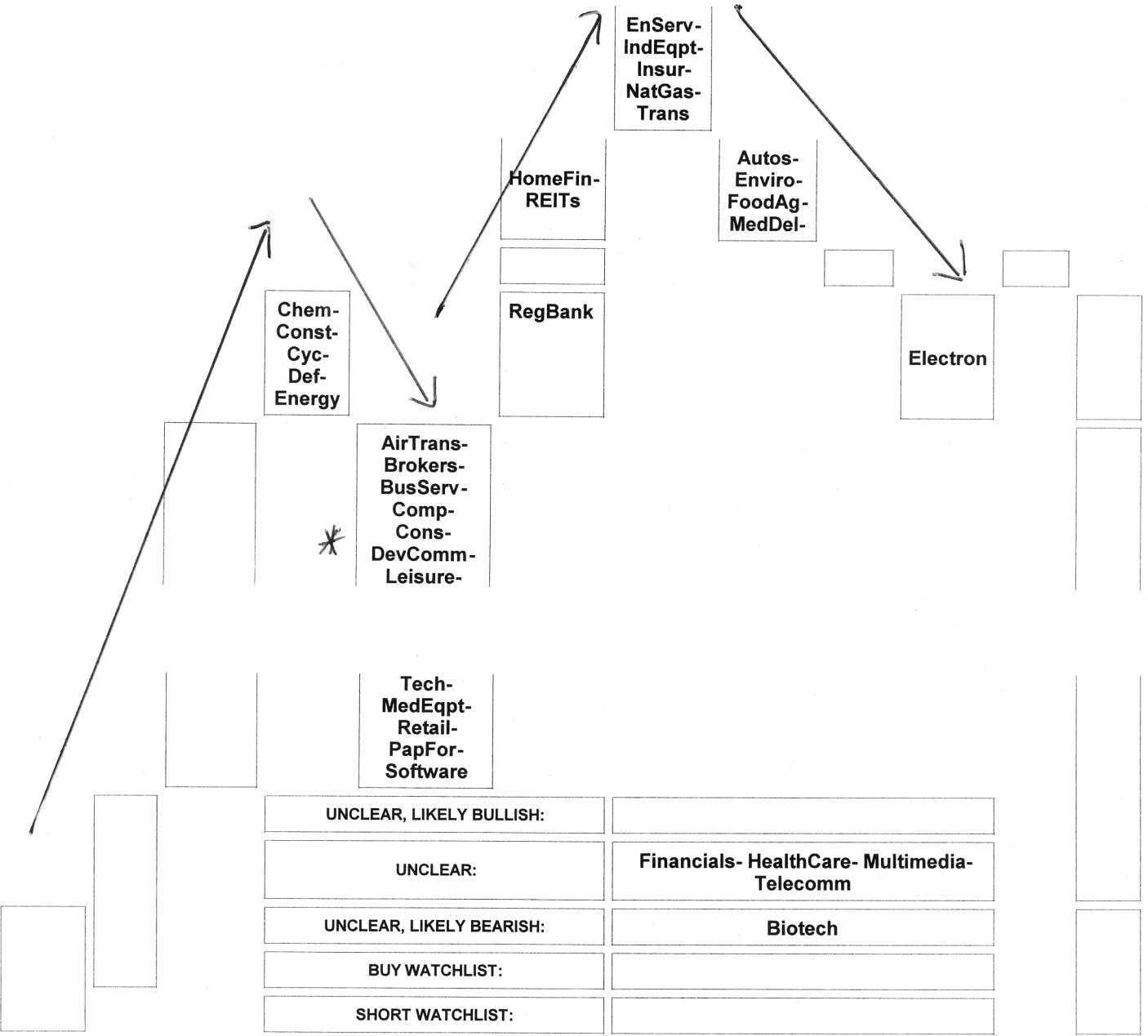


INDUSTRY GROUP MATRIX

LOW ZONE	BULLISH PATTERNS					PEAK ZONE	BEARISH PATTERNS				
BOTTOM (W5-1)	TURN UP (W1-2)	UPTREND (W3)	PAUSE (W3-4)	RETRACE (W4)	FINAL UP (W5)	TOPPY (W5-1)	TURN DOWN (W1-2)	DOWN TREND (W3)	PAUSE (W3-4)	RALLY (W4)	FINAL DOWN (W5)

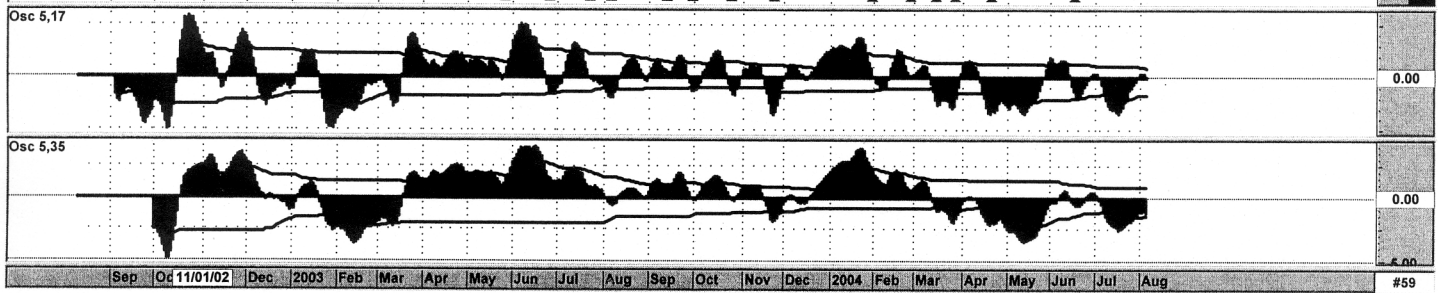
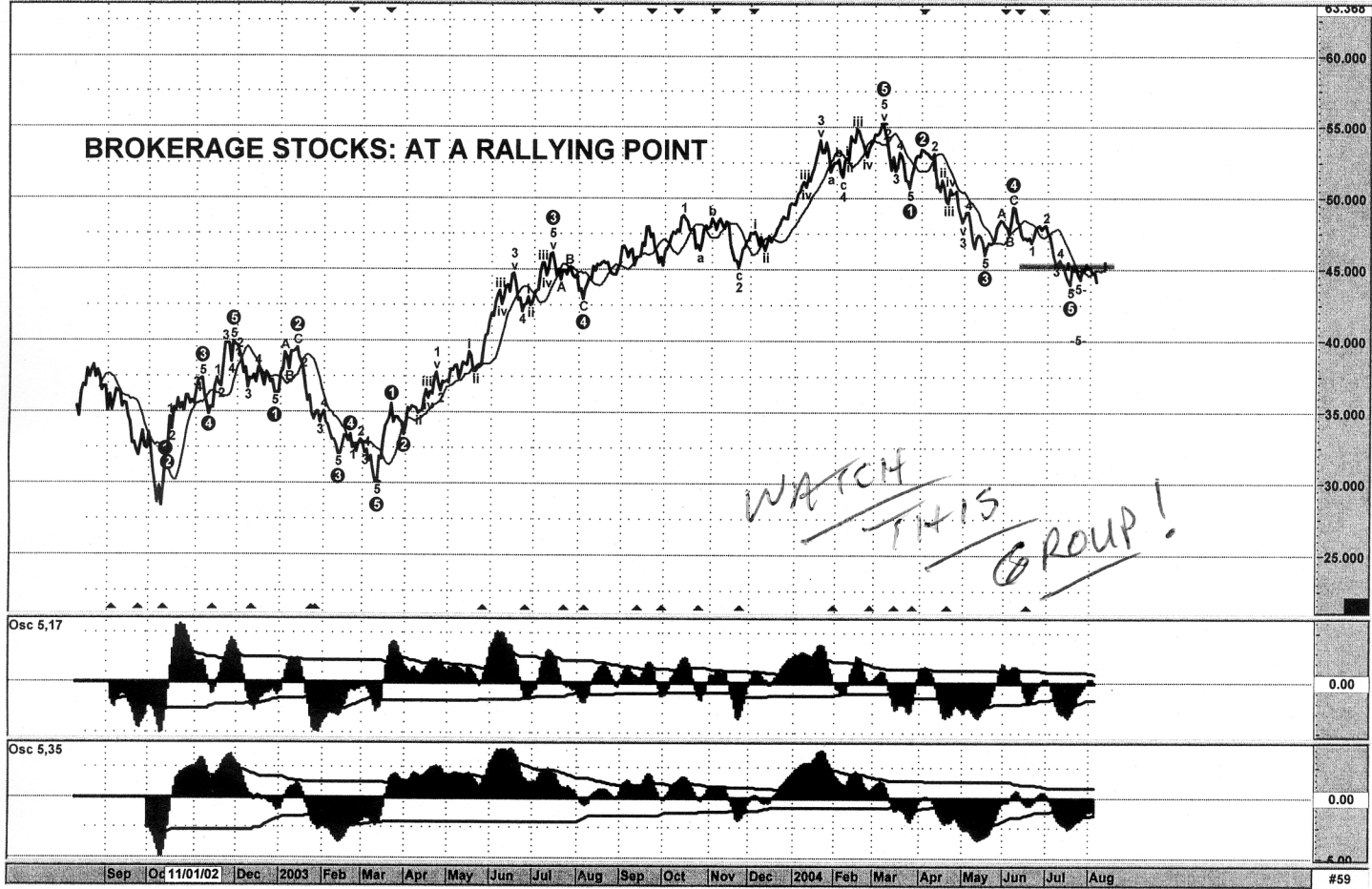


Last updated as of market close: 8-3-04

* WHILE MANY GROUPS ARE TECHNICALLY ON "PULLBACKS", THOSE RETACEMENTS ARE NEAR "MAKE OR BREAK POINTS"

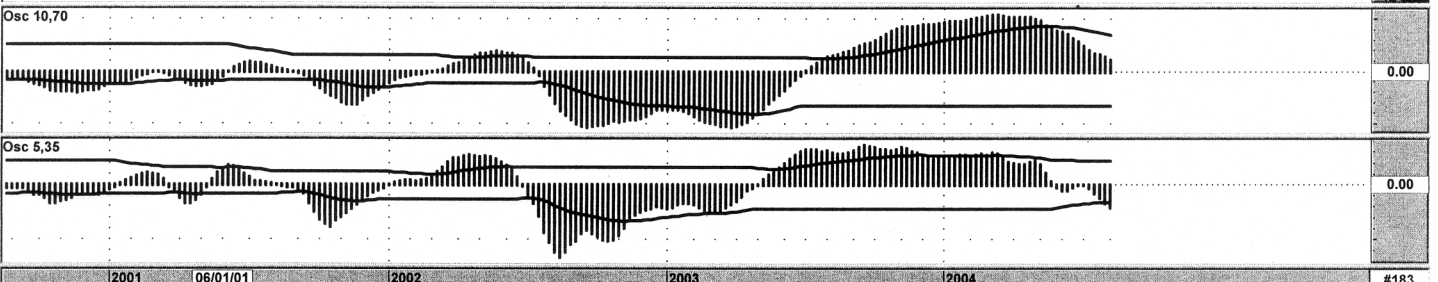
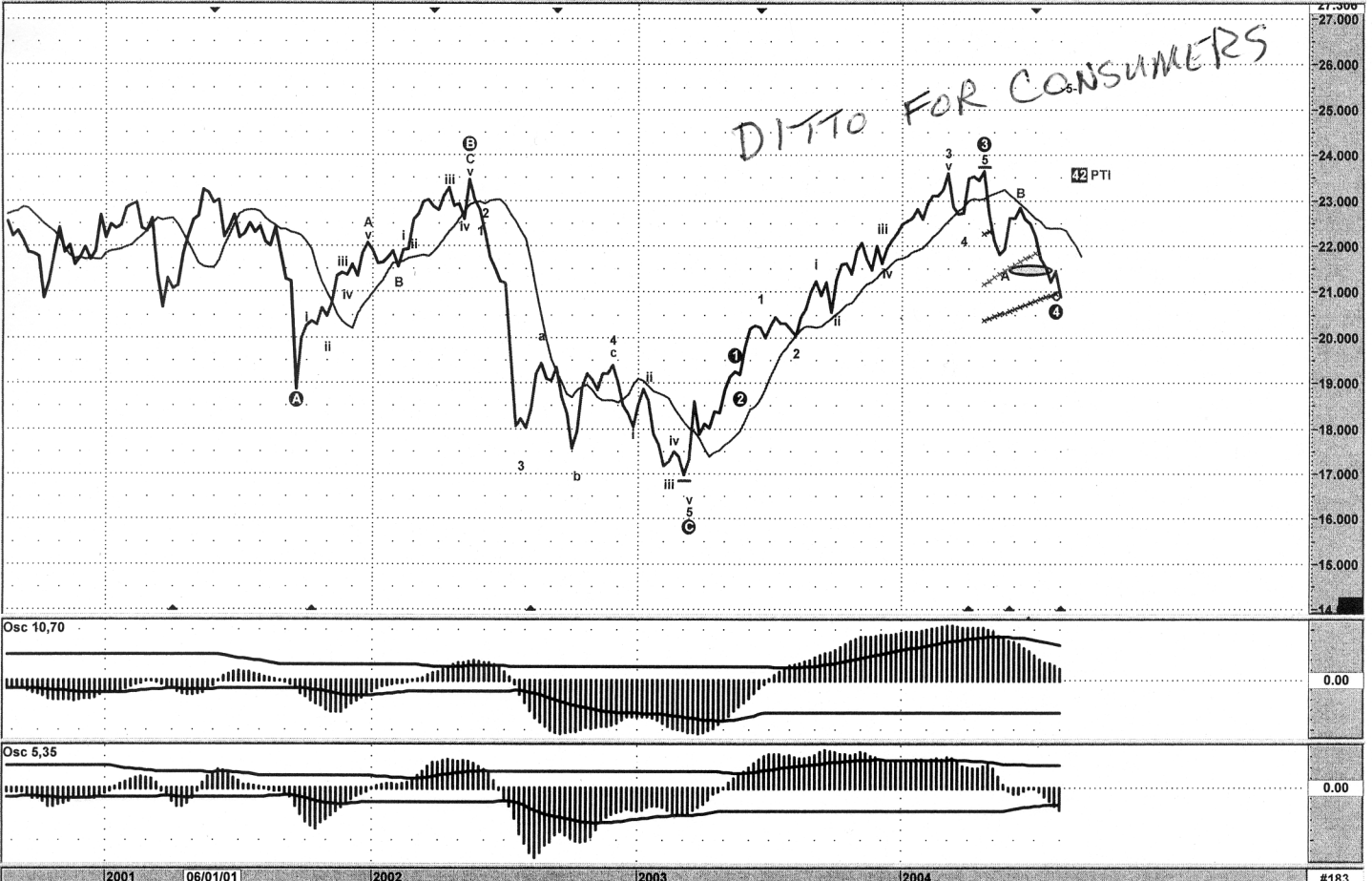
510

BROKERAGE STOCKS: AT A RALLYING POINT



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DITTO FOR CONSUMERS

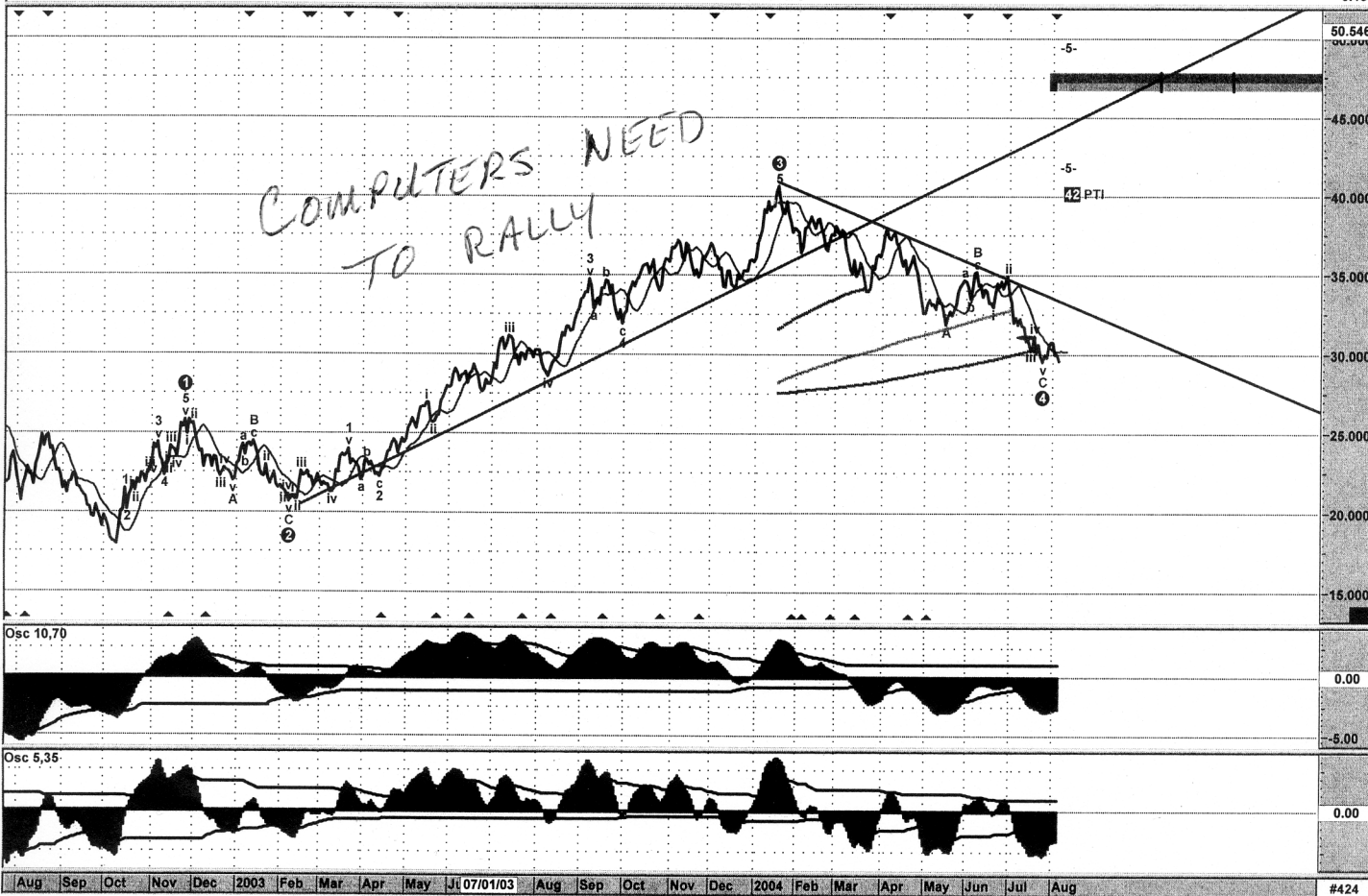


SII

08/05/04

O: 29.570 H: 29.570 L: 29.570 C: 29.570

-0.430



08/05/04

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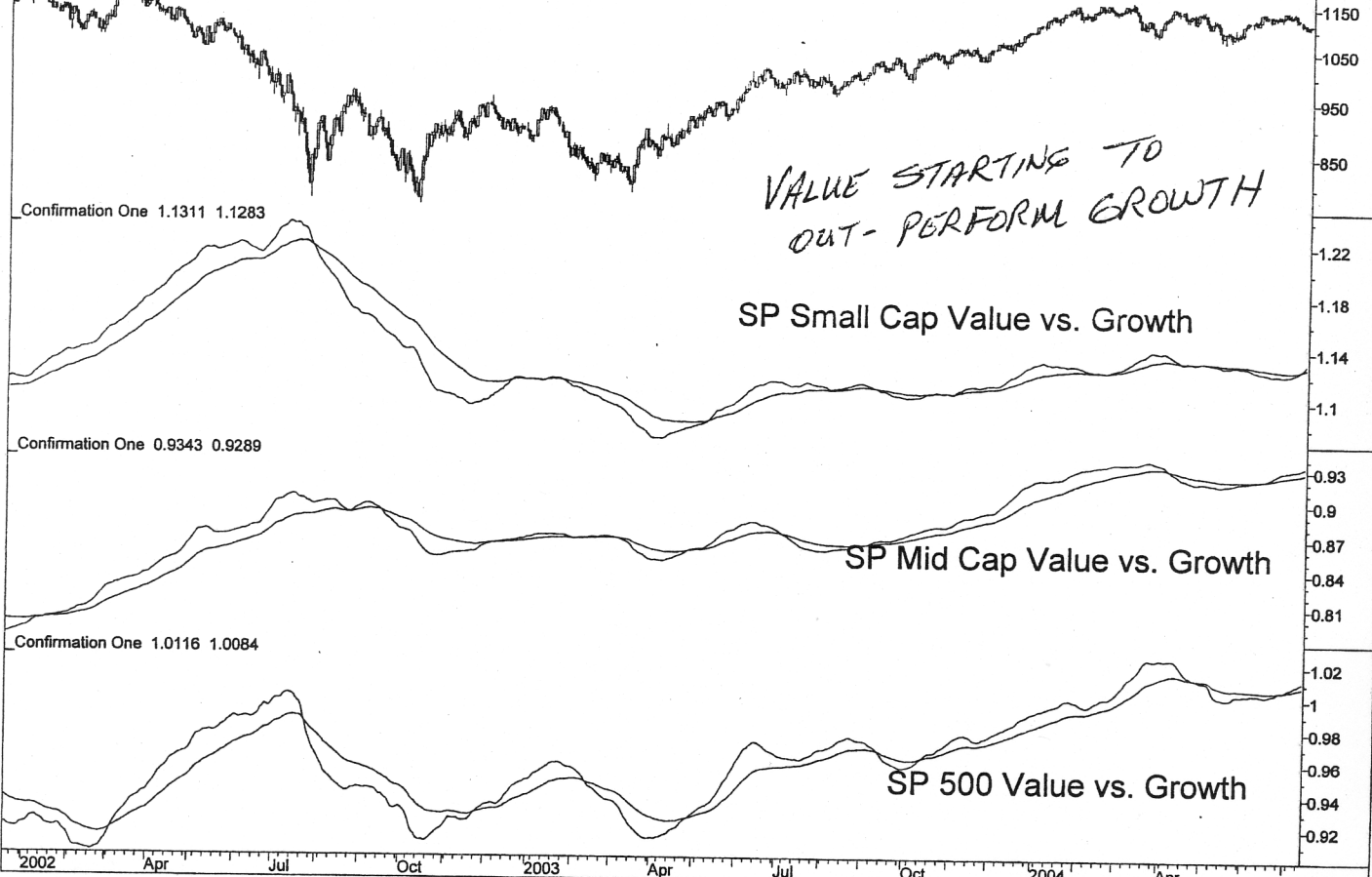
512

12/19/2001

(IJS) SPSmValue

07/13/2004

S & P 500 Index-Daily 07/13/2004 C=1115.150 +.800 O=1114.350 H=1116.300 L=1113.000 V=0



VALUE STARTING TO OUT-PERFORM GROWTH

SP Small Cap Value vs. Growth

SP Mid Cap Value vs. Growth

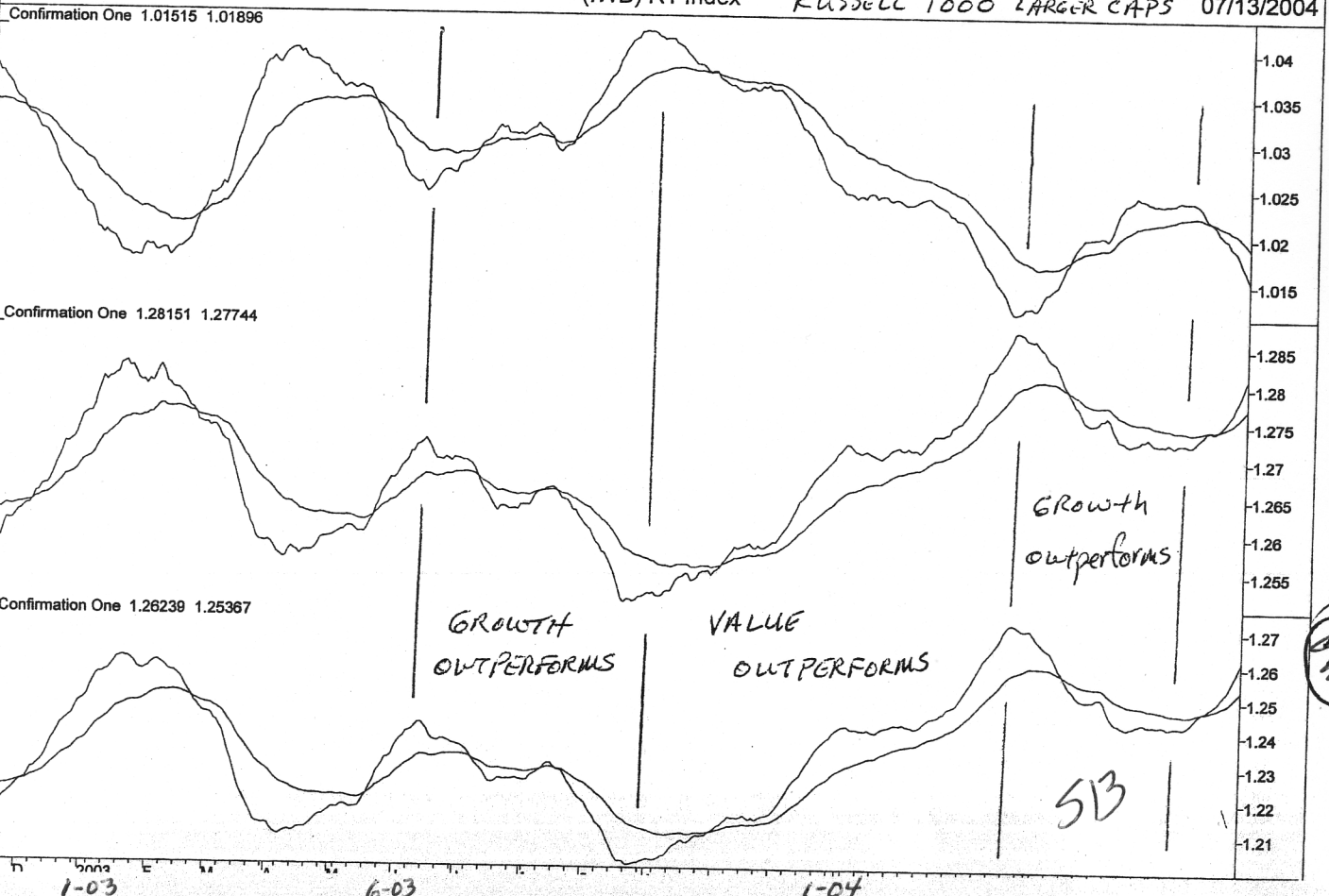
SP 500 Value vs. Growth

0/00 12:34am Printed using SuperCharts © Omega Research, Inc. 1997

11/18/2002

(IWB) R1 Index

RUSSELL 1000 LARGER CAPS 07/13/2004



GROWTH OUTPERFORMS

VALUE OUTPERFORMS

Growth outperforms

SB

1-03

6-03

1-04



06/14/2000

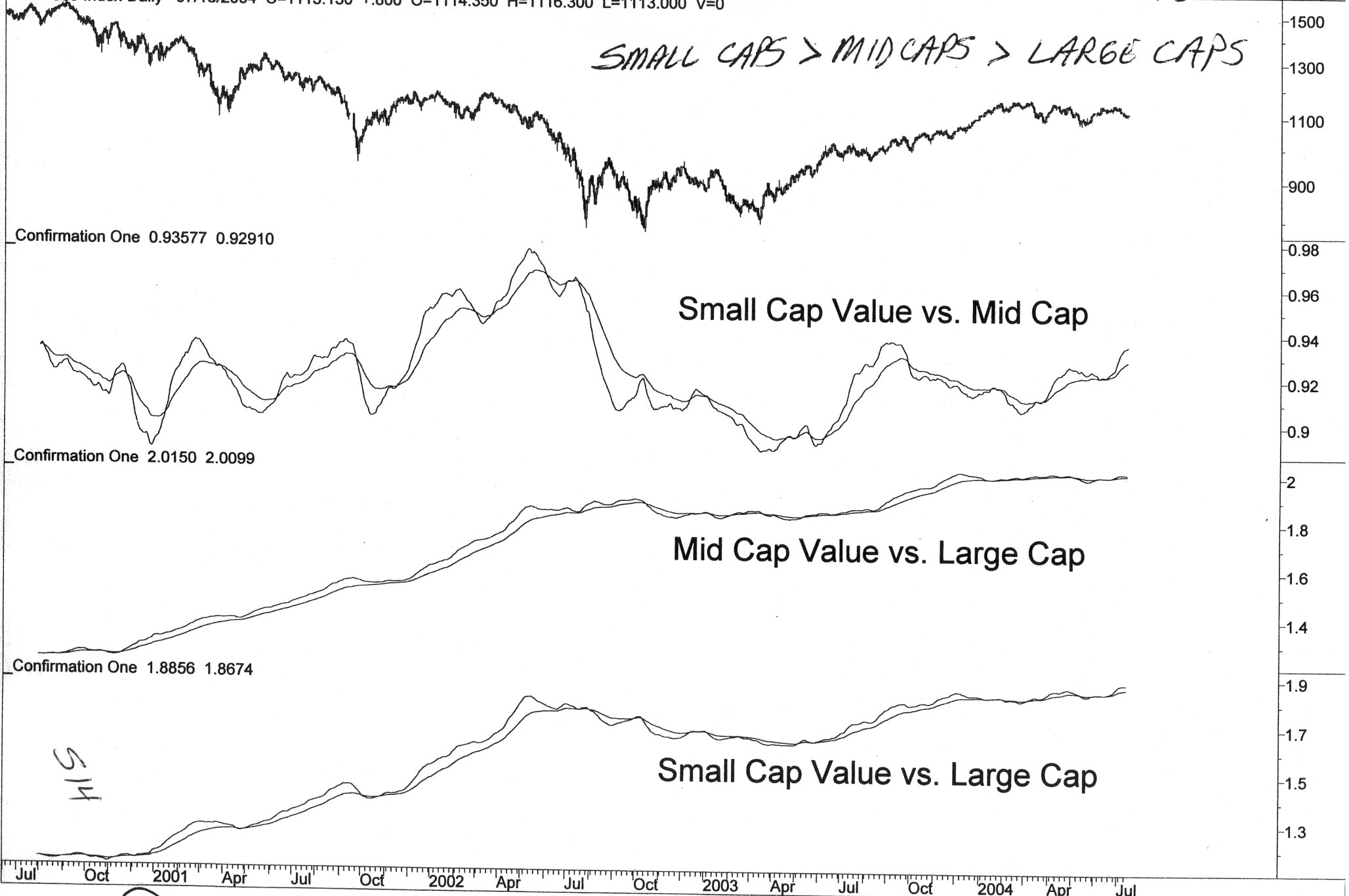
(IJS) SPSmValue

STRENGTH in SMALL CAPS

07/13/2004

S & P 500 Index-Daily 07/13/2004 C=1115.150 +.800 O=1114.350 H=1116.300 L=1113.000 V=0

SMALL CAPS > MID CAPS > LARGE CAPS



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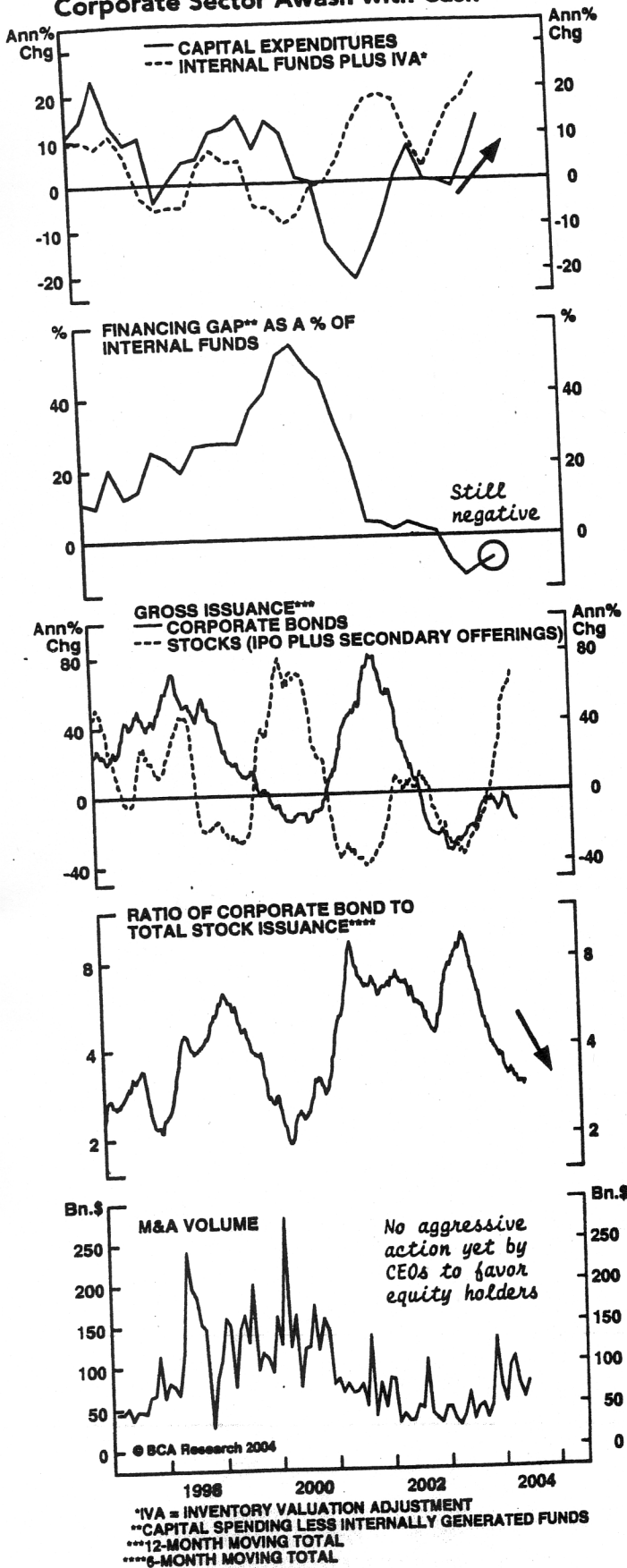
Confirmation One 2.0150 2.0099

Confirmation One 1.8856 1.8674

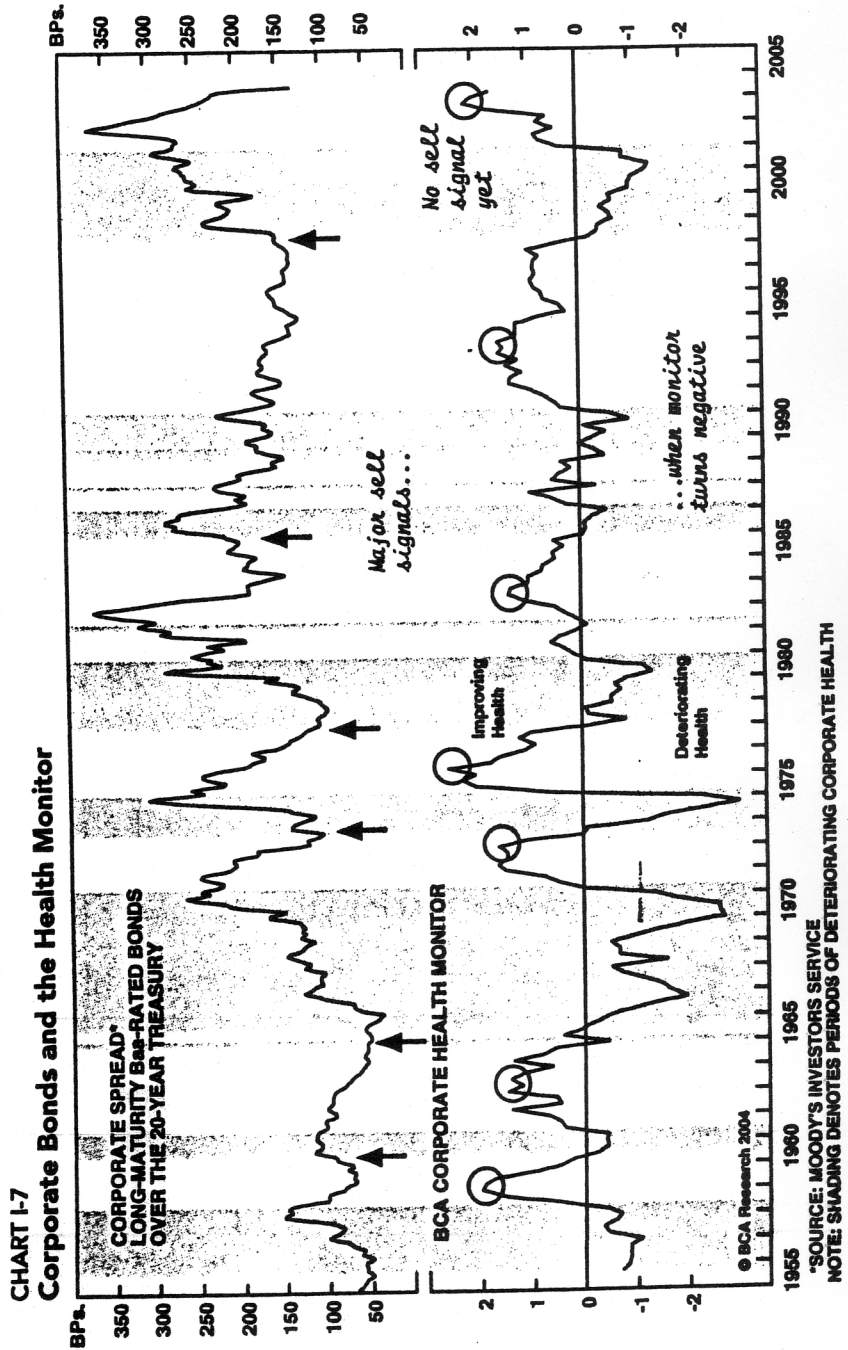
S14



CHART I-6
Corporate Sector Awash with Cash



CORPORATE CASH FLOW
STILL STRONG.
... SUPPORTIVE OF
BOTH BONDS + STOCKS...



~~2/18~~
515

IPO Market Turns Its Eyes to Google

After a Brisk 2nd Quarter, Investors Anxiously Await Search Service's Offering

2004:
IPO MARKET HAS NOT REACHED "TOPPY" OVERHEATED LEVELS

By RAYMOND HENNESSEY
Dow Jones Newswires

AT THE START of the third quarter, the IPO market is focused on Google Inc.

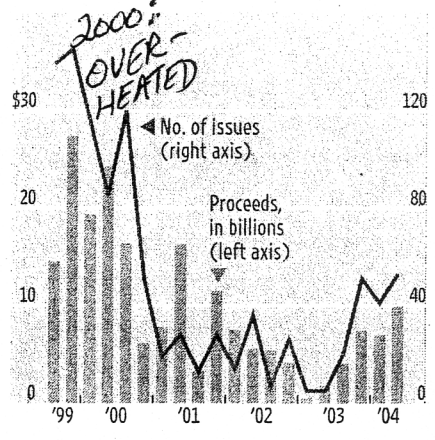
Dozens of initial public offerings of stock are expected to come to market in the coming three months, taking advantage of a swelling backlog of offerings and some appetite on the part of investors to take a chance on new stock issues. Yet, all the other deals are likely to be drowned out by the sheer size and profile of the offering for Google. The Mountain View, Calif., Internet-search company likely will begin marketing its \$2.7 billion auction-style IPO this month. Though it hasn't formally set a pricing date, people familiar with the offering say it could come in late summer.

Google's deal, which is being led by Morgan Stanley and Credit Suisse Group's Credit Suisse First Boston, surely will garner the most attention of any offering in the quarter, and likely the whole year. However, Google isn't likely to have coattails for the rest of the IPO market. "I'd like to be able to say that it would help the others, but Google is in a universe all its own," said Joseph Bartlett, a securities lawyer with Fish & Richardson in New York.

Even without Google, there has been a dramatic improvement in the number of IPOs and proceeds raised compared with a year ago. In the second quarter, 58 companies sold stock for the first time in the U.S. market, raising \$10.24 billion, according to data from Thomson Financial. In the same quarter last year, just five companies came to market, raising \$1.8 billion.

Continued Gains

Quarterly volume of global initial public offerings by U.S. issuers, in billions.



Source: Thomson Financial

Already, the IPO market has exceeded the total for all of 2003. There have been 102 IPOs priced so far this year, raising \$18.76 billion, according to Thomson's data. In all of 2003, there were just 83 IPOs, raising \$15.33 billion.

Underneath those numbers, though, the picture hasn't been all sweetness and light. Most of the gains for new stocks have been first-day pops. The average company to go public so far this year rose 13% from its offering price on its first day of trading, according to data from the IPO Plus Aftermarket Fund, a mutual fund in Greenwich, Conn., and didn't go anywhere after that. Indeed, the overall gain for the quarter was just 10%.

The direction of the IPO market rests in the hands of the smaller, diverse companies that have comprised the bulk of new stock issues during the past six months. With a few exceptions such as Google, which is generating a lot of excitement, performance is ex-

pected to continue to be solid, but tame.

"The IPO market continues to be measured," said Thomas Schnettler, head of investment banking at Piper Jaffray Cos. in Minneapolis. "That's the best way to characterize it."

There is a growing backlog of companies that have filed offering plans but haven't come to market. As of June 1, the last date for which data are available, there were 207 companies in the IPO backlog, hoping to raise a total of \$47.74 billion, according to data from Dealogic LLC in New York. At this same time last year, there were just 31 deals in the backlog, planning to raise \$5.97 billion, according to Dealogic.

That means underwriters have plenty of deals available to bring to market if the window for pricing deals remains open. Still, a big backlog can be a problem if something happens to limit the pace of new stock sales.

The current IPO market is hurt by the lack of any kind of consistent sector performance. Traditionally, the best-performing sectors in the broader markets produce the most new issues. This year some of the best performers have been in sectors such as energy and consumer products, where there isn't much in the way of deal flow. The IPO backlog has been in sectors that haven't brought investors much cheer, said Gene Wolfson, president of TD Waterhouse Capital Markets Inc. in New York. "It's pretty tough to bring businesses public when the sector they represent has performed poorly," Mr. Wolfson said.

Biotechnology is perhaps the best example. The Amex Biotechnology Index, which performed well in 2003, is up just 5% for the year. Nonetheless, 29 biotechnology companies came to market in the first half of this year, representing 28% of the deal flow, according to Thomson Financial.

To be fair, some of those biotechnology offerings have performed well. Biotech Senomyx Inc. and Momenta Pharmaceuticals Inc., for example, rose 13% and 20%, respectively, on their first day of trading June 22. Still, while investor in these deals made money, the gain came at the expense of the issuing companies. Both companies had to slash their offering prices to stimulate demand, thus reducing their proceeds from the deals.

There is little hope of boosting offering prices for biotechnology companies this year. A small group of institutional investors has been buying most of these deals—and they are insisting on lower valuations, said Piper Jaffray's Mr. Schnettler. "The buyers are pricing these deals," he said.

Companies in all sectors are likely to face a tough sell. With the exception of Google, there are few deals in the current pipeline that have generated much investor attention, bankers say.

IPO Scorecard: Second-Quarter 2004

Best-performing U.S.-listed initial public offerings of stock that came to market during the period

COMPANY DATE*	SYMBOL	OFFER PRICE	END-OF-QTR. CLOSE	% CHANGE FROM OFFER PRICE	% CHANGE FROM FIRST-DAY CLOSE	IPO
JED OH	JDO	\$5.50	\$12.12	+120%	+ 8%	Apr. 6
Blue Nile	NILE	20.50	37.61	+ 83	+ 32	May 20
Santarus	SNTS	9.00	14.75	+ 64	+ 46	Apr. 1
salesforce.com	CRM	11.00	16.07	+ 46	- 7	June 23
Gardner Mountain	GMTN	16.00	22.93	+ 43	+ 4	Apr. 21
Blackboard	BBBB	14.00	20.05	+ 43	unch	June 18
Intersections	INTX	17.00	23.99	+ 41	- 3	Apr. 30
Shanda Interactive	SNDA	11.00	15.42	+ 40	+ 29	May 13
NewAlliance Bancshares	NABC	10.00	13.96	+ 40	- 8	Apr. 2
Design Within Reach	DWRI	12.00	16.43	+ 37	—*	June 30

Venture Capitalists Regain Confidence In Start-Up Firms

By ANN GRIMES

VENTURE CAPITALISTS are slowly getting their groove back.

Since last summer, funding for the youngest start-up businesses has remained essentially flat "despite anecdotal buzz of a resurgence," industry analysts have said. Now, figures for the second quarter show that the upbeat anecdotes are becoming reality, albeit gradually.

Seed and early stage companies accounted for 36.8% of all companies funded in the second quarter, a level not seen since the nasty technology downturn began in the first quarter of 2001, according to the PricewaterhouseCoopers/Thomson Venture Economics/National Venture Capital Association MoneyTree Survey set for release today.

Overall, venture investing rose to \$5.6 billion during the second quarter from \$5 billion in the first quarter of 2004, the study found. Year to year, investment was up 19% from \$4.7 billion. The number of deals also rose to 761 in the second quarter, up from 686 in the first quarter of the year and up from 727 in the second quarter of last year.

But it's the uptick in early stage investments that has industry experts saying the venture-capital industry has started to move past the wicked fallout from the tech-sector collapse. While investment activity ticks up, the venture industry continues to grapple with three-year double-digit negative returns. One-year returns, however, have turned positive with the improved market for initial public offerings.

On a percentage basis, the signs of activity in seed and early stage investing are positive, with investment activity rising to 36.8% from 33% the quarter before. In dollar terms, funding rose about 34%, quarter to quarter. Year to year, the number of investments in seed and early stage companies remained about the same, but funding

Please Turn to Page C6, Column 4

Venture Capital Shows Upturn

Continued From Page C1

in dollar terms rose 19%. Historically, the activity is off from the high seen in the fourth quarter of 1995, when 50.7% of funding went to seed and early stage companies. But it is well above the low of 28.5% for seed and early stage deals reached in the fourth quarter of 2001, according to the MoneyTree data.

Meanwhile, the number of later-stage deals—funding for the most mature young companies—stayed flat for the quarter at about 18%. Funding for start-ups in that category has risen steadily from a low of 7.7% in the second quarter of 2000 to a high of 20.6% in the fourth quarter of 2003, the data show. "The industry seems to have worked its way through the later-stage companies funded in 1999 and 2000 and is now turning its attention to a crop of new technologies," says John S. Taylor, the vice president of research for the NVCA.

Analysts attribute much of the new activity to the fact that venture firms have raised new funds and begun to invest them.

"It's not surprising to me that the early stage investments are starting to accelerate," says Steve Baloff, a general partner with Advanced Technology Ventures, a venture firm based in Palo Alto, Calif., and Waltham, Mass. Over the past six months, many venture firms have raised new funds and they have begun to deploy that capital into new start-ups, he says. At the same time, firms investing the last of their capital into later-stage deals have reached the end of those investment cycles, he says.

In the aggregate, 229 early stage companies and 51 "seed" companies were funded during the second quarter, receiving \$1.9 billion, or 22% of the quarter's investment, the highest in seven quarters. In the first quarter of the year, 193 early stage and 39 "seed" companies attracted \$932 million. By comparison, 2,894 early stage and 670 seed companies that commandeered \$29 billion in 2000 during the tech boom, or 43% of the deal flow that year.

Heartening to Silicon Valley, software remained the largest industry sector with 212 companies attracting \$1.2 billion for the second quarter, the MoneyTree survey found. Forty-four networking companies raised \$459 million, mostly in follow-on rounds; 59 telecommunications companies raised \$518 million. "When I look at deals being done in this area, people are still looking at the remnants of the Internet as the strongest part of the [information technology] community," says Jesse Reyes, a research analyst at Thomson Venture Economics.

The life-sciences sector, which includes biotechnology and medical devices, continued to remain near historical highs, as it has for the past eight quarters. Investments in that sector totaled \$1.41 billion, or 25% of the quarter's venture capital. However, investment fell in biotechnology companies, which has led investment dollars since the downturn. Analysts called it a blip, not a trend. Eighty-five biotech companies attracted \$923 million, down from the \$963 million that went into 77 biotech companies in the first quarter of 2004.

Meanwhile, funding for 70 medical-device companies jumped 40% to \$485 million; that compares with the \$344 million that went to 56 companies in the first quarter of the year. "Life sciences continue to garner a significant amount of money and I don't see that changing," said Mark Heesen, president of the National Venture Capital Association.

One new area that saw an uptick in investing was media and entertainment, led by two very large deals: \$60 million for Si TV, a Latin-theme cable television network, and \$70 million for online publisher TechTarget.com, of Needham, Mass.

The investment trends were similar among early stage companies. Seventy-nine software companies raised \$326 million, followed by 35 biotech companies, which raised \$252 million. The telecom sector pulled in \$133 million. Seventeen semiconductor companies raised \$104 million, followed by 29 medical device companies which raised \$102 million.

ALONG w/ IPO'S, ANOTHER
POSITIVE FOR THE MARKET.

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MONEY & INVESTING

THE WALL STREET JOURNAL.



TUESDAY, JULY 6, 2004

Investors Fear Profit Growth May Be Slowing

By E.S. BROWNING

IN THE FACE of worries about interest rates, inflation and Iraq, one bright spot has kept stocks from sagging in recent weeks: strong corporate performance.

Big companies have been turning in profit gains of more than 20% since the third quarter of last year, and hopes for similar gains in this year's second quarter have helped support stocks.

ABREAST OF THE MARKET

But to some people's surprise, stocks have begun July with a stumble. A big part of the reason appears to be a fear that, even for earnings, the best news may be behind us.

The earnings issue suddenly is occupying center stage for a simple reason of timing. The Federal Reserve has just acted on interest rates, raising its target short-term rate last week for the first time in four years. The Fed won't have a meeting on interest-rate policy again until August.

The next major market event is a flood of second-quarter earnings reports due over the next three weeks. As soon as the Fed decision was announced last week, investors' eyes shifted to the next issue, earnings. And the hand-wringing began.

"There is still a sense that when earnings come in, they will be strong," says Brian Pears, head stock trader at Victory Capital Management, the money-management arm of KeyCorp in Cleveland. "But there is a fear that the rate of growth is slowing down. It would be very surprising to see earnings continue to grow as fast as they have over the last two quarters."

Investors have seized on a series of disappointing economic and corporate announcements. Job creation was only half as strong as expected in June. A measure of manufacturing growth dipped slightly in June. Orders for durable goods—things like machinery and appliances—fell in May for the second month in a row. June auto sales were soft, as was the sales forecast from Wal-Mart Stores.

Few major companies have warned of bad earnings news to come, which ought to be a positive signal. But investors have focused on last week's warnings from several small and midsize technology companies that they were seeing disappointing sales and earnings in the second quarter.

By any objective measure, actual profit gains are likely to be exceptional. Analysts project increases of more than 20% for companies in the Standard & Poor's 500-stock index, according to data tracked by Thomson First Call in Boston. That is roughly three times the historical average. First Call research analyst Kennard Perkins says that, when all is said and done, actual earnings growth could exceed those estimates, possibly coming in as high as 25% or 26%.

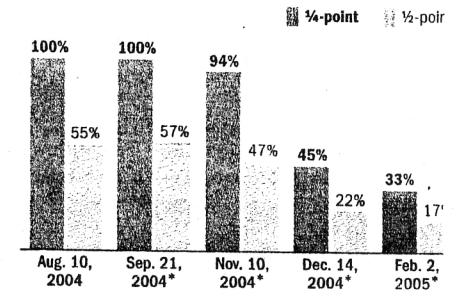
It seems almost churlish to point out that earnings gains were higher—around 28%—in last year's fourth quarter and in the first quarter of this year. Surely investors would welcome anything close to that.

The problem is that, as earnings performance has improved during the past 18 months, investor

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Chances Are...

Likelihood of an increase in the federal-funds interest-rate target versus no change at the next five Federal Reserve meetings, as measured by current futures trading.



*Assumes a 1/4-point increase at the previous meetings; in the case of Feb. 1-2 meeting, assumes increase on the second day, as is the committee's custom.

Source: WSJ Market Data Group, using Reuters d

BUT...

WHERE TO AFTER ANY NEW STOCK HIGHS??
EARNINGS VISIBILITY IS HUGE AT THESE PRICE LEVELS IN A SOFT ECONOMY!

518