David A. Henwood, CFA, *Chief Investment Officer*
Scott J. Brown, Ph.D., *Senior Economist*
P. Arthur Huprich, CMT, *Technical Analyst*

EQUITY RESEARCH

June 16, 2003
Vol. V, Issue 4

Sector Spotlight

A Monthly Look at Attractive Industry Sectors and Companies from an Economic, Technical, & Fundamental Perspective

RAYMOND JAMES

Newly Featured Sector

Oil Services

Crude oil prices have moved up from their post war lows, due partly to the weaker dollar. Despite the soft global economy, prices are likely to remain high in the near term.

Sectors of Continuing Emphasis

Defense Electronics

Within the midst of a backdrop that is exhibiting higher rally peaks and higher troughs, this index continues to trade well. We expect the group's performance to improve markedly in the back half of the year for several reasons.

Drug Stores

This index has slowly but surely established a short-term trend of higher rally peaks and higher troughs. While fundamentals in this group have deteriorated, the longer-term growth of the industry is still promising.

Growth Airlines

A recent move in this index implies a reduction in selling pressure. JetBlue Airways (JBLU) is a highly profitable and rapidly growing low fare airline.

Pharmaceuticals

We still feel exposure to this group is warranted even as the relative strength trend for this index has lagged. New medicines and a subsiding threat from patent expirations could help drug stocks recover from stunted growth this year.

Restaurants (Casual Dining)

Despite a nice move over the past month, this index does not appear extended in price. Recent investor fears that the consumer spending slowdown could spill over into casual dining sales have created some compelling valuations in this group.

The Raymond James Financial Center, 880 Carillon Parkway, St. Petersburg, FL 33716
Institutional clients may call for additional information:
Research 800-237-5643 • Trading 800-237-8426

RAYMOND JAMES
& ASSOCIATES, INC.
Member New York Stock Exchange/SIPC

RAYMOND JAMES
& ASSOCIATES, INC.
Member New York Stock Exchange/SIPC

Contents

Correction: The technical rating for Aerospace/Defense should have been Neutral in the May issue of the *Sector Spotlight*.

Please see page 26 for important disclosure information.

Full disclosure information and investment risks for any stock mentioned in this publication can be found at www.rjcapitalmarkets.com/SearchForDisclosures_main.asp.

Additional information is available on request.

Jay Clarke, *editor*
April Cook, *graphic designer*
Dawn Weckle, *statistician*

Investment Commentary

Equity markets have enjoyed sizeable gains over the last three months, fueled by expectations that the economy and equity markets have turned the corner and the new tax bill would lift demand broadly. This optimism has produced sizeable gains in the S&P 500, Nasdaq Composite, and Russell 2000 of 22.5%, 27.2%, and 30.4%, respectively, from March 12 to June 10, 2003.

The breadth of sector participation has been notable. Clearly improving consumer confidence, improved investor confidence, and expectations that lower rates and the new Federal Tax package would stimulate demand and EPS growth in 2H03 and in 2004 have provided the major propellant to produce the recent market surge.

Of the 50 sectors we track closely, most produced gains of 25% or more during the last three months. Of sectors actively followed by RJ&A, the following sectors have moved up 40% or more since March 12th: Automotive Retailers; Communications Software; Growth Airlines; Housing; IT Services; Mobile Data & Imaging Technology; Securities and Brokerage Firms; and Telecommunications Services.

Lower short-term rates are still likely. The European Central Bank cut its "key rate" by 50 basis points to 2.0% on June 5th, its third reduction since December 2002. Alan Greenspan has voiced his concern about deflation and its very serious risk to the economy and financial markets. This topic will be discussed at the next Fed meeting on June 25th and 26th and could lead to another cut in the short-term target rates. Needless to say, lower rates are not helping keep the dollar strong, which is hurting the economic recovery of many foreign countries and in turn demand for U.S. goods and services. However, a weak dollar does make U.S. goods and services more affordable by foreigners. The positive consequence of a stronger performance in equities is that funds in money markets and some bond funds migrate back into equities in the search for stronger returns.

Some foreign money has been moving out of U.S. securities as the dollar weakens just as the returns in U.S. equities have surged. The main question today is whether the recent recovery in equity valuations is too far ahead of economic reality to be sustainable in the near term?

Second quarter 2003 is expected to be the S&P 500's weakest quarter of earnings gains this year as results have been buffeted by weak demand and falling prices. Insider sales surged in May to $3.1 billion, the highest monthly level since May 2001. Investor confidence is not helped by the SEC investigation of IBM (IBM/$82.75) and its revenue recognition practices for 2000 and 2001. The breadth of the SEC investigation at IBM is also unclear. Other issues of corporate malfeasance continue to dot the news, including Cendant (CD/$17.66), Enron (ENRNQ/$0.05), Rite-Aid (RAD/$4.02/Market Perform), WorldCom (WCOEQ/$0.06), Xerox (XRX/$11.05), etc. Nonetheless, equities have continued to advance in June, albeit at a noticeably slower pace. However, the recent run-up has left the S&P 500 selling at 18.2x the 2003 First Call consensus EPS estimate of $53.64 as of the close of June 10th. Those that think that this valuation is no longer attractive given the economic and other market risks are likely to sell into the recent strength.

The three-month surge in equity markets assumes that economic activity will be broadly and positively impacted in the year ahead even though evidence of a resurgence in the business spending sectors remains negligible at present. Nonetheless, some sectors are indicating more evidence of customer interest and many retailers are now noting improving store traffic. Better sequential revenue growth may well be ahead for 3Q03, at least in consumer retailing However, there is no denying that business executives continue to focus primarily on cost reduction, operating efficiency, sales effectiveness, debt reduction, and stock repurchases in the majority of cases. To date, the focus on operating efficiency has been driven by factors other than capital spending driven gains.

Much of the recent U.S. equity market surge can be viewed as a bet that 2004 and beyond will be stronger than 2003. If so, how reactionary will investors be to a sluggish second quarter? How much staying power is left in this run-up if quarterly numbers disappoint or 2H03 guidance remains constrained by business executives in June and July?

We expect moderately stronger 2H03 spending and stronger 2004 spending led by the consumer, GDP growth, and stronger quarterly EPS growth for the S&P 500 and for smaller companies. The results of our latest sector evaluations by Senior Economist Scott J. Brown, Ph.D. and Technical Analyst Art Huprich show the following sectors as currently rated Attractive by both: Defense Electronics; Drug Stores; Growth Airlines; Pharmaceuticals; and Restaurants (Casual Dining), all sectors of continuing emphasis, and Oilfield Services, the new addition for June. Five sectors that were featured last month were downgraded on a technical basis: Midstream Suppliers; Banking; Benefits Management/Outsourcing; Housing; and Mobile Data & Imaging Technology.

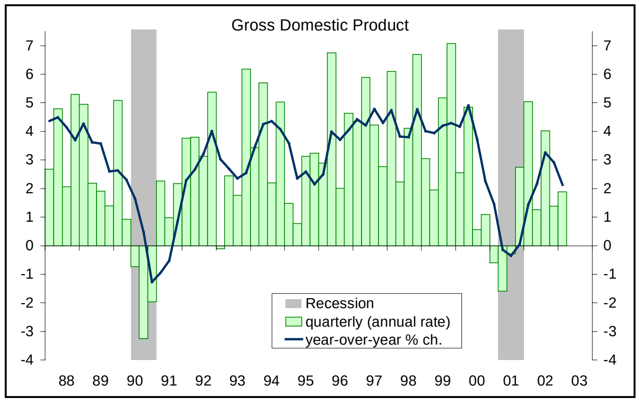
I expect that the pages that follow will present some timely recommendations for outperformance over the next three to six months. But near-term objectives should always be balanced against the risks and long-term investment goals of the client.

David A. Henwood, CFA,
Chief Investment Officer

Economic Commentary

Post-War Disappointment / Fed Insurance

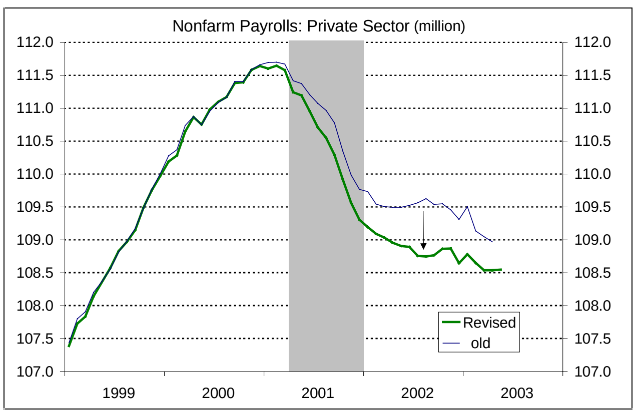
- Post-war economic improvement has been muted. GDP growth is likely to improve in the second half of the year, but should remain below potential.
- The stock market is looking optimistically to further growth in earnings. The bond market is positioned for continued lackluster growth. Someone may be wrong.
- The Fed sees only a remote chance of deflation, but will act aggressively to prevent it from occurring.

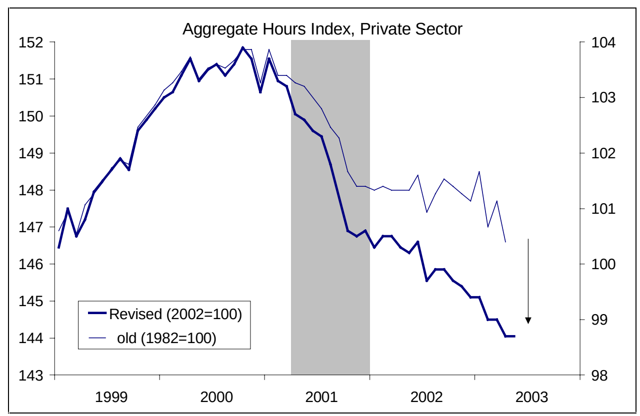


The economy has generally improved in recent weeks. However, increases in consumer and business confidence have "not been dramatic," according to the Fed's latest Beige Book summary of economic conditions. Indeed, post-war economic indicators have proved "disappointing" to a number of Federal Reserve officials. Many firms had suggested that the uncertainty leading up to war was a restraint on new hiring and capital spending. Yet, there really hasn't been much sign of a significant post-war rebound.

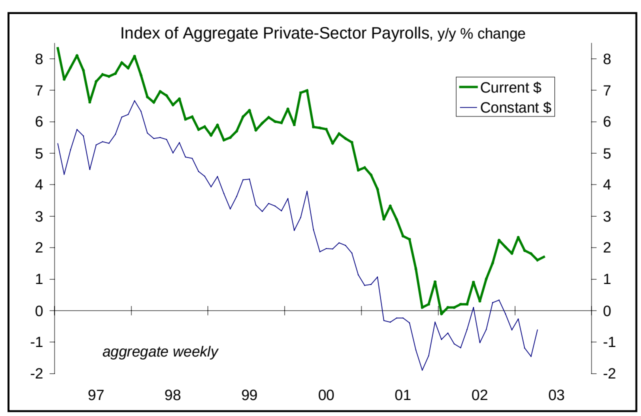
Benchmark revisions to nonfarm payroll data show a 3.1 million decline in private-sector jobs since the February 2001 peak – a larger drop than previously thought. The trend in corporate layoffs has remained relatively high and claims for unemployment benefits are trending at a level consistent with job losses.

Benchmark revisions to the labor market data also showed a sharper drop in aggregate hours over the last year, which means that productivity growth has been even stronger than we thought.





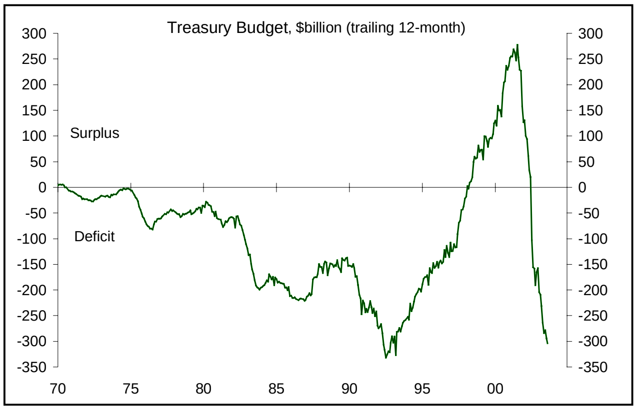
The working-age population is rising at about 1% per year. A 2.5% to 3.0% pace of productivity growth means that potential GDP growth is 3.5% to 4.0%. If growth is significantly less than this, such as the 2.1% recorded over the last four quarters, labor market conditions will continue to deteriorate, business spending growth will remain muted, and core inflation will trend lower. There's some danger of a continued negative feedback loop, where poor business expectations will lead to softer labor market conditions, muted income growth, and restrained consumer spending growth, which will lead to poor business expectations, and so on. Typically, the Federal Reserve acts to break this type of negative cycle.



Aggregate wage growth rose 1.7% in the 12 months – positive, but relatively lackluster. Over this same period, higher energy costs reduced consumer purchasing power. The upside to consumer spending growth appears limited. Spending has been supported by the brisk pace of home mortgage refinancings and the robust pace of new home sales. However, these are not part of a sustainable recovery.

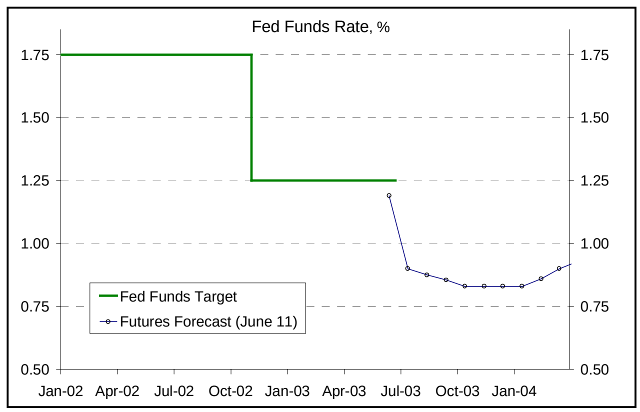
Energy prices have remained at relatively high levels. Oil is a global commodity, priced in dollars. A weaker dollar implies that the price of oil will be higher (in dollar terms) than it would have been otherwise. Crude oil prices, currently over $30 per barrel, will not provide much relief for consumers.

Manufacturing sentiment surveys showed some improvement in May, but likely reflected a rebound from war-related worries rather than fundamental improvement. As with much of the economic data, manufacturing indicators were "not bad" rather than "strong." Conditions aren't horrible, but the sense is that we are seeing stability, not a significant recovery.



The Jobs and Growth Tax Reconciliation Act should be supportive to growth in the second half of the year and into 2004, but is unlikely to provide a large boost. While the final tax cut package is less than half the size of that originally requested by President Bush, it actually provides more upfront fiscal stimulus (though the true size of the package is likely to be much larger than the reported $350 billion, as many provisions are unlikely to sunset as scheduled). Reductions in marginal tax rates are effective. Yet, fiscal stimulus would have had a much bigger impact on consumer spending if it were geared more toward the low-to-mid end of the income scale.

To be fair, the White House made it clear from the beginning that the tax package was not intended to be a short-term stimulus plan. Rather, it was meant to encourage long-term growth and jobs. Lowering the after-tax cost of capital isn't likely to boost business investment when the real problem is that businesses are not confident about the future strength in demand. Furthermore, the tax cuts will add significantly to the federal budget deficit (which should come in over $400 billion for the current fiscal year) and lead to greater strains on government finances as the baby boom generation begins to retire. State and local budgets are under stress. State taxes are being raised and jobs are being cut, both of which are drags on growth.



Fed officials have sent mixed signals on deflation (a sustained fall in the overall price level). While the odds of deflation are "remote," the consequences would be "severe." The Fed is confident it can dig out of deflation should it occur, but will "do everything it can" to prevent it from happening. Fed Chairman Greenspan said that the cost of insurance against the risk of deflation is "very low," suggesting that another rate cut is very likely. The Fed may, at some point, buy Treasuries outright to address the risk of deflation.

Second half growth is likely to be moderate, but below potential – more of the same, yet a little better.

Scott J. Brown, Ph.D., *Senior Economist*

	2Q02	3Q02	4Q02	1Q03	**2Q03**	**3Q03**	**4Q03**	**1Q04**	2000	2001	2002	**2003**	**2004**
GDP (↓ *contributions*)	1.3	4.0	1.4	1.9	**1.6**	**2.5**	**2.6**	**2.7**	3.8	0.3	2.4	**2.1**	**2.6**
consumer durables	*0.2*	*1.7*	*-0.8*	*-0.2*	***0.7***	***0.1***	***0.2***	***0.2***	*0.7*	*0.5*	*0.6*	***0.2***	***0.2***
nondurables & services	*1.1*	*1.2*	*1.8*	*1.6*	***0.6***	***1.5***	***1.6***	***1.6***	*2.3*	*1.2*	*1.6*	***1.4***	***1.5***
bus. fixed investment	*-0.3*	*-0.1*	*0.3*	*-0.5*	***0.2***	***0.6***	***0.7***	***0.8***	*1.0*	*-0.7*	*-0.7*	***0.0***	***0.7***
residential investment	*0.1*	*0.1*	*0.4*	*0.5*	***0.2***	***-0.1***	***-0.2***	***-0.3***	*0.1*	*0.0*	*0.2*	***0.2***	***-0.1***
government	*0.3*	*0.6*	*0.9*	*0.1*	***0.4***	***0.4***	***0.3***	***0.3***	*0.5*	*0.7*	*0.8*	***0.4***	***0.3***
Domestic Final Sales	1.3	3.3	2.5	1.4	**2.1**	**2.5**	**2.6**	**2.6**	4.3	1.6	2.5	**2.2**	**2.7**
exports	*1.3*	*0.5*	*-0.4*	*-0.1*	***0.0***	***0.2***	***0.3***	***0.3***	*1.4*	*-0.6*	*-0.2*	***0.0***	***0.3***
imports	*-2.7*	*-0.5*	*-1.0*	*1.0*	***-0.2***	***-0.2***	***-0.3***	***-0.4***	*-1.8*	*0.4*	*-0.5*	***-0.2***	***-0.4***
Final Sales	-0.1	3.4	1.2	2.4	**1.9**	**2.5**	**2.5**	**2.5**	3.7	1.5	1.8	**2.0**	**2.6**
ch. in bus. inventories	*1.3*	*0.6*	*0.2*	*-0.5*	***-0.3***	***0.0***	***0.1***	***0.2***	*0.1*	*-1.2*	*0.6*	***0.0***	***0.1***
Unemployment, %	5.9	5.7	5.9	5.8	**6.1**	**6.3**	**6.4**	**6.4**	4.0	4.8	5.8	**6.1**	**6.3**
NF Payrolls, monthly, th.	-33	-31	-30	-38	**-20**	**20**	**45**	**60**	161	-149	-39	**2**	**95**
Consumer Price Index	2.5	2.5	1.6	5.2	**-0.2**	**1.9**	**2.1**	**2.1**	3.4	1.6	2.4	**2.3**	**2.1**
excl. food & energy	2.1	2.5	1.5	0.8	**1.3**	**1.8**	**1.9**	**2.0**	2.6	2.7	1.9	**1.5**	**2.0**
PCE Price Index	2.7	1.7	1.8	2.7	**1.2**	**1.7**	**1.8**	**1.8**	2.5	2.0	1.4	**1.3**	**1.9**
excl. food & energy	1.9	1.8	1.5	0.8	**1.2**	**1.6**	**1.7**	**1.7**	1.8	1.8	1.7	**1.6**	**1.7**
Fed Funds Rate, %	1.76	1.75	1.45	1.25	**1.22**	**0.75**	**0.75**	**1.15**	6.3	3.9	1.67	**0.99**	**1.97**
3-month T-Bill, (bnd-eq.)	1.7	1.7	1.4	1.2	**1.1**	**0.7**	**0.9**	**1.5**	6.0	3.5	1.6	**1.0**	**2.2**
2-year Treasury Note	3.2	2.2	1.9	1.6	**1.4**	**1.4**	**2.0**	**2.8**	6.3	3.8	2.6	**1.6**	**3.4**
10-year Treasury Note	5.1	4.3	4.0	3.9	**3.6**	**3.4**	**3.7**	**4.2**	6.0	5.0	4.6	**3.6**	**4.6**

Economic/Technical Industry Ratings

Industry	Research Coverage	Economic Rating	Technical Rating
Consumer			
Automotive Retailers	RJA	Neutral	Neutral
Beverages (soft drinks)	Not Covered	Neutral	Neutral
Broadcasting & Cable TV	Not Covered	Neutral	Attractive
Furnishings & Appliances	RJA	Attractive	Neutral
Household Products	Not Covered	Neutral	Attractive
Leisure & Entertainment	RJA	Neutral	Neutral
Restaurants (Casual Dining)	RJA	★ **Attractive** ★	
Retailing	Not Covered	Neutral	Neutral
Energy			
Midstream Suppliers	RJA	Attractive	Neutral
Oil & Gas (E&P)	RJA	Attractive	Neutral
Oil Services	RJA	★ **Attractive** ★	
Utilities	Not Covered	Neutral	Neutral
Financial Services			
Asset Management	RJA	Neutral	Attractive
Banks	RJA	Attractive	Neutral
Life & Health Insurance	RJA	Attractive	Attractive
Property & Casualty Insurance	RJA	Neutral	Neutral
Securities & Brokerage Firms	RJA	Neutral	Neutral
Specialty Finance	RJA	Neutral	Neutral
Healthcare			
Benefits Management/Outsourcing	RJA	Attractive	Neutral
Biotechnology	Not Covered	Attractive	Neutral
Distributors – Healthcare	RJA	Neutral	Neutral
Drug Stores	RJA	★ **Attractive** ★	
Healthcare Equipment	Not Covered	Attractive	Neutral
Healthcare Information Technology	RJA	Neutral	Neutral
Hospitals	RJA	Neutral	Neutral
Pharmaceutical Informatics	RJA	Neutral	Attractive
Pharmaceuticals	RJA	★ **Attractive** ★	

Industry	Research Coverage	Economic Rating	Technical Rating
Industrial			
Aerospace/Defense	Not Covered	Attractive	Neutral
Electrical Equipment	Not Covered	Neutral	Attractive
Environmental Services	RJA	Neutral	Attractive
Growth Airlines	RJA	★ **Attractive** ★	
Logistics Services	RJA	Neutral	Neutral
Paper & Forest Products	Not Covered	Neutral	Neutral
Real Estate & Related			
Housing	RJA	Attractive	Neutral
Lodging	RJA	Neutral	Neutral
REITs	RJA	Neutral	Neutral
Technology			
Communications Software	RJA	Neutral	Attractive
Computers (Hardware)	Not Covered	Neutral	Neutral
Computers (Networking)	Not Covered	Neutral	Neutral
Defense Electronics	RJA	★ **Attractive** ★	
Electronic Manufacturing Services	RJA	Neutral	Neutral
Infrastructure Software	RJA	Neutral	Attractive
Internet & Digital Media	RJA	Neutral	Neutral
IT Services	RJA	Neutral	Neutral
Mobile Data & Imaging Technology	RJA	Attractive	Neutral
Semiconductors	Not Covered	Neutral	Neutral
Software	Not Covered	Neutral	Attractive
Technology Distribution	RJA	Neutral	Neutral
Telecommunications			
Telecommunications Equipment	RJA	Neutral	Neutral
Telecommunications Services	RJA	Neutral	Attractive

RJA: Raymond James & Associates

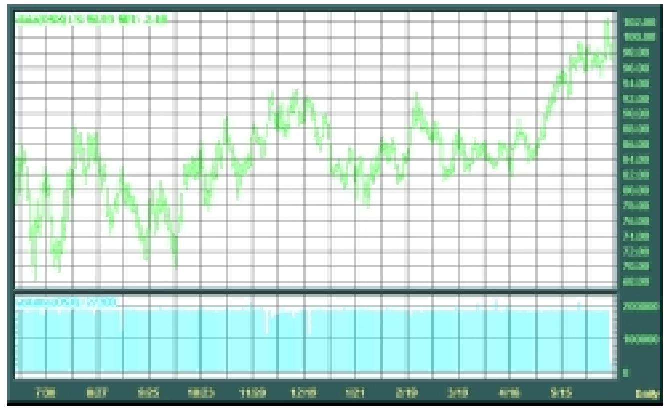
Correspondent Research on sectors not covered by Raymond James & Associates is available to retail clients on request. Please contact your Financial Advisor.

Economic rating based on outlook for next six to 12 months.

Technical rating based on outlook for next one to three months.

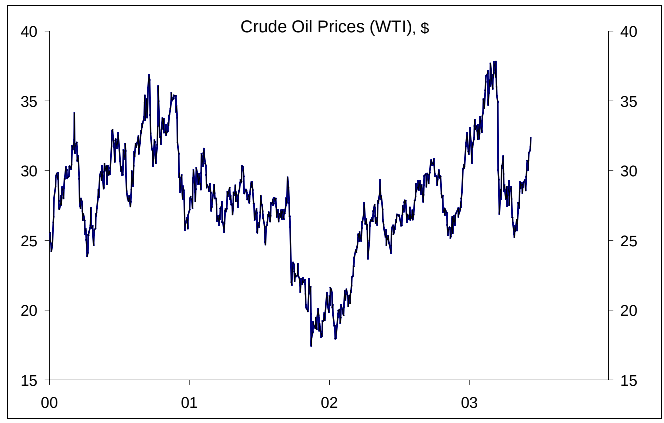
New Spotlight Sector

Oil Services



Index Source: PHILA Oil Services.

Technical Outlook: Following a recent move above the upper end of a 5½-month trading range, this index reached a short-term overbought condition. As a result, it has spent the past two weeks consolidating. Tactically, we would be "scale buying" during any further period of pause/pullback.



Economic View: Crude oil prices have moved up from their post-war lows, due partly to the weaker dollar. Despite the soft global economy, prices are likely to remain high in the near term. While investor sentiment on the oil service sector can change quickly, the fundamentals should remain solid as long as oil stays above $25 per barrel.

Oil Services Sector Favorites

FMC Technologies FTI/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$21.95	Dec	$0.96	$1.10	$1.40	15.7x	$0.00/0.0%	**$28.00**	$1,457.5

FMC Technologies is the leading global provider of subsea trees and control systems used for offshore oil and gas well completions. The company is also a leading provider of technologically sophisticated equipment for airport and food processing applications. The subsea market is expected to post solid growth over the next several years, with a compound annual growth rate of approximately 15%. The visibility on upcoming projects provides the company with consistent, steady growth through the ups and downs of the oilfield cycle. Our price target is based on 20x our 2004 EPS estimate.

Grant Prideco GRP/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$14.31	Dec	$0.16	$0.42	$0.85	16.8x	$0.00/0.0%	**$17.00**	$1,614.2

Grant Prideco is the world's largest provider of drill pipe and other drill stem products and is a leading provider of premium tubulars and connections in North America. The company is highly leveraged to the improving rig count and we anticipate its drill pipe shipments will increase by about 20% in 2003. Oil Country Tubular Goods (OCTG) inventory levels are extremely low and signal a pending rebound in demand in the near future. The significant pick-up in drilling activity over the first half of the year provides additional stimulus for near-term drill pipe demand. Our price target is based on 20x our 2004 EPS estimate.

[1] Based on 2004 EPS estimate.
[2] Dollars in millions.

Key Energy Services KEG/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$11.90	Dec	$0.01	$0.50	$1.15	10.3x	$0.00/0.0%	**$15.00**	$1,457.8

Key Energy is the world's largest onshore well servicing and workover company and the fifth largest land drilling contractor in the United States. The company provides the full range of maintenance and workover services, onshore drilling services, pressure pumping, and fishing and rental tool services. Improving activity levels, rig fleet attrition, and industry consolidation should drive utilization and pricing upward. Additionally, Key has several competitive advantages including the largest market share, best equipment, largest scope of services, and best safety record. Our price target is based on 13x our 2004 EPS estimate.

Maverick Tube Corp. MVK/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$21.15	Dec	$0.09	$0.73	$1.85	11.4x	$0.00/0.0%	**$27.75**	$869.3

Maverick Tube is one of the largest U.S. producers of Oil Country Tubular Goods (OCTG), the pipe used in the completion of oil and gas wells. Maverick also produces line pipe for the handling and transportation of oil and gas, and structural tubing and standard pipe used for various industrial purposes. Looking forward, we expect profitability to recover rapidly for MVK as the company is already seeing increases in shipment levels, pricing, and lower steel costs. MVK is extremely leveraged to improving activity levels, which makes it one of the more attractive investments in the oil service universe. Our price target is based on 15x our 2004 EPS estimate.

Nabors Industries NBR/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$43.40	Dec	$0.73	$1.28	$1.50	28.9x	$0.00/0.0%	**$62.50**	$6,510.0

Nabors Industries is the world`s largest drilling contractor for land-based oil and gas projects operating in nearly every major oil, gas, and geothermal drilling market. Nabors is also the second largest well servicing/workover company in the U.S. and owns and markets a fleet of offshore rigs used for both drilling and workover operations. A combination of rig activity increases in both the U.S. and Canada (later this summer), combined with increases in rig hours for the U.S. well servicing business indicate better results over the next few quarters, beyond the seasonal dip in Canada in the second quarter. As higher commodity prices prove sustainable, and the U.S. land drilling market reacts to increased deployment of cash flows from exploration and production companies, Nabors will have significant leverage through increased utilization and pricing. Given our expectations for a continued increase in domestic activity as well as improvements in the offshore and international markets, we reiterate our **Strong Buy** rating. Our price target is based on 25x our 2004 EPS estimate.

National-Oilwell NOI/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$24.01	Dec	$0.90	$1.15	$1.50	16.0x	$0.00/0.0%	**$32.50**	$2,040.9

National-Oilwell is the world's largest drilling rig manufacturer. In addition to building complete rigs, the company is the worldwide leader in the design, manufacture, and sale of various parts and equipment used on both land and offshore drilling rigs. The combination of an aging rig fleet and an improving rig count should stimulate demand for NOI's products. Additionally, NOI has recently added two accretive acquisitions (Hydralift and Mono Pump) that will enhance the company's product offerings and position NOI to achieve even better results during the pending upcycle. Our price target is based on roughly 22x our 2004 EPS estimate.

[1] Based on 2004 EPS estimate.
[2] Dollars in millions.

Patterson-UTI Energy PTEN/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$35.43	Dec	$0.06	$0.62	$2.20	16.1x	$0.00/0.0%	**$43.50**	$2,799.0

Patterson-UTI Energy is the second largest provider of contract land drilling services in the United States. Including the recent acquisition of TMBR-Sharp Drilling (TBDI/$19.99), the company now has a rig fleet of 358. As the recent increases in domestic rig count indicate, the outlook for drilling activity and pricing going forward remains extremely strong and as utilization increases, so will dayrates. We remain convinced that the land drilling space will begin to outperform earnings expectations within the next two to three quarters, and Patterson-UTI will be positioned at the forefront of this move. As sustained higher natural gas prices drive increased rig activity levels this year, we look for pricing to markedly improve in the second half of the year and beyond. We expect earnings estimates from this point forward to be revised higher for Patterson-UTI, as they have significant leverage to a upcycle, both in activity and earnings, due to favorable customer mix, and a more easily deployable fleet. As such, we reiterate our **Strong Buy** rating. Our price target is based on a blended average highlighted in our 4/30/03 comment on the company.

Precision Drilling PDS/Strong Buy	Price 6/12/03	Fiscal Year	----- EPS Estimates ----- 2002A	2003E	2004E	P/E[1]	Dividend/ Yield	**12-month Target**	Market Cap.[2]
	$40.11	Dec	$1.08	$1.90	$2.65	15.1x	$0.00/0.0%	**$45.00**	$2,202.0

Precision Drilling is a Canada-based oilfield and industrial service provider of land contract drilling, well servicing and workover operations, natural gas compression, and oilfield rental equipment. Precision is the largest oilservice company in Canada and operates out of Calgary, Alberta. Canada is expected to be one of the most active drilling regions in the world this year and thus Precision should benefit tremendously given its market leading position in the country. Precision also continues to reposition itself in international markets with its new technology services. This has been a large and significant capital and strategic investment that the company should finally start to see pay off over the next 12 months as the company's directional drilling tools swing into full service. Our price target is based on roughly 17x our 2004 EPS estimate.

[1] Based on 2004 EPS estimate.
[2] Dollars in millions.

J. Marshall Adkins, *Director of Energy Research*
James Rollyson, *Oilfield Services Analyst*
John Tasdemir, *Oilfield Services Analyst*

John Freeman, CFA, *Senior Research Associate*
Darren Horowitz, *Research Associate*

Continuing Spotlight Sector

Defense Electronics

Technical Outlook: Within the midst of a backdrop that is exhibiting higher rally peaks and higher troughs (the definition of an uptrend), this index continues to trade well. Additionally, contrary to many sectors we have reviewed, its price chart is not extended.

Index Source: RJ Defense Electronics.

Defense Electronics Sector Overview

After falling dramatically in the early part of the year, defense stocks have generally languished over the past several months - even as the broader markets have rallied, and evidence of growing U.S. military superiority (an overwhelming victory in Iraq) has become apparent.

To some degree, the market rally has contributed to the defense sector's weakness, as investors have abandoned the group in favor of higher-return opportunities in the tech sector. Also contributing to the group's weakness, many companies within the sector have reported weak (organic) revenue growth over the past two quarters due to timing issues associated with the build-out of major weapons programs.

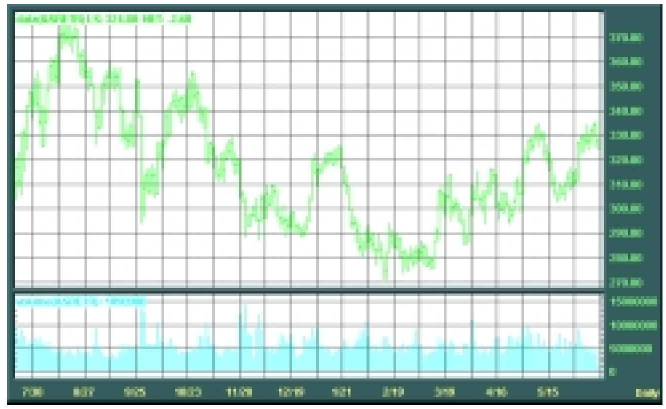
Congress' $79 billion supplemental wartime budget has eased fears that the war effort might steal away from the current procurement cycle, and program spending should accelerate in the back half of the year, as FY02 budget outlays (the largest jump in defense spending in 20 years) finally begin to trickle down to the subcontractor level. Finally, the severe earnings dilution experienced in 2003 due to pension accounting should moderate in 2004, providing much stronger earnings comparables. Consequently, we expect the group's performance to improve markedly in the back half of the year, with specialty subcontractors such as Herley Industries (HRLY/$16.86/Strong Buy), DRS Technologies (DRS/$26.20/Market Perform), and EDO Corp. (EDO/$16.51/Market Perform) experiencing the most discernible impact.

Chris D. Quilty, *Defense Electronics Analyst*

Continuing Spotlight Sector

Drug Stores

Technical Outlook: Coming off its February low, this index has slowly but surely established a short-term trend of higher rally peaks and higher troughs. This pattern is viewed favorably and within the confines of managing individual stock risk, suggests having some exposure in this universe.



Index Source: S&P Drug Retail.

Drug Stores Sector Overview

After a spurt of robust growth throughout much of the 1990s, the current state of the retail drug chain industry would probably be best characterized as "maturing." Five to ten years ago several major chains, including Walgreens (WAG/$31.75/Market Perform), CVS (CVS/$27.85/Outperform), Rite Aid (RAD/$4.02/Market Perform), and Eckerd, were rapidly building their respective market shares via aggressive new store expansion programs and acquisitions, all the while winning customers away from independent and small regional pharmacies that could not compete on price. Today, the tides have turned somewhat. Walgreens is the only major chain that has not slowed down its expansion efforts and CVS is the only other chain with any material new store growth plans. In addition, Rite Aid just skirted bankruptcy amid an accounting scandal and still suffers from a heavy $4 billion debt burden while Eckerd and smaller chains like Longs Drug (LDG/$16.73) and Duane Reade (DRD/$4.76) have suffered from slowing growth in major markets. Furthermore, competition is heating up. Just as these chains took market share from the smaller pharmacies in the past by offering lower prices, so too are cost-efficient mail order pharmacies now gaining share from the chains by way of a similar strategy. Add to this industry backdrop a recent nationwide slowdown in prescription drug utilization, an ongoing pharmacist shortage, and weak consumer spending patterns (which impact sales of non-prescription products), and one can begin to understand why our enthusiasm over the sector has waned in recent years.

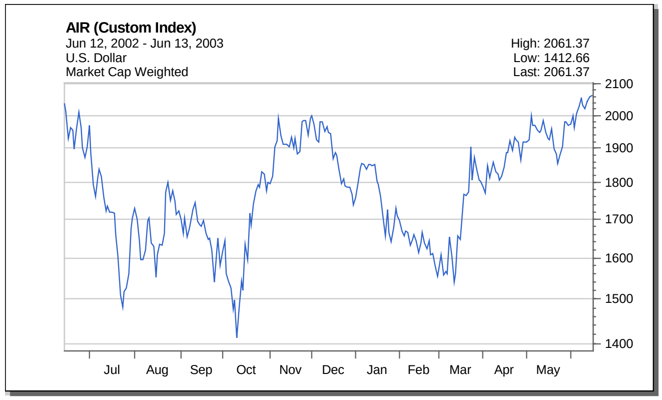
Still, this less-than-ebullient outlook does not necessarily mean there are no values to be found among the drug store stocks. While fundamentals have, indeed, deteriorated, the longer-term growth of the industry is still promising given the ever-increasing prescription drug needs of the aging Baby Boomer generation, the continued migration of the population to the Sunbelt, where a significant percentage of chain drug stores are strategically located, and the further development and expansion of the new drug pipeline. Furthermore, market valuations have come down sharply over the past three years as the group, which traded at an average forward P/E multiple of roughly 21x in 2000, now trades at a comparable multiple of only 15x. While, broadly speaking, we would encourage only those investors with multi-year time horizons to make significant investments in retail drug chain stocks today, we do note that the prospects and valuation of one company, CVS, remain appealing to us on a shorter-term basis. The company completed a major restructuring during 2002 and is now poised to resume its new store growth plans as a much more efficient and cost-effective operator. While CVS's growth is unlikely to match that of industry bellwether Walgreens, we believe each stock's valuation reflects as much as CVS shares trade at only 12.9x 2003 EPS, or a 46% discount to the comparable 24.0x multiple of Walgreens. As such, we rate CVS shares **Outperform** and maintain a $33.00 price target, which is based on a multiple of 15x our 2004 EPS estimate of $2.16.

John W. Ransom, *Director of Healthcare Research*

Tony Rettig, *Senior Research Associate*

Continuing Spotlight Sector

Growth Airlines



Index source: RJ Growth Airlines.

Technical Outlook: This index recently moved above an area that has brought out selling pressure three times in the last nine months, which implies a reduction in selling pressure. Hence we want to continue to have exposure here.

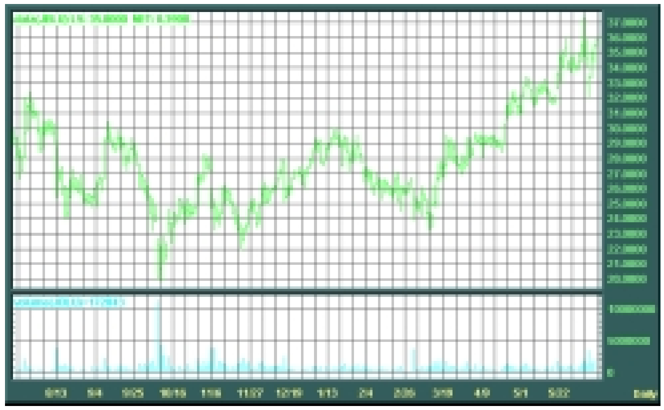
Growth Airlines Sector Favorite

JetBlue Airways (JBLU)

Price 6/12/03	Fiscal Year	-----EPS Estimates----- 2002A	2003E	2004E
$35.41	Dec	$0.84	$1.06	$1.57

P/E[1]	Dividend/ Yield	12-month Target	Market Cap.[2]
22.6x	$0.00/0.0%	$41.00	$2,411.4

[1] Based on 2004 EPS estimate. [2] Dollars in millions.



Graph © Bridge Information Systems, Inc., 2003.

JetBlue Airways Corporation, based in Forest Hills, New York, is a low fare, low cost airline, which provides high-quality service primarily from New York's JFK International Airport. JetBlue operates an all-new fleet of Airbus A320 aircraft, which consists of 42 aircraft.

JBLU – A Highly Profitable and Rapidly Growing Low Fare Airline: JetBlue is a relatively new and unique airline that offers air travelers a superior all coach class service at low fares, which averaged $104 in 1Q03. This is the value attraction for its customers. Moreover, because it has very low costs, JetBlue realizes relatively high profit margins and is able to grow its revenue and earnings at a very fast pace. This is the strong appeal of JetBlue for investors. The effectiveness of the JetBlue model is highly evident in the current very difficult airline industry environment where major airlines are incurring large losses. JetBlue, on the other hand, flew above the airline industry turmoil as it realized an operating margin of 15.9% in 1Q03, which was the strongest among U.S. airlines.

JetBlue has generally become the preferred airline of those who have flown it. The factors that give JetBlue its preferred carrier status among its customers are (1) an all-new Airbus aircraft fleet; (2) roomy all-leather seats, which are pre-assigned; (3) free 24-channel LiveTV at each seat; (4) unlimited complimentary snacks and soft drinks; (5) friendly, caring, and well-trained personnel with substantial incentive to take care of JetBlue's customers; and (6) strong operational performance. JetBlue's low costs result largely from: (1) its new aircraft fleet, which is highly fuel efficient and relatively inexpensive to maintain; (2) unusually high aircraft utilization at 13 hours per day; (4) a highly productive non-union workforce; and (5) very low distribution costs as a result of JetBlue's industry leading use of the Internet for ticket sales.

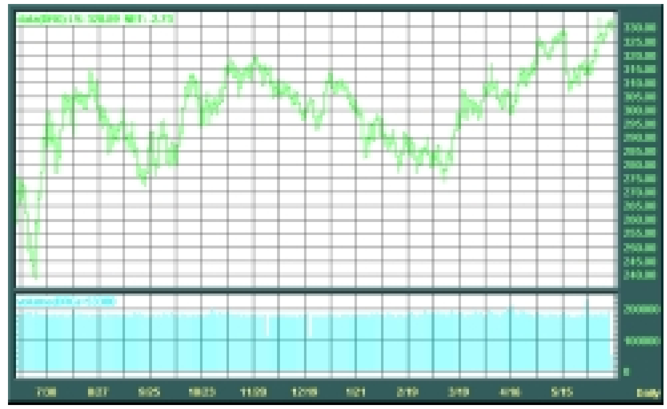
JetBlue recently announced that it has placed an order for 100 new 100-seat Embraer 190 jet aircraft, with options for an additional 100 new aircraft. JetBlue is scheduled to take its first seven EMB-190 aircraft in 2005, with the remainder of the order to be delivered through 2011 at a rate of about 18 per year. Based on this new aircraft order, plus its firm orders and options for Airbus aircraft and its current fleet of 42 aircraft, JetBlue's fleet could grow to 290 aircraft in 2011. Based on its aircraft orders, we estimate JBLU's capacity will grow about 38% compounded annually over the next four years and its EPS should grow approximately in line with capacity growth due to its low unit costs. Our price target of $41.00 is based on 26x our 2004 EPS estimate.

Jim Parker, *Growth Airlines Analyst*
Samantha Panella, *Growth Airlines Analyst*

Continuing Spotlight Sector

Pharmaceuticals

Technical Outlook: As many Wall Street participants have flocked to high beta stocks, the relative strength trend for this index has lagged. Is this enough to "come out of the group?" Not yet. Unless this pattern continues for another few weeks-month, we still feel exposure to this sector is warranted. Regardless, continue to manage individual stock risk!



Index Source: AMEX Pharmaceutical.

Pharmaceuticals Sector Overview

New Medicines to Help Drug Industry Recover from Weakened Growth

New medicines and a subsiding threat from patent expirations could help drug stocks recover from stunted growth this year. The industry lacks significant long-term debt, sports a reasonable valuation, and offers a dividend yield more than 50% greater than that of the S&P 500.

Newer drugs likely to help the industry recover include Humira for rheumatoid arthritis; Strattera for attention deficit disorder; Forteo for severe osteoporosis; Zetia for high cholesterol; and Abilify for schizophrenia.

Additional launches potentially include Cialis for impotence; Cymbalta for depression; and Asmanex for asthma. The approvals would benefit an industry whose growth has slowed this year because of a wave of patent expirations as well as changes to insurance plans that are increasing co-payments for prescription drugs.

Creation of a program that would reimburse Medicare patients for prescription drugs—a possibility gaining momentum in Congress—would lift use of prescription drugs. Ultimately, however, we are concerned it could lead to price controls.

Drug stocks are reasonably valued, selling at a 5% premium to the S&P 500 based on estimated 2004 earnings, compared with a typical premium of 15% to 20%. They have a dividend yield of about 2.5%, compared with 1.6% for the S&P 500.

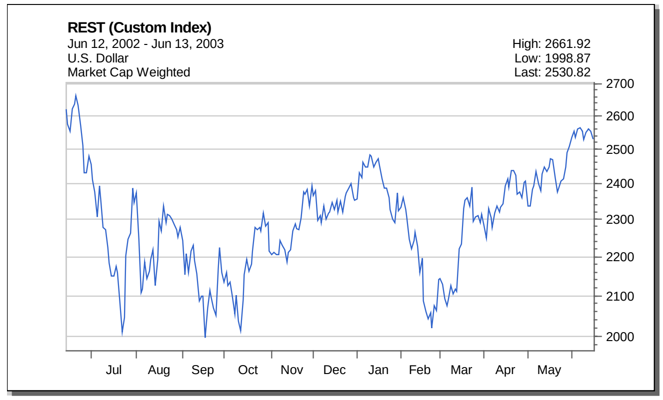
Our favorite large drug company is Abbott Laboratories (ABT/$45.73/Strong Buy). We believe the Street is underestimating the potential of Humira, an injectable drug for rheumatoid arthritis. Risks to our recommendation include potential generic competition for Tricor, a cholesterol drug, and Synthroid, a thyroid drug.

Specialty drug makers we favor include Bentley Pharmaceuticals (BNT/$12.74/Strong Buy) and Bradley Pharmaceuticals (BDY/$17.00/Strong Buy). Bentley is beginning to receive royalties on its first branded product, a gel for testosterone deficiency. Bradley is benefiting from increased sales of Carmol, a line of treatments for damaged skin. Risks for both companies include the potential for increased competition as well as delayed product approvals.

Mike Krensavage, *Pharmaceuticals Analyst*

Continuing Spotlight Sector

Restaurants (Casual Dining)



Index Source: RJ Restaurants.

Technical Outlook: Despite a nice move over the past month, this index does not appear extended in price. Consequently, we want to maintain some exposure to the group.

Restaurants (Casual Dining) Sector Overview

Casual Dining Stocks Poised for Continued Outperformance

We estimate a large majority of casual dining sales come from the top 50% of the income stream – basically white-collar or skilled tradespersons, living in the suburbs with families, most of whom have two working parents. For this busy group, eating out at casual dining restaurants is a necessary convenience today. Even while consumers paid more for gasoline at the pump this past winter, the only periods of softness coincided with periods of severe winter weather when consumers were forced to cook at home. As soon as the severe winter weather subsided, the kitchen substitute nature of casual dining companies resumed.

With summer approaching, weather no longer an issue, the successful conclusion to the war in Iraq, and signs of improving consumer confidence, we believe casual dining companies will achieve strong year-over-year sales growth, and in turn, EPS growth. As has been the case over the last few years, we expect the casual dining sector to outperform the S&P 500 in 2003 and 2004.

Recent investor fears that the consumer spending slowdown would spill over into casual dining sales have created some compelling valuations for the casual dining universe. We cannot predict when investor sentiment will again reflect fundamentals, but when it does – as it inevitably will – the casual dining group should see significant P/E ratio expansion. While many stocks in our coverage universe have participated in the strong market rally of the last two months, we continue to believe that many companies in our space deserve a P/E premium to the S&P 500. We therefore continue to recommend the purchase of selected casual dining stocks to capture the opportunity created by this divergence of sentiment from reality. Stocks in our coverage universe we currently rate **Strong Buy** include CBRL Group (CBRL/$36.56), Panera Bread Co. (PNRA/$36.58), Rare Hospitality (RARE/$29.80), and Ruby Tuesday (RI/$23.70).

Bryan C. Elliott, CFA, *Restaurants Analyst*

David Schamus, *Research Associate*

Additional Favorites

Additional **Strong Buy**-rated stocks in doubly attractive industries.

Oil Services	SYM.	SR	06/12/03 Close	12 Mo.Trail. Price Rge High	Low	Proj. 12 Mo. Price Target	Current Year P/E	2002A	2003E	2004E	Past 3 Yr Grth	Proj. 3 Yr Grth	Div. Yld.	Bv/ Shr.	FY	Mkt. Cap. (Mil)
Cal Dive International, Inc. (h,m,o)	CDIS	C	23.01	25.71	15.24	31.00	21.9	0.35	1.05	2.65	-11.8%	61.0%	0.0%	7.69	Dec	805
Grey Wolf (o)	GW	C	4.72	4.99	2.61	5.50	NM	(0.10)	(0.14)	0.20	NA	NM	0.0%	1.06	Dec	854
Gulf Island Fabrication, Inc. (j,m,o)	GIFI	C	16.89	19.10	9.52	22.50	14.7	0.88	1.15	1.25	20.3%	21.0%	0.0%	8.29	Dec	201
Lufkin Industries, Inc. (m,s)	LUFK	C	25.75	28.96	18.50	35.00	17.2	1.26	1.50	3.50	NA	NM	2.8%	27.79	Dec	173
Newpark Resources (h,o)	NR	C	6.07	7.90	2.88	10.00	24.3	0.02	0.25	0.60	NA	23.0%	0.0%	3.97	Dec	458
Superior Energy Services, Inc. (h,o)	SPN	C	10.93	11.65	5.95	15.50	18.8	0.30	0.58	0.85	NA	18.0%	0.0%	4.60	Dec	820
Tetra Technologies Inc. (o)	TTI	C	30.10	30.79	16.72	40.00	20.8	0.60	1.45	2.15	-7.5%	21.0%	0.0%	12.32	Dec	448

J. Marshall Adkins (713) 789-3551
James M. Rollyson (713) 278-5254
John Tasdemir (713) 278-5240

Defense Electronics	SYM.	SR	06/12/03 Close	12 Mo.Trail. Price Rge High	Low	Proj. 12 Mo. Price Target	Current Year P/E	2002A	2003E	2004E	Past 3 Yr Grth	Proj. 3 Yr Grth	Div. Yld.	Bv/ Shr.	FY	Mkt. Cap. (Mil)
Herley Industries, Inc. (m)	HRLY	AG	16.86	21.75	12.70	21.00	18.1	0.83	0.93	1.06	-6.8%	20.0%	0.0%	11.76	Jul	236

Chris Quilty (727) 567-2602

Footnotes:

UR – Under Review. NM – Not Meaningful. NA – Not Available. IR – In Registration.

h - Raymond James & Associates managed/co-managed a public/follow-on offering of these shares or has provided investment banking services within the last three years.

j - Raymond James & Associates or one of its affiliates owns more than 1% of the outstanding shares of the issuer.

m - Raymond James & Associates makes a NASDAQ market in shares of these stocks.

o - Security is optionable.

s - The analyst or research associate own shares of stock in this company.

Growth Airlines	SYM.	SR	06/12/03 Close	12 Mo.Trail. Price Rge High	Low	Proj. 12 Mo. Price Target	Current Year P/E	2002A	2003E	2004E	Past 3 Yr Grth	Proj. 3 Yr Grth	Div. Yld.	Bv/ Shr.	FY	Mkt. Cap. (Mil)
Atlantic Coast Airlines Holdings (m,o)	ACAI	AG	11.08	23.46	4.78	14.00	14.6	1.18	0.76	1.20	11.6%	14.0%	0.0%	6.09	Dec	513
Mesa Air Group, Inc. (h,m,o,s)	MESA	S	6.48	10.49	2.46	8.50	12.5	0.41	0.52	0.70	NA	20.0%	0.0%	2.74	Sep	220
Ryanair Holdings plc (eb,m,o,r)	RYAAY	AG	40.64	48.20	27.63	53.00	20.5	1.19	1.78	1.98	24.3%	20.0%	0.0%	8.10	Mar	6,230
SkyWest, Inc. (h,m,o,s)	SKYW	AG	16.97	24.98	8.60	22.00	17.0	1.45	1.00	1.35	4.4%	14.0%	0.5%	11.34	Dec	977

James D. Parker, Ph.D. (404) 442-5857

Samantha Panella (212) 297-5654

Pharmaceuticals	SYM.	SR	06/12/03 Close	12 Mo.Trail. Price Rge High	Low	Proj. 12 Mo. Price Target	Current Year P/E	2002A	2003E	2004E	Past 3 Yr Grth	Proj. 3 Yr Grth	Div. Yld.	Bv/ Shr.	FY	Mkt. Cap. (Mil)
Abbott Laboratories (o)	ABT	G	45.73	46.39	29.80	52.00	20.8	2.06	2.20	2.60	-2.3%	12.0%	2.1%	7.25	Dec	71,709
Bradley Pharmaceuticals, Inc. (o)	BDY	AG	17.00	17.98	6.80	26.00	18.9	0.66	0.90	1.10	NA	25.0%	0.0%	3.62	Dec	196
Pfizer Inc. (o)	PFE	G	33.52	37.04	25.13	39.00	20.4	1.59	1.64	1.75	27.4%	10.0%	1.8%	4.03	Dec	264,640

Michael Krensavage (212) 856-4364

Restaurants	SYM.	SR	06/12/03 Close	12 Mo.Trail. Price Rge High	Low	Proj. 12 Mo. Price Target	Current Year P/E	2002A	2003E	2004E	Past 3 Yr Grth	Proj. 3 Yr Grth	Div. Yld.	Bv/ Shr.	FY	Mkt. Cap. (Mil)
Panera Bread Co. (m,o)	PNRA	AG	36.58	37.95	23.64	45.00	36.6	0.73	1.00	1.35	NA	33.0%	0.0%	5.01	Dec	1,054
Rare Hospitality (m,o)	RARE	AG	29.80	30.92	20.75	36.00	16.6	1.52	1.79	2.09	21.5%	20.0%	0.0%	13.59	Dec	638

Bryan C. Elliott, CFA (404) 442-5856

Footnotes:

UR – Under Review. NM – Not Meaningful. NA – Not Available. IR – In Registration. eb - Book Value as shown is in euro.

h - Raymond James & Associates managed/co-managed a public/follow-on offering of these shares or has provided investment banking services within the last three years.

m - Raymond James & Associates makes a NASDAQ market in shares of these stocks.

o - Security is optionable.

r - Figures are based on ADRs.

s - The analyst or research associate own shares of stock in this company.

Sector Downgrades

Banking

Downgraded from Attractive to Neutral on a Technical Basis
by Art Huprich, CMT, *Technical Analyst*

Technical View: This index has rallied more than 11% since our last review. Despite the fact that the index remains above its previous breakout level of 800, which is bullish, we prefer to "take a little off the table" and wait for a retest of support before adding more positions.

Benefits Management/Outsourcing

Downgraded from Attractive to Neutral on a Technical Basis
by Art Huprich, CMT, *Technical Analyst*

Technical View: Though the technical backdrop is still positive, this index rallied close to 5% in the last month. Consequently, it is in need of some type of pause/pullback, which should help work off an overbought short-term condition. We prefer to step back and see how the index acts in light of this possibility.

Housing

Downgraded from Attractive to Neutral on a Technical Basis
by Art Huprich, CMT, *Technical Analyst*

Technical View: This index was up almost 24% since our last review. When you tack this increase onto the gains since earlier this year, the chart looks parabolic. We want to lock in some gains and wait to review the quality of the next pullback.

Midstream Suppliers

Downgraded from Attractive to Neutral on a Technical Basis
by Art Huprich, CMT, *Technical Analyst*

Technical View: Within the midst of a bullish technical backdrop, this index has jumped more than 8% since our last review and looks "stretched" short term. We prefer to wait for some pullbacks before purchasing more stock.

Mobile Data & Imaging Technology

Downgraded from Attractive to Neutral on a Technical Basis
by Art Huprich, CMT, *Technical Analyst*

Technical View: This index is up almost 12% since our last review. Thus it is extended short-term and now up near an area that has brought out some selling pressure (resistance) in the past. Within the midst of a still overall positive backdrop, we prefer to step back and 1) wait for a period of "pause/pullback" or 2) gauge how the index trades around this resistance level, before getting aggressive again.

Recommended Asset Allocation

Periodically, the Raymond James & Associates Investment Policy Committee meets to discuss and determine recommended asset allocation for four basic investment portfolios. The Committee last met on April 3rd, 2003 and established the more conservative Portfolio I at that time. Otherwise, the existing portfolios were left unchanged. Both the current recommended allocation and descriptions of the four portfolios are highlighted below.

Portfolio I **Primarily Capital Preservation**
For conservative investors that are very risk adverse with significant need for dependable monthly income from interest and dividends.

Portfolio II **Primarily Income**
For conservative investors primarily interested in high dividends and interest yields with relatively low risk of principal.

Portfolio III **Growth with Income**
For investors seeking a combination of growth and current income with a tolerance for average levels of risk in equities.

Portfolio IV **Primarily Growth**
For investors seeking higher capital appreciation returns that are willing to take above average market risk with modest current income requirements.

The standard and current recommended asset allocation for each portfolio is outlined below.

	Portfolio I		Portfolio II		Portfolio III		Portfolio IV	
	Standard	Current	Standard	Current	Standard	Current	Standard	Current
Cash or Equivalent	20%	20%	15%	25%	15%	15%	10%	15%
Fixed Income	50%	50%	40%	35%	30%	25%	15%	10%
Equities [1]	15%	15%	30%	30%	45%	45%	65%	65%
Real Estate & Tangibles	15%	15%	15%	10%	10%	15%	10%	10%

[1] 20% of equities should be in international equities.

The Investment Policy Committee is comprised of the following Raymond James & Associates professionals:

David A. Henwood, CFA, *Chief Investment Officer, Committee Chairman*
Ralph Bloch, *Senior Vice President, Chief Market Technician*
Scott J. Brown, Ph.D., *Senior Vice President, Senior Economist*
Doug Harsham, *Vice President, Municipal Fixed Income*
Paul D. Puryear, *Managing Director, Real Estate Research, Equity Research*
Jeffrey D. Saut, *Managing Director, Chief Investment Strategist*

Index Sources

Industry	Index Used
Aerospace/Defense (&SAERO)	S&P Aerospace/Defense
Asset Management	RJ Asset Management
Automotive Retailers	RJ Automotive Retailers
Banking (BKX)	PHIL KBW Banks
Benefits Management/Outsourcing	RJ Benefits Management/Outsourcing
Beverages (Soft Drinks) (&SSOFT)	S&P Soft Drinks
Biotechnology (BTK)	AMEX Biotech
Broadcasting & Cable TV (&SBCST)	S&P Broadcast/Media
Communications Software	RJ Communications Software
Computers (hardware) (&SCMPH)	S&P Computers (hardware)
Computers (networking) (NWX)	AMEX Networking
Defense Electronics	RJ Defense Electronics
Distributors – Healthcare	RJ Wholesale/Pharmaceutical Distributors
Drug Stores (&SRETR)	S&P Drug Retail
Electrical Equipment (&SELEQ)	S&P Electrical Components & Equipment
Electronic Manufacturing Services	RJ EMS
Environmental Services	RJ Environmental
Furnishings & Appliances	RJ Furnishings
Growth Airlines	RJ Growth Airlines
Healthcare Equipment (&shcpr)	S&P Healthcare Equipment
Healthcare Information Technology	RJ Healthcare Info Services
Hospitals	RJ Hospital
Household Products (&SHPRD)	S&P Household Products
Housing (&SHBLD)	S&P Homebuilding
Infrastructure Software	RJ Infrastructure Software
Internet & Digital Media (INX)	CBOE Internet
IT Services	RJ IT Services
Leisure & Entertainment	RJ Entertainment
Life & Health Insurance	RJ Insurance/Life & Health
Lodging	RJ Lodging
Logistics Services	RJ Logistics Services
Midstream Suppliers	RJ Midstream Suppliers
Mobile Data & Imaging Technology	RJ Mobile Data & Imaging Technology
Oil & Gas – E&P (&SOILE)	S&P Oil & Gas (Exploration and Production)
Oil Services (OSX)	PHILA Oil Services
Paper & Forest Products (FPP)	PHILA Forest & Paper Products
Pharmaceutical Informatics	RJ Pharmaceutical Informatics
Pharmaceuticals (DRG)	AMEX Pharmaceutical
Property & Casualty Insurance	RJ Insurance/Property & Casualty
REITs (RMS)	Morgan Stanley REIT Index
Restaurants (Casual Dining)	RJ Restaurants
Retailing	S&P Retailing
Securities & Brokerage Firms (XBD)	AMEX Securities Broker/Dealer
Semiconductors (SOX)	PHILA Semiconductor
Software (GSO)	GSTI Software Index
Specialty Finance	RJ Specialty Finance
Technology Distribution	RJ Technology/Broadline Master Reseller
Telecommunications Services	RJ Telecom (Cell/Wire)
Telecommunications Equipment (&SCOMM)	S&P Communication Equipment
Utilities (UTY)	PHILA Utility

Bridge tickers, if applicable, are listed in parentheses.

Recent Research Publications

Oil Services

FMC Technologies	4/30/03	FTI Reports Better-than-Expected First Quarter Results
Grant Prideco	5/5/03	First Quarter Results Above Expectations; Promising Outlook
Key Energy Services	4/29/03	Key Reports In-Line 1st Quarter Results
	4/2/03	Key Energy 1st Quarter Impacted by Bad Weather But Clear Skies on the Horizon
Maverick Tube	6/3/03	MVK 2Q Impacted by Weather In Canada and Announces $100 million Convert
	4/17/03	MVK Reports Better-than-Expected Top-Line, But EPS Muted by Consolidation Costs
Nabors Industries	6/4/03	Nabors Prices $700 Million of Conv. Zeros - Raising Numbers
	4/30/03	Nabors Industries Reports 1Q EPS Above Consensus
National-Oilwell	4/28/03	Solid First Quarter Results With Visibility Improving
Patterson-UTI Energy	6/4/03	Patterson-UTI Reports May 2003 Drilling Update
	5/27/03	PTEN Purchases the Rest of TMBR/Sharp Drilling
	4/30/03	PTEN Reports Q1 EPS Ahead of Expectations
Precision Drilling	5/2/03	Precision Reports Strong First Quarter

Growth Airlines

JetBlue Airways	6/11/03	New Aircraft Order for EMB-190s Accelerates Growth Story
	6/6/03	May Traffic Results
	5/7/03	April Traffic Results
	4/25/03	Continuing to Soar Above the Industry
	4/7/03	March Traffic Results

Important Investor Disclosures

Stock Ratings: Within our four-tiered rating system, Strong Buy means that the stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P 500 over the next six months; Outperform means the stock is expected to appreciate and outperform the S&P 500 over the next 12 months; Market Perform means the stock is expected to perform generally in line with the S&P 500 over the next 12 months and is potentially a source of funds for more highly rated securities; and Underperform means the stock is expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold. Out of approximately 508 stocks in the Raymond James coverage universe, 48% have Strong Buy or Outperform ratings (Buy), 40% are rated Market Perform (Hold) and 12% are rated Underperform (Sell). Within those rating categories, 27% of the Strong Buy or Outperform (Buy) rated companies either currently are or have been Raymond James Investment Banking clients within the past three years; 16% of the Market Perform (Hold) rated companies are clients and 10% of the Underperform (Sell) rated companies are clients.

Following are some general risk factors that pertain to the projected 12-month target prices included on our research for stocks rated Strong Buy or Buy: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects.

Analyst Holdings and Compensation: Equity analysts and their staffs at Raymond James are compensated based on a salary and bonus system. Several factors enter into the bonus determination including the analyst's success in rating stocks versus an industry index, support effectiveness to the retail and institutional sales forces, traders, and investment bankers, institutional research votes, as well as overall productivity and revenue generated in covered stocks.

Raymond James Relationships: Raymond James & Associates makes a market in shares of ACAI, CBRL, GIFI, HRLY, LUFK, PNRA, RYAAY, and RARE. Raymond James & Associates sole-managed a registered-direct offering of BNT shares in April 2002. Raymond James & Associates makes a market in shares of CDIS and co-managed follow-on offerings of the shares in September 2000 and May 2002. Raymond James & Associates acted as the agent in the private placement of preferred stock for the company in January 2003. Raymond James & Associates makes a market in shares of JBLU and co-managed an initial public offering of the shares in April 2002. Raymond James & Associates sole-managed a block trade of MVK shares in March 2002 and co-managed a block trade of the shares in May 2002. Raymond James & Associates provided investment banking services to Maverick Tube Corp. in September 2000 and August 2001. Raymond James & Associates co-managed a convertible debt offering for Maverick Tube in June 2003. Raymond James & Associates acted as an agent in the placement of convertible debt for Mesa Air Group in June 2003. Raymond James & Associates provided investment advisory services to Nabors Industries in October 2002. Raymond James & Associates sole-managed a follow-on offering of NR shares in May 2002 and a block trade of 2.3 million convertible preferred shares for the company in December 2002. Raymond James & Associates makes a market in shares of PTEN and co-managed a follow-on offering of the shares in September 2000. Raymond James & Associates also sole-managed a block trade of shares of UTI Energy in December 2000 and a follow-on offering in January 2001. An officer of Raymond James & Associates serves on the Board of Directors of Precision Drilling Corp. Raymond James & Associates makes a market in shares of SKYW and sole-managed a secondary offering of the shares in August 2000. Raymond James & Associates co-managed a public debt offering for Superior Energy in April 2001. The covering analyst and/or associate owns shares of the following stocks: LUFK, MESA, MVK, PDS, PTEN, SKYW.

RJA or its officers, employees, or affiliates may (1) currently own shares, options, rights or warrants and/or (2) execute transactions in the securities mentioned in this report that may or may not be consistent with this report's conclusions.

Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at www.rjcapitalmarkets.com/SearchForDisclosures_main.asp. Copies of research can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see www.rjf.com for office locations) or by sending a written request to the Equity Research Library, Raymond James & Associates, Inc., Tower 3, 6th Floor, 880 Carillon Parkway, St. Petersburg, FL 33716.

Additional information is available on request.

Equity Capital Markets – Sales & Trading

Louis A. Parks (212) 297-5614, Sr. Managing Director, Director of Equity Trading
Paul G. Steinhauser - 72513, Sr. Managing Director, Director of Institutional Sales

Institutional Sales

St. Petersburg (800) 237-5643
Neal H. Blackburn - 72526
Shawn Borgeson - 72571
Rita Cook - 72540
Ken Corn - 72282
Jeff Dawson - 73468
Peg DeLargy - 72596
Peter L. Gairing - 72530
Michael T. Glover - 72280
Dave Hodges - 72438
Dennis Leary - 72492
John Leffel - 72608
Kevin McElligott - 72597
Leigh Pollak - 72285
Don Scammell - 72570
David Schaffer - 72598
Jim Wesche - 72439
Jamie Zingaretti - 72576

Chicago
Rick Glaisner (312) 612-7672
George Karos (312) 612-7673
Andrew K. Northwick (312) 612-7675
Bob Stocking (312) 612-7674

Los Angeles
Len Golbranson (213) 346-9306
Mark Hamilton (213) 346-9309
John Marshall (213) 346-9307
Zachary Taylor (213) 346-9304

New York
Lori Bollinger (212) 297-5607
Mike Devine (212) 856-5406
Michael Franks (212) 297-5602
Mike Kronenberg (212) 856-5405
Carol McCarthy (212) 297-5605
Andrew Monroy (212) 297-3043
Jack Murphy (212) 856-5407
Tom Nevitt (212) 297-5602
Gene Pennell (212) 297-5606
Robert Weeks (212) 297-5604

Institutional Trading

St. Petersburg - 72100
Ross Barone
Doug Deatrick
Judith E. Jones
James J. Malandro
Joe Tallman
Marc Walker
Beth Carlton
John Few
Ken Karpman
Jake Shumacker
Randy Toomajanian

New York (212) 599-6800
Bill Barber
J.P. Bartolomeo
Andre de Casteja
Steve Fredericks
Dan Kane
Coleen McGuinness
Chrystal Badillo
George Boyan
Mario DiCostanzo
Corinne Gerin
Ron Mangarelli
Mark Spina

Convertible Sales & Trading - 72222
Ronnie Bieler
Kevin Bilotta

Int'l Institutional Sales & Trading Desk - 72100
Darryl Ambler
Suzi Fiorini

Private Client Group - 78092
Joye Bynum
John Deeks
Jeanna Gillespie
David Dami
Jeff Fordham
Howard Sachs

NASDAQ Trading - 72150
Rob Armstrong
Lance Browning
Shalane Davis
Jay Hansen
Derek Jerger
Scott Satchwell
Stuart Simpson
Matt Todd
Art Caporale
Charles Glovier
Chris Herr
Mike Kessel
Kathy Sevier
Peter Stark
David Watson

International Offices

Raymond James & Associates, London 011-44-207-696-6150
G. Eric Rowe, Branch Manager
Lucy Bartlett
Ted McMillan
Nick Von Stackelberg
Anthony White
Stephen Bartlett
Ali Sallam
Mark Vanry
Tim Williams

Raymond James Financial Int'l, Ltd., London 011-44-207-696-6150
Mark B. Abbott, Branch Manager

RJFI Italy (London)
011-39-027-209-4574
Marco Bonelli, Branch Manager
Alessandro Ciceri
Luis Rosillo

Raymond James Geneva, Lausanne 011-41-21-721-1515
Patrick Delarive, Branch Manager
Homan Haghighi
Rudi Moser
Jad Hobeiche
Erik Rochat

Raymond James Geneva
011-41-22-818-2828
Hans Wilhelm, Branch Manager
Paul Brandenburg
Phillipe H. Dubois
Albert Fregosi
Hendrik Groenendijk
Nico G. Havinga
Pierre (Peter) W. Hottiger
Rene Lachat
Jean Wilhelm

Raymond James Asset Management, Int'l, Paris
011-33-1-456-16499
Andre Galas, Branch Manager

Raymond James Euro Equities, Paris
011-33-1-456-40500
David Kruk, Branch Manager
Phillippe Andrieu
Miguel Gallego
Fouad Hadike
Danny Jacques
Jean Sassus
Laurent Thomasset
Nicolas Watelet

Raymond James International, Paris
011-33-1-456-40520
Emmanuel Laussinotte, Branch Manager
Gregoire M. Alexandre
Serge P. Chayenko
Pierre Gisclon
Thierry Guille
Jean-Maurice Hagiage
Hubert Le Bret

Raymond James Deutschland GmbH & Co. KG 011-49-213-293-070
Hans J. Klisch, Branch Manager
Falk G. Reissland, Branch Manager
Charles (Chuck) H. Bruni, Jr.
Theresia Ennen
Egon K. Scheffler
Wolfgang Stierle
Kenneth Van Der Vlugt

Raymond James Benelux, Brussels
011-322-626-1060
Henri de Liedekerke, Branch Manager
Hans De Both
Francois van der Elst
Ann-Catherine Horn
Carine R. Van Pellecon
Gary Richman
Jean-Claude Seynave

Raymond James Ltd. - Sales
Toronto Canada (888) 601-6105
USA (800) 290-4847
Jeff Carruthers, CFA (416) 777-4929
Brian McLaughlin (416) 777-4945
Dave Roberts (416) 777-4930
Nichole Svec Griffis, CFA (416) 777-4942
Ken Sylvestre (416) 777-4931
Mike Westcott (416) 777-4935

U.S. Equities – Toronto
Laura Arrell (416) 777-4920
Dave MacLennan (416) 777-4934

Vancouver (800) 667-2899
Scot Atkinson, CFA (604) 659-8225
Doug Bell (604) 659-8220
Rusty Goepel (604) 659-8288

Montreal (514) 350-4455, (866) 350-4455
John Hart (514) 350-4462
David Maislin, CFA (514) 350-4460

Raymond James Ltd. - Trading
Toronto Canada (888) 601-6105
USA (800) 290-4847
Marc Deslongchamps, Head of Trading
(416) 777-4924
Pam Banks (416) 777-4923
Lindy Boville (416) 777-4941
Andy Hermann (416) 777-4937
Rebecca Joseph (416) 777-4938
Scott Munro (416) 777-4922
Bob Standing (416) 777-4921

Vancouver (800) 667-2899
Fraser Jefferson (604) 659-8218
Derek Oram (604) 659-8223

Montreal (866) 350-4455
Danny Paulson (514) 350-4466

Equity Research (800) 248-8863

Robert P. Anastasi, CFA - 72286
Sr. Managing Director, Director of Equity Research

Shawn Borgeson - 72571
Managing Director, Product Development

Mercedes Sanchez - 72601
Vice President

David A. Henwood, CFA - 72505
Chief Investment Officer

Jeffrey D. Saut - 72644
Managing Director, Equity Research

Consumer
Budd Bugatch, CFA - 72527
Director of Furnishings Research
Sam Darkatsh - 72537
Furnishings
Bryan C. Elliott, CFA
(404) 442-5856
Restaurants
Joseph D. Hovorka - 72681
Entertainment & Leisure
A. Gerald Marks - 72749
Automotive Retailers

Energy
(800) 945-6275
J. Marshall Adkins
Director of Energy Research
Wayne W. Andrews
Exploration and Production
Jeffrey L. Mobley, CFA
Exploration & Production
James Rollyson
Oilfield Services
John Tasdemir
Oilfield Services
John Tysseland
Midstream Suppliers

Financial Services
John A. Pandtle, CFA - 72643
Banking (Southeast & Southwest)
C. Gregory Peters
(312) 612-7687
Property & Casualty Insurance
Steven D. Schwartz, CFA
(312) 612-7686
Asset Management/
Life & Health Insurance
Bradley S. Vander Ploeg
(312) 612-7685
Banking (Midwest & West)
Michael Vinciquerra, CFA
(404) 442-5861
Specialty Finance

Healthcare
John W. Ransom - 72593
Director of Healthcare Research
Michael J. Baker, CPA - 72499
Benefits Management/Outsourcing/
Practice Management
Mike Krensavage
(212) 856-4364
Pharmaceuticals
James J. Kumpel, CFA - 72444
Healthcare Information Technology/
Senior Care

Industrial Growth
William H. Fisher, CFA
(404) 442-5858
Industrial Services/
Logistics Services
James D. Parker, Ph.D.
(404) 442-5857
Growth Airlines
Samantha Panella
(212) 297-5654
Growth Airlines

Macro Research
Ralph Bloch (703) 406-2470
Chief Market Technician
Scott J. Brown, Ph.D. - 72603
Senior Economist
P. Arthur Huprich, CMT - 72494
Technical Analyst
Jeffrey D. Saut - 72644
Chief Investment Strategist

Real Estate
Paul D. Puryear - 72253
Director of Real Estate Research
William A. Crow - 72594
REITs/Lodging
Ken Avalos - 72660
REITs
Rick T. Murray - 72561
REITs/Housing

Technology
Robert P. Anastasi, CFA - 72286
Director of Technology Research
Brian G. Alexander, CPA - 78962
Technology Distribution
Mike Latimore (404) 442-5862
Communications Software
Phil Leigh - 72287
Digital Media
John T. Mahoney - 72565
IT Services
Chris Quilty - 72602
Defense Electronics/Mobile Data
& Imaging Technology
Jonathan Ruykhaver, CFA - 72498
Infrastructure Software
Mercedes Sanchez - 72601
Technology Services - Staffing
Shawn Severson - 72682
Electronic Manufacturing
Services/Components
J. Steven Smigie - 72557
Electronic Manufacturing
Services/Components

Telecommunications
Todd Koffman - 72421
Director of Telecommunications
Equipment Research
Ric Prentiss - 72567
Director of Telecommunications
Services Research
Christopher R. Fischer - 72648
Telecommunications Equipment
Frank G. Louthan IV - 72279
Telecommunications Services
Mark DeRussy, CFA - 72646
Telecommunications Services

Retail Liaisons - 72520

Eric Longphee
Director of Retail Research
Kyle Farrell
Tom Layton

Mark Nowikowski
Mike Smith
Jon Tait

Will Jacobsen
Equity Marketing Group