QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT
for

Contra Costa County
Employees' Retirement Association

FOR THE PERIOD ENDING
December 31, 2006

February 20, 2007

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KEY POINTS

Fourth Quarter, 2006

- Domestic equity markets had strong positive returns in the fourth quarter. The S&P 500 Index returned 6.7% for the quarter while the Russell 2000® small capitalization index returned 8.9%.
- Domestic bond markets were also positive in the quarter, with the Lehman Aggregate returning 1.2% and the median fixed income manager returning 1.2%.
- CCCERA Total Fund returned 5.8% for the fourth quarter, better than the 5.1% return of the median total fund and the 5.2% return of the median public fund. CCCERA Total Fund performance has been well above the median fund over all longer cumulative periods ended December 31, 2006.
- CCCERA domestic equities returned 6.8% in the quarter, trailing the 7.1% return of the Russell 3000®, but exceeding the S&P 500 and matching the median equity manager.
- CCCERA international equities returned 9.5% for the quarter, trailing the 10.4% return of the MSCI EAFE Index and the 10.3% return of the median international equity manager.
- CCCERA fixed income returned 3.0% for the quarter, well above the Lehman Aggregate return of 1.2% and the median fixed income manager return of 1.2%.
- CCCERA international fixed income returned 0.7% for the quarter, matching the 0.7% return of the Citigroup Non US Government Hedged Index.
- CCCERA alternative assets returned 3.4% for the quarter.
- CCCERA real estate returned 8.8% for the quarter, well above the median real estate manager.
- Domestic equities and fixed income were over-weighted vs. target at the end of the fourth quarter, offset by under-weightings in alternative investments and commodities. US equities are the "parking place" for assets intended for alternative investments while US fixed income is the parking place for the commodities allocation. International equities, real estate, international fixed income and cash & equivalents were all close to target levels at quarter end.

WATCH LIST

Manager	Since	Reason
ING Investments	2/22/2006	Personnel changes, performance concerns
PIMCO Stocks Plus	9/13/2006	Performance concerns
US Realty	5/28/2003	Personnel changes
Western Asset Management	5/24/2006	Performance concerns

SUMMARY

The domestic equity markets were strong in the fourth quarter of 2006, with the S&P 500 returning 6.7%. Small capitalization stocks out-performed larger capitalization issues, with the Russell 2000® returning 8.9%. The median equity manager returned 6.8% and the broad market, represented by the Russell 3000® Index, returned 7.1%. International equity markets also had strong positive results in the fourth quarter, with the MSCI EAFE Index returning 10.4%. The U.S. bond market was positive in the fourth quarter of 2006, with the Lehman Aggregate Index returning 1.2% and the median fixed income manager returning 1.2%. Hedged international bonds were also slightly positive, with the Citigroup Hedged Index returning 0.7%. The domestic real estate market posted positive results in the fourth quarter of 2006, with the NCREIF Property Index returning 4.5% and the NAREIT Equity Index returning 9.5%.

CCCERA's fourth quarter return of 5.8% was better than both the median total fund and the median public fund. CCCERA has out-performed both medians over all trailing time periods, ranking in the upper quintile of both universes over the past one through five-year periods.

CCCERA total domestic equities returned 6.8% for the quarter, below the 7.1% return of the Russell 3000®, but above the 6.7% return of the S&P 500 and matching the 6.8% return of the median manager. Of CCCERA's domestic equity managers, Boston Partners had the strongest performance with a return of 8.7%, better than the 6.7% return of the S&P 500. Rothschild returned 8.6% versus 9.1% for the Russell 2500™ Value. Progress returned 8.5%, trailing the 8.9% return of the Russell 2000® Index. PIMCO returned 6.8%, better than the S&P 500. ING returned 6.6%, slightly trailing the S&P 500 (but matching the S&P 500 ex-Tobacco Index). Delaware returned 6.1%, above the Russell 1000® Growth return of 5.9%. Intech Enhanced Plus returned 5.7%, below the S&P 500. Emerald returned 5.7%, trailing the 8.1% return of the Russell 2000® Growth Index. Finally, Wentworth returned 5.3%, trailing the S&P 500.

CCCERA international equities returned 9.5%, below the 10.4% return of the MSCI EAFE Index and the 10.3% return of the median international manager. The GMO Intrinsic Value portfolio returned 9.2%, below MSCI EAFE, EAFE Value Indices and the median international equity manager. McKinley Capital returned 9.9%, trailing the MSCI EAFE and median international equity manager returns while exceeding the MSCI EAFE Growth Index.

CCCERA total domestic fixed income returned 3.0% for the fourth quarter, above 1.2% for the Lehman Aggregate and 1.2% for the median fixed income manager. AFL-CIO's return of 1.4% was better than the Lehman Aggregate and the median fixed income manager. PIMCO returned 1.2%, matching the Lehman Aggregate and the median. Western Asset returned 1.5%, exceeding the Lehman Aggregate and the median. ING Clarion returned 44.4%, dwarfing the fixed income median, as the fund's assets were re-securitized as a CDO and sold during the quarter. ING Clarion II returned 3.4% in its first full quarter, above the 1.2% return of the Lehman Aggregate. Nicholas Applegate returned 4.3% versus 4.4% for the Citigroup High Yield Index and 3.8% for the Merrill Lynch BB/B Index.

The Fischer Francis Trees & Watts international hedged fixed income portfolio returned 0.7% for the fourth quarter, matching the 0.7% return of the Citigroup Non US Government Hedged Index.

CCCERA total alternative investments returned 3.4% in the fourth quarter. The PT Timber Fund reported a return of 10.8%, Energy Investor Fund reported a return of 3.4%, Adams Street Partners reported a return of 3.2%, Pathway returned 2.6%, Energy Investor Fund II reported a return of 2.5%, Nogales had a return of 1.9%, and the Bay Area Equity Fund returned -3.1% for the quarter. (Due to timing constraints, all alternative portfolio returns except PT Timber Fund are for the quarter ending September 30.)

The median real estate manager returned 3.8% for the quarter while CCCERA's total real estate returned 8.8%. Prudential SPF-II returned 22.8%; Invesco returned 11.0%; DLJ's RECP II returned 10.8%; Adelante returned 9.9%; DLJ's RECP I returned 6.1%; DLJ's RECP III returned 5.6%; BlackRock Realty returned 4.6%; FFCA returned 2.7%; Fidelity returned 2.1%; the Willows Office property returned 1.2%; and US Realty returned -41.7% as the lone remaining property was written down in preparation for its subsequent sale. Also, please look at the internal rate of return (IRR) table for closed-end funds on page 79, which is a better measurement for such funds.

Asset Allocation
The CCCERA fund at December 31, 2006 was slightly over-weighted in domestic fixed income at 26% vs. the target of 25% and domestic equity at 45% versus the target of 43%. The fund was under-weight in alternatives at 3% versus the target of 5% and commodities at 0% versus the target of 2%. Assets earmarked for alternative investments are temporarily invested in U.S. equities while assets earmarked for commodities are temporarily invested in U.S. fixed income. Other asset classes were near their respective targets.

Fourth quarter securities lending income from the custodian, State Street Bank, totaled $222,526.

Performance versus Investment Performance Objectives
The Statement of Investment Policies and Guidelines specifies investment objectives for each asset class. These goals are meant as targets, and one would not expect them to be achieved by every manager over every period. They do provide justification for focusing on sustained manager under-performance. We show the investment objectives and compliance with the objectives below. We also include compliance with objectives in the manager comments. These objectives are currently under review and will most likely be revised in the coming quarter.

Investment Performance Objectives – over a market cycle of 3-4-5 years:

- Domestic large capitalization equity managers are expected to have a rate of return in excess of the S&P 500 after adjusting for risk and to have above median performance in the Wilshire COOP database. The enhanced index portfolios are expected to exceed the S&P 500. Small capitalization managers are expected to exceed the Russell 2000® Index and the median small capitalization manager.
- U.S. fixed managers are expected to exceed the Lehman Aggregate index and have above median performance. High yield credit managers are expected to exceed the Citi High Yield Index.
- International equity managers are expected to have a rate of return in excess of the MSCI EAFE index after adjusting for risk and to have above-median performance in the database.
- The international fixed income manager is expected to exceed the Citi International Government Fixed Hedged Index.
- Real estate managers are expected to exceed the return of the NCREIF Index.
- Alternative managers are expected to have a return in excess of the S&P 500 and peers.
- The total fund is expected to have a return 400 basis points above the CPI.

Summary of Managers Compliance with Investment Performance Objectives

Managers Meeting Objectives:	Adelante Capital, AFL-CIO, Boston Partners, DLJ I, DLJ II, FFTW, Intech, Pathway, PIMCO (fixed income), Prudential SPF II, Rothschild, Western Asset Management, Willows
Managers Meeting Some Objectives:	Adams Street, FFCA, ING (equity), Nicholas-Applegate, PIMCO (equity), PT Timber Fund
Managers Not Meeting Objectives:	Emerald, US Realty, Wentworth
Total Fund:	The Total Fund has exceeded the CPI + 400 basis points (4%) over the five-year period.

ASSET ALLOCATION
As of December 31, 2006

EQUITY - DOMESTIC	Market Value	% of Portion	% of Total	Target % of Total
Boston Partners	$ 350,176,449	15.9 %	7.1 %	6.8 %
Delaware Investments	324,494,995	14.7	6.6	6.8
Emerald	179,423,369	8.1	3.7	3.0
ING	279,191,595	12.7	5.7	5.6
Intech - Enhanced Plus	25,501,721	1.2	0.5	0.5
Intech - Large Core	251,229,633	11.4	5.1	5.1
PIMCO	272,666,693	12.4	5.6	3.6
Progress	49,936,810	2.3	1.0	3.0
Rothschild	198,343,994	9.0	4.0	3.0
Wentworth	273,876,417	12.4	5.6	5.6
TOTAL DOMESTIC	$ 2,204,841,676	100.0 %	45.0 %	43.0 %
			Range:	*35 to 55 %*
INTERNATIONAL EQUITY				
McKinley Capital	$ 296,562,785	50.6 %	6.1 %	5.75 %
GMO Intrinsic Value	289,977,428	49.4	5.9	5.75
TOTAL INT'L EQUITY	$ 586,540,213	100.0 %	12.0 %	11.5 %
			Range:	*7 to 13 %*
FIXED INCOME - (non hy)				
AFL-CIO	$ 167,232,712	14.0 %	3.4 %	3.6 %
ING Clarion	1,070,162	0.1	0.0	0.0
ING Clarion II	11,113,142	0.9	0.2	1.8
PIMCO	509,043,941	42.6	10.4	8.8
Western Asset	507,409,031	42.4	10.4	8.8
TOTAL FIXED INCOME	1,195,868,988	100.0 %	24.4 %	23.0 %
			Range:	*19 to 35 %*
HIGH YIELD				
Nicholas Applegate	$ 94,193,779	100.0 %	1.9 %	2.0 %
TOTAL HIGH YIELD	94,193,779	100.0 %	1.9 %	2.0 %
			Range:	*1 to 4 %*
TOTAL U.S. FIXED	*$ 1,290,062,767*	*100.0 %*	*26.3 %*	*25.0 %*
INTERNATIONAL FIXED				
Fischer Francis	$ 186,426,320	100.0 %	3.8 %	4.0 %
TOTAL INT'L FIXED	$ 186,426,320	100.0 %	3.8 %	4.0 %
			Range:	*3 to 7 %*

ASSET ALLOCATION
As of December 31, 2006

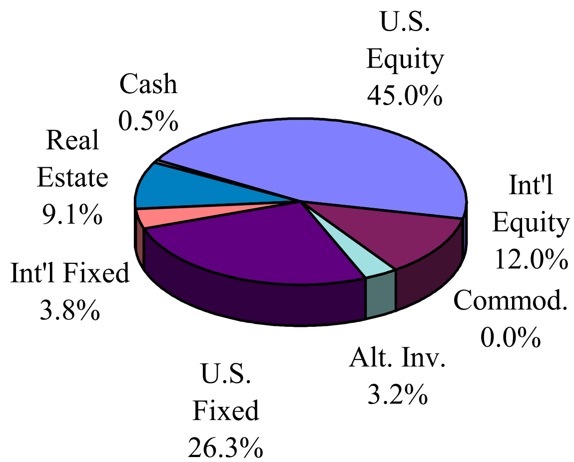
		Market Value	% of Portion	% of Total	Target % of Total
REAL ESTATE					
Adelante Capital	$	290,830,427	64.9 %	5.9 %	- %
BlackRock Realty		26,569,678	5.9	0.5	-
DLJ RECP I		2,352,185	0.5	0.0	-
DLJ RECP II		15,021,206	3.4	0.3	-
DLJ RECP III		20,573,404	4.6	0.4	-
FFCA		7,182,883	1.6	0.1	-
Fidelity		33,477,888	7.5	0.7	-
Hearthstone I		-922,000 *	-0.2	0.0	-
Hearthstone II		-466,000 *	-0.1	0.0	-
Invesco Fund I		33,643,421	7.5	0.7	-
Prudential SPF II		8,823,669	2.0	0.2	-
U.S. Realty		6,294	0.0	0.0	-
Willows Office Property		11,000,000	2.5	0.2	-
TOTAL REAL ESTATE	$	448,093,055	100.0 %	9.1 %	9.0 %
				Range:	*5 to 12 %*
COMMODITIES					
N/A	$	-	0.0 %	0.0 %	2.0 %
TOTAL COMMODITIES	$	-	0.0 %	0.0 %	2.0 %
				Range:	*0 to 3 %*
ALTERNATIVE INVESTMENTS					
Adams Street Partners	$	43,731,795	27.8 %	0.9 %	- %
Bay Area Equity Fund		4,073,569	2.6	0.1	-
Energy Investor Fund		27,602,914	17.5	0.6	-
Energy Investor Fund II		28,479,502	18.1	0.6	-
Nogales		11,567,386	7.3	0.2	-
Pathway		28,248,396	17.9	0.6	-
Hancock PT Timber		13,704,310	8.7	0.3	-
TOTAL ALTERNATIVE	$	157,407,872	100.0 %	3.2 %	5.0 %
				Range:	*0 to 7 %*
CASH					
Custodian Cash	$	24,182,127	90.5 %	0.5 %	- %
Treasurer's Fixed		2,524,000	9.5	0.1	-
TOTAL CASH	$	26,706,127	100.0 %	0.5 %	0.5 %
				Range:	*0 to 2 %*
TOTAL ASSETS	**$**	**4,900,078,030**	**100.0 %**	**100.0 %**	**100.0 %**

*For a discussion of the negative asset values of the Hearthstone Funds, please refer to page 73.
**CCCERA has committed $85 million to ING Clarion Debt Opportunity Fund II, $25 million to BlackRock (formerly SSR) Realty; $15 million to DLJ RECP I; $40 million to DLJ RECP II; $75 million to DLJ III, $12 million to FFCA, $50 million to Fidelity; $40 million to Prudential's SPF-II; $40 million to US Realty; $50 million to INVESCO Real Estate; $90 million to Adams Street Partners Venture Capital Fund; $10 million to Bay Area Equity Fund; $30 million to Energy Investors USPF I; $50 million to Energy Investors USPF II; $15 million to Nogales; $75 million to Pathway and $15 million to Hancock PT Timber Fund III.

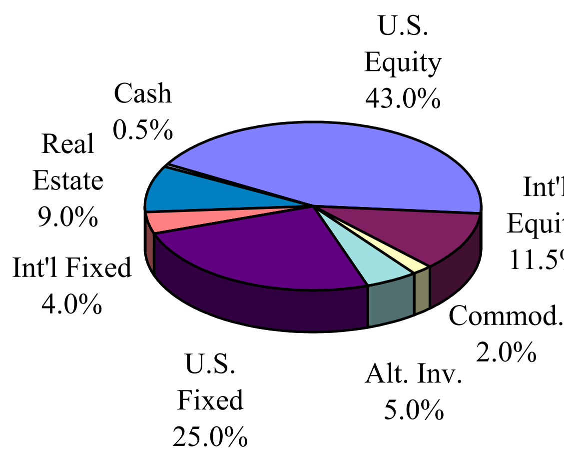
ASSET ALLOCATION

As of December 31, 2006

CCCERA Asset Allocation



Target Asset Allocation



CUMULATIVE PERFORMANCE STATISTICS
Performance through Fourth Quarter, 2006

DOMESTIC EQUITY	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
Boston Partners	**8.7 %**	**14.8 %**	**13.8 %**	**20.2 %**	**16.0 %**	**16.2 %**	**18.8 %**	**10.1 %**
Rank vs Equity	***18***	***10***	***11***	***12***	***8***	***13***	***34***	***36***
Rank vs Lg Value	***9***	***20***	***43***	***36***	***19***	***27***	***33***	***45***
Delaware	**6.1**	**5.1**	**-0.8**	**3.2**	-	-	-	-
Rank vs Equity	***66***	***84***	***87***	***91***	-	-	-	-
Rank vs Lg Growth	***25***	***81***	***81***	***74***	-	-	-	-
Emerald Advisors	**5.7**	**1.9**	**-2.3**	**13.8**	**11.9**	**9.3**	-	-
Rank vs Equity	***71***	***93***	***90***	***56***	***36***	***76***	-	-
Rank vs Sm Cap Growth	***77***	***86***	***65***	***39***	***36***	***68***	-	-
ING Investments	**6.6**	**13.1**	**10.9**	**15.9**	**10.5**	**10.7**	**14.5**	-
Rank vs Equity	***59***	***20***	***29***	***38***	***52***	***55***	***73***	-
Rank vs Lg Core	***70***	***16***	***63***	***39***	***48***	***44***	***82***	-
Intech - Enhanced Plus	**6.0**	**11.4**	**9.2**	**14.4**	**11.6**	**12.8**	**16.7**	-
Rank vs Equity	***68***	***42***	***41***	***54***	***40***	***39***	***50***	-
Rank vs Lg Core	***87***	***75***	***84***	***80***	***28***	***21***	***21***	-
Intech - Large Core	-	-	-	-	-	-	-	-
Rank vs Equity	-	-	-	-	-	-	-	-
Rank vs Lg Core	-	-	-	-	-	-	-	-
PIMCO Stocks Plus	**6.8**	**13.2**	**11.3**	**15.7**	**10.0**	**10.4**	**14.9**	-
Rank vs Equity	***50***	***19***	***23***	***43***	***63***	***64***	***64***	-
Rank vs Lg Core	***36***	***13***	***27***	***64***	***84***	***79***	***48***	-
Progress	**8.5**	**4.5**	**-0.4**	**15.4**	**12.2**	-	-	-
Rank vs Equity	***21***	***86***	***86***	***46***	***34***	-	-	-
Rank vs All Sm Cap	***43***	***80***	***72***	***46***	***41***	-	-	-
Rothschild	**8.6**	**10.4**	**8.6**	**21.3**	**16.2**	**17.7**	-	-
Rank vs Equity	***19***	***49***	***44***	***9***	***8***	***7***	-	-
Rank vs Sm Cap Value	***37***	***40***	***36***	***19***	***13***	***25***	-	-
Wentworth, Hauser	**5.3**	**8.7**	**4.9**	**7.2**	**8.4**	**10.1**	**14.1**	**5.4**
Rank vs Equity	***76***	***63***	***62***	***83***	***74***	***69***	***76***	***80***
Rank vs Lg Core	***94***	***93***	***97***	***98***	***92***	***85***	***86***	***90***
Total Domestic Equities	**6.8**	**9.9**	**6.9**	**13.5**	**11.1**	**11.7**	**16.2**	**5.6**
Rank vs Equity	***50***	***52***	***51***	***60***	***46***	***47***	***53***	***78***
Median Equity	6.8	10.3	7.4	15.0	10.7	11.3	16.9	8.1
S&P 500	6.7	12.8	11.1	15.8	10.2	10.4	14.7	6.2
S&P 500 ex-Tobacco	6.6	12.6	10.9	15.7	10.0	10.3	14.5	6.0
Russell 2000®	8.9	9.4	3.9	18.4	11.2	13.6	21.2	11.4
Russell 3000®	7.1	12.1	9.9	15.7	10.8	11.2	15.9	7.2
Russell 1000® Value	8.0	14.7	15.4	22.2	14.4	15.1	18.6	10.9
Russell 1000® Growth	5.9	10.1	5.8	9.1	7.2	6.9	12.2	2.7
INT'L EQUITY								
GMO	**9.2**	**13.2**	**14.1**	**26.2**	-	-	-	-
Rank vs Int'l Eq	***69***	***77***	***54***	***44***	-	-	-	-
McKinley Capital	**9.9**	**13.9**	**14.9**	-	-	-	-	-
Rank vs Int'l Eq	***57***	***70***	***47***	-	-	-	-	-
Total Int'l Equities	**9.5**	**13.6**	**14.5**	**26.6**	**23.3**	**21.5**	**25.9**	**16.5**
Rank vs Int'l Eq	***65***	***74***	***49***	***41***	***26***	***32***	***40***	***48***
Median Int'l Equity	10.3	14.8	14.4	25.9	20.8	20.8	24.9	16.4
MSCI ACWI ex-US	10.1	14.2	15.0	25.7	20.0	20.1	24.7	15.3
MSCI EAFE Index	10.4	14.8	15.9	26.9	20.3	20.4	24.8	15.4
MSCI EAFE Growth Index	9.4	11.9	12.2	22.3	17.7	17.2	20.7	12.3
MSCI EAFE Value Index	11.3	17.4	18.8	30.4	21.8	22.6	28.0	17.7

Notes: Returns for periods longer than one year are annualized.

CUMULATIVE PERFORMANCE STATISTICS
Performance through Fourth Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
DOMESTIC FIXED INCOME								
AFL-CIO Housing	**1.4 %**	**5.5 %**	**5.4 %**	**5.1 %**	**4.0 %**	**4.2 %**	**4.2 %**	**5.7 %**
Rank vs Fixed Income	***36***	***22***	***24***	***28***	***24***	***26***	***36***	***21***
Nicholas Applegate	**4.3**	**8.0**	**8.0**	**10.2**	**7.0**	**7.7**	**10.9**	**9.7**
Rank vs High Yield	***27***	***10***	***32***	***32***	***17***	***6***	***41***	***n/a***
ING Clarion	**44.4**	**47.6**	**54.0**	**64.8**	**37.8**	**-**	**-**	**-**
Rank vs Fixed Income	***1***	***1***	***1***	***1***	***1***	***-***	***-***	***-***
ING Clarion II	**3.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Rank vs Fixed Income	***9***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
PIMCO	**1.2**	**5.3**	**5.2**	**4.8**	**4.1**	**4.6**	**5.2**	**-**
Rank vs Fixed Income	***55***	***24***	***28***	***37***	***22***	***18***	***18***	***-***
Western Asset	**1.5**	**5.9**	**5.8**	**5.2**	**3.8**	**4.7**	**5.3**	**-**
Rank vs Fixed Income	***29***	***17***	***18***	***27***	***33***	***18***	***17***	***-***
Total Domestic Fixed	**3.0**	**7.1**	**7.3**	**7.5**	**5.6**	**5.8**	**6.3**	**6.9**
Rank vs Fixed Income	***12***	***7***	***6***	***11***	***9***	***11***	***13***	***11***
Median Fixed Income	1.2	4.7	4.8	4.5	3.5	3.7	3.9	5.0
Median High Yield Mgr.	4.0	7.1	6.6	9.0	5.5	6.3	10.5	n/a
Lehman Aggregate	1.2	5.1	5.0	4.3	3.4	3.7	3.8	5.1
Citigroup Mortgage	1.6	5.3	5.3	5.2	4.0	4.2	3.9	4.9
Citigroup High Yield	4.4	8.7	8.8	11.9	6.9	8.2	13.4	10.2
Merrill Lynch BB/B	3.8	8.1	7.9	10.7	6.9	7.9	11.5	8.8
T-Bills	1.2	2.6	3.7	4.8	3.9	3.1	2.6	2.4
INT'L FIXED INCOME								
Fischer Francis	**0.7**	**4.0**	**3.6**	**2.6**	**3.9**	**4.8**	**4.4**	**5.0**
Citigroup NonUS Govt Hdg	0.7	4.0	4.1	3.1	4.4	4.7	4.0	4.5
ALTERNATIVE INVESTMENTS*								
Adams Street**	**3.2**	**9.2**	**15.6**	**23.5**	**20.2**	**17.7**	**14.3**	**8.7**
Bay Area Equity Fund**	**-3.1**	**-3.2**	**-11.3**	**-6.5**	**-2.4**	**-**	**-**	**-**
Energy Investor Fund**	**3.4**	**6.3**	**9.3**	**12.7**	**44.1**	**-**	**-**	**-**
Energy Investor Fund II**	**2.5**	**24.2**	**29.4**	**-**	**-**	**-**	**-**	**-**
Nogales**	**1.9**	**2.7**	**3.8**	**11.0**	**12.0**	**-**	**-**	**-**
Pathway**	**2.6**	**8.5**	**12.8**	**21.4**	**31.5**	**24.7**	**18.1**	**8.4**
Hancock PT Timber Fund	**10.8**	**10.8**	**12.4**	**12.1**	**11.0**	**9.6**	**8.1**	**6.2**
Total Alternative	**3.4**	**9.7**	**13.6**	**19.2**	**26.1**	**21.0**	**16.3**	**10.7**

Note: Returns for periods longer than one year are annualized.

** See also see Internal Rates of Return for closed-end funds on page 79.*

*** Performance as of September 30, 2006.*

CUMULATIVE PERFORMANCE STATISTICS
Performance through Fourth Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
REAL ESTATE*								
Adelante Capital REIT	**9.9 %**	**19.4 %**	**18.8 %**	**38.2 %**	**27.0 %**	**30.2 %**	**31.7 %**	**25.7 %**
Rank vs REITs	***19***	***33***	***23***	***13***	***10***	***15***	***69***	***n/a***
BlackRock Realty	**4.6**	**6.7**	**12.7**	**23.8**	**26.2**	**-**	**-**	**-**
Rank	***30***	***59***	***36***	***27***	***14***	-	-	-
DLJ RECP I**	**6.1**	**41.7**	**44.2**	**41.2**	**27.0**	**21.7**	**17.1**	**14.9**
Rank	***24***	***1***	***2***	***6***	***11***	***32***	***30***	***33***
DLJ RECP II**	**10.8**	**12.4**	**15.4**	**35.7**	**43.3**	**40.0**	**36.3**	**30.6**
Rank	***9***	***23***	***27***	***17***	***2***	***4***	***4***	***3***
DLJ RECP III**	**5.6**	**6.0**	**16.5**	**10.2**	-	-	-	-
Rank	***25***	***69***	***26***	***79***	-	-	-	-
FFCA	**2.7**	**3.0**	**5.1**	**25.3**	**21.4**	**16.0**	**14.4**	**13.5**
Rank	***71***	***82***	***85***	***25***	***33***	***51***	***46***	***33***
Fidelity	**2.1**	**4.3**	**9.2**	**16.5**	**16.3**	-	-	-
Rank	***75***	***77***	***69***	***45***	***69***	-	-	-
Invesco Fund I	**11.0**	**12.4**	**20.8**	**38.1**	-	-	-	-
Rank	***8***	***23***	***10***	***10***	-	-	-	-
Prudential SPF II	**22.8**	**32.7**	**70.8**	**83.8**	**59.4**	**44.9**	**36.0**	**29.5**
Rank	***1***	***2***	***1***	***1***	***1***	***2***	***4***	***6***
U.S. Realty	**-41.7**	**-38.9**	**-36.6**	**-33.8**	**-27.8**	**-17.3**	**-9.8**	**-5.5**
Rank	***100***	***100***	***100***	***100***	***100***	***100***	***99***	***98***
Willows Office Property	**1.2**	**3.1**	**5.0**	**7.4**	**7.4**	**1.7**	**3.2**	**4.2**
Rank	***86***	***85***	***84***	***87***	***90***	***99***	***95***	***96***
Total Real Estate	**8.8**	**15.7**	**18.4**	**33.8**	**26.9**	**28.1**	**27.5**	**23.2**
Rank	***22***	***22***	***17***	***20***	***11***	***21***	***20***	***19***
Median Real Estate	3.8	7.2	11.7	15.6	17.6	16.5	14.2	12.8
NCREIF Property Index	4.5	8.2	12.5	16.6	18.3	17.0	15.0	13.3
NAREIT Equity Index	9.5	19.6	17.7	35.0	23.1	25.8	28.6	23.2
CPI + 500 bps	0.7	2.0	4.8	7.7	8.2	8.3	8.1	8.0
CCCERA Total Fund	**5.8 %**	**10.0 %**	**9.3 %**	**15.3 %**	**13.1 %**	**13.2 %**	**15.7 %**	**10.1 %**
Rank vs. Total Fund	***32***	***24***	***17***	***13***	***5***	***6***	***9***	***7***
Rank vs. Public Fund	***31***	***24***	***19***	***11***	***3***	***4***	***5***	***6***
Median Total Fund	5.1	8.6	7.6	12.0	8.9	9.2	11.7	7.4
Median Public Fund	5.2	8.7	7.5	11.9	9.2	9.3	12.1	7.8
CPI + 400 bps	0.5	1.4	4.0	6.6	7.1	7.2	7.0	6.9

Note: Returns for periods longer than one year are annualized.

** See also see Internal Rates of Return for closed-end funds on page 79.*

*** Performance as of September 30, 2006.*

AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS
Performance through Fourth Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
DOMESTIC EQUITY								
Boston Partners	**8.6 %**	**14.7 %**	**13.6 %**	**19.8 %**	**15.6 %**	**15.8 %**	**18.5 %**	**9.8 %**
Delaware	**6.0**	**4.9**	**-1.2**	**2.8**	-	-	-	-
Emerald Advisors	**5.5**	**1.6**	**-2.8**	**13.2**	**11.3**	**8.6**	-	-
ING	**6.5**	**13.0**	**10.7**	**15.6**	**10.2**	**10.4**	**14.2**	-
Intech - Enhanced Plus	**5.9**	**11.2**	**9.0**	**14.1**	**11.3**	**12.5**	**16.4**	-
Intech - Large Core	-	-	-	-	-	-	-	-
PIMCO Stocks Plus	**6.7**	**13.0**	**11.0**	**15.4**	**9.7**	**10.0**	**14.5**	-
Progress	**8.3**	**4.1**	**-1.0**	**14.6**	**11.4**	-	-	-
Rothschild	**8.5**	**10.0**	**8.1**	**20.6**	**15.5**	**16.9**	-	-
Wentworth, Hauser	**5.2**	**8.5**	**4.8**	**7.0**	**8.2**	**9.9**	**13.9**	**5.1**
S&P 500	6.7	12.8	11.1	15.8	10.2	10.4	14.7	6.2
Russell 2000®	8.9	9.4	3.9	18.4	11.2	13.6	21.2	11.4
Russell 3000®	7.1	12.1	9.9	15.7	10.8	11.2	15.9	7.2
Russell 1000® Value	8.0	14.7	15.4	22.2	14.4	15.1	18.6	10.9
Russell 1000® Growth	5.9	10.1	5.8	9.1	7.2	6.9	12.2	2.7
INT'L EQUITY								
GMO Intrinsic Value	**9.0**	**12.9**	**13.6**	**25.4**	-	-	-	-
McKinley Capital	**9.8**	**13.6**	**14.5**	-	-	-	-	-
MSCI EAFE Index	10.4	14.8	15.9	26.9	20.3	20.4	24.8	15.4
MSCI EAFE Growth Index	9.4	11.9	12.2	22.3	17.7	17.2	20.7	12.3
MSCI EAFE Value Index	11.3	17.4	18.8	30.4	21.8	22.6	28.0	17.7
MSCI EM Free Index	17.6	23.5	18.3	32.6	33.6	31.0	36.9	27.0
DOMESTIC FIXED INCOME								
AFL-CIO Housing	**1.3**	**5.3**	**5.2**	**4.7**	**3.7**	**3.9**	**3.8**	**5.4**
Nicholas Applegate	**4.1**	**7.7**	**7.7**	**9.7**	**6.5**	**7.1**	**10.4**	**9.1**
ING Clarion	**44.2**	**46.9**	**52.7**	**62.7**	**35.2**	-	-	-
ING Clarion II	**0.7**	-	-	-	-	-	-	-
PIMCO	**1.1**	**5.2**	**5.0**	**4.5**	**3.8**	**4.3**	**4.9**	-
Western Asset	**1.5**	**5.8**	**5.6**	**5.0**	**3.6**	**4.5**	**5.1**	-
Lehman Aggregate	1.2	5.1	5.0	4.3	3.4	3.7	3.8	5.1
Citigroup Mortgage	1.2	5.1	5.0	4.3	3.4	3.7	3.8	5.1
Citigroup High Yield	1.6	5.3	5.3	5.2	4.0	4.2	3.9	4.9
T-Bills	1.2	2.6	3.7	4.8	3.9	3.1	2.6	2.4
INT'L FIXED INCOME								
Fischer Francis	**0.6**	**3.8**	**3.4**	**2.2**	**3.6**	**4.4**	**4.1**	**4.7**
Citigroup NonUS Govt Hdg	0.7	4.0	4.1	3.1	4.4	4.7	4.0	4.5
REIT								
Adelante Capital	**9.8**	**19.1**	**18.4**	**37.6**	**26.4**	**29.6**	**31.1**	**25.0**
NAREIT Equity Index	9.5	19.6	17.7	35.0	23.1	25.8	28.6	23.2

Note: Returns for periods longer than one year are annualized.

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Fourth Quarter, 2006

DOMESTIC EQUITY	2006	2005	2004	2003	2002	2001	2000
Boston Partners	**20.2 %**	**12.0 %**	**16.6 %**	**27.1 %**	**-18.7 %**	**4.1 %**	**18.8 %**
Rank vs Equity	*12*	*14*	*31*	*75*	*32*	*21*	*13*
Rank vs Lg Value	*36*	*14*	*32*	*81*	*54*	*22*	*15*
Delaware	**3.2**	-	-	-	-	-	-
Rank vs Equity	*91*	-	-	-	-	-	-
Rank vs Lg Growth	*74*	-	-	-	-	-	-
Emerald Advisors	**13.8**	**10.1**	**4.1**	-	-	-	-
Rank vs Equity	*56*	*25*	*93*	-	-	-	-
Rank vs Sm Cap Growth	*39*	*20*	*86*	-	-	-	-
ING	**15.9**	**5.4**	**11.2**	**26.7**	-	-	-
Rank vs Equity	*38*	*61*	*60*	*77*	-	-	-
Rank vs Lg Core	*39*	*40*	*36*	*83*	-	-	-
Intech - Enhanced Plus	**14.4**	**8.9**	**15.3**	**29.4**	-	-	-
Rank vs Equity	*54*	*34*	*37*	*60*	-	-	-
Rank vs Lg Core	*80*	*14*	*7*	*34*	-	-	-
Intech - Large Cap Core	-	-	-	-	-	-	-
Rank vs Equity	-	-	-	-	-	-	-
Rank vs Lg Core	-	-	-	-	-	-	-
PIMCO Stocks Plus	**15.7**	**4.6**	**11.1**	**29.9**	-	-	-
Rank vs Equity	*43*	*75*	*62*	*58*	-	-	-
Rank vs Lg Core	*64*	*78*	*15*	*29*	-	-	-
Progress	**15.4**	**9.1**	-	-	-	-	-
Rank vs Equity	*46*	*32*	-	-	-	-	-
Rank vs All Sm Cap	*46*	*36*	-	-	-	-	-
Rothschild	**21.3**	**11.2**	**20.7**	-	-	-	-
Rank vs Equity	*9*	*18*	*15*	-	-	-	-
Rank vs Sm Cap Value	*19*	*23*	*39*	-	-	-	-
Wentworth, Hauser	**7.2**	**9.6**	**13.6**	**27.1**	**-23.4**	**-6.7**	**11.4**
Rank vs Equity	*83*	*28*	*46*	*75*	*65*	*42*	*24*
Rank vs Lg Core	*98*	*9*	*15*	*82*	*77*	*11*	*2*
Total Domestic Equities	**13.5**	**8.8**	**13.0**	**31.0**	**-28.0**	**-9.2**	**-2.8**
Rank vs Equity	*60*	*35*	*49*	*50*	*83*	*48*	*50*
Median Equity	15.0	6.5	12.9	31.0	-22.0	-9.7	-2.7
S&P 500	15.8	4.9	10.9	28.7	-22.1	-11.9	-9.1
S&P 500 ex-Tobacco	15.7	4.6	10.7	28.4	-22.3	-12.1	-9.6
Russell 2000®	18.4	4.6	18.3	47.3	-20.5	2.5	-3.0
Russell 3000®	15.7	6.1	12.0	31.0	-21.6	-11.5	-7.5
Russell 1000® Value	22.2	7.0	16.5	30.0	-15.5	-5.6	7.0
Russell 1000® Growth	9.1	5.3	6.3	29.8	-27.9	-20.4	-22.4
INT'L EQUITY							
GMO	**26.2**	-	-	-	-	-	-
Rank vs Int'l Eq	*44*	-	-	-	-	-	-
McKinley Capital	-	-	-	-	-	-	-
Rank vs Int'l Eq	-	-	-	-	-	-	-
Total Int'l Equities	**26.6**	**20.0**	**18.1**	**39.9**	**-14.6**	**-18.1**	**-18.2**
Rank vs Int'l Eq	*41*	*32*	*68*	*27*	*45*	*59*	*74*
Median Int'l Equity	25.9	15.9	19.9	36.4	-15.0	-16.5	-14.0
MSCI ACWI ex-US	25.7	14.5	20.4	39.4	-15.8	-21.4	-13.4
MSCI EAFE Index	26.9	14.0	20.7	39.2	-15.7	-21.2	-14.0
MSCI EAFE Growth Index	22.3	13.3	16.1	32.0	-16.0	-24.6	-24.5
MSCI EAFE Value Index	30.4	13.8	24.3	45.3	-15.9	-18.5	-3.1

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Fourth Quarter, 2006

	2006	2005	2004	2003	2002	2001	2000
DOMESTIC FIXED INCOME							
AFL-CIO Housing	**5.1 %**	**3.0 %**	**4.6 %**	**4.2 %**	**12.1 %**	**8.6 %**	**12.7 %**
Rank vs Fixed Income	***28***	***25***	***41***	***66***	***6***	***43***	***9***
Nicholas Applegate	**10.2**	**3.8**	**9.1**	**21.2**	**4.8**	**3.6**	**-**
Rank vs. High Yield	***32***	***15***	***66***	***68***	***5***	***40***	***-***
ING Clarion	**64.8**	**15.3**	**-**	**-**	**-**	**-**	**-**
Rank vs Fixed Income	***1***	***1***	***-***	***-***	***-***	***-***	***-***
ING Clarion II	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Rank vs Fixed Income	***-***	***-***	***-***	***-***	***-***	***-***	***-***
PIMCO	**4.8**	**3.4**	**5.6**	**6.9**	**-**	**-**	**-**
Rank vs Fixed Income	***37***	***18***	***20***	***21***	***-***	***-***	***-***
Western Asset	**5.2**	**2.4**	**6.5**	**7.1**	**-**	**-**	**-**
Rank vs Fixed Income	***27***	***56***	***15***	***18***	***-***	***-***	***-***
Total Domestic Fixed	**7.5**	**3.7**	**6.3**	**7.9**	**9.1**	**7.2**	**10.7**
Rank vs Fixed Income	***11***	***14***	***16***	***14***	***52***	***75***	***49***
Median Fixed Income	4.5	2.5	4.4	4.6	9.2	8.4	10.7
Median High Yield Mgr.	9.0	2.5	9.8	24.0	-1.1	2.7	-8.1
Lehman Aggregate	4.3	2.4	4.3	4.1	10.3	8.4	11.6
Citigroup Mortgage	5.2	2.7	4.8	3.1	8.8	8.2	11.3
Citigroup High Yield	11.9	2.1	10.8	30.6	-1.5	5.4	-5.7
Merrill Lynch BB/B	10.7	3.3	9.8	22.9	-1.3	5.4	-3.9
T-Bills	4.8	3.1	1.3	1.1	1.8	4.4	6.1
INT'L FIXED INCOME							
Fischer Francis	**2.6**	**5.4**	**6.4**	**3.5**	**7.3**	**5.4**	**-**
Citigroup NonUS Govt Hdg	**3.1**	5.7	5.2	1.9	6.9	6.1	9.6
ALTERNATIVE INVESTMENTS							
Adams Street**	**23.5**	**17.0**	**13.0**	**4.5**	**-10.9**	**-28.9**	**92.1**
Bay Area Equity Fund**	**-6.5**	**1.9**	**-**	**-**	**-**	**-**	**-**
Energy Investor Fund**	**12.7**	**84.2**	**-**	**-**	**-**	**-**	**-**
Energy Investor Fund II**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Nogales**	**11.0**	**13.1**	**-**	**-**	**-**	**-**	**-**
Pathway**	**21.4**	**42.5**	**12.2**	**0.2**	**-23.1**	**-33.9**	**39.3**
Hancock PT Timber Fund	**12.1**	**9.8**	**6.9**	**3.8**	**-1.1**	**0.2**	**3.3**
Total Alternative	**19.2**	**33.3**	**11.4**	**3.5**	**-9.3**	**-22.8**	**59.5**

See also IRRs on closed end funds (real estate and alternatives) on Page 79.

*** Performance as of September 30, 2006.*

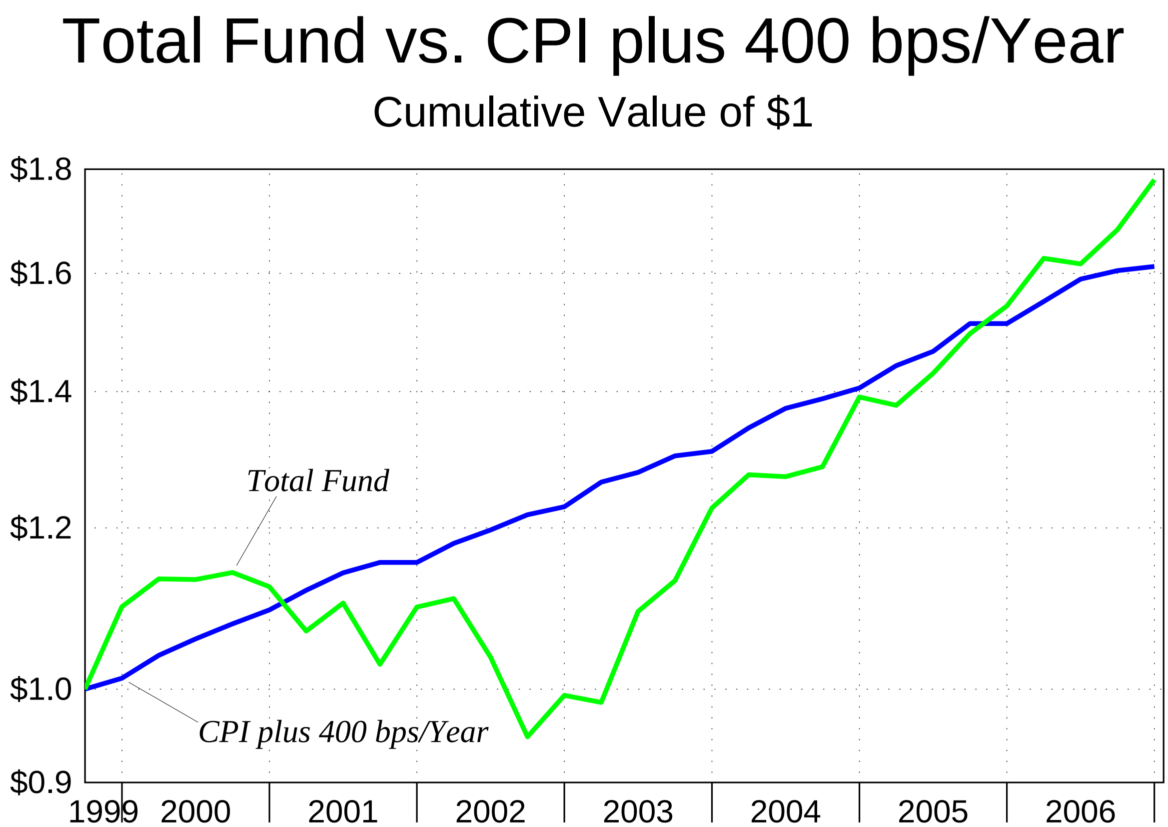
YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Fourth Quarter, 2006

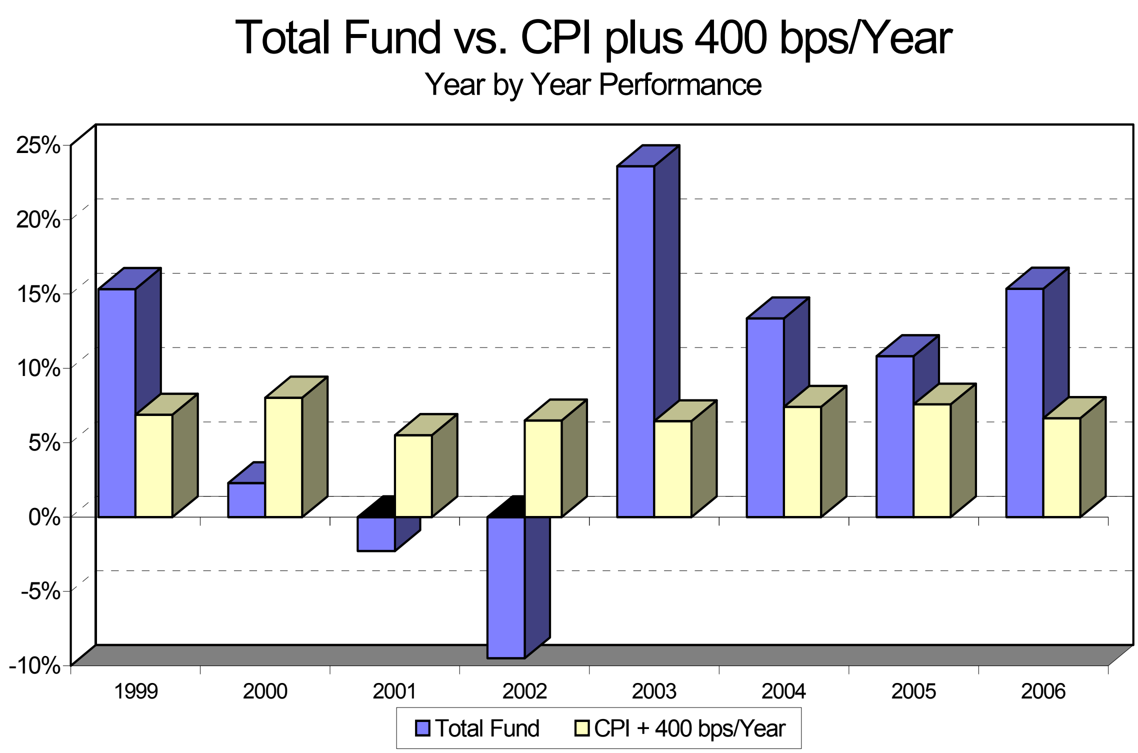
	2006	2005	2004	2003	2002	2001	2000
REAL ESTATE							
Adelante Capital REIT	**38.2 %**	**16.7 %**	**36.9 %**	**36.1 %**	**4.2 %**	**- %**	**- %**
Rank	***13***	***4***	***11***	***53***	***47***	**-**	**-**
BlackRock Realty	**23.8**	**28.7**	**-**	**-**	**-**	**-**	**-**
Rank	***27***	***11***	***-***	***-***	***-***	***-***	***-***
DLJ RECP I**	**41.2**	**14.2**	**11.8**	**4.2**	**6.8**	**9.0**	**14.9**
Rank	***6***	***62***	***54***	***84***	***39***	***35***	***38***
DLJ RECP II**	**35.7**	**51.3**	**33.8**	**25.8**	**9.9**	**4.9**	**-4.3**
Rank	***17***	***4***	***19***	***28***	***14***	***66***	***88***
DLJ RECP III**	**10.2**	**-**	**-**	**-**	**-**	**-**	**-**
Rank	***79***	***-***	***-***	***-***	***-***	***-***	***-***
FFCA	**25.3**	**29.3**	**14.5**	**9.6**	**9.9**	**10.2**	**15.1**
Rank	***25***	***11***	***39***	***43***	***13***	***21***	***37***
Fidelity	**16.5**	**16.1**	**-**	**-**	**-**	**-**	**-**
Rank	***45***	***51***	***-***	***-***	***-***	***-***	***-***
Invesco Fund I	**38.1**	**-**	**-**	**-**	**-**	**-**	**-**
Rank	***10***	***-***	***-***	***-***	***-***	***-***	***-***
Prudential SPF II	**83.8**	**38.3**	**19.7**	**12.4**	**6.5**	**4.1**	**11.7**
Rank	***1***	***7***	***30***	***33***	***40***	***68***	***57***
U.S. Realty	**-33.8**	**-21.1**	**8.3**	**17.2**	**13.8**	**11.1**	**11.1**
Rank	***100***	***96***	***69***	***32***	***2***	***20***	***64***
Willows Office Property	**7.4**	**7.5**	**-8.9**	**7.9**	**8.2**	**66.1**	**10.6**
Rank	***87***	***80***	***96***	***67***	***29***	***1***	***65***
Total Real Estate	**33.8**	**20.4**	**30.4**	**25.6**	**7.5**	**10.2**	**11.0**
Rank	***20***	***29***	***23***	***28***	***35***	***25***	***64***
Median Real Estate	15.6	16.7	12.3	9.5	4.8	7.3	12.7
NCREIF Property Index	16.6	20.1	14.5	9.0	6.7	6.3	10.3
NAREIT Index	35.0	12.2	30.4	38.5	5.2	15.5	25.9
CPI + 500 bps	7.7	8.6	8.5	7.5	7.6	6.7	10.2
CCCERA Total Fund	**15.3**	**10.8**	**13.38**	**23.5**	**-9.5**	**-2.4**	**2.2**
Rank vs. Total Fund	***13***	***5***	***15***	***20***	***63***	***54***	***53***
Rank vs. Public Fund	***11***	***2***	***8***	***19***	***69***	***47***	***48***
Median Total Fund	12.0	6.1	10.4	19.1	-8.1	-1.6	2.8
Median Public Fund	11.9	6.0	10.0	20.4	-8.0	-2.4	2.1
CPI + 400 bps	6.6	7.6	7.4	6.5	6.5	5.5	9.1

** *Performance as of September 30, 2006.*

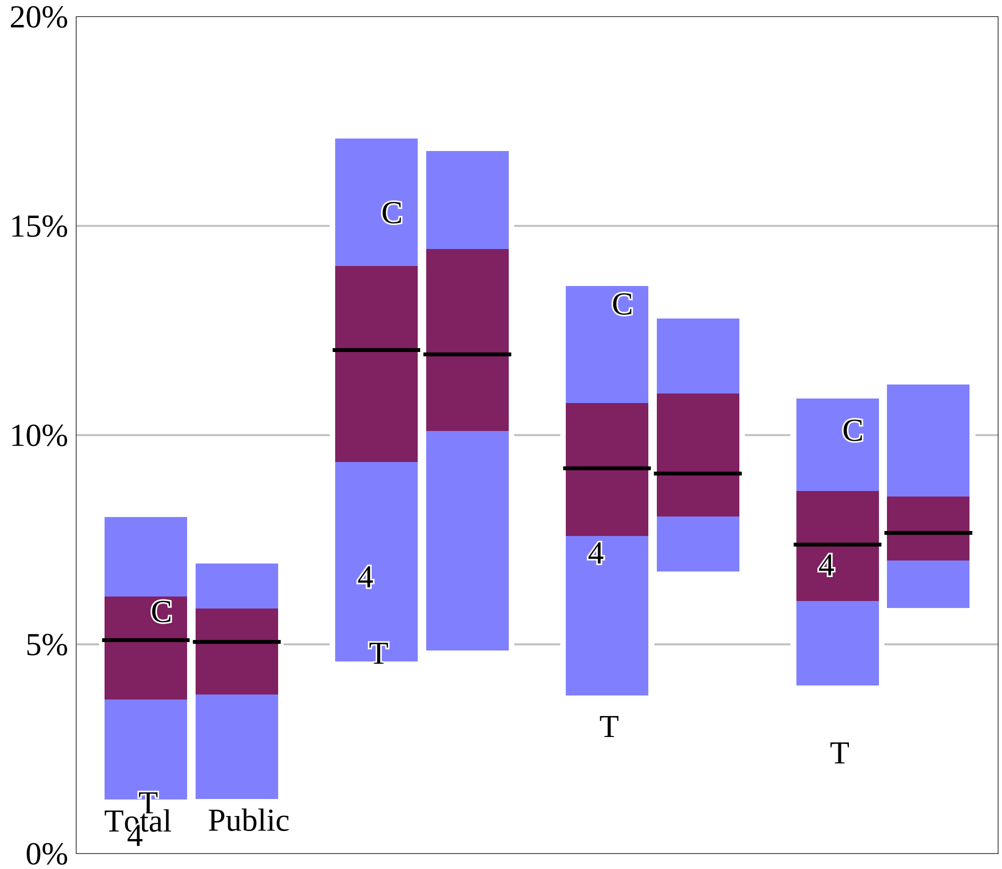
TOTAL FUND PERFORMANCE

Total Fund





Total Fund



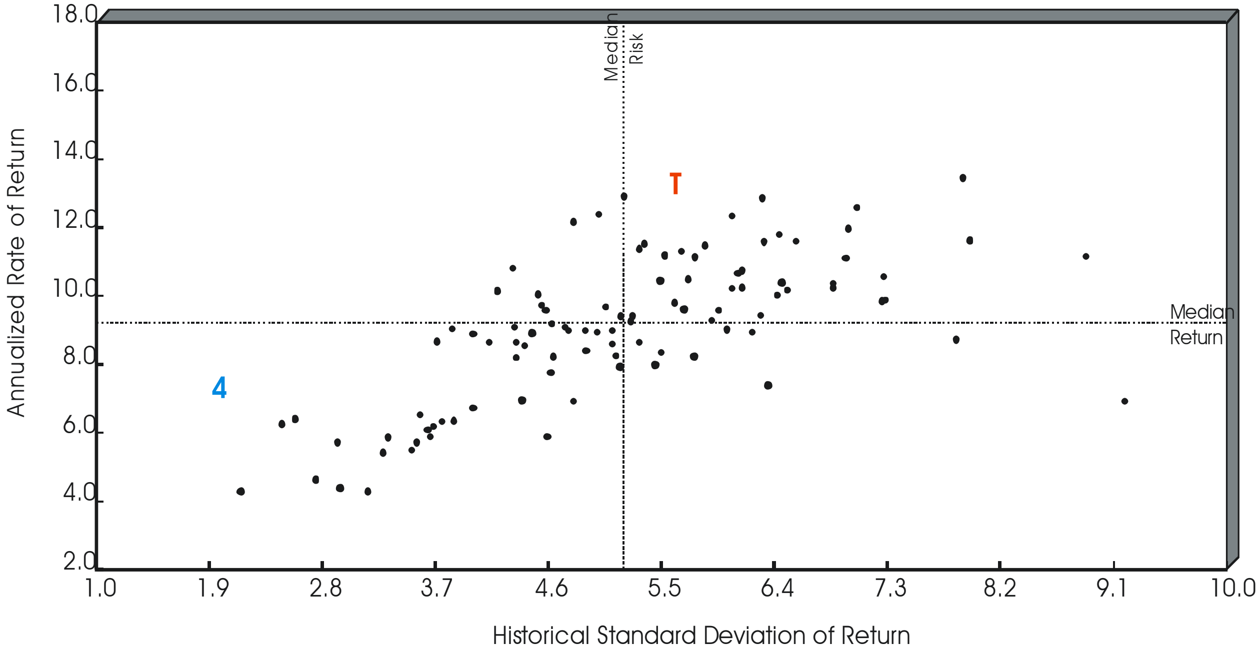
	Last Qtr	1 Yr	3 Yrs	5 Yrs
Total Fund (**C**)	5.8	15.3	13.2	10.1
Rank v. Total	*32*	*13*	*6*	*7*
Rank v. Public	*31*	*11*	*4*	*6*
CPI plus 4%/yr (**4**)	0.5	6.6	7.2	6.9
T-Bills (**T**)	1.2	4.8	3.1	2.4
Total Fund Median	5.1	12.0	9.2	7.4
Public Fund Median	5.2	11.9	9.3	7.8

CCCERA Total Fund returned 5.8% in the fourth quarter, better than the 5.1% return of the median total fund and the 5.2% return of the median total public fund. For the one-year period, the Total Fund returned 15.3%, well above 12.0% for the median total fund and 11.9% for the median public fund. Over the longer periods CCCERA has performed much better than both fund medians. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a somewhat higher risk level over the past three and five year periods. CCCERA Total Fund also exceeded the CPI plus 400 basis points over the past five years.

TOTAL FUND PERFORMANCE

Performance and Variability

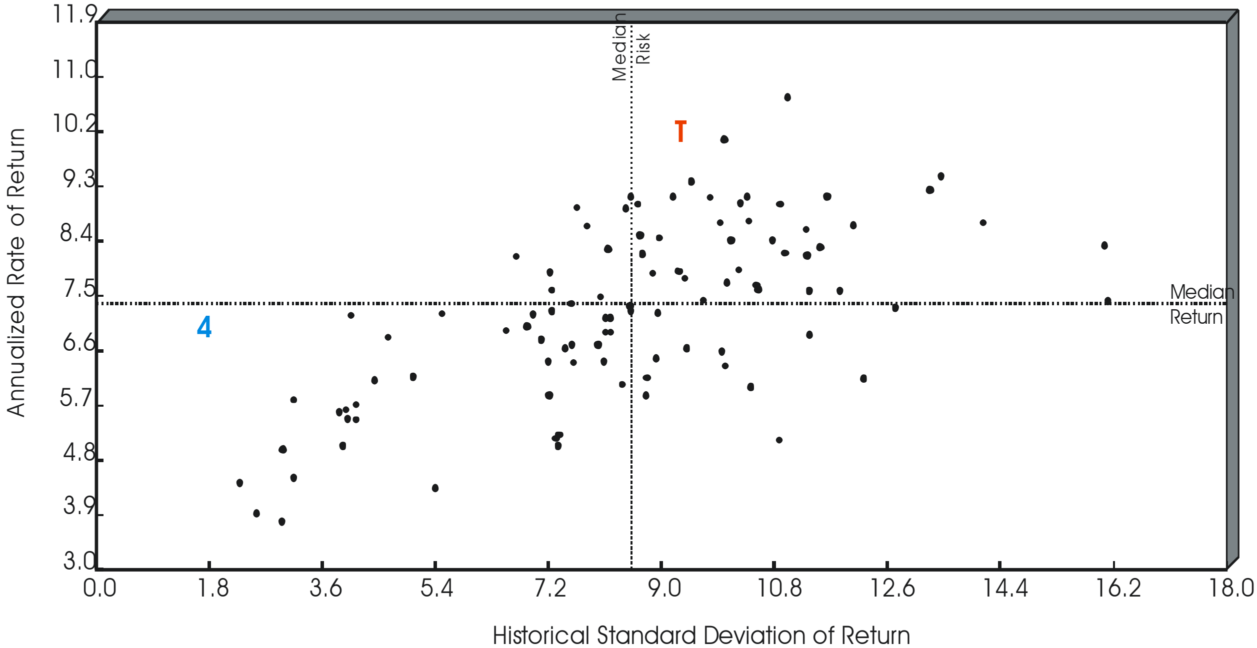
Three Years Ending December 31, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
T	Total Fund	13.16	6	5.67	64
4	CPI + 400bps/yr	7.21	77	2.02	4
	Median	9.21		5.20	

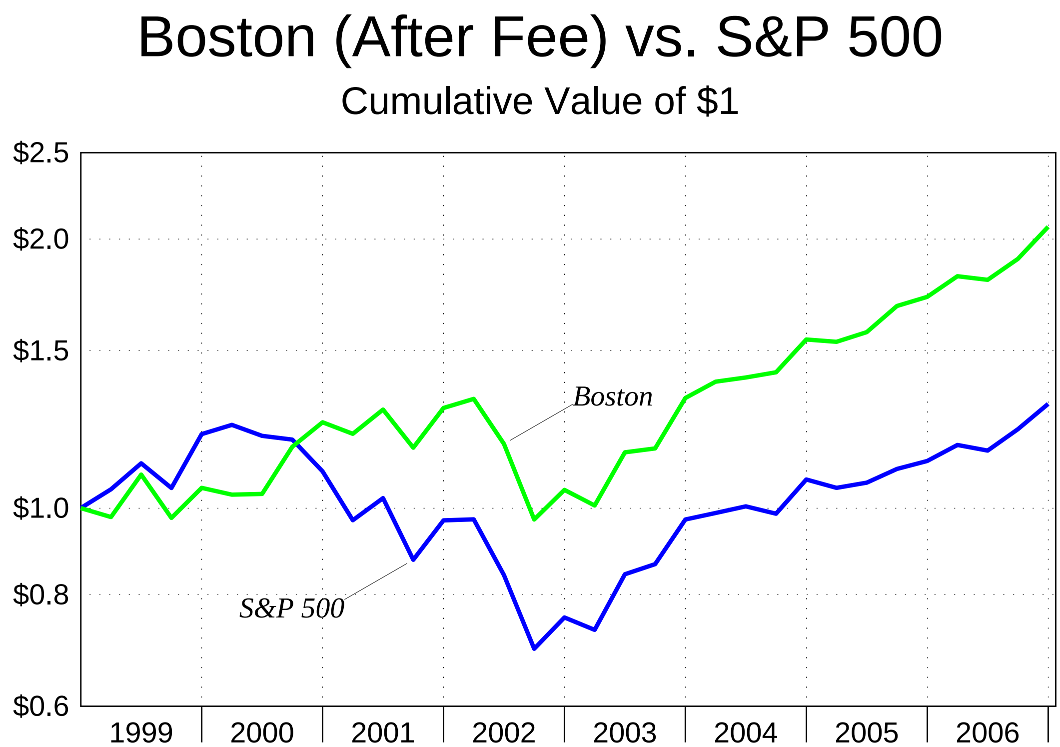
Performance and Variability

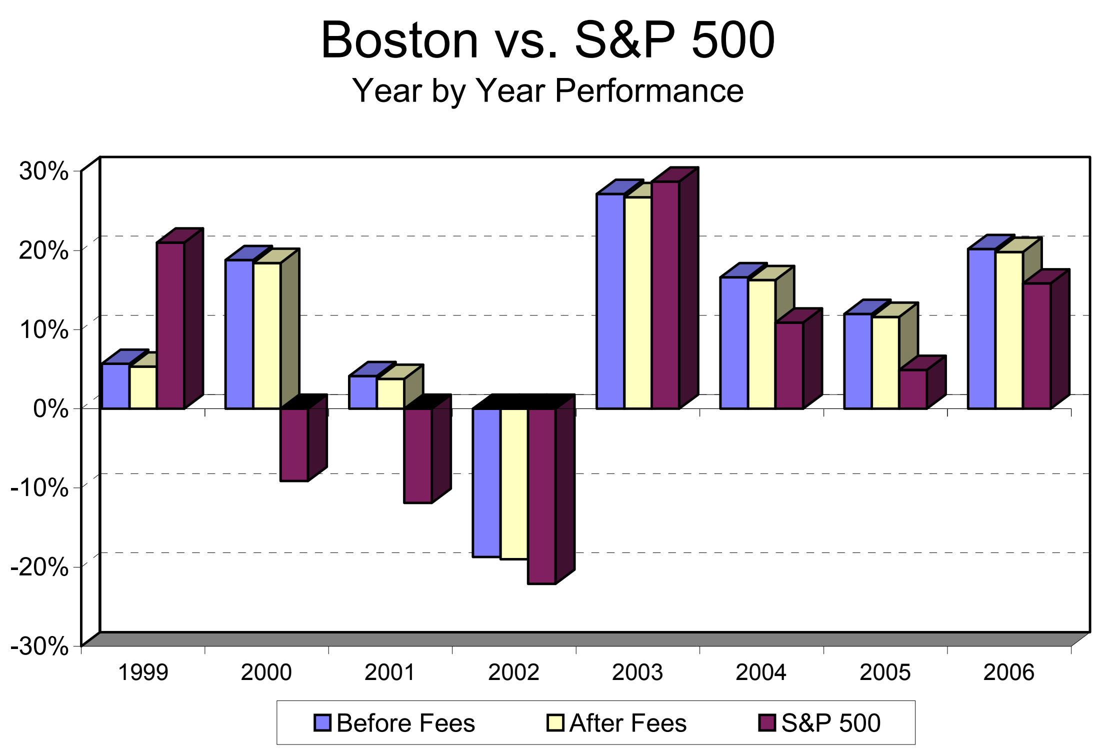
Five Years Ending December 31, 2006



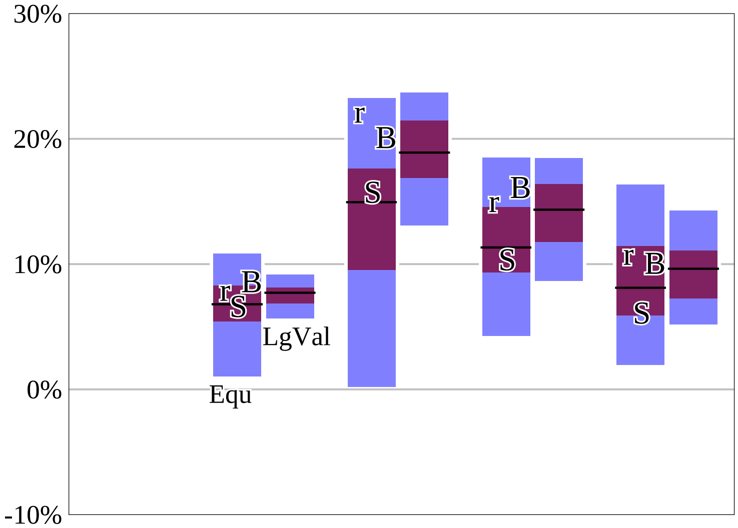
		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
T	Total Fund	10.14	7	9.43	66
4	CPI + 400bps/yr	6.92	60	1.79	3
	Median	7.38		8.52	

Boston Partners





Boston Partners



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Boston (**B**)	8.7	20.2	16.2	10.1
Rank v. Equity	*18*	*12*	*13*	*36*
Rank v. Lg Value	*9*	*36*	*27*	*45*
S&P 500 (**S**)	6.7	15.8	10.4	6.2
Rus. 1000® Val. (**r**)	8.0	22.2	15.1	10.9
Equity Median	6.8	15.0	11.3	8.1
Lg Value Median	7.7	18.9	14.3	9.6

Portfolio Characteristics	**Boston Partners**	**S&P 500**
Eq Mkt Value ($Mil)	342.4	N/A
Wtd. Avg. Cap ($Bil)	89.1	101.4
Beta	1.08	1.00
Yield (%)	1.76	1.80
P/E Ratio	15.26	18.02
Cash (%)	2.2	0.0
Number of Holdings	87	500
Turnover Rate (%)	54.4	-

Sector	**Boston Partners**	**S&P 500**
Energy	10.8 %	9.9 %
Materials	1.7	3.0
Industrials	8.2	10.8
Cons. Discretionary	10.3	10.6
Consumer Staples	2.2	9.2
Health Care	9.6	12.0
Financials	35.2	22.2
Info Technology	17.7	15.1
Telecom Services	3.3	3.5
Utilities	1.0	3.6

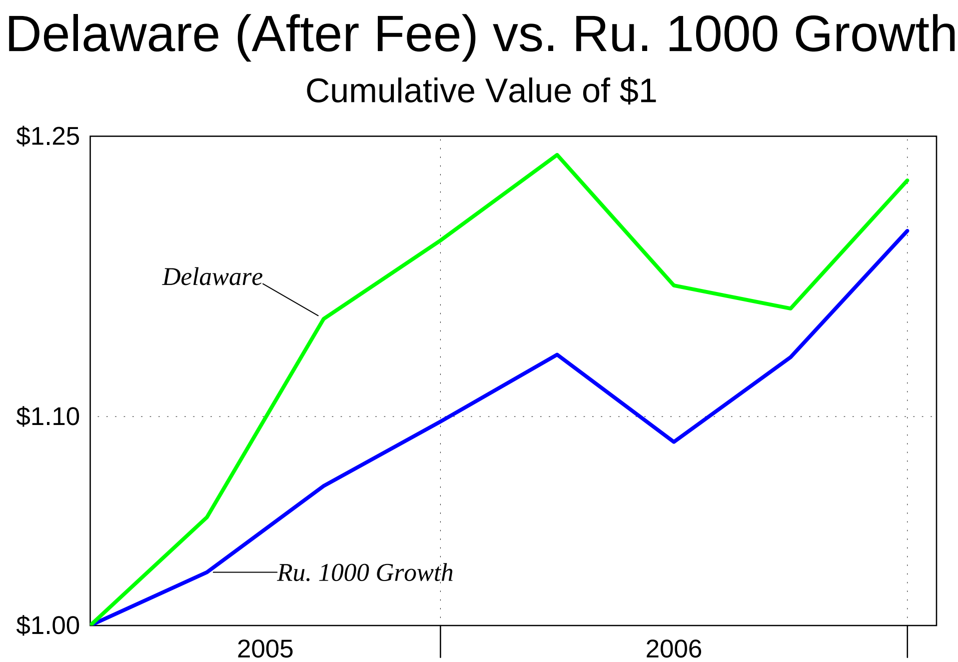
Boston Partners' fourth quarter return of 8.7% exceeded the 6.7% return of the S&P 500, the 6.8% for the median equity manager and the 8.0% return of the Russell 1000® Value Index. For the one-year period, Boston Partners returned 20.2%, above 15.8% for the S&P 500, but below the 22.2% return of the Russell 1000® Value Index. Over both the three and five year periods, Boston Partners' performance was above the median equity manager and exceeded the S&P 500 on both an absolute and risk-adjusted basis (page 38). Boston Partners is in compliance with CCCERA's performance objectives.

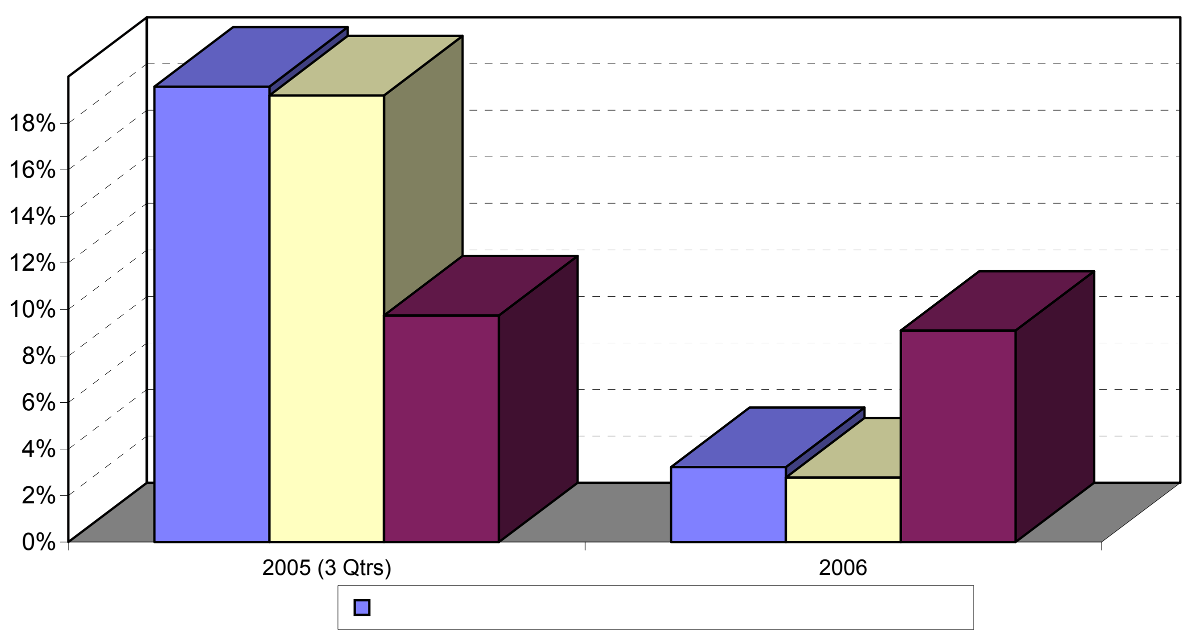
The portfolio had a slightly above market beta of 1.08x, a below-market P/E ratio and a slightly below-market yield. It included 87 stocks, concentrated in the large to mid capitalization sectors. Boston's largest economic sector over-weightings were in the financials, information technology and energy sectors, while the largest under-weightings were in the consumer staples, industrials and utilities sectors. Boston's annual portfolio turnover rate for the year ended December 31, 2006 was 54.4%.

Boston Partners' fourth quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. Trading decisions during the quarter had no impact. Stock selection decisions in the financials and information technology sectors had the strongest positive impacts on the portfolio. Top performing holdings included Clear Channel Communications (+24%), Vodafone Group (+24%) and Manpower (+23%), while the worst performing holdings included Motorola (-18%), Federated Department Stores (-11%) and Radian Group (-10%).

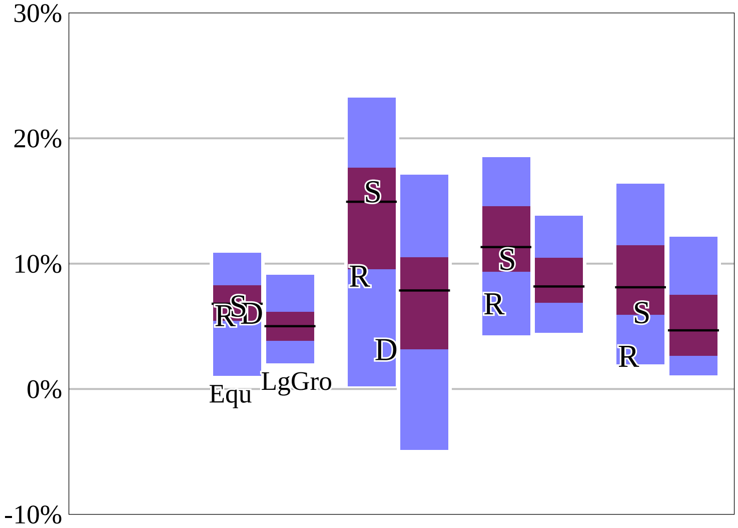
MANAGER COMMENTS – DOMESTIC EQUITY

Delaware





Delaware



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Delaware (D)	6.1	3.2	-	-
Rank v. Equity	*66*	*91*	-	-
Rank v. Lg Growth	*25*	*74*	-	-
S&P 500 (S)	6.7	15.8	10.4	6.2
Ru 1000® Gro. (R)	5.9	9.1	6.9	2.7
Equity Median	6.8	15.0	11.3	8.1
Lg Growth Median	5.0	7.9	8.2	4.7

Portfolio Characteristics	**Delaware**	**S&P 500**
Eq Mkt Value ($Mil)	322.36	N/A
Wtd. Avg. Cap ($Bil)	47.29	101.4
Beta	1.06	1.00
Yield (%)	0.69	1.80
P/E Ratio	29.18	18.02
Cash (%)	0.7	0.0
Number of Holdings	26	500
Turnover Rate (%)	29.4	-

Sector	**Delaware**	**S&P 500**
Energy	0.0 %	9.9 %
Materials	3.7	3.0
Industrials	7.4	10.8
Cons. Discretionary	14.7	10.6
Consumer Staples	11.5	9.2
Health Care	17.0	12.0
Financials	12.1	22.2
Info Technology	33.6	15.1
Telecom Services	0.0	3.5
Utilities	0.0	3.6

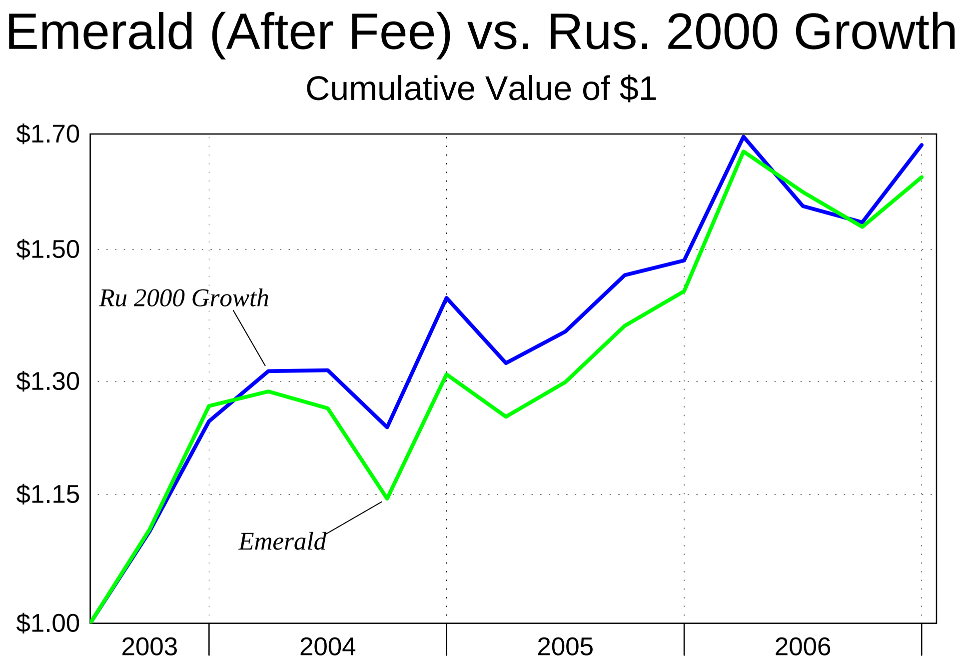
Delaware's return of 6.1% for the fourth quarter was above the 5.9% return of the Russell 1000® Growth Index and the 5.0% return of the large cap growth median, ranking in the 25th percentile in the universe of large growth equity managers. Over the past year, the portfolio has returned 3.2%, trailing the Russell 1000® Growth Index return of 9.1% and ranking in the 74th percentile of large growth equity managers. (Delaware got off to a good start in early 2005; since inception performance remains above the Russell 1000® Growth Index.)

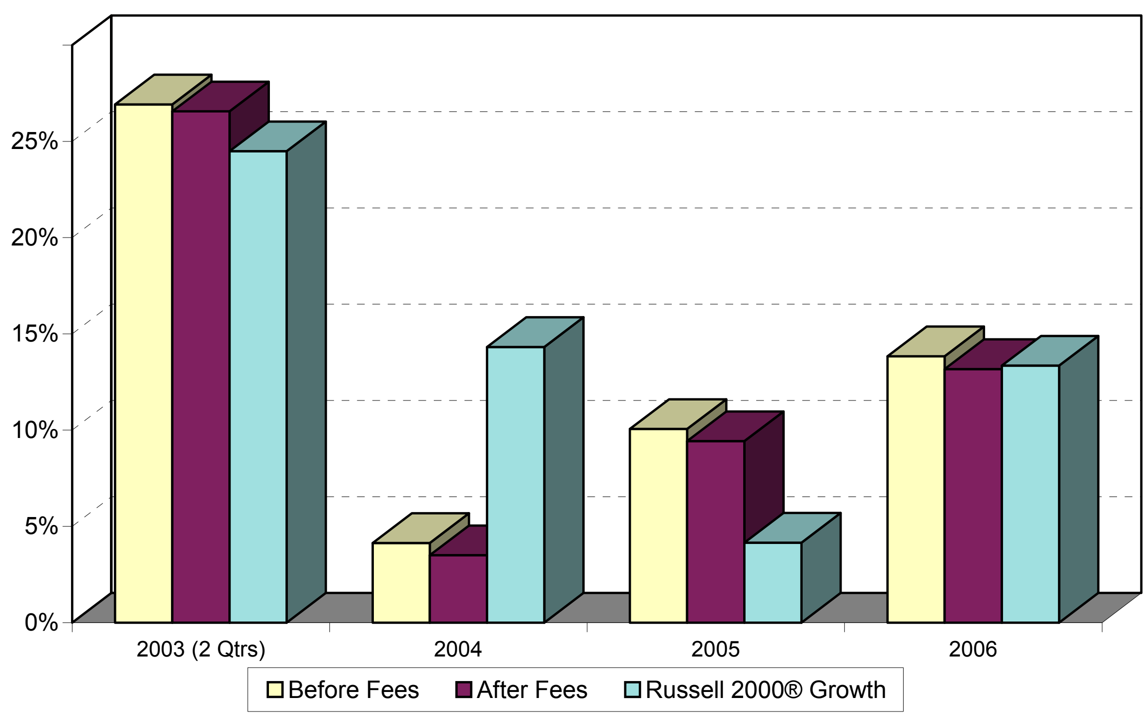
The portfolio (compared to the S&P 500 Index) had a beta of 1.06x and a well below-market yield. It included 26 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weightings relative to the S&P 500 were in the information technology, health care and consumer discretionary sectors, while the largest under-weightings were in the financials and energy sectors.

Delaware's fourth quarter performance relative to the S&P 500 Index was helped slightly by stock selection decisions while sector allocation decisions detracted from performance. Stock selection in the health care and consumer discretionary sectors accounted for most of the underperformance. Underweighting the energy sector had a substantial negative impact on performance. Trading decisions had a small positive impact on performance for the quarter. The top performing holdings included MGM Grand (+45%), Intercontinentalexch (+44%) and Research in Motion (+24%). The worst performing holdings included Sandisk (-20%), Expeditors International (-9%) and Wal Mart (-6%). At the end of the quarter, the largest holdings were Qualcomm Inc (5.5%), Unitedhealth Group (4.8%) and eBay (4.8%).

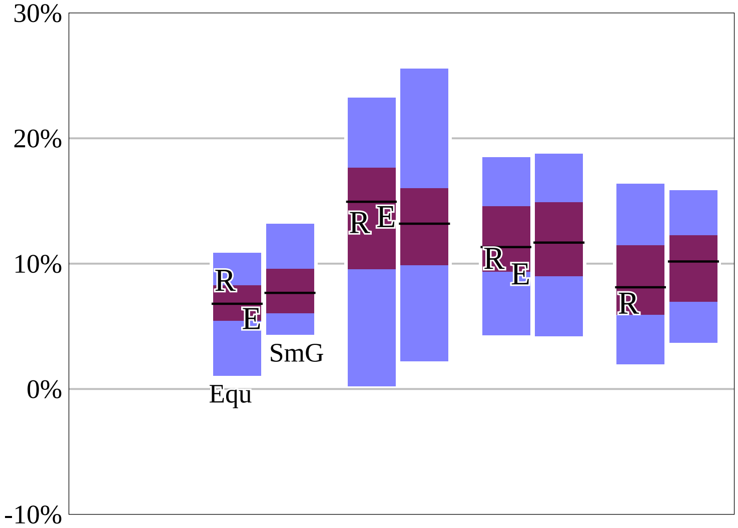
MANAGER COMMENTS – DOMESTIC EQUITY

Emerald





Emerald



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Emerald (E)	5.7	13.8	9.3	-
Rank v. Equity	*71*	*56*	*76*	-
Rank v. Sm. Gro	*77*	*39*	*68*	-
Ru 2000® Gro (R)	8.8	13.4	10.5	6.9
Equity Median	6.8	15.0	11.3	8.1
Sm. Gro Median	7.7	13.2	11.7	10.2

Portfolio Characteristics	**Emerald**	**Russell 2000®**
Eq Mkt Value ($Mil)	174.47	N/A
Wtd. Avg. Cap ($Bil)	1.49	1.20
Beta	1.47	1.19
Yield (%)	0.16	1.17
P/E Ratio	37.33	33.67
Cash (%)	2.8	0.0
Number of Holdings	129	1,971
Turnover Rate (%)	91.2	-

Sector	**Emerald**	**Russell 2000®**
Energy	3.0 %	5.1 %
Materials	3.2	4.6
Industrials	18.5	14.1
Cons. Discretionary	17.8	15.9
Consumer Staples	0.4	3.2
Health Care	21.8	11.7
Financials	5.5	22.5
Info Technology	28.7	18.4
Telecom Services	1.1	1.6
Utilities	0.0	3.0

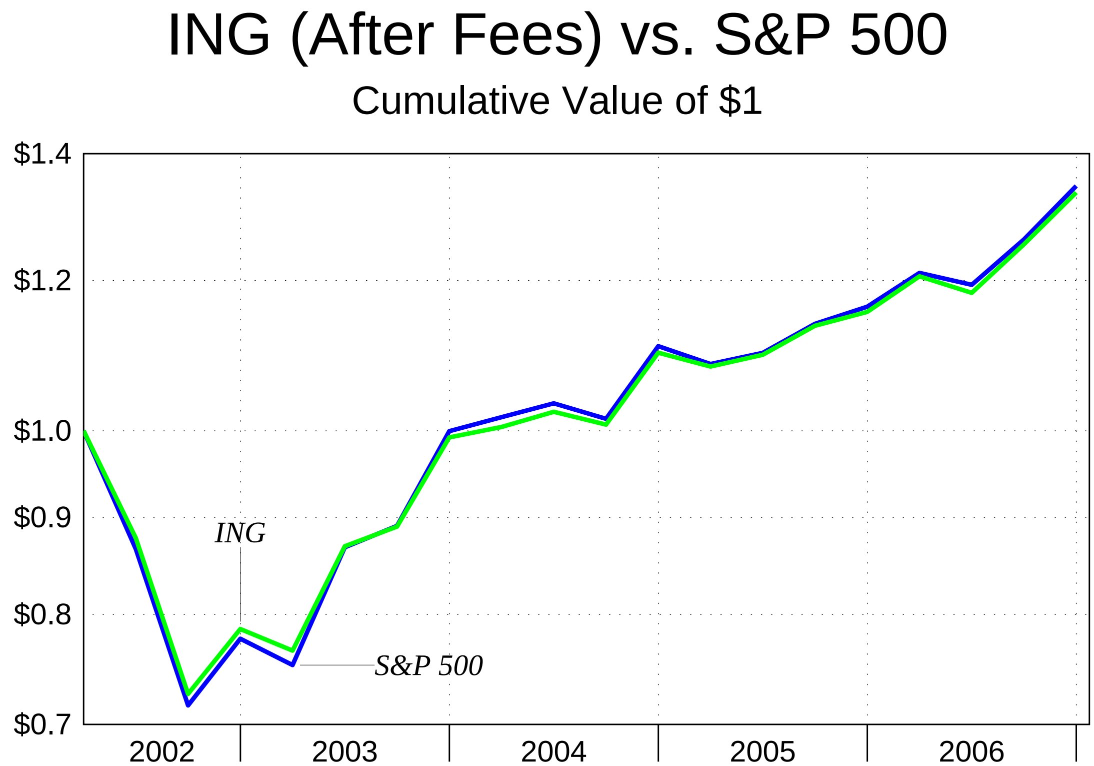
Emerald's return of 5.7% for the fourth quarter trailed the 8.8% return of the Russell 2000® Growth index and the 7.7% return of the small cap growth median, ranking in the 77th percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 13.8%, above the 13.4% return of the Russell 2000® Growth and 13.2% return of the small cap growth median. Emerald's one-year performance ranked in the 39th percentile in the universe of small growth equity managers. Over the three year period, Emerald's performance was below the median equity manager. The portfolio trailed the Russell 2000® Index on both an absolute and risk-adjusted basis (page 38). Emerald is not in compliance with some of CCCERA's performance objectives in that it trails the median by 2.4% over the past three years.

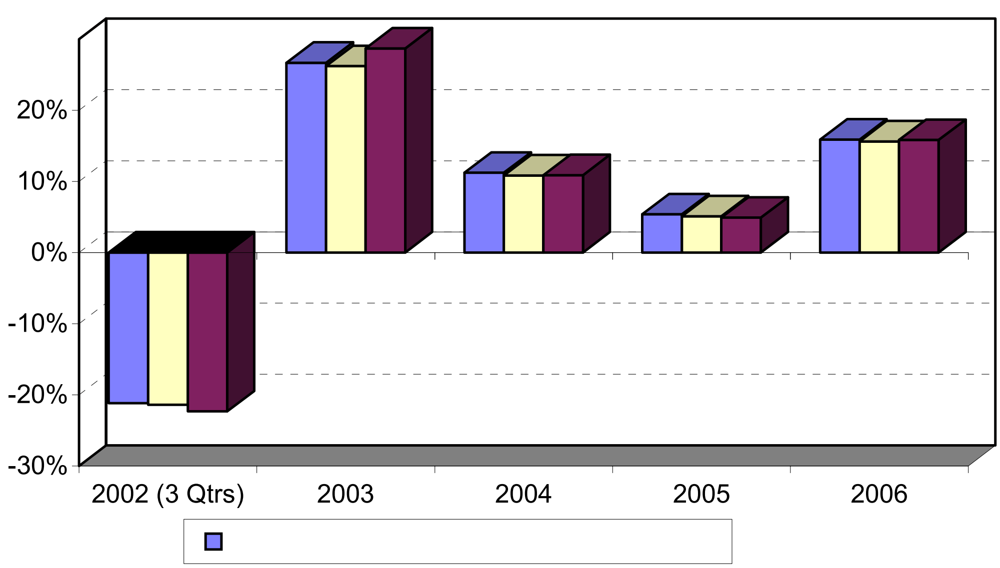
The portfolio has a beta of 1.47x compared to 1.19x for the Russell 2000® Index and has a well below-market yield. It includes 129 stocks, concentrated in the small capitalization sector. Emerald's largest economic sector over-weightings relative to the Russell 2000® are in the information technology, health care and industrials sectors. The largest under-weightings are in the financials, utilities and consumer staples sectors. Annual portfolio turnover was 91.2%.

Emerald's fourth quarter performance relative to the Russell 2000® Growth Index was hurt by both stock selection and sector allocation decisions. Stock selection was weakest in the health care and industrials sectors. Trading decisions had a large positive impact on performance for the quarter. The top performing holdings included Redback Networks (+80%), Micrus Endovascular (+47%) and Bioveris Corp (+46%). The worst performing holdings included Environmental Tecton (-40%), Chistopher & Banks (-36%) and Smith & Wesson (-26%). At the end of the quarter, the largest holdings were Psychiatric Solution (2.7%), Nutri Sys Inc (2.7%) and Airgas (2.1%). Emerald reported that current portfolio positioning is reflective of their comfort with a stable economic outlook and growing corporate profitability, which the firm believes favors consumer and technology stocks.

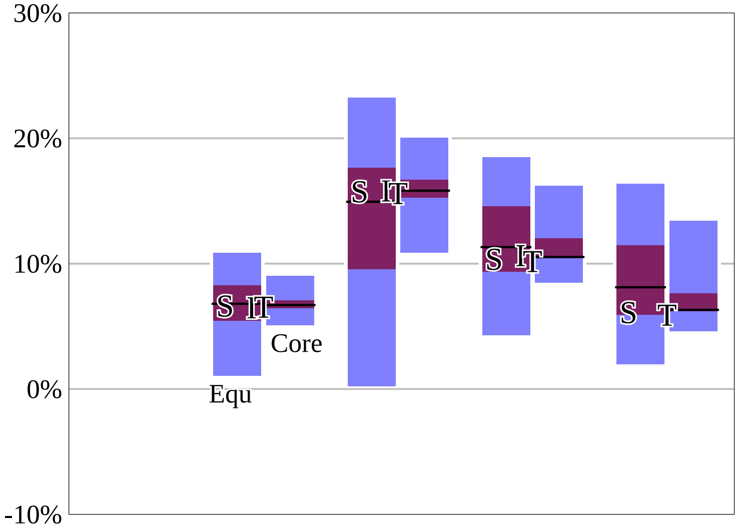
MANAGER COMMENTS – DOMESTIC EQUITY

ING Investment





ING Investment Management



	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING (I)	6.6	15.9	10.7	-
Rank v. Equity	*59*	*38*	*55*	-
Rank v. Lg Core	*70*	*39*	*44*	-
S&P 500 (S)	6.7	15.8	10.4	6.2
S&P 500 xTob (T)	6.6	15.7	10.3	6.0
Equity Median	6.8	15.0	11.3	8.1
Lg Core Median	6.7	15.8	10.5	6.3

Portfolio Characteristics	**ING**	**S&P 500**
Eq Mkt Value ($Mil)	278.86	N/A
Wtd. Avg. Cap ($Bil)	110.11	101.42
Beta	1.00	1.00
Yield (%)	1.79 %	1.80 %
P/E Ratio	17.36	18.02
Cash (%)	0.1 %	0.0 %
Number of Holdings	430	500
Turnover Rate (%)	66.9	-

Sector	**ING**	**S&P 500**
Energy	10.5 %	9.9 %
Materials	2.7	3.0
Industrials	10.3	10.8
Cons. Discretionary	9.6	10.6
Consumer Staples	9.0	9.2
Health Care	12.1	12.0
Financials	24.0	22.2
Info Technology	15.3	15.1
Telecom Services	3.5	3.5
Utilities	3.0	3.6

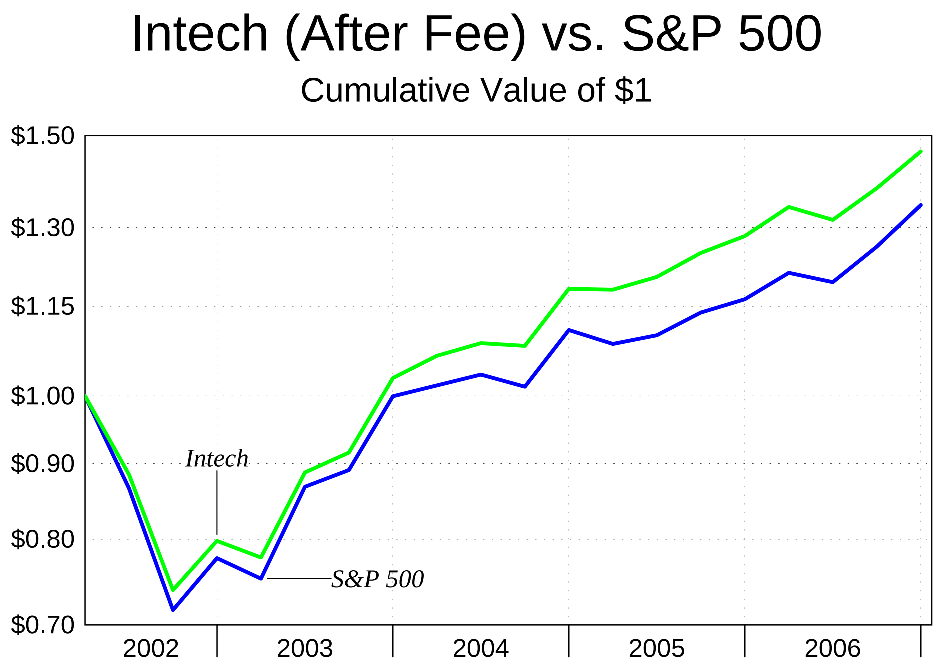
ING's return of 6.6% for the fourth quarter was slightly below the 6.7% return of the S&P 500 and ranked in the 70th percentile in the universe of large core equity managers. For the one-year period, ING returned 15.9%, slightly above 15.8% for the S&P 500. ING has exceeded the S&P 500 over the past three years on both an absolute and risk-adjusted basis (see page 38). ING is in compliance CCCERA's performance objectives. As of June 2005, ING stopped using Innovest's rankings, but the portfolio is still tobacco-free (as are all CCCERA US equity portfolios). This past quarter ING updated its portfolio construction process, which we view favorably.

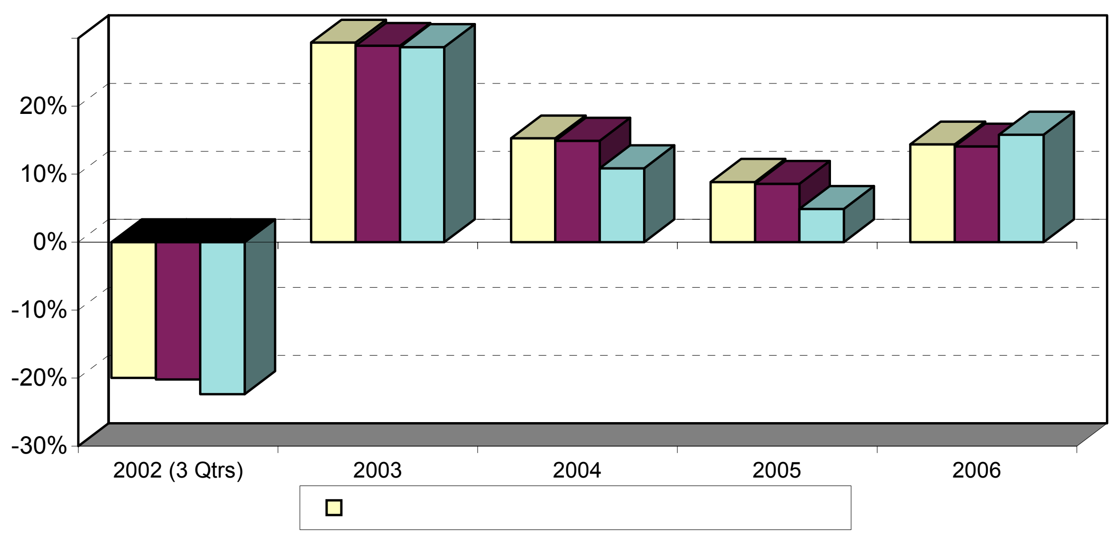
The portfolio had a market beta, a marginally lower yield and a below-market price/earnings ratio. It included 430 stocks, concentrated in large capitalization sectors. The portfolio closely resembles the S&P 500. ING's largest economic sector over-weightings were in the financials and energy sectors, while the largest under-weightings were in the consumer discretionary and utilities sectors. Portfolio turnover was at an annual rate of 66.9% this quarter.

ING's performance for the fourth quarter relative to the S&P 500 was hindered slightly by stock selection decisions and helped slightly by sector allocation decisions. Trading decisions during the quarter had a small negative impact on performance. The largest portfolio holdings at the end of the quarter were Exxon Mobil (4.5%), General Electric (3.0%) and Citigroup (2.9%). The best performing holdings during the quarter included Goodyear Tire & Rubber (+45%), Terex Corp (+43%) and Phelps Dodge (+42%), while the worst performing holdings included Citrix Systems (-25%), Circuit City Stores (-24%) and Corning (-23%).

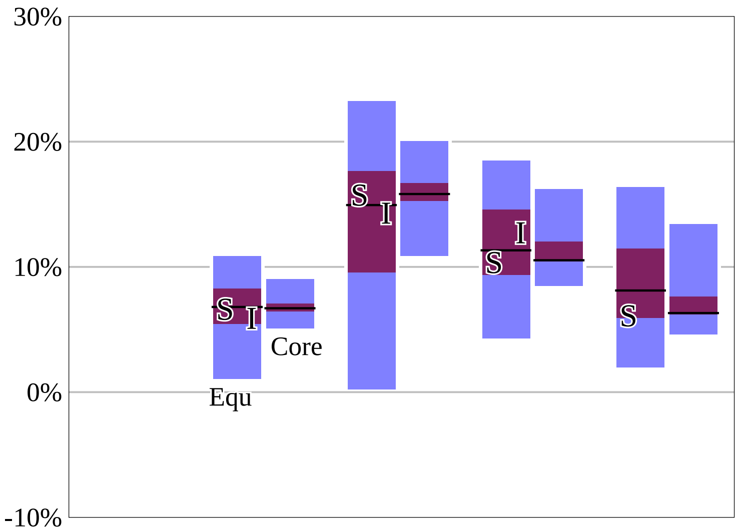
Vincent Costa reported that two stock positions, Cisco and IBM, had significant positive impacts on the strategy's returns. Both stocks were overweight positions as they rank very high within the sector on quality and value. By comparison, an underweight in the consumer discretionary sector combined with stock selection in that sector detracted from fourth quarter returns.

Intech - Enhanced Plus





Intech - Enhanced Plus



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Intech Enhanced (I)	6.0	14.4	12.8	-
Rank v. Equity	*68*	*54*	*39*	-
Rank v. Lg Core	*87*	*80*	*21*	-
S&P 500 (S)	6.7	15.8	10.4	6.2
Equity Median	6.8	15.0	11.3	8.1
Lg Core Median	6.7	15.8	10.5	6.3

Portfolio Characteristics	**Intech - Enhanced Plus**	**S&P 500**
Eq Mkt Value ($Mil)	25.36	N/A
Wtd. Avg. Cap ($Bil)	73.08	101.42
Beta	0.95	1.00
Yield (%)	1.62 %	1.80 %
P/E Ratio	19.00	18.02
Cash (%)	0.6 %	0.0 %
Number of Holdings	368	500
Turnover Rate (%)	185.9	-

Sector	**Intech - Enhanced Plus**	**S&P 500**
Energy	5.9 %	9.9 %
Materials	4.0	3.0
Industrials	12.7	10.8
Cons. Discretionary	13.2	10.6
Consumer Staples	10.9	9.2
Health Care	12.6	12.0
Financials	23.2	22.2
Info Technology	10.6	15.1
Telecom Services	3.3	3.5
Utilities	3.7	3.6

Intech's return of 6.0% for the fourth quarter trailed the 6.7% return of the S&P 500 and the 6.7% return of the median large core equity manager, ranking in the 87th percentile in the universe of large core equity managers. For the one-year period, Intech returned 14.4%, trailing 15.8% for the S&P 500 and the 15.8% return of the median large core equity manager. Over the past three years, Intech returned 12.8%, above the 10.4% return of the S&P 500, and ranked in the 21st percentile of large core equity managers. Over the past three years, Intech's performance was above the median equity manager and exceeded the S&P 500 on both a risk-adjusted and absolute basis (page 38). Intech is in compliance with CCCERA's performance objectives.

Intech uses a mathematical, quantitative approach to managing funds. The portfolio has a below-market beta of 0.95x, a lower yield and a slightly above-market P/E ratio. The portfolio has 368 holdings concentrated in large capitalization sectors. The largest economic sector over-weightings were in the consumer discretionary and industrials sectors, while largest under-weightings were in the information technology and energy sectors. Fourth quarter portfolio turnover was at an annual rate of 185.9%, due in large part to the shift of the bulk of this portfolio's assets to the new Intech Large Cap Core portfolio.

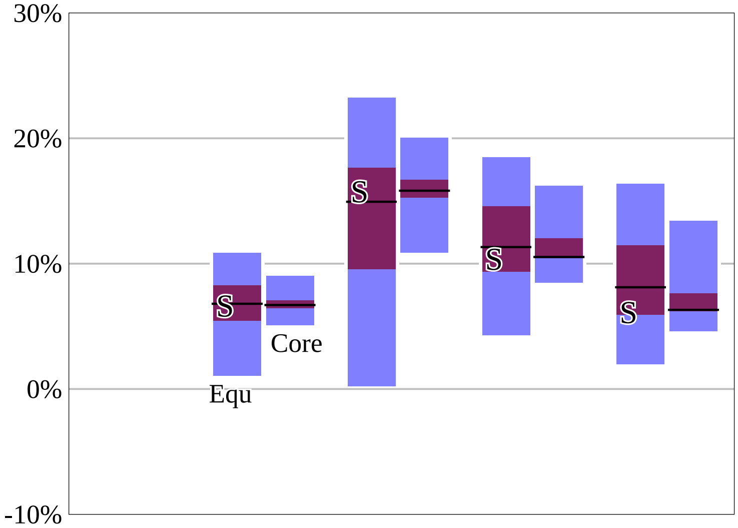
Intech's fourth quarter performance relative to the S&P 500 was hurt by both stock selection and sector allocation decisions. The impact from active trading decisions was slightly positive. Stock selection in the consumer staples sector hurt performance the most during the quarter. The best performing portfolio stocks included Allegheny Technologies (+46%), Terex Corp (+43%) and Phelps Dodge (+42%), while the worst performing holdings during the quarter included Citrix Systems (-25%), Circuit City Stores (-24%) and Corning (-23%).

MANAGER COMMENTS – DOMESTIC EQUITY

Intech - Large Core

Performance monitoring for the Intech Large Capitalization Core portfolio will commence in the First Quarter 2007 report.

Intech - Large Core



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Intech Lg Core (**I**)	-	-	-	-
S&P 500 (**S**)	6.7	15.8	10.4	6.2
Equity Median	6.8	15.0	11.3	8.1
Lg Core Median	6.7	15.8	10.5	6.3

Portfolio Characteristics	**Intech - Large Cap**	**S&P 500**
Eq Mkt Value ($Mil)	249.78	N/A
Wtd. Avg. Cap ($Bil)	48.74	101.42
Beta	0.94	1.00
Yield (%)	1.56 %	1.80 %
P/E Ratio	20.34	18.02
Cash (%)	0.6 %	0.0 %
Number of Holdings	286	500
Turnover Rate (%)	-	-

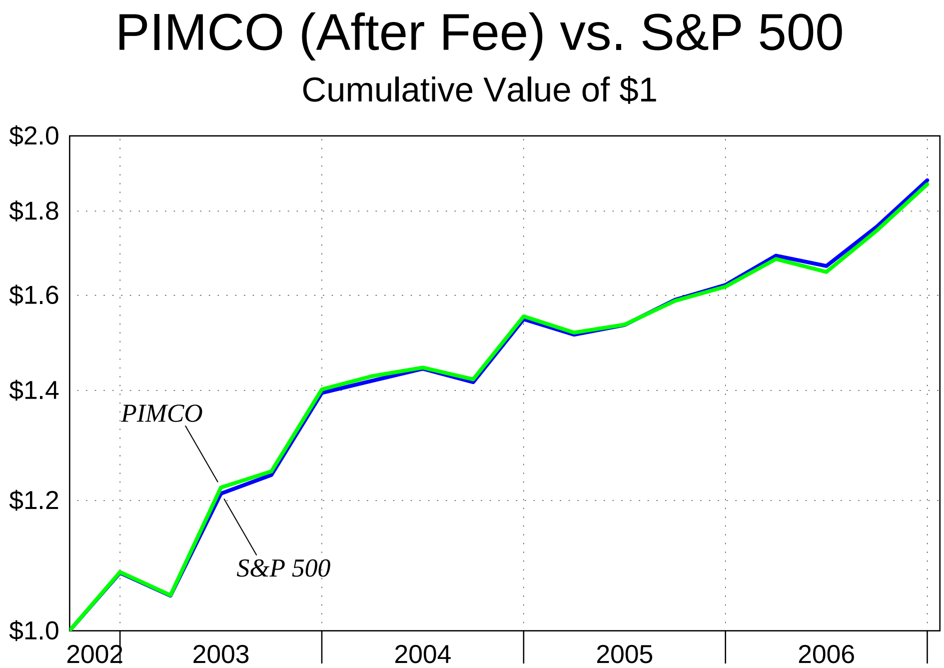
Sector	**Intech - Large Cap**	**S&P 500**
Energy	3.0 %	9.9 %
Materials	5.0	3.0
Industrials	12.2	10.8
Cons. Discretionary	16.4	10.6
Consumer Staples	12.9	9.2
Health Care	12.3	12.0
Financials	20.9	22.2
Info Technology	7.6	15.1
Telecom Services	4.2	3.5
Utilities	5.5	3.6

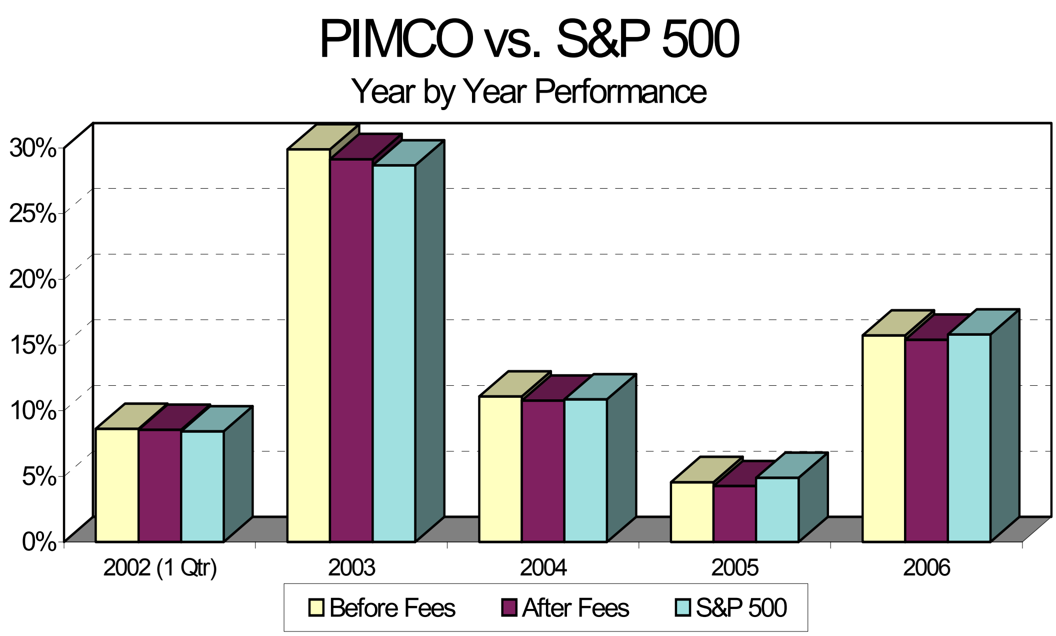
The Intech Large Cap Core portfolio was funded in November 2006. We will report on the portfolio's returns in the First Quarter 2007 report. The Large Cap Core portfolio follows a somewhat more aggressive investment approach than the existing Intech Enhanced Plus portfolio.

Intech uses a mathematical, quantitative approach to managing funds. The portfolio has a below-market beta of 0.94x, a lower yield and an above-market P/E ratio. The portfolio has 286 holdings concentrated in large capitalization sectors. The largest economic sector over-weightings were in the consumer discretionary and consumer staples sectors, while largest under-weightings were in the information technology and energy sectors.

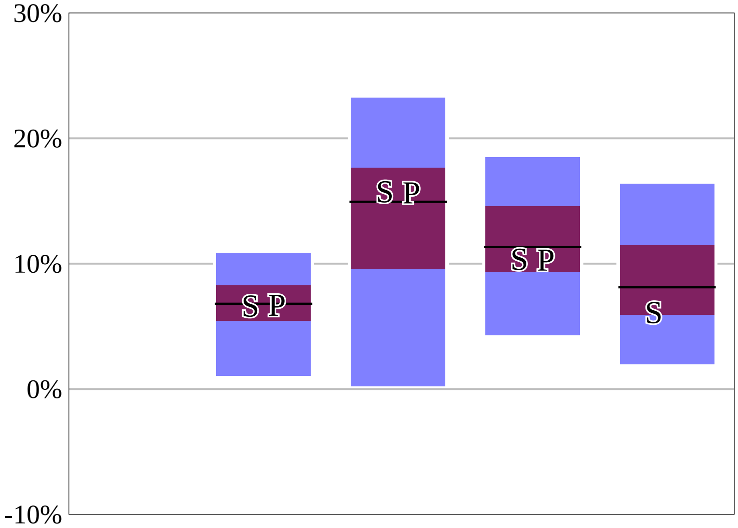
MANAGER COMMENTS – DOMESTIC EQUITY

PIMCO





PIMCO



	Last Qtr	1 Yr	3 Yrs	5 Yrs
PIMCO (P)	6.8	15.7	10.4	-
Rank v. Equity	*50*	*43*	*64*	-
S&P 500 (S)	6.7	15.8	10.4	6.2
Equity Median	6.8	15.0	11.3	8.1

Portfolio Characteristics	**PIMCO**	**S&P 500**
Eq Mkt Value ($Mil)	272.7	N/A
Wtd. Avg. Cap ($Bil)	*	101.42
Beta	*	1.00
Yield (%)	* %	1.80 %
P/E Ratio	*	18.02
Cash (%)	-11.6 %	0.0 %
Number of Holdings	*	500
Turnover Rate (%)	918.5	-

Sector	**PIMCO**	**S&P 500**
Energy	* %	9.9 %
Materials	*	3.0
Industrials	*	10.8
Cons. Discretionary	*	10.6
Consumer Staples	*	9.2
Health Care	*	12.0
Financials	*	22.2
Info Technology	*	15.1
Telecom Services	*	3.5
Utilities	*	3.6

*PIMCO manages a synthetic equity portfolio and does not hold any equity securities.

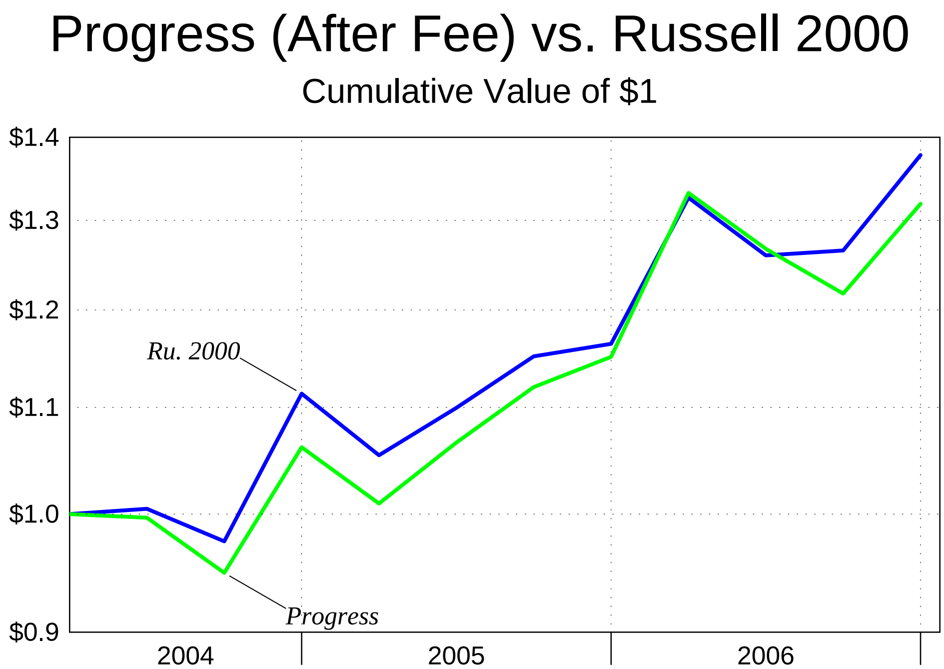
PIMCO's Stocks Plus (futures plus cash) portfolio returned 6.8% for the fourth quarter, exceeding the 6.7% return of the S&P 500 and matching the 6.8% return of the median equity manager. For the one-year period, PIMCO returned 15.7%, close to the 15.8% return of the S&P 500 (and exceeding the 15.0% return of the median equity manager). Over the past three years, the portfolio return of 10.4% again matched the 10.4% return of the S&P 500. The portfolio has not met the objective of exceeding the S&P 500 over the past three years, but has essentially matched the S&P 500 before fees since inception.

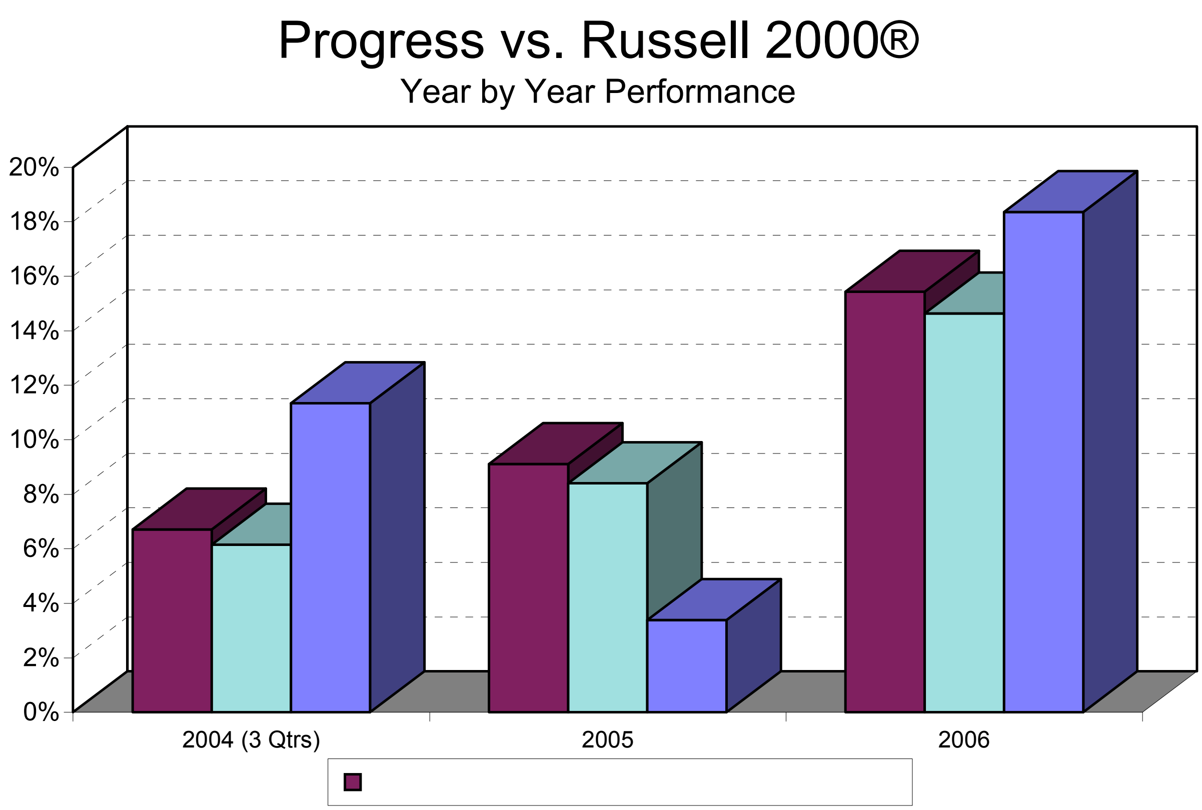
PIMCO's mix of fixed income strategies added value in the fourth quarter in spite of the firm's premature expectations of a steeper yield curve and widening risk premiums. Several strategies boosted quarterly returns, including an emphasis on mortgages as this sector outpaced treasuries, short duration asset-backed bonds, municipal bonds and tactical allocations to select investment grade corporates and high yield bonds as credit premiums narrowed. Strategies that detracted from fourth quarter performance included: U.S. duration exposure, which was focused in short maturities where rates increased the most, a U.S. yield curve steepening bias (which hurt returns as the yield curve continued to flatten) and small holdings of TIPS and non-U.S. strategies, which were also focused on short maturities.

The Stocks Plus portfolio plans to maintain its high quality focus and employ strategies that seek price gains and yield enhancement. The team will also focus on shorter maturities in the U.S., which it feels should benefit from expectations for a turn in Fed policy.

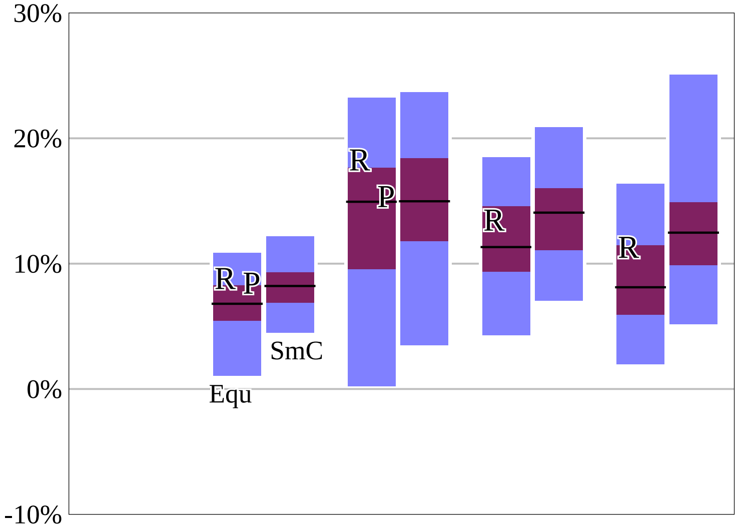
MANAGER COMMENTS – DOMESTIC EQUITY

Progress





Progress



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Progress (P)	8.5	15.4	-	-
Rank v. Equity	*21*	*46*	-	-
Rank v. Small Cap	*43*	*46*	-	-
Russell 2000® (R)	8.9	18.4	13.6	11.4
Equity Median	6.8	15.0	11.3	8.1
Small Cap Median	8.2	15.0	14.1	12.5

Portfolio Characteristics	**Progress**	**Russell 2000®**
Eq Mkt Value ($Mil)	49.94	N/A
Wtd. Avg. Cap ($Bil)	1.73	1.20
Beta	1.22	1.19
Yield (%)	1.09 %	1.17 %
P/E Ratio	30.34	33.67
Cash (%)	0.0 %	0.0 %
Number of Holdings	596	1,971
Turnover Rate (%)	0.7	-

Sector	**Progress**	**Russell 2000®**
Energy	5.8 %	5.1 %
Materials	5.0	4.6
Industrials	13.2	14.1
Cons. Discretionary	15.5	15.9
Consumer Staples	1.5	3.2
Health Care	11.8	11.7
Financials	24.7	22.5
Info Technology	16.7	18.4
Telecom Services	2.4	1.6
Utilities	3.5	3.0

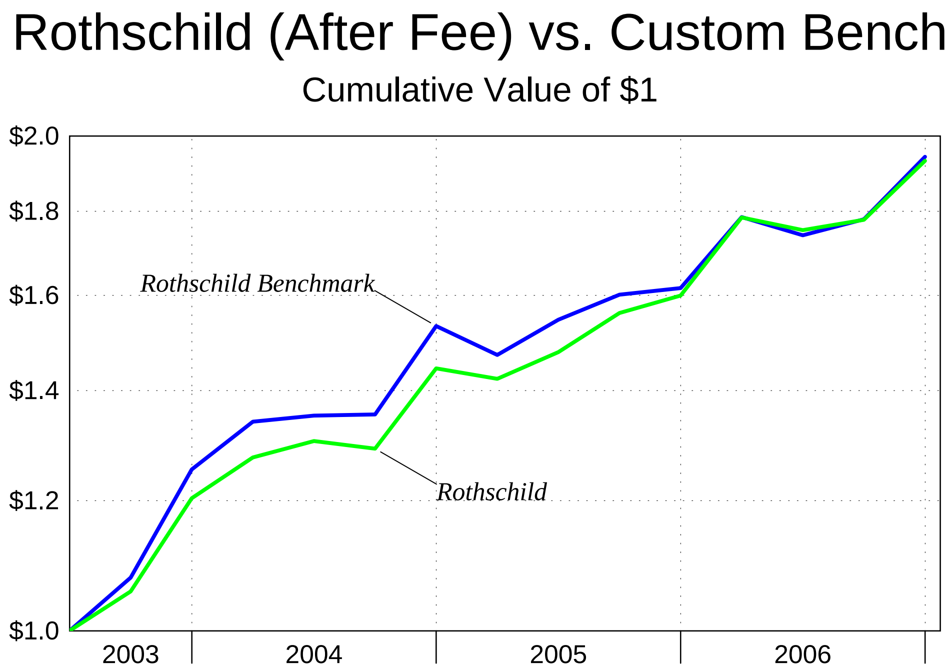
Progress, a manager of emerging managers that invest in small capitalization stocks, returned 8.5% for the fourth quarter, trailing the 8.9% return of the Russell 2000® Index but exceeding the 8.2% return of the small cap median. Progress' fourth quarter performance ranked in the 43rd percentile of small capitalization equity managers. Over the past year, Progress has returned 15.4%, trailing the 18.4% return of the Russell 2000® Index, but ranked in the 46th percentile of small cap equity managers.

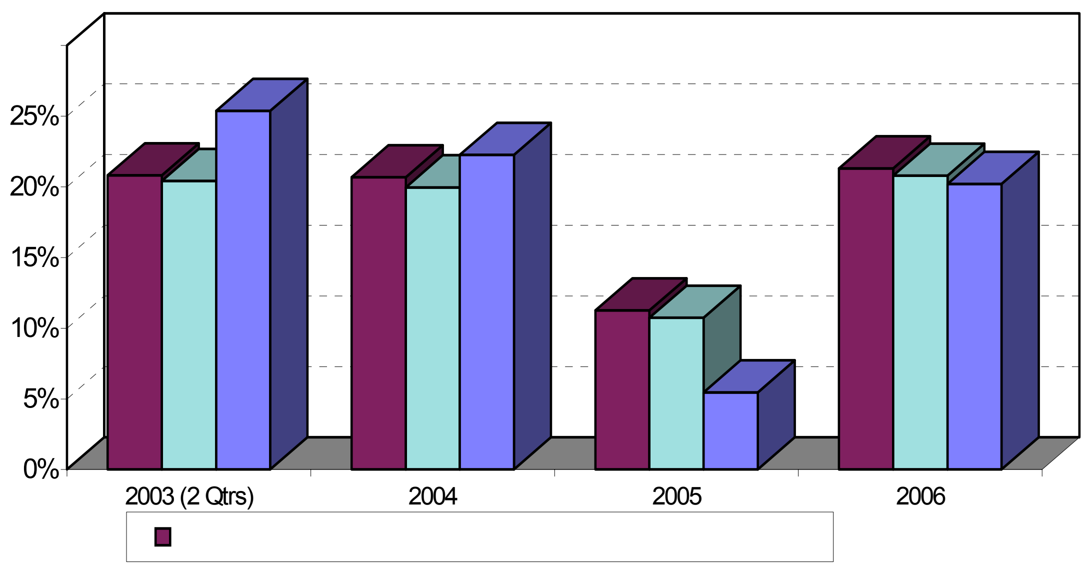
The portfolio had a beta of 1.22x compared to 1.19x for the Russell 2000® Index, a below-market yield and a below-market P/E ratio. It included 596 stocks, concentrated in the small and mid capitalization sectors. Progress' largest economic sector over-weightings relative to the Russell 2000® were in the financials and telecom services sectors, while the largest under-weightings were in the consumer staples and information technology sectors.

The portfolio's fourth quarter performance was hurt relative to the Russell 2000® by stock selection and sector allocation decisions. Stock selection in the consumer discretionary and information technology sectors had the largest negative impacts on fourth quarter performance. Aggregate trading decisions had a small negative impact on performance. The largest holdings at the end of the quarter were Allscripts Healthcare (1.1%), Wellcare Group (0.9%) and Owens III Inc (0.8%). During the quarter, the best performing holdings included Jinpan Intl (+116%), Force Protection (+108%) and Corvel Corp (+103%). The worst performing holdings included Encore Wire Corp (-38%), Tivo (-33%) and NMS Communications (-29%).

MANAGER COMMENTS – DOMESTIC EQUITY

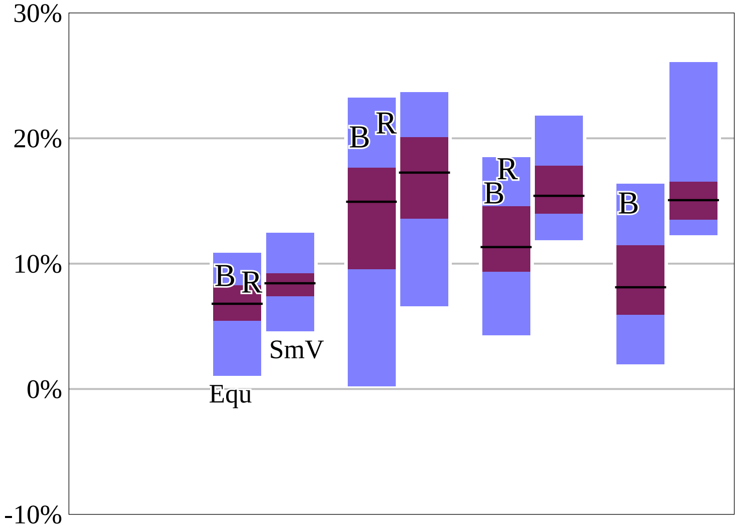
Rothschild





The Rothschild custom benchmark is the Russell 2000® Value index through 2nd quarter, 2005, Russell 2500™ Value thereafter.

Rothschild



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Rothschild (R)	8.6	21.3	17.6	-
Rank v. Equity	*19*	*9*	*7*	-
Rank v. Sm. Value	*37*	*19*	*25*	-
Custom Bench (B)	9.1	20.2	15.7	14.9
Equity Median	6.8	15.0	11.3	8.1
Sm. Value Median	8.4	17.3	15.4	15.1

Portfolio Characteristics	**Rothschild**	**Russell 2500™**
Eq Mkt Value ($Mil)	196.39	N/A
Wtd. Avg. Cap ($Bil)	2.48	2.53
Beta	0.96	1.12
Yield (%)	1.32 %	1.29 %
P/E Ratio	20.00	27.02
Cash (%)	1.0 %	0.0 %
Number of Holdings	145	2,463
Turnover Rate (%)	71.4	-

Sector	**Rothschild**	**Russell 2500™**
Energy	4.8 %	5.1 %
Materials	6.3	6.2
Industrials	14.4	13.6
Cons. Discretionary	12.7	15.6
Consumer Staples	4.8	3.2
Health Care	7.5	10.8
Financials	28.8	22.7
Info Technology	10.8	15.6
Telecom Services	1.4	1.8
Utilities	8.5	5.4

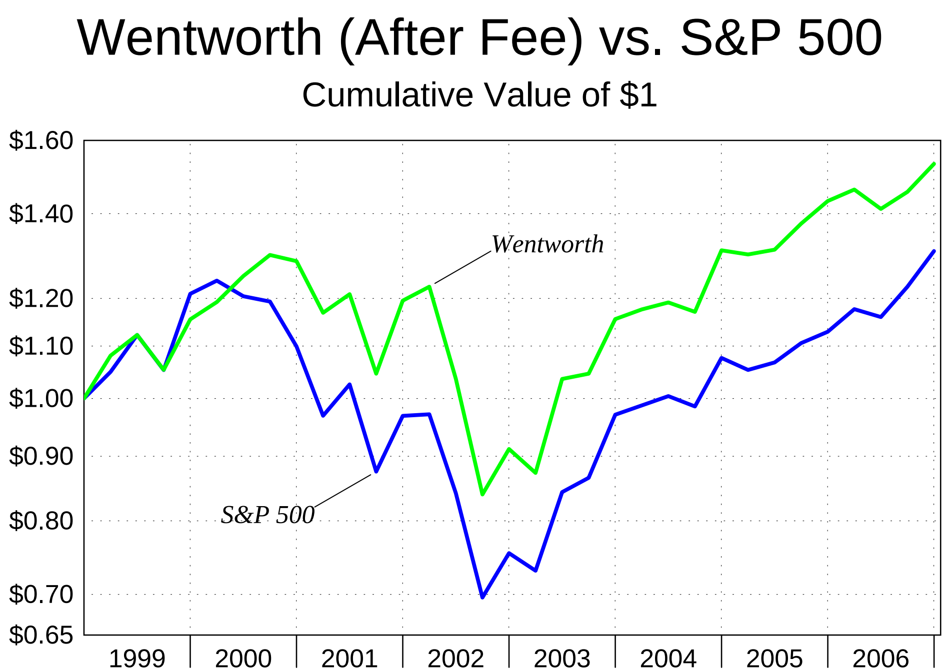
Rothschild's return of 8.6% for the fourth quarter trailed the 9.1% return of the Russell 2500™ Index but was better than the 8.4% return of the small cap value median, ranking in the 37th percentile in the universe of small value equity managers. For the one-year period, Rothschild returned 21.3%, exceeding the benchmark return of 20.2% and the 17.3% return of the median small value equity manager. Rothschild's one-year performance ranks in the 19th percentile in the universe of small cap value equity managers. Over the past three years, Rothschild has exceeded its benchmark on both an absolute and risk-adjusted basis (see page 38). Performance since inception is near the benchmark. This portfolio is in compliance with the CCCERA performance objectives.

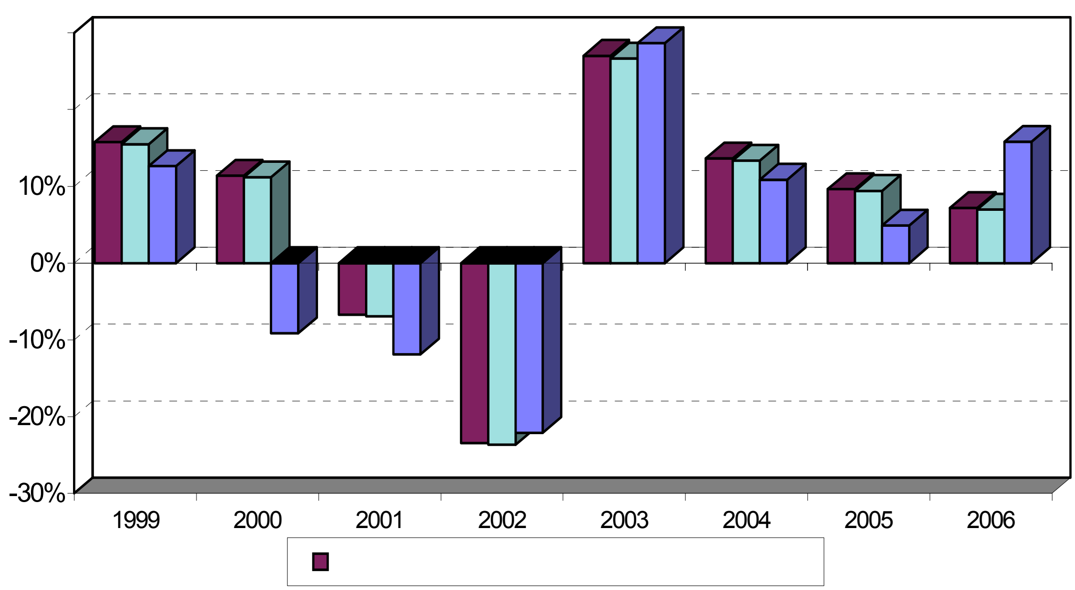
The portfolio had a beta of 0.96x versus 1.12x for the Index, an above-index yield and a below index P/E ratio. It included 145 stocks, concentrated in the small and mid capitalization sectors. Rothschild's largest economic sector over-weightings relative to the Russell 2500™ were in the financials, utilities and consumer staples sectors, while the largest under-weightings were in the information technology, health care and consumer discretionary sectors. Fourth quarter portfolio turnover was at an annual rate of 71.4%, down from last quarter's rate of 75.3%.

Rothschild's fourth quarter performance relative to the Russell 2500™ Value index was hurt by sector allocation decisions while stock selection decisions were slightly positive. Trading decisions had a negative impact on performance. Overweighting the health care sector had the most pronounced negative impact on the portfolio during the fourth quarter. The best performing portfolio stocks were Celanese Corp (+45%), Harland John H Co (+38%) and Rock-Tenn Co (+37%). The worst performing holdings included Ann Taylor Stores (-22%), Alliance Imaging Inc (-15%) and Furniture Brands (-14%).

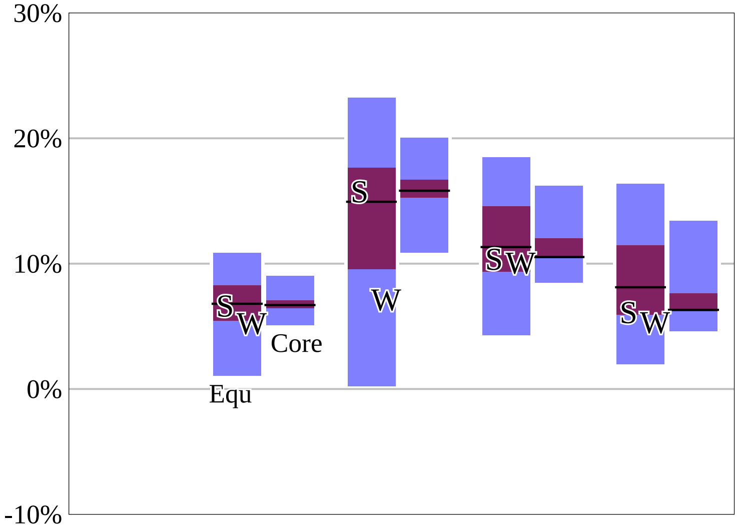
MANAGER COMMENTS – DOMESTIC EQUITY

Wentworth, Hauser and Violich





Wentworth, Hauser and Violich



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Wentworth (W)	5.3	7.2	10.1	5.4
Rank v. Equity	*76*	*83*	*69*	*80*
Rank v. Lg Core	*94*	*98*	*85*	*90*
S&P 500 (S)	6.7	15.8	10.4	6.2
Equity Median	6.8	15.0	11.3	8.1
Lg Core Median	6.7	15.8	10.5	6.3

Portfolio Characteristics	Wentworth	S&P 500
Eq Mkt Value ($Mil)	270.95	N/A
Wtd. Avg. Cap ($Bil)	86.53	101.42
Beta	1.02	1.00
Yield (%)	1.45	1.80
P/E Ratio	16.11	18.02
Cash (%)	1.1	0.0
Number of Holdings	37	500
Turnover Rate (%)	44.7	-

Sector	Wentworth	S&P 500
Energy	14.9 %	9.9 %
Materials	0.0	3.0
Industrials	14.0	10.8
Cons. Discretionary	11.6	10.6
Consumer Staples	8.7	9.2
Health Care	16.8	12.0
Financials	23.6	22.2
Info Technology	10.5	15.1
Telecom Services	0.0	3.5
Utilities	0.0	3.6

Wentworth's return of 5.3% for the fourth quarter was below the 6.7% return of the S&P 500 and the 6.8% return of the median equity manager. For the one-year period, Wentworth returned 7.2%, trailing the 15.8% return of the S&P 500 and the 15.0% return of the median manager. Wentworth has trailed the S&P 500 on an absolute and risk-adjusted basis over the past three and five years (page 38). It has not met the objectives of exceeding the median equity manager over the trailing three and five year periods.

The portfolio has an above-market beta of 1.02x, a below-market yield and a below-market P/E ratio. The portfolio has 37 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weightings are in the energy, health care and industrials sectors, while largest under-weightings are in the information technology, utilities and telecom services sectors. Fourth quarter portfolio turnover was at an annual rate of 44.7%, down from last quarter's rate of 49.8%.

Wentworth's fourth quarter performance relative to the S&P 500 was hurt by both stock selection and sector allocation decisions. Stock selection in the energy and information technology sectors was particularly weak. The best performing portfolio stocks included ConocoPhilips (+22%), Merrill Lynch (+19%) and Nordstrom (+17%) while the worst performing holdings included Teva Pharmaceutical (-8%), Chicos (-4%) and Pepsico (-4%). At the end of the quarter, the three largest holdings were Merrill Lynch, Barclays plc and Walgreen.

MANAGER COMMENTS – DOMESTIC EQUITY

Domestic Equity Regression Analysis

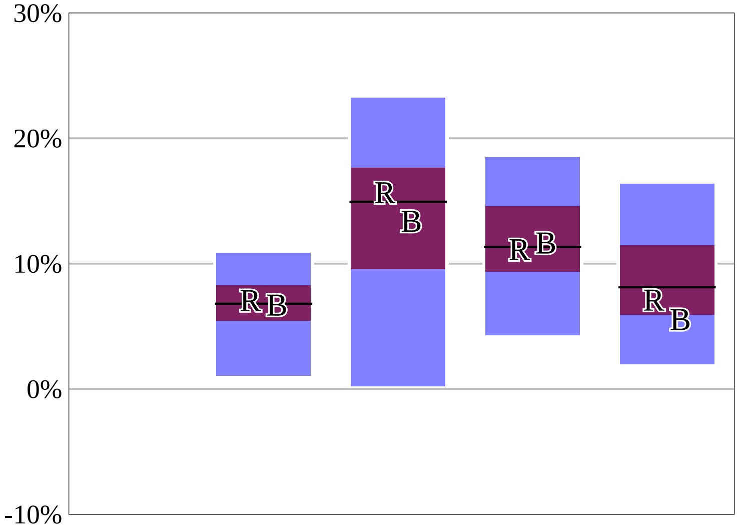
Three Year Regression for Periods Ending December 31, 2006
T-Bills and S&P 500 used for Regression Calculations

Portfolio Component	Return	Standard Deviation	Alpha	Beta	R^2	Sharpe
T-Bill	3.01	0.74				
S&P 500	10.44	6.76				1.10
Boston Partners	16.20	6.35	6.18	0.87	0.84	2.08
Emerald	9.28	15.32	-5.14	1.61	0.52	0.41
ING	10.72	6.72	0.32	0.99	0.99	1.15
Intech	12.80	5.87	3.15	0.86	0.93	1.67
Pimco	10.36	6.84	-0.13	1.01	1.00	1.07
Rothschild	17.65	9.00	5.71	1.11	0.68	1.63
Wentworth	10.12	7.57	-0.55	1.04	0.82	0.94
Total Equity	11.73	7.55	0.69	1.07	0.89	1.15
Russell 1000® Value	15.07	6.22	5.24	0.86	0.86	1.94
Russell 1000® Growth	6.88	8.45	-4.54	1.20	0.91	0.46
Russell 2000®	13.55	12.85	-1.11	1.56	0.68	0.82
Russell 3000®	11.20	7.27	0.22	1.07	0.97	1.13

Five Year Regression for Periods Ending December 31, 2006
T-Bills and S&P 500 used for Regression Calculations

Portfolio Component	Return	Standard Deviation	Alpha	Beta	R^2	Sharpe
T-Bill	2.37	0.70				
S&P 500	6.18	16.33				0.23
Boston Partners	10.14	16.12	3.85	0.97	0.96	0.48
Wentworth	5.37	18.24	-1.10	1.09	0.97	0.16
Total Equity	5.63	18.94	-1.01	1.14	0.98	0.17
Russell 1000® Value	10.85	16.68	4.43	0.99	0.95	0.51
Russell 1000® Growth	2.69	17.22	-3.35	1.02	0.94	0.02
Russell 2000®	11.39	21.17	4.24	1.17	0.84	0.43
Russell 3000®	7.17	16.55	0.89	1.01	1.00	0.29

Total Domestic Equity



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Total Equity (B)	6.8	13.5	11.7	5.6
Rank	*50*	*60*	*47*	*78*
Russell 3000 (R)	7.1	15.7	11.2	7.2
Equity Median	6.8	15.0	11.3	8.1

Portfolio Characteristics	**Total Fund**	**Russell 3000**
Eq Mkt Value ($Mil)	1,965.03	N/A
Wtd. Avg. Cap ($Bil)	67.92	83.70
Beta	1.07	1.02
Yield (%)	1.35 %	1.70 %
P/E Ratio	21.25	19.23
Cash (%)	-0.5 %	0.0 %
Number of Holdings	1,287	2,958
Turnover Rate (%)	55.9	-

Sector	**Total Fund**	**Russell 3000**
Energy	7.9 %	8.6 %
Materials	2.8	3.4
Industrials	11.3	10.9
Cons. Discretionary	12.2	11.8
Consumer Staples	6.9	8.2
Health Care	13.5	12.1
Financials	22.5	22.5
Info Technology	18.8	15.3
Telecom Services	1.9	3.4
Utilities	2.1	3.8

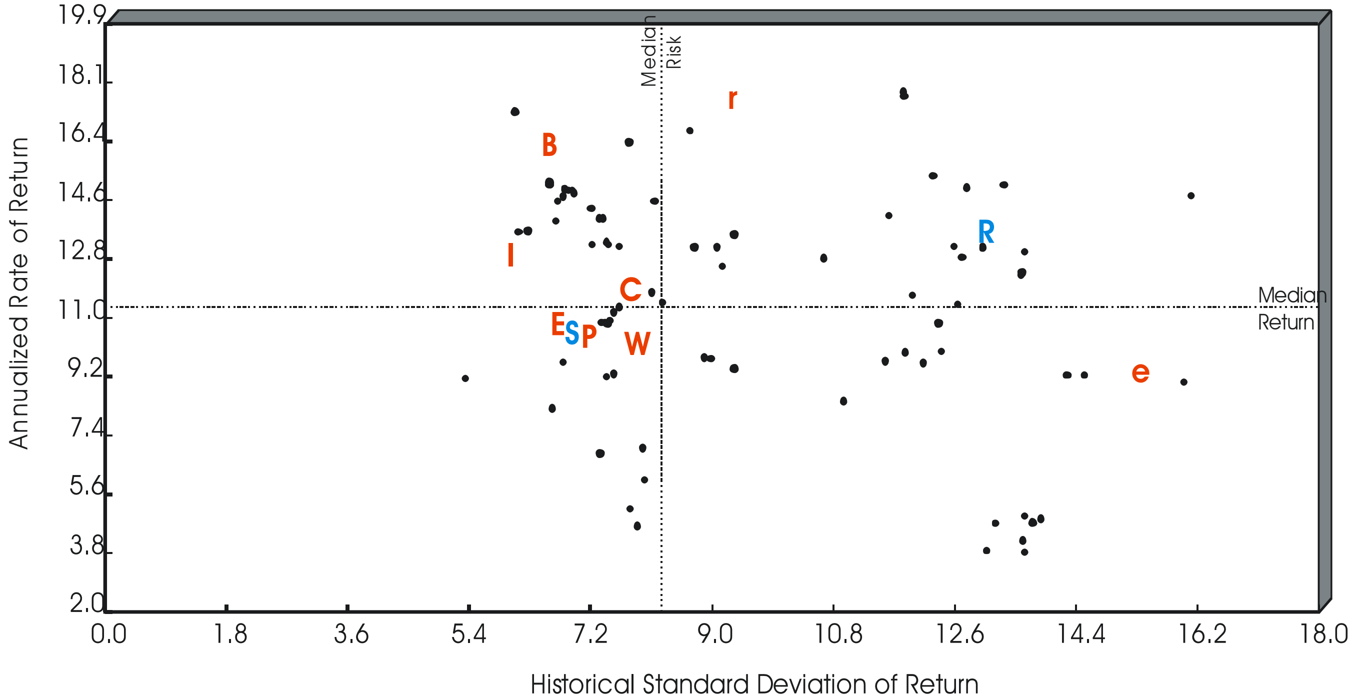
CCCERA total domestic equities returned 6.8% in the fourth quarter, trailing the 7.1% return of the Russell 3000® Index but matching the 6.8% return of the median equity manager. For the one-year period, the CCCERA equity return of 13.5% trailed the 15.7% return of the Russell 3000® and the 15.0% return of the median manager. Over the past three years, CCCERA domestic equities exceed both the S&P 500 and Russell 3000® indexes on an absolute and risk-adjusted basis. However, over the past five years, affected by departed managers, the domestic equities have trailed the S&P 500 and the Russell 3000® indexes on an absolute and risk-adjusted basis (page 38).

The combined domestic equity portfolio has a beta of 1.07x, a below-index yield and an above-index P/E ratio. The portfolio is broadly diversified with 1,287 stocks, and resembles the broad market with an R^2 of 0.93 to the S&P 500. The combined portfolio's largest economic sector over-weightings are in the information technology and health care sectors, while the largest under-weightings are in the utilities and telecom services sectors.

MANAGER COMMENTS – DOMESTIC EQUITY

Domestic Equity Performance and Variability

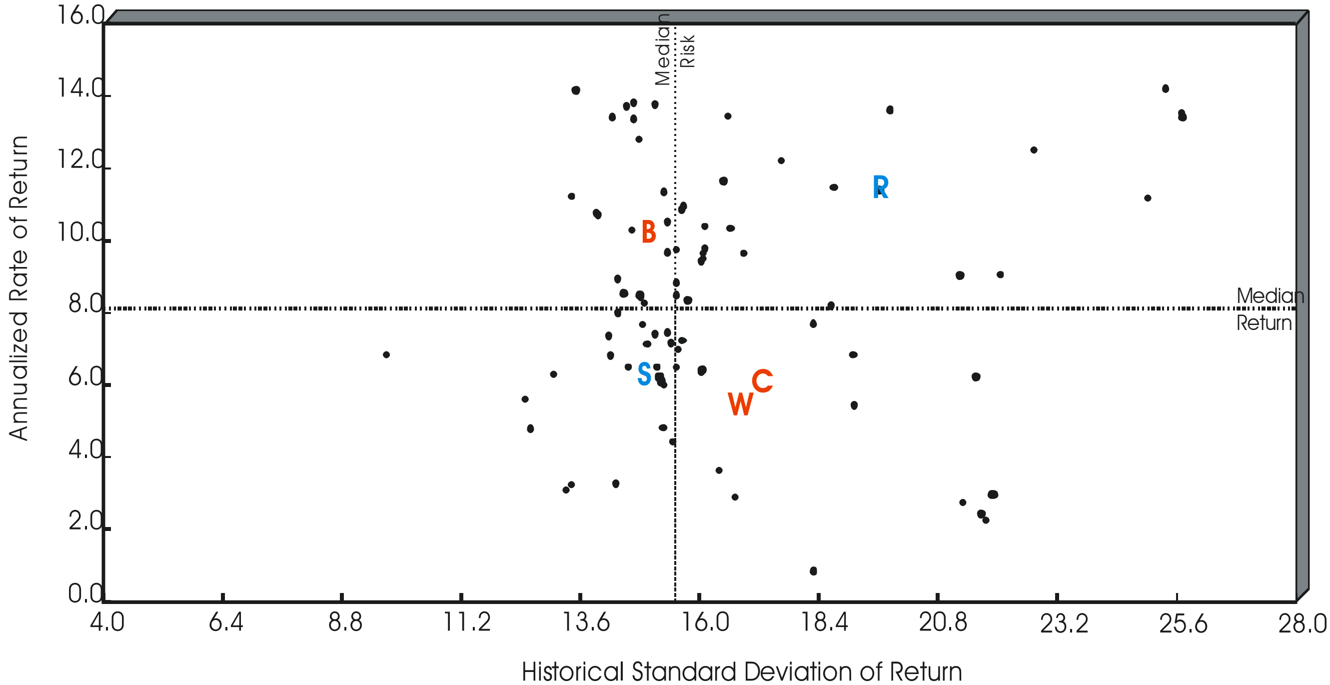
Three Years Ending December 31, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
B	Boston Partners	16.20	13	6.69	17
e	Emerald Advisors	9.27	76	15.43	95
E	ING Investment Mgmt	10.72	55	7.00	24
I	Intech Enhanced Plus	12.80	39	6.16	11
P	PIMCO Stocks Plus	10.37	64	7.12	33
r	Rothschild Asset Management	17.65	7	9.45	60
W	Wentworth, Hauser & Violich	10.12	69	7.92	47
C	Domestic Equity	11.73	47	7.84	47
S	Standard & Poors 500	10.43	62	7.03	27
R	Russell 2000	13.55	33	13.15	87
	Median	11.34		8.26	

Domestic Equity Performance and Variability

Five Years Ending December 31, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
B	Boston Partners	10.15	36	15.10	36
W	Wentworth, Hauser & Violich	5.37	80	16.86	68
C	Domestic Equity	5.63	78	17.10	71
S	Standard & Poors 500	6.18	71	15.24	45
R	Russell 2000	11.38	25	19.76	86
	Median	8.12		15.52	

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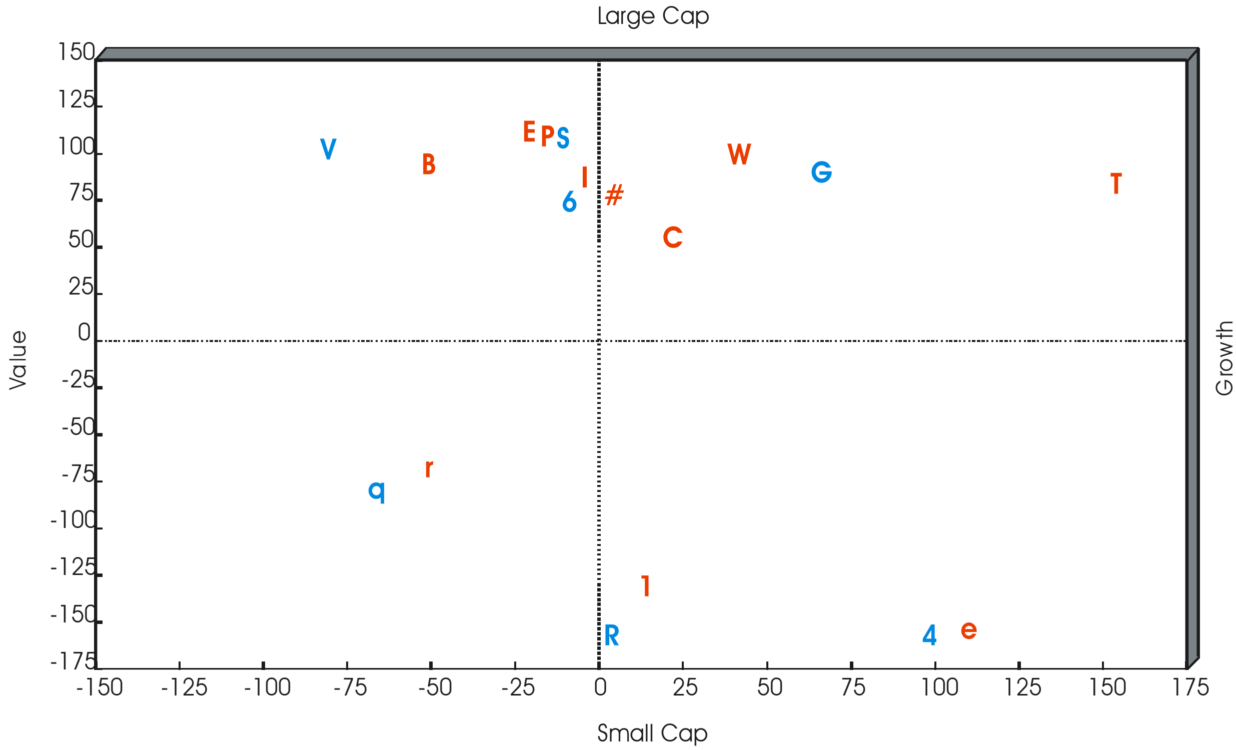
MANAGER COMMENTS - DOMESTIC EQUITY

Domestic Equity Style Map

As of December 31, 2006



		Growth-Value	Size
B	Boston Partners	-49.33	92.46
T	Delaware	156.04	82.17
e	Emerald Advisors	111.51	-155.70
E	ING Investment Mgmt	-18.90	109.56
I	Intech Enhanced Plus	-1.62	85.56
#	Intech Large Cap Core	4.98	76.21
P	PIMCO Stocks Plus	-12.70	106.19
1	Progress Investment Mgmt Co	15.39	-132.64
r	Rothschild Asset Management	-48.35	-69.65
W	Wentworth, Hauser & Violich	42.04	97.80
C	Domestic Equity	22.55	53.47
S	Standard & Poors 500	-12.75	106.13
G	Russell 1000 Growth	66.78	88.21
V	Russell 1000 Value	-79.44	100.65
R	Russell 2000	5.05	-159.13
4	Russell 2000 Growth	80.66	-159.14
q	Russell 2500 Value	-71.80	-80.89
6	Russell 3000	-5.10	72.17

PORTFOLIO PROFILE REPORT

	PIMCO/ S&P 500 Cap Wtd 12/31/2006	Russell 3000® 12/31/2006	Russell 2500™ 12/31/2006	Russell 2000® 12/31/2006	Boston 12/31/2006	Delaware 12/31/2006	Emerald 12/31/2006
Equity Market Value	272,666,693				342,359,413	322,364,555	174,469,499
Beta	1.00	1.02	1.12	1.19	1.08	1.06	1.47
Yield	1.80	1.70	1.29	1.17	1.76	0.69	0.16
P/E Ratio	18.02	19.23	27.02	33.67	15.26	29.18	37.33
Standard Error	0.61	1.02	4.10	5.00	1.56	4.53	6.89
R^2	0.99	0.98	0.74	0.69	0.96	0.62	0.63
Wtd Cap Size ($Mil)	101,418.53	83,701.54	2,533.06	1,199.47	89,120.63	47,291.2	1,493.06
Avg Cap Size ($Mil)	13,329.75	1,146.77	872.84	653.49	16,314.71	18,999.0	881.24
Number of Holdings	500	2,958	2,463	1,971	87	26	129
Economic Sectors							
Energy	9.94	8.62	5.08	5.10	10.83	0.00	2.97
Materials	2.96	3.36	6.15	4.61	1.71	3.68	3.24
Industrials	10.83	10.94	13.55	14.11	8.19	7.39	18.52
Consumer Discretionary	10.61	11.78	15.64	15.85	10.34	14.71	17.82
Consumer Staples	9.24	8.19	3.23	3.20	2.17	11.49	0.43
Health Care	12.01	12.14	10.83	11.71	9.59	17.04	21.75
Financials	22.24	22.49	22.67	22.50	35.15	12.07	5.50
Information Technology	15.10	15.30	15.60	18.35	17.73	33.63	28.72
Telecom. Services	3.51	3.35	1.81	1.58	3.26	0.00	1.05
Utilities	3.55	3.83	5.44	2.99	1.04	0.00	0.00

PORTFOLIO PROFILE REPORT

	ING 12/31/2006	Intech Enhanced 12/31/2006	Intech Large Cap 12/31/2006	Progress 12/31/2006	Rothschild 12/31/2006	Wentworth 12/31/2006	Combined Equity 12/31/2006
Equity Market Value	278,859,450	25,362,389	249,782,630	49,936,810	196,392,363	270,949,296	1,933,360,468
Beta	1.00	0.95	0.94	1.22	0.96	1.02	1.07
Yield	1.79	1.62	1.56	1.09	1.32	1.45	1.34
P/E Ratio	17.36	19.00	20.34	30.34	20.00	16.11	21.30
Standard Error	0.63	1.33	1.99	5.34	4.13	2.60	2.11
R^2	0.99	0.96	0.9	0.66	0.68	0.87	0.93
Wtd Cap Size ($Mil)	110,108.7	73,084.02	48,736.30	1,725.49	2,477.40	86,527.66	67,367.68
Avg Cap Size ($Mil)	14,324.1	15,547.55	15,757.46	1,251.07	1,832.67	58,437.38	18,694.46
Number of Holdings	430	368	286	596	145	37	1,287
Economic Sectors							
Energy	10.53	5.91	2.96	5.77	4.76	14.89	7.90
Materials	2.65	4.00	5.04	4.99	6.33	0.00	2.83
Industrials	10.31	12.69	12.24	13.19	14.40	13.97	11.30
Consumer Discretionary	9.63	13.18	16.44	15.50	12.65	11.63	12.27
Consumer Staples	8.95	10.90	12.90	1.47	4.81	8.67	6.82
Health Care	12.09	12.57	12.28	11.77	7.49	16.79	13.52
Financials	23.99	23.15	20.88	24.69	28.83	23.55	22.50
Information Technology	15.30	10.55	7.62	16.71	10.83	10.51	18.82
Telecom. Services	3.53	3.33	4.15	2.38	1.38	0.00	1.92
Utilities	3.02	3.73	5.49	3.52	8.53	0.00	2.13

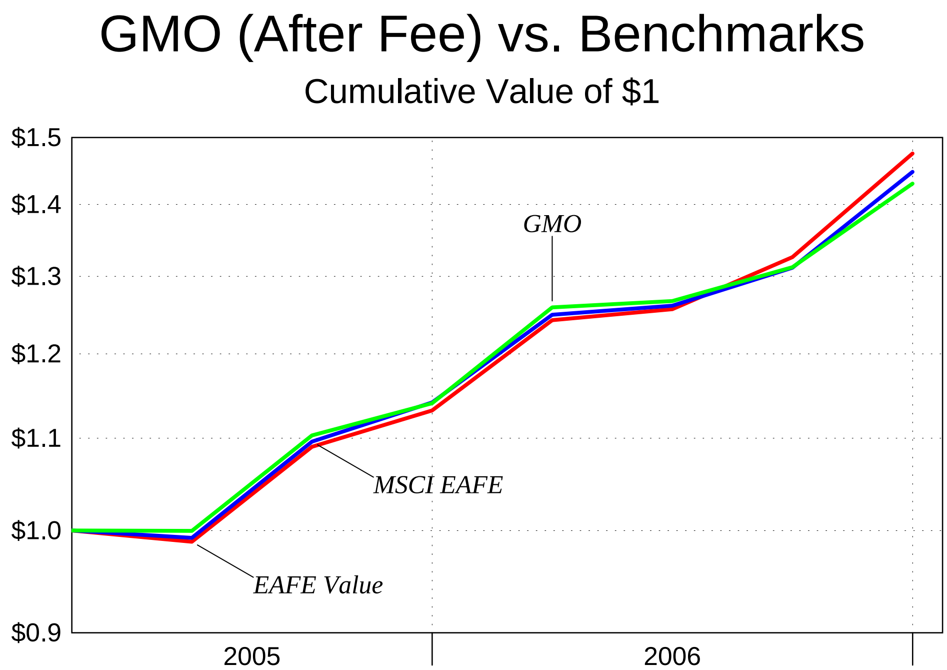
PORTFOLIO PROFILE REPORT

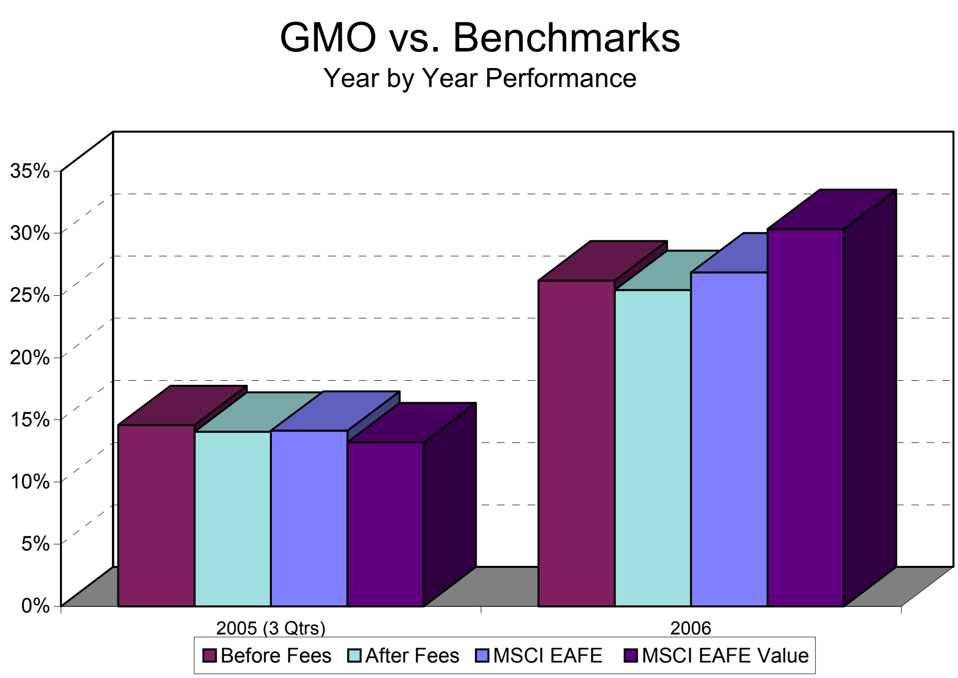
	PIMCO/ S&P 500 Cap Wtd 12/31/2006	Russell 3000® 12/31/2006	Russell 2500™ 12/31/2006	Russell 2000® 12/31/2006	Boston 12/31/2006	Delaware 12/31/2006	Emerald 12/31/2006
Beta Sectors							
1 0.0 - 0.9	52.65	52.44	48.01	43.80	45.96	53.87	27.50
2 0.9 - 1.1	10.42	10.87	10.73	11.72	8.42	12.14	7.75
3 1.1 - 1.3	12.47	11.15	9.45	8.88	17.92	4.21	5.69
4 1.3 - 1.5	5.92	5.93	6.34	7.12	5.98	9.32	14.96
5 Above 1.5	18.54	19.61	25.48	28.47	21.71	20.46	44.11
Yield Sectors							
1 Above 5.0	14.07	20.92	46.77	55.30	14.74	34.58	84.63
3 3.0 - 5.0	31.41	29.13	22.31	17.84	30.70	50.01	13.05
3 1.5 - 3.0	33.34	29.61	15.69	12.84	41.39	15.42	1.91
4 0.0 - 1.5	21.09	19.36	10.17	8.53	11.14	0.00	0.41
5 0.0	0.09	0.98	5.05	5.49	2.03	0.00	0.00
P/E Sectors							
1 0.0 - 12.0	15.57	16.53	19.56	21.97	25.70	0.00	14.21
2 12.0 -20.0	48.97	44.90	31.39	27.69	49.55	12.58	15.45
3 20.0 -30.0	24.82	24.43	24.25	23.44	18.29	44.15	16.64
4 30.0 - 150.0	9.10	12.02	21.30	22.97	4.44	39.27	45.40
5 N/A	1.54	2.12	3.50	3.93	2.02	3.99	8.31
Capitalization Sectors							
1 Above 20.0 ($Bil)	74.82	60.42	0.00	0.00	61.22	41.63	0.00
2 10.0 - 20.0	16.55	13.85	0.00	0.00	13.24	44.82	1.62
3 5.0 - 10.0	6.75	8.39	8.11	0.00	15.47	13.55	1.14
4 1.0 - 5.0	1.87	13.69	71.91	58.24	10.06	0.00	46.32
5 0.5 - 1.0	0.00	2.36	12.90	26.97	0.00	0.00	34.93
6 0.1 - 0.5	0.00	1.29	7.07	14.77	0.00	0.00	15.88
7 0.0 - 0.1	0.00	0.00	0.01	0.02	0.00	0.00	0.10
5 Yr Earnings Growth							
1 N/A	13.55	15.36	27.17	28.64	10.50	0.00	17.99
2 0.0 -10.0	36.42	35.06	29.91	31.64	42.46	21.86	31.79
3 10.0 -20.0	31.07	30.36	25.39	22.14	18.15	61.23	27.75
5 Above 20.0	18.96	19.22	17.53	17.58	28.88	16.91	22.46

PORTFOLIO PROFILE REPORT

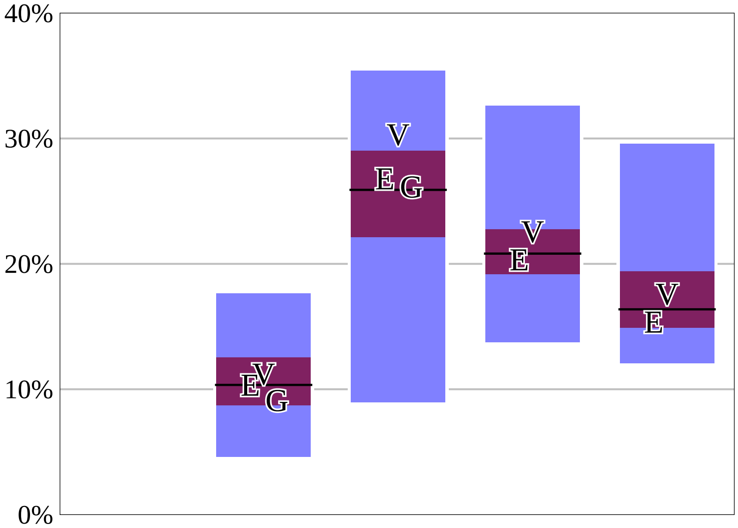
	ING 12/31/2006	Intech Enhanced 12/31/2006	Intech Large Cap 12/31/2006	Progress 12/31/2006	Rothschild 12/31/2006	Wentworth 12/31/2006	Combined Equity 12/31/2006
Beta Sectors							
1 0.0 - 0.9	52.39	56.69	56.95	41.50	54.88	50.40	49.04
2 0.9 - 1.1	10.28	11.12	10.18	9.28	9.02	6.01	9.31
3 1.1 - 1.3	12.69	12.71	12.48	9.36	10.35	21.82	12.50
4 1.3 - 1.5	4.92	3.92	3.17	6.99	6.57	4.95	7.10
5 Above 1.5	19.71	15.56	17.21	32.87	19.19	16.82	22.05
Yield Sectors							
1 Above 5.0	13.12	15.36	17.37	55.35	37.51	11.95	27.01
3 3.0 - 5.0	32.46	35.56	35.48	18.91	29.36	44.28	34.21
3 1.5 - 3.0	34.56	32.90	33.22	14.23	16.20	29.62	26.36
4 0.0 - 1.5	19.77	15.93	13.68	6.32	13.47	14.15	11.56
5 0.0	0.09	0.25	0.25	5.19	3.46	0.00	0.87
P/E Sectors							
1 0.0 - 12.0	17.20	11.42	9.69	18.61	10.52	15.45	14.37
2 12.0 -20.0	49.61	45.53	41.87	29.00	39.28	47.05	38.26
3 20.0 -30.0	25.68	29.46	30.31	24.67	30.05	34.45	28.21
4 30.0 - 150.0	6.59	11.76	15.54	24.16	17.31	3.05	16.63
5 N/A	0.91	1.83	2.58	3.55	2.84	0.00	2.53
Capitalization Sectors							
1 Above 20.0 ($Bil)	76.70	54.51	47.26	0.29	0.00	68.04	49.66
2 10.0 - 20.0	15.44	26.91	33.70	0.34	0.00	17.51	17.34
3 5.0 - 10.0	6.08	13.35	14.26	1.27	6.33	9.06	9.05
4 1.0 - 5.0	1.78	5.23	4.79	62.90	79.82	5.39	17.04
5 0.5 - 1.0	0.00	0.00	0.00	21.84	12.10	0.00	4.95
6 0.1 - 0.5	0.00	0.00	0.00	12.94	1.74	0.00	1.94
7 0.0 - 0.1	0.00	0.00	0.00	0.42	0.00	0.00	0.02
5 Yr Earnings Growth							
1 N/A	12.38	15.34	19.63	24.44	28.54	3.25	11.37
2 0.0 -10.0	34.09	35.67	33.94	26.22	32.84	24.86	32.05
3 10.0 -20.0	32.36	31.84	32.11	30.28	22.82	39.57	34.04
5 Above 20.0	21.18	17.14	14.32	19.06	15.80	32.31	22.54

Grantham, Mayo, van Otterloo & Co





Grantham, Mayo, van Otterloo & Co



	Last Qtr	1 Yr	3 Yrs	5 Yrs
GMO (G)	9.2	26.2	-	-
Rank	*69*	*44*	-	-
EAFE (E)	10.4	26.9	20.4	15.4
EAFE Value (V)	11.3	30.4	22.6	17.7
Int'l Median	10.3	25.9	20.8	16.4

Portfolio Characteristics	**GMO**	**MSCI EAFE**
IEq Mkt Value ($Mil)	290.0	N/A
Cash	0.0 %	0.0 %

Over-Weighted Countries	**GMO**	**MSCI EAFE**
Netherlands	9.4 %	3.9 %
Canada	2.0	0.0
Japan	24.2	22.6

Under-Weighted Countries	**GMO**	**MSCI EAFE**
Australia	1.7 %	5.6 %
Spain	1.1	4.1
Switzerland	3.9	6.8

The GMO value international portfolio returned 9.2% in the fourth quarter, trailing the 10.4% return of the MSCI EAFE Index, the 11.3% return of the EAFE Value Index and the 10.3% return of the median international equity manager. Over the past year, the portfolio has returned 26.2%, trailing both the MSCI EAFE Index and the EAFE Value Index. This return ranked in the 44th percentile of international portfolios.

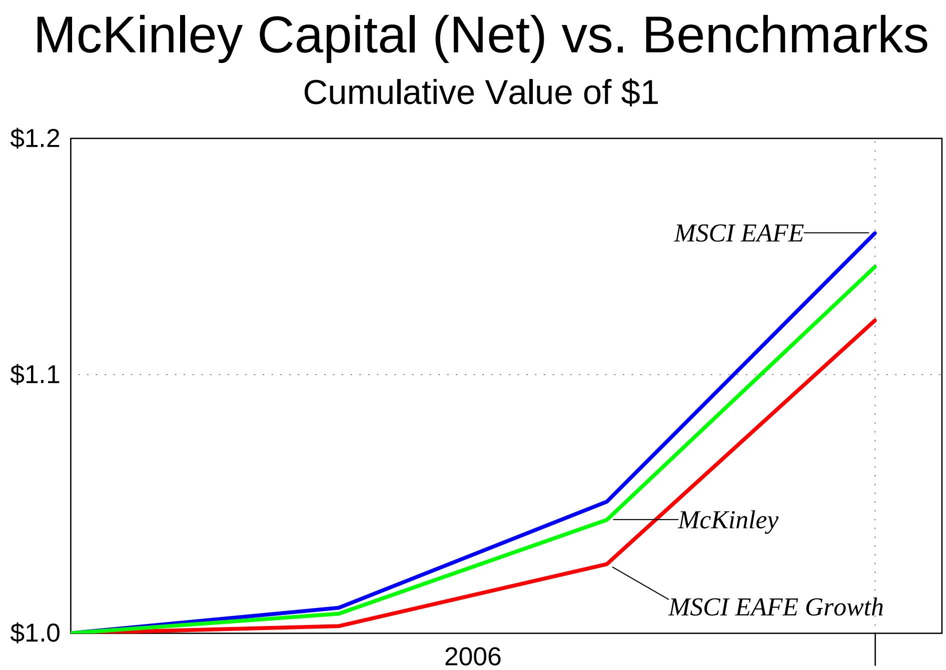
The portfolio's largest country over-weightings were the Netherlands, Canada and Japan, while the largest under-weightings were in Australia, Spain and Switzerland.

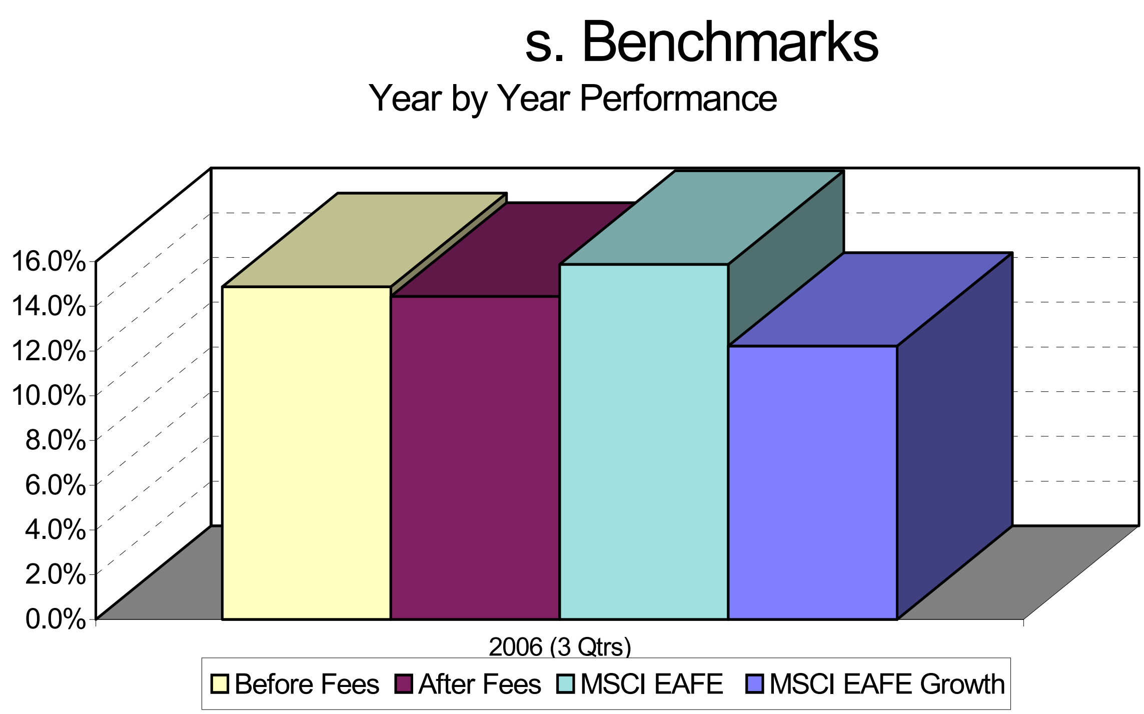
Stock selection decision contributed to fourth quarter returns while country allocation decisions detracted from returns. Stock selection was particularly strong in Japan. An underweight position in Australia and a non-benchmark position in Canada had the largest negative impacts on fourth quarter returns.

GMO’s stock selection disciplines had mixed results as its intrinsic value portion of the strategy performed well, the momentum portion slightly outperformed, but quality-adjusted value underperformed. The quality-adjusted value portion of the strategy had been the best performer in the second and third quarters of 2006. Positions in cyclical companies like German steelmaker ThyssenKrupp, and auto makers Honda Motor and Volkswagen helped this quarter’s return. Stocks that detracted included British pharmaceuticals AstraZeneca and GlaxoSmithKline and European financials ING Groep and BNP Paribas.

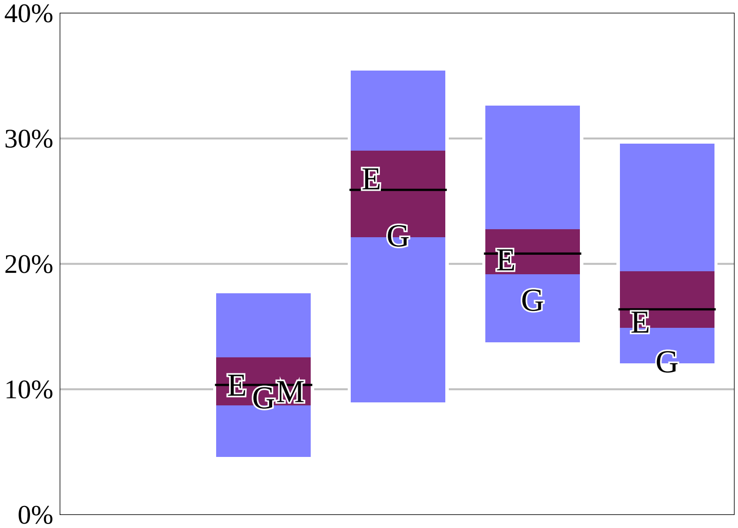
MANAGER COMMENTS – INTERNATIONAL EQUITY

McKinley Capital





McKinley Capital



	Last Qtr	1 Yr	3 Yrs	5 Yrs
McKinley (M)	9.9	-	-	-
Rank	*57*	-	-	-
EAFE (E)	10.4	26.9	20.4	15.4
EAFE Growth (G)	9.4	22.3	17.2	12.3
Int'l Median	10.3	25.9	20.8	16.4

Portfolio Characteristics	**McKinley Capital**	**MSCI EAFE**
IEq Mkt Value ($Mil)	296.6	N/A
Cash	1.0 %	0.0 %

Over-Weighted Countries	**McKinley Capital**	**MSCI EAFE**
Canada	7.3 %	0.0 %
South Korea	4.0	0.0
Mexico	3.7	0.0

Under-Weighted Countries	**McKinley Capital**	**MSCI EAFE**
Japan	9.8 %	22.6 %
United Kingdom	18.4	23.8
Germany	5.4	7.4

The McKinley Capital portfolio returned 9.9% in the fourth quarter, trailing the 10.4% return of the MSCI EAFE Index but exceeding the MSCI EAFE Growth Index return of 9.4%. This return ranked in the 57th percentile of international equity managers.

The portfolio's largest country over-weightings were in Canada, South Korea and Mexico, while the largest under-weightings were in Japan, the United Kingdom and Germany.

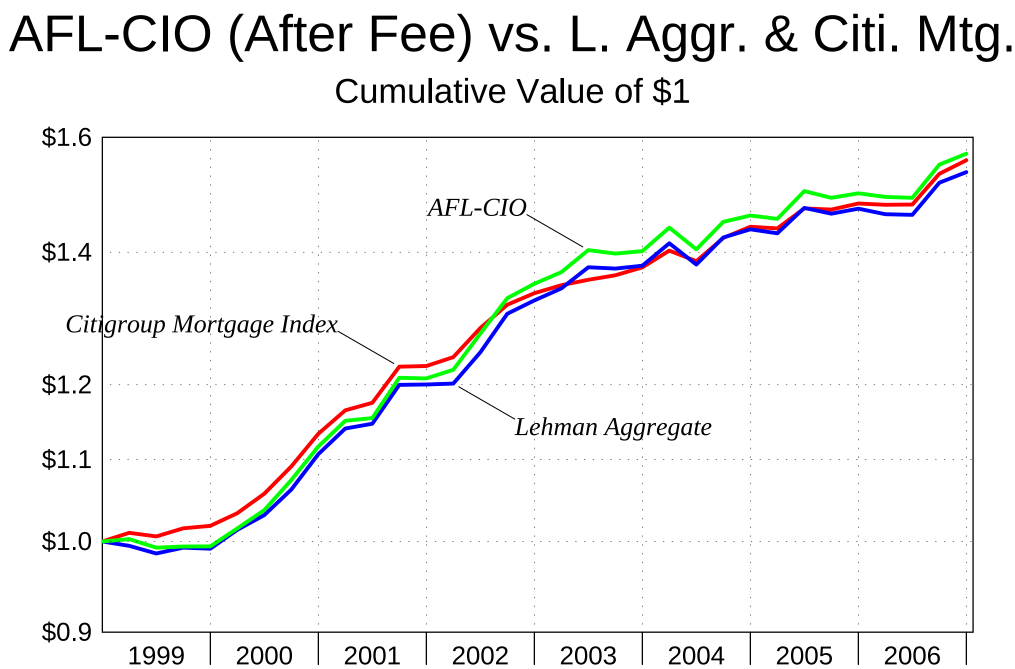
Stock selection in aggregate contributed to from fourth quarter returns while country allocation decisions detracted from returns. Stock selection was particularly strong in France, Canada and Mexico. On a country basis, non-benchmark positions in South Korea, Canada and Taiwan proved to be a drag on performance. Active trading had a positive impact on fourth quarter returns.

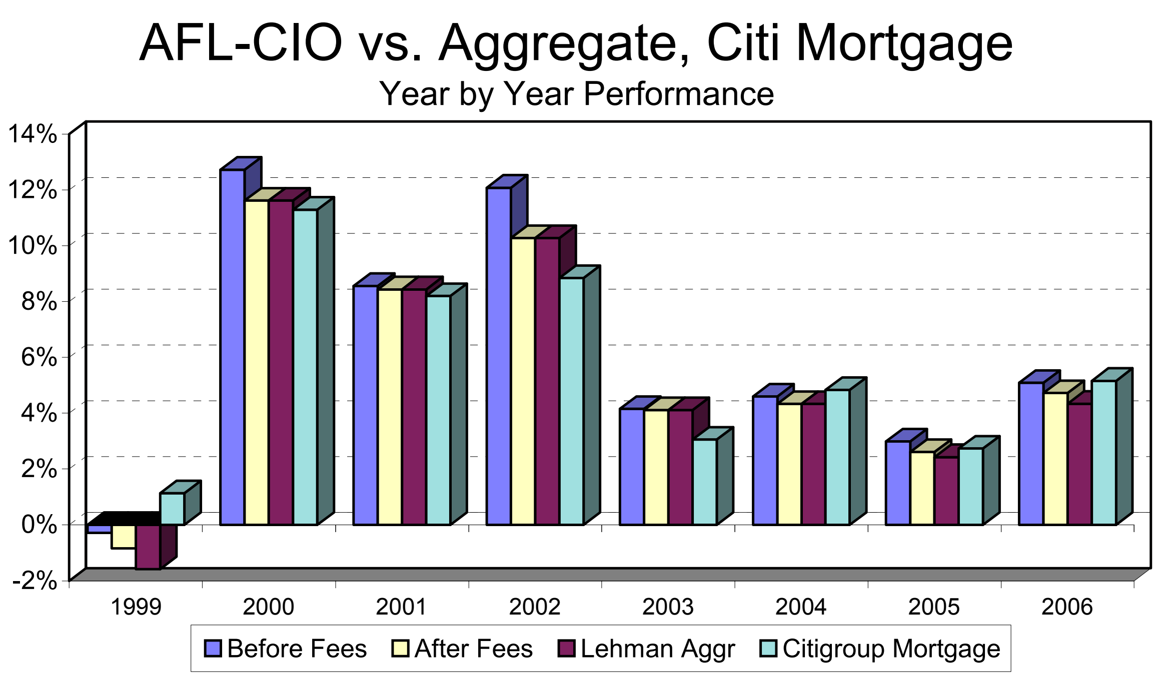
McKinley reports that holdings in High Tech Computer Corp (Taiwan), Yamada Denki (Japan) and Mitsubishi Corp (Japan) negatively impacted fourth quarter performance. Its investment process is currently identifying relatively more companies in the Financials, Telecommunications Services and Utilities sectors, and – on a country basis – in China and Spain.

The Co-Director of Quantitative Research, Ted Gifford, will move to a consulting role. Dr. John Guerard, the other Co-Director, will become McKinley's sole Director of Quantitative Research.

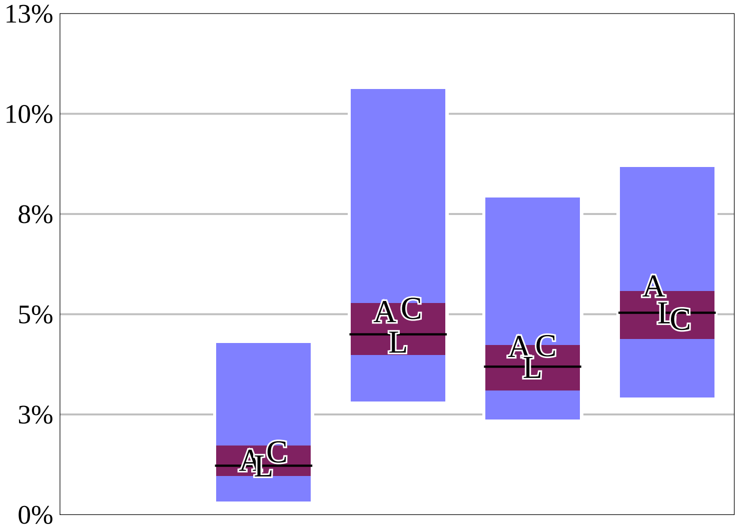
MANAGER COMMENTS – FIXED INCOME

AFL-CIO Housing Investment Trust





AFL-CIO Housing Investment Trust



	Last Qtr	1 Yr	3 Yrs	5 Yrs
AFL-CIO (A)	1.4	5.1	4.2	5.7
Rank	*36*	*28*	*26*	*21*
L. Agg (L)	1.2	4.3	3.7	5.1
Citi. Mtg. (C)	1.6	5.2	4.2	4.9
Fixed Median	1.2	4.5	3.7	5.0

Portfolio Characteristics	**AFL-CIO**
Mkt Value ($Mil)	167.2
Current Yield (%)	5.6
Duration (yrs)	4.4
Avg Quality	AAA

Divesification by Sector	**AFL-CIO**
Agency Mutifamily MBS	59 %
Agency Single Family MBS	31
US Treasury/Agency	1
AAA Private-Label CMBS	6
Cash & Short-Term	2

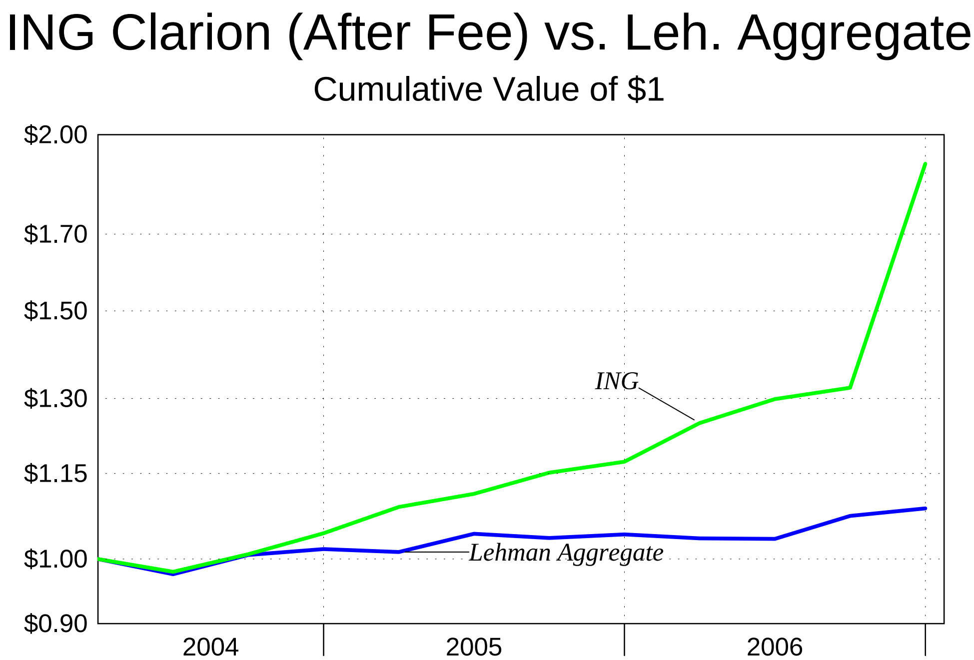
AFL-CIO returned 1.4% in the fourth quarter, better than the 1.2% return of the Lehman Aggregate. The portfolio ranked in the 36th percentile of fixed income managers. For the past year, AFL-CIO returned 5.1%, which was better than the 4.3% return of the Lehman Aggregate but slightly trailed the 5.2% return of the Citigroup Mortgage index. Over the past five years, AFL-CIO has matched or exceeded the index and the median, meeting performance objectives.

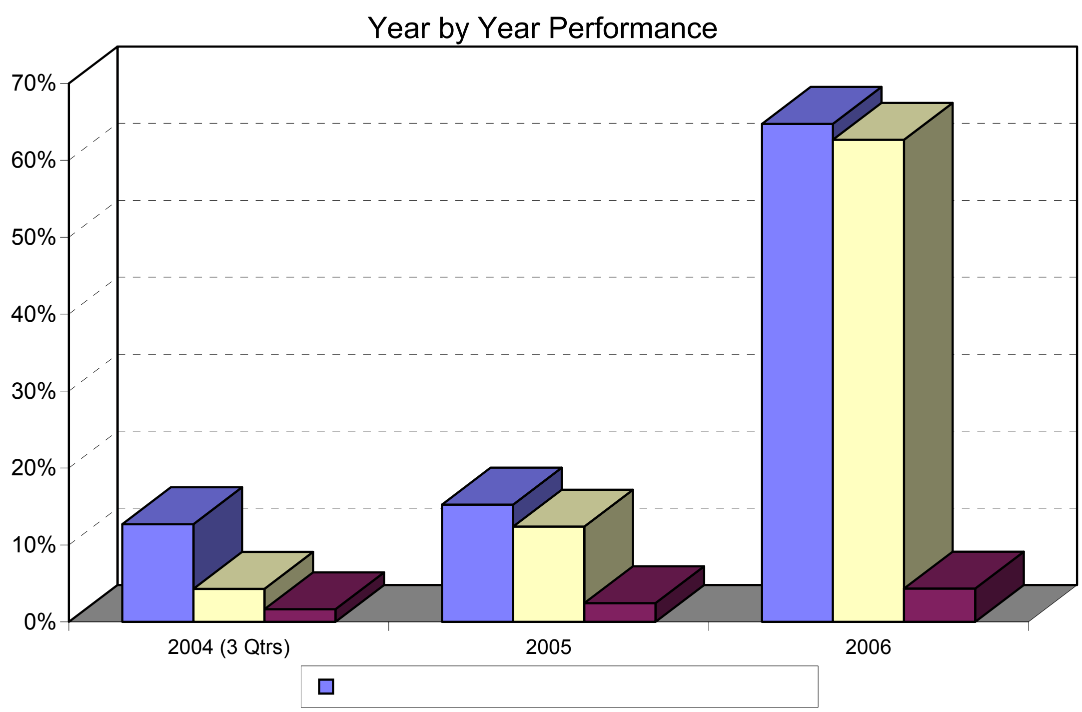
At the end of the fourth quarter, the AFL-CIO Housing Investment Trust had 59% of the portfolio allocated to multi-family mortgage backed securities (down 2% from the end of the previous quarter), 31% allocated to single family MBS (down 1%), 1% to US Treasury notes (down 2%), 6% to AAA Private-Label CMBS (up 3%) and 2% to short-term (unchanged). The AFL-CIO portfolio duration at the end of the fourth quarter was 4.4 years and the current yield of the portfolio was 5.6%.

During the fourth quarter, the AFL-CIO Housing Investment Trust committed $27.2 million to three multifamily investments having 431 units. During the quarter, 248 single family loans, totaling $65.8 million, were issued in New York City under the HIT HOME program in collaboration with Chase and the Union Plus Mortgage Program.

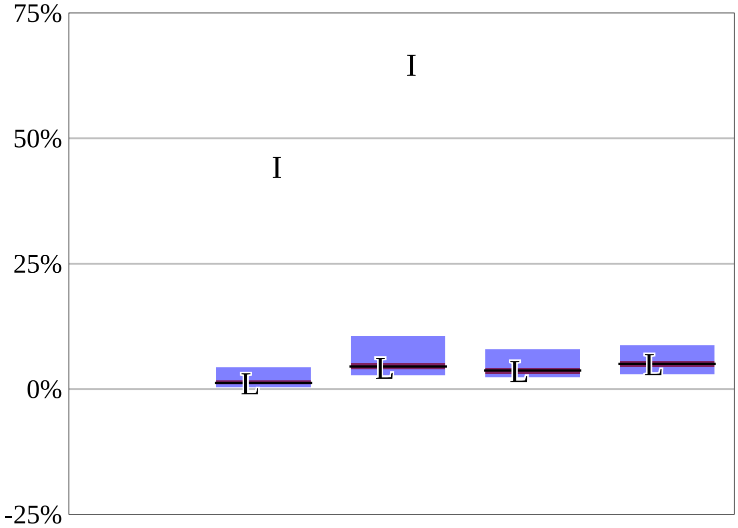
The Trust has kept the same risk management strategy in place for several years. In the near term, the Trust will continue to manage the portfolio to have an effectively neutral duration stance versus the Lehman Aggregate. With fixed income markets - as measured by the yields implied by Fed Funds Futures - expecting short rates to remain stable through the end of the 1st quarter of 2007, the Trust is closely monitoring its ongoing barbell strategy and may decide to modify it gradually as fixed-income market conditions change.

ING Clarion


ING Clarion (After Fee) vs. Leh. Aggregate
Cumulative Value of $1
$2.00
$1.70
$1.50
$1.30
$1.15
$1.00
$0.90
ING
Lehman Aggregate
2004
2005
2006


Year by Year Performance
70%
60%
50%
40%
30%
20%
10%
0%
2004 (3 Qtrs)
2005
2006

ING Clarion



	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING Clarion (I)	44.4	64.8	-	-
Rank	*1*	*1*	-	-
L. Agg (L)	1.2	4.3	3.7	5.1
Fixed Median	1.2	4.5	3.7	5.0

Portfolio Characteristics	ING Clarion
Mkt Value ($Mil)	1.1
Yield to Maturity (%)	20.1 %
Duration (yrs)	2.7
Avg. Quality	BBB

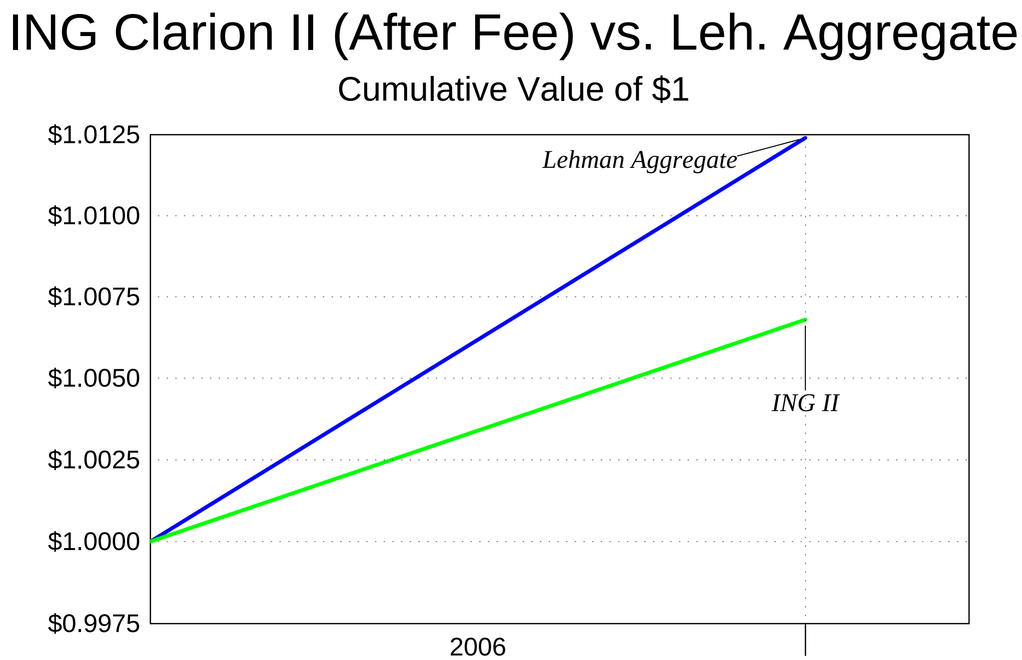
ING Clarion returned 44.4% for the fourth quarter as the fund was substantially liquidated. This return was well above the Lehman Aggregate return of 1.2% and the median fixed income manager return of 1.2%. ING Clarion ranked in the 1st percentile in the universe of fixed income managers. Over the past year, the portfolio has returned 64.8%, again well above the benchmark return of 4.3% and the fixed income median return of 4.5%, ranking in the 1st percentile. This has been an extremely successful investment.

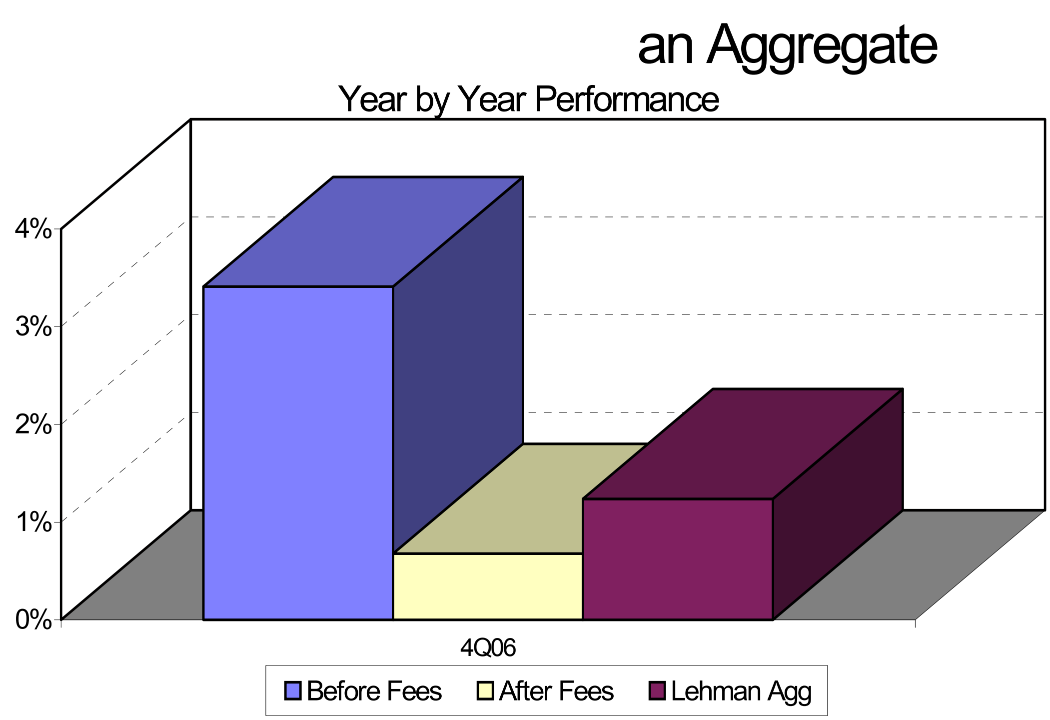
ING Clarion completed a re-securitization of its assets in November through a collateralized debt obligation (Ansonia CDO 2006-1). The proceeds for the re-securitization were used to make two liquidating distributions to investors on November 30, 2006 and December 29, 2006 totaling $89.3 million for CCCERA.

The fund continues to hold a small, residual interest in Ansonia CDO 2006-1, which as of December 31, 2006 consisted of three tranches of the CDO issue, for a total purchase price of $12.1 million, a total face amount of $162.4 million and coupons ranging from 1.00% to 1.25%. This position was valued at $9.9 million as of December 31, 2006.

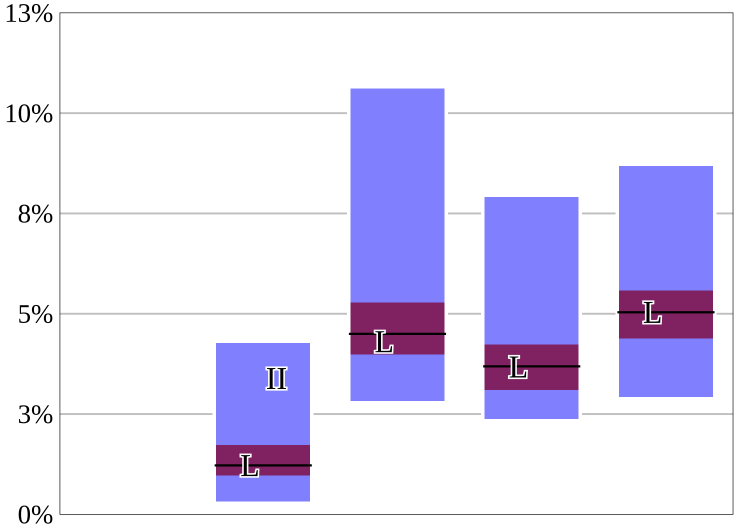
Additionally, CCCERA funded the ING Clarion Debt Opportunity Fund II on September 28, 2006.

ING Clarion II





ING Clarion II



Portfolio Characteristics	ING Clarion II
Mkt Value ($Mil)	11.1
Yield to Maturity (%)	15.6 %
Duration (yrs)	5.9
Avg. Quality	B

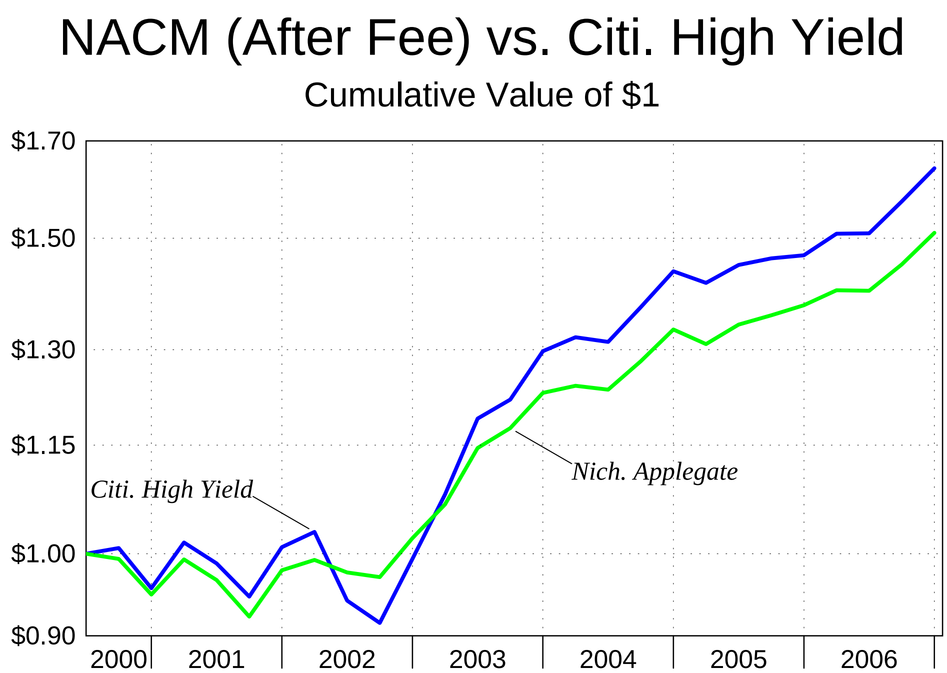
	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING Clarion II (**II**)	3.4	-	-	-
Rank	*9*	-	-	-
L. Agg (**L**)	1.2	4.3	3.7	5.1
Fixed Median	1.2	4.5	3.7	5.0

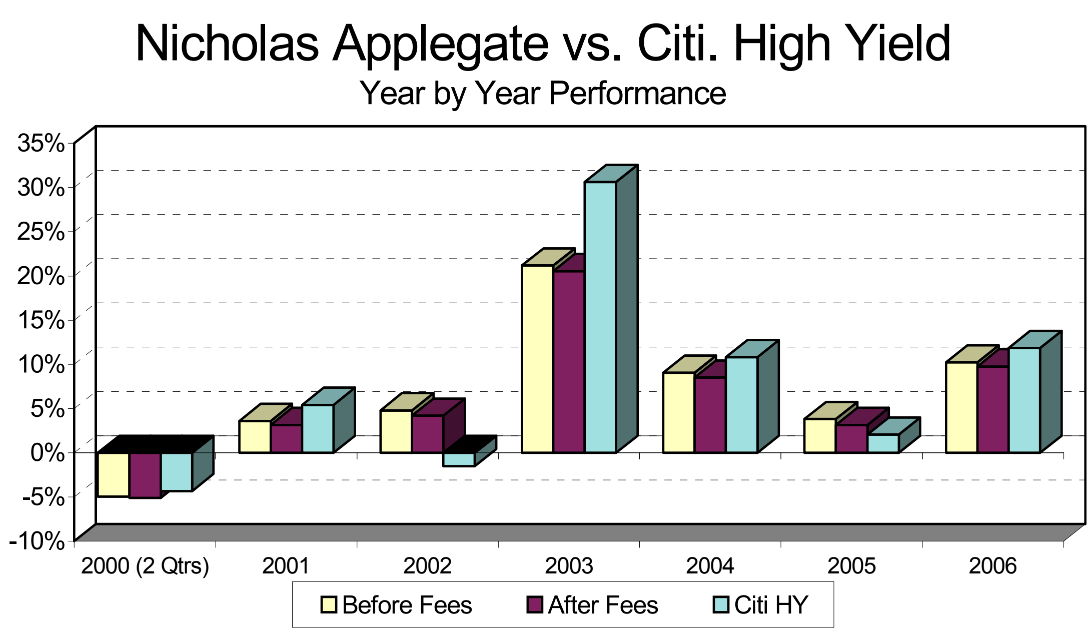
CCCERA funded the ING Clarion Debt Opportunity Fund II (ING Clarion II) on September 28, 2006 as a follow on to the very successful ING Clarion Fund that was substantially liquidated in the fourth quarter. ING Clarion II returned 3.4% for the fourth quarter, which was above the Lehman Aggregate return of 1.2% and the median fixed income manager return of 1.2%. ING Clarion II ranked in the 9th percentile in the universe of fixed income managers.

ING Clarion invests in lower quality mortgages purchased at a significant discount. As of December 31, 2006, the portfolio consisted of 4 classes of a single CMBS issue purchased at an average price of approximately 44% of par.

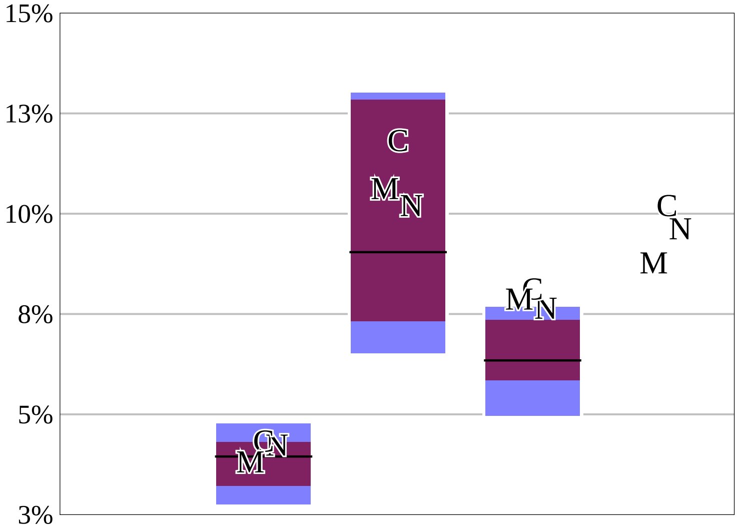
MANAGER COMMENTS – FIXED INCOME

Nicholas Applegate





Nicholas Applegate



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Nich. Appl. (N)	4.3	10.2	7.7	9.7
Rank	*27*	*32*	*6*	*
Citi. Hi Yield (C)	4.4	11.9	8.1	10.2
ML BB/B (M)	3.8	10.6	7.9	8.8
Hi Yield Median	4.0	9.0	6.3	*

**Database comparison unavailable.*

Portfolio Characteristics	Nicholas Applegate	Citi High Yield
Mkt Value ($Mil)	94.2	n/a
Yield to Maturity (%)	7.8 %	7.0 %
Duration (yrs)	4.1	4.6
Avg. Quality	BB	BB

Quality Distribution	Nicholas Applegate	Citi High Yield
A	0 %	0 %
BBB	3	1
BB	25	35
B	68	33
CCC	4	31

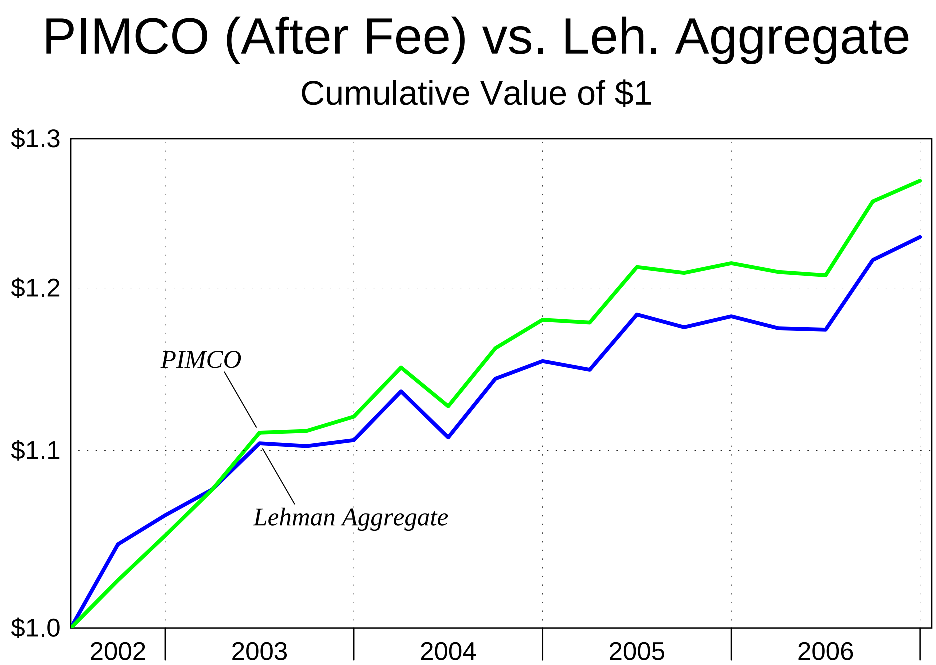
Nicholas Applegate's high yield fixed income portfolio returned 4.3% for the fourth quarter, slightly trailing the 4.4% return of the Citigroup High Yield Index but exceeding the 3.8% return of the Merrill Lynch BB/B Index and the 4.0% return of the median high yield fixed income manager. Nicholas Applegate returned 10.2% in the past year versus 11.9% for the Citigroup High Yield Index, 10.6% for the Merrill Lynch BB/B Index and 9.0% for the median. For the five-year period, Nicholas Applegate's return of 9.7% was above 8.8% for the BB/B Index but below 10.2% for the Citigroup High Yield Index.

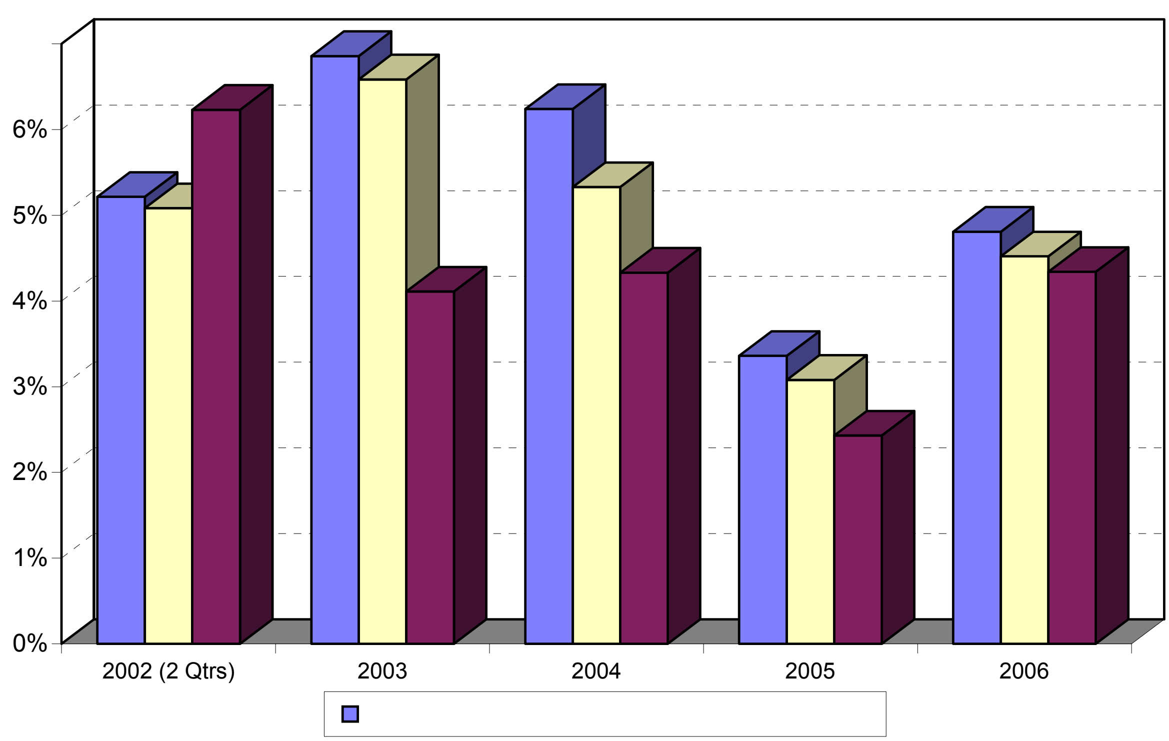
As of December 31, 2006, the Nicholas Applegate high yield portfolio was allocated 3% to BBB rated securities vs. 1% for the Citigroup High Yield Index, 25% to BB rated issues versus 35% for the Index, 68% to B rated issues versus 33% in the Index and 4% to C rated securities versus 31% for the Index. The portfolio's December 31, 2006 duration was 4.1 years, shorter than 4.6 years for the Citigroup High Yield Index.

In the fourth quarter, positive performance was generated by HCA, Inc., Bon-Ton Stores Inc., Unisys Corp. and RH Donnelley Corp. All of these issues added more than 10 basis points each to the portfolio. There were nine positive rating actions in the fourth quarter. The upgrades included several industries. There was only one downgrade in the period due to discussions of an LBO of the issuer. Complete Production Services, Idearc Inc, Mosaic Co, NRG Energy Inc, Cricket Communications, Supervalu Inc and West Corp are examples of issues purchased. Echostar DBS, Energy Partners, Solectron Corp, Triad Hospitals and Verasun Energy Corp were sold because of better relative value opportunities. Pantry Inc was sold because of potential weakness in the outlook for margins in 2007. There is little change to the firm's fundamental outlook for the high yield market. Although Nicholas Applegate expects fourth quarter earnings to be solid, the outlook and guidance given will be critical for both the equity and the high yield markets.

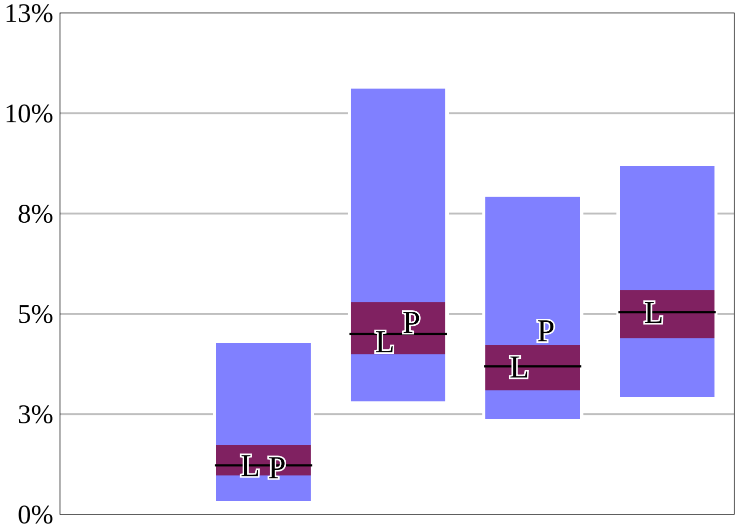
MANAGER COMMENTS – FIXED INCOME

PIMCO





PIMCO



	Last Qtr	1 Yr	3 Yrs	5 Yrs
PIMCO (P)	1.2	4.8	4.6	-
Rank	*55*	*37*	*18*	-
L. Agg (L)	1.2	4.3	3.7	5.1
Fixed Median	1.2	4.5	3.7	5.0

Portfolio Characteristics	**PIMCO**	**Lehman Aggregate**
Mkt Value ($Mil)	509.0	n/a
Yield to Maturity (%)	5.6 %	5.3 %
Duration (yrs)	5.4	4.5
Avg. Quality	AAA	AA+

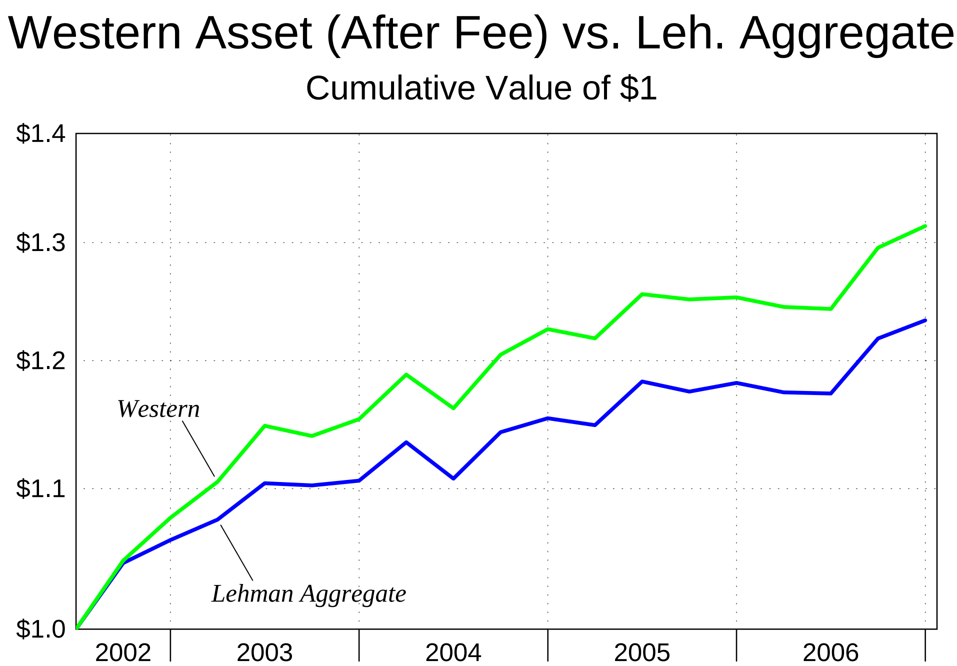
Sectors	**PIMCO**	**Lehman Aggregate**
Treasury/Agency	31 %	36 %
Mortgages	50	41
Corporates	6	19
High Yield	0	0
Asset-Backed	0	0
CMBS	0	0
International	6	4
Emerging Markets	2	0
Other	1	0
Cash	4	0

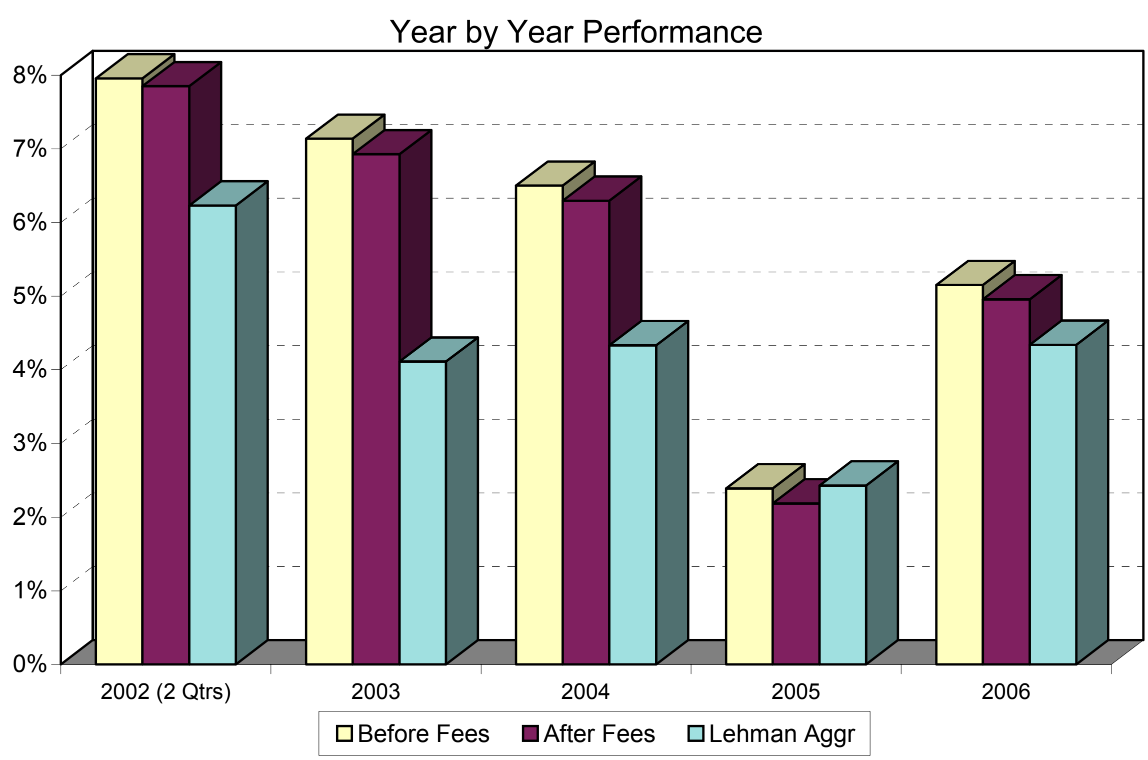
PIMCO's return of 1.2% for the fourth quarter matched the 1.2% return of the Lehman Aggregate and the 1.2% return of the median fixed income manager. PIMCO ranked in the 55th percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 4.8% was better than the 4.3% return of the Lehman Aggregate and the 4.5% return of the median, ranking in the 37th percentile. Over the past three years, the portfolio has returned 4.6%, above the Lehman Aggregate return of 3.7%, and ranked in the 18th percentile.

During the fourth quarter, PIMCO made very few changes to the portfolio. The allocation to treasuries and agencies decreased by 4%, the allocation to mortgages decreased by 8%, investment grade corporate exposure was up 4%, high yield bonds were down 1% as were asset-backed securities, international bond exposure was decreased by 1% and cash was increased by 12%. All other sectors were nearly unchanged. The duration of the PIMCO fixed income portfolio at the end of the fourth quarter was 5.4 years, consistent with last quarter's duration and longer than that of the benchmark.

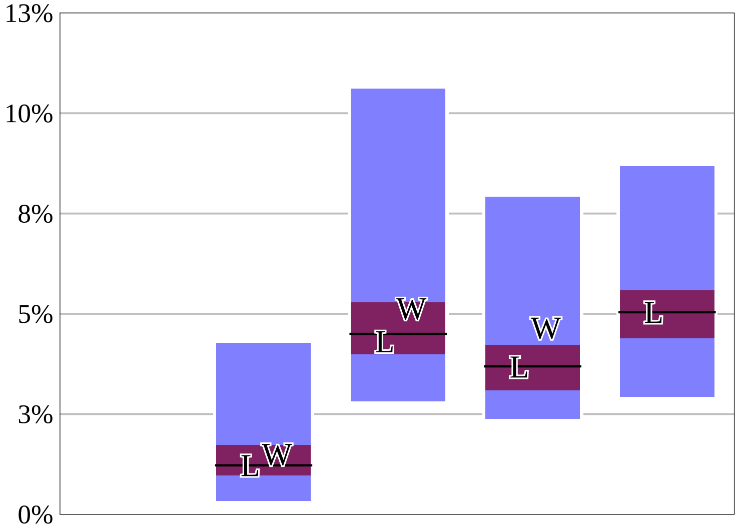
Fourth quarter performance was helped by an overweight to mortgages as this sector outpaced treasuries, holdings of municipal bonds, exposure to the euro and exposure to short duration asset backed bonds. The portfolio's longer than benchmark duration detracted from fourth quarter results as did an emphasis on short maturities, an underweight to high-grade corporates and exposure to the yen, which lagged the U.S. dollar. Looking forward, PIMCO plans to maintain its above-index duration and focus on the short maturities in the U.S. and U.K. that should benefit as global yield curves steepen.

Western Asset Management





Western Asset Management



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Western Asset (W)	1.5	5.2	4.7	-
Rank	*29*	*27*	*18*	-
L. Agg (L)	1.2	4.3	3.7	5.1
Fixed Median	1.2	4.5	3.7	5.0

Portfolio Characteristics	**Western Asset**	**Lehman Aggregate**
Mkt Value ($Mil)	507.4	n/a
Yield to Maturity (%)	5.5 %	5.3 %
Duration (yrs)	5.1	4.5
Avg. Quality	AA+	AA+

Sectors	**Western Asset**	**Lehman Aggregate**
Treasury/Agency	21 %	36 %
Mortgages	49	41
Corporates	16	19
High Yield	6	0
Asset-Backed	1	0
CMBS	1	0
International	5	4
Emerging Markets	1	0
Other	0	0
Cash	1	0

Western Asset Management's return of 1.5% for the fourth quarter was better than the 1.2% return of the Lehman Aggregate and the 1.2% return of the median fixed income manager. The fourth quarter performance ranked in the 29th percentile in the universe of fixed income managers. For the one-year period, Western's return of 5.2% slightly exceeded the return of the Lehman Aggregate and ranked in the 27th percentile. Over the past three years, Western returned 4.7%, above the Lehman Aggregate return of 3.7%, and ranked in the 18th percentile.

During the fourth quarter, Western Asset decreased its allocation to treasuries and agencies by 7% while the allocation to mortgages was up 6%. The duration of the Western Asset fixed income portfolio at the end of the fourth quarter was 5.1 years, longer than the 4.2 year duration at the end of the previous quarter, and longer than that of the index.

Western Asset Management's fourth quarter performance was helped by increasing the portfolio's duration as rates rose; an overweight position in mortgages; a moderate exposure to high yield securities; and an overweight to emerging market debt. The bulleted exposure to the front end of the yield curve detracted from fourth quarter results as did exposure to TIPS. Western Asset intends to target a neutral duration position with a view that interest rates are unlikely to move significantly up or down. Western Asset also intends to maintain a moderate exposure to TIPS, high yield, emerging market and non-dollar debt.

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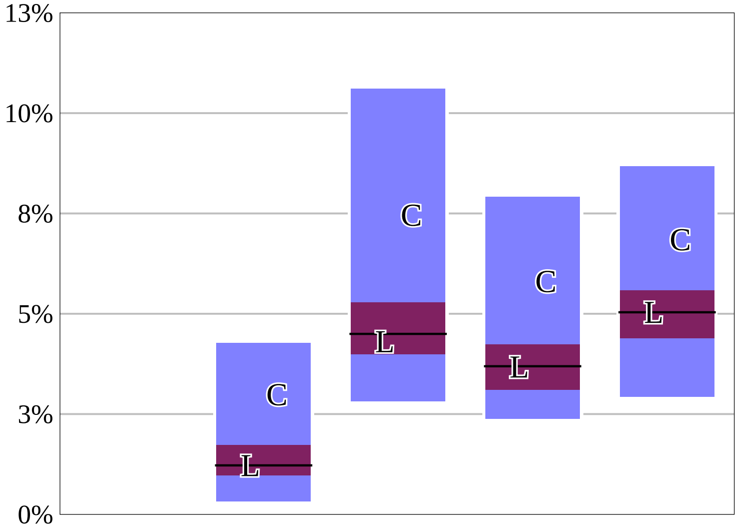
MANAGER COMMENTS – FIXED INCOME

Total Domestic Fixed Income



	Last Qtr	1 Yr	3 Yrs	5 Yrs
CCC Total (C)	3.0	7.5	5.8	6.9
Rank	*12*	*11*	*11*	*11*
L. Agg (L)	1.2	4.3	3.7	5.1
Fixed Median	1.2	4.5	3.7	5.0

Portfolio Characteristics	**Total Fixed***	**Lehman Aggregate**
Mkt Value ($Mil)	1,277.9	n/a
Yield to Maturity (%)	5.7 %	5.3 %
Duration (yrs)	5.0	4.5
Avg. Quality	AA	AA+

Sectors	**Total Fixed***	**Lehman Aggregate**
Treasury/Agency	21 %	36 %
Mortgages	51	41
Corporates	9	19
High Yield	10	0
Asset-Backed	0	0
CMBS	1	0
International	4	4
Emerging Markets	1	0
Other	0	0
Cash	2	0

**Exclusive of the ING Clarion portfolios.*

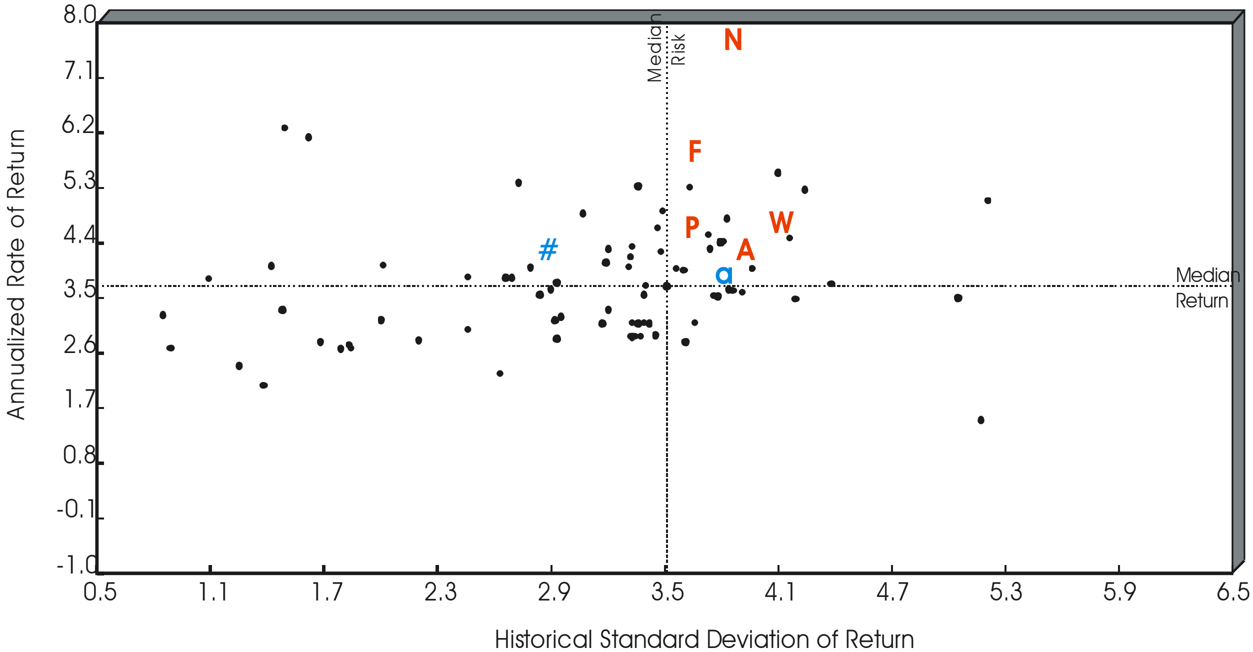
CCCERA total fixed income returned 3.0% in the second quarter, which was significantly better than the 1.2% return of the Lehman Aggregate and the 1.2% return of the median fixed income manager, ranking in the 12th percentile in the universe of fixed income managers. Much of the fourth quarter's strong performance was generated by the large ING Clarion liquidation distributions. For the one-year period, CCCERA's total fixed income returned 7.5%, better than the 4.3% return of the Aggregate and the 4.5% return of the median manager. The CCCERA total fixed income returns have exceeded the Aggregate and the median fixed income manager over both the three and five year periods.

During the second quarter, the allocations to investment grade corporate securities increased by 2% and cash increased by 5% while the allocation to treasury/agency securities was down 4%, and mortgages, asset-backed and international were each down 1%. The duration of the total fixed income portfolio at the end of the second quarter was 5.0 years, longer than the 4.5 year duration of the index.

MANAGER COMMENTS – FIXED INCOME

Domestic Fixed Income Performance and Variability

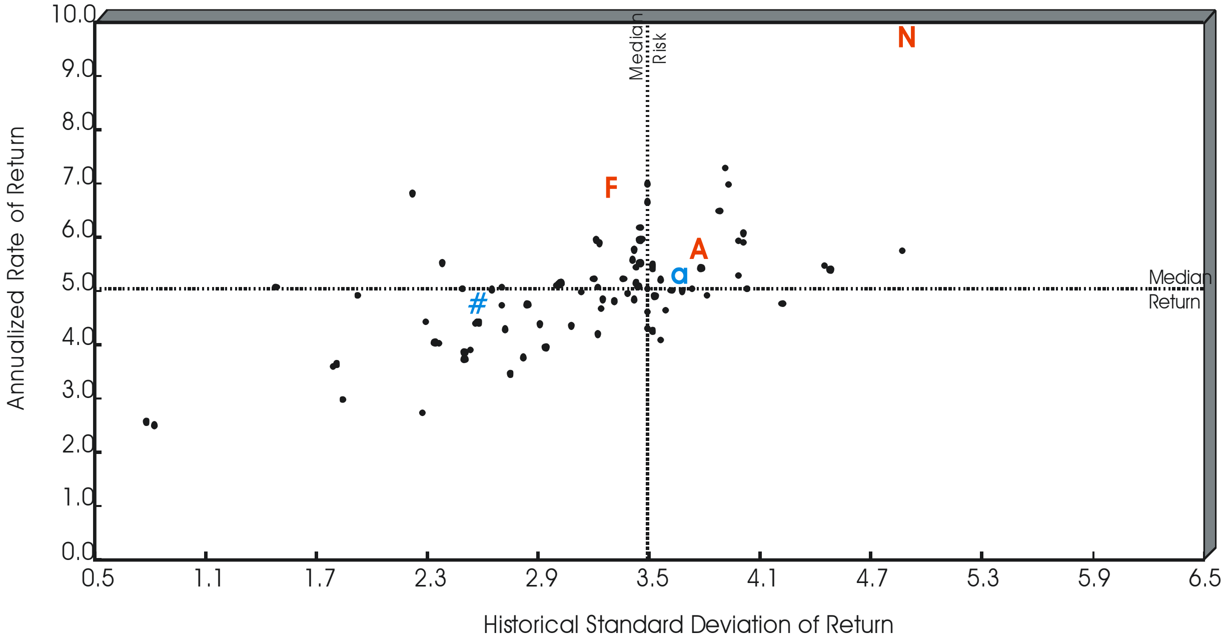
Three Years Ending December 31, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
A	AFL-CIO	4.22	26	3.95	79
N	Nicholas Applegate	7.67	5	3.88	76
P	PIMCO	4.60	18	3.67	60
W	Western Asset Management	4.67	18	4.12	84
F	Total Fixed Income	5.83	11	3.69	61
a	LB Aggregate	3.70	49	3.83	71
#	Citi Mortgage	4.24	24	2.90	25
	Median	3.69		3.51	

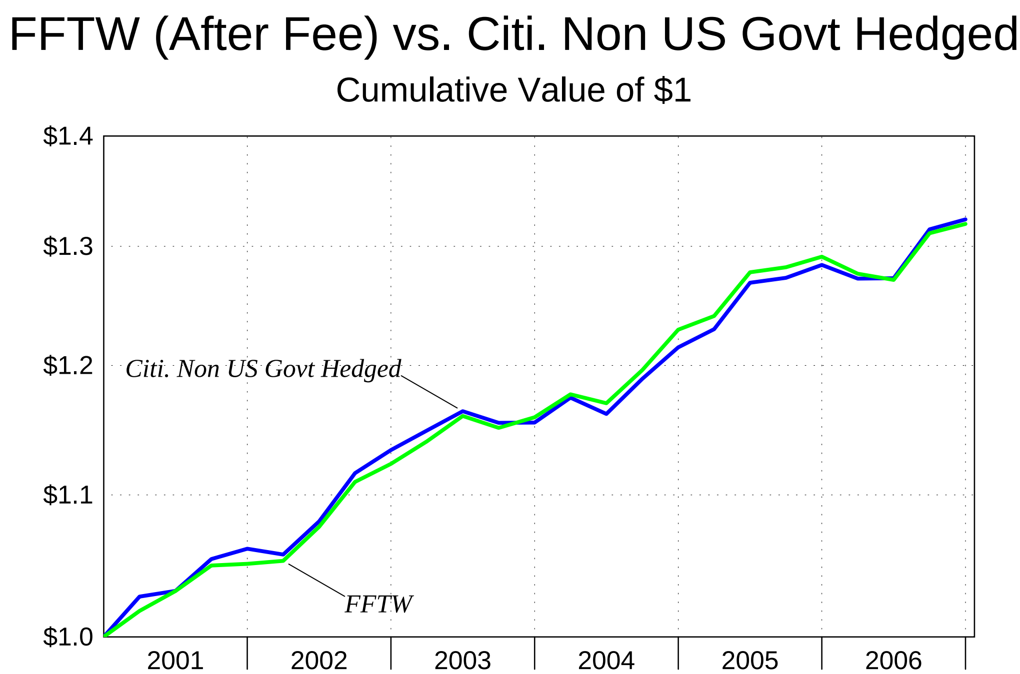
Domestic Fixed Income Performance and Variability

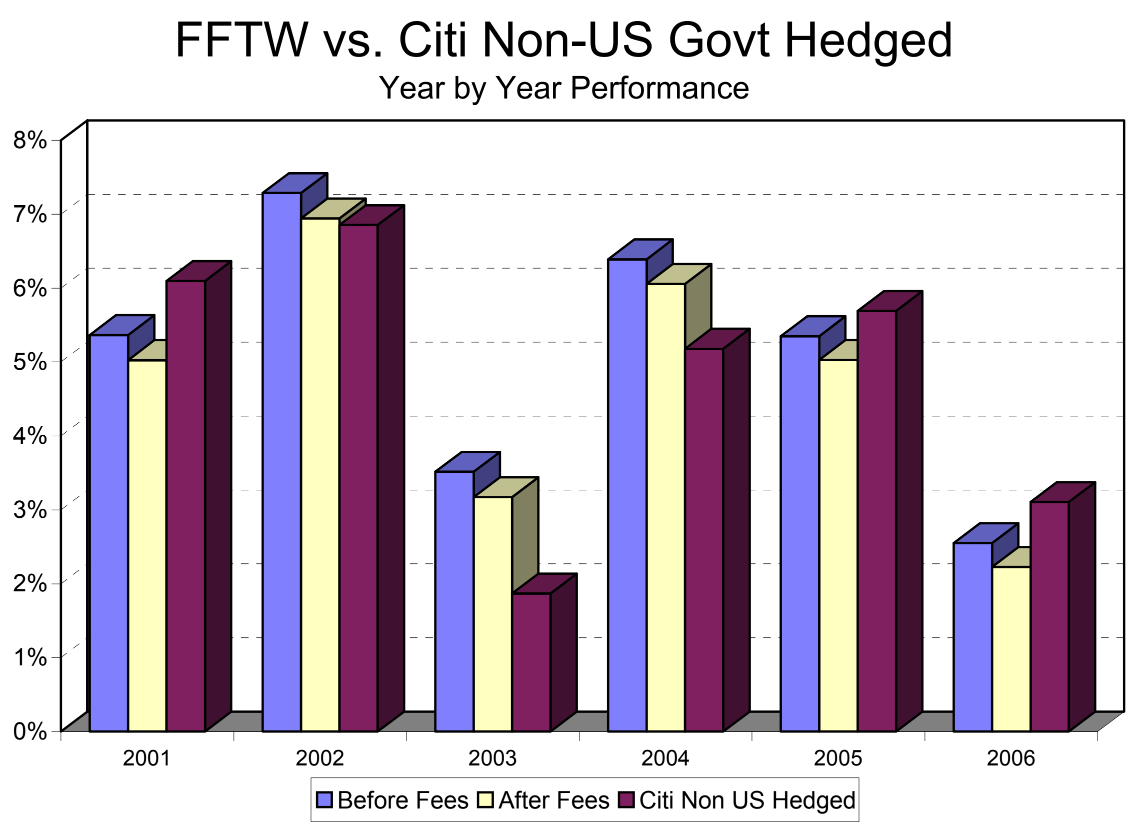
Five Years Ending December 31, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
A	AFL-CIO	5.73	21	3.79	70
N	Nicholas Applegate	9.65	3	4.91	88
F	Total Fixed Income	6.87	11	3.33	36
a	LB Aggregate	5.06	49	3.68	62
#	Citi Mortgage	4.90	57	2.59	16
	Median	5.04		3.49	

Fischer Francis Trees & Watts





Fischer Francis Trees & Watts

Performance

	Last Qtr	1 Yr	3 Yrs	5 Yrs
FFTW	0.7%	2.6%	4.8%	5.0%
Citi. NonUS Hdg	0.7	3.1	4.7	4.5

Portfolio

Characteristics	FFTW	Citi. NonUS
Mkt. Value ($mil)	186.4	N/A
Duration (years)	6.0	6.1

Over-Weighted Countries	FFTW	Citigroup NonUS
United States	18%	0%
Germany	17	12

Under-Weighted Countries	FFTW	Citigroup NonUS
Italy	0%	11%
Japan	25	36

Non-Government Securities	FFTW	Citigroup NonUS
Non-US Collateralized	8%	0%
US ABS	3	0
Non-US Credit	1	0
US Credit	9	0
Non-US Gov/Agency	79	100
Cash	0	0

The Fischer Francis Trees & Watts (FFTW) portfolio returned 0.7% for the fourth quarter, matching the 0.7% return of the Citigroup Non US Government Hedged Index. For the past year, FFTW returned 2.6%, below the 3.1% return of the Index. For the five-year period, FFTW's return of 5.0% was above the 4.5% return of the Index. The portfolio is in compliance with the three- and five-year performance objectives.

As of December 31, 2006, the portfolio's largest country over-weightings are the in the United States and Germany, while the largest under-weightings continue to be in Italy and Japan. The portfolio contained 8% non-US collateralized securities, 3% US asset backed securities, 1% other non-US credits and 9% US Credits. The portfolio's fourth quarter duration was 6.0 years, slightly shorter than the 6.1 year duration of the Citigroup Non US Government Index.

FFTW became a wholly-owned subsidiary of BNP Paribas in December 2006. BNP Paribas had been FFTW's largest shareholder since 1999.

In matching the benchmark, FFTW underperformed in their interest rate strategy, had a marginally positive return from the corporate credit strategy and had positive returns from their foreign exchange strategies. The largest detraction from returns came from a long position in US breakeven inflation levels which underperformed as core inflation subsided and valuations remained cheap. In Europe, the firm maintained short positions in short-dated European bonds. These positions were hedged using Japanese long bonds. Incremental return from corporate credit was positive, but marginal. In foreign exchange, inter-bloc strategies added marginal value while intra-bloc strategies were more successful. The firm took a contrarian position that the Canadian dollar should weaken relative to the US dollar. In Europe, the team saw more value in the Scandinavian currencies, particularly the Norwegian krone and Swedish krona. While the former remained dominated by the price of oil (which fell dramatically), the team was able to generate a positive incremental return being long these currencies.

MANAGER COMMENTS – REAL ESTATE

Adelante Capital Management

Adelante Capital Management reported a return of 9.9% for the fourth quarter, ranking in the 28th percentile in the universe of REIT portfolios. Adelante's one-year return of 38.2% out-performed the NAREIT Equity Index return of 35.0%.

As of December 31, the portfolio consisted of 27 holdings. Office properties comprised 21.8% of the portfolio, apartments made up 24.4%, retail represented 24.7%, industrials accounted for 9.8%, 8.6% is accounted for as diversified/specialty, hotels accounted for 8.9%, and 1.8% is cash. The properties were diversified regionally with 6.2% in the East North Central region, 15.2% in the Mideast, 8.4% in the Mountain, 24.6% in the Northeast, 28.3% in the Pacific region, 8.9% in the Southeast, 5.3% in the Southwest region, 2.2% in the West North Central region, and 0.9% unclassified.

REITs continued to out-perform in a positive fourth quarter for equities. The NAREIT Equity Index returned 9.5% in the fourth quarter of 2006, better than the S&P 500 Index and the Russell 2000® Indices which advanced 6.7% and 8.9% respectively.

In 2007, Adelante expects that the REIT market will produce positive total returns in the range of approximately 12%. Their performance outlook is predicted on a 3.4% dividend yield, 9% earnings growth and stable FFO multiples. Property operating fundamentals are likely to strengthen as landlords gain pricing power with increases in occupancy. Adelante also feels that a range-bound interest rate environment will continue to manifest itself in strong capital flows into real estate, serving as support for REIT share prices.

BlackRock Realty

BlackRock Realty Apartment Value Fund III (AVF III) reported a fourth quarter total return of 4.6%. Over the one-year period, BlackRock has returned 23.8%. CCCERA has an 18.7% interest in the AVF III.

As of September 30, 2006, the fund held fourteen investments. The portfolio consisted of 100% apartment properties. The properties were distributed regionally as follows: 53% in the Pacific, 4% in the Northeast, 6% in the Mideast, 15% in the East North Central, 3% in the Southwest and 19% in the Southeast. Average portfolio occupancy rate of developed existing properties is near 92%.

Jeffery J. Morris has retired from BlackRock. He has been the portfolio manager for the AVF III. He is being succeeded by Theodore Koros, CFA. We do not expect a major impact.

DLJ Real Estate Capital Partners

DLJ Real Estate Capital Partners (RECP) reported a return of 6.1% in the quarter ending September 30, 2006. (Performance lags by one quarter due to the availability of financial reporting.) Over the one-year period, RECP has returned 41.2%. CCCERA has a 3.8% ownership interest in RECP.

The portfolio as of September 30, 2006 consisted of 10.9% office properties, retail represented 54.0%, and land development accounted for 35.1%. The properties were diversified regionally with 0.5% in the Southeast, 7.3% in the Pacific, 27.3% in the Southwest region, 54.0% internationally, and 10.8% listed as “Various-U.S.”

As of the third quarter, the RECP I fund has fully realized all of its original 49 portfolio investments, generating profits of $405 million. These proceeds, combined with refinancing proceeds, operating cash flow and the proceeds from the sale of a portion of the asset in the remaining portfolio investments have generated total realized proceeds of $1,037 million to date, representing 164% of the capital originally invested.

The RECP I portfolio has essentially sold all of its investments. The remaining holdings that remain are in a handful of assets are expected to be realized in 2007.

DLJ Real Estate Capital Partners II

DLJ Real Estate Capital Partners II (RECP II) reported a return of 10.8% in quarter of ending September 30, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 39.3%. CCCERA has a 3.4% ownership interest in RECP II.

As of September 30, the portfolio consisted of 7.9% office properties, hotels accounted for 34.3%, residential accounted for 27.6%, land development made up 9.6%, retail made up 16.4% and sub-performing loans made up 4.2%. The properties were diversified regionally with 22.6% in the Pacific, 19.5% in the Northeast, 0.1% in the Southeast, 23.5% internationally, and 34.3% listed as “Various U.S.”.

RECP II has fully realized 35 of its 51 investments, generating profits of $790.4 million. Including proceeds received from the remaining portfolio investments, RECP II has generated $1.60 billion of realized proceeds, or 163% of capital originally invested in the portfolio.

DLJ Real Estate Capital Partners III

DLJ Real Estate Capital Partners III (RECP III) reported a return of 5.6% in quarter of ending September 30, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III has returned 10.21%. CCCERA has a 6.7% ownership interest in RECP III.

As of September 30, 2006 the portfolio consisted of 2.6% office properties, hotels accounted for 5.4%, residential accounted for 24.6%, land development made up 19.5%, public securities made up 12.4%, retail made up 7.8%, mixed use development accounted for 20.0%, real estate services made up 1.3%, and sub-performing loans made up 5.2%. The properties were diversified regionally with 29.1% in the Pacific, 22.1% in the Northeast, 47.1% internationally, and 1.7% listed as "Various U.S.".

On June 2, 2006 the Fund had its final closing, bringing the final aggregate capital commitments of RECP III to $1.15 billion. A capital call was issued to all investors which reallocated the ownership interest in the Fund based on capital previously called. To date, RECP III has completed 31 investments, committing over $480 million of equity to these transactions. In addition, it has an attractive pipeline of approximately $300 million of transactions in the later stages of the acquisition process.

FFCA Co-Investment Limited Partnership

FFCA reported an estimated fourth quarter total return of 2.7%. For the one-year period, FFCA reported a total return of 7.9%. Over longer periods, FFCA has met the objective of exceeding the CPI plus 500 basis points. CCCERA has a 33% interest in the Co-Investment.

As of September 30, 2006, the Co-Investment's portfolio includes 36 restaurant properties. It is diversified regionally with 30.0% in the Southeast region, 9.1% in the Southwest region, 5.7% in the Mountain region, 22.5% in the West North Central region, 24.5% in the East North Central region, and 8.3% in the Mideast region.

The Co-Investment wired $177,134.03 into the Fund's account on October 31, 2006. Of this amount, $175,178.32 is from operations and $1,955.71 is return of capital. The Fund continues to receive the contractual payments on these properties. Participating income increased by $25,030 for the nine-month period ended September 30, 2006. This was primarily due to three operators, which had an increase in sales in the current period compared to the same period in 2005. Mortgage loan interest income decreased by $90,826 primarily due to the payoff of several properties in 2005.

Fidelity Investments US Growth Fund II

Fidelity Investments reported a return of 2.1% for the fourth quarter of 2006. For the one-year period, Fidelity reported a total return of 16.5%

As of December 31, the fund was comprised of thirty-eight investments. The portfolio consisted of 26.6% apartment properties, office space accounted for 2.5%, retail accounted for 5.1%, condos accounted for 29.1%, hotels accounted for 8.9%, self storage made up of 1.3%, land made up 11.4%, student housing accounted for 13.9%, and golf courses made up the remaining 1.3% of the portfolio. The properties were diversified regionally with 19.0% in the Pacific, 7.6% in the Northeast, 24.1% in the Southeast, 11.4% in the Mideast, 19.0% in the Mountain region, 13.9% in the East North Central and 5.1% in the Southwest.

Hearthstone I & II

The two Hearthstone homebuilding funds are approaching completion. Both funds have shown negative asset values for several quarters. The reason for the negative values is that the liabilities associated with those values are due in the future. Funds required to pay the liabilities either are associated with still existing projects or have been advanced to the fund participants. When the liabilities become due, CCCERA will have to return the advances and/or the liabilities will be paid from future profits from the few remaining projects.

Given the negative asset values, ongoing calculation of quarterly time-weighted performance for the two funds is not meaningful. (We do include the income in the combined real estate and the total fund performance.) As always for closed-end funds, the best measure of performance is the internal rate of return (IRR), shown on page 79. By this measure, the first fund has been a disappointing performer and the second fund a strong one.

Invesco Real Estate Fund I

Invesco Real Estate Fund I ("IREF") reported a fourth quarter total return of 11.0%. Over the past year, Invesco Real Estate Fund I returned 38.1%. CCCERA has a 15.6% interest in the Real Estate Fund I.

As of December 31, the portfolio consisted of ten properties. The portfolio consisted of 29% retail, 16% industrial properties, 18% office and 37% multi-family. The properties were diversified regionally with 14% in the East, 61% in the South, 18% in the West, and 7% in the Midwest.

The Fund is currently 92% committed and 68% called on its equity capital. Since inception, IREF has made twelve investments, ten of which are currently held in the portfolio and two that have been sold (at disposition pricing in excess of the Fund's overall return target).

Prudential Strategic Performance Fund II

For the fourth quarter, the Prudential Strategic Performance Fund-II (SPF-II) reported a total return of 22.8%, 9.3% from income and 13.6% from appreciation. Over the one year period, the fund returned 83.8%, 10.9% from income and 72.9% from appreciation. CCCERA accounts for 16.2% of SPF-II.

As of December 31, the portfolio was invested in nine properties: two office properties (31.5%) and seven residential complexes (68.5%). The regional distribution of the portfolio is 6.1% in the Southeast, 25.4% in the Southwest, 24.3% Northeast, and 44.2% Mideast. Current occupancy at the office buildings averages 100%, remaining the same from last quarter. The residential properties are 96% leased, slightly higher than the last quarter.

The fourth quarter income return of 9.3% was comprised primarily of deferred interest income recognized from the Silverton Mezzanine investment. The appreciation of return 13.6% was primarily by the following three investments:

The Myrtles at Olde Towne, the Fund's 246-unit residential property in Portsmouth, VA was appraised for the first time since acquisition. The value of $29.6 million represents a $6.4 million increase over cumulative cost due to increased investor demand for well-leased residential properties.

Motive Communications, the Fund's 117,314 square feet office property in Austin, TX was increased to $25.0 million, a $3.5 million increase on current market value, as a result of increased market rents and increased investor appetite for well-leased office properties in the Austin market.

U.S. Realty

For the fourth quarter, US Realty reported a total return of -41.7%. For the one-year period, US Realty reported a total return of -33.8%. CCCERA has a 33.3% interest in the investment.

During the fourth quarter, US Realty held one investment: Four Allegheny Center. Four Allegheny Center is a 242,490 gross square foot office building with 231,426 square feet of net rentable area located in what is known as the Northshore area of Pittsburgh, Pennsylvania. The tenant under the lease is Allegheny General Hospital, which is current on its lease obligations. West Penn Allegheny Health System, which was formed in 2000, has assumed AGH's obligation under the lease.

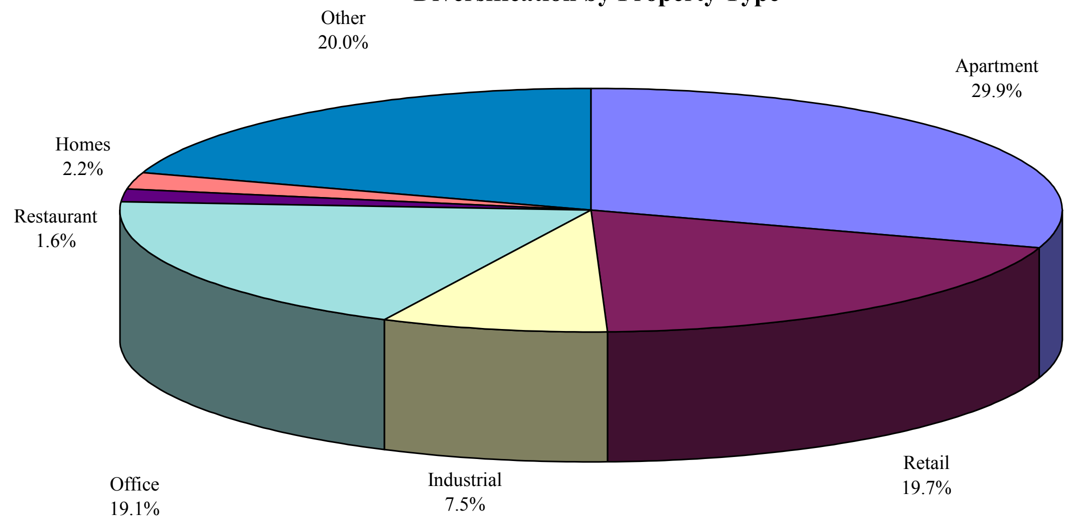
In response to the request of the Members of the Fund, Four Allegheny Center, was offered for sale through a national brokerage firm. The decision to seek a purchaser for Four Allegheny was made by the Members of the Fund based on their desire to liquidate the Fund.

On December 27, 2006, after protracted negotiations, Rugby Realty Co., Inc, of New Rochelle, New York, purchased the property for $14.5 million, by paying $5,599,032 in cash and taking over the existing mortgage debt of $8,900,968. Distribution of net cash proceeds from the sale and undistributed cash flow from operations (after reserving for estimated closing costs and the cost of accounting and liquidation of the Fund) were made to the Members of the Fund on January 5, 2007 in the amount of $1,758,577.52 to each Member.

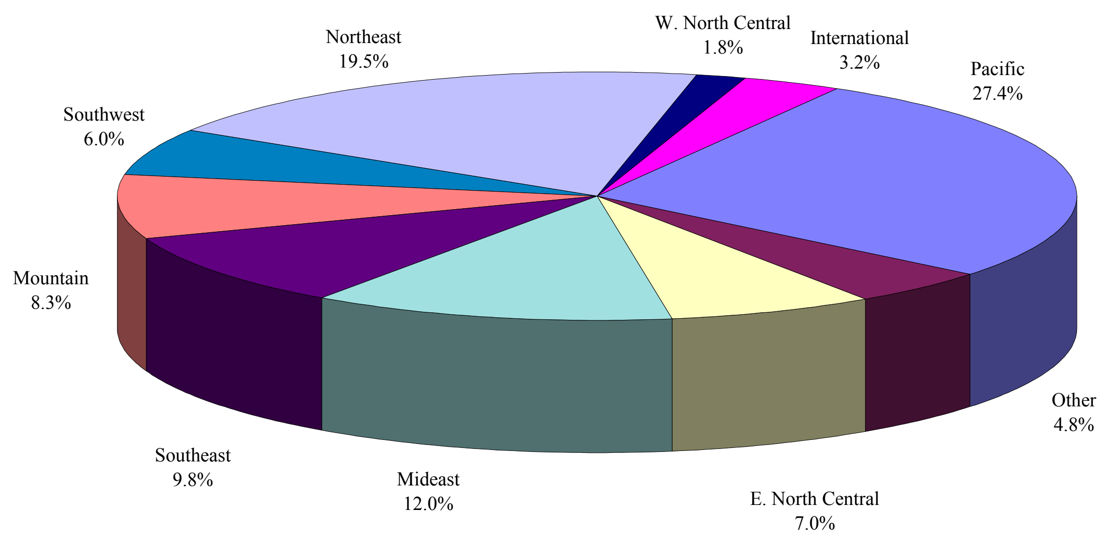
MANAGER COMMENTS – REAL ESTATE

Total Real Estate Diversification

Diversification by Property Type



Diversification by Geographic Region



MANAGER COMMENTS - ALTERNATIVE INVESTMENTS

Adams Street Partners

Adams Street reported a third quarter return of 3.2% for the Partnership Trust. For the one-year period, Adams Street has returned 23.5%. (Performance lags by one quarter due to financial reporting constraints. This is typical for this type of investment vehicle.) The portfolio will still be acquiring investments for several years. CCCERA makes up 3.0% of the Fund.

The Fund is comprised of 37.3% venture capital funds, 7.1% in mezzanine funds, 39.1% in buyout funds, 11.6% in special situation funds, and 4.9% in restructuring/distressed debt. Geographically, 81.7% of the commitment is in the U.S. and 18.3% is non-U.S.

Bay Area Equity Fund

Bay Area Equity Fund reported a third quarter return of -3.1% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned -6.5%. CCCERA has a 13.3% ownership interest in the Fund.

As of September 30, 2006, the Bay Area Equity Fund has fourteen investments in private companies in the 10-county Bay Area, which are located in or near low- to middle-income neighborhoods.

Subsequent to this, BAEF sold a holding at a substantial profit, so future returns reported should be much improved.

Energy Investors - US Power Fund I

The Energy Investors Fund Group (EIF) reported a third quarter return of 3.4%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF reports a total return of 12.7%. CCCERA has a 12.0% ownership interest in Fund I.

The United States Power Fund (USPF) portfolio continued to perform well during the third quarter. The Fund distributed $22.5 million to the investors during the quarter, bringing cash distributions since inception to $152.5 million.

On September 15, 2006, the Fund sold its interest in Path 15 and received proceeds of $18.6 million. A contingent payment of approximately $6.0 million is expected by year-end upon the favorable determination by FERC of a regulatory case currently under review.

Energy Investors - US Power Fund II

Energy Investors reported a third quarter return of 2.5% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past three quarter, the fund returned 29.4%. CCCERA has a 19.7% ownership interest in USPF-II.

The Institutional Fund committed an additional $44 million in capital during the third quarter, bringing total commitments to more than $190 million as of September 30, 2006. The Fund distributed $1.5 million to its investors in September, bring total cash distributions in 2006 to $4.0 million. The pipeline of investment opportunities remain strong, and USPF II expects to be fully committed over the next six to nine months.

Nogales Investors Fund I

The Nogales Investors Fund I reported a third quarter return of 1.9%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 11.0%. CCCERA makes up 15.2% of the Fund.

On July 7, 2006, the Fund distributed $210,422 to all Partners in connection with the Fund's investment in G.I. Joe's, Inc. ("GIJ"), Alfa Leisure Inc ("Alfa Leisure") and Chicks Sporting Goods, Inc. ("Chicks").

On August 18, 2006, the Partnership distributed $214,450 to the Limited Partners in connections with the Fund's investment in GIJ, Alfa Leisure and Chick's.

On September 13, 2006, the Partnership distributed $220,423 to the Limited Partners in connections with the Fund's investment in GIJ, Alfa Leisure and Chick's.

Pathway Private Equity Fund

The Pathway Private Equity Fund (PPEF) reported a third quarter return of 2.6% (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, PPEF reports a total return of 21.4%. PPEF contains a mixture of acquisition-related, venture capital, and other special equity investments.

During the third quarter the PPEF portfolio generated a $0.6 million gain and a 2.0% return. As of September 30, 2006, the PPEF portfolio has made $38.5 million in contributions, an increase of $1.2 million from the prior quarter.

During the quarter, the PPEF portfolio received $1.0 million in distributions increasing the total distributions received to $18.1 million, which represents a 47% of the fund's total contributions.

PT Timber Fund III

John Hancock reported for Fund III a fourth quarter return of 10.6%. For the one-year period, John Hancock reports a total return of 11.1%. CCCERA makes up 12.3% of the Fund III.

As of the end of the fourth quarter, PT-3's timberland portfolio is comprised of five properties totaling 76,683 acres: Covington in Alabama and Florida (3,778 acres); Bonifay in Florida (27,487 acres); Choctaw in Mississippi (11,937 acres); Alexander Plantations LLC in Alabama, Louisiana and Mississippi (19,685 acres); and Hamakua in Hawaii (13,796 acres).

Net cash from operations at year-end for the portfolio was ahead of plan, with all properties except Bonifay contributing to the positive variance. Alexander benefited from good local markets outside of the hurricane impacted area in the fourth quarter. Choctaw saw a positive variance due to harvest timing and unbudgeted salvage from Hurricane Katrina damaged stands during the year. Bonifay and Covington changed harvest strategies during the year from long-term timber management to higher-and-better-use real estate harvests as the land has changed value from timberland to real estate. With three years remaining to sell timber, the plan is to optimize the timber income while disposing of the land into real estate buyer markets. The shift in strategy resulted in a positive variance for Covington and a negative variance for Bonifay. The Hamakua property benefited from cost cutting measures.

Given the unique nature of PT-3's investment in the Hamakua property in Hawaii, in addition to its normal investment management activities, HTRG continues to proactively seek to develop markets for both pulpwood chips and solid wood lumber products by seeking to attract the development of value-adding processing facilities in Hawaii. In December, as mentioned above, HTRG entered into an agreement with a party whose intent is to build a chip plant on the island – a very positive development for the portfolio's Hamakua investment.

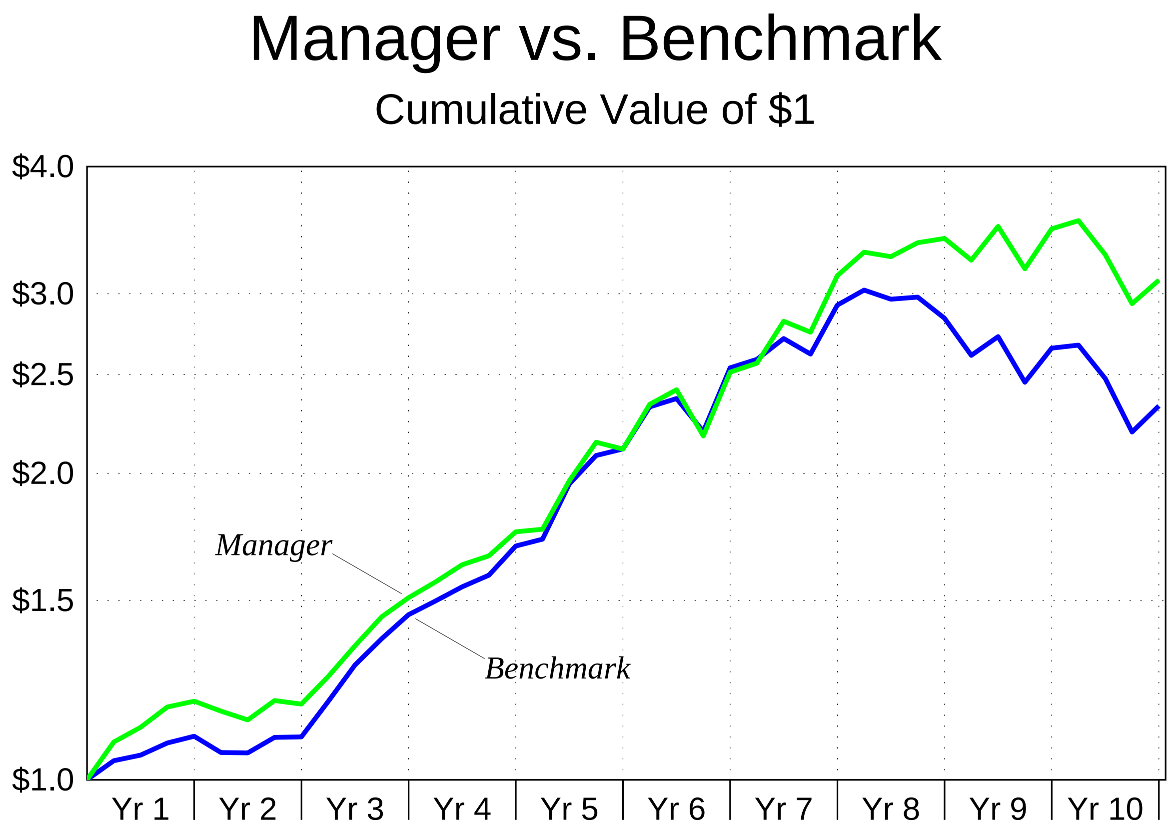
REAL ESTATE AND ALTERNATIVE INVESTMENT PORTFOLIO IRR RETURNS

	Gross of Fees		Net of Fees		
	Fund Level IRR	**CCCERA IRR**	**Fund Level IRR**	**CCCERA IRR**	**Inception**
REAL ESTATE					
BlackRock Realty	**25.2%**	***n/a***	**21.3%**	***n/a***	**11/19/04**
DLJ RECP I	**17.0%**	***n/a***	***n/a***	**10.0%**	**05/14/96**
DLJ RECP II	**29.0%**	***n/a***	***n/a***	**21.0%**	**09/24/99**
DLJ RECP III	**38.0%**	***n/a***	***n/a***	**19.0%**	**06/23/05**
FFCA	***n/a***	***n/a***	***n/a***	***n/a***	**03/11/92**
Fidelity Growth Fund II	**16.1%**	**11.9%**	**12.7%**	**10.9%**	**03/10/04**
Hearthstone I	***n/a***	***n/a***	**4.3%**	**4.3%**	**06/15/95**
Benchmark [1]	*n/a*	*n/a*	17.0%	17.0%	
Hearthstone II	***n/a***	***n/a***	**31.0%**	**31.0%**	**06/17/98**
Benchmark [2]	*n/a*	*n/a*	17.0%	17.0%	
Invesco Real Estate I	**29.0%**	**29.0%**	**22.9%**	**26.2%**	**2/1/2005**
Prudential SPF II	***n/a***	**13.3%**	***n/a***	**11.6%**	**05/14/96**
U.S. Realty	***n/a***	***n/a***	***n/a***	***n/a***	**10/10/95**
ALTERNATIVE INVESTMENTS					
Adams Street Partners	**15.7%**	**14.7%**	***n/a***	**4.6%**	**02/12/04**
Brinson Partnership	**16.4%**	**16.4%**	***n/a***	**13.6%**	**03/18/96**
Benchmark [3]	*4.1%*	*n/a*	*n/a*	*n/a*	
Benchmark [4]	*-8.3%*	*n/a*	*n/a*	*n/a*	
Combined Adams Street	*n/a*	**16.4%**	*n/a*	**13.4%**	
Bay Area Equity Fund	**-1.8%**	**-1.9%**	**-17.5%**	**-18.5%**	**06/14/04**
EIF US Power Fund I	**27.8%**	**34.2%**	**22.8%**	**27.4%**	**11/26/03**
EIF US Power Fund II	**11.0%**	**10.3%**	**1.9%**	**1.8%**	**08/16/05**
Nogales	**12.3%**	**10.7%**	**3.0%**	**2.5%**	**02/15/04**
Pathway	**9.7%**	**9.7%**	**7.3%**	**7.3%**	**11/09/98**
Benchmark [5]	11.5%	*n/a*	*n/a*	*n/a*	
Benchmark [6]	-3.8%	*n/a*	*n/a*	*n/a*	
PruTimber	***n/a***	***n/a***	**3.0%**	**3.0%**	**12/12/95**

Benchmarks:

Hearthstone I	
Benchmark [1]	Target IRR range per CCCERA agreement
Hearthstone II	
Benchmark [2]	Target IRR range per CCCERA agreement
Adams Street Partners	
Benchmark [3]	Venture Economic aggregate upper quartile return for vintage years 1996-2004
Benchmark [4]	Venture Economic aggregate median quartile return for vintage years 1996-200
Pathway	
Benchmark [5]	Venture Economics Buyout Pooled IRR - 1999-2004 as of 6/30/04
Benchmark [6]	Venture Economics Venture Capital IRR - 1999-2004 as of 6/30/04

How to Read the Cumulative Return Chart:

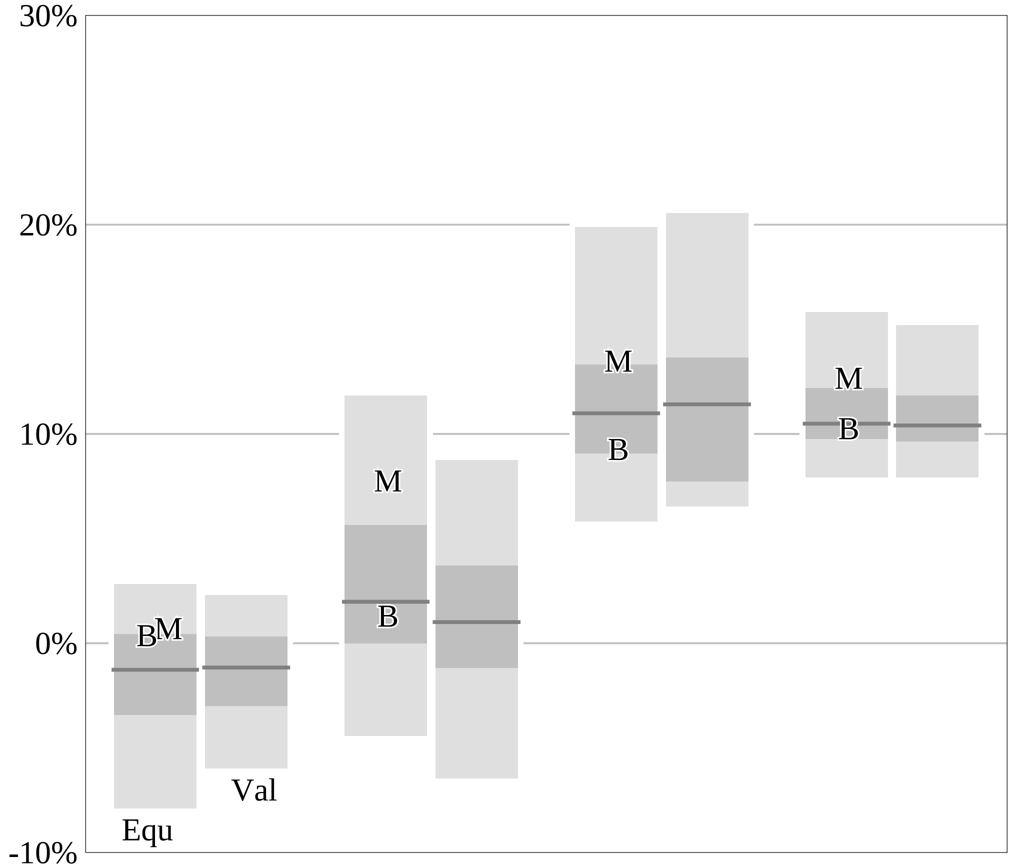


This chart shows the growth of $1 invested in the 1st quarter of Year 1 with the manager vs. $1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if $1 had been invested with the manager at the beginning of the 1st quarter of 1985, it would have grown to approximately $2 by the fourth quarter of Year 5 and would be above $3 by the end of Year 10. Similarly, $1 invested in the benchmark would have been worth near $3 by the end of Year 7 and would be above $2 by the end of the Year 10.

This is a semi-logarithmic or "log" graph. This is to show equal percentage moves with an equal slope at any place on the graph. For example, with equal scaling a manager who consistently returns 2% every quarter would show a return line which would steepen through time even though the growth rate is the same. With log scaling, a constant growth rate results in a straight line.

An advantage to using log graphs is that it is possible to compare managers more fairly to the benchmark. If the manager appears to be catching up to or losing ground to the benchmark on the log graph, then this is what is actually happening. This may not be the case with an arithmetic chart, where distortions are possible.

How to Read The Floating Bar Chart:



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Manager (**M**)	0.8	7.8	13.5	12.7
Rank v. Equity	*18*	*13*	*23*	*19*
Rank v. Value	*15*	*10*	*25*	*12*
Benchmark (**B**)	0.4	1.3	9.3	10.3
Equity Median	-1.3	2.0	11.0	10.5
Value Median	-1.2	1.0	11.4	10.4

This chart shows Manager **M**'s cumulative performance for each of four time periods: the last quarter and one, three and five years. The time period is printed below the graph. Each **M** on the chart is performance for a different time period; the first **M** is the return for last quarter: 0.8%.

The benchmark index and two manager universes are presented for comparison. **B** is the benchmark's return, 0.4% for last quarter. The universes are labeled "Equ" for all equity and "Val" for value. Each universe for each period is shown as a shaded box divided into 4 portions. The box top is the return of the manager at the 5th percentile of the universe (better than 95% of managers), while the box bottom is the return at the 95th percentile. The shading changes at the 25th and 75th percentiles. The 50th percentile is the horizontal line drawn through the center of the box. The manager's return and ranking in each database for each period is shown in the table underneath the graph, as is return for the benchmark index and the median manager in each database.

DEFINITIONS

Alpha – Alpha is a measure of value added after adjusting for risk. Beta is the measure of risk used in the calculation of alpha, so the accuracy of alpha is dependent on the accuracy of beta. Alpha is the difference between the manager's return and what one would expect the manager to return after adjusting for the amount of risk taken. Mathematically, Alpha = Portfolio Return - Risk Free Rate - Beta * (Market Return - Risk Free Rate); $\alpha = r_p - r_f - \beta(r_m - r_f)$. A positive alpha is an indication of value added.

Asset Backed Security (ABS) – A fixed income security which has specifically pledged collateral such as car loans, credit card receivables, lease loans, etc.

Average Capitalization – Average capitalization is the sum of the capitalization of each stock in the portfolio divided by the number of stocks in the portfolio.

Barbell – A barbell yield curve strategy is a portfolio made up of long term and short term bonds with nothing (or very little) in between. This strategy performs well during periods when the yield curve flattens.

Beta – Beta is a measure of risk for domestic equities. The market has a beta of 1. A manager with a beta above 1 exhibits more risk than the market, while a manager with a beta below 1 is less risky than the market.

Bullet – A bullet yield curve strategy focuses on the intermediate area of the yield curve. This strategy performs well during periods when the yield curve steepens.

Collateralized Mortgage Obligation (CMO) – A CMO is a security backed by a pool of pass through securities and/or mortgages. Since CMOs derive their cash flow from the underlying mortgage collateral, they are referred to as derivatives. CMOs are structured so there are several classes of bondholders with varying stated maturities and varying certainty of the timing of cash flows.

Consumer Price Index – The Consumer Price Index is an indicator of the general level of prices. It attempts to compare the cost of purchasing a market basket of goods purchased by a typical consumer during a specific period with the cost of purchasing the same market basket of goods during an earlier period.

Coupon – The coupon rate is the annual coupon (i.e. interest) payment value divided by the par value of the bond.

Diversifiable Risk – Diversifiable risk – also known as specific risk, non-market risk and residual risk – is the risk of a portfolio that can be diversified away.

Duration – Duration is a weighted average maturity, expressed in years. All coupon and principal payments are weighted by the present value term for the expected time of payment. Duration is a measure of sensitivity to changes in interest rates with a longer duration indicating a greater sensitivity to changes in interest rates.

Dividend Yield – Dividend yield is calculated on common stock holdings, and is the ratio of the last twelve months dividend payments as a percentage of the most recent quarter-ending stock market value.

Growth Sector – Growth sectors are referred to in the Portfolio Profile Report (PPR) in our quarterly reports. The market is divided into five growth sectors based on the forecast of the fifth year growth rate in earnings per share. The PPR reports what portion of a manager's (or the composite's) portfolio is invested in stocks in each growth sector.

Interest Only Strip (IO) – An IO is a type of CMO that gets its cash flows from interest payments only. IOs benefit from a slowing in prepayments (i.e. interest rates rise) and under-perform in an accelerating prepayment environment (i.e. interest rates decline). IOs can be very volatile, but can offset volatility in the over all portfolio.

Market Capitalization - Market capitalization is a company's market value, or closing price times the number of shares outstanding.

Maturity – The maturity for an individual bond is calculated as the number of years until principal is paid. For a portfolio of bonds, the maturity is a weighted average maturity, where the weighting factors are the individual security's percentage of the total portfolio.

Median Manager – The median manager is the manager with the middle return when returns are ranked from high to low. Half of the managers will have a higher return and half will have a lower return.

Mortgage Pass Through – A mortgage pass through is a security which "passes through" to the holder the interest and principal payments on a group of mortgages.

Percentile Rank – A manager's rank signifies the percentage of managers in the universe performing better than the manager. For example, a manager with a rank of 10 means that only 10% of managers had returns greater than the managers over the period of measurement. Likewise, a rank of 50 (i.e. the median manager) indicates that 50% of managers in the universe did better and 50% did worse.

Planned Amortization Class (PAC) – A PAC is a type of CMO with the cash flows set up to be fairly certain. PACs appeal to investors who want more certain cash flow payments from a mortgage security than provided by the underlying collateral.

Price/Book Value – The price/book value for an individual common stock is the stock's price divided by book value per share. Book value per share is the company's common stockholders equity divided by the number of common shares outstanding.

Price/Earnings Ratio (P/E) – The P/E ratio of a common stock's price divided by earnings per share. The ratio is used as a valuation technique employed by investment managers.

Principal Only Strip (PO) – A PO is a type of CMO that gets its cash flows from principal payments only. POs are sold at a discount and perform well if prepayments come in faster than expected (i.e. interest rates decrease) and extend and perform poorly if prepayments come in slower than expected (i.e. interest rates rise).

Quality – Quality relates to the credit risk of a bond (i.e. the issuer's ability to pay). Quality is most relevant for corporate bonds. Several rating organizations publish ratings of bonds including Moody's and Standard & Poor's. AAA is the highest quality rating, followed by AA+, AA, AA-, A+, A, A- and then BBB+, BBB, BBB-, BB+, BB, BB-, etc. Bonds rated above BBB- are said to be of investment grade.

R^2 (R Squared) – R^2 is a measure of how well a manager moves with the market. If a manager's performance closely tracks that of the market, the R^2 will be close to 1. Broadly diversified managers have an R^2 of 0.90 or greater, while the R^2 of un-diversified managers will be lower.

Return On Equity – The return on equity for a common stock is the annual net income divided by total common stockholders' equity.

Standard Deviation – Standard deviation is the degree of variability of a time series, such as quarterly returns, relative to the average. Standard deviation measures the volatility of the time series.

Weighted Capitalization – Weighted capitalization is the sum of the capitalization of each stock in the portfolio weighted by its percentage of the portfolio.

Yield to Maturity – The yield to maturity is the discount rate that equates the present value of cash flows (coupons and principal) to the market price taking into account the time value of money.