LEFT TO RIGHT: **Vivek Juneja**, Mortgage Finance; **Robin Farley**, Leisure; **Mark Connelly**, Paper & Forest Products

PHOTOGRAPHED ON AN OVERPASS ON WEST 39TH STREET, NEW YORK CITY, SEPTEMBER 18, 2003.

Institutional Investor's selection of the brokerage analysts who have done outstanding work during the past year ranks 343 researchers from 19 firms in 71 sectors.

THE 2003 All-America RESEARCH TEAM

Two years of investigations, disciplinary actions and internal crackdowns have drastically changed the life of Wall Street securities analysts. Before the bubble burst researchers celebrated their unprecedentedly high stature and compensation; now the dominant emotion inside most research departments is panic. Greed has given way to fear.

"People are scared," says a 13-year veteran sell-side researcher, who insisted that he and his firm not be identified. "That includes myself, my colleagues here, other analysts I know elsewhere on the Street. Even if you're completely honest, you're scared that everyone's watching and ready to pounce on every little thing you say or do, whether it's the regulators, the plaintiffs' lawyers, the press or even your own compliance people."

Fear can be a mixed blessing. On the positive side, the backlash against

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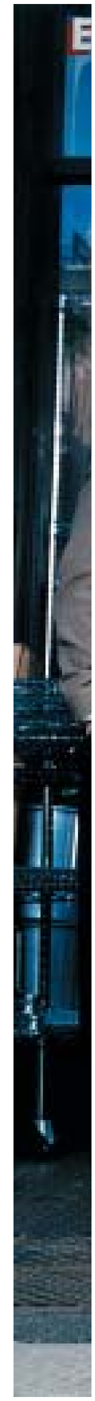
PHOTOS BY EVAN KAFKA/REDUX



THE LEADERS

RANK 2003	RANK 2002	FIRM	TOTAL TEAM POSITIONS 2003	TOTAL TEAM POSITIONS 2002	FIRST TEAM 2003	FIRST TEAM 2002	SECOND TEAM 2003	SECOND TEAM 2002	THIRD TEAM 2003	THIRD TEAM 2002	RUNNERS-UP 2003	RUNNERS-UP 2002
1	2	**Lehman Brothers**	**50**	52	**7**	9	**13**	7	**13**	6	**17**	30
2	5	**Morgan Stanley**	**36**	42	**8**	9	**8**	13	**9**	6	**11**	14
3	2	**Merrill Lynch**	**35**	52	**9**	11	**7**	12	**10**	9	**9**	20
4	1	**Smith Barney Citigroup**	**34**	53	**8**	14	**10**	7	**6**	15	**10**	17
5	8	**UBS**	**32**	20	**8**	4	**5**	2	**6**	3	**13**	11
6	4	**Credit Suisse First Boston**	**27**	44	**5**	8	**5**	6	**2**	9	**15**	21
6	6	**Goldman, Sachs & Co.**	**27**	36	**5**	5	**8**	8	**4**	6	**10**	17
8	7	**Bear, Stearns & Co.**	**23**	29	**6**	6	**4**	8	**3**	5	**10**	10
8	11	**J.P. Morgan Securities**	**23**	16	**4**	3	**1**	0	**3**	5	**15**	8
10	8	**Deutsche Bank Securities**	**18**	20	**1**	1	**3**	4	**3**	6	**11**	9
11	12	**Banc of America Securities**	**14**	12	**4**	1	**2**	3	**2**	2	**6**	6
11	10	**Prudential Equity Group**	**14**	17	**1**	4	**4**	5	**4**	2	**5**	6
13	13	**Sanford C. Bernstein & Co.**	**11**	9	**2**	1	**1**	1	**4**	2	**4**	5
14	14	**International Strategy & Investment Group**	**3**	3	**2**	1	**0**	1	**1**	0	**0**	1
15	16	**U.S. Bancorp Piper Jaffray**	**2**	1	**0**	0	**0**	0	**0**	0	**2**	1

conflicts of interest — which culminated in this year's $1.4 billion proposed settlement between regulators and ten firms accused of publishing overly bullish stock research to win investment banking business — is prompting analysts to go back to basics, producing more rigorous, intellectually honest research. This work is helping investors make money and, just as important, avoid losing it. But there are negatives. Some investors are carping that analysts have become even more afraid to take controversial stances — especially bullish ones — for fear of running afoul of regulators.

"Research has gotten markedly better," says Peter Tuz, a portfolio manager at Chase Investment Counsel Corp., a Charlottesville, Virginia, fund management boutique overseeing about $2 billion. "The onus is off working for the investment bankers, and people are calling it as they see it much more frequently."

One example of old-fashioned analytical rigor's comeback is Kenneth Weakley of UBS. Last October the 37-year-old health care facilities analyst warned of problems with Medicare payments at Tenet Healthcare Corp., which he downgraded from hold to reduce. Bad news followed, including reports of a federal investigation into allegedly unnecessary surgeries by two doctors at one of the company's hospitals in California. Shares of Tenet collapsed from 47 on the day of Weakley's call to 14 in just two weeks. Now, with its shares still mired in the teens, Tenet's Medicare payments and other financial practices are being probed by the Securities and Exchange Commission. Thanks to his clear-eyed analysis, Weakley jumps from runner-up last year to first in his sector in this magazine's annual poll of the best brokerage firm analysts.

Another sharp nonconsensus call came from Steven Binder, who tracks aerospace and defense electronics contractors for Bear, Stearns & Co. Despite widespread investor euphoria over what seemed to be exponential growth in the U.S. defense budget, Binder concluded in January that growth in defense spending would not be remotely as robust as fiscal year 2003's 19 percent. Investors profited from his timely bearish call on defense contractors, voting Binder, 45, the first-teamer in his sector for the fifth year running in the All-America Research Team.

Investors responding to the 2003 survey demonstrate a slightly better opinion of research quality than in recent years. Of those expressing an opinion, 28 percent said research had improved in the past year, compared with only 19 percent who said so in 2002. Asked to rate the overall quality of research on a 1-to-10 scale, with 10 representing the highest quality, investors who responded gave the sell side a 5.67 this year, up from 5.55 one year ago.

If their views of research shifted only modestly, investors' opinions of individual firms changed dramatically, as they chose to shake up the ranks of America's top research firms. For the first time in more than a decade, Lehman Brothers takes first place, culminating a dramatic march back from 13th in 1995 (see story, page 56). Lehman finished second in 2002.

Most firms have fewer ranked analysts this year than they did in 2002, owing to a number of factors. First, to reflect market changes, *II* reduced the number of categories in which it ranks analysts, from 77 to 71. Additionally, dozens of previously ranked researchers have left the profession, disenchanted by the regulatory backlash. Others have been let go as their firms tried to cope with drastically smaller budgets. In many cases, those experienced people were replaced with new analysts, or not at all. Smith Barney Citigroup, last year's leader with ranked analysts in 53 sectors, sinks to fourth this year with only 34. At Merrill Lynch, which tied for second with Lehman last year, the number of rankings drops from 52 to 35, as its overall standing slips to third. Those that could limit defections, hire away ranked analysts or develop them from within perform comparatively well. Morgan Stanley, for instance, loses six team positions from last year yet still rises from fifth to second place. UBS surges from eighth place last year to fifth, just three places behind No. 2 Morgan Stanley, knocking Credit Suisse First Boston out of the top five. It gains 12 team positions.

Lehman, which eschewed cutbacks, loses only two of its 52 team positions from 2002. Its lead over Morgan Stanley — 14 positions — is the most commanding of any No. 1 firm in the survey since 1983, when Merrill bested First Boston by 43 to 27.

The widespread trepidation in Wall Street research departments, of course, is having other effects on analysts and the in-

LEFT TO RIGHT: **Adam Frisch**, Computer Services & IT Consulting; **Donald Carson**, Chemicals/Commodity; **Glen Santangelo**, Health Care Technology & Distribution; **Ed Hyman**, Economics; **Leone Young**, Environmental Services; **Mika Toikka**, Equity Derivatives

PHOTOGRAPHED AT MARK'S RESTAURANT EQUIPMENT, 302 BOWERY, NEW YORK CITY, SEPTEMBER 16, 2003.

vestors they serve. If some analysts appear to have been scared straight by the regulatory backlash and are unafraid to be vocally bearish when it's called for, others have been what might be called scared bland. More than a few investors complain that as a result of enforcement actions and private lawsuits brought against analysts who were wrong during the bubble, researchers are increasingly loath to make controversial bullish calls. Some fear they'll be accused of being shills for banking or the companies they cover.

"It's true that sell-side analysts are more free to be bearish now, without the kinds of consequences they used to face," says one analyst at a mutual fund complex. "But there are also an awful lot of them that are afraid to make a controversial or nonconsensus call if it's bullish."

Maybe so, but there's at least one sign that analysts are managing to get it right despite these pressures. An analysis by Hoboken, New Jersey, research performance measurement firm Investars.com, using data provided by Reuters Research, shows that the average recommendation of sell-side analysts (excluding those at independent firms) handily outperformed the Standard & Poor's 500 index in the third quarter of 2003. **— Justin Schack**

For a more in-depth look at this research team, be sure to visit www.institutionalinvestor.com. There you will find, among other data, our rankings of the best analysts in several activities, including recommendations, industry expertise and written reports; and the 49 up-and-coming equities analysts. Results of our seven other research teams are also available on the site.

LEFT TO RIGHT: **Steven Galbraith**, Portfolio Strategy; **Carl Seiden**, Pharmaceuticals/Major; **Simon Flannery**, Telecom Services/Wireline; **Robert Koort**, Chemicals/Specialty; **Maykin Ho**, Biotechnology; **Benjamin Reitzes**, Imaging Technology; **Colin Devine**, Insurance/Life; **Timothy Luke**, Telecom Equipment/Wireless

PHOTOGRAPHED AT CONSOLIDATED EDISON POWER PLANT, AVENUE D, NEW YORK CITY, SEPTEMBER 12, 2003.

The best analysts of the year

BASIC MATERIALS

Chemicals/Commodity

DONALD CARSON
MERRILL LYNCH

SECOND TEAM **Graham Copley** *Sanford C. Bernstein* ■ THIRD TEAM **Sergey Vasnetsov** *Lehman Brothers* ■ RUNNERS-UP **Andrew Cash** *UBS;* **P.J. Juvekar** *Smith Barney Citigroup*

Seven-time winner Avi Nash's retirement from Goldman last November provided an opening for Merrill's **Donald Carson** to seize the top spot this year — and he does. A second-teamer in 2001 and 2002 and No. 1 in the old Agricultural Chemicals category in 1998 and 1999, Carson, 49, is "insightful about how to make money in difficult times," says an investor. One of his insights: Pinpointing beneficiaries of strong agricultural commodity prices, the researcher upgraded Canadian fertilizer supplier Potash Corp. of Saskatchewan in February at 59. Potash shares, which also got a boost as a new, low-cost nitrogen plant in Trinidad went online, had jumped to 72 by early September. Another Canadian fertilizer recommendation, Alberta's Agrium, rose from 10 to 13 between Carson's August 2002 upgrade and September 2003. Investors appreciate Carson's "deep thinking" and "honest analysis." One complaint lodged against Carson and all of the leading chemicals analysts: missing this year's 13 percent rally by bellwether Dow Chemical Co. Climbing from runner-up to second is **Graham Copley** of Sanford C. Bernstein, whom one client praises as "extremely knowledgeable." His bearishness, however, yielded mixed results. Growing concerned about certain chemicals companies' exposure to higher oil prices last December, Copley downgraded to underperform plastics maker Eastman Chemical Co., then at 40, as well as Dow, at 29. By early September, Eastman had dropped to 35, but Dow was up to 34. Still, says one customer, Copley at least "sticks to his guns." In this revamped lineup, Lehman's **Sergey Vasnetsov**, another former runner-up, advances to third for what an investor says is "outstanding client service." Vasnetsov has a "How'm-I-doin' style" that incorporates a lot of client feedback in setting the agenda for his monthly conference calls. "He's very intellectual about chemicals," asserts one buy-sider, who nonetheless cautions that Vasnetsov is "better on the fundamentals than on stock picks."

Chemicals/Specialty

ROBERT KOORT
GOLDMAN SACHS

SECOND TEAM **Robert Ottenstein** *Morgan Stanley* ■ THIRD TEAM **Jeffrey Cianci** *UBS* ■ RUNNERS-UP **David Begleiter** *Deutsche Bank Securities;* **Jeffrey Zekauskas** *J.P. Morgan Securities*

Goldman first-time first-teamer **Robert Koort** exchanges places this year with two-time winner **Robert Ottenstein** of Morgan Stanley. In a volatile sector buffeted by gyrating energy prices, Koort, 35, impressed clients with his September 2002 buy recommendations on industrial-gas producers Airgas and Praxair as well as his willingness, in the words of one client, "to pan companies." Koort, a University of Texas grad and former chemical engineer, liked Airgas, then at 13, because of a recent restructuring, and Praxair, at 52, because it had just brought in new management. By late August, when Koort reduced Praxair on valuation concerns, the stocks were at 19 and 64, respectively. Airgas eased to 18 and Praxair was unchanged by early September. Koort also helped steer investors clear of danger. In November 2002 he threw cold water on Great Lakes Chemical Corp. at 25 on concerns about its operating efficiency. In July, after a corporate restructuring and with Great Lakes at 20, Koort raised it to neutral; by early September the shares were at 21. Although he slips a notch, Ottenstein clearly hasn't lost favor with investors: He has a "high level of moral integrity," says one. The researcher's "frank" June study of executive benefits, options expensing and insider share ownership was much appreciated. His cautious stand on Crompton Corp. also paid off: The heavily indebted plastics maker plunged from 10 last July, when Ottenstein lowered his estimates, to below 6 this September. Jumping from runner-up to third, UBS's **Jeffrey Cianci** is admired for sticking by market-share-dominant companies with "positive growth characteristics, as opposed to plain cyclical industrials," says a customer. For example, Cianci has backed Praxair since March 2000 and industrial cleansers and pest-control products maker Ecolab since June 2001. Investors who heeded him gained 75 percent on Praxair and 33 percent on Ecolab by September 2003.

Metals & Mining

MICHAEL GAMBARDELLA
J.P. MORGAN SECURITIES

SECOND TEAM **Anthony Rizzuto Jr.** *Bear Stearns* ■ THIRD TEAM **Daniel Roling** *Merrill Lynch* ■ RUNNERS-UP **John Tumazos** *Prudential Equity Group;* **Peter Ward** *Lehman Brothers*

After declining in line with the Standard & Poor's 500 index in 2002, the metals and mining sector enjoyed a sensational 25 percent surge in the first eight months of 2003. In both years J.P. Morgan's **Michael Gambardella** demonstrated "encyclopedic knowledge" and "extraordinary market savvy" for clients. The 46-year-old repeat first-teamer reiterated his long-standing buys on copper producers Freeport-McMoRan Copper & Gold and Phelps Dodge Corp. as they coped with reduced domestic demand and focused more attention on fast-growing China. The stocks rose from 12 and 31, respectively, when Gambardella upgraded them in November 2001, to 31 and 49 in early September 2003. "He stuck with them, and the numbers speak for themselves," marvels one supporter. Others cite Gambardella's May 2003 upgrade to overweight of Alcoa at 22; by early September it had reached 28. Bear Stearns' **Anthony Rizzuto Jr.** repeats at No. 2, praised by one partisan for providing "the best-detailed global commodity analyses." Investors laud Rizzuto's January report, "Selectively Optimistic on the Metals," for clearly explaining why the weakening U.S. dollar was benefiting U.S.-based exporters and why copper and nickel wouldn't suffer from oversupply as other metals did. In March, Rizzuto upgraded Canadian nickel miner Inco at 20; by early September it had advanced to 25. "He zeroes in on opportunities other analysts seem to miss," says a follower. Third-teamer **Daniel Roling** of Merrill, another repeater, has crusaded for greater financial transparency: In the wake of Roling's criticisms, steelmaker Nucor Corp. began this year to disclose its earnings in far more detail than before, just as U.S. Steel Corp. had done in 2002. "He's on top of these companies' reporting practices," observes one impressed client. Other devotees highlight Roling's February picks of coal producers Massey Energy Co. at 8 and Peabody Energy Corp. at 26; by early September they were at 12.5 and 30, respectively.

Paper & Forest Products

MARK CONNELLY
CSFB

SECOND TEAM **Chip Dillon** *Smith Barney Citigroup* ■ THIRD TEAM **Mark Wilde** *Deutsche Bank Securities* ■ RUNNER-UP **Richard Schneider** *UBS*

Winning praise for "excellent navigating through complex markets," CSFB's **Mark Connelly** climbs to the top from third. He is known for bold calls — for example, sticking with his March 2000 buy on small-cap Albany International Corp. at 13, believing that it had the discipline to effectively reduce debt and control capacity. At 31 as of early September 2003, the supplier of fiber for paper production was up 49 percent this year alone, versus an 18 percent rise in the CSFB paper index (2 percentage points better than the S&P 500). The 40-year-old MBA from New York University's Leonard N. Stern School of Business, who joined CSFB from J.P. Morgan in early 2000, also watched Boise Cascade Corp., suffering from lackluster demand, slide from 33 to 26 last year and then to 22 in July. He then slapped on a buy, on news that the company had agreed to purchase superstore chain OfficeMax — a smart strategic shift into a higher-return business, he said. The shares reached 27 by September. Clients say Smith Barney Citigroup's **Chip Dillon**, who slips from first to second, is unmatched for "broad knowledge." His endorsements in 2002 of major wood producers proved premature but paid off this year: Georgia Pacific fell last year from 26 to 16 but recovered to 24 in September; and Weyerhaeuser slipped from 55 to 48 in 2002 before climbing to 60. Falling a notch to third, Deutsche Bank's **Mark Wilde**, who dubs himself "Dr. Paper," is "the most accessible analyst of the group," says a client. Adherents cite "concise and organized" voice mail and e-mail updates and "consistency of message." But consistency is a two-edged sword: Wilde has a buy on International Paper Co., up from 35 to 40 this year into September; he also recommended it through 2002, when it fell from 40 to 35. "You don't go to him necessarily for stock recommendations," carps one investor.

CAPITAL GOODS/INDUSTRIALS

Aerospace & Defense Electronics

STEVEN BINDER
BEAR STEARNS

SECOND TEAM **George Shapiro** *Smith Barney Citigroup* ■ THIRD TEAM **Heidi Wood** *Morgan Stanley* ■ RUNNERS-UP **Byron Callan** *Merrill Lynch;* **Joseph Campbell Jr.** *Lehman Brothers;* **Joseph Nadol** *J.P. Morgan Securities*

The U.S. defense budget for fiscal year 2003, which ended last month, increased by a hefty 19 percent. But in January, even as the nation was getting on a war footing, Bear Stearns' **Steven Binder** warned of future reductions in the growth rate. Bull's-eye: A month later the president's five-year budget projection included progressively smaller, single-digit increases. Little wonder, then, that the 45-year-old is a five-time first-teamer. "Steve has an ear for Washington-ese," says a grateful client. Also appreciated: Binder's long-standing endorsement of United Technologies Corp. for its conservative accounting practices and emphasis on cost-cutting. Shares of UTX, maker of Pratt & Whitney jet engines, rose from 62 to 78 this year through early September; that helped propel the aerospace group to a 17.5 percent advance, while defense stocks, reflecting the federal budget trend, declined by 3 percent. Repeating at No. 2 is **George Shapiro** of Smith Barney Citigroup, whose annual survey of public attitudes toward defense spending is hailed as a "leading indicator of budgetary changes." His October 2002 poll showed that half of Americans surveyed favored higher spending, down from 80 percent a year earlier, leading Shapiro to downgrade the defense group. "He'd been bullish on defense for years, so you had to pay attention," notes an institutional investor. The subsector fell by 26 percent through March, at which point Shapiro upgraded it as undervalued; through early September the group had rebounded 15 percent. Morgan Stanley's **Heidi Wood** advances to the third team after two years as runner-up. Supporters praise her "multifaceted approach" — attention to fundamentals, market momentum and even product performance. She turned bullish on Raytheon Co. in May, in part because William Swanson, a veteran of its defense group, had just become CEO. From Wood's upgrade through early September, Raytheon had climbed from nearly 30 to more than 32.

Airfreight & Surface Transportation

EDWARD WOLFE
BEAR STEARNS

SECOND TEAM **Gary Yablon** *CSFB* ■ THIRD TEAM **James Valentine** *Morgan Stanley* ■ RUNNER-UP **Scott Flower** *Smith Barney Citigroup*

As war loomed in Iraq, Bear Stearns' **Edward Wolfe** checked his history books. The resulting January report showed that in the six months preceding the Gulf War in 1991, transportation stocks did worse than the S&P 500 (–20

LEFT TO RIGHT: **Steven DeSanctis**, Small Companies; **Lauren Rich Fine**, Publishing & Advertising Agencies; **Samuel Buttrick**, Airlines; **Daniel Niles**, Semiconductors; **Howard Mason**, Specialty Finance; **Louise Yamada**, Technical Analysis; **Daniel Khoshaba**, Packaging

PHOTOGRAPHED AT LERNER & BEAR, 246 WEST 38TH STREET, NEW YORK CITY, SEPTEMBER 18, 2003.

percent versus –16 percent). But in the six months after combat, they outperformed (11 percent to 8 percent), mainly because of a decline in oil prices. "You would almost think he should be a chief economist somewhere," says one client of the 37-year-old first-teamer, who rises from second. Wolfe has made some strong picks — shares of trucker UTI Worldwide, for example, jumped 100 percent in the year since he upgraded them to outperform last September — and he doesn't hesitate to change course. In August he sharply downgraded the truckers because of rising driver pay, weakening demand and higher insurance costs. "He isn't afraid to rock the boat," says one portfolio manager. Wolfe did just that in January when he downgraded Expeditors International. The logistics company accused Wolfe of losing his objectivity and refused to answer his phone calls. (The stock had risen a solid 15 percent by early September, although it trailed the sector's average gain of 26 percent.) Wolfe supplants his onetime boss at the old Schroeder Wertheim & Co., **Gary Yablon**, who drops to second. At CSFB since 1999, Yablon, a 12-time winner in this and other transport categories, "knows this stuff better than anybody," asserts a buy-sider. One example: his January prediction that FedEx Corp., with aggressive cost-cutting, would outperform United Parcel Service. FedEx shares had risen 23 percent through early September, and UPS stock treaded water. Repeat third-teamer **James Valentine** of Morgan Stanley "has the most thorough data," says one follower. He made a deft call on CSX Corp. in March: The rail stock had climbed 28 percent by September.

Business & Professional Services

GREGORY CAPPELLI
CSFB

SECOND TEAM **Andrew Steinerman** *Bear Stearns* ■ THIRD TEAM **Adam Waldo** *Lehman Brothers* ■ RUNNERS-UP **Kelly Flynn** *UBS;* **Christopher Gutek** *Morgan Stanley*

Gregory Cappelli "doesn't react in the heat of the moment," says a client, but he has taken full advantage of the recent surge in the business services sector. Unranked in this category in 2001 and a second-teamer in 2002 — and twice a first-teamer in the defunct Educational Services category — CSFB's Cappelli, 36, finishes first this year by a slim margin. "He goes the extra mile in his due diligence," says an investor, notably by surveying clients of temporary-staffing companies. These outsourcing businesses tend to prosper as the economy comes out of recession, and Cappelli has been promoting the group — stocks such as Manpower and Resources Connection — for the past year. He hit the mark last October with an upgrade to outperform of Career Education Corp., a Chicago-based operator of more than 50 schools like American InterContinental University Online. Career Ed shares had more than doubled, to 44, by early September. Cappelli's rise knocks last year's winner, Bear Stearns' **Andrew Steinerman**, into second place. "He initiates coverage on these really great companies no one is following," says a client. Case in point: Steinerman last October produced his first report on document storage company Iron Mountain, which until then had never generated free cash flow. Expecting growth in corporate archiving, Steinerman rated it outperform; the stock had climbed from 28 to 37 by September. "He is proactive — he'll call you unsolicited," says an investor. Lehman's **Adam Waldo** repeats at No. 3. He named the Corporate Executive Board Co. his top small-cap pick at year-end 2002. The company offers best practices and benchmarking consulting services; in the wake of the Sarbanes-Oxley Act, Waldo saw this business model ready to explode. The stock had climbed from 33 at the start of January 2003 to 45 by early September.

Electrical Equipment & Multi-Industry

JEFFREY SPRAGUE
SMITH BARNEY CITIGROUP

SECOND TEAM **Robert Cornell** *Lehman Brothers* ■ THIRD TEAM **John Inch** *Merrill Lynch* ■ RUNNER-UP **Don MacDougall** *J.P. Morgan Securities*

Smith Barney Citigroup analyst **Jeffrey Sprague**, No. 1 last year in both the Electrical Equipment and Multi-Industry sectors, retains that rank as the two categories are combined this year. The 42-year-old downgraded the overall sector to market weight in late September 2002 because of the continuing slump in capital spending; in June, encouraged by low interest rates, tax breaks on dividends and the weaker dollar, he upgraded to overweight. Between those ratings changes, the average sector stock gained 20 percent, in line with the S&P 500; from June to early September, the sector average jumped 10 percent and the broader market was up 3 percent. Praised for his "clear thinking" and "differentiated perspective," Sprague wowed followers with his contrarian July 2002 upgrade of Tyco International at 8, after Edward Breen Jr. became CEO of the scandal-ridden company. Tyco had reached 21 by September. Lehman's **Robert Cornell**, garnering second as he did in Electrical Equipment last year, is hailed as a "solid fundamental analyst, of the old school." Last September, noting that Emerson Electric Co. was changing from "a component manufacturer to a supplier of technologically based solutions," Cornell upgraded the shares to overweight at 44. By this September they jumped to 56. Cornell, who has had a buy on Tyco since December 1999 at 30, wins raves for a 76-page analysis of that company in April, when the stock was at 13. One criticism: Cornell is not "one for field trips and conferences or group get-togethers." For those, investors can count on Merrill third-teamer **John Inch**, who was No. 2 in Multi-Industry last year. Backers applaud Inch's November 2002 excursion to six North Carolina industrial plants. "It was exhausting," says one tourist, "but we got to see factories and distribution centers of Danaher and Grainger and others, which gave a perspective you can't get from typical high-level executive meetings."

Environmental Services

LEONE YOUNG
SMITH BARNEY CITIGROUP

SECOND TEAM **Amanda Tepper** *J.P. Morgan Securities* ■ THIRD TEAM **Thomas Ford** *Lehman Brothers* ■ RUNNERS-UP **Alan Pavese** *CSFB;* **Trip Rodgers** *UBS*

For the third straight year, investors say that Smith Barney Citigroup's **Leone Young** is their first stop for insight into the environmental services business. Young, 42, "has been around the longest, has a good perspective and a depth of knowledge; she knows the space really well," says a customer. Such proprietary research as her sector overview, "Solid Waste ABCs," and a landfill study — both biennial — gives buy-siders a comprehensive view of this tightly contested industry, and her detailed cash flow reports make sense of companies' financials. Young's overweight stance on the group during the year worked well, as the sector modestly outperformed. Her top pick, Republic Services, rose by 30 percent through early September 2003, following an August 2002 upgrade on leverage that is low compared with its peers', stable cash flows and increased earnings visibility. J.P. Morgan's **Amanda Tepper** debuts in second place. "She does strong written work and gets to the issues quickly," says an investor. A former investment banker, Tepper believes that the waste management business is cyclical and doesn't buy the prevailing wisdom that a small group of trash haulers is gaining oligopoly pricing power, clients say. Her "Trash Scoop" monthly and quarterly reports support that view. A well-received May industry report — "Why Isn't Cash the King of Trash?" — argues that earnings, not cash flows, drive waste management stocks, using as an example the performance of Allied Waste Industries. Another newcomer, Lehman's **Thomas Ford**, finishes in third place. "He has the ability to get to the crux of a situation very quickly," says a fan. Ford wins points for cutting his earnings estimates on Allied Waste, Republic and Waste Management last July before second-quarter earnings releases, when Allied and Waste Management missed their numbers. All three stocks fell 20 percent or more over the next two months.

Machinery

DAVID RASO
SMITH BARNEY CITIGROUP

SECOND TEAM **David Bleustein** *UBS* ■ THIRD TEAM **Gary McManus** *J.P. Morgan Securities* ■ RUNNERS-UP **John McGinty** *CSFB;* **Stephen Volkmann** *Morgan Stanley*

Astute timing, based on what one investor calls "down-and-dirty research," earns Smith Barney Citigroup's **David Raso** top honors for the third consecutive year. Last October, with machinery stocks down 19 percent, Raso, 33, upgraded the sector to overweight; by early September it had advanced by 55 percent. Another solid piece of work: His May survey of equipment dealers prompted Raso to reiterate his buy on Ingersoll-Rand Co., a Bermuda-based maker of Bobcat forklifts and loaders; by early September it had risen to 56, from 41 at the time of his initial January 2002 upgrade. "He doesn't give you the same information as everybody else," says an investor. Rising a notch to second place, **David Bleustein** of UBS impresses with "nimble stock picking," one investor says. His February upgrades of Ingersoll-Rand at 40 and Caterpillar at 45 on favorable capital spending trends worked well for clients; Caterpillar had climbed to 70 by September (although Bleustein was too quick to downgrade Cat — he moved to neutral at 52 in April). The "invariably responsive" Bleustein is also lauded for his twice-yearly dealer surveys; the July edition led him to put a buy on Deere & Co. at 46; by September it had surged to 56. J.P. Morgan's **Gary McManus**, praised for his extensive coverage universe, garners third place. "He covers a lot of smaller names," says a client. McManus, a 2002 runner-up, has held some ratings for years: He's been negative on industrial tool supplier Milacron since 1995; the stock fell from 16 in January 2002 to 3 in early September 2003. And he's maintained a long-standing endorsement of construction and mining equipment maker Terex Corp., which dropped last year from 17 to 11 before rebounding to 22 as of early September.

Packaging

DANIEL KHOSHABA
DEUTSCHE BANK SECURITIES

SECOND TEAM **George Staphos** *Banc of America Securities* ■ THIRD TEAM **Ghansham Panjabi** *Lehman Brothers*

Daniel Khoshaba of Deutsche Bank sends **George Staphos**, a first-teamer in this sector since 1999, packing as he moves up from second place (Khoshaba had been No. 1 from 1994 until 1998). As Khoshaba notes, the packaging sector has been a "mixed bag" this year, down 3.4 percent through early September, even as the S&P 500 has gained 16 percent. "He has a good track record of stock picking," says one investor. Khoshaba, 44, upgraded Sealed Air Corp. to a buy last November at 27. "The stock had sunk on concerns over asbestos problems," the analyst recalls, "but we felt like it was unduly sold." The specialty packager rose to 47 by July, at which point Khoshaba thought the stock was overvalued relative to its peers. Sealed Air closed in early September 2003 at 50. Also applauded: Khoshaba's thoroughness, access to company management and perspective. "He has covered the sector for a long time, so he has a wealth of information," one investor notes. George Staphos undertook a transition this year. In May he moved from Smith Barney Citigroup, where he was an associate research director, to BAS. That month he initiated coverage of rigid-container supplier Ball Corp. with a buy at 44. Staphos predicted that when the Bush dividend tax cut passed, the company would use its cash flow to increase its dividend — which it did, by almost 70 percent in the second quarter. The stock traded at 53 in early September. Loyal clients laud Staphos' thoughtful research and excellent contacts. "He's one great package," says an investor. Lehman Brothers newcomer **Ghansham Panjabi** impressed investors with his recommendation of small-cap Aptar Group at 27 last November. The maker of pumps used in perfume bottles had suffered a falloff in revenues, but the stock came back, as Panjabi predicted it would. Aptar closed in early September above 38.

CONSUMER

Airlines

SAMUEL BUTTRICK
UBS

SECOND TEAM **Glenn Engel** *Goldman Sachs* ▪ THIRD TEAM **Michael Linenberg** *Merrill Lynch* ▪ RUNNERS-UP **Garrett Chase** *Lehman Brothers;* **Susan Donofrio** *Deutsche Bank Securities;* **William Greene** *Morgan Stanley;* **James Higgins** *CSFB;* **James Parker** *Raymond James*

Talk about a white-knuckle flight. Airlines shares stabilized in October 2002 after a 40 percent decline, rose sharply and then plummeted back to the October lows in early March. A weak global economy, fears of hijackings, the war in Iraq and speculation about imminent bankruptcies all jostled the stocks. "It has been a bumpy ride but also an exciting one," says UBS's eight-time winner **Samuel Buttrick**, 44. Throughout, Buttrick was fearless. In March, when many investors were convinced that AMR Corp., owner of American Airlines, would file for bankruptcy protection, he bet that the carrier would steer clear of court. The stock, he insisted, was a great buy at 1.41. The company did avoid bankruptcy, and the shares closed just below 13 in early September. "We were on the edge of selling [AMR], and he convinced me not to — the rest is history," says one pleased client. Buttrick, says another, makes good use of his 15 years' experience: "He figures things out and makes his bets. He's one of the more profitable analysts we talk to." Goldman's **Glenn Engel** jumps from third place to second with a call on regional carrier Mesa Air Group. He upgraded the stock in April at 5, when the company renegotiated its pilot contracts and US Airways Group, for whom Mesa flies planes, emerged from bankruptcy. As of September the stock had climbed to 12. **Michael Linenberg** advances a rung to No. 3 for his recommendation of Frontier Airlines, which is undergoing comprehensive restructuring. In May the Merrill analyst upgraded the stock to a buy at 6.26; it traded at 18 in September. "If I have a problem, he calls me right back. He's my eyes and ears into the industry," says one client.

Apparel, Footwear & Textiles

ROBERT DRBUL
LEHMAN BROTHERS

SECOND TEAM **Margaret Mager** *Goldman Sachs* ▪ THIRD TEAM **Jeffrey Edelman** *UBS* ▪ RUNNER-UP **Dennis Rosenberg** *CSFB*

Repeat first-teamer **Robert Drbul**'s unrivaled knowledge of the apparel business was on display this year in his coverage of Columbia Sportswear Co., say investors. In late January, Columbia executives indicated that cautious retail ordering meant flat sales for the second half of 2003. The Lehman analyst, 32, a longtime bull on the stock, thought that management was being conservative but realistic. He maintained his overweight rating and at the beginning of February urged clients to buy the shares on any weakness (they had dropped by 7 the day after the announcement), citing strong long-term growth prospects in Europe and opportunities in the footwear sector. From February through early September, the shares rose 44 percent. "I don't think any other analyst gets Columbia," says an investor. Buy-siders elevate Goldman's **Margaret Mager** a notch to second for being "in tune with the industry dynamics that determine companies' success and failure." Mager started covering German footwear company Puma AG Rudolf Dassler Sport in April 2003 with an outperform rating at €76 on strong designs, rising sales, the repurchase of its Japanese footwear license and a sound balance sheet. Puma's first-half 2003 sales rose 47 percent, and the shares had shot to €105 by September. One customer says that he talks to Mager first "when I need a brain dump about what's going on in the industry." Climbing one step to third is UBS's **Jeffrey Edelman**. "He's a seasoned veteran of the industry and knows the management teams," says a client. Edelman stuck with outdoor-apparel maker Timberland Co. last October at 29, despite weak earnings comparisons in the first half of 2002. Edelman's own research showed appropriate inventory levels and improving sales. Timberland shares had risen to 44 by early September.

Autos & Auto Parts

STEPHEN GIRSKY
MORGAN STANLEY

SECOND TEAM **Gary Lapidus** *Goldman Sachs* ▪ THIRD TEAM **John Casesa** *Merrill Lynch* ▪ RUNNERS-UP **David Bradley** *J.P. Morgan Securities;* **Darren Kimball** *Lehman Brothers;* **Rod Lache** *Deutsche Bank Securities;* **Saul Rubin** *UBS*

Stephen Girsky is the Rolls-Royce of auto analysts in the eyes of investors who have now placed him atop this category for 12 years in a row. Last June the Morgan Stanley researcher "basically said, 'take your money and run'" from the Big Three automakers, explains one client. Girsky, 41, argued that Detroit's rampant price incentives had revved up sales at the expense of margins. In the 12 months through early September, General Motors Corp. shares dropped by 13 percent, DaimlerChrysler was off 9 percent and Ford Motor Co. stock declined by 0.3 percent. "I should have listened to him sooner," moans one GM shareholder. Girsky did find a silver lining in the automakers' misadventures: Strong car and truck sales benefited Lear Corp., which supplies air bags and leather seats to carmakers. Since his November 2002 bullish report on Lear, Girsky has repeatedly pushed the company as it has expanded its sales to Japanese and European automakers; through early September Lear shares had risen 57 percent. Supporters of Goldman's **Gary Lapidus**, who repeats at No. 2, especially praise his February "Motown Breakdown" report, in which he warned that Detroit's auto sales were "supply-driven" and that overcapacity in the industry as well as increased imports would put downward pressure on prices. Says a buy-side admirer, "He's someone who not only has useful data but uses the data to come to thoughtful conclusions." **John Casesa** of Merrill, who again claims third place, put a buy on Canadian auto-parts supplier Magna International in January, noting that $496 worth of Magna mirrors, frames and interior materials go into every North American car — and that that average should rise to $546 by year-end 2004. "That report really caught my eye," an investor says. Apparently, he wasn't alone: Magna's stock climbed by 51 percent, to 77, from January to early September.

Beverages

WILLIAM PECORIELLO
MORGAN STANLEY

SECOND TEAM **Andrew Conway** *CSFB* ▪ THIRD TEAM **Michael Branca** *Lehman Brothers* ▪ RUNNERS-UP **Marc I. Cohen** *Goldman Sachs;* **John Faucher** *J.P. Morgan Securities;* **Caroline Levy** *UBS*

In an upset, Morgan Stanley's **William Pecoriello** unseats eight-time winner **Andrew Conway** of CSFB. "Pecoriello can be neurotic, but he's on top of every detail," notes one appreciative client. The beverages sector underperformed the market this year through early September, up only 3.3 percent, versus the S&P 500's 16 percent gain. Investors, betting on a recovery, rotated into more economically sensitive stocks. Even so, the 38-year-old Pecoriello, who received his B.S. from Boston University and his MBA from the Wharton School, managed to find some winners. He initiated coverage of Dean Foods Co., which processes and distributes dairy products, with an overweight in January at a split-adjusted 26. "The company is in the early stages of transforming itself into a brand," he says. The stock traded at 29 in September, up 14 percent from the start of the year, reflecting solid revenue growth and successful cost-cutting. Although he ceded the top spot, CSFB second-teamer Conway is still lauded by clients. "Lots of analysts have a hidden agenda — his analysis seems straightforward and unbiased," an investor says. Conway, bullish on Anheuser-Busch Cos., reiterated his outperform in March at 48. The beer manufacturer boasts a 50 percent market share, and its Bud Light is the fastest-growing light beer, Conway says. The shares had reached 52 by early September. Lehman's **Michael Branca** wins praise for his "willingness to go against conventional thinking," says one investor. The analyst upgraded PepsiCo at 36 in July 2002 on renewed faith in its snacks division, Frito-Lay. The stock closed at 44 in early September.

LEFT TO RIGHT: **Meredith Adler**, Retailing/Food & Drug Chains; **Victor Miller IV**, Radio & TV Broadcasting; **Jason Goldberg**, Banks/Midcap; **Ivy Zelman**, Homebuilders & Building Products; **David Raso**, Machinery; **Richard Sherlund**, Software; **Lori Appelbaum**, Banks/Large-Cap

PHOTOGRAPHED AT HODGSON'S FARM & GARDEN CENTER, UNION SQUARE GREENMARKET, EAST 17TH STREET, NEW YORK CITY, SEPTEMBER 17, 2003.

Cosmetics, Household & Personal Care Products

CAROL WARNER WILKE
MERRILL LYNCH

SECOND TEAM **Amy Low Chasen** *Goldman Sachs* ■ THIRD TEAM **Ann Gillin Lefever** *Lehman Brothers* ■ RUNNERS-UP **Andrew McQuilling** *UBS;* **Wendy Nicholson** *Smith Barney Citigroup;* **William Steele** *Banc of America Securities*

After several years of outperforming the S&P 500, the gloss on cosmetics shares started to dull this spring. Investors were more taken with cyclical stocks. Three-time first-teamer **Carol Warner Wilke** of Merrill responded by narrowing her buy list to just a few companies. One winner: Avon Products, a Warner Wilke favorite that rose nearly 19 percent in 2003 through early September and her top pick for several years running. "Despite challenges in Latin America, Avon's top-line growth continues to be stronger than the rest of the group," says the 37-year-old analyst. Also lauded: a "constant flow" of in-depth research and candid analysis. "She calls it like she sees it and, unlike her peers, will show what levers management is pulling to actually make numbers," says one investor. Repeating in second place is **Amy Low Chasen**, who "knows the industry, as well as the psychology of the Street," according to a client. The Goldman researcher cooled on Gillette Co. in April, arguing that the company would face intensified competition from its rival Schick since it has been acquired by Energizer Holdings. Gillette's shares subsequently underperformed the sector through early September. Climbing a notch to third place, Lehman's **Ann Gillin Lefever** wins praise from clients for her responsiveness and insights. Concluding in June 2002 that Colgate-Palmolive Co.'s tooth-whitening product would increase revenues in the second half of the year and into 2003, Gillin Lefever upgraded the shares; the stock had gained 7 percent by early September 2003.

Food

ANDREW LAZAR
LEHMAN BROTHERS

SECOND TEAM **John McMillin** *Prudential Equity Group* ■ THIRD TEAM **David Nelson** *CSFB* ■ RUNNER-UP **Eric Katzman** *Deutsche Bank Securities*

Lehman's **Andrew Lazar** ends **John McMillin**'s five-year stretch in first place. Lazar, No. 2 last year, is most appreciated for the depth of his fundamental research. "He does a great job looking at cash flow and how efficient companies are at using it," says a client. It has been a tricky market for food shares: These defensive plays did relatively well last year by remaining flat, but their 3 percent gain through early September has lagged this year's rallying market. Still Lazar, 37, with an MBA from Columbia Business School, has pinpointed some winners. Expecting growth in private-label sales, he initiated coverage in late January on RalCorp Holdings, which makes cereals, jellies and snack nuts, with a buy. "It's the only large, well-capitalized company capable of consolidating the fragmented private-label food industry," Lazar notes. RalCorp had climbed 14 percent by September. Lazar upgraded Hershey Foods Corp. last July, convinced that the company's CEO would further expand margins. By chance, his upgrade came two days before management announced its intent to sell the company. The sale was later dropped, but Hershey shares jumped 20 percent by this September. "I like John McMillin just the way he is — cynical and opinionated," says one supporter of Prudential's second-teamer. McMillin's skepticism helped keep clients out of Kraft Foods last year. In April 2002 he turned negative on the shares at 40, deeming them overpriced in light of lower-than-expected sales. After a second-quarter 2003 earnings disappointment, Kraft fell to 29 by September. Repeating in third, CSFB's **David Nelson** gets raves for his "prolific and timely analysis." Focusing on category-dominating companies, Nelson is a long-term backer of soybean processor Bunge, up 27 percent year-to-date through early September.

Gaming & Lodging

MICHAEL RIETBROCK
SMITH BARNEY CITIGROUP

SECOND TEAM **David Anders** *Merrill Lynch* ■ THIRD TEAM **Harry Curtis** *J.P. Morgan Securities* ■ RUNNERS-UP **Marc Falcone** *Deutsche Bank Securities;* **Steven Kent** *Goldman Sachs*

Smith Barney Citigroup's **Michael Rietbrock**, 34, repeats in first place, winning praise for the "depth and breadth of his knowledge." One example was his upgrade of lottery services and equipment provider Gtech Holdings Corp. in September 2002 at 24. Rietbrock expected Gtech to benefit as state governments ramped up lotteries to close widening budget gaps. The stock had jumped 79 percent, to 43, nearly a year later. Investors also laud Rietbrock's willingness to "hold a dialogue, versus just telling you his views," as one investor puts it. "With him, you can throw ideas around." Merrill's **David Anders** moves up a notch to second place. "He's particularly good on hotels," notes one buy-sider. Anders maintained buys on Hilton Hotels Corp. and Starwood Hotels & Resorts Worldwide even as lodging stocks sold off on concerns about a double-dip recession in October 2002 and on war fears in March 2003. He downgraded both to neutral in June 2003 on valuation. Hilton rose 18 percent in 2002 and an additional 9 percent, to 14, in 2003 through the downgrade; Starwood fell 19 percent last year and then rebounded 28 percent, to 30, through the downgrade. Hilton rose to 15 and Starwood climbed to 34 by early September. (Lodging stocks fell 9 percent in 2002 and climbed 26 percent in 2003 through early September.) A runner-up in 2002, **Harry Curtis** of J.P. Morgan takes third this year. "Curtis brings experience in Vegas and tenure in the gaming industry," says an investor, noting that Curtis is a visiting professor at the University of Nevada–Reno, where he teaches casino managers how Wall Street values their companies. Curtis was on target when he started covering Choice Hotels International with a buy in October 2002 at 21, based on anticipated earnings growth as more independent hotel operators convert to Choice brands, such as Comfort Inn. Since the call, Choice had climbed to 33 by early September.

Homebuilders & Building Products

IVY ZELMAN
CSFB

SECOND TEAM **Stephen Kim** *Smith Barney Citigroup* ■ THIRD TEAM **Margaret Whelan** *UBS*

With mortgage rates near 45-year lows for much of the past year, the construction industry has been humming. Homebuilding stocks jumped 40 percent through early September, versus a 16 percent rise in the S&P 500. On the other hand, shares of homebuilding products makers, facing tough competition from China and other low-wage countries, were flat. CSFB's **Ivy Zelman**, 37, the No. 1 hard hat for five straight years, earns special praise for her bullish call on WCI Communities, a construction services company. (Such enterprises essentially act as general contractors; they may also own mortgage companies.) In February, when WCI was trading below book value at 9.26, Zelman upgraded it to outperform. The stock traded at 17 in early September. The analyst calculated that WCI's year-end 2002 equity value of $663.5 million understated its worth by approximately 40 percent because investors didn't give sufficient weight to its Florida properties. Aside from her stock-picking prowess, investors like Zelman's detailed statistical reports. "She is one of the best analysts on the Street," says a client. Repeating in second place, Smith Barney Citigroup's **Stephen Kim** touted Hovnanian Enterprises, a single-family home and condominium builder, which he upgraded to a buy in February at 32. Particularly attractive: three-year revenue growth of 39 percent and three-year earnings-per-share growth of 43 percent. By September the stock was at 64. Newcomer **Margaret Whelan** of UBS made a shrewd call on building products company Masco Corp., upgraded to a buy in December at 20. Masco was facing lawsuits claiming that some exterior woodcoatings were especially susceptible to mildew. Whelan met with management and determined that the litigation was not a risk to the company. (It was later settled.) By September the stock had topped 25, up almost 30 percent. "She is a smart analyst, and she knows her companies well," says an investor.

Leisure

ROBIN FARLEY
UBS

SECOND TEAM **Felicia Rae Kantor** *Lehman Brothers* ■ THIRD TEAM **Dean Gianoukos** *J.P. Morgan Securities* ■ RUNNERS-UP **Scott Barry** *CSFB;* **Jill Krutick** *Smith Barney Citigroup*

Cogent analysis of the merger of cruise giants Carnival Corp. and P&O Princess helps UBS researcher **Robin Farley**, 33, repeat in first place in an unchanged lineup. "She thought it was strategically positive and that any pressure on the combined company's stock presented a buying opportunity," says one investor. Sticking to her thesis, Farley reiterated her buy on Carnival several times over the past 12 months, reasoning that booking disruptions caused by the U.S. war with Iraq and highly publicized incidents of cruise-ship stomach flu wouldn't last long. Carnival eased 7 percent in 2002 but rocketed 38 percent higher in 2003 through early September. Clients also appreciate Farley's "thought pieces," such as her study of spending patterns onboard cruise ships. Lehman's **Felicia Rae Kantor** takes second again. "Her level of knowledge and helpfulness in answering questions is quite good," says a client. One lucrative call: Kantor's February upgrade of toy maker Hasbro at 12, based on its renewed emphasis on such classics as G.I. Joe and Play-Doh. The stock had gained 54 percent by September, easily beating the S&P 500's 21 percent gain in that time. Buy-siders also enjoy Kantor's periodic "Tales from the Road" reports on Harley-Davidson. "She does dealer visits and surveys and gains valuable information on sales trends," says one reader. Winning praise for thorough channel checks is **Dean Gianoukos**, J.P. Morgan's three-time third-teamer. "He goes out of his way to dig into what's important," says an investor. Gianoukos upgraded toy maker Mattel to overweight in October 2002 at 16, reasoning that the market had already discounted the likelihood of a weak holiday season. The shares rose to 21 by April, at which point Gianoukos downgraded on concerns about Mattel's slowing margin improvement and increasing competition for its key franchise, Barbie. Mattel traded at 20 in early September.

Restaurants

JOSEPH BUCKLEY
BEAR STEARNS

SECOND TEAM **Janice Meyer** *CSFB* ■ THIRD TEAM **Mitchell Speiser** *Lehman Brothers* ■ RUNNERS-UP **Andrew Barish** *Banc of America Securities;* **Mark Kalinowski** *Smith Barney Citigroup*

Joseph Buckley's hunger for knowledge keeps him atop the restaurant sector for a third year. "When he travels the country, he makes it a point to visit as many restaurant chains as possible, to personally test quality, service and presentation, going beyond the call of any analyst," says a grateful investor. The Bear Stearns researcher, 49, has been pushing casual-dining establishments over fast food: The former category rose 9.1 percent and the latter fell 17 percent in the 12 months to early September 2003. Buckley argues that casual dining offers more room for growth and caters to consumers' maturing tastes. Nonetheless, investors say that his breakout recommendation was a mid-December outperform on fast-food conglomerate Yum! Brands at 22 for its growth rate and success in opening restaurants that offer several of its fast-food brands under one roof. Yum! had climbed 36 percent, to 30, by early September. In an unchanged lineup, CSFB's **Janice Meyer** holds second place for a third year. "Her knowledge of industry dynamics has led her to see through short-term volatility in stocks," says one investor. An example: her bullishness on P.F. Chang's China Bistro since its December 1998 IPO at 12. "When most analysts downgraded the stock because it appeared expensive on a price-earnings basis, Meyer stuck with it due to its differentiation and promising growth," says a client. P.F. Chang's rose nearly 60 percent, to 48, in the 12 months to early September. Lehman researcher **Mitchell Speiser** "thinks like a buy-sider more than a traditional sell-sider," zeroing in on such operational details as menu pricing and cost-cutting, says a follower of the repeat third-teamer. One example: Speiser's December 2002 upgrade to equal weight of McDonald's Corp. at 16 because new CEO James Cantalupo was shifting away from deep discounting. McDonald's shares had advanced by 49 percent, to 23, by early September.

Retailing/Department Stores & Broadlines

DANIEL BARRY
MERRILL LYNCH

SECOND TEAM **Deborah Weinswig** *Smith Barney Citigroup* ■ THIRD TEAM **George Strachan** *Goldman Sachs* ■ RUNNERS-UP **Shari Schwartzman Eberts** *J.P. Morgan Securities;* **Michael Exstein** *CSFB;* **Wayne Hood** *Prudential Equity Group;* **Emme Kozloff** *Sanford C. Bernstein*

Chalk up an eighth straight victory for Merrill's **Daniel Barry**, 62. "He really does a good job of viewing things through the eyes of institutional investors," says a client. Believing its post–9/11 sales surge was over, Barry downgraded the group from August 2002 through April 2003 but favored a "Defensive Dozen" — five of which were broadlines, including J.C. Penney Co., Kohl's Corp. and Wal-Mart Stores — whose sales would weather a slowdown best. The dozen fell by 2.3 percent, compared with a loss of 3.5 percent for the S&P 500 in that time; Merrill's index of a wide range of retail stocks fell almost 11 percent. Barry's best pick: Dollar Tree Stores in April at 24 on valuation and expected sales improvements; it had gained 54 percent by early September. Clients also like Barry's quarterly "Vital Signs," forecasting indicators including sales and profit per square foot. Smith Barney Citigroup's **Deborah Weinswig** makes her category debut at No. 2 (she was a 2001 Bear Stearns runner-up in Retailing/Food & Drug Chains). Praised for weekly notes and conference calls with industry experts, Weinswig is "not afraid to give an opinion," says an investor. She scored with a July upgrade of BJ's Wholesale Club at 16, though many investors had lost confidence in it. After a June visit, Weinswig was impressed with BJ's new CEO, expanded procurement team and plans to offer more prepared foods. The shares had hit 22 by September. Goldman's **George Strachan** repeats in third place, credited for company knowledge and access to and understanding of managements. Clients say he's active on stock picking, but one complains that he never "pounds the table." Strachan upgraded the sector to neutral on January 30 because it was historically cheap compared with the broad market; now he says that he should "have gone straight to attractive": It was up 43 percent by early September.

Retailing/Food & Drug Chains

MEREDITH ADLER
LEHMAN BROTHERS

SECOND TEAM **Mark Husson** *Merrill Lynch* ■ THIRD TEAM **Lisa Cartwright** *Smith Barney Citigroup* ■ RUNNERS-UP **Stephen Chick** *J.P. Morgan Securities;* **John (Jack) Murphy** *CSFB*

"She's very good on qualitative issues, especially regarding management teams," says one investor of Lehman repeat first-teamer **Meredith Adler**, 49. For example, Adler got vocal in backing drug retailer CVS Corp. in April at 24 because its executives were cutting corporate overhead and other expenses to tackle Medicaid pressures and slowing sales. She officially upgraded the stock in June at 28; it had advanced to 31 by early September. Clients say Adler's background as a commercial lender and high-yield bond analyst gives her a unique balance sheet perspective on retailers that are sometimes leveraged or even in danger of bankruptcy. Backers of Merrill's **Mark Husson**, who climbs a rung to No. 2, appreciate his European perspective. In August, Husson, a Briton, became team coordinator of Merrill's new global retail research. Investors laud him for his convictions: "He doesn't flip-flop his ratings at the turn of a hat," says one. Husson got the relative strength of food retailers right. Positive on Kroger Co. throughout the past year and Safeway since mid-December 2002, Husson had a sell on Albertson's until August 2003. Kroger and Safeway offered lower prices and boasted stronger market shares and brand franchises than their competitors; they lagged the S&P 500 by 7 percentage points and 3 percentage points, respectively, through early this September. Meanwhile, the sell recommendation, Albertson's, underperformed the S&P 500 by 33 percentage points through mid-August. Despite dropping a slot to No. 3, Smith Barney Citigroup's **Lisa Cartwright** is appreciated for her quick notes on breaking news, followed by in-depth reports, and her unbiased calls. Cartwright upgraded her three food retailing stocks — Albertson's, Kroger and Safeway — last November, with Kroger her favorite because it had progressed furthest in cutting prices and increasing promotional activities. By early September, Kroger had topped her universe's 17 percent gain by 12 percentage points.

Retailing/Hardlines

ARAM RUBINSON
BANC OF AMERICA SECURITIES

SECOND TEAM **Alan Rifkin** *Lehman Brothers* ■ THIRD TEAM **Gary Balter** *UBS* ■ RUNNERS-UP **Matthew Fassler** *Goldman Sachs;* **Dana Telsey** *Bear Stearns*

"He brings original thought to the group and thinks like a buy-sider, looking for coming change rather than reporting it," says a proponent of BAS's **Aram Rubinson**, who leaps two slots to first. Rubinson, 33, a Tufts University grad, went against the flow with his bullishness on used-car retailer Carmax, which he originally recommended in August 2001 at 16 while at his previous employer, UBS. "Investors were wary due to perceived credit risk [from automobile installment lending]," Rubinson explains, "but I viewed the company as a rare opportunity in retail for open-ended growth." The shares traded at 35 in early September 2003. Investors appreciate Rubinson's reality-TV-style DVD, "Joe Contractor," in which he interviews professional contractors about national home centers, for which they constitute an important market segment. Lehman's **Alan Rifkin**, who climbs two rungs to No. 2, has strong convictions. "If I love a stock, I will have the highest [earnings] numbers on the Street," he says. His "love" for home store Lowe's Cos. for its "masterful job" at entering competitor Home Depot's major markets is a perfect example: Although he had rated the stock equal weight since August 2002, in July he raised his second-quarter earnings estimate to $0.71 per share, 2 cents above the Street's consensus and closest to the $0.75 that the company reported. Since the estimate increase the shares had risen 26 percent, to 55, by early September. **Gary Balter**, who slips a notch to third, impressed clients with his April upgrade of pet supplies retailer Petsmart at 15 because of its store remodeling program; it had risen to 23 by September. Balter, who joined UBS from CSFB in March, is bullish on the sector, believing that hardlines' earnings growth will hold up well in an uncertain economy; in the 12 months to September, hardlines gained 25 percent as the broad market rose by 4 percent.

Retailing/Specialty Stores

DANA TELSEY
BEAR STEARNS

SECOND TEAM **Dana Cohen** *Banc of America Securities* ▪ THIRD TEAM **Stacy Pak** *Prudential Equity Group* ▪ RUNNERS-UP **Mark Friedman** *Merrill Lynch;* **Kimberly Greenberger** *Lehman Brothers*

"She is nonstop," says an admiring client of Bear Stearns' **Dana Telsey**, 40. Telsey's broad knowledge and passion for retail set her apart, leading to her fifth straight first-place finish — by a wide margin. Known for haunting malls and retail stores to gather information firsthand, Telsey exposes customers to her hands-on approach during "field trips" that allow them to observe in-store activity at the consumer level. Investors laud her for her steady positive stance on Coach. Telsey, who first recommended the stock in March 2001 at 14, reiterated her outperform at 54 in July 2003, in part because of the luxury-goods purveyor's prospects for Japanese expansion. The stock had risen to 57 by early September. Telsey's initial Coach call made her a 2002 Home-Run Hitter (*Institutional Investor*, April 2003). In this unchanged lineup **Dana Cohen** garners second for a fourth year, based on "her ability to stay focused on her objective in a very volatile sector," according to an investor. The BAS researcher demonstrates this with her disciplined coverage of AnnTaylor Stores Corp., which she recommended in April at 21 after the women's clothing chain hired a former Banana Republic design guru, Jerome Jessup, to update its relatively staid line; other analysts were concerned about revenue growth. The shares had jumped to 32 by early September. Clients praise repeat third-teamer **Stacy Pak** for her unconventional and independent approach. During the 2003 severe acute respiratory syndrome outbreak, investors worried that retailers' Asian clothing factories would shut down, resulting in product delays during the key back-to-school season. The Prudential Equity Group researcher arranged a May client conference call with a Harvard University epidemiologist. "We learned that SARS is actually very difficult to spread, easing our fears regarding plant shutdowns. Ultimately, the back-to-school season was positive," says one investor.

LEFT TO RIGHT: **James Wicklund**, Oil Services & Equipment; **Ronald Barone**, Natural Gas; **Stephen Girsky**, Autos & Auto Parts; **Dana Telsey**, Retailing/Specialty Stores; **Kenneth Weakley**, Health Care Facilities; **Jonathan Litt**, REITs; **Michael Weinstein**, Medical Supplies & Devices

PHOTOGRAPHED AT WALMIR MEAT, 839 WASHINGTON STREET, NEW YORK CITY, SEPTEMBER 12, 2003.

Tobacco

DAVID ADELMAN
MORGAN STANLEY

SECOND TEAM **Martin Feldman** *Merrill Lynch* ▪ THIRD TEAM **Bonnie Herzog** *Smith Barney Citigroup* ▪ RUNNER-UP **Robert Campagnino** *Prudential Equity Group*

A "willingness to lean against the wind," as one investor puts it, helps Morgan Stanley's **David Adelman**, 35, ascend a step to claim the top slot for the first time. One example: his September 2002 downgrade of the sector to neutral over concerns that discount manufacturers would pressure prices. Tobacco shares dropped 20 percent from September through mid-March, at which point Adelman went positive again. He believed that tobacco shares had dipped too low on news of an Illinois lawsuit alleging that the term "light cigarette" was deceptive. From the upgrade through early September, tobacco shares had risen 22 percent, compared with a 17 percent gain for the S&P 500. The University of Chicago Graduate School of Business MBA is praised for his "perspective and patience and ability to look beyond the near-term uncertainties," as one client says. Although he drops to second place after four years in first, Merrill's **Martin Feldman** is lauded for his upgrade of Altria Group (formerly known as Philip Morris Cos.) in April at 32, based on more-favorable outcomes in tobacco suits and stepped-up discounts, coupons and other promotions for Altria's premium-cigarette brands. The stock rose to 47 in early July before pulling back to 42 as of early September. "He called that one," says a client. Investors also appreciate Feldman's University of Cambridge law degree and his knowledge of foreign tobacco companies. Smith Barney Citigroup researcher **Bonnie Herzog** repeats in third place. "She's the best stock picker," says an investor. One profitable call: Herzog's downgrade of R.J. Reynolds Tobacco Holdings in September 2002 at 53 because of increased promotional expenses in the second half of 2002. The stock closed in early September at 35, down 34 percent. Customers also prize Herzog's fundamental assessments: "Her reports on the competitive landscape and her survey of wholesalers are very helpful," says one.

ENERGY

Electric Utilities

STEVEN FLEISHMAN
MERRILL LYNCH

SECOND TEAM **Daniel Ford** *Lehman Brothers* ▪ THIRD TEAM **Kit Konolige** *Morgan Stanley* ▪ RUNNER-UP **James (Jay) Dobson** *Deutsche Bank Securities*

Merrill seven-time first-teamer **Steven Fleishman** turned positive on utilities last fall as power makers sold assets, cut dividends, shuttered risky energy trading units and generally put their balance sheets in better shape. His timing was impeccable: The sector dropped by 43 percent in 2002 through early October, then spiked up 31 percent by early September 2003. Fleishman, 34, emphasized stocks such as Dominion Resources, an existing buy that he put on Merrill's focus list in December 2002 at 50, and TXU Corp., upgraded in March at 16 after it closed its troubled European unit. The stocks had reached 61 and 22, respectively, by early September. April's "Capital Structure Investing in Utilities" report, created jointly with fixed-income and convertibles analysts, was also well received. "His valuation framework is good, and he has lots of experience," says a backer. Lehman repeat second-teamer **Daniel Ford** "has good judgment in separating the oversold stocks from distressed situations," says a client. For example, Ford recommended PG&E Corp. in September 2002 and Public Service Enterprise Group in December, asserting that their default risks were less than their shares indicated. The stocks had risen 107 and 41 percent, respectively, by September 2003. Investors also praise Ford's thoughtful industry reports, including a March review of distressed situations and a May quantitative look at the power-generation industry's cash flow and earnings calculations. Credited with "good experience and wide industry knowledge," Morgan Stanley's **Kit Konolige** moves from runner-up to No. 3. Investors like his focus on companies with both regulated and unregulated businesses, such as American Electric

Power Co., which he recommended in January at 26 on its strengthening balance sheet and low cost structure; the shares traded at 29 in September. Detailed models for each segment of a company allow Konolige to generate "earnings estimates [that] are more accurate than others'," says a client.

Integrated Oil

PAUL TING
UBS

SECOND TEAM **Douglas Terreson** *Morgan Stanley* ■ THIRD TEAM **Arjun Narayana Murti** *Goldman Sachs* ■ RUNNERS-UP **Mark Flannery** *CSFB;* **Frederick Leuffer** *Bear Stearns;* **Michael Mayer** *Prudential Equity Group;* **Steven Pfeifer** *Merrill Lynch*

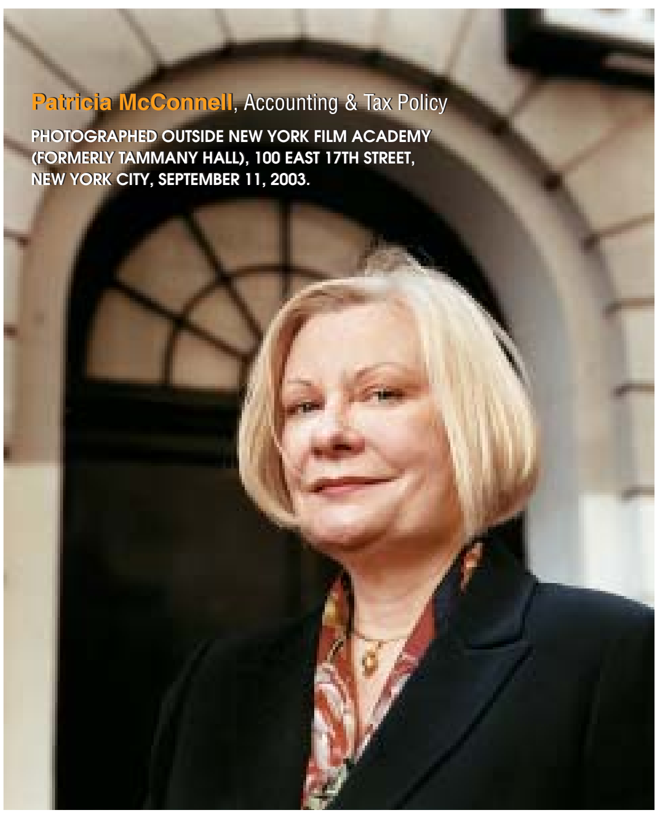
Six-time first-teamer **Paul Ting**, who moved from Smith Barney Citigroup to UBS in May, continues to impress investors with his proprietary research and active approach. "He calls me on his own," says a supporter. Generally cautious on the integrated oil stocks over the past year, Ting, 53, accurately forecast that OPEC would not cut production at its June 2003 meeting. He also wisely advised clients to trade the refining and marketing segment of the group seasonally, owning the stocks in the first quarter of the year, when refining margins are usually strong, but selling before second- and third-quarter troughs. In the first quarter of 2003, refining shares beat the S&P 500 by 1.3 percentage points, but they lagged the broad market by more than 2 percentage points in the second quarter. Morgan Stanley's **Douglas Terreson**, second for a sixth year, is credited for being among Wall Street's biggest bulls on oil in late 2002. Like Ting, he encouraged investors to take advantage of seasonal moves in refiners and marketers. His December "Straw Hats in Winter" report called the move in refining and marketing names such as Valero Energy Corp. and Premcor, up 32 percent and 24 percent, respectively, through the first quarter of 2003. (Through early September their gains were more modest: 20 percent and 18 percent, respectively). Terreson remains bullish on their prospects for 2004–'05. Goldman's **Arjun Narayana Murti** climbs a notch to third. The former buy-sider wins points for directness: "He says what he means," says a client. Murti downgraded Amerada Hess Corp. last September, when it was still near 70, convinced that the stock price did not reflect the company's overreliance on North American and North Sea oil. Amerada Hess announced asset write-downs and pension charges over the next two quarters, and the shares had fallen to 48 by September.

Natural Gas

RONALD BARONE
UBS

SECOND TEAM **M. Carol Coale** *Prudential Equity Group* ■ THIRD TEAM **Scott Soler** *Morgan Stanley* ■ RUNNERS-UP **Anatol Feygin** *J.P. Morgan Securities;* **Richard Gross** *Lehman Brothers;* **David Maccarrone** *Goldman Sachs*

Having followed the natural-gas business for 32 years, UBS analyst **Ronald Barone** "knows every little thing that happens in the industry," a client says. Barone has also achieved a rarity: Capturing first place in three different decades (his previous wins were in 1989 and 1996). Barone, 60, who rises a notch from 2002, "has got great models," says another admirer. "He's very smart, and he's highly available for someone so senior." Last year Barone focused on the impending gas-supply crisis, predicting with almost perfect accuracy during the summer of 2002 that the full-year average composite spot price for gas would be $3.00 per million BTU; the actual average came in just slightly higher, at $3.10. In February 2003 he upgraded Dominion Resources at 55 as a play on gas (it had acquired Consolidated Natural Gas Co. in 2000) and on rising electricity prices. The stock closed at 61 in early September. Maintaining a cautious stance on the group because of volatility, Prudential Equity Group's **M. Carol Coale** helped investors "stay away from the disasters," says a customer. For example, the analyst downgraded Duke Energy Corp. from buy to hold in July 2002 at 29; through early September 2003 the shares had lost 36 percent (adjusted for dividends). Coale, who falls one notch to second place, publishes comprehensive and well-received reports, including a June review of the energy traders that predicts that they will revive over the next 18 to 24 months. Morgan Stanley's **Scott Soler** takes third. Tying for second in Building & Building Products in 2001, he began covering energy merchants in June 2002 and pipelines in October 2002. A former auditor, Soler's models and quantitative skills win points with investors. Clients appreciated his November 2002 underperform on El Paso Corp. at 8.55 on legal issues stemming from energy trading and the company's settlement with the state of California; the shares sank to 3.33 in February, rebounding to 7.73 by early September.



Patricia McConnell, Accounting & Tax Policy

PHOTOGRAPHED OUTSIDE NEW YORK FILM ACADEMY (FORMERLY TAMMANY HALL), 100 EAST 17TH STREET, NEW YORK CITY, SEPTEMBER 11, 2003.

Oil & Gas Exploration & Production

ROBERT MORRIS
BANC OF AMERICA SECURITIES

SECOND TEAM **Thomas Driscoll** *Lehman Brothers* ■ THIRD TEAM **Lloyd Byrne** *Morgan Stanley* ■ RUNNERS-UP **William Featherston** *UBS;* **John Herrlin Jr.** *Merrill Lynch*

Investors apparently don't like to mess with success. In an unchanged lineup, BAS's **Robert Morris**, 41, takes first place, praised for his consistently and correctly bullish stance. Overweighting the group starting in July 2002, Morris argued that natural-gas prices in 2003 would rise higher than the Street was forecasting. By June the consensus had caught up to Morris, and he downgraded to market weight the following month. From July 2002 through June 2003, E&P shares rose 20 percent, outstripping the S&P 500s 7 percent gain. From July to early September, E&P shares gave up 1.2 percent, and the S&P gained 4 percent. Among his top picks: longtime favorite Burlington Resources on a boost from higher gas prices and post-restructuring efficiencies. The shares rose 31 percent from January 2002 to September 2003. Morris joined BAS from Smith Barney Citigroup in March 2003. Lehman three-time second-teamer **Thomas Driscoll** is noted for detailed gas storage work and an annual study of E&P share price drivers. Published in April, the report evaluates reserves, cash flow and production per share, which Driscoll views as the key determinants of stock prices. "He's good at picking stocks, and he's very accessible," says a customer. Driscoll, too, favored Burlington Resources, which jumped 25 percent after his February call before pulling back in early September. "**Lloyd Byrne** is more of a portfolio manager's analyst" than are most of his competitors, says a client of Morgan Stanley's repeat third-teamer. "He's a good stock picker and has done a good job of calling the timing of price moves." Investors laud Byrne's report on companies that allocate cash flow well, such as Apache Corp. and Pogo Producing Co. Apache, a long-standing recommendation, rose 16 percent in 2002 and had gained another 16 percent through early September. Pogo, recommended in April 2002, had climbed 39 percent by early September.

Oil Services & Equipment

JAMES WICKLUND
BANC OF AMERICA SECURITIES

SECOND TEAM **James Stone** *UBS* ■ THIRD TEAM **Terry Darling** *Goldman Sachs* ■ RUNNERS-UP **James Crandell** *Lehman Brothers;* **Ole Slorer** *Morgan Stanley*

A no-nonsense approach and deft sector calls keep BAS's **James Wicklund**, 49, in the top slot for a second year. "He has a good understanding of the details, and he'll give it to you as it is," explains one investor. Wicklund timed the group perfectly in the past year, growing cautious last September because he expected uncertainty about an economic recovery to lead to a drilling lull. The sector was little changed through early December, when, as fears about returning recession eased and a frigid winter set in, he told investors to go overweight by the end of January. Although other analysts saw drillers boosting spending by 3 to 5 percent, Wicklund predicted that the U.S. rig count, driven partly by driller spending, would rise 22 percent in the first half of 2003; it actually increased by 27 percent, and the group surged 31 percent. Lauded for extensive field studies, newcomer **James Stone** of UBS takes second. His monthly "PatchWork" survey of oil field operating personnel provides investors with a unique boots-on-the-ground perspective on future operating activity and pricing. He put a strong buy on Halliburton Co. in February 2002 at 16, convinced that the market was overestimating Halliburton's asbestos liability. He foresaw an asbestos settlement, which in fact occurred in December 2002. By early September the stock had hit 25. Although he slips a notch to No. 3, Goldman's **Terry Darling** "can read through what a company says to determine what it is really saying," as one investor says. Darling was the first analyst to predict Halliburton's asbestos settlement. Another score: his November recommendation at 13 of Lone Star Technologies, a maker of steel tubing used in oil and gas drilling; he termed it a "near-pure play on the recovery in North American gas drilling." The stock peaked at 25 in June, easing to 16 by September.

FINANCIAL INSTITUTIONS

Banks/Large-Cap

LORI APPELBAUM
GOLDMAN SACHS

SECOND TEAM **Ruchi Madan** *Smith Barney Citigroup* ▪ THIRD TEAM **Michael Mayo** *Prudential Equity Group* ▪ RUNNER-UP **Brock Vandervliet** *Lehman Brothers*

Over the past year, as interest rates eased to historic lows — and then abruptly shot up — Goldman's **Lori Appelbaum** has been out front in assessing the impact on banks and large-cap financials. In November 2002 she argued that further rate cuts would not boost bank profit margins as they had in the past because banks had less room to lower their deposit rates, and she was right about that. Appelbaum, who repeats in first and ranks third in Banks/Midcap, saw Bank of America Corp. jettisoning risky assets and stabilizing net interest margins, and she recommended it as an outperformer in November. By August, when she removed the stock from Goldman's list of outperformers, it had risen 15 percent, versus an 8.5 percent gain in bank stocks. Says one client, "She puts together detailed analyses of loan behavior and credit quality, and she gives you a good understanding of the risks a bank faces." **Ruchi Madan** at Smith Barney Citigroup climbs a notch to No. 2. Unlike many of her peers, Madan made a bullish case for J.P. Morgan Chase & Co. last December, even as Enron Corp.–related woes pummeled its stock. "That call paid off," an investor says. **Michael Mayo** "makes me think," says a buy-sider. The Prudential analyst falls one rung to third. Mayo's sell on Citigroup last August missed the stock's heady 12-month climb of more than 50 percent, but a PNC Financial Services Group downgrade in August on corporate governance concerns prefaced a 17 percent drop, and an October upgrade captured a 30 percent gain through September. The mixed record doesn't dampen the enthusiasm some investors have for Mayo: "Even when he's dead wrong, I want to hear what he has to say," says one.

Banks/Midcap

JASON GOLDBERG
LEHMAN BROTHERS

SECOND TEAM **Keith Horowitz** *Smith Barney Citigroup* ▪ THIRD TEAM **Lori Appelbaum** *Goldman Sachs* ▪ RUNNER-UP **Rosalind Looby** *CSFB*

When repeat first-teamer **Jason Goldberg** of Lehman downgraded the midcap-banks sector to neutral last October, the stocks had already lost 14 percent in the previous three weeks. But Goldberg argued that expected Federal Reserve Board rate cuts would eat into net interest income, further depressing share values. "A month earlier on that call would have been better," says one buy-sider. But another investor says, "A lot of analysts expected midcaps to outperform, when instead they've kept in line with the overall market." The 30-year-old analyst also impressed clients by reiterating his overweight on TCF Financial Corp. in May at 37, in part because TCF is a top Visa card co-issuer. In addition, the full-service bank had reduced its mortgage-backed securities holdings, a shrewd move before interest rates started to climb. TCF gained 27 percent by September. "He was persistent, and for the right reasons," a customer says. Late last year Smith Barney Citigroup's **Keith Horowitz**, who jumps a notch to second, wisely favored large-caps with improving credit outlooks. He stuck to a few midcaps, though, such as First Tennessee National Corp. "People just didn't see the big picture around the stock, and Keith explained how the overall franchise was strong," a client notes. Horowitz raised it to a buy last July, and the stock advanced 10 percent, to 40, in April, at which point he lowered it to neutral, believing that the mortgage refinancing boom would soon peter out. It did, of course, but not right away: The stock climbed 17 percent higher by June before falling back to 41 in early September. Goldman's **Lori Appelbaum**, who takes the top spot in Banks/Large-Cap, slips a rung here to No. 3. One of her smart calls: a November downgrade of North Fork Bancorp at 39; it was trading at 35 in early September.

Brokers & Asset Managers

HENRY MCVEY
MORGAN STANLEY

SECOND TEAM **Guy Moszkowski** *Merrill Lynch* ▪ THIRD TEAM **Brad Hintz** *Sanford C. Bernstein* ▪ RUNNERS-UP **Mark Constant** *Lehman Brothers;* **Glenn Schorr** *UBS*

Morgan Stanley's **Henry McVey** was only six years old on May Day 1975, but the four-time winner boasts a grizzled veteran's knowledge of the financial services industry. "Other guys have been around longer and have more institutional memory, but Henry has a better feel for the stocks," notes one supporter. Buy-siders report that the analyst offers an invaluable combination of industry knowledge and stock-picking savvy. McVey remained bullish on Lehman Brothers Holdings, encouraging investors in February to stick with the stock when it was trading in the low 50s, despite the conventional wisdom that no more profits were to be wrung from the bond market. By June, Lehman shares had reached the mid-70s; they traded in the high 60s in September. **Guy Moszkowski**, who jumped from Smith Barney Citigroup to Merrill in March, is No. 2 for the third straight year. "With the brokers, there are so many moving parts," says one admirer. "Guy helps you get comfortable with what really drives the stocks." Moszkowski upgraded Morgan Stanley from neutral to buy last November, retreated to neutral in April and restored a buy in early July. The stock climbed from 38 at his first upgrade to 45 at the time of the downgrade, dropped to 42 by the end of June and had surged to 49 by early September. Sanford C. Bernstein's **Brad Hintz**, a 2002 runner-up, rises to third place. As investors struggled last winter to understand the full scope of potential losses in Morgan Stanley's aircraft leasing business, Hintz discovered that the identification numbers of all the firm's planes were publicly available. Hintz then hired a consultant to evaluate the aircraft and, unlike his rivals, estimated the losses based on first-hand information.

Insurance/Life

COLIN DEVINE
SMITH BARNEY CITIGROUP

SECOND TEAM **Andrew Kligerman** *UBS* ▪ THIRD TEAM **Edward Spehar** *Merrill Lynch* ▪ RUNNERS-UP **Eric Berg** *Lehman Brothers;* **Nigel Dally** *Morgan Stanley;* **Vanessa Wilson** *Deutsche Bank Securities*

Smith Barney Citigroup four-time first-teamer **Colin Devine** is a contrarian — and more often than not, he's right. In April the 44-year-old analyst upgraded UnumProvident Corp. to outperform. The company had recently announced moves to improve its capital structure. Because it was trading at only 0.4 times book value, Devine thought the stock was a good buy. It had surged 51 percent by early September. "Wall Street had little faith in management and hated the stock, but so far Devine seems to be right," says an investor. "He's able to look at a company and say that it has what it takes to survive," says another supporter. **Andrew Kligerman** at UBS maintains his second-place finish after switching from Bear Stearns in April. Investors praise his January analysis of the effects of the Bush administration's tax proposals on life insurers. "He said that it could be terrible for annuities, but he thought that new provisions would soften the blow," says one reader. Kligerman raised his rating on Prudential Financial to outperform in December 2002 when the stock was at 31.84. He was enthusiastic about the company's strong capital base and its acquisition of insurer American Skandia, announced that month. Shares fell below 30 in March but had climbed back to 36 by early September. Merrill's **Edward Spehar** pulls into the third slot from runner-up and receives most praise for several of his mid-April recommendations. "He highlighted the companies that had equity market exposure, and they've subsequently done very well," says an adherent. Three of his picks, Hartford Financial Services Group, Lincoln National Corp. and Nationwide Financial Services, had advanced by 35, 22 and 13 percent, respectively, through early September.

Insurance/Nonlife

JAY COHEN
MERRILL LYNCH

SECOND TEAM **Alain Karaoglan** *Deutsche Bank Securities* ▪ THIRD TEAM **Todd Bault** *Sanford C. Bernstein* ▪ RUNNERS-UP **Thomas Cholnoky** *Goldman Sachs;* **Ronald Frank** *Smith Barney Citigroup;* **Charles Gates** *CSFB*

There's a new face atop the nonlife insurance category. Two-time first-teamer Alice Schroeder of Morgan Stanley stepped down in May to write a book about investing legend and Berkshire Hathaway CEO Warren Buffett. In her place is Merrill's **Jay Cohen**, who finished second in 2001 and 2002. The 37-year-old Columbia Business School MBA was characteristically bullish throughout 2002 and into 2003 as shares of nonlife companies mostly tracked the ups and downs of the S&P 500. His major thesis: Nonlife insurers were able to increase their prices post–9/11, and therefore their profits were likely to improve — which they did. "Jay knows the industry extremely well," says a supporter. One of Cohen's longstanding buys, W.R. Berkley Group, which has carved out a niche in specialty lines of business such as fitness centers, was a winner. The stock climbed steadily from the low 30s when Cohen recommended it in July

2002 to more than 50 by early September 2003. Second-teamer **Alain Karaoglan** of Deutsche Bank also ascends one step. Karaoglan was similarly bullish, recommending large-caps and especially Hartford Financial Services Group, noting that its price-to-book value had sunk to 0.8, versus an average of 1.8. The stock jumped more than 40 percent. "Hartford is a very high-quality company in the industry, and Alain said it should be trading at a higher book value," a follower says. Making his debut, third-teamer **Todd Bault**, a Sanford C. Bernstein analyst, impresses investors with his 12 years' experience as an insurance actuary and his status as a fellow of the Casualty Actuarial Society. In a February report the analyst recommended Chubb Corp., asserting that investors were overly concerned about a Chubb reserve charge. By early September the stock had shot up nearly 40 percent.

Mortgage Finance

VIVEK JUNEJA
J.P. MORGAN SECURITIES

SECOND TEAM **Bruce Harting** *Lehman Brothers* ▪ THIRD TEAM **Kenneth Posner** *Morgan Stanley*

Investors value analysts' industry knowledge above all, so it's no secret why J.P. Morgan's **Vivek Juneja** wins in this complex category for the second consecutive year — and the third time in the past four years. "He is like a walking encyclopedia of mortgage finance," says a customer. And clients appreciate that he renders mortgage arcana accessible. That's particularly important in tracking government-sponsored enterprises such as Freddie Mac, whose recent accounting restatements show that "the companies you're dealing with in this sector can be awfully opaque," as another client says. Among Juneja's more-appreciated recommendations: Initiating coverage on Countrywide Financial Corp. with a buy last October at 43, citing nascent market share gains and steps the lender was taking to reduce its susceptibility to interest rate cycles. The stock hit 71 by September. Rising a notch to second is Lehman's **Bruce Harting**, a 17-year sector veteran and second-teamer in Specialty Finance. Admirers appreciate his October advice to remain overweight on Golden West Financial Corp. Other analysts downgraded the thrift, worried that its substantial exposure to adjustable-rate mortgages would hurt interest revenue and new-loan volume as rates plummeted. But Harting theorized that Golden West would be able to preserve volume growth by aggressively marketing ARMs as historically a better bet than fixed-rate mortgages. He was correct. It did, and the stock had climbed from 70 one year earlier to 86 in early September. Morgan Stanley third-teamer **Kenneth Posner** makes his first appearance since a 2000 runner-up showing. Investors praise his thorough reports. "Whenever I'm looking for a new idea in the sector, a company that I'm looking at for the first time, I want to read what Ken has written about that company," says a client. "He goes into great detail, breaks out each division in his models, and I find that very helpful."

REITs

JONATHAN LITT & TEAM
SMITH BARNEY CITIGROUP

SECOND TEAM **David Shulman & team** *Lehman Brothers* ▪ THIRD TEAM **Gregory Whyte & team** *Morgan Stanley* ▪ RUNNER-UP **David Kostin & team** *Goldman Sachs*

Real estate investment trust analysts have faced a tough call over the past year. On one hand, if higher rates had arrived, overheated real estate markets might have tumbled. On the other, REITs' outperformance, high dividends and the resilience of underlying property markets have made it hard to give the shares up. Steering a middle course, Smith Barney Citigroup's **Jonathan Litt**, 39, argued that investors should maintain a market weighting. Although that turned out to be too conservative — REIT shares rose 23 percent this year through early September — his clear and consistent message helps lift the team at Smith Barney Citigroup two notches to first place. (Not everyone is a fan: Trizec Properties has sued Litt and Citigroup Global Markets, alleging that Litt defamed the REIT and its chairman, Peter Munk, during an August 2002 earnings conference call and in a subsequent research report. A Citigroup spokeswoman said that Trizec's claims were without merit and that Litt acted in the best interests of investors.) Clients also like Litt's model REITs portfolio, instituted at the beginning of 2003; it rose 25 percent by early September, beating the sector by almost 2 percentage points. Lehman Brothers' team, led by **David Shulman**, who issued several bearish reports this year and last, falls to No. 2. "He's probably going to say he's early," says an investor who nevertheless appreciates Shulman's "deep contrarian streak" and his willingness to "call it like he sees it." Shulman initiated coverage of Rouse Co. last December with an overweight at 31 for its changing focus — then unrecognized by the market — from midmarket malls to high-end malls. It had climbed to 41 by September. The Morgan Stanley team, led by **Gregory Whyte**, falls a notch to third. Like Litt, Whyte trod a middle course, say investors who particularly like his morning e-mails. "I delete most of the others," says one.

Specialty Finance

HOWARD MASON
SANFORD C. BERNSTEIN

SECOND TEAM **Bruce Harting** *Lehman Brothers* ▪ THIRD TEAM **Moshe Orenbuch** *CSFB* ▪ RUNNERS-UP **Michael Freudenstein** *J.P. Morgan Securities;* **Caren Mayer** *Banc of America Securities;* **Kenneth Posner** *Morgan Stanley*

Although he has barely two years as a fully fledged analyst under his belt, Sanford C. Bernstein's **Howard Mason**, 40, vaults from runner-up last year to the top of the heap in 2003. "Howard has reverse-engineered the strategies of the financial services companies like no other analyst," says a client of the former Deutsche banker, who holds an MBA from Harvard Business School. "He has the time, God bless him, and he digs out a rational [evaluation] of companies that are out of favor when other analysts are jumping on the negative bandwagon," notes the customer. For example, another investor relates, Mason stuck with American Express Co. when economic growth was slowing and others believed that the stock was expensive. He upgraded AmEx in December 2001 at 32, in part for its cost-cutting program. The shares, flat throughout last year, rose 27 percent, to 45, through early September 2003. "We listened to him, held the stock and are glad we did," says an appreciative shareholder. **Bruce Harting** of Lehman Brothers advances two notches to second place this year. "Bruce is good at anticipating issues and foreseeing the consequences," says an investor. Customers likewise praise Harting, who also ranks second in the Mortgage Finance category, for deft footwork on AmEx. He advised selling it as overpriced at 55 in 2000; impressed like Mason with its cost-cutting, Harting went to a strong buy in September 2002 at 32, and clients who followed reaped the benefit. Although dropping two slots to third place, CSFB's **Moshe Orenbuch** gets credit for standing by Capital One Financial Corp. and MBNA Corp. — even as the two credit card giants were contending with a soft economy over the past year. Orenbuch "made a good call. Those stocks have doubled off the bottom," an investor says. Also on the mark: Orenbuch's September 2002 downgrade of used-car financier AmeriCredit Corp. at 14. The company was trying to raise new equity despite a weak stock price. AmeriCredit shares then dipped below 2 before rebounding to 11 in early September 2003.

HEALTH CARE

Biotechnology

MAYKIN HO
GOLDMAN SACHS

SECOND TEAM **Eric Ende** *Merrill Lynch* ▪ THIRD TEAM **Meirav Chovav** *UBS* ▪ RUNNER-UP **David Molowa** *J.P. Morgan Securities*

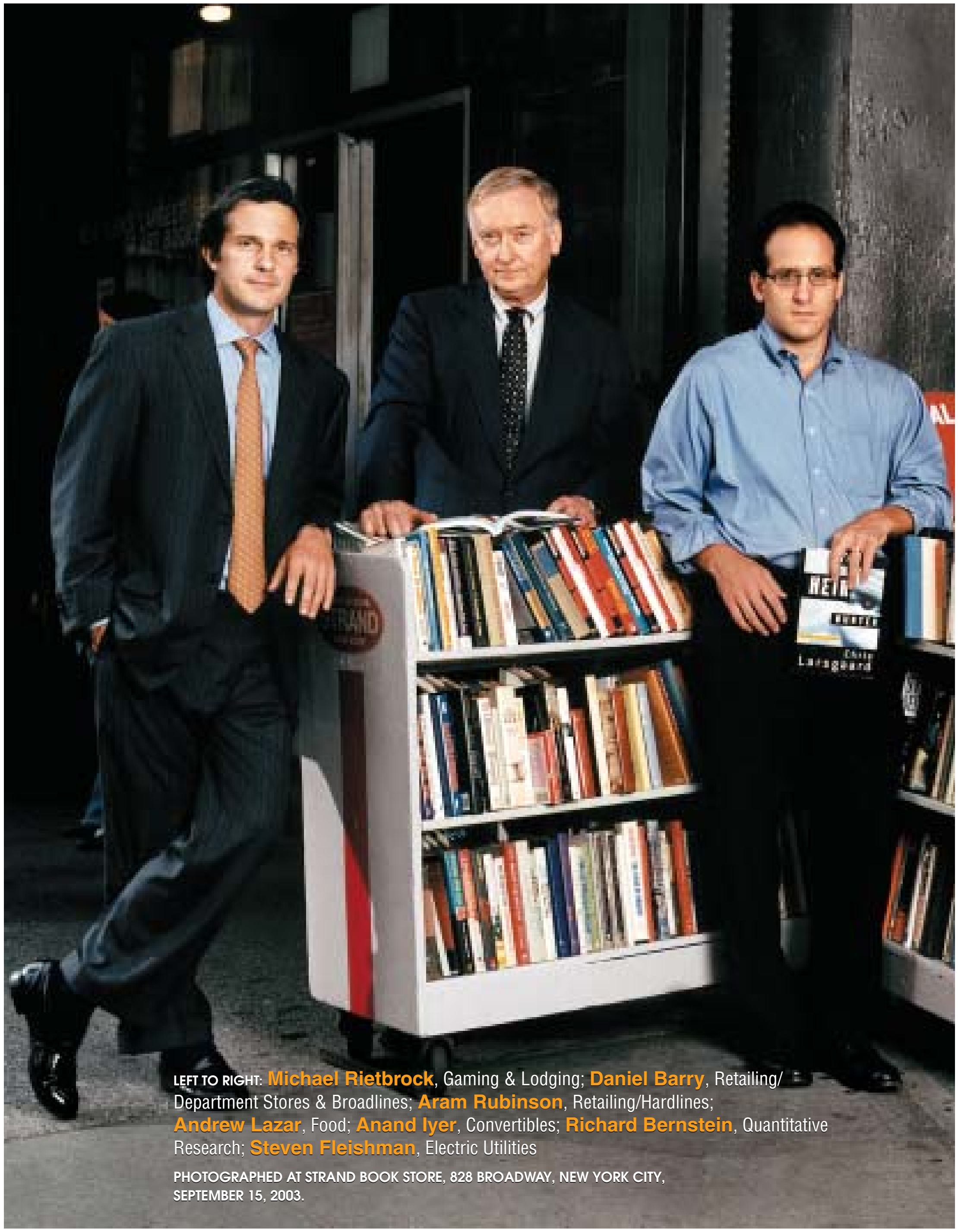
"She's like an encyclopedia," says a supporter of Goldman repeat first-teamer **Maykin Ho**, 50. Clients call her knowledge crucial to keeping pace with this volatile, product-driven business. Biotechnology shares tumbled 42 percent in 2002, then shot up 39 percent through early September, fueled by faster Food and Drug Administration drug reviews, favorable drug approval news and improved earnings and sales figures. Ho releases two invaluable annual references: a 1,700-page tome on drug-biotech alliances and a 600-page volume on products from 320 biotech companies. One of her favorite stocks is Amgen, in part for its strong cancer drug lineup. She has recommended it since resuming coverage in July 2002 at 33 after a hiatus caused by Goldman's banking relationship with Amgen; it traded at 67 in early September. Merrill's **Eric Ende** repeats at No. 2, lauded for his stock picking skills. "He's got his finger on the pulse," says an investor who appreciated Ende's early bullishness on MedImmune. In October 2002, with the stock at 22, he raised his earnings projections and price target for the shares, forecasting higher-than-expected penetration for FluMist, the company's flu vaccine, which hadn't yet received FDA approval. The FDA okayed FluMist in June 2003; by early September the stock was trading at 34. Ascending a rung to third place is UBS's **Meirav Chovav**, who is credited for her "willingness to stick her neck out," as one client puts it. One recipient of her steadfastness was Genentech. Chovav's initial strong buy rating last June at 35 began to look suspect when the company's cancer drug, Avastin, proved unsuccessful in September 2002 breast cancer trials. Chovav believed that Avastin would work with colorectal cancer. Sure enough, on May 19, 2003, Genentech announced that Avastin had extended the lives of colorectal cancer patients in clinical trials; the stock jumped 45 percent, to 55, that day and by early September had surged to 81.

Health Care Facilities

KENNETH WEAKLEY
UBS

SECOND TEAM **Adam Feinstein** *Lehman Brothers* ■ THIRD TEAM **A.J. Rice** *Merrill Lynch* ■ RUNNERS-UP **John Hindelong** *CSFB;* **Lori Price** *J.P. Morgan Securities;* **Gary Taylor** *Banc of America Securities*

"He made, in my view, the No. 1 research call on Wall Street," says an investor of UBS first-teamer **Kenneth Weakley**'s warning last October on hospitals operator Tenet Healthcare Corp. Weakley, 37, a 2002 runner-up, cautioned investors that Tenet's Medicare "outlier payments" — extra payments for unusually costly cases — were unsustainably high and downgraded the shares from hold to reduce on October 28, 2002; they fell from 47 to 43 that day. Under a stream of bad news, including a federal investigation of allegedly unnecessary surgeries by two doctors at a Tenet California hospital, the stock sank to 14 by November 11, rebounding to just 16 by early September. Tenet replaced its top management and paid $54 million to settle the unnecessary-surgery matter; the Securities and Exchange Commission is investigating the company. "It was a once-in-a-decade call," a client says. Weakley is a Rhode Island College grad with an MBA from the State University of New York at Buffalo. Lehman second-teamer **Adam Feinstein** rises from third place. "He probably works harder than most if not all his peers," says an investor. Clients cite his management contacts and close analysis of SEC filings and court documents. One investor lauds Feinstein for his July upgrade of long-term-care provider Kindred Healthcare at 23 on expectations of improving Medicare reimbursements; Kindred had hit 32 by September. Dropping one position to third is Merrill's **A.J. Rice**, whose industry knowledge remains widely respected. One investor praises his avoidance of HealthSouth Corp.: "And of course it blew up something awful, so good for him." Rice had been neutral on the outpatient-care provider since 1999, downgrading it to a sell in March when the SEC charged HealthSouth with accounting fraud. The stock dropped from 3.91 to almost zero before rebounding to 3.25 in September.



LEFT TO RIGHT: **Michael Rietbrock**, Gaming & Lodging; **Daniel Barry**, Retailing/Department Stores & Broadlines; **Aram Rubinson**, Retailing/Hardlines; **Andrew Lazar**, Food; **Anand Iyer**, Convertibles; **Richard Bernstein**, Quantitative Research; **Steven Fleishman**, Electric Utilities

PHOTOGRAPHED AT STRAND BOOK STORE, 828 BROADWAY, NEW YORK CITY, SEPTEMBER 15, 2003.

Health Care Technology & Distribution

GLEN SANTANGELO
SOUNDVIEW TECHNOLOGIES GROUP

SECOND TEAM **Lawrence Marsh** *Lehman Brothers* ■ THIRD TEAM **Robert Willoughby** *Banc of America Securities* ■ RUNNERS-UP **Raymond Falci** *Bear Stearns;* **Christopher McFadden** *Goldman Sachs*

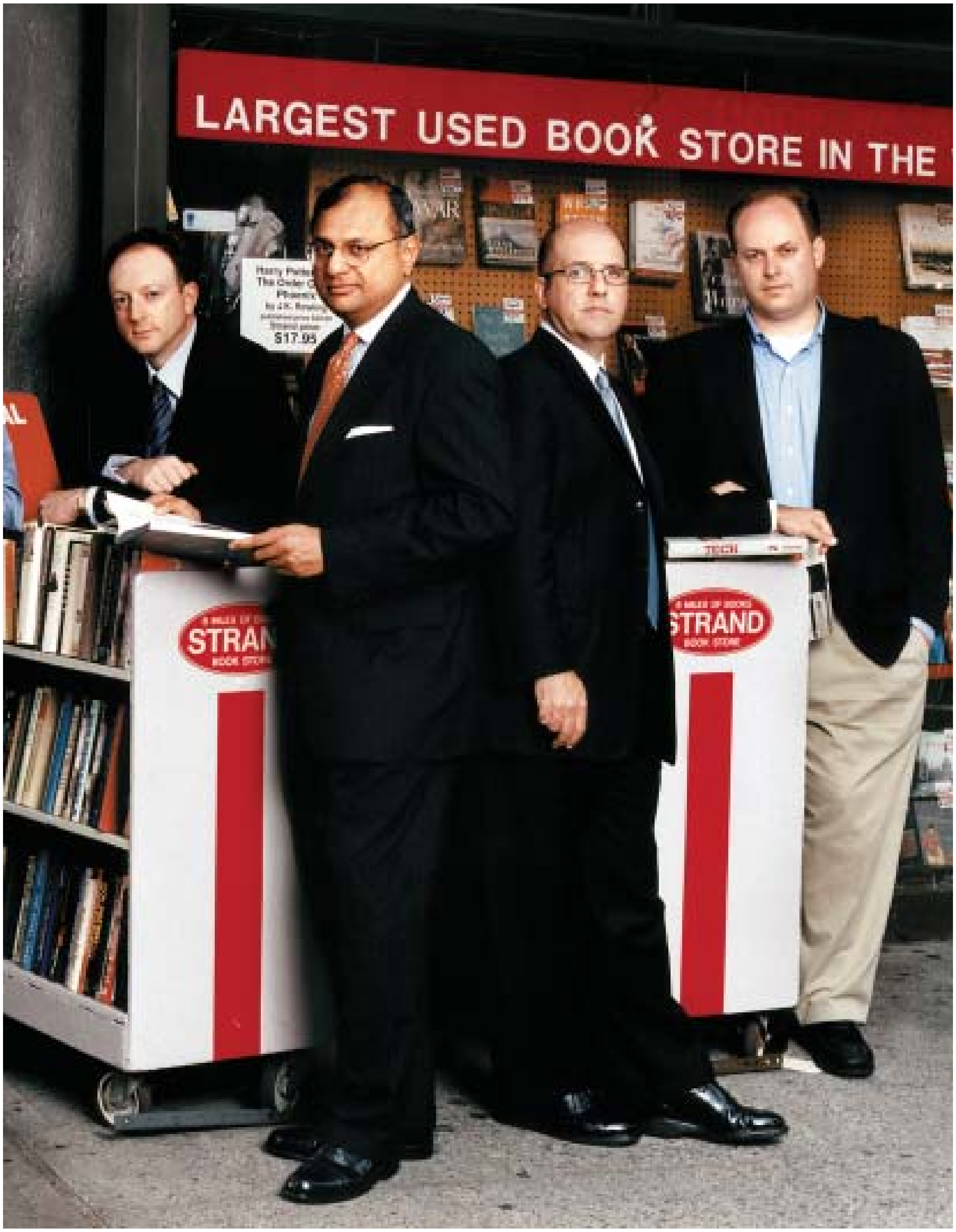
Glen Santangelo has experienced both the highs and lows of Wall Street research this year. Clients elevate him from runner-up to No. 1. Yet Santangelo, 34, had to leave Smith Barney Citigroup in June for allegedly distributing research externally before approval. The Villanova University grad with an MBA from NYU's Stern School of Business joined SoundView in July. "It was an interesting transition," says Santangelo, declining to comment further. Investors laud his sangfroid; a summer 2002 federal investigation into drugmakers' payments to pharmacy benefit managers worried buy-siders, but he kept backing the group. The sector's 10 percent 2002 loss beat the S&P 500's 23 percent decline; its 20 percent advance through early September 2003 bested the S&P 500's 16 percent gain. One winner: a March 2002 buy on distributor and software provider McKesson Corp. at 30 on improving core businesses; the shares hit 41 in late April 2002, easing to 35 by September 2003. Lehman's **Lawrence Marsh** drops to second after three years in first, but investors still praise his written work, particularly his annual "Health Care Distribution and Technology Guidebook." As one says: "If you ever want the nitty-gritty, he has every detail." Another praises Marsh for standing by distributor Henry Schein in February, though the shares had fallen to 35 after a poor earnings report. Earnings came back: Schein reported a 17 percent year-on-year increase in second-quarter earnings per share. The stock reached 57 in September. **Robert Willoughby**, who migrated from CSFB to BAS with three colleagues earlier this year, falls a notch to third. Clients rely on his thorough models and return-on-invested-capital metric. They also praise his buy, in place since a May 2001 offering at 24, on laboratory equipment supplier Fisher Scientific International for its strong earnings growth. The shares traded at 40 in September 2003.

Managed Care

CHARLES BOORADY
SMITH BARNEY CITIGROUP

SECOND TEAM **John Rex** *Bear Stearns* ■ THIRD TEAM **Joshua Raskin** *Lehman Brothers* ■ RUNNER-UP **Christine Arnold** *Morgan Stanley*

Managed care was one of 2002's few bright spots, rising 16 percent in a dismal market. Although the S&P 500



was up 16 percent this year through early September, managed care beat it again, gaining 21 percent. Repeat first-teamer **Charles Boorady** of Smith Barney Citigroup has delivered, too, "providing clear insight with a tremendous level of detail and knowledge regarding the companies in the space," as one client says. Even in a rising sector, Boorady, 39, was able to pinpoint laggards last year — notably, Cigna Corp. He downgraded the health and retirement benefits provider at 69 in early October on reduced enrollment expectations. Within weeks the shares fell to the mid-30s, after an earnings warning. Boorady also caught Cigna's upside. He upgraded in July at 42, when the company announced it was considering disposing of its pensions business. By September the stock was at 49. Boorady recently downgraded the sector, forecasting less-attractive returns. Bear Stearns' **John Rex** advances one step to second. "He's the guy I call when I have a crazy, detailed question or project and I have to explain how one company is doing relative to others," says a portfolio manager. Rex is always "willing to review his investment stance and make a value-added change," another investor says. Clients will have to choose between Rex and Boorady going forward. Unlike the first-teamer, Rex suggests overweighting the group and forecasts 20 percent earnings growth in 2004. Diligence pays off for Lehman's **Joshua Raskin**, who climbs a notch to third. "I think everybody there must work 27 hours a day," says one investor, who applauds the analyst's frequent company visits and well-designed industry surveys. One winner: Raskin's recommendation of Anthem in 2001 on its market share and low cost structure; the stock rose 27 percent in 2002 and an additional 19 percent by September.

Medical Supplies & Devices

MICHAEL WEINSTEIN
J.P. MORGAN SECURITIES

SECOND TEAM **Glenn Reicin** *Morgan Stanley* ■ THIRD TEAM **Daniel Lemaitre** *Merrill Lynch* ■ RUNNER-UP **Frederick Wise** *Bear Stearns*

"He's a terrific stock picker, which is a rarity these days," says a devotee of J.P. Morgan's **Michael Weinstein**, 33, who climbs two steps to No. 1. Another client lauds the Georgetown University grad's "understanding of the fundamentals of the business." Buysiders appreciate Weinstein's December 2002 recommendation of cardiovascular-device maker St. Jude Medical on the company's new-product pipeline for 2004–'05. As of early September the stock had risen 45 percent, to 53. Another favorite: Boston Scientific Corp., which Weinstein first upgraded last February on the potential of its drug-eluting stents. As of September the stock was at 59, up some 170 percent since his original call, which earned him a place among *II*'s Home-Run Hitters of 2002 (*Institutional Investor*, April 2003). Clients value Morgan Stanley's **Glenn Reicin**, who repeats in second place, for being an "independent thinker" and for his "willingness to take a contrarian view." They also praise his detailed analysis, extensive modeling and "skepticism of management statements." Reicin is known as the leading bear on Baxter International, which he downgraded to equal-weight in October 2002 at 26, citing concerns about its 2003 earnings outlook. Since then Baxter has lowered guidance three times and in July announced an SEC probe into its repeated warnings. The shares dipped to 19 in April but had rebounded to 29 by early September. Investors still value Merrill's third-teamer **Daniel Lemaitre**, who drops from first place a year ago, for his two decades-plus of experience. He is close to both the investor and clinical communities and has a "cult following on Wall Street," says an admirer. Also a bull on St. Jude, which he favors for its position in the implantable defibrillator market, Lemaitre gets bonus points for being personable: "He's a terrific person to talk to," says one client. "He is enjoyable, listens and doesn't dominate a conversation."

Pharmaceuticals/Major

CARL SEIDEN
J.P. MORGAN SECURITIES

SECOND TEAM **C. Anthony Butler** *Lehman Brothers* ■ THIRD TEAM **Jami Rubin** *Morgan Stanley* ■ RUNNERS-UP **Timothy Anderson** *Prudential Equity Group;* **Richard Evans** *Sanford C. Bernstein;* **James Kelly** *Goldman Sachs;* **Kenneth Kulju** *CSFB;* **Joseph Riccardo** *Bear Stearns;* **Barbara Ryan** *Deutsche Bank Securities;* **Stephen Scala** *SG Cowen*

Major pharmaceuticals have traditionally formed a trusty defensive sector. No more. Shares fell 15 percent in 2001 and a further 22 percent in 2002 before edging up a scant 4 percent in 2003 through early September. J.P. Morgan's **Carl Seiden**, 44, repeats in first place, in part because he steered investors clear of one of the big drags on the group, Schering-Plough Corp. The company took a hit in 2001 when its allergy drug, Claritin, went off patent. After a brief upgrade in 2002, Seiden went underweight and then neutral on Schering, repeating his warning four times this year because of the company's dependence on Claritin and hepatitis-C treatments, which also face growing competition. Despite a new CEO, Fred Hassan, Schering's stock had lost 32 percent this year through early September. Lehman's **C. Anthony Butler**, who jumps from runner-up to No. 2 this year, gets around. He scores points with investors by taking them on company visits and allowing them to listen in on conference calls. "He's especially client-oriented," a portfolio manager says. Although he has picked some winners and made a well-timed downgrade of Eli Lily & Co. before it briefly tanked last year, Butler, a molecular biologist, is most respected for his scientific knowledge. "He's better at giving scientific insight than he is at making timely stock picks," says another investor. Moving up a notch to third place, Morgan Stanley's **Jami Rubin** wins support for a shrewd Pfizer call. Rejecting the consensus view — a strong buy recommendation based on healthy earnings per share — she advised selling the stock at 35 last November, shortly before it fell to 30. Pfizer's solid earnings, she reasoned, were mostly attributable to its acquisitions, and its product pipeline didn't look particularly robust. The shares traded at 31 in early September.

Pharmaceuticals/Specialty

DAVID MARIS
BANC OF AMERICA SECURITIES

SECOND TEAM **Steven Valiquette** *UBS* ■ THIRD TEAM **Angela Larson** *Smith Barney Citigroup* ■ RUNNERS-UP **Corey Davis** *J.P. Morgan Securities;* **Gregory Gilbert** *Merrill Lynch;* **Marc Goodman** *Morgan Stanley;* **Richard Silver** *Lehman Brothers*

Independent thinking helps BAS's **David Maris** win the laurels for a third year. Maris, 35, who left CSFB for BAS in March, is "not afraid of making controversial recommendations," says a client. Indeed, the analyst is best known for his early warnings on Irish drugmaker Elan Corp. before it blew up in the first seven months of 2002. "He is also very good at assessing the market potential of new products," says an investor. Particularly appreciated was his bullishness on Alcon, whose leading share in the ophthalmic-products market continues to grow. Maris initiated coverage with a strong buy in April 2002, while he was at CSFB, and says he "went into hyperdrive" on Alcon in July 2002 when it dropped to 28 — well below is March IPO price of 33. The stock rocketed 91 percent through early September 2003. UBS's **Steven Valiquette** debuts in second place. Customers especially praise his attention to detail: "He does his work before he talks," one client says. A particular strength is Valiquette's research on patent litigation. The analyst, who has a legal expert on staff, hosts periodic conference calls on lawsuits between makers of generic and branded drugs that are contesting patents. Admirers also appreciate his May 2002 upgrade of generic-drug manufacturers Alpharma, Ivax Corp., Mylan Laboratories and Teva Pharmaceutical Industries as attractively valued and poised for earnings gains in 2003. The four stocks had risen an average of 61 percent through early September 2003. (Valiquette no longer follows Alpharma.) Investors give Smith Barney Citigroup's **Angela Larson** points for her "willingness to tell it like it is" and for tracking which drugs doctors are prescribing. The repeat third-teamer is also lauded for pounding the table on generic-drug maker Barr Laboratories in spring 2002 when it traded in the mid-40s, because of its offerings in the fast-growing nonbranded oral contraceptives market. The stock had risen to 69 through early September 2003.

MEDIA

Cable & Satellite

RICHARD BILOTTI
MORGAN STANLEY

SECOND TEAM **Karim Zia** *Deutsche Bank Securities* ■ THIRD TEAM **Raymond Katz** *Bear Stearns* ■ RUNNERS-UP **Jason Bazinet** *J.P. Morgan Securities;* **Aryeh Bourkoff** *UBS;* **Jessica Reif Cohen** *Merrill Lynch;* **Niraj Gupta** *Smith Barney Citigroup;* **Douglas Shapiro** *Banc of America Securities;* **Lara Warner** *CSFB*

A knack for identifying industry themes wins Morgan Stanley's **Richard Bilotti** the top spot in this new category, combining the Cable — which Bilotti, 41, ruled for six years — and Satellite Communications sectors. Investors praise his understanding of how cable continues to evolve beyond television into video-on-demand and other services. "He's full of good ideas on how these companies interact with" satellite, telecommunications and the media producers themselves, says one supporter. (Bilotti ranks second in Entertainment.) One pick, Comcast Corp., climbed from 27 at his February upgrade to a high of 35 in June; the biggest player in an undervalued group, Comcast can mine its large subscriber base for new revenue and use it as leverage in negotiations with content producers. The shares traded at 30 in September. **Karim Zia** — who resigned from Deutsche Bank in early September — takes second place (his 2002 Cable rank). Zia's understanding of fixed-income securities is invaluable in covering debt-heavy cable and satellite companies. "These are sensitive capital structures, but he's especially good at looking beyond equity," says one backer. Clients note that he was "pretty right on Comcast," on which he has been neutral since November 2002 at 25; for Zia, the benefits of an improving credit market balance the risks of increased competition. Zia is currently taking time "to think about what the next stage of my career should be." In third place (his slot for five years in Cable), Bear Stearns' **Raymond Katz** wins praise for the "pretty notable industry pieces he's done, like the work on media ownership — he's dialed into the political scene." And his November 2002 recommendation of Cablevision Systems Corp. for its efforts to reduce its debt has worked well; the shares had risen 34 percent by early September.

Entertainment

JESSICA REIF COHEN
MERRILL LYNCH

SECOND TEAM **Richard Bilotti** *Morgan Stanley* ■ THIRD TEAM **Stuart Linde** *Lehman Brothers*

Nine-time winner **Jessica Reif Cohen** of Merrill leads an unchanged lineup this year. Clients again commend her "good rapport with management teams" and access to all levels of companies. Others praise her timely alerts and ability to put the day's news into context. Cohen, 47, scored high marks for her September 2002 recommendation of Spanish-language TV network Univision Communications at 21 on its cash flow, radio business and potential takeover premium. A year later the shares had risen 75 percent. Another Cohen pick, Viacom, is off 1 percent since her October 2002 recommendation, but clients are patient. "The game's not over," one says. "The stock could jump tomorrow. She has been very helpful over the long term, and that's what people look at." Morgan Stanley's **Richard Bilotti** takes second for the fourth consecutive year (he also wins in Cable & Satellite). Investors variously extol his "extremely detailed work" and the "good job he does getting information," but his original perspectives are what make him truly special. "Bilotti will come up with joint research with a colleague from another sector, like telephony, twice a year," explains a client. "Stuff nobody else does." In June, he recommended AOL Time Warner because he thought its traditional media properties would continue to shine and America Online would be stabilized. The shares had climbed 9 percent by September. Lehman's **Stuart Linde** leaves the sector on a high note, repeating in third place. "He's always objective," says a customer. Investors praise his July downgrade of Six Flags at 6 after the theme park operator blamed the weather and the economy for weak attendance; the shares dipped to 4.40 before rebounding to 5.85 in early September. Linde's broad-based approach apparently pleases his bosses too — he's been promoted to run Lehman's U.S. equity research (see story, page 56).

Publishing & Advertising Agencies

LAUREN RICH FINE
MERRILL LYNCH

SECOND TEAM **William Drewry** *CSFB* ■ THIRD TEAM **William Bird** *Smith Barney Citigroup* ■ RUNNERS-UP **Kevin Gruneich** *Bear Stearns;* **Alexia Quadrani** *Bear Stearns*

Merrill's **Lauren Rich Fine**, 43, takes first place in this newly combined sector, joining Advertising Agencies & Marketing Services (where she reigned for five years) with Publishing & Information Services. Advertising spending remained weak over the past year, and even bulls called what little corporate earnings guidance they could glean "uninspiring." In that grim environment, with publishing and advertising stocks up only 5 percent by early September 2003, investors value Fine's ability to identify the companies, especially in the crowded newspapers group, that are potential standouts and those that are merely treading water until the advertisers return. She recommended E.W. Scripps Co. at 77 in March 2002 for its "fairly astonishing" revenue growth and increasing diversification into television markets. Scripps traded at 87 in September 2003. CSFB analyst **William Drewry** takes second. (He was top-ranked in Publishing & Information Services in 2002.) Loyalists praise his willingness to raise the red flag on a stock in trouble, and his expanded coverage of ad-dependent broadcasters gives him a broader view of ad spending: "He knows how the Web sites affect classified spending," says a client. One winning call: Drewry has been a long-term backer of financial information provider FactSet Research Systems for its resilience in the face of layoffs among its securities-industry subscriber base. In the 12 months after he recommended the stock in September 2002, FactSet shares doubled, to 50. Smith Barney Citigroup's **William Bird** garners third (where he ranked in Advertising Agencies & Marketing Services in 2002). Customers praise Bird's valuation techniques and deliberately contrarian approach; they cite his winning October 2002 downgrade of Scholastic Corp. When everyone else loved the company because of its Harry Potter franchise, Bird viewed its accounting as "aggressive." Three months later the company said that, even including the Potter backlist, overall revenue was not meeting forecasts; the shares fell from 46 to 29 by early September.

Radio & TV Broadcasting

VICTOR MILLER IV
BEAR STEARNS

SECOND TEAM **Andrew Marcus** *Deutsche Bank Securities* ■ THIRD TEAM **William Meyers** *Lehman Brothers* ■ RUNNER-UP **Paul Sweeney** *CSFB*

No analyst understands Washington, D.C.'s TV and radio regulatory maze better than repeat first-teamer **Victor Miller IV** of Bear Stearns. Miller, 39, testified before the Federal Communications Commission and Congress, urging the relaxation of rules restricting cross-ownership among companies with media properties. (So far, Congress has resisted his pleas.) A client recalls the analyst's forceful argument that Vivendi Universal's sale of warrants for InterActive Corp., which had sold most of its media and entertainment assets to Vivendi while remaining the owner of Home Shopping Network and Ticketmaster, made InterActive a good buy. The stock had fallen to 22 on February 12, 2003. In his February 13 report, "Warranting a Look," the analyst issued a target price of 42, which InterActive hit on July 14. "Miller is very tied in to what goes on in Washington, and he's a pretty decent stock picker, too," summarizes an investor. Deutsche Bank's repeat second-teamer **Andrew Marcus** deploys encyclopedic industry knowledge and extensive contacts. "He's well connected in the media industry and knows all the players, including midlevel operating people," says a supporter. As chief media analyst, Marcus presides over Deutsche Bank's "can't miss" June media conference, which is so "high energy" that "stocks really react to the media companies' presentations," investors say. Clients also appreciate Marcus's "vast amount of work on Viacom." Lifting **William Meyers** into the No. 3 spot from runner-up is unflagging stamina. One example offered by investors: the Lehman analyst's quarterly "Ratings Report Card," which tracks listenership for 8,000 radio stations in 280 U.S. markets. His annual corporate governance report is especially well read. "Others look at the big picture but he crunches the numbers," a source says.

TECHNOLOGY

Computer Services & IT Consulting

ADAM FRISCH
UBS

SECOND TEAM **David Togut** *Morgan Stanley* ■ THIRD TEAM **James Kissane** *Bear Stearns* ■ RUNNERS-UP **Patrick Burton** *Smith Barney Citigroup;* **Gregory Gould** *Goldman Sachs*

There's nothing like starting at the top. An early warning on Electronic Data Systems Corp. helps UBS's **Adam Frisch** debut as an All-American on the first team. "The EDS call really put him on the map," says one investor. Frisch initiated coverage of EDS with a hold in April 2001 at 56, expressing concerns about the growing gap between net income and operating cash flow at the IT outsourcing giant. He followed up with reports scrutinizing EDS financials every quarter; then, on September 18, 2002, the company announced that it was lowering its third-quarter earnings guidance by 80 percent. EDS fell from 36 to 17 in 24 hours; a year later it had recovered a bit to 22. A former HMO consultant with a BA from Cornell University and a master's in public administration from New York University, Frisch, 32, joined UBS six years ago as a health care analyst before moving to computer services in 2000. Investors also praise him for a "Transaction Processing Summit" he organized earlier this year on debit card transaction fees. Although he slides a notch to No. 2, Morgan Stanley's **David Togut** is valued for "the strength of his service," bolstered with relevant and timely blast voice mails. The 13-year veteran "does a great job of bringing the companies to the investors," hosting summits in New York, New Jersey and Boston, says a customer. Togut went neutral on EDS in July 2001 and rated Automatic Data Processing underperform in January 2002 at 56, when his payroll manager survey showed weak demand for the company's processing services. By early September, ADP traded at 40. Bear Stearns' **James Kissane** slips one rung to No. 3. He is known for providing investors with different angles on the companies he tracks. In addition to praising his "overall solid performance" and "strong fundamental grasp" of the group, investors credit Kissane for going neutral on EDS.

Electronics Manufacturing Services

LOUIS MISCIOSCIA
LEHMAN BROTHERS

SECOND TEAM **Michael Morris** *Smith Barney Citigroup* ■ THIRD TEAM **Thomas Hopkins** *Bear Stearns* ■ RUNNERS-UP **Roger Norberg** *J.P. Morgan Securities;* **Christopher Whitmore** *Deutsche Bank Securities*

"Access and the ability to relay the right information at the right time," as one investor puts it, earns Lehman's **Louis Miscioscia** his third consecutive first-place finish. Miscioscia, 42, was neutral on electronics manufacturing services stocks through most of 2002 and into this year before going positive in early August. That was late — the sector had already risen 68 percent in 2003 — but Miscioscia needed convincing that the technology business cycle had indeed hit bottom. The good news: The stocks jumped an additional 20 percent from his call through early September. One winner: Miscioscia stuck by his March 2002 upgrade of Jabil Circuit at 22 on an improved earnings outlook from new contracts and a strengthening economy. Jabil was up to 29 by early September. Investors also laud Miscioscia for insights gleaned over ten years with IBM Corp. and his field trips to global EMS centers in China, Europe and Mexico. Singled out for what a client describes as his ability to "convey the subtleties of EMS players," Smith Barney Citigroup researcher **Michael Morris** leapfrogs from runner-up to second place. "Stable but not exciting" is how Morris characterizes 2003, a transitional year for a sector recovering from a two-year slump. Morris is also a longtime Jabil booster, based in part on the discipline the company displayed during the downturn. For third-teamer **Thomas Hopkins** of Bear Stearns, it is high-level access to management that impresses many investors. As one says, "Without him picking their brains for me, approaching sector pickups or slowdowns are not always visible." Hopkins, also a runner-up last year, reiterated his outperform on contract manufacturer Sanmina-SCI Corp. in October 2002. At 1.80, the shares were trading at half their tangible book value, and Hopkins expected them to at least match that. They did even better, rising to 9.35 by early September.

Imaging Technology

BENJAMIN REITZES
UBS

SECOND TEAM **Caroline Sabbagha** *Lehman Brothers* ■ THIRD TEAM **Craig Ellis** *Smith Barney Citigroup*

Repeat first-teamer **Benjamin Reitzes** of UBS "makes some pretty brave calls," says an appreciative fund manager. The 31-year-old, winner by a commanding margin, relies heavily on channel checks — visits to retail outlets — gathering data to enhance the voluminous reports and news blasts that his followers crave. A case in point: Reitzes' December 2002 downgrade of Lexmark International from buy to neutral at 63. Expecting that Hewlett-Packard Co.'s price cuts would hurt Lexmark's aftermarket sales of printers, Reitzes held his rating through the technology rally that drove Lexmark shares to 77 by mid-July. Vindication came on July 21: The company issued an earnings warning that sliced its share price to 59. One investor also notes Reitzes' "nice calls on Xerox" — he upgraded it to a buy in July 2002 at 6.20, with a target range of 10 to 12, and stuck with it as Xerox Corp. slipped to 4.20 last October. When the stock hit 11 in April 2003, Reitzes shifted to hold. In early September it was trading at 10.53.

LEFT TO RIGHT: **Robert Morris**, Oil & Gas Exploration & Production; **Louis Miscioscia**, Electronics Manufacturing Services; **Robert Drbul**, Apparel, Footwear & Textiles; **Anthony Noto**, Internet; **Paul Ting**, Integrated Oil; **Steven Binder**, Aerospace & Defense Electronics; **David Maris**, Pharmaceuticals/Specialty

PHOTOGRAPHED AT DEPARTMENT OF SANITATION CONSTRUCTION SITE, DISTRICT 4/4A/7 GARAGE, 650 WEST 57TH STREET (COURTESY OF GATEWAY DEMOLITION AND BOVIS LEND LEASE), NEW YORK CITY, SEPTEMBER 15, 2003.

Lehman's **Caroline Sabbagha** advances from runner-up to second place as clients laud her accessibility and mastery of company data. One supporter cites her criticism last October of Eastman Kodak Co. management for underestimating the eventual impact of digital camera sales on its traditional film business. Although Kodak's stock rose from 28 at the time of her warning to 40 in January, it had retreated to the high 20s by early September. **Craig Ellis** of Smith Barney Citigroup gains third place in only his first year as a full-fledged analyst. Investors hail his detailed spreadsheets and blunt calls. "He doesn't sugarcoat things," one says. In each of the three quarters before Lexmark's July warning, Ellis's estimates were above — and more accurate than — the company's earnings guidance. "It's a secretive organization," notes a buy-sider. "Ellis was doing the math."

Internet

ANTHONY NOTO
GOLDMAN SACHS

SECOND TEAM **Charles (Lanny) Baker** *Smith Barney Citigroup* ■ THIRD TEAM **Jeetil Patel** *Deutsche Bank Securities* ■ RUNNERS-UP **Mary Meeker** *Morgan Stanley;* **Safa Rashtchy** *U.S. Bancorp Piper Jaffray*

"Up until last October the Internet was left for dead at the side of road," says one investor. Internet analysts know the feeling and absorbed even more abuse for much of 2002. Already battered in 2000 and 2001, the group fell 46 percent in 2002 through October. Then it surged 136 percent through early September 2003. One survivor is Goldman's **Anthony Noto**, 35, a graduate of the U.S. Military Academy and the Wharton School of Business, who rises a notch to first. "There's a reason why he's one of the last ones standing — deep knowledge of the space," explains a

OVERALL RESEARCH STRENGTH

To determine which brokerage firms have the greatest overall research clout, we combined the results of the All-America Fixed-Income Research Team (*Institutional Investor*, September 2003) with those of this poll. Here are the top finishers.

RANK 2003	RANK 2002	FIRM	TOTAL TEAM POSITIONS	TOTAL EQUITY POSITIONS	TOTAL FIXED-INCOME POSITIONS
1	1	**Lehman Brothers**	**85**	50	35
2	3	**Credit Suisse First Boston**	**60**	27	33
3	7	**J.P. Morgan Securities**	**53**	23	30
3	2	**Smith Barney Citigroup**	**53**	34	19
5	5	**Morgan Stanley**	**52**	36	16
6	9	**UBS**	**49**	32	17
7	3	**Merrill Lynch**	**48**	35	13
8	6	**Goldman, Sachs & Co.**	**41**	27	14
9	8	**Bear, Stearns & Co.**	**38**	23	15
10	10	**Deutsche Bank Securities**	**33**	18	15

WEIGHTING THE RESULTS

In this table firms are ranked by assigning a rating of 4 to a first-teamer, 3 to a second-teamer, 2 to a third-teamer and 1 to a runner-up.

RANK IN LEADERS TABLE	RANK BY WEIGHTED FORMULA	FIRM	WEIGHTED TOTAL
1	**1**	**Lehman Brothers**	**110**
3	**2**	**Merrill Lynch**	**86**
2	**3**	**Morgan Stanley**	**85**
4	**4**	**Smith Barney Citigroup**	**84**
5	**5**	**UBS**	**72**
6	**6**	**Goldman, Sachs & Co.**	**62**
6	**7**	**Credit Suisse First Boston**	**54**
8	**8**	**Bear, Stearns & Co.**	**52**
8	**9**	**J.P. Morgan Securities**	**40**
11	**10**	**Banc of America Securities**	**32**
10	**11**	**Deutsche Bank Securities**	**30**
11	**12**	**Prudential Equity Group**	**29**
13	**13**	**Sanford C. Bernstein & Co.**	**23**
14	**14**	**International Strategy & Investment Group**	**10**
16	**15**	**SoundView Technologies Group**	**4**

client. Indeed, Noto first started commenting on the Internet sector's fast-growing revenues and rising broadband penetration in September 2002, then upgraded the sector in May. He recommended his top pick, online auctioneer EBay, in October 2002 at a split-adjusted 25 on increasing online auction activity; the shares hit 53 by early September. Meanwhile, Smith Barney Citigroup's **Charles (Lanny) Baker** climbs a step to No. 2 with his small-cap coverage. "Sure he made some really good calls on Yahoo!," says a supporter, "but he also gave us ValueClick and a few other names no one else covers." Following a December 2002 conference call with the Internet advertising technology company's CEO, Baker reiterated his buy, partly because the shares at 2.7 were trading below cash value. ValueClick had risen to 9.11 by early September. Deutsche Bank's **Jeetil Patel** debuts in third. One investor says that Patel, a 2002 Home-Run Hitter for his Amazon.com recommendation (*Institutional Investor*, April 2003), has "an ability to soothe our nervousness in a space that is hard to read." For example, in December 2002, with EBay trading at about 33 on slower listings and sales, Patel urged clients to hang on because the lull was seasonal. The shares resumed their rise in January.

IT Hardware

A.M. (TONI) SACCONAGHI
SANFORD C. BERNSTEIN

SECOND TEAM **Richard Gardner** *Smith Barney Citigroup* ■ THIRD TEAM **Steven Milunovich** *Merrill Lynch* ■ RUNNERS-UP **Laura Conigliaro** *Goldman Sachs;* **Daniel Niles** *Lehman Brothers*

A.M. (Toni) Sacconaghi of Sanford C. Bernstein is a runaway favorite in IT Hardware, a category that now combines enterprise hardware coverage — which Sacconaghi, 38, led last year — with the personal computer segment. Sacconaghi's strength, says one investor, is "getting it right on the biggest names in the sector, IBM and Hewlett-Packard." In a December 2002 report, Sacconaghi asserted that Hewlett-Packard Co. was trading at a "material discount" to IBM Corp. He underscored his bullish outlook in February, when HP reported disappointing quarterly earnings and the stock was trading in the midteens; the analyst estimated that HP was undervalued relative to IBM by as much as 40 percent. By September HP shares had reached 20, up roughly 30 percent, and IBM was at about 87, just 11 percent above its February level. Second-teamer **Richard Gardner** of Smith Barney Citigroup, who was formerly No. 1 in PC hardware coverage, also wins praise for being bullish on HP back in February. One client extols Gardner's "in-depth analysis of the potential market for Apple Computer's ITunes music store" in an April report: Gardner upgraded Apple to market weight from underperform when it was trading at 18; by September it was up 27 percent. Finishing a close third — the same position he held last year in the IT Hardware/Enterprise category — is Merrill Lynch's **Steven Milunovich**, who was relatively cautious on tech stocks throughout the year. "We think that was a good call relative to other sectors," says one supporter. Milunovich concedes that he was too quick to downgrade HP in April after the stock had had a "nice run." Longer term, he is sticking with buys on IBM and Dell as the leading players, respectively, in the solutions and commodity areas of the sector.

Semiconductor Capital Equipment

JOHN PITZER
CSFB

SECOND TEAM **James Covello** *Goldman Sachs* ■ THIRD TEAM **Mark FitzGerald** *Banc of America Securities* ■ RUNNERS-UP **Steven Pelayo** *Morgan Stanley;* **Edward White Jr.** *Lehman Brothers;* **Glen Yeung** *Smith Barney Citigroup*

Repeat first-teamer **John Pitzer** of CSFB "is practically our eyes and ears in Asia," explains one portfolio manager. "He goes there at least once a quarter and gives us a feel for the health of the industry food chain." Through midyear the 32-year-old analyst saw little to indicate any firming of demand for the companies that supply equipment to computer-chip makers. Yet he has maintained outperform ratings all year on two big winners in the sector: Novellus Systems, because of its growth in the DRAM chip market, and Teradyne, on the strength of market share gains. Novellus is up 39 percent since January, and traded at 37 in early September, and Teradyne, at 20, is up 55 percent. In the past few months, equipment stocks have generally outperformed those of their chip-producing customers — historically a leading indicator of economic recovery. But Pitzer says that he won't turn unabashedly bullish on the sector until "we see further acceleration of IT demand and sustainable price increases from the chip companies." Advancing from runner-up to second team, Goldman's **James Covello** gets high marks from a supporter "for his in-depth work on the cyclical nature of the sector." Another praised Covello's upgrade of Applied Materials to outperform at the end of July 2002, when the stock was at 14. As of September it had climbed 50 percent. **Mark FitzGerald** of BAS, who slips from second place to third, lowered his rating on the sector at midyear. "He has been saying since late June that investors have bid the stocks too high and that the Street has to lower estimates for '04 top-line growth," notes a follower. FitzGerald, whose annual 300-page tome is considered the sector's bible, estimates that aggregate revenues will grow next year by about 20 percent, 10 percentage points below the Street consensus.

Semiconductors

DANIEL NILES
LEHMAN BROTHERS

SECOND TEAM **Mark Edelstone** *Morgan Stanley* ■ THIRD TEAM **Joseph Osha** *Merrill Lynch* ■ RUNNER-UP **Adam Parker** *Sanford C. Bernstein*

Lehman's **Daniel Niles** repeats in first place on the strength of what one supporter calls "his willingness to make a case for turning more positive at midyear last year and sticking with it — and not trying to time every short-term market move." Indeed, Niles rated Intel Corp. a buy at 15 in September 2002, "even though, based on earnings at the time, it didn't look cheap," says the 36-year-old. But a year later the semiconductor bellwether was at 29, and Niles sees further upside for the sector. He cited demand for wireless chips in raising Texas Instruments from his lowest rating to his highest in July at 17; by early September, TI was at 25. Niles "gives us

WHAT INVESTORS REALLY WANT

For the sixth year in a row, institutional investors rate industry knowledge as the single most important attribute of an equity research firm, followed by integrity/professionalism. Independence from corporate finance falls from sixth place last year to eighth.

		RANK BY U.S. EQUITY ASSETS UNDER MANAGEMENT					
OVERALL RANK	ATTRIBUTES	$75 BILLION OR MORE	$30 BILLION TO $74.9 BILLION	$10 BILLION TO $29.9 BILLION	$5 BILLION TO $9.9 BILLION	$1 BILLION TO $4.9 BILLION	LESS THAN $1 BILLION
1	Industry knowledge	1	1	1	1	1	1
2	Integrity/professionalism	3	3	3	2	2	2
3	Accessibility/responsiveness	2	2	2	3	3	3
4	Useful & timely calls & visits	5	5	5	5	5	4
5	Management access	4	4	6	4	4	8
6	Special services	6	6	4	7	6	6
7	Written reports	9	8	8	8	7	5
8	Independence from corporate finance	7	7	7	6	8	10
9	Communication skills	7	9	8	9	9	7
10	Financial models	10	10	10	10	10	8
11	Stock selection	11	13	11	12	12	11
12	Earnings estimates	13	11	13	13	11	12
13	Quality of sales force	12	12	12	11	13	13
14	Market making/execution	14	14	14	14	14	14
15	Primary market services	15	15	15	15	15	15

a theme we can latch on to," says an investor. "We don't need an analyst to tell us when a P/E is getting fairly rich. We can make that decision on our own." In contrast with Niles, Morgan Stanley's **Mark Edelstone**, who climbs to second team from third, is much more the market timer. "He has a real feel for when prices get ahead of fundamentals," a client says. Edelstone upgraded the group last October, downgraded it in early December following a 58 percent gain, upgraded it again in February after an 18 percent slide and downgraded it to "in line" with the S&P 500 in mid-June following a 49 percent rise; from June to early September the sector gained 20 percent, versus the S&P 500's 4 percent advance. Moving into third from runner-up, Merrill's **Joseph Osha** wins praise for his quarterly supply chain roundup, compiled since 2000. He turned positive on the group in February as his research showed inventories at multiyear lows. "He missed the bottom by a little, but that was still a pretty good call, based on solid research," a customer says.

Software

RICHARD SHERLUND
GOLDMAN SACHS

SECOND TEAM **Heather Bellini** *UBS* ■ THIRD TEAM **Charles DiBona** *Sanford C. Bernstein* ■ RUNNER-UP **Neil Herman** *Lehman Brothers*

He has "the best feel for industry trends on the Street, bar none," says one unabashed admirer of Goldman analyst **Richard Sherlund**, 49, who reigns supreme atop this newly consolidated Software category after nine years as No. 1 in Applications Software. (His biggest potential obstacle to the top spot was cleared when Morgan Stanley's Charles Phillips Jr., nine-time victor in Infrastructure & Systems Management Software and its predecessor categories, joined Oracle Corp. in May.) Best known as the ax on Microsoft Corp., Sherlund drew some sell-side criticism this year for backing the software giant; through early September, Microsoft's shares were up 10 percent, trailing the sector's 43 percent gain. Sherlund, however, again demonstrated his ability to read trends accurately. In February he "clearly said the lack of IT spending was persisting," recalls a customer. "That kept us from trying to time the bottom in the group." At midyear, though, Sherlund grew more bullish, expecting rising IT outlays. Although the evidence is still anecdotal, reports of stronger corporate tech spending have helped boost the shares in recent months. Second-teamer **Heather Bellini** — she was third in Applications Software in 2002, before joining UBS in March from Smith Barney Citigroup — offers a counterpoint to Sherlund. She has remained neutral on the group, partly based on surveys showing that "corporations are still pretty cautious about IT spending," a follower says. That hasn't stopped her from picking some winners: Taking note of what she termed "seasonal weakness, nothing fundamental," Bellini upgraded Intuit in late July at 41. By early September the financial software company's stock was at 47. Third-team newcomer **Charles DiBona** of Sanford C. Bernstein wins plaudits for his "longer-term think pieces" on companies such as Microsoft and Oracle that will likely benefit most from increased corporate spending. "He does excellent work on the broader trends," a supporter says.

TELECOMMUNICATIONS

Data Networking & Wireline Equipment

NIKOS THEODOSOPOULOS
UBS

SECOND TEAM **B. Alex Henderson** *Smith Barney Citigroup* ■ THIRD TEAM **Timothy Luke** *Lehman Brothers*

A thick Rolodex and independent stock calls win UBS's **Nikos Theodosopoulos**, 41, top honors in this new category, consolidating Data Networking and Telecom Equipment/Wireline (where he ranked third and first, respectively, in 2002). Theodosopoulos sports electrical engineering and business degrees and knows the industry from the inside, having worked at AT&T Corp. for ten years. One client says his fortnightly "Global Telebits" report excels at "describing where [capital expenditure] is going and who will receive it." In March he recommended Corning at 5.70 on its liquid crystal display glass division's strong profits and possible future revenue from local phone company fiber-optic contracts; the shares had hit 8.76 by early September. Investors have one caveat: Theodosopoulos has been neutral on the sector since late 2002 because of sluggish revenue, even though the group rose 73 percent in 2003 by September. But clients respect his integrity: "When he changes his stance, I don't doubt his motives," avers a backer. One client praises Smith Barney Citigroup second-teamer **B. Alex Henderson** for "the newness and value" of his information. Henderson — 2002's Data Networking winner — and his colleagues mine phone companies' quarterly reports to track capital expenditure plans and forecast equipment demand. One winner: Internet traffic management solution provider Radware, up 191 percent, to 20, in September since Henderson's October 2002 buy. He thought the profitable, underfollowed stock was cheap at 7, considering the company's 7.90 per share in cash. Lehman third-teamer **Timothy Luke** turned bullish on Cisco Systems in April at 14 on prospects for growth in new areas such as Internet telephony and wireless networks. In September the stock traded at 30. Luke, No. 1 in Telecom Equipment/Wireless, was second last year in Data Networking. One client cites Luke's industry knowledge: "He does a good job analyzing the whole telecom food chain: from chips to contract manufacturing to service providers."

Telecom Equipment/Wireless

TIMOTHY LUKE
LEHMAN BROTHERS

SECOND TEAM **Wojtek Uzdelewicz** *Bear Stearns* ■ THIRD TEAM **Brian Modoff** *Deutsche Bank Securities* ■ RUNNERS-UP **Timothy Long** *CSFB;* **Jeffrey Schlesinger** *UBS*

Lehman's **Timothy Luke** wins the laurels for a fourth year by racking up frequent-flier miles visiting European and Asian wireless equipment manufacturers. The 36-year-old Briton — also No. 3 in Data Networking & Wireline Equipment — calls a November 2002 Asian trip particularly fruitful: "We noticed that inventories of handsets were high," says Luke, who feared incipient oversupply, particularly from China. He had been neutral on the group since August 2002 but turned cautiously optimistic in the spring as consumers began buying color and camera phones. He upgraded Swedish phone maker L.M. Ericsson Telefonaktieblaget in April at 6 and Motorola in June at 8; by September they were trading at 17 and 11, respectively. Backers also praise Luke's management access. For example, his Ericsson bullishness was based partly on an early 2003 meeting in Sweden with Carl-Henric Svanberg, Ericsson's new CEO, which convinced Luke that the company's cost-cutting and restructuring plans would work. A long-term outlook occasionally leads Bear Stearns three-time second-teamer **Wojtek Uzdelewicz** to make contrarian calls. He was positive on beleaguered Ericsson even before Luke — upgrading the shares in October 2002 at 3. Uzdelewicz, whom one investor lauds for not getting "caught up in the hype," was confident that Ericsson's dominant market position ensured its survival. Another investor praises Uzdelewicz for tracking the link between mobile service subscription growth and handset sales. Deutsche Bank's **Brian Modoff** climbs a step to third, acclaimed for his industry knowledge and contacts gleaned from 12 years in the telecom industry. Clients say that his publication "Signals to Noise," which features product tests, is required reading — Qualcomm CEO Irwin Jacobs subscribes. Another oft-cited report is his skeptical look at third-generation cell phone technology that will enable video telephony. Modoff believes that 3-G-driven wireless infrastructure spending won't accelerate until 2004, when it will benefit gear manufacturers.

Telecom Services/Wireless

LINDA MUTSCHLER
MERRILL LYNCH

SECOND TEAM **Luiz Carvalho** *Morgan Stanley* ■ THIRD TEAM **Christopher Larsen** *Prudential Equity Group* ■ RUNNERS-UP **Colette Fleming** *UBS;* **Thomas Lee** *J.P. Morgan Securities;* **Michael Rollins** *Smith Barney Citigroup*

There's a reason the views of Merrill first-teamer **Linda Mutschler** resonate with investors for the sixth consecutive year. Mutschler, 39, scored with an early 2002 bearish call on the group, which tumbled 60 percent last year. In January, however, she softened her negative stance after reviewing more upbeat retailer surveys by her lieutenants Wendy Liu and David Janazzo. "She was one of the first to go negative last year, and that was dead-on. So it was a significant moment" when she became more optimistic, says a client. Mutschler saw possible fourth-quarter 2002 upside surprises in net subscriber additions that, indeed, materialized. The group rose 35 percent by September 2003. Her February Nextel Communications upgrade, as worries about its subscriber levels abated, also proved prescient. By September, Nextel was up more than 52 percent. Morgan Stanley's **Luiz Carvalho** climbs from runner-up to No. 2. Clients cite his December 2002 sector upgrade on effective cost-containment by providers. His insights were also appreciated: "He pointed out that PDAs and cell phones will never merge because you're never going to want to hold a PDA up to your ear or type on a cell phone. Sounds simple, but it has huge implications for companies like Nokia and Research In Motion," says an investor. In late August, after *Institutional Investor*'s cut-off, Carvalho handed his research duties to colleague Simon Flannery, the top-ranked Telecom Services/Wireline analyst. Carvalho, a 1984 Olympic swimmer for Brazil, is taking on a client role. Prudential's **Christopher Larsen** slips one notch to third. Even so, investors praise his March report on the risk to Nextel as competitors replicate its popular push-to-talk feature. Nextel's shares held up when Verizon Communications introduced its PTT technology in August. Still, Larsen thinks Nextel's ebitda could drop by as much as 12 percent in 2004 as PTT competition intensifies.

Telecom Services/Wireline

SIMON FLANNERY
MORGAN STANLEY

SECOND TEAM **Frank Governali** *Goldman Sachs* ■ THIRD TEAM **John Hodulik** *UBS* ■ RUNNERS-UP **Blake Bath** *Lehman Brothers;* **Robert Fagin** *Bear Stearns;* **Adam Quinton** *Merrill Lynch*

Ask buy-siders about Morgan Stanley repeat first-teamer **Simon Flannery**, and you will hear: "absolute standout"; "miles above the rest"; "way ahead of the curve." Flannery, 41, who wins by a wide margin this year, again impressed clients with a prescient bearish sector call, in April. In light of the group's prior strong performance, Flannery argued, increased pension liability disclosures, the FCC's inability to promulgate reforms favoring the Baby Bells and other factors warranted caution; from April through early September, the sector gained less than 7 percent, lagging well behind the S&P 500 index's 17 percent jump. Flannery, an early skeptic about Qwest Communications International's accounting practices, continues to earn praise for his scrutiny of reported financials. "Some analysts make clients money," observes one admirer. "He saves them money." Goldman's **Frank Governali**, climbing two rungs to second place, knows how to run a conference. Last October, FCC chairman Michael Powell, speaking at a Goldman confab, endorsed a shift in policy toward encouraging new entrants into local phone markets to string their own wire rather than rent access from local carriers at government-set rates. "That was a watershed for the [regional Bell operating companies], and [Governali] provided the forum," says an investor. Already bullish on RBOCs, especially Verizon Communications, Governali began pounding the table. Verizon hit 43 by January, up from 32.5 at the time of Powell's speech, although it had fallen back to 36 by September. UBS's **John Hodulik**, a 2000 runner-up in the now discontinued Internet Infrastructure & Services category, makes his wireline debut at No. 3. Investors rely on Hodulik's forecasts. "His earnings numbers are much more accurate, especially with respect to the effects of pensions or UNE-P [the rates RBOCs can charge local competitors for bundled packages of network elements] changes," says a supporter.

MACRO

Accounting & Tax Policy

PATRICIA MCCONNELL
BEAR STEARNS

SECOND TEAM **David Zion** *CSFB* ■ THIRD TEAM **Trevor Harris** *Morgan Stanley* ■ RUNNERS-UP **David Hawkins** *Merrill Lynch;* **Robert Willens** *Lehman Brothers*

Bear Stearns' **Patricia McConnell** is the hands-down winner in this category — her 13th consecutive year in first place. Her secret? Thoroughness and skill at making "dollars-and-sense of issues" by demonstrating how accounting practices should be handled in analysis, as one investor puts it. Buy-siders laud the 54-year-old analyst's "user-friendly" model that enables them to estimate pension expenses for any company just by reviewing its 10-K and making a few macroeconomic assumptions. In February she published a report with a list of companies voluntarily expensing stock options (most of which had adopted the practice since last July); she updated it this July. The study offered no conclusions, but none of the companies seemed to have suffered from the switch. Backers appreciate her "access to FASB," where she's on the advisory council. Newcomer **David Zion** of CSFB garners second place, impressing investors with his pensions work and what one customer calls his "ability to break down arcane calculations into an understandable format." Backers praise his accessibility and willingness to "go the extra mile." In a March report, Zion examined the potential impact of a proposed change in Financial Accounting Standards Board rules that would require companies to expense options: For 13 companies in the S&P 500, earnings would disappear. Morgan Stanley's **Trevor Harris**, slipping one slot to third, excels at "explaining a complicated subject to nonaccountants," says an investor. Clients value the fact that the firm's sector analysts use Harris's research in their own work. His popular December report, "From Minefields to Potholes," highlights the most important accounting issues and how companies could suffer earnings or cash hits.

Convertibles

ANAND IYER & TEAM
MORGAN STANLEY

SECOND TEAM **Scott Lange & team** *Goldman Sachs* ■ THIRD TEAM **Venu Krishna & team** *Lehman Brothers* ■ RUNNER-UP **Jeremy Howard & team** *Deutsche Bank Securities*

By the narrowest of margins, **Anand Iyer** and his four Morgan Stanley colleagues wrest the top spot from last year's winners, the Goldman Sachs duo led by **Scott Lange**. Iyer, 48, and company "couple the fundamental research with convertible analysis particularly well," says an investor. Others are impressed with the group's strategy pieces, especially a February recommendation that investors pile into mandatory convertibles, the most equity-like convertible structure, on the view that companies would continue to clean up their balance sheets and that consumer confidence was at or near a trough. "It was very bullish and very right," a backer says. One issue in the basket recommended, American Electric Power's 4.625 percent '05 notes, was up 45.5 percent as of early September. Boosters unanimously praise the team's Web site, convertbond.com. Goldman's Lange and his colleague Dan Sommers (a third researcher left over the sum-

LEFT TO RIGHT: **Michael Gambardella**, Metals & Mining; **Gregory Cappelli**, Business & Professional Services; **Jeffrey Sprague**, Electrical Equipment & Multi-Industry; **Carol Warner Wilke**, Cosmetics, Household & Personal Care Products; **Edward Wolfe**, Airfreight & Surface Transportation; **Jessica Reif Cohen**, Entertainment

PHOTOGRAPHED AT WILLIAMSBURG BRIDGE, DELANCEY STREET, NEW YORK CITY, SEPTEMBER 17, 2003.

mer) produce "rigorously quantitative" research that is particularly appreciated for its focus on hedge fund arbitrage opportunities, says one investor. Although clients say that there are fewer of these opportunities as the number of players grows, hedge funds remain the prime movers in the converts market. As such, Lange's group has a devoted following even among traditional investors. "I need to know what the hedgies are doing so that when I'm getting ready to do a trade, I'm not walking into a buzz saw," says a portfolio manager. Lehman's trio, led by **Venu Krishna**, rises a notch to third place with an eclectic and original approach. For example, he uses six-sigma methodology — a statistical technique made famous by General Electric Co. as an approach to quality control — to rank beaten-down software company convertibles. The eight "busted" converts recommended in July 2002 — including Symantec Corp.'s 3 percent and BEA Systems' 4 percent, both '06 issues — had returned 26 percent through early September 2003.

Economics

ED HYMAN
INTERNATIONAL STRATEGY & INVESTMENT GROUP

SECOND TEAM **Stephen Roach** *Morgan Stanley* ■ THIRD TEAM **Nancy Lazar** *International Strategy & Investment Group* ■ RUNNERS-UP **Maury Harris** *UBS;* **David Malpass** *Bear Stearns*

ISI Group's **Ed Hyman** snags the top prize for a record 24th consecutive year. The 58-year-old forecaster, who wins handily, gets "the right direction and knows when to change," says an admirer. ISI Group's regression model, crunching, oil prices, unemployment claims, real wages, home prices and Group of Seven short-term rates projected a 3 percent annual U.S. GDP growth rate for the first half of 2003; the actual numbers came in at 1.4 percent in the first quarter and 3.3 percent in the second. Hyman, seeing a continuing pattern of "more growth, less inflation," declared in August that the recovery had taken hold. Morgan Stanley's **Stephen Roach** rises from third team to second, praised by followers for being "on the forefront of the deflation call." In August 2002, Roach warned that a supply overhang — especially in information technology — and increasingly globalized trade could cause prices to collapse, undermining any U.S. recovery. Backers appreciate Roach's sense of humor; one calls him "the best writer by far." And he's prolific, producing three to four e-mail reports a week. Roach is "quite provocative," says a reader. "And sometimes the best money can be made by going against consensus." ISI Group economist **Nancy Lazar** climbs from runner-up to third place for offering "a combination of good forecasting, excellent presentation and formatting and superior client service," says one investor. While colleague Hyman focuses on the broad economic outlook, Lazar zeroes in on how the macroeconomy influences the stock market. To this end, she analyzes ISI Group company surveys that track discrete economic sectors. A capital goods survey in August, for example, showed an uptick in equipment expenditures over the past year — a solid indicator of recovery. Lazar ensures that "nothing slips through the cracks," says an investor, by covering "both U.S. and international economics."

Equity Derivatives

MIKA TOIKKA & TEAM
CSFB

SECOND TEAM **Joanne Hill & team** *Goldman Sachs* ■ THIRD TEAM **Benjamin Bowler & team** *Merrill Lynch* ■ RUNNERS-UP **Wing Chow & team** *Bear Stearns;* **Seth Weingram & team** *Deutsche Bank Securities;* **Murali Ramaswami & team** *Lehman Brothers*

Credit-spread research has grown from an arcane derivatives specialty to a mainstay of equity portfolio analysis in the past three years. Consider the rise of CSFB's **Mika Toikka**: The 36-year-old researcher's use of credit spreads to predict stock prices caught the attention of enough volatility traders to win him and his colleagues third place in 2002. A broader following this year helps vault the four-member U.S. team to the top spot. "Widening spreads have proven to be a leading indicator of equity markets heading for trouble," says a client. Another customer praises CSFB's work on correlation among stocks; the team, he says, really stood out in its guidance after major combat in Iraq ended. At that point, the prewar market's tendency to move en masse started to break down, and investors could again focus on picking individual stocks. "In terms of knowing when to focus on market risk and when to shift our focus back to single stocks, they were very helpful," the client notes. Goldman's 11-member group, led by perennial All-American **Joanne Hill**, takes second place again. One investor appreciates the group's willingness to offer trading ideas "customized to our holdings." Another lauds U.S. derivatives research chief Sandy Rattray and colleague Ingrid Tierens for their accuracy in predicting changes in the Russell 1000 index ahead of its annual reconstitution. Team Merrill climbs a notch to third. Leader **Benjamin Bowler** "just has a level of rigor that is above and beyond his peers'," says a buy-sider who over the past year worked for months with Bowler on a customized study that found that when stock index futures trade above their fair value premium they signal future downturns in the equities market. Among Merrill's other strengths: index analytics.

Portfolio Strategy

STEVEN GALBRAITH
MORGAN STANLEY

SECOND TEAM **Richard Bernstein** *Merrill Lynch* ■ THIRD TEAM **Vadim Zlotnikov** *Sanford C. Bernstein* ■ RUNNER-UP **Thomas McManus** *Banc of America Securities*

Last year Morgan Stanley's **Steven Galbraith** was credited with correctly warning clients off large-cap stocks. This year he repeats as Wall Street's top strategist for timing to near perfection the upturn in equities and the downturn in bonds. In fact, the 40-year-old considers his recommended reduction in bond weighting from 35 percent to 20 percent on June 16 his "best call in ten years." In a matter of days, the Fed abruptly shifted from expressing concerns about deflation to cutting rates by 25 basis points less than expected. The result: Ten-year Treasury yields proceeded to post their steepest rise in four decades. Galbraith's bond call followed a similarly accurate prediction in March that a stock rally was imminent. The S&P 500 jumped 20 percent by early September. In second again this year, Merrill's **Richard Bernstein** "went out on a limb" in 2002 to say that even after two years of declines, stocks were still overvalued. "He was right," notes a grateful buy-sider. Investors have also done well by following Bernstein's instincts on energy. "It's still our favorite sector," says the analyst. Though it underperformed the S&P 500 by 9 percentage points from April into September, it beat the benchmark by 5 points over the previous year and by 30 points since March 2000. "When it comes to investing, Rich Bernstein is more relevant" than others, says a fan. Going against consensus, third-teamer **Vadim Zlotnikov** overweighted technology stocks, especially small-caps, last October. The Sanford C. Bernstein analyst's daring paid off: Through early September large-cap tech stocks rose 38 percent, versus the S&P 500's 28 percent gain, and the average name, including small-caps, surged 98 percent. Zlotnikov, unranked in this category last year, is "not afraid to take bold positions," says an appreciative client.

Quantitative Research

RICHARD BERNSTEIN
MERRILL LYNCH

SECOND TEAM **Edward Keon Jr.** *Prudential Equity Group* ■ THIRD TEAM **Keith Miller** *Smith Barney Citigroup* ■ RUNNER-UP **Vadim Zlotnikov** *Sanford C. Bernstein*

Merrill Lynch's **Richard Bernstein** "puts his models to work, and he makes money," says one investor. That

helps explain why the 45-year-old strategist wins the laurels as the top quantitative research practitioner for the ninth year running. (He also takes second place in Portfolio Strategy.) Throughout 2002 Bernstein — who was and is a bear on U.S. equities — pushed higher-quality, dividend-paying companies in sectors such as health care, which his proprietary Alpha Surprise Model pegged a likely winner. (A stock selection tool, the model factors the valuation of a company and the difference between Merrill's and consensus earnings estimates to ascertain the validity of a company's profit projections.) Until the end of May 2003, the model worked well — health care

LEFT TO RIGHT: **Jay Cohen**, Insurance/Nonlife; **Thomas Gallagher**, Washington Research; **Henry McVey**, Brokers & Asset Managers; **Charles Boorady**, Managed Care; **Nikos Theodosopoulos**, Data Networking & Wireline Equipment; **Joseph Buckley**, Restaurants; **A.M. (Toni) Sacconaghi**, IT Hardware

PHOTOGRAPHED AT SOUTH STREET SEAPORT, 251 WATER STREET, NEW YORK CITY, SEPTEMBER 16, 2003.

shares gained 11 percent — although Bernstein admits that it has underperformed since, with the sector down 1 percent through early September. Still, Bernstein's reputation is stellar among investors, and "he's earned it," says one buy-sider. **Edward Keon Jr.** of Prudential Equity Group gets "to the point," says a supporter. "He has been more bullish than most." Rightly so, it seems: In October 2002 the repeat second-teamer reported that stocks were undervalued and their risk premiums extraordinarily high. He weighted his model portfolio toward high-beta-1 stocks and sectors, which would benefit as investors' appetite for risk revived. The same month, as war in Iraq loomed, Keon predicted that the market would hit bottom during the conflict; in March he pushed high-beta-1 stocks, such as technology shares. As major combat wound down, share prices rose: From March through early September 2003, the technology sector outperformed the S&P 500 by 8 percentage points. Repeating in third place this year is **Keith Miller**. In August 2002 the Smith Barney Citigroup researcher favored growth names over value stocks, and his timing was superb. Over the next year, growth stocks trumped value shares — outperforming them by 3 percentage points — for the first time in three years.

Small Companies

STEVEN DESANCTIS
PRUDENTIAL EQUITY GROUP

SECOND TEAM **Satya Pradhuman**
Merrill Lynch ■ THIRD TEAM **James Furey**
Lehman Brothers

Prudential's **Steven DeSanctis** is a self-described "statistics geek." The repeat first-teamer does a "fabulous job helping us understand what's going on in small caps," says a client. Acclaimed for his analysis ahead of the annual Russell 2000 index rebalancing, he assists clients in evaluating the potential effects on their portfolios. Backers laud DeSanctis, 35, for accessibility, responsiveness and custom research. Admirers highlight his March call, in which he argued that small-caps and tech stocks should be overweighted because of compelling valuations and potentially strong earnings growth. Through early September the technology portion of the Russell 2000 had risen 60 percent, and the entire index had gained 42 percent. Also appreciated: DeSanctis' quantitative Torpedo Model, which screens stocks and helps identify possible portfolio blowups and breakouts. Merrill's **Satya Pradhuman** retains second place, performing the "best job with fundamentals and technicals," as one client puts it. He wins plaudits for prescience and persistence in advancing the appeal of small caps. Last November, for example, he overweighted broadcasters on improving revenue and earnings trends. From then through early September, small broadcasters' stocks were up 13 percent and microcap broadcasters — names like Crown Media Holdings and TiVo — had gained 84 percent, versus 26 percent for the Russell 2000. Clients praise his "useful" growth and contrarian models and detailed, monthly microcap index. Newcomer **James Furey** joined Lehman Brothers in May 2002 but is a market veteran who has worked in institutional sales and equity research. The third-teamer turned positive on tech stocks in a November report, sensing a recovery in capital spending, and has stayed the course. Through early September the S&P small-cap 600 information technology index had gained 45 percent, compared with the 27 percent gain posted by the entire S&P 600.

Technical Analysis

LOUISE YAMADA

SMITH BARNEY CITIGROUP

SECOND TEAM **Jeffrey deGraaf** *Lehman Brothers* ■ THIRD TEAM **Ralph Acampora** *Prudential Equity Group* ■ RUNNERS-UP **Richard Bensignor** *Morgan Stanley;* **Richard McCabe** *Merrill Lynch;* **Edward Nicoski** *U.S. Bancorp Piper Jaffray*

Smith Barney Citigroup's **Louise Yamada**, who extends her first-place reign for a third year, knows how to explain complicated charting concepts in simple English. She also knows how to read the market. After three years of bearishness, she became more positive on stocks last November; the S&P 500 had climbed 13 percent by the following September. In May she restated her enthusiastic gold call from last year — just before a respectable 10 percent run. Also appreciated: Yamada's "Tech@lert" reports that in February highlighted biomedical stocks, which rose 70 percent by September. An investor lauds her "historical perspective" that draws on her 22 years of research experience and Smith Barney Citigroup's 204-year data history. What's next? "A pause of consolidation in an ongoing rally" and "continued leadership in small- and midcaps," she says. Lehman three-time second-teamer **Jeffrey deGraaf** is praised for his daily alerts and deft use of his vast store of information. He doesn't believe that equities' travails are over, especially in the absence of a major "liquidation event" that would clear the way for an improved market; instead, he's looking for trading rallies. One great call: Last October DeGraaf recommended Amazon.com at 17; the online bookseller traded at 47 in September, and DeGraaf thinks there's still room for it to rise. **Ralph Acampora** rises to third from runner-up. Buy-siders laud his insightful weekly conference calls, his customized technical ranking system for clients' portfolios and his monthly "Twice and Thrice Blessed" report, evaluating Prudential's equity universe on technical, quantitative and fundamental factors. Acampora has been very bullish since April and believes that the Dow Jones industrial average — up 12 percent from then to early September — can reach 12,000 by 2005. There's one big caveat to his forecast: relative stability and peace in the Middle East.

Washington Research

THOMAS GALLAGHER & TEAM

INTERNATIONAL STRATEGY & INVESTMENT GROUP

SECOND TEAM **Charles Gabriel Jr. & team** *Prudential Equity Group* ■ THIRD TEAM **Edward Garlich & team** *Schwab Washington Research Group*

Ascending one step to first place, ISI Group's **Thomas Gallagher**, 49, and Andy Laperriere "do such a great job on the economic side that their research always makes it onto my desk," says a client. At year-end 2002 the duo said that the Fed would not raise the funds rate during 2003, although the Eurodollar futures seemed to be pricing in a hike. The Fed cut rates in June and in early August assured markets that it didn't expect to raise them. The owner of a call option on Eurodollar futures would have gained 48 percent from January through early September. ISI Group also predicted — four months in advance — that the Supreme Court would uphold a Maine law requiring prescription drug discounts for uninsured consumers. That May 19 decision triggered a 4.5 percent drop that day in health care stocks. **Charles Gabriel Jr.** and the five-member Prudential team drop from first place to second. Their January message that a quick end to major combat in Iraq would boost stocks proved accurate: The S&P 500 jumped 14 percent in the second quarter. The team also stated in January that lower dividend taxes would reduce the tax advantage of debt over equity, encouraging companies to deleverage. Repeating at No. 3, the 16-person Schwab Washington Research Group team, led by **Edward Garlich**, wins praise for connecting "what's happening in Washington with how it affects the markets." For example, at a September 2002 FDA advisory committee meeting, Garlich's team sensed an improving climate at the agency for approvals of new medications, including cancer drugs from AstraZeneca of the U.K. and Millennium Pharmaceuticals. They thought Mark McClellan's appointment as FDA commissioner that fall might reinforce the trend. A year after the September AstraZeneca call, the shares had climbed 42 percent; and since their December note on Millennium, its stock had gained 72 percent.

PICKING THE TEAM

To select the members of this year's All-America Research Team, *Institutional Investor* sent questionnaires covering 71 industry groups and investment specialties to the directors of research and chief investment officers of major money management institutions. Included were those managers on the *II* 300, our ranking of the largest institutions in the U.S., as well as other major U.S., European and Asian investors and key members of our ranking of hedge fund managers, the *Alpha* Hedge Fund 100. Directories and industry data sources were tapped to ensure that the survey universe was complete. We also contacted selected institutional clients from lists submitted by Wall Street research directors and sent questionnaires directly to analysts and portfolio managers at many top institutions. In total, we mailed ballots to more than 900 institutions.

Rankings were determined by using the numerical score each analyst received. Scores were produced by taking the number of votes awarded to an individual analyst and weighting them based on the size of the voting institution and the place that the respondent awarded to the analyst (first, second, third, fourth). For Convertibles, Equity Derivatives, REITs and Washington Research, votes for all analysts covering those fields at each firm were combined; in the commentary we highlight the head of the team. Teams and individuals were designated runners-up when their scores fell within 35 percent of the third-teamer's score.

Analysts who changed firms after August 1 are cited at their previous organizations. This year, at least three analysts changed jobs or job functions after the cutoff. Cable & Satellite second-teamer Karim Zia left Deutsche Bank Securities in early September; Telecom Services/Wireless second-teamer Luiz Carvalho remains with Morgan Stanley but is taking on a client role; and Entertainment third-teamer Stuart Linde of Lehman Brothers was promoted to direct U.S. equity research at the firm.

Sectors are organized within broad groups: Basic Materials, Capital Goods/Industrials, Consumer, Energy, Financial Institutions, Health Care, Media, Technology, Telecommunications and Macro. *Institutional Investor* determined the sectors in consultation with research directors from the buy side and the sell side.

We've made a few changes to the individual sectors this year to reflect the changing marketplace. In Capital Goods/Industrials, we have created a single Electrical Equipment & Multi-Industry sector subsuming the two old sectors bearing those names. Within the Media group, we united Cable and (from Telecommunications) Satellite Communications, to form Cable & Satellite; and we merged Publishing & Information Services and Advertising Agencies & Marketing Services to form Publishing & Advertising Agencies. In Technology we combined the old Enterprise Hardware and PC Hardware sectors into a single IT Hardware category; likewise, we merged last year's Applications Software and Infrastructure & Systems Management Software into one Software category. Imaging Technology now appears within the Technology group. In Telecommunications we have combined the Data Networking and Telecommunications Equipment/Wireline categories to form Data Networking & Wireline Equipment.

The identities of the survey respondents and the institutions that employ them are kept confidential to ensure their continuing cooperation. We tapped the opinions of more than 3,700 individuals at approximately 640 firms — including more than 90 percent of the 100 largest U.S. equity managers.

Our reporters spent weeks talking to voters to learn more about the analysts they had selected. Many of the winners were also contacted to clarify points their clients raised.

Our ranking of the best brokerage firm analysts in 71 investment areas was compiled by *Institutional Investor* staff under the direction of Assistant Managing Editor for Research Lewis Knox and Senior Editor Jane B. Kenney with Associate Editor Sivert Hagen, Researcher Michele Bickford and the Editorial Research Department. Senior Writer Justin Schack, Staff Writer Rich Blake, Contributing Editors John Hintze, Ben Mattlin and Scott McMurray and Contributors Pam Abramowitz, Dick Gamble, Arthur Goldgaber, Greg Joslyn, Rochelle Kass, Leslie Kramer, Karen Kroll, Suzanne Lorge, Priya Malhotra, Rachel Markus, Scott Martin, Craig McGuire, Michael Rudnick, Will Swarts, Paul Sweeney and Alison Zomb wrote the sector reports.

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