



Jan. 2007

There are always lots of news worthy items to recall and explore at the end of a year, and 2006 is certainly no exception. We can recite the facts: The NASDAQ was up 9.52%, the S&P 500 was up 13.62%, Interest rates have stabilized, and unemployment is near all time lows. In short, 2006 was a very good year for our clients as traditional stock and bond investing began to reap some of the rewards we knew were possible. This good news is followed with our belief that the best is yet to come; we see 2007 as being very positive. We certainly welcome all this good news, and look forward to riding the wave with you, but it was a set of non-financial events that we feel might have been the best big picture example of where we believe the world is going.

Could there have been a more vivid reminder of the differences in our world than the hanging of one former leader and the tribute to another? We are sure we were not the only ones struck by the passion expressed by so many at the passing of Gerald Ford who was universally remembered as a good and decent man. President Ford did not seek the power he ultimately had, but he did use it for a common goal of reconciliation and tolerance once it was thrust upon him. While in a makeshift gallows half way around the world the unceremonious hanging of Saddam Hussein was taking place as punishment for his brutal reign as a president. Saddam was a man who created his own power through the suffering and intimidation of others. If there were ever an example for the people of Iraq and perhaps the world to see what we in the United States hold dear, we think this was it; the passing of one man at the end of a rope and the passing of another at the end of a national tribute. Through all of our foibles and problems, our citizens look for the guy in the white hat, and celebrate his good deeds. If the world is in fact "flat" as

Thomas Friedman believes, these two images should do much to help show how important transparency, education, tolerance and dare we say democracy have become.

This increased flattening of the world, and the spread of democracy, will have an enormous growth effect on the companies of the world, as the people who have been kept in the dark begin to see the light. There is no better fuel for our world economies than the desire of the individual to strive, grow and prosper. All of this bodes well for the financial markets and we look forward to participating in their growth with you in 2007 and beyond.

On a more local note we would like to welcome Rob Wrubel to our Cascade family. Rob was most recently associated with Wachovia Securities. He has been involved with several entrepreneurial ventures in his career and has a breadth of knowledge about business and the financial markets that will serve both Cascade and his clients well. We would also like you to know that Jan Weiland has become a shareholder in our firm and has been promoted to Vice President of Investments. Jan has been very instrumental in the growth of Cascade over the past six years, and we are delighted to be able to include her in our executive ranks.

Wishing you continued Health & Prosperity.

Four handwritten signatures in blue ink, arranged horizontally. From left to right, they appear to be: a signature starting with 'C', a signature starting with 'K', a signature starting with 'J', and a signature starting with 'R'.

* Notice: Cascade Investment Group, Inc. would like to notify its fee-based clients that a current copy of its Form ADV is available upon request.