IMPORTANT NOTICE **WINANS INTERNATIONAL** **IMPORTANT NOTICE**

Investment Management

September 8, 1999

Dear Valued Client,

As you know, 1999 has been a unusual year for the stock market. Although the media has been reporting that "all is well" on Wall Street, the truth is that there are key issues that investors need to be aware of before making any changes to their overall investment strategy.

It is widely believed that the stock market has advanced 19% so far this year. This has not been the case for the S&P 500 Index. In fact, this indicator has moved "sideways" throughout most of 1999 (see chart A). While it is true that the index was briefly up 14% in late July, it was only up 2% by early August. It is also important to note that the index was nearly at a breakeven point or at a loss throughout the first half of this year.

Another notion held by the investing public is that the market is healthy and strong. There are primarily two ways to look at the internal strength of the S&P 500 Index. One is to measure the number of stocks advancing versus declining on a weekly basis (see chart B). The other way is to count the number of stocks making 52 week price highs versus those making 52 week price lows (see chart C). In fact, both indicators are at their weakest point since the first half of this decade (the S&P 500 index declined 1.6% in 1994 and declined 6.6% in 1990). Simply put, so far in 1999, there are more stocks declining than advancing in value, and more 52 week lows made than 52 week highs within the 500 stocks of the S&P Index. Unfortunately, this includes many of the historically best performing stocks in healthcare, retail and financial services.

I have been very concerned about the market throughout this year. Although I am surprised that the damage to the S&P 500 Index has been minimal so far, I am concerned about the immediate future for the stock market due to: 1. Continued weakness in the overall market, 2. Continued increases in interest rates and 3. The effect that Y2K related problems in foreign countries could have on the US economy.

With these issues in mind, we have taken steps throughout the year to try to protect our client's stock portfolios against severe market volatility by increasing the use of stop loss orders, raising cash levels and implementing hedging strategies. Although these tools have helped us deal with declining markets in the past, the "choppy" nature of the current market has made it difficult to implement these tools effectively. I firmly believe that until conditions begin to improve or the market provides a buying opportunity, investors should err on the side of caution.

I hope you have found the information provided in this letter useful. If you believe my views of the current situation are not in line, please feel free to call me at your earliest convenience to discuss the changes you would like me to make to the portfolio.

Sincerely,

Kenneth G. Winans

President

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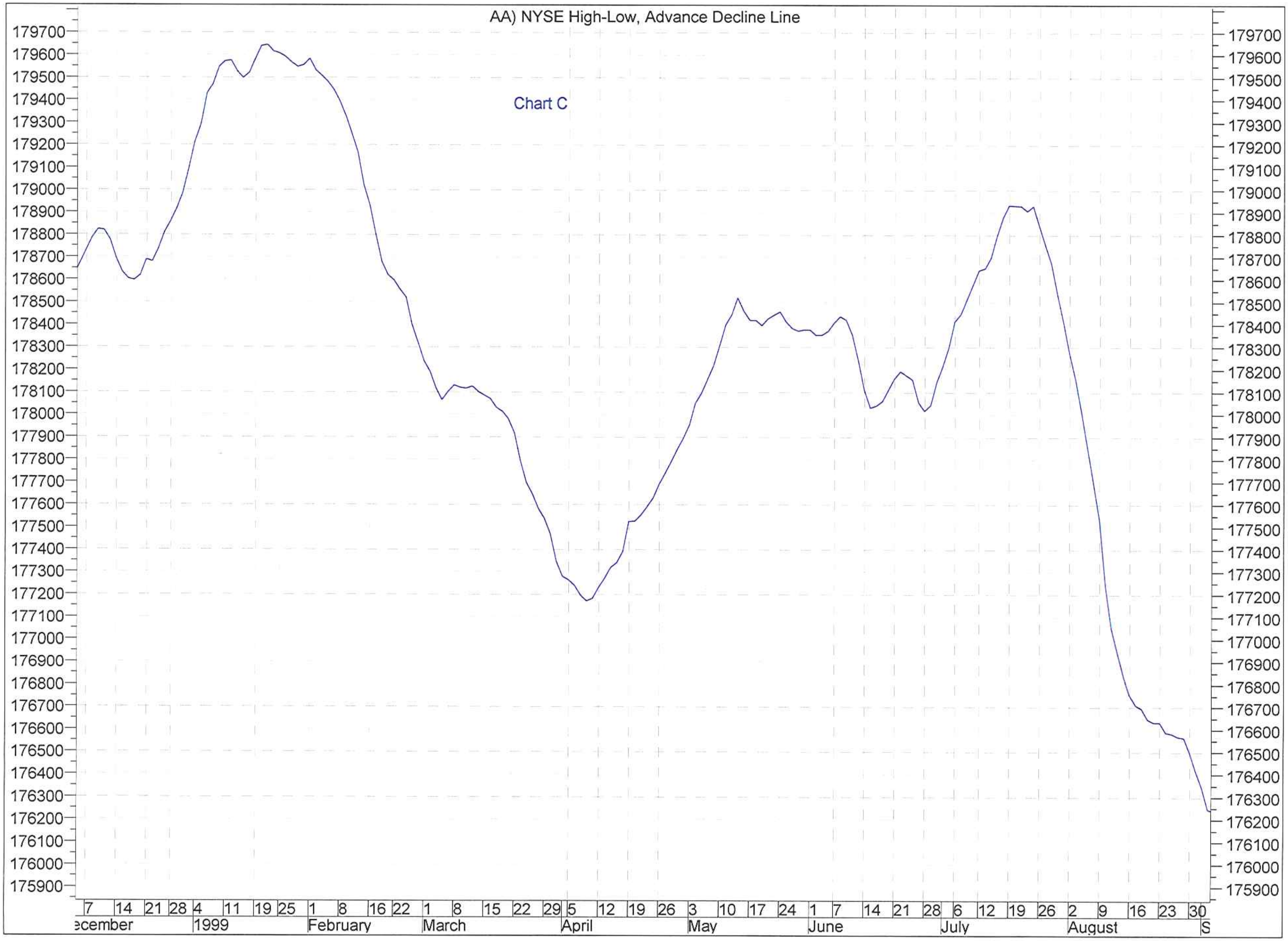

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