



Pension Perspective

FROM THE BRETHREN PENSION PLAN

OCTOBER 2006

MARKETS AND ECONOMY

Softness in the housing market, falling energy costs and gasoline prices, diminishing concerns about interest rates and inflation, and optimism about corporate earnings rallied the markets in the third quarter. During this timespan, the S&P Index increased 5.7 percent for a year-to-date total of 8.5 percent. The economic environment was favorable for capital markets; the financials sector led the way with an eight percent gain.

With the easing of short-term interest rates by the Fed, the bond markets fared better in the third quarter with the Lehman Brothers Government/Credit Index up 3.9 percent for that period. Year-to-date this credit index is up 2.7 percent.

YOUR INVESTMENTS MAKE A DIFFERENCE

Brethren Pension Plan and Brethren Foundation funds are invested by BBT in a socially responsible manner. BBT screens out companies that generate significant revenue from defense, gambling, tobacco, and alcohol. In companies that BBT invests in, BBT engages in dialog and other forms of activism on issues that pertain to the environment and human rights. BBT also offers its Community Development Investment Fund (CDIF), which helps spur economic growth in low-income areas around the world.

In the nearly four years that the CDIF has been offered, investments have financed the equivalent of 70 affordable homes, either built or rehabilitated; 140 microloans creating 250 jobs or 20 small business loans creating 112 jobs; and 25 community facilities.

Recent successes with direct activism initiatives by BBT include YUM! Brands banning smoking in all of its corporately owned restaurants, and Progress Energy agreeing to disclose how it will work to reduce toxic emissions from its coal-fired energy producing power plants.

This fall, BBT engaged in a number of passive initiatives. The organization signed on to a letter sent to Toyota (Philippines Division) asking how the auto manufacturer was going to address its illegal firing of over 200 of its workers. BBT signed on to a letter asking ING Groep how it plans to help a labor dispute between National Wire Fabric, a firm owned by a company in which ING is the largest shareholder, and the United Steel Workers. BBT joined many faith-based investing organizations in asking John Bolton, the United State's United Nations ambassador, to support adoption of the Declaration of Rights of Indigenous People. And, BBT used its shares in Procter and Gamble to gain entrance in P&G's shareholder meeting for representatives of Merrimack Valley Project (MVP).

In a letter dated Oct. 12, Annia Lemberg, MVP's president, wrote to BBT stating, "On behalf of the Merrimack Valley Project, thank you for helping us gain admission to the Procter and Gamble annual shareholders meeting this week in Cincinnati. Thanks to your efforts, immigrant temporary workers and their supporters from MVP were able to voice their concerns about the use of hundreds of low-wage temporary workers (used by P&G at a Massachusetts plant). The majority of workers are poor immigrants.... With your ongoing support, we hope to continue to work with Procter and Gamble to improve the lives of hundreds of temporary workers."

A Brethren Pension Plan representative can talk with you about your account. When you have questions, please contact Lori Domich, member services representative, for information and solutions.

"Thanks to your efforts, immigrant temporary workers and their supporters from MVP were able to voice their concerns."



Quarterly Fund Performance Report

for the period ending September 30, 2006

All Pension investment funds must meet socially responsible investment guidelines.

Performance Report

FUNDS	BENCHMARKS													
<p>Common Stock Fund:</p> <p>Rate of Return</p> <p>Current quarter 3.2%</p> <p>Year to date..... 5.8%</p> <p>Five years 1.8%</p>	<p>S&P 500:</p> <p>Rate of Return</p> <p>Current quarter 5.7%</p> <p>Year to date 8.5%</p> <p>Five years 0.5%</p>	<table border="1"> <caption>Common Stock Fund vs S&P 500</caption> <thead> <tr> <th>Period</th> <th>Common Stock Fund</th> <th>S&P 500</th> </tr> </thead> <tbody> <tr> <td>Quarter</td> <td>3.2%</td> <td>5.7%</td> </tr> <tr> <td>YTD</td> <td>5.8%</td> <td>8.5%</td> </tr> <tr> <td>5-year</td> <td>1.8%</td> <td>0.5%</td> </tr> </tbody> </table>	Period	Common Stock Fund	S&P 500	Quarter	3.2%	5.7%	YTD	5.8%	8.5%	5-year	1.8%	0.5%
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<p>Community Development Investment Fund:</p> <p>Rate of Return</p> <p>Current quarter..... 0.6%*</p> <p>Year to date 1.6%*</p> <p>Two years 2.2%*</p> <p>*Interest accrues on a quarterly basis.</p>	<p>Consumer Price Index:</p> <p>Rate of Return</p> <p>Current quarter 0.7%</p> <p>Year to date*..... 3.6%</p> <p>Two years 3.3%</p> <p>*Through August</p>	<table border="1"> <caption>CDIF vs CPI</caption> <thead> <tr> <th>Period</th> <th>CDIF</th> <th>CPI</th> </tr> </thead> <tbody> <tr> <td>Quarter</td> <td>0.6%</td> <td>0.7%</td> </tr> <tr> <td>YTD</td> <td>1.6%</td> <td>3.6%</td> </tr> <tr> <td>2-year</td> <td>2.2%</td> <td>3.3%</td> </tr> </tbody> </table>	Period	CDIF	CPI	Quarter	0.6%	0.7%	YTD	1.6%	3.6%	2-year	2.2%	3.3%
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Returns for periods longer than one year are annualized.