

# THE JOURNAL REPORT

THE WALL STREET JOURNAL.

© 2006 Dow Jones & Company, Inc. All Rights Reserved.

MONDAY, MAY 22, 2006 R1

## Firm by Firm: Tally of Awards Won by 72 Research Firms

Firms are ranked according to the total number of Best on the Street awards their analysts earned. Ties were broken by "batting averages," which are each firm's number of awards divided by the number of analysts it had who qualified for the survey. In the case of remaining ties, the firms are listed alphabetically. There were 220 awards this year, or five in each of 44 industry groups.

FIRM	TOTAL AWARDS	NUMBER OF QUALIFYING ANALYSTS	BATTING AVERAGE	FIRM	TOTAL AWARDS	NUMBER OF QUALIFYING ANALYSTS	BATTING AVERAGE
1 A.G. Edwards	9	43	0.209	38 BB&T Capital Markets	2	16	0.125
2 Citigroup	9	60	0.150	39 Argus Research	2	17	0.118
3 Credit Suisse	8	45	0.178	40 FTN Midwest Securities	2	21	0.095
4 Standard & Poor's <sup>1</sup>	8	52	0.154	41 RBC Capital Markets	2	32	0.063
5 J.P. Morgan Chase	8	64	0.125	42 Friedman, Billings, Ramsey	2	33	0.061
6 Piper Jaffray	7	30	0.233	43 Goldman Sachs	2	40	0.050
7 Wachovia Securities	7	33	0.212	44 Maxim Group	1	1	1.000
8 UBS	7	46	0.152	Northland Securities	1	1	1.000
9 Bear Stearns	7	50	0.140	Santander Investment	1	1	1.000
10 Robert W. Baird	6	25	0.240	Seidler Cos.	1	1	1.000
11 Thomas Weisel Partners	6	29	0.207	Weeden & Co.	1	1	1.000
12 Stifel Nicolaus <sup>2</sup>	6	37	0.162	49 Blackmont Capital	1	2	0.500
13 Keefe, Bruyette & Woods	5	18	0.278	JSA Research	1	2	0.500
14 KeyBanc Capital Markets	5	22	0.227	51 Canaccord Adams	1	3	0.333
15 Jefferies & Co.	5	28	0.179	Craig-Hallum Capital	1	3	0.333
16 Prudential Equity Group	5	33	0.152	Hoefler & Arnett	1	3	0.333
17 Raymond James	5	34	0.147	Sterne, Agee & Leach	1	3	0.333
18 Banc of America Securities	5	49	0.102	55 Dowling & Partners	1	4	0.250
19 Merrill Lynch	5	56	0.089	Green Street Advisors <sup>1</sup>	1	4	0.250
20 Buckingham Research	4	15	0.267	57 Ferris, Baker Watts	1	5	0.200
21 Harris Nesbitt	4	17	0.235	Petrie Parkman	1	5	0.200
William Blair	4	17	0.235	WR Hambrecht	1	5	0.200
23 Bernstein & Co.	4	20	0.200	60 C.E. Unterberg, Towbin	1	6	0.167
24 CIBC World Markets	4	29	0.138	Hilliard Lyons	1	6	0.167
25 Deutsche Bank	4	37	0.108	Johnson Rice	1	6	0.167
26 Morgan Stanley	4	52	0.077	Leerink Swann	1	6	0.167
27 Lehman Brothers	4	54	0.074	64 First Analysis Securities	1	7	0.143
28 Fulcrum Global Partners <sup>3</sup>	3	11	0.273	Wedbush Morgan Securities	1	7	0.143
29 Morgan Keegan	3	13	0.231	66 Ryan Beck	1	9	0.111
30 SunTrust Robinson Humphrey	3	15	0.200	67 Adams Harkness	1	10	0.100
31 Needham & Co.	3	16	0.188	ThinkEquity Partners	1	10	0.100
32 Avondale Partners	2	5	0.400	69 BMO Nesbitt Burns	1	12	0.083
33 D.A. Davidson	2	8	0.250	Oppenheimer & Co.	1	12	0.083
34 Janney Montgomery Scott	2	11	0.182	71 Sandler O'Neill	1	15	0.067
JMP Securities	2	11	0.182	72 Sidoti & Co.	1	20	0.050
36 Stanford Financial Group	2	13	0.154				
Stephens Inc.	2	13	0.154				

Source: Thomson Financial

<sup>1</sup> Firm wasn't included in Thomson Financial database in 2005; ranking based on data specially submitted.

<sup>2</sup> Includes analysts working for Legg Mason when its research business was acquired in 2005.

<sup>3</sup> Research assets acquired by Soleil Securities Corp. this year.

STANDARD  
& POOR'S

(over please)

THE PUBLISHER'S SALE OF THIS REPRINT DOES NOT CONSTITUTE OR IMPLY ANY ENDORSEMENT OR SPONSORSHIP OF ANY PRODUCT, SERVICE, COMPANY OR ORGANIZATION.  
Custom Reprints (609)520-4331 P.O. Box 300 Princeton, N.J. 08543-0300. DO NOT EDIT OR ALTER REPRINT/REPRODUCTIONS NOT PERMITTED #30849

DOW JONES

# The Master Stock Pickers

The top five stock pickers in each industry, ranked on their recommendation-performance scores for 2005. Performance scores were calculated based on the estimated total return, including price changes and dividends, of each eligible stock an analyst covered in an industry, as well as the number of stocks the analyst covered within that industry. Analysts got credit for being right about buy and sell recommendations. For a stock rated a "buy," a positive total return yielded a positive score, but a negative return produced a neg-

ative score. Similarly, for a stock rated "sell," a negative total return yielded a positive score while a positive return resulted in a negative score.

The number next to each analyst's name refers to the number of years he or she has been recognized in The Wall Street Journal's survey. The firm listed for each analyst is the one at which the analyst worked the longest during 2005 and the one that gets the credit for his or her achievement. Whenever possible, a footnote indicates if an analyst is no longer at the firm shown. For each industry, the number of analysts evaluated and their median score are shown.

2—Two-year winner 3—Three-year winner 4—Four-year winner 5—Five-year winner 6—Six-year winner 7—Seven-year winner 8—Eight-year winner 10—Ten-year winner

Source: Thomson Financial

<b>GARY MCDANIEL</b>	<b>Advertising &amp; Publishing</b>	<b>ANISHKA CLARKE</b>	<b>Food &amp; Tobacco</b>
<b>JIM CORRIDORE</b>	<b>Airlines</b>	<b>PHILLIP SELIGMAN</b>	<b>Health Care Providers</b>
<b>RICHARD JOY</b>	<b>Beverages</b>	<b>HERMAN SAFTLAS</b>	<b>Pharmaceuticals</b>
<b>GARY MCDANIEL</b>	<b>Broadcasting &amp; Entertainment</b>	<b>WILLIAM MACK</b>	<b>Restaurants</b>

## How the Survey Was Conducted

**T**HE METHODOLOGY for The Wall Street Journal's Best on the Street Analysts Survey was developed by the Journal and Thomson Financial to identify the top analysts of 2005.

This year's survey focuses on 44 industries thought to be of particular interest to investors. Within each industry, the survey sought to identify the top five analysts. The only measure used was stock-picking skill.

Every analyst, whether a well-known veteran at a major Wall Street securities firm or an eager unknown from a small regional firm, had to meet the same requirements and was subject to the same standards. From the initial planning through each step leading to publication of the survey, every effort was made to ensure objectivity, accuracy and fairness.

The data on which the rankings are based were subjected to a rigorous verification process that gave analysts and their firms repeated opportunities to point out errors and to make suggestions. For example, Thomson Financial created a special Web site that allowed analysts to see the underlying data on which they were to be evaluated and request changes in any information they considered inaccurate. Preliminary stock-picking winners were interviewed individually by Wall Street Journal reporters and given an opportunity to challenge the data before the final results were calculated.

### ANALYST ELIGIBILITY

This year's 213 Best on the Street analysts were selected from a universe of more than 4,000 analysts at more than 280 firms. Of that group, 1,707 analysts met the survey's eligibility tests and qualified to have their research analyzed in detail.

To be eligible, analysts must have been based in the U.S. or Canada. Typically, they worked for the same firm throughout 2005. But analysts who switched firms during the year could qualify if they met all the basic requirements. (For purposes of evaluating the overall performance of the securities firms at which the analysts worked, the firm at which an analyst worked longest in 2005 got the credit.)

Analysts generally were required to have had some sort of "buy," "hold" or "sell" recommendation on at least five stocks in any of the survey's 44 industry groupings to be eligible in that industry and were eligible in as many industries as they met coverage requirements. An analyst's coverage within an industry must have included at least five stocks during any three calendar quarters in 2005 and at least four stocks in the remaining quarter.

### ELIGIBLE COMPANIES

To be counted in determining analysts' eligibility and in evaluating their stock-picking performance, a stock must have been traded on the New York Stock Exchange, the American Stock Exchange or the Nasdaq Stock Market during 2005. In addition, it must have had a price (not split-adjusted) of at least \$2 a share at the start of the year 2005; in the case of initial public offerings during the year, the offering price must have been at least \$2 a share. American depositary receipts meeting these basic requirements were included.

The 44 industry groups in the 2006 survey were derived using the Industry Classification Benchmark, or ICB, which is a product of Dow Jones Indexes and FTSE Group. This is the sector-classification structure used to classify stocks within all 4,000-plus Dow Jones indexes since Dec. 20, 2004. It comprises 10 industries, 18 supersectors, 39 sectors and 104 subsectors. Dow Jones Indexes is a unit of Dow Jones & Co., publisher of The Wall Street Journal.

Dow Jones indexes underlie a variety of financial products, including

exchange-traded funds, futures and options contracts, mutual funds and variable annuities, and are delivered through a variety of real-time and end-of-day market data vendors. Major indexes are published daily in The Wall Street Journal's Money & Investing section and weekly in the Market Week section of Barron's, and are disseminated via radio and television.

Further information about the Industry Classification Benchmark and Dow Jones indexes can be found online at [www.djindexes.com](http://www.djindexes.com) and [www.icbenchmark.com](http://www.icbenchmark.com).

In some cases, such as the survey's advertising & publishing category, ICB sectors or subsectors were combined. In the case of the survey's semiconductor and semiconductor equipment-manufacturing categories, an ICB subsector (semiconductors) was subdivided.

### PERFORMANCE MEASUREMENT

Analysts' skill in picking stocks was measured using recommendation-performance scores calculated by Thomson Financial on the basis of the estimated total return, including price changes and dividends, of each eligible stock an analyst covered in an industry. Total return data were provided by Thomson Datastream.

Recommendations were recorded using Thomson Financial's standardized 1 to 5 rating scale, where a "1" is the strongest buy recommendation and a "5" is the strongest sell recommendation. Recommendations from each firm were translated to the standardized scale according to the firm's prior agreement with Thomson Financial.

To calculate final scores for the survey, the recommendations were converted into a three-tier scale. All 1's and 2's were converted equally into the positive category (i.e., "buy"), 3's were converted into the neutral category ("hold"), and the 4's and 5's were converted equally into the negative category ("sell").

Analysts got credit for being right about "buy" and "sell" recommendations. For a stock rated a "buy," a positive total return yielded a positive score on that stock, but a negative return produced a negative score. Similarly, for a stock rated "sell," a negative total return yielded a positive score while a positive return resulted in a negative score. "Hold" recommendations did not affect the score.

The final performance score also reflects such factors as the number of stocks in an analyst's "portfolio." Returns for each recommendation change (for example, an initial "buy" recommendation or a downgrade from "buy" to "hold") were calculated beginning with the 4 p.m. (Eastern time) closing price the day before the change.

### DATA COLLECTION

The recommendations on which the rankings are based typically were collected throughout the year by Thomson Financial as part of its business of disseminating and analyzing brokerage-house research. As a result, the information was generally subject to the basic policies to which brokerage firms agree when they submit information to Thomson Financial.

In the case of team coverage, for example, firms were asked to tell Thomson Financial which individual analyst should get the credit.

### ADDITIONAL INFORMATION

Calculations for the Best on the Street Analysts Survey were performed by Thomson Financial. Questions about data collection, the methodology and calculations should be directed to Thomson Financial, at 617-856-2334 or [wjsurvey@thomson.com](mailto:wjsurvey@thomson.com).