

★ U.S. Economy

The U.S. Stock market ended with a daily drop on February 27th which, when measured by the S&P 500 falling 3.5%, was the most significant daily decline since March 24, 2003, when the decline was slightly more. For comparative purposes, the S&P 500 declined (4.9%) on September 17, 2001 and (20.5%) on October 19, 1987. The initial catalyst was a sell-off in the Shanghai stock market, which resulted in a daily decline of almost 9%. The U.S. stocks went on a roller coaster ride with the DJIA down 3.3% , S&P 500 down 3.5% and the NASDAQ down 3.5%. With investors investing globally at record levels, markets such as China have been driven up beyond justifiable levels. China has emerged for the first time as an important force in the world market as more countries become interdependent with China. The U.S. economy is continuing to exhibit the modest growth that has been predicted by analysts and economists. At the end of February, Ben Bernanke emphasized the stability of the economy in order to calm investors. However, he did point out the need for stability in a housing sector where defaults have escalated as lenders have made higher priced loans to borrowers with poor credit. Although the end of month market drop is significant, we are witnessing partial recovery in early March 2007.

★ U.S. Bond Performance

In February 2007, U.S. Treasury yields rose at the very short end of the maturity spectrum with 1 month and 3 month issues up 24 and 4 basis points, respectively. Yields fell across the 1 year to 30 year range with the extreme decline at 30 basis points for 5 year issues. Performance was strong for during the month for the Lehman Global Aggregate which returned 2.06% in February as global rates fell. The Lehman U.S. Aggregate index returned 1.54% for the month as U.S. Rates fell. The Lehman High Yield Bond index posted a 1.40% return in February 2007, and the Lehman Municipal Bond index gained 1.32%.

TREASURY YIELDS

<u>Maturity</u>	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>20 Yrs</u>	<u>30 Yrs</u>
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
2-28-07	5.24	5.16	4.96	4.52	4.56	4.78	4.68
Change	0.49	0.14	(0.04)	(0.18)	(0.15)	(0.13)	(0.13)
1-31-07	5.00	5.12	5.09	4.82	4.83	5.02	4.93
2-28-07	5.24	5.16	4.96	4.52	4.56	4.78	4.68
Change	0.24	0.04	(0.13)	(0.30)	(0.27)	(0.24)	(0.25)

Bond Indices - Total Return

<u>Index</u>	<u>Feb 2007</u>	<u>YTD 2007</u>
Lehman Global Aggregate	2.06	1.05
Lehman U. S. Aggregate	1.54	1.50
Lehman Municipal Bond	1.32	1.06
Lehman U. S. Treasury 1-3 Year	0.81	1.02
Lehman High Yield Bond	1.40	2.53

★ U.S. Stock Market

During February 2007, the broad U.S. indices posted losses ranging from (1.54%) to (1.64%). The NASDAQ over the counter index returns for February was (1.94%).

The three top performing sectors in the S&P 500 during February 2007 were: Utilities 4.77%, Materials 2.03% and Telecommunication Services (0.67%). The bottom three S&P 500 sector performers were: Financials (3.28%), Information Technology (3.16%) and Consumer Discretionary (3.04%). In February 2007, the strongest performance was in the mid-cap growth followed by mid-cap core. The lowest performance for the month was in large-cap stocks where large-cap growth was the bottom performer.

All returns displayed on tables are total returns including income except the S&P 500 Sector Performance table which is the price change return.

Broad Markets	Feb 2007	YTD 2007
NASDAQ Comp	(1.94)	0.03
MSCI-U.S. Broad	(1.60)	0.25
Russell 3000	(1.64)	0.23
PPCA Total	(1.54)	0.42
Morningstar	(1.62)	0.27

Large Cap Stocks	Feb 2007	YTD 2007
S & P 500	(1.96)	(0.47)
Russell 1000	(1.72)	0.17
Growth	(1.88)	0.64
Value	(1.56)	(0.30)
Morningstar	(2.23)	(0.74)
Growth	(2.09)	0.28
Value	(1.98)	(1.41)
Core	(2.59)	(0.92)
PPCA	(2.44)	(0.92)
Growth	(2.78)	0.30
Value	(2.49)	(1.82)
Core	(1.89)	(0.71)

S & P 500 Sector Performance		
	Price Change %	
Sector	Feb 2007	YTD 2007
Energy	(2.30)	(4.11)
Materials	2.03	6.59
Industrials	(1.52)	(0.23)
Consumer Discretionary	(3.04)	(0.36)
Consumer Staples	(1.73)	0.08
Health Care	(2.51)	0.42
Financials	(3.28)	(2.60)
Information Technology	(3.16)	1.64
Telecommunications Srvcs	(0.67)	2.41
Utilities	4.77	4.38
S&P 500	(2.19)	(0.81)

MidCap Stocks	Feb 2007	YTD 2007
S & P 400	0.73	4.39
Morningstar	0.28	3.68
Growth	0.16	3.90
Value	0.28	3.15
Core	0.42	4.00
PPCA	0.28	3.61
Growth	0.40	3.82
Value	0.19	2.88
Core	0.25	4.61

Small Cap Stocks	Feb 2007	YTD 2007
S & P 600	(0.54)	1.50
Russell 2000	(0.79)	0.87
Growth	(0.32)	1.54
Value	(1.23)	0.25
Morningstar	(0.57)	1.31
Growth	0.10	2.14
Value	(0.84)	0.80
Core	(0.93)	1.01
PPCA	(0.34)	1.21
Growth	(0.43)	1.51
Value	(0.87)	0.61
Core	0.76	2.00

For the month of February 2007, the EAFE index was up 81 basis points. The top three country performers were : Japan 4.02%, Ireland 3.55% and Australia 3.40%. The bottom three country performers were: Greece (3.70%), Sweden (3.06%) and Hong Kong (2.57%).

The MSCI Emerging Markets index was down 59 basis points for the month. The top three country performers were: Venezuela 18.76%, Peru 10.42% and Egypt 7.29%. The bottom three country performers were: India (8.63%), Poland (5.99%) and Philippines (5.90%).

The MSCI G7 index measures the performance of the world's seven most wealthy countries and includes the following, along with their respective percentage weightings: Canada (15%), U.S. (30%), Japan (20%), Germany (10%), France (10%), Britain (10%) and Italy (5%).

During the month of February 2007, the G7 index returned (0.56%). The top three country performers were: Japan 4.02%, Germany 0.91% and Canada 0.70%. The bottom three country performers were: the United States (1.90%), Italy (1.08%) and Britain (0.14%).

Net Total Return of MSCI Indices (U.S. \$)		
Overseas Markets	Feb 2007	YTD 2007
The World Index	(0.52)	0.65
The World Index (Ex U.S.)	0.80	1.42
EAFE	0.81	1.49
Europe	(0.36)	0.23
Far East	3.42	4.47
Emerging Markets	(0.59)	(1.66)

G7-Developed Country Performance (U.S. \$) MSCI Indices		
Index	Feb 2007	YTD 2007
G7 Index	(0.56)	0.58
Britain	(0.14)	(0.30)
Canada	0.70	0.41
France	0.05	(0.26)
Germany	0.91	2.33
Italy	(1.08)	(1.14)
Japan	4.02	4.90
United States	(1.90)	(0.15)