



SALES PROMOTION ASSOCIATION, INC.

MEETING DEC. 8, 2006

ATTENDANCE

24

GUESTS: President Tulley Wright had as his guests Dan Middleton who handles the investments for the Middleton family and Dan Savage who is the general counselor for Johns Hopkins University.

Rich Kelly brought our speaker, Ernie Kiehne, vice president of Legg, Mason and also Tom Klug of Sunbelt, a business brokerage firm that sells businesses just as a real estate agent sells houses.

Paul Minch brought Carl Hartman of Suburban Trust Co.

New member Serita Smith replaces Karen of G&G Catering.

SPEAKER: Ernie Kiehne of Legg, Mason is an advisor to Chip Mason who has broken records for 15 years of beating the S&P 500 in percentage of gain. This year it is 8% behind. Ernie compared the market of today with what it was in 2000 before the recession. The S&P and NASDAQ are one half what they were then. In

2000 prices/earnings ratio of the average stock was 34 and is now 25. Stocks then were way overpriced. They are much more sensible now. Energy cost is having a huge effect on the market and world trade. Ernie thinks that new sources of fuel such as ethanol, bio-diesel, solar, wind, coal, nuclear, hydrogen and solar fusion are what the future will hold for us. There are vast coal deposits in S> Africa as yet untouched. Oil is being used at the rate of 84 million barrels a day by the world and the U.S. uses 25% of that. This is down from 33% so we are conserving some this year. Ernie talked of the huge trade deficit the U.S. has and how the lowering of the value of the dollar has cut the actual loss somewhat. Other countries are getting vast amounts of money from our deficit spending and are using it to buy our bonds and thereby financing our country. Of course, we do have to pay them back which doubles the problem. The market is much healthier then it was in 2000 and Ernie sees a 2 1/2 to 3% growth in the economy next year which, while not large, is healthy. He thinks that increasing the retirement age to 70 and increasing the SS taxes to cover the deficit can cure Social Security's problem.

It was a real privilege to hear someone of Ernie's stature in the financial world talk and a pleasure to hear his positive attitude about the future after hearing nothing but the negative media. He has been there and succeeded in the financial world and knows what he is talking about. Thank you Ernie!

50/50 WINNER: Won Cha with #17!

Next Friday will be the last meeting before Christmas .