Your Personal Money Manager
Pearson Capital, Inc.

INVESTMENT LETTER
Published Monthly Since 1982

www.pearsoncapitalinc.com

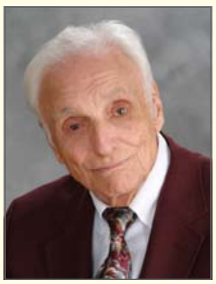
January 2008

FEATURED STOCKS

Air Methods	Flotek Industries
America Movil	MEMC Electronic
American Oriental	Research In Motion
Atrion Corp	Vasco Data

GROWTH & INCOME

Southern Copper	Metal/Mining (ETF)


Walter D. Pearson
Chairman


Donald E. Pearson
President


Sandra Alberti
Publishing President

Investment Letters are complimentary to our clients with managed accounts!

CHARTING THE COURSE FOR 2008

By Donald Pearson

At the end of every year most people take a few moments to review how the year's events have affected them personally. As this analogy is being done, one quickly realizes that what's even more valuable is where they believe they are headed. This is usually the time when New Year's resolutions are made. As an advisory service provider, we also scrutinize ourselves at year-end, reviewing our decisions and looking for changes and opportunities, too. Although this is an ongoing event throughout the year, we also pause and look back, believing this year-ending data can help us as we plan for the year ahead.

As our group sat together in November and December, we continued analyzing where we've been, and what we need to do to have our portfolios ready for the upcoming year. I'm not surprised to say that we found our restructuring plan to be working as planned, needing few changes. At some time in the future the home builders and the financials will again look very attractive, but we're all in agreement, it is not today, and probably will not be in the first or second quarter of 2008. We believe the course we are currently charting is the right one, and will remain so for the foreseeable future. Growth is coming from outside of the US, and this appears to be something that may even increase as time goes on. Most portfolios have solid representation with holdings from China, India, Canada, Australia, South America, Singapore, Latin America and many other countries.

This past year volatility has increased a great deal, but once you've learned to accept this, it's really business as usual. A good example is the fluctuation of 200 points in either direction on any given day with the Dow, or a similar percentage move of the NASDAQ or the S&P. Even with these monumental swings, at week's end the results are about where expected. Today the Internet and cell phones deliver news faster than ever, and people's perception of it drives the market up and down rapidly. In most cases the index, the company, or the country hasn't changed from the day before, simply the stock price. In a retail market one would reference this as a sale.

A good example of this would be with FXI, one of our top holdings as an ETF of China, and held by almost every portfolio. FXI began the year trading at $111 and climbed to a high of $215. Today at year end it will close around $170. We believe less important is the fluctuation, and more important is the projected growth. If this sustains the same type of volatility in 2008 and finishes the year well above $250, as we believe it will, we need only adjust our mindset to this type of volatility. Day traders and short sellers had this type of impact and the market has adjusted. What's important now, and will continue to be one's formula for success, is selecting companies with solid strong earnings growth, and sound fundamentals. Couple this where the management shows commitment through stock purchases and strong leadership, and a five-year growth projection above the current and future P/E, and you're on the right course.

As we watch inflation continue to climb at six percent or more annually, one quickly realizes we've got to place a portion of our assets into a growth portfolio that will continue to outperform and win the battle of protecting and growing our individual wealth. Maintaining a lower return, no risk investment today is really a guaranteed looser. With our portfolios sustaining a strong presence internationally, we believe we're positioned properly to meet this challenge. What's most important is we'll be on the watch to make whatever changes are necessary in the year ahead to remain committed to our objectives.

Change! Change! Change!

Well! Here we go again. Changes are taking place, and, as investors, it is our strict duty to keep up with these changes and do our best to keep our portfolios lined up in the direction that will do us the most good. I would imagine that by now each of us is aware of the buyout extravaganza that is currently going on in this country. From what information I have been able to gather, I have come to the conclusion that the reason behind all of this is that people in foreign countries now have more income and our people have less. With all of this excess cash in the pockets of foreigners, buyouts have come into vogue.

If you can't quite understand all of this, I will quote a few figures from one of the papers that I recently read. IBM employs 355,766 people worldwide, but only 127,000 in the USA. The number of the corporation's employees in India grew by 16,000 in just the past year, from approximately 36,000 to 52,000. On a percentage basis, that figures to a growth in India of almost 50 percent in a single year.

The domestic auto industry, for so long one of the enduring symbols of American economic might, continues to decline. In 2006, for the first time, China overtook the USA in passenger car production. China produced 5.2 million cars, the USA 4.4 million. Thinking of these figures from an investor's viewpoint, it simply means that superior growth will be coming from countries other than the good old USA. This does not mean that American companies will necessarily falter, but it does mean that we should be looking worldwide for investment opportunities rather than concentrating on the USA as in times past.

Another factor that I think I should again stress is that investing should be done on a long term basis. As the saying goes, there is more than one way to skin a cat. This may be true, but why not do it the best and easiest way. Stocks can be bought, and sold shortly thereafter, and profits can be accumulated—and losses. I have found that long range investing pays off. In 1981 I was giving classes on investing to some of our bridge players. One girl bought the stock I recommended at that time which was called Fed Guar Life. About six months later she told me she had sold it for a good profit. She was quite proud because it had gone down in price after she sold. I told her I still held mine. And, as a long term investor, I still have my stock which is now called ALFA. My original cost was $1876 for 200 shares. I now hold 3200 shares worth about $62,000 and my income has been increased again. I now receive $1500 a year in dividends.

Think about the differences between the long term investor and his counterpart. This girl made a nice profit in a short term. However, after taxes, her net came down a bit. Next, she had to find a place to put the money, and of course there is always the broker's fee, both in and out. Today these fees are minimal but they do count. If you look at it from the long term investor's side, he found a good company, bought it, and sat aside and let those people in charge do the work while he realized his profits. In the case stated above, there is a $60,000 profit tax free unless sold, so why sell? Then too, if you are in the habit of making charitable contributions, stocks like this can be given to charity wherein you will be given full credit for the gift and have no tax to pay on the profit when the charity sells the stock.

From time to time you may find that something has changed with your company. In that case it is important to re-evaluate your company. Just because there is a tax to pay on the profits should not be a primary consideration. Looking at our auto industry might be a good example. If you were a buyer some years ago, you might have substantial profits which would also mean large taxes if sold. However, if you are a student of what is happening to industry in this country, I think you should give strong consideration to a sell.

In the final analysis I recommend BUY for the long haul. Do not sell on news flashes, but check your company out from time to time on earnings, sales, and anything else you feel pertains to the well-being of your company.

By Walter Pearson

Source Rating Key *for **PCI**'s featured stocks*: **Pearson Investment Growth Rating** *measures long-term past and future growth.*
Pearson Value Rating *measures current value in terms of potential for the dollar.* **Investors Business Daily** *measures growth and relative price strength.*
S&P *measures financial quality and growth potential.* **Value Line** *measures timeliness, value and safety.*

Information & data obtained from other sources is believed to be reliable, but its accuracy and completeness can not be guaranteed.

Walter Pearson is the former President of First New England Securities, Co., Inc. and at that time, also managed the Statistical Department.
He is the author of the book, "Investing for the Millions" and Publisher Emeritus for the Pearson Investment Letter.
At this time, Mr. Pearson is Chairman of the Board of Pearson Capital, Inc.
He is a contributing columnist for various publications and is listed in Who's Who in America.

"Remember the Lord your God, for it is He who gives you the ability to produce wealth. Deut. 8:18"

AIR METHODS CORPORATION (AIRM) NASDAQ PRICE: $49.67

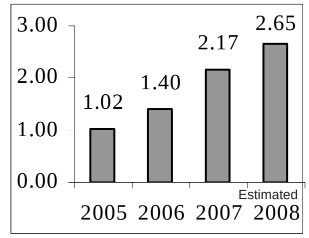
AIRM is a provider of air medical emergency transport services and systems throughout the U.S. AIRM provides air medical emergency transport services under two separate operating models: the Community-Based Model (CBM) and the Hospital-Based Model (HBM). As of 12/31/06, the CBM division provided air medical transportation services in 18 states, while the HBM division provides air medical transportation services to hospitals located in 26 states under operating agreements with original terms ranging from 1 to 10 years. Under both CBM and HBM operations, Air Methods transports persons requiring intensive medical care from either the scene of an accident or general care hospitals to trauma centers or tertiary care centers. AIRM's Products Division designs, manufactures, and installs aircraft medical interiors and other aerospace or medical transport products.

Type: Growth
Sector: Services
Institutional Holdings: 105
Industry: Air Services

Ratings & Recommendations

Current P/E Ratio: **25.8**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **A**
Pearson Growth & Value: **B+**
Morningstar Rating: **N/A**
Standard&Poor Rating: **N/A**
Value Line Rating: **N/A**

Earnings per share



AMERICA MOVIL, S.A.B.DE C.V. (AMX) NYSE PRICE: $61.39

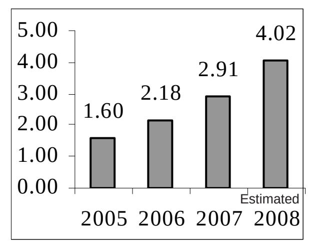
AMX is a provider of wireless communications services in Latin America. As of 12/31/06, it had 124.8 million subscribers in 15 countries. On an equity basis (representing the Company's economic interest in its subsidiaries' subscribers), the Company had 124.4 million subscribers as of 12/31/06. It also had an aggregate of approximately 2.8 million fixed lines in Guatemala, Nicaragua, El Salvador and the Dominican Republic as of 12/31/06. It operates global system for mobile comm. (GSM) networks in all of its principal markets in Latin America, except in Puerto Rico. On 12/01/06, AMX acquired a 100% interest in Verizon Dominicana (renamed Compania Dominicana de Telefonos, C. por A.). On 03/30/07, it acquired control of 100% of Telecomunicaciones de Puerto Rico, Inc. In August 07, AMX acquired Oceanic Digital Jamaica.

Type: Growth
Sector: Technology
Institutional Holdings: 480
Industry: Wireless Comm.

Ratings & Recommendations

Current P/E Ratio: **22.6**
Annual Yield: **3.70%**
Annual Dividend: **$2.23**
Investor's Business Daily: **A**
Pearson Growth & Value: **B-**
Morningstar Rating: **B**
Standard&Poor Rating: **C**
Value Line Rating: **N/R**

Earnings per share



AMERICAN ORIENTAL BIOENGENEERING, INC (AOB) NYSE PRICE: $11.08

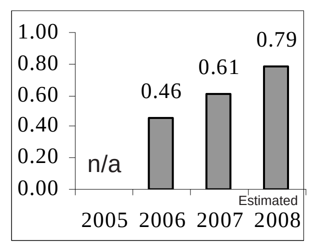
AOB is a pharmaceutical and traditional chinese medicine (TCM) company, which develops, manufactures and commercializes both plant-based pharmaceutical (PBP) and plant-based nutraceutical (PBN) products. The Company's PBP products are approved by the Chinese State Food and Drug Administration (the SFDA) and are sold both as prescriptions and over-the-counter (OTC) medicine. AOB offers over 20 PBP and PBN products in China. In July 2006, AOB acquired Heilongjiang Qitai Pharmaceutical Company Ltd., a pharmaceutical distributor that owns a license to distribute pharmaceutical products in China. In April 2006, the Company acquired Guangxi Lingfeng Pharmaceutical Company Ltd., a pharmaceutical company specializing in gynecological medicine. In September 2007, the Company completed the acquisition of Changchun Xinan Pharmaceutical Group.

Type: Emerging Growth
Sector: Healthcare
Institutional Holdings: 98
Industry: Biotechnology

Ratings & Recommendations

Current P/E Ratio: **19.4**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **B+**
Pearson Growth & Value: **A**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **C**

Earnings per share



ATRION CORPORATION (ATRI) NASDAQ PRICE: $125.00

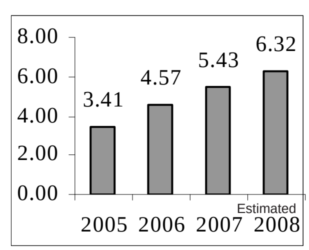
Atrion Corporation (Atrion) designs, develops, manufactures, sells and distributes products and components, primarily for the medical and healthcare industry. The Company's products range from ophthalmology and cardiovascular products to fluid delivery devices. It has a line of non-medical components that are sold for use in aviation and marine safety products. It also owns and maintains a gaseous oxygen pipeline that is small and incidental to the overall operations of the Company. The company was founded in 1944 and is headquartered in Allen, Texas.

Type: Growth
Sector: Healthcare
Institutional Holdings: 20
Industry: Medical Instruments

Ratings & Recommendations

Current P/E Ratio: **17.8**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **A**
Pearson Growth & Value: **B-**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**

Earnings per share



FLOTEK INDUSTRIES, INC (FTK) NASDAQ PRICE: $36.04

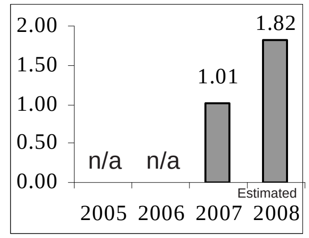
FTK is a global supplier of drilling and production related products and services to the energy and mining industries. Its core focus is oilfield specialty chemicals and logistics, downhole drilling tools and downhole production tools. It offers its products primarily through its sales organizations, as well as through independent distributors and agents. There are three segments that are considered business units offering various products and services. First is the Chemicals and Logistics segment, which offers specialty chemicals for drilling and cementing. Another is the Drilling Products segment, which rents, inspects, manufactures and markets down hole drilling equipment for the oilfield, mining, water-well and industrial drilling sectors. Last is the Artificial Lift segment, which provides pumping system components, gas separators, production valves and services.

Type: Emerging Growth
Sector: Basic Materials
Institutional Holdings: 74
Industry: Specialty Chemicals

Ratings & Recommendations

Current P/E Ratio: **39.7**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **A+**
Pearson Growth & Value: **A-**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **A**

Earnings per share



MEMC ELECTRONIC MATERIALS, INC (WFR) NYSE PRICE: $88.49

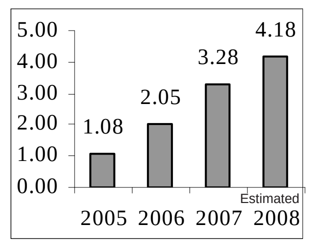
WFR is engaged in the design, manufacture and sale of silicon wafers. The Company provides wafers in sizes ranging from 100 millimeters (four inch) to 300 millimeters (12 inch). It offers wafers in three general categories: prime polished, epitaxial and test/monitor. Depending on market conditions, the Company also sells intermediate products, such as polysilicon, silane gas, partial ingots and scrap wafers to semiconductor device and equipment makers, solar customers, flat panel and other industries. The Company's wafers vary in diameter, surface features, composition, purity levels, crystal properties and electrical properties. These wafers range from 100 millimeter to 300 millimeter in diameter. Its wafers are used as a starting material for the manufacture of various types of semiconductor devices, including microprocessor, memory, logic and power devices.

Type: Growth
Sector: Technology
Institutional Holdings: 551
Industry: Semiconductor

Ratings & Recommendations

Current P/E Ratio: **35.4**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **A+**
Pearson Growth & Value: **B+**
Morningstar Rating: **D**
Standard&Poor Rating: **A**
Value Line Rating: **B**

Earnings per share



RESEARCH IN MOTION LIMITED (RIMM) NASDAQ PRICE: $113.47

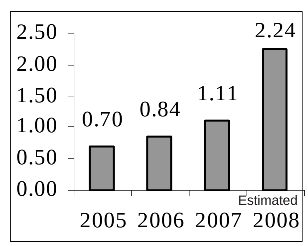
RIMM is a designer, manufacturer and marketer of wireless solutions for the worldwide mobile communications market. Through the development of integrated hardware, software and services that support multiple wireless network standards, RIMM provides platforms and solutions for access to time-sensitive information, including email, phone, short message service (SMS) messaging, Internet and intranet-based applications. RIMM technology also enables an array of third-party developers and manufacturers to enhance their products and services with wireless connectivity to data. The Company's primary revenue stream is generated by the BlackBerry wireless solution. The BlackBerry wireless solution consists of wireless devices, software and services. It can provide users with a wireless extension of their work and personal email accounts.

Type: Growth
Sector: Diversified
Institutional Holdings: 445
Industry: Comm. Services

Ratings & Recommendations

Current P/E Ratio: **60.7**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **A+**
Pearson Growth & Value: **A-**
Morningstar Rating: **D**
Standard&Poor Rating: **C**
Value Line Rating: **N/R**

Earnings per share



VASCO DATA SECURITY INTERNATIONAL, INC (VDSI) NASDAQ PRICE: $27.92

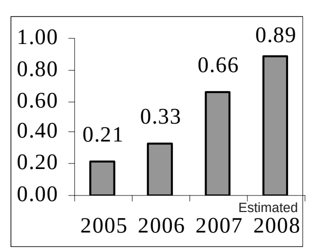
VDSI designs, develops, markets and supports open standards-based hardware and software security systems that manage and secure access to information assets. The Company designs, develops, markets and supports the Strong User Authentication products for e-business and e-commerce. Strong User Authentication is delivered via the Company's hardware and software Digipass security products, called Digipass devices, most of which incorporate an electronic signature capability, guarantee the integrity of electronic transactions and data transmissions. Some of the Digipass units are compliant with the Europay MasterCard Visa standard, and are compatible with MasterCard's and VISA's Chip Authentication Program. During the year ended December 31, 2006, the Company acquired Logico Smart Card Solutions GmbH and Able NV.

Type: Growth
Sector: Technology
Institutional Holdings: 124
Industry: Security Software

Ratings & Recommendations

Current P/E Ratio: **46.8**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Business Daily: **A**
Pearson Growth & Value: **B+**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **C**

Earnings per share



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR

January 2008 - Growth/Income & ETF

SOUTHERN COPPER CORPORATION (PCU) NYSE PRICE: $105.13

PCU is an integrated producer of copper, molybdenum, zinc and silver. All of its mining, smelting and refining facilities are located in Peru and in Mexico, and it conducts exploration activities in those countries and Chile. The Company operates in three segments: Peruvian operations, Mexican open-pit operations and Mexican underground mining operations. Peruvian operations includes the Toquepala and Cuajone mine complexes and the smelting and refining plants, industrial railroad and port facilities, which service both mines. Mexican open-pit operations includes La Caridad and Cananea mine complexes, and the smelting and refining plants and support facilities, which service both mines. The Mexican underground mining operations include five underground mines that produce zinc, copper, silver and gold, a coal and coke mine.

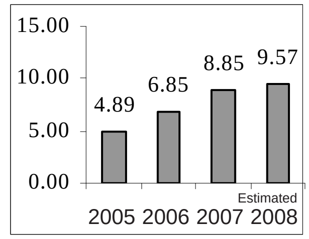
Type: Growth
Sector: Basic Materials

Institutional Holdings: 234
Industry: Copper

Ratings & Recommendations

Current P/E Ratio: **12.1**
Annual Yield: **7.50%**
Annual Dividend: **$8.00**
Investor's Business Daily: **A-**
Pearson Growth & Value: **A**
Morningstar Rating: **A**
Standard&Poor Rating: **N/R**
Value Line Rating: **A**

Performance by %



SPDR S&P METALS AND MINING -ETF (XME) AMEX PRICE: $69.12

The investment seeks to replicate as closely as possible, before expenses, the performance of an index derived from the metals and mining segment of a U.S. total market composite index. The fund uses a passive management strategy designed to track the total return performance of the S&P Metals & Mining Select Industry index. The index represents the metals and mining sub-industry portion of the S&P TMI. As of September 30, 2007, the Metals & Mining index was comprised of 25 stocks.

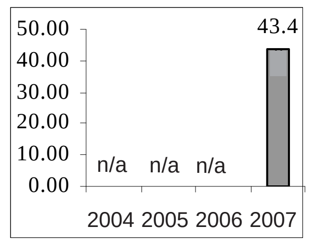
Type: ETF
Category: Medium Blend

Area: Global
Sector: Natural Resources

Ratings & Recommendations

Current P/E Ratio: **16.7**
Annual Yield: **0.52%**
Annual Dividend: **$0.36**
Investor's Business Daily: **N/R**
Pearson Growth & Value: **A**
Morningstar Rating: **N/R**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**

Performance by %



CD BUSTER 2007

ETF Description	Symbol	Yield	Shares	Price/Sh	$ Invested	Current-$	Year End
US-High Yield	DCS	5.32	109	$22.98	$2,504.82	$15.80	$1,722.20
US-Diversified	DVY	3.16	36	$70.73	$2,546.28	$64.49	$2,321.64
Europe-Diversified	EFA	2.13	37	$73.22	$2,709.14	$78.50	$2,904.50
Global-Value	EFV	1.69	34	$72.20	$2,454.80	$71.95	$2,446.30
Australia-Diversified	EWA	2.92	106	$23.50	$2,491.00	$28.82	$3,054.92
Singapore-Diversified	EWS	2.81	223	$11.20	$2,497.60	$13.79	$3,075.17
China-Diversified	FXI	1.28	22	$218.51	$2,451.90	$170.45	$3,749.90
India-Diversified	IIF	0.60	49	$60.50	$2,490.18	$54.89	$2,689.61
Global-Financial	IXG	1.21	28	$92.42	$2,535.40	$79.81	$2,234.68
US-Value	VTV	2.32	34	$71.62	$2,319.82	$66.39	$2,257.26
Total:	-	AVG 2.34%	-	-	$25,000.94	-	$26,456.18

A $25,000 CD returning 5% has a year ending value of $26,250.00.

The same $25,000.94 invested in our CD Buster January 1, 2007 would have a value of $26,706.18 on December 31, 2007 + $1,706.18 = +6.82%

For additional updates go to www.pearsoncapitalinc.com Go to: "CD Buster 07"

DISCLAIMER:
Pearson Capital, Inc. makes no guarantee as to the accuracy or completeness of this data. Information is provided for informational purposes only, and Pearson Capital, Inc. shall not be liable for any errors or omissions, or for any actions taken in reliance thereon.

The 2007 CD Buster portfolio was created for demonstrational purpose from our list of ETF's. The start up prices were taken from the market's closing price on December 29, 2006. This diversified portfolio demonstrates how selected ETF's could outperform the regular bank CD yielding 5.0% annually. This example does includes trading fees and management fees as well as dividends earned. Current performance does not indicate or guarantee future performance. All client portfolios are customized differently, and include individual equities and ETF's to meet their individual growth objectives and goals. There are no guarantees as to the profit of each - some may lose money.

WALL STREET INDEXES

Indexes	2001	2002	2003	2004	2005	2006	2007
S&P 500	(13.3%)	(23.4%)	26.4%	9.0%	3.0%	13.6%	+3.55%
Dow Jones	(7.1%)	(16.8%)	25.3%	3.2%	(0.61%)	16.3%	+6.43%
Nasdaq	(21.1%)	(31.5%)	50.0%	8.6%	1.37%	9.5%	+9.81%
Russell 2000	1.0%	(21.6%)	45.4%	17.0%	3.32%	17.0%	-2.75%
Our CD Buster		8.1%	56.7%	22.8%	(Disputed)	1.8%	+6.82%
CD Annual Average	3.0%	2.3%	1.5%	1.5%	3.5%	5.0%	+5.0%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:

The Federal Reserve, in accordance with the other central banks worldwide, has been flooding the credit market with money in order to keep it afloat. We are now seeing the results of the popping of the credit bubble, as the banking industry is struggling under its own weight of real estate mortgages gone wrong. Financials will react by tightening their own internal rules, while the government is riding in at the last moment to enforce rules that it should have done years ago. Instead of continuing with business as usual, this will prompt a lending slowdown, or an out an out contraction of lending, slowing growth in both America and Europe.

Key Point: *Look for a possible slowdown coming in 2008.*

Earnings Flows:

January is the start of fourth quarter earnings season. We are expecting that some companies in the financial industry will continue to have poor news starting off the new year. However, companies overseas still are doing well, with earnings growth looking very strong in 2008. China will be preparing for the Olympics, so the government intends to show the world that they are a strong economic force. In the retail world, consumer spending was better than thought in November, but companies were still cautious going into December. Fourth quarter earnings will show us if we are truly starting off in a recession.

Key Point: *Overseas companies will continue to look strong.*

Cash Flows:

Cash from overseas is moving back to the United States at the most opportune time. Suffering financial companies are looking for a little help from others this year as their Christmas stockings had a lot of coal in the form of sub prime mortgages. China, Singapore, Dubai, and other cash laden suitors are rushing in to lend a hand. However, that hand has its own price as these new partners are getting a very sweet deal for their support.

Key Point: *Eventually the dollar will rebound instead of heading lower.*

Additional Note:

Many financial managers are stating that this may be a period of stagflation, in which slow growth and higher inflation may appear. This will push a tendency to move from value investing to investing in faster growing companies with expanding earnings.

Pearson Capital, Inc.

P.O. Box 3739
Apollo Beach, Florida 33572
Tel: (813) 641 - 7575
Fax: (813) 641 - 7755
Toll Free: (800) 510-0329
www.pearsoncapitalinc.com

1628 White Arrow Drive
Dover, Florida 33527
Tel: (813) 659 - 2560

Chairman Of The Board
Head Of Investment Research
Walter D. Pearson
E-mail: PearsonCap@aol.com

President
Donald E. Pearson
E-mail: PearsonCapital@aol.com

Stock Analyst
Chris Carothers
PearsonCapital2@yahoo.com

Account Manager
Ann Hathaway
PearsonCapital7@gmail.com

The Pearson Investment Letter
published monthly since 1982

Publishing President
Sandra Alberti
PearsonCapital@aol.com

Editor
Roberta Wilde

Services Provided

Managed Accounts:
Individual - Joint - Custodial
Corporate - Partnership - Trust
IRA's; Roth - Trad - College - SEP
401(k) & 403(b) Rollovers - Transfers

Management fee of 1% annually
for accounts of $25,000 or more
(2% for smaller accounts)

Free consultation
No hidden fees

Privacy Policy

Table of Contents