

October 10, 2008

UPDATE ON THIS HISTORIC SELL-OFF

Once again we are contacting you to update you on our current thinking regarding the extraordinary events of the last few weeks. We are indeed experiencing a historic decline as most recently big and small investors have decided to liquidate stocks regardless of values.

We have been through other panics and intense sell-offs over the past forty years. It is our strong belief that it is important not to follow the crowd and panic. The biggest mistake investors can make today is to sell into this oversold environment. Investors liquidating assets into this decline will regret it in just a few months and especially over the next few quarters as the market recovers from the panic.

This week's irrational sell-off will shortly reach the exhaustion point (if not already?) and lead to a very powerful recovery and rebound. Our advice is to sit tight, in spite of your emotional feelings and concerns, and ride out this financial storm. Your portfolio has the key attributes to survive this turmoil with quality, income, and solid values. Stock ownership is moving from weak holders who are reacting to the panic and bad news to strong holders who are anticipating the next recovery. Just as in the case of the October 1987 panic decline, the October 2008 lows may very well be benchmark lows never to be revisited again.

We understand and feel the emotional stress that you are experiencing as you hear and read about this headline making news. It is important to understand that the stock market is a leading economic indicator and will move much higher long before the economy bottoms out. We appreciate how many of you have expressed concerns, and we will continue to stay in touch throughout this historic time.

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