

McCarthy Asset Management, Inc.

Registered Investment Advisor

July 2, 2008

Dear MAM Client,

Since June is quarter-end, I am keeping this month's Commentary very short. We will send out the quarterly reports by early next week. In it I will discuss the performance of the stock market and MAM portfolios for the quarter and year-to-date, comment about the U.S. economy, discuss possible changes to tax rates and capital gains rates that could occur as early as 2009, explain why I think it now makes sense to lock in a fixed rate mortgage loan, and discuss the Financial Checkup service that we introduced in May.

June Performance: Stocks declined sharply for the month. Unadjusted for dividends, the S & P 500 fell 8.6%, the Nasdaq dropped 9.1%, and the Russell 2000 fell 7.8%. MAM portfolios lost, on average, 5.9% for the month (net of fees), versus a loss of 8.4% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

Second Quarter Performance: Stocks generally fell for the second quarter of 2008. Unadjusted for dividends, the S & P 500 fell 3.3%, the Nasdaq rose 0.6%, and the Russell 2000 climbed 0.3%. The composite return of assets in MAM portfolios was a loss of 0.9% (after MAM fees) versus a loss of 2.8% in the Vanguard Index 500 fund (with dividends reinvested).

Year-to-Date Performance: Stocks performed poorly for the first six months of 2008. Unadjusted for dividends, the S & P 500 fell 12.8%, the Nasdaq dropped 13.5%, and the Russell 2000 fell 10.0%. The composite return of assets in MAM portfolios was a loss of 8.0% (after MAM fees) versus a loss of 12.0% in the Vanguard Index 500 fund (with dividends reinvested).

Vacation: Italy was awesome. My family had a great time enjoying the various cities and regions we visited (Rome, Florence, Venice, Cinque Terre, and a Tuscany farm/vineyard). If you plan to go, my recommendations include trying to book a direct flight. Due to weather problems we missed our connection in Washington D.C., spending a night there and losing a day in Rome. It then took 3 days for our luggage to finally catch up with us. Coming home we were barely able to make our connection in Chicago. The other suggestion is that if you rent a car, make sure you know how to drive a car with a manual transmission (I thought I could but I almost burned out the clutch). Also, hope that the dollar recovers so the trip won't be so expensive!

We have already uploaded to the MAM Web site (www.mamportfolios.com), the June 2008 month-end values and year-to-date performance for client portfolios.

Please let me know if you have any questions or comments. Meanwhile, have a happy and safe 4th of July!

Steve McCarthy, CPA, CFP