



For your **FREE**
daily market
updates, sign up
for our **FREE**
e-Dispatch at
www.247profits.com

24 PROFITS

This issue went to print 02-19-03. Prices and margins quoted reflect levels at this date.

“Just as 2001’s bone-rattling shocks knocked history off track... these next 12 months will be full of unexpected consequences... and unexpected profits.”

4 “Black Budget” stocks you should buy now!



J. Christoph Amberger

Stock markets collapsing, war in Afghanistan, recession, fraud at major brokerage firms, insider trading, terrorist threats, scandals at the highest levels of government: *if 2002 was a tough year for investors, 2003 may enter the history books as The Year the World Went Mad.*

A “Little League of Nations” once again seeks peace in our time. Old alliances—like the walls of a student dorm room—suddenly show all the cracks and pinholes that generations of previous occupants conscientiously spackled over with toothpaste.

No matter what the outcome, chances are that 2003 will leave an imprint on international relations. It may be another month until we know the full extent of the damage... but the changes could be deeper and longer-lasting than even the parties directly involved now realize.

But as old alliances are eroded by spineless political opportunism... as global institutions are unmasked as expensive, impotent debating societies that lack the will to enforce their own resolutions... and as new configurations and alliances emerge... one thing remains certain:

It’s never too late to make your fortune—even in a World Gone Mad!

Fact is, it doesn’t matter what’s going on in the headlines. We learned long ago not to depend on any one idea, market, or investing ideology. Even as the political stalemate between the great world powers opens up prospects of a new Cold War, incredible opportunity is there for those willing to seek it out.

And there is no doubt in my mind that for investors like you and me, military spending is going to be one of the big stories for the next few years. We’re way behind where we need to be, and there’s only one way to solve the problem: we have to upgrade all our systems, we have to get the newest and most high-tech weapons there are, and we have to

over, please...

email: editor@taipanonline.com

keep military research and development going at top speed.

It looks like rough going right now. But guess what: at one point, Americans didn't think they'd win World War II either. But with brave soldiers, better strategy, and assembly lines that could crank out tanks and planes faster than anyone else, America toppled the Nazis in the West, survived "kamikaze" pilots in the East, and replaced the inefficient, bloated bureaucracy of the League of Nations with the original UNO.

By winning the Cold War technology race, America put shoe-banging Khrushchev, the KGB, and the Red Menace back in their cages.

History makes an airtight case

Bombs in Bali nightclubs... exploding French oil tankers... attacks on our boys in the streets of Kuwait... exploding FedEx trucks... sleeper cells INSIDE the U.S.... and head-in-the-sand European governments.

The road ahead is long. And hard. There's no way of knowing how much war technology Saddam has already shared with the al-Qaeda terrorists... or how much of it has trickled down to any of the other 33 terror networks worldwide. There's also no way of knowing what has really happened to the nomadic nukes of the ex-Soviet republics... or the ex-Soviet scientists now out there for hire.

But, as I said, this does not mean it's "game over."

In 2003, incredible new "invisible security" breakthroughs will help us start turning the tide in our favor...

For this issue, I have called on the *Taipan* think tank to give you four ways to profit while we win this war.

Crisis equals opportunity

When George Bush Jr. told Congress to give him an extra US\$396 BILLION for Homeland

Security, shares of a little optical recognition technology company, **Visionics (VSNX:NASDAQ)**, shot up from US\$4.88 to US\$17.23—for a mind-blowing profit of 253%.

If you've been reading my regular daily 247profits e-Dispatches (which I send every weekday via email), you could have roped in a passel of those profits, along with the rest of *Taipan's* loyal and savvy readers.

It's no big deal if you missed out. Because you can still get very rich simply by knowing WHICH companies will get the bulk of Bush's new defense budget... a budget that is already starting to crank out "first-order" defense innovations...

Over the next five years, the U.S. will spend nearly US\$2 TRILLION on defense. Or as much as US\$456 billion a year by 2007. That's ten times what

Japan spends. And three times the defense budget of Russia, China, Iraq, Iran, Cuba, Sudan, Libya, and Syria... combined!

As soon as "second-order" defense applications hit the consumer market, you'll see related stocks skyrocket.

We at *Taipan* can help you follow those stocks. In fact, over our 15-year history, we've gotten our readers into virtually every exploding market trend you can imagine.

You can still get very rich simply by knowing WHICH companies will get the bulk of Bush's new defense budget... which is already starting to crank out "first-order" defense innovations.

The Democrats may be criticizing Bush's military plans right now, but come the next terrorist attack they'd better get on board if they want to stay alive politically.

It'll soon be referred to as "The Bush Budget Blowout."

President Bush is on an absolute spending binge, cranking Federal funding to mammoth levels...

He's about to increase spending programs 22% in 2003, the largest jump in government spending

"You can still get very rich simply by knowing WHICH companies will get the bulk of Bush's new defense budget... which is already starting to crank out 'first-order' defense innovations."



mer

since 1960. (To put that in perspective, the government hasn't spent like this since Lyndon Johnson faced the Vietnam War... and nationwide poverty.)

In fiscal year 2002 alone, military and homeland security received an extra US\$27 billion, their biggest increase in two decades...

This year the military will spend nearly US\$24 billion on information technology. Like the US\$2 billion Land Warrior project.

Land Warrior is an ongoing military initiative to turn soldiers into heavily armed, high-tech communications stations. In field tests using the latest in satellite tracking equipment, these "soldiers of the future" can locate an objective in minutes instead of hours.

It's pretty revolutionary technology. But that's why we like these small, publicly traded companies that get millions of dollars every year for Land Warrior contracts and many other top-secret projects.

This massive spending increase could prove very profitable to you. You see, each year, a handful of stocks ignored by Wall Street rally 100%... 300%... and even 750% as a direct result of how Congress and the Federal Government allocate U.S. funding.

So lean back for a few moments and let my *Taipan* team introduce you to a few choice opportunities... companies at the top of their game, with everything to gain and nothing to lose in the first armament race of the 21st century.

Buy this US\$4 defense stock before the first bomb falls on Baghdad: SGL Carbon Group (SGG:NYSE)



Siu-Yee Ng
Taipan IPO and
Global Profits specialist

The biggest improvements in military technology come in times of great danger and war. And since the atrocities of 9/11, the U.S. has awakened to the fact that it's time to move our military technology to the next level. At this point in time, we can afford nothing less than the best and most futuristic technology science can develop. We need to be light years ahead of the rest of the world.

Investing in the companies that are now developing and providing these cutting-edge technologies is like investing in Lockheed Martin or Northrop Grumman when they were tiny.

In 1909, Glenn Martin made his first trip in an airplane made of silk and bamboo. By 1918 he'd built the first twin-engine bomber. Between them, Lockheed and Martin developed the U-2, the Stealth Fighter, and the B-52 bomber. Today, Lockheed Martin is a US\$30 billion company.

Or take Leroy Grumman. He founded his engineering company in 1930. By 1931 he had his first Navy contract. By 1941 his company was producing the folding-wing Sto-Wing fighter, perfect for aircraft carriers. Northrop Grumman is now a US\$14 billion company.

Today, the opportunity for rapid growth is greater than ever. But the focus is on smaller, more nimble companies with cutting-edge technology.

Supplying war

The troops have been deployed. And the U.S. case against Iraq has been presented to the United Nations. As I write this in the early afternoon of February 14, we're still playing the waiting game, but it's pretty evident that President Bush isn't going to wait for the U.N. stamp of approval. In the meantime, U.S. armed forces are gearing up for a full-scale attack on Iraq.

I've found a company that is ideally positioned to benefit not only from actual military conflagration... but one that has all the characteristics of a long-term champion. It is already a major player in the industry, doing in excess of US\$1.2 billion in annual sales. Better yet, the company has a current market cap of just US\$285 million. And it trades on the New York Stock Exchange... for less than your lunch cost you at the corner deli today.

SGL Carbon Group (SGG:NYSE) supplies most major American defense and aerospace companies with vital materials like specialty carbon and graphite. And as I'm about to show you, SGG's products can be found in everything from brakes to the tail cones of the C-17 Globemaster,

over, please...

the world's largest military transport aircraft.

Boeing is a customer

In collaboration with SGL Carbon Group's Hitco Carbon Composites, Inc., the Boeing Company is producing the large composite tail cone structures for up to 60 more C-17 Globemaster III transport planes for the U.S. armed forces.

Hitco has already delivered 110 of them, with 14 units remaining to be built under the first contract. The company will produce around 20 units per year beginning in 2004.

Hitco Carbon Composites, Inc. is part of the SGL Technologies business unit. But the parent of these two divisions is SGL Carbon, the world's largest manufacturer of carbon, graphite and composite materials for industrial and aerospace applications.

Carbon and graphite are indispensable materials for many industries, including steel, aluminum, semiconductors, automobiles, sporting goods, chemical and environmental protection.

But that's not all. SGL Carbon's operations cover the entire sector, from carbon fibers through carbon fiber-reinforced plastics to carbon ceramics for brake discs. Its operations include the Carbon and Graphite, Graphite Specialties and Corrosion Protection business units and the division at SGL Technologies.

From airplanes to brakes for Porsche

SGL Technologies is the company's innovative division. Most of its operations are small but growing fast. It has already struck a deal with Boeing. And SGL Carbon has been the leading supplier of graphite-

"Sales of these products will rise more than tenfold in the next five years, meaning this division should contribute about a seventh of the group's operating income."

based components for companies developing fuel cells.

During the Internet bubble, fuel cell stocks soared. Investors were hoping fuel cells would be the wave of the future. But the reality is that fuel cells will not be a major energy source any time soon. Although it seems that President Bush is pushing for fuel cell usage and development, mass-market breakthroughs are still five to ten years away.

Another idea that's gaining market attention is the development of ceramic brake discs. And SGL is collaborating with Porsche to do just that.

SGL has developed a functioning system and has scaled up manufacturing from manual to serial production. The switch to mass production means that SGL Carbon should be able to meet Porsche's demand for high-performance brake discs. Sales of these products will rise more than tenfold in the next five years, meaning this division should contribute about a seventh of the group's operating income.

SGL Carbon anticipates that it will command a

Agora Wealth Symposium, San Francisco, CA

August 13 through 17, 2003 (Note: dates may change)

Once a year, **Agora Publishing** brings together the world's top investment minds to teach you how to make serious profits in the markets... how to preserve wealth, reduce your taxes, and live comfortably anywhere in the world. At Agora, we're seriously upbeat about the huge opportunities to grow significantly wealthier in the coming year.

Whether you're a new investor or a market veteran seeking new glory, we're going to fill your shopping list with nearly 50 specific low-

risk, high-profit recommendations destined to increase your wealth at least threefold. You'll probably not have another chance this year to meet one-on-one, in a single venue, with so many clear-headed, incisive, profit-driven investment minds.

For more information, please call Agora Travel and Conferences at 235 NE 4th Avenue, Suite 102, Delray Beach, FL 33483, tel. 800-926-6575 or 561-243-6276, fax 561-278-8765, or email tours@gate.net. ■

market share of 90% to 95% in the carbon ceramic brake disc market in the next two years. There are not yet any serious competitors.

Ceramic brakes are likely to be used more widely in volume models once they lose their status as luxury components. Margins will be lower, but entering the mass market should offset this. A similar trend was seen with safety features such as ABS and airbags.

But making graphite electrodes for the production of electric steel is the company's main line of business, generating sales of around half a billion euros. Following low demand for these products in 2001 and 2002, the International Iron and Steel Institute forecasts that demand should rise by about 6% in 2003.

This is owing to the increased use of electric steel, which has already gained ground at the expense of traditional blast-furnace steel because of its superior cost efficiency and environmental compatibility. The gradual upturn in the steel industry has already had a positive impact on SGL Carbon's graphite electrodes business, and capacity is fully booked until well into 2003.

Conversion of factors

The two smaller established areas are Graphite Specialties and Corrosion Protection. These two units are still suffering from the downturn in the semiconductor sector and low capital spending by customers in the chemicals industry and the mechanical engineering sector.

The Graphite Specialties business unit generates about 20% of its sales with the semiconductor sector. The SGL Carbon Group recently won its largest contract even, for over ¥27 million, to produce corrosion protection equipment for one of the world's largest magnesium producers, Australian Magnesium Operations (AMO).

SGL Carbon increased its profits from operations and profit after tax in Q3 2002. Operational cash flow more than doubled during the first three quarters. Reduction in losses at SGL Technologies exceeded expectations.

The company generated consolidated sales revenue of ¥284 million in Q3 2002, an increase of 2% from Q2 but 5% below the prior-year quarter. Profit from operations increased in Q3 to ¥11 mil-

lion, up 56% compared with Q2 and 82% compared to the same time last year.

Profit before tax in Q3 was ¥4 million compared to a loss of ¥1 million in Q2/2002 and a profit of ¥8 million in Q3/2001. Following two quarters in which it recorded a net loss, SGL came back in Q3/2002 to generate an after-tax profit of ¥5 million.

SGL has been successful at cutting costs, increasing its operational cash flow to ¥154 million compared to ¥67 million during the same time last year.

But there's a twist

SGL Carbon is a German company. We have nothing against Germans... in fact, our Taipan Group publisher, J. Christoph Amberger, hails from Berlin and has developed our editorial department over the years with Teutonic efficiency.

But Germany is currently on the brink of a public relations disaster in the United States. The Pentagon is finally taking the newfound love of peace among Germans seriously. So seriously, in fact, that the boys in Washington are gearing up to help Germany resolve an inherent conflict of interest. In early February, Financial Times Deutschland reported that the Yanks apparently even want to spare German industry the emotional anguish of profiting from war.

The industrial and engineering giant Krauss-Maffei Wegmann (KMW) had been applying to get a piece of the Pentagon's Future Combat Systems. Instead, General Dynamics and United Defense will take on the odious task of providing the warmongers with imperialist hardware for blood money. KMW thus will finally be able to focus on plowshares.

But as German car makers such as Volkswagen, BMW and Porsche brace themselves for a consumer backlash against Berlin's spineless politicking, I can't see SGL Carbon having anything to worry about. If anything, I think this might create a short-term bargain opportunity to buy this stock on the cheap!

Buy SGL Carbon (SGG:NYSE) at levels between US\$4 and US\$5.

over, please...

Avoid the sizzle, eat the steak!

Here's a US\$5.50 defense stock that was just awarded a US\$475 million contract from the Air Force... and hand-picked to provide missiles for Bush's Missile Defense Plan



Brian Hicks
Taipan
Microcaps Specialist

President Bush has ordered ten interceptor rockets to be deployed at Fort Greeley, Alaska, by 2004... with an additional ten slated for 2005-2006.

What gives?

Iran, Iraq, and, more importantly, North Korea.

In fact, as write this, Kim Jong-II, the leader of North Korea who sports a pompadour hair-do and elevator shoes to make himself look taller than he really is, just issued a chilling statement: if it feels threatened, North Korea considers itself entitled to launch a pre-emptive strike on the United States.

This has sparked the U.S. government to act quickly to resume its missile defense program.

A small company—**Orbital Sciences (ORB:NYSE)**—remains in the sweet spot of this program. As a long-time *Taipan* member, you may find this name familiar. After all, Orbital has made a lot of money for *Taipan* members over the years. What you may not know is that Orbital has a firm contract to build 16 to 18 kill vehicle boosters for the project by year-end 2004.

Of these, roughly 11 will be for strict research and development purposes. The remaining 5 to 7 will be used for testing purposes.

The test rockets will constitute the first actual deployment of rockets for missile defense.

Moreover, on January 31, ORB was awarded a US\$475 million contract from the U.S. Air Force to provide space launch and missile defense target vehicles using deactivated Peacekeeper ICBMs.

A US\$475 million contract is significant, considering that ORB trades at a market valuation of

just US\$230 million.

Better yet, in 3Q 02 ORB reported new firm and option orders of over US\$1.3 billion... with a firm backlog of US\$715 million, roughly 2.1x larger than its current market valuation.

In a market like this, that's music to my ears.

Value mania

For the past three years, there's been a conga line of institutional and retail investors streaming out of stocks. No surprise: with a war looming, the U.S. economy in the worst hiring slump in 20 years, and a post-bubble hangover still lingering, even profitable stocks are off by as much as 95% from their record highs.

That's exactly the case with Orbital Sciences.

I've played Orbital Sciences before, and made a little bit of money for my members: back in 1998, Orbital Sciences reached nearly US\$50 a share. A few weeks after September 11, ORB was trading for US\$1.50.

A year and a half later, ORB is up 233% from those distressed levels... and I think it's time to jump back in.

At a current market cap of just US\$230 million, trailing-twelve-month revenues of US\$511 million, and a one-year forward EPS estimate of US\$0.28, I see very little downside risk from US\$5.50 a share.

That said, I'm making Orbital Sciences (ORB:NYSE) my number-one value play for 2003. Buy it up to US\$5.50 a share. ■

Most people don't pay much attention to gold and silver. Recently these metals seem to have awakened from a long sleep and both are suddenly in the news. It may be worth your while to find out more about gold and silver. Why do they appreciate? What are the dynamics of these markets?

Investment Rarities, a company that has sold gold and silver for thirty years, has published several excellent books on precious metals. You can get these interesting and informative books by calling toll-free 800-328-1860. See the insert in this newsletter for additional information.

Buying the rumors of war:

Trading the dips and spikes just before and after a crisis is one of the most consistently lucrative decisions a trader can make!



Adam T. Lass
Taipan Chief of
Index Forecasting

Why do two peoples go to war? On its face, it seems like one of the most useless endeavors imaginable, and yet as humans, we hold the right to beat on other folks, be they far or near, as precious and inalienable, as evidenced by President Bush's insistence that we retain the right to stomp whom we please without first consulting "those who do not share our interests."

It's a widely held anthropological tenet that battles between roving bands of proto-humans and ancient simians over the best foraging grounds were the crucial tipping point in our evolution. (The proto-humans won, of course.) I personally prefer the idea that agricultural success in the fertile lands surrounding the Tigris and Euphrates created the first attractive targets for buccaneers. (No, I will not answer letters on the veracity or accuracy of evolutionary theory. I was there: it happened.)

Territorial imperative (lebensraum, if you will) remains to this day a popular excuse for sacrificing our young on the field of battle. The fight for a little

maneuvering room powered most if not all the wars of the past millennia.

Locked in a deadly embrace

By the late 20th century, however, the great game had grown a bit more complex as the world increasingly became a single playing field with great continental powers locked in semipermanent struggle. The first Gulf War, the war between Bush the Father and the current tenants of the Mesopotamian cradle lands, is a fascinating example of both sorts of war, with the Iraqis fighting for access to the Arabian sea via Kuwait while the U.S. fought to maintain its status as a controlling world power in the region.

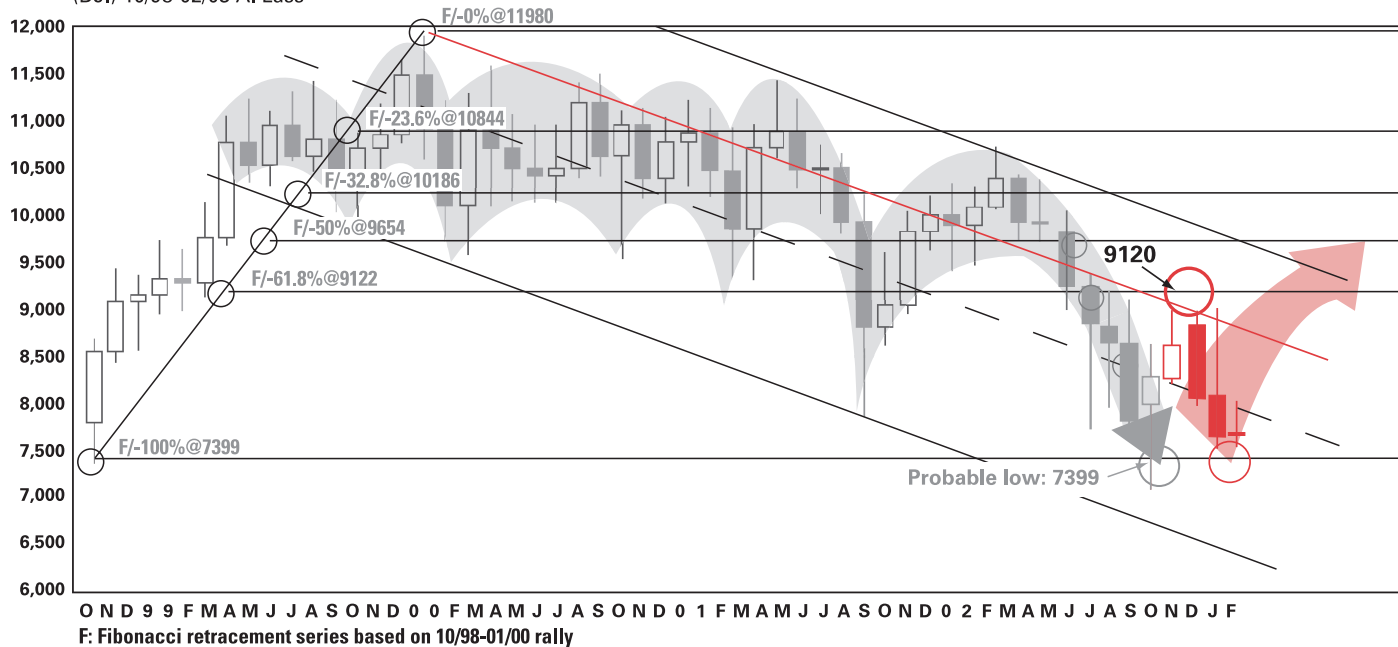
Sometimes, though, it may simply come down to one potentate who just doesn't like another's face, or smell, or habit of trying to assassinate one's close family members.

Be that as it may, this perennial human habit remains a constant to this day. Equally constant is the way the populace at large reacts to the advent of war. The folks on the home front always panic as

over, please...

WaveStrength Analysis™ Dow Jones Industrial Average

(DJI) 10/98-02/03 A. Lass



rumors of impending Armageddon fly through the marketplace. And just as rumors unsettle the market, facts settle the froth like oil on the water.

Buying the rumor of war

So what is a trader to do in times like these? The answer is both obvious and contrarian: buy the rumor and then sell the news. I can assure you from both from personal experience and historical research that buying the dip just prior to an invasion is one of the most consistently lucrative decisions a trader can make.

For example, the Cuban Missile Crisis saw the Dow Jones Industrial index (DJIA) drop 9.4% and then yielded a 15.1% rise, while the first Korean War (that's like when my wife refers to me as her "first husband") offered a 12% stumble followed by a 9.1% spike.

But enough of such "Peloponnesian" examples. Looking to the most recent models, one finds that the method holds up remarkably well. The 1989 invasion of Panama saw the DJIA rise 8% over the six months following the initial crisis

Prior to the launch of Desert Storm, the DJIA dropped 4.3%. One month later it was up 17% off that low.

The contrarian law of gravity: what goes down must come back up

Of course, the most salient—and dramatic—example would be the most recent: in the days subsequent to the bombing of the World Trade Center (as unsettling an event as one could imagine), the DJIA peeled off 18.62%. One month later, as we began our prosecution of the War on Terror, the market had rebounded 20.14%. Six months after that dark day, the Dow had risen 34.73% off its low.

A well-positioned trader stood to make substantial gains simply by "buying the crowd's panic" and selling into the moments of calm that always follow. Indeed, Taipans who followed our recommendations over 2002 racked up 102% gains from our system, which, despite its admittedly arcane nature, is after all little more than a predictive barometer of the crowd's

current mood.

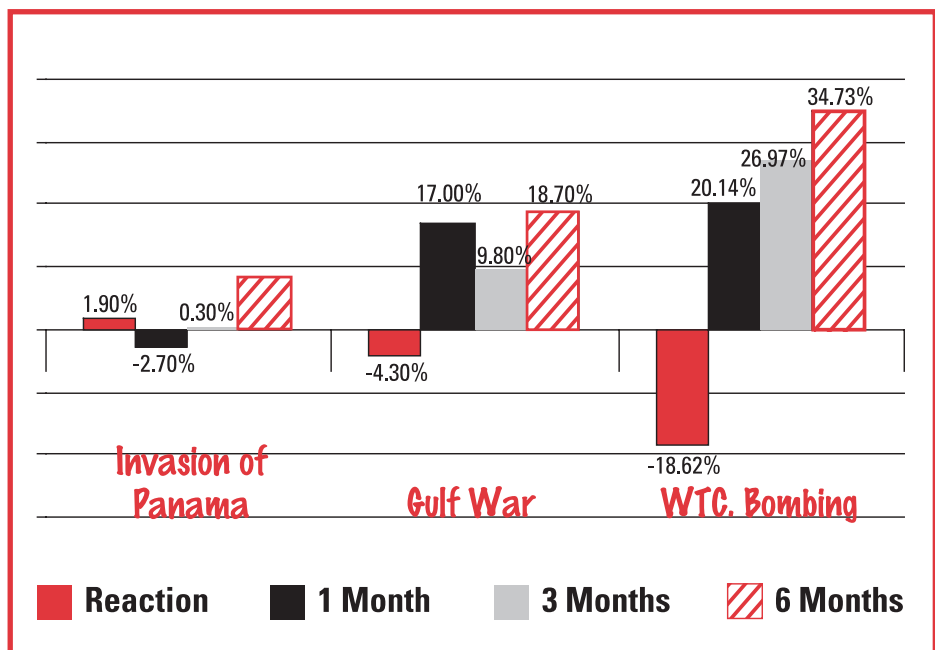
That system continues to indicate an overall bullish future for the DJIA, at least in the medium term. Both the short and long terms, however, are looking a little iffy. While the failure to hold an ascending arc is a little unsettling, the setting of a double bottom in the same vicinity as the October '98 lows certainly offers as strong base to build upon.

Covered from both sides

My advice at this moment of crisis is to gird yourself with the tools to survive and profit from attacks in any direction. We've already covered the upside probabilities with our March 88 Call contracts (DJX CJ), currently holding their own at around US\$0.90. The potential gains these calls represent are truly awesome: at DJIA 8,500, they should easily be worth double our purchase price of US\$0.95.

So let's look for a little cheap downside shielding, in case one of the less probable scenarios comes to pass—say, a longer, slower entry into the actual invasion phase of the war (the most likely catalyst for the short-term downside potential I see brewing in the chart). *WaveStrength's* options tactician, Bryan Bottarelli, recommends buying the Dow April 64 Puts (DJX PL)—currently trading at US\$0.65—as an appropriate hedge against this possibility.

Should the market rise, as is still the more likely outcome, your call position's doubling will far outweigh the 100% loss this put will experience. But should the market collapse and surge toward



the bottom of trend (we are talking ambulances again here, serious "break out the defibrillator" territory), this put option will more than triple, again easily outstripping the losses the call will suffer.

Power in conflict

We will be monitoring the total basket closely, and may advise rotating from March to April calls, so keep an eye on your daily 247profits e-Dispatch for updates. This sort of highly struc-

ture trading in the context of conflicting probable scenarios is the heart and soul of the *WaveStrength* method.

If it fascinates you as much as it does us, or if you just want to trade the movements of the Dow without taking the risk of actually owning any of it (trust me: contrary to what your broker may tell you, I truly believe it is actually more risky to own stocks right now), then pay especially close attention to your email. Bryan and I are launching a new service, *D-Wave*, that will specialize in exactly this sort of trading. ■

Headless or homeless:

After the Iraqi people, global oil services companies have the most to gain from a Saddam-less Iraq



Briton L. Ryle

Stock stories from Operation Desert Storm are now legendary. There was one company that made a special sand-resistant air filter for engines. The theory was that every supply truck and Hum-Vee deployed in the Persian Gulf had to be retrofitted with these sand resistant filters. I can't even recall the name of the stock, but it ramped up a few hundred percent in the months

leading up to the conflict.

Even more legendary is the U.S. stock markets' reaction to the first days of bombing. These days, you can't read a financial article about the potential effect of a new war with Iraq and not be bombarded with the trivial fact that the markets and the attack had an almost simultaneous launch date.

Investors have heard that story so many times, they no doubt believe a rally will inevitably coincide with the explosive precipitation forecast for Baghdad in late February.

Now, there's probably no better place to demonstrate the power of a self-fulfilling prophecy than the stock market. And even though I start looking for short candidates anytime the masses agree a rally is in order, I won't be too glib about shorting a "bombs away rally." But I will say I have serious doubts as to

whether a smooth opening to war with Iraq will have any positive impact on employment, capital spending, corporate revenue growth or any of the myriad other problems facing the U.S. economy.

Let loose the dogs of war

War certainly isn't the only thing keeping the stock market down right now. But it's still the biggest wild card. And the world is quite a different place than it was in 1991.

Higher oil prices as a result of Operation Desert Storm presaged a brief global recession. But now the world is already barely out of a recession. Another spike in oil prices could be devastating, not only to the U.S., but the global economy as well. And any spike in prices will be exacerbated by the loss of Venezuelan supply, which has global reserves running low. Is it any wonder that gold is at a 6-1/2 year high?

Clearly, it would be foolish for any company to come out and say they see an imminent surge in demand right before a war.

Even if they actually do see a pickup in demand, to forecast one would be irresponsible, if not downright stupid.

And besides, the threat of terrorism continues to loom. The experts sound pretty sure that al-Qaeda has something planned for the first days of this war.

over, please...

"With Hussein gone, oil-rich Iraq can become simply rich Iraq. And rather than spend millions on statues and palaces, the money can be spent on schools, or roads, or practically anything else. I don't think Saddam will be missed."

And although the U.S. has the most sophisticated intelligence machine on the planet, I wouldn't want to have much money riding on their ability to sniff out a plot conceived by this rag-tag bunch of psychos.

Hussein in the membrane

It might be tempting to advise anyone currently bullish on stocks to get their head out of the sand (or worse). But as I see it, the one shred of hope for the bulls—that war is averted either by Hussein's assassination or exile—is more likely than most believe.

Hussein is not a religious fanatic. Which means he's not motivated by any sense of righteousness. He's an egomaniac, a narcissist. And judging by the lengths to which he goes to avoid assassination, making the ultimate sacrifice for his cause is probably not a priority. If it comes to that, I'd expect him to follow Suharto, Marcos and Idi Amin into some kind of exile.

Moreover, if Mr. Mustache orders his career military men to launch chemical or biological weapons at American forces, it may well spark a coup. I know I'd be hesitant to hurl my anthrax grenade if I knew it'd be answered by fifteen Daisy Cutters.

Homeless or headless: who cares?

For all intents and purposes, whether Saddam ends up homeless or headless is irrelevant. Iraq is on the cusp of a new era. And while the last epoch was characterized by an oppressive dictator, Iraq's next phase will be all about oil.

It's estimated that Iraq is sitting on 200 billion barrels of oil reserves. More than anything else, these reserves are what has kept Hussein in power, and they represent the best hope of the Iraqi people for a brighter future.

With Hussein gone, oil-rich Iraq can become simply *rich Iraq*. And rather than spend millions on statues and palaces, the money can be spent on schools, or roads, or practically anything else. I don't think Saddam will be missed.

Pentiums and petrol

The opposition to taking out Hussein is being led by France, Germany and Russia. And the reason is simple: money. France and Russia are sitting on billions in potential revenues for handshake agreements

“Halliburton has to be considered a front-runner to upgrade Iraq's oil fields because it already knows them intimately and can likely do the job faster and cheaper than anyone else.”

to upgrade and develop many of Iraq's oil fields.

The problem for France and Russia is that these agreements are not signed contracts, as that would violate UN sanctions. If the U.S. spearheads the invasion of Iraq and successfully takes out Hussein, those agreements are history. And France and Russia will be lucky to get a contractual bone thrown their way when the upgrade-and-development campaign begins in earnest.

The “food-for-oil” economic sanctions have slowed Iraq's output to a paltry 2 million barrels a day, on average. Some estimate that a basic upgrade could boost production to 5 million barrels a day, without even developing any new oil fields. And when you consider that there hasn't been a new computer installed in the Iraqi oil industry since 1989, it's clear that technology is a revolutionary concept for these guys.

Now, here's the rub:

Q: Which global oil services company that's done the most contracting work on Iraq's oil fields currently has a former CEO in the White House?

A: Halliburton (HAL:NYSE)

My reasons for singling out Halliburton as a play on post-war Iraq have nothing to do with the fact that current Vice President Dick Cheney gave up his job as CEO of the oil services giant (as well as million in stock options) to enter public life again. Though I have to admit, the connection can't hurt.

Halliburton has to be considered a front-runner to upgrade Iraq's oil fields because it already knows them intimately and can likely do the job faster and cheaper than anyone else. Upgrading existing oil fields and developing new ones represents billions in potential revenues.

Of course, Halliburton isn't the only company that will be involved in any post-war development. There's Baker-Hughes (BHI:NYSE), Bechtel and others.

I like Halliburton for the political connection and the valuation. Halliburton trades at a significant discount to Baker-Hughes, for instance. And Halliburton pays a higher dividend.

Halliburton trades at 0.7 times sales, 2 times book value and has nearly US\$600 million in cash. Baker-Hughes is relatively expensive at 2 times sales and 3 times book. Plus, its cash position is much smaller at US\$81 million. Debt ratios are essentially even between the two.

Warren Buffett's nightmare

Now you may be wondering why Halliburton should be cheaper than Baker-Hughes on a valuation basis. And the answer is the same one that Warren Buffett called "the cancer on the American corporate world" – asbestos liability.

In December, Halliburton reached an agreement that could settle all asbestos litigation claims against it. And if the seemingly always-in-the-works asbestos liti-

gation bill makes any headway in Congress, Halliburton could see a substantial rise in price.

Simply carrying a market cap equivalent to its annual revenues would make Halliburton a US\$26 stock, 30% above current levels. And any boost in revenues from Iraqi oil development could send the stock above US\$30.

At US\$20 or below, Halliburton is the best play on a postwar, Saddam-less Iraq. Buy it at US\$20 and look for a 30% gain over the next six months. ■

Join us in Argentina and Chile

March 24 through April 8, 2003

Here's your opportunity to see firsthand why now is the time to invest in Argentina and Chile. Look deep into the heart of these unique, diverse countries... genteel, energetic cities with unlimited cultural activities... pristine countryside with snowcapped mountains... and rivers that still run crystal clear.

But this is no ordinary tour. You will see what tourists don't. You'll hear from local economists, attorneys, real-estate experts and more. They'll give you an overview of immigration issues and tell you how to go about negotiating the best deal in today's advantageous real-estate market. You'll find out how to acquire a clear title to your property and about taxation issues affecting your real-estate investment. Plus, you'll hear the pros and cons from expats who have already taken the plunge.

This is the best time to take a look at Argentina. Why? Because Argentina is in the midst of recovering from its worst economic crisis ever. A few years ago, the Argentine peso was pegged even

with the U.S. dollar, but today's exchange rate is 3.7 pesos to the dollar. Suddenly, this sophisticated country has become very affordable. No, the truth is... things are unbelievably cheap. Being in Buenos Aires is like being in Paris—all the amenities and charm for one quarter to one third the price.

Ordinarily, you might expect that the worst time to visit a country would be during a time of crisis. But Argentina is a place with a colorful history and a lot of resilience. Its people have overcome political and economic hardships before and, as a result, they are independent, optimistic, graceful and proud. And they have a lot to be proud of...

In the second half of the expedition, we'll travel the Argentine and Chilean lake districts by boat. We'll cross three beautiful Patagonian lakes and border a fourth. On the final leg of the journey—by bus—we will pass spectacular rushing rivers and roaring waterfalls... before reaching Chile.

over, please...

Classified Ads

EARN 19.5% YEAR or 1.5% PER MONTH COMPOUNDED WITH \$1 million or less (Min. is \$100,000) ON A SAFE, SECURE OPPORTUNITY. IRA COMPATIBLE. MEMBERS — LIONEL NEGUS or CHRIS THOMPSON (888)926-4942 TOLL FREE 9:00 AM – 5:00 PM PST or email: info@parklaneinternational.com

Beach house directly on beautiful **Delray Beach, FL**. Charming renovated historical house w/3BD, 2BA, fireplace, hardwood floors, new appliances, more. Walk to historical downtown Delray to dine, shop, and peruse the arts. Minimum one-week stay. \$2,800 seasonal, \$1,950 summer. Call (561)243-0630.

SOUTH AFRICA—PAY PENNIES ON THE DOLLAR. 6 HEAVY INDUSTRIAL LOTS. FOREIGN AID EXPANSION AREA. EXCHANGE VARIATION MAKES THIS AN INCREDIBLE SLEEPER. LIONEL NEGUS—LIFE MEMBER TOLL-FREE (866)926-4942. FAX (888)926-4952. LIONEL@NEGUSFAMILY.COM

OFFSHORE PRIVATE MONEY SYSTEM. 800% payout in 30–45 days! Only sponsor (2) business partners to qualify! \$750 minimum participation. Call now for details (800)345-9688 Ext. 6827 (24 hours).

Futures broker has personal trading system available for clients. Free month trial. Experience the best for yourself. Dan@BSWM.net (800)359-0732.

Million Dollar Plus **VILLA DAFFODIL** on the Beach on ST MAARTEN—Private, 3BR, 4BA, every amenity—Pool, Jacuzzi, 100-ft. deck along beach—MINIMUM ONE WEEK - \$5,000-\$7,500 for up to 3 couples. Discounts to Taipan readers. (239)593-7357—Virtual Tour: witenblauwestates.com

Free Report! The Benefits of Corporation Sole. Protect Assets—Limit Liability with this centuries old entity. Call: (800)896-5056 or e-mail: hbi2000@yahoo.com

Taipan's Classified Rates

TAIPAN CLASSIFIEDS are published concurrently in our U.S., Canadian, and international editions, as well as on our website www.taipanonline.com. They are read by investors in 108 countries and in cyberspace. Lifetime Members: One free 40-word or less ad per year. Place the ad for two consecutive months — receive the first month free and a 25% discount off the regular rate for the second month. Additional ads at the regular member rate. Regular Rates: US\$3.50 per word. All capital or bold-face words are 50¢ additional per word. Members receive a 20% discount. Deadline: The 1st of the month preceding publication. Make check or money order payable to Taipan Classifieds. We also accept VISA and MasterCard. Send ads and payments to: Janet Wisner, Editor, Taipan Classifieds, 2043 East Joppa Road PMB #371, Baltimore, MD 21234, U.S.A., tel. (410)668-2355, fax (410)668-6566.

Chile is one of the most beautiful countries on earth—yet few people realize it also has one of the fastest-growing economies in the western hemisphere. Here's your chance to get to know this amazing country... and enjoy first-world comforts and old-world charms while exploring some of the best investment opportunities in the world.

Like every other country in the world, Chile faces the challenge of the current global economic slowdown. As a result, real-estate prices are extremely reasonable. Chileans are serious about attracting foreign investment and tourism. For instance, did you know that in Chile, you can establish residence in a Free Zone port on the Pacific where you can enjoy

virtually tax-free living and even receive government money to start your own export business?

This is one tour you don't want to miss. Agora Travel will take care of everything for you, including all travel and meeting arrangements.

If you don't have the time to travel with us to both these extraordinary countries, we can make arrangements for you to go only to Argentina... or to join us in Chile.

Please call Agora Travel for details at 235 NE 4th Avenue, Suite 102, Delray Beach, FL 33483, tel. 800-926-6575 or 561-243-6276, fax 561-278-8765, email tours@internationalliving.com, website www.ildiscoverytours.com. ■

The Agora Wealth Options Seminar

April 24-25, 2003 at the Harbor Inn Pier 5 in Baltimore, Maryland

You may not know this, but options are the most powerful wealth-producing tool on the planet... *once you know how to use them!* Futures and options contracts provide a means of hedging, risk management, asset allocation and speculation.

And according to the Futures Industry Association, the total number of futures and options contracts traded on futures exchanges worldwide grew from 475 million in 1990 to 1.8 billion in 2001!

There are a number of reasons why futures and options trading has gained global popularity. Investors realize that with increased market volatility, risk management becomes a key element in holding on to their money. And buying a futures or options contract is a cheaper hedge than buying the underlying financial institution or commodity.

But for many investors, options trading remains a mystery. The Wealth Options Seminar was originally a one-day course. But we found it impossible to cover every-

thing about options in one day. So we tacked on an extra day. In these two days of jam-packed meetings, we'll cover everything from what it means to have a long/short position, protective equity puts, buying put options and covered call selling, to the different strategies you can use to hedge your risk with options.

We've lined up a panel of options specialists who will help you understand and use futures and options to succeed in the market. Speakers include *Taipan's* in-house options gurus and the masterminds behind *Q-Wave*, *X-Wave* and *D-Wave*, **Bryan Botterelli** and **Adam Lass**, *True Wealth Trader's* **Steve Sjuggerud**, world-renowned author and trading coach **Dr Van K. Tharp**, *Options Hotline's* **Steve Sarnoff**, and *Instant Profit System* and *Options Advantage's* **Karim Rahemtulla**.

For more information on this two-day event, please call Event Director Vickie Beard at tel. 410-454-0495, fax 410-454-0401, or e-mail vbeard@agora-inc.com. ■

TAIPAN

Publisher:

J. Christoph Amberger

Editors: Christian DeHaemer, Brian Hicks, Siu-Yee Ng, Briton L. Ryle, Adam T. Lass, Bryan Bottarelli, Ian Cooper, William Colburn

Managing Editor:

Ned Humphrey

Art: J. Lindsay Willey

Fulfillment: Alex Ferguson

Tours and Conferences:

Barbara Perriello

Customer Care:

Call (508) 368-7498

9 a.m. to 5 p.m. Eastern Time

Email:

editor@taipanonline.com

Taipan (USPS#008-049) is published monthly for US\$129 per year by Agora, Inc., 808 St. Paul St., Baltimore, MD 21202, USA. Periodicals Postage Paid at Baltimore, MD, and at additional mailing offices.

Postmaster: Send address

changes to *Taipan*, 808 St. Paul Street, Baltimore, MD 21202 USA.

©2002 by Agora, Inc. All rights reserved. Printed in USA.

Information, opinion, research, and commentary contained herein is obtained from sources believed to be reliable; their reliability, however, cannot be guaranteed. The maxim of Caveat Emptor applies—let the buyer beware!

Taipan does not provide individual investment advice, or act as an investment advisor, or individually advocate the purchase or sale of any security or investment.

Members of the organization, its officers, directors, employees, and associated individuals may have positions in investments referred to in this newsletter and may add to or dispose of the same.

Investments recommended in this newsletter should be made only after reviewing the prospectus or financial statements of the company. *Taipan* does not necessarily endorse the statements in advertising inserts or classified ads that accompany this publication.

T #123384745

www.taipanonline.com

USERNAME:
taipanmember8

PASSWORD:
8sabers