

Monthly Stock Monitor



September 6, 2006

HIGHLIGHTS	
Pfizer Inc.....	New CEO/Stock buyback
Union Bankshares.....	Increased profits
Dominion Resources.....	New power line/Selling plants
Smithfield Foods.....	Hog production hurt recent quarter profits
Veri-Tek.....	Second quarter earnings
Metretek Technologies.....	2006 guidance lowered
Supertel Hospitality.....	Second quarter earnings

COMMENTS AND UPDATES

Pfizer Inc. (PFE--\$27.72)

Pfizer Inc.'s Board of Directors named Jeffrey Kindler as the company's new CEO, succeeding Henry McKinnell. Kindler's emphasis will be to return PFE towards profitable growth. The company recently announced its intent to spend \$17 billion on acquisitions and another \$17 billion on stock buybacks during the next 18 months. The largest selling drugs are Lipitor, Zoloft, Norvasc, and Viagra. These shares, paying a 3.4% dividend yield, are rated OUTPERFORM for long-term investors. (SFM)

Union Bankshares (UBSH--\$43.41)

Union Bankshares reported a 1.5% increase in profitability to \$6.7 million from \$6.6 million. The company reported 2Q06 earnings of \$0.76/share compared to \$0.76/share during 2Q05. On a quarter-to-quarter comparison, return on equity declined to 14.02% from 15.85%, while return on assets fell to 1.33% from 1.54%. The declines were partly due to the assimilation of the Prosperity Bank & Trust Co. purchase, resulting in UBSH's efficiency ratio rising to 64.0% from 60.3%. Despite a rising interest rate environment the banks net interest margin increased to 4.52% from 4.44%. Interest/dividend income rose and was greater than interest expense leading to the higher net interest margins. Total deposits rose to \$1.6 billion from \$1.4 billion and total assets exceeded \$2.1 billion. These shares are rated OUTPERFORM. (SFM)

Dominion Resources (D--\$78.45)

Dominion Resources announced it was applying to the VA State Corporation Commission to build a 5-mile long power line and substation in Stafford County, VA. It would be a \$13.5 million project to meet growing electric demand in Garrisonville VA by 2009. D also announced it is considering the sale of 4 merchant power plants: the State Line Plant in Hammond IL, the Armstrong Plant in PA, the Troy Plan in Ohio, and the Pleasants Plant in WVA. Total combined capacity for these 4 plants is 2,053 megawatts and represents approximately 7% of D's generating capacity. These plants are being sold since they do not generate the return on invested capital sought by D management and should these sales be completed, it could be accretive to earnings. D's stock is rated NEUTRAL.

For important disclosure information regarding the Firm's rating system, valuation methods and potential conflicts of interest, please refer to the back page of this report.

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Smithfield Foods (SFD--\$29.64)

Smithfield Foods reported 1Q07 earnings of \$0.22/share vs. \$0.44/share during 1Q06. The lower earnings were due to the sale of a business (Quick-to-Fix Foods) and lower profits from the company's hog production unit. Factoring out the Quick-to-Fix Foods sale, SFD earnings from continuing operations were \$0.35/share for the just completed quarter. Wall Street consensus had anticipated \$0.37/share. The quarter also included a \$10.4 million write down on assets anticipated by the sale and a \$3.9 million after-tax loss from discontinued operations. Hog production segment results declined due to higher costs, lower volumes, and an impairment charge relating to the upcoming sale of SFD's Brazilian live hog production operations. Average hog production costs rose \$1.50/lb to \$41.50 when comparing the current quarter to last year's same period. SFD stated its belief that upcoming quarters' profits should benefit from a strong hog market and improving seasonal demand. These shares are rated OUTPERFORM. (SFM)

Veri-Tek (VCC--\$4.00)

Veri-Tek announced results for the 2Q 2006 on August 14. The company reported a net loss of \$0.06 per share versus our estimate of a loss of \$0.08 per share. As we have said before, investors should essentially ignore this quarter, as the Manitex merger was not completed until the beginning of the 3Q. With the addition of Manitex, contributing to operations as of July 1, 2006, we are currently estimating positive earnings of \$0.13 per share in both the 3Q and 4Q with total 2006 earnings of \$0.12 per share. For 2007, are estimates remain unchanged at \$0.60 per share. With the company trading at a mere 2.5 times our 2007 EBITDA estimate of \$8.1 million and 6.5 times our 2007 EPS estimate, we believe the shares offer compelling valuation for the long-term investor. Reiterate OUTPERFORM. (BAB)

Metretek Technologies (MEK--\$11.62)

Metretek Technologies recently reported 2Q 2006 results. Earnings per share came in at \$0.25 per share, handily beating the street estimate of \$0.18 per share. However, the company lowered its full year 2006 guidance to \$0.68 to \$0.70 per share, down from previous guidance of \$0.69 to \$0.90 per share. Our estimate was \$0.83 per share. The reason for this lowered guidance was primarily higher costs associated with implementing the massive Publix contract. Earlier this year, MEK announced a \$115 million order with Publix Super Markets to install 400 backup power systems across Publix's stores. Apparently, the costs to implement this order has come in higher than the company estimated, which has led to lower margins on this contract only. On this news, the market sent the shares down over 30%. In our opinion, the market overreacted to this news, and we believe long-term investors should be buyers of the stock. However, investors may want to wait another quarter to make sure that the company's new earnings guidance is attainable. We do find it interesting that the current stock price is trading at a level lower than it was *before* the Publix contract was announced! From our viewpoint, we believe that MEK is a five-year, double-digit annual growth story that will not be shaken by one or two disappointing quarters. Reiterate OUTPERFORM. Our target price remains \$20 per share. We are lowering our 2006 EPS estimate to \$0.69 per share, in-line with the company's new guidance. We currently do not have official estimates for 2007; however, we believe that earnings in the range of \$0.90 - \$1.00 per share are possible. (BAB)

Supertel Hospitality (SPPR--\$6.75)

Hotel REIT, Supertel Hospitality continues its upward trend. Second quarter funds from operations (FFO) came in at \$0.25 per share, right in-line with our estimate. Even more encouraging was the company's 6.8% growth in RevPAR or revenue-per-available-room. This was one of the strongest numbers we have seen over the past few years out of the company. The shares continue to trade at a sizeable discount to other hotel REITs and we believe the stock will continue to trend higher until this discount is narrowed. The 6.2% dividend yield also looks very well covered and further dividend raises may be likely. Maintain OUTPERFORM and target price of \$7.50 per share. (BAB)

Stocks in the outline texts are priced as of September 6, 2006.

Changes to the Large Cap Focus List: Deleted: Paccar Inc.

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Baymount Portfolio	1 Year Return	2 Year Return	3 Year Return	5 Year Return
Small Cap	7.74%	15.90%	29.96%	N/A
Focused Growth	12.05%	11.64%	17.75%	6.58%
Opportunistic Income	11.19%	19.71%	N/A	N/A
Mid Atlantic Community Bank	14.11%	14.66%	16.05%	N/A

Annualized returns net of fees through 06.30.06 and assume the reinvestment of all income.



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Large Cap Focus List Credit Suisse First Boston As of 8/30/06		Focus List Recommended		8/28/2006 Price	% Return Relative to S&P	12 Month Target		EPS Estimates		P/E Ratios		Yield %
Ticker	Date	Price	Price			Price	Return	FY1	FY2	FY1	FY2	
<i>Consumer</i>												
Bunge Limited	BG	12/30/2005	56.61	53.32	-10.60	70	31.3	3.55	4.96	15.03	10.75	0.0
CVS Corporation	CVS	3/8/2005	28.92	33.47	8.91	39	16.5	1.52	1.93	22.05	17.32	0.8
Kohl's Corporation	KSS	12/30/2005	48.60	60.95	19.84	68	11.6	3.09	3.75	19.73	16.24	0.0
<i>Energy</i>												
National Oilwell Varco	NOV	3/29/2006	62.90	66.31	1.93	90	35.7	3.55	5.10	18.70	13.01	0.0
<i>Financials</i>												
Allstate Corporation	ALL	12/30/2005	54.07	57.43	2.01	65	13.2	6.85	6.40	8.39	8.98	0.0
Capital One Financial	COF	12/30/2005	86.40	70.98	-23.34	98	38.1	7.50	8.30	9.47	8.55	0.2
Hartford Financial Services	HIG	3/29/2006	79.24	85.01	5.82	106	24.7	8.88	9.59	9.57	8.86	1.4
<i>Healthcare</i>												
Eli Lilly	LLY	12/30/2005	56.59	55.84	-4.67	64	14.6	3.18	3.50	17.55	15.97	2.7
<i>Materials</i>												
Dow Chemical	DOW	12/30/2005	43.82	36.77	-20.05	49	33.3	4.40	4.95	8.35	7.43	3.6
Hexcel Corporation	HXL	7/17/2006	14.70	14.81	-4.11	20	35.0	0.62	0.74	23.89	20.01	0.0
<i>Technology</i>												
Ingram Micro	IM	12/30/2005	19.93	17.64	-17.06	23	30.4	1.52	1.69	11.61	10.42	0.0
Motorola	MOT	1/17/2006	24.03	23.16	-3.74	30	29.5	1.33	1.57	17.38	14.79	0.7
Texas Instruments	TXN	12/30/2005	32.07	31.76	-6.25	42	32.2	1.61	1.92	19.73	16.54	0.3

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Bradley Brown owns shares of Supertel Hospitality.
Steven Marascia owns shares of Dominion Resources.

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