

Zacks Independent Research

Performance Update - June 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 March 20, 2006, Biotechnology Analyst Jason Napodano issued a SELL on Neurocrine Biosciences (NBIX) at \$70.45, citing overblown expectations for its insomnia drug Indiplon. On June 14, 2006, NBIX closed at \$18.08, down 74.3% in less than three months.



On January 30, 2006, Retail Analyst Rob Plaza upgraded shares of Priceline.com (PCLN) to a Buy, when the stock was trading at \$21.75 per share. Plaza wrote that PCLN shares had become too cheap to ignore. PCLN shares recently hit a 52-week high of \$32.22 on June 2 (up 48.1% in four months). After giving back some of those gains, PCLN closed at \$29.64 on June 14, 2006, which is still 36.2% higher than its January 30 close.



On May 19 2006, Latin American Senior Analyst Claudio Freitas put a Sell on Tim Participacoes (TSU) at \$29.37, as a result of the above average valuation and still fierce competition. On June 12, 2006, TSU closed at \$23.97, down 18.1% in less than one month.



On May 11, 2006, Telecommunications analyst David Weismann issued a buy recommendation on Interdigital Communications (IDCC), at \$26.98, citing the favorable outcome of patent litigation with Nokia. On June 14, 2006, IDCC closed at 30.48, up 13.0%.

Recommendation Performance

| | 2006 YTD* | | 2005 | | 2004 | |
|---------------------------------|-----------|--------|-------|--------|--------|--------|
| | Buys | Sells | Buys | Sells | Buys | Sells |
| FULL UNIVERSE | 19.3% | 8.3% | 8.6% | -25.6% | 30.8% | 7.3% |
| LARGEST ZACKS INDUSTRIES | | | | | | |
| APPAREL | 14.5% | 9.2% | 10.3% | -58.5% | 18.2% | -27.8% |
| BANKS & THRIFTS | 15.1% | -0.4% | 13.0% | 0.6% | 24.9% | 14.2% |
| COMPUTERS | 11.0% | 27.9% | -8.5% | 9.0% | -6.8% | -9.2% |
| CONSUMER DISC. | 8.1% | -0.2% | 6.4% | -10.3% | 32.8% | 10.1% |
| DRUGS | 11.3% | -4.5% | 3.1% | -10.4% | 4.1% | -0.9% |
| FOOD RETAIL | 13.5% | 7.8% | 40.3% | -37.2% | 10.2% | 21.3% |
| INSURANCE | 4.1% | -0.7% | 17.0% | 6.7% | 25.2% | 21.0% |
| MEDIA | 7.4% | -12.2% | 15.3% | -35.2% | -7.3% | -17.6% |
| MEDICAL CARE | 2.8% | -3.7% | 45.7% | -3.2% | 39.0% | -4.0% |
| MEDICAL PRODUCTS | -4.3% | -0.5% | 23.5% | -69.0% | 8.4% | 20.9% |
| METALS | 28.2% | -4.4% | 59.3% | 11.9% | 14.7% | 9.7% |
| MISC TECHNOLOGY | 10.9% | 42.1% | 51.3% | -4.2% | -13.2% | -37.0% |
| NON FOOD RETAIL | 8.3% | 9.3% | 27.0% | -47.2% | 60.8% | 13.0% |
| OIL DRILLING | 23.6% | 20.3% | 64.6% | 1.3% | 84.7% | -19.4% |
| REAL ESTATE | 11.4% | 3.4% | 15.3% | -3.3% | 28.2% | 10.9% |
| SEMICONDUCTORS | 9.4% | 11.3% | 11.3% | -23.6% | -8.2% | -21.8% |
| TELECOMM EQUIPT | 12.39% | -2.8% | 17.5% | -43.6% | 27.9% | -23.8% |
| TELECOMM SERVICES | 19.2% | -42.7% | 9.7% | 9.2% | 35.2% | 30.9% |
| UTILITY-ELEC PWR | 13.1% | 15.2% | 42.7% | 12.6% | 22.4% | 17.9% |
| UTILITY-TELEPHONE | 4.7% | -10.0% | -7.4% | -11.5 | 22.4% | -13.3% |
| S&P 500 | 2.6% | | 4.9% | | 10.9% | |

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.

*Year-to-date through 5/31/06