

GRADIENT ANALYTICS INTRODUCES INNOVATIVE NEW QUANTITATIVE MODEL FOR PORTFOLIO MANAGERS

Comprehensive Model Outperforms Traditional Benchmarks

FOR IMMEDIATE RELEASE

February 20, 2007, Scottsdale, AZ—Gradient Analytics Inc. said today that it has introduced an innovative quantitative model that will be sold to portfolio money managers. The Company's "Comprehensive Model" combines numerous signals from its intellectual property database into one model designed to provide a comprehensive outlook for a company. Performance reviews found that the model's highest rated stocks outperformed all of the most popular Wall Street benchmarks, averaging a 31 percent return annually compared to 9.7 percent for the Standard and Poor's 500, 10.3 percent for the Dow Jones Industrial Average, and 12.2 percent for the Nasdaq Composite since 1994.

A rigorous, scientific approach combines the Company's previously developed earnings quality, equity incentive, fundamental, and technical models. These individual models were developed based on academic and proprietary research by the Company's founders and team of financial engineers. The models have been used successfully by money managers since 2002.

Gradient's newest model produces a comprehensive outlook for a stock. Scores for stocks are produced ranging from 1 (equivalent to a strong sell) to 5 (equivalent to a strong buy). The model runs weekly for each of the largest 5,000 U.S.-based public companies. Dynamic adjustments are made every month to the underlying component models' weighting for each sector to ensure the signals that are most in favor receive the optimal weighting.

The quantitative investment approach is a technique that seeks to predict stock-price behavior through complex mathematical and statistical modeling, measurement, and research. Using a statistically-based investment approach has been shown to produce market-beating returns for professional portfolio managers at mutual funds and hedge funds.

Gradient expects its newest model to build on the success of its previously released models by helping portfolio managers improve their returns and mitigate risk through the Company's proprietary intellectual property library.

Gradient Analytics Inc.

Gradient Analytics is the country's leading independent equity research firm focused on forensic accounting and executive compensation. Its clients include mutual funds, hedge funds, and other professional money managers. Its principal products are two qualitative services (Earnings Quality Analytics and Equity Incentive Analytics) and several quantitative model offerings, all of which build on the firm's financial engineering roots.

www.gradientanalytics.com



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| 14614 NORTH KIERLAND BLVD | | NO. S-260 |
| SCOTTSDALE | ARIZONA | 85254 |
| t 480.998.8585 | f 480.998.4747 | |



NOTE: Comprehensive model returns are based on a portfolio of stocks rated 5, the model's highest rating. Stocks are held from the point at which they are assigned a score of 5 until they are no longer scored as a 5. Transaction costs of five (5) cents per share are used in the performance analysis.

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Contact: Karen Hinton
Hinton Communications
1215 19th Street, NW
Washington, DC 20036
703.798.3109 (tel)
480.275.3554 (fax)