WEBB FINANCIAL GROUP LLC
INVESTMENT ADVISORS

Quarterly Update

July 2005

In the News

The national media considers Webb Financial Group a credible and reliable source for financial expertise on various topics. This section of our newsletter is designed to share with you some brief article summaries of a few publications. For full access to all articles go to www.webbfinancial.com/media.html

Chicago Tribune

"Sun shining on leisure industry…"

May 15, 2005

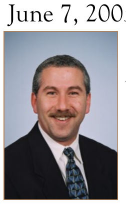
Michael Bischoff

Chief Operating Officer & CFP®, Michael Bischoff, advocates investing in leisure stocks, comparing investments in this sector to a good growth fund. *Full article at http://webbfinancial.com/ChicagoTribune1.pub.pdf*

BusinessWeek

"Multiple Choice in College Savings"

June 7, 2005



Gary Webb

Chief Executive Officer & RFC, Gary Webb, uncovers some tips in picking a college savings plan that's best for you. *Full article at http://webbfinancial.com/BusinessWeek2.pub.pdf*

NEW YORK'S HOMETOWN CONNECTION WWW.NYDAILYNEWS.COM

DAILY NEWS

"Meeting Retirement Needs"

June 24, 2005

Chairman & CFP®, Jerry Webb, explains that with life expectancy rising most people need to plan their finances to last them 25 years. *Full article at http://webbfinancial.com/NYDailyNews1.pub.pdf*

Jerry Webb's Market Commentary

The Coming of a New Age

The stock market has been held captive for many months now. The S&P500 closed out the first half of the year down 1.7%. Here we are halfway through the year and, once again, the markets have been treading water, stuck in a narrow range. This is very similar to 2004, when the entire return for 2004 occurred in the last 70 days of the year.

***An interesting Market Mystery:* Market data going back to 1900 show that most gains in the stock market have come in the second half of every decade. However, it is impossible to predict whether this cycle will continue further into the 21st century. Remember that past performance cannot guarantee future results.**

"The fact is we are in the early stages of another age of capital."

\- Jerry Webb

The fact is we are in the early stages of another "age of capital." Of the mature economies, only the United States offers the prospects of consistent growth. The general picture is crystal clear: The gap between how companies are doing and how national economies are doing will remain large. While there likely will be a relative slowdown in earnings growth this year compared to last year, we do not see that gap narrowing nearly as much as Wall Street expects. In short, the Wall Street consensus is that something has to give, and that it will be corporate profits. We disagree.

Despite higher oil prices, we think the economy will hold up well and stocks should rebound. Our assumption is that any downdraft in equities will be temporary. The economy is not as dependent on oil as it was two or three decades ago.

One strategist recently expressed surprise that higher oil prices had not yet led to a sharp contraction of consumer spending. One reason it did not (which should have been obvious) is that energy expenditures as a percentage of household spending are about 5% today as opposed to nearly 9% in the 1980s. Consumer spending is still running at about 3.5% growth for 2005.

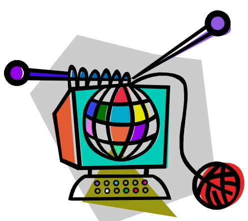
As Mark Twain might have said, news of the consumers' demise is greatly exaggerated. The second quarter of 2005, consumers held $5.1 trillion in cash savings. Including real estate assets, total consumer net worth is approximately $49 trillion. Wages and salaries continue to rise.

For the Fed, the goal is to bring the Fed funds rate to neutral without bringing the economy into recession. The Fed is close to finishing the tightening cycle. Mr. Greenspan remarked that a national housing bubble does not exist. While the markets zig and zag to the steady stream of data, the Fed will look for trends and a single month

(Jerry continued on page 2)

ANNOUNCEMENTS

- We are proud to say we have a new Marketing Coordinator — Isaac Forstner. He will be graduating next year from the University of Minnesota with a Marketing and Supply Chain Management degree.
- Check out our new *interactive* website at www.webbfinancial.com
  New features include:
  - Financial calculators
  - Online account access
  - Updated market quotes
  - Media page



REMINDER

- **Client Appreciation Day!**
  Twins Game — Aug 21st
  Reserve your 2 free tickets today!

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Portfolio Managers:

Jerry Webb, *CFP® & Chairman*

Michael Bischoff, *CFP® & COO*

Gary Webb, *RFC & CEO*

Staff:

Michelle Ganske, *Administrative Assistant*

Crystal Holmen, *SPHR, Office Administrator*

Andrea Smith, *Office Assistant*

Isaac Forstner, *Marketing Coordinator*

Wells Fargo Plaza
7900 Xerxes Avenue South, Suite 1920
Bloomington, MN 55431

Phone: 952-837-3200
Toll Free: 800-927-9322
Fax: 952-837-0011
E-mail: info@webbfinancial.com
www.webbfinancial.com

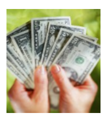
(Jerry continued from page 1)

does not make a trend. The Fed made it clear: The current level of short-term rates is "too low to be consistent with sustainable growth and stable prices in the long run." In other words, rates are headed higher, but only the data will determine how much. The tug-of-war continues as the market stays on Fed watch and the Fed stays on inflation watch. Chairman Greenspan appears determined to leave his successor a neutral monetary policy — not too hot and not too cold but just right.

Even though the first half of the year was rockier than the past few earnings periods have been, the trend is clearly one of profit growth that is significantly stronger than either wage growth or GDP growth. We see little to alter this trend in the coming years. It's about time to break out of the trading range and I expect a strong finish to 2005. Welcome to the new age of capital. *Enjoy your summer!*

Sincerely,

Jerry Webb, CFP®
Chairman



MoneyTalk

Alternative Investments

By Michael Bischoff

Today's market place has too many investments to count, including hedge funds, REIT's, I-shares, and many more. Let me tell you about a product I think is worth looking into for the conservative investor, the Equity Index Annuity (EIA). The concept of the EIA is very simple: you have the opportunity to capitalize on market growth with no downside risk. You can't lose! Three main features of an EIA are Safety, Growth and Control.

Safety: The principal is never subject to market risk. A down turn in the market cannot have a negative impact on your account value - guaranteed. You lock in any annual gains automatically. Once gains are credited, they can never be lost due to market volatility.

Growth: EIA's let you benefit from the good market years. Without investing directly in the market you can profit from tax-deferred growth. Selections can be made from different market indexes to determine annual gain, but you may be subject to an annual cap. Caps will vary per product ranging between 5% to over 30+% per year.

Control: Allocations can be changed each year at the policy anniversary date between market indexes or a fixed interest account. Take your money and walk away or receive a guaranteed income for life after the surrender period is complete. Withdrawals up to 10% of principle can be made annually without penalty. Required minimum distributions may be taken from tax-qualified plans including IRA's.

The EIA is not an appropriate product for everybody nor for your entire investment portfolio. Let's see if an EIA is right for you:

- Do you worry about your financial future?
- Are you fairly conservative?
- Do you have CD's earning a low interest rate?
- Do you want to defer paying taxes on your gains?
- Does market volatility keep you up at night?

If you answered yes to any of the questions, an EIA might be a great fit for your portfolio.

Please contact your advisor for additional details regarding your account and the Equity Index Annuity.