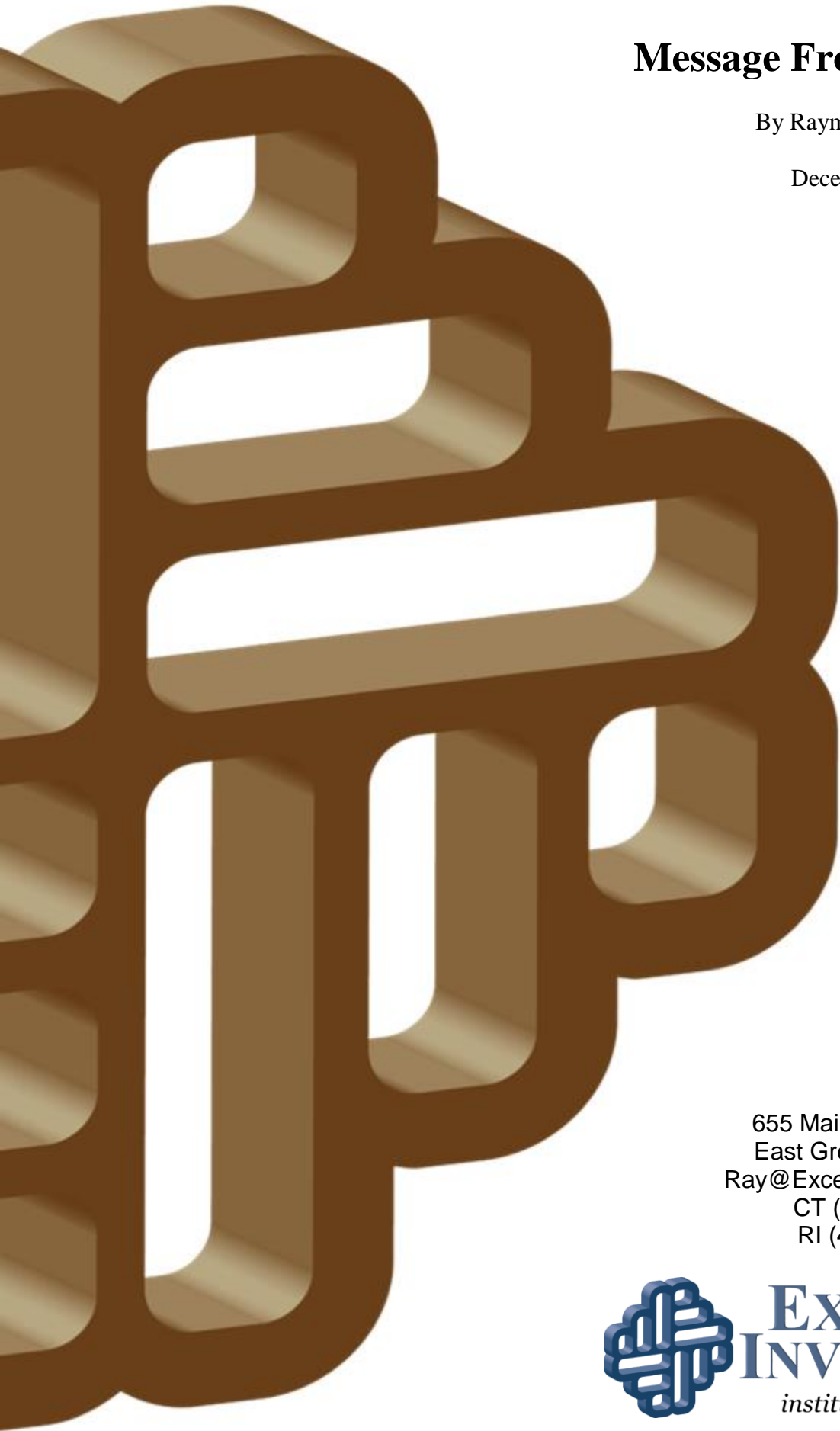


Message From The President

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When I think about how Americans see their own history, I am reminded of that line, powerfully delivered by Jack Nicholson: “You can’t handle the truth!” While his character was despicable, the message described a certain mindset: a mindset of complacency, passivity and ignorance towards the world around them.

When Nicholson said those words to Tom Cruise, he may as well have been directing them towards the men on Wall Street and our Congress; and even directly at the American citizen. Despite the baloney you hear from politicians, bankers and Wall Street brokers, America is in big trouble. Moreover, so is our stock market.

While politicians and brokers have never been known for their honesty and courage, today, they have reached new levels of duplicity and darn right dishonesty. Throughout the 1990s and into 2000, these ever-present parasites proclaimed, “all was well,” and that our economy was in for decades of prosperity and budget surpluses.

Then, from the spring of 2000 until September 10, 2001, the US stock market fell nearly 70%. Did Wall Street or any politician warn you to sell? Did the wise-men and soothsayers at the Federal Reserve Bank warn you? They’re the guys that caused the bubble in real estate, they created the low interest loans. Did the national association of financial planners put out press releases warning that the stock market had reached irrationally high levels and was bound for a fall?

The above “advisors” are the same men that most Americans seek out for professional financial advice. Americans also still trust the regulators of banks to remedy the problems of our economy, yes, the same problems that these men caused. Americans still trust the same guys who sold new fancy mortgages. Americans still trust the men who put their trust in derivatives, not in cash balances. Maybe we should change the words on our currency; it could read; “In Derivatives We Trust”. Americans still trust the men who told them that that real estate and stocks would always be solid investments.

Where do we go from here? It is true that in the past decade the US has created millions of new jobs resulting in record low levels of unemployment. It is also true that since about 1985, the American standard of living and the financial solvency of the average household, corporation and the state and federal governments has been in a steep and nearly steady decline. Perhaps you remember a time when blue-collar American jobs afforded both self-sufficiency and self-respect. That is no longer the case. In the past two decades the savings rate for Americans has plunged to zero, or less.

Today’ reading from the US Department of Commerce informs us that the personal savings rate in the US in November of 2007 was a negative \$48.4 billion. US Census figures show that half of all American households have a liquid worth of less than \$2,800. This is not progress; this is not “good jobs at good wages”. When America suffers a recession, and we will someday, how long will \$2,800 last for a family?

Today, the largest banks in the US have turned to foreign countries to survive. A few weeks ago Citibank had to pay 11% to borrow \$7.5 billion from the Abu Dhabi Investment Authority. No one in the US would/could come forward with the cash, to keep Citibank from bankruptcy. Would the

board of directors at Citibank agree to pay the Arabs 11% per year for “special terms stock”, merely to “strengthen” their balance sheets? Clearly, CitiBank acted out of desperation. Does CitiBank pay its US shareholders 11%?

Just a few days ago, one of America’s largest, oldest and “preeminent” investment banking firms, Bear Stearns, had to borrow money at junk bond rates to stave off bankruptcy. China is only charging Bear Stearns 9%. What does this say about the creditworthiness of Bear Stearns? Today, Merrill Lynch is rumored to have had to go to bed with the men from Singapore; the terms are still being negotiated.

Why could Citibank, Bear & Merrill, heretofore, three of the oldest, richest and most powerful companies in America, NOT find any US lenders/investors? How could the smartest men from Harvard, Yale, Stanford etc., the men who control all of the trillions in America’s pension funds, have to go begging to foreign men to save their businesses? Have you noticed, these companies are still paying out tens of billions in bonuses to their “executives”? And Americans still entrust these guys with their life savings; Americans actually rely on these same guys for “investment advice”. I couldn’t make this up!

The reality of the situation is that the men on Wall Street and in Congress and the owners of the largest mortgage companies in the world had the rule-makers, in this mismatch of intelligence, in their pockets. The biggest losers were the shareholders of these companies. The men on Wall Street are indeed some of the smartest men on earth; they are also the slimiest men on earth. Americans are just too sheepish, greedy, and either stupid and/or ignorant to figure out, that they have again, trusted the wrong men. Americans have been swindled, again.

My dad was right; “the rich get richer and the poor have babies”. Are you pregnant? Or have you had it with these bums?