

Performance for the Quarter and Year-to-Date ended September 30, 2008

The U.S. and world financial markets were subject to considerable turmoil in the third quarter, and particularly in September, as a result of a lack of trust in the U.S. and world credit markets. Lenders and investors began a process of significantly reducing or completely eliminating any exposure to loans and investments perceived as containing any element of risk. Accordingly, several major U.S. and international financial institutions failed or were saved only as a result of significant government intervention.

On September 7, the U.S. government announced that it would take over the nation's two largest mortgage lenders, Fannie Mae and Freddie Mac, by injecting \$100 billion into each organization. September 15 saw the purchase of stockbroker Merrill Lynch, at the behest of the U.S. government, by Bank of America for \$50 billion. Investment banking firm Lehman Brothers Holdings was not as fortunate, as it was unable to find an acquisition partner, and its bankruptcy became the largest in U.S. history after losing billions of dollars in housing and commercial real estate investments. One day later, insurance giant AIG failed to attain adequate financing from the private markets and arranged an \$85 billion loan from the U.S. government to avoid bankruptcy. On September 21, two of the country's largest investment institutions, Goldman Sachs and Morgan Stanley, were granted approval to become bank holding companies in order to borrow from the Federal Reserve. On September 26, Seattle-based Washington Mutual Savings Bank was seized and placed into receivership by the Federal Deposit Insurance Corporation (FDIC) after a 10-day period in which depositors withdrew over \$16 billion. The failure of Washington Mutual was the largest of any commercial bank in U.S. history. Finally, on September 29, Citigroup announced plans to acquire Wachovia Corporation, again at the behest of the U.S. government. However, its offer was subsequently trumped by Wells Fargo's.

In an attempt to address the market havoc caused by the failure or near failure of bedrock U.S. financial institutions, the U.S. Department of Treasury proposed legislation that would allow it to invest up to \$700 billion in troubled securities and financial institutions. The initial draft of this legislation was hastily presented to the House of Representatives, and it was defeated, in large part, due to adverse public reaction. In response, the Dow Jones Industrial Average fell 778 points, the worst one-day point decline in history. However, on October 3, a modified bill was approved by the House of Representatives.

All of this news, as well as continued disclosures of significant loan losses incurred by other financial institutions in the U.S. and around the world resulted in further deterioration in virtually all investment categories other than U.S. government obligations. In the third quarter, the U.S. stock market as represented by the S&P 500 and the Russell 3000 Indexes declined 11.9% and 11.0%, respectively. Through the third quarter, the two indexes have lost 19.3% and 18.8%, respectively. International stock markets fared worse as a result of both declining stock prices and appreciation of the U.S. dollar. The MSCI All Country World ex. US Index declined 21.9% for the quarter and has decreased 29.9% for the first nine months of 2008.

In addition, corporate bonds, foreign government bonds from developing countries, asset-backed securities, real estate, commodities and many other risk-based investments all declined during the quarter. For example, fearing that the global credit crisis would lead to a world recession, oil fell from \$142 per barrel at the beginning of July to \$101 per barrel at the end of September. Natural gas, copper, corn and wheat declined 50%, 25%, 36% and 23%, respectively, for the quarter.

Investor pessimism was so widespread that yields on U.S. Treasury bills, generally perceived as the safest investment, declined dramatically. At one point in September, demand for three-month Treasury bills became so intense that many investors were willing to accept a slight loss of principal rather than risk investing in any other type of security.

Other economic news contributed to the dire outlook. The unemployment rate jumped to 6.1% in August. As the employment landscape deteriorated, some investors began to fear that consumption of goods and services would falter, which would, in turn, decrease corporate profits and the overall growth rate of the economy. Reinforcing this notion, during the second quarter, the Commerce Department reported a revised Gross Domestic Product (a measure of goods and services produced by the U.S. economy) of 2.9%, down from its initial report of 3.3%.

Housing, the root cause of the credit crisis, remained weak as the inventory of single-family homes represented 10 months of supply. Foreclosure filings (default notices, auction sale notices and bank repossessions) through August 2008 experienced a 27% increase from the prior year. Housing construction fell to a seasonally adjusted annual rate of 895,000 units in August, the lowest level in 17 years. The Wall Street Journal reported that 16% of homeowners now owe more on their homes than the value of the underlying equity.

For the third quarter of 2008, the only fund to produce a positive return was the low-risk Stable Value Fund, which credited participants with interest of 1.1%. The highest-performing daily priced fund was the Balanced Social Values Plus Fund, which declined 2.6%, while the International Stock Fund generated the worst return with a decline of 21.7%. For the year, the Stable Value Fund has returned 3.3%, and the Domestic Bond Fund is the only daily priced fund that has produced positive returns. The Inflation Protection Fund, Domestic Stock Fund, International Stock Fund, Balanced Social Values Plus Fund and Multiple Asset Fund all declined for the quarter and have produced negative returns for the year. All of the General Board's daily valued funds except for the Inflation Protection Fund have outperformed or equaled their respective performance benchmarks for the year-to-date period.

Fund and Benchmark Performance for Periods Ended September 30, 2008, 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>10 Years</u> | <u>Inception</u> |
|--|----------------|------------|---------------|----------------|----------------|----------------|-----------------|------------------|
| Multiple Asset ¹ | -8.8% | -13.2% | -14.3% | -0.2% | 3.2% | 7.2% | N/A | 6.3% |
| Custom Benchmark ² | -9.5% | -15.4% | -15.8% | -1.5% | 2.0% | 6.2% | N/A | 5.3% |
| Domestic Bond | -2.9% | 0.9% | 1.7% | 3.8% | 4.1% | 3.6% | 5.1% | 5.4% |
| Lehman U.S. Universal (blend) ³ | -2.7% | -2.5% | -0.1% | 2.6% | 3.0% | 3.1% | 4.9% | 5.2% |
| Inflation Protection Fund ⁴ | -6.6% | -0.8% | 3.2% | 4.6% | 3.6% | NA | NA | 4.6% |
| BCGI Inftn-Lnkd Indx | -3.6% | 1.0% | 6.2% | 5.5% | 4.3% | NA | NA | 5.1% |
| Stable Value Fund ⁵ | 1.1% | 3.3% | 4.5% | 4.5% | 4.4% | 4.0% | N/A | 3.9% |
| Ryan Labs GIC Index | 1.2% | 3.6% | 4.8% | 4.6% | 4.3% | 3.7% | N/A | 3.6% |
| Balanced Social Values Plus | -2.6% | -9.2% | -9.9% | 0.6% | 2.1% | 4.1% | 3.0% | 3.5% |
| Custom Benchmark ⁶ | -2.3% | -9.2% | -10.1% | 0.4% | 2.8% | 5.6% | 4.3% | 4.8% |
| Domestic Stock | -6.8% | -15.8% | -18.7% | -2.3% | 1.7% | 6.4% | 4.2% | 4.1% |
| Russell 3000 Index | -8.7% | -18.8% | -21.5% | -4.4% | 0.3% | 5.7% | 3.8% | 3.7% |
| International Stock | -21.7% | -29.7% | -30.8% | -4.4% | 3.1% | 9.6% | 7.4% | 6.7% |
| MSCI Blend ⁷ | -22.3% | -30.3% | -30.8% | -4.9% | 2.3% | 10.5% | 5.4% | 5.0% |

¹ Inception for Multiple Asset Fund is 5/1/2002.

² 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.

³ 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.

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

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

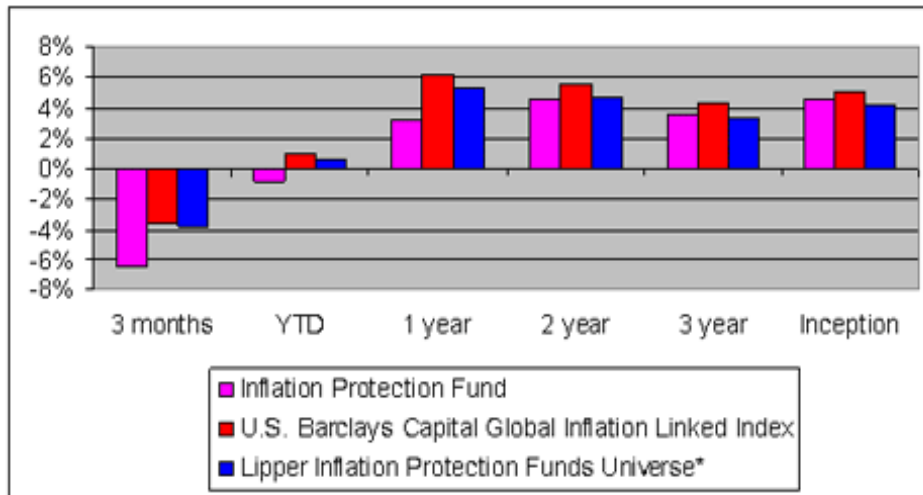
⁶ From 12/31/1997 (the inception of the Balanced Social Values Plus Fund) to 09/30/2007, the benchmark for the Balanced Social Values Plus Fund was 60% Russell 3000 Index, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index. As of 10/01/07, the benchmark composition is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

⁷ The benchmark for the International Stock Fund became the MSCI All Country World Index ex USA IMI (MSCI ACWI ex USA IMI) on January 1, 2008. From January 1, 2006 to December 31, 2007, the benchmark for the International Stock Fund had been the MSCI All Country World Index ex USA (MSCI ACWI ex USA). Prior to January 1, 2006, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the three 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 Lippers'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 Lipper'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 Lipper's Universe

The Inflation Protection Fund generated losses of 6.6% and 0.8% for the quarter and year-to-date, respectively. For the quarter and year-to-date, the Fund has trailed its benchmark primarily due to its allocation to investments other than U.S. Treasury Inflation Protected Securities as investors preferred the safety of U.S. government bonds. Additionally, the Fund struggled due to the price declines in commodities and the strengthening of the U.S. Dollar relative to foreign currencies, which adversely impacted foreign bonds.



| Compound Annual Returns for the Periods Ending September 30, 2008, net of fees | 3 months | YTD | 1 year | 2 year | 3 year | Inception |
|--|----------|-------|--------|--------|--------|-----------|
| Inflation Protection Fund | -6.6% | -0.8% | 3.2% | 4.6% | 3.6% | 4.6% |
| U.S. Barclays Capital Global Inflation Linked Index | -3.6% | 1.0% | 6.2% | 5.5% | 4.3% | 5.1% |
| Lipper Inflation Protection Funds Universe* | -3.8% | 0.6% | 5.3% | 4.6% | 3.4% | 4.2% |
| Number of Funds | 135 | 134 | 132 | 116 | 107 | 53 |
| Rank | 91% | 74% | 79% | 52% | 45% | 21% |

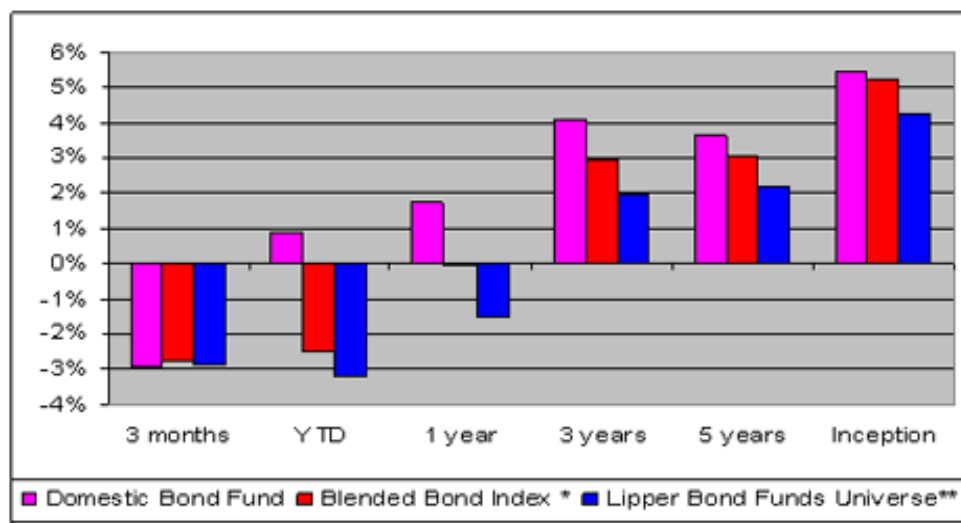
* The comparison universe is derived from Wilshire's Lipper predefined "Objectives" of "TIPS Funds".

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

For the quarter ending September 30, 2008, the Domestic Bond Fund generated a negative 2.9% return. For 2008, the Fund's return is 0.9%, ranking it is the top 9% of all domestic bond funds in its universe.

The Fund trailed its benchmark for the quarter due to its less than market allocation to U.S. Treasury securities. The General Board has designed the Domestic Bond Fund to complement the Inflation Protection Fund which has a high concentration of U.S. Treasury securities. For the year, the Fund's significant over-performance relative to its peers is a result of a change in methodology used to determine the fair market value of the Fund's positive social purpose investments, which resulted in a one-time positive adjustment to the Fund's price.



| Compound Annual Returns for the Periods Ending September 30, 2008, net of fees | 3 months | YTD | 1 year | 3 years | 5 years | Inception |
|--|----------|-------|--------|---------|---------|-----------|
| Domestic Bond Fund | -2.9% | 0.9% | 1.7% | 4.1% | 3.6% | 5.4% |
| Blended Bond Index * | -2.7% | -2.5% | -0.1% | 3.0% | 3.1% | 5.2% |
| Lipper Bond Funds Universe ** | -2.9% | -3.2% | -1.6% | 2.0% | 2.2% | 4.3% |
| Number of Funds | 1,328 | 1,295 | 1,281 | 1,081 | 916 | 417 |
| Rank | 50% | 9% | 25% | 5% | 7% | 7% |

* 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.

** Five of Wilshire Compass's predefined universes were combined to assemble the Bond Funds Universe. These universes consisted of mutual funds found in the Lipper "Classification" of "A-Rated Corporate Debt", "BBB-Rated Corporate Debt", "Intermediate Investment-Grade Debt", "Short-Intermediate Investment-Grade Debt", and "Short Investment-Grade Debt".

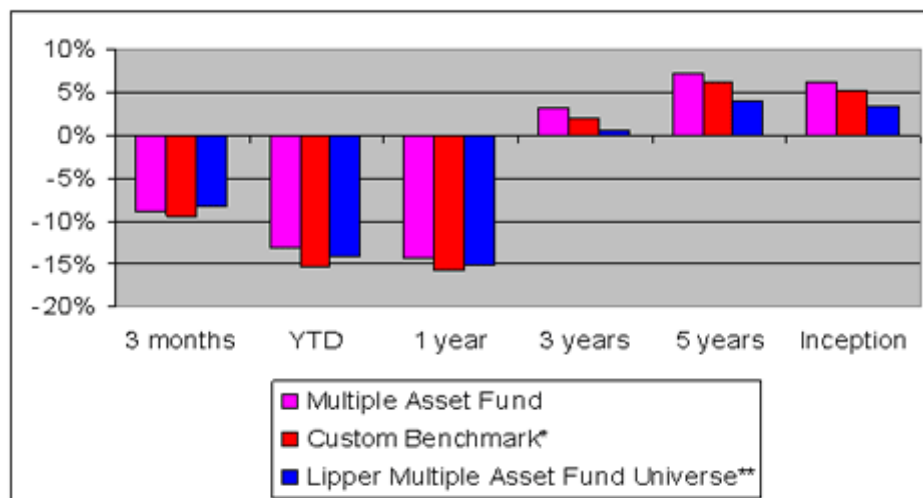
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Recent and Long-Term Returns: Multiple Asset Fund Compared with Lipper's Universe

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 September 30, 2008, the Multiple Asset Fund decreased in value by 8.8%. For 2008, the Fund has produced a negative 13.2% return, but has exceeded its benchmark by 2.2%. The results of the Multiple Asset Fund are directly attributable to the performance of the four composite funds relative to their benchmarks for the quarter and year.

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



| Compound Annual Returns for the Periods Ending September 30, 2008, net of fees | <u>3 months</u> | <u>YTD</u> | <u>1 yr</u> | <u>3 yr</u> | <u>5 yr</u> | <u>Inception</u> |
|---|-----------------|------------|-------------|-------------|-------------|------------------|
| Multiple Asset Fund | -8.8% | -13.2% | -14.3% | 3.2% | 7.2% | 6.3% |
| Custom Benchmark * | -9.5% | -15.4% | -15.8% | 2.0% | 6.2% | 5.3% |
| Lipper Multiple Asset Fund Universe** | -8.3% | -14.2% | -15.2% | 0.7% | 4.0% | 3.4% |
| Number of Funds | 2,188 | 2,120 | 2,077 | 1,465 | 934 | 718 |
| Rank | 59% | 42% | 44% | 8% | 6% | 4% |

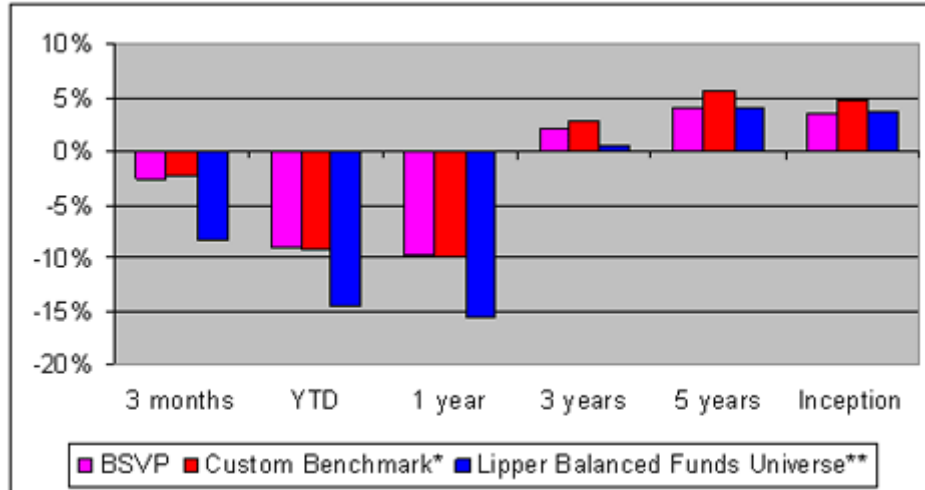
* On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark 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 Lipper "Asset Class" of "Balanced" mutual funds.

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

For the third quarter and year-to-date, the Balanced Social Values Plus Fund lost 2.6% and 9.2%, respectively. These results rank the Fund in the top 1% and 3% of all balanced funds in its universe for the quarter and year. This high relative performance is attributable to the fact that the fund does not hold any international investments and it holds safe bonds that fund affordable housing and that are guaranteed by the U.S. government. The equity portion of the fund invests in the Domini 400 Index, which is a socially responsible investment index.



| Compound Annual Returns for the Periods Ending September 30, 2008, net of fees | 3 months | YTD | 1 year | 3 years | 5 years | Inception |
|--|----------|--------|--------|---------|---------|-----------|
| Balanced Social Values Plus Fund | -2.6% | -9.2% | -9.9% | 2.1% | 4.1% | 3.5% |
| Custom Benchmark* | -2.3% | -9.2% | -10.1% | 2.8% | 5.6% | 4.8% |
| Lipper Balanced Funds Universe ** | -8.4% | -14.6% | -15.6% | 0.6% | 4.1% | 3.8% |
| Number of Funds | 866 | 856 | 853 | 661 | 457 | 238 |
| Rank | 1% | 3% | 7% | 17% | 51% | 60% |

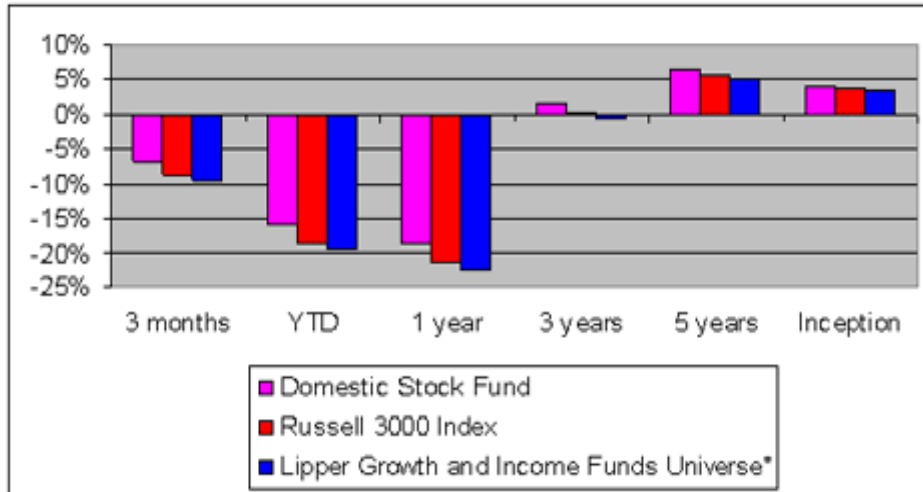
* Prior to October 1, 2007, the benchmark for the Balanced Social Values Plus Fund was 60% Russell 3000 Index, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index. As of October 1, 2007, the benchmark composition is 60% Domini 400 Social Index, 30% Lehman Mortgaged Backed 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 Lipper "Objectives" for "Balanced" mutual funds.

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

For the quarter and year-to-date ending June 30, 2008, the Domestic Stock Fund was down 6.8% and 15.8%, respectively; however, the Fund was ahead of its benchmark by 1.9% for the quarter and 3.0% for the year. The decline in equity values has significantly impacted performance, but the Fund's higher than market weighting to stocks in mid and small companies has helped lift performance relative to its benchmark. The Fund's allocation to private equity and private real estate has also had a significant impact on its performance relative to its benchmark.



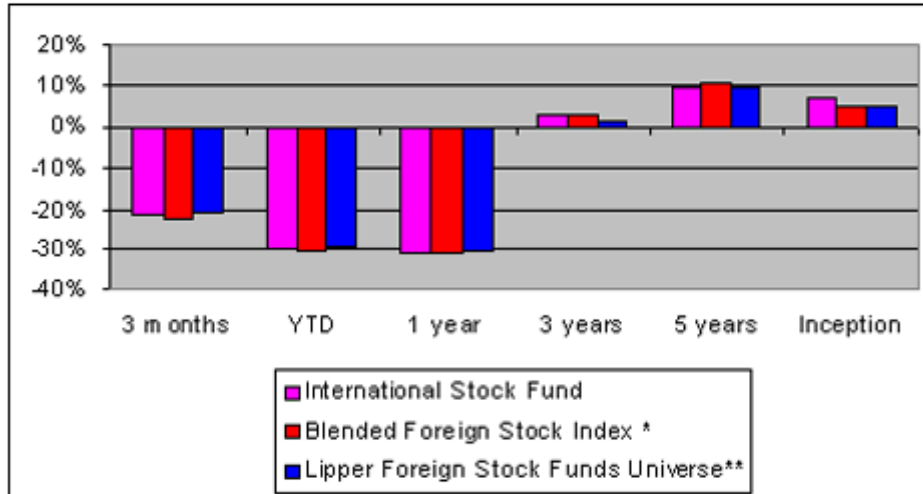
| Compound Annual Returns for the Periods Ending June 30, 2008, net of fees | | | | | | |
|---|----------|--------|--------|---------|---------|-----------|
| | 3 months | YTD | 1 year | 3 years | 5 years | Inception |
| Domestic Stock Fund | -6.8% | -15.8% | -18.7% | 1.7% | 6.4% | 4.1% |
| Russell 3000 Index | -8.7% | -18.8% | -21.5% | 0.3% | 5.7% | 3.7% |
| Lipper Growth and Income Funds Universe* | -9.6% | -19.6% | -22.5% | -0.5% | 5.1% | 3.5% |
| Number of Funds | 1,919 | 1,755 | 1,680 | 1,231 | 946 | 471 |
| Rank | 18% | 13% | 17% | 16% | 23% | 37% |

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

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

For the third quarter 2008, the International Stock Fund lost 21.7% and outperformed its benchmark by 0.6%. For the year, the Fund has declined 29.7% while its benchmark has declined 30.3%. Declining values of international equity markets have directly impacted the Fund throughout 2008, but the Fund's managers have collectively outperformed their respective benchmarks. The impact of investment manager outperformance was partially reduced by a higher allocation to developing countries compared to the benchmark, which have fared worse than stocks from developed countries.



| Compound Annual Returns for the Periods Ending September 30, 2008, net of fees | 3 months | YTD | 1 year | 3 years | 5 years | Inception |
|---|----------|--------|--------|---------|---------|-----------|
| International Stock Fund | -21.7% | -29.7% | -30.8% | 3.1% | 9.6% | 6.7% |
| Blended Foreign Stock Index * | -22.3% | -30.3% | -30.8% | 2.3% | 10.5% | 5.0% |
| Lipper Foreign Stock Funds Universe** | -20.9% | -29.4% | -30.5% | 1.3% | 9.2% | 4.6% |
| Number of Funds | 1,285 | 1,200 | 1,151 | 830 | 682 | 300 |
| Rank | 60% | 54% | 55% | 20% | 43% | 20% |

* Benchmark for the International Stock Fund became the MSCI All Country World Index ex USA IMI (MSCI ACWI ex USA IMI) on January 1, 2008. From January 1, 2006 to December 31, 2007, the benchmark for the International Stock Fund had been the MSCI All Country World Index ex USA (MSCI ACWI ex USA). Prior to January 1, 2006, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the three 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 Lipper "Objectives" of "International".

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.

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