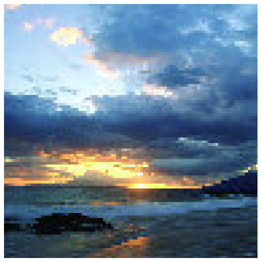
First Quarter 2008

WORKING WEALTH℠ AT SMITH BARNEY

DIALOGUES

FINANCIAL STRATEGIES FOR DISCUSSION℠



Not having a financial plan can be a huge mistake. Having a team of Financial Advisors who can help make sure that what you have spent a lifetime building and saving is, however, wise. Let us show you how to preserve wealth.

Courtesy of:

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2008 Global Equity Outlook:

Robert Buckland: Chief Global Equity Strategist

❑ The Bad News: Downgrades Ahead — The IBES consensus forecasts 12% global earnings growth for 2008. This looks too high, given GDP downgrades and the ongoing credit crunch. Top-down, we forecast 5-6% growth, but that may still be too high.

❑ The Good News: Cheap Valuations — At 16x trailing earnings, the MSCI World PE still looks good value. Over the past 20 years, a PE below 17.5x has never been associated with a lower market 12 months out, even when earnings fall.

❑ Valuations To Win Out — On balance, we think that cheap valuations should win the battle against earnings downgrades. We expect global equities to end 2008 around 10% higher, but it will be a volatile ride.

❑ Regional Strategy — We are Overweight Emerging Markets and Europe ex-UK. We are Underweight U.S. and Developed Asia Pac. We move Japan up to Neutral.

❑ Global Sector Strategy – We are Overweight industrial cyclicals. This gives us continued exposure to the global growth trade. We are generally cautious on the consumer sectors.

❑ Global Preferred List – Our 20 preferred names have a global growth bias: Gazprom (OGZPY-1L), Isbank, Avon Products (AVP-1M), Charles Schwab (SCHW-1M), UnitedHealth (UNH-1L), Marriott (MAR-1M) , Intel (INTC-1M), Banco Itau (ITU-1M), America Movil (AMX-1M), Vodafone (VOD-1M), Siemens (SI-1M), BAT (BTI-1L), Nokia (NOK-1H), Prudential Plc (PUK-1M)., Bharti Airtel, Kookmin Bank (KB-1L), Mizuho Financial (MFG-1H), Nippon Steel (NISTY-1M), Canon (CAJ-1M), and Hoya (HOCPY-1M).

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Healthcare Planning

The Increasing Price Tag for America's Healthcare

Modern medicine has made great advances, giving a child born in the U.S. in 2000 an average life expectancy nearly 30 years longer than one born in 1900.[1] But healthcare has no cure for old age.

Today, more than 36 million Americans are 65 years of age or older, making up approximately 12% of the total population. And by the year 2030, that number could grow to 71 million, a staggering 20% of the population.[1] Yet as this tidal wave of Baby Boomers prepares to enter retirement, both employers and the government are cutting back on low-cost healthcare benefits.

More and more, responsibility for America's healthcare price tag is shifting to individuals and families. Medicare faces constant cost pressures, and some people are concerned that the program may eventually become insolvent. Premiums for employer-sponsored insurance have increased 87% cumulatively from 2000 – 2006, compared to a 20% increase in wages and an 18% increase in overall inflation.[2] In addition, employers are moving to limit the benefits and coverage they will offer to current and future retirees.

The Growing Cost of Healthcare

With maturing Americans living longer, more vital lives, how will they afford the growing cost of healthcare—especially for situations involving long-term care? While various forms of insurance typically cover routine doctor visits and emergency medical situations sufficiently, coverage for ongoing long-term healthcare needs is often limited and restricted. Paying for long-term care needs can quickly deplete even substantial savings.

Many Americans are rightfully concerned, and there are indications that rising healthcare costs are hurting their household finances. Even wealthy individuals view this issue as a major threat to their family's long-term financial well-being. According to a Citigroup Smith Barney Affluent Investor Poll (May 2006), about seven in ten of those surveyed had concerns about being able to pay the cost of long-term care in their retirement years.

Whatever form governmental healthcare financing may take in the future, we will all shoulder some part of the costs. Wise planning now can make a great difference in how financially prepared you will be to handle the medical needs of retirement.

Employer-Sponsored Health Insurance: The First Line of Defense

If you belong to an employer-sponsored healthcare program, regardless of your age or health, keep it! The premiums, deductibles, prescription drug and co-pay charges available through a group health plan are a bargain in comparison to individual health insurance. If you are changing employers, sign up for the new employer's plan as soon as you join the company (generally within the first 30 days). Many large plans will have no limitations on pre-existing conditions, but that may only apply if you sign up immediately upon becoming an employee. If you wait and do not have proof of existing coverage from another source, additional charges or limitations may apply.

The government's COBRA legislation (Consolidated Omnibus Budget Reconciliation Act of 1985) instituted a variety of safeguards for workers and their immediate family members to maintain healthcare coverage if a "qualifying event" occurs. These include death of covered employee; termination or reduction of hours (whether resignation, discharge, layoff, strike or other cause); divorce, which normally terminates an ex-spouse's eligibility; or a dependent child reaching an age or status for which coverage is excluded. In 1996, the government added further healthcare coverage and protections under the Health Insurance Portability and Accountability Act. While these are helpful, they generally place a greater burden of cost upon the individual.

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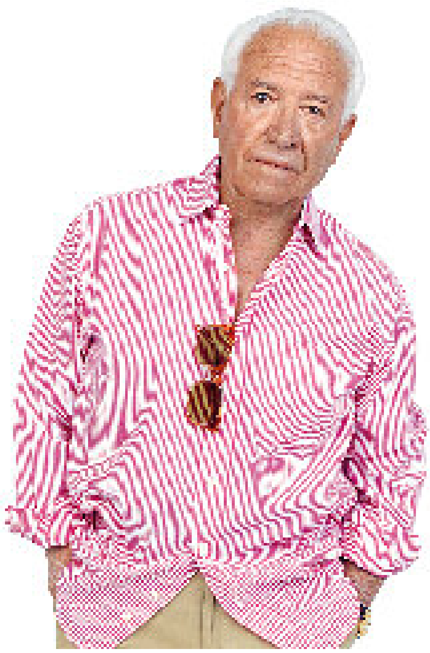

There are significant advantages to HSAs. They are triple tax-favored: annual dollars you are allowed to contribute are deductible on your federal tax return even if you don't itemize; assets in the account can be invested and the earnings grow tax-free; and withdrawals from the account for qualified medical expenses are also tax-free.

Health Savings Accounts: A New Tax-Favored Strategy for Healthcare Savings

If you are currently employed, you might consider a Health Savings Account (HSA). The federal government introduced these accounts in 2004 to help people save for both current and future medical expenses. To qualify, you need to have medical coverage under an HSA-approved high-deductible health plan (HDHP). Check with your employer's benefits department to see if they offer an HDHP alternative, which typically charges lower premiums than the regular group coverage and may, for some, balance out the higher deductible. If not, you can also contact your state insurance department to find insurance companies qualified to sell these plans in your state of residence.

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[1] U.S. Census Bureau. Average life expectancy at birth rose from 47.3 years in 1900 to 76.9 years in 2000.

[2] "Health Care: Squeezing the Middle Class with More Costs and Less Coverage," Testimony before the U.S. House of Representatives Ways and Means Committee, January 31, 2007, Diane Rowland, Sc.D., EVP, Henry J. Kaiser Family Foundation and Executive Director, Kaiser Commission on Medicaid and the Uninsured.

Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;
- lack of liquidity in that there may be no secondary market for the fund and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in the fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- advisor risk.

Market Trends

	Recent 1/31/2008	1 Year Ago **1/31/2007**	% Change	5 Years Ago **1/31/2003**	% Change
DJIA	12,650.40	12,621.70	0.23	8,053.81	57.07
S&P 500	1,378.55	1,438.24	-4.15	855.70	61.10
NYSE Comp	9,126.16	9,254.73	-1.39	4,868.68	87.45
Amex Comp	2,215.31	2,123.71	4.31	820.49	170.00
Nasdaq Comp	2,389.86	2,463.93	-3.01	1,320.91	80.93
Russell 2000	713.30	800.34	-10.88	372.17	91.66
Prime Rate	6.00	8.25		4.25	
Federal Funds Rate	3.50	5.38		1.25	
3-Month Treasury Bill	1.93	5.10		1.17	
10-Year Treasury Note	3.61	4.81		3.96	
30-Year Treasury Bond	4.34	4.91		4.84	
Municipal Bonds[1]	4.29	4.32		4.90	
Corporate Bonds[2]	5.34	5.57		4.84	

Rates here are guidelines to general trends. They do not represent actual transactions or individual securities. These rates have been obtained from sources believed to be reliable.

No guarantees are offered as to accuracy.

[1]20-Year General Obligations A1-Rated (Source: The Bond Buyer)

[2]10-Year Industrial A-Rated (Source: Smith Barney)