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INVESTORS' SERVICE

Providing Quality Investment Analysis and Research for Over 50 Years

About The Approved Wright Investment List

The Approved Wright Investment List consists of over 375 of America's finest major corporations which meet *Wright* standards of premium investment QUALITY, the first of three basic investment criteria of QUALITY, VALUE and TIMING, which determine *Wright* investment management decisions and recommendations.

QUALITY in common stocks is represented by those thoroughly well-established, publicly owned corporations with

- (1) broad investment acceptance, and
- (2) sound financial structures, which have
- (3) consistently made substantial profits for their stockholders during periods of economic adversity as well as prosperity and
- (4) maintained comparatively superior rates of growth of shareholders' equity, earnings and dividends.

Only those corporations which meet high specific standards of premium investment quality may be considered for listing on *The Approved Wright Investment List*. **Wright Quality Ratings** provide the means by which the fundamental criteria for the measurement of quality can be objectively evaluated.

These criteria are the specific components of:

- (1) Investment Acceptance,
- (2) Financial Strength,
- (3) Profitability and Stability, and
- (4) Growth.



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About The Approved Wright Investment List - continued

Investment Acceptance reflects the acceptability of a security by and its distribution and marketability among individual and institutional investors, and the adequacy of the floating supply of its common shares for the investment of substantial funds.

Financial Strength represents the amount, the adequacy and the liquidity of the corporation's resources in relation to current and potential requirements. Its principal components are aggregate equity and total capital, the ratio of invested equity capital to debt, the adequacy of net working capital, its fixed charges coverage ratio and other appropriate criteria.

Profitability measures the record of a corporation's management in terms of

- (1) the rate of (a) net return and (b) cash return on shareholders' equity capital investment at corporate book value,
- (2) net return before preferred dividends and interest on assets,
- (3) pretax and operating return on assets, and
- (4) the profits or losses of the corporation during generally adverse economic periods, and thus its ability to withstand adverse financial developments.

Growth is the element that distinguishes the return on equity investments from the fixed income on dollar-obligation securities. For investors, this is primarily the growth per common share of the corporation's earnings, cash earnings, dividends, retained earnings, assets and sales – rather than the corporation's overall growth of dollar sales and income.



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1	2	3	4	5	6	7					8	9a	9b	10a	10b	11		12		
Ticker Symbol	Industry Name of Stock	Mkt Cap \$Mil	Wright Quality Rating	Wright Attract Rating	Cur- rent	Market Price & Trends					Last 52 Weeks	Earnings		Dividends		Ratio of Price to		Book Value		
						Year to Date High	Year to Date Low	Last 1 Week	Last 13 Weeks	Last 52 Weeks		Last 12 Months Amount	% Chg vs Yr Ago	Ind Rate	Ind Yld	Earnings Cur- rent	5 Yr Avg	Cur- rent	5 Yr Avg	
Industry Classification (###)																				
ABC	ABC COMPANY	3699	BBA20	III	31.50	32.06	20.13	-0.4%	27%	4%	Q	1.60	+8	0.00	0.0%	19	22	3.2	6.1	
DEF	DEF COMPANY	2545	AAA13	III	46.13	48.00	30.94	0.7%	29%	4.1%	Q	3.12%	+21	0.45	1.0%	14	17	2.9	2.7	
GHI	GHI COMPANY	11851	AAA11	II	42.94	53.50	25.81	8.4%	-10%	-28%	BGQ	1.94	+92	0.48	1.1%	22	30	3.6	5.4	
JKL	JKL COMPANY	2777	ABA9	IV	24.13	30.38	20.94	0.3%	-17%	-50%	Q	2.99	-3	0.88	3.0%	8	16	1.3	2.5	
##	Industry	5218	AAA13		36.17	40.98	24.45	2.2%	7%	-8%		2.41	+30	0.45	1.4%	16	21	2.8	4.2	
DIFFERENTIAL: (GROUP - S&P 500 AVG)								1.0%	1.9%	-20.6%		2		0.3%	-16		-2	-2.8		0.2

- TICKER SYMBOL:** Ticker Symbol with which the stock is listed on a stock exchange or over-the-counter.
- INDUSTRY/NAME OF STOCK:** WIS classification of a stock's major industry group and abbreviated name for the corporate title of the company.
- MARKET CAPITALIZATION:** The total market value in millions of dollars at the current price and the most recent available number of common shares outstanding.
- WRIGHT QUALITY RATING:** Wright Quality Ratings provide the means by which the fundamental criteria for the measurement of investment quality can be objectively evaluated. These criteria, respectively represented by three letters and a number, are: (1) **Investment Acceptance**, (2) **Financial Strength**, (3) **Profitability and Stability**, and (4) **Growth**. The first letter, indicating **Investment Acceptance**, reflects the acceptability, distribution and marketability of a security among individual and institutional investors, and the adequacy of the floating supply of its common shares for the investment of substantial funds. **Financial Strength**, indicated by the second letter, represents the amount and availability of the corporation's resources in relation to current and potential requirements; it is measured by, among other things, the ratio of aggregate common shareholders equity to total capital, the adequacy of net working capital and of the fixed-charge coverage. The third letter, indicating **Profitability and Stability**, measures the record of a corporation's management in terms of the rate and stability of the net return on shareholders' equity capital investment at corporate book value. **Growth**, indicated by the number rating, is the element which is unique with equity ownership and distinguishes the return on equity investments from the fixed income on debt securities. For investors, this is primarily the growth per common share of the corporation's earnings, dividends and equity capital rather than the corporation's overall growth of dollar sales and income. Letter ratings may be summarized as A: Outstanding; B: Excellent; C: Good; D: Fair; L: Limited; N: Not Rated because data is incomplete; -: Indeterminable because of instability or recent or prospective developments which cannot yet be reliably evaluated. When the Earnings Stability Index is less than 45%, an ' ' is substituted for the growth rating. The numeral is a composite measure of the company's annual Growth Rate, based on earnings, and modified by the growth rates of equity, dividends, and the stability index. The Growth Rating ranges from 0 to 20.

Wright Quality Ratings represent the result of extended development and testing of codified standards of investment quality and of the formulae utilized in their computer analysis and calculation.
- WRIGHT ATTRACTIVENESS RATING:** Wright applies a multi-factor ranking model to a series of quality, value and timing factors to calculate a measure of the investment attractiveness of each security. The list of securities is divided into quintiles with "I" being the top quintile and most attractive and "V" being the bottom quintile and least attractive.
- CURRENT MARKET PRICE:** This is the closing price of the common stock as of the date indicated.
- HIGH AND LOW PRICE** in the current calendar year.
- PERCENT CHANGE** in price during the periods indicated.
- 9a. THE AMOUNT OF LAST 12 MONTHS EARNINGS PER SHARE** is shown as reported by the company for the 12-month period ended with the most recent calendar or fiscal quarter, based on average fully diluted shares outstanding.
- 9b. PERCENT CHANGE OF 12 MONTHS EARNINGS PER SHARE** through latest reported period vs year ago. If earnings for both periods are deficit, then NC is substituted for the 12 months earnings % change. Earnings % changes greater than + or - 100% are limited to + or - 99%.
- 10a. INDICATED DIVIDEND RATES:** The latest quarterly cash dividend times 4, plus extra dividends, if any, declared during last 12 months.
- 10b. INDICATED DIVIDEND YIELD** is total indicated dividends, including extras, during the last 12 months as a % of the current market price.
- 11. CURRENT PRICE/EARNINGS RATIO** is the ratio of current price to last 12 months earnings per share as reported by the company. The five-year average is the reciprocal of the average of quarter-end earnings yields during the last five-year period.
- 12. CURRENT PRICE/BOOK VALUE RATIO** is the ratio of current price to the corporate book value per share at the beginning of the calendar year. The five year average is the reciprocal of the average of quarter-end book value/price ratios during the last five-year period, in contrast to the ratio of average high-low prices to equity capital as shown on the Wright Investment Analysis and Evaluation.



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The Comparative Wright Quality Ratings®

The **Wright Quality Rating** is normally expressed by three letters and a number. The letters indicate:

1. **Investment Acceptance and Marketability (i.e. measure of liquidity)**
2. **Financial Strength, and**
3. **Profitability and Stability**

Each letter rating reflects a composite qualitative measurement of individual standards which may be summarized as:

- A = Outstanding**
- B = Excellent**
- C = Good**
- D = Fair**
- L = Limited**
- N = Not Rated**



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The number that appears in the rating is a composite measure of the company's annual corporate growth, based on earnings and modified by the growth rates of equity, dividends, sales and the stock's stability index. The Growth Rating may vary from "0" to "20".

Alpha/numeric Wright Quality Ratings represent the result of extensive development and testing of codified standards of investment quality. The formulae utilized in the computer analysis and calculations provide the basis for selection of The Approved Wright Investment Lists, which consist of approximately 375 of the finest U.S. corporations meeting high standards of premium corporate quality.

Example:

Wright Quality Rating: BAC8

Liquidity	B	Excellent
Financial Strength	A	Outstanding
Profitability	C	Good
Growth	8	

The following table (i.e. Quantitative Ranking Model Screens) depicts the 32 screens – eight for each of the four criteria – Investment Acceptance, Financial Strength, Profitability & Stability and Growth.



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Quantitative Ranking Model Screens

WRIGHT QUALITY RATING	32 SCREENS OF WRIGHT QUALITY RATINGS							
INVESTMENT ACCEPTANCE A: Outstanding B: Excellent (Minimum Acceptable Rating)	MARKET VALUE TOTAL PUBLIC		TRADING VOLUME	TURNOVER RATE	EXCHANGE MARKETS	INSTITUTIONAL INVESTORS	SHARE-HOLDERS	CLOSELY HELD SHARES
	All Shares Outstanding 3 Year Avg./Current	Excluding Closely Held 3 Year Avg./Current	3 Year Average/ Last 12 Mos.	3 Year Average/ Current		Number of Funds, Insurance Cos.		% of Total
FINANCIAL STRENGTH A: Outstanding B: Excellent (Minimum Acceptable Rating)	SHAREHOLDERS' EQUITY		PREFERRED STOCK	LONG TERM DEBT	TOTAL DEBT	FIXED CHR G COVERAGE RATIO	LIQUIDITY QUICK RATIO	WORKING CAPITAL
	TOTAL Capital & Surplus	% OF CAPITAL Equity, Preferred Stock & LT Debt	% OF CAPITAL Equity, Pfd. Stk. & LT Debt	% OF CAPITAL Equity, Pfd. Stk. & LT Debt	% OF CAPITAL Equity, Pfd. Stk. & LT Debt		Cash & Receivables/ Current Liabilities	Current Ratio Current Assets/ Current Liabilities
PROFITABILITY & STABILITY A: Outstanding B: Excellent (Minimum Acceptable Rating)	PROFIT RATE OF EARNINGS ON EQUITY CAPITAL		CASH EARNINGS RETURN ON EQUITY		RETURN ON ASSETS	PRE-TAX INCOME TO TOTAL ASSETS	OPER. INCOME TO TOTAL ASSETS	OPERATING INCOME
	Time-Weighted Normal	Basic Trend	Time-Weighted Avg. & Trend	Stability Index			Adjusted Annual Rate	% OF TOTAL CAPITAL Adjusted Rate
GROWTH Normal Min: 6% Normal Annual Compound Rate Adj. For Stability	NORMAL EARNINGS GROWTH	CASH EARNINGS PER SHARE		EARNED EQUITY GROWTH	DIVIDEND GROWTH	OPERATING INCOME GROWTH	ASSETS GROWTH	SALES/ REVENUE GROWTH
		Growth	Stability Index	Adj. Annual Rate Per Share	Adj. Annual Rate Per Share	Annual Rate Per Share	Annual Rate Per Share	Annual Rate Per Share
4 MAJOR INVESTMENT QUALITIES – 32 Specific Quality Standards Investment Acceptance + Financial Strength + Profitability & Stability + Growth = Investment Quality								