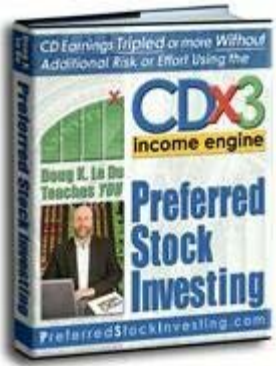


JANUARY 2007 CDx3 HIGHLIGHTS



I'll pay you to buy **Preferred Stock Investing**...see the Special Announcement section below. This month's Question Of The Month shows you how to actually use an online trading account to buy a CDx3 Preferred Stock. The quarterly Target Sell Date for the following CDx3 Preferred Stocks arrived last month (the company with the **bold** company name is featured in this month's CDx3 Company Spotlight below). Let **Preferred Stock Investing** teach you how to get these kind of results at "CD-like" risk:

CDx3 Preferred Stock Name	Target Sell Date ¹	Target Sell Price ¹	Actual Sell Price	Days Held	Effective Annual Return ²	CD Rate (APY) ³	CDx3 Factor
Bank of America, Series C	January 29, 2007	\$25.43	\$26.41	186	15.71%	4.5%	3.49x
HRP Properties, Series C	January 29, 2007	\$25.89	\$26.17	360	10.59%	4.65%	2.28x

Note 1: As determined several months in advance by the CDx3 Income Engine investment method described in **Preferred Stock Investing**.
 Note 2: What is the formula for calculating the effective annual rate of return for a CDx3 Preferred Stock? See Free Offer below.
 Note 3: Closest maturity to Days Held; \$10,000 CD. Multi-institution average annual percentage yield at IPO date. Source: bankrate.com

(To view this CDx3 Newsletter as a PDF document with graphics, click here: http://www.PreferredStockInvesting.com/newsletters/2007_feb.pdf).

CDx3 QUESTION OF THE MONTH

To see the entire CDx3 Frequently Asked Question (FAQ) library, click here: <http://www.PreferredStockInvesting.com/faq.htm>.

Question:

From RS at Yahoo: The CDx3 Income Engine provides two streams of income - fixed quarterly dividends plus the capital gain income (that I realize when I sell a CDx3 Preferred Stock). To maximize the capital gain, **Preferred Stock Investing** teaches me how to purchase CDx3 Preferred Stocks when they are first introduced to get the best price (while they are still trading on the "Over-The-Counter Stock Exchange" during the first 2-3 weeks of trading), about \$25 per share. How do I use an online trading account to purchase CDx3 Preferred Stocks while they are trading on the OTC exchange?

Answer:

When a company issues a new CDx3 Preferred Stock, it submits an application for trading to a major stock exchange (usually the New York Stock Exchange - NYSE). During the 2-3 week approval process, the CDx3 Preferred Stock trades on what is called the "Over-The-Counter Stock Exchange" (OTC) at what is generally a substantially discounted price (for two specific reasons that I explain in **Preferred Stock Investing**). Buying at a lower price, of course, increases your stream of capital gain income (your profit) when the time comes to sell. CDx3 Investors can wait for 2-3 weeks until the CDx3 Preferred Stock is trading on the NYSE, but the price is generally higher by then. Buying it in the early going while it is still trading on the OTC Stock Exchange generally results in a more favorable price.

Using an online trading account to purchase a CDx3 Preferred Stock while it is trading on the OTC Stock Exchange is simple. You enter (1) the number of shares you want to purchase, and (2) the OTC trading symbol of the CDx3 Preferred Stock you're buying, and (3) the maximum price you are willing to pay (per share). That's it. Your broker's system will route your OTC "buy order" automatically. Here's what it looks like when purchasing 10 shares of a CDx3 Preferred Stock from Public Storage, Inc. (OTC symbol PSAGK) for \$25.00 per share, using an online trading account at TD Ameritrade:

What's going on behind the scenes? Your OTC buy order goes to what is called a "Market Maker." The Market Maker actually finds a seller and processes your transaction for you. There are a dozen or so Market Makers that the big brokerage firms use to process OTC buy orders. Since different Market Makers handle different stocks, the brokerage firms need to have contracts with several Market Makers in order to cover the new issues as they are introduced (the CDx3 Special Report "Trading Over-The-Counter" provides a detailed discussion of the internal mechanics of the OTC Stock Exchange).

Not all online brokerages have contracts with all of the Market Makers. For this reason, some brokers are able to process a wider variety of OTC trades than other brokers. While researching **Preferred Stock Investing**, I had the opportunity to evaluate several online brokerage services and I found that TD Ameritrade (www.tdameritrade.com) appears to have a contract with all, or nearly all, of the Market Makers, while the other online brokerage firms that I looked at seemed more limited. For this reason, it is very, very rare that a CDx3 Preferred Stock is issued that you cannot purchase using a TD Ameritrade online trading account.

If you already have an online brokerage account, and it is not with TD Ameritrade, this is not a huge issue that you need to be concerned about; the other online brokerage firms that I looked at were still pretty good. If, however, you currently do not have an online account, and you don't have a particular preference, TD Ameritrade appears to have the best coverage for OTC preferred stock purchases.



LOOK INSIDE: Take a look at page 13-4 of **Preferred Stock Investing** where I discuss opening an online trading account: <http://www.PreferredStockInvesting.com/newsletters/page13x4.pdf>.

Thanks to RS at Yahoo for the great question. You will receive a complementary copy of the CDx3 Special Report "Dividend Accounting."

If you have a question regarding the CDx3 Income Engine, just send an email message to FAQ@PreferredStockInvesting.com or visit the Preferred Stock Investing **Google** Group (<http://groups.google.com/group/preferred-stock-investing>), join the group (using an anonymous nick name) and post your question there for others to see.

SPECIAL ANNOUNCEMENT



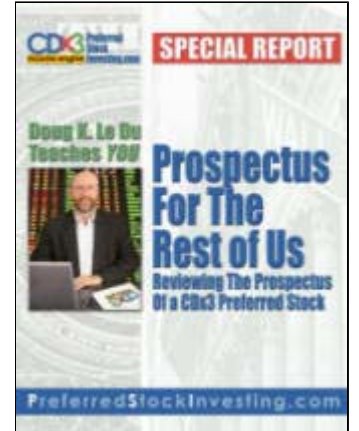
Feeling lucky? I have a spectacular offer to tell you about. I have, just now before I clicked the send button on this CDx3 Newsletter, put **ONE** copy of **Preferred Stock Investing** on eBay and it's up for auction right now **FOR THE NEXT 7 DAYS** only !!!

For an audio tutorial on how to place a bid on eBay, click here: <http://pages.ebay.com/education/howtobuy/index.html>.

Now here's the deal: By clicking on the eBay logo seen at left (or going to www.ebay.com and searching for "preferred stock investing"), you will go directly to the eBay web page where you can submit a bid for **Preferred Stock Investing**. The minimum bid is **\$8.95** (my 190-page eBook is regularly priced at a competitive \$49.95)!!! I will email **Preferred Stock Investing** to the winning bidder (PDF format). You can read **Preferred Stock Investing** on your computer screen or print it out to read on paper - it's up to you.

Plus, for the winning bidder, I will also include the CDx3 Special Report "*Prospectus For The Rest Of Us*", regularly priced at \$12.95. This CDx3 Special Report teaches you how to review the prospectus of a CDx3 Preferred Stock without getting bogged down in the legalese that tends to make people avoid reviewing these important documents.

So, the winning bidder gets **Preferred Stock Investing** plus *Prospectus For The Rest Of Us*, a combined value of **\$62.90**. The minimum bid is \$8.95 - what a deal!!



But wait. There's more: If you are the winning bidder, and you open a new online trading account with TD Ameritrade (non-IRA, \$2,000 minimum opening deposit) within 45 days of receiving **Preferred Stock Investing** from me, **I will send you a \$30 Shell Gift Card**, good for Shell gasoline and store goodies at any U.S. Shell gas station (TD Ameritrade is running a promotion that allows this to work and I'm sharing it with you)*.

Opening an online trading account with TD Ameritrade is free.

So, you can bid up to \$29.99 and, if you're the winning bidder, actually come out ahead on this deal!! It's like I'm paying you to buy **Preferred Stock Investing**. Plus, you'll have everything you need to get started with building your own CDx3 Portfolio. Now that's a *great deal*.

Feeling lucky? Just click on the eBay logo above, then click on the "Place Bid" button and follow the instructions. Unsuccessful bidders remain anonymous to me. Good luck!!!

CDx3 COMPANY SPOTLIGHT

Who are these companies that issue CDx3 Preferred Stocks?

At the end of last month's CDx3 Newsletter, I asked you to keep an eye on a CDx3 Preferred Stock from Bank of America on January 29, 2007 - just for fun. So B of A is the company in this month's CDx3 Company Spotlight.



Bank of America (NYSE: BAC, www.bankofamerica.com) is a \$240 billion financial services company that provides banking and non-banking financial services and products in the United States and internationally. It primarily operates in three segments: Global Consumer and Small Business Banking, Global Corporate and Investment Banking and Global Wealth and Investment Management. Bank of America operates about 5,900 retail banking centers and approximately 17,000 ATMs. The company was founded in 1874 and is headquartered in Charlotte, North Carolina.



The latest challenge facing this icon of American finance? Liam McGee, President of the Bank's Global Consumer & Small Business Banking segment, put it this way at the Bank Administration Institute's Retail Delivery Conference in Las Vegas:

"The world is changing fast. We are challenged to satisfy the fundamental needs of an aging America on one hand, and the quicksilver demands of an increasingly diverse, totally wired generation on the other." November 15, 2006.

In July 2006, Bank of America introduced its Series C CDx3 Preferred Stock (trading symbol: BAC-C), paying an annual dividend rate of 6.875%. At the time, 6-month CDs from your local bank were paying an annual interest rate of about 4.5%. CDx3 Investors,

however, chose to purchase BAC-C for about \$25 per share.

The CDx3 Income Engine, described in **Preferred Stock Investing**, set the Target Sell Price for BAC-C at **\$25.43**. This is the market price that CDx3 Investors would be looking to sell BAC-C for on January 29, 2007 (the Target Sell Date) - about 6 months later.

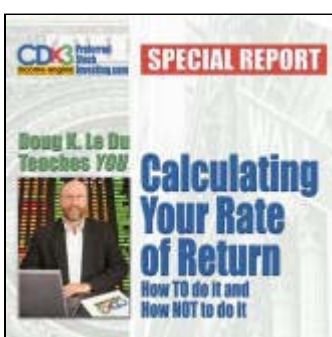
On January 29, 2007, the market price of BAC-C was **\$26.41**.

As with 96% of the CDx3 Preferred Stocks issued since January 2001, the market price of BAC-C exceeded the price that CDx3 Investors were looking for on the exact date that the CDx3 Income Engine said that it should. All you have to do is, on that date, look up the market price. That's all there is to it.

Actual Results: CDx3 Investors owned BAC-C for a total of 186 days (about 6 months) and earned \$1.41 per share in capital gain income (profit) plus \$0.43 per share in dividend income that Bank of America paid on November 2, 2006, plus \$0.03 per share in extra dividend income since the dividend quarter was 7 days longer than usual, for a total income of \$1.87 per share (that CD would have generated about \$0.56 on the same \$25 investment). The effective annual return realized by CDx3 Investors for this 6-month investment was **15.71%**, which is over triple (3.49x) what that 6-month CD would have paid you.

LOOK INSIDE: Page 9-2 of **Preferred Stock Investing** presents a table that compares the actual annual return that you would have made as a CDx3 Investor versus bank CDs being offered at the same time. Click here to look inside **Preferred Stock Investing**: <http://www.PreferredStockInvesting.com/pdfs/page9x2.pdf>

FREE OFFER



As a recipient of this monthly CDx3 Newsletter, you are entitled to a FREE copy of the CDx3 Special Report titled "*Calculating Your Rate Of Return*."

This CDx3 Special Report shows you how to correctly calculate your effective annual rate of return on this type of investment, complete with the Microsoft Excel cell functions - **FREE**.

See **three sample pages** from this CDx3 Special Report by clicking here: http://www.PreferredStockInvesting.com/pdfs/samplespecrpt_calcrateofreturn.pdf.

To download your FREE copy, just click on the following email address (or just send an email message to): CDx3MonthlyResults@PreferredStockInvesting.com. No need to type anything in the body of the message, just click the

Send button. You will receive an auto-reply with download instructions for your free CDx3 Special Report.

To see the entire collection of useful and educational CDx3 Special Reports, including links to sample pages from each one, click here:
http://www.PreferredStockInvesting.com/spec_reports.htm.

WHAT TO LOOK FOR NEXT MONTH

Preferred Stock Investing explains how to calculate the Target Sell Price of a CDx3 Preferred Stock and the exact date that the Target Sell Price is most likely to occur each quarter. The CDx3 Income Engine has been right 96% of the time since January 2001.

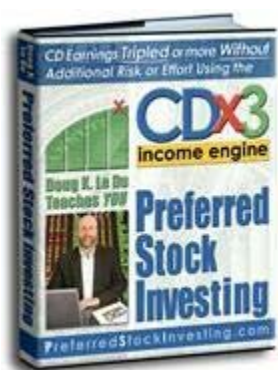
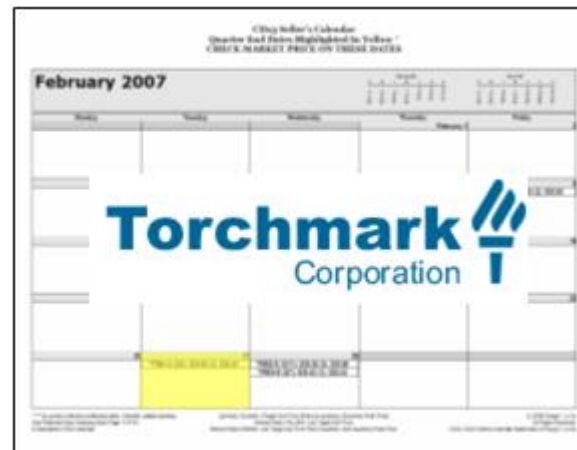
Next Month's Sneak Peek: Last June, CDx3 Investors purchased a CDx3 Preferred Stock introduced by Torchmark Corporation (trading symbol: TMK-A) for about \$25 per share. On **February 27, 2007** (the Target Sell Date for this quarter), CDx3 Investors who did not sell TMK-A last November will be looking for the market price to be at, or above, its Target Sell Price of **\$25.89**.

How can you check the current market price of this Torchmark Corporation CDx3 Preferred Stock during February for yourself? Click here:

<http://www.marketwatch.com/tools/quotes/quotes.asp?symb=tmkpra>

Or put a note on your calendar on February 27, 2007 to come back to this email and click on the above link to see the market price. If it is greater than \$25.89, CDx3 Investors will consider selling it; otherwise, they'll just cash the great quarterly dividend check from Torchmark (TMK-A pays 7.1%).

Remember, I'm not a stock broker; I'm not trying to sell preferred stocks to you; I'm not a financial advisor; and I don't sell investment advice. I'm an investment researcher with a data analysis and statistics background who has developed a simple way to earn a respectable return at "CD-like" risk. And I've written it down in **Preferred Stock Investing**. I'm hopeful that you find these monthly CDx3 Newsletters interesting, and will consider learning more by purchasing my 190-page eBook, **Preferred Stock Investing**.



Please take a look at <http://www.PreferredStockInvesting.com>. **Preferred Stock Investing** is available for download right now - no shipping costs, no handling fees, no sales tax, no delays. You can print it out and read it on paper or you can read it on your computer screen - it's up to you. And don't forget to try your luck by submitting a bid at eBay.

Know someone who might be interested in simple, low-risk investing for non-experts? Have them send an email message to CDx3MonthlyResults@PreferredStockInvesting.com and they will automatically begin receiving this monthly CDx3 Newsletter next month (plus a CDx3 Special Report) - all FREE. Then they can make up their own mind.

Many Happy Returns,
Doug K. Le Du

P.S.: If you do not want to receive news regarding **Preferred Stock Investing**, just send an email message to OptOut@PreferredStockInvesting.com and you will be automatically removed from my address list. Best wishes to you.

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