

July 25, 2006

Dear PCM Client:

The calendar says that June 21 was the first day of summer, when warm days and cool nights get us excited about doing some outdoor grilling; hamburgers, hotdogs, steaks and chicken. Of course, grilling is a throwback from some 27,000 years ago to the time when man discovered fire, so cooking outside is not a modern idea. Although the gas grill is now used by over 70% of those folks who grill, the charcoal briquette grill was everyone's first choice for years after the invention of the briquette in 1920 by Henry Ford, who used sawdust and wood scraps from his car factory to make the first briquette. Remember, in those days automobile frames were out of wood as well as metal. E.G. Kingsford bought Ford's invention and put the charcoal briquette into production; Kingsford is still the brand of choice today for charcoal aficionados. Of the non-gas grills, i.e., those using charcoal, the Weber is the number one choice. Perk reports that when he worked at the American National Bank in Chicago, way back in 1958, he went over to the Weber factory one noon hour to pick up the Weber kettle he had ordered. Back then it was the Weber



Brother's Metal Works, and you could have any color kettle you wanted as long as it was black. That Weber kettle has cooked a lot of steaks and burgers, and now resides at the Kandiyohei duck slough. It is occasionally used as a backup to a larger red Weber that came from Dumbbell. Perk remembers lugging that grill in its box from the Weber company to the American National Bank and then to the Illinois Central for the ride to the 212th Street Station (Park Forest). It took up nearly the entire aisle, and there were lots of scowls and verbal complaints by passengers. Today, Weber goes by the name of Weber-Stephen Products (www.weber.com), and the

gas grill offerings dominate the line, although the familiar shape of the kettle is still there in the charcoal end of the line. Using charcoal is great, and it imparts a special flavor, but it is messy and requires lugging bags of charcoal home from the store, not to mention the charcoal lighter. Americans are convenience nuts, and convenience is what the gas grill provides.

As in past Julys, when you read this Perk will be in Massachusetts to visit his artist sister, Mary Ann Perkins, and to attend two duck decoy auctions, both in Boston (Copley Fine Arts and Guyette & Schmidt); he will miss the Harmon Cape Cod auction because the date was moved this year, and it conflicts with one of Perk's board meetings. This year, Perk's granddaughter, Alli Blumberg, will be with him the first four days as they have planned a

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INVESTMENT MANAGEMENT

trip to Alli's secondary school, Stoneleigh-Burnham School, in Greenfield, MA. A year ago, Alli gave her beloved horse, Mighty Mouse, to the school as she became too busy to get the kind of grades she wanted at Ursuline College and still give Mighty Mouse the attention needed. Alli learned to ride at Stoneleigh-Burnham where she owned her first horse, Snowy, and thought it was appropriate to give Mighty Mouse to the school. As we all know, horses are highly intelligent creatures, and we are sure Mighty Mouse will be happy to see Alli. And as in past years, we will also head down to Cape Cod on Sunday, June 23, to hear The New Black Eagles Jazz Band at the annual Falmouth Historical Society fundraiser; we wish you all could be with us.

THE HALFTIME REPORT

Market action was turned on its head in the second quarter, as large-cap and value stocks carried the day, while small-cap and micro-cap stocks were in the toilet. This was exactly

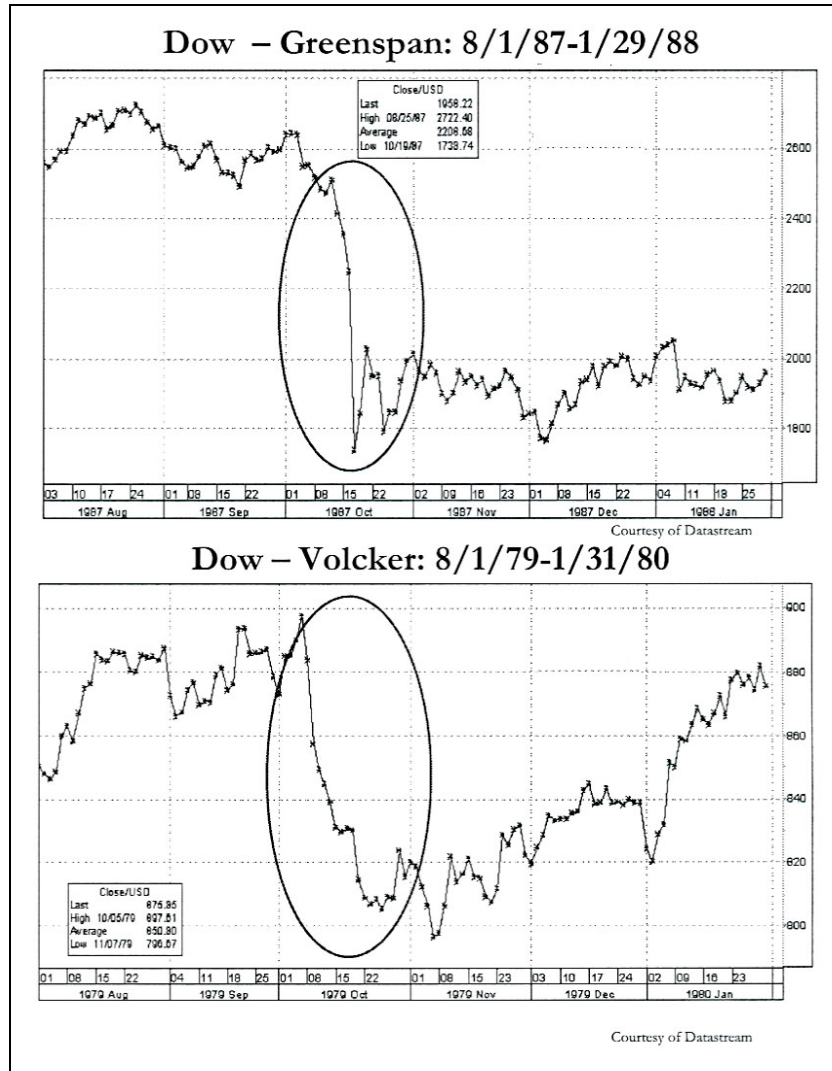
Indexes	% Return 1Q 2006	YTD 2006
M-Star Large-Cap Value Total Return	2.71	8.36
Dow Jones Industrial Average	0.37	4.04
NYSE Composite	-0.78	5.35
Russell 1000 Total Return	-1.66	2.76
S&P 500 Composite	-1.90	1.76
Wilshire 5000	-2.33	2.65
Value Line Composite	-4.36	4.55
S&P Small-Cap 600 Total Return	-4.56	7.69
Russell 2000 Total Return	-5.02	8.21
M-Star Small-Cap Total Return	-5.03	7.31
NASDAQ Composite	-7.17	-1.51
M-Star Small-Cap Growth	-7.99	4.69

the opposite of the first quarter, when small stocks did best and large stocks were at the bottom. The numbers ranged from -7.99% for the Morningstar Small-Cap Growth Total Return, to +2.71% for the Morningstar Large-Cap Value Total Return. The NASDAQ was near the bottom at -7.17% and the Dow Industrials near the top at +.37%. But because the first quarter returns were so good for the small- and mid-cap indexes, the year-to-date numbers still are well ahead of large-caps. All of this is shown in the table.

It is not unusual to witness a shift from smaller companies to larger when the market gets pummeled as it did from early May to mid-June. During that brief five-week period, the S&P and Dow Industrials fell 8.4% and 8.2% respectively, but the S&P 600 Small-Cap and Russell 2000 fell 13.6% and 14.6% respectively. This decline was one of the sharpest on record for a short period of time; this is shown in the table below. What happened? Well, the market got spooked by the new Fed chairman, Ben Bernanke, who talked too much

Index	2006 High	Price	2006 Low after High	Price	% Decline
Dow Jones Industrial Average	5/10/06	11,670.19	6/14/06	10,698.85	-8.4
Dow Jones Transportation Average	5/10/06	5,013.67	6/8/06	4,410.16	-12.1
Dow Jones Utilities Average	1/25/06	427.50	4/17/06	380.97	-10.8
S&P 500 Composite	5/8/06	1,326.70	6/14/06	1,219.29	-8.2
S&P 400 Mid-Cap	5/8/06	818.87	6/14/06	713.09	-13.0
S&P 600 Small-Cap	5/5/06	405.94	6/14/06	350.70	-13.6
NASDAQ Composite	4/20/06	2,375.54	6/14/06	2,065.11	-13.1
Russell 1000	5/8/06	723.23	6/14/06	663.18	-8.3
Russell 2000	5/5/06	784.62	6/14/06	669.88	-14.6
Russell 3000	5/8/06	776.13	6/14/06	707.22	-8.9

about the Fed's inflation concerns and the need for higher interest rates, so when the Fed did raise the Fed Funds Rate another .25% on May 10, that was the straw that broke the camel's back and down the market went. Some of the indices had topped a few days prior to the Fed meeting, but the Dow topped exactly on May 10. It is certainly not unusual to have a sharp decline early in the term of a new Fed chairman as it has happened before.



The charts show the sharp declines shortly after Volcker and Greenspan were made Fed chairmen. Volcker's term began on August 6, 1979 and after a two-month rally the market dropped by 11% in the next four weeks. Greenspan started his term August 11, 1987 and while the market drifted lower during August and September, it went down dramatically beginning in October, dropping by 36% in just a few weeks. Bernanke took over on February 1, and while the market's decline was not as great as 1987, it was on a par with 1979.

We had warned in our April letter that an 8% prime rate and \$3.00 gasoline would not be a good combination. The Fed increased rates by another .25% on May 10 resulting in an 8.25% prime rate, and the recent new high in crude oil puts the price of

gasoline here in Wayzata at \$2.99 per gallon. We have not changed our mind about the repercussions that higher interest rates and higher gasoline prices will have on the American consumer. And, we believe as usual the Fed will keep raising rates until we get either a slowdown or a recession. This is the usual pattern and we don't see why it will change.

But the U.S. market as measured by the S&P 500 was down only 1.9% in the quarter, which put our market well up in the list of how world markets performed. The worst performers, except for Columbia down 31%, were in the Middle East with the United Arab Emirates being the worst one, down 39% followed by Egypt, Saudi Arabia, Turkey, Qatar, Jordan, and Pakistan, which were down 25%, 23%, 17%, 15%, 14% and 12% respectively.

LOOKING AHEAD (AGAIN)

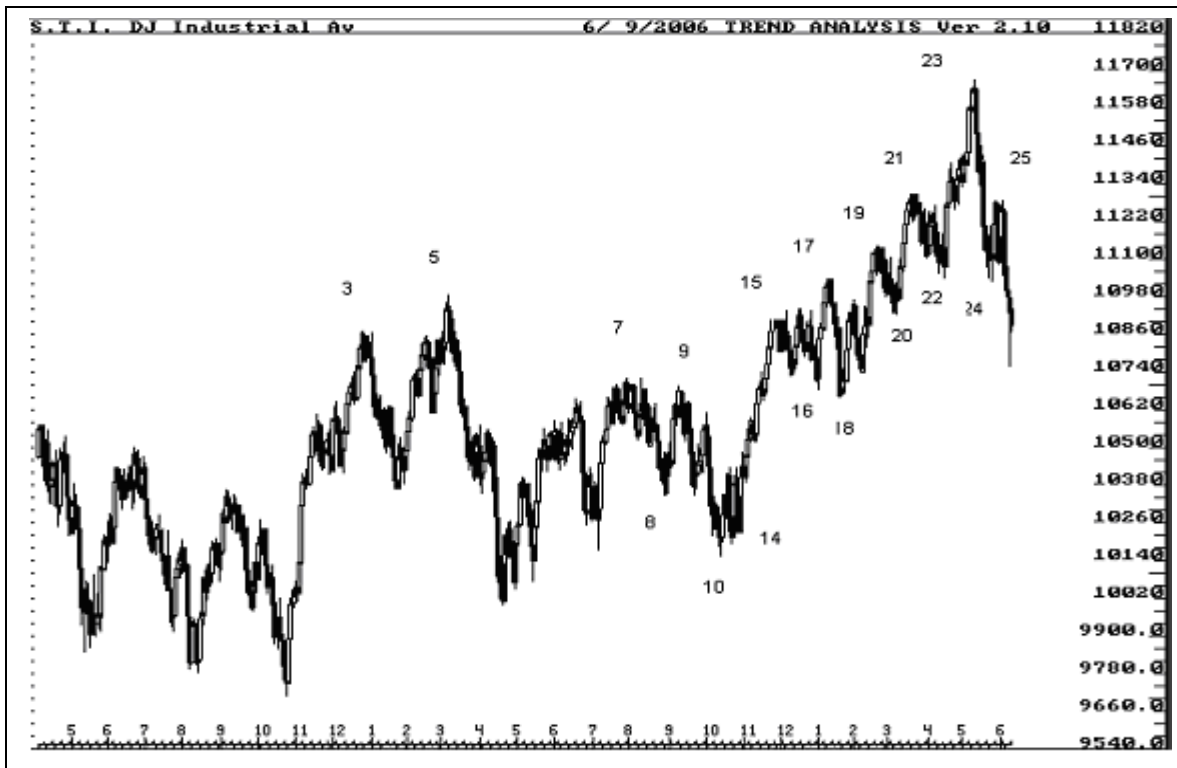
It can be both instructive and profitable to look at long-term market cycles, something we write about in almost each of our client letters. In the January 25 and April 25, 2006 letters, the paragraphs titled "THE YEAR AHEAD" used a variety of charts to describe the 4-year presidential cycle which has been with us since 1914. It is our belief that once again this year, we will witness a major market opportunity in the October/November time frame, which is when that cycle is scheduled to bottom. There is also a 3.3-year cycle scheduled to bottom in early 2007; conceivably, they could combine into one in late 2006 or early 2007, or possibly one bottom in 2006, and a secondary bottom in early 2007. We urge you to go to our website www.perkinscap.com to review those paragraphs in our last two letters. The chart shown below, courtesy of Ned Davis Research, shows the S&P 500 Cycle Composite prediction for the market this year; it is very similar to the Dow Jones Industrial Cycle Composite for 2006, which was shown in the January letter. Both predicted an April top, a bottom in May, a rally into July, and a final bottom in October. As we now know, the actual results shifted forward about one month, with a market top on May 8 for the S&P and May 10 for the Dow, and a bottom on June 14 for both averages. If this pattern holds, the 4-year cycle bottom would shift to November. This seems reasonable since those 4-year lows are actually separated by an average of 1498 days, which works out to 4 years, 5 weeks, and 2 days. Since the last low was in October 2002 that could mean that the next one is due in November. Incidentally, this chart shows the sharpness of the decline from May to June, which we referred to in our previous paragraph titled "THE HALFTIME REPORT." There is additional historical precedent that we can mention here. Since 1937, the average quarterly gain in the S&P 500 has been 1.92% (median 2.52%), a period covering 227 quarters. The 29 worst quarters averaged a decline of 14.2% and 14 of those came in the mid-term year of the presidential cycle.



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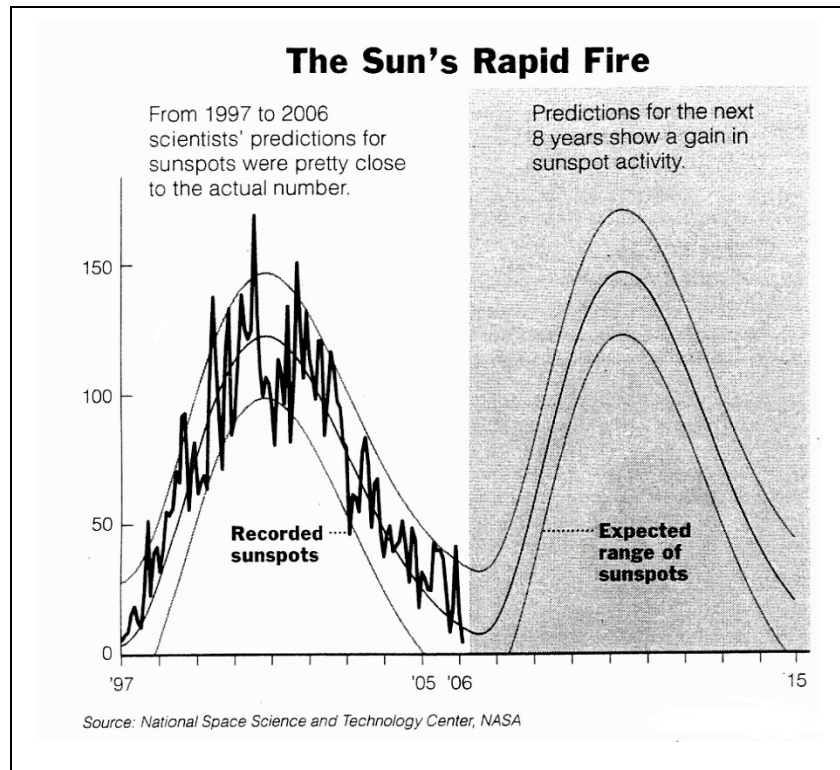
In the January letter, we printed a chart of the Bradley predictive model and noted that the high for the year was predicted for May 18; that was very close as the actual top was May 10. The Bradley anticipated a June 22 low (the actual low was June 14), and a secondary high point on July 24, give or take a few days. We will have to wait to see how that comes out, but so far this year it has been very accurate.

In April, we presented a chart of the "Three Peaks and a Domed House," (a stock market formation which was chronicled by the famous George Lindsay, who postulated that each market top completed a formation which was quite similar to previous market tops), with the cautionary comment that we believed we were near point 23, but that it would come in the next quarter. Indeed, the May 10 top fit nicely into the three peaks pattern as 7 months, and 8 to 10 days should elapse between the low of point 14 and the high of point 23; this time the time span was 7 months and 18 days, but from the low of point 12, it was 7 months and 10 days. The chart below shows the actual count of the pattern through June and it now remains to be seen where points 26, 27 and 28 will be. Remember that Lindsay says that point 28 will be at a minimum as low as point 10, which in the present instance would be about 10,000 on the Dow.



We were reminded by a March 6 article in *The New York Times* that it has been a long while since we commented on the correlation of sunspot activity and the stock market. The chart on the following page clearly indicates that the peak of sunspot activity was in 2000 and the next low is likely to be 2006. The next peak of activity is expected at about 2010, which incidentally is the next peak in the market according to the Benner-Fibonacci Cycle, which was shown in our July 26, 2001 letter on page eight.

All in all, we are at an interesting place in cyclic activity. Still we must not lose sight of the fact that it is a market of stocks and not a stock market. During bear markets there is downward pressure on the entire market, but there are always stronger segments, areas which hold up well and outperform other segments of the market. It is our job to make sure we find and emphasize these areas and their individual companies. While it is good to have enough cash to take advantage of market lows, it makes little sense to sell long-term positions in good companies, especially in taxable accounts, in anticipation of market lows. Cash should come from the de-emphasis of underperforming market segments and the sale of shares in those segments which are expected to be underperformers as well.



THE UNITED STATES OF GOLDMAN SACHS

The venerable Wall Street powerhouse of Goldman Sachs has once again sent a partner to Washington as a high government official. This time it is Henry M. (Hank) Paulson, not just a partner, but chairman and chief executive officer of Goldman from 1998 to 2006, and chief operating officer before that from 1994 to 1998. He started his job as Secretary of the Treasury on July 10. And he is not going to be lonesome, for several of his former colleagues will be there when he arrives at the White House. Consider these names:

- Joshua Bolten – became White House Chief of Staff in April 2006 after previously serving as director of the Office of Management and Budget. He was executive director of legal and government affairs in London for Goldman from 1994 to 1999.
- Stephen Friedman – was named by President Bush as Chairman of the President's Foreign Intelligence Advisory Board, and Chairman of the Intelligence Oversight Board in 2005. Prior to that, he was Director of the National Economic Council from 2002 to 2004. He was a co-chairman of Goldman from 1990 to 1992, and then sole chairman and senior partner from 1992 to 1994.

- Reuben Jeffery III – was chosen by President Bush in 2005 as Chairman of the Commodity Futures Trading Commission; his term will end in April 2007. He joined Goldman in 1983 and was managing partner in Paris from 1997 to 2001.

This parade of Goldman Sachs partners moving in and out of the White House started many years ago:

- Sidney J. Weinberg – senior partner of Goldman from 1930 until his death in 1969 served as Vice Chairman of the War Production Board in both the Roosevelt and Truman administrations.
- John C. Whitehead – co-chairman and senior partner of Goldman from 1976 until 1985, was Deputy Secretary of State under Secretary of State George Shultz from 1985 to 1989, and was appointed as chairman of the board of the Lower Manhattan Development Corp., to oversee rebuilding after the September 11 terrorist attacks.
- Kenneth Brody – joined Goldman in 1971 and was head of high-technology investment banking and real estate investment banking. He was Chairman and President of the U.S. Export Import Bank from 1993 to 1996.
- Gary Gensler – a Goldman veteran and co-head of finance from 1995 to 1997, became Secretary and Assistant Secretary of the Treasury for domestic finance in 1997 and served until 2001.
- Robert Rubin – joined Goldman in 1996, was co-chairman and co-senior partner from 1990 to 1992, and was picked by President Clinton to become Director of the National Economic Council from 1993 to 1995, and then became Secretary of the Treasury and served in that office from 1995 until 1999.

While not part of the administration, both John Thain, chief executive of the New York Stock Exchange, and John Corzine, governor of the state of New Jersey, were Goldman Sachs executives, with Thain having served as co-chairman and co-senior partner from 1990 to 1992, and Corzine as chairman and chief executive officer from 1994 to 1999.

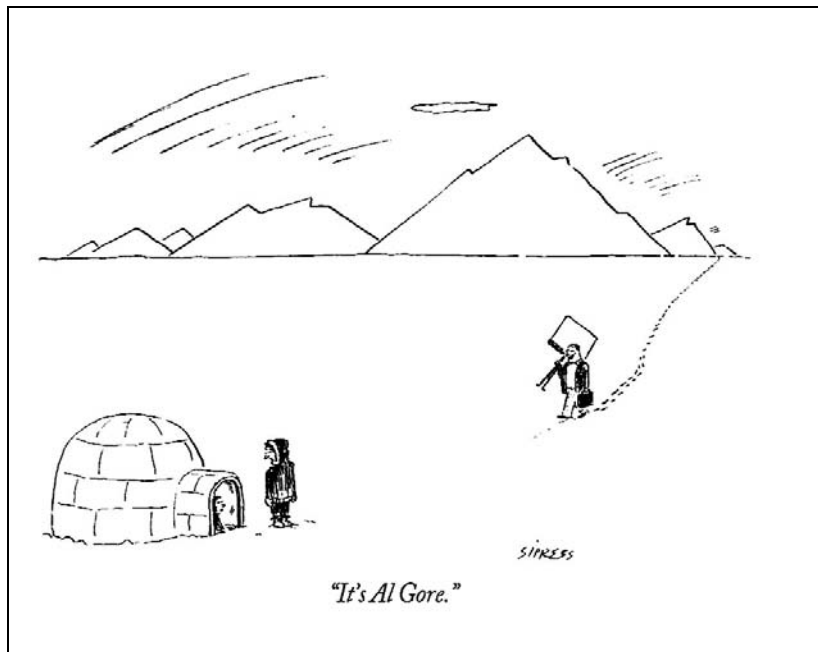
There are many who believe that Goldman Sachs is the most influential company on the planet, and the reason is that the people who have run the firm over the years have done it very well. Goldman's outlook has always been fundamentally global as its analysts, bankers, and traders work across industry lines and throughout the world. Goldman is said to have a different internal mentality, dating back to the days of Weinberg and his successor, Gustave Levy. The attitude within the firm is that the group of partners is more important than any one individual, as opposed to other Wall Street firms where individual traders and executives can become the equivalent of rock stars. This emphasis on teamwork and leadership development has been paramount in the success of the firm, and hopefully, this same leadership enthusiasm can find its way into the White House through

these former Goldman partners. It is a global economy, and maybe the administration, with the help of these former Goldman partners will realize that it is not all about politics, but more about markets. We note that Paulson has visited China more than 70 times, which certainly is a plus, considering that China owns such a substantial amount of our government bonds. Finally, we note that no one believes that Paulson would have taken the job if he hadn't gotten a mandate directly from President Bush to take charge of the Treasury Department, which has tentacles that move throughout the administration into the Department of Homeland Security, for example, and elsewhere. Hank Paulson could be a very good thing for America.

THE CRISIS DU JOUR

Somehow it seems there is a CRISIS almost daily. Bird flu is about to mutate and spread all around the planet, presumably killing millions of people. AIDS is spreading in third world countries and is certain to kill millions of people. Al-Qaida and the terrorists will sooner or later release nuclear or chemical weapons killing millions of people. Hard-line Muslims want to take over the world, and will, if not stopped. The Iraq quagmire begets civil war; Iran is a nuclear weapon threat; and North Korea may be even worse. Global warming is now so far into its current cycle that if not stopped it may wipe out the entire human race. Throughout the age there has been one crisis after another, some worse than others. Somehow, mankind has always recovered and moved on despite the loss of life and misery suffered by many.

Perk went to see the documentary "An Inconvenient Truth," the Al Gore political commercial. "Hi, I am Al Gore, and I was once almost president" is the way he introduced himself. So is it about Al Gore or is it about global warming? It seems that it is about both. All in all, he does a credible job, but obviously is grinding an ax by presenting himself as a concerned citizen (read do gooder) who has traveled the globe giving his PowerPoint talk in hundreds of cities. But everyone knows who Al Gore is, so it was political of him to make that introduction. There is little doubt that global warming exists, and that recent years show temperatures higher than any since the year 1600. It is also clear from the film that warming and cooling periods have existed for millenniums and that at one time there was



no polar ice cap. If we remember our geography lessons from grade school, Minnesota was shaped by glacial movement. Over eons, these massive cyclical moves in climate have changed the face of the earth many times bringing about, for example, the end of the dinosaur. These massive natural cyclical forces move slowly but inexorably. The problem today, quite simply, is people—too many on planet earth, and ultimately nature will deal with it in her way. Yes, global warming could bring about the extinction of the human race, but it is more likely that there would be something else that would reduce the population before that happened. A bird flu epidemic? A nuclear holocaust? AIDS? One can imagine many scenarios that could literally eliminate the earth's population before global warming does the job. Enjoy it while you can!

ETHANOL REVISITED

In our April 26, 2002 client letter, there was a paragraph titled, "THE GREAT ETHANOL DEBATE," which is still available on our website at www.perkinscap.com. We noted then that there were 14 ethanol plants in Minnesota producing some 250 million gallons of ethanol a year, with further expansion on the way. We reviewed the cost factors citing the research of David Pimentel of Cornell University, showing that it takes more energy than there is in it to produce it, and that it could not compete with gasoline if it were not for the 51-cents-a-gallon government subsidy. We called it a bureaucratic boondoggle then; today nothing has changed other than the boondoggle is bigger. We reproduce below the table showing that there is a net energy loss in the production of ethanol when all of the costs are considered.

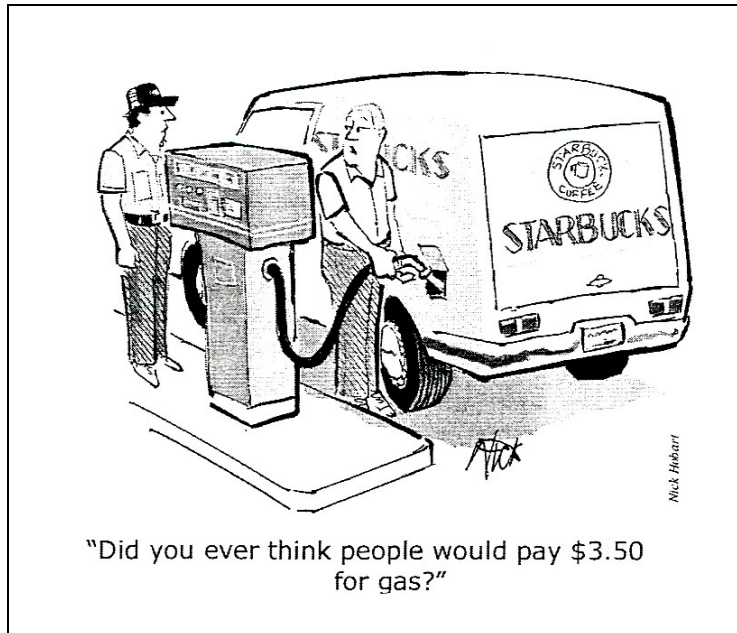
The High Cost Of Ethanol

Congress wants to mandate more use of ethanol — a corn-based form of alcohol — to make cars burn cleaner. But as the data show, it's largely a waste of money. Below is what it costs — in inputs, energy and money — to make 1,000 liters of ethanol vs. how much energy 1,000 liters of ethanol yields

Inputs	Weight (kg)	Energy (kcal in thousands)	Cost (per thousand liters)
Corn	2,600	3,408	\$280
Transport of corn	2,600	312	32
Water	160,000	90	20
Stainless steel	6	89	10
Steel	12	139	10
Cement	32	60	10
Coal	660	4,617	40
Pollution control costs			60
Total energy used to make 1,000 liters of ethanol		8,720	\$462
Total energy in 1,000 liters of ethanol		5,130	
Net energy loss		3,590	

Source: "The Limits of Biomass Utilization" by David Pimentel

A little over four years later, here in Minnesota, we now have 16 plants producing 550 million gallons of ethanol, with another 55 million gallons of capacity in the building process. Additionally, four are expanding adding 167 million gallons of capacity, and six additional plants with capacity to produce about 600 million gallons, are seeking permits. Also, there are plans being drawn for another four plants, so that altogether Minnesota could be slated to produce over 2 billion gallons of ethanol per year relatively soon. At the moment, Iowa has the most ethanol plants, 19 by last count, and 27 planned by year end, presumably because it grows more corn. The big issue for Minnesota, and we presume also for Iowa, is available water, for it takes four to five gallons of water to produce one gallon of ethanol; that could require 10 billion gallons per year, which puts a huge strain (drain) on Minnesota's aquifers. But what we are seeing in Minnesota is only a snapshot of the entire United States, where at least 39 new plants are expected to be completed over the next nine to twelve months, adding 1.4 billion gallons to the current production of 4.6 billion gallons for a total of 6 billion gallons, on the way to a projected 8 billion gallons of capacity by 2008. Investment in ethanol plants has drawn lots of interest, because of its get-rich-quick atmosphere, and so new companies are selling shares



to eager buyers. On its first day of trading recently, VeraSun Energy stock jumped 30% and other new issues of ethanol shares are on the horizon. All of this interest, of course, stems from the government's desire (read Bush) to replace the 1.6 million barrels of oil imported daily from the Persian Gulf. But for that to happen, production would have to rise to at least 50 billion gallons of ethanol of a year, and over half of the nation's farmland would need to be devoted to growing corn. These plants would be concentrated in the nine Midwestern states, and most of them in the five states of Minnesota, Iowa, Illinois, Indiana, and Nebraska. Despite literally not being feasible, there are other major realistic concerns.

The government today gives over \$2 billion in subsidies to producers and blenders via a 51-cent-per-gallon credit. Demand for ethanol has caused its price to rise to about \$4.50 per gallon currently which makes it far more expensive than the gasoline with which it is blended, which today is about \$3.00 at the pump. We learned in economics 101 that if you add an ingredient to a product that is more costly than the product itself, you will drive up the price of the product. Indeed, if gasoline were not blended with 15% ethanol, it would sell for about \$2.40 to \$2.50 per gallon. And recall that Congress is mandating that ethanol use must grow to a minimum of 7.5 billion gallons by 2012, it banned the use of MTBE (methyl tertiary-butyl ether) by phasing it out, and that phaseout was completed last

month. MTBE today is \$2.00 a gallon or less than one-half the price of ethanol. Congress determined that it could be a hazard if it leaked into the ground water supply. But MTBE could be moved through a pipeline when mixed with gas, whereas ethanol cannot because it will separate from the gas, which is why you see ethanol being shipped around the country in tanker trucks, increasing its cost. Then there is the inherent inefficiency of ethanol as a vehicle that gets 20 miles per gallon on gasoline, gets about 15 miles per gallon on an 85/15 blend of gasoline and ethanol. Then consider the other unintended consequence, the higher price of corn as a result of increased demand for corn to produce ethanol, which of course translates to higher prices for beef and other corn products, such as the cornflakes you eat at breakfast. So we are sticking with our April 2002 opinion that this is a bureaucratic boondoggle and one that is getting bigger. Consider that ethanol is not as efficient as gasoline, costs more than gasoline, requires more energy to produce than it creates and has other unintended consequences. As usual, the consumer pays for it in the end, through higher taxes for the subsidies, higher gasoline prices, reduced mileage and higher prices for products using corn. Go figure. Twice.

Brazil is often cited as the leader in ethanol use as today ethanol accounts for 18% of its transportation fuel, vs. 22% for gasoline and 55% for diesel with the balance made up by natural gas. But the Brazilian situation is very different as it was launched in 1975 and its use was mandated because of the need to use surplus sugarcane which was converted to ethanol. In Brazil, the automakers are producing flex fuel vehicles which can consume blends or just ethanol alone. In Brazil, the entire sugarcane plant is used which leads to the real solution in the United States and that is for cellulosic ethanol which is made out of almost any plant including prairie grass, straw, and cornstalks. This will take additional engineering, but there may be a time when ethanol can be produced from a variety of cellulosic material and not just from corn. That would be a good thing if there were no subsidies.

PASSINGS

John Kenneth Galbraith, the economist, diplomat and teacher, died April 29 at age 97. An imposing man at 6 feet 8 inches tall, he was frequently consulted by national leaders on economic matters. He taught at Harvard for most of his career and was an emeritus professor of economics when he died. He was one of the most widely read authors of economics, having written 33 books on the subject. Despite his prolific writing, his diplomatic duties, and his consultations with numerous government officials over the years, we think it is safe to say that very few American citizens living today would know who he was, what he did, or the difference that he made in the way economics is taught and understood.

But Louis Rukeyser, who died May 2 at age 73, was known to millions as the television host of *Wall Street Week* which ran for 32 years from its beginning in 1970. As the program grew in its popularity, it matched the growth of the stock market. As the great bull market came out of the 1973-1974 bottom, it powered its way up during the Rukeyser years earning him the label of "perma-bull." In fact, he didn't want guests on the program who were bearish and canned one long-time panelist for being negative too long. But if

you could land a spot as a guest or a permanent slot on the panel, you were assured of recognition in your career. Indeed, the financial careers of many guests were made from appearances on *Wall Street Week*. Many of Perk's friends and acquaintances made appearances on the show, but alas, he was never invited. But Lou Rukeyser's illustrious career ended on a down tick, when Maryland Public Broadcasting announced in 2002 that he would be phased out for a similar program led by Fortune. He blew up on the air over it, was fired, and started anew at CNBC. In a short time, however, failing health forced him off the air. The Fortune program folded in 2005, no doubt pleasing him. We admit to watching the program each Friday night, making sure other plans did not interfere.

We have searched through our files of jokes and other humorous items that we have saved over the years, and we hope the following pages will give you a few laughs. Hopefully, you haven't seen these before.

The cartoon speaks to a CRISIS of one kind or another and the end of our world.

Sincerely,

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

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

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

RWP:RCP:DSP/jah



SOCIAL TIPS FOR REDNECKS

General

1. Never take a beer to an interview.
2. Always identify people in your yard before shooting.
3. It's considered tacky to take a cooler to church.
4. If you have to vacuum the bed, it's time to change the sheets.
5. Even if you're certain you're included in the will, it's rude to drive a U-haul to the funeral.

Wine Advice

1. When decanting wine, hold the box securely, tilt the paper cup, and pour slowly so as not to bruise the essence.
2. If drinking directly from the bottle, always hold it with both hands.

Entertaining in your home

1. A centerpiece for your table should not be prepared by a taxidermist.
2. Do not allow the dog to eat at the table, no matter how good his manners are.

Personal Hygiene

1. Cleaning ears should be done in private, using one's own truck keys.
2. Even if you live alone, deodorant is not a waste of money.
3. Use of proper toiletries can delay bathing for several days.
4. Dirt and grease under the fingernails is a social no-no; it may alter the taste of finger foods.

Dating (outside the family)

1. Always offer to bait your date's hook, especially on the first date.
2. Be assertive. Let her know you're interested: "I've been wanting to go out with you ever since I read that stuff on the bathroom walls two years ago."
3. Ask her parents what time she is expected back. If the answer is "Monday," it is your responsibility to get her to school on time.

Theater Etiquette

1. Crying babies should be taken to the lobby and picked up after the movie has ended.
2. Do not talk to the characters on the screen. Tests have proven that they can't hear you.

Weddings

1. Livestock usually is a poor choice for a wedding gift.
2. Kissing the bride for more than 5 seconds might get you shot.
3. The groom should rent a tux. Wearing jeans with a cummerbund is a fashion faux pas.
4. Though uncomfortable, say "yes" to socks and shoes for this special occasion.

Driving Etiquette

1. Dim your lights for approaching vehicles, even if the gun is loaded and the deer is in sight.
2. At a four-way stop, the vehicle with the largest tires does not always have the right of way.
3. When sending your wife to get gas, it is impolite to ask her to bring back beer as well.
4. Do not lay rubber while traveling in a funeral procession.

LAWS OF NATURAL ORDER

Law of Mechanical Repair: After your hands become coated with grease your nose will begin to itch or you'll have to pee.

Law of the Workshop: Any tool, when dropped, will roll to the least accessible corner.

Law of probability: The probability of being watched is directly proportional to the stupidity of your act.

Law of the Telephone: When you dial a wrong number, you never get a busy signal.

Law of the Alibi: If you tell the boss you were late for work because you had a flat tire, the very next morning you will have a flat.

Law of Variation: If you change lines (or traffic lanes), the one you were in will start to move faster than the one you are in now.

Law of the Bath: When the body is fully immersed in water, the telephone rings.

Law of Close Encounters: The probability of meeting someone you know increases when you are with someone you don't want to be seen with.

Law of the Result: When you try to prove to someone that a machine won't work, it will.

Law of Biomechanics: The severity of the itch is inversely proportional to the reach.

Law of the Theatre: At any event, the people whose seats are furthest from the aisle arrive last.

Law of Coffee: As soon as you sit down to a cup of hot coffee, your boss will ask you to do something which will last until the coffee is cold.

Law of Lockers: If there are only two people in a locker room, they will have adjacent lockers.

Law of Dirty Rugs/Carpets: The chances of an open-faced jelly sandwich landing face down on a floor covering are directly correlated to the newness and cost of the carpet/rug.

Law of Logical Argument: Anything is possible if you don't know what you are talking about.

Law of Product: As soon as you find a product that you really like, they will stop making it.

TALKING DOG JOKE

A guy is driving around and he sees a sign in front of a house:

"Talking Dog For Sale."

He rings the bell, and the owner tells him the dog is in the backyard. He goes into the backyard and a Labrador retriever is sitting there.

"You talk?" he asks."

"Yep," the Lab replies.

"So, what's your story?"

The Lab looks up and says, "Well, I discovered that I could talk when I was pretty young, and I wanted to help the government. So, I told the CIA about my gift. In no time at all, they had me jetting from country to country, sitting in rooms with spies and world leaders, because no one figured a dog would be eavesdropping. I was one of their most valuable spies for eight years running. But the jetting around really tired me out, and I knew I wasn't getting any younger, so I wanted to settle down. I signed up for a job at the airport to do some undercover security work, mostly wandering near suspicious characters and listening in. I uncovered some incredible dealings and was awarded a batch of medals. I got married, had a mess of puppies, and now I'm just retired."

The guy is amazed. He goes back in and asks the owner what he wants for the dog.

"Ten dollars."

The guy says, "This dog is amazing. Why on earth are you selling him so cheap?"

"Because he's a liar. He didn't do any of that stuff."

ONE MORE TALKING DOG JOKE

A young Southern boy goes off to college, but about 1/3 of the way through the semester, he has foolishly squandered away all of the money his parents gave him. Then he gets an idea. He calls his daddy. "Dad," he says, "you won't believe the wonders that modern education is coming up with! Why, they actually have a program here at college that will teach our dog Ole Blue how to talk!"

"That's absolutely amazing," his father says. "How do I get him in that program?"

"Just send him down here with \$1,000" the boy says. "I'll get him into the course."

So, his father sends the dog and the \$1,000. About two-thirds of the way through the semester, the money runs out. The boy calls his father again. "So how's Ole Blue doing, Son," his father asks. "Awesome, Dad, he's talking up a storm," he says, "but you just won't believe this - they've had such good results with this program that they've implemented a new

one to teach the animals how to READ!" "READ," says his father, "No kidding! What do I have to do to get him in that program?"

Just send \$2,500, I'll get him in the class." His father sends the money. The boy now has a problem. At the end of the year, his father will find out that the dog can neither talk, nor read. So he shoots the dog.

When he gets home at the end of the semester, his father is all excited. "Where's Ole Blue? I just can't wait to see him talk and read something!" "Dad," the boy says, "I have some grim news. Yesterday morning, just before we left to drive home, Ole Blue was in the living room kicking back in the recliner, reading the morning paper, like he usually does. Then he turned to me and asked, 'So, is your daddy still messing' around with that little redhead who lives on Oak Street?' The father says, "I hope you SHOT him before he talks to your Mother!"

"I sure did, Dad!"

That's my boy!!

