



CALLAN ASSOCIATES REPORTS DEFINED CONTRIBUTION INDEX THIRD QUARTER 2007 RESULTS

SAN FRANCISCO

NEW JERSEY

CHICAGO

ATLANTA

DENVER

SAN FRANCISCO, Dec. 12, 2007 – The Callan DC Index™ third quarter report ended September 30, 2007 found investment performance modest, flow activity relatively high and sustained investment into asset allocation funds by defined contribution (DC) plan sponsors and participants. Some highlights include:

Performance

- Consistent with volatile market conditions during the third quarter, performance of the typical DC plan was modest at 1.63%.
- The average DC plan underperformed most relevant benchmarks, including the average corporate defined benefit plan at 1.93% (gross of fees) and the typical 2030 target date fund at 1.92%.
- Active investment management slightly reduced DC plan returns by 5 basis points for the quarter, while flow activity timing added a marginal return of 2 basis points.

Activity

- Plan sponsor and participant flow activity was comparatively high within DC plans during the third quarter with 1.22% of Index assets shifting — compared to 0.49% in the second quarter.
- Balanced funds continued to attract monies at 5.5% of balances, as did asset allocation funds, but at a slower pace than in prior quarters at 4.7% of balances.
- Funds with outflows likely due to the subprime fallout included real estate at -21%, while large cap equities leaked money at a rate of 1.8% of assets.
- Despite outflows, domestic large cap remained the principal component of the typical DC plan at 28.7% of total assets — a drop from 32% since the Index's launch in January 2006.

Overall Asset Allocation

- Asset allocation funds continue to grow as a proportion of total DC assets, now at 13.6% — up from 9% at the Index's inception.
- Target date funds continue to increase their share of all asset allocation funds and currently comprise 59% of the total share of asset allocation funds versus 41% for target risk or risk-based lifecycle funds.

The Callan DC Index is an equally weighted index that tracks on a quarterly basis the asset flows and performance of approximately 65 DC plans, representing more than 800,000 plan participants and over \$70 billion in retirement assets.

Contact: Nancy Malinowski – Callan Associates Inc., 415.274.3011

About Callan Associates Inc.

Founded in 1973, Callan Associates Inc., is one of the largest independently owned investment consulting firms in the country. Headquartered in San Francisco, Calif., the firm provides research, education, decision support and advice to a broad array of institutional investors through five distinct lines of business: Fund Sponsor Consulting, Independent Adviser Group, Institutional Consulting Group, Callan Investments Institute and the Trust Advisory Group. Callan employs more than 170 people and maintains four regional offices located in Denver, Chicago, Atlanta, and Florham Park, N.J. For more information, visit www.callan.com.