Lesjak Planning CORPORATION

The Advisor

SPRING 2009

Market Comment

Our last newsletter was written in November at a time when our markets were re-testing the lows reached after the large decline in October. We wrote that although the equity markets would continue to be volatile, progress was being made toward resolving the financial meltdown.

Since then we have witnessed a nice rally through December and another gut wrenching decline to new lows in March that convinced many more investors to throw in the towel and abandon stocks. Banks or financial firms whose stock prices traded in the $50 to $70 range just a year ago were now trading below $5. Automakers were bleeding cash and consumer confidence declined to levels not seen in over 50 years. On Monday, March 9th the S&P 500 Index hit an intraday low of 666. The outlook was bleak.

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Whether March 9th proves to be the bottom for this cycle remains to be seen, but starting March 10th things changed. The S&P 500 Index has gone on an eight week run almost uninterrupted to its value at this writing of 902. A gain of over 30%. World indexes have fared just as well.

Businesses have declared that inventories are at their lowest levels in decades and expenses have been paired substantially. While job loss is an inevitable result of reducing costs, recent numbers suggest new unemployment is stabilizing. Dire warnings about horrible corporate earnings to be reported in this second quarter have been met with quite the opposite results. With over 40% of businesses reporting to date, 62% have exceeded their earnings expectations and 11% have met their numbers. Although the savings rate for Americans has continued to climb to 4.2% of earnings, February and March showed that consumer spending increased. Consumer confidence jumped in the past month to exceed economists' expectations.

The logical question is: What happened on March 10th that set off such a strong rally in the markets and changed the outlook for our economy from bleak to optimistic? This may be debated for decades, especially if this momentum continues and our economy returns to its positive growth trend.

We can say for certain that there were no obvious signs of such a strong rally at the time, just as there were none at the start of the spectacular decline that started last September 29th. The volatility of the markets in this age and the volume of trading on any given day make it nearly impossible to determine beginnings of rallies or selloffs and their duration. In fact, the accompanying chart (Investor Behavior Penalty) illustrates the cost to the average investor who tries to trade on these moves. Based on mutual fund cash flows for the past 20 years, the average investor earned 1.9% per year when the average stock mutual fund returned 8.4% annually. Emotions and fear can be just too overwhelming at times to allow rational decision making. The results are significant.

This past week, the economist group that warned in June 2007 of an impending recession, has just reported that by their calculations this recession should be over by the second half of this year. They in fact report that it may have ended in November of 2008 considering the economy has been gradually increasing since then. This report coincides with past recessions in the sense that when they were officially declared over, they actually ended much earlier.

As investors, experiencing a second major decline in your portfolios in this decade can begin to make you wonder whether to be in

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stocks at all. The past ten years has the tendency to erase from our memories the excellent growth we experienced throughout the 1980's and 1990's. While there were some pretty major bumps during those years, we were rewarded with extended growth trends.

These long periods of underperformance as compared to market averages have occurred before, although not that often. But when they have, the periods of recovery have been quite satisfactory. The data in the graphic to the far right (The 10 Year Returns for the Market 1926-2008) shows every ten year period and their returns since 1926. Including 2008, there have been only 10 instances where ten year periods averaged less than 5% annually out of the 74 periods shown. Only four of those had negative returns. In every past case, the 10 years following these disappointing periods produced returns that averaged 13% per year and ranged from a low of 6.6% to a high of 18% per year. During that time period the Dow Jones Industrial Average has grown from 158 to the current value of 8,400.

The papers are full of reports of investors that have exited the stock market and vowed never to return. Our research shows that this may very well be one of the best opportunities in the past 40 years to own quality companies. If history is any guide, many of the investors on the sidelines will miss the majority of the recovery and will eventually buy back in at much higher levels. Innovations and discoveries will make the future more exciting than ever and we look forward to profiting from them by following a disciplined plan of investing to meet individual long term goals.

Money Manager Spotlight

FPA New Income

Bob Rodriguez has managed FPA New Income since 1984 with Tom Atteberry joining him in 2004. Their philosophy searches the fixed income realm for high quality, short term investments including corporate bonds, government bonds and various other fixed income instruments. Along with their research team, they employ a cautious investment strategy with an emphasis on preserving capital. Over the years they have executed the philosophy quite well. Since Rodriguez became lead manager in 1984, the fund has posted positive returns every calendar year. Their investment strategy paid off yet again in 2008 with a 4.3% rate of return along with being named the Morningstar Fixed Income Manager of the Year. Consistently applying a proven philosophy through various market cycles is one of many qualities we covet when selecting money managers suitable for your portfolios.

Oakmark Equity Income

Clyde McGregor and Edward Studzinski head up the management team at the balanced fund Oakmark Equity Income. McGregor has been the manager of the fund since its inception in 1995 with Studzinski becoming a co-manager of the fund in 2000. The duo uses a thorough, value oriented strategy searching both large and small companies they feel are trading at a significant discount to their actual value. As a result, they typically find good opportunities during market downturns when good companies experience a decline in their stock price. Additionally, the fund typically invests 40% of it monies in fixed income securities to help protect during the down years. Their patient long term approach, value discipline, and fixed income exposure has helped reduce volatility over the years while achieving excellent returns.

In our occasional meetings with various professionals (CPA's, Attorneys, etc.) and talking with new prospective clients during the past market downturn, we have come to realize that investors who did not have an advisor and had to go it alone were more fearful and more prone to make irrational investment decisions than those who had advisors. If you agree with this as we do, perhaps now is the time to mention our services to someone you know who fits the above description. We appreciate your referrals and continue to grow our business during good economic times as well as bad. We hope the client who provided the most referrals last year enjoyed their stay in Hawaii!

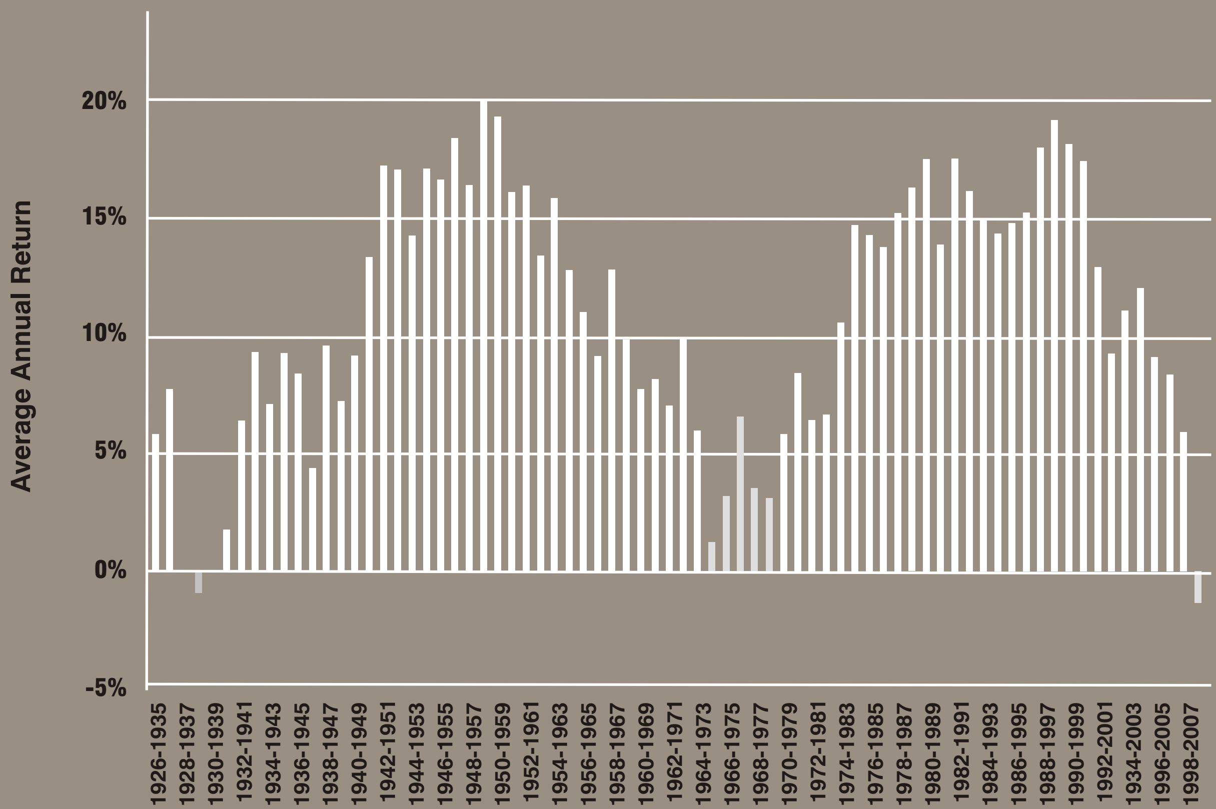
Market Summary
Year to Date

Dow Industrials	- 1.7%
Dow Transportation	- 3.0%
S&P 500 Index	+ 2.7%
NASDAQ Composite	+ 11.6%
Russell 2000	+ 1.7%
International	+ 0.7%

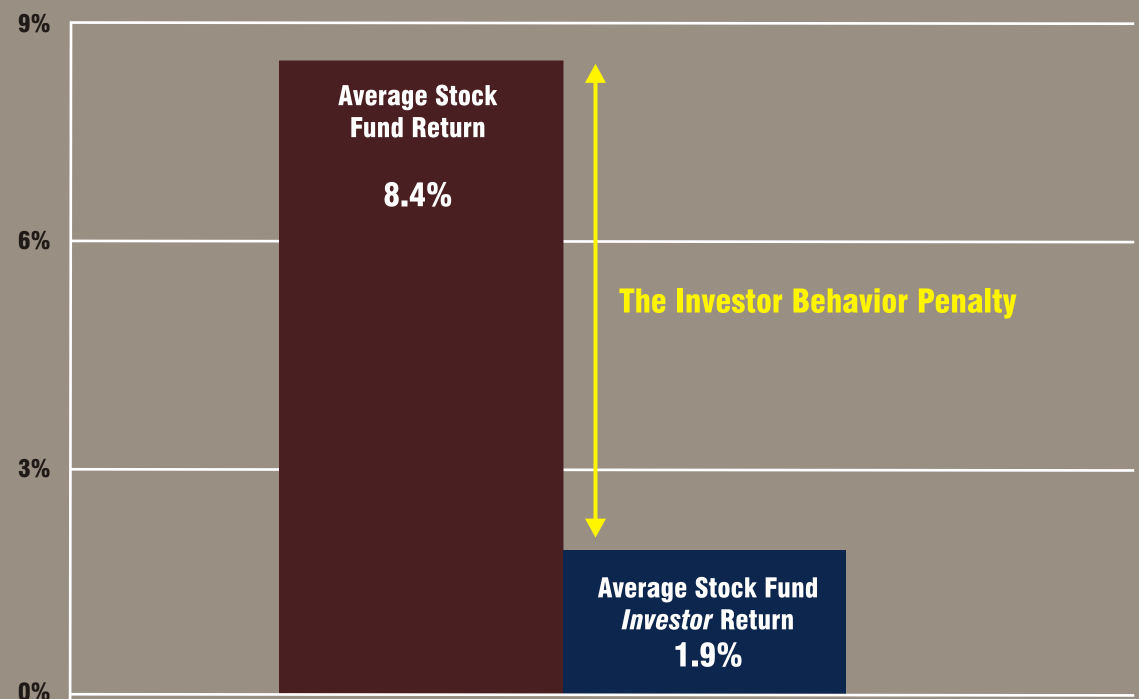
Lesjak Planning

Our business depends on you and your satisfaction. We appreciate your referrals in the past and in the future.

The 10 Year Returns for the Market from 1926 - 2008



Investor Behavior Penalty 1989-2008



LPC Events for 2009

2009 Run For The Young – **June 27**
www.runfortheyoung.com

3rd Annual Cruisin' for Charity
Classic Car Show at Crocker Park – **August 15th**

6th Annual LPC Charity Golf Classic – **September 17th**

Code of Ethics

The SEC requires that as a management client, you be offered the annual opportunity to obtain a copy of Lesjak Planning Corporation's Code of Ethics. A copy will be sent to you at no charge upon request.

Investment Advisor's Act

The Investment Advisor's Act requires that as a management client, you be offered the annual opportunity to obtain a copy of Part II of Form ADV filed by Lesjak Planning Corporation with the Securities and Exchange Commission. A copy will be sent to you at no charge upon request.

Information cutoff date: 5/7/09

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Lesjak Planning