

★ U.S. Economy

The recovery of the U.S. Stock market continued its climb in May with the S&P 500 returning 3.49%. International indices had positive performance with the MSCI World Index (ex U.S.) and EAFE returning 2.22% and 1.76%, respectively.

In an environment of slowing economic growth and moderate inflation, Ben Bernanke and the Fed met on May 9th and decided to keep the target rates for federal funds at 5.25%.

Although the stock market continued with strong performance in May, economists and investors are concerned about rising interest rates as the Treasury market is posting the worst price declines in the past two years. Bond yields are currently at their highest levels in a year and are correlated with rising global bond yields.

★ U.S. Bond Performance

In May 2007, U.S. Treasury yields fell slightly at the short end under 1 year, but rose across a long maturity spectrum from 1 year to 30 years with the increases ranging from 6 to 35 basis points. With this rise in interest rates, the U.S. bond market, as represented by the Lehman Aggregate index, posted negative performance with a 76 basis point decline in May. Performance in the global bond markets was weaker with the Lehman Global Aggregate declining 156 basis points. The Lehman Municipal Bond and High Yield indices returned (-10%) and 0.75%, respectively.

During the first five months of 2007, U.S. Treasury yields fell slightly for 3 months and 1 year issues and rose for issues between 5 to 30 years with rates up from 16 to 20 basis points. The Lehman U.S. Aggregate and Global Aggregate indices returned 1.28% and 0.84%, respectively on a year-to-date basis through May. During the same period, the Lehman Municipal Bond and High Yield indices returned 0.66% and 4.75%, respectively.

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
5-31-07	4.78	4.73	4.95	4.86	4.90	5.10	5.01
Change	0.03	(0.29)	(0.05)	0.16	0.19	0.19	0.20
4-30-07	4.80	4.91	4.89	4.51	4.63	4.88	4.81
5-31-07	4.78	4.73	4.95	4.86	4.90	5.10	5.01
Change	(0.02)	(0.18)	0.06	0.35	0.27	0.22	0.20

Bond Indices - Total Return

<u>Index</u>	<u>May 2007</u>	<u>YTD 2007</u>
Lehman Global Aggregate	(1.56)	0.84
Lehman U. S. Aggregate	(0.76)	1.28
Lehman Municipal Bond	(0.44)	0.66
Lehman U. S. Treasury 1-3 Year	(0.10)	1.66
Lehman High Yield Bond	0.75	4.75

During the month of May, the broad U.S. market indices continued their recovery with a strong performance around the 3.75% level. The year-to-date performance for these indices was around 9.5%. In May, the domestic market was led by small-cap issues, followed closely by mid-cap issues where the Morningstar performance was 4.64% and 4.18%, respectively.

The top three performing sectors in the S&P 500 with respect to price changes during May were: Telecommunications Services 9.65%, Energy 6.82% and Materials 5.40%. The bottom three performing sectors during the month were: Utilities 0.28%, Consumer Staples 1.19% and Health Care 1.28%. During the first five months of 2007, the top three performing sectors for the S&P 500 based on price changes were: Telecommunications Services 16.70%, Materials 16.43% and Energy 14.32%. The bottom three performers were: Financials 2.36%, Consumer Discretionary 4.28%, and Consumer Staples 6.07%.

Broad Markets	May 2007	YTD 2007
NASDAQ Comp	3.15	7.84
MSCI-U.S. Broad	3.69	9.35
Russell 3000	3.64	9.16
PPCA Total	3.85	9.86
Morningstar	3.72	9.48

Large Cap Stocks	May 2007	YTD 2007
S & P 500	3.49	8.77
Russell 1000	3.60	9.27
Growth	3.60	9.76
Value	3.61	8.77
Morningstar	3.50	8.58
Growth	3.59	9.50
Value	3.80	8.65
Core	3.14	7.49
PPCA	3.69	8.77
Growth	3.23	8.81
Value	4.11	9.63
Core	3.34	7.00

S & P 500 Sector Performance		
	Price Change %	
Sector	May 2007	YTD 2007
Energy	6.82	14.32
Materials	5.40	16.43
Industrials	4.44	10.00
Consumer Discretionary	2.76	4.28
Consumer Staples	1.19	6.07
Health Care	1.28	9.14
Financials	1.95	2.36
Information Technology	3.88	8.28
Telecommunications Srvcs	9.65	16.70
Utilities	0.28	13.23
S&P 500	3.26	7.92

MidCap Stocks	May 2007	YTD 2007
S & P 400	3.61	8.77
Morningstar	4.18	13.10
Growth	4.52	15.00
Value	3.44	11.06
Core	4.58	13.24
PPCA	4.36	13.29
Growth	4.34	13.12
Value	4.08	12.90
Core	4.95	14.30

Small Cap Stocks	May 2007	YTD 2007
S & P 600	4.60	10.36
Russell 2000	4.10	8.03
Growth	4.55	9.95
Value	3.67	6.27
Morningstar	4.64	9.77
Growth	5.16	12.13
Value	3.79	7.14
Core	4.88	9.95
PPCA	3.59	8.38
Growth	2.80	7.11
Value	3.75	7.76
Core	4.13	10.89

For the month of May 2007, the EAFE index was up 1.76%. The top three EAFE country performers were: Portugal 7.07%, Finland 6.14% and Spain 5.66%. The bottom three performing countries during the month were: Italy (1.30%), Sweden (1.29%) and Switzerland (1.16%). For the first five months of 2007, EAFE returned 10.61% driven strongly by Europe which returned 12.51%. The top performing countries on a year-to-date basis were: Finland 27.47%, Germany 21.79%, and Portugal 21.43%. The bottom three performing countries for this period were: Japan 3.16%, Hong Kong 4.85% and Ireland 6.82%.

The MSCI Emerging Markets index was up 4.95% in May 2007. The top three Emerging Market country performers during May were: Venezuela 60.17%, Mexico 11.77% and Brazil 11.74%. The bottom three Emerging Market country performers during May were: Russia (6.81%), Jordan (3.87%) and South Africa (3.29%). Emerging Market performance on a year-to-date basis through May was 12.29%. The top three country performers for this period were: Peru 53.89%, Pakistan 32.98% and Turkey 31.29%. The bottom three country performers were: Russia (11.12%), Sri Lanka (10.41%) and Taiwan 0.36%.

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 May 2007, the G7 index returned 3.05%. The top three country performers for May were: Canada 8.54%, Germany 4.18% and France 2.13%. The bottom three country performers were: Italy (1.30%), Japan 1.63% and Britain 1.70%. On a year-to-date basis through May, the top three country performers were: Germany 21.80%, Canada 15.10% and France 13.56%. For this period the bottom three country performers were: Japan 3.16%, Italy 7.18% and United States 8.80%.

Net Total Return of MSCI Indices (U.S. \$)		
Overseas Markets	May 2007	YTD 2007
The World Index	2.80	10.01
The World Index (Ex U.S.)	2.22	11.16
EAFE	1.76	10.61
Europe	1.76	12.51
Far East	1.80	3.95
Emerging Markets	4.95	12.29

G7-Developed Country Performance (U.S. \$) MSCI Indices		
Index	May 2007	YTD 2007
G7 Index	3.05	9.36
Britain	1.70	9.41
Canada	8.54	15.10
France	2.13	13.56
Germany	4.18	21.80
Italy	(1.30)	7.18
Japan	1.63	3.16
United States	3.43	8.80