Lesjak Planning CORPORATION

The Advisor

WINTER 2003

Market Summary
Year to Date

Dow Industrials	-13.34
Dow Transportation	-6.05
S&P 500 Index	-19.75
NASDAQ Composite	-29.58
Russell 2000	-15.40
International	-7.80

REMINDERS

- When reviewing or preparing your tax returns for 2002 be sure to take advantage of any capital losses you may have incurred during the year. These will only assist you in reducing your tax liability. We are able to provide you or your accountant with needed information regarding cost basis and realized gains or losses upon request.
- Clients who must take Required Minimum Distributions who have a retirement account at Charles Schwab have received information illustrating the amount needed to take out for 2003. We will verify these figures are accurate. Then, as we do each year, we will determine the best way to meet the necessary distribution on a client by client basis. Please call if you have any questions or concerns.

Market Comment

The past couple of years seem to have brought us one tragic event after another to deal with. Most recently, the loss of the Columbia Space Shuttle and crew reminds us that in our constant push to stretch the limits of science and technology, it is not without risk. Risk is present any time boundaries are tested and new horizons are explored. To eliminate risk would mean being content with your place in history and not taking chances to improve your life and that of others worldwide. While the realization of risk can stop the majority from pushing on; the rewards of progress and innovation are great enough to drive the pioneers forward.

The media loves disruptions and works very hard to elevate turmoil to keep the public interested in their reporting.

Current world conflicts and heightened awareness have elevated tensions and spurred debate as to how and who should deal with the problems. The path that many countries have taken is to just accept the death and destruction of their citizens and cities as the new way of life. Another path, although involving risk, is to denounce crimes against human life and property as unacceptable and rally to stop those who carry out such crimes.

Closer to home, this country is mired in an economic slowdown and is struggling to find reasons to risk capital to invest in new manufacturing and technology. The current world conflicts add to the risk of investing and limit consumer confidence. We as a nation can sit back and let events unfold and accept the results, or we can take an active approach to help insure that the outcome will result in resumed growth for our economy and a better life for our citizens. The President and Congress are proposing legislation, which contains risk of future deficits, to jump-start our economy and elevate the level of confidence going forward.

History has shown us that very few are not paralyzed by fear and risk. Few countries have been willing in the past to fight for the insurance of freedom. Few corporations are willing to put it all on the line to go against the grain of modern thinking to discover new frontiers. And lastly, few investors have the fortitude to invest in companies with genuine potential, but not without risk, when the opportunity presents itself. The current actions of our country compare to previous times when we faced conflict and uncertainty head on, prevailed, and moved forward in providing prosperity and safety for our citizens.

The fact of the majority usually being wrong has never been as prevalent as in investing. The greatest inflow into aggressive growth stocks occurred in the first quarter of 2000 and was more than all other stock funds combined. This proved to be the market's highest level. The July-September quarter last year saw the largest liquidation of stock

continued on page 3

The ADVISOR is published generally four times per year by Lesjak Planning Corporation. It is mailed at no cost to our clients that have an Advisory Agreement with Lesjak Planning Corp. This letter may not be reproduced except by written permission, although brief passages may be quoted when proper credit is given. All contents are derived from data believed to be reliable but accuracy cannot be guaranteed. It is solely for information purposes and not to be used as a solicitation or act as a prospectus of the items discussed.

Gemini Towers 1991 Crocker Road Suite 575 Westlake Ohio 44145 **440-871-9500**

Lesjak Planning

Information cutoff date: 2/4/03

Taxes at the Dinner Table

Once again Congress is charged with debating a major tax cutting initiative and the best way to go about giving money back to the people. While tempers are sure to flare inside the halls of Congress, we have taken a light-hearted approach with a somewhat oversimplified and humorous explanation of our country's tax policies.

Sometimes Politicians can exclaim; "It's just a tax cut for the rich!", and it is just accepted to be fact. But what does that really mean? Just in case you are not completely clear on this issue, we hope the following will help.

Let's put tax cuts in terms everyone can understand.
Suppose that everyday, ten men go out for dinner.
The bill for all ten comes to $100.

If they paid their bill the way we pay our taxes, it would go something like this:

The first four men (the poorest) would pay nothing.
The fifth would pay $1
The sixth would pay $3
The seventh $7
The eighth $12
The ninth $18
The tenth man (the richest) would pay $59

So, that's what they decided to do.
The ten men ate dinner in the restaurant every day and seemed quite happy with the arrangement, until one day, the owner threw them a curve. "Since you are all such good customers," he said, "I'm going to reduce the cost of your daily meal by $20."

So, now dinner for the ten only cost $80.
The group still wanted to pay their bill the way we pay our taxes. So, the first four men were unaffected. They would still eat for free. But what about the other six, the paying customers? How could they divvy up the $20 windfall so that everyone would get his "fair share"? The six men realized that $20 divided by six is $3.33. But if they subtracted that from everybody's share, then the fifth man and the sixth man would each end up being "PAID" to eat their meal.

So, the restaurant owner suggested that it would be fair to reduce each man's bill by roughly the same amount, and he proceeded to work out the amounts each should pay.

And so:
The fifth man, like the first four, now paid nothing (100% savings)
The sixth now paid $2 instead of $3 (33% savings)
The seventh now paid $5 instead of $7 (28% savings)
The eighth now paid $9 instead of $12 (25% savings)
The ninth now paid $14 instead of $18 (22% savings)
The tenth now paid $49 instead of $59 (16% savings)

Each of the six was better off than before. And the first four continued to eat for free. But once outside the restaurant, the men began to compare their savings.

"I only got a dollar out of the $20," declared the sixth man. He pointed to the tenth man "but he got $10!!"

"Yeah, that's right," exclaimed the fifth man. "I only saved a dollar, too.

It's unfair that he got ten times more than me!!"

"That's true!!" shouted the seventh man. "Why should he get $10 back when I got only $2? The wealthy get all the breaks!"

"Wait a minute," yelled the first four men in unison.

"We didn't get anything at all. The system exploits the poor!"

The nine men surrounded the tenth and beat him up.

The next night the tenth man didn't show up for dinner, so the nine sat down and ate without him. But when it came time to pay the bill, they discovered something important. They didn't have enough money between all of them for even half of the bill!

And that, boys and girls, journalists and college professors, is how our tax system works. The people who pay the highest taxes get the most benefit from a tax reduction. Tax them too much, attack them for being wealthy, and they just may not show up at the table anymore. There are lots of good restaurants in Europe and the Caribbean.

Dividend Tax Repeal

As the economy continues down its path to recovery, President Bush and his administration are looking to remove any obstacles in the road and help nudge it along. Thus, a recently unveiled 10-year, $674 billion economic stimulus package will be presented to congress in the upcoming months. Obviously, it has already received a great deal of debate, most of which is focused on the recommendation to repeal taxes on corporate dividends paid to investors.

Under the current rules, corporate dividends are subject to what is considered double taxation. Basically, the corporation pays taxes on its earnings and then the investors pay taxes on the dividends they receive from the corporation. This has long been a strongly debated issue since many feel it is unjust to force taxes twice upon the same money.

The effects of tax-exempt dividends can be seen as both positive and negative. The repeal will result in lower taxes to owners of taxable investments and also encourage corporations to pay more dividends. Conservative estimates state this could help boost stock market prices 3-5 percent over the long-term. However, local governments who are already struggling with budget problems fear they will lose a significant revenue source since the dividend tax repeal makes municipal bonds tax-exempt status less appealing. Furthermore, some believe this will cause interest rates to rise adversely affecting Treasury bonds the most.

Congress will be responsible for taking into consideration all these issues and many more when finalizing the proposal. Inevitably, changes will be made as Republicans and Democrats attempt to find a middle ground. We will continue to follow this issue closely and keep you informed of the ultimate outcome.

Market Comment

continued from page 1

funds in history. Bond inflows were the highest in history. So far, this time period produced the market low point. The majority makes faulty decisions when presented with risk or the perception of risk.

The facts are that companies are hoarding cash to invest in the growth of their business. Most are frozen, waiting for a resolution to the problem with Iraq. A few see interest rates at forty year lows and are ordering machinery that can be produced and delivered quickly due to minimal backup at manufacturers. Current tax legislation, if adopted, would provide incentive to move more businesses to invest in needed machinery and technology. Microsoft, Intel, Cisco, Oracle and IBM report as much as $86 Billion in cash at present. That is quite an argument against those who have declared technology companies dead. Companies and the economy have grown bigger and more profitable over the years. Stock ownership is a direct play on this. Market behavior cannot be controlled, so why let it bother you? The majority worry about the last 20-30% of a down market, the minority stay invested to reap the next 100-200% rise that has followed. This bear market is the fifth time in the past 100 years of a decline of 50% or more. The last one was 1973 thru 1974 when the Dow bottomed at 588. Over the next 25 years, the value grew 20 times!

The media loves disruptions and works very hard to elevate turmoil to keep the public interested in their reporting. There will always be shattering events in the news. You alone choose how it affects you. We work hard enough and smart enough to stay ahead of these distractions. We set standards and goals that exceed the ordinary. We want to be the pacesetter. This allows us to look forward to challenges ahead and to being a part of you, your family's and friends' lives.

This past downturn has been a learning experience for us. Although it has reinforced the validity of our philosophy, we will use its lessons in the future. You never lose faith in mainstream equities, never get under-diversified, never bet the ranch, and this time is never different!