

Conference Call Summary 8/1/07

- Spreads widen to 700-800 bps on BB credits or worse and widen to 300-400 bps on credits above BB
- Yield Curve Inversion, both domestic and foreign, reflecting a slowdown in the global economy
- 30 year treasuries to 4 % by year end (2007)
- Mortgage rates to 4.75% by year end (2007)
- Oil to touch 58.50 by year end (2007)
- Dollar will strengthen near term but will make a new low by first quarter 2008
- Fed to hold rates steady to raise savings rate and curb speculation

1st Target 2007

DOW	12,500
SPX	1350
COMP	2169

Commodity prices much lower ahead

Recommendation:

- Stay short-term with 20% of investible assets.
- Sell equities, buy short term bond funds.