



## Investor Bulletin

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### Market Comments

Over the next year we expect further convulsions in the financial markets as housing continues to slow and as the mortgage market weeds out weak participants. Our firm, financially and with customer investments, has avoided sub-prime issues and the related issues of speculative derivative securities. Plus, we have reduced holdings of some insurance and financial stocks until we are sure that they are not part of the sub-prime mortgage meltdown.

In other news, the resolution of the GM/Chrysler/UAW strike is a big deal. With unions assuming responsibility for workers' health care, we feel USA companies can focus on becoming competitive in the global marketplace.

Two stocks on our recommended list we discuss this quarter are E I du Pont de Nemours and Company (DD) and Nisource (NI).

**Du Pont** manufactures a wide range of products, concentrating on chemicals and bio-based materials. Brands familiar to consumers include Corian counter surfaces, Teflon non-stick cookware, Kevlar in Goodyear tires, Surlyn coated golf balls, and Tyvek envelopes. Demand for Kevlar® also is increasing in the oil, gas and aerospace industries. The lightweight strength, dimensional stability and anti-corrosive, chemical resistance of Kevlar® improve the reliability of equipment used in offshore energy production platforms. These same properties also allow aerospace engineers and designers to build lighter aircraft with improved fuel efficiency. We are also interested in DuPont's agricultural chemicals business; developing the technology and products to improve sustainable agriculture throughout the world. Current stock price \$45.11 (11/26/07). Our two to three year target is \$60; annual dividend \$1.64/share.

**Nisource Inc. (NI)**, an energy holding company, provides natural gas and electricity to customers from the Gulf Coast, through the Mid West, into New England. Subsidiaries include Columbia Energy Group, providing natural gas distribution, transmission and storage services in the Midwest, mid-Atlantic, and New England areas; Northern Indiana Public Service Company, a vertically integrated gas and electric company servicing northern Indiana, and Bay State Gas serving New England. Recent price \$18.12 (11/26/07); annual dividend \$.92. Our two to three year price target is \$25.

**Happy Holidays**

**From Kevin, Meryl, Sandy, and Tina**