WE HIT

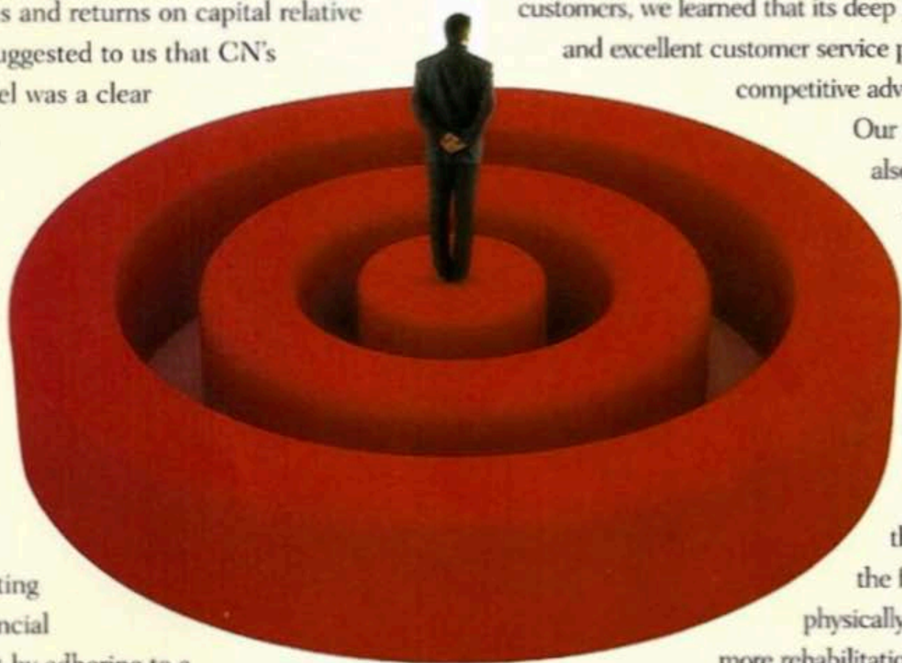
...with Canadian National Railway, operator of the largest rail network in Canada and the only transcontinental network in North America.

While the railroad industry isn't typically viewed as an area that offers investors the opportunity for growth, Canadian National Railway's (CN's) unique operating model convinced Janus that this company may be an exception. Higher margins and returns on capital relative to other rail companies suggested to us that CN's "scheduled" railroad model was a clear differentiator. To be sure, however, we needed a closer look.

Through visits with company management and tours of CN's operations, we were able to learn more about the details and benefits of the company's scheduled railroad approach. After incorporating these details into our financial model, we discovered that by adhering to a strict schedule for its rail cars and trains, as well as for every process leading up to car movements, CN was able to enhance service, better utilize its assets and increase profitability.

Our research also included talking with CN's customers. Many of them told us that the scheduled railroad model had improved CN's reliability and consistency and reduced transit times by minimizing the time that their freight sat idle in rail yards. Convinced that CN offered a greater opportunity for growth than most investors realized, we were ready to make a purchase.

We bought our first shares of CN in 2001. At $13 a share, we felt the stock was a great value and that the weak Canadian grain crop at that time would ultimately only be a temporary setback for CN. Our thesis proved correct and the stock has been a strong, long-term investment for Janus. As of April 30, 2006, it was trading at $45 a share. ❖



WE MISSED

...with Patterson Companies, a leading distributor of dental, veterinary and rehabilitation products in the U.S.

When Janus first began researching Patterson in late-2002, it became clear to us that this company serves as a critical bridge between thousands of suppliers and hundreds of thousands of customers. Upon digging deeper and talking with Patterson's customers, we learned that its deep knowledge of products and excellent customer service provide a durable competitive advantage.

Our attraction to the company also stemmed from the steady growth of the dentistry, veterinary and rehabilitation markets. Primary drivers of this growth include trends where people are keeping their natural teeth later in life, treating their pets as members of the family and staying physically active, thus requiring more rehabilitation care.

To learn more about Patterson and the businesses in which it operates, we met with Patterson's executives and employees, attended dental trade shows and talked to dentists. We also monitored Patterson's competitors and spent time in veterinary and rehabilitation centers. We were impressed with what we saw and, in 2002, made our first purchase.

To our pleasure, the stock gained following our investment. However, more recently the company has hit a rough spot. Slowing dental equipment sales and concerns about management changes in the rehabilitation segment of Patterson's business have pressured the stock. Nonetheless, Patterson has a 20-year track record of outperforming the competition and exclusive contracts with the market leaders, which, among other things, leads us to believe that we should be patient with the stock price. In the meantime, we will continue to keep very close tabs on the company. ❖