REPRINTED FROM FEBRUARY 25, 2008

THE WALL STREET TRANSCRIPT
Questioning Market Leaders For Long Term Investors

Investing in Small Cap Stocks

ARNOLD URSANER started CJS Securities, Inc., in 1997, named after his three children, and it has grown to 10 analysts. Clients of CJS include leading institutional mutual funds, banks and investment advisors. He has over 30 years of brokerage industry experience. Before starting CJS, he worked at Bear Stearns as a Managing Director in Equity Capital Markets, responsible for the marketing and distribution of IPOs and follow-on transactions. Earlier in his career, he was in institutional sales at Smith Barney and then First Boston. CJS Securities has enjoyed growing recognition. Mr. Ursaner received the 2002 Nasdaq-Starmine Analyst Award for Top Stock Picker in commercial services and supplies. In 2003, he received the "Best of Wall Street" award, given out by The Wall Street Journal, for general industrial services. Institutional Investor magazine, arguably the top publication for professionals in the industry, presents its Home Run Hitters Award for analysts who had some of the top performing ideas for the previous year. In 2003, it recognized CJS for having two of the top five small cap ideas of 2002.

TWST: Would you start with an overview of CJS Securities and its investment philosophy?

Mr. Ursaner: CJS Securities focuses on small cap research oriented ideas. Our philosophy is very straightforward and simple. We try to find stocks that perhaps have not gotten much attention from the Street or that may be misunderstood. Our goal is to enable our institutional investor client base to achieve outsized returns capturing these inefficiencies.

TWST: What was 2007 like for small cap investing, particularly after the August collapse of the subprime market and so on?

Mr. Ursaner: I think you really hit the nail on the head. 2007 was a year of two totally different stories. The first half of the year was quite positive, characterized by substantial private equity interest in smaller cap names coupled with strategic interest. We had a number of our companies actually acquired in that time frame. Clients were very enthused about the outlook for the economy, and there was tremendous interest in small caps. Around mid-year the spigot shut off, and what was a very positive outlook deteriorated to one of fear, which had a dramatic impact on several of the companies in our coverage universe.

What we saw in the performance of our names in the back part of the year was extreme divergence with particular weakness being found in housing-related and consumer discretionary names offset by strength and solid performance in infrastructure, and what we would refer to as "Agflation" companies. We can talk some more about these stocks later, but the performance varied by sector of the economy.

TWST: How did that impact your investing? Could you still find those small caps that fell through the cracks?

Mr. Ursaner: My view is you still have to dig very hard but it actually remains quite easy finding candidates that we can consider to present to our clients. These tend to be carve-outs of larger public companies sometimes, emergence out of bankruptcy, niche situations where investors may not take the time or make the effort to understand what's happening fundamentally in the company. Frankly, many of these are quite complex to analyze. We continue to find multiple opportunities for clients. If you think about small cap companies, relatively modest changes can have an enormous impact on profitability or the multiple of earnings people are willing to pay on the stock. Smaller companies tend to be more sensitive to things like management change, sale of an underperforming subsidiary, or a refinancing that can lower the cost of debt. We continue to find numerous opportunities and inefficiently priced stocks. Our challenge remains sorting through the candidates.

TWST: What is the outlook for this year? Do you think private money will come back into the market during the year?

Mr. Ursaner: One of the impacts of private equity money last year was that pricing for acquisitions got out of hand. Since many of our companies enhance organic growth with selected tuck-ins, in many cases our companies that were competing with private equity for acquisitions found that expectations of the sellers were inflated and somewhat unrealistic. We did see some slowdown in strategic acquisition activity because of private equity competition. Private equity demand has diminished and they are less active in the market, partially due to the price of acquisitions but also the issue of cost and availability of debt. Banks are increasingly unwilling to lend in situations where the leverage ratios are believed to be too high.

We just had one of our companies, **NuCO2** (NUCO), announce it will be acquired but its market capitalization was on the smaller side and it had terrific fundamental characteristics that would normally make it very compelling for private equity firms. These include recurring revenue from multi-year contracts, modest capital spending, and dominant market share. In other cases, you have seen people take a step back. Offsetting this trend to some degree is the re-emergence of interest by strategic investors that chose not to compete with private equity firms last year but are definitely circling around opportunities, much more than they have in the recent past. To compete with private equity firms on potential transactions they may have been considering, paying inflated prices last year would have been materially dilutive to earnings, companies ran the risk of debt ratings downgrades. Private equity firms were willing and in many cases even encouraged by lenders to lever up 6, 7, 8, even 9 times. Public companies that would do strategic acquisitions were not willing to go anywhere near those kinds of capital ratios.

TWST: What is the demand for small cap stocks by investors these days? All we hear about, because of the so-called recession, is to invest in large cap stocks.

Mr. Ursaner: There is a very substantial change underway right now in institutional demand for smaller cap stocks for a number of different reasons, and it is impacting valuation. What we saw for the last five years was money flowing into the category from several different sources. In addition to flows from IRA accounts and retail investors, two major sources of demand for small caps were Exchange Traded Funds, or ETFs, and hedge funds seeking material alpha to achieve significant outperformance on a portion of their funds away from their core portfolio strategies. We've seen very significant changes in all three of these demand factors. Mutual fund inflows have actually reversed and some of our largest money managers in small cap are actually seeing steady outflows of funds.

One of the major trends we have seen in the last few months and frankly one that I think will continue if not accelerate, is that sizable small cap funds that have been closed to new investors have reopened. On ETFs, it is an ongoing significant contributor to demand. In Q4 2007 there were 97 new US equity funds in total that raised over $350 billion and this occurred in a negative market environment. For the year, ETFs grew 10% in assets and are now totaling $608 billion. Despite weakness in stocks, you are still seeing money flow into ETFs. On the hedge fund side I think illiquidity that surfaced in August has dramatically reduced their appetite or interest in small names. Frankly, where hedge funds are getting their alpha right now is in financial stocks.

TWST: Tell us about your investment decision-making process, how you research these underfollowed companies and the investment criteria you are looking for.

Mr. Ursaner: Our investment criteria start with three absolute musts and they are very straightforward. The company must be a small cap name when we begin ($100 million-$2.5 billion), number two is we have to be confident we can add value and number three, we have to believe quite strongly that our clients have an excellent chance to outperform their benchmark index and can make money with the name. Those are the three musts and if any company doesn't have all three of those characteristics, it doesn't move forward at all.

We don't have set investment criteria beyond that, because investors can generate attractive returns from a weak or underperforming company becoming decent or good, or a good company becoming great, so we don't set specific numerical standards because our client base is diversified. We have investors seeking high growth that are willing to pay higher multiples; we have other accounts that are book value focused, while others focus on free cash flow yield. We strongly believe that identification of change is a key to investment success.

We consider multiple valuation techniques when we think about our process of picking up coverage on a name. The things we look for in our initial conversations with a company we are considering is, can management explain and can we understand their business? Are we comfortable with the company's reason to exist and their niche? What is their competitive position and is it likely to change? I believe quite strongly that in 2008, given the uncertainty in the economy, the focus should be more on the underlying businesses rather than just the financial analysis. It's going to be very challenging determining where margins and revenues will be this year. That will put even more pressure on identifying excellent businesses that either have a defensible business "moat" around them, a franchise value, inherent growth independent of the general economy. In 2008 the quality of the underlying business and the management will be an even greater focus than it has been in the last several years.

In terms of our actual process, we try to interview management to learn about their business, and to begin to understand what they do. We obviously go through extensive public documents, conference call transcripts and Websites and look very carefully at these businesses, trying to determine if our clients, most of whom have a three- to five-year horizon, should be focused on the company.

"Cascade has been seeing explosive (25%-30%) growth in China as that country shifts from a labor intensive market to more of a mechanized society, leading to unprecedented demand for its forklift truck attachments. In China they have a dominant market share estimated at approximately 80% as well."

TWST: How diversified is the portfolio, how many stocks do you generally have and what is the benchmark?

Mr. Ursaner: Our benchmark is the Russell 2000, because typically most of our clients are benchmarked against that. The number of names under coverage now is 65. Last year we added 18 names and dropped 15. There's constant change within that list. We talked about how we add a name but we also might comment on what factors lead us to drop a name.

There really are three key reasons. As I mentioned to you before, in the first half of 2007 we had nine of our companies be acquired. That's a terrific way to lose a name. The second reason we lose a name is it gets much more broadly followed, with a large number of industry analysts and we don't believe we add as much value as we may have previously. We didn't have any that we dropped last year for that reason. The third reason is with hindsight, we realize we either didn't understand issues related to the business, or something material changed. We conclude that we made a mistake in our judgment. Unfortunately we have to drop names for that reason as well.

TWST: How has your portfolio shifted in emphasis over the past year?

Mr. Ursaner: There's really been no material change because virtually every name that we add tends to be a one-off and not part of an industry. We have identified some major investment themes, and those have not changed. The highway bill is a major theme for us, as is infrastructure. We have been focused on the themes of suppliers to commercial aviation and outsourced business services. Having a multi-year tailwind usually creates a greater margin of safety in the fundamentals.

One of the emerging themes last year that we did focus on was a number of our quality companies had made substantial investments in developing international businesses for several years, impacting margins. In 2007 the strength in European economies and weakness in the dollar versus the euro led to a dramatic change in revenues and margins, and in many cases when we saw that occur, it led to very strong performance in the underlying stock.

1-Year Daily Chart of Cascade

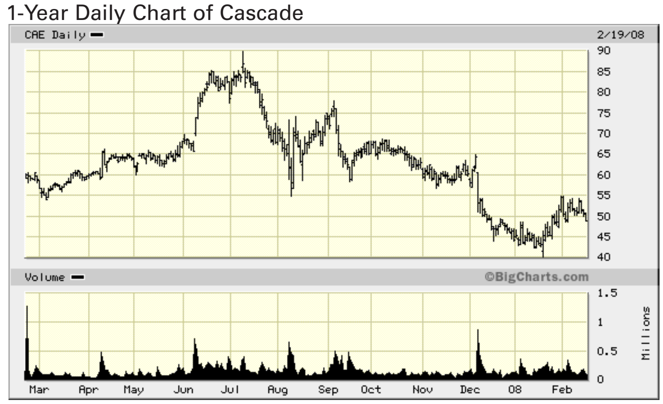

Chart provided by www.BigCharts.com

TWST: What are some of the companies that you feel are representative of the way you are heading in your investment approach?

Mr. Ursaner: One of the companies that specifically would have fallen into the category we just discussed is **Cascade Corp.** (CAE). The company is the global leader in forklift truck attachments. While other companies make the forklifts, **Cascade** designs and manufactures attachments that go on the forklifts. They've got over 7,500 SKUs and many of their products have a high engineering content and are customized for a specific application. In the US market, they have about 80% of this niche market. Where the international part comes into the story is really twofold. **Cascade** has been seeing explosive (25%-30%) growth in China as that country shifts from a labor intensive market to more of a mechanized society, leading to unprecedented demand for its forklift truck attachments. In China they have a dominant market share estimated at approximately

80% as well. Europe is a great opportunity for turnaround and improvement. It accounts for about one-third of **Cascade**'s revenues and they have barely made money in Europe. There are signs of an important shift in that fundamental.

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The reason Europe has been unprofitable for years is that the market has excess capacity and is more fragmented, with severe regional or local competition. **Cascade** has 35% share of the market. We believe over the next two years, **Cascade** could show a material improvement in overall consolidated profitability even if its European operations are only able to achieve margins one-third to one-half of those achieved in the US. Its direct competitor already has margins well above these targeted levels so it certainly is achievable. Management is implementing an aggressive program taking specific actions to improve their profitability and we expect results in 2008-2009 to reflect this change.

Another example of this theme would be **Astec Industries** (ASTE), which is a leading manufacturer of road building equipment. In the US the roadway infrastructure is well developed and most spending is for maintenance and repair on the existing roads. That is not the case in many international markets. The percentage of revenues from international for the company has jumped from roughly 20% to over 35%, as many of these emerging countries are building their initial infrastructure and roads, which is having a significant impact on demand. While the US is experiencing high single digit growth, international revenues for **Astec** jumped 34% in 2007. We believe this trend is likely to continue for the next several years.

It might be useful to think about why this is happening. Simplistically, given the rise in the euro versus the dollar, **Astec Industries** is able to ship its equipment from Tennessee to places like Australia at a lower landed cost than European suppliers. It's made a company like **Astec** globally competitive and significantly enhances domestic growth.

TWST: Those are two good plays on the highway theme and infrastructure theme.

Mr. Ursaner: Another major theme that is evolving is suppliers of equipment used in electric transmission and distribution. A regulatory change at FERC (Regulation O) gives utilities financial incentives to invest in transmission and distribution equipment. We have identified three companies that we cover that are excellent beneficiaries of this theme.

1-Year Daily Chart of Astec Industries

Chart provided by www.BigCharts.com

A new name we introduced coverage on last year was **ALLETE** (ALE), which is viewed primarily as a utility but has a hidden asset in its 8.3% ownership of American Transmission Company, a private entity. A second company that we introduced coverage on last year that fits this theme is **Powell Industries** (POWL). **Powell** is a market leader in custom-engineered automated power substation terminals and metal clad circuit breakers. Their products function in a manner similar to a fuse box in a residence but are used in major power applications such as an oil and gas platform or a petrochemical plant to prevent the surge of electricity from impacting the operation of the plant. **Powell** is entering what we believe will be a five- to seven-year up cycle. Their backlog over the last five quarters consecutively has been at record levels, their margins are showing tremendous improvement, and we believe these positive trends are sustainable for a multi-year period. We like stories with that type of visibility.

The third name in this theme is **Valmont Industries** (VMI), which is the leading provider of transmission towers used by utilities.

The business has changed dramatically in the post-Enron era. It has gone from a buyer's to a seller's market. **Valmont** is one of the two leading suppliers of these highly engineered transmission towers. The mileage of work being done is expanding dramatically. In the past a utility might have awarded one to three miles of work in terms of building out transmission. The types of projects building out now are 40 or 50 miles, and longer in duration for the work to be completed. That should give **Valmont Industries** excellent visibility in this space for years to come. They are also a market leader in China, where there is the initial build-out of transmission towers, as well as towers used for wireless communications, leading to years of growth in front of the company in that country. It has recently built a third manufacturing plant to meet demand.

In addition to being a leader in transmission towers, **Valmont Industries** is the largest global provider of center pivot irrigation, which enhances farmers' ability to improve yield on their land. Over the next several years we believe that globally water is going to shift from being an essentially free commodity to one where controlling the use of water and efficiently using it will be an issue. We believe that portends multiple year growth in irrigation. With more people around the globe enjoying wealth, one of the outcomes is greater consumption of food. We are seeing tremendous "Agflation" or increases in the prices of agricultural commodities; wheat, corn — many of these are up 50% or more over the last year. And again, this should be a multi-year trend with strong demand continuing to impact agricultural pricing. One specific driver of demand for corn is ethanol, an alternative to fossil fuels, and plants are being constructed. When you learn that Iowa is now importing corn because of strength of ethanol demand, we believe this is a very interesting investment trend.

TWST: What about your aviation suppliers?

Mr. Ursaner: We continue to be quite enthused about that theme. Most people who think about commercial aviation focus on the US market, which is mature. Airlines are certainly not growing or ordering lots of new planes here, but it's quite a different trend in other countries. The number of planes flying is expected to grow by a 1000 or more a year for the next 10-15 years, that's on the base of 18,000 planes. Most of the companies that we focus on are impacted by RPMs (revenue passenger miles). If the planes are in the air, they are going to need replacement parts. A plane is very different from an electronic device like an iPod or BlackBerry. Next year that device might be half the price and we will probably throw it away because technology changes rapidly. That is not the case with an airplane.

When an airline is investing $150-$170 million for a plane, they expect to fly that plane for 25, 30, even 40 years. Again thinking about it in a consumer context, we don't replace a part on a washing machine until it breaks and needs repair. That is not the case on an airplane. Airlines are required by the FAA to replace their parts on a scheduled basis, since you can't have an engine part degrade at 37,000 feet. That's not a very positive thing. Airlines are under very strict rules that are timing and usage based. You don't replace the part when it's broken, you replace it when you required to by the FAA which typically is about half of the potential life of a part.

"HEICO is the dominant provider of parts manufacturing authority parts. They have had strong revenue growth for over two decades and our view is that PMA parts remain relatively under-penetrated. We believe in the next several years they will go from about 2% to about 4% penetration."

1-Year Daily Chart of HEICO

Chart provided by www.BigCharts.com

There are several companies that we enthused about, that fit this theme. One of the names we added to coverage in the last year was **TransDigm** (TDG). About 60% of their revenues is driven by aftermarket replacement demand. They provide a number of different and proprietary products used on the plane. The financial returns on this company are quite attractive and revenue visibility is quite good.

We remain enthused about prospects for **HEICO** (HEI), which is the dominant provider of parts manufacturing authority (PMA) parts. A good way to think about this is the equivalent of a generic drug, where **HEICO** is successfully able to price under the umbrella of an OEM and still show exceptional margins. They have had strong revenue growth for over two decades and our view is that PMA parts remain relatively under-penetrated. We believe in the next several years they will go from about 2% to about 4% penetration. Of the 20 major airlines there were only four that were not using PMA parts and **HEICO** signed up one of the really key hold-outs, **British Airways** last year, on an exclusive basis, to work with on them on PMA part procurement. The other three airlines that don't use PMA parts have much newer planes in their fleet that are still covered by warranty but over time are an opportunity. **HEICO** has excellent visibility, highly predictable growth somewhat independent of the general economy, driven by demand from international emerging markets, places like China and India, where they are in the early stages of building out fleets as consumers in these countries shift from bicycles for transportation to planes.

TWST: Have you been reducing your consumer stocks over the past year? Has that been one of the areas that you have been cutting back on?

Mr. Ursaner: We have only had modest exposure to consumer stocks; specifically we don't do anything with retailers, since we don't believe we add enough value in that competitive research space. In 2007, we added a new consumer stock that is a perfect example of what try to do at CJS. We initiated coverage last year on a company called **Smart Balance** (SMBL). The company emerged from the merger with a Special Purpose Acquisition Company (SPAC). In this particular case what made the SPAC unique is that they brought in experienced food industry executives with the intention of finding a food company target. These two proven key executives, Steve Hughes and Bob Gluck, were able to find a company called **Smart Balance**. Despite minimal advertising, and basically just through word of mouth and strong consumer demand, the company has captured 13% share of the margarine market.

The investment thesis behind **Smart Balance** is that its products naturally eliminate trans fats. In essence, trans fats are to food what nicotine is to tobacco; if you don't control your intake of trans fats it can be quite unhealthy, and margarine was particularly bad with respect to this problem. When we initiated, the company had just received a national listing, had limited financials available, no research coverage, and had minimal float. The market cap of **Smart Balance** has changed materially, as shares in the public float through exercise of warrants and the calling of preferred shares in a recent six-week period jumped from 27 million shares to 62 million shares. Virtually overnight, investors can purchase a rapidly growing food company that still has only minimal analyst coverage that is roughly a $500 million market cap and likely to be a candidate in the Russell 2000 come June. Our price target indicates a possible double over 18-24 months from current levels.

"The market cap of Smart Balance has changed materially, as shares in the public float through exercise of warrants and the calling of preferred shares in a recent six-week period jumped from 27 million shares to 62 million shares. Virtually overnight, investors can purchase a rapidly growing food company that is roughly a $500 million market cap and likely to be a candidate in the Russell 2000 come June."

1-Year Daily Chart of Smart Balance

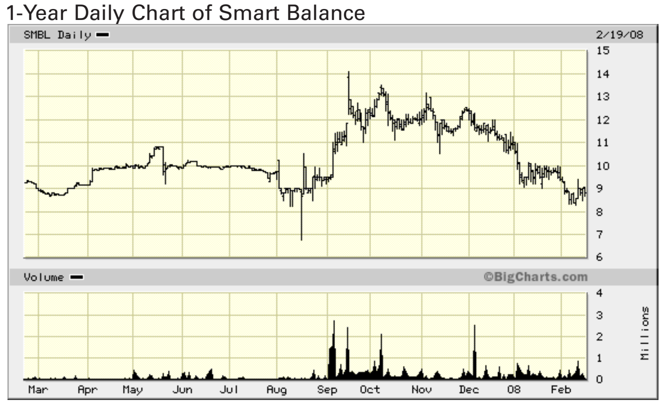

Chart provided by www.BigCharts.com

We have also been following **Elizabeth Arden** (RDEN) since 2001 and in December we upgraded our opinion after being neutral for almost two years. Our view is that investors were overly concerned about the consumer in the US. Specifically in the case of **Arden**, they have substantial international exposure. Moreover, they're taking company-specific actions that should enhance return on capital and drive positive cash flow. With the pullback in consumer stocks late last year, we thought the valuation again became compelling, leading to our upgrade.

TWST: How important is management performance and do you follow that as a part of your research into these companies?

Mr. Ursaner: We think management in small cap is dramatically more important than it is in larger companies. It is an essential factor that we evaluate. Not only do we look very carefully at management in terms of their operational skills, but we also pay a lot of attention to their ownership of shares. We like situations where management has got a lot of skin in the game because they tend to think about things like acquisitions or other initiatives as shareholders — because they are. On a recent road show with one of our companies, management commented to the portfolio manager we were visiting that as important as the name was for the client, it is much more significant to them, and that they act that way. He stressed they are completely focused on shareholder value because management represents the largest shareholders.

One issue we generally don't like to see is management owning control positions or granting themselves an unusual percentage of the options that are available. We look for management to take actions that are consistent with the interests of their public shareholders and view excessive compensation, for example, as a red flag.

TWST: What about the risk management techniques that you incorporate into the process at a portfolio level and at an individual security level?

Mr. Ursaner: The simple answer to your question is if we are not comfortable with management we will choose not to use the name or we might monitor the name for six or nine months. In other words if management says, "We're going to sell this division," and we are not convinced they will, we may just wait until they actually take the action. We try to build in lots of cushion before we'll actually initiate coverage on a name. That's really about the only thing you can do, as you try to get a gut feel and build confidence in communication. We review letters to shareholders over the last two or three annual reports to see if management actually delivered what they said they would. It's a pattern we like to see. We react quite cautiously when they predict or promise something in an annual and then don't deliver in the next year or two, unless there is a pretty good explanation.

TWST: What do you think gives your firm its edge? What are the defining features that you think make it distinctive compared with other firms?

Mr. Ursaner: I think the best answer I can try to give you is we focus on a defined niche, small cap research, and we do it in a small, controlled environment. Some of our competitors have a lot more analysts, many of them more junior. Our clients believe we are providing them high quality work. We do very thorough financial and fundamental analysis on the companies we cover. I think our competitive advantage is we dig hard to find interesting names that tend to be underfollowed and then do the highest quality work we can on these names. Finally, our clients believe we are a money making firm for them.

"In December, we upgraded Elizabeth Arden after being neutral for almost two years. Specifically in the case of Arden, they have substantial international exposure. Moreover, they're taking company-specific actions that should enhance return on capital and drive positive cash flow. With the pullback in consumer stocks late last year, we thought the valuation became compelling, leading to our upgrade."

1-Year Daily Chart of Elizabeth Arden

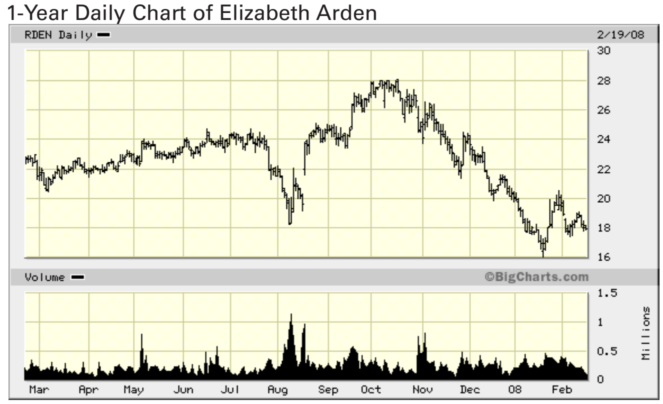

Chart provided by www.BigCharts.com

TWST: Who are your typical clients?

Mr. Ursaner: The majority of our clients are long-only mutual funds or investment advisory firms. They will typically be a manager within a much larger organization focused on small cap. They may be small cap blend or value driven. We believe we do much less business than our competitors with larger hedge funds, and do little if any business with smaller hedge funds. We don't believe having that type of client helps our core client base that tends to have a three- to five-year horizon.

TWST: What about the commission-sharing agreements? How have the CSAs changed?

Mr. Ursaner: I think there really are two broad changes we've seen in last year or two that are impacting our business. Number one would be commission-sharing agreements. Years ago as a research provider, we would impact the decision making portfolio manager, who would then try to pay you with an order. However, if the trading desk said I'm not comfortable trading with CJS or other smaller firms, it became a significant roadblock, particularly in a world where the trader was under a legal obligation to try to find "best execution," a nebulous term. Commission-sharing agreements have directly attacked that issue. The trader at a large account is able to work with firms he believes can give him best execution but is allowed by law to designate a portion of those commissions to be shared with providers of services such as research to the account. Commission-sharing agreements have grown quite rapidly and doubled as a percent of our revenues in 2007. I believe in 2008 by year-end, CSAs will account for more than 50% of our revenues. For us, CSAs have been a positive trend. They tend to make it much easier for us to be paid, and actually put a price tag on the services and products we're providing. Our view is that it has been quite favorable for us and other research providers.

The second major trend change we've seen in our industry is accounts specifically paying for and quantifying the number of meetings they have with managements either at their office or one on ones at conferences. Under Regulation FD it is becoming increasingly difficult to get direct access to managements, and more and more accounts will pay you specifically for non-deal road shows at their firm. Being a small firm with limited manpower, we are at a competitive disadvantage. We question this process because it's completely independent of whether the client should or should not buy that particular stock at that point in time, which is the way we think about scheduling road shows; it just says, get me a quantity of meetings, period. That's not what we're trying to do at our firm.

TWST: What challenges or potential problem areas do you see ahead that investors should be wary of?

Mr. Ursaner: I think the biggest one that investors are focused on right now is we've had a five, six, seven year economic up cycle and for lots of different reasons (housing, subprime), it appears that we are entering a significant slowdown and perhaps a recession, not just in the US but in Europe as well. It goes back to a point I made before. For the last several years, it was pretty easy being a financial analyst following a company in an up cycle. You could take their prior year reported numbers, build in a reasonable amount of revenue growth, assume that SG&A expenses could be leveraged, leading to pretty consistent improvement in operating margin and that's been a trend over the last several years. I think the biggest risk right now, and it's very visible in a number of companies, is the uncertainty about whether margins can be sustained in a downturn. If you begin to see several percentage points of declining revenue growth, we may not have 20 or 50 basis points of margin erosion but might, in fact, see a 100, 200 or even 300 basis points of margin erosion in many of the companies. It's that uncertainty that I believe is the biggest challenge for us as a research firm now, trying to get the margin dynamic right.

TWST: Is there anything that you wish to add?

Mr. Ursaner: The enormous challenge for us as a small organization remains managing our growth and in keeping key employees in an environment where hedge funds have the flexibility to pay people exorbitant sums of money. Over the last three to six months, there have been a number of cutbacks from major brokerage firms that concluded that research may not be a profit center. It's making the process of hiring people a little easier than it's been over the last several years, but we are still constrained by our economics versus a hedge fund where there's a much stronger incentive-based structure. We are poised for growth and are in the process right now of expanding more aggressively than we have in the last several years. We think this is the right time to do it, we see availability of better people, they're more realistic in their expectations, there's less product being supplied by larger firms. That combination is creating a very attractive environment for us to be expanding in. When we chat a year or two from now, we hopefully will have implemented a much more aggressive growth plan without impacting our profitability or the quality of product we provide our clients. That is our challenge.

TWST: Thank you.

Note: Opinions and recommendations are as of 2/14/08.

ARNOLD URSANER
CJS Securities, Inc.
50 Main Street
Suite 325
White Plains, NY 10606
(914) 287-7600