

US Investment Report

TIMELY IDEAS FOR INDEPENDENT INVESTORS

December 7, 2005
Yr. XXI, No. 23

Dear Ladies and Gentlemen:

It's no surprise that stocks bogged down in early December after a brisk run from mid-October through November. The market needed a breather, particularly in the semiconductor, information technology and rebounding energy sectors. After all, the Nasdaq Composite through last week had charged ahead nearly 12% in seven weeks and the Dow and S&P 500 were up about 7% from their October lows. This on generally rising volume with relatively few interruptions. It was time for some profit-taking. Once that's over, I see more gains through year-end and into 2006.

Calling short-term turns in the market is always hazardous. I'm far more comfortable picking stocks, because the really good ones somehow manage to rise no matter what crazy turns the overall market is taking. That said, even a stock picker has to pay attention to the crazy antics of the traders and try to make sense of the daily ups and downs of the market averages. For one thing, timing is important to get the most out of good stocks. Buying great stocks at market peaks is a good way to get the least out of them.

Seven weeks into a rally, by far the best move in a dreary market year, market fundamentals are still favorable. Earnings growth is strong. The economy is moving ahead nicely, including Tuesday's upward revision of 3Q productivity and Friday's solid employment numbers. Inflation fears seem over-wrought, though we're doomed to see rising interest rates through Alan Greenspan's soon-to-end term as Fed Chairman. Yes, we still have those nagging budget and trade deficits. The ebbing fortunes of the American middle class, amid rising healthcare costs, fading pension protection, widespread plant closings and wholesale job losses, worry me. But from a strictly narrow stock market viewpoint, America's large public companies are operating in a very favorable business, financial and regulatory climate. At base, that's why this long-overdue late 2005 rally should last well into 2006.

USIR's Portfolios vs the Market

	USIR Conservative Portfolio	USIR Gr Leaders Portfolio	USIR Emerg Gr Portfolio	DJIA	S&P 500	Nasdaq Comp
Since Our Last Issue						
Current Mkt Value	\$7,992,238	\$71,746,369	\$24,283,219	10878	1265	2273
Value Last Issue	7,794,613	69,505,070	23,295,107	10766	1248	2227
Change to Date	2.5%	3.2%	4.2%	1.0%	1.3%	2.1%
Since Midyear Low						
Value Jun 30 2005	\$6,836,583	\$58,113,806	\$19,404,004	10275	1191	2057
Change to Date	16.9%	23.5%	25.1%	5.9%	6.2%	10.5%
Year to Date 2005						
Value Dec 31 2004	\$6,620,750	\$56,359,058	\$18,053,866	10783	1212	2175
Change to Date	20.7%	27.3%	34.5%	0.9%	4.4%	4.5%
Since Yr End 2002						
Value Dec 31 2002	\$3,836,848	\$23,413,618	\$8,269,721	8342	880	1336
Change to Date	108.3%	206.4%	193.6%	30.4%	43.8%	70.2%
Since Yr End 2000						
Value Dec 31, 2000	\$4,667,464	\$26,234,371	\$7,524,339	10787	1320	2471
Change to Date	71.2%	173.5%	222.7%	0.8%	-4.2%	-8.0%
Since Yr End 1995						
Value Dec 31, 1995	\$1,148,647	\$3,905,668	\$1,063,581	5117	616	1052
Change to Date	595.8%	1737.0%	2183.2%	112.6%	105.4%	116.1%

Gross performance excluding transaction costs and income. The Conservative Growth and Growth Leaders Portfolios were begun Jan. 1, 1987 with \$100,000 each. The Emerging Growth Portfolio was started July 1, 1995 with \$1,000,000.

IN THIS ISSUE

The USIR Portfolios

- Conservative Growth Portfolio 2
- Growth Leaders Portfolio 2
- Emerging Growth Portfolio 3

USIR Stock Recommendations

- Valuation Scorecard 3-4
- New Recommendations 5
- Updated Ratings, Targets & Stops 5-6

What about valuations? For the overall market, P/E and PEG ratios have not risen much—primarily because earnings are still rising. How about the market-leading growth stocks? The average PEG ratio of the 64 issues on the USIR Recommended List back in October was an ideal 1.00—indicating a one-to-one ratio of P/E's to long-run earnings growth. Today our average PEG has been nudged up to 1.07, which is still darned attractive for stocks expected to grow earnings 22% a year. That's well below the 1.21 PEG of the S&P 500, whose earnings growth is estimated at 12% a year. Bottom line: valuations are not yet a serious concern for most growth stocks.

Stephen Quickel

Stephen W. Quickel, Editor

■■■ **THE USIR GROWTH PORTFOLIOS.** The USIR model portfolios are running nicely ahead of the rally, which continues but has cooled off a bit during the past week. The major market averages have leveled off but still show gains of 1% to 2% since our Nov. 21 issue. Meantime our Emerging Growth Portfolio is up 4.2%, our Growth Leaders Portfolio 3.2% and our Conservative Growth Portfolio 2.2%. Year-to-date, their respective gains are 34%, 27% and 21%. See the full track record in this

issue's *USIR Portfolios vs. the Market* table on the front page.

Our time-tested basic strategy—of being fully invested in a concentrated selection of market-leading growth stocks—has consistently produced front-running results for us in rising markets over the years. For most of 2005, until the market finally awakened mid-October, we kept large cash reserves that often exceeded 50% of portfolio assets. But for the past six weeks we've been fully invested. Tight stops have helped too—all year long—limiting losses and preserving capital.

Portfolio Transactions. We've made or will shortly make a number of portfolio changes. Upcoming purchases will be carried out one day after you receive this issue; they are shown in the accompanying portfolio tables at estimated prices.

USIR Conservative Growth Portfolio. This portfolio was stopped out of **Gilead Sciences (GILD)** since last issue. We will also sell **EMC Corp (EMC)**, which has not been performing up to our expectations, and purchase pharmacy services leader **Omnicare Inc. (OCR)** and contract oil and gas driller **Transocean Inc. (RIG)**.

USIR Growth Leaders Portfolio. Stop-loss sales claimed two stocks—**Gilead Sciences (GILD)** and **Jos. Bank Clothiers (JOB)**—since last issue. In addition, we will sell **Ceradyne (CRDN)**, a top-performing stock that's suddenly dipped close to our stop-loss limit. To put accumulated cash back to work, we've added to on-going positions in **Advanced Micro Devices (AMD)**, **Caremark (CMX)** and **J2 Global Communications (JCOM)**. We will also buy two new stocks—apparel maker **Gildan Activewear (GIL)** and contract oil and gas driller **Unit Corp. (UNT)**.

USIR Emerging Growth Portfolio. As announced last issue and reported in subsequent hotlines, we have purchased **Eagle Materials (EXP)**, **Encore Wire (WIRE)** and **Middleby Corp (MIDD)**. We were subsequently stopped out of **Jos. Bank Clothiers (JOB)** and **Netflix (NFLX)** on profit taking. In addition, we will sell **Ceradyne (CRDN)**. To reinvest cash, we've added to existing positions in **Eagle Materials, Encore Wire** and **Middleby** as

The USIR Conservative Growth Portfolio

Stock	Symbol	Avg Price	Initial Purchase	Current Price	Stop Price	Market Value	P/E Next FY	Est EPS Next FY	Est 3-5 Yr % EPS Gr	Pct of Tot Port
Apple Computer	AAPL	53.0	Oct-05	72.63	67.0	685,189	34.1	\$2.13	20.0	8.6%
Caremark Rx	CMX	44.0	Feb-05	52.18	48.5	592,955	22.2	\$2.35	21.2	7.4%
Chicos FAS	CHS	37.0	Oct-05	44.40	42.5	600,000	33.1	\$1.34	25.1	7.5%
Coach Inc	COH	31.5	Oct-05	35.03	34.0	556,032	23.5	\$1.49	19.1	7.0%
eBay	EBAY	39.0	Oct-05	45.19	43.0	579,359	45.2	\$1.00	30.1	7.2%
Marvell Tech Gp	MRVL	43.0	Jul-05	58.81	54.0	683,837	32.5	\$1.81	28.9	8.6%
Microsoft	MSFT	27.0	Nov-05	28.01	26.0	518,704	18.3	\$1.53	10.5	6.5%
Omnicare	OCR	51.0	Dec-05	58.48	47.0	573,333	18.2	\$3.22	15.9	7.2%
Qualcomm	QCOM	44.5	Nov-05	45.20	42.5	507,865	27.4	\$1.65	18.1	6.4%
Teva Pharm	TEVA	36.5	Oct-05	42.09	38.5	576,575	21.9	\$1.92	19.3	7.2%
Texas Instruments	TXN	30.5	Nov-05	34.11	31.5	559,180	21.1	\$1.62	18.0	7.0%
Transocean	RIG	66.0	Dec-05	66.16	61.0	501,212	14.6	\$4.54	50.0	6.3%
UnitedHealth Grp	UNH	49.0	May-05	61.97	57.0	632,347	21.5	\$2.88	17.6	7.9%
Cash Reserves						425,650			5.3%	
Market Value of \$100,000 invested Jan. 1, 1987						\$7,992,238			100.0%	

The USIR Growth Leaders Portfolio

Stock	Symbol	Avg Price	Initial Purchase	Current Price	Stop Price	Market Value	P/E Next FY	Est EPS Next FY	Est 3-5 Yr % EPS Gr	Pct of Tot Port
Adv Micro Devices	AMD	24.5	Nov-05	27.95	257.0	4,563,265	34.9	\$0.80	14.6	6.4%
Apple Computer	AAPL	53.3	Oct-05	72.63	67.0	5,450,657	34.1	\$2.13	20.0	7.6%
Barr Pharm	BRL	56.0	Oct-05	57.51	55.0	4,107,857	16.7	\$3.45	16.4	5.7%
Caremark Rx	CMX	45.5	Feb-05	52.18	48.5	4,587,253	22.2	\$2.35	21.2	6.4%
Cerner Corp	CERN	82.5	Sep-05	96.61	92.0	4,684,121	35.9	\$2.69	25.0	6.5%
Chicos FAS	CHS	37.0	Oct-05	44.40	42.5	3,600,000	33.1	\$1.34	25.1	5.0%
eBay	EBAY	39.0	Oct-05	45.19	43.0	3,476,154	45.2	\$1.00	30.1	4.8%
Express Scripts	ESRX	59.5	Sep-05	87.83	82.0	5,904,538	27.7	\$3.17	17.4	8.2%
Gildan Activewear	GIL	40.0	Dec-05	41.28	37.0	4,128,000	18.5	\$2.23	25.0	5.8%
J2 Global Comms	JCOM	43.2	Oct-05	47.52	44.0	4,400,000	20.1	\$2.37	27.7	6.1%
JLG Industries	JLG	37.5	Nov-05	46.76	43.0	4,987,733	14.0	\$3.33	14.5	7.0%
Marvell Tech Gp	MRVL	43.0	Jul-05	58.81	54.0	4,103,023	32.5	\$1.81	28.9	5.7%
Nvidia Inc	NVDA	31.7	Oct-05	36.59	35.0	4,617,035	19.7	\$1.86	18.9	6.4%
Unit Corp	UNT	56.0	Dec-05	56.11	52.0	4,007,857	9.6	\$5.87	58.0	5.6%
Cash Reserves						9,128,876			12.7%	
Market Value of \$100,000 invested Jan. 1, 1987						\$71,746,369			100.0%	

US Investment Report

Stephen W. Quickel
Editor and Publisher

U.S. Investment Report is published 24 times a year by Quickel International Corporation, 65 Chapel Road, New Hope, PA 18938, with weekly hotlines available to online subscribers. Website: www.usinvestmentreport.com. Telephone: 215-862-1313. Fax: 215-862-0399. E-mail subscribe@usinvestmentreport.com. All rights reserved. Reproduction in any form, including photocopying, e-mail forwarding and entry into a data retrieval system, is prohibited without written permission from the publisher.

Annual subscription rates (24 issues): Print edition: \$239 U.S., \$269 international. Optional e-mail delivery includes 52 weekly hotlines. Web edition including issues and hotlines: \$196 per year, \$49 per quarter.

USIR provides authoritative information for the private use of subscribers. The publisher solicits no actions based upon its contents. The information in USIR is obtained from various sources believed to be reliable; the publisher does not guarantee its accuracy. It should not be assumed that present and future recommendations by USIR will be profitable or equal past performances, or that any theory, methodology or philosophy can guarantee profits in the investment markets. USIR may manage private investment accounts and some stocks mentioned in USIR may be held by those accounts.

well as **Gildan Activewear (GIL)**, **JLG Industries (JLG)** and **Plexus Corp (PLXS)**. We will also purchase two new stocks: oil services provider **Cal Dive Intl (CDIS)** and Internet software and services provider **RealNetworks (RNWK)**.

THE USIR RECOMMENDED LIST. This issue's *USIR Valuation Scorecard* shows strong uptrends for the 64 stocks on the current USIR Recommended List, including a 4% average jump since our Nov. 21 issue and a 19% rise from the rally's Oct. 12 base point. No less than 51 have risen 10% or more—with 26 up more than 20%. Most are still on the rise and still trade at modest PEG ratios, mainly because earnings keep on rising. Top gainers include **Express Scripts (ESRX)** up 47%, **Apple Computer (AAPL)** up 48%, **Advanced Micro Devices (AMD)** up 33%, **Marvell Technology (MRVL)** up 40%, **Plexus (PLXS)** up 32%, **JLG Industries (JLG)** up 36%, **Cutera Corp. (CUTR)** up 90%. Some like AMD and AAPL are no longer cheap, but most of our average stock trades at 1.07 PEG ratio and is likely to grow earnings by 23% a year.

On-Going Recommendations. You will find on the current *USIR Recommended List* that we've raised more than a dozen price targets, mostly in the energy and technology sectors. We've also raised a number of ratings from Buy to Strong Buy, including **Logitech Intl (LOGI)**, **Affiliated Computer**

The USIR Emerging Growth Portfolio

Stock	Symbol	Avg Price	Initial Purchase	Current Price	Stop Price	Market Value	P/E Next FY	Est EPS Next FY	Est 3-5 Yr % EPS Gr	Pct of Tot Port
Barr Pharmaceuticals	BRL	54.0	Oct-05	57.51	55.0	1,597,500	16.7	\$3.45	16.4	6.6%
Cal Dive Intl	CDIS	76.0	Dec-05	76.72	71.0	1,514,211	16.0	\$4.80	27.5	6.2%
Cerner Corp	CERN	75.0	Jul-05	96.61	92.0	1,932,200	35.9	\$2.69	25.0	8.0%
Eagle Materials	EXP	116.0	Jul-05	120.60	112.0	1,559,483	13.3	\$9.05	15.0	6.4%
Encore Wire	WIRE	24.2	Jul-05	25.00	23.2	1,549,587	16.6	\$1.51	20.0	6.4%
First Cash Finl	FCFS	25.7	Oct-05	29.77	27.5	1,737,549	16.6	\$1.79	19.3	7.2%
Gildan Activewear	GIL	37.2	Nov-05	41.28	38.0	1,664,516	18.5	\$2.23	25.0	6.9%
J2 Global Comms	JCOM	42.0	Oct-05	47.52	44.0	1,697,143	20.1	\$2.37	27.7	7.0%
JLG Industries	JLG	39.0	Nov-05	46.76	43.0	1,798,462	14.0	\$3.33	14.5	7.4%
Middleby Corp	MIDD	78.0	Jul-05	80.05	73.0	1,539,423	17.8	\$4.49	16.0	6.3%
Oxford Inds	OXM	48.0	Oct-05	55.84	53.0	1,745,000	13.8	\$4.04	16.2	7.2%
Plexus Corp	PLXS	19.0	Dec-05	22.26	55.0	1,757,368	17.4	\$1.28	17.5	7.2%
RealNetworks	RNWK	8.7	Nov-05	8.89	8.1	1,532,759	11.9	\$0.75	27.5	6.3%
Saytam Comp Svc	SAY	32.5	Oct-05	36.06	33.5	1,664,308	23.6	\$1.53	25.2	6.9%
Cash Reserves						993,712			4.1%	
Market Value of \$1,000,000 invested July 1, 1995						\$24,283,219			100.0%	

Systems (ACS), **First Data Corp (FDC)**, **Transocean (RIG)** and **Unit Corp (UNT)**. In all, you'll find two-dozen Strong Buys on today's List, and more than 30 recommended stocks trading at PEGs under 1.10. We've also lowered ratings of two big gainers that have bogged down recently—**Chico's FAS** and **Ceradyne**—and dropped **EMC Corp**, **Motorola**, **Urban Outfitters** and **Medtronic** from the List.

New Recommendations. We are adding the following new stocks to

USIR Valuation Scorecard

Left-hand columns show recent price trends from various benchmark dates for all USIR Recommended List stocks. Center columns show latest consensus earnings estimates for the current and coming fiscal years and estimates of 3-to-5 year earnings growth. Right-hand columns show P/E ratios based on current and next fiscal year earnings and PEG ratios relating P/Es to expected 3-5 year earnings growth. An ideal PEG ratio (P/E divided by the long-term growth rate) is in the 0.75 to 1.25 range.

Stock	Symb	Recent Price Trends				Earnings Estimates			P/E and PEG Ratios					
		Current Price	Price Last Issue	% Chg vs Last Issue	Price at 10/12 Int Low	% Chg vs 10/12	Price at 8/2 Int High	% Chg vs 8/2	Current Fiscal Year	Next Fiscal Year	3-5 Yr EPS Growth	P/E on CurrFY EPS	P/E on NextFY EPS	PEG Ratio on NFY P/E
Nasdaq Comp		2273	2227	2.1%	2037	11.6%	2218	2.5%						
DJIA		10878	10766	1.0%	10217	6.5%	10684	1.8%	\$625	\$740	12.0%	17.4	14.7	1.22
S&P 500		1265	1248	1.3%	1178	7.4%	1244	1.7%	\$75	\$87	12.0%	16.9	14.5	1.21
Average USIR Stock				4.2%		20.3%		22.9%			23.2%	30.4	22.7	1.06
Median USIR Stock				3.0%		17.3%		17.6%			19.7%	26.1	19.4	1.04
CONSUMER GOODS & SERVICES														
Coach Inc	COH	35.03	34.43	1.7%	28.94	21.0%	34.75	0.8%	\$1.24	\$1.49	19.1%	28.3	23.5	1.23
Gildan Activewear	GIL	41.28	36.80	12.2%	39.00	5.8%	30.17	36.8%	\$1.85	\$2.23	25.0%	22.3	18.5	0.74
Oxford Industries	OXM	55.84	54.48	2.5%	46.90	19.1%	47.45	17.7%	\$3.55	\$4.04	16.2%	15.7	13.8	0.85
RETAIL/WHOLESALE														
Express Scripts	ESRX	87.83	79.45	10.5%	59.86	46.7%	54.51	61.1%	\$2.57	\$3.17	17.4%	34.2	27.7	1.59
Omnicare Inc	OCR	58.48	57.85	1.1%	51.86	12.8%	47.10	24.2%	\$2.46	\$3.22	15.9%	23.8	18.2	1.14
Chicos FAS	CHS	44.40	45.02	-1.4%	36.59	21.3%	40.89	8.6%	\$1.08	\$1.34	25.1%	41.1	33.1	1.32
eBay	EBAY	45.19	44.67	1.2%	39.42	14.6%	44.75	1.0%	\$0.84	\$1.00	30.1%	53.8	45.2	1.50
First Cash Finl Svcs	FCFS	29.77	27.54	8.1%	24.40	22.0%	23.93	24.4%	\$1.51	\$1.79	19.3%	19.7	16.6	0.86
Lowes Cos	LOW	67.83	65.95	2.9%	61.40	10.5%	66.08	2.6%	\$3.39	\$3.94	17.1%	20.0	17.2	1.01
DRUGS & BIOTECHNOLOGY														
Amgen Inc	AMGN	80.78	83.22	-2.9%	74.77	8.0%	82.63	-2.2%	\$3.21	\$3.66	15.6%	25.2	22.1	1.41
Barr Pharmaceuticals	BRL	57.51	56.65	1.5%	54.75	5.0%	47.19	21.9%	\$3.13	\$3.45	16.4%	18.4	16.7	1.02
Genentech	DNA	98.80	96.96	1.9%	82.13	20.3%	90.68	9.0%	\$1.28	\$1.79	33.8%	77.2	55.2	1.63
Gilead Sciences	GILD	53.58	54.36	-1.4%	46.17	16.0%	45.53	17.7%	\$1.61	\$1.97	18.9%	33.3	27.2	1.44
Teva Pharmaceutical	TEVA	42.09	40.79	3.2%	34.55	21.8%	32.20	30.7%	\$1.56	\$1.92	19.3%	27.0	21.9	1.14

continued from p 3

Stock	Symb	Recent Price Trends						Earnings Estimates			P/E and PEG Ratios			
		Current Price	Price Last Issue	% Chg vs Last Issue	Price at 10/12 Int Low	% Chg vs 10/12	Price at 8/2 Int High	% Chg vs 8/2	Current Fiscal Year	Next Fiscal Year	3-5 Yr EPS Growth	P/E on CurrFY EPS	P/E on NextFY EPS	PEG Ratio on NFY P/E
MEDICAL CARE														
Aetna Inc	AET	95.50	94.79	0.7%	81.20	17.6%	76.88	24.2%	\$4.60	\$5.46	16.8%	20.8	17.5	1.04
Caremark Rx	CMX	52.18	49.90	4.6%	48.36	7.9%	44.52	17.2%	\$1.97	\$2.35	21.2%	26.5	22.2	1.05
Unitedhealth Group	UNH	61.97	60.96	1.7%	55.03	12.6%	53.03	16.9%	\$2.46	\$2.88	17.6%	25.2	21.5	1.22
Cerner Corp	CERN	96.61	96.00	0.6%	83.44	15.8%	78.06	23.8%	\$2.17	\$2.69	25.0%	44.5	35.9	1.44
INDUSTRIAL GOODS/SERVICES														
Encore Wire	WIRE	25.00	23.92	4.5%	16.22	54.1%	15.07	65.9%	\$0.97	\$1.51	20.0%	25.8	16.6	0.83
JLG Industries	JLG	46.76	43.12	8.4%	34.39	36.0%	32.30	44.8%	\$2.39	\$3.33	14.5%	19.6	14.0	0.97
Middleby Corp	MIDD	80.05	78.04	2.6%	69.81	14.7%	69.19	15.7%	\$3.96	\$4.49	16.0%	20.2	17.8	1.11
Eagle Materials	EXP	120.60	116.10	3.9%	105.92	13.9%	108.20	11.5%	\$7.90	\$9.05	15.0%	15.3	13.3	0.89
Champion Entrps	CHB	15.08	15.00	0.5%	12.89	17.0%	12.55	20.2%	\$0.53	\$1.03	20.0%	28.5	14.6	0.73
COMPUTER HARDWARE/SYSTEMS														
Apple Computer	AAPL	72.63	64.56	12.5%	49.25	47.5%	43.19	68.2%	\$1.79	\$2.13	20.0%	40.6	34.1	1.70
Logitech Intl	LOGI	48.48	43.03	12.7%	39.21	23.6%	38.83	24.9%	\$1.81	\$2.05	18.0%	26.8	23.6	1.31
Network Applian	NTAP	29.41	28.86	1.9%	23.23	26.6%	25.91	13.5%	\$0.79	\$0.97	24.6%	37.2	30.3	1.23
Nvidia Corp	NVDA	36.59	36.19	1.1%	32.20	13.6%	27.84	31.4%	\$1.63	\$1.86	18.9%	22.4	19.7	1.04
COMPUTER SOFTWARE/SERVICES														
Affiliated Comp Sys	ACS	56.39	56.69	-0.5%	47.90	17.7%	49.57	13.8%	\$3.41	\$3.92	15.2%	16.5	14.4	0.95
First Data Corp	FDC	44.58	42.28	5.4%	39.36	13.3%	41.00	8.7%	\$2.26	\$2.58	13.1%	19.7	17.3	1.32
Infosys Tech-ADR	INFY	73.95	75.00	-1.4%	71.46	3.5%	72.28	2.3%	\$2.01	\$2.55	29.7%	36.8	29.0	0.98
J2 Global Comms	JCOM	47.52	46.48	2.2%	38.00	25.1%	40.12	18.4%	\$1.87	\$2.37	27.7%	25.4	20.1	0.72
Microsoft	MSFT	28.01	28.07	-0.2%	24.30	15.3%	26.81	4.5%	\$1.33	\$1.53	10.5%	21.1	18.3	1.74
RealNetworks	RNWK	8.89	8.72	1.9%	7.33	21.3%	5.05	76.0%	\$1.54	\$0.75	27.5%	5.8	11.9	0.43
Netflix Inc	NFLX	27.69	28.42	-2.6%	27.51	0.7%	19.57	41.5%	\$0.35	\$0.84	38.3%	79.1	33.0	0.86
Satyam Comp Svcs	SAY	36.06	36.06	0.0%	29.39	22.7%	30.24	19.2%	\$1.26	\$1.53	25.2%	28.6	23.6	0.94
Yahoo	YHOO	41.21	41.54	-0.8%	33.93	21.5%	33.88	21.6%	\$0.59	\$0.75	28.7%	69.8	54.9	1.91
SEMICONDUCTOR & ELECTRONICS														
Adv Micro Devices	AMD	27.95	26.74	4.5%	21.00	33.1%	20.42	36.9%	\$0.40	\$0.80	14.6%	69.9	34.9	2.39
Broadcom Corp	BRCM	48.77	48.28	1.0%	43.50	12.1%	43.11	13.1%	\$1.39	\$1.72	25.2%	35.1	28.4	1.13
Conexant Sys	CNXT	2.69	2.37	13.5%	1.78	51.1%	1.93	39.4%	\$0.06	\$0.14	30.0%	44.8	19.2	0.64
Intel Corp	INTC	27.43	25.30	8.4%	23.24	18.0%	27.56	-0.5%	\$1.43	\$1.59	15.8%	19.2	17.3	1.09
Marvell Tech Gp	MRVL	58.81	57.04	3.1%	42.06	39.8%	44.85	31.1%	\$1.37	\$1.81	28.9%	42.9	32.5	1.12
Texas Instruments	TXN	34.11	31.88	7.0%	30.10	13.3%	32.66	4.4%	\$1.38	\$1.62	18.0%	24.7	21.1	1.17
Xilinx Inc	XLNX	27.36	25.94	5.5%	21.94	24.7%	28.96	-5.5%	\$0.95	\$1.12	18.6%	28.8	24.4	1.31
Ceradyne	CRDN	44.05	44.87	-1.8%	36.57	20.5%	33.45	31.7%	\$1.82	\$2.51	20.0%	24.2	17.5	0.88
Plexus Corp	PLXS	22.26	20.30	9.7%	16.78	32.7%	14.62	52.3%	\$1.02	\$1.28	17.5%	21.8	17.4	0.99
Cutera Inc	CUTR	42.12	36.49	15.4%	22.08	90.8%	20.50	105.5%	\$0.88	\$0.98	60.0%	47.9	43.0	0.72
TELECOMMUNICATIONS														
Qualcomm	QCOM	45.20	45.93	-1.6%	42.35	6.7%	39.65	14.0%	\$1.39	\$1.65	18.1%	32.5	27.4	1.51
Nextel Partners	NXTP	26.60	25.55	4.1%	24.52	8.5%	26.00	2.3%	\$0.79	\$0.97	27.5%	33.7	27.4	1.00
OIL SERVICES/DRILLING														
Cal Dive Intl	CDIS	76.72	69.51	10.4%	57.60	33.2%	61.90	23.9%	\$3.44	\$4.80	27.5%	22.3	16.0	0.58
EnSCO Intl	ESV	47.50	47.21	0.6%	41.89	13.4%	41.80	13.6%	\$1.74	\$3.95	38.0%	27.3	12.0	0.32
Noble Corp	NE	73.37	70.15	4.6%	60.73	20.8%	69.71	5.3%	\$2.17	\$5.47	37.8%	33.8	13.4	0.35
Transocean Inc	RIG	66.16	59.72	10.8%	55.01	20.3%	59.65	10.9%	\$1.61	\$4.54	50.0%	41.1	14.6	0.29
Unit Corp	UNT	56.11	53.23	5.4%	48.94	14.7%	49.20	14.0%	\$4.29	\$5.87	58.0%	13.1	9.6	0.16
Weatherford Int	WFT	35.62	32.96	8.1%	30.63	16.3%	32.43	9.8%	\$1.42	\$2.00	23.0%	25.1	17.8	0.77
OIL PRODUCTION/REFINING														
Burlingtn Res	BR	74.31	69.22	7.4%	71.04	4.6%	66.00	12.6%	\$6.71	\$7.80	8.0%	11.1	9.5	1.19
Newfield Exploration	NFX	48.33	42.86	12.8%	46.64	3.6%	43.82	10.3%	\$4.18	\$5.84	15.8%	11.6	8.3	0.52
Ultra Petroleum	UPL	57.10	51.98	9.8%	51.85	10.1%	38.35	48.9%	\$1.34	\$1.81	25.0%	42.6	31.5	1.26
XTO Energy	XTO	43.10	40.37	6.8%	41.27	4.4%	36.66	17.6%	\$3.00	\$3.97	15.8%	14.4	10.9	0.69
Valero Energy	VLO	101.80	98.17	3.7%	104.01	-2.1%	84.80	20.0%	\$13.43	\$14.34	5.3%	7.6	7.1	1.34
BUSINESS & FINANCIAL SERVICES														
E*Trade Financial	ET	20.02	19.18	4.4%	16.27	23.0%	15.72	27.4%	\$1.08	\$1.29	12.5%	18.5	15.5	1.24
Natl Finl Partners	NFP	51.51	49.50	4.1%	43.67	18.0%	46.25	11.4%	\$2.47	\$2.92	18.3%	20.9	17.6	0.96
Accenture Inc	ACN	29.18	27.45	6.3%	25.08	16.3%	25.51	14.4%	\$1.53	\$1.76	13.9%	19.1	16.6	1.19

New Recommendations and Strongest Buys

This table spotlights both our Strongest Buy Recommendations and the New Recommendations being introduced in this issue. Revenue and earnings growth projections are based on latest consensus estimates. PEG ratios are P/E's divided by 3-5 year earnings growth.

Stock	Symbol	Current Price	52 Wk High	52 Wk Low	Price v 52 Wk High	% EPS Gr Next 3-5 Yrs	P/E on Next FY EPS	PEG on Next FY P/E	Earnings Per Share			Revenues (mils)		
									Last FY	Curr FY Est	Next FY Est	Last FY	Curr FY Est	Next FY Est
This Issue's New Recommendations														
Accenture Ltd	ACN	29.18	29.18	21.47	1.00	13.9	16.6	1.19	\$1.44	\$1.53	\$1.76	\$15,805	\$17,299	\$18,761
Natl Finl Pntns	NFP	51.51	52.18	34.74	0.99	18.3	17.7	0.97	\$1.84	\$2.47	\$2.92	\$610	\$845	\$1,021
Omnicare Inc	OCR	58.48	59.92	29.51	0.98	15.9	18.1	1.14	\$2.34	\$2.46	\$3.22	\$4,105	\$5,290	\$6,726
RealNetworks	RNWK	8.89	8.89	4.84	1.00	27.5	11.9	0.43	-\$0.13	\$1.54	\$0.75	\$264	\$326	\$381
Today's Strongest Buys														
First Cash Finl	FCFS	29.77	29.77	16.91	1.00	19.3	16.6	0.86	\$1.22	\$1.51	\$1.79	\$178	\$204	\$234
Unitedhealth Gp	UNH	61.97	61.97	39.85	1.00	17.6	21.5	1.22	\$1.96	\$2.46	\$2.88	\$36,926	\$45,416	\$55,435
Teva Pharm ADR	TEVA	42.09	42.09	26.89	1.00	19.3	21.9	1.13	\$1.42	\$1.56	\$1.92	\$4,760	\$5,276	\$6,399
J2 Global Comm	JCOM	47.52	47.70	30.42	1.00	27.7	20.1	0.73	\$1.21	\$1.87	\$2.37	\$106	\$145	\$188
Plexus Corp	PLXS	22.26	22.37	10.09	1.00	17.5	17.4	0.99	\$0.55	\$1.02	\$1.28	\$1,231	\$1,402	\$1,641

the Recommended List. For added details see the *New Recommendations* table and the *Valuation Scorecard* table.

Accenture Ltd (ACN). Accenture is the world's leading provider of management and technology consulting services. Its revenues of \$17 billion attest to its global reach. Its 52% return on equity attests to its profitability. Its 14% a year projected earnings growth, huge for so large a company, suggests why ACN has risen from 22 to 29 in recent months. Its modest 17 forward P/E and 1.19 PEG ratios indicate why we rate it a Strong Buy.

Omnicare Inc. (OCR). Twice a big winner for USIR over the years, we're re-recommending this double-barreled healthcare leader, with an 18 times year-

ahead P/E, a 1.14 PEG ratio and 16% a year projected earnings growth. OCR is both a leading provider of pharmacy services in the U.S. and a major provider of clinical R&D to drug and biotech companies.

RealNetworks Inc. (RNWK). With a market cap of \$1.5 billion, RealNetworks ranks as one of the top guns in software and services to facilitate conveyance of audio, video, text, animation and other media content over the Internet and intranets. Slated to grow earnings by more than 27% a year, RNWK spiked up from 6 to 9 early in the current rally and is headed toward a breakout above 10. The year-ahead P/E is just 12 times earnings, the PEG a mere 0.43. Its brand-new Rhapsody service to allow users to stream music over the Web is a major competitive plus.

The Updated USIR Recommended List

The USIR Recommended List provides basic data for all on-going stock selections—plus our opinion latest ratings and stop-loss limits (see far right-hand columns). For detailed price trend and valuation data, see this issue's USIR Valuation Scorecard. For new stocks introduced this issue, see the USIR Watch List.

Stock Ratings. We use a simple rating scheme. Strong Buy (Buy+) indicates well above average near-term appreciation potential. Buy indicates above average gain potential for the coming 6-12 months. Hold means we don't think the stock is a good buy right now. Sell means to sell at the earliest opportunity.

Target Prices. Price targets appear after the ratings, behind the slash. If we've raised our target a small letter "u" (for up) follows it. Lower targets are noted with a "d" (for down). Example: Buy+/45u means we've raised our target price to 45 since last issue for a stock with well above average appreciation potential.

Stop-Loss Limits. We suggest stop-loss limits for every stock to guard against runaway losses. They are usually 7-10% below the market. Use our stops to place automatic sell orders with a broker or as mental stops for yourself. Raise stops as prices advance; lower or over-ride them only for compelling reasons.

Stock	Symbol	Current Price	52 Week High	52 Week Low	Orig Recom Price	Orig Recom Date	Gain Since Recom	P/E Next FY EPS	3-5 Yr Est EPS Growth	PE/G Ratio on NFY P/E	Est EPS Curr FY	Est EPS Next FY	USIR Opinion/ Tgt Price	Sugg Loss Limit
CONSUMER GOODS & SERVICES														
Coach Inc	COH	35.03	36.64	24.92	6	Aug-02	536.9%	23.5	19.1%	1.23	\$1.24	\$1.49	Buy/40	32
Gildan Activewear	GIL	41.28	41.28	15.58	21	Mar-05	96.6%	18.5	25.0%	0.74	\$1.85	\$2.23	Buy+/48u	38
Oxford Industries	OXM	55.84	56.71	34.14	50	Oct-05	11.7%	13.8	16.2%	0.85	\$3.55	\$4.04	Buy+/62	51
RETAIL/WHOLESALE														
Express Scripts	ESRX	87.83	87.83	35.98	45	May-05	95.2%	27.7	17.4%	1.59	\$2.57	\$3.17	Buy/90u	81
Omnicare Inc	OCR	58.48	59.92	29.51	57	Dec-05	2.6%	18.2	15.9%	1.14	\$2.46	\$3.22	Buy+/70	54
Chicos FAS	CHS	44.40	45.85	19.30	24	Jan-05	85.0%	33.1	25.1%	1.32	\$1.08	\$1.34	Buy/52	41
eBay	EBAY	45.19	58.88	31.14	39	Oct-05	15.9%	45.2	30.1%	1.50	\$0.84	\$1.00	Buy/52	42
First Cash Finl Svcs	FCFS	29.77	29.77	16.91	24	Sep-05	26.7%	16.6	19.3%	0.86	\$1.51	\$1.79	Buy+/35u	27
Lowes Cos	LOW	67.83	68.81	51.50	64	Nov-05	6.0%	17.2	17.1%	1.01	\$3.39	\$3.94	Buy/78	62
DRUGS & BIOTECHNOLOGY														
Amgen Inc	AMGN	80.78	86.17	57.20	34	Jul-02	137.6%	22.1	15.6%	1.41	\$3.21	\$3.66	Buy/90	74
Barr Pharmaceuticals	BRL	57.51	59.00	38.85	52	Sep-05	10.6%	16.7	16.4%	1.02	\$3.13	\$3.45	Buy+/67	53
Genentech	DNA	98.80	98.94	44.08	78	May-05	26.7%	55.2	33.8%	1.63	\$1.28	\$1.79	Hold	91
Gilead Sciences	GILD	53.58	55.63	31.04	46	Oct-05	16.5%	27.2	18.9%	1.44	\$1.61	\$1.97	Buy/83	49
Teva Pharmaceutical	TEVA	42.09	42.09	26.89	38	Oct-05	10.8%	21.9	19.3%	1.14	\$1.56	\$1.92	Buy+/50	39

Stock	Symbol	Current Price	52 Week High	52 Week Low	Orig Recom Price	Orig Recom Date	Gain Since Recom	P/E Next FY EPS	3-5 Yr Est EPS Growth	PE/G Ratio on NFY P/E	Est EPS Curr FY	Est EPS Next FY	USIR Opinion/ Tgt Price	Sugg Loss Limit
<u>MEDICAL CARE</u>														
Aetna Inc	AET	95.50	95.50	59.03	87	Nov-05	9.8%	17.5	16.8%	1.04	\$4.60	\$5.46	Buy/102	88
Caremark Rx	CMX	52.18	52.78	35.76	29	Oct-04	79.9%	22.2	21.2%	1.05	\$1.97	\$2.35	Buy+/62	48
Unitedhealth Group	UNH	61.97	61.97	39.85	20	Jan-03	209.9%	21.5	17.6%	1.22	\$2.46	\$2.88	Buy+/64	57
Cerner Corp	CERN	96.61	98.11	47.50	60	May-05	61.0%	35.9	25.0%	1.44	\$2.17	\$2.69	Buy/100	89
<u>INDUSTRIAL GOODS/SERVICES</u>														
Encore Wire	WIRE	25.00	25.24	9.05	23	Nov-05	8.7%	16.6	20.0%	0.83	\$0.97	\$1.51	Buy+/32	23
JLG Industries	JLG	46.76	46.76	16.69	37	Nov-05	26.4%	14.0	14.5%	0.97	\$2.39	\$3.33	Buy+/55	43
Middleby Corp	MIDD	80.05	80.05	44.04	78	Nov-05	2.6%	17.8	16.0%	1.11	\$3.96	\$4.49	Buy/84	74
Eagle Materials	EXP	120.60	124.20	75.25	112	Nov-05	7.7%	13.3	15.0%	0.89	\$7.90	\$9.05	Buy+/135	111
Champion Entprs	CHB	15.08	15.18	8.38	14	Nov-05	7.7%	14.6	20.0%	0.73	\$0.53	\$1.03	Buy/20	14
<u>COMPUTER HARDWARE/SYSTEMS</u>														
Apple Computer	AAPL	72.63	72.63	31.34	38	Jul-05	91.1%	34.1	20.0%	1.70	\$1.79	\$2.13	Buy	67
Logitech Intl	LOGI	48.48	48.48	27.23	38	Aug-05	27.6%	23.6	18.0%	1.31	\$1.81	\$2.05	Buy+/56u	45
Network Applian	NTAP	29.41	34.64	22.77	28	Nov-05	5.0%	30.3	24.6%	1.23	\$0.79	\$0.97	Buy/35	27
Nvidia Corp	NVDA	36.59	38.07	19.13	22	May-05	66.3%	19.7	18.9%	1.04	\$1.63	\$1.86	Buy+/42	34
<u>COMPUTER SOFTWARE/SERVICES</u>														
Affiliated Comp Sys	ACS	56.39	60.76	46.85	50	Jun-05	12.8%	14.4	15.2%	0.95	\$3.41	\$3.92	Buy+/64	52
First Data Corp	FDC	44.58	44.58	36.94	40	Jul-05	11.5%	17.3	13.1%	1.32	\$2.26	\$2.58	Buy+/50u	41
Infosys Tech-ADR	INFY	73.95	77.91	56.60	73	Nov-05	1.3%	29.0	29.7%	0.98	\$2.01	\$2.55	Buy/84d	68
J2 Global Comms	JCOM	47.52	47.70	30.42	43	Oct-05	10.5%	20.1	27.7%	0.72	\$1.87	\$2.37	Buy+/55	44
Microsoft	MSFT	28.01	28.16	23.92	25	Nov-05	12.0%	18.3	10.5%	1.74	\$1.33	\$1.53	Buy/34	26
RealNetworks	RNWK	8.89	8.89	4.84	8.5	Dec-05	4.6%	11.9	27.5%	0.43	\$1.54	\$0.75	Buy+/12	8
Netflix Inc	NFLX	27.69	30.07	9.03	21.5	Sep-05	28.8%	33.0	38.3%	0.86	\$0.35	\$0.84	Buy/34	25
Satyam Comp Svcs	SAY	36.06	36.35	21.19	33	Oct-05	9.3%	23.6	25.2%	0.94	\$1.26	\$1.53	Buy/42	33
Yahoo	YHOO	41.21	42.50	30.87	20	Dec-03	106.1%	54.9	28.7%	1.91	\$0.59	\$0.75	Buy/48	38
<u>SEMICONDUCTOR & ELECTRONICS</u>														
Adv Micro Devices	AMD	27.95	27.95	14.16	23	Nov-05	21.5%	34.9	14.6%	2.39	\$0.40	\$0.80	Buy/32	26
Broadcom Corp	BRCM	48.77	48.77	27.48	47	Nov-05	3.8%	28.4	25.2%	1.13	\$1.39	\$1.72	Buy/58	45
Conexant Sys	CNXT	2.69	2.69	1.05	2.2	Nov-05	22.3%	19.2	30.0%	0.64	\$0.06	\$0.14	Buy/3.5	2
Intel Corp	INTC	27.43	28.71	21.99	23	Nov-05	19.3%	17.3	15.8%	1.09	\$1.43	\$1.59	Buy+/33u	25
Marvell Tech Gp	MRVL	58.81	58.81	31.37	25	Oct-04	135.2%	32.5	28.9%	1.12	\$1.37	\$1.81	Buy+/64	54
Texas Instruments	TXN	34.11	34.11	20.77	29	Nov-05	17.6%	21.1	18.0%	1.17	\$1.38	\$1.62	Buy+/40	31
Xilinx Inc	XLNX	27.36	32.00	21.94	25	Nov-05	9.4%	24.4	18.6%	1.31	\$0.95	\$1.12	Buy/35	25
Ceradyne	CRDN	44.05	47.47	17.99	36	Oct-05	22.4%	17.5	20.0%	0.88	\$1.82	\$2.51	Hold	41
Plexus Corp	PLXS	22.26	22.37	10.09	18	Nov-05	23.7%	17.4	17.5%	0.99	\$1.02	\$1.28	Buy+/27u	20
Cutera Inc	CUTR	42.12	42.12	11.71	32	Nov-05	31.6%	43.0	60.0%	0.72	\$0.88	\$0.98	Buy+/48u	39
<u>TELECOMMUNICATIONS</u>														
Qualcomm	QCOM	45.20	46.18	32.52	35	May-05	29.1%	27.4	18.1%	1.51	\$1.39	\$1.65	Buy/50	42
Nextel Partners	NXTP	26.60	26.90	17.33	19	Dec-04	40.0%	27.4	27.5%	1.00	\$0.79	\$0.97	Buy/35	24
<u>OIL SERVICES/DRILLING</u>														
Cal Dive Intl	CDIS	76.72	76.72	38.03	66	Nov-05	16.2%	16.0	27.5%	0.58	\$3.44	\$4.80	Buy+/84u	71
EnSCO Intl	ESV	47.50	49.55	28.68	39	Jul-05	21.8%	12.0	38.0%	0.32	\$1.74	\$3.95	Buy/55	44
Noble Corp	NE	73.37	74.71	44.85	63	Oct-05	16.5%	13.4	37.8%	0.35	\$2.17	\$5.47	Buy/78	68
Transocean Inc	RIG	66.16	66.22	37.54	58	Nov-05	14.1%	14.6	50.0%	0.29	\$1.61	\$4.54	Buy+/74u	61
Unit Corp	UNT	56.11	56.65	34.10	44	Jul-05	27.5%	9.6	58.0%	0.16	\$4.29	\$5.87	Buy+/65u	52
Weatherford Int	WFT	35.62	36.04	24.25	32	Nov-05	11.3%	17.8	23.0%	0.77	\$1.42	\$2.00	Buy/42u	33
<u>OIL PRODUCTION/REFINING</u>														
Burlngtn Res	BR	74.31	82.75	40.55	68	Nov-05	9.3%	9.5	8.0%	1.19	\$6.71	\$7.80	Buy/82	68
Newfield Exploration	NFX	48.33	50.30	27.78	28	Dec-04	72.6%	8.3	15.8%	0.52	\$4.18	\$5.84	Buy/54u	44
Ultra Petroleum	UPL	57.10	59.95	22.31	33	Jun-05	73.0%	31.5	25.0%	1.26	\$1.34	\$1.81	Buy+/64u	53
XTO Energy	XTO	43.10	46.15	23.94	33	Jun-05	30.6%	10.9	15.8%	0.69	\$3.00	\$3.97	Buy+/50	40
Valero Energy	VLO	101.80	116.12	42.16	95	Nov-05	7.2%	7.1	5.3%	1.34	\$13.43	\$14.34	Buy/115	94
<u>BUSINESS & FINANCIAL SERVICES</u>														
E*Trade Financial	ET	20.02	20.02	10.82	18	Oct-05	11.2%	15.5	12.5%	1.24	\$1.08	\$1.29	Buy/24u	18
Natl Finl Partners	NFP	51.51	52.18	34.74	50	Dec-05	3.0%	17.6	18.3%	0.96	\$2.47	\$2.92	Buy/60	47
Accenture Inc	ACN	29.18	29.18	21.47	28	Dec-05	4.2%	16.6	13.9%	1.19	\$1.53	\$1.76	Buy+/34	27