

# Zacks Independent Research

## Performance Update- January 2006

### Performance and Coverage

We believe that the value of equity research is measured by the performance achieved by its users, and consequently we focus the efforts of our analysts and our models on identifying stocks that will outperform and underperform their industries. We operate the 3rd largest research department among Independent Research Providers, covering a universe of over 1,150 US and Canadian traded companies and ADRs. Zacks independent equity research integrates Zacks quantitative models with the judgments of our staff of 30 senior analysts and 20 junior analysts who are organized by industry and are responsible for making recommendations, EPS estimates, and setting target prices for their followed companies. In addition to Company Research reports, our Research product includes our monthly Economic Outlook, our monthly Market Strategy Overview, and our bi-weekly Model Portfolio. We also provide the Zacks Quantitative Snapshot Report for an additional universe of 2,500 companies, resulting in total research coverage of 3,650 companies.

### WINS OF THE MONTH



On 11/30/05 Medical Devices Analyst Greg Aurand raised his rating on Allscripts Health (MDRX) citing the strength in its Software and Related Services division. MDRX is a play on medical records being moved from paper to electronic form. When it was upgraded MDRX was trading for \$13.37, it closed at \$17.60 on 1/19/06, up 12.0%.



On 9/28/05 Natural Gas Analyst Richard Wolfe upgraded Exploration Company (TXCO) to buy citing a major asset swap with EnCana which significantly improved TXCO's balance sheet. When it was upgraded it was selling for \$6.56, it closed at \$8.10 on 1/19/06, up 23.5%.



On 7/28/05 non-U.S. Technology Analyst Rob Perri upgraded Siliconware (SPIL), a Taiwan based provider of Semiconductor packaging and testing services to buy citing its rising gross margins and high capacity utilization rates. When he upgraded it SPIL was trading at \$5.09, it closed on 1/19/06 at \$6.75, up 32.6%.

On 11/9/05 China Analyst Paul Cheung raised his rating on Tom Online (TOMO) to buy, citing its leading position in the Chinese wireless internet services market. China has more wireless users than the U.S., Canada and the U.K. combined, but still has room to grow since the penetration rate lags far behind the west. TOMO was trading for \$17.74 when it was upgraded, it closed at \$22.81 on 1/19/06, up 28.6%.

### Recommendation Performance

	2005		2004		2003	
	Buys	Sells	Buys	Sells	Buys	Sells
<b>FULL UNIVERSE</b>	8.6%	-25.6%	30.8%	7.3%	76.3%	48.8%
<b>LARGEST ZACKS INDUSTRIES</b>						
<b>APPAREL</b>	10.3%	-58.5%	18.2%	-27.8%	115.1%	48.1%
<b>BANKS &amp; THRIFTS</b>	13.0%	0.6%	24.9%	14.2%	81.5%	31.6%
<b>COMPUTERS</b>	-8.5%	9.0%	-6.8%	-9.2%	107.6%	64.4%
<b>CONSUMER DISC.</b>	6.4%	-10.3%	32.8%	10.1%	40.5%	43.9%
<b>DRUGS</b>	3.1%	-10.4%	4.1%	-0.9%	80.5%	112.6%
<b>FOOD RETAIL</b>	40.3%	-37.2%	10.2%	21.3%	38.5%	-31.2%
<b>INSURANCE</b>	17.0%	6.7%	25.2%	21.0%	34.7%	34.0%
<b>MEDIA</b>	15.3%	35.2%	-7.3%	-17.6%	115.1%	16.9%
<b>MEDICAL CARE</b>	45.7%	-3.2%	39.0%	-4.0%	106.6%	101.5%
<b>MEDICAL PRODUCTS</b>	23.5%	-69.0%	8.4%	20.9%	92.1%	44.1%
<b>METALS</b>	59.3%	11.9%	14.7%	9.7%	166.6%	20.1%
<b>MISC TECHNOLOGY</b>	51.3%	-4.2%	-13.2%	-37.0%	61.3%	55.1%
<b>NON FOOD RETAIL</b>	27.0%	-47.2%	60.8%	13.0%	89.3%	33.3%
<b>OIL DRILLING</b>	64.6%	1.3%	84.7%	-19.4%	73.9%	25.4%
<b>REAL ESTATE</b>	15.3%	-3.3%	28.2%	10.9%	54.1%	28.0%
<b>SEMICONDUCTORS</b>	11.3%	-23.6%	-8.2%	-21.8%	89.2%	12.6%
<b>TELECOMM EQUIPT</b>	17.5%	-43.6%	27.9%	-23.8%	181.9%	101.0%
<b>TELECOMM SERVICES</b>	9.7%	9.2%	35.2%	30.9%	51.1%	17.1%
<b>UTILITY-ELEC PWR</b>	42.7%	12.6%	22.4%	17.9%	42.0%	17.3%
<b>UTILITY-TELEPHONE</b>	-7.4%	-11.5%	22.4%	-13.3%	122.7%	22.6%
<b>S&amp;P 500</b>	4.9%		10.9%		28.7%	

Performance is calculated for the portfolio of stocks recommended as Buys and Sells within our full universe of 3650 companies and for the 20 largest Zacks industries. If a company is covered by a Zacks analyst we use the analyst recommendation, while if the company is not followed by one of our analysts we use the Zacks Quantitative Recommendation. The Buy and Sell portfolios are rebalanced daily as recommendations change and performance is equal weighted with no transaction costs.