PERKINS CAPITAL MANAGEMENT, INC.

July 18, 2013

Dear PCM Clients and Friends:

We usually reserve the opening paragraph of the April letter for comments about the weather, but with the recent weather events throughout America, and here in Minnesota, it deserves special comment again in this July letter.

We have all seen it on the news—tornados, flooding (from rain in the wrong places) and fires in California and Colorado, destroying thousands of acres and many homes as well. Here in Minnesota, and much of the Midwest, farmers have been unable to plant their crops. In fact, the lady who cleans Perk's house is married to a farmer, and they live just a few miles west of Wayzata. She reported on Wednesday, June 18, that their soybeans finally got in the ground the previous day, nearly a month late. And a good thing too, as our area had severe rain that night, and the next two days, culminating in a violent storm on Friday night, June 21, which caused severe wind damage, flooding and power outages. Power outages at homes in the Wayzata area (including our office as well as the homes of Perk, Dick and Dan) lasted nearly 20 hours. Xcel Energy brought in help from all of the four states surrounding Minnesota, and at one point had 1,000 crews operating to restore power, which took many days in other areas because of the huge number of exceedingly large trees that fell throughout the area landing on power lines. Throughout the Midwest, last year's hopes for rain gave way to hopes it would stop.

Late July brings the triumvirate of duck decoy auctions. First is the Decoys Unlimited event in Hyannis, MA, then the Copley Fine Art auction in Plymouth, MA, and finally, the Guyette & Schmidt auction in Portsmouth, NH. Each are two-day events, so there are six days of back-to-back auctions in the last week of July. Perk will try to do all three, but will try to keep his hands in his pockets.

A MESSAGE FROM PERK

In late 1984, when we were preparing materials for the brochure describing Perkins Capital Management, I wrote the section titled "Equity Investment Philosophy" which applies as much today as it did then. Rather than reprinting it all here, I would like to use an excerpt: "In our investment selection process, we utilize various computer programs to derive the necessary fundamental information about an industry or a company. Technical analysis is used as an aid in determining those companies and industries which appear to offer the best investment opportunities at a particular time. Stock price charts are used as an aid in determining the best entry point for a stock which we have selected through fundamental research techniques, or to help determine the best exit point for a stock we have decided to sell. However, our perusal of price charts may also point us to a stock which deserves to be analyzed because of its market action; often this results in a new investment idea."

There are two distinct analytical "schools" in the investment business—fundamental analysis and technical analysis. We are not wedded to one or the other, but use both to complement each other. Fundamental analysis of a company involves analyzing its financial statements (historic and projected), its management, and competitors, among other things. The "father" of fundamental analysis is considered to be Benjamin Graham, who with David Dodd, wrote *Security Analysis*, the "Bible" of fundamental analysis, in 1934. In fact, this is the prominent textbook I used in the business school at the University of Wisconsin over 60 years ago, and I suspect it's still in use today. The prime living exponent of Graham's principles is Warren Buffett, who worked for Graham in the early years of his career. While I know Warren, I had not met him back then, and hence never had the opportunity to meet Graham.

The other school of analysis is technical analysis, which, in fact, is broken into two distinct subsets, one using the study of past market data to construct a predictive market model and also price charts to help determine entry and exit points for a particular stock. There are many names from the past that developed techniques, such as Charles Dow and William Hamilton. However, the "Bible" of technical analysis is *Technical Analysis of Stock Trends* written in 1948, by John Magee and Bob Edwards, which focused mainly on chart patterns and trend analysis since the processing of data by computers was not available then, just as it was not available at the time of Ben Graham. Others who gained notoriety and whose techniques are still used today are RN Elliott and WD Gann, among many. Years ago, when I worked at the American National Bank of Chicago, as a junior security analyst, I was promoted to portfolio assistant to a bank Vice President, Luther Dilatush. He always had chart books on his desk, one of weekly charts and another of long-term monthly charts, published by Securities Research Company in Boston. The long-term charts contained both minimal fundamental information on a company, such as earnings per share and dividends, and also minimal technical information consisting of price and a relative strength line. Using this book gave "Dil" a quick heads up on a stock's fundamental history and price history all in one place. He always told me the Chinese were right—a picture is worth a thousand words. It helped him make decisions rather than just accepting the recommendations of a broker or a bank analyst like me. That was a revelation that has helped me ever since. After leaving the bank for the Mayo Foundation I continued to use the SRC chart books, and on one of my Mayo trips to Boston, I went to meet the owner and founder of SRC, Dick McCabe. As we got to know each other over the years (for I went to see him on each trip) I asked why he didn't

"No, Joe, "going green" does not mean investing in a hedge fund."

have a daily chart book, and the answer was why compete with the leader, John Magee, in Springfield. Yes, the same Magee who wrote the book! I went to meet Magee, who had a daily chart service. His insight was invaluable to me, and I began to use his techniques to look at daily stock movements to complement the service of the SRC long-term charts. Magee was an interesting character, who reviewed his charts in a windowless room so the outside weather (gloomy or sunny) did not influence his decisions!

Today, however, all of this has changed because of computing power. Our primary resource besides Bloomberg and Thomson Reuters, is William O'Neil and Co. Bill O'Neil, whom I met years ago, is a legend in his own time. From money he made in the market using his techniques, he became wealthy and founded the national paper, *Investor's Business Daily* as well as a computer software model called WONDA (William O'Neil Direct Access), which provides both fundamental and technical information in real time from his database in southern California. It is expensive, but well worth it; today we could not do without it.

So, while the availability of data has changed since the days of Ben Graham, Dick McCabe and John Magee, our modus operandi has not—we use fundamental research to identify companies we like, and price charts to help us determine the best time to buy or sell. As it is said, "The more things change, the more they stay the same."

THE MARKET SCOREBOARD

Looking at the scoreboard two things are evident—first, about three-fourths of the gains for the year came in the first quarter. Second, it was the small-cap stocks that achieved the best performance for the first half, with the broader market averages at the bottom of the table. But some of the gains in the indexes were shabby, even though the S&P Small-Cap 600 achieved twice that of the very broad NYSE Composite which is basically the entire spectrum of small-cap to large-cap. If we could take these gains for the year, we would be happy as they are all quite satisfactory. But the year has to play out—and who knows, the rest of the year may be more of the same. As we know, Mr. Market can and will do perverse things, very often what we do not expect him to do, or want him to do. Long ago we learned not to try to tell him what to do, but rather by observation let him tell us what it looks like he will do.

Indexes	% Return YTD 2013	% Return Q2 2013	% Return Q1 2013
S&P Small-Cap 600 Total Return	16.19	3.92	11.81
Russell 2000 Total Return	15.86	3.08	12.39
Russell 3000 Total Return	14.06	2.69	11.07
Value Line Composite	14.01	2.65	11.07
Russell 1000 Total Return	13.91	2.65	10.96
Dow Jones Industrial Average	13.78	2.27	11.25
Wilshire 5000	13.32	2.37	10.69
NASDAQ Composite	12.71	4.15	8.21
S&P 500 Composite	12.63	2.36	10.03
NYSE Composite	7.93	.06	7.86

MR. BERNANKE VS MR. MARKET

The previously mentioned bad Minnesota weather brought severe market weather as well on June 18, and especially June 19, as the market tried to interpret the remarks by Federal Reserve Board Chairman, Ben Bernanke, about the beginning of the end—no, not the end of the world, but you might think he was referring to that by the action of the market. In fact, he was outlining what all of us already knew, that someday the purchase of $85 billion of U.S. Treasury securities per month would need to end—not abruptly, but "tapered" over time like someone trying to quit the use of cigarettes by gradually cutting down to get off the habit, rather than quitting "cold turkey." He was very clear that the beginning of tapering was tied to economic progress and that as the economy improved it could begin, but not until there is measureable improvement. The market heard otherwise, as it often does. All of which brings to mind that perhaps QE Forever was a politically motivated bad idea from the get-go. Not only did stocks take it on the chin, but bonds as well, and as a result interest rates rose, so holders of both stocks and bonds took a hit, especially dividend paying stocks.

Perhaps coincidently but perhaps not, if you are a star gazing forecaster, one of those who espouse the theory that the position of planets has an effect on human activity, and therefore, such things as the stock market, you were pleased, as once again the Bradley predictive chart (named after Donald Bradley who originally promulgated it in 1947) was pretty timely. Note also that on June 22, the moon was at its perigee. Unfortunately, it looks to be in a downtrend for much of the balance of the year.

Since reports of a credit crisis in China also came on June 18 and 19, it could very well have been one of the causal factors in the severe decline at that time in bonds, stocks and the further decline in gold. We lay the blame on the tapering announcement, but maybe there were other factors. A serious credit crunch may very well exist as Chinese authorities try to slow the growth in non-bank lending (so called shadow finance) and speculation which has fueled overbuilding. As the big Chinese growth engine (exports) began lagging, China has tried to stimulate its economy by spending on unneeded construction projects of every nature. All this is reminiscent of what happened in the U.S. in 2008 because of excess financial lending and the subsequent crisis, from which we are still trying to recover. There have been many "over the top" projects to sustain employment and economic growth in China. These projects have primarily been debt financed. A recent issue of *Barron's* in an article titled "Where Will It End" gave some details about many of these projects:

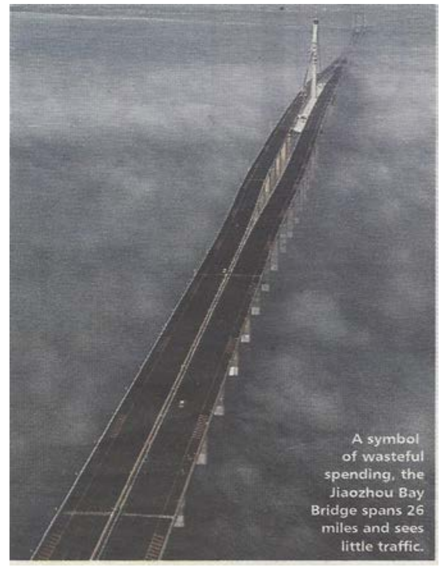
- The New South China Mall, twice the size of the Mall of America here in Minneapolis, which opened in 2005 but has been 99% vacant.

- The new Wuhan railway station, way larger than can be used by the populace of today.

- The 26-mile Jiaozhou Bay Bridge, three lanes in each direction, which sees little traffic.

- So called "see through" office and apartment buildings which stand empty awaiting tenants and residents.

- The city of Ordos in Inner Mongolia, with stores, apartments, office buildings and public buildings to serve one million people, is still empty.



Source: Barron's

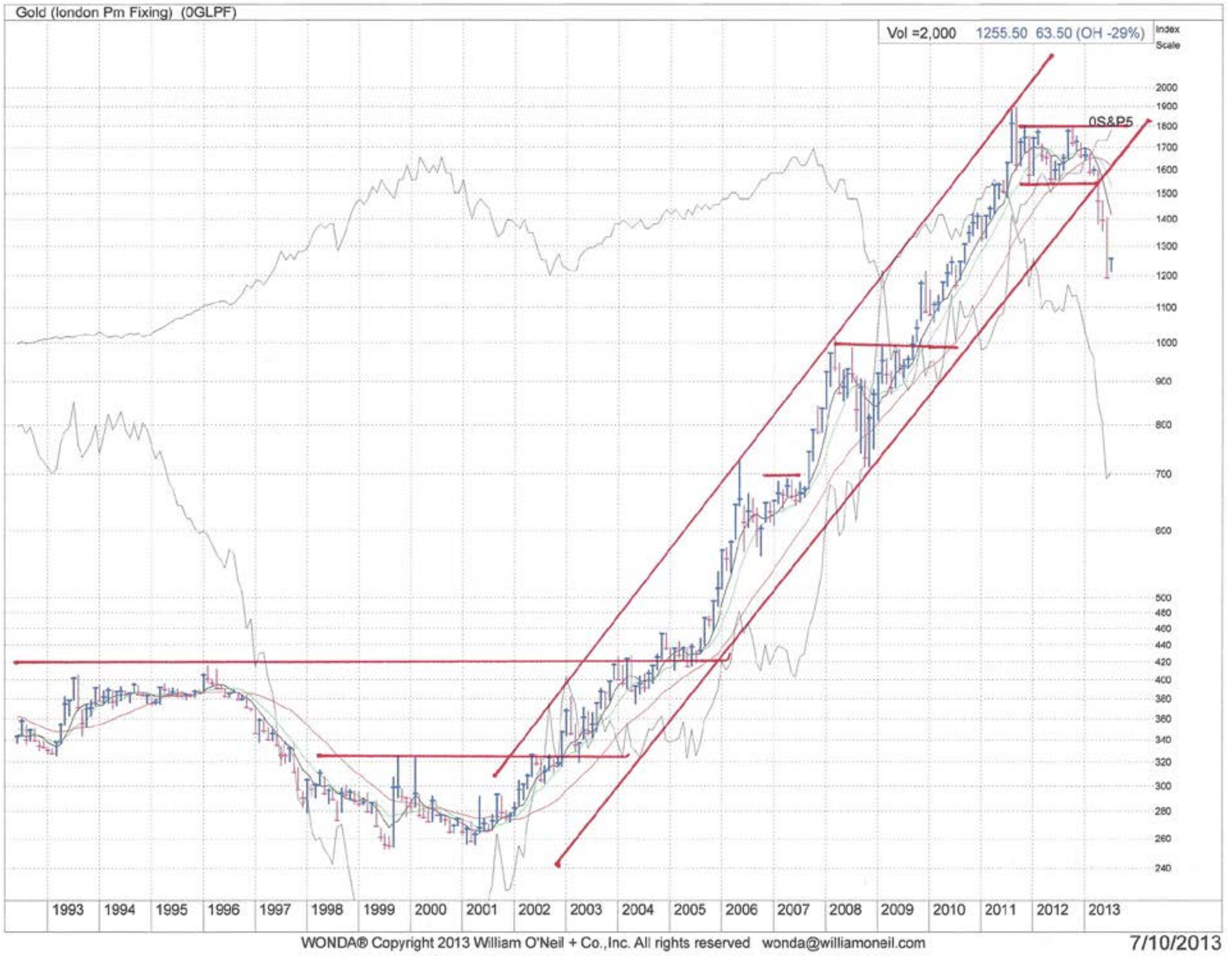
Hope always springs eternal and here the expectation is that the migration of citizens from the rural areas will cure the housing oversupply, but these new residents need jobs to survive, and so the building projects continue. And hence, the title of the Barron's article which we have used as a source for much of the information here.

IN GOLD WE TRUST?

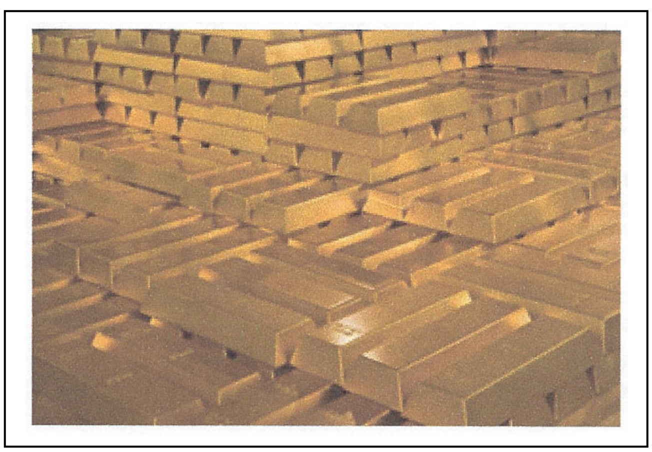
Gold put in a bottom in mid-summer of 1999 at $253, rising to a top at $1895 in mid-2011, a move of about $1650 or 649%, as shown in the chart on page six.

The subsequent topping pattern, which you can easily discern on the chart, took about 18 months to complete and when the price broke down through the $1550 level on April 15, the break took out a long-term trendline at the same time. Gold has continued falling and at the end of the June quarter closed at $1233, down 34% from the 2011 high of $1895. A 50% correction of this move would be to about $1075, where there was a minor bottom on the chart in January 2010, but the prominent visual support level is $1000, which it challenged to get through in 2008 and much of 2009. The rule is that old resistance becomes support; the next visual support is at the $700 level. And by the way, the marginal cost of production on an ounce of gold is about $1150 or not far away from that $1000 level. No wonder gold mining stocks are suffering.

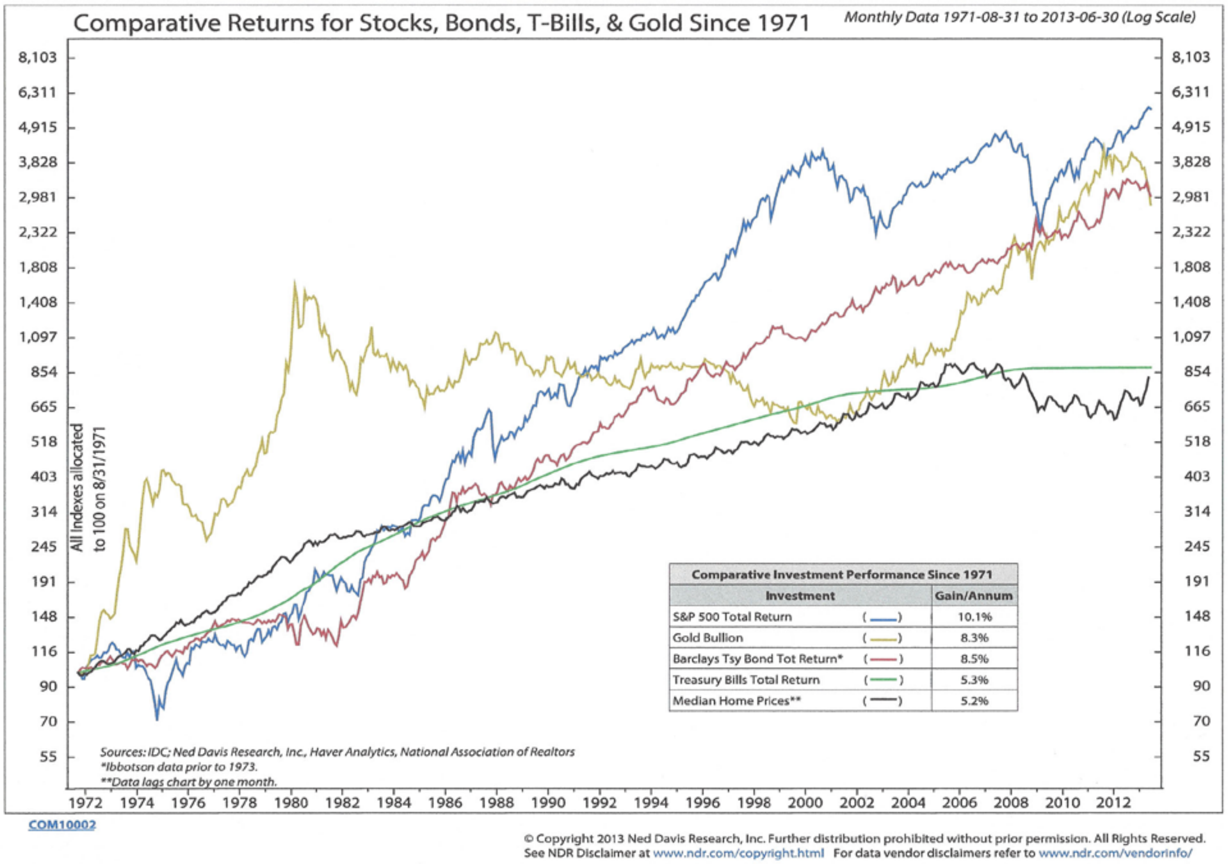
We should note, however, that there are two markets for gold—the "physical" market and the "paper" market. The chart referred to on the next page charts the paper market, that



is, the price of gold in the financial markets. The physical market is for gold bullion in bars like those shown in the picture, for gold jewelry, or gold used to make jewelry. When the price of paper gold was dropping, owners of gold bars were not queuing up to sell them; instead the ques were to buy bullion, especially in foreign countries. True, if you have gold to sell, the price is based on the paper gold price per ounce, but as that price declined, buyers of physical gold got it cheaper.



Coincidentally, the bottom in the 10-Year Treasury Note yield occurred at about the same time, and the realization that rates might have bottomed began to be discussed and looked at seriously. The real move up in rates, of course, didn't come until the Bernanke collapse on June 19. Over the years, gold as a "store of value" was used as a hedge against inflation, but paid you nothing else. If we are going to see deflation, as predicted for some time now by Gary Shilling, and if rates indeed have bottomed, the question being asked is, "Why own gold?"

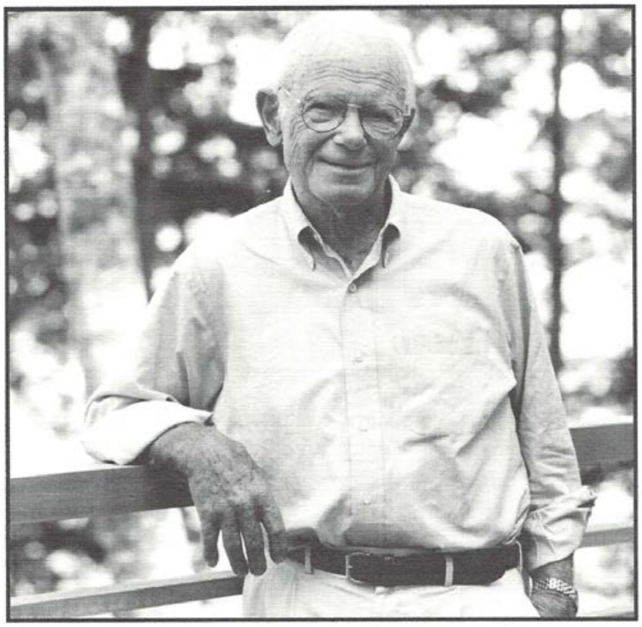


Over the first 8-9 years after Nixon took us off the gold standard in 1971 when gold had been pegged at $35, it beat the pants off stocks and bonds until about 1980. Then it was in a decline until 2000, some 20 years later; since then gold has risen dramatically. The accompanying Ned Davis chart shows the comparative return for stocks, bonds, T-bills and gold since the uncoupling in 1971. As shown in the box, the total return of the S&P 500 over that 42-year period was 10.2%, beating gold by 1.5 percentage points. It's interesting, however, to note the total return of 8.6% for bonds, which made a lot of money for a very long time as rates went down from 1981 to 2013(?), over 30 years. However, if rates have bottomed, bonds will not do well and the new trend will be down in the future, and the price of gold is unlikely to make a u-turn and head right back up. So where will the money go that will come out of gold and bonds? Stocks or cash under the mattress or in a money market fund seem to be the only practical alternatives.

REMEMBERING

Sadly, we report to our readers who don't already know that Perk lost his friend of many years with the death of E. Robert Kinney, on April 12, at age 93. For Perk, it was a sad reminder of an era of marketing Minneapolis companies to European clients. Bob Kinney was the face of General Mills to those clients on marketing trips displaying one of the main investment segments in Minneapolis, the food business, with other companies like

Pillsbury and International Multifoods when we did food symposiums. Back then in the early 70s, Bob was CFO and later president and finally, CEO of General Mills, but rather than send a PR person it was Bob who wanted to go and, of course, that sold the other companies too—they sent their presidents. Bob was never too busy to see a foreign General Mills investor here in Minneapolis, and as a result Bob became one of Perk's good friends. A fellow Wayzatan, he was a native New Englander, who started as an entrepreneur, ultimately becoming president of Gorton's, which was acquired by General Mills in 1968. General Mills didn't know it at the time, but the best part of the deal was getting Bob—a smart, affable man of high integrity. That phrase "When God made Bob, he threw away the mold," applies here.



We read a lot each month, or more accurately, each day. One of the monthly publications we look forward to is *The Money Navigator*, because of the provocative, interesting, and often pithy comments made by Mark Grimaldi, chief economist. We were especially intrigued by his commentary in the April issue, and with his permission have reprinted it on the back of the signature page (page 10) of this letter. We think it is quite timely in view of the Fed's QE Forever Policy, and the clobbering that the market took in late June when tapering was clarified. You can draw your own conclusion on what he has written; whether you agree with him or not, you will admit it is interesting.

Also, of interest, is a recent news article noting that Morris, a cat, has been put forth as a mayoral candidate in the town of Xalapa, Mexico. Sergio Chamorro, the owner of Morris, said "He sleeps almost all day and does nothing, and that fits the profile of a politician." Evidently, this has resonated throughout Mexico, as farm animals have been nominated in many July elections in 14 Mexican states. Also running for mayor are Chon the Donkey in the border city of Ciudad Juarex, and Tina the Chicken in Tepic, the capital of the Pacific coast state of Nayarit, although their campaigns are not as well organized as that of Morris.

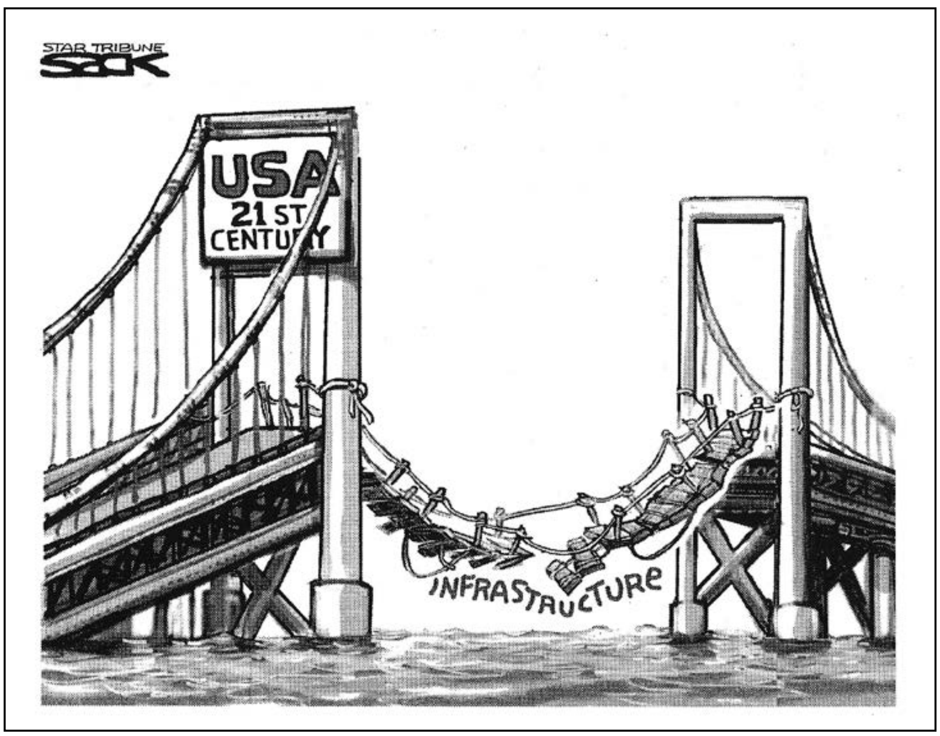
Morris the cat has been put forth as a candidate for mayor of Xalapa in eastern Mexico with the campaign slogan "Tired of Voting for Rats? Vote for a Cat."

Finally, our cartoon. Considering our discussion of the overbuilding in China, we would be happy to have new bridges, highways, airports, etc. But unfortunately, we have spent our billions on wars in countries where we should not have been, and give billons to countries where we are hated, such as Pakistan. We agree and understand that the MENA (Middle East/North Africa) countries are a cauldron of unrest, but we need to let them fight their own wars, which are religious wars anyway. So—the cartoon identifies a fault here in the U.S. that is a real issue.

Sincerely,

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

RWP:RCP:DSP/jah



CAN YOU OWE YOURSELF MONEY?

Author: Mark A. Grimaldi

If I took $20 out of my bank and left an IOU for $20, do I really owe myself $20?

This question has been rattling around my brain for months. So, I decided to tackle it once and for all.

Let's start with $500 in my bank. One day I need to take out $20. I do so and replace the $20 withdrawal with a $20 IOU (a note to myself that I owe my bank account $20). I now have $480 plus a $20 IOU. If I add $20 and remove the note, I am again back at $500 with no debt. I can replay this scenario over and over and always end up with my original balance of $500.

Let's say, however, something else happens. I take $20 from my bank and replace it with an IOU, but before I can repay the note, I take out another $20, then another $20, then another, and so on. Before long, there is no money in the bank, only IOUs.

What do I do now? I have no money left in the bank, and my expenses are greater than my income, so I can't pay my bills.

I do have excellent credit because I have never defaulted on any of my debts. This gives me an idea. Why not sell my IOUs? Since my credit is good, I am sure I can get someone to buy them as long as I add on some interest.

I sell all the notes, 25 of them, at $20 each, for a total of $500. Now I have $500, and I owe $500 plus interest. This sounds like a good deal. I borrowed the money at a very low interest rate with no collateral; I just promised to repay the debts.

Before long, however, I spend all of the money. To make matters worse, the investors who bought the notes now want their money back with the interest I promised them. That sounds like a problem, but is it?

It actually isn't, because my credit is still sterling. I simply write more IOUs and sell them to different investors. I use the money I take in to pay off the original investors. I even sell more IOUs I owe to pay tomorrow's expenses.

In month or so, I do it again, then again, and again, As long as there are people willing to buy my IOUs, what could go wrong? I feel like I invented a new economy.

Then, one day, I try to sell more of my IOUs and the demand is not as strong as it once was. I call some of my regular investors, and they say that they are worried about the large amounts of IOUs I sold. They question whether I will be able to pay them all back. I tell them not to worry, as I've never defaulted on my debts, and to reassure them, promise to pay a higher interest on new IOUs I issue.

I think that will fix the problem, but I am wrong. Increasing the interest rate on the new IOUs makes the old IOUs less desirable. Investors no longer want to own the old IOUs with the lower interest rate; they want the new IOUs with the higher interest rate. They start asking for repayment. I am low on cash again.

Then I have an idea: I will create new IOUs that are redeemable for any and all goods and services. They will not pay interest, so there is no financial reason for an investor to hold them. Thus, investors will use these IOUs to trade for things they need to live. I will call these IOUs "carry and spend handsomely" or CASH. I will create enough of this new CASH to buy all the unwanted notes. This will serve two purposes. First, it will remove all the excess IOUs from the market. Second, it will hold the value of the remaining IOUs at their current high levels. My problem is solved. CASH is used to buy back the excess notes, in turn keeping supply and demand in order. And, I am paying my expenses using the proceeds from issuing new IOUs.

Then, one day, I sit down with an economist, and he says that there are two emerging problems, First, my system will not work forever, because just like I devalued the notes by having too many of them in circulation, I will ultimately devalue my CASH for the same reason. Second, the total value of IOUs I issued was too great to ever pay back.

I agree with this economist, but argue, even so, are the IOUs I bought back using CASH really an obligation I needed to pay back? In other words, can I owe myself (or my own treasury) money? We agree, I can't. For there to be debt, there must be two parties: a creditor and a debtor.

This makes me wonder. If you can't owe yourself money, are the trillions of dollars the U.S. Federal Reserve has bought back (at rate of $85 billion a month currently) not part of the $16.7 trillion dollar national debt? Could the debt be much lower than we all think? Is that why, in 2008, then Senator Barack Obama said the debt, $9 trillion at the time, was "unpatriotic," but today President Obama claims the current debt of almost $17 trillion is "not a problem in the short run"? If I take those comments at face value it would seem to me that the president either doesn't know $17 trillion is higher than $9 trillion or, and much more likely, he knows something about the $17 trillion that he didn't know about the $9 trillion when he was a senator. That something may be the fact that you can't owe yourself money.

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OLE'S FISHING TRIP

Four Norwegians went up to Lake Aasgaard in Northern Minnesota fishing. To save a little money, they rented a small cabin that had only two bedrooms. Well, Arne sleeps with Ole the first night and he comes to breakfast next morning with his hair a mess, and his eyes all bloodshot. They say, "Vhat happened to you?" Arne says, "That Ole, he snore so loud, I vas kept avake vatching him all night. I can't do that 'nother night so vun of you's got to do it." Since Ole snores so loudly, no one else wanted to room with him, but they finally agreed to take turns. The next night is Oscar's turn.

In the morning, same thing – hair a mess, eyes all bloodshot. Oscar declares, "Fer sure, dat Ole shakes the roof. And he sleeps so hard, I couldn't vake him. I vatched him all night."

The third night was Sven's turn. Next morning Sven came to breakfast bright eyed and bushy tailed. They can't believe it! They say, "Vat happened?"

Sven says, "Vell, ve get ready for bed, I go und tuck Ole into bed and kiss him good night, den he vatches me all night."

OLE GOES TO PARIS

Ole Olson, a furniture dealer from Brainerd, Minnesota, decided to expand the line of furniture in his store to meet the needs of new cabin owners from the Twin Cities, so he decided to go to Paris to see what he could find. After arriving in Paris, he visited with some manufacturers and selected a line that he thought would sell well back home. To celebrate the new acquisition, he decided to visit a small bistro and have a glass of wine. As he sat enjoying his wine, he noticed that the small place was quite crowded, and that the other chair at his table was the only vacant seat in the house. Before long, a very beautiful young Parisian girl came to his table; asked him something in French (which Ole couldn't understand); so he motioned to the vacant chair and invited her to sit down. He tried to speak to her in English, but she did not speak his language. After a couple of minutes of trying to communicate with her, he took a napkin and drew a picture of a wine glass and showed it to her. She nodded, so he ordered a glass of wine for her. After sitting together at the table for a while, he took another napkin, and drew a picture of a plate with food on it, and she nodded. They left the bistro and found a quiet cafe that featured a small group playing romantic music. They ordered dinner after which he took another napkin and drew a picture of a couple dancing. She nodded, and they got up to dance. They danced until the cafe closed and the band was packing up. Back at their table, the young lady took a napkin and drew a picture of a four-poster bed.

To this day, Ole has no idea how she figured out he was in the furniture business.

OLE KINDA VANTED A NORVEGIAN

It seems that Lena's time had come and Ole raced her to the hospital in the pickup. Lena was in the delivery room for a long time with Ole pacing the waiting room floor.

Finally the doctor came out: "It's a cesarean, but Lena and your baby boy are just fine."

"Gosh Doc, dat's tew bat," said Ole, "Ve had kinda wanted a Norvegian."

BLONDE PRICING A LEXUS

A blonde walked into a Lexus dealership to browse, and spotted the most beautiful, perfectly loaded Lexus and walked over to inspect it closer. As she bent forward to feel the fine leather upholstery, an unexpected little burst of flatulence escaped her.

Very embarrassed, she anxiously looked around to see if anyone had noticed. Sure enough, there standing behind her was a salesman. With a pleasant smile he greeted her, “Good day, Madam. How may we help you today?”

Trying to maintain an air of sophistication and acting as though nothing had happened, the blonde smiled back and asked, “Sir, what is the price of this lovely vehicle?” Still smiling pleasantly, he replied, “Madam, I’m very sorry to say, if you passed gas just touching it, you’re gonna s_ _ _ when you hear the price!”

BLONDE TRAFFIC STOP

A blonde woman was speeding down the road in her little red sports car and was pulled over by a woman police officer, who was also a blonde. The blonde cop asked to see the blonde’s driver's license. She dug through her purse and was getting progressively more agitated. “What does it look like?” she finally asked. The policewoman replied, “It's square and it has your picture on it.” The driver finally found a square mirror in her purse, looked at it and handed it to the policewoman. “Here it is,” she said. The blonde officer looked at the mirror, then handed it back saying, “OK, you can go. I didn't realize you were a cop.”

BLONDE CITY GIRL

A blond city girl named Amy marries a Colorado rancher.

One morning, on his way out to check on the cows, the rancher says to Amy, “The insemination man is coming over to impregnate one of our cows today, so I drove a nail into the 2 by 4 just above where the cow's stall is in the barn. Please show him where the cow is when he gets here.”

The rancher leaves for the fields. After a while, the artificial insemination man arrives and knocks on the front door. Amy takes him down to the barn. They walk along the row of cows and when Amy sees the nail, she tells him, “This is the one right here.”

The man, assuming he is dealing with an airhead blond, asks, “Tell me lady, because I'm dying to know; how would you know that this is the right cow to be bred?” “That's simple, by the nail that's over its stall,” she explains very confidently.

Laughing rudely at her, the man says, “And what, pray tell, is the nail for?”

The blonde turns to walk away and says over her shoulder, “I guess it's to hang your pants on.”

A CHILD'S LOGIC

Teacher: If I gave you two cats and another two cats, and another two, how many will you have?

Johnny: Seven, Sir.

Teacher: No, listen carefully. If I gave you two cats and another two cats, and another two, how many will you have?

Johnny: Seven.

Teacher: Let me put it to you differently. If I gave you two apples and another two apples, and another two, how many will you have?

Johnny: Six.

Teacher: Good. Now If I gave you two cats and another two cats, and another two, how many will you have?

Johnny: Seven!

A very angry Teacher: Where do you get seven from?

Johnny: Because I've already got one cat at home!

FUN FACTS

1. You can't wash your eyes with soap.
2. You can't count your hair.
3. You can't breathe through your nose, with your tongue out.
4. You just tried # 3.
5. When you did # 3 you realized it's possible, only you look like a dog.
6. You're smiling right now, because you were fooled.
7. You skipped # 5.
8. You just checked to see if there is a # 5.
9. Share this with your friends to have some fun too!

SAGE ADVICE FOR OLDER GUYS

An old guy decided to finally get back in shape and relive some of his youth, so he decided to start working out again. Upon entering the gym he spotted a beautiful young woman exercising on the treadmill.

He asked the physical trainer that was nearby, "What machine in here should I use to impress that beautiful woman over there?" The trainer looked him up and down and said without any further hesitation, "I would try the ATM in the lobby."

SUCIDAL MUSLIMS

Wondering why Muslim terrorists are so quick to commit suicide? Let’s look at the evidence:

- No Christmas
- No television
- No nude women
- No football
- No pork chops
- No hot dogs
- No burgers
- No beer
- No bacon
- Constant wailing from a man in a tower
- Rags for clothes
- Towels for hats
- More than one wife
- More than one mother in law
- You can't shave
- Your wife can't shave
- You can't wash off the smell of donkey
- You cook over burning camel dung
- Your wife is picked by someone else
- Your wife smells worse than your donkey

THE MUSLIMS ARE NOT HAPPY!

They're not happy in Gaza
They're not happy in Egypt
They're not happy in Libya
They're not happy in Morocco
They're not happy in Iran
They're not happy in Iraq
They're not happy in Yemen
They're not happy in Afghanistan
They're not happy in Pakistan
They're not happy in Syria
They're not happy in Lebanon
They're not happy in Indonesia

SO, WHERE ARE THEY HAPPY?

They're happy in Australia
They're happy in Canada
They're happy in England
They're happy in France
They're happy in Italy
They're happy in Germany
They're happy in Sweden
They're happy in the USA
They're happy in Norway
They're happy in Holland
They're happy in Denmark
They're happy in Finland

So they're happy in every country that is not Muslim and unhappy in every country that is!

AND WHO DO THEY BLAME?

Not Islam. Not their leadership. Not themselves. They blame the countries they are happy in. And then, they want to change those countries to be like the country they came from where they were unhappy!