

## Recommendation Changes

### Intel - Change in Recommendation from Buy to HOLD:

We are pleased to report that with the recent surge in Intel's share price to \$29.71, it is now very close to full value based on estimated 2004 earnings. We therefore are not recommending any new purchases of this stock. We also believe that it would be prudent for all investors holding Intel to put a stop loss order in at \$28.00 per share. We are not recommending a sale at this time as Intel continues in an uptrend but, having reached full value you should protect your gains. Intel is just another example of how the inefficiencies of the market can give rise to opportunities for the patient long term investor.

### NASDAQ 100 (QQQ) - Change in Recommendation from Buy to HOLD:

The NASDAQ 100 has surged over the summer as technology stocks have rallied. We believe there is a risk that tech stocks may experience a correction. We therefore recommend preserving our gains by placing a stop loss order at \$34.00 per share. We are not recommending a current sale but rather taking prudent action to preserve our gains.

## Recommendation of the Month Marathon Oil Company (MRO) (NYSE)

Marathon Oil Company, currently trading at \$29.15 per share, represents in our opinion a compelling value. Although the stock is trading at a 52 week high, it is trading at the low end of its historic P/E and cash flow multiples. Marathon Oil is projected to earn between \$3.18 and \$3.36 per share in 2003 and currently pays a dividend of 3.5%. Marathon Oil is a diversified oil company with a concentration on refining and retail sales of gasoline. Historically, Marathon Oil trades at a P/E range of between 11 and 17. Wall Street analysts are currently estimating that 2004 earnings will decline to about \$2.40 per share, based on their belief that oil prices will decline next year. We believe the analysts are under estimating the effects of the global economic recovery which will keep oil supplies tight for the foreseeable future. In addition, US refineries are running at over 90% of capacity and as such refining margins should remain strong. It is important to note that with environmental concerns, it is almost impossible to build new refineries in this country. We believe that Marathon Oil is an excellent way to play the energy usage effects of an improving economy.



**Marathon  
Oil Corporation**

[www.marathon.com](http://www.marathon.com)

Marathon Oil Corporation is focused on creating sustainable value growth through innovative energy solutions and unique partnerships. For more than 115 years, Marathon has provided products to meet society's expanding energy needs, and we are proud to be involved in this vital industry.

As an international oil and gas company with operations in several countries, we are sensitive to the diversity of social and business cultures. We know that our reputation for maintaining high standards throughout our day-to-day dealings with others is essential to our continued success.

In conjunction with these efforts we recognize the need to explore, produce, transport and manufacture energy products in an environmentally responsible manner, with the highest regard for the safety and health of our workforce and of the communities in which we operate. Marathon strives to be a good neighbor by providing sustainable benefits to local communities, and by incorporating economic, environmental and social codes of conduct into our business strategy.

## Stock Performance Update

August was a good month for most of our positions. As we discussed previously, Intel and the NASDAQ 100 advanced to new highs. We also saw new highs for Home Depot and GE. United Illuminating continues to limp along as investors have still not grasped the full signifi-

cance of the new dividend tax law. It is important to keep in mind that UI is currently paying a dividend of \$2.88 per share a yield of 8%.

SBC Communications continues to be weak as investors' fear that the emergence of a stronger MCI from bankruptcy will bring on a

new round of price cutting for long distance services remains. While the prospect of MCI emerging from bankruptcy with a strong balance sheet is of concern, we do not believe it will prove to be a negative for the Baby Bells.

An update of our stock holdings follows.

## Current Stock Recommendations

Company	Symbol	Month Recommended	Original Buy Price	Price as of 9/5/03	Current Recommendation
Norfolk Southern	NSC	August 2003	\$18.97	\$19.38	BUY
SBC Communications	SBC	June 2003	\$26.00	\$23.00	BUY
Home Depot	HD	January 2003	\$22.00	\$33.76	BUY
United Illuminating	UIL	November 2002	\$32.00	\$35.95	BUY
Intel	INTC	June 2002	\$21.00	\$28.71	HOLD
NASDAQ 100	QQQ	May 2002	\$30.53	\$33.94	HOLD
General Electric	GE	April 2002	\$33.00	\$31.04	BUY
Washington Mutual	WM	March 2002	\$33.50	\$39.21	BUY

## Prior Completed Transactions

Company	Symbol	Month Recommended	Month Sold	Buy Price	Sell Price	% Gain (Loss)
Halliburton	HAL	February 2002	June 2003	\$13.60	\$23.71	74%