



**PROGRESSIVE**  
Asset Management

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December 17, 2007

Dear PAM Shareholder,

I am pleased to inform you that at the PAM Board Meeting held on December 7, 2007, the Directors declared a special 20 cent dividend for common shareholders of record as of December 24, 2007. The dividend is to be issued on January 9, 2008.

It is important to understand that this is a one time event and does not signify that PAM will necessarily begin paying dividends on a regular basis. In fact, PAM continues to face the same challenges described in the annual report issued in September. These challenges include among others, a trend for brokers to set up their own or move to independent Registered Investment Advisory firms; increased competition for brokers from broker dealers offering superior technology and reporting capabilities; and the margin squeeze facing PAM from increasing broker payout and decreasing overrides from Financial West Group (FWG). If you no longer have a copy of the 2007 Annual Report, you can access it online on our website at [www.ProgressiveAssetManagement.com](http://www.ProgressiveAssetManagement.com) or by contacting us directly at 800-786-2998.

The financials for the Quarter ending September 30, 2007 are attached. They present a rosier picture than is currently the case, as they do not fully reflect margin changes or the net loss of brokers from the PAM network at FWG in 3<sup>rd</sup> Quarter, 2007. If these trends continue, it is possible that financial losses will start to occur. As stated in the annual report, "...we believe the future of PAM as we know it today is at a crossroads...", as we study the broker dealer model we have operated under for the past 20 years and determine how to move forward.

Because PAM has created a powerful community of seasoned financial professionals, the company has options to pursue, including but not limited to, the development of more products and exploration of new ties with other brokerage firms. The 1999 strategic alliance PAM made with FWG is not an exclusive one. It is uncertain whether PAM will remain profitable as we delve further into the structural analysis and make necessary adjustments.

PAM remains fully committed to expanding the impact of socially and environmentally responsible investing. There are likely to be important developments in the near future. Communicating through the stock transfer agent is often a slow process. If you would like to receive communications in a more timely fashion, please send your email address to [dvu@fwg.com](mailto:dvu@fwg.com). This information is confidential and will not be released to other entities.

As always, thank you for your ongoing support in this difficult environment.



Peter Camejo  
Board Chair, Acting CEO & President

*Any statements contained in this Report that relate to future plans, events, or performance are forward-looking statements that involve risks and uncertainties. These include, but are not limited to, changes in general economic conditions, political uncertainty because of the current election season, and the growing deficit because of the costs of the war against terrorism and rebuilding the Gulf Region. The ramifications of 9/11 continue to evolve. Potential conflicts with other nations such as Iran and North Korea, and instability in the Middle East, and political and trade disputes with other communities and countries such as the European Community and China, can also adversely affect the economy, including the financial markets, by creating uncertainty. More particularly for PAM, it is impossible to say whether the weather- and disease-related disasters will hurt the mood for socially-responsible investment, or increase interest in SRI because the damage was amplified as a result of ignoring past damage to the ecology and repairs to the ecology will be a necessary part of the recovery effort. Intense competition for customers, pressures on brokerage fees charged, the mood of the investing public and the changes in political and investors' attitudes toward socially responsible investments affects the extent of PAM's continued success. Additionally, the development and acceptance of new products and services and more extensive marketing efforts of PAM have been critical to its improved situation and will remain critical in the coming years. PAM cautions that the foregoing list of important facts is not exclusive. Developments in any of these areas could cause PAM's results to differ materially from results that have been or may be projected by or on behalf of PAM. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this statement. PAM does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of PAM.*

**Progressive Asset Management, Inc.**

## Condensed Consolidated Statement of Financial Condition

Unaudited

	Sep, 30 2007	Sep, 30 2006
Assets		
Current assets		
Cash and cash equivalents	784,210	483,909
Investment Securities (at fair market value)	42,618	160,069
Commission and other receivables	15,574	23,232
Other current assets	35,028	22,198
Total current assets	<b>\$ 877,430</b>	<b>\$ 689,408</b>
Property and equipment, net	736	3,599
Other assets	0	100,001
Total assets	<b>878,166</b>	<b>793,008</b>
Liabilities and Stockholders' Equity		
Current liabilities		
Account payable and accrued liabilities	30,956	47,013
Total current liabilities	<b>\$ 30,956</b>	<b>\$ 47,013</b>
Other liabilities		
Preferred stock, Series A	1,301	4,773
Stockholders' equity		
Common stock, no par value	1,285,750	1,285,750
Retained earnings (accumulated deficit)	(439,841)	(544,529)
Total stockholders' equity	<b>\$ 845,909</b>	<b>\$ 741,221</b>
Total liabilities and stock holders' equity	<b>\$ 878,166</b>	<b>\$ 793,008</b>

**Progressive Asset Management, Inc.**Condensed Consolidated Statement of Financial Condition  
Unaudited

	<b>Sep, 30 2007</b>	<b>Sep, 30 2006</b>
Total revenue	159,413	151,072
Costs of expenses		
Employee compensation and benefits	39,722	37,441
Other costs and expenses	58,485	72,792
Total costs and expenses	<b>\$ 98,207</b>	<b>\$ 110,233</b>
Income before income tax	61,206	40,839
Taxes on income	5,692	3,798
Net income	<b>\$ 55,514</b>	<b>\$ 37,041</b>
Net income per share		
Basic	\$0.02	\$0.01
Fully diluted	<b>\$0.02</b>	<b>\$0.01</b>
Shares used to compute per share amounts		
Basic	2,075,263	2,075,263
Fully diluted	<b>2,118,303</b>	<b>2,119,803</b>