

Preferred Stocks

July 23, 2007

S&P 500: 1541.57



High Yield Preferred **	<u>Industry</u>	<u>S&P/Moodys Rating</u>	<u>Call Date</u>	<u>Current Price</u>	<u>Yield to Call</u>	<u>Yield to Maturity</u>	<u>Current Yield</u>
DuPont \$4.50 Preferred (DDprB) 7/7/37 *	Chemical	BBB+/NA	NA*	\$79.50	NA*	5.68%	5.7%
Georgia Power 6% Series A (GPJ) 10/15/33	Electric Utility	A/A2	10/23/08	\$23.89	6.28%	6.36%	6.3%
American Financial Group 7.12% Debs. (AFE) 2/3/34	REIT	BBB/Baa3	2/3/2009	\$25.15	6.61%	7.06%	7.1%
S. California Edison 4.24% (SCEprC) 2/15/56 *	Electric Utility	BBB-/Baa3	NA*	\$19.10	NA*	5.62%	5.6%

* Perpetually Callable

<u>Convertible Preferred **</u>	<u>S&P/Moodys Rating</u>	<u>Current Price</u>	<u>Conversion Parity</u>	<u>Conversion Ratio</u>	<u>Call Date</u>	<u>Current Yield</u>
Supertel Hospitality Convertible Preferred A (SPPRP)	NR/NR	\$14.50	\$14.53	1.77 shares	1/1/2009	5.5%

**Potential Original Issue Discount (OID) tax generation

**All Issues Mentioned Herein Rated OUTPERFORM

Coverage Terminated due to full call:

- St. Paul Capital 7.6% Trust Preferred***
- Mills Corp 8.75% Series E Preferred***
- SBC Communications 7% Preferred***
- Hartford Financial Services 6% Preferred***
- PS Business Parks 8.75% Series F Preferred***
- Rochester G&E 6.65% Preferred***

Coverage Terminated due to potential call:

- PSEG Funding Trust II 8.75% Preferred***
- UNUM Provident 7.25% Pines Preferred***
- Schering-Plough 6% Convertible Preferred***

***Prior rating was OUTPERFORM

For Important Disclosure information regarding the Firm's rating system, valuation methods and potential conflicts of interest, please refer to the back page of this report

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Subject to availability and price

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Anderson & Strudwick performed investment banking for Supertel Hospitality and also makes a market in it.

Anderson & Strudwick beneficially owns more than 1% of outstanding shares of Supertel Hospitality.

Stock ratings used in this report are defined as follows:

- (1) Outperform – The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Neutral – The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Underperform – The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe is as follows: (1) 46%, (2) 53%, (3) 1%

The distribution of investment ratings used for companies whom we have performed banking services in the last 12 months are: (1) 60%, (2) 40%, (3) 0%

For regulatory purposes, our ratings of Outperform, Neutral and Underperform most closely correspond to Buy, Hold and Sell, respectively.

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