



July 12, 2007

Dow: 13,207

CARBON FOOTPRINTS

It's almost amusing how the people that live in their energy gulping mega-mansions can soothe their consciences by purchasing carbon credits to offset their energy consumption. Perhaps the biggest hypocrisy occurred this past weekend of the "Live Earth" concerts held around the globe. It has been estimated that private jets flew over 200,000 miles to transport performers to these concerts. It is further estimated that flying one hour in a Gulfstream jet burns as much fuel as driving your family car for a year. John Buckley of Carbonfootprint.com has calculated that the top five performing acts have an annual output of 2000 tons of carbon. Madonna alone has an annual footprint of 1,018 tons, according to Buckley. This does not include the trucks necessary to transport equipment, the cars to transport the fans or the power needed to stage the shows. Then there is the garbage. Dr. Andrea Collins of Cardiff University estimated that the concert at Wembley Stadium alone produced fifty-nine tons of garbage.

Where were the carbon credits spent? John Nego, environmental director of Live Earth, said, "They have chosen a reforestation and agricultural project in Mozambique." It's doubtful they can plant enough trees to absorb all the carbon issued for that weekend.

While we commend "Live Earth" for raising energy awareness, we do have an energy crisis. Congress has determined that we cannot drill in the Arctic Circle or offshore, and they have made it almost impossible to build new refineries (where most of the gasoline supply problem lies). Then there is the political unrest in energy producing countries; Nigeria is the latest. Add on OPEC and Venezuela holding a gun to our head and the worldwide booming economies of China and India – sucking up every last drop of oil, and it is obvious that we are at the crossroad.

There are options. We have a plentiful supply of coal, but that is not carbon friendly. Bio-fuel is a short-term band-aid approach but not the future. Wind power may work in some sections of the country. Solar power holds more promise and several companies are making advances in that area.

That brings us once again around to nuclear power. Although we only derive 20% of our energy from nuclear power (vs. 80% for France), we have the most operating nuclear reactors (104) of any country on the planet, and the Nuclear Regulatory Commission (NRC) expects orders for as many as twenty-eight over the next two years in this country alone. This has not gone unnoticed by investors as

(CONTINUED ON REVERSE SIDE)

the price of uranium has risen from \$7 a pound in 2001 to \$138 a pound recently. Almost everyone is aware of the radiation dangers of enriched uranium as a result of Three Mile Island and Chernobyl. However, advances have been made concerning safety issues, and new technology has allowed for recycling nuclear waste. Joe Indall, a Santa Fe lawyer for the Uranium Producers of America, estimates that 600 million pounds of uranium lie under the sandy soil of New Mexico. The energy produced by a pellet of enriched uranium the size of a fingertip is equal to that produced by nearly a ton of coal. The “greenies” are even jumping on this train as nuclear power produces zero greenhouse gasses. Japan has even sent geologists to New Mexico to explore the possibilities of uranium mining.

Albert Einstein, though a peaceful person, recognized the energy that could be generated from uranium ($E=mc^2$) and wrote the President of the United States urging him to fund research for the development of the atomic bomb – before Germany or Japan did. He realized that the process that happens in the sun (nuclear fusion) could be replicated on earth with uranium creating a powerful source of energy. How we harness this energy could determine the future of our planet.

Now on to market matters: The bad news continues to circulate on the housing market. Sub-prime defaults on mortgage payments hurt consumer spending as do high gasoline prices. In spite of this, the economy continues to grow as does new job creation. As the housing industry continues to work off the excesses of the past boom, other sectors are picking up the slack, most notably in the service sector. Interest rates are near historic low levels and inflation remains relatively low. The Fed has done a good job keeping the economy moving forward and that trend should continue even as we experience some speed bumps along the way.

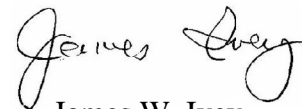
Random thought for July: If you think health care is expensive now, wait until you see what it costs when it's free!

P. J. O'Rourke

Thanks to **Investors Business Daily** for data on Carbon footprints.



Michael L. Dana
Chairman of the Board



James W. Ivey
President

Dana Investment Advisors welcomes any comments to their newsletter and is more than willing to discuss or explain any aspect of the letter. Feel free to call us at 262-782-3631.

If you would prefer to have our newsletter e-mailed, please send your e-mail address to newsletter@danainvestment.com. If you would like to be notified when our portfolio managers will be broadcasting in the media, please send your e-mail address to media@danainvestment.com.