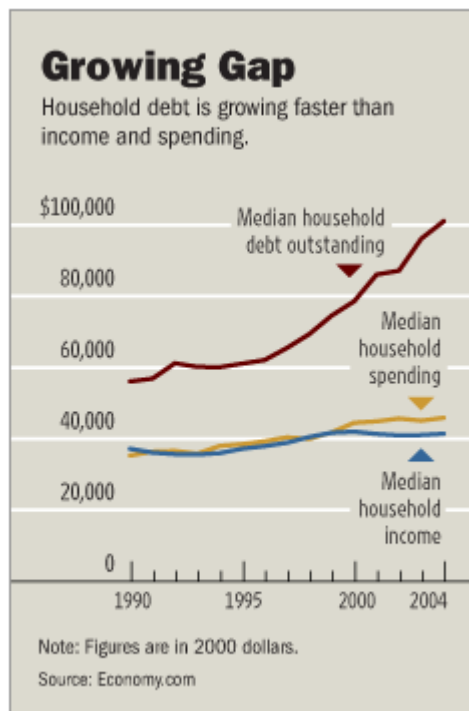


## WHAT CAN'T CONTINUE WON'T 07.30.2007

The following chart tells the whole story. The three trends you see in this display are collectively and independently unsustainable. Please note that since 1995, when the Federal Reserve lost its nerve due to fear of a recession the following year, most everything began to change. Household debt advanced sharply, while income has stagnated. But guess what—spending continued as if nothing had changed. We all know that, at some point in time, this must come to a close.

It seems like we may have said this before; if so, let us say it again: *We are here to tell you that the close has finally come.* Wall Street, along with the banking community, has led us down the primrose path on the road to possible bankruptcy. What cannot continue won't. Has the *won't* phase started? Yes, we believe it has.



Taken from Financialsense.com