

July 21, 2010

Dear PCM Clients and Friends:

We have often said that Minnesota has two seasons—winter and road repair. This year road repair is pretty much non-existent, as potholes abound. Our sister city, St. Paul, has furloughed 17 city employees (the pothole 17) who were caught on film loafing and not working. Frankly, the local streets and some highways are so rough and full of holes that driving is often bone shaking, not to mention the “ouch” we mutter when we hit a real one like the one Perk hits each night on his drive home. All good for the front end alignment folks who probably hope the holes are left unfilled. The root of the problem, really, is budgeting, as cities are desperately cutting costs to balance budgets, and road repair is one that suffers, just as snowplowing did this past winter. More on budget deficits and cost cutting in a later section in this letter titled “The Big Squeeze.”

A MESSAGE FROM PERK

In the July letter last year, I wrote about the Midwest Decoy Collectors Association Show, which I had attended in late April as I have for many years at the Pheasant Run Resort in St. Charles, IL. If you are a decoy collector, this show is a “must” and begins on Tuesday (April 20, this year) with room-to-room trading; there are over 150 dealers exhibiting decoys in their rooms, displaying them on the bed or on collapsible stands which they bring. Believe me; if you like walking for exercise, you can get it there by walking through the seven wings of the resort looking at decoys for sale or trade in room after room. By the way, Pheasant Run has 473 rooms and many dealers have had the same room for years so you know where to find them. This continues through Friday at about noon when the dealers move to the Mega Center for the show, which is held Friday after 2 p.m. and on Saturday. The Mega Center is just that—MEGA—23,000 square feet under one roof, with no columns. Walking up and down the aisles of dealer tables will give you more exercise while being entertained by duck and goose call demos!

The Guyette and Schmidt auction in the large ballroom is held on Thursday and Friday, with a preview Wednesday evening and each day before the auction. There are typically over 600 decoys in their auctions, and the auctioneer, Jim Julia, does 60 to 70 per hour, so we are treated to perhaps 10 hours of auction time. Guyette and Schmidt hold three auctions per year—St. Charles, IL in April, Portsmouth, NH in July, and Easton, MD in November. Each auction has something special and this one was no exception. There were three Elliston decoys and seven Mason decoys, where under each lot the auction book stated the provenance as “part of a group found recently in a house in Indiana.” This was one of those occasional “finds” which still happen, a case of accidental fortune for

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INVESTMENT MANAGEMENT

someone. Here is this story: A young man and his wife bought a very inexpensive house in Indiana, with the hope of fixing it up and renting it. While cleaning it out, they found a bag in the attic containing grungy old decoys. The Ellistons had the weights with the Elliston name stamped on them, which when Googled turned up the November/December 1991 *Decoy Magazine* article on Elliston by Donna Tonelli. They then contacted her not realizing at the time what they had, nor did they know that Donna and husband Joe are two of the most knowledgeable decoy people in the world. Pictures were sent to the Tonellis, and the end result was the sale of these decoys at the Guyette and Schmidt auction. One of the Ellistons brought a hammer price of \$87,500 and the total of ten brought \$134,650 or \$155,000, including the buyer's premium. The message here is clear— make sure you ask your friends or relatives if they have any old bags of decoys in the attic or barn, as you might find an accidental fortune.

Another interesting auction story is the sale of a pair of Ole Gunderson pintails for \$34,000. Who in the world is Ole Gunderson? Well, Doug Lodermeier, of Minneapolis, has just published his book *Minnesota Duck Decoys*, a sequel to his *Minnesota Duck Calls* published in 2003. The new book is absolutely fantastic, nearly two inches thick and weighing seven lbs. It took him many years to finish and, of course, it was a labor of love as he will likely not make much, if any, money from it. Thankfully, I have many of my Minnesota decoys pictured in it. And now to the story. As he was working on the book he heard of Gunderson, not a name he associated with decoy carvers. Chasing down a lead led him to Ashby in Western Minnesota, near Lake Christina where he learned that Gunderson had indeed carved decoys there after the turn of the century; he was born in 1893 and died in 1960. The reason no one had heard of him is his relative obscurity as a bachelor farm laborer who carved a few decoys for his own use.

I always enjoy the St. Charles trip, but have never really found any restaurants which offer food like the lobsters when we are in New England in July or the crab when we are in Maryland in November at those auctions. You may recall the July letter last year when I went to Rex's Cork & Fork for a steak and found they were closed. And if you look at that letter you will see the pictures of their sign, which on one side said "CORKED" and the other side "FORKED." As I wrote then, "So I went next door to SUGO and had one of the best Italian dinners I have had in years." So this year on Tuesday night I headed for SUGO and found that they too have now folded due to the malaise in the restaurant business. But I did find two other great Italian places as replacements—La Za'za' Trattoria and Francesca's by the River so I had four wonderful Italian meals while I was there.

Speaking of food, one of the subjects at the show was the famous jumping Asian carp as a result of articles at that time in the *Wall Street Journal* and the *Chicago Tribune*. They are not only in the Mississippi River but tributaries as well, including the Illinois River. We have all seen news clips of this crazy fish showing it jumping into boats as an outboard motor frightens it. Imported into the U.S. in the 1970s, these fish have taken over by eating as much as 40% of their weight in a day, and growing to as large as 100 lbs. But what to do about this problem? The answer evidently is to eat them! But who wants to eat Asian carp? The goal, therefore, is to change the name since the name is one of the problems, as the fish is actually good to eat if properly prepared. The Tribune writer said it

was “delicious” and that he could eat it every day, because it is very safe as well, as there are no PCBs or mercury considering that the fish eats plankton and not other fish, which results in their mild flavor. So the goal is to find a name that is appealing to the public. After all, Chilean sea bass was not saleable as Patagonian toothfish, its real name, nor was Australian slimehead eaten until it became orange roughy. As we learned from our friend and decoy dealer, Mike Valley, also proprietor of the Valley Fish Co. and a commercial fisherman, he is on the committee searching for a name. The one he likes is River King, but Illinois Senator Mike Jacobs is suggesting Rock Island sole or Savanna sole. The executive chef at a restaurant in Chicago serving it thinks Shanghai bass would be good. So, when you see a new fish on the menu which you do not recognize it is probably Asian carp masquerading under a new name.

The date on this letter is July 21, so when you read these words I will likely be on the East Coast for the late July auctions—Copley July 22 & 23 in Plymouth, MA, Decoys Unlimited in Hyannis July 26 & 27 and Guyette and Schmidt in Portsmouth, NH, July 29 & 30. These are great auctions with excellent offerings and the further benefit of lobsters, which are a treat for landlubbers from the Midwest, but everyday fare for the easterners.

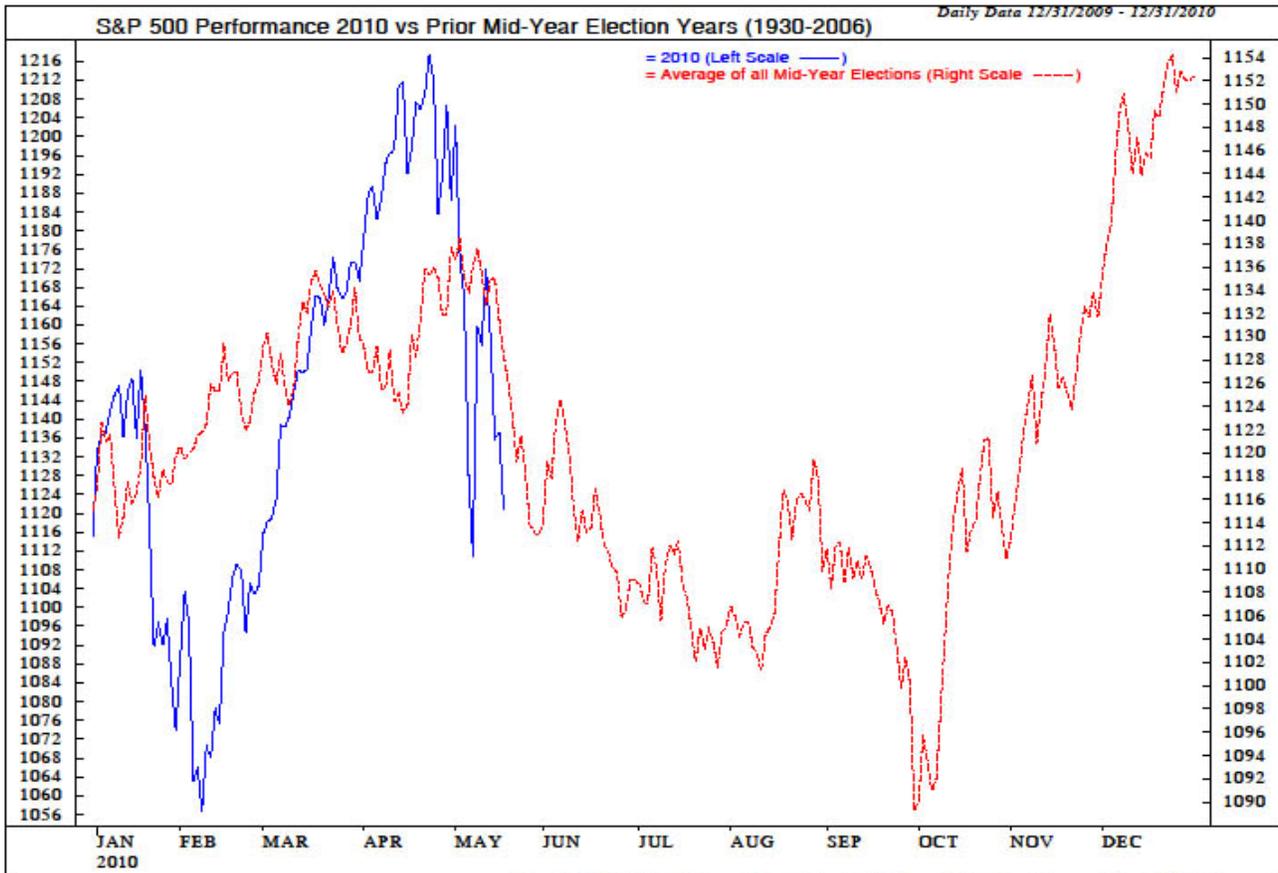
FIRST HALF REPORT CARD

The plus signs on the first quarter report card morphed into minus signs in the second quarter, wiping out all of the gains and resulting in a negative first half for ALL of the stock averages, not just the ten we show here. The smallest loss for the quarter and first half was the S&P Small-Cap 600, which fell about 9% and 1% respectively. The NYSE Composite was the worst performer for the quarter, off about 13% and for the first half, minus 10%. This truly was a dismal second quarter, blowing away the gains of the first quarter and leaving all the averages in the hole for the first half. To the extent you are looking for reasons, they abound all the way from credit ratings in foreign countries, to a slowing economy here in the U.S., to the Gulf Coast disaster, to weak housing data, to “you name it.” We do not believe, however, that markets make major moves on current news as it is already baked in the cake. Please refer to the 2010 Roadmap chart on page 4 of the April 21 letter, which foretold this decline, and then postulated a rally to September and a subsequent final low in October. This scenario continues to make sense to us especially in view of the Mid-Term Election Year chart, which is shown on page 4 of this letter.

Indexes	% Return Q1 2010	% Return Q2 2010	% Return YTD 2010
NYSE Composite	+8.28	-13.13	-9.96
S&P 500 Composite	+4.11	-11.86	-7.57
NASDAQ Composite	+5.68	-12.04	-7.05
Russell 1000 Total Return	+5.70	-11.44	-6.40
Wilshire 5000	+5.94	-11.45	-6.28
Dow Jones Industrial Average	+3.66	-9.97	-6.27
Russell 3000 Total Return	+4.87	-11.32	-6.05
Value Line Composite	+8.28	-11.57	-4.26
Russell 2000 Total Return	+8.85	-9.92	-1.95
S&P Small-Cap 600 Total Return	+8.61	-8.73	-.88

THE MID-TERM YEAR

In our April letter we opined that the zero year in the decade has always seen a bottom in the stock market—not necessarily THE bottom—but a bottom none the less. As we stated then, we expect a bottom in the late summer or fall this year, then a rally and higher prices into 2011, another decline in 2011, a rally into 2012, and then a good bottom in 2012. Look again at the chart and table which we presented then and remember, that as we have shown you in the past, the second year in the decade has usually produced a solid, long-term bottom. Witness the years 1932, 1942, 1952, 1962, 1982, and 2002 as outstanding examples of second-year bottoms. But back to this year. Another fly in the ointment is the tendency of the market to suffer a relapse in the second year of a new presidential term. Look at the chart presented here, a summation of all second presidential year markets since 1930. It is clear that on average the market (S&P 500 in the chart) has suffered from spring until fall, making a final bottom in October. Compare this chart with our 2010 forecast in the January letter. OK, so the market looks lower until the leaves fall, but look at the strength of the average rally out of that bottom!



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But information shown in a chart can also be put into tabular form. The table below is a summation of the Dow Jones declines in each mid-term year since 1962, showing the

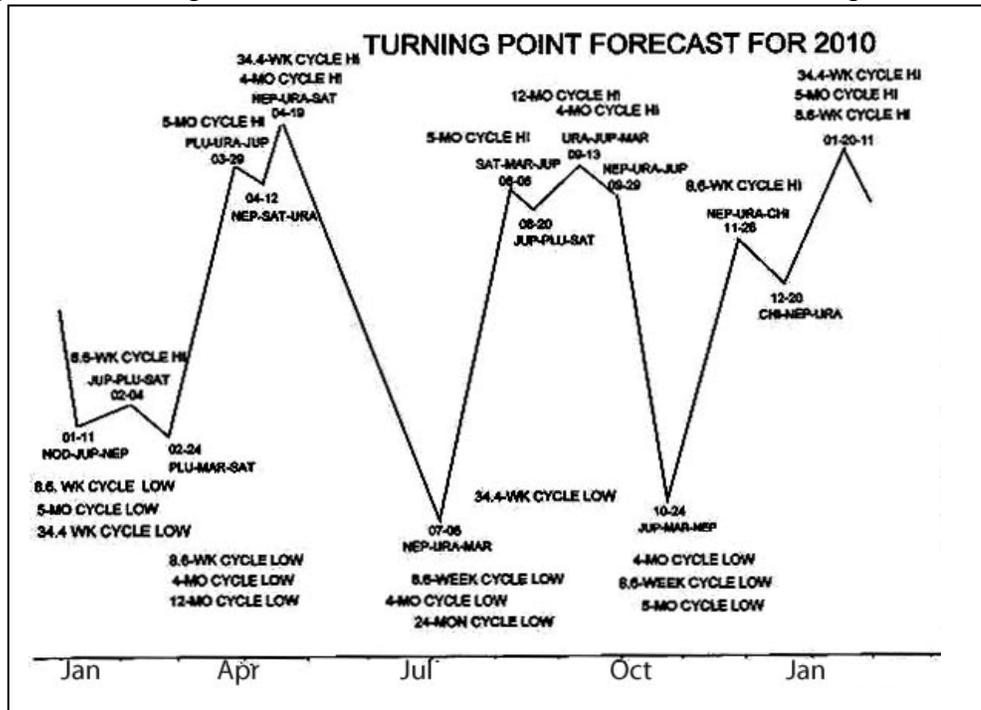
MID-TERM YEAR STATISTICS			
<u>Year</u>	<u>Percent decline to bottom</u>	<u>Major Bottom</u>	<u>Percent gain to Top</u>
1962	-27.1%	June	+85.7% to 2/66 top
1966	-25.0%	October	+32.4% to 12/68 top
1970	-35.8%	May	+66.6% to 1/73 top
1974	-45.0%	December	+75.7% to 9/76 top
1978	-26.9%	February	+38.0% to 4/81 top
1982	-24.1%	August	+250.4% to 8/87 top
1986	-8.6%	September	+55.1% to 1/2000 top
1990	-21.2%	October	+395.7% to 1/2000 top
1994	-9.7%	April	+226.3% to 1/2000 top
1998	19.3%	August	+55.5% to 1/2000 top
2002	-37.8%	October	+94.4% to 10/2007 top
2006	-8.0%	June	+32.3% to 10/2007 top

Source: Berge Report

percent decline from the previous major high to the mid-term low, the month of that low and then the percent rise to the next major top in the market. It is clear that there is always a meaningful low in the mid-term year and then a good rise to the next major high.

There are a number of stock market forecasters who use astrology as the basis for their predictions. At the top of the "Stargazer" list are Arch Crawford, who has been right more than wrong; Dr. Walter Studnicki, and Ray Merriman to name just a few.

At this present time all of them are singing in unison that this year there are more close planet alignments than in many years, which portends a difficult period in the market, or perhaps the entire world (earthquakes, volcano eruptions, etc.). The chart shown here is the 2010 forecast of Dr.



Studnicki who uses astrology as well as Fibonacci numbers in his market prognostications. The highs and lows are surprisingly similar to the Ned Davis 2010 forecast as shown in our April letter on page 4. Interesting, to say the least.

The point here is it is fun to predict the market, but it is after all a market of stocks and not the individual stocks which we may own. If we placed our future and that of our clients on our prognostication of “the market” we would not be here in business after 26 years. As Steve Leuthold says, “our predictions are for show, but our investments are for dough.” And, Stan Berge said years ago, “Rule one in the market is patience, rule two is patience and rule three is patience.”

COUNTING THE PEOPLE (AND THE DOLLARS)

We are ardent subscribers to *Grant's Interest Rate Observer*, a publication that likely many of our readers have never heard of. Jim Grant and his staff are very good reporters of information pertinent to the big picture that affects all of us, but that we never think of on our own. Such was the importance of a page in the April 16 issue, which gave insightful information about the census—information we had never really wondered about concerning the counting of American citizens. The table shown here, which we have excerpted from that April 16 Grant's, shows the population of our country from the first census in 1790 to the one this year in 2010 and the cost to count them. What a revelation! It now costs \$25 per person or \$7.8 billion to count how many of us there are, and the cost of doing this has compounded at nearly 5% since the beginning in 1790. That number is probably a good measurement of the true rate of inflation over the past 220 years. The narrative accompanying the table pointed out that the cost in recent years has risen significantly as the cost in 2000 was 60% higher than the 1990 cost, and the 2010 cost is

Count the dollars census statistics, 1790-2010				
<u>census year</u>	<u>total population</u>	<u>census cost</u>	<u>average cost per person</u>	<u>compound annual yearly appreciation</u>
1790	3,929,214	\$44,377	\$0.01	—
1800	5,308,483	\$66,109	\$0.01	0.9%
1810	7,239,881	\$178,445	\$0.02	7.1%
1820	9,633,822	\$208,526	\$0.02	-1.3%
1830	12,866,020	\$378,545	\$0.03	3.1%
1840	17,069,458	\$833,371	\$0.05	5.2%
1850	23,191,876	\$1,423,351	\$0.06	2.3%
1860	31,443,321	\$1,969,377	\$0.06	0.2%
1870	38,558,371	\$3,421,198	\$0.09	3.5%
1880	50,155,783	\$5,790,678	\$0.12	2.7%
1890	62,979,766	\$11,547,127	\$0.12	0.3%
1900	76,303,387	\$11,854,000	\$0.16	2.8%
1910	91,972,266	\$15,968,000	\$0.17	0.9%
1920	105,710,620	\$25,117,000	\$0.24	3.4%
1930	122,775,046	\$40,156,000	\$0.33	3.2%
1940	131,669,275	\$67,527,000	\$0.51	4.6%
1950	151,325,798	\$91,462,000	\$0.60	1.7%
1960	179,323,175	\$127,934,000	\$0.71	1.7%
1970	203,302,031	\$247,653,000	\$1.22	5.5%
1980	226,542,199	\$1,078,488,000	\$4.76	14.6%
1990	248,718,301	\$2,492,830,000	\$10.02	7.7%
2000	281,421,906	\$4,500,000,000	\$15.99	4.8%
2010*	308,983,000	\$7,800,000,000	\$25.24	4.7%

*2010 costs calculated using FY2010 appropriations of \$6.9 billion and \$900 million in stimulus funding sources: U.S. Census Bureau, *Grant's* calculations

estimated to be 58% more than 2000. Look at the numbers. In 1950 and 1960 it cost about \$100,000 per year, and that is only 50-60 years ago. Then came 1980, up from \$250,000 in 1970 to over \$1 billion, then in 1990 to \$2.5 billion, a double again, and in 2000 to \$4.5 billion and now nearly a double once more to \$7.8 billion. How in the world is it possible to spend this amount of money to count the population? Well, we think it is like the old advice on giving a speech—tell them what you are going to tell them, tell them, and then tell them what you told them. And so it is with the census. First, we received a letter telling us we were going to get a census form, then we got the form, and later a letter saying we should have received the form and please send it in. And, of course, since there is only 75% to 80% compliance, the government sends a census taker to your house to help you fill out a form which any grade school student could have done. We wonder why we need to even count those people that can't fill out a simple form.

THE BIG SQUEEZE

As we noted in our opening paragraph, snowplowing service last year here in Minnesota was lax, and potholes are going unfilled this summer, both likely the result of budget cutbacks.



This financial crisis is forcing CA agencies to make some tough decisions. Jose will probably lose his job as budget cuts are made.

Cities and states all across America are being forced to take cutbacks as budget shortfalls are prevalent throughout the world, not just here in the U.S. Tax revenues are down, but costs keep rising and it's likely to get worse as property tax revenues continue to decline as lower house assessments catch up to declining market values. Likewise, sales tax revenues are down as are income tax revenues.

In most states, the fiscal year begins July 1, just as here in Minnesota. In 48 of the 50 states, all except Montana and North Dakota, there are budget shortfalls, a total we believe of somewhere between \$150 and \$200 billion. In California the budget deficit is \$19 billion, and

here in Minnesota it was \$3 billion until a standoff between our very conservative Republican governor in a historically liberal state was resolved. The reason for all of this is not a mystery; it is a result of spending frivolously on things that could not be afforded,

then continuing to elect people who insisted on spending money they did not have and would not have in the future other than through increased taxes, which today are not forthcoming. In the past, the federal government has provided for shortfalls, but today this is less likely, because the federal government is already in the soup way over its head. We got there in America much the same way Greece and other countries got there—bloated government workforces, early retirement at high percentages of highest salary years under defined benefit plans, which guaranteed the pension payments regardless of how the plans perform. And of course, the pension plans themselves are seriously underfunded. What happens to close the gap? There are only two options and unhappily both of them must be utilized, namely higher taxes and service cuts. There is no other alternative. The 50 states are not like Greece or other countries, as countries can print money, states cannot. So it is not just snowplowing and road repair that is cut; it will be everything from state parks and highway rest stops to prisons and police forces. Perk notes that on his recent driving trip from La Crosse, WI to Madison all four wayside rests between the two cities were closed. And taxes—you haven't seen anything yet, as not only will there be higher sin taxes on tobacco and alcohol, but taxes you have never heard of before as listed here:

Tax his land, Tax his bed, Tax the table at which he's fed.	Tax his ties, Tax his shirt, Tax his work, Tax his dirt.	Tax his car, Tax his gas, find other ways to Tax his ass.	Then Tax his coffin, Tax his grave, Tax the sod in which he's laid.
Tax his tractor, Tax his mule, teach him taxes are the rule.	Tax his tobacco, Tax his drink, Tax him if he tries to think.	Tax all he has then let him know that you won't be done till he has no dough.	Put these words upon his tomb, "Taxes drove me to my doom..."
Tax his cow, Tax his goat, Tax his pants, Tax his coat.	Tax his cigars, Tax his beers, if he cries, then Tax his tears.	When he screams and hollers, then tax him some more, Tax him till he's good and sore.	When he's gone, do not relax, Its time to apply The Inheritance Tax.

Worldwide, Greece is only the beginning; the world's economies have lived for years beyond their resources, all of which was compounded by the financial crisis. Governments have been bloated like a dead fish for years and now are beginning to smell like one. Changes will have to be made before it is too late, if it is not already too late. Greeks can no longer retire from public service at age 57 nor the French at age 60 as they do now; indeed retirement ages all across Europe are way too low and pensions way too high.

EQUAL TIME

After each quarterly letter, we usually get one or two emails or even a telephone call with a message like the two below that we received after this past letter:

From: xxxx xxxx [mailto: xxxx.xxxx@xxxxxxxxxxxxxx.com]

Sent: Monday, May 17, 2010 1:44 PM
To: info@perkinscap.com
Subject: Mailing List

I just read the April newsletter and really enjoyed it. Please add me to your list.

Thanks,

xxxx

From: xxxx xxxxx[mailto: xxxxxx@xx.xx.com]
Sent: Sunday, May 02, 2010 9:44 PM
To: info@perkinscap.com
Subject: Mailing List

Love your newsletter...

xxxx

After this last letter, however, we also received the following seriously critical email, which we are printing in the interest of full disclosure.

From: xxxxxx x xxxxxx[mailto: xxxxxxxx@xxx.net]
Sent: Tuesday, May 04, 2010 1:26 PM
To: info@perkinscap.com
Subject: Quarterly newsletter

Dear Perkins Capital Management:

Xx xxx xxxx xxxxx xxx xxx xxx xx xxxx xxxxxxxxx, I have read your quarterly newsletter since 1992 and I now find it well past time to call you out on your blatant political hypocrisy. Your final paragraph on page 11 freely admits to your 8 years of "Clinton bashing" and now following 8 years of political silence during the despicable years and despicable legacy of the Bush presidency you now seem to be eager to take up where you left off with Clinton by slamming President Obama in your quarterly newsletters. I question how you can look yourselves in the mirror following your 8 years of silence ignoring Bush's infamous presidency. If you have any political integrity or personal integrity, I encourage you to openly admit in an upcoming newsletter to your conservative predisposition and apologize to your less conservative (liberal) readers who respect your fund's financial performance, but do not respect your political point of view.

xxxxxx xxxxxx

Just like the cockroach theory, which says if you see one there are likely more, we suspect there may be other readers who would like to be critical (or complimentary), but just don't take the time to let us know. So, we will own up to the fact that we have been too blatant in our criticism of a long list of democrats, all the way from Clinton to Obama, including Pelosi and others on the way. In this instance we would like to remind our readers of the story about the farmer who while beating up his donkey with a two-by-four was accosted by an individual who was just passing by with the question "What are you trying to do, kill him?" To which the farmer replied, "No, I was just trying to get his attention." And so it has

been with our “bashing”—just trying to get our readers attention to see our viewpoint. So, since our readers know by now we are conservative in our political thinking and believe that liberals have moved too far to the left, we perhaps no longer need to express our viewpoint as vigorously in the future. We certainly are cognizant that there are differences in viewpoints and realize there are those that who do not agree with ours. To those folks we say let’s agree to disagree and let it go at that.

Please don’t hesitate to give us your comments whether good or bad.

REMEMBERING

Sadly, we report the passing on April 24, at age 81, of John F. “Bud” Rooney, Perk’s friend of thirty years and a PCM client. Bud was a true entrepreneur and salesman, who literally could sell ice to an Eskimo, and he did, but to Minnesotans. After years of working in the ice cream business and at a St. Paul ice company, he started the North Star Ice Company in West St. Paul in 1973, which he ran for over 30 years before selling it; it is now known as Arctic Glacier. Perk always kidded Bud by admonishing him to keep the formula secret. Bud was one of a kind, whose Irish humor and work ethic will never be replaced.

Another of Perk’s old St. Paul friends has passed away—George Mairs III on May 28, at age 81. George was one of Perk’s contemporaries, who ran the investment firm of Mairs and Power, which his father founded in 1931. He worked there for 58 years, making him the unchallenged dean of the investment management business in the Twin Cities. He was an unabashed proponent of Minnesota companies and the Mairs and Power Growth Fund owned many of them. He eschewed high tech stocks, admitting that he did not understand them, but he owned the stocks he did understand, avoiding the high tech bust of the late 90s, and therefore, did well for his clients. A true Peter Lynch mentality. He shared his knowledge with many community and education boards. We will never forget George’s marvelous demeanor and his investment acumen.

We also note the passing of George R. Long on June 18, at age 79. George was well known in the Twin Cities as manager of the IDS New Dimensions Fund and was a fellow director with Perk at Eagle Pacific Industries. Perk’s favorite George Long story relates to the time years ago when Perk was a Piper Jaffray international stock advisor. Prior to a London trip, George asked Perk for the name and location of his favorite pub. Lost, looking for the Audley Street Pub located at the corner of Mount and Audley streets, George stopped a man on New Bond Street to get directions—and did, but not without the man asking what part of the U.S. he was from. “Minneapolis,” George said, whereupon the man asked if he knew Dick Perkins. This once in a billion encounter was with George Green who had a small business consisting of a dozen or more teletype machines, which U.S. brokers, such as Piper, used to forward messages to their European customers in a timely fashion. This was before the fax and, of course, email. What a wonderful story to remember George Long, a true gentlemen in the investment business, who lived in Virginia in his declining years.

The cartoon is a famous one from *The New Yorker* many years ago.

Sincerely,

R W Perkins
Richard W. Perkins, C.F.A.
President
Senior Portfolio Manager

Richard C Perkins
Richard C. Perkins, C.F.A.
Executive Vice President
Portfolio Manager

Daniel S Perkins
Daniel S. Perkins, C.F.A.
Executive Vice President
Portfolio Manager

RWP:RCP:DSP/jah



“He knows nothing; and he thinks he knows everything. That points clearly to a political career.”

George Bernard Shaw

A NOTE TO THOSE WHO RECEIVE THE PCM QUARTERLY LETTER VIA EMAIL

Periodically, after we email our letter to readers, some will be returned to us because the recipient’s inbox is full and unable to accept additional emails. There are also instances where emails are not deposited directly into a recipient’s inbox, but instead end up in a junk mail or spam folder, as is often the case with Gmail and AOL addresses. If you have not received your quarterly letter via email by the end of the month following the calendar quarter end, check your junk mail and spam folders. Alternatively, let us know and we will send again.

Also, if you change your email and/or regular mailing address, please let us know at info@perkinscap.com.

B.O.O.M.

Muslim suicide bombers in Britain are set to begin a three-day strike in a dispute over the number of virgins they are entitled to in the afterlife. Emergency talks with Al Qaeda have so far failed to produce an agreement.

The unrest began recently when Al Qaeda announced that the number of virgins a suicide bomber would receive after his death will be cut by 25% this year from 72 to only 54. The rationale for the cut was the increase in recent years of the number of suicide bombings and a subsequent shortage of virgins in the afterlife.

The suicide bombers' union, the British Organization of Occupational Martyrs, (B.O.O.M.), responded with a statement that this was unacceptable to its members and immediately balloted for strike action. General Secretary Abdullah Amir told the press, "Our members are literally working themselves to death in the cause of Jihad. We don't ask for much in return but to be treated like this is like a kick in the teeth."

Speaking from his shed in Tipton in the West Midlands where which he currently resides, Al Qaeda chief executive Osama bin Laden explained, "We sympathize with our workers' concerns, but Al Qaeda is simply not in a position to meet their demands. They are not accepting the realities of modern-day Jihad in a competitive marketplace."

"Thanks to Western depravity, there is now a chronic shortage of virgins in the afterlife. It's a straight choice between reducing expenditure and laying people off. I don't like cutting pension benefits, but I'd hate to have to tell 3,000 of my staff that they won't be able to blow themselves up."

Spokespersons for the union in the Northeast of England, Ireland, Wales and the entire Australian continent stated that the strike would not affect their operations as "There are no virgins in our areas anyway."

A strike may not be necessary, however, as the number of suicide bombings has been decreasing lately. This has been attributed to the emergence of the Scottish singing star, Susan Boyle. Now that Muslims know what a virgin looks like, they are not so keen on going to paradise.

PROOF THAT MEN HAVE BETTER FRIENDS

Friendship among women:

A woman didn't come home one night. The next morning she told her husband that she had slept over at a friend's house. The man called his wife's 10 best friends. None of them knew anything about it.

Friendship among men:

A man didn't come home one night. The next morning he told his wife that he had slept at a friend's house. The woman called her husband's 10 best friends. Eight confirmed that he had slept over, and two said he was still there.

INTERESTING ORIGINS

Here are some "facts" about the 1500s which may not be true according to Snopes, but sound like good entertainment anyway.

There is an old Hotel/Pub in Marble Arch, London, which had a gallows adjacent to it. Prisoners were taken to the gallows, (after a fair trial, of course) to be hung. The horse drawn dray, carting the prisoner, was accompanied by an armed guard, who would stop the dray outside the pub and ask the prisoner if he would like "ONE LAST DRINK." If he said YES, it was referred to as "ONE FOR THE ROAD." If he declined, that prisoner was "ON THE WAGON."

Most people got married in June, because they took their yearly bath in May and they still smelled pretty good by June. However, when they were starting to smell, brides carried a bouquet of flowers to hide the body odor. Hence the custom today of carrying a bouquet when getting married.

Baths consisted of a big tub filled with hot water. The man of the house had the privilege of the nice clean water, then came all the other sons and men, then the women and finally the children. Last of all were the babies. By then the water was so dirty you could actually lose someone in it. Hence the saying, "Don't throw the baby out with the bath water!"

Houses had thatched roofs (thick straw piled high), with no wood underneath. It was the only place for animals to get warm, so all the cats and other small animals (such as dogs) lived in the roof. When it rained it became slippery and sometimes the animals would slip and fall off the roof. Hence the saying "It's raining cats and dogs."

There was nothing to stop things from falling into the house. This posed a real problem in the bedroom, where bugs and other droppings could mess up your nice clean bed. Hence, a bed with big posts and a sheet hung over the top, afforded some protection. That's how canopy beds came into existence.

The floor was dirt. Only the wealthy had something other than dirt. Hence the saying, "Dirt Poor." The wealthy had slate floors, that would get slippery in the winter when wet, so they spread thresh (straw) on floor to help keep their footing. As the winter wore on, they added more thresh, until, when you opened the door, it would all start slipping outside. A piece of wood was placed in the entrance-way. Hence: a threshold.

In those old days, they cooked in the kitchen with a big kettle, that always hung over the fire. Every day, they lit the fire and added things to the pot. They ate mostly vegetables and did not get much meat. They would eat the stew for dinner, leaving leftovers in the pot to get cold overnight, then start over the next day. Sometimes the stew had food in it that had been there for quite a while. Hence the rhyme: "Peas porridge hot, peas porridge cold, peas porridge in the pot, nine days old."

Sometimes they could obtain pork, which made them feel quite special. When visitors came over, they would hang up their bacon to show off. It was a sign of wealth that a man could "Bring Home the Bacon." They would cut off a little to share with guests and would all sit around talking and "Chewing the fat."

Those with money had plates made of pewter. Food with high acid content caused some of the lead to leach onto the food, causing lead poisoning & death. This happened most often with tomatoes, so for the next 400 years or so, tomatoes were considered poisonous.

Bread was divided according to status. Workers got the burnt bottom of the loaf, the family got the middle, and guests got the top, or "The Upper Crust."

Lead cups were used to drink ale or whiskey. The combination would sometimes knock the imbibers out for a couple of days. Someone walking along the road would take them for dead and prepare them for burial. They were laid out on the kitchen table for a couple of days and the family would gather around and eat and drink and wait and see if they would wake up. Hence the custom of "Holding a Wake."

England is old and small and the local folks started running out of places to bury people. So, they would dig up coffins and would take the bones to a bone-house and reuse the grave. When reopening these coffins, 1 out of 25 were found to have scratch marks on the inside and they realized they had been burying people alive. So they would tie a string on the wrist of the corpse, thread it through a hole in the coffin and up through the ground and tie it to a bell. Someone would have to sit out in the graveyard all night (the graveyard shift) to listen for the bell; thus, someone could be "Saved by the Bell" or was considered a "Dead Ringer."

And that's the truth (maybe).

JESUS IS WATCHING

A burglar broke into a house one night. He shined his flashlight around, looking for valuables, and when he picked up a CD player to place in his sack, a strange, disembodied voice echoed from the dark saying, "Jesus is watching you."

He nearly jumped out of his skin, clicked his flashlight out, and froze. When he heard nothing more after a bit, he shook his head, promised himself a vacation after the next big score, then clicked the light on and began searching for more valuables.

Just as he pulled the stereo out so he could disconnect the wires, clear as a bell he heard, "Jesus is watching you." Freaked out, he shined his light around frantically, looking for the source of the voice. Finally, in the corner of the room, his flashlight beam came to rest on a parrot.

"Did you say that?" He hissed at the parrot.

"Yep," the parrot confessed, then squawked, "I'm just trying to warn you."

The burglar relaxed. "Warn me, huh? Who in the world are you?"

"Moses," replied the bird.

"Moses?" the burglar laughed. "What kind of people would name a bird Moses."

"The same kind of people that would name a rottweiler Jesus."

PRAISE THE LORD

Lars was so happy! The preacher had just sold his horse to him and he was so excited! The good preacher took the time to explain to Lars that he had trained the horse well.

"Ya, Lars," he said. "To get the horse to go, all you have to do is say, "Praise the Lord!" and when you want him to stop just say, "Amen."

"Well, ya, Pastor John, that's what I will do," said Lars.

Later that day Lars jumped on the horse and said "Giddy-up!" and the horse didn't move. Then Lars remembered, and he said "Praise the Lord!" and the horse took off at a gallop.

"Whoa, whoa!" yelled Lars, but the horse wouldn't stop. The horse was about to go over a cliff, and Lars figured that he was going to die and go to heaven, so he said, "Amen!"

At that, the horse skidded to a stop just two feet from the edge of the ridge. Lars looked down at the jagged rocks far below. Happy that his life had been spared, he yelled, "Praise the Lord!"

NEWSPAPER READERSHIP

1. The **Wall Street Journal** is read by the people who run the country.
2. The **Washington Post** is read by people who think they run the country.
3. The **New York Times** is read by people who think they should run the country and who are very good at crossword puzzles.
4. **USA Today** is read by people who think they ought to run the country but don't really understand **The New York Times**. They do, however, like their statistics shown in pie charts.
5. The **Los Angeles Times** is read by people who wouldn't mind running the country -- if they could find the time -- and if they didn't have to leave Southern California to do it.
6. The **Boston Globe** is read by people whose parents used to run the country and did a poor job of it, *thank you very much*.
7. The **New York Daily News** is read by people who aren't too sure who's running the country and don't really care as long as they can get a seat on the train.
8. The **New York Post** is read by people who don't care who is running the country as long as they do something really scandalous, preferably while intoxicated.
9. The **Miami Herald** is read by people who are running another country but need the baseball scores.
10. The **San Francisco Chronicle** is read by people who aren't sure if there is a country or that anyone is running it; but if so, they oppose all that they stand for. There are occasional exceptions if the leaders are handicapped minority feminist atheist dwarfs who also happen to be illegal aliens from any other country, or galaxy.
11. The **National Enquirer** is read by people trapped in line at the grocery store.
12. The **Minneapolis Star Tribune** is read by people who have recently caught a walleye ice fishing and need something in which to wrap it.