The Cost of Capital Index (CCI)™

Measuring Consumer Cash Flow

June 2010

CCI Overview

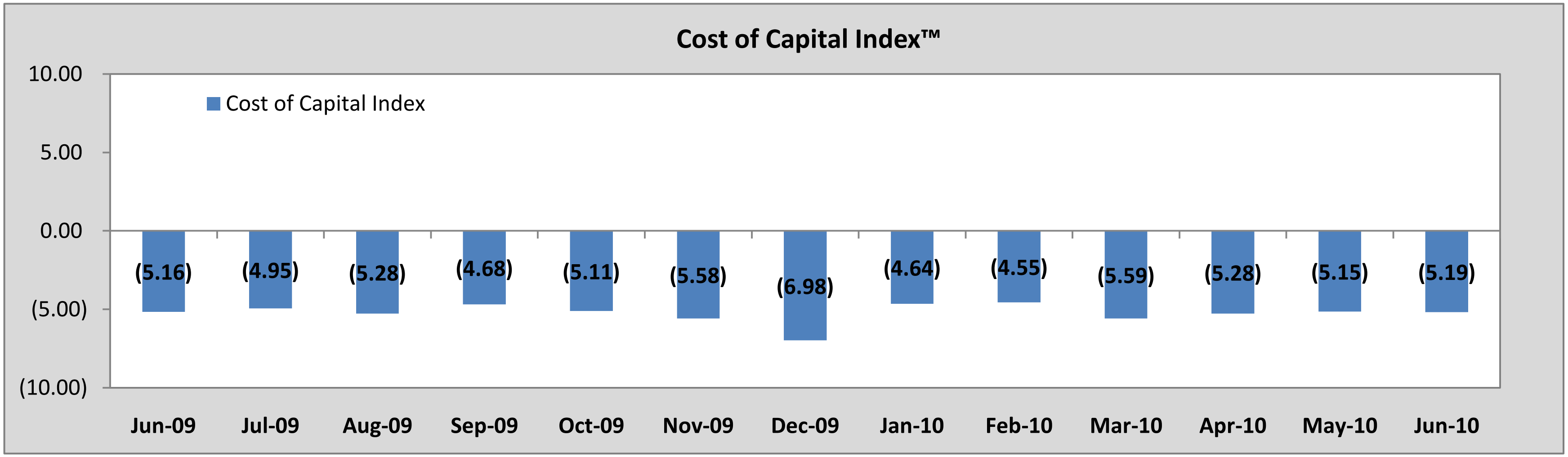
Consumer Cash Flow is the primary driver of consumer spending. Currently the consumer represents approximately $12 trillion of a $14 trillion dollar economy.

The CCI model is based on the simplest of business equations: Revenue – Expenses = Net Income. Then its converted to an index for tracking purposes. The index ranges from positive/improving net income (+6) to negative net income (-6).

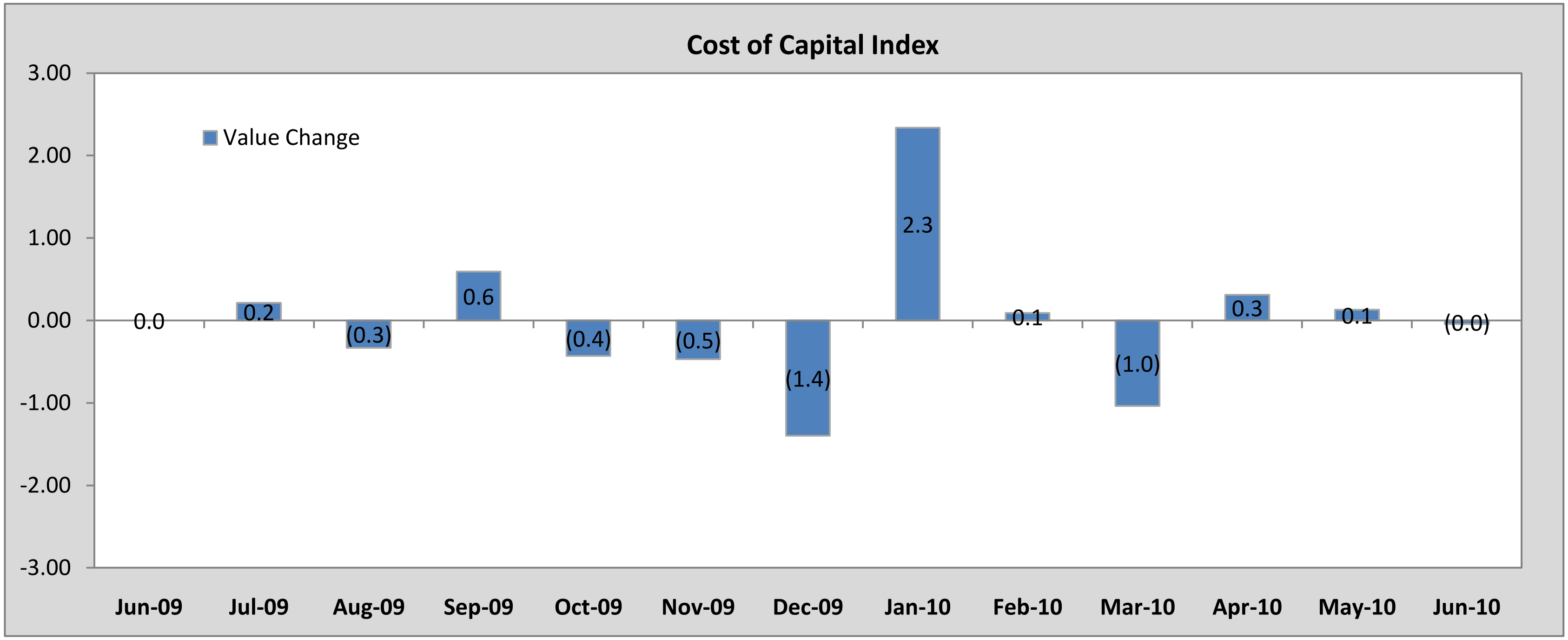
Current CCI Reading

Index range (+6 to -6)

-5.19



CCI Value Change



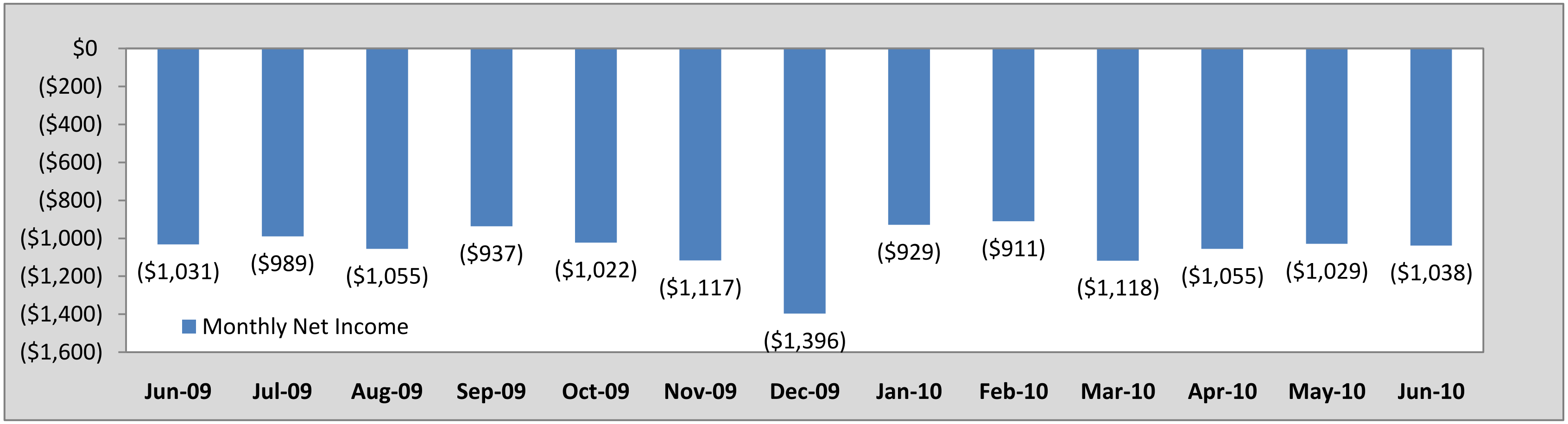
Cost of Capital Index - Median Household Income													
Month	**Jun-09**	**Jul-09**	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
Cost of Capital Index	(5.16)	(4.95)	(5.28)	(4.68)	(5.11)	(5.58)	(6.98)	(4.64)	(4.55)	(5.59)	(5.28)	(5.15)	(5.19)
Value Change	0.0	0.21	(0.3)	0.6	(0.4)	(0.5)	(1.4)	2.3	0.1	(1.0)	0.3	0.1	(0.0)

Average Consumer Cash Flow

Household Size = 2.57

Average # of Income Earners = 1.3

Monthly Average													
Line Item	**Jun-09**	**Jul-09**	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
Monthly Median HH Income	$4,058	$4,062	$4,050	$4,046	$4,033	$4,037	$4,037	$4,050	$4,050	$4,050	$4,042	$4,050	$4,037
Monthly Taxes	($914)	($902)	($908)	($910)	($914)	($921)	($920)	($923)	($928)	($921)	($917)	($909)	($904)
Monthly Expenditures	($4,175)	($4,149)	($4,197)	($4,072)	($4,142)	($4,234)	($4,514)	($4,055)	($4,032)	($4,246)	($4,180)	($4,170)	($4,172)
Monthly Net Income	($1,031)	($989)	($1,055)	($937)	($1,022)	($1,117)	($1,396)	($929)	($911)	($1,118)	($1,055)	($1,029)	($1,038)
$ Change	$0	$42	($66)	$35	($86)	($94)	($280)	$85	$18	($207)	$62	$26	($8)



In Summary

The Cost of Capital Index is pointing towards extremely negative pressure on consumer cash flow which in turn will greatly reduce consumer spending. This reduction in consumer spending will drive the Equity and Credit Markets lower. Furthermore, the credit cycle is over leaving only excess cash flow to fuel consumer spending going forward.

Remedies Needed:

Employment Growth

Deflationary pressure on consumer expenses