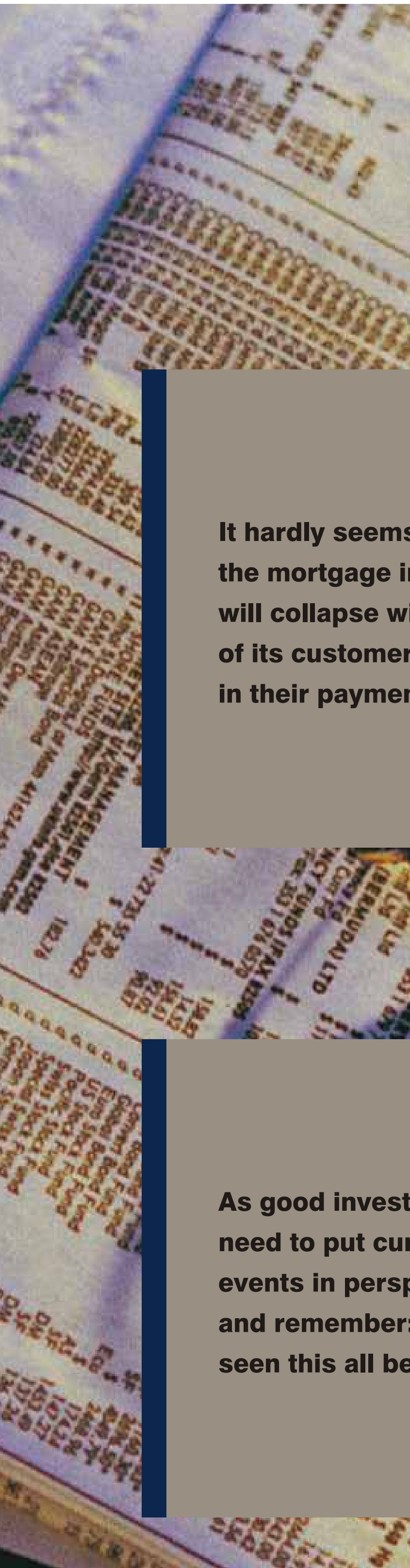
Lesjak Planning Corporation

The Advisor

WINTER 2008



Market Comment

The nice, quiet market run-up we have experienced over the past five years is quickly becoming just a memory. All of the attention the multiple negative issues are getting has investors jittery and for the most part, selling. Recent earnings reports from the financial companies involved in the sub prime mortgage debacle are coming in below expectations, attention is focusing on the "will we or won't we" fall into a recession argument, and on top of all that, the uncertainty of our next leader makes for a very uncomfortable time.

Starting with the sub prime mess, something that didn't seem like a big deal has turned into a situation that has banks, brokerage firms and others writing down over one hundred billion dollars of losses to date. Leading the way is Merrill Lynch and Citicorp with losses of $22 billion and $19 billion respectively. While these kinds of loss write-offs seem to be great fuel for the media's unending thirst to portray the total collapse of our financial system, we think quite differently. These excesses happen throughout history with the most recent of similarity being in 1990-91. That period had the Resolution Trust Company selling off thousands of foreclosed properties due to the liquidation of the savings and loan industry. Large corporate layoffs and a recession added to the crashing of home prices. Citicorp, at that time, was a sure bet to fold along with the other top ten largest banks. Those prophesies were never fulfilled.

The facts of the mortgage industry then and now remain that more than one-third of homeowners have no mortgage debt at all. Of those with mortgages, 95% are paying on time. Statistics show that currently four out of five of those with adjustable sub-prime mortgages are current. Recent interest rate reductions and those to come will most likely have those numbers look even more positive.

Back in 1991 Citigroup did not fold because it and other lenders received large infusions of cash from outside investors. We are seeing the same scenario unfolding with large investors buying in again. It hardly seems like the mortgage industry will collapse with 95% of its customers current in their payments. These large investors will do very well, as they did in the early 90's by investing in companies whose valuations were knocked down too far.

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Market Comment

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The financial gurus and the media both here and overseas will debate the fate of our financial system and the level of recession that we are heading into. The markets will trade in wild swings as emotions drive decisions. As good investors, we need to put current events in perspective and remember: we've seen this all before.

Trying to time these types of trading swings is near impossible. You need to be right on two separate occasions: correct time to exit, and the correct time to re-enter the market. Proper allocations across the various investment styles offer diversification and opportunity for various sector growth. The past five years have beaten expectations and re-allocations have taken profits and balanced out your portfolios. Your fixed income investments are doing quite well right now. We have been through these periods numerous times and are confident our strategy will prove itself again.

We continuously strive to find the money managers we feel are best suited for each of you and your portfolios.

Market Summary Year to Date

Dow Industrials	- 6.5%
Dow Transportation	- 2.1%
S&P 500 Index	- 7.8%
NASDAQ Composite	- 10.9%
Russell 2000	- 9.5%
International	- 10.7%

Money Manager Update

Each year we update and apply sets of criteria based on our long-term investment philosophy to find money managers that we feel are best for you. Doing so, across various investment styles and objectives, provides us with a group of money managers we are confident to invest your money in and help bring you closer to your goals. The following are brief summaries of two funds with experienced, successful money managers we have followed for quite some time.

David J. Williams and Timothy W. Evnin are the lead managers of the Excelsior Value & Restructuring mutual fund. Williams has been with the fund since 1992 and Evnin since 2002. They look for companies selling at significant discounts, based on their own valuation methods, which are in the midst of a management change, restructuring of business model or some other fundamental change within the company. Then they seek out a catalyst for growth that they believe will result in at least a 30% increase in the stock's value. In volatile market conditions, much like the current environment, the managers often find some of their best deals. And, based on their long-term approach, their picks have several years to realize their full potential while also keeping turnover relatively low. Furthermore, our conference calls with management have illustrated a "shareholder first" culture within their firm.

Bill Gross is the lead manager of the bond fund PIMCO Total Return. With his decades of experience, knowledge, and excellent performance he is widely considered one of the most influential authorities in the bond markets. He has received the Morningstar Fixed Income Manager of the Year award three times in the past ten years, most recently in 2007. The fund invests in high quality bonds with intermediate time frames. Gross is especially well known for adeptly positioning the fund ahead of significant changes in the bond markets. This time is no different as the fund is enjoying double digit returns for the one year period as of this writing.

We continuously strive to find the money managers we feel are best suited for each of you and your portfolios. While we update that search annually, the monitoring and evaluation of those money managers is part of an ongoing process to provide you the best service possible. Please give us a call if you have any questions regarding your investments or our investment process.

Reverse Mortgages

The American Association of Retired Persons (AARP) has recently reported that lenders offering reverse mortgages are abusing consumers. Homeowners using reverse mortgages borrow against the equity of the house and receive payments from a bank. The loan is repaid with interest when the house is sold or when the borrower dies.

The report found that although nearly 50% used the proceeds to pay down home equity debt, a whopping 38% planned on using the payments for extras. Consumers should be very wary of anyone attempting to sell them something and suggesting they use a reverse mortgage to pay for it. If you need to use a reverse mortgage to buy it, you probably don't need it.

The high cost of the product is a major deterrent. Approximately 60% of all applicants change their minds once the fees, up to 7% of the home's value, are revealed. The report states that only 1% of homeowners over the age of 62 used reverse mortgages. Although these products, like many others, can be made to sound like a good decision, think it over very carefully and call us to examine any documents before you sign-up.

Updated IRS Limits

Provided below are important IRS limits for 2007 and 2008. Additional contributions for those age 50 and over appear in parenthesis. Keep in mind, your contributions to Traditional and Roth IRA's may be further limited by your earnings for the year, income tax status, and whether or not you participated in a retirement plan through work. If you have any questions regarding how much you can contribute please give us a call to discuss the details.

	2007	2008
Traditional IRA	$4,000 ($1,000)	$5,000 ($1,000)
Roth IRA	$4,000 ($1,000)	$5,000 ($1,000)
401k, 403b, 457 plans	$15,500 ($5,000)	$15,500 ($5,000)
Simple IRA/401k	$10,500 ($2,500)	$10,500 ($2,500)
SEP IRA*	$45,000	$46,000
Federal Estate Tax Exemption	$2,000,000	$2,000,000
Annual Gift Tax Exclusion	$12,000 ($24,000 married)	$12,000 ($24,000 married)

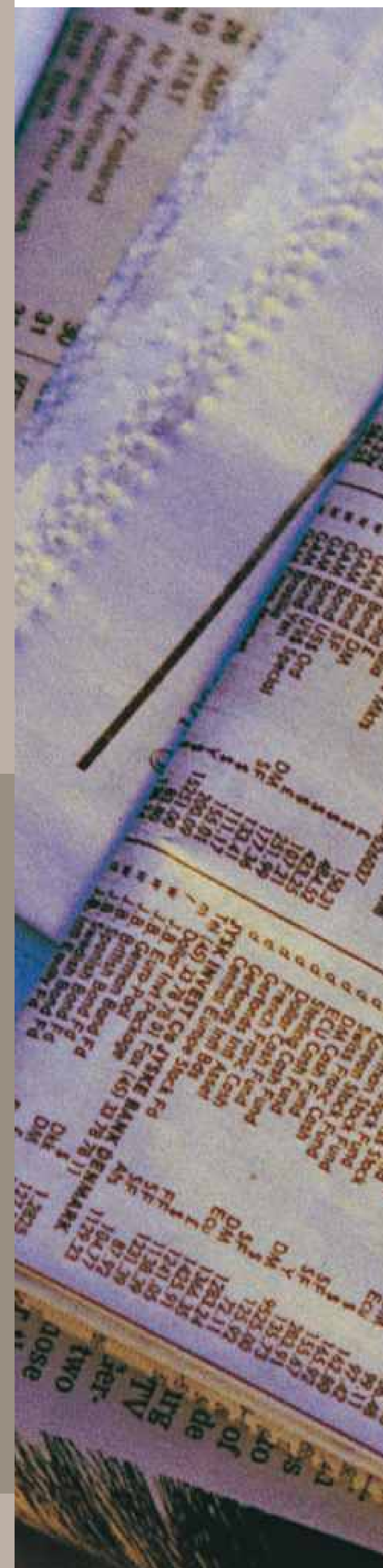
*** SEP IRA contributions are limited to the lesser of 25% of compensation or the dollar limit for the given year.**

Thank You

Once again we would like to thank everyone that attended our 23rd Annual Holiday Champagne Brunch! What an enjoyable way to wrap up the holiday season! We actually had a nice sunny day on January 6, 2008 with over 230 people coming out for the festivities! Hope to see everyone back again next year!

Lesjak Planning Calendar of Events

June 28	Run For The Young (5 Mile Run at Crocker Park)
July 26	LPC Classic Car Show at Crocker Park
September 15	LPC Charity Golf Classic
January 4, 2009	24th Annual Holiday Champagne Brunch



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Information cutoff date: 1/25/08