 240 countries and territories with advanced data capabilities. Teleglobe alone has 272 direct and bilateral relations, has ownership interests in over 100 subsea and terrestrial cable systems and is one of the largest providers of satellite capacity connecting to the Internet. At $2.36 / share, the stock looks cheap. The combined company will serve over 1,200 customers, many of them long-standing partners. The combined company's leading customers by revenue on a pro forma basis for the twelve months ended December 31, 2003 include: **Bell Canada** (BCE), **MCI** (MCI), **IDT** Corporation (IDT), and **Verizon** (VZ). The combined company will be one of the world's leading providers of international teleco services, including voice, data, VoIP, value-added and mobile services.
- **Net2Phone** has just announced a joint venture in Puerto Rico with Liberty Cablevision, which will make its 300,000 cable customers available to NTOP.
- **Twister** has just solidified its master distributorship arrangements with Ascot Chase in Shanghai to distribute its VoIP phones in China's seven major trade zones. Sales are expected to commence in 30 – 60 days. In addition, a link to an interview with the Company's Chairman follows ---

http://biz.yahoo.com/pz/040503/56858.html

Warning --- ! --- Information Contained in these Editions is Hazardous to Ignorance

Consistent with our Research Theme on Small Cap Companies, particularly in the area of overlooked and under-followed, we introduce Subscribers to two new companies this week, two companies the average subscriber has probably never heard of ---**Farmer Brothers** (FARM) and **Markel** Corp (MKL). Farmer's business is Specialty Beverages. Markel's business Is Specialty Insurance.

Farmer Brothers is nearly ubiquitous at non-Starbucks coffee shops, including convenience stores and just about any 'deli' with coffee-to-go. Product lines include teas, cocoa, spices, soups and beverages—in fact, the product line totals more than 300 items. At $ 29 / share, FARM has a market value of $ 463 million[2].

FARM completed a ten-for-one stock split on May 11th, essentially bringing its stock price into the reaches of the typical Individual Investor. The stock had been over $300 / share (pre-split), so any purchase price under $30 is a good purchase point in terms of the stock's technicals.

Based on fundamentals, FARM also gets the OK---Zero Long Term Debt and Working Capital at 5 times all current liabilities, there is little downside here. Management owns 52%; institutional investors own another 37%---that equals 89%. Moreover, trailing 12 month earnings are more than $1.00 per share, and its cash position in excess of $192 million translates into $12 / share alone. In other words, more than 40% of its stock price is in cash---**a market inefficiency** we think will be corrected soon.

Markel is an insurance company, primarily selling Surplus Insurance Coverage, a specialized niche market. The stock is selling for $287 / share, and with fewer than 10 million shares outstanding, it has a market value of $ 2.8 Billion. With a market value of $2.8 Billion, the inquisitive Subscriber may ask "Why is a company this large ina section about Small Caps".

The answer is that small cap can be a relative consideration. The specialized markets in which Markel writes insurance

business are markets by invitation and reputation---an insurance company cannot just start to write surplus and catastrophic insurance coverage. What intrigues us about MKL is the size of the other companies that do this ---

- **Chubb Insurance** (CB)---Market Value of $ 13 Billion, covered by 24 analysts and 87% owned by institutional investors (2% by Mgt); operating margins **< 10%**
- **St Paul Companies** (STA)---Market Value of $ 26 Billion, covered by 21 analysts and 85% owned by institutional investors (2% by Mgt); margins **< 10%**
- **Markel Corp** (MKL)---Market Value $ 2.8 Billion, covered by ten analysts and 73% owned by institutional investors (14%) by Mgt); operating margins **> 11%**.

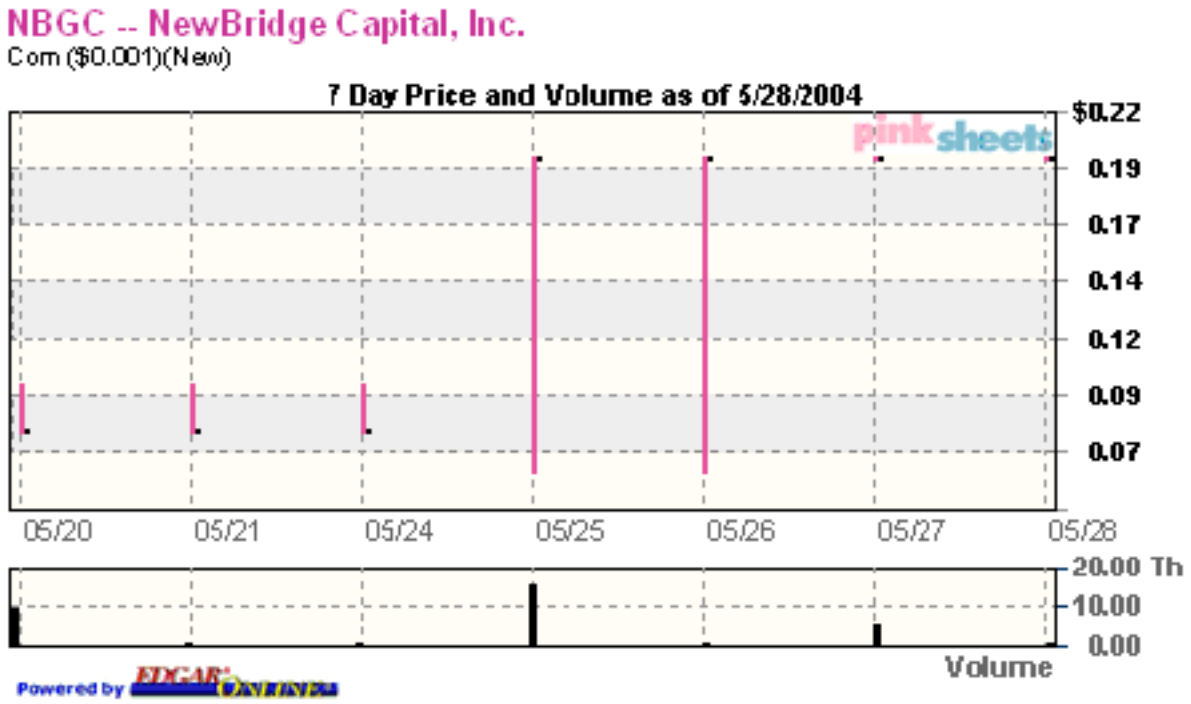
If MKL sold for the same relative valuation as St Paul Companies, MKL would be a $500 / share stock...!

NEW --The Speculator's Edge

The Speculator's Edge is a new feature to showcase occasional "quirks" that emerge in the market...quirks which can make you some money. No fundamentals, no inside info, nothing except a chance-discovery of an inefficiency that exists in the market place, an inefficiency from which the Q & A (Quick & Astute) Individual Investor can profit. We call this **---The Speculator's Edge**

Last week, we introduced you to Newbridge Capital, a Pink Sheet company, symbol: NBGC.PK). Click here to link to that issue.. That company surfaced ion our research radar screen in connection with a Korean Broadband company we showcased. Newbridge was selling at 6 cents / share. We specifically identified a possibility of a spike upwards.

Indeed, 'Murray from Murrayhill' wrote to say he put in a limit order at 9 cents or better, and writes to say that he purchased 10,000 shares last week. The stock has since popped to 20 cents a share, not based on fundamentals as much as a stock market pricing situation that makes the stock's valuation temporarily inefficient. Closing price of NBGC.PK last week: 20 cents / share. Graph follows ~



Amidst all the turmoil in the oil markets, it is only a matter of time before the Alternate Fuel companies begin to surface again. In the hopes of finding another Speculators Edge, we showcase the table following which includes four companies in this commercial space. In our opinion, **AstroPower** at 3 cents per share is a credible investment opportunity for the Quick & Astute Individual Investor. A 50,000 share position will cost you less than $3,000; the

stock may not return to $1 / share, but even getting half way there can be worth $25,000.

a Selection of ALTERNATIVE ENERGY COMPANIES

		AstroPower APWRQ.PK	Evergreen Solar ESLR	Energy Conversion ENER	Fuel Cell FCEL
Recent Stk Price		**$0.03**	**$3.03**	**$12.53**	**$15.87**
Hi - Lo		$0.05 - $1.85	$1.01-$5.15	$6.75-$19.24	$6.76-$20.30
Shs Outstg (mm)		21.8	16.1	25.2	47.7
Market Value	(in millions)	$0.654	$48.7	$315.4	$757.0
Last 12 Months					
Sales	(in millions)	$84.8	$11.0	$63.7	$36.8
Profit (Loss)	(in millions)	5.1	(29.2)	(57.9)	(79.3)
Mkt Val / Sales		0.01	4.43	4.95	20.60

ASTROPOWER INC CDT-COM (OTC:APWRQ)

Latest Quotes

Open: 0.030	High: 0.050	Low: 0.030	Last: 0.030	Change: -0.010
P/E: N/A	Earnings: $0.00	5 Yr Growth: 0.0%	Price/Sales: N/A	Market Cap: N/A
Bid: 0.030	Asked: 0.050	Volume: 22,900		

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LETTERS to the EDITOR

Reply to Billy1951, who asks about the Dow Jones companies coverage by the media---

Billy: Below, we list the number of analysts covering the 30 stocks in the Dow Jones Average ~

# of Analysts Covering **# of Analysts Covering** **# of Analysts Covering**

GE	19	PG	15	AXP	19
MSFT	22	KO	20	DIS	28
PFE	26	MO	13	UTX	22
MSFT	32	MRK	24	DD	14
C	20	VZ	40	MCD	16
WMT	31	HD	25	BA	19
AIG	23	JPM	16	HON	19
INTC	37	SBC	34	AA	19
JNJ	20	HP	21	CAT	17
IBM	21	MMM	16	GM	17

This sum of all this coverage equals 665 analysts. Admittedly, there will be dual coverage, for example, the 22 analysts covering Microsoft are probably in the Intel's totals as well. HP and IBM, similarly have overlap---probably the same 21 analysts. The key point to recognize is that there are well over 500 analysts whose brokerage firms earn commissions by following these thirty companies.

The chances of the average Individual Investor, uncovering something new about any of these companies that no one else knows about is slim. So, rather than fight this inadequacy, we take our research in another direction---that of Small Cap stocks.

NOTABLE OBITUARIES

This is Memorial Day Weekend, a somber time and sobering time, to reflect upon those who have given the ultimate sacrifice. It is factually correct to state that the Society and Life Style we have come to know and expect has cost the lives of over 1.1 million people over the course of eleven American wars.

- Separation of Church & State
- Freedom of Speech
- Due Process of Law

---are rights that have been costly in terms of human capital---and we are still at it. The Iraqi War figures are only through September 2003, and will get larger when this table is re-presented next year. Just remember this---the selflessness of this great country can best be demonstrated by millions of casualties who have sacrificed much for people they will never meet or know.

The statistics follow ~

Casualties in America's Eleven Wars

	Deaths	Casualties Non-Fatal	Total	# People Serving	Casualty Rate	USA Population	Military as % of Pop'tn
Revolutionary War	4,435	6,188	10,623	200,000	5.3%	2,780,400	7.2%
War of 1812	2,260	4,505	6,765	286,730	2.4%	7,240,000	4.0%
Mexican War	13,283	4,152	17,435	78,789	22.1%	20,130,414	0.4%
Civil War							
Union	364,512	281,881	646,393	2,213,363	29.2%		
Conferate	133,821	262,649	396,470	900,000	44.1%		
TOTALS	498,333	544,530	1,042,863	3,113,363	33.5%	31,443,321	9.9%
Spanish-American	2,446	1,662	4,108	307,420	1.3%	76,212,168	0.4%
World War One	116,708	204,002	320,710	4,743,826	6.8%	99,125,017	4.8%
World War Two	407,316	671,846	1,079,162	16,353,659	6.6%	132,164,569	12.4%
Korean War	36,916	103,284	140,200	5,764,143	2.4%	151,325,798	3.8%
Vietnam War	58,193	153,363	211,556	8,752,000	2.4%	191,312,603	4.6%
Persian Gulf War	299	467	766	467,939	0.2%	248,709,873	0.2%
Iraq War (to 9/03)	309	1,268	1,577	269,363	0.2%	295,683,265	0.1%
	1,140,498	1,695,267	2,835,765				

SOURCE: New York Times World Almanac of Facts

Adios, my friends --- AMF
Email Questions, Letters and Comments to editor@winningstockpicks.net

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[1]For example, the Mad Cow problem that surfaced last year was not announced by the US Government until December 23rd. On December 9th and 10th, just two weeks earlier, the price of cattle futures went up the limit, something that hasn't happened in living memory. Somebody knew. A single $4,000 futures contract in Live Cattle would have returned $40,000...not bad, for that knowledgeable bureaucrat somewhere in the US Government.

[2]Any stock with a market value under a $ 1 Billion is a Small Cap.

The WEEKLY UPDATE

www.winningstockpicks.net **May 25, 2004 edition**

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find out more about how you can become a "**PREMIUM MEMBER**" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

Dear WSP, The stock "Twister networks" that you recommended to me allowed me to double my money in a week .....Thanks again to you're service and I am looking forward to you're next selection..... Richard R.

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

May 24, 2004 edition...For a week that was otherwise boring – research produced some intriguing investment possibilities for Subscribers. These possibilities surface during a week when average trading volume is off more than 20% on the three major exchanges, where barely 8,000 stocks traded.

We even looked at NASDAQ Stock Market (NDAQ.OB), a Bulletin Board company with declining revenues.

Two new paired-investments are presented---SBC / AIG and CVX / PFE. To find out which is the LONG and which is the SHORT --- read more inside this edition. One surprise from this Classic Edition --- the sizable debt loads of the Big Pharma companies. Wall Street won't tell you this; we just did.

American Smelting, Victor Talking Machine and Nash Motors...former Dow Jones Components---beware SBC...!

Korean Telco, Hanaro Telecommunications is a $2.30 stock.. at the moment. We see a minimum target price of $4 / share. Newbridge Capital (NBGC.PK) is a new name. Three times every 12 months, the

stock pops to $1 / share. Is it poised to do so this summer...? Littlefield (LTFD.OB) banished to the Bulletin Board, and the stock advances 25%.

Finally ---Letters to the editor {Auto Makers, Carroll Shelby (CSBI.OB), and Trump Resorts (DJT).

Companies Mentioned In This Edition

(in order of appearance in this week's update)

NASDAQ Stock Market (NDAQ.OB)	**SBC (SBC)**	**AIG International (AIG)**
Chevron Texaco (CVX)	**Pfizer (PFE)**	**Hanaro Telecomm'tns (HANA)**
Merck (MRK)	**Aventis (AVS)**	**Bristol-Myers Squibb (BMY)**
Newbridge Capital (NBGC.PK)	**Littlefield (LTFD.OB)**	**Trump Resorts & Casinos (DJT)**
General Motors (GM)	**Ford (F)**	**Carroll Shelby Int'l (CSBI.OB)**

NEW to Weekly Updates INSIDE ---

- LETTERS to the EDITOR from Subscribers
- Notable Obituary (People who've Influenced our Lives)

Market "Rap" Last week, just over 8,000 stocks traded on the three major exchanges (New York, American and NASDAQ)...8,077 to be precise...and the lowest number of stocks traded since the early 1990's. This is not the case with other exchanges like the Chicago Mercantile Exchange and the Electronic Bulletin Board stocks.

Reflecting this sentiment, trading volume of 14.2 Billion shares last week was 21% below the average. The Dow Industrials and the S&P 500 Indexes were down but the NASDAQ Composite Index was up for the week. Year-to-Date, all averages of any significance were down, as illustrated in Subscribers' Supplement # 04-021 linked here.

Despite the pockets of trading-flurry and the illusion of price-movement last week, the Market Value of the Twenty Most-Widely Held Stocks in the World remained essentially unchanged at $2,823 Billion. The Market Value of all public companies on the three major exchanges is $12,739 Billion.

Therefore, it is statically accurate to state that the 20 most-widely owned stocks in the world represent 22% of the market value of ALL companies traded on those three exchanges. That means beyond these 20 companies (identified in the Subscribers' Supplement), there are another 8,055 public companies.

Those Subscribers' that are arithmetically-curious will calculate that the collective market value of these other **8,055** companies is **$9,916** Billion ($12,739 minus $2,823). This leaves an exceptionally large universe of public companies with investment potential---most with market values of less than $1 Billion, many of which are **our research-focus**.

Every situation, good or bad, contains morsels of an actionable investment strategy for the astute Individual Investor. We first introduced our Subscribers to **"Paired-Trading"** strategies in this lackluster market in February. Our March 8th edition contained numerous examples of paired-investments.

We introduce two new pairs in this edition, but first, let's see what actionable investment alternatives may exist with

NASDAQ. The index itself is off 4.6% for the year. Moreover, The NASDAQ Stock Market Inc is a public company --- traded, of all places, on the Electronic Bulletin Board. Stock symbol: NDAQ.OB.

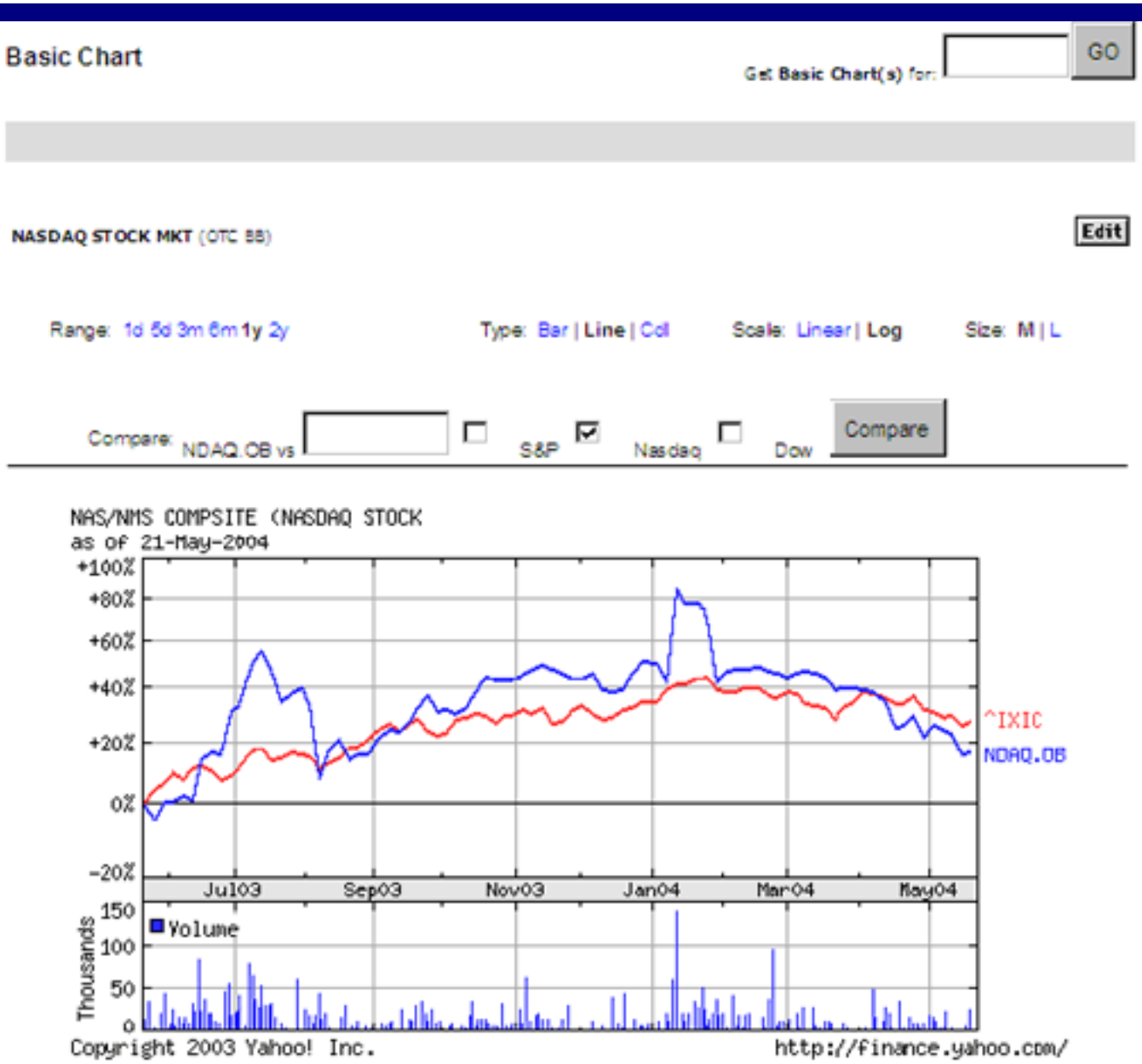
The stock once traded as high as $15 / share at the end of 2002. Currently trading at about $7 / share, its $550 million in market value equals about one year's revenues, most of which are derived from NASDAQ trading volume. Here's what those revenues have been over for the past four quarters:

Quarter ended March 2003:	$166 million
Quarter ended June 2003:	$151 million
Quarter ended September 2003:	$145 million
Quarter ended December 2003:	$128 million

Total NASDAQ issues traded last week: 3,469---a figure that was once over 5,000...!

How to financially participate...? **SELL SHORT 1,000 SHARES of NDAQ.OB AT $7 / SHARE**. With Operating Losses of more than $100 million in the past 9 months, the time will come soon when additional capital is necessary... but this time around, we doubt the broker/dealer community has the surplus capital to bail NDAQ.OB out of a jam.

Here's the graph, which shows that NDAQ.OB, the stock, has substantially under performed NASDAQ, the Composite Index.



The stock is likely to test its $5 / share floor---something it did a year ago---but to bounce back from that precipice will require more capital on the part of broker / dealer market makers, and we don't think that group has any capital to spare. Set a Target Exit price to cover this short at $3 / share this summer. On 1,000 shares, that's a $4,000 profit.

The two new paired-investment trades we introduce in this edition are (i) Selling Short **SBC** and buying **AIG International** (AIG); and (ii) Buying **ChevronTexaco** (CVX) and Selling Short Pfizer (PFE). To recap this strategy for newer Subscribers, here are the guidelines:

1. An approximately equal financial commitment is made in two stocks, one is a BUY and the other is a SHORT SALE.
2. The dollar amount of each financial commitment we recommend to Individual Investors is $1000 - $10,000 or no more than $2000 - $20,000 per paired-investment position. Our model will use $10,000 - $20,000 (for the paired positions).
3. Round the respective share purchase or sold positions off to the nearest 100 shares; as a proxy for brokerage commissions, impute a cost of $50 per transaction.

Based on closing prices for **Friday, May 21st**, these guidelines result in the following Individual Investor transactions:

SBC / AIG Paired-Investment (May 24, 2004)

SELL SHORT 300 SBC at $24.33 = $7,299 + $50 =	$ 7,349
BUY 100 AIG at $70.15 = $7,015 + $50 =	$ 7,065
Total Position	$14,414

PFE / CVX Paired-Investment (May 24, 2004)

SELL SHORT 300 PFE at $34.81 = $10,443 + 50 =	$10,493
BUY 100 CVX at $89.61 = $8,961 + 50 =	$ 9,011
Total Position	$19,504

The Research staff has been negative on SBC since the beginning of the year, when the stock was selling for more than $27 / share. Since that time, SBC management has accommodated us with one blunder after another---including awarding itself enormous pay raises and bonuses.

Since that time, the acceleration in Voice-over-Internet Protocol (VoIP) telco alternatives, a deteriorating balance sheet, and heightened competition in its core land-line businesses serves to fuel a pretty bleak commercial outlook. Concerns in the market place have surfaced that “SBC management just doesn’t get it”.

The gnawing prospect that SBC may not exist in the future is a real possibility...at least not in its present form. There are those who say “How can this be...SBC is one of the 30 companies that are an exalted member of the Dow Jones Industrial Average...???” Indeed, why should the following companies be of interest to SBC ~

- American Locomotive
- American Smelting
- Nash Motors
- Radio Corp
- U S Rubber
- Victor Talking Machine

---answer: All were once members of the Dow Jones Industrial Average **(75 years ago)**

AIG International is a more recent entrant into our mainstream focus, having been added to the Dow Index on April 8th. Ordinarily, a company with a market value of about $200 Billion would not be in our sites, but given its visibility as a Dow-Component, it now is. AIG has consistently demonstrated an ability to globally express itself.

AIG was one of three companies that has invested $500 million in **Hanaro Telecom** (HANA), one of Korea’s largest broadband Internet access and local call service companies. With over 1.6 million customers under contract and US$2 Billion worth of Tangible Assets, howsoever broadband is expressed in Korea, HANA will be a part of it.

We provide more on Hanaro later on.

The other paired-investment is ChevronTexaco and Pfizer.

Once every five weeks, we publish a Classic Edition ---which means we introduce more detailed analysis to reach our investment conclusions. Research has been positive about ChevronTexaco ever since it made its way into the Twenty Most-Widely Held tables in early April. Our challenge was finding an opposing Short Sale.

Here is the sequent of this Original Analysis:

1. In the macro-economy, the price of **Oil** is headed up. We know this for a fact[1].The earnings stream of ChevronTexaco will benefit from this fact.
2. In the rankings of the Top Twenty (link here to Supplement # 04 – 021), the most likely counterpart to this trade is **Merck** (MRK).
3. CVX and MRK have been battling for position in these rankings since CVX entered the Top Twenty Table in April 2004.
4. The only other macro-variable that we know for a fact is that **Interest Rates** are going up. Since Merck has a 42% Debt-to-Equity Ratio, there should be an impact.
5. **HOWEVER, for the analytically-curious, is Merck impacted more or less relative to its peers**...? Our Original Analysis produced the table following ~

Overview of Four Drug Companies

	Aventis	Bristol Myers	Merck	Pfizer
(Amounts in Billions, except %'s and Ratios)				
Market Value	$62	$49	$104	$266
Debt to Equity Ratio	46.5%	89.3%	42.3%	25.8%
Debt (amt)	$5.8	$9.4	$6.9	$17.8
Equity (amt)	$12.5	$10.5	$16.3	$68.9
Last 12 Mths Earnings	2.3	3.3	6.7	1.5
Return on Sh-Holders'Equity	18.0%	31.0%	41.0%	2.0%
Dividends Paid / Share	$0.81	1.12	1.48	0.68
Total Dividends / Year	$0.652	$2.172	$3.286	$5.188
as a % of Earnings	29.0%	66.0%	49.0%	**> 100%**

Based on the Debt-to-Equity Ratio alone, Bristol-Myers Squibb has a whopping 89%...! On the basis that Interest Rates are headed up, and most industrial companies with a debt load will be negatively impacted, it would seem that BMY should be our SHORT.

The lesson in this Original Analysis is that sometimes initial conclusions are incorrect. Pfizer has a 26% ratio---among the best. Yet, its return-on-equity is 2% for the past 12 months. Even adding back the "one-time" charge of $5.4 Billion in connection with the merger with Pharmacia, PFE is only returning 10% to shareholders. **Plus, PFE's dividend rate seems unsustainable..**

Pfizer simply cannot sell enough Viagra ® to financially compensate for these analytical shortcomings---hence, our SHORT SALE counterpart to the CVX purchase is identified.

Stay-in-touch for details...

In terms of the drug companies used in this study, we compared Merck with the three other companies that came up most often in six search universes. There may be a 4th or 5th drug company warranting inclusion. However, these three came up often enough that our motto applies ---**"Better to be Ambiguously Right than Precisely Wrong."**

Hanaro Telecom (NASDAQ: HANA) was founded in September 1997, and is one of Korea's largest high-speed Internet service and local telecommunications providers. The Asian Financial Panic around that time slowed the company's progress, however, the connections to HANA's commercial outlook are all plugged into shareholder prosperity.

Hanaro listed its shares on NASDAQ through the issuance of American Depository Receipts (ADR's) in March 2000. This also was not a good time for a NASDAQ stock. From over $5 / share, the stock sank to $1.85 within the past year.

On February 17th, it was announced that **AIG International** (AIG), **Newbridge Capital** (NBGC.PK) and Telecom Venture Group invested US$500 million to acquire a 39.6% stake in Hanaro Telecom. The table below confirms the adage **"Buy on Anticipation; Sell on the News"**. Hanaro closed at $3 / share the day the news was announced --- and proceeded to close down in the weeks ahead, as illustrated in this table following ~

Date	Open	High	Low	Close	Avg Vol	Adj Close*
15-Mar-04	2.88	2.90	2.70	2.79	31,300	2.79
8-Mar-04	3.01	3.02	2.50	2.69	44,140	2.69
1-Mar-04	3.14	3.14	2.83	2.99	37,740	2.99
23-Feb-04	3.05	3.22	2.79	2.85	59,640	2.85
17-Feb-04	3.22	3.22	2.85	3.00	106,975	3.00
9-Feb-04	3.29	3.35	3.06	3.15	94,820	3.15
2-Feb-04	3.48	3.65	3.05	3.40	70,140	3.40

This was three months ago---and our **Research Tickler System** suggested we re-visit this stock. We believe this was a re-visit worthy of investment consideration for our Subscribers and other Individual Investors. Here's why ~

Three months ago, we had neither the full year operating results nor the results of the first quarter of this year. Revenue progression:

2001: US$ 271 million
2002: US$ 633 million
2003: US$1,134 million

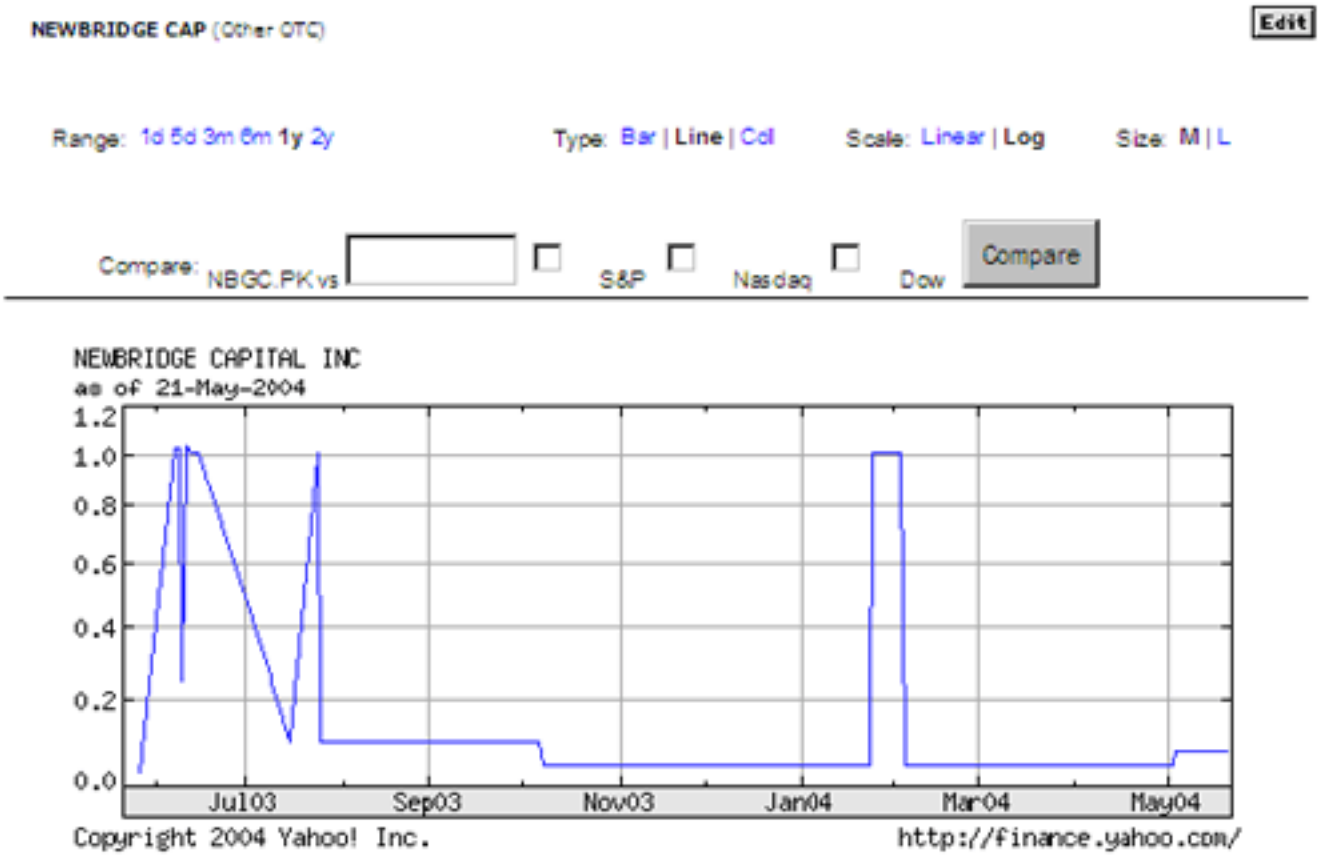
First quarter results ---Revenues of $298 million in Q-1, up 18% from $252 million in Revenues for 2003's Q-4. HANA basically broke even, and is forecast to show a profit, its first-ever, in 2004. Here's our foundation for valuing HANA --- If the market is assigning a value to the NASDAQ Stock Market (NDAQ.OB) of one-times Revenues, and on a declining Revenue Stream at that, assigning a similar valuation for a NASDAQ-Listed stock translates into a **Target Price of $4.25 / share** by year-end (6-month target).

Trailing 12 month revenues are $1,180 million. Divide this by the 279 million shares outstanding equals a per share price of $4.22...or **$4.25** to use round numbers.

The hallmark of an astute individual investor is analytical flexibility to let the research trail lead to actionable investment decisions. Case in point with HANA. Our research into the company unsurfaced **Newbridge Capital** as a co-investor. Any company that has the stature to co-invest with AIG is a company we want to know more about. Here's what we know ~

- Stock symbol: NBGC.PK --- It is a holding company based in Newport Beach, California. It makes investments in two major areas --- Leisure and Internet Communications.
- In November 2002, the Company sold substantially all of its assets to Global Trade Finance, an affiliated company. This means that its investment in Hanaro Telecom in Q-1 of this year is a significant component of its portfolio.
- With 685,000 shares issued and a stock price of 8 ¢ per share, the company has a market value of $54,800. There are only three employees, and over the past 12 months, Revenues were $177,000.
- We also know that three times over the last year **(twice just last summer)**, the stock of this company spiked to over $1 / share **(see graph below)**. Whether this stock is poised to rocket up to $1 / share again is not knowable, however ~

- If NBGC.PK got onto our radar screen, it is only a matter of time before it reaches the investment universe of others. Besides, with this BUY --- we now have a **counterpart to the NDAQ.OB SHORT SALE**.
- **Put in a Limit-BUY order for 50,000 shares of NBGC.PK at 15 ¢ / share**. Watch for fireworks, and send us an email about your experience...!



Finally, one of the companies in our Small Cap Model Portfolio, Littlefield Corp rose to 75 ¢ per share last week. On May 6th, it announced that it would begin trading on the Over-the-Counter Bulletin Board (LTFD.OB). It had been trading on NASDAQ --- selling for 60 ¢ / share. With a 25% price appreciation since moving to the Bulletin Board, perhaps it is not the woebegone exchange the Establishment wants the Individual Investor to think it is.

* * *

LETTERS to the EDITOR[2]

Ami from Vermont and **Elias of Adelphia.net** both wrote to ask about **Trump Resorts & Casinos** (DJT). They want to know if DJT is still a **BUY**.

Dear Ami --- Yes --- even at this price level of under $2 / share. Remember, when The Apprentice began to air, DJT was about where it is now. Over the next 13 weeks, it rose to a high of $3.65 / share. The Apprentice's second season commences this fall. We expect a summer rally in the stock to the $3 / share level.

Then, consider this for a televised assignment to the apprentices---Lay the groundwork to refinance the $1.2 Billion in debt coming due in 2006. Not only does Donald Trump pour the foundation to refinance this bullet loan that the financial community (mistakenly) thinks is his albatross, but **he locks in a sequel for Season #3**.

* * *

Yi from Asia to know about **Toyota** (TM) and **General Motors** (GM).

Dear Yi --- In last week's edition (click here for link to May 17th edition), our research department stated its position that with the next round of higher gasoline prices, the Japanese and Korean auto makers would increase their market share of the USA market to over 50% from 32% currently.

Actually, this is merely a reflection of their position in the world markets. In the table below, Toyota has a market value about equal to the sum of the next three auto makers---none of which are American Companies. As a matter of fact, if you add the market value of General Motors and Ford, then double it, the resulting number is still less than the market value of Toyota.

One of the reasons we prefer Ford over GM is its preparedness to joint-venture promising opportunities in the industry...such as its joint-venture with **Carroll Shelby International** (CSBI.OB); click here for link to that report. Here are the industry numbers ~

Toyota Motor (TM):	$115 Billion Market Value (at May 21st)
DaimlerChrysler (DCX):	$ 42 Billion
Nissan Motor (NSANY):	$ 41 Billion
Honda Motor (HMC):	$ 40 Billion
Ford (F):	$ 26 Billion
General Motors (GM):	$ 24 Billion
Volkswagen (VLKAY.OB):	$ 16 Billion
Volvo (VOLVY):	$ 14 Billion
Fiat (FIA):	$ 6 Billion
Brilliance China (CBA):	$ 1 Billion

* * *

NOTABLE OBITUARIES[3]

of people who have influenced our lives

Norris McWhirter, 78, Co-Founder of the first Guinness World Records Heart attack while playing tennis (click here to link to www.bodyscanimaging.com) Age: 78. Norris and his twin brother, Ross, compiled the first Guinness World Records. The McWhirters were the sons of a British newspaper man who supposedly brought home 150 newspapers a week. It was the task of the McWhirter boys to dispose of this weekly trash, a chore which the brothers attended to by alternating weeks. In time, a contest emerged between the brothers about who could remember the most items-of-fact from the newspapers disposed of the week before.

Initially, the McWhirters worked as sportswriters, then started a business selling obscure facts to newspapers and

advertising agencies. Their work caught the eye of a champion, something all new businesses need in order to succeed, Sir Hugh Beaver, Managing Director of the Guinness brewery. He had personally used the McWhirters to settle a heated dispute about which European game bird was fastest, the Golden Ployer or the Red Grouse. Believing there would be wide public interest in statistics, in 1954, he bankrolled publication of the first edition of the Guinness World Records for £ 2,000 or US$9,000 in exchange rates then in effect.

The first edition had 8,000 entries and was published in August 1955. That's a fact.

Over and AMF (adios my friends) until next week --- and remember, email Questions, Letters and Comments to editor@winningstockpicks.net

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[1]One of the Eight Rules to successful Individual Investing (The Eight Commandments) is to base your beginning analysis on as many facts as possible. Variables are abundant; Facts are few.

[2]We will NEVER publish an email address of the writer, and use first name and state only.

[3]Notable Obituaries: Compilation of deceased individuals whose achievements are a part of our lives.

WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

May 17, 2004 edition

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find our more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

Just a line to thank you for the tip on twister (TWTN). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at $.77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a profit of $8,100. This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up. Paul P. May 8, 2004

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Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

May 17, 2004 edition...This was not a week for Individual Investors who haven't been doing their homework or research...! NASDAQ hit a new low for the year last week, and the Dow Jones average fell below the 10000 level for the first time since December.

Macro-economic turmoil in the oil markets foretell some permanent changes in what Americans pay for gasoline and cars when these markets return to equilibrium --- which could be 2 – 3 years away. T Boone Pickens, an often-quoted oil industry expert, said at the American Petroleum Institute last week

"The price of oil will hit $50 per barrel before it goes back to $30 / barrel" ---read more on this inside >>>

Momentum Investing is an investment style many Individual Investors have written us about. We present a vivid example --- with the four Chinese Internet Companies--- of how that worked to the advantage of Individual Investors in the last 12 months. More importantly, we present a sector, VoIP, where this style will come into play NOW.

We wrap up by revisiting our Model Portfolio for the Individual Investor.

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Cisco (CSCO)	**Chinadotcom (CHINA)**	**Sina Corp (SINA)**
Netease (NTES)	**Sohu.com (SOPU)**	**ITXC (ITXC)**
deltathree (DDDC)	**8 x 8 (EGHT)**	**iBasis (IBAS.OB)**
Net2Phone (NTOP)	**Twister Networks (TWTN)**	**Axeda (XEDA)**
BSquare (BSQR)	**Carroll Shelby (CSBI.OB)**	**Catuity (CTTY)**
Entrx (ENTX)	**Littlefield (LTFD)**	**NASDAQ (NDAQ.OB)**

Letter to the editor ---from John of Jacksonville, WG of AOL and PWN from Houston ---

Market "Rap" Oil, Interest Rates and Iraq dominated the financial news last week. By Friday, the only evidence of market gains was found in the indexes of ADR's (American Depository Rights), which serves as a proxy on the market value of foreign companies whose stocks are traded in the USA.

A total of 11,621[1] stocks traded last week, generating trading volume of 17.4 Billion shares---about 5% less than the 18.3 Billion share daily trading average so far this year. Perhaps this lighter than average trading volume is encouraging in that the state-of-worldwide turmoil did not manifest itself into a massive exit out of equities.

Encouraging or otherwise, the carnage is serious. Note the table following --- NASDAQ hit its low for the year last week (may 10th). The Dow fell below 10,000 --- the first time since December 2003. The enthusiasm over 322,000 new jobs reported several weeks ago began to fade, given 333,000 new claims for unemployment insurance.

Yearly High / Low for NASDAQ Composite Index

since 1995

	High	Date	Low	Date
2004	2154	26-Jan	**1896**	**10-May**
2003	2010	30-Dec	1271	11-Mar
2002	2059	4-Jan	1114	9-Oct
2001	2859	24-Jan	1423	21-Sep
2000	5049	10-Mar	2333	20-Dec
1999	4069	31-Dec	2249	17-Feb
1998	2193	31-Dec	1419	8-Oct
1997	1749	9-Oct	1194	22-Apr
1996	1329	10-Dec	978	16-Sep
1995	1075	5-Dec	740	4-Jan

WARNING --- ! ! ! --- Information Contained in these Editions is Hazardous to Ignorance

The price of oil rose to over $40 per barrel last week. ~ Given the manner in which this specific macro-economic event has emerged, there is a grave similarity to some dark market history that will be instructive to both younger and older Subscribers. For the younger Subscribers, it is history with some guidance. For older Subscribers, it means never before have there been such challenges on the growth of your retirement account.

After the Iranian Revolution in 1979, oil supplies dried up. The price of oil shot up to more than $20 per barrel before oil supplies began to meet demand. To put that price level into perspective, **oil had been less than $3 per barrel**. What followed is called an **Oil-Driven Recession** that lasted **36** months (to 1983).

In the aftermath of that Recession, the public accepted the facts that (i) the price of gasoline was never going below $ 1 / gallon---ever; (ii) utility bills would now literally have another digit; and (iii) autos with a $20,000 price tag were no longer 'top-of-the-line'. Call this a generational shift of wealth from our country to an overseas bank account somewhere.

If this is the same macro-economic scenario, and it looks like it is, putting it in terms of today's dollar-levels, oil must **increase to $60 per barrel** before supplies begin to meet demand. A 36-month duration puts us into 2007 before the economic recovery. This could be a long time to wait---for someone in their 30's, it's 10% of their life.

Revised Market Acceptance will emerge from this imminent, and generational, realignment of the world's wealth, an acceptance that

- Gasoline will never sell for less than at **$2** per gallon again;
- Japanese and Korean auto manufactures[2] capture **50%** of the US-market[3], and
- Brown-outs and Black-outs occur with regularity

The market has run out of steam --- the signs all showed up last week. Cisco's results were good, but should have been better. The federal government alone spent $115 Billion in information technology contracts in the fourth quarter of 2003 yet the private sector continues to hold back. Add to this the

- growing national perception that Iraq has become an inescapable bottomless money-pit;
- military scandal of international dimension made worse with inept handling by the Bush Administration; and
- broadened Government Scrutiny of Business in the aftermath of Enron, World-com and Adelphia frauds (and voting constituents' living that political reality).

We have entered a period in the stock market cycle ~ where the Individual Investor must select his stock picks shrewdly. An example and application of investment 'savvy' from a California Hedge Fund Manager follows.

In March 2003...the assignment was to research the then-hardly-known **Four Chinese Internet Companies**, as they were called.

Chinadotcom (CHINA)	**Netease.com** (NTES)
SINA (SINA)	**Sohu.com** (SOHU)

The stocks had already moved up sharply---20% as a group. A Short Sale seemed compelling. George Kaplan, Resident Hedge Fund Manager, said

"It's not what I think that's important; it's the market's perception of what's important. Invest in the market's perception, and you'll always make money in the stock market."

The market's perception at that time---14 months ago---was that Chinese Internet Stocks were important. With SARS ending, China and the Four Internet stocks were perceived as important. The stocks rocketed 4 to 5 times in price, if not value.

The Chinese Internet stocks have since peaked, though even at current prices, are still 2–3 times greater than at the time of our review over a year ago. The table following highlights the pricing details referred to above---and our **target price ---in bold.**

	Price at March 31st 2003[4]	**Price 2-weeks earlier**	**Recent Price Today (5/14) 2004**
Chinadotcom (CHINA)	**$3.26**	$2.98	$6.67
Netease.com (NTES)	**$14.95**	$12.21	$37.34
Sina Corp (SINA)	**$8.01**	$6.55	$28.45
Sohu.com (SOHU)	**$10.50**	$8.30	$16.95

Applying George Kaplan's investment philosophy {..."what the market will perceive as important..."}, we revisit our Voice-over-Internet Protocol universe, or VoIP. As a group, our index of six VoIP companies lost almost $30 million in market value last week.

The overall index fell to 88 from 92, with ONLY **ITCX** increasing in share price.

The Emerging Voice-over-Internet Telephone Industry

		Stock Price		**Market Value**		**Shs O/S**
		14-May	7-May	14-May	7-May	(mm)
deltathree	DDC	1.34	1.50	39.7	44.4	29.6
8 x 8	EGHT	2.35	2.75	88.8	104.0	37.8
iBasis	IBAS.OB	1.55	1.56	69.9	70.4	45.1
ITXC	ITXC	1.97	1.94	85.3	84.0	43.3
Net2Phone	NTOP	3.43	3.49	259.3	263.8	75.6
Twister Network	TWTN	1.59	1.70	79.5	85.0	50.0
				622.5	651.6	
VoIP Index (May 1, 2004 = 100)				**88**	**92**	

Individual Investor-Subscribers take note --- the stock prices of this Group of companies are strikingly similar in absolute dollar amounts as the Four Chinese Internet Stocks, just before their stock prices mushroomed in value. Know this, Subscribers---The stock market reality is that it doesn't matter whether you think VoIP is a fad or not, this sector will be perceived as important, and therefore, these stocks will rise in value for a while.

In the end, that's why Individual Investors invest---to make more money than they lose...! This particular style of investing, called **Momentum Investing**, is well-suited for this purpose. Mega-trends are always easier to embrace than micro-particulars. Momentum Investing is exactly that.

Based upon the research we've performed on each VoIP company, Twister simply has less baggage to carry as these market takes off. It's as fundamental as that. With less bad history to weigh it down, we think it will fly the highest and fastest.

The table below is a reference that should assist your perception, and certainly accounts for our enthusiasm about the speed with which people will embrace VoIP, and particularly, TWTN's projected flight pattern". ~

- It took 50 years for 100,000,000 people to own an automobile
- It took 25 years for radio to reach 100,000,000 people
- It took 10 years for television to reach 100,000,000 people
- 100,000,000 people will be using VoIP in three years...!

If you recall nothing else about this week's edition, recall the highlighted item above.

In fact, TWTN is the one company we have included in our model portfolio for the Individual Investor. The negative impact on market values across the board can be seen with this portfolio. We are still ahead $9,280, or 14%, which is pretty good. However, we had been up $13,840---meaning we lost $4,560 in market value last week.

Stock	Number of Shares Bought	Price / Share	Cost Basis	at 5/15 Close Price	Mkt Value
Axeda (XEDA)	11,000	92 ¢	$ 9,200	$1.03	$11,330
BSquare (BSQR)	10,000	96 ¢	$ 9,600	$1.06	$10,600
Carroll Sh'by (CSBI)	2,000	$4.23	$ 8,460	$4.07	$ 8,140
Catuity (CTTY)	12,000	79 ¢	$ 9,480	52 ¢	$ 6,240
Entrx (ENTX)	12,000	84 ¢	$10,080	99 ¢	$11,880
Littlefield (LTFD)	12,000	76 ¢	$ 9,120	75 ¢	$ 9,000
Twister (TWTN.PK)	11,000	86 ¢	$ 9,460	$1.59	$ 17,490
Total Value			**$65,400**		**$74,680**
		GAIN		**$9,280 or + 14%**	

The Broadened Government Scrutiny of Business is **not** an insignificant development. Applying Kaplan's strategy regarding the market's perception --- at the moment, there are literally hundreds of thousands of people whose lifestyles have changed because of corporate fraud. The public is mad as hell about it.

Consequently, new investigations by governmental bodies, Federal or State, appear daily. And because these companies are big, they are juicy targets for political capital as well as real capital. This has the practical effect of slowing commerce down even further than the slowdown forthcoming in the event of an Oil-Driven Recession.

The announcement last week that Citigroup would settle a class action lawsuit by Worldcom shareholders for $2.65 Billion is an example of this scrutiny at work. With that settlement --- with one single financial services institution, a floor is now established for all other Worldcom class action lawsuits against other financial services institutions.

And that's just for Worldcom. We haven't even gotten to Enron, Tyco, Adelphia, etc. The next few years will not be a good time to own large cap financial institutions. Large Cap stocks in general are likely to be dead money , like Microsoft. It is for most likely for reasons of differentiation that **Ford** (F) has teamed up with **Carroll Shelby** (CSBI.OB).

Update on CSBI ~ We added 2,000 shares of CSBI to our portfolio at a higher price last month. Based on last Friday's closing price, we are still down 4%. Since January's American International Auto Show in Las Vegas, where the Ford Shelby auto debuted to dealers, sales have been brisk.

We've made it a point to contact top management **THIS WEEK** to report to our Subscribers first-hand on CSBI's outlook. We shall then re-assess its position in our Model Portfolio for Individual Investors---i.e. triple our position or eliminate it...!.

LETTERS TO THE EDITOR[5]

John from Jacksonville asks "How much stock do I have to buy in order to buy a bulletin board stock or pink sheet stock online...? Every time I have tried to place an order for XXXXXXX this week, I was told "Can only accept LIMIT orders for this stock."

Dear John --- This is a question that we often get. There are two ways to buy a stock in the open market---a LIMIT order or a MARKET order. The Limit referred to is the price you will pay for the stock you wish to buy. A MARKET order, on the other hand, tells the broker that you will pay whatever the market price is.

Limit orders are preferable...so for the example you mentioned, fix a price up to which you would pay for that stock---and that is your LIMIT. If the stock exhibits a lot of volatility, set a lower limit to perhaps catch it on a momentary dip.

* * *

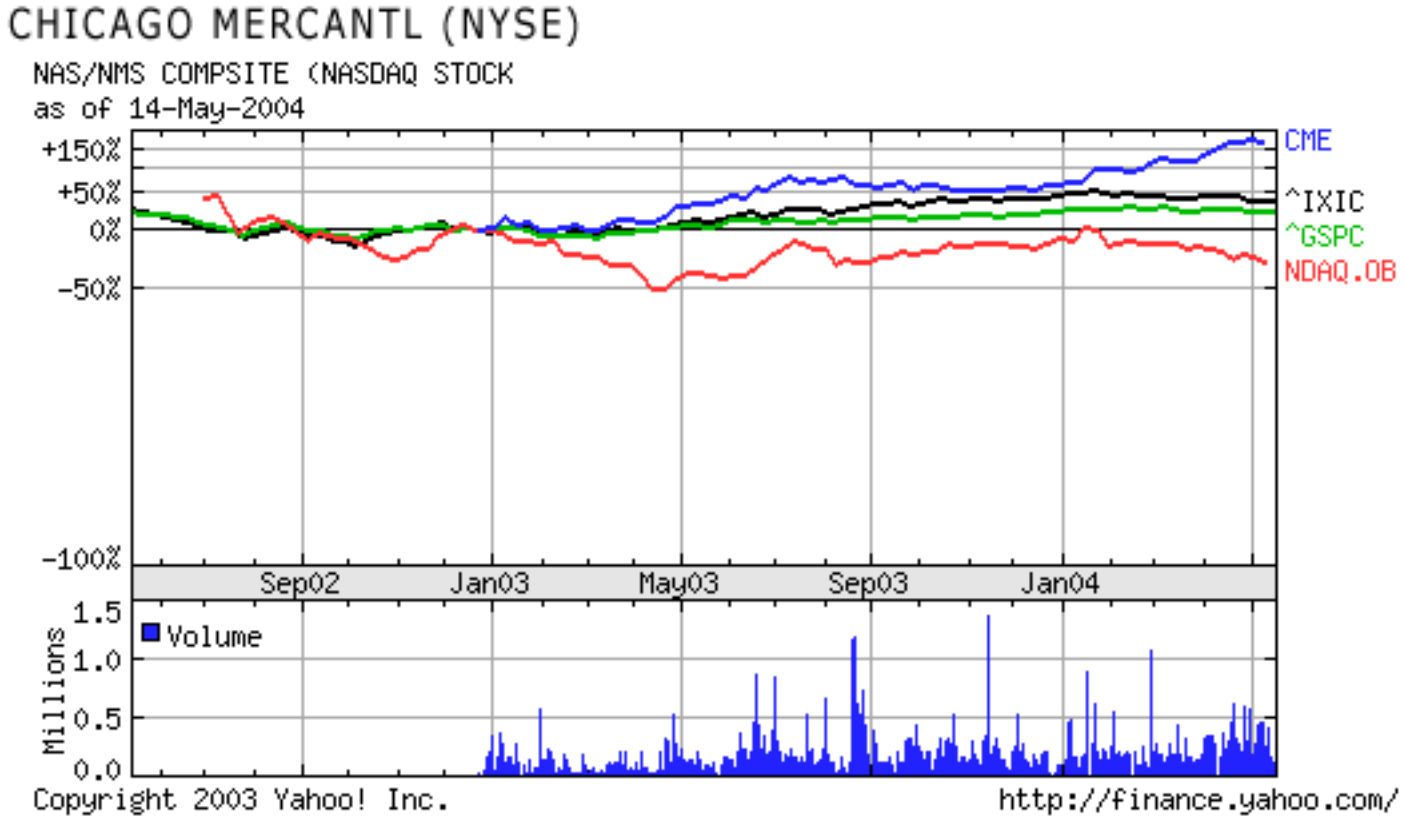
WG from AOL asks "I have $20,000 to invest. Should I choose two among the existing Model Portfolio? What do you suggest...?

Dear WG --- In light of recent developments in the market, ease these funds out a little--- maybe $5,000 in Twister, TWTN, (or about 3,000 shares). Or consider 1,000 shares of Carroll Shelby International (CSBI) at current prices. If these start to move up, there will be time to catch them. If the prices come back a little, you can accumulate more stock.

* * *

PWN from Houston writes to enquire about NADQ.OB. "What is this and its relationship to the Chicago Mercantile exchange".

Dear Tex --- NADQ.OB is the stock symbol for The Nasdaq Stock Market, the public company. Ironically, the stock is traded on the OTC Bulletin Board. It went public shortly after the Bubble Burst (March 2000), so both enthusiasm and expansion plans dissipated quickly as a public company. It is absence of enthusiasm that has kept it listed in the Bulletin Board. The Chicago Mercantile exchange is also public, with a market value of FIVE times that of NDAQ.OB. It has outperformed the market, largely due to its greater product offering that accommodate short selling.



Questions or comments email editor@winningstockpicks.net

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[1]Breakdown is as follows: 3,564 (31%-NYSE); 1,072 (9%-American Stock Exchange); 3,479 (30%-NASDAQ); 3,502 (30%-OTC Bulletin Board)

[2]These manufactures currently dominate the fuel-efficient automobile category

[3]Currently at a 32% share of the US automobile market.

[4]These represent the technical equivalent of a Floor --- HENCE, our SELL SHORT Recommendation from current price levels.

[5]We will never publish a Subscribers' email address. We use only a first name and a city, and yes, we will change the moniker to protect everyone if it appears too revealing.

www.winningstockpicks.net **May 10, 2004 edition**

Prepared by WSP Research Staff

Winning Stock Picks Welcomes you to this weeks edition of "The Weekly Update". Find our more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

Just a line to thank you for the tip on twister (TWTN). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at $.77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a profit of $8,100. This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up. Paul P. May 8, 2004

Learn more about Premium Membership which includes your ability to speak directly with our writers & analysts. Free subscribers are offered a one time pass to ask a question of our experts, so feel free to enjoy & benefit from our site. You will have to complete a contact form in order to receive an answer on your question. Click here to email your question now. Thank you for your subscription to Winning Stock Picks. If you want to offer us any criticism or care to give us compliments, please do so by clicking here.

Otherwise, enjoy this weeks edition!

Headlines by Tom Heysek

May 10, 2004 edition...The stock market lost a half trillion dollars in value last week ($556 Billion), declining to $12.8 Trillion. The number of stocks declining in value was more than two times the number of stocks appreciating. With the exception of the Wilshire Micro-cap, all indexes are down YTD.

Exxon Mobil advance $0.70 for the week --- sufficient to overtake Microsoft as the #2 most highly valued company, and within $20 Billion of replacing GE as the most valuable company in the world. This enviable position for Exxon is due to rising oil prices (XOM sells it) and rising interest rates (GE borrows more money).

Time Warner's AOL unit is back in the news --- and how...! It announced the exercise of warrants to purchase 7.4 million shares of Google stock. Google's IPO is expected this August. Based on the market history of another company that went public the same way, i.e. Dutch Auction, Overstock Com has some useful lessons about Google's IPO for the Individual Investor.

We revisit the results of some of our paired trades in the past, and introduce a new one BUY Time

Warner and SELL SBC...more on these inside.

While the world is going non-carb and Krispy Kreme's stock price is in the tank, look at Fresh Choice. We also revisit the VoIP industry, specifically the small cap companies that comprise it.

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Microsoft (MSFT)	**Exxon Mobil (XOM)**	**Merck (MRK)**
Verizon (VZ)	**Time Warner (TWX)**	**Home Depot (HD)**
Cisco (CSCO)	**Johnson & Johnson**	**Google**
GE	**Overstock Com (OSTK)**	**Goldman Sachs (GS)**
Mogran Stanley (MWD)	**Fresh Choice (SALD)**	**USA Technologies (USTT.OB)**
Krispy Kreme (KKD)	**deltathree (DDDC)**	**iBasis (IBAS.OB)**
8 x 8 (EGHT)	**ITXC (ITXC)**	**Twister Network (TWTN.PK)**
Net2Phone (NTOP)		

Market "Rap" Virtually all market indexes fell last week --- the week was characterized by tangible, yet largely anticipated, rising interest rates and the growing recognition that a serious leadership problem has taken root in Washington, DC. This is NOT the type of macro-environment where institutional money makes visible investment commitments.

Only 15.4 Billion shares change hands last week --- down almost 15% from the average of 18 Billion shares for the six previous weeks. Yet, the number of stocks setting New Lows reached 1,095, and was **more than three times** the number of New Highs for the week (299). To place numerical perspective on last week's sell-off, the decline in the **market value of all stocks fell $556 Billion** (to $12.8 Trillion).

The Dow Jones Average lost 1% of its value last week, and is off more than 3% for the year. The S&P 500 sank below the psychologically important 1100 mark last week closing at 1099. That broad-based Index of 500 companies was off 1% last week---and off a similar amount for the year. The NASDAQ Composite was virtually flat for the week, but is off more than 4% for the year.

The Research Staff encourages Subscribers to immediately **click to this >>> link to Supplement # 04-018--- SNAPSHOT of the WEEK ended May 7th**. The grid at the top of this attachment tells the whole story --- ALL INDEXES were in the red and not just for last week. In fact, the ONLY index still in positive territory for Year-to-Date measurement purposes is the Wilshire Micro-cap Index, and even at that, it is up a paltry 2 1/2 %.

In the rankings of that Supplemental Attachment, which list companies by size of market value, Subscribers will witness some interesting drama underway. **Microsoft** (MSFT) has fallen to the #3 position, replaced by **Exxon Mobil** (XOM) at #2. **Merck** (MRK) has risen to #11 from #12, which is now where **Verizon** (VZ) ranks...and **Time Warner** (TWX) displaces **Home Depot** (HD) at #14.

The macro-environment is unlikely to improve over the next six months. It doesn't elevate investors' confidence to learn that our nation's Secretary of Defense is getting his information (on the Evening News) at the same time we are.

However --- before our Subscribers fret that we've contracted a case of Opto-craptosis[1], this is precisely the type of economic climate for Individual Investors to engineer investment solutions that uniquely meet their own financial circumstances. At the backdrop, fueling our investment strategy is the state of the economy.

Indeed, it does appear the job market has improved. Last month, there were 288,000 new jobs created in the economy. In addition to the 337,000 new jobs in March, approximately 21% of the 3 million people who have lost their jobs since President Bush took office have now been re-hired --- probably in an industry other than the one in which they were laid off.

Herein lays the irony for President Bush ---in the last two months, more than 625,000 people have found jobs. That's a lot. It means 625,000 more households are earning money. Unfortunately for President Bush, with the rent paid and food on the table, people will have more time to reflect on the state-of-national-affairs, in which case it will become increasingly difficult to form a favorable opinion about his re-election.

We remain reluctant to take an active position for any of the Presidential candidates---for now ---unless it contributes to an actionable investment strategy. In our February 23rd edition (click here to link to the February 23rd edition), we explained the details of "Paired-Trading" strategies. Using the rankings in tables like Supplement #04 – 018, BUYING the stock of the Company likely to appreciate in value is "paired" against a SHORT SALE position in a company likely to diminish in value.

The "Paired Trade" introduced to Subscribers in that edition was **Cisco** (CSCO) and **Johnson & Johnson** (JNJ)[2]. We have placed the details in the following box ~

Documented in our model portfolio, we sold 400 shares of **CSCO** SHORT at $23.85 the week ended 4/20, a position costing $9,590. This cost is derived by multiplying 400 shares times $23.85 (= 9,540), however, we add $50 as an estimate for brokerage commissions and charges. This is an average. Online trades will cost the Individual Investor between $15 and $30 per trade while full service brokers will charge about $100 per trade.

At the same time, we BOUGHT 200 shares of JNJ at $53.60 / share. Total Cost = $10,770[3]. On Friday, CSCO closed at $21.69; **market value** of our 400 share position: **$8,676** for a gain from this short position of more than $900. Friday's close for **JNJ**: $55.30; market value of our position --- $11,060 for a gain of $290. These two positions taken together therefore have generated a **gain of $1,204** in eleven weeks, or 5.91%. Since eleven weeks is about one-fifth of a year, annualizing this gain yields an annual rate of investment return of **29.6%**.

Not bad, considering the lackluster market environment that has prevailed for most of this year.

The Point of this example: Despite the outlook for the overall market in general, regardless of the leadership vacuum that exists in the Federal Government and contrary to what the talking news heads in the financial media are telling you, there are always investment opportunities with respect to "Paired Investment Strategies". Which brings us to a new paired investment strategy to recommend to Subscribers in this week's edition~

There is nothing mysterious about the foundation of identifying paired trading opportunities. --- Continual Analysis / Monitoring of Corporate Events, Curiosity and Common Sense. **Time Warner** (TWX) announced last week that for $22 million, it had exercised warrants to purchase 7.4 million shares of **Google**, owner of the Internet Search Engine. According to The New York Times, these 7.4 million shares may be worth as much as $1.3 billion (**Source: Saturday, May 8th, page B3 --- www.nytimes.com**).

Even if TWX' total cost of this investment was $100 million, this represents a sizable capital gain for Time Warner---25 ¢ in Earnings Per Share---and one we suspect has not been reflected in consensus estimates. Hence, we'd expect its stock to rise from $17 currently to somewhere in the mid-$20. Using our discipline of about $10,000 per position, that equals 600 shares (at $17) for a total cost of $10,250 including commissions.

To identify the paired short sale, SBC has been declining in market value all year, and we expect this continue. The $4.1 Billion paid out in dividends seems in jeopardy (annual net income is $5 Billion, and falling). Moreover, the top 3 execs of SBC are collectively paid almost $30 million a year (according to documents filed with the SEC). We get the distinct impression that corporate management is more attuned to their pay checks than to elevating shareholders' value.

Our $10,000 discipline-per-position lets us SELL SHORT 400 shares of SBC at $ 25 / share. Check back with us in the weeks to come to monitor the investment results of this latest **"Paired-Trade Investment Strategy"** for Subscribers. One final strategy to consider --- GE and Exxon Mobil. The Headlines are ~

--- at the present rate of increase in oil prices, it is possible that Exxon Mobil will overtake GE as the world's most valuable company. As of Friday, GE's market value of $302 Billion was less than $20 Billion greater than Exxon's, whereas at year-end 2003, GE had a $45 Billion greater market value. Applying our discipline of $10,000 per position, this translates into BUYING 200 shares of Exxon Mobil (at $43 / share) and SELLING SHORT 300 shares of GE at $30 / share.

It is entirely likely that **Google** will be constantly in the financial news until its IPO is concluded. We first mentioned Google's IPO and its unorthodox Dutch Auction technique to attain public status in our April 19th edition (click here for that link).

The mechanism of a Dutch Auction means that shares are sold to the public by the public initiating its purchase interest, and at what price. No money changes hands until the final price is set --- meaning that there is unlikely to be enormous day-after IPO investment gains that typified the Bubble years.

The established "Wall Street"[4] firms play a minor role in IPO's such as Google's. Since the initial orders to BUY are placed by individuals directly, the IPO gets done with or without the brokers' orders. Since the brokers' role is reduced to that of an order-taker, the fees earned on the transaction are less.

At the same time, the opportunity for abuse by brokers is virtually eliminated. No favored clients or prospective clients of the broker can be assured of getting any stock---unless that client outbids other prospective Individual Investors. This is a truly democratic mechanism for Individual Investors, and a unique way for Individual Investors to financially express themselves.

To quote Kathleen Smith, an Analyst for Renaissance Capital, fund managers who specialize in IPO investments, "Google has managed to crack the code for searching online, so maybe they can crack the code for getting the individual investor more involved in the IPO market." (Source: Associated Press)

There is a relevant example to bring to Subscribers' attention. **Overstock Com** (OSTK) went public via a Dutch Auction in June 2002 at $13 / share. The stock didn't do much for the first year, since those most interested in buying the stock **already** got it in the Auction. Hence, it is unlikely Google will unleash a new frenzy of stock buying.---either in its own stock or that of other tech companies in general.

After the second year, OSTK began to move up --- and currently, at $36 / share, it has almost tripled from its IPO price. The point for Individual Investors is this: If you elect to purchase Google's stock in the auction, do so on the expectation of holding that position for at least 18 months. If you are unprepared to hold that stock for 18 months --- then invest in other stocks for a year, because the first six months after the Dutch Auction IPO will be treacherous

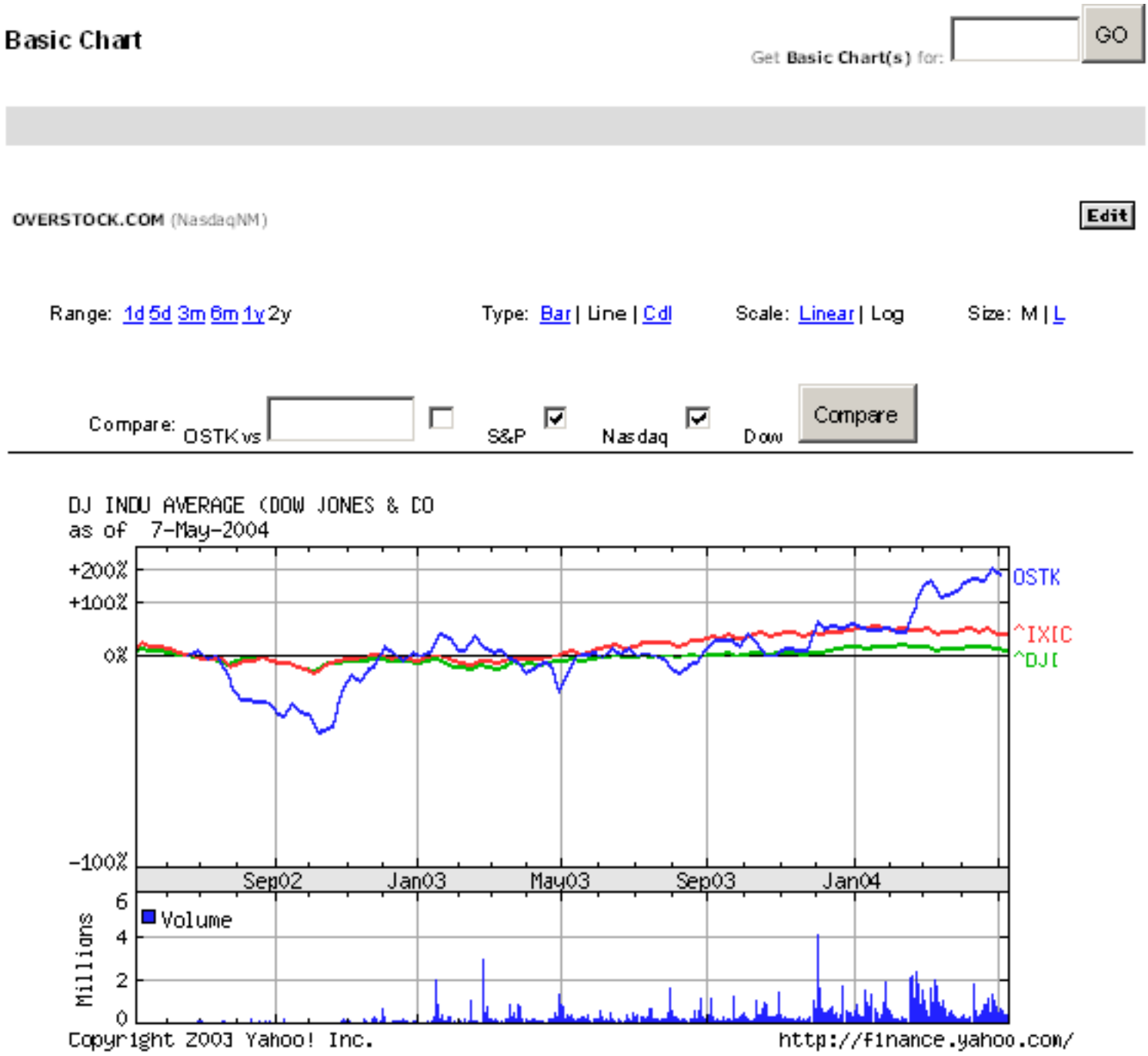
times for Google's stock price.

We dwell for a moment on Overstock Com since it provides the most relevance to foretell Google's potential stock price behavior. Given that the auction process draws out the highest price investors will pay for an issuers stock, the after-IPO demand is necessarily thin. In the case of OSTK, its stock price went from **$13 / share down to $4.41 / share** by October 2002, just four months after its Dutch Auction.

By December 2002, however, equilibrium returned, and once again, OSTK sold for $13 / share. The point is this: Using OSTK as an example, assuming an August 2004 IPO for Google, by December of this year, its stock price could be half the IPO price before returning to its IPO price. For Individual Investors, if you are unable or unwilling to ride out a roller-coater like this, invest in another company.

Two graphs to follow are instructive. The first shows the risk of a Dutch Auction in the early months; the second shows it can outperform the market longer term, in this case, by 200%!

WARNING --- ! ! ! --- Information Contained in these editions of Winningstockpicks.net is hazardous to stock market ignorance



The potential dislocation in Wall Street caused by Google's Dutch Auction reinforces an investment point-of-view (POV) presented to Subscribers in our April 19th edition (click here for link to that prior edition). We reached a conclusion that based on diminishing trading volumes, the stocks of **Goldman Sachs** (GS) and **Morgan Stanley** (MWD) were overvalued.

Accordingly, we SOLD SHORT 100 shares of GS at $103 / share (current price = $93 / share) amd 200 shares SOLD SHORT of MWD at $53 (current price: $51.94). Both short positions have been working out --- and if you missed that edition, our model still says these stocks are short sale candidates. The recent developments with Google only enhance the investment wisdom of this POV.

One of the more popular sections we've introduced in recent months has been CHEAP STOCKS...especially stocks that are selling under $1. In this edition, we present two stocks warranting Individual Investor attention --- **Fresh Choice**

(SALD) and **USA Technologies** (USTT.OB).

It is now common knowledge that **Krispy Kreme** (KKD) has suddenly felt the impact of non-carb diets upon its earnings outlook, whichis, indeed, exhibiting Opto-craptosis. Its stock price crashed last week --- losing 31% of its value from $32.51 / share to $22.51, a decline of precisely $10 / share in a week. In terms of market value, KKD shed $ 612 million (half a billion dollars) in shareholders' wealth, declining from $1,992 million in value to $$1,380 million.

Looking at the other end of the diet spectrum, our screening process turned up Fresh Choice, an owner operator of a chain of 55 specialty restaurants in which salad & green selections dominate. If the stock market doesn't want to own Krispy Kreme any longer, we think it is only a matter of time before it discovers Fresh Choice. The graph on this stock is painful to even look at --- public for almost ten years, the graph of its stock price forms an almost perfect 45 degree declining angle.

In the meantime, while awaiting this latent stock pick to get discovered, it appears poised to show a profit this year --- and with a market cap of $10 million (which equals 15% of its annual sales of $80 million), debt less than 25% of equity and positive cash flow, we see little downside --- **and this makes BUYING SALD a better play than averaging down on Krispy Kreme --- which we consider a bear trap.**

Remember, averaging down has permanently altered the lifestyles of more people than Josef Stalin.

With the industry's Average Price-to-Sales ratio of 0.54, if SALD's ratio could approximate even half that --- and with sales rising to the $100 million level, this seems a possibility --- this equates to a $25 million market value, or a stock price of $4 / share. This compares with a recent stock price of $1.74 / share.

The other company passing our screening process in this edition is USA Technologies, currently selling for 25 ¢ / share.

Its business is providing unattended cashless payment and control systems for vending machines, faxes, copy machines and other consumer-functional equipment.

In the past four quarters, revenues have steadily advanced, and in the first six months of its current fiscal year (which ends this June), revenues of $3.6 million are 50% greater than the revenues for the entire prior fiscal year (June 2003). Research anticipates the Company will turn cash flow positive in the next six months, then achieve profitability in fiscal 2005.

Meanwhile, USTT has over $3 million in cash in the bank, a debt / equity ratio of less than 25%, and a proprietary technology that has attracted a dozen strategic partners & alliances. Our Target Price for Individual Investors is a quick move back above $1 / share. But, the long term exit strategy here is to be acquired by a larger company needing this proprietary technology --- our guess is a valuation of $1 Billion --- or $3.40 / share.

We refer Subscribers to a prior edition "Primer for Perspective on Small Cap Companies" (click here for link to that April 12th edition) to place these Market Value designations into context for Individual Investors' portfolios.

At the end of April, we presented an assessment of the emerging Voice-over-Internet Telephony (VoIP) industry. Our POV was (and is) that inevitable and ubiquitous though VoIP would become, these were small markets (at the moment) for very large companies --- and the best way to financially participate in this phenomenon is via small caps. Here were the six small cap industry participants we identified at that time.

The Emerging Voice-over-Internet Telephone Industry

		Stock Price		**Market Value**		**Shs O/S**
		23-Apr	7-May	23-Apr	7-May	(mm)
deltathree	DDC	2.35	1.50	69.6	44.4	29.6
8 x 8	EGHT	2.79	2.75	105.5	104.0	37.8
iBasis	IBAS.OB	1.60	1.56	72.2	70.4	45.1
ITXC	ITXC	2.99	1.94	129.5	84.0	43.3
Net2Phone	NTOP	4.83	3.49	365.1	263.8	75.6
Twister Network	TWTN	0.85	1.70	42.5	85.0	50.0
				741.8	566.6	
VoIP Index (May 1, 2004 = 100)				**116**	**89**	

We specifically recommended **Twister Networks** (TWTN.PK) on the basis that it had less operational baggage, newer equipment and access to better technology in relation to the other companies that have been in this industry space much longer. Indeed, TWTN's stock price has, to date, exhibited the greatest price appreciation, having doubled to $1.70 / share form 85 ¢ --- in two weeks...! We intend to conduct a full Question-and-Answer Interview Session with

the Top Management of Twister next week (May 12, 2004) to investigate the sustainability of its recent operational results and its market penetration of the rapidly growing Chinese VoIP telecommunications market.

Questions or comments email editor@winningstockpicks.net

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[1]Opto-craptosis is a 'medical condition' where a person's Optic Nerve gets crossed with the Rectal Nerve inducing a crappy outlook for investment opportunities ...!

[2]The discipline that governs this strategy is based on an approximate $10,000 position in each stock, rounded up or down so as to equal a round lot (100 shares for each position.

[3]200 times $53.60 = $10,770 + $50

[4]Remember, for purposes of these Weekly Update, Wall Street is a generic description of the Investment Community rather than a physical location. The guy dressed in a bathrobe, sitting in his bedroom, using his lap top to day-trade stocks is as much a part of Wall Street as the guy in a corner office at 23 Wall Street...!

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May 3, 2004 edition

Prepared by WSP Research Staff

Headlines by Tom Heysek

May 3, 2004 edition The stock market retreated across all levels of market cap last week, wiping out Year-to-Date gains in the Dow Jones Average, the S&P 500 Index and the NASDAQ Composite. Indeed, NASDAQ is below its closing at December 31st.

Goldman Sachs and Morgan Stanley continue to decline in price --- enriching our short position, nevertheless, this loss of value MAY be due to more going on than is immediately apparent. Specifically, a loss of influence.

Google announced its plans to go public, but in a way that no one anticipated. Using a technique called a "Dutch Auction", Google has democratized the pricing process, rather than let "The Boys" set the IPO price the public pays. Wall Street doesn't like it.

Our views expressed last week on Amazon and Microsoft drew email galore...and somewhat critical. Hence, we are compelled to defend our views---but you decide...!

We also revisit our micro-cap Model Portfolio, up 21%, and during a time when most other individual investors (i.e. non-Subscribers...!) are losing money. Once again, this proves the power of original, out-of-the-box thinking.

Finally, we present a remarkably arrogant quote from a spokesman from the Securities & Exchange Commission---and we ask our Subscribers to email that spokesman directly (we even provide you with his email address).

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Boeing (BA)	**Verizon (VZ)Johnson & Johnson (JNJ)**	**Merck (MRK)**
Morgan Stanley (MWD)	**Goldman Sachs (GS)**	**Microsoft (MSFT)**
Amazon.com (AMZN)	**Twister Networks (TWTN.PK)**	**Axeda (XEDA)**
BSquare (BSQR)	**Carroll Shelby Int'l (CSBI.OB)**	**Catuity (CTTY)**

Entrx (ENTX)	**Littlefield (LTFD)**	**Google (GOGL.PK?)**
HSBC Holdings (HBC)	**Citibank (C)**	**Adelphia (ADELQ.PK)**

Market "Rap" There was virtually no safe harbor in the stock market last week. All market indexes declined --- even the micro-cap indexes --- and with sufficient gusto to wipe out all Year-to-Date gains in the major indexes like the Dow and NASDAQ (click here for link to Subscribers' Supplement # 04 – 017 for SNAPSHOT of the WEEK ENDED April 30th).

For the week, the Dow Jones Average lost 2.4%, the S&P 500 declined 3.0% and the tech-laden NASDAQ Composite Index gave up a remarkable 6.3% of its value. The Total Market Wilshire Index fell 3.2% for the week from 11150 to 10794, which translates into a loss of market value of $427 Billion --- about the size of the Federal Deficit.

Only three of the Dow's 30 component companies advanced during the week: **Boeing** (BA), **Johnson & Johnson** (JNJ) and **Merck** (MRK). The Boeing rise reflects a big order from the Japanese while JNJ and MRK reflect a week where healthcare proved more attractive than technology.

Making last week's declines more disturbing is the volume of stocks traded. For the week, over 18 Billion shares changed hands, about the same as the week before. For the year, however, total stock market trading volume was 25% ahead of year ago levels. Within these aggregate volume figures is that fact that odd lot trades (trades of fewer than 100 shares) is up a stunning 140% from year ago levels.

Odd lots are the domain of Individual Investors --- which simultaneously means an area where the mainstream investment banks exert little influence, if any. In our April 19th edition (click here for link to that issue), we highlighted this diminished influence by Recommending to our Subscribers to sell short **Morgan Stanley** (MWD) and **Goldman Sachs** (GS), the two largest securities firms in the country in terms of Market Value.

Re-visiting that Recommendation, MWD was trading at $54.53 / share and GS was trading at $103.11 / share (specifically, a 200 share short position in MWD and a 100 share position in GS). Based on last Friday's closing prices, these positions are AHEAD for the Individual Investor by 6% --- and in two week's time.

Annualizing a return of this magnitude equates to an investment gain of **156%**.

WARNING --- ! ! ! --- Information Contained in these editions of Winningstockpicks.net is hazardous to stock market ignorance

We encourage email from our Subscribers. The top topic & drawing the most response last week was our forecast that **Microsoft** (MSFT) would resume to descent to the $20 / share level.

Last week, MSFT did resume its descent, falling $1.41 or 5.1%, from $27.54 to close on Friday at $26.13. That equates to $14 Billion n lost market value. To place a loss of that magnitude into perspective, MSFT is projected to earn $14 Billion in Net Income this year (there are 10.1 Billion shares outstanding).

We introduced a Model Portfolio of micro-cap stocks not long ago. In fact, last week, we added to this portfolio with another micro-cap, **Twister Networks** (TWTN.PK), purchasing 11,000 shares at 86 ¢ / share. TWTN is in the emerging Voice over Internet Telephony business --- without the baggage and debt of those already in the business --- and the stock advance to $1.52 / share last week.

What makes this gain all the more impressive is that it advanced when the overall market declined so broadly --- and

confirms the financial benefit that can accrue to Individual Investors by picking individual stocks via original research, rather than the same-old, same old recommended by mainstream brokers.

The research staff has updated this table to reflect closing prices as of last Friday --- and to include last week's addition of Twister Networks[1] --- (click here to link to last week's edition).

The cost basis of this micro-cap portfolio is $65,400 while the market value is now $79,240. This represents a gain of 21% in a relatively brief period of time. This table also emphasizes the value of portfolio diversification --- of these seven micro-cap stocks, four are up while three are down.

Stock	Number of Shares Bought	Price / Share	Cost Basis	Price	at 4/30 Close Mkt Value
Axeda (XEDA)	11,000	92 ¢	$ 9,200	$1.10	$12,100
BSquare (BSQR)	10,000	96 ¢	$ 9,600	$1.22	$12,200
Carroll Sh'by (CSBI)	2,000	$4.23	$ 8,460	$4.05	$ 8,100
Catuity (CTTY)	12,000	79 ¢	$ 9,480	63 ¢	$ 7,560
Entrx (ENTX)	12,000	84 ¢	$10,080	$1.14	$13,680
Littlefield (LTFD)	12,000	76 ¢	$ 9,120	74 ¢	$ 8,880
Twister (TWTN.PK)	11,000	86 ¢	$ 9,460	$1.52	$ 16,720
Total Value			**$65,400**		**$79,240**
		GAIN		**$13,840 or + 21%**	

Google made the news --- Big Time --- last week. It announced its debut to the public via a Dutch Auction rather than engage a traditional Investment Bank to bring the company public. Particularly interesting is that it has yet to announce which stock market quote its shares. This leaves open the possibility of a Pink Sheet listing.

To the newer Subscribers to these pages, remember, the Hong Kong Bank was traded in the Pink Sheets until 1998, and explains why its stock price history commences in 1999!

This news from Google has not set well with the Establishment in general nor the conventional investment banking industry in particular. Already, the headlines have changed. Before this news, Google was "The undisputed Leader in Search" (Wall Street Journal).

Now, headlines include "Google Dominance Never a Sure Thing (Investors Business Daily --- Monday, May 3rd

Headline...!)

This change of heart in the financial press demands an explanation.

First, the **Dutch Auction**. In a conventional IPO, the underwriter establishes the price to the investing public and the after-market is based on investor-demand. If a stock is priced at $10 per share, for example, in the IPO, and after-market demand takes the stock to $20 per share, the underwriters stand to make a substantial profit, since a prominent part of their investment banking fee is stock issued at the IPO price.

A Dutch Auction eliminates this profit potential because the price to new investors is whatever these new investors are willing to offer --- via the auction process. In our example, if a stock has a date with the $20 per share level based on after-market demand, the auction price will instead start around the $20 per share level.

A Dutch Auction introduces a pricing mechanism for a new issue of stock into a totally democratic process but also converts profit for an investment banker into capital for the company's Treasury. In other words, that $10 per share in after-market demand that would be an Investment Banker's profit is now paid directly to the issuer of the stock, in this example, Google.

While Credit Suisse and Morgan Stanley are named underwriters, the fees earned will be substantially less via a Dutch Auction.

Second, the stock exchange listing has yet to be announced. It would be entirely consistent with Google's stated commitment to a level playing to choose the Pink Sheets, which would almost certainly be frustrating to the Establishment.

The mounting frustration with a power shift, as online trading democratizes the markets, can be found in the mainstream press. In the April 29th edition of The New York Times (www.nytimes.com), Ms Ellen Rosen wrote about reverse mergers and Bulletin Board companies.

Quoting the SEC's Gerald Laporte, Ms. Rosen writes reverse mergers "have been used in ways that cause investors to lose money and used in the past with fraudulent and abusive conduct". Such arrogance on the part of regulators is nothing new, and will not stop unless the public challenges such dunderheaded thinking directly.

We encourage Subscribers to send emails to Gerald Laporte at the SEC with the following message:

"Based on your comment in the April 29th edition of The New York Times, we are appreciative of your stern warning about reverse merger companies. Can we correctly assume, therefore, that Enron, Worldcom and Adelphia --- three of the most memorable 'Fraudraprises' regulated by the SEC---went public via reverse merger, or were these companies raising money via the more conventional investment banking industry"

Mr. Laporte's email address is laporteg@sec.gov.

As Ben Stiller said in the movie "Starsky & Hutch" --- **DO IT...!**

In the event our Subscribers require further evidence of regulatory arrogance, consider the fact that the top officers of now-bankrupt Adelphia personally borrowed over $3 Billion, borrowings that were guaranteed by the company, and ultimately paid for by the shareholders. The following is quoted from The New York Times Magazine, February 1, 2004~

"Adelphia's longtime securities counsel, the distinguished Pittsburgh firm, Buchanan Ingersoll, knew about the co-borrowings as well. Finally, investment banks floated billions of dollars of securities to the public with detailed

descriptions of Adelphia's finances that somehow **neglected** to mention the extra $ 3 billion of indebtedness. Even the Securities and Exchange Commission was aware that Adelphia and the Rigas family each let the other borrow on its own credit, an unusual arrangement that, by its very nature, was vulnerable to abuse. But the S.E.C. never investigated it."

{Regarding the $ 3 billion that a network of commercial banks lent to both Adelphia and its founders, the Rigas' family.}

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Questions or comments email editor@winningstockpicks.net

Quote of the week "The important thing in life is not where we stand but the direction in which we move" Former Chief Justice of the Supreme Court, Oliver Wendall Holmes

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[1]The discipline we impose on all our share purchase positions Recommended to Individual Investors is $10,000, rounded to a number to enable an even number of shares purchased (in hundreds or thousands of shares)

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The WEEKLY UPDATE

www.winningstockpicks.net

April 19th, 2004 edition

Prepared by WSP Research Staff

Companies Mentioned In This Edition
(in order of appearance in this week's update)

Cisco (CSCO)
Goldman Sachs (GS)
SBC
ExxonMobil (XOM)
AT&T (T)
Verizon (VZ)
Carroll Shelby Int'l (CSBI.OB)
Littlefield (LTFD)
Trump Hotels & Casinos (DJT)
SanDisk (SNDK)
Morgan Stanley (MWD)
Microsoft (MSFT)
Pfizer (PFE)
Eastman Kodak (EK)
Axeda (XEDA)
Catuity (CTTY)
Amazon.com (AMZN)
Disney (DIS)
Chevron Texaco (CVX)
GE
Int'l Paper (IP)
AIG
BSquare (BSQR)
Entrx Corp (ENTX)
Iomega (IOM)

Market "Rap" It would be imprecise to say that the stock market took a beating last week. The Dow Jones Average hardly budged (10452 vs 10442 the week before), nor the S&P 500 (1135 vs 1139). NASDAQ fell below the psychologically important 2000 level closing at 1996. Even the all-inclusive Wilshire Total Market Index fell, to 11078. The Wilshire Index' decline translates into a $106 Billion loss in market value.

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For the first time all year, however, even our proxies on the smaller and micro-cap companies declined. The Wilshire Small Cap Index AND the Wilshire Micro-cap Index both dropped exactly 2% last week, to 290 and 531 respectively. Each had been ahead on a Year-to-Date basis by 8% and 12%. In a nutshell --- last week was an Equal Opportunity Bear Market for many stocks.

On the three major stock exchanges (NY, American and NASDAQ), a total of 8,111 stocks traded, 717 of which hit hew highs and 430 hitting new lows. Total volume of 16.2 billion shares was similar to the daily equivalent of the week before, which was a Holiday-shortened week for the market.

Among the most active equity options were PUTS --- options to sell --- on **Cisco** (CSCO) at $22.50, **SanDisk** (SNDK) at $30.00, and **Disney** (DIS) at $25.00. All three had been above these "striking prices" for most of the week. For Individual Investors, SanDisk represents the best opportunity for those of the short-selling persuasion. A flash memory storage company, Sales surpassed the $1 Billion mark for 2003, and earned $168 million. However. half of these earnings ($88 million) came in the fourth quarter alone.

The adage "what do you do for an encore" springs to mind. Closing at $26.52 last week, when we publish next week's Update, look for this stock to be below $20 /. Share. The volume stats reinforce our thinking. Three month

average trading volume is 10.2 million shares per day. In the final three days of trading last week, trading volume averaged 18.9 million shares, or 85% above normal. It appears a rout is underway by the professionals.

We therefore add a **NEW** feature this week --- a short sale for Individual Investors in an amount between $5K and $10K--- which, for our SanDisk position, translates into a short sale of 300 shares (a $7,956 financial commitment). The Trend is your Friend --- the challenge for our Subscribers is to identify them while there is still money to be made.

This is where we can help---and brings us to the second observation about last week: Declining trading levels on the three major stock exchanges. What makes the information about SanDisk especially compelling is that overall trading volume has shrunk considerably in the past nine weeks.

There have been 15 full trading weeks thus far in 2004. Specifically, in the first six weeks of this year, the market roared---trading volume of 116.3 billion shares was a galloping 32% ahead of the year earlier volume. Since then, however, it has been an entirely different story.

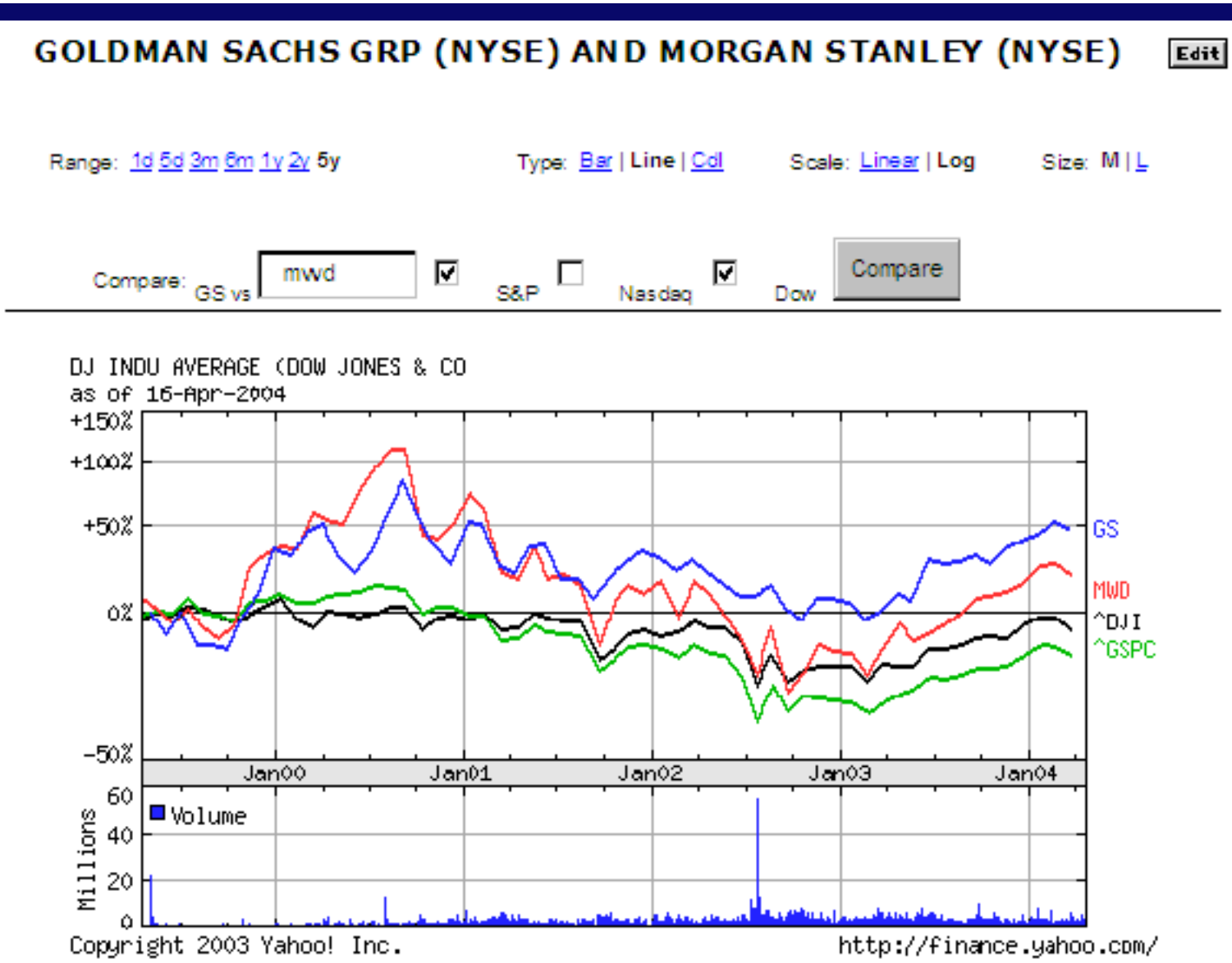
Over the past nine weeks, trading volume on the three major exchanges has totaled 146.4 billion shares versus 122.9 billion for the comparable period in 2003...up 19%. What is deceptive about these volume figures is that total trading volume Year-to-Date of 262.7 Billion is a respectable 24% ahead of last year's YTD figure, masking the erosion in volume from higher levels at the start of the year.

Incrementally analyzing the past nine weeks alone--- characterized by the dismal state-of-affairs in the Iraqi Occupation by American forces --- the picture changes, markedly. The importance of identifying trends is its value to convert generally available information into expressly actionable investment decisions ... of which there are two ~

Goldman Sachs (GS) and Morgan Stanley (MWD)

The first chart following depicts the investment performance through last week for these two companies in relation to the Dow Jones Industrial Average and the S&P 500. These broad-based averages are both DOWN while the stock prices of GS and MWD have both appreciated in absolute price and in relation to these popular Indexes.

No doubt that this price appreciation reflects the trends in much higher trading volume. For the 12 months through February 2004, revenues from commissions are up over 50% for these two major-bracket brokers (61% for Goldman Sachs in the three months alone that ended February 2004). This chart reflects that robust performance.

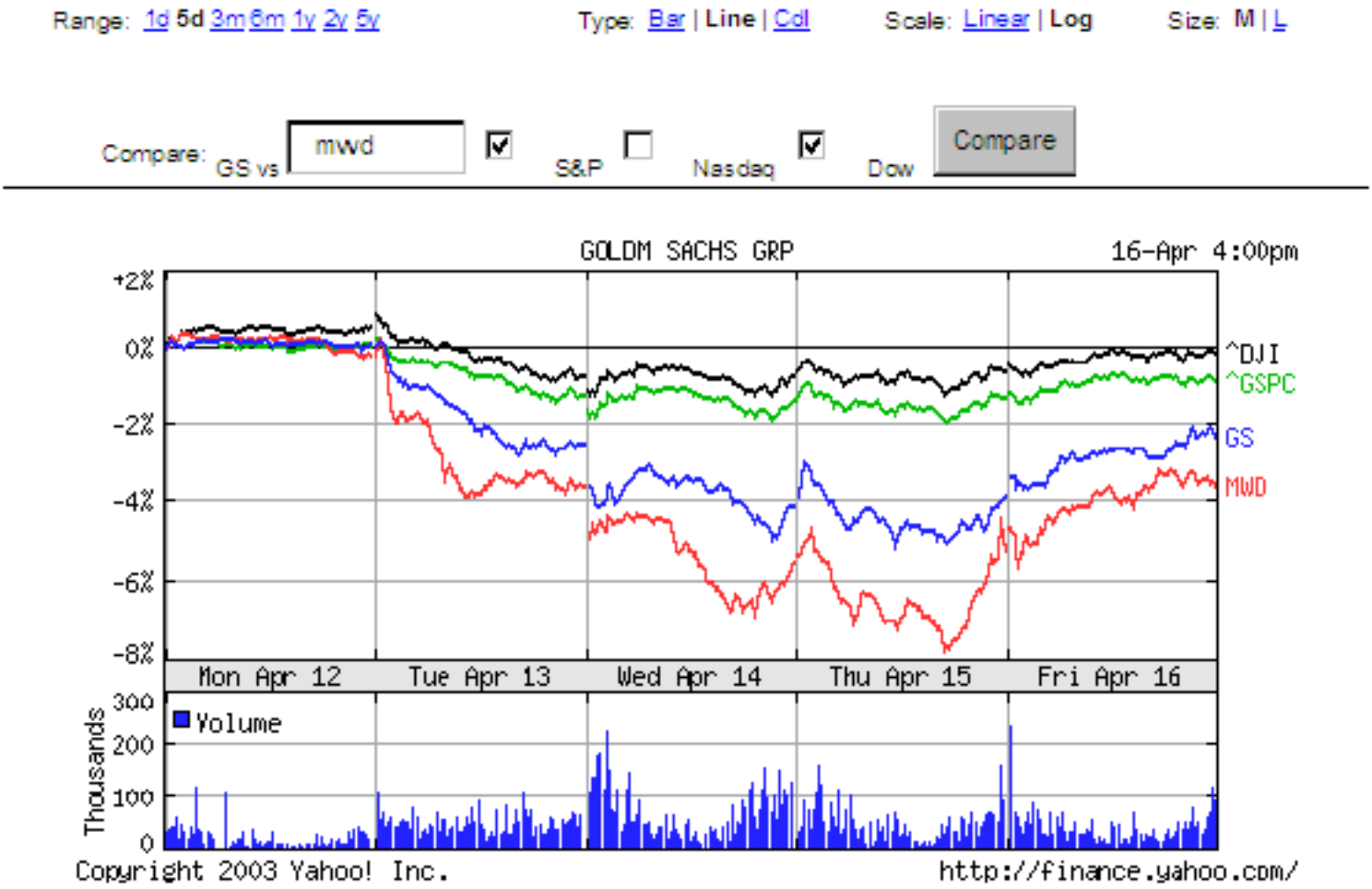


The second chart meets the challenge facing all Individual Investors --- spotting a trend while there is still time to make money on it. Perceptive professional investors have recognized that trading volumes recently have declined. Moreover, the major brokers have reported their expected earnings gains --- buy on anticipation, sell on the news.

We have therefore assembled the second chart covering the past FIVE DAYS. Beginning Tuesday of last week, trading volume in these two heavy-hitters increased substantially above the average trading volume. In MWD's case, trading volume of 7 – 9 million shares a day compared with a 30 day average of 5.5 million. Both stocks were down 2-3% for the week.

Each has been added to our Short Sale Model Portfolio, selling short 100 shares of GS (100 x $103.36 / share = $10,336) and 200 shares of MWD (200 x $54.53 = $10,906). Check in here next week to measure our performance...!

GOLDMAN SACHS GRP (NYSE) AND MORGAN STANLEY (NYSE)



Practical application for Individual Investors --- by recognizing the diminished trading volume in the markets overall, we have reached an actionable investment decision to sell short two stocks that are likely to be negatively impacted by this economic fact. Remember ~

WARNING --- ! ! ! --- Information Contained in these Editions of Winning Stock Picks are Hazardous to your Stock Market Ignorance

Our regular Subscribers are now familiar with our listing of the Twenty Most Widely-Held Stocks in the world. Attached to this edition is Subscribers Supplement # 12, which contains an extraordinary event --- a change in one of its components...!

For newer Subscribers, this list of the 20 most widely-held stocks is compiled from brokerage accounts domiciled at Merrill Lynch and published in the New York Times Tuesday through Saturday. The list changes perhaps once every other year. Last week, **ChevronTexaco** (CVX) replaced **SBC** in that list.

This change reflects the rising importance of energy over telco & tech in general, and CVX's sex-appeal over sheer boredom in particular. To reinforce this trend, note that **Microsoft** (MSFT) has now fallen to # 4 in these ranking

behind **GE**, **ExxonMobil** (XOM) and **Pfizer** (PFE) --- the latter company recently being added to the Dow Jones component companies.

In our February 16th edition, we specifically stated that MSFT was dead money for at least two years, and gave our reasons. At that time, MSFT was selling for $27.08 per share. It closed last Friday at $25.16, for a decline in value of 7.1%...and it's not over yet.

Finally, this week's edition would be incomplete if we did not alert Individual Investors to the changes that took place in the components of the Dow Jones Industrial Average (DJIA). The DJIA is the longest running barometer to gauge the USA stock market and dates back to 1896.

The principal value in monitoring the components of the DJIA is that they reflect the morphing of what's relatively more important in the American economy. Exiting the DJIA were **International Paper** (IP), **ATT** (T) and **Eastman Kodak** (EK). Added were **Pfizer** (PFE), **AIG** and **Verizon** (VZ).

Subscribers' Supplement # 10 presents the 30 DJIA companies before the recent change (market value $3,183 Billion) while the newly-constituted DJIA is presented in Subscribers' Supplement # 11 (market value $3,710 Billion---after the change).

The components of the DJIA are determined by Mr. John Prestbo, a Managing Editor for the Wall Street Journal. Mr. Prestbo does a fine job, and not to take away any of the mystery to the process of what the components will be, note from Supplement # 10 that the three companies leaving the DJIA were the smallest in terms of market value. In fact, the companies entering the DJIA had a collective market value that is a stunning **13 times** the market value of the three companies "shown the door". The table following illustrates:

Market Value on April 8, 2004 of the Companies **exiting** the DJIA that day:

International Paper:	$20,186 Billion
Eastman Kodak:	$15,228 Billion
ATT:	$ 7,291 Billion
Total	**$42,705 Billion**

Market Value on April 8, 2004 of the Companies **entering** the DJIA that day:

Pfizer:	$271,628 Billion
AIG:	$199,065 Billion
Verizon:	$103,349 Billion
Total	**$574,042 Billion** ($574.0/$42.7=**13.4 times**)

Why is this relevant to Individual Investors...? For the past nine weeks, unless an Individual Investor has embraced the "paired investment strategies" we introduced in our February 23rd edition, investments in Large Cap companies have produced truly underwhelming performance.

At the same time trading volume has been moderating on the three major exchanges, it has tripled on the **OTC Bulletin Board**...typically comprised of very small cap companies. The economic reality is that advertising budgets are bigger with large cap companies, investment banking fees are greater and compensation / stock option plans

are more generous.

In short, there is a built-in establishment bias in favor of large cap companies. Nevertheless, there is a democratization process underway this year with the smaller cap companies outperforming the larger cap companies. The table below summarizes this fact.

Indexes, at mkt close	12/31/03	27-Feb	5-Mar	12-Mar	16-Apr	%cChg YTD	Wk %
Dow Jones Avg	10454	10584	10596	10240	10452	0.0%	0.1%
S&P 500	1112	1145	1157	1120	1135	2.1%	-0.4%
NASDAQ Comp	2003	2030	2048	1985	1996	-0.3%	-2.8%
Wilshire 5000	10800	11173	11314	10968	11078	2.6%	-0.8%
WilshMicroCap	481	525	535	516	531	10.4%	-2.0%
WilshSmCap	274	288	295	286	290	5.8%	-2.0%

With the notable exception of last week, when all Indexes were down or flat, the YTD investment performance of the smallest public companies has continued unabated. In the last three weeks, we introduced Subscribers to six small cap names: **Axeda** (XEDA); **BSquare** (BSQR); **Carroll Shelby International** (CSBI.OB); **Catuity** (CTTY); and **Entrx** (ENTX) and **Littlefield** (LTFD).

Not all of these stocks have appreciated in value, however, the principle underlying portfolio diversification is that some stocks advance while others decline. The objective is that the winners outperform the losers. Let's review our record with regard to our last six small cap recommendations. To determine the number of shares purchased our formula rounds out the shares purchase to the nearest $10,000 amount.

Stock	Number of Shares Bought	Price / Share	Cost Basis	at 4/16 Close Price	Mkt Value
Axeda (XEDA)	11,000	92 ¢	$9,200	$1.48	$16,280
BSquare (BSQR)	10,000	96 ¢	$9,600	$1.05	$10,500
Carroll Sh'by (CSBI)	2,000	$4.23	$8,460	$3.95	$7,900
Catuity (CTTY)	12,000	79 ¢	$9,480	69 ¢	$8,280
Entrx (ENTX)	12,000	84 ¢	$10,080	$1.03	$12,360
Littlefield (LTFD)	12,000	76 ¢	$9,120	60 ¢	$7,200
Total Value			**$55,940**		**$62,520**

By imposing the forced discipline of a $10,000 per purchase parameter, the Individual Investor, following our recommendations, would have dispassionately allocated approximately $55,000 in a portfolio that over the past 3 weeks now has a value of **$62,520**. This **$6,580 gain** represents a percentage return of 11.7% --- remarkably better than the average gain YTD of the Wilshire Micro-cap Index, which was 10.4%.

So while the market indexes are going bigger and bigger, stay small, identify individual stocks to own, do your own research, and include www.winningstockpicks.net among your Favorite web sites. Remember ~

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Finally, we answer two emails. One Subscriber asked us about Offshore Corporations, specifically, how one goes about setting them up. As a disclaimer, we are obligated to point out that an offshore company does not eliminate the individual's responsibility to report income for IRS purposes. That is not the point.

Nevertheless, for asset protection purposes, this is a sensible option. We recommend Nevada Offshore Business Formation, and here's that link --- (www.nobfi.com) , plus, some lighter fare, duplicated (with adjustments) from their web site.

Ten Reasons to Go Offshore

Adapted from the David Letterman Show

10) To protect yourself from Y3K related financial restrictions

9) To hide money from criminals and intrusive snoops

8) To anonymize your business transactions and capital

7) As a safety measure against confiscatory actions by the Bush Administration to Balance the Budget

6) To finance your exit from bankruptcy

5) To avoid dealing with local banks, who are required by law to spy on you for the government

4) To store assets for hard times like when the Federal Government is running deficits, or when the President spends another month on vacation --- as he did in August 2001--- and we know what happened then...!!!

3) To confidentially and safely pass on wealth to your children, and do at least one thing right for them in your life

2) To profit from interest rate arbitrage in foreign currency (finally) without risking an SEC investigation for merely being intelligent ---

And the number one reason for setting up an offshore company ---

1) To keep your assets safe from intrusive credit reporting agencies, frivolous litigation and at long last, enter the THIRD degree of money

In April 2000, we published a now infamous edition called "A Pair of Nines" in which we recommended selling

Amazon.com (AMZN) short (it was selling for $59 / share at the time) and buying Iomega (IOM) long (it was selling for $3 / share). As a matter of fact, AMZN did close below $9 / share ($8.94 in August 2001) and Iomega did rise to over $9 / share, giving effect to a **$5 / share cash dividend** in October 2003...!

One long-time subscriber sent us an email to ask for another "Pair of Nines" recommendation, which we'll present next week. So as not to keep you in suspense, we again recommend the short sale of Amazon.com, but the BUY this time around: **Trump Hotels & Casino Resorts** (DJT), currently selling for $2.26 per share.

Email your questions and comments to editor@winningstockpicks.net

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Coming up in our Education & Information Series ~

- The Dow Jones Industrial Average...historical perspective & Outlook
- Executive Compensation in Corporate America

The WEEKLY UPDATE

www.winningstockpicks.net

April 12th, 2004 edition

Prepared by WSP Research Staff

Companies Mentioned in this Weekly Update

ATT Wireless (AWE)	**Comcast (CMCSA)**	**Agere (AGR.b)**
Citigroup (C)	**Bank of America (BAC)**	**HSBC Holdings (HBC)**
Wells Fargo (WFC)	**JPMorganChase (JPM)**	**UBS**
Wachovia (WB)	**Bank One (ONE)**	**Barclays (BCS)**
Banco Santander (STD)	**Axeda (XEDA)**	**BSquare (BSQR)**
DynaBazaar (FAIM)	**Catuity (CTTY)**	**Entrx (ENTX)**
Littlefield (LTFD)	**Carroll Shelby Int'l (CSBI)**	**SONY (SNY)**
Mattel (MAT)	**Ionatron**	**US Home & Garden (USGH)**

Market "Rap" --- The most popular and widely-followed stock market indexes barely moved in the Holiday-shortened trading session last week. Indeed, the Dow Jones Average, closing at 10442 is basically flat with its level at the beginning of 2004 (10454). The S&P 500 closed at 1139 (1142 the week before) and NASDAQ finished at 2053 (2057 the week earlier).

Confirming the indecisiveness of the market, total trading volume of 1.2 Billion shares last week was about equally divided between advancing volume and declining volume. Moreover, 245 stocks were unchanged, almost twice as many stocks as the 139 stocks that hit new lows.

In Subscribers' Supplement #04 – 008 (click here for link to that Supplement), the market value of the 30 Dow stocks and the 7 additional stocks that are part of the Most Widely-Held group (but not in the Dow Average) totaled $4,075 Billion, down from the week before and up a meager 1.8% from its market value at the start of the year.

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This is actually quite a bit different that the way Large Cap stocks performed in the first two months of this year. The Dow was up 1.2% from January through February, the S&P 500 gained 3% and NASDAQ advanced 1%. Nevertheless, the Wilshire Micro-cap Index outperformed these larger cap indexes, increasing 9.1% over the same time frame.

To assist our Subscribers in understanding the distinctions that have emerged between Large Cap stocks and Small Cap stocks, and the market value demarcations these descriptions convey, we have prepared a supplemental edition on this topic entitled "Primer for Perspective on Small Cap Companies" (click here for link to that edition). We received a number of "e-Letters to the Editor" that asked us to explain the distinctions---and this Supplement is the answer to those e-Letters.

Several months ago, we pointed out that the long term average multiple of earnings (P/E) was 17 times trailing earnings and 12 times projected earnings. This did not generate a lot of visibility or even concern. However, over the weekend, these facts have begun to appear in other publications.

Individual Investors are now well-advised to take heed of these facts without delay...to not only exert caution as to which Large Caps are investment worthy but also to reinforce a heightened individual commitment to the small cap sectors of the stock market. WSP's research staff has done a Stress-Test analysis of the 20 Most Widely-Held stocks, to determine which stocks are susceptible to the worst declines, and which are less at-risk.

Subscribers' Supplement #04 – 009 (click here for link to Supplement # 04 – 009) illustrates several key points: (i) a multiple of 12 times projected earnings will reduce market values of most Large Cap stocks by an average of 38%; (ii) the three stocks MOST at-risk are ATT Wireless (AWE), Comcast (CMCSA) and Agere (AGR.b) with potential losses of 75% to 85% in value; and (iii) the stock least at-risk is Citigroup (C).

Large cap stocks in general are more heavily influenced by global economies and geopolitical tranquility than their smaller cap brethren---whose valuations are more in control of their managements and "niche" market opportunities. In this regard, therefore, there are only two events that might cause these Stress-Tests to become reality.

The first is a crisis in the country's capital markets. With trade deficits now running at $499 Billion a year and the Budget Deficit running at $522 Billion---America is impoverishing itself to the tune of $1 Trillion annually. Admittedly, the USA economy is supple enough to deal with numbers this large. Unfortunately, however, there is precious little on the macro-economic horizon to think that these numbers will get any smaller in the next few years.

The second is another Terrorist Event within our borders. The last one took the market down to 7927 (September 21, 2001) or 24% below the Dow's current level. Applying the results of our Stress-Test produces a Dow of 6500. What makes our single candidate, Citigroup, investment worthy under this scenario is that in either event, there will be a need for an ubiquitous financial institution like Citigroup to bring the country, if not the world, back to normal.

As illustrated in the table below, Citigroup is the largest financial services company on the planet. An interesting side-note to this table is that only 6 out of the top 10 financial services organizations in the world are American.

Citigroup (C)	$266 Billion in market value
Bank of America (BAC)	$166 B
HSBC Holdings (HBC)	$165 B (UK-based)
Wells Fargo (WFC)	$ 97 B
JPMorganChase (JPM)	$ 85 B
UBS AG	$ 81 B (Swiss-based)
Wachovia (WB)	$ 61 B
Bank One (ONE)	$ 60 B
Barclays (BCS)	$ 59 B (UK-based)
Banco Santander (STD)	$ 54 B (Spain-based)

In our March 29th edition (click here for link to that edition), we introduced a NEW…! Section called "Stocks selling for less than $ 1 / share". The following table tells the story ~

	Stock Price in March 29th edition	Closing Price on April 8th	Highest Price Reached so far
AXEDA (XEDA)	92 ¢	$1.50	$1.65 (4 / 8)
BSquare (BSQR)	96 ¢	$1.05	$1.32 (3 /31)
DynaBazaar (FAIM)	36 ¢	39 ¢	$0.42 (4 / 2)

We introduce our Subscribers to three more Stocks selling for less than $1 / share in this edition:

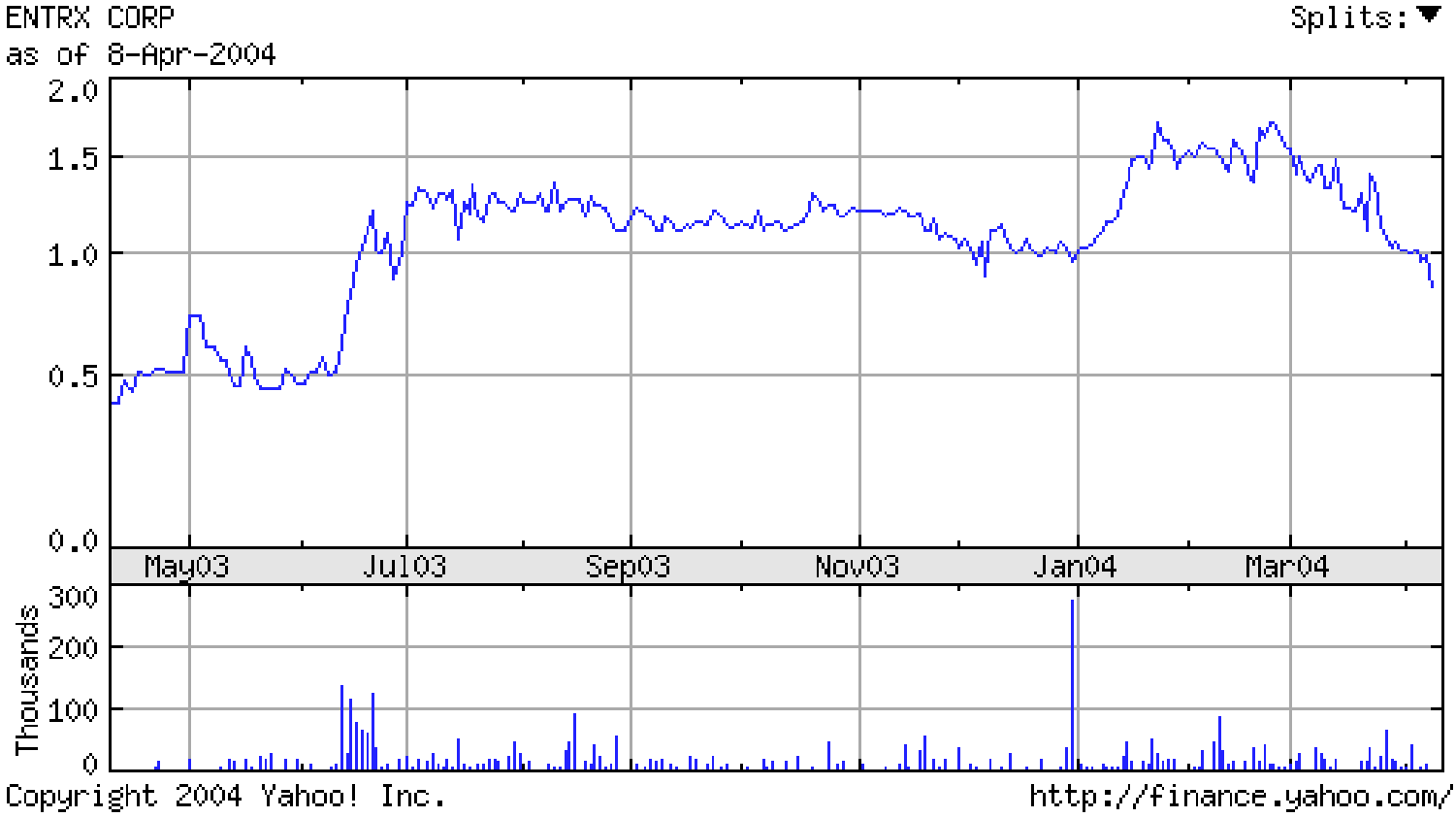
	Catuity (CTTY)	Entrx Corp (ENTX)	Littlefield (LTFD)
Recent Price	79 ¢	84 ¢	76 ¢
52 week Hi-Lo	71 ¢ - $3.50	37 ¢ - $1.88	35 ¢ - $1.25
Shares Outstg	11.2 mm	7.2 mm	8.3 mm
Market Value	$ 9.2 mm	$ 6.0 mm	$6.3 mm
Trailing 12 Mth Sales	$4.8 mm	$12.7 mm	$10.0 mm
Mkt Vale/Sales	1.9 times	47%	63%
All time high	$4.72	$6.69	$3.00
---in	May 2001	Nov 1999	June 2001

Catuity produces proprietary software programming solutions for merchants and card issuers. The sizzle with this product is that its magnetic strips enable its clients to grant instant awards---on the merchant's site---which in turn generate higher sales to the merchant licensing this technology.

The principal reason the stock has been hammered is that it lost a contract with Target last year, nevertheless, its technology is in use in over 3,000 US stores. Now down to 79¢ per share, this stock has fallen more precipitously than the other two we showcase (from $3.50), and while a run up to that level seems unlikely, we expect a quick run up to a $1.

Littlefield is in the entertainment business, providing charity bingo and catering services primarily in a few southern states. The company went public 10 years ago as American Bingo & Gaming, adopting the present corporate moniker in June 2000. The name change hasn't helped much, but selling at only 47% of sales, we see little downside and a double on the upside.

Entrx Corp is in the asbestos removal business. While sales have been declining as the remaining buildings with asbestos has declined, the company's liquidity is unimpaired, and it has a Book Value of 46 ¢ (54% of stock price). However, on a technical basis, ENTX's stock price is almost identical to XEDA's, just before it shot up 63%...!
Graphs of each company follow ~



Without altering our view that Large Cap companies are dead money for the next 2 -3 years, we give special mention to Ford (F) and a small cap company called Carroll Shelby International (OTC:BB CSBI). CSBI and Ford have teamed up to produce the Ford Shelby Cobra---a high-performance automobile whose predecessor remains the only American auto to win the FIA World Manufacturers Championship Cup in 1965.

One of CSBI's business units, Carroll Shelby Licensing, has been in business since 1988, licensing its name for games & toys to companies like SONY (SNE) and Mattel (MAT). In mid-2003, CSBI and Ford teamed up to announce the manufacture of the actual automobile. It is expected that more than 600 of these cars will be sold this year (click here for link to Update on CSBI).

For the time being, CSBI's stock has been 'stalled' in the $4.00 - $4.50 price range. In the event that actual sales commence this fall, as expected, we envision a quick move to $5 / share---and even a new 52 week high as soon as this year (current 52 week high is $6.25 / share).

Our final showcase this week is a company called Ionatron...a company that recently merged with a corporate shell called U S Home & Garden (OTC:BB USGH). Ionatron has developed a weapon that shoots lightning. In a non-lethal mode ("set phasers for stun", as Captain James T. Kirk would say), its discharge disables vehicles without harming occupants. In a lethal setting, it gives a jolt greater than the electric chair.

Aside from the timeliness of this weapon in the post 9-11 world we live, we showcase this to serve as an example of future research reports we distribute to our Subscribers. In January of this year, USHG was trading at 48 ¢ / share. The stock closed last week at $7.99 per share. No investment banks, no NASD, no SEC. Merely a cheap stock that merged with a commercially timely notion.

Reverse mergers with shells have no friends in the conventional investment community. The brokers hate them because they earn too little in commissions. The SEC hates them because they are deprived of an opportunity to have something to do (like all government employees). The NASD hates them since its members are denied commission income, from which regulatory fees can be paid.

We attach the link here http://finance.yahoo.com/q/hp?s=USHG.OB to obtain the historic prices of USHG---the name of which will imminently be changed to Ionatron.

While it is too late for Individual Investors to get on the Ionatron band wagon, we showcase this situation since it is the basis for our launching a new section to these weekly reports...namely, public shells that are in the process of merging with promising new companies, and thereby greatly speed up the process of bringing a high growth, highly profitable commercial situation into the public company domain.

We shall publish these recommendations in the first edition of each month, commencing with the May 3rd edition. If you are already a Subscriber, you will receive this special edition in the normal delivery (either fax or email). In the event you wish to ONLY Subscribe to this Special Edition, click here to email us your request.

Questions or Requests --- email us at editor@winningstockpicks.net

WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

April 5th, 2004 edition

Prepared by WSP Research Staff

Companies Mentioned in this Weekly Update

Axeda (XEDA)	**BSquare (BSQR)**	**BodyScan (BDYS)**
Central European (CEDC)	**deltathree (DDDC)**	**Microsoft (MSFT)**
AIG	**Pfizer (PFE)**	**Verizon (VZ)**
Eastman Kodak (EK)	**International Paper (IP)**	**Verizon (VZ)**

PLUS --- NEW --- e-Letters to the WSP Editor --- email us with your comments, questions or investment research request at editor@winningstockpicks.net

Market "Rap" All stock market exchanges advanced on a broad front last week, sufficient to ratchet the major indexes into positive territory for the Year-to-Date (YTD) statistics. The S & P 500 and the NASDAQ Composite have each increased 2.7% YTD, and the Dow is up a meager 0.2% to 10471 (versus 10454 at 12/31/03).

More robust over this same period have been the stocks of smaller cap companies. The Wilshire Microcap Index is up an impressive 11%. The Wilshire Small Cap Index is up 8.4% . For background details on these importantly indicative (and under-followed) indexes, click here for the March 8th edition.

Approximately 8,100 stocks traded on the three major exchanges last week (NYSE, ASE and NASDAQ) and another 3,201 traded on the OTC Bulletin Board. Of the issues trade, however, only 56% were up and 1% were unchanged. For all the good news that propelled the stock markets last week, we would have expected broader advances.

To place perspective on why---consider this. After all the euphoria of a gangbusters jobs report (non-farm payrolls added 308,000 jobs, plus upward revisions in both January and February job-stats), this represents only 10% of the amount of the 3 million jobs lost since 2001. Sooner or later, some of those 3 million are going to find a job...!

A more serious omen, however, may be that the Bush Administration may be playing with the macro-economic numbers. Since this is an investment letter, and not a political pundit communication, WSP's editorial staff only identifies this as one of several reasons the stock market's advance was not as broad-based as might otherwise be the case.

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As further testimonial that small cap stocks are above the fray of debating the macro-economic data, recognize this --- while all of the stock indexes on larger cap companies dipped on Wednesday, the Wilshire Small Cap Index did not, increasing each and every trading day last week. WSP does not expect this to change any time soon.

WARNING --- ! ! ! The Paragraphs Following are Hazardous to your Stock Market Ignorance

Subscribers’ Supplement # 04 – 007 (click here for link) illustrates in detail the Twenty Most Widely-Held stocks in America. The market value as of Friday’s close was $2.9 Trillion, or 1.4% higher than the aggregate market value at year end 2003. In dollar terms, this equals a gain of $40 Billion --- hardly the gain of a runaway bull market.

Nevertheless, a number of smaller cap companies have produced stellar rates of investment returns---reconfirming yet again, for Individual Investors, that the serious investment gains are those that are individually identified. Indeed, we’ve presented more than our share in these pages.

Last week, for example, we show-cased two stocks selling for less than $1 / share...Axeda (XEDA) and BSquare (BSQR) (click here for link to last week’s edition). Axeda is the leading provider of software to better manage “intelligent devices” used in business while BSquare provides software for wireless and wire-line systems.

Axeda --- selling for 92 ¢ / share when we showcased the Company last week closed at $1.06 / share on Friday. BSquare--- selling for 96 ¢ / share when we presented it to Subscribers, closed Friday at $1.10 / share. These gains represent capital appreciation of 15%, **IN ONE WEEK**, or annualized gains of almost 700%.

Those Subscribers who put $10,000 into both stocks made $1,400 in each...in a week...! We think there is more coming---so do not take your profit yet. As a matter of fact, XEDA reached $1.19 / share during the week while BSQR hit $1.32 / share.

For historic prices, we encourage our Subscribers to check out www.wallstreetcity.com , arguably the very best site for historic prices AND trading volume. In terms of quality market research for small cap issues, that web site makes www.pinksheets.com look like Amateur Hour.

In this week’s edition, we highlight:

- **BodyScan (BDYS)**
- **Central European Distribution (CEDC)**
- **deltathree (DDDC)**

BodyScan Background Snapshot --- Recent Stock Price --- $1.50 / share. **BDYS** is a low cost provider of non-invasive, highly predictable, diagnostic services, primarily for heart and lung diseases. Independent testimonials confirm that BodyScan’s state-of-the-art medical diagnostic services are more reliable than available alternatives.

With medical equipment produced by GE and Siemens, this technology is now delivered to patients in over 120 facilities worldwide, including the Mayo Clinic, Cedars-Sinai Hospital and UCLA Medical Center...to name a few of the more readily recognizable facilities.

This technology is admittedly not new. The first medical equipment delivering this non-invasive diagnosis was installed over a decade ago. However, both the medical community and the health insurance industry are, in general, hesitant to readily deploy new techniques in patient care. Hence, market acceptance has been slow.

Updated Recommendation --- For experienced and aggressive Individual Investors, BUY 10,000 shares of BDYS this week. Spread this commitment over the next five days, then watch this stock take off. We maintain our $3 / share Target Price within 3- 6 months, which is not an unrealistic objective, and in fact, the stock was on its way there.

From February 19th to February 25th, BDYS went from $2.28 / share to $0.85 per share. According to stock market pundits, this precipitous drop reflected a technical correction. Our assessment is that in reality, it reflected market makers either selling the stock short OR the market makers were already short and attempting to lower the stock price in order to cover these short positions at a lower stock price.

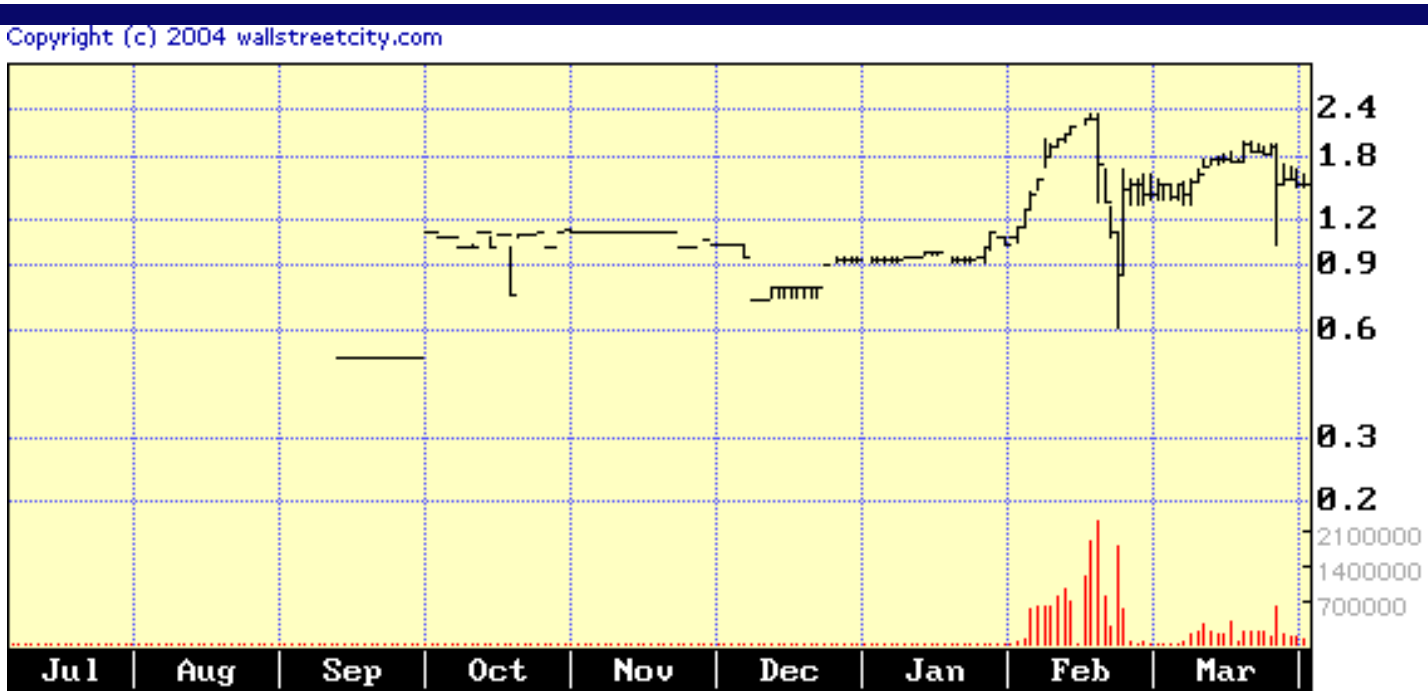
Here is the link to historic prices for BodyScan ~ ~ ~ www.wallstreetcity.com

For less aggressive investors, consider at least a 3,000 share position, or about $4,500. With a Target Price that implies a gain of about $1.50 / share, this translates into a profit of about $4,500 for a 100% investment return, and in a relatively brief period of time.
Chart on BDYS follows ~

BODYSCAN CORP (OTC:BDYS)

Latest Quotes

Open: 1.570	High: 1.600	Low: 1.450	Last: 1.500	Change: -0.01
P/E: N/A	Earnings: $0.00	5Yr Growth: 0.0%	Price/Sales: N/A	Market Cap: N/A
Bid: 1.450	Asked: 1.600	Volume: 128,700		



Click here to obtain a Direct Mail report on BodyScan as well as a chance to **win a free body scan (a $1,500 value)**

Central European Distribution (CEDC---recent price: $33 / share) is a new name to these pages. Its business is the distribution of alcoholic beverages in Eastern Europe, ostensibly Poland, however, its largest burgeoning end-market is the Middle East. Given that American distilling companies are unlikely to sell into that market, CEDC represents a compelling alternative for the strategic-thinking Individual Investor.

WSP is not alone in this investment POV (Point-of-View). The stock was bumping along at $25 / share for a year---then last September, research coverage began, and the stock price shot up to the mid-30's, clearly demonstrating the sheer power of research coverage on a public company.

In 1997, almost 80% of all public companies had ZERO research coverage. Today, that proportion has increased to almost 90%. This does not reflect an absence of Small Cap alternatives (CEDC's market value is $356 million) but rather a combination of brokerage firms' reluctance to recommend anything new and the regulatory hassle that follows whenever they do.

Chart

CENTRAL EUROPEAN DISTR CORP (Nasdaq-NM:CEDC)

Latest Quotes

Open: 32.540 High: 33.130 Low: 32.130 Last: 33.000 Change: +0.78

P/E: 21.15 Earnings: $1.56 5Yr Growth: 31.5% Price/Sales: 0.8 Market Cap: 354M

Bid: 0.010 Asked: 9000.000 Volume: 52,800

With Earnings Per Share forecast to grow by 25% per annum over the next 3 – 5 years, a multiple of 25 times next year's earning yields a Target Price for CEDC of $45 / share. This may prove too conservative as research coverage of this company increases.

Finally, we showcase deltathree (DDDC), a Company providing Voice-over-Internet Protocol, or VoIP. We have an industry report prepared on this segment of the New Economy (click here to request a copy). Among the five small cap public companies now in this commercial space, DDDC appears to be the most promising.

Subscribers' Supplement # 04 – 005 is attached (click here for the link) The Company recently reported its results for the year and quarter ended December 2003. While sales, year-over-year, were flattish ($13.2 million versus $12.9 million), the sizzle is the quarterly results…$3,885,000 in sales versus $3,320,000 in the preceding quarter, for an increase of 17%...!

In fact, this is the fifth quarter in a row where sequential sales (quarter-to-quarter sales) were higher than the preceding quarter. A valuation of 6.8 times sales (the "industry average") translates into a short-term (3-6 months) market valuation target of $105 million, or a Target Price of $3.65 / share based on the 29 million shares outstanding.

This equates to a target capital gain of 50% (in relation to its recent price of $2.42 / Share) in three months---or an annualized rate of investment return of 200%...! A $10,000 recommended commitment here will purchase about 4,000 shares, resulting in a prospective dollar gain of almost $5,000 for Individual Investors.

Reminder >>> Comments or Investment Research Questions --- email us at

editor@winningstockpicks.net and for Subscription inquiries --- email us at subscriptions@winningstockpicks.net

WSP places considerable weight on Market Values in the process of preparing its research. Buying a stock based on its stock price alone, without factoring in Market Value, is like buying a car based on the monthly payment rather than its total cost.
The table following demonstrates the market history of Microsoft, and its rise to Large Cap status.

Microsoft's Progression to Large Cap Status
Year End Stock Price Market Value
(in billions of $)

1986	$48.25	1.8
1987	$54.25	4.0
1988	$53.25	4.0
1989	$87.00	6.5
1990	$75.25	11.2
1991	$111.25	24.8
1992	$85.37	28.5
1993	$80.62	27.0
1994	$61.13	40.9
1995	$87.57	58.7
1996	$82.62	108.3
1997	$129.25	172.7
1998	$138.69	370.9
1999	$116.75	624.3
2000	$43.38	232.0
2001	$66.25	354.2
2002	$51.70	276.4
2003	$27.37	295.3

This table illustrates two investment worthy points:

(i) MSFT's last stock split (February 2003) put the company's stock below $40 / share for the first time since it went public (March 1986 at $21.50 per share); and
(ii) Its $624 Billion market value in December 1999 serves as an example of how excessive valuations were, just before the Bubble burst in March 2000.

To place a perspective on a market value of this magnitude, at $624 Billion, MSFT's market value was greater than the Gross Domestic Product of all but eight countries in the world.

Regular Subscribers are well-aware of our Dow Jones features, week after week. There will be three new companies entering that Index: AIG, Pfizer (PFE) and Verizon (VZ). The last two companies are already among the Twenty Most Widely-Held stocks---so this is no surprise to our regular Subscribers. Email the Editor for your copy on the Dow Jones Index Review today by clicking here.

Exiting the index are Eastman Kodak (EK), International Paper (IP) and ATT (T). Combining the new companies in the Dow Jones Index of 30 companies with the seven companies in the 20 Most Widely-Held that are not in the Dow Jones Index --- 37 companies in total--- are the contents of Subscribers' Supplement # 04 – 006 (click here for attachment).

Questions or Requests --- email us at editor@winningstockpicks.net

Winning Stock Picks
Weekly Update

www.winningstockpicks.net

March 8, 2004 edition

Prepared by WSP Research Staff

Stocks Mentioned in this Weekly Update
(in order of appearance in this week's update)

SBC
Deutsche Post (DPSTF.PK)
Martha Stewart Living (MSO)
P&G (PG)
Coca-Cola (KO)
Altria (MO)
Verizon (VZ)
Merck (MRK)
JP MorganChase (JPM)
BodyScan (BDYS.PK)
GE
Microsoft (MSFT)
Pfizer (PFE)
ExxonMobil (XOM)
Wal*Mart (WMT)
ABX Air (OTC BB:ABXA)
Disney (DIS)
Citigroup (C)
Intel (INTC)
IBM
JOhnson & Johnson (JNJ)
Cisco (CSCO)

Market "Rap" The major market averages exhibited little change last week. The Dow and NASDAQ each moved less than a percentage point, and the S&P 500 Index moved up precisely 1.0%, however, the most rewarding stocks so far this year have been in the small and micro cap public companies.

Last week, we introduced our Subscribers to two indexes that are not very well followed---the Wilshire 1750 Small Cap Index and the Wilshire Microcap Index.

The Microcap Index is especially revealing as to which sector of the stock market is rising. That Index is comprised of the smallest public companies within the Wilshire Total Market Index. In fact, the average market value of companies in the Microcap Index is less than $170 million.

	Closing Prices at		
	12/31/03	**3/5/04**	**Percent Change**
Dow Jones Average	10454	10596	1.4%
S&P 500 Index	1112	1157	4.0%
NASDAQ	2003	2048	2.2%
Wilshire Total Mkt	10800	11314	4.8%
Wilshire Microcap	481	535	11.2%
Wilshire Small Cap	274	288	7.7%

This table appears once again in Subscribers' Supplement # 21-2004 attached (bottom of that attachment), which lists the Twenty Most Widely-Held stocks. The market value of this Large Cap group has barely moved all year. The average market value of these 20 stocks, by way of comparison, is $147 Billion---**or about 1,000 times larger** than the companies contained in the Wilshire Microcap Index.

There are very few Large Cap stocks that are overlooked and under-followed. In the recent editions of **Winning Stock Picks.net**, the research staff has provided its Subscribers with profitable "trading" opportunities in the larger caps (selling SBC and buying JPMorganChase, for example). Our principal objective is to identify small cap and micro cap stocks for Subscribers, stocks with the potential to provide Subscribers above average investment returns.

Indeed, we presented two in the past few weeks. **ABX Air (OTC BB:AXBA)** {click here for link to that edition---February 16th}. To recap that small cap company, which is traded on the Over-the-Counter Bulletin Board, ABX Air was created out of the acquisition of Airborne Express by DHL, an international express carrier.

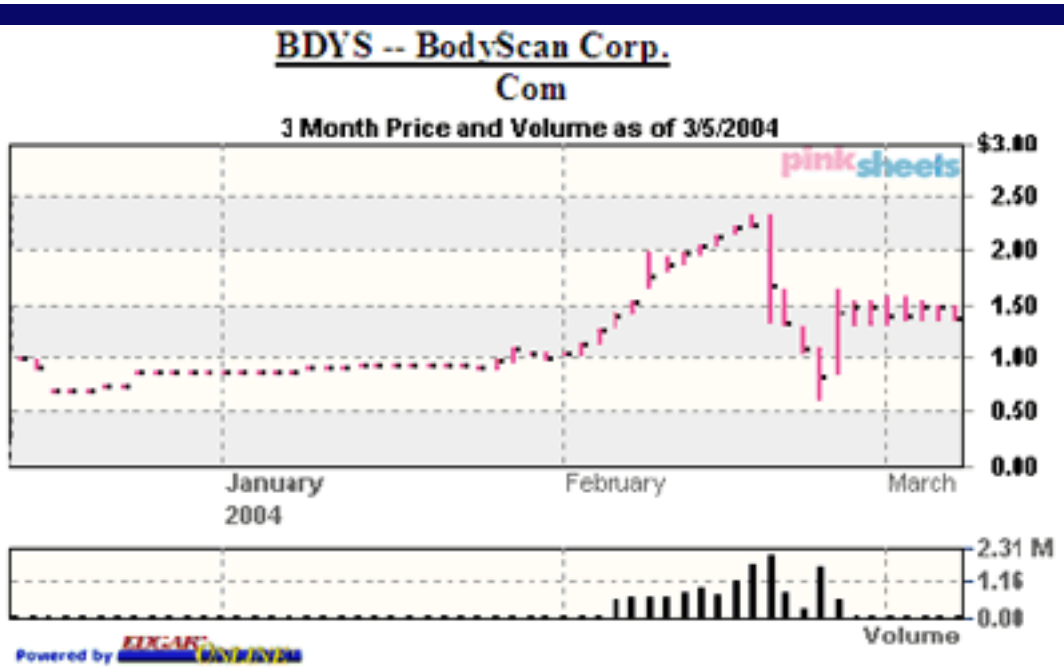
To put DHL's international air express operations into perspective, if you add up all overseas packages sent by UPS and FedEx, then double it---the resulting number is smaller than the number of packages DHL delivers overseas every day.

DHL, in turn, is owned by the German Post Office...**Deutsche Post**...which is traded in the Pink Sheets under the symbol DPSTF.PK Given that a foreign entity cannot own more than 25% of domestic-based aircraft, and since 100% of Airborne's aircraft would be domestic-based, ABX Air was created to own and operate what was once Airborne Express' former fleet of aircraft.

ABXA shot up to over $7.25 since our recommendation to Subscribers, though settled back last week to close at $6.90 (see graph below). Nevertheless, that's a 29% return in three weeks...!...and definitely within our objective of assisting Subscribers achieve above-average investment returns. The graph below includes comparisons with the Dow and NASDAQ, to emphasize the degree of above-average rate of investment gain.

Another Company we showcased for our Subscribers last December was **BodyScan** (BDYS:PK) shortly after it became a public company in December 2003. The stock was trading for $ 1 / share. It subsequently ran up for $2.36 / share (its all-time high), and more recently settled back to close at $1.38 / share last Friday.

Though down from its earlier high, this still represents an above-average rate of return to our Subscribers, and in a relatively brief period of time...38% in less than three months. (see---graph below)



Finally, we review the "paired-trade" we recommended to Subscribers within the Large Cap Sector on a $25,000 position, namely selling 300 shares of SBC and buying 500 shares of JPMorganChase. Here are those results ~

Feb 6			
	Sell Short shs SBC x $26.02 =	**$13,010**	BUY 300 JPMorgan x $39.73 = **$11,919**
Mar 5			
	Market Value $25.02 =	**$12,510**	43.01 = **$12,903**
	Gain	**500**	**Gain 984**

In this case, both components of the paired-investment produced a profit of $1,484, or 5.9%. This equates to an **annualized return of 71%**. Let's review those Market Index numbers again, for year-to-date investment performance~

Dow Jones Average	1.4%
S & P 500 Index	4.0%
NASDAQ	2.2%
Wilshire Total Mkt	4.8%
Wilshire Microcap	11.2%
Wilshire Small Cap	7.7%

The investment gains to our Subscribers from three recent recommendations from WSP ~

		Gain since Date of Recommendation	Annualized Gain
Dec 29th	BodyScan	38.0%	152.0%
Feb 6th	Paired Trade	5.9%	70.8%
Feb 16th	ABX Air	28.09%	502.0%

The broader market averages are likely to remain range-bound and lackluster for most of this year, for three

reasons:

1. The Large Cap companies are still valued at market multiples that are higher than historically sustainable;
2. Earnings Growth Expectations for large cap companies have recently begun to come down, and
3. Increasing concerns by large institutional investors regarding corporate governance.

Subscribers' Supplement # 20-2004 attached lists the Dow Components, showing a multiple of 20 times earnings---or one-third above the 15 times historical value. Also in that attachment, note that the percent growth in consensus earnings has shrunk to 9% from 10% expected growth only a month ago, which in turn is down from 12% expected growth at the beginning of 2004.

The third point is perhaps the most telling about the scarcity of investment worthy Large Cap companies---institutional investors, such as pension funds, are becoming more activist about their investment positions to the point of influencing management.

The giant pension fund, TIAA-CREF, for example, is "in discussions" with over 50 public companies concerning corporate governance issues. The mainstream financial press would have the Individual Investor believe that this reflects a sudden concern for the pensioners whose financial interests these pension funds are supposed to represent---and there is some truth to that. However, WSP thinks this activism also reflects a shortage of suitable Large Cap alternative investments.

Recent events at the Annual General Meeting of **Disney** (DIS) certainly reflect shareholder activism. With a market value of $ 55 Billion, there is a lot of money at stake for whoever controls that company. The dissident shareholders claim that Disney's market value has lagged, and therefore, reflects poorly on Michael Eisner, Disney's Chairman and CEO.

Mr. Eisner was forced to relinquish his Chairman's title and how this Board-room drama plays-out remains to be seen. WSP does point out this commercial fact: In 1999, DIS ranked number 19 in terms of Market Value among the 30 companies comprising the Dow Jones Industrial Average. As of Friday, March 5, 2004, DIS still ranked # 19. Hence, we do not believe the commercial facts support the dissident shareholders' claims against Mr. Eisner. Granted, there has been no improvement in Disney's position in that ranking, nevertheless, with 19 of the 30 companies that constitute that index selling at lower valuations today than in 1999, Mr. Eisner could just have easily asked for a pat-on-the-back (rather than being given a kick-in-the-butt). **After all, the difference is only a few feet**.

WSP suspects the issue is really about Mr. Eisner's compensation---a $7 million salary and in-the-money options to buy 21 million shares of Disney stock ($546 million based on Friday's closing price). **Disney has a total market value of $54 Billion, so Mr. Eisner's cumulative compensation package represents about 1% of the entire company...!** This is a pretty serious money issue.

We encourage Subscribers to view the dispute between Mr. Eisner and the dissident shareholders as fundamentally an issue of Eisner's Compensation. This will make the headlines on this topic much more understandable.

Click here for Special Attachment on the Dow (2004 versus 1999)--Subscribers only.

DISNEY PREDICTION >>> Despite our compassion for Mr. Eisner's personal circumstance, the bold-faced financial reality is that Disney is "In-Play". It is unlikely to be an independent company by the end of this year.

Disney has four business segments---every one of which has household recognition.

- Media Networks
- Parks & Resorts
- Studio Entertainment
- Consumer Products

If we assume each of these segments has a market value of $25 Billion, we derive a valuation of $100 Billion---or $49 / share. Admittedly, this would be a rich price--- however, it would also translate into $ 1Billion for Mr. Eisner (those 21 million shares x $49 / share = $1.0 Billion)...to bring Mr. Eisner's motives into this.

That's our scenario for Disney---however, we could be wrong.

At the end of this week's update, we provide Subscribers with our forecast of the only two likely contenders to acquire Disney.

Another name making the news last week was Martha Stewart, formerly Chairman and CEO of **Martha Stewart Living Omnimedia** (MSO), positions she resigned months ago pending the outcome of her trial. The stock tanked last Friday---closing at $10.86, off 25% from the $14.53 it closed a week ago Friday.

There is an awful temptation for Individual Investors to scoop this up as a bargain. One caution to Subscribers: Martha Stewart herself own at least 25 million of the 49.6 million shares outstanding. Even at last Friday's closing price, therefore, she's worth $250 million.

In our opinion, MSO will not find a bottom-price until there is some transparency as to what is to happen to Martha's stock holdings, and preferably (from the market's perspective) extracted some material financial penalty. Financial markets are medieval in this regard.

Our guess is a $ 5 / share floor---were an Investor to set a target BUY price. At that level, it sets a new all-time low (the last was October 2002, $5.26 / share). This would value the whole company at $248 million. **In the meantime, if you own MSO, dump it.**

DISNEY FORECAST --- Applying Fundamental Securities Analysis, Valuation Techniques and :Logic ~

1. In order to support a $100 Billion purchase price for DISNEY ($49 / share), the acquiring company would need to have a market value of its own of $100 Billion.
2. There are ONLY 15 companies in the USA with a $100 Billion Market Value ~

GE (**mkt value**: $329)	Citigroup (258)	P & G (131)
Microsoft (284)	Intel (189)	Coca-Cola (128)
Pfizer (284)	IBM (166)	Altria (118)
ExxonMobil (281)	Johnson&Johnson (158)	Verizon (108)
Wal*Mart (261)	Cisco (157)	Merck (107)

3. **Eliminating the Drug Companies, Oil, Coke and Tobacco, the two most likely candidates to acquire 100% of Disney are: Microsoft and Verizon.**

Email us at editor@winningstockpicks.net or
feedback@winningstockpicks.net

Winning Stock Picks

Weekly Update

www.winningstockpicks.net

March 1st, 2004 edition

Prepared by WSP Research Staff

Stocks Mentioned in this Weekly Update (in order of appearance in this week's update)

Manchester United (MCHUF.PK)
Distinctive Devices (OTC:BB DDVS)
Microsoft (MSFT)
Home Depot (HD)
Cisco (CSCO)
7-Eleven (SE)
ABX Air (OTC:BB ABXA)
Playboy Enterprises (PLA)
SBC
JPMorganChase (JPM)
Johnson & Johnson (JNJ)
Martha Stewart Living Omnimedia (MSO)

Market "Rap">>> Another range-bound week for the major market averages. The S&P 500 was essentially unchanged at 1145, the Dow declined 35 points closing at 10584 and NASDAQ fell 8 points to close at 2030. However, it is important to note that the NASDAQ Index appeared poised to close below the 2000 level on Monday and Tuesday, a benchmark level that technicians claim is a significant support line.

None of the major market averages did much of anything in February---which is now relegated to the history books as we start the last month of the first quarter. But maybe you are looking at the wrong averages. We've maintained all year that the Dow, the S&P and the NASDAQ are stuck here are at least another year---and that the smaller cap companies will produce the above-average investment returns.

The WSP research staff has therefore added two additional indexes to the Subscribers' Supplement # 19 – 2004: the Wilshire Microcap and the Wilshire Small Cap 1750. Indeed, as seen in that Supplement, the Dow, S&P and NASDAQ are up 1% - 3% Year-to-Date, while Wilshire's Total Market Index (All US-Headquartered public companies) was up the most, 3.5%. WSP investigated further.

If the Wilshire Total Market Index was up the most---and because it IS a Total Market Index, something has been appreciating in value. Alas, we found two sub-sectors (called Investment Styles) within that Index that explained it. The Wilshire Small Cap 1750 and the Wilshire Micro Cap. The Small Cap Index consists of public companies whose market cap is #751 through 2500---or 1750 companies.

The intent with the Wilshire Small Cap 1750 Index was to exclude, for example, the 500 companies contained in the S&P 500. The Wilshire Micro Cap Index is comprised of even smaller companies---the bottom half of all public companies. The Average Market Cap of the Wilshire Micro Cap universe is only $170 million. This compares with an Average Market Cap (per company) of $88 Billion for the S&P 500 Index, and $108 Billion for the Dow Components.

The message we are conveying to our Subscribers continues to be that the money committed to major-bracket, large cap companies is dead money. Four weeks ago, we said right here, Microsoft was dead money at $27.08. A month later, here it is at $26.53. The real investment returns are to be gained in the smaller caps...public companies

that because they are small, are under-followed, overlooked and quite possibly under-valued. The superior investment performance of these smaller company indexes confirms precisely that this is where the money is being made. Here are the highlights, lifted from the Supplement # 19:

	12/31/03	2/27/04	Percent Change
Dow Jones Avg	10454	10584	1.3%
S & P 500 Index	1112	1145	2.9%
NASDAQ Composite	2003	2030	1.3%
Wilshire Total Mkt	10800	11173	3.5%
Wilshire Micro Cap	481	525	**9.1%**
Wilshire Small Cap	274	288	**5.1%**

The Wilshire Total Market Index was formerly known as the Wilshire 5000, since in the 1970's, when Wilshire used state-of-the-then-art-technology to make this information available, there were 5000 companies in this index. The point is, as an Individual Investor, if you are not looking at small cap and micro cap companies to achieve above average investment performance, then you are looking in all the wrong places.

One place you won't go wrong is Wilshire's web site--- www.wilshire.com Follow the links on that site to identify those Wilshire Indexes relevant to your own Individual Investor Focus.

The WSP research staff has the premier intention to identify some of these smaller companies for you---in fact, in our February 16th edition, we showcased two---**Manchurian United** (MCHUF.PK) and **ABX Air** (OTC:BB ABXA). ABX Air---the USA-contractual carrier for its ultimate parent, Deutsche Post---was selling for $5.38. It closed the month at $7.35.

WSP said BUY 2,000 shares (a $10,700 commitment). Today, two weeks later, these shares are worth $14,700---a $4,000 gain. Manchurian United was selling at £2.70 when showcased. While it shot up to £2.80, it remains about flat. However, in that edition, WSP did site a take-over storyline.

It turns out that Malcolm Glazer (age: 74), and owner of the Tampa Bay Buccaneers, bought another 1,000,000 shares of Manchester United last week, at £2.65 each. Mr. Glazer now owns over 16% of Manchester United. That's in the region of $5,000,000 in the USA money.

We restate our target---a £ 1 Billion takeover, or £ 4 per share. Moreover, British regulators have placed Manchester Untied in "Offer Period" which means all transactions of investors owning 1% or more of Manchester's stock must disclose these transactions publicly. This is a British Regulatory procedure that is only used when "take-over" is in the air.

The Judge in Martha Stewart's trial threw out the most serious of the Federal Government's charges against her, Securities Fraud. While four other charges still remain, the stock market was generally magnanimous to Ms. Stewart, pushing the stock of her company, **Martha Stewart Living Omnimedia** (MSO), up 11% to $14.53. This accords the company a market value of $721 million. This is still below its $20 per share price two years ago, but momentum appears to have returned to the stock. Moreover, in terms of fundamental financials---MSO could not look better. Highlights ---

- Zero Long Term Debt
- Current Assets minus all Current Liabilities still leaves $163 million to spare
- Moreover, this level of free cash is more than $40 million MORE than when her troubles with the Government

began.

Consensus forecasts call for losses for the next few years. WSP is not so sure. MSO's trailing 12 month revenues are $252 million---losses have narrowed, and cash has increased. All this, while Martha has been distracted. In other words, MSO didn't fall apart. In the event Ms Stewart returns to the Company in the near future, her full-time attention might produce results that surpass consensus expectations. BUY up to $20/share.

Ms. Stewart owns 30.2 million[1] of the 49.6 million shares of MSO that are issued to investors and outstanding. In the euphoria and after-math of having met the Federal Regulators---and won---remember this, for every $ 1 in stock price that MSO appreciates in value, Ms. Stewart's net worth increases by $30 million...! Will she beat the other four charges...?...with the jury non-sequestered, reasonable doubt is a certainty to prevail.

Our only question is whether Ms. Stewart's attorney, Robert G. Morvillo, had the vision to take part of his fee based on what an acquittal would do for the appreciation in MSO's stock price. Might be a new business model for attorneys in the Creeping Green Visor environment we find ourselves.

It is unlikely MSO will see its all-time high stock price any time soon. That stock price was $49.50 per share on October 19, 1999---MSO's first day as a public company. Incidentally, that stock price translates into a market value of $2.5 Billion...! Our target price of $ 20 per share is in between this...and a six month target at that.

TAKE YOUR PROFIT and CLOSE YOUR POSITION IN **ABX Air** (yielding you about $15,000), and BUY 1,000 shares of **MSO** for a similar amount). Do this NOW...!

If you think there is Drama in Martha's story---read on---

One name to emerge from prior regulatory trouble is Jack Grubman---the infamous telecommunications analyst at Citigroup who resigned under pressure in August 2002. WSP casts no dispersions here---so we disclose that without admitting or denying guilt, Jack Grubman can never work in the securities industry again. YET---a small, OTC:BB company, **Distinctive Devices** (DDVS) has hired Mr. Grubman as a Strategic Consultant.

DDVS is a small developer of hardware and software for digital TV and tele-communications industries in Europe, India and Russia. The Company itself has a Trailing 12 month revenue base of more than $ 1 million...up from $800,000 in revenue the year before. This is NOT a development-stage commercial experiment. Global companies in non-Mainstream markets, are paying real money for DDVS' proprietary technology...or so we are led to believe...!

It was this sentence in one of the company's regulatory filings that caught our eye...

" Sanjay Mody, a shareholder and director since early 2000, became President of the Company in May 2001. Shortly thereafter, in July, DDI abandoned its earlier plan to provide wireless Internet connectivity services in the New York City area and commenced new activities in software development, distribution of wireline telephone equipment and gemstone trading over the following months."

Gemstone Trading, as in diamonds and emeralds. It seems that most of Distinctive Devices revenues have, in fact, been provided by trading gems, with customers in India, Russia and Europe---NOT tele-com revenues from 'non-Mainstream players'. WSP now knows this; and YOU now know this as well. Our question is whether Mr. Grubman, tele-communications analyst extraordinaire, knows this.

Here's the "long-con" line on DDVS. It will be positioned as a $100 million company... with only 8 million shares "perceived to be outstanding"...that makes it a $12.50 stock. Not bad for a company selling at only $2.45 today. BUT---enter the Grubman connection. He will certainly be in a position to introduce DDVS to meaningful strategic partners in overseas markets.

We'd just feel more optimistic if we knew gem-trading wasn't so important to its corporate cash flow. **Subscribers**---beware---you will be getting a full-court email-press to buy DDVS and SELL it at over $ 10 / share. You might even get a "guarantee" on this promise. This is a con...a financial virus. Don't buy into it. DDVS is worth 5 cents a share...at best.

We now introduce you to a company you probably know already---and very, very well. **7-Eleven** (SE). No one in America is more than 15 minutes away from a 7-Eleven store, or at least its generic equivalent. Secretly, you refer to that store's manager as Apu, as in The Simpson's.

When 7-Eleven opened its first store in the 1960's, its hours really were 7 in the morning to 11 at night...back when hardware was a hammer and screw-driver, software meant a cashmere sweater and downsizing referred to losing weight. The company went private in 1987, and in the process, assumed so much debt that it's hampered the company for 15 years.

When it re-emerged as a public company in late 1996, the following graph depicts its under-performance relative to the major averages.

7-Eleven SE currently has a $1.8 Billion Market Value. The Company's annual sales are over $11 Billion. Even if a comparable valuation of 25% of revenues were applied to SE...this would translate into a Market Value of $2.8 Billion, or $24.50 per share. This represents a 50% gain in relation to the current $16.30 stock price.

Wrapping up...Our paired portfolio rankings continue top move in the intended direction---see prior editions...

SBC is declining in the rankings, while **Home Depot** (HD) and **JPMorganChase** (JPM) gain in value. The **Cisco** (CSCO-SELL) and **Johnson & Johnson** (JNJ-BUY) pair is working out (last week's edition), and even **Playboy** (PLA) has moved up ($15.23 in the February 13th edition, and now, $15.31...!).

Email us at editor@winningstockpicks.net

[1]30,228,075 shares...to be precise

Winning Stock Picks

Weekly Update

www.winningstockpicks.net

February 23, 2004 edition

Prepared by WSP Research Staff

Stocks Mentioned in this Weekly Update (in order of appearance in this week's update)

Microsoft	**Pfizer**	**Home Depot**
JPMChase	**Wal*Mart**	**Citgroup**
SBC	**Morgan Stanley**	**Merrill Lynch**
Goldman Sachs	**KB Home (KBH)**	**Lennar (LEN)**
Ryland (RYL)	**Vail Resorts (MTN)**	**JOhnson OUtdoors (JOUT)**

Market "Rap">>> A generally uneventful week for the market averages, reinforcing our investment view that the Dow Jones Average is probably as high as it is going to get---at least until after the Presidential Election. This is a Large Cap company index, which is already selling at a price-multiple of **21 times** this year's earnings.

This is a high valuation in relation to historical comparison. The LONG TERM price-to-earnings multiple is 15.5 times. This is largely based on a Wharton School of Business project that analyzed stock market data over the 75-year period from 1928 through 2003 (some of the data analyzed was actually hand-written...!).

Were the Dow Jones Average currently valued at this historical multiple, it would approximate 7800 , or 27% (2800 points) below the present level. Remember, in matters of money (and love), long term averages have a way of catching up. WSP does not point this out to alarm---but as reinforcement to pick individual stocks; don't run with the herd.

This brings us to the Most Widely Held Stocks Department. In particular this week, we review the "paired-investment-strategy" we introduced to Subscribers several weeks ago. This isn't a very complicated investment strategy---provided you are a regular Subscriber to this service.

The universe of this strategy focuses on the companies comprising the Dow Jones Industrial Average (30 companies) and the Twenty-Most-Widely-Held (TMWH) stocks. Since eleven of the Dow Companies are also included in the Twenty Most Widely Held, this investment strategy consists of only 39 companies.

Subscriber Supplement # 17-2004 is attached, and lists the 20 most-widely-held companies by descending market value. Subscriber Supplement # 16-2004 provides the same information for the 30 Dow component companies. The genesis of this investment strategy is to profit from the ascension or decline in the rankings of specific companies.

Based on years of trial-and-error experience in the application of this investment strategy, the ideal amount, per position, is $25,000. On average, this strategy has produced investment returns of between **6 % and 12 % per month**.

In this issue, we refer to two recent "paired investment strategies" WSP publicly announced in our Weekly Updates---to illustrate how this works, and does so to the advantage of Individual Investors.

Two weeks ago, the WSP research staff saw SBC continuing to slip in its rankings in the Dow, yielding to Home Depot and JPMorganChase. In a paired-strategy, the objective is to SELL one stock short (expecting it to decline in value) and BUY a roughly equivalent amount of another stock expected to appreciate in value.

Applying this to SBC, we sold 500 shares short at $26.02 on February 6th. In one account, we paired this with a 300 share LONG position in JPMorganChase and in another account, we paired this short position with a 300 share LONG position in Home Depot. Both positions are within the $25,000 limit.

Here are the results of that investment strategy --- AFTER TWO WEEKS ---

Feb 6					
	Sell Short 500 shs SBC x $26.02 =	**$13,010**	BUY 300 Home Depot x $36.33 =	**$10,899**
Feb 20	Market Value	**$11,940**		**$10,710**
	Gain	**1,070**	Loss	**189**

Netting the two yields an overall gain of $881, or **3.5% over 2 weeks**. Annualizing this over a full year translates into a **91% ANNUAL RETURN**.

Those accounts that had the SBC-JPM paired strategy did a bit better. Here are those results ~

Feb 6				
	Sell Short 500 shs SBC x $26.02 =	**$13,010**	BUY 300 JPMorgan x $39.73 =	**$11,919**
Feb 20	Market Value	**$11,940**		**$12,117**
	Gain	**1,070**	Loss	**258**

In this case, both components of the paired-investment produced a profit of $1,328, or 5.3%. This equates to an **annualized return of 138%**.

Note that both examples above reinforce achieving a Target Investment Return for Subscribers and Clients of 6% to 12% per month.

Which brings us to that age-old question---what have you done lately. In this regard, refer to the Supplement # 17 on the Most Widely Held. Here's the PAIRING

SELL Cisco (CSCO) BUY Johnson & Johnson (JNJ)

For the record, this means a position as follows, and at the recorded prices...

500 shares SOLD short of Cisco x $23.19 (2/20/04) = $11,595

250 shares of J & J BOUGHT x $53.30 = $13,325

Together, this is just under the $25,000 limit.

... stay tuned for further developments on this paired investment position.

WHY this strategy works. It is essentially based on Super Oil Tanker physics..a Super Tanker requires miles of leeway in order to turn---its sheer mass prevents more nimble response to external conditions. **THIS IS PRECISELY WHAT MAKES THIS STRATEGY WORK**.

The 39 companies that comprise this investment strategy's universe are very large companies. Some are simply enormous. They all are also very relevant to the American economic landscape---so they are unlikely to disappear. And as long as they are "in-play", an opportunity for the Individual Investor to make money will always exist.

Once a company has begun its decline in these rankings---applying the Super Tanker analogy---that direction is unlikely to change for months. So our Subscribers and Clients profit on that company's change in market value whether it is appreciating or decreasing.

Target Returns --- 6 % to 12 % per month.

Coming Up --- check out Wal*Mart's (WMT) ascent in the rankings. It now ranks fifth, displacing Citgroup (C). Check this space out next week...!

* * * * * * * *

Outsourcing and the exporting of American jobs have you worried...? It's unlikely there will be any developments in the USA to relieve this anxiety any time soon...in fact, the language has now morphed to describe those who are benefiting from this global phenomenon---Zippies.

The Indian weekly magazine, Outlook, refers to Zippies as the first Indian generation to come of age (21 +) since socialism ended and democracy / global trade began. Its derivation follows Generation X and Gen-Y --- Americans born to Baby Boomers in the 1970's (Gen-X) and 1980's (Gen-Y).

As a group, Zippies are well educated and probably doing a job that was once done in the USA or Europe. A remarkable 54% of India's population is under the age of 25 (or approximately 500 million people), making Zippies perhaps the most formidable group of consumers the modern world has seen.

As an economic unit, this is equivalent to two USA's, six Germany's or twenty Canada's---our largest trading partner. Here's the point, while this group is now taking jobs that lend themselves to export, it also represents the single largest block of purchasing power for American and European companies.

With such a pot-of-gold in sight for American and European companies, it is unlikely that any government initiatives to quell this job-exodus will be successful. In other words, Zippies are here to stay for awhile---and while shaping the employment practices at many companies, it is only a matter of time that this group will also influence sales and marketing practices as well.

We draw to your attention some relevant American History---to reinforce in your minds that this is not a passing fad but an entire generational / global matter, the end effect of which will have a permanent impact on worldwide trade and finance.

In 1914, Henry Ford shocked the world by increasing the minimum wage for Ford auto workers to $ 5 / day for an 8-hour day, more than double the prevailing $2.34 daily wage (for 9 hours' work). What this eventually did was to elevate income levels for all workers, which, of course, enabled more people to purchase cars.

The same fundamental economic evolution is currently underway in India. Consider this, from Thomas Friedman of the New York Times (2/22/04) ---

"I just arrived in Bangalore, India's Silicon Valley, to meet the zippies on the receiving end of US and European jobs. Judging from the construction going on every block, multiple applicants for every job and families of four traveling on a motor scooter, Bangalore is one hot town. Zippies will become consumers, the global economic pie will grow, and ultimately, we will all be better off."

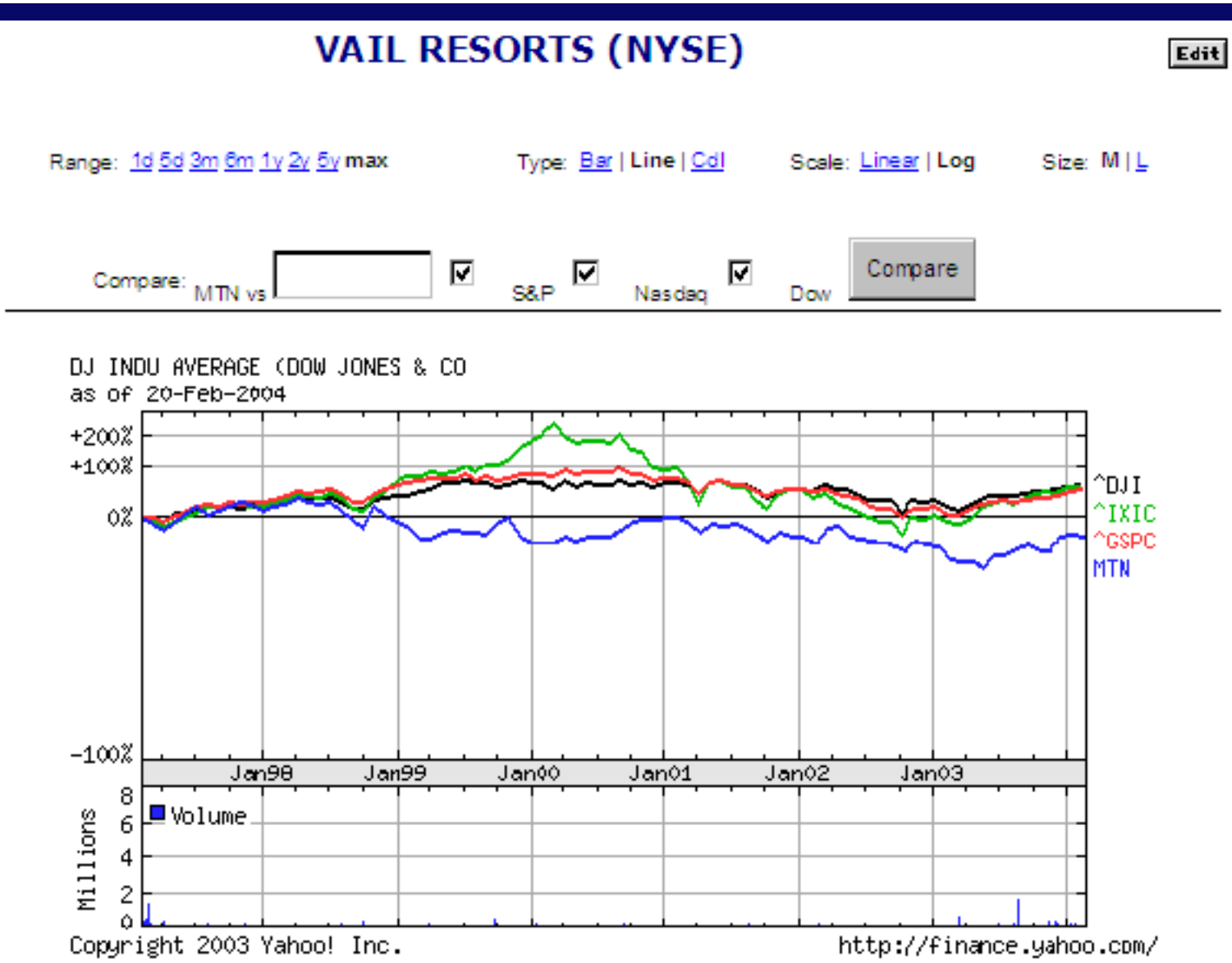
An increasing proportion of WSP content will be devoted to non-USA investment opportunities for the Individual Investor. Email us for the particulars...!

* * * * * * * *

The Brokerage Industry has benefited handsomely from the 11 month Bull Market...and one of the beneficiaries of that profitability is the skiing industry. One of those industry participants is **Vail Resorts (MTN)** recently selling for $18 per share. The Company's five year chart looks dreadful---and in relation to the market averages, it looks even worse.

Over the past three years, a combination of scandals, testimonies and regulatory investigation have had a particularly negative impact on resorts such as Vail. What individual in the securities industry is going to inform the SEC or NASD or FBI that he / she can be reached at the ski lodge in Vail...? ! ?

Well, those regulatory interrogatories are now pretty much over, the fines and refunds calculated, the necessary people fired and it's back to business as usual. WSP also thinks it's back to profitability---big time---for Vail Resorts.



The Company's all-time high was $31.88 in March 1998, giving it a market value of just over $1 billion. It could not sustain that valuation, however, and has been in a five-year funk ever since. As traffic returns this season, we consider prevailing earnings estimates will prove overly cautious---and see a 50% bounce in the stock to **$25 / share**.

* * * * * * * *

One of WSP's most reliable sources provided us, confidentially, with the semi- annual update of public companies possibly for sale. In the investment banking business, this is known as Mergers & Acquisitions (or, M & A). Remember, the fees a bank can earn on one M&A deal equals the annual sales produced by 1,000 commissioned brokers.

Hence, identifying public companies potentially for sale is a worthwhile expenditure of capital and personnel---even if only doing one a year.

What caught our attention on this year's confidential list were three home builders---KB Homes (KBH), Lennar (LEN) and Ryland (RYL). As a group, the homebuilding sector has far-outperformed the market averages (see chart below) by 75% to 80%.

This list is not assembled in a dark room---but has massaging, especially from those companies that now seek to be acquired. Here's the point---if the management of a company wants to sell his stock, he is selling as an insider. This isn't always possible. If management sells the whole company, the issue of Insider Selling never comes up.

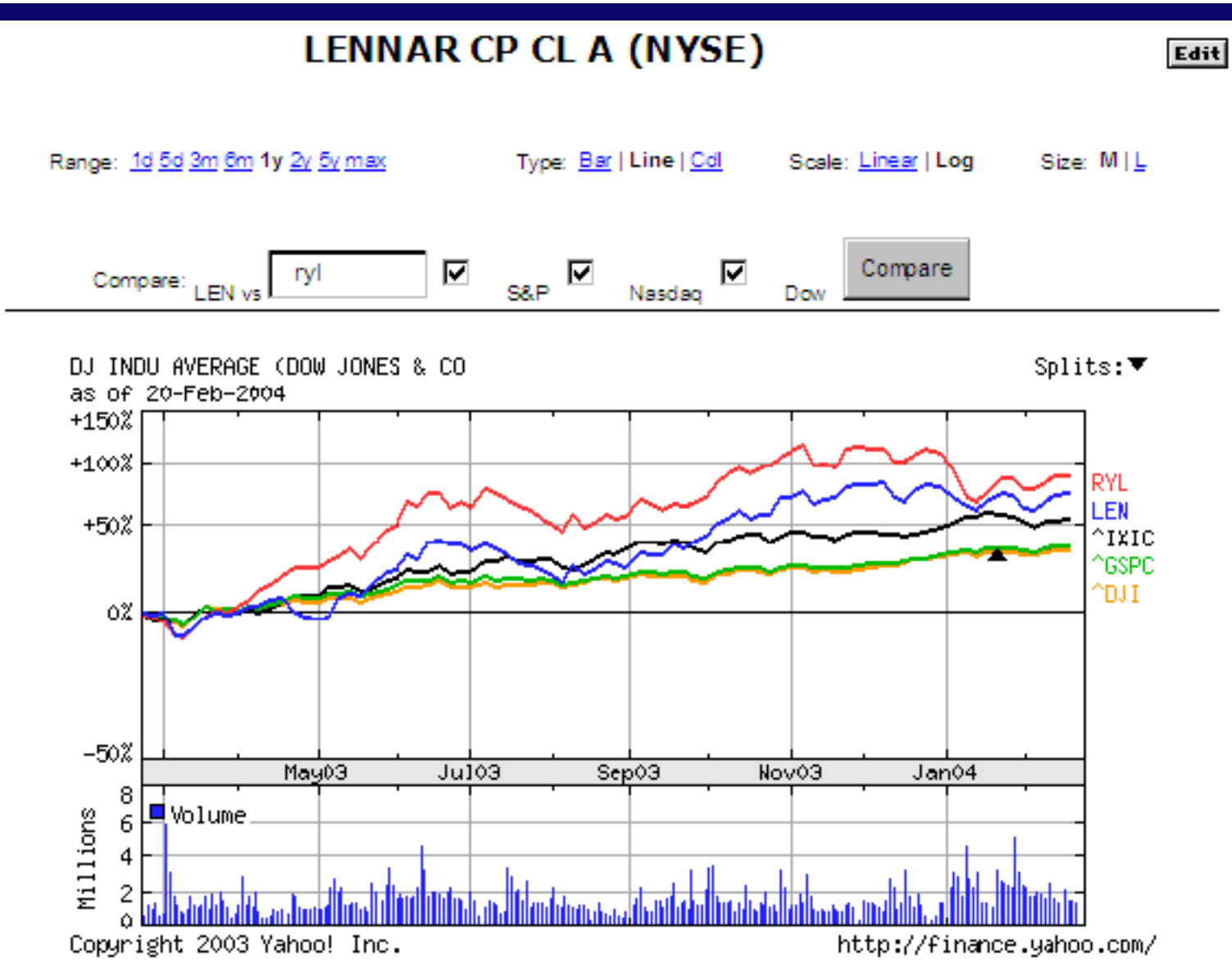
WSP thinks acquisition of any of these three companies is unlikely. More to the point for Individual Investors, WSP sees this as a "tell" by insiders that their run in the stock market is now history.

Sticking our necks out---WSP says sell the homebuilders NOW---for the records, these SELL recommendations are recorded at $68 for KB Homes, $46 for Lennar and $78 for Ryland. We'll check back on this in two weeks.

* * * * * * * *

	Morgan Stanley (MWD)	**Merrill Lynch** (MER)	**Goldman Sachs** (GS)	**KB Home** (KBH)	**Lennar** (LEN)	**Ryland** (RYL)
Market Value (blns)	$66.5	$57.0	$50.4	$2.6	$7.2	$1.9
Feb 20th Price	61.19	61.68	106.52	67.71	46.25	78.24
Shares Outstg (mm)	1,087	924	474	39	158	24

Note---the approximately $60 billion in market value assigned to the three investment banks is similar to the market values assigned to companies like American Express and 3M. Given pricing-valuations like this, we encourage the Individual Investor to recognize that MWD, MER and GS are all overvalued stocks.



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This being a Presidential Election year, WSP wanted to ensure our Subscribers had some facts of prior election results. In Subscribers' Supplement # 15-2004, we've reproduced the results of Presidential Elections since JFK's in 1960 (SOURCE---The New York Times World Book of Facts, 2004).

Yes, Bush did not win the popular vote, and yes, theoretically, Nader cost Gore the election. However, we are more inclined to think that Gore cost himself the election. In the table, we draw attention to the statistic that there is remarkable consistency in the percentage of Americans who vote---between 36% and 41% for more than 40 years.

Secondly, the sheer numbers of voters hit a record in the last election---over 105 million people.

Finally, with Nader having announced his candidacy, Bush supporters are cheering the prospect of another term in the White House. WSP isn't that sure. Stay tuned for further commentary about this year's Presidential Election.

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Email us at editor@winningstockpicks.net

WSP
Winning Stock Picks

MARKET
perspectives

Andrew Kline

Mr. Kline holds degrees in both Finance and Economics, and he is a member of the Mensa Society (San Francisco chapter). His interest in the stock market and commodities trading began in 1980, after Russia invaded Afghanistan. He found himself fascinated by the incredible fluctuations in gold prices over a very short period of time. Gold shot up to $850 per ounce in 1980, and then fell to half that by the next year.

His formal training began in the early 1980's when he studied trading through professionals from Lachman & Co., a futures trading brokerage firm in Marin County, California. He quickly caught on, and was soon trading index, currency, metals, oil, and bond futures. His favorite index has always been the S&P 500.

In 1987 he opened his own consulting firm, specializing in finance, technical analysis and problem solving. He successfully managed this firm until 1995, when he realized that, to advance further, he needed to broaden his basic life experience. He has since traveled around the world, exposing himself to many different cultures. His travel experience includes a 5 year stay in South America, where he built and administered rural clinics for the poor and indigenous people of the region.

Upon his return, Mr. Kline began trading again. Although he continues to trade index futures, his interests have shifted more directly towards equities and options. Aside from his pertinent degrees, it is his extensive experience and vision that qualifies Andrew to speak to the effect of geopolitical and geostrategic fundamentals on markets. It is that knowledge of economic fundamentals along with his experience in technical analysis that makes Andrew an expert on "market timing."

www.winningstockpicks.net **August 2, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

After years of mediocre results in the market, I finally found winningstockpicks.net. Taking advantage of your advice to buy AHFI, I bought 10,000 shares at 0.64 on 6/8/04. Less than a week later it had risen to almost a dollar and I sold for 0.97, netting a hefty one week profit of $3266.80 after commissions. Since then the stock has climbed even higher, making for many other happy investors. I finally feel I have a source I can trust for timely information that will help me make a profit like the big guys. Bruce M. July 19, 2004

Learn more about Premium Membership which includes your ability to speak directly with our writers & analysts. Free subscribers are offered a one time pass to ask a question of our experts, so feel free to enjoy & benefit from our site. You will have to complete a contact form in order to receive an answer on your question. Click here to email your question now. Thank you for your subscription to Winning Stock Picks. If you want to offer us any criticism or care to give us compliments, please do so by clicking here.

Otherwise, enjoy this weeks edition!

Headlines

- **Take the Monkey Test on stocks. Can you do better?**
- **Why the major brokerage houses will steal you blind!**
- **The four primary factors that contribute to success in the micro-cap market. Do you know what they are?**
- **Inside, check out our stock picks for the week.**
- **We made 86% Profit in one week. See how we did it!**
- **We are still shorting the 7 largest media companies, and profits are piling up! It's not too late! Find out which ones.**
- **It's a Zoo out there! Find out which animals are at play on Wall Street.**
- **Market View: Finally, a relief rally. Is there light ahead or is this baby going to roll over?**
- **Bewitched by the markets. How to use Hocus Pocus to predict the trends.**

Market Moves

Major Indexes	31-Dec-03	9-Jul	23-Jul	30-Jul	% Chg week	% Chg YTD
DJIA	10,454	10,213	9,962	10,140	1.8%	-3.0%
NASDAQ	2,003	1,946	1,849	1,887	2.1%	-5.8%
S&P 500	1,112	1,113	1,086	1,102	1.4%	-0.9%
Wilshire 5000	10,800	10,843	10,554	10,702	1.4%	-0.9%
Russell 2000	557	564	539	551	2.2%	-1.0%

There are those that say you can take a monkey and have him throw 20 darts at a board with the names of random stocks on it. If you invest in those 20 stocks, these believers say, they will perform as well (or better) that year then the supposedly great picks of the Wall Street brokerage professionals. That doesn't surprise us. **The way the "major" brokerage houses work, it's no wonder that monkeys can beat them!**

As silly as it sounds, the monkey test didn't just come from thin air! It came from some statistical analyses that were done in the 1950's and 1960's. They didn't really have monkey's throwing darts, although I think there was one test that did. It's a metaphor for saying that markets are just a "crap-shoot," a "gamble" that no one can predict.

Well, it is a "random" crap-shoot if you listen to the major brokerage houses for your stock tips! The guys on Wall Street have an agenda. **They want to take your money!** They have big houses and fast cars to pay for. They pay for these things with the money they swindle from you, the individual investor. It's no wonder that Merrill Lynch got caught pushing stock, while their internal memos said that same stock was a "pig."

And so, we have the rapid growth of the small investors' newsletters and websites (like this one), and the origin of the online trading companies. We came along because we got tired of being misled and ripped-off by the "big boys." We decided that, **with a little hard work and some honest words, we could do better**!

And that's why you're here too! **You are looking to "do it yourself," with just a little help from the right places**. We at **Winning Stock Picks** are here to strip away the mystery and cut through the bull....

Now, we aren't saying that investing in penny stocks isn't risky. It is! Investing in any stock is an inherently risky business, but at Winning Stock Picks, we are not paid-off by the big company interests.

At **Winning Stock Picks**, you can count on insights into the market that have been gathered through painstaking personal investigation. **We do our own hard work here, and we're proud of it!** We invite you to join us in doing our homework. Take our thoughts and research them on your own. The smart investor always does their own homework, and checks out any hot leads they come across.

FACT: **Small-cap and Micro-cap stocks have outperformed the Large-caps for each of the last 3 years**. Last year, they outperformed the Large-caps by better than a 3 to 1 margin!

A **small-cap** stock is one that has an overall market value of under $1 billion as measured by multiplying the total number of shares times the price of the stock. A **Micro-cap** stock has a total market value of under $300 million, as measured the same way.

These stocks comprise the majority of what are called "PENNY STOCKS." **Because these stocks show so much**

potential for profit, we have chosen to highlight them on this website. A penny stock gets that name because it sells for under $5.00 per share.

That doesn't mean that they are lousy stocks, not at all. **Nearly all companies that invented a process or developed a new product started out as penny stocks**! Did you know that Apple Computer (AAPL) was once a penny stock, and that as recently as 1998, it was trading in the $6 range? Additionally, there is Cisco Systems (CSCO), one of the world's largest computer networking companies. **It traded at $0.13 in 1991**.

Virtually all of the biotech companies traded for 10-20 cents a share when they were in their earliest stages. You could even buy Genentech (DNA) for $0.10 per share back in 1973. Others---such as many of the biggest names in the Technology industry---were under $5.00 when the market was down from 2000-2003. Right now, Lucent (LU), Nortel (NT), and JDSU, among other great companies, still trade for under $5.00.

When we look at penny stocks, we see a GOLD MINE of opportunity. The biggest reason is because the big brokerages can't make money on them (investment banking and pay-offs), so they don't even look! For us, however, **with some solid research, we can find many "undiscovered" gems**!

Micro-Cap Investing:

There are four primary factors that contribute to success in the micro-cap market:

- **Financial understanding**---knowing how to evaluate a company's performance and its management.
- **Experience**---a good intuitive feel for products and services that will impact society.
- **Luck**---unpredictable good fortune blessing a few of your holdings.
- **Psychology**---understanding enough about yourself to avoid emotional mistakes.

The most successful micro-cap investors make decisions more from the gut than the head! Investing in the unpredictable futures of companies with revolutionary ideas, but no history of success, requires a certain amount of intuition and luck. **The rewards can be unparalleled when an investment pays off.**

Be certain you like the company! Never invest simply on a hot tip or the advice of this newsletter. **We will continue to come up with some great ideas, but it's your money**. If you have no feel for the prospective company's business model, simply do not invest in that idea. You must make the ultimate decision, and we encourage you to do your own research to verify our choices.

Note: Next week---"Basic rules for Micro-cap stocks", and "trading strategies for Micro-cap stocks."

Recommendations:

Concorde America, Inc. (CNDD: OTC):
Concorde America, Inc. is a company that, through its network of country-specific subsidiaries, provides immigration and work placement services to the large Latin American population wishing to immigrate to European Union countries. **Their client base includes both sides of this business association**. On the one side are the immigrant workers. On the other side are the governments and businesses of the European Union.

Over the last five years, Europe has experienced 0% population growth, and future forecasts project an actual decline in population. By the year 2015, Europe will need an additional 40 million workers. **Concorde America has no direct competitors, as no other firm offers large-scale placement of unskilled immigrant workers**. Quite simply, the company is pioneering a new direction in placement services.

European governments are scrambling to respond to the public's need for future benefit security. This has caused a notable shift in the political perspective regarding legal immigration. Immigrant workers can now be seen as a benefit to countries lacking population growth.

Concorde America's proprietary barcode technology serves as a significant barrier to entry to other companies contemplating a move into this segment of the placement industry. Another significant barrier to entry is the "first to market" barrier. Concorde America has established strong ties with major business concerns throughout Europe and Latin America.

Concorde America's stock began trading at a stock price of $3.00 per share. The stock closed at $3.28 last Friday. We expect CNDD to at least triple over the next 6 months.

eMerge Interactive, Inc. (EMRG: Nasdaq)
Remember "Mad Cow Disease?" Well the scientific name is Bovine Spongiform Encephalopathy (BSE), and contrary to what the government wants us to believe, it hasn't disappeared. That's why we think this next pick will be a real profit maker over the next 12 months, and beyond. eMerge Interactive (EMRG) trades on the Nasdaq, and offers several great products to track and detect contamination. To deal with "Mad Cow" and other nasty diseases EMRG offers **CattleLog**, their exclusive, USDA-approved Process Verified Program for animal tracking data collection and reporting. **It is the only approved USDA process in the country**! Cattle tracking (and eventually other animals) will be **mandatory** beginning later this year.

The food safety group's patented **VerifEYE Food Safety Technology** is a real-time machine vision technology that instantly detects microscopic levels of organic contamination. And probably their biggest future moneymaker will be the **VerifEYE handscan version**, on the market later this year, whose potential applications include over 550,000 nursing homes, hospitals, day-care centers, restaurants, and other food-service facilities in the United States.

EMRG closed at **$1.36** on Friday. **Just from products alone, we expect this stock to more than double in 1 year. If there is another "Mad Cow" scare, then the sky's the limit, and EMRG will offer some very interesting in-and-out trading possibilities!!**

Lifeline Biotechnologies, Inc. (**LBTT**: Pink Sheets)
The MastaScope, which has been under development by Lifeline over the last year and a half, is used for Mammary Ductoscopy -- Visualization of Breast Abnormalities. It had a successful introduction at the 4th Annual European Breast Cancer Conference 3 months ago. Dr. William Reeves, Lifeline's President and founder, said he was "overwhelmed by the response and interest the conference had generated in the MastaScope."

The first U.S. sale has been completed, payment received and the Mastascope(TM) system shipped. They will be actively following up on the numerous high-quality sales leads they've received, many of whom have requested hospital demonstrations. **Additionally, last month LBTT entered into a $1.1 million contract with an Egyptian-based medical products distributor.**

The Mastascope introduction, as a new concept in early breast cancer detection, will act as a **forerunner to the First Warning Breast Monitor, which will be the flagship product for the company**. First Warning (FWS) is a dynamic test (like a motion picture) collecting information over time, unlike traditional imaging systems, which are static providing a snapshot of information at the time of the test. The monitor records information every 5 minutes for the duration of the test, collecting over 9,000 data points. The data is then subjected to non-linear algorithmic computer analysis designed to identify abnormalities or disruptions in the normal breast physiology. The company is still working on the issue of "false positives" with this new product. Their research, however, seems to be showing that they aren't false positives after all, but rather the earliest signs ever recorded of breast cancer. They expect to have this sorted out by early this Fall.

LBTT closed at **$0.009** on Friday. **We believe that LBTT is a steal at this price, just on the MastaScope alone. When the First Warning System comes on line, watch out and full steam ahead. With patience, this stock could easily bring 3-5 times your investment.**

Cetek Technologies, Inc. (**CTKH**: Pink Sheets)
Cetek Technologies is a manufacturer of ceramic components and ceramic substrate material for the electronics industry. Cetek Technologies' principal activity is to manufacture and market products based on applications of thin film and display technologies. Cetek produces very high-grade quality industrial ceramics including alumina, cordierite, mullite, and zirconia for thermal shock, wear, electrical isolation and corrosial resistance applications.

Substrates are commercially produced in 12-inch panels, as well as larger sizes. Products are sold to the electronics, welding, chemical, pulp & paper, nuclear power, aerospace and semiconductor industries. In addition, CNT technologies are currently being researched and co-developed for various applications, including fuel cells.

Sales revenues continue to grow, with the recently ended second quarter being the strongest yet in production and shipment of their proprietary ceramic substrate product. Revenues were up 51% from the previous quarter, and Cetek continues to operate with net positive cash flow and profitably.

CTKH closed at $0.002 last Friday. We recommend that you **place a LIMIT order to BUY this stock at $0.0018**. Additionally, after you own it, **place an order to SELL the stock at $0.0027.**

This is a volatile stock, and we see a great opportunity to pick up a 50% gain within 1 month. We are going to try to "play" this stock a few times throughout the rest of the year.

Past Recommendations:

Last week, we recommended a new option play. (see July 26th edition) To recap, we said: "**Buy to Open": 150 contracts, August QQQ call options with the "strike" price of $35.00. WAIT until they reach $0.35 on a market dip**. They did exactly that, and we hope you got in!

Well, if you followed our advice, you would now be sitting with a **$4,500 dollar gain** on a $5,250 investment. **That's an 85.7% profit in 1 week!** On an annualized basis.....well, we won't go there. But check out the table below to see how the figures worked out.

QQQ Option Play

	Call Option	**Investment**	**Gain**
Sale Price	$0.65	$9,750	
Cost	$0.35	5,250	
Gain/Loss	$0.30	**$4,500**	**85.7%**

EXIT STRATEGY: Because of the uncertainty of the rally (see "market view"), **we recommend that you "Sell to Close" your position**, and lock in your profits. Sure, it might go higher, but we don't want to get too greedy here. (see "Hog" in "It's a Zoo out there," below)

Our **short position** on the 7 largest media companies is paying off as well. (see "Past Recommendations" July 19th edition) The Gross Domestic Product (GDP) figure released last week, at 3%, was significantly below expectations.

This means that the economy is slowing down, and there probably won't be as much advertising revenue as these companies expected.

We took a **"short" position** on the companies listed in the table below, and we are holding short in the near-term. We will take it on a week-by-week basis, but anticipate holding short for much of the summer. It's not too late to join us in this short position. Here's how it's playing out so far.

Largest Media Companies				
Company	**Symbol**	**Sell Signal (25-Jun)**	**23-Jul**	**30-Jul**
AOL/Time Warner	**TWX**	**$17.43**	$16.94	$16.65
General Electric	**GE**	$32.18	$32.52	$33.25
Viacom, Inc	**VIA**	$36.19	$35.14	$34.05
Walt Disney	**DIS**	$25.18	$22.96	$23.09
Liberty Media	**L**	$8.96	$8.55	$8.48
News Corporation	**NWS**	$35.60	$34.56	$33.90
Vivendi Universal	**V**	$27.55	$24.82	$24.88
Total Value of Basket of Stocks		**$183.09**		**$174.30**
Percentage Gain	**4.8%**			

We are also shorting the major automakers. (see "Past Recommendations" July 26th edition) Both Goldman Sachs and Lehman Brothers downgraded GM last Friday, saying that unsold inventories of cars are building up---very bad news for the company.

We believe that all the car makers are in the same boat (or SUV if you wish).

It's a Zoo out there!

We often hear this saying when people refer to Wall Street. Well, they aren't that far off the mark. **There are lots of animals on Wall Street**. Take, for example, the **bull**. It refers to a rising stock market---"Bull Market"---and comes from the concept of bulls charging ahead, stampeding prices higher. To be a bull market, prices don't have to rise continuously, but they must be moving up in a long-term trend.

Then there is the **bear**. This is probably the Streets' least favorite animal. It originated from the old days when traders used to sell bearskins before the bears were actually caught. In the stock market, it applies to people who expect prices to decline---"I'm bearish on the market," for example.

A good investment strategy for some has been to pick the **"Dogs of the Dow."** This refers to the strategy of picking high dividend Dow Jones Industrial Average stocks for your portfolio. How about those **Cat** lovers out there? You can buy **CATS** (Certificates of Accrual on Treasury Securities), **LYONS** (Liquid Yield Option Notes), and **TIGRS** (Treasury Interest Growth Receipts).

Lions and Tigers and Bears, oh my!

Next, we have the Arachnids (**spiders**) in the market. I am, of course, referring to the SPDRS (pronounced "spiders"), which enable investors to own a stock that directly tracks the direction of the S&P 500 index.

Of course, two very important animals this year are **Donkeys** and **Elephants**. Those are the Democrats and the Republicans battling for control of the White House and Congress. We will continue to monitor the progress of these animals, as it has a direct bearing on the market this year.

There are two other animals to watch out for, and these probably concern us the most. The first are Ostriches. These are investors who stick to their old strategies, oblivious to changes in the world around them.

Let me tell you right here. **The old "buy and hold" for 20 years strategy does not work anymore!** (see "Overview" June 7th edition) We are a globalized society now, and what happens around the world affects our stock market. Here at Winning Stock Picks, we set specific goals for our trades. We generally look for entry and exit strategies for the stocks that we consider. You should too!

This last animal also concerns us greatly. The **Hog** is the animal of which we speak. **Bulls can make money, and bears can make money, but hogs, investors who are too greedy, usually get slaughtered**. Set exit strategies on your trades, and stick to them unless something really fundamental changes!

Yes, it is a Zoo out there!

Market View:

Three cheers for the stock market, Hip-Hip-hooray! As we predicted, the markets FINALLY managed a small "relief" rally last week. (INSERT LINK: see "Market View" and "Recommendations" July 26th edition) The real question is, however, can it continue. For our part, we doubt it.

Probably, the best the market can hope for in the next two weeks would be to hold above recent lows. There are too many roadblocks in the way for the markets to stage a real "breakout" rally. Some of the most tenacious difficulties are:

- The high price of oil: Crude hit an all time high last week of $43.80 a barrel. Wow! A continuation at these levels acts as a not so "hidden" tax on the American public and business. If oil rises over $45.00 a barrel, this market will roll over (drop) just on fear alone.
- Possible terror attack: We made it through the Democratic Convention without incident. That is positive for the moment. Nevertheless, this threat is lurking in the background as the election comes closer.
- Interest rates: The Federal Open Market Committee (FOMC) will meet next week to decide if they should raise interest rates---you have all heard of Alan Greenspan (Chairman), I hope.
- The Presidential race: I know that many people don't pay attention or really care who gets elected. This point is important because it relates to **uncertainty**. Markets HATE uncertainty! Because this race is too close to call, the markets are nervous and that's not good for investment. This should clear up as the election nears, at which point, we believe that there will be a strong rally into the holidays and the New Year.
- Corporate profits: More than 80% of the companies making up the Standard and Poor's 500 (S&P 500) --- the 500 largest companies of the stock market---have reported earnings for the quarter. The **results have been excellent**, 25% growth in profits. So, what's the problem? Quite simply, that pace is not sustainable, and **the markets look ahead by about six months, and the earnings reports are already in the past**.

At this point, one would have to have some serious rose-colored glasses on to be "bullish" without restraint.

Nevertheless, the markets were oversold in the short-term and will attempt to continue last week's rally.

The economy is slowing down, as evidenced by last months key economic reports---i.e. GDP, consumer spending, leading indicators, etc...The important question is whether this will cause companies to slow down on the recent pace of hiring. No jobs = No spending by consumers who account for about 70% of the economy. We shall have a look at job growth with the Unemployment report this Friday. Keep your fingers crossed.

Bewitched by the Market: Using "hocus pocus" to predict the trends:

Not all of the **indicators** that investors use to determine the level of the stock market or the true value of a company are based on sober statistical analysis. Some of the best (or worst) come from the shrewd observation of investor behavior over the course of many market cycles. Others take everyday items and convert them into indicators that work.

Still others, such as the proverbial monkey test, move towards the ridiculous. Nevertheless, one has to wonder at the many different methods investors use to "beat" the market. We thought you might enjoy---and find useful---a look at some of the methods people have used to predict trends in the market over time.

The Hemline Theory:
This indicator first became popular in the 1940's. The Hemline Theory suggests that stock prices will rise as skirts get shorter (which happened in the 1920's, 1960's, and 1990's), and fall as hemlines get longer (as they did in the 1930's, 1940's, and 1970's). This is kind of a "feel good" index. As people get more upbeat, fashions do seem to get more daring (higher hemlines) and the markets also seem to go up. Coincidence? Who can say? This year, I hear that the mini-skirt is back in fashion! So far, the markets haven't followed.

The Super Bowl Indicator:
The Stock Market Super Bowl predictor says, basically, that when a National Football Conference (NFC) team wins the Super Bowl, then the stock market will have an up year, and when an American Football Conference (AFC) team wins, the stock market will have a down year.

This sounds incredibly stupid doesn't it? Well, **from 1967 to 1997, this indicator was right 27 out of 30 times**! But then, it got the market wrong 4 times in a row, revealing itself to be fallible after all. Still, it has had a success rating of 79% since people have started paying attention to it.

The Carolina Panthers (NFC) lost this year's Super Bowl to the New England Patriots (AFC), indicating that we should have a down year. So far, it's right!

Did you know that in the 1920's there used to be a Harvard-Yale indicator to predict market direction?

Major Magazine Covers Indicator:
This is called a **contrarian indicator**, in other words, do the opposite of what the crowd is doing!

When a bull graces the front cover of, say, Time or Newsweek, then it is time to run for the exits. The idea is that by the time it gets to those covers, the goods news in the market is so widely known that the professionals take their profits and the market goes down.

Conversely, **when a bear graces the front cover**, pessimism is so extreme, that the only direction left for the stock market is up!

A good example of this indicator was in 1998, during the bull market run-up. In April of 1998, Newsweek put a bull in a wedding dress on its cover with the caption “Why We’re Married to the Market.” Between July and October, the Dow Jones Industrial Average lost 21% of its value, right on cue!

Remarkably, just after that, when Newsweek printed a black cover with the caption “The Crash of ’99?” the Dow took off on the next leg of its rally and gained 47% over a 7-month period.

Thank You Newsweek!

Although there have been no bulls or bears on major magazine covers since then, Time magazine did put Amazon founder Jeff Bezos on the cover as “person of the year” in December 1999, thus indicating how great the “dot.com” market was. ...The rest is history.

Hype Indicators:
It is said that Joseph Kennedy, a well-known speculator on stocks, knew it was time to get out of the market when he heard his shoeshine boy talking about stocks. In our own time, **there are some who believe that the market peaked (2000) when financial channel CNBC’s ratings exceeded those of long-running soap operas!**

Another hype indicator is called the Cocktail Party Indicator. Famous Mutual Fund manager, Peter Lynch, describes it in his book, “One Up on Wall Street.” The way this goes is that the more chatter you hear about stocks at a party, the more likely that the stock market rally is over. It has 3 components to it.

- Time elapsed at a party before talk turns to stocks;
- Average age of the people discussing stocks;
- The “fad” component of the chatter;

If you’re assaulted by stock chatter from a bunch of 21 year olds, you can probably bet that the market is going down. On the other hand, if everyone at the party is pessimistic about the market, it is definitely time to get in! This is another contrarian indicator.

The Lipstick and Aspirin Indicators:
Now we move towards the absurd. These suggest that you can tell where stocks are going from certain things that people buy.

The lipstick indicator says that when women are concerned about the economy---making it more likely that stock prices could fall---they treat themselves to low-cost luxuries like lipstick. The more lipstick they buy, the worse things look for stocks. Sales of lipstick were very strong in 2001. Go figure!

The Aspirin indicator is the same. When people are worried about stocks and the economy, they have more headaches and tend to buy more aspirin. This one actually sounds reasonable!

January Effect:
Here is one that has a bit more basis in hard science. Since 1950, it has been correct about 80% of the time. When stocks are up for the month of January, then the market will be up for the year. The problem is that an up January can still result in a lousy rest of the year.

We had an up January this year, indicating (according to this theory) that we should end the year in positive territory. I guess we have some catch-up to do!

Email us at editor@winningstockpicks.net.

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www.winningstockpicks.net **July 26, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

After years of mediocre results in the market, I finally found winningstockpicks.net. Taking advantage of your advice to buy AHFI, I bought 10,000 shares at 0.64 on 6/8/04. Less than a week later it had risen to almost a dollar and I sold for 0.97, netting a hefty one week profit of $3266.80 after commissions. Since then the stock has climbed even higher, making for many other happy investors. I finally feel I have a source I can trust for timely information that will help me make a profit like the big guys. Bruce M. July 19, 2004

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Otherwise, enjoy this weeks edition!

Headlines

- **A 4-week meltdown. We know where it will end.**
- **We made 57% Profit in 2 days. See how we did it!**
- **13 Golden Rules to keep you on the path to profits!**
- **Big gains on our last 2 index option plays! Check out our new recommendation.**
- **The 7 largest media companies are in trouble. We dumped them 4 weeks ago, and it's not too late! Find out which ones.**
- **Look inside for exit strategies on some previous picks.**
- **Scuttlebutt Corner: This week's most interesting news!**

Market Moves

Major Indexes	31-Dec-03	9-Jul	16-Jul	23-Jul	% Chg week	% Chg YTD
DJIA	10,454	10,213	10,140	9,962	-1.8%	-4.7%
NASDAQ	2,003	1,946	1,883	1,849	-1.8%	-7.7%
S&P 500	1,112	1,113	1,101	1,086	-1.4%	-2.3%
Wilshire 5000	10,800	10,843	10,733	10,554	-1.7%	-2.3%
Russell 2000	557	564	555	539	-2.9%	-3.2%

Market View

The markets continued their sell-off last week in what could only be described as the continuation of a 4-week meltdown! The only good news was a one-day rebound that showed some serious life. This tells us that the markets are attempting to form a bottom, but as yet do not have much backing. Technology is taking a serious butt-kicking, as the Nasdaq is down 7.7% for the year, on fears that profit ratios have topped out. This puts the Tech-laden index at 10-month lows, which could bring some great short-term opportunities from an oversold market. (See Recommendations below)

Golden Rules for Investing:

This week, we decided to provide some great rules---guidelines---for investing. We do so because we think this might be a good time to get "grounded" again. With the markets in a nosedive and panic starting to set in, we believe that the smart investor will want to review some fundamentals about trading.

This is only a partial list of rules, as we could probably list a hundred guidelines if we really tried. So, take a deep breath, and go over the ones we have presented here. **Remember, there are great opportunities in UP or DOWN markets**! The smart investor can make just as much money in a diving market as in a rising one. (see "Past Recommendations" July 19th edition)

Note: We do not number these rules because no one rule is more important than the other is.

Rule: Remember, the Masses are Usually Wrong:
When all the pundits on CNBC and Bloomberg say that the market can only go lower, look for a rebound. For the same reason, when everyone says the market is surely headed much higher, brace yourself for a correction. **Pay attention to extreme investor psychological levels in both directions** as they usually mark both bottoms and tops. (see "Market Madness-Option Play" July 19th edition) Also, see "Option Play" in this edition for our NEW RECOMMENDATION.

Rule: Use Market Timing to Guide Your Investment:
cautious when the broad market is against you and aggressive when it's with you. Do not underestimate the power of the market to move stocks, both up and down. Wait for the extremes, and then wait for it to turn to take strong positions. When the market or a particular stock has risen too fast, consider selling. When it has dropped too far or too fast, that's the time to buy. The historical fact is that the stock market goes up, the stock market goes down, and then the stock market goes back up. **Consider buying when there is blood in the streets**. When the market has been slaughtered, there are always opportunities.

This point supports our trading strategy of the past 4 weeks, and is the basis for our recommendation to buy "call" options. (see "Market Madness-Option Play" July 19th edition)

Rule: Major Brokerage Analyst Recommendations Suck:
These analysts would appear to be doing the investment world a great service by giving ratings on different stocks. In

fact, **these analysts often have hidden agendas** that the average investor is not aware of.

Ever notice how analysts issue buy recommendations when a stock is at its all time high and sell recommendations when stocks are at their all time low? During the incredible sell-off of 2000-2002, 97% of the major brokers kept saying, "buy," 2% said "hold," and only 1% every issued "sell" recommendations.

Rule: Invest in Fast Growing Companies:
You will usually find them in today's fast-growing industries, **where revolutionary new technologies and services are being created**. As you study the stocks in these growth industries, you should favor lesser-known stocks that have yet to reach the point of peak perception. They may have a new product in development. Frequently these will be smaller stocks, where growth potential is greater!

Rule: Smart Money Management is Key:
One of the important things to learn about investing is how to manage risk. Anyone who has no respect for risk is on the road to complete financial disaster. Learning how to pick investments that can appreciate in both good and bad times is the key to successful investing. Keep your reward-to-risk ratio at a minimum of 2:1, and preferably 3:1 or higher. In other words, if you are risking 1 point on each trade, you should be making, on average, at least 2 points.

Rule: No Crushing Company Debt:
We have seen it a million times. An investor sees a once great company trading at what appears to be a bargain price, so he buys the stock. The company is often very well known, such as AT&T, AOL, Kmart, Xerox, Lucent, or Tyco, and it may even still be growing both earnings and revenue.

However, if these companies carry huge debt loads, then they are at risk, especially in a rising interest rate environment. They will have to continue to sell off assets just to stay afloat. **As a rule**, we never look at a company that has a debt/equity ration higher than .5, and usually, we like them MUCH lower!

Rule: Margin Trading is a Fools Game:
The key to successful investing is having available cash to choose the next best investing opportunity that comes along. When you get into debt, you begin to lose your options. You might become trapped by your original investments. Remember that all stocks can crash! The odds are, if you are high in margin, you will soon have a margin call in which you could lose 75% of your money. As a general rule, buying stock on margin is bad money management. The fact is that 90% of margins players get margined out.

Rule: Don't Try to Hit a Home Run on Every Pick:
Everyone wants to be the one to have their portfolio shoot up 200% in a short amount of time. The fact is, however, there is no way to achieve this without taking on severe risk. Set specific goals and exit strategies. If the stock does better than expected, stay in but set "stops" to get out on a change in sentiment.

Rule: Do You Feel the Urge to Trade?
Emotions can work against you in investing, and it's very easy to want constant action. In this, the markets are very obliging. **You can make trades as fast as you can speak into the phone or click the mouse**! The problem is that great picks don't come along daily. Idle periods are a natural part of business. You should never force yourself you to find a stock to invest in. Do your research, or find someone you TRUST to do it for you. Wait for your opportunities, and then GO FOR IT!

Rule: All Stocks Can Crash:
This is a hard lesson to learn for new investors who ride out a single stock only to see it crash later on. As we have seen recently, even great stocks like Microsoft, Cisco, Citigroup, and Home Depot have all crashed. While these stocks are likely to hit their highs again in the future, they, just like any other stock, are bound to crash sometime, no matter how great the company is.

Rule: Keep Costs Low:
If you are trading with a "full-service" broker, the only thing they are serving is themselves! You might be paying as much as $80 per trade. THAT'S RIDICULOUS! Even if you are trading with a discount broker, you are probably paying 5 cents a share, and are getting ripped off!

Open an account with E-Trade, Scottrade, or Ameritrade, and DO IT YOURSELF!

The average stock mutual fund charges 1.4 percent per year in expenses, and some charge a load, upfront fee, or other hidden charges! (see "Mutual Fund Madness" July 12th edition)

As an article in the AAII Journal, the publication of the American Association of Individual Investors puts it, "Extremely high expense ratios are a negative, and very low expense ratios are a long-term positive." **With mutual funds, you don't necessarily get what you pay for.**

Rule: Buy on the Rumor. Sell on the News.
Many times the price of a stock will go up because there is a rumor about a company. Where do these rumors come from? Who knows? Generally, they are leaks from someone inside or close to the company. Who hasn't heard of the company that has a drug with a scheduled FDA hearing, and the thought is they are going to get approved? What about the buyout that is going to happen or the big deal that makes sense for a company?

If you are buying into one of these rumors, sell when you hear the news, good or bad, most times you will be better off. By the way, if the rumor never turns into an announcement, pick your time to sell. You bought the stock for a reason. If the reason is not there...SELL.

Rule: Watch the Trend:
Stocks tend to move in groups. That's why many stocks in the same sector, like technology, health care, or banking, as examples, move in the same direction at the same time. You don't have to look for a star in a sector devoid of other bright lights. When possible, find your stars in clusters of other stars. It could make for a longer, straighter ride.

Conversely, if the sector is selling off, then you have a great opportunity to "short" some companies within that sector. That is the basis for our continuing "sell" recommendations of both the media and the auto sectors. (see "Media Companies" and "Automakers" July 12th edition)

Recommendations:

New Option Play:

We are now 2 for 2 on our options recommendations. Let's try for 3 in a row. Last week, we bought QQQ $36.00 call options. The market, however, is now low enough to go for a different "strike" price. If you are just joining us now, for an basic explanation of options (see "New Recommendation" June 28th edition)

Here is the play. **"Buy to Open": 150 contracts, August QQQ call options with the "strike" price of $35.00.** These options closed at $0.50 on Friday, **but WAIT until they reach $0.35 on a market dip**. Remember, there are 100 shares of the QQQ in each contract. Therefore, it will cost, $0.35 x 15,000 = $5,250 to get this position.

Scenario # 1: The markets are definitely oversold. Nevertheless, the bears are in control for the moment. We are looking for a strong bounce, but there is a good chance it won't occur until about 1,800 on the Nasdaq (50 points lower) and $33.50 on the QQQ ($0.71 lower).

If this scenario occurs, we believe that a short-term bottom will have been put in place. From there, we can expect a

significant rally and a double or triple on this trade before its expiration date of August 20th. (Options expire on the 3rd Friday of the month)

Scenario # 2: If the markets take off to the upside this week, do not panic and chase the trade higher. Let it go! Re-read the rule above---"Do You Feel the Urge to Trade?"

Scenario # 3: If the market continues down past your buy point of $0.35, **set another "Buy to Open" order, for 100 contracts at a price of $0.25, and again for 100 contracts at a price of $0.15**. We repeat, the market is oversold, and it will bounce. If you get more contracts at $0.25, and then again at $0.15, consider yourself lucky. The QQQ will test $35.00 long before they expire and you will make even more money!

Note: It is difficult for us to cover every scenario for you when we only communicate on a "once a week" basis. The markets can do crazy things in 5 days. **Consider joining our "premium" service to receive special updates before others get them**. We are also working on the possibility of giving you updates on a daily basis.

Past Recommendations:

If you followed our advice from last week, you made a cool 57% profit in 2 days! Last week we told you to buy 150 August $36.00 "call" options, at $0.35 per share. (see "Option Play" July 19th edition)

We told you to watch closely and exit at $0.55 within 1 week. Well, it happened in 2 days, and **we made a quick $3,000 on the play**.

QQQ Option Play

	Call Option	**Investment**	**Gain**
Sale Price	$0.55	$8,250	
Cost	$0.35	5,250	
Gain/Loss	$0.20	**$3,000**	**57.1%**

Our **short position** on the 7 largest media companies is paying off as well. (see "Past Recommendations" July 19th edition) For the reasons delineated last week, and the increasing evidence that corporate profits are leveling off, we are holding short these companies. We will take it on a week by week basis, but anticipate holding short for much of the summer.

Largest Media Companies				
Company	**Symbol**	**Sell Signal (25-Jun)**	**16-Jul**	**23-Jul**
AOL/Time Warner	**TWX**	**$17.43**	$16.79	$16.94
General Electric	**GE**	$32.18	$33.09	$32.52
Viacom, Inc	**VIA**	$36.19	$34.51	$35.14
Walt Disney	**DIS**	$25.18	$23.45	$22.96
Liberty Media	**L**	$8.96	$8.54	$8.55
News Corporation	**NWS**	$35.60	$35.58	$34.56
Vivendi Universal	**V**	$27.55	$26.03	$24.82

Total Value of Basket of Stocks		**$183.09**		**$175.49**
Percentage Gain	**4.2%**			

For similar economic reasons, we are holding short on a basket of automakers. There just doesn't seem to be any reason to buy these pigs. In a rising interest rate environment, people are not going to feel comfortable spending on "big ticket" items, even if the car companies provide 0% financing and $4,000 rebates. The tax cut money and this year's tax returns have already been spent, and there's a snowball's chance in hell of getting another large tax cut this year!

Largest Automakers

Company	Symbol	(Sell Signal) 2-Jul	16-Jul	23-Jul
Ford	**F**	$14.95	$14.85	$14.67
General Motors	**GM**	$45.24	$43.60	$42.93
DaimlerChrysler	**DCX**	$46.03	$44.34	$44.01
Toyota	**TM**	$81.55	$79.42	$77.21
Total Value of Basket of Stocks		**$187.77**		**$178.82**
Percentage Gain	**4.8%**			

We came back a couple of percent on our stock picks last week. Krispy Kreme (KKD) turned out to be a good new investment. We also picked up Indentix (IDNX) at a reasonable price. SEBL hasn't hit our buy price yet so we will wait until it gets there. (see "Stock Picks" July 19th edition)

Stock Picks:

	Pick Price	16-Jul	16-Jul
EMRG	**$ 1.86**	$ 1.51	$ 1.16
APNJ	**$ 0.85**	$ 0.53	$ 0.60
ECGI	**$ 0.59**	$ 0.48	$ 0.49
BDYS	**$ 0.28**	$ 0.17	$ 0.20
LBTT	**$ 0.0130**	$ 0.0140	$ 0.011
IBZT	**$ 0.01**	$ 0.0098	$ 0.0125
CDVJ	**$ 0.0021**	$ 0.0014	$ 0.0013
MRKL	**$ 0.67**	$ 0.66	$ 0.55
AHFI	**$ 1.21**	$ 1.25	$ 1.50
GTCB	**$ 2.00**	$ 1.56	$ 1.59
GNBT	**$ 1.44**	$ 1.25	$ 1.09
GVA	**$ 18.06**	$ 17.90	$ 17.39
IDNX	**$ 5.53**	---	$ 5.49
KKD	**$ 17.53**	---	$ 18.21

Percentage Loss/Gain	**-22%**	**-20%**

**note: Percentage gain/loss figured on a $5,000 investment in each stock

Since the market environment has changed over the last month, we have decided to reposition some of our holdings. Below is a table of "exit strategies" on some of our stocks. We are going to limit some of our losses and lock in some of our profits. Next week, we will advise you of other, similar moves as we re-balance our portfolio for the new paradigm.

Exit Strategy	Sell at
AHFI	$1.69
ECGI	$0.56
APNJ	$0.90
GTCB	$1.97
GNBT	$1.49
IDNX	$6.46
BDYS	$0.27

Scuttlebutt Corner:

Doughnut drink anyone? Krispy Kreme doughnuts is going to blend its original glazed doughnut into a new frozen smoothie drink. Amazing! Who thought up this crap? Actually, aside from the fact that KKD was oversold and the "low carb" diet craze is over, this is one of the reasons we issued a "buy" recommendation on this stock. (see "Stock Picks" July 19th edition)

Ballroom dancing on the championship level has taken on a new twist! For the first time, the definition has gotten an adjustment, as two men competed---as a couple---in a United States Amateur Ballroom Dancers tournament at M.I.T.

Airlines are getting an early start on Fall discounts. Great for us, but bad for them! With the economy slowing and oil prices soaring, the airlines are taking big hits in profits. Expect a price war throughout the rest of the year, even into the holiday season. **Be careful with airline stocks! They are probably just too risky to own.** If oil spikes up, they will get creamed!

Sunlight is bad---no, good! So say dermatologists, who at this time of year are freaking out! Nobody listens though, as getting a tan just feels too good to pass up. Actually, this is about an experiment that researchers tried. They had people enter tanning booths, half with UV light, the other half with UV filtered out. The people who unknowingly tanned with UV felt better, and chose the same again.

Most of **Wall Street** will relocate for the GOP convention at the end of August. Many companies are urging their employees to take a pre-Labor Day vacation to ease the chaos that's expected that week. All of New York's large securities firms created backup facilities following 9/11, so they hope to stay online during any situation that might occur.

Need a yacht but can't afford it? Get one in China. Kingship Marine of Hong Kong is now in the yacht building business. Of course, there is no market in mainland China, but they are starting to get offers from Europe and Australia. What would normally be $10 million, can be bought in China for $7 million. That's a lot of savings in anyone's language!

Anybody want to go **Phishing**? Think again! Phishing is the practice of using fake Web sites to dupe people into

revealing sensitive personal and financial information. The crooks then steal you blind! Now the Senate has introduced a bill to create a 5-year jail sentence and a $250,000 fine for the crime. All you Phisher's out there should stick to Salmon **fishing**!

NASA, after 40 years and $700 million, is just about ready to send the "Gravity Probe B" out into space to test Einstein's Theory of General Relativity. They would have done it sooner, but they had to invent all the parts.

Republican Majority Whip **Tom DeLay** (R-Tex) is being investigated for extorting illegal political contributions for his successful attempt to re-district most of Texas. DeLay is one of the meanest, most spiteful son-of-a-bitches you will ever run across. They had better get him, or they better watch their asses, or both!

Riggs Bank of Washington, that venerable **money laundering institution**, is being bought by PNC Financial Services Group. Riggs has been known for many years as the bank used by diplomats. Only recently has it come out---in Senate hearings---that they did more laundry than a Maytag washing machine! **Lurid stories abound of suitcases stuffed with cash** being transported about by bank Vice Presidents. Notable dignitaries that Riggs serviced include Chilean dictator Augusto Pinochet, the Embassy of Saudi Arabia, and the President of Equatorial Guinea.

The laundering gig has been known for years, but the political clout of those involved kept it under wraps until now. For example, Chile has been the darling of many right-wing power brokers ever since they staged a coup-d'état and squashed democracy back in the mid 1970's.

The connections of Saudi Arabia are obvious, and the largest oil companies have a real "sweetheart" deal with Equatorial Guinea. ExxonMobil, ChevronTexaco, and Conoco got the rights to the African nation's oil for the equivalent of the handful of beads that the American Indians got for New York! You know they didn't want anyone making waves.

Submit Questions and Comments

www.winningstockpicks.net **July 19, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

Please read this new testimonial... Dear Winning Stock Picks,

After years of mediocre results in the market, I finally found winningstockpicks.net. Taking advantage of your advice to buy AHFI, I bought 10,000 shares at 0.64 on 6/8/04. Less than a week later it had risen to almost a dollar and I sold for 0.97, netting a hefty one week profit of $3266.80 after commissions. Since then the stock has climbed even higher, making for many other happy investors. I finally feel I have a source I can trust for timely information that will help me make a profit like the big guys. Bruce M. July 19, 2004

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Otherwise, enjoy this weeks edition!

Headlines

- **Stocks get crushed for the third straight week! How you can turn it around.**
- **Stock picker's special edition. 3 stocks that will change your luck!**
- **Make big money on volatility! Trade options in a down market. We have the perfect option trade for you.**
- **The 7 largest media companies could be in trouble. See why you should dump them!**
- **Big gains on our last index option play! See how much you made.**
- **Florida's election fraud blocked by the people. Or so we thought! Find out what tricks they are trying now.**
- **Scuttlebutt Corner: This week's most interesting news!**

Market Moves

Major Indexes	31-Dec-03	2-Jul	9-Jul	16-Jul	% Chg week	% Chg YTD
DJIA	10,454	10,283	10,213	10,140	-0.7%	-3.0%
NASDAQ	2,003	2,007	1,946	1,883	-3.2%	-6.0%
S&P 500	1,112	1,125	1,113	1,101	-1.0%	-0.9%
Wilshire 5000	10,800	10,998	10,843	10,733	-1.0%	-0.6%
Russell 2000	557	583	564	555	-1.5%	-0.3%

Market Madness

The markets have been crashing these last three weeks. Virtually all stocks have been getting crushed! Our research tells us, however, that the situation is about to change, at least in the short-term.

We believe that the markets are oversold. This provides some interesting trading opportunities that the dedicated investor should not pass up. We have identified 3 stocks and an option play that are oversold and are due for a bounce on any short-term market change.

Note: All picks and strategies are completely **unbiased**. I am not paid to recommend any stocks or strategy.

Option play: We just finished making big money---42% to 91% depending on when you got out---on our last option play. (See "past recommendations" below) That type of option play was called a "Straddle," where you buy options in both directions, just betting on the market to break out of its trading range. (see "New Recommendation" June 28th edition)

This time, because the market is oversold, we are going to buy only "call" options, thus taking advantage of the upcoming market bounce. We love these conditions of market extremes, because they offer such great "option" trades. Once again, **we particularly like the QQQ Nasdaq-100 Index Tracking Stock because it is relatively cheap to trade, but offers great profit potential**.

Think of the market like a rubber band being held on both ends. Right now, it is being stretched down significantly in the middle. It should bounce back when it lets go. We are going to play that bounce. Here is the play:

"Buy to Open": 150 contracts, August QQQ call options with the "strike" price of $36.00. These options closed at $0.35 on Friday. Remember, there are 100 shares of the QQQ in each contract. Therefore, it will cost, $0.35 x 15,000 = $5,250 to get this position. If these options open lower this week, you will get them even cheaper.

Scenario # 1: We are looking for a short-term bounce in the Nasdaq that will make this a very profitable trade. The QQQ closed at $34.67 on Friday. We expect it to test $35.00-$35.10, which will bring the price of our option to $0.55, giving us a 57% profit.

If something positive happens for the markets, this trade will do much better, possibly even tripling before its expiration date of August 20th. (Options expire on the 3rd Friday of the month) **For now, however, we are looking to get out within 1 week**.

Scenario # 2: If the markets continue downward in the early part of this week, do not panic! **Set another "Buy to Open" order, for 100 contracts at a price of $0.25, and for 100 contracts at a price of $0.15**. We repeat, the market is oversold, and it will bounce. If you get more contracts at $0.25, and then again at $0.15, consider yourself lucky. The QQQ will test $35.00 long before they expire and you will make even more money!

Note: It is difficult for us to cover every scenario for you when we only communicate on a "once a week" basis. The markets can do crazy things in 5 days. **Consider joining our "premium" service to receive special updates before others get them**. We are also working on the possibility of giving you updates on a daily basis.

Stock Picks

Last Friday, President Bush signed a bill that toughens penalties against identity thieves. This is but one example of the concrete steps that are being implemented in the security industry. The problem of identity security, along with its attendant implications for homeland security, brings us to our recommendation on **IDNX**.

Identix Inc. (**IDNX**: Nasdaq). The Group's principal activities are to provide information technology, engineering and management consulting services to private and public sector clients. The Group operates through two segments namely (i) Products and (ii) Services. The product segments designs, manufactures, develops, and markets products for security, anti-fraud, law enforcement and other applications. Its products serve industries and market segments such as government and law enforcement, transportation, healthcare and corporate enterprises. The products of the Group are marketed in the United States, Asia, Australia, Europe, and the Middle East.

Identix Incorporated is the world's leading multi-biometrics technology company. It was recently awarded a Blanket Purchase Agreement (BPA) to supply live scan systems to the Department of Homeland Security (DHS). The BPA has an estimated value of $27 million over a 60-month period, although that amount, and the number of live scan systems purchased, may vary depending on DHS' actual future needs.

We believe that this stock will capture a solid share of the identity and security screening industry well into the future. Market conditions at this time, however, are extremely difficult. That is why we are calling for a short-term buy, with a wait and see attitude as to how long we will hold this position.

Place your buy order at $5.53 for IDNX. The stock closed at $5.88 on Friday, and we believe it will have a temporary bottom of $5.50, with a bounce to $6.50.

Siebel Systems, Inc. (**SEBL**: Nasdaq). The Group's principal activity is to provide business applications software. The Group designs, develops, markets, and supports Siebel eBusiness Applications, its family of industry-specific eBusiness software applications. Customers include Accenture Ltd, Cisco Systems Inc, IBM Corp, Microsoft Corp, and Unisys Corp. The Group operates in Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Columbia, Czech Republic, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Korea, Mexico, Netherlands, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Siebel is one of the world's largest software companies. It recently warned, along with 14 other software companies, that 2nd quarter results would not meet expectations. It will report earnings on Wednesday, and we believe that this will mark a short-term bottom.

SEBL is sitting on $2.13 billion IN CASH, a figure that equals $4.23 per share just in cash. It had free cashflows of $209 million last year, and it has virtually NO DEBT. Its forward P/E is 28.15, a figure that is below the industry average of 30.

Place your buy order for SEBL at $7.16. The stock closed at $7.60 on Friday, and we believe the bottom will be around $7.00-$7.15, and it will bounce to $8.50-$9.00 in the near-term.

Krispy Kreme Doughnuts Inc. (**KKD**: NYSE). The Group's principal activity is to produce and market doughnuts and related items. The operations are carried out through three segments namely, Company Stores operations, Franchise operations and Krispy Kreme Manufacturing and Distribution. As of 02-Feb-2003, Company Stores operations owned and managed stores while Franchise operations managed 177 franchised stores. The stores are both retail outlets and highly automated producers of over twenty varieties of doughnuts. The Krispy Kreme Manufacturing and Distribution segment

sells doughnut-making equipment, mix, other ingredients and supplies, and operates three distribution centers.

Everyone, of course, has heard of Krispy Kreme. They make the donuts that became a virtual "fad" only a few years ago. Well, the "low carb" diets cut deeply into their appeal---and profits---for a while, and consequently, their stock price has come way down.

There is evidence that the low carbohydrate "fad" is beginning to fade away. A recent study by the research firm InsightExpress found that Americans were turning away from "low carb" diets because they perceived them to be unhealthy. Since the death of the founder of the Atkins Diet, Dr. Robert C. Atkins, a number of troubling stories about the diet have come to light, thus lessening its influence on American attitudes.

The company has recently focused on becoming more efficient and cost effective. We believe that its fortunes are turning around, and we see a counter-trend rally in the works here.

Place your buy order for KKD at $17.53. The stock closed at $17.76 on Friday. We see a rebound to the $22-$24 range over the short-term.

Market View:

The Nasdaq crashed and burned over the last three weeks, losing 3.3% last week, 3% the week before, and .9% the week before that. What's up? The economy appears to be slowing from its strong growth pace of recent quarters. The reason that the Nasdaq has gotten hit harder than the other indexes is simple.

The Nasdaq is heavily laden with technology stocks, which comprise the cutting edge of growth. If the economy is slowing down, then demand for goods will not be as strong as had been predicted as recently as last month.

Therefore, the perception is that companies will postpone any IT purchases and re-adopt the "wait and see" attitude that had been so prevalent over the 2000-2003 downturn. The lack of business spending, until last year, was one of the biggest drags on the economy.

If spending slows down, then quite simply, tech stocks have been overvalued. Remember, the stock market anticipates the economy by about 6 months, and therefore prices have been a bit higher than true valuations.

Our research is beginning to bring us the picture of a rather slow summer---3rd quarter. To date, earnings have not been as stellar as expected by Wall Street. Even positive outlooks by IBM, Dell, and Apple have not helped the mood.

Recently, most economic indicators have come in at lower than expected levels. Additionally, the summer months tend to be slower for business growth. If we add in the uncertainties of the presidential race and the war in Iraq, we come to the conclusion that the 3rd quarter will be "iffy" at best, but that there is an excellent chance for a rally into years end.

Past Recommendations:

Because we predicted the market drop of the last 3 weeks, **we recently set up some sell positions as our dominant recommendations**. Economic indicators of late have given credence to the idea that the economy is slowing, and that overall GDP growth will be closer to 2.5%-3% than the previously thought 3.5%-3.8% pace.

Because of these facts, we advised you to sell a "basket" of the largest media stocks. (see "Scuttlebutt Corner" June 28th edition) If you took our advice, you would be in a good position to make a profit.

Largest Media Companies				
Company	**Symbol**	**Sell Signal (25-Jun)**	**9-Jul**	**16-Jul**
AOL/Time Warner	**TWX**	**$17.43**	$17.31	$16.79
General Electric	**GE**	$32.18	$32.17	$33.09
Viacom, Inc	**VIA**	$36.19	$34.91	$34.51
Walt Disney	**DIS**	$25.18	$24.60	$23.45
Liberty Media	**L**	$8.96	$8.70	$8.54
News Corporation	**NWS**	$35.60	$34.99	$35.58
Vivendi Universal	**V**	$27.55	$28.27	$26.03
Total Value of Basket of Stocks		**$183.09**		**$177.99**
Percentage profit	**2.79%**			

As you can see from the table above, we are up 2.79% in 3 weeks. This would be 48% profit on an annualized basis. From this group, the only stock currently on the plus side is GE. We believe that this is due to its recent positive earnings announcement and the euphoria that has gone with it. But that is in the past! Now that there are clear signs that the economy is slowing down from its torrid pace of last year, we believe that GE, like the others, will fall to earth in the near future.

As for Time Warner (TWX), the SEC is asking them for information about how it counts subscribers for its services. This inquiry is part of a growing investigation into subscription accounting practices that has ensnared some of the big names in the cable, satellite, and telephone industries.

Some of the companies already served with inquiry letters are Comcast, Verizon and ATT. If they are found to have used “fuzzy” math in the calculation of their total number of subscribers, then that **could seriously affect company valuations and their stock prices**.

It has been our experience that, for competitive purposes, all companies within specific industry sectors use the same accounting practices. The belief is that if they all do the same thing, it will become common practice and therefore fall under the guidelines of “Generally Accepted Accounting Principles” (GAAP), which are industry standards acceptable to the IRS. When these practices enter into the realm of fraud, however, the trouble begins.

Do you remember Enron? Whoops, we just over-counted our resources by 50%. Ouch!

Nevertheless, this basket of stocks may go up a bit in the very short-term, as the overall market is currently oversold. **Our research indicates, however, that we are in for a downward trending 3rd quarter because revenues from advertising will not be as great as once expected**. For now, we recommend holding short these positions.

Two weeks ago, for a number of reasons, we recommended selling the big automakers. (see “Scuttlebutt Corner” July 5th edition)

Again, because the economy is cooling off, the consumer will not spend as heartily as he/she has in the past. The automakers will suffer from the need to keep price “incentives” in place for the rest of the year---and possibly well into next year. This translates into lower profits and lower stock price for all the “big boys.”

Largest Automakers

Company	Symbol	(Sell Signal) 2-Jul	9-Jul	16-Jul
Ford	**F**	$14.95	$15.16	$14.85
General Motors	**GM**	$45.24	$44.24	$43.60
DaimlerChrysler	**DCX**	$46.03	$45.35	$44.34
Toyota	**TM**	$81.55	$79.01	$79.42
Total Value of Basket of Stocks		**$187.77**		**$182.21**
Percentage profit	**3.0%**			

As you can see from the table above, had you followed our advice, you would be up 3.0% in just two weeks. This translates into 75% profit on an annualized basis!

Of course, none of these investments ever works on an annualized basis, because the markets never just move in one direction. Nevertheless, this gives you an idea of how well it can work.

Now, we revisit the best play of the month. The trade was our "option Straddle." If you took our advice, (see "New Recommendation" June 28th edition), **you made a minimum profit of 42% in just over two weeks**!

That was probably the worst you could have done with our recommendation. If you held it through the week and sold it on Friday---remember it expired on Friday---**you made a profit of 91%**!

QQQ Option Play

	Put Option	Call Option	Total	% Gain
Sale Price	$1.70	$0.00	$1.70	
Cost	$0.45	$0.75	$1.20	
Gain/Loss	1.25	-0.75	$0.50	**41.7%**

The profit exhibited in the table above corresponds to your exiting the position as soon as you received our "weekly update" e-mail last Monday. We felt that it was only fair to call the profits at that point. If you held through the week, however, you would have done better.

From this experience, **you can see the power of the "options" trade**. It leverages your investment, while limiting your downside risk to the premiums you pay for the position.

It is only fair to show our, hopefully temporary, failures too. Stocks have been crushed these last few weeks, and ours have been no exception. From a 40% success rate just last week, nearly all of our long picks have dropped into negative territory.

	Pick Price	9-Jul	16-Jul
EMRG	**$ 1.86**	$ 1.62	$ 1.51
APNJ	**$ 0.85**	$ 0.90	$ 0.53
ECGI	**$ 0.59**	$ 0.56	$ 0.48
BDYS	**$ 0.28**	$ 0.28	$ 0.17
LBTT	**$ 0.0130**	$ 0.130	$ 0.0140
IBZT	**$ 0.01**	$ 0.01	$ 0.0098
CDVJ	**$ 0.0021**	$ 0.0021	$ 0.0014
MRKL	**$ 0.67**	$ 0.67	$ 0.66
AHFI	**$ 1.21**	$ 1.21	$ 1.25
GTCB	**$ 2.00**	$ 2.00	$ 1.56
GNBT	**$ 1.44**	$ 1.44	$ 1.25
GVA	**$ 18.06**	$ 18.06	$ 17.90
Percentage Loss/Gain		**-11%**	**-22%**

**note: Percentage gain/loss figured on a $5,000 investment in each stock

Over the last several weeks, we have had profitable exit opportunities in several of our more volatile stocks. Once again, the difficulty has been our temporary inability to give you instant guidance and recommendations.

Because of this, we will start giving you exit prices to look for ahead of time. This will lower the maximum available profits, but will give you the opportunity to grab profits before there is some negative change in market sentiment. For now, hold these stocks long. Next week, we will give you instructions on relevant moves that are more detailed.

As you can see from the 3 new stock picks above, we are now giving you specific prices to buy at and initial exit points that will be refined as the situations clarify themselves. We will try to give you perspectives on the different movements we foresee each week, much like we have done with our new option trade above.

Scuttlebutt Corner:

Martha Stewart was sentenced to 5 months in prison and 5 months home detention. Meanwhile, the Tyco bigwigs like Dennis Koslowski and Mark Belnick go free after stealing hundreds of millions of dollars from investors.

Too much security: More than 160 **radio-frequency identification devices (RFID) have been implanted in the arms of Mexican Justice Ministry employees**. The employees work at the anti-crime information center in Mexico City, which comes under the responsibility of Mexico's Attorney General, who also wears one.

The chips are about the size of a grain of rice, but could bear much larger results than that. **Is this what the future holds for humanity**?

Norway is the best place to live. So says the latest U.N. rankings of countries around the world. It is called the Human Development Index, and it rates things like per-capita income, educational levels, health care, and life expectancy in measuring a nation's well-being. Sweden, Australia, Canada, and the Netherlands round out the top five on the list. The United States dropped from 7th to 8th place this year.

Meet at Moogul: Does the name sound familiar? No, it's not Google. **This website is the new eBay for borrowers and lenders who get together to swap the oddest things**. A Seattle man is offering his Chevy pick-up for rent at $20 a day. In Tiburon, California, a man is offering anyone the use of his garden sprayer for $10 a week. Sounds like a great place for gigolos to put themselves up for rent! Anyway, if you are interested, the website is www.moogul.com

New overtime rules: Once again, the Bush administration is trying to help their friends in big business save some money. After their original plan to rob workers of overtime pay crashed and burned, they decided to lay low for a while. Well, one year has passed, and they are at it again.

Two new studies prove that **the administration's new overtime pay regulations will rob 6 million workers of overtime pay**. That's you and me, just regular folk! The list would also include such jobs as firefighters, police officers, and health-care worker's. **Imagine working extra hours under the threat of being fired**, but NOT GETTING PAID FOR YOUR TIME! And to think, the president recently declared that "human trafficking" is a global crime.

Hourly pay is not keeping up with price rises. This is because there is too much slack in the labor market to put any upward pressure on wages. Last week, the Bureau of Labor Statistics reported that hourly earnings of production workers---non-management workers ranging from nurses and teachers to hamburger flippers and assembly-line workers---fell 1.1 percent in June. This follows a decline of 0.8 percent in hourly earnings in May. The figures are adjusted for inflation.

"Joe Six-Pack is under a lot of pressure. He got a lousy raise; he's paying more for gasoline and milk. He's not doing that great. But proprietors' income is up. Profits are up. Home values are up. Middle income and upper income people are looking pretty good." (Ethan Harris, chief economist at Lehman Brothers)

Florida tries it again! This is the third time I have talked about Florida trying to steal an election. They can't seem to get their act together. Congratulations to the people who brought the lawsuits that blocked their last attempt to throw thousands of people (Democrats) off the voter roles.

This time, as we predicted in our report last week, they are trying to use the new electronic voting machines. (see "Scuttlebutt Corner" July 12th edition) A **new state rule**, passed by a Republican controlled legislature, excludes the machines from manual recounts! Can you believe it? They have already discovered flaws in the audit process of the machines, and the **Republicans want to make it impossible to do ANY recount**. Companies who contribute big money to Bush created the software for the machines, and now they don't want anyone to check the results. Voting rights groups have filed a lawsuit to challenge the recount ban.

More election crap: It seems that **the Republicans also stole an important Senate race in 2002**. This one was in New Hampshire, where John Sununu barely beat Democrat Jeanne Shaheen in a race marked by Republican dirty tricks. They paid a telemarketing firm to jam Democratic phone lines so they could not get out the vote.

Will he stay or will he go? Dick Cheney is in the crosshairs of the rumor mill now. He appears to be a drag on the presidential ticket of George Bush. Will he be cut loose like a burned out drug addict? Oh no, that wasn't Cheney, it was his doctor! It turns out that Cheney's personal physician for nearly 10 years has had an addiction problem the entire time.

This is the doctor that said Cheney could handle the job despite having had **4 heart attacks**! Now that Cheney has a new doctor, if he becomes too big a drag on the ticket, he might bow out for "health reasons."

Gucci forgeries: "China is the market with the fastest growth in the world," says Giovanni del Vecchio of Prada, which has 10 stores in China and plans 20 more by the end of 2005. Nevertheless, **in the open-air markets of China, you can get Gucci, Prada, Giorgio Armani, or Vuitton for only 10 cents on the dollar**. At least, you can get the forgeries.

Nearly 75% of all counterfeit luxury goods seized last year at ports in France and Italy originated in China or Hong Kong, according to customs authorities in Europe. In recent years, extremely high-quality fakes have penetrated legitimate distribution channels, landing in reputable U.S. and European shops. **Do you know where your Gucci comes from**?

Submit Questions and Comments

www.winningstockpicks.net **July 12, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Headlines

- Markets melt down for second straight week. What you should do to profit from the market weakness.
- Large Cap outflows. Traders ran for the exits for the 10th straight week! See why large caps are not the place to be.
- Why investing in Mutual Funds is a sucker's game!
- Big gains on our index option play! See how much you made.
- How much does the market historically gain in an election year? Find out how close we are.
- Florida's election fraud blocked by the people! Find out what the state will do next to steal the election---again!
- Scuttlebutt Corner: This week's most interesting news!

Market View

The attempt to rally on Friday was tepid at best, as the markets continued their second week of declines. More likely, traders were just squaring their bets before going into the weekend. This week's full calendar of events should tell us whether Friday's action will hold or if the markets will continue their recent meltdown.

Market Moves

Major Indexes	31-Dec-03	25-Jun	2-Jul	9-Jul	% Chg week	% Chg YTD
DJIA	10,454	10,372	10,283	10,213	-0.7%	-2.3%
NASDAQ	2,003	2,025	2,007	1,946	-3.0%	-2.8%
S&P 500	1,112	1,134	1,125	1,113	-1.1%	0.1%
Wilshire 5000	10,800	11,074	`10,998	10,843	-1.4%	0.4%
Russell 2000	557	588	583	564	-3.3%	1.2%

The Nasdaq and Russell 2000 led the markets down, with losses in the 3% range. Disturbingly, Nasdaq volume picked up on the sell-off---a negative technical signal---with average daily volume around 1.75 billion shares. This is some 29% higher than recent trading volumes of 1.35 billion shares daily average.

At times, the fear and uncertainty was palpable, as one could visualize traders running for the exits. This was especially evident in technology, where 14 software companies warned of lower earnings expectations.

Money has come out of "Large Cap" funds every day for the last 10 weeks. Are they trying to tell us something?

Oil has again become a major factor in the direction of market movement. Over the last two weeks, as oil has rallied from $35.50 to $39.96---an incredible 12.5%---the markets have had their meltdown. We continue to believe, however, that the Saudi royal families' close personal and business relationship with the Bush family will bring oil prices down in the coming months. (see Michael Moore's movie, "Fahrenheit 9/11" for a better understanding of this relationship)

Traders are torn between paying attention to the supposedly strong earnings season that is upon us, and the recent spate of weakening economic reports. Since December, the markets have been unable to break out of their trading range, and market players are wondering which set of events are going to accomplish the task.

Traders were waiting for the FED move and the Iraq handover---both on June 30. As we predicted, however, they were both non-events. Now that those events have past, we are on to earnings season.

But traders may take their cue more from economic releases than from second-quarter earnings results. The weakening economic indicators have traders nervous about whether economic growth over the next year will really support the "pie in the sky" earnings estimates that are being thrown about.

Next week's major economic reports: Trade balance, retail sales, producer price index (PPI), consumer price index (CPI), industrial production, capacity utilization, and consumer sentiment. (see "The Macro Factor" June 28th edition for the importance of economic indicators)

Next week's earnings biggies: Chip giant Intel (INTC), consumer goods giant Johnson & Johnson (JNJ), financial powerhouse Citigroup (C), and hardware behemoth IBM. These companies move across the spectrum of industry, and should give us a better idea of how earnings season will progress.

Bear in mind that the negative earnings "pre-announcements" we have heard recently is not a definitive indicator of the overall earnings outlook. Consider that,

- Earnings for the S&P 500 are expected to rise 19.6% in the second quarter.
- Technology earnings are expected to grow a whooping 54% in this quarter.
- Basic materials companies are expected to show a 77% rise.
- Energy companies are supposed to show earnings growth of 49% this quarter.

Mutual Fund Madness

When mutual funds first came into existence in 1924, they served as a way for investors to pool their money to obtain diversification and lower their costs. Unfortunately, they are a far cry from that today. **Hardly a week goes by where we don't hear about one scandal or another.**

Next month, because of a ruling by the S.E.C., mutual fund companies will have to start disclosing how they vote their shares on the important matters that involve the corporations they own. These matters would include everything from executive compensation to board independence.

We applaud this move because we feel there should be greater transparency in the running of mutual funds. Nevertheless, **not for a second do we believe that it will put a dent in the "cozy" relationship between the funds and the corporations**.

The S.E.C. is investigating **conflicts of interest** in mutual fund sales, including 401(k) plans. That's right! If you work, **your 401(k) is probably being manipulated by the mutual funds you own!**

Every 401(k) has a plan administrator that is "supposed" to work for you. **Instead, they are working to line their pockets with your money!** Consider the points below:

- In a major conflict of interest, mutual funds pay administrators to include particular funds in your plan.
- They call it "revenue sharing." What a joke!
- These "secret payments" could easily put your money into lousy investments, because they are looking for where they make the most money, not where you would.
- You are being charged for these secret payoffs!

Another hidden scandal is in the fees that mutual funds charge the unwary investor.

In a recent survey of 3,000 different mutual fund portfolios, Standard and Poor's found that those with lower-than-average expense ratios consistently outperformed their more expensive peers over time.

What does this mean? **Paying more doesn't get you a better deal on Wall Street.**

There are also other costs that are not clearly disclosed, such as the cost of advertising and selling the fund, and trading costs. These costs, which are called 12b-1 fees, can double what you pay to mutual funds companies. **It is easy to pay 2.5% - 3% per year in fees to these companies**, something that will cost you $3,000 per year for a $100,000 account.

That's not all. **If you buy a "load fund," you will be charged 5% of your investment just for being nice enough to invest with that mutual fund!** Over a 5-year period, that adds another 1% per year to your costs.

Further, we must ask ourselves, **"what about inflation?"** Inflation has averaged about 2% per year over the last 5 years. This means that **you have to make at least a 2% return on your investments just to stay even**.

Bottom Line: At the low end of the spectrum, investing in equity mutual funds will cost you 3.5% per year, including inflation. **At the high end, it will cost you 6% per year**! This means that a mutual fund must make at least 6% for you to break even!!

As the table below indicates, for the largest 25 mutual funds, the average return over the last 3 years was 2.73% per

year. Over a 5-year span, the average return was 2.60%.

Biggest Mutual Funds
Annual Performance

Fund Name	3 Years	5 Years
Vanguard 500 Index;Inv	-0.008%	-0.02264
Fidelity Magellan Fund	-2.866	-3.174
American Funds ICA;A	2.194	2.547
American Funds Wsh;A	2.984	2.425
American Funds Gro;A	0.342	4.57
SPDR Trust;1	-1.057	-2.443
Fidelity Contrafund	6.115	2.304
Dodge & Cox Stock	8.223	9.501
American Funds Inc;A	7.077	6.466
American Funds EuPc;A	4.252	3.465
Vanguard Instl Indx;Ins	-0.681	-2.148
Fidelity Gro & Inc	-1.322	-1.695
American Funds NPer;A	3.782	4.443
Fidelity Lw-Prcd Stk	15.21	15.845
Vanguard Tot Stk Idx;Inv	0.616	-1.011
Vanguard Wellington;Inv	5.187	5.202
Vanguard Windsor II;Inv	3.148	2.049
Fidelity Growth Company	-3.441	0.858
Fidelity Equity-Inc	2.238	1.665
American Funds Bal;A	6.578	7.16
American Funds CIB;A	8.159	7.057
Fidelity Blue Chip Grow	-3.97	-3.91
Fidelity Puritan	4.431	3.85
Amer Cent:Ultra;Inv	-1.581	-2.628
Yearly Average	**2.73%**	**2.60%**

Wow! **These guys suck! They are losing your money!** Even with the great years of 1999 and 2003, they are losing you about 4% per year over the last 5 years!

We submit, as we have in all our columns, that **the individual investor is capable of doing better than those so-called professional money managers**.

Recommendations

Note: All picks and strategies are **completely unbiased**. I am not paid to recommend any stocks or strategy.

QQQ "Straddle" Options Play: **Exit Strategy**

As we predicted, the market broke down last week in a big way! The QQQ broke well below $36.00. If we had the ability to contact you, we would have told you to "sell to close" your "put" options on Thursday at $1.40-$1.50.

Hopefully, you used your good judgment and acted then. If you did, you made a killing on the trade. If you sold both of your positions, the "put" at $1.40, and the "call" at $0.10, you made a profit on the trade of 25% in two weeks!

Note: It is difficult for us to cover every scenario for you when we only communicate once per week. Consider joining our "premium" service to receive special updates before others get them.

Exit Strategy: If you followed our advice, but are still in there, you should **"Sell to close" both your "put" and your "call" positions**. The put options are worth $1.25, and the call options are worth $0.05.

QQQ Option Play

	Put Option	**Call Option**	**Total**	**% Gain**
Sale Price	$1.25	$0.05	$1.30	
Cost	$0.45	$0.75	$1.20	
Gain/Loss	0.80	-0.70	$0.10	**8.3%**

If you took our advice, (see "New Recommendation" June 28th edition), **you made a profit of 8.3% in two weeks! That is 215% on an annualized basis!**

Of course, none of these investments ever works on an annualized basis, but this gives you an idea of how well it can work. In addition, your money was not at risk for a whole year, but only 2 weeks. **The nature of these options is that they only have 2-4 week durations.**

Media Companies

Three weeks ago, **we mentioned that the major media companies were in a pickle**, and that they looked very weak indeed. (see "Scuttlebutt Corner" June 28th edition) Within that edition, **we detailed how the court ruling on media expansion would hurt the media giants**.

In last week's edition, (see "Recommendations" July 5th edition), we solidified the sell signal. Hopefully, you sold each of the 7 companies we named. With the exception of Vivendi and General Electric---both of which had great moves on Friday---these media stocks are beginning to break down.

If you had taken our recommendation, you would now be ahead 1.2% this group of stocks. We recommend maintaining a short position on the entire "basket" of media stocks shown in the table below. We believe that they will remain weak over the summer months, and probably through October.

Largest Media Companies				
Company	**Symbol**	**Sell Signal**	**2-Jul**	**9-Jul**
AOL/Time Warner	**TWX**	**$17.43**	$17.39	$17.31

General Electric	**GE**	$32.18	$31.67	$32.17
Viacom, Inc	**VIA**	$36.19	$36.07	$34.91
Walt Disney	**DIS**	$25.18	$25.27	$24.60
Liberty Media	**L**	$8.96	$8.70	$8.70
News Corporation	**NWS**	$35.60	$35.61	$34.99
Vivendi Universal	**V**	$27.55	$27.81	$28.27

Automakers

Last week we recommended selling the big automakers. (see "Scuttlebutt Corner" July 5th edition) We believe that the companies will have little "pricing power" for the foreseeable future.

We think that they will engage in a price war with each other. They will have to continue to offer incentives like 0% financing and $5,000 rebates through the rest of the year, or at least through the 3rd quarter. For this reason, **we remain short on the basket of automakers** listed below.

Largest Automakers

Company	**Symbol**	**(Sell Signal) 2-Jul**	**9-Jul**
Ford	**F**	$14.95	$15.16
General Motors	**GM**	$45.24	$44.24
DaimlerChrysler	**DCX**	$46.03	$45.35
Toyota	**TM**	$81.55	$79.01

Election cycles and the market

Speaking of elections, now that John Kerry has chosen John Edwards to be his running mate, we thought it would be interesting to look at past election cycles and how they affect the stock market.

Since 1899, there have been 26 presidential election years. **In only 4 of those years did the markets fall**. The year 2000 was one of those years.

Although historical patterns strongly suggest that 2004 will end with a gain for the stock market, there are a number of factors negatively affecting that pattern.

- Terrorism on a large scale is affecting the markets for the first time in history.
- We are in the middle of a war, and soldiers are dying on a daily basis.
- The country is more polarized than at any time since the civil war. This creates uncertainty, and that hurts the market.
- We have no exit strategy in Iraq.

In general, elections represent the risk of change. In the beginning of the cycle, January through May, the uncertainty of change affects the stock market in a negative way. As the election nears, with the Republican and Democratic conventions, people come to positively identify with our institutional process of democracy. They realize that they can live with the outcome no matter who wins. This tends to discount that uncertainty, and the markets tend to move forward.

Below is a table of the historical trend as compared to this year's markets. As you can see, **we are way off the normal trend** of approximately 8.9% growth by this point in the year. The Dow would have to see a massive rally of over 16% for the rest of the year to achieve the average election-year gains. Our research team says, "That is not going to happen."

Election Cycles
(Historical Perspective)

Major Indexes	Jan-March	April-May	June-Aug	Sept-Oct	Nov-Dec	% Chg Year
Since 1899	2.3%	-1.0%	7.6%	1.7%	3.3%	**13.9%**
Current Year			**June-July 9**			
DJIA	-0.9%	-1.61%	0.2%			**-2.3%**
NASDAQ	-0.5%	-0.4%	-2.1%			**-2.8%**
S&P 500	1.3%	-0.5%	-0.7%			**0.1%**
Wilshire 5000	2.2%	-1.0%	-0.8%			**0.4%**
Russell 2000	6.0%	-3.7%	-0.8%			**1.2%**

Can you say election fraud? We first noted last week that Florida was trying to steal the Presidential election again. (see "Scuttlebutt Corner" July 5th edition)

As the result of a lawsuit, Florida election officials have had to admit that they used flawed and illegal means to try to purge thousands of voters from election lists for November's election. **The list throws out 22,000 African Americans, but only 61 Hispanics**, and yet they make up about the same population demographically.

African Americans in Florida vote 90% Democratic, while Hispanics vote majority Republican. Remember, Florida's Governor is the president's brother, and in the disputed 2000 election, Bush only won Florida by 537 votes.

Oops! We're sorry, we just gave the election to the Governor's brother, George Bush---Again!

I guess they will have to use other means to steal the election. Maybe they will use those new **electronic voter machines**, made by Diebold Corporation, THAT LEAVE NO RECORD of how people voted. Diebold is a huge contributor to the Republicans, and their president recently said he would do anything to help Bush get re-elected.

Scuttlebutt Corner: The week's most interesting news

66% of American women think it's important to get the lowest price possible---Duh!!! This remarkable bit of information should be good news for companies like Wal-Mart, Target, and Federated Department Stores. Nevertheless, June figures for these retailers were dismal, suggesting the possibility that the "deep pockets" of consumers are drying up.

Low-End Retailers

	Sales Growth	
Company	**Actual**	**Expected**

Wal-Mart	2.2%	3.6%
Target	2.3%	3.5%
Gap	-2.0%	4.1%
Federated	-3.4%	4.0%

DeBeers, the world's largest diamond producer, has agreed to plead guilty to criminal price fixing. The outcome of this case, which lasted 10 years, paves the way for the company's re-entry directly into U.S. markets.

Of course, for the last fifty years, they have used intermediaries to sell diamonds in the American markets. Shortly after World War II, they were kicked out for refusing to provide industrial diamonds for the war effort.

Speaking of criminal activities, Martha Stewart will be sentenced this week. Word has it that she will do time in the Federal pen. **Ken Lay** was finally indicted on 17 counts last week. It took the government 2 years to work their way up to him.

Do you remember **Adelphia Communications**? They were the cable company whose owners, the Rigas family loaned themselves over $2 billion. Well, the father, John, and the son, Timothy were convicted Thursday on 18 charges. The other son, Michael will go free after he was acquitted of any wrongdoing.

Russia's largest bank, Alfa, acted to stop a run on deposits last Thursday. They imposed a 10% commission on depositors who wanted to withdraw their own money! This is the 5th bank to encounter major problems in the last 2 months.

Remember the Russian banking crisis of 1998. Our stock market took a huge hit because of it. There is definitely a banking crises going on in Russia now. We will monitor the situation to determine how big it gets and how it will affect our markets. Typically, the shit hits the fan in September or October.

Will **Fahrenheit 9/11** singe Bush? Through last weekend, Michael Moore's movie has made over $80 million dollars, and been seen by 10 million people. It could be the first documentary to affect the outcome of an election.

"**The women of Morgan Stanley**." 340 women who held top positions in Morgan Stanley's institutional equities division brought a class action suit for sex discrimination in the workplace. The claims include stories of lewd behavior such as breast-shaped cakes, workplace stripteases, and sexist comments.

Vermont: For the first time in a century, a patron can step up to the bar in Vermont and buy a drink for himself and a date at the same time! Until now, Vermont had imposed a legal limit of one drink per turn at the bar. You can bet that it caused a lot of heated conversations with the booze-'n'-ski set.

Legal Riddle: Can a man marry a woman, but still violate a ban on same-sex marriages? Paul Spina, after being married to Sharon Hays for 22 years, went to Thailand and got a sex change operation.

The wife is suing for annulment. The incredible thing is that during their marriage, Sharon accumulated millions of dollars worth of stock. She says she shouldn't have to share it with Paul---now Paula---because psychologically, Paul/Paula was always a woman, and therefore broke Kentucky's law against same sex marriages.

Apparently, it doesn't matter to Sharon that Paul/Paula father two children with her, something a woman would find difficult to do. Are you confused yet?

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www.winningstockpicks.net **July 5, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Headlines

- Major indexes drag market down. Find out what happens next.
- Markets breakout to the downside. See why NOW is the time to dump big cap stocks like Ford and GM!
- Proof that the government is covering up Mad Cow Disease!
- See why our index option play is about to pay off---BIG!
- Markets are flat for the year. Picks that will beat the market.
- Scuttlebutt corner: The week's most interesting news.
- Florida tries to steal the election again! Find out how.
- Technical analysis: see how the markets are breaking down!

Market View

After stalling out 2 weeks ago, the markets turned south last week on increasing volume. All major indexes fell nearly 1% for the week on a distinct change in momentum. Judging by the narrow trading range of the last 2-months, one has to be careful in calling this one; nevertheless, there appeared to be a "sea change" in climate last week regarding the strength of the economy. (See "macro factor" below)

Once again, the major markets are hovering near the break-even mark for the year. They range from -1.6% for the Dow, to +1.8% for the Wilshire 5000. The Russell 2000 leads the pack at +4.6%, but since it has been re-balanced recently, we want to give it another month to see if it falls into line with the others.

What a difference a year makes. Last year at this time, you could throw darts a group of stocks on the wall and be guaranteed an impressive gain. Now, after 6 months of this year, we hang near the flatline. This shows that one must be patient and do their homework in order to find winning stocks.

Technically speaking, damage was done to the daily charts of all major indexes except the Russell 2000. **The Dow, Nasdaq, S&P 500, and the Wilshire 5000 all broke below their 6-week uptrend channels**. (see "Technical Analysis" below)

Market Moves

Major Indexes	31-Dec-03	18-Jun	25-Jun	2-Jul	% Chg week	% Chg YTD
DJIA	10,454	10,416	10,372	10,283	-0.9%	-1.6%
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S&P 500	1,112	1,135	1,134	1,125	-0.8%	1.2%
Wilshire 5000	10,800	11,034	11,074	10,998	-0.7%	1.8%
Russell 2000	557	571	588	583	-0.8%	4.6%

We hesitate to call this a breakdown of the markets, because the major players---hedge funds, brokerages, and institutions---have delighted in "churning" the markets for the past several months. If they make the markets gyrate up and down, repeatedly, they get to clean up on the nervous people who think they are getting in on the next breakout, only to take losses when there is no follow through.

We have, however, recently called for a "breakout" or "breakdown" occurring before July 9th. (INSERT LINK: see "Market View" June 28th edition) This could well be the start of that move.

Although the FED raised interest rates on Wednesday, interest rates actually fell! I know that sounds crazy, but that's the market for you. The bond markets had overshot the mark, ringing up rises totaling more than a ½-point rise recently, and they choose this time to correct that mistake. The 10-year note fell to 4.46%, its lowest level in two months.

This is great news for the homebuilders, as it means that people will jump back in to refinance. We believe that the home construction sector will continue to see growth for at least the next quarter.

Recommendations

Last week, the government encountered two possible cases of "mad cow" disease. The preliminary test results were conducted using field test kits from Bio-Rad laboratories, a United States company.

Incredibly, both tests were ruled negative when re-tested in the agriculture department's national labs!! We find this determination nearly impossible, statistically speaking, and believe that **the USDA is engaging in a massive cover-up of Mad Cow Disease in American cattle**.

Because of inquiries from the U.S. Senate, the Agriculture Department's inspector general, an independent watchdog agency, has significantly expanded its probe into allegations that USDA officials falsified records regarding the diseased animals.

Consider the facts:

- Bio-Rad's test kit is used in 25 different countries around the world. It is by far the most commonly used test.
- It has an 85% success rate in all tests conducted outside the United States.
- The governments of the European Union and Japan have successfully used this same test to find and eliminate all mad cow disease in their countries.
- The European and Japanese governments test 100% of their cattle herds.
- A private beef rancher, Creekstone, wants to conduct their own tests on 100% of their herds, but the government has threatened to throw them in jail if they do.

  Are we to believe that the laws of chemistry and physics cease to exist within the borders of the United States?? Are we to believe that a reputable company---Bio-Rad---is selling a test with a 0% success rate?
- Of 8,000 head of cattle tested since June 1 (one month!), there were 2 positive results in the field tests. The government plans to test 200,000 more head of cattle over the next year. This should bring approximately 50 positive tests for mad cow.
- **There are approximately 37 million head of cattle in this country. If all were tested, if would bring 9,250 possible cases of mad cow disease.**

These FACTS form the basis of our continued confidence in the company **eMerge Interactive, Inc.---EMRG**. (see "stock picks" June 7th edition.)

When the government enforces 100% tracking of all cattle---something it is already phasing in---EMRG is perfectly positioned to take a major portion of that market. **EMRG has the only approved USDA process in the country**!

Setback to the nation's largest media companies: If you took the hint last week about selling the major media companies, you would be ahead on most of those trades. (see "Scuttlebutt Corner" June 28th edition.)

Company	Symbol	June 25th	July 3rd
AOL/Time Warner	**TWX**	$17.43	$17.39
General Electric	**GE**	$32.18	$31.67
Viacom, Inc	**VIA**	$36.19	$36.07
Walt Disney	**DIS**	$25.18	$25.27
Liberty Media	**L**	$8.96	$8.70
News Corporation	**NWS**	$35.60	$35.61
Vivendi Universal	**V**	$27.55	$27.81

Granite Construction Inc. (GVA: NYSE) is a heavy civil construction contractor with operations throughout the United States. The Company serves both public and private sector clients. Within the public sector, it primarily concentrates on infrastructure projects, including the construction of roads, highways, bridges, dams, tunnels, canals, mass transit facilities, and airports. Within the private sector, it performs site preparation services for buildings, plants, subdivisions and other facilities. Granite owns and leases substantial aggregate reserves and owns a number of construction materials processing plants. It also has a heavy construction equipment fleet.

We believe that GVA is a good **medium to long-term** (6-18 months) play for several reasons.

- The company serves both public and private sectors. As the economy strengthens, there will be more capital spending.

- If John Kerry wins the election, there will be a perception (and probability) of increased infrastructure spending, and this will benefit GVA.
- The stock price is currently depressed because of rare losses in the 1st quarter. We believe the company will rebound in the 2nd and 3rd quarters of this year, thus increasing the stock value. We believe that the stock price has technically made a bottom around the $18 level.

GVA closed at **$18.26** on Friday. We are looking for a 20-30% gain on this stock.

Running tally of previous recommendations

	Pick Price	25-Jun	2-Jul
EMRG	**$ 1.86**	$ 1.64	$ 1.77
APNJ	**0.85**	0.75	0.70
ECGI	**0.59**	0.54	0.61
BDYS	**0.60**	0.39	0.31
LBTT	**0.0150**	0.0124	0.0175
IBZT	**0.0164**	0.0099	0.01
CDVJ	**0.0023**	0.0020	0.0025
MRKL	**1.15**	0.67	0.67
AHFI	**0.95**	1.01	1.15
GTCB	**1.78**	1.52	1.60
GNBT	**1.40**	1.41	1.50

Here is our exit strategy for **ECGI**. We believe that it made a bottom two weeks ago and is trending upward. We see strong overhead resistance at $0.73-$0.75. Sell your holdings at $0.73.

QQQ options

If you took our advice and purchase “straddle” options in the QQQ (see “New Recommendation” June 28th edition.), then we advise you to keep a close eye on them this week. The market is flirting with a breakdown. The QQQ tested the lower range of its rising trend channel.

If the QQQ drops to $36.00-$36.12, but doesn’t breakthrough to the downside, then **“Sell to close” your “put options,” but hold on to your “call options.”** If the QQQ blasts through $36.00 to the downside, only close your put options if it recovers above $36.15.

If the market holds and begins to rally, hang in there until the QQQ test $38.50, and then **“Sell to close” your “call options,” but hold on to your “put options.”** If the QQQ blast through $38.60 to the upside, only close our call options if it drops back below $38.40.

Scuttlebutt Corner: The week's most interesting news

Ford and G.M. car sales fell in June: Ford sales were down 11.9% for the month, and G.M. sales fell 15.4%. Inventories on dealer lots are 11% over normal. The higher consumer interest rates are going to hurt profits because the companies can't pass them on.

They must keep the "customer incentives" high to sell cars. The 0% interest rates and the $4,000-$5,000 rebates won't go away any time soon. The companies will have to absorb these costs, and this will translate into lower profits. We estimate poor 3rd quarters for both of these companies. **We recommend selling both now, with a possible re-buy in the 4th quarter**.

Well, you can pull out your **Barbie dolls**, and start taking pictures. A federal judge dismissed a case against an artist for producing a series of 78 photographic images of the wildly famous doll showing her nude, and posed provocatively in or around various household appliances. Of course, it was Mattel Inc. who brought the suit. Let's hear it for free speech!

I.B.M. is worried about the Oracle-PeopleSoft Deal: "We are exposed to potential consolidation of the software space, especially to acquisitions by hostile players," the IBM analysis said. Imagine, a giant being worried about a young child. Maybe they're worried that the youngster will nibble at their kneecaps! Oracle is being challenged on antitrust charges.

Supreme Court blocks law regulating Internet Access to pornography. They take away most of our civil rights with the Patriot Act, but their going to let us watch pornography. Go figure!!

Hedge funds: Last week we mentioned that, in the wake of mutual fund scandals, the S.E.C. had issued orders to have independent managers. Now, they have trained their sights on the hedge fund industry. They are proposing a new rule to have all hedge funds register with the S.E.C. Is that it? All they have to do is register, and they can continue to manipulate markets?

The hedge fund industry has grown from $250 billion in assets in 1996, to over $650 billion in assets today. That's $650 biiillllliiionnn completely unregulated dollars. **While we are not into big government, we are into protecting the small investor**. Many people speculate that hedge fund collusion is responsible for many attacks on individual stocks,

driving them down and forcing small investors out. After, the funds buy the cheap shares back and make a killing.

Japan: Business is better than at any time since the collapse of the bubble economy a dozen years ago, according to a survey of Japanese companies released Thursday by the central bank. The closely watched "Tankan" survey of some 10,000 companies showed that the two-year economic recover remains on track. The Nikkei 225 stock index closed at 11,722 on Friday, 54% higher than its low of 7,600 just over a year ago.

Europe's central bank declines to follow FED: The central bank announced on Thursday that it would leave its benchmark interest rate unchanged at 2%. Europe's major economies are rebounding, but with far less vigor than the United States.

Fahrenheit 9/11, Michael Moore's anti-Bush movie, set box office records for a documentary last week. It beat out all other comer's, while playing on only one-third the screens. Just when I think that most Americans are brain-dead (including me), we surprise ourselves!

U.S. lawmakers request UN observers for the November 2 presidential election! This is in response to the fact that, "the US Commission on Civil Rights "found that the electoral process in Florida resulted in the denial of the right to vote for countless persons." **Apparently, the U.S. election process is like that of a 3rd world country.**

Florida tries it again: The purge of felons from voter rolls has been an issue in Florida since the disputed 2000 presidential election. A company hired to identify ineligible voters before the election **produced an error-filled list and elections supervisors removed voters without verifying its accuracy**.

Now they have a new list for this year's election. The Miami Herald, after a computer analysis, said at least 2,119 people on the new list had received clemency and were eligible to vote. The names were on a Florida Division of Elections list of more than 47,000 people that was sent to county elections supervisors for purging.

Of the 2,119 people identified by the Herald, 62 percent were registered Democrats, and almost half were black. Less than 20 percent were Republicans. **Al Gore did win the election**!

Microsoft Corp. released a free software update yesterday to close vulnerabilities that left users of its Internet Explorer browser open to attacks by hackers. The security breach, discovered last week, made it possible for users of Microsoft's ubiquitous Web browser to have their passwords and private account information stolen when they logged on to banking sites.

Microsoft's update turns off a function within the Windows operating system instead of repairing the flaw in that function. The update is available at www.microsoft.com/downloadject. Microsoft's browser, Internet Explorer, dominates 95% of the market. Boy, talk about your 900 lb. gorilla!

Cable companies are working hard on "addressable advertising." This is a process where they monitor your T.V. usage to determine which advertising to direct at you. That way, companies don't waste so much money sending ads to everyone.

Right now, they are starting to tailor ads for, let's say rugged trucks, to the rainy, more mountainous parts of the country. Soon, they will start monitoring everything you watch---Tivo already does! Don't watch T.V. naked, or scratch your balls. They'll see you!

The Macro Factor

We experienced a significant deceleration in the economic numbers this week. This "June swoon" signified that the

momentum of economic growth is slowing, but probably not turning. Even the non-farm payroll component of the unemployment report was muted.

Although the economy created 112,000 new jobs, this was less than the 250,000 forecast by a majority of economists. We need to create at least 150,000 new jobs each month just to keep up with population growth.

Two bright spots in the week were consumer spending and consumer confidence. Both measures hit 2-year highs. Americans' incomes went up for the second straight month, a factor that decides future spending habits.

On Wednesday, the FED raised interest rates by 1/4 point, in a move that they telegraphed long before the event. As we predicted, it was a "non-event" that had no effect on the markets. Some people have called the FED "behind the curve" for waiting so long to raise rates. Indeed, **one has to question why they are raising rates two quarters after the peak in corporate earnings for this business cycle**.

On Monday, the U.S. coalition forces, in a secret ceremony, turned over---sort of---Iraq to the interim government. As we predicted, it was a complete non-event, and did not affect the markets in any way.

The administration is full of bright platitudes regard "full" sovereignty, but this advertising is mainly for domestic consumption. The new prime minister is a former---current---CIA agent, and is probably being set up as a strongman.

Look for the situation in Iraq to deteriorate into a deeper state of marshal law. The Middle East will continue to pose a significant risk to U.S. equity markets for at least the next year.

Technical Analysis

The markets broke to the downside last week. The odds now favor a further move down, thus testing the support levels of the various major indexes. To give you a visual representation of our thinking, we will show you the DJIA, the Nasdaq, and the S&P 500.

DJIA

As you can see from the charts below, the Dow broke below its 6-week rising trend channel. This makes 10,310 its first overhead resistance. If it breaks through that, then it must break back into the channel, at 10,400.

While it is still holding above its 50-day moving average (thin blue line snaking across chart), the action last week was decidedly negative. A break below 10,100 would precipitate a test of the 9,900 level.

S&P 500

The S&P 500 also broke below its 6-week rising trend channel, but managed to hold the 1,120-1,125 level. It is now at a significant support level. If it breaks strongly below 1,120 and its 50-day moving average, we will enter a downtrend channel and probably test 1,100.

A move below 1,080 would represent a failure of the rally, as this would solidify a triple top formation, which is a very negative technical signal.

Nasdaq Composite

The Nasdaq has held up better than either the Dow or the S&P 500. As you can see from the chart below, the Nasdaq is currently on the lower edge of its 6-week rising trend channel. To this point, it has held the 2,000 level, and remains

well above its 50-day moving average.

A break below 1,970 would signify a re-entry into its 5-month downtrend line and a failure of the 6-week rally. If that occurred, it would strip a lot of confidence from the market, and precipitate a possible test of 1,900.

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www.winningstockpicks.net **June 28, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Market View

Well, what a difference a week makes---NOT!---Once again, the markets tried to break out of their range, but were unable to sustain any momentum. Only the Nasdaq and Russell 2000 managed to end in positive territory last week, the others ended at or near flat. The Russell is a special case, as they just had their annual rebalancing. The market "bigwigs" seem to be jacking us around. Two weeks ago, it was the Nasdaq that had the weakest showing, and last week, it's the strongest. End result---we've been going nowhere, fast. No, strike that. We have been going nowhere, slowly!

Market Snapshot

Major Indexes	31-Dec-03	11-Jun	18-Jun	25-Jun	% Chg week	% Chg YTD
DJIA	10,454	10,410	10,416	10,372	-0.4%	-0.8%
NASDAQ	2,003	2,000	1,987	2,025	1.9%	1.1%
S&P 500	1,112	1,136	1,135	1,134	0.0%	2.0%
Wilshire 5000	10,800	11,046	11,034	11,074	0.4%	2.5%
Russell 2000	557	569	571	588	3.0%	5.5%

The market seems to be of two minds. There are those who say that we are on the verge of a "summer breakout rally",

and others who say that the "summer doldrums" are about to set in. Can you say, "Schizophrenic?" In a way, this is the beauty of that great auction house called the stock market. **The constant bull and bear tension creates movement, and that creates opportunity for the smart investor**!

Although volume picked up strongly on Wednesday's rally, there was no follow-through the rest of the week. Last week, the implied volatility of the market reached the lowest level in 13 months. Except for Wednesday's move, the range continues to be very narrow. Watch our here!!

There is an old saying, "Don't sell a dull market short." It could be appropriate at this point.

We expect a breakout by July 9th at the latest! Traders are bored and tense. This could be a great opportunity to play the volatility. (See "New Recommendation" below for details)

The Macro Factor

Durable goods orders fell for the second straight month, but the big news was that Q1 GDP growth was reported at 3.9%. The number was still strong, but less than the 4.4% that was expected.

The two big events this week are the turnover of power in Iraq, and the FED meeting on interest rates. Unless there are some phenomenal terrorist actions, **the Iraq turnover will be a "non-event."** People wait and speculate for so long on this type of event, and when it comes, it is already discounted by the markets.

Guess what? **The FED decision is also a non-event, and will have little effect on the markets!** The slower than expected GDP pretty much sealed the decision that the FED will make about interest rates on Wednesday. This will be the best-telegraphed rate move in the history of the FED. **The FED will raise rates 1/4 point.**

Earnings season is at hand. Estimates for earnings growth of S&P 500 companies range from 20%-30%. A number anywhere within that range would be great for the market.

Scuttlebutt Corner: The week's most interesting news

Here's a little item that takes the term "entrepreneur" to a new level. It seems a company called Kargo is selling a variety of cellphone sounds for $2.99. They include, honking horns, ambulance sirens, a dentist's drill, and even a hacking cough to simulate illness. Their aim is to help liars make up excuses to the people they call. As of yet, they are not publicly traded.

There's more! One can even join an "alibi and excuse club," a network of 3,400 strangers who help each other skip work, get out of dates, or give a loved one the slip. Should you be interested in a little lying, the web site for the club is www.sms.ac.

Martha Stewart (MSO) had her sentencing postponed again. The new date is July 16. How much time will she do? Should she do any time?

One has to wonder about this case. With all the multi-billion dollar scandals on Wall Street, the government picks this little insider trading case to make a big deal. Could it be because she donated big money to Hillary Clinton? Anyway, I miss her cooking shows, or at least my girlfriend does.

Coming on the heels of numerous **Mutual Fund scandals**, the SEC has ordered that boards must have chairmen who are independent from the companies managing the funds. DUH!!! Of course, they gave them 18 months to implement the plan.

It looks like the plan to **expense stock options** is being torpedoed by special interests. Both the House and Senate are gutting legislation that would have taken effect in January of 2005. If the law had been in effect, the earnings of the S&P 500 would have been 8% lower last year, and for some high tech companies, it would have lowered revenues by as much as 50%.

New accounting standards require state and local governments to acknowledge the full cost of health benefits to retirees, putting immense pressure on public employers to reduce their liabilities by scaling back benefits.

I guess state institutions are finally joining the big corporations at shafting employees when it comes to benefits.

Latin America: In the last few years, six elected heads of state have been ousted by violent protests. The main source of discontent is government corruption. I wonder when the people of America will get fed up too.

Speaking of Latin America, **are you feeling a bit wired**? Brazilian **scientists have discovered a naturally decaffeinated coffee plan** that won't keep you awake at night. Decaffeinated coffee accounts for about 10% of world consumption, but key flavors are sacrificed when the caffeine is removed. This one will bear watching for its commercial possibilities.

Former Chrysler Chairman Lee Iacocca, who backed President Bush four years ago, switched sides and endorsed Democratic Senator John Kerry for president Thursday. **Two weeks ago**, a group of 27 retired diplomats and military commanders charged that Bush administration policies had weakened U.S. security, and that "We need a change." **Last week**, 48 Nobel laureates denounced President Bush for "compromising our future."

I thought Bush was supposed to be a "uniter not a divider."

State Street Financial Services reported that **Global investor confidence** fell in June, hitting a new 2004 low as institutions hunkered down in anticipation of the first U.S. interest rate hike in four years.

A federal appeals court dealt **a setback to the nation's largest media companies** by ordering Federal Communications Commission to reconsider the rules it issued last summer. The commission weakened diversity rules for ownership, thus allowing the "mega" companies to buy more stations and newspapers. The court said that the commission had the right to do so, but not in the "arbitrary and capricious" way in which it was done.

Because of the election, **it is now unlikely that the change will occur this year**. If Kerry is elected, it won't happen at all. This could affect the prices of the 7 largest media corporations listed below.

Company	Symbol	Price
AOL/Time Warner	**TWX**	$17.43
General Electric	**GE**	$32.18
Viacom, Inc	**VIA**	$36.19
Walt Disney	**DIS**	$25.18
Liberty Media	**L**	$8.96
News Corporation	**NWS**	$35.60
Vivendi Universal	**V**	$27.55

Market Plays

Note: All picks and strategies are **completely unbiased**. I am not paid to recommend any stocks or strategy.

Three weeks ago, we recommended **EMRG** to our readers. Aside from their great products, **we mentioned the potential for finding another "Mad Cow."** On Friday, after the market closed, the Agriculture Department reported another case! Of course, they "say" that they must confirm the preliminary results with further tests. In the past, we believe that they have covered up many cases. After all, with over 35 million head of cattle, **it is incredibly unlikely that there would be only 1 confirmed case**! They all eat the same food!

It is likely that **EMRG** will spike up on Monday. For aggressive traders, we recommend exiting your position (or part of it) between $2.80 and $3.10. There is a good chance that the stock will spike up, and then settle back to the $2.25-$2.45 range, at which point you can purchase more shares.

This is a chance to make some extra money, but it is very tricky. We have analyzed this stock as a **long-term hold**, but if you wish to give this strategy a try, then this is a good opportunity. If, however, mad cow is confirmed, then this stock will test $3.75-$4.00 a share shortly thereafter.

Past Recommendations

	4-Jun	4-Jun 11-Jun	18-Jun	25-Jun
EMRG	**$ 1.86**	$ 1.84	$ 1.73	$ 1.64
APNJ	**0.85**	0.90	0.80	0.75
ECGI	**0.59**	0.52	0.48	0.54
BDYS	**0.60**	0.64	0.40	0.39
LBTT	**0.0150**	0.0134	0.0130	0.0124
IBZT	**0.0164**	0.0160	0.0092	0.0099
CDVJ	**0.0023**	0.0026	0.0021	0.0020
MRKL	-	**$ 1.15**	0.82	0.67
AHFI	-	**0.95**	1.20	1.01
GTCB	-	**1.78**	1.68	1.52
GNBT	-	**1.40**	1.35	1.41

Our recommendation on **MRKL** came too early. (see "Stock Picks" June 14th edition) The good news is that they were included in the team that will install the security systems for the "U.S. Visit" program, which protects our borders.

The bad news is that the Market Makers (MM's) and short sellers took over to drive the price down and scare out the weaker players. This is often the case, when a company has relatively new products and has yet to show profits.

If you did not buy this stock before, we think it's a great buy now. If you bought it before, here is your exit strategy. Buy an equal amount at $0.65-$0.69, and exit at $0.89-$0.93 per share. In that way, you will come out even on the trade.

If you took our advice on **GNBT**, you are currently ahead, albeit not by much. On great news, it made a move to $1.85 this week, but could not hold. **This stock is a medium to long-term hold**.

Regarding **LBTT** and **CDVJ**, do not expect big results until the backside of this year, or early into next year. Until then, they will waiver by 10-15%. Do not be concerned by this. LBTT, in particular has products that will play big in breast cancer detection. (see "Stock Picks" June 7th)

New Recommendation

Index Options

This week, we are recommending a type of play that can be very lucrative. You need to have an account in which you are able to trade options. We mentioned, above, the opportunity to play the coming volatility of the "breakout" or "breakdown." This is that play.

Sometimes it is very difficult to obtain accurate information about individual stocks. Additionally, at times, the market is not well positioned for stocks to appreciate. In such cases, one may want to consider "Index Options."

I prefer the **QQQ** Nasdaq-100 Tracking Stock because of its relative cheapness as compared to the SPY (Spydrs: S&P 500 tracking stock) or others. With the QQQ's, you can buy "puts" or "calls" at a reasonable price.

This play that I am recommending is for advanced traders. You must have at least a basic understanding of what an option is. An option contract gives the holder the right—but not the obligation—to buy (calls) or sell (puts) the underlying asset (index) at a given price (exercise or strike price), by a given date (expiration date). To obtain this right, you pay a "premium" (kind of like a non-refundable down payment). There it is in a nutshell.

Because we think that volatility is coming, **we are recommending a "Straddle."** A straddle is the simultaneous purchase of call and put options with the same exercise price and expiration date. **This will yield profits no matter which way the market moves, but will only bring profits if the market moves strongly ("breakout" or "breakdown")**. If the market does not move significantly, the options will expire and your "premiums" will be lost.

Okay, here is the play. "**Buy to Open": July QQQ call options with the "strike" price of $37.00**. If the market opens calmly on Monday, you should pay $0.75-$0.80 a share. Each contract is 100 shares, so 1 contract would cost $75 (100 shares x $0.75 = $75). Obviously, you would buy from 10-100 contracts to make it worthwhile.

Simultaneously "Buy to Open": July QQQ put options with the "strike" price of $37.00. You should pay around $0.40 per share. Therefore, 1 contract would cost $45, 10 contracts = $450, etc....

If you work with a broker, tell him/her that you want to do a straddle, but find out how much they charge. Sometimes, brokers overcharge for options. If it's more than $20 + $2 per contract, then it's expensive. Consider dumping your broker and opening an account with Scottrade or E-Trade, as they are much more reasonable.

Exit Strategy: **These options expire on the 16th of July, but you want to be out by the 13th or 14th**. If the Nasdaq goes up, the QQQ will follow. It closed on Friday at $37.33. If it goes up, the major resistance is $38.50. If it fails to break through that level then-----**"Sell to Close" your call options, leaving open your put options**.

If the Nasdaq goes down, the major support is at $36.00. If it fails to break through that level then-----**"Sell to Close" your put options, leaving open your call options**.

At any rate, **you must sell to close all options before they expire to realize any return**.

Good luck! See you next week---and keep writing those letters to the editor. WSP Research Staff

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www.winningstockpicks.net **June 21, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Headlines

- **With very low volume, what's the market waiting for?**
- **Why the breakout rally failed.**
- **The market is alive, not just a bunch of numbers. Find out why.**
- **Bulls vs. Bears, when will the winner emerge?**
- **"The Macro Factor": Our continuing analysis of fundamental events.**
- **Michael Moore's movie "Fahrenheit 9/11," will it affect the election?**
- **The problem with Saudi Arabia.**
- **Technical Analysis: a look at the major indexes.**

Market View

The markets last week were typified by a distinct lack of volatility. The much-vaunted "Quadruple Witching," where many types of options expire on the same day, came and went without so much as a whimper. It seems like the world is holding its breath for the two big events occurring at the end of June. One is the Federal Reserve's decision about how much to raise interest rates. The other is the long awaited and well-publicized handover of power in Iraq.

Oil was not a major factor last week, despite the sabotage of multiple pipelines in Iraq, a strike in Sweden, and the beheading of American Paul Johnson in Saudi Arabia. The price did manage a small rise from the previous week to $38.75 per barrel.

Trading volume dropped even lower last week---as if that is possible---with very little money entering or leaving the markets. Volume on the Nasdaq averaged 1.4 billion shares per day. On the NYSE, volume averaged only 1.26 billion shares per day. **These figures are a solid 25% below normal, and have the brokerages crying into their three martini lunches!** Inflows to equity funds totaled an anemic $1.3 billion last week. "Oh well," as the bulls would say, "At least it was positive."

The markets moved sideways to down last week, with the Dow, S&P 500, and Russell 2000 holding up the best. **As we predicted, there was no follow through on the "breakout" rally of two weeks ago.** (See "Technical Analysis" June 14th edition) This does not automatically mean that the markets are heading down from here. In fact, there are more evenly divided cases for the "bulls" and "bears" than I have seen in quite some time. (See "Bulls vs. Bears" below)

For the week, the Dow gained 6.31 points or 0.06%, the Nasdaq Composite lost 13.14 points or 0.66%, the S&P 500 lost 1.45 points or 0.13%, the Wilshire 5000 lost 11.81 points or 0.11%, and the Russell 2000 gained 1.42 points or .25%.

Overview

The tape is so thin (volume) that it is difficult to take an outside position in one direction or another. We are now stuck in the middle of a trading range and the risk-to-reward ratios do not favor big bets. Traders are mainly sitting on the sidelines waiting to see which way the market will break.

Because of the strong numbers consistently coming from the economic indicators, one has to lean towards the upside in this market. **The difficulty in saying, "go for it," is that we do not live in a vacuum**. We live in a complex world that is becoming more dangerous all the time.

Generally, macro factors such as sociopolitical or geopolitical events can trump good economic numbers, simply because these events can have farther-reaching consequences. Therefore, in our analysis, we must look beyond the numbers to the lives and events of people and the world. (See the "Macro Factor" below)

Bulls vs. Bears

Both the bulls and the bears are dug in deep. Rather than engaging in trench warfare, however, both sides have gone to sleep! The stock market has been referred to as "The last great auction." Moreover, being an auction, the market is like a living entity. When we see the numbers going up and down, they are not just numbers. **Those numbers represent millions of investors fighting to push the market in the direction they wish it to go.**

If you have ever seen the trading pits on the Chicago Board of Trade (CBOT) or the New York Mercantile Exchange (NYMEX), you would see what I mean. **You would see thousands of people screaming at the top of their lungs to make the trades that will result in profits for themselves and their clients**. That scenario is being replayed in countless households, offices and exchanges around the world. Even on the electronic exchanges, such as the Nasdaq, there are silent battles being waged. Those battles can determine what type of college children go to, whether someone can afford a new car, or even whether the price of corn remains high enough for a farmer to stay in business.

When you see a new line drawn on a daily bar chart, it is not just a line. It is the visual representation of who won that day's battle. Did the line close higher than the day before? Did the five lines that make up a week move higher or lower? Are the bulls winning the battle or the bears winning the war?

To become a truly great investor, these things must come to life for you. Where others see just numbers and lines, you must see a living, breathing entity moving with the ebb and flow of the battle. Believe me when I say that if you watch the numbers long enough, they will come to life! You will start to notice patterns in their movement, whether momentum is strong or stalling out, if a trend is changing, and their cause and effect relationship to macro events.

The case for the Bulls

- The economic data in nearly every category remains strong.
- After the recent rally off the lows, the market has not dropped down dramatically. It has traded sideways, perhaps building a base for the next leg up.
- Although inflation is edging up, the expected drop in oil prices will cause this trend to moderate throughout the rest of the year and into 2005.
- The FED will only raise interest rates by 25 basis points (1/4%) this month, and a total of 50 basis points (1/2%) this year.
- Congress has approved $140 billion in corporate tax breaks, and this will raise profits.
- The market has priced in too high a rise in interest rates, making a “relief rally” probable.
- There is hope for a calm transfer of power in Iraq.

The case for the Bears

- On the geopolitical front, there is the potential for disaster in Iraq and Saudi Arabia.
- Oil prices could spike upward to over $50 per barrel.
- The pace of growth is slowing, and this deceleration may affect profits in 2005.
- The pressure on interest rates is strong, from both the inflation numbers and the ballooning deficits, which bring competition for the available pool of loanable funds.
- The deficit is being funded by foreign purchases of U.S. government bonds. If they slow their purchases, interest rates will quickly rise and stock prices will fall.
- The election is uncertain, and looks to become quite ugly soon. There are a number of scandals brewing which could affect the markets.
- This is the 20th consecutive week of money outflows in technology stocks.
- Earnings, which averaged 26% in the first quarter, are estimated to drop to 15% in Q3 and Q4 of this year.

The Macro Factor

Economic Fundamentals

There were a number of economic indicators last week. On the positive side, we had: Retail sales, business inventories, building permits, housing starts, capacity utilization, industrial production, the index of leading indicators, the FED’s beige book, and consumer sentiment all showing strength.

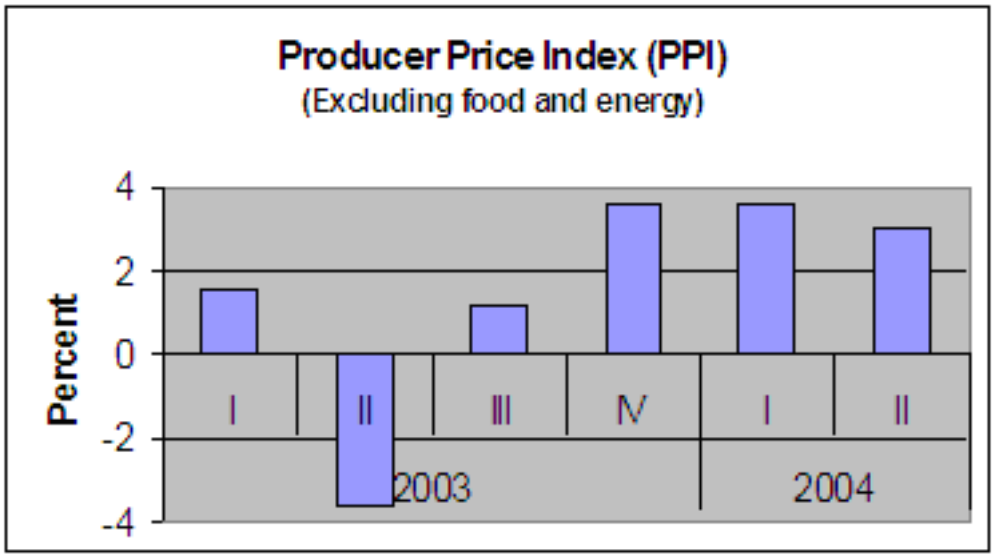
This clearly points to a healthy economy, one in which there is sustainable growth. The Federal Reserve’s “beige book” (quarterly report) is notable for its positive comments on the economy. An excerpt is presented below.

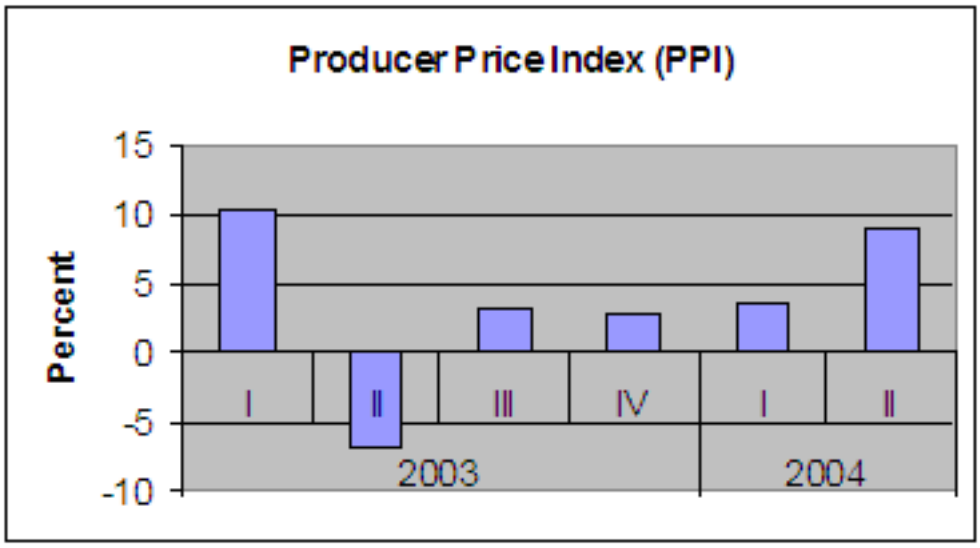
> “Reports from the Federal Reserve Banks indicate that economic activity in April and May continued to expand across the nation. Manufacturing activity continued to rise in most districts, with several districts describing the increases as broad-based. Most Federal Reserve districts reported increased demand for services. Retail sales remained even or rose in most districts. Residential real estate markets remained strong, and a few districts noted stable or improving conditions in commercial real estate markets.”

Forecasts for GDP are 4.4% growth in Q2, 4.1% in Q3 & Q4, and 3.8% in Q1 of 2005. While this represents a slowing down of the previous torrid pace, it is still well above the 3% growth rate that is acceptable for strength and stability.

On the negative side, we had: the trade balance in record negative territory, and the CPI and PPI both rising faster than desirable. Once again, we will point out the difference between the raw CPI and PPI, and the core numbers, which take out the volatile food and energy sectors. (See "The Macro Factor" June 14th edition).

The core numbers showed relatively tame inflation figures, but when we include food and energy, the inflation rates rise substantially. Below you will find two charts that exhibit the differences. Notice Q2 "core" rates for the PPI indicate 3% annual inflation, but **when you add in food and energy prices, it jumps to a 9% annual inflation rate**.





Finally, we must point out the "current account" deficit. It points to the fact that we are buying more goods and services from abroad (Imports) than foreign countries are buying from us (exports). This deficit reached a record $144.9 billion in the first quarter, and could point to some danger ahead.

Because of this deficit, the country must borrow money at a rate of $1.5 billion every day. This borrowing is accomplished by selling U.S. government bonds, primarily to foreign governments. Over time, there may be a lack of confidence on the part of foreigners that the U.S. will be able to pay back these ever-widening deficits. **If they stop funding our orgy of spending, our stock market could be in for a big sell-off**! Of course, in the interest of fairness, I must add that some people have been saying this for years. For the moment, most countries believe that

U.S. Treasury instruments are a good place to put their money.

Social/Political Factors

As we forecast last week, President Bush received a small bounce in his approval ratings from the weeklong remembrance of Ronald Reagan. He has hit the campaign trail hard, speaking mainly within armed forces venues.

The biggest controversy last week was the 9/11 commission report negating one of the three big reasons for the invasion, namely that Iraq and Al Qaeda had operational links. The administration had repeatedly used this as a justification for the war. The 9/11 commission has said that there is no evidence to support this contention. Despite the evidence, Bush and Cheney continue to insist there was a link between Saddam Hussein and O'Sama Bin Laden.

For John Kerry's part, he has remained essentially invisible over the last month. Is it because he is not saying anything important, or because the media is ignoring him? For our part, we think the former. His supporters are saying that keeping quite at this stage is smart, as it doesn't give the Republicans anything to target. Additionally, they say it is still too early to come out strong on the issues. **He had better not lull everyone to sleep or he might have trouble regaining momentum**. The big question, of course, is who will be the Vice Presidential pick for the democratic ticket. We probably won't know for 2-3 weeks, and if history is any indicator, it will not be anyone we expect.

The real wildcard in the race could be Michael Moore's new movie "Fahrenheit 9/11." The movie is supposed to detail Bush's close ties to Saudi Arabia and the Bin Laden family. **It makes the case that Bush was "asleep at the wheel" before 9/11, spending 42% of his time on vacation prior to the terrible event**. It is just possible that this movie could swing some undecided votes away from Bush, thus handing a victory to Kerry. We shall have to see if it is that powerful.

Geopolitical Factors

The beheading of Paul Johnson, who lived in Saudi Arabia for 12 years, highlighted the geopolitical dangers facing the stock market. **The potential for a disaster attributable to terrorism is probably the main factor holding the market back**.

There are approximately 35,000 Americans working in Saudi Arabia, the majority in some capacity within the oil industry. Because of the obvious danger, the State Department has advised, but not ordered U.S. citizens to leave the country. If all or most foreign workers eventually leave the country, it could deal a crippling blow to the Saudi economy.

The situation is rapidly turning into a security nightmare. We thought we should share some pertinent facts about oil, Saudi Arabia and its links to Al Qaeda.

- The Saudi oil industry depends upon foreign specialists to run its technical operations.
- The security situation has been deteriorating for more than 18 months.
- The Saudi society is deeply religious and conservative in a Muslim fundamentalist way.
- Even within mainstream Saudi society, some believe that the foreign workers are infidels.
- Most Al Qaeda members come from Saudi Arabia, including O'Sama Bin Laden.
- 15 of the 19 hijackers in 9/11 came from Saudi Arabia.
- Al Qaeda believes that the Saudi Monarchy is corrupt and needs to be overthrown.
- The country is rapidly approaching a time of crisis. If the government clamps down on Al Qaeda, this will alienate the Muslim clerics who direct the religious beliefs of the population.

We can see no upside in the geopolitical factors regarding Saudi Arabia. The terrorist actions will cause the Monarchy

to clamp down on Saudi society in an attempt to stabilize the situation. This would play into Al Qaeda's hands, and the cycle of violence would continue.

We believe that the best the markets could hope for is to internationalize the problem by bringing in more countries to address the grievances of the nations of Islam. This, however, would require rebuilding relationships with many countries that the current administration has deeply offended, and that is an unlikely scenario.

Technical Analysis:

(See "Technical Analysis" June 14th edition for a basic explanation of TA)

The markets will most likely maintain a thin trading range, moving sideways for the next two weeks. **Technical analysis is underpinned by fundamental analysis, and the market is waiting for the FED meeting and turnover of Iraq, both on June 30.**

At that point, or shortly thereafter we shall see in what form the catalyst that changes the status-quo will appear. It could be the FED move, Iraq, or the earnings season, which begins in July.

Nasdaq Composite:

As we predicted last week, the Nasdaq could not maintain its upward momentum. The risk to buy above the 2,000 level was too great, and the market sold off slightly to close at 1,986.73. The index again failed to rise above its 4 1/2-month downtrend line. As you can see from the chart, however, the index has held its support at 1,978, which is also its 50-day moving average. The range for the week was an incredibly small 43.10 points.

The chart shows a series of "descending tops." This is generally a negative technical sign, but coupled with strong economic fundamentals and the strength of the Dow, S&P 500, and the Wilshire 5000 charts, we will not read too much into it at this time.

Analysis: The rising trend channel (dotted lines) was too steep to sustain a continued advance, and the trend has moved to the downside. Absent of any major negative news, we do not expect the Nasdaq to breakdown in the near-term. Rather, for the next two weeks, we expect the Nasdaq to move sideways in a narrow trading range.

Best case: 2,055-2,075 on a near-term basis.

Worst case: A breakdown below the **1,978** level. If it breaks substantially below this level, it would be a negative reversal, and 1,978 would then become overhead resistance.

Dow Jones Industrial Average:

As we predicted, the Dow also could not maintain its upward momentum, and turned sideways. It showed more strength than the Nasdaq by maintaining a level well above its 50-day moving average.

More importantly, the Dow held above its 4-month downtrend line, and above the 10,400 level. Holding the 4-month line is significant in that it technically shows a fundamental change of market direction in the intermediate-term.

As you can see from the chart below, the Dow is now trending sideways (dotted lines). We expect it to continue this pattern until some fundamental catalyst decides its direction. One caveat exists, however. With such light volume, it would be possible to drive the market up without any real news, just on the expectation of good earnings to come. If this occurred, it would be a fragile rally, and would soon need to be backed-up by some fundamentally good news.

Analysis: The rising trend channel (dotted lines) was to steep to sustain the rally. The Dow has begun to move sideways in the hope of building a base above 10,400. There appears to be some danger of a move down to the 10,280-10,300 level and its 50-day moving average.

Best case: A move to Dow **10,540**, and then a consolidation above **10,420**.

Worst case: Bad news and a breakdown below the **10,200-10,240** support levels.

S&P 500:

The S&P 500 has virtually mirrored the Dow, or vice-versa. It was unable to maintain its rising uptrend channel, and has since moved sideways. As noted by the chart below, the S&P 500 has been unable, in any significant manner, to break through resistance at 1,138-1,140.

Analysis: Importantly, the S&P 500 has bounced off support at the 1,125 level and regained its position above its 3-month downtrend line. The chart shows a double bottom formation and sideways movement in an attempt to form a base and challenge resistance at 1,163 (the old multi-year highs).

Best case: A move above **1,140** with a subsequent consolidation above that level. Then, a move to challenge the multi-year high of **1,163**.

Worst case: A move below **1,120** and its 50-day moving average. This would be a negative reversal and the next support would be at **1,105**.

Wilshire 5000:

The Wilshire 5000 is moving sideways in a channel between support at 10,925 and resistance at 11,060 (dotted lines on chart). The index is now significantly above and outside its 2-month downtrend line, and is attempting to consolidate recent gains. The weekly range of the index is thinning out, at only 170.73 points.

Analysis: The Wilshire bounced off support at 11,925 and held its 50-day moving average. It is echoing the Dow and S&P 500 in that it appears to be attempting to consolidate its gains. As predicted last week, the angle of the rising trend channel, 70-degrees, was too extreme to continue. This index, like the broader markets, will await fundamental news to decide which direction to move.

Best case: Sideways consolidation at these levels, and then a move to challenge the multi-year high of **11,314** on a closing basis.

Worst case: A break below the **10,925** support level and its 50-day moving average. After that, a further breakdown below the 2-month downtrend line—now a support line—at **10,830**.

Look for these topics in future issues:

- Market view
- The Macro Factor
- Choosing stock entry points with Technical Analysis
- Trading index options
- Rules for picking good stocks
- How to avoid losing stocks
- More stock picks

Submit Questions and Comments

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www.winningstockpicks.net **June 14, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Stock Picks Included This Week

- **MRKL: Markland Technologies, Inc.**
- **AHFI: Absolute Health and Fitness, Inc.**
- **GTCB: GTC Biotherapeutics, Inc.**
- **GNBT: Generex Biotechnology Corporation**

Headlines

- **Is the “breakout” rally for real?**
- **What are the dangers holding back the market?**
- **Next week’s calendar of economic events. Will they dramatically affect the market?**
- **How dangerous is higher inflation, and are we there yet?**
- **How the election might affect your stock market choices.**
- **“The Macro Factor”: Our continuing analysis of fundamental events.**
- **Technical Analysis: How to analyze the recent rally.**
- **Read about this week’s hot stock picks!**

Market View

Crude oil prices took center stage this week with prices dropping as low as $36.45 on Wednesday before recovering Thursday to near flat on the week. Friday's close was $38.45, down a mere 4 cents from last week's close of $38.49 per barrel. Nevertheless, this was $4.00 lower than the all time high of $42.45 set two weeks ago. This lessening of energy-price pressure, along with a national "coming together" over the death of Ronald Reagan, contributed to Monday's dramatic market rally. In Georgia, the meeting of G-8 heads of state produced very little in the way of international accord regarding Nato and Iraq, and appears to have had no effect on the markets.

On Monday, most major indexes broke above either near-term resistance or 3-4 month downtrend lines (see "Technical Analysis" below). Advancing volume outpaced declining on the NYSE by 11-to-1 and on the Nasdaq by 7-to-1. Those are very strong figures, and speak to the validity of the "breakout." **Once again, however, volume was extremely light**, with only 1.21 billion shares traded on the NYSE and 1.49 billion shares on the Nasdaq.

These low volume figures tend to make traders suspicious. **Although this could be a "stealth rally" with others jumping in to add momentum, it could also be an attempted rally with "non-confirmation" signals flashing**. It will take some positive events to overcome the doubts engendered by these factors:

- Inflation: FED Chairman Alan Greenspan said this week that they would do "whatever is required" to keep a lid on inflation. What they can do is raise interest rates.
- Corporate margins are at a 35-year high, but labor costs are rising. This will cause decreasing earnings on a year over year basis. Forecasts are for only 11% growth in earnings in 2005.
- Valuations are high, especially if we adjust for "options expensing" which may take effect in January of 2005.
- Last week's rally may have more to do with a rallying around a national pride than a reaction to fundamentals.
- Several scandals are simmering in the White House and Pentagon.
- There is fear of a slow-down in China's red-hot economy, thus affecting demand for products and commodities.
- There has been low volume on market rallies.

Indeed, there was no follow through on Tuesday, and Wednesday saw a strong decline in share prices. In many cases, **Wednesday's decline brought prices back to or just below the breakout levels, thus putting in doubt the breakout itself**. Nevertheless, the markets tend to rally coming into earnings season, on the hope and expectation of positive earnings.

For the week, the Dow gained 167.28 points or 1.6%, the Nasdaq Composite gained 21.25 points or 1.0%, the S&P 500 gained 13.97 points or 1.2%, the Wilshire 5000 gained 109.63 points or 1.0%, and the Russell 2000 gained 1.37 points or .2%.

The 10-year note closed with a **yield of 4.79%**, virtually unchanged from last week. With the statements of Alan Greenspan and nearly all other FED members, **it is now a foregone conclusion that the FOMC will raise interest rates on June 30**. The only question that remains is whether it will be ¼ or ½ point. We continue to believe that interest rates will rise by at least 2% over the next 12 months.

This week's economic indicator calendar is very full. We will see: Retail sales, trade balance, producer price index (PPI), consumer price index (CPI), Michigan consumer sentiment, building permits, housing starts, the FED's Beige book, capacity utilization, industrial production, and leading indicators. All of these are important indicators (read "The Macro Factor" in the June 7th newsletter for a list of important economic indicators).

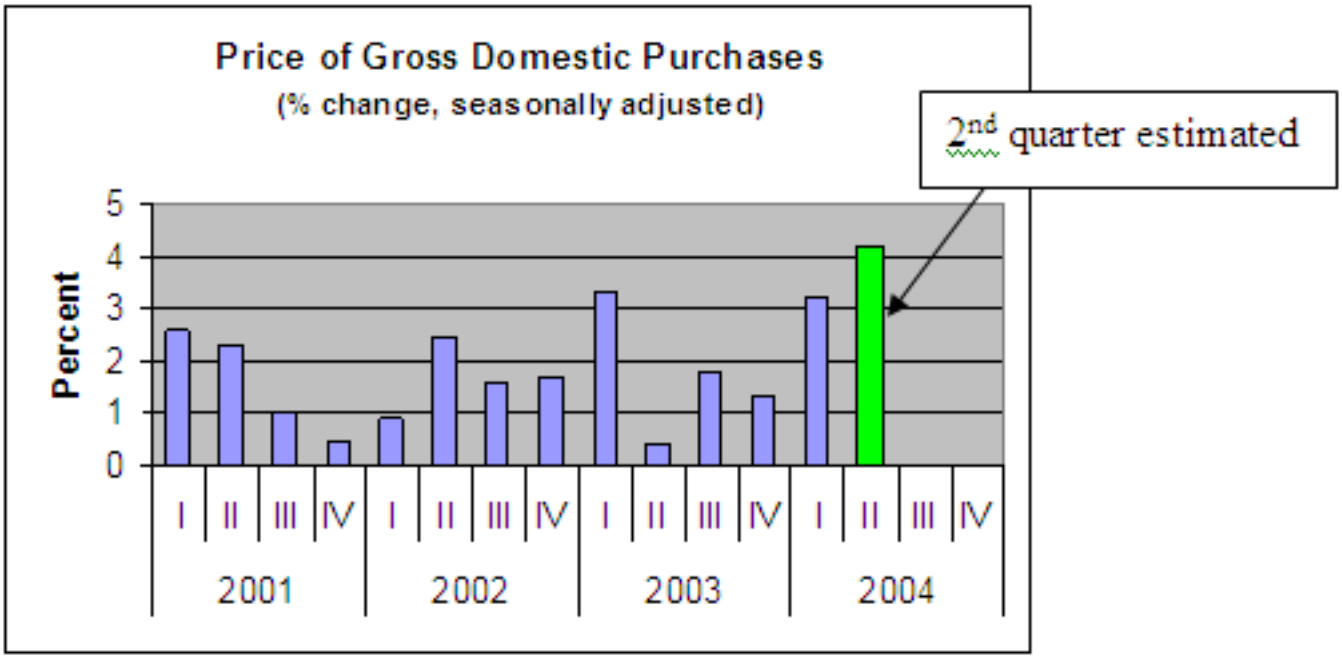
A number of events should move the market this week. In addition to the economic indicators listed above, **we will see "Quadruple Witching" on Friday**. Quadruple Witching is a day on which contracts for index futures, index options, stock options, and single stock futures (SSF) all expire. This tends to add a good deal of volatility to markets as traders "even-up" or "roll-over" their positions before they can expire. We will also be watching oil prices to see if the Nigerian workers' strike and the Middle East turmoil have any effect on prices.

The Macro Factor

Economic Fundamentals

Inflation and interest rate hikes are the key fundamentals this month. With some evidence that inflation is creeping back into the economy, investors are looking to the CPI and PPI numbers next week. In the first 2 months of this quarter, excluding food and energy, core consumer prices rose at an adjusted annual rate of 4.2%.

As you can see from the chart below, inflation has been trending higher over the last three quarters. **An inflation rate over 4% would be of great concern because it would mean less real purchasing power for the consumer. It would also affect expectations in the stock market to the extent that real earnings and profits would be lower**.



The chart above shows inflation figures on the core level, that is, without food and energy prices. The economist in me realizes that the government needs a consistent measure so that the numbers don't shoot up and drop down dramatically. **I must say, however, that it is ridiculous not to include food and energy prices in the figures. The most common things that we all do are to commute to work and eat!** With food and energy prices shooting through the roof, real inflation levels are higher than the charts reflect.

In other areas of the economy, industrial production, capacity utilization, productivity, retail sales, the housing market, and GDP have all been quite strong, and point to a healthy economy. In fact, **global growth in the first half of the year will be the strongest in the last 16 or 17 years**. If enough jobs are created worldwide, it will continue to encourage the strong upswing in this stage of the business cycle.

In just over two weeks, the FED will raise rates for the first time in 4 years. They have no choice! A number of Federal Reserve Bank members have spoken to this effect in recent days. Nevertheless, this is not completely negative news. During a recovery, we expect rates to rise as more workers find jobs, wages go up, and demand increases. **Rates must rise to counter the "overheating effect" of too rapid a recovery. Remember, for two years we have had the lowest rates in over 40 years.** If the FED does it properly, we could have a sustainable recovery that will last for some time.

Social/Political Fundamentals

Ronald Reagan died on June 04, 2004. In mourning his passing, a divided nation has temporarily forgotten their differences and came together as one. In the short-run, as America closes ranks to honor "our own," this "nationalistic" effect will give a boost to George Bush.

In the intermediate-term, however, we believe that this **remembrance of Reagan's years as president will only hurt Bush by comparison**. Ronald Reagan said something very powerful when he ran for president the first time. He said, "Are you better off now than you were four years ago?" The answer was NO!

As people recover from his passing, they will inevitably compare the image of Reagan with the image of George Bush, and Bush cannot help but be left wanting. This will add uncertainty to the political situation. As we said last week, **uncertainty kills markets!**

We are locked in a, soon to be, very tough campaign for president. Most recent polls have John Kerry a 5-7 point favorite to win. President Bush's job approval ratings are in the low forty percent range. Since World War II, no president has won re-election with such low ratings at this stage of the cycle. Nevertheless, the Republicans will spend nearly $500 million dollars to get Bush re-elected, and that can buy many votes. Additionally, we don't know what kind of "October Surprise" might occur. **We therefore believe that, despite the current poll numbers, the election is too close to call.**

This political uncertainty divides the country and re-opens the deep wounds caused by the disputed 2000 election. Does anyone remember what that did to the stock market? It wasn't pretty!!

In today's case, one has to figure out what stocks to invest in. If Bush wins: defense and energy (Lockheed Martin, Halliburton & Bechtel), aerospace, homeland security, pharmaceuticals. If Kerry wins: infrastructure construction, healthcare (biotech, mental health & social programs), defense (different companies). **The point here is that when regimes change, the government contracts and favors change hands on a massive scale. That is what political contributions are all about!**

Two administration scandals may erupt in the coming months. One is the investigation into the **leaking of the name of a CIA agent**, ostensibly by the White House. The CIA called in the Justice Department to probe what apparently was a White House effort to retaliate against a career diplomat for having the audacity to say the president's claims of an Iraqi plot to obtain enriched uranium from Niger had no basis. If the allegations are proven true, it becomes a serious legal matter, and in some minds, treason.

The other scandal involves the **prisoner abuses** at Abu Ghraib prison in Iraq. Recent **memos have been uncovered that show approval, at the highest levels, of questionable interrogation techniques.** These memos lead directly to Secretary of Defense Rumsfeld and White House legal counsel Alberto Gonzales. The memos give legal opinions as to why the United States is not bound by international treaties or federal laws banning torture to get information out of terrorism suspects. **If this scandal erupts, it will be very embarrassing for the U.S., and could lead to decreased confidence in the markets.**

Once again, I will repeat what I said last week. **I know, these things sound discouraging. Forget the good or bad of these ideas!!! Even though investing can be loads of fun (it certainly is for me!), it is business!! There are people out there ready to take the opposite side of your play. They want to take your money. So as a wise man once said, "Get Over It." Realistic assessments of the market can empower the astute investor! Use knowledge as your ally. Be on the winning side of your trades!!**

Since we don't know who will win, it is difficult to take accurate positions in the stock market. **We will therefore follow a trading strategy that is politically neutral. We will recommend stocks that have products that**

do not depend on who wins. (See stock picks below, and read June 7th edition for last week's picks)

Geopolitical Fundamentals

Oil remains the big worry! Overall import prices for goods were up last month by a whopping 1.6%, largely attributable to the high prices of oil and other raw materials (commodities). This week, inventories of oil on hand reach the highest level in two years, but gasoline stocks are still below a comfortable level for summer. Nigerian workers were on strike over fuel prices, and if it continues, their 2.3 million barrel daily production could become uncertain in the short-run.

Recently, OPEC (mostly Saudi Arabia) agreed to increase production by 2.5 million barrels per day. This has contributed to the lower prices in the last two weeks. We expect that the Saudi's will attempt to make good on their pledge to lower oil prices before the November elections.

Saudi Arabia, the world's largest oil producer, has become a dangerous place for foreign workers. Companies that specialize in oil production are the specific targets. There were two major terrorist attacks in May, and all signals point to a continuation of that trend. **These attacks keep the oil markets on edge and add a geopolitical premium to the price of oil.**

World oil inventories are tight, and demand is soaring. There is little excess production available. Only Saudi Arabia is capable of ramping up production, and **any real disruption could send prices over the $50 per barrel level.** The Saudi's, however, have built in several layers of backup systems, and it would be difficult, but not impossible, to cause any lasting damage to production. Nevertheless, the attacks have caused Western executives to move their families to other countries like Dubai, and if further attacks cause foreign workers to abandon Saudi Arabia, then recently promised production increases would be seriously jeopardized.

In Iraq, we are now just two weeks from the formal hand-over of power to the interim Iraqi government. **The situation has calmed down a great deal over the last two weeks, with great hopes for a peaceful transition. We believe this to be a complete fantasy on the part of coalition partners.** We believe this to be the "calm before the storm." Regardless of what the media will tell you, **the transitional government was hand picked by and has close ties to the White House, Pentagon, and C.I.A. In the end, the Iraqi people will not accept them.** On Friday, the deputy foreign minister was assassinated.

Rather than bringing a Western style democracy to the Middle East, **the situation in Iraqi will continue to destabilize the region for the foreseeable future.** This will pose a distinct threat to the stock market. **There is significant "geopolitical risk," which needs to be priced into all stock and index values.** Many traders feel that the "bad news" is already priced into the market. It remains to be seen what effect a worsening of events will have.

Technical Analysis (TA)

The stock market is really a mass of contradictions. Most people will tell you that markets move only on fundamentals, but they secretly pay attention to "support" and "resistance" points, "trends," "volume," and "momentum." Do these terms sound familiar? They should, as you hear them all day on T.V., and a multi-billion dollar industry has sprung up to sell various technical analysis systems and indicators. **The entire futures market (at the CBOT) is based on technical analysis combined with economic fundamentals.**

A basic premise of technical analysis is that stock prices move in trends that persist. This assumption is directly opposite of fundamental analysis which says that there is an "intrinsic value" on all stocks, and the market as a whole.

The theory that is taught as definitive in all business schools is the "Efficient Markets Hypothesis" (EMH). Basically, EMH implies that it is highly unlikely that you can outperform a "buy-and-hold" policy because the markets adjust too rapidly to known economic events (information). EMH says that:

1. Stocks are always in equilibrium.
2. It is impossible for an investor to consistently "beat the market."

If this is true, then where did all those multi-millionaire market timers come from!!!

We strongly believe that EMH has been proven wrong by the market events of the last 5-7 years. (read "overview" in the June 7th newsletter for explanation of "buy-and hold")

Even though people are connected globally, information does not disseminate at an even pace. We have all been exposed to scandal after scandal where companies and individuals used "insider information" or "cooked the books."

The successful investor must understand what variables are relevant to the valuation of stocks, and have the ability to do a superior job of estimating those variables. Technical analysis takes advantage of those variables.

- Financial statements can be vastly different depending on which accounting method is used.
- Economic variables.
- Consumer confidence: moods, opinions, current psychology of investors.
- Market momentum.
- Technical indicators: Trend, support, resistance, put/call ratio, advances vs. declines ("breadth of the market"), 50-day and 200-day moving averages, volume, new highs vs. new lows, short interest, etc...

I realize that this seems a bit complex. For now, we are giving you an overview of technical analysis (TA) in the hope that, over time, you will notice the patterns prevalent in individual stocks and the market as a whole.

Below, we have inserted a number of 6-month stock charts. Careful inspection of the patterns can yield useful information.

Nasdaq Composite

For over a month, the Nasdaq has traded under the resistance level of 2,010. After hitting a low of 1880, it has rallied in recent weeks. Nevertheless, in recent days it has been stuck in a short-term trading range of 1,978-2,000. (See red and green horizontal lines in chart below)

On Monday of last week, it "broke out" of that trading range, rising above the resistance level at 2,010, AND the 4-month "downtrend line." (See light-green downtrend line)

Unfortunately, the "breakout" temporarily failed, as confirmed by subsequent action on Wednesday and Thursday. As you can see from the last two vertical bars in the chart, the Nasdaq fell below both its red resistance line at 2,010 and its light-green 4-month downtrend line. This means that the downtrend remains intact.

We cannot leave it there. The Nasdaq remains well above its 50-day moving average (MA) (See the thin blue line snaking it way across the chart). Additionally, it remains within its uptrend channel (See dotted lines on right side of chart). Finally, one has to look at the other major indexes to see if there are other non-confirmations. We present those charts below.

Analysis: The rising trend channel (dotted lines) remains too steep to sustain a continued advance. We expect the Nasdaq to move sideways or down in the near-term as it picks up more support to attempt a continued advance.

Maximum high for this move: 2,050.

Possible support level: 1,978. If it breaks substantially below this level, it would be a negative reversal.

Dow Jones Industrial Average

The Dow also hit a bottom on May 17th. It has rallied in recent weeks to break above its 3-month downtrend line. (See light-green line on chart). **Where the Nasdaq has temporarily failed, the Dow has succeeded in holding above this downtrend line.**

It has, however, run up against resistance at the 10,420 level. This is a longer-term (longer than 6 months) resistance level, and breaking through would be a positive sign for all indexes.

Analysis: The rising trend channel (dotted lines) remains to steep to sustain the rally. We expect a sideways to downward move (near-term) to pick up more support for a continuation of the rally.

Best case: A move to Dow 10,540, and then a consolidation above 10,420.

Worst case: Bad news and a breakdown below the 10,200-10,240 support levels.

S&P 500

As an indicator of how most major indexes move in synchronization, the S&P 500 also hit its recent low on May 17th. The S&P was one of only two major indexes that, at its lows, remained above its 200-day moving average. (See the thin red line in the bottom right portion of chart) It subsequently rallied well above its 50-day moving average (MA). These are positive signs for the market.

As with the other major indexes, on Monday the S&P broke above its 3-month downtrend line. It managed to hold above that line for the remainder of the week. It is important when an index breaks above and holds a major trend line. The holding of such a line would provide the base needed for the next move up.

Analysis: The S&P 500 appears to be stronger than either the Dow or Nasdaq. Nevertheless, it must hold its 50-day moving average as support (thin blue line snaking across chart). If it falls much below 1,125 on a closing basis, the rally will be put in doubt.

The rising trend channel is to steep to be sustainable. The angle on the channel is about 70-degrees. A more sustainable angle would be 45-degrees. (More on angles in future newsletters)

Best case: A move above 1,140 with a subsequent consolidation above that level. Then, a move to challenge the multi-year high of 1,163.

Worst case: A move below 1,120 and its 50-day moving average. This would be a negative reversal and the next support would be at 1,110.

Wilshire 5000

The Wilshire 5000 differs from other indexes in that it broke through its downtrend line 2 weeks ago. It has shown more strength than the other indexes in that it has only been in a downtrend for 2 months, not three or four. Additionally, like the S&P, it held its 200-day moving average, and has risen steadily since May 17th.

Analysis: The Wilshire is now holding well above its 2-month downtrend and 50-day moving average lines. Like the Dow, it is within 300 points of multi-year highs. Nevertheless, it has moved up too far and too fast to be a sustainable rally. If it continues to rally without consolidating its gains, it will become vulnerable—as will all the other indexes—to a rapid sell-off.

The angle of the rising trend channel is about 70-degrees. As we noted earlier, this is unsustainable for long periods. As history has shown, what goes up must come down. A 45-degree angle of ascent is a much healthier rally.

Best case: A 1-2 week sideways consolidation at these levels, and then a move to challenge the multi-year high of 11,314 on a closing basis.

Worst case: A break below the 10,930 support level and its 50-day moving average. After that, a further breakdown below the 2-month downtrend line—now a support line—at 10,830.

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- Choosing stock entry points with Technical Analysis
- Trading index options
- Rules for picking good stocks
- How to avoid losing stocks
- More stock picks

Stock Picks of the Week

Markland Technologies, Inc. (**MRKL**: OTC.BB)
The Group's principal activity is to provide integrated security solutions to the Homeland Security marketplace. It provides emerging technology services and products to protect the country's borders, infrastructure assets, and personnel. The emerging technologies include automatic detection of explosives and illicit materials and cryptographic systems for secure communications. The Groups principal end customer is the United States Government. The Group acquired Ergo Systems, Inc. in January 2003, and Science and Technology Research Corporation, Inc. in October 2003.

They have a very strong balance sheet with approximately $8M in cash, and virtually no debt. For the quarter ended March 31, 2004, the company expects to announce revenues of $1.6 million. This represents a significant quarterly revenue increase over the company's fiscal third quarter last year. This sales increase was due to sales of ACADA chemical detector units from its Science and Technology Research Inc. subsidiary. There is a potential for significant increases in revenue from the company's border security division as the Department of Homeland Security makes decisions on "US VISIT" contract awards in the coming months.

Markland's significant patent portfolio of innovative gas plasma antenna technology can potentially create a new model for secure WiFi data transmission. Their new approach towards WiFi data transmission will enable the industry

to provide very cost effective and secure WiFi products. Their business model is to create a patent royalty revenue flow for this technology commercialization opportunity in the WiFi marketplace. This marketplace is presently estimated at $4 billion per year and growing rapidly.

MRKL closed at **$1.15** last week. **We expect this stock to reach $2.00 to $3.00 over the next 4 months.**

Absolute Health and Fitness, Inc. (**AHFI**: OTC)
Absolute Health & Fitness currently owns and operates 4 fitness centers in the Southeast, and expects to add another 8 centers via acquisition, resulting in the company generating revenues in excess of $10 million per year. AHFI will soon enter into a business combination with one other major fitness center operator, which is expected to more than double the Company's revenues to over $23 million this year. This will increase the number of operating business units to 24.

Physical fitness is an $11 Billion industry, though extremely fragmented. Absolute Health intends to amalgamate a number of these independent entities under one corporate umbrella. The distinguishing feature between AHFI and the rest of the independents comprising the fitness industry is its intentional focus on consolidating the better-run fitness centers nationwide, especially those local entities with commanding market shares.

Demographically, there are now 180 million people in the USA over the age of 30, or 61% of the population. The Baby Boomers, as a group, represent 76 million people. With today's emphasis on health and longevity, this demographic provides strong consumer demand. AHFI closed last week at **$0.95**. **We expect it to be over $3.00 by years end.**

GTC Biotherapeutics, Inc. (**GTCB**: Nasdaq)
The Group's principal activity is the application of transgenic technology to the development and production of recombinant proteins for therapeutic and other biomedical uses. It has several partnerships with pharmaceutical and other biotechnology companies to develop monoclonal antibodies and immunoglobulin (Ig) fusion proteins transgenically. It also develops transgenic production processes for other proteins, including a malaria merozoite surface protein (MSP-1) for use in a malaria vaccine.

GTCB currently has four internal proprietary products in its pipeline and a portfolio of external program production opportunities. The lead program is ATryn(R), a recombinant form of human antithrombin, which is under review for market authorization in Europe. In addition to the ATryn(R) program, GTCB is developing a recombinant human serum albumin, a malaria vaccine and a CD137 antibody.

The Group's operations in goat husbandry, breeding, milking and clarification to intermediate bulk material occur at the Company's biopharmaceutical farm production facilities in central Massachusetts. Its corporate partners include Abbott, Alexion, Bristol-Myers Squibb, Centocor, Elan, ImmunoGen, and Progenics.

GTCB closed at **$1.78** last week. **We expect this stock to reach $2.75-$3.00 over the next 3-5 months.**

Generex Biotechnology Corporation (**GNBT**: Nasdaq)
GNBT's principal activity is the research and development of drug delivery systems and technology. Its current focus is the development of its proprietary technology for the administration of formulations of large molecule drugs to the oral (buccal) cavity using a hand-held aerosol applicator. When widely accepted, this technique would fundamentally change drug delivery systems, which have historically been administered only by injection.

In Sep-2003, the Group commenced a 90-day study in 80 Type 2 diabetic patients with poorly controlled blood glucose. The company announced the successful results in its presentation at the American Diabetes Association's 64th Annual Meeting & Scientific Sessions, an event that took place from June 4-8, 2004.

On 08-Aug-2003, the Group acquired Antigen Express, Inc., which recently has been awarded a Japanese patent on its Ii-Key immunologically active compounds and their use in modifying immune responses to antigenic eptitopes

recognized by T helper and T suppressor cells. The company already has the U.S. patent. These compounds have great potential to protect against or control the course of a wide range of diseases.

GNBT is preparing to conduct clinical trials on a number of other compounds including one for the treatment of breast and ovarian cancer. The Group is still in development stage, and shows great potential for becoming a significant factor in the Biotechnology field. GNBT closed at **$1.40** last week. **The stock shows potential for a significant breakout at this level. We expect this stock to challenge the $2.50 level in the next few months and to take on the $4.00 level within 12 months.**

Submit Questions and Comments

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www.winningstockpicks.net **June 7, 2004 edition**

Prepared by Andrew Kline

Winning Stock Picks Welcomes you to this PREMIER edition of "Stock Picks of the Week". Find out more about how you can become a "PREMIUM MEMBER" and receive Winning Stock Picks "WSP" days before anyone knows that an OTC company is about to Explode...

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Otherwise, enjoy this weeks edition!

Stock Picks Included This Week

- **EMRG: eMerge Interactive, Inc.**
- **GBEB: APANI Laboratories, Inc.**
- **ECGI: Envoy Communications Group, Inc.**
- **BDYS: BOdyScan Corp.**
- **LBTT: Lifeline Biotechnologies, Inc.**
- **IBZT: iBIZ Technology Corp.**
- **CDVJ: CortDev, Inc.**

Headlines

- **Positive jobs report lifts market to flatline.**
- **Is the market topping-out or basing for a rally?**
- **Why you better keep a sharp eye on interest rates.**
- **The price of oil is driving people crazy. Will the Middle East burn up your profits?**
- **Let's play the volatility game: Why the markets are range bound and why it's time to dump your large-caps to buy small-cap and micro-cap stocks.**
- **"The Macro Factor": Everything you ever wanted to know about Macroeconomic fundamentals and HOW THEY AFFECT YOUR INVESTMENTS!**
- **Read about this week's hot stock picks!**

Market View

It took the positive jobs report of Friday to bring most major market indexes to flat or slightly up on the week. All-in-all, it was a fairly quiet week, with no apparent follow-through on last week's strong rally. The Dow managed only a meager 200 point trading range on the week, while the Nasdaq only fluctuated within a 40 point range. All major indexes tried mightily, and succeeded in holding the gains of the previous week. **Question: Do we see a top forming in the daily charts, or are the markets basing for the next leg up?**

In terms of next week's economic fundamentals, the only important reports are the Producer Price Index (PPI) and the Michigan Consumer Sentiment, both of which come out on Friday. It therefore seems that geopolitical events will have the opportunity to take center stage. If no bad news unfolds, there is a good probability that the bulls will come out to challenge the bears who have basically controlled the markets since the January 26th, the day the markets topped out. On a short-term basis (2 weeks), the markets look a bit overbought. There is one exciting event (yawn!) coming up next Friday. That is the day that the Russell 2000 makes its additions and deletions based upon companies meeting its "listing requirements." This should add a little volatility as the new "weightings" should change the overall Index value.

It was another low volume week, typical of the summer months. (I'm glad somebody has the money to take a vacation!) The NYSE averaged about 1.25 billion shares a day, while the Nasdaq averaged about 1.4 billion per day. **For the week, The Dow gained 54.37 points or .54%, the Nasdaq Composite lost 8.12 points or .41%, the S&P 500 gained 1.83 points or .002%, the Wilshire 5000 gained 9.95 points or .09%, and the Russell 2000 gained .53 points or .09%**.

The geopolitical events of the week: Once again, it was a relatively quiet week on the world stage. On Tuesday, however, oil shot up to $42.33 per barrel (+$2.45, and a record price) on news of a terrorist attack in Saudi Arabia the previous weekend. The markets quickly discounted this news as oil gave back all of those gains on Wednesday. Oil closed Friday at its lowest point in a month at $38.49, down 3.5% on the week. This was because the OPEC oil ministers met and announced a 2.5 million barrel per day increase by August. The falling oil prices could help the markets in the near-term. (more on this in "The Macro Factor" below)

The economic indicators of the week: (Remember, there must be a string of consecutive economic readings to constitute a trend). There were a number of economic reports this week, but I shall highlight only the "key indicators." (see "The Macro Factor" below for a table of key indicators). On Tuesday, we saw the manufacturing component of the **Institute for Supply Management Index (ISM)** come in at 62.8. This is the 12th consecutive month of growth in manufacturing, and it speaks to the health of the economy. The index is broken into two components, manufacturing (30% of the economy) and services (70% of the economy). On Thursday, we saw the services portion of the **ISM** come in at 65.2, down from the previous month. Nevertheless, any reading above 50 means growth in that sector of the economy, and the mid-60's is quite healthy. **Productivity** came in at 3.8% growth for the first quarter (Q1), a further sign of health in the economy. The big daddy of them all, however, was the **Employment Report**, with its **Nonfarm Payrolls** component, which showed new job creation of 248,000. **This marks a 3 month total of 947,000 new jobs**. One caveat exists in that many people insist that the majority of jobs created are low-paying service jobs, like restaurants and hotels. This report, however, showed new job creation in all sectors except government and telecom.

The 10-year note closed with a **yield of 4.78%**, up slightly from last weeks close, but still trading in a narrow range. **The 2-year Treasury note** closed with a **yield of 2.69%**. This was a two year high. I mention this because it is an indicator that the market believes that the FED will raise rates at its meeting on June 30th. In fact, the market believes that there is a 100% chance of a 1/4 point hike in the Fed Funds rate, and a 30% chance of a 1/2 point increase.

Just to give you an idea of what increases in the interest rates mean to individuals and the economy, I will give you an example that we can all relate to. **We have forecast a rise in interest rates of 2% or more over the next**

12 months. Americans have $7 trillion dollars in mortgage debt. Of this figure, $1.5 trillion is in Adjustable Rate Mortgages (ARM's). If the rates rise 2%, this would mean $30 billion per year in extra mortgage payments. That would put the squeeze on a large percentage of the home-owning public, and siphon off money they could spend on the retail level. Remember, 70% of the economy is consumer spending. This effect would also work its way through all levels of business, and lower profits.

Many think that the FED (Federal Reserve's Open Market Committee: FOMC) will only raise rates by 25 basis points (.25%) at their meeting in June, and that is priced into the market already. **It is possible**, however, that the pent-up inflationary pressures will break lose later this year and surprise many people. Our research indicates that this is a probability, and this will cause the FED to ramp-up rates faster than conventional wisdom believes.

The FED will try to hold its hand on any large increases until after the election, so that they won't be accused of playing politics. We believe that this would be a mistake, as it will allow the inflationary pressures to take hold, and that could be very dangerous to the markets as a whole. If one adds an inflation premium to the return investors expect on their stocks, it is doubtful that, at today's high valuations, those stocks can provide that return. **Inflation means less REAL return**, therefore people expect a premium. This could cause investors to pull money from stocks, as they might see them as too risky. I know...I know...where else can we put our money and make such a good return? **We are NOT saying to pull your money from the markets. We are simply saying to place it wisely. Intelligently placed, the stock market offers the best return available**!

There are always good stocks to be had, if one knows how to look. Many stocks get beaten down (the condition right now) on market corrections. Other companies have new products in development that will cause their stocks to **double, triple, or more over a 6-18 month period**. And other companies cut costs through innovation, thus increasing profits and earnings. There are, after all, well over 8,000 stocks actively traded on American exchanges each week. **Each stock represents a company that is putting all of its resources into successfully competing** in their particular sector, for the purpose of **making profits**. It is statistically significant that **many will succeed**!!! (See below for our weekly picks)

Overview

The Bulls, Bears, and Status-Quo are becoming more polarized each passing day. When watching any financial show, i.e. CNBC or Fox's "Cost of Freedom," one can hear them shouting to drown-out the other side. **So fervent are their exhortations becoming, I expect them to begin beating on each other at any time**!

It has been quite some time since we have seen so many conflicting factors affecting the markets at once. On the one hand, we have geopolitical uncertainty, domestic political and social uncertainty, and inflation rate uncertainty. On the other, the economy is producing new jobs at a brisk pace. GDP growth is steady, and retail sales are holding firm. (see "The Macro Factor" below)

Some say that a summer rally is commencing, and others are using the old adage, "Sell in May and go away." This only serves to illustrate that **the markets are world-wide auctions, with tremendous forces battling to push prices in both directions at once**. What decides who gains the upper-hand at any given time are the Macro factors that come into play. For now, these factors seem to be evenly balanced, and we believe that the markets are range bound, with most being in the middle of the range now. To put some numbers to this thought, consider the table below:

Index	Lower Range Limit	Upper Range Limit	Close 5/28/04
Dow	9,800	10,700	10,242.82
S&P 500	1,080	1,163	1,122.50
Nasdaq	1,890	2,100	1,978.62

Amex	1,160	1,270	1,201.19
NYSE	6,200	6,800	6,503.88
Wilshire 5000	10,500	11,350	10,936.31
Russell 2000	530	610	567.75

The Macro Factor

On the assumption that **an educated investor is a wealthy (and happy) investor**, our research staff has decided to give our readers "The Macro Factor" on a weekly basis. We will include this section to bring attention to the **importance of economic, social/political, and geopolitical (world) fundamentals to the health of the market**. As with anything else, there are numerous perspectives with which to analyze data. In our case, we will tend towards the short-term and medium-term views (today-to-1 year).

Many people think that earnings (and dividends) are the be-all and end-all of factors when modeling the price of a stock. While earnings are the major factor involved, the **fundamentals** mentioned above **distinctly affect earnings**. For example, if many of the key economic indicators (see table below) consistently weaken–say, every month for 4-6 months–a company might see this as a signal that the economy is slowing, and thus not build a plant, increase inventory, or otherwise expand. This would affect anticipated earnings to the downside and the stock's price would fall. The same might happen if interest rates rose too quickly because the debt servicing would be too expensive, and that would affect earnings.

The best example of this is 1980-1981, when interest rates hit 21% for "Prime". Now, you and I might be paying the "bloodsucking" credit cards that amount, but I can guarantee you that billion dollar companies don't! The stock market "tanked" in 1981-1982. Another good example would be right now. The prime rate is 4%. If rates go up 1% on the Fed Funds rate, then the prime rate would go to 5%. That means the largest corporations would have to pay 25% more to service (interest) new loans. 2% higher means 50% more than now. See how the FED controls the money spigot?

Key Economic Indicators:[1]

Sector	Indicator
Prices	Consumer Price Index (CPI) Producer Price Index (PPI) Crude Oil Prices
Employment	Unemployment Rate Nonfarm Payrolls Productivity
Income	Disposable Personal Income
International	Trade Balance (deficit)
Output	Gross Domestic Product (GDP) Leading Indicators Personal Saving Rate Personal Consumption Expenditures

Production	Building Permits Housing Starts Industrial Production Capacity Utilization Retail Sales Durable Goods Orders Factory Orders Institute of Supply Management (ISM Index)
Social/Political	Consumer Confidence

Economic Fundamentals

GDP in Q1 came in at 4.4% growth rate. This is a strong reading, consistent with the 4.1% reading of Q4 of last year. If GDP were to drop below 3%, then there would be cause for concern, as this would indicate a slowdown and the possibility of large-scale layoffs. Macro-economically speaking, the strong growth rate should stimulate the companies to produce more goods to meet demand. This causes them to hire more workers, and these workers earn more money. They then spend that money, which causes the companies to produce more goods to meet demand, etc..., etc... Round and round in a circle we go!

Job growth seems to have turned the corner, with nearly a million new jobs acquired this year. The unemployment rate, however, has remained the same at 5.6%. Additionally, it does not count the "discouraged workers," who are the people that have fallen off the unemployment roles. Where are they? I guess the government thinks they just disappeared!! Further, **many of the new jobs are in low paying services, and many highly trained workers are parking cars now**! Don't get me going here, as I might start screaming!

We believe that **Inflation** is the big worry here. The government estimates that inflation will come in around 2% this year. That, of course, sounds like a joke to us! They use a "core" figure that discounts food and energy prices. Anyone who is living and breathing knows that inflation is higher than 2%. Energy prices have been high for so long now that we are seeing **$2.00 per gallon for gasoline** (much higher where I live). **Milk is approaching $4.00 per gallon, and healthcare costs keep shooting through the roof**.

As we have indicated, interest rates are headed higher. The tricky part that the FED has to deal with is a phenomenon called **"crowding out."** The U.S. deficit is currently $7.2 trillion. It is growing at the rate of about $500 billion per year.

The U.S. government is the largest borrower on the planet. It borrows by issuing notes and bonds. The more it sells of these "Treasuries," the higher the interest rate it has to pay, thus raising the overall interest rates in the economy. In our economy, there are only a certain number of dollars available. **The more money the government borrows, the less that is available for companies, municipalities, and individuals to borrow. The government "crowds out" the rest of us, thus choking off growth**. This is a danger that we will begin to see if the FED starts to close down the money spigot.

Social/Political Fundamentals

Uncertainty kills markets! Uncertainty creates fear, and **fear affects Consumer Confidence** to the downside. This creates paralysis or withdrawal of investments. Look what happened after 9/11, and again in the months leading up to the invasion of Iraq. Consumers were uncertain as to the future, and they refused to pull out their wallets. As mentioned above, consumers account for nearly 70% of economic activity. That's why we see so many commercials on T.V. If people stopped buying as they did for the events mentioned above, the economy would falter and perhaps fall into recession.

We are currently entering another period of uncertainty. During most of 2003, we mistakenly thought that the war in Iraq was won. Remember, “Mission Accomplished?” Well, we now know that it wasn’t true. Don’t get me wrong, I’m not trying to sway your politics. I am trying to show how it relates to the stock market. This type of uncertainty can weigh people down and affect their confidence in the economy. Nearly 1 million new jobs have been created in the last three months, yet 63% of the American public thinks that the economy is bad. And so the markets remain range-bound. To the upside is the strong economy, and to the downside is uncertainty about the future.

Another aspect affecting social/political fundamentals is the coming elections. Who will be elected President? Which party will control the Senate and the House of Representatives? This uncertainty affects the markets. Investments can vary dramatically depending on which party is in control. It is obvious that Wall Street and large corporations hope for a Republican victory. But interestingly enough, the economy has actually done better under recent Democratic administrations than Republican. In the coming weeks and months, we will be giving updates on the election cycle.

Geopolitical Fundamentals

Markets are Globalized!! If we catch a sniffle, Europe catches a cold and Asia catches the flu! Examples abound. Six weeks ago, this country was embarrassed by the prisoner abuse scandal. Our markets took a 4-week dive, and the other world markets followed. Three weeks ago, the head of the governing council in Iraq, Izzadine Saleem, was killed by a bomb. The Dow took a 100 point hit. Two weeks ago, nothing bad happened and the markets advanced significantly. We appear to be getting bogged down in Iraq, and the markets can’t advance past their ranges. Once again, uncertainty comes into play. When will we be out of Iraq? What other horrible things might occur before then?

Energy prices directly affect our economy. Last Monday oil hit a record high of $42.85 a barrel, before easing off. It jumped because of a destabilizing attack in Saudi Arabia. OPEC will begin producing more oil soon. This supply increase should keep prices down, but could be countered by any seriously destabilizing events in the Middle East (currently a powder keg).

An article in last Friday’s Wall Street Journal pointed out that 9 of the last 10 global recessions were preceded by energy price jolts. With oil at $40 a barrel, some $70 billion disappears from the economy and GDP drops by 1/2 point. **If oil hits a persistent $50 per barrel, there will be a recession!**

I know, this sounds like a downer. Forget the good or bad of these ideas!!! Even though investing can be loads of fun (it certainly is for me!), it is business!! There are people out there ready to take the opposite side of your play. They want to take your money. So as a wise man once said, “Get Over It.” Use knowledge as your ally. Be on the winning side of your trades!!

Based on our analysis, we believe that the markets are range-bound. At some point, one or more economic fundamentals will change to cause the markets to “breakout” or “breakdown.” No one has a crystal ball. But the intelligent investor can use all the tools mentioned above to understand the direction and magnitude of the change.

Look for these topics in next week’s Issue:

- Market update
- The Macro Factor
- Rules for picking good stocks
- How to avoid losing stocks
- Technical analysis
- Index Options
- More stock picks

Stock Picks of the Week

eMerge Interactive, Inc. (**EMRG**: Nasdaq)
Remember "Mad Cow Disease?" Well the scientific name is Bovine Spongiform Encephalopathy (BSE), and contrary to what the government wants us to believe, it hasn't disappeared. That's why we think this next pick will be a real profit maker over the next 12 months, and beyond. eMerge Interactive (EMRG) trades on the Nasdaq, and offers several great products to track and detect contamination. To deal with "Mad Cow" and other nasty diseases EMRG offers **CattleLog**, their exclusive, USDA-approved Process Verified Program for animal tracking data collection and reporting. **It is the only approved USDA process in the country**! Cattle tracking (and eventually other animals) will be **mandatory** beginning later this year.

The food safety group's patented **VerifEYE Food Safety Technology** is a real-time machine vision technology that instantly detects microscopic levels of organic contamination. And probably their biggest future moneymaker will be the **VerifEYE handscan version**, on the market later this year, whose potential applications include over 550,000 nursing homes, hospitals, day-care centers, restaurants, and other food-service facilities in the United States.

EMRG closed at **$1.86** on Friday. **Just on products alone, we expect this stock to more than double this year. If there is another "Mad Cow" scare, then the sky's the limit, and EMRG will offer some very interesting in-and-out trading possibilities!!**

APANI Laboratories, Inc. (**GBEB**: OTC)
APANI Laboratories, Inc. (GBEB) is positioned to become one of the leading providers of wellness supplements in the rapidly growing alternative health industry. This direct-response, multilevel marketing company for branded proprietary products offers vitamins, minerals, skin care products, and specialty supplements. We believe that their sexual performance enhancement supplements, particularly VENEX, will make this company the rising star in the industry (pun intended).

GBEB was formed in 2003 as a direct-response marketing company offering healthy alternatives to the–sometimes dangerous–products of the pharmaceutical industry. **APANI offers 34 separate proprietary products**. There is a great deal of anger and mistrust of the drug industry, a distrust stemming from the rampant corruption, skyrocketing prices, and the negative side effects of pharmaceuticals that can result in physical and emotional harm, or even the sudden death of individuals. **APANI products have no negative side affects**.

The "wellness" industry is currently growing at a brisk 25% annual rate. It is expected to become a $1 Trillion industry in the next 6 years. Supplements comprise more than 20% of this figure. APANI's new 110,000 sq.ft. production facility will bring all operational functions to one centralized location, and will include a 24/7 call center for order availability. This will enable them to achieve economies of scale, thereby cutting costs and more than doubling earning per share (EPS) in each of the next 3 years.

GBEB closed at **$0.85** on Friday. **We expect this stock to easily reach the $3 to $5 range over the next 6-18 months**.

Envoy Communications Group, Inc. (ECGI: Nasdaq)
Envoy Communications Group (ECGI). The Group's principal activities are the provision of marketing communication, brand strategy, and design consultancy services. These services include strategic brand consulting, corporate identity and communications, retail branding and store design and packaging design services. The Group also provides marketing services including creative concept development, branding, print and broadcast production, media planning and buying, event marketing and public relations. The Group operates in Canada, the United States, the United Kingdom and Continental Europe.

Envoy conducts its branding services through its wholly owned subsidiaries, Watt International Inc. and Watt Gilchrist Limited. Envoy provides advertising and communications services through a 70%-owned subsidiary, John Street Inc.

With economic growth steady, advertising is making a comeback. Additionally, as profit margins thin out in the 3rd and 4th quarter of this year, companies will need to spend more on advertising to achieve the same returns. ECGI closed at **$0.59** on Friday. We think that this one has a "double" written all over it.

BodyScan Corp. (BDYS: OTC)
BodyScan Corp. (BDYS) offers uniquely independent Multi-Modality Diagnostic Centers nation-wide. These full-service diagnostic and treatment centers include everything from blood tests to X-rays to imaging and treatment. BodyScan's first of its kind out-patient imaging centers utilize the most advanced GE-Imatron **EBT** (Electron Beam Tomography) scanners for early detection of coronary artery disease (CAD), lung disease, tumors, stones and other abnormalities of the internal organs. **They are in the process of introducing sleep therapy services** to all of their diagnostic centers, thus making them significantly more efficient and profitable. Additionally, to counter the rampant problem of obesity, **their centers will offer referral and follow-up to Bariatric Surgery**.

BodyScan is building new diagnostic centers, and is **scheduled have 20 operating centers within the next 12 months**. They are poised to become the nation's **first chain of full-diagnostic centers, without the crushing overhead of the typical hospital environment**. BDYS will initially concentrate on the West coast, with expansion shortly taking them to the East coast. **Over the next 5 years, BodyScan will have between 50 and 75 full-service centers operating**. When the domestic market is solidified, BodyScan plans to bring their unique services to the international community.

The stock price of BDYS has recently been beaten down as they made their transition from the "imaging only" centers to the "multi-modal, full diagnostic" centers. We believe that this is a great time to re-enter this stock. BDYS closed at **$0.60** on Friday. We think this stock will reach $3.00 a share by year's end.

** **Note**: These next picks are truly penny and sub-penny stocks. As such, they are a bit more tricky to play. That, however, does not make their profit potential any less. The profit potential in percentage terms far exceeds the higher priced stocks. They all have products that are just on the market, or about to be introduced. When choosing these stocks, our research team ONLY selects stocks with HIGH VOLUME (liquid), so that orders can be exercised when they are placed. **With these stocks, one must place "limit" orders (a specific price). Do not place these orders, "at the market," or you will not get the fill you wish**. With that said, these are stocks that should bring you **3-10 times your money if you are patient**.

Lifeline Biotechnologies, Inc. (**LBTT**: OTC.BB)
The MastaScope, which has been under development by Lifeline over the last year and a half, is used for Mammary Ductoscopy -- Visualization of Breast Abnormalities. It had a successful introduction at the 4th Annual European Breast Cancer Conference 2 months ago. Dr. William Reeves, Lifeline's President and founder, said he was "overwhelmed by the response and interest the conference had generated in the MastaScope."

The first U.S. sale has been completed, payment received and the Mastascope(TM) system shipped. They will be actively following up on the numerous high-quality sales leads they've received, many of whom have requested hospital demonstrations. **Additionally, just 4 days ago, LBTT entered into a $1.1 million contract with an Egyptian-based medical products distributor**.

The Mastascope introduction, as a new concept in early breast cancer detection, will act as a **forerunner to the First Warning Breast Monitor, which will be the flagship product for the company**. First Warning (FWS) is a dynamic test (like a motion picture) collecting information over time, unlike traditional imaging systems, which are static providing a snapshot of information at the time of the test. The monitor records information every 5 minutes for the duration of the test, collecting over 9,000 data points. The data is then subjected to non-linear algorithmic computer analysis designed to identify abnormalities or disruptions in the normal breast physiology. The company is still working on the issue of "false positives" with this new product. Their research, however, seems to be showing that they aren't false positives after all, but rather the earliest signs ever recorded of breast cancer. They expect to have this sorted out by early this Fall.

LBTT closed at **$0.015** on Friday. **We believe that LBTT is a steal at this price, just on the MastaScope alone. When the First Warning System comes on line, watch out and full steam ahead. With patience, this stock could easily bring 5-10 times your investment.**

iBIZ Technology Corp. (**IBZT**: OTC.BB)
The Group's principal activity is to design, manufacture and distribute personal digital assistant accessories and other handheld computing devices. The Group also markets LCD monitors, OEM notebook computers, third party software, and general-purpose financial application keyboards.

IBZT recently reported 2nd quarter revenues of $434,000. This surpassed combined revenues for the previous two fiscal years. **Their real moneymaker, however, will be their new Virtual Laser Keyboards manufactured by Enterprise Capital and powered by VKB's technology**.

The Virtual Keyboard leverages the power of laser and infrared technology and projects a full-size keyboard onto any flat surface. NO PHYSICAL KEYBOARD!! As you type on the laser projection, it analyzes what you're typing by the coordinates of that location. Unlike many small snap-on keyboards for PDA's, the Virtual Keyboard provides a full-size QWERTY keyboard including Function keys.

Virtual Laser Keyboards have already shipped to industry analysts. They are currently awaiting product certifications that are in the final approval stages with the necessary agencies. There is a huge backlog of orders awaiting the keyboard.

IBZT closed on Friday at **$0.0164**. **The only thing that has held this stock down has been earlier delays in the laser site, which have been completely resolved. It is a finished product. With the industry certifications, we expect IBZT to sell millions of units, and profits will soar. This is another stock with anticipated returns of 5-10 times investment**.

CortDev, Inc. (**CDVJ**: Pink Sheets)
CDVJ is in the construction process of a 52,000 square-foot building hangar on a 160,000 square-foot lot, including new offices, workshop, larger ramp and additional aircraft parking spaces. This ambitious project will also benefit from the possible installation of a fuel farm at the location, which will generate additional revenue.

The Company is in the advanced stages of negotiations with various tenants to pre-lease the **St. Hubert (Quebec, Canada) Airport hangar and office space**. Upon signing of these contracts, approximately 35% of the hangar and 45% of the office space will be pre-leased. In addition, various oil companies have approached CDVJ with regards to the installation of a fuel farm at St. Hubert Airport. The fuel farm will be a valuable source of revenue for the Company once installed and fully operable.

CortDev's wholly-owned company, Coastal Holdings, Inc. is in the process of completing the acquisition of a stake in two revolutionary Israeli biotechnology firms. The companies were screened and identified by the Jerusalem Investment Forum (JIF) and the acquisitions are being negotiated by its directors. The initial round of investment will be for a total of $5.0M, according to agreed upon milestones.

CDVJ closed on Friday at **$0.0023**. **This one is not for the faint of heart. We feel, however, that if you wait until they are profitable in 2005, then those profits will already be priced into the stock. Remember, the stock market is forward looking. The trick is finding the gems before they break**.

Email Questions, Letters and Comments to editor@winningstockpicks.net

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[1]There are many more economic indicators, but we believe that these are the keys.

WSP Winning Stock Picks

The WEEKLY UPDATE

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Market Snapshot

	NASD	S&P 500

NASD

S&P 500

↑	**MSFT**	**27.20**	+0.08
↑	**NASD**	**1838.02**	+18.13
↑	**S&P 500**	**1098.35**	+7.12

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	NASD	S&P 500

NASD

S&P 500

↑	MSFT	27.20	+0.08
↑	NASD	1838.02	+18.13
↑	S&P 500	1098.35	+7.12

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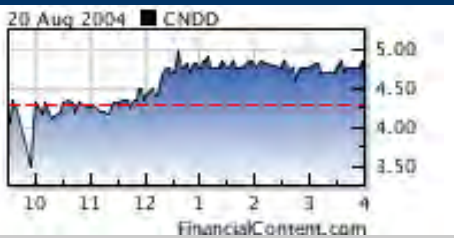
Projected Target Price : **$ 30.00**

OUR WINNING PICK :

(CNDD) 08.20.04 8:43 PM EDT

Last Sale	4.70		
Change	+0.41		
% Change	+9.56		
Volume	323,441		
Open	4.20	Day High	4.95
Prev Close	4.29	Day Low	3.50
Bid	0	Ask	0
52 Week Range	1.75-8.90	Market Cap	-
1 Month Range	1.75-8.90	Shares Outstanding	-
Earnings		P/E Ratio	-



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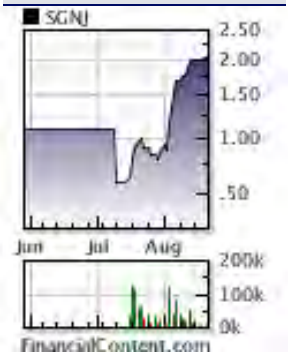

Target Price : $ 2.00
SGNJ
Storage Innovation Technologies

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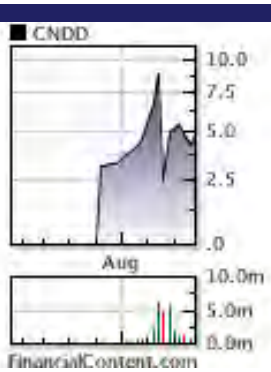
Target Price : $ 30.00
CNDD
Concorde America Inc



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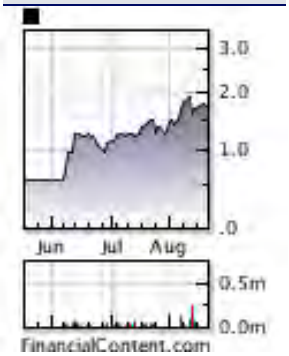
Target Price : $ 5.00
AHFI
Absolute Health and Fitness



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	NASD	S&P 500

NASD

S&P 500

↑	MSFT	27.20	+0.08
↑	NASD	1838.02	+18.13
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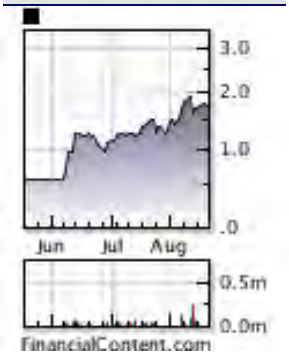

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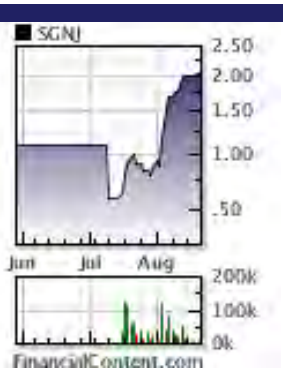

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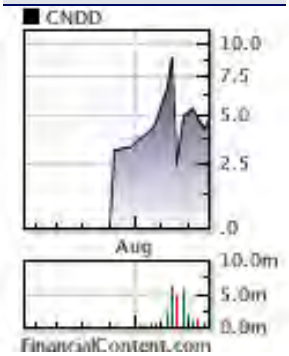

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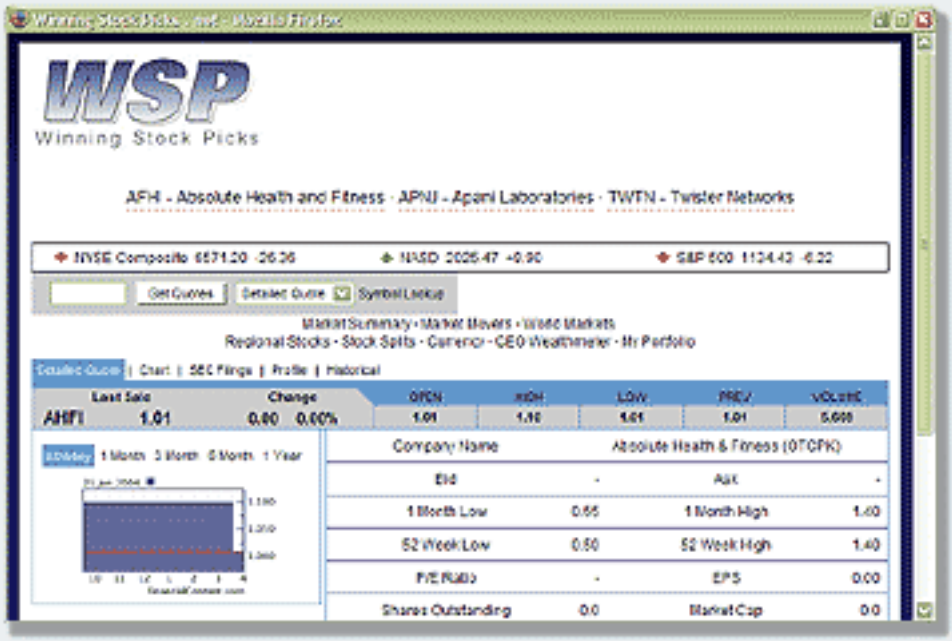

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Penny Stock Definition

Market Snapshot

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NASD

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The term 'Penny Stock' is used to refer to stocks that are low priced. Low priced, in this case, refers to stocks that sell at, or less than, five dollars.

Penny Stocks are also referred to as Microcap Stocks.

Get in-depth information - Join now.

Penny Stocks generally trade in the Over-The-Counter market, more specifically, the OTC Bulletin Board, or OTCBB or another electronic quotation system, the Pink Sheets. Penny Stocks generally do not trade on the National Stock Exchanges, such as NASDAQ or the NYSE.

The biggest differences between Penny Stocks and other stocks relate to a lack of public information, listing requirements and investment risk.

To receive free e Mail updates and investor packages on our featured Penny Stock, as well as other offers, join now!

Find out more information about our Featured Penny Stock.

Read our Frequently Asked Questions (FAQs) to find out more about Penny Stock Investments and related Stock Market information.

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Find out more about Listing a Penny Stock

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Frequently Asked Questions

Market Snapshot

	NASD	S&P 500

NASD

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SECTION A - WHAT ARE Penny Stocks?

What is a Penny Stock?

The term 'Penny Stock' is used to refer to stocks that are low priced. Low priced, in this case, refers to stocks that sell at, or less than, five dollars. Penny Stocks generally trade in what is referred to as the Over-the-Counter (OTC) market, which would include the OTC Bulletin Board or the Pink Sheets. Penny Stocks that we feature, generally, do not trade on the national exchanges.

Penny Stocks are also referred to as Microcap Stocks.

Learn about Penny Stocks . Sign up now!

What is a Microcap Stock?

A Microcap Stock is also known as a Penny Stock. The term "microcap" is an abbreviation of the phrase "micro capitalization", or a company with a "micro" or low capitalization. Capitalization refers to the total value of a company.

Microcap Stocks or, if you prefer the term Penny Stocks, tend to trade in low volumes and their stock is relatively inexpensive.

Where do Penny Stocks trade?

Penny Stocks generally trade in the Over-The-Counter market, more specifically, the OTC Bulletin Board, or OTCBB or another electronic quotation system, the Pink Sheets. Penny Stocks generally do not trade on the National Stock Exchanges, such as NASDAQ or the NYSE.

How are Penny Stocks different from other Stocks?

The biggest differences between Penny Stocks and other stocks relate to a lack of public information, listing reguirements and investment risk.

Penny Stocks do not have as onerous reporting requirements vis a vis the SEC and so one cannot always get information directly from the SEC's website.

Companies on the OTCBB or the Pink Sheets do not have to meet any minimum listing requirements, whereas companies that trade their stocks on major exchanges have requirements relating to amongst other things, a minimum amount of net assets and a minimum number of shareholders.

Penny Stock investments tend to be risky because the companies tend to be new and have little or no proven track record. This is also why investors can make serious money when they come upon a good Penny Stock investment.

Are Penny Stock Investments risky?

All stock investments are risky. There are no guarantees in stock investment.

Penny Stock investments are often classified as very risky investments. Penny Stocks are low-priced shares of small companies not traded on any National Exchange or quoted on NASDAQ. Quoted prices for Penny Stocks are often unavailable because the shares tend to trade in low volumes.

The over-the-counter market is less liquid that national stock exchanges and so Penny Stock investors are often unable to sell their stock back to the dealer who sold the stock, since there may not be any willing buyers for that Penny Stock. While Penny Stock investments can be very lucrative, investors should understand the risks involved in investing in small, new companies.

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SECTION B - LISTING Penny Stocks

What is the "Over-the-Counter" (OTC) market?

Stocks that do not trade on recognized national stock exchanges, such as the New York Stock exchange or the NASDAQ, trade rather in

markets described as "over-the-counter" (OTC).

The OTC market is less formal than the national exchanges when it comes to matters such as listing requirements and investor information and exists primarily to give relatively new and small companies access to public investor funding. The OTC market is, in essence a collection of broker-dealers, market makers, Penny Stock companies and investors from the public that generally interact with each other through the OTCBB or the Pink Sheets.

What is the OTC Bulletin Board?

The OTCBB is an acronym for the Over-the-Counter Bulletin Board. This OTC bulletin Board is described as such basically because it is an electronic quotation system. The number of shares traded (volume) and the price information on exchange-listed stocks are all displayed on the OTCBB.

Subscribing brokers find the OTCBB useful to look up prices or enter quotes for the OTC securities. The OTCC is overseen rather than managed or owned by the NASD.

Is the OTCBB part of the NASDAQ Stock market?

Although many people incorrectly assume that that the Over-the-Counter Bulletin Board (OTCBB) is associated with the NASDAQ Stock market, the OTCBB is not at all a part of the NASDAQ.

What are the Pink Sheets?

The "Pink Sheets", like the Over-the-Counter-Bulletin Board (OTCBB), is an electronic quotation system. The Pink sheets present quotes from broker dealers for many over-the-counter (OTC) securities. The Pink sheets are useful for brokers to publish their purchase and selling quotation prices.

The "Pink sheets" are named as such because pink was the original color of the page that this type of information was traditionally printed on.

A privately owned company, Pink Sheets LLC, publish the Pink Sheets. The Pink Sheets electronic quotation system is not registered with the Securities Exchange Commission (SEC) and neither is the company a broker-dealer of the National Association of Securities Dealers (NASD).

The Pink sheets are updated electronically on a daily basis and can be a useful source of information on public companies offering their shares in the OTC market.

What is the NASD?

The NASD is the National Association of Securities Dealers, and is an association of brokers and dealers in the securities business.

What is the SEC?

The acronym SEC stands for the United States Securities and Exchange Commission.

This Commission aims to protect investors and ensure that all investors, whether they invest on behalf of giant corporations or make up the individual investor on the street, should have access to certain basic information about an investment before they buy it. It is for this reason that the SEC necessitates the disclosure of financial and other information by public companies to the general public itself.

The SEC operates on the premise that it is only through the steady and comprehensive stream of accurate and reliable information that can people make investment choices of a sound and effective nature. The SEC exists primarily to devise rules and regulations that protect potential investors.

Are there any listing requirements to list a share in the OTC market?

No, neither the Pink sheets nor the OTCBB require Penny Stock companies to meet any listing requirements before their share is quoted on their systems.

Are there any minimum listing standards that must be met in order to list a share in the OTC market?

Companies that trade their stocks on the major national exchanges such as NASDAQ or the NYSE are required to meet minimum listing standards. There are no minimum listing standard that must be adhered to before Penny Stock shares can be listed on the OTCBB or the Pink Sheets and traded in the over-the-counter (OTC) market.

Can Private Companies be listed in the OTC Market?

Yes, any private company, provided they subscribe to the Over-the-Counter Bulletin Board (OTCBB) or the Pink sheets, can sell their shares in the OTC market.

Learn more about listing standards now! Click here to join.

How does a Penny Stock Company become a public company?

A Public company is a company that sells shares of its stock to the public. The Securities and Exchange Commission (SEC) regulates all public companies. If a Penny Stock company wanted to become a publicly held company, it could do so by following one of two methods.

- Either the Penny Stock company can issue stock in a transaction that is registered with the SEC or;

- register the company and its outstanding stock with the SEC.

Both methods of registration stimulate ongoing reporting duties. This means that the company must file periodic reports disclosing vital information to investors about its business, management methods and financial state.

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SECTION C - Penny Stock REPORTING REQUIREMENTS

Do Penny Stock companies have to file reports with the SEC?

In general, a company (including Penny Stock companies) must file reports with the SEC if it has 500 or more investors and $10 million or more in assets; or it lists its securities on any one of the American, Boston, Cincinnati, Chicago, Nasdaq, New York, Pacific or Philadelphia stock exchanges.

If a Penny Stock company has voluntarily chosen to register their stock and file their reports, then this Penny Stock company will required to file the same quarterly, annual and other regular reports.

Some Penny Stock companies voluntarily register their reports with the SEC.

What is EDGAR?

EDGAR, or the Electronic Data Gathering And Retrieval system of the SEC allows companies to both file their own Financial Reports and access the corporate filings of other companies. The EDGAR system can be accessed from the Security Exchange Commission's (SEC) website.

Where do Penny Stock companies file financial reports with the SEC?

Penny Stock companies can file their financial reports with the Security Exchange Commission (SEC) electronically by using the SEC's EDGAR system. The EDGAR database is available on the SEC website and includes a variety of annual quarterly reports and other such corporate filing information.

How do I get information about Penny Stock Companies?

Your broker or investment adviser can provide you with information about the Penny Stock company and its disclosure documents.

One could contact the company and ask them whether they are registered with the SEC and files reports with the SEC.

Financial reports for Penny Stock Companies can be found at the Security Exchange Commission's (SEC) EDGAR system. This system is available on the SEC's website.

If you cannot find the company on EDGAR, you should contact your state securities regulator, which should give you access to the most recent reports the company has filed with its regulators.

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SECTION D - Penny Stock SHARE OFFERS

Do Penny Stock companies have to register with the SEC in order to offer or sell securities to the public?

Any company that desires to offer or put up shares for sale to the public at large must either register with the SEC or fulfill an exemption, in a general either under SEC Regulation A or D

What is a Regulation D offering?

Smaller companies that offer and sell stocks without registering with the SEC can do so under an exemption which is termed Regulation D. Regulation D exempts companies that look to raise less than 12 million dollars per annum from registration.

Companies looking to raise up to five million dollars are also exempted by Regulation D provided that the companies sell to thirty-five or less individuals, or to any number of investors deemed "accredited", (these are investors required to meet standards of high net worth or income).

Although companies declaring an exemption under Regulation D are not required to register or file reports with the Securities Exchange Commission (SEC) these companies must however file a "Form D" within three days after the sale their stocks. A "Form D" is a document that details the names and addresses of stock promoters and owners.

What is a Regulation A offering?

Regulation A exempts companies that raise less than five million dollars per annum from registering their shares. Rather than file their securities through the electronic data and gathering retrieval system more commonly known as (EDGAR), these companies are only required to file with the SEC a printed copy of an "offering circular".

This "offering circular" contains financial statements and other corporate information relating to the company.

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SECTION E - Penny Stock BROKERS

Who can sell Penny Stocks to me?

A broker-dealer or a market maker can sell Penny Stocks to the public. Etrade or Scottrade are examples of reputable online brokerages that can and do sell Penny Stocks.

What are market makers?

In the context of Penny Stock investments, market makers are firms that remain prepared to buy and sell a specific stock on a frequent and continuous basis at a price that is publicly quoted.

Market makers are in constant competition with one another for orders to buy or sell at prices publicly quoted. Market makers must, on the whole, be prepared to buy and sell at least one hundred shares of a stock they develop a market in.

Resultantly, a substantial order requested by an investor could possibly have to be filled by numerous market makers at potentially different prices. If, for example, a broker seeks to buy a stock but there are no offers to sell it, the marker maker will fill the order himself by selling shares from his own account. This works in reverse too where, if a broker desires to sell but there is no buyer; the market maker then buys the shares.

Market makers have an important role to play in providing liquidity in the Over-the-counter (OTC) market, where Penny Stocks tend to trade.

Who are the market makers?

In the Over-The-Counter (OTC) market, a market maker is the broker or trader responsible for maintaining a functioning market in an individual stock by standing ready to buy or sell shares. The market maker can be an individual or a firm.

What questions should I ask the broker who sells the Penny Stocks?

1. Is the brokerage registered with a state securities regulator? Have they ever been investigated or disciplined by a state regulator, the Securities Exchange Commission (SEC) or any other organization, such as NASD or one of the stock exchanges?

- How long has the brokerage firm been in business? How many arbitration awards have been filed against the firm?
- Have you personally been involved in any arbitration cases? What happened?
- Please describe your personal investment philosophy.
- Describe your typical client. Please let me have the names and telephone numbers of some of your long-term clients.
- How do you get paid? By commission? Amount of assets they manage? Another method?
- Do I have any choices on how to pay you? Should I pay you by the transaction? Or a flat fee regardless of the number of transactions?
- Do you make more money if I buy this stock rather than another? If you weren't making extra money, would your recommendation be

the same?

- Are you participating in a sales contest? Is this purchase really in my best interest, or are you trying to win a prize?
- How much will I receive if I sell the stock again today?
- Where do you send my order to be executed? Can we get a better price if we send it to another market?
- How do I find out more about the stock broker who is trying to sell me Penny Stocks?
- By contacting the state securities regulator you will be in a position to access information detailing whether or not the stock broker and his or her firm are registered, if they are in a possession of a business license, and if the broker or firm has been the subject of complaint or disciplinary action.
- Under federal law, what information does my broker have to give me before I buy a Penny Stock?
- Your broker must reveal to you the bid and offer price quotes for the Penny Stock, as well as the number of share to which the quoted prices apply.
- You must be informed of the brokerage firm's compensation for facilitating the trade and the compensation amount allocated to the firm's salesperson.
- You must be given monthly account statements giving an estimate of the value of each Penny Stock owned by you.
- Your broker must send you a written statement for you to sign that accurately describes your financial situation, your investment experience and your investment goals. This document should also contain a statement of why your firm decided that Penny Stocks are a suitable investment for you.

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SECTION F - ASSESSING Penny Stock INVESTMENTS

What should I do if I want to make a Penny Stock investment?

Before making a Penny Stock investment, a potential investor should research each investment opportunity thoroughly and ask questions. Find out whether the Penny Stock company has registered its securities with the SEC or the state's securities regulators.

Make sure that you understand the company's business and its products or services. Be wary of companies that have no operating history, few assets, or no defined business purpose.

Is the company making money? How they rank in relation to their competitors?

Read carefully the most recent reports the company has filed with its regulators and pay attention to the Penny Stock company's financial statements, particularly if they are not audited or not certified by an accountant. If the company does not file reports with the SEC, ask your broker for the Rule 15c2-11 file on the company.

This file contains important information on the company. What are the specific risks associated with this Penny Stock investment? What is the maximum I could lose? Perform a background check on the management of the company with your state securities regulator, and find out whether they have ever made money for investors before this venture.

You should also find out whether the management of the company have ever run into trouble with the regulators or other investors.

- How liquid is this investment? How easy would it be to sell if I needed my money right away?
- Does this investment match my investment goals?
- Why is this investment suitable for me?
- How will this investment make money? (Dividends? Interest? Capiutal Gains?)
- What must happen for this investment to increase in value?
- What are the total fees to purchase, maintain and sell this investment?
- After all the fees are paid, how much does this investment have to increase in value before I break even?

Know the brokerage firm and the salespeople with whom you are dealing. The nature of the market for Penny Stock is such that you may have to rely on your original brokerage firm that sold you the stock to trading prices and to buy the stock back from you. Only use reputable brokerage firms such a Scottrade and Etrade where possible.

How do I find out more about the people running a Penny Stock company?

To discover information regarding a Penny Stock company's owners or the particular people running the company you should contact your state securities regulator.

How do I know that the Penny Stock that I am considering investing in is not fraudulent?

The lack of accurate and accessible information about some Penny Stocks means that they are made vulnerable to fraudulent activities. When there is no information available about Penny Stock companies fraudsters are given more leverage to manipulate a Penny Stock and spread false information.

The greater the volume of financial data and other information on a Penny Stock, accessible for the public consumption, the smaller the propensity for fraud taking place

How do I protect myself from Internet fraud?

Internet fraud, as it relates to Penny Stock investments, generally involves the distribution of e-mails more commonly known as spam or junk

mail. This spam would advertise misleading or false information about a Penny Stock company in the hopes to attract more investors.

Fraudsters also use aliases or "false identities' on Internet bulletin boards and chat rooms to secure anonymity from which they are able to lure potential Penny Stock investors with false investment tips deemed as "inside information".

Being vigilant about internet fraud, understanding the methods used, and most importantly performing thorough research into the Penny Stock company or companies you choose to invest with, are all steps that can be taken to ensure that you do not fall prey to the pervasions of internet fraud

What are the typical Penny Stock scams?

Penny Stock scams are most predominately carried out in two ways, the "Pump and Dump" or the "Offshore" scams. The "Pump and Dump" scheme usually involves posted internet messages or telemarketers urge investors to speedily buy penny shares or sell before the price falls. The promoters will maintain that they possess "inside information" about a particular investment or business opportunity.

In reality the promoters may actually be company insiders or hired promoters who will themselves benefit after the sale of their own Penny Stocks once their "promotions" have cultivated an inflated stock price. Investors lose their money once the fraudulent party has sold their own penny shares, the generated hype has died down, and the price inevitably falls.

The Off-Shore Scam would normally be perpetrated by an unethical Penny Share company that sells unregistered Regulation S stock at a great discount to fraudsters posing as foreign investors. The fraudsters subsequently sell the stock to United States investors at elevated prices and the profit generated is shared by the Penny Stock company. The great volume of unregistered stock streaming into the US stimulates a price fall which, in turn, means the US investors suffer significant losses.

What is Regulation S?

SEC Regulation S is a Penny Stock share offer exemption that allows companies to sell stock outside of the United States to foreign or off-shore investors without registering the stock with the SEC.

What are the Penny Stock investment fraud 'red flags' to look out for?

The SEC suspends trading in a Penny Stock if it is under the impression that a company is distributing inaccurate, false or misleading information. If a Penny Stock's shares have been suspended, find out more information.

Be careful of Penny Stock investments where there exists no current financial information on the company but it is both widely recommended and advertised. High pressure sales tactics, where a salesperson speaks very emphatically about a "once in a life time opportunity, not to be missed" and you are being privilege to "confidential, inside information", are clear red flag signals of fraud. Be careful of Penny Stock companies

that have large assets but small revenues.

This fraud involves attaching high values on the financial statements to assets completely unrelated to the company itself.

Strange items in the financial statements footnotes, an unusual loan for example, could be another indication that things may be amiss. Strange auditing issues such as a company's auditor's refusal to certify their financial statements or a change in accountants may also signal danger in the Penny Stock investment.

A Penny Stock investor should be careful of situations where insiders own large amounts of the stock in the company and are given the power to control most of the shares. In this situation, it may be easy to manipulate the Penny Stock share price to the detriment of a new investor.

A Penny Stock investor should be careful of investing in a Penny Stock when there is an unwillingness to provide access to written documentation about the Penny Stock investment, including information a potential investor is entitled to in terms of law or regulations.

Where can I turn to for help if I become the subject of a Penny Stock scam?

If you find that you have been targeted in a Penny Stock scam you should immediately contact your state's securities regulator and give them all information that you have at your disposal so that they could investigate the matter further.

You should also file a complaint through the Securities Exchange Commission's (SEC) website at their online complaint centre.

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SECTION G - EXECUTING Penny Stock INVESTMENTS

What happens when I place an order to buy or sell a Penny Stock?

Online brokerage accounts are not connected directly to the securities markets. If you are trading in Penny Stock shares through an online brokerage account, your order to buy or sell it sent over the internet to your broker who then decides which market to send it to for execution. Your order to buy or sell stock is not instantaneous.

What options does my broker have for executing my trade?

If your stock is listed on an exchange your broker can direct your order to that particular exchange, or to another exchange in another area (regional exchange) or to a firm known as a "third market maker". A third market maker is a firm that is, at any time, ready to buy or sell shares listed on an exchange at prices that are publicly quoted. For shares trading in the over-the-counter (OTC) market, your broker can possibly send the order to a market maker in the stock.

Your broker can route your order to what is called an ECN (electronic communications network) which is a network that automatically matches buy and sell orders at specified prices. Your broker can also decide to send your order to another division of the broker's firm and your order is then filled out of the firm's own inventory. This is known as internalization and it allows your broker's firm to possible make money on the difference between the purchase and sale price (the spread).

What is "payment for order flow"?

Payment for order flow refers to the way in which regional exchanges or third market makers will pay your broker for directing your order to that specific exchange or market maker.

What is internalization?

Internalization describes the practice of brokers opting to send your order to another division of the broker firm so that your order can be filled out of the firm's own inventory, giving the firm the opportunity to make money on the spread.

What is a limit order?

A limit order is an order to sell or buy a stock at a particular price.

What is a market order?

A market order is an order to buy or sell a stock at the current market price and, unless you indicate to the contrary, your broker will enter your order as a market order.

What is a bid price?

This refers to the highest price that a market maker will pay at any specified time to buy a given number of shares in a Penny Stock.

What is the ask price?

The ask price is also referred to as the 'offer' price and refers to the lowest price at which a market maker will sell a specified number of shares of a Penny Stock.

What is the spread?

The spread is the difference between the bid price and ask (offer) price. There exists a difference between the two prices because the ask price is certainly always higher than the bid price. Market makers make money on the spread when Penny Stocks are traded

What is the broker's mark-up or mark-down?

The price that an investor pays for a Penny Stock includes the profits for the broker and the firm to which he is affiliated. Knowing what the mark-up or mark- down amounts are, will assist you to assess the overall value of the trade.

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SECTION H - MONITORING Penny Stock INVESTMENTS

Where can I find quoted prices for stocks I am trading in the OTC market? Quoted Prices for stocks traded in the Over-The-Counter (OTC) market can be found on the Over-the-Counter Bulletin Board (OTCBB) or at the Pink Sheets. If you are having any trouble in finding quoted prices for your Penny Stock investments, you should contact your broker / dealer, who will be able to help you.

Where can I check how my Penny Stocks are trading?

The Over-the-Counter Bulletin Board (OTCBB) and the Pink Sheets are both electronic quotation systems that allow one access to the most recent trading information on Penny Stocks.

What questions should I ask about the progress of my Penny Stock investments?

How frequently do I get statements? Do I understand what the statement tells me? Does the return on my investment satisfy my expectations and is this rate of return a good reflection of what I was originally told to expect? How much money will I get back if I sell the Penny Stocks today? How much am I paying in commission or fees? Have my investment goals changed and are Penny Stock investments still suitable? What criteria should I use to decide when to sell?

What do I do if I suspect that something is amiss after I have made a Penny Stock investment?

There is a limited time period during which you can take legal action.

You should immediately talk to your broker and explain your concerns. If you suspect that your broker is involved in fraudulent activity, document your complaint straightaway and send it to the firm. If a circumstance arises that your broker is unable to resolve proceed then to the broker's branch manager and re-explain your predicament.

Thereafter, if your problem remains unresolved, document your complaint in written form and send it to the compliance department at the firm's headquarters. If, after this, you are still not satisfied, send a letter to your state securities regulator and attach copies of all the documentation that you previously sent to the firm. You could also use the Security Exchange Commissions (SEC) online complaint form to lodge any complaints or problems that you may have encountered.

What happens to my Penny Stock shares if the company declares bankruptcy?

A Penny Stock investor should be careful when investing in common stock of companies in Chapter 11 bankruptcy. Some people look to purchase the low-priced shares of these Penny Stock companies in the hopes that the price of the shares will rise after the company surfaces from a bankrupt state.

In actual fact, creditors are paid from the company's liquidated assets before common stockholders and the holders of these Penny Stock shares stand a very good chance of losing their whole investment.

Top

Winning Stock Picks

Featured Penny Stock : CNDD - Concorde America Inc

Market Snapshot

	NASD	S&P 500

NASD

S&P 500

↑	MSFT	27.20	+0.08
↑	NASD	1838.02	+18.13
↑	S&P 500	1098.35	+7.12

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Final Take: Dell's Secret Stash
Take: Electronic Arts Breaking Out

OTC: CNDD - Concorde America Inc - Strong Buy Recommendation

Today, the common stock of Concorde America, Inc. was attacked by a group of short-sellers. For those of you who are not familiar with short selling, it occurs when individuals or groups get together to FORCE the price of a stock down in the hope that they can pick up those same shares at a cheaper price. **In other words, they want to buy your shares cheap!**

We view this as a tremendous buying opportunity. Our recommendations are still in place, and we feel that CNDD will see a price of $38.00 per share over the next 6 months. If you are already invested in the stock, we see this as an opportunity to add to your positions. If you are new to CNDD, **this is a great chance to accumulate shares at a price we won't see again**.

We will update you more on CNDD this weekend in our "Weekly Update" section.

News Release Disclaimer - None of the views expressed in this email are of the Company, and NO company officials have been contacted regarding this information.

To receive free information on our Featured Penny Stock : "CNDD - Concorde America Inc", free e-mail updates and other investor packages & offers, complete our Contact Form.

- Market Data on Common Stock
- Why Concorde America (OTC:CNDD)
- Recommendations to Individual Investors
- Wide Angle View
- Nature of Business & Global Environment
- Management Team
- Earnings Per Share Model

MARKET DATA ON CNDD COMMON STOCK

Recent Stock Price:	$5.00
Shares Outstanding:	210 million

Market Value:	$630 million
Market Value to 2005 Projected Revenues:	0.7 times
Recent Price to 2005 Projected Earnings Per Share:	1.0 times

This Is Not A Typographical Error---Concorde America (CNDD) Is Currently Selling For One-Times Next Year's Earnings Per Share

Revenue & Earnings Outlook				
	Revenues	Net Income	Earnings per Share	Market Value @ 15x EPS Target
	in millions	*in millions*		*(P / E)*
2004(e)	US $ 630	US $ 420	US $2.00	$30/share
2005(e)	US $ 915	US $ 665	US $3.00	$45
2006(e)	US $1,080	US $ 839	US $4.00	$60

WHY CONCORDE AMERICA (OTC:CNDD)

Concorde America is one of those rare opportunities to invest in a venture that has the opportunity to be a significant global win across the board.

The Opportunity

EUROPEAN NEED: Workers

Between 1994-2003 the population in Europe has declined by more than 81 million people. It's a phenomenon known as 'zero population growth.' One of the most significant catastrophic side effects of zero population growth is, it results in a significant shortage in workers to perform essential serivices such as farm labor, domestic, sanitation and security job.

European nations and companies have sought and attempted several solutions to the problem with little success and are embracing the Concorde America model as the most practical, affordable and immediate source of relief to the crisis.

LATIN AMERICAN NEED: Good Paying Jobs

Latin American countries have an abundance of qualified workers who are skilled in precisely the types of work the nations and companies of Europe are looking for. These Latin American workers currently earn an average income of about $60 a month, have no pension plans, health or dental plans or benefits of any kind.

CONCORDE AMERICA SOLUTION: TAWF

It stands for Trans Atlantic Worker Fulfillment. In a nutshell, what Concorde America does is recruit, screen and provide workers from Latin

American countries to meet the specific needs of European nations and companies. Europe gets the skilled ready-to-work labor force they need to maintain their economy. Latin American workers receive over $1500 a month (1200% + pay increase), health benefits for themselves and their families and the opportunity to participate in a pension plan.

YOUR INVESTMENT OPPORTUNITY: Is Now

Concorde American is not only an enterprise that should succeed, it's an enterprise that must succeed. The company is working to make a difference that can simultaneously solve two significant global problems while providing investors with a strong return at the same time. We envision the following growth path for Concorde America stock over the next 36 months:

Based on projections that Europe will experience shortages of up to 40 million workers, the Trans-Atlantic Worker Fulfillment solution has the potential to become a $200 Billion Dollar industry. This would put TAWF up there in the same ballpark as the automotive and microchip categories in sales.

As of right now, to our knowledge, there are no other competitors in the category. There are certainly no others who are positioned as strongly or structured as well as Concorde America to provide solutions to both the European and Latin American needs and offer such a rapid and significant return on investment as well.

CNDD HAS CONTRACTS TO DELIVER 350,000 WORKERS IN THREE YEARS

Spain has entered into an agreement with Concorde America to provide over 350,000 agricultural workers from Latin America over the next three years. This one contract alone will result in $2.6 billion in revenue and earnings aggregating $9.23 a share.

ALL OF EUROPE IS WATCHING

As an investor your money is riding on Concorde America's ability to fulfill this contract to the expectations of the Spaniards. But there will be another group watching even more closely - other European nations and businesses. Others in Europe won't wait for the entire three-year contract to be executed to make their judgment. They can't afford to. They need workers now. Once they see that Concorde America is successfully providing the labor Spain needs, the proverbial floodgates will open.

Revenue & Earnings Outlook

	Revenues	Net Income	Earnings per Share	Market Value @ 15x EPS Target
	in millions	*in millions*		*(P / E)*
2004(e)	US $ 630	US $ 420	US $2.00	$30/share

2005(e)	US $ 915	US $ 665	US $3.00	$45
2006(e)	US $1,080	US $ 839	US $4.00	$60

RECOMMENDATION TO INDIVIDUAL INVESTORS

For more conservative individual investors, buy 2,000 shares putting half in your IRA, and the other half in a trading account. For more aggressive investors, consider committing up to $50,000 into this stock, starting with a 10,000 share block, and building a position from there.

CNDD represents a business that can change not only a regional economy but also a worldwide economy. In the past, the stock market has generously rewarded the shareholders of such innovative companies (see Wide Angle View) and we expect the ten-bagger in CNDD's stock to be no different.

To receive free information on our Featured Penny Stock : "CNDD - Concorde America Inc", free e-mail updates and other investor packages & offers, complete our Contact Form.

Want to buy CNDD? Our recommmended brokers will make your investment a seamless process.

WIDE ANGLE VIEW

The 25 Member States that form the European Union (EU) represent the second largest economic zone in the world with combined GDP of about $7 Trillion. Since the fall of the Berlin Wall in 1989, however, these economies grew 1.95% annually versus a 2.89% annual growth for the USA[1].

This 94 basis point slower rate of growth may not seem like much to the untrained eye, but when applied to a $7 Trillion economic zone over a period of 14 years, this is a material rate of lost macro-economic prosperity. There was no Stock Market Bubble in Europe.

What crystallizes the commercial opportunities for Concorde and its stockholders is the population declines in Europe. The EU countries can no longer ignore this demographical fact---since it now affects their standing within the EU as well as on the global competitive stage.

The shortage of workers in the Infrastructure Industries (farming, domestic services and commercial security) is especially acute. This is the void in the European market that Concorde America fills. To the best of our knowledge, it is the ONLY publicly-traded company in this industry.

NATURE OF BUSINESS & GLOBAL ENVIRONMENT

Concorde America is a publicly-traded holding company. Its ticker symbol on the stock exchange is --- **CNDD**. Through wholly-owned operating subsidiaries, CNDD is engaged in the business of providing unskilled contract-labor to private-sector companies operating in the 25-Member States that comprise the European Union, or EU.

The Company's contract-labor will be deployed into one of three sectors of the private client's economy ---

i. agri-business;
ii. domestic services; and
iii. commercial & industrial security.

These are referred to as Infrastructure Jobs according to the *Far East Economic Review*, however, in America, more familiar job descriptions would be

i. farm-workers;
ii. maids and janitors;
iii. rent-a-guard.

Economists at two large international banks --- HSBC and Barclays Group plc have independently plotted econometric forecasts based on (a) current demographic trends (**i.e.declining population**); and (b) 'reasonable' long term economic growth.

Their conclusions were remarkably similar: By 2015, there will be an acute shortage of workers to staff Infra- structure Jobs in the EU.

In order to credibly quantify, in terms of Earnings Per Share, the commercial opportunity within Concorde's grasp, and that of its shareholders', the potential investor needs to understand a few facts about Europe and the European Union---here's the abbreviated, though essential, version ~

The European Union is a Socio-Economic union of 25 Member States which when taken together (the Euro is the common currency) represents the Second Largest Macro-Economy in the world. It has also established itself as a factor-to-deal with in the global economy.

The EU alone stood in the way of **General Electric** (GE) acquiring Honeywell, and it is no accident that **Microsoft** MSFT) has a European office in Brussels---Operational Headquarters of the EU.

To place the EU's commercial authority and relevance into perspective, GE and Microsoft represent the first and second largest public companies in the world ($327 Billion and $307 Billion, respectively). As mighty as this may seem, these large companies are sensitive and in some cases deferential to the EU's macro-market responsibilities.

There are 25 Member States in the European Union ~

Table ONE: The First Nine Members of the EU were ~	
Belgium (as of 1973)	**Netherlands**

Germany	**Denmark**
France	**Ireland**
Italy	**United Kingdom**
Luxembourg	

Plus these 16 ~

Austria	Greece	Lithuania	Slovakia
Cyprus	Finland	Malta	Slovenia
Czech Republic	Hungary	Poland	Spain
Estonia	Latvia	Portugal	Sweden

At the same time that the EU's economic strength and highly regarded reputation in global commerce has increased, Europe's population is declining. For the ten years ended 2003, Europe's population declined by more than 81 million people.

This population decline is not only in relation to its share of the world's population, but in absolute numbers as well. In percentage terms, Europe's population declined by 10%, and represented 12% of the world's population (down from a 14% proportion ten years ago). Table TWO illustrates:

Table Two: Europe's Declining Population

	Population			As a Percent of World's Pop'ltn	
	1994	**2003**	**% Chg**	**1994**	**2003**
Asia	3,345,498	3,767,972	13%	59%	61%
Africa	722,814	815,680	13%	13%	13%
North America	288,788	315,169	9%	5%	5%
Latin America	474,240	531,718	12%	8%	9%
Europe	**806,967**	**725,870**	**-10%**	14%	12%
Oceania/Australia	28,366	31,018	9%	1%	<1%
Totals	5,666,673	6,187,427	9%	100%	100%

Within Europe itself, the Muslim populations increased from 13 million to 32 million in 2003, and as a group, represent 4.4% of Europe's population, up from 1.6% ten years ago.

If this trend continues unchecked, this proportion increases to 12% by 2015, and 27% by 2025. This has been an unavoidable demographic development given the worker shortages that are already apparent in Europe.

Unavoidable --- until now. This is where **Concorde America** enters the investment picture with an alternative for selected EU Members:

Recruit contract-labor for Infrastructure Jobs from those countries in Latin America that are culturally compatible with the customs and language of selected EU Member States.

The Company's first contract is to provide 150,000 unskilled laborers to a private sector agribusiness company in Spain. A second contract for

50,000 unskilled agri-business laborers commences in the second quarter of 2005. The commercial terms of these contracts are spelled out in the Earnings Model section at the end of this report.

While private sector companies in every EU Member State are potential clients for Concorde's foreign-labor contract services, Spain and Italy will comprise the early geographical focus.

Concorde America provides a new solution to an aging problem --- staffing "Infrastructure Jobs", especially in agriculture where labor needs can be seasonal. Table THREE illustrates why Spain and Italy are amongst the first EU Member States to be receptive to the type of new- solution Concorde offers. In the five years ended 2003, among the ten largest EU economies --- Spain and Italy ranked at the bottom, meaning loss of market share, income and jobs.

Table Three
Agricultural Income Levels for 10 Largest Member States in the E U
1998 - 2003

	1998 Index	2003 Index	Percent Chg
	(1994 - 1996 = 100)		
Portugal	73.7	123.4	67.4%
Austria	104.6	130.8	25.0%
Germany	116.0	123.4	17.5%
Netherlands	85.5	96.1	12.4%
France	98.0	104.0	6.1%
UK	101.5	107.4	5.8%
Ireland	109.4	111.4	1.8%
Belgium	80.0	80.1	0.1%
Spain	110.5	107.8	**-2.4%**
Italy	107.4	96.2	**-10.4%**
Agriculture Index	96.9	107.3	**10.7%**

The countries selected to fulfill Spain's demand for unskilled foreign labor is highlighted by the table below:

The Net-Take-Home pay for the 150,000 workers is 1,050 Euros per month (or US $ 1,260).

The unskilled laborers for Concorde's first foreign-worker contract have been recruited from Honduras. The first 1,000 arrive in Spain August 1st, then, at the rate of 1,000 per day until the end of the year.

In order to appreciate the compelling economics to these contract- workers, recognize this: At US $ 1,260 per month, that's a personal income of $15,120 per annum --- OR, SIX times greater than that worker would earn by staying at home.

In conclusion --- Concorde's New Solutions to the Infrastructure Job shortage in the European Union offers affordable, and culturally- compatible, laborers to private sector companies and at the same time improves the financial lives and living standards of thousands of people.

...And in the process of delivering these commercial results, generate an attractive rate of return for the Company's shareholders.

Table Four: Primary Recruiting Ground for Concorde

Latin American Country	Per Capita Annual Income	Literacy Rate	Population
Honduras	US $ 2,600	76%	6.9 million
Nicaragua	US $ 2,500	68%	5.5 million
Ecuador	US $ 3,100	93%	13.0 million
Relevant Data for other Countries in the Region			
Mexico	US $ 9,000	92%	103.5 million
Columbia	US $6,500	93%	44.2 million
Argentian	US $10,200	97%	38.4 million

Source: Eurostat - Economic Accounts for Agriculture (EAA)

A discussion of the Global Environment would be incomplete without addressing competition. In the case of Concorde America, there isn't any --- at the moment. The first public mention in EU publications that deal with shortages in "Services of General Interest[2]" was a May 2003 "Green Paper".

Here's the link ~

http://europa.eu.int/eur.lex/en/com/gpr/2003/com2003_0270en01.pdf

As other international companies will inevitably seek to move into Concorde's commercial arena over the next few years, CNDD will have not only built a formidable barrier-to-entry but is likely to have locked-up the most lucrative Recruitment Assignments.

Look to subsequent updates on "CNDD - Concorde America Inc" from Winning Stock Picks including Press Releases from the company, complete our Contact Form to subscribe to CNDD's Investor database and keep up to date with the latest advancements by the company!

MANAGEMENT TEAM

Hartley Lord is the Chairman and Chief Executive Officer of Concorde America with over 50 years of financial management and investment banking experience, with specialization in telecommunications. Mr. Lord is an Air Force Veteran and a graduate of the University of North Florida. He has been called a pioneer in the deregulation period of the telephony industry, during which time he founded Cardtel, Inc in 1985. **Julio Aspe** is President of the Company. He has over 20 years civil and tax law experience. Mr. Aspe has a law degree from Escuela Libre de Derecho in Mexico and a Masters in International Law from the Universita S. Tommasso in Rome. **Raul Mendez** is the Chief Technology Officer with over 18 years experience in application and database development, in industries ranging from insurance to manufacturing. Mr. Mendez earned his graduate degree in Business Administration from Florida International University. The systems he has installed to manage / monitor more than 1 million contract workers were essentially his programming.

EARNINGS MODEL

There are three components to Concorde's Revenue Stream: (a) Placement Fees; (b) Subcontract-Sharing Fees; and (c) Contract Renewal Fees. Placement Fees equal 3,500 Euros per laborer, whether a Direct Placement or Subcontract-Labor. A Direct Placement means the contracted worker goes on the payroll of the private sector client.

Over the ten quarters (through 2006) covered by the attached Earnings Model, Concorde plans to recruit 350,000 contract-workers from Honduras to work for a private sector agri-business company in Spain for one year.

In exchange for delivering 350,000 workers to the Spanish private sector company, Concorde's is paid a Placement Fee of 1.2 Billion Euros (350,000 x 3,500 Euros), or **US$1,470 million**.

In addition, half of the Company's 350,000 worker requirement will provide for sharing in the worker's income stream over the course of the year. These payments DO NOT come out of the contract workers pay, but are an additional negotiated cost to the private sector client employing Concorde-sourced contract labor.

These Subcontract-Sharing payments generate another 853 million Euros (**US $ 1,024 million** in revenues for Concorde received on a monthly basis over the period covered in the Earnings Model.

Finally, Concorde earns 400 Euros (US $ 480) as a Renewal Fee for each contract-worker who renews his/her contract (it is unlikely the shortage of Infrastructure Jobs in the EU will diminish).

The Earnings Model assumes that 75% of the workers whose contracts are expiring renew over the period covered in the Earnings Model. Hence, the first contract of 150,000 workers assumes 112,500 (75% of 150,000 workers) renew after the first year, then 84,375 renew in year two. Renewal Fees Revenues are projected at 124 million Euros or **$149 million**.

The table following summarizes the Revenue components:

Placement Fees:	$1,470 million
Subcontract Fees:	$1,024 million
Renewal Fees:	$ 131million
Total:	**2,625 million**

Against this revenue stream, direct expenses include $500 to transport each worker, and administrative expenses that increase from $7 million this year to $30 million in 2006. In the earnings model, we have assumed a Tax provision of 20% - 30%, though it could be considerably less than this. With 210 million shares outstanding---the Earnings Per Share figures are:

2004 (e)	2005 (e)	2006 (e)
$2.00	$3.17	$4.00

To receive free information on our Featured Penny Stock : "CNDD - Concorde America Inc", free e-mail updates and other investor packages & offers, complete our Contact Form.

Want to buy CNDD? Our recommmended brokers will make your investment a seamless process.

DISCLAIMER

View the Concorde America Disclaimer»

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[1]Source --- *The Wall Street Journal*, July 8, 2004

[2]Positions that Americans would call Farm hands, Maids & Janitors, and Rent-a-Guard

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VIDEO INTERVIEWS

Market Snapshot

	NASD	S&P 500

NASD

S&P 500

↑	**MSFT**	**27.20**	+0.08
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Watch **Francis Gaskins** (Research Analyst & Editor of IPO Desktop.com) Interview Absolute Health and Fitness CEO **Brian Morris** & Vice President **Thomas Flynn**.

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Winning Stock Picks

Meet the Winning Stock Picks editor - Tom Heysek

Tom Heysek, our financial investment guru and the editor of our Winning Stock Picks newsletter, is currently the Director of Research for Asian American Capital, a San Francisco-based investment management and securities research company.

The first rung of Tom's Heysek's professional ladder in financial services was JP Morgan's Trust & Investment Division in New York , where he spent 10 dedicated years building a solid foundation for his impressive career. Progressing further up the corporate ladder, Heysek moved to the San Francisco HQ of the Crocker Bank where he took up a position as Corporate Banker.

With his strong business acumen, financial expertise and managerial proficiency, Mr Heysek was soon promoted to Director of Asia Pacific Merchant Bank based in Hong Kong . The years between 1985 and 1993 of Tom Heysek's thriving career were spent as Managing Director of the Consulting Shoppe, a company whose HQ was relocated from Singapore to San Francisco and re-named Asian American Capital in 1993.

This company is where Heysek has remained and, to date continues to work with excellence and a passion for

financial services. Mr Heysek's career spans over an incredible thirty years. His steady track record of professional success over the years means he has amassed a wealth of knowledge and experience in various sectors of the financial market and built a solid reputation as an undisputed leader and acclaimed expert in financial affairs.

Tom Heysek's investment advice on our featured penny stock picks comes from his background of professional financial achievement. You can therefore rest assured in the knowledge that your **Winning Stock Picks** investment consultant knows exactly what he is talking about and you can trust his advice!

Not only is Tom Heysek happy to share his expertise with Winning Stock Picks investors, he also welcomes any of your comments or requests for information and you can e-mail him personally at **editor@winningstockpicks.net**

Winning Stock Picks

NOT A MEMBER? JOIN NOW!

Featured Penny Stock : SGNJ - Storage Innovation Technologies, Inc.

Market Snapshot

	NASD	S&P 500

NASD

S&P 500

↑	MSFT	27.20	+0.08
↑	NASD	1838.02	+18.13
↑	S&P 500	1098.35	+7.12

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In the News :

Take: Cash and a Slurpee
Final Take: Dell's Secret Stash
Take: Electronic Arts Breaking Out

OTC: SGNJ - Storage Innovation Technologies, Inc. - Strong Buy Recommendation

The Next New BIG THING has arrived.

A BIG thing is something that is clearly perfect for the times. Typically it's something, once exposed to the general public, makes us go 'why didn't I think of that?' The biggest things are usually clear evolutions of previous 'big things.' It takes a proven idea and makes it more than just better - makes it just right for the times.

Storage Innovations Technologies (OTC: SGNJ) is a perfect example of just such a BIG THING. The industry from which SGNJ evolves is actually a combination of the property storage and personal security categories.

One doesn't have to sit on the Homeland Security Council to know that Americans are more concerned than ever with the protection of their personal property, prized possessions and most prized possession of all - the lives of themselves and their families.

The 'big thing' that Storage Innovations Technologies has to offer is the most secure personal property storage facilities to ever be constructed in America as well as underground shelters and panic rooms for Americans and their families.

The first SGNJ unit is scheduled for construction during the 4th Quarter of 2004. On that day the ground rules for this $200 million industry - which has experience very little in the way of innovation since inception will change forever.

For investors this means getting in on the ground floor that actually begins below ground with underground shelters to protect families and loved ones. Panic rooms to protect against what is quickly becoming the 'more expected, unexpected.'

As you study the facts, figures and other data provided in this document keep in mind that the competition to the SGNJ model will pale in comparison. Those with valuables worthy of truly secure protection as well as storage will compare SGNJ technology, security and commitment to protection to a tin Quonset hut with a padlock.

The next 'Big Thing' has arrived and it clearly promises to get bigger.

STORAGE INNOVATIONS TECHNOLOGIES

MARKET DATA ON SGNJ COMMON STOCK

Recent Stock Price:	$2.00	12 months Target Price: $4.00
12-Week Low:	$0.60	Shares Outstanding: 21 million
12-Week High:	$2.00	
Market Value:	$18.9 million	

PROJECTED OPERATING RESULTS 2005 - 2008

		Gross		Earnings	Stock Prices-Target Ranges	
	Sales	Profit		per Share	@ 6x Sales	@ 16x EPS
	(mln)	Amt *(mln)*	Mgn			
2005(e)	$ 8.0	$ 4.0	50%	$0.08	$ 2.28	$ 1.28
2006(e)	$21.0	$13.7	65%	$0.35	$ 6.00	$ 5.60
2007(e)	$39.0	$27.9	72%	$0.80	$11.14	$12.80
2008(e)	$62.0	$46.0	74%	$1.40	$17.71	$22.40

TARGET STOCK PRICES --Next 18 Months

Q-4, 2004	First Half, 2005	Second Half, 2005
$2.50 / share	**$4.00 / share**	**$6.00 /share**

OVERVIEW

STORAGE INNOVATIONS TECHNOLOGIES: Two major developments in the USA political economy during SGNJ's debut as a public company ultimately influence its corporate valuation: (i) The Report of the 9-11

Commission; and (ii) Microsoft's New Dividend Policy.

The message to Individual Investors in each of these recent developments is: Be prepared to look at established norms differently in the decades ahead --- the 9-11 Report's message (to embrace change) is about national security, while the Microsoft message tells investors its best use of cash is to pay dividends, rather than spend it to commercialize new technologies.

To quote ***Barron's*** "Microsoft's dividend bonanza confirms what has become more and more apparent for the past few years--- that the next big new thing has yet to arrive. And when it does, it likely won't much resemble the last big new thing." (July 26, 2004 edition)

SGNJ is commercializing a space that in effect straddles both of these developments by first, elevating the industry's standards of providing personal security and self-storage services, and second, applying new technologies to an industry, self-storage, that arguably hasn't changed in 100 years.

SUMMARY & INVESTMENT CONCLUSION

It is impossible to foretell if a company like Storage Innovations Technologies is destined to become a part of "the next big, new thing" to paraphrase Barron's. No one can make such a forecast.

With the publication of the 9-11 Commission's Report and Microsoft's stock buy-back and dividend pay-out to shareholders (estimated at $75 Billion over four years), only the most unimaginative investors will think it is business as usual. It isn't.

In scouring the investment landscape for small cap public companies that might be poised to financially participate in this changing economic climate, Storage Innovations appears to meet most of the criteria --- namely: Applying now-Available State-of-the-Art technologies to a highly fragmented industry that is nationwide in scope.

Self-Storage Pre-SGNJ:

There are over 40,000 self-storage facilities in the USA. The two largest public companies in this industry, **Public Storage** (PSA) and **Shurgard Storage Centers** (SHU) together account for about 1,200 units, or 3% of the industry. This means over 38,000 are independently owned, all of which represent potential acquisition candidates for SGNJ.

Self-Storage Post-SGNJ:

SGNJ's Model of Projected Operating Results is based on (i) opening six new State-of-the-Art self-storage facilities per year; (ii) acquiring up to another 100 facilities over the next three years; (iii) upgrading acquired facilities to SGNJ's higher standards, going beyond basic self-storage services to provide add-on features including personal security, safe storage of valuables and panic rooms.

The Anatomy of an Earnings Per Share Model is appended to the end of this report. (An alternative presentation of returns to shareholders is presented in the event SGNJ elects to be taxed as a REIT.) This Anatomy provides the operating data used to produce the Revenues and Earnings projected at the start of this report. Here is the summary of those forecasts ~

> Revenues increase from $8 million to $62 million
> **AVERAGE ANNUAL REVENUE GROWTH, 2005-2008: 100%**
>
> Earnings per share increase from $0.08 to $1.40
> **AVERAGE ANNUAL EPS GROWTH, 2005 - 2008: 150%**

Conclusion: SGNJ is a **MUST-OWN** stock for any small cap investor. Although it is a newly-arrived public company in an industry that hasn't witnessed any noticeable changes in 100 years, the next 12 months are likely to provide investors with the most robust gains in stock price --- as so few people know about this story, at the moment.

For example, the appreciation in stock price from 90 cents currently to $3 / share in the first half of 2005 is a greater rate of gain (a tripling in value) than the increase from $3 / share to $6 / share (doubling) in the 12 months after that. Think about this statistical fact when hunting for above-average investment returns.

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Want to buy SGNJ? Our recommmended brokers will make your investment a seamless process.

RECOMMENDATION TO INDIVIDUAL INVESTORS

We have two levels of recommendations for Individual Investors --- FOR MODEST INVESTORS ($5,000 PER POSITION), purchase up to 5,000 shares of SGNJ over the next week. Average up if you have to, *but accumulate 5,000 shares by early August*.

At the first target price tranche of $3/share, commit another $3,000 by purchasing 1,000 more shares. This will give the investor a total of 6,000 shares at a cost-basis of $1.33 per share (for **$8,000**). Value of this position in Second Half of 2005: **$36,000**. *Gain: 4.5 times*.

FOR AGGRESSIVE INVESTORS (**$25,000**) --- accumulate up to 20,000 shares over the next two weeks, via purchases in 2,000 to 3,000 share blocks. Ride this position until the second half of 2005 (projected value of this position: **$120,000**) *Gain: 4.8 times*.

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BUSINESS & INDUSTRY ENVIRONMENT

Storage Innovations Technologies is in the business of owning & operating state-of-the-art public self-storage facilities. Facilities will include basic conventional self-storage units, climate control self- storage units and self-administered vault / safe-keeping services. Each facility will also rent safe rooms and disaster-relief rooms in case of a natural catastrophe or terrorist event.

The self-storage industry is one of the most highly fragmented in existence. There are only two other public companies in this commercial space

i. **Public Storage** (PSA), Seattle, Washington; Owner/Operator of 591 self-storage facilities; Market Value of $6.2 Billion; Annual Sales of $891 million (7 times sales), and
ii. **Shurgard Storage Centers** (SHU), California; Owner/Operator of 617 self-storage facilities; Market Value of $1.8 Billion; Annual Sales of $302 million (6 times sales)

The combined 1,208 self-storage facilities of these two companies represent only 3% of the estimated 40,000 self-storage facilities in the country. This means that there are literally thousands of individual commercial entities that own over 38,000 self-storage facilities nationwide.

Given the nature in which this industry finances its operations...many of these entities own no more than one or two facilities (i.e. via tax shelters, or limited partnerships), a financing mechanism that has compounded dispersed ownership of the industry.

It is this dispersion of ownership interests among many individual entities that presents this investment opportunity for SGNJ to consolidate the industry.

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GENESIS OF STORAGE INNOVATION & STRATEGY

The self-storage industry has not changed in 100 years. At the same time, demand for self-storage services remains undiminished and has even increased.

The Company's Mission Statement is to provide State-of-the-Art technological innovations to the self-storage industry, to build a commercial presence of State-of-the-Art self-storage facilities nationwide and to acquire individually owned self-storage facilities.

Stated Corporate Objective for 2008---**to own/operate more than 100 facilities**.

TARGET STOCK PRICES --Next 18 Months		
Q-4, 2004	First Half, 2005	Second Half, 2005
$2.50 / share	**$4.00 / share**	**$6.00 /share**

It's possible our target prices will change as the company implements its business plan, and as Revenues and Earnings unfold in the quarters ahead. This plan includes building 3-6 State-of-the-Art self-storage facilities per year in-house and acquiring another 10-20 facilities annually. This generates Sales by 2006 of $21 million.

By the second half of 2005, the market will already be looking to expected operating results for 2006. Using the industry's standard valuation of six time sales yields a market valuation potential of $126 million, or $6/share.

SGNJ's intention is to utilize all three of the financing mechanisms that typify this industry --- each one of which can be a compelling investment for individual investors

- Investing in Storage Innovations Technologies common stock;
- Investing directly in one of the Company's newly built facilities;
- Investing in one of the Company's special purpose partnerships (each special purpose partnership will raise $3 million for construction)

MANAGEMENT TEAM

Don Oehmke is the **Chairman** (and co-founder) of Storage Innovations Technologies. Previously, Mr. Oehmke was the Chairman & CEO of Ventana Consultants (1991-2004), a business consulting and venture capital firm. As its CEO, Mr. Oehmke operated at the highest organizational levels, for both domestic and international companies.

From 1985 to 1990, he was Chairman & CEO of Boucher, Oehmke $ Company, a securities broker / dealer with 26 offices in the USA and 5 in Europe. Mr. Oehmke has held numerous other positions professionally that provide him with practical operating knowledge of business in general and consumer needs in particular. These include Board Memberships in North Star Productions Corp and WestMed Inc, CEO of Sports Distributing and President of Yuma Medical Supply.

Andrew Alspach is CEO & President (and co-founder) of the Company. In addition to responsibilities for day-to-day operations, Mr. Alspach also oversees strategic planning, including new facilities and acquisitions. He has accumulated 20 years of progressively increasing responsibilities in construction and property management, and over the past five years, personal / property security for high-visible individuals.

Most recently (1997-2004), Mr. Alspach has held the position of President, AZ Property Services, a commercial property and estate management company. Prior to this, Mr. Alspach was CEO and President of Honu Woodworks, a commercial and residential property developer, and before that, Operations Manager for ChemMark Corp, a position that included delivering technical-based solutions to general business issues.

The combination of Mr. Oehmke's financial services/ invest- ment banking expertise and Mr. Alspach's hands-on property & security / safety experiences is a compelling team for a Company in an industry that, at present, has no road map to the next state of its commercial expression.

DISCLAIMER

View the Storage Innovation Technologies Disclaimer»

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Winning Stock Picks

Featured Penny Stock : AHFI - Absolute Health and Fitness

Market Snapshot

	NASD	S&P 500

NASD

S&P 500

↑	MSFT	27.20	+0.08
↑	NASD	1838.02	+18.13
↑	S&P 500	1098.35	+7.12

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» View the CEO INTERVIEWS

OTC: AHFI - Absolute Health and Fitness - Strong Buy Recommendation

COMMON STOCK DATA

Recent Stock Price:	$1.70	12 months Target Price: $5.00
52-Week High:	$1.81	Shares Outstanding: 29.6 million
52-Week Low:	$0.40	Float: 3 million
Market Value:	$14.8 million	

	Sales	Net Income	Earnings per Share	Market Value to Sales	EPS
2003	$8,275,553	$1,686,658	**$0.08**	1.8x	6.3x
2004(e)	$23,500,000	$4,970,000	**$0.16**	0.6x	3.1x
2005(e)	$51,625,000	$13,500,000	**$0.35**	0.3x	1.0x

SUMMARY & INVESTMENT CONCLUSION

- **ABSOLUTE HEALTH & FITNESS** has recently debuted in the stock market, selling at about six times last year's earnings per share
- The physical fitness industry is highly fragmented and appears poised to consolidate amidst burgeoning consumer demand
- **AHFI's** premier corporate objective is to not only participate in the fitness industry's consolidation but to lead it
- Reflecting its existing fitness centers sales **growth of 25% and 40%** margins, plus several strategic business combinations, revenues and **earnings are expected to at least double every year through 2006**

- Based on valuations analytically-derived from three highly recognized methods, we suggest target stock prices at **$1/share in the next 30 days**, **$2-$5/share by year end**, and for long term holders --- **$5 - $10/share next year and beyond**

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STOCK PRICE VALUATION TARGETS

Three methods have been deployed to derive a Target Valuation range for this Company: (i) **PEG**---Price / Earnings to Growth Ratio; (ii) **Multiple of Sales** Ratio; and (iii) **Historical Market P/E** valuation.

Absolute Health & Fitness is expected to grow at 100% per annum over the next 3 three years --- from 8 ¢ in Earnings Per Share (EPS) in 2003 (see EPS Model at end of this report), to 16 ¢ this year, 35 ¢ in 2005 and 75 ¢ in 2006. Applying a P/E of 50 on EPS growth of such magnitude, and transparency, produces a **PEG** of 0.5 (a ratio under 1.0 is deemed conservative by fundamental securities analysts). This translates into a **LONG TERM** target price of **$8 / share** (50 x $0.16 in EPS).

To derive a Nearer-Term target price, consider the multiple the market has assigned to **Bally Fitness' (symbol: BFT)** estimated earnings---after three years of losses. Applying current Bally's P/E of 16 to Absolute's estimated earnings of 16 ¢ yields a **Nearer- Term** target price of **$2.00 - $2.50** per share, which forms the basis for the lower end price range target by this year's end.

The best **multiple** at which the fitness industry has ever been valued is three times **sales**, For AHFI, this means 3 times $51.6 million in forecast sales = $155 million / 29.7 million shares outstanding = **$5.20** / share for a 6-month target price.

Finally, empirical studies of stock prices covering the past 75 years have determined that, on average, stocks sell for 16 times trailing EPS and 12 times forecast EPS. As Absolute Health begins to attract traders' coverage..if not research coverage..we suspect that these ratios will heavily influence early valuations in the stock market.

For AHFI, 16 times trailing EPS (of 8 ¢) equals **$1.28** and 12 times forecast EPS (of 16 ¢) equals **$1.92**. *Hence, over the next 3-6 months*, a trading range of **up to $2 / share** seems reasonable. These Valuation Ranges establish Target Prices, summarized in this Table.

Table One: Target Price Ranges to 2005

Early Stage (now through 9/30)	**Mid-Stage** (4th Qtr, 2004)	**Next Year** (2005)
$0.40 - $2.00	**$2.00 - $5.00**	**$5.00 - $10.00**

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RECOMMENDATION TO INDIVIDUAL INVESTORS

For Individual Investors seeking significant near-term capital appreciation on a modest investment position, in an emerging growth company, a **$2,000 to $10,000** investment in AHFI will buy up to 20,000 shares of stock at current prices. Given a minimum target price of $5 / share next year, this represents an extraordinary profit opportunity.

Even the $2 per share minimum target price expected at this year's end translates into a $1.50 / share capital gain --- or a potential gain of $6,000 on an initial $2,000 investment **($35,000 potential gain on a $10,000 initial investment)**.

For more aggressive Individual Investors, consider a **$25,000** investment position, to purchase up to 50,000 shares. Based on a fourth quarter-2004 Exit Strategy of $3.50---the midpoint of the forecast range--- this position represents potential gains in excess of **$100,000**.

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BUSINESS AND INDUSTRY ENVIRONMENT

Absolute Health & Fitness currently owns and operates 4 fitness centers in the Southeast, and expects to add another 8 centers via acquisition, resulting in a company generating revenues in excess of $10 million / year. A business combination with one other major fitness center operator is expected to more than double the Company's revenues to over $23 million this year, and increase the number of its operating Business Units to 24.

Physical fitness is an $11 Billion industry, though extremely fragmented. According to the Department of Commerce, there are approximately 8,000 exercise / fitness centers in the country with the seven companies listed in **TABLE TWO** below representing just over half of these units.

About half of these 8,000 physical fitness centers are owned / controlled by seven entities. The YMCA alone has 2,500 units. Another six companies own about 1,800 units. This means there are about 3,500 free-standing independent physical fitness centers in the country (with revenues approximating $4 Billion) that are owned and operated by "mom-and-pop" proprietors---basically, family-run enterprises at the local, if not neighborhood, level.

Absolute Health intends to amalgamate a number of these independent entities under one corporate umbrella..and in the process, lead a consolidation of this highly fragmented industry. Its present operations **already represent a consolidation** of one company with eight fitness

centers and another with four (resulting in the 12 current operating units).

What would motivate an independent fitness center operator to become part of a larger corporation? To answer this question, we look at the micro-economics of that industry and outline the industry's Business Model as it exists today.

- The vast majority of independent fitness center owners will be health enthusiasts.
- From there, owners fall into two basic categories: (i) Individuals who are 50+ and use a lump sum to launch a fitness center locally[1]; and (ii) Individuals in their 20's---and who have usually relied on family- funds to launch the fitness center.
- **TYPICAL BUSINESS MODEL** --- The average fitness center generates about $1.2 million in annual revenues, and enables the owner to gross between $150,000 and $200,000 in income. There is no Inventory to manage, Accounts Receivable is a minor concern, and the steady nature of the revenue stream means that financing is probably not a major issue.

Industry Business Models do not change frequently. Changing industry fundamentals requires a trigger of such enormous impact that existing Business Models no longer are commercially relevant---and this is the rationale that led to the genesis of Absolute Health & Fitness.

There are now 180 million people in the USA over the age of 30, or 61% of the population. The Baby Boomers, as a group, represent 76 million people. These are compelling demographics that taken together can force an industry to change the manner in which its services are provided.

The distinguishing feature between AHFI and the rest of the independents comprising the fitness industry is its intentional focus to consolidate the better-run fitness centers nationwide, especially those local entities with commanding market shares, and unite these units all under one company.

This is the primary reason AHFI became a public company --- in order to provide the "currency" to not only rapidly consummate acquisitions but in the process, enrich all shareholders in AHFI..including the former owners of the acquired fitness centers.

Indeed, AHFI's management expects to double the number of fitness centers under its corporate roof by the end of this year, primarily by acquisitions. As small as these acquisitions appear to be, the end result is that revenues shoot up to more than $50 million annually, with Earnings of $0.35 per share. Even a simple multiple of ten times earnings per share makes this potentially a $3.50 stock.

There is a relevant historical stock market example to serve as a guideline. **US Delivery** was a ground-delivery company based in Denver with annual sales of about $10 million. In 1993, the company began amalgamating independent ground delivery businesses nationwide. In 2 years, revenues exceeded $100 million and by 1997, revenues approximated $250 million.

US Delivery, in turn, was eventually acquired by Corporate Express. A $5,000 investment in the stock of US Delivery in 1993 was worth $94,000

in Corporate Express stock by 1999 --- a return of almost 20 times the initial investment.

Is the same magnitude of investment return achievable with Absolute Health & Fitness..? No one can answer that question with certainty.

However, all the right elements appear to be in place for this formula to work again, and all to the financial advantage of the Individual Investor.

TABLE TWO images the identifiable major companies in the physical fitness segment of the economy.

Table Two: Fitness Center Industry Leaders

Company	Fitness Centers (#)	12 Month Revenues (mm)	# of Employees	Market Value (mm)	Mkt Val/ Revenues	Revenues/ Employee	Stock Symbol
Bally Fitness	420	$954	22,000	$143	15%	$43 K	BFT
Gold's Gym	670	$980	n/a	n/a	n/a	n/a	Private
Sports Club	10	$132	2,223	$28	21%	$59 K	SCY
Town Sports Int'l	130	$315	7,700	n/a	n/a	$41 K	Private
24 Hr Fitness WW	300	$525	n/a	n/a	n/a	n/a	Private
World Gym Int'l	290	$250	n/a	n/a	n/a	n/a	Private
YMCA	2,500	$4,200	n/a	n/a	n/a	n/a	Private
Totals	4,320	$7,356					

The Fitness & Exercise segment of the US economy, therefore, is exceptionally well-poised for consolidation, similar to the consolidations that overtook a number of other service-related sectors of the economy over the past 30 years.

Research indicates there are another 3,500 independently- owned ("Mom-and-Pop") fitness centers in the USA with revenues of $4 Billion.

Examples of a few other industry consolidations in the past will prove useful..

- **There were thousands of newspaper companies in the 1960's --- today, that industry is controlled by fewer than ten companies.**
- **In the late 1960's / early 1970's, every town in America had numerous choices among Mom-and-Pop Burger stands --- before that industry consolidated into the three companies than own that space today --- either converting the better-run independents into their own Branded Name or putting them out of business.**
- **In the 1980's, Mom-and-Pop neighborhood convenience stores eventually gave way to 7-11's, Circle K's and other larger merchants, and more recently ~**
- **In the 1990's, numerous ground shipment delivery service companies prevailed until larger companies either acquired them or made their economic existence non-viable, and of course ~**
- **Consolidation of the "bloated" dot.com universe is living memory.**

Not all service businesses or industries lend themselves to consolidation ~

- Dry cleaning services,
- shoe repair shops, and
- lawn / landscaping services

are three that immediately spring to mind. Characterized by ***minimal capital requirements*** to enter those businesses, hand-to-mouth financial needs to survive and a neighborhood-centric nature, these businesses are unlikely to ever consolidate into bigger commercial enterprises.

The collapse, and consolidation, of the dot.com universe will serve a useful purpose, since those events are living memory. For a brief moment, 1999 to be precise, it took minimal capital requirements to get into the dot.com business because venture capital was so readily available[2].

By the end of 1999, the lost investment gain caused by not being in the next IPO that triples in a day was of greater concern than the potential loss on that investment. As the financial media sought these investors out, any venture capitalist with less than six deals in the pipeline was a piker..! And the money flowed. In other words, by making capital so easily abundant, venture capitalists were planting the seeds for the very consolidation they feared.

Commencing a systemic industry-wide consolidation..any industry..requires a trigger of such enormous impact that prior Business Models are no longer relevant. That systemic trigger for the exercise & fitness industry is the 180 million people over the age of 30.

There is only one way to slow down this deterioration of human muscle: Exercise, specifically, muscle-stress exercise such as weights and other muscle-stress strengthening equipment. We believe that the demand for fitness services from this demographic to be sufficiently compelling to change the fundamentals of this highly fragmented industry.

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A thumbnail sketch of the seven companies appearing in our industry table on page four follows, along with the web site of each ~

Bally Fitness is arguably the best-known fitness center operator in the USA, with 420 gyms in 29 states and Canada. Bally (stock symbol: BFT) is the largest fitness center operator that is a publicly-traded company, By design, its professed market is the 18 - 34 year old demographic. The company's genesis as a public company dates back to 1996 when it was spun-off from the gaming company, Bally Entertainment. HQ: Chicago www.ballyfitness.com

Sports Club is the only other visible leader in this industry that is publicly-traded (stock symbol: SCY). It was organized in 1994 to amalgamate several up-market clubs in major metropolitan areas under one corporate umbrella. Presently, SCY has 10 clubs, located in Los Angeles, San Francisco, New York City and Washington, DC. Revenues per facility average between $10 and $15 million. HQ: Los Angeles. www.thesportsclubla.com

Gold's Gym has the most facilities in operation ---670 gyms in 26 countries. These are predominantly franchises, which are sold for $500,000 to $1.8 million per location. Purchasing smaller gyms and converting these into branded Gold's Gyms is a relatively new development in its business model. The first Gold's Gym was opened in 1965, so it is factually correct to state that this is the oldest company in the industry. HQ: Venice, CA; tel: 310-392-3005; web site www.goldsgym.com.

Town Sports International was founded in 1973. It owns and operates 130 fitness centers, two-thirds of which are located in New York City. The remaining centers are located in Boston, Philadelphia and Switzerland. Given the metropolitan location of its clubs, per facility revenues of $2.5 million are above the industry average. HQ: New York City; web site www.mysportsclubs.com.

24 Hour Fitness Worldwide owns and operated 300 fitness centers in 16 states plus Europe and Asia. The Company began operations in 1983, making it the third oldest private sector fitness center chain after Gold's Gym and Town Sports. Recent acquisitions include two younger chains --- Q Clubs and Hart's Athletic Clubs. HQ: San Ramon, CA; web site www.24hourfitness.com.

World Gym International has 290 franchises, all in the Western Hemisphere, with most locations representing franchised businesses. HQ in Marina del Rey, CA; web site www.worldgym.com.

YMCA dates back to 1851 in the USA (1844 in the UK), and has 2,500 locations nationwide. Its role in the American socio- economy has morphed markedly in the past 5 years, given its leading role in community projects such as child care and Head-Start. Nevertheless, with 19 million people utilizing its facilities, any fitness industry discussion that does not include the YMCA is incomplete. The fact is, the "Y" is a pervasive presence in the burgeoning physical fitness industry. HQ: Chicago, IL; web site www.ymca.com pleasantly pervasive, if the Village People are to be believed, when they sang "It's fun to stay at the Y - M - C - A!"

The tale of two fitness companies ~ The following two charts tell a thousand page story about the only two fitness companies with a publicly-traded track record. At its current price, **Bally Fitness** (BFT) is about where it was when spun-off from Bally Entertainment in 1996.

Sports Club (SCY) has been on a downward spiral since 1998 --- when both BFT and SCY were in vogue. BFT peaked in July 1998 at $37.56 / share, and commanded a Market Value of $1.3 Billion, or about two times annual sales at the time. Market Value of BFT today: $136 million.

SCY spiked up a little faster, being a small growth company. It peaked at $9.25 / share in December 1997, giving the Company a $167 million market value. Market value today: $27 million.

The third graph following depicts the below average performance of both companies in relation to the S&P 500 Index. This explains why any portfolio manager whose investment performance is measured in relation to the S&P 500 (and most are) would not be investors in either of these

companies. With changing fundamentals and an imminent industry consolidation, investment interest could easily rekindle this sector.

[1]People in this category are generally either individuals who have elected early retirement, receiving a lump sum payment OR ex- spouses using the proceeds from divorce settlements.

[2]Look for the forthcoming book Growth, Puncture and Aftermath of The Bubble for a Millenium.

MANAGEMENT TEAM

Brian Morris is Chief Executive Officer of Absolute Health & Fitness. He has been in the fitness industry for more than ten years. He joined AHFI in 1994 as a Salesman, worked his way up to become Chief Operating Officer, and after the merger that formed AHFI, was appointed CEO. **Roland Rohm** is President of the Company, having been in the fitness industry since 1995. His responsibilities include ensuring the application of consistent operational procedures throughout the growing AHFI network. Prior to joining AHFI in a management capacity, Mr. Rohm had previously been a Franchisee of a Gold's Gym. **Thomas Flynn** is VP- Sales and Marketing. His primary responsibility is to increase each center's revenues, including corporate memberships and with affinity groups. Mr. Flynn has been with the Company since 1998.

EARNINGS MODEL

Absolute Health & Fitness - Three Year Outlook:

	2003			2004 (e)			2005 (e)	
	Sales	Operating		Sales	Operating		Sales	Operating
Kapital Eng	$2,028,729	$1,032,557						

EFS	$1,044,448	$260,782						
Sampson's Gym	$863,677	$222,679						
Maynard	$1,070,608	$260,656						
KRS	$1,098,531	$302,074						
Garner	$775,685	$77,638						
Creedmore	$1,193,027	$217,272						
Fuquay	$200,848	$35,854						
Eight Core Cntrs	$8,275,553	$2,409,512		$10,500,000	$4,200,000		$13,125,000	$5,500,000
Four New Centers				$3,000,000	$900,000		$6,000,000	$2,500,000
Other 2004 Acq's				$10,000,000	$2,000,000		$12,500,000	$5,000,000
2005 Acquisitions							$20,000,000	$4,000,000
TOTALS		>>>>>>>>>		$23,500,000	$7,100,000		$51,625,000	$17,000,000
Tax Provision		$722,854			$2,130,000			$3,500,000
Net Income		$1,686,658			$4,970,000			$13,500,000
Shares Outstanding	$20,000,000	$0.08		$29,667,000	$0.16		$39,667,000	$0.35

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	NASD	S&P 500

NASD

S&P 500

↑	**MSFT**	**27.20**	+0.08
↑	**NASD**	**1838.02**	+18.13
↑	**S&P 500**	**1098.35**	+7.12

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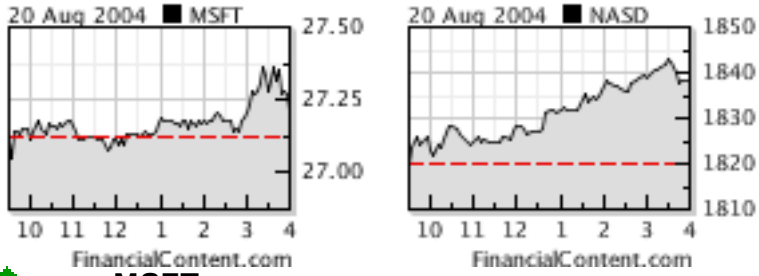
Market Snapshot

	NASD	S&P 500

NASD



S&P 500

↑	**MSFT**	**27.20**	+0.08
↑	**NASD**	**1838.02**	+18.13
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Winning Stock Picks
Weekly Update

www.winningstockpicks.net

April 12th, 2004 edition

Prepared by WSP Research Staff

A PRIMER for PERSPECTIVE ON SMALL CAP COMPANIES

Last week, we initiated a NEW offering to our Subscribers --- e-Mail to the WSP Editor. The most frequent question we received dealt with the financial news media increasingly distinguishing between Large Cap companies and Small Cap companies. For Individual Investors, what does this mean, precisely?

Demystifying the mystery---first, there is the word “Cap” itself. “Cap” is a generic reference to Capitalization, i.e. Large Capitalization or Small Capitalization Companies. These are essentially identical in meaning with the term Market Value. In the table below, for example, GE is a Large Cap Company, with a market value of $317 Billion.

Large cap companies are those public companies whose earnings outlook and expectations are the most greatly impacted by the Global Economy and Domestic USA Policy. The more robust the worldwide economy and the more predictable the country’s national policies, the stronger the investment performance of large cap stocks.

Small cap companies, on the other hand, are less affected by these macro-events, control over which most corporate managers can exert little influence anyway. But then, as one Subscriber who wrote us phrased it...”Just as this begins to make sense---Joe Kernan (of CNBC) starts talking about Mid-caps. Whazzup with that...?”

We start with the Twenty Most Widely-Held Stocks in the world. These are published everyday in the New York Times and compiled from brokerage accounts held at Merrill Lynch. Individual Investors subscribing to www.winningstockpicks.net will recognize these names.

These companies are, indeed, an integral part of the American commercial landscape and our daily lives. Listed in descending order of market value (= market “cap”), these companies are ~

GE ($317 Billion)	Wal*Mart ($246)	Verizon ($104)	Comcast ($ 66)
Exxon ($279)	Intel ($177)	Merck ($ 99)	ATT W-less ($ 37)
Microsoft ($275)	Cisco ($166)	Home Depot ($ 83)	Lucent ($ 19)
Pfizer ($272)	IBM ($158)	SBC ($ 81)	Avaya ($ 7)
Citigroup ($266)	J & J ($151)	Time Warner ($ 79)	Agere ($ 5)

The best example of a lackluster overall stock market is provided by calculating the market value of these widely-held stocks today, and comparing this collective valuation at the beginning of the year---$2.9 Trillion, or $2,885.6 Billion at the market’s close last week versus $2,871.7 Billion at the beginning of 2004, i.e. essentially flat.

WARNING --- ! ! ! Information Contained in these Editions of Winning Stock Picks are Hazardous to your Stock Market Ignorance

There are 11,278 public companies in the USA, the TOTAL MARKET VALUE of which is $13,511 Billion. It is statistically correct to state that the 20 companies above, therefore, with market value totaling $2,886 Billion, represent more than 21% of the value of all public companies.

Another way to view these facts --- there are 11,258 public companies other than these 20 widely-held stocks that account for $10,625 Billion in market value ($13,511 Billion less $2,886 Billion). Dividing $10,625 Billion by these 11,258 other public companies produces an average market value of $943 million ~ or $1 Billion, to use round numbers.

Conclusions ---

1. This $1 Billion figure serves as the conventional demarcation of small cap versus large cap companies. Companies with a market value of less than $1 Billion are considered small cap.
2. The average market value of the 20 Most Widely-Held Stocks is $100 Billion, and serves as a guideline to Large Cap company status.
3. That area in between ($1 Billion to $100 Billion) is considered Mid-cap status.

As a practical matter, a few corollaries will be useful to our Subscribers. In practice, a market value of $10 Billion is often utilized to designate Mid-caps, since it is an easier number to grasp, and there are more companies (and investment opportunity) at this level.

The premier investment objective for Individual Investors, for example, is to purchase a company that will rise from small cap status to mid-cap status to Large Cap. In the April 5th edition of WSP Update (click here for link to that edition), we vividly documented the rise of Microsoft since 1986 from Small Cap to Large Cap.

A second corollary introduces the term Micro-cap. Generally, companies with a market value of less than $250 million are described as Micro-caps. There is support for this definition, as per the Wilshire Indexes which we showcased in our March 8th edition (click here for link to that edition). In particular, the Wilshire Micro-cap Index (www.wilshire.com ---then click on Indexes icon) is comprised of those companies representing the smallest public companies in terms of market value---the average market value of which is $171 million.

The table which we link to here (Supplement # 04 – 009) (a) lists the 20 most widely-held companies; (b) illustrates at the bottom of that table that the ONLY index to have advance so far this year is the Wilshire Micro-cap Index. What more evidence does an Individual Investor need to be reassured that the place to be at the moment is in the Micro-cap sector of this stock market.

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I find WSPs picks to be way better than those expensive membership sites
that claim to have the best picks. This is my favorite bookmark!
John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up."
Paul Pittman Jarrettsville Md

John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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Thanks again
Andy F. Bradewton.IL

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The WEEKLY UPDATE

TOM HEYSEK

Tom Heysek is Director of Research for Asian American Capital, a San Francisco-based investment management and securities research company. Mr. Heysek began his financial services career at J P Morgan's Trust & Investment Division in New York for ten years. He moved to Crocker Bank, with HQ in San Francisco , where he was a Corporate Banker, and was promoted to Director of Asia Pacific Merchant Banking for Crocker, based in Hong Kong . From 1985 to 1993, Mr. Heysek was Managing Director of The Consulting Shoppe, with HQ in Singapore and branches in Bangkok , Kuala Lumpur and Jakarta (Indonesia). The Consulting Shoppe was relocated to San Francisco and re-named Asian American Capital in 1993.

Subscribers' Good Penny Stock Supplement # 001

BASIC FINANCIAL ANALYSIS

ATLANTIC COAST AIRLINES (symbol: ACAI)

SOURCE: PRIVATE LABEL RESEARCH DIVISION

	ATLANTIC COAST AIRLINES		In Comparison With			
			Southwest Air		MESA Air	
	(symbol: **ACAI**)		(symbol: **LUV**)		(symbol: **MESA**)	
Recent Stock Price	**$3.86**		**$14.20**		**$6.46**	
Hi - Lo since 9-11-01	**$30.23 - $3.60**		**$22.00 - $12.88**		**$13.96 - $3.91**	
Shares Outstanding	45 mm		790 mm		32 mm	
Market Value	**$174 million**		**$11,218 mm**		**$207 mm**	
Hi - Lo Mkt Value	**$1.4 Billion - $162 mm**		**$17.4 Bln - $10.2 Bln**		**$ 447 mm - $ 100 mm**	
Trailing 12 Month:						
Sales	$884 mm		$6,100 mm		727 mm	
Net Income	$84 mm		$445 mm		22 mm	
Earnings Per Share	**$1.86**		**$0.54**		**$0.64**	
Estimated EPS in 2005	**$0.50**		**LOSS**	**($2.40)**	**$0.50**	
Mkt Vale / Sales	0.19		1.84		0.28	
Price / Earnings (P/E) {on '05 est)	8 times		n.c.		13 times	
	03/31/04	12/31/03	03/31/04	12/31/03	03/31/04	12/31/03
Cash	350	298	1,824	1,865	229	160
Total Current Assets	518	398	2,400	2,313	354	257
Current Liabilities	-129	-128	2,181	1,723	140	237
Net Working Capital	389	270	219	590	214	20
Fixed Assets	310	315	7,683	7,443	487	342
Goodwill	0	0	0	0	0	1
Other Assets	66	52	186	122	44	40
TOTAL NET ASSETS	**$765**	**$637**	**$8,088**	**$8,155**	**$745**	**$403**
Represented By:						
Long Term Debt	259	134	1,270	1,332	559	220
Deferred L T D	143	144	1,793	1,771	68	66
Total L T D	**402**	**278**	**3,063**	**3,103**	**627**	**286**
Shareholders' Equity	**363**	**359**	**5,025**	**5,052**	**118**	**403**
TOTAL CAPITAL	**$765**	**$637**	**$8,088**	**$8,155**	**$745**	**$401**
SELECTED RATIO ANALYSIS						
Sales / Total Net Assets	$1.14	$1.41	$0.73	$0.74	$1.13	$1.87
Wkg Cap as % of Equity	107%	75%	4%	12%	181%	17%

Return on Equity	23%	9%	19%
Net Profit Margin	10%	7%	3%
CASH / SHARE	$7.78	$2.31	$7.15
as % of Stk Price	**208%**	**16%**	**111%**

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that claim to have the best picks. This is my favorite bookmark!
John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
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SNAPSHOT for the WEEK ENDED July 16th

Indexes, at mkt close	12/31/03	21-May	4-Jun	9-Jul	16-Jul	%cChg YTD	% Chg for Wk
Dow Jones Avg	10454	9967	10243	10213	10140	-3.0%	-0.7%
S&P 500	1112	1094	1123	1113	1101	-1.0%	-1.0%
NASDAQ Comp	2003	1912	1979	1946	1883	-6.0%	-3.3%
Wilshire 5000	10800	10625	10936	10843	10733	-0.6%	-1.0%
WilshMicroCap	481	479	499	490	481	0.0%	-1.8%
WilshSmCap	274	271	282	281	277	0.9%	-1.4%
MARKET VALUE---ALL STOCKS	$12,948	$12,739	$13,112	$13,001	$12,879	-0.5%	-0.9%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices July 16th

Company	Symbol	Market Cap 2003 31-Dec	21-May	4-Jun	11-Jun	9-Jul	16-Jul	RANK last week	RANK 4-wks ago
Totals		$2,856	$2,825	$2,877	$2,921	$2,849	$2,809		
GE	GE	313	313	319	322	329	338	1	1
ExxonMobil	XOM	265	279	284	288	297	300	3	3
Microsoft	MSFT	295	280	280	289	301	297	2	2
Pfizer	PFE	267	266	272	272	259	247	4	4
Citigroup	C	247	235	241	245	233	226	5	6
WalMart	WMT	225	237	243	244	221	225	6	5
Johnson&Johnson	JNJ	152	163	167	169	163	169	8	8
Intel	INTC	207	178	182	185	172	147	7	7
Cisco	CSCO	164	149	154	161	151	143	9	9
IBM	IBM	156	147	148	152	141	142	10	10
ChevronTex	CVX	91	96	97	97	101	102	12	12
Merck	MRK	101	104	107	106	102	100	11	11
Verizon	VZ	94	99	97	100	98	96	13	13
Time-Warner	TWX	82	76	78	80	79	77	14	15
Home Depot	HD	78	77	79	79	76	75	15	14
Comcast	CMCSA	74	65	65	67	62	63	16	16
ATT Wireless	AWE	22	38	39	39	39	39	17	17
Lucent	LU	12	14	15	15	15	14	18	18
Avaya	AV	6	7	7	7	7	6	19	19
Agere B	AGRb	5	4	4	4	3	3	20	20

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

		16-Jul		
ge	**Subscribers'**	328		
xom				
	Supplement #04-037	300		
msft		297		
pfe		247		
c	The 38 Blue-Chip /	226		
wmt		225		
aig	Large Cap Companies	180		
intc		147		
csco	of the Dow Jones	143		
ibm		142		
jnj	Average and the	169		
pg		142		
jpm	Most Widely-Held	128		
ko		123		
sbc	Stocks in America	118		
cvx		102		
mo		100		
mrk		100		
vz		96		
hd		75		
twx		77		
mmm		69		
cmcsa		63		
hpq		60		
axp		62		
dis		48		
utx		47		
dd		43		
mcd		35		
ba		41		
awe		39		
hon		31		
aa		29		
cat		27		
gm		25		
lu		14		
av		6		
agrb		3		
	Total for 38 Large Cap	4,107	38	**$108,079**
	Non-Large Cap Total	8,772	8,058	**$1,089**

Large Cap as a % of Total	12,879	8,096
	32%	

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- July 5th Edition

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- June 7th - Premier Edition
- June 14th
- June 21st
- June 28th
- July 5th

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I find WSPs picks to be way better than those expensive membership sites
that claim to have the best picks. This is my favorite bookmark!
John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
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John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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Subscribers' Supplement #04 - 35

SNAPSHOT for the WEEK ENDEDJULY 9th

Indexes, at mkt close	12/31/03	21-May	4-Jun	2-Jul	9-Jul	%cChg YTD	% Chg for Wk
Dow Jones Avg	10454	9967	10243	**10283**	10213	-2.3%	-0.7%
S&P 500	1112	1094	1123	**1125**	1113	0.1%	-1.1%
NASDAQ Comp	2003	1912	1979	**2007**	1946	-2.9%	-3.0%
Wilshire 5000	10800	10625	10936	**10998**	10843	0.4%	-1.4%
WilshMicroCap	481	479	499	**506**	490	1.8%	-3.2%
WilshSmCap	274	271	282	**289**	281	2.6%	-2.8%
MARKET VALUE---ALL STOCKS	$12,948	$12,739	$13,112	$13,186	$13,001	0.5%	-1.4%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices July 9th

Company	Symbol	Market Cap 2003 31-Dec	21-May	4-Jun	11-Jun	2-Jul	9-Jul	RANK last week	RANK 4-wks ago
Totals		$2,856	$2,825	$2,877	$2,921	$2,865	$2,849		
GE	GE	**313**	313	319	322	323	**329**	1	1
Microsoft	MSFT	**295**	280	280	289	308	**301**	2	2
ExxonMobil	XOM	**265**	279	284	288	292	**297**	3	3
Pfizer	PFE	**267**	266	272	272	259	**259**	4	4
Citigroup	C	**247**	235	241	245	237	**233**	5	6
WalMart	WMT	**225**	237	243	244	222	**221**	6	5
Intel	INTC	**207**	178	182	185	170	**172**	7	7
Johnson&Johnson	JNJ	**152**	163	167	169	164	**163**	8	8
Cisco	CSCO	**164**	149	154	161	155	**151**	9	9
IBM	IBM	**156**	147	148	152	147	**141**	10	10
Merck	MRK	**101**	104	107	106	104	**102**	11	11
ChevronTex	CVX	**91**	96	97	97	100	**101**	12	12
Verizon	VZ	**94**	99	97	100	100	**98**	13	13
Time-Warner	TWX	**82**	76	78	80	79	**79**	14	15
Home Depot	HD	**78**	77	79	79	77	**76**	15	14
Comcast	CMCSA	**74**	65	65	67	63	**62**	16	16
ATT Wireless	AWE	**22**	38	39	39	39	**39**	17	17
Lucent	LU	**12**	14	15	15	15	**15**	18	18
Avaya	AV	**6**	7	7	7	7	**7**	19	19
Agere B	AGRb	**5**	4	4	4	4	**3**	20	20

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

SPECIAL EDITION SUPPLEMENT

AGERE SYSTEMS (stock symbol: AGRB)

Recent Stock Price	**$1.85**		**Market Value**	$3,163 mm
Hi - Lo since 9 - 11	3.84	Feb-04	**Market Value High**	$6,566 mm
FY SEPT	0.51	Oct-02	**Market Value Low**	$872 mm
Shares Outstanding	1,710 million		**MV / MVH**	48%

		Sales	**Net After Tax Income**
Trailing 12 Month:		$1,940 m	($10 mm)
Year Ago		$1,868 m	($1,245 mm)
Change		4%	**$1,255 mm Increase**
		6 Mths Ago	**March '04**
CURRENT ASSETS	64%	1,204	1,218 64%
CURRENT LIABILITIES		1,022	836
NET WORKING CAPITAL		182	382
FIXED ASSETS		778	710
OTHER ASSETS/LIAB'S		406	344
TOTAL NET ASSETS		**$1,366**	**$1,436**
REPRESENTED BY:			
LONG TERM DEBT		855	834
SHAREHOLDERS' EQUITY		511	602
TOTAL CAPITALIZATION		**$1,366**	**$1,436**

				GARP RATIO
Market Value / Sales			**1.63**	
Sales / Net Assets			**$1.35**	**2.201**
Return on Equity			n.c.	
Profit Margins			n.c.	
Debt / Equity			1.4 x	
Cash-to-Cash Cycle		86 days	96 days	
# of Institutions			10	
Own			39%	
Mgt Owns			1%	
Enterprise Value	**(mm)**	**$5,026**	**$3,217**	**-36%**
			$2,510	**TARGET STK PRICE**
			$5,727	**$3.35**

TEXAS INSTRUMENTS (symbol: TXN)

Recent Stock Price	**$22.80**		**Market Value**	$39.4 Bln
Hi - Lo since 9 - 11	**35.94**		**Market Value High**	$62.2 Bln
FY DEC	**13.90**		**Market Value Low**	$24.1 Bln
Shares Outstanding	1,730 million		**MV / MVH**	63%

		Sales	**Net After Tax Income**
Trailing 12 Month:		$10,578 mm	**$1,448 mm**
Year Ago		$8,413 mm	**($344 mm)**
% Change		26%	**$1,792 mm Increase**
		6 Mths Ago	**March '04**
CURRENT ASSETS	49%	6,794	7,998 52%
CURRENT LIABILITIES		2,169	2,280
NET WORKING CAPITAL		4,625	5,718
FIXED ASSETS		4,241	4,188
OTHER ASSETS/LIAB'S		4,051	3,599
TOTAL NET ASSETS		**$12,917**	**$13,505**
REPRESENTED BY:			
LONG TERM DEBT		1,489	1,420
SHAREHOLDERS' EQUITY		11,428	12,085
TOTAL CAPITALIZATION		**$12,917**	**$13,505**

				GARP RATIO
Market Value / Sales			3.73	
Sales / Net Assets			82 cents	**3.059**
Return on Equity			12%	
Profit Margins			14%	
Debt / Equity			12%	
Cash-to-Cash Cycle		136 days	132 days	
# of Institutions			10%	
Own			71%	
Mgt Owns			1%	
Enterprise Value	**(mm)**	$37.5 Bln	$36.7 Bln	

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The WEEKLY UPDATE

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- April 12th Edition
- April 19th Edition
- May 3rd Edition
- May 10th Edition
- May 17th Edition
- May 24th Edition
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Subscribers' Supplement # 04 - 033

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(Listed by Market Value Rank)

Based on Closing Stock Prices, July 2nd

Company	Symbol	Market Cap						RANK	
		30-Apr	21-May	4-Jun	11-Jun	25-Jun	2-Jul	last week	4-wks ago
Totals		**$2,844**	**$2,825**	**$2,877**	**$2,921**	**$2,889**	**$2,865**		
GE	GE	301	313	319	322	**329**	**323**	1	1
Microsoft	MSFT	282	280	280	289	**308**	**308**	2	2
ExxonMobil	XOM	279	279	284	288	**289**	**292**	3	3
Pfizer	PFE	273	266	272	272	**258**	**259**	4	4
Citigroup	C	248	235	241	245	**242**	**237**	5	6
WalMart	WMT	247	237	243	244	**224**	**222**	6	5
Intel	INTC	167	178	182	185	**180**	**170**	7	7
Johnson&Johnson	JNJ	161	163	167	169	**160**	**164**	8	8
Cisco	CSCO	144	149	154	161	**158**	**155**	9	9
IBM	IBM	150	147	148	152	**151**	**147**	10	10
Merck	MRK	104	104	107	106	**104**	**104**	11	11
ChevronTex	CVX	98	96	97	97	**100**	**100**	12	12
Verizon	VZ	105	99	97	100	**99**	**100**	13	13
Time-Warner	TWX	77	76	78	80	**80**	**79**	14	15
Home Depot	HD	80	77	79	79	**78**	**77**	15	14
Comcast	CMCSA	68	65	65	67	**63**	**63**	16	16
ATT Wireless	AWE	38	38	39	39	**39**	**39**	17	17
Lucent	LU	14	14	15	15	**16**	**15**	18	18
Avaya	AV	6	7	7	7	**7**	**7**	19	19
Agere B	AGRb	4	4	4	4	**4**	**4**	20	20

note:

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The WEEKLY UPDATE

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July 4, 2004 edition

Special Edition #003

The Three Defining Moments of Modern Civilization

(WHAT EVERY INDIVIDUAL INVESTOR SHOULD KNOW ABOUT TODAY'S POLITICAL ECONOMY)

"It's difficult to predict, especially the future" --- so said Yogi Berra, the working man's philosopher and former star-catcher for the New York Yankees. Yet, that is, in effect, what Individual Investors do all day, every day. Let's take a step back from the daily short-strokes of successful investing on this Independence Day Holiday and put forth an historical perspective---a genesis---of the macro-picture that is today's political economy.

The Irony of a Defining Moment is that it initially is not very well defined...nor is its impact on humanity's modern day existence measured in a moment, but rather centuries. The world we live in today was shaped by only Three such Defining Moments ~

- The Birth of Jesus Christ;
- The Mayflower Compact; and
- The Buttonwood Agreement (founding of the New York Stock Exchange)

The first Defining Moment eventually resulted in Organized Religion; the second ultimately became the model for Organized Democracy; and the third became the foundation for what we know today as the Capital Markets. Taking each one individually:

Religions have been around since the dawn of time. The reason **Christ's birth** stands alone as a Defining Moment is that this event was eventually embraced by the entire world --- universal --- which is the literal meaning of "Catholic". Once Catholicism became organized, it provided an incentive for competitive religious beliefs to flourish, several of which also became organized on a worldwide basis.

Indeed, the manner in which we now designate years is called The Christian Era. The calendar western civilization uses today was invented by an Italian Monk named Dionysius Exiguus, and approved by Pope John I in the year 525 A.D. In the Papal Pronouncement, the Pope declared ..."to number the years from the Incarnation of Our Lord Jesus Christ." The Christian Era was pronounced to have begun in 754 B.C. (or B.C.E. – Before the Christian Era, or Before Common Era, for political correctness).

So when the Pope pronounced the new yearly-designations, the year at that time had already been 1279...! and today's date, without Dionysius' efforts, might be 2758 (2004 + 754). We point out that other competitive calendar-proposals,

many religious in origin, were also being developed around the same century. Remember, this is happening between the 6th and 12th centuries[1], so there wasn't an awful lot to do.

The Mayflower Compact, or Modern Civilization's Second Defining Moment, was signed on the Mayflower itself by 41 families comprising 102 passengers on November 11, 1620. It became the Model for Self-Governance in America, though the word Democracy was never used in that Defining Moment's document.

With arrival in the Colony imminent, a means of governance was needed. The words "combine ourselves together into one civil body politic" poured democracy's foundation.

Though it wasn't until 1776 that Democracy morphed into the United States of America, its defining moment occurred precisely on November 11, 1620 --- 156 years earlier.

The Buttonwood Agreement was signed May 17, 1792 by 24 brokers, forming the first stock market in New York. They met under a buttonwood tree at what is now Wall Street. The first securities traded amongst them were the $80 million in American Revolutionary War Bonds---which had been heavily-discounted by subsequent holders of those bonds. It would be technically correct to state that the national debt incurred to finance the Revolutionary War were the capital market's first junk bonds.

For most of the 19th Century, the NYSE was known as "New York Stock & Exchange Board", adopting the current name "New York Stock Exchange", in 1863. Its elevation to Defining Moment status reflects the organized platform it provided not only for the young country's industrializing companies to raise capital but also the proven-structure and pragmatic-framework for modern day exchanges that would eventually be established all over the world.

In other words, the NYSE set the standard, and took enough political risk out of the equation, for other national economies to eventually utilize a free-market stock exchange format for their own citizens' socio-economic well-being. This is a contribution to Modern Civilization that defies a Balance Sheet valuation.

Other firsts at the NYSE that are now part of individual investors' daily lives worldwide -

- Ticker Symbols introduced---1867;
- Listed companies must register shares---1869;
- Listed companies distribute financial reports to shareholders---1895

These three Defining Moments basically shape the macro-contour of the modern world---a world that has seen the United States of America gradually emerge as the undisputed leader of the Free, Capitalistic Global Economy.

There is a compelling temptation to identify the Internet as a fourth Defining Moment for Modern Civilization, a temptation to resist for the time being, for two reasons ~

1. It is relatively young to be accorded Defining Moment Status, and
2. No one yet knows what the next application phase of this technology will be-- nor the companies that will lead that next application.

Within this broad contour, what specific investment conclusions might be relevant for the Individual Investor? Interesting though these basic Defining Moments might be to understand what's important in today's Global Economy, how can these explain the Investment Climate in 2004.

Contrary to popular belief --- the Stock Market Bubble that Burst in March 2000 was not the end of a Bull Market that began in the late 1990's with the Internet-mania that prevailed. Neither did it begin after the first Gulf War, nor with Bill

Clinton's Presidency. It began in November 1982 when the Dow Jones Industrial Average broke through the psychologically important 1000-level, permanently. This stock market milestone, surpassing 1000, foretold of the spectacular economic growth that lay ahead---and the beginnings of a Bull Market that would last 18 years.

Two important events underpin the start of this Bull Market: (i) **securitization of assets**; and (ii) **dramatic reduction in income tax rates**. The tax reform ushered in by then-President Reagan reduced the top income tax rates from 70% to 28%. Regardless of one's political view of Supply-side economics, the fact is a systematic reduction in income tax rates of such enormous magnitude unavoidably contributed to elevated capital investment in the early 1980's.

Asset Securitization essentially doubled the size of America's capital markets. The fundamental accounting equation of Assets = Liabilities plus Equity is a given. Until Asset Securitization, the brokerage industry dealt entirely with the right side of that equation---Liabilities (Bonds) and Equity (Preferred and Common Stocks). Hence, the universe of securities in which brokers could deal was essentially doubled by adding assets into the product mix.

The capital market mechanisms to securitize assets started with Home Mortgages, and then eventually expanded to include virtually every other consumer-based financial asset such as credit card balances and automobile loans. The key point underlying the 1982-Bull Market trigger is this --- declining income tax rates in the early 1980's made available more discretionary capital, fueling the capital markets, which rapidly expanded to accommodate fresh investment outlets for this incrementally new capital.

The convergence of these two events was like tossing a lit match onto a sea of gasoline.

Here are some compelling financial facts to place this spectacular growth of the American economic engine since 1982 into an understandable perspective.

- **General Electric** had a Market Value of $ 14 Billion in 1982 ($323 Billion today)
- **Microsoft** was still in joint-venture with **IBM**, becoming public in 1986, and finishing that year with a $1.8 Billion Market Value ($308 Billion today)
- **Intel**, having begun its conversion to chip manufacture just three years earlier, had a stock market value of just $1.5 Billion ($170 Billion today)
- **Home Depot** was a start-up company brandishing a 'killer-category' concept many in the Establishment thought was doomed to failure (it became a Dow Jones component in 1999,k replacing Sears (HD's market value today: $79 Billion)
- Six of today's 20 Most-Widely Held stocks didn't even exist --- **Cisco, Comcast, Lucent, ATT Wireless, Avaya and Agere** --- which means (a) the combined market value of these six companies ($283 Billion) didn't exist in 1982, and (b) nor did the 191,200 employees these six companies had on the payroll

With growth this sensational, a cooling off period before re-starting this growth engine is natural --- but how long is this cooling off period going to last, the typical Individual Investor wants to know? We have been in a flat stock market since February 11th --- or 140 days, to be precise. There have been a total of 12 Flat Market periods since 1982. The length of this one already ranks it as the **8th longest**. Here's a table ~

Length of Flat Stock Market	Commenced
310 days	February 19, 1991
241	March 27, 1998
232	May 13, 1999
228	April 17, 1986
214	February 12, 1996
171	August 3, 1984

144	April 29, 1983
140	**February 11, 2004**
131	August 24, 1989
124	July 7, 1995
111	January 29, 1985
87	March 23, 1987

Given the uncertainties weighing on the economy at this time, it is unlikely broad-based investor enthusiasm will return to the market before the November Election. Making assumptions are a fundamental part of successful investing, and the assumption we make is that the current Flat Market will take over the # 1 spot --- this means 311 days. We've already chewed up 140 of these days. Adding 171 more days to a Flat Market places the date for renewed broad-based market interest at December 22nd. Making allowances for the Christmas Holiday pushes the date for rejuvenated market interest to January 3, 2005.

We call this our Yogi Berra Stock Market Forecast for successful Individual Investing ---

- **EXPECT** THE BROAD MARKET AVERAGES TO BE LIFELESS until JANUARY 2005
- INDEX MUTUAL FUNDS ARE DEAD MONEY FOR SIX MONTHS...**DUMP 'EM**
- **STAY AWAY FROM** COMPANIES WITH MARKET VALUES MORE THAN $ 1 Billion--- THEIR DOWNSIDE RISK IS CONSERDABLY GREATER THAN ANY UPSIDE GAIN
- **FOCUS** ON SMALL CAP AND MICRO-CAP COMPANIES THAT LEAD, if not define, THEIR INDUSTRY, HAVE STRONG BALANCE SHEETS, AND DOUBLE DIGIT MARGINS
- **RECOGNIZE** THAT THE MOST WORTHWHILE NEW INVESTMENT OPPORTUNITIES ARE NOT LIKELY TO COME YOUR WAY FROM MAINSTREAM MEDIA
- ABOVE ALL, **DO YOUR OWN SUPPLEMENTAL RESEARCH** BEFORE YOU INVEST

[1] According to the Encyclopedia Britannica, by the 13th century, there was universal acceptance of today's calendar.

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that claim to have the best picks. This is my favorite bookmark!
John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up."
Paul Pittman Jarrettsville Md

John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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SNAPSHOT for WEEK ENDED June 11th

Indexes, at mkt close	12/31/03	30-Apr	21-May	18-Jun	25-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	9967	10416	10372	-0.8%	-0.4%
S&P 500	1112	1107	1094	1135	1134	2.0%	-0.1%
NASDAQ Comp	2003	1920	1912	1987	2025	1.1%	1.9%
Wilshire 5000	10800	10794	10625	11034	11074	2.5%	0.4%
WilshMicroCap	481	508	479	495	504	4.9%	1.8%
WilshSmCap	274	278	271	284	292	6.2%	2.8%
MARKET VALUE---ALL STOCKS		in Billions >>>	$12,739	$13,240	$13,278	2.5%	0.3%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Stock Prices, June 25th

Company	Symbol	Market Cap 12-Mar	30-Apr	21-May	11-Jun	18-Jun	25-Jun	RANK last week	4-wks ago
Totals		$2,783	$2,844	$2,823.2	$2,921	$2,938	$2,889		
GE	GE	307	301	313.0	322	333	**329**	1	1
Microsoft	MSFT	274	282	279.5	289	306	**308**	2	2
ExxonMobil	XOM	278	279	278.6	288	294	**289**	3	3
Pfizer	PFE	269	273	265.6	272	270	**258**	4	4
Citigroup	C	254	248	234.5	245	246	**242**	5	5
WalMart	WMT	253	247	236.7	244	237	**224**	6	6
Intel	INTC	181	167	178.2	185	179	**180**	7	7
Johnson&Johnson	JNJ	151	161	163.1	169	164	**160**	8	8
Cisco	CSCO	159	144	148.7	161	158	**158**	9	10
IBM	IBM	161	150	146.9	152	152	**151**	10	9
Merck	MRK	100	104	103.5	106	107	**104**	11	11
ChevronTex	CVX	[redacted]	98	95.9	97	100	**100**	13	12
Verizon	VZ	105	105	99.1	100	100	**99**	12	13
Time-Warner	TWX	76	77	75.9	80	81	**80**	14	15
Home Depot	HD	82	80	77.3	79	79	**78**	15	14
Comcast	CMCSA	66	68	64.6	67	67	**63**	16	16
ATT Wireless	AWE	37	38	38.2	39	39	**39**	17	17
Lucent	LU	17	14	13.7	15	15	**16**	18	18
Avaya	AV	7	6	6.5	7	7	**7**	19	19
Agere B	AGRb	6	4	3.7	4	4	**4**	20	20
				$2,823.2					

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

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I find WSPs picks to be way better than those expensive membership sites
that claim to have the best picks. This is my favorite bookmark!
John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

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Paul Pittman Jarrettsville Md

John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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Subscribers' Supplement # 04 - 029

SNAPSHOT for WEEK ENDED June 11th

Indexes, at mkt close	12/31/03	30-Apr	21-May	11-Jun	18-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	9967	10410	10416	-0.4%	0.1%
S&P 500	1112	1107	1094	1136	1135	2.1%	-0.1%
NASDAQ Comp	2003	1920	1912	2000	1987	-0.8%	-0.7%
Wilshire 5000	10800	10794	10625	11046	11034	2.2%	-0.1%
WilshMicroCap	481	508	479	499	495	2.9%	-0.8%
WilshSmCap	274	278	271	283	284	3.7%	0.4%
MARKET VALUE---ALL STOCKS		in Billions >>>	$12,739	$13,244	$13,240	2.2%	nil

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices June 18th

Company	Symbol	Market Cap 12-Mar	30-Apr	28-May	4-Jun	11-Jun	18-Jun	RANK last week	4-wks ago
Totals		**$2,783**	**$2,844**	**$2,870**	**$2,877**	**$2,921**	**$2,938**		
GE	GE	307	301	318	**319**	322	**333**	1	1
Microsoft	MSFT	274	282	283	**280**	289	**306**	2	2
ExxonMobil	XOM	278	279	283	**284**	288	**294**	3	3
Pfizer	PFE	269	273	270	**272**	272	**270**	4	4
Citigroup	C	254	248	240	**241**	245	**246**	5	5
WalMart	WMT	253	247	240	**243**	244	**237**	6	6
Intel	INTC	181	167	185	**182**	185	**179**	7	7
Johnson&Johnson	JNJ	151	161	165	**167**	169	**164**	8	8
Cisco	CSCO	159	144	151	**154**	161	**158**	9	10
IBM	IBM	161	150	149	**148**	152	**152**	10	9
Merck	MRK	100	104	105	**107**	106	**107**	11	11
Verizon	VZ	105	105	96	**97**	100	**100**	12	13
ChevronTex	CVX	[redacted]	98	97	**97**	97	**100**	13	12
Time-Warner	TWX	76	77	78	**78**	80	**81**	14	15
Home Depot	HD	82	80	81	**79**	79	**79**	15	14
Comcast	CMCSA	66	68	65	**65**	67	**67**	16	16
ATT Wireless	AWE	37	38	39	**39**	39	**39**	17	17
Lucent	LU	17	14	15	**15**	15	**15**	18	18

Avaya	**AV**	7	6	7	**7**	7	**7**	19	19
Agere B	**AGRb**	6	4	4	**4**	4	**4**	20	20

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

Winning Stock Picks
Weekly Update

www.winningstockpicks.net

April 13, 2004 edition

Prepared by WSP Research Staff

A PRIMER for PERSPECTIVE ON SMALL CAP COMPANIES

Last week, we initiated a NEW offering to our Subscribers --- e-Mail to the WSP Editor. The most frequent question we received dealt with the financial news media increasingly distinguishing between Large Cap companies and Small Cap companies. For Individual Investors, what does this mean, precisely?

Demystifying the mystery---first, there is the word “Cap” itself. “Cap” is a generic reference to Capitalization, i.e. Large Capitalization or Small Capitalization Companies. These are essentially identical in meaning with the term Market Value. In the table below, for example, GE is a Large Cap Company, with a market value of $317 Billion.

Large cap companies are those public companies whose earnings outlook and expectations are the most greatly impacted by the Global Economy and Domestic USA Policy. The more robust the worldwide economy and the more predictable the country’s national policies, the stronger the investment performance of large cap stocks.

Small cap companies, on the other hand, are less affected by these macro-events, control over which most corporate managers can exert little influence anyway. But then, as one Subscriber who wrote us phrased it...”Just as this begins to make sense---Joe Kernan (of CNBC) starts talking about Mid-caps. Whazzup with that...?”

We start with the Twenty Most Widely-Held Stocks in the world. These are published everyday in the New York Times and compiled from brokerage accounts held at Merrill Lynch. Individual Investors subscribing to www.winningstockpicks.net will recognize these names.

These companies are, indeed, an integral part of the American commercial landscape and our daily lives. Listed in descending order of market value (= market “cap”), these companies are ~

GE ($317 Billion)	Wal*Mart ($246)	Verizon ($104)	Comcast ($66)
Exxon ($279)	Intel ($177)	Merck ($99)	ATT W-less ($37)
Microsoft ($275)	Cisco ($166)	Home Depot ($83)	Lucent ($19)
Pfizer ($272 Billion)	IBM ($158)	SBC ($81)	Avaya ($7)
Citigroup ($266)	J & J ($151)	Time Warner ($79)	Agere ($5)

The best example of a lackluster overall stock market is provided by calculating the market value of these widely-held stocks today, and comparing this collective valuation at the beginning of the year---$2.9 Trillion, or $2,885.6 Billion at the market’s close last week versus $2,871.7 Billion at the beginning of 2004, i.e. essentially flat.

WARNING --- ! ! ! --- Information Contained in these Editions of Winning Stock Picks are Hazardous to your Stock Market Ignorance

There are **11,278**[1] public companies in the USA, the **TOTAL MARKET VALUE** of which is **$13,511** Billion. It is statistically correct to state that the 20 companies above, therefore, with market value totaling $2,886 Billion, represent more than 21% of the value of all public companies.

Another way to view these facts --- there are 11,258 public companies other than these 20 widely-held stocks that account for $10,625 Billion in market value ($13,511 Billion less $2,886 Billion). Dividing $10,625 Billion by these 11,258 other public companies produces an average market value of $943 million ~ or $1 Billion, to use round numbers.

Conclusions ---

1. This $1 Billion figure serves as the conventional demarcation of small cap versus large cap companies. Companies with a market value of less than $1 Billion are considered small cap.
2. The average market value of the 20 Most Widely-Held Stocks is $100 Billion, and serves as a guideline to Large Cap company status.
3. That area in between ($1 Billion to $100 Billion) is considered Mid-cap status.

As a practical matter, a few corollaries will be useful to our Subscribers. In practice, a market value of $10 Billion is often utilized to designate Mid-caps, since it is an easier number to grasp, and there are more companies (and investment opportunity) at this level.

The premier investment objective for Individual Investors, for example, is to purchase a company that will rise from small cap status to mid-cap status to Large Cap. In the April 5th edition of WSP Update, we vividly documented the rise of Microsoft since 1986 from Small Cap to Large Cap.

A second corollary introduces the term Micro-cap. Generally, companies with a market value of less than $250 million are described as Micro-caps. There is support for this definition, as per the Wilshire Indexes which we showcased in our March 8th edition . In particular, the Wilshire Micro-cap Index (www.wilshire.com ---then click on Indexes icon) is comprised of those companies representing the smallest public companies in terms of market value---the average market value of which is $171 million.

The table which we link to here (Supplement # 04 – 009) (a) lists the 20 most widely-held companies; (b) illustrates at the bo9ttom of that table that the ONLY index to have advance so far this year is the Wilshire Micro-cap Index. What more evidence does an Individual Investor need to be reassured that the place to be at the moment is in the Micro-cap sector of this stock market.

>>>>>>> Questions or comments, email us at editor@winningstockpicks.net

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[1] New York Stock Exchange 3,454
American Stock Exchange 1,048
NASDAQ 3,483 **(first time this number has been less than the NYSE since 1999)**
OTC Bulletin Board 3,202

WSP Winning Stock Picks

The WEEKLY UPDATE

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We also strongly recommend that you read the SEC advisory to investors concerning Internet Stock Fraud.

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- April 5th Edition
- April 12th Edition
- April 19th Edition
- May 3rd Edition
- May 10th Edition
- May 17th Edition
- May 24th Edition
- May 31st Edition
- June 7th Edition

Previous Market Perspectives Editions:

- June 7th - Premier Edition

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The WEEKLY UPDATE

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Subscribers' Supplement # 04 - 027

SNAPSHOT for WEEK ENDED June 11th

Indexes, at mkt close	12/31/03	30-Apr	28-May	4-Jun	11-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	10188	10243	10410	-0.4%	1.6%
S&P 500	1112	1107	1121	1123	1136	2.2%	1.2%
NASDAQ Comp	2003	1920	1987	1979	2000	-0.2%	1.0%
Wilshire 5000	10800	10794	10926	10936	11046	2.3%	1.0%
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WilshSmCap	274	278	282	282	283	3.3%	0.4%
MARKET VALUE---ALL STOCKS			in Billions >>>	$13,112	$13,244		1.0%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices June 14th

Company	Symbol	Market Cap						RANK	
		20-Feb	12-Mar	30-Apr	28-May	4-Jun	11-Jun	last week	4-wks ago
Totals		$2,864	$2,783	$2,844	$2,870	$2,877	$2,921		
GE	GE	322	307	301	318	**319**	322	1	1
Microsoft	MSFT	287	274	282	283	**280**	289	3	2
ExxonMobil	XOM	278	278	279	283	**284**	288	2	3
Pfizer	PFE	284	269	273	270	**272**	272	4	4
Citigroup	C	252	254	248	240	**241**	245	6	5
WalMart	WMT	257	253	247	240	**243**	244	5	6
Intel	INTC	196	181	167	185	**182**	185	7	7
Johnson&Johnson	JNJ	158	151	161	165	**167**	169	8	8
Cisco	CSCO	159	159	144	151	**154**	161	9	10
IBM	IBM	167	161	150	149	**148**	152	10	9
Merck	MRK	107	100	104	105	**107**	106	11	12
Verizon	VZ	103	105	105	96	**97**	100	12	11
ChevronTex	CVX	[redacted]		98	97	**97**	97	13	13
Time-Warner	TWX	80	76	77	78	**78**	80	15	15
Home Depot	HD	81	82	80	81	**79**	79	14	14
TimeWarner									
Comcast	CMCSA	68	66	68	65	**65**	67	16	16
ATT Wireless	AWE	32	37	38	39	**39**	39	17	17
Lucent	LU	17	17	14	15	**15**	15	18	18

Avaya	**AV**	7	7	6	7	**7**	7	19	19
Agere B	**AGRb**	7	6	4	4	**4**	4	20	20
Totals		**$0**	**$2,864**	**$2,844**	**$0**	**$0**			

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

Subscribers' Supplement # 04 - 028

Presidential Election Results since John F. Kennedy (1960)

2000	**G W Bush**	**Gore**	**Nader**	**Other Parties**	**TOTAL**	**% of Pop.**
	50,459,211	51,003,894	2,834,410	1,062,745	**105,360,260**	37.0%
	47.9%	48.4%	2.7%	1.0%		
1996	**Clinton**	**Bob Dole**	**Perot**	**Other Parties**	**TOTAL**	
	47,401,185	39,197,469	8,085,294	921,663	**95,605,611**	36.1%
	49.6%	41.0%	8.5%	1.0%		
1992	**Clinton**	**Bush**	**Perot**	**Other Parties**		
	44,908,254	39,102,343	19,741,065	979,851	**104,731,513**	40.8%
	42.9%	37.3%	18.8%	0.9%		
1988	**G W H Bush**	**Dukakis**		**Other Parties**	**TOTAL**	
	48,881,221	41,805,422		863,047	**91,549,690**	37.4%
	53.4%	45.7%	0.0%	0.9%		
1984	**Reagan**	**Mondale**		**Other Parties**	**TOTAL**	
	54,281,858	37,457,215		763,266	**92,502,339**	39.4%
	58.7%	40.5%	0.0%	0.8%		
1980	**Reagan**	**Carter**	**John Anderson**	**Other Parties**	**TOTAL**	
	43,899,248	35,481,435	5,719,437	260,598	**85,360,718**	37.7%
	51.4%	41.6%	6.7%	0.3%		
1976	**Carter**	**Ford**	Records of Third Party Stats		**TOTAL**	
	40,828,929	39,148,940	Unreliable before 1976		**79,977,869**	36.9%
	51.1%	48.9%				
1972	**Nixon**	**McGovern**			**TOTAL**	
	47,165,234	29,170,774			**76,336,008**	36.7%
	61.8%	38.2%				
1968	**Nixon**	**Humphrey**	**Geo Wallace**		**TOTAL**	
	31,785,480	31,275,166	9,906,473		**72,967,119**	36.8%
	43.6%	42.9%	13.6%			
1964	**LBJ**	**Goldwater**			**TOTAL**	
	43,126,506	27,176,799			70,303,305	37.2%
	61.3%	38.7%				
1960	**JFK**	**Nixon**			**TOTAL**	
	34,227,096	34,108,546			68,335,642	38.1%
	50.1%	49.9%				

Subscribers' Supplement #04 - 026

The Components of the Dow Jones Industrial Average

company	symbol	stock price	shares outst'g	market value	Consensus EPS est's 2004	Consensus EPS est's 2005	Dollar Amt of EPS 2004	Dollar Amt of EPS 2005	Percent Change
		5/28/04		in millions			in millions	in millions	
Total Market Value				**$3,694,143**			**$215,093**	**$234,618**	**9%**
						Market Value to Net Income =	**17 times**	**16 times**	
GE	**GE**	31.49	10,212	**$321,576**	$1.57	$1.77	$16,033	$18,075	13%
Microsoft	**MSFT**	26.77	10,795	**$288,982**	1.30	1.43	14,034	15,437	10%
ExxonMo	**XOM**	43.98	6,540	**$287,629**	2.89	2.57	18,901	16,808	-11%
Pfizer	**PFE**	35.66	7,630	**$272,086**	2.11	2.37	16,099	18,083	12%
Citigroup	**C**	47.35	5,171	**$244,847**	4.00	4.42	20,684	22,856	11%
Wal*Mart	**WMT**	57.20	4,270	**$244,244**	2.38	2.72	10,163	11,614	14%
AIG	**AIG**	73.26	2,610	**$191,209**	4.53	5.17	11,823	13,494	14%
Intel	**INTC**	28.64	6,470	**$185,301**	1.20	1.43	7,764	9,252	19%
J & J	**JNJ**	57.07	2,970	**$169,498**	3.00	3.29	8,910	9,771	10%
IBM	**IBM**	90.46	1,685	**$152,425**	4.95	5.52	8,341	9,301	12%
P & G	**PG**	110.52	1,290	**$142,571**	4.88	5.37	6,295	6,927	10%
Coca-Cola	**KO**	51.63	2,435	**$125,719**	2.13	2.36	5,187	5,747	11%
Merck	**MRK**	47.78	2,220	**$106,072**	3.14	3.35	6,971	7,437	7%
Altria	**MO**	48.48	2,050	**$99,384**	4.84	5.22	9,922	10,701	8%
Verizon	**VZ**	36.26	2,770	**$100,440**	2.42	2.53	6,703	7,008	5%
Home Dep	**HD**	35.75	2,220	**$79,365**	2.15	2.46	4,773	5,461	14%
SBC Com	**SBC**	24.81	3,310	**$82,121**	1.45	1.25	4,800	4,138	-14%
JPMChas	**JPM**	37.30	2,060	**$76,838**	3.28	3.56	6,757	7,334	9%
3 M	**MMM**	86.22	784	**$67,562**	3.73	4.20	2,923	3,291	13%
Amex	**AXP**	51.20	1,275	**$65,280**	2.68	3.02	3,417	3,851	13%
HP	**HPQ**	21.75	3,050	**$66,338**	1.49	1.69	4,545	5,155	13%
Disney	**DIS**	24.32	2,050	**$49,856**	1.01	1.24	2,071	2,542	23%
Utd Tech	**UTX**	88.26	515	**$45,489**	5.26	5.88	2,711	3,031	12%
duPont	**DD**	43.76	998	**$43,664**	2.35	2.71	2,345	2,704	15%
McD's	**MCD**	27.05	1,260	**$34,083**	1.69	1.83	2,129	2,306	8%
Boeing	**BA**	48.75	843	**$41,096**	2.19	2.33	1,846	1,964	6%
Honeywell	**HON**	35.40	859	**$30,402**	1.59	1.98	1,365	1,700	25%
Alcoa	**AA**	31.10	870	**$27,066**	1.97	2.64	1,714	2,298	34%
Caterpillar	**CAT**	75.60	344	**$25,991**	5.43	6.57	1,867	2,259	21%
Gen Mot	**GM**	48.06	562	**$27,010**	7.12	7.25	4,001	4,075	2%

Totals	1465.88	**3,694,143**		215,093	234,618	12%
Avg Price	48.86		**Price/EPS multiple**	**17 times**	**16 times**	

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John NY

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Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up."
Paul Pittman Jarrettsville Md

John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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SNAPSHOT for the WEEK ENDED June 4 th

Indexes, at mkt close	12/31/03	30-Apr	7-May	28-May	4-Jun	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	10117	10188	10243	-2.0%	0.5%
S&P 500	1112	1107	1099	1121	1123	1.0%	0.2%
NASDAQ Comp	2003	1920	1918	1987	1979	-1.2%	-0.4%
Wilshire 5000	10800	10794	10686	10926	10936	1.3%	0.1%
WilshMicroCap	481	508	493	497	499	3.7%	0.4%
WilshSmCap	274	278	273	282	282	2.9%	0.0%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices June 4th

Company	Symbol	Market Cap						RANK	
		20-Feb	12-Mar	23-Apr	30-Apr	28-May	4-Jun	last week	4-wks ago
Totals		$2,863.6	$2,863.6	$2,924.9	$2,844.1	$2,870.1	$2,876.6		
GE	GE	322.0	307.2	309.3	301.2	317.8	**318.9**	1	1
ExxonMobil	XOM	277.8	277.8	281.8	279.1	282.9	**283.6**	3	3
Microsoft	MSFT	286.7	273.9	297.3	281.9	283.1	**280.1**	2	2
Pfizer	PFE	284.4	269.1	277.7	272.8	269.7	**271.8**	4	4
WalMart	WMT	257.3	253.2	255.2	246.8	239.5	**243.2**	5	6
Citigroup	C	252.3	254.4	253.6	248.1	240.1	**240.7**	6	5
Intel	INTC	195.9	180.8	178.5	166.7	184.7	**182.0**	7	7
Johnson&Johnson	JNJ	158.3	150.6	159.3	160.5	165.4	**167.4**	8	8
Cisco	CSCO	159.4	159.0	160.3	143.7	151.3	**154.0**	9	10
IBM	IBM	167.4	160.5	155.1	149.9	149.3	**147.6**	10	9
Merck	MRK	107.2	100.2	104.0	104.3	105.1	**107.1**	11	12
Verizon	VZ	102.7	105.0	104.0	104.5	95.8	**96.9**	12	11
ChevronTexaco	CVX			98.1	97.9	96.7	**96.5**	13	13
Home Depot	HD	81.4	82.3	83.0	80.2	80.5	**79.2**	14	14
TimeWarner	TWX	80.2	76.4	76.6	76.6	77.7	**78.4**	15	15
Comcast	CMCSA	67.9	66.4	65.1	67.9	65.2	**64.9**	16	16
ATT Wireless	AWE	31.6	36.8	38.1	37.6	38.6	**38.8**	17	17
Lucent	LU	17.1	16.7	16.4	14.4	15.3	**14.6**	18	18
Avaya	AV	7.4	6.9	7.1	6.1	7.0	**6.9**	19	19
Agere B	AGRb	6.6	5.8	4.4	3.9	4.4	**4.0**	20	20
Totals		$2,863.6	$2,863.6	$2,924.9	$2,844.1	$2,870.1	$2,876.6		

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

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WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

I find WSPs picks to be way better than those expensive membership sites
that claim to have the best picks. This is my favorite bookmark!
John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
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You Win with Premium Membership to Winning Stock Picks!

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- Would you like to receive Winning Stock Picks first, before anyone else?

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Please fill out the form below to ask questions to our analyst or to send us your comments. Thank You!

Name

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Country North America

Questions or Comments

Submit Form Reset Form

Subscribers' Supplement # 04 - 024

The Components of the Dow Jones Industrial Average

company	symbol	stock price	shares outst'g	market value	Consensus EPS est's 2004	Consensus EPS est's 2005	Dollar Amt of EPS 2004	Dollar Amt of EPS 2005	Percent Change
		5/28/04		in millions			in millions	in millions	
Total Market Value				**$3,631,441**			**$214,899**	**$234,424**	**9%**
					Market Value to Net Income =		**17 times**	**16 times**	
GE	**GE**	31.12	10,212	**$317,797**	$1.57	$1.77	$16,033	$18,075	13%
Microsoft	**MSFT**	26.23	10,790	**$283,022**	1.30	1.43	14,027	15,430	10%
ExxonMo	**XOM**	43.25	6,540	**$282,855**	2.89	2.57	18,901	16,808	-11%
Pfizer	**PFE**	35.34	7,630	**$269,644**	2.11	2.37	16,099	18,083	12%
Citigroup	**C**	46.43	5,171	**$240,090**	4.00	4.42	20,684	22,856	11%
Wal*Mart	**WMT**	55.73	4,298	**$239,528**	2.38	2.72	10,229	11,691	14%
AIG	**AIG**	73.30	2,610	**$191,313**	4.53	5.17	11,823	13,494	14%
Intel	**INTC**	28.55	6,470	**$184,719**	1.20	1.43	7,764	9,252	19%
J & J	**JNJ**	55.71	2,970	**$165,459**	3.00	3.29	8,910	9,771	10%
IBM	**IBM**	88.59	1,685	**$149,274**	4.95	5.52	8,341	9,301	12%
P & G	**PG**	107.82	1,290	**$139,088**	4.88	5.37	6,295	6,927	10%
Coca-Cola	**KO**	51.35	2,450	**$125,808**	2.13	2.36	5,219	5,782	11%
Merck	**MRK**	49.30	2,131	**$105,058**	3.14	3.35	6,691	7,139	7%
Altria	**MO**	47.97	2,050	**$98,339**	4.84	5.22	9,922	10,701	8%
Verizon	**VZ**	34.58	2,770	**$95,787**	2.42	2.53	6,703	7,008	5%
Home Dep	**HD**	35.92	2,241	**$80,497**	2.15	2.46	4,818	5,513	14%
SBC Com	**SBC**	23.70	3,310	**$78,447**	1.45	1.25	4,800	4,138	-14%
JPMChas	**JPM**	36.84	2,060	**$75,890**	3.28	3.56	6,757	7,334	9%
3 M	**MMM**	84.56	784	**$66,261**	3.73	4.20	2,923	3,291	13%
Amex	**AXP**	50.70	1,290	**$65,403**	2.68	3.02	3,457	3,896	13%
HP	**HPQ**	21.24	3,050	**$64,782**	1.49	1.69	4,545	5,155	13%
Disney	**DIS**	23.47	2,050	**$48,114**	1.01	1.24	2,071	2,542	23%
Utd Tech	**UTX**	84.61	515	**$43,608**	5.26	5.88	2,711	3,031	12%
duPont	**DD**	43.20	998	**$43,105**	2.35	2.71	2,345	2,704	15%
McD's	**MCD**	26.40	1,260	**$33,264**	1.69	1.83	2,129	2,306	8%
Boeing	**BA**	45.80	801	**$36,695**	2.19	2.33	1,755	1,867	6%
Honeywell	**HON**	33.70	859	**$28,942**	1.59	1.98	1,365	1,700	25%
Alcoa	**AA**	31.30	870	**$27,240**	1.97	2.64	1,714	2,298	34%
Caterpillar	**CAT**	75.35	344	**$25,905**	5.43	6.57	1,867	2,259	21%
Gen Mot	**GM**	45.39	562	**$25,509**	7.12	7.25	4,001	4,075	2%
Totals		1437.45		**3,631,441**			214,899	234,424	12%
Avg Price		47.92			**Price/EPS multiple**		**17 times**	**16 times**	

Subscribers' Supplement # 04 - 016

The Components of the Dow Jones Industrial Average

company	symbol	stock price	shares outst'g	market value	Consensus EPS est's 2003	Consensus EPS est's 2004	Dollar Amt of EPS 2003	Dollar Amt of EPS 2004	Percent Change
		4/30/04		in millions			in millions	in millions	
Total Market Value				**$3,621,563**			**$189,262**	**$211,620**	**12%**
GE	**GE**	29.95	10,080.0	**$301,896**	$1.56	$1.57	$15,725	$15,826	1%
ExxonMo	**XOM**	42.55	6,560.0	**$279,128**	2.56	2.58	16,794	16,925	1%
Pfizer	**PFE**	35.76	7,630.0	**$272,849**	1.75	2.10	13,353	16,023	20%
Microsoft	**MSFT**	26.13	10,790.0	**$281,943**	1.14	1.30	12,301	14,027	14%
Citigroup	**C**	48.09	5,160.0	**$248,144**	3.42	3.95	17,647	20,382	15%
Wal*Mart	**WMT**	57.00	4,330.0	**$246,810**	2.03	2.37	8,790	10,262	17%
AIG	**AIG**	71.65	2,610.0	**$187,007**	3.89	4.51	10,153	11,771	16%
Intel	**INTC**	25.73	6,480.0	**$166,730**	0.85	1.20	5,508	7,776	41%
J & J	**JNJ**	54.03	2,970.0	**$160,469**	2.65	3.00	7,871	8,910	13%
IBM	**IBM**	88.17	1,700.0	**$149,889**	4.34	4.95	7,378	8,415	14%
P & G	**PG**	105.75	1,290.0	**$136,418**	4.39	4.85	5,663	6,257	10%
Coca-Cola	**KO**	50.57	2,450.0	**$123,897**	1.95	2.11	4,778	5,170	8%
Altria	**MO**	55.38	2,050.0	**$113,529**	4.62	4.85	9,471	9,943	5%
Merck	**MRK**	47.00	2,220.0	**$104,340**	2.92	3.13	6,482	6,949	7%
Verizon	**VZ**	37.74	2,770.0	**$104,540**	2.62	2.39	7,257	6,620	5%
Home Dep	**HD**	35.19	2,280.0	**$80,233**	1.88	2.09	4,286	4,765	11%
JPMChas	**JPM**	37.60	2,060.0	**$77,456**	3.24	3.29	6,674	6,777	2%
SBC Com	**SBC**	24.90	3,310.0	**$82,419**	1.55	1.44	5,131	4,766	-7%
HP	**HPQ**	19.70	3,050.0	**$60,085**	1.23	1.48	3,752	4,514	20%
3 M	**MMM**	86.48	783.6	**$67,766**	3.09	3.71	2,421	2,907	20%
Amex	**AXP**	48.95	1,290.0	**$63,146**	2.31	2.67	2,980	3,444	16%
Disney	**DIS**	23.03	2,050.0	**$47,212**	0.80	0.96	1,640	1,968	20%
Utd Tech	**UTX**	86.26	515.4	**$44,458**	4.69	5.25	2,417	2,706	12%
duPont	**DD**	42.95	997.8	**$42,856**	1.66	2.33	1,656	2,325	40%
McD's	**MCD**	27.23	1,260.0	**$34,310**	1.43	1.67	1,802	2,104	17%
Boeing	**BA**	42.69	801.2	**$34,203**	1.00	1.85	801	1,482	85%
Honeywell	**HON**	34.58	858.8	**$29,697**	1.56	1.58	1,340	1,357	1%
Alcoa	**AA**	30.75	870.3	**$26,762**	1.10	2.00	957	1,741	82%
Caterpillar	**CAT**	77.73	343.8	**$26,724**	3.13	4.58	1,076	1,575	46%
Gen Mot	**GM**	47.42	562.0	**$26,650**	5.62	7.00	3,158	3,934	25%

Totals	1440.96	**3,621,563**		189,262	211,620	12%
Avg Price	48.03		**Price/EPS multiple**	**19 times**	**17 times**	

WORKSHEETS for MICROSOFT Pre-Stock Split and Post-Stock Split ANALYSES

INSTITUTIONAL - GRADE RESEARCH for the SERIOUS INDIVIDUAL INVESTOR

SPECIAL SUPPLEMENT to SUBSCRIBERS

Statement of the Research Assignment: Everyone says "Microsoft is ready to move up" - everyone except Winning Stock Picks.net. Why...? >>>>>> **See Answer Below** <<<<<<

Two-for-One Stock Split: February 18, 2003

	Avg Daily Volume	Trade Volume For Month	Avg Price	Dollar Value of Vloume		Avg Dail Volume	Trade Volume For Month	Avg Price	Dollar Value of Volume
	Price & Volume Data Since that Stock Split					Price & Volume Data for same Period Before that Stock Split			
Mar-04	77,112	1,542,240	24.93	38,448,043	**Jan-03**	43,465	869,300	47.46	41,256,978
Feb-04	57,386	1,147,720	26.53	30,449,012	**Dec-02**	31,585	631,700	51.70	32,658,890
Jan-04	63,636	1,272,720	27.65	35,190,708	**Nov-02**	39,610	792,200	57.68	45,694,096
Dec-03	69,030	1,380,600	27.37	37,787,022	**Oct-02**	56,116	1,122,320	53.47	60,010,450
Nov-03	77,670	1,553,400	25.71	39,937,914	**Sep-02**	45,282	905,640	43.74	39,612,694
Oct-03	63,898	1,277,960	26.14	33,405,874	**Aug-02**	40,316	806,320	49.08	39,574,186
Sep-03	62,698	1,253,960	27.80	34,860,088	**Jul-02**	57,411	1,148,220	47.98	55,091,596
Aug-03	47,667	953,340	26.52	25,282,577	**Jun-02**	48,091	961,820	54.70	52,611,554
Jul-03	61,660	1,233,200	26.41	32,568,812	**May-02**	33,789	675,780	50.91	34,403,960
Jun-03	77,051	1,541,020	25.64	39,511,753	**Apr-02**	33,974	679,480	52.26	35,509,625
May-03	66,481	1,329,620	24.61	32,721,948	**Mar-02**	27,929	558,580	60.31	33,687,960
Apr-03	62,152	1,243,040	25.57	31,784,533	**Feb-02**	31,559	631,180	58.34	36,823,041
Mar-03	68,728	1,374,560	24.21	33,278,098	**Jan-02**	34,040	680,800	63.71	43,373,768
TOTALS	855,169	17,103,380	339.09	445,226,381		523,167	10,463,340	691.34	550,308,797
Monthly Average		**1,315,645**	**26.08**	**$34,248,183**	**Monthly Average**		**804,872**	**53.18**	**$42,331,446**

Two-for-One Stock Split: March 29,1999

	Price & Volume Data for 12 Months after 3 / 99 Split					Price & Volume Data for 12 Months Before 3 / 99 Split			
Mar-00	45,491	909,820	106.25	96,668,375	**Feb-99**	21,824	436,480	150.13	65,528,742
Feb-00	34,826	696,520	89.37	62,247,992	**Jan-99**	20,425	408,500	175.00	71,487,500
Jan-00	33,705	674,100	97.87	65,974,167	**Dec-98**	12,792	255,840	138.69	35,482,450
Dec-99	28,946	578,920	116.75	67,588,910	**Nov-98**	35,456	709,120	122.00	86,512,640
Nov-99	36,417	728,340	91.05	66,315,357	**Oct-98**	19,347	386,940	105.87	40,965,338
Oct-99	27,188	543,760	92.56	50,330,426	**Sep-98**	14,660	293,200	110.06	32,269,592
Sep-99	24,401	488,020	90.56	44,195,091	**Aug-98**	17,654	353,080	95.94	33,874,495
Aug-99	31,704	634,080	92.56	58,690,445	**Jul-98**	14,583	291,660	109.94	32,065,100
Jul-99	28,475	569,500	85.81	48,868,795	**Jun-98**	14,891	297,820	108.37	32,274,753
Jun-99	21,481	429,620	90.19	38,747,428	**May-98**	14,121	282,420	84.81	23,952,040
May-99	29,147	582,940	80.69	47,037,429	**Apr-98**	12,783	255,660	90.12	23,040,079
Apr-99	29,103	582,060	81.31	47,327,299	**Mar-98**	12,935	258,700	89.50	23,153,650
	370,884	7,417,680	1114.97	693,991,713		211,471	4,229,420	1380.43	500,606,380
Monthly Average		**618,140**	**92.91**	**$57,832,643**	**Monthly Average**		**352,452**	**115.04**	**$41,717,198**

Two-for-One Stock Split: February 23, 1998

Price & Volume Data before 2 / 98 Split			
12,766	255,320	84.75	21,638,370
9,605	192,100	149.19	28,659,399
8,432	168,640	129.25	21,796,720
6,143	122,860	141.50	17,384,690
8,590	171,800	130.00	22,334,000
7,131	142,620	132.31	18,870,052
7,187	143,740	132.19	19,000,991
9,867	197,340	141.38	27,899,929
6,006	120,120	126.37	15,179,564
8,225	164,500	124.00	20,398,000
11,353	227,060	121.50	27,587,790
9,825	196,500	91.69	18,017,085
105,130	2,102,600	1504.13	258,766,590
	175,217	**125.34**	**21,563,883**

3 REASONS >> **(1)** Average Trading Volume / Month is up only 63% Post-Split versus a

100% increase in shares outstanding. This is a lesser increase relative to past splits (75% after the 1999 split and 101% after the 1998 split). **(2)** The Dollar Value of Stock Traded has recently risen to $38 Billion / Month, but is still below the Dollar Value of Stock Traded in the period prior to that last split. **(3)** The fact that the Dow Jones Average increased 30% from 7992 in March 2003 to 10358 in March 2004 and Microsoft increased only 3% over the same period ---to $24.93 from $24.21---suggests that MSFT is undergoing active distribution---i.e. **more sellers than buyers**

WSP Winning Stock Picks

The WEEKLY UPDATE

www.winningstockpicks.net

Previous Weekly Update Editions:

- February 23rd Edition
- March 1st Edition
- March 8th Edition
- March 28th Edition
- April 5th Edition
- April 12th Edition
- April 19th Edition
- May 3rd Edition
- May 10th Edition
- May 17th Edition

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Thanks again
Andy F. Bradewton.IL

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"Here is one for your Team!"

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Subscribers' Supplement # 04 - 021

SNAPSHOT for the WEEK ENDED MAY 21st

Indexes, at mkt close	12/31/03	30-Apr	7-May	14-May	21-May	%cChg YTD	Wk %
Dow Jones Avg	10454	10226	10117	10013	9967	-4.7%	-0.5%
S&P 500	1112	1107	1099	1096	1094	-1.7%	-0.2%
NASDAQ Comp	2003	1920	1918	1904	1912	-4.6%	0.4%
Wilshire 5000	10800	10794	10686	10635	10625	-1.6%	-0.1%
WilshMicroCap	481	508	493	483	479	-0.4%	-0.8%
WilshSmCap	274	278	273	270	271	-1.1%	0.3%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Based on Closing Prices, May 21st

Company	Symbol	Market Cap						RANK	
		20-Feb	12-Mar	23-Apr	30-Apr	14-May	21-May	last week	4-wks ago
Totals		$2,863.6	$2,863.6	$2,924.9	$2,844.1	$2,823.6	$2,823.2		
GE	GE	322.0	307.2	309.3	301.2	308.0	**313.0**	1	1
Microsoft	MSFT	286.7	273.9	297.3	281.9	279.2	**279.5**	2	4
ExxonMobil	XOM	277.8	277.8	281.8	279.1	283.0	**278.6**	3	2
Pfizer	PFE	284.4	269.1	277.7	272.8	271.7	**265.6**	4	3
WalMart	WMT	257.3	253.2	255.2	246.8	236.6	**236.7**	6	6
Citigroup	C	252.3	254.4	253.6	248.1	236.1	**234.5**	5	5
Intel	INTC	195.9	180.8	178.5	166.7	174.9	**178.2**	7	7
Johnson&Johnson	JNJ	158.3	150.6	159.3	160.5	161.9	**163.1**	8	9
Cisco	CSCO	159.4	159.0	160.3	143.7	146.0	**148.7**	10	8
IBM	IBM	167.4	160.5	155.1	149.9	145.6	**146.9**	9	10
Merck	MRK	107.2	100.2	104.0	104.3	103.2	**103.5**	12	11
Verizon	VZ	102.7	105.0	104.0	104.5	100.7	**99.1**	11	12
ChevronTexaco	CVX			98.1	97.9	99.2	**95.9**	13	13
Home Depot	HD	81.4	82.3	83.0	80.2	75.8	**77.3**	14	14
TimeWarner	TWX	80.2	76.4	76.6	76.6	75.2	**75.9**	15	15
Comcast	CMCSA	67.9	66.4	65.1	67.9	63.8	**64.6**	16	16
ATT Wireless	AWE	31.6	36.8	38.1	37.6	38.1	**38.2**	17	17
Lucent	LU	17.1	16.7	16.4	14.4	14.1	**13.7**	18	18
Avaya	AV	7.4	6.9	7.1	6.1	6.5	**6.5**	19	19
Agere B	AGRb	6.6	5.8	4.4	3.9	4.0	**3.7**	20	20
Totals		$2,863.6	$2,863.6	$2,924.9	$2,844.1	$2,823.6	$2,823.2		

note: **a more detailed table on the Most Widely Held now available to NEW Subscribers**

Winning Stock Picks

Featured Penny Stock : CSBI - Carroll Shelby International Inc.

UNCOMMON RESEARCH for UNCOMMON INVESTORS... featuring:

CSBI - Carroll Shelby International Inc.

COMMON STOCK DATA

Recent Price: $ 5.10 52 Week High: $ 6.25 52 Week Low: $ 3.35	Shares Outstg: 13.0 million Market Cap: $55.25 million

To sum up this Investment Profile on Carroll Shelby International OTC BB: “CSBI” this writer has one word to describe this company – “EXCITEMENT”! How else could you describe some of the coolest, fastest and most loved cars in the world? In the movie “Gone in 60 Seconds” where Nicolas Cage plays a car thief the Shelby GT500 Mustang is the most desired vehicle to be stolen – why? Because it is the most loved and cherished by Car Enthusiasts the world over. Just like great 70's Rock-n-Roll music, Fine Wine, a thick bloody barbecued Filet Mignon; nothing beats a classic car like the Shelby Cobra Mustang! Just watch the heads turn and the eyes of people light up when one drives by on the street! So, in an effort to ultimately increase shareholder returns, Carroll Shelby International is taking one of America's, and of course history's strongest performance automotive brands, and shifting gears to properly position and expand its global brand presence and reach – Welcome investors to the world of NASDAQ OTC BB: “ CSBI ”!

The track record of a driven man, the automotive industry's great legend Carroll Shelby, is now focused on building the Shelby brand and manufacturing automobiles that demand renewed attention.

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Want to buy CSBI? Our recommmended brokers will make your investment a seamless process.

RECOMMENDATIONS for INDIVIDUAL INVESTORS

Purchase 2000 to 3,000 shares in CSBI stock at any price under $10 / share. Sock it away for the next few years and let CSBI's merchandising and automobile division build larger more diversified awareness worldwide. If you look at a (what we feel is a similar company / story) “Harley Davidson NYSE “HDI” you'll notice that since 1990 when HDI traded for a mere $2-5.00 per share (the company now trades at close to $50.00 per share) - Both companies share a similar story from the love & passion that people feel for the company & it's products – the classic motorcycle “HDI” and the classic car “CSBI”. IN the years to come we expect that investment into CSBI will give a similar return as HDI once people begin to see more and more of the Shelby cars and merchandising worldwide.

For the more conservative Individual Investors in our midst, we highly recommend a $5,000 Financial Commitment, which enables an Individual Investor to purchase about 1,000 shares of CSBI stock.

The Story:

Carroll Shelby International Inc. (CSBI) is the parent company of Shelby Automobiles and Carroll Shelby Licensing.

Shelby Automobiles Inc.

Shelby Automobiles Inc. is manufacturing high performance Shelby vehicles under the guidance of the legendary Carroll Shelby and will be involved in prototype manufacturing, design and engineering projects. This division is building the latest in a long line of performance cars through an expanded dealer network and direct sales under a license agreement with Carroll Shelby Licensing Inc.

Currently, the primary focus of Shelby Automobiles is to build classic 427 & 289 Cobra's. This division is on track to produce approximately 120 cars this year – all with an authentic CSX number. Subsequently, the company is going into production on the world-famous Cobra Daytona Coupe, the first and last American sports car to win the world racing title and beat out Europe's best: Porsche, Ferrari, Jaguar and Aston Martin. In the future, this division's product lines will be expanded to produce the smaller 351's and 289's in higher quantities. The company believes there will be significant demand for authentic Shelby engines for Cobras and Mustangs, as well as other late model vehicles. Shelby Automobiles also offers the sale and installation of aftermarket products such as superchargers, brake upgrades and handling enhancements and is planning to expand to all suitable car manufacturers. By developing performance parts for the exploding “pocket rocket” market, such as the Ford Focus, the company will enter a market several fold larger than it enjoys today.

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In addition, the company is pursuing secondary manufacturing relationships with existing carmakers and other parties. These relationships could yield the modification of production cars – much like Shelby did with the Ford Mustang in the 60's – to ground up design and build with other manufacturers and major automobile brands.

Carroll Shelby Licensing Inc.

Carroll Shelby Licensing Inc., founded in 1988, is the exclusive holder of automotive manufacturer and entrepreneur Carroll Shelby's trademarks and vehicle design rights, which include some of the world's most famous muscle cars and high-performance vehicles, including the car that brought home to the U.S. it's first and only FIA World Manufacturers Championship in 1965, the famous Shelby Cobra Daytona Coupe. It also holds trademark rights for Shelby-branded apparel, accessories and collectibles.

CSBI is pursuing an aggressive licensing strategy, and hopes to leverage over 70 existing license relationships, like those with Sony, Mattel and Franklin Mint, into new and long lasting partnerships. With licensed memorabilia and collectibles, CSBI is aggressively seeking new licensing arrangements. With two recent movies, Terminator III and Hulk, the 40-year-old Shelby brand has found its way into many different diverse product lines, from a Hot Wheels Cobra to a Franklin Mint Collector Series to computer, Play Station and X-Box games. The CSBI management team wakes up everyday focused on driving top line revenues and improving shareholder value.

Just a year or so ago, one of the original 6 Daytona Coupes sold for over $4 million dollars.

HISTORY, BUSINESS & INDUSTRY ENVIRONMENT

In early 1962, everything finally came together for Carroll Shelby and his American sports car project. AC Cars agreed to provide its lightweight and nimble chassis, Ford agreed to deliver its new 4.3-liter V8 engine, and along with Shelby's racing mind suddenly America had an incredibly successful sports car – for the street and the track. The Shelby Cobra was born.

The Shelby Cobra bested the world's racing elite and made its creator – racing driver, car builder, constructor and entrepreneur Carroll Shelby, a household name over the last four decades. Below is a brief timeline of a few events that made him the legend he is…

- 1962- Shelby creates the original Cobra Roadster, the fastest production car ever made at that time; 0-60 in 3.9 seconds
- 1965-Shelby Cobra Daytona Coupe, only American car ever to win the FIA World Manufacturer's Championship for GT cars, beating Europe's best; Porsche, Ferrari, Jaguar, Aston Martin
- 1970s-While consulting with Chrysler and Iacoca, Shelby brings to market the first “Fast and Furious” Pocket Rocket (the Plymouth GLH) with a small compact, lightweight power to weight ratio, high performance turbo engine.
- 1989-Shelby produces Cobra 427S/C Completion Cars. Shelby builds the first Viper chassis prototype
- 1991-Shelby launches Carroll Shelby Children's Foundation that finds heart transplants for indigent children. Shelby inducted into International MotorSports Hall of Fame
- 1992-Shelby inducted into the Motorsports Hall of Fame of America, Michigan
- 1995-Shelby produces CSX4000 Series 427 Cobra S/C Roadsters
- 1997-Shelby designs and manufacturers the Shelby Series 1 sports car
- 1998-Shelby creates the (Super Pursuit) S.P. 360 high performance sport utility vehicle.
- 1999-Shelby Cobra CSX2000 honored as Motor Trend Magazine's most significant car of the last 50 years. Shelby teams with Titan to produce Shelby custom motorcycle, Shelby Series 1 by Titan.
- 2001-Shelby claims triumph in battle to keep his famed Cobra racing car name and logo out of the hands of “replicar” counterfeiters, protecting the authenticity and collectability of the America's original muscle machine.
- 2002-Shelby's celebrates four decades of horsepower and venom as Cobra turns 40; Shelby introduces the 40th anniversary edition Shelby Cobra.
- 2003-Shelby is still hard at work manufacturing authentic Cobra roadsters and performance products; Shelby serves as a senior technical advisor to Ford's team developing the new Ford GT supercar, providing design and engineering support. Today, the Cobra's legend and mystique endures, with original examples often trading for

upwards of half a million dollars. Shelby American built 1,140 Cobras from 1962-1966 and the Cobra 427 is still considered one of the world's fastest automobiles. A straight 427 SC Cobra sells anywhere from $300-$500,000. Today, if you buy a component vehicle produced with the serial number, the price ranges from $90,000 to $125,000 plus, based on options. Shelby's Automobiles continue to maintain their market value.

Shelby Automotive is the only original manufacturing facility to make authentic component vehicles. The company is currently manufacturing 3 versions of Shelby Cobra component vehicles – 289 FIA, 289 Street Car and 427 S/C Cobras at its manufacturing facility at the Las Vegas Motor Speedway's Research and Development Center.

Each vehicle maintains its original configurations while utilizing modern materials and premium components to include radiators, fuel cells, steering racks, brakes and instrumentation, just to mention a few. All vehicles and products are covered by product liability insurance and are available factory-direct or through an extensive independent dealer network.

In the future, Shelby Automotive plans to introduce an entry level Cobra to the marketplace, giving collectors who can not afford the aluminum body 427SC the ability to have an authentic Cobra. The company will introduce a model that will appreciate and not be like the counterfeit models that, basically 9 times out of 10, cost more than they can be sold for. Further, the company is in talks with a couple of different automobile brands that want to develop a niche product (most likely producing below a ten thousand-product run). There are a number of exotic brands that want to capitalize on the company's ability to manufacture and build a car and to do a product run as low as 500 and do it economically. In addition, the company has the opportunity to take and co-brand a product, like Shelby did with Ford and with Chrysler in the past, such as Shelby Mustangs, Shelby Dodge Dakota trucks and the Shelby GOH.

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Market and Brand Awareness

CSBI's marketing efforts will be dramatically increased via advertising and marketing promotions, all designed to bring new attention to the Shelby name and its influential history. This expanded media coverage is designed to help drive market demand and elevate brand awareness, especially with younger generations.

There are young generations today and to come that may not have a Shelby or Cobra affinity due to a lack of awareness. CSBI is aggressively pursuing these markets by licensing everything from Hot Wheels to having a presence in movies such Gone in 60 Seconds – with the top car to be stolen being the Shelby GT500. Teenagers with PlayStations or X-Box can now drive a Shelby product. As you accomplish and achieve skill level, then and only then, are you allowed to test drive a Shelby Cobra or a Shelby Series 1.

In an effort to have a broader reach in the market, an experienced team will continue to dramatically expand the dealer network. Further, to gain valuable market share, CSBI intends to reduce retail prices to lure buyers back to classic American automobiles.

CSBI also plans to expand the brand by actively looking at acquisition opportunities. For example, the company is looking for high quality performance products with little or no brand recognition. By acquiring these types of companies, CSBI, if successful, will be able to immediately elevate the product's awareness and its demand in the market, and give it tremendous brand credibility.

Landmark Partnership Renewed

Most recently (August 22, 2003), Shelby announced that he has once again partnering with Ford Motor Company to offer his expertise to Ford Performance Group in a project to jointly develop specialty niche performance products. Like the performance oriented Shelby Fords developed in collaboration more than 40 years ago, Ford's upcoming lineup of Shelby-influenced performance cars will offer discerning enthusiasts and consumers everything they've come to expect from a Shelby vehicle -- higher performance, better handling and unique, dynamic designs.

Industry Focus & Penetration

CSBI is actively and aggressively focused on penetrating the following market sectors:

Market	Market Forecast
Automobile Manufacturing	$575 Billion
Automobile Parts & Accessories	$145.7 Billion

Licensing (with Memorabilia, Collectibles, Movies, Computer Games)	$ 26 Billion
Total	$746.7 Billion
Sources: Zapdata, 04/03	

MANAGEMENT TEAM

Carroll Shelby (age: 80) is Chairman of the Board and Chief Executive Officer of Carroll Shelby International, Inc. Early in his career, Carroll Shelby's accomplishments as a driver was breaking land speed records at Bonneville in 1954 for Austin Healey and winning the 24-hours of LeMans in 1959. When his health caused him to abandon his driving in 1960, Carroll got out of the driver's seat and turned his attention to design. He had a vision for the automobile industry and went for it. Carroll's vision has had a tremendous impact on the sports car world, with the greatest impact being the development of the Cobra and the Mustang. As probably the only person to have worked at a visible level with all three of the major American automobile manufacturers, Shelby has clearly impacted the world of racing and automobile design. His influence will always have a place in automotive history.

John Luft is President of Carroll Shelby International Inc.

He joined Carroll Shelby Licensing in 2000 after serving two years at SkyNet Holdings, Inc. as Sr. Vice President of Global Marketing and Sales and Business Development. Previously Mr. Luft held senior management positions in the areas of marketing and strategic development for such notable companies as Hilton Hotels Corp. and Walt Disney Company. A graduate of the University of Southern California, Los Angeles, Mr. Luft holds a bachelors degree in Marketing and Speech Communications.

M. Neil Cummings is Secretary of Carroll Shelby International Inc.

He has practiced law for the past 25 years and since 1995 has served as President of the Law Offices of M. Neil Cummings & Associates, PLC, a law firm located in Los Angeles that specializes in business and commercial law. Prior to his current position, Cummings was an associate and then a partner with the law firm of Walker, Wright, Tyler and Ward in Los Angeles from 1981 through 1995. He began his career as an associate at the Law Offices of Hardin, Cook, Loper, Engel & Bergez in Oakland, California from 1977 through 1981. Mr. Cummings is a 1974 graduate of the University of California at

Berkeley and earned his law degree from Hastings College of Law.

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- April 12th Edition
- April 19th Edition
- May 3rd Edition
- May 10th Edition

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I find WSPs picks to be way better than those expensive membership sites
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That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

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Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
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Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up."
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"Here is one for your Team!"

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All in all, this offer will give you a level of comfort and knowledge that most stock pick web sites just don't offer. We want your business and we want you to be able to get the answers you want from our staff of experts.

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Subscribers' Supplement # 04 --18

SNAPSHOT of the WEEK ENDED APRIL 30TH

Whazzup, and What's Not

Indexes, at mkt close	12/31/03	27-Feb	5-Mar	30-Apr	7-May	%cChg YTD	Wk %
Dow Jones Avg	10454	10584	10596	10226	**10117**	-3.2%	-1.1%
S&P 500	1112	1145	1157	1107	**1099**	-1.2%	-0.9%
NASDAQ Comp	2003	2030	2048	1920	**1918**	-4.2%	-0.1%
Wilshire 5000	10800	11173	11314	10794	**10686**	-1.1%	-1.0%
WilshMicroCap	481	525	535	508	**493**	2.5%	-3.0%
WilshSmCap	274	288	295	278	**273**	-0.4%	-1.8%

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

at May 7, 2004

Company	Symbol	Market Cap						RANK	
		27-Feb	5-Mar	12-Mar	23-Apr	30-Apr	7-May	last week	4-wks ago
Totals		$2,868.6	$2,874.9	$2,863.6	$2,924.9	$2,844.1	$2,826.7		
GE	GE	326.5	329.0	307.2	309.3	301.2	**302.4**	1	1
ExxonMobil	XOM	278.7	280.9	277.8	281.8	279.1	**283.6**	3	4
Microsoft	MSFT	286.3	284.3	273.9	297.3	281.9	**278.3**	2	2
Pfizer	PFE	279.7	284.0	269.1	277.7	272.8	**277.3**	4	3
Citigroup	C	259.3	258.0	254.4	253.6	248.1	**241.6**	5	5
WalMart	WMT	257.9	260.8	253.2	255.2	246.8	**231.6**	6	6
Intel	INTC	190.7	189.0	180.8	178.5	166.7	**171.2**	7	7
Johnson&Johnson	JNJ	160.1	157.8	150.6	159.3	160.5	**164.1**	8	9
IBM	IBM	166.0	165.9	160.5	155.1	149.9	**149.9**	9	8
Cisco	CSCO	159.2	157.0	159.0	160.3	143.7	**149.1**	10	10
Merck	MRK	106.7	106.8	100.2	104.0	104.3	**106.1**	12	11
Verizon	VZ	105.9	108.0	105.0	104.0	104.5	**101.9**	11	12
ChevronTexaco	CVX				98.1	97.9	**98.0**	13	13
TimeWarner	TWX	78.3	78.0	76.4	76.6	76.6	**75.7**	15	15
Home Depot	HD	82.8	85.4	82.3	83.0	80.2	**74.0**	14	13
Comcast	CMCSA	67.4	69.0	66.4	65.1	67.9	**64.8**	16	16
ATT Wireless	AWE	31.3	31.0	36.8	38.1	37.6	**32.3**	17	17
Lucent	LU	17.9	17.0	16.7	16.4	14.4	**14.2**	18	18

Avaya	**AV**	7.3	7.0	6.9	7.1	6.1	**6.6**	19	19
Agere B	**AGRb**	6.6	6.0	5.8	4.4	3.9	**4.0**	20	20
Totals		**$2,868.6**	**$2,874.9**	**$2,863.6**	**$2,924.9**	**$2,844.1**	**$2,826.7**		

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

Subscribers' Supplement # 04 - 017

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Microsoft	MSFT	286.7	286.3	284.3	273.9	297.3	**281.9**	4	2
ExxonMobil	XOM	277.8	278.7	280.9	277.8	281.8	**279.1**	2	4
Pfizer	PFE	284.4	279.7	284.0	269.1	277.7	**272.8**	3	3
Citigroup	C	252.3	259.3	258.0	254.4	253.6	**248.1**	5	5
WalMart	WMT	257.3	257.9	260.8	253.2	255.2	**246.8**	6	6
Intel	INTC	195.9	190.7	189.0	180.8	178.5	**166.7**	7	7
Johnson&Johnson	JNJ	158.3	160.1	157.8	150.6	159.3	**160.5**	9	9
IBM	IBM	167.4	166.0	165.9	160.5	155.1	**149.9**	10	8
Cisco	CSCO	159.4	159.2	157.0	159.0	160.3	**143.7**	8	10
Verizon	VZ	102.7	105.9	108.0	105.0	104.0	**104.5**	12	12
Merck	MRK	107.2	106.7	106.8	100.2	104.0	**104.3**	11	11
ChevronTexaco	CVX					98.1	**97.9**	13	13
Home Depot	HD	81.4	82.8	85.4	82.3	83.0	**80.2**	14	13
TimeWarner	TWX	80.2	78.3	78.0	76.4	76.6	**76.6**	15	15
Comcast	CMCSA	67.9	67.4	69.0	66.4	65.1	**67.9**	16	16
ATT Wireless	AWE	31.6	31.3	31.0	36.8	38.1	**37.6**	17	17
Lucent	LU	17.1	17.9	17.0	16.7	16.4	**14.4**	18	18
Avaya	AV	7.4	7.3	7.0	6.9	7.1	**6.1**	19	19

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Winning Stock Picks

Weekly Update

www.winningstockpicks.net

April 26th, 2004 edition

Prepared by WSP Research Staff

Headlines

The stock market advanced across a broad front last week, led by Microsoft --- which rebounded to its highest price levels all year. Verizon (VZ) and Merck (MRK) are now tied for 11th place in the Large Cap Leagues at $104 Billion (check out our attachments), but from different directions. VZ's rising price has met MRK's descending price.

Our major bracket brokerage firms short sales from last week have worked out very well for Subscribers --- in the pink, so to speak. And, speaking of Pink, in the Pink Sheets, that is, might soon be Google. The Pink Sheets, the bane of regulators' existence, may well offer Google the best solution to comply with an obscure provision of the Securities Act of 1934 forcing it to consider an IPO.

Such a development would be consistent with Google's non-conformist corporate culture, and could further democratize the stock market for Individual Investors. Watch this space, for more developments on this widely-followed news-worthy item.

Inside this edition, other stocks "In the Pinks" are presented for Individual Investor consideration. Rand McNally, the map maker, established in 1856, evidently has avoided that same problems that Google now faces. Check out RMNC.PK.

Talking through the Internet is likely to become the Talk of the Internet, and soon. Inside, find six companies that show promise of garnering market share in Voice over Internet Telephony, referred to as VoIP, a commercial space that is simply too vast, too sprawling and growing too quickly for the Large Cap telco's to capture as fast, and as profitably.

A new "paired-trade" BUY Trump Resorts & Casinos (DJT) and SELL SHORT Amazon.com (AMZN). To AMZN's CEO. Jeff Bezos, we say "You're Fired...!"

Companies Mentioned In This Edition

(in order of appearance in this week's update)

Microsoft (MSFT) **Verizon (VZ)** **Merck (MRK)**

ExxonMobil (XOM)	**Goldman Sachs (GS)**	**Morgan Stanley MWD**
Google (GOGL.PK...?)	**Fisher Communications (FSCI)**	**Steelcase (SCS)**
Int'l Speedway (ISCA)	**RandMcNally (RNMC.PK)**	**Axeda (XEDA)**
BSquare (BSQR)	**Catuity (CTTY)**	**Entrx (ENTX)**
Littelfield (LTFD)	**Twister Networks (TWTN)**	**deltathree (DDDC)**
8 x 8 (EGHT)	**iBasis (IBAS.OB)**	**Net2Phone (NTOP)**
ITXC (ITXC)	**ATT (T)**	**Comcast (CMCSA)**
Amazon (AMZN)	**Trump Resorts & Casinos (DJT)**	

Market "Rap" The stock market advanced across a broad front last week. All indexes were up, and on rather heavy volume. Last week's volume of almost 18 billion shares was a whopping 42% ahead of the comparable year-ago week, reversing what had been a diminishing level of trading activity for the past nine weeks.

The flurry of legal settlements between **Microsoft** (MSFT) and its various litigants was partly responsible for heightened interest in its stock. In addition, there appears to be a sudden recognition that the Company has a lot of cash---which is nothing new. Perhaps the most email we received last week revisited our forecast earlier this year (link here to February 16th edition) that MSFT was DEAD MONEY for the next two years.

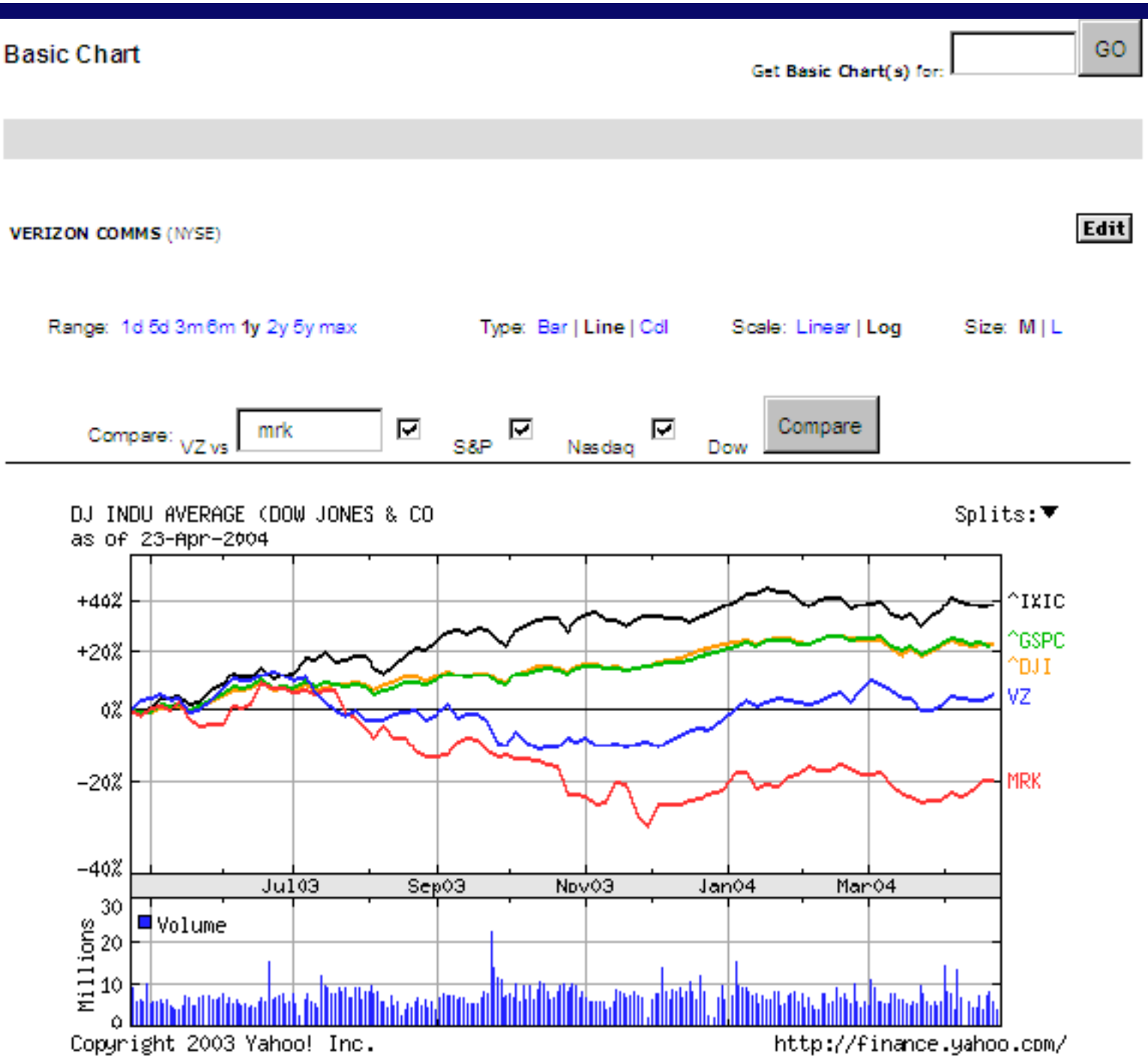
We have not changed this investment POV (point of view) whatsoever. The fundamentals remain unchanged --- (i) the approximate $50 Billion of cash in MSFT's treasury generates, at best, a 1% return on capital; and (ii) continued selling due to capital gains taxes that are more acceptable in absolute amounts --- will both conspire to keep this stock in the $20-range for several years to come.

In fact, we find it worth noting that the quarterly increments in MSFT's cash position have been diminishing: up only $1.1 billion in the most recent quarter, versus $2.7 Billion in the quarter before that, versus increases of $2.9 B, $3.4 B and $3.8 B in the sequential quarters preceding that. The phrase increasing at a decreasing rate applies.

WARNING --- ! ! ! --- Information Contained in these Editions of Winningstockpicks.net is Hazardous to your Stock Market Ignorance

The DJIA was up 0.2% for the week, which is also its gain for the Year-to-Date. As evident from Supplement # 04 – 013, this translates into a dollar gain in market value of an uninspiring $5 Billion for the week for this Blue Chip Index.

Verizon (VZ) and **Merck** (MRK) are in a dead heat for position rank at # 11. Both have a market value of $104 Billion. At the moment, however, this contest appears to be more a matter of which of these two Large Cap Companies can lose market value at a slower pace than the other---since each company is off about $4 – $5 Billion from recent highs.



The tech-laden NASDAQ Index was up 2.7% for the week, **having been down YTD** (link here to link to Supplement # 04 – 014) before last week. The Wilshire Micro-cap and Wilshire Small Cap Indexes resumed their upward trajectory --- and for the YTD, are each up 12.5% and 6.9% respectively.

Our **paired-trade** investment strategy took a beating with respect to the MSFT bounce last week. To newer Subscribers, in our March 8th edition, we explained this strategy in detail. Essentially, it involves purchasing a similar financial position in two stocks --- buying one and selling short the other.

On February 13th, for example, on the fundamental basis that MSFT was DEAD MONEY for 2 – 3 years, we sold $25,000 worth of MSFT stock short. Against this position, we "paired" it with a BUY on **ExxonMobil**, at that time # 3 in the Dow Jones rankings (MSFT was #2). The 900 share SHORT position in MSFT at $27.08 ($24,372) approximated a 600 share

LONG position in XOM at $41.62 ($24,972).

At the close of business on Friday April 16th --- we were ahead more than $3,000. As of last Friday, however, the profit on this paired-trade had shrunk to a $396 profit. For those who have followed our consistent profits on this strategy over the past few months, consider taking advantage of this bounce in MSFT's price to enter into your own paired-trade, before MSFT resumes its descent to $20 / share.

Our short sale recommendations on the two major-bracket brokers last week paid off. A 100 share short sale of **Goldman Sachs** (GS) at $103.36 made us $295 (close on Friday: $100.41) and the 200 share short sale of **Morgan Stanley** (MWD) at $54.53 enriched us by $300 (close on Friday: $53.03).

Warning --- ! --- Information Contained in these editions of winningstockpicks.net is hazardous to stock market ignorance

The genesis of that position was based on the perception that the good earnings news is already history and weakness in trading volumes. Obviously, the major bracket brokers are in dire need of a rabbit to pull out of the proverbial hat --- **our research staff believes the rabbit in their sights is Google**, which is not public...**yet**.

Here's the story ~ An obscure provision in the Securities Act of 1934 requires any company with 500 shareholders to provide some degree of financial information to its shareholders within 120 days after the end of its fiscal year, even if these are potential shareholders. i.e. option-holders.

In what can only be considered a momentary lapse of judgment --- or extremely poor advice --- or both, **Google** revealed that it had over 1,000 employee-shareholders, via stock options that had been awarded since it started business in 1998 by two Stanford Graduate School students, Sergey Brin and Larry Page. Messrs. Brin and Page together are estimated to own 30% of the Company, and neither is excited about an IPO...!.

Google was capitalized with a mere $25 million in "seed money" in 1999 from two Silicon Valley venture capital firms (i) Kleiner, Perkins & Caufield; and (ii) Sequoia Capital. Industry experts place a value on Google of $20 Billion. Morgan Stanley and Goldman are reportedly the two lead underwriters for this transaction.

We called Google to point out another way to meet this regulatory requirement that makes an IPO unnecessary --- **the Pink Sheets**. By listing its stock in the Pink Sheets, Google can meet the dual objectives of providing a minimal amount of information to the public (as well as to its **competitors**) YET with its stock now quoted in a public medium, which the Pink Sheets are, employee-shareholders who want to sell their stock have a mechanism to do so.

Fisher Communications (FSCI) was once a Pink Sheet stock. So was **International Speedway** (ISCA) and **Steelcase** (SCS). **Rand McNally**, the map maker established in 1856, STILL IS a Pink Sheet company symbol: RNMC. PK). When you call Rand McNally's headquarters (**847-329-8100**) to inquire how many employees the company has, the answer comes back pretty quick..."Less than 500...!".

We went on to explain that there is no formal regulation of the Pink Sheets. A phone call to the Securities & Exchange Commission confirmed this. In conclusion, the status of Google's IPO is likely to be in the news all this week given that the 120 day period-to-comply is April 30th. Should Google emerge as a Pink Sheet company, you now know where this alternative was presented.

The charts to follow show what can happen to companies that are forced to list on a major stock exchange when it is contrary to their owners' long term interests. Neither one has appreciated in value since 1998.

FISHER COMMUNICATIONS INC (Nasdaq-NM:FSCI)

Latest Quotes

Open: 51.470	High: 51.900	Low: 50.700	Last: 50.700	Change: -0.58
P/E: N/A	Earnings: $-1.26	5Yr Growth: N/A	Price/Sales: 3.1	Market Cap: 436M
Bid: 0.010	Asked: 9000.000	Volume: 1,700		

Zacks Earnings Estimates | Select Custom Chart | Edit Profile

Chart
STEELCASE INC CL A (NYSE:SCS)

Latest Quotes

Open: 13.260	High: 13.500	Low: 13.200	Last: 13.260	Change: +0.01
P/E: N/A	Earnings: $-0.06	5Yr Growth: N/A	Price/Sales: 0.8	Market Cap: 1,961M
Bid: N/A	Asked: N/A	Volume: 65,900		

Select Company Report | Select Custom Chart | Edit Profile

Last week, we re-visited six small cap companies we had recommended to discover the group had appreciated in value by 12% --- as highlighted below. This was / is our micro-cap model portfolio. This table is from April 16th.

Stock	Number of Shares Bought	Price / Share	Cost Basis	at 4/16 Close Price	at 4/16 Close Mkt Value
Axeda (XEDA)	11,000	92 ¢	$ 9,200	$1.48	$16,280
BSquare (BSQR)	10,000	96 ¢	$9,600	$1.05	$10,500
Carroll Sh'by (CSBI)	2,000	$4.23	$ 8,460	$3.95	$ 7,900
Catuity (CTTY)	12,000	79 ¢	$ 9,480	69 ¢	$ 8,280
Entrx (ENTX)	12,000	84 ¢	$10,080	$1.03	$12,360

Littlefield (LTFD)	12,000	76 ¢	$ 9,120	60 ¢	$ 7,200
Total Value			**$55,940**		**$62,520**
			GAIN	**$6,580 or + 12%**	

We now update this table to reflect closing prices last Friday, April 23rd ---

Stock	**Number of Shares Bought**	**Price / Share**	**Cost Basis**	**at 4/16 Close Price**	**Mkt Value**
Axeda (XEDA)	11,000	92 ¢	$ 9,200	$1.43	$15,730
BSquare (BSQR)	10,000	96 ¢	$ 9,600	$1.27	$12,700
Carroll Sh'by (CSBI)	2,000	$4.23	$ 8,460	$3.95	$ 7,900
Catuity (CTTY)	12,000	79 ¢	$ 9,480	67 ¢	$ 8,040
Entrx (ENTX)	12,000	84 ¢	$10,080	$1.14	$13,680
Littlefield (LTFD)	12,000	76 ¢	$ 9,120	81 ¢	$ 9,720
Total Value			**$55,940**		**$67,770**
			GAIN	**$11,830 or + 21%**	

We are, today, adding a new micro-cap company to our model portfolio...Twister Networks, symbol TWTN.PK --- that's right, a Pink Sheet stock. Recent Price: 86 ¢

Imposing the discipline of a $10,000 position enables us to purchase 11,000 shares of **Twister Networks**. At a purchase price of 86 ¢ per share, we add $9,460 to the Cost Basis of our model portfolio --- which will show up in next week's edition.

Here's the story --- There is nothing really very new about Voice over Internet Telephony, commonly referred to by the acronym, VoIP[1]. --- except that the technology today now enables telecommunications to work in a way that is indistinguishable from conventional alternatives.

To the best of our knowledge, Twister represents the newest entry into this rapidly growing commercial space. The other five companies are **deltathree** (DDDC), **8 x 8** (EGHT), **iBasis** (IBAS.OB), **ITXC** (ITXC), and **Net2Phone** (NTOP). We present these five established public companies in a showcase Supplement attached (click here to link to Supplement # 04 – 015).

Just in the past two weeks, **AT & T** (T), **Verizon** (VZ) and **Comcast** (CMCSA) have all announced plans to enter this arena or increase its exposure. Our enthusiasm about TWTN is twofold:

1. Its initial market focus is entirely China-based where its management has the best telecommunications "connections" in the world, and

2. TWTN has none of the balance sheet / debt baggage or expensive service agreement costs that typified the earlier entrants into this business.

The company is a working example of the adage "The early bird may get the worm, but the second mouse gets the cheese", and that cheese is 300 million middle class consumers, a market that in itself is larger than the population of the USA or the European Union. TWTN went public via a reverse merger with an inactive company and started trading at 60 ¢ / share a month ago. We expect a fast run up to $1 within the next few weeks and considerably higher in the next 30 – 60 days.

Our exit strategy is hideously simple: It is a toss-up which will come first --- listing on a major stock exchange or being acquired by one of the larger telecommunications companies desiring to capture TWTN's Chinese business-base.

One major development last week ignites this situation. The Chinese Government has decided to accept western protocols for all wireless equipment---permanently.

We suspect this is the main reason that there are so few analysts covering the five VoIP stocks appearing in the Supplement attached. Seven out of eight analysts cover just one stock and three of the stocks have zero coverage.

With the prospect of a different protocol --- up until now --- the China market was a hobby, even a fad. This pronouncement changes everything – and TWTN is among the first to jump on this development.

TWTN's management expects sales next year to approximate $20 million. The most profitable of the established companies (8 x 8) commands a multiple of 10 times sales. Applying this to TWTN, a $200 million market value translates into $4 / share. This is a compelling upside potential, especially in relation to a minimal downside loss.

Finally, one more paired-trade for our Subscribers

SELL SHORT Amazon (AMZN) / BUY Trump Resorts & Casinos (DJT)

Note the DJT chart following. In the 16 weeks the television program "The Apprentice" aired, DJT progressed to a new 52 week high of $3.65 / share, having started the year at $2.10. In recent weeks, the stock has retreated to its current levels. The one next big event for DJT will be to refinance its debt --- $1.8 Billion --- 67% of which comes due in 2006.

Now let's look at AMZN. Amazon recently reported a profit of 26 ¢ per share for the quarter ended March 31st. Backing out $20 million (5 cents per share) in non-recurring income, core EPS is $0.21 per quarter or about $0.85 per year. However, AMZN also has an enormous debt load --- $1.9 Billion.

Here's the quandary --- would you, as an Individual Investor, rather be owed money by Donald Trump, whose engineered one of the most successful reality shows in recent memory, or Jeffrey Bezos, whose most recent innovation is selling jewelry...! Here is my reasoning.

The average cost of Amen's debt is **5.7%**. For DJT: **12.4%**. Reducing Dot's cost of capital to that of AMZN adds $122 million to Dot's bottom line, or $4 / share in earnings. Whether or not that happens, we believe we have identified the next task for "The Apprentice Series, Part II".

Our guess is the combination of 16 weeks to accomplish this task and a network television series to observe it will make this a $10 stock, which is not so far-fetched. DJT once sold for $35.50 / share (a $1.1 Billion market value) in June 1996.

Converting this into investment application, here's the paired trade: **SELL SHORT 500 shares of AMZN at $46 ($2300) and BUY 11,000 DJT at $2.20 ($2420)**. We have added this investment POV to our model portfolio --- and encourage you to do the same.

Email your questions and comments to editor@winningstockpicks.net

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[1]The only mystery may be why the inventor of this acronym elected to make "over" a lower case letter while the other was upper case.

Subscribers' Supplement # 04 - 012

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Company	Symbol	Market Cap 20-Feb	27-Feb	5-Mar	12-Mar	16-Apr	RANK last week	4-wks ago
GE	GE	322.0	326.5	329.0	307.2	**313.5**	1	1
ExxonMobil	XOM	277.8	278.7	280.9	277.8	**289.9**	3	4
Pfizer	PFE	284.4	279.7	284.0	269.1	**287.0**	4	3
Microsoft	MSFT	286.7	286.3	284.3	273.9	**271.5**	2	2
Citigroup	C	252.3	259.3	258.0	254.4	**258.5**	6	5
WalMart	WMT	257.3	257.9	260.8	253.2	**253.1**	5	6
Intel	INTC	195.9	190.7	189.0	180.8	**172.7**	7	7
Johnson&Johnson	JNJ	158.3	160.1	157.8	150.6	**160.8**	10	9
IBM	IBM	167.4	166.0	165.9	160.5	**158.7**	8	8
Cisco	CSCO	159.4	159.2	157.0	159.0	**154.5**	9	10
Merck	MRK	107.2	106.7	106.8	100.2	**104.5**	12	11
Verizon	VZ	102.7	105.9	108.0	105.0	**101.8**	11	12
ChevronTexaco	CVX					**98.2**	not included	
Home Depot	HD	81.4	82.8	85.4	82.3	**82.5**	13	13
SBC	SBC	79.0	79.5	82.8	80.6		14	14
TimeWarner	TWX	80.2	78.3	78.0	76.4	**75.7**	15	15
Comcast	CMCSA	67.9	67.4	69.0	66.4	**68.1**	16	16
ATT Wireless	AWE	31.6	31.3	31.0	36.8	**36.9**	17	17
Lucent	LU	17.1	17.9	17.0	16.7	**17.9**	18	18
Avaya	AV	7.4	7.3	7.0	6.9	**6.5**	19	19
Agere B	AGRb	6.6	6.6	6.0	5.8	**4.0**	20	20
		$2,942.6	**$2,948.1**	**$2,957.7**	**$2,863.6**	**$2,916.3**		

Indexes, at mkt close	12/31/03	27-Feb	5-Mar	12-Mar	16-Apr	%cChg YTD	Wk %
Dow Jones Avg	10454	10584	10596				
S&P 500	1112	1145	1157				
NASDAQ Comp	2003	2030	2048				
Wilshire 5000	10800	11173	11314				
WilshMicroCap	481	525	535				

WilshSmCap	274	288	295

note:

a more detailed table on the Most Widely Held now available to NEW Subscribers

Winning Stock Picks

Weekly Update

www.winningstockpicks.net

February 16, 2004 edition

Prepared by WSP Research Staff

Stocks Mentioned in this Weekly Update (in order of appearance in this week's update)

SPDR's (SPY)	**Playboy Enterprises (PLA)**	**Manchester United (MCHUF.PK)**
Microsoft (MSFT)	**IBM**	**Cisco (CSCO)**
SBC	**Home Depot (HD)**	**Johnson & Johnson (JNJ)**
Intel (INTC)	**ABX Air (OTC BB:AXBA)**	**Deutsche Post (DEPOK.PK)**

Market "Rap">>> Advancing / Declining Trading Volume last week only totaled 16.2 billion shares---lighter than the average weekly trading volume for the year to date. The significance of this lighter than average volume for Individual Investors is that **even the smallest convergence of bullish sentiment** this week can result in the Dow Jones Average **popping for gains of 100 points plus** in a single day.

That's what happened this past Wednesday when the Dow advanced 124 points. For the week, however, the Dow barely moved (up 35 points to close at 10628). The S&P 500 also closed up a few points, closing at 1146 and NASDAQ declined 10 points to close at 2054.

Year-to-date trading volume of 116.3 Billion shares (ALL THREE STOCK MARKETS) is a hefty **32% ahead** of the trading volume from the comparable 2003 period (88.2 Billion shares). One stock market-metric our research staff uncovered was the shallowness of the market's participation. Specifically, of the 4,712 stocks that advanced last week, 1,518---or one out of three---represented advances to new highs...!...meaning that this market is concentrated on too few companies, at the moment.

This will change, and probably soon...as Individual Investors, including Our Premier Subscribers, pursue non-brokerage house based initiatives to achieve above average investment performance, and thereby take control of their financial future.

For those Subscribers that follow our Market Sentiment Indicator as a broader proxy on the market, the MSI, is 1.556 based on data through the market's close on Friday. This is a very positive MSI, and augurs well for a rising general market. (For Subscribers, click here to go to Subscribers Supplement # 11-2004).

This confirms our BUY-SIGNAL on **SPY** (S&P Depositary Receipts) as we stated in last week's edition (email editor@winningstockpicks.net to get a copy) when these were selling for $114 per share. Any individual investors that followed our recommendation saw their investment in SPY advance by $1.13 last week. That's a price appreciation of 1 % for the week---better than what the three stock exchanges did last week...! ---AND, you've already recouped 28% of your "investment" to become a Subscriber to WSP in the first place...!

That's what WSP is all about, making money. If you did not already BUY at least 100 shares of SPY last week, do so this week---before Wednesday's big move. If you did BUY, then BUY another 100 shares.

This is straight out of Charles Darwin, on Evolution---"It is not the strongest who survives, nor the most intelligent, but the one most responsive to change."

This is the investing climate in which the Individual Investor is now situated. Darwin's quote is especially relevant to the Baby Boomers, those born between 1946 and 1964. Right now, this group is closer to 60 than the 1960's. Therefore, if you've responded to the change in online financial services, then you are doing things differently today to assemble a retirement nest egg. According to Darwin, you'll survive, and most likely, prosper a little.

ON THE DOW JONES INDUSTRIAL AVERAGE...in responding to change, it is our understanding from the email you send us that many Subscribers are balancing their investments in Bulletin Board and Pink Sheet Stocks with Blue Chip investments as well.

This is a legitimate investment strategy for Individual Investors. The financial reality IS that NO Dow Jones Component Company ever went bust WHILE it was a Dow Jones Component Company. In terms of safety, you cannot beat this strategy. Bethlehem Steel (BHMSQ.PK), now, a Pink Sheet company, was a Dow Component company as recently as 1997 when it was removed as a component that year...along with Texaco, Westinghouse and Woolworth.

In their place was added **Johnson & Johnson** (JNJ), Travelers Insurance (now Citigroup (C) in the Dow Jones Index) **Hewlett-Packard** (HPQ) and **Wal*Mart** (WMT). A Table depicting the details of the last two times the Dow Components changed follows ~

March 1997	OUT---	IN---
	Bethlehem Steel	Hewlett-Packard
	Texaco	Johnson & Johnson
	Westinghouse	Travelers Insurance
	Woolworth	Wal*Mart
Then, in November 1999	OUT---	IN---
	Chevron	Home Depot
	Dow Chemical	Intel
	Goodyear	Microsoft
	Sears	SBC Communications

One Noteworthy Comment --- the addition of **MSFT** and **INTC** to the Dow Index in 1999 featured a responsiveness to change in itself, since this was the **first time** NASDAQ-listed stocks were included in that index.

For those just getting comfortable with the Dow Jones' Blue Chip companies, this history will be useful. As Subscriber Supplement # 12 – 2004, we provide you an informative listing of the 30 companies that comprise this World-Recognized index.

Study these rankings carefully, since you can make money by observing the changes within these rankings.

Let us share a little-known secret of most professional money managers---if the change in the Dow Jones Industrial Average is to be used as a performance benchmark for the professional money manager---which it is---why not scrutinize the individual component companies of that Index to choose the ones that will produce the most gain---or, as is the case with Microsoft, avoid those component companies going NOWHERE.

Last week, we explained in detail why **Microsoft** (MSFT) was DEAD MONEY. It had closed at $27.08 per share at that time. Last week, while the markets were flattish, MSFT lost almost 2% of its value---declining to $26.59. REMEMBER---we predict **MSFT** has a destiny with a **$20 per share** stock price---and ask for last week's edition for

the details in case you missed it (email editor@winningstockpicks.net).

New Last Week > **THE TOP TWENTY MOST WIDELY-HELD STOCKS** department has proven a hit with our Subscribers. Indeed, this is a variation of the strategy of Balancing investments in Bulletin Board / Pink Sheet Stocks with investments in Blue Chips.

> **RECALL NOTE on Investment-Balancing Strategy** --- A few issues ago, we recommended that the Prudent Individual Investor BALANCES the greater investment risk inherent in Bulletin Board / Pink Sheet Stocks with some proportionate investment in an ultra conservative manner---like the Dow Jones Component Companies.
>
> An Individual Investor (gender irrelevant), aged 50, for example, might establish a ratio of 3-to-1...for every $30,000 invested in BB or PK sheet companies, invest $10,000 in the Blue Chip sector. Proportions other than this are a function of age. An older Individual Investor might prefer a 1-to-1 ratio while a younger Individual Investor in their 20's or 30's could handle a more aggressive 10-to-1 ratio.
>
> Just remember—you need both sectors. The relative proportions are merely a matter of your age and risk-appetite. Now, back to the top 20 most widely-held ~

We are sending you Subscribers' Supplement # 13 – 2004 which illustrates several battles going on in terms of Market Value Rank---a Battle among Corporate Titans.

The market value of a public company is derived by multiplying the number of shares a Company has outstanding in the stock market times the stock price per share. Individual Investors must consider a company's total market value in reaching an investment decision, since the market value is an immediate indication of a public company's future worth to its existing shareholders.

It's about the only way an Individual Investor can assign priorities to an investment portfolio.

In connection with the Battle of the Titans---**Microsoft** (MSFT) has regained the # 2 spot in the rankings listed in this Subscribers' Supplement, surpassing Pfizer (PFE) by $1.7 billion in value. The week before, Pfizer had been # 2, beating Microsoft by $4.2 billion in value. The other "battles" of imminent consequence to investment value are for position # 7 between **Intel** and **IBM**, and for position # 13 between **Home Depot** (HD) and **SBC**. Home Depot is winning, and poised to overtake SBC by the end of March.

In our model portfolio, we've introduced a paired-strategy for the HD-SBC development---selling 500 shares of SBC short ($12,525) and buying 300 shares of HD ($10,851) for a long position. An astute Individual Investor might do the same paired strategy for the other market value rankings in contention---(SELL MSFT / BUY PFE and SELL INTC / BUY IBM).

NEW... **Street Beat & Market Savvy**---is a new department this week, designed to specifically focus on Overlooked and Underfollowed public companies. We introduce you to three this week ---

- **Playboy Enterprises** (PLA)

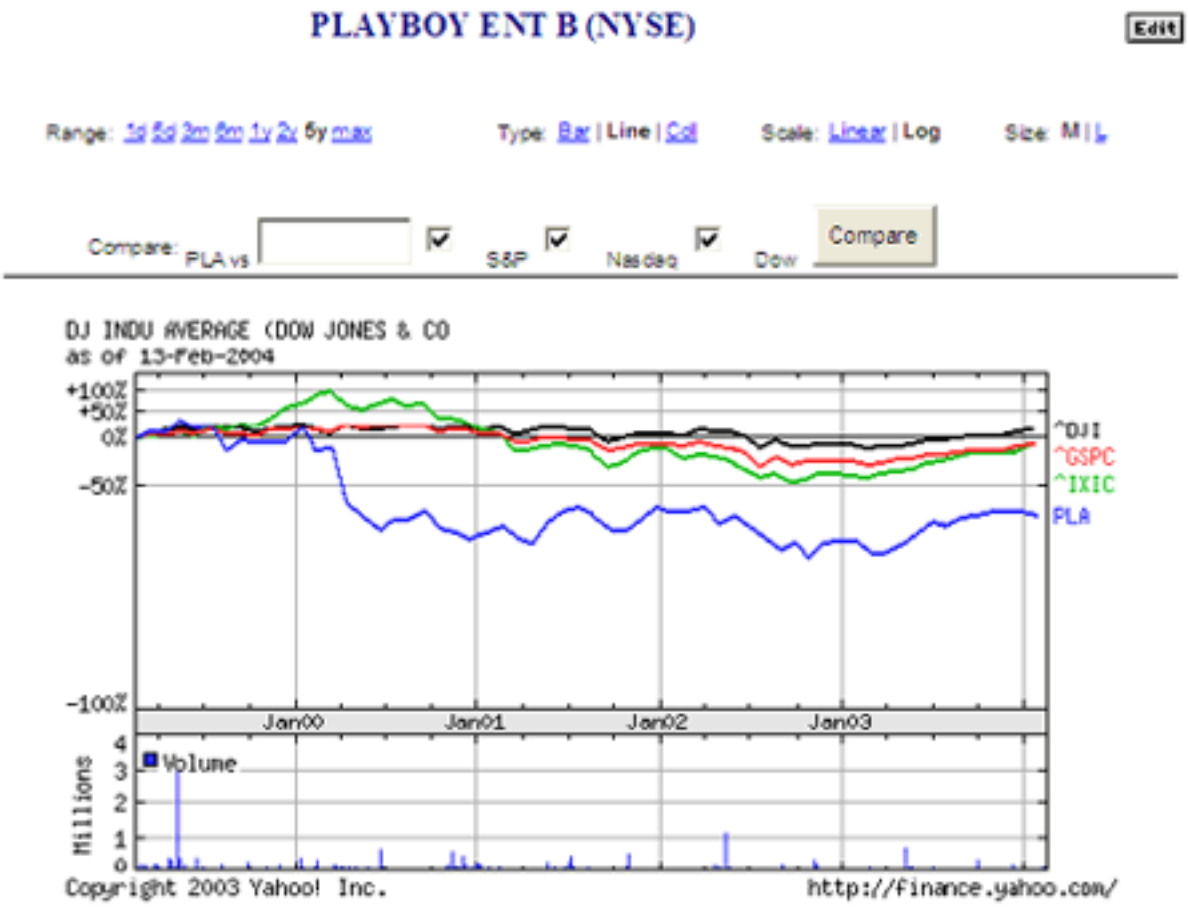
- **Manchester United** (MCHUF.PK), and
- **ABX Air** (AXBA.OB)

Reviewing the long term stock chart (see next page) of Playboy Enterprises tells the whole story. This Company once sold for more than $ 72 / share (April 23, 1999) giving it a Market Value of just under $ 2 billion. The availability of X-rated content online and generally at cost effective prices---including free, the demise to Playboy's Revenue and Earnings stream was predictable.

Revenues peaked at $308 million in 2000. **Losses** for the three years from 2000 through 2002 totaled a stunning **$99 million**. In early 2003, the stock hit single digits for a while. Two restructurings and one major refinancing later---this company is BACK-ON-TRACK. Perhaps the most important Earnings-Metric our research staff discovered was buried deep in a filing with the SEC: Playboy's Revenues from MEDIA (TV and online) of $23.9 million in the last quarter were greater than quarterly revenues of $23 million from Playboy Magazine. It is now factually correct to state that Playboy Magazine is no longer the single largest revenue source for the Company.

Even more importantly for Individual Investors, Playboy earned $6.7 million from MEDIA in the last quarter versus $1.0 million from Playboy Magazine---almost seven times greater. Favorable earnings comparisons and superb news developments over the 3 months augur well to drive some attention to this company---certainly the institutional investors since the Company has been around forever.

While we do not see the stock returning to a $ 2 billion market cap, we can easily project a $ 1 billion valuation---the name alone is a billion dollar franchise---which with 27.4 million shares outstanding yields a $ 36 / share TARGET PRICE. That's correct, Subscribers---Current stock price: $ 15.23; Target Exit Price: Anything > $30 / share. Time frame--- less than 6 months...! Graphs follow:



Manchester United, one of the most famous soccer teams in the world, was listed on the London Stock Exchange in 1991. It is listed in the Pink Sheets in the USA. At £ 2.70 per share, Manchester United is valued at £ 700 million.

Revenue have been increasing at 15% per annum while Earnings are advancing at 25% - 30% per annum. The Company even pays a shareholder-friendly dividend. Although only a 1% yield based on stock price, the Company generally pays out one-third of annual profit as a dividend to shareholders.

The Company's financial year ends in July---and our research staff believes that takeover candidates are likely to emerge once it becomes more widely-known that the Company's operating results for this fiscal year (July 2004) will exceed expectations. The two most likely prospective buyers---**Roman Abramovich**, the Russian oil tycoon, and **John De Moi**, a Dutch TV entrepreneur.

Takeover Price: £ 1 billion---or £ 4 / share. Timeframe---by June 30, 2004

Reason Earnings are exceeding expectations: Greater Revenues from Media and Exceptional Earnings from Merchandising Sales (which the Company smartly outsourced to NIKE)...earning a licensing fee without having to physically manage retail outlets.

Investors will notice that the price quoted in the Pink Sheets is $5.35 / share. There is a 10% purchase premium in the USA due to exchange rate differentials. There are numerous British-based online brokers that can accommodate Individual Investors interested in an account denominated in British Pounds versus US dollars. (email us if you wish links to British online brokers.)

Final recommendation this week in Street Beat is **ABX Air** (OTC BB: AXBA). Consistent with our philosophy of being responsive to change to produce above average investment returns, ABX Air is a Bulletin Board stock that MUST be in every Individual Investors portfolio...we've added 2,000 shares of ABX (about $11,000) into our Model Portfolio. Here's the story ~

It comes as no secret that UPS and FedEx dominate the express mail delivery market in this country with 79% of the market. There is a third delivery Company called DHL—which according to a Thai-banker we know originally stood for the initials of the three guys who founded the Company in Hong Kong in the 1970's.

DHL is now owned by **Deutsche Post**, the privatized German postal agency. Deutsche Post is also listed in the Pink Sheets under the symbol DEPOF.PK.

Last August, DHL acquired Airborne Express, with a 19% share of the USA express delivery market for $ 1 billion, however, under US law, DHL could not own Airborne's fleet of aircraft...! Hence, all of Airborne aircraft were transferred to a new corporate entity called ABX Air.

ABX Air has seven year contracts with DHL to service DHL's USA-based business. These contracts also provide complete reimbursement of fuel expenses---uniquely eliminating this risk for an aircraft operator. Our research staff sees Earnings Per Share of $0.75 this year and $1.25 in 2005.

At a multiple of 15 times Earnings---an un-aggressive market multiple standard---this translates into an $ 11 / share stock THIS YEAR.

In conclusion, with this update---

BUYING Playboy Enterprises (PLA) at under $ 17 / share
BUYING Manchester United (MCHUF.PK) at less than £ 3 / share, and
BUYING ABX Air (OTC BB: AXBA) at under $ 7 / share
will look like gifts in a month's time.

Email us at editor@winningstockpicks.net

Subscribers' Supplement # 04 - 010

The Components of the Dow Jones Industrial Average

BEFORE 4/8 CHG company	symbol	stock price 4/8/04	shares outstg in millions	market value in millions	Consensus EPS est's 2003	2004	Dollar Amt of EPS 2003 in millions	2004 in millions	Percent Change
Total Market Value				**$3,183,734**			**$176,881**	**$193,394**	**9%**
GE	**GE**	31.41	10,040.0	**$315,356**	1.57	1.77	15,763	17,771	13%
ExxonMo	**XOM**	42.45	6,610.0	**$280,595**	2.58	2.39	17,054	15,798	-7%
Microsoft	**MSFT**	25.48	10,790.0	**$274,929**	1.20	1.28	12,948	13,811	7%
Citigroup	**C**	51.53	5,160.0	**$265,895**	3.91	4.34	20,176	22,394	11%
Wal*Mart	**WMT**	56.99	4,330.0	**$246,767**	2.37	2.71	10,262	11,734	14%
Intel	**INTC**	27.37	6,530.0	**$178,726**	1.20	1.43	7,836	9,338	19%
IBM	**IBM**	93.12	1,720.0	**$160,166**	4.93	5.50	8,480	9,460	12%
J & J	**JNJ**	50.87	2,970.0	**$151,084**	2.99	3.27	8,880	9,712	9%
P & G	**PG**	106.40	1,290.0	**$137,256**	4.60	5.08	5,934	6,553	10%
Coca-Cola	**KO**	51.24	2,450.0	**$125,538**	2.12	2.34	5,194	5,733	10%
Altria	**MO**	55.37	2,030.0	**$112,401**	4.85	5.25	9,846	10,658	8%
Merck	**MRK**	44.63	2,220.0	**$99,079**	3.13	3.37	6,949	7,481	8%
HP	**HPQ**	28.58	3,050.0	**$87,169**	1.44	1.63	4,392	4,972	13%
JPMChas	**JPM**	41.15	2,040.0	**$83,946**	3.23	3.56	6,589	7,262	10%
Home Dep	**HD**	36.20	2,280.0	**$82,536**	2.09	2.41	4,765	5,495	15%
SBC Com	**SBC**	24.46	3,310.0	**$80,963**	1.37	1.12	4,535	3,707	-18%
Amex	**AXP**	52.14	1,290.0	**$67,261**	2.64	2.98	3,406	3,844	13%
3 M	**MMM**	82.43	784.1	**$64,633**	3.61	4.04	2,831	3,168	12%
Disney	**DIS**	26.25	2,050.0	**$53,813**	0.98	1.10	2,009	2,255	12%
Utd Tech	**UTX**	89.80	515.4	**$46,283**	5.22	5.82	2,690	3,000	11%
duPont	**DD**	43.43	996.8	**$43,291**	2.30	2.66	2,293	2,651	16%
McD's	**MCD**	28.67	1,270.0	**$36,411**	1.65	1.79	2,096	2,273	8%
Boeing	**BA**	41.35	800.3	**$33,092**	1.85	2.07	1,481	1,657	12%
Honeywell	**HON**	34.66	862.1	**$29,880**	1.53	1.91	1,319	1,647	25%
Alcoa	**AA**	33.86	868.5	**$29,407**	1.99	2.62	1,728	2,275	32%
Caterpillar	**CAT**	81.98	347.2	**$28,463**	4.48	5.70	1,555	1,979	27%
Gen Mot	**GM**	46.52	560.8	**$26,088**	6.30	6.93	3,533	3,886	10%
Int'lPaper	**IP**	42.01	480.5	**$20,186**	1.46	2.94	702	1,413	101%
ATT	**T**	19.23	791.9	**$15,228**	1.28	0.98	1,014	776	-23%
EastKodk	**EK**	25.44	286.6	**$7,291**	2.18	2.41	625	691	11%

1415.02	**3,183,734**		176,881	193,394	9%
47.17		**Price/EPS multiple**	**20 times**	**18 times**	

Subscribers' Supplement # 04 - 011

The Components of the Dow Jones Industrial Average

New Components company	symbol	stock price 4/16/04	shares outst'g	market value in millions	Consensus EPS est's 2003	2004	Dollar Amt of EPS 2003 in millions	2004 in millions	Percent Change
Total Market Value				**$3,710,112**			**$208,904**	**$229,070**	**10%**
GE	**GE**	31.23	10,040.0	**$313,549**	$1.57	$1.77	$15,763	$17,771	13%
ExxonMo	**XOM**	43.86	6,610.0	**$289,915**	2.58	2.39	17,054	15,798	-7%
Pfizer	**PFE**	37.62	7,630.0	**$287,041**	2.10	2.38	16,023	18,159	13%
Microsoft	**MSFT**	25.16	10,790.0	**$271,476**	1.20	1.28	12,948	13,811	7%
Citigroup	**C**	50.10	5,160.0	**$258,516**	3.91	4.34	20,176	22,394	11%
Wal*Mart	**WMT**	58.44	4,330.0	**$253,045**	2.37	2.71	10,262	11,734	14%
AIG	**AIG**	75.18	2,610.0	**$196,220**	4.49	5.14	11,719	13,415	14%
Intel	**INTC**	26.45	6,530.0	**$172,719**	1.20	1.43	7,836	9,338	19%
J & J	**JNJ**	54.13	2,970.0	**$160,766**	2.99	3.27	8,880	9,712	9%
IBM	**IBM**	92.28	1,720.0	**$158,722**	4.93	5.50	8,480	9,460	12%
P & G	**PG**	105.97	1,290.0	**$136,701**	4.60	5.08	5,934	6,553	10%
Coca-Cola	**KO**	51.93	2,450.0	**$127,229**	2.12	2.34	5,194	5,733	10%
Altria	**MO**	55.90	2,030.0	**$113,477**	4.85	5.25	9,846	10,658	8%
Merck	**MRK**	47.08	2,220.0	**$104,518**	3.13	3.37	6,949	7,481	8%
Verizon	**VZ**	36.75	2,770.0	**$101,798**	2.39	2.52	6,620	6,980	5%
Home Dep	**HD**	36.20	2,280.0	**$82,536**	2.09	2.41	4,765	5,495	15%
JPMChas	**JPM**	39.26	2,040.0	**$80,090**	3.23	3.56	6,589	7,262	10%
SBC Com	**SBC**	24.17	3,310.0	**$80,003**	1.37	1.12	4,535	3,707	-18%
HP	**HPQ**	22.00	3,050.0	**$67,100**	1.44	1.63	4,392	4,972	15%
3 M	**MMM**	83.73	784.1	**$65,653**	3.61	4.04	2,831	3,168	12%
Amex	**AXP**	50.58	1,290.0	**$65,248**	2.64	2.98	3,406	3,844	13%
Disney	**DIS**	24.90	2,050.0	**$51,045**	0.98	1.10	2,009	2,255	12%
Utd Tech	**UTX**	88.72	515.4	**$45,726**	5.22	5.82	2,690	3,000	11%
duPont	**DD**	44.98	996.8	**$44,836**	2.30	2.66	2,293	2,651	16%
McD's	**MCD**	27.46	1,270.0	**$34,874**	1.65	1.79	2,096	2,273	8%
Boeing	**BA**	41.50	800.3	**$33,212**	1.85	2.07	1,481	1,657	12%
Honeywell	**HON**	35.06	862.1	**$30,225**	1.53	1.91	1,319	1,647	25%
Alcoa	**AA**	33.99	868.5	**$29,520**	1.99	2.62	1,728	2,275	32%
Caterpillar	**CAT**	81.97	347.2	**$28,460**	4.48	5.70	1,555	1,979	27%
Gen Mot	**GM**	46.17	560.8	**$25,892**	6.30	6.93	3,533	3,886	10%
Totals		1472.77		**3,710,112**			208,904	229,070	10%
Avg Price		49.09		**$3,710,112**	**Price/EPS multiple**		**18 times**	**16 times**	

Winning Stock Picks

Weekly Update

Subscriber Supplement # 04-008:

The Dow Jones' Stocks and the Most Widely-Held, Combined a total of 37 large cap, benchmark companies

NEW Company	Symbol	Recent Price 09-Apr	Shares Outstg (millions)	Market Value 09-Apr	Price at 12/31/03	Market Value (BILLIONS)	Percent Change (from Yr End)				
Total Market Value		all 37 companies >		$4,075.0		$4,005.4	1.7%	1.017386			
General Elec	GE	31.41	10,080.0	316.7	30.79	309.1	0.9%	1.009	31.06	10,040.0	$311.8
Microsoft	MSFT	25.48	10,790.0	274.9	27.37	295.3	-5.5%	0.945	25.85	10,790.0	278.9
ExxonMobil	XOM	42.45	6,560.0	278.5	40.75	269.4	2.8%	1.028	41.91	6,610.0	277.0
Pfizer	PFE	35.60	7,630.0	271.6	35.17	268.3	2.4%	1.024	36.00	7,630.0	274.7
Citigroup	C	51.53	5,160.0	265.9	48.25	249.0	7.3%	1.073	51.80	5,160.0	267.3
Wal*Mart	WMT	56.69	4,330.0	245.5	52.93	229.2	10.7%	1.107	58.60	4,330.0	253.7
AIG	AIG	76.27	2,610.0	199.1	66.28	173.0	12.1%	1.121	74.30	2,610.0	193.9
Intel	INTC	27.37	6,480.0	177.4	32.01	209.0	-12.1%	0.879	28.12	6,530.0	183.6
Cisco	CSCO	24.15	6,870.0	165.9	24.23	166.5	0.8%	1.008	24.43	6,870.0	167.8
IBM	IBM	93.12	1,700.0	158.3	92.53	159.2	1.8%	1.018	94.20	1,720.0	162.0
JohnsonJohsn	JNJ	50.87	2,970.0	151.1	51.43	152.7	0.8%	1.008	51.80	2,970.0	153.8
ProcterGamble	PG	106.40	1,290.0	137.3	99.42	128.3	6.7%	1.067	106.11	1,290.0	136.9
Coca-Cola	KO	51.24	2,450.0	125.5	50.50	123.7	0.9%	1.009	50.93	2,450.0	124.8
Altria	MO	55.37	2,050.0	113.5	53.79	109.2	2.0%	1.020	54.87	2,030.0	111.4
Verizon	VZ	37.51	2,770.0	103.9	34.71	96.1	7.3%	1.073	37.24	2,770.0	103.2
Merck	MRK	44.63	2,220.0	99.1	45.84	101.8	-1.7%	0.983	45.06	2,220.0	100.0
JPMorganChs	JPM	41.15	2,060.0	84.8	36.39	74.2	14.2%	1.142	41.53	2,040.0	84.7
HomeDepot	HD	36.20	2,280.0	82.5	35.42	80.8	3.5%	1.035	36.68	2,280.0	83.6
SBC	SBC	24.46	3,310.0	81.0	25.77	85.3	-3.5%	0.965	24.87	3,310.0	82.3
TimeWarner	TWX	17.39	4,550.0	79.1	17.99	81.9	-4.3%	0.957	17.23	4,550.0	78.4

HewlettPack	HPQ	22.87	3,050.0	69.8	22.89	69.8	0.9%	1.00851	23.08	3,050.0	70.4
American Exp	AXP	52.14	1,290.0	67.3	48.23	62.2	8.7%	1.087375	52.43	1,290.0	67.6
Comcast	CMCSA	29.24	2,250.0	65.8	32.79	73.8	-11.3%	0.88689	29.09	2,250.0	65.5
3 M	MMM	82.43	783.6	66.2	84.65	66.4	-3.4%	0.965718	81.78	784.1	64.1
Disney	DIS	26.25	2,050.0	53.8	23.33	47.8	11.3%	1.112918	25.95	2,050.0	53.2
Utd Tech	UTX	89.80	515.4	46.3	94.42	48.7	-7.1%	0.928567	87.74	515.4	45.2
DuPont	DD	43.43	997.8	43.3	45.53	45.4	-4.3%	0.959694	43.71	996.8	43.6
ATT Wireless	AWE	13.69	2,720.0	37.2	7.99	21.7	70.7%	1.707207	13.62	2,720.0	37.0
McDonalds	MCD	28.67	1,260.0	36.2	24.83	31.5	16.7%	1.166787	28.94	1,270.0	36.8
Boeing	BA	41.35	801.2	33.1	41.98	33.6	-0.3%	0.996564	41.84	800.3	33.5
Alcoa	AA	33.86	869.4	29.4	37.83	32.9	-5.2%	0.947695	35.90	868.5	31.2
Honeywell	HON	34.66	858.8	29.8	33.26	28.7	2.9%	1.028512	34.24	862.1	29.5
Caterpillar	CAT	81.98	343.8	28.2	82.65	28.7	-1.8%	0.982322	81.20	347.2	28.2
General Motors	GM	46.25	562.0	26.0	52.86	29.6	-11.7%	0.883	46.60	560.8	26.1
Lucent	LU	4.45	4,260.0	19.0	2.84	12.1	54.2%	1.54205	4.38	4,260.0	18.7
Avaya	AV	16.92	424.6	7.2	12.94	5.5	30.8%	1.308	16.94	424.6	7.2
Agere	AGRB	2.92	1,710.0	5.0	2.90	5.0	11.2%	1.112	3.25	1,710.0	5.6
				$4,075.0		$4,005.4	1.8%				$4,093.4

Winning Stock Picks

Weekly Update

Subscriber Supplement # 04-009:

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(Listed by Market Value Rank)

Company	Symbol	Market Cap					RANK			Stock Price			Mkt Value		
							this Wk	last Wk	EPS est	09-Apr	at 12x EPS (e)	Pct Chg	At 12 x Earnings		
	31-Dec	12-Mar	26-Mar	02-Apr	09-Apr										
Total Market Value															
all 20 Companies >	$2,871.7	$2,863.6	$2,835.8	$2,912.1	$2,885.6					$1,802.6		-38%		-37.80%	
GE	GE	307.2	302.2	311.8	316.7	1	1	1.58	31.41	18.96		-40%	189.6	0.603629	10.000
ExxonMobil	XOM	277.8	269.3	277.0	278.5	2	3	2.56	42.45	30.72		-28%	202.8	0.723675	6.600
Microsoft	MSFT	273.9	270.1	278.9	274.9	3	2	1.21	25.48	14.52		-43%	156.7	0.569859	10.790
Pfizer	PFE	269.1	261.5	274.7	271.6	4	4	2.10	35.60	25.20		-29%	191.5	0.707865	7.600
Citigroup	C	254.4	258.3	267.3	265.9	5	6	3.91	51.53	46.92		-9%	242.1	0.910538	5.160
													0.0	#DIV/0!	
WalMart	WMT	253.2	257.3	253.7	245.5	6	5	2.37	56.69	28.44		-50%	123.1	0.501676	4.330
Intel	INTC	180.8	178.8	183.6	177.4	7	7	1.22	27.37	14.64		-47%	95.6	0.534892	6.530
Cisco	CSCO	159.0	160.8	167.8	165.9	8	9	0.72	24.15	8.64		-64%	59.4	0.357764	6.870
IBM	IBM	160.5	159.6	162.0	158.3	9	8	4.93	93.12	59.16		-36%	101.8	0.635309	1.720
Johnson&Johnson	JNJ	150.6	148.9	153.8	151.1	10	10	2.95	50.87	35.40		-30%	105.1	0.695891	2.970
													0.0	#DIV/0!	

Verizon	VZ	105.0	99.8	103.2	103.9	11	12	2.39	37.51	28.68	-23%	79.4	0.764596	2.770
Merck	MRK	100.2	97.7	100.0	99.1	12	11	3.13	44.63	37.56	-16%	83.4	0.841586	2.220
Home Depot	HD	82.3	84.2	83.6	82.5	13	13	2.09	36.20	25.08	-31%	57.2	0.692818	2.280
SBC	SBC	80.6	79.2	82.3	81.0	14	14	1.37	24.46	16.44	-33%	54.4	0.672118	3.310
TimeWarner	TWX	76.4	76.6	78.4	79.1	15	15	0.56	17.39	6.72	-61%	30.6	0.386429	4.550
												0.0	#DIV/0!	
Comcast	CMCSA	66.4	65.8	65.5	65.8	16	16	0.60	29.24	7.20	-75%	16.2	0.246238	2.250
ATT Wireless	AWE	36.8	36.6	37.0	37.2	17	17	0.17	13.69	2.04	-85%	5.5	0.149014	2.720
Lucent	LU	16.7	16.9	18.7	19.0	18	18	0.10	4.45	1.20	-73%	5.1	0.269663	4.260
Avaya	AV	6.9	6.6	7.2	7.2	19	19	0.40	16.92	4.80	-72%	2.0	0.283688	0.425
Agere B	AGRb	5.8	5.6	5.6	5.0	20	20	0.05	2.92	0.60	-79%	1.0	0.205479	1.710

Indexes ~		$2,863.6	$2,835.8	$2,912.1	$2,885.6		Wk's
at Mkt Close	31-Dec	Dec-Feb Chg	26-Mar	02-Apr	09-Apr	% Chg YTD	Chg
Dow Jones	10454	1.2%	10213	10471	10442	-0.1%	-0.3%
S&P 500	1112	3.0%	1108	1142	1139	2.4%	-0.3%
NASDAQ	2003	1.0%	1960	2057	2053	2.5%	-0.2%
Wilshire5000	10800	1.3%	10840	11202	11166	3.4%	-0.3%
W-Microcap	481	9.1%	509	534	542	12.7%	1.5%
W-SmCap	274	5.1%	282	297	296	8.0%	-0.3%

note: a more detailed table on the Most Widely Held now available to NEW Subscribers

Winning Stock Picks
Weekly Update

www.winningstockpicks.net

April 1st, 2004 edition

Prepared by WSP Research Staff

Companies Mentioned In This Edition
(in order of appearance in this week's update)

Axeda (XEDA)	**BSquare (BSQR)**	**DynaBazaar (FAIM)**	**GE**
Wal*Mart	**Procter & Gamble**	**Microsoft**	**Intel**
Coca-Cola	**ExxonMobil**	**Cisco**	**Altria**
Pfizer	**IBM**	**Merck**	**Citigroup**
J & J	**Verizon**	**American Express**	

Market "Rap" There have been 12 full trading weeks so far in 2004. During this time period, the most widely-followed market averages are all down year-to-date. The first six weeks truly set a Bull-market pace---trading volume of 116.3 Billion shares (on all exchanges) was a roaring 32% ahead of the comparable six-week period for 2003, the Dow advanced 16.6% (to 10628) and NASDAQ was up 2.6% (to 2054).

Warning --- the paragraphs following are hazardous to Stock Market ignorance.

The past six weeks, however, have been a very different story. Trading volume is ahead of the year earlier period by only 23% (less than 100 Billion shares), the major averages are down, and the general consensus is that earnings growth in 2004's second half will be much less robust than the corporate earnings growth reported in this year's first quarter.

Stock market values on a micro-basis---valuing individual companies in the stock market---involves fundamental investment research and tells us that a company's stock price ultimately reflects investors' earnings expectations of that company and at some point, the market's acceptance that the company's management "gets it".

The level of the major stock market Indexes---like the Dow Jones Average and the NASDAQ Composite---are also valuations, but macro-valuations, a collective assessment by all investors about expectations and confidence. While trade deficits (now running at $500 Billion) and budget deficits ($516 Billion), therefore, are not new, up until last month, the reelection of President Bush was a foregone conclusion.

Despite the sheer magnitude of these twin-deficits, the continuity of the same Presidential Administration to successfully deal with them through 2008 was sufficient to bolster investor confidence. This has now dramatically changed.

The major indexes are all below year-end 2003 levels. However, these major indexes reflect only the companies with the largest market values. A more valuable index to indicate underlying market trends is the Wilshire Micro-cap

Index.

This index is comprised of the smallest companies in the stock market. Average market value: **$171 million** (versus an average market value of **$98 Billion** for companies in the Dow Jones Average or the Most Widely-Held). The Wilshire Micro-cap Index is actually up 5.8% year-to-date.

Investor enthusiasm for smaller cap companies not only reflects the fact that macro-events have a lesser impact on the operating environments of smaller companies but also that smaller companies more easily lend themselves to more detailed research as to market share penetration in a commercial segment of the economy, earnings analysis and outlook.

It is unlikely this dichotomy in capital appreciation between Large Cap and Micro-cap companies will change this year.

It may be the Year of the Monkey in China but it is the Year of the Micro-cap Stock in the USA.

As institutional investment interest in large cap companies continues, investor enthusiasm for smaller cap companies is likely to accelerate as the year progresses. We have scoured the micro-cap sector to identify three small cap companies which have the potential to return above average appreciation for the Individual Investor.

	Axeda	**Dynabazaar**	**BSquare**
symbol	(XEDA)	(FAIM)	(BSQR)
Recent Price	$0.92	$0.37	$0.96
52-week Hi-Lo	$2.13-$0.30	$2.00-$0.30	$2.34-$0.68
Shares Outstg	32.3 million	27.1 million	37.5 million
Market Value	$29.7 million	$10.0 million	$36.0 million
Sales (trailing 12 mths)	$13.2 million	$6.9 million	$37.6 million
Mkt Value/Sales	2.3 times	1.4 times	1.0 times
Cash	$11.4 million	$41.5 million	$16.7 million
...per share	$0.35	$1.53	$0.45

Axeda is the leading provider of “device relationship management” (DRM) enterprise software for businesses. Intelligent devices such as information storage, medical devices, building control units, industrial equipment and even copiers can be harnessed to improve a company’s competitive position. Its flagship product, Axeda Device Relationship Management System TM, is a proprietary software system that enables businesses to remotely monitor and manage intelligent devices.

Over the past six months, the Company has slashed its global offices in half, reduced personnel by 45% and exited all but the most profitable business lines. Given the absence of an analyst following in the investment community, it is conceivable few individual investors will recognize that 2004 looks like a break-even year for XEDA (following two years of huge losses)---and with $11 million in the bank, this small cap stock has the potential to return above average gains to the astute investor.

By way of stock market history, Axeda once sported a market value of $1.5 Billion in January 2000...! Admittedly,

this all-time high ($47.50 / share) may be more a reflection of the Stock Market Bubble at that time---nevertheless, on the basis that Axeda's proprietary technology works, a $100 million take-over by a larger company implies an Exit Strategy of $3 / share.

Bsquare is a leading provider of software for both wireless and wire-line devices that use Microsoft embedded systems. These systems include those controlling hand-held data collection, digital entertainment and mobile communications---in other words---about everything that is commercially relevant today. Over the year, BSQR has, intelligently, we believe, reduced its reliance upon Microsoft. Sales in 2003 were flat with 2002.

Making 2003's results even more impressive than the raw numbers suggest is that the Company forewent over $8 million in sales last year to Microsoft (to obtain better prices for its technology elsewhere). With no debt on its balance sheet, over $16 million of cash in the bank, and quarterly sales that are now on a level with those of 2001, this Company has a good chance of setting a new 52 week high this year.

The research staff has a near term target price on BSQR of $3 / share. By way of its stock market history, BSQR's all-time high is November 1999---$56.50 / share---or a market value of $2 Billion. We are aware of very few companies that would exhibit the management discipline of walking away from a Microsoft sale---and re-channeling its products to more profitable customers.

We are uncertain if Microsoft will enter the bidding to buy BSQR once a tender offer emerges from another large cap company---but we are certain that BSQR will not be a $1 stock for very much longer.

Dynabazaar operated an online line auction business which was sold to eBay last November. Formerly known as FairMarket Inc), the company basically has over $40 million in cash, presumably to make acquisitions. For all practical purposes, FAIM is a "shell". While it is impossible to forecast a target stock price under these circumstances, with cash in the bank equal to more than $1.50 per share---where is the downside...?

AXEDA SYSTEMS (NasdaqNM)

Edit

Range: 1d 5d 3m 6m 1y 2y 5y Type: Bar | Line | Col Scale: Linear | Log Size: M | L

Compare: XEDA vs S&P Nasdaq Dow Compare

Buying a stock based on its stock price, rather than knowing the company's market value is like buying a car based on the monthly payment, rather than the vehicle's total cost. The only difference is that with a stock, you don't own the whole company. Nevertheless, a company's market value indicates where it stands in relation to the economy and other investment alternatives.

There are only 15 companies in the USA with a $100 Billion market value ~

General Electric ($302 Bln)	**Wal*Mart** ($257 B)	**Procter & Gamble** ($134 B)
Microsoft ($270 B)	**Intel** ($179 B)	**Coca-Cola** ($120 B)
ExxonMobil ($269 B)	**Cisco** ($161 B)	**Altria** ($108 B)
Pfizer ($262 B)	**IBM** ($160 B)	**Merck** ($98 B)
Citigroup ($258 B)	**J & J** ($149 B)	**Verizon** ($97 B)

Actually, Merck and Verizon are just under $100 Billion, however, for purposes of this analysis, we've included them here.

The stock prices of companies this large are not merely a function of earnings but also macro-economics, globalization and the predictability of Federal Government policies. To place this into perspective, even a development that would improve the value of the smallest of these companies translates into a gain of $10 Billion in

value...! We just don't see any gains of this magnitude coming along in the next few months.

This explains our investment conclusion that money invested in Large Caps is Dead Money for the rest of the year.

Maintain a focus on the small caps---unless there is a good reason to think otherwise. One "otherwise" worthy of consideration is **American Express** (AXP). A critical element in the macro-economic landscape is jobs creation, or more importantly, the absence of jobs creation. The employment statistics seem to be inconsistent with the growth reported in our national economy. In February, for example, there were only 21,000 jobs created in the economy, all in the Government sector.

There is an explanation for this apparently inconsistent phenomenon---use it to your financial advantage. Businesses that employ fewer than two people and businesses that mostly employ independent contractors are NOT included in the Government's employment statistics. The statistical methods of gathering these numbers dates back to the 1960's---an era when software meant a cashmere sweater, down-sizing was a way to lose weight and outsourcing might have referred to a shopping trip.

In other words, the employment data being disseminated is based on information as relevant to today as the rotary dial telephone or the person-to-person operated-assisted phone call. Among the 39 large cap companies listed in the attached Supplements for Subscribers, there is only one that appears to be aiming its services at the small company sector---American Express.

More on this company next week. Meanwhile, email your comments or questions to editor@winningstockpicks.net

Winning Stock Picks

Weekly Update

Subscriber Supplement # 04-007:

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

Company	Symbol	Market Cap				RANK			
						this	last	2-wks	3-wks
	31-Dec	05-Mar	12-Mar	26-Mar	02-Apr	week	week	ago	ago
Total Market Value									
all 20 Companies >	$2,871.7	$2,957.7	$2,863.6	$2,835.8	$2,912.1				
GE	GE	329.0	307.2	302.2	311.8	1	1	1	1
Microsoft	MSFT	284.3	273.9	270.1	278.9	2	2	2	2
ExxonMobil	XOM	280.9	277.8	269.3	277.0	3	3	4	4
Pfizer	PFE	284.0	269.1	261.5	274.7	4	4	3	3
Citigroup	C	258.0	254.4	258.3	267.3	5	6	6	5
WalMart	WMT	260.8	253.2	257.3	253.7	6	5	5	6
Intel	INTC	189.0	180.8	178.8	183.6	7	7	7	7
Cisco	CSCO	157.0	159.0	160.8	167.8	8	9	9	9
IBM	IBM	165.9	160.5	159.6	162.0	9	8	8	8
Johnson&Johnson	JNJ	157.8	150.6	148.9	153.8	10	10	10	10
Verizon	VZ	108.0	105.0	99.8	103.2	11	12	12	12
Merck	MRK	106.8	100.2	97.7	100.0	12	11	11	11
Home Depot	HD	85.4	82.3	84.2	83.6	13	13	13	14
SBC	SBC	82.8	80.6	79.2	82.3	14	14	15	13
TimeWarner	TWX	78.0	76.4	76.6	78.4	15	15	14	15
Comcast	CMCSA	69.0	66.4	65.8	65.5	16	16	16	16
ATT Wireless	AWE	31.0	36.8	36.6	37.0	17	17	17	17

Lucent	LU	17.0	16.7	16.9	18.7	18	18	18	18
Avaya	AV	7.0	6.9	6.6	7.2	19	19	19	19
Agere B	AGRb	6.0	5.8	5.6	5.6	20	20	20	20
Indexes ~		$2,957.7	$2,863.6	$2,835.8	$2,912.1				

at Mkt Close	31-Dec	Dec-Feb Chg	26-Mar	02-Apr	% Chg YTD
Dow Jones	10454	1.2%	10213	10471	0.2%
S&P 500	1112	3.0%	1108	1142	2.7%
NASDAQ	2003	1.0%	1960	2057	2.7%
Wilshire5000	10800	1.3%	10840	11202	3.7%
W-Microcap	481	9.1%	509	534	11.0%
W-SmCap	274	5.1%	282	297	8.4%

note: a more detailed table on the Most Widely Held now available to NEW Subscribers

Winning Stock Picks

Weekly Update

Subscriber Supplement # 04-005:

Current Voice over Internet Phone Industry Participants

Excludes Private Companies like Vonage or Divisions of Larger Companies

that offer VoIP solutions such as Calblevision and Time Warner

	deltathree (DDDC)	8 x 8 (EGHT)	iBasis (IBAS.OB)	ITXC Corp (ITXC)	Net2Phone (NTOP)
Stk Price	$2.42	$3.52	$1.48	$3.17	$5.14
52 Wk Low	0.52	0.21	0.36	1.21	2.99
52 Wk High	4.60	8.06	2.01	5.90	8.39
Shs O/S	29.4	37.8 mm	45.1 mm	43.3 mm	75.6 mm
Mkt Value	$71.4 mm	$133.1 mm	66.7 mm	$137.3 mm	$388.6 mm
Trailing 12 Mths					
Sales	13.2 mm	$10.2 mm	178.2 mm	13.2 mm	85.0 mm
Net Inc	(8.4 mm)	($5.2 mm)	(10.9 mm)	(8.4 mm)	(24.5) mm
HeadCount	69	54	210	228	241
SELECTED BALANCE SHEET DATA					
Cash	$18.5 mm	$13.2 mm	$17.3 mm	$18.5 mm	$112.9 mm
per share	0.63	0.35	0.38	0.63	1.49
LTD	0	0	67.9 mm	0	17.0 mm
Shareholders' Equity	20.5 mm	11.8 mm	(42.1 mm)	84.8 mm	142.8 mm
Book Value / Share	$0.70	$0.31	-$0.93	$1.96	$1.89
Accumulated Deficit	(146.3 mm)	(150.2 mm)	(412.2 mm)	(365.7 mm)	(765.7 mm)

OTHER RELEVANT INVESTMENT DATA

Market Value div'd by Sales	5.4 x	13.3 x	0.4 x	10.4 x	4.6 x
# of analysts covering the stock	1	0	0	1	7
Fiscal Year ends	DEC	MAR	DEC	DEC	JULY
Forecast Earnings	loss	loss	loss	$0.10	loss
# of institutions	9	10	10	10	10
own	15%	8%	3%	30%	59%
Largest Institutional Investor	Nat'l City Corp	STMicro-electronics NYSE company symbol: STM	Calpers (CA Pension Fund)	Royce Assoc	Liberty Media
Sales / Employee	$191 K	$189 K	$849 K	$58 K	$354 K
Mkt Value / Empl'yee	$1.0 mm	$2.5 mm	$319 K	$601 K	$1.6 mm
Corporate HQ	New York City NY	Santa Clara, CA	Burlington MA	Princeton NJ	Newark NJ

Winning Stock Picks

Weekly Update

Subscriber Supplement # 04-006:

The Dow Jones' Stocks and the Most Widely-Held, Combined a total of 37 large cap, benchmark companies

NEW Company	Symbol	Recent Price 02-Apr	Shares Outstg (millions)	Market Value (BILLIONS)	Price at 12/31/03	Market Value (BILLIONS)	Percent Change (from Yr End)
Total Market Value		all 37 companies >		$4,093.4		$4,005.4	2.2%
General Elec	GE	31.06	10,040.0	$311.8	30.79	309.1	0.9%
Microsoft	MSFT	25.85	10,790.0	278.9	27.37	295.3	-5.5%
ExxonMobil	XOM	41.91	6,610.0	277.0	40.75	269.4	2.8%
Pfizer	PFE	36.00	7,630.0	274.7	35.17	268.3	2.4%
Citigroup	C	51.80	5,160.0	267.3	48.25	249.0	7.3%
Wal*Mart	WMT	58.60	4,330.0	253.7	52.93	229.2	10.7%
AIG	AIG	74.30	2,610.0	193.9	66.28	173.0	12.1%
Intel	INTC	28.12	6,530.0	183.6	32.01	209.0	-12.1%
Cisco	CSCO	24.43	6,870.0	167.8	24.23	166.5	0.8%
IBM	IBM	94.20	1,720.0	162.0	92.53	159.2	1.8%
JohnsonJohsn	JNJ	51.80	2,970.0	153.8	51.43	152.7	0.8%
ProcterGamble	PG	106.11	1,290.0	136.9	99.42	128.3	6.7%
Coca-Cola	KO	50.93	2,450.0	124.8	50.50	123.7	0.9%
Altria	MO	54.87	2,030.0	111.4	53.79	109.2	2.0%
Verizon	VZ	37.24	2,770.0	103.2	34.71	96.1	7.3%
Merck	MRK	45.06	2,220.0	100.0	45.84	101.8	-1.7%
JPMorganChs	JPM	41.53	2,040.0	84.7	36.39	74.2	14.2%
HomeDepot	HD	36.68	2,280.0	83.6	35.42	80.8	3.5%
SBC	SBC	24.87	3,310.0	82.3	25.77	85.3	-3.5%
TimeWarner	TWX	17.23	4,550.0	78.4	17.99	81.9	-4.3%

HewlettPack	HPQ	23.08	3,050.0	70.4	22.89	69.8	0.9%
American Exp	AXP	52.43	1,290.0	67.6	48.23	62.2	8.7%
Comcast	CMCSA	29.09	2,250.0	65.5	32.79	73.8	-11.3%
3 M	MMM	81.78	784.1	64.1	84.65	66.4	-3.4%
Disney	DIS	25.95	2,050.0	53.2	23.33	47.8	11.3%
Utd Tech	UTX	87.74	515.4	45.2	94.42	48.7	-7.1%
DuPont	DD	43.71	996.8	43.6	45.53	45.4	-43.0%
ATT Wireless	AWE	13.62	2,720.0	37.0	7.99	21.7	70.7%
McDonalds	MCD	28.94	1,270.0	36.8	24.83	31.5	16.7%
Boeing	BA	41.84	800.3	33.5	41.98	33.6	-0.3%
Alcoa	AA	35.90	868.5	31.2	37.83	32.9	-5.2%
Honeywell	HON	34.24	862.1	29.5	33.26	28.7	2.9%
Caterpillar	CAT	81.20	347.2	28.2	82.65	28.7	-1.8%
General Motors	GM	46.60	560.8	26.1	52.86	29.6	-11.7%
Lucent	LU	4.38	4,260.0	18.7	2.84	12.1	54.2%
Avaya	AV	16.94	424.6	7.2	12.94	5.5	30.8%
Agere	AGRB	3.25	1,710.0	5.6	2.90	5.0	11.2%
							2.2%
				$4,093.4		**$4,005.4**	

Winning Stock Picks
Weekly Update

Subscriber Supplement # 21-2004:

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published daily in the New York Times

(listed by Market Cap Rank)

Company	Symbol	Market Cap in billions				Rank			
		13-Feb	20-Feb	27-Feb	5-Mar	this week	last week	2wks ago	3wks ago
GE	GE	328.5	322.0	326.5	**329.0**	1	1	1	1
Microsoft	MSFT	286.9	286.7	286.3	**284.3**	2	2	2	2
Pfizer	PFE	285.2	284.4	279.7	**284.0**	3	3	3	3
ExxonMobil	XOM	277.0	277.8	278.7	**280.9**	4	4	4	4
WalMart	WMT	243.9	257.3	257.9	**260.8**	5	6	5	6
Citigroup	C	255.4	252.3	259.3	**258.0**	6	5	6	5
Intel	INTC	196.8	195.9	190.7	**189.0**	7	7	7	7
IBM	IBM	171.5	167.4	166.0	**165.9**	8	8	8	8
Johnson & Johnson	JNJ	161.2	158.3	160.1	**157.8**	9	9	10	10
Cisco	CSCO	166.1	159.4	159.2	**157.0**	10	10	9	9
Verizon	VZ	104.0	102.7	105.9	**108.0**	11	12	12	12
Merck	MRK	108.5	107.2	106.7	**106.8**	12	11	11	11
Home Depot	HD	82.5	81.4	82.8	**85.4**	13	13	13	14
SBC	SBC	82.9	79.0	79.5	**82.8**	14	14	15	13
Time Warner	TWX	78.2	80.2	78.3	**78.0**	15	15	14	15
Comcast	CMCSA	67.3	67.9	67.4	**69.0**	16	16	16	16
ATT Wireless	AWE	27.3	31.6	31.3	**31.0**	17	17	17	17
Lucent	LU	18.4	17.1	17.9	**17.0**	18	18	18	18
Avaya	AV	7.4	7.4	7.3	**7.0**	19	19	19	19
Agere B	AGRb	6.6	6.6	6.6	**6.0**	20	20	20	20
		$2,955.6	**$2,942.6**	**$2,948.1**	**$2,957.7**				

Indexes, at mkt close	12/31/03	20-Feb	27-Feb	5-Mar	% Chg YTD	Last Week ONLY
Dow Jones Avg	10454	10619	10584	**10596**	**1.4%**	**0.1%**
S&P 500	1112	1144	1145	**1157**	**4.0%**	**1.0%**
NASDAQ Comp	2003	2038	2030	**2048**	**2.2%**	**0.9%**
Wilshire 5000	10800	11144	11173	**11314**	**4.8%**	**1.3%**
WilshMicroCap	481		525	**535**	**11.2%**	**1.9%**
WilshSmCap	274		288	**295**	**7.7%**	**2.4%**

NOTE: a more detailed table on the Most Widely Held now available to NEW Subscribers

Winning Stock Picks

Weekly Update

Subscriber Supplement # 20-2004:

The Components of the Dow Jones Industrial Average

Company	symbol	stock price 5-Mar	shares outstg in millions	market value	Consensus EPS est's 2003	Consensus EPS est's 2004	Dollar Amt of EPS 2003 in millions	Dollar Amt of EPS 2004 in millions	Percent Chg 5-Mar in $ Amt/Net	Percent Chg 5-Feb in $ Amt/Net
GE	**GE**	32.77	10,040.0	**$329,011**	1.56	1.57	15,662	15,763	1%	2%
Microsoft	**MSFT**	26.35	10,790.0	**$284,317**	1.14	1.21	12,301	13,056	6%	13%
ExxonMo	**XOM**	42.49	6,610.0	**$280,859**	2.56	2.36	16,922	15,600	-8%	-12%
Citigroup	**C**	50.00	5,160.0	**$258,000**	3.42	3.85	17,647	19,866	13%	12%
Wal*Mart	**WMT**	60.24	4,330.0	**$260,839**	2.03	2.37	8,790	10,262	17%	14%
Intel	**INTC**	28.95	6,530.0	**$189,044**	0.85	1.25	5,551	8,163	47%	59%
IBM	**IBM**	96.45	1,720.0	**$165,894**	4.34	4.93	7,465	8,480	14%	14%
J & J	**JNJ**	53.13	2,970.0	**$157,796**	2.65	2.95	7,871	8,762	11%	12%
P & G	**PG**	101.76	1,290.0	**$131,270**	4.39	4.85	5,663	6,257	10%	12%
Coca-Cola	**KO**	50.10	2,450.0	**$122,745**	1.95	2.11	4,778	5,170	8%	9%
Altria	**MO**	58.22	2,030.0	**$118,187**	4.62	4.85	9,379	9,846	5%	6%
Merck	**MRK**	48.10	2,220.0	**$106,782**	2.92	3.13	6,482	6,949	8%	7%
JPMChas	**JPM**	43.01	2,040.0	**$87,740**	3.24	3.19	6,610	6,508	-2%	1%
Home Dep	**HD**	37.45	2,280.0	**$85,386**	1.88	2.09	4,286	4,765	11%	9%
SBC Com	**SBC**	25.02	3,310.0	**$82,816**	1.55	1.36	5,131	4,502	-12%	7%
HP	**HPQ**	22.74	3,050.0	**$69,357**	1.23	1.48	3,752	4,514	20%	23%
Amex	**AXP**	52.77	1,290.0	**$68,073**	2.33	2.64	3,006	3,406	13%	14%
3 M	**MMM**	78.66	784.1	**$61,677**	3.09	3.53	2,423	2,768	14%	13%
Disney	**DIS**	26.48	2,050.0	**$54,284**	0.80	0.96	1,640	1,968	20%	36%
Utd Tech	**UTX**	89.90	515.4	**$46,334**	4.69	5.22	2,417	2,690	11%	11%
duPont	**DD**	44.64	996.8	**$44,497**	1.66	2.15	1,655	2,143	26%	31%
McD's	**MCD**	29.85	1,270.0	**$37,910**	1.43	1.60	1,816	2,032	12%	9%
Boeing	**BA**	42.72	800.3	**$34,189**	1.00	1.86	800	1,489	86%	93%
Alcoa	**AA**	37.17	868.5	**$32,282**	1.10	1.95	955	1,694	77%	54%
Honeywell	**HON**	34.96	862.1	**$32,044**	1.56	1.52	1,345	1,310	-3%	-3%
Gen Mot	**GM**	48.38	560.8	**$27,132**	5.62	6.26	3,152	3,511	11%	7%
Caterpillar	**CAT**	76.37	347.2	**$26,516**	3.13	4.44	1,087	1,542	41%	33%
Int'lPaper	**IP**	44.03	480.5	**$21,156**	0.80	1.45	384	697	81%	123%
ATT	**T**	19.94	791.9	**$15,790**	2.36	1.33	1,869	1,053	-44%	-31%
EastKodk	**EK**	27.79	286.6	**$7,965**	2.32	2.32	665	665	0%	1%
		1430.44		**$3,239,892**			161,501	175,425	9%	10%
Avg Dow-30 Price		**47.68**			**Dow Mkt Value divided by Net Inc**		**21 times**	**19 times**		

Winning Stock Picks

Weekly Update

Market Value of the Dow Component Companies

		As Of March 5, 2004				As Of December 1, 1999			
Company	symbol	stock price 5-Mar-04	shares outstg	market value	RANK	stock price 1-Dec-99	market value	RANK	% Chg in Mkt Value 12/1/99 to 5-Mar
GE	**GE**	32.77	10,040.0	**$329,011**	1	40.59	407,524	2	-19%
Microsoft	**MSFT**	26.35	10,790.0	**$284,317**	2	46.19	498,390	1	-43%
ExxonMo	**XOM**	42.49	6,610.0	**$280,859**	3	36.09	238,555	5	18%
Citigroup	**C**	50.00	5,160.0	**$258,000**	4	35.17	181,477	6	42%
Wal*Mart	**WMT**	60.24	4,330.0	**$260,839**	5	57.24	247,849	3	5%
Intel	**INTC**	28.95	6,530.0	**$189,044**	6	37.66	245,920	4	-23%
IBM	**IBM**	96.45	1,720.0	**$165,894**	7	100.76	173,307	7	-4%
J & J	**JNJ**	53.13	2,970.0	**$157,796**	8	47.12	139,946	12	13%
P & G	**PG**	101.76	1,290.0	**$131,270**	9	102.57	132,315	13	-1%
Coca-Cola	**KO**	50.10	2,450.0	**$122,745**	10	64.17	157,217	9	-22%
Altria	**MO**	58.22	2,030.0	**$118,187**	11	21.12	42,874	22	76%
Merck	**MRK**	48.10	2,220.0	**$106,782**	12	65.14	144,611	11	-26%
JPMChas	**JPM**	43.01	2,040.0	**$87,740**	13	49.42	100,817	15	-13%
Home Dep	**HD**	37.45	2,280.0	**$85,386**	14	53.03	120,908	14	-29%
SBC Com	**SBC**	25.02	3,310.0	**$82,816**	15	45.01	148,983	10	-44%
HP	**HPQ**	22.74	3,050.0	**$69,357**	16	25.42	77,531	16	-11%
Amex	**AXP**	52.77	1,290.0	**$68,073**	17	48.79	62,939	17	8%
3 M	**MMM**	78.66	784.1	**$61,677**	18	39.76	31,176	24	98%
Disney	**DIS**	26.48	2,050.0	**$54,284**	19	26.92	55,186	19	-2%
Utd Tech	**UTX**	89.90	515.4	**$46,334**	20	54.44	28,058	26	65%
duPont	**DD**	44.64	996.8	**$44,497**	21	52.36	52,192	20	-15%
Boeing	**BA**	42.72	800.3	**$34,189**	22	38.75	31,012	25	10%
McD's	**MCD**	29.85	1,270.0	**$37,910**	23	43.97	55,842	18	-32%
Alcoa	**AA**	37.17	868.5	**$32,282**	24	30.54	26,524	27	21%
Honeywell	**HON**	34.96	862.1	**$32,044**	25	55.25	47,631	21	-33%
Gen Mot	**GM**	48.38	560.8	**$27,132**	26	60.9	34,153	23	-21%
Caterpillar	**CAT**	76.37	347.2	**$26,516**	27	41.47	14,398	30	84%
Int'lPaper	**IP**	44.03	480.5	**$21,156**	28	46.36	22,276	28	-5%
ATT	**T**	19.94	791.9	**$15,790**	29	218.09	172,705	8	-91%
EastKodk	**EK**	27.79	286.6	**$7,965**	30	52.82	15,138	29	-47%
		1430.44		**$3,239,892**		1637.12	**$3,707,455**		-13%
Avg Dow Stk Price		47.68				54.57			

Winning Stock Picks

Weekly Update

Subscriber Supplement # 18-2004:

The Components of the Dow Jones Industrial Average

Company	symbol	stock price 27-Feb	shares outstg in millions	market value	Consensus EPS est's 2003	Consensus EPS est's 2004	Dollar Amt of EPS 2003 in millions	Dollar Amt of EPS 2004 in millions	Percent Change
GE	**GE**	32.52	10,040.0	**$326,501**	1.55	1.58	15,562	15,863	2%
Microsoft	**MSFT**	26.53	10,790.0	**$286,259**	1.03	1.16	11,114	12,516	13%
ExxonMo	**XOM**	42.17	6,610.0	**$278,744**	2.45	2.16	16,195	14,278	-12%
Citigroup	**C**	50.26	5,160.0	**$259,342**	3.41	3.82	17,596	19,711	12%
Wal*Mart	**WMT**	59.56	4,330.0	**$257,895**	2.04	2.32	8,833	10,046	14%
Intel	**INTC**	29.20	6,530.0	**$190,676**	0.78	1.24	5,093	8,097	59%
IBM	**IBM**	96.50	1,720.0	**$165,980**	4.28	4.88	7,362	8,394	14%
J & J	**JNJ**	53.91	2,970.0	**$160,113**	2.64	2.95	7,841	8,762	12%
P & G	**PG**	102.51	1,290.0	**$132,238**	4.30	4.81	5,547	6,205	12%
Coca-Cola	**KO**	49.96	2,450.0	**$122,402**	1.93	2.10	4,729	5,145	9%
Altria	**MO**	57.55	2,030.0	**$116,827**	4.60	4.87	9,338	9,886	6%
Merck	**MRK**	48.08	2,220.0	**$106,738**	2.92	3.13	6,482	6,949	7%
JPMChas	**JPM**	41.02	2,040.0	**$83,681**	3.11	3.15	6,344	6,426	1%
Home Dep	**HD**	36.31	2,280.0	**$82,787**	1.67	1.82	3,808	4,150	9%
SBC Com	**SBC**	23.88	3,310.0	**$79,043**	1.45	1.55	4,800	5,131	7%
HP	**HPQ**	22.71	3,050.0	**$69,266**	1.21	1.49	3,691	4,545	23%
Amex	**AXP**	53.42	1,290.0	**$68,912**	2.30	2.61	2,967	3,367	14%
3 M	**MMM**	78.02	784.1	**$61,175**	3.07	3.46	2,407	2,713	13%
Disney	**DIS**	26.53	2,050.0	**$54,387**	0.66	0.90	1,353	1,845	36%
Utd Tech	**UTX**	92.11	515.4	**$47,473**	4.66	5.17	2,402	2,665	11%
duPont	**DD**	45.09	996.8	**$44,946**	1.61	2.11	1,605	2,103	31%
Boeing	**BA**	43.37	800.3	**$34,709**	0.96	1.85	768	1,481	93%
McD's	**MCD**	28.30	1,270.0	**$35,941**	1.42	1.55	1,803	1,969	9%
Alcoa	**AA**	37.47	868.5	**$32,543**	1.16	1.79	1,007	1,555	54%
Honeywell	**HON**	35.05	862.1	**$32,303**	1.55	1.50	1,336	1,293	-3%
Gen Mot	**GM**	48.12	560.8	**$26,986**	5.37	5.75	3,011	3,225	7%
Caterpillar	**CAT**	75.75	347.2	**$26,300**	3.07	4.08	1,066	1,417	33%
Int'lPaper	**IP**	44.26	480.5	**$21,267**	0.75	1.67	360	802	123%
ATT	**T**	20.03	791.9	**$15,862**	2.35	1.62	1,861	1,283	-31%
EastKodk	**EK**	28.54	286.6	**$8,180**	2.14	2.17	613	622	1%
		1428.86		**$3,229,901**			156,894	172,439	10%
Avg Dow-30 Price		**47.63**			**Dow Mkt Value divided by Net Inc**		**21 times**	**19 times**	

Winning Stock Picks

Weekly Update

Subscriber Supplement # 19-2004:

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published dailiy in the New York Times

(listed by Market Cap Rank)

Company	Symbol	Market Cap in billions				Rank			
		6-Feb	13-Feb	20-Feb	27-Feb	this week	last week	2wks ago	3wks ago
GE	GE	333.2	328.5	322.0	**326.5**	1	1	1	1
Microsoft	MSFT	292.3	286.9	286.7	**286.3**	2	2	2	3
Pfizer	PFE	296.5	285.2	284.4	**279.7**	3	3	3	2
ExxonMobil	XOM	267.8	277.0	277.8	**278.7**	4	4	4	4
Citigroup	C	254.3	255.4	252.3	**259.3**	5	6	5	5
WalMart	WMT	249.2	243.9	257.3	**257.9**	6	5	6	6
Intel	INTC	201.7	196.8	195.9	**190.7**	7	7	7	7
IBM	IBM	170.2	171.5	167.4	**166.0**	8	8	8	9
Johnson & Johnson	JNJ	160.7	161.2	158.3	**160.1**	9	10	10	10
Cisco	CSCO	170.8	166.1	159.4	**159.2**	10	9	9	8
Merck	MRK	108.5	108.5	107.2	**106.7**	11	11	11	11
Verizon	VZ	102.6	104.0	102.7	**105.9**	12	12	12	12
Home Depot	HD	82.7	82.5	81.4	**82.8**	13	13	14	14
SBC	SBC	86.1	82.9	79.0	**79.5**	15	15	13	13
Time Warner	TWX	79.5	78.2	80.2	**78.3**	15	14	15	15
Comcast	CMCSA	75.1	67.3	67.9	**67.4**	16	16	16	16
ATT Wireless	AWE	25.6	27.3	31.6	**31.3**	17	17	17	17
Lucent	LU	18.4	18.4	17.1	**17.9**	18	18	18	18
Avaya	AV	7.5	7.4	7.4	**7.3**	19	19	19	19
Agere B	AGRb	6.5	6.6	6.6	**6.6**	20	20	20	20
		$2,989.2	**$2,955.6**	**$2,942.6**	**$2,948.1**				

Indexes, at mkt close	12/31/03	6-Feb	20-Feb	27-Feb	% Chg YTD

Dow Jones Avg	10454	**10593**	**10619**	**10584**	**1.2%**
S&P 500	1112	**1144**	**1144**	**1145**	**2.9%**
NASDAQ Comp	2003	**2064**	**2038**	**2030**	**1.3%**
Wilshire 5000	10800	**11129**	**11144**	**11173**	**3.5%**
WilshMicroCap	481			**525**	**9.1%**
WilshSmCap	274			**288**	**5.1%**

NOTE: a more detailed table on the Most Widely Held now available to NEW Subscribers

Winning Stock Picks
Weekly Update

Subscriber Supplement # 17-2004:

The Twenty Most Widely Held Stocks in the World

based on accounts with Merrill Lynch, and as published dailiy in the New York Times

(listed by Market Cap Rank)

Company	Symbol	Market Cap in billions 6-Feb	13-Feb	20-Feb	Rank this week	last week	2-wks ago week
GE	GE	**333.2**	**328.5**	**322.0**	1	1	1
Microsoft	MSFT	**292.3**	**286.9**	**286.7**	2	2	3
Pfizer	PFE	**296.5**	**285.2**	**284.4**	3	3	2
ExxonMobil	XOM	**267.8**	**277.0**	**277.8**	4	4	4
WalMart	WMT	**249.2**	**243.9**	**257.3**	5	6	6
Citigroup	C	**254.3**	**255.4**	**252.3**	6	5	5
Intel	INTC	**201.7**	**196.8**	**195.9**	7	7	7
IBM	IBM	**170.2**	**171.5**	**167.4**	8	8	9
Cisco	CSCO	**170.8**	**166.1**	**159.4**	9	9	8
Johnson & Johnson	JNJ	**160.7**	**161.2**	**158.3**	10	10	10
Merck	MRK	**108.5**	**108.5**	**107.2**	11	11	11
Verizon	VZ	**102.6**	**104.0**	**102.7**	12	12	12
Home Depot	HD	**82.7**	**82.5**	**81.4**	13	14	14
Time Warner	TWX	**79.5**	**78.2**	**80.2**	14	15	15
SBC	SBC	**86.1**	**82.9**	**79.0**	15	13	13
Comcast	CMCSA	**75.1**	**67.3**	**67.9**	16	16	16
ATT Wireless	AWE	**25.6**	**27.3**	**31.6**	17	17	17
Lucent	LU	**18.4**	**18.4**	**17.1**	18	18	18
Avaya	AV	**7.5**	**7.4**	**7.4**	19	19	19
Agere B	AGRb	**6.5**	**6.6**	**6.6**	20	20	20
		$2,989.2	**$2,955.6**	**$2,942.6**			

Indexes, at mkt close

Dow Jones Avg	**10593**	**10628**	**10619**
S&P 500	**1144**	**1146**	**1144**
NASDAQ Comp	**2064**	**2054**	**2038**

NOTE: a more detailed table on the Most Widely Held now available to NEW Subscribers

Winning Stock Picks

Weekly Update

Subscriber Supplement # 16-2004:

The Components of the Dow Jones Industrial Average

Company	symbol	stock price 20-Feb	shares outstg in millions	market value	Consensus EPS est's 2003	Consensus EPS est's 2004	Dollar Amt of EPS 2003 in millions	Dollar Amt of EPS 2004 in millions	Percent Change
GE	**GE**	32.07	10,040.0	**$322,003**	1.55	1.58	15,562	15,863	2%
Microsoft	**MSFT**	26.57	10,790.0	**$286,690**	1.03	1.16	11,114	12,516	13%
ExxonMo	**XOM**	42.03	6,610.0	**$277,818**	2.45	2.16	16,195	14,278	-12%
Wal*Mart	**WMT**	59.43	4,330.0	**$257,332**	2.04	2.32	8,833	10,046	14%
Citigroup	**C**	48.89	5,160.0	**$252,272**	3.41	3.82	17,596	19,711	12%
Intel	**INTC**	30.00	6,530.0	**$195,900**	0.78	1.24	5,093	8,097	59%
IBM	**IBM**	97.31	1,720.0	**$167,373**	4.28	4.88	7,362	8,394	14%
J & J	**JNJ**	53.30	2,970.0	**$158,301**	2.64	2.95	7,841	8,762	12%
P & G	**PG**	102.50	1,290.0	**$132,225**	4.30	4.81	5,547	6,205	12%
Coca-Cola	**KO**	50.94	2,450.0	**$124,803**	1.93	2.10	4,729	5,145	9%
Altria	**MO**	55.35	2,030.0	**$112,361**	4.60	4.87	9,338	9,886	6%
Merck	**MRK**	48.31	2,220.0	**$107,248**	2.92	3.13	6,482	6,949	7%
JPMChas	**JPM**	40.57	2,040.0	**$82,763**	3.11	3.15	6,344	6,426	1%
Home Dep	**HD**	35.70	2,280.0	**$81,396**	1.67	1.82	3,808	4,150	9%
SBC Com	**SBC**	23.88	3,310.0	**$79,043**	1.45	1.55	4,800	5,131	7%
HP	**HPQ**	23.13	3,050.0	**$70,547**	1.21	1.49	3,691	4,545	23%
Amex	**AXP**	53.16	1,290.0	**$68,576**	2.30	2.61	2,967	3,367	14%
3 M	**MMM**	79.70	784.1	**$62,493**	3.07	3.46	2,407	2,713	13%
Disney	**DIS**	26.55	2,050.0	**$54,428**	0.66	0.90	1,353	1,845	36%
Utd Tech	**UTX**	96.62	515.4	**$49,798**	4.66	5.17	2,402	2,665	11%
duPont	**DD**	45.28	996.8	**$45,135**	1.61	2.11	1,605	2,103	31%
Boeing	**BA**	44.30	800.3	**$35,453**	0.96	1.85	768	1,481	93%
McD's	**MCD**	27.16	1,270.0	**$34,493**	1.42	1.55	1,803	1,969	9%
Alcoa	**AA**	36.83	868.5	**$31,987**	1.16	1.79	1,007	1,555	54%
Honeywell	**HON**	35.58	862.1	**$31,751**	1.55	1.50	1,336	1,293	-3%
Gen Mot	**GM**	48.51	560.8	**$27,204**	5.37	5.75	3,011	3,225	7%
Caterpillar	**CAT**	76.82	347.2	**$26,672**	3.07	4.08	1,066	1,417	33%
Int'lPaper	**IP**	43.77	480.5	**$21,031**	0.75	1.67	360	802	123%
ATT	**T**	20.00	791.9	**$15,838**	2.35	1.62	1,861	1,283	-31%
EastKodk	**EK**	28.75	286.6	**$8,240**	2.14	2.17	613	622	1%
		1433.01		**$3,221,175**			156,894	172,439	10%
Avg Dow-30 Price		47.83							
		47.77							

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Winning Stock Picks

Weekly Update

Subscriber Supplement # 15-2004:

Presidential Election Results Since John F. Kennedy (1960)

2000	**G W Bush**	**Gore**	**Nader**	**Other Parties**	**TOTAL**	**% of Pop.**
	50,459,211	51,003,894	2,834,410	1,062,745	**105,360,260**	37.0%
	47.9%	48.4%	2.7%	1.0%		
1996	**Clinton**	**Bob Dole**	**Perot**	**Other Parties**	**TOTAL**	**% of Pop.**
	47,401,185	39,197,469	8,085,294	921,663	**95,605,611**	36.1%
	49.6%	41.0%	8.5%	1.0%		
1992	**Clinton**	**Bush**	**Perot**	**Other Parties**	**TOTAL**	**% of Pop.**
	44,908,254	39,102,343	19,741,065	979,851	**104,731,513**	40.8%
	42.9%	37.3%	18.8%	0.9%		
1988	**G W H Bush**	**Dukakis**		**Other Parties**	**TOTAL**	**% of Pop.**
	48,881,221	41,805,422		863,047	**91,549,690**	37.4%
	53.4%	45.7%	0%	0.9%		
1984	**Reagan**	**Mondale**		**Other Parties**	**TOTAL**	**% of Pop.**
	54,281,858	37,457,215		763,266	**92,502,339**	39.4%
	58.7%	40.5%	0%	0.8%		
1980	**Reagan**	**Carter**	**John Anderson**	**Other Parties**	**TOTAL**	**% of Pop.**
	43,899,248	35,481,435	5,719,437	260,598	**85,360,718**	37.7%
	51.4%	41.6%	6.7%	0.3%		
1976	**Carter**	**Ford**	Records of Third Party Stats		**TOTAL**	**% of Pop.**
	40,828,929	39,148,940	Unreliable before 1976		**79,977,869**	36.9%
	51.1%	48.9%				
1972	**Nixon**	**McGovern**			**TOTAL**	**% of Pop.**
	47,165,234	29,170,774			**76,336,008**	36.7%
	61.8%	38.2%				
1968	**Nixon**	**Humphrey**	**Geo Wallace**		**TOTAL**	**% of Pop.**
	31,785,480	31,275,166	9,906,473		**72,967,119**	36.8%
	43.6%	42.9%	13.6%			
1964	**LBJ**	**Goldwater**			**TOTAL**	**% of Pop.**
	43,126,506	27,176,799			**70,303,305**	37.2%
	61.3%	38.7%				
1960	**JFK**	**Nixon**			**TOTAL**	**% of Pop.**
	34,227,096	34,108,546			**68,335,642**	38.1%

50.1% 49.9%

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John NY

That was a great buy, had problem with server and could not get in on the buy, could have bought it at $.59 and sold it at $1.88. Cant wait until the next pick so i can get in on it.
Thanks again
Andy F. Bradewton.IL

The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
Richard Railsback

"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up."
Paul Pittman Jarrettsville Md

John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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perspectives

Andrew Kline

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The Stock Twister networks that you recommended to me allowed me to double my money in a week
Thanks again for your service and I am looking forward to your next selection.....
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Upon his return, Mr. Kline began trading again. Although he continues to trade index futures, his interests have shifted more directly towards equities and options. Aside from his pertinent degrees, it is his extensive experience and vision that qualifies Andrew to speak to the effect of geopolitical and geostrategic fundamentals on markets. It is that knowledge of economic fundamentals along with his experience in technical analysis that makes Andrew an expert on "market timing."

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"Thanks for the tip on TWTN, it was great! I bought it at .72 and two weeks
later it is at $1.57."
Patrick Tan, Vancouver Canada

Just a line to thank you for the tip on twister (twtn). You left me a voice message giving me the symbols a 8pm, I bought it the next morning at .77 . In 3 weeks time it has rose steadily to 1.58 at this moment and shows no sign of faltering. This has given me to date a pofit of $8,100.
This was the 1st tip I have received from you and I am anxiously waiting for the next. Keep it up."
Paul Pittman Jarrettsville Md

John Swierzynski from Las Vegas said, regarding TWTN:
"Here is one for your Team!"

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MARKET
perspectives

Andrew Kline

Mr. Kline holds degrees in both Finance and Economics, and he is a member of the Mensa Society (San Francisco chapter). His interest in the stock market and commodities trading began in 1980, after Russia invaded Afghanistan. He found himself fascinated by the incredible fluctuations in gold prices over a very short period of time. Gold shot up to $850 per ounce in 1980, and then fell to half that by the next year.

His formal training began in the early 1980's when he studied trading through professionals from Lachman & Co., a futures trading brokerage firm in Marin County, California. He quickly caught on, and was soon trading index, currency, metals, oil, and bond futures. His favorite index has always been the S&P 500.

In 1987 he opened his own consulting firm, specializing in finance, technical analysis and problem solving. He successfully managed this firm until 1995, when he realized that, to advance further, he needed to broaden his basic life experience. He has since traveled around the world, exposing himself to many different cultures. His travel experience includes a 5 year stay in South America, where he built and administered rural clinics for the poor and indigenous people of the region.

Upon his return, Mr. Kline began trading again. Although he continues to trade index futures, his interests have shifted more directly towards equities and options. Aside from his pertinent degrees, it is his extensive experience and vision that qualifies Andrew to speak to the effect of geopolitical and geostrategic fundamentals on markets. It is that knowledge of economic fundamentals along with his experience in technical analysis that makes Andrew an expert on "market timing."

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