

Your Personal Money Manager

Pearson

INVESTMENT LETTER

Published Monthly Since 1982
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FEATURED STOCKS - MARCH 2009

Aflac, Inc	Microsoft	TECO Energy
Boston Scientific	Mylan, Inc	
Colgate	Pfizer, Inc	ETF:
Fortune Brands	Wal-Mart	BlackRock



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Chairman



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President



Sandra Alberti
Publishing President

INDEX LINKED CD'S

By Donald Pearson

As market conditions fluctuate and uncertainty continues, we will begin offering Principal Protected Index CD's to our clients who can use them to better diversify their portfolio. In this article I will describe these CD's. Once you have read this, if you feel they are right for you, or you have any questions, please call me as soon as possible, and we can discuss this option for you personally.

Principal Protected Certificates of Deposit have been available for quite some time but recently appear to be getting better with their offerings to the consumer, and for this reason we now will begin utilizing them. Principal Protected means exactly that. Once purchased for the duration of the contract, one cannot lose any of the original investment. These do carry restrictions for those cashing out early and then loss is a possibility, but those remaining for the full term cannot. Different banks and brokerage houses offer these every month. Some are better than others and the terms can differ greatly. It is only just recently that the offerings have become what we believe are acceptable, considering the time commitment one must make.

It should be noted that there are many

index-linked CDs available, and some guarantee your principal, but others do not. A disclosure statement is available with these CD's, and we will provide anyone with the web site where this can be read. If you do not have computer access, we can mail a copy to you.

Last month Suntrust Bank offered CD IDX ZERO 13 MATURITY DATE: 02/15/13. The time of contract is four years, starting 2/16/09 and concluding 2/15/13, and the rate of return has a minimum and maximum. The CD is linked to the performance of the S&P 500 annually. If the S&P has lost value, the holder still receives a 3% increase on their principal. An investment starting with \$100,000 although the market ended negatively would still end at day of settlement with \$103,000. The same assessment is done annually, and if the market goes up, the CD can receive a credit of up to but not exceeding 12% for any one year period. Losses are deducted at full value, and this means if one year the index is down 20%, this is deducted from the accumulative total to date, thus completing contract at face value. The maximum one could receive would be 48% by receiving the CD maximum of 12% annually for four years. This particular

contract is closed now and cannot be bought, but others will continue to appear, and we will research all of them to find the best opportunities.

Another CD contract, nearly as good as the one Suntrust Bank offered last month, is currently being offered now for March. The issuer is Harris N. A. and the term is five years. Anyone wanting to participate has until March 26 before this closes. Startup will begin March 29, and conclude March 31, 2014. Participants are guaranteed no loss of principal in spite of the index performance. The annual return is capped at 11.5%, or 57.5% for the entire period. This is also tied to the performance of the S&P 500.

These index-linked CDs are also FDIC insured up to \$100,000 and in most insurable capacities can be up insured to \$250,000 (including principal and interest). Depositors will not receive any dividends distributed for the securities that make up the index. Early withdrawal will only be permitted in the event of death or the adjudication of incompetence of the owner of the CD. The issuer may also require documentation evidencing this. No interest will be paid in the event of early withdrawal.

There is also a secondary market in which

Continued on page 5

Investment Letters are complimentary to our clients with managed accounts!

SAVING MONEY

Once in a while our Congress will pass a bill that is beneficial to the people in this country. It doesn't happen often, but the important thing is to take every step necessary to reap the benefits. We have been told we can put money into an IRA and invest the money, making profitable trades and paying no taxes. This has been a boon to numerous investors for some period of time, but the problem during this difficult time is profits are very difficult to come by.

There are certain rules governing the issuance of IRA's and some people do not qualify. Consequently, during the good period we just passed, we had people with normal accounts that made money and incurred taxes, and they looked with envy on those covered by an IRA. Today the worm has turned. We are now in a period where we are having more losses than profits. This is the time for those without IRA's to reap the benefits. It may seem to be a negative reaction, but if one moves in the proper manner, one can reap the harvest.

In a very simple operation you can transform that ferocious Internal Revenue Association into a gentle lamb by making it your partner. It works like this: Suppose you bought 100 shares of Afghan for \$50 a share, costing you \$5000. Some time has passed and your \$50 stock is selling at only \$25. Everything looks fine with the company and you are pretty sure it has bottomed out. After thoroughly checking, and finding everything in order, you simply come up with another \$5000 which buys you twice as many shares. You now wait at least 30 days and sell the original 100 shares. You now have a loss of \$2500 which your partner the IRA will share with you. Fair is fair. You can now show sympathy for those holding IRA's because they cannot gain with losses.

Think about it. You once held 100 shares of Afghan but now you hold 200. You have a \$2500 loss but it is being shared by your partner. If you had not taken this action, you would have needed a 100% rise to get even, but now a 50% rise will do the job. The thing to remember is that we are in a very, very difficult period, and most companies will be suffering a downturn in earnings, so it is necessary to keep that in mind. Certain businesses may not feel the recession at all, and some may not get hit that hard, so it is necessary to take that into account.

Bear in mind that many companies went down in price before anything happened. Some stocks have gone from \$50 to \$10, and some even to one dollar. If you can see that your company has been beaten down below any reasonable level, you have an opportunity that you may never have again. It just depends upon the individual circumstances.

I say – The time has come to let the IRS become your partner.

WP

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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"

PEARSON CAPITAL'S RECOMMENDED STOCKS FOR MARCH 2009

www.pearsoncapitalinc.com

AFLAC, INC (AFL) NYSE PRICE: \$16.77

Aflac Incorporated, through its subsidiary, American Family Life Assurance Company of Columbus (Aflac), provides supplemental health and life insurance. The company offers cancer plans, general medical indemnity plans, medical/sickness riders, care plans, living benefit life plans, ordinary life insurance plans, and annuities in Japan. It also offers accident/disability plans, cancer expense plans, short-term disability plans, sickness and hospital indemnity plans, hospital intensive care plans, fixed-benefit dental plans, vision care plans, long-term care plans, and life insurance products in the United States. Aflac Incorporated sells its products through sales associates, independent corporate/individual agencies, and affiliated corporate agencies. The company was founded in 1955 and is headquartered in Columbus, Georgia.

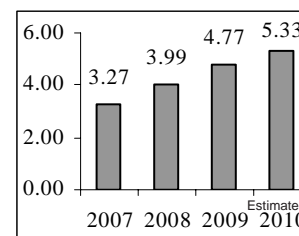
Type: Growth
Sector: Financial

Institutional Holdings: 514
Industry: Insurance

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **6.4**
Annual Yield: **5.90%**
Annual Dividend: **\$1.12**
Investor's Business Daily: **D+**
Pearson Growth & Value: **A-**
Morningstar Rating: **A**
Standard&Poor Rating: **A**
Value Line Rating: **N/R**



BOSTON SCIENTIFIC CORPORATION (BSX) NYSE PRICE: \$7.10

BSX operates as a developer, manufacturer, and marketer of medical devices used in various interventional medical specialties worldwide. The company's cardiovascular group consists of drug-eluting and bare-metal stents, coronary revascularization products, Intraluminal ultrasound imaging catheters and systems, Embolic protection system, peripheral and neurovascular interventions, electrophysiology devices, and cardiac rhythm management devices. Its endosurgery group includes esophageal, gastric, and duodenal intervention products; colorectal, pancreatobiliary, and pulmonary intervention devices; and products for urinary tract intervention and bladder disease, prostate intervention, pelvic floor reconstruction and urinary incontinence, gynecology, and oncology. The company was founded in 1979 and is headquartered in Natick, Massachusetts.

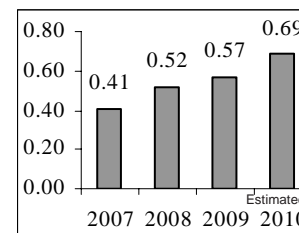
Type: Growth
Sector: Healthcare

Institutional Holdings: 416
Industry: Med. Instruments

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **3.9**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **C+**
Pearson Growth & Value: **B-**
Morningstar Rating: **N/R**
Standard&Poor Rating: **C**
Value Line Rating: **C**



COLGATE-PALMOLIVE COMPANY (CL) NYSE PRICE: \$60.16

CL together with its subsidiaries, engages in the manufacture and marketing of consumer products worldwide. It operates in two segments, Oral, Personal, and Home Care; and Pet Nutrition. The Oral, Personal, and Home Care segment offers toothpaste, toothbrushes, oral rinses, dental floss, and pharmaceutical products for dentists and other oral health professionals; shower gels, shampoos, conditioners, bar soaps, deodorants and antiperspirants, and liquid hand soaps; and dishwashing liquids, household cleaners, oil soaps, and fabric conditioners. The Pet Nutrition segment produces pet nutrition products for dogs and cats. The company's principal trademarks include Colgate, Palmolive, Mennen, Softsoap, Irish Spring, Protex, Sorriso, Kolynos, Elmex, Tom's of Maine, Ajax, Axion, Fabuloso, Soupline, Suavitel, Hill's Science Diet, and Hill's Prescription Diet.

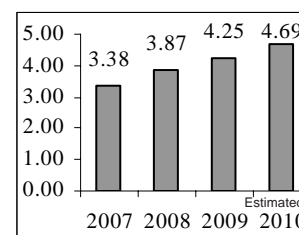
Type: Growth
Sector: Consumer Goods

Institutional Holdings: 604
Industry: Personal Products

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **16.5**
Annual Yield: **2.70%**
Annual Dividend: **\$1.60**
Investor's Business Daily: **B+**
Pearson Growth & Value: **A**
Morningstar Rating: **A**
Standard&Poor Rating: **A**
Value Line Rating: **A**



FORTUNE BRANDS, INC (FO) NYSE PRICE: \$23.75

FO through its subsidiaries, engages in the manufacture, production, and sale of spirits, home and hardware products, and golf products. The company offers various distilled spirits, including bourbon, tequila, Canadian whisky, scotch whisky, and cognacs under the trademarks of Jim Beam, Maker's Mark, Sauza, Canadian Club, Laphroaig, and Courvoisier. It also provides sherries, port, gin, whisky, and bitters under the trademarks of Teacher's, Harveys, Cockburn's, Larios, Whisky NYC, and Kuemmerling. In addition, the company offers custom, semi-custom, stock, and ready-to-assemble cabinetry for the kitchen, bath, and home use under various brand names, including Aristokraft, Omega, Kitchen Craft, Schrock, Diamond, HomeCrest, Decora, and Kemper; faucets, bath furnishings, accessories, parts, and kitchen sinks; fiberglass and steel residential entry doors.

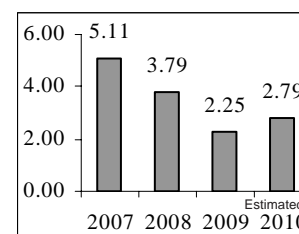
Type: Growth
Sector: Consumer Goods

Institutional Holdings: 299
Industry: Home Furnishings

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **11.5**
Annual Yield: **7.10%**
Annual Dividend: **\$1.76**
Investor's Business Daily: **D+**
Pearson Growth & Value: **B**
Morningstar Rating: **B**
Standard&Poor Rating: **C**
Value Line Rating: **C**



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR MARCH 2009
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MICROSOFT CORPORATION (MSFT) NASDAQ PRICE: \$16.15

MSFT provides software products for computing devices worldwide. Its Client segment offers Windows product family that comprises Windows Vista; Windows XP Professional and Home; Media Center Edition; Tablet PC Edition; and other Windows operating systems. Its Entertainment and Devices Division offers the Xbox video game system, including consoles and accessories, third-party games, games published under the Microsoft brand, and Xbox Live operations. This division also provides Zune digital music and entertainment device; PC software games; online games; Mediaroom, an Internet protocol television software; mobile and embedded device platforms; and Surface computing platform. Microsoft was founded in 1975 and is headquartered in Redmond, Washington.

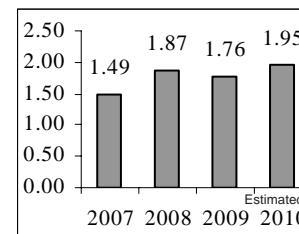
Type: Growth
Sector: Technology

Institutional Holdings: 1246
Industry: Applic. Software

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **8.7**
Annual Yield: **3.20%**
Annual Dividend: **\$0.52**
Investor's Business Daily: **B**
Pearson Growth & Value: **A-**
Morningstar Rating: **A**
Standard&Poor Rating: **C**
Value Line Rating: **C**



MYLAN, INC (MYL) NYSE PRICE: \$12.43

MYL and its subsidiaries engage in the development, manufacture, marketing, licensing, and distribution of generic, brand, and branded generic pharmaceutical products and active pharmaceutical ingredients (APIs). It operates in three segments: Generics, Specialty, and Matrix. The Generics segment offers generic or branded generic pharmaceutical products in tablet, capsule, or transdermal patch form. The Specialty segment provides branded specialty nebulized and injectable products for life-threatening conditions. Its principal products comprise EpiPen, used for the treatment of severe allergies; and Perforomist Inhalation Solution, a long-acting beta2-adrenergic agonist indicated for the maintenance treatment of bronchoconstriction in chronic obstructive pulmonary disease patients.

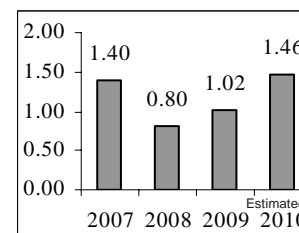
Type: Growth
Sector: Healthcare

Institutional Holdings: 308
Industry: Drugs

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **15.5**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Business Daily: **A+**
Pearson Growth & Value: **B+**
Morningstar Rating: **B**
Standard&Poor Rating: **A**
Value Line Rating: **C**



PFIZER, INC (PFE) NYSE PRICE: \$12.31

PFE engages in the discovery, development, manufacture, and marketing of prescription medicines for humans and animals worldwide. Its Pharmaceutical segment offers Lipitor for elevated cholesterol levels in the blood; Norvasc for hypertension; Caduet for cardiovascular events; Chantix/Champix for smoking cessation; Lyrica for neuropathic pain; Geodon/Zeldox, a psychotropic agent; and Aricept for Alzheimer's disease. It also provides Celebrex for arthritis pain, and inflammation and acute pain; Vfend for esophageal candidiasis and blood stream infections; Zyvox for bacterial infections; and Selzentry/Celsentri for adults infected with only CCR5-tropic HIV-1 detectable. In addition, this segment provides Viagra for erectile dysfunction; Detrol and Toviaz for overactive bladder and Camptosar for metastatic colorectal cancer

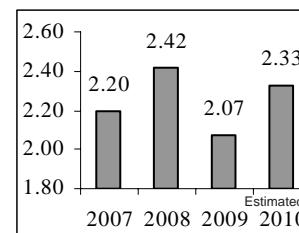
Type: Growth
Sector: Healthcare

Institutional Holdings: 883
Industry: Drug Manufact.

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **10.3**
Annual Yield: **10.10%**
Annual Dividend: **\$1.28**
Investor's Business Daily: **B**
Pearson Growth & Value: **A**
Morningstar Rating: **A**
Standard&Poor Rating: **C**
Value Line Rating: **C**



WAL-MART STORES, INC. (WMT) NYSE PRICE: \$49.24

Wal-Mart Stores, Inc. operates retail stores in various formats worldwide. The company's Wal-Mart Stores segment offers general merchandise, including apparel, shoes, housewares, hardware, electronics, home furnishings, small appliances, automotive accessories, sporting goods, toys, pet food and pet accessories, cellular phones and cellular service plan contracts, cameras and supplies, health and beauty aids, pharmaceuticals, jewelry, and opticals; and grocery merchandise, financial services and products, and photo processing services through supercenters, discount stores, and neighborhood markets in the U.S., as well as through walmart.com. Its Sam's Club segment provides hardgoods, softgoods, institutional-size grocery items, and selected private-label items under the MEMBER'S MARK, BAKERS & CHEFS, and SAM'S CLUB brands.

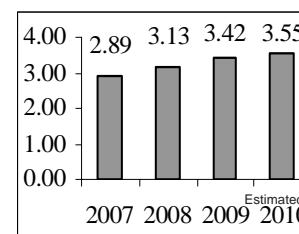
Type: Growth
Sector: Services

Institutional Holdings: 995
Industry: Discount Stores

Ratings & Recommendations

Earnings per share

Current P/E Ratio: **14.5**
Annual Yield: **2.00%**
Annual Dividend: **\$0.95**
Investor's Business Daily: **A**
Pearson Growth & Value: **A**
Morningstar Rating: **B**
Standard&Poor Rating: **A**
Value Line Rating: **B**



PEARSON CAPITAL'S RECOMMENDED ETF'S FOR MARCH 2009
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TECO ENERGY, INC (TE) NYSE PRICE: \$9.59

TE through its subsidiaries, engages in diversified energy-related operations in the U.S. Its activities primarily include generation, purchase, transmission, distribution, and sale of electric energy. TECO provides retail electric services to approximately 668,000 customers in the west central Florida. It also purchases, distributes, and sells natural gas to approximately 334,000 customers, including residential, commercial, industrial, and electric power generation customers in Florida. In addition, TECO Energy owns interests in coal processing and loading facilities, synthetic fuel production facilities, and mineral rights, as well as owns or operates surface and underground mines in eastern KY, TN, and VA; and provides waterborne transportation, storage, and transfer services of coal and other dry-bulk commodities. TECO was founded in 1899 and is headquartered in Tampa, FL.

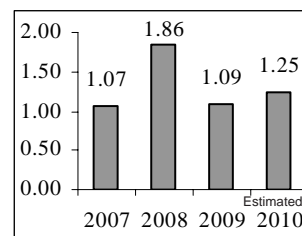
Type: Growth
Sector: Utilities

Institutional Holdings: 271
Industry: Electric Utilities

Ratings & Recommendations

Performance by %

Current P/E Ratio: **12.5**
Annual Yield: **8.40%**
Annual Dividend: **\$0.80**
Investor's Business Daily: **C-**
Pearson Growth & Value: **A-**
Morningstar Rating: **A**
Standard&Poor Rating: **C**
Value Line Rating: **N/R**



BLACKROCK FLORIDA (BAF) NYSE PRICE: \$10.87

BlackRock Florida Insured Municipal Income Trust operates as a nondiversified, closed-end management investment company. It primarily invests in municipal securities. The company's investment portfolio comprises city, county, and state; education; power; transportation; hospitals; water and sewer; tobacco; and housing sectors. BlackRock Advisors, Inc. serves as the investment advisor of the company. BlackRock Florida Insured Municipal Income Trust was organized in 2002 and is based in Wilmington, Delaware.

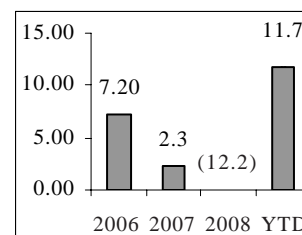
Location: Florida
Category: Financial

Type: Bond Fund
Industry: Close-End-Fund

Ratings & Recommendations

Performance by %

Current P/E Ratio: **N/R**
Annual Yield: **6.50%**
Annual Dividend: **\$0.70**
Investor's Business Daily: **N/R**
Pearson Growth & Value: **A**
Morningstar Rating: **B**
Standard&Poor Rating: **N/R**
Value Line Rating: **N/R**



Naming Beneficiaries

Today might be a good time to review the beneficiaries named on each of your accounts here with us, and on all others you may have. Those accounts designated as IRAs, 401(k)s, and insurance policies are not governed by your will unless you have no named beneficiaries. Because of this, you should have one or more beneficiaries listed on each. Accounts with no beneficiaries will be included in your probate estate and distributed according to your will. Rules vary from state to state.

If a minor is going to be named as beneficiary, this will end up in probate also, as the court must supervise the distribution. Having a lawyer set up a trust with your instructions will prevent this from occurring.

If you wish to add or change beneficiaries on your accounts, most financial firms make forms available online to do this. All that is needed is the person's birth date and sometimes their social security number. You should also ask for confirmation once you have submitted your request. Please contact us if you need assistance with this.

Index Linked CD's--Continued from page 1

these can be sold, and this also will reduce the face value at time of sale.

Federal tax for most US holders, other than those purchasing through a tax advantaged retirement account (such as an IRA), will treat as ordinary income a ratable portion of the original issue discount that accrued during the time the holder held the CD. The issuer is required to provide an assumed payment schedule based upon the comparable yield and solely for tax purposes. The firm has determined that the "comparable yield" is an annual rate of 3% compounded annually.

WALL STREET INDEXES

Indexes	2003	2004	2005	2006	2007	2008	YTD
S&P 500	26.4%	9.0%	3.0%	13.6%	3.6%	(40.0%)	(18.6%)
Dow Jones	25.3%	3.2%	(0.6%)	16.3%	6.4%	(33.4%)	(19.5%)
Nasdaq	50.0%	8.6%	1.4%	9.5%	9.8%	(42.1%)	(12.6%)
Russell 2000	45.4%	17.0%	3.3%	17.0%	(2.8%)	(38.2%)	(22.1%)
Market Average	36.8%	9.4%	1.8%	14.1%	5.6%	(38.4%)	(18.2%)



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows: The Federal Reserve is working with the Treasury Department in its second phase of TARP. Some economists believe that it could take an additional two trillion dollars to bring the U.S. banking system back into balance. At this time, as many as one thousand banks could be in trouble, forcing the new presidential administration to take drastic steps to let some fail, nationalize, or force other banks to buy them.



Key Point: The Government is taking drastic measures to keep the economy going.

Earnings Flows: March is the end of the first quarter's earning season. Companies usually give guidance on the next quarter, but very few have been able to do so. Uncertainty of the near future is moving analysts to lower the rest of the year's earnings expectations. There are a few companies (in health care and drugs) that are continuing to do well though. In the long term, many people expect a turnaround by the middle of next year.

Key Point: Earnings expectations are being lowered for the next quarter.

Cash Flows: Even though earnings are slowing, companies that can produce sustainable cash flow, such as Altria, are able to keep their high dividend and buy back stock. Also, companies like Microsoft and Oracle have no debt and have a large amount of cash on their balance sheets. They will be taking advantage of the current market conditions and going on a buying spree to pick up companies or new technology to enhance their own growing portfolios.

Key Point: Earnings may slide, but many companies are determined to maintain healthy returns.

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