

★ U.S. Economy

The Federal Reserve Open Market Committee met on December 12 and left the rates unchanged. As third quarter domestic economic growth became available, the U.S. economy demonstrated a growth increase of 2% on an annual basis. This slowing pace was considered by economists to be partially due to increasing imports and a slow down in the housing market. Consumer spending has remained high. The Fed has maintained a vigilance with regard to inflation and is unlikely to lower rates unless the market declines and consumer spending subsides.

The domestic equity markets have continued to reward investors in December and for the year as broad market performance is on the order of one percent for December and 16% for 2006. However, U.S. domestic equity performance has significantly lagged performance of the European developed equity markets. Domestic bond markets provided lack luster performance as yields were rising across the maturity spectrum during 2006.

★ U.S. Bond Performance

During December 2006, the U.S. Treasury yield curve continued to flatten with a 47 basis point drop in yield at the 1 month maturity level and a 25 basis point rise in yields from the 5 year to 30 year maturity range.

Since bond rates rose across the intermediate to long maturity range, bond prices declined during December for all the major indices considered except the Lehman High Yield bond index which posted a 1.1 % return in the range of December returns for the broad stock market indices.

The Lehman U.S. Aggregate index outperformed the Lehman Global Aggregate for December but underperformed the global index for the 4th quarter For 2006, the Lehman Global Aggregate outperformed the Lehman U.S. Aggregate index by 2.31%.

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>
11-30-06	5.22	5.03	4.94	4.45	4.46	4.66	4.56
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
Change	(0.47)	(0.01)	0.06	0.25	0.25	0.25	0.25
9-29-06	4.60	4.89	4.91	4.59	4.64	4.84	4.77
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
Change	0.15	0.13	0.09	0.11	0.07	0.07	0.04
12-30-06	4.01	4.08	4.38	4.35	4.39	4.61	N.A.
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
Change	0.74	0.94	0.62	0.35	0.32	0.30	N.A.

Bond Indices - Total Return

<u>Index</u>	<u>Dec 2006</u>	<u>4Q06</u>	<u>2006</u>
Lehman Global Aggregate	(1.33)	2.05	6.64
Lehman U. S. Aggregate	(0.58)	1.24	4.33
Lehman Municipal Bond	(0.35)	1.11	4.84
Lehman U. S. Treasury 1-3 Year	0.00	0.91	3.92
Lehman High Yield Bond	1.10	4.19	11.85

The broad U.S. market indices returned from 1.03 % to 1.20% during December 2006. The broad index quarterly and year-to-date performance ranged from 7.12 to 7.47% and 15.70 to 16.0%, respectively.

In the following three paragraphs, sector price performance is provided for the S&P 500.

The top three performing sectors for December 2006 are: Telecommunication Services 4.56%, Financials 3.74% and Consumer Staples 2.19%. The bottom three performing sectors are: Energy (1.90%), Information Technology (1.36%) and Materials 0.44%.

The top three performing sectors for the fourth quarter of 2006 were: Materials 10.74%, Energy 10.73% and Consumer Discretionary 9.82%. The bottom three performers for the quarter were: Health Care .99%, Consumer Staples 2.94% and Industrials 5.34%.

The top three performing sectors for 2006 were: Telecommunication Services 32.13%, Energy 22.22% and Consumer Discretionary 17.23%. The bottom three performing sectors for this period were: Health Care 5.78%, Information Technology 7.70%, and Industrials 11.02%.

During December 2006, most of the domestic equity indices considered had positive performance. There were declines in some of the growth stock indices while the strongest performance was in large cap value.

For the fourth quarter, the performance was strongest in small cap followed by mid cap and then large cap. Value outperformed growth during the quarter for large and mid-cap issues.

For 2006, large cap value led the way across index families with performance ranging from 22.25 to 25.79%. The lowest performance was from the mid cap growth indices which had performance ranging from 9.63 to 13.34%.

S & P 500 Sector Performance			
Sector	Dec 2006	4Q 06	2006
Energy	(1.90)	10.73	22.22
Materials	0.44	10.74	15.73
Industrials	0.82	5.34	11.02
Consumer Discretionary	2.16	9.82	17.23
Consumer Staples	2.19	2.94	11.76
Health Care	1.12	0.99	5.78
Financials	3.74	6.33	16.16
Information Technology	(1.36)	5.95	7.70
Telecommunications Services	4.56	7.82	32.13
Utilities	0.92	8.28	16.87

Broad Markets	Dec 2006	4Q 06	2006
NASDAQ Comp	(0.68)	6.94	9.51
MSCI-U.S.Broad	1.15	7.12	15.72
Russell 3000	1.20	7.12	15.71
PPCA Total	1.03	7.21	16.00
Morningstar	1.15	7.47	15.70

MidCap Stocks	Dec 2006	4Q 06	2006
S&P 400	(0.49)	6.99	10.32
Morningstar	0.02	8.49	14.32
Growth	(1.10)	7.90	9.63
Value	1.21	9.02	18.81
Core	(0.04)	8.57	14.72
PPCA	0.20	7.97	16.06
Growth	0.16	7.82	13.34
Value	0.15	8.04	17.78
Core	0.39	8.09	17.39

Large Cap Stocks	Dec 2006	4Q 06	2006
S&P 500	1.40	6.70	15.80
Russell 1000	1.28	6.95	15.46
Growth	0.34	5.93	9.07
Value	2.25	8.00	22.25
Morningstar	1.55	7.06	15.91
Growth	(0.47)	6.47	5.68
Value	2.70	8.36	25.79
Core	2.08	6.29	15.54
PPCA	1.41	6.61	15.58
Growth	0.45	6.73	8.77
Value	2.16	7.56	23.66
Core	1.23	4.45	9.55

Small Cap Stocks	Dec 2006	4Q 06	2006
S&P 600	(0.01)	7.84	15.12
Russell 2000	0.33	8.90	18.37
Growth	(0.24)	8.77	13.35
Value	0.87	9.03	23.48
Morningstar	0.07	9.14	17.05
Growth	(0.60)	8.24	10.04
Value	0.97	9.62	20.03
Core	(0.12)	9.54	21.16
PPCA	0.66	9.30	17.87
Growth	0.35	10.52	13.65
Value	0.76	8.99	20.09
Core	0.86	8.33	19.11

For the month of December 2006, EAFE was up 3.14%. All regions posted positive returns with Europe leading the international market with a 3.21% return. The top three country performers for the month were: New Zealand 8.28%, Ireland 8.19% and Austria 7.65%. The bottom three country performers were: Canada (0.70%), Spain 1.65% and Italy 2.04%.

For the fourth quarter of 2006, the EAFE was up 10.35%. Again, all regions posted positive performance led by Europe 11.46%. The top three country performers for the quarter were: Singapore 23.30%, New Zealand 21.79% and Sweden 19.87%. The bottom three country performers for the quarter were: Japan 5.01%, Canada 7.01% and Netherlands 7.14%.

During 2006, EAFE returned 26.34%. All countries posted positive returns. The top three country performers were: Spain 49.36%, Ireland 46.81% and Portugal 47.37%. The bottom three country performers for the period were: Japan 6.24%, New Zealand 16.56% and Canada 17.81%.

The MSCI Emerging Markets index returned 4.50% during December 2006. The strongest country performance in the month was from the China 14.58%, Venezuela 12.19% and Columbia 11.73%. The lowest country performance was from Thailand (9.81%), Pakistan (6.49%) and Jordan (1.56%).

During the 4th quarter of 2006, the MSCI Emerging Markets index returned 17.60%. The top three country performers included: China 35.87%, Argentina 33.65% and Hungary 32.04%. The lowest three country performers were Jordan (8.89%), Pakistan (5.32%), and Thailand 1.92%.

During 2006, the MSCI Emerging Markets index returned 32.17%. The top country performers were China 82.87, Venezuela 79.53% and Indonesia 73.78%. The bottom three country performers were Jordan (30.88%), Turkey (7.21%) and Israel (5.31%).

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

During the month of December 2006, the G7 index returned 1.71%. The top three country performers were Germany 4.13%, France 3.53% and Britain 2.54%. The bottom three country performers were Canada (0.70%), the United States 1.17% and Italy 2.04%.

For the 4th quarter of 2006, the G7 returned 7.52%. The top performers included: Germany 14.38%, Italy 11.95% and France 10.49%. The bottom three performers were Japan 5.01%, U.S. 6.59% and Canada 7.01%.

During 2006, the G7 returned 17.68%. The top three performing countries include Germany 35.99%, France 34.48% and Britain 30.61%. The bottom three performing countries include Japan 6.24%, U.S. 14.68% and Canada 17.81%.

Net Total Return of MSCI Indices (U.S. \$)			
Overseas Markets	Dec 2006	4Q06	2006
The World Index	2.03	8.37	20.07
The World Index (Ex U.S.)	2.87	10.12	25.71
EAFE	3.14	10.35	26.34
Europe	3.21	11.46	33.72
Far East	2.88	6.22	8.79
Emerging Markets	4.50	17.60	32.17

G7-Developed Country Performance (U.S. \$) MSCI Indices			
Index	Dec 2006	4Q06	2006
G7 Index	1.71	7.52	17.68
Britain	2.54	10.28	30.61
Canada	(0.70)	7.01	17.81
France	3.53	10.49	34.48
Germany	4.13	14.38	35.99
Italy	2.04	11.95	32.49
Japan	2.49	5.01	6.24
United States	1.17	6.59	14.68

The following four tables illustrate how the relative performance of sectors, countries and styled changed on a monthly basis during 2006.

Table 1 S&P 500 Sector Rankings

Overall, the top 2006 price performance was from Telecommunication Services, Energy and Consumer Discretionary sectors. However, both Telecommunication Services and Energy had volatile ranking swings. Telecommunication Services was a top 3 performer 5 months during the year and a bottom 3 performer three times. Energy was a top 3 performer for 6 months and a bottom 3 performer for 4 months.

The bottom performance was from Health Care, Information Technology and Industrials. Health Care was a top 3 sector performer twice and a bottom 3 sector performer for four months. Information Technology was a top 3 sector performer for two months and a bottom 3 performer for 6 months.

S&P 500 Sector Rankings							Sector - Price Change (%)		
	Top 3 (Highest) 1st	Top 3 2nd	Top 3 3rd	Bottom 3 1st	Bottom 3 2nd	Bottom 3 3rd (Lowest)			
Jan	Energy 13.85	Materials 4.67	Telecomm 3.26	Financials 0.73	Con Stp (0.17)	Industrials (0.45)			
Feb	Telecomm 6.55	Industrials 2.37	Financials 1.78	Info Tech (1.00)	Materials (2.15)	Energy (8.14)			
March	Industrials 4.53	Materials 4.28	Energy 3.84	Financials 0.07	Health Care (1.30)	Utilities (4.92)			
April	Energy 5.11	Financials 4.06	Materials 3.54	Info Tech (1.15)	Telecom (2.92)	Health Care (3.22)			
May	Utilities 1.13	Con Stp 0.48	Cons Discr (1.62)	Financials (3.94)	Materials (4.32)	Info Tech (7.17)			
June	Telecomm 4.69	Utilities 2.12	Energy 2.04	Industrials (0.66)	Financials (0.72)	Info Tech (1.68)			
July	Health Care 5.40	Energy 4.96	Utilities 4.82	Materials (3.49)	Info Tech (3.77)	Industrials (5.31)			
Aug	Info Tech 8.26	Con Stp 3.59	Health Care 2.68	Telecomm 1.15	Financials 0.78	Energy (4.07)			
Sept	Cons Discr 6.40	Financials 4.07	Telecomm 4.00	Con Stp (0.35)	Utilities (1.89)	Energy (2.80)			
Oct	Cons Discr 6.43	Materials 5.88	Utilities 5.32	Financials 2.27	Con Stp 1.83	Health Care 0.42			
Nov	Energy 8.06	Materials 4.14	Info Tech 3.16	Telecomm (0.33)	Health Care (0.54)	Con Stp (1.08)			
Dec	Telecomm 4.56	Financials 3.74	Cons Stp 2.19	Materials 0.44	Info Tech (1.36)	Energy (1.90)			
2006	Telecomm 32.13	Energy 22.22	Cons Discr 17.23	Industrials 11.02	Info Tech 7.70	Health Care 5.78			

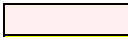


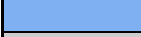






Sector			
Telecommunication Services		Consumer Discretionary	
Energy		Financials	
Materials		Consumer Staples	
Industrials		Health Care	
Information Technology		Utilities	

Table 2 Developed Country Rankings

Developed country rankings are also volatile. The top three performers were Spain, Ireland and Portugal. Spain was a top 3 performer for four months and a bottom 3 performer for one month. Ireland was a top 3 performer for three months and a bottom three performer twice. Portugal was a top 3 performer for 3 months and a bottom 3 performer for two months.

Two of the bottom 3 performing countries (Canada and Japan) were fairly consistent in being a bottom 3 performer and never being a top 3 performer. New Zealand was a bottom 3 performer for 2006 and was a bottom performer for 5 months and a top performer for two months.

MSCI Developed Market Country Performance - 2006 Country/Total Return % (including 21 EAFE countries + Canada)						
	Top 3 (Highest) 1st	Top 3 2nd	Top 3 3rd	Bottom 3 1st	Bottom 3 2nd	Bottom 3 3rd (Lowest)
Jan	Austria 11.48	Greece 10.84	Norway 10.54	Portugal 4.10	Denmark 4.43	New Zealand (2.01)
Feb	Portugal 6.79	Greece 5.47	Spain 3.76	Austria (1.60)	Canada (1.83)	New Zealand (2.91)
March	Norway 10.92	Finland 10.22	Portugal 9.08	Australia 0.379	New Zealand 0.36	Greece (1.75)
April	Australia 9.17	Norway 8.98	New Zealand 6.50	Portugal 3.38	Ireland 3.24	Japan 2.91
May	Italy (0.38)	Ireland (1.71)	France (1.87)	Greece (6.99)	New Zealand (7.36)	Singapore (8.10)
June	Singapore 2.45	Spain 1.34	Portugal 1.05	Finland (2.78)	Norway (3.79)	New Zealand (6.20)
July	Spain 3.07	Norway 2.97	Belgium 2.75	Ireland (0.58)	Finland (0.99)	Sweden (1.63)
Aug	Ireland 8.30	Belgium 4.84	Netherlands 4.79	Japan 1.50	Austria 1.00	Norway (1.95)
Sept	Spain 5.34	Sweden 4.66	Belgium 3.37	Finland (2.46)	Canada (3.02)	Norway (7.09)
Oct	Norway 8.57	Singapore 8.31	Australia 8.22	Hong Kong 1.87	Japan 1.74	Netherlands 0.43
Nov	Norway 9.23	Singapore 7.14	Denmark 6.53	Britain 2.43	Belgium 1.98	Japan 0.71
Dec	New Zealand 8.28	Ireland 8.19	Austria 7.65	Greece 2.18	Spain 1.65	Canada (0.71)
2006	Spain 49.36	Ireland 46.81	Portugal 47.37	Canada 17.81	New Zealand 16.56	Japan 6.24

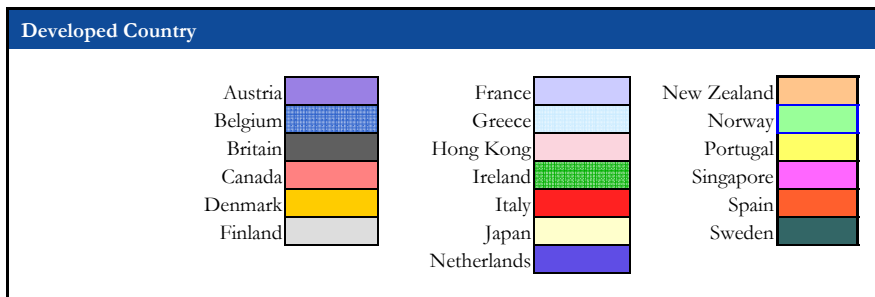


Table 3 Emerging Country Rankings

Emerging country rankings also have ranking variability. The overall top performer was China and was only ranked a top 3 performer in December and was never a bottom 3 performer. Venezuela was a top 3 performer for 3 months and Indonesia was a top 3 performer only once. None of these 3 top 2006 performers were ever bottom 3 monthly performers during the year.

The bottom 3 emerging country performers were Jordan, Turkey and Israel. Jordan was a bottom 3 performer for 7 months and a top 3 performer for one month. Turkey was a bottom 3 performer for 4 months and a top 3 performer for 1 month. Israel was a bottom 3 performer only in January and never a top 3 performer.

MSCI Emerging Market Country Performance - 2006						
Country/Total Return % (includes 27 countries)						
	Top 3 1st	Top 3 2nd	Top 3 3rd	Bottom 3 25th	Bottom 3 26th	Bottom 3 27th
Jan	Egypt 26.54	Brazil 24.96	Argentina 24.37	Malaysia 3.01	Jordan 1.08	Israel (0.41)
Feb	Venezuela 18.30	Pakistan 15.36	Russia 7.09	South Africa (5.61)	Egypt (9.82)	Jordan (11.31)
March	Venezuela 18.18	Indonesia 10.69	India 9.96	Jordan (4.74)	Egypt (4.99)	Turkey (12.22)
April	Argentina 19.81	Peru 17.03	Poland 15.83	Columbia (2.26)	Pakistan (3.44)	Sri Lanka (3.44)
May	Sri Lanka 0.62	Philippines 0.24	Jordan (0.25)	Argentina (18.03)	Columbia (19.34)	Turkey (27.89)
June	Peru 9.69	Argentina 7.05	Brazil 6.17	Egypt (9.92)	Columbia (12.97)	Jordan (13.87)
July	Poland 17.56	Egypt 16.33	Philippines 14.93	Jordan (1.20)	Morocco (2.31)	Taiwan (4.54)
Aug	Morocco 12.98	Egypt 9.45	India 9.42	Argentina (4.36)	Hungary (4.59)	Poland (7.83)
Sept	Philippines 11.79	India 7.87	Malaysia 6.11	Turkey (4.51)	South Africa (6.56)	Russia (6.70)
Oct	Turkey 15.03	South Africa 11.09	Hungary 9.60	Morocco 1.04	Taiwan 0.84	Korea (0.42)
Nov	Sri Lanka 19.62	Argentina 15.90	Malaysia 11.10	Pakistan (5.02)	Turkey (6.97)	Jordan (29.78)
Dec	China 14.58	Venezuela 12.19	Columbia 11.73	Jordan (1.56)	Pakistan (6.49)	Thailand (9.81)
2006	China 82.87	Venezuela 79.53	Indonesia 73.78	Israel (5.31)	Turkey (7.21)	Jordan (30.88)

Emerging Country			
Argentina	India	Morocco	South Africa
Brazil	Indonesia	Pakistan	Sri Lanka
China	Israel	Peru	Taiwan
Columbia	Jordan	Philippines	Thailand
Egypt	Korea	Poland	Turkey
Hungary	Malaysia	Russia	Venezuela

Table 4 Domestic Equity Style Rankings

Value was more consistently favored than Growth throughout most of 2006 representing three out of the top four performing styles: (1) Large Cap Value, (2) Small Cap Value, (3) Small Cap Core and (4) Mid Cap Value.

Three of the four bottom performing styles in 2006 were growth where the rankings were: (1) Large Cap Growth, (2) Large Cap Core, (3) Mid Cap Growth and (4) Small Cap Growth.

Domestic Equity Index Relative Performance 2006 PPCA Style Groups (% return)									
	High 1	2	3	4	5	6	7	8	9 Low
Jan	SCG 10.95	SCC 8.20	SCV 6.59	MCG 6.40	MCC 5.14	MCV 4.82	LCV 3.69	LCG 3.51	LCC (0.59)
Feb	LCC 0.55	LCV 0.47	MCC 0.15	MCV 0.02	SCG (0.01)	SCC (0.34)	MCG (0.42)	SCV (1.14)	LCG (1.42)
March	SCC 5.13	SCG 4.89	MCG 3.64	SCV 3.15	MCC 2.59	MCV 2.20	LCC 1.55	LCG 1.15	LCV 1.08
April	LCV 3.56	SCC 1.79	MCV 1.29	MCG 1.23	MCC 0.98	SCV 0.44	LCC 0.37	SCG 0.15	LCG (0.79)
May	LCC (1.18)	LCV (2.28)	MCV (2.46)	SCV (2.84)	MCC (3.48)	LCG (3.95)	MCG (4.82)	SCC (5.06)	SCG (7.30)
June	LCV 0.74	SCV 0.53	MCV 0.52	MCC (0.19)	SCC (0.21)	LCG (0.30)	MCG (0.36)	LCC (0.40)	SCG (2.83)
July	LCV 3.62	MCV (0.42)	SCV (0.87)	LCG (1.61)	MCC (1.69)	LCC (2.08)	SCC (3.45)	MCG (4.08)	SCG (4.78)
Aug	SCG 4.10	LCC 3.63	LCG 3.36	MCG 3.13	SCC 2.94	MCC 2.59	SCV 2.42	MCV 2.02	LCV 1.05
Sept	LCC 3.08	MCC 2.47	LCV 2.27	LCG 2.17	MCG 1.52	SCC 1.19	SCV 1.03	MCV 0.84	SCG (1.17)
Oct	SCG 6.36	SCV 5.27	SCC 5.16	MCV 4.20	MCC 4.15	LCG 3.70	LCC 3.61	MCG 3.28	LCV 3.02
Nov	MCG 4.22	SCG 3.55	MCV 3.54	MCC 3.38	SCV 2.75	LCG 2.46	LCV 2.19	SCC 2.13	LCC (0.42)
Dec	LCV 2.16	LCC 1.23	SCC 0.86	SCV 0.76	LCG 0.45	MCC 0.39	SCG 0.35	MCG 0.16	MCV 0.15
2006	LCV 23.66	SCV 20.09	SCC 19.11	MCV 17.78	MCC 17.39	SCG 13.65	MCG 13.34	LCC 9.55	LCG 8.77

	Growth	Core	Value
Large	LCG	LCC	LCV
Mid	MCG	MCC	MCV
Small	SCG	SCC	SCV