

GRADIENT ANALYTICS RELEASES PERFORMANCE SUMMARY THROUGH 2006



Analysis of Earnings Quality of Healthcare & Tech Sector Yields Exceptional Results

FOR IMMEDIATE RELEASE

June 6, 2007, Scottsdale, AZ— Gradient Analytics Inc. today released a performance review of its forensic accounting and earnings quality research service that showed publicly traded companies receiving a negative review have consistently underperformed their peers. Further, Gradient was particularly insightful in the Healthcare and Technology sectors.

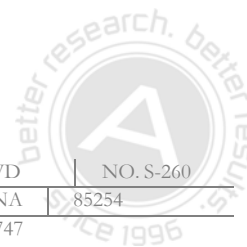
“These results demonstrate that forensic accounting and earnings quality research brings actionable ideas and tremendous value to our clients. Whether as a predictor of underperforming or outperforming stocks or as a risk-management aid, Earnings Quality Analytics has tremendous strength,” said Brad Forst, president and CEO.

Despite litigation against Gradient by some companies on which it has performed critical analyses, the independent research firm continues to publish a wide range of reports on publicly traded firms.

“We have not been deterred by the lawsuits and are proud of our track-record in providing independent opinion on public companies. Although sometimes unpopular, independent research plays a vital role in the efficiencies and information flow in the equities market,” said Forst.

Since the inception of Gradient’s Earnings Quality Analytics (EQA) division in 2002 through the end of 2006, EQA’s proprietary models, financial engineers, and analysts’ examination of underlying earnings quality have provided clear indications of firms’ underperformance. About 14% of Alerts and Bulletins published by EQA from 2002 to March 2007 had a positive outlook on companies’ performance.

Gradient co-founder and EQA Editor-in-Chief Dr. Donn Vickrey noted that since inception, EQA has “produced outstanding excess returns relative to size, sector, size-and-sector peer groups, and the S&P 500.”



“EQA’s performance since inception has been exceptional. The unit published 457 reports with a D or F grade examining accounting-based signals of future share-price underperformance,” Vickrey added.

Demonstrating the value of Gradient’s EQA views as a predictor of underperforming stocks and as a risk-management tool for the institutional manager, EQA’s D and F reports underperformed peers by 5.3% and 9.2% in the ensuing six-, and twelve-month periods over the full history of coverage. In 2006, companies reviewed in EQA’s D and F reports underperformed peers by 3.1% and 10.2% in the ensuing six-, and twelve-month periods.

EQA was particularly insightful in the Healthcare and Technology sectors. Through the period ended December 31, 2006, Gradient published 89 reports with negative earnings quality views for companies in the Healthcare sector. These healthcare companies underperformed their peers by 13% in the ensuing six months and by 23% in the ensuing 12 months from publication. In the Technology sector, twelve early warning alerts with negative earnings quality views were published with an average underperformance of 14% and 17% at the six and twelve month period.

Gradient Analytics is the country’s leading independent equities research firm. Gradient’s research has been shown to uncover issues that have a significant impact on equity valuations, but often are not impounded into securities’ prices. Gradient’s financial engineers routinely conduct directed research related to earnings quality and accounting practices for 2,400 publicly traded companies.

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