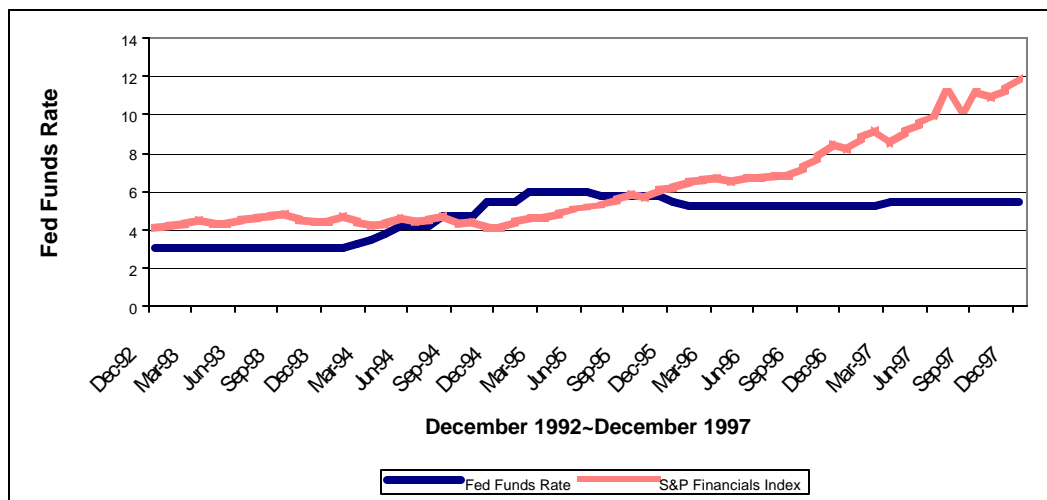


August 22, 2000

- The economy is slowing and the Federal Reserve's work is almost complete. The current period is analogous to late 1994 when value stocks began to turn higher within several months of the last required interest rate hike. In fact, the financial stocks began an almost 200% climb over three years approximately six months before the Federal Reserve finished raising rates. I believe that the current valuation of the group and economic backdrop will create a similar multi-year opportunity. As a result, we have a current weighting of 80% in financial stocks.



- The speculative bubble has been drowning instead of creating the damage of a sudden pop. Rises followed by deeper declines in concept driven growth stocks is slowly reestablishing a more appropriate underpinning for security selection. The return of cash driven mergers, arbitrage, and a reversal in investor money flows all bode well for a better environment for rational investing.

From a macro standpoint, the U.S. economy should continue to grow at a healthy rate. Inflation will remain subdued as a result of technology induced productivity gains and the discrediting of dot.com mania. Finally, the median public business trades at only 13.5 times earnings which augers well for an opportunity to generate return from both earnings growth and multiple expansions.

From a bottom up micro level the opportunities have stimulated us. Berkshire Hathaway, our signature core holding, has recently begun a recovery in price that should guide it closer to its intrinsic value that we believe is in excess of \$90,000 per A share and \$3,000 per B share. A rational, honest, long-term approach to capital allocation

creates a high probability for wealth creation. Berkshire's core insurance operations, General Re and Geico continue to become increasingly valuable assets. Public equity holdings such as Wells Fargo and American Express continue to enhance their profitability and share price. Coke is on the upswing under new leadership and Gillette has a valuable shaving franchise that has been encumbering by ancillary under performing business units. Warren Buffett still has the hunger and his genius still has several more innings to play out.

I believe that this is the time to commit new capital to value oriented securities. I have done so not only with my own family's funds but have also initiated significant new investments for the development of AAM.

In mid-August we relocated to our new 2,600 square foot facility in Princeton. A separate mailing will follow on this exciting initiative. The firm has made a meaningful investment in new technology that we will continue to roll out through 2000. I encourage you to visit www.alterasset.com with increasing frequency as we work to create a world-class financial hub over the next eighteen months.

We will also be adding additional intellectual capital to the organization in the coming months while continuing to advance the skill sets of our core team members. I am pleased to announce that Stephen Shueh and George Andresen have both become Officers of Alter Asset Management, Inc. as Vice-President, Finance and Vice-President, Trading & Operations, respectively. They have both done an outstanding job and worked long hours under challenging market conditions this year. Kelli Renda our Office Manager continues to amaze us with her efficiency and concern for the well being of the staff and our valued clients.

Finally and most importantly, you have made it possible for us to grow and succeed with your support, friendship, and dedication to long-term investment objectives. We've been on a journey together and I know the best is ahead of us in so many ways. A copy of AAM's ADV Part II is available upon request and can be found on our website. I will write to you again before the end of the year as the investment dynamic continues to play out.

AAM's mission is to act as personal CFO and financial concierge for each of our clients. We want to coordinate your estate planning, tax work, and act as business consultants, while assisting you with developing risk management tools. The engine is a concrete financial plan and appropriate asset allocation to achieve your specific objectives. We will continue to invest capital in a tax efficient and risk controlled structure.

We understand that investing requires patience at times so we suggest utilization of the patience prayer "Lord Give Me Patience and I want it now"!

Thank you again for all that you have meant to Alter Asset Management, Inc. and the entire Alter Family. Good health and happiness until we speak again soon.

Best Regards,

Howard

“ It requires a great deal of boldness and a great deal of caution to make a great fortune, and when you have got it, it requires ten times as much wit to keep it.”

-Ralph Waldo Emerson-