

# STOCK TRADERS PRESS

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**Short-Term Report                      November 19, 2002**

## Update – Strong Buy

**Fremont General (NYSE) FMT \$4.27**

### Company Data

52-Week Range	\$2.98-\$7.90
Market Cap	\$335.5M
Shares Outstanding	75.1M
Book Value	\$5.56
Price/Book	0.80
Average Daily Vol.	292,000
Dividend/Yield	\$0.08/1.9%
Target Price	\$9.00
Target Percentage	110%
Stop Price	\$3.50



**We continue to recommend the purchase of Fremont General** despite the lackluster performance of the stock over the past two weeks. At its current price of \$4.33 per share we believe the stock is especially undervalued for the following reasons:

- The company has earned \$0.99 per share for the first nine months of 2002. We expect the company to earn \$0.38 per share for the fourth quarter, resulting in full year earnings of \$1.37. The stock is presently selling at a 3.3x price/earnings multiple. The normal P/E for a bank stock is 8-10x, which would equate into a \$10-\$12 share price for FMT.
- As of September 30, 2002, Fremont General had a book value of \$5.88 per share and a current dividend of 1.9%.
- **Most impressive has been the reduction in long-term debt.** During the first nine months the company has reduced long term debt from \$342 million to \$270 million. The company has stated that an additional \$73 million of debt will be paid down by June 30, 2003. This will bring long-term debt down to a modest \$200 million level.
- We consider Fremont General a very attractive investment.

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**Quote:** “Mediocrity knows nothing higher than itself, but talent instantly recognizes genius”  
-- Sir Arthur Conan Doyle

**Update – Strong Buy****Haverty Furniture (NYSE) HVT \$12.53****Company Data**

52-Week Range	\$9-\$21
Market Cap	\$272.0M
Shares Outstanding	21.7M
Book Value	\$9.96
Price/Book	1.26
Average Daily Vol.	109,000
Dividend/Yield	\$0.23/1.84%
Target Price	\$16.50
Target Percentage	31.7%
Stop Price	\$10.00



**Haverty Furniture is a full service home furnishing retailer in the mid to upper price range.** The company operates 106 stores in the fast growing Southeastern region of the United States.

We continue to be attracted to the company for the following reasons:

- The company's product offering are targeted to middle to high-income families. **Given the strong housing market throughout the Southeast, the outlook for Haverty Furniture is good.**
- **Haverty Furniture** currently imports about 35% of its inventory from Asia without sacrificing quality. As a result, **the company's offerings are price competitive as well as more profitable.**
- **The company is extremely well managed and has registered a compounded growth rate in excess of 18% per year over the past 5 years.**
- At its current price of \$12.50 per share, we believe **Haverty** is an undervalued investment. For 2002 we estimate earnings of \$1.22 per share, up from \$1.06 per share in 2001. The company has a book value of \$1.96 per share.

**Update – Strong Buy****Kopin Corporation (NASD) KOPN \$5.15****Company Data**

52-Week Range	\$1-\$19
Market Cap	\$368.4M
Shares Outstanding	69.4M
Book Value	\$2.26
Price/Book	2.35
Average Daily Vol.	895,000
Dividend/Yield	none
Target Price	\$7.00
Target Percentage	35.9%
Stop Price	\$3.90



Last week, we recommended the purchase of Kopin Corporation at \$4.62. Since then, the stock has performed quite nicely and has risen 15%. As you know, this company manufactures semiconductor material and flat panel displays. The obvious use of flat panel displays is for televisions and computer monitors. However, the primary use of the flat panel displays that **Kopin** manufactures is in the telecommunication industry (cell phones) namely Motorola and Nokia. Recently, **Kopin** has experienced an upturn in both sales and orders (backlog). 3<sup>rd</sup> Qtr. sales increased 79% and Net income was a gain of \$0.01 cents versus a loss of \$0.15 for the same period last year.

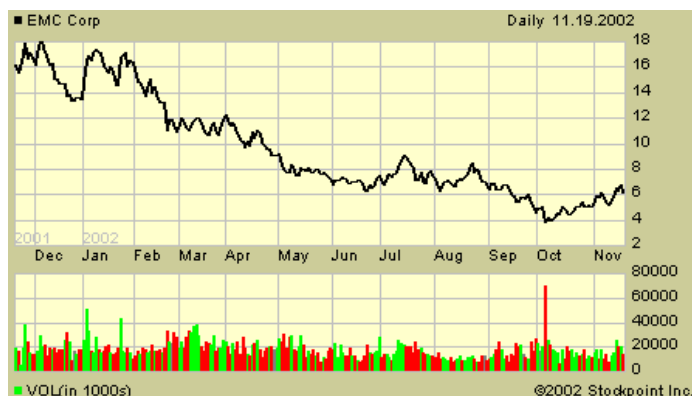
**We are still recommending the purchase of KOPN for the following reasons:**

- **Kopin** has reduced their operating expenses over the past year and thus enjoys significant upside operating leverage.
- The use of GPS and hand-held PDA's is likely to aid the growth of **Kopin**.
- The company has a current book value of \$2.24 per share and \$1.00 in cash.
- Current price of \$5.15 is still well below our target price of \$7.00.
- Last year in the 4<sup>th</sup> Quarter, **Kopin** traded from \$9.00 – \$18.00 per share. Since then, the market sell-off over the past 12 months has caused many stocks to become discounted.
- We believe **Kopin** is an attractive investment at these lower valuations.

**Update – Strong Buy**  
**EMC Corporation (NYSE) EMC \$6.10**

**Company Data**

52-Week Range	\$3-\$18
Market Cap	\$13.1B
Shares Outstanding	2.2B
Book Value	\$3.38
Price/Book	1.76
Average Daily Vol.	15.0 M
Dividend/Yield	none
Target Price	\$9.00
Target Percentage	53.8%
Stop Price	\$4.75



**On Tuesday 11/5/02, we recommended EMC as our top selection. Our initial entry price for EMC was \$5.85. Over the past 10 trading days EMC has traded as high as \$6.75 (up 15%).** Despite the pullback to present levels of \$6.10 our target price of \$9.00 is expected to be achieved.

We are attracted to EMC as a short-term investment for the following reasons:

- **The sharp decline in overall technology spending by Corporate America appears to have “bottomed out.”** Recent data suggest that corporations are beginning to modestly increase their IT budgets. The major emphasis of this renewed spending is centered on select network upgrades and greater storage capacity.
- **The marketing joint venture with Dell Computer has begun to shift into high gear.** This will be important as EMC continues to address the middle market.
- **EMC has recently entered into a number of additional joint ventures; most notably with Microsoft and Nortel Networks.**
- Currently, EMC has a book value of \$3.38 per share and cash per share of \$1.15.
- **The company has no debt.**
- We believe that at its current price of \$6.10 per share, EMC is an especially undervalued opportunity particularly in light of its market position, book value per share and cash per share.