

trick. On May 2, 2003, the day that major combat operations in Iraq officially ended, second-teamer **Michael Linenberg** of Merrill upgraded Alaska Air Group, Continental Airlines, Delta Air Lines and Northwest Airlines Corp. in the belief that fuel prices would retreat. They didn't. Alaska turned out to be a winner, gaining 25.8 percent by mid-September; Northwest, Continental and Delta shares, however, had plunged by 7.5, 19.1 and 73.1 percent, respectively. Buy-siders appreciate that Linenberg, formerly No. 3, is a straight-shooter. "Even when he is not 100 percent right, you know you're getting a highly informed opinion," says a client. Lehman's **Garrett Chase** moves from runner-up to third place, in part for his "careful coverage" of a treacherous sector, an investor says. But Chase's January upgrade of discount carriers AirTran Holdings, Jet-Blue and Southwest Airlines missed the mark. The shares had declined by 12.8, 11.8 and 7.3 percent, respectively, by mid-September.

## Apparel, Footwear & Textiles

### ROBERT DRBUL

Lehman Brothers

SECOND TEAM **Jeffrey Edelman** UBS

THIRD TEAM **Noelle Grainger**

J.P. Morgan Securities

RUNNERS-UP **Virginia Genereux**

Merrill Lynch; **Margaret Mager**

Goldman Sachs; **Robert Ohmes** BofA

Securities; **Dennis Rosenberg** CSFB

"**B**ob just knows these companies and where they're headed," says an admirer of Lehman's **Robert Drbul**. "He's like a barometer." The 33-year-old researcher, who takes top honors in this category for a third consecutive year, is highly valued for his stock-picking prowess. One spectacular long-term selection was leather-goods maker and retailer Coach, which Drbul first backed in late November 2001 at 8.30 based on its improving growth prospects and first-rate management. By mid-September 2004 the shares had advanced to 43.50. Another solid pick: athletic-shoe manufacturer Adidas-Salomon, which he recommended in November 2003 at €82.30 because of its strong brand portfolio; the shares had reached €111.00 by mid-September. Overall, the sector returned 28.63 percent in the 12 months through mid-September, according to

the MSCI textiles, apparel and luxury goods index. Rising one slot to second place, UBS's **Jeffrey Edelman** is praised for his deft touch in analyzing apparel sales and fashion cycles. He "aggressively" backed the women's clothing and accessories subsector last year because of "dressier looks and better price points," explains an investor. Women's business clothier Jones Apparel Group, which he recommended in February 2003 at 28.00, was one of his favorites; the shares had advanced to 35.25 in mid-September 2004. "Compelling" research "grounded in fundamentals" is the way investors describe the work of J.P. Morgan analyst **Noelle Grainger**, who makes her first appearance on the team in the third position. Grainger gained notice for her January upgrade of high-end apparel maker Polo Ralph Lauren Corp. at 28.50 because of its improving margins. The shares had climbed to 36.70 by mid-September. "She made a lot of people a lot of money last year," says a client.

## Autos & Auto Parts

### STEPHEN GIRSKY

Morgan Stanley

SECOND TEAM **Gary Lapidus**

Goldman Sachs

THIRD TEAM **John Casesa** Merrill Lynch

RUNNERS-UP **Darren Kimball**

Lehman Brothers; **Rod Lache** Deutsche

Bank Securities; **Ronald Tadross**

BofA Securities

So much for bad luck. Morgan Stanley analyst **Stephen Girskey** takes the top spot for a 13th consecutive time, in an unchanged lineup. The 42-year-old researcher is so well respected that auto executives seek his opinion at conferences, says an investor. Sadly for them, Girskey's been bearish for more than a year. In an influential May 2003 report, "What Will They Think of Next?," he argued that Detroit's easy financing terms for expensive cars and SUVs were short-sighted and would hurt future sales by lengthening the replacement cycle. Shares of DaimlerChrysler, Ford Motor Co. and General Motors Corp. had dropped 5.9, 9.4 and 18.6 percent, respectively, in 2004 by mid-September. "Girskey gave us the conviction to be short on the group," which had lost 10 percent over the same period, says a hedge fund investor. Goldman's **Gary Lapidus** offers a "point of view that counters mainstream thinking

but is never out of line," says an investor who appreciates the analyst's skepticism. Clients also praise the five-time second-teamer's work on automakers' crushing pension and health care costs. He backed GM at 43.00 in early December 2003 based on the improved performance of its pension plan and then downgraded the shares at 53.00 in January after the automaker announced that the plan was again fully funded. GM shares fell back to 42.00 by mid-September. In late September, well after *Institutional Investor's* cutoff date to include job changes, Goldman announced that Lapidus was moving over to cover financial conglomerates and mortgage finance, succeeding departing analyst Robert Hottensen Jr. Robert Barry, who has been assisting Lapidus, will pick up the autos coverage. No. 3 for the fourth year in a row, **John Casesa** of Merrill is lauded for his work on Canadian auto-parts supplier Magna International, whose share price he has called successfully for more than two years. Praised as a must-read: Casesa's annual "Car Wars" report about new models and production schedules.

## 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

Two-time winner **William Pecoriello** of Morgan Stanley "understands the fundamental nuances of companies but is also good at picking stocks and gives timely insight on near-term fundamentals," explains a buy-sider. The 39-year-old analyst has needed all his talents in the past year as the beverages sector provided little pop, returning only 0.71 percent in the 12 months through mid-September, well below the S&P 500 index's 10 percent gain. Nevertheless, Pecoriello uncovered values. A consistent supporter of PepsiCo since July 2002, he reiterated his overweight call in July 2003 at 44.55, citing the company's excellent brand portfolio, strong go-to-market capabilities and outstanding management. The shares advanced to a high of 55.55 in June before falling back to 49.70 in mid-September on concerns about a broad-based slowdown in soft-drink, beer and snack sales. Pecoriello remains a bull on the shares. Investors praise **Andrew Conway** for his industry contacts, timely phone calls and depth of knowledge. "He is an antenna for information gathering and distribution," says an appreciative client of the CSFB repeat second-teamer. A backer of spirits companies, which have begun to lure younger drinkers away from beer, Conway put an outperform on distiller Brown-Forman

Corp. in September 2003 at 39.45, citing the continued popularity of its premium brands such as Jack Daniels. He reiterated his call in November and January; the stock was trading in mid-September at 47.51. Lehman's **Michael Branca**, who's No. 3 for an eighth time, is respected for his "thorough e-mail updates and his timeliness in predicting changes in the trends," one investor notes. Among his picks: Toronto-based Cott Corp., which sells private-label soda to retailers like Wal-Mart Stores. In October 2003, Branca overweighted the shares at 23.99, citing supermarkets' renewed focus on in-house brands and the growth of discount retailers. The shares closed in mid-September at 27.87.

## Cosmetics, Household & Personal Care Products

### ANN GILLIN LEFEVER

Lehman Brothers

SECOND TEAM **Amy Low Chasen**

Goldman Sachs

THIRD TEAM **Wendy Nicholson**

Smith Barney Citigroup

RUNNERS-UP **Andrew McQuilling** UBS;

**Andrew Shore** Deutsche Bank Securities;

**William Steele** BofA Securities

In a tight contest, **Ann Gillin Lefever** of Lehman rises two spots to edge out **Amy Low Chasen** of Goldman and assume the No. 1 slot previously held by Merrill three-time winner Carol Warner Wilke, who retired. The new champ, 40, who earned an MBA from the University of Pennsylvania's Wharton School in 1995, is "pretty dogged in questioning companies," says one buy-sider. She's also steadfast in her calls. Gillin Lefever initially backed consumer products heavyweight Procter & Gamble Co. in December 2001 at 38.35. Telling investors that P&G's revenue growth was accelerating and its operating leverage improving, she reiterated her recommendation this January at 49.49 and again in August at 53.34 following a careful review of the company's important health-and-beauty-care lines and recent acquisition of Wella. By mid-September, P&G shares were at 56.26. Four-time second-teamer Chasen "understands what issues matter to investors," like management contacts, responsive client service and stock picking, a supporter notes. She scored with door-to-door cosmetics sales bellwether Avon Products, which she first backed in November 2002 at 24.67. Chasen reiterated her call in March 2003 at 25.32 based on the success of Avon's new multitier sales program and again this June at 43.79 because of the company's growth in overseas markets. The shares closed at 43.44 in mid-September. "She was right on Avon," says a customer. Third-teamer **Wendy Nicholson** of Smith Barney Citi wins points for consistency. The former runner-up repeated her buy on Gillette Co. in December 2003 at 34.82, telling clients that strong top-line growth would

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