WALL STREET ON DEMAND

SERVICE AGREEMENT

SERVICE PROVIDER	CLIENT	
WALL STREET ON DEMAND, INC. (WSOD)	ARGUS RESEARCH CORPORATION (ARGUS)	
PRINCIPAL OFFICE	PRINCIPAL OFFICE	
3005 Center Green Drive Boulder, CO 80301	61 Broadway New York, NY 10006	
INCORPORATION	INCORPORATION	
Delaware	Delaware	

WSOD CLIENT NUMBER	WSOD CONTRACT NUMBER	EFFECTIVE DATE	
		April 14, 2004	

This Service Agreement consists of the attached Master Terms and Conditions and/or any Statements of Work. Together, these documents are referred to as the Agreement. By signing below, each party agrees that it has read the Agreement and will be bound by it with effect from April 14, 2004. This date is referred to as the Effective Date.		
	, N:36 '	
79,7	No.	
WALL STREET ON DEMAND, INC.	ACCEPTED ARGUS RESEARCH COPORATION	
SIGNATURE James James	SIGNATURE Jun Sode	
James Tanner	John M. Eade	
President & CEO	President	
DATE OF SIGNATURE	DATE OF SIGNATURE 05/34/34	

WSOD and Client agree as follows:

1 Definitions

Addendum means any written document signed by both parties containing terms amending terms of this Agreement. If the terms of this Agreement and any Addendum conflict, the terms of the relevant Addendum shall control.

Service Fees means fees and reasonable costs payable by Client for the performance of WSOD Services as detailed in each Statement of Work.

WSOD Services means the services detailed in a Statement of Work, and will often include design work, consulting work, aggregation work, reporting and hosting work.

Customized Solution means any software product, functionality design, report design or service implementation (and any associated Documentation and Updates) developed by WSOD and identified as such in any Statement of Work.

Documentation means any standard written material in machine readable or printed form that describes the design, functions, operation or use of the *Customized Solution*.

Statement of Work means a written document in a form prescribed by WSOD signed by both parties regarding tasks to be performed and/or items to be delivered under this Agreement. If the terms of this Agreement and any Statement of Work conflict, the terms of the Statement of Work shall control. A Statement of Work shall not be binding on either party until it has been signed by both parties.

2 Provision of Services

- 2.1 WSOD Services will be documented in a Statement of Work and the Statement of Work will specify whether such services will be provided on a fixed-price basis or a time and materials basis, or volume. Each Statement of Work shall be given a sequential number so as to keep track of all signed Statements of Work.
- 2.2 Client shall provide WSOD with full cooperation to facilitate proper and prompt performance of the WSOD Services, including:
- a) providing WSOD with specific and detailed information concerning Client's use of, and providing reasonable access to, any applicable software; and
- b) providing WSOD adequate access to Client's personnel who have sufficient experience to coordinate and assist WSOD in the provision of the WSOD Services.

3 Payments and Fees

- 3.1 Fees. On the payment dates specified on the relevant Statement of Work, Client shall pay to WSOD the Service Fees and WSOD charges as set forth in the applicable Statement of Work. Unless otherwise specified in the applicable Statement of Work, all Services shall be billed by WSOD to Client monthly in arrears.
- 3.2 Payment of invoices. All undisputed Service Fees are (unless otherwise indicated on the relevant Statement of Work) payable 30 days after the date of the relevant invoice. A service charge of 1.5% per month or the highest lawful interest rate, whichever is lower, will be applied to all amounts not paid when due. Client shall, within 15 days of receipt of any invoice, provide written notice to WSOD of any dispute setting forth in reasonable detail the reason for such dispute.
- 3.3 <u>Billing Errors.</u> If Wall Street On Demand makes a billing mistake that results in a credit to Client, that credit will be due within 15 days of discovery, or on the next invoice, whichever is sooner.

- 3.4 <u>Currency and Method of Payments.</u> Unless otherwise specified, Service Fees are quoted, and all payments shall be made in, United States dollars.
- 3.5 Payments to Third Party Information Providers. If applicable, Wall Street On Demand will pay any the information providers on time, according to the terms in its agreements with those providers.

4 Taxes

4.1 Payment of Taxes. In addition to the Service Fees, Client will pay to WSOD or to the relevant taxing authority, as appropriate, any applicable taxes or duties (excluding taxes levied or imposed on WSOD income) payable under this Agreement, so that after payment of such taxes and duties the amount received by WSOD is not less than the Service Fees.

5 Title

5.1 WSOD Property. Unless otherwise agreed in a Statement of Work, Client acknowledges that the only rights it has to the Customized Solution under this Agreement are non-exclusive rights under license. Client agrees not to use the Customized Solution other than as licensed under this Agreement. The parties acknowledge that performance of this Agreement may result in the development by WSOD of new concepts, software, methods, techniques, processes, adaptations and ideas, in addition to WSOD prior technology, which may be embodied in the Customized Solution. Unless otherwise agreed in the Statement of Work, the parties agree that the same shall belong to WSOD exclusively.

6 Licenses

- **6.1** WSOD grants to Client a non-transferable, non-assignable, non-sublicensable, license to use the *Customized Solution*.
- 6.2 <u>License Limitations</u>. The licenses granted shall be subject to the following limitation: Client shall only give access to the *Customized Solution* to entitled users, and use such *Customized Solution* only at the web sites and/or distribution channels which are set forth on the relevant *Statement of Work*.

7 Termination

- 7.1 <u>Term.</u> This Agreement and the licenses granted under it will remain in effect perpetually unless terminated.
- 7.2 <u>Termination</u>. Either party may terminate this Agreement or any individual *Statement of Work* (within the timescales set out below) if the other party:
- a) commits a material breach of this Agreement which is incapable of remedy. Such termination shall be effective immediately on giving notice;
- b) commits a material breach of this Agreement, which remains unremedied 30 days after giving notice. Such termination shall be effective at the end of the 30 day notice period. However, if the breach is capable of remedy but cannot reasonably be cured within such 30 day period, termination shall not be effective if the party in default commences cure of the breach within 30 days and thereafter diligently pursues such cure to completion within 60 days of such notice of breach; or
- c) makes an assignment for the benefit of its creditors, files or has filed against it a petition under any bankruptcy, insolvency, reorganization or similar law, appoints or has appointed against it a trustee or receiver for any of its property or commences or has commenced against it (by resolution or otherwise) the liquidation or winding-up of its affairs, which termination shall be effective immediately upon giving notice.

- 7.3 <u>Statement of Work.</u> The parties' termination for any reason of any individual *Statement of Work* shall not result in a termination of this Agreement but shall result in only the termination of the relevant *Statement of Work*. The provisions of this Agreement relating to the effects of termination shall apply to each *Statement of Work* as an independent contract.
- 7.4 Obligations upon Termination. Upon termination of a Statement of Work pursuant to which Customized Solution was developed, if WSOD retains ownership of the Customized Solution Client will cease using the Customized Solution. In addition, upon termination of a Statement of Work or this Agreement, Client shall pay any outstanding fees accrued through the date of termination.
- 7.5 <u>Survival.</u> The respective rights and obligations of the parties under Clauses 5, 7.4, 8, 9, 10, 12 and 14 shall survive any termination of this Agreement.

8 Warranties and Indemnities

- 8.1 Mutual Warranties. Each party warrants that:
- a) it has full power to enter into and perform its obligations under this Agreement;
- it has obtained all necessary corporate approvals to enter into and execute this Agreement; and
- its performance under this Agreement does not or shall not conflict with any other material agreement or obligation to which it is a party or by which it is bound.
- **8.2** WSOD Warranty. WSOD warrants to Client that the Wall Street On Demand Services shall be of a professional quality conforming to generally accepted industry standards and practices.
- 8.3 Disclaimer of warranties. Except as expressly set forth in this agreement or a Statement of Work, there are no other warranties with respect to the services provided under this agreement. Client acknowledges that the information displayed by the Wall Street On Demand Service is obtained by Wall Street On Demand from various sources which Wall Street On Demand and Client believe to be reliable. that transmission of the Content is accomplished by communications facilities over which Wall Street On Demand has no control, and that Wall Street On Demand assumes no responsibility for such content or for outages or for interruptions of service. Except as expressly set forth in this agreement or a Statement of Work, Wall Street On Demand and its suppliers make no warranty or representation that the Customized Solution will meet client's requirements or that the content displayed will be error free or be received by WSOD without interruption. WSOD and its suppliers make and client receives no other warranties whether express, implied, statutory, or otherwise arising from course of dealing or usage of trade, and WSOD expressly disclaims all other warranties, including the implied warranties of merchantability, non-infringement and fitness for a particular purpose.
- 8.4 Exclusion of special damages. Neither party nor its suppliers shall be liable for any indirect, special, incidental, punitive, or consequential damages, loss of profits, economic loss, loss of business, or loss of data or computer files or programs, even if advised of the possibility of such damages. The foregoing shall apply regardless of whether such liability is based in contract, tort, (including but not limited to gross negligence) and strict liability or any other theory of legal liability.
- 8.5 Limitation of Liability. For WSOD Services performed under a Statement of Work, WSOD shall not be liable to Client for an amount greater than that having then been paid by Client to WSOD under that Statement of Work. Client agrees that the fees reflect the allocation of risk as set forth in this Clause.
- **8.6** Indemnity by WSOD. WSOD agrees to indemnify Client against any Damages Client may suffer due to:

- any misrepresentation or breach of warranty by WSOD contained in this Agreement; or
- b) any breach of WSOD obligations under this Agreement.
- **8.7** Indemnity by Client. Client agrees to indemnify WSOD against any Damages WSOD may suffer due to:
- any misrepresentation or breach of warranty by Client contained in this Agreement; or
- b) any breach by Client of its obligations under this Agreement..

9 Governing Law, Jurisdiction, Third Party Rights

- 9.1 This Agreement will be governed by and construed in accordance with the laws of the State of Colorado, without regard to the principals thereof relating to conflict of laws. Both parties consent to the non-exclusive jurisdiction of any state or federal court sitting in the State of Colorado, and of any court to which an appeal therefrom may be taken. Each party hereby irrevocably waives the right to a trial by jury in any action or proceeding arising out of this Agreement.
- 9.2 Despite anything to the contrary in this Agreement, the prevailing party in any claim shall have the right to collect its reasonable expenses incurred in enforcing this Agreement, including reasonable attorneys' fees.

10 Confidentiality

- 10.1 Confidentially Obligations. Either party (the Disclosing Party) may from time to time disclose Confidential Information to the other party (the Recipient). Confidential Information is all nonpublic information concerning the business, technology, internal structure and strategies of the Disclosing Party which is conveyed to the Recipient verbally or in tangible form and is either marked as "confidential" or which due to the circumstances surrounding its disclosure, should be reasonably construed as confidential. During the term of this Agreement and for so long as the Confidential Information retains commercial value, Recipient will keep in confidence and will not disclose, or permit any employee, agent or other person working under Recipient's direction to disclose any Confidential Information to any other person. Recipient will employ at least the same methods and degree of care, but no less than a reasonable degree of care, to prevent disclosure of the Confidential Information as Recipient employs with respect to its own confidential information.
- 10.2 <u>Permitted Disclosures.</u> There will be no obligations on Recipient with respect to any Confidential Information which:
- is now generally known or available or which, subsequently through no act or failure to act on the part of Recipient, becomes generally known or available;
- is rightfully known to Recipient at the time of receiving such information;
- is provided to Recipient by a third party without restriction on disclosure and without Recipient having actual notice or reason to know that the third party lacks authority to provide it;
- is independently developed by Recipient; or
- is required to be disclosed by operation of law or by any government or regulatory authority.
- 10.3 Obligations upon Termination. Upon termination of this Agreement, each party shall, at the other party's option, either return or destroy all software and Confidential Information of the other party.

11 Notice

Any notice under this Agreement shall be given in writing and be sent to the signatory of the applicable Statement of Work, or that person's replacement. Notices can be considered delivered if by e-mail, and the recipient has acknowledged receipt with an e-mail of his or her own;

12 Change Control

Any change to the WSOD Services will be referred to as a Change and be subject to a notice (Change Notice) in accordance with the following Change procedure. Either party may request a Change and issue a Change Notice. A Change Notice can be in any form but must provide reasonable details of the Change and, if possible, the party's estimate of the effect (if any) of the Change on the price, its impact on delivery dates, the manpower required and any other effect which it considers the Change will have. The other party will respond in writing by return if possible, but in any event within 7 calendar days of receipt of the Change Notice, indicating whether or not it accepts the Change, and giving its own estimate of the effects which the Change will have, including any costs and timing issues expected to arise in connection with evaluating the Change. Each party shall respond to all further correspondence by return if possible, but in any event within 7 calendar days of receipt of previous correspondence, until agreement on the Change is reached and recorded in an agreed contract amendment signed by both parties. Neither party shall be under any obligation to accept any Change that is not subject to such an agreed contract amendment.

13 General

- 13.1 <u>Assignment</u>. Neither party may transfer any of its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. This Clause 15.1 shall not be construed as limiting WSOD right to use subcontractors to carry out any of its obligations under this Agreement. WSOD shall remain liable for any such services provided by a subcontractor. Any assignment not in conformity with this Clause 15.1 is void.
- 13.2 Entire Agreement; Amendment; Waiver. This Agreement constitutes the entire understanding between the parties regarding its subject matter and supersedes all proposals, verbal or written, and all other representations, statements, negotiations and undertakings relating to such subject matter. In entering this Agreement, neither party has relied on any statement, warranty or representation (except in the case of fraud) made by the other save as set out in this Agreement. No change in, addition to, or waiver of any provision of this Agreement shall be binding upon either party unless in writing signed by an authorized representative of such party. No waiver or failure to enforce by either party of any breach by the other of any provision of this Agreement shall be construed as a waiver of that or any other provision on any other occasion.
- 13.3 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remainder of this Agreement shall remain in effect and this Agreement shall be read as though the offending provision had not been written.
- 13.4 <u>Counterparts</u>. This Agreement may be signed in multiple counterparts, each of which shall be deemed effective as if each party had signed each such counterpart.
- 13.5 Export Compliance. Client acknowledges that certain software developed hereunder may be subject to United States or other export regulations for high-technology items and agrees to comply with all such regulations. [Argus: unaware of when this situation might arise. WSOD: This is a provision specific to certain technology (such as encryption). It does not really apply to the projects we would typically do, but we may do one in the future (for example, if we made Flash module that has custom encryption code and this module was downloadable, the code behind it could not be used by certain countries on the ban list, such as Cuba. So even though odds are slim that this would come up, it might.]
- 13.6 Force Majeure. Neither party shall be liable for any failure to perform (except payment obligations) under this Agreement if prevented from doing so by acts of God, strikes, lock-outs, governmental orders or restrictions, war, threat of war, hostilities, revolution, riots, epidemics,

fire, earthquake, flood or other occurrence that could not with reasonable diligence be controlled or prevented by the party. Any failure to perform shall be cured as soon as reasonably practical by the non-performing party. Any event of force majeure that continues for more than 30 days shall entitle the other party to terminate upon serving notice on the non-performing party.

- 13.7 Privacy. WSOD shall not collect any information about the manner in which Client, or any of Client's customers, uses the Customized Solution including, without limitation, individualized or aggregated data related to activity on WSOD networks, nor shall WSOD employ cookies or software tools of a similar nature, absent the specific written permission of Client; provided however, that WSOD shall have the right to collect aggregated and individual tracking data related to activity on WSOD networks, and use cookies in connection therewith, so long as such aggregated data does not reveal any Customer Data and is used solely in connection with WSOD's provision of the services contracted for herein. Customer Data means the nonpublic personal information of Client's customers or prospective customers (and/or those of Client's parent, affiliated or subsidiary companies received by WSOD in connection with the performance of its obligations under this Agreement, including, but not limited to (i) an individual's name, address, e-mail address, telephone number and/or social security number, (ii) the fact that an individual has a relationship with Client and/or its parent, affiliated or subsidiary companies, or (iii) an individual's account information.
- 13.8 Independent Contractor. WSOD and Client agree that WSOD is an independent contractor.

STATEMENT OF WORK NUMBER #1

DESIGN, DEVELOPMENT, HOSTING & DISTRIBUTION OF ARGUS MERGENT RESEARCH PDF REPORT

This Statement of Work incorporates by reference all terms and conditions of the WSOD Services Agreement ("Agreement") between Wall Street On Demand, Inc. and Argus Research Corporation dated April 14, 2004. This Statement of Work commences on April 14, 2004 (SOW Effective Date).

1 Project Description

Wall Street On Demand will design, build, host and distribute a 2-page color PDF report for Argus using information from Mergent (to be called the Argus Company Report). This project effort also includes and is limited to:

The design, creation, hosting and distribution of the Argus Company Report as shown in Exhibit A;

Distribution of the current Argus Company report (to be called the Argus Analyst Report) shown in Exhibit B;

The creation of one standard datafeed (PDFs on an FTP site) for report delivery (distribution);

If needed, The creation and maintenance of one standard HTTP Request-Response API (distribution);

Integration of the Argus Company Report and the Argus Analyst Report into aggregation or meritocracy systems (such as Jaywalk) for the purposes of the SEC Settlement initiatives.

2 Assumptions

WSOD will create a single report template capable of integrating data from Mergent and Argus;

The Development Schedule commitment assumes that WSOD will have the data feeds necessary to create the reports;

The standard HTTP Request-Response API and/or the standard datafeed (PDFs on an FTP site) for report delivery can be accessed by any Argus client:

3 Development Schedule

Wall Street On Demand will make the report available 6 weeks after receiving the data feeds needed from Argus and Mergent to create the report.

4 Reporting

Wall Street On Demand will provide Argus monthly standard reporting package outlining access and usage of the request / response API.

5 Service Fee

There are no volume-related fees. There are no development fees, except as outlined in the exception case below.

The Service Fee for all of the work enumerated in this Statement of Work will be \$15,000 a month. Billing will commence the earlier of launch date or August 1, 2004. Launch date is defined as when the report is available in a WSOD product environment for access by Argus or Argus clients.

In the event that the SEC delays the SEC Settlement Initiatives past August 1st 2004, Argus agrees to pay to WSOD a one-time development fee of \$20,000 to cover the costs of developing the Argus Company Report. WSOD will keep the report in its systems, without making additional changes, until such time as the delivery of the report is required by at least one client. The \$15,000 hosting fee will commence once the first client has access to the Argus Company Report.

Argus will not be required to pay the \$20,000 development fee if the Argus Company Report launches by August 1st 2004.

6 Content

Argus will be responsible for purchasing all of the content needed for this report.

7 Intellectual Property

Notwithstanding anything in the Agreement to the contrary, the parties agree that the "look and feel" of the PDF report designed hereunder, to the extent originated and prepared exclusively for Argus pursuant to this Agreement, and to the extent copyrightable under United States copyright law, shall belong exclusively to client.

8 Term

This statement of work will remain in effect for twelve (12) months from the first monthly billing date ("Initial Term") and thereafter shall renew for additional twelve (12) month terms ("Renewal Terms") unless either party cancels the service in writing at least 90 days prior the Renewal Term.

9 Client Responsibilities

Client shall notify WSOD of any issues relating to the Client's Product which may affect the WSOD Services, including, but not limited to, periods of likely materially increased access to the Client Product (for example caused by promotions), geographical spreads of subscribers and therefore likely access requirements, and changes to the URL.

Client shall provide WSOD with non-binding forecasts of its requirements for Hosting Services on a quarterly basis.

10 Material Changes and New Functionality

Wall Street On Demand will make any changes requested after the launch of the PDF Report at the rate of \$120 an hour, for actual hours worked.

Whenever Client wants a firm bid for additional work, then it is anticipated that a successful bid would create an additional Statement of Work.

11 Change Management

WSOD reserves all rights in its sole discretion to make changes and enhancements to the equipment and software used to provide the Hosting Services from time-to-time to maintain operations and as required for problem management and/or system security. WSOD will use commercially reasonable efforts to implement changes during non-peak hours, except for changes required for emergency purposes which may be made at any time. To the extent reasonable and commercially practicable, Client will be notified in advance of any material changes prior to implementation.

ACCEPTED	ACCEPTED	
WALL STREET ON DEMAND, INC.	ARGUS RESEARCH COPORATION	
SIGNATURE	SIGNATURE & M Salv	
PRINT NAME	PRINT NAME	
James Tanner	John M. Eade	
TITLE	TITLE	
President & CEO	President	
DATE OF SIGNATURE	DATE OF SIGNATURE 5/04/04	
DATE OF SIGNATURE	52A. A. A	

EXHIBIT A TO STATEMENT OF WORK #1

Argus Mergent Report (to be called Argus Company Report)

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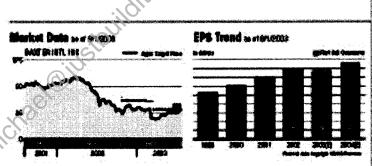
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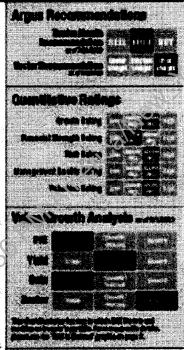
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Key Statistics was research

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Argus Analyst Report

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Argus Analyst Report

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EXHIBIT B TO STATEMENT OF WORK #1

Current Argus Company Report (to be called Argus Analyst Report)



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Analyst's Holes

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Recent IT spending energy continue to show significant strens hardware, with 54% of CEO's planning to increase spending in the competer hardware is use of the highest ranking IT spending ent t strongth in computer ng in the exctor, bylood, ng cales estro en a porch higher.

within the nemberk persion of the PC business, growth has also set, and fined did experience a unit decline in this parties of their business. Thus cold, is in believed that think of this took place in the common nonbook space, which is believed untilly falls in the first quarter. It is therefore summated that most of the none ook inventory in the channel has been werfood through, and there should be better performance to 2Q. Contrary to this belief are forgane's very disappointing retain for FIDD shipments to the namebook seator, with argustations for continued shown as this quarter. But Seagans's oblima may be made of a competitive minute. BARMINGS ANALYTIS

But-gurrer coming for limit were 30,14 per chare, up enhancedly from your-ago reads at 40,14. Revenues improved 20% to \$0.09 billion, but that was algisty below our own and Stead emperations. Porther available of the top lime shows land Architectum t me by 22% to \$7,025 billion, while the Communications business journ the combinations of Washess and Communications) rese by 13% to \$3,065 billion. Ther's the first time in quite a while that this business has none a pare-own-year gain. Revenues fall by 7%

arkst Data sincercor EPS Trand to 11422/2004 MTEL 4117 anne appringentes Mayor Crists Miles Información

Augus seta Tarquit Prim of \$26.00 br WTML EAST ou T UTXXV which was 1 1% above the \$24.12 chains prim for that Buy, WTEL 600Ph count accentation of \$26627 on 425.00 was 31% below the \$39.00 Tarquit Prim.

Argues Company Report

Valua/Growth Arwhysia um



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CENTURES Revents Despuis



INTEL CORP

Analyst's Notes around

sequentially and it was noted that unit shipmens for chipson, methor boards and natwork community products all were down from 4Q, in flesh memory, units actually rose sequentially, an improving sign. Operating profits in the Applicature Sustaness, of 43

billion, were up strongly from a year ago — and remained the selection business turning a profix in the Communications sector, losses were elementally flat with pear ago levels.

Intel[®] gross margin for the entire company was 62.2% undading the payment to intergraph, or 60.2% when the payment is included. While ther's down slightly from 4Q brule, it is call a strong year-over-pear improvement. Operating expenses rose by double digits, as bottline spending more on RRCD with new produces in the works as well as on SGSCA as strong marketing compagns are returning. Most other expense items were as expected, although lines a leases on societies named to a profit after three years of a

magnine impact.

The entitoele for 1Q new calls for remeasure in the \$7.6 billion to \$8.2 billion range, suggesting a midpoint of \$7.9 billion. That suggests a year-over-year gain of about 16%.

Grow margine one ye spected at donat 60%, due to come start-up come from 500 for the compact of the per adjustment from 500 per single expenses one expected to be up sightly from the first quarter at \$2.4 billion. All of these fermions bring us to an estimate for the current quarter of \$0.25. For all of 1004 and 2005 our ER4 estimates remain \$1.20 and \$1.40.

RNANCIAL STRINGTH & RISK RNANCIAL STRENGTH of RISK
Our financial strength string for limit can aim bligh. These were several positives on
limit's balance shout and cash flow summones, ranging from sweing free cash flow, which
essentially doubled from your ago levels, and very strong arturns on a gaity, more and
invested capital [18%, 14% and 17%, separatively]. The net cash position was also healing
at \$14.5 hillion, and resemb and not mentes per employes were up enoughy, with the
betten like portion almost doubling. At the same time, investory turns wedlened (what
supergraph to 4.85 since annualized from a store than 5 sizes for the past we pears.

Linearized A series Americal commissions shows that the 11% we quantial gath its injustrative. However, a note described exemination shows that the 11% sequential gain in a renterto-had an almost 13% increase in work in presses, indicating that level does not have a lot of finished goods sixing around that they heren't been able to cell. Rather myresting yield on some produce were the case. As how projects continue to ramp, are generic chould supply a circular levels in the second quarter. We are not very emorphish, though Abo of now, reservables jumped 14% from Q4, but this was very back-and loaded, indicating a butter parties in Q1.

bother parties in Q2.

As we see it, the main risk for fined right now appears to be the constituention of growth in the PC business. Besed on recent indications, this business should tendin pretty healthy, despite a modest elevatown from the last quarter. Noticed seasonality should keep the PC consciences, and thus lend's main business, an gard slape.

On the company in good shape weren compatible Advance of Micro Devices. Within flash manney and naturals companying, but here is good smount of work to do.

VALUATION & INVESTMENT THESES.

Mannestee and All Modes PC.

VALUATION of INVESTMENT TYPICATE

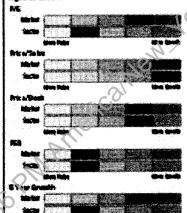
We maintain our BUY rating on the INTC shares with our surget price of \$38. With PC

demand tell appearing relatively riving, this stock appears ready to take a more positive
turn. The INTC shares have been coing through a correction crice ourly this year and are
new 20% from their 12-month ligh. Our fundamental range for the INTC shares suggests
a range of \$25 to \$43, with a D CF model calling for a price in of \$47.

Midday Wednesday, the BUY certed INTC shares traded at \$27.50, down 0.17.

MTC in Contest

The Compa







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METER INTA DIP	14.2	4.9
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SYMMETTEC COMP	16.0	35.8
AMAGE OFFICE BE	26.0	26.3
MONCES ME DO 1975	26.3	22.4
TEMS INSTRUMENTS	26.5	20.1
IS HOSIC COMP	31.2	20.9

Arenes Company Report



INTEL CORP

Analyst's Notes armed

On 3.5-2004 the Arone Pating on MITEL CORP was MAY.

- + trial's not-quater a posts was a significacy pointment, with the company's inverse larger coming down a \$1.
- · Notice busined our 1004 and PRM collection recipility to \$0.25 and \$1.20, respectively. Our PYOS extrade renates at \$1.40.
- We make our BUT rating on the BITC states. He stig gare to ough a correction receivity from the great gates in 2000, the MTC starse have finited downside in our opinion.

RECENT DEVELOPMENTS

BUY-rated least Corp. (MODA: (NTC) gave a mid-qua update. While there were no major changes to guidance, the company &d lemms the midpoint of newsure projections to \$9.1 billion from \$9.2 billion, it appears that inventory did build news & the end of 4Q in the AsinFacific and Japan, requiring more of a contraction this querier before juminosing in these regions build again. The pursues of lends between the contraction of the pursues of lends of the pursues occursed two Architecture freeds microprocessors, hard's other sectors are in-line with expectations. Due to this, we've lowered our 1 Q04 EP6 estimate to 50.25, and our full-pest ostimate to down by \$0.00 to \$1.20. For PYOF, we are enclosed with our projection of \$1.40.

DADLETRY

Deposit set.
It appears that PC demand in general is showing this quarter, for six ang deable-digit unit greath in 4Q, Indeed, FIDO makers greated in January that the distributor channel was somewhat writtedeal. How, latel is enjurg that OBM's in Asia was sightly strateched at the end of 4Q - but lated's distribution deared.

Also of note, mone IT spending curves suggest that demand in January for computer har do no consisted strong, but was elsoying no destry in Pobriary. But in juneanl, demand is still well as see BARNONCI ANALYSIS

Gines the industry transh discussed above, we have lowered our revenue and EPS forecast for final's 1Q04. We see more forecasting on the industry transfe i towerse at \$6.13 billion with RPS at \$0.25. Surfer our forecast was far sevence of \$6.3 billion and RPS of \$0.27. For the full year, we have lowered our estimate to \$1,20 from \$1,22. We empost 2Q to remain secondly normal with a bit force of a pidup in the second half. For 2005, our estimate remains \$1.40, which has been a bit below expension [which stood at \$1.47]. We would not be supplied to see the comment with the come closer to our own. Our long term growth year for land remains 15%. MINANCIAL STRESSOTH & BISK

Our financial expects rating for Irani remains High. It was seed in the employeese call that Irani's higher inventory level t 40 will probably remain couply flusto 10 - with it being worked

down mark (i) 20. But we do not see this so a major concern.

Sick has a sixty been related to the eveng corporar that
A design of Micro Devices 44-bit microprocessor is majoring and the interest that this is having an little's market share. But so we would will came out with a competitive chip some rath than later. Accordingly risks in general sensitive and for little. VALUATION & INVESTMENT THESE

As the PC industry continue to provide line! with good growth opportunities and the company regains market share (and with the likelihood of an improving financial structure in its other operations), we continue to rate the DVTC shares BUY. Our target price semants \$36, suggesting that the DVTC shares are worth about 155-mm cash flow.

Middly Priday, the RUY steed INTC character ded at \$29.02, down 0.63.

On 1/15/2004 the Agran Refund on MTEL CORT was MITY.

- that posted strong 4005 results that beat expectation, 316 he increased our 2004 eathering to \$1.22 and are in 64ting a \$105 introde of \$1.40. Our tang-terms growth rate is some 19%.
- Intel & Pleanchil shought rating is High.
- We maintain our BLN rating with a tasjet price of \$30. Despite hot your's exceptional parternance in the INF Colors price, we think there is further

RECENT DEVELOPMENTS

BUY tated hand Corp. DOMM: INTCI powed emobiest fourth quarter res 42. Anther the time from an included or not. The company four that own promus guidence as well as concerned EPS. We're transcring our earnings settingnes for 2004 to \$1,22 and projecting a 2005 settingne of \$1,40. For the full year, lines expenses seconds of \$30.1 hillion with EPS at \$0.05.

BARDONCS ANALYSIS

Percenn for the quarter was \$8.74 billion, with a 29% growth can at Intel Architecture, to \$7.67 billion. Meanwhile, the Communications Group showed a past-over-past results a gain of 9 %, to \$5 92 milion. Window commund to show a year-over-past dachina, but it was up sequentially to \$469 million, limit Architecture continues to be the lone part of the brainnes that is profitable – but the other two eacture are experiencing distinating leases. We sended chimse that Communications and Wissless are

now being cambined into one, which should sid in cost synergio.

On a regional besis, Asin Pacific continues to represent the largest persion of resusses, as 40%, and had strong year-over-year growth for the queries, at 27%. Other section was more note he table in terms of improving growth trends. For example, the America region showed growth of PN water 4% last quarter, and in But upo growth want to 20% from 12.5% last quarter. Japan has the best peat-over-year growth case of 61 %, also up from her quarter's 57%.

Or on margins for the quarter were except entity strong at 63.6% compared with 58.2% last quarter. This was perticily due to higher A.Fe, as well as improved factory utilization. Operating expenses were also well managed, up 6% sequentially and PK 740 -074 PME

level took a \$611 million charge to reflect the underperfernance of certain acquisitions. This charge also sended in a lower-diam-normal terrain. So even if we exclude the charge and among a normalised territain of \$2%, EDI would still have reached the bester-them-expected \$0.59 that was reported.
(Without them adjustments, the tent case was just 17.5% for the quarter.) Including the charge, but assuming a normalized tent rate, EPS would have been \$0.17. This companie with last year's 4Q EPS

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Arcers Company Report



INTEL CORP

Analyst's Notes arrang

of \$0.16.

Hist-quarter guidance calls for resumes in the \$7.9 to \$0.5 billion sange, with gross margins of about 60%, operating expenses of \$0.3 billion, and a tex rate of \$2%. Our model indicates 18% of \$0.27. For the full year, guidance suggests a \$2% or on margin, R&CD spending of \$4.5 billion, deposition of \$4.6 billion, encounters of acquisition selected intemplates of \$170 million, and a tex rate of \$2%. Given our projections for the full margin site of \$1.0 million, and a proving growth justice, we now forecast at 16% for the full margin site is sitely home gross margins. Let a higher share seemed. full year), eligitely better gross margins, but a higher characters tast rate, we are raising our continuous for this year to \$1.22 from \$1.18. For 2005, our milital projection in \$1.46. Our long-airm growth sets in new 15%, BNANCIAL STRENGTH of RISK

We rate intel's financial strength High. The company's set cosh ation has been improving many for the part two years and naw rate at \$14.76 billion. Total drift to cap is a semenable 3%, watery turns some net quite as six any this quarter as last or from a year ago, so the company stacked up on some raw massish given projections for the coming year. This is not a company at this point, but we will keep a close ope on insustances must quarter. ROS for the year won 15%, ROA 12%, and ROIC 8%.

ROS for the pure wen 19%, ROSA 11%, and ROCC 6%.
Intol's risler are minimal, ARCD's strength, porticularly in flash,
memory, may consistent to put pressures on finish.—but we shink
INTC will do fine given the numer could in this bustoms. On the
microprocessor of do, product plans are strong. Our natable issue is
a delay in a mobile microprocessor, so 2,094.
VALUATION & INVESTMENT THESIS

level to the localing microprocessor menufacturer, as well as being the member one sense understor makes in methot chare. This industry continues to improve, largely driven by growth in the PC and error season, and we notestain our RUY raing on the RUY calling with a target price of \$38. Our model, which mainly mikes cost flow assumptions, industries reasonable with the part, we bring the stack to the low-540s, but as we've said in the part, we are being conservative for new.

nichael@justbuildit.com On Thursday at middey, BUY cased INTC made to \$35.04,

Artims Company Report