

# STEAMROLL

**your way to unstoppable wealth.**

There are a few companies that can't be stopped—  
by the economy, by the market, even by cycles  
in their own industries. These are the “Steamroller Stocks”...  
and they can make you many times richer than  
your friends and neighbors.

**With our unstoppable Steamroller Stocks,  
my subscribers and I have already:**

- Earned an average annualized return of 53.3% since 1982. That's 4 times the returns earned by the S&P 500 during the same period!
- Turned our original \$200,000 investment into \$1.3 million in just 10 years.
- Gotten in early for 1,317% profits on Dusu Pharmaceuticals...  
220% on Power Integrations...141% profits on Ariba...231% profits  
on Neurocrine Biosciences...623% profits on NPS Pharmaceuticals...  
372% profits on Corixa.

**INSIDE THIS REPORT:** 10 new Steamroller Stocks set to double within the  
next 12 months...and return 300% additional profits or more before this decade is out.



## Just look at the profits we've made with our Steamroller Stocks:

- Corixa—371.8% profits
- IDEC Pharmaceuticals—484.0% profits
- Phoenix Technologies—185.7% profits
- Mattson Technology—213.2% profits
- Adobe Systems—249.5% profits
- Dusu Pharmaceuticals—1,316.7% profits
- Applied Materials—169.9% profits
- 3COM—250.6% profits
- Sun Microsystems—299.1% profits
- Human Genome Sciences—229.2% profits

Markets go up and down every day. The economy rises and falls beyond any economist's ability to predict it. The dollar is strong one month, anemic the next. Industries that are red-hot grow ice-cold, almost at a moment's notice (recall the dot.com debacle of 2000).

But despite all that, there are a few companies that can't be stopped—by the economy, by the market, even by cycles in their own industries. These companies are in special situations that literally ensure steady growth and rising share prices through good times and bad.

These are the Steamroller Stocks. Own them, and enjoy bull market style profits even when the Dow turns bearish. Own them early, while you can pick them up for a fraction of their future value, and you can earn the fortune that ensures a long, luxurious retirement for you—and a legacy of wealth for your children and grandchildren.

# The Secret to Unstopp

## How to Steamroll Your Way to

By Michael Murphy, Editor

The secret to great wealth is no mystery. In a minute, I'm going to reveal it. But first, let me prove that I know it.

Hello. My name is Michael Murphy. Since 1982, subscribers following my recommendations earned an average annualized return of 53.3% (vs. an average of 12.6% for the S&P 500) investing in the stocks I told them to buy.

Including:

- NPS Pharmaceuticals—622.7% profits
- GNE—521.1% profits
- Cholestech Corp.—232.5% profits
- Intel—575.5% profits
- HQL Life Sciences—181.9% profits
- RMTRP—200% profits
- IDEC Pharmaceuticals—484% profits
- CPTH—149.6% profits

Now I know this—and a few other things I'm about to tell you—may seem like bragging. I hate to sound like a braggart. But it's necessary if I'm to convince you that I know *precisely which stocks you should buy today, to ensure that you are wealthy tomorrow.*

How much of a difference have my stock picks made in the lives of my



# able Wealth

## Legacy-Size Profits Through Both Good Markets and Bad

readers? Well, percentages are hard to visualize, so let me state it in a clearer language: dollars.

Over a recent 10-year period, our portfolio generated a total return of 553%.

A 553% return means we multiplied our money by 6-1/2 times. If you start with \$200,000 in your account and do that, you end up with a whopping \$1.3 million.

That's more than a million dollars in pure profits. The kind of cash cushion that can turn your financial objectives—a second home on the ocean...college education for your kids or grandkids...a nicely feathered nest egg for early retirement—into a comfortable reality for you and your family.

### Steamrolling our way to massive profits in good markets and bad

What does it take to turn \$10,000 into \$65,000 in the stock market? Or have your portfolio generate *4 times better returns* than the S&P 500?

The key is to invest in stocks that can continue to earn double- and triple-digit profits independent of the performance of the market as a

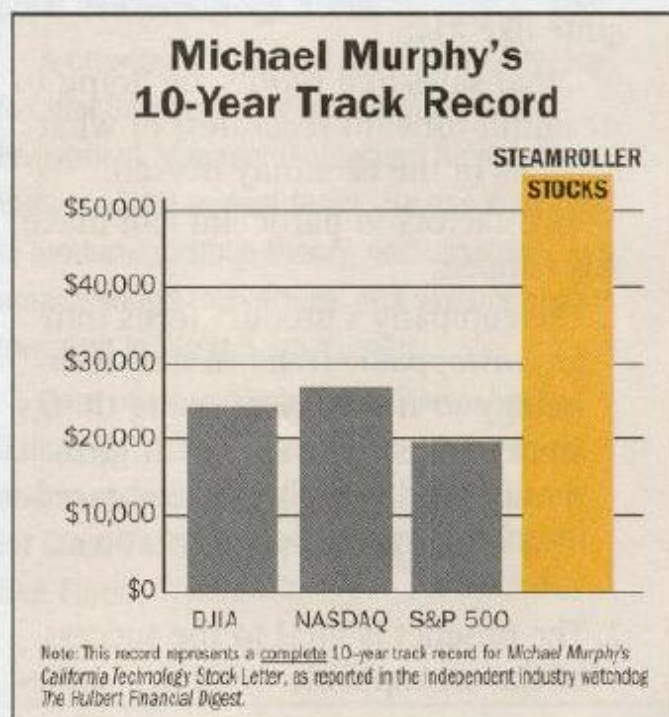
whole.

The market is fickle. It moves on emotion. Greed and fear. And on events. Rumor. Innuendo. A poor quarterly earnings report for a single large-cap tech firm can send the NASDAQ plummeting. And until this year, a Fed rate cut could send stock prices skyward.

(But now, after 11 consecutive rate cuts, Maestro Greenspan seems to have lost his power to move markets at his will.)

Overall, investors who earn what the market earns do nicely. But the bad years diminish overall performance. And so these "average"

(over, please)





investors are not as rich as they would be if all years were bull years and the profits continued in a steady stream.

Our strategy has been to literally "steamroll" over the market...with a portfolio of stocks that generate double- and triple-digit profits...and consistently best the S&P 500, NASDAQ, and Dow in bull markets and bear.

That's why, since 1982, our subscribers who owned our "unstoppable growth stocks" (we call them "Steamroller Stocks") have grown *much* richer than their friends and neighbors who settled for "average" S&P 500 returns.

What kinds of stocks can generate that kind of unstoppable wealth—and earn many times more profits than other stocks in the same industries?

Companies whose fundamental business is so rock solid...

...and whose products are so in demand...so essential to a particular market or industry...so unique (meaning no one else supplies anything quite like it)...

...that sales and profits are going to steamroll forward *regardless* of what happens in the economy overall.

Two factors in particular can make this happen:

1. The company's product feeds into an *unstoppable trend*—a new technology or new way of doing things so needed, so sensible, so "right" that it will inevitably be embraced by a large market of eager consumers.
2. The product is vital to the success of the unstoppable trend. It's some-

thing that, without which, the trend can't happen.

Not surprisingly, since we live in a technological age, most of today's "hot" trends center around new technology. Think of video rentals, DVDs, video games, cell phones, PCs, desktop publishing, mobile computing, telecommuting, videoconferencing, and e-commerce.

It's no accident, then, that I've chosen to make Silicon Valley my base of operations. For it's here, at the center of the technology revolution, that I am in the best position to

## MICHAEL MURPHY



In June 2001, Michael Murphy won an Honorable Mention from the Newsletter Publishers Association for "Best Financial Advisory Newsletter."

But that is just the latest in a long string of honors he has received for his uncanny ability to find companies whose emerging technologies and innovative products meet a critical need or unstoppable trend—and can make enormous profits for its shareholders.

In 1996, his financial advisory, *California Technology Stock Letter (CTSL)*, was the only stock newsletter on the *Forbes* Honor Roll for consistently high performance. And no wonder: Since 1982, the average annualized return of all CTSL stocks is 53.3%...vs. just 12.6% for the S&P 500.

CTSL was also rated one of the two best financial newsletters for the 10-year period



spot unstoppable trends—and the companies whose profits are going to steamroll past 99% of the rest of the market.

For example: Remember, in the early days of personal computers, those quaint but maddeningly slow “daisy wheel” printers?

Back then, slow printers were the big bottleneck in personal computing productivity. You could literally eat your lunch (and even go to the bathroom) while waiting for a 6-page report to print out.

It didn't take much insight for me

to see that high-speed computer printers, as they began becoming commercially available, would be an unstoppable trend. After all, what busy businessperson wouldn't pay good money to print a page in 3 seconds instead of 3 minutes?

But it was much more difficult to predict which of the many firms getting into the high-speed PC printer market would come out the winner. So instead, we looked around and found Emulex, a company that made the “controllers” for virtually every high-speed printer on the market.

## The Millionaire-Maker

1987 through 1996 by *The Hulbert Financial Digest*.

*Nation's Business* says Michael Murphy is “a near legend in Silicon Valley for his stock-picking prowess.” He is the winner of the Benjamin Graham Award and holds a U.S. patent on his invention of a securities value calculator.

A frequent guest on CNBC and CNN, Mr. Murphy is featured regularly in *Worth* as an investment expert and is often quoted in the major media including *The Wall Street Journal*, *Money* magazine, *Barron's*, *Fortune*, *Forbes*, and *USA Today*. He is the author of *Every Investor's Guide to High-Tech Stocks and Mutual Funds* (Broadway Books), now in its third edition.

Michael has devoted his life to the study of emerging technologies and how investors can best profit from them. His background uniquely qualifies him for the position Kirk

Kazanjian says he holds—“The man many regard as America's top technology guru.”

After graduating from Harvard with an honors degree in economics, Mr. Murphy worked as a computer programmer and systems analyst. In 1970 he became a securities analyst for American Express Investment Management Company, specializing in computer and technology stocks.

A Chartered Financial Analyst, Mr. Murphy is Chief Investment Officer of Murphy Investment Management, where he manages three no-load mutual funds. He has consulted in modern portfolio theory, performance measurement techniques, and venture capital investing in the U.S. and Japan.

On a more personal note, Michael raises llamas on his ranch. He races electric boats and cars, and holds the world speed record for Class I electric cars on the Bonneville Salt Flats.





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**"A near legend in Silicon Valley for his stock-picking prowess."**

*—Nation's Business*

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With Emulex, we were buying the enabling tool...the underlying technology...the "building block"...the infrastructure supporting an unstoppable trend...and a classic Steamroller Stock. You see, every high-speed printer needed controllers, and Emulex's technology fit them *all*.

We bought Emulex at \$11.75 in January of 1982. In October, we sold the stock at \$24. That's a 104.3% gain in just 9 months. On a thousand shares, you would have pocketed a quick \$12,250 in profits—more than doubling your money before the year was out.

Since then, we've made handsome double- and triple-digit profits on dozens of major emerging technology trends.

For instance, we were among the first to identify Conexant Systems as a leader in the great networking revolution. Those who invested with us in this Steamroller Stock were rewarded with 274% profits in less than 12 months.

And 7 years before Wall Street knew of the coming biotech revolution, we bought Steamroller Stock Chiron—and held on for a 282% prof-

it as they developed successful products for treating cancer, infectious diseases and cardiovascular disease.

Last year, while most stock investors were in so much pain they didn't even want to check their stock prices online each day, for fear of what was happening, we raked in eye-popping profits on several Steamroller Stocks. Including 150% on Critical Path...251% on 3Com... and 372% on Corixa Corporation, just to name a few.

When the tragedy of 9-11 struck, my team and I—like the rest of the country—were shaken. But our responsibility to our subscribers is to help them make market-beating profits—and avoid losses—through every market, economy and event. Whether the world news is good or bad, our job is to find out what's really happening and how it affects your investments, so you can avoid losses and continue to grow your net worth.

So we took a deep breath...and began the work of putting together smart recommendations on defense and national security stocks that would rise as America geared up to protect our nation and retaliate against our attackers.

Almost eight out of ten investors say the downturn has hurt their net worth. But not those of us investing in Steamroller Stocks. Within weeks after the stock market reopened, we locked in 40% profits on our favorite anti-bioterrorism company...30% on our top military intelligence stock...and 30% on America's greatest high-tech security company.



## Steamroller Stocks outperform "old" tech stocks at least 10%-20% a year in good markets and bad

Over the past two decades, I've made a small fortune for myself and my clients by investing in what I call "traditional tech stocks."

These are the clear leaders in key technology areas. Examples from my *California Technology Stock Letter* include Cisco in routers, up 85% in 25 months...Oracle in database software, up 377% in 25 months... Microsoft in operating systems, up 66% in 12 months...and Intel in semiconductors, up 575% in 37 months.

I still plan to make a lot of money by trading these stocks. But there are three drawbacks to buying them today that didn't exist when I first earned double- and triple-digit returns from them a few years ago:

1. First, the NASDAQ has experienced whipsaw volatility over the past 18 months—keeping many investors up nights. And when the NASDAQ loses steam, so do its leaders—the "big name" tech stocks everybody and his brother are buying.
2. Because these big-name stocks have already been discovered by Wall Street, the really big profits have

already been earned.

3. Money can still be made in certain of the high-tech leaders. But Microsoft is the second-biggest company in the world. So it's unrealistic to think there's still opportunity to make a fast 100%, 200%, 300%, or more on companies of this size.

My **Steamroller Stocks** offer a way to bypass these disadvantages and make significant triple-digit profits from innovation in a relatively short period of time.

You can easily make three or four times or more profit with our innovative **Steamroller Stocks** than with the tried-and-true "blue chip" tech stock leaders. That's because the "big-name" tech stocks, already the dominant companies in their niches, are simply too big to match the growth rate of **Steamroller Stocks**.

And that's for "average" **Steamroller Stocks**. My winning picks—the cream of the **Steamroller Stock** crop—typically do even better.

For instance, during the first half



### Top 2001 Steamroller Stocks Sold

Stock	Date Sold	Total Return	Annualized Return
Neurocrine Biosciences	Feb 1	230.7%	62.3%
NPS Pharmaceuticals	Feb 1	622.7%	93.0%
Chiron	Feb 1	282.2%	36.0%
Advanced Digital	Mar 14	25.8%	42.5%
PeopleSoft	Jun 21	155.3%	62.7%





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**In a bull market,  
where the S&P 500  
and NASDAQ  
generate average  
annual returns of  
15% to 20%,  
Steamroller Stocks  
outpace them with  
average annualized  
returns of 53%!**

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of 2001, while the Dow, NASDAQ, and S&P 500 cumulatively lost 62%, our top five picks earned an average of 134%. We realized 155% profit on PeopleSoft...231% on Neurocrine Biosciences...623% on NPSP Pharmaceuticals...and 282% on Chiron.

And in 2000, when the NASDAQ lost about half its value in 6 months, we locked in profits of 141% on Ariba...213.2% on Mattson Technology...67.9% on ONHN...and 371.8% on Corixa.

In fact, we've earned a 53% average annualized return for the past 20 years. How does that compare with your current tech stocks and funds? If you answered "pretty favorably," read on...

## **How we discover winning Steamroller Stocks**

Steamroller Stocks are companies that are going to experience tremen-

dous growth, revenues and profits, regardless of the state of the stock market or the economy—often because they have a proprietary product or technology that services a major trend or consumer demand.

In addition, I look for companies whose products are critical to that trend or demand, not peripheral to it.

For instance, in the early 1980s, it became crystal clear that PCs were going to be the "next big thing." And sure enough, today there are more than 300 million PCs in use worldwide.

But how to pick the PC stock that would make its shareholders wealthy?

Even back then, I could see that the PC manufacturers were destined to make look-alike products that would quickly become mere commodities.

But I was also the first stock analyst to realize that PCs would require more and bigger storage to handle all of the user's data and programs.

At the time, Seagate was the major manufacturer of hard-disk storage drives, had the best technology for storing PC data, and seemed to me to be the obvious Steamroller Stock in the industry.

I advised my readers to buy Seagate in November 1985. Four and a half months later, we sold and pocketed a 73.9% profit—equal to an annualized return of 174.5%.

My team of analysts and I have spent our professional lives in and around Silicon Valley. Many of us have computer and engineering backgrounds. We have experience few other analysts have, empowering us

*(continues on page 10)*



# Nothing can stop “Steamroller Stocks”!

**I**nvestors who buy traditional tech stocks often get burned.

Why? By the time they hear about them, the profits have already been made. They get in near the top, hold on too long, and take big losses when the tech sector goes soft and the prices fall. (Can anyone say “Tech Stock Meltdown of April 2000”?)

For two decades, a small group of investors has eschewed this unprofitable mode of investing...and made a fortune investing in our undiscovered **Steamroller Stocks**—remarkable companies whose prices can rise regardless of what happens in the Dow, S&P 500, or even the NASDAQ.

What is a “**Steamroller Stock**” and what makes them succeed in spite of traditional market volatility?

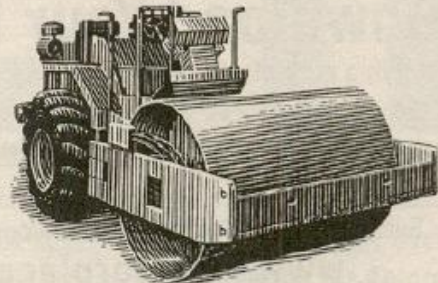
- **Steamroller Stocks are undiscovered opportunities**—companies operating below Wall Street’s radar.
- **Steamroller Stocks are innovations**—true technology breakthroughs in computers, telecommunications, biotechnology and other fields.
- **Steamroller Stocks are innovations that enable important, dominant and unstoppable trends**—e-commerce, mobile

communications, the Internet data explosion and the war against terrorism, for example.

- **Steamroller Stocks are** at the core of a new technology or trend, not the peripheral.
- **Steamroller Stocks are**, by their very nature, small caps with huge growth potential. We are getting tomorrow’s blue chips today, while they are still small ventures with most of their growth ahead of them. Therefore, the profit potential in **Steamroller Stocks** is almost obscene compared with the ordinary “old tech” stocks uninformed Wall Street salespeople (uh, we mean brokers) are pushing every day.

For nearly two decades, **Steamroller Stocks** have rolled past the rest of the market, generated on an annualized basis 4 times the returns of the S&P 500.

By investing in Michael Murphy’s unstoppable “**Steamroller Stocks**,” you can get in now for 100%....200%...even 300% profits, regardless of whether the Dow or NASDAQ rise or fall in 2002.





to make more informed judgments about what will make money.

I started as a computer programmer and systems analyst. So I have the technical background to make more informed decisions about technology companies. "I've been CFO or CEO of Silicon Valley start-ups in biotech and software," one of my subscribers writes. "You know this stuff better than anyone else I can find."

Another member of my team, Joe Liu, is an electrical engineer who spent 12 years at Xilinx, the world's fifth-largest maker of logic chips. A third, Brandon Baxter, is a specialist in wireless communications and mobile commerce.

From the PC revolution to the Internet revolution, we've profited handsomely from dozens of major technology innovations by knowing which players held the key to the trend's or technology's success.

I'm terribly excited because, right now, we've discovered 10 new **Steamroller Stocks** that are going to become the dominant players in their field—and earn legacy-size profits for investors who buy now, while we can still scoop up shares for pennies on the dollar.

These 10 stocks, and my complete

recommendations for trading them, are outlined in my new Special Report, *Steamroller Stocks: 10 Companies on the Fast Track to Triple-Digit Profits*. In a minute, I'll tell you how you can get a copy absolutely FREE.



**Steamroller  
Stock #1:**

## Building the world's data storage infrastructure

How did we find these opportunities without Wall Street even knowing about them?

One of the first places we look for **Steamroller Stocks** are obvious "unstoppable trends"—things that, as technologists, we know are virtually a "sure thing."

And today we're seeing such a trend in computer storage for networks, similar to the PC storage boom of the '80s that made us so much money with Seagate.

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## Download Your Free Report Now!

With a click of your mouse you can gain instant access to your Free copy of *Steamroller Stocks: 10 Companies on the Fast Track to Triple-Digit Profits*. Just log on to [www.investorplace.com/steamrollerstocks](http://www.investorplace.com/steamrollerstocks) today. You'll gain instant access to this very special report just for accepting a Risk-Free Trial Subscription to *California Technology Stock Letter*.



**[www.investorplace.com/steamrollerstocks](http://www.investorplace.com/steamrollerstocks)**



**Yours  
FREE!**



There's a data explosion threatening to overflow the world's computer storage capacity today.

The reason? Today's applications are incredibly *data-intensive*.

Customer relationship management (CRM), enterprise resource management (ERP), supply chain management (SCM), data storage and backup operations, and other e-commerce systems require the handling of massive amounts of data in real time.

Videoconferencing, Web casting, distance learning, streaming media, and converged voice and video IP communications produce mountains of data that must be stored and managed.

Corporate data networks today are handling so much data that they're being upgraded from the old 10 Megabits per second to "10 Gigabit Ethernet"—a 10,000% increase in speed.

That's 1,000 times the speed of the original Ethernet networks—and 100 times the bandwidth of a T1/E1 line. Enough capacity to transmit the contents of 25 full-length DVD movies in less than a second.

According to research from IBM, all these bandwidth-intensive applications are causing the volume of corporate data to grow out of control, doubling every 6 months.

To put that growth rate into perspective, think of your data as a bag of 10 marbles. With the number of marbles doubling every 6 months, your small collection of 10 marbles

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**"Thank you for your work. You have enriched my family's life with your good advice."**

—V.R., TX

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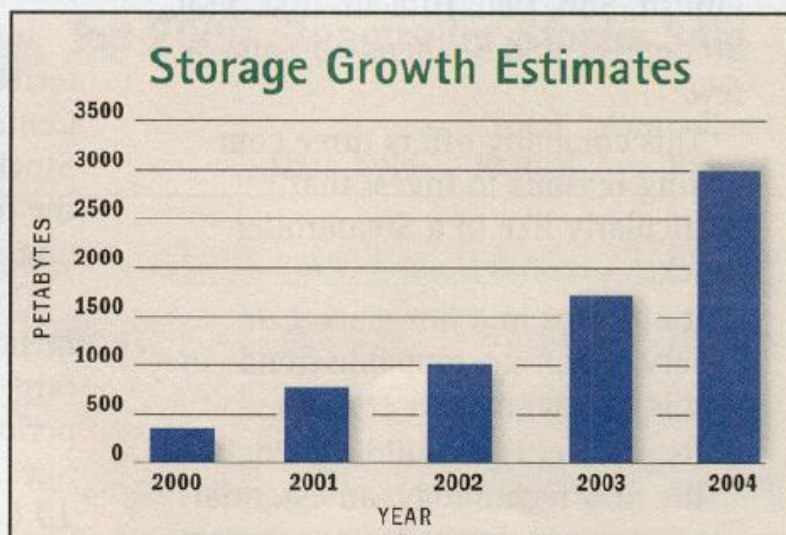
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would become 640 marbles within 3 years.

And your original bag—your marble "storage system"—would no longer hold them all. You'd have to buy a new one.

For this reason, computer storage is a "hot" trend. But it is not clear which of the major players—Sun Microsystems, EMC, Dell, IBM—will emerge with the lion's share of the market.

That's why we're buying a little-



The volume of data is expected to more than triple over the next 3 years, which means big profits for the company who makes the technology for storing it all.





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**"Murphy is the  
genuine article."**

**—Worth**

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known storage company with a lock on the entire industry.

Unlike Sun or EMC, they don't manufacture storage systems per se. Instead, they make components that go into storage systems.

Every computer storage system being sold must have these types of components (input/output protocol generators, small computer systems interfaces, integrated drive electronics, and Fibre Channel switches) to work. They can't function without them.

And, the company's components work in *every* make and model. Their customer list reads like a "Who's Who" of storage system makers: Fujitsu, Sun, Dell, Hitachi, IBM, EMC, StorageTek and Siemens, to name a few.

This company offers three compelling reasons to invest that I particularly like in a Steamroller Stock:

1. It operates in a hot market or services an unstoppable trend—in this case, computer storage.
2. Its product is a "building block" of the new technology, an essential component. Every storage system must have this company's compo-

nents, just like every PC must have a Microsoft Windows operating system.

3. The company sells business-to-business rather than business-to-consumer. They supply value-added components to all key storage manufacturers rather than sell to end users.

Once we identify a potential winning Steamroller Stock, we want to be sure it's priced right before we tell you to buy. And this company—recently added to the Fastest-Growing Companies lists of both *Fortune* and *Forbes*—is ripe for the plucking.

Over the past 5 years, this company's annual revenues have increased more than fivefold, from \$68.9 million in 1997 to \$357.5 million in 2001, for an average annual growth rate of over 43%. The stock is around \$40, with a market cap of \$3.8 billion.

With anticipated future annual growth of 35%, this company is the best way to profit from the expanded demand for data storage.

In the weeks following the 9-11 terrorist attack on the World Trade Center, this unstoppable Steamroller Stock shot up a whopping 110%. But the real growth is ahead of us on this one, and it's not too late to get in.

Complete details on this recommendation, including price to buy at, target price and anticipated holding period, can be found in my new Special Report, *Steamroller Stocks: 10 Companies on the Fast Track to Triple-Digit Profits*.



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Wind River's operating system is the industry standard, used by over 30,000 developers worldwide. The operating system is the essential software in more than 150 million different products, ranging from camcorders and cell phones, to DVD players and fax machines.

Embedded microprocessors are a \$20 billion market growing 30% annually. To put it in perspective, last year worldwide shipments of PCs and servers totaled 139 million units. By comparison, shipment of devices with embedded processors was more than three times that of PCs and servers—half a *billion* units shipped. •

As the recent anti-U.S. terrorist attacks put America on the defense alert, demand for Wind River's embedded operating systems is going to increase even more. Military and aerospace products running their software include the Tomahawk cruise missile and the Mars Pathfinder. The U.S. Navy is a major customer.

The telecom slowdown of 2001 caused the company's stock price to take a big hit this year. As a result, you can get it now at a bargain-basement price, especially considering the \$1.1 billion market cap.

Yet business remains brisk. Revenues in 2001 were \$438 million—a company record. Of every dollar in sales, 15 cents is invested in R&D to create better software development tools, real-time operating systems, hardware/software integration technology, and advanced connectivity. The Gartner Group, the leading computer industry “think tank,” recently named Wind River as

the leading embedded software development tools vendor.

We recommend buying this stock under \$18 for a \$30 target. With a price-to-sales ratio of 3.3, you're paying around \$3 for \$1 in sales. Not bad for a company whose revenues grew more than 155% last year!

For complete trading recommendations on Wind River, check out how

## “HOW MUCH SH

### The Growth Flow Formula an

**J**ust as you look at a stock's price/earnings (P/E) ratio, you can look at its price/growth-flow (P/GF) ratio—a much more accurate indicator for determining value.

Begin with the earnings actually reported for the last twelve months (four quarters). Then look at how much the company spent on R&D during the same period, and divide R&D spending by the number of shares outstanding. Notice that there is no tax adjustment; R&D is taken as a pretax number.

You have now calculated how much the company spends per share on R&D. Add the R&D spending per share to the last twelve months' reported earnings per share to calculate the growth flow per share.

Next, divide the current price of the stock by the growth flow per share to calculate P/GF, the price/growth-flow ratio.

The price/growth-flow ratio identifies cheap technology stocks earlier and more accurately than the price/earnings ratio.



to get your FREE copy of my new special report, *Steamroller Stocks* (see page 31 for details)

## The price is right. Or we walk away from the table

It's not enough for a company to be a Steamroller Stock dominating a major technology niche or unstoppable consumer trend. We want to

buy winners before they are discovered by the financial press. Once Wall Street finds out about a stock, buyers move in and drive the price way up.

That means we want to pay pennies on the projected dollar price. So even if a company has a real innovation in its hand, or rules an expanding market niche with little or no competition, we won't pick it up unless the price is right.

# ULD I PAY FOR A STOCK?"

## P/GF

Because growth flow adds R&D to earnings, it is more stable than earnings alone. When stocks drop due to disappointing earnings, they will look cheap on a price/growth-flow ratio long before they look cheap on a price/earnings ratio.

For a company to succeed in an emerging technology, they need sufficient R&D to support innovation. For this reason, we like to see Steamroller companies spend at least 7% of annual revenues on R&D.

The P/GF gives us an early warning to take a look at the company and decide if and when we want to buy the stock. Later, after the R&D pays off in new products, accelerating revenues, and recovering earnings, Wall Street will bid up the stock for us. Sweet!

Generally, stocks are fairly priced at a growth-flow ratio of 10X to 14X. Anything under 8X instantly gets our attention, and under 5X we really get interested. The P/GF ratio can get astonishingly low—under 2X. That's when we mortgage the ranch!

At the other extreme, we have a tough time holding a stock over 16X; over 20X, we tend to smile politely and excuse ourselves.

Another positive indicator is a P/GF that is half or less of the growth rate, with a third or less being ideal. For a firm with an estimated annual growth rate of 35%, for example, we'd look for a P/GF of under 17, and preferably 10 or less.

For smaller, developing companies, we also look at the "M Score," which is the total market capitalization of the company divided by its total R&D spending for the last 5 years. A lower number is better than a higher number, because it means the firm is making the R&D investment it needs to bring its science to commercial application.

Typical technology companies have an M Score in the 10X to 12X range. Under 8X is interesting, under 5X is compelling, and under 3X means that if the technology works, shareholders will make a lot of money.





Wind River, for instance, has earnings of 50 cents a share and a stock price of \$14. That means we can buy it for 28 times earnings.

That's an extremely reasonable price to pay for a company that has an estimated annual growth rate of 35%, spends \$100 million a year on R&D, and is three times the size of its major competitor.

By comparison, another Steamroller Stock we were looking at with an eye toward adding to our portfolio was Broadcom, which is a dominant player in SAN (storage area networking), another hot IT (information technology) trend.

We love storage, and Broadcom is a well-run business. But the stock is just too darn expensive, selling for a ridiculous 240 times earnings right now.

You and I make money buying for a dollar something we are pretty sure will be worth two or three dollars in the not-to-distance future. Broadcom wants us to buy something for a dollar that, if we're lucky, will be worth 80 or 90 cents a year from today—or maybe a dollar and ten cents at best. Thanks, but no thanks.

That's why, on every stock we recommend, we perform "due diligence" using our proprietary Growth Flow Formula and P/GF indicator. This is the world's most reliable indicator for accurately valuating emerging technology companies, because it factors into account the R&D they need to develop products with Steamroller-level market potential.

As the article on page 15 explains, we look for a P/GF of half or less of

the annual growth rate. Our embedded operating system company, with a P/GF under 10 and a growth rate of 35%, passes this test with flying colors.

Now, not every Steamroller Stock dominates a major hot trend. Sometimes we find a Steamroller Stock that dominates a "mini-trend"...a niche area of a bigger market or technology. And that's the case with...



### Steamroller Stock #3:

## Get rich by seeing the "small picture"—in color

If you have kids, you know that the younger generation is video-game crazed. These kids are hypnotized by Sony Playstation, Dreamcast, Nintendo 64 and Game Boy, playing for hours on end.

The two new contenders in video game systems are Nintendo Game Cube and Xbox. And if Xbox is half the best-seller I think it will be, our #3 Steamroller Stock is going to cash in big-time.

When it comes to video games, players are looking for two things: great graphics and speed. This company makes the fastest graphic chip set in the world.



Today's visually oriented society puts a premium on quality graphics and is more than willing to pay for them. In fact, of all the semiconductor components in a PC, the graphics processor is the only one that has not declined in its average selling price over time.

Microsoft, the makers of Xbox, have committed to buying the lion's share of the Xbox graphics chips from this one company. In fact, the dollar value of the graphic chip set in each Xbox exceeds the dollar value of Intel chips in the same box.

Speaking of Intel, this company's product is the only graphic chip set for the Pentium 4. And there isn't much doubt that Intel's Pentium technology will continue to dominate the PC processor market for years to come, making the Pentium 4 a perennial best-seller like its predecessors.

Plus, personal computing is growing increasingly graphics-oriented. There are computer games...educational programs for school children...multimedia applications galore in corporate America...desktop publishing...computer-aided design...PCs that display color photos and color videos downloaded from digital cameras and camcorders...you name it.

The company's graphics processors go into PCs and notebooks to off-load the main processors on graphics-intensive applications. The total graphics market is about \$8 billion, and the company—which has the dominant position in PC desktop graphic chips—shipped 35 million units last fiscal year.

They are on a disciplined, twice-a-

year product introduction schedule, leaving competition in the dust. Revenue for 2001 was over \$735 million, nearly double the 2000 revenue of \$374 million. Future sales are estimate to grow by 30% annually for the next 5 years.

All this adds up to a rosy future for our graphics chip-set maker. The Street expects the company to earn 90 cents a share in the current fiscal year, and \$1.19 the following year. If early sales are any indication and Xbox takes off like gaming analysts predict, that estimate is way too low.

Details on why and at what price to buy this stock—and how much profit I think we can make—are in my new free report, *Steamroller Stocks: 10 Companies on the Fast Track to Triple-Digit Profits*. Again, to get your complimentary copy, simply complete and return the Certificate on page 31, or go to [www.investorplace.com/steamrollerstocks](http://www.investorplace.com/steamrollerstocks).

## 20 years of profits investing in emerging technologies

I started *California Technology Stock Letter* in 1982 because, as an analyst working in Silicon Valley, I saw that the Wall Street analysts, chained to their desks 3,000 miles away, simply weren't "getting" the incredible new emerging technologies I was seeing every day in my own backyard.

Wall Street may overlook the enormous profit potential of these innovative firms, but we don't.

In 1982, our first year of publication, our CTSL stocks returned an





average of 60.3% profit vs. 14.8% for the S&P 500—outperforming the market fourfold.

Since then, we've averaged over 53% annualized returns—for almost two decades. With stocks like Dusa, up 1,317%...Geron, up 692%...Genentech, up 521%...Sun Microsystems, up 299%...Corixa, up 372%.

The bottom line: We've helped our subscribers multiply their money more than sixfold over the past 10 years.

But, you might ask, how are our Steamroller Stocks doing in the current economy?

As of this writing, our top 7 open positions have average returns of 99%—which means the current malaise in the stock market hasn't crimped our Steamroller Stocks at all.



## Steamroller Stock #4:

# Is there a "sure thing" in the stock market?

Of course there is no such thing as a "sure thing" in the stock market. But after 30+ years of studying, observing, and investing in innovative companies and emerging technologies, one thing I am sure of is this:

*No matter what happens in the economy or the market in the short term, technology is an unstoppable trend—and you and I can get rich by*

*investing in tomorrow's leaders today, before Wall Street discovers them.*

Or, to quote Russ Mitchell, editor of *Business 2.0* magazine: "Never mind the NASDAQ. Technology marches on."

And if there's one technology that's clearly going to steamroll forward, no matter what happens in the world, the economy or the market, it's high-speed data networking.

Jamie Lee Curtis may try to convince us that we're talking more and more. But we're not talking. We're sending data. By the truckload.

The fact is, voice traffic over networks grows only 10% to 15% annually. But with the emergence of the Internet, corporate intranets and extranets, e-commerce, and remote computing, there has been an explosion in data traffic. And the old copper networks can't handle the load.

The volume of Internet traffic doubles every year. International Data Corp. predicts that by 2005, nearly 1 billion people will be using the Internet. Data traffic, which is already greater than voice traffic, doubles every 6 months.

The problem with existing networks is that they were built primarily for voice communication and then later enhanced to handle data. Their old-fashioned copper cabling can't transmit data fast enough to meet Internet users' needs.

But the Internet is "bandwidth intensive." Video clips, audio, photos, images, databases, wireless data and other data-intensive files all strain the capacities of current network "pipelines."



Just getting a faster computer or modem won't help much, because although your PC will be faster, the network is still painfully slow.

No matter how fast the PC's processor becomes, its Internet speed is limited by the cable network already in place. Users browsing graphics-rich Web sites, or downloading software updates, must wait what feels like decades while data sifts through dial-up phone lines.

But imagine if you had a company that could solve that problem. Well, that's where ONI Systems comes in.

As data traffic overwhelms older copper networks, carriers quickly build fiber optic networks to expand the capacity. But the fiber optics themselves can't manage today's peak traffic loads. They need the specialized "transport equipment" that ONI makes, to route, control and transmit all that data to its destination accurately.

In data networks, the name of the game is capacity and speed. I mentioned earlier that data networks are being upgraded from the old 10 Megabits per second Ethernet to "10 Gigabit Ethernet"—a 10,000% increase in speed.

ONI Systems empowers these networks to go even further—and faster. Their system offers 10 Gigabit per second capacity over 33

protected wavelengths on a single fiber. That's 330 Gbps of capacity—33X more than the 10 Gbps networks others are running.

Even more significant, carriers and service providers are being asked to provide more and more service choices to their customers—everything from Internet access and videoconferencing, to virtual private networks and Web seminars.

With 33 separate wavelengths on a single fiber, ONI enables these service providers to introduce a changing mix of services, without having to buy dedicated equipment for each separate service. This flexibility gives ONI's customers a competitive edge in the marketplace while greatly reducing their network investment. And, their system can transmit voice and data up to 400 miles without electrical regeneration.

With a market capitalization of over \$5 billion and nearly \$1 billion in cash and investments, ONI has more than enough cash to ride out the



### Top 1999 Steamroller Stocks Sold

Stock	Date Sold	Total Return	Annualized Return
Power Integrations	Jan 7	220.3%	499.4%
Level One Communications	Mar 5	113.1%	189.4%
KLA Tencor	Jul 14	221.8%	221.8%
Conexant Systems	Jul 22	274.3%	592.4%
DUSA Pharmaceuticals	Dec 29	1316.7%	1075.1%





current downturn in the telecom industry. And given the unrelenting demand for data transport, that downturn simply cannot last for ONI, who is forecasting growth of 50%-60% in 2002.

The recent telecom meltdown has driven numerous telecom stock prices down, and ONI is no exception. It's an undervalued bargain, selling near its 52-week low. The stock is trading at about 2X last year's revenues, which is very cheap, even in the current environment. A quality stock like ONI should easily command a price to revenue ratio of 5X.

Complete details on ONI Systems may be found in my new report, *Steamroller Stocks: 10 companies on the Fast Track to Triple-Digit Profits*. Turn to page 31 now to request your free copy.



**Steamroller  
Stock #5:**

## The critical "building block" for doing business on the Internet

The Internet is the dominant, unstoppable trend of the decade. Not far behind is "e-commerce"—the buying and selling of goods and services over the Internet. Forrester Research

predicts that by 2004, annual U.S. revenues from online sales will top \$187 billion.



High-speed fiber optic network connects 27 countries around the globe.

There is no doubt that big businesses like Wal-Mart, Goodyear and Caterpillar are moving their operations online. Everything from inventory control to customer service to billing is now hitting the Net.

Steamroller Stock #5 sells a unique suite of software that is the "enabler" that allows e-business to happen. Its special niche is integrating front-end e-commerce applications...like taking credit card orders on a Web site...and integrating them with a company's back-office "legacy systems" (e.g., entering the online order in the general ledger, sending the order to the shipping system, checking product availability in the inventory system, etc.).

They are only one of three software companies that have the software to handle complete transactions from start to finish. And there is more than enough business to permit our pick—Steamroller Stock #5—to rack up some mighty sizable returns.

Already their growth is on the fast track, with a compounded annual growth rate from 1997 to 2000 of 234.5%. And with \$1.33 in cash and



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Already their growth is on the fast track, with a compounded annual growth rate from 1997 to 2000 of 234.5%. And with \$1.33 in cash and



cash equivalents per share available, we think they have more than enough resources to remain competitive through continued product development.

I look for the stock to go from under \$4 now to \$10 a share within the next year. For complete details, see my new Special Report *Steamroller Stocks: 10 companies on the Fast Track to Triple-Digit Profits* described on page 28—yours free when you act now.



## Steamroller Stock #6:

**Sometimes it  
doesn't take a  
techie like me,  
living near  
Silicon Valley, to  
spot unstoppable  
trends**

Just look around you. What do you see everywhere? Cell phones! And our Steamroller Stock #6 is a surprising leader in billing software that's set to cash in on the race to offer more cell phone minutes at ever-cheaper prices.

With cellular service providers nationwide lowering prices and rolling out a steady stream of new calling plans—each one designed to beat the last and lure more customers—service

providers need to do two things:

1. Quickly evaluate the success of each marketing program
2. Bill customers accurately under the correct calling plan

This company has the best software in the industry for doing both of these things. Which is exactly how they've been able to win top contracts from Vodafone, AOL Time Warner, WorldCom, France Telecom, Qwest, Sony and Sprint, to name just a few.

An unstoppable trend in wireless today is the need for service providers to rapidly provision new services—and of course, accurately bill for those services. The service provider who is first to market gains a major advantage, which translates into greater subscriber retention and more new customers.

This company's software features an "open architecture" to enable this trend. Its "application programming interfaces" (APIs) allow easy customization, addition of new services, and seamless integration with other enterprise software platforms including Oracle and Siebel.

What's more, with no debt, lots of cash, and costs that have finally come down low enough for the company to break even in the next quarter, the time to get in is NOW.

As of this writing, you can buy Steamroller Stock #6 for under \$2 a share. By the end of 2002, I expect it to hit \$9 a share. As with my other **Steamroller Stocks**, you'll find the details on this company in my new Special Report. *Steamroller Stocks: 10 Companies on the Fast Track to Triple-Digit Profits*.



# Download Your Free Report Now!

With a click of your mouse, you can gain instant access to your Free copy of *Steamroller Stocks: 10 Companies on the Fast Track to Triple-Digit Profits*. Just log on to [www.investorplace.com/steamrollerstocks](http://www.investorplace.com/steamrollerstocks) today. You'll gain instant access to this very special report just for accepting a Risk-Free Trial Subscription to *California Technology Stock Letter*.



[www.investorplace.com/steamrollerstocks](http://www.investorplace.com/steamrollerstocks)



**Yours  
FREE!**

Your free report also highlights 4 additional *Steamroller Stocks*—for a total of 10—I'm aggressively recommending right now.

Including:

- RealNetworks, the leader in the delivery of audio and video over the Internet. If you've ever downloaded a movie clip, you've probably used RealNetworks' software. More and more businesses are putting video on their Web sites. And to view them, you need this software.
- Although it's often a crapshoot as to which semiconductor company is going to dominate the market, there's no doubt that demand for semiconductors is an unstoppable trend. That's why this company—which makes the critical lasers for the "steppers" all semiconductor manufacturers need to make chips—is a surefire steamroller bet.
- Genetic research is an unstoppable trend, but whether biotechs in this field will make a profit remains to be seen. Meanwhile, this company is cleaning up by selling biotech researchers the "genomic tools" they need to study *gene expression* (a biological "snapshot" of what genes are being expressed in a

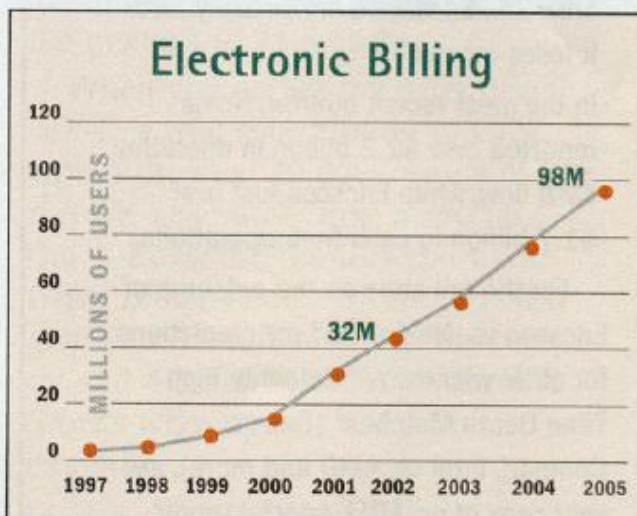
given sample).

- And more...

You get all this in your copy of *Steamroller Stocks: 10 Companies on the Fast Track to Triple-Digit Profits*—yours FREE with your 1-year Risk-Free Trial Subscription to *California Technology Stock Letter*. (\*\*But see my P.S. for an even better deal.)

## Steamroll your way to unstoppable stock market wealth!

Now, let me ask you a question. If someone could help you turn a \$10,000 portfolio into \$60,000...or a



Corporations are increasingly moving processes, such as billing, online. This graph shows the number of customers paying bills online will triple by 2005.

Log on to [www.investorplace.com/steamrollerstocks](http://www.investorplace.com/steamrollerstocks) and get your FREE report now!





# A quick pick for profits in the unstoppable wireless trend

**W**ireless communication is an unstoppable trend in which two technology titans—Ericsson and Nokia—struggle for supremacy.

You and I can make some nice profits simply by betting on the winner in this "battle of the wireless titans"—and that winner is going to be Nokia.

## Consider these facts:

- Nokia sells 35% of the mobile phones used worldwide. Ericsson's market share is less than 8%.
- Nokia will grow at better than 17% over the long term, while Ericsson struggles to grow by 10%.
- Nokia's operating and pretax margins are 12%. Ericsson's are virtually zero. It loses money.
- In the most recent quarter, Nokia reported over \$2.2 billion in operating cash flow, while Ericsson lost over \$1.7 billion in cash from operations.

For the full story on the outcome of Ericsson vs. Nokia—and my predictions for other winners of "Celebrity Tech-Titan Death Matches" (Dell vs. Compaq, Intel vs. AMD and more), get your copy of my FREE special report, *Battle of the Tech Titans*. See page 29 for details.

\$200,000 portfolio into \$1.3 million...by the end of the decade, what would it be worth to you?

Let me try to put a fair price on it.

As a private money manager, I charge my clients a 1.5% management fee with a minimum account of \$1,000,000, which comes to \$15,000 a year (many money managers with track records not half as good as mine charge 2% or even 3%). In 20 years as a money manager, I have never had a client complain that my fee was too high or that my advice wasn't worth much more than \$15,000.

But you don't have to pay nearly that much to have me advise you, because we've set the price for a full year's subscription (24 issues) to *California Technology Stock Letter* at only \$599.

But that's not what you'll pay...

For a limited time only, we are offering a 1-year subscription to *CTSL* for just \$499—a \$100 savings off the regular rate. You also get my *Steamroller Stocks* report absolutely free.

It's like putting me, and my team of 8 full-time analysts, to work researching undiscovered *Steamroller Stocks* for you all year long...for a very reasonable "fee" of about a dollar a day.

Or, you can subscribe for 2 years for just \$798 and save a remarkable \$400.

Do it now, and you'll get an even better deal: fast profits from some of the hottest, breaking trends in biotechnology.



## Get in on the ground floor...of the next big thing in biotech

I've made handsome profits in biotechnology over the years for my subscribers. Including: 133.7% in Protein Design labs in 4 months... 186.6% in Angiotech in 8 weeks... 119.3% in Gilead Sciences in less than 10 months...176% in Aurora Biosciences in less than 3 months...119.1% in Vical in 10 weeks...and 123.4% in Ilex Oncology in 88 days.

Now we've found the "next big thing" in biotech- a Biotech Steamroller Stock poised for unstoppable growth.

Remember the recent flap about stem cell research? This company is at the forefront of using stem cells in "regenerative medicine"—growing replacement tissues for parts of the body worn down by age, injury or disease.

They've gotten adult stem cells to manufacture insulin, rebuild protective myelin sheaths on aging neurons, create cells that produce glucagon (excellent for diabetic patients), and even generate hair growth. They are engineering tissue to grow replacement nipples for use in reconstructive surgery—a huge advance for breast cancer patients.

Already, they've created a "genetic paste" orthopedic surgeons slather on to broken bones that won't heal. The paste contains a "morphogenic protein" they formulated that actually signals the body to produce new bone!

Some analysts estimate that this type of bone growth product has the potential to gross \$1 billion a year in sales, with more than 1.5 million fracture operations being performed annually.

Nearly a dozen other products are in the pipeline. One is a "cover" for vascular grafts grown from stem cells. It virtually eliminates blood clots and reduces narrowing of the arteries up to 70%. Stem cells from a single embryo can grow enough of these covers to treat up to 50,000 patients.

But as a tiny microcap stock, the company has gone largely unnoticed by Wall Street. And there is little downside risk—the stock is already near book value. The M Score (see article on page 14, "How Much Should I Pay for a Stock?") is very attractive at 3X.

Right now the stock is selling near its 52-week low. The P/E is a reasonable 7.2 (vs. an average P/E of 50 for the S&P 500), and the price is less than 1-1/2 times book value. I'm looking at this stock to double within the next 12 to 24 months.

When you accept my offer of a risk-free trial subscription to *CTSL* within the next 10 days, you will receive, absolutely free, a special Quick-Response Bonus Report, *The Great Biotech Boom of 2002*. It will give you the full story on this company and 4 other Biotech Steamroller Stocks whose prices are set to explode.







# You profit handsomely...or everyth

And I am willing to back up my convictions...to put my money where my mouth is, as it were

## Yes, and here's how:

Complete and mail the Risk-Free Trial Certificate on page 31...or call toll-free 1-800-998-2875...or visit [www.investorplace.com/steamroller-stocks](http://www.investorplace.com/steamroller-stocks)

Activate your no-risk trial subscription for 1 or 2 years (your choice). You will receive:

- **Up to 4 special bonus reports.**

As outlined on pages 28-30. These reports give you immediate access to over a dozen of our current top Steamroller Stocks, so you can get started on the road to big profits in emerging technologies right away.



**Recommended Stocks.** Twice a month, you get a new 16-page issue of *California Technology Stock Letter* via e-mail with our latest Steamroller

Stock recommendations. If the market is very overpriced, we may make no new recommendation in the current issue. On the other hand, when the hunting is good, you'll find lots of underpriced, underfollowed companies on the menu.

- **Current Holdings.** Updates on stocks we currently own. If we have any changes in buy points or target prices, you'll find them here. We comment on earnings, fundamental changes, company visits, insider trading—you name it. Of course, we include a table summarizing entry points, earnings forecasts and current advice (buy, hold, sell) for all of our stocks.

- **Notes on New Issues.** We'll keep you up to date on IPOs worth buying—and tell you which ones to pass. We have a long record of identifying the best new companies early. Because we spend a lot of time with private companies, we often know them even before they file for a public offering.

- **CTSL Hotlines.** Market alerts, done twice a week, update you on actions to take and important news between issues. If there's urgent news, we do additional alerts to tell you what's happening and exactly what you need to do.

- **Window on Silicon Valley Trend.** In every issue we give you—in layman's terms—an insider's view of an



# ing I give you for the next month is **FREE!**

emerging technology that we believe will be the foundation of an unstoppable trend.

- **CTSL Web site.** Your subscription to CTSL includes unlimited access to our Subscribers-Only Web site where you can browse past issues, search back issues by topic, and chat with other subscribers.

Start trading our Steamroller Stocks—for real or on paper. Keep track of your profits. And then decide.

If I am not making you enormous profits far in excess of what the rest of your portfolio is producing...or you are not satisfied for any other reason...just let me know within 30 days. I will refund your entire subscription fee, and you may keep everything I have sent you without cost or further obligation of any kind.

After that, CTSL must continue to please you. If not, you may cancel at any time for a full refund on the unused portion of your subscription.

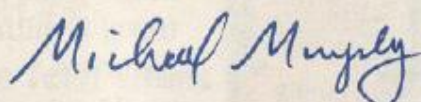
Markets are fickle and unpredictable, but certain emerging technologies and major trends can't be stopped—by anything or anyone. And the companies that dominate these niche technologies or trends are the ones that are going to generate legacy-sized wealth for their investors.

These are the **Steamroller Stocks**. And only CTSL gets you in on the ground floor of these steamrollers early...before Wall Street has even heard of them.

Whatever the market does in the next 6 or 12 months, our Steamroller

Stocks are going to forge ahead, generating handsome double-digit returns for CTSL subscribers. Join us now and get in on the action. Remember, there is no cost or risk of any kind.

Sincerely,



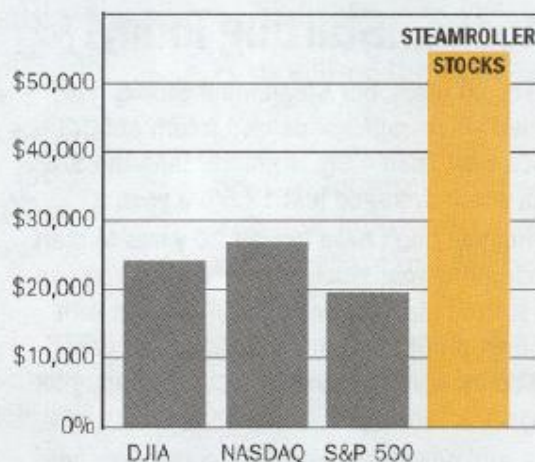
Michael Murphy, Editor  
*California Technology Stock Letter*

P.S. But here's an even better deal. Subscribe to *California Technology Stock Letter* for 2 years and get a total of 4 Special Reports FREE:

1. *Steamroller Stocks: 10 companies on the Fast Track to Triple-Digit Profits*
2. *The Chinese Wireless Explosion*
3. *Battle of the Tech Titans*
4. *The Great Biotech Boom of 2002*

See pages 28–30 for details.

## Michael Murphy's 10 Year Track Record



Note: This record represents a complete 10-year track record for Michael Murphy's California Technology Stock Letter, as reported in the independent industry watchdog The Hulbert Financial Digest.

Log on to [www.investorplace.com/steamrollerstocks](http://www.investorplace.com/steamrollerstocks) and get your FREE report now!





# Free with your 1-year subscription

## Special Report #1:

### Steamroller Stocks: 10 Companies on the Fast Track to Triple- Digit Profits

Get the full facts on the "next generation" of our Steamroller Stocks—and profit by owning the handful of companies that are best positioned to take advantage of today's most unstoppable trends in communications, technology, e-commerce and health care.

Including:

- The one company poised to experience triple-digit profits by cashing in on the explosive demand for com-
- An undiscovered operating systems maker with a market that potentially dwarfs Microsoft's installed base for Windows.
- Quadrupling your money as videoconferencing booms in the wake of decreased air travel resulting from fear of terrorism.
- Worldwide sales of mobile phones were up 46% last year. This company doesn't make cell phones or run a wireless network. But they get money every time someone makes a call from a mobilephone. So they're uniquely positioned to profit handsomely from the unstoppable wireless trend.
- The race to develop a cure for cancer is on! I don't know which biotech company will win this race for

puter storage.

certain. But whoever wins, this company is making a fortune licensing its proprietary human genome sequencing database to researchers all over the world

- As the volume of data traffic over the Internet explodes, even today's most sophisticated high-speed fiber optic networks need help controlling it all and routing data to its proper destination. This company is poised to profit handsomely from the "Internet data explosion." They make the specialized "transport equipment" all fiber optic networks need to handle ever-increasing traffic...and provide users with videoconferencing, multimedia, Web seminars, and other bandwidth-intensive services.



## Profit from our unstoppable Steamroller Stocks...Starting Today!

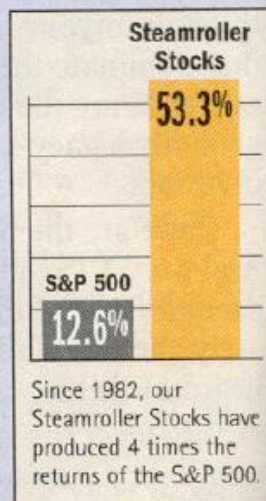
For 20 years, our Steamroller Stocks have earned an average annualized return of 53.3%. That's more than 4 times greater than the S&P 500, which averaged just 12.6% a year.

But you don't have to wait 20 years to start quadrupling your stock market profits. You can get started building unstoppable wealth with our high-profit Steamroller Stocks right now. Just go to: [www.investorplace.com/steamroller-stocks](http://www.investorplace.com/steamroller-stocks)

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## Special Report #2:

### The Chinese Wireless Explosion

China's telecommunications market is forecast to double that of the United States by 2005. To handle the increased demand, the Chinese Ministry of Information Industry plans to spend approximately \$151 billion to enhance China's telecommunications infrastructure over the next 3 years.

One of the fastest-growing segments of the Chinese telecommunications market is wireless, with the number of mobile phone users expected to triple by 2004. In this report, you will discover how to double, triple or quadruple your money over the next 2-3 years—as the new wireless boom begins across the Pacific Ocean in China—with a company that is fast becoming the key equipment supplier to China's new wireless telecommunications infrastructure.

The P/GF is just 14—less than a third of this year's 54% growth rate. The backlog is solid, with little chance for

push-outs or cancellations. In the most recent quarter, book-to-bill ratio was 1.3, and the backlog was \$277 million. Buy now below \$33 for a \$43 target in 2002



## Special Report #3:

### Battle of the Tech Titans

Who makes a better personal computer—Dell, Gateway, IBM, HP, or Compaq? Most important, which company's stock can you count on to provide a fat, healthy retirement nest egg for your golden years?

In lots of technology niches, the trend itself is clearly a winner. But what's not so clear is which company is going to dominate. If you're looking where to place your bets in tech stocks, get this Special Report. In it, I give you my predictions of which companies will win the Celebrity Death Matches in key technology areas.

Including:

- The winner in PC marketing—will Dell retain dominance over HP and Compaq?



- The workstation battle: Sun vs. HP. Sun uses a proprietary chip, the Ultra Sparc III, in every machine it sells. HP and Compaq use a variety of chips, both their own and Intel. Only one of these strategies will emerge as the market winner. Do you know which?

- Semiconductor showdown: Intel vs. Advanced Micro Devices. Are we looking at the end of Pentium's dominance? Or will Intel continue its supremacy?

- Online services shakeout: Amazon vs. eBay. Amazon is struggling with widening losses and a debt burden of \$2.1 billion, rapidly burning through their \$2.5 billion market cap. And the stock is 94% off its high. Find out whether Jeff Bezos has one more trick up his sleeve, or whether you should make eBay and its online auctions your pure e-commerce play instead.

- Who will be the next Cell Phone King—Nokia or Ericsson? Right now, Nokia rules in handsets. But Ericsson has double Nokia's market share in wireless infrastructure. The balance of power, however, is rapidly shifting. Find out which player will come out on top.





# Quick-Response Bonus

## Special Report #4:

### The Great Biotech Boom of 2002

Get in on the next big thing in biotech...at the ground floor.

I've made handsome profits in biotechnology over the years for my subscribers. Including: 133.7% in Protein Design labs in 4 months... 186.6% in Angiotech in 8 weeks...119.3% in Gilead Sciences in less than 10 months...176% in Aurora Biosciences in less than 3 months... 119.1% in Vical in 10 weeks...and 123.4% in Ilex Oncology in 88 days.

Now we've found the "next big thing" in biotech...a Biotech Steamroller Stock poised for unstoppable growth.

Remember the recent flap about stem cell research? This company is at the forefront of using stem cells in "regenerative medicine"—growing replacement tissues for parts of the body worn down by age, injury or disease.

They've gotten adult stem cells to manufacture insulin, rebuild protective myelin sheaths on aging neurons, create cells that produce glucagon (excellent for diabetic patients), and even generate hair growth. They are engineering tissue to grow replacement nipples for use in reconstructive surgery—a huge advance for breast cancer patients.

Already, they've created a "genetic paste" orthopedic surgeons slather on to broken bones that won't heal. The paste contains a "morphogenic protein" they formulated that actually signals the body to produce new bone!

Some analysts estimate that this type of bone growth product has the potential to gross \$1 billion a year in sales, with more than 1.5 million fracture operations being performed annually.

Nearly a dozen other products are in the pipeline. One is a "cover" for vascular grafts grown from stem cells. It virtually eliminates blood clots and reduces narrowing of the arteries up to 70%. Stem cells from a single embryo can grow enough of these covers to treat up to 50,000 patients.

But as a tiny microcap stock, the company has gone largely unnoticed by Wall Street. And there is little downside risk—the stock is already near book value. The M Score (see article on page 14, "How Much Should I Pay for a Stock") is very attractive at 3X.

Right now the stock is selling near its 52-week low. The P/E is a reasonable 7.2 (vs. an average P/E of 50 for the S&P 500), and the price is less than 1 1/2 times book value. I'm looking at this stock to double within the next 12 to 24 months.

When you accept my offer of a Risk-Free Trial Subscription to CTSL within the next 10 days, you will receive, absolutely free, a special Quick-Response Bonus Report, *The Great Biotech Boom of 2002*. It will give you the full story on this company and 4 other Biotech Steamroller Stocks whose prices are set to explode.



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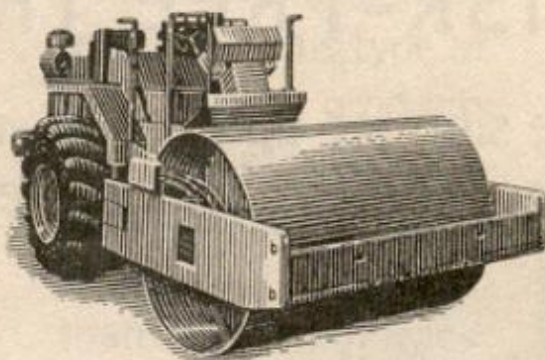
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