April 2000
Volume 12, Number 6

TAIPAN

FORESIGHT COURAGE PROFITS

Laying cable for fun and profit...
Get hard wired for an easy 203% gain!

By Christian DeHaemer

It's been a couple of years now since the electronic elite began promising the nirvana of broadband in the house. Bill Gates wired his house like a chicken coup, with talking toasters, streaming audio, and pop-up video conferencing in every room. He labeled it the future and declared that it was only a matter of time until you, too, could have such things.

Buy ClearWorks.net below US$14 today, with a one-year price target of US$40!

We heard stories about video games on demand, never having to return a movie, and refrigerators that could order more milk. Let's not forget the Internet as it was meant to be, with new pages loading as if you were flipping through a phone book.

I don't know about you, but in my house, we still buy the milk from the corner, don't talk to our toaster unless we've had a really bad day, and suffer through the worldwide wait.

I'd walk a last mile for a broadband network

The extreme data functions described above are a reality. The problem lies in acquiring them. As consumers, we are held hostage by the two industries that epitomize the word dinosaur— cable and telephone.

These guys think "sometime between noon and four" is an appointment. They can't even determine who is getting their product for free. Let's face it, these companies reek of the bloated bureaucratic Old Economy they represent. *They simply are not the people you think of calling when you want to wire your dwelling for the bleeding edge.*

But who do you call? There is no "fully wired home" section in my phone book. Clearly, this is a market void waiting to be filled. And why I was so happy to discover the following company. Judging by the number of deals this company has signed in the past two months, the new home market was happy to discover them as well. Please, read on.

Who you gonna call?

ClearWorks.Net, Inc. (CLWK-OTC BB) is a provider of voice, data and video services for commercial and residential customers. The company is based in Houston, Texas, and plans to become an industry leader in integrated voice data and video solutions.

They might meet that goal because ClearWorks.net is riding the convergence wave of telephone, cable TV, satellite TV, telecommunications and Internet technology—and a major housing boom.

ClearWorks incorporated a little over a year ago as a company that wired voice, data, and video for business. It has since captured a major opportunity in the new home market. And now delivers "Bundled Digital Services" to residential consumers directly through a proprietary service package.

The company's own R&D has developed a technology that can utilize a high speed Internet connection for the delivery of all services. It now possesses a wide array of digital solutions, which it began deploying to homes in the third quarter of 1999. <u>The ramp up has just started.</u>

The wired trinity

ClearWorks.Net consists of three wholly

(over, please)

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TAIPAN

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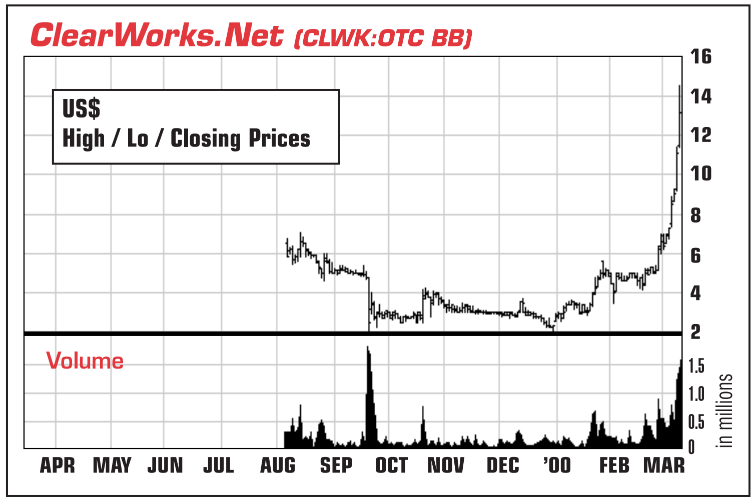
owned subsidiaries, ClearWorks Structured Wiring Services, ClearWorks Communications, and ClearWorks Integration Services.

Structured Wiring focuses on schools and school districts, companies, and individual homeowners who want fiber optics or copper-based solutions. Revenue is generated though time and materials billings, consulting contracts, service and support contracts, as well as hardware and software sales.



ClearWorks Integration Services provides IT staffing and consulting to build Local Area Networks, Wide Area Networks and other multi-platform supports like you probably have in your office.

The big mover of this company is the third segment—ClearWorks Communications. It focuses on the delivery of integrated voice, data, and video services to the residential marketplace.

America is one big suburb

It is estimated that 1.7 million homes were built in the U.S. last year. I don't know if its true where you live, but around here houses are going up faster than mushrooms after a warm rain. Demographic information suggests that the fastest growth in new houses continues to be in the Southwest—where ClearWorks is located.

According to the Gartner Group, a third of the U.S. workforce will be working from home at least one day a week by 2003. This isn't even considering the desire for home shopping, entertainment, communications, and research.

ClearWorks has the business ties in place to meet this market demand. The company is a value-added reseller of hardware and software. It buys from the likes of Compaq, Computer Associates, Network Associates, IBM, Hewlett Packard, Alctel, and 3Com. And just like your auto mechanic, it jacks up the price and takes a cut. ClearWorks also uses technology from Cisco, Netscape, and General Instruments.

The fact that it isn't a manufacturer means that it avoids the expense of carrying inventory and can adapt to an ever-changing environment.

Put fiber in your portfolio

The upshot is that ClearWorks can build you a home based LAN, bringing multiple telephone jacks, cable hookups, and standard outlets to each room.

This means that one multifunctional outlet provides the juice and data feed for all of your electronic needs including: telephone, television, stereo, VCR, DVD, modem/Internet, computer, fax machine, cable access, home theater, satellite dish, security system, and home automation.

And it's all plug and play. That means you simply insert what you need, from anywhere in your home. Its time to throw away that tangled mass of wires in your home office.

But that's not all… you also get:

Digital television channels with custom designed video feeds and HDTV based on the nature of the communities. Retirement homes get six channels of *Matlock,* family communities allow control of the porn.

You've heard the hype of MP3. In a ClearWorks world you get multiple channels of digital music—all music all the time, commercial free and digitally clear audio.

The pay-per-view movies and video games means that you'll never have to pay late fees at Blockbuster again. Digital video on demand—this is stuff I was telling you about a few months ago when I recommended you buy Tivo. **Remember 50% in a month?** It allows you to pause live TV, record months in advance with one button and surf though categories of TV listings simply and easily. It's sort of a high tech VCR and *TV Guide* combined.

The high-speed Internet access is 2000 times faster than a 56k modem. And there is also the ability for a community Intranet. Customers will get the latest news, special events, crime watch, or whatever information is relevant to their development. You get the convience of being nagged by your homeowners association by e-mail.

FINANCIAL HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED 09/30/99 AND 1998	1999		1998	
	3 MOS.	9 MOS	3 MOS.	9 MOS
REVENUES	$1,027,000	$2,052,000	$231,000	$546,000
GROSS PROFIT	252,000	638,000	45,000	105,000
NET LOSS	(457,000)	(757,000)	(55,000)	(61,000)
EARNINGS (LOSS) PER SHARE				
Basic	$(.03)	$(.05)	$(.01)	$(.01)
Diluted	$(.03)	$(.04)	$(.01)	$(.01)

SHARE INFORMATION			
CURRENT PRICE	$13	**FLOAT**	9,707,424
SHARES OUTSTANDING	16,958,159	**AVG. DAILY VOLUME**	518,360
		INCORPORATED	Deleware, Oct. 1,1997

The company

ClearWorks.net last reported a 345% increase in Revenues for 3rd Quarter in November, 1999—year over year. The company also reported a 276% increase in revenues for the nine months ending September 30, 1999 compared to the same period last year. *That's the kind of growth that gets your attention.*

And, as an added bonus, *they are still losing money,* which makes it the perfect stock to own in today's economy. No pesky p/e ratios to worry about!

Understanding this company is easy. The bet is that ClearWorks.Net will continue to add subscribers at an alarming rate before competition, lawsuits, a sea-change in technology, or some other corporate killer sends it back to the bush leagues.

Judging by the string of press releases put out over the past two months, I believe this is a fairly safe bet. Traditionally, Internet Service Providers (ISP) and cable companies have been valued at US$5,000-8,000 per customer. However, because ClearWorks is a cable/digital/TV/home security/internet broadband/home networking company, you can make the argument that they should be valued at US$10,000 per subscriber.

The deals — Streaming profits

ClearWorks has announced three deals since the first of the year totaling more than US$370 million in revenue and US$185 million in gross profit over the life of these deals. <u>What really gets me giddy is that these massive revenue streams come from signing only 9,700 customers</u>.

Granted, the picture is not as rosy as it appears at first glance. The deals are structured so that the bulk of the revenues are generated after 2003. However, the company can borrow against this revenue stream and receive the required capital for expansion. But I'm getting ahead of myself. Let me tell you about the most recent deal so you understand the business model.

Accelerating profits

ClearWorks.net signed a US$120 million deal for the 3,700 single-family homes in the Teravista planed community near Austin. Furthermore, Teravista has three multifamily sites, a 196-acre commercial campus and 25 acres of retail property.

The projected revenues for the life of the project are US$120 million. Gross profit is projected to be US$63 million. Construction will begin in June 2000 and is expected to be completed within five years. ClearWorks.net will provide structured wiring for the homes as they are built, with initial revenues of US$1,500 per home.

In the first quarter of 2001, the Company expects to receive US$137,000 in additional revenues from its Bundled Digital Services(SM) to the Teravista community. This is expected to increase to US$273,000 in revenues during the second quarter of 2001 and to US$1.4 million in revenues for the full year 2001, reaching US$2.5 million in 2002. Starting in 2005, ClearWorks.net expects revenues from this project to be approximately US$5.5 million per year until 2026.

The two other deals were structured much the same way. The first is a US$50 million deal in the Lakes of Eldridge planned community in Houston with 1,400 single family homes

Two days previous to this deal, Clearworks.net secured a US$200 million revenue project to deliver their Bundled Digital Services to over 4,000 single family homes and 2,000 multi-family units in the Avery Ranch community of Austin, Texas.

What value this?

Given a US$10,000 per subscriber multiple, the last two months of deals would give you 11,100 subscribers and a market cap of US$111 million. Today, ClearWorks trades at a market cap of US$300 million. That's because this

(...continued on page 4)

company isn't about where it is today, but where it will be three to five years from now.

ClearWorks.net has announced a number of things that suggest that the past two months are no fluke.

Expansion

ClearWorks.net is on a path of rapid expansion. They recently inked a deal that allows interconnection to the Public Switched Telephone Network in thirteen states. The agreement provides interconnection capabilities with Illinois Bell Telephone Company, Indiana Bell Telephone Company, Michigan Bell Telephone Company, Nevada Bell Telephone Company, Ohio Bell Telephone Company, Pacific Bell Telephone Company, Southern New England Telephone Company, Southwestern Bell Telephone Company and/or Wisconsin Bell, Inc.

This lays the groundwork for expansion into those territories. Furthermore, ClearWorks.net recently announced that it has expanded its operations into the Phoenix market. It has offices in San Antonio, Austin, and Las Vegas. With the expansion into Phoenix, the company now covers five of the top 10 fastest growing residential markets in the nation.

ClearWorks currently works with several regional and national builders including Centec, Pulte, Royce, Kaufman and Broad, Ryland, D.R. Horton, Village Builders, David Power, Legend, Hammond, and Trendmaker.

But wait, there's more—A Nasdaq listing?

ClearWorks.net has recently signed a top-tier auditing firm, KPMG, in an effort to positions itself for long-term growth and a Nasdaq SmallCap Market listing. Furthermore, the company hired an investor relations company to put out the good word and maximize shareholder value.

So what would you pay for a rapidly expanding start-up, with fat margins in a sweet market. If you bought it today at US$12 you would be paying three times the going rate for this type of broadband supplier. However, this company is all about growth.

It is reasonable to assume that in a year—given the market demand and the current growth rate—the company will have 50,000 subscribers—this would give you a market cap of US$500 million or 44% above its current value.

However, due to its rapid expansion into five of the fastest growing regions, and because the market is a forward looking beast, you can make the argument that ClearWorks will trade based on projected 2001 numbers - say 100,000 subscribers and a high triple digit growth rate. That would give you a billion-dollar market cap—or a 203% gain over current levels.

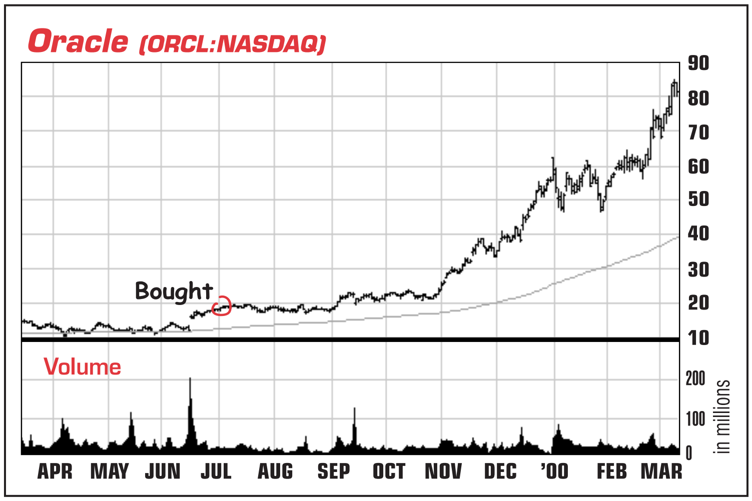
With a Nasdaq listing and some analyst coverage, I believe this company could easily trade at those multiples. If it gets a little tailwind and executes well, the numbers could be much higher. **This is the only U.S. based company that I know of, which is focused on this market and they have zero analyst coverage.**

Buy ClearWorks.net below US$14 today, with a one-year price target of US$40. **Contact: 2450 Fondren, Suite 200 Houston, TX 77063, Phone:** (713) 334-2595, **Fax:** (713) 334-6565.

■ ■ ■

Oracle is up 326%!

Taipan's blue-chip tech stocks continue to ride the road to glory.



Last summer you could have picked up **Oracle (ORCL-NASDAQ)** at a post split US$19 on my recommendation. Today it is trading at US$81—that's a 326% gain in less than a year.

This has been one of the best performing blue-chips over the past year; 33 out of 35 brokers recommend it as a buy. It's numbers like that which make me question whether we are nearing a short-term top.

Oracle beat the street in Q2 bringing in US$384 million or 26 cents a share on sales of US$2.3 billion. I believe it should beat the Q3 expectations of 13 cents.

The question is will it beat these numbers enough to avoid a sell off. Maybe not, but I'm not selling. The post-Y2K spending spree happened just like *Taipan* predicted, and it is far from over.

Taipan expects the revenue and income growth to continue, as the worlds second largest software maker benefits from global B2B expansion as well as significant cost reductions.

Oracle, as well as Sun Microsystems **(SUNW–NASDAQ – we're up 187%),** remain cornerstones of our portfolio.

UPDATE

Human Pheromones (EROX:NASDAQ) is starting to percolate. It's the number three seller on Perfumania.com and it seems on the verge of profitability. It remains a hold.

Cashing out in the Year of the Dragon

By James Passin

> *"Dragon years often give rise to celebrations or festivals. These years are meant for those who dream of vast success and brilliant victory over adversity. Because of the essentially mythical nature of Dragons, any gains reaped during his year may be fleeting and largely unreal."*

According to the Chinese astrological cycle, 2000 is the Year of the Dragon.

It occurred to me on the deck of the Grand Princess, during the Agora Wealth 2000 Cruise, in the midst of Chinese New Year, after I slathered my buffet-stuffed, pasty-white tourist hide with suntan lotion, that the ancient prophesy was fully consistent with my King of the Carnival hypothesis. *The tech bubble is a reincarnation of the ancient Carnival, a nomadic Dionysian frenzy in which societal laws are temporarily inverted…*

Don't get me wrong. I'm not one of those recalcitrant grouchy bears who dream of market crashes, only to miss out of the greatest bull market in financial history.

Taipan subscribers have fully participated in the current technology boom. My **U.S. Small Cap Technology portfolio is up 161%** year-to-date. My **Global Technology portfolio is up 78%.**

I am a religious believer in technology. My biotech (**AVAN, up 550%; XOMA, up 140%**) and internet picks (**UPRO, up 350%, about to launch a NASDAQ IPO**) are flying—and I recommend following a "let your winners run" strategy with most small cap tech plays.

Rising forward dollar swap rates, the expanding spread between corporate paper and treasuries, and robust commodity prices are bearish leading indicators of global liquidity.

If the flood of liquidity dries up, the musical chair of .com paper will become the stomping ground of the bears the size of dragons singing songs of Chapter 11. Given the carnival characteristics of the U.S. equity market, **I recommend looking for profit-taking opportunities in overvalued sectors and regions.**

Get out of semiconductors!

In the June 1999 issue of *Taipan,* I predicted that a "powerful recovery" in semiconductors was imminent. I recommended **Genus (GGNS-NASDAQ)** as a low-priced play on semiconductor capital equipment. Since my initial coverage, **GGNS has risen 700% from US$1.75 to US$15**—hitting my three-year target in ten months.

The semiconductor sector is experiencing a blow-out terminal rally. The current craze for semiconductor stocks is ridiculous. **Rambus (RMBS-NASDAQ)** just quadrupled in three weeks on the back of a short squeeze (last month's reported short interest equaled 42% of the float)!

The market cap of the top eight Asian semiconductor companies is US$150 billion! You could have bought the entire Southeast Asian market (ex-Hong Kong and Singapore) for US$150 billion at the Asian crisis low!

The average U.S. semiconductor company is valued at a bloated 30x forward EBITDA. RMBS is trading at 716x forward earnings. The Philadelphia Semiconductor Index (SOX) has almost doubled since January. This kind of parabolic market action has historically coincided with major peaks in the sector.

There's only one problem with the semiconductor industry: *it's a commodity business.*

Like all commodity businesses, semiconductors are highly cyclical. Cyclical, commodity stocks don't deserve to trade at 30x forward EBITDA.

Semiconductor capital equipment is highly leveraged to semiconductor prices. High semiconductor prices tend to

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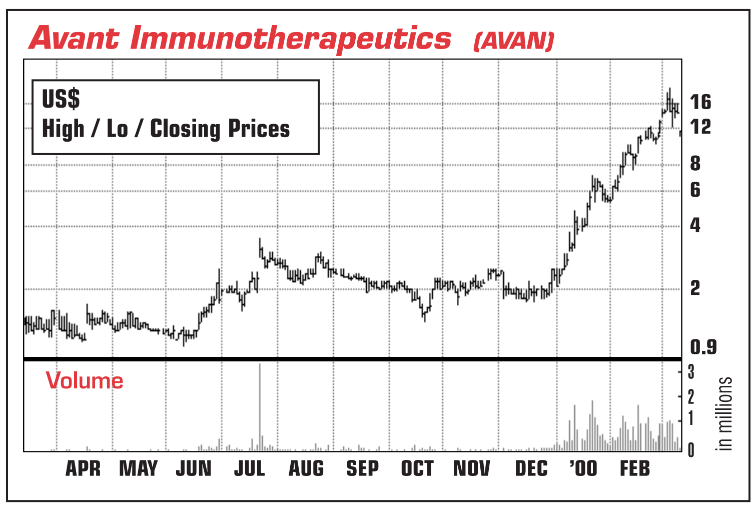
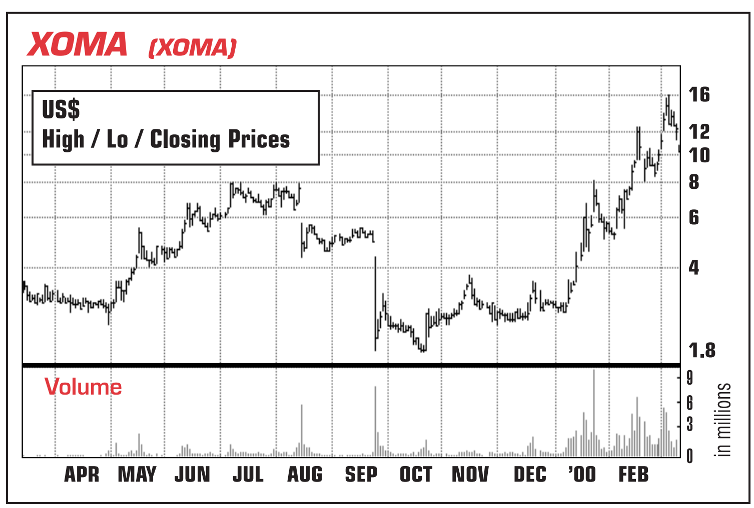




encourage capital expenditure. DRAM prices tripled from June to September 1999, in line with my expectations.

However, DRAM prices have since collapsed 60%, revealing that Moore's Law is still intact. Lower DRAM prices will eventually feed through to cashflows at the big semi manufactures, hurting orders for new equipment.

This trend should soon manifest itself in a deteriorating book/bill ratio. As evidence of a slowdown is digested by the market, semiconductor capital equipment stocks will get crushed.

Genus *(GGNS-NASDAQ)*

Don't expect another 1991-1995 superbull market in semis (you could have made 90x your money on Micron Technology [MU-NYSE]). Since 1995, the SOX index has hit a major cyclical low approximately every two years. Based on the recent ramp-up in semi capex, I expect this technical pattern to continue.

I continue to have a strong opinion of GGNS's management and business model. However, GGNS is fully valued at current prices. Insiders are starting to give up stock. GGNS has strong technical resistance at the old 1995 peak of US$16. Takeover rumors are spreading on the messageboards. In my view, the news couldn't get any better for GGNS. Time to get out**. I am downgrading GGNS to Sell.**

The Israeli tech boom is on its last legs

When I discovered the Israeli tech industry in 1996, no one cared about it. Israel was considered a Middle East backwater. In fact, Israel wasn't even included in the IFC emerging market index.

Taipan subscribers have made huge profits in Israeli tech stocks**. ELRNF is up 400%. ELBTF is up 610%. ORCT is up 320%**. We have **realized substantial gains in ESLTF, EMITF, ELT, and ORBK**.

Why did I keep pounding the table on Israeli tech? Because it represented a undervalued alternative to high-flying U.S. tech stocks. And the Israeli tech market was structurally inefficient.

Unfortunately, the easy money in Israeli tech is over. Every week, I seem to read a new story about the Israeli tech boom. The number of dedicated portals for Israeli tech stories keeps growing.

The quantity and depth of research on Israeli tech stocks keeps improving. A number of successful Israeli IPOs on NASDAQ have attracted the attention of daytraders. Investment banks issue new buy recommendations on old favorites like ORBK and ZRAN (now that the stocks are up 10x).

Given the ballooning interest in Israeli tech, the opportunities to score huge profits are disappearing. As a contrarian, I view the massive re-rating of Israeli tech as a clear warning sign. In my opinion, *Israeli tech is close to hitting a two- to three-year peak*. I don't know what the catalyst will be for a bear market in Israeli tech. However, Israel remains an emerging market. Terrorism, war, political turmoil, and inflation are possible rally-killers.

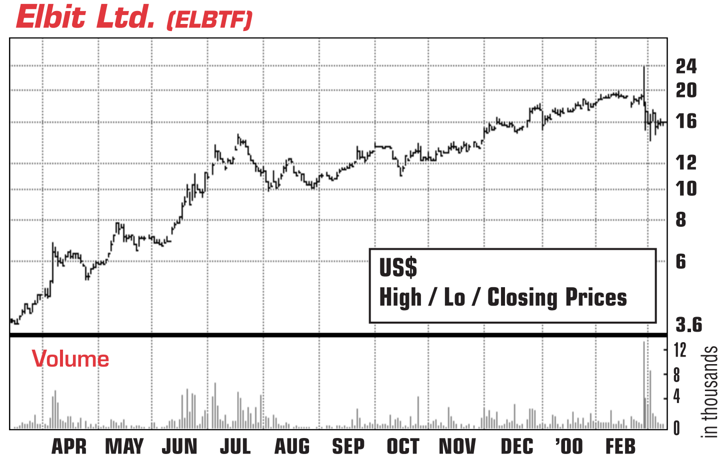
A significant breakthrough in Israeli/Arab peace negotiations would trigger an explosive rally in Israeli tech stocks. For example, if Israel actually withdraws from southern Lebanon, there would be tremendous excitement towards Israeli assets. The endless media coverage could trigger another 50% rally in Israeli tech stocks**. I would use any peace accord rally as an opportunity to unload your positions**.

Shocking disappointment from Elbit Ltd.

Since September 1998, I have recommended **Elbit Ltd. (ELBTF)** based on the incredible value in the company's high tech subsidiaries and my belief in management's ability to realize value for shareholders. ELBTF has been an outstanding performer for *Taipan* subscribers, rising from US$2 to a recent peak of US$23. **At the current price of US$15.75, ELBTF is up 600% since my initial coverage.**

ELBTF's most exciting asset was its holding in Peach

Elbit Ltd. *(ELBTF)*



ELBIT's ASSETS NOW INCLUDE:			
Asset	**Stake**	**Value (USD)**	**Valuation Method**
PTNR	12.4%	$498,000,000	Market
HyNex	90%	$150,000,000	5x Est. 2001 sales
Contop	60%	$43,000,000	Not worth more than Peach
Cash	100%	$65,000,000	Balance sheet
Real Estate	100%	$14,000,000	Private estimate
EVSN	53%	$16,000,000	Market
Misc.	n/a	$2,000,000	Private estimate
Disputed tax	100%	($15,000,000)	Worst case scenario
TOTAL.......................................$753,000,000		**NET ASSET VALUE PER SHARE**...................$35	

Networks. I have written about Peach's blockbuster solution for internet access over cable TV set top boxes in *Taipan.*

I had believed that ELBTF intended to bring a strategic investor such as Microsoft (as a 10-20% holder) into Peach and float it on NASDAQ. As a public company on NASDAQ, Peach would have been worth US$500 million to US$1 billion, based on valuations awarded to Peach competitors such as WGAT or EAG.

Instead, ELBTF sold Peach to **Microsoft (MSFT-NASDAQ)** for US$43 million in cash, or US$35 million after-tax. Instead of getting a strategic stake in a billion dollar company, ELBTF is getting a one-time gain of US$1.40 per share. The price that Microsoft paid for Peach is absurdly low. **I believe that ELBTF shareholders are getting ripped off.**

Having been deprived of the clear and immediate upside potential provided by Peach, the outlook for ELBTF has been radically degraded. Furthermore, the weakness displayed by ELBTF's directors in negotiating with Microsoft throws cold water on my projections for the realizable value in Contop and HyNex.

ELBTF is currently trading at a 57% discount to estimated gross NAV. However, this calculation does not take into consideration that tax liability that ELBTF would incur if it tried to realize value in its subsidiaries.

The after-tax value of ELBTF's assets (at the 35% tax rate) is roughly US$25 per share. Consequently, *I believe that it will be difficult for ELBTF to break above US$20 in the near-term based on a 20%+ holding company discount.*

That said, ELBTF remains fundamentally cheap. Keep an eye on PTNR. PTNR rebounded above US$20 after a recent technical correction. If PTNR keeps rallying, it will drag up ELBTF. However, there is substantial overhead resistance above US$20. The weak hands who bought ELBTF on the Microsoft rumor need to be flushed out.

I am downgrading ELBTF from a Strong Buy to Hold. ELBTF still has value, but management needs to regain credibility. If you are holding ELBTF; don't sell. I expect the stock to drift back towards US$19 on a string of positive forthcoming announcements regarding Contop and HyNex.

James Passin is a Portfolio Manager with Firebird Management and Contributing Editor to *Taipan.* A fund managed by Firebird is currently a shareholder in Uproar. The view's expressed are strictly Mr. Passin's and not necessarily those of *Taipan* or Firebird Management.

Alan "The Hit Man" Greenspan vs. Technology and Venture Capitalists in an economic Death-Match!

Why Optical Companies will emerge unscathed!

By Briton L. Ryle

The interest rate tide is rising and the Dow indices are buried neck deep on the beach.

Experts will tell you "Don't fight the Fed" or "Three hikes and a tumble." Well, I've got another one—**find the high ground!**

I believe optical equipment companies stand on some of the highest and driest ground around. Demand for bandwidth is an unstoppable force. Optical equipment suppliers already can't meet demand that's growing around 50% a year.

I beat the drum for optical equipment last month with APA Optics. This month, I like **Precision Optics (POCI-NASDAQ)**. Precision Optics is a component supplier. They makes the filters that split beams of light for dense wave-length division multiplexing (DWDM).

Not again...

The component market is growing even faster than the system and device market. Lack of production capacity for components has created a situation where components are proportionately more expensive than complete sub-systems.

Any company that has the know-how and the production capacity is forming an optical equipment division. They're coming out of the woodwork. Advanced Lighting, until now a supplier of industrial lighting equipment, just announced an optical component division. And GE has invested in the venture. Simple supply/demand fundamentals are driving this sector. <u>And that creates a sound and potentially explosive money-making opportunity for us</u>.

Sorry Mr. Gore, thank MCI and the Department of Justice for the Internet

When MCI brought an anti-trust suit against AT&T, it was only trying to secure a future for itself. The upstart company had no way of knowing the fallout from dismantling AT&T would spark an epic technology boom.

I normally cringe when government gets involved in business. Like with Microsoft. The anti-trust suit is superfluous. The market is already breaking Gates' death-grip on the software market. And it's not just Linux.

AT&T's monopoly was government imposed in the first place. So ending it was just a return to the natural order. Once competition entered the telecommunications market, the pace of change took off. Now, the Internet is a fact of life for business. And soon it will be for most Americans.

Money makes the world go 'round

Some credit for the technology revolution also has to go to venture capitalists. Venture capitalists often get a bad rap. They're seen as reckless, predatory, even immoral. But Sherman Fairchild's cash helped develop the silicon semiconductor, and Hambricht and Quist put up the dough needed to bring the microprocessor to market. Venture capital has remained a driving force in technology since the Sixties.

Today, if you have the capital and the savvy to invest it well, you can make several fortunes. Twenty years ago, you probably could've bought half of Microsoft for 100 grand. And I bet there are similar opportunities out there right now, though I don't like to think about it.

Case in point—Wu-Fu Chen. Mr. Chen is the master optical venture capitalist. He's currently Chairman of the board of at least nine optical companies. Mr. Chen has orchestrated buy-outs of several of his operations, including Cascade communications, sold to Ascend for US$2.6 billion, Shasta Networks, sold to Nortel for US$340 million and Ardent Communications, sold to Cisco for US$232 million. He's got the start-up to IPO process down pat.

In all, venture capital investments totaled US$48.3 billion in 1999, up 150% from 1998. And Internet related companies accounted for 66% of venture capital. All tech companies have to do is ask, and the VCs fall all over themselves to be first in line.

The Wealth Effect

Investors have responded to the neck-snapping growth of technology by ramping up stock prices. Life is good, sell a little AOL, buy an SUV. The wealth effect from the stock market is driving the economy, something like two-thirds of GDP is spending.

And with everybody and his second-grade violin teacher trying to score big, it's no wonder the market resembles a bubble. As I write this, the Dow just bounced off a 52-week low while Nasdaq closed over 5,000 for the first time ever. Speculation is rampant in the tech sector. So what else is new, right?

Outstanding margin debt on the NYSE hit US$243 billion in January 1999. And cash flow into OTC stocks boomed nearly 250% in three months, from US$9.3 billion in Nov. 1999 to US$24.3 billion in Feb. 2000. *I can see why Mr. Greenspan might be a little nervous.*

The Real World

As a tech investor, I'm still not really sympathetic toward interest-rate sensitive stocks. But my wife and I are buying a house, so I've developed a more personal relationship with Mr. Greenspan's policies. (Let's just say he didn't buy me dinner first). When Greenspan says that the economy is moving too fast, he's talking about the wealth effect, spending, and the Nasdaq.

I hate to be the one that breaks it to him, but, short of causing an all out recession, interest rates won't slow the Nasdaq down. Greenspan will wreck the transports, cave-in home-buying, and break the banks before he gets even 5% of JDS Uniphase's market cap.

Because stock is currency. Venture capitalists gladly give companies money for stock. As much money as it takes. Sure, so maybe the VCs initial loans cost a little more. But watching the 2 million shares you bought for a dollar close on IPO day at US$60 makes up for it. And then some.

The Reverse Flying Two-Handed Eye Gouge!

Alan Greenspan is trying to attack the problem head-on, i.e., the money supply. But rising interest rates won't slow down the venture capitalists. The rewards are simply too great. And besides, the ultimate source of venture capital isn't personal fortunes or bank loans. It's the investor.

Investors are the ones who are so happy to return the VC's investment on IPO day, multiplied exponentially, of course. Ironically, it's these same investors who accept most of the long-term risk of the stock and bear the brunt of rate hikes in their daily lives.

I'd like to offer a solution. I advocate the immediate cancellation of any form of capital gains tax and termination of all margin buying. The capital gains thing is just a matter of principle, and will never happen. But if you want to soak up some excess capital, take it from the source. Make people play with their own money, tighten margin requirements.

My-Optic viewpoint

Rising rates or not, capital will gush into tech for the foreseeable future. And it's going to gush into the areas with the most demand from business and consumers—the Internet and wireless. The most mission-critical area of both sectors is the network. Optical networking will increase data traffic exponentially, and do it much cheaper than Sonet equipment.

I believe huge demand and near-open access to venture capital makes optical equipment companies less sensitive to rising rates. And Precision Optics stands out in the sector. POCI has a decent cash position and virtually no debt, a bonus, with Greenspan on the prowl.

Precision Optics—The Three Ps

But the best thing about POCI is its technology. Filters for DWDMs are the components that split a light wave into separate colors. A sensitive, thin reflective film is used. The film has to be heat resistant. None of this is easy to do.

Barriers to entry in the optical sector are high. And the industry is very young, which means that engineers with experience are hard to come by. Any company that has the means to make optical components has a virtually guaranteed market. Precision Optics has the three Ps—product, people, and production capacity.

In fact, optical components are in such short supply that systems suppliers are signing long-term contracts with component makers to ensure that they get what they need. Sometimes the systems suppliers go so far as to pay the initial cost of filter manufacturing for the right to purchase the products.

Last of the Independents?

POCI is one of the few remaining independent manufacturers of thin-film filters for DWDM devices. In fact, there are only six companies who make thin-film filters—E-Tek, JDS Uniphase, NetOptix, Corning, and Precision Optics. To gauge the value of such companies, take a look at Optical Coating's recent merger with JDS Uniphase. *Investors made out like bandits.*

POCI is shipping 200 GHz filters to an unnamed supplier right now. The order is worth around US$2 million, with about US$1.6 million yet to be booked. And with US$1.3 million in sales for the six months ending December 31, 1999, the filter business will have an immediate and substantial impact on the bottom line.

But it gets better. You may remember the giga-hertz spacing discussion from my March article about APA Optics. Right now, according to Morgan Stanley, only two companies can produce 100GHz thin-film filters—Corning and Optical Coating (now part of JDS Uniphase). Well, you can add POCI to that list. The company is expected to announce a 100 GHz filter very soon. If POCI can stay independent long enough to start shipping this product, it will be a miracle.

Right now, POCI is running three shifts a day in its factory. And more workers are being hired. With production ramping up so fast, word is going to get out about this little gem soon. **Buy Precision Optics as soon as you can.** I'll put a US$30 price tag on this stock, if anything dramatic happens, please check the website. I encourage you to contact the company at: 22 East Broadway Gardner, MA. 01440 phone: (978) 630-1800.

UPDATES

Barpoint.com: Comparison Shopping on the Go

I was beginning to wonder if New Orleans was worth it. I mean, of course it was worth it. First, Nelson Mandela cancelled. And second, I didn't come out of the CTIA wireless convention with a bunch of great picks. I got one. But it looks like quality is getting the best of quantity. **Barpoint.com (BPNT-OTC BB)** is a keeper. *Taipan* subscribers are already up an impressive 66% in less than a month.

I've been trying to work up some valuation models for Barpoint, based on licensing to carriers or OEMs, advertising revenues, and commissions. But at this stage, Barpoint is still trying to establish itself. Discussing pricing in public would not be wise. And there aren't enough SEC filings to make an educated guess.

The only way to set a price target for Barpoint.com is by comparison. And when I look around and see some of the lame excuses some companies have for a business (FogDog and Egghead come to mind), I have to believe that Barpoint could easily carry a US$750 million market cap. **So a reasonable price target should be in the US$48 range.**

Especially important for Barpoint.com is the "agnostic" angle. Unlike Europe, the United States has no standard for mobile telephony. The U.S. is a patchwork of frequencies and platforms—GSM, TDMA, CDMA, PCS. Monogamy could be deadly.

Bright future for Fiber Optics

I was a little disappointed that **APA Optics (APAT-NASDAQ)** didn't throw us a bone from the recent optical convention. This stock looks like it will explode on a little good news. Testing of APAT's DWDM equipment should be about finished. That's the next likely catalyst for this stock.

I don't see the next earnings to offer much. I doubt there's been enough time to book any orders. So we will have to live with some volatility. But I think it will be well worth it. APA Optics has advanced technology, production capacity, and good connections from its days as an R&D house. And considering the consolidation in the sector, I continue to believe APA Optics is a prime buyout candidate.

Setting sell

For me buying a stock is the easy part. It's knowing when to sell that's hard. SaFlink and GeoWorks were both called perfectly. We sold SaFlink within a fraction of the top for the last two years. ***Taipan* members raked in nearly 250% in just over two months**.

Good judgement got the better of me with GeoWorks. I reversed my sell order after reviewing my technical and fundamental reasons for buying the stock in the first place. **GeoWorks is up an eye-popping 550%.** But I firmly believe there's more to come. Just wait until more licensing agreements come in from the WAP Forum.

I hope everyone noticed that not a single company came out and challenged the on its patent claims. GeoWorks played this scenario to perfection. The company had to have known that they were sitting on potentially useful patents. Waiting for WAP to become widely accepted was genius.

As always, please refer to www.taipanonline.com to get the latest updates, commentary, stocks to buy or sell.

It's time to jump on the Biotech bandwagon...

Sangamo Biosciences, Inc. has the midas touch when it comes to regulating gene expressions!

By Siu-Yee Ng

Back in 1991, the biotech industry promised breakthroughs that sent shares soaring almost 150%. But this enthusiasm didn't last. Within the first five months of 1992, the sector had lost 40% of its value.

What can we expect from the recent biotech surge? The NASDAQ Biotech Index was up over 100% last year and soared another 60% so far this year. The mapping of the human genome and promises for cures for everything from cancer to AIDS have fueled investor's interest.

Unlike 1991, major players like Amgen (AMGN-NASDAQ), Biogen (BGEN-NASDAQ), and Genzyme (GENZ-NASDAQ) are generating profits and have drugs on the market and in the pipeline. Many of the companies have grown up since 1991, and those infants trying to bring products to market seek financing from the pharmaceutical industry and from the private and public sector.

We saw enormous gains for the biotech companies that debuted so far this year. Sequenom (SQNM-NASDAQ) soared 205% on the first day, Diversa (DVSA-NASDAQ) climbed 212% and Antigenics (AGEN-NASDAQ) gained 241%. Biotech companies are taking advantage of this hot sector and are filing to go public.

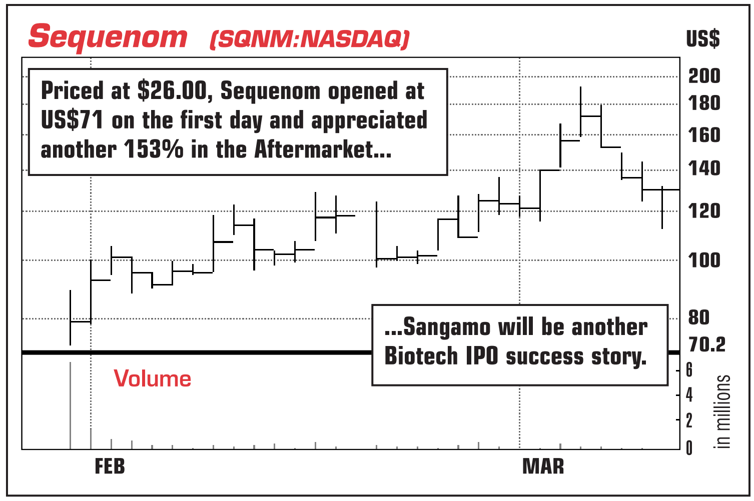
Last year's hype for Internet IPOs generated many filings—but some were definitely not worth looking at. We'll see the same this year for the biotech sector—many filings but some poor offerings. It's imperative to look for a strong management team, a pipeline of products, strong scientific talent, patents, and a strong outlook for profits.

I just returned from a genome conference in San Francisco, where mostly private biotech companies were seeking funding. These are truly start-up companies—with many that only have a platform and an innovative idea. But out of the many that presented, there are bound to be a few that will be the next Amgen or Biogen. I'll keep you posted on any new developments.

(In the meantime, I will be speaking at the Annual *Cutting Edge* Biotech Symposium in August. I'll give you the scoop on what we can expect from the Biotech IPO market and what hot IPOs are in the pipeline. Call Agora Conferences at (800) 926-6575 to register.)

Bio 101

Deoxyribonucleic acid, or DNA, is present in all living cells and is responsible for determining the inherited characteristics of all living organisms. DNA is arranged on chromosomes in individual units called genes. Genes encode proteins, which are assembled through the processes of transcription, whereby DNA is transcribed into ribonucleic acid, or RNA, and translation, whereby RNA is translated into protein. DNA, RNA, and proteins represent a large percentage of the targets for pharmaceutical drug discovery.



The human body is composed of specialized cells that perform different functions and are thus organized into tissues and organs. All cells in the human body contain the same set of genes. It is believed, however, that only about 10% of these genes are activated, or expressed, in an individual human cell.

Genes are regulated in response to a wide variety of stimuli and developmental signals. Different sets of genes are expressed in distinct cell types. It is this pattern of gene expression that determines the structure, biological function and health of all cells, tissues and organisms. Aberrant gene expression can lead to disease.

DNA binding proteins called transcription factors controls the regulation of gene expression. A transcription factor regulates gene expression by recognizing and binding to a specific DNA sequence associated with a particular gene and by causing the activation or repression of that gene.

In virtually all higher organisms, transcription factors consist of two components: DNA binding domain that recognizes a specific DNA sequence and thereby directs the transcription factor to the proper chromosomal location; and a functional domain that determines whether the gene

(...continued on page 12)

is activated or repressed.

Mapping the Human Genome

Over the past decade, genomics research has produced a significant quantity of information on the chromosomal location, sequence and structure of thousands of genes. The human genome may contain upwards of 140,000 unique genes. The challenge facing the pharmaceutical and other life science industries is how to derive medically and commercially valuable knowledge about the function of these genes from this large accumulation of new genomic information.

The delivery of the entire human DNA sequence, with its bounty of new genes and potential drug discovery targets, simultaneously poses a competitive challenge and significant commercial opportunity to every pharmaceutical company. They'll need to accelerate the identification of novel drug targets from thousands of newly discovered genes whose functions are unknown, filter through the hundreds of potential drug targets to confirm those for which proprietary drugs may be successfully developed, increase the accuracy and efficiency of compound screening, the process by which pharmaceutical researchers screen large libraries of chemical compounds to identify those which have therapeutic activity, and discover new therapeutics that can control disease through the regulation of gene expression.

Digging for dirt

The genomics revolution poses a similar set of challenges and opportunities to agricultural biotechnology researchers, such as the identification of novel agrochemical targets among thousands of newly discovered genes, the assessment of which targets may be commercially viable and the efficient development of agrochemicals and crops optimized for yield. In another application of genomics research, bacteria, yeast, and plants may be used for the biological production of industrial chemicals.

Sangamo BioSciences, Inc. (SGMO-NASDAQ) picked the right time for an IPO. The company intends to develop its Universal Gene Recognition technology platform for application in pharmaceutical discovery, human therapeutics, DNA diagnostics, and agricultural and industrial biotechnology. Sangamo develops novel transcription factors for the regulation of gene expression.

Its Universal Gene Recognition technology platform enables the engineering of a class of transcription factors known as zinc finger DNA binding proteins, or ZFPs. By engineering ZFPs, Sangamo can selectively bind to and regulate a target gene, thereby creating ZFP transcription factors that can control gene expression and, consequently, cell function.

To date, Sangamo has engineered hundreds of ZFP transcription factors and tested their ability to bind to their target sequences and to function in cell-based models. In similar models, Sangamo also demonstrated the ability of ZFP transcription factors to regulate a limited number of commercially important genes.

Presenting the platform

Sangamo's Universal Gene Recognition platform is a proprietary technology for the regulation of gene expression that is enabled by the engineering of a class of transcription factors called zinc finger DNA binding proteins, or ZFPs.

Consistent with the two-domain structure, Sangamo takes a modular approach to the design of ZFP transcription factors, each of which includes a DNA recognition domain and a functional domain. The recognition domain is composed of one or more ZFPs. Each ZFP recognizes and binds to a three base pair sequence of DNA. Multiple ZFPs can be linked together to recognize longer stretches of DNA thereby increasing their specificity.

By modifying those portions of a ZFP that interact with DNA, Sangamo can create new ZFPs capable of recognizing DNA sequences in virtually any gene whose sequence is known.

The ZFP DNA recognition domain is coupled to a functional domain, which causes the ZFP transcription factor to control or regulate the gene in a desired manner. For instance, an activation domain can cause a target gene to be turned on. Alternatively, a repression domain can cause the gene to be turned off. Similarly, a detection domain could be used to identify or detect the target DNA sequence in a DNA diagnostic test.

It is also possible to link the ZFP transcription factor with a molecular switch that permits a target gene to be temporarily activated or repressed. This conditional regulation of a gene allows the effects of gene expression to be controlled in a reversible fashion.

To regulate a target gene, the ZFP transcription factor must be delivered to a target cell. Sangamo has licensed gene transfer technology from Targeted Genetics, Inc. for use with its Universal GeneTools in pharmaceutical discovery.

To date, Sangamo has generated hundreds of ZFPs and have tested their affinity, or tightness of binding, to their DNA target, and specificity, or preference for their intended DNA target. The company developed software and standardized methods for the assembly of ZFPs capable of binding to a wide spectrum of DNA sequences.

Sangamo has linked ZFPs to functional domains to create ZFP transcription factors and have demonstrated in cell-based models their ability to regulate commercially important genes. Sangamo has also shown that engineered ZFPs can detect single-base changes in clinically interesting gene targets.

Among the advantages of Sangamo's ZFP transcription factor-based approach to gene regulation are: ZFP transcription factors normally and naturally regulate gene expression in the cells of virtually all higher organisms; ZFPs can be designed to recognize unique DNA sequences resulting in the ability to recognize a single gene within the entire genome; ZFP transcription factors can activate or repress target genes, enhancing their versatility; ZFP transcription factors can be used to regulate gene expression in multiple organisms including humans, animals, plants, microbes and viruses; and ZFP transcription factors can themselves be “turned on” and “turned off” with molecular switches, allowing conditional and reversible regulation of a target gene.

Future play

Sangamo began operations in 1995. They’re still at an early stage of development. Losses continue to mount and revenues have been limited to federal government research grants, Universal GeneTools collaborators and a strategic partner. Research and Development is not cheap, so expect losses to continue.

Revenues are increasing which is a good sign. Total revenues consist of revenues from collaboration agreements and federal government research grants. Revenues from Sangamo’s Universal GeneTools agreements were US$1.0 million in 1999, compared to US$150,000 during 1998—an increase of US$850,000. The increase in 1999 was principally attributable to revenues recognized from collaboration agreements signed since the third quarter of 1998.

Federal government research grant revenues were US$1.2 million in 1999, compared to US$1.9 million in 1998, a decrease of US$706,000. The decrease in 1999 was principally due to an increased focus on Universal GeneTools collaborations and strategic partners in 1999 as some existing federal research government grants ended.

Buyers and sellers

Sangamo began marketing its Universal GeneTools products to the pharmaceutical and biotechnology industry in 1998. Its Universal GeneTools business is based upon the delivery of an engineered ZFP transcription factor which is capable of regulating the expression of a gene for which it is specifically designed and targeted.

Sangamo’s collaborator provides the gene target they wish to study and the company designs, and delivers at least two ZFP transcription factors designed specifically for that collaborator’s gene target. Sangamo have not licensed any intellectual property rights to its current Universal GeneTools collaborators.

Risky business

Playing the biotechnology does come with risk. Like all other technological breakthroughs Sangamo’s technology may not be used or accepted by the industry. Some of Sangamo’s Universal GeneTools collaborators have been able to confirm the potential utility of its gene regulation technology.

Two of the company’s collaborators, however, have not yet been able to regulate gene expression using Sangamo’s technology. These collaborators are continuing to evaluate the technology. Most of the company’s collaborators have not yet started testing or have not yet generated the final results of their testing.

Because this technology is new there can be no assurance that the ZFP transcription factors that Sangamo have generated will function as intended or that ZFP transcription factors engineered in the future for other collaborators or strategic partners will function as intended. But that’s the case with all biotech companies with products in the pipeline. **The payoff is enormous if all goes well.** Another plus for this company, that the management team has a lot of experience in the industry.

Not only is the team strong, but the directors offer much experience as well. Directors include a co-inventor of recombinant DNA technology who is also a founder of Genentech, Inc., a biopharmaceutical company; a CEO and a Director of Epoch Pharmaceuticals, Inc., a biomedical company; a senior partner at the law firm of Brobeck, Phleger & Harrison LLP; a co-founder of Chiron Corporation, a biopharmaceutical, vaccine and blood testing company; a President of Knowledge Kids Enterprises, Inc. with 15 years of experience in the corporate legal representation of high technology firms and venture capital partnerships.

Monetizing those Golden Eyeballs

By J.K. Riggin

Mainstream content is flooding the Web and it's not even news anymore. The Web was the first choice for those seeking early Super Tuesday results. Registering a unique domain name is now a factor in conjuring titles of Hollywood movies. And old media sluggers from Stephen King to the *Sports Illustrated* swimsuit issue are now premiering their latest releases on the Web.

Yes, e-commerce and instant electronic distribution have added delectable twists to the smorgasbord of content. But with all but the most valuable content providers (like the *Wall Street Journal* and our very own, soon-to-be-released *247Profits.com*), for-pay content is a risky proposition. More than ever before, advertising is paying the way for all of these distractions.

Yet lost among the bleating lambs of privacy is the cold, hard truth that advertising on the Internet actually *is* a profitable business. If you throw together marketing and advertising solutions and services, you end up with an industry that is projected to be worth more than US$50 billion by 2002. And Internet advertising all fits nicely into the B2B space, which has been blessed for the foreseeable future. But the most important and attractive feature here is that effective marketing and advertising is rapidly becoming absolutely critical to doing business on the Internet.

As far as new Internet users are concerned, we're still in the hyper-growth cycle. The ever-increasing hordes of new users (or eyeballs) means more impressions of banner and email ads to be viewed, which means growing revenues for Internet advertisers. At the same time, improved technology is enabling Internet advertisers to reach more targeted audiences, which in turn increases the quality of Internet advertising and enables Internet advertisers to charge more. And with 2.2 *million* new pages of content being added to the Internet *every day*, we also have an ever-expanding inventory for advertising.

The only fly in the ointment is with privacy advocates, but not in the way you might think. Yes there are lawsuits, and there will continue to be lawsuits. Despite the fact that there are nearly 18,000 various laws on the books restricting how and where you can and can't use a fire arm, there are precious few laws lighting the path of how advertisers can monitor and use information about how people use the Internet.

Obviously, this will get hammered out over time, but not to the detriment of Internet advertisers. The most quantifiable impact to date on behalf of privacy has been from hackers who feel that the public Internet has been tainted by commerce. Denial of service attacks are costly to Web site operators; every hour of down time for a Yahoo! or Amazon or eBay means millions in lost revenue. Watch for companies with a stake in Internet advertising take the lead in addressing perceptions.

So what's for sale?

With print media, advertisers purchase space. With broadcast media, they purchase airtime. With the Internet, the product is a hybrid of space and airtime (a 468 by 60 pixel banner that is viewed by X number of users). Because of the interactive nature of the electronic medium, however, this product can be delivered, quantified and paid for in a variety of forms, such as impressions, clicks, leads, or purchases.

This breakdown of products is where Internet advertising offers real advantages to its old media ancestors. Advertisers can now target and measure the performance of their campaigns with more precision. A large, consumer oriented company might focus on making as many impressions as possible, targeted to their demographics audience. A company focusing on pushing a unique product may focus on generating as many clicks as possible, to bring customers to a Web page with a specific product pitch and immediate opportunity to buy. Service companies may focus primarily on leads, driving those users who are most likely to buy one of a range of related services. Retailers might focus on paying per purchase, in many cases paying referring sites only a percentage of purchases originated by those sites.

Pulling the strings

One of the biggest players pulling the strings on various drivers of the Internet advertising engine is **CMGI (CMGI-NASDAQ).** CMGI is majority owner of several Internet marketing and marketing technology firms. The company further extends its reach with two venture funds, @Ventures I and II. Beyond the cash CMGI brings to the table, these companies benefit from their strategic alliance with a nearly complete supply chain, from traffic and community (Alta Vista, Lycos, Blaxxun, eGroups, Reel.com, etc.) to services (Critical Path, Silknet, NaviSite, etc.) to advertising networks (Engage, FlyCast and AdForce).

The best way to ride CMGI is through its own stock or by getting CMGI shares on the cheap through an acquiree (one can still hears the cheers from Flycast shareholders in San Francisco). And compared to Yahoo! (YHOO:Nasdaq), CMGI might be one of the last affordable Internet juggernaut issues on the table. CMGI's earnings per share is at US$1.57 compared to Yahoo's US$.10, yet Yahoo!'s market cap is triple that of CMGI. Amazing when you consider that CMGI-tentacled companies account for more traffic than Yahoo!, and CMGI ultimately has a bigger say in driving the price and availability of Internet ad inventory (among other things).

More Than A Network

When it comes to serving banner ads across the Internet, **DoubleClick (DCLK-NASDAQ)** is the leader. Despite — or because of — the recent negative ink surround the company and its disregard for namby-pamby privacy zealots, DoubleClick is at the core of virtually all Internet advertising activity.

But scratch beneath the network and you'll see that DoubleClick has built up some very attractive fixed assets along the way. Yes, the ad sales account for the bucks today, but the company's platform is now serving over a billion banner ads per day, viewed by 80 million people around the globe. Add to that the nearly 2,000 Web site operators managing their ads with the company's DART ad management system and you have a technology infrastructure that isn't going anywhere anytime soon.

DoubleClick has executed well, meeting its numbers every quarter, with 150% annual revenue growth. The growth in Internet users and content publishers directly feeds DoubleClick. As the company continues to execute and Internet investment dollars continue to seek refuge from the Amazons and iVillages, DoubleClick will continue to be a popular destination.

DoubleClick competitor **24/7 Media (TFSM:Nasdaq)** also is a worthy more-than-just-a-network advertising play in that it has built perhaps the largest permission email marketing business. The company now has more than 15 million email addresses for individuals who have agreed to receive relevant marketing pitches via email. Direct marketers will pay as much as US$.40 per name because email has proven to generate much higher response rates than banner ads.

CMGI recently acquired email marketer YesMail, which manages about five million email addresses, for approximately US$100 per address. If you valued the 24/7 Media email business in the same way, the asset would be worth about US$1.5 billion, which doesn't include its existing ad business. The company's current market cap is just under US$1.4 billion. Watch this stock, now at US$60, approach US$100 by the fall.

Counting the eyeballs

As quantifiable as you might expect digital media to be, the quest for the holy grail of Internet ratings is still a raging battle. As valuable as Internet advertising may be, that value is driven by who goes where. Following are five companies that each measure Web traffic in a slightly different way. **Accrue (ACRU-NASDAQ)** and **WebTrends (WEBT-NASDAQ)** each provide software and systems to report Web traffic to Web site operators. Financially, the companies are very similar: both have market caps at between US$1 and 2 billion, both have annual revenues in the US$10 to 20 million range, though WebTrends is profitable and Accrue is still getting there. Accrues is more focused on providing traffic data pointed toward decisions related to marketing and merchandising. WebTrends software is broader in focus, and is actually the industry standard in terms of basic Web site traffic reporting. Most Internet service providers license WebTrends to their hosting clients — from Mom and Pop Web sites to high-end e-commerce sites. Look to either of these companies, especially Accrue, to be acquired within the next 18 months.

Like Accrue, **net.Genesis (NTGX-NASDAQ)** also provides Web site operators with data about how their customers are using their Web sites. Unlike Accrue, however, net.Genesis goes beyond the data to also provide more analysis and consulting services to those Web site operators to help them better attract and retain customers. Though it just went public in late February, the company has quickly achieve a US$1 billion market cap. Give it six to nine months to grow into that valuation.

Media Matrix (MMXI-NASDAQ) sets out to measure traffic and audience throughout the Internet, much like the Nielson ratings for television. The company recently has expanded its coverage and reporting internationally, to include Australia, Canada, France, Germany and the U.K. In addition, Media Matrix has bolstered it sales force to focus more on advertising agencies. Again, with Internet usage continuing to climb and more mainstream content providers coming to the Web, demand for accurate audience measurement will grow. At the moment, Media Matrix is well-positioned to best serve that need. And with a market cap of just over US$800 million, now is a good time to jump on board.

AtPlan (APLN-NASDAQ) provides target market research planning systems to help Web site operators optimize Internet advertising and merchandising strategies. The company has doubled its year-to-year revenue while whittling its net loss down to US$.48 per share versus US$2.07 a share a year ago. Clients include AOL.com, Eddie Bauer, eBay.com, E*TRADE, Excite@Home, iVillage, Microsoft, Ogilvy & Mather, TBWA Chiat/Day, Time Inc. New Media and Yahoo!. In addition to recently upgrading its sales talent, the Connecticut-based firm just opened an office in San Francisco, which should help increase their profile with the Silicon Valley dot-com set. With a market cap of only US$115 million and a star-studded client list, watch for AtPlan to catch up to the competition or get acquired.

Bigger, better, faster

More Internet users and more content spells a winning market space for Internet advertising. But what really makes this part of the Web compelling is the number of companies opening for business on the Internet, because it is these companies that ultimate need the products, services and expertise that Internet marketing companies have to offer. Though these dot-com companies may think they're purchasing banner ads or email sponsorships to gain a marketing edge, they will ultimately need these resources to survive.

WHAT TO BUY AT WHAT PRICE

What to Buy at What Price aims at giving you a general idea of how Taipan's stock picks are standing in relation to our initially recommended buying range.

Company	Exchange/Symbol	Status	Action
Fox Entertainment	NYSE:FOX	open	hold
Barnes and Noble	NASDAQ:BNBN	open	hold
"Red Hat, Inc "	NASDAQ:RHAT	open	hold
Interwoven	NASDAQ:IWOV	open	hold
Technologies	NASDAQ:AKAM	open	hold
FreeMarkets	NASDAQ:FMKT	open	hold
ADFlex Solutions	NASDAQ:AFLX	open	hold
AVI Biopharma	NASDAQ:AVII	open	hold
Aviron	NASDAQ:AVIR	open	strong buy under US$20
Closure Medical	NASDAQ:CLSR	open	hold
Micros Systems	NASDAQ:MCRS	open	hold
Modtech	NASDAQ:MODT	open	buy
Nastech Pharmaceutical	NASDAQ:NSTK	closed	sell
Printrak	NASDAQ:AFIS	open	hold
MedImmune	NASDAQ:MEDI	open	hold
Pharamaceutical Product Dev.	NASDAQ:PPDI	open	buy
Orbital Sciences	NYSE:ORB	open	buy
Visx	NASDAQ:VISX	open	buy
Millennium Pharmaceuticals	NASDAQ:MLNM	open	hold
CheckFree Holdings	NASDAQ:CKFR	open	hold
Univision	NYSE:UVN	open	hold
Optimal Robotics	NASDAQ:OPMR	open	hold
Ballistic Recovery System	OTC BB: BRSI	open	buy
Sensormatic Electronics	NYSE:SRM	open	hold
Human Pheremones	NASDAQ:EROX	open	hold
SunMicroSystems	NASDAQ:SUNW	open	hold
Media Arts	NYSE:MDA	open	hold
Oracle	NASDAQ:ORCL	open	hold
SM&A Corp.	NASDAQ:WINS	closed	sell
Zi Corp	NASDAQ:ZICA	closed	sell
Safeguard Scientific	NASDAQ:SFE	open	hold
Internet Capital Group	NASDAQ:ICGE	open	hold
Cell Robotics	NASDAQ:CRII	open	buy under US$5
Tivo	NASDAQ:TIVO	sold	sell
Talk.com	NASDAQ:TALK	open	buy under US$16
Aramex	NASDAQ:ARMX	open	buy
Uproar	EASDAQ:UPRO	open	hold
Restaurant Brands	NZSE:RBD	open	buy
Fischer & Paykel	NZSE:FAP	open	buy
Unicharm	TOKYO:8113	open	buy
Elron	NYSE:ELT	open	hold
Elbit Ltd.	NADSDAQ:ORCT	open	
Orckit	NASDAQ:ESLTF	open	
Hurricane Hydrocarbons	HHLFQ	open	hold
Hurricane Warrants	HUHY	open	hold
Ashanti Goldfields	ASL	open	hold
Surgutneftegaz ADR	SGTZY	open	buy
Suez Cement	SZCD	open	buy
Sasol	SASOY	open	buy
Monsenergo ADR	AOMOY	open	hold
TyumenAviaTrans	TVAVY	open	buy
Ventspils Nafta	VNFT	open	buy
Lukoil Preferred	LUKPY	open	buy
Xoma	Xoma	open	hold
Avant Immunotherapeutics	AVAN	open	hold
Williams Control	WMCO	open	buy
Exponent	EXPO	open	buy
Genus	GGNS	open	sell
Computer Learning Centers	CLCX	open	buy
Herzfeld Caribbean Fund	CUBA	closed	sell
Conqur	NASDAQ:CNQR	open	hold
VerticalNet	NASDAQ:VERT	open	hold
Adv. Aerodynamics Struct.	NASDAQ:AASI	open	price target: US$12
American Quantum	AMEX:AFV	open	hold
VentureCatalyst	NASDAQ:VCAT	open	Set stop loss at US$10
Geoworks	NASDAQ:GWRX	open	hold
SaFlink	NASDAQ:ESAF	closed	sell
Ashton Technology	NASDAQ:ASTN	closed	sell
Fastcomm Communications	OTC BB:FSCX	open	hold
Pliant Systems	OTC BB:PLNS	open	buy
Illinois Superconductor	OTC BB:ISCO	open	buy
Barpoint.com	OTC BB:BPNT	open	hold

• **Positions may be modified in the free Weekly *Taipan* Hotline: 410-528-8228 and at http://www.taipanonline.com/htmlcode/members/hotline/hotline.html** •