



Our Mission: To Write Lively Research without Soporific Jargon, and with a Succinct Offering of Pertinent Facts. (And of course to make money for our clients, doing our own research to invest in companies with dynamic prospects, and sticking with these companies as long as their business remains robust, that is as long as they protect their franchise.)

February 6, 2007

INVESTMENT LETTER
NAVTEQ (NYSE: NVT)

A warning from the writer, Fredric E. Russell:

Do not read this letter if you seek the conventional investment letter or research report which often includes the use of many graphs and numbers of doubtful value accompanied by a generous and unashamed use of **soporific jargon**, and often finished with a mechanical disclaimer indicating that the writer of the report works for a firm that seeks to do investment banking work for the subject of the report, a publicly traded company, such as **Coca-Cola (NYSE: KO)**.

The following letter, featuring fictional characters but real publicly traded companies, makes positive comments on the prospects for **NAVTEQ (NYSE:NVT)** but our firm seeks no investment banking work or any other work from **NAVTEQ**, or any other company we discuss in this letter or report. All the firm wishes to do is to make money for its clients, and to write reports that are entertaining and informative.

Why Steven Synergistic, a Wall Street investment banker at powerhouse Goldwoman, Facts, and Fantasies, Ltd. could not imagine life without **NAVTEQ (NYSE: NVT)**.

Westport, Connecticut, January 28, 2005.

The alarm rang at five a.m. and Steven Synergistic, 59, groaned. It was too early.

Steven **Marblehouse** Synergistic, III (his nickname was R.O.E. for return on equity) was a suave, driven, and affable investment banker, always on the lookout to create corporate synergy by bringing together companies whose markets, distribution systems, and brand names would, when merged, make one plus one equal three.

He and his wife, Sarah, had been up late the night before entertaining prospects in Westport at a swank restaurant which catered to the aggressive, newly rich hedge fund crowd, as well as to investment bankers and private equity barons, most of whom took pains to drive their two hundred thousand dollar cars up to the entrance of the restaurant, to exit the cars with a great flourish, and

to make sure that everyone noticed their trophy husband or trophy wife.

The restaurant, **In Your Face And On Your Turf and Surf** was as expensive, yet as wonderful as anyone, even the most jaded senior officer of a publicly traded company on a fat expense account, could expect.

Synergistic and Sarah, and their guests, Charles Fastpaced, the recently divorced CEO of **Church and Dwight (NYSE: CHD)**, the company known for baking soda products, and Fastpaced's new girlfriend, Valerie Voluptuous, who, at age thirty-one, was thirty-three years younger than the baking soda toothpaste executive, thoroughly enjoyed their experience at **In Your Face And On Your Turf and Surf**. The evening was, Synergistic remembered, magnificent but this morning he was suffering. In fact, as he rolled over, silencing the alarm, he realized that he had consumed so much liquor the night before that it was now difficult to remember what purpose the dinner had served and what Synergistic had wished to accomplish with that expensive evening.

NAVTEQ:
INVESTMENT THESIS

The world wants to be mobile. To enjoy mobility consumers and businesses must know where they are. This is where **NAVTEQ** and digitized maps come in. Workers use **Garmin (NASDAQ: GRMN)** global positioning satellite (**GPS**) units to commute to the office. Engineers and surveyors use maps along with **Trimble Navigation, Limited (NASDAQ: TRMB)** software to construct bridges and highways.

The company behind **Garmin** and **Trimble**, and many other map-based applications, is **NAVTEQ**, the global leader in digitized map creation.

NAVTEQ maps include 204 road attributes, from turn restrictions to barriers, to curves, to speed restrictions, to present construction, to future construction, and to developments that abut, parallel, and traverse the road. Furthermore, the **NAVTEQ** database contains millions of points of interest: everything from restaurants, stadiums,

to hotels, fuel stations, and hospitals, and of course roads and streets, all of the tangible structures that comprise a civilized society and on which we have come to depend.

NAVTEQ has mapped fifty eight countries on six continents making it the global leader in coverage or territory mapped. From offices around the world, the company employs field researchers who travel millions of kilometers each year, digitally mapping road networks to one standard. Industry leaders such as Google Earth, Traffic.com (NASDAQ: TRFC), and MapQuest use NAVTEQ maps.

In late 2006 the company rolled out coverage in Singapore, Malaysia, Mexico, and Puerto Rico while expanding coverage in South Africa and updating the Middle East, underscoring an important fact about the company: its offerings will improve, and its competitive advantage will increase as the company maps a greater and greater percentage of the earth's surface every year.

Perhaps the most exciting potential application for mapping technology is the development of a global information system, integrated with a mapping or location service. Consider this: you are a hungry traveler traveling westbound down 21st between Harvard and Utica, in Tulsa, Oklahoma. You like turkey sandwiches but you do not wish to spend more than ten dollars on your lunch, nor do you wish to take more than a half-mile detour from the road.

Hungry commuters will be able to program their eating preferences, whether for turkey sandwiches or Big Macs into a GPS unit aided by NAVTEQ technology which will in turn draw upon billions upon billions of bits of information, including the location of restaurants and businesses, a list of their products and how these items could meet what the global positioning system owner seeks. In that future, the map will not only know where you are, but can tell you what exists of interest to you at any location where you find yourself. So, while the motorist is traveling west on twenty-first street in Tulsa or on Main Street (Colorado State Highway 82) in Aspen, he or she, with one or two presses of a key, will be able to find restaurants that offer a Turkey Panini for less than ten dollars, all within the stated geographical limits of the search.

There was a time, many years ago when he was an undergraduate at Harvard, Synergistic admitted to himself, that he could go to a fraternity party, stay up late, and, on just a few hours sleep, be fresh for classes. He groaned again, knowing that those days were over. Now, in the aftermath of two blue martinis and several glasses of wine, Synergistic tried to recall some of the details of the evening. He could not even remember what kind of wine he and his guests had ordered. He did know

that it had a remarkable aroma, a wonderful taste, or as the food and drink experts at the Williams-Sonoma (NASDAQ: WSM) store at 2016 Utica Square in Tulsa say, when describing a wine with fine aroma, the wine had a great nose.

The libation also packed a powerful punch: by the time the waiter presented the bill Synergistic was so relaxed that he experienced difficulty when he tried to produce his American Express Corporate Platinum card with the no-spending limit, twice dropping the card on the floor. The waiter recovered the card, but not without quickly suppressing a smirk as he looked at Synergistic and wondered whether Synergistic would be able to make it home after dinner.

The dinner at the trendy restaurant in Westport, not far from the Greenwich home of the decorator and style goddess Martha Stewart, was excellent, and the eating house's management did a fabulous job of satisfying every pretension of its super affluent and jaded clientele. Synergistic, as a polished salesman and master of the slick presentation, was particularly impressed with the waiter, who, when reciting the specials, put everything in the future passive tense, noting, for example, that the fresh swordfish "...would be done in an aioli cream sauce." Synergistic admired the waiter's presentation and salesmanship, and listening to the waiter reel off from memory five specials, making sure never to mention the price of any dish, Synergistic smiled to himself, wondering whether he might recruit the waiter for a career in investment banking.

One thing, however, disturbed Synergistic. The waiter bragged that the swordfish would be finished with a reduction sauce. At these prices, Synergistic mused, the patrons of the trendy restaurant did not need anything reduced, but expanded.

With his characteristic cynicism Synergistic guessed how much the waiter's salesmanship had goosed the restaurant's profit margin. Synergistic had been to In Your Face And On Your Turf and Surf many times, he knew the lay of the land, and in his sober moments, which usually did not last too long at the restaurant, he knew that the swordfish, with the aioli sauce and without any "...sides..." would cost his employer, Goldwoman, fifty six dollars. With a portion of seven ounces, this would mean eight dollars an ounce for the elaborately presented swordfish.

Westport and Greenwich were expensive places but this was where the action took place, or as Synergistic's daughter said, "This was where the action was at." (Synergistic tried to ignore his daughter's incorrect grammar, especially her custom of ending a sentence with a preposition. He was, as you would expect, more

successful with investment banking than he was in changing his daughter's mode of speaking.) After all, Synergistic remembered, Westport was the home of Martha Stewart, and her presence alone was enough to attract the rich and the famous, and others with plenty of excess cash flow, and to offer the sharp restaurant owner every opportunity to introduce food with pricy premiums.

Synergistic's thoughts returned to Martha Stewart. The Synergistics counted Stewart as one of their friends and they had been to Stewart's house many times for dinner, always marveling at the order and the cleanliness of her mansion.

Getting to the famed chef and organizer's house was not an easy task. It was only a half hour away but Synergistic found it difficult to find Stewart's house, especially after the sun went down. Situated on twenty one acres and reachable only by unmarked and backwoods roads, Synergistic found that his **Garmin** global positioning system with the mechanical but highly efficient woman's voice directing him turn by turn to be very efficient, keeping him from getting lost as he went back and forth to the Stewart estate. Equally important, Synergistic was grateful for the digitized maps that **NAVTEQ** created, the maps that were indispensable to the **Garmin** device's correct function.

He had studied the 10-Ks of **NAVTEQ** and he knew how much time and money went into the creation of **NAVTEQ** maps. Synergistic was a big fan of **NAVTEQ**, and he used its digitized maps whenever he commuted by car to his Manhattan office, as well as on his weekend jaunts with his wife around New England.

Synergistic's daughter, Charisma, had used **Smarter Agent's Apartment for Rent** search device, which was powered by **NAVTEQ** map data, to look for her apartment on the upper west side in **New York City**. **Smarter Agent** is a mobile phone application that instantly returns information about apartments for rent in proximity to the device. This data includes rental price, address, apartment features, and photos of the property. Now, Synergistic thought, consumers nationwide can access apartment rental ads using mobile or cell phones with global positioning system (GPS) technology, a technology that is dependent on **NAVTEQ** maps.

Synergistic was impressed with **NAVTEQ**. He recalled his days apartment hunting in **Detroit** after he had gotten his M.B.A. at the **University of Michigan** in **Ann Arbor**. Apartment hunting was a primitive exercise with tedious phone calls often to rude, harried landlords. With **NAVTEQ** things were much better and Synergistic was glad for his daughter although, with his usual realism, he was quick to see one prime shortcoming of the **NAVTEQ**

system: in **New York City** and other areas with many old buildings, the system could not tell you how many cockroaches inhabited each dwelling unit.

The Synergistics were polished, affluent, and self-assured, but even they could be intimidated by the impressively exact style **Martha Stewart** used to manage her house, with place settings so aesthetically and geometrically correct, and grass so verdant and perfectly manicured that Synergistic wondered whether Stewart had installed global positioning systems in the expensive lawn mowers that her garden crew used to beautify the estate.

Precision and perfection were an important part of Stewart's game, and no detail was exempt from the diva's scrutiny, down to the coffee machines that measured, not by the conventional tablespoon, but by milligrams, the correct amount of grind that should be placed in the four Cuisinarts that graced Stewart's kitchen counter. There were two machines for decaffeinated, one Columbian and one Peruvian, and two for caffeinated or leaded, one Mexican and one Brazilian, positioned on the island in her kitchen, a kitchen so immaculate that you had to wonder whether **Mr. Clean** lived on the estate.

It was lucky, Synergistic thought, that investment banking firms, such as Goldwoman, could command multi-million dollar fees for arranging the purchase of one company by another. Synergistic was a realist and he knew that his world of investment banking, one with astronomical fees, enjoyed a powerful, perverted, but real logic.

The logic, Synergistic knew, worked this way: investment bankers supported the sky-high compensation of chief executive officers who, in exchange for support in the face of an increasingly frustrated shareholder base, called these investment bankers when a merger or an acquisition deal was to be done.

Of course there was more. Investment banking firms were expected to write favorable research reports for their clients, helping to boost the company's stock and putting the CEO's stock options in the money. Again, such kindness or pragmatic support would often produce more investment banking business.

Grateful for the analyst's recommendation and support, or what some cynics might call sycophantic surrender, CEOs then developed warm feelings for the investment bank and the research report that heaped praise on the company's ability to "...leverage its core competencies, enhance its skill sets, sharpen its focus on its target markets..." and do everything else to build "...shareholder value and to align management's interest

with shareholders.” Synergistic thought, and he usually kept this feeling to himself, that the best way to improve shareholder value was simple: let shareholders vote on CEO compensation and fire many CEOs, who were long on bombast, long on self-promotion, quick to take credit when their subordinates had often done the hard work, long on the use of soporific jargon, and sometimes amazingly short on common sense and elbow grease.

Many of these views he shared with his friend Fred Russell, who believed that the astronomical pay of many senior executives, especially CEOs, was a function, not of the free enterprise system, but of the old boy (or old girl) network.

Synergistic was aware of the charge of conflict of interest, or at least the charge of serving more than one audience, constituency, or master, that critics leveled at investment bankers. He recalled, for example, the multi-million dollar investment banking fees that companies including Merrill, Lynch earned, helping Enron raise money, publishing favorable reports on the company, even as these investment bankers watched the stock price swoon.

But the subject of investment banking conflicts of interest was too overwhelming for Synergistic, at least in his present condition, so he tabled this self-discussion for a time in when he could be more lucid, as he moved around his kitchen half-asleep, bumping into his stainless steel appliances that of course he and his wife hardly ever used, appliances installed by the upscale Westport store, Firing On All Burners.

Right now he could only handle easy subjects, and one of these subjects was the price of swordfish in different parts of the country, and at restaurants with different clientele. Synergistic recalled last night and he thought about his friend Russell in Tulsa, who had taken him to dinner at the White River Fish Market & Seafood Restaurant at 1708 North Sheridan, near the Santa Fe railroad tracks in Tulsa, the last time Synergistic had been in the Sooner State. It was a Friday night in football season, and Synergistic, who loved football, was looking forward to seeing the fabulous Sooners play in Norman.

Russell and Synergistic had been friends for decades, having gone to school together at Deerfield Academy in Deerfield, Mass. Russell had invited Synergistic to the Oklahoma, Texas A&M game, a game in which the Sooners had been picked to win. Synergistic and Sarah had flown into Tulsa on their leased NetJet with the Garmin avionics system. That evening, accompanied by Sarah, Jane Powell (Russell’s girlfriend) and Russell, Synergistic had enjoyed a simply prepared and delicious swordfish (the portion was almost always eight to ten ounces) for \$13.95, including a baked potato and hush

puppies. As much as Synergistic moved in unusually affluent circles, circles in which too much mixing could impair monetary judgment and perspective, Synergistic retained his sense for a good value, and the meal at White River was a great experience, especially at the price.

Now, this morning, in the unusual solitude afforded by an estate on ten acres, the quiet of the early day, mixed with the darkness, was powerful, aggravating the sleepiness he felt. He craved the Mexican Macho Ledged Super coffee brewing in the downstairs kitchen, the coffee that his neighbor, the culinary and home decorations goddess, Martha Stewart, had given him after a wild dinner party three weekends ago at her estate in nearby Greenwich. The subject of executive compensation was on his mind but he wanted to think about last night and today’s exciting events.

Synergistic knew that Mexican Macho Super Ledged would get him ready for this day, a day that might turn out to be the most exciting one of a successful career. Synergistic was regaining his characteristic energy. His mood brightened, he poured the coffee, thankful for the engineer who had created the pause and serve concept.

Now, as he sipped the potent Mexican Macho, he recalled that the purpose of the dinner last night was to suggest, and maybe even to aggressively advance, depending on how the chemistry of the evening developed, a deal between Church and Dwight, for whom he had done mergers and acquisition work, and the household products giant, Procter & Gamble (NYSE: PG), which had for decades been a client of Goldwoman, Facts, and Fantasies, and for whom Synergistic had done much work, most recently in 2001 when Procter called him to Cincinnati to help the household products giant unload its Jif Peanut Butter and its Crisco brands., brands that the J.M. Smucker (NYSE:SJM) bought from Procter & Gamble in 2001.

Synergistic was studious and conscientious and he knew the financial statements of Procter and Gamble inside and out. This was not the case, however, for Church & Dwight. So before last night’s dinner Synergistic had applied rigorous study to the company, poring over their annual reports and their filings with the Securities and Exchange Commission, and talking to every contact that he had in the household products industry. How well regarded was the company, which products were considered the leaders, what acquisition angles would make sense for the company, and other topics had been on Synergistic’s mind for weeks. His work was thorough, and as was always the case with Synergistic, by the time of the meeting with the client, everyone would agree that Synergistic had done his homework well. Before he was through with his study, he had come

upon one idea that he planned to suggest to Charles Fastpaced. Synergistic knew that [Procter & Gamble](#) had been struggling with its [Spinbrush](#) product, and was thinking of unloading it. The [Spinbrush](#) might be an attractive addition to [Church and Dwight's](#) dental care offerings. Perhaps [Church and Dwight](#) would be interested in the [Spinbrush](#)?

Synergistic had started his formal education at the [Aspen Country Day School \(Aspen, Colorado\)](#) where he had learned the value of scholarship and the importance of respect for others. From Aspen he attended [Deerfield Academy \(Deerfield, Massachusetts\)](#) where he excelled in mathematics and in English composition. His grades were good and [Harvard College \(Cambridge, Mass.\)](#) accepted him. There he took many liberal arts courses, and constructively spent his energy in intramural sports, always keeping time for the brainy women from [Radcliffe](#) whom he would meet for coffee on Friday and Saturday nights to discuss economics and philosophy, and any other subjects to which he could steer the conversation.

After [Harvard](#) he earned his M.B.A. at the [University of Michigan](#) in Ann Arbor. There he met his wife, Sarah, who was studying to be a management consultant. She now worked in the [Stamford](#) office of [Accenture \(NYSE: ACN\)](#) in their healthcare practice.

Synergistic had survived some tough academic environments, and he had learned the art of making assumptions and examining the abstract, but lots of school had not done a bit of harm to his ample store of native, unspoiled, uninhibited intelligence. Unlike some people who were very bright before they embarked on higher education and who jumped through all the hoops that the professors positioned, obeying all the arbitrary rules, meeting all the prerequisites and the requisites, Synergistic had survived academic rigor with his common sense and his street smarts intact.

But that would be no surprise, if you knew Synergistic. All his life he had had the benefit and the privilege of outstanding training and capable and kind mentors.

Synergistic worked at Goldwoman, Facts, and Fantasies, Ltd. in their household products merger and acquisition department, at 26 Wall Street, commuting from his home on the outskirts of [Westport, Connecticut](#).

And today, because it was such a big day he would put special reliance on [NAVTEQ](#). He wanted to get to the office to hear the expected announcement on [BusinessWire](#) and to see the prices of the two marriage partners change in response to this momentous moment. This morning [Procter & Gamble](#) and [Gillette](#) were set to announce their merger. [Procter & Gamble](#) had pursued

[Gillette](#) over many months, there had been many negotiations, many stops and starts, and Synergistic had found the months of suspense and uncertainty taxing and exciting, nerve-wracking when he feared the negotiations might collapse, but exciting as he salivated over the seven figure fee he was about to collect. Synergistic was supposed to make one plus one equal three and he believed that the merger of [Procter & Gamble and Gillette](#) would satisfy that equation.

Usually Synergistic would take the 6:51 a.m. MTA MetroNorth from Westport, but today he was in a rush to make some early phone calls at his office and he wanted to have his car available for other reasons. So he said no to the commuter train and decided to use his [BMW 760Li](#) sedan in black sapphire metallic, a car that was blue-tooth compatible with the factory installed navigation system powered by [NAVTEQ \(NYSE: NVT\)](#) and [Garmin](#). Of course before he started out he would consult [MapQuest](#), just to review the route across the New York border on Interstate 95 and into Connecticut.

Synergistic, always alert to investment opportunities, had wondered, from the first time he had used [MapQuest](#), who was behind MapQuest?_ Which company had created and supplied the maps that were indispensable to MapQuest?_ With research, Synergistic learned that the company was [NAVTEQ](#). He went to the [NAVTEQ](#) home page and found that the company's map database enabled real-time, detailed turn-by-turn route guidance through navigation systems, portable or installed in a car or in an airplane, or in trucks owned by [United Parcel Service \(NYSE:UPS\)](#).

In fact, in 2005, MapQuest counted more than eighteen billion route planning transactions, all producing a small license fee to [NAVTEQ](#) and all flowing from the company's database in North America to leading Internet portals and websites. So when [Synergistic](#) accessed the [MapQuest](#) database on January 28, he knew that [NAVTEQ](#) would collect a small fee, but nevertheless a fee, from his use of [MapQuest](#).

Suburban, rural Connecticut is one of the country's most affluent, dynamic and increasingly crowded areas, and is itself a metroplex, as well as part of the geography and culture of the [New York City](#) metropolis. No matter how many roads are built, it is a good bet that every major artery is almost always busy, if not packed or jammed, with cars moving in and out of lanes, and drivers giving little breathing room to the vehicles ahead of them. So [MapQuest](#), [NAVTEQ](#), and [Traffic.com](#) were indispensable for driving success. And today Synergistic again considered his options.

The Metro North would probably arrive on time but getting to Grand Central was only half the battle.

If you know **New York City**, and I grew up in New York City, you know that, assuming no train delays, once you get to Grand Central, you still have to get to Wall Street, either by subway or by taxi. Subway might be fastest, although you can't rule out delays. Taxi might be impossible. Synergistic knew the score and he **knew** that the car might be fastest. With **Traffic.Pulse**, provided by **Traffic.com**, **he** knew he would be **apprised of changing traffic** conditions. So he was willing to gamble on his **BMW**, **Garmin**, **NAVTEQ**, **Traffic.com** and **Traffic Pulse**. As he straightened his tie he thought about the indispensable maps that **NAVTEQ** provided. He also thought about **Traffic.com**, as his street smarts turned on, activated by **Mexican Macho**. **Traffic.com** had placed sensors on the interstate highways that served fifty major metropolitan areas, sensors that measured the flow and the intensity of traffic. **Traffic.com** broadcasted this flow and intensity through **XM Satellite** and through the internet so that a driver in one of these major cities could always be up to date on the guerilla warfare that characterizes a commute in major cities.

So after putting on his **Armani**, his **Prada** loafers, and a tie, he went into his study. He turned on **XM Radio** to get a report on the metro traffic conditions from **Traffic.com**, a company that received more than fifty million bits of traffic data, such as speed, delays, on the fifty largest metropolitan areas in the country, every day.



The firm's fearless leader and the writer of this investment report, Fredric E. Russell (see vitae below), and his colleagues from right to left: Cammi Hyde, and Meredith Bohot, both in client relations, and Stephen Shepherd, portfolio management. (Not pictured: Linda Robinson, accountant.)

End of Part I. Stay tuned to **Traffic.com** and **XM radio**, and to our web site, www.fredricerussell.com, for Part II and more of the life of Steven Synergistic and more satire on the world of investment banking, and more facts about **NAVTEQ**.

Clients, officers, shareholders, and employees of the Fredric E. Russell Investment Management Co. have a position in the following companies: **NAVTEQ**: this position consists of 23,625 shares with a first purchase date of October 20, 2006 at an average cost of \$29.72. The closing price on February 5, 2007 was \$36.06. The market value is now \$856,917.00; **Garmin**: 49,530 shares with a first purchase date of August 28, 2006 at an average cost of \$46.03., or \$2,279,865.90. The closing price on February 5, 2007 was \$50.86. The market value is now \$2,519,095.80; **Trimble Navigation, Limited**: 33,767 shares with a purchase date of July 27, 2005 at an average cost of \$38.70, or \$1,306,782.90. The closing price on February 5, 2007 was \$56.07. The market value is now \$1,893,315.60.

Thanks to **J. Pat Murphy, Professional Land Surveyor** at Tulsa **Engineering & Planning Associates, Inc.** and of course, to Meredith Bohot, Cammi Hyde, and Stephen Shepherd, my fellow workers who helped by giving perspective on the many day to day uses of global positioning systems., and who also helped with the editing and formatting of this letter or report.

The writer of this report, Fredric E. Russell, lists the following as his academic background: **B.A., Swarthmore College, Swarthmore, Pa.**; **M.B.A, and M.A., Washington University, St. Louis, Mo.** He also holds the CPA certificate, and has taught accounting at the university level. He believes his love for writing and his usually correct grammar come from spending four years learning the English language at Deerfield Academy in Deerfield, Mass., and from reading everything well written he can find.

We may liquidate, decrease, or increase these positions at any time, without any prior notification to anyone. Due care has been taken to insure the accuracy of the contents of this letter but the firm does not guarantee such accuracy. This is not a solicitation of any order to buy or sell; and our views may change with regard to the above mentioned securities.