

McCarthy Asset Management, Inc.

Registered Investment Advisor

July 2, 2007

Dear MAM Client,

Since June is quarter-end, I am keeping this month's Commentary very short. By early next week you should receive your quarterly report. In it I will discuss the performance of the stock market and MAM portfolios for the quarter and year-to-date, as well as an explanation of what may have caused the recent sharp increase in long-term interest rates. In addition I provide a list of book and Website resources pertaining to teaching kids about money and discuss a new service I am contemplating: managing 529 Plan assets.

June Performance: Stocks declined for the month. Unadjusted for dividends, the S & P 500 fell 1.8%, the Nasdaq was flat, and the Russell 2000 dropped 1.5%. MAM portfolios lost, on average, 0.8% for the month (net of fees), versus a loss of 1.7% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

Second Quarter Performance: Stocks rose sharply for the second quarter of 2007. Unadjusted for dividends, the S & P 500 climbed 5.8%, the Nasdaq jumped 7.5%, and the Russell 2000 rose 4.1%. The composite return of assets in MAM portfolios was a gain of 4.3% (after MAM fees) versus a gain of 6.3% in the Vanguard Index 500 fund (with dividends reinvested).

Year-to-Date Performance: Stocks have done well for the first six months of 2007. Unadjusted for dividends, the S & P 500 rose 6.0%, the Nasdaq climbed 7.8%, and the Russell 2000 rose 5.8%. The composite return of assets in MAM portfolios was a gain of 5.7% (after MAM fees) versus a gain of 6.9% in the Vanguard Index 500 fund (with dividends reinvested).

We have already uploaded to the MAM Web site (www.mamportfolios.com), the June 2007 month-end values and year-to-date performance for client accounts.

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

Steve McCarthy, CPA, CFP