

January 7, 2008

Dear Clients/Friends:

***I want to wish you and your family a very healthy, happy and peaceful New Year in 2008.***

Despite the real estate crisis and also a separate but very serious credit market crisis, the financial markets performed in a somewhat positive manner during 2007. Most are happily surprised with the modest results even though the immediate prior years were better. Wall Street's top strategists are looking for another good, but not great, healthy market in 2008. Again there is almost unanimity in the wisdom of having some exposure in foreign securities, recognizing the global nature of our economy.

Fortunately, interest rates started to decline in 2007, helping the performance of fixed income securities. However, recent significant increases in energy (and other commodities) prices are at record levels. The Fed may continue reducing interest rates to fight off recession predictions, yet this may be moderated by rising inflation, the greatest threat. Your investment advisor will undoubtedly incorporate these items in establishing your allocation of investment assets.

***Regarding the preparation of your tax returns, I urge that you start collecting your data and then call for an appointment as soon as possible.***

Although there were no major tax laws this year, there were many minor changes again that we will consider when doing your tax returns. As usual, please provide me with information tax forms on all of your accounts plus detailed lists of your deductions! After "tax season," I encourage the consulting services I provide to help you with your financial, tax and estate planning.

I am very grateful for your past loyalty and look forward to assisting you in the future. Your referrals are also appreciated.

Best regards,

Gerald P. Flagel, CPA, JD