

Conference Call Summary 3/20/08

Muni Market Disaster

Dow will reach 13,000 Near Term

- Money Market yields will fall to 1.25% so there will be a shift to corporate bonds and equities as people look for higher yields.
- Market will experience a short-term rally particularly in the financial sector but underlying risk still remains.
- Sell into rally and reposition into short-term bond fund.

Municipal bond market is the next crisis.

- Municipalities are highly leveraged.
- Municipalities will find themselves with higher financing costs and a shrinking tax base because
 - Real estate prices are dropping
 - The ability of people to earn income & pay taxes is diminishing
 - With Ambac and MBIA stepping out of the way, they will be stand alone entities with lower credit ratings which will cause higher financing costs.

Dow 8,800 by Summer