

There's a New Railroad Across America

And it's making some people very rich...

**In fact, one ex-bond trader with a mixed track record
made \$1.8 million per day for 540 straight days!**

Dear Investor,

Imagine yourself wearing a top hat and tails, on the balcony of a private rail car, the wind whistling past you as you sip the finest French champagne...

It's 1850; the railroad is growing like a vine towards the west. And, although you don't know it yet, the same rail that you are riding on today will soon more than triple your wealth, making you and your family into one of the great American dynasties...

America's economic history is illuminated by stories of quick fortunes made by daring entrepreneurs with new technologies — railroads, motorcars and more recently, computers. I've spent nearly my entire professional life studying exactly how great entrepreneurs made their fortunes — both in the past and today. What I've learned contradicts what most people believe about wealth building — and explains why 95% of mutual fund managers can't beat the market's average return.

I'm writing you today to show you what I've found. Already this year, three out of the five stocks I've picked for a well-known investment club have doubled the S&P 500's return for all of last year. Meanwhile the other two stocks are poised to earn more than my first recommendations combined by the end of this year. I'll show you exactly how I did it. But for now, flash back again — it's 1908...

You're an urban banker in Detroit, living a life of country clubs and summer ballroom parties. It's a far cry from your humble start as a clerk, but the last 25 years have been good ones, and you made the most of them. Even so, all of your previous success can't hold a candle to the importance of the deal you've just inked today. You're backing a young, wild-eyed mechanic, whose new system for making motorcars promises to revolutionize the industry. Puffing on your cigar, you experience the rare exhilaration of clinching a life-changing deal...

It's a true story — that "wild-eyed mechanic" is Henry Ford. And, his early backers turned \$10,000 investments into over \$25 million stakes in Ford Motor Co. The previous story is true too

— backers of James Hill's Great Northern Railroad made an enormous fortune after they bought a bankrupt railroad and turned it into America's first viable transcontinental line.

But you'll notice that these stories aren't really about the entrepreneurs. Instead, they're about the unsung heroes of American capitalism — the investors. The people with the guts to back these risky endeavors.

Investors are still making millions and sometimes billions of dollars just by backing the right ideas. So why can't you find the new Henry Ford or the new James Hill?

Some investors do. Jump to the "modern" world — it's 1971...

One of your neighbors has a strange accent; he introduces himself as Andrós Króf — he's a Hungarian immigrant. Andrós tells you that his company, Integrated Electronics, is going to make computers so cheap that everyone can afford one. It seems impossible — your calculator cost \$500 and computers cost more than your house. But, he's your neighbor, and he seems like a very smart man...so you give him a \$1,000 initial investment.

A few years later your neighbor becomes the most celebrated genius of your hometown, now called "Silicon Valley." But by then he is known by his Americanized name — Andy Grove — and his company, now called Intel, has made you one of the richest men in the country.

A Single, Simple Secret of Wealth...

So what do all of these stories have to do with you?

Well, they all have something in common — a single, simple secret of wealth. And once you know the secret, finding investments like these isn't nearly as hard as it may seem.

I'm going to tell you what it is — but first, I want you to know that what I'm going to tell you isn't known on Wall Street. And, as I think you'll see, the real secret of wealth is still very much a mystery to most investors. For example, at the last Berkshire Hathaway annual meeting, Warren Buffett indicated that he wasn't buying any of the new railroad stocks because he doesn't understand them...the world's best investor is ignoring the largest creation of wealth in a generation.

I'm not surprised. Investment professionals have never invested where most wealth is created — in revolutionary new businesses.

Even back when the first railroads were built, the world's top money men were blind to the opportunity. In the 1840s, when London was still the financial capital of the world, England's great Prime Minister Benjamin Disraeli noted with amazement the banker's fear of the new railroads. *"The mighty loan-mongers seemed like men who, witnessing some eccentricity of nature, watched it with mixed feelings of curiosity and alarm."*

And the great J.P. Morgan himself turned down Henry Ford for a loan in 1908, while he was forming Ford Motor Co.

Imagine — the most famous investors of the era missing the biggest investment opportunity of their lifetimes.

But that's exactly what happened. And it's happening today, too. How many mutual funds got in on the Internet boom? Not a single one. Not Janus or Fidelity or Vanguard. And the hedge funds missed it too. Soros lost billions in Russia while Amazon.com and other Internet companies all took off.

On the other hand, if you had known the single, simple secret of wealth I'm going to tell you about, you wouldn't have missed the opportunity. It would have been obvious to you. Just look at what this principle has done for other investors recently:

- It led Gary Winnick, an investment banker with a mixed track record, to turn \$15 million into \$4.5 billion (yes, *billion*) in just 18 months. *Gary made \$1.8 million dollars a day for 540 straight days.*
- The same principles led Pierre Omidyar — a man without a financial background — to create a \$6.7 billion business in just three years. He's now worth over \$10 billion, making the Forbes 400 with just three years work.
- And don't forget about Henry Nicholas and Henry Samueli. These two friends from grad school learned how to cash in on their high tech knowledge with this principle for windfall gains. They've made over \$2.7 billion each in less than five years.

Those aren't misprints. We're talking about making *billions* in just a few years. Consider this: it took John D Rockefeller an entire lifetime to build his fortune — \$15 billion by 1913. Meanwhile, in today's economy, Winnick could make that much in just five years.

So why does Wall Street consistently miss these opportunities? Because they are too preoccupied with outdated company statistics, like debt-to-equity ratios. Professional investors continually use old paradigms — models that worked 50 years ago — to judge *future* opportunities. But that's like driving your car by looking at the rearview mirror. It just doesn't work.

Instead, investors need an accurate way to measure a new business's potential — not its past. And that's what my secret of wealth does. Once you know the secret, you don't have to worry about a company's debt level.

Craig McCaw certainly doesn't worry about debt. He took a tiny Washington cable company on the verge of bankruptcy and used expensive debt (actually Michael Milken's junk bonds) to create the largest cellular phone network in the U.S. Then he sold it to AT&T for over \$14 billion, making him one of the country's richest men. And today, he's doing it again...

Wouldn't you like to know how to buy properties like that? Don't think for a minute that these guys have some special talent that you don't. In fact, Craig McCaw is dyslexic.

These great investors' advantage is simple: they know something that most Americans — including Wall Street's economists — don't. Once you know it, investment profits are much easier to come by.

What They Don't Teach You in Business School: The Importance of Lower Prices and "Disruptive Technology"

I've shown you five or six real life examples, but you're probably not convinced that all of those men made all of that money using exactly the same investment strategy. But they really did.

It's fascinating that this secret isn't well known, or widely recognized because it's the most important principle of capitalism. It's the reason why free markets are superior to planned economies...

But the most interesting thing is that the secret is so simple.

Here it is — the best investments cause massive reductions in consumer prices. That's it. That's all there is to it, but, of course, delivering massive reductions in price isn't easy. However, when you find

the entrepreneurs who are doing it, then you know you've got a winner.

I'll show you exactly what I mean. Let's consider the microprocessor — the heart of a computer. The leading firm in this market is Intel. They've made a fortune — their company's profits have been called the largest legal creation of wealth in history. How did they do it? By constantly lowering consumer prices.

In fact, according to measured computer processing speed, the past 30 years have seen nearly a 10-millionfold increase in the cost-effectiveness of computers. You've seen how fast computers change. Remember back in 1994 when the first Pentium computers were sold in the retail market? Today, just 5 years later, you can buy a computer that's 300% faster for 50% less money. That's the power of exponential growth.

A co-worker of Andy Grove — Robert Moore — first identified the rapid growth in the computer industry and the corresponding effect on prices. Moore predicted — correctly — that the price of computing power would fall in half every 18 months! This trend, called Moore's Law, has been the single most important factor in the global economy for the last 25 years. And despite many skeptics, the trend continues on.

Even though Moore's Law was discovered over 25 years ago and is well-known in technology circles as being the force behind Intel's riches, Wall Street's economists don't understand it. Economists would tell you that a business with constantly falling prices is a bad business to invest in. Nevertheless, Intel and others have shown that falling prices are the secret to the success of their industry. I'll show you why.

Falling prices create a "positive feedback loop" that makes Intel's profits continue growing. Let me explain. Falling prices mean that more and more people can afford computers. And a constantly growing computer market leads to more uses for computers. Which leads to more and more demand for computer chips. Which leads to constantly rising sales and profits at Intel!

So, no matter how ironic it seems, falling prices are the key to Intel's success. And lower prices are also good for the public — we all get more for less. That's why capitalism is the best economic system: for an entrepreneur to get rich, he must create something that's valued by his consumer. And he must lower his prices to create larger markets. What's good for the entrepreneur is also good for the customer.

It seems crazy, to earn more by charging less — but that's exactly the secret key to American business success.

Entrepreneurs throughout American history have exploited this hidden secret of capitalism. Standard Oil made Rockefeller the first billionaire in American history by lowering the price of oil every year of its existence. Kerosene fell from \$70 dollars a barrel to \$7!

Constantly lowering your prices pressures the competition and draws more clients to your firm. It's what great companies always do. Consider Ford and his innovative way of making cars (prices for cars fell from over \$2,000 to under \$300) or Microsoft and its free browser. Firms that introduce new technologies at lower prices quickly dominate their markets.

But Wall Street never notices the importance of lower prices. They don't get it. **And so they also don't understand the importance of new technologies that help to deliver massive reductions in prices.**

These kinds of innovations are called — "**disruptive technologies.**" They are innovations whose

main characteristic is massively lower price. When you find disruptive technology, you know you've got an investment winner.

Keep in mind that a disruptive technology doesn't necessarily mean high tech. But it does mean lower prices and eventually a better product.

Ford, for example, made the Model T in just one color — black — but he made it the cheapest and most reliable car in the world. His assembly line and single color design was a disruptive technology — he cut prices by 30% and doubled the salaries of his workers in the same year! Having lower prices enabled him to afford loyal employees — part of the formula that helped Ford and his early investors become some of the richest people in the world in the early 1900s.

The Most Important Disruptive Technology Ever — the Internet

The Internet is the single most disruptive technology ever created. In almost every industry the Internet is causing prices to fall, to the tremendous benefit of consumers.

And telecommunications will never be the same.

The Internet is changing the way we communicate, and it will change it even more in the next
over please. . .

For Every New Fortune, an Old Fortune Must Die

At the moment, there are a few new fiber railroad companies that have created an impressive technological edge. By building the next Internet while others merely talked about it, they have established themselves as the companies to beat in the race for railroad network capacity.

That puts AT&T right in their crosshairs. Remember that AT&T is the most commonly owned stock in America. Watch out.

Joe Nacchio knows the danger that AT&T is in. And you'd be very wise to pay attention to him. Nacchio was running AT&T's consumer long distance division — AT&T's cash cow, which creates 95% of its profits — and he was considered a contender for the CEO job. But, instead of sticking with the industry leader, Nacchio left and went to work for one of the new fiber railroad companies. Why?

Because AT&T owns millions of miles of the wrong kind of network. Most of it was installed in the late 1980s and optimized for voice traffic. It can't carry the dense digital signals that the railroad's low power network can. And it might not work at all after December 31, 1999.

And that means that AT&T is about to face the music. Currently AT&T has 30 million customers still paying an average of 14 cents per minute for long distance. A drop to just 10 cents a minute (the discount price commonly offered) would take \$3 billion away from their

profits. And that's just the beginning.

Next year the top fiber railroad company (which built its new fiber railroad right underneath the 150 year old steel railroad) will drop their long distance service charges to just 3 cents a minute. AT&T doesn't have a strategy to compete with 3 cents a minute long distance; they don't have the network in place and they don't own the right of way to build one.

Imagine what will happen when the most commonly held stock in America is brought down because of something as simple as an old railroad track and a new fiber optic cable system. My bet is that the people who own the new cable, and the things that make it work, are going to be very rich. I want to be one of them, don't you?

You'll never read about this massive change in the *Wall Street Journal*, or see it on CNN or the evening news. Why? Because there are enormously powerful special interests standing in the way of the new railroad network companies. You've never heard about them because they don't advertise on CNN — but AT&T does.

But the new railroad network is so powerful that it will soon deliver phone, fax, Internet, email, and cable television to your home, at less than 10% of the cost you are paying now.

Internet II is coming and the experts don't even know it.

"Your special report 'Japan is Sinking' was very enlightening..."

— J.W. Marks

"You recommended a short sale of Japanese Bonds through Chris Foster at Friedberg Mercantile in Toronto. I took your advice and have grown my small \$5000 investment by over five-fold in a month."

— J. Redmond

several years. No industry is more exposed to the threat of Internet competition than phone companies. Disruptive technologies are vastly expanding the capacity of the world's fiber optic phone system, and lowering the cost of communication.

Here's just one example of what I'm talking about. In early 1999, **Nortel Networks** announced a new fiber optic system that can route 640 different channels of voice and data traffic onto one single strand of telecom fiber (which is the size of a human hair). Now I know that might sound like a lot of technobabble. So imagine the current phone network as a 10-lane superhighway. What Nortel has done is build 640 new highways — each with 10 lanes — on top of each existing lane of traffic. All across America. That's a lot of growth.

It's this technology that is the basis for the new, super-high tech railroad being built directly underneath the old steel railroads in America — right underneath the rails and the crossties of the old railroad. That's right — underneath old railroads.

Remember in 1997 when **Southern Pacific** sold out to **Union Pacific**, causing serious backups in rail traffic in the western United States? The confusion caused by the merger is part of the reason why not many people know about the new railroad. See, as part of the deal, the former owner of the Southern Pacific Railroad received the right of way on both railroad lines across America. And now this entrepreneur is building a fiber optic communication network — across the entire country — right underneath the railroad network.

Although almost no one knows about it yet, this new network of commerce is already more powerful than the communication systems owned by AT&T, MCI WorldCom, and Sprint, put together.

The result of this investment will enable an entirely new, higher level of communication. It's been called *Internet II*. Imagine your phone, your television, your fax machine and the Internet all put together, and as mobile as a cell phone, but cheaper than what you're paying now for local phone service. And capabilities like these are just the beginning.

There's a lot of money to be made in these kinds of deals. Remember Gary Winnick? (The man who made \$4.5 billion in just 18 months). He's one of the main players in this new disruptive technology.

Plus, there are other disruptive technologies and investments I'd like to tell you about:

- The wireless transmission code that will be the global standard for all wireless voice and data transmission for the next 25 years (you can invest in the company that owns the portfolio of patents).
- The company that makes the only 4th generation pump laser in the world — a laser that is crucial to the continuing growth in telecommunications capacity. (These lasers are the locomotives of the new railroad.)
- A company that is making computer chips that are as cheap as jelly

beans. The cost savings will create thousands of new uses for chips, and grow this company's profits enormously.

- Disruptive software that is threatening to render the entire publishing industry obsolete. (It uses the Internet to distribute fully formatted newspapers and magazines — they look just like the ones you get in the mail, but you can print them at home!)

A Maven Breaks Away from the Crowd...Again

Before we get into the specifics of the new railroad (and other new investment opportunities), I'd like to introduce myself, and explain why I'm qualified to comment on these important developments.

My name is Porter Stansberry. And since 1996 I've been a part of an elite group of investors — the Strategic Network. This group scours the world for investment opportunity and includes notable experts like Dr. Kurt Richebacher, the world's leading Austrian school economist, Asian expert Dr. Marc Faber, well-known investment author James Davidson, and Doug Casey, the hard money specialist and global speculator.

I cut my teeth doing emerging market strategy for the group in places like Hong Kong and Buenos Aires, while captaining various high-priced investment publications such as *China Business and Investment* and *Latin American Index*. And I made my mark, scoring huge gains for my readers and members of the group. In the fall of 1997 I was one of the very few people who predicted the emerging market collapse, warning that the bubble was bursting and making over 600% on Telebrás put options in just three weeks.

Results like that get noticed. Soon *Barron's* was publishing my forecasts for post-handover Hong Kong, the *Washington Post* was quoting me in their Market Maven section, *Dick Davis Digest* picked up a few of my recommendations and I became a contributing editor to *World Money Analyst*.

Then, in early 1998, I got my big break. I was asked to become the editor of the prestigious *Fleet Street Letter*, the oldest investment letter published in the English language. You've probably seen *The Fleet Street Letter's* literature, and you may even be a subscriber to the letter. If you are then you probably know that my string of successful speculations and investments continued.

- In March 1998, I predicted that Japan's banking crisis would continue. I recommended trading shares of The Bank of Tokyo Mitsubishi, **making gains of over 50%.**
- In July 1998, I recommended selling short shares of Kodak, citing falling sales and market share. I reiterated this recommendation even after a *Barron's* cover story was published the following August predicting that Kodak's shares would go to \$100. Shares of Kodak fell from \$86 to \$64 for gains of 25%. Standing against the mainstream press for profit is extremely rewarding.
- In September 1998 I wrote an article entitled "*The Death of Japan*" and

"After 30 years, never have I found such common sense in such a small space."

— Ernest Barnes,
Texas

"I would like to compliment you all on a wonderful newsletter. It is written very well, right to the point, most factual and usually right on the money. Timing is everything, nobody is perfect, nobody has a crystal ball, but you are right up there with the best."

— R. A. Fliegel, CPA

recommended shorting the Japanese bond market through bond futures. Readers had the opportunity to make over 500%, in just a month, as the bond futures plummeted.

However, throughout this whole period I was continually having disagreements with many members of the Strategic Network. My ideas on wealth creation — and many of my best investment ideas — flew in the face of the group's ideology. Dr. Richebacher even called me a radical (he meant it as a compliment). But other members of the group hotly debated my new methodology. It was time for me to make a clean break.

For the past several months I've been working with a private investment club, which sponsored my latest research into wealth creation, in exchange for investment recommendations based on my discoveries. So far, my recommendations for the club (five stocks in all) have average returns of over 36.7%, in just an average holding period of 77 days. Things are just getting started, but, if they continue, **I'm on course to have over a 332% return this year.**

This was the final proof that I needed to show the validity of my new ideas about wealth. With these real-time results in addition to my long track record of successful investments, I was able to interest a publisher in moving forward with a entirely new advisory service — one based on my new ideas of wealth creation. I'm starting a new research service to uncover companies that are using "disruptive technologies" to massively lower prices. It's these companies that I believe offer the best opportunity for very large capital gains.

I'll tell you more about how you can be involved in a moment. But first, I'd like to tell you about some of the other secrets that I've discovered and show you new ways to look for great investments...

These Stocks Are Expensive...Are They Safe to Buy?

The biggest challenge that investors face is the uncertainty of valuations in the market right now.

For example, America Online, the so-called blue-chip Internet company, trades at over 400 times earnings. In the past, stocks generally traded at small multiples, between 10 and 15 times earnings. So the question is: can you safely buy stocks like AOL when they're still growing, when their earnings have not yet reached mature levels? Well...it depends. I think you'll see that AOL isn't the blue-chip stock that Wall Street makes it out to be.

On the other hand, I've had tremendous success buying expensive, ultra high-growth stocks — but I only buy such stocks if they meet my **three criteria for hyper-growth.**

A hyper-growth stock is the kind of investment that breaks all of the rules as it steals marketshare from established companies — just like the great entrepreneurs in American history. It's in these stocks where the greatest opportunity lies.

To find hyper-growth companies, look for these three traits.

A hyper-growth stock must:

1. Be using or creating a *disruptive* (revolutionary) new technology.
2. Deliver *vastly* lower prices to consumers.
3. Maintain a healthy *suspicion* in the market (and especially on Wall Street) that its success is illusionary.

Even a cursory look at America Online, will show you that it doesn't meet the criteria.

First, *there's nothing truly disruptive about dial-up Internet access*. (Lots of companies offer such services now — including new cable services that offer much faster connections). Next, *AOL isn't cheaper than its competition*. And finally, *there's no suspicion left about AOL* — it's Main Street's investment choice for an online stock.

While everyone has heard about AOL, most people don't know about the hyper-growth companies that I'm buying. They are the firms that are creating the technology *behind* the growth in Internet access. I'm talking about the companies that are building the new communications railroad — the cars and the engines that make it work.

Now, to make sure you understand my method for stock picking, I'm going to show you three stocks that you might recognize, *stocks that were hyper-growth stocks in the past*. I'll also show you three other stocks that *didn't* following my criteria for growth.

And then, once you can tell the difference yourself, I'm going to tell you about the newest opportunity I've found — the so-called railroad stocks...

Three Stocks to Change Your Portfolio... And Maybe Even Your Life

The first question to ask yourself when someone suggests a stock to buy is "*how many people have already heard about this idea and have already bought the stock?*"

You can't ever assume that you're the first person to hear about any "great" new idea — because you almost never are. In this day and age, there's just no such thing as "inside" information.

That's why the third principle of hyper-growth stocks is so important: these stocks have to generate skepticism on Wall Street.

We're looking for the stocks that no one has bought yet because no one believes that the company is going to be successful. Let me give you a classic historical example — **Nucor**, an American steel company.

If you're like most Americans, you probably think of American steel companies as being some of the *least* attractive investments of all time. For example, if you'd bought **Bethlehem Steel** anytime in the last 30 years, you made nothing. No return on your investment. Zip.

And that's why most people don't know how much money has been made on steel in America. Meanwhile, Nucor was busy making a fortune in steel, using disruptive technology and vastly lower prices. It's a great example of finding high-tech like profits in a safe, low-tech market.

Nucor was the developer of a highly disruptive technology, called "continuous thin-slab casting." I won't bother you with the specifics, but it's a way for scrap steel to be continuously cast from a molten state into long, thin slabs of high quality steel — the kind of stuff used in cars and refrigerators.

Like all disruptive technology, this method doesn't produce a product of the same quality as integrated sheet steel. In fact, there's not an integrated steel mill in the world today that has adopted this technology. But Nucor doesn't care. They are making steel that is almost as good, at half the price. Meanwhile, they are constantly increasing the quality of their steel and continuing to capture more and more of the market.

"I remember back in the middle of 1997 when Porter told me to buy Amazon.com. He even faxed me a report on the company. I was going to buy 100 shares, which is my standard tech investment position, but I never did. I could have turned \$1800 into \$117,000 in less than three years."

— E. Schwetje,
Weston, Florida

You can bet that their shareholders are happy: the eight-year roll out of their new technology saw their stock go up 850%.

Knowledge Can Safeguard Your Wealth and Provide Opportunity

The Nucor example is a classic case showing how a disruptive technology can make profits for investors and headaches for competitors. Once you know the characteristics of disruptive technologies, they are easy to spot. One of the best indicators of a truly disruptive technology is how the competition responds to the challenge.

No matter what industry the disruptive technology breaks loose in, the response from established competitors is always the same: they move up market — to more expensive products — and try to hold the higher profit margin areas of their business.

A good example of this happened to **Compaq**. Compaq — which makes microcomputers — missed earnings expectations for two quarters in a row, by more than 50% in 1999. The stock fell 50% and the CEO was fired.

Believe it or not, it was predictable: Dell had destroyed Compaq's core business, retailing microcomputers, by using a very disruptive business model, direct selling via the phone and the Internet. Dell was a classic hyper-growth company.

Meanwhile, Compaq responded to their competitor's disruptive approach by moving up market, just like firms facing this kind of competition always do. Compaq stopped selling their products at a discount online and it bought DEC — a firm that makes expensive, high-power business computers. It was exactly the wrong thing to do, and Compaq's move up market was the final confirmation of Dell's disruptive approach.

Dell's shareholders have cashed in: the stock is up 3900% in just five years! The market continues to maintain a healthy suspicion of Dell — Wall Street hates the stock. But Dell is continuing to cut prices...it's following a hyper-growth strategy...

Amazon.com — the Great Disrupter

One of the most controversial stock picks I've ever made was recommending Amazon.com. I bought it myself in 1997, when it was at a split-adjusted price of around \$3.00. I also recommended it to several close friends (including my publisher at the time, who wouldn't buy it). I could tell right away that Amazon.com was going to become a success. How did I know?

Amazon.com was using the disruptive technology of the Internet to underprice its competitors, selling books at a 40% discount, while offering in many ways what is a superior product: it's easier to buy a book from

Amazon.com than it is from your local retailer. In fact, now you can purchase a book from Amazon.com in less than 30 seconds! And there's no sales tax.

If you look at Amazon's competitors, they are reacting in the classic, confirming fashion: they are running up market and largely ignoring the Internet. Border's vice-chairman George Mrkonich essentially told the Internet to go away. *"Doubling or tripling our Internet sales wouldn't do anything for our profit."* Instead Border's is building 45 new superstores, which feature coffee shops and live music. But these upmarket stores still won't be able to stave off Amazon.

Had you bought Amazon.com when I first recommended it, you could have turned \$1,000 into over \$70,000 by early 1999.

So, there you have it: three winners from the past: Nucor, Dell and Amazon and three losers — Bethlehem Steel, Compaq and Borders. Do you think you've got it sorted out — can you tell a winner from a loser? Let's see.

Follow the "Pirates"!

The investment lesson from Amazon.com's success is clear. The company used an innovative business model, fueled by the disruptive technology of the Internet, to vastly underprice their competition. In fact, they recently announced that they were cutting prices on bestsellers by 50%. In the short-term the stock market might react badly to this news — but we know that lower prices are the secret key to Amazon's long-term success...

I call these kinds of opportunities "Pirate Profits" because the competition never knows what hits them. One day they wake up and their markets are gone — poof. The "pirate" firm has stolen their customers — with innovation and lower prices. The raided firm is suddenly obsolete. Their stock price has crashed. Meanwhile, the "pirate" firm has cut prices, created a new business model and become the dominant company in the sector.

There's little for the losing firm to do, so they typically complain to their congressman. Meanwhile, the "pirate" firm's shares have gone through the roof.

I'm sure you've seen this happen to different companies and their investors during the last few years. They never know what hits them. Their competitors are like "pirates," vicious and fast moving. Investors sometimes seem lost as their blue-chip stocks — like Eastman Kodak — suddenly collapse.

Well, you're being warned now: "Pirate Profits" are about to break loose in the telecom sector. Firms are using disruptive technologies to cut prices and they are stealing market share. Soon there will be a new leader in that market, and "pirate" profits will be booked...For some investors this will mean ruin — but it will create new fortunes for others.

Why? Because "Pirate"-type companies take no prisoners — they violently steal marketshare and they plunder their competition. It's the American way. How did Standard Oil achieve utter dominance? They underpriced their competition and they used technology to create a better product. Ford Motor did the same with cars. Nucor with steel. Dell with computers. Amazon.com with bookselling.

And, when you see how this works you can take full advantage of the coming opportunity in telecommunications.

Congress opened the floodgates of competition in the telecom market. There are a few "pirate" firms. There are many disruptive technologies. And Wall Street remains almost completely oblivious to

the opportunity, fearing the debt loads and falling prices...

That's why I'm so excited about what we are doing in the markets right now. And I'm prepared to give you a chance to join a small group of investors, people like yourself who understand how the world is changing and who are prepared to profit from it.

A New Vision of Communication — and Huge Profits

Once you understand the importance of disruptive technology and you learn to identify these situations, you've basically got a license to print money.

For example, imagine you knew back in the 1970s, like Robert Moore and a few others did, that computers would **always** grow faster, cheaper, smaller and would double in power every 18 months. If you'd watched the technology changing, you could have seen that companies were always building computers that were faster, smaller and more powerful. And that would have translated into enormous investment profits as you *safely* bought companies like Intel and Dell *despite* their high earnings per share ratios.

The good news is that disruptive technology is emerging again in today's modern telecommunications industry. And this trend of growth promises to be even more valuable than the trend of computer growth, which made billions for some investors.

This isn't mere speculation — my clients are already making good money on these ideas. Let me explain.

The computer revolution of the last 25 years is really just the start of a much larger trend towards global interconnectivity. Bandwidth capacity around the world — the amount of data that can travel at one time through the world's communication networks — is more than doubling each year. That's more powerful growth than computers have ever had (remember, the processing power of computers doubles every 18 months).

The faster rate of growth in telecommunications technologies means that eventually computers will be able to communicate even better than they compute!

And there's a *secret* to this trend towards global interconnectivity. It's a change as powerful as Gutenberg's printing press. This new interconnectivity will change the way people all around the world live their lives. Your phone will replace your computer as computer networks become more and more a part of everyday life.

Here's what you need to know right now: ***we live in a world of shrinking computers and expanding communications.***

Looking back over long periods of time, you can see that human progress can largely be measured by our increasing ability to compute and communicate. And today the ability to perform these two crucial functions is advancing quicker than ever before. **All of this change is a tremendous opportunity for bold investors.**

Consider for a moment how important communication has been throughout history. Remember that the Romans became the masters of antiquity in part because of their vast network of gravel roads, which greatly aided communication. England accomplished the same thing through superior ships and knowledge of the sea. The Rothschilds became the richest family on earth in the 1800s and the masters

of Europe — even more powerful than kings — because they could communicate with a unique network of carrier pigeons.

Investors who own the new railroad of commerce — the new global computer networks — will be among the richest people in the world. You can join them.

The “Railroad” Stocks of Tomorrow

I’ve been promising to tell you about the new, hyper-growth stocks of the new railroad. Now that you understand my criteria for finding these kind of stocks and now that you realize the potential in the new railroad, I’m sure you’ll see the opportunity in these companies.

Building the New Railroad

<u>Stock</u>	<u>Symbol</u>	<u>12-month % price increase</u>
Telecom 1	xxx	703%
Telecom 2	xxx	663%
Telecom 3	xxx	434%
Telecom 4	xxx	373%
Telecom 5	xxx	355%
Telecom 6	xxx	220%

** Two of these companies are still on my recommended list as buys. See below to learn more...The average gain in these companies is 458% — in just a year. Just \$1,000 invested at a 458% annual rate turns into \$5.4 million in just six years.*

Technology is once again creating an opportunity for investors to achieve vast wealth...but only if you have the right connections...the right information...and...‘eyes to see’ the next revolution.

These new telecom companies are growing using disruptive technology and *vastly* lower prices. Some of them have already made their investors enormous fortunes. Nevertheless, the profits — like Intel’s in 1971 — are just beginning.

And, just like back in ‘71 when Intel began its incredible run, almost no one realizes that a new opportunity is at hand right now. The ‘experts’ can’t believe their eyes. No matter, this new change is inevitable, there’s no going back...But I’m getting ahead of myself...

Let me demonstrate exactly how this is working right now and give you the chance — for free — to see how my insights could make you a tremendous amount of money.

I want you to use your computer, or call your broker, to check out a company called Qualcomm. It trades over the counter; the symbol is QCOM.

I began following the company because it invented a new digital wireless technology called CDMA that was technically superior to existing cellular technology. It’s a classic disruptive technology. It lets customers do more for less.

Even though Qualcomm’s technology was superior, the world’s leading wireless firms, giants like AT&T and Ericsson, had adopted other wireless standards, whose patents they already owned. They attacked CDMA by every means available: Ericsson even sued! The skepticism on Wall Street about CDMA was very strong.

But, as we could see, Qualcomm's technology was superior: they were able to offer more bandwidth, at a lower price. So we knew, just because of that simple fact, that eventually Qualcomm's technology would have to be used by the others. It was only a matter of time.

I first mentioned Qualcomm in my club's investment newsletter this spring. It was trading around \$30 then. Just four months later, it is trading at \$125. Investors have already more than tripled their money.

And, believe it or not, the profits are just beginning to roll in. Watch the stock over the next 18 months. **I bet it triples again.**

What to Buy Now for 200% Profits Annually

There are other opportunities, ones that will be just as powerful as Qualcomm. These are the firms that are building the new voice and data network across America — the new railroad.

I'm going to tell you how you can find out about all of these opportunities by joining my new investor's advisory service. But, you must realize that these types of investment opportunities don't come along every day. You've got to be willing to jump on these opportunities right now.

As a subscriber to my service, you will learn about:

- The company that dominates the cable modem chip market with a 90% marketshare. These modems will soon connect your house to the Internet at more than 500k a second. Compare that to AOL's measly 56k speed. Goodbye AOL.
- The fiber optic phone maverick that will soon connect you to almost anywhere in the world for less than 3 cents a minute. Goodbye AT&T.
- An agribusiness firm that creates new grain seed that is impervious to pesticide, yielding huge crops.
- A revolutionary new photographic chip that renders film obsolete. Goodbye Kodachrome.

Keep in mind that I didn't find these stocks by paying attention to whatever executive, or management guru is hot at the moment. You won't have to look through dozens of investment magazines, or read the *Wall Street Journal* to find these stocks. There's no waiting on earnings announcements or Fed meetings.

What I and my readers do is far simpler: we look for the best disruptive technologies that are providing companies with the ability to vastly lower their prices. When we find them, we make sure that they meet my three criteria for hyper-growth: **disruptive technology, lower end user prices**, and most importantly, **deep skepticism** on Wall Street. The results speak for themselves.

And there is even more that I'd like to tell you about:

- The dozen companies whose shares will soar as the 'railroad' network of Internet II grows.
- How a handful of companies are on the verge of disrupting their industries, making fortunes for some investors and wiping out others.
- And how a select group of investors will follow this trend of innovation for the next 15 years or more, for nearly unlimited investment potential.

Once you know the secret of innovation and lower prices, once you learn to spot "pirate" companies, and once you recognize the three criteria for hyper-growth, you are on your way to serious, long-term investments.

Consider: Ford's mighty stretch lasted 17 years. Intel's dominant stretch, which began in 1971, is still going today. When "pirate" firms dominate an industry, they stay on top for a long time. You don't have to trade these stocks. You can just sit back and count on steady, market-beating performance.

How to Find More High Growth Opportunities

I'm not going to beat around the bush here. We've made some huge profits lately, and I believe that we are well on our way to making a few more killings. But there's a lot more out there to take advantage of.

I've found a simple system for identifying what makes a company a winner in this age of falling prices and advanced technology. I'm totally convinced that this is the single best investment strategy for the current market conditions, and so far my results have been very positive.

We're looking for superior technology, falling prices, and rapid gains in marketshare. There are a few other techniques I'd like to share with you...once you join us. I've already outlined more than a few of the huge opportunities we're currently tracking. And I've even gone so far as to mention a few names — **Nortel Networks** for one (remember, the new 640 lane communication highway).

To find out about the rest of the companies that are building the new railroad and the other "pirate" companies I'm following, subscribe to my new service. You can join us for one full year for just \$149. You'll get 12 issues of *Porter Stansberry's Investment Advisory*, featuring:

- **The railroad stocks** — companies whose new technology is changing the telecom landscape forever.

over please. . .

The current *Investor's Advisory Special Report* includes the full story on:

- **The New Intel**, that is producing the innovations that will drive the 'railroad' network forward in capacity and speed. This company has poached the best optical scientists in the world from United Technologies, IBM, and Philips and they are now the world's leading firm in fiber optics networking. Their stock has already tripled in the last 12 months alone, but, like Intel did, they will continue to grow at unbelievable speed for the next 5 to 15 years.
- **The Next Dell**, a hardware company that is producing the most commonly used consumer product associated with the 'railroad' network. Their sales have quadrupled in the last 12 months, but this is only the beginning. Two scientists founded this company in 1991 and they have been the driving forces in creating consumer applications for the new fiber optic network. It is only a matter of time before this company is a household name and its founders are famous as Michael Dell and Bill Gates. I expect the stock will grow more than 10 times in the next three years.
- **The FedEx Killer**, this company is using new technology and much lower prices to kill their competition: FedEx. In the next year this company — which I'm sure you have never heard of, will become the world's leading shipping company. This company can offer the same service as FedEx, around the world, but at a 75% discount in price. Their sales are literally exploding — growing at over \$500,000 per quarter, and they are the only private shipping company in partnership with the Post Office. This is a very conservative way to play the next great shift and market leadership. Despite the conservative nature of the play, it should still make 100% gains per year.
- **The "Pirate" Printer**, a software company whose technology is rendering the entire printing industry obsolete. In fact, it's this technology that enables me to make my best offer — the all-digital subscription.

- **The “pirate” stocks** — companies that are using disruptive technology to steal marketshare and plunder the competition
- **The victim stocks** — companies at risk because they are too big and slow to adapt to the disruptive technology in their sector. **Make sure you don’t own these stocks!**

And, to help you get started, as soon as you join up, you’ll have access to a complete and up-to-date list of these current recommendations. Generally my portfolio has between 6 and 12 current buy recommendations.

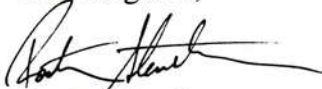
Plus, if you subscribe within 10 days of receiving this offer, I’ll send you my latest special report that features my top two new railroad stocks. Both of these companies own some of the most important disruptive technology in the entire world, but I’d bet you’ve never heard of either of these companies...

Finally, be aware that you have my personal guarantee of satisfaction. This offer is for our complete service, which unlike many investment advisory newsletters, provides you with specific, actionable, investment advice. You’ll know exactly what to buy and at what price. All of the details you need will be provided for you — if you want, you can just read our recommendations directly to your broker. And, you can always obtain weekly updates via our telephone hotline at no extra charge.

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