

# Capital Markets Commentary

Third Quarter 2006

Michael J. Francis, CIMA  
President, Senior Consultant



Edward C. McIlveen  
Director of Performance Analytics and Research

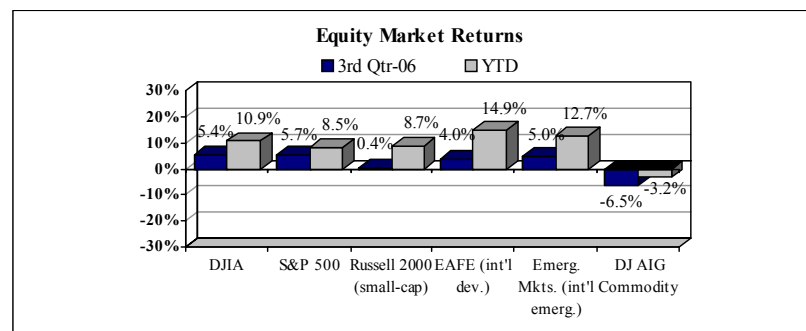
## Third Quarter 2006

After flirting with yearly lows in mid-July, the U.S. stock market staged a powerful rally to finish the quarter up 5.4% at a near-record high, as measured by the Dow Jones Industrial Average. During the third quarter, investors bet that a weakening economy and falling oil prices would ease the Fed's inflation concerns enough to put an end to over two years of short-term interest rate increases, yet would not be steep enough to force the U.S. economy into a recession. This forecast, commonly referred to as a "Goldilocks" economy, motivated investors to move towards defensive sectors of the market.

The U.S. bond markets rallied in the third quarter with the yield on the 10-year Treasury falling from 5.14% to 4.63%. After 17 consecutive interest rate hikes dating back to June of 2004, the Fed left short-term interest rates at 5.25% following both their August and September meetings. Their forecast of a "substantial correction" in residential real estate prices was the basis for their decision to end more than two years of short-term interest rate increases.

International stock markets also resumed their rally from the first quarter, finishing slightly behind the U.S. equity markets for the quarter, but ahead on a year-to-date basis. Developed European markets and Australia were higher, driven by a significant increase in merger and acquisition activity. Japan, meanwhile, was lower for U.S. investors thanks to a weakening Yen. Emerging markets recovered after their powerful May sell-off and continued to attract attention because of their strong growth prospects, reasonable valuations, and improving credit quality.

A sharp drop in energy prices (-23% as measured by the energy sector of the Dow Jones AIG Commodity Index) was the primary force behind the drop in commodity indices such as the DJ AIG Commodity Index which fell 6.5% in the third quarter. The more energy-heavy Goldman Sachs Commodity Index fell -15.5% in the quarter. Despite the drop-off in energy, industrial metals continued to move higher; Nickel (43%), Copper (5%), and Zinc (3%) were up in the third quarter.



## Average Fund Performance

The third quarter brought some much-anticipated outperformance by large-cap stock funds. With forecasts for economic slowdown prevailing, investors saw formerly top-performing small-cap funds trounced by relatively safe large-cap funds. Similarly, growth funds were once again out of favor as investors flocked to the dividend paying stocks most commonly found in value funds. S&P 500 Index funds were among the top-performers of all fund categories in the third quarter.

### STYLE PERFORMANCE MATRIX

	3rd Quarter Total Return			AVERAGE
	Value	Core	Growth	
Large-Cap	5.38%	4.82%	2.56%	4.16%
Mid-Cap	2.05%	0.27%	-1.14%	-0.02%
Small-Cap	0.17%	-0.65%	-2.74%	-1.28%
<b>AVERAGE</b>	<b>3.54%</b>	<b>2.48%</b>	<b>0.10%</b>	

Source: Lipper, Inc.

Your Independent Retirement  
Plan Investment Advisor

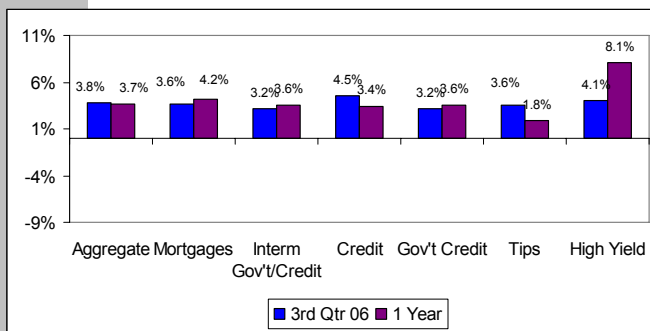
## Near-Term Market Outlook – Cautious

We remain cautious regarding the near-term outlook for U.S. stocks for three reasons.

- 1) During the third quarter, both U.S. stock and bond markets staged powerful rallies. The “Goldilocks” economic forecast that underlies these simultaneous rallies is not, in our opinion, a likely outcome. While it is clear that U.S. economic growth has slowed, world economic prosperity continues to reach new heights. We believe that the current slowdown represents a pause in this country’s continued expansion and find it reasonable to expect inflation concerns to begin rising again in the not too distant future.
- 2) The U.S. stock market was somewhat overvalued coming into the summer and simply became more overvalued this fall. Currently, the U.S. equity market as a whole does not offer compelling opportunity, especially when compared with many faster-growing, and lower-priced equity markets around the world.
- 3) The U.S. political climate is about as negative as it has been in eight years. November’s mid-term election will add uncertainty and threatens to darken the mood of the markets.

We believe that this is a time of unparalleled world economic prosperity and strongly advise long-term investors to maintain an equity bias in their portfolios. The composition of those equity holdings is key. Based on nearly seven years of persistent underperformance, we suggest an over-weighted position to growth over value. Also on a valuation basis, we suggest a bias towards large-cap equities over small-cap, and foreign equities over domestic. Because of our longer-term economic outlook, we continue to recommend inflation resistant holdings become/remain an important element of a diversified portfolio.

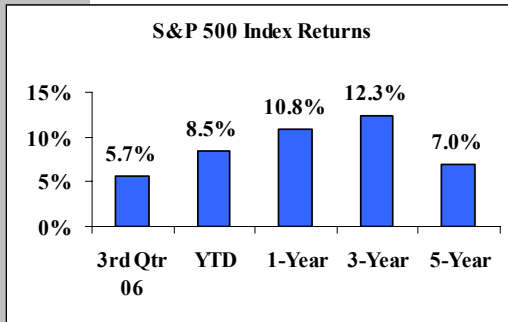
## U.S. Bonds – Multiple Bond Indexes



Bonds turned in a positive quarter with corporates/credits and high yield posting the best results up 4.5% and 4.1% respectively. During the past year, Treasury Inflation-Protected Securities (TIPS) have lagged the broader bond market, but kept pace with most government issues (up 3.5%) with a return of 3.6% this quarter. The bond rally started in July as the result of soft economic news (GDP reported at an annualized 2.5% vs. the 3.0% expectation), weakness in housing starts, coupled with speculation that the Fed was done raising short-term interest rates.

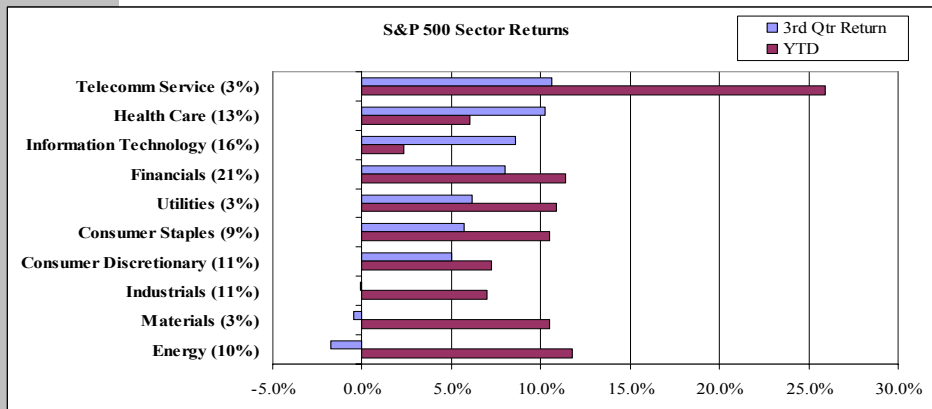
After 17 consecutive interest rate hikes which started in June 2004, the Fed kept the Fed Funds rate of 5.25% at the conclusion of their August 8<sup>th</sup> and September 20<sup>th</sup> meetings. By the end of August, the yield curve remained essentially flat with the yields of 2-year treasury bonds at 4.78% and 30-year treasuries at 4.88%. By the end of September, the spread was essentially the same but yields dropped another 10-12 basis points. Overall, the bond market benefited from bearish overtones in the housing market, and a drop in oil prices. While some data from the Federal Reserve supports the notion that the US consumer is increasingly stretched-thin, other data tells a different story. Charge-off rates are at their lowest since 2000, and delinquency rates are the lowest they’ve been since the Fed started the record in 1991. The bottom-line is that continued US economic growth looks likely, spurred on by the US consumer, and increasingly supported by US corporations.

## Large-Cap Equities – S&P 500



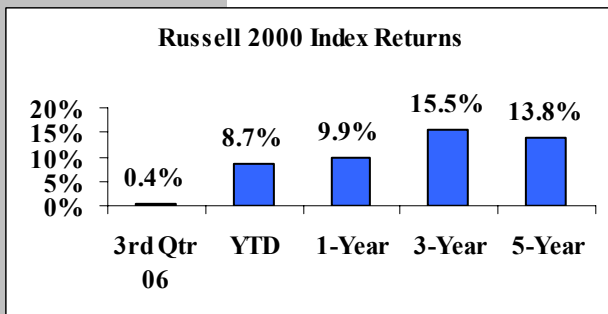
The S&P 500 recovered from a negative second quarter with a positive return of 5.7%, thanks in large part to lower oil prices and the Fed's move to halt short-term interest rate increases. Telecommunications led the advance of the index with a return of 10.6%. The sector is clearly rebounding due to a number of mergers & acquisitions, analyst upgrades, and strong earnings increases. Health care was second with a return of 10.2%, followed by information technology (+9.0%) and financials (+8.0%).

The energy sector was down 1.7% as the price of oil fell from \$74.81 bbl to \$62.91 bbl and the other highly commodity sensitive sector, materials, was slightly down despite the prices of many raw materials moving higher in the quarter. According to Standard and Poors, many companies continue to repurchase shares at a torrid pace, but that dividend increases (7,000 total companies that report to the Standard & Poors Dividend Record) of the overall companies in the quarter decreased by 3.6% from September 2005. Weaker dividend growth is a signal of poor corporate health, conversely, share buy backs are considered a "shareholder friendly" activity as it essentially returns cash to shareholders. During the quarter, the S&P 500 Index hit 17 consecutive quarters of double-digit earnings growth, which in total amount to earnings of \$199.4 B in 2006 versus \$177.5 B in 2005. S&P estimates that earnings will remain especially strong in the energy, materials, consumer-oriented, and telecom & utilities. Information technology is projected to be flat.



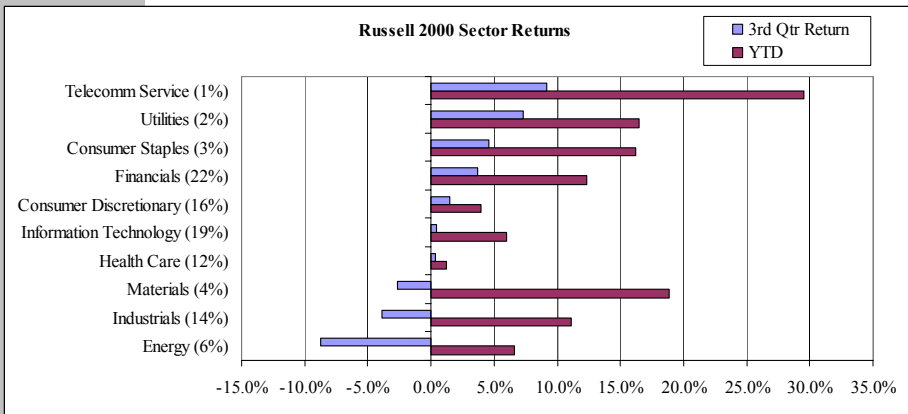
*Telecommunications led the advance this quarter and cruised ahead of all other sectors in year-to-date performance. Overall, most sectors have had respectable returns in the last nine-months, but information technology has lagged.*

## Small-Cap Equities – Russell 2000 Index



Small-cap stocks did not experience the bounce that their large-cap counterparts received this quarter. Valuation concerns continued to plague this end of the U.S. equity market. But for the outsized gains recorded in the first quarter, small-cap stocks would find themselves at a large disadvantage to large-caps on a year-to-date basis. On a sector level, energy (-8.8%), industrials (-3.9%), and materials (-2.7%), which collectively represent just over one quarter of the index, detracted from the index. Health care (+0.4%) and information technology (+0.4%) essentially broke-even, and telecommunications and utilities produced strong results, up 9.1% and 7.4% respectively. Valuations of small-cap stocks are currently very expensive relative to large-cap stocks with forward p/e multiples for small-cap at 18.8 vs. large-cap at 15.2. Additionally, many of the small-cap money managers we connect with have noted that the current environment for small-caps is unfavorable. We continue to advise clients to rebalance their small-cap holdings and, in some cases, underweight in small-caps.

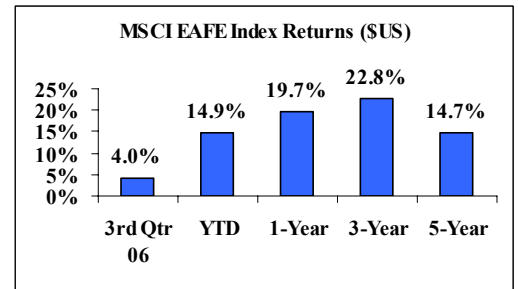




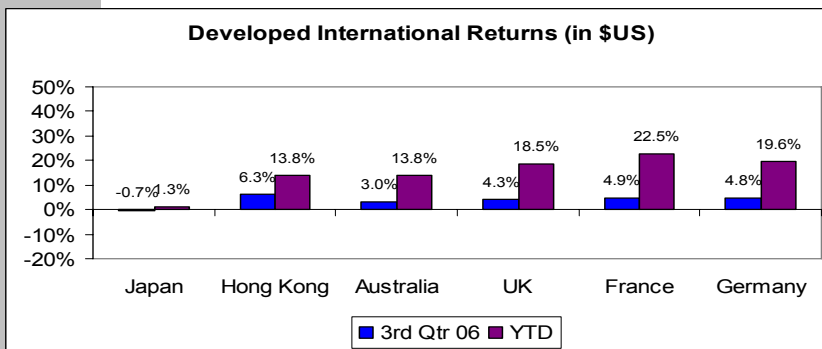
Similar to the sector performance in large-caps, telecommunications and utilities were notably in favor this quarter. The materials sector continues to show strength YTD, even with a down quarter.

## International Equities – MSCI EAFE Index

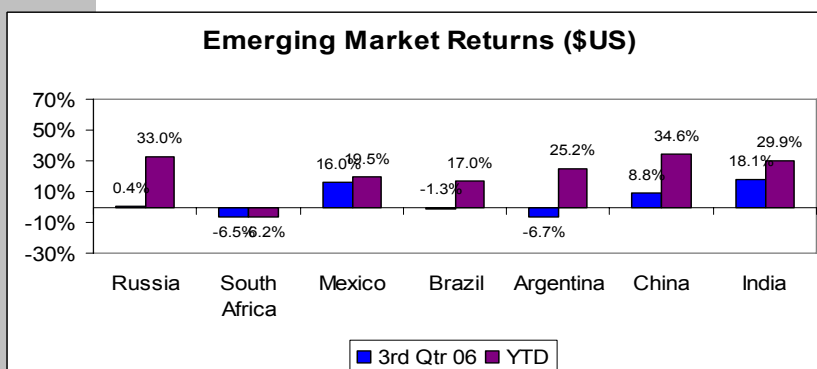
International equities, as measured by the MSCI EAFE Index, were higher this quarter but in doing so underperformed US equities for the first time since the second quarter of 2005. Japan turned in another negative quarter (albeit a small decrease of 0.7%), and year-to-date is meaningfully lagging the other developed markets in Europe and Australia. The Japanese markets were actually higher in terms of local currency (Yen), but investors saw



declines due to the strengthening of the US Dollar to the Yen. The German economy is not necessarily booming, but is providing investors with better-than-expected results thanks largely to unprecedented merger and acquisition activity throughout Europe. Factory orders and industrial productions are higher and consumer confidence reached its highest level since 2001. Even with the good news, concerns remain about inflation and the European Central Bank (ECB) raising rates to combat the threat. The growth in Europe is not unique to Germany alone, and according to one ECB council member, he would not be surprised if growth in a dozen Euro nations was stronger than expected.



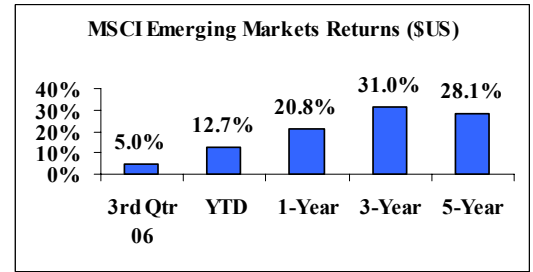
The Japanese market cooled-off this quarter for US investors; European returns have been notably strong year-to-date.



India bounced back from a dismal second quarter (-9.3%), while equity investors in South Africa were down on sharply lower gold prices.

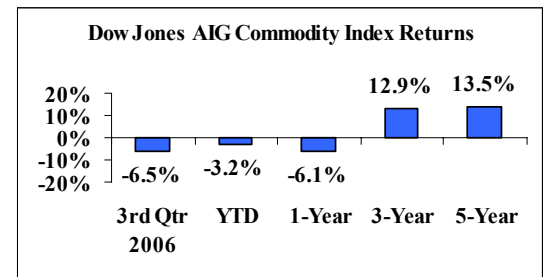
## Emerging Market Equities - MSCI EM Index

Emerging markets (EM) bounced back in the third quarter with a return of 5.0%. Some things have notably changed in emerging market economies over the past several years, namely strong improvements in financial health as evidenced by current account surpluses and a solid GDP growth outlook for many EM countries. What hasn't changed are the volatile swings in market returns versus US markets. There is no shortage of geopolitical "issues" for the markets to digest. Through September 30<sup>th</sup> of this year, EM returns have been over three times more volatile than US markets. Geopolitical "issues" these markets have had to contend with recently include: Israel's war with Hezbollah (and indirectly Iran), a North Korean nuclear test, and a military coup in Thailand. Another typical emerging market "issue" was the assassination of a member of Russia Central Bank who revoked the licenses of banks accused of money laundering in an attempt to bring some stronger corporate governance in the country. Recently, it appears that investors appear more interested in the improving financial health of EM while geopolitical "issues" have yet to sour investor sentiment. During the quarter, Mexico, China, and India turned in positive returns while commodities sensitive countries like Russia and South Africa underperformed. We remind investors to continue to invest in these markets for long-term investment in a diversified portfolio with usually no more than 10-20% allocated depending on investor risk tolerance. In terms of valuation, the forward price-to-earnings ratio (p/e) of the index for EM is 12.42 which means that generally speaking EM equities are trading at an 19% discount to US equities (forward p/e of 15.26 for S&P 500 Index).

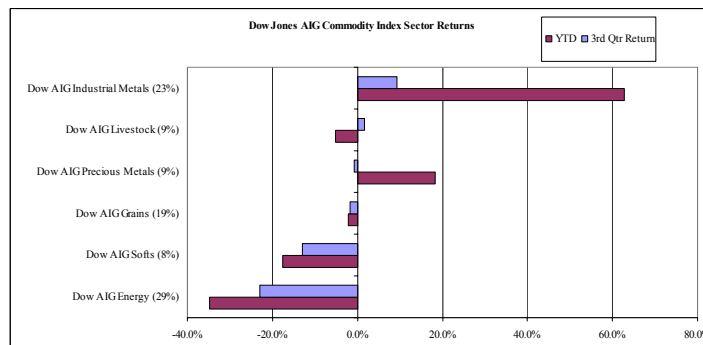


## Hard Assets – Dow Jones Commodity Index

"Hard assets," as measured by the Dow Jones AIG Commodity Index, dropped 6.5% in the quarter. The index saw the largest declines in energy (-23%), softs (-13%), grains (-2%), and precious metals (-1%). After the effects of the Middle East crisis with Israel and Hezbollah subsided, the usual seasonal drop-off in demand for energy combined with weather forecasts of higher temperatures, inspired meaningfully lower prices in the market.

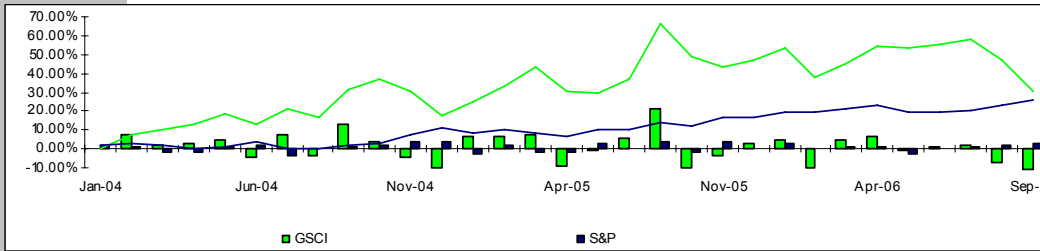


Additionally, the absence of any significant hurricanes in the Gulf helped moderate prices as supply built-up in the face of lower demand. We continue to note that the futures market has priced oil contracts at around \$65 bbl going out as far as 2011, which is a decrease from \$70 for 2011 at the end of the 2<sup>nd</sup> quarter. Some have suggested that there is a pending collapse of oil prices. The futures market, while not a predictor per se, has apparently not reflected that sentiment yet. As of 9/30/06, the index was comprised of energy (25%), livestock (9%), grains basic materials (26%), precious metals (9%), softs (i.e. sugar, cotton, coffee 8%), and vegetable oil (3%). In January of 2007, the index will be rebalanced to approximately 1/3 energy, 1/3 raw materials, and 1/3 agriculture. This rebalancing occurs one time per year.



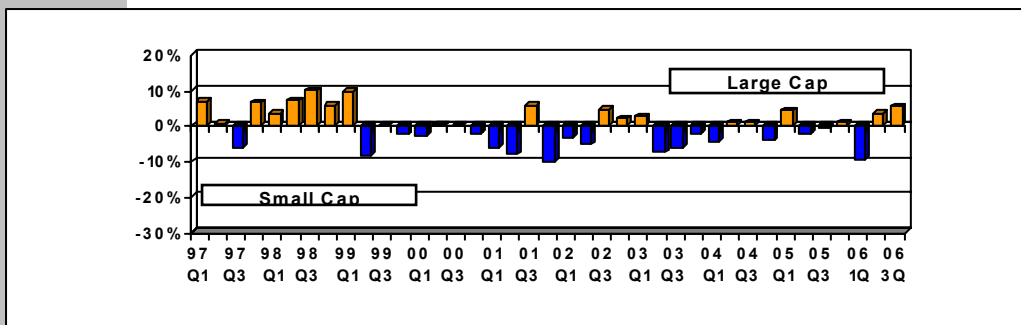
*Industrial metals and precious metals, representing roughly 30% of the index, have been significant contributors over the past 12-months.*

## S&P 500 vs. Commodity Returns (S&P 500 Index and GSCI)



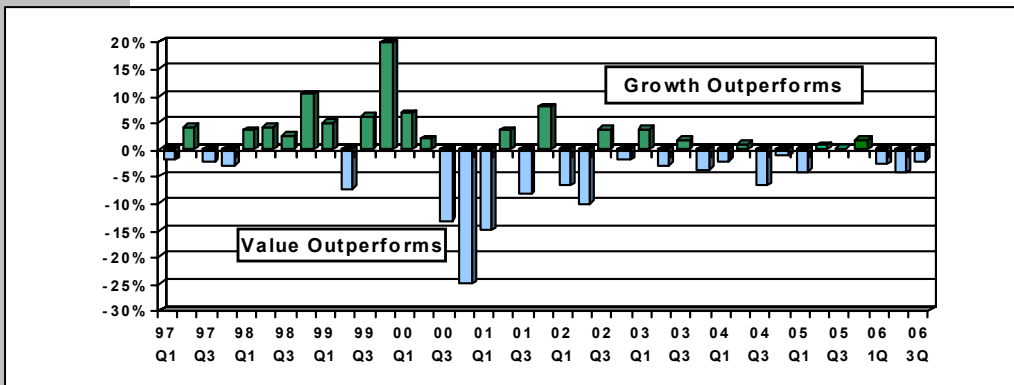
*Commodities significantly underperformed US equities this quarter.*

## Large-Cap vs. Small-Cap (Russell 1000 minus Russell 2000)



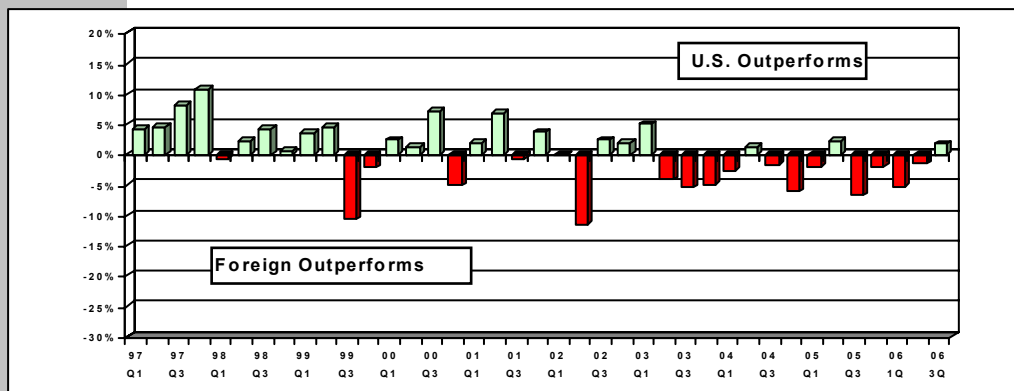
*Small-cap stocks continued to struggle this quarter.*

## Growth vs. Value (Russell 1000 Growth minus Russell 1000 Value)



*Value was the clear winner over growth this quarter as investors began to prepare for an interest rate induced economic slowdown.*

## Domestic vs. International (S&P 500 minus MSCI EAFE Index)



*We continue to recommend an overweight to international equities despite the recent outperformance of US equities over international.*



## PASSIVE INDEX DEFINITIONS

*Indices used to answer the question, "Has the manager added value through skilled security selection?"*

**90-DAY TREASURY BILL INDEX** - This index is comprised solely of Treasury Bills and will always have an average maturity of 90 days.

**MORLEY 3-YEAR GIC INDEX** - This index is the arithmetic mean of the ten highest quotes from a representative universe of three-year high quality GIC issues as measured by Morley Capital Management.

**LEHMAN BROTHERS AGGREGATE BOND INDEX** - This index is composed of approximately 25% U.S. Treasuries, 50% Agencies/Mortgages, and 25% Corporates, with an average duration of 4.5 years.

**LEHMAN BROTHERS INT. GOVT/CREDIT BOND INDEX** - This index is composed of approximately 35% U.S. Treasuries, 25% Agencies, and 40% Corporates, with an average duration of 3.7 years.

**LEHMAN BROTHERS GOVT/CREDIT BOND INDEX** - This index is composed of approximately 40% U.S. Treasuries, 20% Agencies, and 40% Corporates, with an average duration of 5.5 years.

**DOW JONES INDUSTRIAL AVERAGE (DJIA)** - Price weighted average of 30 industrial stocks, chosen to represent the U.S. stock market because they are larger, more actively traded issues, and leaders of American industry.

**STANDARD & POORS 500 INDEX (S&P 500)** - Composite index including 400 industrial, 20 transportation, 40 financial and 40 utility issues adjusted for income. Each stock is weighted according to the aggregate value of the shares outstanding.

**WILSHIRE 5000 INDEX** – Measures the performance of virtually all U.S. headquartered equity securities with readily available price data. Currently composed of over 6,500 capitalization weighted securities, with additions/deletions to the index made monthly and represents virtually 100% of U.S. equity market.

**RUSSELL 3000 INDEX** – Composed of the 3,030 largest U.S. companies based on total market capitalization, which represents approximately 98% of the U.S. equity market. As of the latest reconstitution (3/31/05), the average market cap was approximately \$4.6 billion; the median market cap was approximately \$890 million.

**RUSSELL 1000 INDEX** – Composed of the 991 largest companies in the Russell 3000 Index, which represents approximately 91% of the U.S. equity market. As of the latest reconstitution (3/31/05), the average market cap was approximately \$12.5 billion; the median market cap was approximately \$4.3 billion.

**RUSSELL 1000 VALUE INDEX** – Composed of stocks with lower price-to-book ratios and lower forecasted growth values among the largest 1000 companies in the Russell 3000 Index. As of the latest reconstitution (3/31/05), the index held 697 stocks.

**RUSSELL 1000 GROWTH INDEX** – Composed of stocks with higher price-to-book ratios and higher forecasted growth values among the largest 1000 companies in the Russell 3000 Index. As of the latest reconstitution (3/31/05), the index held 624 stocks.



**RUSSELL MID-CAP INDEX** – Composed of the smallest 792 stocks in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index. As of the latest reconstitution (3/31/05), the average market cap was approximately \$4.7 billion; the median market cap was approximately \$3.5 billion. The largest company in the index had an approximate market cap of \$9.8 billion.

**RUSSELL 2000 INDEX** – Composed of the 2,039 smallest companies in the Russell 3000 Index, which represents approximately 8% of the U.S. equity market. As of the latest reconstitution (3/31/05), the average market cap was approximately \$669 million; the median market cap was approximately \$522 million.

**RUSSELL 2000 VALUE INDEX** – Composed of stocks with lower price-to-book ratios and lower forecasted growth values among the smallest 2000 companies in the Russell 3000 Index. As of the latest reconstitution (3/31/05), the index held 1,348 stocks.

**RUSSELL 2000 GROWTH INDEX** – Composed of stocks with higher price-to-book ratios and higher forecasted growth values among the smallest 2000 companies in the Russell 3000 Index. As of the latest reconstitution (3/31/05), the index held 1,408 stocks.

**MSCI ALL-COUNTRY WORLD EX-US INDEX** - An arithmetic average of over 1,700 securities listed on the stock exchanges of the countries from around the world, with approximately 10% of index listed in emerging market stocks. The index is calculated on a total return basis, which includes reinvestment of gross dividends before deduction of withholding taxes.

**NASDAQ COMPOSITE INDEX** – Composed of the return of stocks listed on the NASDAQ over-the-counter stock exchange. Typically, the index is comprised of technology and emerging company stocks.

## ACTIVE INDEX DEFINITIONS

*Indices used to answer the question, "How does the manager compare to other managers with a similar investment style?"*

**LIPPER INTERMEDIATE INVESTMENT GRADE BOND FUND INDEX** – A peer group index comprised of fixed-income funds with an average duration consistent with intermediate range (3-5 years) and average credit quality of at least investment grade (AAA, AA, A, or BBB).

**LIPPER CORPORATE DEBT A BOND FUND INDEX** – A peer group index comprised of fixed-income funds focused on corporate-issued debt with an average credit quality of A.

**LIPPER BALANCED FUND INDEX** – A peer group index comprised of funds within the balanced fund investment objective (approximately 800 mutual funds), with an approximate range of equities and bonds between 25% and 75% each.

**LIPPER SMALL CO. AVERAGE FUND INDEX** – A peer group index comprised of the universe (approximately 1,000 mutual funds) of small-cap mutual funds classified by Lipper Analytics, Inc.

**MORNINGSTAR WORLD ALLOCATION UNIVERSE** – A peer group of tactical asset allocation products comprised of a universe of 65 funds.

**LIPPER LARGE-CAP VALUE FUND INDEX** – A peer group index comprised of the universe (approximately 900 mutual funds) of large-cap value oriented mutual funds classified by Lipper Analytics, Inc.

**LIPPER LARGE-CAP CORE FUND INDEX** – A peer group index comprised of the universe (approximately 1,300 mutual funds) of large-cap core oriented mutual funds classified by Lipper Analytics, Inc.

**LIPPER LARGE-CAP GROWTH FUND INDEX** – A peer group index comprised of the universe (approximately 1,000 mutual funds) of large-cap growth oriented mutual funds classified by Lipper Analytics, Inc.

**LIPPER INTERNATIONAL FUND INDEX** – A peer group index comprised of the universe (approximately 900 mutual funds) of international mutual funds classified by Lipper Analytics, Inc.

## ECONOMIC SECTOR & INDUSTRY DEFINITIONS

### **CONSUMER DISCRETIONARY**

Auto Components (Delphi Corp., Johnson Controls, Goodyear Tire & Rubber)  
Automobiles (Harley Davidson, Ford, General Motors)  
Household Durables (Tupperware, Whirlpool, Maytag, Snap-On, Black & Decker, Stanley Works, Newell Rubbermaid)  
Leisure Equipment & Products (Eastman Kodak, Mattel, Hasbro, Brunswick)  
Text, Apparel & Luxury Goods (Liz Claiborne, Nike, Reebok, Jones Apparel)  
Hotels, Restaurants & Leisure (McDonalds, Starbucks, Carnival, Hilton Hotels, Wendy's, Marriott, Yum Brands, Harrahs)  
Media (Walt Disney, Tribune, AOL Time Warner, Viacom, Dow Jones, Gannett, NY Times, McGraw Hill, Clear Channel)  
Distributors (Genuine Parts)  
Internet & Catalog Retailing (eBay)  
Multi-Line Retail (Costco, Target, Kohls, Sears, Wal-Mart, JC Penney, Nordstrom, Federated, Dillards, May Dept.)  
Specialty Retail (Tiffany, Staples, Gap, Best Buy, Home Depot, Sherwin Williams, Toys R Us, Circuit City, Lowes)

### **CONSUMER STAPLES**

Food & Staples Retailing (Walgreen, Kroger, Safeway, Sysco, Albertsons, Supervalu, CVS, Winn Dixie)  
Beverages (Coca Cola, PepsiCo, Adolph Coors, Anheuser Busch, Brown Forman)  
Food Products (HJ Heinz, Hershey, Kellogg, Sara Lee, Wrigley, Campbell, General Mills, ADM, ConAgra)  
Tobacco (Altria Group, RJ Reynolds, UST)  
Household Products (Kimberly Clark, Colgate Palmolive, Proctor & Gamble, Clorox)  
Personal Products (Avon Products, Gillette, Alberto Culver)

### **ENERGY**

Energy Equipment & Services (Halliburton, Schlumberger, Noble, Baker Hughes, Nabors, Transocean, Rowan)  
Oil & Gas (Exxon Mobil, ChevronTexaco, ConocoPhillips, Sunoco, Occidental Petroleum, Amerada Hess, Kerr McGee)

### **FINANCIAL SERVICES**

Commercial Banks (Bank of America, Wells Fargo, US Bancorp, JP Morgan Chase, Marshall & Ilsley, Northern Trust, PNC)  
Diversified Financial Services (Citigroup, JP Morgan Chase, Merrill Lynch, Sallie Mae, American Express, MBNA)  
Insurance (Loews, Allstate, MGIC, Prudential, AIG, Aflac, Marsh & McLennan, Safeco, Metlife, Travelers, St. Paul Cos)  
Real Estate (Equity Office Properties, Plum Creek Timber, Equity Residential, Simon Property)

### **HEALTH CARE**

Health Care Equipment & Supplies (Baxter, Medtronic, Guidant, Bausch & Lomb, Boston Scientific, Stryker, St. Jude)  
Health Care Providers & Services (Tenet, UnitedHealth, Aetna, Cardinal Health, Humana, Cigna, Wellpoint, HCA)  
Biotechnology (Amgen, Biogen, Chiron, Genzyme, Medimmune)  
Pharmaceuticals (Pfizer, Merck, Eli Lilly, Abbott, Wyeth, Pharmacia, Bristol Myers Squibb, Johnson & Johnson, Forest Lab)



## INDUSTRIALS

Aerospace & Defense (Boeing, Northrop Grumman, Honeywell, Raytheon, United Technologies, Rockwell Collins)  
Building Products (Masco, American Standard Cos.)  
Construction & Engineering (Fluor, McDermott)  
Electrical Equipment (Rockwell Automation, Emerson Elec., Cooper Inds., American Power Conversion)  
Industrial Conglomerates (3M, General Electric, Tyco International, Textron)  
Machinery (Deere & Co., Caterpillar, Navistar, ITW, Cummins, Ingersoll-Rand, Paccar, Eaton, Danaher)  
Trading Companies & Distribution (Grainger WW)  
Commercial Services & Supplies (HR Block, Fiserv, Waste Mgmt, Paychex, Cendant, ADP, RR Donnelley, First Data)  
Air Freight & Logistics (United Parcel Service, Fedex, Ryder)  
Airlines (Southwest, AMR, Delta)  
Road & Rail (Union Pacific, CSX, Burlington Northern, Norfolk Southern)

## INFORMATION TECHNOLOGY

Internet Software & Services (Yahoo)  
IT Services (Unisys, Sungard Data, Computer Sciences, Electronic Data Systems)  
Software (Microsoft, Oracle, Electronic Arts, BMC, Computer Associates, Siebel, Adobe, Novell, Peoplesoft, Intuit)  
Communications Equipment (Cisco, Motorola, Qualcomm, Corning, Lucent, Tellabs, Avaya, JDS Uniphase, Ciena)  
Computers & Peripherals (Dell, Apple, EMC, Sun Microsystems, Hewlett Packard, IBM, Gateway, Lexmark, NCR)  
Electronic Equipment & Instruments (Tektronix, Solectron, Waters Corp., Sanmina, Agilent, Jabil Circuit)  
Office Electronics (Xerox)  
Semiconductors & Semi Equipment (Intel, Texas Instruments, PMC Sierra, Applied Materials, Xilinx, Maxim, Analog)

## MATERIALS

Chemicals (Du Pont, Sigma Aldrich, Great Lakes Chem, Ecolab, Praxair, Rohm & Haas, Monsanto, Dow Chemical)  
Construction Materials (Vulcan Materials)  
Containers & Packaging (Sealer Air, Pactiv, Ball, Temple Inland, Bemis)  
Metals & Mining (Alcoa, US Steel, Newmont Mining, Freeport-McMoran, Nucor, Phelps Dodge, Worthington)  
Paper & Forest Products (Intl Paper, Meadwestvaco, Weyerhaeuser, Boise Cascade, Georgia Pacific, Louisiana Pacific)

## TELECOMMUNICATION SERVICES

Diversified Telecom Services (AT&T, Sprint, SBC, Verizon, Qwest, Alltel, CenturyTel)  
Wireless Telecom Services (Nextel, Sprint PCS, AT&T Wireless)

## UTILITIES

Electric Utilities (Southern Co., Dominion, Exelon, Con Ed, TXU, Cinergy, PG&E, Xcel, American Electric Power, FPL)  
Gas Utilities (Nisource, Keyspan, Nicor, Sempra, Kinder Morgan, Peoples Energy)  
Multi-Utilities & Unreg. Power (Duke Energy, Williams Cos., AES, Calpine, El Paso, Dynegy, Mirant)

