

SEC TERMINATES INVESTIGATION OF GRADIENT ANALYTICS, SAYS NO ENFORCEMENT ACTION RECOMMENDED

**“Independent, objective research may be unpopular with some companies,
but it is vital information in the equities market”
– Gradient Analytics**

FOR IMMEDIATE RELEASE

Scottsdale, AZ (February 14, 2007) – Gradient Analytics announced today that the U.S. Securities and Exchange Commission has terminated its investigation of the company, recommending that no enforcement action be taken. The SEC informed Gradient of its decision this week in a letter from the SEC’s San Francisco District office.

Gradient Analytics President and CEO Brad Forst said, “We stand by our research. Independent and objective research may be unpopular with some companies, but it is vital information in the equities market. We are not surprised by the SEC decision. We believe our business conduct has always been conducted with integrity.”

“We cooperated fully with the SEC to demonstrate that we have nothing to hide. During its year-long investigation, the SEC thoroughly reviewed Gradient’s business practices. The SEC received hundreds of thousands of documents and interviewed numerous witnesses. This decision confirms our resolve to continue our efforts to publish true and insightful information, in spite of the efforts of others to deflect attention from their own bad news and questionable business models,” said Forst.

The SEC began its investigation after Overstock.com (OSTK:NASDAQ), an Internet retailer, filed a lawsuit against Gradient and five other defendants in the California court system, alleging stock market manipulation. Overstock.com, a publicly-traded company, has been troubled by poor financial performance and is the subject of an ongoing SEC investigation. The SEC also asked Gradient for information related to its analyst reports on Biovail (BVF:NYSE), a Canadian pharmaceutical company that also filed a lawsuit against Gradient and 21 other named defendants in the New Jersey court system. Biovail also is a subject of investigation by both the OSC (Ontario Securities Commission) and the SEC.

Forst said Gradient Analytics is firm in its conviction that the First Amendment protects its independent research analysts — as well as financial journalists — from lawsuits, such as the one brought by Overstock.com.

“Our work represents both the right of free speech and the right of shareholders and investors to understand the questionable business practices of public companies. We are not in the business to win popularity contests. Our work is rigorous, objective and independent. We let the chips fall where they may,” said Forst.



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 fund, hedge fund, 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

#

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