

Managed Account Performance - Kerns Capital Management, Inc.

Period Ending 5/31/2008

	PERFORMANCE						Since 12/31/2000			RISK ²	
	Month to Date	Last 3 Months	Year to Date	Last 12 Months	3 Years	5 Years	Value of \$1,000,000	Total Growth	Better Than S&P	3yr. Standard Deviation	5yr. Standard Deviation
MANAGED ACCOUNTS¹											
Equity											
KCM Conservative Growth	2.18%	-1.64%	-1.05%	-3.12%	6.90%	11.10%	\$1,735,612	73.56%	\$555,676	9.76%	8.89%
KCM Moderate Growth	2.65%	-1.60%	-1.13%	-4.96%	7.68%	11.01%	\$1,627,768	62.78%	\$447,832	11.77%	10.72%
KCM Moderate Growth w/Margin	2.81%	-1.66%	-1.30%	-5.17%	6.66%	N/A				12.40%	N/A
KCM Aggressive Growth	3.28%	-2.16%	-2.27%	-7.42%	7.56%	12.20%	\$1,685,001	68.50%	\$505,065	12.84%	11.79%
KCM Aggressive Growth w/Margin	3.34%	-2.13%	-2.19%	-7.37%	5.40%	N/A				14.08%	N/A
Income											
KCM Stable Value	0.42%	0.28%	1.05%	1.49%	5.21%	5.18%	\$1,376,057	37.61%	\$196,121	2.36%	2.60%

RISK ADJUSTED RETURN - PERCENT OF MORNINGSTAR TRACKED MUTUAL FUNDS WE HAVE OUTPERFORMED FOR THE PERIOD³

Equity Funds						
KCM Conservative Growth	99.61%	98.92%	98.81%	94.78%	94.13%	99.03%
KCM Moderate Growth	99.58%	98.51%	98.64%	86.54%	88.91%	94.49%
KCM Aggressive Growth	99.55%	98.04%	98.34%	77.35%	85.26%	93.92%
Income Funds						
KCM Stable Value	96.73%	89.25%	89.08%	85.82%	96.05%	99.95%

BENCHMARKS

Equity											
S & P 500	1.30%	5.77%	-3.80%	-6.70%	7.57%	9.77%	\$1,179,936	17.99%	\$0	8.80%	8.52%
S & P 400 Mid-Cap	5.29%	12.24%	3.37%	-2.50%	10.94%	14.55%	\$1,744,660	74.47%	\$564,724	11.39%	11.23%
Russell 2000 Small Cap	4.59%	9.43%	-1.81%	-10.53%	7.95%	12.48%	\$1,623,951	62.40%	\$444,015	13.23%	13.84%
NASDAQ	4.55%	11.06%	-4.89%	-3.14%	6.85%	9.59%	\$961,727	-3.83%	-\$218,209	13.39%	13.86%
Dow Jones Industrials	-1.11%	3.66%	-3.71%	-5.03%	9.01%	9.85%	\$1,315,271	31.53%	\$135,335	8.57%	8.86%
MSCI EAFE ND	0.97%	5.33%	-3.03%	-2.53%	16.61%	19.24%	\$1,631,466	63.15%	\$451,530	10.98%	10.64%
MSCI Emerg Mkts ID	1.55%	3.63%	-2.86%	19.24%	30.21%	30.85%	\$3,560,412	256.04%	\$2,380,476	19.96%	18.35%
Income											
3 Month T-bill	0.15%	0.39%	0.83%	3.39%	4.28%	3.19%	\$1,236,849	23.68%	\$56,913	0.32%	0.47%
LB 1-3 Yr. Govt Bond	-0.34%	-0.78%	1.86%	7.27%	4.68%	3.30%	\$1,377,285	37.73%	\$197,349	1.66%	1.69%
LB Govt/Credit	-1.03%	-1.63%	0.88%	6.90%	4.03%	3.47%	\$1,519,458	51.95%	\$339,522	3.20%	4.20%

The above performance data is historical in nature and is not a guarantee of future performance. Actual performance will be different and may be less. Losses could occur in all funds. Time periods may reflect a trend in rising or falling stock prices which may not be sustained in the future.

¹ Kerns Capital Management, Inc. ("KCM") performance figures are after the deduction of KCM's actual management fee, include reinvestment of dividends and earnings, and represent a composite of all individual portfolios managed in accordance with the respective investment category. The composites contain accounts structured with mutual funds that are managed with a view toward capital appreciation. Standard deviation is calculated monthly and then annualized to be consistent with Morningstar®. See separate brochure for more detail.

² Standard Deviation is a measurement of risk. Smaller numbers indicate less volatility or risk.

³ KCM risk adjusted return figures are calculated using all mutual funds in the Morningstar® database as of 05/31/2008 and represent the percentage of funds, with a standard deviation equal to or less than the KCM account, that we outperformed. KCM Equity accounts are compared to all Morningstar® rated funds in all equity categories. KCM Stable Value account is compared to all funds in all fixed income categories. Three and Five-Year figures are calculated using all funds with a performance history of 3 and 5 or more years, respectively. Periods of less than three years use Three-Year standard deviation.