

Market Comment

OK – enough of this madness, let's put the current economic times into perspective...

The economy is tanking and pulling us all down with it. – **Reality:** The first quarter Gross Domestic Product grew at a 1% annual rate, which was better than the .6% growth rate in the fourth quarter last year. *Unemployment is rampant.* –

Reality: Unemployment figures just released show the rate staying steady near all-time lows of 5.5%. Unemployment rates were 7.2% in 1974, 7.8% in 1991, and 6.4% as recently as 2001. *The housing market is continuing to crumble.* – **Reality:** Due to the wild speculation in the past, there is nearly a 10 month supply of houses on the market, but last month sales actually increased versus the prior month and new activity is being reported nationwide. *The price of oil has never risen so fast.* – **Reality:** Oil was \$3 a barrel in 1973 and rose to \$40 by 1981. Demand weakened over the next twenty years until the price fell to nearly \$10 a barrel in 1999. Feature stories at that time suggested the price would go even lower since the world was drowning in oil. New drilling stopped and new refineries were mothballed. The SUV became the new status gas guzzler in America and all was well. As demand increased, prices gradually rose. Add the increased demand from the recent growth machine of China and India and supplies once again get squeezed causing prices to rise.

world oil producers will not be able to meet demand. – **Reality:** Consumption of oil is actually declining. Less oil was consumed worldwide in 2006 than in 2005 with even less so far in 2007. Recent headlines report China's export machine is slowing considerably as orders drop and costs for labor and materials increase. Here at home our transportation department reports 11 billion less miles driven in March versus the prior year and 14 billion less in April than April of 2007. This is almost a 5% reduction. Domestic car companies that rode the SUV/Truck ride right to the end are shutting plants and re-tooling for smaller, more fuel efficient models.

All of this reduction is going on worldwide just as a cry for more drilling and refineries is at a fever pitch. Does this scenario look familiar?

These are emotional times that are increasingly fueled by the advances in technology that can bring us the most trivial news from all parts of the globe as if it is happening in our very neighborhood. When this news is biased towards the tragic and negative (which we are told is the only kind that sells) it becomes near torturous for the majority who never get the opportunity to hear the more positive happenings. Hence, the emotional trading in financial markets and speculation in commodities. The following chart shows the effects of this market volatility on human emotions. None of us are immune from these

The demand is rising at such a rate that even if new drilling started today, the

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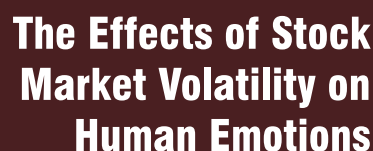
Our belief is that if the lessons of our history are studied, learned and applied then we can minimize misguided, irrational and emotional decisions. We constantly are trying to uncover what is really going on in the financial and political arena that will determine the ultimate outcome. Our staff of eight professionals has specific duties to keep current with. Regular conference calls to fund managers and analysts, recording of daily market data, statistical graphing, and weekly strategy sessions are a few of the responsibilities.

We have experienced these volatile periods quite a few times now and surely will see more. One thing we have learned, is that when this current cycle is finished, the financial markets will be at new highs, just as in every time before.

You have heard it before, but we will say it again. Don't leave too much money in your company's stock, or any stock for that matter. Studies continue to show that employees are letting their 401k plans remain overly concentrated in their company's stock. While corporations aren't collapsing all around us, it's still important to protect yourself and your financial future. Below are some of the more notable collapses in the last 8 years and why you should maintain a diversified 401k plan.

2002 WorldCom (Telecommunications) – Investigations

Dow Industrials	-14.4%
Dow Transportation	+8.6%
S&P 500 Index	+12.8%
NASDAQ Composite	-13.5%
Russell 2000	-9.9%
International	-10.9%



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uncovered \$3.8 billion in fraudulent accounting activities resulting in the largest bankruptcy in U.S. history at roughly \$103 billion. Over 5,000 jobs were lost and the stock became worthless.

2002 Adelphia (Telecommunications) – Once again, corruption at the top resulted in over \$100 million in theft, over 1,000 lost jobs and the fifth largest cable company in the U.S. going down.

2005 General Motors / Delphi (Automotive) – Mismanagement and poor timing led Delphi to fold up 6 years after it spun-off from GM. Irregular accounting practices didn't help as the largest automotive bankruptcy in U.S. history led to a 96% decline in Delphi's stock, a 48% decline in GM's stock and the loss of over 10,000 jobs.

2006 Polaroid (Electronics) – A highly competitive environment left Polaroid filing for bankruptcy. The

Chairman and the CEO walked away with \$12.8 million and \$8.5 million, respectively. However, the 4,000 plus retirees received a one-time check for \$47 while also losing their medical and life insurance benefits. You can do the numbers on this one.

2007/2008 National City Bank (Banking) – The real estate and credit market issues over the past year are raising red flags all over the place. But, it is hard to look past this bank where shareholders experienced an 84% decline in value in the last 12 months.

It is easy to feel a sense of comfort in owning your company's stock. However, as many of the employees of these companies discovered, owning too much can be costly to not just your financial future, but your overall future lifestyle. Be sure to maintain a diversified 401k plan and if you need any assistance give us a call to discuss the details.

2008 Economic Stimulus Package

Some of you may have received a check this year as a result of the 2008 Economic Stimulus Package. The amount you received was based on your 2007 Tax Return but is actually a tax credit for 2008 Income Taxes. When you file your 2008 Federal Income Taxes next year, the stimulus payment you received in 2008 will not be taxed. However, it is important that you keep a copy of the IRS letter as a record of the benefit amount received.

If you did not qualify for a stimulus payment based on your 2007 return or did not qualify for the full amount, you may qualify for this benefit when you file your 2008 tax return if your tax situation has changed. You may have a change in filing status, an increase in the number of dependents, or an increase or decrease in the Adjusted Gross Income to qualify for the full amount or an additional amount. One who qualifies for \$600.00 now may qualify for \$1,200.00 in 2008 if he gets married. A married couple with a child born in 2008 who qualified for \$1,200.00 as determined by their 2007 federal income tax returns filed this year, will qualify for an additional \$300.00 for their child who will be included in their 2008 federal income tax returns to be filed next year.

The 2008 tax instructions will include a worksheet to help you determine if you now qualify for either a full or additional stimulus payment.

Classic Car Show

Mark your calendars for **Saturday, July 26th, 2008** for our second annual charity classic car show at Crocker Park. A DJ will also be on hand to spin your favorite oldies. So, dust off those cars and bring them out! Please call the office for more information or visit our website at www.lesjakplanning.com.

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.

State Champs

Congratulations to Kevin Lesjak, son of Mike and Sue Lesjak, on being a member of the St. Edward Eagles varsity baseball team which recently won the Ohio Division 1 State Championship. Kevin was a starting pitcher with a record of 8-0 on the season. His accomplishments include being selected as a Plain Dealer Player of the Week, Cuyahoga River Baseball Conference Pitcher of the Year, and selected to the Mizuno Ohio All Star Team. He will be taking the mound for Cleveland State University next year.

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Information cutoff date: 6/30/08

