



**The
Wednesday Meeting**

HAND-OUT PACKET

This contains everything that was handed out during the most recent Wednesday meeting. It is provided as a courtesy to everyone on the invitation list.

What is the Wednesday Meeting?

The Wednesday meeting is an opportunity for individuals of the “center-right” movement in Texas to gather for off-the-record discussions about upcoming issues, important announcements and general news-of-the-day.

While a discussion topic will be presented, the meetings are informally structured and everyone is encouraged to participate – whether on the day’s topic, or by bringing up an issue of importance to them. Everyone should endeavor to be as brief as possible, to allow others the opportunity to present their ideas.

Handouts are not only welcomed, but encouraged; bring your press releases, commentaries and position papers!

Neither a debate society nor a political rally, the Wednesday meeting is simply designed to allow the free-flow of ideas and information in a friendly environment.

Everyone who attends must abide by the **Ground Rules**:

1. Everything said is 100% off the record. If anyone wants to repeat anything to someone outside the room, they need to get permission from the person who said it.
2. No one is endorsing anything anyone says, sometimes even the person posing the question or comment -- return to Rule 1.
3. Discussion is the theme -- questions, comments and ideas are encouraged, see Rule 1.
4. We may not always agree, but we’re still friends!

If someone isn't coming or on the invitation list who should be, please contact Michael Sullivan

TAX DAY PICNIC

Join Governor Perry to kickoff the Countdown to Property Tax Relief

This Thursday, April 15th, Tax Day, at 11:45 AM, please join Governor Rick Perry and other leaders on the South steps of the Capitol for a picnic to kickoff the Countdown to Property Tax Relief.

With next week's special session, the time is now for Texans to come together and make their voices heard. **Texans Want Real Property Tax Relief, Now.** This Thursday, April 15th at 11:45 AM, join Governor Rick Perry for lunch on the Capitol steps and show your support for lower property taxes.

Governor Perry has proposed \$6.5 billion property tax relief as part of his Education Excellence and Property Tax Relief Plan. The plan also puts \$2.5 billion new dollars into public schools and permanently eliminates the Robin Hood school finance scheme while increasing the equity of the system.

What: Taxpayer Relief Picnic

When: Thursday, April 15 at 11:45 AM

Where: South Steps of the State Capitol

For more information, please contact 478-3276



2004 INVESTOR VOTER GUIDE

**JOHN KERRY'S
19 YEAR RECORD ON
INVESTOR ISSUES**

**Daniel Clifton
March 2004**

Table of Contents

Executive Summary	3
Introduction	4
Capital Gains Taxes	5
Capital Gains Tax Indexing	6
Double Taxation of Dividends	7
Individual Retirement Accounts	8
Mutual Funds & Governance	9
Trade and Tort Reform	10
Conclusion	11
Appendix A: Kerry Mistruths and Flip-Flops	12
Appendix B: Capital Gains Tax Timeline	13
Appendix C: ASA Press Releases on Kerry	14
Appendix B: Company Dividend Quotes	16

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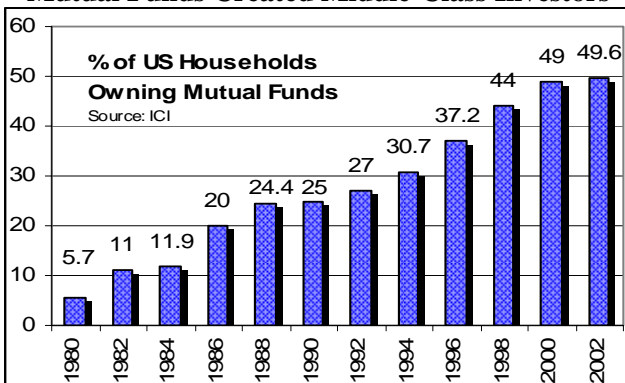
ASA 2004 Investor Voter Guide

John Kerry's Record on Investors: 19 Years of Opposing Investors

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Kerry Consistently Opposed Pro-Investor Legislation

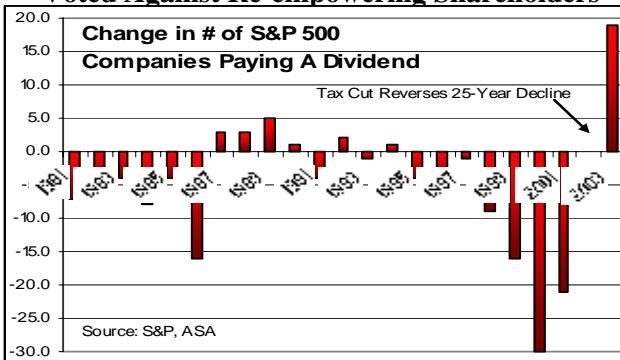
Mutual Funds Created Middle-Class Investors



Kerry Calls Investors the Wrong People

As part of a 1995 debate on capital gains taxes, Sen. Kerry pronounced, "This week defines the difference between them and us." This is a clear reference to Kerry's misunderstanding of American investors (i.e. "them") which now represent more than 50% of households and 67% of voters. In fact, Kerry has put forward a platform which demonize mutual funds, the main vehicle that has allowed middle-income families to become investors. He has opposed IRA expansion, which has opened more opportunities for middle class families to save and invest. Kerry spent his entire career in the U.S. Senate opposing middle income investors and has put forward a platform to stifle even more investment, while playing a shrewd game of class warfare.

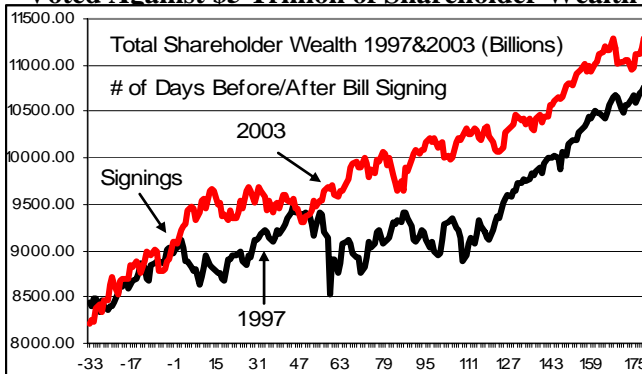
Voted Against Re-empowering Shareholders



Opposed Returning More Cash to Shareholders

The double tax on dividends reduced the ability for companies to return money back to shareholders and companies have stemmed their use. Kerry called for abolishing the double tax in a speech on December 2, 2002 to remedy the problem but as soon as President Bush proposed the same initiative one month later, Kerry quickly denounced the proposal and voted against it 7 times in 2003. The legislation passed, however, and companies are now returning more cash to shareholders, earnings are more transparent thus improving governance and shareholders have been re-empowered in the companies they invest. Kerry is now proposing to reinstitute the double tax on dividends which will reverse the historic gains.

Voted Against \$5 Trillion of Shareholder Wealth



Consistently Opposed Cutting the Capital Gains Tax

Not once has Kerry sided with investors on the issue of capital gains taxes. He voted to raise the capital gains tax 40 percent in 1986. Conversely, he voted against cutting the capital gains tax 15 times, which includes opposition to the very successful 1997 and 2003 reductions. These reductions of 28.6 percent and 20 percent not only returned tax savings to investors, but also boosted shareholder wealth by \$2.5 trillion each time by increasing the after-tax rate of return on equities. Furthermore, Kerry voted at least 4 times to ensure investors gains resulting from inflation remained taxed, which is a 50 percent tax increase on investors and he is now promising to raise the capital gains tax if elected.

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The Investor Class Will Have a Major Impact in 2004 Elections

Over the past fifteen years, the United States has undergone one of the most fundamental demographic shifts in modern America: the growing number of middle class families who own stock. This development has transformed both the economic and political structure of the country.

When Ronald Reagan was elected President, roughly 20 percent of American households owned stock. Today, nearly 52 percent of households own stock.¹ In 1980, shareholder wealth constituted just 40 percent of Gross Domestic Product (GDP), today it is 96 percent.²

The accelerating pace of investors has made the stock market more important to family balance sheets. In 1989, 28 percent of a family's financial assets were stocks and mutual funds. Today, 56 percent of families' financial assets are these instruments.³

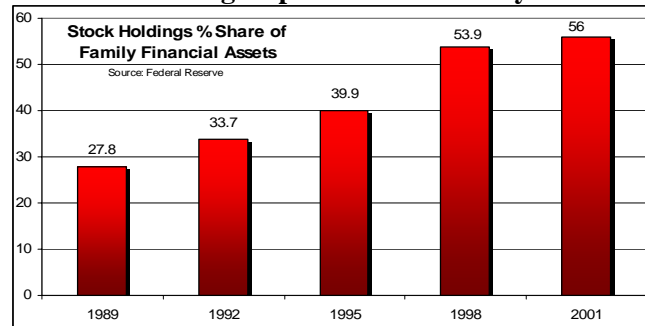
This dramatic shift in the economic structure of the country is changing America's political structure. Roughly two out every three voters in the 2004 election will be investors.⁴ This makes the investor voter today's most powerful electoral voting bloc and as a result, investors now have the ability to effectuate serious change in America's political area.

The new investor class majority is not just the obvious wealthy one might have assumed and now represent the investor next door. They are people who work real jobs, take home a paycheck, and rely on that paycheck to get by each month.⁵

With this growth of investors, the decisions being made in Washington are increasingly impacting shareholders and their savings. Yet, it appears Sen. Kerry still does not understand this phenomenon of the investor class and he believes the only people who own shares of stock are families named Heinz and Kennedy. As such, he has consistently opposed pro-shareholder legislation and reforms.

All told, the upcoming election is important for middle-class investors as public policy decisions in the next few years will impact shareholder returns. American Shareholders Association is committed to providing investors with the tools needed to evaluate candidates in the upcoming 2004 elections.

Stocks Growing Importance for Family Income



Uncovering Kerry's intentions on public policy issues have not been so clear cut for two reasons. First, Kerry speaks in broad generalities which give us very little evidence of his real intention. For example, Kerry has vowed nearly every day to repeal portions of the tax cut aimed at the wealthiest Americans. Yet, we have no idea of what he defines to be wealthy or what his real intentions are.⁶

The second pattern is that he says he was for something and then he is against the proposal later. There are many examples of this including his votes for NAFTA and the War in Iraq, which he now opposes.⁷

Both of these patterns are extremely prevalent in analyzing what Kerry has proposed to do on investor related issues. So ASA has undertaken a study of his Senate record because best way to determine what his goals as President will be is to look at where he has been. ASA's analysis has determined Kerry has spent the past 19 years in the Senate attacking investors and this study documents the consequences of his votes on individual investors.

He voted for the largest capital gains tax increase in 50 years and against all 15 capital gains tax reductions that have been placed before him despite saying he is for capital gains tax reduction. He voted 7 times against the dividend tax cut a position he once supported but abandoned once Bush made it the centerpiece of his 2003 tax cut. He voted to restrict Individual Retirement Accounts (IRAs) and then voted at least 10 times against expanding IRAs and he has call the mutual fund industry "organized crime" despite the fact the industry holds \$7 trillion of working families' assets. **Overall, Kerry has not been a friend of investors.**

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Kerry Voted Against Every Capital Gains Tax Reduction

By far the largest impact Washington has on investor returns is with the capital gains tax. The tax imposes the largest burden on shareholders savings. Kerry has voted against capital gains tax reduction ***every time*** it has been voted in the Senate – 15 times.⁸ Conversely, he voted to increase the tax by 40 percent in 1986.

To demonstrate the impact the capital gains tax has on the individual investor (and the consequences of Kerry's votes), we compare Roth Individual IRAs which are exempt from capital gains taxes with a taxable account. In this example, the double tax on gains reduces the return on investment by 56 percent.

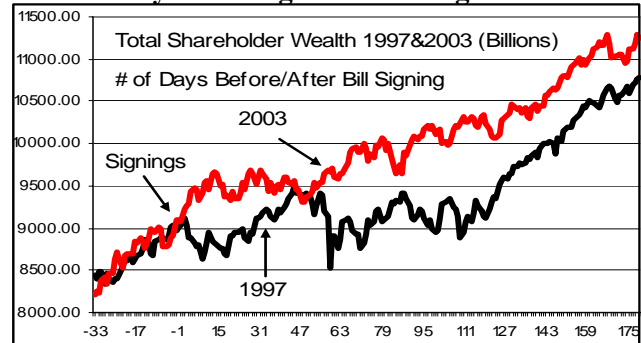
An individual at 29 years of age with \$40,000 of income making a \$3,000 contribution per year to a Roth IRA will retire with more than \$772,000 of income. Under a taxable account, however, the return is dramatically reduced to less than \$343,000, and thus, the hypothetical investor lost 56 percent of his/her investment compared to the Roth IRA.⁹ As such, Kerry's insistence on higher capital gains taxes will result in fewer returns for investors.

But capital gains tax increases are more than just lowering the returns to shareholders – the policy change influences stock prices. An increase in the tax rate lowers the risk adjusted after tax return on equities, relative to other assets, which results in a decline in stock prices. Kerry voted to increase the capital gains tax by 40 percent in 1986 as part of the Tax Reform Act of 1986 which reduced shareholder wealth by \$200 billion upon passage.¹⁰

Conversely, capital gains tax *cuts* increase stock prices by altering the risk adjusted, after-tax return on equities.¹¹ Kerry had 15 opportunities to vote for increasing stock prices since 1989 but he voted against shareholders ***every single time*** including the very successful 1997 and 2003 reductions (see chart).

In a study for the American Center for Capital Formation, Dr. David Wyss, chief economist of Standard & Poor's DRI found that the 1997 capital gains tax reduction, which Kerry voted against resulted in 25 percent of the increase in the S&P 500 from 1997-1999.¹² This equates to Kerry voting against \$1.1 trillion of new wealth for shareholders two times in the 1997 alone.¹³

Kerry Voted Against Boosting Markets



In 1999, Kerry voted against reducing the capital gains tax two more times. The legislation passed both houses of Congress but was vetoed by President Clinton. In a study by Dr. Allen Sinai, passage of this legislation would have increased the S&P 500 by 0.8 percent more a year than without passage.

In 2001, Kerry shunned investors again by voting against a 5 percent capital gains tax reduction at a time when shareholder wealth had declined by \$2.6 trillion (17%) due to the bursting of the stock market bubble.

By September 3, 2001 shareholder wealth was down \$4.6 trillion (29%) from its March 2000 peak and Kerry declared on *Meet the Press* the last thing to do is to raise taxes and that he was considering a “a capital gains tax cut.”¹⁴ A week later, the horrific terrorist attack occurred which closed down the markets and destroyed investor confidence. Yet, Kerry quickly changed his tune and turned partisan by voicing opposition to House passed capital gains tax reduction at a time when the country needed the reduction the most.

By 2003 markets were still way down as corporate scandals and the uncertainty of war with Iraq kept markets and confidence stifled in 2002. In response, President Bush signed into law a new tax cut that reduced the capital gains tax rate by 25 percent which Kerry predictably voted no on again. Kerry obstructed, engaged in class warfare, and ultimately sent a signal to investors that he does not have their best interest in mind. To date, \$2.5 trillion of shareholder wealth has been restored and shareholder wealth is increasing at an annualized rate of \$3.1 trillion.¹⁵

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Kerry Voted Every Single Time Against Indexing Gains for Inflation

Opposition to capital gains tax cuts is more than just tax rates. **Senator Kerry also voted against the indexing of capital gains to inflation at least 5 times so far in his congressional career.** The importance of these votes cannot be underestimated. Roughly 50 percent of all taxed gains in 1993 were the result of inflation.

Since 1913, the Treasury Department has ignored the effects of inflation when calculating capital gains taxes. Thus, capital gains taxes are due if selling an asset yields a nominal gain, even if the investment was a loss in real terms. Under these rules, an investor who purchased a stock for \$10 a share in 1952, and sold it for \$20 a share in 2002, would be forced to pay capital gains taxes on the transaction, despite the fact that the investment was clearly an appalling loss once inflation is taken into account.

From 1979-1994, 33 percent of the increase in shareholder wealth due to inflation. During this time period, investors accumulated \$1.5 trillion of new shareholder wealth that was the direct result of inflation.¹⁶

As Democrat advisor and former Federal Reserve Board member Alan Blinder noted in 1980, “most capital gains were not gains of real purchasing power at all, but simply represented the maintenance of principal in an inflationary world.”¹⁷

A 1993 study by then Federal Reserve Board governor Wayne Angell calculated that average real tax rate on investments from 1972 to 1992 in NASDAQ stocks was 68 percent, 101 percent in the S&P 500, 123 percent in the New York Stock Exchange, and 233 percent in the Dow Jones Industrials. Thus on three of the four major indexes, the average capital gains tax were higher than the real return.¹⁸

The Congressional Budget Office (CBO) backs up these points point when they clearly documented the negative effects of not indexing capital gains, According to a 1997 CBO study, “Since inflation-adjusted capital gains amounted to about one-half of nominal gains in 1993, the effective tax rate on inflation-adjusted gains was about twice the rate currently applied to nominal gains.”¹⁹

Nominal & Real Capital Gains & Corp. Stock (1993)

(Millions)	Returns	Trans- actions	Nominal Gains: w/ Loss Limit	Real Gains: w/ Loss Limit
Capital Gains	9.821	37.284	81,419	39,500
Corp. Stock	5.732	23.907	38,597	26,620

Source: Congressional Budget Office

As the table demonstrates, not indexing for inflation has essentially doubled the effective tax rate on capital gains. As such, on average more than half of capital gains taxes have been the result of inflation, not actual gains, yet Kerry has consistently insisted that investors be taxed on capital losses as gains.

The effects of this on individual investors are significant. According to the Tax Foundation, if an investor purchased the *average* S&P 500 stock in 1973 and sold that stock in June 1994 the capital gain for the investor would be \$76.97. The investor would pay a tax of \$21.55 (28 percent which was current law at the time). However, after adjusting for inflation just 35 percent of the \$76.97 gain resulted from the stocks real value (\$26.77). **The other 65 percent was simply the result of inflation and as such, the investor paid 80 percent of the real gain in taxes (\$21.55 of taxes on a \$26.77 gain).**²⁰

Not only are individual investors hurt by this, but so is the overall economy by inhibiting long term investment. Under the system Kerry believes is ideal, taxation of capital gains on inflation compounds the risks of long-term capital investment, which slows overall economic growth.

‘[W]hen the government...taxes gains that arise from inflation, not real gains, then the flow of fresh capital from those who have it to those who need it really dries up. If the rate is 28% [currently 15%] on a capital gain, but it takes five or 10 years for an enterprise to know whether it is a success or not, the investor must consider the inflation rate compounded over those years and add it to the 28% [15%].’²¹ Thus, long-term capital investment -- essential for economic growth -- becomes an even riskier proposition than normal, and investment becomes artificially biased towards making a quick buck instead facing the amplified inflationary risks of un-indexed capital gains taxation.

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Double Taxation of Dividends Hypocrisy

In one of the most appalling examples of a politician “saying one thing and doing another” Sen. Kerry turned his back on investors concerning the double taxation of dividends. On December 3, 2002, Kerry delivered a speech to the City Club of Cleveland in which he proclaimed “we should attempt to end the double taxation of dividends.”²²

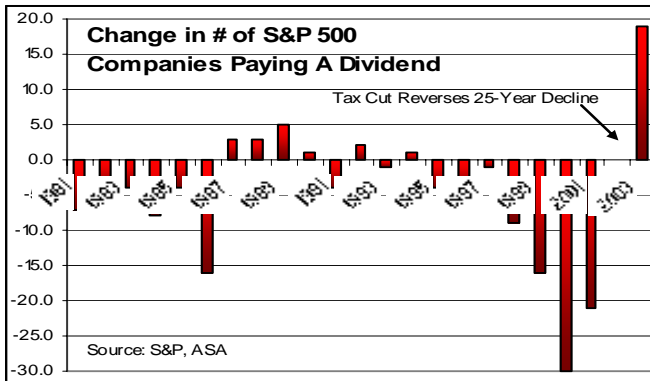
The speech appeared to be a big victory for investors. In light of the corporate scandals, a slower stock market, and lagging investor confidence the discriminatory double tax on dividends became a prime target for shareholder advocates because companies would return more cash to shareholders. It appeared that the momentum was growing in a bipartisan manner to finally abolish the double tax on dividends.

President Bush followed one month with a proposal to abolish the double tax and Kerry, in a stunning reversal, quickly denounced the proposal as a give away to the rich for partisan purposes. **Kerry then proceeded to vote against the legislation at least SEVEN times in 2003.**²³

Even without Kerry’s support the double tax was reduced by as much as 62 percent and just as important, the new flat rate of 15 percent was equalized with the capital gains tax rate. Here are the results of what Kerry voted against:

In 2003 dividend issuance reversed its 25 year slide. 2003 experienced the first increase in S&P 500 dividend issuance since 1994 with 20 initiations. The largest one year increase since 1980 was 5 in 1989. Yet, four times as many companies initiated a dividend in 2003.²⁴

Dividend Tax Cut Returns Cash to Shareholders



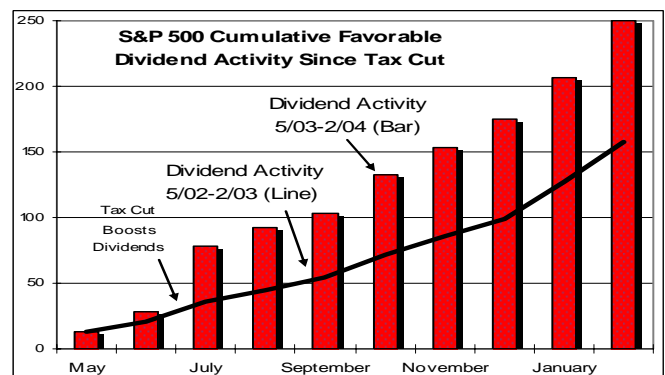
The importance of companies initiating dividends cannot be underestimated. Without dividends, investors must value stocks based on a corporation’s earnings statement, which can be manipulated, as demonstrated by the recent corporate accounting scandals. But, as dividends can only be paid out of earnings that actually exist, the Bush tax cut not only has improved economic growth, the tax cut is promoting honest accounting practices and renewing confidence among investors.

S&P 500 companies’ favorable dividend activity, the combination of initiations and increases, soared in 2003 by 52.3 percent compared to 2002 and since the tax cut was put into place activity increased 88 percent. 62 percent of all S&P 500 companies that offer dividends increased or initiated shareholder payments, while just 50 percent did in 2002. Among non-S&P 500 companies favorable dividend activity increased 34.4% compared to 2002.

For the year, 33 companies in the S&P 500 increased their dividend twice, five companies increased their dividend three times, and one company increased their dividend in all four quarters of 2003. 14 companies in the S&P 500 at least doubled their dividend payment in 2003, the median increase was 11 percent and the average increase was 26 percent.

According to S&P, net individual dividend income increased by 50 percent in 2003 from \$32.7 billion to \$49.1 billion. With the tax cut, individual shareholders will receive \$55 billion net of taxes for shareholders in 2004.²⁵ A recent Lehman Brothers report forecasts total S&P 500 dividend payments will increase from \$147 billion in 2002 to \$160 billion in 2003 to \$184 billion in 2004.²⁶

62% Increase of Favorable Dividend Activity



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Kerry Voted To Restrict IRAs and Against Expansion 10 Times

One main factor driving the unprecedented growth of investors has been the expansion of Individual Retirement Accounts (IRAs), which increases the after tax return on investments. Despite widespread knowledge of the benefits these investment vehicles provide, **Kerry voted to significantly restrict IRAs in 1986 and has voted at least 10 times against IRA expansion.**²⁷

The double tax on investment income reduces the after tax return on investment for investors. As such, policymakers seeking to increase private retirement savings created IRAs, which allowed savings to accumulate without the double tax.

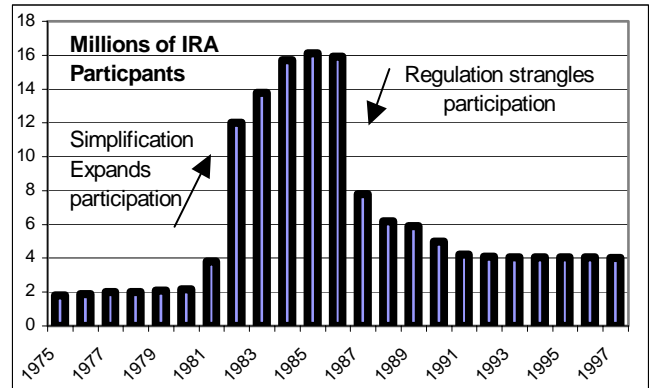
Initially, IRAs were extremely limited to participants, but in 1981 participation was expanded as part of the Reagan tax cuts and the program took off. From 1980 to 1986, annual contributions to IRAs rose nearly ten-fold, from \$4 billion to \$38 billion.

Yet, Sen. Kerry voted to again restrict IRA contributions as part of the Tax Reform Act of 1986. Kerry's action imposed severe consequences on IRA accounts. For example, the level of annual IRA contributions fell sharply and never recovered from \$38 billion in 1986 to \$15 billion in 1987 and \$8.4 billion in 1995.²⁸ Participation also declined from 15.5 million IRA participants in 1986 to just 4 million by 1997.

Obviously, the decision to restrict IRAs had a significant impact, but Kerry has been given at least 10 chances to correct his mistake since then and he has failed every time. He voted against IRA expansion twice in 1989 and twice in 1997 as well as once in 1992, 1993, 1995, 1998, and 2001. He also abstained from the final 2001 tax cut which successfully allowed investors to increase their contributions in a year to \$5,000.

Kerry's consistent opposition to IRAs is quite disturbing. With millions of Americans owning an IRA and the benefits result in a doubling the lifetime savings (relative to a taxable account), it is one of the few issues that can generate a bipartisan 400 plus vote in the House of Representatives. Kerry is clearly on the fringe on this issue.

Kerry's Vote Stifled IRA Participation



The consequences of Kerry's action in 1986 provide insight into the current class warfare strategy he is now taking by proposing to repeal capital gains and dividend tax cuts for the "wealthy." Kerry's 1986 vote to restrict IRAs was a vote to keep the program in place for the middle class, while taking away the program for the "wealthy," (i.e. defined as those making over \$40,000 per year).

While families making over \$40,000 were forced to stop participating, savings also dropped among families retaining full eligibility. In fact, participation declined by 40 percent between 1986 and 1987 for families still eligible for the program, despite the fact that the change in law did not affect them. The number of IRA contributors with income of less than \$25,000 dropped by 30 percent in that one year.²⁹

Clearly, Kerry's notion that increasing taxes on the "wealthy" will not have an impact on middle class investors is just plain wrong. As the example above demonstrates, removing the "wealthy" from the IRA savings program reduced participation among all Americans. Increasing the capital gains double tax on the "wealthy" will reduce the after tax return on equities for all shareholders. Increasing the double tax on dividends will result in less dividend cash being returned to all shareholders.

Even on the most popular investor issues, such as IRAs, Kerry has a consistent opposition to ensuring middle-income investors can maximize their returns. His vote to restrict IRAs and his 10 votes against expansion indicates he may not even want this program in place if he is elected President.

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Kerry Calls the Mutual Fund Industry “Organized Crime”

In the most un-presidential moment of the campaign for John Kerry, in December he held a press conference to attack the mutual fund industry as a way to revive his flagging presidential campaign.

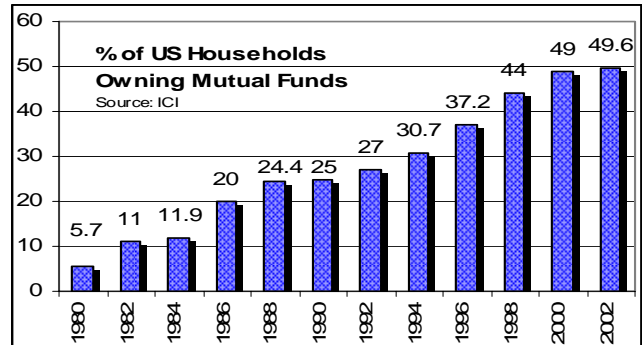
At the time of the press conference, the mutual fund industry had been undergoing scrutiny due to the practices of market timing and late day trading being revealed as widespread. Clearly, those who did wrong should have been punished and currently that process is underway. Moreover, fees are being assessed and policymakers in Congress and the Securities and Exchange Commission (SEC) are tailoring appropriate remedies to avoid similar situations from occurring in the future.

Without question, the debate over the remedies is going to cause disagreements among policymakers and the issue should play out in the public policy arena. Yet, Kerry never misses an opportunity to grandstand and called a press conference to say it was time to fight "a new age of organized crime" in the mutual fund industry.³⁰ Rhetoric like this is just downright irresponsible and clearly there is no place for a potential President demonizing an industry that holds \$7 trillion of working families' assets.

While American Shareholders Association does not always agree with the mutual fund industry, we believe that mutual funds have provided an invaluable service to middle-income Americans by allowing middle-income Americans to become investors.

Mutual funds solved two major problems that impeded entry of middle-income Americans to become investors. First, mutual funds use of investment professionals removed the impediment of limited information for investors. Second, mutual funds use of bundling different stocks together made portfolio diversification much easier for investors relative to purchasing individual stocks. This diversification also allowed investors to reduce risk and made investing much more favorable than saving through passbook accounts. As a result, the number of households invested in mutual funds has increased from 5 percent in 1980 to 50 percent in 2002.

Mutual Funds Created Middle-Class Investors



ASA in no way approves of the actions done by the people who defrauded investors, but to cast the entire industry as crooks is just completely irresponsible and in fact dangerous. The speech was loaded with so many inconsistencies and erroneous facts that it was apparent this was not about cracking down on wrongdoers but rather was an attempt to revive a flagging campaign that plays to the interest of the anti-corporation left wing voters in the Democrat primary. As such, the rhetoric of the Kerry campaign could be hurting investor confidence more than the scandals themselves.³¹

Kerry incorrectly explained market timing and late day trading has hurt investor confidence. From the time late trading and market timing was first reported in the news, investor confidence was up more than 20 percent according to Rasmussenreports.com.

A UBS poll as part of their monthly investor confidence index in December found the scandals did not influence the mutual fund investment decisions at all for 65 percent of the respondents and 73 percent said they had no intention of shifting assets out of mutual funds in the short term.³²

75 percent of investors did say they would withdraw their money from mutual funds if funds admitted their wrong doing. In other words, if investors believe their money is being misused they will use market mechanisms to “vote with their wallets” into funds that are protecting their shareholders investments. Policymakers responded appropriately by cracking down on the criminals and developing policy to fix the problems. Political grandstanding and massive regulation are not needed.

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Kerry Appears To Be Abandoning Markets

Free trade and the opening of markets appeared to be the one issue Kerry was aligned with investors on as a Senator. Over the course of the campaign, however, he has increasingly abandoned his long held belief in the benefits of free and open markets to consumers, shareholders, and workers.

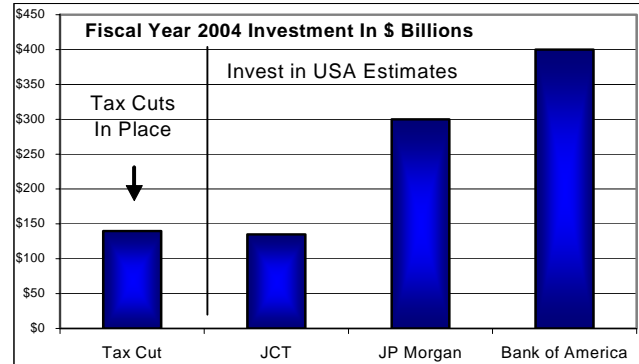
Kerry voted in favor of the North American Free Trade Agreement and Permanent Normal Trade Relations with China. He voted at least 10 times to grant sitting Presidents Fast Track Authority to negotiate trade agreements. But to line up labor union support, he has repeatedly denounced the agreements, has promised to review existing trade agreements in his first 100 days of office, and using code words to hide his protectionist promises. But even with these reversals in his long held principles, with Big Labor’s quick reversal of support for him we can only imagine what he has promised for them to turn a blind eye to his past voting record.

In a related measure, Kerry continues to denounce outsourcing while not really providing any real solutions. ASA is of the belief that many factors influence firms’ decisions to invest in other countries. Yet, when given the opportunity to actually do something to do about, he was one of twenty-five Senators to vote against the proposal.

Last May, as part of the tax cut debate, an amendment was offered that would have removed the discriminatory double tax on multinational firms reinvesting their foreign profits back into America. The consequences of this vote on the “Invest in USA Act” cannot be underestimated.

The U.S. tax code punishes American companies by double taxing foreign profits if the company chooses to reinvest those profits back into America’s economy and create American jobs. As a result, more than \$600 billion of profits annually has been left overseas and not reinvested in America and American companies are being placed at a competitive disadvantage. Independent analysis suggest this measure will generate \$400 billion of new investment in America’s economy in 2004, create roughly 500,000 new jobs, boost stock prices by 4.5 percent and add more than 1 percent to Gross Domestic Product (GDP).³³

Kerry Voted Against \$400 Billion of Investment



Tort reform is another key issue facing investors because company liabilities affect profits and the implicit value of shareholder wealth. Yet, the lawsuit explosion resulting from venue shopping is hurting companies bottom lines. ASA believes in a strong legal system, but frivolous lawsuits are a problem and are resulting in lower stock prices for shareholders. The trial lawyers have a stranglehold on the Democratic Party and this is a real concern as Class Action Reform is near passage, which Kerry opposes.

More specifically, the asbestos crisis is a real threat to shareholder value. Investors made investment decisions based on the economic value of a company and are now being robbed by the dramatic rise in frivolous asbestos litigation. On the surface, companies that generated a return on investment for its shareholders were viewed as good investments. However, the explosion of lawsuits and the resulting unexpected financial shock has destroyed the stock value of companies and thus the investments made by shareholders.

At the same time, asbestos litigation, which has bankrupted 60 companies, has resulted in lost investments for workers. A recent study found that asbestos related bankruptcies have led to the loss of 52,000 to 60,000 jobs in the economy. With the lost work time, the average worker with a 401 (k) plan at a bankrupt firm lost roughly 25 percent of their retirement plan, or an average of \$8,300, due to asbestos related litigation.

Kerry’s rapid shift to closing markets appears to be at odds with investors and opposition to tort reform will also weigh on investments on the margin as well.

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Kerry Is All Talk and No Action

The result of Kerry's voting record is quite surprising. For all his years in the Senate he appeared to talk about a pro-growth agenda, yet when the record was examined he essentially opposed investors on nearly every vote offered in the Senate in his tenure.

When references were made that he was a liberal early in the campaign he shot back that he was for abolishing double tax on dividends before President Bush. The facts show otherwise however. He was given seven times to achieve this (three times directly and four times indirectly) and he voted against investors every single time. It is very disingenuous for him to say he supports something when he opposed the measure every time it was voted on in the Senate. The bottom line is that he voted no, the measure still passed without his support, and the results have been overwhelming for shareholders. Without question, Kerry ended up on the wrong side of the issue.

Kerry continues to talk about his "zero capital gains tax" for new investment in small companies that are held for at least four years. It is important to keep this proposal in context – he announced his support for this proposal right before announcing his support for eliminating the double tax on dividends in the same speech. We learned his commitment to the initiatives he proposed in that speech when he voted against eliminating the double tax on dividends seven times.

More importantly, however, by proposing this as a way to stimulate growth Kerry is making the assumption that the capital gains tax is restricting growth. This is why shareholder advocates push for capital gains tax reduction. The only difference, however, is that Kerry is picking one form of company over another. Essentially, the government is picking winners and losers in the economy which is terrible public policy.

If Kerry had not voted no against all 15 capital gains tax cuts he would be aware there is no need to target incentives. Cutting the capital gains tax disproportionately benefits small firms. This is why small cap firms boomed following the passage of the capital gains tax in 2003 and 1997, yet by making the reduction broad based – all firms benefit.

Kerry's idea of targeting who should benefit from lower taxes and who should not is quite indicative of his "us versus them" mentality.

As part of a 1995 debate on capital gains taxes, Sen. Kerry pronounced, "This week defines the difference between them and us." This is a clear reference to Kerry's misunderstanding of American investors (i.e. "them") which now represent more than 50% of households and 67% of voters. It's not the best policy to be running for President all calling two thirds of the voters "them."

But more importantly, this class warfare game being played by Kerry has real consequences. Kerry was part of the team that removed the "wealthy" from receiving a tax deduction for contributing to an IRA. Yet, even the middle and lower income individuals who remained eligible for the program stopped contributing. We expect no difference if Kerry follows through on his repeal of capital gains taxes and dividend taxes for the "wealthy." All shareholders will suffer through lower shareholder value and less cash being returned to them in dividends.

Moreover, this "taxing the wealthy" rhetoric is never just isolated to only the wealthy. The Alternative Minimum Tax was created to make only 100 wealthy people pay more taxes, yet nearly 37 million Americans will be affected by the tax by 2010. Bill Clinton campaigned on a middle class tax cut and instead he increased the gas tax, taxes on Social Security benefits, and marginal income tax rates on the middle-class.

We expect no different from Kerry if he is elected President. He will seek to repeal the tax cuts for the wealthiest Americans but he will also increase taxes on other products and services that will not be discussed throughout the campaign. Simply put – too many spending promises are being made to curry favor with the spending lobby. Talk about the deficit is just rhetoric for giving the government more money and less from private individuals.

Overall, Kerry has been an enemy of the shareholder during his 19 year Senate tenure.

ASA 2004 Investor Voter Guide

John Kerry Says One Thing and Does Another

Kerry Mistruths and Flip-Flops on Investor Issues

2003 Tax Cut

Kerry Myth: “George W. Bush has chosen tax cuts for the wealthy and special favors for the special interests over our economic future.” www.johnkerry.com

Kerry Fact: The 2003 tax cut contained a reduction in the capital gains tax and a significant reduction in the double tax on dividends. Kerry claims he wants to keep the “middle class tax cuts” and will repeal the tax cuts for the wealthy and special interests, i.e. the capital gains and dividend tax cuts.

But Kerry has sung the praises of these specific types of tax cuts in the past

Capital Gains: “We need--you might even consider a capital gains tax reduction at this point in time to help spur the kind of capital investment that is not taking place as a consequence of the lowering of the interest rates.” John Kerry on “Meet the Press” September 2, 2001

Dividends: “And we should encourage the measurement of the real value of companies by ending the double taxation of dividends.” John Kerry Speech at City Club of Cleveland, December 2, 2002

Capital Gains

Kerry Myth: “I have voted for capital gains tax cuts.” *Fox News Sunday January 25, 2004*

Kerry Fact: Not once has John Kerry voted to reduce the capital gains in his nineteen years in the Senate. He voted for a 40 percent capital gains tax increase in 1986 and since then voted at least fifteen times against capital gains tax reduction. He was a key player in ensuring the 1989 proposed reduction was killed and he voted against reducing the capital gains tax during some of the most sensitive economic times (see Capital Gains Tax Timeline).

Double Taxation of Dividends

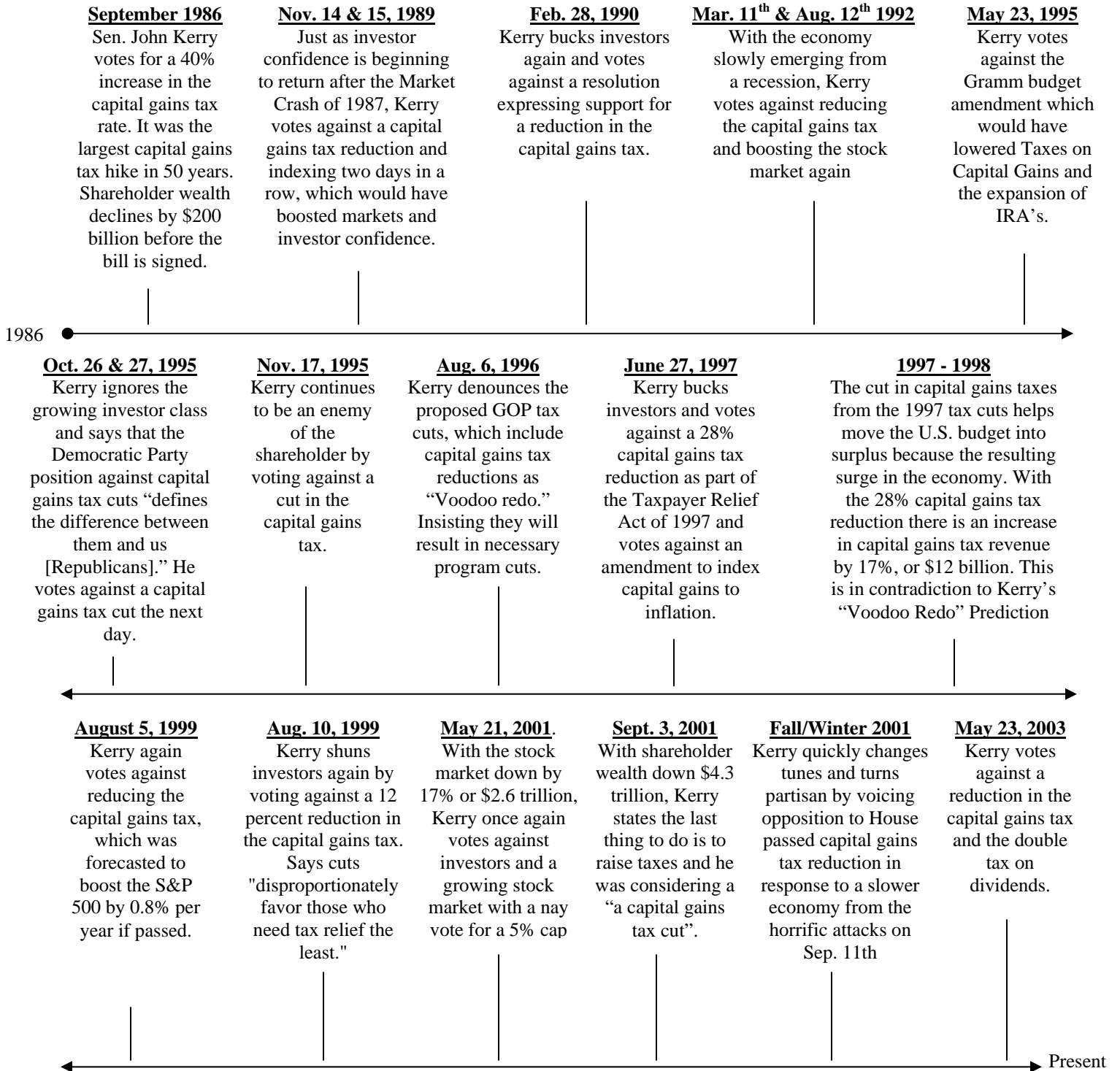
Kerry Myth: “And we should encourage the measurement of the real value of companies by ending the double taxation of dividends.” John Kerry, City Club of Cleveland Speech, December 2, 2002

Kerry Fact: Kerry voted 7 times against ending the double taxation of dividends in 2003 following his proposal.

Kerry Fact: “John Kerry opposes the dividend tax cuts in the 2003 tax bill.” www.johnkerry.com

ASA 2004 Investor Voter Guide

John Kerry Timeline on Capital Gains Taxes



ASA NEWS



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For Immediate Release
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Contact: Daniel Clifton
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Double Taxation of Dividends Hypocrisy

Senators on record supporting president's proposal are now balking because of politics

WASHINGTON — As the US Senate gets set to finalize President Bush's Economic Growth and Jobs tax cut package, American Shareholders Association (ASA) would like to remind everyone of two senators that have put themselves on record calling for abolishing the double taxation of dividends and are now obstructing the president's proposal. The two senators are presidential candidate John Kerry (D-Mass.), who acknowledged the job creation effects and Democratic Senatorial Campaign Committee Chairman Jon Corzine (D-N.J.), who spoke about the harmful effects double taxation places on the economy and corporate accountability.

Just five months ago, and one month prior to the president's call for ending this unjust double taxation, Kerry delivered a speech calling for eliminating the double taxation of dividends, yet, he has now gone silent on the issue to curry favor with the liberal spending interests he needs to win the Democratic nomination for president. In fact, Kerry called for eliminating the double taxation of dividends as well as a capital gains reduction, which is similar to the House of Representatives' plan that will be voted on tomorrow. In his own words:

"And to encourage investments in the jobs of the future – I think we should eliminate the tax on capital gains for investments in critical technology companies – zero capital gains on \$100 million issuance of stock if it's held for five years and has created real jobs -- and we should attempt to end the double taxation of dividends." *City Club of Cleveland Speech Dec. 3, 2002*

Next is Corzine who comes to the Senate with an extensive investment banking and finance background. As such, he has become a key spokesperson for the Democratic Party to attack President Bush's proposal to abolish the double taxation of dividends. Yet, just five days after Kerry called for ending this unjust double taxation, Corzine laid out why double-taxing dividends is harmful to the economy. As such, his flip-flop obstructionist view against the proposal, in his words, is harming the economy.

"Well, I think there's actually reason to consider some move with regard to dividends... I'd put it at the corporate level as opposed to the individual level, because it will work to unbias our system away from debt, which I think is limiting the growth of the economy. The kind of thing you saw at United Airlines is in part, a very large part, driven by excess debt on the balance sheet. And the way our system works right now, companies are encouraged to issue debt as opposed to do equity financing." *Fox News Dec. 8, 2002*

"Good policy is good politics," said ASA Executive Director Daniel Clifton. "Both senators have acknowledged eliminating the double taxation of dividends creates jobs and grows the economy. Unfortunately, however, these two senators have a personal stake in keeping the economy down to have a campaign issue in the 2004 elections. Yet, this political obstruction comes at the expense of working American families and their strategy will backfire in the next election cycle. It's time these senators stop playing politics and help pass a meaningful tax package that abolishes the double taxation of dividends."

ASA NEWS



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For Immediate Release

December 11, 2003

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Kerry's Corporate Governance Rhetoric: Downright Irresponsible

Presidential candidate demonstrates he is not fit to be President with such disingenuous rhetoric

WASHINGTON - Today, Democratic presidential hopeful Sen. John Kerry, seeking to boost his dying campaign, outlined a plan to correct his perceived imbalances in the mutual fund industry. In doing so, however, Kerry justified his flawed policy proposals with erroneous facts. Moreover, Kerry's analogy that corporate leaders are a form of "organized crime" is so irresponsible that rhetoric like this will only damage investor confidence, not help, as he is seeking to do with his proposals.

"Senator Kerry needs to stop chasing Howard Dean's shadow and to start paying attention to real investors," said Daniel Clifton, executive director of American Shareholders Association. **"Those who violated the law should be punished and regulatory changes do need to be made, but to grandstand with irresponsible rhetoric as a way to try and bolster a flagging campaign will only hurt investors more than help. Today's speech shows Kerry is more interested in becoming president than helping investors."**

Over the past two months, the mutual fund industry has undergone scrutiny due to the practice of market timing being revealed as widespread. Market timing is not an illegal practice, but is discouraged by some funds. Conversely, other funds encourage it and have been set up to accommodate the practice. The practice occurs mostly in international mutual funds and cost estimates being used by advocates of ending market timing are 100 times larger than the estimate from the published study of a different team of economists.

Policymakers have been forging knee-jerk proposals that are well intentioned, but will actually hurt mutual fund investors more than help. Mutual funds have become the most efficient vehicle for working families to save and invest for their children's education and their retirements. More than 50 percent of American households now own stock largely the result of mutual funds and more than \$7 trillion of assets are held in mutual funds. Yet policymakers are putting forward proposals not based on facts and data and the unintended consequences may reverse the efficiencies of the industry and thus stifle investment.

"John Kerry's erroneous and exaggerated rhetoric is more of a threat to investor confidence than the recent market timing issues," continued Clifton. **"Shareholder wealth has increased \$2.7 trillion since March, economic growth accelerated at its fastest pace in twenty years, investors are flocking to mutual funds, and investor confidence is way up. It appears that Kerry's more worried that an expanding economy hurts his chances to become President of the United States, so he is trying to talk down the economy by instilling fear in investors."**

Fact Checks: Kerry incorrectly explained market timing and late day trading has hurt investor confidence and thus is weighing on new job creation. Since late trading and market timing was first reported in the news, investor confidence is up more than 20 percent according to Rasmussenreports.com. Investors are continuing to invest in mutual funds with a total of \$134 billion net inflow has been placed into stock funds in the past seven months. October experienced the largest increase of stock mutual funds with more than \$25 billion of new investment. The household employment

survey showed 500,000 jobs were created in the month of October and unemployment declined for the fourth month in a row.

Dividend Quotes

Companies Cite the Tax Cut For Recent Dividend Actions

"We believe that it is appropriate, given the significant amount of free cash flow that the company generates, that we return a portion of those profits to our shareholders, particularly in light of recently improved federal tax laws on dividends." –

Lowry Mays, Chairman and Chief Executive Officer, Clear Channel Communications

"Given the recent legislative changes regarding dividends, they are an effective way to create additional value for our shareholders," –

Paul Fireman, Chairman and Chief Executive Officer, Reebok International Ltd.

"Given the Company's strong free cash flow, excellent balance sheet, and the recent changes in federal tax laws, we've elected to increase our dividend payout ratio," –

Richard H. Lenny, Chairman, President, and Chief Executive Officer, Hershey Foods

"Given the recent changes in the tax law, the increased dividend is an effective way for the company to return capital to shareholders while balancing our need to grow the business," –

Bob Nardelli, Chairman, President and Chief Executive Officer, Home Depot

"The change in tax law certainly makes dividend payouts more attractive and tax efficient." - Mike

Eskew, Chairman and Chief Executive Officer, United Parcel Service

"It is now the Board of Directors' intent to increase dividends per share in line with the company's earnings per share growth, versus a prior policy of increasing dividends per share somewhat less than the growth in earnings per share. This policy change reflects the recent reduction in the federal tax rate on corporate dividends." - Anheuser-Busch's press release, July, 23, 2003

"The recent change in the tax law levels the playing field between dividends and share repurchases as a means to return capital to shareholders. This substantial increase in our dividend will be part of our effort to reallocate capital to dividends and reduce share repurchases...Our Board's authorization of a 75 percent increase in our dividend, the largest increase in our company's history, further underscores our desire to enhance returns to our investors," –

Sanford I. Weill, Chief Executive Officer, Citigroup

"The dividend increase reflects both that underlying strength and the fact that recent changes in the federal income tax laws make dividends a more efficient way to distribute value to our shareholders. -

John W. Rowe, Chairman and Chief Executive Officer, Exelon

"As a result of our very strong cash position and the recent change in the U.S. tax law making the distribution of dividends more efficient, we are pleased to increase the cash payout to shareholders," –

Dr. Irwin Mark Jacobs, Chairman and Chief Executive Officer, Qualcomm

"The recently enacted, favorable tax laws influenced the Board's decision to increase Biomet's dividend by 50% compared to last year's dividend..." –

Dane A. Miller, Ph.D., President and Chief Executive Officer, Biomet

"The higher dividend also responds to the recent reduction in federal dividend tax rates and provides a tax-efficient means of distributing returns to owners." –

Entergy press release, July 28, 2003

"In recognition of the continued strength of these cash flows and the recent changes in dividend taxation, the Board of Directors has approved a 27% increase in Schwab's quarterly cash dividend to 1.4 cents per share." –

Charles Schwab, Chairman, Charles Schwab

"The Jobs and Growth Tax Relief Reconciliation Act of 2003 and its tax relief on dividends have significantly altered the tax landscape for dividend paying community banks and their shareholders. ...This new environment for dividend paying stocks has given investors another reason to hold them in their investment portfolio."

James W. Everson, Chairman, President and Chief Executive Officer, United Bancorp

"It is especially fortunate for our shareholders that American Software is in a financial position to initiate a quarterly dividend policy when Congress has just amended our tax laws to dramatically reduce the tax rate on corporate dividends."

James C. Edenfield, Chief Executive Officer and President, American Software

"Given the recent changes in the tax law, dividends have become a more attractive means of rewarding shareholders and represent an excellent return in today's investment environment."

- Ken Thompson, Chairman and Chief Executive Officer, Wachovia

"With the recent tax law changes to dividend income and Walgreens continued growth in earnings, we believe it's the right time to accelerate our dividend increase."

- David Bernauer, Chairman and Chief Executive Officer, Walgreens

"The recent reduction in the tax rate on dividend income allows us to more efficiently return capital to our shareholders."

- Kerry Killinger, Chairman, President, and Chief Executive Officer, Washington Mutual

"The recent equalizing of dividend and capital gains tax rates has made dividend payments a more efficient way to provide value to our stockholders,"

- Howard Atkins, Chief Financial Officer, Wells Fargo

"The reduced tax rate on dividends makes it as efficient for us to return capital to shareholders directly through dividends as through stock buybacks,"

- Ken Lewis, Chairman and Chief Executive Officer, Bank of America

"When we increased the dividend last January, we announced the potential for a significant additional increase if the tax laws were modified to reduce the double taxation of corporate dividends. In response to the recently enacted federal tax legislation, we are changing our dividend policy to maximize the benefits to KMI's shareholders. KMI is a significant generator of cash flow, and we expect to continue to return that cash to our shareholders in the most tax-efficient manner while maintaining a strong balance sheet."

- Rich Kinder, Chairman and CEO, Kinder Morgan

"It's unusual for a growth company to pay a cash dividend. However, based on The Jobs and Growth Tax Relief Reconciliation Act of 2003, which has significantly reduced the federal income tax rate for shareholders who receive corporate cash dividends, the declaration of a dividend is now a more tax-efficient means of returning value to shareholders." – Garth Deur, Executive Vice President, Gentex

"We believe our dividend program gained increased value this year as a result of the recently enacted reduction in tax rates on dividends to 15%."

Lewis F. Mallory, Jr., Chairman and Chief Executive Officer, NBC Capital

" The recent federal tax legislation was an important consideration in our decision to implement a

dividend program."

Linda McMahon, Chief Executive Officers, World Wrestling Entertainment

"Recent tax code changes make it possible to employ dividends to add value and to broaden and diversify our investor base, even as we continue to improve our infrastructure, invest in growth opportunities and satisfy our capital requirements."

- Charles J. Wyly, Jr., Chairman, Michaels Stores

"Given our strong financial position and recent changes in the tax treatment of dividends, the Board has concluded that a dividend is an advantageous way to create additional value for our stockholders."

- Arthur T. Shorin, Chairman and Chief Executive Officer, Topps

"First Republic is pleased to initiate the first dividend in the Bank's history ...In light of recent tax law changes, we believe a dividend is now an appropriate way to benefit our shareholders."

Jim Herbert, Chief Executive Officer and President, First Republic Bank

"Our Company's strong operating model has generated cash over the years well in excess of its needs and with recent legislation cash dividends are now a tax efficient way to release value to shareholders. As a result of recent tax legislation, we anticipate distributing cash dividends to our shareholders quarterly, as we remain confident of our continuing ability to generate earnings and surplus cash."

- Mark Smith, Chairman and Chief Executive Officer, ADTRAN

"The decision to pay a cash dividend was also impacted by the recently enacted tax law changes reducing tax rates on corporate dividends."

- Rick McGill, Chief Executive Officer and President, Quaker City Bancorp

"The recent change in the tax law levels the playing field between dividends and share repurchases as a means to return capital to shareholders. As a result, we believe it is now advantageous to shareholders to have a dividend in place. Lithia is pleased to be able to offer an immediate and tangible return to our shareholders without reducing our market float, which occurs when we repurchase shares. We expect to recommend to the Board the approval of a cash dividend each quarter."

Sidney B. DeBoer, Chairman and Chief Executive Officer, Lithia Motors

"In light of the recent tax law changes, we believe that the commencement of a dividend will help optimize total return to our shareholders. We will remain a well capitalized bank and will still have significant room to grow."

Paul B. Murphy, Jr., Chief Executive Officer, Southwest Bank of Texas

"We are pleased to be able to provide such a strong yield to our shareholders, particularly in light of the recent changes in the tax laws that have dramatically lowered the dividend tax."

- William G. Stevens, President and Chief Executive Officer, Community Capital

"The recent tax cut on dividends has removed some of the burden of double taxation on such payouts, making the payment of dividends a more efficient avenue for providing a return to our stockholders. We are pleased to be in the position to provide such a benefit. We expect this move will also help expand our stockholder base to include those with portfolios that restrict their investments to dividend paying stocks."

- Emile A. Battat, Chairman and Chief Executive Officer, Atrion

"The reduced federal tax rate on dividend income makes it more effective for us to return capital to shareholders in the form of dividends."

- Thomas S. Johnson, Chairman and Chief Executive Officer, Greenpoint Financial

“Coupled with the recent federal tax cut for qualifying dividend income, this increase more than doubles the after-tax dollar value of each Eaton Vance dividend for shareholders who are high-bracket individual taxpayers.”

- James B. Hawkes, Chairman, Chief Executive Officer and President, Eaton Vance

"The Board of Directors declared the first dividend in the Company's history as a result of the strong earnings achieved in 2002 and continued strength of earnings growth during the first six months of 2003. The recent change in Federal tax law allows for a greater portion of the dividend earned by our shareholders to remain with many of our shareholders."

- James E. Rouse, President and Chief Executive Officer, Arrhythmia Research Technology

" Returning a portion of the profits to our shareholders also makes good sense in light of the recent tax code changes."

- Bill Stone, Chairman and Chief Executive Officer, SS&C Technologies

'The recently enacted tax legislation has significantly increased the benefit of a cash dividend for shareholders.'

- Peter S. Rummell, Chairman and Chief Executive Officer, St. Joe's

"The board approved this dividend to increase shareholder value in view of the new Federal tax law that reduced the maximum tax on cash dividends to 15%. Cash dividends are now much more tax efficient for shareholders."

- James L. Ryan, Chairman and Chief Executive Officer, BWC Financial

“We are pleased to be able to provide such a strong yield to our shareholders, particularly in light of the recent changes in the tax laws that have dramatically lowered the dividend tax.”

William G. Stevens, President and Chief Executive Officer, Community Capital

“We are pleased to announce an increase in the quarterly dividend. In light of the recent tax plan signed by President Bush, shareholder value will be enhanced by those companies that can provide higher dividend yields.”

- John E. Peck, Chief Executive Officer and President, HopFed Bancorp

"With the recent changes in Federal tax law that allows for shareholders to retain a greater portion of dividends, after taxes, we believe that payment of this dividend is in the best interest of our shareholders."

- Barry Hertz, Chairman and Chief Executive Officer, Track Data

"Recent tax law changes have increased the attractiveness of dividends for many investors,"

- Roger K. Deromedi, Co-Chief Executive Officer, Kraft Foods

"Recent changes in the tax code lessen the effect of double taxation by providing for the taxation of cash dividends at a favorable tax rate."

- Russell Gerdin, Chairman and Chief Executive Officer, Heartland Express

“The recent tax law changes provide further benefits to our shareholders, through more favorable tax treatment of dividends received.”

- Daryl G. Byrd, President and Chief Executive Officer, IBERIABANK

" While our company has steadily increased its dividends to shareholders in the past, the size of this increase is unprecedented. The change in our dividend was based on continued strong operating performance of the Company and in reaction to President Bush's new tax legislation. Under the old tax code, the federal tax on dividends could be as much as 40%. However, under the new tax law, the federal tax rate on dividends has been reduced to a flat 15%. We also believe that this action further demonstrates how Main Street Trust is operated for the long term best interests of our shareholders."

- Van A. Dukeman, President and Chief Executive Officer, Main Street Trust

"Raising the dividend is a way of rewarding our shareholders for their continued confidence in Mid-State Bancshares.... Coupled with the recent reduction in the dividend tax, this new dividend rate should make Mid-State Bancshares stock more appealing to investors, especially those searching for consistent, solid yields."

- Carrol R. Pruett, Chairman, Mid-State Bancshares

"With the change in United States tax laws, the company has determined that a dividend should be implemented as a way of providing an additional tax effective return to shareholders. This program will be used to return a portion of current earnings to shareholders. The balance of CNS' earnings will be retained and reinvested in growth. CNS has a strong balance sheet and no long term debt."

- Marti Morfitt, Chief Executive Officer and President, CNS

"With the recent reduction in the tax rate on cash dividends to 15%, the Board felt this was an appropriate time to reward our shareholders with an increase to the dividend."

- Mick Blodnick, President and Chief Executive Officer, Glacier Bancorp

Endnotes

- ¹ Federal Reserve Board of Governors, *Survey of Consumer Finances*, 1989-2001
- ² American Shareholders Association, *Investor Chartroom*, March 2004
<http://www.americanshareholders.com/news/investorchartroom.pdf>
- ³ Federal Reserve Board of Governors, *Survey of Consumer Finances*, 1989-2001
- ⁴ Mark Penn Presentation to the Democratic Leadership Council July 2002 and various Zogby Polls
- ⁵ American Shareholders Association, *Report on the Political Outlook Of American Investors*, October 2000. <http://www.americanshareholders.com/news/article.php?article=28>
- ⁶ Beverly Goodman, *Kerry's Take on Taxes*, TheStreet.com, February 24, 2004
<http://www.thestreet.com/funds/beverlygoodman/10144213.html>
- ⁷ David Halbfinger, *Kerry's Shifts: Nuanced Ideas Or Flip-Flops?*, New York Times, March 6, 2004
- ⁸ **Kerry Capital Gains Tax Votes**
H.R. 3628, CQ Vote #295: Rejected, 11/14/89, Kerry Voted Nay
H.R. 3628, CQ Vote #298: Rejected, 11/15/89, Kerry Voted Nay
S. 1430, CQ Vote #22: Rejected 48-50, 2/28/90, Kerry Voted Nay
S. 1722, CQ Vote #202: Motion Rejected, 9/24/91, Kerry Voted Nay
H.R. 4210, CQ Vote #39: Motion Rejected, 3/11/92, Kerry Voted Nay
H.R. 11, CQ Vote #188: Motion Rejected, 8/12/92, Kerry Voted Nay
S. Con. Res. 13, CQ Vote #178: Rejected, 5/23/95, Kerry Voted Nay
H.R. 2491, CQ Vote #556: Passed, Kerry Voted Nay
H.R. 2491, CQ Vote #584: Motion Agreed To, 11/18/95, Kerry Voted Nay
S. Con. Res. 27, CQ Vote #77: Motion Agreed To, 5/21/97 Kerry Voted Yea (Reduced cap gains tax cut)
H.R. 2014, CQ Vote #160: Passed, 6/27/97, Kerry Voted Nay
S. 1429, CQ Vote #230: Motion Rejected, 7/29/99, Kerry Voted Nay
H.R. 2488, CQ Vote #261: Adopted, 8/5/99, Kerry Voted Nay;
H.R. 1836, CQ Vote #115: Motion Rejected, 5/21/01, Kerry Voted Nay;
H.R. 2, CQ Vote #196: Adopted 51-50, Cheney broke tie, 5/23/03, Kerry Voted Nay
- ⁹ See <http://www.finance.cch.com/sohoApplets/RegularIRA.html>
- ¹⁰ American Shareholder Association analysis of Wilshire 5000 Index data
- ¹¹ American Center for Capital Formation, *Capital Gains Taxes and U.S. Economic Growth: A Retrospective Look*, July 1999 <http://www.accf.org/capgainsDRI799.htm>
- ¹² *Ibid*
- ¹³ American Shareholder Analysis
- ¹⁴ Kerry on "Meet the Press," September 2, 2001
- ¹⁵ American Shareholders Association, *How High Can the Markets Go?*, February 17, 2004
<http://www.americanshareholders.com/news/asastockmarket02-17-04.pdf>
- ¹⁶ American Shareholders Association analysis of historical data.
- ¹⁷ Alan S. Blinder, "The Level and Distribution of Economic Well-Being," in *The American Economy in Transition*, ed. Martin Feldstein (Chicago: University of Chicago Press, 1980).
- ¹⁸ Wayne Angell, Governor, Federal Reserve Board, Statement before the Republican members of the Joint Economic Committee, June 22, 1993. Cited from Steve Moore & Phil Kerpen, *A Capital Gains Tax Cut: The Key to Economic Recovery*, Institute for Policy Innovation, October 11, 2001.
- ¹⁹ Congressional Budget Office, "Perspectives On the Ownership of Capital Assets and the Realization of Capital Gains," May 1997
- ²⁰ Arthur P. Hall, *Issues in the Indexation of Capital Gains*, Tax Foundation, April 1995.
- ²¹ Jude Wanniski, Statement before the Senate Finance Committee, February 15, 1995
- ²² John Kerry, Speech to the City Club of Cleveland, Dec. 3, 2002
- ²³ **Kerry Dividend Votes**
S. Con. Res. 23, CQ Vote #93, Passed, 3/25/03, Kerry Voted Yea (Reduced the size of the tax cut)
S.1054, CQ Vote #154, Failed, 5/15/03, Kerry Voted Yea (No vote was a vote for shareholders)
S.1054, CQ Vote #171, Agreed To, 5/15/03, Kerry Voted Nea, Cheney broke tie, (Yes vote was a vote for shareholders)
S.1054, CQ Vote #173, Failed, 5/15/03, Kerry Voted Yea (No vote was a vote for shareholders)
S.1054, CQ Vote #174, Failed, 5/15/03, Kerry Voted Yea (No vote was a vote for shareholders)
H.R. 2, CQ Vote # 179, Passed, 5/15/03, Kerry voted Nea (Yes vote was a vote for shareholders)
H.R. 2, CQ Vote # 196, Passed, 5/23/03, Kerry voted Nea, Cheney broke tie, (Yes vote was a vote for shareholders)
- ²⁴ S&P 500 dividend provided to ASA by Standard and Poor's. For full year end 2003 data analysis see: American Shareholders Association, *ASA Dividend Scorecard*, January 7, 2004
<http://www.americanshareholders.com/news/asadividends-01-07-04.pdf> and

American Shareholders Association, *Dividends in Response to the Tax Cut*, March 1, 2004.
<http://www.americanshareholders.com/news/dividends03-01-04.pdf>

²⁵ Standard and Poor's, *Dividends Growth to Continue in 2004*, December 22, 2003.

²⁶ Lehman Brothers Global Equity Research, *Dividends*, November 10, 2003.

²⁷ **Kerry IRA Votes**

H.R. 3628, CQ Vote #295: Rejected, 11/14/89, Kerry Voted Nay

H.R. 3628, CQ Vote #298: Rejected, -11/15/89, Kerry Voted Nay

H.R. 11, CQ Vote #187: Adopted, 8/11/92, Kerry Voted Nay

H.R. 2118, CQ Vote #160: Motion Rejected, 6/22/93, Kerry Voted Nay

S. Con. Res. 13, CQ Vote #178, Rejected, 5/23/95, Kerry Voted Nay

S. 949, CQ Vote #151, Rejected, 6/27/97, Kerry Voted Yea

H.R. 2014, CQ Vote #160: Passed, 6/27/97, Kerry Voted Nay

H.R. 2676, CQ Vote #120: Adopted, 5/6/98, Kerry Voted Nay

H.R. 1836, CQ Vote #165, Adopted, 5/23/01, Kerry Voted Nay

H.R. 1836, CQ Vote #170, Adopted, 5/26/01, Kerry abstained

²⁸ Investment Company Institute, "*In Search for Retirement Security*," June 4, 1998.

http://www.ici.org/statements/remarks/arc-ret/98_fink_retire_security_oped.html

²⁹ *Ibid.*

³⁰ Martin Finucane, *Kerry Vows to Crackdown on Mutual Fund Industry*, Associated Press, December 12, 2003.

³¹ Danielle DiMartino, *Politics May Hurt Markets*, Dallas Morning News, February 23, 2004

³² UBS December Investor Confidence Release

³³ See Deutsche Bank, *Home Sweet Home: Repatriating Profits*, June 23, 2003. Bank of America, *Alert: Homeland Investment Act*, July 11, 2003. JP Morgan, *Homeland Investment Act*, September 17, 2003. Prudential Equity Group, *The Homeland Investment Act*, February 19, 2004.



Other Studies by the American Shareholders Association

First 100 Days of the Bush Tax Cut

<http://www.americanshareholders.com/news/taxcutreport.pdf>

Lifetime and Retirement Savings Accounts

<http://www.americanshareholders.com/news/asasavings12-03-03.pdf>