

## Performance for the Quarter and Year-to-Date ended December 31, 2007

The fourth quarter was marked by significant price swings in the U.S. and international stock markets. The major U.S. stock indices experienced roughly 14 days, on average, of a 1.5% or greater price movement from the previous day. On November 26, these indices experienced a market correction which is defined as a 10% decrease in value from its previous high. However, all three indices rebounded from their lows and ended the quarter, on average, down about 4%.

This investment environment was driven by growing concerns in the credit markets and the losses recognized by major financial institutions. Bloomberg reports that it expects about \$100 billion in losses at the world's biggest banks and securities firms for 2007. The housing market continued to negatively impact the economy as new home sales decreased 34.4% for the year and have dropped to their lowest levels in 12 years.

In response to this crisis, the Federal Reserve lowered its key interest rate (the rate that banks charge each other for overnight loans) from 4.75% to 4.25%, and in an arrangement with the European Central Bank (ECB), injected \$41 billion into the banking system in an effort to provide more money in the U.S. marketplace. These maneuvers did little to ease investor pessimism regarding the housing market and the increased risk of a consumer driven recession which was evident in the increased demand for U.S. Treasury securities (considered a low-risk investment among the various asset classes). Due to the increased demand, the interest yield on the 10-year Treasury ended at 4.04% for 2007, down from 4.71%.

Consumer prices rose in 2007 by 4.1%, the fastest pace in 17 years, up sharply from a 2.5% increase in 2006. However, core inflation (which excludes both energy and food and which the Fed monitors closely) rose 2.4% for 2007, 0.2% less than 2006. As this data suggests, oil prices soared during the quarter and ended the year at \$96 per barrel after nearly breaking the \$100 threshold in November.

For the fourth quarter of 2007, the General Board's fixed-income funds produced positive results, while the equity funds lost value. The Inflation Protection Fund, with its diverse allocation to commodities and U.S. and global inflation protection securities, generated a 4.0% return for the quarter and finished the year up 11.1%. The Domestic Stock Fund was most severely impacted by the investor concerns affecting the U.S. economy and declined 3.4% for the quarter, but ended the year in positive territory with a return of 6.3%.

## Fund and Benchmark Performance for Periods Ended December 31, 2007, net of fees

<b>General Board Funds</b>	<b>Quarter</b>	<b>YTD</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Inception</b>
Multiple Asset <sup>1</sup>	-1.2%	8.4%	8.4%	11.0%	10.2%	13.3%	9.8%
Custom Benchmark <sup>2</sup>	-0.5%	8.5%	8.5%	10.9%	9.6%	12.6%	9.1%
Domestic Bond	0.8%	4.3%	4.3%	5.5%	4.3%	4.2%	5.8%
Lehman U.S. Universal (blend) <sup>3</sup>	2.5%	6.3%	6.3%	5.5%	4.5%	4.4%	5.9%
Inflation Protection Fund <sup>4</sup>	4.0%	11.1%	11.1%	5.8%	4.7%	NA	5.7%
BCGI Inftn-Lnkd Indx	5.1%	11.8%	11.8%	6.0%	4.9%	NA	5.8%
Stable Value Fund <sup>5</sup>	1.1%	4.5%	4.5%	4.4%	4.2%	3.8%	3.8%
Ryan Labs GIC Index	1.2%	4.6%	4.6%	4.2%	3.9%	3.4%	3.4%
Balanced Social Values Plus	-0.8%	7.3%	7.3%	6.8%	6.1%	9.5%	4.7%
Custom Benchmark <sup>6</sup>	-0.9%	5.9%	5.9%	8.6%	7.3%	9.6%	6.1%
Domestic Stock	-3.4%	6.3%	6.3%	10.7%	8.9%	13.5%	6.2%
Russell 3000 Index	-3.3%	5.1%	5.1%	10.3%	8.9%	13.6%	6.2%
International Stock	-1.5%	15.9%	15.9%	20.6%	19.7%	21.3%	11.0%

MSCI Blend <sup>7</sup>	-0.7%	16.7%	16.7%	21.5%	18.8%	22.8%	9.2%
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<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> The 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.

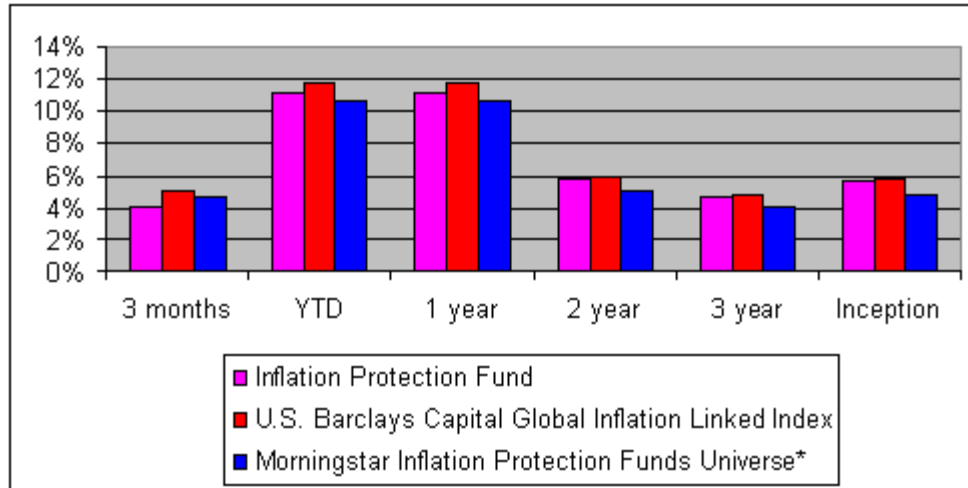
<sup>6</sup> From 12/31/1997 (the inception of the Balanced Social Values Plus Fund) to 09/30/2007, the benchmark for the Balanced Social Values Plus Fund was 60% Russell 3000 Index, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3-month Treasury Bills Index. As of 10/01/07, the benchmark composition is 60% Domini 400 Social Index, 30% Lehman Mortgaged Backed Securities Index and 10% Merrill Lynch 90-day Treasury Bill Index.

<sup>7</sup> The 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 titled "Number of Funds" indicates how many mutual funds similar to the General Board's fund appear in Morningstar's database. The row titled "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.

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

The Inflation Protection Fund generated returns of 4.0% and 11.1% for the fourth quarter and year, respectively, underperforming its benchmark by 1.1% and 0.7% for the quarter and year, respectively. This result can be attributed to the high demand for U.S. inflation linked bonds during the fourth quarter as they are viewed as the lowest risk long-term asset class.



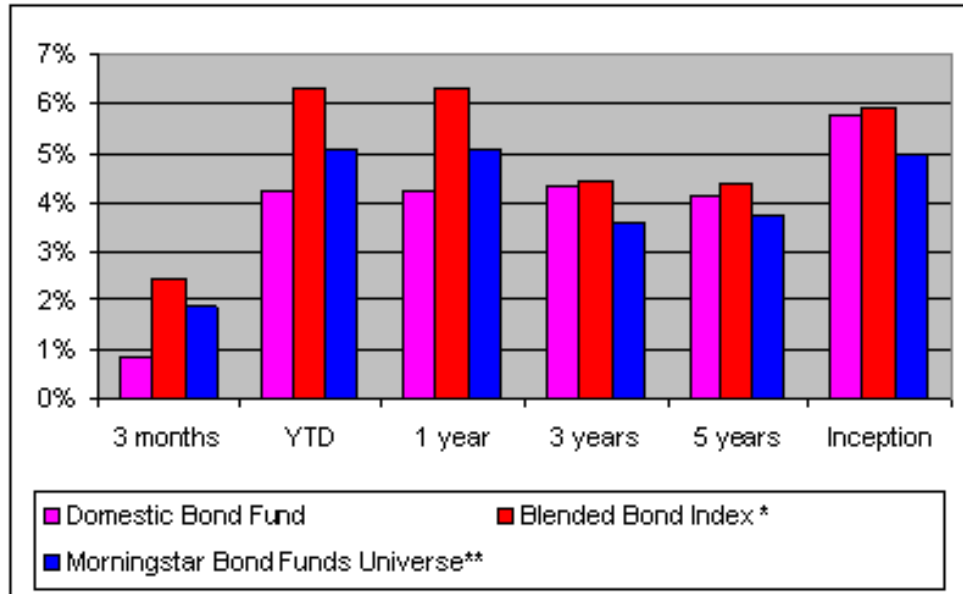
Compound Annual Returns for the Periods Ending December 31, 2007, net of fees	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>2 year</u>	<u>3 year</u>	<u>Inception</u>
Inflation Protection Fund	4.0%	11.1%	11.1%	5.8%	4.7%	5.7%
U.S. Barclays Capital Global Inflation Linked Index	5.1%	11.8%	11.8%	6.0%	4.9%	5.8%
Morningstar Inflation Protection Funds Universe*	4.7%	10.6%	10.6%	5.1%	4.1%	4.9%
Number of Funds	148	138	138	123	97	61
Rank	74%	23%	23%	14%	14%	7%

\* 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 December 31, 2007, the Domestic Bond Fund returned 0.8%, below the return of its benchmark by 1.7%. The underperformance for the quarter can be attributed to the Fund's holdings in mortgages in the General Board's Positive Social Purpose Investment Program. This portfolio of loans is not publicly traded, and as a result, the General Board derives an estimate of fair market value based on publicly traded bonds with characteristics similar to those of the General Board's loans. Due to the credit crisis in 2007, fair market value has been severely impacted; however the General Board has not experienced any deterioration in the quality of its loans. The General Board remains confident that values will rebound, though it may take some time to do so. Long term investors should not be concerned about the short term consequences of the recent market gyrations.



Compound Annual Returns for the Periods						
Ending December 31, 2007, net of fees	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
Domestic Bond Fund	0.8%	4.3%	4.3%	4.3%	4.2%	5.8%
Blended Bond Index *	2.5%	6.3%	6.3%	4.5%	4.4%	5.9%
Morningstar Bond Funds Universe **	1.9%	5.1%	5.1%	3.6%	3.7%	5.0%
Number of Funds	1,428	1,365	1,365	1,173	966	489
Rank	82%	69%	69%	12%	35%	13%

\* On January 1, 2006, the Benchmark for the Domestic Bond Fund became the Lehman Universal ex-MBS Index. From January 1, 2003 through December 31, 2005, the benchmark had been the Lehman Aggregate Bond Index, and for dates prior to January 1, 2003, the benchmark was the Lehman Intermediate Aggregate Bond Index. 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 the Bond Funds Universe. These universes consisted of mutual funds found in the Morningstar "Styles" of "Long-Term Bonds", "Intermediate-Term Bonds", and "Short-Term Bonds".

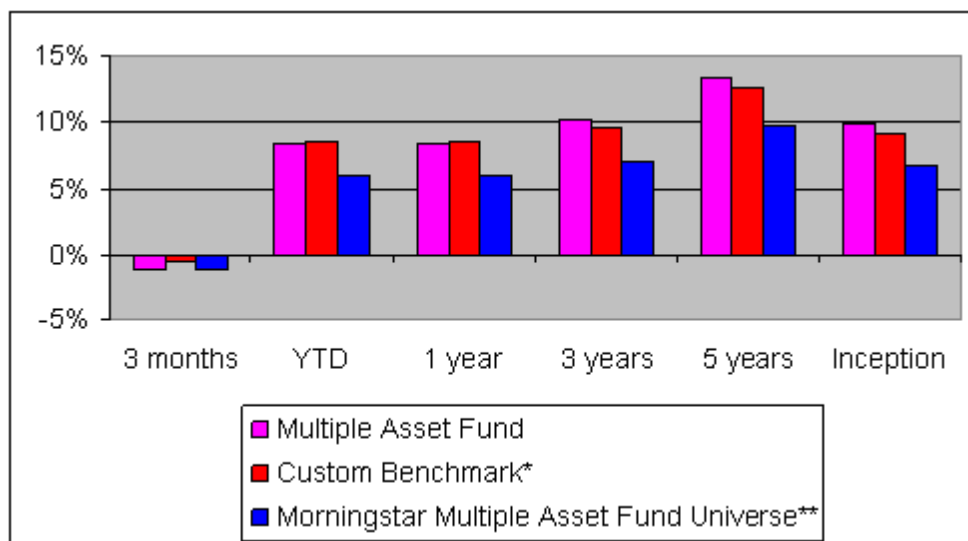
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## Recent and Long-Term Returns: Multiple Asset Fund Compared with Morningstar's Universe

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 December 31, 2007, the Multiple Asset Fund produced a return of 0.7% below its benchmark. The underperformance is attributed to the underperformance of all the composite funds relative to their benchmarks for the quarter. Conversely, the fund returned 0.1% over the median return of its Morningstar universe for the quarter, and the fund ranked in the top 50% of all balanced funds in the universe. For 2007, the fund outperformed 81% of similar types of mutual funds.

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 December 31, 2007, net of fees</b>	<b><u>3 months</u></b>	<b><u>YTD</u></b>	<b><u>1 yr</u></b>	<b><u>3 yr</u></b>	<b><u>5 yr</u></b>	<b><u>Inception</u></b>
Multiple Asset Fund	-1.2%	8.4%	8.4%	10.2%	13.3%	9.8%
Custom Benchmark *	-0.5%	8.5%	8.5%	9.6%	12.6%	9.1%
Morningstar Multiple Asset Fund Universe**	-1.3%	5.9%	5.9%	7.1%	9.8%	6.7%
Number of Funds	1,452	1,386	1,386	1,119	832	752
Rank	50%	19%	19%	8%	10%	5%

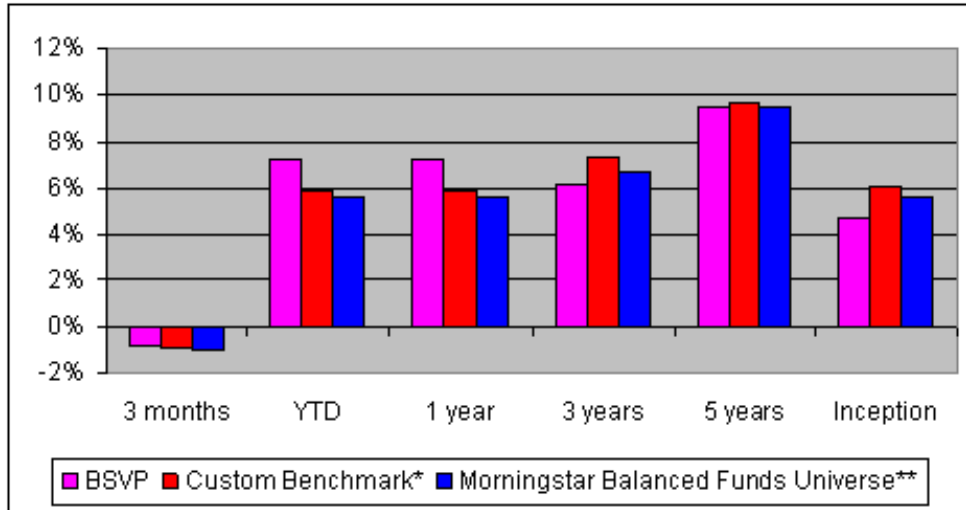
\* On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark 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 fourth quarter of 2007, the Balanced Social Values Plus Fund had a loss of 0.8%, slightly outperforming its benchmark. On October 1, 2007, the General Board replaced its active U.S. equity manager and adopted an index-like strategy for the equity portion of the fund in order to obtain consistent returns comparable to its benchmark and to reduce fund expenses.



Compound Annual Returns for the Periods Ending December 31, 2007, net of fees	3 months	YTD	1 year	3 years	5 years	Inception
Balanced Social Values Plus Fund	-0.8%	7.3%	7.3%	6.1%	9.5%	4.7%
Custom Benchmark*	-0.9%	5.9%	5.9%	7.3%	9.6%	6.1%
Morningstar Balanced Funds Universe **	-1.1%	5.7%	5.7%	6.7%	9.5%	5.6%
Number of Funds	587	569	569	503	428	249
Rank	40%	23%	23%	64%	49%	69%

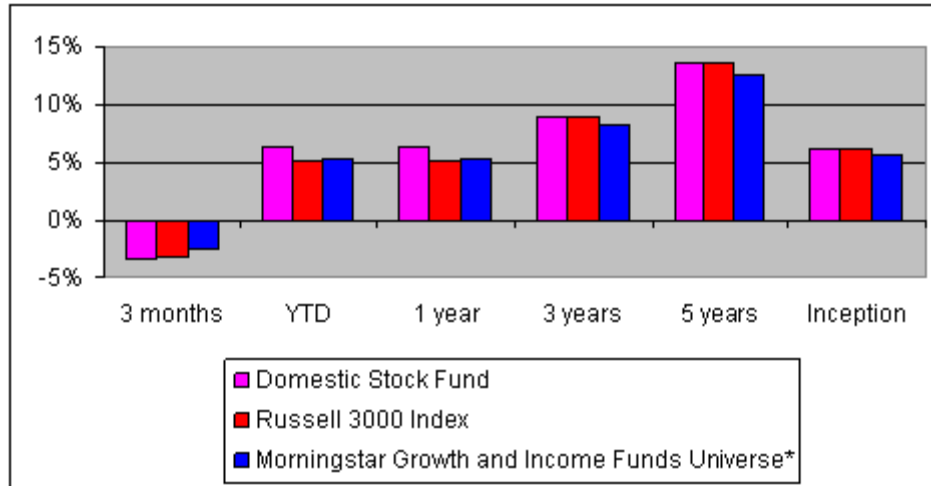
\* Prior to October 1, 2007, the benchmark for the Balanced Social Values Plus Fund was 60% Russell 3000 Index, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index. As of October 1, 2007, the benchmark composition is 60% Domini 400 Social Index, 30% Lehman Mortgaged Backed Securities Index and 10% Merrill Lynch 90-day Treasury Bill 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 December 31, 2007, the Domestic Stock Fund was down 3.4%. However, on a year-to-date basis, the fund increased 6.3%, 1.2% ahead of its benchmark. The over-exposure to small and mid-sized stocks relative to the fund's benchmark and its allocations to private equity real estate partnerships contributed positively to the fund's quarterly and annual performance.



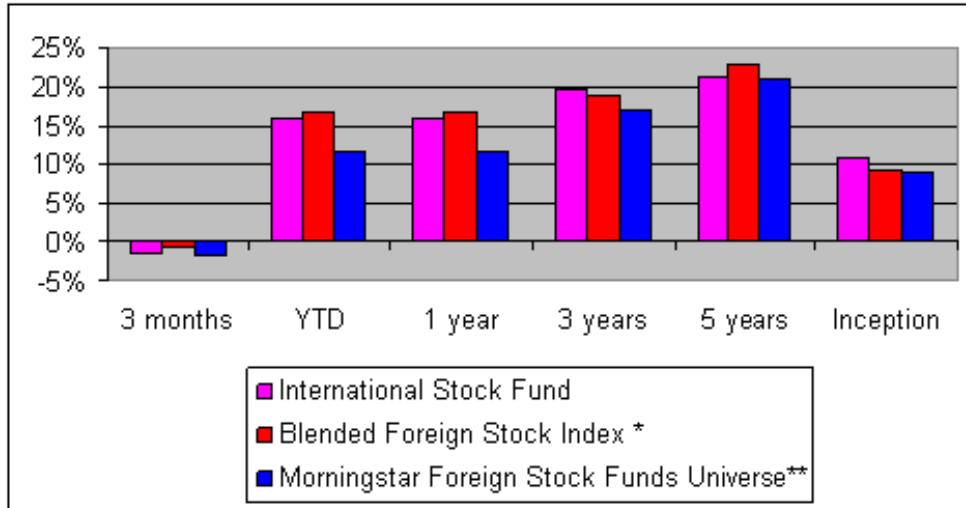
Compound Annual Returns for the Periods Ending December 31, 2007, net of fees	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
Domestic Stock Fund	-3.4%	6.3%	6.3%	8.9%	13.5%	6.2%
Russell 3000 Index	-3.3%	5.1%	5.1%	8.9%	13.6%	6.2%
Morningstar Growth and Income Funds Universe*	-2.6%	5.4%	5.4%	8.2%	12.5%	5.7%
Number of Funds	2,572	2,215	2,215	1,374	1,016	500
Rank	67%	38%	38%	34%	32%	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 fourth quarter 2007, the International Stock Fund lost 1.5% and underperformed its benchmark by 0.8%. For the year-to-date period, the fund also underperformed its benchmark by 0.8%, but with a net return of 15.9%, it outperformed the median return of its Morningstar universe by 4.2%. This underperformance relative to the benchmark can best be explained by the General Board's less than market weight allocation to China as the Shanghai Composite staged a 97% rally for 2007. The underlying managers of the fund have taken the position to under-weight allocations to China as they view the Chinese market as over-valued.



<b>Compound Annual Returns for the Periods Ending December 31, 2007, net of fees</b>	<b>3 months</b>	<b>YTD</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>Inception</b>
International Stock Fund	-1.5%	15.9%	15.9%	19.7%	21.3%	11.0%
Blended Foreign Stock Index *	-0.7%	16.7%	16.7%	18.8%	22.8%	9.2%
Morningstar Foreign Stock Funds Universe**	-1.8%	11.7%	11.7%	17.0%	21.1%	8.9%
Number of Funds	1,017	969	969	837	733	338
Rank	44%	28%	28%	22%	47%	28%

\* 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 the General Board's investment strategy fund returns, 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.