

U.S. Stock Focus List

If you're looking to include individual stocks in your portfolio, consider those on the Edward Jones Stock Focus List.

Focus on the Long Term

We believe a good strategy for individuals is to buy a mix of quality investments and hold them for the long term. Your portfolio objective determines the appropriate proportion of equity investments to help you reach your long-term goals. Then consider how to own the equities you need. Individual stocks may be a part of that strategy. The Edward Jones Stock Focus List (formerly named the Model Stock Portfolio) represents many of our best stock ideas across a variety of industries — so if you want the potential for long-term growth and a little income, you may wish to consider purchasing these stocks for your portfolio. The Focus List contains only “Buy”¹ recommendations. (See table on page 3.)

A Diversified List of Our Buy Ideas

Our Stock Focus List is a good starting place for selecting stocks when building a well-diversified portfolio. It contains many of our favorite buy ideas across the various industry sectors.²

Selecting and reviewing the stocks on the Stock Focus List is a team effort. Our research analysts review the list, discuss company outlooks and valuations, and consider proposed changes to the list with the firm's Director of Equity Research. All changes made to the list are reviewed before the Research Review Committee. Once changes are made, we communicate them to our clients and financial advisors through our public Web site and our monthly newsletter, *Investment Perspective*.

Identifying Quality Companies

We believe identifying stocks for the U.S. Stock Focus List starts with finding quality companies. In our opinion, investing in quality companies at good prices is the best way for individual investors to build and acquire stock ownership over the long haul. We believe that quality companies share most, if not all, of the following characteristics:

1. Operate in Attractive Industries — We believe certain industries possess characteristics that make

them more attractive than others. Some of these characteristics include high barriers to entry, low capital intensity and lower levels of regulation. In addition, we tend to avoid highly cyclical industries that are overly dependent on a strong economy to produce attractive growth opportunities.

2. Strong Competitive Position — If a company doesn't command a leadership position within its industry, it should offer other competitive strengths that could help it sustain long-term profitability. Ideally, we prefer companies with a strong “franchise” or a special niche. Typically, these companies will generate higher returns on capital, which we believe can help build shareholder value over time.

3. Experienced Management Teams — We prefer companies that are led by strong management teams who have a track record of success. We typically will meet with management in person to assess their corporate strategy and gauge how effectively they are deploying the firm's capital to generate attractive returns for shareholders.

4. Solid Financial Positions — We tend to gravitate toward companies that have a solid balance sheet and strong cash flow. In addition, the majority of the companies on our list have historically demonstrated consistent growth in sales and earnings. While these stocks typically will decrease in value during inevitable market declines, it's our view that they will be in the best position to bounce back when market recoveries occur.

5. Usually Pay Dividends — We believe most quality companies tend to pay a dividend. A company that regularly pays a dividend and increases it over time, tends to have a strong business model that generates consistent cash flow. Just remember, dividends can be reduced or eliminated at any time without warning.

Buying at Attractive Prices

While we like to recommend quality companies, not all good companies turn out to be good stocks. What makes a good stock is its price. Our analysts use a variety of tools to determine if a stock is attractively priced. To determine if a stock is attractively priced, we use traditional valuation approaches such as comparing a stock's price-to-earnings ratio (P/E) to its historical P/E range as well as that of the S&P 500.⁴ We also can compare the P/E to the company's projected growth rate and dividend yield, otherwise known as the price/earnings to growth and dividend yield (PEGY) ratio.

In addition to these traditional measures, we utilize our own discounted cash flow model to determine what we believe the shares are worth. While none of these tools are perfect, they can help us avoid buying stocks when market forces have pushed the share price well above what we believe the company is worth.

Removing Stocks from the List

Consistent with our investment philosophy, we try to manage the stocks on our Stock Focus List with a long-term time horizon. However, we will periodically remove stocks from the list. The reasons we typically remove a stock include the following:

- A rating downgrade due to a company's weakening fundamentals or its stock no longer being attractively priced
- Better opportunities in other Buy-rated stocks
- Adjustments to maintain diversification across the various industry sectors

Realistic Expectations

Our goal is to have a list of stocks that provides a competitive return while managing downside risk. While we believe our approach should lead to the potential for long-term growth over time, in some years our performance will trail the major market averages, and in others our performance may be better.

Given our focus on larger, attractively valued quality growth companies, we historically have performed better during down markets.

Conversely, we tend to trail the market during low quality speculative rallies or momentum-driven markets that are led by a narrow sector of the market.

The following table shows how the Edward Jones Stock Focus List performance compares with the overall S&P 500 Index through Sept. 30, 2009.

Return Performance

	Stock Focus List	S&P 500	Annual Difference
10 Years	+1.3%	-0.2%	+1.5
5 Years	+1.9%	+1.0%	+0.9
3 Years	-2.9%	-5.4%	+2.5
1 Year	-4.7%	-6.9%	+2.2

Source: Edward Jones. All periods show annualized returns. All data is for the period ending Sept. 30, 2009. Past performance is not a guarantee of future results. Since inception in January 1993, the Edward Jones Stock Focus List (formerly the Model Stock Portfolio) has provided an average annual total return of 6.8% compared to 6.7% for the S&P 500. Total returns assume reinvestment of dividends, capital appreciation and a transaction fee of 1%. The investment return and principal value of an investment will fluctuate. An investor's equity, when liquidated, may be worth more or less than the original cost. Performance results do not represent actual trading and may not reflect the impact that material economic and market factors might have on our decision-making if we were actually managing clients' money. The S&P 500 is an unmanaged index and is unavailable for direct investment.

For more information about the Stock Focus List, including which stocks may be appropriate for you, contact your Edward Jones financial advisor.

David Powers, CFA

Principal, Director of Equity Research

For a list of stocks and statistical data, please see pages 3 and 4.

U.S. Stock Focus List

Below is the current list of stocks on our Stock Focus List. All stocks on the list are rated "Buy."

Prices as of Oct. 15, 2009.

	Ticker Symbol	Recent Price (\$)	52-week Price Range (\$)	Earnings Per Share 2010 (Est.) (\$)	P/E based on 2010 (Est.)	PEGY	Annual Dividends (\$)	Dividend Yield (%)	Suitability	Important Disclosures
COMMUNICATION SERVICES (4%)										
Comcast Cl. A	CMCSA	15.27	18.10 - 11.10	1.19	12.8	1.2	0.27	1.8	G	
Verizon Communications	VZ	29.11	34.90 - 24.26	2.65	11.0	1.0	1.90	6.5	G/I	
CONSUMER DISCRETIONARY (10%)										
Fortune Brands	FO	43.61	46.59 - 17.68	2.80	15.6	1.8	0.76	1.7	G	
Home Depot	HD	27.30	28.44 - 17.46	1.70	16.1	1.4	0.90	3.3	G/I	
Omnicom Group	OMC	38.50	38.50 - 20.09	2.80	13.8	1.4	0.60	1.6	G	
Sysco	SYI	26.71	26.81 - 19.39	1.90	14.1	1.2	0.96	3.6	G/I	
Target	TGT	50.42	51.57 - 25.00	3.32	15.2	1.3	0.68	1.3	G	
CONSUMER STAPLES (12%)										
General Mills	GIS	65.29	69.00 - 46.37	4.50	14.5	1.3	1.88	2.9	G/I	
Kimberly-Clark	KMB	59.38	62.90 - 43.05	4.70	12.6	1.0	2.40	4.0	G/I	
Molson Coors	TAP	50.22	50.94 - 30.76	3.65	13.8	1.2	0.96	1.9	G	
Procter & Gamble	PG	57.24	66.82 - 43.93	3.75	15.3	1.3	1.76	3.1	G/I	
Walgreens	WAG	39.83	39.83 - 21.28	2.35	16.9	1.6	0.55	1.4	G	
ENERGY (12%)										
BP Plc	BP	54.76	55.61 - 33.70	6.25	8.8	0.7	3.36	6.1	G/I	
Chevron	CVX	76.69	81.92 - 55.62	7.50	10.2	0.9	2.72	3.5	G/I	
Energen	EGN	47.21	47.25 - 23.00	4.35	10.9	1.0	0.50	1.1	G	3
ExxonMobil	XOM	72.94	83.64 - 59.17	5.75	12.7	1.5	1.68	2.3	G/I	
Royal Dutch Shell	RDSA	60.48	60.51 - 38.26	6.25	9.7	0.8	3.36	5.6	G/I	
Schlumberger	SLB	68.79	68.96 - 35.05	2.90	23.7	2.1	0.84	1.2	G	
Suncor Energy	SU	39.03	39.62 - 14.52	2.70	14.5	0.9	0.38	1.0	G	
FINANCIAL SERVICES (14%)										
J.P. Morgan Chase	JPM	47.16	47.47 - 14.96	2.99	15.8	2.1	0.20	2.4	G	5,9
Manulife Financial	MFC	21.49	26.00 - 6.94	2.14	10.0	0.8	0.48	2.2	G	2-6
Northern Trust	NTRS	59.90	66.06 - 33.88	4.00	15.0	1.5	1.12	1.9	G	9
The Progressive Corp.	PGR	17.16	17.50 - 9.76	1.55	11.1	1.4	0.00	0.0	G	
State Street	STT	54.75	55.87 - 14.43	4.36	12.6	1.6	0.04	0.1	G	
U.S. Bancorp	USB	24.01	32.39 - 8.06	1.50	16.0	2.3	0.20	0.8	G	9
Wells Fargo	WFC	31.38	35.25 - 7.80	2.00	15.7	1.8	0.20	0.6	G	12

U.S. Stock Focus List

Below is the current list of stocks on our Stock Focus List. All stocks on the list are rated "Buy."

Prices as of Oct. 15, 2009.

	Ticker Symbol	Recent Price (\$)	52-week Price Range (\$)	Earnings Per Share 2010 (Est.) (\$)	P/E based on 2010 (Est.)	PEGY	Annual Dividends (\$)	Dividend Yield (%)	Suitability	Important Disclosures
HEALTH CARE (14%)										
Abbott Laboratories	ABT	51.91	58.24 - 41.27	4.11	12.6	1.3	1.60	3.1	G/I	
Becton, Dickinson & Co.	BDX	68.35	77.11 - 58.14	5.20	13.1	1.0	1.32	1.9	G	
Express Scripts	ESRX	81.67	83.26 - 42.75	4.45	18.4	1.0	0.00	0.0	G	
Johnson & Johnson	JNJ	60.94	65.00 - 46.25	4.89	12.5	1.5	1.96	3.2	G/I	
Lilly (Eli)	LLY	34.50	40.78 - 27.21	4.61	7.5	1.1	1.96	5.7	G/I	
Medtronic	MDT	37.04	43.43 - 24.06	3.15	11.8	1.0	0.82	2.2	G	
Merck	MRK	33.30	33.40 - 20.05	3.46	9.6	2.1	1.52	4.6	G/I	
Pfizer	PFE	17.66	18.48 - 11.62	2.31	7.6	0.9	0.64	3.6	G/I	
Stryker	SYK	46.15	59.39 - 30.82	3.45	13.4	0.8	0.40	0.9	G	
INDUSTRIALS (15%)										
3M Company	MMM	76.77	77.23 - 40.87	4.65	16.5	1.4	2.04	2.7	G/I	
Canadian National Railway	CNI	52.12	52.68 - 29.39	3.68	14.2	1.2	0.84	1.6	G	
Ecolab	ECL	46.38	47.88 - 29.27	2.25	20.6	1.7	0.56	1.2	G	
Emerson	EMR	39.83	41.65 - 24.39	2.07	19.2	2.1	1.32	3.3	G/I	3
General Dynamics	GD	67.32	67.44 - 35.28	5.98	11.3	1.6	1.52	2.3	G	
Illinois Tool Works	ITW	45.36	45.53 - 25.60	2.11	21.5	2.5	1.24	2.7	G	
Monsanto	MON	78.33	94.95 - 63.47	3.29	23.8	1.9	1.06	1.4	G	11
Parker-Hannifin	PH	53.51	55.89 - 27.69	1.44	37.2	6.3	1.00	1.9	G	
United Technologies	UTX	64.40	64.44 - 37.40	4.11	15.7	1.7	1.54	2.4	G	
TECHNOLOGY (15%)										
Accenture	ACN	38.80	39.52 - 26.25	2.66	14.6	1.3	0.75	1.9	G	
Adobe Systems	ADBE	35.75	35.85 - 15.70	1.71	20.9	2.1	0.00	0.0	A	
Automatic Data Processing	ADP	40.85	41.27 - 30.83	2.35	17.4	1.4	1.32	3.2	G/I	
Cisco Systems	CSCO	24.37	24.50 - 13.61	1.30	18.7	1.7	0.00	0.0	G	
EMC Corp.	EMC	18.44	18.44 - 8.25	0.81	22.8	2.1	0.00	0.0	A	
Hewlett-Packard	HPQ	48.00	48.00 - 25.39	4.25	11.3	1.1	0.32	0.7	G	
Intel	INTC	20.67	21.27 - 12.05	1.47	14.1	1.1	0.56	2.7	A	
MasterCard	MA	225.36	227.23 - 113.05	12.69	17.8	1.3	0.60	0.3	G	
Microsoft	MSFT	26.71	26.71 - 14.87	1.74	15.4	1.4	0.52	1.9	G	
Oracle	ORCL	21.32	22.95 - 13.80	1.54	13.8	1.2	0.20	0.9	G	
UTILITIES (4%)										
FPL Group	FPL	53.75	60.61 - 36.12	4.75	11.3	0.9	1.89	3.5	G/I	
MDU Resources Group	MDU	21.44	22.89 - 12.79	1.75	12.3	1.0	0.62	2.9	G/I	

IMPORTANT DISCLOSURES

All stocks on the list are rated "Buy." Individuals can access the full research report with the full disclosures and analyst certifications on any of these companies mentioned in this report through our online account access Web site (www.edwardjones.com/access). You also can contact a local Edward Jones financial advisor, who can provide you with more information including a complete company opinion, or write: Edward Jones; Research Department; 12555 Manchester Road; St. Louis, MO 63131.

- 1 Edward Jones has managed or comanaged an offering of this company's securities within the past 12 months.
- 2 Edward Jones has received compensation from this company for investment banking services within the past 12 months.
- 3 Edward Jones expects to receive or intends to seek compensation for investment banking services within the next three months.
- 4 Edward Jones has provided investment banking services for this company within the past 12 months.
- 5 Edward Jones has received compensation from this company for providing non-investment banking securities-related services within the past 12 months.
- 6 An affiliate of Edward Jones has received compensation from this company for providing non-investment banking securities-related services within the past 12 months.
- 7 Edward Jones has provided non-securities services for this company within the past 12 months.
- 8 Edward Jones has received compensation from this company for products or services other than for investment banking services within the past 12 months.
- 9 Edward Jones, its affiliates and/or its partners have a banking/borrowing relationship with this company.
- 10 Edward Jones offers mortgages to its clients through a joint venture with Wells Fargo, called Edward Jones Mortgage.
- 11 A former managing partner of Edward Jones who currently holds the position of senior partner is a member of this company's board of directors or an affiliate's board of directors.
- 12 Important Disclosures for Wells Fargo are 5,7,9,10.

PEGY Ratio – Indicates whether a stock is overvalued. Calculated by dividing the current P/E (shown in this stock table) by the sum of the company's estimated EPS growth rate and the dividend yield.

Suitability – Growth & income (G/I) stocks provide a balance of dividends and price appreciation; growth (G) stocks offer little or no current income but greater future capital appreciation than other stocks; and aggressive (A) stocks offer potentially higher returns for considerably higher levels of risk.

It is the policy of Edward Jones that analysts do not own shares in companies they follow.

The industry percentages on the table on pages 3 and 4 are our recommended weightings in each of the industry segments.

The following footnotes reference pages 1–2.

- 1 Diversification does not ensure a profit or protect against loss.
- 2 Edward Jones defines "Buy" as follows: Our opinion is to buy this stock. We believe its fundamentals and/or valuation are compelling.
- 3 Edward Jones defines "Hold" as follows: Our opinion is to keep this stock. We believe the fundamentals and/or valuation are stable, or a special situation exists, such as a merger, that warrants no action.
- 4 The S&P 500 is an unmanaged index and is unavailable for direct investment.