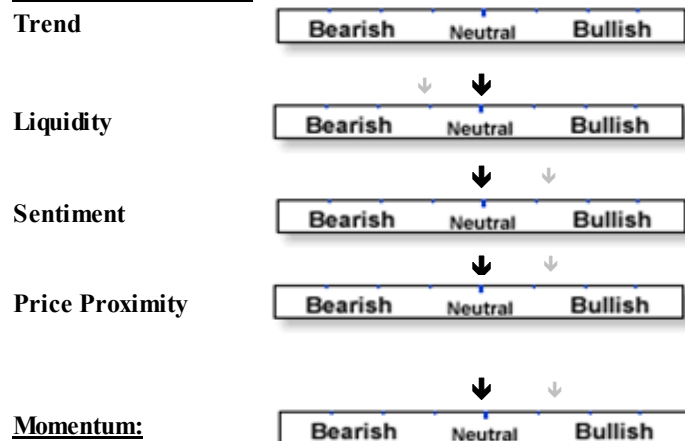


LEHMAN BROTHERS TECHNICAL STRATEGY

DEGRAAF'S DAILY

Intermediate Term Barometer:

Conditional Elements:



Jeffrey S. deGraaf, CMT, CFA

August 14, 2006

Very little change over the last week with trends still neutral for the overall market, but greater disparity amongst various sectors. Utilities are now the strongest sector from a trend perspective, as energy has begun to yield its relative and absolute strength. The OSX has been consolidating, but our concern has been the bullish sentiment surrounding the space. 185 have been successfully defended three times over the last several weeks/months, but the sequence of lower highs keeps us on the defensive for the group. Recall as well that energy tends to under-perform at this point on the calendar, adding further evidence to our concern.

After nailing the top of the homebuilders with their bullish cover story on housing in June of '05, TIME magazine followed up with a more sobering article in a recent issue. The focus was on the peril of condo flippers and the anxiety now apparent in their operations. A short 2-page internal article hardly reflects the opposite extreme in sentiment exhibited just a little over a year ago, and homebuilders have barely been able to bounce in the near-term. We continue to believe that the prospects from this prop of the economy will be bigger impediment to growth in the coming quarters, and more specifically will likely have a short- intermediate term disinflationary impact.

Sentiment remains neutral as does momentum. This tape has a "dead-stick" feel to it, play tight.

Industry Group Technical Rankings

Strongest	Weakest
Agricultural Products	Heavy Electrical Equipment
Oil & Gas Refining & Marketing	Homebuilding
Tobacco	Photographic Products
Industrial REITs	Tires & Rubber
Drug Retail	Forest Products

Near Term Summary:

NDX		S&P 500	
Trend	=	Trend	=
Momentum	↓	Momentum	↑
OB/OS	Neutral	OB/OS	Neutral

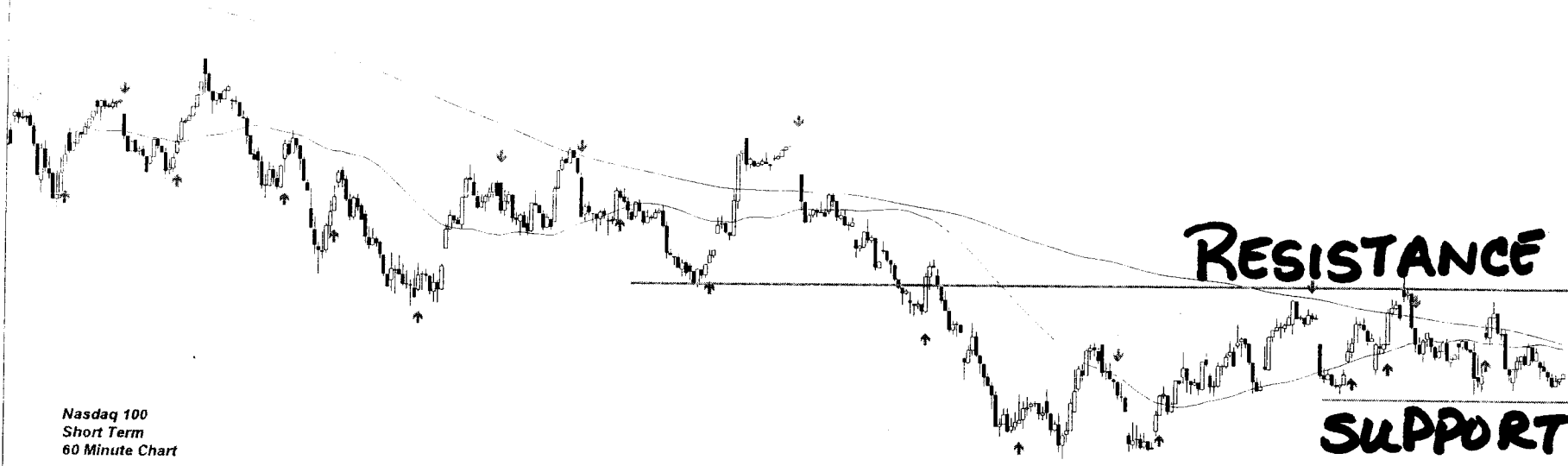
Team Technical

Jeffrey S. deGraaf, CMT, CFA – Chief Technical Analyst - 212 526 2337	John Kolovos, CMT – Technical Analyst – 212 526 2238
Gerald F. Hendricks, CMT - Technical Analyst – 212 526 9423	Craig Peskin Technical Analyst – 212 526 3350
Research Coordinator – 212-526-4691	

Lehman Brothers does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

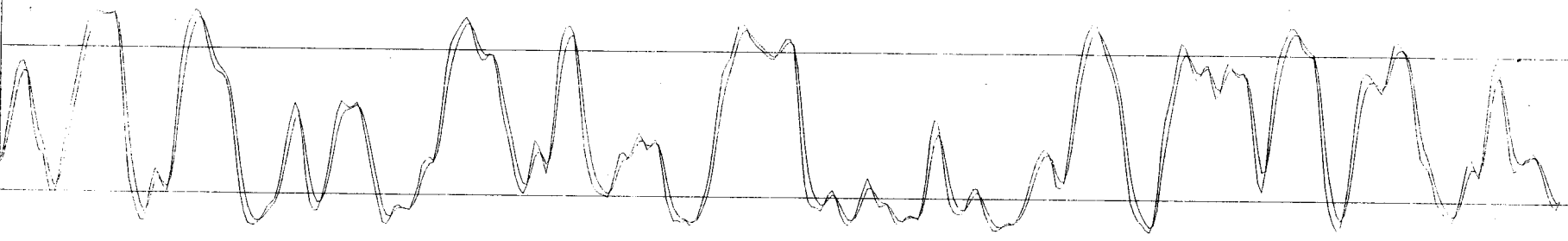
PLEASE TURN TO THE LAST PAGE FOR ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES.

1700
1690
1680
1670
1660
1650
1640
1630
1620
1610
1600
1590
1680
1570
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1440
1430



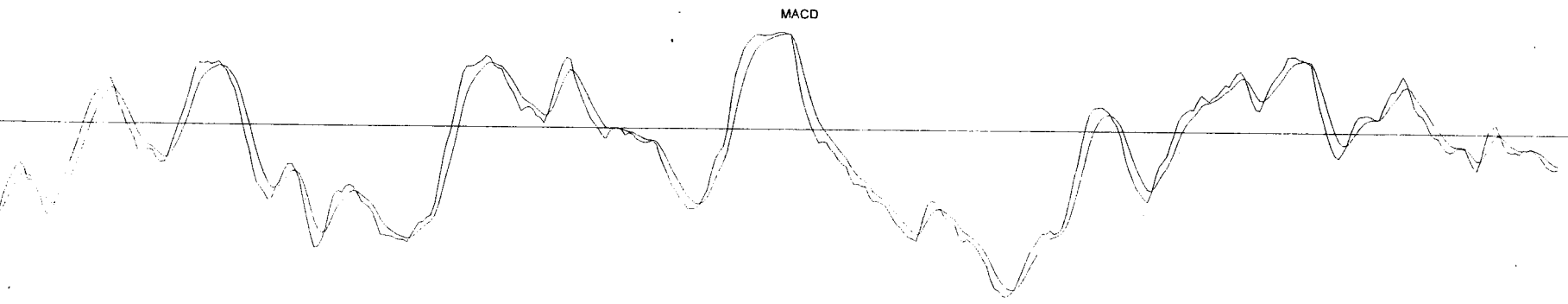
Stochastic Oscillator

100
90
80
70
60
50
40
30
20
10
0



MACD

10
5
0
-5
-10
-15

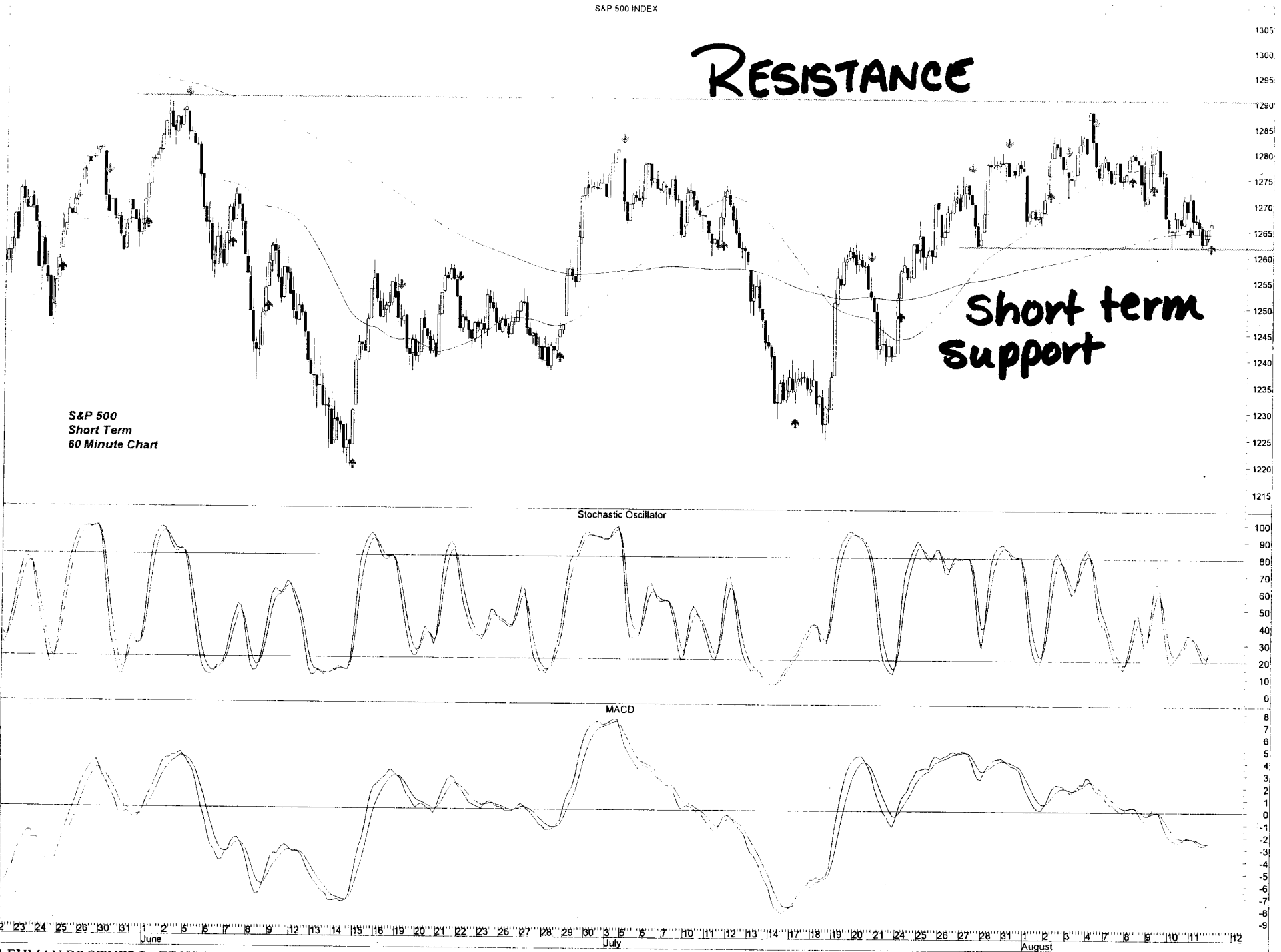


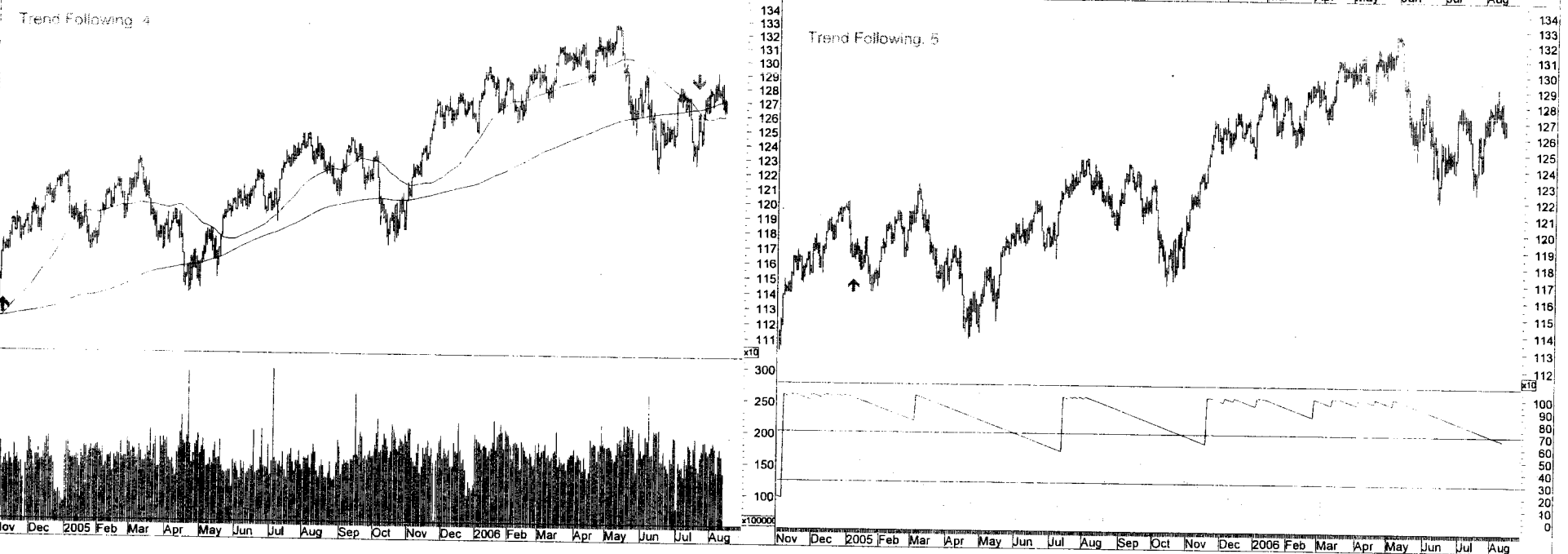
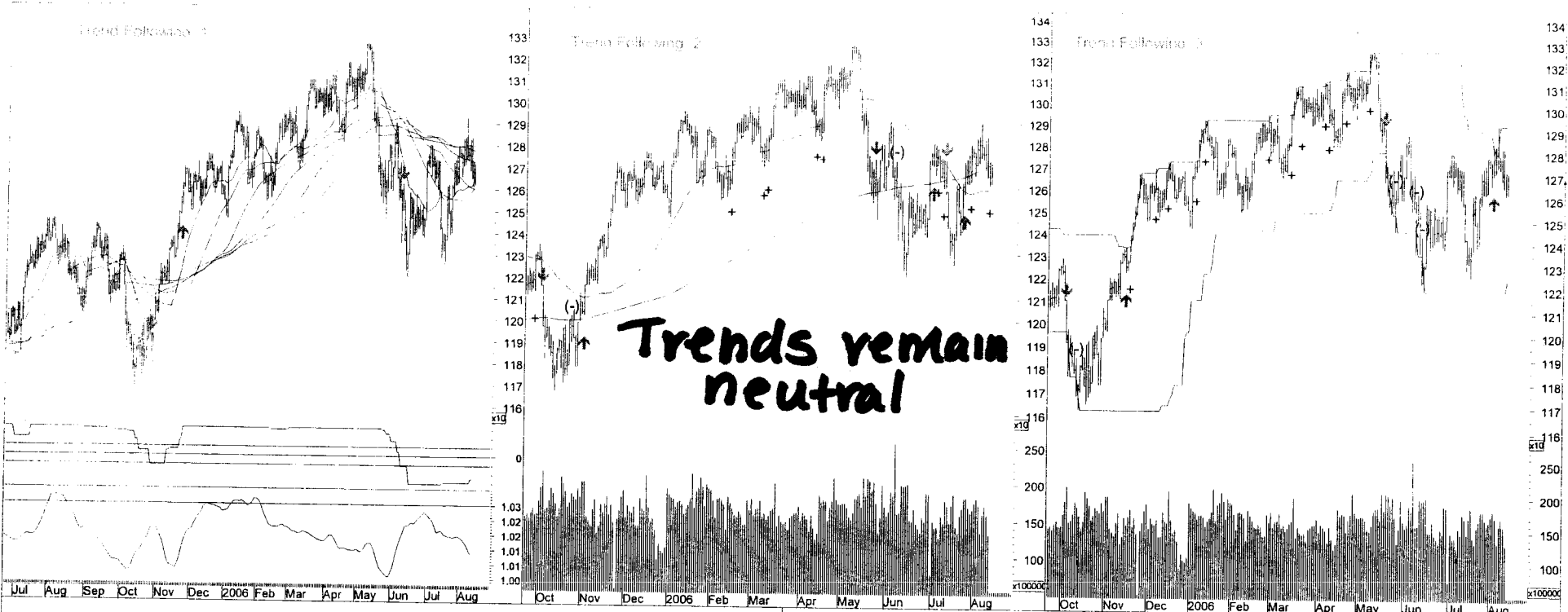
June 24 25 26 30 31 1 2 5 6 7 8 9 12 13 14 15 16 19 20 21 22 23 26 27 28 29 30 3 5 6 7 10 11 12 13 14 17 18 19 20 21 24 25 26 27 28 31 1 2 3 4 7 8 9 10 11 12 August

RESISTANCE

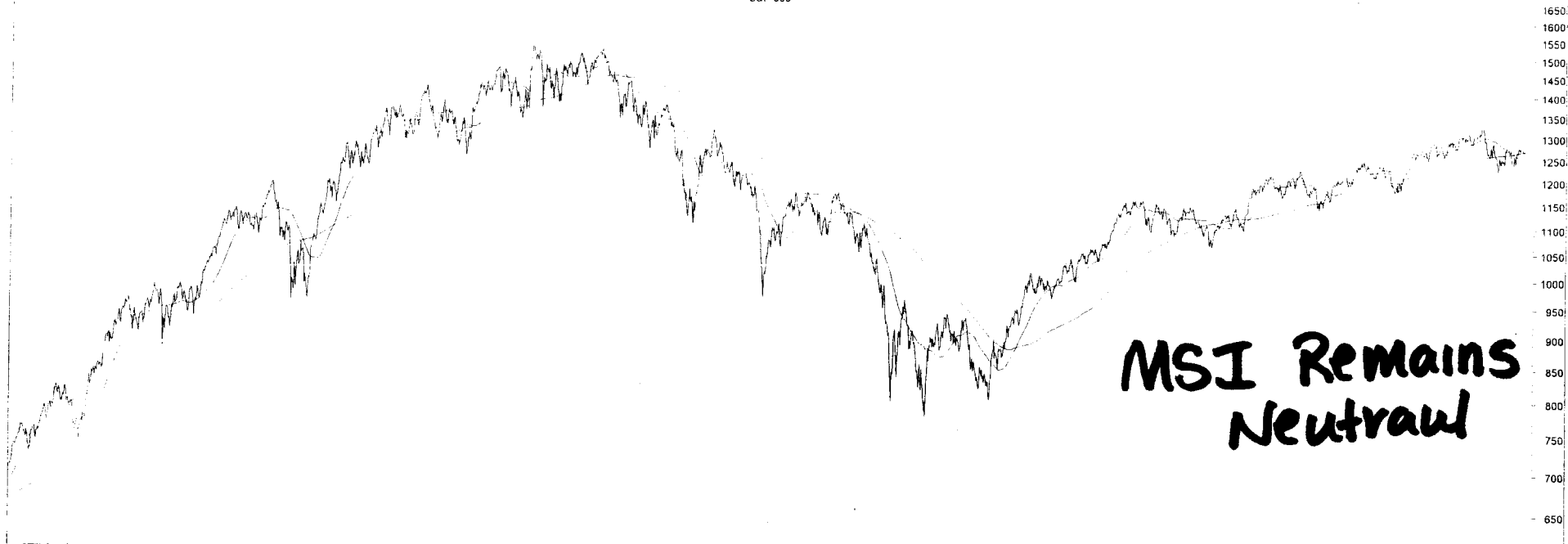
Short term Support

S&P 500
Short Term
60 Minute Chart

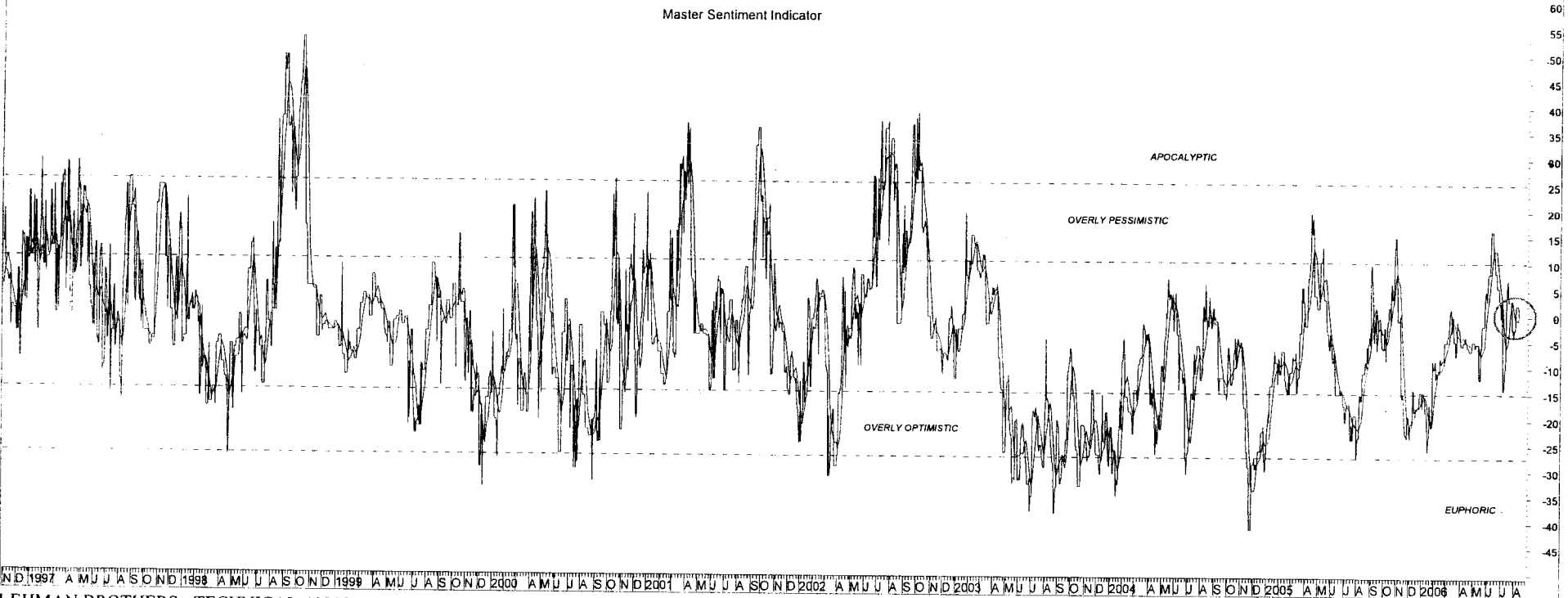




S&P 500

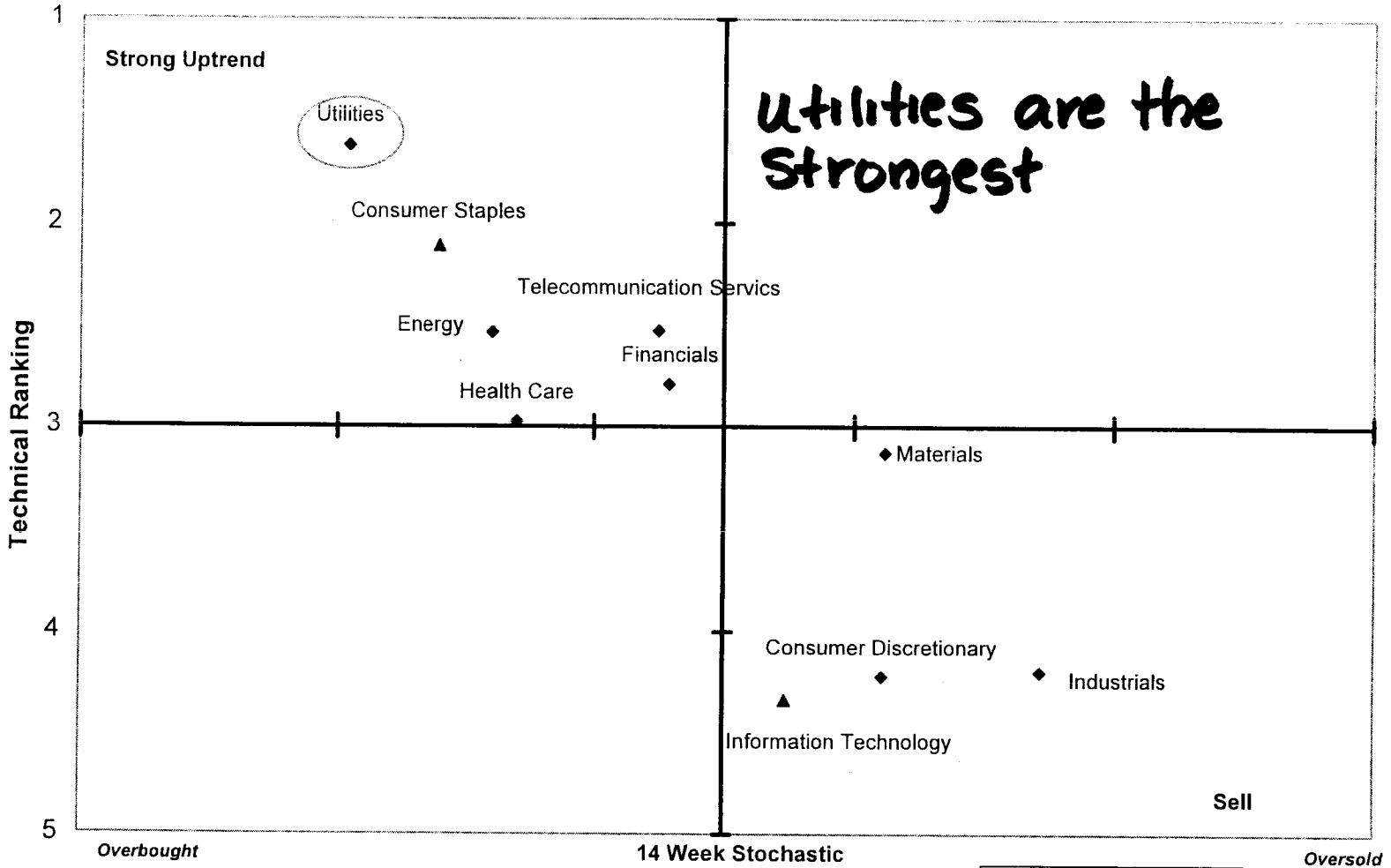


Master Sentiment Indicator



ND 1997 A M J J A S O N D 1998 A M J J A S O N D 1999 A M J J A S O N D 2000 A M J J A S O N D 2001 A M J J A S O N D 2002 A M J J A S O N D 2003 A M J J A S O N D 2004 A M J J A S O N D 2005 A M J J A S O N D 2006 A M J J A

TECHNICAL MATRIX
S&P SUPERCOMPOSITE SECTORS



Lehman Brothers Technical Analysis Department

▲ Increased Stochastic
◆ Decreased Stochastic

LAST WEEK'S FRESH BREAKOUTS

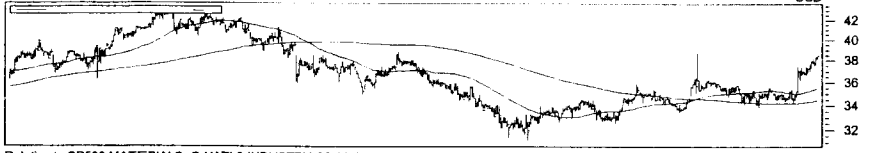
INTL FLAVORS & FRAGRANCES

Specialty Chemicals
IFF

8/11/04 to 8/11/06

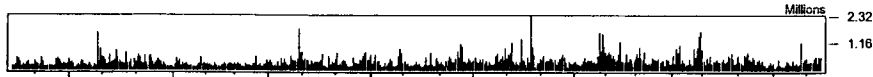
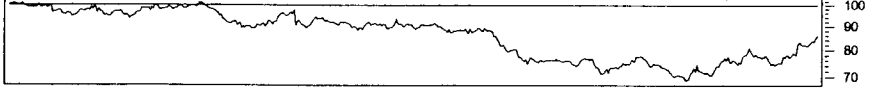
Mkt Cap: 3498.50
Div Yld: 1.92
Last Price: 38.47

USD



Relative to SP500 MATERIALS .G MATLS INDUSTRY GROUP

8/11/04 = 100, -14.1%



P/BK: 3.68
P/S: 1.78
FCF/EV: 2.88

2005
Sales Growth %: -1.98
Est Up - Down: 1.00 - 1.00
Q EPS Surprise %: 6.35

2008
ROE: 21.66
Debt/Eq: 76.81
FY2 Mean Est last 3 Mnth: 1.22

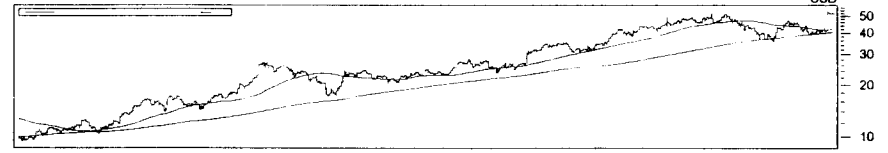
ALERIS INTERNATIONAL INC

Aluminum
ARS

8/11/04 to 8/11/06

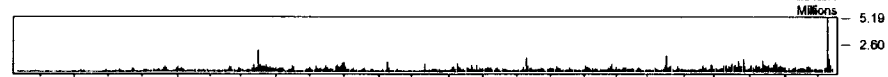
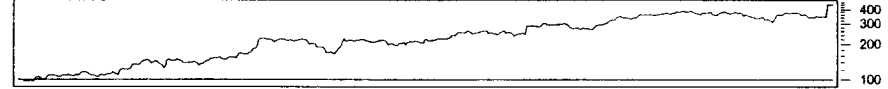
Mkt Cap: 1623.73
Div Yld: 0.00
Last Price: 51.84

USD



Relative to SP500 MATERIALS .G MATLS INDUSTRY GROUP

8/11/04 = 100, +340.2%



P/BK: 3.40
P/S: 0.52
FCF/EV: 4.92

2005
Sales Growth %: 98.03
Est Up - Down: 0.00 - 0.00
Q EPS Surprise %: 5.68

2008
ROE: 28.54
Debt/Eq: 131.64
FY2 Mean Est last 3 Mnth: 13.77

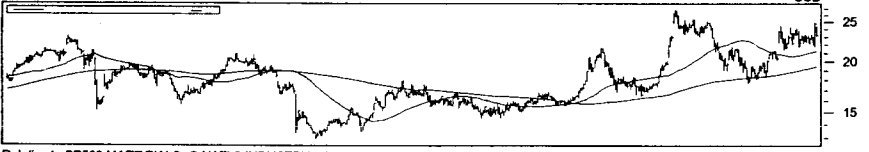
BRUSH ENGINEERED MATERIALS

Diversified Metals & Mining
BW

8/11/04 to 8/11/06

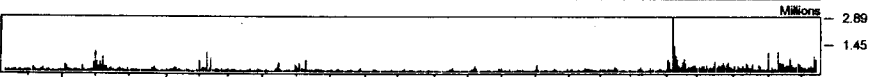
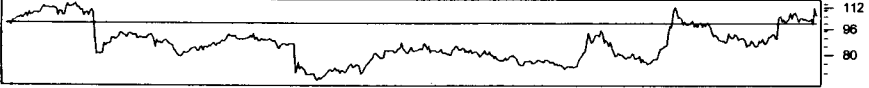
Mkt Cap: 450.61
Div Yld: 0.00
Last Price: 23.22

USD



Relative to SP500 MATERIALS .G MATLS INDUSTRY GROUP

8/11/04 = 100, +6.0%



P/BK: 1.90
P/S: 0.71
FCF/EV: 1.27

2005
Sales Growth %: 9.07
Est Up - Down: 2.00 - 1.00
Q EPS Surprise %: 6.06

2008
ROE: 8.99
Debt/Eq: 33.38
FY2 Mean Est last 3 Mnth: 15.08

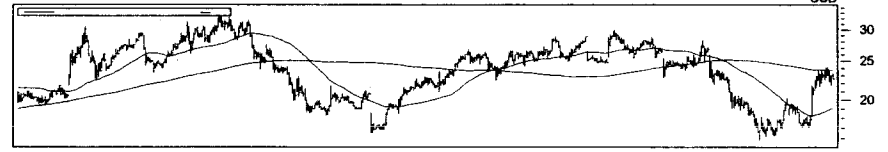
STEEL TECHNOLOGIES INC

Steel
STTX

8/11/04 to 8/11/06

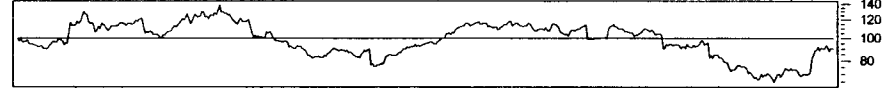
Mkt Cap: 292.46
Div Yld: 1.33
Last Price: 22.58

USD



Relative to SP500 MATERIALS .G MATLS INDUSTRY GROUP

8/11/04 = 100, -10.0%



P/BK: 1.11
P/S: 0.33
FCF/EV: 4.39

2005
Sales Growth %: 27.32
Est Up - Down: 2.00 - 0.00
Q EPS Surprise %: 58.38

2008
ROE: 4.86
Debt/Eq: 43.66
FY2 Mean Est last 3 Mnth: 102.86

MCCORMICK & COMPANY INC

Packaged Foods & Meats
MKC

8/11/04 to 8/11/06

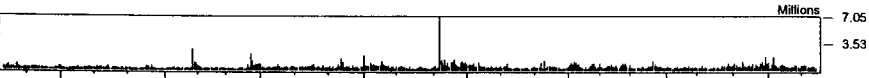
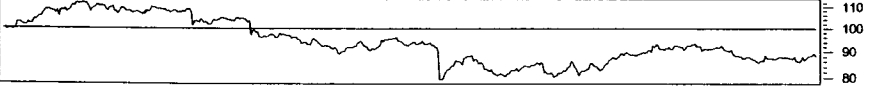
Mkt Cap: 4700.17
Div Yld: 2.02
Last Price: 35.85

USD



Relative to SP500 FOOD BEV&TOBACCO .G FBT INDUSTRY GROUP

8/11/04 = 100, -11.7%



P/BK: 5.16
P/S: 1.82
FCF/EV: 4.51

2005
Sales Growth %: 2.60
Est Up - Down: 0.00 - 0.00
Q EPS Surprise %: 6.67

2008
ROE: 24.72
Debt/Eq: 67.49
FY2 Mean Est last 3 Mnth: 1.11

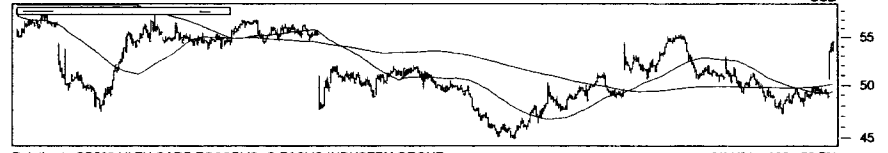
HILLENBRAND INDUSTRIES

Health Care Equipment
HB

8/11/04 to 8/11/06

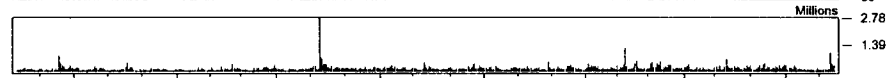
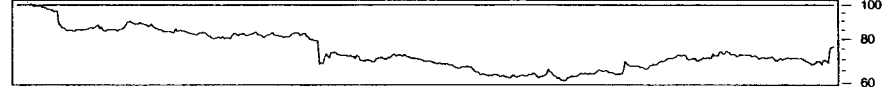
Mkt Cap: 3345.74
Div Yld: 2.07
Last Price: 54.53

USD



Relative to SP500 HLTH CARE EQ&SRVC .G E&SVC INDUSTRY GROUP

8/11/04 = 100, -23.7%



P/BK: 3.23
P/S: 1.73
FCF/EV: 2.65

2005
Sales Growth %: 5.97
Est Up - Down: 2.00 - 0.00
Q EPS Surprise %: 13.70

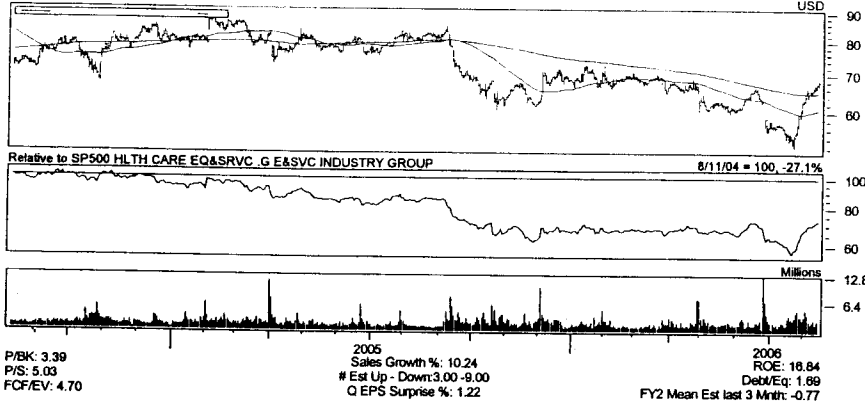
2008
ROE: -6.75
Debt/Eq: 33.12
FY2 Mean Est last 3 Mnth: 3.59

LAST WEEKS' FRESH BREAKOUTS

ZIMMER HOLDINGS INC
Health Care Equipment
ZMH

8/11/04 to 8/11/06

Mkt Cap: 18576.99
Div Yld: 0.00
Last Price: 68.19



P/BK: 3.39
P/S: 5.03
FCF/EV: 4.70

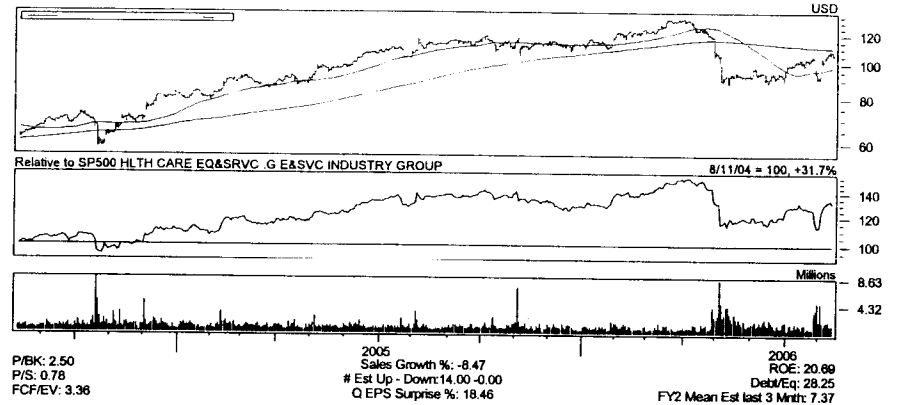
2005 Sales Growth %: 10.24
Est Up - Down: 3.00 - 9.00
Q EPS Surprise %: 1.22

2006 ROE: 18.84
Debt/Equ: 1.89
FY2 Mean Est last 3 Mnths: -0.77

CIGNA CORP
Managed Health Care
CI

8/11/04 to 8/11/06

Mkt Cap: 11748.11
Div Yld: 0.09
Last Price: 105.94



P/BK: 2.50
P/S: 0.78
FCF/EV: 3.38

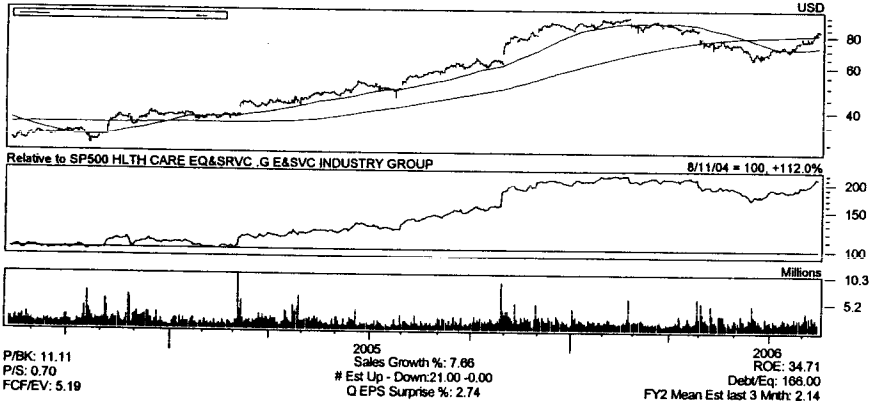
2005 Sales Growth %: -8.47
Est Up - Down: 14.00 - 0.00
Q EPS Surprise %: 18.46

2006 ROE: 20.89
Debt/Equ: 28.25
FY2 Mean Est last 3 Mnths: 7.37

EXPRESS SCRIPTS INC
Health Care Services
ESRX

8/11/04 to 8/11/06

Mkt Cap: 11485.51
Div Yld: 0.00
Last Price: 83.38



P/BK: 11.11
P/S: 0.70
FCF/EV: 5.19

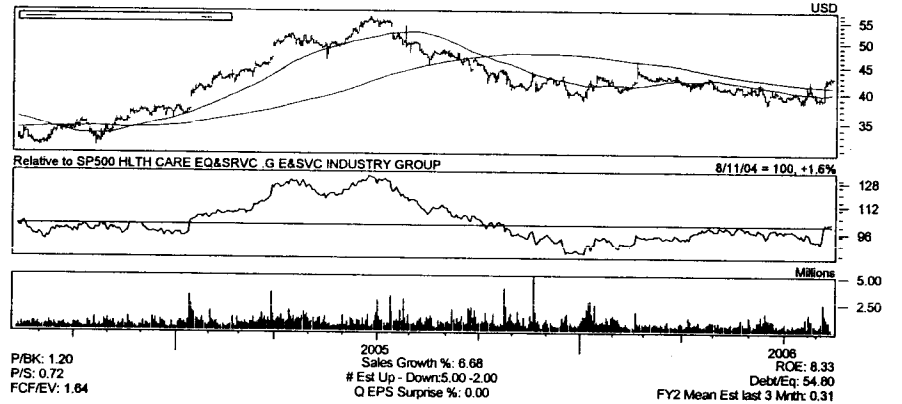
2005 Sales Growth %: 7.66
Est Up - Down: 21.00 - 0.00
Q EPS Surprise %: 2.74

2006 ROE: 34.71
Debt/Equ: 168.00
FY2 Mean Est last 3 Mnths: 2.14

TRIAD HOSPITALS INC
Health Care Facilities
TRI

8/11/04 to 8/11/06

Mkt Cap: 3751.83
Div Yld: 0.00
Last Price: 42.88



P/BK: 1.20
P/S: 0.72
FCF/EV: 1.84

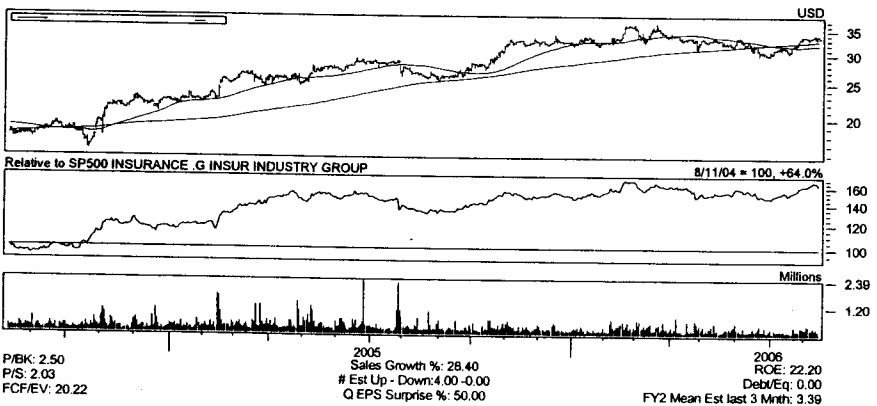
2005 Sales Growth %: 8.68
Est Up - Down: 5.00 - 2.00
Q EPS Surprise %: 0.00

2006 ROE: 8.33
Debt/Equ: 54.80
FY2 Mean Est last 3 Mnths: 0.31

PHILADELPHIA CONS HLDG CORP
Property & Casualty Insurance
PHLY

8/11/04 to 8/11/06

Mkt Cap: 2381.25
Div Yld: 0.00
Last Price: 33.55



P/BK: 2.50
P/S: 2.03
FCF/EV: 20.22

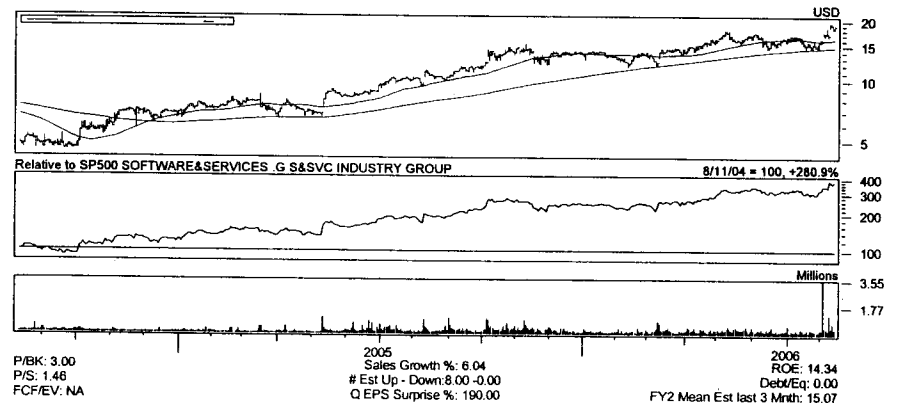
2005 Sales Growth %: 28.40
Est Up - Down: 4.00 - 0.00
Q EPS Surprise %: 50.00

2006 ROE: 22.20
Debt/Equ: 0.00
FY2 Mean Est last 3 Mnths: 3.39

SYKES ENTERPRISES INC
IT Consulting & Other Services
SYKE

8/11/04 to 8/11/06

Mkt Cap: 758.44
Div Yld: 0.00
Last Price: 19.11



P/BK: 3.00
P/S: 1.46
FCF/EV: NA

2005 Sales Growth %: 6.04
Est Up - Down: 8.00 - 0.00
Q EPS Surprise %: 190.00

2006 ROE: 14.34
Debt/Equ: 0.00
FY2 Mean Est last 3 Mnths: 15.07

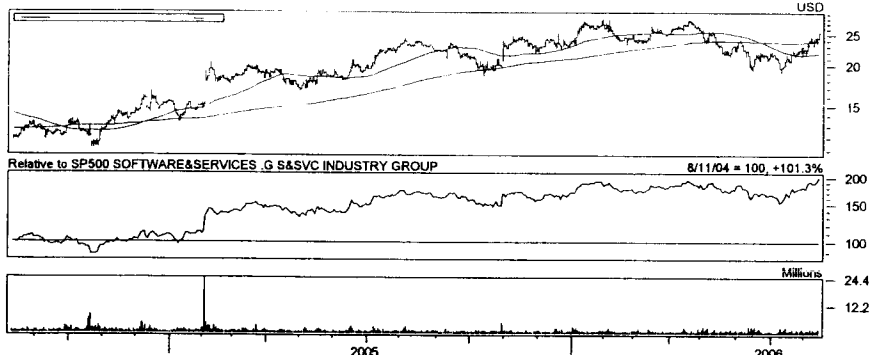
LAST WEEKS' FRESH BREAKOUTS

THQ INC

Home Entertainment Software
THQI

8/11/04 to 8/11/06

Mkt Cap: 1631.75
Div Yld: 0.00
Last Price: 25.44



P/BK: 2.62
P/S: 2.05
FCF/EV: 1.57

2005
Sales Growth %: 6.58
Est Up - Down: 2.00 - 2.00
Q EPS Surprise %: NA

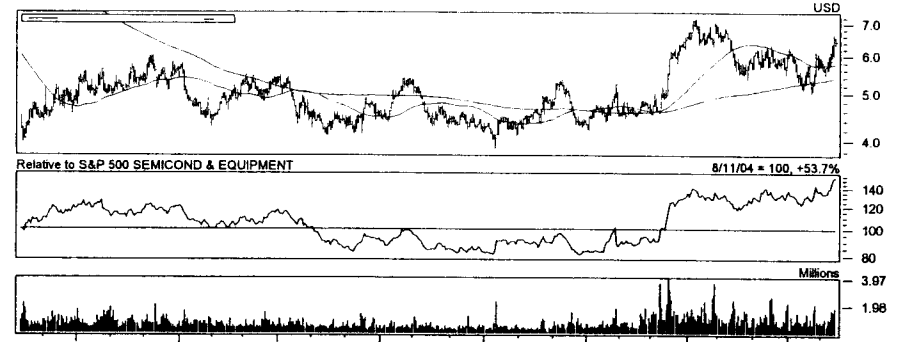
2006
ROE: 4.43
Debt/Eq: 0.00
FY2 Mean Est last 3 Mnth: 7.14

LATTICE SEMICONDUCTOR CORP

Semiconductors
LSCC

8/11/04 to 8/11/06

Mkt Cap: 733.69
Div Yld: 0.00
Last Price: 6.43



P/BK: 1.45
P/S: 3.21
FCF/EV: NA

2005
Sales Growth %: -6.54
Est Up - Down: 0.00 - 0.00
Q EPS Surprise %: 33.33

2006
ROE: -5.59
Debt/Eq: 24.48
FY2 Mean Est last 3 Mnth: 41.67

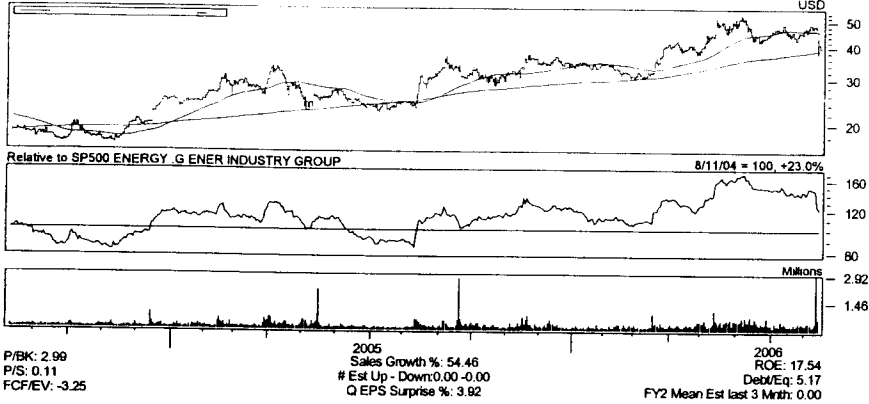
LAST WEEK'S' FRESH BREAKDOWNS

WORLD FUEL SERVICES CORP

Oil & Gas Refining & Marketing
INT

8/11/04 to 8/11/06

Mkt Cap: 1134.18
Div Yld: 0.37
Last Price: 40.06

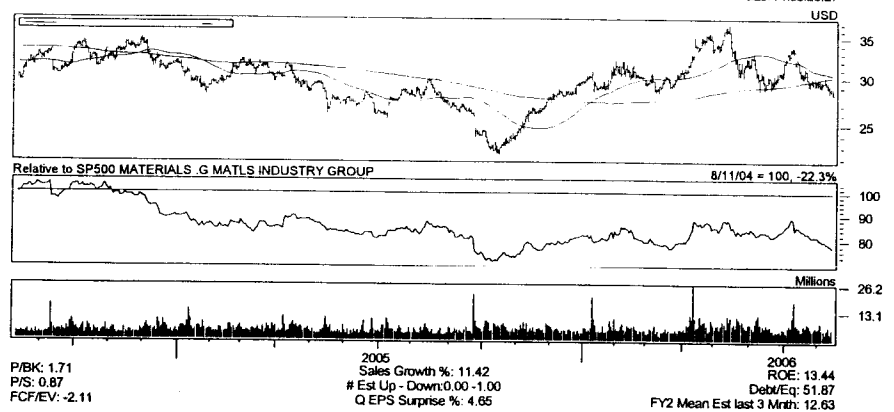


ALCOA INC

Aluminum
AA

8/11/04 to 8/11/06

Mkt Cap: 24506.92
Div Yld: 2.12
Last Price: 28.27

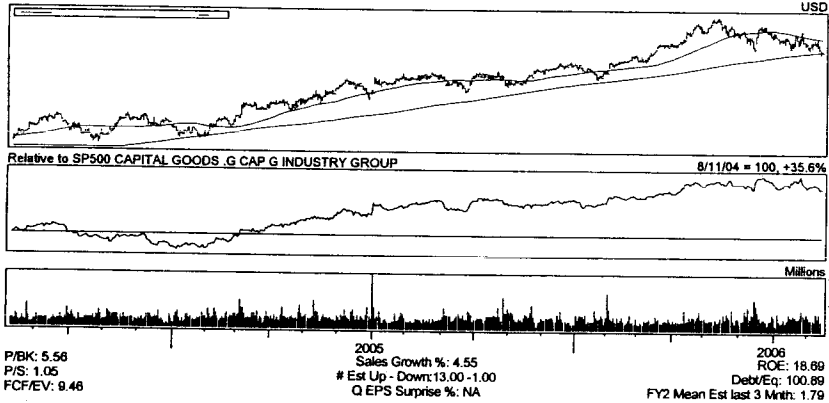


BOEING CO

Aerospace & Defense
BA

8/11/04 to 8/11/06

Mkt Cap: 57646.87
Div Yld: 1.58
Last Price: 75.96

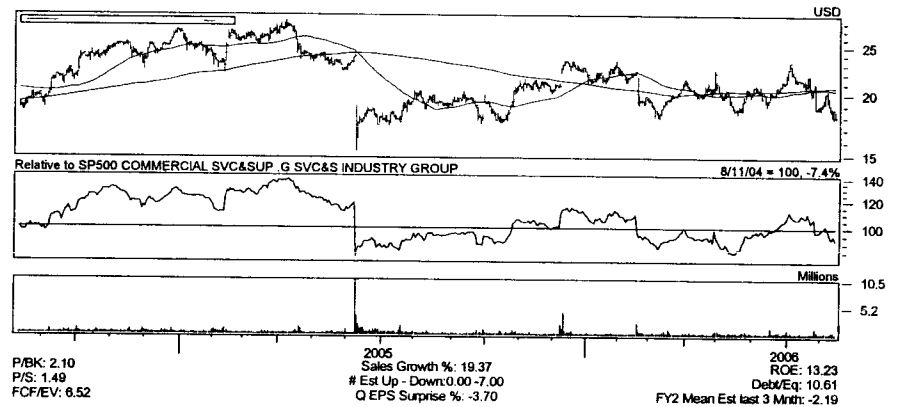


NAVIGANT CONSULTING INC

Diversified Commercial & Professional Services
NCI

8/11/04 to 8/11/06

Mkt Cap: 942.08
Div Yld: 0.00
Last Price: 18.05

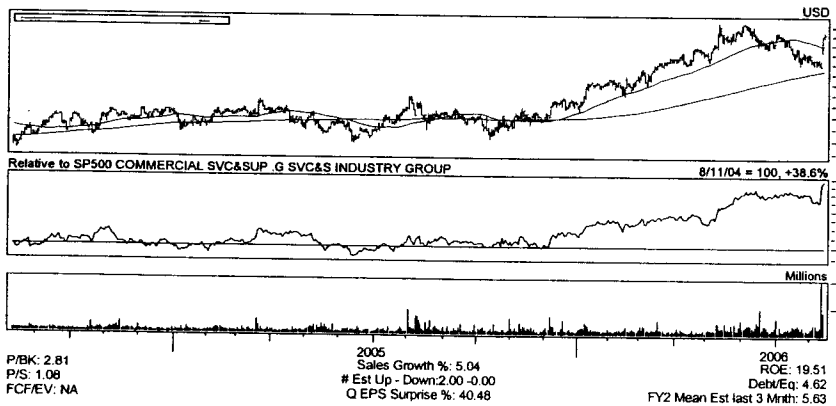


WATSON WYATT WORLDWIDE INC

Human Resource & Employment Services
WW

8/11/04 to 8/11/06

Mkt Cap: 1491.14
Div Yld: 0.85
Last Price: 35.18

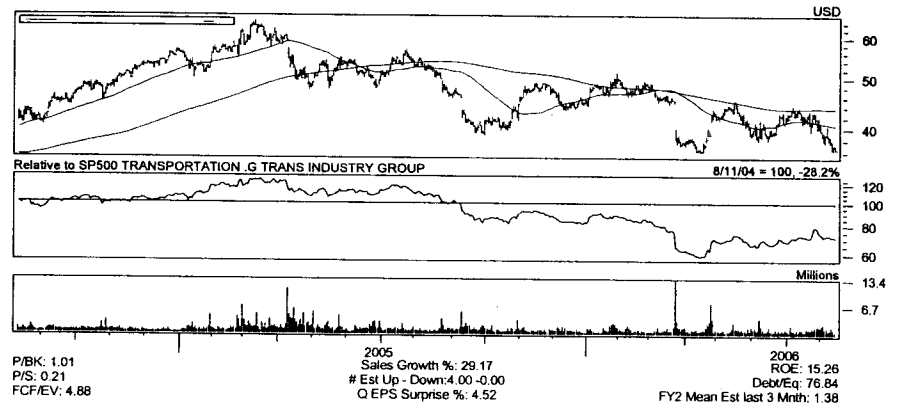


YRC WORLDWIDE INC

Trucking
YRCW

8/11/04 to 8/11/06

Mkt Cap: 2101.59
Div Yld: 0.00
Last Price: 36.58



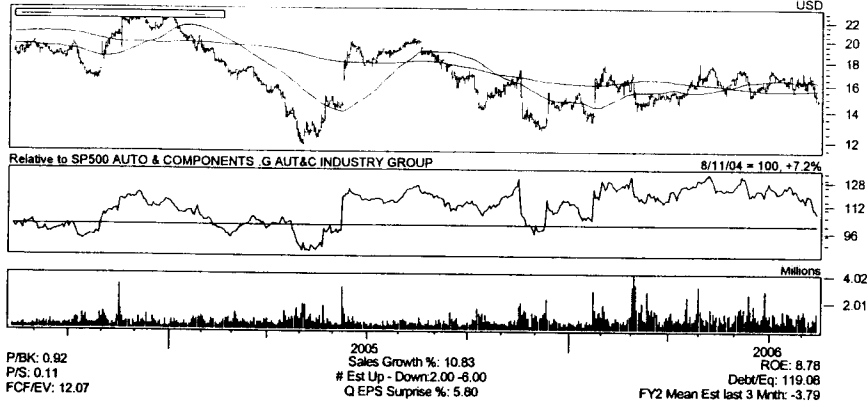
LAST WEEKS' FRESH BREAKDOWNS

ARVINMERITOR INC

Auto Parts & Equipment
ARM

8/11/04 to 8/11/06

Mkt Cap: 1044.88
Div Yld: 2.70
Last Price: 14.80

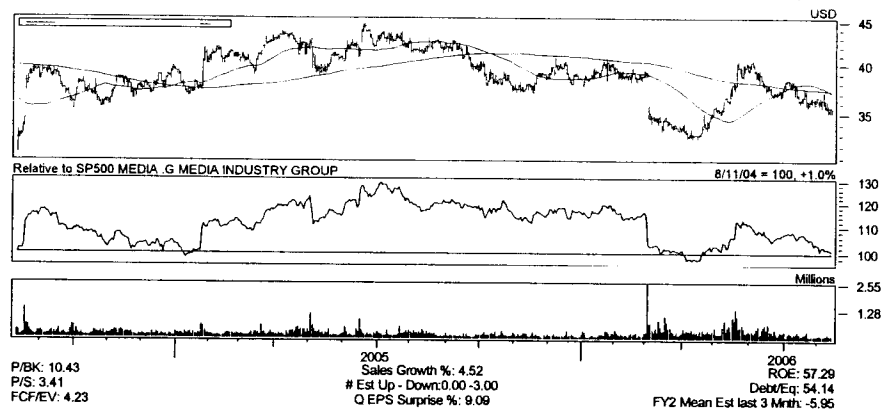


ARBITRON INC

Advertising
ARB

8/11/04 to 8/11/06

Mkt Cap: 1098.35
Div Yld: 1.13
Last Price: 35.48

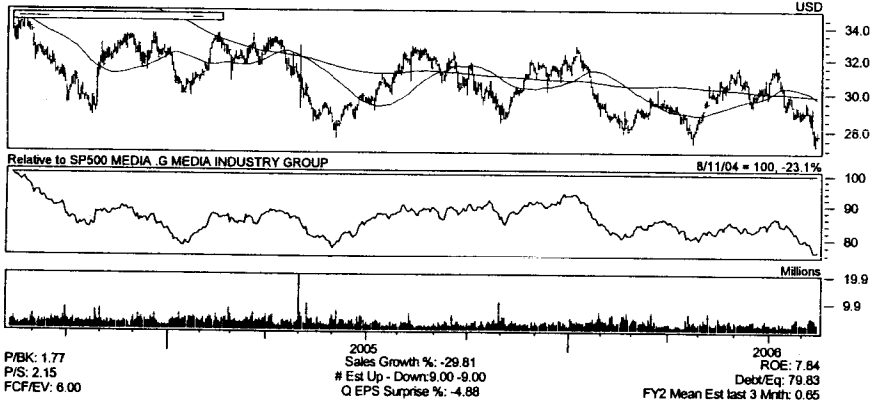


CLEAR CHANNEL COMMUNICATIONS

Broadcasting & Cable TV
CCU

8/11/04 to 8/11/06

Mkt Cap: 13926.66
Div Yld: 2.70
Last Price: 27.77

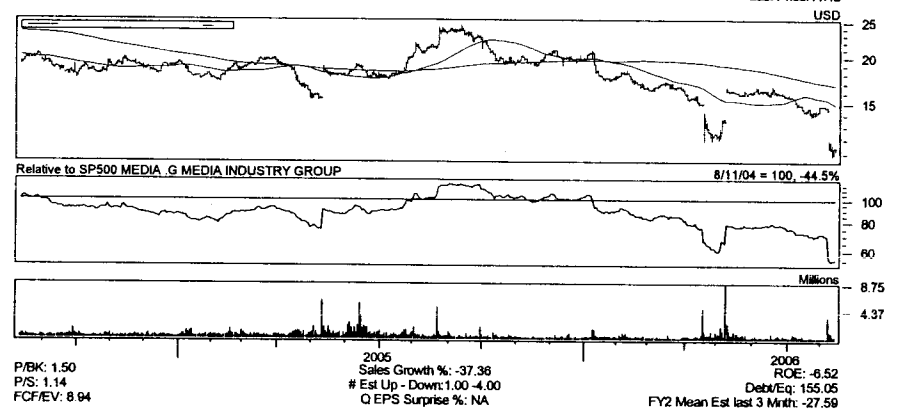


EMMIS COMMUNICTNS CP -CL A

Broadcasting & Cable TV
EMMS

8/11/04 to 8/11/06

Mkt Cap: 424.72
Div Yld: 0.00
Last Price: 11.42

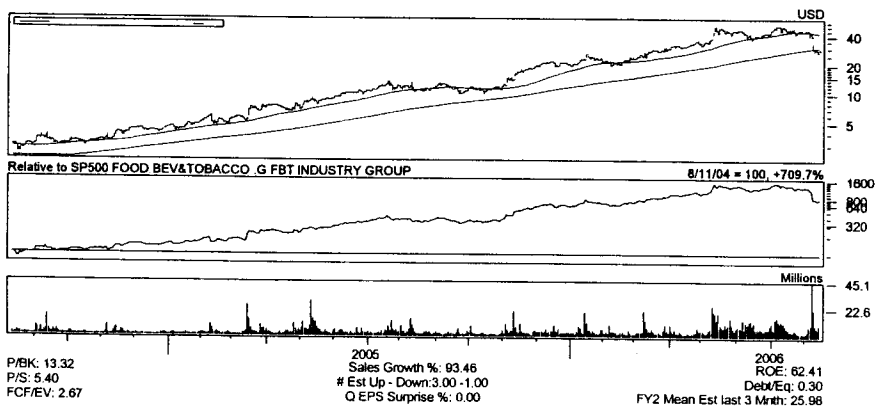


HANSEN NATURAL CORP

Soft Drinks
HANS

8/11/04 to 8/11/06

Mkt Cap: 2635.30
Div Yld: 0.00
Last Price: 29.05

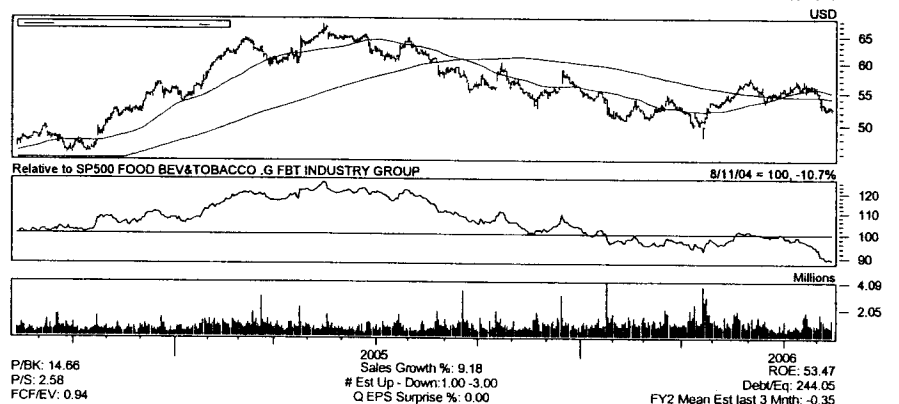


HERSHEY CO

Packaged Foods & Meats
HSY

8/11/04 to 8/11/06

Mkt Cap: 12489.68
Div Yld: 2.06
Last Price: 52.53



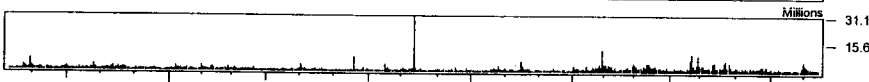
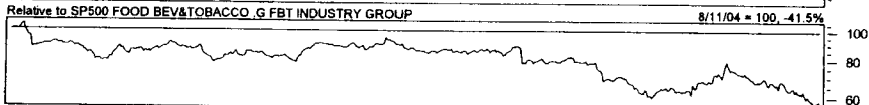
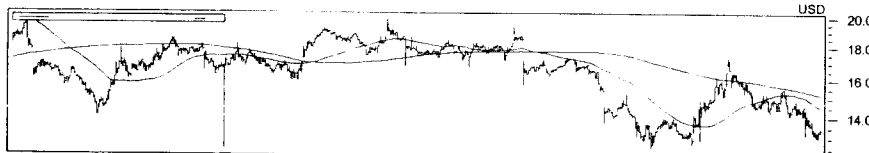
LAST WEEKS' FRESH BREAKDOWNS

TYSON FOODS INC -CL A

Packaged Foods & Meats
TSN

8/11/04 to 8/11/06

Mkt Cap: 4774.75
Div Yld: 1.19
Last Price: 13.45



P/BK: 1.06
P/S: 0.18
FCF/EV: 2.57

2005 Sales Growth %: -1.61
Est Up - Down: 0.00 - 7.00
Q EPS Surprise %: NA

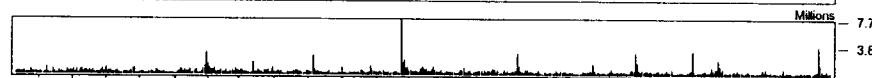
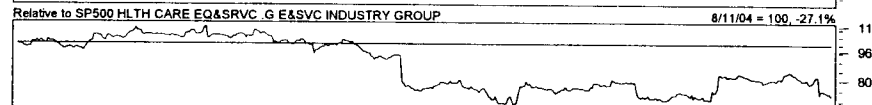
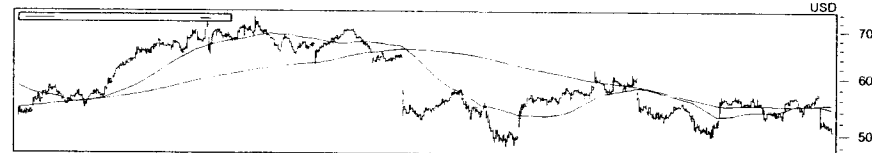
2006 ROE: -0.51
Debt/Equ: 91.18
FY2 Mean Est last 3 Mnths: -4.76

BECKMAN COULTER INC

Health Care Equipment
BEC

8/11/04 to 8/11/06

Mkt Cap: 3156.19
Div Yld: 1.19
Last Price: 50.58



P/BK: 2.57
P/S: 1.30
FCF/EV: 3.04

2005 Sales Growth %: 1.47
Est Up - Down: 4.00 - 8.00
Q EPS Surprise %: 2.99

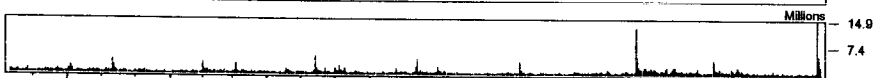
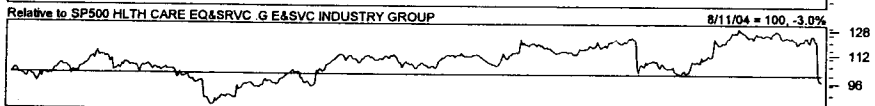
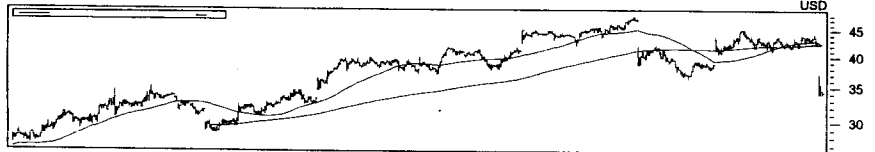
2006 ROE: 11.06
Debt/Equ: 64.59
FY2 Mean Est last 3 Mnths: -1.22

HOSPIRA INC

Health Care Equipment
HSP

8/11/04 to 8/11/06

Mkt Cap: 5367.28
Div Yld: 0.00
Last Price: 34.35



P/BK: 4.15
P/S: 2.08
FCF/EV: 6.15

2005 Sales Growth %: -0.69
Est Up - Down: 0.00 - 6.00
Q EPS Surprise %: -23.21

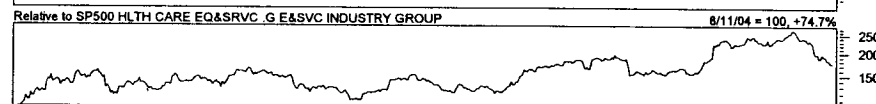
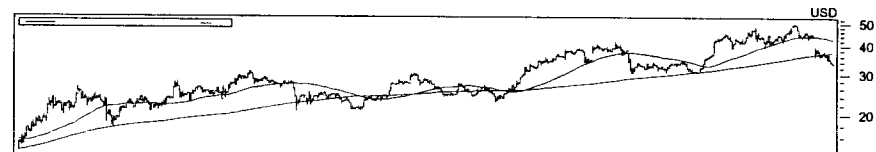
2006 ROE: 17.66
Debt/Equ: 53.72
FY2 Mean Est last 3 Mnths: -2.97

PALOMAR MED TECHNOLOGIES INC

Health Care Equipment
PMTI

8/11/04 to 8/11/06

Mkt Cap: 588.07
Div Yld: 0.00
Last Price: 33.52



P/BK: 7.38
P/S: 5.75
FCF/EV: 3.41

2005 Sales Growth %: 45.09
Est Up - Down: 3.00 - 3.00
Q EPS Surprise %: -14.85

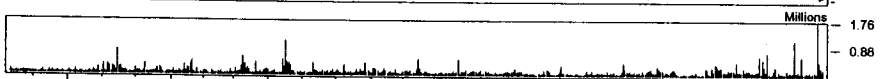
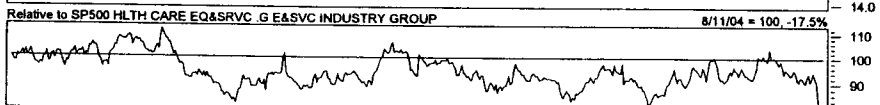
2006 ROE: 58.58
Debt/Equ: 23.26
FY2 Mean Est last 3 Mnths: 23.26

CROSS COUNTRY HEALTHCARE INC

Health Care Services
CCRN

8/11/04 to 8/11/06

Mkt Cap: 502.04
Div Yld: 0.00
Last Price: 15.64



P/BK: 1.37
P/S: 0.78
FCF/EV: 6.42

2005 Sales Growth %: -1.33
Est Up - Down: 0.00 - 5.00
Q EPS Surprise %: -6.67

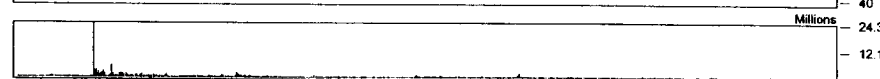
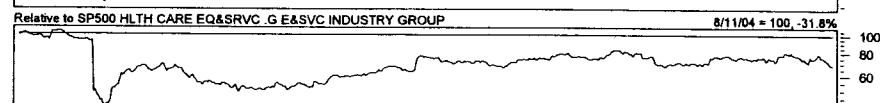
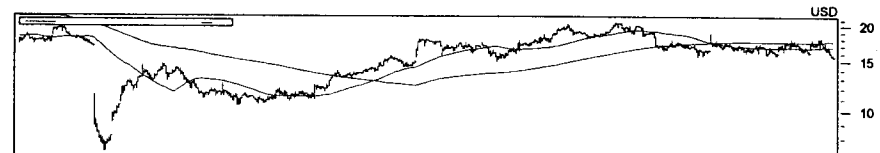
2006 ROE: 5.30
Debt/Equ: 2.84
FY2 Mean Est last 3 Mnths: -7.23

ODYSSEY HEALTHCARE INC

Health Care Facilities
ODSY

8/11/04 to 8/11/06

Mkt Cap: 532.63
Div Yld: 0.00
Last Price: 15.54



P/BK: 3.12
P/S: 1.30
FCF/EV: 10.66

2005 Sales Growth %: 8.96
Est Up - Down: 2.00 - 2.00
Q EPS Surprise %: 11.11

2006 ROE: 11.10
Debt/Equ: 0.00
FY2 Mean Est last 3 Mnths: 1.12

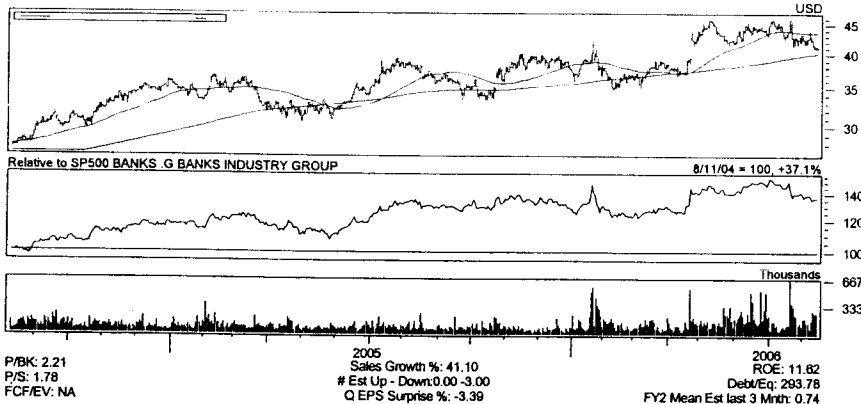
LAST WEEKS' FRESH BREAKDOWNS

FIRST REPUBLIC BANK

Regional Banks
FRC

8/11/04 to 8/11/06

Mkt Cap: 1111.52
Div Yld: 1.46
Last Price: 41.14

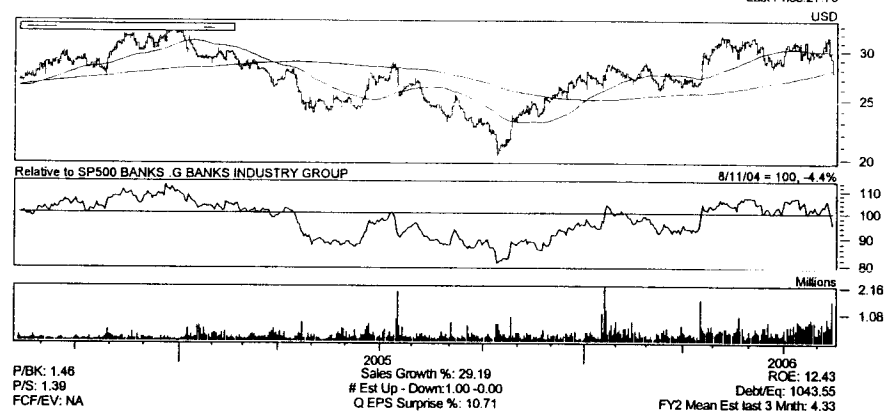


BANKUNITED FINANCIAL CORP

Thrfts & Mortgage Finance
BKUNA

8/11/04 to 8/11/06

Mkt Cap: 1006.94
Div Yld: 0.07
Last Price: 27.78

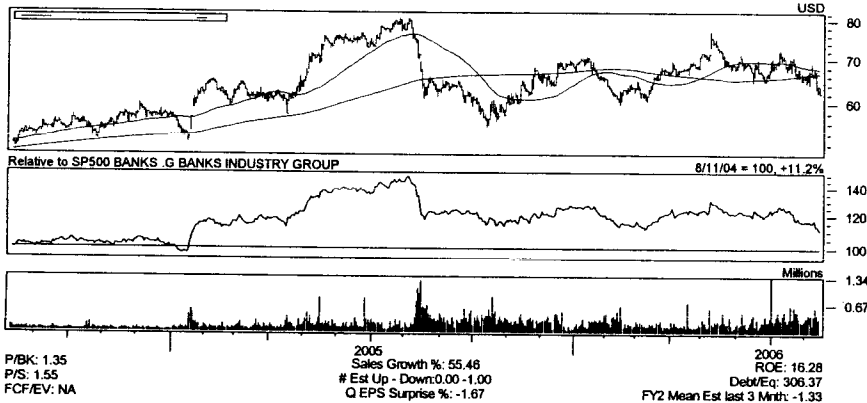


DOWNEY FINANCIAL CORP

Thrfts & Mortgage Finance
DSL

8/11/04 to 8/11/06

Mkt Cap: 1737.53
Div Yld: 0.64
Last Price: 62.38

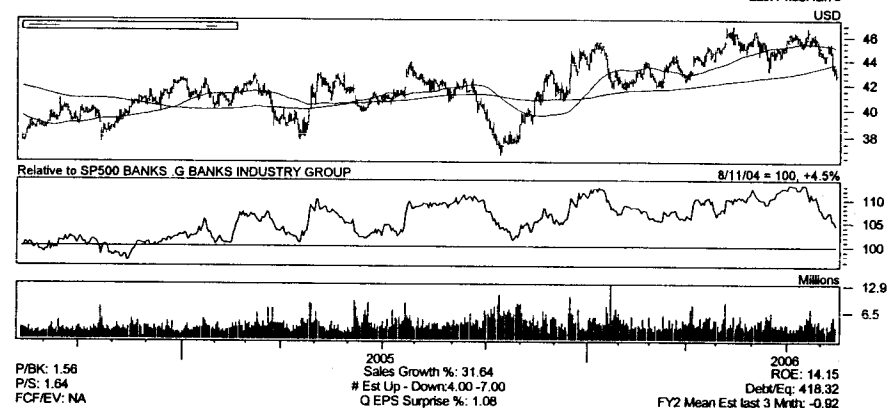


WASHINGTON MUTUAL INC

Thrfts & Mortgage Finance
WM

8/11/04 to 8/11/06

Mkt Cap: 41163.12
Div Yld: 4.87
Last Price: 42.75

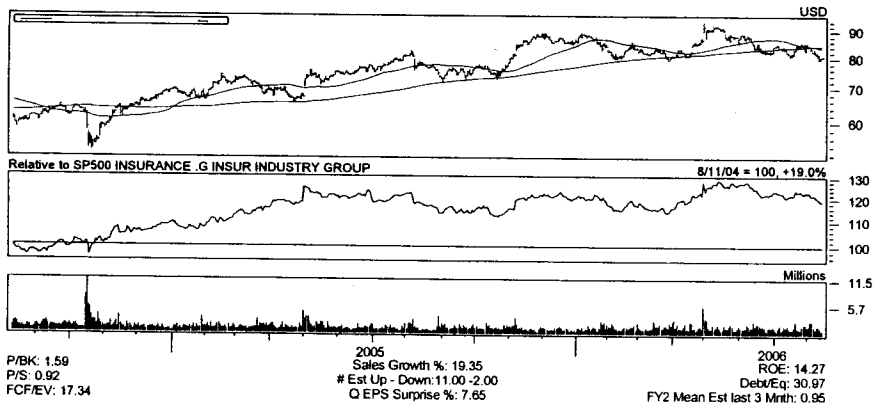


HARTFORD FINANCIAL SERVICES

Multi-line Insurance
HIG

8/11/04 to 8/11/06

Mkt Cap: 24516.07
Div Yld: 1.98
Last Price: 80.61

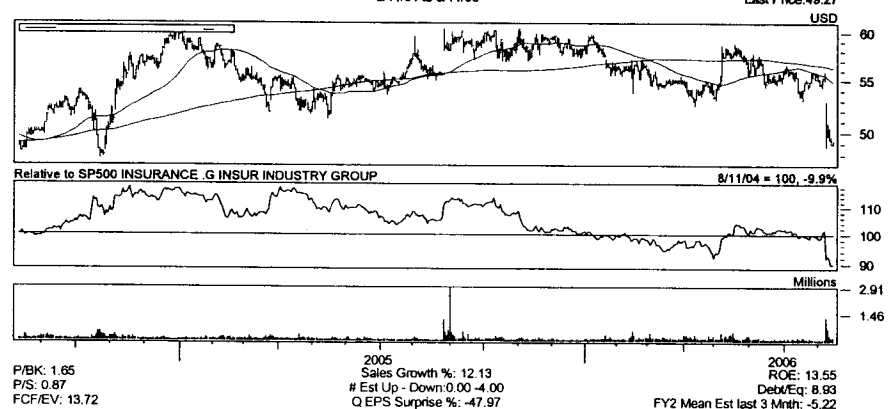


MERCURY GENERAL CORP

Property & Casualty Insurance
MCY

8/11/04 to 8/11/06

Mkt Cap: 2693.98
Div Yld: 3.90
Last Price: 49.27



LAST WEEKS' FRESH BREAKDOWNS

ALLIANCE DATA SYSTEMS CORP

Data Processing & Outsourced Services
ADS

8/11/04 to 8/11/06

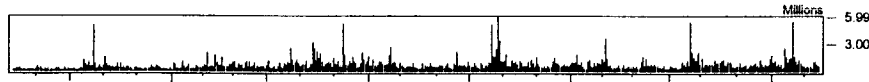
Mkt Cap: 3825.53
Div Yld: 0.00
Last Price: 47.57

USD



Relative to SP500 SOFTWARE&SERVICES_G S&SVC INDUSTRY GROUP

8/11/04 = 100, +23.7%



P/BK: 3.74
P/S: 2.17
FCF/EV: 1.05

2005
Sales Growth %: 23.46
Est Up - Down: 10.00 - 2.00
Q EPS Surprise %: 20.31

2006
ROE: 18.99
Debt/Eq: 90.86
FY2 Mean Est last 3 Mnth: 7.52

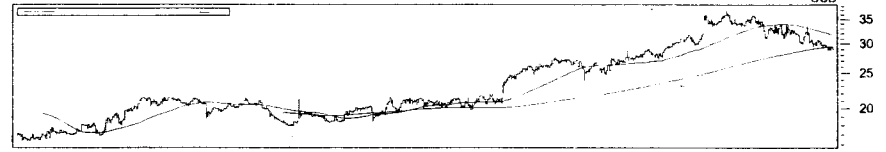
MONEYGRAM INTERNATIONAL INC

Data Processing & Outsourced Services
MGI

8/11/04 to 8/11/06

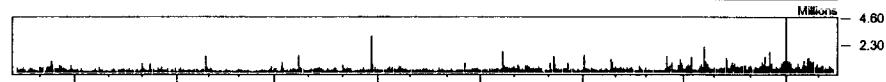
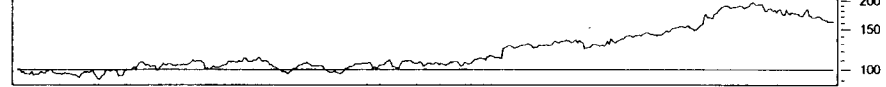
Mkt Cap: 2481.58
Div Yld: 0.55
Last Price: 29.09

USD



Relative to SP500 SOFTWARE&SERVICES_G S&SVC INDUSTRY GROUP

8/11/04 = 100, +61.6%



P/BK: 3.98
P/S: 2.32
FCF/EV: -0.39

2005
Sales Growth %: 17.51
Est Up - Down: 5.00 - 1.00
Q EPS Surprise %: 23.53

2006
ROE: 19.45
Debt/Eq: 24.06
FY2 Mean Est last 3 Mnth: 1.29

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