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CORRESPONDENCE MEMORANDUM

DATE: October 20, 2010
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: Update on Various Vanguard Funds

This memo is for informational purposes only. No action is required.

Vanguard recently announced changes to various Vanguard funds that are included in the Wisconsin Deferred Compensation Program's (WDC) spectrum of investment options. A summary of the changes is presented in this memo, and Vanguard's press releases are attached. Staff from Vanguard, Advised Assets Group (AAG) and the Department will also be available to discuss the contents of this memo with you at the November 16, 2010 Board meeting.

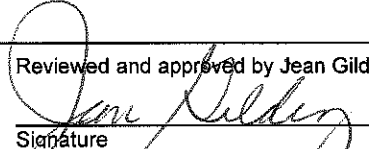
Target Date Retirement Fund Changes: International Portfolios

Vanguard intends to change the international funds in which Vanguard Target Date Retirement Funds with target dates greater than five years from 2010 are invested. This affects the WDC's lifecycle options, which consist of Vanguard's Target Date 2015, 2025, 2035 and 2045 funds. For these funds, the Vanguard European Stock Index Fund, the Vanguard Pacific Stock Index Fund and the Vanguard Emerging Markets Stock Index Fund will be replaced by the Vanguard Total International Stock Index Fund. Assets in the three funds being replaced will be moved to the Vanguard Total International Stock Index Fund over the next few months. Vanguard believes this change will provide investors with better diversified international exposure and should help reduce long-term volatility. Concurrently, Vanguard plans to increase the amount of international exposure in all of its target date funds from 20 percent to about 30 percent.

Total International Stock Index Fund Benchmark Change

On September 24, 2010, Vanguard announced plans to change the benchmark of its Total International Stock Index Fund from the MSCI EAFE + Emerging Markets to the MSCI All Country World ex USA Investable Market Index. The change will cover most of the world's non-U.S. markets, including Canada. Vanguard believes this benchmark provides better coverage of the international equity markets.

Attachments

Reviewed and approved by Jean Gilding, DRS Division Administrator

Signature _____ Date 10/20/10

Board	Mtg Date	Item #
DC	11.16.10	14(b) 14(c)

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VANGUARD TO SIMPLIFY CONSTRUCTION, IMPROVE DIVERSIFICATION IN TARGET RETIREMENT FUNDS

VALLEY FORGE, PA, September 27, 2010—Vanguard plans to simplify the construction of its Target Retirement Funds and certain other funds-of-funds by replacing their three underlying international portfolios with a single broad international stock index fund. Vanguard will also increase the overall international equity exposure of these funds.

Assets in the funds' current international component funds—Vanguard European Stock Index Fund, Vanguard Pacific Stock Index Fund and Vanguard Emerging Markets Stock Index Fund—will be moved to Vanguard Total International Stock Index Fund. The transition will occur in the coming months in the 12 Vanguard Target Retirement Funds and three Vanguard Managed Payout Funds.

"We believe that the funds' shareholders will realize numerous benefits by the move to the Total International Stock Index Fund, including more streamlined portfolio construction and more diversified international exposure," said Vanguard Chief Investment Officer Gus Sauter.

Under the simplified approach, most of the Target Retirement Funds will comprise three broad index funds. Target Retirement Funds with target dates greater than five years from the current year will offer allocations constructed using only three funds:

Current Construction	New Construction
Vanguard Total Stock Market Index Fund	Vanguard Total Stock Market Index Fund
Vanguard Total Bond Market II Index Fund	Vanguard Total Bond Market II Index Fund
Vanguard European Stock Index Fund	Vanguard Total International Stock Index Fund
Vanguard Pacific Stock Index Fund	
Vanguard Emerging Markets Stock Index Fund	

The Target Retirement 2005 and 2010 Funds, as well as the Target

Retirement Income Fund, invest in the funds in the table above, in addition to the Vanguard Inflation-Protected Securities Fund and Vanguard Prime Money Market Fund.

The Target Retirement 2015 Fund invests in the funds above as well as in the Vanguard Inflation-Protected Securities Fund.

The use of Vanguard Total International Stock Index Fund offers better representation of the international equity markets. The fund's benchmark, which Vanguard recently announced will change to the MSCI® All Country World ex USA Investable Market Index, provides broad coverage of developed and emerging countries across the capitalization spectrum, including international small-cap companies, as well as Canada.

Change in International Equity Allocation

Vanguard also plans to increase the international equity exposure of Vanguard Target Retirement Funds, Vanguard LifeStrategy Funds, and Vanguard STAR Fund from approximately 20% to approximately 30% of the equity allocations. The exposure to domestic equities in these funds will be commensurately reduced, so that the overall allocation of stocks and bonds remains the same. For example, the table below shows the planned change in the domestic/international stock mix of the Target Retirement 2025 Fund; the other funds will experience similar adjustments.

Vanguard Target Retirement 2025 Fund

New Allocation		Current Allocation
Stocks		75%
75%		
	Domestic	60%
52%		
	International	15%
23%		
Bonds		25%
25%		

"This increased international allocation will incrementally increase diversification and hence, marginally reduce the volatility of the funds

over the long term," said Mr. Sauter, who noted that the new weightings will also reduce the "home bias" of the funds.

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date.

About Vanguard

Vanguard, headquartered in Valley Forge, Pennsylvania, is one of the world's largest investment management companies. Vanguard manages nearly \$1.4 trillion in U.S. mutual fund assets. Vanguard offers more than 165 index and actively managed funds and ETFs to U.S. investors and more than 50 additional funds in non-U.S. markets.

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All asset figures are as of August 31, 2010, unless otherwise noted.

For more information, visit Vanguard.com, or call 800-662-7447 to obtain a fund prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

Mutual funds are subject to risks, including possible loss of principal. Prices of small-cap stocks often fluctuate more than those of large-company stocks. Foreign investing involves additional risks including currency fluctuations and political uncertainty. Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries. Investments in bonds are subject to interest rate, credit, and inflation risk. Diversification does not ensure a profit or protect against a loss in a declining market.

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities. For any such funds or securities, the prospectus or the Statement of Additional Information contains a more detailed description of the limited relationship MSCI has with The Vanguard Group and any related funds.

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VANGUARD TO CHANGE BENCHMARK, INTRODUCE ADDITIONAL LOW-COST SHARE CLASSES OF TOTAL INTERNATIONAL STOCK INDEX FUND

New ETF Shares to Feature Expense Ratio of 0.20%

VALLEY FORGE, PA, September 24, 2010—Vanguard plans to change the target benchmark of its Total International Stock Index Fund from the MSCI® EAFE® + Emerging Markets Index to the MSCI All Country World ex USA Investable Market Index. The fund's new target index covers 98% of the world's non-U.S. markets, including the European, Pacific, and emerging market regions, as well as Canada. The index includes more than 6,000 issues encompassing stocks of large-, mid-, and small-capitalization companies in 44 countries.

"We believe that the new target benchmark offers a better representation of the international equity universe, offering exposure across the capitalization spectrum, including small-cap issues," said Vanguard's Chief Investment Officer Gus Sauter.

Vanguard also plans to introduce five new, low-cost share classes of the fund, including ETF Shares, to complement the existing Investor Shares.

<u>Shares</u>	<u>Estimated</u>
<u>Expense Ratio</u>	
Investor	0.32%
*	
Admiral™	
0.20%	
ETF	
0.20%	

Signal®	0.20%
Institutional	0.15%
Institutional Plus	0.12%

** The expense ratio for Vanguard Total International Stock Index Fund was reported as 0.32% in the Fund's prospectus dated February 26, 2010. For the six months ended April 30, 2010, the annualized expense ratio was 0.26%.*

The new ETF Shares will offer an estimated expense ratio of 0.20%, which is expected to be the lowest expense ratio for an ETF based on the MSCI ACWI ex USA IMI Index (source: Morningstar, Inc.). Vanguard expects Vanguard Total International Stock ETF to begin trading in the first quarter of 2011.

Introduced in 1996, Vanguard Total International Stock Index Fund is Vanguard's second largest international index fund with \$26.2 billion in net assets. Vanguard offers nine international stock index funds that cover both broad markets and discrete regions.

About Vanguard

Vanguard, headquartered in Valley Forge, Pennsylvania, is one of the world's largest investment management companies and a leading provider of company-sponsored retirement plan services. Vanguard manages nearly \$1.4 trillion in U.S. mutual fund assets. Vanguard offers more than 160 funds to U.S. investors and more than 50 additional funds in non-U.S. markets.

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There are other material differences between funds that must be considered prior to investing.

All mutual funds and ETFs are subject to risk, which may result in the loss of principal. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Foreign investing involves additional risks including currency fluctuations and political uncertainty. Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries.

Vanguard ETFs are not redeemable with an Applicant Fund other than in Creation Unit aggregations.

Instead, investors must buy or sell Vanguard ETF Shares in the secondary market with the assistance of a stockbroker. In doing so, the investor will incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

A registration statement relating to the Admiral, ETF, Signal, Institutional and Institutional Plus shares has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This communication shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any state in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Copies of the final Vanguard Total International Stock Index Fund prospectus for Admiral, ETF, Institutional, Institutional Plus, and Signal Shares, when available, as well as prospectuses for the Fund's Investor shares and for all other Vanguard funds can be obtained by visiting www.vanguard.com, or by calling 800-662-7447. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing. Please note that a preliminary prospectus is subject to change.

U.S. Pat. No. 6,879,964 B2; 7,337,138.

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All asset figures are as of August 31, 2010, unless otherwise noted.

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