Argus Performance Review

First Quarter 2011

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Argus Research, founded in 1934, produces, distributes and markets high-quality independent investment and economic research for investors. Our recommendations – BUY, HOLD and SELL – reflect the judgment of an analyst about a company's prospects as an investment in terms of value, expected growth and risks.

We have developed a six-point system for analyzing stocks over the 75 years we have been in providing research. The system involves rigorous quantitative analysis into a company's growth prospects, financial strength and valuation. But the framework also requires detailed qualitative analysis into the company's industry, the risks it faces, and the quality and integrity of its management team.

We believe that the Argus Research Six-Point System, combined with our independence, gives us an edge as we develop our ideas, forecasts and ratings.

In this report, we provide some measurement of the success and or effectiveness of our proprietary investment approach. "Quality" and "performance" are not easily defined in investment research. For some clients, the focus is on stock picks. For others, timeliness. Still others are interested in differentiated industry insights. Many buy-siders value relationships and access.

We approach performance from four angles:

1. **Our model portfolios.** These portfolios are managed by senior Argus analysts and are maintained on the independent Advent system, which generates the quarterly performance metrics.
2. **Our BUYS versus our SELLS and the S&P 500.** This study addresses whether our BUYS are outperforming our SELLS and the market. Abacus Analytics produces this performance measurement.
3. **Our stock recommendations versus the recommendations of other research firms.** We rely on data from Investars to measure our performance against our peers.
4. **Analyst awards.** Our analysts' ratings are continually measured by Starmine, Factset and Bloomberg, among other firms. On this page, we list our latest top performers and award winners.

For more information about Argus' performance, please contact President John Eade or Director of Research Jim Kelleher, CFA.

ARGUS MODEL PORTFOLIOS

Since 1997, Argus has maintained model portfolios including the Equity Income, Growth & Income and Mid-Cap models. Our Model Portfolio report includes Investment Policy Statements for each of the models, including objectives, portfolio constraints and risks.

The objective of the hypothetical Equity Income Model Portfolio is to seek an above-average level of current income.

The objective of the hypothetical Growth & Income Model Portfolio is to seek current income and long-term growth of capital.

The objective of the hypothetical Mid-Cap Model Portfolio is to seek capital growth.

The following table shows the hypothetical returns of the model portfolios through the first quarter of 2011. Net of fee results include hypothetical direct trading costs of $25 per trade and a hypothetical annual management fee of 100 basis points. These returns reflect the reinvestment of dividends and other earnings. Performance results do not address tax considerations. For comparison purposes, returns of the model portfolios are compared to returns for the S&P 500 index. This benchmark was chosen because it is aligned with the Argus Universe of Coverage. The returns do not represent actual trading and they may not reflect the impact that material economic and market factors might have had on our decision-making if we were actually managing clients' money.

For more information, please see our Model Portfolio report on www.argusresearch.com.

ARGUS MODEL PORTFOLIOS

Portfolio	1Q11	1-Year*	3-Year*	5-Year*
Equity Income	5.1%	18.4%	1.5%	4.5%
Growth & Income	7.4%	17.3%	1.7%	3.2%
Mid-Cap Growth	14.3%	21.6%	-2.4%	1.1%
S&P 500	**5.9%**	**15.1%**	**-2.9%**	**2.3%**

** For the period 3/31/11*
Past performance of the model portfolios is not indicative of future performance.

ARGUS RATINGS VS. THE MARKET

We quantify the performance of our BUY, HOLD and SELL ratings against the S&P 500 and against each other in order to demonstrate our ability to differentiate stocks among sectors and to identify stocks that can potentially outperform the market.

For this review, we rely on data from Abacus Analytics that is supplied to us by BNY Convergex. Abacus' approach is to group all Argus BUY ratings into a portfolio, and then to provide performance calculations and portfolio metrics on the Argus portfolio.

1. **Portfolio Performance**. In this measurement, the performance of the Argus BUY Ratings is compared to the S&P 500 over different time frames.

ARGUS BUY RATINGS VS. THE MARKET

	Trailing				
% Returns	**28 Days**	**91 Days**	**182 Days**	**273 Days**	**365 Days**
Argus BUYS	1.66	7.01	18.64	38.54	20.47
S&P 500	0.95	6.41	17.34	32.2	15.34

Note: the measurement period ended 4/1/2011

2. **Risk Analysis**. Abacus Analytics calculated that the beta on the Argus BUY-rated portfolio with respect to the S&P 500 Index was 1.1 over the two-year period from April 1, 2009 to April 1, 2011, compared with the beta on the Argus HOLD-rated portfolio, which was 1.29 and the Argus SELL-rated portfolio, which was 1.5.

3. **Reliability: Weekly.** Abacus calculated that the Argus BUY rating portfolio had positive weekly returns 63% of the time. A portfolio of SELL-rated stocks had positive weekly returns 57% of the time.

4. **Reliability: Monthly.** Abacus calculated that the Argus BUY rating portfolio had positive monthly returns 80% of the time. A portfolio of SELL-rated stocks had positive monthly returns 72% of the time.

For more information about Abacus' approach, please see www.abacus-analytics.com.

ARGUS RATINGS VS. THE COMPETITION

We quantify the performance of our ratings against other research firms as part of our benchmarking program. For this review, we rely on data from Investars (www.investars.com).

Investars' methodology allows investors to "see how each firm stacks up against the others… across a selected date range." The Investars methodology involves grouping a research company's BUY ratings into $10,000 portfolios, and then measuring the average daily gains or losses in those portfolios.

In the Table, we compare a portfolio including the relevant stocks rated BUY from the complete Argus Universe of Coverage against the similar portfolios of world-class research organizations. These portfolios are measured over a two-year period. The independent data indicate that the Argus Research portfolio would have generated a daily gain of $14.88, compared with the average daily gain of $13.69 for the Morgan Stanley portfolio.

Investors should understand that the methodologies employed by firms such as Investars may show biases, depending on recent market performance, toward companies that focus their coverage on large-cap or small-cap stocks, or by sector. Further, in a bull market, firms that tend to have more stocks on the BUY list often outperform their peers, while in a bear market, firms that tend to have more stocks on the SELL list often outperform.

For more information, please see www.investars.com.

ARGUS RESEARCH PERFORMANCE COMPARISON

Research Group	Investars Daily Return ($)
Credit Suisse	18.70
Barclay's Capital	18.52
JP Morgan	17.51
Bank of America	16.87
UBS	16.67
Deutsche Bank	15.47
Argus Research	14.88
Zacks Investment Research	14.79
Goldman Sachs	14.61
Morgan Stanley	13.69
Standard & Poor's	12.87
Columbine Capital Services	12.83
Ford Equity Research	11.26

Source: Investars (http://www.investars.com)

Daily Return is calculated over a trailing two-year period, using $10,000 portfolios and the BUY ratings within each company's coverage of S&P 500 components. Data: As of 4/1/2011.

Past performance is not indicative of future performance. A fee is paid by Argus to Investars to participate in this survey.

ARGUS ANALYST PERFORMANCE

As our final performance measure, we look at the accuracy of the individual analysts. Our sources for this review include Starmine, Factset/The Wall Street Journal and Bloomberg. These organizations measure the accuracy of stock recommendations and earnings estimates.

For our review this quarter, we are using data from Yahoo!Finance and Starmine. Starmine measures analysts' performance based on the returns of their buy/sell stock recommendations. In measuring stock picking ability, the analysts are ranked according to StarMine's calculation of "Industry Excess Return." IER, according to Starmine, measures the performance of an analyst's recommendations in a particular industry in comparison to a benchmark for that industry. StarMine also measures analyst recommendations. The data is published on Yahoo!Finance.

Here is a list of some of the Argus analysts who have been recognized by Yahoo and Starmine for their stock-picking performance, followed by the sector they cover, and by the percentage they outperformed their industry benchmark, according to Starmine.

- **Joe Bonner** was ranked 4th out of 26 analysts covering the Diversified Telecom Services sector, outperforming the industry benchmark by 6.1%.
- **John Staszak, CFA**, ranked 3rd out of 14 in the Airline industry, outperforming the industry benchmark by 6.8%.
- **Erin Ashley Smith, CFA**, was ranked 10th out of 40 in the Specialty Retail industry, outperforming the industry benchmark by 9.2%.
- **David Ritter** ranked 3rd out of 10 in the Diversified Financial Services industry, outperforming the industry benchmark by 6.9%.
- **Gary Hovis** ranked 8th out of 26 analysts for the Electric Utilities industry, outperforming the industry benchmark by 6.3%.
- **Jim Kelleher, CFA**, ranked 9th out of 22 analysts for the Electronic Equipment and Instruments industry, outperforming the industry benchmark by 3.8%.
- **Chris Graja, CFA**, ranked 7th out of 16 in the Multiline Retail industry, outperforming the industry benchmark by 4.2%.

The measurement period was between April 20, 2010 and April 21, 2011.