



**Quarterly Investment Note
May 19, 2006**

Evidence from numerous published studies, in addition to common logic, suggests that investors prefer firms which follow a stable and predictable dividend policy. At Longbow, dividends play an important role in our clients' common stock strategy.

We recognize that many clients rely on dividends to meet expenses (much like they rely on the interest payments from fixed income securities) and that they would be seriously inconvenienced if their portfolio's dividend stream was unstable.

Dividends are the offspring of earnings. They represent earned capital that is being returned to shareholders. Thus it follows that dividend stability and growth are predicated on earnings stability and growth.

Also of importance, dividends temper the ability of a company's management to squander capital by investing in poor projects or needlessly expanding through ill-advised acquisitions.

In our common stock portfolio, we invest in large, well established U.S. based publicly traded companies, the majority of which pay dividends, for clients.

Below, we highlight the dividend accomplishments of four of our companies:

Citizens Communications Co. (NYSE: CZN)

Price per Share on 05/18/06: \$12.57; Dividend Yield: 7.96%

This Stamford, Connecticut-based telecommunications company provides services—such as local and long distance, data and high speed internet, as well as access, directory, and digital television—to rural areas and small and medium-sized towns and cities for business and residential customers primarily under the “Frontier” name. For the year ended 2005, Citizens had 2.2 million access lines and 311,400 digital subscriber line (DSL) customers (up 47% from the year earlier) in 24 states including Arizona, California and New York.

Besides rewarding shareholders with an ongoing annual dividend of \$1.00 per share (paid quarterly), in 2005 the company bought back 18,775,156 shares of common stock at an average weighted price of \$13.31 per share which we believe signals that management has its priorities in place and is focusing on maximizing shareholder value.

Washington Mutual Inc. (NYSE: WM)

Price per Share on 05/18/06: \$44.96; Dividend Yield: 4.54%

Seattle-based Washington Mutual is the largest U.S. savings and loan institution, the third largest originator and servicer of home loans in the U.S., and the seventh largest U.S. bank and thrift, based on assets. Its motto “when our customers look good, we do too” is backed up by being the first of the top 10 financial institutions in the country to offer free checking with no monthly service charges or hidden fees and by distributing in 2005 more than \$10 million to over 54,000 schools across the country through its “*WaMoola for Schools*” program to give support to local communities when its customers use their free debit cards on their checking accounts.

On April 26, 2006, Washington Mutual increased its per share dividend from \$0.50 to \$0.51, which marked the 43rd consecutive quarter that the Board had elected to raise the cash dividend.

Kinder Morgan Inc. (NYSE: KMI)

Price per Share on 05/18/06: \$84.04; Dividend Yield: 4.15%

Kinder Morgan based in Houston, Texas is one of the largest midstream energy companies in the U.S. as it operates more than



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43,000 miles of pipelines and 150 terminals for the transportation and storage of natural gas, refined petroleum products, and coal. It owns the general partner of Kinder Morgan Energy Partners (NYSE: KMP), one of the largest publicly traded master limited partnerships in the U.S. The combined companies have an enterprise value of \$35 billion.

On April 26, 2006, Kinder Morgan paid a quarterly cash dividend to shareholders of \$0.875 per share, which represented a 16.67% increase over the \$0.70 per share dividend paid during the same quarter in 2005. As cash flows improve amid favorable operating conditions within the domestic and global oil and gas industry, we feel that the company's dividend, in addition to its stock price, could increase significantly in 2006.

Public Storage Inc. (NYSE: PSA)

Price per Share on 05/18/06: \$71.95; Dividend Yield: 2.78%

Public Storage, the largest provider of storage space in the U.S., is an equity real estate investment trust (REIT) organized as a corporation that acquires, develops, owns, and operates self-storage facilities. Public Storage manages over 850,000 rentable self-storage units (92 million rentable square feet) consisting of 1,508 branded properties, as well as pick-up service, in 37 states, located predominantly in major metropolitan markets. The largest concentration of properties for the Glendale, California based company is in California (21%), Texas (11%), and Florida (10%).

Public Storage pays an annualized dividend of \$2.00 per share (or \$0.50 per quarter) which is an 11.1% increase over last year's payout (of \$0.45 per quarter). We expect the company's annualized dividend to increase to \$2.20 in 2007 driven by favorable demographics and stable economic conditions. For example, according to a *Wall Street Journal* article cited in the latest annual report, 1 in 11 households now rent a self-storage unit compared to 1 in 17 households ten years ago.

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Each of our firm's clients is unique and each has different investment goals. We work efficiently and in a disciplined manner to design investment solutions to meet our clients' needs. We invite you to call our office at (918) 295-9929 or send an e-mail message to jakedollarhide@lbamc.com if you have any questions or need assistance anytime. We are always available to help and we appreciate your trust and confidence.