HARLEYSVILLE SAVINGS FINANCIAL CORP
Form 10-Q
February 13, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20429

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2006

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-29709

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania	23-3028464
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

271 Main Street, Harleysville, Pennsylvania 19438
(Address of principal executive offices)
(Zip Code)

(215) 256-8828
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [_] Accelerated filer [_] Non-accelerated filer [X]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

[_] Yes [X] No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, $.01 Par Value, 3,912,794 shares outstanding as of February 12, 2007

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION

Index

Harleysville Savings Financial Corporation
Condensed Consolidated Statements of Financial Condition

	December 31, 2006 (Unaudited)	Se
Assets		
Cash and amounts due from depository institutions	$ 1,517,711	$
Interest bearing deposits in other banks	7,782,082	
Total cash and cash equivalents	9,299,793	
Investment securities held to maturity (fair value - December 31, $94,905,000; September 30, $111,248,000)	95,115,346	
Investment securities available-for-sale at fair value	2,454,737	
Mortgage-backed securities held to maturity (fair value - December 31, $204,713,000; September 30, $213,913,000)	209,731,817	
Mortgage-backed securities available-for-sale at fair value	823,419	
Loans receivable (net of allowance for loan losses - December 31, $1,952,443; September 30, $1,955,805)	390,918,755	
Accrued interest receivable	3,760,127	
Federal Home Loan Bank stock - at cost	14,500,800	
Office properties and equipment, net	10,011,967	
Prepaid expenses and other assets	13,169,030	
TOTAL ASSETS	$ 749,785,791	$
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits	$ 430,127,978	$
Advances from Federal Home Loan Bank	265,870,029	
Accrued interest payable	1,274,353	
Advances from borrowers for taxes and insurance	2,974,528	
Accounts payable and accrued expenses	721,619	
Total liabilities	700,968,507	
Commitments (Note 9)		
Stockholders' equity:		
Preferred Stock: $.01 par value; 12,500,000 shares authorized; none issued		
Common stock: $.01 par value; 25,000,000 shares authorized; 3,921,177 shares issued	39,212	
Additional Paid-in capital	8,003,795	
Treasury stock, at cost (Dec. 2006, 60,386 shares; Sept. 2006, 71,441)	(1,070,276)	
Retained earnings - partially restricted	41,817,123	
Accumulated other comprehensive income (loss)	27,430	

Total stockholders' equity	48,817,284	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 749,785,791	$

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statements of Income

	For the Three Months Ended December 31,	
	2006	2005
INTEREST INCOME:		
Interest and fees on mortgage loans	$4,212,754	$3,933,960
Interest on mortgage-backed securities	2,444,241	2,848,259
Interest on consumer and other loans	1,551,348	1,344,005
Interest and dividends on tax-exempt investments	410,752	346,373
Interest and dividends on taxable investments	1,221,485	990,801
Total interest and dividend income	9,840,580	9,463,398
Interest Expense:		
Interest on deposits	3,709,599	3,113,376
Interest on borrowings	3,305,770	3,308,655
Total interest expense	7,015,369	6,422,031
Net Interest Income	2,825,211	3,041,367
Provision for loan losses	--	--
Net Interest Income after Provision for Loan Losses	2,825,211	3,041,367
Non interest Income:		
Other income	372,632	329,144
Total non interest income	372,632	329,144
Non interest Expenses:		
Salaries and employee benefits	1,255,215	1,038,230
Occupancy and equipment	252,818	218,033
Data processing	156,005	149,940
Deposit insurance premiums	13,421	13,797
Other	582,422	553,319
Total non interest expenses	2,259,881	1,973,319
Income before Income Taxes	937,962	1,397,192
Income tax expense	181,000	316,000

Net Income	$ 756,962	$1,081,192
Basic Earnings Per Share	$ 0.20	$ 0.28
Diluted Earnings Per Share	$ 0.19	$ 0.27
Dividends Per Share	$ 0.17	$ 0.15

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statement of Comprehensive Income

	Three Months December
	2006
Net Income	$ 756,962
Other Comprehensive Income	
Unrealized (loss) gain on securities, net of tax 2006, ($20,343); 2005, $9,378	39,490 (1)
Total Comprehensive Income	$ 796,452

(1) Disclosure of reclassification amount, net of tax for the years ended:	2006
Net unrealized (loss) gain arising during the year	$ 39,490
Less: Reclassification adjustment for net gains included in net income Net of tax expense -2006, $0; 2005, $0	--
Net unrealized gain on securities	$ 39,490

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statement of Stockholders' Equi

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Retaine Earning Partial Restric
Balance at October 1, 2006	3,921,177	$ 39,212	$ 7,992,014	$ (1,262,412)	$ 41,714
Net Income					756
Dividends - $.17 per share					(654
Option Compensation			31,800		
Treasury stock issued for stock options exercised (2,500 shares)			(19,332)	43,450	
Treasury Stock issued under Dividend Reinvestment Plan (8,555 shares)			(687)	148,686	
Unrealized holding gain on available - for- sale securities, net of tax					
Balance at December 31, 2006	3,921,177	$ 39,212	$ 8,003,795	$ (1,070,276)	$ 41,817

See notes to unaudited condensed consolidated financial statements.

Harleysville Savings Financial Corporation
Unaudited Condensed Consolidated Statements of Cash Flows

	Three Months Ended Decembe 2006	2005
Operating Activities:		
Net Income	$ 756,962	$ 1,081,
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	131,836	108,
Deferred income taxes	(23,764)	(9,
Compensation charge on stock options	31,800	12,
Amortization of deferred loan fees	(1,969)	(9,
Increase in cash surrender value	(118,000)	(107,
Net amortization of premiums and discounts	80,788	135,
Changes in assets and liabilities which provided (used) cash:		
Increase in accounts payable and accrued expenses	10,605	244,
Increase in prepaid expenses and other assets	9,853	158,
Decrease (increase) in accrued interest receivable	209,483	(163,
Decrease in accrued interest payable	(131,808)	(42,

Net cash provided by operating activities	955,786	1,406,
Investing Activities:		
Purchase of investment securities held to maturity	(2,475,000)	(13,796,
Purchase of investment securities available for sale	--	(201,
Purchase of mortgage-backed securities held to maturity	--	(2,011,
Proceeds from maturities of investment securities held to maturity	18,458,336	99,
Proceeds from sale of investment securities available for sale	5,653,022	468,
Principal collected on long-term loans & mortgage-backed securities	24,443,350	40,550,
Proceeds from FHLB stock	997,800	1,363,
Long-term loans originated or acquired	(20,094,716)	(26,076,
Purchases of premises and equipment	(2,129,834)	(645,
Net cash provided by (used in) investing activities	24,852,958	(249,
Financing Activities:		
Net increase (decrease) in demand deposits, NOW accounts and savings accounts	2,721,051	(2,090,
Net (decrease) increase in certificates of deposit	(1,847,120)	12,624,
Cash dividends	(654,455)	(624,
Repayment of FHLB advances	(28,741,133)	(13,477,
Treasury Stock issued under Dividend Reinvestment Plan and Stock Option Plan	172,117	65,
Purchase of treasury stock	--	(52,
Net proceeds from issuance of stock	--	152,
Net increase in advances from borrowers for taxes & insurance	1,790,439	1,786,
Net cash used in financing activities	(26,559,101)	(1,615,
DECREASE IN CASH AND CASH EQUIVALENTS	(750,357)	(458,
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,050,150	7,934,
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 9,299,793	$ 7,476,
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest expense	$ 7,147,177	$ 6,465,
Income taxes	--	

See notes to unaudited condensed consolidated financial statements.

page -5-

Harleysville Savings Financial Corporation
Notes to Unaudited Condensed Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation -The unaudited condensed consolidated financial statements include the accounts of Harleysville Savings Financial Corporation (the "Company") and its subsidiary. Harleysville Savings Bank (the "Bank") is the wholly owned subsidiary of the Company. The accompanying consolidated financial statements include the accounts of the Company, the Bank, and the Bank's wholly owned subsidiaries, HSB Inc, a Delaware corporation which was formed in order to hold certain assets, Freedom Financial LLC that allows the Company to offer non deposit products and HARL LLC that allows the Bank to invest in equity investments. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and therefore do not include information or footnotes necessary for a complete presentationof financial condition, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. However, all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary for a fair presentation of the consolidated financial statements have been included. The results of operations for the three months ended December 31, 2006 are not necessarily indicative of the results which may be expected for the entire fiscal year ending September 30, 2007 or any other period. The financial information should be read in conjunction with the Annual Report on Form 10-K for the period ended September 30, 2006.

Use of Estimates in Preparation of Consolidated Financial Statements - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of income and expenses during the reporting period. The most significant of these estimates is the allowance for loan losses. Actual results could differ from those estimates.

Recent Accounting Pronouncements- In October 2006, the FASB issued FASB Staff Position No. 123R-5, "Amendment of FASB Staff Position FAS 123(R)-1" ("FSP 123(R)-5"). FSP 123(R)-5 amends FSP 123(R)-1 for equity instruments that were originally issued as employee compensation and then modified, with such modification made solely to reflect an equity restructuring that occurs when the holders are no longer employees. The Company does not expect the adoption of FSP 123(R)-5 to have a material impact on its financial condition, results of operations or cash flows.

In May 2005, the FASB has issued Statement No. 154, "Accounting Changes and Error Corrections", a replacement of APB Opinion No. 20 and FASB Statement No.3. The Statement applies to all voluntary changes in accounting principle, and changes the requirements for accounting for and reporting of a change in accounting principle. Statement 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB Opinion 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. Statement 154 improves financial reporting because its requirements enhance the consistency of financial information between periods.

Statement 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. This new pronouncement was effective for the Company on October 1, 2006 and had no impact on the Company's financial condition or results of operations.

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments. This statement amends FASB Statements No. 133, Accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This statement resolves issues addressed in Statement 133 Implementation Issue

No. D1, Application of Statement 133 to Beneficial Interest in Securitized Financial Assets. This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. This new pronouncement was effective for the Company on October 1, 2006 and had no impact on the Company's financial condition or results of operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets - An Amendment of SFAS No. 140" ("SFAS No. 156"). SFAS No. 156: (i) clarifies when a servicing asset or servicing liability should be recognized; (ii) requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable; (iii) subsequent to initial measurement, permits an entity to choose either the amortization method or the fair value measurement method for each class of separately recognized servicing assets or servicing liabilities; and (iv) at its initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights.

SFAS No. 156 is effective for all separately recognized servicing assets and liabilities acquired or issued after the beginning of an entity's fiscal year that begins after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including interim financial statements for any period of that fiscal year. The Company has chosen to adopt SFAS No. 156 effective October 1, 2006 and has elected the fair value measurement method for subsequently measuring its servicing assets. The election of the fair value measurement method will subject the Company's earnings to increases and decreases in the value of its servicing assets. The adoption of SFAS No. 156 did not have a material impact on the Company's Consolidated Financial Statements.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. The Company must presume the tax position will be examined by the relevant tax authority and determine whether it is more likely than not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective January 1, 2007. The cumulative effect of applying the provisions of FIN 48 represents a change in accounting principle and shall be reported as an adjustment to the opening balance of retained earnings. The Company is currently evaluating the impact of adopting FIN 48 on its Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The changes to current practice resulting from the application of SFAS No. 157 relate to the definition of fair value, the methods used to measure fair value and the expanded disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including financial statements for an interim period within that fiscal year. The provisions of SFAS No. 157 should be applied prospectively as of the beginning of the fiscal year in which it is initially applied, except for certain financial instruments which require retrospective application as of the beginning of the fiscal year of initial application (a limited form of retrospective application). The transition adjustment, measured as the difference between the carrying amounts and the fair values of those financial instruments at the date SFAS No. 157 is initially applied, should be recognized as a cumulative-effect adjustment to the opening balance of retained earnings. The Company is currently evaluating the impact of adopting SFAS No. 157 on its Consolidated Financial Statements and whether to adopt its provisions prior to the required effective date.

In September 2006, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin ("SAB") No. 108. This release expresses the staff's views regarding the process of quantifying financial statement misstatements and addresses diversity in practice in quantifying financial statement misstatements and the potential under current practice for the build up of improper amounts on the balance sheet. SAB No. 108 is effective for annual financial statements covering the first fiscal year ending after November 15, 2006. The Company has reviewed the SAB in connection with our condensed consolidated financial statements for the current and prior periods, and has determined that its adoption will not have an impact on any of these financial statements.

page -6-

2. INVESTMENT SECURITIES HELD TO MATURITY

A comparison of amortized cost and approximate fair value of investment securities with gross unrealized gains and losses, by maturities, is as follows:

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	A F
U.S. Government Agencies				
Due after 1 years through 5 years	$ 5,000,000		$ (110,000)	$
Due after 5 years through 10 years	20,889,569	$ 17,580	(390,149)	
Due after 10 years through 15 years	38,716,199	12,164	(1,012,363)	
Due after 15 years	6,387,014		(140,014)	
Tax-Exempt Obligations				
Due after 10 years through 15 years	18,938,349	1,134,651		
Due after 15 years	5,184,215	277,785		
Total Investment Securities	$ 95,115,346	$ 1,442,180	$ (1,652,526)	$

A summary of investment with unrealized losses, aggregated by category, at December 31, 2006 is as follows:

	Less than 12 Months		12 Months or Longer		To
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair
US Government agencies	$ 9,298,776	$ (174,695)	$ 55,163,111	$ (1,477,831)	$ 64,
Total	$ 9,298,776	$ (174,695)	$ 55,163,111	$ (1,477,831)	$ 64,

At December 31, 2006, investment securities in a gross unrealized loss position for twelve months or longer consisted of 21 US Government Agency Securities that at such date had an aggregate depreciation of 2.6% from the Company's amortized cost basis. Management believes that the estimated fair value of the securities disclosed above is primarily dependent upon the movement in market interest rates. Management evaluated the length of time and the extent to which the market value has been less than cost and the financial condition and near term prospects of the issuer. The Company has the ability and intent to hold these securities until the anticipated recovery of fair value occurs. Management does not believe any individual unrealized loss as of December 31, 2006 represents an other-than-temporary impairment.

	September 30, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Appro Fair
U.S. Government Agencies				
Due after 1 year through 5 years	$ 12,000,000		$ (146,000)	$ 11,8
Due after 5 years through 10 years	21,878,790	$ 24,290	(386,080)	21,5
Due after 10 years through 15 years	46,237,147	45,273	(769,420)	45,5
Due after 15 years	6,386,754		(97,754)	6,2
Tax Exempt Obligations				
Due after 10 years through 15 years	17,981,750	997,250	--	18,9
Due after 15 years	6,614,241	481,759	--	7,0
Total Investment Securities	$111,098,682	$ 1,548,572	$ (1,399,254)	$111,2

A summary of investment with unrealized losses, aggregated by category, at September 30, 2006 is as follows:

	Less than 12 Months		12 Months or Longer		To
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair
US Government agencies	$ 26,578,627	$ (216,285)	$ 50,655,619	$ (1,182,969)	$ 77,
Total	$ 26,578,627	$ (216,285)	$ 50,655,619	$ (1,182,969)	$ 77,

At September 30, 2006, investment securities in a gross unrealized loss position for twelve months or longer consisted of 19 US Government Agency Securities that at such date had an aggregate depreciation of 2.3% from the Company's amortized cost basis. Management believes that the estimated fair value of the securities disclosed above is primarily dependent upon the movement in market interest rates. Management evaluated the length of time and the extent to which the market value has been less than cost and the financial condition and near term prospects of the issuer. The Company has the ability and intent to hold these securities until the anticipated recovery of fair value occurs. Management does not believe any individual unrealized loss as of September 30, 2006 represents an other-than-temporary impairment.

3. INVESTMENT SECURITIES AVAILABLE-FOR-SALE
A comparison of amortized cost and approximate fair value of investment securities with gross unrealized gains and losses, is as follows:

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity Securities	$ 1,050,664	$ 58,801	$ (55,473)	$ 1,053,992
Money Market Mutual Funds	1,400,745			1,400,745
Total Investment Securities	$ 2,451,409	$ 58,801	$ (55,473)	$ 2,454,737

A summary of investment securities available for sale with unrealized losses, aggregated by category, at December 31, 2006 is as follows:

	Less than 12 Months		12 Months or Longer		Total
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Equity Securities	$ 594,543	$ (55,473)	$ --	$ --	$ 594,54
Total	$ 594,543	$ (55,473)	$ --	$ --	$ 594,54

There were no securities in a loss position greater then twelve months. Management evaluated the length of time and the extent to which the market value has been less than cost and the financial condition and near term prospects of the issuer. The Company has the ability and intent to hold these securities until the anticipated recovery of fair value occurs. Management does not believe any individual unrealized loss as of December 31, 2006 represents an other-than-temporary impairment.

	September 30, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity Securities	$ 1,050,664	$ 13,802	$ (67,143)	$ 997,323
Money Market Mutual Funds	7,110,436			7,110,436
Total Investment Securities	$ 8,161,100	$ 13,802	$ (67,143)	$ 8,107,759

A summary of investment securities available for sale with unrealized losses, aggregated by category, at September 30,2006 is as follows:

	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses	Total Fair Value
Equity Securities	$ 582,873	$ (67,143)	$ --	$ --	$ 582,87
Total	$ 582,873	$ (67,143)	$ --	$ --	$ 582,87

There were no securities in a loss position greater then twelve months. Management evaluated the length of time and the extent to which the market value has been less than cost; the financial condition and near term prospects of the issuer. The Company has the ability and intent to hold these securities until the anticipated recovery of fair value occurs. Management does not believe any individual unrealized loss as of September 30, 2006 represents an other-than-temporary impairment.

page -8-

4. MORTGAGE-BACKED SECURITIES HELD TO MATURITY

A comparison of amortized cost and approximate fair value of mortgage-backed securities with gross unrealized gains and losses, is as follows:

	December 31,2006 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Collateralized mortgage obligations	$ 14,729,492	$ 127,129	$ (333,621)	$ 14,523,000
FHLMC pass-through certificates	94,621,960	69,660	(2,575,620)	92,116,000
FNMA pass-through certificates	95,487,376	69,528	(2,483,904)	93,073,000
GNMA pass-through certificates	4,892,989	108,011		5,001,000
Total Mortgage-Backed Securities	$209,731,817	$ 374,328	$ (5,393,145)	$204,713,000

A summary of motgage-backed securities held to maturity with unrealized losses, aggregated by category, at December 31, 2006 is as follows:

	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses	F
Mortgage-backed securities held to maturity	$ 1,580,286	$ (6,680)	$ 188,826,128	$ (5,386,465)	$
Total	$ 1,580,286	$ (6,680)	$ 188,826,128	$ (5,386,465)	$

At December 31, 2006, mortgage-related securities in a gross unrealized loss position for twelve months or longer consisted of 94 securities that at such date had an aggregate depreciation of 2.8% from the Company's amortized cost basis. Management believes that the estimated fair value of the securities disclosed above is primarily dependent upon the movement in market interest rates. Management evaluated the length of time and the extent to which the market value has been less than cost and the financial condition and near term prospects of the issuer. The Company has the ability and intent to hold these securities until the anticipated recovery of fair value occurs. Management does not believe any individual unrealized loss as of December 31, 2006 represents an other-than-temporary impairment.

	September 30,2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Collateralized mortgage obligations	$ 15,088,964	$ 88,867	$ (319,831)	$ 14,858,000
FHLMC pass-through certificates	98,855,830	70,407	(2,793,237)	96,133,000
FNMA pass-through certificates	100,287,098	83,203	(2,825,301)	97,545,000
GNMA pass-through certificates	5,261,926	115,074		5,377,000
Total Mortgage-Backed Securities	$219,493,818	$ 357,551	$ (5,938,369)	$213,913,000

A summary of motgage-backed securities held to maturity with unrealized losses, aggregated by category, at September 30, 2006 is as follows:

	Less than 12 Months		12 Months or Longer		
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	
Mortgage-backed securities held to maturity	$ 6,898,645	$ (68,773)	$ 191,950,265	$ (5,869,596)	$
Total	$ 6,898,645	$ (68,773)	$ 191,950,265	$ (5,869,596)	$

At September 30, 2006, mortgage-related securities in a gross unrealized loss position for twelve months or longer consisted of 76 securities that at such date had an aggregate depreciation of 3.1% from the Company's amortized cost basis. Management believes that the estimated fair value of the securities disclosed above is primarily dependent upon the movement in market interest rates. Management evaluated the length of time and the extent to which the market value has been less than cost and the financial condition and near term prospects of the issuer. The Company has the ability and intent to hold these securities until the anticipated recovery of fair value occurs. Management does not believe any individual unrealized loss as of September 30, 2006 represents an other-than-temporary impairment.

5. MORTGAGE-BACKED SECURITIES AVAILABLE-FOR-SALE

A comparison of amortized cost and approximate fair value of mortgage-backed securities with gross unrealized gains and losses, is as follows:

December 31, 2006	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
FNMA pass-through certificates	$ 785,187	$ 38,232	$ --	$ 823,419
Total Mortgage-Backed Securities	$ 785,187	$ 38,232	$ --	$ 823,419

September 30, 2006	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
FNMA pass-through certificates	$ 785,187	$ 35,068	$ --	$ 820,255
Total Mortgage-Backed Securities	$ 785,187	$ 35,068	$ --	$ 820,255

6. LOANS RECEIVABLE

Loans receivable consist of the following:

	December 31, 2006	September 30, 2006
Residential Mortgages	$ 282,357,983	$ 282,181,674
Commercial Mortgages	10,551,730	5,893,737
Construction	7,611,020	6,986,632
Savings Account	887,526	1,002,672
Home Equity	71,529,001	70,515,174
Automobile and other	826,154	811,963
Home Equity Line of Credit	23,837,086	25,499,895
Total	397,600,500	392,891,747
Undisbursed portion of loans in process	(4,189,299)	(4,941,266)
Deferred loan fees	(540,003)	(544,301)
Allowance for loan losses	(1,952,443)	(1,955,805)
Loans Receivable - net	$ 390,918,755	$ 385,450,375

The total amount of loans being serviced for the benefit of others was approximately $3.9 million at December 31, 2006 and September 30, 2006, respectively.

The following schedule summarizes the changes in the allowance for loan losses:

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005
Balance, beginning of period	$ 1,955,805	$ 1,967,607
Amounts charged-off	(5,318)	(2,158)
Loan recoveries	1,956	1,505
Balance, end of period	$ 1,952,443	$ 1,966,954

7. OFFICE PROPERTIES AND EQUIPMENT

Office properties and equipment are summarized by major classification as follows:

	December 31, 2006	September 30, 2006
Land	$ 3,159,031	$ 1,159,031
Buildings	7,643,421	7,543,587
Furniture, fixtures and equipment	3,718,329	3,694,898
Automobiles	24,896	24,896
Total	14,545,677	12,422,412
Less accumulated depreciation	(4,533,710)	(4,408,443)
Net	$ 10,011,967	$ 8,013,969

8. DEPOSITS

Deposits are summarized as follows:

	December 31, 2006	September 30, 2006
Non-interest bearing checking	$ 10,135,295	$ 10,338,951
NOW accounts	17,412,715	15,719,531
Checking accounts	23,473,641	20,410,198
Money Market Demand accounts	57,654,445	58,989,416
Passbook and Club accounts	2,828,202	3,325,151
Certificate accounts	318,623,680	320,470,800
Total deposits	$ 430,127,978	$ 429,254,047

The aggregate amount of certificate accounts in denominations of more than $100,000 at December 31, 2006 and September 30, 2006 amounted to approximately $44.2 million and $47.6 million, respectively. Amounts in excess of $100,000 may not be federally insured.

9. COMMITMENTS

At December 31, 2006, the following commitments were outstanding:

Origination of mortgage loans	$ 4,189,299
Unused line of credit loans	40,897,015
Loans in process	4,189,299
Total	$49,275,613

10. EARNINGS PER SHARE

The following shares were used for the computation of earnings per share:

	For the Three Months Ended December 31, 2006	2005
Basic	3,854,322	3,902,667
Diluted	3,892,750	3,944,580

The difference between the number of shares used for computation of basic earnings per share and diluted earnings per share represents the dilutive effect of stock options.

11. ADVANCES FROM FEDERAL HOME LOAN BANK

Advances from the Federal Home Loan Bank consists of the following:

	December 31, 2006		September 30, 2006	
Maturing Period	Amount	Weighted Interest Rate	Amount	Weighted Interest Rate
1 to 12 months	$ 61,315,811	5.10%	$ 79,492,234	4.92%
13 to 24 months	49,394,170	4.83%	46,949,489	4.79%
25 to 36 months	13,575,056	4.03%	25,850,822	4.07%
37 to 48 months	23,137,451	5.33%	8,375,148	3.96%
49 to 60 months	35,700,261	4.71%	39,417,941	5.38%
61 to 72 months	47,747,280	4.55%	59,525,528	4.47%
73 to 84 months	5,000,000	3.80%	5,000,000	3.80%
85 to 120 months	30,000,000	4.10%	30,000,000	4.10%
Total	$265,870,029	4.73%	$294,611,162	4.67%

The advances are collateralized by Federal Home Loan Bank ("FHLB") stock and substantially all first mortgage loans. The Company has a line of credit with the FHLB of which $50.1 million out of $75.0 million was used at December 31, 2006 and $58.2 million was used as of September 30, 2006, for general purposes. Included in the table above at December 31, 2006 and September 30, 2006 are convertible advances whereby the FHLB has the option at a predetermined strike rate to convert the fixed interest rate to an adjustable rate tied to London Interbank Offered Rate ("LIBOR"). The Company then has the option to repay these advances if the FHLB converts the interest rate. These advances are included in the periods in which they mature. The Company has a total FHLB borrowing capacity of $558.3 million of which $265.8 million was used as of December 31, 2006.

12. REGULATORY CAPITAL REQUIREMENTS

Harleysville Savings Bank (the "Bank") is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined), and of Tier 1 capital (as defined) to assets (as defined). Management believes, as of December 31, 2006, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2006, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios are also presented in the table.

	Actual		For Capital Adequacy Purposes	
	Amount	Ratio	Amount	Ratio
As of December 31, 2006				
Tier 1 Capital (to assets)	$48,655,256	6.34%	$30,735,320	4.00%
Tier 1 Capital (to risk weighted assets)	48,655,256	13.15%	14,800,840	4.00%
Total Capital (to risk weighted assets)	50,608,474	13.68%	29,601,680	8.00%
As of September 30, 2006				
Tier 1 Capital (to assets)	$48,182,567	6.24%	$30,868,800	4.00%
Tier 1 Capital (to risk weighted assets)	48,182,567	13.02%	14,800,960	4.00%
Total Capital (to risk weighted assets)	50,138,888	13.55%	29,601,920	8.00%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to management. In addition, in those and other portions of this document, the words "anticipate," "believe," "estimate," "intend," "should" and similar expressions, or the negative thereof, as they relate to the Company or the Company's management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future-looking events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company does not intend to update these forward-looking statements.

The Company's primary business consists of attracting deposits from the general public through a variety of deposit programs and investing such deposits principally in first mortgage loans secured by residential properties in the Company's primary market area. The Company also originates a variety of consumer loans, predominately home equity loans and lines of credit also secured by residential properties in the Company's primary lending area. The Company serves its customers through its full-service branch network as well as through remote ATM locations, the internet and telephone banking.

Critical Accounting Policies and Judgments

The Company's consolidated financial statements are prepared based on the application of certain accounting policies. Certain of these policies require numerous estimates and strategic or economic assumptions that may prove inaccurate or subject to variations and may significantly affect the Company's reported results and financial position for the period or in future periods. Changes in underlying factors, assumptions, or estimates in any of these areas could have a material impact on the Company's future financial condition and results of operations.

Analysis and Determination of the Allowance for Loan Losses - The allowance for loan losses is a valuation allowance for probable losses inherent in the loan portfolio. The Company evaluates the need to establish allowances against losses on loans on a monthly basis. When additional allowances are necessary, a provision for loan losses is charged to earnings.

Our methodology for assessing the appropriateness of the allowance for loan losses consists of three key elements: (1) specific allowances for certain impaired or collateral-dependent loans; (2) a general valuation allowance on certain identified problem loans; and (3) a general valuation allowance on the remainder of the loan portfolio. Although we determine the amount of each element of the allowance separately, the entire allowance for loan losses is available for the entire portfolio.

Specific Allowance Required for Certain Impaired or Collateral-Dependent Loans: We establish an allowance for certain impaired loans for the amounts by which the collateral value or observable market price are lower than the carrying value of the loan. Under current accounting guidelines, a loan is defined as impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due under the contractual terms of the loan agreement. At December 31, 2006, no loans were considered impaired.

General Valuation Allowance on Certain Identified Problem Loans - We also establish a general allowance for classified loans that do not have an individual allowance. We segregate these loans by loan category and assign allowance percentages to each category based on inherent losses associated with each type of lending and consideration that these loans, in the aggregate, represent an above-average credit risk and that more of these loans will prove to be uncollectible compared to loans in the general portfolio.

General Valuation Allowance on the Remainder of the Loan Portfolio - We establish another general allowance for loans that are not classified to recognize the inherent losses associated with lending activities, but which, unlike specific allowances, has not been allocated to particular problem assets. This general valuation allowance is determined by segregating the loans by loan category and assigning allowance percentages based on our historical loss experience, delinquency trends and management's evaluation of the collectibility of the loan portfolio. The allowance may be adjusted for significant factors that, in management's judgment, affect the collectibility of the portfolio as of the evaluation date. These significant factors may include changes in lending policies and procedures, changes in existing general economic and business conditions affecting our primary lending areas, credit quality trends, collateral value, loan volumes and concentrations, seasoning of the loan portfolio, recent loss experience in particular segments of the portfolio, duration of the current business cycle and bank regulatory examination results. The applied loss factors are reevaluated monthly to ensure their relevance in the current economic environment.

Changes in Financial Position for the Three-Month Period Ended December 31, 2006

Total assets at December 31, 2006 were $749.8 million, a decrease of $25.9 million for the three-month period then ended. The decrease was primarily the result of principal repayments on investment securities held to maturity of approximately $16.0 million, mortgage-backed securities held to maturity of approximately $9.8 million and investment securities available for sale of approximately $5.7 million. The decrease was partially offset by an increase in loans receivable of approximately $5.5 million and an increase of approximately $2.0 million in office property and equipment due to the purchase of land for a future branch location.

During the three-month period ended December 31, 2006, total deposits increased by $874,000 to $430.1 million. Advances from borrowers for taxes and insurance also increased by $1.8 million. There was also a decrease in advances from Federal Home Loan Bank of $28.7 million primarily due to net cash flows from our investment portfolio described above used to pay down debt.

Comparisons of Results of Operations for the Three Month Period Ended December 31, 2006 with the Three Month Period Ended December 31, 2005

Net Interest Income

The decrease in the net interest income for the three-month period ended December 31, 2006 when compared to the same period in 2005 can be attributed to the decrease in interest rate spread from 1.45% in 2005 to 1.32% in 2006. Net interest income was $2.8 million for the three-month period ended December 31, 2006 compared to $3.0 million for the comparable period in 2005.

Non-Interest Income

Non-interest income increased to $373,000 for the three-month period ended December 31, 2006 from $329,000 for the comparable period in 2005. The increase is primarily due to the fact that the Company had additional income related to customer's transaction accounts.

Non-Interest Expenses

For the three-month period ended December 31, 2006, non-interest expenses increased by $287,000 or 14.5% to $2.26 million compared to $1.97 million for the same period in 2005. Management believes that these are reasonable increases in the cost of operations after considering the impact of opening a new branch location in June of 2006 and additional expenses related to the Company's new commercial loan department. The annualized ratio of non-interest expenses to average assets for the three-month period ended December 31, 2006 and 2005 was 1.19% and 1.03%, respectively.

Income Taxes

The Company made provisions for income taxes of $181,000 for the three-month period ended December 31, 2006 compared to $316,000 for the comparable period in

2005. These provisions are based on the levels of pre-tax income, adjusted primarily for tax-exempt interest income on investments.

Liquidity and Capital Recourses

For a financial institution, liquidity is a measure of the ability to fund customers' needs for loans and deposit withdrawals. Harleysville Savings Bank regularly evaluates economic conditions in order to maintain a strong liquidity position. One of the most significant factors considered by management when evaluating liquidity requirements is the stability of the Bank's core deposit base. In addition to cash, the Bank maintains a portfolio of short-term investments to meet its liquidity requirements. Harleysville Savings also relies upon cash flow from operations and other financing activities, generally short-term and long-term debt. Liquidity is also provided by investing activities including the repayment and maturity of loans and investment securities as well as the management of asset sales when considered necessary. The Bank also has access to and sufficient assets to secure lines of credit and other borrowings in amounts adequate to fund any unexpected cash requirements.

As of December 31, 2006, the Company had $49.3 million in commitments to fund loan originations, disburse loans in process and meet other obligations. Management anticipates that the majority of these commitments will be funded within the next six months by means of normal cash flows and new deposits.

The Company invests excess funds in overnight deposits and other short-term interest-earning assets, which provide liquidity to meet lending requirements. The Company also has available borrowings with the Federal Home Loan Bank of Pittsburgh up to the Company's maximum borrowing capacity, which was $558.3 million at December 31, 2006 of which $265.9 million was outstanding at December 31, 2006.

The Bank's net income for the three months ended December 31, 2006 of $757,000 increased the Bank's stockholders' equity to $48.8 million or 6.5% of total assets. This amount is well in excess of the Bank's minimum regulatory capital requirement.

Item 3.Quantitative and Qualitative Disclosures About Market Risk

The Company has instituted programs designed to decrease the sensitivity of its earnings to material and prolonged increases in interest rates. The principal determinant of the exposure of the Company's earnings to interest rate risk is the timing difference between the repricing or maturity of the Company's interest-earning assets and the repricing or maturity of its interest-bearing liabilities. If the maturities of such assets and liabilities were perfectly matched, and if the interest rates borne by its assets and liabilities were equally flexible and moved concurrently, neither of which is the case, the impact on net interest income of rapid increases or decreases in interest rates would be minimized. The Company's asset and liability management policies seek to increase the interest rate sensitivity by shortening the repricing intervals and the maturities of the Company's interest-earning assets. Although management of the Company believes that the steps taken have reduced the Company's overall vulnerability to increases in interest rates, the Company remains vulnerable to material and prolonged increases in interest rates during periods in which its interest rate sensitive liabilities exceed its interest rate sensitive assets.

The authority and responsibility for interest rate management is vested in the Company's Board of Directors. The Chief Executive Officer implements the Board of Directors' policies during the day-to-day operations of the Company. Each month, the Chief Financial Officer ("CFO") presents the Board of Directors with a report, which outlines the Company's asset and liability "gap" position in various time periods. The "gap" is the difference between interest- earning assets and interest-bearing liabilities which mature or reprice over a given time period.

The CFO also meets weekly with the Company's other senior officers to review and establish policies and strategies designed to regulate the Company's flow of funds and coordinate the sources, uses and pricing of such funds. The first priority in structuring and pricing the Company's assets and liabilities is to maintain an acceptable interest rate spread while reducing the effects of changes in interest rates and maintaining the quality of the Company's assets.

The following table summarizes the amount of interest-earning assets and interest-bearing liabilities outstanding as of December 31, 2006, which are expected to mature, prepay or reprice in each of the future time periods shown. Except as stated below, the amounts of assets or liabilities shown which mature or reprice during a particular period were determined in accordance with the contractual terms of the asset or liability. Adjustable and floating-rate assets are included in the period in which interest rates are next scheduled to adjust rather than in the period in which they are due, and fixed-rate loans and mortgage-backed securities are included in the periods in which they are anticipated to be repaid.

The passbook accounts, negotiable order of withdrawal ("NOW") accounts, interest bearing accounts, and money market deposit accounts, are included in the "Over 5 Years" categories based on management's beliefs that these funds are core deposits having significantly longer effective maturities based on the Company's retention of such deposits in changing interest rate environments.

Generally, during a period of rising interest rates, a positive gap would result in an increase in net interest income while a negative gap would adversely affect net interest income. Conversely, during a period of falling interest rates, a positive gap would result in a decrease in net interest income while a negative gap would positively affect net interest income. However, the following table does not necessarily indicate the impact of general interest rate movements on the Company's' net interest income because the repricing of certain categories of assets and liabilities is discretionary and is subject to competitive and other pressures. As a result, certain assets and liabilities indicated as repricing within a stated period may in fact reprice at different rate levels.

	1 Year or less	1 to 3 Years	3 to 5 Years	Over 5 Years
Interest-earning assets				
Mortgage loans	$ 37,915	$ 59,490	$ 45,101	$ 143,6
Mortgage-backed securities	71,845	70,742	34,663	33,3
Consumer and other loans	60,361	28,914	10,085	7,3
Investment securities and other investments	39,322	18,762	18,888	56,4
Total interest-earning assets	209,443	177,908	108,737	240,7
Interest-bearing liabilities				
Passbook and Club accounts	--	--	--	2,8

NOW and checking accounts	--	--	--	40,8
Money Market Deposit accounts	18,011	--	--	39,6
Certificate accounts	214,979	96,766	6,879	
Borrowed money	81,659	52,040	54,505	77,6
Total interest-bearing liabilities	314,649	148,806	61,384	161,0
Repricing GAP during the period	$(105,206)	$ 29,102	$ 47,353	$ 79,7
Cumulative GAP	$(105,206)	$ (76,104)	$ (28,751)	$ 50,9
Ratio of GAP during the period to total assets	-14.03%	3.88%	6.32%	10.
Ratio of cumulative GAP to total assets	-14.03%	-10.14%	-3.83%	6.

Item 4. Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations and are operating in an effective manner.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

There are no material changes to the risk factors set forth in Part 1, Item 1A, Risk Factors"' of the Company's Form 10-K for the year ended September 30, 2006. Please refer to that section for disclosures regarding the risk and uncertainties related to the Company's business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
The following table presents the repurchasing activity of the stock repurchase program during the quarter ended June 30, 2006:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (a)
October 1 -31, 2006	--	--	--	39,787
November 1- 30, 2006				39,787
December 1 - 31, 2006				39,797
Total				39,787

Notes to this table:
(a) On June 18, 2003, the Company announced its current program to repurchase up to 5.0% of the outstanding shares of Common Stock of the Company, or 191,667 shares. The program does not have an expiration date and all shares have been purchased in the open market.

Item 3. Defaults upon Senior Securities
Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The annual meeting of Stockholders was held on January 24, 2007.

(c) There were 3,859,712 shares of Common Stock of the Company eligible to be voted at the Annual Meeting and 3,269,343 shares were represented at the meeting by the holders thereof, which constituted a quorum. The items voted upon at the Annual Meeting and the vote for each proposal were as follows:

1. Election of directors for a three-year term:

	FOR	WITHHELD
Sanford L. Alderfer	3,261,735	7,608
Mark R. Cummins	3,230,283	39,060
Ronald B. Geib	3,258,971	10,372

Each of the nominees for election were elected by the stockholders of the Company.

Item 5. Other information.
Not applicable.

Item 6. Exhibits and Reports on Form 8-K

No.	
31.1	Certification of Chief Executive Officer
31.2	Certification of Chief Financial Officer
32.0	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HARLEYSVILLE SAVINGS FINANCIAL CORPORATION

Date: February 12, 2007 By: /s/ Ronald B. Geib

Ronald B. Geib
Chief Executive Officer

Date:February 12, 2007 By: /s/ Brendan J. McGill

Brendan J. McGill
Senior Vice President
Treasurer and Chief Financial Officer