

**Wisconsin Deferred
Compensation Plan
Fund Performance Review**

June 30, 2009



AdvisedAssetsGroup

Put Our Power Behind YouSM



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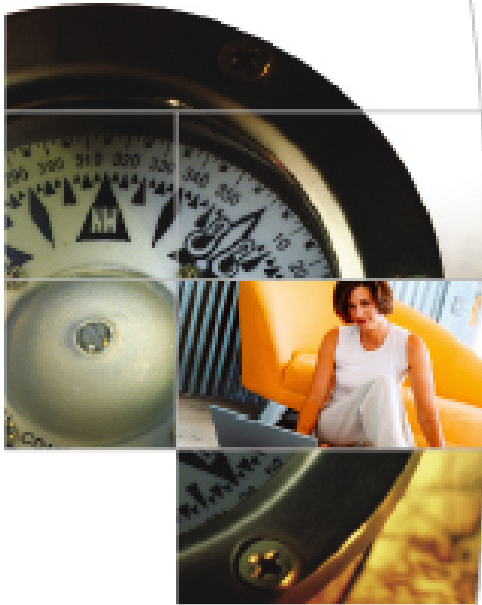
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Executive Summary



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=Actively managed options which have trailed their respective benchmarks over a five year period.

DATA SOURCE:
Morningstar 6/30/2009

Name	Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret Annlzd 10 Yr	Total Net Assets \$M	Expense Ratio
American Funds EuroPacific Gr R5	-25.32	-2.89	6.33	4.94	78,942.61	0.54
MSCI AC World Ex USA NR USD	-30.92	-5.80	4.48	2.52	--	--
MSCI EAFE Free NR USD	-31.35	-7.98	2.31	1.16	--	--
Lipper International Funds	-31.97	-7.93	2.14	1.66	--	--
Cat: Foreign Large Blend	-32.42	-8.24	2.09	1.11	--	1.50
Barclay's EAFE Equity Index Fund W	-31.03	-7.76	2.36	--	--	0.10
MSCI EAFE Ndtr_D	-31.35	-7.98	2.31	1.16	--	--
DFA U.S. Micro Cap	-23.56	-11.80	-3.07	5.84	2,855.11	0.53
Russell 2000	-25.01	-9.89	-1.71	2.38	--	--
Russell Micro Cap TR	-24.46	-13.69	-5.20	--	--	--
DFA Market Cap Benchmark	-24.44	-10.53	-1.50	5.82	387.73	1.35
Cat: Small Blend	-25.97	-10.78	-1.78	4.25	--	1.43
Barclay's Russell 2000 Index Fd	-24.83	-9.88	-1.72	--	--	0.05
Russell 2000	-25.01	-9.89	-1.71	2.38	--	--
T. Rowe Price Mid-Cap Growth	-24.76	-4.47	2.18	4.45	11,738.01	0.83
Lipper Mid Cap Growth	-31.53	-8.28	-1.18	0.64	--	--
Russell Midcap Growth	-30.33	-7.93	-0.44	0.02	--	--
Standard & Poor's Midcap 400	-28.02	-7.54	0.36	4.61	--	--
Cat: Mid Growth	-30.56	-8.12	-1.08	0.97	--	1.49
Barclay's Mid Cap Equity Index Fund W	-27.90	-7.41	0.50	--	--	0.04
Standard & Poor's Midcap 400	-28.02	-7.54	0.36	4.61	--	--
Calvert Social Investment Equity I	-23.77	-4.72	-0.57	2.27	1,027.10	0.67
Standard & Poor's 500	-26.21	-8.22	-2.24	-2.22	--	--
Calvert Social Index	-23.72	-9.07	-3.93	--	93.33	0.21
Lipper MultiCap Core	-26.35	-8.33	-1.74	0.17	--	--
Morningstar Socially Resp Large Cap Index	-25.06	-7.18	-1.61	-0.55	1,753.23	1.06
Fidelity Contrafund	-27.70	-5.15	2.24	2.27	55,155.45	0.95
Standard & Poor's 500	-26.21	-8.22	-2.24	-2.22	--	--
Lipper Growth Fund Average	-27.04	-6.56	-2.17	-3.12	--	--
Cat: Large Growth	-27.13	-6.86	-1.81	-2.42	--	1.36

Grey bars indicate fund benchmarks; white indicates current funds

Name	Tot Ret 1	Tot Ret	Tot Ret	Tot Ret	Total Net Assets \$M	Expense Ratio
	Yr	Annlzd 3 Yr	Annlzd 5 Yr	Annlzd 10 Yr		
Vanguard Inst Index Plus Info	-26.06	-8.16	-2.19	-2.15	59,775.70	0.03
Standard & Poor's 500	-26.21	-8.22	-2.24	-2.22	--	--
Vanguard Wellington Adm	-13.47	-0.53	3.44	4.35	42,550.81	0.23
Lipper Balanced Fund	-16.78	-3.67	0.19	1.07	--	--
Cat: Moderate Allocation	-17.77	-4.15	0.19	1.27	--	1.37
65% S&P Barra Value/35% Lehman Agg	-17.07	-5.11	0.49	1.54	--	--
Vanguard Long-Term Investment-Grade Adm	4.25	4.95	4.73	6.24	7,211.13	0.16
BarCap US Corp A Long	1.85	3.36	3.76	5.57	--	--
Cat: Long-Term Bond	1.99	3.98	3.47	5.41	--	0.86
Barclay's US Debt Index	6.08	6.50	5.06	--	--	0.05
BarCap US Agg Bond	6.05	6.43	5.01	5.98	--	--
Federated U.S. Govt: 2-5 Yr Instl	7.25	7.37	4.92	5.49	922.32	0.59
Merrill Lynch 3-5 Year Treasury	7.18	7.71	5.20	5.92	--	--
Lipper Short-Inter U.S.	2.16	4.88	3.97	4.78	--	--
Cat: Short Government	4.72	5.19	3.72	4.32	--	0.90
Vanguard Adm Money Market	0.99	3.19	3.09	3.10	20,202.85	0.15
iMoneyNet Average Treasury MM	0.35	2.43	2.36	2.47	--	--

Grey bars indicate fund benchmarks; white indicates current funds

Actively managed options which have trailed their respective benchmarks over a five year period.

DATA SOURCE: Morningstar
6/30/2009

Rolling 3 Year Quartile Rankings

Name	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>
American Funds EuroPacific Gr R5	94	96	90	94	88	91	90	83	81	75	88	86
Calvert Social Investment Equity I	80	81	87	87	59	52	46	34	46	59	59	60
DFA U.S. Micro Cap	33	18	33	37	27	44	29	51	39	44	48	55
Federated U.S. Govt: 2-5 Yr Instl	99	99	99	99	95	99	94	55	39	91	40	34
Fidelity Contrafund	75	92	95	94	95	94	96	94	96	99	98	99
T. Rowe Price Mid-Cap Growth	85	86	72	77	70	73	68	66	78	82	77	83
Vanguard Institutional Index Instl PI	55	62	66	66	55	59	57	57	54	62	74	67
Vanguard Long-Term Inv Grade Adm	57	55	70	29	33	28	72	65	67	68	80	72
Vanguard Wellington Adm	93	91	93	92	95	96	95	92	90	89	91	91

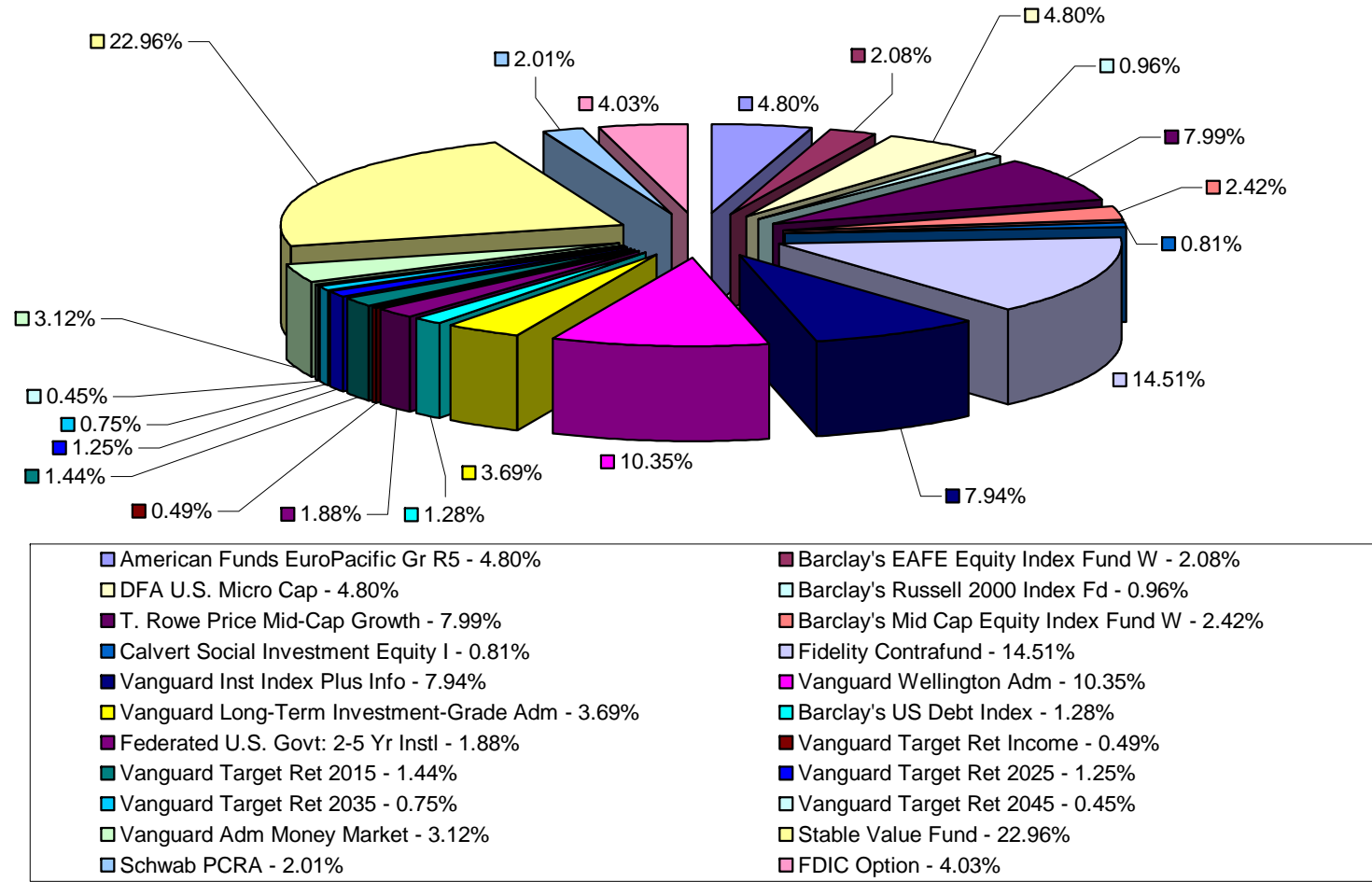
76-100	1st Quartile
51-75	2nd Quartile
26-50	3rd Quartile
1-25	4th Quartile

DATA SOURCE: Morningstar
6/30/2009

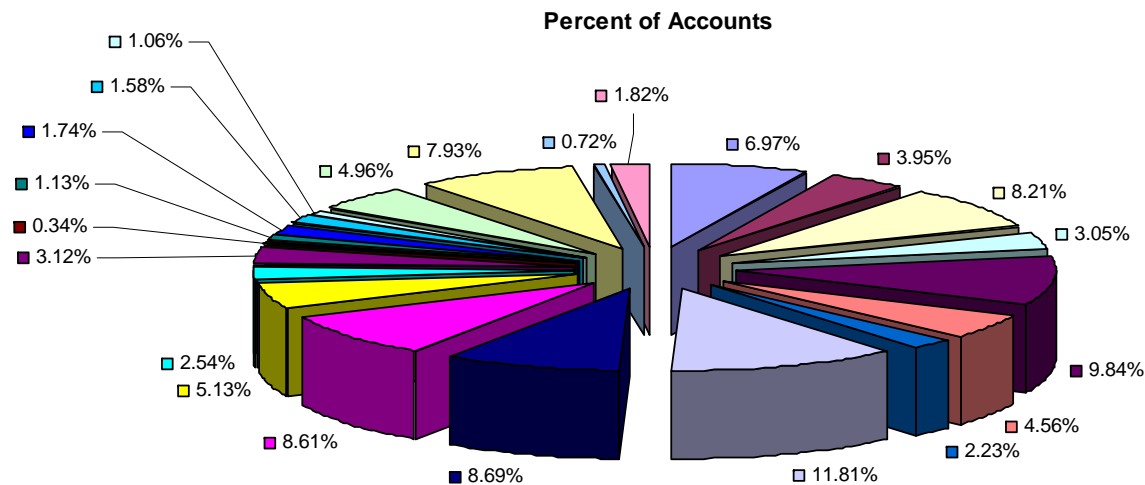
	Plan Inception Date	Fund Net Assets	WDC Assets in Fund	WDC as a Percentage of Fund Assets	Fund as a Percentage of WDC Assets	Number of Participants	Percentage of WDC Participants Utilizing Fund
American Funds EuroPacific Gr R5	01/28/2005	\$78,942,605,893	\$93,062,469.00	0.12%	4.80%	14,577	29.98%
Barclay's EAFE Equity Index Fund W	02/01/2001	N/A	\$40,315,069.00	N/A	2.08%	8,258	16.99%
DFA U.S. Micro Cap	02/01/1997	\$2,855,106,338	\$93,153,948.00	3.26%	4.80%	17,176	35.33%
Barclay's Russell 2000 Index Fd	02/20/2004	N/A	\$18,581,968.00	N/A	0.96%	6,383	13.13%
T. Rowe Price Mid-Cap Growth	02/01/1998	\$11,738,012,195	\$155,005,046.00	1.32%	7.99%	20,581	42.33%
Barclay's Mid Cap Equity Index Fund W	02/01/2001	N/A	\$47,025,577.00	N/A	2.42%	9,534	19.61%
Calvert Social Investment Equity I	04/18/2003	\$1,027,096,262	\$15,763,736.00	1.53%	0.81%	4,659	9.58%
Fidelity Contrafund	01/31/1994	\$55,155,451,131	\$281,460,681.00	0.51%	14.51%	24,699	50.81%
Vanguard Inst Index Plus Info	09/09/1990	\$59,775,703,656	\$154,058,966.00	0.26%	7.94%	18,172	37.38%
Vanguard Wellington Adm	10/26/2001	\$42,550,813,547	\$200,693,892.00	0.47%	10.35%	17,996	37.02%
Vanguard Long-Term Investment-Grade Adm	10/26/2001	\$7,211,125,328	\$71,519,192.00	0.99%	3.69%	10,729	22.07%
Barclay's US Debt Index	02/01/2001	N/A	\$24,909,983.00	N/A	1.28%	5,315	10.93%
Federated U.S. Govt: 2-5 Yr Instl	02/03/1992	\$922,317,864	\$36,440,981.00	3.95%	1.88%	6,525	13.42%
Vanguard Target Ret Income	07/29/2005	\$2,251,919,207	\$9,443,477.00	0.42%	0.49%	711	1.46%
Vanguard Target Ret 2015	07/29/2005	\$8,596,651,109	\$27,866,509.00	0.32%	1.44%	2,373	4.88%
Vanguard Target Ret 2025	07/29/2005	\$8,888,353,940	\$24,211,928.00	0.27%	1.25%	3,635	7.48%
Vanguard Target Ret 2035	07/29/2005	\$6,019,746,158	\$14,453,516.00	0.24%	0.75%	3,309	6.81%
Vanguard Target Ret 2045	07/29/2005	\$3,161,306,677	\$8,790,326.00	0.28%	0.45%	2,220	4.57%
Vanguard Adm Money Market	10/01/1993	\$20,202,847,038	\$60,460,838.00	0.30%	3.12%	10,376	21.34%
Stable Value Fund	09/01/1996	N/A	\$445,442,823.00	N/A	22.96%	16,589	34.12%
Schwab PCRA	02/17/2000	N/A	\$39,056,141.00	N/A	2.01%	1,496	3.08%
FDIC Option	12/31/1996	N/A	\$78,197,390.00	N/A	4.03%	3,815	7.85%

Total WDC Assets (as of 6/30/2009): \$1,939,914,456.00

Percent of Assets



Total Number of WDC Participant Accounts (as of 6/30/2009): 209,128



American Funds EuroPacific Gr R5 - 6.97%	Barclay's EAFE Equity Index Fund W - 3.95%	DFA U.S. Micro Cap - 8.214%
Barclay's Russell 2000 Index Fd - 3.05%	T. Rowe Price Mid-Cap Growth - 9.84%	Barclay's Mid Cap Equity Index Fund W - 4.56%
Calvert Social Investment Equity I - 2.23%	Fidelity Contrafund - 11.81%	Vanguard Inst Index Plus Info - 8.69%
Vanguard Wellington Adm - 8.61%	Vanguard Long-Term Investment-Grade Adm - 5.13%	Barclay's US Debt Index - 2.54%
Federated U.S. Govt: 2-5 Yr Instl - 3.12%	Vanguard Target Ret Income - 0.34%	Vanguard Target Ret 2015 - 1.13%
Vanguard Target Ret 2025 - 1.74%	Vanguard Target Ret 2035 - 1.58%	Vanguard Target Ret 2045 - 1.06%
Vanguard Adm Money Market - 4.96%	Stable Value Fund - 7.93%	Schwab PCRA - 0.72%
FDIC Option - 1.82%		

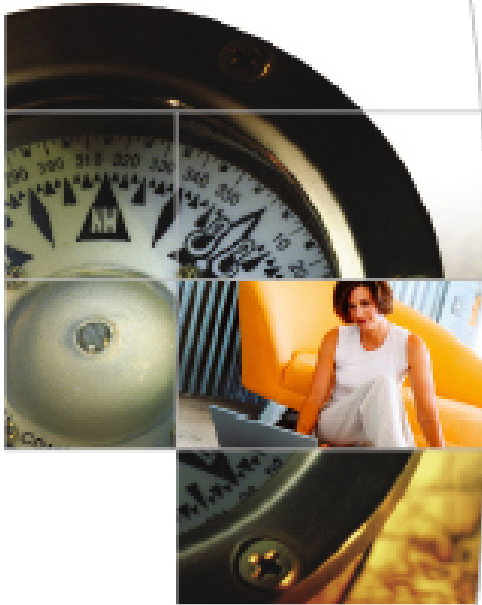
Fund Expense v. Category

Name	Expense Ratio
American Funds EuroPacific Gr R5	0.54
Cat: Foreign Large Blend	1.50
Barclay's EAFE Equity Index Fund W	0.10
Morningstar Foreign Large Blend Index	0.89
DFA U.S. Micro Cap	0.53
Cat: Small Blend	1.43
Barclay's Russell 2000 Index Fd	0.05
Morningstar Small Cap Blend Index	0.90
T. Rowe Price Mid-Cap Growth	0.83
Cat: Mid Growth	1.49
Barclay's Mid Cap Equity Index Fund W	0.04
Morningstar Mid Cap Blend Index	0.79
Calvert Social Investment Equity I	0.67
Morningstar Socially Resp Large Cap Index	0.80

Name	Expense Ratio
Fidelity Contrafund	0.95
Cat: Large Growth	1.36
Vanguard Inst Index Plus Info	0.03
Morningstar Large Cap Blend Index	0.59
Vanguard Wellington Adm	0.23
Cat: Moderate Allocation	1.37
Vanguard Long-Term Investment-Grade Adm	0.16
Cat: Long-Term Bond	0.86
Barclay's US Debt Index	0.05
Morningstar Intermediate Bond Index	0.47
Federated U.S. Govt: 2-5 Yr Instl	0.59
Cat: Short Government	0.90
Vanguard Adm Money Market	0.15
Average US Money Market Fund	0.62

- The weighted average return for the ETF participants as of 6/30/2009 was -13.05%
- Much of this can be attributed to a 14.51% weighting in the Fidelity Contrafund which returned -27.70%
- Other contributing factors were:
 - 7% exposure to international investments which had an average return of -28%
 - An 8% weighting to the Vanguard Index which returned -26%
 - An 23% weighting to the Wisconsin Stable Value Fund which returned 4.73%
- Note: Participant weighted average return excludes the self directed brokerage accounts

Fund Highlights and Observations



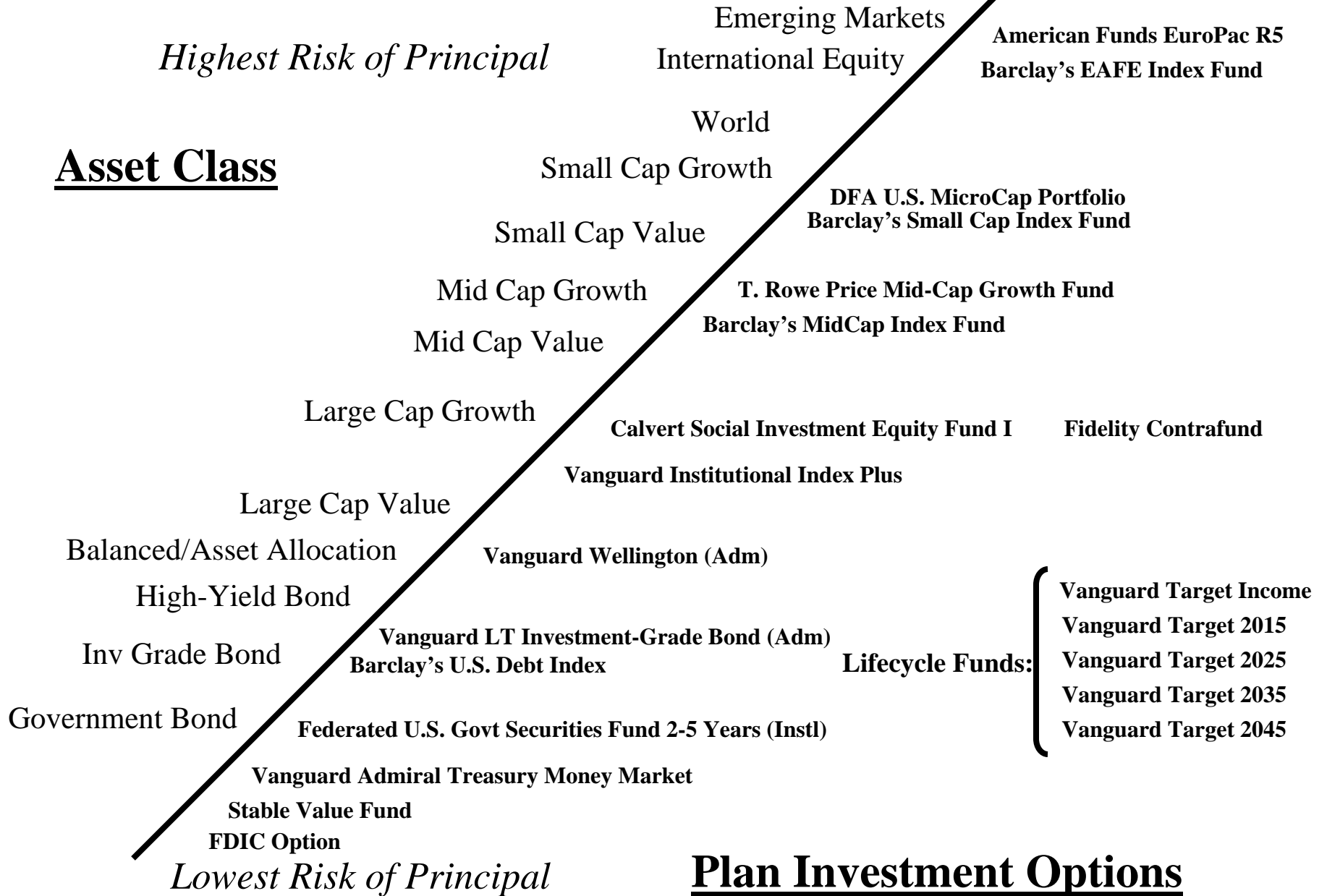
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Wisconsin Plan Options

Highest Risk of Principal

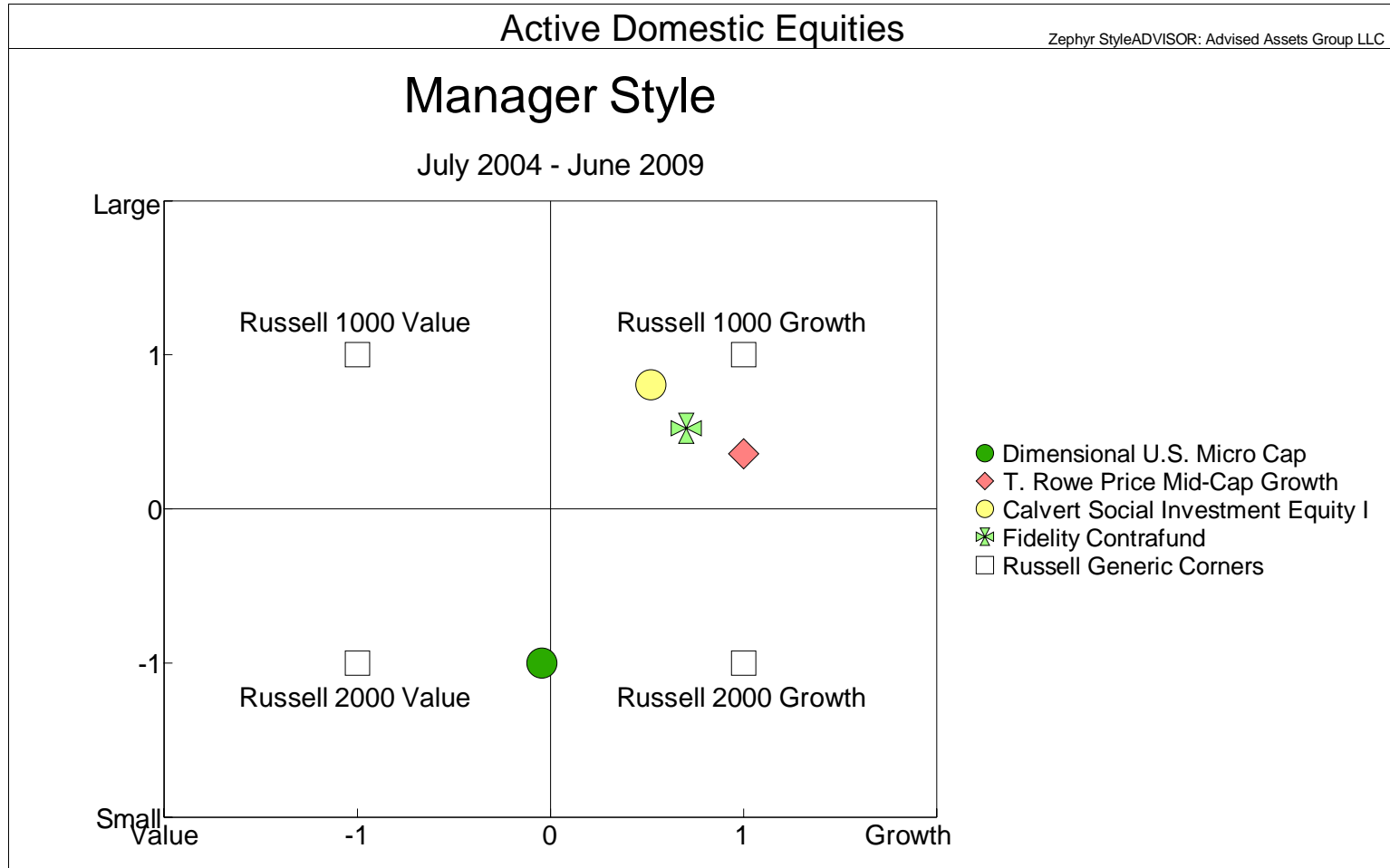
Asset Class



Plan Investment Options

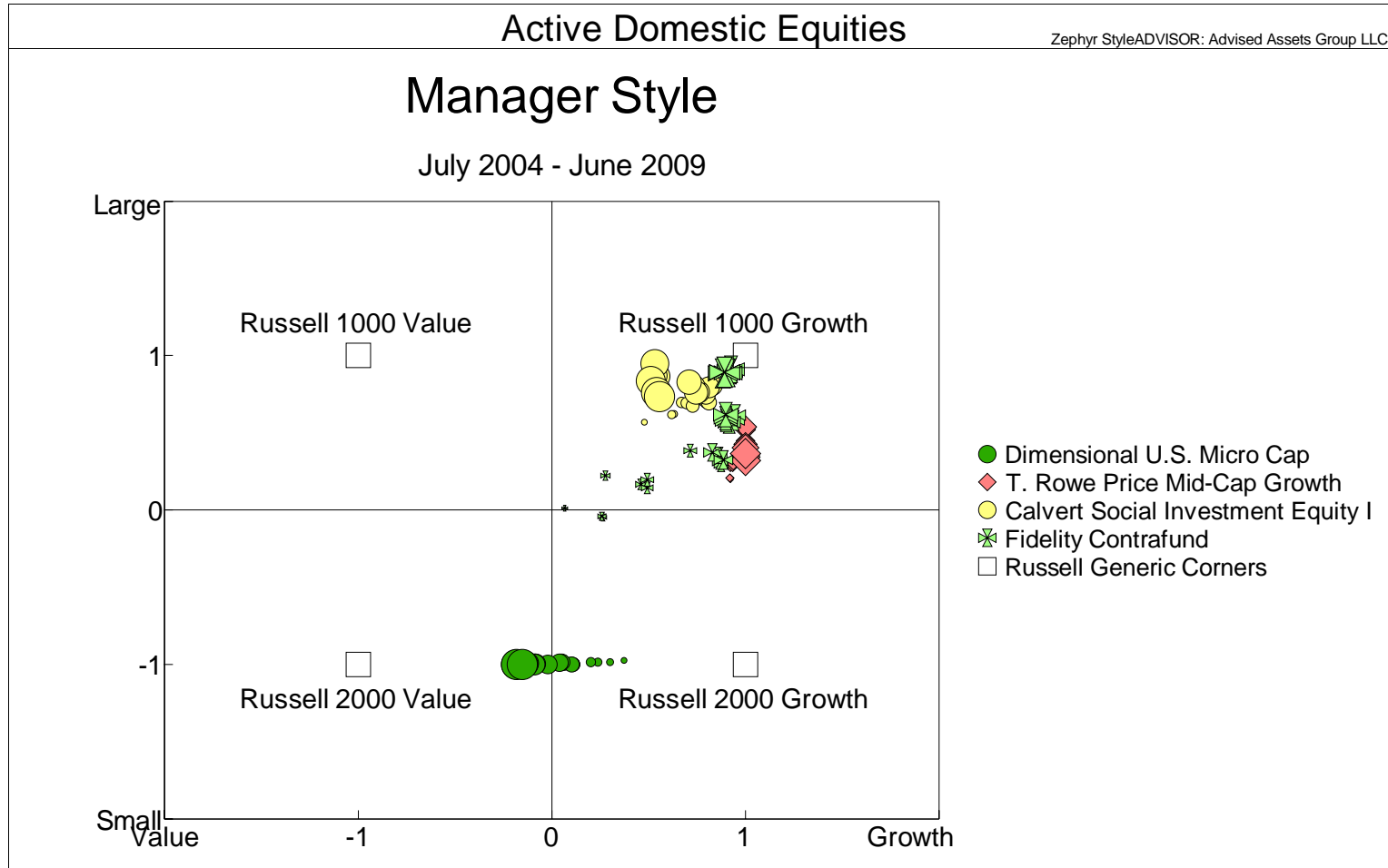
Manager Style

Manager Style Graph: Each quadrant of the graph represents one of the four major domestic equity components of the market. From top left working clockwise the quadrants include Large Value, Large Growth, Small Growth and Small Value.



Manager Style Drift

Manager Style Graph: Each quadrant of the graph represents one of the four major domestic equity components of the market. From top left working clockwise the quadrants include Large Value, Large Growth, Small Growth and Small Value.



- **American Funds EuroPac R5** continues to beat all of its benchmarks over all time periods. The fund maintains lower than average volatility and expenses. American Funds manages this fund using a multi-manager structure that combines both growth and value investing styles, some exposure to emerging markets, and low turnover.
- **Barclay's EAFE Equity Index Fund** tracked within 32 bps (net of fees) over the 1yr period.
- **DFA U.S. Microcap** invests in the smallest 4% of U.S. exchange listed stocks with an average market cap of just under \$290 million. The fund contains between 2,500 and 3,000 holdings giving it an index approach to investing. This fund carries a higher standard deviation than the Morningstar Category average over 5 years. This fund has struggled some as the smallest firms have been hurt the most in the down market.
- **Barclay's Russell 2000 Index Fund** tracked within 18 bps (net of fees) with the index over 1 year.

- **T. Rowe Price Mid Cap Growth** outperforms its benchmarks over 1,3, and 5 years. Also, beats most of its benchmarks over 10 years. This fund's attention to valuation, contrarian investment style, and the manager's willingness to look for opportunity outside of traditional growth areas have kept this fund near the top of the mid cap growth space. The manager's attention to valuation has also helped to limit its downside risk.
- **Barclay's Mid-Cap Equity Index** tracks within 12 bps (net of fees) of the index over 1 year.
- **Calvert Social Investment Equity** outperforms all benchmarks over each time period. This concentrated socially conscious fund looks for companies with solid balance sheets and solid profit margins. The fund's stock selection in the consumer discretionary and IT sector helped returns.
- **Fidelity Contrafund** beat all of its benchmarks over the 3, 5, and 10 year periods. Will Danoff who manages this fund was named Morningstar Manager of the Year for 2007. A defensive posturing caused the fund to lag in the early part of 2009. That said, this fund continues to keep volatility down and sports a low turnover. The fund's large asset base does bear some watching.

- **Vanguard Instl Index Plus Fund** tracks within 15 bps (net of fees) over 1 year.
- **Vanguard Wellington** outperforms its benchmarks over all time periods. This fund practices a value oriented, long-term investing style. The low expense ratio is also a plus for this fund. Helping the fund's returns was a trimmed down financial exposure. This fund's large asset base does bear watching.
- **Vanguard Long-Term Bond** beats all of its benchmarks over all time periods. The fund's focus on investing in high quality bonds, rated A3 or better by Moody's, reduces credit risk, and a low expense ratio gives it an advantage over most of its peers. However, investors do face some interest rate risk given the fund's average duration is longer than most of its peers
- **Barclay's US Debt Index** has tracks within 3 bps (net of fees) over 1 year.

- **Federated U.S. Government: 2-5 Year Institutional** beats most of its benchmarks over the 3, 5, and 10 year periods. This fund carries a higher duration than most of its peers. Further, the fund only invests in government bonds. So the flight to quality in 2008 and falling interest rates helped returns.
- **Vanguard Admiral Treasury Money Market Fund** posted a 0.99% return over the 1 year period. It also beat its benchmark over all time periods.
- **FDIC Bank Option** return for the quarter ending 6/30/2009 was 1.28%. For 2009, the interest rate is calculated by taking 50% of 12 month LIBOR less 40 bps plus 50% of the 3 month LIBOR less 40 bps. This blended rate is calculated each quarter.
- **Wisconsin Stable Value Fund** has strong performance over the 1, 3, and 5 year periods returning 4.73%, 5.01%, and 5.03% respectively. The fund is managed by Galliard Capital who maintains a very good reputation throughout the industry as a top stable value manager.

Performance Benchmarking of Active Options



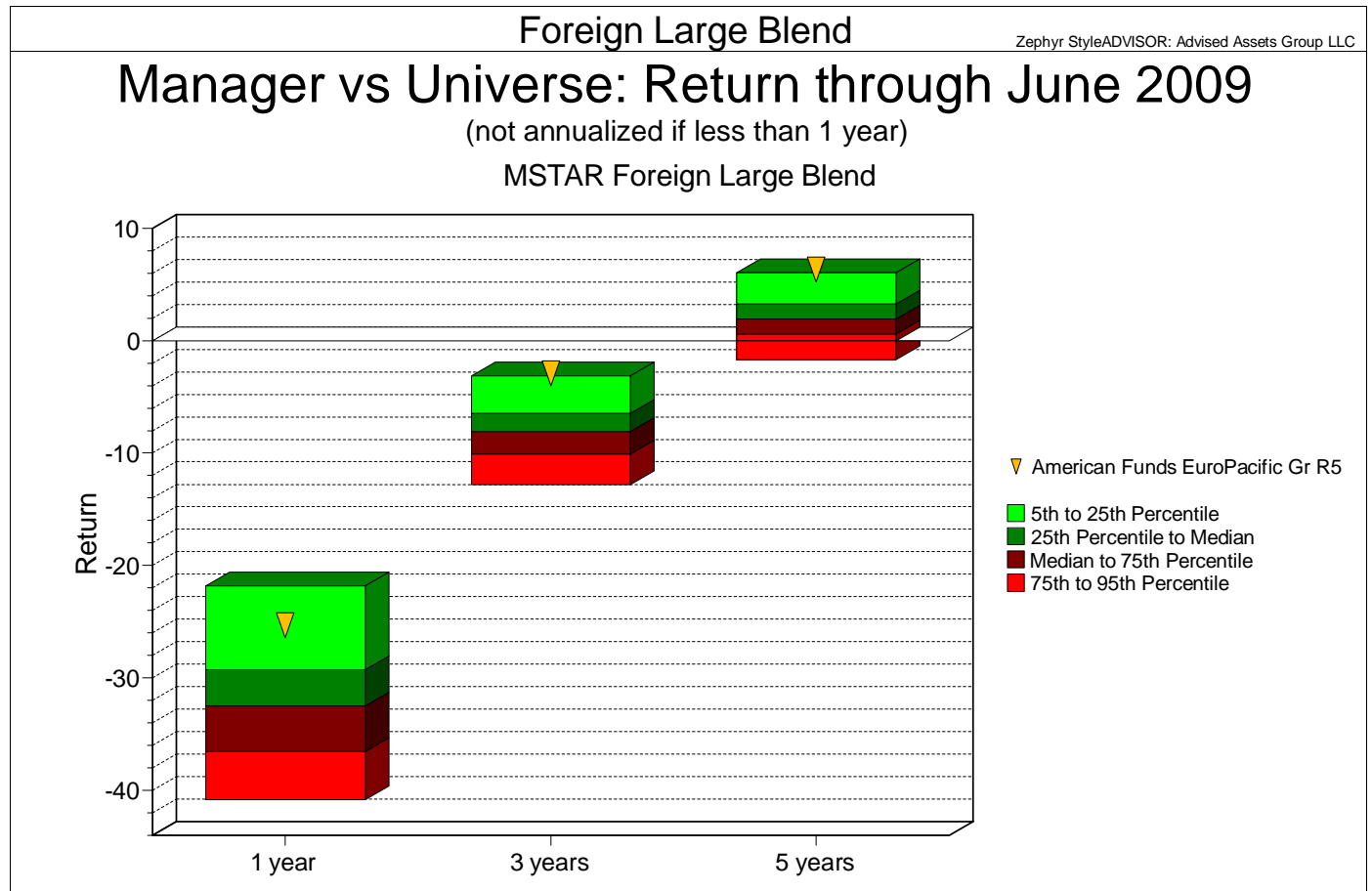
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Performance Benchmarking

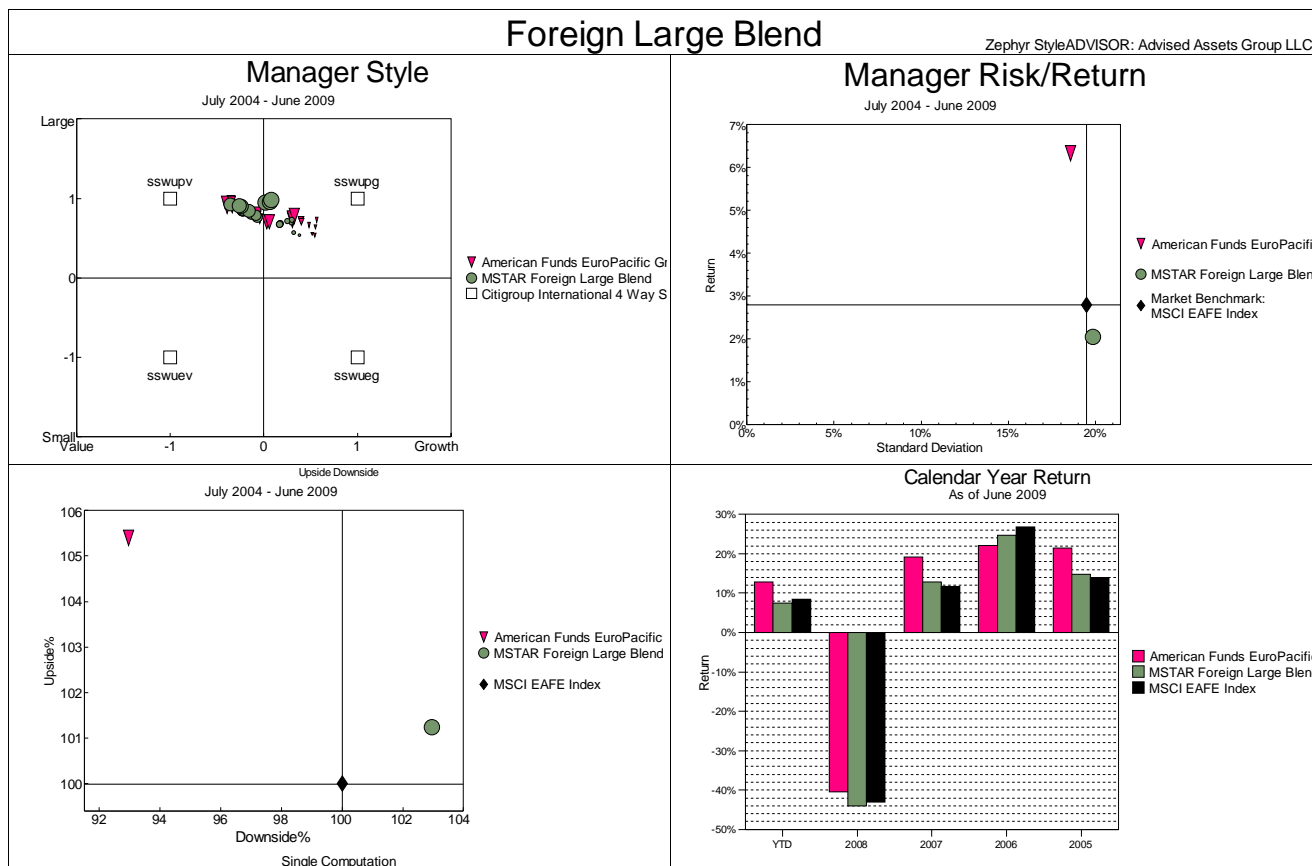
American Funds EuroPacific Growth Fund seeks long-term growth of capital. The fund normally invests at least 65% of assets in equity securities of issuers domiciled in Europe or the Pacific Basin. It may invest up to 20% of assets in securities issued in developing countries. Various factors will be considered when determining whether a country is part of Europe; a country will be considered part of the Pacific Basin if any of its borders touches the Pacific Basin. Note that the A shares are shown to the right for historical purposes. The plan uses the R5 Share class.

DATA SOURCE:
Morningstar
6/30/2009



	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
American Funds EuroPacific Gr R5	-25.32	-2.89	6.33	5	6	-40.38	19.22	22.17	21.39	19.98
Cat: Foreign Large Blend	-32.42	-8.24	2.09	--	--	-43.99	12.71	24.77	14.72	17.39

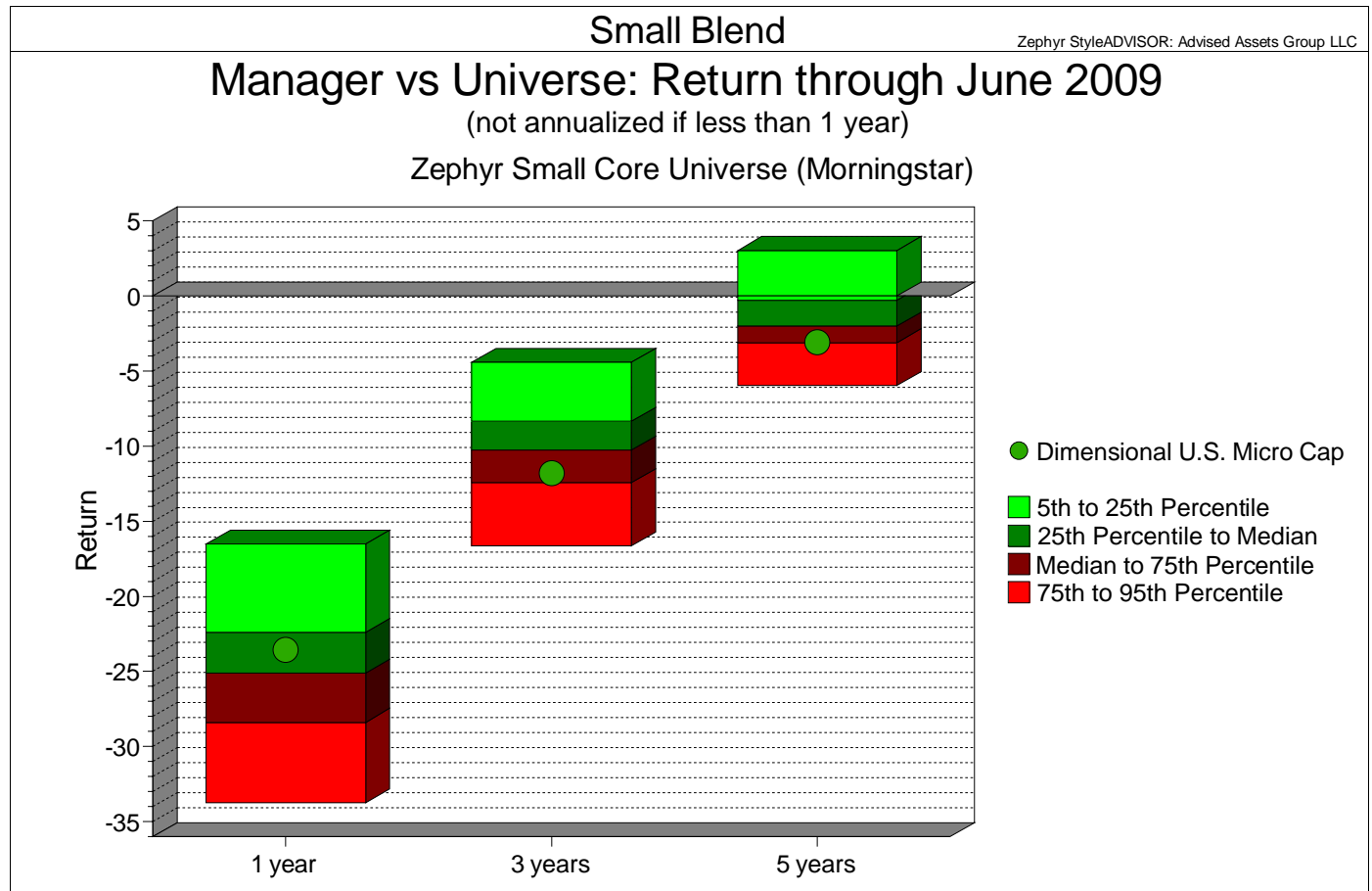
Risk Analysis



Name	Morningstar		Std Dev		Total Net Assets \$M	% Cash	% Assets			
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total # of Holdings			in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
American Funds EuroPacific Gr R5	5	21.91	18.54	78,943	9.24	394	19.07	41.00	10	0.54
Cat: Foreign Large Blend	3	23.93	20.01	2,606	4.02	656	16.44	85.40	4	1.48

Performance Benchmarking

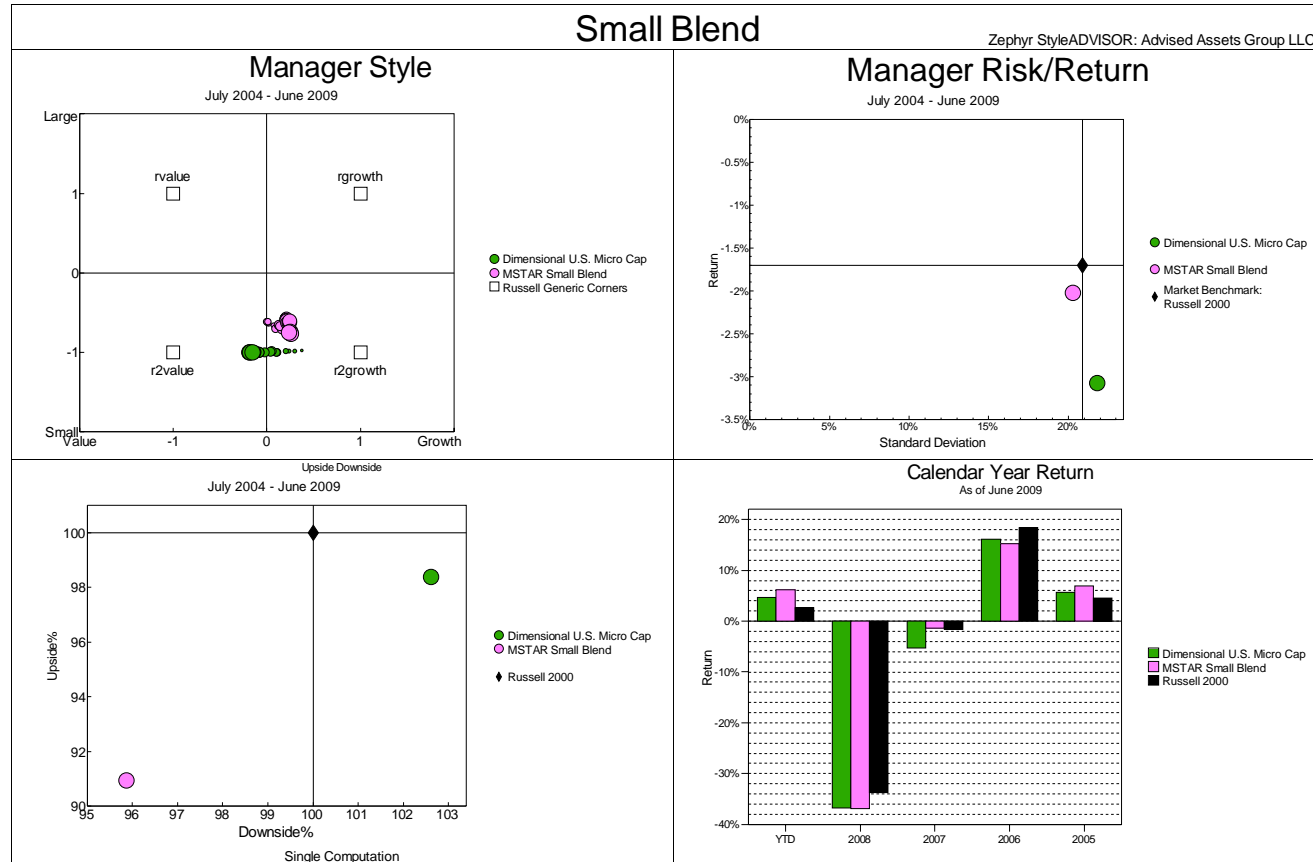
DFA U.S. Microcap seeks long-term capital appreciation. The fund invests in a diverse group of small companies with readily marketable securities. These companies may be traded on the NYSE, the AMEX, or over-the-counter market, but their market capitalizations must be comparable with those in the smallest quartile of the NYSE. The portfolio is re-balanced at least semiannually.



DATA SOURCE:
Morningstar
6/30/2009

	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
DFA U.S. Micro Cap	-23.56	-11.80	-3.07	64	68	-36.72	-5.22	16.16	5.69	18.39
Cat: Small Blend	-25.97	-10.78	-1.78	--	--	-36.56	-1.10	15.03	6.75	18.94

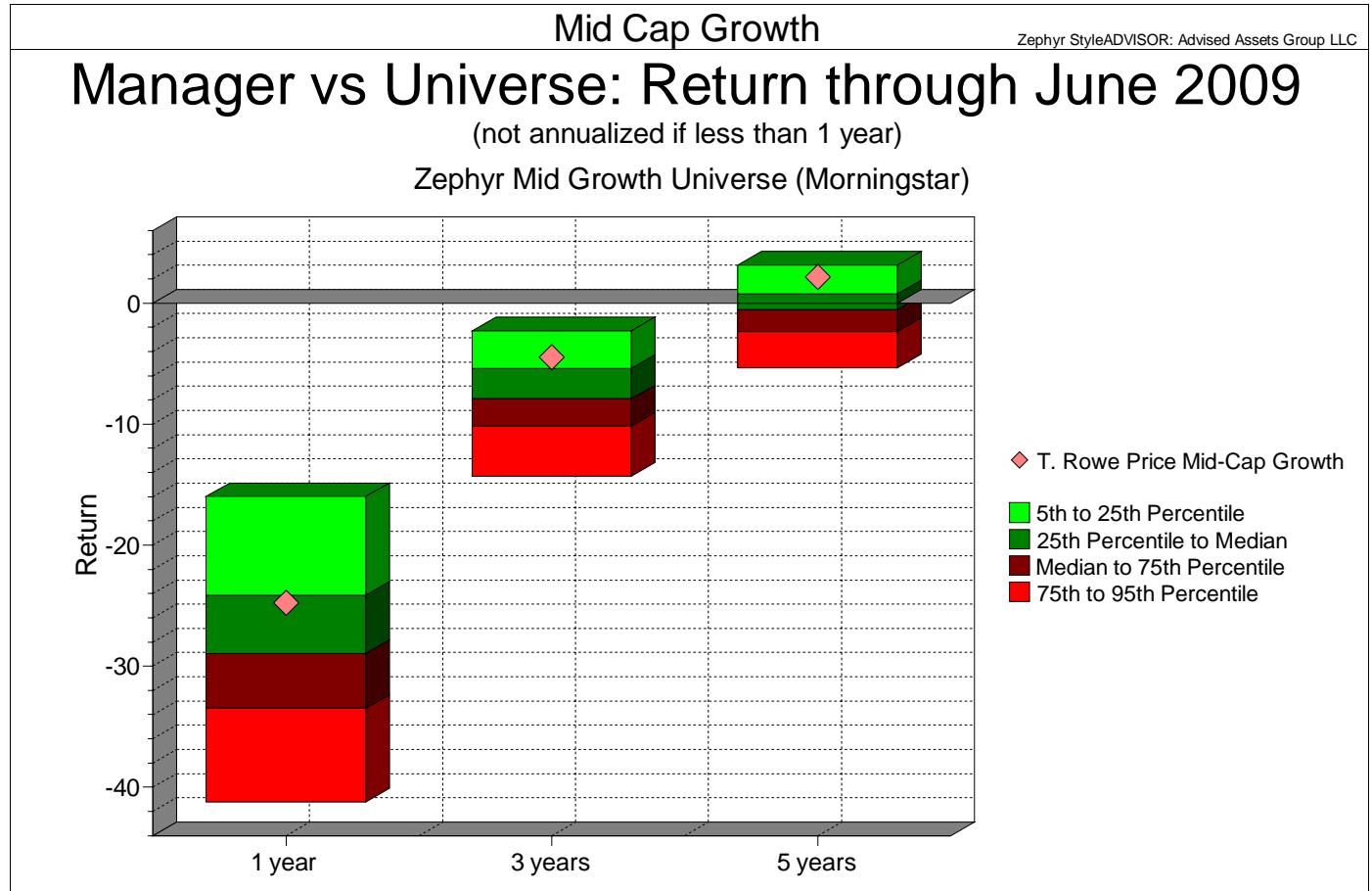
Risk Analysis



Name	Morningstar		Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets \$M	% Cash	Assets				
	Rating Overall	Rating Overall					Total # of Holdings	% in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
DFA U.S. Micro Cap	3	3	24.70	21.82	2,855	0.40	2478	4	24.00	1	0.53
Cat: Small Blend	3	3	23.93	20.58	583	4.16	563	17.44	95.63	5	1.41

Performance Benchmarking

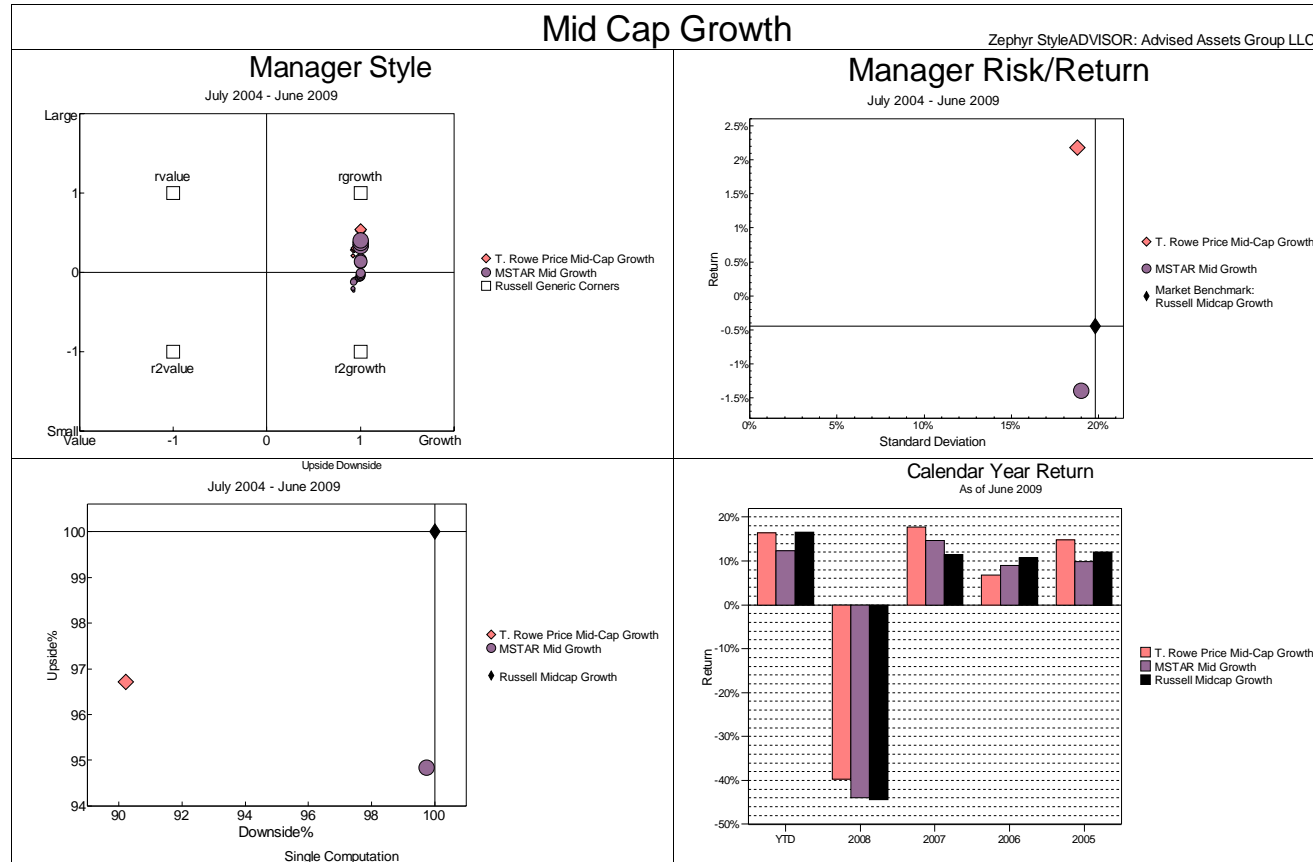
T. Rowe Price Mid Cap Growth Fund seeks long-term capital appreciation. The fund normally invests at least 80% of assets in mid-cap common stocks with above-average growth potential. The advisor seeks companies that offer proven products or services, have an above-average historical record of earnings growth, have the potential for sustaining growth, operate in industries experiencing increasing demand, or are reasonably valued.



DATA SOURCE:
Morningstar
6/30/2009

	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
T. Rowe Price Mid-Cap Growth	-24.76	-4.47	2.18	17	11	-39.69	17.65	6.79	14.82	18.39
Cat: Mid-Cap Growth	-30.56	-8.12	-1.08	--	--	-43.77	15.09	9.00	9.84	13.23

Risk Analysis

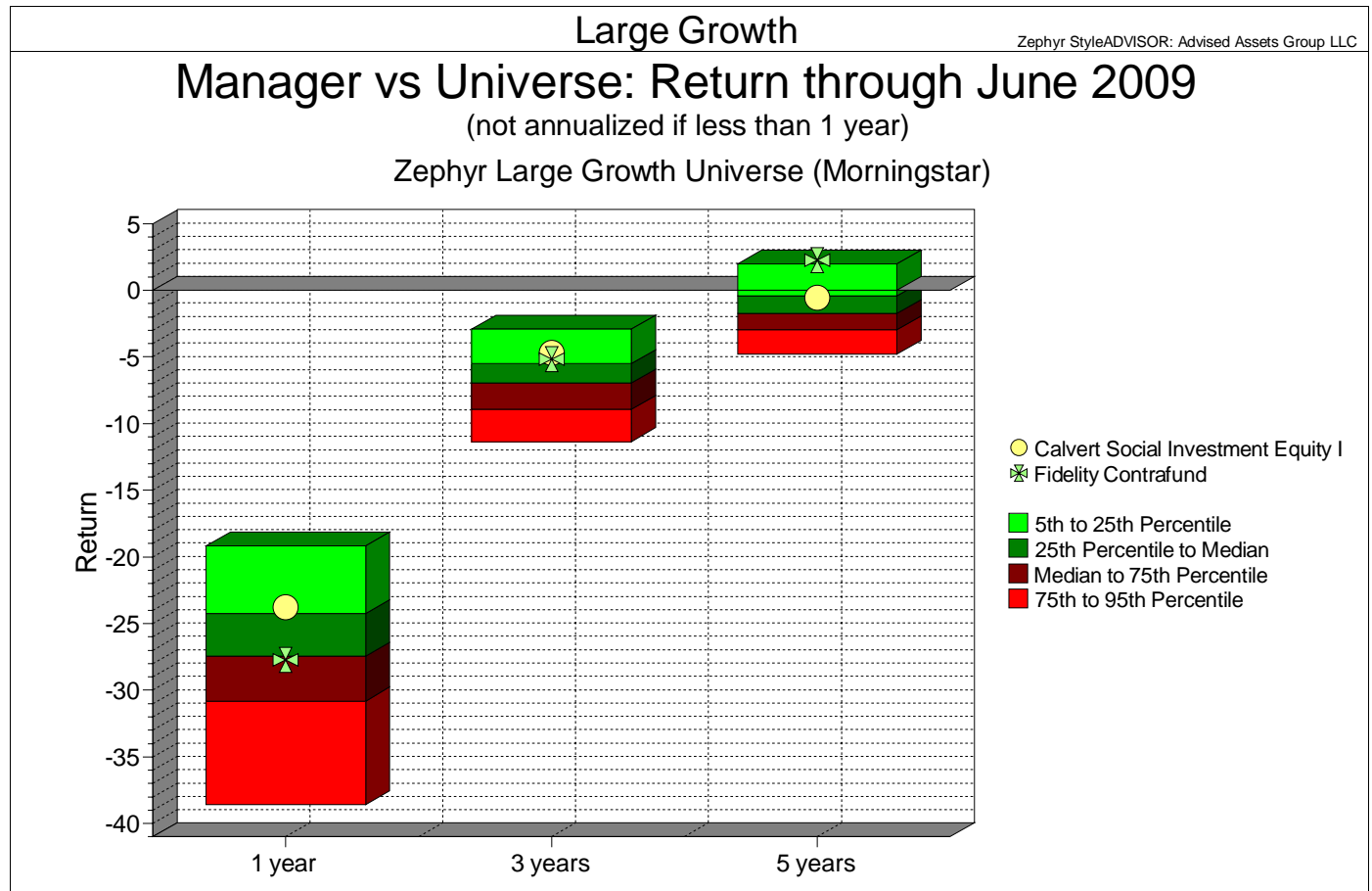


Name	Morningstar		Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets \$M	% Cash	Total # of Holdings	%			
	Rating Overall	Rating						Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
T. Rowe Price Mid-Cap Growth	4		22.37	18.77	11,738	5.51	140	19.25	32.70	17	0.83
Cat: Mid-Cap Growth	3		22.76	19.80	685	4.56	626	15.98	125.67	5	1.48

Performance Benchmarking

Calvert Social Investment Fund seeks growth of capital. The fund invests with the philosophy that long-term rewards to investors come from those organizations whose products, services, and methods enhance the human condition and the traditional American values of individual initiative, equality of opportunity, and cooperative effort.

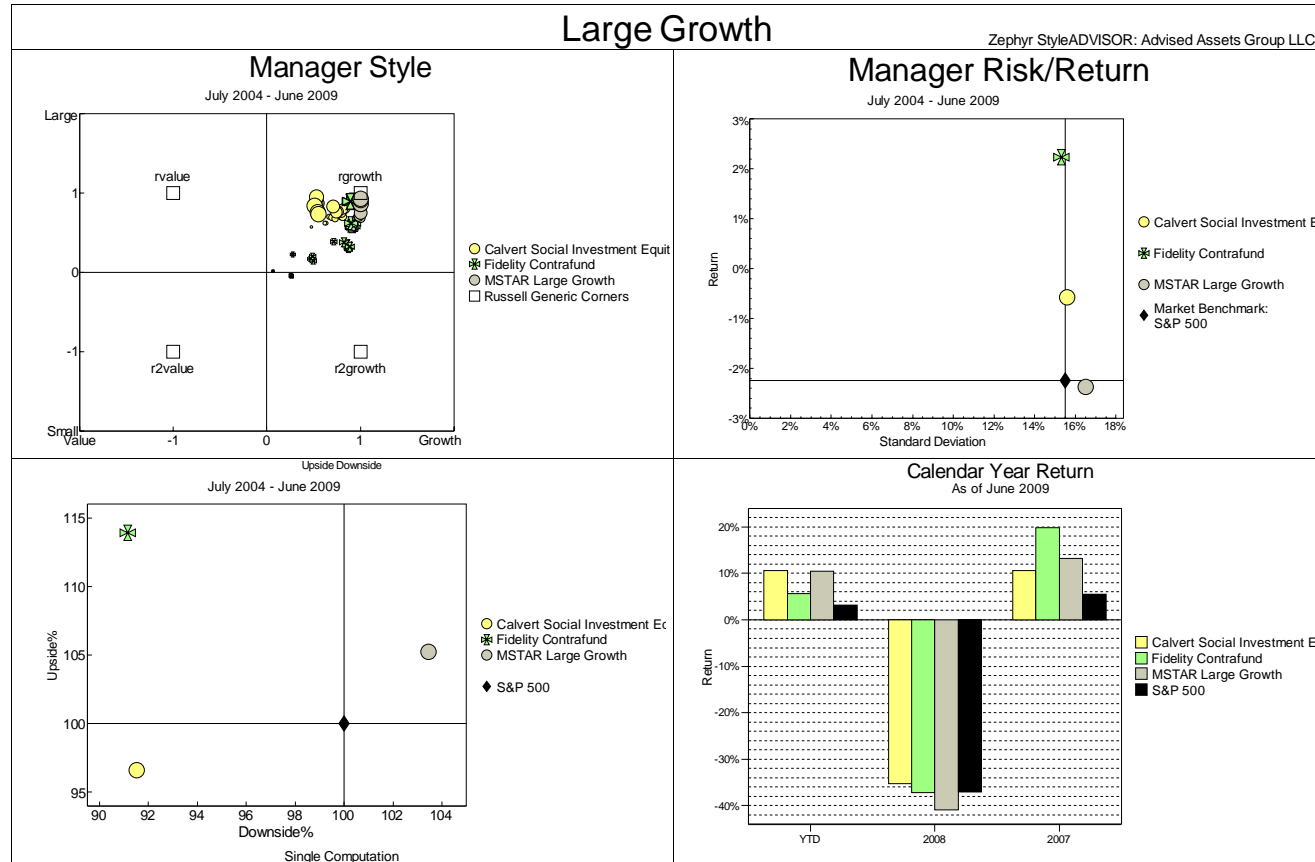
Fidelity Contrafund seeks capital appreciation. The fund invests primarily in the common stocks of companies believed to be undervalued. The types of companies in which the fund may invest include companies experiencing positive fundamental change such as new management team or product launch or companies that are undervalued in relation to securities of other companies in the same industry.



DATA SOURCE: Morningstar 6/30/2009

	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Calvert Social Investment Equity I	-23.77	-4.72	-0.57	20	24	-35.19	10.53	10.77	4.74	7.33
Fidelity Contrafund	-27.70	-5.15	2.24	25	4	-37.16	19.78	11.54	16.23	15.07
Cat: Large Growth	-27.13	-6.86	-1.81	--	--	-40.67	13.35	7.05	6.71	7.81

Risk Analysis



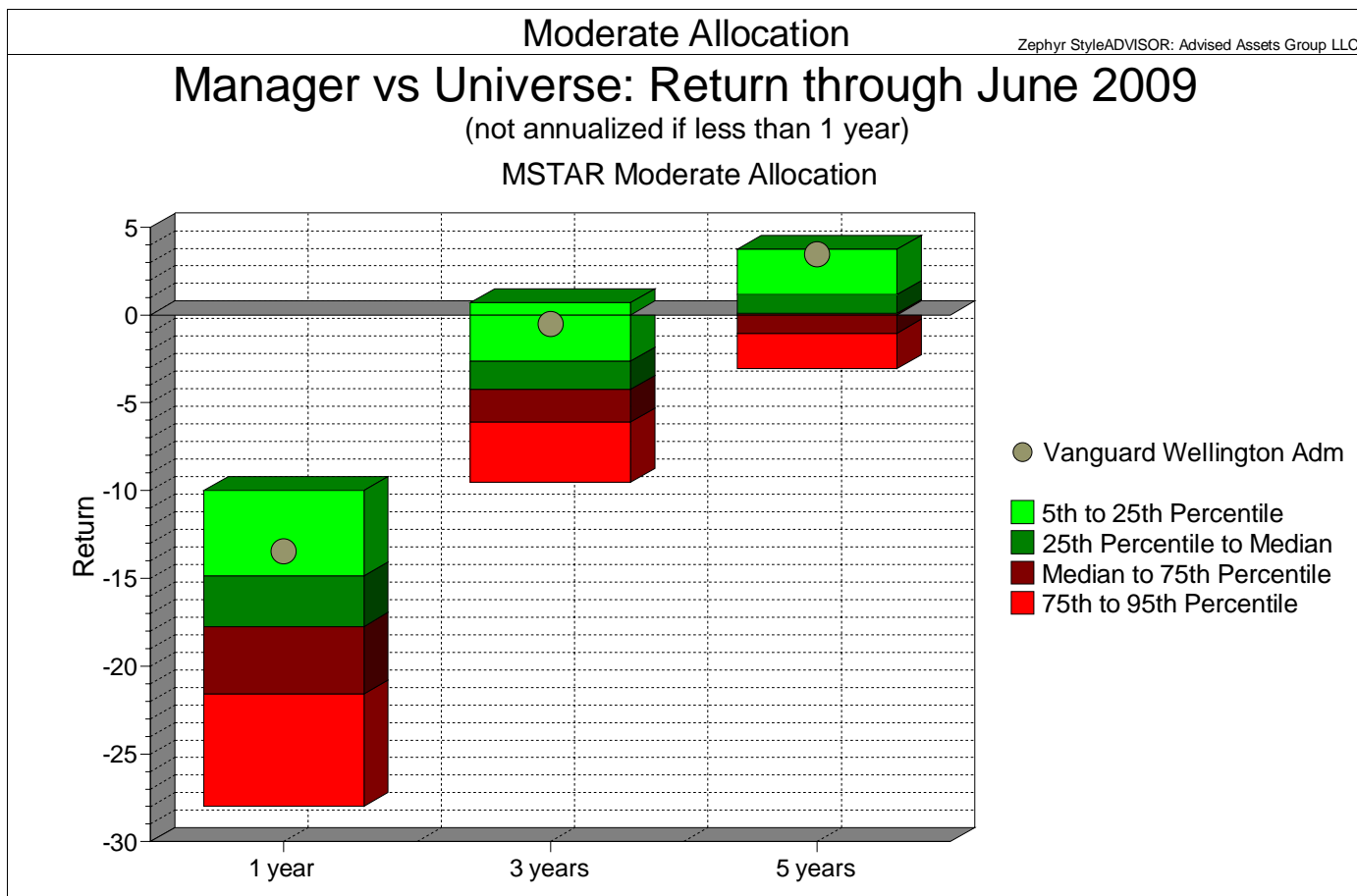
Name	Morningstar		Assets				Mgr Tenure	Expense Ratio		
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets \$M	% Cash	Total # of Holdings			Turnover Ratio	
Calvert Social Investment Equity I	4	19.14	15.61	1,027	3.37	76	35.61	51.00	8	0.67
Fidelity Contrafund	5	17.72	15.30	55,155	7.58	399	33.47	78.00	19	0.95
Cat: Large Growth	3	20.31	17.17	2,473	3.33	516	29.22	101.52		1.37

Performance Benchmarking

Vanguard Wellington seeks moderate long-term capital growth and current income. The fund invests at least 60-70% of assets in dividend-paying value stocks, and to a lesser extent, non-dividend paying stocks of established medium-size and large-size companies. It may also invest 30-40% of assets in the following securities: high quality intermediate, long-term corporate, and U.S. government bonds with an average maturity of 5 to 15 years.

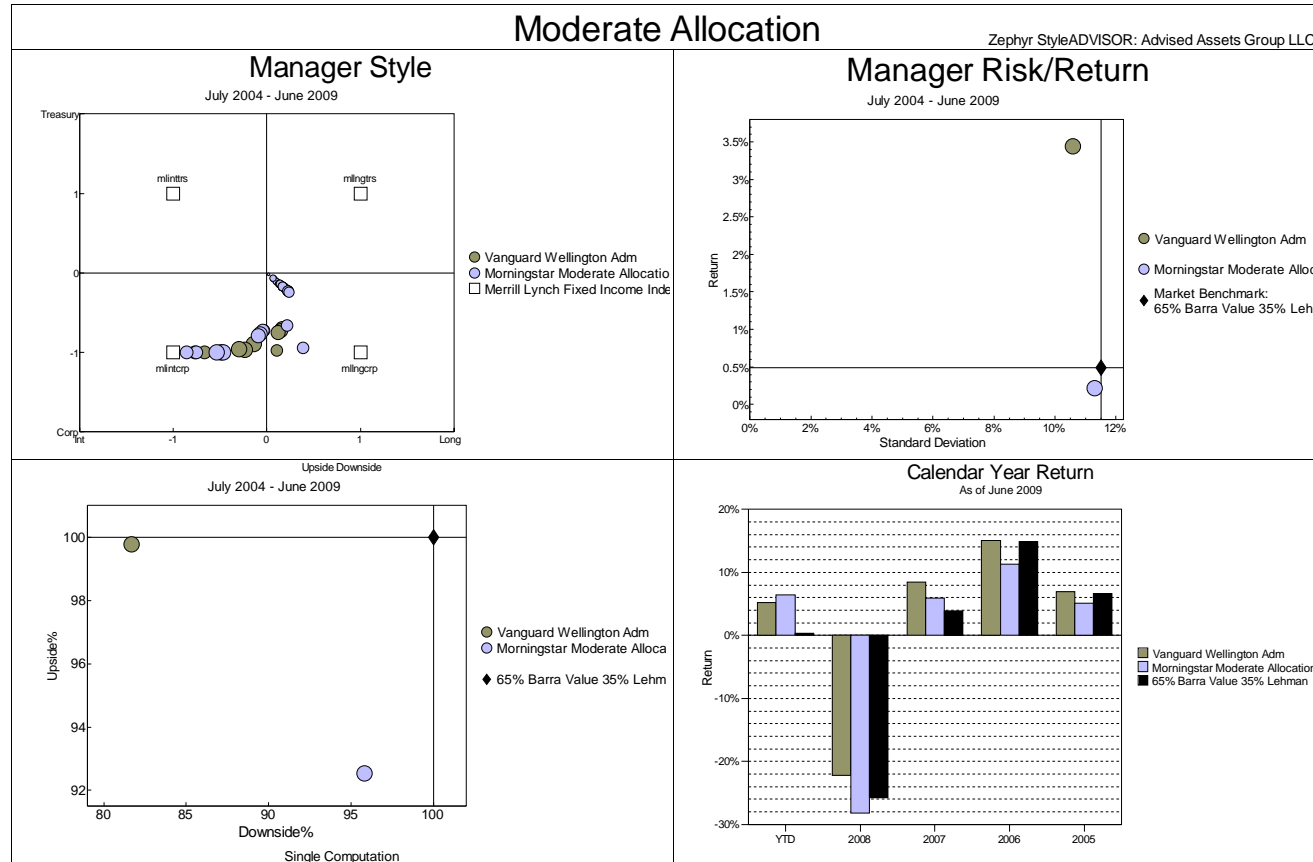
Note that the retail shares are shown to the right for historical purposes. The Plan uses the lower-cost Admiral share class.

DATA SOURCE:
Morningstar
6/30/2009



	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Vanguard Wellington Adm	-13.47	-0.53	3.44	8	4	-22.23	8.48	15.07	6.99	11.34
Cat: Moderate Allocation	-17.77	-4.15	0.19	--	--	-28.00	5.99	11.29	5.13	8.86

Risk Analysis



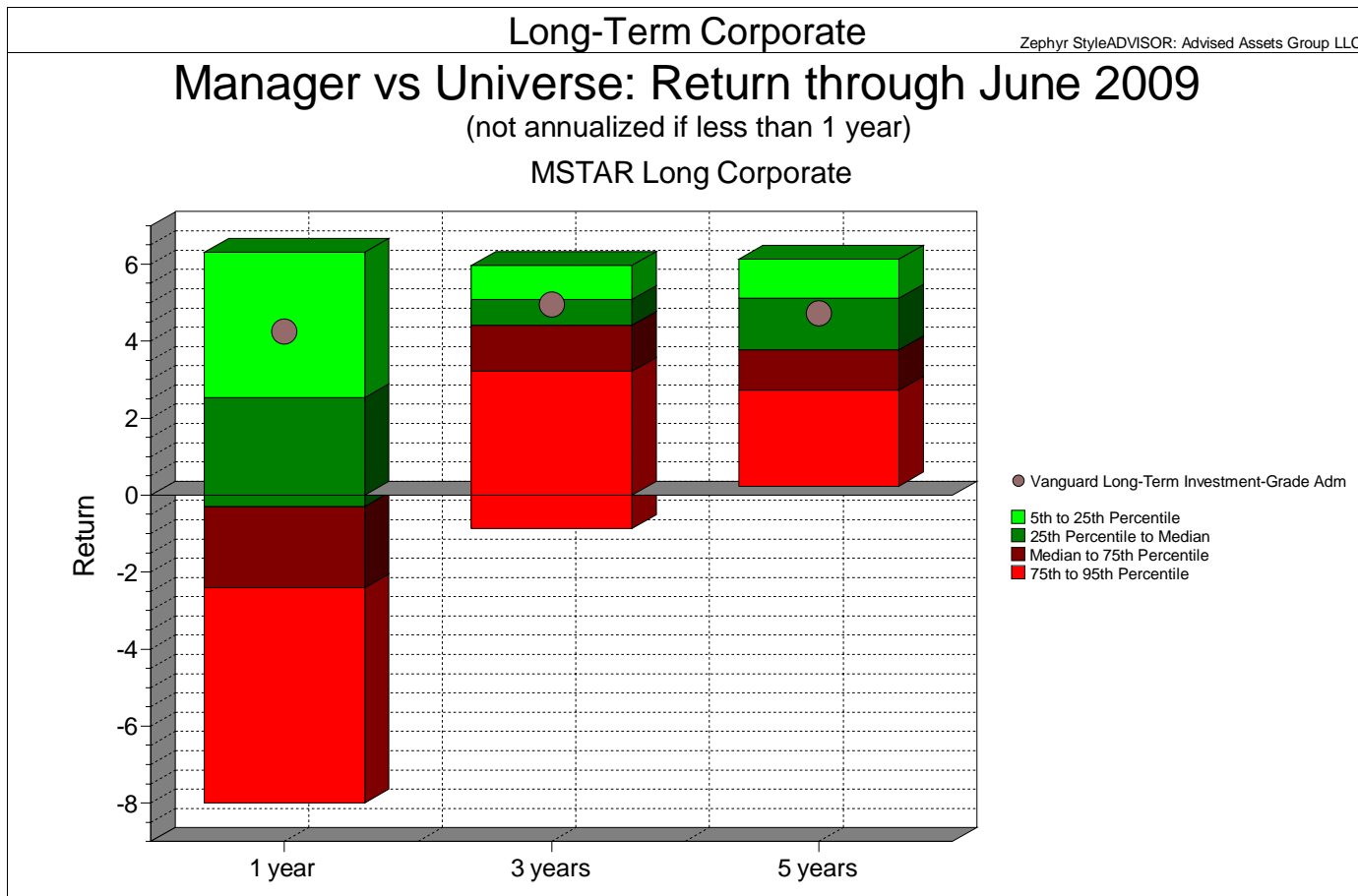
Name	Morningstar		Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets \$M	% Cash	Total # of Holdings	Assets			
	Rating Overall	Rating						in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
Vanguard Wellington Adm	5		12.99	10.58	42,551	1.91	605	15.70	30.00	5	0.23
Cat: Moderate Allocation	3		14.19	11.58	2,490	7.44	616	15.96	74.74	4	1.37

Performance Benchmarking

Vanguard Long-Term Investment-Grade Bond Fund seeks current income consistent with maintenance of principal and liquidity. The fund typically invests at least 80% of assets in high-quality corporate bonds; it invests at least 80% of assets in a combination of U.S. government securities and investment-grade corporate bonds. The average weighted maturity generally ranges from 15 to 25 years.

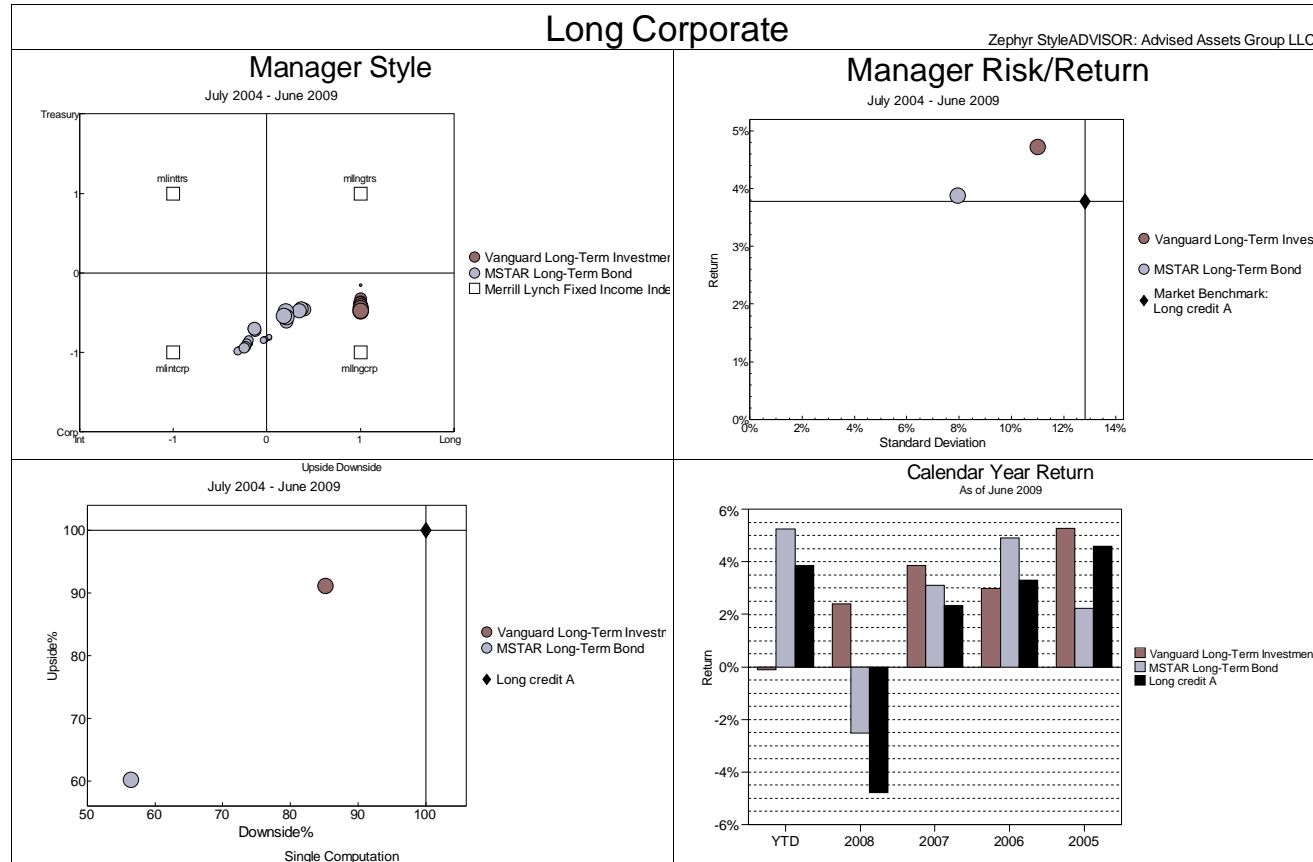
Note that the retail shares are shown to the right for historical purposes. The Plan uses the lower-cost Admiral share class.

DATA SOURCE:
Morningstar
6/30/2009



	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Vanguard Long-Term Investment-Grade Adm	4.25	4.95	4.73	45	24	2.40	3.86	2.99	5.27	9.06
Cat: Long-Term Bond	1.99	3.98	3.47	--	--	-3.72	3.10	4.43	2.23	6.47

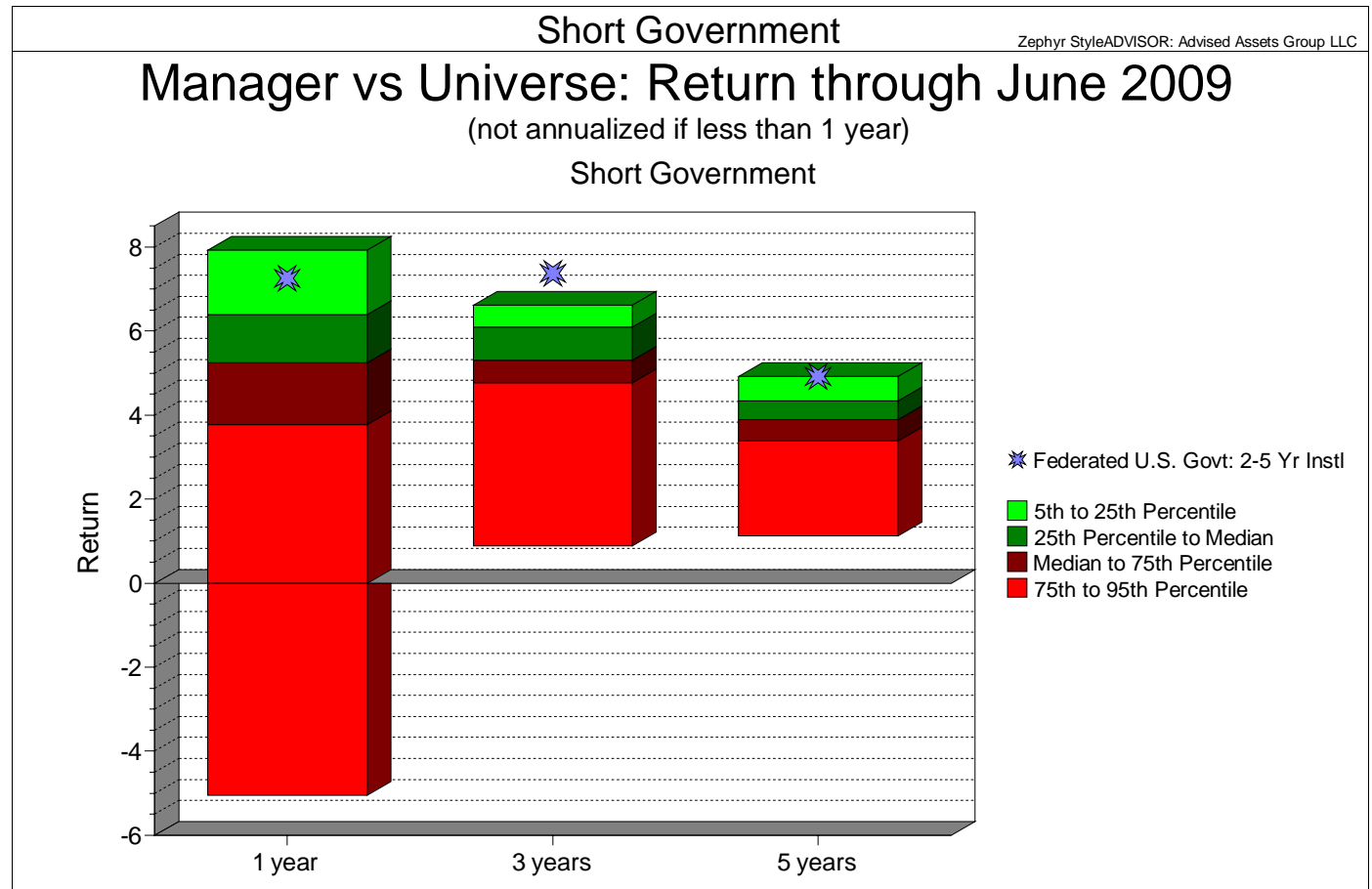
Risk Analysis



Name	Morningstar		Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets \$M	% Cash	Total # of Holdings	%			
	Rating Overall	Rating						Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
Vanguard LT Investment-Grade Adm	3		12.96	11.01	7,211	1.50	278	14.13	24.00	2	0.16
Cat: Long-Term Bond	3		9.82	8.91	689	13.44	602	30.37	204.12	3	0.87

Performance Benchmarking

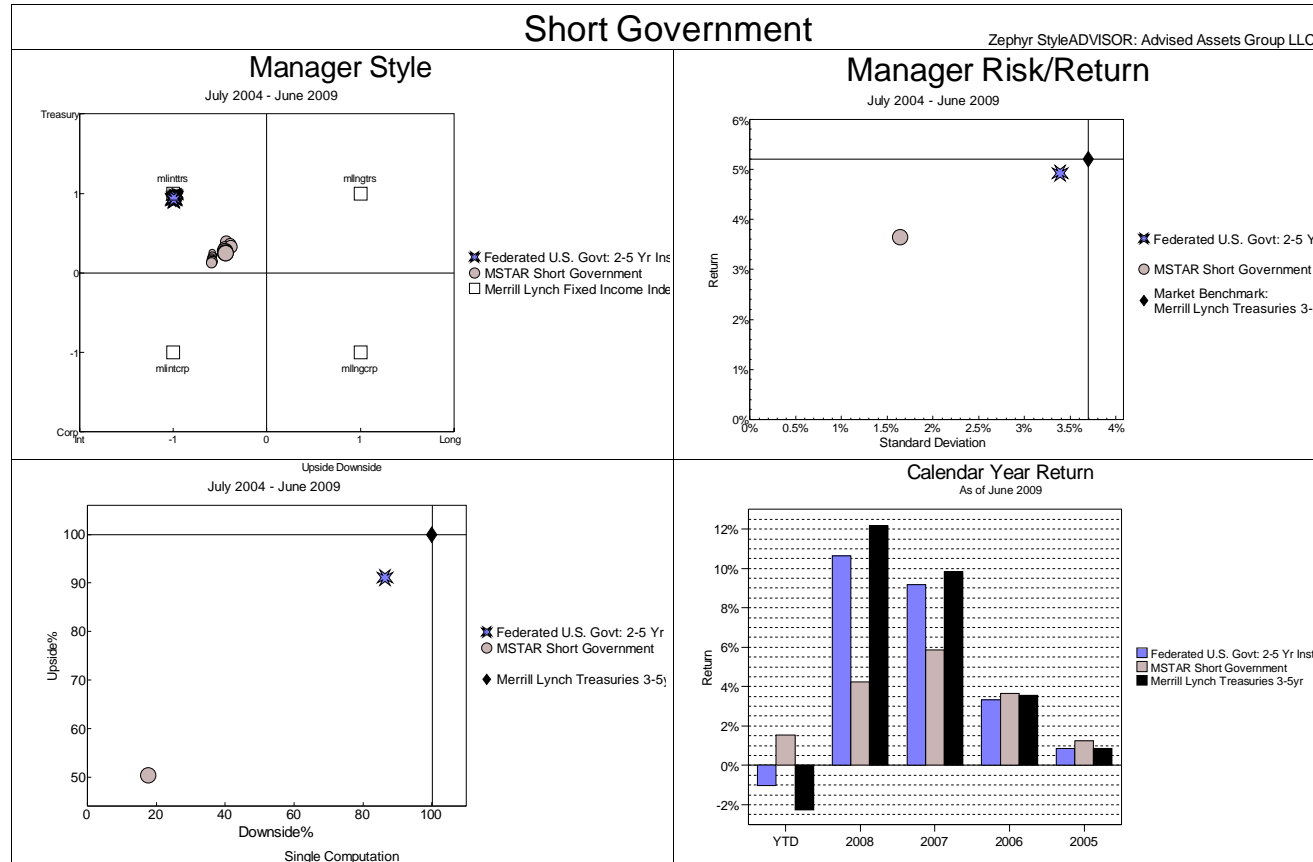
Federated U.S. Government Securities: 2-5 Year Trust seeks current income. The fund invests only in U.S. government securities with a dollar weighted duration between two and five years. It may enter into repurchase agreements.



DATA SOURCE: Morningstar 6/30/2009

	Tot Ret Tot Ret 1 Yr	Tot Ret Annldz 3 Yr	Tot Ret Annldz 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Federated U.S. Govt: 2-5 Yr Instl	7.25	7.37	4.92	1	3	10.64	9.18	3.34	0.87	1.60
Cat: Short Government	4.72	5.19	3.72	--	--	4.80	5.87	3.67	1.26	1.46

Risk Analysis



Name	Morningstar			Total Net Assets \$M	% Cash	Total # of Holdings	% Assets			Mgr Tenure	Expense Ratio
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr				in Top 10	Turnover Ratio			
Federated U.S. Govt: 2-5 Yr Instl	5	3.84	3.39	922	0.56	33	48.71	57.00	4	0.59	
Cat: Short Government	3	2.20	1.95	572	15.89	487	56.83	142.72	6	0.91	

Lifecycle Options



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Lifecycle Option Report Card

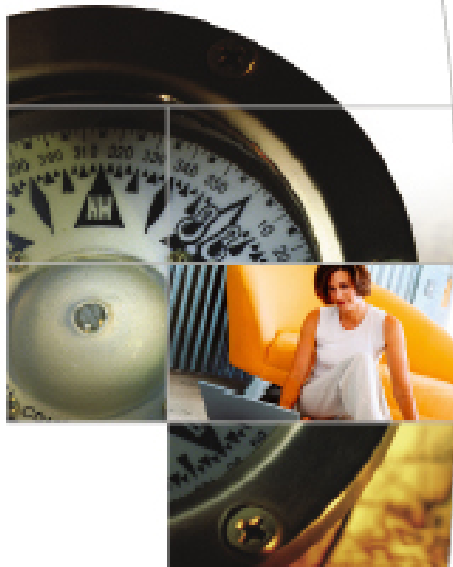
Name	Tot Ret 3 Mo	1 year	3 year	5 year	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	% Short Term	% US Stocks	% Non US Stocks	% Inv Grade Bond	% High Yield Bond
Vanguard Target Retirement 2015	12.21	-14.77	-1.96	1.34	-24.06	7.55	11.42	0	49	13	38	0
Fidelity Freedom 2015	13.67	-16.63	-2.81	1.27	-27.15	7.82	10.36	7	43	11	33	6
T. Rowe Price Retirement 2015	16.50	-16.91	-3.03	1.64	-30.22	6.75	13.73	4.5	55.95	14.05	20.9	4.6
Composite Returns*		-15.27	-2.14	1.28	-24.45	7.50	11.50					
Dow Jones Target 2015	10.35	-9.13	0.43	3.63	-16.65	7.78	9.49					
Vanguard Target Retirement 2025	14.84	-19.76	-4.17	0.29	-30.05	7.59	13.24	0	61	15	24	0
Fidelity Freedom 2025	16.29	-22.14	-5.10	0.28	-33.66	8.64	11.84	0	56	14	22	8
T. Rowe Price Retirement 2025	19.33	-21.37	-5.03	0.80	-35.90	6.81	15.44	0	67.75	16.75	11.65	3.85
Composite Returns*		-20.12	-4.31	0.26	-30.52	7.61	13.38					
Dow Jones Target 2025	15.38	-16.83	-2.65	2.94	-27.61	8.31	13.75					
Vanguard Target Retirement 2035	17.27	-23.54	-5.99	-0.30	-34.66	7.49	15.24	0	72	18	10	0
Fidelity Freedom 2035	17.75	-26.14	-6.90	-0.51	-37.76	9.27	12.94	0	65	17	10	8
T. Rowe Price Retirement 2035	20.60	-23.90	-6.21	0.28	-38.88	6.81	16.18	0	74	18.5	5.35	2.15
Composite Returns*		-23.98	-6.15	-0.34	-35.11	7.50	15.44					
Dow Jones Target 2035	19.71	-22.38	-5.12	2.05	-35.15	8.48	16.25					
Vanguard Target Retirement 2045	17.15	-23.52	-6.00	0.06	-34.56	7.47	15.98	0	72	18	10	0
Fidelity Freedom 2045	18.46	-27.33	-7.39		-39.15	9.50		0	69	17	4	10
T. Rowe Price Retirement 2045	20.58	-23.86	-6.17		-38.83	6.84	16.15	0	74	18.5	5.35	2.15
Composite Returns*		-23.98	-6.15	0.01	-35.11	7.50	16.16					
Dow Jones Target 2045	21.01	-23.80	-5.81	1.69	-37.03	8.46	16.64					
Vanguard Target Retirement Income	6.25	-5.64	2.32	3.07	-10.93	8.17	6.38	5	24	6	65	0
Fidelity Freedom Income	7.49	-5.69	0.83	2.09	-12.14	4.83	6.37	40	20	0	35	5
T. Rowe Price Retirement Income	11.53	-8.18	0.28	2.67	-18.38	6.10	9.98	30	33.95	8.55	23.55	3.95
Composite Returns*		-5.92	2.16	3.01	-11.34	8.09	6.47					
Dow Jones Target Today	6.18	0.50	3.60	4.29	-3.06	6.48	6.52					

*Composite returns based on returns of passive benchmarks representative of the asset allocation of each fund.
Benchmarks (per Vanguard) are the MSCI US Broad Market Index, Lehman Aggregate, Lehman US Treasury TIPS, 3 Month T-bill
MSCI EAFE Index, and MSCI Emerging Markets Index

Lifecycle Option Observations

- Vanguard Target Retirement Funds outperform their composite indices over the 1, 3, and 5 year time periods. Vanguard mostly trails the Dow Jones Indices.
- The Vanguard Target Retirement Funds outperform their competitors over the 1 and 3 year periods. Vanguard is in-line with its competitors over 5 years.
- Vanguard's target allocations give them equity exposure that is in-line with their competitors, and international exposure that is greater than most of their competitors.
- Vanguard has a smaller allocation to short term debt than its peers, but a greater allocation to investment grade bonds than its peers.

Economic Overview



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Economic & Capital Markets Update



- **Current Economic Conditions**

- The economy remains in recession. GDP decreased in Q1 at an annualized rate of 5.5%, marking the third declining quarter in a row. The slowdown in Q1 was less than the 6.3% drop in Q4 2008
 - This marks the first time since the Great Depression that GDP fell more than 5% for two consecutive quarters
 - The slump in U.S. car sales contributed 1.26 percentage points to the Q1 decline
 - U.S. industrial production declined a steeper-than-expected 1.1% in May from the prior month; output was off sharply at factories, utilities, and mines, according to a Federal Reserve report
 - The silver lining is that a decrease in business inventories was a large contributor to the decline. This indicates that inventories are getting lean, which could potentially boost production next quarter if orders hold steady
- Consumer confidence, after climbing for 2 straight months, fell in June as more Americans say jobs are hard to find
 - The Conference Board stated that the retreat in confidence was caused by a less favorable assessment of business conditions and employment

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Economic & Capital Markets Update



- **Current Economic Conditions**

- The unemployment rate rose for the ninth straight month, climbing to 9.5% and hitting a 26-year high
 - There was a net loss of 467,000 jobs in June compared with a revised loss of 322,000 jobs in May, marking the first time in four months that the number of jobs lost rose from the prior month
 - Total job losses since the recession started in December of 2007 stands at 6.5 million jobs, representing the deepest employment slump in post-war history
- The decline in housing prices continued as real-estate values in 20 major cities decreased 18.1% in April from a year earlier
 - However, this was the smallest decline since June of 2008, according to the S&P/Case-Schiller index

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Economic & Capital Markets Update



- **Current Economic Conditions: Some Positive Signs**

- Retail sales rose in May ending two straight months of declines
- The Conference Board Leading Economic Indicator (LEI) increased sharply for the second consecutive month in May, becoming positive for the first time in two years
 - Seven of the 10 indicators that make up the LEI for the U.S. increased in May, demonstrating that the strengths among its components continued to exceed the weaknesses
- Manufacturing sector activity rose in June for the sixth straight month, according to the Institute for Supply Management (ISM)
- Encouraging language from Fed policy makers in their most recent meetings indicate that while the economy has not recovered, brighter days may be ahead
 - The FOMC stated, “information received suggests that the pace of economic contraction is slowing.” “The Committee expects that inflation will remain subdued for some time.”*

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Economic & Capital Markets Update



- **Current Economic Conditions: Some Positive Signs**
 - Yield spreads between corporate investment-grade and treasuries tightened further in Q2, indicating continued easing in the credit markets
 - A narrowing of spreads implies that the market is factoring less risk of default on lower grade bonds which, in turn, implies an expanding economy
 - Continued steepening of the yield curve (a chart that plots the yields on U.S. Treasuries carrying different maturities ranging from 3 months to 30 years) shows improvement in confidence levels and investor risk appetite
 - The yield curve has normalized, with long-term rates higher than short-term rates
 - Stock markets—generally considered a leading indicator—rallied in Q2
 - The S&P 500 closed the second quarter 38% above its March 9th low
 - Investors will be closely watching the upcoming earnings reports from publicly traded companies
 - A “golden cross”—the S&P’s 50-day moving average broke through its declining 200-day moving average, a strong bullish signal
 - There have been 14 such instances since 1929 with an average return over the next 12 months of 19%

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Market Update – 2nd Quarter



- Thanks to a rally that began March 9th, equity markets were up significantly in 2Q/2009

	<u>Q2 '09</u>	<u>YTD</u>	<u>2008</u>
– DJIA	11.96%	-2.01%	-31.92%
– S&P 500 [®]	15.93%	3.16%	-37.00%
– Russell 2000 [®]	20.69%	2.64%	-33.79%
– MSCI [®] EAFE	23.76%	5.64%	-43.38%
– MSCI [®] Emerging	33.57%	34.26%	-53.33%

- Bond Markets were mixed as investors' appetite for risk helped push corporates and high yields while depressing treasuries and other government issues

	<u>Q2 '09</u>	<u>YTD</u>	<u>2008</u>
– BarCap US Agg Bond Idx	1.78%	1.90%	5.24%
– BarCap US Gov't.	-2.21%	-3.17%	12.39%
– BarCap US Corp. High Yield	23.07%	30.43%	-26.16%
– US Money Market	0.05%	0.09%	2.00%

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Market Update – 2nd Quarter



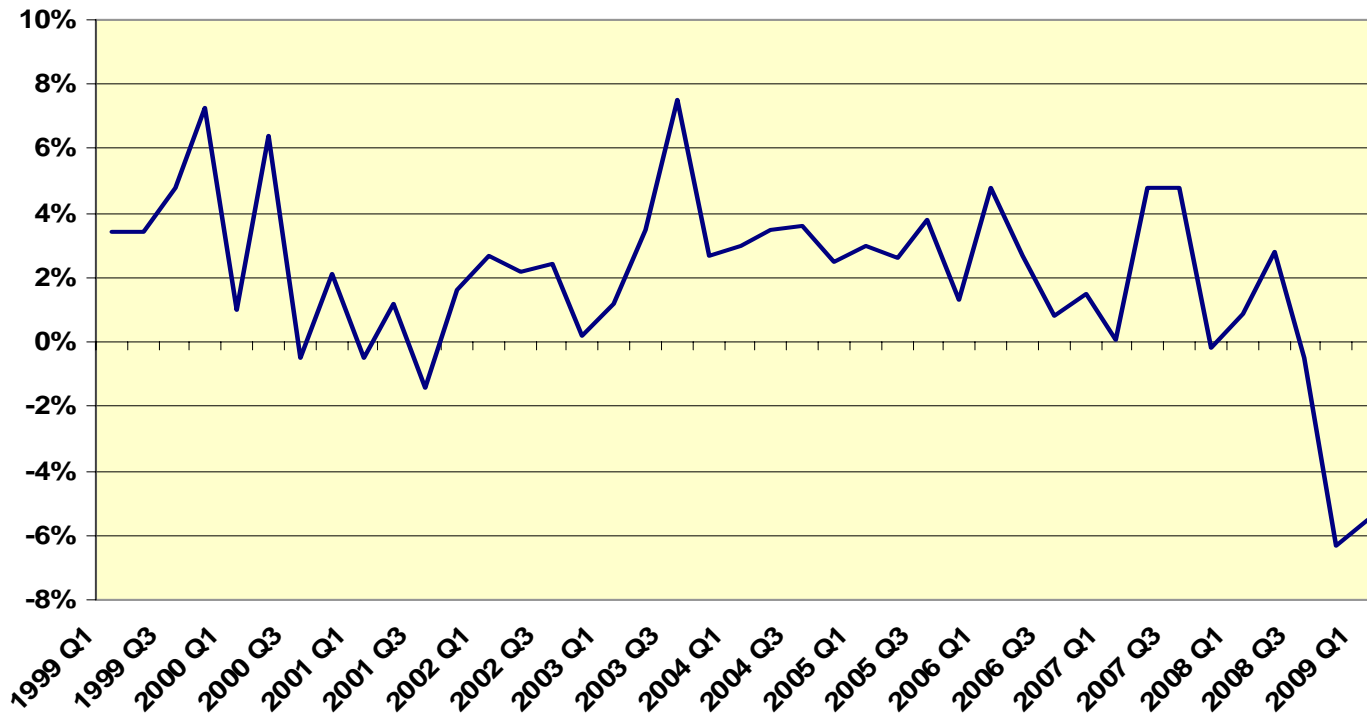
- US stock markets recorded a double-digit percentage gain during Q2
 - Year-to-date, growth mutual funds are leading the way by a wide margin over core and value mutual funds. Small and mid-cap mutual funds are leading the way by a wide margin over large cap funds
- International stocks outperformed domestic issues, with emerging market stocks showing the best performance of any major asset class during the quarter
- Fixed Income securities continued a trend that started in the first quarter of this year: lower quality issues (High Yield +23.07%) outperforming higher quality issues (US Government - 2.21%). Although yield spreads have narrowed throughout 2009, they remain high by historical standards
- Top two sectors for the 1-year period ending June 30th, 2009 were Consumer Staples (-10.25%) and Healthcare (-11.51%).
- The bottom two sectors for the 1-year period ending June 30th, 2009 were Materials (-38.88%) and Energy (-41.44%)
 - For the 1-year period ending June 30th, 2009, the Financial Sector was down -38.58%

*Source: Lehman Brothers

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Gross Domestic Product



Source: Bureau of Economic Analysis

- GDP declined for the third consecutive quarter. The initial figure for the first quarter of 2009 weighed in at -5.5%.
- According to the National Bureau of Economic Research, the U.S. economy has now been in recession for the last six calendar quarters.

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Unemployment



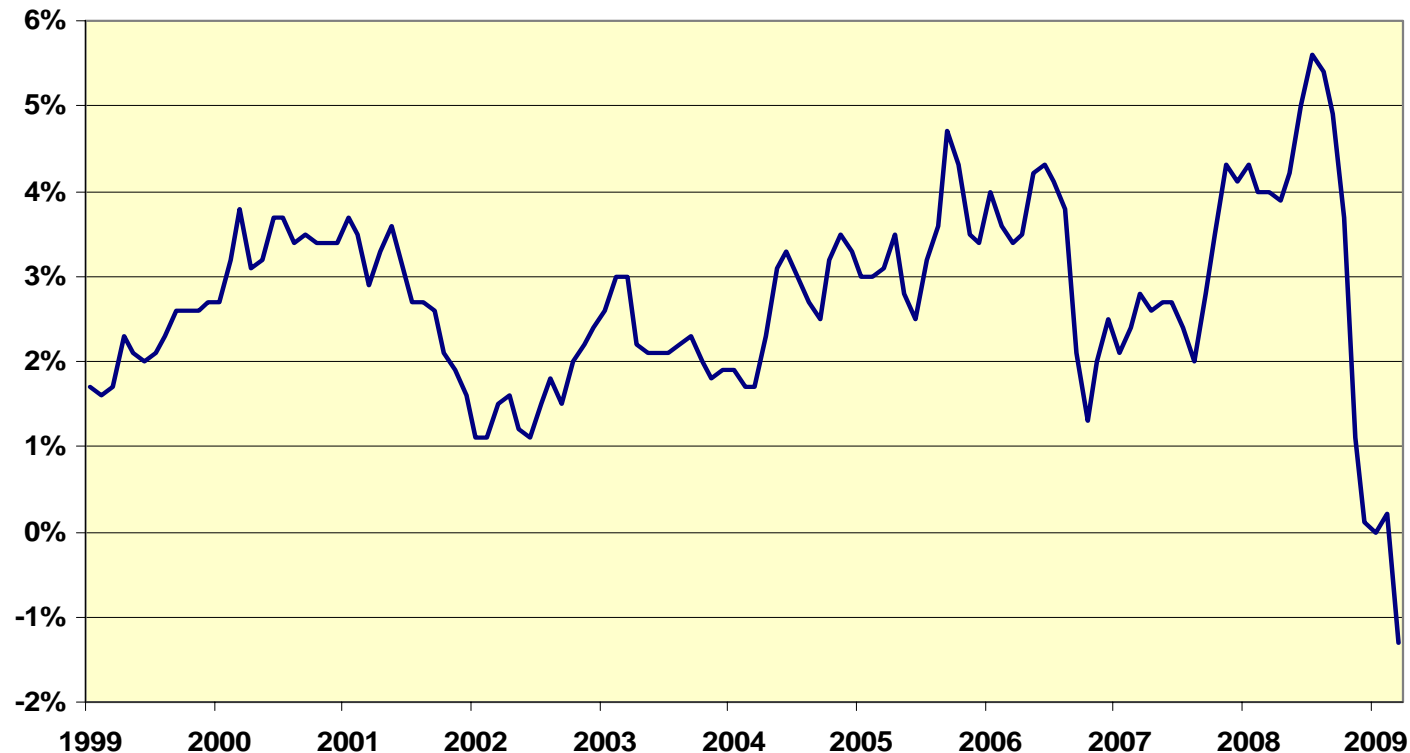
Source: Bureau of Labor Statistics

- In the past 12 months, the unemployment rate has risen from 5.6% to 9.5% through June 20, '09.
- Because unemployment is typically a lagging indicator, we could see increases in the jobless rate even after the economy begins to improve.

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Consumer Price Index



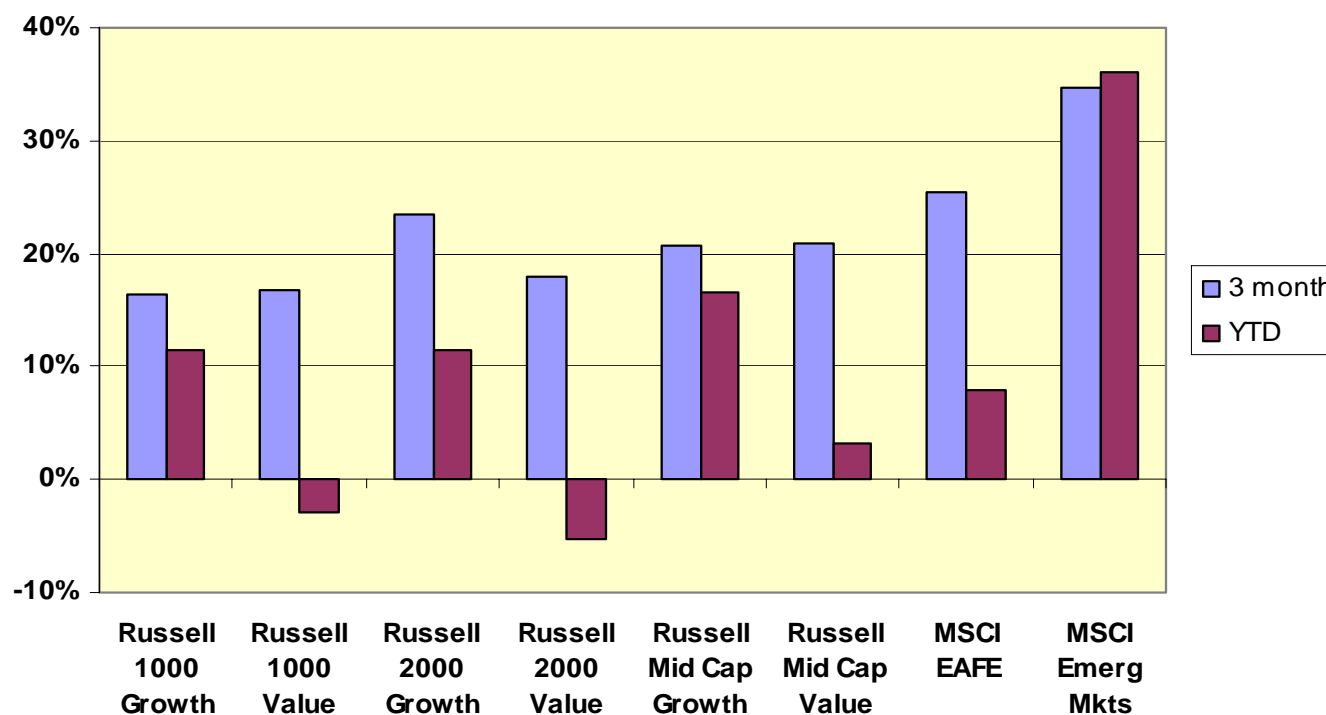
Source: Bureau of Labor Statistics

- While the CPI saw a slight increase during the month of May, the year-over-year measure fell 1.3%. This was the largest annual decline since April, 1950. (Bureau of Labor Statistics)
- The large decrease in annual CPI was due mainly to a 27.3% decline in energy costs.

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Equity Returns – 2nd Quarter 2009



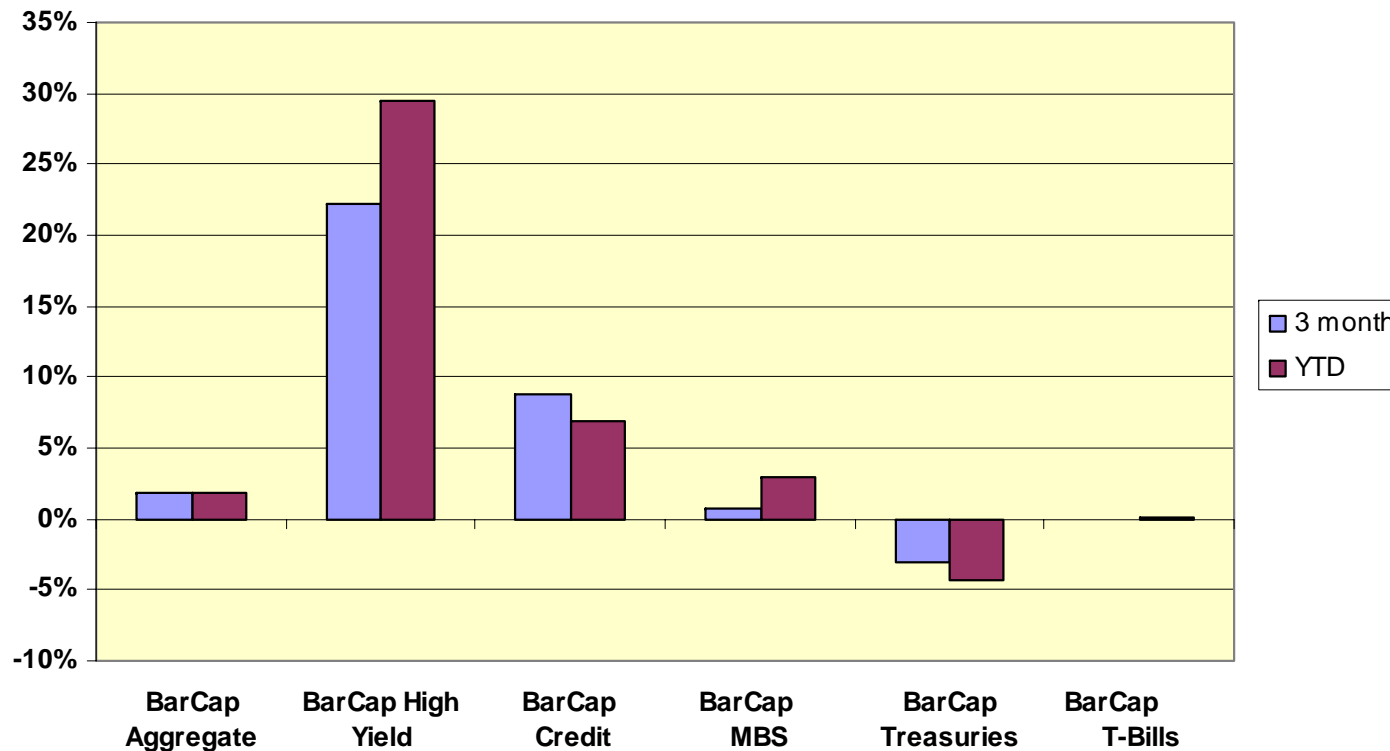
Source:
Morningstar
Direct

- Equity indexes saw a substantial increase during the second quarter of 2009.
- International equities paced the quarter with the EAFE Index returning over 25% and the Emerging Markets Index returning nearly 35%.

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Fixed Income Returns – 2nd Quarter 2009



Source:
Morningstar
Direct

- Although the broad bond market saw a slight increase for the quarter, different sectors provided a wide range of results.
- Higher-risk bonds continued to dominate returns in 2009 as the High Yield Index saw an increase of over 23% for the quarter. This is in sharp contrast to the U.S. Treasury Index, which saw a decline of 3%.

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American Funds EuroPacific Gr A

Analyst Pick Ticker Status Yield Total Assets Mstar Category
 AEPGX Open 2.1% \$86,870 mil Foreign Large Blend

Governance and Management

Stewardship Grade: A

Portfolio Manager(s)

Like all American Funds, this offering boasts many experienced managers, most of whom have been with the company for more than a decade. Each manager runs his or her portion of assets independently of the others. A portion of the portfolio (less than 25% of assets) is run by the firm's analyst staff.

Strategy

The fund divides assets among several portfolio counselors (managers) whose investment philosophies vary from growth-focused to value-oriented. In the aggregate, the fund's portfolio is well diversified across countries and sectors, and its price multiples usually stay close to the category norms. Several of the managers like to pick up stocks on the cheap and then hold them for the long haul. The fund's turnover is quite low.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	0.00	0.79	12.25	7.06	21.12
2006	7.54	-0.68	4.99	8.67	21.87
2007	2.92	8.43	5.23	1.29	18.96
2008	-7.94	-2.35	-18.04	-19.28	-40.53
2009	-7.96	22.30	—	—	—

Trailing	Total Return%	+/- MSCI EAFE	+/- MSCI World exUS	%Rank Cat	Growth of \$10,000
3 Mo	21.99	0.64	-1.28	49	12,199
6 Mo	35.91	5.28	-1.28	21	13,591
1 Yr	-15.60	7.00	5.73	10	8,440
3 Yr Avg	-0.42	5.15	2.72	6	9,875
5 Yr Avg	8.77	3.97	1.68	7	15,225
10 Yr Avg	5.44	3.69	2.19	8	16,985
15 Yr Avg	8.40	4.39	—	4	33,530

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-3.94	13	1.61	53
5 Yr (estimated)	6.11	13	1.28	54
10 Yr (estimated)	3.65	10	1.12	58

Potential Capital Gain Exposure: 13% of assets

Morningstar's Take by Arijit Dutta 07-01-09

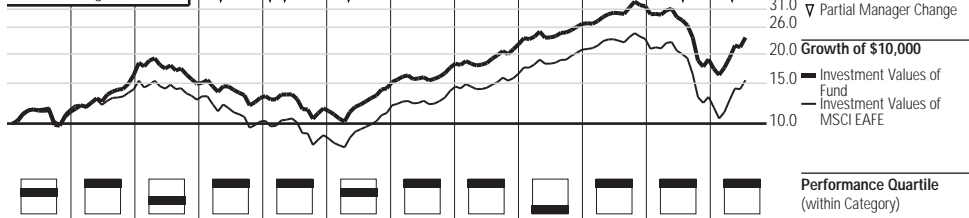
American Funds EuroPacific Growth retains its advantage.

It may be of little consolation, but this fund's staggering 40% loss in 2008 was in fact among the best results in the foreign large-blend category. While the shadow of last year's terrible bear market still looms large, the fund has enjoyed its share of the sharp rally in recent months, which has allowed it to post a healthy 13% gain for the year through June 29, 2009. The portfolio's sizable overweightings in telecom and health-care stocks were helpful in limiting some damage last year. Those sectors have lagged quite badly this year, but the fund's large exposure to emerging markets (which have roared out of the gates in this rally) has allowed it to make up ground.

Kudos go to management for the sound judgment and conviction it has shown through this nearly unprecedented stretch of market turmoil. Management's key insight through this credit crisis has been the assessment that only companies with

Historical Profile

Return	High	82%	86%	86%	91%	86%	93%	84%	87%	89%
Risk	Below Avg									
Rating	★★★★★									
	Highest									



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	NAV
28.40	42.66	31.35	26.87	22.97	30.21	35.63	41.10	46.56	50.87	28.01	34.67	31.0	26.0
15.54	56.97	-17.84	-12.17	-13.61	32.91	19.69	21.12	21.87	18.96	-40.53	23.78	20.0	23.78
-4.46	30.00	-3.67	9.27	2.33	-5.68	-0.56	7.58	-4.47	7.79	2.85	5.97	15.0	5.97
—	26.34	-2.53	7.56	1.34	-7.92	-1.22	4.50	-4.78	2.31	5.00	-1.28	10.0	-1.28
1.40	1.03	0.50	2.09	0.90	1.35	1.68	2.02	1.88	2.16	1.53	0.00	20.0	0.00
14.14	55.94	-18.34	-14.26	-14.51	31.56	18.01	19.10	19.99	16.80	-42.06	23.78	20.0	23.78
38	17	60	4	20	49	20	7	82	9	13	14	20.0	14
0.36	0.29	0.19	0.66	0.24	0.31	0.51	0.72	0.77	1.01	0.78	0.00	20.0	0.00
1.26	1.39	3.74	0.00	0.00	0.00	0.00	1.32	2.71	3.63	1.39	0.00	20.0	0.00
0.86	0.84	0.84	0.84	0.88	0.90	0.87	0.82	0.76	0.75	0.74	0.80	20.0	0.80
1.64	1.45	0.93	1.89	1.21	1.06	1.08	1.31	1.58	1.54	1.87	2.40	20.0	2.40
31	32	29	37	27	29	25	30	35	27	38	41	20.0	41
20,798	34,783	31,496	27,153	22,601	29,908	36,920	45,485	56,109	63,433	32,308	34,014	20.0	34,014

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-20.45			
3 Yr	-2.37	+ Avg	-Avg	★★★★
5 Yr	7.49	+ Avg	-Avg	★★★★
10 Yr	4.82	High	-Avg	★★★★★
Incept	11.72			

Other Measures	Standard Index	Best Fit Index
Alpha	4.6	2.9
Beta	0.93	0.86
R-Squared	96	97
Standard Deviation	22.66	
Mean	-0.42	
Sharpe Ratio	-0.03	

Portfolio Analysis 06-30-09

Share change since 03-09	Total Stocks:261	Sector	Country	% Assets
⊖ Bayer AG		Health	Germany	2.58
⊖ America Movil S.A.B. de		Telecom	Mexico	2.43
⊖ Roche Holding AG		Health	Switzerland	2.11
⊖ Inbev		Goods	—	1.91
⊕ Novartis		Health	Switzerland	1.76
⊕ Banco Santander SA		Financial	Spain	1.73
⊕ Telefonica, S.A.		Telecom	Spain	1.73
⊕ Novo Nordisk A/S		Health	Denmark	1.70
⊕ Gazprom OAO (EDR)		Utilities	Russia	1.59
⊕ Teva Pharmaceutical Indu		Health	Israel	1.54
⊕ SAP Corporation		Software	Germany	1.25
⊕ Nestle		Goods	Switzerland	1.20
⊖ Samsung Electronics		Hardware	Korea	1.18
⊖ Brazilian Petroleum Corp		Energy	Brazil	1.16
⊖ Royal KPN N.V.		Telecom	Netherlands	0.99
⊕ Prudential PLC		Financial	U.K.	0.93
⊕ Honda Motor Company		Goods	Japan	0.90
⊕ Tesco		Consumer	U.K.	0.89
⊕ GDF Suez		Utilities	France	0.89
⊕ Siemens AG		Telecom	Germany	0.86

Current Investment Style

Value	Blnd	Growth	Market Cap	%	Sector Weightings	% of Rel MSCI Stocks	3 Year EAFE High Low
			Giant	62.9	Info	19.79	1.78
			Large	32.4	Software	1.70	1.91 2 0
			Mid	4.8	Hardware	4.13	4.09 9 4
			Small	0.0	Media	1.29	0.96 3 1
			Micro	0.0	Telecom	12.67	1.61 14 10
			Avg \$mil:	30,518	Service	39.17	0.94
					Health	13.62	1.61 17 9
					Consumer	5.67	1.23 6 5
					Business	1.93	0.52 4 2
					Financial	17.95	0.72 25 12
					Mfg	41.05	0.87
					Goods	17.89	0.99 19 13
					Ind Mtrls	10.59	0.68 20 8
					Energy	6.98	0.87 9 7
					Utilities	5.59	1.03 6 2

Value Measures	Rel Category	Price/Earnings	13.01	1.11	Price/Book	1.37	1.05	Price/Sales	0.73	1.11	Price/Cash Flow	6.04	1.23	Dividend Yield %	4.28	0.99
Growth Measures	% Rel Category	Long-Term Erngs	9.94	0.97	Book Value	3.84	12.39	Sales	2.58	2.39	Cash Flow	-9.29	NMF	Historical Erngs	2.95	1.27

Composition

Cash	9.2	Bonds	1.8	Country Exposure	% Stock
Stocks	88.9	Other	0.1	Germany	11
Foreign (% of Stock)	99.8			Switzerland	9
				U.K.	10
				Japan	8
				France	10

Address:	EUROPACIFIC GROWTH FUND Los Angeles, CA 90071-1406 800-421-0180	Minimum Purchase:	\$250	Add: \$50	IRA: \$250
Web Address:	www.americanfunds.com	Min Auto Inv Plan:	\$0	Add: \$50	
Inception:	04-16-84	Sales Fees:	5.75%L		
Advisor:	Capital Research And Management Company	Management Fee:	0.69% mx./0.40% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.43% Dist:0.24%		
NTF Plans:	Federated Tr NTF, Schwab Instl NTF	Expense Projections:	3Yr:\$825 5Yr:\$1009 10Yr:\$1541		
		Income Distrib:	Annually		



DFA US Micro Cap I

Ticker DFSCX **Status** Closed **Yield** 2.3% **Total Assets** \$2,840 mil **Mstar Category** Small Blend

Governance and Management

Stewardship Grade:

Portfolio Manager(s)

A team of portfolio managers, led by Robert Deere, runs this fund. These folks are focused on implementing the fund's strategy. DFA's investment committee, which includes many famous academics, designed this strategy.

Strategy

The fund invests in the smallest 5% of U.S. exchange-listed stocks to take advantage of the small-cap effect. The portfolio contains anywhere between 2,500 and 3,000 holdings, but it does not contain REITs, newly minted IPOs, or firms that management identifies as merger candidates or too highly leveraged.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-6.43	3.93	6.78	1.78	5.69
2006	14.39	-7.11	-0.21	9.55	16.16
2007	1.66	4.35	-4.03	-6.91	-5.22
2008	-10.27	-3.47	0.05	-26.98	-36.72
2009	-16.13	24.76	—	—	—

Trailing	Total Return%	+/- S&P 500	+/- Russ 2000	%Rank Cat	Growth of \$10,000
3 Mo	16.72	2.91	2.12	20	11,672
6 Mo	30.44	9.26	3.83	34	13,044
1 Yr	-19.65	0.31	1.07	49	8,035
3 Yr Avg	-7.94	-1.78	-1.89	63	7,802
5 Yr Avg	0.31	0.45	-1.21	60	10,156
10 Yr Avg	6.74	7.93	3.13	27	19,199
15 Yr Avg	9.58	2.36	2.49	33	39,443

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-9.29	59	1.47	47
5 Yr (estimated)	-1.10	57	1.41	43
10 Yr (estimated)	4.73	32	1.88	76

Potential Capital Gain Exposure: -26% of assets

Morningstar's Take by John Coumarianos 06-30-09

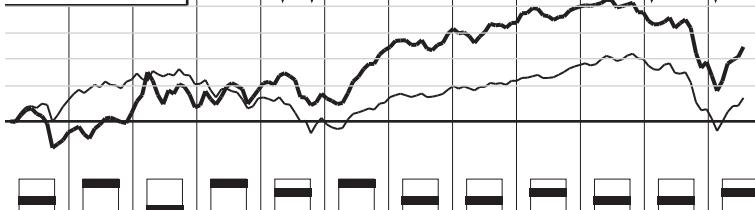
Index fund or actively managed small-cap value fund, DFA U.S. Micro Cap is a winner.

This fund is something of a flagship for Dimensional Fund Advisors. It's founded on research suggesting that markets are mostly efficient but also that small-cap and value-oriented stocks tend to outperform other parts of the market over the longer haul. Consequently, it owns an index of stocks in the smallest 5% of the market universe. Among 125 funds in the small-value category, the fund's portfolio sports the 11th-lowest price/book ratio, indicating the statistically cheap character of its holdings. DFA's approach is to trade carefully, providing liquidity to alternately panicked sellers and eager buyers of these tiny firms on the market's outskirts.

The academics who pioneered the research behind the small-cap and value "factors" that this fund incorporates argue that investors are compensated over the long haul for taking on the higher risks associated with smaller businesses.

Historical Profile

Return Above Avg
Risk High
Rating ★★★ Neutral



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09
NAV	10.76	12.61	9.64	10.01	8.53	13.32	15.12	14.77	15.70	13.47	8.31	9.51
Total Return %	-7.32	29.79	-3.60	22.77	-13.27	60.72	18.39	5.69	16.16	-5.22	-36.72	14.90
+/-S&P 500	-35.90	8.75	5.50	34.66	8.83	32.04	7.51	0.78	0.37	-10.71	0.28	3.93
+/-Russ 2000	-4.77	8.53	-0.58	20.28	7.21	13.47	0.06	1.14	-2.21	-3.65	-2.93	2.37
Income Return %	1.28	3.49	3.89	0.51	0.16	2.42	2.04	2.38	2.02	1.55	1.73	0.39
Capital Return %	-8.60	26.30	-7.49	22.26	-13.43	58.30	16.35	3.31	14.14	-6.77	-38.45	14.51
Total Rtn % Rank Cat	72	22	87	9	32	7	53	61	37	74	58	48
Income \$	0.15	0.38	0.49	0.05	0.02	0.21	0.27	0.36	0.30	0.24	0.23	0.03
Capital Gains \$	0.00	0.89	1.99	1.71	0.14	0.18	0.36	0.84	1.13	1.16	0.00	0.00
Expense Ratio %	0.59	0.61	0.56	0.56	0.56	0.56	0.16	0.55	0.53	0.52	0.53	—
Income Ratio %	0.18	0.30	0.34	0.41	0.24	0.25	0.64	0.48	0.64	0.89	0.91	—
Turnover Rate %	26	23	37	—	—	—	—	—	24	—	—	—
Net Assets \$mil	1,360	1,452	1,378	1,663	1,533	2,685	3,380	3,912	4,881	4,562	2,526	2,855

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-19.65			
3 Yr	-7.94	Avg	+ Avg	★★★
5 Yr	0.31	Avg	+ Avg	★★
10 Yr	6.74	+ Avg	High	★★★
Incept	11.07			

Other Measures	Standard Index S&P 500	Best Fit Index Russ 2000
Alpha	1.1	-1.6
Beta	1.22	1.03
R-Squared	88	99
Standard Deviation	25.38	
Mean	-7.94	
Sharpe Ratio	-0.31	

Portfolio Analysis 05-31-09

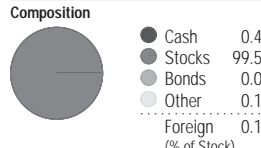
Share change since 04-09	Total Stocks:2469	Sector	PE	Tot Ret%	% Assets
⊖ Penske Automotive Group		Consumer	—	169.27	0.44
⊖ BlackRock Liquidity Temp		—	—	—	0.40
⊖ Dendreon Corporation		Health	—	428.60	0.37
⊖ Badger Meter, Inc.		Hardware	20.5	27.74	0.37
⊖ Pegasystems, Inc.		Software	63.7	129.45	0.36
⊖ Raven Industries, Inc.		Hardware	17.8	20.21	0.35
⊖ Black Box Corporation		Hardware	10.6	5.63	0.34
⊖ Entegris, Inc.		Hardware	—	70.32	0.31
⊖ Maximus, Inc.		Business	30.1	22.07	0.30
⊖ Premiere Global Services		Telecom	15.5	11.38	0.29
⊖ SimpleTech, Inc.		Hardware	—	700.23	0.29
⊖ Synnex Corporation		Business	10.9	150.84	0.28
⊖ Healthcare Services Grou		Business	29.0	20.59	0.28
⊖ PacWest Bancorp		Financial	—	-39.00	0.28
⊖ L-1 Identity Solutions,		Business	—	16.77	0.28
⊖ Coinstar, Inc.		Goods	69.0	70.32	0.27
⊖ J&J Snack Foods Corp.		Goods	21.6	21.34	0.27
⊖ Jos A. Bank Clothiers		Consumer	11.3	39.92	0.26
⊖ Sykes Enterprises, Inc.		Software	13.7	4.08	0.26
⊖ Cabot Microelectronics C		Hardware	95.2	30.11	0.26

Current Investment Style

Value	Blind	Growth	Market Cap	%
Large	0.0	0.0	Giant	0.0
Mid	0.4	0.4	Large	0.0
Small	41.1	41.1	Mid	0.4
Micro	58.5	58.5	Small	41.1
Avg \$mil:	317		Micro	58.5

Value Measures	Rel Category
Price/Earnings	13.16 0.99
Price/Book	1.15 0.96
Price/Sales	0.36 0.67
Price/Cash Flow	3.17 0.74
Dividend Yield %	1.64 0.75
Growth Measures	% Rel Category
Long-Term Erngs	13.46 1.07
Book Value	-7.46 NMF
Sales	0.87 0.22
Cash Flow	3.72 0.65
Historical Erngs	-4.18 NMF

Profitability	% Rel Category
Return on Equity	2.04 0.24
Return on Assets	-1.63 NMF
Net Margin	1.54 0.28



Address:	DFA Investment Trust Co Austin, TX 78746 310-633-7885	Minimum Purchase:	Closed	Add: —	IRA: —
Web Address:	www.dfafunds.com	Min Auto Inv Plan:	Closed	Add: —	
Inception:	12-23-81	Sales Fees:	No-load		
Advisor:	Dimensional Fund Advisors Ltd.	Management Fee:	0.10%		
Subadvisor:	None	Actual Fees:	Mgt:0.50%	Dist: —	
NTF Plans:	N/A	Expense Projections:	3Yr:\$170	5Yr:\$296	10Yr:\$665
		Income Distrib:	Annually		



T. Rowe Price Mid-Cap Growth

Ticker RPMGX **Status** Open **Yield** 0.0% **Total Assets** \$12,773 mil **Mstar Category** Mid-Cap Growth

Governance and Management

Stewardship Grade: A

Portfolio Manager(s)

Brian Berghuis has run this offering since its June 1992 inception. He is assisted by comanager John Wakeman, and the two draw ideas from T. Rowe's strong corp of research analysts. Berghuis was named Morningstar's Domestic-Stock Manager of the Year for 2004.

Strategy

Manager Brian Berghuis looks for companies with sound business models that are growing rapidly. But unlike some other mid-growth managers, he pays close attention to valuations: The fund's average P/E is well below that of its typical rival. He also keeps the fund well diversified across sectors and does not let individual positions in the portfolio become too significant.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-2.25	4.12	8.17	4.28	14.82
2006	6.22	-4.69	-0.05	5.54	6.79
2007	3.24	11.53	3.45	-1.23	17.65
2008	-10.72	4.56	-13.54	-25.28	-39.69
2009	-1.13	17.80	—	—	—

Trailing	Total Return%	+/- S&P 500	+/- Russ MG	%Rank Cat	Growth of \$10,000
3 Mo	13.74	-0.07	-0.25	37	11,374
6 Mo	30.35	9.17	-1.39	36	13,035
1 Yr	-16.94	3.02	4.93	22	8,306
3 Yr Avg	-0.73	5.43	3.68	16	9,783
5 Yr Avg	5.01	5.15	2.53	12	12,769
10 Yr Avg	5.22	6.41	4.11	18	16,633
15 Yr Avg	11.23	4.01	3.91	5	49,355

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-2.05	16	1.33	53
5 Yr (estimated)	3.93	13	1.03	51
10 Yr (estimated)	4.39	15	0.79	35

Potential Capital Gain Exposure: 4% of assets

Morningstar's Take by Hilary Fazzone 06-13-09

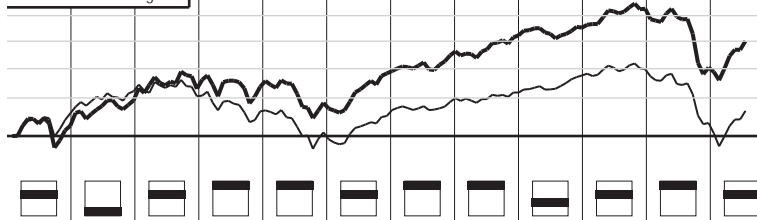
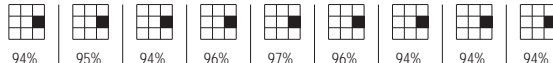
The recently reopened T. Rowe Price Mid-Cap Growth deserves your attention.

Brian Berghuis has managed this fund with an eye for quality companies for 17 years. He targets firms whose balance sheets demonstrate strong financial positions, whose business models will lead to a rising return on invested capital, and whose management teams he trusts to make good strategic decisions. Poor balance sheets kept Berghuis away from banks in recent years, and he is still mostly leery of these institutions because he thinks the credit cycle still has to recover. But he recently bought a couple of banks with the idea that there will be a return to traditional banking practices over the securitization that got banks into trouble last year. Prudent decisions from management brought Berghuis back to long-followed Whole Foods, which dealt with overextension in new store expansion by cutting non-consumer-facing costs.

A long history of success in identifying such opportunities is reflected in the fund's impressive

Historical Profile

Return Above Avg
Risk Average
Rating ★★★★★ Above Avg



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09
NAV	34.08	40.13	39.79	39.40	31.04	42.90	49.88	54.14	53.69	57.67	32.67	41.06
Total Return %	22.00	23.78	7.43	-0.98	-21.22	38.21	18.39	14.82	6.79	17.65	-39.69	25.68
+/-S&P 500	-6.58	2.74	16.53	10.91	0.88	9.53	7.51	9.91	-9.00	12.16	-2.69	14.71
+/-Russ MG	4.14	-27.51	19.18	19.17	6.19	-4.50	2.91	2.72	-3.87	6.22	4.63	-0.13
Income Return %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.11	0.00	0.00
Capital Return %	22.00	23.78	7.43	-0.98	-21.22	38.21	18.39	14.82	6.64	17.54	-39.69	25.68
Total Rtn % Rank Cat	39	85	26	7	24	33	13	15	64	37	20	27
Income \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.06	0.00	0.00
Capital Gains \$	0.73	1.88	3.27	0.00	0.00	0.00	0.90	3.15	4.07	5.33	1.99	0.00
Expense Ratio %	0.91	0.87	0.86	0.89	0.88	0.87	0.83	0.80	0.80	0.77	0.82	—
Income Ratio %	-0.14	-0.09	-0.09	-0.35	-0.50	-0.44	-0.39	-0.12	0.14	0.10	-0.28	—
Turnover Rate %	47	53	54	43	36	30	30	29	34	35	33	—
Net Assets \$mil	3,310	5,243	6,589	6,739	5,713	9,869	12,651	15,187	14,629	16,902	9,405	11,195

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-16.94			
3 Yr	-0.73	+ Avg	Avg	★★★★
5 Yr	5.01	+ Avg	Avg	★★★★
10 Yr	5.22	+ Avg	-Avg	★★★★
Incept	12.46			

Other Measures	Standard Index	Best Fit Index
Alpha	7.1	3.3
Beta	1.10	0.94
R-Squared	90	98

Standard Deviation	Mean	Sharpe Ratio
22.73	-0.73	-0.04

Portfolio Analysis 06-30-09

Share change since 03-09	Total Stocks:137	Sector	PE	Tot Ret%	% Assets
+	T. Rowe Price Government	—	—	—	5.33
-	Roper Industries, Inc.	Ind Mtrls	16.2	10.73	1.74
-	Ametek, Inc.	Ind Mtrls	14.5	7.51	1.68
-	Rockwell Collins, Inc.	Ind Mtrls	10.5	9.18	1.61
-	Juniper Networks, Inc.	Hardware	35.7	49.23	1.61
-	The Western Union Compan	Business	13.6	21.90	1.54
+	Global Payments, Inc.	Business	91.7	29.12	1.50
-	SAIC, Inc.	Business	15.8	-7.14	1.42
+	Marriott International	Consumer	78.1	11.60	1.42
-	Agnico-Eagle Mines	Ind Mtrls	117.7	14.42	1.41
-	Cephalon, Inc.	Health	19.2	-23.87	1.33
-	McAfee, Inc.	Software	35.8	28.96	1.29
-	Quanta Services, Inc.	Ind Mtrls	29.2	17.73	1.26
-	Henry Schein, Inc.	Health	18.2	40.04	1.23
-	Fiserv, Inc.	Business	21.8	30.35	1.17
-	Edwards Lifesciences Cor	Health	22.8	19.04	1.16
-	Robert Half Internationa	Business	19.9	20.22	1.16
+	American Tower Corporati	Telecom	56.8	16.27	1.14
-	Chipotle Mexican Grill,	Consumer	27.4	42.70	1.13
+	Expedia, Inc.	Telecom	—	151.33	1.10

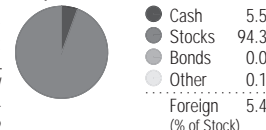
Current Investment Style

Value	Blind Growth	Market Cap	%
Large	Mid	Small	
0.0	13.7	81.1	
5.0	0.2		
Avg \$mil: 4,399			

Value Measures	Rel Category
Price/Earnings	18.48 1.18
Price/Book	2.07 1.12
Price/Sales	1.01 1.11
Price/Cash Flow	4.29 0.78
Dividend Yield %	0.94 0.76
Growth Measures % Rel Category	
Long-Term Erngs	12.95 0.95
Book Value	1.42 0.22
Sales	11.92 1.07
Cash Flow	10.58 0.83
Historical Erngs	6.95 0.62

Sector Weightings	% of Stocks	Rel S&P 500	3 Year High Low
Info	30.56	1.26	
Software	6.97	1.68	9 5
Hardware	14.22	1.33	15 9
Media	3.57	1.47	4 2
Telecom	5.80	0.84	6 3
Service	47.42	1.23	
Health	15.10	1.19	17 15
Consumer	11.75	1.37	14 11
Business	11.78	3.49	15 11
Financial	8.79	0.64	9 4
Mfg	22.03	0.59	
Goods	0.36	0.03	3 0
Ind Mtrls	14.74	1.39	19 10
Energy	6.93	0.58	11 7
Utilities	0.00	0.00	1 0

Composition



Profitability	% Rel Category
Return on Equity	12.89 0.84
Return on Assets	4.76 0.72
Net Margin	7.12 0.82

Address:	100 East Pratt Street Baltimore, MD 21202 800-225-5132	Minimum Purchase:	\$2500	Add: \$100	IRA: \$1000
Web Address:	www.troweprice.com	Min Auto Inv Plan:	\$0	Add: \$50	
Inception:	06-30-92	Sales Fees:	No-load		
Advisor:	T. Rowe Price Associates, Inc.	Management Fee:	0.66%		
Subadvisor:	None	Actual Fees:	Mgt:0.66%	Dist: —	
NTF Plans:	N/A	Expense Projections:	3Yr:\$265	5Yr:\$460	10Yr:\$1025
		Income Distrib:	Annually		



Calvert Social Investment Equity A

Ticker: CSIEX Status: Open Yield: 0.0% Total Assets: \$1,037 mil Mstar Category: Large Growth

Governance and Management

Stewardship Grade:

Portfolio Manager(s)

Lead manager Dan Boone, who called the shots at this fund since subadvisor Atlanta Capital Management took it over in September 1998, retired in December 2007. Richard England, Boone's comanager since July 2006, has taken the lead, and he's supported by Boone's longtime comanager William Hackney III and Atlanta's six-person analyst team. Prior to joining Atlanta in 2004, England garnered eight years of portfolio-management experience at Putnam Investments. A team of researchers at Calvert ensures that each of the fund's holdings meets its social

Strategy

Like manager Dan Boone before him, Richard England and his team invest in 40-60 stocks with solid earnings histories and business franchises, as well as healthy balance sheets. Such firms tend to fetch a high price, but England attempts to buy them when they're trading at below-average valuations relative to their histories. The portfolio is screened according to Calvert's social-investment criteria, which eliminate alcohol, tobacco, gambling, and weapons companies, as well as firms with poor records in areas like the environment and labor practices.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-2.21	2.49	2.46	1.42	4.16
2006	3.80	-2.46	3.92	4.71	10.16
2007	-0.64	5.45	5.04	-0.11	9.94
2008	-8.50	2.55	-9.14	-24.39	-35.53
2009	-6.50	17.97	—	—	—

Trailing	Total Return %	+/- S&P 500	+/- Russ 1000Gr	%Rank Cat	Growth of \$10,000
3 Mo	11.75	-2.06	-1.92	76	11,175
6 Mo	26.86	5.68	1.37	32	12,686
1 Yr	-17.33	2.63	0.24	29	8,267
3 Yr Avg	-2.84	3.32	-0.20	34	9,172
5 Yr Avg	0.81	0.95	0.11	46	10,412
10 Yr Avg	2.71	3.90	5.92	7	13,066
15 Yr Avg	6.68	-0.54	0.45	38	26,378

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-5.26	56	0.90	41
5 Yr (estimated)	-0.75	63	0.58	34
10 Yr (estimated)	1.62	7	0.58	35

Potential Capital Gain Exposure: -5% of assets

Morningstar's Take by Harry Milling 05-20-09

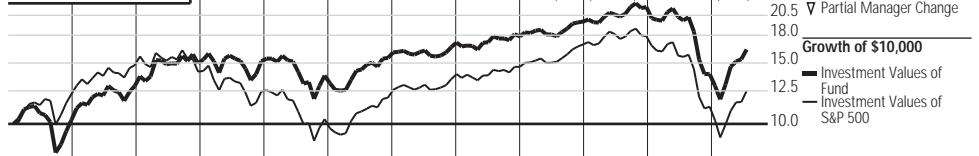
Calvert Social Investment Equity's prudent approach works.

This fund's lead manager, Richard England, has been with the fund only since 2006, but for the most part, he's employing the same strategy the fund has used for more than 10 years. He looks for companies that post steady profit growth while maintaining strong balance sheets. Their stock prices also need to be trading beneath the high end of their historical price/earnings ratio. Thus, the fund owns mature firms that are big cash-flow generators, which at times have been ignored by investors who are captivated with flashier fare. Computer giant Hewlett-Packard and pharmacy retailer CVS Caremark are both top holdings. The valuations of such stocks tend to rise incrementally, so the fund's turnover tends to be low, though England remains disciplined about selling holdings before they reach frothy valuations.

There are a bunch of firms that England stays away from, however. Because this is a socially

Historical Profile

Return	Average	96%
Risk	Below Avg	97%
Rating	★★★★	97%
	Above Avg	98%



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	History
NAV	25.80	29.88	31.72	31.06	26.40	32.29	1.05	35.30	37.30	38.61	22.91	26.92	NAV
Total Return %	10.89	23.17	11.61	0.67	-14.93	22.31	6.69	4.16	10.16	9.94	-35.53	17.50	17.50
+/- S&P 500	-17.69	2.13	20.71	12.56	7.17	-6.37	-4.19	-0.75	-5.63	4.45	1.47	6.53	+/- S&P 500
+/- Russ 1000Gr	-27.82	-9.99	34.03	21.09	12.95	-7.44	0.39	-1.10	1.09	-1.87	2.91	-1.95	+/- Russ 1000Gr
Income Return %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Return %	10.89	23.17	11.61	0.67	-14.93	22.31	6.69	4.16	10.16	9.94	-35.53	17.50	17.50
Total Rtn % Rank Cat	94	29	4	2	5	87	86	70	22	69	13	53	53
Income \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Gains %	0.01	1.83	1.63	0.88	0.02	0.00	0.00	0.59	1.59	2.43	1.92	0.00	0.00
Expense Ratio %	1.16	1.22	1.13	1.24	1.29	1.29	1.24	1.25	1.23	1.21	1.20	—	—
Income Ratio %	-0.14	-0.28	-0.20	-0.07	-0.12	-0.26	-0.32	0.08	-0.06	-0.01	-0.05	—	—
Turnover Rate %	110	51	49	43	28	29	17	31	35	35	51	—	—
Net Assets \$mil	157	203	253	312	380	619	783	883	948	978	633	763	763

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-21.26			
3 Yr	-4.40	Avg	-Avg	★★★
5 Yr	-0.17	Avg	-Avg	★★★★
10 Yr	2.21	+Avg	-Avg	★★★★★
Incept	6.32			

Other Measures	Standard Index S&P 500	Best Fit Index Russ 1000Gr
Alpha	3.2	-0.4
Beta	0.97	0.97
R-Squared	95	96
Standard Deviation	19.50	
Mean	-2.84	
Sharpe Ratio	-0.20	

Portfolio Analysis 06-30-09

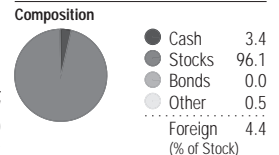
Share change since 05-09	Total Stocks:51	Sector	PE	Tot Ret%	% Assets	
		Apple, Inc.	Hardware	28.6	91.44	4.38
		Hewlett-Packard Company	Hardware	14.0	19.76	4.35
		CVS Caremark Corporation	Consumer	14.7	17.29	4.23
		Staples, Inc.	Consumer	20.3	18.22	3.65
		Google, Inc.	Telecom	40.2	44.01	3.65
		Stryker Corporation	Health	14.0	-2.68	3.21
		Qualcomm, Inc.	Telecom	46.3	29.89	3.14
		Cisco Systems, Inc.	Hardware	18.4	35.03	3.09
		Microsoft Corporation	Software	14.5	22.33	3.06
		Novartis AG ADR	Health	12.8	-4.86	2.86
		Intel Corporation	Hardware	24.4	33.22	2.54
		Aflac, Inc.	Financial	13.3	-16.19	2.52
		Air Products and Chemicals	Ind Mtrls	23.9	50.19	2.36
		Procter & Gamble Company	Goods	14.7	-8.14	2.20
		Laboratory Corporation of America	Health	15.8	4.32	2.18
		Ecolab, Inc.	Goods	25.4	18.89	2.18
		EOG Resources	Energy	7.9	11.83	2.17
		Questar Corporation	Energy	10.1	1.93	2.16
		Bank of New York Mellon	Financial	29.9	-2.01	2.14
		Kohl's Corporation	Consumer	17.1	34.12	2.13

Current Investment Style

Value	Blind	Growth	Market Cap	%
			Giant	40.6
			Large	43.2
			Mid	15.8
			Small	0.4
			Micro	0.0
			Avg \$mil:	27,869

Value Measures	Rel Category
Price/Earnings	15.45 1.02
Price/Book	2.14 0.99
Price/Sales	1.09 1.02
Price/Cash Flow	7.39 1.17
Dividend Yield %	1.83 1.02
Growth Measures	% Rel Category
Long-Term Erngs	11.75 0.94
Book Value	9.47 1.49
Sales	12.00 1.06
Cash Flow	17.39 1.25
Historical Erngs	9.14 0.74

Sector Weightings	% of Stocks	Rel S&P 500	3 Year High Low
Info	29.43	1.22	19 13
Software	3.18	0.77	7 2
Hardware	15.63	1.46	21 14
Media	2.11	0.87	2 0
Telecom	8.51	1.23	9 0
Service	52.04	1.35	21 15
Health	18.75	1.47	21 15
Consumer	7.01	1.98	19 13
Business	2.81	0.83	11 3
Financial	13.47	0.98	15 9
Mfg	18.53	0.50	15 6
Goods	5.08	0.46	7 3
Ind Mtrls	6.14	0.58	15 6
Energy	7.31	0.61	13 6
Utilities	0.00	0.00	0 0



Profitability	% Rel Category
Return on Equity	18.64 0.90
Return on Assets	9.11 1.02
Net Margin	11.13 0.93

Address: 4550 Montgomery Ave
Bethesda, MD 20814
800-368-2745
www.calvert.com
Inception: 08-24-87
Advisor: Calvert Asset Management Co Inc
Subadvisor: World Asset Management Inc
NTF Plans: DATALynx NTF, Federated Tr NTF

Minimum Purchase: \$1000 Add: \$250 IRA: \$1000
Min Auto Inv Plan: \$0 Add: —
Sales Fees: 4.75%L, 2.00%R
Management Fee: 0.50% mx./0.45% mn., 0.20%A
Actual Fees: Mgt:0.70% Dist:0.25%
Expense Projections: 3Yr:\$841 5Yr:\$1108 10Yr:\$1871
Income Distrib: Annually

Fidelity Contrafund

Ticker: FCNTX Status: Open Yield: 0.4% Total Assets: \$55,155 mil Mstar Category: Large Growth

Governance and Management
Stewardship Grade: C
Portfolio Manager(s)
 Will Danoff has been at the helm since September 1990 and is backed by Fidelity's deep research staff. He has adapted his style to the fund's size by holding more large caps, and he has cut the fund's turnover in recent years. He has also run Fidelity Advisor New Insights since its July 2003 inception.

Strategy
 Call it forced evolution: As this fund's asset base grew in the 1990s, manager Will Danoff had to move away from mid-caps and small caps and adopt a growth-at-a-reasonable-price philosophy. He continues to own a substantial stake in mid-caps, but it is now dominated by larger fare. Reflecting the difficulty of trading in a large portfolio, Danoff has reined in the fund's turnover considerably in recent years.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	0.33	2.95	8.41	3.79	16.23
2006	4.75	-0.77	0.79	6.46	11.54
2007	1.41	7.50	7.16	2.53	19.78
2008	-11.21	3.44	-14.02	-20.43	-37.16
2009	-6.44	12.95	—	—	—

Trailing

	Total Return%	+/- S&P 500	+/- Russ 1000Gr	%Rank Cat	Growth of \$10,000
3 Mo	12.72	-1.09	-0.95	56	11,272
6 Mo	18.75	-2.43	-6.74	81	11,875
1 Yr	-20.04	-0.08	-2.47	53	7,996
3 Yr Avg	-2.83	3.33	-0.19	34	9,175
5 Yr Avg	4.40	4.54	3.70	6	12,402
10 Yr Avg	3.03	4.22	6.24	5	13,478
15 Yr Avg	9.78	2.56	3.55	5	40,537

Tax Analysis

	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-3.71	34	0.91	41
5 Yr (estimated)	3.68	7	0.69	40
10 Yr (estimated)	1.99	5	1.01	59

Potential Capital Gain Exposure: 1% of assets

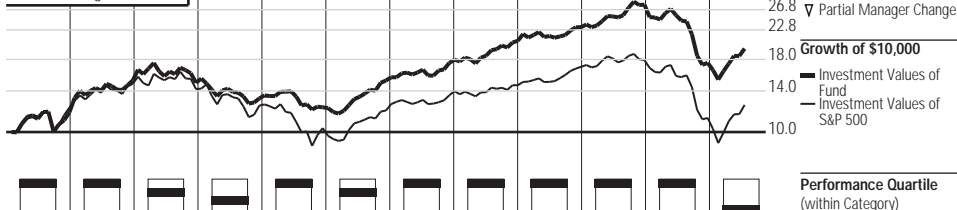
Morningstar's Take by Christopher Davis 05-13-09

Don't sweat Fidelity Contrafund's recent sluggishness.

Many growth funds, such as sibling Fidelity Magellan, have come out of 2008's brutal slump swinging. This offering, though, has looked tepid in stocks' springtime resurgence. For the year to date through May 12, it's up just 2%, a touch better than the S&P 500 Index but ranking in the large-growth category's bottom quartile.

Investors should keep some sense of perspective. Some of the best-performing funds this year often have been those that fared worst in the 2008 bear market. While this offering was hardly immune to the downturn, veteran manager Will Danoff gave his portfolio a defensive cast, favoring health-care stocks and steadier growth companies like Coca-Cola. That cautious tack has held the fund back lately, but it helped the fund top its rivals in 2008. Demonstrating resilience in bad environments is nothing new for Danoff: He's seen three major bear markets during his tenure at Contrafund and

Historical Profile
 Return: High
 Risk: Below Avg
 Rating: ★★★★★ Highest



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	History
NAV	56.81	60.02	49.18	42.77	38.60	49.35	56.74	64.76	65.21	73.11	45.26	50.69	NAV
Total Return %	31.57	25.03	-6.80	-12.59	-9.63	27.95	15.07	16.23	11.54	19.78	-37.16	12.04	Total Return %
+/- S&P 500	2.99	3.99	2.30	-0.70	12.47	-0.73	4.19	11.32	-4.25	14.29	-0.16	1.07	+/- S&P 500
+/- Russ 1000Gr	-7.14	-8.13	15.62	7.83	18.25	-1.80	8.77	10.97	2.47	7.97	1.28	-7.41	+/- Russ 1000Gr
Income Return %	0.64	0.50	0.41	0.45	0.12	0.10	0.09	0.41	0.61	0.68	0.29	0.03	Income Return %
Capital Return %	30.93	24.53	-7.21	-13.04	-9.75	27.85	14.98	15.82	10.93	19.10	-37.45	12.01	Capital Return %
Total Rtn % Rank Cat	7	21	40	51	2	39	5	3	14	19	21	84	Total Rtn % Rank Cat
Income \$	0.30	0.28	0.24	0.22	0.05	0.04	0.05	0.23	0.39	0.44	0.21	0.02	Income \$
Capital Gains %	4.22	10.22	6.62	0.00	0.00	0.00	0.00	0.97	6.49	4.48	0.65	0.00	Capital Gains %
Expense Ratio %	0.61	0.62	0.84	0.91	0.99	0.98	0.92	0.88	0.89	0.89	0.94	—	Expense Ratio %
Income Ratio %	0.70	0.48	0.45	0.49	0.14	0.01	0.08	0.46	0.62	0.68	0.37	—	Income Ratio %
Turnover Rate %	197	177	166	141	80	67	64	60	76	56	78	—	Turnover Rate %
Net Assets \$mil	38,821	46,927	40,220	32,321	27,695	36,051	44,484	60,094	68,576	80,864	45,195	49,935	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-20.04			
3 Yr	-2.83	+ Avg	- Avg	★★★★
5 Yr	4.40	High	- Avg	★★★★★
10 Yr	3.03	High	Low	★★★★★
Incept	12.01			

Other Measures

	Standard Index S&P 500	Best Fit Index M* U.S. Grwth TR
Alpha	2.3	-0.4
Beta	0.87	0.84
R-Squared	89	95
Standard Deviation	18.08	
Mean	-2.83	
Sharpe Ratio	-0.22	

Portfolio Analysis 06-30-09

Share change since 05-09: Total Stocks: 385 Sector: PE: Tot Ret%: % Assets

⊕ Fidelity Cash Central Fu	—	—	—	7.58
⊕ Google, Inc.	Telecom	40.2	44.01	4.96
⊕ Apple, Inc.	Hardware	28.6	91.44	3.89
Berkshire Hathaway Inc.	Financial	59.9	0.41	3.53
⊕ Wells Fargo Company	Financial	23.9	-15.71	3.37
⊕ Coca-Cola Company	Goods	18.5	11.91	2.37
⊕ McDonald's Corporation	Consumer	14.4	-9.86	2.30
⊕ Gilead Sciences, Inc.	Health	22.1	-4.32	2.11
⊕ Procter & Gamble Company	Goods	14.7	-8.14	1.71
⊕ Visa, Inc.	Business	67.1	25.20	1.65
⊖ Abbott Laboratories	Health	13.4	-14.28	1.63
⊕ Qualcomm, Inc.	Telecom	46.3	29.89	1.60
⊕ Johnson & Johnson	Health	13.3	3.36	1.51
⊕ Walt Disney Company	Media	13.6	10.71	1.48
⊕ Noble Energy, Inc.	Energy	10.3	24.91	1.44
Colgate-Palmolive Compan	Goods	18.5	7.56	1.36
⊕ Hewlett-Packard Company	Hardware	14.0	19.76	1.36
⊖ Nike, Inc. B	Goods	18.7	12.04	1.22
⊕ Oracle Corporation	Software	20.3	25.10	1.22
⊖ J.P. Morgan Chase & Co.	Financial	41.1	24.10	1.21

Current Investment Style

Value	Blind	Growth	Market Cap	%
Large	55.1	26.3	Mid	16.3
Small	2.2	0.2	Micro	0.2
Avg \$mil: 29,087				

Sector Weightings

% of Stocks	Rel S&P 500	3 Year High Low
Info	29.77	1.23
Software	4.83	1.16 6 2
Hardware	10.35	0.97 16 7
Media	2.68	1.10 3 2
Telecom	11.91	1.73 12 0
Service	44.74	1.16
Health	14.29	1.12 25 10
Consumer	11.01	1.28 11 4
Business	5.77	1.71 11 6
Financial	13.67	0.99 19 9
Mfg	25.48	0.68
Goods	11.96	1.09 15 9
Ind Mtrls	6.29	0.59 19 6
Energy	7.23	0.61 19 7
Utilities	0.00	0.00 2 0

Composition

Cash	7.6
Stocks	92.2
Bonds	0.1
Other	0.2
Foreign	19.4
(% of Stock)	

Profitability

	% Rel Category
Return on Equity	20.32 0.98
Return on Assets	9.80 1.09
Net Margin	13.77 1.15

beat his peers in them all. The early stages of a rebound typically haven't showcased the strengths of Danoff's strategy, though. He wants to see tangible signs of improving fundamentals before investing, which are often in short supply at the end of down markets. Despite investors' recent enthusiasm, Danoff says he hasn't backed away from his defensive posture, noting the economy and earnings aren't getting better, even if both are deteriorating more slowly. A similar line of thinking in 2003 led to relatively middling results in that year's go-go market, but after the speculative flurry subsided, the fund got back in the saddle, handsomely topping its rivals as stocks rallied between 2004 and 2007. The fund's girth would probably prevent Danoff from quickly going on the offensive right now even if he wanted. While we regard that as a weakness, we think Danoff's deep experience and great skill still make this offering a fine choice.

Address: 82 Devonshire Street Boston, MA 02109 800-544-9797 www.fidelity.com
 Inception: 05-17-67
 Advisor: Fidelity Mgmt & Research Company (FMR)
 Subadvisor: Fidelity FundsNetwork
 NTF Plans: Fidelity Retail-NTF, CommonWealth NTF

Minimum Purchase: \$250 Add: \$250 IRA: \$500
 Min Auto Inv Plan: \$2500 Add: \$100
 Sales Fees: No-load
 Management Fee: 0.75%
 Actual Fees: Mgt: 0.75% Dist: —
 Expense Projections: 3Yr: \$303 5Yr: \$525 10Yr: \$1166
 Income Distrib: Annually

Vanguard Wellington

Analyst Pick Ticker Status Yield Total Assets Mstar Category
 VWELX Open 3.6% \$42,551 mil Moderate Allocation

Governance and Management

Stewardship Grade: A

Portfolio Manager(s)

John Keogh has been the lead fixed-income manager since 2006 but has been with Wellington Management, this fund's subadvisor, since 1983 and worked as a backup on this fund since 2004. Ed Bousa, who took over the equity portfolio at the end of 1992, did a solid job managing Putnam Equity Income from late 1992 through early 2000. He also runs Hartford Dividend & Growth.

Strategy

This fund's fixed-income and equity portfolios follow disciplined strategies. The bond portfolio typically emphasizes high-quality issues, but it has often taken on a modest amount of interest-rate risk. On the stock side, Ed Bousa looks for dividend-paying companies with modest valuations and decent fundamentals. The fund is typically light on technology stocks and has plenty of exposure to value-oriented fare.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-0.53	1.71	4.22	1.31	6.82
2006	2.99	0.69	5.07	5.51	14.97
2007	1.14	4.91	3.01	-0.88	8.34
2008	-3.92	-1.66	-7.94	-10.66	-22.30
2009	-7.09	13.12	—	—	—

Trailing

	Total	+/- Mstr	+/- Mstr	%Rank	Growth of
	Return% Mod Trg	Rsk	Aggr Trg Rsk	Cat	\$10,000
3 Mo	12.95	1.96	-0.98	26	11,295
6 Mo	17.50	-0.05	-5.02	58	11,750
1 Yr	-7.40	0.76	6.30	13	9,260
3 Yr Avg	0.67	-0.05	2.26	9	10,202
5 Yr Avg	4.75	0.19	0.62	4	12,612
10 Yr Avg	5.04	0.61	1.42	5	16,351
15 Yr Avg	8.97	—	—	7	36,275

Tax Analysis

	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-0.68	8	1.34	43
5 Yr (estimated)	3.37	4	1.32	51
10 Yr (estimated)	3.40	5	1.56	65

Potential Capital Gain Exposure: -1% of assets

Morningstar's Take by Dan Culloton 03-30-09

Vanguard Wellington can take punches and keep rolling with them.

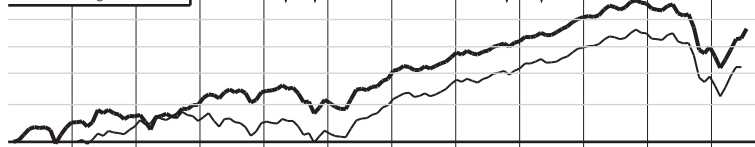
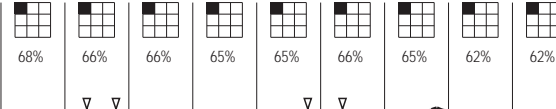
This fund has not been immune to the market's turmoil since the start of the bear market in October 2007. From Oct. 9, 2007, through March 29, 2009, the fund lost about 20%, which is more than many investors expected. Yet, that's less than the 23% that the typical moderate-allocation fund and the broad stock market shed during that time, as well as the nearly 34% lost by the overall stock market.

Although it may not feel like it to those who have lost money, the fund has done its job. It should continue to do it in the future, too. Its managers, Ed Bousa and John Keogh, have stayed true to the battle-tested strategy that has seen this fund through many bull and bear markets in its nearly 80-year history. The fund has always offered a mix of large-cap stocks with decent yields, valuations, and business fundamentals and high-quality corporate bonds.

The approach is easy to articulate but hard to

Historical Profile

Return High
 Risk Average
 Rating ★★★★★
 Highest



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09
29.35	27.96	28.21	27.26	24.56	28.81	30.19	30.35	32.44	32.62	24.43	26.65	NAV
12.06	4.41	10.40	4.19	-6.90	20.75	11.17	6.82	14.97	8.34	-22.30	11.10	Total Return %
—	-9.08	8.72	6.65	-0.01	-1.67	-0.73	0.04	2.02	-0.28	-0.12	-0.29	+/-Mstr Mod Trg Rsk
—	—	—	—	—	—	—	—	—	—	—	-3.07	+/-Mstr Mod Aggr Trg Rsk
3.89	3.94	3.88	3.41	3.12	3.15	3.07	3.01	3.27	3.37	3.22	1.83	Income Return %
8.17	0.47	6.52	0.78	-10.02	17.60	8.10	3.81	11.70	4.97	-25.52	9.27	Capital Return %
56	80	11	5	10	43	17	20	8	22	13	64	Total Rtn % Rank Cat
1.13	1.14	1.07	0.95	0.84	0.77	0.88	0.90	0.98	1.08	1.04	0.45	Income \$
2.44	1.50	1.48	1.12	0.00	0.00	0.91	0.97	1.40	1.42	0.00	0.00	Capital Gains \$
0.31	0.30	0.31	0.36	0.36	0.36	0.31	0.29	0.30	0.27	0.29	—	Expense Ratio %
3.68	3.74	3.77	3.42	3.18	3.00	2.99	2.93	3.10	3.14	3.44	—	Income Ratio %
29	22	33	33	25	28	24	24	25	23	30	—	Turnover Rate %
25,761	25,529	22,799	21,724	19,495	24,326	28,328	26,251	29,675	30,979	23,233	25,647	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-7.40			
3 Yr	0.67	+ Avg	Avg	★★★★
5 Yr	4.75	High	Avg	★★★★★
10 Yr	5.04	High	-Avg	★★★★★
Incept	8.01			

Other Measures

	Standard Index	Best Fit Index
Alpha	0.0	0.4
Beta	1.01	0.91
R-Squared	98	97
Standard Deviation	13.38	
Mean	0.67	
Sharpe Ratio	-0.09	

Portfolio Analysis 03-31-09

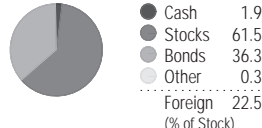
Total Stocks:106	Sectors	P/E Ratio	YTD Return %	% Net Assets
Share change since 12-31-08				
⊕ AT&T, Inc.	Telecom	13.2	-5.79	2.68
⊕ Chevron Corporation	Energy	6.3	-4.29	1.95
⊕ International Business Ma	Hardware	9.4	43.69	1.95
⊕ ExxonMobil Corporation	Energy	9.2	-11.95	1.56
⊕ Total SA ADR	Energy	8.4	0.60	1.51
⊕ Eli Lilly & Company	Health	—	-10.93	1.38
⊕ Schering-Plough Corporati	Health	15.9	57.46	1.24
⊕ Medtronic, Inc.	Health	16.1	14.97	0.99
⊕ J.P. Morgan Chase & Co.	Financial	37.6	35.87	0.99
Total Fixed-Income:475				
US Treasury Note		502,000	504,982	1.45
Coca Cola 5.35%	11-15-17	85,000	90,540	0.26
SIEMENS FIN NV	10-17-16	89,650	89,048	0.26
CS FIRST BOSTON NY BRH SR	05-15-13	87,750	83,699	0.24
Unilever Cap 7.125%	11-01-10	77,000	82,765	0.24
Hewlett Packard 5.25%	03-01-12	75,000	78,817	0.23
ILLINOIS ST GO BDS	06-01-33	90,510	78,584	0.23
CONOCOPHILLIPS	05-15-18	80,000	78,119	0.22
MERCK	11-15-11	69,000	73,925	0.21

Equity Style

Style: Value
 Size: Large-Cap

Value Measures	Rel Category	Fixed-Income Style	Duration: Long-Term	Quality: Medium
Price/Earnings	11.04 0.86	Avg Eff Duration	1	5.5 Yrs
Price/Book	1.52 0.97	Avg Eff Maturity		9.0 Yrs
Price/Sales	0.73 0.97	Avg Credit Quality		A
Price/Cash Flow	4.55 0.89	Avg Wtd Coupon		5.68%
Dividend Yield %	4.30 1.30	*figure provided by fund as of 03-31-09		
Growth Measures	% Rel Category	Sector Weightings	% of Rel Mstr	3 Year
Long-Term Erngs	8.91 0.83	Info	19.81	—
Book Value	3.13 1.94	Software	2.26	— 2 2
Sales	8.83 1.88	Hardware	7.06	— 7 4
Cash Flow	12.48 1.83	Media	3.12	— 4 3
Historical Erngs	6.50 92.86	Telecom	7.37	— 7 4
Market Cap %		Service	37.68	—
Giant 54.8	Small 0.0	Health	16.43	— 16 11
Large 43.4	Micro 0.0	Consumer	4.08	— 5 4
Mid 1.8	Avg \$mil: 42,731	Business	3.92	— 5 4
		Financial	13.25	— 18 12
		Mfg	42.51	—
		Goods	9.07	— 12 9
		Ind Mtrls	10.52	— 16 11
		Energy	16.96	— 19 14
		Utilities	5.96	— 6 5

Composition



Address:	Po Box 2600 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$10000	Add: \$100	IRA: \$10000
Web Address:		Min Auto Inv Plan:	\$0	Add: —	
Inception:	07-01-29	Sales Fees:	No-load		
Advisor:	Wellington Management	Management Fee:	0.32%		
Subadvisor:	None	Actual Fees:	Mgt:0.32%	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$113	5Yr:\$197	10Yr:\$443
		Income Distrib:	Quarterly		

Vanguard Long-Term Investment-Grade

Analyst Pick Ticker Status Yield SEC Yield Total Assets Mstar Category
 VVWESX Open 5.8% 5.98% \$7,211 mil Long-Term Bond

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Veteran manager Earl McEvoy of esteemed subadvisor Wellington Management Company, who managed this fund since March 1994, retired at the end of June 2008. Longtime Wellington manager Lucius T. Hill III, who became comanager in February 2008, has taken over management here. Hill is backed by a deep team of credit analysts.

Strategy

The fund invests mainly in high-quality corporate bonds, but it may also invest as much as 20% of assets in Treasuries and other government securities. Starting in mid-2001, the fund could invest as much as 5% of assets in high-yield debt, but it has barely endeavored to do so yet. The fund's duration is kept within 20% of the Barclays Capital Long Credit A or Better Index's, meaning that it tends to be more sensitive to interest-rate shifts than are many of its long-term bond peers.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	0.70	6.97	-3.22	0.86	5.13
2006	-3.63	-1.88	7.25	1.42	2.86
2007	0.64	-1.97	2.29	2.82	3.75
2008	-0.68	-1.27	-6.08	11.07	2.29
2009	-8.28	8.83	—	—	—

Trailing	Total +/- Barcap Return%	+/- LB Agg Bd TR	%Rank LongTerm	Growth of \$10,000
3 Mo	14.22	11.29	6.50	34
6 Mo	11.41	6.94	4.82	45
1 Yr	11.63	3.78	1.51	38
3 Yr Avg	5.99	-0.53	-0.97	49
5 Yr Avg	5.35	0.21	-0.68	39
10 Yr Avg	6.81	0.62	-0.55	50
15 Yr Avg	7.22	0.66	-0.62	34

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	3.80	40	2.07	70
5 Yr (estimated)	3.25	27	1.99	64
10 Yr (estimated)	4.48	50	2.18	55

Potential Capital Gain Exposure: 0% of assets

Morningstar's Take by Michael Herbst 04-27-09

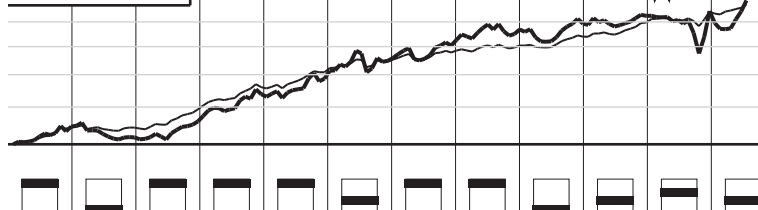
Vanguard Long-Term Investment-Grade has hit a rough patch, but its merits remain intact.

This fund hasn't been immune to the bond market's continuing doldrums, but thus far it has avoided many of the potholes that upended a number of its corporate-heavy rivals in the long-term bond category. Its management had been wary of the beleaguered financial and consumer discretionary sectors heading into 2008, and that precaution paid off in contrast to the double-digit losses of several of its foes. Skipper L.T. Hill took advantage of the financial sector's late 2008 swoon and liquidity-related troubles to rebuild the portfolio's stake in financial issuers such as GE Capital, Goldman Sachs, and Citigroup. At roughly 25% of assets, that slice of the portfolio has weighed on the fund's performance in 2009, but Hill is optimistic that the government's efforts to prop up the financial system should reduce the chance of additional defaults.

We appreciate the approach the fund's

Historical Profile

Return Average 58
 Risk Average 47
 Rating ★★★ Neutral



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09
NAV	9.29	8.11	8.45	8.68	9.23	9.27	9.55	9.52	9.25	9.06	8.72	8.84
Total Return %	9.21	-6.23	11.76	9.57	13.22	6.26	8.94	5.13	2.86	3.75	2.29	5.20
+/-Barcap Agg Bd TR	0.52	-5.41	0.13	1.13	2.97	2.16	4.60	2.70	-1.47	-3.22	-2.95	1.66
+/-LB LongTerm	-2.56	1.42	-4.40	2.29	-1.59	0.39	0.38	-0.20	0.15	-2.85	-6.15	5.13
Income Return %	6.56	6.25	7.30	6.86	6.60	5.85	5.77	5.53	5.61	5.81	5.84	3.54
Capital Return %	2.65	-12.48	4.46	2.71	6.62	0.41	3.17	-0.40	-2.75	-2.06	-3.55	1.66
Total Rtn % Rank Cat	20	91	18	11	5	53	16	12	90	60	43	65
Income \$	0.59	0.56	0.57	0.56	0.56	0.53	0.52	0.52	0.52	0.52	0.51	0.30
Capital Gains \$	0.21	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expense Ratio %	0.32	0.30	0.30	0.30	0.32	0.31	0.28	0.25	0.25	0.22	0.22	0.23
Income Ratio %	6.87	6.26	6.59	7.02	6.48	6.24	5.64	5.58	5.35	5.73	5.78	6.09
Turnover Rate %	33	43	7	17	39	33	11	16	9	15	15	24
Net Assets \$mil	4,153	3,724	3,704	3,550	3,753	3,851	4,213	4,224	4,187	4,273	3,658	3,871

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	11.63			
3 Yr	5.99	Avg	+Avg	★★
5 Yr	5.35	Avg	Avg	★★★
10 Yr	6.81	Avg	Avg	★★★★
Incept	8.50			

Other Measures	Standard Index	Best Fit Index
Alpha	-6.8	-1.2
Beta	2.95	1.09
R-Squared	83	93

Standard Deviation	Mean	Sharpe Ratio
13.24	5.99	0.29

Portfolio Analysis 03-31-09

	Date of Maturity	Amount \$000	Value \$000	% Net Assets
Total Fixed-Income:272				
ILLINOIS ST GO BDS	06-01-33	140,000	121,554	2.11
US TREASURY BOND	05-15-38	100,000	116,906	2.03
General Elec Cap 6.75%	03-15-32	117,095	94,733	1.65
France Telecom Sa 8.5%	03-01-31	64,730	82,047	1.43
U S Treas Bd Stripped Pr		217,000	81,340	1.41
JPMORGAN CHASE	05-15-38	81,000	78,076	1.36
Astrazeneca 6.45%	09-15-37	60,000	61,891	1.08
President&Fellow Harvard	10-01-37	56,345	61,733	1.07
FHLBA 5.5%		52,000	59,366	1.03
AT&T Wireless Svcs 8.75%	03-01-31	50,000	54,542	0.95
Hydro-Quebec 9.4%	02-01-21	40,000	54,352	0.95
Intl Busn Machs 7%	10-30-25	50,000	54,037	0.94
Northn Sts Pwr 6.2%	07-01-37	50,000	53,762	0.94
Intl Bk For Recon&Dev 7.	01-19-23	38,320	53,530	0.93
Virginia Elec & Pwr 6%	05-15-37	53,525	52,367	0.91
New York Life Ins 144A 5	05-15-33	60,275	51,117	0.89
New Jersey Econ Dev Auth	02-15-29	50,002	49,823	0.87
DUKE ENERGY CAROLINAS	06-01-37	50,000	49,581	0.86
Natl Rural Utils Coop Fi	03-01-32	50,000	47,672	0.83
FNMA 6.625%	11-15-30	36,000	47,373	0.82

Current Investment Style

Duration	Short	Int	Long
Quality	High	Med	Low

1 figure provided by fund

Avg Eff Duration ¹	11.1 Yrs
Avg Eff Maturity	22.3 Yrs
Avg Credit Quality	A
Avg Wtd Coupon	6.67%
Avg Wtd Price	95.86% of par

Coupon Range	% of Bonds	Rel Cat
0% PIK	0.0	0.0
0% to 6%	26.9	0.6
6% to 8%	63.8	1.5
8% to 10%	9.2	1.0
More than 10%	0.1	0.2

1.00=Category Average

Credit Analysis	% bonds 03-31-09
AAA	17
AA	26
A	42
BBB	14

Sector Breakdown % of assets

US Treasuries	4
TIPS	0
US Agency	1
Mortgage Pass-Throughs	1
Mortgage CMO	0
Mortgage ARM	0
US Corporate	74
Asset-Backed	0
Convertible	0
Municipal	6
Corporate Inflation-Protected	0
Foreign Corporate	12
Foreign Govt	0

Composition	Cash	Bonds	Other
	1.5	98.2	0.3
Stocks	0.0		

Special Securities	Restricted/Illicit Secs
Exotic Mortgage-Backed	0
Emerging-Markets Secs	0
Options/Futures/Warrants	No

Address: PO Box 2600 Valley Forge, PA 19482 800-662-2739
 Web Address: www.vanguard.com
 Inception: 07-09-73
 Advisor: Wellington Management Company, LLP
 Subadvisor: None
 NTF Plans: Vanguard NTF

Minimum Purchase: \$3000
 Min Auto Inv Plan: \$3000
 Sales Fees: No-load
 Management Fee: 0.25%
 Actual Fees: Mgt:0.25%
 Expense Projections: 3Yr:\$90 5Yr:\$157 10Yr:\$356
 Income Distrib: Monthly

Add: \$100 IRA: \$3000
 Add: \$100



Federated US Govt 2-5 Yr Instl

Ticker FIGTX Status Open Yield 3.0% SEC Yield — Total Assets \$910 mil Mstar Category Short Government

Governance and Management

Stewardship Grade: D

Portfolio Manager(s)

Don Ellenberger is in charge. Ellenberger, co-lead of government bonds at Federated, joined the fund in June 2005 but has been at Federated since 1996. Previously, he was a portfolio manager at Mellon Bank.

Strategy

This fund stands apart from most in the short-term government category because it does not invest in mortgage-backed securities. Instead, it holds a mix of Treasuries and agency bonds. Duration is usually relatively long for its group, as the fund stays within 20% of the Merrill Lynch 3-5 Year Treasury Index. The fund's approach typically results in added interest-rate sensitivity relative to the peer group.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-1.05	2.18	-0.71	0.47	0.87
2006	-0.49	0.31	2.85	0.66	3.34
2007	1.63	-0.22	3.65	3.88	9.18
2008	4.13	-1.95	2.04	6.20	10.64
2009	0.83	-1.85	—	—	—

Trailing	Total +/- Barcap Return%	+/- LB Agg Bd TR 1-5 YR GOVT	%Rank Cat	Growth of \$10,000
3 Mo	-0.63	-3.56	-0.69	98
6 Mo	0.33	-4.14	-0.30	86
1 Yr	7.13	-0.72	1.39	21
3 Yr Avg	7.16	0.64	0.95	1
5 Yr Avg	4.88	-0.26	0.34	3
10 Yr Avg	5.56	-0.63	0.39	1
15 Yr Avg	5.68	-0.88	0.10	2

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	5.74	1	1.33	56
5 Yr (estimated)	3.47	2	1.34	66
10 Yr (estimated)	3.94	1	1.53	61

Potential Capital Gain Exposure: 4% of assets

Morningstar's Take by Harry Milling 05-12-09

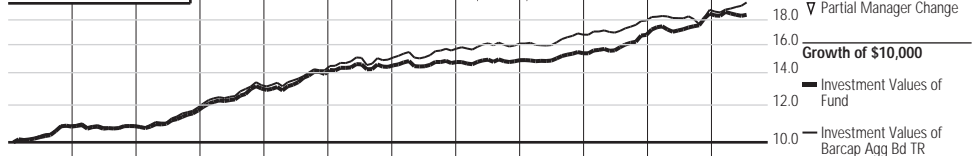
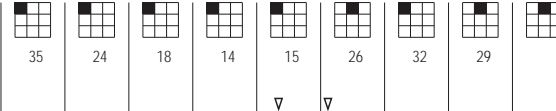
Federated U.S. Government 2-5 Year delivers without a lot of flash.

This fund's inability to invest in anything but U.S. government debt may make it boring, but its low-risk profile pays off, especially during market crises. In 2008, for example, Treasuries rallied amid steep interest-rate cuts designed to combat a steep recession. Of course, the fund benefits whenever government debt is preferred over stocks; this has proved to be a periodic part of the market's cycles and has enabled this fund to yield attractive returns.

That said, the fund's performance has not been solely a byproduct of market cycles. In fact, this fund can be at a disadvantage to its peers in the short-government bond category. First, it tends to have a longer duration because, unlike most peers, its benchmark is the Merrill Lynch 3-5 Year Treasury Index. This means that the fund is more sensitive to interest-rate changes. Thus, when rates are declining, the fund's returns benefit, but the reverse

Historical Profile

Return High
Risk High
Rating ★★★★★
Highest



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	History
10.91	10.35	10.77	11.09	11.67	11.52	11.30	10.97	10.86	11.35	12.09	11.84	NAV
8.11	-0.52	10.16	8.33	9.92	2.22	1.60	0.87	3.34	9.18	10.64	-0.56	Total Return %
-0.58	0.30	-1.47	-0.11	-0.33	-1.88	-2.74	-1.56	-0.99	2.21	5.40	-4.10	+/-Barcap Agg Bd TR
0.46	-2.48	1.07	-0.31	2.23	0.06	0.06	-0.61	-0.67	1.36	2.23	-0.64	+/-LB 1-5 YR GOVT
5.40	4.71	5.91	5.33	4.56	3.53	3.54	3.83	4.34	4.51	3.94	1.52	Income Return %
2.71	-5.23	4.25	3.00	5.36	-1.31	-1.94	-2.96	-1.00	4.67	6.70	-2.08	Capital Return %
2	91	8	11	3	12	34	73	73	1	1	91	Total Rtn % Rank Cat
0.56	0.50	0.60	0.56	0.50	0.41	0.40	0.43	0.47	0.48	0.44	0.18	Income \$
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains %
0.54	0.55	0.56	0.57	0.57	0.57	0.57	0.59	0.58	0.58	0.53	0.53	Expense Ratio %
5.58	5.13	4.80	6.23	4.29	4.29	3.44	3.55	3.82	4.35	3.64	3.64	Income Ratio %
71	126	172	77	66	31	52	66	113	128	57	57	Turnover Rate %
723	627	538	603	764	828	740	666	544	585	814	759	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	7.13			
3 Yr	7.16	High	High	★★★★★
5 Yr	4.88	High	High	★★★★★
10 Yr	5.56	High	High	★★★★★
Incept	7.04			

Other Measures

	Standard Index	Best Fit Index
Alpha	1.8	0.5
Beta	0.66	0.96
R-Squared	50	97
Standard Deviation	3.83	
Mean	7.16	
Sharpe Ratio	1.10	

Portfolio Analysis 06-30-09

	Date of Maturity	Amount \$000	Value \$000	% Net Assets
Total Fixed-Income:32				
US TREASURY NOTE	06-30-14	66,500	66,723	6.96
US Treasury Bond 8.875%	08-15-17	35,000	48,425	5.05
US Treasury Note 4.125%	08-31-12	45,000	48,361	5.05
FNMA 5.125%	11-02-12	46,000	46,662	4.87
US Treasury Note	10-31-13	45,000	45,861	4.78
US Treasury Note 3.25%	05-31-16	45,000	45,190	4.71
US Treasury Note 4.25%	11-15-14	40,000	43,102	4.50
US Treasury Note 4.875%	04-30-11	40,000	42,777	4.46
Citigroup Fdg Inc Gtd TI	05-05-11	40,000	40,111	4.18
US Treasury Note 4%	11-15-12	37,000	39,683	4.14
Jpmorgan Chase & Co Fdic	06-15-12	38,000	38,316	4.00
GENERAL ELEC CAP	12-09-11	37,000	38,249	3.99
FNMA 6%	05-15-11	33,000	35,869	3.74
Gmac 2.2%	12-19-12	35,000	34,943	3.65
US Treasury Note 3.125%	05-15-19	35,000	33,841	3.53
FHLBA 4.875%	12-13-13	30,125	32,684	3.41
FHLBA 1.625%	07-27-11	32,000	32,158	3.35
US Treasury Note 3.125%	04-30-13	30,000	31,187	3.25
GENERAL ELEC CAP	03-11-11	30,760	31,132	3.25
US Treasury Bond 9.875%	11-15-15	20,000	27,982	2.92

Current Investment Style

Duration	Short	Int	Long	Quality
	High	Med	Low	High

1 figure provided by fund

	Avg Eff Duration ¹	4.1 Yrs
Avg Eff Maturity	—	
Avg Credit Quality	AAA	
Avg Wtd Coupon	3.88%	
Avg Wtd Price	106.10% of par	

Coupon Range	% of Bonds	Rel Cat
0% PIK	0.0	0.0
0% to 6%	92.0	1.0
6% to 8%	0.0	0.0
8% to 10%	8.0	4.3
More than 10%	0.0	0.0

Credit Analysis	% bonds	06-30-09
AAA	100	BB
AA	0	B
A	0	Below B
BBB	0	NR/NA

Sector Breakdown

	% of assets
US Treasuries	56
TIPS	0
US Agency	23
Mortgage Pass-Throughs	1
Mortgage CMO	3
Mortgage ARM	0
US Corporate	17
Asset-Backed	0
Convertible	0
Municipal	0
Corporate Inflation-Protected	0
Foreign Corporate	0
Foreign Govt	0

Composition

	Cash	Bonds	Stocks	Other
	0.6	99.4	0.0	0.0

Special Securities

Restricted/Illiquid Secs	0
Exotic Mortgage-Backed	—
Emerging-Markets Secs	0
Options/Futures/Warrants	No

Address: 5800 Corporate Drive
Pittsburgh, PA 15237-7000
800-341-7400
www.federatedinvestors.com
Inception: 02-18-83
Advisor: Federated Investment Mgmt Comp
Subadvisor: None
NTF Plans: Federated Tr NTF, Schwab Instl NTF

Minimum Purchase: \$1000000 Add: \$0 IRA: \$0
Min Auto Inv Plan: \$0 Add: —
Sales Fees: No-load
Management Fee: 0.40%, 0.15%/A
Actual Fees: Mgt:0.40% Dist:0.05%
Expense Projections: 3Yr:\$281 5Yr:\$488 10Yr:\$1084
Income Distrib: Monthly

Vanguard Institutional Index

Ticker: VINIX Status: Open Yield: 2.5% Total Assets: \$59,776 mil Mstar Category: Large Blend

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Donald Butler, who joined Vanguard in 1992, has been involved with the day-to-day management of this fund since 2000 and has been lead manager since 2005.

Strategy

The core of the fund's strategy is simple: Manager Donald Butler buys and holds the stocks that comprise the S&P 500 Index. Butler attempts to add value on the margins by opportunistically buying futures contracts, among other strategies, and he actively pursues ways to reduce trading costs.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-2.14	1.37	3.60	2.08	4.91
2006	4.21	-1.44	5.66	6.69	15.78
2007	0.63	6.27	2.05	-3.35	5.47
2008	-9.45	-2.73	-8.34	-21.91	-36.95
2009	-10.98	16.01	—	—	—

Trailing	Total Return%	+/- S&P 500	+/- Russ 1000	%Rank Cat	Growth of \$10,000
3 Mo	13.90	0.09	0.03	48	11,390
6 Mo	21.28	0.10	-0.98	54	12,128
1 Yr	-19.81	0.15	0.36	49	8,019
3 Yr Avg	-6.11	0.05	-0.12	49	8,277
5 Yr Avg	-0.10	0.04	-0.42	51	9,950
10 Yr Avg	-1.15	0.04	-0.43	53	8,908
15 Yr Avg	7.27	0.05	-0.10	28	28,653

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-6.41	32	0.32	12
5 Yr (estimated)	-0.45	37	0.35	16
10 Yr (estimated)	-1.55	47	0.40	19

Potential Capital Gain Exposure: -15% of assets

Morningstar's Take by Dan Culloton 04-20-09

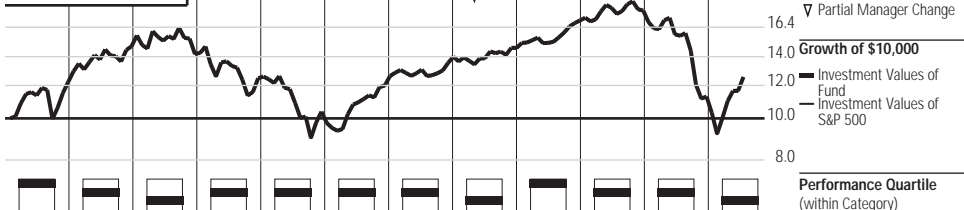
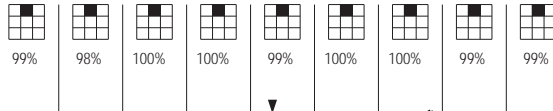
The case for Vanguard Institutional Index is still sound.

Many investors have had a love/hate relationship with S&P 500 Index funds like this one. In the late 1990s when it regularly posted double-digit returns, what was not to love? In later bear markets, when it fell hard in absolute terms, its very premise was called into question.

That premise, that investors could do better than most active stock-pickers by settling for the return of the S&P 500 Index minus very low fees, has often been targeted. Detractors have predicted a bear-market comeuppance for the fund that, unlike actively managed funds, must hold all the stocks in its benchmark all the time. In recent years, challengers have contended the fund's market-cap-weighted bogy was doomed to fail because it adds to stocks whose prices and market values have increased. Investors would be better off with indexes weighted by metrics like dividends, sales, cash flow, or book value, critics said.

Historical Profile

Return Average
Risk Average
Rating ★★★ Neutral



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	History
NAV	112.85	134.01	120.72	104.89	80.45	101.78	110.70	114.01	129.59	134.14	82.54	90.56	NAV
Total Return %	28.79	21.17	-8.94	-11.93	-22.03	28.66	10.86	4.91	15.78	5.47	-36.95	11.10	Total Return %
+/-S&P 500	0.21	0.13	0.16	-0.04	0.07	-0.02	-0.02	0.00	-0.01	-0.02	0.05	0.13	+/-S&P 500
+/-Russ 1000	1.77	0.26	-1.15	0.52	-0.38	-1.23	-0.54	-1.36	0.32	-0.30	0.65	-1.18	+/-Russ 1000
Income Return %	1.59	1.35	1.05	1.14	1.35	1.91	2.00	1.86	1.98	1.99	1.90	1.20	Income Return %
Capital Return %	27.20	19.82	-9.99	-13.07	-23.38	26.75	8.86	3.05	13.80	3.48	-38.85	9.90	Capital Return %
Total Rtn % Rank Cat	14	36	52	36	39	26	34	57	21	49	37	59	Total Rtn % Rank Cat
Income \$	1.42	1.51	1.40	1.38	1.41	1.53	2.02	2.05	2.24	2.56	2.52	0.99	Income \$
Capital Gains \$	0.90	0.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	—	Expense Ratio %
Income Ratio %	1.46	1.25	1.10	1.27	1.57	1.74	2.00	1.87	1.87	1.90	2.28	—	Income Ratio %
Turnover Rate %	11	14	11	8	10	13	5	9	8	7	7	—	Turnover Rate %
Net Assets \$mil	22,338	28,918	26,406	24,165	20,361	29,458	34,990	39,154	45,243	45,847	31,543	37,683	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-19.81			
3 Yr	-6.11	Avg	Avg	★★★
5 Yr	-0.10	Avg	Avg	★★★
10 Yr	-1.15	Avg	Avg	★★★
Incept	7.78			

Other Measures	Standard Index S&P 500	Best Fit Index S&P 500
Alpha	0.1	0.1
Beta	1.00	1.00
R-Squared	100	100
Standard Deviation	19.53	
Mean	-6.11	
Sharpe Ratio	-0.37	

Portfolio Analysis 03-31-09

Share change since 12-08	Total Stocks:507	Sector	PE	Tot Ret%	% Assets
⊕ ExxonMobil Corporation		Energy	9.2	-10.80	4.79
⊕ AT&T, Inc.		Telecom	12.4	-3.65	2.12
⊕ Johnson & Johnson		Health	13.3	3.36	2.07
⊕ Microsoft Corporation		Software	14.5	22.33	2.00
⊕ Procter & Gamble Company		Goods	14.7	-8.14	1.97
⊕ Chevron Corporation		Energy	6.8	-4.33	1.92
⊕ International Business M		Hardware	12.6	41.37	1.85
⊕ Wal-Mart Stores, Inc.		Consumer	14.8	-10.05	1.66
⊕ General Electric Company		Ind Mtrls	8.2	-14.75	1.52
⊕ J.P. Morgan Chase & Co.		Financial	41.1	24.10	1.42
⊕ Cisco Systems, Inc.		Hardware	18.4	35.03	1.39
⊕ Apple, Inc.		Hardware	28.6	91.44	1.33
⊕ Pfizer Inc.		Health	13.5	-7.34	1.31
⊕ Coca-Cola Company		Goods	18.5	11.91	1.25
⊕ Verizon Communications I		Telecom	13.9	-1.33	1.22
⊕ Intel Corporation		Hardware	24.4	33.22	1.19
⊕ Google, Inc.		Telecom	40.2	44.01	1.19
⊕ CMT Market Liquidity Rat			—	—	1.16
⊕ PepsiCo, Inc.		Goods	17.6	5.21	1.14
⊕ Hewlett-Packard Company		Hardware	14.0	19.76	1.09

Current Investment Style

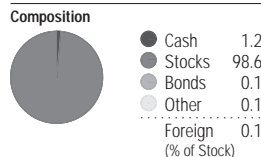
Value	Blnd	Growth	Market Cap %
Large	47.8		
Large	36.9		
Mid	14.9		
Small	0.5		
Micro	0.0		
Avg \$mil:	33,676		

Sector Weightings

% of Stocks	Rel S&P 500	3 Yr High Low
Info	24.23	1.00
Software	4.45	1.07 4 4
Hardware	10.03	0.94 10 9
Media	2.25	0.93 4 2
Telecom	7.50	1.09 8 3
Service	37.31	0.97
Health	14.12	1.11 15 12
Consumer	9.26	1.08 9 7
Business	3.27	0.97 5 3
Financial	10.66	0.77 21 11
Mfg	38.48	1.03
Goods	10.93	0.99 11 9
Ind Mtrls	10.36	0.98 14 10
Energy	12.94	1.09 16 10
Utilities	4.25	1.10 4 3

Value Measures	Rel Category
Price/Earnings	11.98 0.91
Price/Book	1.59 0.96
Price/Sales	0.73 0.96
Price/Cash Flow	5.12 0.98
Dividend Yield %	3.89 1.23
Growth Measures	% Rel Category
Long-Term Erngs	10.12 0.96
Book Value	-0.31 NMF
Sales	7.56 1.00
Cash Flow	9.10 1.05
Historical Erngs	1.72 1.02

Profitability	% Rel Category
Return on Equity	21.36 1.18
Return on Assets	8.52 1.20
Net Margin	10.93 1.12



Address:	Po Box 2600 Valley Forge, PA 19482 800-997-2798	Minimum Purchase:	\$5000000	Add: \$100	IRA: \$0
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$5000000	Add: \$50	
Inception:	07-31-90	Sales Fees:	No-load		
Advisor:	The Vanguard Group, Inc.	Management Fee:	0.05%		
Subadvisor:	None	Actual Fees:	Mgt:0.05%	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$16	5Yr:\$28	10Yr:\$64
		Income Distrib:	Quarterly		



Vanguard Target Retirement Income

Analyst Pick Ticker Status Yield Total Assets Mstar Category
 VTINX Open 3.2% \$2,252 mil Retirement Income

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds. John Ameriks and the firm's Investment Counseling and Research Group oversee the Target Retirement Fund lineup's asset-allocation policy. Experienced index-fund skipper Duane Kelly manages the fund's day-to-day activities. John Hollyer and Vanguard's Risk Management and Strategy Analysis Group handle risk-management duties.

Strategy

The Vanguard Target Retirement Funds serve as a one-stop solution for investors planning for retirement. Vanguard Target Retirement Income is the most conservative fund in the lineup. Its portfolio is made up of a 30% weighting in domestic and international stocks, and a 70% weighting in a mix of bonds, inflation-protected securities, and cash.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-0.76	2.79	0.47	0.81	3.33
2006	0.19	-0.47	3.82	2.76	6.38
2007	1.77	1.58	2.95	1.63	8.17
2008	-0.72	-0.92	-4.21	-5.47	-10.93
2009	-1.92	6.25	—	—	—

Trailing	Total	+/- Mstr	+/-	%Rank	Growth of
	Return%Mod	Trg Rsk		Cat	\$10,000
3 Mo	6.50	-4.49	-0.96	89	10,650
6 Mo	10.63	-6.92	-1.05	84	11,063
1 Yr	-2.10	6.06	2.12	27	9,790
3 Yr Avg	3.08	2.36	0.06	12	10,953
5 Yr Avg	3.73	-0.83	-1.21	13	12,009
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	1.89	10	1.15	28
5 Yr (estimated)	2.49	11	1.20	38
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -5% of assets

Morningstar's Take by Michael Herbst 03-09-09

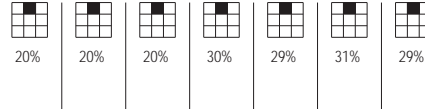
Investors considering Vanguard Target Retirement Income should put its recent performance into context and reconsider their own income needs.

Retirement-income funds provide a mix of stock and bond exposure, so they too have fared poorly amidst the market's turmoil. The fund's emphasis on larger-cap stocks in developed countries has helped slightly. More importantly, the fund's bond sleeve (63% of assets as of late) has no exposure to high-yield bonds and only minimal exposure to nongovernment mortgage-backed and asset-backed securities. Those areas have upended a number of the fund's rivals, so even though the fund's 17% loss over the trailing 12 months through March 8, 2009, packs a punch, that showing is welcome alongside the 23%-37% losses of its less-fortunate peers.

We remain keen on the fund for several reasons. Its stock/bond/cash allocation is one of the category's most defensive, thus shielding investors (somewhat) in painful down markets. Its buttoned-up profile also reduces the chance of

Historical Profile

Return Above Avg
 Risk Below Avg
 Rating ★★★★★
 Above Avg



Investment Style
 Equity
 Stock %

▼ Manager Change
 ▽ Partial Manager Change

Growth of \$10,000

Investment Values of Fund
 Investment Values of Mstr Mod Trg Rsk

Performance Quartile (within Category)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	History
—	—	—	—	—	10.18	10.52	10.44	10.70	11.13	9.52	10.13	NAV
—	—	—	—	—	—	6.82	3.33	6.38	8.17	-10.93	7.61	Total Return %
—	—	—	—	—	—	-5.08	-3.45	-6.57	-0.45	11.25	-3.78	+/- Mstr Mod Trg Rsk
—	—	—	—	—	—	—	—	—	—	—	-0.81	+/-
—	—	—	—	—	—	3.38	3.95	3.79	4.08	3.84	1.14	Income Return %
—	—	—	—	—	—	3.44	-0.62	2.59	4.09	-14.77	6.47	Capital Return %
—	—	—	—	—	—	35	48	56	1	6	81	Total Rtn % Rank Cat
—	—	—	—	—	—	0.05	0.34	0.41	0.39	0.43	0.11	Income \$
—	—	—	—	—	—	0.02	0.00	0.02	0.00	0.00	0.00	Capital Gains \$
—	—	—	—	—	—	—	—	—	—	—	—	Expense Ratio %
—	—	—	—	—	—	3.62	3.80	4.21	4.03	4.11	—	Income Ratio %
—	—	—	—	—	—	1	—	22	3	14	—	Turnover Rate %
—	—	—	—	—	—	—	—	—	—	—	—	Net Assets \$mil
—	—	—	—	—	47	407	734	897	1,555	1,864	2,252	

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.10	—	—	—
3 Yr	3.08	+ Avg	- Avg	★★★★
5 Yr	3.73	+ Avg	- Avg	★★★★
10 Yr	—	—	—	—
Incept	3.92	—	—	—

Other Measures	Standard Index	Best Fit Index
Alpha	1.3	1.6
Beta	0.60	0.54
R-Squared	92	91

	Standard Deviation	Mean	Sharpe Ratio
	8.14	3.08	0.07

Portfolio Analysis 03-31-09

Total Stocks:0	Share change since 12-31-08	Sectors	P/E Ratio	YTD Return %	% Net Assets
—	—	Vanguard Total Bond Market II Idx Inv	—	—	45.39
—	—	Vanguard Total Stock Mkt Idx	—	—	23.74
—	—	Vanguard Inflation-Protected Secs	—	—	19.95
—	—	Vanguard Prime Money Market	—	—	4.91
—	—	Vanguard European Stock Index	—	—	3.19
—	—	Vanguard Pacific Stock Index	—	—	1.61
—	—	Vanguard Emerging Mkts Stock Idx	—	—	1.19
—	—	CMT Market Liquidity Rate	—	—	0.01

Total Fixed-Income:0	Date of Maturity	Amount \$000	Value \$000	% Net Assets
—	—	—	—	—

permanent capital losses in the fund's fixed-income sleeve. A healthy serving of U.S. Treasury Inflation-Protected Securities in the portfolio (roughly 16% of assets) should help protect investors from higher inflation over the longer haul. Lastly, the fund's 0.19% expense ratio is one of the category's lowest and takes a smaller bite out of its income stream year in and year out.

That said, the market's recent upheaval is a potent reminder that retirement-income funds, no matter how conservatively positioned, are neither risk-free nor a guaranteed source of income. We do think that this fund can regain lost ground when the globe's stock markets perk up, and we'd urge investors who can afford to stick with it to do so. Yet those retirees requiring a known, predetermined payment each year or those looking to avoid absolute losses entirely will likely need to look outside the retirement-income category to find a suitable solution.

Equity Style
 Style: Blend
 Size: Large-Cap

Value Measures	Rel Category	Fixed-Income Style	Duration: Interm-Term	Quality: High
Price/Earnings	11.60 0.91	Avg Eff Duration 1	4.3 Yrs	
Price/Book	1.38 0.99	Avg Eff Maturity	6.7 Yrs	
Price/Sales	0.65 0.90	Avg Credit Quality	AAA	
Price/Cash Flow	4.67 0.97	Avg Wtd Coupon	4.28%	
Dividend Yield %	3.88 0.98	*figure provided by fund as of 03-31-09		

Growth Measures % Rel Category

Long-Term Erngs	10.51 1.00	Sector Weightings	% of Rel Mstr	3 Year
Book Value	-1.34 NMF	Info	21.72	—
Sales	7.40 2.50	Software	3.94	4 3
Cash Flow	7.54 1.37	Hardware	8.27	9 8
Historical Erngs	-1.10 NMF	Media	2.00	3 2
		Telecom	7.51	8 4

Market Cap %	Small	5.3	Service	39.22	—
Giant	42.9	1.8	Health	12.41	12 10
Large	31.6	1.8	Consumer	8.35	8 6
Mid	18.4	19,378	Business	4.43	6 4
			Financial	14.03	23 14

Composition	Cash	8.0	Mfg	39.07	—
	Stocks	29.4	Goods	11.39	11 9
	Bonds	62.4	Ind Mtrls	11.43	15 11
	Other	0.3	Energy	11.65	14 9
	Foreign	20.3	Utilities	4.60	5 4
	(% of Stock)				

Address:	PO BOX 2600 VM #V34 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$3000	Add: \$100	IRA: \$3000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$3000	Add: \$50	
Inception:	10-27-03	Sales Fees:	No-load		
Advisor:	The Vanguard Group, Inc.	Management Fee:	0.00%		
Subadvisor:	None	Actual Fees:	—	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$61	5Yr:\$107	10Yr:\$243
		Income Distrib:	Quarterly		

Vanguard Target Retirement 2015

Analyst Pick Ticker Status Yield Total Assets Mstar Category
 VTXVX Open 3.5% \$8,597 mil Target Date 2011-2015

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds. John Ameriks and the firm's Investment Counseling and Research Group oversee the Target Retirement Fund lineup's asset-allocation policy. Experienced index-fund skipper Duane Kelly manages the fund's day-to-day activities. John Hollyer and Vanguard's Risk Management and Strategy Analysis Group handle risk-management duties.

Strategy

Vanguard Target Retirement Funds serve as a one-stop solution for investors planning for retirement. Each fund-of-index-funds holds a diversified mix of stocks and bonds. This fund started with 90% of its assets invested in stocks and 10% in bonds. Its allocation has begun to shift gradually toward a 50/50 split by 2015, then onward to a 30% weighting in stocks and 70% weighting in bonds, inflation-protected securities, and cash. Each fund in the lineup ultimately ends up with the same asset mix as Vanguard Target Retirement Income.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-1.16	2.26	2.21	1.57	4.94
2006	2.44	-1.11	4.22	5.53	11.42
2007	1.77	3.86	2.43	-0.67	7.55
2008	-5.21	-1.37	-7.13	-12.54	-24.06
2009	-6.49	12.21	—	—	—

Trailing

	Total Return% Mod Trg	+/- Mstr Risk Mod 2015	%Rank Cat	Growth of \$10,000
3 Mo	11.01	0.02	0.14	71
6 Mo	17.67	0.12	0.83	67
1 Yr	-9.18	-1.02	-1.31	25
3 Yr Avg	-0.33	-1.05	-1.80	21
5 Yr Avg	2.76	-1.80	-2.63	45
10 Yr Avg	—	—	—	—
15 Yr Avg	—	—	—	—

Tax Analysis

	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-1.11	19	0.78	17
5 Yr (estimated)	2.02	20	0.72	1
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -15% of assets

Morningstar's Take by Michael Herbst 03-11-09

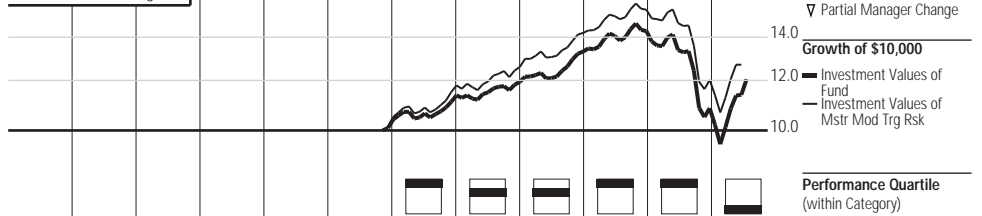
Market turmoil hasn't spared Vanguard Target Retirement 2015, but investors need to keep their retirement goals in mind.

Target-date funds provide meaningful slugs of both stock and bond exposure, so it's understandable why they too have fared poorly amid the market's turmoil. This fund's 28% loss over the trailing 12 months through March 11, 2009, packs a punch, yet is welcome alongside the 34%-45% losses of its less fortunate peers in the target-date 2011-2015 category. We'd attribute that showing in part to the fund's relatively defensive asset allocation. Vanguard's emphasis on large-cap stocks in developed markets has helped slightly. By largely steering clear of high-yield corporate bonds and nongovernment mortgage-backed securities, the fund has avoided two areas that stung the fund's competition.

We remain keen on the fund. Its allocation will continue to shift toward a 50/50 stock/bond split at retirement, then toward a final 30/70 split seven

Historical Profile

Return Average
 Risk Average
 Rating ★★
 Below Avg



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09
NAV	—	—	—	—	—	10.43	11.17	11.46	12.46	13.06	9.55	10.59
Total Return %	—	—	—	—	—	—	9.04	4.94	11.42	7.55	-24.06	10.89
+/-Mstr Mod Trg Rsk	—	—	—	—	—	—	-2.86	-1.84	-1.53	-1.07	-1.88	-0.50
+/-Mstr Lfime Mod 2015	—	—	—	—	—	—	—	—	—	—	—	0.30
Income Return %	—	—	—	—	—	—	1.92	2.33	2.71	2.73	2.79	0.00
Capital Return %	—	—	—	—	—	—	7.12	2.61	8.71	4.82	-26.85	10.89
Total Rtn % Rank Cat	—	—	—	—	—	—	12	44	30	23	15	77
Income \$	—	—	—	—	—	0.06	0.20	0.26	0.31	0.34	0.37	0.00
Capital Gains \$	—	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expense Ratio %	—	—	—	—	—	—	—	—	—	—	—	0.18
Income Ratio %	—	—	—	—	—	—	2.69	3.11	3.04	2.93	3.02	—
Turnover Rate %	—	—	—	—	—	—	1	1	15	5	24	—
Net Assets \$mil	—	—	—	—	—	50	707	2,293	4,355	7,273	7,051	8,597

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-9.18	—	—	—
3 Yr	-0.33	Avg	Avg	★★★
5 Yr	2.76	Avg	Avg	★★
10 Yr	—	—	—	—
Incept	3.38	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-0.9	-0.5
Beta	1.04	0.94
R-Squared	99	98
Standard Deviation	13.73	—
Mean	-0.33	—
Sharpe Ratio	-0.16	—

Portfolio Analysis 03-31-09

Total Stocks:0	Share change since 12-31-08	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Stock Mkt Idx	—	—	—	—	49.55
Vanguard Total Bond Market II Idx Inv	—	—	—	—	37.99
Vanguard European Stock Index	—	—	—	—	6.45
Vanguard Pacific Stock Index	—	—	—	—	3.52
Vanguard Emerging Mkts Stock Idx	—	—	—	—	2.48
CMT Market Liquidity Rate	—	—	—	—	0.01

Total Fixed-Income:0

Date of Maturity	Amount \$000	Value \$000	% Net Assets
—	—	—	—

Equity Style

Style: Blend
 Size: Large-Cap

Value Measures	Rel Category	Fixed-Income Style	Quality	3 Yrs
Price/Earnings	11.61	Duration: Interm-Term	High	3.7 Yrs
Price/Book	1.38	Avg Eff Duration 1	—	5.7 Yrs
Price/Sales	0.65	Avg Eff Maturity	—	AAA
Price/Cash Flow	4.67	Avg Credit Quality	—	5.20%
Dividend Yield %	3.88	Avg Wtd Coupon	—	Figure provided by fund as of 03-31-09
Growth Measures	% Rel Category	Sector Weightings	% of Rel Mstr	3 Year
Long-Term Erngs	10.52	Info	21.72	High Low
Book Value	-1.30	Software	3.95	4 3
Sales	7.24	Hardware	8.28	9 8
Cash Flow	7.75	Media	2.00	3 2
Historical Erngs	-1.07	Telecom	7.49	7 4
Market Cap %		Service	39.22	—
Giant	42.9	Health	12.39	12 10
Large	31.6	Consumer	8.35	8 6
Mid	18.4	Business	4.44	6 4
Avg \$mil:	19,335	Financial	14.04	23 14
Composition		Mfg	39.07	—
Cash	2.4	Goods	11.41	11 9
Stocks	61.3	Ind Mtrls	11.45	15 11
Bonds	35.9	Energy	11.61	14 9
Other	0.5	Utilities	4.60	5 4
Foreign	20.2			
(% of Stock)				

Address:	PO BOX 2600 VM #V34 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$3000	Add: \$100	IRA: \$3000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$3000	Add: \$50	
Inception:	10-27-03	Sales Fees:	No-load		
Advisor:	The Vanguard Group, Inc.	Management Fee:	0.00%		
Subadvisor:	None	Actual Fees:	—	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$8	5Yr:\$101	10Yr:\$230
		Income Distrib:	Annually		

Vanguard Target Retirement 2025

Analyst Pick Ticker Status Yield Total Assets Mstar Category
 VTTVX Open 3.1% \$8,888 mil Target Date 2021-2025

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds. John Ameriks and the firm's Investment Counseling and Research Group oversee the Target Retirement Fund lineup's asset-allocation policy. Experienced index-fund skipper Duane Kelly manages the fund's day-to-day activities. John Hollyer and Vanguard's Risk Management and Strategy Analysis Group handle risk-management duties.

Strategy

Vanguard Target Retirement Funds serve as a one-stop solution for investors planning for retirement. Each fund-of-index-funds holds a diversified mix of stocks and bonds. This fund started with 90% of its assets invested in stocks and 10% in bonds. Its allocation has begun to shift gradually toward a 50/50 split by 2025, then onward to a 30% weighting in stocks and 70% weighting in bonds, inflation-protected securities, and cash. Each fund in the lineup ultimately ends up with the same asset mix as Vanguard Target Retirement Income.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-1.32	2.14	2.79	1.78	5.45
2006	3.23	-1.32	4.34	6.55	13.24
2007	1.84	4.89	2.37	-1.62	7.59
2008	-6.92	-1.49	-8.66	-16.48	-30.05
2009	-8.41	14.84	—	—	—

Trailing	Total Return% Mod Trg Rsk	+/- Mstr Bsk	+/- Mstr Mod 2025	%Rank Cat	Growth of \$10,000
3 Mo	12.91	1.92	-1.02	67	11,291
6 Mo	20.91	3.36	-1.17	68	12,091
1 Yr	-13.44	-5.28	-0.10	17	8,656
3 Yr Avg	-2.20	-2.92	-1.23	12	9,354
5 Yr Avg	2.00	-2.56	-2.94	25	11,041
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-2.80	9	0.61	23
5 Yr (estimated)	1.39	13	0.60	1
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -18% of assets

Morningstar's Take by Michael Herbst 03-16-09

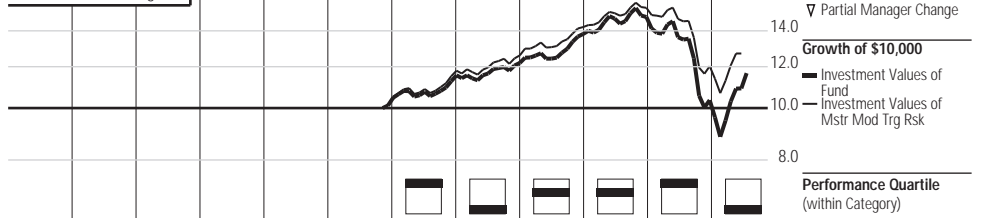
We'd urge investors to stick with Vanguard Target Retirement 2025.

Investors winning at this fund's 34% loss over the trailing 12 months through March 15, 2009, should step back and take a deep breath. The reasons we like the fund for investors seeking to retire in or around 2025 remain intact. For instance, its buttoned-up profile is the main reason it has held up better than 85% of its peers in the target-date 2021-2025 category. Vanguard's emphasis on large-cap stocks in developed markets has helped slightly. Vanguard mostly steers clear of riskier fare in its fixed-income sleeve, such as high-yield corporate bonds and nongovernment mortgage-backed securities. That cautious approach to bonds boosts our confidence that the fund can help shield near-retirees from nasty market downturns as it continues to shift toward a 50/50 stock/bond split by its 2025 retirement date.

We also remain confident in the fund's underlying investments. Two of the underlying funds in the

Historical Profile

Return Above Avg
 Risk Below Avg
 Rating ★★★★★
 Above Avg



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	History
NAV	—	—	—	—	—	10.51	11.39	11.77	13.04	13.72	9.27	10.41	NAV
Total Return %	—	—	—	—	—	—	10.11	5.45	13.24	7.59	-30.05	12.30	Total Return %
+/-Mstr Mod Trg Rsk	—	—	—	—	—	—	-1.79	-1.33	0.29	-1.03	-7.87	0.91	+/-Mstr Mod Trg Rsk
+/-Mstr Lfime Mod 2025	—	—	—	—	—	—	—	—	—	—	—	-1.29	+/-Mstr Lfime Mod 2025
Income Return %	—	—	—	—	—	—	—	—	—	—	—	0.00	Income Return %
Capital Return %	—	—	—	—	—	—	8.40	3.34	10.78	5.21	-32.40	12.30	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	—	—	1	94	45	41	15	78	Total Rtn % Rank Cat
Income \$	—	—	—	—	—	0.06	0.18	0.24	0.29	0.31	0.32	0.00	Income \$
Capital Gains \$	—	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	—	—	—	—	—	—	—	0.18	Expense Ratio %
Income Ratio %	—	—	—	—	—	—	—	—	—	—	—	—	Income Ratio %
Turnover Rate %	—	—	—	—	—	—	2.33	2.84	2.66	2.43	2.59	—	Turnover Rate %
Net Assets \$mil	—	—	—	—	—	30	708	2,529	4,605	7,309	6,802	8,888	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-13.44	—	—	—
3 Yr	-2.20	+ Avg	- Avg	★★★★
5 Yr	2.00	—	—	—
10 Yr	—	—	—	—
Incept	2.83	—	—	—

Other Measures	Standard Index	Best Fit Index
Alpha	-2.1	2.1
Beta	1.26	0.83
R-Squared	99	99
Standard Deviation	16.65	—
Mean	-2.20	—
Sharpe Ratio	-0.22	—

Portfolio Analysis 03-31-09

Total Stocks:0	Share change since 12-31-08	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Stock Mkt Idx	—	—	—	—	61.47
Vanguard Total Bond Market II Idx Inv	—	—	—	—	23.00
Vanguard European Stock Index	—	—	—	—	8.07
Vanguard Pacific Stock Index	—	—	—	—	4.34
Vanguard Emerging Mkts Stock Idx	—	—	—	—	3.07
CMT Market Liquidity Rate	—	—	—	—	0.04

Total Fixed-Income:0	Date of Maturity	Amount \$000	Value \$000	% Net Assets
—	—	—	—	—

Equity Style	Style: Blend	Size: Large-Cap	Fixed-Income Style	Duration: Interm-Term	Quality: High
Value Measures	Price/Earnings	11.61	Avg Eff Duration	3.7 Yrs	
	Price/Book	1.38	Avg Eff Maturity	5.7 Yrs	
	Price/Sales	0.65	Avg Credit Quality	AAA	
	Price/Cash Flow	4.67	Avg Wtd Coupon	5.20%	
	Dividend Yield %	3.88	*figure provided by fund as of 03-31-09		
Growth Measures	% Rel Category		Sector Weightings	% of Rel Mstr	3 Year
Long-Term Erngs	10.51	0.98	Info	21.70	—
Book Value	-1.32	NMF	Software	3.94	4 3
Sales	7.18	13.05	Hardware	8.27	9 8
Cash Flow	7.81	2.69	Media	2.00	3 2
Historical Erngs	-1.11	NMF	Telecom	7.49	7 4
Market Cap %			Service	39.23	—
Giant	42.9	5.3	Health	12.40	12 10
Large	31.6	1.8	Consumer	8.35	8 6
Mid	18.4	19,345	Business	4.44	6 4
			Financial	14.04	23 14
Composition			Mfg	39.07	—
	Cash	1.6	Goods	11.41	11 9
	Stocks	76.0	Ind Mtrls	11.45	15 9
	Bonds	21.8	Energy	11.61	14 9
	Other	0.6	Utilities	4.60	5 4
	Foreign	20.3			
	(% of Stock)				

Address:	P.O. Box 2600 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$3000	Add: \$100	IRA: \$3000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$3000	Add: \$50	
Inception:	10-27-03	Sales Fees:	No-load		
Advisor:	The Vanguard Group, Inc.	Management Fee:	0.00%		
Subadvisor:	None	Actual Fees:	—	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$8	5Yr:\$101	10Yr:\$230
		Income Distrib:	Annually		

Vanguard Target Retirement 2035

Analyst Pick Ticker Status Yield Total Assets Mstar Category
 VTTX Open 2.8% \$6,020 mil Target Date 2031-2035

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds. John Ameriks and the firm's Investment Counseling and Research Group oversee the Target Retirement Fund lineup's asset-allocation policy. Experienced index-fund skipper Duane Kelly manages the fund's day-to-day activities. John Hollyer and Vanguard's Risk Management and Strategy Analysis Group handle risk-management duties.

Strategy

Vanguard Target Retirement Funds serve as a one-stop solution for investors planning for retirement. Each fund-of-index-funds holds a diversified mix of stocks and bonds. This fund starts with 90% of its assets invested in stocks and 10% in bonds. Twenty-five years prior to 2035, that allocation will begin to shift gradually to a 50/50 split, then onward to a 30% weighting in stocks and 70% weighting in bonds, inflation-protected securities, and cash. Each fund in the lineup ultimately ends up with the same asset mix as Vanguard Target Retirement Income.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-1.62	1.82	4.00	2.04	6.30
2006	4.49	-1.41	4.35	7.20	15.24
2007	1.87	5.66	2.14	-2.23	7.49
2008	-8.14	-1.64	-9.92	-19.72	-34.66
2009	-9.84	17.27	—	—	—

Trailing

	Total	+/- Mstr	+/- Mstr	%Rank	Growth of
	Return%Mod Trg	Rsk	Mod 2035	Cat	\$10,000
3 Mo	14.72	3.73	-1.25	68	11,472
6 Mo	23.76	6.21	-2.00	66	12,376
1 Yr	-16.81	-8.65	0.40	31	8,319
3 Yr Avg	-3.76	-4.48	-1.03	20	8,914
5 Yr Avg	1.73	-2.83	-2.68	25	10,895
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-4.22	10	0.48	3
5 Yr (estimated)	1.25	13	0.47	1
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -21% of assets

Morningstar's Take by Michael Herbst 03-16-09

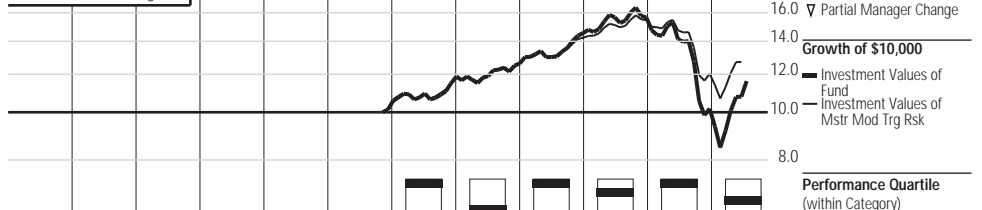
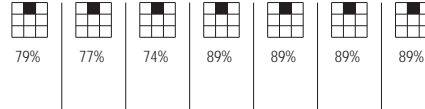
We'd urge investors to stick with Vanguard Target Retirement 2035.

Investors winning at this fund's 39% loss over the trailing 12 months through March 15, 2009, should step back and take a deep breath. The main reasons we like the fund for investors seeking to retire in or around 2035 remain intact. For instance, its buttoned-up profile has helped it hold up better than two thirds of its peers in the target-date 2031-2035 category. Vanguard's emphasis on large-cap stocks in developed markets has helped slightly. More importantly, Vanguard mostly steers clear of riskier fare in its fixed-income sleeve, such as high-yield corporate bonds and nongovernment mortgage-backed securities. That cautious approach to bonds boosts our confidence that the fund can help shield investors from nasty market downturns as it begins to shift toward a 50/50 stock/bond split by 2035.

We also remain confident in the fund's underlying investments. Two of the underlying funds in the

Historical Profile

Return Above Avg
 Risk Below Avg
 Rating ★★★★★
 Above Avg



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09	History
NAV	—	—	—	—	—	10.63	11.73	12.26	13.87	14.62	9.25	10.52	NAV
Total Return %	—	—	—	—	—	—	11.95	6.30	15.24	7.49	-34.66	13.73	Total Return %
+/-Mstr Mod Trg Rsk	—	—	—	—	—	—	0.05	-0.48	2.29	-1.13	-12.48	2.34	+/-Mstr Mod Trg Rsk
+/-Mstr Lftime Mod 2035	—	—	—	—	—	—	—	—	—	—	—	-2.15	+/-Mstr Lftime Mod 2035
Income Return %	—	—	—	—	—	—	1.60	1.79	2.12	2.09	2.05	0.00	Income Return %
Capital Return %	—	—	—	—	—	—	10.35	4.51	13.12	5.40	-36.71	13.73	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	—	—	1	94	24	47	13	66	Total Rtn % Rank Cat
Income \$	—	—	—	—	—	0.06	0.17	0.21	0.26	0.29	0.30	0.00	Income \$
Capital Gains \$	—	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	—	—	—	—	—	—	—	—	Expense Ratio %
Income Ratio %	—	—	—	—	—	—	1.70	2.33	2.21	2.09	2.28	—	Income Ratio %
Turnover Rate %	—	—	—	—	—	—	2	—	14	1	10	—	Turnover Rate %
Net Assets \$mil	—	—	—	—	—	19	373	1,402	3,050	4,860	4,351	6,020	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-16.81	—	—	—
3 Yr	-3.76	+ Avg	- Avg	★★★★
5 Yr	1.73	—	—	—
10 Yr	—	—	—	—
Incept	2.79	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-3.0	1.8
Beta	1.44	0.95
R-Squared	98	99
Standard Deviation	19.02	—
Mean	-3.76	—
Sharpe Ratio	-0.25	—

Portfolio Analysis 03-31-09

Total Stocks:0	Sectors	P/E Ratio	YTD Return %	% Net Assets
Share change since 12-31-08	—	—	—	—
Vanguard Total Stock Mkt Idx	—	—	—	71.65
Vanguard Total Bond Market II Inv	—	—	—	10.16
Vanguard European Stock Index	—	—	—	9.51
Vanguard Pacific Stock Index	—	—	—	5.09
Vanguard Emerging Mkts Stock Idx	—	—	—	3.57
CMT Market Liquidity Rate	—	—	—	0.03

Total Fixed-Income:0

Date of Maturity	Amount \$000	Value \$000	% Net Assets
—	—	—	—

Equity Style

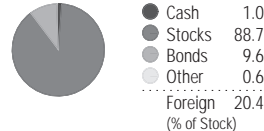
Style: Blend
 Size: Large-Cap

Value Measures	Rel Category
Price/Earnings	11.61 0.91
Price/Book	1.38 0.96
Price/Sales	0.65 0.96
Price/Cash Flow	4.67 0.98
Dividend Yield %	3.88 1.11
Growth Measures	% Rel Category
Long-Term Erngs	10.51 0.99
Book Value	-1.33 NMF
Sales	7.14 79.33
Cash Flow	7.84 3.86
Historical Erngs	-1.14 NMF

Market Cap %

Market Cap	Small	Mid	Large	Avg \$mil
Giant	42.9	5.3	1.8	19,352
Large	31.6	1.8	—	—
Mid	18.4	—	—	—

Composition



Fixed-Income Style

Duration: Interm-Term
 Quality: High

Value Measures	Rel Category	3 Yr
Avg Eff Duration	1	3.7 Yrs
Avg Eff Maturity	—	5.7 Yrs
Avg Credit Quality	—	AAA
Avg Wtd Coupon	—	5.19%

*figure provided by fund as of 03-31-09

Sector Weightings

Sector	% of Rel Mstr	3 Year
Info	21.69	—
Software	3.94	4 3
Hardware	8.26	9 8
Media	2.00	3 2
Telecom	7.49	7 4

Service

Service	% of Rel Mstr	3 Year
Health	12.40	13 10
Consumer	8.35	8 6
Business	4.44	6 4
Financial	14.04	23 14
Mfg	39.08	—
Goods	11.42	11 9
Ind Mtrls	11.45	15 11
Energy	11.61	14 9
Utilities	4.60	5 4

Address:	PO BOX 2600 VM #V34 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$3000	Add: \$100	IRA: \$3000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$3000	Add: \$50	—
Inception:	10-27-03	Sales Fees:	No-load	—	—
Advisor:	The Vanguard Group, Inc.	Management Fee:	0.00%	—	—
Subadvisor:	None	Actual Fees:	—	Dist: —	—
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$8	5Yr:\$101	10Yr:\$230
—	—	Income Distrib:	Annually	—	—

Vanguard Target Retirement 2045

Analyst Pick Ticker Status Yield Total Assets Mstar Category
 VTIVX Open 2.8% \$3,161 mil Target Date 2041-2045

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds. John Ameriks and the firm's Investment Counseling and Research Group oversee the Target Retirement Fund lineup's asset-allocation policy. Experienced index-fund skipper Duane Kelly manages the fund's day-to-day activities. John Hollyer and Vanguard's Risk Management and Strategy Analysis Group handle risk-management duties.

Strategy

Vanguard Target Retirement Funds serve as a one-stop solution for investors planning for retirement. Each fund-of-index-funds holds a diversified mix of stocks and bonds. This fund starts with 90% of its assets invested in stocks and 10% in bonds. Twenty-five years prior to 2045, that allocation will begin to shift gradually to a 50/50 split, then onward to a 30% weighting in stocks and 70% weighting in bonds, inflation-protected securities, and cash. Each fund in the lineup ultimately ends up with the same asset mix as Vanguard Target Retirement Income.

Performance 07-31-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-1.76	1.62	4.70	2.32	6.95
2006	5.25	-1.44	4.29	7.20	15.98
2007	1.89	5.69	2.14	-2.29	7.47
2008	-8.08	-1.66	-9.90	-19.65	-34.56
2009	-9.82	17.15	—	—	—

Trailing	Total Return% Mod Trg	+/- Mstr Risk Mod 2045	%Rank Cat	Growth of \$10,000
3 Mo	14.65	3.66	-2.01	86
6 Mo	23.78	6.23	-3.25	83
1 Yr	-16.71	-8.55	0.98	21
3 Yr Avg	-3.74	-4.46	-0.92	15
5 Yr Avg	2.21	-2.35	-2.38	1
10 Yr Avg	—	—	—	—
15 Yr Avg	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-4.19	9	0.47	12
5 Yr (estimated)	1.76	1	0.44	1
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -21% of assets

Morningstar's Take by Michael Herbst 03-16-09

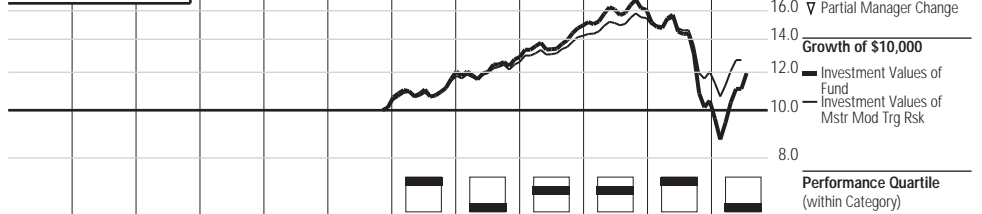
We'd urge investors to stick with Vanguard Target Retirement 2045.

Investors wincing at this fund's 39% loss over the trailing 12 months through March 15, 2009, should step back and take a deep breath. The main reasons we like the fund for investors seeking to retire in or around 2045 remain intact. For instance, its buttoned-up profile has helped it hold up better than four fifths of its peers in the target-date 2041-2045 category. Vanguard's emphasis on large-cap stocks in developed markets has helped slightly. More importantly, Vanguard mostly steers clear of riskier fare in its fixed-income sleeve, such as high-yield corporate bonds and nongovernment mortgage-backed securities. That cautious approach to bonds boosts our confidence that the fund can help shield investors from nasty market downturns as the fund gradually shifts toward a 50/50 stock/bond split by 2045.

We also remain confident in the fund's underlying investments. Two of the underlying funds in the

Historical Profile

Return Average
 Risk Below Avg
 Rating ★★★★★
 Above Avg



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	07-09
NAV	—	—	—	—	—	10.71	11.93	12.57	14.32	15.09	9.57	10.88
Total Return %	—	—	—	—	—	—	12.89	6.95	15.98	7.47	-34.56	13.69
+/-Mstr Mod Trg Rsk	—	—	—	—	—	—	0.99	0.17	3.03	-1.15	-12.38	2.30
+/-Mstr Lfime Mod 2045	—	—	—	—	—	—	-4.40	-4.13	-2.93	-2.62	1.66	-3.13
Income Return %	—	—	—	—	—	—	1.49	1.59	1.99	2.09	1.99	0.00
Capital Return %	—	—	—	—	—	—	11.40	5.36	13.99	5.38	-36.55	13.69
Total Rtn % Rank Cat	—	—	—	—	—	—	1	100	46	41	11	78
Income \$	—	—	—	—	—	0.07	0.16	0.19	0.25	0.30	0.30	0.00
Capital Gains \$	—	—	—	—	—	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Expense Ratio %	—	—	—	—	—	—	—	—	—	—	—	0.18
Income Ratio %	—	—	—	—	—	—	1.38	2.07	2.03	2.08	2.28	—
Turnover Rate %	—	—	—	—	—	—	7	7	3	1	9	—
Net Assets \$mil	—	—	—	—	—	7	142	626	1,446	2,374	2,192	3,161

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-16.71	—	—	—
3 Yr	-3.74	Avg	-Avg	★★★★
5 Yr	2.21	—	—	—
10 Yr	—	—	—	—
Incept	3.32	—	—	—

Other Measures	Standard Index	Best Fit Index
Alpha	-3.0	1.8
Beta	1.44	0.95
R-Squared	98	99
Standard Deviation	19.00	—
Mean	-3.74	—
Sharpe Ratio	-0.25	—

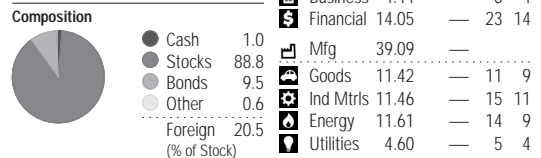
Portfolio Analysis 03-31-09

Total Stocks:0	Share change since 12-31-08	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Stock Mkt Idx	—	—	—	—	71.62
Vanguard Total Bond Market II Idx Inv	—	—	—	—	10.06
Vanguard European Stock Index	—	—	—	—	9.55
Vanguard Pacific Stock Index	—	—	—	—	5.13
Vanguard Emerging Mkts Stock Idx	—	—	—	—	3.59
CMT Market Liquidity Rate	—	—	—	—	0.04

Total Fixed-Income:0	Date of Maturity	Amount \$000	Value \$000	% Net Assets
—	—	—	—	—

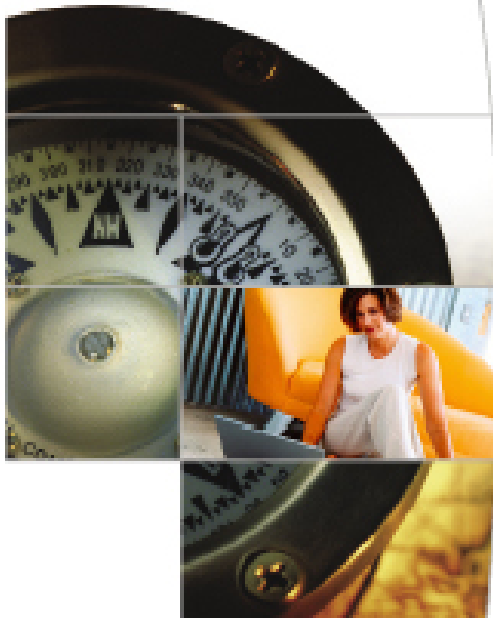
Equity Style	Style: Blend	Size: Large-Cap	Rel Category	Fixed-Income Style	Duration: Interm-Term	Quality: High
Value Measures	Price/Earnings	11.61	0.91	Avg Eff Duration 1	3.7 Yrs	
Price/Book	1.38	0.97		Avg Eff Maturity	5.7 Yrs	
Price/Sales	0.65	0.94		Avg Credit Quality	AAA	
Price/Cash Flow	4.67	0.96		Avg Wtd Coupon	5.19%	
Dividend Yield %	3.88	1.10		*figure provided by fund as of 03-31-09		

Growth Measures	% Rel Category	Sector Weightings	% of Rel Mstr	3 Year
Long-Term Erngs	10.51	Info	21.70	—
Book Value	-1.33	Software	3.94	4 3
Sales	7.14	Hardware	8.26	9 8
Cash Flow	7.84	Media	2.00	3 2
Historical Erngs	-1.14	Telecom	7.50	8 4
Market Cap %		Service	39.22	—
Giant	42.9	Health	12.39	12 10
Large	31.6	Consumer	8.34	8 6
Mid	18.4	Business	4.44	6 4
Avg \$mil:	19,346	Financial	14.05	23 14
		Mfg	39.09	—
		Goods	11.42	11 9
		Ind Mtrls	11.46	15 11
		Energy	11.61	14 9
		Utilities	4.60	5 4



Address:	PO BOX 2600 VM #V34 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$3000	Add: \$100	IRA: \$3000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$3000	Add: \$50	
Inception:	10-27-03	Sales Fees:	No-load		
Advisor:	The Vanguard Group, Inc.	Management Fee:	0.00%		
Subadvisor:	None	Actual Fees:	—	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$8	5Yr:\$101	10Yr:\$230
		Income Distrib:	Annually		

Investment Policy Statement and Fund Benchmarks



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Wisconsin Deferred Compensation Program
Deferred Compensation Board
Investment Policy Statement
Approved by the Deferred Compensation Board November 1998
Revision for February 2005

Objective

The Wisconsin Deferred Compensation Program (WDC) will provide participants with the ability to invest pre-tax income in a broad range of investment alternatives with diverse risk and return characteristics. The Deferred Compensation Board's goal is to ensure the WDC offers sufficient investment choices to meet participants' needs when establishing their personal retirement savings portfolio.

Investment Spectrum

The Board will maintain a core investment spectrum, normally between eight and twenty options, to ensure sufficient choices are available and are reasonable in number to allow the average participant to decide which options best meet their personal needs. The spectrum will be comprised of fixed options and publicly traded mutual fund options from the following categories:

1. *Fixed income/cash investments - FDIC insured bank account option, stable value fund, or money market mutual fund.*
2. *Bond mutual funds - government or corporate bond funds, domestic or international, active or passive management.*
3. *Balanced mutual fund – combining equity and bond investments in one option.*
4. *Domestic large cap equity mutual funds – including both active and passive (index) investments; funds with investment objectives that may include: growth and income, growth, aggressive growth, value, and blend of growth and value.*
5. *Domestic small and mid cap equity mutual funds – growth, value or blend.*
6. *International or foreign equity mutual funds – growth, value or blend.*
7. *Lifecycle funds – age-based portfolios for multiple time horizons.*

Selection Process

The Board may from time to time provide additional investment alternatives and may change the categories of funds offered to maintain a broad spectrum to address participants' changing needs or changes to the investment industry. The Board has established minimum criteria for selecting and evaluating the options offered by the WDC.

Mutual fund options are selected from the universe of publicly traded funds through a comprehensive search process. For an option to be considered for the WDC, it must meet the established minimum requirements in regard to: asset size, years in operation, costs (expense

ratio and sales fees), and historical performance. Once the initial screening has occurred, options are further analyzed based on criteria that includes, but is not limited to: short and long term performance as compared to peer group average and benchmarks, risk/return measurements, manager tenure, and industry ratings (such as *Morningstar*). Fixed income investments must also meet minimum criteria established by the Board (see attachment 1) and are selected from a competitive request for proposal process.

Evaluation Process

To ensure options continue to be suitable for offering to WDC participants and are consistent with the established investment policy, the Board completes a comprehensive evaluation each year.

Performance benchmarks are specifically established for each investment option and include a comparison to their peer group average, an appropriate index measurement, and an internal benchmark identified by the fund manager. Volatility is also measured by an analysis of risk versus return.

If the Board determines an option is no longer acceptable for continued offering, the Board may close the investment to new participant elections or initiate the process to phase the option out of the WDC and require participants to move account balances to an alternate choice. The steps in the review process are as follows:

1. *A determination is made that a fund is unacceptable for offering. The Board can either close the fund to new elections and proceed with step 2, or initiate the phase out process to remove the fund from the WDC and skip step 2 and 3 and go directly to step 4.*
2. *As a result of the next year's annual review, if it is determined to once again be acceptable, the fund is re-opened to participant elections.*
3. *If improvements have occurred but it is not completely meeting all established criteria and/or there are remaining questions about its performance in can be continued in it's current closed status for an additional year.*
4. *If the review demonstrates that the fund continues to be unacceptable for offering, the Board can initiate the process to phase it out of the WDC over a minimum of a one-year period (as required in Wisconsin Administrative Code ETF 70.08(3)).*
5. *Participants are instructed to re-direct deferrals to an alternate choice within a period of not less than six-months from the original notification. If this action is not taken, deferrals being directed into the option being removed will automatically be redirected to an alternate option as designated by the Board.*
6. *Participants are instructed to transfer existing balances to an alternate choice within a period of not less than one year from the original notification. If this action is not taken, account balances not exchanged out of the option being removed will automatically be redirected to an alternate option as designated by the Board.*

Responsibilities

Deferred Compensation Board – The Board is responsible for selecting appropriate investment options for offering by the WDC and monitoring the selections to ensure they continue to be acceptable for long-term retirement savings.

Investment Providers – The companies contracted to provide an investment option to the WDC are responsible for following the investment objectives that were either, identified during the competitive bid process (for fixed income options) or stated in their fund prospectus (for mutual funds).

Department of Employee Trust Funds and Administrative Services Provider Staff – Staff is responsible for completing the annual evaluation to monitor the WDC investment choices and providing sufficient analysis and information on which the Board can base decisions regarding maintaining, removing or adding investment options to the WDC. Staff is also responsible for providing sufficient information about the available investment choices and how to structure a retirement savings portfolio to enable participants to make informed decisions.

Participants – Investment decisions are the full responsibility of participants and their beneficiaries. Although the Board monitors the options that are being made available, participants are responsible for deciding which, if any, of the available choices are the most appropriate for their supplemental retirement savings needs.

Minimum Criteria for Selecting and Evaluating Fixed Income Options	
Bank Option	<ul style="list-style-type: none"> • FDIC insured • Capital ratio as required by US government to maintain FDIC coverage • Minimum size - \$1 billion in assets
Insurance Option	<ul style="list-style-type: none"> • Top rating received by at least 2 rating agencies • No rating below a Double A or equivalent • Total capital (equivalent to total assets minus total liabilities) equal to at least 5% of invested assets • High risk assets (non-investment grade bonds and non-performing real estate loans and investments) under 200% of total capital • Performance returns compared to blended 5-year Treasury rates, or other index as appropriate
Stable Value Fund Manager	<ul style="list-style-type: none"> • Minimum five years experience managing stable value assets • Minimum \$2 billion in discretionary assets under management • Investment guidelines and performance benchmark as approved by Board
Minimum Criteria for Selecting and Evaluating Mutual Fund Options	
Selection Criteria: <i>Requirements apply to all mutual funds unless specifically waived</i>	<ul style="list-style-type: none"> • Minimum 5 year operating history – may be waived for index funds • Expense ratio [internal expense charge plus any 12(b)1 fee] not greater than the mean for the appropriate peer group • 5-year rolling average performance must equal or exceed appropriate benchmark or index • Minimum total asset size of \$400 million – may be waived for certain categories of funds • Anticipated WDC assets not greater than 5% of total fund (determined by comparing current WDC asset levels in a comparable fund) • No loads or sales charges unless they are waived for the WDC • Not a sector fund
Monitoring Criteria: <i>Requirements apply to all mutual funds unless specifically waived</i>	<ul style="list-style-type: none"> • Performance must meet or exceed one or more of established benchmarks – benchmarks used include, but are not limited to 1) peer group average, 2) appropriate index as determined by Board, and 3) internal benchmark assigned by fund manager. • For specialty funds selected for reasons other than performance (e.g., socially responsive funds or lifecycle funds), performance will only be evaluated based on a comparison to the funds peer group of funds with same specialty objective. [Participants will be fully advised that fund is selected for reasons other than investment returns.] • WDC assets in fund no greater than 10% of the total mutual fund assets • After 5 years in WDC, minimum of 3% of participants or 3% of assets.

Investment Benchmarks

Investment Product	2009 Performance Benchmarks
American Funds EuroPacific Growth R5	1 MSCI EAFE Free Index* 2 Lipper International Funds Average* 3 MSCI All Country World Index ex-USA* 4 Morningstar Foreign Large Cap Blend Category Average**
Barclay's EAFE Equity Index Fund	1 MSCI EAFE*
DFA U.S. Microcap Portfolio	1 Russell 2000 Index* 2 Russell Microcap Index** 3 DFA Market Cap Benchmark** 4 Morningstar Small Blend Category Average**
Barclay's Small Cap Equity Index Fund	1 Russell 2000 Index*
T. Rowe Price MidCap Growth Fund	1 Lipper Mid Cap Growth Funds Average* 2 Russell Mid Cap Growth Index* 3 S&P 400 Mid Cap Index* 4 Morningstar Mid Cap Growth Category Average**
Barclay's MidCap Equity Index Fund	1 S&P MidCap 400 Index*
Calvert Social Investment Equity Fund- Institutional Class	1 S&P 500 Index* 2 Lipper Multi-Cap Core Funds Average* 3 Calvert Social Index** 4 Morningstar Socially Responsible Large Cap Fund Average**
Fidelity Contrafund	1 S&P 500 Index* 2 Lipper Growth Fund Average* 3 Morningstar Large Growth Category Average**
Vanguard Institutional Index Fund (Plus Shares)	1 S&P 500 Index*
Vanguard Wellington Fund (Admiral Shares)	1 Lipper Balanced 2 Morningstar Moderate Allocation Funds Average** 3 Composite 65% S&P 500/35% Lehman Aggregate Index**
Vanguard Long-Term Investment Grade-Fund (Admiral Shares)	1 BarCap LT Corporate A * 2 Morningstar LT Corporate Category Average**
Barclay's U.S. Debt Index Fund	1 BarCap Aggregate Bond Index*
Federated U.S. Government Securities Fund 2-5 Years (Instl)	1 Merrill Lynch 3-5 Year Treasury Index* 2 Lipper Short-Intermediate U.S. Government Average* 3 Morningstar Short-term Government Category**
Vanguard Admiral Treasury Money Market Fund	1 iMoneyNet Money Fund Report Average 100% Treasury Fund*
Stable Value Fund (Galliard)	1 Five Year Constant Maturity Treasury Rate (CMT)* 2 Hueler Analytics Pooled Fund Universe Average*
FDIC Option- M&I Bank of Southern Wisconsin	1 50% 3-Month LIBOR/50% 12-Month LIBOR
Vanguard Lifecycle Funds	1 Composite benchmarks based on asset allocation of funds

*Represent benchmarks used by the fund. **Represent benchmarks used by the Board.

Glossary



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12b-1 Fee The maximum annual charge deducted from fund assets to pay for distribution and marketing costs. Although usually set on a percentage basis, this amount will occasionally be a flat figure.

Actively managed fund A fund manager buys and sells securities attempting to outperform the market as a whole.

Adjustable Bonds A bond whose coupon is reset periodically—usually every six months to three years. At the reset date, the coupon is set equal to some base index, such as the one-year constant Treasury rate, plus a spread (or margin). When interest rates are falling, these bonds do better than an in-year Treasury, but when interest rates rise, they can lag Treasury yields.

Aggressive Growth (Objective) Funds that seek rapid growth of capital and that may invest in emerging market growth companies without specifying a market capitalization range. They often invest in small or emerging growth companies and are more likely than other funds to invest in IPO's or in companies with high price/earnings and price/book ratios. They may use such investment techniques as heavy sector concentrations, leveraging, and short-selling.

Alpha A measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates the fund's underperformance, given the expectations established by the fund's beta.

Annual Returns Total returns calculated on a calendar-year basis. The annual return for a fund will be the same as its trailing 12-month total return only at year-end.

Annualized Returns Returns for periods longer than one year are expressed as "annualized returns." This is equivalent to the compound rate of return which, over a certain period of time, would produce a fund's total return over that same period.

Asset Allocation (Objective) Income and capital appreciation are dual goals for funds in this objective. Managers often use a flexible combination of stocks, bonds, and cash. Managers may shift assets based on analysis of business-cycle trends.

Average Credit Quality Gives a snapshot of the portfolio's overall credit quality. It is an average of each bond's credit rating, adjusted for its relative weighting in the portfolio.

Average Effective Duration A measure of a fund's interest-rate sensitivity--the longer a fund's duration, the more sensitive the fund is to shifts in interest rates. Duration is determined by a formula that includes coupon rates and bond maturities. Small coupons tend to increase duration, while shorter maturities and higher coupons shorten duration. The relationship between funds with different durations is straightforward: A fund with a duration of 10 years is twice as volatile as a fund with a five-year duration.

Average Effective Maturity Used for taxable fixed-income funds only, this figure takes into consideration all mortgage prepayments, puts, and adjustable coupons; it does not, however, account for call provisions. The number listed is a weighted average of all the maturities of the bonds in the portfolio, computed by weighing each maturity date (the date the security comes due) by the market value of the security.

Balanced (Objective) Funds that seek both income and capital appreciation by investing in a generally fixed combination of stocks and bonds. These funds generally hold a minimum of 25% of their assets in fixed-income securities at all times.

Basis Point One-hundredth of a percentage point. For example, 50 basis points equals .50%.

Beta A measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. Beta is calculated by comparing a fund's excess return over Treasury bills to the market's excess return over Treasury bills, so a beta of 1.10 shows that the fund has performed 10% better than its benchmark index in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the fund's excess return is expected to perform 15% worse than the market's excess return during up markets and 15% better during down markets.

Bonds Interest-bearing certificates of indebtedness or IOUs. While bonds' rates of return remain fixed, bond prices change in relation to interest rates — when interest rates go up, bond prices go down, and vice versa. However, bond funds are variable funds and fluctuate with market conditions.

Bond funds Contrary to individual bonds, which offer a guaranteed rate of return, bond funds are variable funds and their returns may rise or fall depending on market conditions. Funds with 70% or more of their assets invested in bonds are classified as Bond Funds. Bond funds are divided into two main groups: Taxable Bond and Municipal Bond. Taxable Bond Fund categories include the following: Long-Term Government, Intermediate-Term Government, Short-Term Government, Long-Term Bond, Intermediate-Term Bond, Short-Term Bond, Ultrashort-Bond, International-Bond, High-Yield Bond, Emerging-Markets Bond and Multisector Bond.

Breakpoint The investment amount at which investors in a load fund qualify for a discount on the fund's sales charges.

Glossary

Broker A firm or individual that acts as an intermediary between a buyer and a seller of securities, thereby earning a commission on the transaction. Unlike a broker-dealer, a broker does not own the securities that he or she sells.

Callable Bond A bond that can be repaid early, at the issuer's discretion. A callable bond allows an issuer to refinance debt at a lower rate, should interest rates drop below the coupon rate on the bond. If interest rates have dropped significantly since the date of issue, a callable bond will trade as though its maturity were shortened to the call date, which is the earliest time at which the bond can be redeemed.

Capital Appreciation The taxable income generated when a security is sold. The amount of appreciation is measured by subtracting the purchase price from the sale price.

Capital Gains Taxable income generated only when a security is sold. This figure is calculated by subtracting the purchase price from the sale price. Under IRS regulations, funds must distribute 98% of their capital gains each year to avoid paying taxes on them. Shareholders pay taxes on these distributions, even if the gains are reinvested. Further capital gains can be generated by selling shares in a fund for more than the original purchase price.

Capitalization The total dollar value of all stock issued by a company. Small-cap stocks are issued by companies with market cap less than \$1 billion. Mid-cap stocks are issued by medium-sized companies with market cap anywhere from \$1 billion to \$5 billion. Large-cap stocks include companies with market cap greater than \$5 billion.

CMOs Collateralized mortgage obligations are derivative securities, created by chopping up mortgage pass-throughs or whole loans into various slices in order to redistribute the cash flows (both principal and interest payments) from the underlying bonds. The CMO group, except for adjustable-rate mortgage funds, includes PACs (planned amortization class bonds), floating- and inverse-floating-rate CMOs, and accrual or Z-tranche bonds, among other varieties.

Consumer Price Index (CPI) This index measures the changes in prices of goods and services purchased by urban households. Many pension and employment contracts are tied to changes in consumer prices, as protection against inflation and reduced purchasing power.

Corporate Bond--General (Objective) Funds that seek income by investing in fixed-income securities. Funds with this objective may hold a variety of issues, including but not limited to government bonds, high-quality corporates, mortgages, asset-backed, bank loans and junk bonds.

Corporate Bond--High Quality (Objective) Offerings that seek income by investing at least 65% of their assets in corporate debt securities rated A or higher. They generally maintain average ratings of AA or better.

Corporate Bond--High Yield (Objective) Funds that seek income by generally investing 65% or more of their assets in bonds rated below BBB. The price of these issues is generally affected more by the condition of the issuing company (similar to a stock) than by the interest-rate fluctuation that usually causes bond prices to move up and down.

Current income Results when a stock pays a dividend or a bond makes an interest payment. This is the value of your investment increased. With current income, you get a fairly stable pattern of income — which generally means reduced volatility. (Stock dividends must be declared, and are not predictable.)

Diversification Spreading your money over many different types of investments. Contrary to putting all your eggs in one basket, diversification can help protect your savings because when one investment is doing poorly, another may be doing well. This does not guarantee against loss of value in your investments.

Dividends The distribution of earnings to stockholders by a company. Dividends are usually paid out from current earnings.

Domestic equity funds are placed in a category based on the style and size of the stocks they typically own. The style and size parameters are based on the divisions used in the investment style box: Value, Blend, or Growth style and Small, Medium, or Large median market capitalization.

Domestic Hybrid Category Used for funds with stock holdings of greater than 20% but less than 70% of the portfolio.

Dow Jones Industrial Average Computed by summing the prices of the stocks of 30 companies and then dividing that total by an adjusted value--one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities.

Duration A time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price. (A bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, for which maturity and duration are equal.

Equity-Income (Objective) Funds that are expected to pursue current income by investing at least 65% of their assets in dividend-paying equity securities.

Glossary

Equity style box is a matrix that shows a fund's investment style. Nine boxes represent two variables: the size of the companies invested in (small-cap, mid-cap, large-cap), and whether a fund is growth, value, or blend oriented. Morningstar recalculates the style of each fund on a monthly basis. The equity style box is shown below (areas are shaded according to risk — the darker the area, the higher the risk associated with the investment).

Value	Blend	Growth	
1	2	3	Large
4	5	6	Medium
7	8	9	Small

Excess Returns A component found in Morningstar Return, Morningstar Risk, and the Morningstar Rating. This figure is calculated by subtracting the monthly returns of the three-month Treasury-bill from the monthly returns of the fund during the same time period.

Exchange-Traded Funds (ETFs) are not mutual funds in the traditional sense; rather, they are hybrid instruments combining aspects of common stocks and mutual funds and offering many the benefits of both. ETFs are products that trade like stocks. They mimic stock indexes and are passively managed just like an index fund. Because ETFs trade throughout the day just like a stock, investors have the ability to choose the timing and know the price of the transaction.

Expense Ratio The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio.

FHLMC mortgages The Federal Home Loan Mortgage Commission, a federally-sponsored corporation that packages huge pools of individual mortgages and carves these pools up as mortgage-backed securities. This provides diversification, and consequently lower risk for mortgage investors. Although FHLMC securities are not directly backed by the federal government, it is implicitly recognized that the government would step in were there a likelihood that they would default.

Fixed-income style box is similar to the equity style box. Fixed income style boxes represent a bond fund's investment style. A fixed-income style would be the intersection of its duration (short, intermediate, and long) and the quality of the bonds selected for the portfolio (high, medium, low). Listed below is the matrix using the fixed-income style groupings (again, the darker the shading, the higher the risk).

Short	Int.	Long	
1	2	3	High
4	5	6	Medium
7	8	9	Low

Flagship Fund Not to be confused with the Flagship Family of funds, a flagship fund is typically the oldest of a management company's funds, or one that boasts the largest number of assets. Such funds often bear the management company's name.

Foreign Stock Category An international fund having no more than 10% of stocks invested in the United States.

Fund of Funds A fund that specializes in buying shares in other mutual funds rather than individual securities. Quite often this type of fund is not discernible from its name alone, but rather through prospectus wording (i.e.: the fund's charter).

Geometric Mean Return A compounded and annualized rate of return.

GNMA mortgages These are mortgage pass-through securities issued by the Government National Mortgage Association. These bonds are backed by the full faith and credit of the U.S. government.

Government Bond--General (Objective) Offerings that pursue income by investing in a combination of mortgage-backed securities, Treasuries, and agency securities.

Glossary

Government Bond--Mortgage (Objective) Funds that seek income by generally investing at least 65% of their assets in securities backed by mortgages, such as securities issued by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC).

Government Bond--Treasury (Objective) Treasury funds that seek income by generally investing at least 80% of their assets in U.S. Treasury securities.

Growth (Objective) Funds that pursue capital appreciation by investing primarily in equity securities. Current income, if considered at all, is a secondary concern.

Growth and Income (Objective) Growth of capital and current income are near-equal objectives for these funds. Investments are typically selected for both appreciation potential and dividend-paying ability.

Guaranteed Certificate Fund All money deposited into a certificate during a "deposit period" earns a guaranteed rate of return, credited daily until maturity. Backed by the general assets of the certificate issuer.

High-Yield Bond Category A fund with at least 65% or more of bond assets in bonds rated below BBB.

Index Fund A fund that tracks a particular index and attempts to match returns. While an index typically has a much larger portfolio than a mutual fund, the fund's management may study the index's movements to develop a representative sampling, and match sectors proportionately.

Individual Retirement Account (IRA) A personal retirement plan. Taxes on earnings are deferred until money from the account is withdrawn.

Industrial Cyclical Sector Includes aerospace and aerospace industries, building supplies, industrial-building products, business equipment, chemicals, machinery (both light and industrial), metals fabrication (iron, steel, coal, and rare metals), paper and packaging, and photo equipment. Some examples of companies in this sector include Boeing, Canon, Caterpillar, Eastman Kodak, Georgia Pacific, Potash, and Sherwin-Williams.

Information Ratio The information ratio is a measure of the consistency of excess return. This value is determined by taking the annualized excess return over a benchmark (style benchmark by default) and dividing it by the standard deviation of excess return.

Institutional Fund Any fund that meets one of the following qualifications:

a) has the word "institutional" in its name.

b) has a minimum initial purchase of \$100,000 or more.

c) states in its prospectus that it is designed for institutional investors or those purchasing on a fiduciary basis.

International Equity Funds with 40% or more of their equity holdings in foreign stocks (on average over three years) are placed in the international equity class. These categories include Europe, Japan, International Hybrid, Latin America, Diversified Pacific, Pacific ex. Japan, Specialty Precious Metals, Diversified Emerging Markets, World Stock, and Foreign Stock. Foreign investments involve special risks, including currency fluctuations and political developments.

Lehman Brothers 1-3 Year Government Bond Comprised of both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government). These bonds also must have maturities of one to three years. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Aggregate Index Composed of the Lehman Brothers Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Credit Listed for corporate bond-general and high-quality funds. This index tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC-registered, investment-grade corporate debt. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Government Bond Index Listed for government-bond general and Treasury funds. Because it tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations, this index is effective for tracking portfolios holding non-mortgage government securities. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Govt/Credit Represents a combination of the Government and Corporate Bond indices. The returns published for the index are total returns, which include reinvestment of dividends. For more information, view the Lehman Brothers Web site or call 212-526-1000.

Glossary

Lehman Brothers Intermediate Government Index Includes those indexes found in the LB Government Index which have a maturity of one to three years. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Intermediate Government/Corporate Index Includes both corporate (publicly-issued, fixed-rate, nonconvertible, investment grade, dollar-denominated, SEC-registered, corporate dept.) and government (Treasury Bond index, Agency Bond index, 1-3 Year Government index, and the 20+-Year treasury) indexes, including bonds with maturities up to ten years. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Intermediate Treasury This index includes treasury bonds with maturates of at least one year and up to 10 years with an outstanding par value of at least 100 million. They include fixed-rate debt issues, rated investment grade or higher by Moody's Investor Services, Standard & Poor's Corporation, or Fitch Investor's Service (in that order). Treasuries include all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Long Credit Serves as a measure of all public-issued nonconvertible investment-grade corporate debts that have a maturity of 10 years or more. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Long Term Government Index Includes those indexes found in the LB Government index which have a maturity of 10 years or more. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Mortgage-Backed Securities Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA). The returns published for the index are total returns, which include reinvestment of dividends.

Life Cycle These funds are geared toward investors of a certain age or with a specific time horizon for investing. Typically they are grouped together in sets (i.e. conservative, moderate, and aggressive portfolios).

Linear Scale Linear graphs are scaled so that equal vertical distances represent the same absolute dollar value change. A drop from \$10,000 to \$9,000, for example, is represented in the same way as a drop from \$100,000 to \$99,000.

Logarithmic Scale Used for graphs, a scale that reveals percentage changes. A given percentage move takes up the same amount of space as another move of equal percentage. A change from 100 to 200, for example, is presented in the same way as a change from 1000 to 2000.

Maturity Short-term bonds mature (or come due) in less than four years. Intermediate-term bonds mature in four to ten years. Long-term bonds mature more than ten years from the date of purchase. The longer the term, the higher the risk and the rate of potential return.

Management Fees The management fee is the percentage deducted from fund assets to pay an advisor or subadvisor. Often, as the fund's net assets grow, the percentage deducted for management fees decreases. For example, a particular fund may report a management fee of 0.40% on the first \$500 million in assets, 0.35% on all assets between \$500 million and \$1 billion, and 0.30% on assets in excess of \$1 billion. Thus, if the fund contains \$1.5 billion in total net assets, the advisor scales back its management fees accordingly. Alternatively, the fund may compute the fee as a flat percentage of average net assets. The management fee might also come in the form of a group fee (G), a performance fee (P), or a gross income fee (I). Note: The management fee is just one (albeit a major) component of a fund's costs. The overall expense ratio is the most useful number for investors. Actual fees are also noted in this section.

Market-Neutral Funds These are funds that attempt to eliminate the risks of the market by holding 50% of assets in long positions in stocks and 50% of assets in short positions. Funds in this group match the characteristics of their long and short portfolios, keeping factors such as price-to-earnings and industry exposure similar. Stock picking, rather than broad market moves, should drive a market-neutral fund's performance.

Median Market Capitalization The median market capitalization of a fund's equity portfolio gives you a measure of the size of the companies in which the fund invests. It is the trimmed mean of the market capitalizations of the stocks in the fund's portfolio.

Modern Portfolio Theory (MPT) Statistics Alpha, beta, and R-squared are modern-portfolio-theory measures of a fund's relative risk, based on least-squares regression of a fund's excess returns on the excess returns of a market index. Standard deviation is not considered an MPT statistic because it is not generated through the same formula or mathematical analysis as the other three statistics.

Money market funds Best described as short-term versions of bonds. These relatively low-risk variable funds hold very short-term securities such as U.S. government securities, certificates of deposit, cash and cash equivalents. Investments in Money Market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although they seek to preserve the value of your investment at \$1 per share, it is possible to lose money in Money Market funds.

Glossary

Morley Stable Value Index A hypothetical portfolio comprised of a weighted blend of 50% five-year stable value contracts, 30% three-year stable value contracts and 20% 30-day prime commercial paper. The five-year component consists of 60 hypothetical five-year stable value contracts, one purchased at the prior month end's illustrative rate at the beginning of each month for the prior 60 months. The three-year component consists of 36 hypothetical three-year stable value contracts, one purchased at the prior month end's illustrative rate at the beginning of each month for the prior 36 months.

Morningstar was founded in 1984 to provide investors with useful information for making intelligent, informed investment decisions. The company's first product, originally named the Mutual Fund Sourcebook, proved to be innovative in its ability to tap into an underserved market. Soon a demand grew for an even more in-depth and analytical publication, leading to the launch of Morningstar Mutual Funds in late 1986.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years). If the fund is new and has no portfolio, we estimate where it will fall before assigning a more permanent category. When necessary, we may change a category assignment based on current information.

MSCI EAFE Ndrtr_D Listed for foreign stock funds (EAFE refers to Europe, Australasia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty. The returns published for the index are total returns, which include reinvestment of dividends.

MSCI Europe Ndrtr_D Listed for Europe stock funds. This index measures the performance of stock markets in Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, Ireland, Portugal, and the United Kingdom. Total returns date back to December 1981. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

MSCI Pacific Ndrtr_D Formerly known as MS Pacific, this index is listed for Pacific stock funds and measures the performance of stock markets in Australia, Hong Kong, Japan, New Zealand, and Singapore, and Malaysia. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty. The returns we publish for the index are total returns, which include reinvestment of dividends.

MSCI World Ndrtr_D Includes all 23 MSCI developed market countries. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

Mutual fund An investment option that pools money from many shareholders and invests it in a group of stocks, bonds, or other securities. Also known as an open-end investment management company, mutual funds are securities required to be registered with the SEC.

NASD (National Association of Securities Dealers) A self-regulatory organization for the securities industry with jurisdiction over certain broker-dealers. The NASD enforces broker-dealers' compliance with securities regulations, including the requirement that they maintain sufficient levels of net operating capital. It also conducts market surveillance of the over-the-counter (OTC) securities market.

NAV Stands for net asset value, which is the fund's share price. Funds compute this value by dividing the total net assets by the total number of shares.

NASDAQ Composite Index Measures the performance of all issues listed in the NASDAQ Stock Market, except for rights, warrants, units, and convertible debentures.

Net Assets The month-end net assets of the mutual fund, recorded in millions of dollars. Net-asset figures are useful in gauging a fund's size, agility, and popularity. They help determine whether a small company fund, for example, can remain in its investment-objective category if its asset base reaches an ungainly size.

Ndrtr_D: Noted for various Morgan Stanley indexes, Ndrtr_D indicates that the index is listed in US dollars, with net dividends reinvested. Ndrtr_D indexes take into account actual dividends before withholding taxes, but excludes special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

NYSE (New York Stock Exchange Composite) Serves as a comprehensive measure of the market trend for the benefit of investors who are concerned with general stock market price movements. The index is a composite of all common stocks listed on the NYSE and four sub-groups--Industrial, Transportation, Utility, and Finance.

Options/Futures/Warrants Options and futures may be used speculatively, to leverage a portfolio, or cautiously, as a hedge against risk.

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OTC (over the counter) A name for a security that is not listed on an exchange. The OTC is the major trading market for all US bonds, as well as many small- and large-capitalization stocks. Whereas non-OTC stocks trade on the floor of actual stock exchanges, OTC issues are traded via telephone and computer networks connecting dealers in stocks and bonds. The dealer may or may not be a member of a securities exchange, but he or she must be a member of the NASD.

Price/Book Ratio The weighted average of the price/book ratios of all the stocks in a fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation. In theory, a high P/B ratio indicates that the price of the stock exceeds the actual worth of the company's assets, while a low P/B ratio indicates that the stock is a bargain.

Price/Earnings Ratio The weighted average of the price/earnings ratios of the stocks in a fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents, so that larger positions have proportionately greater influence on the fund's final P/E.

Price/Cash Flow This represents the weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency. Because accounting conventions differ among nations, reported earnings (and P/E ratios) may not be comparable across national boundaries. Price/cash-flow attempts to provide an internationally-standard measure of a firm's stock price relative to its financial performance.

Prospectus A fund's formal written statement, generally issued on an annual basis. In this statement the fund sets forth its proposed purposes and goals, and other facts (e.g.: history and investment objective) that an investor should know in order to make an informed decision.

Prospectus Objective Indicates a particular fund's investment goals, based on the wording in a fund's prospectus.

R-Squared Reflects the percentage of a fund's movements that can be explained by movements in its benchmark index. An R-squared of 100 indicates that all movements of a fund can be explained by movements in the index. Thus, index funds that invest only in S&P 500 stocks will have an R-squared very close to 100. Conversely, a low R-squared indicates that very few of the fund's movements can be explained by movements in its benchmark index. An R-squared measure of 35, for example, means that only 35% of the fund's movements can be explained by movements in the benchmark index.

Regression A mathematical tool used to study the way that two sets of numbers interact with each other. Regression measures how much of one number's changes might be caused by or linked to how much another number changes.

Returns Based Style Analysis In 1988, William F. Sharpe, Nobel Laureate and Professor of Finance at Stanford University, wrote an article for the Investment Analyst Review entitled "Determining a Fund's Effective Asset Mix". In this article, he demonstrated that a manager's style could be determined by analyzing portfolio returns, as opposed to holdings. This was done mathematically by comparing the manager's returns to the returns of a number of style indexes. This discovery revolutionized style and performance analysis and provided the basis for the StyleADVISOR suite of software.

Since its debut in 1993, StyleADVISOR has been the style analysis package of choice for the large institutional marketplace. Our client list has grown to include over 250 plan sponsors, consultants, and money managers. They use StyleADVISOR to determine, for themselves, using only monthly or quarterly returns, the style and consistency of managers and funds. They create custom style benchmarks, do performance, risk-return, upside downside market capture analyses, manager to peer universe comparisons, asset allocation, and much more. StyleADVISOR also enables them to perform manager searches, create custom universes, evaluate competitors, and monitor aggregate portfolios.

Risk Basically there are four types of risk: 1) inflation risk means your money may not earn enough in the long run because as prices go up the value of your money goes down; 2) market risk means you could lose money because the price of a stock may go down; 3) credit risk means a company or organization that borrowed your money may not be able to pay it back; and 4) interest rate risk means you could lose money because as interest rates go up the value of bond investments goes down.

Risk-Free Rate of Return Three-month T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

Risk/Return Graph The Manager Risk/Return Graph displays the risk/return characteristics of a manager and compares them to a benchmark, universe or other managers. It plots Return on the vertical axis and a Risk Statistic on the horizontal axis.

The chart has crosshairs that provide a basis for comparison by dividing the graph into four quadrants. The crosshairs are centered at either the Market Benchmark, the Style Benchmark or the median of the Universe, depending on the options you select. A relatively aggressive manager, for example, is likely to fall in the Northeast corner relative to the crosshairs centered at the universe median, with both more risk and more return.

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Russell 1000 Consists of the 1000 largest companies within the Russell 3000 index. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 1000 Growth Market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 1000 Value Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 2000 Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 2000 Growth Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Russell 2000 Value Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Russell 3000 Composed of the 3000 largest U.S. companies by market capitalization, representing approximately 98% of the U.S. equity market. The returns published for the index are total returns, which include reinvestment of dividends.

S&P 500/BARRA Growth Index A subset of the Standard & Poor's 500 Index®. Each year, all the stocks in the S&P 500® are classified as either growth or value. The stocks classified as growth make up the S&P 500/BARRA Growth Index. In general, growth companies tend to have high price-to-earnings (P/E) ratios, low dividend yields, and above-average earnings growth rates.

S&P 500/BARRA Value Index A subset of the Standard & Poor's 500 Index®. Each year, all the stocks in the S&P 500® are classified as either growth or value. The stocks classified as value make up the S&P 500/BARRA Value Index. In general, value companies tend to have low P/E ratios, high dividend yields, and below-average earnings growth rates.

S&P 400 MidCap Index The S&P 400 MidCap Index consists of 400 U.S. companies that have market capitalization from \$1 billion to \$5 billion. The index includes approximately 312 industrial companies, 10 transportation companies, 41 utilities, and 37 financial companies.

S&P 500 Index® Standard & Poor's 500 Index® is a benchmark for the United States stock market. It's a list of the 500 largest publicly traded companies, which include 400 industrial companies, 20 transportation companies, 40 utilities, and 40 financial companies.

S&P Small Cap 600 Index The Standard & Poor's SmallCap 600 Index consists of 600 U.S. companies that have market capitalization less than \$1 billion. The index includes approximately 499 industrial companies, 18 transportation companies, 27 utilities, and 56 financial companies. Equity securities of companies with small market capitalization may be more volatile than securities of larger, more established companies.

SEC Yield A calculation based on a 30-day period ending on the last of the previous month. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.

Share Classes Shares of the same fund that offer different shareholder rights and obligations, such as different fee and load charges. Common share classes are A (front-end load), B (deferred fees), C (no sales charge and a relatively high annual 12b-1 fee, such as 1.00%). Multi-class funds hold the same investment portfolio for all classes, and differ only in their surrounding fee structure.

Sharpe Ratio A risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated for the past 36-month period by dividing a fund's annualized excess returns by its annualized standard deviation.

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Socially Conscious Any fund that invests according to non-economic guidelines. Such funds may make investments based on such issues as environmental responsibility, human rights, or religious views. A socially conscious fund may take a pro-active stance by selectively investing in, for example, environmentally-friendly companies, or firms with good employee relations. This group also includes funds that avoid investing in companies involved in promoting alcohol, tobacco, or gambling, or in the defense industry.

Standard Deviation A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Stocks Ownership in a company. Stocks are sold by the company and then bought/sold among investors. Risks involved include the company not performing up to expectations or that the price of your stock will fall.

Style Benchmark The concept of the style benchmark was first introduced by Nobel Laureate William F. Sharpe in 1988 and referred to as the "Effective Asset Mix". A quadratic optimizer is used to find a combination of the selected indices that would best track (have the highest correlation to) a given return series. For example, if a domestic equity manager optimization found that a weighted composite of 20% Russell Large Value, 10% Russell Large Growth, 60% Russell Small Value, 5% Russell Small Growth, and 5% T-bills had a 92% R-squared to that manager's returns, it could be said that 92% of this manager's performance may be attributed to his "style". The remaining 8% is unexplained variance due to stock selection, etc.

Tax-deferred earnings You don't have to pay taxes on any earnings in your 401(k) until you withdraw your money. The money in a 401(k) can grow faster than with other types of savings plans, because the earnings you accumulate, if any, are also tax-deferred.

Treynor Ratio The Treynor Ratio is a measure of performance per unit of market risk. It is the portfolio's excess return over the risk-free rate divided by the portfolio's beta to the selected benchmark. Also known as the Reward to Volatility Ratio.

Turnover Ratio The turnover rate of a fund is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in that fund. If a fund consistently showed a 20% turnover ratio, for example, it would suggest that--on average--that fund holds a security for five years before selling it. A fund with a 200% turnover ratio pretty much changes its portfolio wholesale every six months.

Upside / Downside Market Capture Graph StyleADVISOR's Upside / Downside Market Capture graph displays the percentage of benchmark movement captured by a manager in both up and down markets. The graph plots the manager's upside capture ratio (vertical axis) against the downside capture ratio (horizontal axis). The capture ratio is the manager's return divided by the benchmark's return, or the percentage of the benchmark's return that was "captured" by the manager. The Upside capture ratio is computed for periods when the market has a positive return. The Downside capture ratio is computed for periods when the market has a negative return.

Variable funds Investments that fluctuate with market conditions. Unlike guaranteed investments, such as bonds or CDs, variable funds don't guarantee a specific rate of return. They do offer potential for higher earnings in return for higher degree of market risk.

Wilshire 4500 Listed for small-company funds, measures the performance of all U.S. common equity securities excluding the stocks in the S&P 500. The returns published for the index are total returns, which include reinvestment of dividends.

Wilshire 5000 Measures the performance of all U.S. common equity securities, and so serves as an index of all stock trades in the United States. The returns published for the index are total returns, which include reinvestment of dividends.

World Stock Category An international fund having more than 10% of stocks invested in the US. Also known as global funds. Foreign Investments involve special risks, including currency fluctuations and political developments.

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