

## Performance for the Quarter and Year-to-Date ended June 30, 2007

The economy remained in a transitional period during the second quarter of 2007. Still uncertain about the path of inflation, the Federal Open Markets Committee (FOMC) maintained a Federal Funds Rate of 5.25%; the rate has remained unchanged since June 2006. While the housing market and rising oil prices remained a concern for investors, other economic indicators seemed to signal that the market could continue to expand. Employers added 397,000 jobs during the quarter, exceeding forecasts and boosting investor confidence. Meanwhile, private equity investment and company share buybacks took more equity out of the public market, driving stock prices higher.

The yield curve flattened out during the second quarter with the 10 Year Treasury Note yield rising 38 basis points to end the quarter at 5.03%. Rates were driven up by an increased level of risk aversion from investors due to uncertainties about the course of inflation and the subprime mortgage market. Both domestic and international broad bond market indices for the month of June produced negative returns, although, most of these indices did produce positive returns for the three month period ending June 30, 2007. Similarly in the equities market, both international and domestic equity broad market indices produced positive returns for the quarter, although June was not a strong month for the U.S. equity markets. The 10 Year Treasury yield had a mid-month spike to 5.25% in June, which caused hesitation and selling by stock investors.

For the second quarter of 2007, all but two of the General Board's funds met or exceeded the performance of their respective benchmarks. Additionally for the year-to-date period, all of the General Board's funds produced positive returns and met or exceeded the performance of their benchmarks.

## Fund and Benchmark Performance for Periods Ended June 30, 2007, net of fees

<u>General Board Funds</u>	<u>Quarter</u>	<u>YTD</u>	<u>1 Year</u>	<u>2 Years</u>	<u>3 Years</u>	<u>5 Years</u>	<u>Inception</u>
Multiple Asset <sup>1</sup>	4.4%	7.1%	17.7%	14.3%	12.9%	11.9%	10.6%
Custom Benchmark <sup>2</sup>	4.0%	6.1%	16.8%	12.9%	11.8%	10.9%	9.6%
Domestic Bond	-0.4%	1.1%	8.2%	3.7%	4.7%	4.6%	5.7%
Lehman U.S. Universal (blend) <sup>3</sup>	-0.5%	1.1%	6.5%	2.8%	4.1%	4.4%	5.7%
Inflation Protection Fund <sup>4</sup>	-0.3%	2.2%	3.7%	1.5%	4.0%	NA	4.0%
BCGI Inflt-n-Lnkd Indx	-0.7%	1.7%	3.9%	1.1%	3.8%	NA	3.8%
Stable Value Fund <sup>5</sup>	1.1%	2.2%	4.5%	4.3%	4.0%	NA	3.8%
Ryan Labs GIC Index	1.1%	2.2%	4.2%	3.8%	3.5%	NA	3.3%
Balanced Social Values Plus	2.7%	4.9%	12.0%	8.1%	6.3%	7.2%	4.7%
Custom Benchmark <sup>6</sup>	3.4%	4.9%	14.4%	10.2%	9.1%	8.6%	6.4%
Domestic Stock	5.7%	8.4%	20.2%	15.0%	12.5%	11.5%	6.8%
Russell 3000 Index	5.8%	7.1%	20.1%	14.7%	12.4%	11.5%	6.8%
International Stock	9.3%	13.2%	32.6%	30.6%	23.3%	17.4%	11.4%
MSCI Blend <sup>7</sup>	8.2%	12.2%	29.6%	27.8%	22.9%	18.1%	9.3%

<sup>1</sup> Inception for Multiple Asset Fund is 5/1/2002.

<sup>2</sup> On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark had been 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index, and 35% Lehman U.S. Universal Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which the respective benchmark applies.

<sup>3</sup> Benchmark for the Domestic Bond Fund became the Lehman Universal ex-MBS Index on January 1, 2006. Prior to this date, the benchmark had been the Lehman Aggregate Bond Index from January 1, 2003 through December 31, 2005, and the Lehman Intermediate Aggregate Bond Index prior to January 1, 2003. The benchmark data reported above is a blend of the three benchmarks based on the period for which each respective benchmark applies.

<sup>4</sup> Inception for Inflation Protection Fund is 12/31/2003.

<sup>5</sup> Inception for Stable Value Fund is 11/30/2002.

<sup>6</sup> Benchmark for the Balanced Social Values Plus Fund is 60% Russell 3000, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index.

<sup>7</sup> Benchmark for the International Stock Fund became the MSCI All Country World Index ex USA (MSCI ACWI ex USA) on January 1, 2006. Prior to this date, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which each respective benchmark applies.

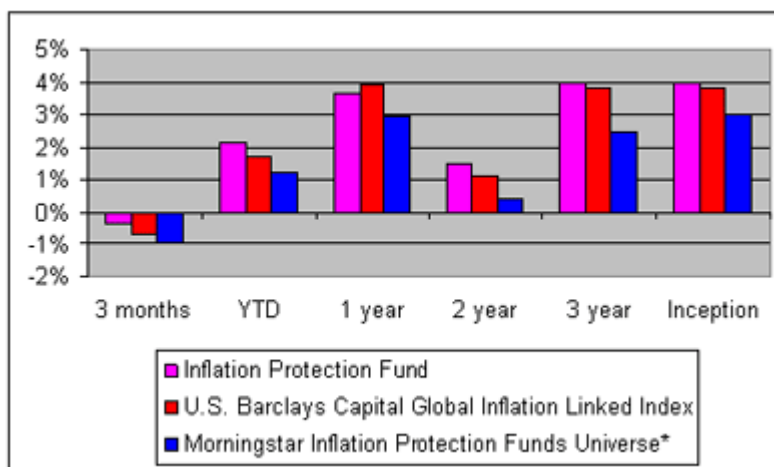
The charts below compare the performance of each of the General Board's funds (except for the Stable Value Fund, for which there is no comparable data) with similar funds reported in the Morningstar's universe of mutual fund returns. The row called "Number of Funds" indicates how many mutual funds similar to the General Board's fund appear in Morningstar's database. The row called "Rank" indicates the percentile rank of the General Board's fund when compared to similar mutual funds. For example, a rank of 30% means that the General Board's fund performed in the top 30% of a universe of similar mutual funds.

For this report, our data provider Wilshire Associates recently changed its style and scoring methodology for use in our universe comparison charts. Morningstar purchased Standard and Poor's data used in creating universes of mutual funds. The charts below incorporate the universes provided by Morningstar, but also the greater selection and fund coverage that had been provided by Standard & Poor's.

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## **Recent and Long-Term Returns: Inflation Protection Fund Compared with Morningstar's Universe**

For the second quarter 2007, the Inflation Protection Fund produced a return of -0.3%, 0.4% ahead of its benchmark. The performance of inflation protected securities is driven by two separate factors: changes in inflation and interest rates. Because interest rates increased across bond maturities in the second quarter, the price, as well as, returns on inflation linked bond portfolios fell. The fund ranked in the top eight percent of its universe for the quarter and in the top five percent year-to-date due partly to the positive contribution from its commodities allocation. Year-to-date, the commodities portfolio has returned 8.7%.



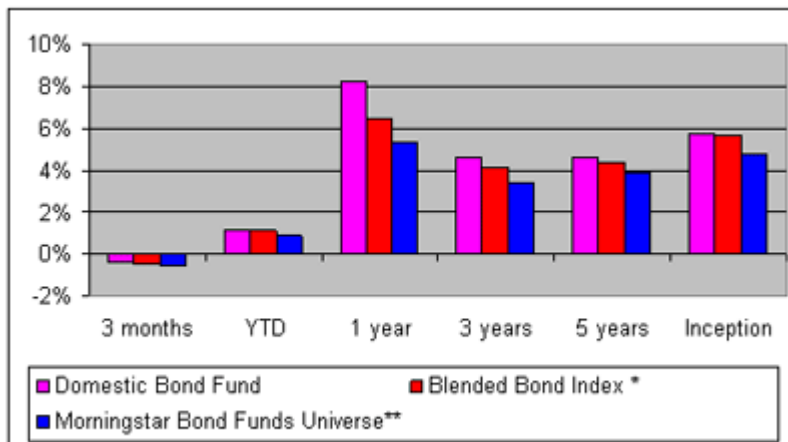
Compound Annual Returns for the Periods Ending June 30, 2007						
	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>2 year</u>	<u>3 year</u>	<u>Inception</u>
Inflation Protection Fund	-0.3%	2.2%	3.7%	1.5%	4.0%	4.0%
U.S. Barclays Capital Global Inflation Linked Index	-0.7%	1.7%	3.9%	1.1%	3.8%	3.8%
Morningstar Inflation Protection Funds Universe*	-1.0%	1.2%	3.0%	0.4%	2.5%	3.0%
Number of Funds	135	134	125	107	71	59
Rank	8%	5%	13%	8%	9%	5%

\* The comparison universe is derived from Wilshire's Morningstar predefined "Styles" of Inflation Protection Bonds

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## Recent and Long-Term Returns: Domestic Bond Fund Compared with Morningstar's Universe

For the quarter ending June 30, 2007, the Domestic Bond Fund declined by 0.4%, but its performance was ahead of its benchmark by 0.1%. Similar to the Inflation Protection Fund, the Domestic Bond Fund was impaired by increases in interest rates due to concerns of a potential crisis in the subprime mortgage market that heightened investors' risk aversion. The performance ahead of its benchmark and the median return of its comparable universe can partially be attributed to its exposure to non-U.S. dollar denominated bonds, as the U.S. dollar continued to weaken against foreign currency during the quarter.



<b>Compound Annual Returns for the Periods Ending June 30, 2007</b>	<b>3 months</b>	<b>YTD</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>Inception</b>
Domestic Bond Fund	-0.4%	1.1%	8.2%	4.7%	4.6%	5.7%
Blended Bond Index *	-0.5%	1.1%	6.5%	4.1%	4.4%	5.7%
Morningstar Bond Funds Universe **	-0.6%	0.9%	5.4%	3.4%	3.9%	4.8%
Number of Funds	1,419	1,397	1,337	1,159	924	504
Rank	38%	37%	3%	9%	24%	8%

\* Benchmark for the Domestic Bond Fund became the Lehman Universal ex-MBS Index on January 1, 2006. Prior to this date, the benchmark had been the Lehman Aggregate Bond Index from January 1, 2003 through December 31, 2005, and the Lehman Intermediate Aggregate Bond Index prior to January 31, 2003. The benchmark data reported above is a blend of the three benchmarks based on the period for which each respective benchmark applies.

\*\* Three of Wilshire Compass's predefined universes were combined to assemble this Bond Funds Universe. The three Wilshire Compass predefined universes were mutual funds of Morningstar "Styles" of "Long-Term Bonds", "Intermediate-Term Bonds", and "Short-Term Bonds".

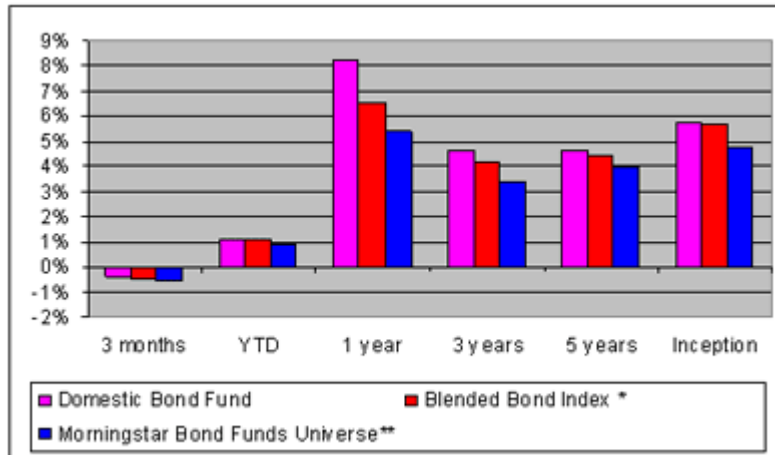
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## Recent and Long-Term Returns: Multiple Asset Fund Compared with Morningstar's Universe

The Multiple Asset Fund represents a pre-specified mix of four of the General Board funds with a target allocation of 45% Domestic Stock Fund, 20% International Stock Fund, 25% Domestic Bond Fund, and 10% Inflation Protection Fund. When these differences in allocations exceed the pre-specified limits, the Multiple Asset Fund is rebalanced by selling shares of the over-allocated funds and purchasing shares of the under-allocated funds.

For the quarter ending June 30, 2007, the Multiple Asset Fund outperformed its benchmark by 0.4%. This performance can be attributed to its 20% allocation to the International Stock Fund, which surpassed its benchmark by 1.1% for the second quarter.

Fund inception for the Multiple Asset Fund is May 1, 2002.



Fund inception for the Multiple Asset Fund is May 1, 2002.

<b>Compound Annual Returns for the Periods Ending June 30, 2007</b>	<b>3 months</b>	<b>YTD</b>	<b>1 yr</b>	<b>3 yr</b>	<b>5 yr</b>	<b>Inception</b>
Multiple Asset Fund	4.4%	7.1%	17.7%	12.9%	11.9%	10.6%
Custom Benchmark *	4.0%	6.1%	16.8%	11.8%	10.9%	9.6%
Morningstar Multiple Asset Fund Universe**	3.7%	5.3%	14.6%	9.2%	8.5%	7.2%
Number of Funds	1,436	1,403	1,346	1,042	782	762
Rank	35%	20%	20%	11%	8%	6%

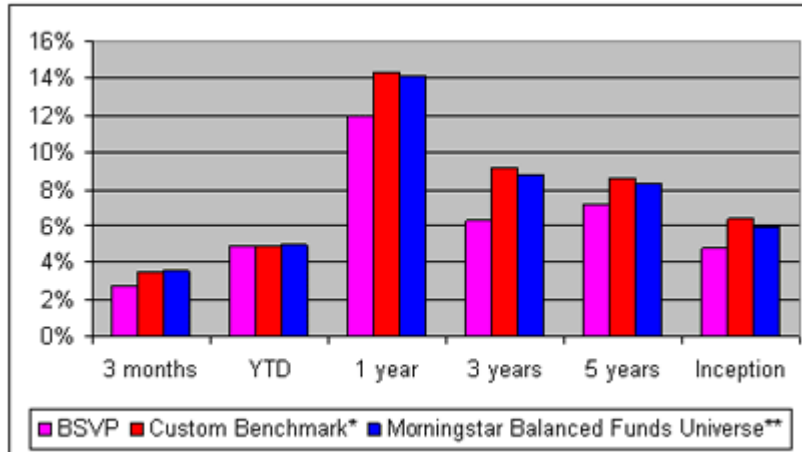
\* On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark had been 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index, and 35% Lehman U.S. Universal Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which the respective benchmark applies.

\*\* The comparison universe is derived from the Wilshire Compass Morningstar "Asset Class" of "Balanced" mutual funds.

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## Recent and Long-Term Returns: Balanced Social Values Fund Compared with Morningstar's Universe

For the second quarter of 2007, the Balanced Social Values Plus Fund lagged its benchmark by 0.7%; however for the year-to-date period, the fund matched its benchmark with a return of 4.9%. The fund has an allocation to the General Board's Affordable Housing portfolio, which declined during the quarter in line with the broader bond market, due to increases in bond yields.



Compound Annual Returns for the Periods Ending June 30, 2007	3 months	YTD	1 year	3 years	5 years	Inception
Balanced Social Values Plus Fund	2.7%	4.9%	12.0%	6.3%	7.2%	4.7%
Custom Benchmark*	3.4%	4.9%	14.4%	9.1%	8.6%	6.4%
Morningstar Balanced Funds Universe **	3.6%	4.9%	14.1%	8.8%	8.3%	5.9%
Number of Funds	582	569	556	492	415	251
Rank	80%	52%	78%	90%	72%	72%

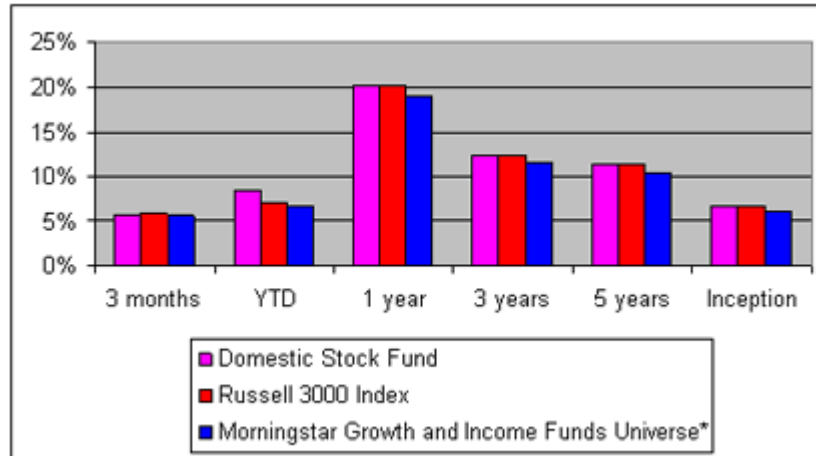
\* Benchmark for the Balanced Social Values Plus Fund is 60% Russell 3000, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index.

\*\* The comparison universe includes all Wilshire Compass mutual funds included in the predefined universe of Morningstar "Objectives" for "Balanced" mutual funds.

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## Recent and Long-Term Returns: Domestic Stock Fund Compared with Morningstar's Universe

For the quarter ending June 30, 2007, the Domestic Stock Fund returned 5.7%, falling behind the return of its benchmark by 0.1%. The fund's active investment managers for small and mid-sized firms positively contributed to the Domestic Stock Fund's performance relative to their respective benchmarks. However, the stocks of large multinational corporations outperformed that of small and mid-sized firms for the quarter. Thus, the fund underperformed the Russell 3000 Index due to its larger allocation to small and mid-sized firms.



**Compound Annual Returns for the Periods Ending June 30, 2007**

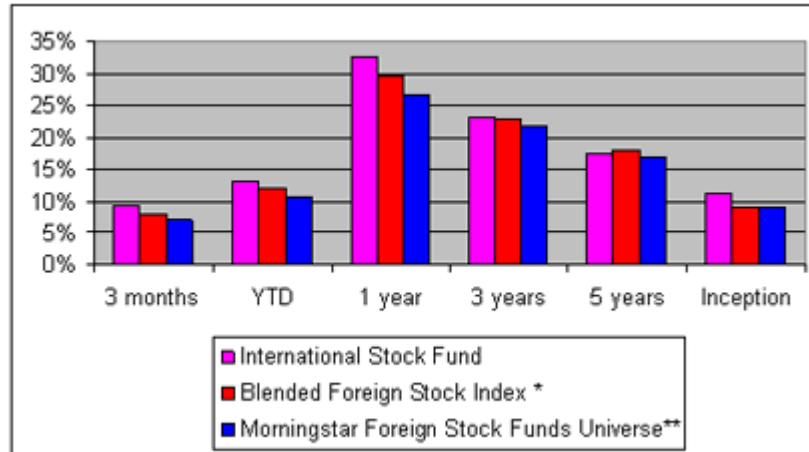
	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
Domestic Stock Fund	5.7%	8.4%	20.2%	12.5%	11.5%	6.8%
Russell 3000 Index	5.8%	7.1%	20.1%	12.4%	11.5%	6.8%
Morningstar Growth and Income Funds Universe*	5.5	6.8%	19.0%	11.7%	10.4%	6.2%
Number of Funds	2,226	2,185	1,924	1,283	891	504
Rank	45%	19%	34%	39%	30%	39%

\* The comparison universe incorporates funds from the following Wilshire Compass's Morningstar "Objectives" of "Growth and Income" mutual funds.

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## Recent and Long-Term Returns: International Stock Fund Compared with Morningstar's Universe

For the second quarter 2007, the International Stock Fund advanced 9.3%, well ahead of its benchmark return of 8.2%. The fund has a larger allocation to stocks in lesser-developed countries (emerging markets) than its benchmark, and lesser-developed equity markets had sizeable returns for the quarter. In addition, the fund's small allocation to international real estate has performed extremely well and has added meaningful value to the fund.



**Compound Annual Returns for the Periods Ending June 30, 2007**

	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
International Stock Fund	9.3%	13.2%	32.6%	23.3%	17.4%	11.4%
Blended Foreign Stock Index *	8.2%	12.2%	29.6%	22.9%	18.1%	9.3%
Morningstar Foreign Stock Funds Universe**	7.1%	10.9%	26.8%	21.9%	17.0%	9.2%
Number of Funds	1,000	988	963	838	705	343
Rank	11%	16%	15%	31%	44%	30%

\* Benchmark for the International Stock Fund became the MSCI All Country World Index ex USA (MSCI ACWI ex USA) on January 1, 2006. Prior to this date, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which each respective benchmark applies.

\*\* The comparison universe contains all Wilshire Compass mutual funds included in the predefined universe of Morningstar "Objectives" of "Foreign Stock Funds".

For further information on and returns of the investment strategy of the General Board's funds, please see the [Investment Funds Description](#) booklet, available on the General Board's Web site.

**Disclosure:** Past performance is not a predictor of future results. The General Board highly recommends that participants consult with a fee-only financial planner to develop a savings plan that is best suited to the participant's individual life circumstance and risk tolerance.