

McCarthy Asset Management, Inc.

Registered Investment Advisor

January 4, 2006

Dear MAM Client,

I hope that you and your loved ones had wonderful Holidays. December is quarter-end, so I am keeping this month's Commentary very short. We will be sending out quarterly reports by early next week. In the report, I will discuss both the performance of the market and MAM portfolios for 2005, as well as my outlook for 2006. In case you don't want to wait, we have already uploaded year-end values and performance of the portfolios to the MAM Web site (www.mamportfolios.com) for clients with assets over \$150,000.

December Performance: The stock market slipped slightly in December. Unadjusted for dividends, the S & P 500 fell 0.1%, the Nasdaq dropped 1.3%, and the Russell 2000 fell 0.6%. MAM portfolios rose on average 2.3% for the month (after fees), versus a rise of 0.0% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

2005 Performance: The stock market posted modest results for 2005. Unadjusted for dividends, the S & P 500 rose 3.0%, the Nasdaq Composite climbed 1.4%, and the Russell 2000 rose 3.2%.

For full year 2005, 95% of MAM portfolios exceeded the return for the Vanguard Index 500. The composite return of MAM portfolios was 8.7% (after all fees), versus a rise of 4.8% for the Vanguard Index 500 fund (symbol VFINX) with reinvested dividends.

Estimated Tax Payments: For those of you who pay estimated tax payments, I want to remind you that the due date for the fourth quarter payments is January 17, 2006.

Completed Questionnaires Needed for Net Worth Analysis: I also want to remind those of you who have not yet returned the completed questionnaire to try to do soon ASAP. We are hoping to complete as many Net Worth Analysis spreadsheets as possible prior to the start of tax season.

Please email or call if you have any questions or want to discuss your portfolio(s).

Steve McCarthy, CPA, CFP