

January 21, 2010

Dear PCM Clients and Friends:

Cold! Bitter Cold! Taking advantage of the three-day New Year's weekend, we started on the January letter. Last night (January 2) it was 20° below zero (Fahrenheit, for you Brits), and we are in a prolonged cold spell that is expected to last well into January. Worse, just ten days ago we got 18 inches of snow in Minneapolis in a short time, and it came down so fast the plows couldn't keep up, especially because of the new limited budgets. So the roads got packed hard from driving before the snow was removed and now with the extreme cold the less traveled roads and streets remind us of driving the Baja in Mexico, or a road in Afghanistan, neither of which we've ever done but hear stories about their bone shaking bumps and ruts. The sun needs to do its job warming the roads to eliminate this mess, but it just can't do it when it is this cold. Maybe by spring? But we are not alone, as the extreme, unusually cold weather has enveloped the entire United States ruining the citrus crops in Florida and causing highway havoc throughout the country. And, when we watch BBC we see the same problems in Great Britain and throughout Europe. The coldest winter in years! Al Gore, where are you?

Perk admits now to having been wrong about the severity of the winter with his earlier prognostication of a mild winter based on how small the muskrat houses were that he saw in the sloughs on his early November drive to Milwaukee for the decoy show. Ah, but he failed to take into account that the "rats" knew about all the snow that we were destined to get, and so had no need to build large houses to stay warm as the deep snow would take care of that extra insulation for them. Nature always knows before we do.

Now in mid-January we are in the midst of the usual "January thaw," which brings warmer weather (30° to 35°) and fog as the warmth brings moisture out of the snow. Perk reminds us that when he was a boy growing up in Westby, WI in Vernon County, the January thaw was counted on to make "case weather" so the farmers could put their tobacco crop into the "case." To explain, Vernon County farmers have always raised a cash crop of tobacco, as strange as that may seem. Yes, Vernon County, WI, and not Virginia. For some reason, the weather and soil was conducive to raising a tobacco plant that provided large, strong leaves which were ideal as cigar wrappers. So, the tobacco industry there was important, such that even young Perk was given a small plot of ground to raise it, and when harvested and sold, it paid him well. Growing tobacco is not easy—raising small plants from seed in a covered hot bed, planting them one by one, making sure they grow without weed interference, then a back breaking harvest, spearing each plant onto a lath to permit hanging in a shed to dry. But dried tobacco leaves are brittle, with no way to take each leaf from the stalk until—voilà—"case" weather, or fog creeping into the sheds to soften the leaves, making them pliable enough to remove and place in a case for sale to

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INVESTMENT MANAGEMENT

the market. All of these memories is why the January thaw, for Perk, is called case weather.

A MESSAGE FROM THE THREE PERKS

As we enter the first year of the new decade, Perkins Capital Management is celebrating its 26th year in the investment management business, having started on January 1, 1985.

These have been interesting years, without a doubt, and just as day follows night, we think 2010 and the years beyond will include the one constant in our lives—change. Change is what it is all about. Our investment management business is all about identifying positive change in a company and then capitalizing on it. This is what we have done over the past 25 years and will continue to do in this New Year, the first in the decade, and beyond.

During the past several years we have not grown as much as we would have liked and, therefore, have the capacity to successfully manage more investment assets than we do.

We want to thank you, our existing clients, for your confidence in us. We appreciate you and, as always, will work hard for you. Most of our clients have been with us for a decade or longer, and some of you have been with us since our beginning 25 years ago. Thank you for your continuing relationship with us. We look forward to working with you for years to come; as well as any new clients who may come to us through referral.

LOOKING BACK AT LAST YEAR

There are no minus signs in the accompanying table, which summarizes the return of ten of the most popular market averages for the year and the 4th quarter. As would be

2009 INDEXES	% RETURN	
	Year 2009	4Q 2009
Dow Jones Industrial Average	18.82	7.37
S&P 500 Composite	23.45	5.49
NYSE Composite	24.80	3.97
S&P Small-Cap 600 Total Return	25.57	5.15
Wilshire 5000	27.09	5.51
Russell 2000 Total Return	27.17	3.87
Russell 3000 Total Return	28.34	5.90
Russell 1000 Total Return	28.43	6.07
Value Line Composite	36.77	3.38
NASDAQ Composite	43.89	6.91

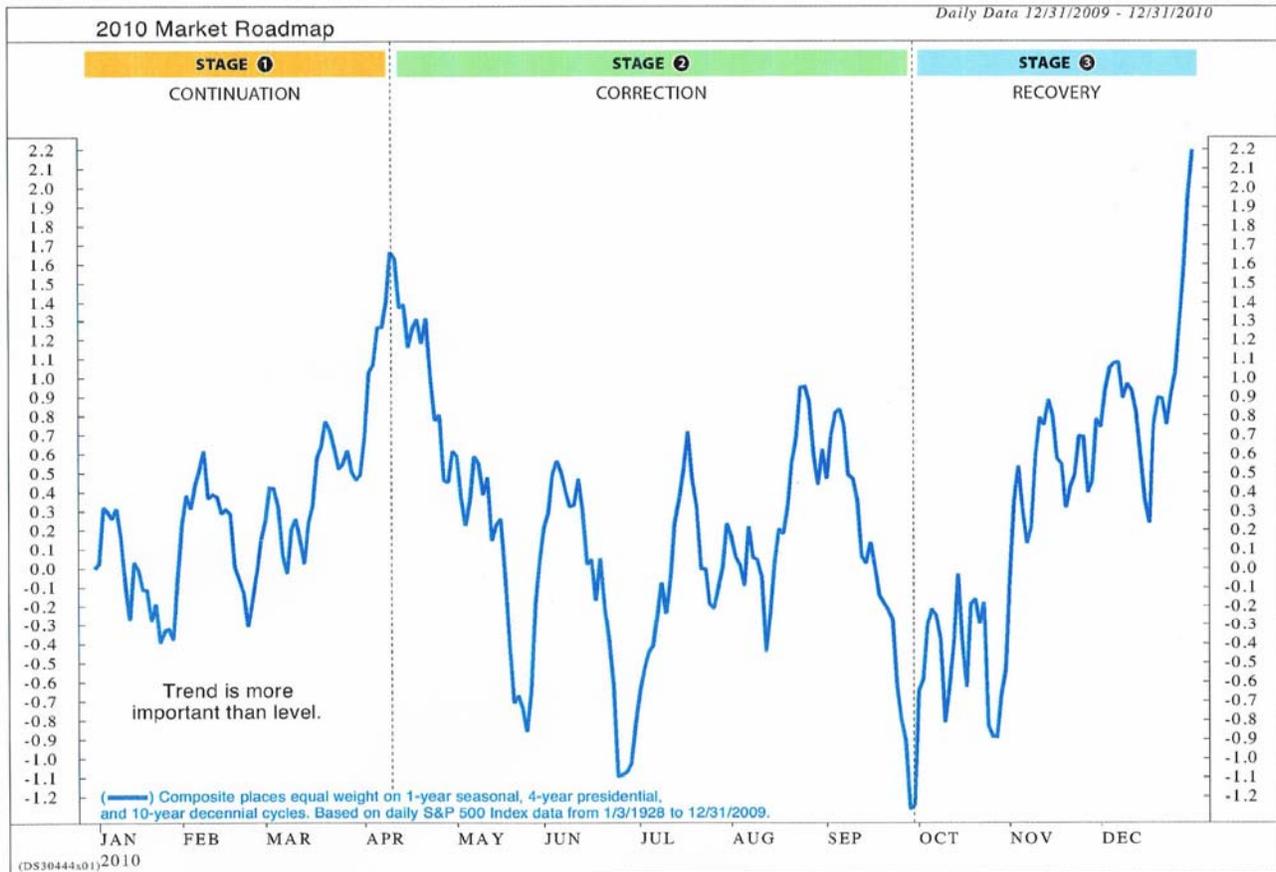
expected coming out of a bear market bottom, the smaller stocks did best as they usually suffer the most on the way down, especially NASDAQ companies (up 44% for 2009, but down 41% for 2008) and the small-cap indices. Logically, it then follows that large-cap stocks should be up less, which indeed was the case as the Dow rose only about 19% for the year, the S&P 500 23%, and the NYSE Composite 25%. In the 4th quarter, however, the large-cap stocks made up some lost time,

with the Dow leading the pack at up 7%, which again is as it should be in a recovery.

The decade, however, was the worst ever recorded as we will discuss in detail in the section of the letter titled “The Case Of The Lost Decade.”

THE YEAR AHEAD

The Composite Cycle for 2009 presented in this letter one year ago was not on the mark except for the bottom in the late October time frame. Hopefully, the Cycle Composite for 2010—the Roadmap as it is called—will be a better predictor this year. It projects a continuation of the “up” market in the first three months of the New Year and then a series of 2nd and 3rd quarter corrections and rallies culminating in an October bottom and a recovery rise into year-end. This “Roadmap” chart is a bit different than those which we have shown you in previous years as it is based on S&P 500 data from 1928 through 2009, whereas previous Cycle Composite charts from Ned Davis Research have been based on the Dow from 1900 through the current year. We have compared the Dow Cycle Composite chart for 2010 to the S&P chart, and there literally is no discernable difference.

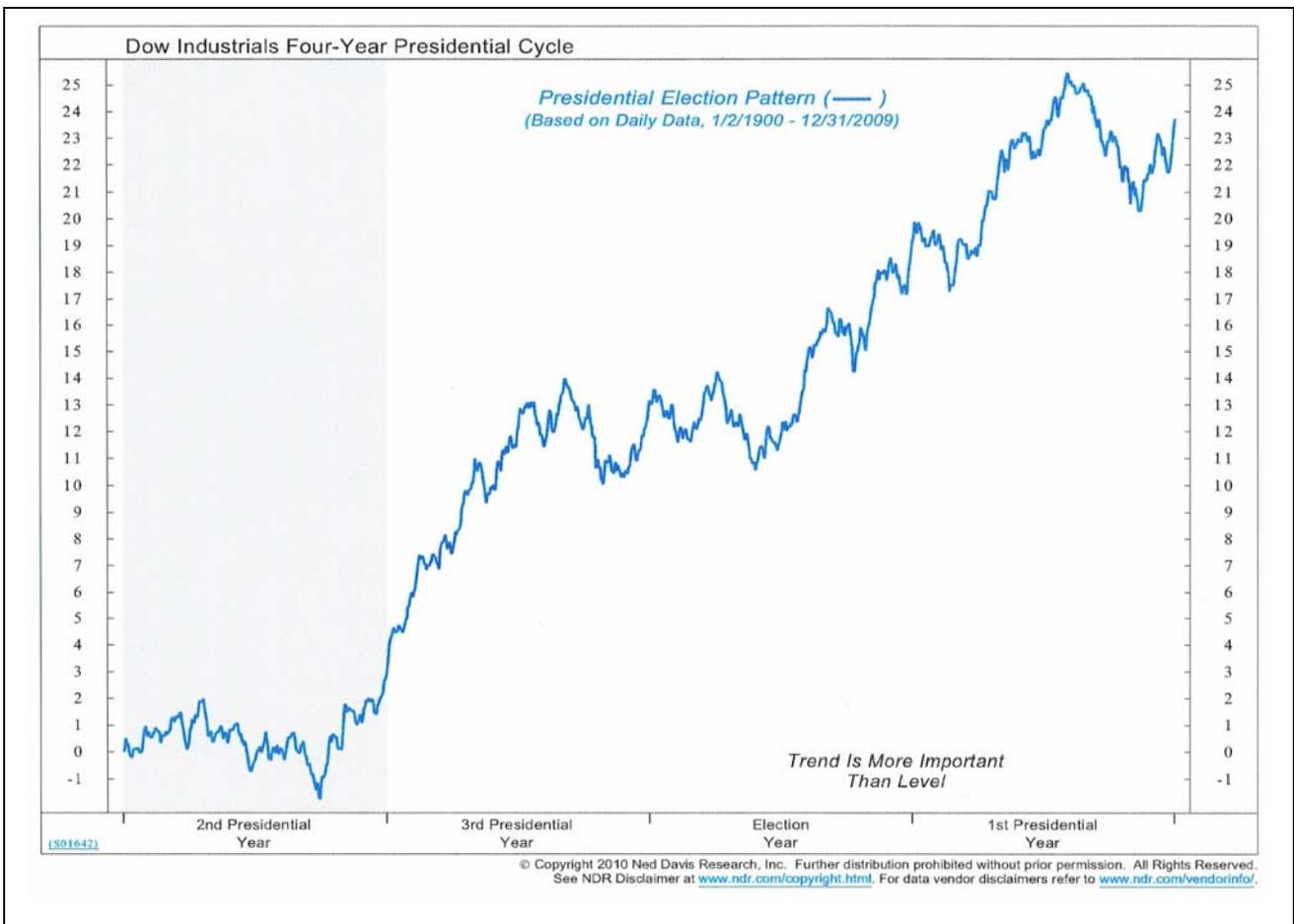


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In any case, the message that “trend is more important than level” is the important thing to remember, as the recovery of the market projected for the last quarter implies a new high

for the year vs. the start of the year, which may not happen. What is important in the chart is the trend, and from a bottom in the fall an uptrend is what is foreseen.

One current phenomenon that gives hope for 2010 being a good year, albeit with declines into fall, is the January barometer, which advises that if the first five days of January are up, January in turn is likely to be up, and if January is up, the record shows the year is usually up. The statistics are that in years when the Dow has risen in January the median rise for the rest of the year is 10.4%, but in years when the Dow has fallen in January the median rise is less than 0.1% for the next 11 months. There is no doubt that so far January is up as in the first 5 days the S&P was up 2.4%, the Dow 1.8%, and NASDAQ 1.4%. The problem is, of course, that by the time this letter goes to press and you receive it, we still will not have seen the end of January. So you will have to wait to see the final result of the January barometer, just as we will.



However, we must also consider the chart above—the Presidential Election Pattern—which shows basically a sideways market for the second year of the presidential term, again with the bottom in the fall and a rise into year-end. Probably not a bad assessment in view of Obama’s challenges this year. However, his situation coming into his second

year is rather typical of most second years for a new President as the euphoria of election promises begins to wear off.

THE CASE OF THE LOST DECADE

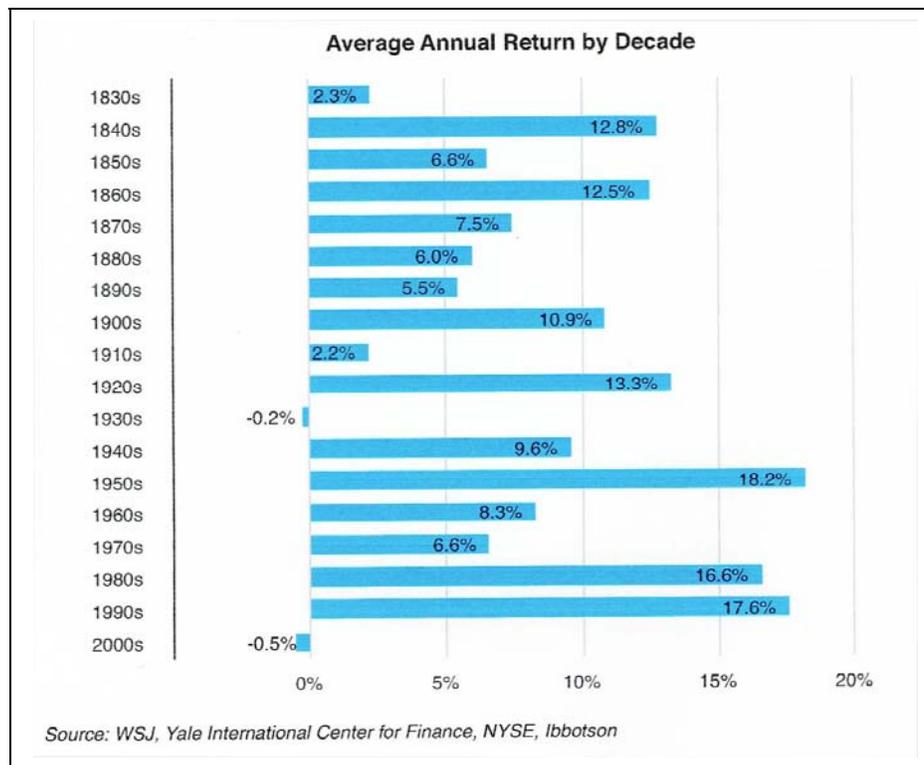
No, this is not the title of a new Sherlock Holmes movie. But it is a reference to the decade just ended, which was worse even than the decade of the 1930s.

We will get to the meat of that issue, but first need to give credit to Michael Moe, our friend of many years who has kindly given us permission to use much of the data in this section which is contained in his December 31 issue of *Next Up*. We last wrote three years ago about Mike in our January 2007 letter, commenting there on his book *Finding the Next Starbucks* and giving a little of our history with Mike, who worked his way up in the investment business as an analyst, and capped his earlier analytical careers at RBC Dain Rauscher, Merrill Lynch, and Lehman Brothers, by founding the brokerage Think Equity Partners, which he sold after several years of building it up to several hundred employees.

When the decade which just ended started ten years ago on January 1, 2000, the market

was reaching new highs, having been on an upward trajectory since the bottom in 1990, ten years earlier (in fact, NASDAQ went from an October 1990 low of 323 to a March 2000 high of 5132, a gain of 1489%, while the S&P 500 and Dow gained only 427% and 408% respectively. But one of the engrained human tendencies is to project the recent past into the future, and so as it turned out the market predictably topped early in the new decade. And it got worse as time passed,

the result of the 9/11 terror attack, the Enron and WorldCom debacles, followed by the financial meltdown in Wall Street, culminating in the failure of Lehman Brothers. Well, you know the rest of the story having heard it time and time again, and so we won't repeat it here. Despite the extreme gains from the March 2009 low to the end of 2009, the Dow still ended the decade 8% below where it started, resulting in an average annual return of



minus 0.5% for the past 10 years, even worse than the decade of the 1930s, which was off 0.2%. The average annual return of the market for the past eighteen decades is shown

Decade in Review			
	2000	Today	% Change
Dow	11,497	10,537	(8%)
London Stock Exchange	6,930	5,402	(22%)
S&P 500	1,469	1,127	(23%)
NASDAQ	4,069	2,291	(44%)
Nikkei 225 (Japan)	18,934	10,634	(44%)

Source: Yahoo Finance, WSJ

in the table. But the true story for the decade is told by the averages other than the Dow, which is a narrow unweighted average of only 30 companies. Just look at the results of the S&P 500 and NASDAQ, and the

markets in the UK and Japan, and what they did during the decade. But even those numbers belie the real carnage that took place among the large-cap stocks in the United States. Not a pretty sight. Throw in Bernie Madoff's \$50 billion Ponzi scheme and it is easy to understand that not only was it the lost decade, but one that many people wanted to lose and hope never to see one like it again.

Ticker	Name	2000 Mkt. Cap (mil)	Today Mkt. Cap (mil)	% Change
GM	General Motors	\$45,600	\$308	(99%)
ICGE	Internet Capital Group Inc.	\$44,246	\$246	(99%)
LEHM.Q	Lehman Brothers Holdings Inc.	\$10,164	\$55	(99%)
AIG	American International Group, Inc.	\$167,404	\$4,240	(97%)
SFE	Safeguard Scientifics, Inc.	\$5,676	\$194	(97%)
ARBA	Ariba Inc.	\$16,118	\$1,105	(93%)
YHOO	Yahoo! Inc.	\$113,901	\$23,650	(79%)
DELL	Dell Inc.	\$130,823	\$28,567	(78%)
GE	General Electric Co.	\$507,217	\$163,333	(68%)
GPS	Gap Inc.	\$39,141	\$14,490	(63%)
UAUA	UAL Corporation	\$5,730	\$2,111	(63%)
C	Citigroup, Inc.	\$187,760	\$77,509	(59%)
INTC	Intel Corporation	\$275,006	\$112,097	(59%)
MSFT	Microsoft Corporation	\$602,433	\$276,762	(54%)
<i>Inactive</i>				
	Worldcom	\$52,000	\$0	(100%)
	Enron	\$63,000	\$0	(100%)

Source: CapitalIQ, Yahoo Finance

THE ENERGY CRISIS IN PERSPECTIVE

Our dear friend and fellow traveler, Steve Leuthold, whom Perk has known for some 35 years since they worked together at the old Piper Jaffray and Hopwood, has been a phenomenal success in the investment business by any measure you wish to use. The Leuthold Group which he heads produces a wide variety of investment research, primarily for institutions, and runs several mutual funds including the famous Grizzly Short Fund. As

part of the firm's research product, Steve writes a monthly letter titled "View From The North Country." The December issue contained several pages that put our energy crisis in a totally different, but proper historical perspective, which we found fascinating and wanted to share some of it with our clients and friends. Perk called Steve to see if we could publish a few excerpts from the article. Steve, very gracious as always, said, "Print the entire thing if you want" and then lightly admonished Perk for not remembering that it all came from his 1980 book titled *The Myths of Inflation and Investing*. Anyway, we are taking Steve up on his offer and printing below the pages from his December "View from the North Country," which really is a summation of pages 196 to 199 in the book, which although 25 years old is well worth reading today.

500 Years Ago... England

First let's go back about 500 years. During the Renaissance, wood was the critical energy component in England and other European economies, much as fossil fuel is today. Wood was the primary provider of heat, light, and food preparation. However, England, having chopped down most of its trees became a large wood importer, primarily from the Scandinavian countries.

Of course prices rose as wood became more scarce causing domestic brewers, bakers, and others to go out of business hit by lower priced imports from wood rich countries. The English citizenry rebelled, having to pay exorbitant rates for wood to heat their homes, light their nights, and cook their food. Thus in 1593 and again in 1615, Parliament enacted energy conservation legislation, including limiting the use of wood in construction and mandating the use of bricks (but it took more wood to bake the bricks than to build wood structures).

From 1600 to about 1650 the price of firewood soared 80%. Then in a single year the price of wood jumped another 300%. Some families were forced to burn furniture and even parts of their houses to survive the winters. Back then, there were no government wood subsidies for freezing families.

The Wood To Coal Transition

In the early 1600s, people were aware coal was an alternative energy source. But prior to the huge rise in wood, coal was far too dirty and expensive. Chopping down trees was easier and cheaper than hacking the coal out from underground. But, as the coal industry grew, mining sophistication and technology reduced the extraction costs and as coal supplies rose prices fell.

Coal was soon found to be a far superior industrial fuel and with vast improvements in coal mining productivity the price of coal kept falling. First iron production increased with quality improving. Then came steel and steam power. The Industrial Revolution was underway led by England, which was bigger, better and earlier than old Europe. England had become the world's industrial revolution leader. The real catalyst was the Wood Crisis.

Over 150 Years Ago... United States

Now let's go back about 200 years to the early 1800s. Once again it's the beginning of another hugely important energy revolution. Since Colonial times, the primary source of illumination in the U.S. had been whale oil. But by 1850 the North Atlantic had almost been whaled out by New England's whaling fleet. The shore price of whale oil doubled and then doubled again, even though new whaling technologies had maximized oil recovery from the whales that were taken. The high whale oil prices were also making it profitable to harpoon smaller and smaller lesser yield whales.

The U.S. was growing fast while the North Atlantic with the whale oil field yielding less and less. At the time there were, on the East Coast, no known substitutes for whale oil. By 1848 prices had skyrocketed by 600%. Then in 1848 the shortage was temporarily alleviated by the discovery (and subsequent decimation) of the South Pacific whale herds. Whale oil prices temporarily moved lower. Yes, it was a long and expensive journey for the New England whalers exploiting the new whale oil find. A whaling expedition around the horn and back could take as much as two years.

By the advent of the Civil War even this new whale oil field was played out. Low grade whale oil was \$1.45 a gallon by 1865, up from 23 cents in the 1840s. To put this in to perspective, in 1868 a complete dinner in a New York restaurant cost 19 cents. A customer could buy over seven dinners for the price of a single gallon of lighting oil. It cost restaurant owners more to light the place at night than they were paying for the food they served.

The Whale Oil To Kerosene Transition

An alternative energy source became essential as high prices, population growth and shrinking supplies of whale oil combined into a crisis for businesses in east coast cities such as New York, Boston and Philadelphia. Edwin Drake set out to find that alternative. In 1858 he first found it in Titusville, Pennsylvania.

The U.S. entered the Petroleum Age. By 1867, kerosene, refined from Pennsylvania crude broke the whale oil market. By 1900 whale oil prices had fallen 70% from their highs and whale oil lamps had become collector items. Kerosene prices, with production efficiencies, became cheaper and cheaper. More importantly, just as with the development of coal as an energy alternative 200 years earlier, a chain reaction of technological and economic development was triggered. Oil soon became the new foundation of the economy not merely the low cost provider of light at night.

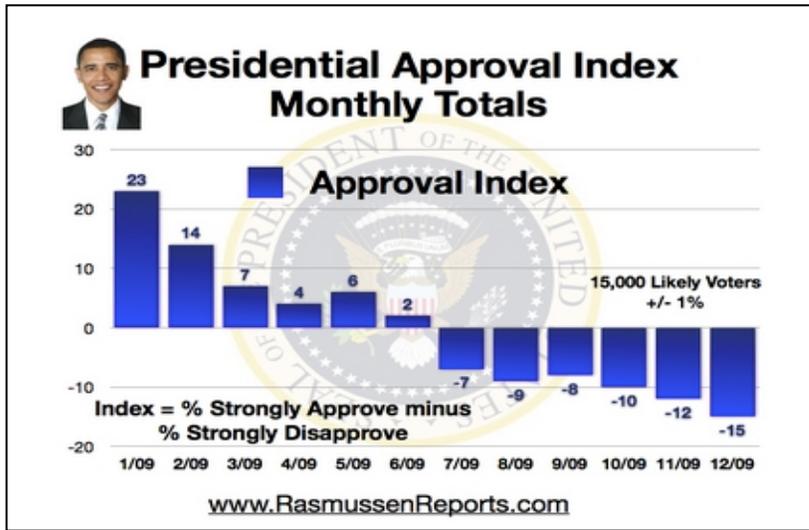
The Current Revolution...

The world is in the midst of yet another revolution. My grandchildren (if not my children) won't be living in a world powered primarily by fossil fuels... And neither will yours. The negative impact on the environment, including the air we breathe, is a fact even if the root cause of global warming is certainly arguable. In addition, the world's oil, gas and even coal reserves are finite and increasingly expensive to extract and deploy.

Thank you, Steve. Once again you have added to our perspective.

ROOSTING CHICKENS

Given that President Obama is finishing his first year in office, we thought it might be appropriate to take a look at how the Americans who elected him now reveal their thoughts on how he has done. Recently released results from the Rasmussen Presidential Tracking Poll indicates that only 24% of the nation's voters strongly approve of the way he is performing as president, while 42% strongly disapprove giving him a so-called Presidential Approval Index of -18%. What happened to all of his supporters? Have they gone into hibernation? No, we think they are beginning to "wake up and smell the coffee," as the saying goes. When his term began there was a belief, although naïve, that he would follow through on his campaign



promises to fix Washington by stopping "runaway spending and record deficits." But most Americans now realize it was all a fantasy, as Obama has instead given the country record setting deficits. And then there is the assessment of the health care bill. Americans finally decided to read the fine print and when they took the trouble they did not like what they saw. Even Obama's fellow traveling democrats know a sinking ship when they see one and do not want to be part of this one as they face their constituents in the coming congressional elections. We have seen some defections already and we think we are likely to see more. This may be the beginning of a trend back toward a more conservative government as the pendulum has swung as far as it can toward liberalism and now may be starting its swing back the other way. The chickens are coming home to roost, and none too soon to suit us.

REMEMBERING

The local community has lost the man who was considered one of the founding fathers of venture capitalism—Alan K. "Buddy" Ruvelson, on October 23, at age 94. He was literally a living legend for years, known as the "go to" person for entrepreneurs seeking advice. This gave him the impetus to found First Midwest Capital Corp in the late 1950s, one of the first SBICs (small business investment companies) in the U.S. to be started under Eisenhower's program to help provide capital to promising young businesses. Perk came to the Twin Cities in early 1966 and met Buddy during his early Piper years as in the late

1960s Perk raised funds at Piper for many private companies and sought Buddy's help along the way. Over all the years they stayed in close touch and he never seemed to change or age and was always in an ebullient mood. God threw out the mold after he made Buddy Ruvelson.

Considering Obama's health care plan and the airline security issues, we thought the cartoon quite appropriate.

Sincerely,

Richard W. Perkins

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

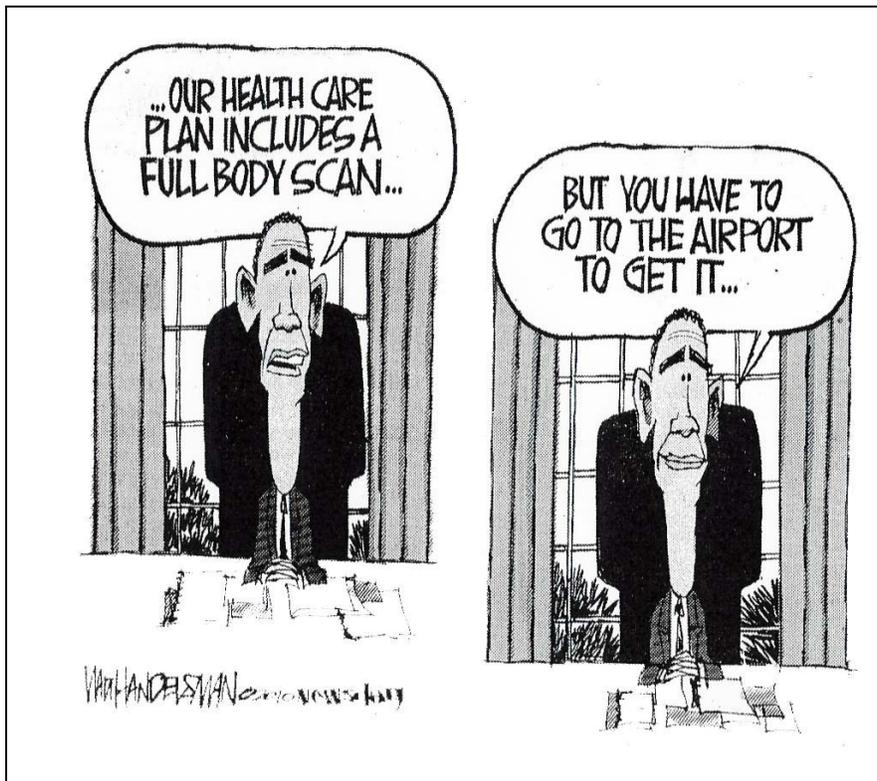
Richard C. Perkins

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

Daniel S. Perkins

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Executive Vice President
Portfolio Manager

RWP:RCP:DSP/jah



WHY WE LOVE CHILDREN

NUDITY

I was driving with my three young children one warm summer evening when a woman in the convertible ahead of us stood up and waved. She was stark naked! As I was reeling from the shock, I heard my 5-year-old shout from the back seat, "Mom, that lady isn't wearing a seat belt!"

OPINIONS

On the first day of school, a first-grader handed his teacher a note from his mother. The note read, "The opinions expressed by this child are not necessarily those of his parents."

KETCHUP

A woman was trying hard to get the ketchup out of the jar. During her struggle the phone rang so she asked her 4-year-old daughter to answer the phone. "Mommy can't come to the phone to talk to you right now. She's hitting the bottle."

MORE NUDITY

A little boy got lost at the YMCA and found himself in the women's locker room. When he was spotted, the room burst into shrieks, with ladies grabbing towels and running for cover. The little boy watched in amazement and then asked, "What's the matter, haven't you ever seen a little boy before?"

POLICE # 1

While taking a routine vandalism report at an elementary school, I was interrupted by a little girl about 6 years old. Looking up and down at my uniform, she asked, "Are you a cop?" "Yes," I answered and continued writing the report. "My mother said if I ever needed help I should ask the police. Is that right?" "Yes, that's right," I told her. "Well, then," she said as she extended her foot toward me, "would you please tie my shoe?"

POLICE # 2

It was the end of the day when I parked my police van in front of the station. As I gathered my equipment, my K-9 partner, Jake, was barking, and I saw a little boy staring in at me. "Is that a dog you got back there?" he asked. "It sure is," I replied. Puzzled, the boy looked at me and then towards the back of the van. Finally he said, "What'd he do?:"

ELDERLY

While working for an organization that delivers lunches to elderly shut-ins, I used to take my 4-year-old daughter on my afternoon rounds. She was unfailingly intrigued by the various appliances of old age, particularly the canes, walkers, and wheelchairs. One day I found her staring at a pair of false teeth soaking in a glass. As I braced myself for the inevitable barrage of questions, she merely turned and whispered, "The tooth fairy will never believe this!"

DRESS-UP

A little girl was watching her parents dress for a party. When she saw her dad donning his tuxedo, she warned, "Daddy, you shouldn't wear that suit." "And why not, darling?" "You know that it always gives you a headache the next morning."

DEATH

While walking along the sidewalk in front of his church, our minister heard the intoning of a prayer that nearly made his collar wilt. Apparently, his 5-year-old son and his playmates had found a dead robin. Feeling that proper burial should be performed, they had secured a small box and cotton batting, then dug a hole and made ready for the disposal of the deceased. The minister's son was chosen to say the appropriate prayers and with sonorous dignity intoned his version of what he thought his father always said: "Glory be unto the Faaather, and unto the Sonnn, and into the hole hegoooes."

SCHOOL

A little boy had just finished his first week of school. "I'm just wasting my time," he said to his mother. "I can't read, I can't write, and they won't let me talk!"

BIBLE

A little boy opened the big family Bible. He was fascinated as he fingered through the old pages. Suddenly, something fell out of the Bible. He picked up the object and looked at it. What he saw was an old leaf that had been pressed in between the pages. 'Mama, look what I found,' the boy called out. "What have you got there, dear?" With astonishment in the young boy's voice, he answered, "I think it's Adam's underwear!"

THE GODFATHER

A Mafia Don finds out that his bookkeeper has cheated him out of ten million dollars. His bookkeeper is deaf. That was the reason he got the job in the first place. It was assumed that a deaf bookkeeper would not hear anything that he might have to testify about in court.

When the Godfather goes to confront the bookkeeper about his missing \$10 million, he brings along his attorney, who knows sign language. The Godfather tells the lawyer, "Ask him where the 10 million bucks he embezzled from me is." The attorney, using sign language, asks the bookkeeper where the money is.

The bookkeeper signs back: "I don't know what you are talking about."

The attorney tells the Godfather: "He says he doesn't know what you're talking about." The Godfather pulls out a pistol, puts it to the bookkeeper's temple and says, "Ask him again!"

The attorney signs to the bookkeeper: "He'll kill you if you don't tell him!"

The bookkeeper signs back: "OK! You win! The money is in a brown briefcase, buried behind the shed in my cousin Enzo's backyard in Queens!"

The Godfather asks the attorney: "Well, what'd he say?"

The attorney replies: "He says you don't have the guts to pull the trigger."

APPOLLO II LUNAR MODULE

On July 20, 1969, as commander of the Apollo 11 Lunar Module, Neil Armstrong was the first person to set foot on the moon.

His first words after stepping on the moon, "that's one small step for man, one giant leap for mankind," were televised to earth and heard by millions. But just before he reentered the Lander, he made the enigmatic remark "Good Luck, Mr. Gorsky." Many people at NASA thought it was a casual remark concerning some rival soviet cosmonaut.

However, upon checking, there was no Gorsky in either the Russian or American space programs.

Over the years many people questioned Armstrong as to what the "Good Luck, Mr. Gorsky" statement meant, but Armstrong always just smiled.

On July 5, 1995, in Tampa Bay, Florida, while answering questions following a speech, a reporter brought up the 26-year-old question to Armstrong. This time he finally responded. Mr. Gorsky had died, so Neil Armstrong felt he could answer the question. In 1938 when he was a kid in a small Midwest town, he was playing baseball with a friend in the backyard. His friend hit the ball, which landed in his neighbor's yard by the bedroom window. His neighbors were Mr. and Mrs. Gorsky. As he leaned down to pick up the ball, young Armstrong heard Mrs. Gorsky shouting at Mr. Gorsky. "Sex! You want sex?! You'll get sex when the kid next door walks on the moon!"

NEVER USE COPIES

A young priest arrives at the monastery. He is assigned to helping the other priests in copying the old canons and laws of the church by hand.

He notices, however, that all of the priests are copying from copies, not from the original manuscript. So, the new priest goes to the Bishop to question this, pointing out that if someone had made even a small error in the first copy, it would never be picked up! In fact, that error would be continued in all of the subsequent copies, because by hand allows many chances for error.

The Bishop says, "We have been copying from the copies for centuries, but you make a good point, my son."

He goes down into the dark caves underneath the monastery where the original manuscripts are held as archives in a locked vault that hasn't been opened for hundreds of years. Hours go by and nobody sees the old Bishop.

So, the young priest gets worried and goes down to look for him. He sees him banging his head against the wall and wailing, "We missed the R! We missed the R! We missed the R! His forehead is all bloody and bruised and he is crying uncontrollably. The young priest asks the old Bishop, "What's wrong, father?" With a choking voice, the old Bishop replies, "The word was "CELEBRATE!"

WRONG SIDE OF THE BED

Mother Superior was on her way to late morning prayers, when she passed two novices just leaving early morning prayers, on their way to classes. As she passed the young ladies, Mother Superior said, "Good morning, ladies."

The novices replied, "Good morning, Mother Superior, may God be with you." But after they had passed, Mother Superior heard one say to the other, "I think she got out of the wrong side of the bed this morning." This startled Mother Superior, but she chose not to pursue it.

A little further down the hall, Mother Superior passed two of the Sisters who had been teaching at the convent for several years. She greeted them with, "Good morning, Sister Martha, Sister Jessica, may God give you wisdom for our students today."

"Good morning, Mother Superior. Thank you, and may God be with you."

But again, after passing, Mother Superior overheard, "She got out of the wrong side of bed today." Baffled, she started to wonder if she had spoken harshly, or with an irritated look on her face. She vowed to be more pleasant.

Looking down the hall, Mother Superior saw retired Sister Mary approaching, step by step, with her walker. As Sister Mary was rather deaf, Mother Superior had plenty of time to arrange a pleasant smile on her face, before greeting Sister Mary. "Good morning, Sister Mary. I'm so happy to see you up and about. I pray God watches over you today, and grants you a wonderful day."

"Ah, good morning, Mother Superior, and thank you. I see you got up on the wrong side of bed this morning."

Mother Superior was floored! "Sister Mary, what have I done wrong? I have tried to be pleasant, but three times already today, people have said that about me."

Sister Mary stopped her walker, and looked Mother Superior in the face. "Oh, don't take it personally, Mother Superior. It's just that you're wearing Father Murphy's slippers."

PRAYING FOR HARRY

"Anyone with needs to be prayed over, come forward, to the front at the altar," the Preacher says. Harry gets in line, and when it's his turn, the preacher asks: "Harry, what do you want me to pray about for you." Harry replies: "Preacher, I need you to pray for my hearing."

The preacher puts one finger in Harry's ear, and he places the other hand on top of Harry's head and prays and prays and prays a blue streak for Harry.

After a few minutes, the Preacher removes his hands, stands back, and asks, "Harry, how is your hearing now?" Harry says, "I don't know, Reverend, it is not until next Wednesday!"