PERKINS
CAPITAL
MANAGEMENT, INC.

July 25, 2002

Dear PCM Client:

Wouldn't it be great if some things could "even out" just a little bit? The best example is the stock market which goes to extremes both up and down causing a lot of grief for many folks, including our ever faithful clients who have suffered along with everyone else during this past quarter. The same goes for the weather. In June, forest fires consumed thousands of acres and hundreds of homes in Colorado and Arizona, while in Minnesota we were inundated with rain and resultant flooding, literally wiping out tiny Roseau, and ruining thousands of acres of crops. Even here in Wayzata we had a very wet June, with many days of severe rain; July is the same. Why can't this all "even out," giving some respite to the fires, farmers, and flood victims? Golly, how the residents of Colorado and Arizona could have used the rain that caused all the misery here in Minnesota. And our thought extends further, to emotions. Why can't the people of the world be more tolerant of each other? It would be wonderful for everyone if it all could just "even out."

PROGRESS IN THE WAR ON TERROR

Progress in the war on terror is being made, albeit slowly. Donald Rumsfeld, our Secretary of Defense, had the following to say on this subject recently. "There are knowns. There are things we know that we know. There are known unknowns, that is to say there are things we now know we don't know. But there are also unknown unknowns, things we do not know we don't know." This rhetoric is worse than Greenspan's.

WHEN THE INMATES RUN THE ASYLUM

We've heard that old adage for years—when the inmates run the asylum a lot of rules will be broken and the inmates will get their way with many things. And that certainly has been the case recently with many American corporations where lots of rules were broken. It is not just Enron, which was preceded by Rite Aid, for example, which is now in the news only because their officers were just indicted for a fraud that took place long ago. On page two is a listing of ten companies that are under criminal or civil investigation, or both, at the present time; this list is by no means complete. Much of this is an end of a bull market phenomenon, often done to make sure earnings expectations are met. Managements are fearful of the punishment their stocks will take if they fail to meet estimates by even a penny. So sometimes instead of starting at the top by calculating revenues and subtracting expenses to determine the profit, they start at the bottom with the profit that investors are expecting and then manipulate the revenue and expense numbers to make

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Adelphia Communications	Investigation: criminal and civil for hiding $3 billion in loans to its chief executives and overstating its customer count. Now in bankruptcy.
Computer Associates	Investigation: criminal and civil for inflating sales and profits by booking revenue on contracts years before being paid.
Dynegy	Investigation: civil for inflating cash flow and avoiding taxes with faux trade in natural gas and electricity.
Enron	Investigation: criminal and civil for hiding losses and loans with partnerships that were not independent but actually guaranteed by Enron. Now in bankruptcy.
Global Crossing	Investigation: criminal and civil for inflating profits by making faux transactions with other telecom companies.
Qwest	Investigation: criminal and civil for overstating sales and profits by making faux transactions with other telecom companies.
Rite Aid	Criminal charges levied against top executives for securities and accounting fraud that necessitated a $1.6 billion earnings restatement.
Tyco International	Investigation: criminal and civil for hiding payments and loans to top executives, including its former president, Dennis Kozlowski, who has been indicted for sales tax evasion in New York and tampering with evidence.
WorldCom	Investigation: criminal and civil for overstating earnings at least $4 billion by classifying short-term expenses as long-term capital investments.
Xerox	Investigation: ongoing for inflating revenues and earnings by booking revenue on copier contracts prior to receipt. Paid $10 million fine. Will restate $6.4 billion of revenue.

sure the profit level is obtained. Part of the reason for this is that during this long bull market, executive pay has been increasingly based on a company's stock performance. Really, why else would WorldCom hide $4 billion in expenses last year and this year or Xerox, some $6 billion in the late 1990s. It has been assumed for years that companies manage their earnings to one extent or another, but usually by only deferring an expense for a quarter or so, but not to the extent being revealed today. The current wave of financial fraud is different from the modest earnings management which many companies obviously do. Rather, companies have been taking advantage of loopholes in the accounting rules and often going a lot further by committing outright fraud. Accounting rules have changed dramatically over the years, giving company managements and auditors much more leeway and flexibility to alter their results and still stay within accounting rules. There are perhaps a dozen or more ways in which management can make sales or profits seem better than they really are; sales revenues can be booked several years before they will be paid, such as what Computer Associates and Xerox did, or they can use closely related companies to conduct research and development, thus moving those expenses off the books, as Lernout and Hauspie did. Or operating expenses, which should be deducted from revenues, can be made into capital expenditures which are deducted over many years, as WorldCom did. Or, as in the case of Bristol-Myers, revenues can be increased by offering incentives to wholesalers to buy more product than retailers are selling. Verizon has not yet been accused of accounting irregularities, but has a lot of folks wondering if it shouldn't be. The company reported an income of $1.8 billion from its pension fund last year, even though, in reality, the fund incurred a loss of $3.1 billion. Verizon simply assumed that its pension fund would earn "on average" an annual return of 9.25% and reported income as if that assumption were fact, something it is able to do under current accounting rules. So, you see, earnings can be whatever the accountants want them to be.

Often, as in the case of Enron, the accountants themselves turn out to be the equivalent of the fox watching the chickens, by actually condoning and certifying accounting manipulations that are at odds with generally accepted accounting practices. But, as we have often said, "there is nothing new under the sun, for that which was is that which will be." Indeed, enough time has passed so that we have forgotten about many of the frauds of the past. As recently as 1999, Waste Management was forced to restate earnings by $1.7 billion; Arthur Andersen was involved in this Enron of 1999! Then there was the Equity Funding fraud exposed by Ray Dirks some twenty years ago; Equity Funding, remember, was creating fake insurance policies for sale to reinsurance companies. Others were Four Seasons Nursing, Stirling Homex, and Raycan Photocopy, all of which were engaging in fraudulent activities. And going back further, who could forget Billy Sol Estes and the fertilizer tanks scam of the early '60s, or Tino De Angelis and the salad oil swindle which almost put American Express out of business. Oh yes, and remember ZZZZ Best, the carpet cleaning company started by 14-year-old Barry Minkow, who was 20 at the time the stock went public, ultimately getting to $70 per share. But, in the end there was nothing, no carpet cleaning business, no nothing. Nothing.

In our July letter last year, we made reference to Flight Transportation, a Minneapolis company that was a total fraud. In this instance all of the company's revenues were cooked up and never existed. Theoretically, the company flew airplanes to the Caribbean, but in fact, the airplanes were not theirs and never left Minneapolis. The perpetrators of that mess were President Bill Rubin, and CFO Janet Karkie, both of whom served time at "Club Fed." There was also Endotronics, the company managed by the Gruenwald father and son team. In this instance, medical diagnostic equipment was supposedly sold in Japan and revenues reported, but in actuality, the equipment never made it any further than a warehouse at the Minneapolis/Saint Paul Airport; they went to jail as well. Another Minneapolis fraud was Photran, in Lakeville, where President David Stevenson produced fake purchase orders, and based upon same was able to raise lots of money (including some of ours), but in the end it was all a fraud, and the company went bankrupt, but Stevenson only got a slap on the wrist. And then, the one that Perk remembers best was MedGeneral, because he was on the board of directors. President Jerry Maxwell made projections of revenue growth which he was unable to achieve and accordingly cooked up a scheme with CFO Larry Rasmussen to record fake sales to a German distributor. The accountants didn't find it because the queries that were sent to the German distributor wound up back at the MedGeneral office in United States and the CFO then verified that the sales had indeed taken place. The directors were obviously unaware of what was happening and were pleased the projections were being achieved. It was all a lie.

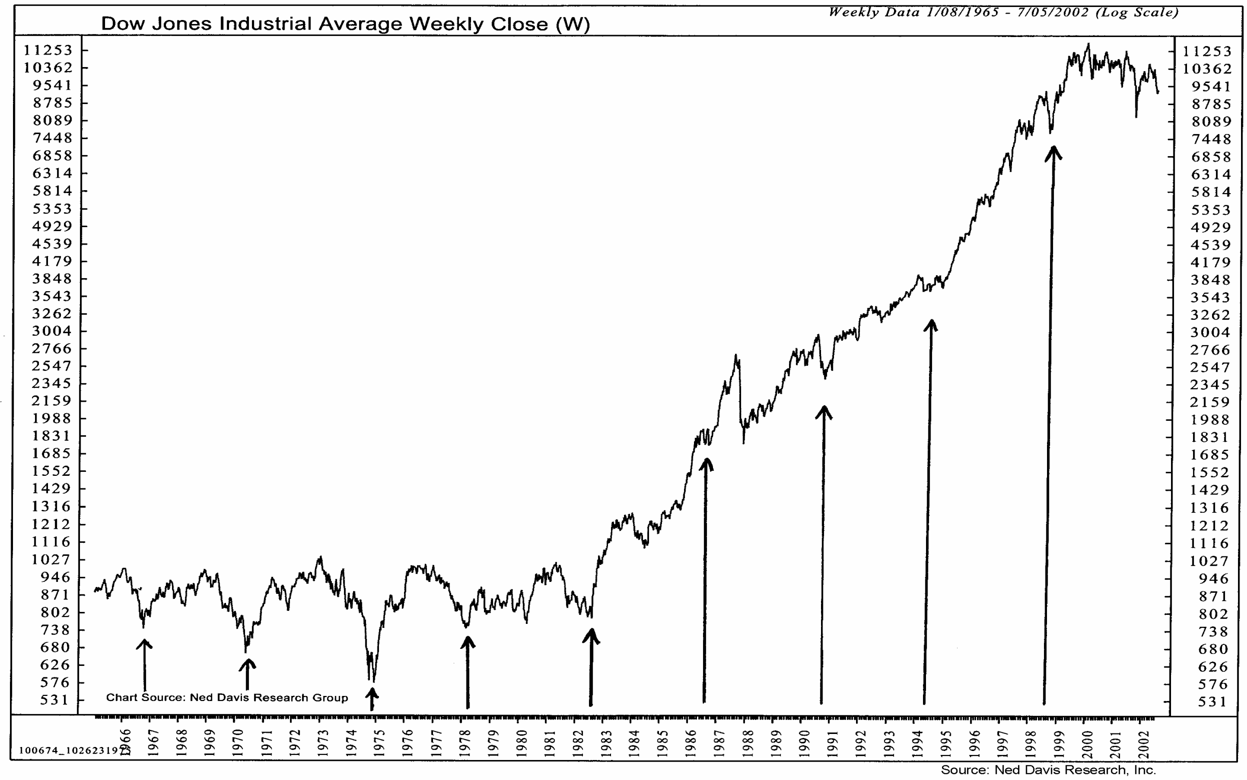
So, it is plain to see that accounting fraud and cheating goes on anywhere in America, including Minnesota. But this time the fallout is greater than anytime in the past, because the number of incidents of "cooking the books" is greater within a shorter period of time than anytime in the past, and in very large widely held companies. The fallout, of course, extends to Wall Street, the brokerage community, and the banks. But the greatest fallout is among investors who are frightened away from the stock market because they don't know where or when the next shoe will drop. It could easily be another large company, one that is widely owned, but the fear is that it will be one that is in that investor's portfolio. Steve Leuthold wrote about it last month under the heading of "A Bear Market in Integrity." And, of course, congress and the courts are investigating all of these instances of corporate fraud and there most certainly will be new rules and regulations and changes in accounting standards as a result. But, as Peter Lynch stated on his recent appearance on Louis Rukeyser's new Wall Street program, "you can't legislate integrity." Peter F. Drucker, the management guru, was interviewed in a recent issue of *USA Today*. When asked, he admitted that he has seen it all before—market meltdowns, corporate accounting scandals, and unethical behavior in the executive suite. He said that it is the fourth time in his life that he has been through it, and they are all alike; Mr. Drucker is 92.

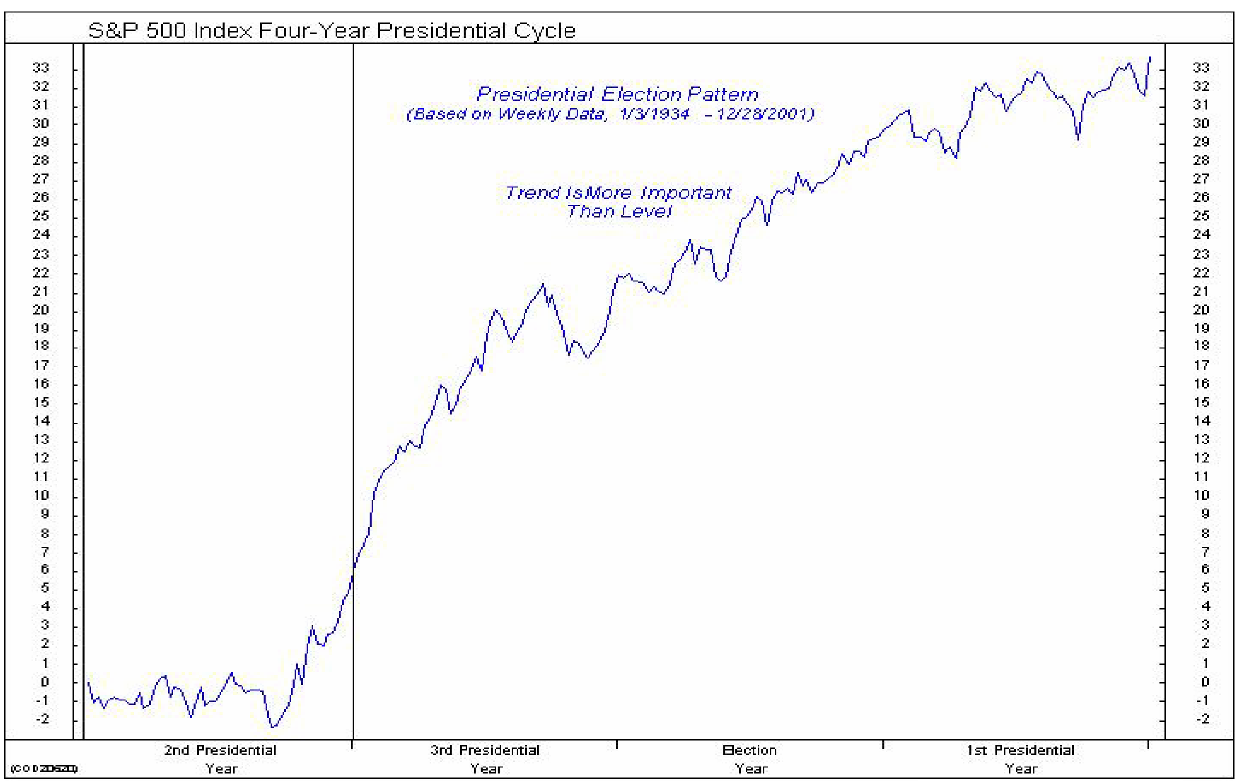
We had not mentioned Martha Stewart in our previous paragraphs because her misdeed was of a different nature. She is accused of selling shares in ImClone before it tanked based on inside information. We will venture out on a limb and state that she may be falsely accused. Martha, as we know, has lots of talents, and we suspect she may also have a "sixth sense" about investments. Some women just have these special gifts, and she may be one of them. Look at Hillary Clinton, for example, who with no prior experience was able to turn a $1,000 investment in cattle futures into $100,000.

All of this is so seemingly far-fetched as to be funny if it weren't true. We recently came across an article put out by SatireWire in El Paso, Texas and it is reprinted as part of our addendum. You will love it.

IRRATIONAL PESSIMISM

There are bear markets, and then there are BEAR markets. This one has been very nasty, perhaps the worst that most contemporary investors have ever seen. It reminds Perk of 1972-74 when we were coming down off the Nifty Fifty peak of 1970-72, and the high P/E multiples were being corrected. It went on and on, and on, with the final bottom in mid-1974. The one decision stocks had been up on stilts like the telecom and internet stocks this time around. It works like this: the higher up they go, the harder they fall. At Perkins Capital Management we have not been immune to this decline, especially this past quarter when stocks like Norstan were whacked with WorldCom, even though Norstan is not a telecom; NRRD installs telephone systems, but does not operate them. Guilty, until proven innocent, which it will be. And then there are others that have suffered for guilt by association. But as John Templeton has said, "It is at times of extreme pessimism that true bargains can be found." We think that this is such a time. Please review our January letter where we included charts showing what the market would do this year if it followed the past. The most prevalent stock market cycle is the 4-year or presidential cycle. The first chart on page five depicts the bottom every four years all the way back to 1966, and if the chart went back further it would show similar 4-year bottoms in 1962, 1958, 1954, and 1950. Some of the bottoms were more pronounced than others but the pattern

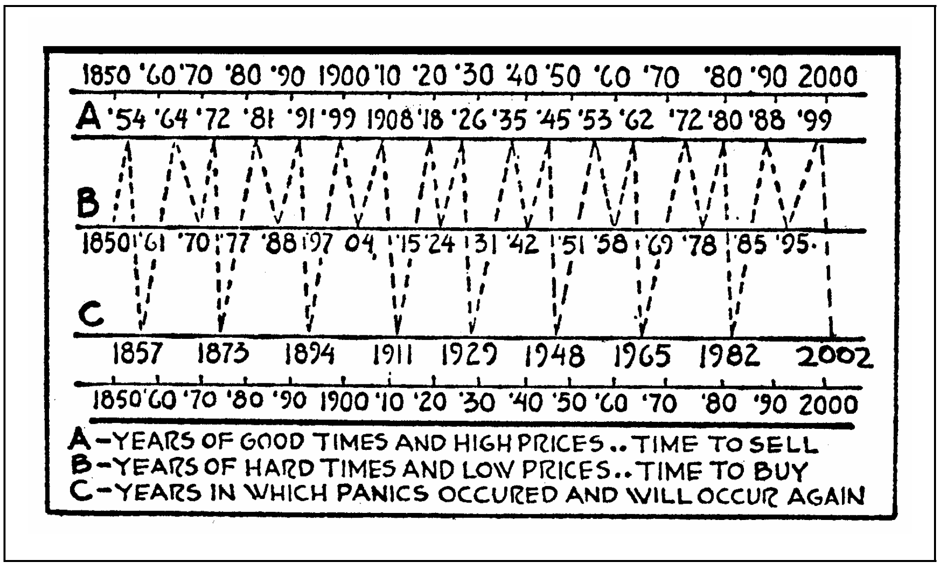




Source: Ned Davis Research, Inc.

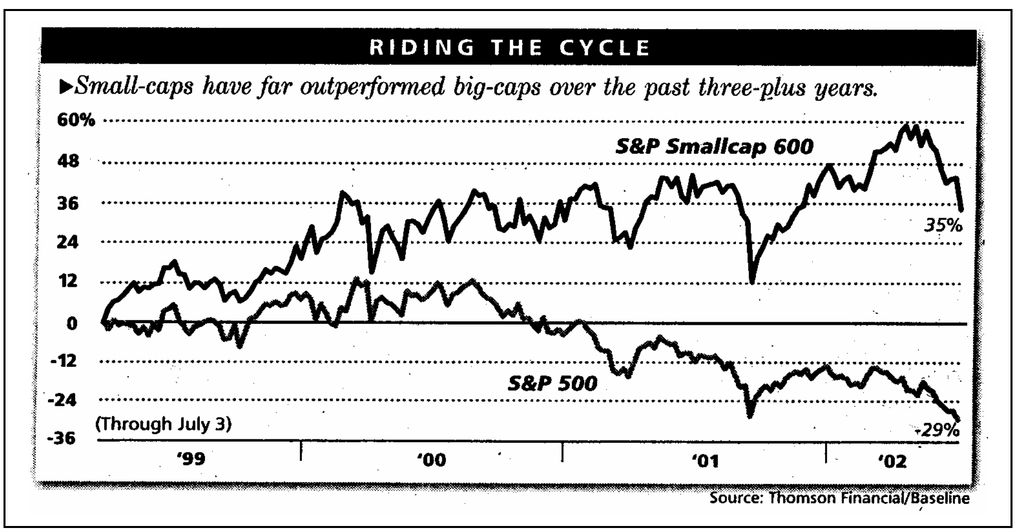
is clear. The only time this cycle was off was in 1986 when the real bottom was delayed until 1987, although there was still a small bottom in 1986.

This 4-year cycle bottoms this year in 2002. Looking at that chart, shown at the bottom of the previous page, there is a summer bottom followed by another in the fall, and then a strong market into the middle of the third presidential year. All of this makes a great deal of sense to us. First of all, as stated earlier, we think there is too much pessimism. Secondly, there are a number of technical indicators that are flashing buy signals. Finally, the economic recovery has moderated to what seems to be a sustainable rate. It seems to us that investors must choose between their emotional concerns about the accounting irregularities and corporate fraud and the underlying fundamentals and decide whether or not the concerns are already priced into the market.



Some of our older readers (really older) will recall a column in the Minneapolis Tribune, by Cedric Adams, a "must read" columnist for the paper in the 1940s and 1950s. In one of his columns, probably in the '50s, he produced the chart shown here which purported to show a stock market cycle that told of a time to sell, a time to buy, and a time of "panics" when presumably it would also be a time to buy. This chart has been in our file for years, and it seemed appropriate to show it to you now. It is really a graphic presentation of the Brenner Cycle, which has been proved over time as a good predictor of economic activity. Examination of the chart shows there were some pretty good calls: The 1929 panic, the 1982 bottom, and 1972 and 1999 as a time to sell. Study it and you will agree that many of the points fit what has happened in the past. Now here we are today with the chart showing a "panic" bottom in 2002.

The severity of the market's decline, especially NASDAQ, makes investors wonder if this is a different kind of bear market. Yes, there are two kinds of bear markets—cyclical and secular. The cyclical variety typically correct about 30% and last about a year and a half and are usually associated with a recession. Secular bear markets, on the other hand, are usually a once in a lifetime event, such as 1929-1932 or possibly 1972-1974. The distinguishing feature is that these were huge, and long market declines correcting (or overcorrecting) the excesses of previous long secular bull markets during which investors are led to believe that such gains are the way it is always supposed to be. Our favorite market historian and good friend, Steve Leuthold, has written a section on this in his current issue of *Perception for the Professional*. As he notes, the losses incurred in such markets are so excessive that many investors swear off stocks and stay away from them for years, if not for the rest of their lives. Both Steve and Perk have been in the investment business about the same length of time (42 for Steve, and 45 for Perk) and while they didn't see the 1929-32 debacle (Perk was born in December 1930) they both experienced 1972-74, and remember it well. Steve has opined that we are witnessing a secular bear market, but that it is nearing its end. He notes that the current bear market has been under way for 850 days or nearly as long as the 900-day 1929-32 bear market, and longer than the 700-day struggle of 1972-74. But he notes that if one dates that bear from 1968, it is much longer. He also notes that the NASDAQ (or NASDOG) is now down about the same 75% that the Value Line Index declined from 1968 to 1974 (in 1929 the Dow declined 89% to its 1932 lows). So the current bear market is likely secular and not one of the cyclical variety. But one of the differences is that the 1929-32 bear presaged the Great Depression, while 1974 was a recession year and the economy had a sharp rebound, which we are still waiting for this time around. Steve admits, however, despite the severe decline, so far the declines in the S&P 500 and Dow Industrials are not nearly the extent of the declines of 1929-32 or 1972-74. Steve's valuation measures continue to suggest that the valuations of large-cap stocks are still excessive, which is why he has been optimistic about small-cap and mid-cap stocks, which are more fairly valued. We agree and have repeatedly talked about this disparity, which is why we have been bullish on small stocks while avoiding large-caps such as GE, and others, which we have seen as overvalued for years (see our letters of October 1999, April 2000 and July 2001). The chart below shows what has happened to the S&P Smallcap 600 compared to the S&P 500 (large-cap) since the March 2000 market peak.



Our bottom line is that while we agree with Steve Leuthold, that this is a long term secular bear, we think it has longer to run. In past letters we have said many times that we think the final bottom will not be put in place until 2004, not until large-caps finally become undervalued once again. During this time, small-caps will continue to achieve positive relative performance as well as positive actual performance, especially on the forthcoming rally. Our view is that when this current wave A decline ends sometime this year in keeping with the 4-year cycle, we will embark on a good B wave rally into 2003, but then we still must face the final devastating wave C decline, which will presumably end in 2004. But we see lots of opportunity to make stock market profits over the next year. We don't know exactly when the bottom will come this year but we guess it will follow the Ned Davis chart shown at the bottom of page five, with an initial bottom in the summer and a final one in the fall. After that the market will take off strongly and lead everyone to believe that the bear market is over only to find that there is still one more decline left before the final bottom. Time will tell who is right.

THE FINAL CURTAIN FOR THE JESSE SHOW

On June 18, shortly after his return from his China trade mission trip, Governor Ventura announced that he would not seek another term as governor. Speculation as to "would he" or "wouldn't he," had been circulating for months, as we reported in our last client letter where we wrote about his dust-up with legislators over cost cutting and vetoes of spending programs. Then there was the flap over closing the governor's mansion to save money—a kind of "I'll show you who's boss" statement. That backfired also, when a former mansion employee let out the word that the governor's 22-year-old son, Tyrell, had been using the place for all night beer parties resulting in damaged furnishings and creating extra work for the staff to clean up the mess. At one point he said his decision not to run was influenced by the Tyrell story, because he wanted to protect his family from criticism, but later retracted it. There has been a lot of criticism of Jesse, and our guess is he simply was getting tired of defending himself over everything from his outside income (which he almost certainly would have to disclose if he ran), to his criticism of the press (the jackals) and simply made the best decision—get out while you can and don't risk a losing race. So, it will turn out in the end that Jesse was nothing more than the proverbial "one trick pony."

One thing can be said about his tenure as governor—he made the world aware of Minnesota. There was the *Playboy* interview and the audacious things he said, the appearances on the late night TV shows, the wrestling referee jobs, commentator for the short lived Xtreme Football League, and on and on, and on. His recent foray into China on a Minnesota trade mission with an entourage of staffers and business people was generally well received and considered a plus even by his detractors. This Kevin Lenagh cartoon strip is another in his wonderful "VenturaLand" series. Those strips are what we are really going to miss most about Jesse.

BO'S FIRST E-MAIL

In our last letter we mentioned Bo, Perk's black lab, who spends considerable time "working" at the office greeting visitors and generally watching over things. For reasons noted, Bo was given business cards, and we produced his card in that letter. Well, our friend Roger Bensen of Number One Corporation, whom Perk has known since the late '60s, saw the Bo card and sent the following e-mail:

From: RNumberone1@aol.com
Sent: Thursday, April 25, 2002 4:01 PM
To: bo@perkinscap.com
Subject: RE: Your Card

Bo--I am so pleased to have received your card via fax today!! I was unaware that you had an e-mail address. Perk was without one for such a long time that I just assumed that you were not online either. And now you are!! You can check in with my dog, Rocky, at www.numberonecorp.com. Its been at least 2 years since I last saw you, and it does look like you have been fed regularly in the interim, but I'll come out to visit in the near future and bring you some Dog Treats and Sausages. We'll add a few ear rubs to that, and you will probably never want to go back to your old job of jumping into a really cold lake to haul out a dead bird. As for biting Harry Lindberg--look, a lot of people have been wanting to do that for years.

Just let us know what your rates are for small, medium and large bites.

See ya soon, buddy –Roger

Well, Bo answered within a few days:

From: bo@perkinscap.com
Sent: Wednesday, May 01, 2002 2:41 PM
To: RNumberone1@aol.com
Subject: RE: Your E-mail

Roger- -Thank you so much for your e-mail. It was the first one I have ever received; I will save it and frame it along with the first dollar I ever earned, which was for biting Harry Lindberg. By the way, that was only a small bite. Medium bites are $5, and large bites $10. Now, how about this e-mail thing? I wish I knew how it worked. I know the "e" stands for electronic, and I know what mail is, but golly, you don't even need to buy a stamp for this mail. When you figure out how it works, please let me know. By the way, say hi to your dog, Rocky; I hope one day we can meet. I'm looking forward to your visit and those dog treats you promised.

Bo

A PERK UPDATE

You may recall the paragraph in our April 2000 letter describing Perk's college hunting odyssey with his granddaughter, Allison (Pam's daughter), when they were looking for colleges in Virginia; Allison subsequently enrolled at Sweet Briar College. However, misfortune beset her, as during her first week her expensive and much loved horse, Ricardo, was involved in a freak happening with another horse and suffered a compound fracture in a leg and had to be put down. Alli had trouble coping with Ricci's death, and when it was all said and done, she left Sweet Briar at the end of the first semester, because she couldn't deal with the heartache. She has now come to terms with this loss and is ready to start over at another equestrian-oriented college. We had heard that one of the best was Lake Erie College in Painesville, Ohio, about 30 miles northeast of Cleveland. In late May, Perk and Alli set off for Cleveland and Lake Erie College.

When Perk ran the Standard Oil of Ohio Pension Fund in 1965-66, the family lived in Chagrin Falls, a suburb about twenty miles east of Cleveland. So when Perk and Alli drove to Painesville, they stopped en route at Chagrin Falls. This is a small quiet suburb in the Chagrin Valley, a lovely little town that really has not changed that much since the mid-sixties. The town square was there, looking just like it always did, surrounded by little shops and restaurants, such as Dinks, where we had a wonderful lunch. The Popcorn Shop was still there, just next to the bridge and on top of the falls as it has been for over a hundred years! Perk was looking for a Sunday *New York Times* and finally remembered that he could get one at Starbucks, on the opposite side of the bridge.

The highlight of the visit, however, was the trip up to the hill to 126 Locust Lane to view the house that Perk and his family lived in back then. It was a plain house, a rambler, but still attractive. At that time Dick was 13 and Dan 12, and so a little mathematics will tell you how old they are today! This was a fun time for Perk, recounting events of nearly forty years ago. Lake Erie College was great, especially the riding facility, and the little town of Painesville was certainly a delight and representative of "small town America." Alli enrolled on Monday while we were there, and leaves in mid-August for her second stab at college. She also has a new horse, Fiona, to take with her. Fiona is a warm blood grand prix jumper who does 5'0" easily.

But the story is not finished. Our visit was exactly at the time it was revealed that President Bush was aware before 9/11 of the potential attacks and was being criticized for the warnings despite that they were nonspecific. Perk picked up a copy of the Sunday *Cleveland Plain Dealer* and got a kick out of an article by Dick Feagler, a staff writer, about the failure of Bush to tell all Americans about the warning. With the author's permission we print his marvelous "speech" which Bush should have given, as part of our addendum. Enjoy it as we did.

Prior to the money management job at Standard Oil of Ohio, Perk worked at the Mayo Clinic from 1959-65, as an assistant manager of the Mayo Foundation stock and bond portfolio. When he signed on in 1959, Dr. David T. Carr was assigned to him as his personal physician. Dr. Carr convinced Perk to stop smoking, which he did in 1960. And

Carr was his doctor while he worked there until he left in 1965 for Ohio. To make a long story short, because you don't want all the details, Perk was diagnosed in 1972 with primary positive aldosteronism and had major surgery in 1973 at Mayo to remove a tumor and an adrenal gland. Since that time his doctor had been Dr. Cameron G. Strong, but Cam Strong retired a few years ago to kick back and ride his Harley, and Perk's new physician is Dr. Gary Schwartz, also head of the Hypertension Department, just as Dr. Strong was. A few weeks ago, Perk had his physical with a perfect report. But prior to the Mayo Clinic visit, he had a virtual colonoscopy using the Vital Images Vitrea technology at Ken Heithoff's Center for Diagnostic Imaging. The results were that he had no colon polyps. Having a virtual colonoscopy still requires cleansing the bowel but is totally noninvasive, not like the one President Bush had a few weeks ago. Then, on June 20, Perk had a cataract removed from his right eye and now can see the stock charts better than ever. The bottom line is you'll have to put up with Perk for a while yet.

But Dr. Schwartz recommended exercise for Perk, and so he started out by lifting five-pound potato sacks, and he has just moved up to ten-pound sacks. The next move, he says, is to put potatoes in them.

PASSINGS

A Wall Street icon well known to many, I.W. "Tubby" Burnham II, passed away June 24 at the age of 93 from a sudden heart attack as he returned from a boating outing. He was a legend, having founded Burnham & Company in 1935 with a loan from his grandfather. The firm merged with Drexel Firestone, an old-line Philadelphia firm in 1973 and then in 1976 with Banque Lambert to form Drexel Burnham Lambert, which ultimately became one of the big Wall Street success stories due to the Michael Milken junk bond business. Famous Wall Street names worked at one time for the firm, including Sandy Weill, Chairman of City Group and Abby Joseph Cohen of Goldman Sachs. Ultimately, the firm was unwound after the Milken scandal, and he and his son Jon bought the Burnham Fund back from Drexel and set up Burnham Securities and Burnham Asset Management. Amazingly, as recently as June 17, only a few days before suffering his heart attack, he had sent a memorandum to Burnham Securities employees, because he said he had been asked to write "to cheer everybody up." In that memo he said "I guess it is logical to expect that anyone who is 93 years old and has seen as much as I have is more likely to be less depressed than others. I have been cautious and I still am, but there are lots of stocks around that are starting to look very cheap to me. These will create opportunities for our clients and ourselves. So, it is time to cheer up and look for the bargains." Undoubtedly, good advice from one of Wall Street's most respected financiers.

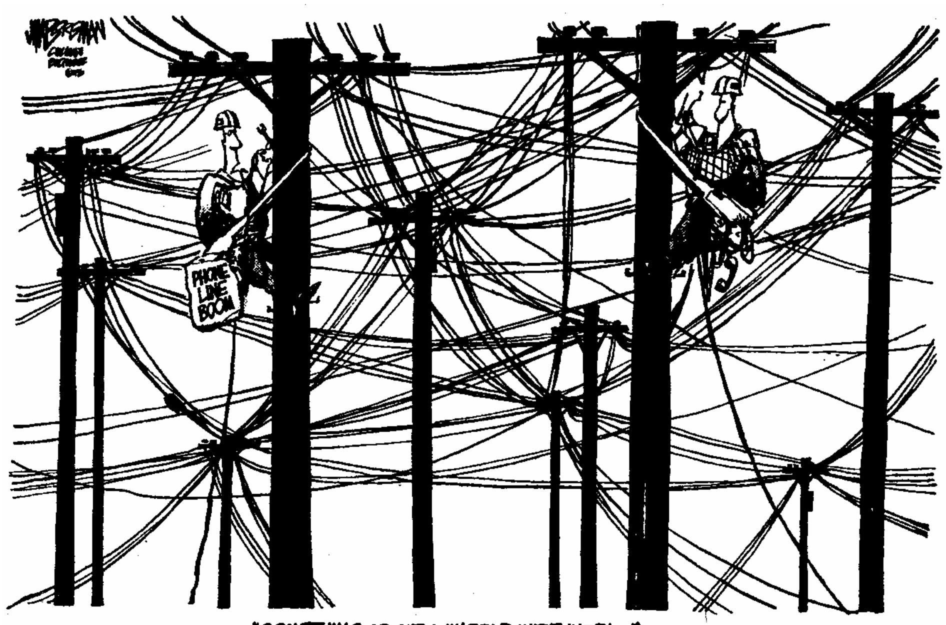
The well known advice giver, Eppie Lederer, better known as Ann Landers, passed away at age 83 on June 22. She became Ann Landers in 1955 by winning a writing contest when the *Chicago Sun-Times* was looking for a replacement for Ruth Crowley, who had been writing the Ann Landers column but had recently died. And evidently her talent ran in the family, because her sister, Pauline Phillips, who had helped her with some answers, began writing her own advice column under the name Abigail Van Buren. Often we would see both columns side by side in the papers. The Ann Landers column was carried in more than 1,200 newspapers around the world, with nearly 100 million people reading them. And so, more than likely you and everyone you know has read the Ann Landers columns over all the years she had written them. Her wish that there would be no replacement for her after her death will be respected. She said "when I go, the column goes with me."

Our cartoon is fitting considering all of the problems with the telecom stocks over the past few years.

Sincerely,

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

RWP:DSP:RCP/jah



"SOMETHING ABOUT A 'WORLD WIDE WEB'...."

By Jim Borgman, The Cincinnati Enquirer

REMAINING U.S. CEOs MAKE A BREAK FOR IT
San Antonio, Texas (SatireWire.Com)

Unwilling to wait for their eventual indictments, the 10,000 remaining CEOs of public U.S. companies made a break for it yesterday, heading for the Mexican border, plundering towns and villages along the way, and writing the entire rampage off as a marketing expense. "They came into my home, made me pay for my own TV, then double-booked the revenues," said Rachel Sanchez of Las Cruces, just north of El Paso. "Right in front of my daughters."

Calling themselves the CEOnistas, the chief executives were first spotted last night along the Rio Grande River near Quemado, where they bought each of the town's 320 residents by borrowing against pension fund gains. By late this morning, the CEOnistas had arbitrarily inflated Quemado's population to 960, and declared a 200 percent profit for the fiscal second quarter. This morning, the outlaws bought the city of Waco, transferred its underperforming areas to a private partnership, and sent a bill to California for $4.5 billion. Law enforcement officials and disgruntled shareholders riding posse were noticeably frustrated.

"First of all, they're very hard to find because they always stand behind their numbers, and the numbers keep shifting," said posse spokesman Dean Levitt. "And every time we yell 'Stop in the name of the shareholders!' they refer us to investor relations. I've been on the phone all damn morning."

The pursuers said they have had some success, however, by preying on a common executive weakness. "Last night we caught about 24 of them by disguising one of our female officers as a CNBC anchor," said U.S. Border Patrol spokesperson Janet Lewis. "It was like moths to a flame." Also, teams of agents have been using high-powered listening devices to scan the plains for telltale sounds of the CEOnistas. "Most of the time we just hear leaves rustling or cattle flicking their tails," said Lewis, "but occasionally we'll pick up someone saying, 'I was totally out of the loop on that.'" Among former and current CEOs apprehended with this method were Computer Associates' Sanjay Kumar, Adelphia's John Rigas, Enron's Ken Lay, Joseph Nacchio of Qwest, Joseph Berardino of Arthur Andersen, and every Global Crossing CEO since 1997. ImClone Systems' Sam Waksal and Dennis Kozlowski of Tyco were not allowed to join the CEOnistas as they have already been indicted.

So far, about 50 chief executives have been captured, including Martha Stewart, who was detained south of El Paso where she had cut through a barbed-wire fence at the Zaragosa border crossing off Highway 375. "She would have gotten away, but she was stopping motorists to ask for marzipan and food coloring so she could make edible snowman place settings, using the cut pieces of wire for the arms," said border patrol officer Jennette Cushing. "We put her in cell No. 7, because the morning sun really adds texture to the stucco walls."

While some stragglers are believed to have successfully crossed into Mexico, Cushing said the bulk of the CEOnistas have holed themselves up at the Alamo. "No, not the fort, the car rental place at the airport," she said. "They're rotating all the tires on the minivans and accounting for each change as a sale."

Bush should have told us … what?
By Dick Feagler

After a week of grotesque media turmoil about what President Bush knew before Sept. 11, I decided to write the speech he should have given on Sept. 10. Copies are free to the White House. The rest of you have to pay the usual buck-fifty.

"My fella 'merikins. I come before you tonight to tell you that our nation may or may not be in immediate or eventual danger. Intelligence reports indicate that a group of terrorists may be plotting harm to this nation. That harm may involve airplanes. But I'm just guessing. Maybe it don't.

While you've been busy watching 'Jerry Springer' or 'Millionaire,' dribs and drabs of information have come in that a bunch of religious nuts who live in caves hate us and want to do us wrong. The Clinton administration knew about this. But they didn't tell you because they didn't want to alarm you.

You see, my fella 'merikins, the Democrats have never forgiven me for winning that weird election. So, if I don't tell you what I know, sure as hell, if anything bad happens, some democrat is going to get in front of a microphone on Capital Hill and say, 'What did the president know and when did he know it?'

I'll answer that question now. I don't know much, and I haven't known it long. The FBI has been a shambles ever since Waco, and the CIA ain't much better. We gutted their funding after Rooshia collapsed. But there are some good agents out there, and they send in reports. I've seen some of those reports, but it doesn't strike me there's much I can do about them.

For example, I got a report that some terrorist is going to flying school to learn how to fly a big plane. But he told his instructor to skip the lesson on landing. Now, that's worrisome. We also hear that some of these terrorists are thinking about crashing a plane into a low-rise building like the Pentagon or the White House.

But there are so many nuts in the world that you never know whether to take this stuff seriously or not. And even if you take it seriously, you don't know what to do about it. So I've decided to just dump it all out on you. That way, nobody can say there was a cover-up or a conspiracy. I feel a little bit like I'm shouting 'fire' in a crowded theater, but here it goes: If there are some nuts who are thinking about crashing some airplanes into something somewhere at some time, one thing I could do is shut down all air traffic all over the country. But if I do that, I don't know how long to keep it shut down. A week? A month? Forever?

The way the airline bidness is, they'd all go broke. We'd be riding around on ox carts. So I'm not gonna do that. Instead, I'm just gonna tell you that we may have a big problem on our hands here. Or maybe not. If you want to fly, fly. If you don't, don't. I guess it's up to you. I guess mebbe I'd stay away from low-rise buildings, too. If you want to go to work, go to work. If you don't, don't.

Just to summarize, some nuts may or may not be planning to attack America somewhere at sometime. The attack may involve airplanes and buildings. We don't know when or where or how. God bless you and good luck, and don't say I didn't warn you."

The way I read the news last week, that's what his critics think the president should have said. You can sure tell an election is coming. In America, cheap politics can be more terrifying than terrorists.