

FRANKLIN UNIVERSAL TRUST  
Form N-Q  
January 26, 2007

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-05569  
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FRANKLIN UNIVERSAL TRUST  
-----

(Exact name of registrant as specified in charter)

ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906  
-----

(Address of principal executive offices) (Zip code)

CRAIG S. TYLE, ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: 650 312-2000  
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Date of fiscal year end: 8/31  
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Date of reporting period: 11/30/06  
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Item 1. Schedule of Investments.

Franklin Universal Trust

QUARTERLY STATEMENT OF INVESTMENTS

November 30, 2006

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[LOGO] (R)  
FRANKLIN TEMPLETON  
INVESTMENTS

FRANKLIN o Templeton o Mutual Series

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Franklin Universal Trust

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2006 (UNAUDITED)

	COUNTRY
-----	
LONG TERM INVESTMENTS 126.2%	
COMMON STOCKS 38.8%	
NON-ENERGY MINERALS 1.3%	
AngloGold Ashanti Ltd., ADR .....	South Africa
Barrick Gold Corp. ....	Canada
PRODUCER MANUFACTURING 0.0% a	
b Harvard Industries Inc. ....	United States
b,c,d VS Holdings Inc. ....	United States
UTILITIES 37.5%	
Alliant Energy Corp. ....	United States
Ameren Corp. ....	United States
American Electric Power Co. Inc. ....	United States
Atmos Energy Corp. ....	United States
CenterPoint Energy Inc. ....	United States
Constellation Energy Group .....	United States
Dominion Resources Inc. ....	United States
DTE Energy Co. ....	United States
Duke Energy Corp. ....	United States
Edison International .....	United States
Energy East Corp. ....	United States
Entergy Corp. ....	United States
Exelon Corp. ....	United States
FirstEnergy Corp. ....	United States
FPL Group Inc. ....	United States
NiSource Inc. ....	United States
NSTAR .....	United States
Pinnacle West Capital Corp. ....	United States
Progress Energy Inc. ....	United States
Public Service Enterprise Group Inc. ....	United States
The Southern Co. ....	United States
TXU Corp. ....	United States
TOTAL COMMON STOCKS (COST \$52,125,111) .....	

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CORPORATE BONDS 85.3%	
COMMERCIAL SERVICES 7.9%	
Corrections Corp. of America, senior note, 7.50%, 5/01/11 .....	United States
Dex Media West LLC, senior sub. note, 9.875%, 8/15/13 .....	United States
Iron Mountain Inc., senior sub. note, 8.75%, 7/15/18 .....	United States
JohnsonDiversey Inc., senior sub. note, B, 9.625%, 5/15/12 .....	United States
f Lamar Media Corp., senior sub. note, 144A, 6.625%, 8/15/15 .....	United States
R.H. Donnelley Corp., senior note, 8.875%, 1/15/16 .....	United States
f Rental Service Corp., senior note, 144A, 9.50%, 12/01/14	United States
United Rentals North America Inc., senior sub. note, 7.75%, 11/15/13 .....	United States

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Franklin Universal Trust

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2006 (UNAUDITED) (CONTINUED)

	COUNTRY
-----	
LONG TERM INVESTMENTS (CONTINUED)	
CORPORATE BONDS (CONTINUED)	
COMMUNICATIONS 8.4%	
Dobson Cellular Systems Inc., senior secured note, 9.875%, 11/01/12 .....	United States
Inmarsat Finance II PLC, senior note, zero cpn. to 11/15/08, 10.375% thereafter, 11/15/12 .....	United Kingdom
Intelsat Bermuda Ltd., senior note, 8.25%, 1/15/13 .....	Bermuda
Millicom International Cellular SA, senior note, 10.00%, 12/01/13 ....	Luxembourg
Qwest Communications International Inc., senior note, 7.50%, 2/15/14 .....	United States
f Wind Acquisition Finance SA, senior note, 144A, 10.75%, 12/01/15 .....	Italy
f Windstream Corp., senior note, 144A, 8.625%, 8/01/16 .....	United States
CONSUMER DURABLES 7.4%	
Beazer Homes USA Inc., senior note, 8.125%, 6/15/16 .....	United States
Ford Motor Credit Co., 5.625%, 10/01/08 .....	United States
senior note, 9.875%, 8/10/11 .....	United States
General Motors Acceptance Corp., 6.875%, 8/28/12 .....	United States
General Motors Corp., senior deb., 8.25%, 7/15/23 .....	United States
Jostens IH Corp., senior sub. note, 7.625%, 10/01/12 .....	United States
KB Home, senior note, 6.25%, 6/15/15 .....	United States
7.25%, 6/15/18 .....	United States
Visant Holding Corp., senior note, 8.75%, 12/01/13 .....	United States
William Lyon Homes Inc., senior note, 7.625%, 12/15/12 .....	United States

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CONSUMER NON-DURABLES 4.1%		
Dole Foods Co., senior note, 7.25%, 6/15/10 .....		United States
f Reynolds American Inc., senior secured note, 144A, 7.625%, 6/01/16 .....		United States
Smithfield Foods Inc., senior note, 7.00%, 8/01/11 .....		United States
7.75%, 5/15/13 .....		United States
Spectrum Brands Inc., senior sub. note, 7.375%, 2/01/15 .....		United States
CONSUMER SERVICES 12.8%		
c,d,g Atherton Franchise Capital, 13.073%, 12/01/08 .....		United States
Cablevision Systems Corp., senior note, B, 8.00%, 4/15/12 .....		United States
CanWest Media Inc., senior sub. note, 8.00%, 9/15/12 .....		Canada
CCH II LLC, senior note, 10.25%, 9/15/10 .....		United States
DIRECTV Holdings LLC, senior note, 8.375%, 3/15/13 .....		United States
EchoStar DBS Corp., senior note, 7.125%, 2/01/16 .....		United States
Host Marriott LP, senior note, M, 7.00%, 8/15/12 .....		United States
O, 6.375%, 3/15/15 .....		United States

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Franklin Universal Trust

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2006 (UNAUDITED) (CONTINUED)

		COUNTRY
LONG TERM INVESTMENTS (CONTINUED)		
CORPORATE BONDS (CONTINUED)		
CONSUMER SERVICES (CONTINUED)		
LIN Television Corp., senior sub. note, 6.50%, 5/15/13 .....		United States
MGM MIRAGE Inc., senior note, 6.875%, 4/01/16 .....		United States
Quebecor Media Inc., senior note, 7.75%, 3/15/16 .....		Canada
Radio One Inc., senior sub. note, 6.375%, 2/15/13 .....		United States
Royal Caribbean Cruises Ltd., senior note, 8.00%, 5/15/10 .....		United States
6.875%, 12/01/13 .....		United States
Station Casinos Inc., senior note, 6.00%, 4/01/12 .....		United States
senior sub. note, 6.50%, 2/01/14 .....		United States
senior sub. note, 6.875%, 3/01/16 .....		United States
ELECTRONIC TECHNOLOGY 6.8%		
f Bombardier Inc., senior note, 144A, 8.00%, 11/15/14 .....		Canada
DRS Technologies Inc., senior sub. note, 7.625%, 2/01/18 .....		United States
f,h Freescale Semiconductor Inc., senior note, 144A, 8.875%, 12/15/14 .....		United States
L-3 Communications Corp., senior sub. note, 6.375%, 10/15/15 .....		United States

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f NXP BV, 144A, 7.875%, 10/15/14 .....	Netherlands
Sanmina-SCI Corp., senior sub. note, 6.75%, 3/01/13 .....	United States
8.125%, 3/01/16 .....	United States
Solectron Global Finance Ltd., senior sub. note, 8.00%, 3/15/16 .....	United States
ENERGY MINERALS 4.6%	
Chesapeake Energy Corp., senior note, 6.25%, 1/15/18 .....	United States
Mariner Energy Inc., senior note, 7.50%, 4/15/13 .....	United States
Massey Energy Co., senior note, 6.875%, 12/15/13 .....	United States
Pogo Producing Co., senior sub. note, f 144A, 7.875%, 5/01/13 .....	United States
6.875%, 10/01/17 .....	United States
HEALTH SERVICES 5.6%	
DaVita Inc., senior sub. note, 7.25%, 3/15/15 .....	United States
HCA Inc., senior note, 6.50%, 2/15/16 .....	United States
f senior secured note, 144A, 9.125%, 11/15/14 .....	United States
Tenet Healthcare Corp., senior note, 7.375%, 2/01/13 .....	United States
Vanguard Health Holding Co. II LLC, senior sub. note, 9.00%, 10/01/14 .....	United States
INDUSTRIAL SERVICES 3.5%	
Allied Waste North America Inc., senior secured note, 6.50%, 11/15/10 .....	United States
Copano Energy LLC, senior note, 8.125%, 3/01/16 .....	United States

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Franklin Universal Trust

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2006 (UNAUDITED) (CONTINUED)

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	COUNTRY
LONG TERM INVESTMENTS (CONTINUED)	
CORPORATE BONDS (CONTINUED)	
INDUSTRIAL SERVICES (CONTINUED)	
Hanover Equipment Trust 01, senior secured note, B, 8.75%, 9/01/11 .....	United States
Markwest Energy Partners LP, senior note, 6.875%, 11/01/14 .....	United States
NON-ENERGY MINERALS 0.8%	
f Novelis Inc., senior note, 144A, 7.25%, 2/15/15 .....	Canada

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PROCESS INDUSTRIES 10.0%		
Abitibi-Consolidated Co. of Canada, senior note, 8.375%, 4/01/15 .....		Canada
BCP Crystal Holdings Corp., senior sub. note, 9.625%, 6/15/14 .....		United States
Buckeye Technologies Inc., senior sub. note, 8.00%, 10/15/10 .....		United States
Crown Americas Inc., senior note, 7.75%, 11/15/15 .....		United States
f Huntsman International LLC, senior note, 144A, 7.875%, 11/15/14 .....		United States
JSG Funding PLC, senior sub. note, 7.75%, 4/01/15 .....		Ireland
Lyondell Chemical Co., senior note, 8.00%, 9/15/14 .....		United States
Nalco Co., senior sub. note, 8.875%, 11/15/13 .....		United States
Owens-Brockway Glass Container Inc., senior note, 6.75%, 12/01/14 .....		United States
Rhodia SA, senior note, 10.25%, 6/01/10 .....		France
f Verso Paper Holdings LLC, senior secured note, 144A, 9.125%, 8/01/14 .....		United States
PRODUCER MANUFACTURING 3.4%		
Case New Holland Inc., senior note, 9.25%, 8/01/11 .....		United States
Milacron Escrow Corp., senior secured note, 11.50%, 5/15/11 .....		United States
f RBS Global & Rexnord Corp., senior note, 144A, 9.50%, 8/01/14 .....		United States
TRW Automotive Inc., senior note, 9.375%, 2/15/13 .....		United States
RETAIL TRADE 2.6%		
GSC Holdings Corp., senior note, 8.00%, 10/01/12 .....		United States
f Michaels Stores Inc., senior note, 144A, 10.00%, 11/01/14 .....		United States
TECHNOLOGY SERVICES 1.5%		
d,g PSINet Inc., 10.50%, 12/01/06 .....		United States
senior note, 11.00%, 8/01/09 .....		United States
SunGard Data Systems Inc., senior note, 9.125%, 8/15/13 .....		United States
senior sub note, 10.25%, 8/15/15 .....		United States
TRANSPORTATION 0.6%		
Great Lakes Dredge & Dock Co., senior sub. note, 7.75%, 12/15/13 .....		United States

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Franklin Universal Trust

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2006 (UNAUDITED) (CONTINUED)

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COUNTRY  
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LONG TERM INVESTMENTS (CONTINUED)  
CORPORATE BONDS (CONTINUED)

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UTILITIES 5.3%	
Aquila Inc., senior note, 14.875%, 7/01/12 .....	United States
Dynegy Holdings Inc., senior note, 8.75%, 2/15/12 .....	United States
Midwest Generation LLC, senior secured note, 8.75%, 5/01/34 .....	United States
NRG Energy Inc., senior note, 7.375%, 2/01/16 .....	United States
1/15/17 .....	United States
TOTAL CORPORATE BONDS (COST \$172,056,938) .....	
FOREIGN GOVERNMENT AND AGENCY SECURITIES 2.1%	
GOVERNMENT BONDS 2.1%	
Eskom, E168, 11.00%, 6/01/08 .....	South Africa
Government of Mexico, 11.375%, 9/15/16 .....	Mexico
TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES (COST \$3,514,405) .....	
TOTAL LONG TERM INVESTMENTS (COST \$227,696,454) .....	
SHORT TERM INVESTMENT (COST \$2,093,138) 1.0%	
MONEY MARKET FUND 1.0%	
i Franklin Institutional Fiduciary Trust Money Market Portfolio, 4.97% ..	United States
TOTAL INVESTMENTS (COST \$229,789,592) 127.2% .....	
NOTES PAYABLE (27.2)% .....	
OTHER ASSETS, LESS LIABILITIES (0.0)% a .....	
NET ASSETS 100.0% .....	

### CURRENCY ABBREVIATIONS

ZAR - South African Rand

### SELECTED PORTFOLIO ABBREVIATIONS

ADR - American Depository Receipt

- a Rounds to less than 0.1% of net assets.
- b Non-income producing for the twelve months ended November 30, 2006.
- c See Note 2 regarding restricted securities.
- d Security has been deemed illiquid because it may not be able to be sold within seven days. At November 30, 2006, the aggregate value of these securities was \$29,259, representing 0.01% of net assets.
- e The principal amount is stated in U.S. dollars unless otherwise indicated.
- f Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At November 30, 2006, the aggregate value of these securities was \$26,001,040, representing 12.87% of net assets.

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- g Defaulted security.
- h Security purchased on a delayed delivery basis.
- i The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager. The rate shown is the annualized seven-day yield at period end.

Quarterly Statement of Investments | See Notes to Statement of Investments. | 7

Franklin Universal Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

Franklin Universal Trust (the Fund) is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end investment company.

1. INCOME TAXES

At November 30, 2006, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments .....	\$ 229,996,714
	=====
Unrealized appreciation .....	\$ 38,204,338
Unrealized depreciation .....	(11,201,586)
	-----
Net unrealized appreciation (depreciation) .....	\$ 27,002,752
	=====

2. RESTRICTED SECURITIES

At November 30, 2006, the Fund held investments in restricted securities, excluding 144A securities deemed to be liquid, valued in accordance with procedures approved by the Fund's Board of Trustees as reflecting fair value, as follows:

PRINCIPAL AMOUNT/ SHARES	ISSUER	ACQUISITION DATE	COS
721,603	Atherton Franchise Capital, 13.073%, 12/01/08 .....	4/28/94	\$ 721
181,875	VS Holdings Inc. ....	12/06/01	181
	TOTAL RESTRICTED SECURITIES (0.01% of Net Assets) .....		

For information on the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.



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### Item 2. Controls and Procedures.

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

### Item 3. Exhibits.

(A) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Jimmy D. Gambill, Chief Executive Officer - Finance and Administration, and Galen G. Vetter, Chief Financial Officer.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRANKILN UNIVERSAL TRUST

By /S/JIMMY D. GAMBILL

-----

Jimmy D. Gambill

Chief Executive Officer - Finance and Administration

Date January 25, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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By /S/JIMMY D. GAMBILL

-----

Jimmy D. Gambill

Chief Executive Officer - Finance and Administration

Date January 25, 2007

By /S/GALEN G. VETTER

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Galen G. Vetter

Chief Financial Officer

Date January 25, 2007

Exhibit A

I, Jimmy D. Gambill, certify that:

1. I have reviewed this report on Form N-Q of FRANKLIN UNIVERSAL TRUST;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to

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materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 25, 2007

/S/JIMMY D. GAMBILL

Jimmy D. Gambill

Chief Executive Officer - Finance and Administration

I, Galen G. Vetter, certify that:

1. I have reviewed this report on Form N-Q of FRANKLIN UNIVERSAL TRUST;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 25, 2007

/S/GALEN G. VETTER  
Galen G. Vetter  
Chief Financial Officer