

Update & Review

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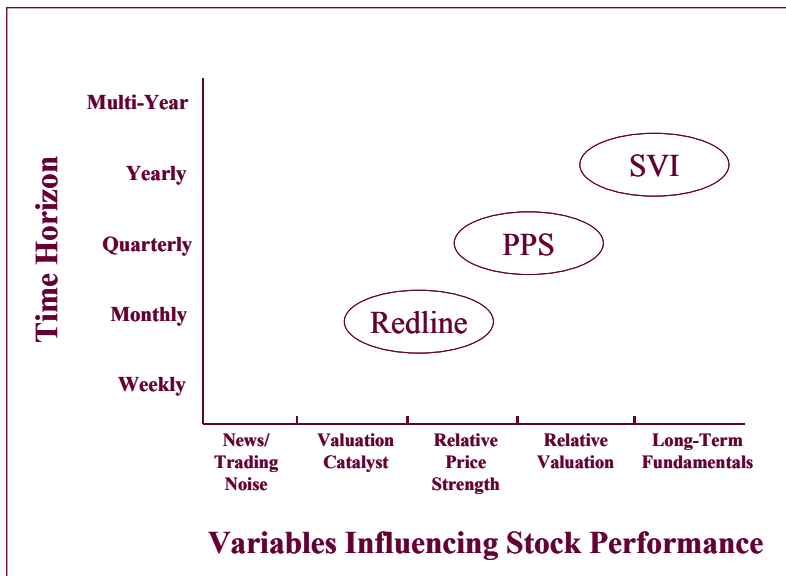
For a brief description of our equity models see page 24 of the Appendix.

- We are introducing an Equity Compass rating that integrates the Redline, PPS, and SVI models to produce an overall investment opinion of Buy, Neutral, and Sell. The new opinion also provides a risk/reward rating to use as a recommendation for weighting portfolio positions.
- This Update & Review is being released in conjunction with our publication, "Solving The Equity Performance Puzzle: Tools for Stock Selection & Portfolio Management," which is a comprehensive report on the methodology, performance, and strategies of the Equity Compass models.
- *Trend Following*, by Michael Covell, is a new book gaining popularity among investors. The book is challenging to the methods of conventional portfolio strategy. We point out the similarities in the approach of trend following and the PPS model.
- There was improvement in the number of favorable ratings in the Equity Compass for October. Utilities showed the sharpest improvement and joins Materials, Financials, Industrials, and Telecommunications Services as sectors to Overweight.
- The S&P 500 Redline Strategy had a strong performance in September and is heavily overweighted to the sector that is the most out-of-favor, Information Technology.

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Illustration 1



Source: Legg Mason

A complete list of PPS and SVI ratings is available from your Legg Mason representative.

All relevant disclosures and certifications appear on pages 25 and 26 of this report.

Investment Commentary

Trend Following

The latest book making the rounds of investment theorists is *Trend Following*, by Michael Covel.¹ For investors willing to engage in some insightful discussion of their core investment philosophy, the book will challenge long-held beliefs. Perhaps the most controversial argument is that Wall Street's great effort of analysis and projections of the future are of little or no use to the serious investor. According to Covel, if the objective is to have a defined strategy to put capital to work for a profit, then investors are traders and the difference is more than a parsing of semantics.

Trend Following is not an endorsement of day-trading and technical analysis. The basic premise is that the most profit is gained when a trader is harmonized to an enduring trend. To do this, traders need to adopt a strict discipline that minimizes behavioral bias (i.e., intuitive or "gut" feel), does not anticipate a trend beginning or end, and acts when the trend changes. This approach is diametrically opposed to long-term "buy and hold," which is viewed as a strategy that is best suited for passive indexing.

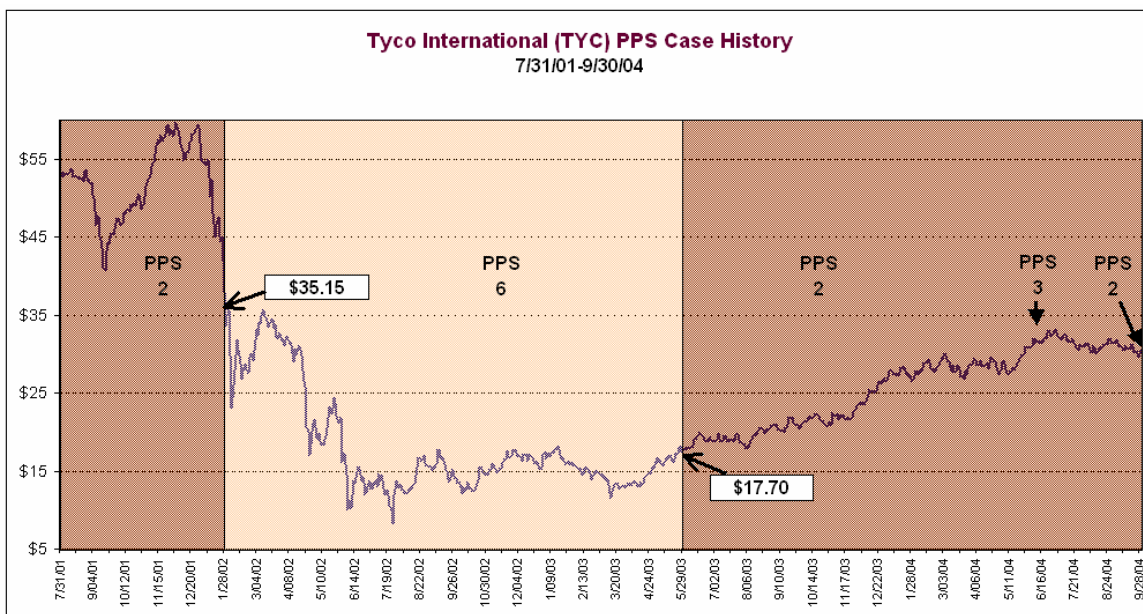
The "how-to" portion of Covel's book is more vague on the mechanics of trend following than his conceptual logic and extraordinary examples portray. However, we can't help but see similarities in approach to trend following in our Performance Probability Score (PPS) model. PPS incorporates analysis of relative valuation and relative price performance to produce risk and reward expectations for individual stocks. The core of the model is a binary separation of whether long-

term relative price performance is positive or negative (refer to **Illustration 3** on page 24 of the Appendix). Trend following is doing the same.

We have three years of performance data for PPS that are consistent with the concept of trend following (refer to **Chart 5** on page 22 of the Appendix). PPS ratings with a definable positive trend of relative price strength (PPS 1–4) have outperformed the S&P 500 handily while stocks with a long-term negative price trend (PPS 6–9) generally have underperformed. While we would argue that an overlay of relative valuation provides an important consideration, the basic rule of PPS is to stay with a positive or negative rating until a definable change has occurred. In other words, PPS does not anticipate changes in trend.

An example of trend following and PPS is the performance of Tyco International (TYC). **Chart 1** shows a price graph of TYC from July 31, 2001 (inception of the PPS model) through September 30, 2004. The long-term relative price portion of PPS turned negative on TYC in January 2002 as the stock was declining sharply. Trend following makes no claim of getting investors out at a price peak. In reality, there is usually a period of negative relative performance before a change in the longer-term trend becomes definitive. At the time of the negative change in PPS rating, there was no doubt skepticism that the model was too late and the price weakness represented an attractive buying opportunity given the extremely low valuation of the stock.

Chart 1



Source: Legg Mason

¹ Covel, Michael, *Trend Following: How Great Traders Make Millions in Up or Down Markets*, Financial Times Prentice Hall Books, 2004

Market Commentary (continued from page 2)

As it turned out, Tyco was to be front-page news and a “poster child” of corporate malfeasance for most of 2002. The stock bottomed at around \$8 in July 2002 and began to move steadily higher. As with a market peak, trend following is unlikely to have a definitive change at the price bottom. From a perspective of trend following, there needed to be a period of positive relative performance before there was a confirmed change. This did not occur for the PPS model on Tyco until May 2003 at about \$16. Again, there was no doubt skepticism that the model was too late in recognizing the improvement in TYC and the stock was approaching full valuation.

Other than using consensus estimates for determining relative valuation, PPS provides an opinion that is independent of analysts’ recommendations. The model is mechanical, unemotional, adaptive to change, and confirms rather than anticipates. Each of these characteristics is consistent with Covell’s definition of successful trend following.

Investment books that have a lasting appeal offer insight that resonates with a large number of investors. We believe Michael Covell’s *Trend Following* will be such a book. Importantly, Covell makes the case that investors are likely to benefit from having a portion of their portfolio invested in a non-traditional approach that adapts to whatever stock or asset class is exhibiting definable trends. While this “trader” mentality may strike some as inappropriate, this approach appears to be becoming *modus operandi* for some of the most sophisticated and successful long-term investors.

The purpose of the Tyco case history is to illustrate the methodology underlying the PPS model. This security was chosen because it demonstrates the characteristics the model attempts to justify. This illustration is not an indication that all stocks will perform similarly. There are securities in the PPS model that do not justify this investing approach.

Compass Overview

There are three equity models in the LM Equity Compass. Each model represents an investment insight appropriate for a specific time horizon (see **Illustration 1**). The LM Compass Recommendation is an integration of the models to produce a conventional Buy/Neutral/Sell opinion as well as percentage weighting for portfolio management purposes.

The core concept of the equity models is the monthly calculation of a percentile ranking from as many as eight valuation measures on approximately 1,500 stocks. **Redline** is the shortest term of the models and identifies stocks with an extreme divergence in their current relative valuation to their 12-month average. The **Performance Probability Score (PPS)** uses a long-term measure of relative price performance along with the relative valuation percentile rank to produce a range of favorable or unfavorable risk/reward expectations. The **Shareholder Value Index (SVI)** is a multi-year analysis of fundamentals that create long-term shareholder value.

Without the context of understanding what is being measured, the investment insights of each model can be contradictory. For example, Redline is a purely valuation-driven model that can be opposite the relative price analysis of PPS. Strong relative price performance of PPS can occur even though the quality ranking in the SVI is the lowest. The Compass Recommendation rationalizes and melds the investment insights of each model to produce an overall investment

opinion. The process is not to synergize investment insights, but rather, to integrate them for a coherent investment opinion.

An example of reconciling the models is shown in **Chart 2**, which is comprised of stocks in the S&P 500 with a Redline condition. The chart portrays the four quadrants of PPS ratings with a diamond shape separating the Redline High and Low stocks. The Redline low stocks appear in green and are in the interior of the diamond. Redline High appear in red and are outside the perimeter of the diamond.

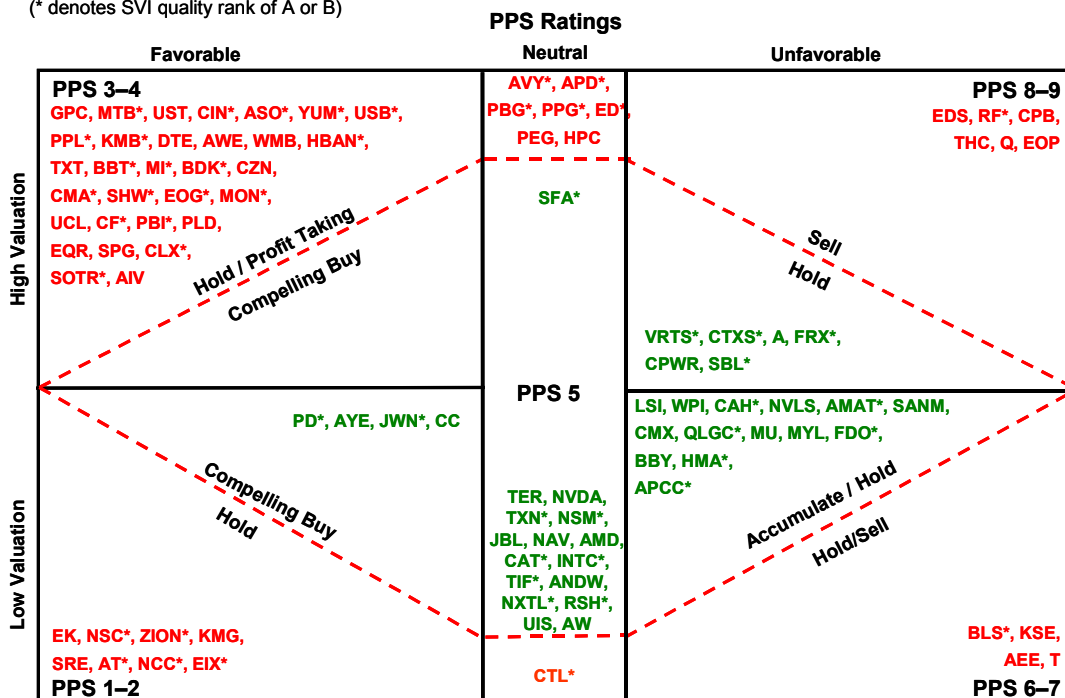
The lower left quadrant (PPS 1–2) is the most favorable in our PPS model. Stocks inside the diamond are Redline Low and have the most compelling short- and longer-term performance expectations. Stocks that are outside the diamond have favorable long-term expectations; however, the Redline High condition is reason for exercising some caution. We view these stocks as “Hold” in a portfolio. The upper left quadrant is favorable for PPS; however, the higher relative valuation and Redline High condition alter the investment opinion from favorable to Hold/Profit taking.

The upper right quadrant is the most unfavorable in PPS. Stocks that are Redline Low are altered from Sell to Hold. The lower right quadrant is unfavorable for PPS, but is also the source of positively transitioning stocks. In particular, stocks that are PPS 6–7 with a Redline Low condition are highly

Chart 2

S&P 500 / PPS Redline Report
September 2004

The stock symbols (**green**) inside the dotted line have a current relative valuation rank within our PPS universe that is extremely below their average of the last 12 months. Symbols (**red**) outside the dotted lines have the opposite condition. We believe wide deviations from the average are potential catalysts that accentuate or modify the longer-term PPS ratings. (* denotes SVI quality rank of A or B)



Source: Legg Mason

Compass Overview (continued from page 4)

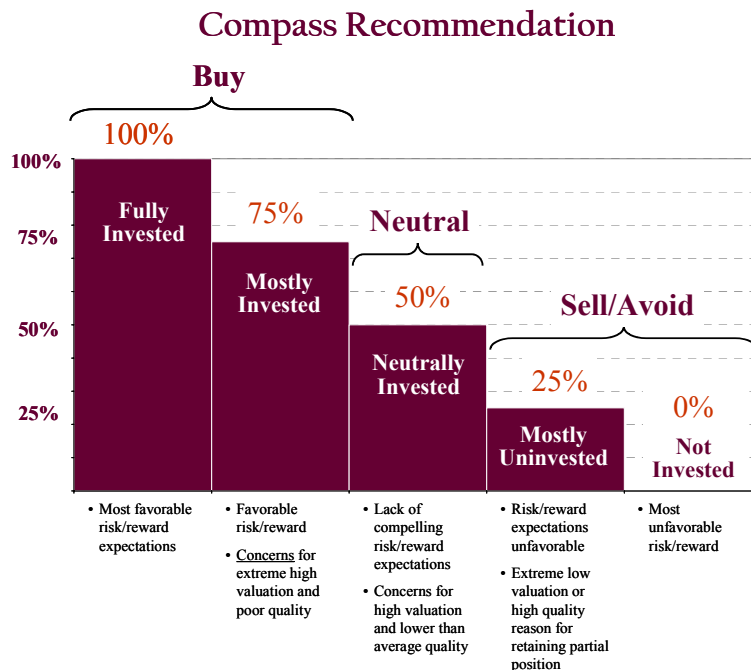
opportunistic by having a short-term performance catalyst that sustains itself to cause a transition to the most favorable PPS ratings (1–2). Stocks that are PPS 6–7 with a Redline High condition are unfavorable and may warrant a further reduction in position size.

The third model to rationalize with Redline and PPS is SVI. The Shareholder Value Index (SVI) is the model oriented to the longest time horizon. The consideration of fundamental quality influences ratings by being more risk adverse on lower-quality stocks when relative valuations are high even though momentum forces are strong, and more opportunistic on high quality when valuations are low and out-of-favor. Stocks that have a Redline High with lower-than-average quality are viewed as unfavorable and Redline Low with above-average quality is a favorable risk/reward condition.

The Compass Recommendation provides a conventional Buy/Neutral/Sell rating as well as a percentage representing the conviction of risk/return expectations (**Illustration 2**). The Buy rating is applied to stocks with favorable risk/return expectations after considering all three models. We recommend investors be mostly or fully invested in these stocks relative to their normal portfolio constraints. Neutrally rated stocks lack compelling risk/reward expectations and those rated Sell/Avoid have the most unfavorable risk/reward expectations of performance.

The risk/reward percentage rating is a useful tool for portfolio management. From the standpoint of portfolio constraints that are imposed from benchmarks, the percentage weighting is a basis of over- and underweighting position size. Stocks with a risk/reward expectation of 75%–100% are recommended to overweight and 0%–50% are recommended to underweight (**Table 1**).

Illustration 2



Source: Legg Mason

Table 1

Portfolio Weighting Recommendation

| Risk/Reward Rating | Weighting Recommendations |
|--------------------|---------------------------|
| 100% | Significantly Overweight |
| 75% | Slightly Overweight |
| 50% | Slightly Underweight |
| 25% | Significantly Underweight |
| 0% | Eliminate Position |

Source: Legg Mason

Compass Overview (continued from page 5)

Table 2

Equity Compass Valuation Profile

| | # Stocks | Ent. Val / EBITDA | | Price to Earnings | | Price to Cash Flow | | Price to Sales | | Price to Book Value | | PEG Ratio | |
|--------------------------|-------------|----------------------|------------|----------------------|-------------|-----------------------|-------------|----------------|------------|------------------------|------------|------------|------------|
| | | Cap Wgt. | Median | Cap Wgt. | Median | Cap Wgt. | Median | Cap Wgt. | Median | Cap Wgt. | Median | Cap Wgt. | Median |
| By PPS Rating | | | | | | | | | | | | | |
| PPS -1 | 115 | 5.5 | 6.0 | 10.5 | 10.9 | 5.5 | 6.4 | 0.7 | 0.7 | 1.7 | 1.6 | 0.7 | 0.9 |
| PPS -2 | 277 | 8.6 | 8.1 | 13.7 | 14.2 | 8.1 | 8.6 | 1.1 | 1.1 | 2.2 | 2.1 | 1.2 | 1.3 |
| PPS -3 | 246 | 10.4 | 11.5 | 17.4 | 17.3 | 13.8 | 13.2 | 1.9 | 2.2 | 3.6 | 2.8 | 1.4 | 1.5 |
| PPS -4 | 127 | 19.8 | 16.7 | 29.4 | 25.1 | 26.0 | 21.8 | 4.5 | 4.3 | 5.4 | 4.5 | 1.6 | 1.5 |
| PPS -5 | 192 | 10.0 | 8.5 | 13.5 | 14.2 | 15.5 | 9.8 | 1.3 | 1.2 | 2.6 | 2.0 | 0.9 | 1.2 |
| PPS -6 | 83 | 11.7 | 6.5 | 9.5 | 11.3 | 4.0 | 7.1 | 0.4 | 0.6 | 1.6 | 1.4 | 0.7 | 0.8 |
| PPS -7 | 136 | 9.1 | 7.8 | 13.8 | 14.9 | 11.1 | 9.5 | 1.4 | 1.2 | 2.3 | 1.8 | 1.0 | 1.1 |
| PPS -8 | 191 | 11.4 | 11.1 | 17.8 | 18.3 | 14.1 | 14.6 | 1.9 | 2.3 | 3.3 | 2.7 | 1.2 | 1.3 |
| PPS -9 | 82 | 15.4 | 16.0 | 28.0 | 25.1 | 21.5 | 22.1 | 3.4 | 4.4 | 4.9 | 3.9 | 1.3 | 1.2 |
| By Sector | | | | | | | | | | | | | |
| Consumer Discretionaries | 273 | 8.4 | 8.2 | 14.8 | 14.7 | 8.5 | 9.9 | 0.8 | 0.9 | 2.1 | 2.2 | 1.0 | 1.1 |
| Consumer Staples | 77 | 10.0 | 9.5 | 15.9 | 15.6 | 12.5 | 11.5 | 1.0 | 1.0 | 4.4 | 2.8 | 1.4 | 1.5 |
| Energy | 85 | 6.2 | 7.8 | 13.6 | 15.3 | 7.5 | 7.9 | 0.9 | 1.8 | 2.2 | 2.2 | 0.9 | 1.4 |
| Financials | 206 | 13.5 | 12.6 | 11.2 | 12.3 | 12.1 | 10.5 | 1.8 | 3.0 | 1.9 | 2.0 | 1.1 | 1.3 |
| Health Care | 143 | 11.5 | 10.6 | 17.0 | 16.9 | 15.1 | 13.7 | 2.2 | 2.6 | 4.1 | 3.2 | 0.9 | 1.1 |
| Industrials | 179 | 8.5 | 9.5 | 16.8 | 16.0 | 12.0 | 11.5 | 1.3 | 1.1 | 3.0 | 2.6 | 1.2 | 1.2 |
| Information Technology | 292 | 10.8 | 11.0 | 19.1 | 19.4 | 14.7 | 15.6 | 2.2 | 2.3 | 3.5 | 2.6 | 1.1 | 1.2 |
| Materials | 96 | 8.9 | 8.5 | 14.2 | 14.4 | 9.8 | 9.0 | 1.2 | 1.0 | 2.7 | 2.4 | 0.9 | 1.5 |
| Telecommunication | 26 | 6.0 | 6.1 | 15.3 | 13.1 | 5.8 | 5.9 | 1.5 | 1.8 | 2.4 | 2.0 | 1.4 | 1.5 |
| Utilities | 72 | 8.0 | 7.8 | 13.5 | 13.6 | 6.5 | 6.6 | 1.0 | 0.9 | 1.7 | 1.6 | 2.6 | 3.0 |
| By Index | | | | | | | | | | | | | |
| Dow Jones Ind. Average | 29 | 9.3 | 9.9 | 15.2 | 15.6 | 12.1 | 10.9 | 1.7 | 1.7 | 3.3 | 3.3 | 1.4 | 1.4 |
| S&P 500 | 476 | 10.1 | 9.5 | 15.2 | 15.2 | 11.6 | 11.1 | 1.4 | 1.5 | 2.8 | 2.6 | 1.3 | 1.4 |
| S&P 100 | 96 | 9.9 | 9.9 | 15.0 | 15.0 | 13.3 | 10.4 | 1.6 | 1.5 | 3.0 | 2.8 | 1.4 | 1.4 |
| Nasdaq 100 | 95 | 13.7 | 12.9 | 21.6 | 20.4 | 19.2 | 18.1 | 3.2 | 3.4 | 4.4 | 3.2 | 1.2 | 1.3 |
| S&P Barra Growth | 160 | 11.4 | 11.2 | 17.4 | 17.9 | 14.1 | 15.0 | 2.0 | 2.3 | 4.8 | 4.7 | 1.2 | 1.4 |
| S&P Barra Value | 316 | 9.2 | 8.7 | 13.5 | 14.0 | 9.9 | 9.0 | 1.1 | 1.2 | 2.0 | 2.0 | 1.2 | 1.4 |
| S&P Mid-Cap | 327 | 9.2 | 8.9 | 15.1 | 15.2 | 10.2 | 11.0 | 1.1 | 1.4 | 2.3 | 2.2 | 1.1 | 1.2 |
| Russell 1000 | 820 | 10.1 | 9.5 | 15.4 | 15.1 | 11.7 | 11.4 | 1.4 | 1.7 | 2.8 | 2.5 | 1.2 | 1.3 |
| Compass Universe | 1449 | 9.5 | 9.4 | 14.9 | 15.3 | 10.6 | 11.0 | 1.3 | 1.5 | 2.6 | 2.3 | 1.0 | 1.3 |

Source: Legg Mason

Table 3

Sector Opinion - October 2004

| S&P Sector | S&P Weight | | | October | September | August |
|-------------------------|------------|-----|------|---------------------|---------------------|---------------------|
| | (%) | PPS | SPPS | | | |
| Financials* | 20.6 | 3.9 | 4.0 | <i>Overweight</i> | <i>Equal Weight</i> | <i>Underweight</i> |
| Information Technology | 16.1 | 6.3 | 5.9 | <i>Underweight</i> | <i>Underweight</i> | <i>Underweight</i> |
| Health Care | 12.9 | 5.7 | 5.3 | <i>Underweight</i> | <i>Underweight</i> | <i>Underweight</i> |
| Industrials* | 11.6 | 4.1 | 4.1 | <i>Overweight</i> | <i>Equal Weight</i> | <i>Overweight</i> |
| Consumer Discretionary* | 11.1 | 4.7 | 5.0 | <i>Equal Weight</i> | <i>Underweight</i> | <i>Underweight</i> |
| Consumer Staples* | 10.5 | 4.5 | 4.7 | <i>Underweight</i> | <i>Equal Weight</i> | <i>Overweight</i> |
| Energy | 7.5 | 2.6 | 2.8 | <i>Overweight</i> | <i>Overweight</i> | <i>Overweight</i> |
| Telecom Services | 3.7 | 3.8 | 4.1 | <i>Overweight</i> | <i>Overweight</i> | <i>Equal Weight</i> |
| Materials | 3.1 | 2.9 | 3.1 | <i>Overweight</i> | <i>Overweight</i> | <i>Overweight</i> |
| Utilities* | 2.9 | 3.7 | 4.1 | <i>Overweight</i> | <i>Equal Weight</i> | <i>Underweight</i> |

Source: Legg Mason

* Denotes a change in opinion since the prior month

Model Monitor — Overview

We provide an alphabetical listing of stocks with an Equity Compass rating change and Redline Low or High condition for the current months (pages 13–21). Rating changes are a result of changes in the PPS, Redline, and SVI models. Stocks with a negative rating change should be reviewed for a reduction in holdings within a portfolio and positive changes to a Buy should be reviewed for position initiation or an increase in size. We also provide a *Portfolio Analyzer* for isolating rating changes and overall portfolio positioning relative to the equity models. Please ask your Legg Mason representative for more information.

Below is a brief opinion overview for the S&P sectors for the latest month.

- **Consumer Discretionary** – The sector showed improvement for October and is being upgraded to an Equal Weight. Approximately 45% of the stocks have a positive Compass rating. This is a diverse sector with the sub-industry groups showing sharply favorable and unfavorable ratings. Retailers remain out-of-favor while Autos, Hotels, and Textiles are positive. *Time Warner (TWX)* is a new Sell rating (PPS–7).
- **Consumer Staples** – The sector showed the most deterioration for October and moves to an Underweight opinion. The sector opinion was downgraded last month from Overweight to Equalweight. Approximately 49% of the stocks in Consumer Staples have a positive Compass rating. Stocks with downgrades include *Colgate (CL)*, *Walgreen (WAG)*, and *PepsiCo (PEP)*, all of which are rated (PPS–5). The sector is still carrying a premium valuation to its 12-month average and may experience further contraction.
- **Energy** – About 93% of the stocks in this group have a positive Compass rating, which is the highest of any sector in our model since inception. However, current valuations are moving to a premium compared to the last 12 months. While we do not believe this is a sign of deterioration, it is a cautionary sign that the momentum of improvement is likely to decelerate. Since March, our opinion has been to Overweight the sector and remains so for the current month.
- **Financials** – Improvement in the latest month has caused an upgrade to Overweight, as 65% of the stocks in this sector have a positive rating. However, Financials are showing one of the highest relative valuation premiums overall. Commercial Banks, in particular, appear vulnerable to a period of consolidation. One notable downgrade in the sector, *Berkshire Hathaway Class A (BRK, PPS–5)* shares are now rated Sell.
- **Health Care** – With 39% of the stocks having a positive Compass rating, Health Care is the second most unfavorable sector. *Merck (MRK, PPS–7)* was previously rated Sell and was upgraded to Neutral with the sharp price decline that lowered the relative valuation of the shares. The sector was downgraded to Underweight in July and remains so for October.
- **Industrials** – The sector showed improvement for October, warranting an upgrade to Overweight. Approximately 63% of the stocks in the sector have a favorable rating, with the transportation stocks uniformly positive. Airline stocks, however, remain one of the most unfavorable segments among the 62 S&P industry groups.
- **Information Technology** – Only 22% of the stocks in the sector have a positive Compass rating, which is near the lowest of any sector since our model inception. The sector also contains the largest number of Redline Low stocks in the coverage universe. These indicators suggest the sector is deeply oversold and ripe for a trading bounce. Information Technology has had an Underweight sector opinion since May and remains so for the current month.
- **Materials** – This sector ranks second in terms of positive Compass ratings. Additionally, the sector remains at a valuation discount to its 12-month average and there are several Redline Low stocks, such as *Phelps Dodge (PD, PPS–1)*. Materials has maintained an Overweight opinion since July and remains so for October.
- **Telecommunication Services** – Sixty-two percent of the stocks in this sector have a positive Compass rating, up from 55% in the prior month. It was upgraded in September to Overweight and remains so for October.
- **Utilities** – This sector showed the sharpest improvement in positive Compass ratings. The sector improved to an Equal Weight opinion last month and goes to overweight for October. Sixty-four percent of the stocks in the sector have a positive Compass rating.

Sweet Spot Strategy

In December 2002, we introduced the Shareholder Value Index (SVI) as an independent complement to our PPS model. The objective of SVI is to measure the quality of a stock from growing revenues and improving operating margins (i.e., cash flow) relative to a change in financial condition, share dilution, and increased dividends. The highest quality stocks are rated A and the lowest D.

We began the Sweet Spot Strategy with the inception of SVI to track the performance of what our models were indicating as the best risk/reward stock opportunities relative to the performance of the S&P 500. This is a hypothetical exercise and is a test of model efficacy rather than an actual portfolio. On a monthly basis, we select from each of the 10 S&P sectors five stocks with the highest SVI rankings and favorable PPS rating (PPS 1-4). The list is reconstituted each month reflecting changes in PPS rating or SVI ranking. **Table 4** shows the monthly and cumulative performance of the Sweet Spot Strategy since December 2002.

Sweet Spot performed exceptionally well in September with strong relative performance to the S&P 500 (**Table 4**). Unlike 2003, higher-quality stocks have generally outperformed lower quality and this trend will likely continue in a cautious market environment. The risk-adjusted return (i.e., Sharpe ratio) demonstrates the benefits of owning high-quality stocks with positive relative price strength (i.e., favorable PPS).

There were nine changes in the Sweet Spot list for October (**Table 5**). Changes in the list occur as a result of a negative change in PPS, or more commonly, a slight variation in the quality ranking that cause stocks to move just above or just below the five-stock limit of each sector. Four of the nine changes were due to negative PPS change. Three of the sectors had no changes for the month.

Table 4

Sweet Spot Indexed Performances (11/29/2002 - 09/30/04)

| Month | Monthly Returns | | Cumulative Returns | |
|----------------|-----------------|---------|--------------------|---------------|
| | Sweet Spot* | S&P 500 | Sweet Spot* | S&P 500 |
| December-02 | -1.07% | -6.03% | -1.07% | -6.03% |
| January-03 | -2.01% | -2.74% | -3.06% | -8.61% |
| February-03 | 1.34% | -1.70% | -1.76% | -10.16% |
| March-03 | 2.40% | 0.84% | 0.60% | -9.41% |
| April-03 | 4.59% | 8.10% | 5.22% | -2.07% |
| May-03 | 5.39% | 5.09% | 10.89% | 2.91% |
| June-03 | 1.12% | 1.13% | 12.13% | 4.08% |
| July-03 | 1.37% | 1.62% | 13.67% | 5.77% |
| August-03 | 1.84% | 1.79% | 15.77% | 7.66% |
| September-03 | -1.70% | -1.19% | 13.80% | 6.37% |
| October-03 | 5.30% | 5.50% | 19.83% | 12.22% |
| November-03 | 1.86% | 0.71% | 22.06% | 13.02% |
| December-03 | 4.44% | 5.08% | 27.47% | 18.76% |
| January-04 | 2.12% | 1.73% | 30.17% | 20.81% |
| February-04 | 4.28% | 1.22% | 35.74% | 22.28% |
| March-04 | -0.45% | -1.64% | 35.74% | 22.28% |
| April-04 | -3.71% | -1.68% | 30.71% | 20.23% |
| May-04 | 0.52% | 1.21% | 31.39% | 21.68% |
| June-04 | 3.50% | 1.80% | 35.99% | 23.87% |
| July-04 | -2.27% | -3.43% | 32.91% | 19.62% |
| August-04 | 0.99% | 0.23% | 34.22% | 19.90% |
| September-04 | 4.59% | 0.94% | 40.38% | 21.02% |
| Annualized | | | 15.73% | 10.57% |
| **Sharpe Ratio | | | 1.69 | 0.92 |

* Assumes equal weighted positions rebalanced monthly

Dividends excluded

** Calculated as: the annualized return divided by the annualized standard deviation of monthly returns. Sweet Spot 9.31%, S&P 500 11.44%

Source: Legg Mason

Table 5

October 2004 "Sweet Spot Strategy"
5 Highest SVI Rated Stocks in Each Sector With Favorable PPS Ratings (1-4)

| Consumer Discretionary | | | | | | | |
|------------------------|------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| CLE | Claire's Stores | \$25.04 | 1.28 | 2 | 3 | 100% | A |
| WPO | Washington Post* | 920.00 | 0.76 | 4 | 4 | 100% | A |
| TM | Toyota Motor ADR | 76.38 | 1.12 | 1 | 1 | 99% | A |
| HDI | Harley-Davidson | 59.44 | 0.67 | 3 | 3 | 99% | A |
| RYL | Ryland Group* | 92.66 | 0.43 | 1 | 1 | 98% | A |

| Consumer Staples | | | | | | | |
|------------------|----------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| CLX | Clorox Co. | \$53.30 | 2.03 | 3 | 3 | 100% | A |
| AVP | Avon Products | 43.68 | 1.28 | 4 | 4 | 99% | A |
| ADM | Archer Daniels Mid'd | 16.98 | 1.77 | 2 | 2 | 96% | A |
| PAS | PepsiAmericas Inc. | 19.10 | 1.57 | 2 | 2 | 95% | A |
| PG | Procter & Gamble | 54.12 | 1.85 | 3 | 3 | 92% | A |

| Energy | | | | | | | |
|--------|----------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| NHY | Norsk Hydro ADR | \$73.24 | 1.90 | 1 | 1 | 100% | A |
| IMO | Imperial Oil Ltd. | 51.71 | 1.30 | 2 | 3 | 98% | A |
| TOT | Total ADR | 102.17 | 2.33 | 1 | 1 | 97% | A |
| APA | Apache Corp. | 50.11 | 0.64 | 2 | 2 | 95% | A |
| BR | Burlington Resources | 40.80 | 0.83 | 2 | 2 | 94% | A |

| Financials | | | | | | | |
|------------|-------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| MCO | Moody's Corp. | \$73.25 | 0.41 | 4 | 4 | 100% | A |
| DFG | Delphi Fin'l 'A' | 40.17 | 0.80 | 1 | 1 | 99% | A |
| GDW | Golden West Fin'l | 110.95 | 0.36 | 3 | 3 | 98% | A |
| BOH | Bank of Hawaii | 47.25 | 2.54 | 3 | 3 | 96% | A |
| TMK | Torchmark Corp. | 53.18 | 0.83 | 2 | 2 | 95% | A |

| Health Care | | | | | | | |
|-------------|--------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| SYK | Stryker Corp. | \$48.08 | 0.15 | 4 | 3 | 100% | A |
| MDT | Medtronic Inc.* | 51.90 | 0.65 | 4 | 3 | 98% | A |
| BDX | Becton Dickinson | 51.70 | 1.16 | 3 | 2 | 97% | A |
| AVE | Aventis ADR* | 84.42 | 0.90 | 3 | 3 | 96% | A |
| UNH | UnitedHealth Group | 73.74 | 0.04 | 2 | 2 | 95% | A |

| Industrials | | | | | | | |
|-------------|------------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| PCAR | PACCAR Inc. | \$69.12 | 1.16 | 2 | 2 | 99% | A |
| GGO | Graco Inc. | 33.50 | 1.11 | 4 | 4 | 98% | A |
| JH | Harland (John H.) | 31.35 | 1.59 | 1 | 1 | 97% | A |
| ITW | Illinois Tool Works | 93.17 | 1.20 | 3 | 3 | 97% | A |
| CNI | Can. National Railway* | 48.50 | 1.23 | 2 | 2 | 96% | A |

| Information Technology | | | | | | | |
|------------------------|----------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| QCOM | Qualcomm Inc. | \$39.04 | 0.72 | 4 | 4 | 96% | A |
| ADP | Automatic Data Proc. | 41.32 | 1.36 | 3 | 3 | 94% | A |
| KYO | Kyocera Corp. ADR | 70.40 | 0.72 | 2 | 1 | 93% | A |
| HRS | Harris Corp.* | 54.94 | 0.87 | 3 | 2 | 87% | A |
| PLT | Plantronics Inc. | 43.24 | 0.46 | 4 | 3 | 85% | A |

| Materials | | | | | | | |
|-----------|---------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| PKX | POSCO ADR | \$37.85 | 3.06 | 1 | 1 | 100% | A |
| FRK | Florida Rock | 48.99 | 1.63 | 3 | 3 | 99% | A |
| EXP | Eagle Materials | 71.30 | 1.68 | 2 | 3 | 98% | A |
| NUE | Nucor Corp. | 91.37 | 1.14 | 1 | 1 | 96% | A |
| AEM | Agnico-Eagle Mines* | 14.28 | 0.21 | 4 | 4 | 95% | A |

| Telecomm Svcs | | | | | | | |
|---------------|--------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| CTCO | Commonwealth Tel. | \$43.55 | 0.00 | 2 | 3 | 96% | A |
| CTL | CenturyTel Inc.* | 34.24 | 0.67 | 2 | 2 | 92% | A |
| AT | ALLTEL Corp. | 54.91 | 2.70 | 2 | 3 | 85% | A |
| SBC | SBC Communications | 25.95 | 4.82 | 2 | 2 | 81% | A |
| TDS | Telephone & Data | 84.17 | 0.78 | 2 | 2 | 73% | B |

| Utilities | | | | | | | |
|-----------|---------------------|---------------|------------------------------|-----|------|-----------|-----------|
| Symbol | Name | 9/30/04 Price | Indicated Dividend Yield (%) | PPS | SPPS | SVI Score | SVI Grade |
| ELE | ENDESA ADR | \$19.11 | 3.85 | 1 | 1 | 100% | A |
| EQT | Equitable Resources | 54.31 | 2.80 | 3 | 4 | 99% | A |
| GAS | NICOR Inc. | 36.70 | 5.07 | 2 | 5 | 96% | A |
| EXC | Exelon Corp. | 36.69 | 3.33 | 2 | 2 | 94% | A |
| EGN | Energen Corp.* | 51.55 | 1.49 | 2 | 2 | 93% | A |

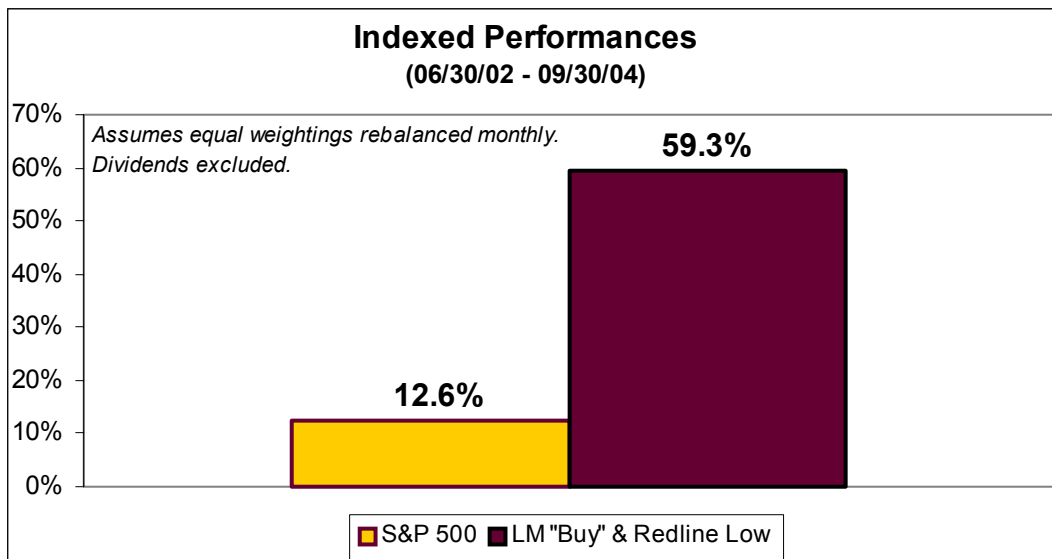
*Denotes new addition since prior month
 Source: Legg Mason

LM Buy/Redline Low Stock Selections

The Legg Mason Wood Walker Equity Research Department has 38 senior-level analysts covering approximately 400 stocks. Their efforts are directed to perform fundamental research of industries and companies to produce an investment recommendation. Each month, we screen for the Buy recommendations in the LMWW coverage universe that are also Redline Lows in the Equity Compass models. This approach combines a favorable “bottom-up” opinion with an independent confirmation from a “top-down” quantitative process.

We keep a cumulative monthly index of performance for stocks that are LMWW Buy and Redline Low (**Chart 3**). The index begins in July 2002, inception of Redline Low model, through the latest month. Stocks are equally weighted and dividends are excluded. It should be noted that the index is a hypothetical illustration with an objective of demonstrating the Redline model characteristics. However, as with all hypothetical illustrations, past performances are no guarantee of future results.

Chart 3



Source: Legg Mason

See **Table 6** for the stock selections that meet the LMWW Buy and Redline Low condition for this month. Please contact your Legg Mason representative for research reports on the stocks that are listed.

Table 6

October 2004 - Legg Mason "Buy" Rated & Redline Low

| Symbol | Company Name | Price 09/30/04 | Dividend Yield (%) | Valuation Percentile | 12M Avg Valuation Percentile | Mean Valuation Deviation | RL | Sector | Oct SVI Grade | Legg Mason |
|--------|---------------------|-------------------|-----------------------|-------------------------|------------------------------------|--------------------------------|----|------------------------|------------------|---------------|
| TXN | Texas Instruments | \$21.28 | 0.47 | 37.1% | 69.2% | -32.1% | L | Information Technology | A | Buy |
| STM | STMicroelectronics | \$17.28 | 0.52 | 22.8% | 52.7% | -29.9% | L | Information Technology | A | Buy |
| PD | Phelps Dodge | \$92.03 | 1.09 | 13.1% | 40.1% | -27.0% | L | Materials | B | Buy |
| INTC | Intel Corp. | \$20.06 | 0.80 | 42.7% | 66.4% | -23.7% | L | Information Technology | A | Buy |
| EDMC | Education Mgmt. | \$26.64 | -- | 58.0% | 78.9% | -20.9% | L | Industrials | B | Buy |
| IACI | IAC/InterActiveCorp | \$22.02 | -- | 62.2% | 82.4% | -20.2% | L | Consumer Discretionary | D | Buy |
| OCR | Omnicare Inc. | \$28.36 | 0.32 | 7.1% | 27.1% | -20.0% | L | Health Care | B | Buy |
| TIF | Tiffany & Co. | \$30.74 | 0.78 | 51.7% | 68.7% | -17.0% | L | Consumer Discretionary | B | Buy |
| RI | Ruby Tuesday | \$27.87 | 0.16 | 21.9% | 37.5% | -15.6% | L | Consumer Discretionary | C | Buy |

Source: Legg Mason

S&P 500 Redline Strategy

The S&P 500 Redline Strategy is another of our simulated equity portfolios using quantitative techniques for stock selection and portfolio discipline. As with all hypothetical illustrations, past performances are no guarantee of future results. Due to extreme levels of volatility, the strategy is only appropriate for investors with a high tolerance for risk. The strategy involves a high amount of stock turnover, which increases transaction costs. We advise implementing the strategy in programs that charge an annual fee in lieu of commissions for each transaction. For a complete description of the Legg Mason Equity Compass models, please ask your advisor for the report titled "Legg Mason Equity Model Guide."

The simulation performance shown in **Table 7** reflect results beginning June 28, 2002, the first month in which Redline data were available from our regular monthly reports, and starts

with a \$300,000 initial investment. The strategy involves the following parameters.

- We selected the 15 stocks in the S&P 500 with the widest Mean Valuation Deviation (MVD, i.e., Redline Low) and equally weighted the positions.
- In each subsequent month, we removed the two stocks with the narrowest MVD and replaced them with two stocks having the widest MVD that were not already in the portfolio.

In October, we removed **LSI Logic (LSI)** and **Louisiana Pacific (LPX)** and used the proceeds to buy **National Semiconductor (NSM)** and **Texas Instruments (TXN)**. See **Table 8** for the current list of stocks in the S&P 500 Redline Simulation Strategy. See **Table 9** for the list of 15 stocks with the widest MVD for October 2004.

Table 7

PPS Redline Strategy Simulation Results

| Month | S&P 500 Redline Portfolio | | | | | S&P 500 Index | | | |
|--------------|---------------------------|--------------|--------|-------------------|-----------|-----------------|--------------|--------|-------------------|
| | Beginning Value | Ending Value | Return | Cumulative Return | Turn-over | Beginning Value | Ending Value | Return | Cumulative Return |
| July-02 | \$300,000 | \$307,247 | 2.4% | 2.4% | 13.3% | 989.81 | 911.62 | -7.9% | -7.9% |
| August-02 | \$307,247 | \$321,312 | 4.6% | 7.1% | 20.9% | 911.62 | 916.07 | 0.5% | -7.4% |
| September-02 | \$321,312 | \$277,682 | -13.6% | -7.4% | 14.6% | 916.07 | 815.28 | -11.0% | -17.6% |
| October-02 | \$277,682 | \$309,516 | 11.5% | 3.2% | 16.5% | 815.28 | 885.76 | 8.6% | -10.5% |
| November-02 | \$309,516 | \$412,789 | 33.4% | 37.6% | 19.1% | 885.76 | 936.31 | 5.7% | -5.4% |
| December-02 | \$412,789 | \$357,580 | -13.4% | 19.2% | 13.8% | 936.31 | 879.82 | -6.0% | -11.1% |
| January-03 | \$357,580 | \$347,764 | -2.7% | 15.9% | 13.4% | 879.82 | 855.70 | -2.7% | -13.5% |
| February-03 | \$347,764 | \$363,367 | 4.5% | 21.1% | 15.1% | 855.70 | 841.15 | -1.7% | -15.0% |
| March-03 | \$363,367 | \$346,544 | -4.6% | 15.5% | 11.1% | 841.15 | 848.18 | 0.8% | -14.3% |
| April-03 | \$346,544 | \$396,711 | 14.5% | 32.2% | 18.0% | 848.18 | 916.92 | 8.1% | -7.4% |
| May-03 | \$396,711 | \$444,886 | 12.1% | 48.3% | 15.2% | 916.92 | 963.59 | 5.1% | -2.6% |
| June-03 | \$444,886 | \$438,250 | -1.5% | 46.1% | 15.2% | 963.59 | 974.50 | 1.1% | -1.5% |
| July-03 | \$438,250 | \$434,859 | -0.8% | 45.0% | 13.3% | 974.50 | 990.31 | 1.6% | 0.1% |
| August-03 | \$434,859 | \$443,668 | 2.0% | 47.9% | 12.4% | 990.31 | 1008.01 | 1.8% | 1.8% |
| September-03 | \$443,668 | \$431,423 | -2.8% | 43.8% | 15.3% | 1,008.01 | 995.97 | -1.2% | 0.6% |
| October-03 | \$431,423 | \$456,043 | 5.7% | 52.0% | 14.7% | 995.97 | 1050.71 | 5.5% | 6.2% |
| November-03 | \$456,043 | \$468,899 | 2.8% | 56.3% | 14.8% | 1,050.71 | 1058.20 | 0.7% | 6.9% |
| December-03 | \$468,899 | \$524,121 | 11.8% | 74.7% | 8.4% | 1,058.20 | 1111.92 | 5.1% | 12.3% |
| January-04 | \$524,121 | \$529,033 | 0.9% | 76.3% | 15.0% | 1,111.92 | 1131.13 | 1.7% | 14.3% |
| February-04 | \$529,033 | \$563,746 | 6.6% | 87.9% | 14.2% | 1,131.13 | 1144.94 | 1.2% | 15.7% |
| March-04 | \$563,746 | \$566,493 | 0.5% | 88.8% | 11.2% | 1,144.94 | 1126.21 | -1.6% | 13.8% |
| April-04 | \$566,493 | \$542,326 | -4.3% | 80.8% | 12.3% | 1,126.21 | 1107.30 | -1.7% | 11.9% |
| May-04 | \$542,326 | \$570,360 | 5.2% | 90.1% | 15.7% | 1,107.30 | 1120.68 | 1.2% | 13.2% |
| June-04 | \$570,360 | \$590,449 | 3.5% | 96.8% | 13.4% | 1,120.68 | 1140.84 | 1.8% | 15.3% |
| July-04 | \$590,449 | \$554,827 | -6.0% | 84.9% | 16.1% | 1,140.84 | 1101.72 | -3.4% | 11.3% |
| August-04 | \$554,827 | \$548,460 | -1.1% | 82.8% | 12.0% | 1,101.72 | 1104.24 | 0.2% | 11.6% |
| September-04 | \$548,460 | \$589,857 | 7.5% | 96.6% | 11.7% | 1,104.24 | 1114.58 | 0.9% | 12.6% |

| | |
|---------------------------------------|--------|
| Cumulative Return | 96.6% |
| Annualized | 35.1% |
| Standard Deviation of Monthly Returns | 8.9% |
| Annualized SD of Monthly Returns | 30.8% |
| Total Portfolio Turnover | 386.7% |
| Annualized Portfolio Turnover | 171.9% |

| |
|-------|
| 11.6% |
| 5.0% |
| 4.5% |
| 15.6% |

Source: Legg Mason

Redline Focus—S&P 500 Redline Strategy (continued from page 11)

Table 8

PPS Redline Strategy Simulated Portfolio—October 2004

| Simulated Portfolio Beginning July 2002 | | | | | | | | |
|---|----------------------|----------------------------|----------------------|-----------------------|--------|----------------|--------|------------------|
| Beginning Value | | \$300,000 | 09/30/2004 | | | | | |
| Ending Value | | \$589,857 | | | | | | |
| Symbol | Company Name | Sector | Valuation Percentile | 12M Average Valuation | MVD | Price 09/30/04 | Shares | Value |
| TXN | Texas Instruments* | Information Technology | 37.1% | 69.2% | -32.1% | \$21.28 | 1624.6 | \$34,572 |
| QLGC | QLogic Corp. | Information Technology | 69.3% | 68.0% | 1.3% | \$29.71 | 1239.7 | \$36,830 |
| PVN | Provident Fin'l | Financials | 37.4% | 37.6% | -0.2% | \$15.54 | 3090.0 | \$48,018 |
| LNC | Lincoln Nat'l Corp. | Financials | 10.3% | 13.8% | -3.4% | \$47.00 | 672.6 | \$31,612 |
| NXTL | Nextel Communic. 'A' | Telecommunication Services | 40.4% | 44.8% | -4.3% | \$23.84 | 1290.6 | \$30,769 |
| NVDA | NVIDIA Corp. | Information Technology | 44.0% | 58.4% | -14.4% | \$14.52 | 2634.1 | \$38,246 |
| WPI | Watson Pharmac. | Health Care | 21.3% | 36.4% | -15.1% | \$29.46 | 1469.0 | \$43,276 |
| NVLS | Novellus Sys. | Information Technology | 54.0% | 74.2% | -20.2% | \$26.64 | 1343.4 | \$35,789 |
| CAT | Caterpillar Inc. | Industrials | 19.9% | 40.3% | -20.4% | \$80.45 | 595.8 | \$47,934 |
| NSM | National Semic.* | Information Technology | 33.0% | 67.8% | -34.8% | \$15.49 | 2231.9 | \$34,572 |
| AMD | Advanced Micro Dev. | Information Technology | 23.6% | 48.1% | -24.5% | \$13.00 | 2675.5 | \$34,782 |
| PD | Phelps Dodge | Materials | 13.1% | 40.1% | -27.0% | \$92.03 | 661.2 | \$60,850 |
| NAV | Navistar Int'l | Industrials | 18.4% | 50.8% | -32.4% | \$37.19 | 1019.5 | \$37,914 |
| MU | Micron Technology | Information Technology | 20.2% | 59.4% | -39.2% | \$12.03 | 3300.2 | \$39,702 |
| TER | Teradyne Inc. | Information Technology | 23.0% | 65.1% | -42.1% | \$13.40 | 2611.2 | \$34,990 |
| Portfolio Totals | | | | | | | | \$589,857 |

* Denotes addition since prior month

Source: Legg Mason

Table 9

15 Stocks in the S&P 500 with the Widest MVD for October

| Current 15 Lowest Stocks in the S&P 500 by MVD | | | | | | |
|--|----------------------|----------------|----------------------|------------------------------|--------------------------|------------------------|
| Symbol | Company Name | Price 09/30/04 | Valuation Percentile | 12M Avg Valuation Percentile | Mean Valuation Deviation | Sector |
| TER | Teradyne Inc. | \$13.40 | 23.0% | 65.1% | -42.1% | Information Technology |
| MU | Micron Technology | \$12.03 | 20.2% | 59.4% | -39.2% | Information Technology |
| NSM | National Semic. | \$15.49 | 33.0% | 67.8% | -34.8% | Information Technology |
| NAV | Navistar Int'l | \$37.19 | 18.4% | 50.8% | -32.4% | Industrials |
| TXN | Texas Instruments | \$21.28 | 37.1% | 69.2% | -32.1% | Information Technology |
| SLR | Solectron Corp. | \$4.95 | 38.4% | 68.7% | -30.3% | Information Technology |
| SFA | Scientific-Atlanta | \$25.92 | 45.0% | 73.3% | -28.3% | Information Technology |
| PD | Phelps Dodge | \$92.03 | 13.1% | 40.1% | -27.0% | Materials |
| VRTS | VERITAS Software | \$17.80 | 57.0% | 83.4% | -26.4% | Information Technology |
| AMAT | Applied Materials | \$16.49 | 50.6% | 76.8% | -26.3% | Information Technology |
| JBL | Jabil Circuit | \$23.00 | 26.9% | 51.6% | -24.7% | Information Technology |
| AMD | Advanced Micro Dev. | \$13.00 | 23.6% | 48.1% | -24.5% | Information Technology |
| A | Agilent Technologies | \$21.57 | 58.0% | 81.9% | -24.0% | Information Technology |
| SANM | Sanmina-SCI Corp. | \$7.05 | 39.1% | 63.0% | -23.9% | Information Technology |
| INTC | Intel Corp. | \$20.06 | 42.7% | 66.4% | -23.7% | Information Technology |

Source: Legg Mason

Model Monitor

Rating Changes & Redline Conditions

Model Monitor - October 2004

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|-------------------------------|----------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| TW | 21st Century Ins. Group | Financials | \$13.35 | Buy | Sell | 75% | 25% | 11.8% | 26.9% | L | 6 | B |
| ACN | Accenture Ltd. | Info. Tech. | \$27.05 | Buy | Neutral | 75% | 50% | 80.1% | 79.8% | | 3 | -- |
| ACDO | Accredo Health | Health Care | \$23.57 | Neutral | Neutral | 50% | 50% | 24.0% | 56.6% | L | 5 | D |
| ATVI | Activision Inc. | Info. Tech. | \$13.87 | Neutral | Sell | 50% | 0% | 44.1% | 62.8% | L | 5 | C |
| ACXM | Acxiom Corp. | Info. Tech. | \$23.74 | Neutral | Buy | 50% | 75% | 65.7% | 51.7% | H | 3 | -- |
| ADPT | Adaptec Inc. | Info. Tech. | \$7.60 | Neutral | Neutral | 50% | 50% | 41.7% | 58.5% | L | 7 | C |
| ADTN | ADTRAN Inc. | Info. Tech. | \$22.68 | Neutral | Sell | 50% | 25% | 69.4% | 85.7% | L | 8 | A |
| AAP | Advance Auto Parts | Cons. Disc. | \$34.40 | Sell | Buy | 25% | 100% | 17.7% | 27.2% | | 5 | D |
| AMD | Advanced Micro Dev. | Info. Tech. | \$13.00 | Neutral | Neutral | 50% | 50% | 23.6% | 48.1% | L | 5 | C |
| AD | ADVO Inc. | Cons. Disc. | \$30.94 | Sell | Neutral | 25% | 50% | 60.7% | 51.0% | | 8 | B |
| A | Agilent Technologies | Info. Tech. | \$21.57 | Sell | Sell | 0% | 0% | 58.0% | 81.9% | L | 8 | D |
| AEM | Agnico-Eagle Mines | Materials | \$14.28 | Buy | Neutral | 75% | 50% | 94.1% | 87.4% | | 4 | A |
| AHO | Ahold ADR | Cons. Staples | \$6.39 | Neutral | Sell | 50% | 25% | 12.5% | 38.9% | L | 6 | -- |
| APD | Air Products & Chem. | Materials | \$54.38 | Buy | Sell | 100% | 25% | 58.8% | 50.7% | | 3 | A |
| AKS | AK Steel Holding | Materials | \$8.16 | Buy | Buy | 100% | 100% | 14.1% | 60.6% | L | 1 | D |
| ALB | Albemarle Corp. | Materials | \$35.09 | Buy | Buy | 75% | 75% | 50.1% | 36.0% | H | 3 | B |
| AL | Alcan Inc. | Materials | \$47.80 | Buy | Sell | 100% | 25% | 8.6% | 15.1% | | 1 | C |
| ALA | Alcatel ADR | Info. Tech. | \$11.73 | Sell | Sell | 0% | 0% | 57.7% | 86.1% | L | 8 | D |
| ARE | Alexandria Real Estate | Financials | \$65.72 | Sell | Sell | 25% | 25% | 87.1% | 68.5% | H | 4 | D |
| AYE | Allegheny Energy | Utilities | \$15.96 | Buy | Buy | 100% | 100% | 45.5% | 68.8% | L | 2 | D |
| ATI | Allegheny Technologies | Materials | \$18.25 | Buy | Neutral | 100% | 50% | 69.8% | 85.7% | L | 3 | D |
| AW | Allied Waste | Industrials | \$8.85 | Neutral | Neutral | 50% | 50% | 15.3% | 36.8% | L | 5 | D |
| MDRX | Allscripts Healthcare Solutio | Health Care | \$9.00 | Neutral | Sell | 50% | 0% | 95.3% | 95.4% | | 4 | -- |
| AT | ALLTEL Corp. | Telecom. Svcs. | \$54.91 | Buy | Buy | 100% | 100% | 49.1% | 30.4% | H | 2 | A |
| ALO | ALPHARMA Inc. | Health Care | \$18.29 | Sell | Sell | 0% | 25% | 45.1% | 24.3% | H | 7 | D |
| ANAT | Amer. Nat'l Ins. | Financials | \$96.79 | Buy | Buy | 100% | 100% | 8.0% | 30.8% | L | 1 | B |
| APCC | Amer. Power Conv. | Industrials | \$17.39 | Sell | Buy | 25% | 75% | 73.4% | 63.9% | | 8 | B |
| ACF | AmeriCredit Corp. | Financials | \$20.88 | Buy | Buy | 100% | 100% | 27.9% | 50.2% | L | 2 | D |
| AMKR | Amkor Technology | Info. Tech. | \$3.65 | Sell | Neutral | 25% | 50% | 42.0% | 53.5% | | 7 | D |
| APH | Amphenol Corp 'A' New | Info. Tech. | \$34.26 | Buy | Sell | 75% | 0% | 76.5% | 70.8% | | 3 | -- |
| AMR | AMR Corp. | Industrials | \$7.33 | Sell | Neutral | 0% | 50% | 51.3% | 65.1% | | 8 | D |
| ANDW | Andrew Corp. | Info. Tech. | \$12.24 | Sell | Neutral | 0% | 50% | 50.3% | 64.8% | | 8 | D |
| ADRX | Andrx Group | Health Care | \$22.36 | Neutral | Neutral | 50% | 50% | 36.1% | 56.1% | L | 5 | C |
| AGL | Angelica Corp. | Industrials | \$24.88 | Sell | Buy | 0% | 75% | 55.6% | 32.2% | H | 5 | C |
| ANN | AnnTaylor Stores | Cons. Disc. | \$23.40 | Buy | Buy | 75% | 75% | 4.4% | 26.6% | L | 6 | B |
| ANST | Ansoft Corp | Info. Tech. | \$15.90 | Neutral | x | 50% | x | 90.7% | 90.7% | | 4 | -- |
| ANT | Anteon Int'l | Info. Tech. | \$36.65 | Sell | Sell | 0% | 0% | 78.0% | 63.3% | H | 5 | C |
| AIV | Apartment Investment | Financials | \$34.78 | Buy | Sell | 75% | 25% | 65.8% | 56.2% | | 3 | D |
| APOL | Apollo Group 'A' | Industrials | \$73.37 | Sell | Neutral | 0% | 50% | 85.4% | 91.3% | | 9 | -- |
| AMAT | Applied Materials | Info. Tech. | \$16.49 | Sell | Buy | 25% | 75% | 50.6% | 76.8% | L | 8 | B |
| WTR | Aqua America | Utilities | \$22.11 | Buy | Sell | 75% | 0% | 93.4% | 82.2% | | 4 | B |
| AGY | Argosy Gaming | Cons. Disc. | \$39.20 | Buy | Buy | 75% | 100% | 33.3% | 20.5% | H | 2 | -- |
| ARRS | Arris Group Inc | Info. Tech. | \$5.22 | Neutral | Neutral | 50% | 50% | 42.5% | 73.1% | L | 5 | -- |
| ARW | Arrow Electronics | Info. Tech. | \$22.58 | Neutral | Neutral | 50% | 50% | 9.2% | 43.1% | L | 6 | C |
| ATSN | Artesyn Technologies Inc | Industrials | \$9.98 | Sell | Neutral | 0% | 50% | 59.5% | 72.0% | | 8 | -- |
| ASH | Ashland Inc. | Energy | \$56.08 | Neutral | Buy | 50% | 100% | 60.9% | 32.5% | H | 3 | C |
| ASIA | AsialInfo Holdings Inc | Info. Tech. | \$4.88 | Neutral | x | 50% | x | 38.5% | 69.5% | L | 7 | -- |
| ASML | ASML Holding N.V. | Info. Tech. | \$12.87 | Sell | Neutral | 25% | 50% | 59.6% | 85.5% | L | 8 | -- |
| ASPT | Aspect Communications | Info. Tech. | \$9.93 | Neutral | Neutral | 50% | 50% | 39.2% | 55.9% | L | 7 | -- |
| AZPN | Aspen Technology Inc. | Info. Tech. | \$6.99 | Neutral | Neutral | 50% | 50% | 36.4% | 64.0% | L | 5 | -- |
| ASBC | Assoc. Banc-Corp | Financials | \$32.07 | Buy | Buy | 75% | 100% | 64.7% | 46.8% | H | 3 | B |
| AWE | AT&T Wireless Serv. | Telecom. Svcs. | \$14.78 | Neutral | Neutral | 50% | 50% | 80.9% | 61.3% | H | 3 | C |
| ATML | Atmel Corp. | Info. Tech. | \$3.62 | Buy | Buy | 75% | 75% | 40.8% | 66.1% | L | 5 | B |
| ANZ | Australia & N Z Bkg Group | Financials | \$69.10 | Buy | Neutral | 100% | 50% | 36.3% | 31.5% | | 2 | B |
| AVB | AvalonBay Communities | Financials | \$60.22 | Buy | Sell | 75% | 25% | 89.2% | 77.0% | | 4 | C |
| AVY | Avery Dennison | Industrials | \$65.78 | Neutral | Sell | 50% | 25% | 76.4% | 64.4% | | 5 | A |
| AVT | Avnet Inc. | Info. Tech. | \$17.12 | Neutral | Neutral | 50% | 50% | 12.8% | 44.1% | L | 5 | D |
| BOH | Bank of Hawaii | Financials | \$47.25 | Buy | Buy | 75% | 75% | 75.9% | 58.3% | H | 3 | A |

Model Monitor (continued from page 13)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|---------------------------|----------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| BNK | Banknorth Group | Financials | \$35.00 | Buy | Buy | 75% | 75% | 70.3% | 50.4% | H | 3 | B |
| BAX | Baxter Int'l Inc. | Health Care | \$32.16 | Neutral | Buy | 50% | 75% | 72.3% | 51.9% | H | 3 | C |
| BBT | BB&T Corp. | Financials | \$39.69 | Buy | Buy | 75% | 75% | 55.8% | 38.5% | H | 3 | A |
| BZH | Beazer Homes USA | Cons. Disc. | \$106.89 | Buy | Sell | 100% | 25% | 0.7% | 1.0% | | 1 | D |
| BEBE | bebe stores inc | Cons. Disc. | \$21.12 | Buy | Sell | 75% | 0% | 65.1% | 69.3% | | 3 | -- |
| BDX | Becton Dickinson | Health Care | \$51.70 | Buy | Buy | 75% | 100% | 67.0% | 50.1% | H | 3 | A |
| BLS | BellSouth Corp. | Telecom. Svcs. | \$27.12 | Sell | Sell | 25% | 25% | 48.7% | 26.8% | H | 7 | A |
| BNG | Benetton Group S.p.A. ADR | Cons. Disc. | \$24.17 | Buy | Sell | 100% | 25% | 4.8% | 7.9% | | 1 | -- |
| BRKA | Berkshire Hathaway | Financials | \$86,650.00 | Sell | Buy | 25% | 100% | 59.2% | 56.6% | | 5 | B |
| BBY | Best Buy Co. | Cons. Disc. | \$54.24 | Sell | Neutral | 25% | 50% | 28.5% | 39.1% | | 7 | C |
| BEV | Beverly Enterprises | Health Care | \$7.57 | Neutral | Neutral | 50% | 50% | 9.0% | 25.5% | L | 5 | D |
| BSTE | Biosite Inc. | Health Care | \$48.96 | Neutral | Neutral | 50% | 50% | 67.9% | 51.5% | H | 3 | C |
| BDK | Black & Decker | Cons. Disc. | \$77.44 | Buy | Buy | 75% | 75% | 53.9% | 34.4% | H | 3 | A |
| BLK | BlackRock Inc Cl A | Financials | \$73.49 | Neutral | Neutral | 50% | 50% | 94.1% | 70.7% | H | 4 | B |
| HRB | Block (H&R) | Industrials | \$49.42 | Neutral | Buy | 50% | 75% | 22.5% | 23.3% | | 7 | A |
| BMC | BMC Software | Info. Tech. | \$15.81 | Sell | Buy | 25% | 75% | 51.6% | 58.3% | | 8 | A |
| BOBE | Bob Evans Farms | Cons. Disc. | \$27.16 | Sell | Neutral | 25% | 50% | 14.2% | 13.9% | | 6 | C |
| BBA | Bombay Co. | Cons. Disc. | \$7.33 | Sell | x | 0% | x | 56.1% | 23.4% | H | 8 | -- |
| SAM | Boston Beer 'A' | Cons. Staples | \$25.20 | Neutral | Buy | 50% | 100% | 84.5% | 70.2% | H | 4 | B |
| BXP | Boston Properties | Financials | \$55.39 | Neutral | Neutral | 50% | 50% | 70.0% | 49.5% | H | 3 | D |
| BSX | Boston Scientific | Health Care | \$39.73 | Sell | Neutral | 25% | 50% | 82.8% | 87.0% | | 8 | B |
| BYD | Boyd Gaming | Cons. Disc. | \$28.15 | Neutral | Neutral | 50% | 50% | 57.2% | 44.1% | H | 3 | -- |
| BRE | BRE Properties | Financials | \$38.35 | Sell | Sell | 25% | 25% | 85.4% | 70.7% | H | 4 | C |
| BAB | British Airways ADR | Industrials | \$37.63 | Neutral | Sell | 50% | 25% | 1.1% | 10.4% | | 5 | B |
| BRKL | Brookline Bancorp | Financials | \$15.67 | Sell | x | 0% | x | 94.5% | 94.5% | | 5 | -- |
| BRKS | Brooks Automation | Info. Tech. | \$14.15 | Neutral | Neutral | 50% | 50% | 26.5% | 65.5% | L | 7 | D |
| BRO | Brown & Brown | Financials | \$45.70 | Sell | Neutral | 25% | 50% | 87.8% | 72.5% | H | 5 | A |
| BFB | Brown-Forman 'B' | Cons. Staples | \$45.80 | Sell | Neutral | 0% | 50% | 81.3% | 80.6% | | 8 | -- |
| BW | Brush Engineered | Materials | \$20.71 | Buy | Buy | 100% | 100% | 22.0% | 52.4% | L | 2 | D |
| CWP | Cable & Wireless ADR | Telecom. Svcs. | \$5.26 | Neutral | Sell | 50% | 25% | 9.4% | 36.8% | L | 5 | -- |
| COG | Cabot Oil & Gas 'A' | Energy | \$44.90 | Neutral | Neutral | 50% | 50% | 53.7% | 33.4% | H | 3 | C |
| CACH | Cache Inc. | Cons. Disc. | \$15.00 | Sell | Neutral | 25% | 50% | 29.4% | 41.8% | | 5 | -- |
| CDN | Cadence Design Sys. | Info. Tech. | \$13.04 | Sell | Neutral | 25% | 50% | 45.3% | 58.8% | | 7 | D |
| CZR | Caesars Entertain. | Cons. Disc. | \$16.70 | Neutral | Neutral | 50% | 50% | 58.9% | 43.6% | H | 3 | D |
| CPKI | California Pizza | Cons. Disc. | \$21.85 | Neutral | Buy | 50% | 100% | 52.1% | 37.3% | H | 3 | C |
| CBC | Capitol Bancorp Ltd | Financials | \$29.34 | Buy | Sell | 100% | 25% | 40.1% | 41.2% | | 2 | D |
| CAH | Cardinal Health | Health Care | \$43.77 | Buy | Buy | 75% | 75% | 5.2% | 22.2% | L | 6 | B |
| CECO | Career Education | Industrials | \$28.43 | Buy | Buy | 75% | 75% | 31.4% | 77.4% | L | 7 | B |
| CMX | Caremark RX | Health Care | \$32.07 | Neutral | Neutral | 50% | 50% | 46.1% | 61.2% | L | 7 | -- |
| KMX | CarMax Inc. | Cons. Disc. | \$21.55 | Sell | Neutral | 0% | 50% | 65.4% | 62.9% | | 8 | D |
| CRE | CarrAmerica Realty Corp | Financials | \$32.70 | Neutral | Neutral | 50% | 50% | 66.1% | 42.1% | H | 3 | C |
| POS | Catalina Marketing | Cons. Disc. | \$23.08 | Buy | Buy | 75% | 75% | 78.6% | 50.0% | H | 3 | A |
| CAT | Caterpillar Inc. | Industrials | \$80.45 | Buy | Buy | 100% | 100% | 19.9% | 40.3% | L | 2 | A |
| CDWC | CDW Corp. | Info. Tech. | \$58.03 | Neutral | Buy | 50% | 100% | 51.2% | 65.8% | L | 8 | A |
| CLS | Celestica Inc. | Info. Tech. | \$12.70 | Neutral | Neutral | 50% | 50% | 28.7% | 55.9% | L | 7 | D |
| CD | Cendant Corp. | Industrials | \$21.60 | Neutral | Buy | 50% | 100% | 13.9% | 20.0% | | 6 | B |
| CTL | CenturyTel Inc. | Telecom. Svcs. | \$34.24 | Buy | Neutral | 100% | 50% | 30.0% | 15.6% | H | 2 | A |
| CEPH | Cephalon Inc. | Health Care | \$47.90 | Sell | Neutral | 0% | 50% | 53.7% | 74.7% | L | 8 | D |
| CEN | Ceridian Corp. | Info. Tech. | \$18.41 | Neutral | Buy | 50% | 100% | 55.5% | 62.5% | | 5 | B |
| CHG | CH Energy Group | Utilities | \$45.80 | Neutral | Buy | 50% | 75% | 31.1% | 24.5% | | 7 | A |
| CRAI | Charles River Associates | Industrials | \$38.29 | Sell | Sell | 25% | 0% | 84.3% | 66.5% | H | 4 | -- |
| CKFR | CheckFree Corp. | Info. Tech. | \$27.67 | Neutral | Buy | 50% | 100% | 62.4% | 70.0% | | 5 | A |
| CKP | Checkpoint Systems | Info. Tech. | \$15.57 | Neutral | Sell | 50% | 25% | 23.5% | 38.3% | L | 5 | C |
| CPG | Chelsea Ppty Group Inc | Financials | \$67.10 | Sell | Sell | 25% | 25% | 88.7% | 69.8% | H | 4 | C |
| CHFC | Chemical Financial | Financials | \$36.52 | Buy | Sell | 75% | 0% | 67.2% | 66.0% | | 3 | D |
| CBI | Chicago Bridge & Iron | Industrials | \$29.99 | Buy | Neutral | 75% | 50% | 62.9% | 50.5% | | 3 | -- |
| CHS | Chico's FAS | Cons. Disc. | \$34.20 | Sell | Neutral | 0% | 50% | 77.0% | 87.3% | | 8 | -- |
| PLCE | Children's Place | Cons. Disc. | \$23.91 | Neutral | Neutral | 50% | 50% | 10.4% | 33.0% | L | 5 | D |
| CHZ | Chittenden Corp. | Financials | \$27.25 | Buy | Neutral | 75% | 50% | 60.4% | 50.2% | | 3 | D |
| CHH | Choice Hotels Intl Inc | Cons. Disc. | \$57.59 | Sell | Sell | 25% | 25% | 92.6% | 73.5% | H | 4 | -- |

Model Monitor (continued from page 14)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|-----------------------|----------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| CBR | CIBER Inc. | Info. Tech. | \$7.52 | Neutral | Neutral | 50% | 50% | 22.3% | 38.7% | L | 5 | -- |
| CINF | Cincinnati Financial | Financials | \$41.22 | Neutral | Buy | 50% | 75% | 33.8% | 34.5% | | 7 | A |
| CTAS | Cintas Corp. | Industrials | \$42.04 | Sell | Neutral | 25% | 50% | 79.3% | 79.0% | | 8 | A |
| CRUS | Cirrus Logic | Info. Tech. | \$4.77 | Sell | Sell | 25% | 0% | 68.9% | 89.5% | L | 8 | C |
| CZN | Citizens Communic. | Telecom. Svcs. | \$13.39 | Neutral | Neutral | 50% | 50% | 65.2% | 52.6% | H | 3 | C |
| CYN | City National Corp. | Financials | \$64.95 | Buy | Buy | 75% | 75% | 60.4% | 41.4% | H | 3 | A |
| CKR | CKE Restaurants | Cons. Disc. | \$11.05 | Buy | Buy | 100% | 75% | 20.7% | 41.5% | L | 2 | D |
| CCU | Clear Channel | Cons. Disc. | \$31.17 | Sell | Sell | 25% | 25% | 51.7% | 72.5% | L | 8 | B |
| CLX | Clorox Co. | Cons. Staples | \$53.30 | Buy | Neutral | 75% | 50% | 78.3% | 64.2% | H | 3 | A |
| CNA | CNA Fin'l | Financials | \$24.01 | Sell | Buy | 25% | 100% | 10.5% | 14.8% | | 5 | D |
| CGNX | Cognex Co. | Info. Tech. | \$26.20 | Sell | Neutral | 25% | 50% | 79.6% | 84.1% | | 8 | A |
| CSTR | Coinstar Inc | Industrials | \$23.30 | Neutral | Buy | 50% | 75% | 50.7% | 31.1% | H | 3 | -- |
| CL | Colgate-Palmolive | Cons. Staples | \$45.18 | Neutral | Buy | 50% | 100% | 62.9% | 69.6% | | 5 | A |
| CNB | Colonial BncGrp. 'A' | Financials | \$20.45 | Neutral | Neutral | 50% | 50% | 72.4% | 51.4% | H | 3 | D |
| CBH | Commerce Bancorp NJ | Financials | \$55.20 | Neutral | Buy | 50% | 75% | 56.3% | 51.3% | | 5 | A |
| CBU | Community Bank Sys. | Financials | \$25.13 | Buy | Sell | 100% | 0% | 66.9% | 57.5% | | 3 | C |
| CBSS | Compass Bancshares | Financials | \$43.82 | Neutral | Neutral | 50% | 50% | 67.3% | 52.5% | H | 3 | C |
| CPWR | Compuware Corp. | Info. Tech. | \$5.15 | Sell | Sell | 0% | 0% | 64.2% | 79.7% | L | 8 | D |
| CMVT | Comverse Technology | Info. Tech. | \$18.83 | Neutral | Buy | 50% | 75% | 93.6% | 91.2% | | 4 | D |
| CNXT | Conexant Systems | Info. Tech. | \$1.60 | Neutral | Neutral | 50% | 50% | 49.3% | 73.6% | L | 7 | D |
| ED | Consol. Edison | Utilities | \$42.04 | Neutral | Sell | 50% | 25% | 35.8% | 31.5% | | 5 | B |
| CAL | Cont'l Airlines | Industrials | \$8.52 | Sell | Sell | 0% | 25% | 51.8% | 38.0% | H | 8 | D |
| CAM | Cooper Cameron | Energy | \$54.84 | Neutral | Buy | 50% | 100% | 79.1% | 59.8% | H | 3 | C |
| COCO | Corinthian Colleges | Industrials | \$13.48 | Neutral | Neutral | 50% | 50% | 25.3% | 70.7% | L | 7 | C |
| CPO | Corn Products Int'l | Cons. Staples | \$46.10 | Buy | Buy | 75% | 100% | 25.9% | 13.4% | H | 2 | C |
| OFC | Corp. Office Ppty | Financials | \$25.62 | Neutral | Neutral | 50% | 50% | 57.1% | 41.3% | H | 3 | D |
| CMOS | Credence Systems | Info. Tech. | \$7.20 | Neutral | Neutral | 50% | 50% | 34.9% | 59.5% | L | 7 | D |
| CREE | Cree Inc. | Info. Tech. | \$30.50 | Neutral | Neutral | 50% | 50% | 90.1% | 73.5% | H | 4 | A |
| CK | Crompton Corp. | Materials | \$9.49 | Buy | Sell | 75% | 25% | 49.9% | 26.9% | H | 2 | C |
| CSX | CSX Corp. | Industrials | \$33.20 | Buy | Sell | 100% | 25% | 11.0% | 8.5% | | 1 | C |
| CUNO | CUNO Inc. | Industrials | \$57.75 | Sell | Buy | 25% | 75% | 86.1% | 73.1% | H | 4 | C |
| CYMI | Cymer Inc. | Info. Tech. | \$28.66 | Neutral | Neutral | 50% | 50% | 36.5% | 66.9% | L | 5 | C |
| CY | Cypress Semic. | Info. Tech. | \$8.84 | Buy | Buy | 75% | 75% | 25.0% | 48.7% | L | 7 | B |
| CYT | Cytec Inds. | Materials | \$48.95 | Buy | Buy | 100% | 100% | 38.6% | 25.6% | H | 2 | A |
| CYTC | Cytec Corp. | Health Care | \$24.15 | Sell | Buy | 25% | 75% | 94.9% | 78.2% | H | 4 | C |
| DCX | DaimlerChrysler AG | Cons. Disc. | \$41.42 | Sell | Buy | 25% | 100% | 13.5% | 19.4% | | 5 | C |
| DCN | Dana Corp. | Cons. Disc. | \$17.69 | Sell | Buy | 25% | 100% | 5.7% | 5.5% | | 5 | D |
| DF | Dean Foods | Cons. Staples | \$30.02 | Sell | Buy | 25% | 100% | 21.2% | 24.0% | | 5 | D |
| DE | Deere & Co. | Industrials | \$64.55 | Buy | Buy | 100% | 100% | 27.7% | 44.9% | L | 2 | C |
| DAL | Delta Air Lines | Industrials | \$3.29 | Sell | Sell | 0% | 0% | 94.4% | 74.1% | H | 9 | D |
| DRTE | Dendrite Intl Inc | Health Care | \$16.12 | Sell | Neutral | 0% | 50% | 53.1% | 60.4% | | 8 | -- |
| XRAY | Dentsply Intl | Health Care | \$51.94 | Buy | Buy | 75% | 100% | 78.5% | 63.1% | H | 3 | B |
| DBD | Diebold Inc. | Info. Tech. | \$46.70 | Neutral | Buy | 50% | 75% | 45.8% | 56.4% | | 7 | A |
| DRIV | Digital River Inc | Info. Tech. | \$29.78 | Neutral | Buy | 50% | 75% | 87.4% | 81.1% | | 4 | -- |
| DMN | Dimon Inc | Cons. Staples | \$5.89 | Sell | Sell | 0% | 25% | 61.4% | 29.3% | H | 8 | -- |
| DNEX | Dionex Corp. | Info. Tech. | \$54.70 | Sell | Neutral | 0% | 50% | 86.2% | 80.4% | | 9 | B |
| DLTR | Dollar Tree Stores | Cons. Disc. | \$26.95 | Sell | Neutral | 25% | 50% | 19.2% | 29.6% | | 5 | D |
| DPL | DPL Inc. | Utilities | \$20.58 | Neutral | Neutral | 50% | 50% | 69.1% | 55.3% | H | 3 | C |
| DTE | DTE Energy | Utilities | \$42.19 | Buy | Neutral | 100% | 50% | 37.8% | 31.1% | | 2 | D |
| DD | Du Pont | Materials | \$42.80 | Neutral | Sell | 50% | 25% | 61.8% | 63.1% | | 5 | B |
| DRE | Duke Realty Corp. | Financials | \$33.20 | Buy | Sell | 100% | 25% | 72.7% | 67.8% | | 3 | C |
| DNB | Dun & Bradstreet | Industrials | \$58.70 | Neutral | Buy | 50% | 75% | 84.2% | 75.2% | | 4 | -- |
| DPMI | DuPont Photomasks | Info. Tech. | \$17.04 | Neutral | Neutral | 50% | 50% | 13.0% | 52.1% | L | 6 | -- |
| ELNK | EarthLink Inc. | Info. Tech. | \$10.30 | Buy | Buy | 100% | 100% | 15.1% | 38.3% | L | 1 | C |
| EWBC | East West Bancorp Inc | Financials | \$33.59 | Sell | Sell | 25% | 25% | 84.8% | 68.0% | H | 4 | C |
| EDMC | Education Mgmt. | Industrials | \$26.64 | Sell | Sell | 25% | 25% | 58.0% | 78.9% | L | 8 | B |
| AGE | Edwards (A.G.) | Financials | \$34.62 | Sell | Neutral | 25% | 50% | 29.6% | 37.4% | | 5 | D |
| EFII | Electrnics For Imging | Info. Tech. | \$16.24 | Neutral | Sell | 50% | 25% | 47.9% | 75.7% | L | 5 | -- |
| ERTS | Electronic Arts | Info. Tech. | \$45.99 | Sell | Buy | 25% | 100% | 76.0% | 79.0% | | 5 | A |
| EMMS | Emmis Communications | Cons. Disc. | \$18.06 | Neutral | Sell | 50% | 0% | 48.2% | 70.5% | L | 7 | -- |

Model Monitor (continued from page 15)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|--------------------------|---------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| ELX | Emulex Corp. | Info. Tech. | \$11.52 | Neutral | Neutral | 50% | 50% | 43.0% | 60.5% | L | 7 | C |
| ENMC | Encore Med Corp | Health Care | \$4.98 | Sell | x | 0% | x | 77.4% | 78.6% | | 8 | -- |
| EGN | Energen Corp. | Utilities | \$51.55 | Buy | Buy | 100% | 100% | 35.5% | 20.8% | H | 2 | A |
| ENR | Energizer Holdings | Cons. Staples | \$46.10 | Buy | Sell | 100% | 25% | 48.6% | 43.6% | | 2 | C |
| EFX | Equifax Inc. | Industrials | \$26.36 | Neutral | Sell | 50% | 25% | 75.2% | 64.0% | | 5 | A |
| EQT | Equitable Resources | Utilities | \$54.31 | Buy | Buy | 75% | 75% | 68.3% | 47.8% | H | 3 | A |
| EOP | Equity Office P'tys | Financials | \$27.25 | Sell | Sell | 0% | 0% | 63.2% | 50.1% | H | 8 | C |
| EQR | Equity Residential | Financials | \$31.00 | Buy | Sell | 100% | 25% | 70.9% | 71.8% | | 3 | C |
| ERES | eResearchTechnology | Health Care | \$13.33 | Sell | Buy | 25% | 75% | 75.1% | 85.6% | | 5 | B |
| ERICY | Ericsson ADR | Info. Tech. | \$31.24 | Neutral | Buy | 50% | 75% | 87.6% | 92.1% | | 4 | D |
| FDO | Family Dollar Stores | Cons. Disc. | \$27.10 | Buy | Buy | 75% | 75% | 36.1% | 51.2% | L | 7 | B |
| FSS | Federal Signal | Industrials | \$18.58 | Neutral | Buy | 50% | 75% | 62.7% | 49.6% | H | 3 | D |
| FAF | First Amer Corp | Financials | \$30.83 | Buy | Neutral | 100% | 50% | 0.5% | 0.5% | | 1 | B |
| FR | First Intl Rlty Tr Inc. | Financials | \$36.90 | Buy | Neutral | 75% | 50% | 65.8% | 55.2% | | 3 | D |
| FED | FirstFed Fin'l-CA | Financials | \$48.88 | Buy | Buy | 75% | 75% | 53.3% | 36.9% | H | 3 | B |
| FMER | FirstMerit Corp. | Financials | \$26.31 | Sell | Sell | 0% | 25% | 87.2% | 72.5% | H | 5 | C |
| FLEX | Flextronics Int'l | Info. Tech. | \$13.25 | Neutral | Neutral | 50% | 50% | 20.4% | 46.6% | L | 5 | D |
| FL | Foot Locker | Cons. Disc. | \$23.70 | Sell | Neutral | 25% | 50% | 14.9% | 20.5% | | 6 | C |
| FRX | Forest Labs. | Health Care | \$44.96 | Sell | Sell | 25% | 25% | 59.9% | 80.7% | L | 8 | B |
| FOSL | Fossil Inc. | Cons. Disc. | \$30.94 | Neutral | Buy | 50% | 100% | 73.7% | 55.7% | H | 3 | C |
| FDRY | Foundry Networks | Info. Tech. | \$9.49 | Sell | Buy | 25% | 75% | 52.7% | 77.9% | L | 8 | B |
| FELE | Franklin Electric | Industrials | \$39.60 | Buy | Buy | 75% | 75% | 80.8% | 62.8% | H | 3 | A |
| BEN | Franklin Resources | Financials | \$55.76 | Buy | Sell | 100% | 25% | 79.8% | 71.2% | | 3 | B |
| FRED | Fred's Inc. 'A' | Cons. Disc. | \$17.96 | Buy | Buy | 75% | 75% | 20.4% | 40.7% | L | 7 | B |
| FUJIY | Fuji Photo ADR | Cons. Disc. | \$32.86 | Buy | Neutral | 100% | 50% | 16.9% | 10.3% | | 2 | B |
| AJG | Gallagher (Arthur J.) | Financials | \$33.13 | Buy | Neutral | 100% | 50% | 44.2% | 38.5% | | 2 | B |
| GME | GameStop Corp Cl A | Cons. Disc. | \$18.51 | Buy | Sell | 100% | 25% | 5.9% | 3.4% | | 1 | -- |
| GY | GenCorp Inc. | Industrials | \$13.55 | Sell | Sell | 25% | 25% | 93.0% | 38.5% | H | 4 | D |
| GGP | General Growth Pptys New | Financials | \$31.00 | Buy | Neutral | 75% | 50% | 62.1% | 52.5% | | 3 | D |
| GPC | Genuine Parts | Cons. Disc. | \$38.38 | Buy | Neutral | 100% | 50% | 50.6% | 39.1% | | 3 | C |
| GLG | Glamis Gold Ltd | Materials | \$18.73 | Neutral | Sell | 50% | 0% | 99.0% | 95.7% | | 4 | -- |
| GLT | Glatfelter | Materials | \$12.39 | Buy | Buy | 100% | 100% | 26.6% | 44.5% | L | 2 | C |
| GLBL | Global Inds. | Energy | \$6.18 | Neutral | Neutral | 50% | 50% | 73.7% | 48.9% | H | 3 | D |
| GNP | Global Payments Inc | Info. Tech. | \$53.55 | Neutral | Buy | 50% | 75% | 85.9% | 77.1% | | 4 | -- |
| GGG | Graco Inc. | Industrials | \$33.50 | Neutral | Buy | 50% | 100% | 88.0% | 70.2% | H | 4 | A |
| GPT | GreenPoint Fin'l | Financials | \$46.26 | Buy | Buy | 75% | 75% | 56.7% | 35.2% | H | 3 | A |
| GLK | G't Lakes Chemical | Materials | \$25.60 | Buy | Neutral | 100% | 50% | 44.8% | 47.2% | | 2 | A |
| GTK | GTECH Holdings | Cons. Disc. | \$25.32 | Sell | Buy | 25% | 75% | 58.3% | 55.2% | | 8 | A |
| HAE | Haemonetics Corp. | Health Care | \$32.84 | Buy | Buy | 75% | 100% | 63.3% | 50.4% | H | 3 | B |
| HAL | Halliburton Co. | Energy | \$33.69 | Neutral | Buy | 50% | 75% | 79.0% | 65.0% | H | 3 | D |
| HRS | Harris Corp. | Info. Tech. | \$54.94 | Buy | Buy | 75% | 100% | 70.6% | 57.9% | H | 3 | A |
| HHS | Harte-Hanks | Cons. Disc. | \$25.01 | Buy | Buy | 75% | 100% | 76.0% | 61.4% | H | 3 | A |
| HE | Hawaiian Elec. | Utilities | \$26.54 | Neutral | Sell | 50% | 25% | 60.3% | 45.2% | H | 3 | D |
| HCC | HCC Insurance Hldgs. | Financials | \$30.15 | Buy | Neutral | 75% | 50% | 5.8% | 11.7% | | 6 | A |
| HMA | Health Mgmt. Assoc. | Health Care | \$20.43 | Neutral | Buy | 50% | 100% | 27.6% | 40.1% | | 7 | A |
| HR | Healthcare R'lty Trust | Financials | \$39.04 | Neutral | Sell | 50% | 25% | 77.2% | 61.7% | H | 3 | D |
| HELX | Helix Technology | Info. Tech. | \$13.60 | Buy | Buy | 75% | 75% | 28.1% | 70.5% | L | 5 | B |
| HPC | Hercules Inc. | Materials | \$14.25 | Buy | Sell | 75% | 0% | 49.7% | 29.5% | H | 2 | D |
| HIB | Hibernia Corp. 'A' | Financials | \$26.41 | Buy | Buy | 75% | 75% | 58.6% | 35.5% | H | 3 | A |
| HB | Hillenbrand Inds. | Health Care | \$50.53 | Sell | Sell | 0% | 0% | 53.2% | 40.4% | H | 8 | B |
| HNI | HNI Corp. | Industrials | \$39.58 | Neutral | Buy | 50% | 75% | 49.6% | 47.5% | | 7 | A |
| HRL | Hormel Foods | Cons. Staples | \$26.78 | Sell | Buy | 25% | 100% | 43.7% | 39.6% | | 5 | C |
| DHI | Horton D.R. | Cons. Disc. | \$33.11 | Buy | Neutral | 100% | 50% | 6.9% | 8.1% | | 1 | B |
| HPT | Hospitality Properties | Financials | \$42.49 | Buy | Neutral | 100% | 50% | 67.8% | 59.1% | | 3 | C |
| HOTT | Hot Topic Inc. | Cons. Disc. | \$17.04 | Neutral | Neutral | 50% | 50% | 34.0% | 51.5% | L | 7 | C |
| HBAN | Huntington Bancshs. | Financials | \$24.91 | Buy | Buy | 75% | 75% | 57.5% | 42.8% | H | 3 | B |
| HTCH | Hutchinson Techn. | Info. Tech. | \$26.73 | Sell | Buy | 25% | 75% | 39.8% | 22.9% | H | 7 | B |
| HYSL | Hyperion Solutions Corp | Info. Tech. | \$33.99 | Sell | Buy | 0% | 75% | 53.0% | 66.0% | | 8 | -- |
| IACI | IAC/InterActiveCorp | Cons. Disc. | \$22.02 | Sell | Sell | 0% | 0% | 62.2% | 82.4% | L | 8 | D |
| IEX | IDEX Corp. | Industrials | \$33.96 | Neutral | Buy | 50% | 100% | 68.0% | 54.6% | H | 3 | C |

Model Monitor (continued from page 16)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|------------------------------|---------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| N | Inco Limited | Materials | \$39.05 | Buy | Buy | 100% | 75% | 12.0% | 34.3% | L | 1 | B |
| NDE | IndyMac Bancorp Inc. | Financials | \$36.20 | Buy | Buy | 75% | 100% | 36.0% | 21.1% | H | 2 | C |
| IFX | Infineon Technologies AG | Info. Tech. | \$10.22 | Neutral | Neutral | 50% | 50% | 11.8% | 32.0% | L | 5 | -- |
| KPA | Innkeepers USA Trust | Financials | \$12.44 | Buy | Buy | 75% | 100% | 39.1% | 22.7% | H | 2 | D |
| IDTI | Integrated Device | Info. Tech. | \$9.53 | Buy | Buy | 100% | 100% | 33.1% | 68.0% | L | 7 | A |
| INTC | Intel Corp. | Info. Tech. | \$20.06 | Buy | Buy | 100% | 100% | 42.7% | 66.4% | L | 7 | A |
| IDC | Interactive Data | Cons. Disc. | \$18.82 | Buy | Buy | 75% | 75% | 78.1% | 61.8% | H | 3 | B |
| IPG | Interpublic Group | Cons. Disc. | \$10.59 | Sell | Sell | 0% | 0% | 53.0% | 73.6% | L | 8 | D |
| ISIL | Intersil Corp. 'A' | Info. Tech. | \$15.93 | Sell | Buy | 25% | 100% | 52.2% | 64.8% | | 8 | A |
| IBM | Int'l Business Mach. | Info. Tech. | \$85.74 | Sell | Buy | 25% | 75% | 51.3% | 56.9% | | 8 | A |
| IRF | Int'l Rectifier | Info. Tech. | \$34.30 | Neutral | Neutral | 50% | 50% | 25.0% | 67.3% | L | 5 | D |
| INTU | Intuit Inc. | Info. Tech. | \$45.40 | Neutral | Sell | 50% | 25% | 79.6% | 79.0% | | 5 | A |
| IVGN | Invitrogen Corp. | Health Care | \$54.99 | Buy | Neutral | 75% | 50% | 47.3% | 72.1% | L | 7 | B |
| SFI | iStar Financial Inc | Financials | \$41.23 | Sell | Sell | 0% | 0% | 70.4% | 48.9% | H | 8 | D |
| JCOM | J2 Global Communications Inc | Info. Tech. | \$31.59 | Buy | Sell | 75% | 0% | 79.0% | 66.8% | | 3 | -- |
| JBL | Jabil Circuit | Info. Tech. | \$23.00 | Neutral | Neutral | 50% | 50% | 26.9% | 51.6% | L | 5 | C |
| JJZ | Jacuzzi Brands Inc | Industrials | \$9.30 | Buy | Sell | 100% | 25% | 48.7% | 40.2% | | 2 | -- |
| KPP | Kanab Pipe Line Part | Energy | \$51.77 | Buy | Sell | 75% | 0% | 71.4% | 59.4% | | 3 | -- |
| KBH | KB Home | Cons. Disc. | \$84.49 | Buy | Neutral | 100% | 50% | 1.3% | 0.8% | | 1 | B |
| KEM | KEMET Corp. | Info. Tech. | \$8.09 | Neutral | Neutral | 50% | 50% | 46.3% | 67.8% | L | 7 | C |
| KSE | KeySpan Corp. | Utilities | \$39.20 | Buy | Sell | 100% | 25% | 32.7% | 22.7% | | 2 | C |
| KFRC | Kforce Inc | Industrials | \$8.38 | Sell | Neutral | 25% | 50% | 53.6% | 68.5% | L | 8 | -- |
| KMB | Kimberly-Clark | Cons. Staples | \$64.59 | Buy | Buy | 75% | 75% | 67.4% | 53.7% | H | 3 | A |
| KIM | Kimco Realty | Financials | \$51.30 | Buy | Sell | 100% | 25% | 82.6% | 73.6% | | 3 | C |
| KLAC | KLA-Tencor | Info. Tech. | \$41.48 | Sell | Sell | 25% | 0% | 68.0% | 88.4% | L | 8 | C |
| KFT | Kraft Foods | Cons. Staples | \$31.72 | Sell | Sell | 0% | 25% | 55.1% | 39.3% | H | 8 | B |
| KKD | Krispy Kreme | Cons. Disc. | \$12.66 | Neutral | Neutral | 50% | 50% | 31.8% | 61.3% | L | 7 | D |
| KLIC | Kulicke & Soffa | Info. Tech. | \$5.65 | Sell | Neutral | 0% | 50% | 56.5% | 50.3% | | 8 | C |
| KYO | Kyocera Corp. ADR | Info. Tech. | \$70.40 | Buy | Buy | 100% | 100% | 30.0% | 46.1% | L | 2 | A |
| LH | Laboratory Corp. | Health Care | \$43.72 | Buy | Buy | 75% | 75% | 60.1% | 45.2% | H | 3 | B |
| LANC | Lancaster Colony | Cons. Staples | \$42.17 | Neutral | Sell | 50% | 0% | 47.0% | 34.6% | H | 5 | B |
| LDR | Landauer Inc. | Info. Tech. | \$46.93 | Sell | Sell | 0% | 0% | 90.1% | 77.5% | H | 5 | -- |
| LSSTR | Landstar Sys. | Industrials | \$58.68 | Neutral | Neutral | 50% | 50% | 82.8% | 65.5% | H | 3 | -- |
| LSCC | Lattice Semiconductor | Info. Tech. | \$4.91 | Sell | Neutral | 0% | 50% | 55.2% | 59.5% | | 8 | C |
| EL | Lauder (Estee) | Cons. Staples | \$41.80 | Sell | Buy | 25% | 75% | 80.0% | 79.7% | | 5 | A |
| LEH | Lehman Bros. Holdings | Financials | \$79.72 | Neutral | Sell | 50% | 25% | 41.2% | 29.1% | | 7 | B |
| LBY | Libbey Inc. | Cons. Disc. | \$18.70 | Buy | Neutral | 75% | 50% | 5.5% | 20.4% | L | 6 | B |
| LNCR | Lincare Holdings | Health Care | \$29.71 | Neutral | Buy | 50% | 75% | 23.2% | 21.4% | | 7 | A |
| LFUS | Littelfuse Inc. | Info. Tech. | \$34.53 | Buy | Buy | 100% | 75% | 60.5% | 79.0% | L | 3 | -- |
| LNR | LNR Property | Financials | \$61.91 | Neutral | Neutral | 50% | 50% | 68.2% | 45.9% | H | 3 | D |
| LMT | Lockheed Martin | Industrials | \$55.78 | Buy | Buy | 75% | 100% | 60.7% | 46.9% | H | 3 | A |
| STAR | Lone Star Steakhouse | Cons. Disc. | \$25.83 | Neutral | Buy | 50% | 75% | 22.8% | 12.1% | | 7 | A |
| LSI | LSI Logic | Info. Tech. | \$4.31 | Neutral | Neutral | 50% | 50% | 24.4% | 47.4% | L | 7 | D |
| LTXX | LTX Corp. | Info. Tech. | \$5.41 | Neutral | Neutral | 50% | 50% | 43.6% | 78.8% | L | 7 | -- |
| LYO | Lyondell Chemical | Materials | \$22.46 | Neutral | Buy | 50% | 75% | 84.4% | 84.6% | | 4 | D |
| MRD | MacDermid Inc. | Materials | \$28.96 | Neutral | Buy | 50% | 75% | 34.8% | 47.7% | | 7 | A |
| CLI | Mack-Cali R'Ity | Financials | \$44.30 | Neutral | Neutral | 50% | 50% | 65.5% | 50.8% | H | 3 | C |
| MAG | Magnetek Inc. | Industrials | \$7.47 | Buy | x | 75% | x | 61.7% | 86.5% | | 3 | -- |
| MBG | Mandalay Resort Group | Cons. Disc. | \$68.65 | Buy | Buy | 75% | 75% | 57.1% | 40.0% | H | 3 | A |
| HCR | Manor Care | Health Care | \$29.96 | Neutral | Buy | 50% | 75% | 24.5% | 33.3% | | 7 | A |
| MAN | Manpower Inc. | Industrials | \$44.49 | Sell | Neutral | 25% | 50% | 43.3% | 51.1% | | 7 | C |
| MMC | Marsh & McLennan | Financials | \$45.76 | Neutral | Buy | 50% | 75% | 34.5% | 37.3% | | 7 | A |
| MI | Marshall & Ilsley | Financials | \$40.30 | Buy | Buy | 75% | 75% | 57.3% | 43.4% | H | 3 | A |
| MAT | Mattel Inc. | Cons. Disc. | \$18.13 | Sell | Buy | 25% | 75% | 47.0% | 29.9% | H | 7 | A |
| MMS | MAXIMUS Inc. | Info. Tech. | \$28.81 | Neutral | Sell | 50% | 25% | 27.2% | 42.3% | L | 5 | C |
| MBI | MBIA Inc. | Financials | \$58.21 | Neutral | Buy | 50% | 75% | 25.9% | 21.5% | | 7 | A |
| MCK | McKesson Corp. | Health Care | \$25.65 | Sell | Buy | 25% | 100% | 4.6% | 11.7% | | 6 | C |
| MEG | Media General 'A' | Cons. Disc. | \$55.95 | Buy | Neutral | 75% | 50% | 28.8% | 45.2% | L | 5 | B |
| MEDI | MedImmune Inc. | Health Care | \$23.70 | Sell | Sell | 0% | 0% | 96.2% | 83.5% | H | 9 | D |
| MDT | Medtronic Inc. | Health Care | \$51.90 | Buy | Sell | 75% | 0% | 86.1% | 82.1% | | 4 | A |

Model Monitor (continued from page 17)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|-----------------------------|----------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| MW | Men's Wearhouse | Cons. Disc. | \$29.05 | Buy | Sell | 100% | 25% | 13.3% | 21.9% | | 1 | C |
| MNT | Mentor Corp. | Health Care | \$33.68 | Neutral | Neutral | 50% | 50% | 83.9% | 67.9% | H | 4 | A |
| MENT | Mentor Graphics | Info. Tech. | \$10.97 | Neutral | Neutral | 50% | 50% | 12.4% | 42.1% | L | 6 | D |
| MRBK | Mercantile Bankshares | Financials | \$47.96 | Buy | Buy | 75% | 75% | 77.2% | 58.8% | H | 3 | B |
| MRK | Merck & Co. | Health Care | \$33.00 | Neutral | Sell | 50% | 25% | 48.3% | 56.8% | | 7 | A |
| MIK | Michaels Stores | Cons. Disc. | \$59.21 | Buy | Buy | 100% | 100% | 39.2% | 26.6% | H | 2 | B |
| MU | Micron Technology | Info. Tech. | \$12.03 | Neutral | Neutral | 50% | 50% | 20.2% | 59.4% | L | 7 | C |
| MDST | Mid-State Bancshares | Financials | \$25.73 | Neutral | Sell | 50% | 0% | 57.0% | 40.7% | H | 3 | C |
| MCH | Millennium Chemicals | Materials | \$21.21 | Buy | Sell | 75% | 25% | 67.3% | 72.2% | | 3 | D |
| MIL | Millipore Corp. | Health Care | \$47.85 | Sell | Buy | 0% | 100% | 70.1% | 77.4% | | 8 | C |
| MLS | Mills Corp. | Financials | \$51.87 | Neutral | Neutral | 50% | 50% | 69.6% | 45.9% | H | 3 | D |
| MNC | Monaco Coach | Cons. Disc. | \$21.65 | Buy | Buy | 75% | 75% | 9.6% | 40.0% | L | 5 | B |
| MOND | Mondavi (Robert) 'A' | Cons. Staples | \$39.17 | Sell | Sell | 0% | 0% | 59.9% | 45.0% | H | 5 | D |
| MON | Monsanto Co. | Materials | \$36.42 | Buy | Buy | 75% | 75% | 62.7% | 48.8% | H | 3 | B |
| MPS | MPS Group | Info. Tech. | \$8.41 | Neutral | Sell | 50% | 25% | 38.2% | 57.1% | L | 7 | C |
| MNS | MSC Software | Info. Tech. | \$8.04 | Neutral | Neutral | 50% | 50% | 28.4% | 43.8% | L | 7 | D |
| MYL | Mylan Labs. | Health Care | \$18.00 | Sell | Neutral | 25% | 50% | 42.2% | 51.4% | | 7 | -- |
| NTE | Nam Tai Electronics Inc. | Info. Tech. | \$21.35 | Sell | Neutral | 25% | 50% | 49.4% | 61.4% | | 7 | -- |
| NCC | National City Corp. | Financials | \$38.62 | Buy | Buy | 100% | 100% | 44.6% | 28.0% | H | 2 | A |
| NCF | National Commerce Fin'l | Financials | \$34.21 | Buy | Buy | 75% | 75% | 76.7% | 58.5% | H | 3 | A |
| NFG | National Fuel Gas | Utilities | \$28.33 | Buy | Buy | 100% | 100% | 42.0% | 23.7% | H | 2 | B |
| NAP | National Processing | Info. Tech. | \$26.52 | Sell | Sell | 0% | 0% | 81.8% | 64.0% | H | 5 | -- |
| NSM | National Semic. | Info. Tech. | \$15.49 | Buy | Buy | 100% | 100% | 33.0% | 67.8% | L | 5 | A |
| NLS | Nautilus Group | Cons. Disc. | \$22.59 | Buy | Buy | 75% | 75% | 70.0% | 52.2% | H | 3 | B |
| NAV | Navistar Int'l | Industrials | \$37.19 | Neutral | Neutral | 50% | 50% | 18.4% | 50.8% | L | 5 | D |
| NTY | NBTY Inc. | Cons. Staples | \$21.56 | Buy | Neutral | 75% | 50% | 10.7% | 33.6% | L | 6 | B |
| NDC | NDCHealth | Health Care | \$16.05 | Neutral | Neutral | 50% | 50% | 34.3% | 49.8% | L | 7 | D |
| NIPNY | NEC Corp. ADR | Info. Tech. | \$5.99 | Neutral | Neutral | 50% | 50% | 13.6% | 36.1% | L | 5 | C |
| NETE | Netegrity Inc. | Info. Tech. | \$7.51 | Sell | Sell | 25% | 25% | 69.7% | 84.8% | L | 5 | C |
| NFLX | Netflix Inc. | Cons. Disc. | \$15.42 | Neutral | Sell | 50% | 0% | 30.6% | 76.6% | L | 7 | D |
| NTIQ | NetIQ Corp. | Info. Tech. | \$10.70 | Sell | Sell | 0% | 0% | 82.5% | 67.2% | H | 8 | C |
| NTAP | Network Appliance | Info. Tech. | \$23.05 | Buy | Sell | 75% | 0% | 97.5% | 96.9% | | 4 | B |
| NYB | New York Community | Financials | \$20.54 | Sell | Buy | 25% | 75% | 54.8% | 51.3% | | 8 | A |
| NEM | Newmont Mining | Materials | \$45.53 | Sell | Sell | 0% | 0% | 91.8% | 78.0% | H | 9 | A |
| NXTL | Nextel Commun. 'A' | Telecom. Svcs. | \$23.84 | Neutral | Buy | 50% | 75% | 40.4% | 44.8% | | 5 | B |
| GAS | NICOR Inc. | Utilities | \$36.70 | Buy | Buy | 100% | 100% | 32.5% | 19.2% | H | 2 | A |
| NSANY | Nissan Motor ADR | Cons. Disc. | \$21.66 | Neutral | Buy | 50% | 75% | 17.2% | 13.8% | | 7 | A |
| NOK | Nokia Corp. ADR | Info. Tech. | \$13.72 | Sell | Buy | 25% | 100% | 52.8% | 45.3% | | 8 | A |
| JWN | Nordstrom Inc. | Cons. Disc. | \$38.24 | Buy | Buy | 100% | 100% | 28.6% | 45.8% | L | 2 | A |
| NBP | Northern Border Partners LP | Energy | \$45.75 | Neutral | Sell | 50% | 0% | 73.1% | 56.6% | H | 3 | -- |
| NWAC | Northwest Airlines 'A' | Industrials | \$8.21 | Sell | Neutral | 0% | 50% | 68.5% | 74.3% | | 8 | D |
| NWN | Northwest Nat. Gas | Utilities | \$31.73 | Buy | Neutral | 100% | 50% | 36.2% | 30.0% | | 2 | B |
| NVLS | Novellus Sys. | Info. Tech. | \$26.64 | Sell | Neutral | 25% | 50% | 54.0% | 74.2% | L | 8 | C |
| NVO | Novo Nordisk ADR | Health Care | \$54.77 | Neutral | Neutral | 50% | 50% | 94.8% | 76.8% | H | 4 | A |
| NST | NSTAR | Utilities | \$49.10 | Neutral | Buy | 50% | 75% | 31.0% | 25.7% | | 7 | A |
| NUE | Nucor Corp. | Materials | \$91.37 | Buy | Buy | 100% | 100% | 0.7% | 16.7% | L | 1 | A |
| JNC | Nuveen Investments Inc | Financials | \$29.60 | Neutral | Sell | 50% | 0% | 80.8% | 59.7% | H | 3 | C |
| NVDA | NVIDIA Corp. | Info. Tech. | \$14.52 | Sell | Neutral | 25% | 50% | 44.0% | 58.4% | | 5 | C |
| NYM | NYMAGIC Inc. | Financials | \$21.89 | Sell | Sell | 0% | 0% | 53.4% | 31.4% | H | 8 | C |
| OII | Oceaneering Int'l | Energy | \$36.84 | Neutral | Buy | 50% | 75% | 53.8% | 31.3% | H | 3 | -- |
| OLN | Olin Corp. | Materials | \$20.00 | Buy | Sell | 75% | 0% | 54.9% | 50.8% | | 3 | D |
| OCR | Omnicare Inc. | Health Care | \$28.36 | Buy | Buy | 75% | 75% | 7.1% | 27.1% | L | 6 | B |
| OKE | ONEOK Inc. | Utilities | \$26.02 | Buy | Buy | 100% | 75% | 26.1% | 12.0% | H | 2 | A |
| OPNT | OPNET Technologies Inc | Info. Tech. | \$10.26 | Sell | x | 0% | x | 74.3% | 86.0% | | 8 | -- |
| OS | Oregon Steel Mills | Materials | \$16.63 | Buy | Buy | 100% | 100% | 6.4% | 33.7% | L | 1 | -- |
| GOSHA | Oshkosh B'Gosh 'A' | Cons. Disc. | \$20.20 | Sell | Neutral | 25% | 50% | 74.1% | 63.5% | | 8 | B |
| OSI | Outback Steakhouse | Cons. Disc. | \$41.53 | Neutral | Buy | 50% | 75% | 34.8% | 32.2% | | 7 | A |
| OMI | Owens & Minor | Health Care | \$25.40 | Buy | Buy | 75% | 100% | 35.2% | 22.2% | H | 2 | C |
| PKE | Park Electrochemical | Info. Tech. | \$21.20 | Buy | Sell | 100% | 25% | 42.6% | 66.0% | L | 7 | A |
| PDX | Pediatrix Medical | Health Care | \$54.85 | Neutral | Buy | 50% | 75% | 41.6% | 58.5% | L | 7 | -- |

Model Monitor (continued from page 18)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|---------------------------|----------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| PNG | Penn American Group | Financials | \$13.61 | Sell | x | 25% | x | 2.7% | 4.2% | | 6 | -- |
| PVA | Penn Virginia Corp. | Energy | \$39.59 | Neutral | Buy | 50% | 75% | 56.4% | 42.4% | H | 3 | -- |
| PNR | Pentair Inc. | Industrials | \$34.91 | Buy | Buy | 75% | 75% | 67.0% | 43.3% | H | 3 | B |
| PSFT | PeopleSoft | Info. Tech. | \$19.85 | Sell | Sell | 0% | 0% | 88.5% | 73.9% | H | 9 | C |
| PBY | Pep Boys | Cons. Disc. | \$14.00 | Neutral | Neutral | 50% | 50% | 2.2% | 29.5% | L | 6 | D |
| PBG | Pepsi Bottling Group | Cons. Staples | \$27.15 | Buy | Sell | 100% | 25% | 37.1% | 35.1% | | 2 | A |
| PEP | PepsiCo Inc. | Cons. Staples | \$48.65 | Sell | Buy | 25% | 100% | 74.5% | 72.3% | | 5 | B |
| PKI | PerkinElmer Inc. | Health Care | \$17.22 | Sell | Sell | 0% | 0% | 50.9% | 67.9% | L | 8 | D |
| PFE | Pfizer Inc. | Health Care | \$30.60 | Neutral | Buy | 50% | 75% | 35.6% | 48.0% | | 7 | A |
| PD | Phelps Dodge | Materials | \$92.03 | Buy | Buy | 100% | 100% | 13.1% | 40.1% | L | 1 | B |
| PHLY | Philadelphia Consol Hldg | Financials | \$55.12 | Buy | Buy | 100% | 100% | 8.9% | 24.8% | L | 1 | C |
| PHG | Philips Electronics NV | Cons. Disc. | \$22.91 | Neutral | Neutral | 50% | 50% | 10.5% | 33.4% | L | 5 | C |
| PHTN | Photon Dynamics | Info. Tech. | \$20.30 | Buy | Sell | 75% | 25% | 47.5% | 76.8% | L | 7 | B |
| PLAB | Photronics Inc. | Info. Tech. | \$16.62 | Neutral | Neutral | 50% | 50% | 19.8% | 34.7% | L | 5 | D |
| PNY | Piedmont Natural Gas | Utilities | \$43.94 | Buy | Sell | 100% | 25% | 46.9% | 43.9% | | 2 | A |
| PIR | Pier 1 Imports | Cons. Disc. | \$18.08 | Neutral | Buy | 50% | 75% | 29.9% | 24.8% | | 7 | A |
| PBI | Pitney Bowes | Industrials | \$44.10 | Buy | Neutral | 100% | 50% | 74.1% | 67.0% | | 3 | A |
| PDG | Placer Dome | Materials | \$19.88 | Buy | Sell | 75% | 0% | 92.4% | 83.9% | | 4 | B |
| TUTR | PLATO Learning | Info. Tech. | \$8.84 | Sell | x | 0% | x | 62.4% | 73.6% | | 8 | -- |
| PLXS | Plexus Corp. | Info. Tech. | \$11.04 | Neutral | Neutral | 50% | 50% | 29.1% | 60.3% | L | 7 | D |
| PII | Polaris Inds. | Cons. Disc. | \$55.82 | Buy | Buy | 75% | 100% | 58.1% | 32.3% | H | 3 | A |
| POP | Pope & Talbot | Materials | \$17.60 | Buy | Buy | 100% | 100% | 21.0% | 50.0% | L | 2 | D |
| PCH | Potlatch Corp. | Materials | \$46.81 | Neutral | Buy | 50% | 75% | 62.3% | 48.6% | H | 3 | D |
| PPG | PPG Inds. | Materials | \$61.28 | Buy | Sell | 100% | 25% | 38.3% | 41.2% | | 2 | A |
| PRGX | PRG-Schultz Int'l | Industrials | \$5.74 | Neutral | Neutral | 50% | 50% | 57.5% | 34.4% | H | 3 | D |
| PDE | Pride Intl Inc | Energy | \$19.79 | Buy | Sell | 75% | 0% | 66.5% | 61.2% | | 3 | -- |
| PGR | Progressive (Ohio) | Financials | \$84.75 | Neutral | Buy | 50% | 75% | 23.2% | 26.0% | | 7 | A |
| PLD | Prologis | Financials | \$35.24 | Buy | Sell | 75% | 25% | 85.4% | 78.8% | | 4 | C |
| PRV | Province Healthcare | Health Care | \$20.92 | Neutral | Neutral | 50% | 50% | 54.6% | 36.4% | H | 3 | -- |
| PSB | PS Business Parks | Financials | \$39.85 | Neutral | Sell | 50% | 25% | 48.1% | 37.5% | | 5 | B |
| QLGC | QLogic Corp. | Info. Tech. | \$29.71 | Sell | Buy | 25% | 100% | 69.3% | 68.0% | | 8 | A |
| DGX | Quest Diagnostics | Health Care | \$88.22 | Buy | Neutral | 100% | 50% | 52.5% | 46.4% | | 3 | A |
| STR | Questar Corp. | Utilities | \$45.82 | Buy | Buy | 75% | 100% | 54.5% | 36.1% | H | 3 | A |
| RSH | RadioShack Corp. | Cons. Disc. | \$28.64 | Buy | Buy | 75% | 75% | 26.3% | 41.3% | L | 5 | B |
| RA | Reckson Associates Realty | Financials | \$28.75 | Neutral | Neutral | 50% | 50% | 59.3% | 41.8% | H | 3 | D |
| RBC | Regal-Beloit | Industrials | \$24.19 | Buy | Sell | 100% | 25% | 32.7% | 33.3% | | 2 | D |
| RF | Regions Financial | Financials | \$33.06 | Sell | Sell | 0% | 0% | 55.7% | 36.9% | H | 8 | A |
| RGS | Regis Corp. | Cons. Disc. | \$40.22 | Neutral | Buy | 50% | 100% | 33.4% | 37.5% | | 7 | A |
| RTRSY | Reuters ADR | Cons. Disc. | \$34.10 | Sell | Neutral | 0% | 50% | 60.8% | 85.6% | L | 8 | D |
| REY | Reynolds & Reynolds | Info. Tech. | \$24.67 | Sell | Sell | 0% | 0% | 61.1% | 44.6% | H | 8 | B |
| RAI | Reynolds American | Cons. Staples | \$68.04 | Buy | x | 100% | x | 18.1% | 18.1% | | 2 | -- |
| RFMD | RF Micro Devices | Info. Tech. | \$6.34 | Sell | Buy | 25% | 75% | 64.9% | 71.0% | | 8 | B |
| RTP | Rio Tinto PLC | Materials | \$108.65 | Buy | Sell | 75% | 0% | 71.5% | 64.6% | | 3 | -- |
| RAD | Rite Aid Corp. | Cons. Staples | \$3.52 | Neutral | Neutral | 50% | 50% | 35.9% | 62.9% | L | 5 | D |
| RLI | RLI Corp. | Financials | \$37.55 | Neutral | Sell | 50% | 25% | 16.6% | 18.7% | | 6 | B |
| ROG | Rogers Corp. | Info. Tech. | \$42.49 | Buy | Buy | 100% | 100% | 37.6% | 64.8% | L | 7 | A |
| ROH | Rohm and Haas | Materials | \$42.97 | Buy | Neutral | 100% | 50% | 61.4% | 58.3% | | 3 | A |
| ROST | Ross Stores | Cons. Disc. | \$23.44 | Neutral | Buy | 50% | 75% | 39.7% | 33.6% | | 7 | A |
| RSE | Rouse Co. | Financials | \$66.88 | Buy | Neutral | 75% | 50% | 95.1% | 82.7% | | 4 | B |
| RDC | Rowan Cos. | Energy | \$26.40 | Neutral | Sell | 50% | 0% | 85.7% | 81.3% | | 4 | D |
| RSAS | RSA Security | Info. Tech. | \$19.30 | Buy | Sell | 75% | 0% | 90.2% | 88.1% | | 4 | C |
| RI | Ruby Tuesday | Cons. Disc. | \$27.87 | Neutral | Sell | 50% | 25% | 21.9% | 37.5% | L | 5 | C |
| RT | Ryerson Tull | Materials | \$17.17 | Buy | Buy | 100% | 100% | 2.4% | 33.4% | L | 1 | C |
| SFE | Safeguard Scientifics | Info. Tech. | \$1.87 | Neutral | Neutral | 50% | 50% | 43.3% | 60.8% | L | 7 | D |
| SWY | Safeway Inc. | Cons. Staples | \$19.31 | Sell | Buy | 25% | 100% | 16.6% | 17.0% | | 6 | D |
| SNDK | SanDisk Corp. | Info. Tech. | \$29.12 | Sell | Neutral | 25% | 50% | 49.1% | 52.6% | | 7 | C |
| SANM | Sanmina-SCI Corp. | Info. Tech. | \$7.05 | Neutral | Neutral | 50% | 50% | 39.1% | 63.0% | L | 7 | D |
| SBC | SBC Communications | Telecom. Svcs. | \$25.95 | Buy | Buy | 100% | 100% | 44.2% | 31.4% | H | 2 | A |
| SCHL | Scholastic Corp. | Cons. Disc. | \$30.89 | Buy | Sell | 100% | 25% | 25.1% | 19.6% | | 2 | D |
| SGMS | Scientific Games Corp. | Cons. Disc. | \$19.10 | Buy | Sell | 75% | 0% | 55.5% | 53.1% | | 3 | -- |

Model Monitor (continued from page 19)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|---------------------------|----------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| SFA | Scientific-Atlanta | Info. Tech. | \$25.92 | Buy | Neutral | 75% | 50% | 45.0% | 73.3% | L | 5 | B |
| CKH | Seacor Holdings | Energy | \$46.75 | Neutral | Neutral | 50% | 50% | 65.7% | 48.4% | H | 3 | -- |
| STX | Seagate Technology | Info. Tech. | \$13.52 | Sell | Sell | 0% | 0% | 58.8% | 31.9% | H | 8 | -- |
| SEIC | SEI Investments | Financials | \$33.68 | Neutral | Sell | 50% | 25% | 86.7% | 75.3% | | 5 | A |
| SERO | Serologicals Corp. | Health Care | \$23.33 | Sell | Neutral | 25% | 50% | 91.7% | 79.2% | H | 4 | -- |
| SCI | Service Corp. Int'l | Health Care | \$6.21 | Sell | x | 25% | x | 48.1% | 48.1% | | 7 | -- |
| SVM | ServiceMaster Co. | Industrials | \$12.86 | Buy | Neutral | 75% | 50% | 82.8% | 66.3% | H | 3 | B |
| SHW | Sherwin-Williams | Cons. Disc. | \$43.96 | Buy | Buy | 75% | 75% | 52.9% | 33.9% | H | 3 | A |
| SSTI | Silicon Storage | Info. Tech. | \$6.37 | Buy | Buy | 100% | 100% | 9.9% | 63.3% | L | 5 | A |
| SPG | Simon Property Group | Financials | \$53.63 | Buy | Sell | 100% | 25% | 71.9% | 73.4% | | 3 | C |
| SKY | Skyline Corp. | Cons. Disc. | \$40.05 | Neutral | Buy | 50% | 75% | 63.0% | 49.0% | H | 3 | -- |
| SLM | SLM Corporation | Financials | \$44.60 | Buy | Sell | 100% | 25% | 77.9% | 76.5% | | 3 | B |
| SJM | Smucker (J.M.) | Cons. Staples | \$44.41 | Sell | Neutral | 25% | 50% | 55.8% | 49.5% | | 8 | B |
| SNA | Snap-on Inc. | Cons. Disc. | \$27.56 | Neutral | Buy | 50% | 100% | 25.6% | 33.9% | | 5 | B |
| SLR | Soletron Corp. | Info. Tech. | \$4.95 | Neutral | Sell | 50% | 0% | 38.4% | 68.7% | L | 5 | D |
| SONC | Sonic Corp. | Cons. Disc. | \$25.63 | Buy | Buy | 75% | 100% | 65.4% | 52.1% | H | 3 | B |
| SON | Sonoco Products | Materials | \$26.44 | Buy | Buy | 100% | 100% | 45.2% | 31.0% | H | 2 | B |
| SO | Southern Co. | Utilities | \$29.98 | Sell | Neutral | 25% | 50% | 50.2% | 44.5% | | 8 | B |
| SOTR | SouthTrust Corp. | Financials | \$41.66 | Neutral | Neutral | 50% | 50% | 83.5% | 61.0% | H | 4 | A |
| SWX | Southwest Gas | Utilities | \$23.95 | Buy | Sell | 100% | 25% | 25.4% | 19.1% | | 2 | D |
| SWWC | Southwest Water | Utilities | \$12.25 | Buy | x | 75% | x | 71.7% | 73.1% | | 3 | -- |
| SWN | Southwestern Energy | Energy | \$41.99 | Buy | Neutral | 100% | 50% | 37.0% | 29.2% | | 2 | C |
| TSA | Sports Authority | Cons. Disc. | \$23.20 | Neutral | Neutral | 50% | 50% | 11.2% | 39.3% | L | 6 | -- |
| FON | Sprint Corp. | Telecom. Svcs. | \$20.13 | Buy | Buy | 75% | 100% | 33.0% | 18.0% | H | 2 | D |
| STJ | St. Jude Medical | Health Care | \$75.27 | Sell | Neutral | 0% | 50% | 93.6% | 91.9% | | 9 | B |
| STA | St. Paul Travelers | Financials | \$33.06 | Sell | x | 25% | x | 1.1% | 9.3% | | 6 | -- |
| SR | Standard Register | Industrials | \$10.50 | Neutral | Sell | 50% | 25% | 15.5% | 32.5% | L | 6 | C |
| SXI | Standex Int'l | Industrials | \$24.50 | Neutral | Sell | 50% | 25% | 18.0% | 17.8% | | 7 | B |
| STEL | Stellent Inc | Info. Tech. | \$7.71 | Sell | x | 0% | x | 67.0% | 67.0% | | 5 | -- |
| STE | STERIS Corp. | Health Care | \$21.94 | Neutral | Buy | 50% | 75% | 34.2% | 32.1% | | 7 | B |
| SWC | Stillwater Mining | Materials | \$15.50 | Buy | Neutral | 75% | 50% | 76.5% | 81.6% | | 3 | D |
| STM | STMicroelectronics | Info. Tech. | \$17.28 | Buy | Buy | 100% | 100% | 22.8% | 52.7% | L | 7 | A |
| STU | Student Loan Corp. | Financials | \$141.75 | Sell | x | 0% | x | 75.4% | 75.4% | | 8 | -- |
| SUI | Sun Communities Inc. | Financials | \$39.19 | Sell | Sell | 0% | 0% | 70.6% | 53.7% | H | 8 | D |
| STI | SunTrust Banks | Financials | \$70.41 | Sell | Buy | 25% | 75% | 53.6% | 49.3% | | 8 | A |
| SCM | Swisscom AG | Telecom. Svcs. | \$34.72 | Buy | Sell | 100% | 25% | 36.0% | 25.6% | | 2 | -- |
| SY | Sybase Inc. | Info. Tech. | \$13.79 | Neutral | Sell | 50% | 25% | 30.5% | 50.0% | L | 5 | C |
| SBL | Symbol Technologies | Info. Tech. | \$12.64 | Sell | Neutral | 25% | 50% | 68.1% | 80.6% | | 8 | A |
| YYY | Sysco Corp. | Cons. Staples | \$29.92 | Buy | Sell | 100% | 25% | 49.4% | 64.7% | L | 7 | A |
| TSM | Taiwan Semic. ADR | Info. Tech. | \$7.14 | Buy | Buy | 100% | 100% | 25.8% | 58.2% | L | 7 | A |
| TTWO | Take-Two Interactive | Info. Tech. | \$32.85 | Buy | Neutral | 100% | 50% | 41.1% | 30.4% | | 2 | B |
| TLB | Talbots Inc. | Cons. Disc. | \$24.79 | Buy | Buy | 75% | 75% | 11.5% | 32.5% | L | 6 | B |
| SKT | Tanger Factory Outlet | Financials | \$44.78 | Buy | Sell | 75% | 0% | 74.4% | 63.0% | | 3 | D |
| TCO | Taubman Centers Inc. | Financials | \$25.83 | Neutral | Neutral | 50% | 50% | 77.8% | 61.7% | H | 3 | D |
| TCB | TCF Financial | Financials | \$30.29 | Buy | Neutral | 75% | 50% | 77.5% | 59.9% | H | 3 | A |
| TLD | TDC A/S ADS | Telecom. Svcs. | \$17.63 | Neutral | Sell | 50% | 25% | 15.9% | 20.3% | | 5 | B |
| TNL | Technitrol Inc. | Info. Tech. | \$19.50 | Neutral | Neutral | 50% | 50% | 32.4% | 49.1% | L | 7 | C |
| NZT | Telecom N. Zealand | Telecom. Svcs. | \$31.81 | Buy | Neutral | 100% | 50% | 53.4% | 45.8% | | 3 | C |
| TMX | Telefonos de Mexico ADR | Telecom. Svcs. | \$32.27 | Buy | Neutral | 75% | 50% | 21.7% | 20.6% | | 5 | A |
| THC | Tenet Healthcare | Health Care | \$10.79 | Sell | Sell | 0% | 0% | 91.6% | 74.1% | H | 9 | -- |
| TER | Teradyne Inc. | Info. Tech. | \$13.40 | Neutral | Neutral | 50% | 50% | 23.0% | 65.1% | L | 5 | D |
| TTEK | Tetra Tech | Industrials | \$12.67 | Neutral | Sell | 50% | 25% | 10.5% | 39.2% | L | 6 | D |
| TXI | Texas Inds. | Materials | \$51.44 | Buy | Buy | 100% | 100% | 3.6% | 30.8% | L | 1 | C |
| TXN | Texas Instruments | Info. Tech. | \$21.28 | Buy | Buy | 100% | 100% | 37.1% | 69.2% | L | 5 | A |
| TRBS | Texas Regional Bancshares | Financials | \$31.09 | Neutral | Sell | 50% | 25% | 78.7% | 59.7% | H | 3 | C |
| TXT | Textron Inc. | Industrials | \$64.27 | Neutral | Neutral | 50% | 50% | 59.9% | 46.1% | H | 3 | C |
| TNB | Thomas & Betts | Industrials | \$26.82 | Buy | Sell | 100% | 25% | 59.6% | 58.3% | | 3 | C |
| TIF | Tiffany & Co. | Cons. Disc. | \$30.74 | Sell | Buy | 25% | 75% | 51.7% | 68.7% | L | 8 | B |
| TWX | Time Warner | Cons. Disc. | \$16.14 | Sell | Buy | 25% | 100% | 43.1% | 51.6% | | 7 | D |
| TIE | Titanium Metals | Materials | \$23.46 | Neutral | Neutral | 50% | 50% | 63.5% | 50.4% | H | 3 | -- |

Model Monitor (continued from page 20)

| Symbol | Company Name | Sector | Price 09/30/04 | Compass Rating | Prior Compass Rating | Risk/ Reward | Prior Risk/ Reward | Valuation Percentile | 12M Avg Valuation Percentile | Redline | PPS | SVI Grade |
|--------|--------------------------|----------------|-------------------|-------------------|----------------------------|-----------------|--------------------------|-------------------------|------------------------------------|---------|-----|--------------|
| TJX | TJX Companies | Cons. Disc. | \$22.04 | Neutral | Buy | 50% | 75% | 24.8% | 31.3% | | 7 | A |
| TSCO | Tractor Supply | Cons. Disc. | \$31.44 | Buy | Neutral | 75% | 50% | 36.7% | 55.8% | L | 7 | B |
| TRP | TransCanada Corp. | Energy | \$21.85 | Buy | Sell | 100% | 0% | 56.0% | 44.6% | | 3 | A |
| RIG | Transocean Inc. | Energy | \$35.78 | Sell | Buy | 25% | 75% | 83.9% | 69.6% | H | 4 | D |
| TCBK | TRICO BANCSHARES | Financials | \$20.92 | Neutral | Buy | 50% | 100% | 72.8% | 53.3% | H | 3 | C |
| TRMB | Trimble Nav. Ltd. | Info. Tech. | \$31.60 | Sell | Buy | 25% | 75% | 83.6% | 65.2% | H | 4 | -- |
| TUP | Tupperware Corp. | Cons. Disc. | \$16.98 | Buy | Buy | 100% | 100% | 28.3% | 44.0% | L | 2 | D |
| USB | U.S. Bancorp | Financials | \$28.90 | Buy | Buy | 100% | 75% | 49.8% | 36.9% | H | 2 | B |
| UIS | Unisys Corp. | Info. Tech. | \$10.32 | Sell | Neutral | 25% | 50% | 37.9% | 51.6% | | 5 | D |
| UDR | United Dominion R'lty | Financials | \$19.83 | Buy | Neutral | 75% | 50% | 81.6% | 82.2% | | 3 | D |
| UNTD | United Online | Info. Tech. | \$9.62 | Buy | Buy | 100% | 100% | 11.7% | 55.3% | L | 6 | A |
| UCL | Unocal Corp. | Energy | \$43.00 | Buy | Neutral | 100% | 50% | 29.4% | 23.9% | | 2 | B |
| USFC | USF Corp. | Industrials | \$35.89 | Buy | Sell | 100% | 25% | 4.7% | 8.7% | | 1 | C |
| UST | UST Inc. | Cons. Staples | \$40.26 | Buy | Neutral | 100% | 50% | 55.3% | 51.2% | | 3 | C |
| UTSI | UTStarcom Inc. | Info. Tech. | \$16.11 | Neutral | Neutral | 50% | 50% | 0.3% | 26.0% | L | 6 | C |
| VRX | Valeant Pharmac. | Health Care | \$24.12 | Sell | Sell | 0% | 0% | 97.4% | 82.2% | H | 9 | D |
| VRC | Varco International Inc. | Energy | \$26.82 | Neutral | Buy | 50% | 100% | 61.1% | 47.7% | H | 3 | -- |
| VECO | Veeco Instruments | Info. Tech. | \$20.97 | Neutral | Neutral | 50% | 50% | 44.2% | 74.6% | L | 5 | D |
| VRSN | VeriSign Inc. | Info. Tech. | \$19.88 | Sell | Buy | 25% | 100% | 94.6% | 80.6% | H | 4 | C |
| VRTS | VERITAS Software | Info. Tech. | \$17.80 | Sell | Sell | 25% | 25% | 57.0% | 83.4% | L | 8 | B |
| VVI | Viad Corp. | Industrials | \$23.73 | Neutral | Neutral | 50% | 50% | 10.8% | 40.4% | L | 6 | -- |
| VSH | Vishay Intertechnology | Info. Tech. | \$12.90 | Neutral | Neutral | 50% | 50% | 6.7% | 45.1% | L | 6 | C |
| VC | Visteon Corp. | Cons. Disc. | \$7.99 | Sell | Buy | 25% | 100% | 0.4% | 8.9% | | 5 | C |
| VOD | Vodafone Group ADR | Telecom. Svcs. | \$24.11 | Buy | Neutral | 100% | 50% | 45.7% | 57.7% | | 2 | B |
| VNO | Vornado Realty Trust | Financials | \$62.68 | Neutral | Neutral | 50% | 50% | 66.0% | 53.4% | H | 3 | D |
| GRA | W.R. Grace & Co. | Materials | \$9.45 | Buy | Buy | 100% | 100% | 31.7% | 50.4% | L | 2 | -- |
| WNC | Wabash National Corp | Industrials | \$27.47 | Buy | Buy | 100% | 100% | 37.3% | 63.9% | L | 2 | -- |
| WAG | Walgreen Co. | Cons. Staples | \$35.83 | Neutral | Buy | 50% | 100% | 69.3% | 67.8% | | 5 | A |
| WM | Washington Mutual | Financials | \$39.08 | Neutral | Buy | 50% | 75% | 22.5% | 13.5% | | 7 | A |
| WPO | Washington Post | Cons. Disc. | \$920.00 | Buy | Neutral | 75% | 50% | 83.6% | 78.1% | | 4 | A |
| WMI | Waste Management | Industrials | \$27.34 | Neutral | Buy | 50% | 100% | 46.4% | 52.7% | | 7 | A |
| WPI | Watson Pharmac. | Health Care | \$29.46 | Neutral | Neutral | 50% | 50% | 21.3% | 36.4% | L | 7 | C |
| HLTH | WebMD Corp. | Health Care | \$6.96 | Sell | Sell | 25% | 25% | 54.4% | 72.8% | L | 8 | B |
| WRI | Weingarten Realty | Financials | \$33.01 | Buy | Neutral | 100% | 50% | 76.8% | 73.8% | | 3 | B |
| WSTC | West Corp. | Industrials | \$29.13 | Buy | Sell | 100% | 25% | 41.9% | 30.4% | | 2 | C |
| WMAR | West Marine | Cons. Disc. | \$21.38 | Neutral | Neutral | 50% | 50% | 12.9% | 29.3% | L | 6 | D |
| WABC | Westamerica Bancorp | Financials | \$54.89 | Buy | Buy | 75% | 75% | 75.7% | 56.6% | H | 3 | B |
| WWCA | Western Wireless 'A' | Telecom. Svcs. | \$25.71 | Buy | Buy | 100% | 100% | 42.4% | 65.3% | L | 2 | D |
| WON | Westwood One | Cons. Disc. | \$19.77 | Sell | Sell | 25% | 25% | 66.0% | 83.5% | L | 8 | B |
| WGL | WGL Holdings Inc. | Utilities | \$28.26 | Neutral | Buy | 50% | 75% | 23.7% | 19.0% | | 7 | A |
| WMB | Williams Cos. | Energy | \$12.10 | Buy | Neutral | 100% | 50% | 34.2% | 36.8% | | 2 | D |
| ZRAN | Zoran Corp. | Info. Tech. | \$15.72 | Buy | Neutral | 75% | 50% | 44.7% | 64.7% | L | 7 | B |

Source: Legg Mason

Note: Prior Compass rating shows the previous month's opinion utilizing the methodology discussed on pages 4 and 5.

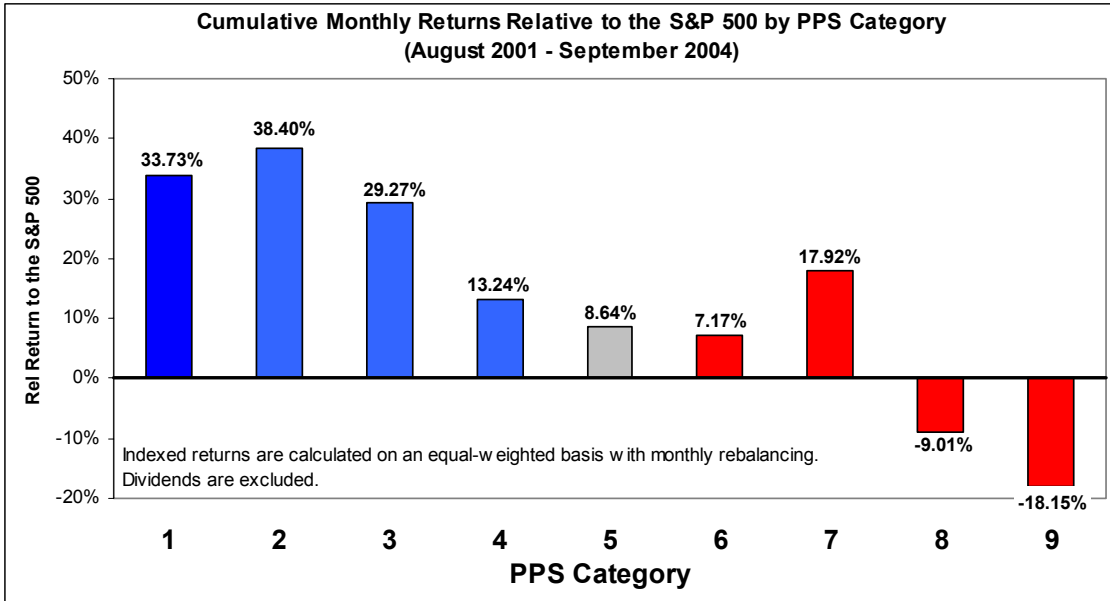
Appendix—LM Equity Compass Performance Indices



We keep several indices to monitor the performance of PPS ratings. Indexed performances are calculated on a monthly basis and represent the average (i.e., equally weighted) price change of stocks within each PPS rating category. The PPS Cumulative Index is calculated geometrically from monthly index returns since the inception of our ratings (August 2001) through the most recent month. **Chart 4** shows results relative to the performance of the S&P 500. **Chart 5** shows the absolute performance of PPS ratings and S&P 500 for the same time periods. Dividends are excluded from all indices. Additional information, including historical index constituents, prices, and PPS ratings are available upon request.

Chart 4

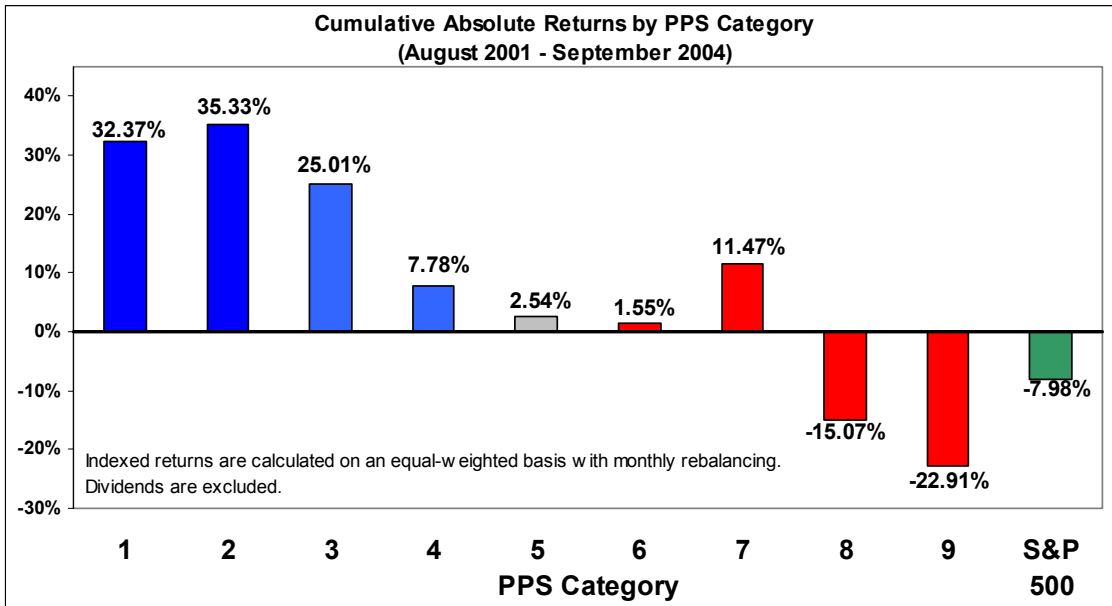
PPS Cumulative Index



Source: Legg Mason

Chart 5

PPS Cumulative Absolute Results

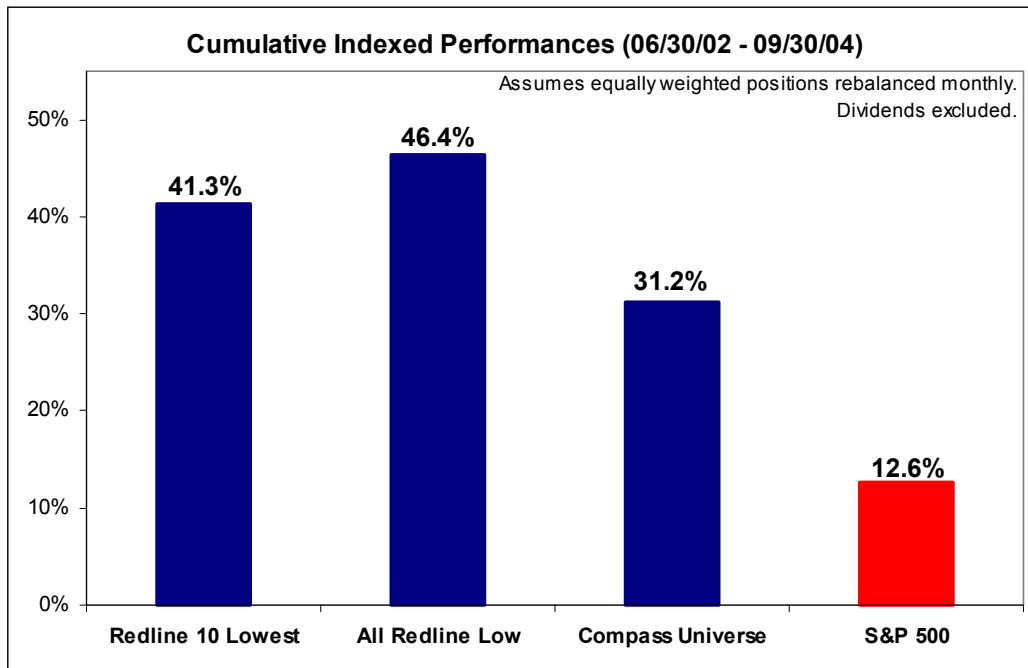


Source: Legg Mason

Appendix—LM Equity Compass Performance Indices (continued from page 22)

The Redline Cumulative Index is a cumulative index of monthly returns representing stocks that are identified as Redline Low in our equity models. We show the cumulative performance of all Redline Low stocks from the inception of the model on June 30, 2002, as well as the 10 stocks with the widest monthly Redline Low deviations. For comparisons, we show the equal-weighted performance of all stocks in our Compass universe and the market cap-weighted S&P 500. Dividends have been excluded from all indices.

Chart 6 Redline Cumulative Absolute Returns



Source: Legg Mason

The Legg Mason Equity Compass is a series of quantitative models to aid investors in the selection of individual stocks and portfolio management. The models assess relative valuation, quality fundamentals, and relative price performance to produce investment opinions for time horizons of six months and longer.

Performance Probability Score (PPS) – PPS is a rating scale of favorable (1–4), neutral (5), and unfavorable (6–9) stock opinions corresponding to a framework that measures relative valuation and long-term relative price performance. PPS identifies stocks to avoid in particular (PPS 8–9) while also identifying the favorable areas of market performance. The PPS provides parameters that can discipline a diversified portfolio for consistent performance and serve the strategy of pruning underperforming stocks.

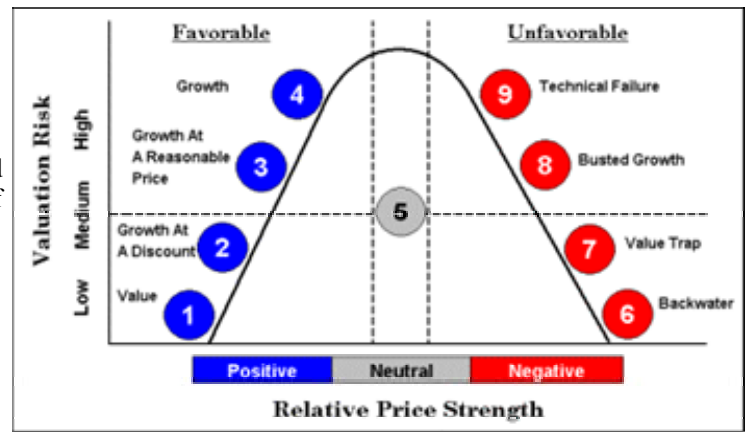
PPS Redline – The monthly Redline Report is our primary stock selection tool. Each month we calculate a relative valuation percentile rank for approximately 1,500 stocks. The Redline identifies those stocks with the widest deviations above or below their 12-month average relative valuation rank. We believe a rank well below average (Redline Low) identifies a potential valuation buying catalyst. Redline High stocks have the opposite condition and are pushing into new high relative valuation territory that may or may not be justified. We advise caution in buying, or taking profits in these stocks. The monthly Redline Report provides a range of additional variables for stock selection.

Shareholder Value Index (SVI) – SVI is a quality measure independent of the variables used in PPS or Redline. We measure the growth in revenues and changes in operating profit margins relative to the change in the company’s long-term debt, common share dilution, and growth in dividends. SVI rankings are relative to peer stocks in the same sector and range from A (best) to D (worst). While quality is a feature that is rewarded in the long term, the near term is more ambiguous. We believe SVI is a reality check for investors to moderate risk taking in poor-quality stocks and to identify opportunities in those that are out-of-favor, especially for those meeting the Redline Low criteria.

Sweet Spot Strategy – The Sweet Spot is an ongoing test of the investment principles that underlie the PPS and SVI equity models. In each of the 10 S&P 500 sectors, we select the five highest-quality stocks that also have favorable PPS ratings (PPS 1–4). Our expectation is that this hypothetical portfolio would provide a superior risk-adjusted return when compared to the S&P 500. We track the performance of the Sweet Spot on a monthly basis.

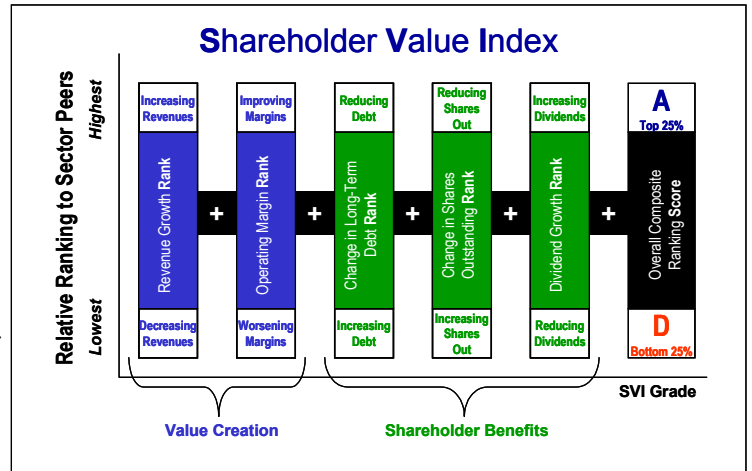
The Legg Mason Equity Compass is updated monthly. We provide a range of analytical tools and related reports, including a portfolio review using the Equity Compass models. For a more in-depth discussion of the models, please contact your Legg Mason representative.

Illustration 3



Source: Legg Mason

Illustration 4



Source: Legg Mason

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