

Boenning Morning Comment

This report is prepared for us by Tower Bridge Advisors

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Stocks rallied with vigor on Friday as the monthly employment report showed fewer job losses than anticipated. It topped a good week for data with strong manufacturing, sales and employment news all week long. Although there are still some economic weak spots (notably in construction), all signs point to a recovery that seems to be sustainable. Over the next several months the impact of Federal stimulus, both monetary and fiscal, should abate. As it does, one would hope the recovery will prove durable. There was nothing in last week's numbers to suggest that won't prove to be the case.

On Friday, I talked a bit about new technology replacing old technology. A new group of leaders is destined to replace the mainstays of yesterday. Last night was the Academy Awards evening. I can't speak for anyone else but last night I really felt like I was watching the extinction of something I have been very fond of all my life. I still like the movies. Indeed, 2009 was a record at the box office with a few surprise hits early in the year and a monumental technical tour du force, Avatar, late in the year. But unlike the Grammy's which have changed significantly as music and the way music is presented have changed over the years, the Academy Awards haven't changed one iota. We still watch glamorous presenters, chosen based on who has a new movie coming out, read stale jokes on the teleprompter before announcing the winners of a bunch of technical awards for everything from costumes to sound editing. Only in the last half hour, long after prime time as ended, do the real winners get announced. Last night's winning movie was seen by less than 0.5% of Americans in the theater. This year, for marketing purposes, 10 movies were nominated. I doubt many who voted saw all ten or even a majority. The Grammy Awards at least acknowledge new musical categories and new modes of presentation (e.g. videos). The Academy Awards, in contrast, still give short subjects prime time attention even though short subjects shown prior to feature presentations have been replaced by ads and previews decades ago. I doubt whether 2% of viewers last night ever heard of any of the short subjects, foreign movies or documentaries mentioned. The reality is that today, Americans get much of their entertainment via short form video on the Internet (think YouTube). More people see videos in art museums than see the short subjects highlighted last night. Either Hollywood will begin to recognize the changing world or the Academy Awards will go the way of Miss America. Why am I discussing this in a stock market letter? Because this whole saga represents something very important. The old can't change fast enough. It cannot adapt. By the time it does change, it will still look antiquated. It isn't just about making Jon Stewart the co-host rather than Steve Martin. It is about changing the entire award structure and the entire presentation. Almost certainly, there are too many legacy issues that will prevent that from happening. The inability to change is why network TV is dying, why Kodak is virtually dead, why Chrysler and GM went bankrupt, and why even tech powerhouses like Dell could die unless they figure out that tomorrow's computer has to fit in your hand, not on your desk.

Look at our business. Think about CNBC, the Wall Street Journal and BusinessWeek. All three are aiming at the same exact audience. That audience needs to be reached 24/7. Speed is important. So is differentiation. You cannot be relevant unless you have something unique to say. You need to be able to say it to me visually, orally and in writing. Each of the three traditionally has come at me from a different direction. CNBC starts from an audio/visual approach. The Wall Street Journal appears at my newsstand early each morning. BusinessWeek tries to give me a deeper more contemplative approach once a week punctuated with enough action oriented ideas and information to keep it relevant. All three have developed web sites. CNBC's logically has the most audio and

media but the Wall Street Journal is catching up. Murdoch knows TV. BusinessWeek lags. Both CNBC and the Wall Street Journal have adapted to smart phones with robust, timely sites. BusinessWeek is trying but it is constantly two steps behind. No video and limited data are available. There is room for two or three robust business sites, not a dozen. BusinessWeek is dying. You can see it in the magazine which is half as thick as it was just a few years ago. Time will tell who the winners will be; at the moment the losers are becoming easier and easier to identify.

Getting back to the markets and the economy, stocks seem poised to make a run at early January highs. For investors, I think it is critical to monitor each stock owned and see how it performs as stocks push up against old highs. The keepers will have improving fundamentals and will be able to set new recovery highs as the markets move up. The companies struggling in our current slow growth economy whose stocks fell to set new recovery highs may be candidates for sale and switch. At the moment, consumer, industrial and tech names seem to be acting the best while financials, utilities and health care names are struggling a bit. Oil prices are near recovery highs but oil stocks are still under pressure. That bears watching.

In the meantime, futures suggest a rather flat opening today.

Mickey Dolenz of the Monkees is 65 today. He was last seen onstage in London in "Hairspray".

James M. Meyer, CFA 610-260-2220

Additional information is available upon request.

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