AGENDA AND NOTICE OF MEETING

State of Wisconsin
Deferred Compensation Board Meeting

Department of Employee Trust Funds
801 West Badger Road, Conference Room GB
Madison, Wisconsin
Tuesday, May 19, 2009, 1:00 p.m.

Documents for this meeting are available online at: **http://etf.wi.gov/boards/board_dc.htm**
To request a printed copy of the agenda items, please call Sharon Walk at (608) 267-2417.

Times shown below are estimates only. *Denotes action item.*

1:00 p.m.		**1.**	**Call to Order**
1:02 p.m.	action item	**2.**	**Consideration of Minutes of November 18, 2008, Meeting**
1:05 p.m.	action item	**3.**	**Election of Officers**
1:10 p.m.		**4.**	**Legislative Report** ➢ Federal - 2009 Required Minimum Distributions suspended ➢ State - Domestic Partners Policy Proposal
1:20 p.m.	action item	**5.**	**2008 Annual Investment Performance Review** ➢ Fund Performance Review by Alex Roitz, Advised Assets Group ➢ Dimensional Fund benchmark discussion
1:50 p.m.		**6.**	**Federal Deposit Insurance Corporation Bank Option Update by M&I Bank**
1:55 p.m.		**7.**	**Stable Value Fund Update by Galliard Capital Management**
2:20 p.m.		**8.**	**Closure of Vanguard Admiral Treasury Money Market Fund**
2:30 p.m.	action item	**9.**	**Participant Fee Analysis**
2:45 p.m.		**10.**	**Financial Statements Audit Report**
3:00 p.m.		**11.**	**Wisconsin Deferred Compensation Program Year in Review - Statistics**
3:25 p.m.		**12.**	**GWRS Unauthorized Access to Member Statements**
3:45 p.m.		**13.**	**Miscellaneous** ➢ Tim Tyson Correspondence ➢ Fidelity: Contrafund Reopened and New Client Relationship Manager ➢ Excessive Trading Problems Continue ➢ Public Safety Officer Insurance Service Start-up ➢ Future Agenda Items

MINUTES OF MEETING

STATE OF WISCONSIN
DEFERRED COMPENSATION BOARD

November 18, 2008
1:00 p.m.

801 West Badger Road
Conference Room GB
Madison, Wisconsin

BOARD PRESENT:	Edward Main, Chair John Nelson, Vice-Chair Gail Hanson
BOARD ABSENT:	Martin Beil, Secretary Michael Drury
PARTICIPATING STAFF:	Dave Stella, Secretary Bob Conlin, Deputy Secretary Jean Gilding, Deputy Administrator, Division of Retirement Services Shelly Schueller, Director, Wisconsin Deferred Compensation Program Matt Stohr, Director of Legislation, Communications, and Planning Sharon Walk, Board Liaison
OTHERS PRESENT:	Roxanne Brazeau, M&I Bank Jim Bye, Great-West Retirement Services Jason Compton Cindy Gilles, Office of the Secretary Sari King, Division of Retirement Services Jon Kranz, Office of Internal Audit and Budget Sue Oelke, Great-West Retirement Services Rick Phelps, M&I Bank Alex Roitz, Advised Assets Group (via conference call) John Ronzia, M&I Bank Lawrence Spieth, Dimensional Fund Advisors Michelle Williams, Great-West Retirement Services

Edward Main, Chair, called the Deferred Compensation Board (Board) meeting to order at 1:00 p.m.

CONSIDERATION OF MINUTES OF THE MAY 6, 2008, MEETING

> ***Motion: Ms. Hanson moved acceptance of the open session minutes of the May 6, 2008, meeting as submitted by the Board Liaison.***
> ***Mr. Nelson seconded the motion, which passed without objection on a voice vote.***

Board	Mtg Date	Item #
DC	05/19/2009	2

Ms. Hanson asked that the May 6, 2008, closed session minutes be changed to reflect that Great-West Retirement Services (GWRS) staff were asked by the Board to answer questions regarding service concerns but were not present when the Board discussed the renewal of the administrative services contract. With this change to the minutes, Ms. Hanson made the following motion:

> ***Motion: Ms. Hanson moved acceptance of the closed session minutes of the May 6, 2008, meeting with the change as noted above. Mr. Nelson seconded the motion, which passed without objection on a voice vote.***

LEGISLATIVE UPDATE

Matt Stohr, Director of Legislation, Communications, and Planning, updated the Board on recent legislative activity.

The Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008 (H.R. 6381) was signed into law in June 2008. The most significant change in the law is that qualified pension plans must treat members in the military who pass away while performing qualified military service as active employees at the time of death. This change is retroactive to January 1, 2007. For the Wisconsin Deferred Compensation (WDC) Program, active and inactive participants are not treated differently, as they are in the Wisconsin Retirement System (WRS). Therefore, the HEART Act doesn't have a major impact on the WDC. However, the *Plan and Trust Document* should be updated to reflect the changes in federal law.

Mr. Stohr also noted that the Budget Repair Bill was passed in May 2008 (Wisconsin Act 226). A provision in this act states that retired public safety officers may elect to have money deducted from their monthly WRS annuity and/or WDC account to pay for long-term care insurance or health insurance premiums. This is in response to a federal law, the 2006 Pension Protection Act, which created a $3,000 federal income tax exclusion for retired public safety officers who choose to deduct money from their account to pay for health and long-term care premiums.

PLAN AND TRUST DOCUMENT CHANGES

Shelly Schueller, Director of the WDC Program, discussed several changes to the *Plan and Trust Document*.

The *Plan and Trust Document* will be updated to reflect changes as a result of the HEART Act. These changes will keep the WDC in compliance with federal regulations. As Mr. Stohr mentioned in his legislative update, a mandatory provision of the HEART Act requires that participants who die while performing "qualified military service" be treated as if they were active employees at the time of death. Because the WDC does not treat active and inactive participants differently, the HEART Act does not have a significant impact on the program. However, staff recommends that the *Plan and Trust Document* be updated to reflect this new federal provision.

The HEART Act also requires that the WDC treat a participant as severed from employment for purposes of qualifying for a distribution while on active duty for a period of more than thirty days or during any period the person is performing service in the uniformed services.

The definition of "domestic relations order" will be revised. There was an incorrect reference in the last *Plan and Trust Document* due to some inconsistencies between the statutes in 40.08 and 40.80.

Finally, a Table of Contents will be included in the *Plan and Trust Document* to make it more user-friendly.

> ***MOTION: Mr. Nelson moved to approve the Plan and Trust Document changes and authorize the Board Chair to sign the revised document. Ms. Hanson seconded the motion, which passed without objection on a voice vote.***

QUARTERLY INVESTMENT PERFORMANCE REPORT

Alex Roitz, Senior Analyst, Advised Assets Group (AAG), presented the *Fund Performance Review as of June 30, 2008* to the Board. At the request of the Board, Mr. Roitz provided information that was current as of September 30, 2008. Per the criteria in the WDC's Investment Policy Statement, each actively managed fund must outperform at least one of its respective benchmarks over the five-year time period. Any actively managed fund that fails to outperform any one of its benchmarks would be highlighted in the report. As of September 30, 2008, all of the funds are meeting or exceeding this criteria. Mr. Roitz noted that the DFA Fund is currently being monitored. The Board asked that he compile a list of the benchmarking criteria being used for DFA for use at the next Investment Committee meeting.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) FIXED/FLOATING INTEREST RATE DECISION

Ms. Schueller referred the Board to a memo regarding the FDIC fixed/floating rate interest decision. Mr. Roitz discussed his recommendation that the Board allocate seventy-five percent (75%) to the fixed portion and twenty-five percent (25%) to the floating portion. This is the same as the 2008 allocation. The Board discussed Mr. Roitz's recommendation and made the following motion:

> ***MOTION: Mr. Nelson moved to allocate seventy-five percent (75%) to the fixed portion and twenty-five percent (25%) to the floating portion for 2009. Ms. Hanson seconded the motion, which passed without objection on a voice vote.***

FDIC INVESTMENT OPTION

Roxanne Brazeau, Vice-President, Business Banking, John Ronzia, Vice President, Business Banking, and Rick Phelps, Senior Vice President of M&I Bank, were asked to attend the Board meeting to discuss a daily interest rate error that had occurred.

Ms. Brazeau explained the error was discovered during an M&I internal review of managed accounts. The interest rate for the period from April 1, 2008, through September 30, 2008, was understated. To remedy the situation, M&I worked with GWRS to notify participants of the error. Letters were mailed to 3,306 participants explaining the error and how it was corrected. In addition, M&I has established procedures to prevent this from recurring. The money that participants should have received has been credited to their accounts.

Mr. Ronzia reviewed the overall financial condition of M&I with the Board. He noted that M&I is a sound financial institution.

GREAT-WEST RETIREMENT SERVICES CONTRACT AMENDMENT PROPOSAL

Ms. Schueller asked the Board to consider two amendments to the administrative services contract with GWRS. The first amendment would permit GWRS to charge a one-time Automated Clearing House (ACH) direct deposit fee of $15. This fee would be imposed when a participant requests a one-time deposit to their banking institution for a distribution from their WDC account. This charge is necessary due to staff resources required to put a one-time ACH into place. When the distribution continues on a regular basis, there isn’t a charge to the participant. This fee was not part of the original contract with GWRS but is standard practice in the industry.

The second amendment changes the timeframe in which GWRS must submit the annual demographic analysis report. When the contract compliance audit was performed last year, it was noted as a deficiency that GWRS did not submit the demographic analysis within the timeframe of the current contract (75 days). It is physically impossible for GWRS to produce this report within 75 days and staff recommends that the timeframe be changed to 120 days. This report will still be available prior to the Board’s May meeting, which is when the data is reviewed.

> ***MOTION: Ms. Hanson moved to accept the contract amendments as proposed. Mr. Nelson seconded the motion, which passed without objection on a voice vote.***

REVIEW OF DIMENSIONAL FUND ADVISORS (DFA) MICROCAP FUND PERFORMANCE

Lawrence Spieth, Vice President, DFA, updated the Board on the performance of DFA. He provided the Board with a handout and reviewed the strategy of the microcap fund. He discussed the volatility of stock options and the current market situation. Mr. Spieth described the investment philosophy of DFA and the importance of staying with a strategy for the long-term. DFA looks at buying the smallest 4% of stocks in the U.S. marketplace and makes these available as candidates for sale when they are larger than the smallest 5% of the market. He discussed the benchmarking strategy being used. The Board asked that Mr. Spieth be available at the next Investment Committee meeting to discuss DFA performance and the use of the Russell Microcap Benchmark as well as the benchmarking strategy developed by Mr. Roitz.

FIXED INVESTMENT OPTION REQUEST FOR PROPOSALS (RFP) UPDATE

Ms. Schueller discussed the Fixed Investment Option RFP. She noted that staff has been unable to locate a viable investment option and requests that the RFP be put on hold until the economy improves. The Investment Committee discussed this at its last meeting and concurs with this recommendation.

> ***MOTION: Ms. Hanson moved to place the Fixed Investment Option Request for Proposals on hold. Mr. Nelson seconded the motion, which passed without objection on a voice vote.***

2009 MEETING DATES

The meeting dates for 2009 were presented to the Board. The proposed dates are: March 3, May 19 and November 17. Board members were asked to contact the Board Liaison if they had any conflicts on these dates.

MISCELLANEOUS

Ms. Schueller reviewed some of the miscellaneous items in the Board's packets. She noted that the WDC was awarded a Leadership Recognition Award from the National Association of Government Defined Contribution Administrators at the September conference. The award was presented for a marketing brochure entitled *The WDC Program: An Alternative to Your 403(b) Plan*. This brochure was developed for school districts interested in utilizing the WDC as an alternative to 403(b) plans.

The possibility of auto-enrollment was discussed. Ms. Schueller noted that there has been some interest from potential employers who would like to have an auto-enrollment option (i.e., participants are enrolled unless they opt out). GWRS noted that if the Board included an auto-enrollment feature, it would be on a plan-wide basis. The Board discussed this item and determined that it is not interested in offering a plan-wide auto-enrollment option.

Ms. Schueller discussed the use of Reality Investing by participants. She noted that to date, 16 participants have selected the "advise" feature, 253 are using "guidance," and 777 have enrolled in "managed accounts."

She mentioned that there continue to be a large number of financial emergency withdrawal requests. Thus far in 2008, over 100 applications have been received, of which 35-40% are due to foreclosures/evictions.

There will be a payroll stuffer for State of Wisconsin participants in December indicating that the federal deferral limits are going up by $1,000 in 2009. The 2009 annual deferral limit will be $16,500.

Ms. Schueller also showed the Board members the "look" of the new WDC Website.

OTHER

The Board listened to comments from audience member Jason Compton, who had suggestions regarding the program and how to make employees aware of the program.

ADJOURNMENT

> ***Motion: Mr. Nelson moved to adjourn. Ms. Hanson seconded the motion, which passed without objection on a voice vote.***

The meeting was adjourned at 2:55 p.m.

Date Approved: ____________________________

Signed: ___________________________________
Martin Beil, Secretary
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Date Approved: ___________________________

Signed: ___________________________________
Martin Beil, Secretary
Deferred Compensation Board

3:50 p.m.		**14.***	**Administrative Services Contract Review**
4:25 p.m.		**15.**	**Announcement of Action Taken on Business Deliberated During Closed Session**
4:30 p.m.		**16.**	**Adjournment**

*** The Board may be required to meet in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85(1)(e) for deliberations which involve the investing of public funds.**

The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Sharon Walk, Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931. Telephone number: (608) 267-2417. Wisconsin Relay Service 7-1-1. e-mail: sharon.walk@etf.state.wi.us.

STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
http://etf.wi.gov

CORRESPONDENCE MEMORANDUM

DATE: May 1, 2009

TO: Deferred Compensation Board

FROM: Sharon Walk
Board Liaison

SUBJECT: Election of Officers

By statute, the Deferred Compensation Board must elect new officers at the first meeting of each calendar year. The board membership roster is attached. In addition, the current officers are shown below.

Chair	Edward Main
Vice-Chair	John Nelson
Secretary	Martin Beil

New officers will assume their duties immediately following the election.

Enclosure/Roster

Reviewed and approved by Jean Gilding, Division Administrator, Division of Retirement Services.

____________________ ____________________
Signature Date

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2009

DEFERRED COMPENSATION BOARD

MEMBERSHIP ROSTER

MEMBER NAME	TERM BEGAN	TERM EXPIRES	MEMBERSHIP REQUIREMENTS
Beil (S) Martin	12/15/2008 (10/89-7/93) (7/93-7/97) (7/97-7/01) (7/01-12/08)	07/01/2009	§ 15.165 (4) 4-year term [1989 Wis. Act 31, s. 3018 (5n)(d).] Appointed by the Governor, with Senate Confirmation. No membership requirements.
Drury Michael	12/15/2008 (11/03-12/08)	07/01/2011	§ 15.165 (4) 4-year term [1989 Wis. Act 31, s. 3018 (5n)(b).] Appointed by the Governor, with Senate Confirmation. No membership requirements.
Hanson Gail	07/01/2006	07/01/2010	§ 15.165 (4) 4-year term [1989 Wis. Act 31, s. 3018 (5n)(a).] Appointed by the Governor, with Senate Confirmation. No membership requirements.
Main (C) Edward	07/01/2000 (7/92 - 7/96) (7/96 - 7/00)	07/01/2000*	§ 15.165 (4) 4-year term [1989 Wis. Act 31, s. 3018 (5n)(c).] Appointed by the Governor, with Senate Confirmation. No membership requirements.
Nelson (V) John	07/01/2001 (7/97-7/01)	07/01/2001*	§ 15.165 (4) 4-year term [1989 Wis. Act 31, s. 3018 (5n)(d).] Appointed by the Governor, with Senate Confirmation. No membership requirements.

(C) - Chair (V) - Vice Chair (S) - Secretary

* Appointment withdrawn by Governor Doyle but continues to serve until either reappointed or a new appointment replaces member.

MAILINGS FOR BOARD MEMBERS SHOULD BE SENT TO:
Deferred Compensation Board
c/o Board Liaison
Department of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
Phone (608) 267-2417

(Rev. 02/12/2009)

STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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CORRESPONDENCE MEMORANDUM

DATE: April 30, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Matt Stohr, Director of Legislation, Communications and Quality Assurance

SUBJECT: Legislative Report

This memo is for information only. No action is required.

State Budget Bill-Domestic Partners

The 2009-2010 Wisconsin Legislative Session began in January 2009. As of this writing, roughly 170 bills have been introduced in the Wisconsin State Senate and 230 in the Wisconsin State Assembly. Some of the proposals have an effect on the Department of Employee Trust Funds (ETF), however, none of the bills, with the exception of the state budget bill, have a direct impact on the Wisconsin Deferred Compensation Program (WDC).

2009 Assembly Bill 75 (AB 75), the state biennial budget bill, has a provision relating to domestic partners. AB 75 generally establishes the right of a domestic partner to be treated like a spouse for purposes of benefits provided under Ch. 40, Wis. Stats. These benefits include, among others, health insurance coverage and coverage under the Wisconsin Retirement System (WRS). This provision will, if enacted into law, also impact the WDC. Under current law, if a WDC participant passes away and did not select a beneficiary prior to the time of death, the participant's WDC funds are distributed in accordance with the statutory standard sequence, defined by Wis.Stat. 40.02(8)(a)2. In general, the standard sequence provides that a death benefit is payable in the following sequence: 1) surviving spouse, 2) children, 3) parents and 4) siblings. As written, AB 75 would afford a domestic partner the same rights as a surviving spouse in 40.02(8)(a)2.

As of this writing, the Legislature's Joint Committee on Finance is deliberating on Assembly Bill 75 and has not yet acted on the domestic partner provision in the bill. We are working to clarify the domestic partners provision, in particular the portion that relates to Ch. 40 and death benefits.

If this provision becomes law, the WDC Plan and Trust document will have to be modified to reflect the changes. Great-West Retirement Services (GWRS) has suggested that some of the spousal provisions in the Plan and Trust document may need revisions. Specifically, they have suggested reviewing the language on beneficiary designations, unforeseeable financial emergency hardship applications and the current domestic relationship order (DRO) language.

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HELPS II

The other legislative items that impact the WDC are at the federal level. House of Representatives Bill (H.R.) 1413, also known as the Healthcare Enhancement for Local Public Servants Act of 2009 (HELPS II), would amend the Internal Revenue Code to allow all retired public employees a tax exclusion of up to $3,000 for distributions from governmental retirement plans for health and long-term care insurance premiums.

HELPS II is an expansion of the Healthcare Enhancement for Local Public Safety Retirees Act (HELPS I) that was signed into law as part of the Pension Protection Act of 2006. Current law (under HELPS I) permits retired public safety personnel to authorize a retirement plan, such as the WRS or WDC, to deduct money from their account to pay for health and long-term care insurance premiums and provides for an up to $3,000 federal income tax exclusion. Only retired public safety personnel are eligible for the federal income tax exclusion. HELPS II would allow all public employee retirees to use tax-free distributions from their qualified retirement plan, including the WRS and WDC, to pay for healthcare and long-term care insurance premiums.

In addition, HELPS II removes the mandate that the retirees' retirement plan, such as WDC, make direct payments to the insurer. Even though this mandate would be removed by HELPS II, the bill maintains the requirement that deductions by made from a retirement annuity. Therefore, the true impact of this proposal is not entirely clear at this time. Department staff will continue to monitor the development of HELPS II for the Board and will report back to you in November with an update and any proposed WDC changes that may be necessary.

Required Minimum Distribution Moratorium

H.R. 7327, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law in December 2008. Generally, participants in qualified plans are required to take required minimum distributions (RMD) by April 1 of the year following: 1) the year they retire, or 2) the year they attain age 70½, whichever is later. The Recovery Act provides a temporary, one-year moratorium on required minimum distributions from individual retirement plans (e.g., IRAs) and defined contribution plans qualified under Code §§ 401(a), 403(a), 403(b), and governmental plans under § 457(b). The one-year moratorium is effective for minimum distributions beginning after December 31, 2008.

GWRS mailed a notice to all affected WDC participants earlier this year, explaining the moratorium and asking participants to contact GWRS if they would like their RMDs suspended. The participants will continue to receive their RMDs if they do not contact GWRS.

I will be available at the meeting to answer any questions you have about these issues or any other legislative matters.

STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
http://etf.wi.gov

DATE: May 1, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: 2008 Annual Investment Performance Review

ACTION REQUESTED

The Investment Committee (Committee) and staff recommend the Board affirm the Committee's recommendation to include both the Russell Microcap index and Advised Assets Group's microcap index as benchmarks for the Dimensional Fund Advisors (DFA) U.S. Micro Cap Fund.

The ***2008 Annual Investment Performance Review***, prepared by Advised Assets Group (AAG), is presented for your review and comment. This memo summarizes the findings. In the report, AAG notes that the relative performance of the Wisconsin Deferred Compensation (WDC) Program's fund options has been better than most of their benchmarks during the recent poor market environment. The weighted average return for all WDC participants as of the end of 2008 was -19.81%. This is attributed to the following factors:

- Fidelity Contrafund, which held 15% of WDC assets as of the end of 2008, was down 37%.
- Six percent (6%) of WDC assets were in international investments, which returned - 41.35%.
- The Vanguard Index Fund, which mirrors the S&P 500, was down -36.94%. Eight percent (8%) of WDC assets were in this fund.
- The Stable Value Fund, which held 23% of WDC assets, returned 5.26%.

The details in the report demonstrate the Board has selected valuable investment options for WDC participants. Despite increased uncertainty in the economic markets, the majority of the WDC's investment options continued to meet or exceed established performance benchmarks. Five of the nine actively-managed investment options in the WDC have been in the top quartile of Morningstar rankings for several successive quarters.

In this report, AAG commented on the following funds:

- *DFA U.S. Microcap Fund.* This fund has struggled recently, with returns ranking it in the third quartile for eight out of the last eleven quarters of rolling three-year quartile rankings. At its February 2009 meeting, the Committee discussed a new draft benchmark index for the DFA U.S. Microcap Fund developed by AAG as well as those used by the DFA Microcap fund itself. The Morningstar peer group does not fit the DFA Microcap fund very well. The Committee

Reviewed and approved by Jean Gilding, Division Administrator, Division of Retirement Services.

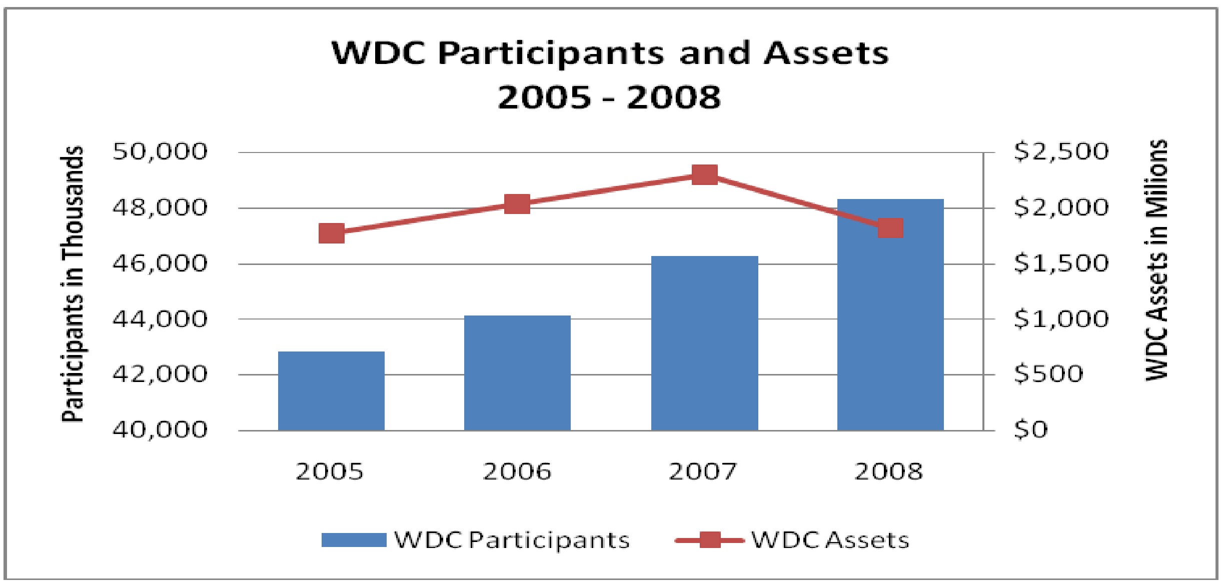
Signature ______________________ Date ______________________

Board	Mtg Date	Item #
DC	05/19/2009	5

agreed that it was appropriate to include both the Russell Microcap index and AAG's microcap index as benchmarks and is recommending that the Board affirm this recommendation. If affirmed by the Board, AAG will include these benchmarks in future quarterly investment reports. The Committee also recommended that staff monitor the performance of the DFA fund closely, given its poor performance over the last eighteen months. The Committee did not recommend placing this fund on a "watch" list at this time.

- *Vanguard Long-Term Bond Fund.* This fund has posted strong returns recently. With the market's current aversion to risk, the Treasury and Agency bonds within the portfolio of this fund helped boost its returns. It moved into the second quartile of rolling three-year quartile rankings at the end of 2008, after three quarters in the third quartile.

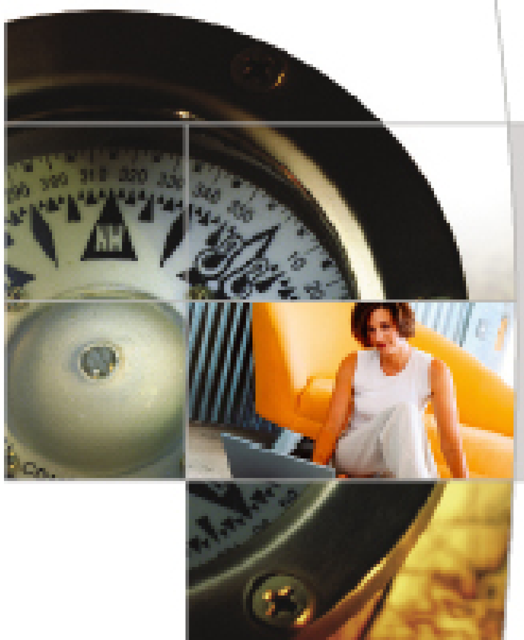
Despite the turbulent economy in 2008, which resulted in large overall investment losses, the WDC Program experienced steady growth in new participants. As shown in the graph below, as of December 31, 2008, the WDC had over 48,300 participants and assets worth $1.81 billion. In comparison, at the close of 2007 the WDC had approximately 46,000 participants and assets exceeding $2.29 billion, in 2006, there were 44,100 WDC participants with assets worth just over $2 billion, and at the close of 2005, 42,819 WDC participants held assets valued at approximately $1.76 billion.



In addition to increased participation, in 2008 WDC participants also increased the overall amount of their WDC deferrals. A total of $145,672,118 was deferred during 2008. This is an increase of approximately three percent (3%) over the total amount deferred in 2007, $140,792,278. In 2006, WDC participants deferred a total of $130,555,976 to their accounts.

Staff from the Department and AAG will be available at the Board meeting to discuss the report.

Attachment



Wisconsin Deferred Compensation Plan

Fund Performance Review

December 31, 2007

AdvisedAssetsGroup

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This document has been produced by Advised Assets Group, LLC and is not intended as a solicitation or offering of securities by GWFS Equities, Inc. The purpose of this document is to provide investment related information for the Plan Sponsor in their role as a fiduciary to the Plan, not as investment advice for Plan Participants. Although the data contained in this report is from reliable sources, Advised Assets Group, LLC cannot guarantee it's completeness or accuracy. Risks associated with the investment options can vary significantly with each particular investment category and the relative risks of categories change under certain economic conditions. Please research the risks associated with each option carefully.

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- Risk, Style Drift and Portfolio Construction

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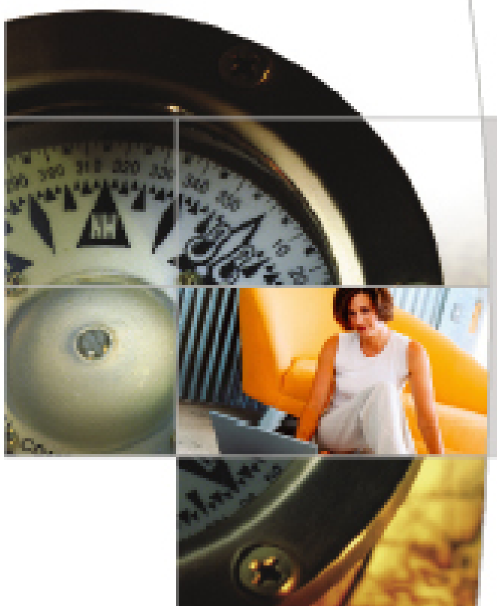
Appendix: Glossary of Terms

1st Quarter Update



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Fund Compliance Report Card as of 3/31/2008

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= Options which have trailed their respective benchmarks over a five year period.

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	6.64	17.63	23.57	10.01	114,632.24	0.53
MSCI AC World Ex USA NR USD	2.15	16.01	23.54	--	--	--
MSCI EAFE Free NR USD	-2.70	13.32	21.40	6.17	--	--
Lipper International Funds	-1.33	13.64	20.56	6.31	--	--
Cat: Foreign Large Blend	-1.20	13.72	20.16	5.51	3,689.84	1.49
Barclay's EAFE Equity Index Fund W	-2.61	13.38	21.34	--	--	
MSCI EAFE Ndtr_D	-2.70	13.32	21.40	6.18	--	--
DFA U.S. Micro Cap	-16.34	3.72	15.65	8.26	3,996.28	0.52
Russell 2000	-13.00	5.06	14.90	4.96	--	--
Russell Micro Cap TR	-20.16	1.33	13.41	--	--	--
Cat: Small Blend	-13.29	4.47	14.63	6.21	685.46	1.43
Barclay's Russell 2000 Index Fd	-12.95	5.10	14.76	--	--	
Russell 2000	-13.00	5.06	14.90	4.96	--	--
T. Rowe Price Mid-Cap Growth	1.74	9.63	16.39	8.67	15,228.53	0.80
Lipper Mid Cap Growth	-2.82	7.55	13.62	4.94	--	--
Russell Midcap Growth	-4.55	7.77	15.20	5.15	--	--
Standard & Poor's Midcap 400	-6.97	7.06	15.10	9.02	--	--
Cat: Mid Growth	-3.49	7.34	13.62	5.32	832.06	1.51
Barclay's Mid Cap Equity Index Fund W	-6.82	7.18	15.23	--	--	
Standard & Poor's Midcap 400	-6.97	7.06	15.10	9.02	--	--
Calvert Social Investment Equity I	1.78	6.26	10.10	6.26	1,186.65	0.67
Standard & Poor's 500	-5.08	5.85	11.32	3.50	--	--
Calvert Social Index	-7.42	4.17	9.15	--	84.48	0.21
Lipper MultiCap Core	-5.57	5.81	11.76	4.60	--	--
Morningstar Socially Resp Large Cap Index	-6.04	4.73	9.85	3.07	448.11	1.23
Fidelity Contrafund	4.87	11.18	15.71	8.15	71,506.11	0.89
Standard & Poor's 500	-5.08	5.85	11.32	3.50	--	--
Lipper Growth Fund Average	-0.12	5.85	9.31	2.29	--	--
Cat: Large Growth	-1.28	6.18	10.32	2.66	3,167.86	1.39

Grey bars indicate fund benchmarks; white indicates current funds

DATA SOURCE:
Morningstar 3/31/2008

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Fund Compliance Report Card as of 3/31/2008

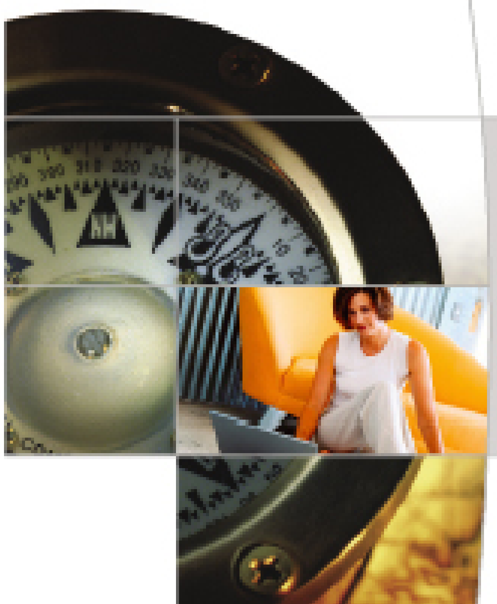
= Options which have trailed their respective benchmarks over a five year period.

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
Vanguard Inst Index Plus Info	-5.07	5.86	11.34	3.58	67,340.04	0.03
Standard & Poor's 500	-5.08	5.85	11.32	3.50	--	--
Vanguard Wellington Adm	3.04	8.85	12.30	7.23	48,900.52	0.16
Lipper Balanced Fund	-1.68	5.42	8.70	4.15	--	--
Cat: Moderate Allocation	-1.99	5.58	9.29	4.45	3,421.74	1.37
65% S&P Barra Value/35% Lehman Agg	-1.85	6.25	10.85	5.73	--	--
Vanguard Long-Term Investment-Grade Adm	2.49	3.56	4.93	6.18	5,730.41	0.12
Lehman Brothers LT Corp A or Better	-0.70	2.54	4.22	5.69	--	--
Cat: Long-Term Bond	2.25	3.82	5.10	5.36	820.72	0.85
Barclay's US Debt Index	7.81	5.53	4.61	--	--	
Lehman Brothers Aggregate Bond	7.67	5.48	4.58	6.04	--	--
Federated U.S. Govt: 2-5 Yr Instl	11.87	6.19	4.03	5.53	817.93	0.59
Merrill Lynch 3-5 Year Treasury	13.34	6.82	4.53	6.13	--	--
Lipper Short-Inter U.S.	8.54	4.84	3.71	4.93	--	--
Cat: Short Government	6.71	4.43	2.95	4.38	485.93	0.94
Vanguard Adm Money Market	4.34	4.23	3.01	3.57	22,896.30	0.10
iMoneyNet Average Treasury MM	3.44	3.47	2.33	2.95	--	--

Grey bars indicate fund benchmarks; white indicates current funds

DATA SOURCE: Morningstar
3/31/2008

Executive Summary



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Fund Compliance Report Card

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	19.22	20.92	23.10	12.34	124,010.18	0.53
MSCI AC World Ex USA NR USD	16.65	19.88	24.02	--	--	--
MSCI EAFE Free NR USD	11.17	16.83	21.59	8.65	--	--
Lipper International Funds	12.41	17.18	20.83	8.80	--	--
Cat: Foreign Large Blend	12.71	17.22	20.31	7.94	3,867.00	1.51
Barclay's EAFE Equity Index Fund W	11.39	16.96	21.53	--	--	0.10
MSCI EAFE Ndtr_D	11.17	16.83	21.59	8.66	--	--
DFA U.S. Micro Cap	-5.22	5.18	17.23	10.58	4,175.88	0.53
Russell 2000	-1.57	6.80	16.25	7.08	--	--
Russell Micro Cap TR	-8.00	3.22	15.87	--	--	--
Cat: Small Blend	-1.10	6.93	15.72	8.30	719.79	1.43
Barclay's Russell 2000 Index Fd	-1.59	6.74	16.08	--	--	0.05
Russell 2000	-1.57	6.80	16.25	7.08	--	--
T. Rowe Price Mid-Cap Growth	17.65	12.99	18.74	11.56	15,902.49	0.80
Lipper Mid Cap Growth	16.48	11.70	16.45	7.78	--	--
Russell Midcap Growth	11.43	11.39	17.90	7.59	--	--
Standard & Poor's Midcap 400	7.98	10.27	16.20	11.19	--	--
Cat: Mid Growth	15.09	11.23	16.33	8.06	883.80	1.52
Barclay's Mid Cap Equity Index Fund W	8.07	10.35	16.30	--	--	0.04
Standard & Poor's Midcap 400	7.98	10.27	16.20	11.19	--	--
Calvert Social Investment Equity I	10.53	8.64	11.10	8.39	1,215.76	0.67
Standard & Poor's 500	5.49	8.62	12.83	5.91	--	--
Calvert Social Index	3.23	6.15	10.98	--	88.74	0.21
Lipper MultiCap Core	6.48	8.68	13.35	7.03	--	--
Morningstar Socially Resp Large Cap Index	5.25	7.33	11.54	5.43	483.59	1.21
Fidelity Contrafund	19.78	15.80	17.99	10.72	72,968.96	0.90
Standard & Poor's 500	5.49	8.62	12.83	5.91	--	--
Lipper Growth Fund Average	14.21	8.66	11.74	5.00	--	--
Cat: Large Growth	13.35	9.11	12.75	5.28	3,368.29	1.40

Grey bars indicate fund benchmarks; white indicates current funds

= Options which have trailed their respective benchmarks over a five year period.

DATA SOURCE:
Morningstar 12/31/2007

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Fund Compliance Report Card

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
Vanguard Inst Index Plus Info	5.50	8.63	12.84	5.98	68,555.82	0.03
Standard & Poor's 500	5.49	8.62	12.83	5.91	--	--
Vanguard Wellington Adm	8.48	10.12	12.44	8.47	49,110.76	0.17
Lipper Balanced Fund	5.93	7.05	9.63	5.64	--	--
Cat: Moderate Allocation	5.99	7.32	10.24	5.99	3,532.97	1.39
65% S&P Barra Value/35% Lehman Agg	3.86	8.32	11.30	6.69	--	--
Vanguard Long-Term Investment-Grade Adm	3.86	4.03	5.48	6.39	5,738.48	0.12
Lehman Brothers LT Corp A or Better	1.65	3.14	5.08	6.02	--	--
Cat: Long-Term Bond	3.10	3.75	5.86	5.68	633.94	0.84
Barclay's US Debt Index	7.01	4.58	4.44	--	--	0.05
Lehman Brothers Aggregate Bond	6.97	4.56	4.42	5.97	--	--
Federated U.S. Govt: 2-5 Yr Instl	9.18	4.40	3.40	5.25	730.99	0.60
Merrill Lynch 3-5 Year Treasury	9.86	4.68	3.72	5.79	--	--
Lipper Short-Inter U.S.	7.24	3.74	3.32	4.81	--	--
Cat: Short Government	5.87	3.58	2.66	4.31	479.97	0.93
Vanguard Adm Money Market	4.78	4.14	2.91	3.62	20,637.37	0.10
iMoneyNet Average Treasury MM	3.99	3.42	2.26	3.02	--	--

= Options which have trailed their respective benchmarks over a five year period.

Grey bars indicate fund benchmarks; white indicates current funds

DATA SOURCE: Morningstar
12/31/2007

Rolling 3 Year Quartile Rankings

Name	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2	2005 Q1
American Funds EuroPacific Gr R5	90	83	81	75	88	86						
Calvert Social Investment Equity I	46	34	46	59	59	60						
DFA U.S. Micro Cap	29	51	39	44	48	55						
Federated U.S. Govt: 2-5 Yr Instl	94	55	39	91	40	34						
Fidelity Contrafund	96	94	96	99	98	99						
T. Rowe Price Mid-Cap Growth	68	66	78	82	77	83						
Vanguard Institutional Index Instl Pl	57	57	54	62	74	67						
Vanguard Long-Term Inv Grade Adm	72	65	67	68	80	72						
Vanguard Wellington Adm	95	92	90	89	91	91						

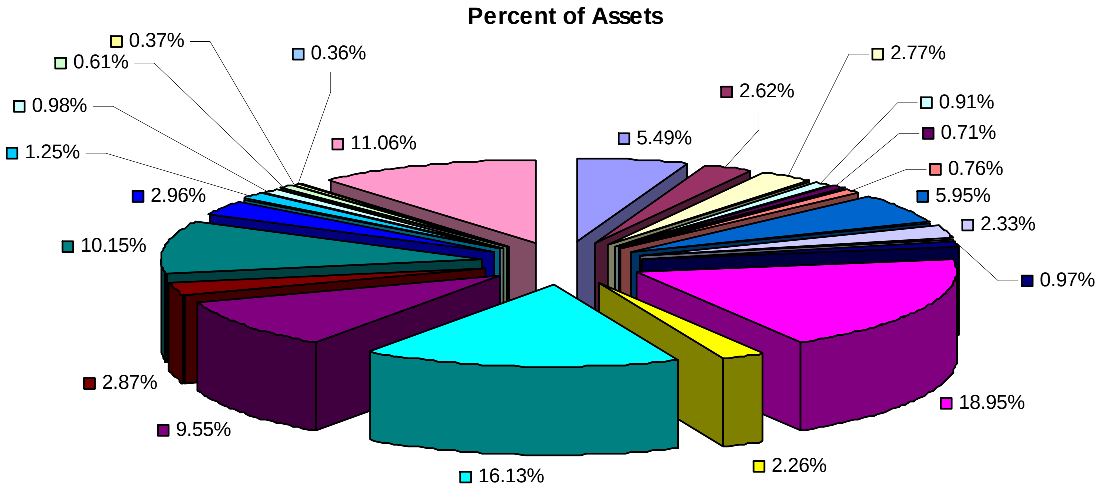
76-100	1st Quartile
51-75	2nd Quartile
26-50	3rd Quartile
1-25	4th Quartile

DATA SOURCE: Morningstar
12/31/2007

Plan Asset Summary

	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	$114,471,104,347	$125,901,478.51	0.11%	5.49%	12,709	27.68%
Barclay's EAFE Equity Index Fund W	02/01/2001	N/A	$60,110,975.85	N/A	2.62%	7,730	16.84%
DFA U.S. Micro Cap	02/01/1997	$4,175,876,990	$136,446,560.31	3.27%	5.95%	18,004	39.22%
Barclay's Russell 2000 Index Fd	02/20/2004	N/A	$20,911,258.28	N/A	0.91%	4,423	9.63%
T. Rowe Price Mid-Cap Growth	02/01/1998	$15,906,448,640	$219,174,958.19	1.38%	9.55%	21,700	47.27%
Barclay's Mid Cap Equity Index Fund W	02/01/2001	N/A	$63,491,754.80	N/A	2.77%	9,001	19.61%
Calvert Social Investment Equity I	04/18/2003	$1,215,759,097	$17,430,641.76	1.43%	0.76%	2,847	6.20%
Fidelity Contrafund	01/31/1994	$72,968,956,723	$434,894,510.94	0.60%	18.95%	26,289	57.26%
Vanguard Inst Index Plus Info	09/09/1990	$68,555,823,223	$232,944,076.56	0.34%	10.15%	18,269	39.79%
Vanguard Wellington Adm	10/26/2001	$49,110,757,815	$253,834,691.88	0.52%	11.06%	17,986	39.18%
Vanguard Long-Term Investment-Grade Adm	10/26/2001	$5,738,484,104	$67,826,704.37	1.18%	2.96%	10,165	22.14%
Barclay's US Debt Index	02/01/2001	N/A	$16,193,166.78	N/A	0.71%	3,199	6.97%
Federated U.S. Govt: 2-5 Yr Instl	02/03/1992	$731,924,778	$22,189,794.39	3.03%	0.97%	3,989	8.69%
Vanguard Target Ret Income	07/29/2005	$1,690,443,489	$8,259,048.48	0.49%	0.36%	382	0.83%
Vanguard Target Ret 2015	07/29/2005	$7,255,582,031	$28,774,318.28	0.40%	1.25%	1,306	2.84%
Vanguard Target Ret 2025	07/29/2005	$7,239,093,649	$22,577,524.15	0.31%	0.98%	1,974	4.30%
Vanguard Target Ret 2035	07/29/2005	$4,736,604,936	$14,085,087.38	0.30%	0.61%	1,910	4.16%
Vanguard Target Ret 2045	07/29/2005	$2,306,430,354	$8,465,182.45	0.37%	0.37%	1,507	3.28%
Vanguard Adm Money Market	10/01/1993	$20,637,373,890	$65,798,807.28	0.32%	2.87%	10,382	22.61%
Stable Value Fund	09/01/1996	N/A	$370,269,806.71	N/A	16.13%	15,374	33.49%
Schwab PCRA	02/17/2000	N/A	$51,880,569.03	N/A	2.26%	1,444	3.15%
FDIC Option	12/31/1996	N/A	$53,464,778.52	N/A	2.33%	2,940	6.40%

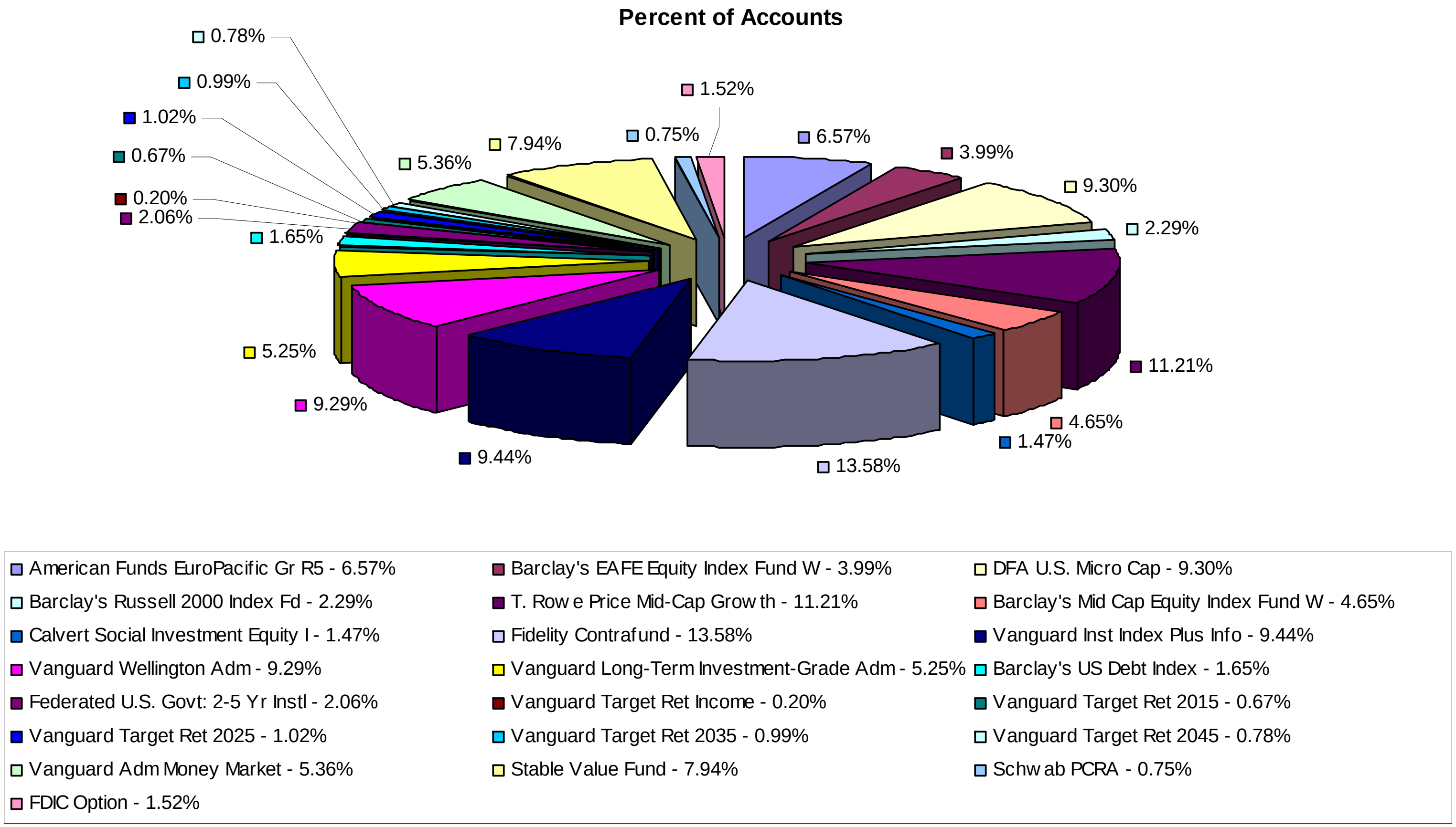
Total WDC Assets (as of 12/31/2007): $2,294,925,694.90



American Funds EuroPacific Gr R5 - 5.49%	Barclay's EAFE Equity Index Fund W - 2.62%	Barclay's Mid Cap Equity Index Fund W - 2.77%
Barclay's Russell 2000 Index Fd - 0.91%	Barclay's US Debt Index - 0.71%	Calvert Social Investment Equity I - 0.76%
DFA U.S. Micro Cap - 5.95%	FDIC Option - 2.33%	Federated U.S. Govt: 2-5 Yr Instl - 0.97%
Fidelity Contrafund - 18.95%	Schwab PCRA - 2.26%	Stable Value Fund - 16.13%
T. Rowe Price Mid-Cap Growth - 9.55%	Vanguard Adm Money Market - 2.87%	Vanguard Inst Index Plus Info - 10.15%
Vanguard Long-Term Investment-Grade Adm - 2.96%	Vanguard Target Ret 2015 - 1.25%	Vanguard Target Ret 2025 - 0.98%
Vanguard Target Ret 2035 - 0.61%	Vanguard Target Ret 2045 - 0.37%	Vanguard Target Ret Income - 0.36%
Vanguard Wellington Adm - 11.06%		

Participant Account
Pie Chart

Total Number of WDC Participant Accounts (as of 12/31/2007): 193,530



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Fund Expense v. Category

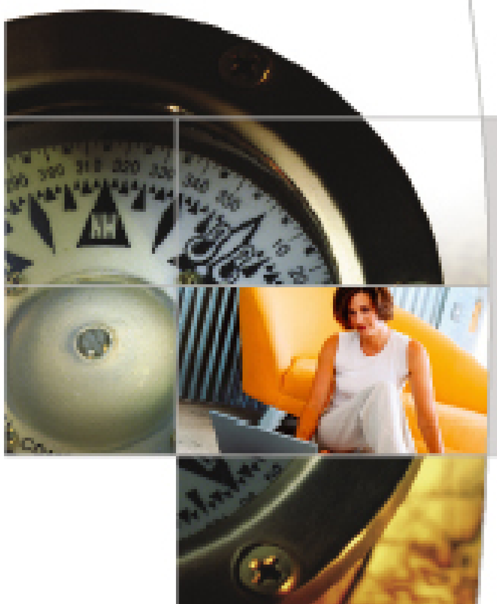
Name	Expense Ratio
American Funds EuroPacific Gr R5	0.53
Cat: Foreign Large Blend	1.51
Barclay's EAFE Equity Index Fund W	0.10
Morningstar Foreign Large Blend Index	0.83
DFA U.S. Micro Cap	0.53
Cat: Small Blend	1.43
Barclay's Russell 2000 Index Fd	0.05
Morningstar Small Cap Blend Index	0.86
T. Rowe Price Mid-Cap Growth	0.80
Cat: Mid Growth	1.52
Barclay's Mid Cap Equity Index Fund W	0.04
Morningstar Mid Cap Blend Index	0.85
Calvert Social Investment Equity I	0.67
Morningstar Socially Resp Large Cap Index	1.21

Name	Expense Ratio
Fidelity Contrafund	0.90
Cat: Large Growth	1.40
Vanguard Inst Index Plus Info	0.03
Morningstar Large Cap Blend Index	0.62
Vanguard Wellington Adm	0.17
Cat: Moderate Allocation	1.39
Vanguard Long-Term Investment-Grade Adm	0.12
Cat: Long-Term Bond	0.84
Barclay's US Debt Index	0.05
Morningstar Intermediate Bond Index	0.42
Federated U.S. Govt: 2-5 Yr Instl	0.60
Cat: Short Government	0.93
Vanguard Adm Money Market	0.10
Average US Money Market Fund	0.65

Participant Weighted Average Return

- The weighted average return for the ETF participants as of 12/31/2007 was 10.07%
- Much of this can be attributed to a 18.95% weighting in the Fidelity Contrafund which returned about 20%
- Other contributing factors were:
  - 8% exposure to international investments which had an average return of 15.31%
  - An 10% weighting to the Vanguard Index which returned 5.50%
  - An 16% weighting to the Wisconsin Stable Value Fund which returned 5.11%
- 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

Emerging Markets
International Equity
World
Small Cap Growth
Small Cap Value
Mid Cap Growth
Mid Cap Value
Large Cap Growth
Large Cap Value
Balanced/Asset Allocation
High-Yield Bond
Inv Grade Bond
Government Bond

Lowest Risk of Principal

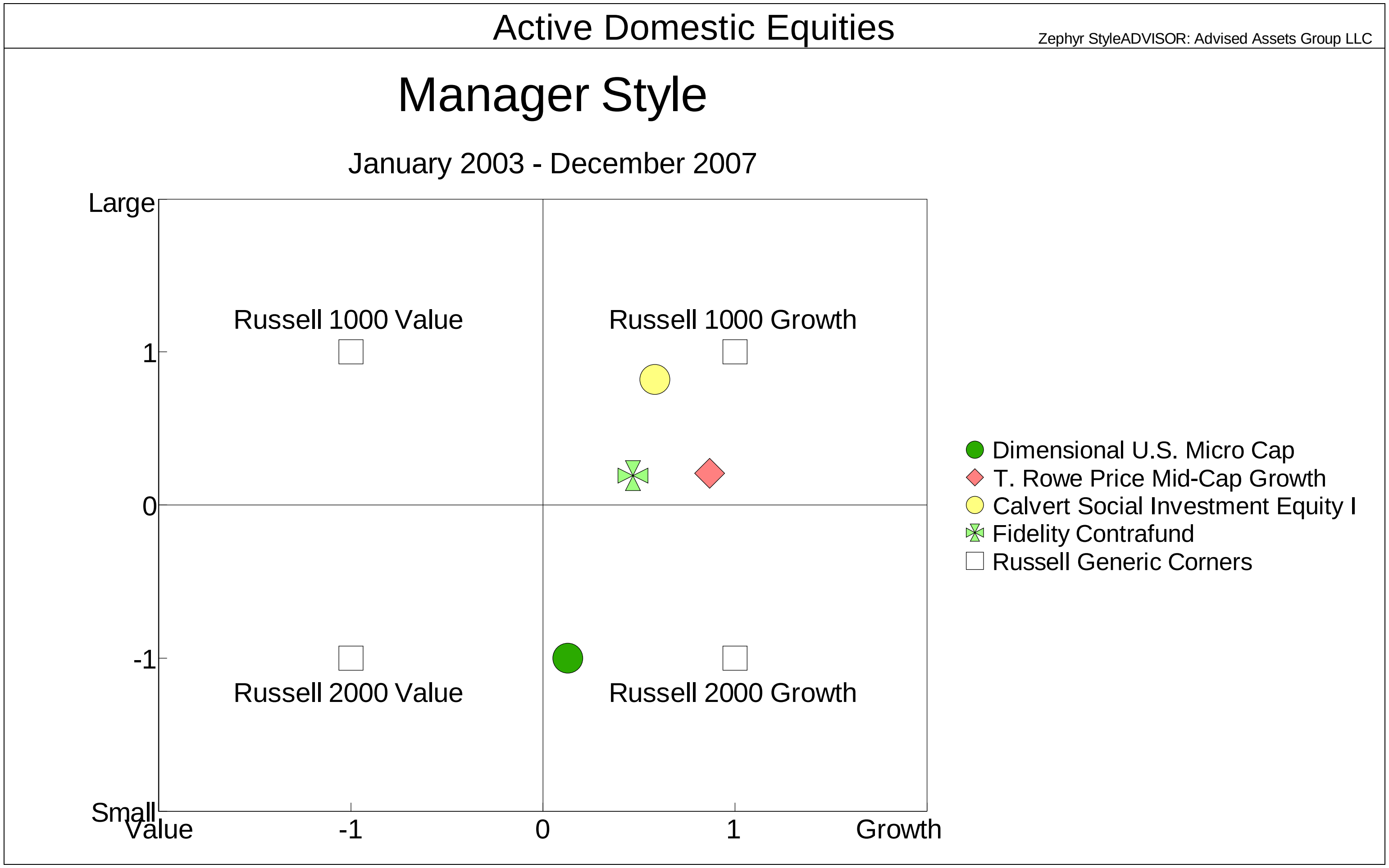
Plan Investment Options

American Funds EuroPac R5
Barclay's EAFE Index Fund
DFA U.S. MicroCap Portfolio
Barclay's Small Cap Index Fund
T. Rowe Price Mid-Cap Growth Fund
Barclay's MidCap Index Fund
Calvert Social Investment Equity Fund I
Fidelity Contrafund
Vanguard Institutional Index Plus
Vanguard Wellington (Adm)
Vanguard LT Investment-Grade Bond (Adm)
Barclay's U.S. Debt Index
Federated U.S. Govt Securities Fund 2-5 Years (Instl)
Vanguard Admiral Treasury Money Market
Stable Value Fund
FDIC Option

Lifecycle Funds:
- **Vanguard Target Income**
- **Vanguard Target 2015**
- **Vanguard Target 2025**
- **Vanguard Target 2035**
- **Vanguard Target 2045**

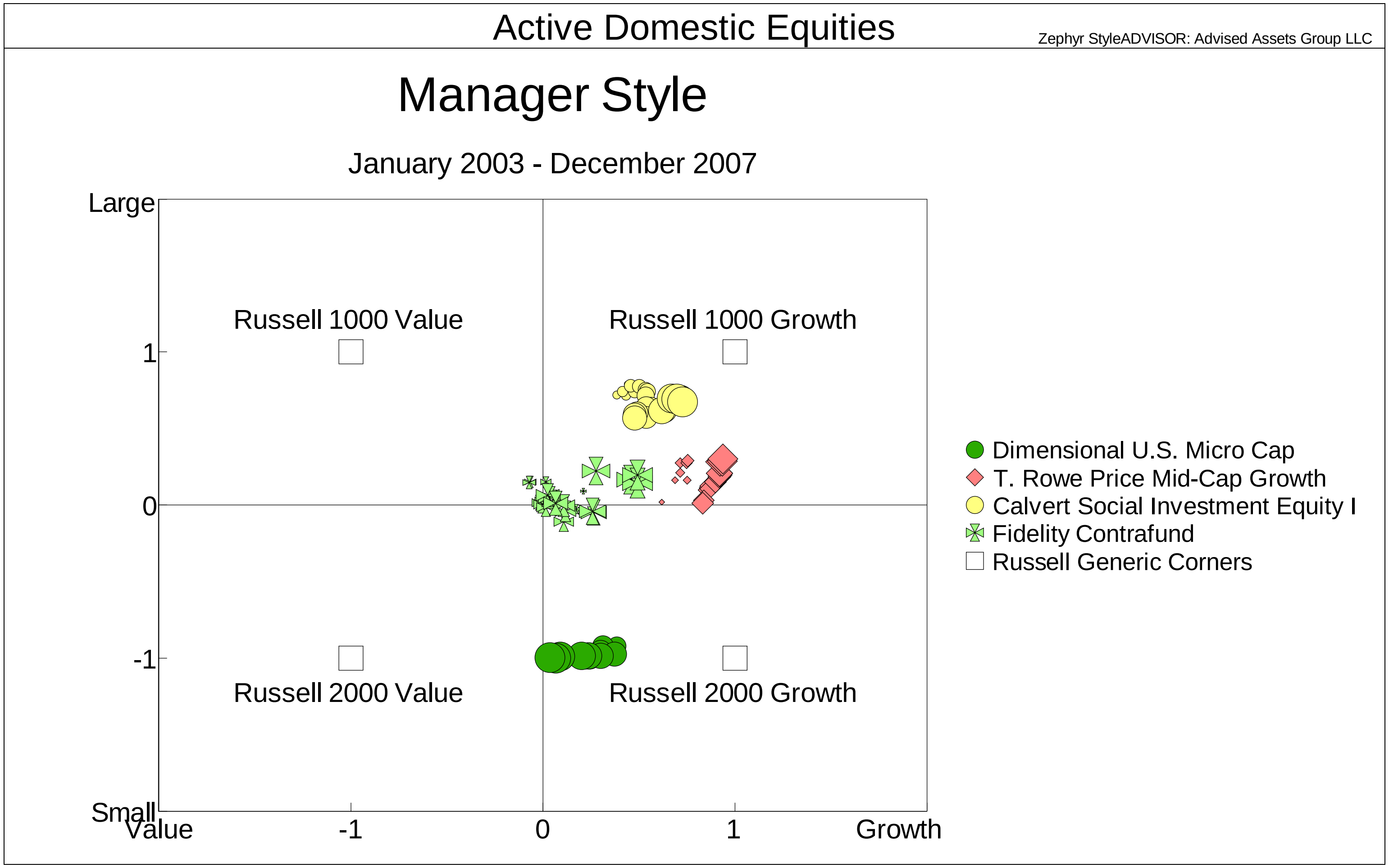
Manager Style

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.



Fund Observations

- **American Funds EuroPac R5** continues to beat all of its benchmarks over 1 and 3 years and most of its benchmarks over 5 years. 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 22 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, but has rewarded its shareholders by generating a higher return than the category over that same time period.

- **Barclay's Russell 2000 Index Fund** tracked within 2 bps (net of fees) with the index over 1 year.

Fund Observations

- **T. Rowe Price Mid Cap Growth** outperforms its benchmarks over 1,3, 5, and 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 9 bps (net of fees) of the index over 1 year.

- **Calvert Social Investment Equity** outperforms all benchmarks over 1 year, and most of its benchmarks over 3 years. However, it underperforms most of its benchmarks over 5 years. 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 was a drag on returns.

- **Fidelity Contrafund** beat all of its benchmarks across all time periods. Will Danoff who manages this fund was named Morningstar Manager of the Year for 2007. Good bets in energy and IT have helped the fund maintain strong performance. That said, this fund continues to keep volatility down and sports a low turnover. The fund's large asset base does bear some watching.

Fund Observations

- **Vanguard Instl Index Plus Fund** tracks within 1 bp (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 and continued exposure to the energy sector. This fund's large asset base does bear watching.

- **Vanguard Long-Term Bond** posted strong returns over 1 and 3 years, and beats one of its benchmarks over 5 years. 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 4 bps (net of fees) over 1 year.

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Fund Observations

- **Federated U.S. Government: 2-5 Year Institutional** beats most of its benchmarks over the 1, 3, and 5 year periods. This fund carries a higher duration than most of its peers, so the rising interest rate environment was particularly hard on this fund's actual and relative returns. As interest rates have fallen this fund's performance has improved. The fund ranks in the top 5% of its category over the 1 year period.

- **Vanguard Admiral Treasury Money Market Fund** posted a 4.78% return over the 1 year period. It also beat its benchmark over all time periods.

- **FDIC Bank Option** return for the quarter ending 12/31/2007 was 4.13%. For 2007, the interest rate is calculated by taking 50% of 12 month LIBOR as of 1/1/2006 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 5.11%, 5.10%, and 5.09% respectively. The fund is managed by Galliard Capital who maintains a very good reputation throughout the industry as a top stable value manager.

American Funds-

NASD

On August 30, 2006 American Funds was fined $5 million for directed-brokerage abuses. This is the first regulatory penalty dealt to the fund complex. The ruling from an NASD panel, punishes American Funds for allegedly improper sales agreements it had with brokers from 2001 to 2003. American Funds has stated publicly that they disagree with the panel's findings and intend to appeal the decision.

California Attorney General

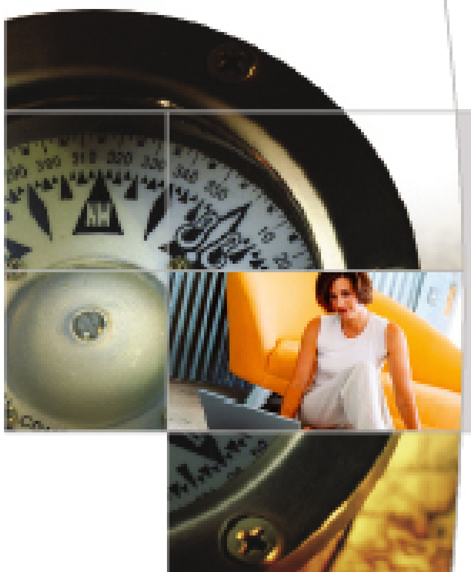
In March 2005, the California Attorney General filed a complaint in state court against American Funds Distributors (AFD) and Capital Research and Management Company (CRMC), the investment adviser to American Funds. The complaint relates to the sufficiency of disclosure of additional payments AFD made to broker-dealer firms in recognition of the cost and efforts involved in educating financial advisers about American Funds. On November 22, 2005, the Superior Court of California in the County of Los Angeles dismissed the California Attorney General's complaint. On February 7, 2006, the California Attorney General filed a notice that he will appeal the Court's decision. On January 26, 2007, a California State Court of Appeals panel ruled against the dismissal of the case overturning the Superior Court's earlier decision to dismiss the case. American Funds points out that the decision of the panel focuses strictly on the legality of the California Attorney General pursuing suit against American Funds. On February 15th 2008 the California Attorney General announced the case against American Funds would be dropped. This ends all litigation between the attorney general's office and American Funds.

Private Party Litigation

American Funds is currently involved in a class action suit that alleges the fees charged to shareholders are excessive. American Funds believes the case has no merit, and are in the process of defending themselves.

Source:www.americanfunds.com, www.ignites.com

Performance Benchmarking of Active Options



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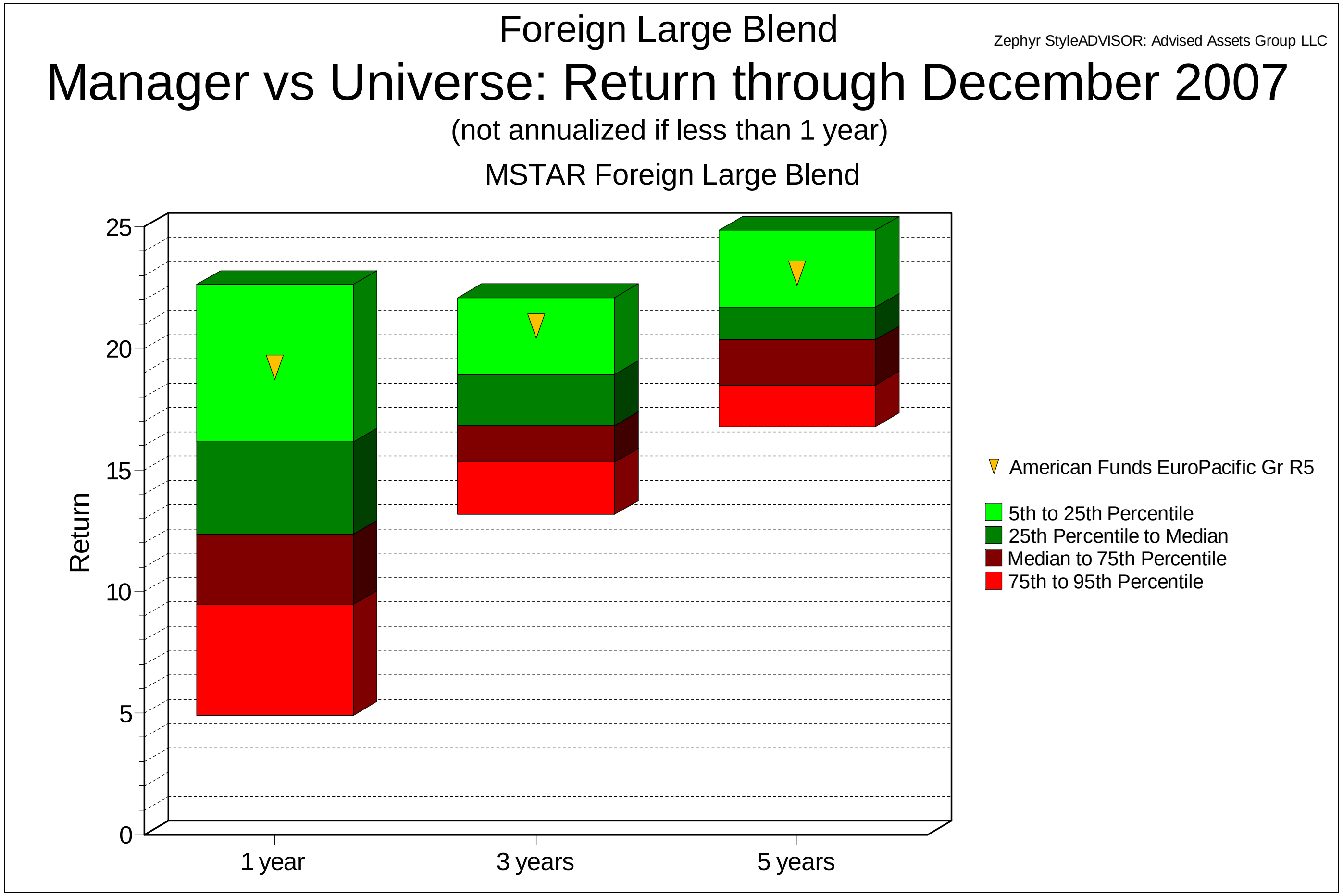
Performance Benchmarking

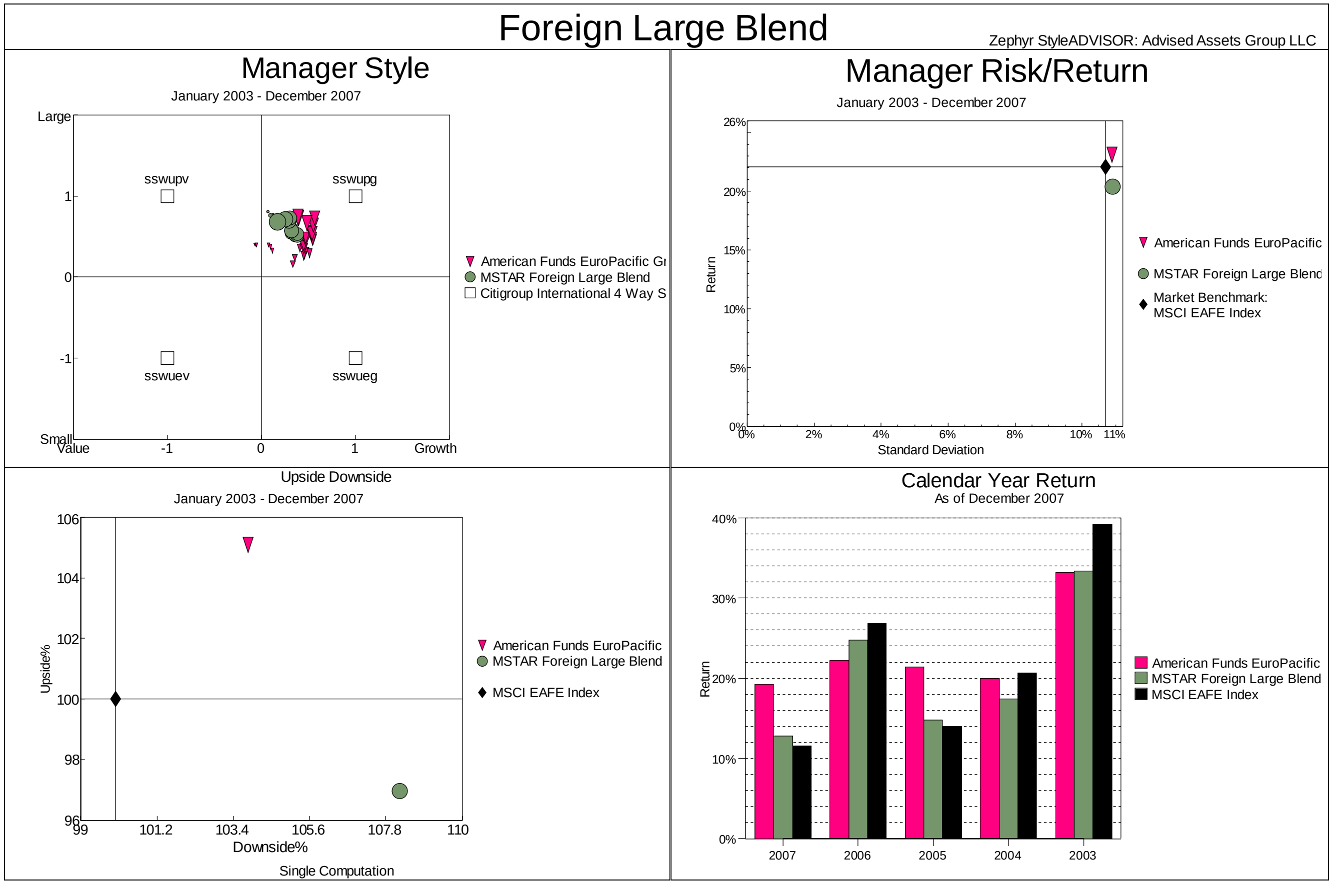
American Funds EuroPacific Growth Fund seeks long-term growth of capital. The fund normally invests at least 65% of assets in equity securities of issuers domiciled in Europe or the Pacific Basin. It may invest up to 20% of assets in securities issued in developing countries. Various factors will be 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
12/31/2007

	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 (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)	Annual Return (2003)
American Funds EuroPacific Gr R5	19.22	20.92	23.10	10	11	19.22	22.17	21.39	19.98	33.24
Cat: Foreign Large Blend	12.71	17.22	20.31	--	--	12.71	24.77	14.72	17.39	33.58

Risk Analysis

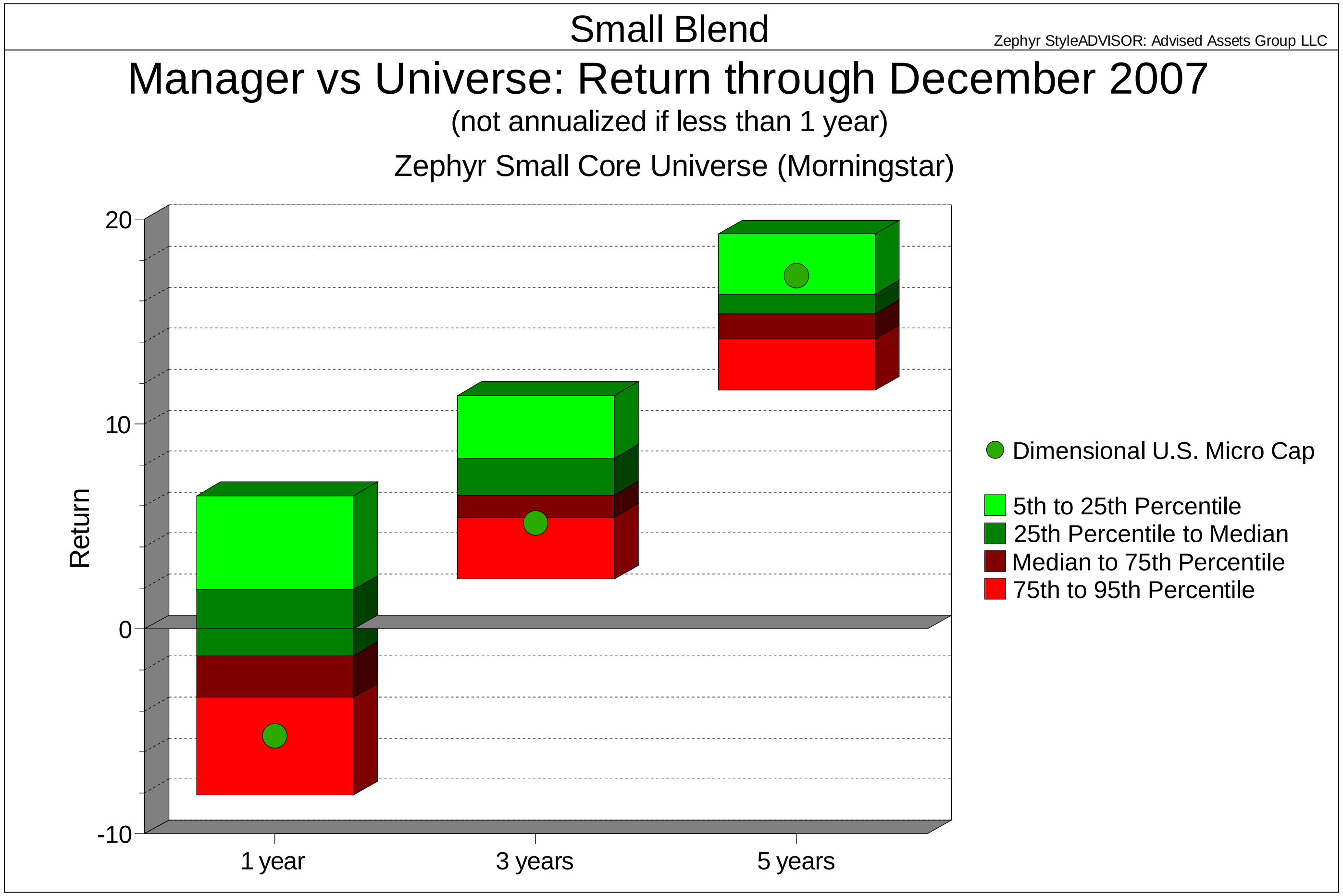


Name	Morningstar Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets $M	% Cash	Total # of Holdings	% Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
American Funds EuroPacific Gr R5	4	10.27	10.89	114,471.10	6.48	469	17.70	27.00	24	0.53
Cat: Foreign Large Blend	3	10.69	11.35	3,675.79	8.62	667	29.74	72.92	4	1.51

Performance Benchmarking

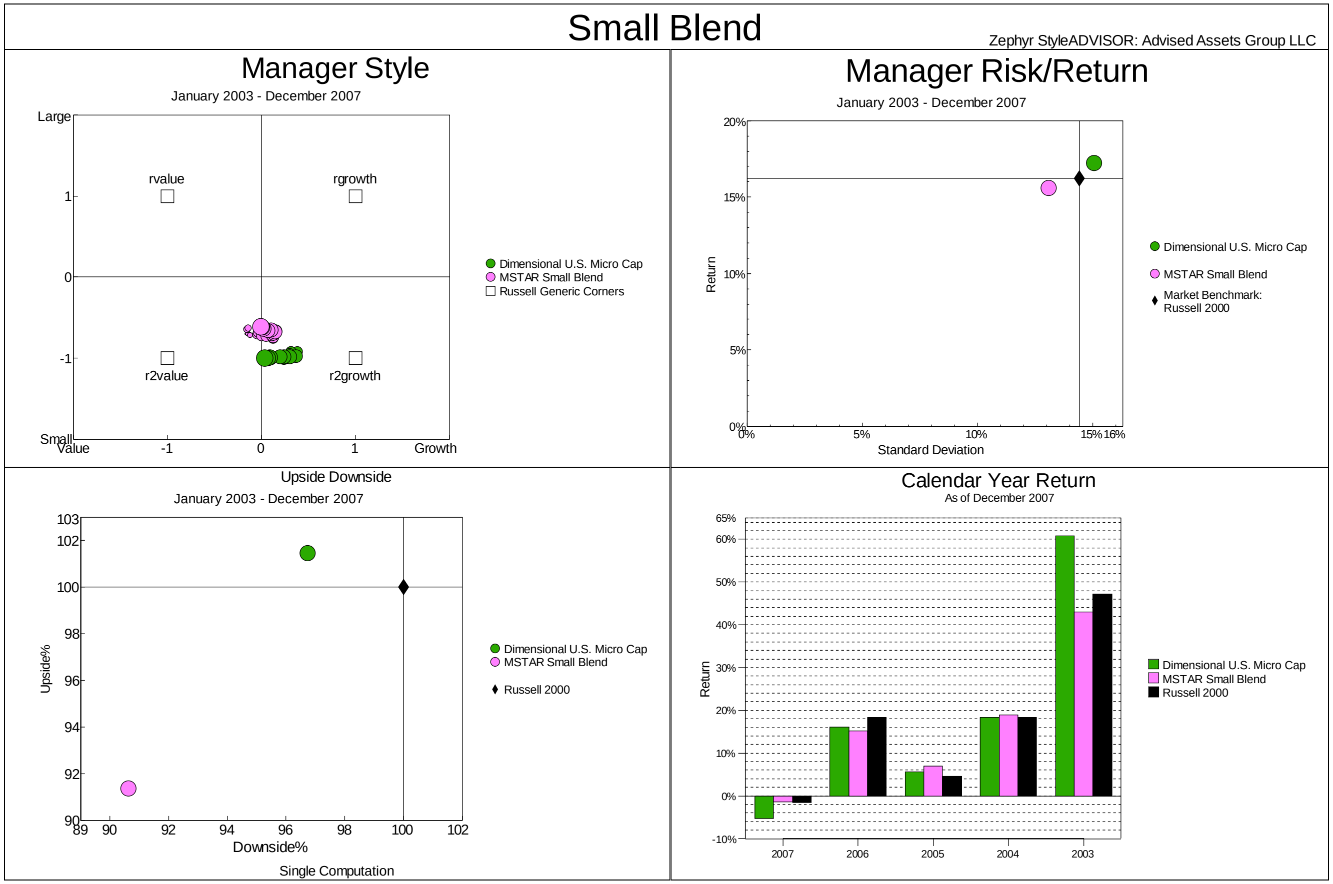
DFA U.S. Microcap seeks long-term capital appreciation. The fund invests in a diverse group of small companies with readily marketable securities. These companies may be traded on the NYSE, the AMEX, or over-the-counter market, but their market capitalizations must be comparable with those in the smallest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

DATA SOURCE:
Morningstar
12/31/2007



	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 (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)	Annual Return (2003)
DFA U.S. Micro Cap	-5.22	5.18	17.23	71	21	-5.22	16.16	5.69	18.39	60.72
Cat: Small Blend	-1.10	6.93	15.72	--	--	-1.10	15.03	6.75	18.94	43.41

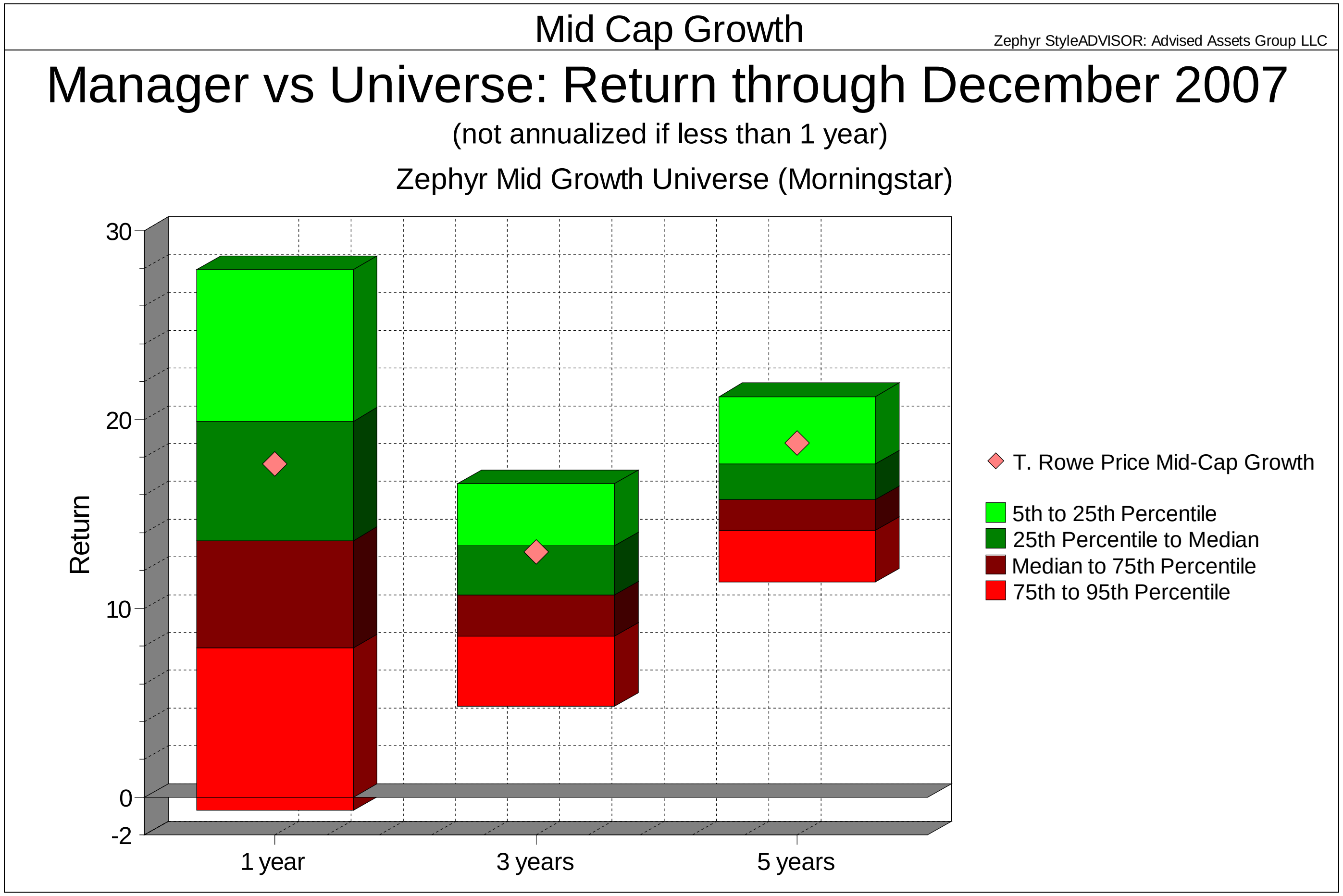
Risk Analysis



Name	Morningstar Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets $M	% Cash	Total # of Holdings	% Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
DFA U.S. Micro Cap	3	13.55	15.07	4,175.88	0.35	1	100	24.00	13	0.53
Cat: Small Blend	3	12.83	13.78	717.83	7.98	502	24.60	84.83	6	1.43

Performance Benchmarking

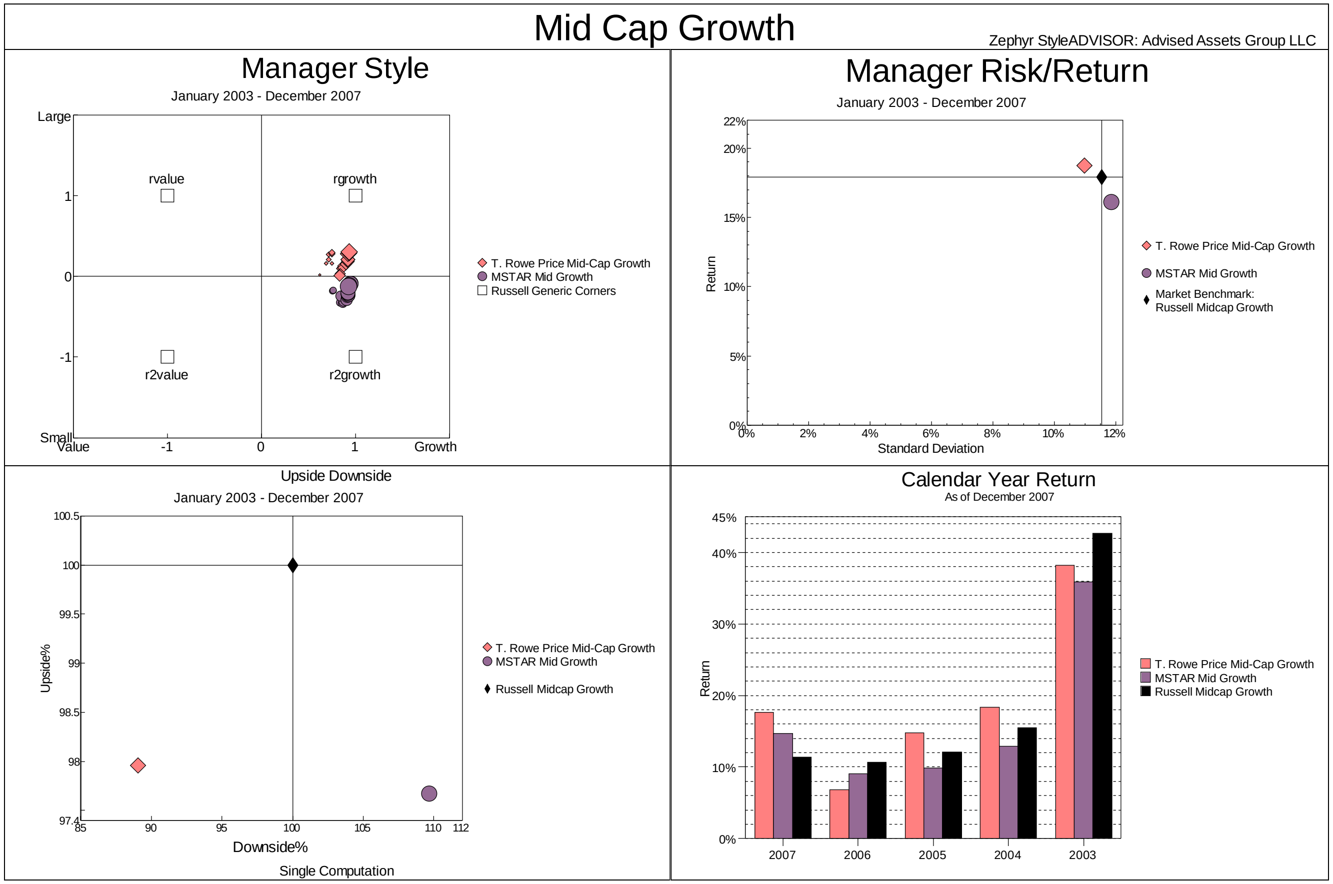
T. Rowe Price Mid Cap Growth Fund seeks long-term capital appreciation. The fund normally invests at least 80% of assets in mid-cap common stocks with above-average growth potential. The advisor seeks companies that offer proven products or services, have an above-average historical record of earnings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



DATA SOURCE:
Morningstar
12/31/2007

	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 (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)	Annual Return (2003)
T. Rowe Price Mid-Cap Growth	17.65	12.99	18.74	32	23	17.65	6.79	14.82	18.39	38.21
Cat: Mid-Cap Growth	15.09	11.23	16.33	--	--	15.09	9.00	9.84	13.23	35.96

Risk Analysis

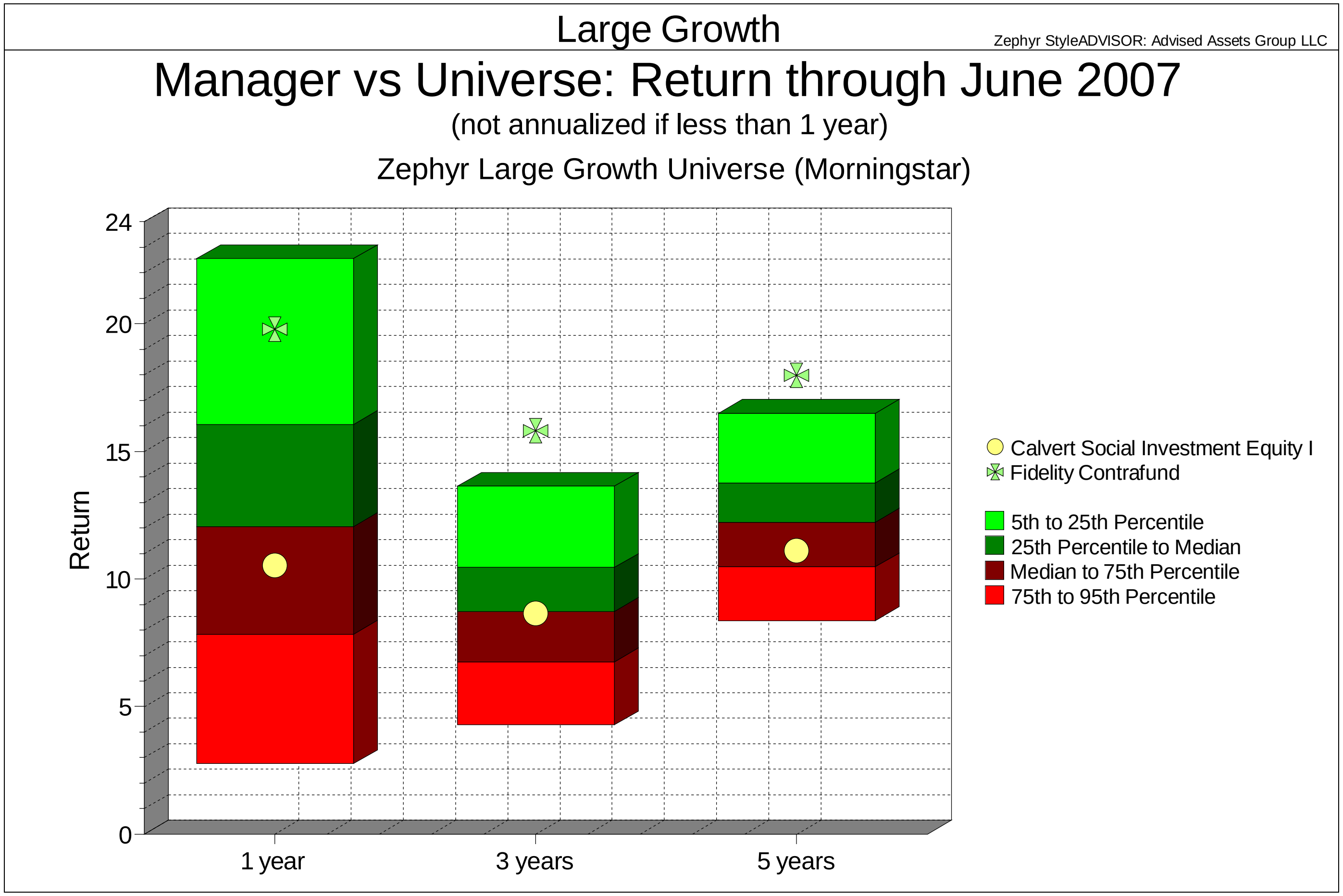


Name	Morningstar Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets $M	% Cash	Total # of Holdings	% Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
T. Rowe Price Mid-Cap Growth	4	10.26	10.99	15,906.45	5.57	153	20.12	34.00	16	0.80
Cat: Mid-Cap Growth	3	12.10	12.74	875.43	3.50	661	30.37	112.06	5	1.52

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.

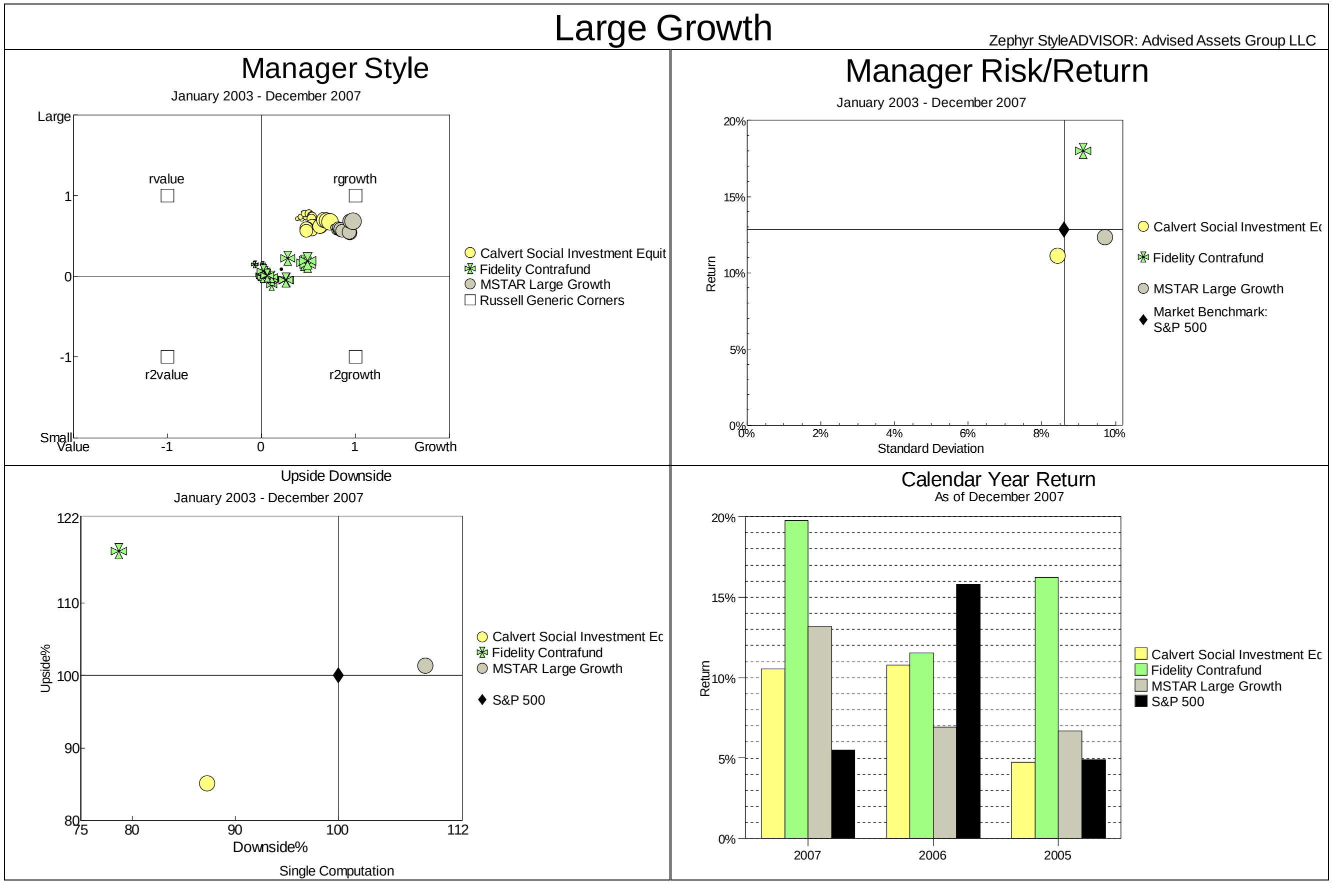
Fidelity Contrafund seeks capital appreciation. The fund invests primarily in the common stocks of companies believed to be undervalued. The types of companies in which the fund may invest include companies experiencing positive fundamental change such as new management team or product launch or companies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



DATA SOURCE: Morningstar 12/31/2007

	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 (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)	Annual Return (2003)
Calvert Social Investment Equity I	10.53	8.64	11.10	54	71	10.53	10.77	4.74	7.33	23.00
Fidelity Contrafund	19.78	15.80	17.99	4	5	19.78	11.54	16.23	15.07	27.95
Cat: Large Growth	13.35	9.11	12.75	--	--	13.35	7.05	6.71	7.81	28.66

Risk Analysis



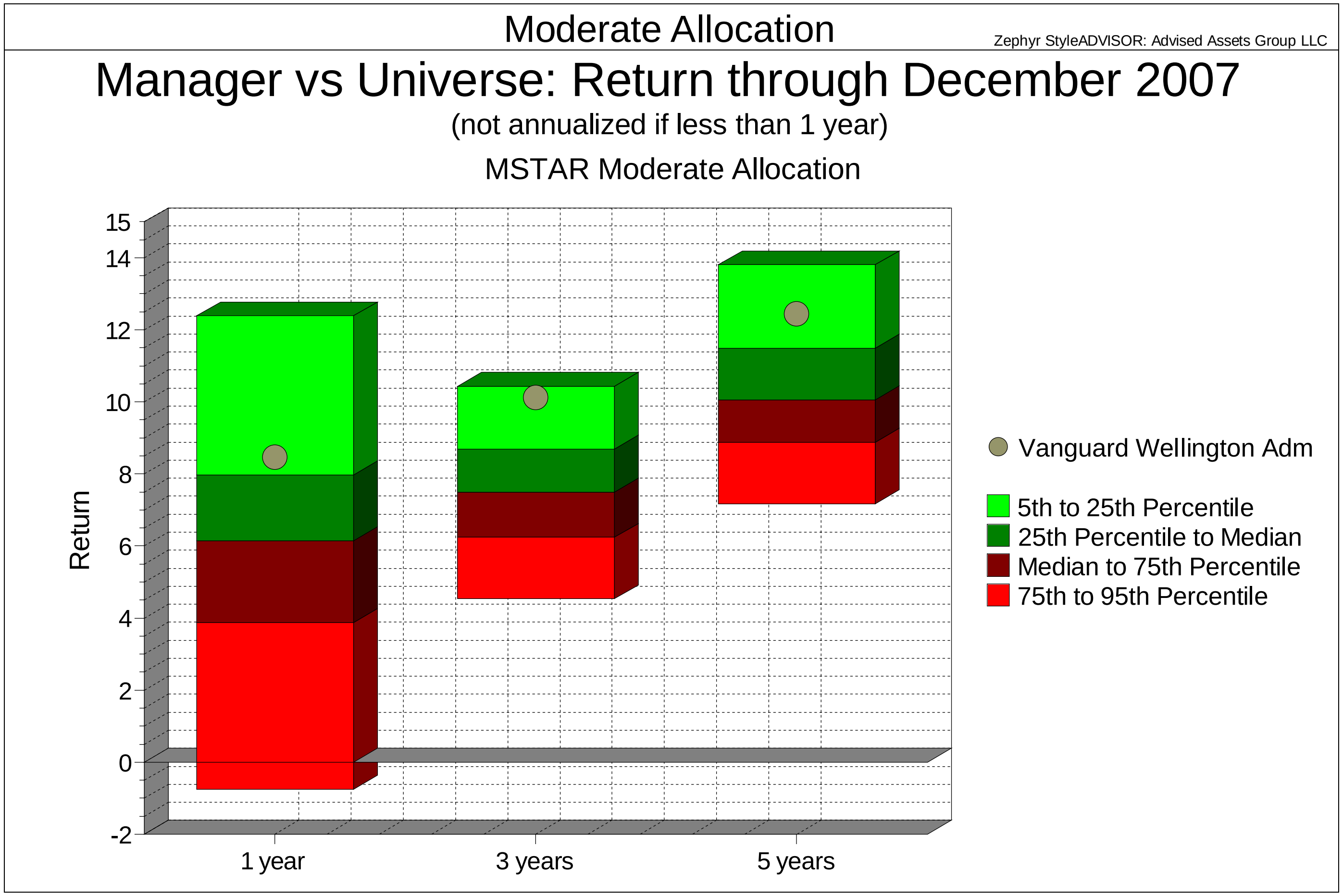
Name	Morningstar Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets $M	% Cash	Total # of Holdings	% Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
Calvert Social Investment Equity I	3	7.61	8.43	1,215.76	0.00	65	34.32	35.00	9	0.67
Fidelity Contrafund	5	9.14	9.12	72,968.96	10.05	410	35.32	76.00	17	0.90
Cat: Large Growth	3	10.09	10.50	3,227.25	3.83	499	35.92	98.65	6	1.40

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.

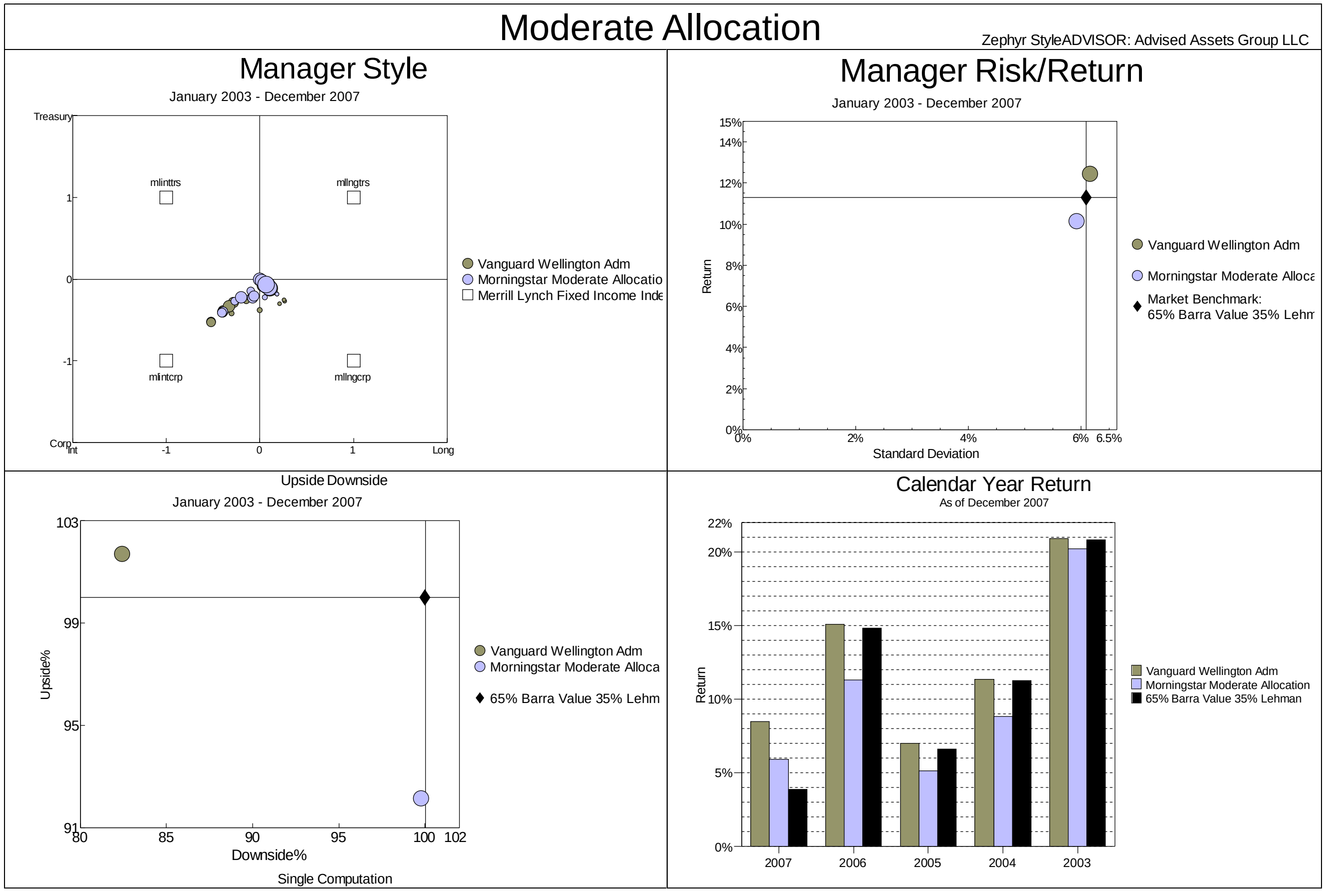
Note that the retail shares are shown to the right for historical purposes. The Plan uses the lower-cost Admiral share class.

DATA SOURCE:
Morningstar
12/31/2007



	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 (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)	Annual Return (2003)
Vanguard Wellington Adm	8.48	10.12	12.44	5	13	8.48	15.07	6.99	11.34	20.90
Cat: Moderate Allocation	5.99	7.32	10.24	--	--	5.99	11.29	5.13	8.86	20.35

Risk Analysis



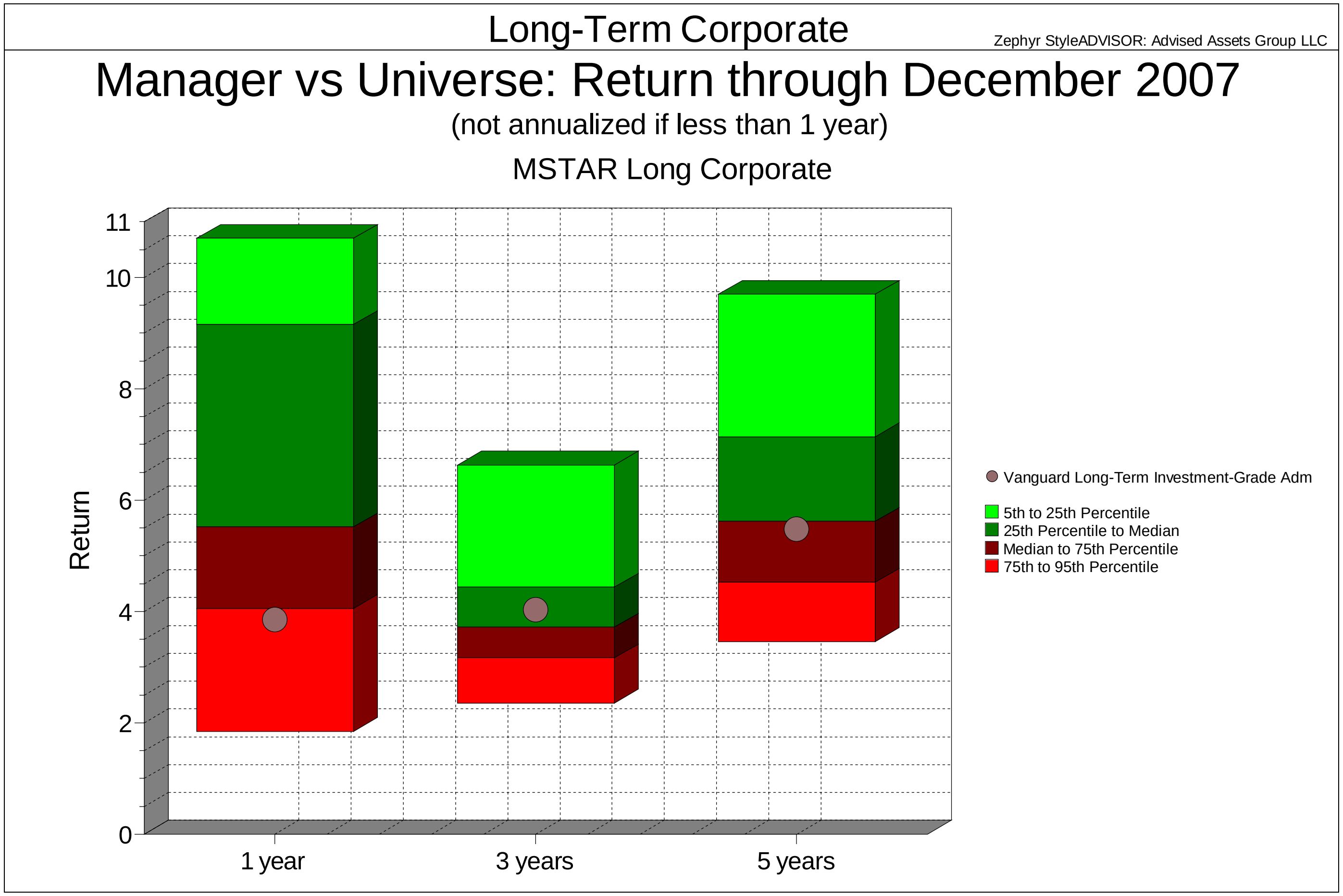
Name	Morningstar Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets $M	% Cash	Total # of Holdings	% Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
Vanguard Wellington Adm	5	5.04	6.16	49,110.76	2.40	2552	17.13	25.00	5	0.17
Cat: Moderate Allocation	3	5.80	6.40	3,458.79	12.45	464	51.87	67.46	6	1.39

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.

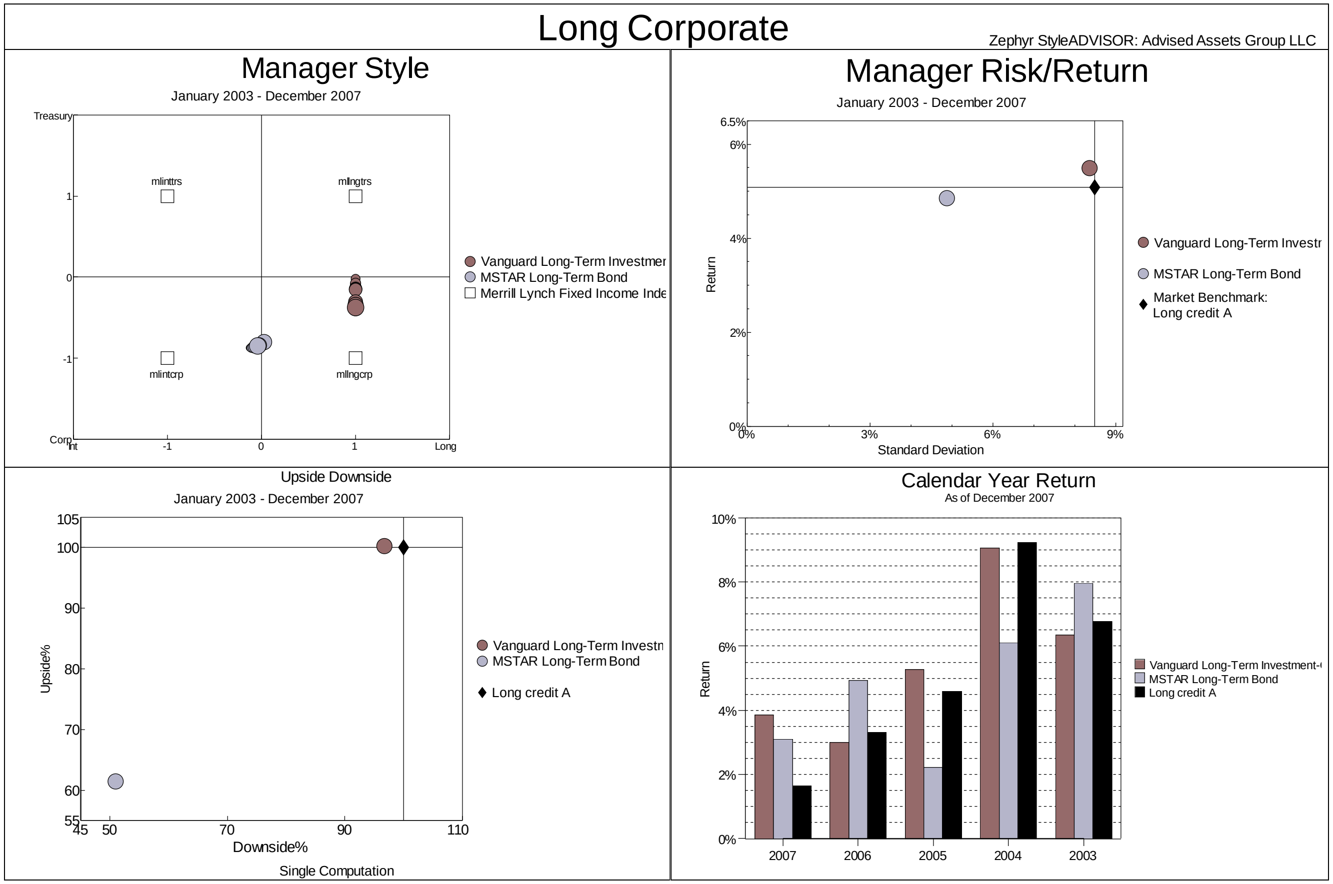
Note that the retail shares are shown to the right for historical purposes. The Plan uses the lower-cost Admiral share class.

DATA SOURCE:
Morningstar
12/31/2007



	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 (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)	Annual Return (2003)
Vanguard Long-Term Investment-Grade Adm	3.86	4.03	5.48	28	61	3.86	2.99	5.27	9.06	6.36
Cat: Long-Term Bond	3.10	3.75	5.86	--	--	3.10	4.43	2.23	6.47	8.79

Risk Analysis

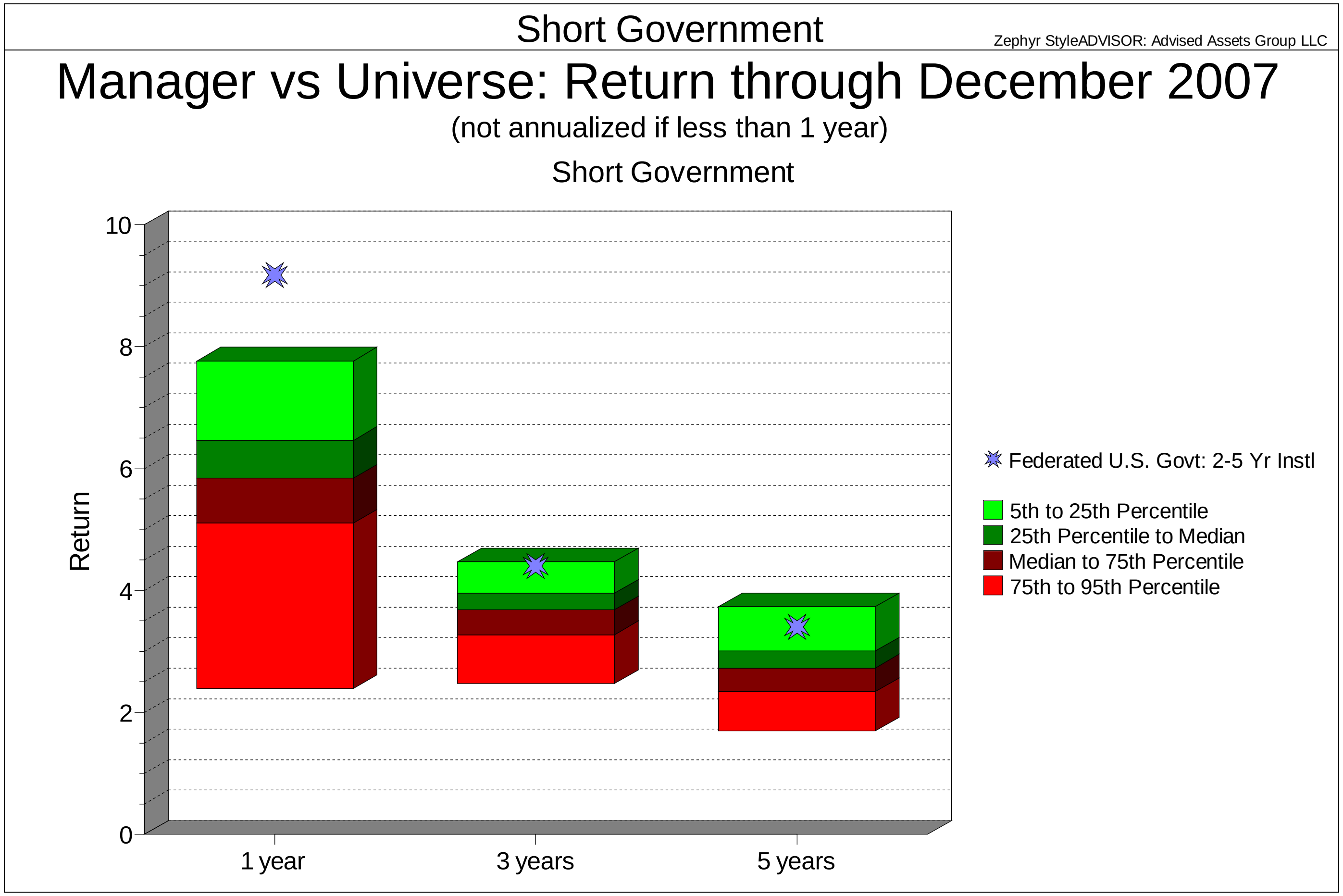


Name	Morningstar Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets $M	% Cash	Total # of Holdings	% Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
Vanguard LT Investment-Grade Adm	2	6.80	8.36	5,738.48	0.58	224	15.82	15.00	14	0.12
Cat: Long-Term Bond	3	4.68	6.85	633.96	25.58	561	47.56	155.33	3	0.84

Performance Benchmarking

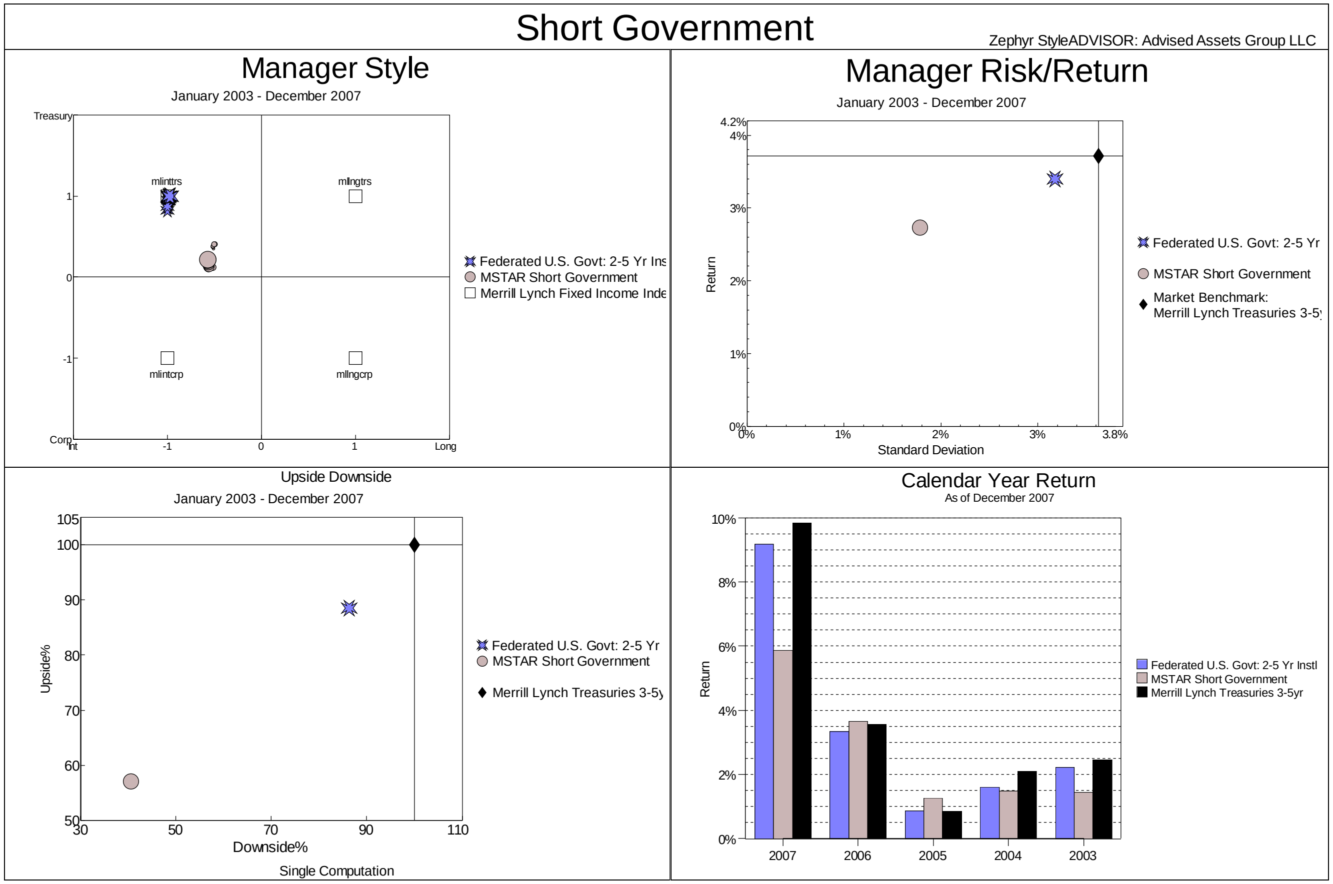
Federated U.S. Government Securities: 2-5 Year Trust seeks current income. The fund invests only in U.S. government securities with a dollar weighted duration between two and five years. It may enter into repurchase agreements.

DATA SOURCE: Morningstar 12/31/2007



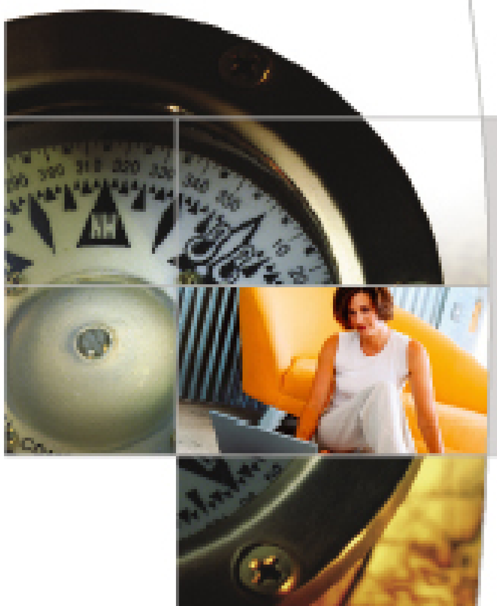
	Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)	Annual Return (2003)
Federated U.S. Govt: 2-5 Yr Instl	9.18	4.40	3.40	6	6	9.18	3.34	0.87	1.60	2.22
Cat: Short Government	5.87	3.58	2.66	--	--	5.87	3.67	1.26	1.46	1.45

Risk Analysis



Name	Morningstar Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets $M	% Cash	Total # of Holdings	% Assets in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
Federated U.S. Govt: 2-5 Yr Instl	5	2.78	3.18	731.92	5.02	21	66.09	128.00	3	0.60
Cat: Short Government	3	1.46	1.81	480.40	15.55	295	58.91	142.59	8	0.93

Lifecycle Options



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Lifecycle Option Report Card

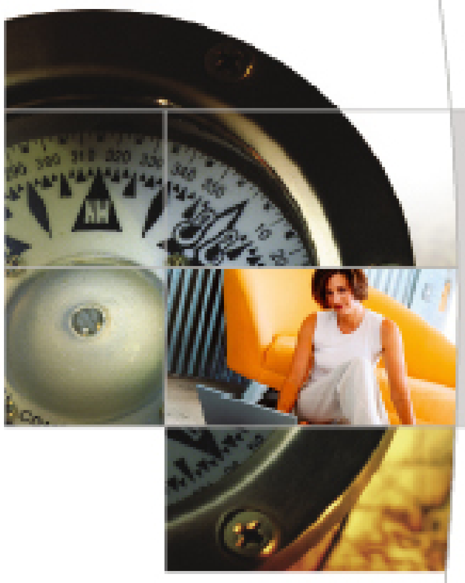
Name	Tot Ret 3 Mo	Tot Ret 6 Mo	1 year	3 year	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	% Short Term	% US Stocks	% Non US Stocks	% Inv Grade Bond	% High Yield Bond
Vanguard Target Retirement 2015	**-0.67**	**1.75**	**7.55**	**7.94**	**7.55**	**11.42**	**4.94**	**0**	**51**	**13**	**36**	**0**
Fidelity Freedom 2015	-0.78	1.33	7.82	8.39	7.82	10.36	7.01	7	44	11	33	6
T. Rowe Price Retirement 2015	-1.60	-0.04	6.75	9.01	6.75	13.73	6.69	4	59	11.5	20.25	5.25
Composite Returns*			7.50	7.96	7.50							
Dow Jones Target 2015	0.60	3.58	7.78	7.59	7.78	9.49	5.54					
Vanguard Target Retirement 2025	**-1.62**	**0.71**	**7.59**	**8.71**	**7.59**	**13.24**	**5.45**	**0**	**63**	**16**	**21**	**0**
Fidelity Freedom 2025	-1.32	0.88	8.64	9.55	8.64	11.84	8.19	0	56	14	22	8
T. Rowe Price Retirement 2025	-2.30	-1.18	6.81	9.82	6.81	15.44	7.42	0	71	13.5	11.25	4.25
Composite Returns*			7.61	8.79	7.61							
Dow Jones Target 2025	-0.95	1.33	8.31	10.34	8.31	13.75	9.03					
Vanguard Target Retirement 2035	**-2.23**	**-0.14**	**7.49**	**9.61**	**7.49**	**15.24**	**6.30**	**0**	**72**	**18**	**10**	**0**
Fidelity Freedom 2035	-1.83	0.56	9.27	10.40	9.27	12.94	9.04	0	66	17	10	8
T. Rowe Price Retirement 2035	-2.79	-1.70	6.81	10.27	6.81	16.18	8.05	0	76.5	15	5.75	2.75
Composite Returns*			7.50	9.73	7.50							
Dow Jones Target 2035	-2.02	-0.20	8.48	11.90	8.48	16.25	11.10					
Vanguard Target Retirement 2045	**-2.29**	**-0.20**	**7.47**	**10.06**	**7.47**	**15.98**	**6.95**	**0**	**72**	**18**	**10**	**0**
Fidelity Freedom 2045	-2.03	0.51	9.50		9.50			0	68	17	4	10
T. Rowe Price Retirement 2045	-2.83	-1.67	6.84		6.84	16.15		0	76.5	15	5.75	2.75
Composite Returns*			7.50	10.15	7.50							
Dow Jones Target 2045	-2.25	-0.53	8.46	12.11	8.46	16.64	11.36					
Vanguard Target Retirement Income	**1.63**	**4.63**	**8.17**	**5.94**	**8.17**	**6.38**	**3.33**	**5**	**24**	**6**	**65**	**0**
Fidelity Freedom Income	0.08	1.47	4.83	4.99	4.83	6.37	3.78	40	20	0	35	5
T. Rowe Price Retirement Income	-0.10	1.71	6.10	6.96	6.10	9.98	4.87	30	35.25	6.25	24	4.5
Composite Returns*			8.09	5.96	8.09							
Dow Jones Target Today	1.44	4.12	6.48	5.20	6.48	6.52	2.64					

*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 are in-line with their composite indices over the 1 year and 3 year periods.
- Vanguard mostly trails the Dow Jones Indices.
- The Vanguard Target Retirement Funds are in-line with their competitors over the near term periods, but mostly trail over the 3 year period.
- 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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Key Themes:

- Turmoil in credit markets likely to continue in first months of 2008. Ongoing uncertainty surrounding structured products likely to keep stock markets volatile.

- Credit problems are spilling over into the broader economy; lending standards are tightening, impacting both the consumer and business. Investors worry about recession.

- The Fed has become more aggressive, cheering equity markets but providing the bond market with worries about inflation. For the foreseeable future, the Fed is likely to concern itself more with the increasing risks to economic growth rather than inflation.

- While earnings profits for most U.S. corporations are expected to soften further, stock valuations remain quite favorable, especially for larger companies with international exposure. This will help cushion the impact of further stock market volatility.

- Developed international markets are responding in varying degrees to credit problems and U.S. economic slowing. European markets may be peaking, while Japanese stocks look increasingly attractive to analysts.

- Emerging markets are still being propelled by strong growth, although the underlying economies should take a breather as the U.S. and Europe work through the present cycle. Investors should be wary of the possibility that a bubble is forming for the asset class as a whole.

- Long-term changes are taking place in the U.S. global economic structure. Markets will digest new information on a periodic basis, creating an environment more prone to volatility than investors have grown used to over the past few years. A disciplined long-term approach will serve most investors well in this environment.

Investors are concerned about recession in the U.S. as 2008 begins. While a definite risk, it needs to be viewed in perspective. Recent history shows that it's usually the anticipation leading up to a recession that depresses stock prices rather than the actual experience of the recession itself. Stocks normally begin to stabilize within a short period following the official recognition of the recession. In three of the last four recessions, stocks actually gained ground.

A number of analysts are anticipating that, just as the U.S. market led into this down cycle, it is historically likely that it will begin to strengthen before most other markets.

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Global Economy

The collapse of the U.S. housing market bubble continues to reverberate, impacting economic activity to varying degrees throughout the world. While **global recession remains unlikely**, the increasing economic slowdown and risk of recession in the U.S. is making itself felt in myriad ways.

Most visible at present, of course, are the **ongoing problems in the credit markets**. Central Banks have been responding both by injecting liquidity directly into the banking system and by providing some easing of broad interest rates. Unfortunately, the sheer scale of the problems in the credit markets – mortgages, bond insurers, private equity and buyout activity, as well as all the uncertainty surrounding structured products – means that the world's large banks have some way to go yet to fully rebuild their capital structures; until that process completes, new credit issuance will remain limited, affecting both business and consumers.

Regions are being affected differently; the **developed economies in Europe are struggling with issues similar to those in the U.S.,** including home price deflation—particularly in Spain and the U.K.—and the unraveling of the structured products market. The business cycle there had not yet advanced as far as in the U.S., so the turmoil in the financial markets was offset to a degree by economic momentum that was still in a strong uptrend. In fact, the European Central Bank has yet to cut interest rates.

The developing economies of **Asia and Latin America are being affected by wholly different dynamics.** Strong internal growth and high savings rates, coupled with negligible participation in the structured products markets, translated to significantly less immediate reaction to the ongoing turmoil in the developed world. The impact there is likely to be felt as a more measured business slowdown. For instance, economies like Taiwan, Singapore and South Korea are already experiencing slowing in key areas such as electronics exports—the U.S. consumer, representing 19% of world economic activity, has pulled back on non-essentials. The cascading effect of this type of business slowdown will in part be the basis for overall slowing in these economies.

Given these effects, **the idea that developed and developing markets have somehow "decoupled" seems overblown**. Still, the strong internal growth due to ongoing restructuring within both Europe and a large number of developing economies has effectively counterbalanced much of the deflationary effects from the U.S. housing market. "Desynchronization" seems a more accurate depiction of present economic activity, as new dynamics have certainly come into play. Global economic activity is being driven by a widening array of sources, providing a broader base of support. At the same time, economic ties between countries and regions have grown in both complexity and number. It seems more accurate, then, to note that developing economies have gained a measure of independence from the day-to-day impact of short-term economic disruptions in the developed world, but remain tied through longer-term business cycles.

This combination of increased interdependence and visible desynchronization actually complicates the job of central bankers. Their focus and primary influence is domestic, but global pressures increasingly have a countervailing effect that can limit the effectiveness of monetary actions. In the U.S., where growing economic weakness is the central issue, the Fed is under pressure to ease. Continued strong growth outside the U.S., however, means other central banks are more concerned with inflation. Pressure there has been to tighten. Easing in the U.S., then, weakens the dollar against other currencies, and imports inflation as U.S. purchasing power declines. The Fed has been increasingly torn between fighting inflation and stimulating the economy.

Further, **monetary stimulus may have a limited effect in this environment**. Each time the Fed has cut in the past few months, the equity markets have rallied for one day, then resumed their downward trend. This underscores the concern that the economy is facing structural issues that a less restrictive credit environment cannot entirely address.

Unarguably, there are myriad components of high importance to global economic growth. Over the past several months, there has been a slow unwinding of the vast leverage that had gradually grown within the credit markets. The ongoing uncertainty as to how and when this process will ultimately end is affecting both financial markets and business planning.

A strong case can be made that another important component for global growth is the ongoing health of the U.S. consumer. Despite the impressive economic gains being made worldwide, the U.S. remains the primary force in the global economy. *One fifth of world GDP is tied to the U.S. consumer*. In turn, the consumer constitutes an even more elemental force in the U.S. economy: fully 70% of domestic GDP is attributable to this sector.

The slow but constant increase in pressure on the U.S. consumer is a subject under much scrutiny. The deflation in home prices is only the latest challenge. Real income growth has been stagnating for decades. Households initially compensated by adding a second household income as women entered the workforce in record numbers. As the percentage of income taken up by healthcare, education and retirement steadily increased, Americans took on more household debt. Ultimately, of course, they tapped into their most important asset and utilized the equity in their homes. At each stage, **household balance sheets have become less resilient to financial shock.**

U.S. consumer spending has been a closely watched statistic these past few months; indeed, the "resiliency" of this sector has been lauded as one of the important pillars holding up the U.S. economy following the spread of the subprime contagion. Holiday spending was down, however, and the effects were felt from the local mall to Asian manufacturers. While much has been made of the strength in corporate balance sheets, it seems counterintuitive to expect robust overall economic growth when the engine that is the U.S. consumer is sputtering.

Global growth is set to slow to 4.6% in 2008, down from 5% in 2007. This is likely to be a net positive for the global economy, as it will lower inflationary pressure and allow central banks outside the U.S. to begin easing interest rates. Pressure will ease on the U.S. currency and, in turn, the U.S. consumer.

Regions

U.S. – what has long been characterized as a mid-cycle slowdown appears to be developing into a full-blown recession. Factors contributing to the economic slowdown include an ongoing decline in residential construction activity, a flattening of business equipment investment, financial market turbulence, tighter lending standards, a weakening jobs market, eroding home prices and deteriorating consumer confidence. In the positive column, strong growth in much of the rest of the world, coupled with strong corporate balance sheets and a favorable exchange rate mean that most larger corporate entities will continue to do relatively well.

The Fed has been responding to increased downside economic risks slowly, but as the new year began, promised to move more aggressively "as the situation warrants." Even with economic growth now at the top of the agenda, inflation remains a central concern. Oil prices continue to wreak havoc on the consumer price index. Even though oil prices are expected to moderate slightly, it seems doubtful that they'll move back to levels below $70. Long-term structural changes in the global economy—particularly the voracious energy appetite throughout the developing world—appear to have shifted equilibrium prices for both food and energy into new territory. This inflationary pressure doesn't just affect the U.S., of course, but the concomitant erosion in U.S. purchasing power represented by the ongoing decline in the dollar makes the Fed's job extremely difficult.

GDP growth in the U.S. is expected to run well below trend throughout 2008. Expectations run in a range from 0.9% to 1.5%, with the first half of the year possibly running in the negative.

Europe

Eurozone GDP growth was strong throughout the past year, gaining 2.9% in 2007. Business investment was stimulated by a continuing increase in exports. Unlike in the U.S., a robust business environment did not extend to any degree into the Continent's consumer sector (the U.K. more so), so the expansion appears to have topped out in mid-year. This coincides with the beginning of a tightening cycle by the European Central Bank (ECB), and a currency that continued to gain in strength throughout the year.

The credit crisis extended well into the U.K., Germany and France, the big three economies in Europe. Many of their financial institutions are finding themselves in similar straits to their U.S. brethren, so those economies are also struggling with credit difficulties. Higher energy prices and strong currencies contribute to a less accommodative business environment; **growth throughout the region is expected to slow to 1.9% in 2008**.

As in the U.S., these factors provide competing priorities for the two central banks to consider. The Bank of England, dealing with softening in both housing and consumer spending, as well as the virtual implosion of a large mortgage lender, has lowered rates. Further cuts may be considered. The ECB, with a more benign environment, remains focused strongly on inflation. Concerns there center around the so-called "second round" effects from the run-up in energy prices; a move to tighten in the first half of 2008 is not out of the question.

Japan

Good strides have been made in the Japanese economy throughout the decade. Excess debt and capacity have been eliminated, paving the way for a self-sustaining recovery beginning in 2003. Business investment and consumer spending both have made positive contributions to growth in the period since, putting in place an expansion that is both more broad-based and resilient than past expansions, which were essentially export-led.

The last three quarters have proved disappointing, however. Housing has been contracting, and both business investment and consumer spending have stalled. Once again, the economy finds itself dependent on exports.

This puts Japan in a difficult position. A slowdown in the U.S. economy clearly affects it, and it is increasingly vulnerable to any pronounced slowdown in China. If there is a silver lining, it is that businesses in Japan have been operating in a difficult environment for the better part of two decades, and they know how to operate "lean and mean." As the rest of the world cycles into its own more difficult environment, investors are likely to find that Japanese companies have already made the adjustments their competition is now facing.

Still, Japan struggles with deflationary tendencies, and it has few tools to combat it. Interest rates, at 0% for six years, remain at 0.5% going into 2008 – monetary stimulus is clearly not an option. An aging population and an environment where real incomes have not advanced in decades is likely to mean that Japan's economy and its export-oriented corporations will once again pursue different paths.

GDP for 2008 is expected to be about 1.4%.

Developing Economies

Western investors are not used to thinking of the world's developing economies in terms of "sustainability"; financial crises are still expected at every turn. Since the Asian crisis in 1998, though, a lot of these economies have put in place better economic and political structures. **Globalization has benefited these economies enormously**, and their participation in world trade flows is up commensurately. All of these factors have contributed to the current account surpluses that have been building now for years, culminating in their now becoming the *supplier of capital* to the developed economies as they deal with the self-inflicted pain of the credit crisis.

Most investors need to begin the process of thinking about these economies more broadly. While export is clearly still the major focus, some are exporting raw materials, but others have moved quite far up the chain into sophisticated manufactured products. Nearly all of them have an ongoing focus on building modern infrastructure that will ultimately allow them to compete on any playing field. The bottom line is, they are still big suppliers of raw materials, but they are now major consumers of those very same raw materials. This is a different set of dynamics than existed just a few short years ago.

Growth in most of these economies is likely to moderate in line with the slowing in the more developed economies. On a relative basis, however, look for the developing world to remain an important engine of growth.

Volatility – a fancy word for what happens when we are surprised. - *Robert Schiller*

Markets

Volatility characterized markets throughout the world in 2007, and investors should expect more of the same in 2008. This is market reaction to the ongoing uncertainty surrounding the unwinding of the leverage inherent in the structured products market. Both stock and bond markets are affected by the still-extending credit crisis, and inter-day market moves are to be expected.

Index	Asset Class	Q4	YTD
Russell 1000 Growth	Large Cap Growth	-0.77	11.81
Russell 1000 Value	Large Cap Value	-5.80	-0.17
Russell Mid Cap Growth	Mid Cap Growth	-1.70	11.43
Russell Mid Cap Value	Mid Cap Value	-5.97	-1.42
Russell 2000 Growth	Small Cap Growth	-2.10	7.05
Russell 2000 Value	Small Cap Value	-7.28	-9.78

Source: Russell

Sector Name	Q4 2007	YTD
Energy	4.73	34.56
Materials	.09	22.64
Industrials	-4.35	12.80
Consumer Disc	-10.25	-13.44
Consumer Staples	-0.97	14.03
Financials	-14.07	-18.42
Healthcare	0.14	8.02
Information Technology	-0.61	15.43
Media	-3.66	-15.77
Telecomm Services	-5.12	11.87
Transportation (DJ)	-5.17	1.43
Utilities	6.78	16.46

Source: Standard & Poor's

In the U.S., 2007 ushered out the long dominance of value stocks over growth stocks. The aging of both the business cycle and the bull market also shifted investors' focus away from smaller companies. Large companies not only have collective strength in their balance sheets, but benefit more from global trade and currency shifts. Smaller companies tend to be more dependent on the domestic economy.

Uncertainty about the credit crisis on financial markets has also extended to widespread uncertainty about the U.S. economy as a whole, adding new worries for stocks.

There was wide disparity in the performance of market sectors throughout the year, as well. Energy and Materials companies both benefited from the global economic boom, as did Information Technology companies. Healthcare and Utilities managed to stay in positive territory throughout the year, as well.

Not surprisingly, Financials led the pack to the downside. The good news here is that banks and brokerage houses are aggressively writing down their losses and bringing problem instruments directly onto their balance sheets. This is having the desired effect of wringing uncertainty regarding their actual value out of investors' minds. The market is actively pricing this sector, and a degree of comfort is slowly being restored.

Were only the same to be said for the Consumer Discretionary sector. The Housing industry falls within this sector, and analysts still expect more contraction in new residential construction. Most of that negative sentiment is probably already priced into the stocks of builders and suppliers. Still declining home values and increasing job uncertainty appear to be leading households to pull back on their overall spending, which is likely to challenge many manufacturers and retailers, at least over the near term.

Looking forward into 2008, most analysts believe that much of the bad news is already priced into the market. Large companies with solid balance sheets, particularly those with familiar brands and product lines that households routinely purchase, should weather this market downturn fairly well.

Sectors such as Energy and Materials, facing some measure of economic slowing worldwide, are likely to begin a consolidation phase. Few analysts expect past levels of gains to continue, at least for the near term. Orders for IT equipment are beginning to show signs of slowing as well.

Above all, this is most likely to be a "stock picker's market." Broad gains are not expected, but good companies should perform reasonably well. Active management has the opportunity to beat index returns in this environment.

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Global stock markets ended the year in positive territory, with the developed markets represented by the EAFE Index (Europe, Australia, Far East) posting combined gains similar to those found in U.S. large and mid-cap growth stocks. Emerging markets, powered by strong economic growth, continued to provide investors with high average returns almost across the board.

Country/Region	YTD	1 Yr	3 Yrs	5 Yrs
United Kingdom	8.39	8.39	15.00	19.15
Germany	35.93	35.93	27.14	31.62
France	14.03	14.03	19.53	23.49
Japan	-4.14	-4.14	8.59	15.11
Hong Kong	41.20	41.20	25.89	28.06
Eastern Europe	25.98	25.98	40.45	43.27
Latin America	50.67	50.67	48.15	51.13
Far East	37.04	37.04	31.38	31.05

Source: Zephyr Analytics

Regionally, market returns provide a good snapshot of which countries are benefiting most from the global themes of economic liberalization, trade globalization and infrastructure development. The U.S. and **U.K.**, long practioners of liberal economic policies, benefit little internally from the kinds of deregulation happening in formally Socialist and Communist economies. **Japan** has completed a great deal of needed reform, but there are still many areas that hamper internal economic activity.

Germany and France are still enjoying a renaissance as they tear down old barriers, both the economic ones of Socialism and the physical ones represented by the Berlin Wall. As well, German companies in particular find their expertise in advanced-engineering products and services much in demand.

Emerging market countries are now referred to as developing economies, a linguistic shift that quite accurately portrays the sea change that has occurred in may countries of Asia and Latin America. During the 4th quarter, when global banks were busy writing off more than $35 billion in mortgage-related securities, asset-backed commercial paper fell sharply, interbank lending nearly froze, and the U.S. and European central banks were announcing emergency funding arrangements, **these markets as an asset class still rose 3.6%**.

Looking into 2008, we find a more mixed environment for international markets. There

	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
MSCI EAFE	11.63	11.63	17.32	22.08	9.04
Emerging Markets	39.78	39.78	35.60	37.46	14.53
S&P 500	5.49	5.49	8.62	12.83	5.91

Source: Zephyr Analytics

are few signs that the ongoing credit crisis is truly stabilizing; indeed, more areas continue to be affected. As credit generally contracts, it will likely have a dampening effect on business in developed countries. Some sectors, of course, will be more susceptible than others to this type of credit environment, so, as in the U.S. equities market, careful stock selection will be important.

In addition, the slowing in the key U.S. economy will affect the global business environment as a whole. **European markets** in particular face some headwinds from this combination of factors, and most market analysts expect these markets to struggle a bit this year.

In Asia, investor sentiment is largely dependent on developments in China. At present, China represents 6.8% of global output—greater than Brazil, Russia and India combined—and in 2008 is set to surpass Germany as the world's third largest economy. China's demand for raw materials—from ores and metals to meats and grains and, especially, for hydrocarbons—is the lynchpin for the growth in other emerging economies. Capital outflows from China are expected to continue supporting emerging Asian equities as well as markets rich in natural resources. Bottom line, emerging markets in Asia, which represent about 55% of the asset class, is much better positioned to weather a downturn in the U.S. economy than it was a decade ago.

For all developing economies, the long-term drivers of technology, media, and infrastructure development all remain in place. The market cycle itself, however, faces rising uncertainty. Even with the severe credit contraction taking place throughout the U.S. and European economies, **the developing world remains awash in cash.** Multiple years of high rates of growth have generated capital surpluses looking for a place to work. Petrodollars add to this stockpile, changing the world's financial balance. The rise of Sovereign Wealth funds and the entry into the markets of other newly-wealthy key players is another source of uncertainty that all markets struggle to digest.

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Because of the ongoing strength in the underlying economies of these markets, they are likely to continue to attract investor funds in 2008 and beyond. This creates the potential for bubbles to form, taking on a life of their own. As with the recent bubbles in U.S. residential real estate and the dot.coms before that, there is always the prospect of things turning ugly. Investors should keep this in mind in their asset allocations.

The Fixed Income markets have had a very interesting year. Yield curves in the first half of the year had nearly flattened as investors appeared to be almost indifferent to risk levels. That began to change to a degree in the second quarter, as both the European Central Bank and the Bank of England, responding to strong economic growth, began to raise interest rates. Investors slowly demanded more payment for riskier assets such as high yield corporate bonds and emerging market debt, but it wasn't until June that they seemed to awake fully to the problems in the U.S. subprime mortgage sector.

The action picked up smartly in the third quarter, with the realization that the problems with subprime were distributed fairly generously throughout the system via such structured products as collateralized debt obligations (CDOs) and structured investment vehicles (SIVs). Worse, they were highly leveraged. Thus began the credit contraction that is still affecting the economy and markets alike.

Investors subsequently fled to government bonds, stodgy and safe. Prices rose and yields fell, providing holders of these bonds a stellar two quarters. Holders of other fixed income instruments haven't fared quite as well.

Looking forward, while the Fed appears ready to continue cutting interest rates, the shorter end of the U.S. yield curve seems to have priced much of this in. The longer end is now grappling with worrisome inflation data. Most analysts generally agree that government bonds no longer provide attractive valuations. Many investors are looking now to inflation-protected bonds and, for the more risk tolerant, higher grade corporate bonds.

Amer Funds EuroPac A

Analyst	Ticker	Load	NAV	Yield	Total Assets	Mstar Category
Pick	AEPGX	5.75%	$47.04	2.0%	$114,471 mil	Foreign Large Blend

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

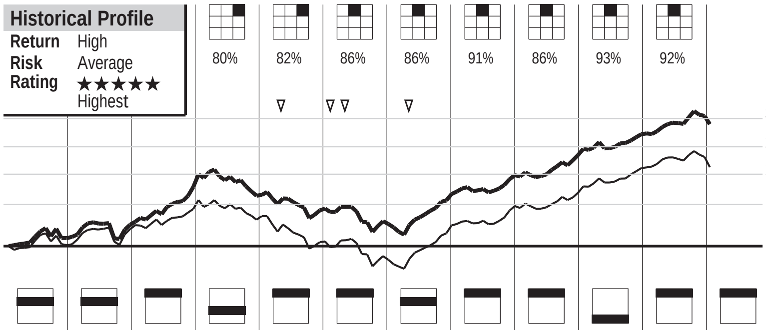
Like all American Funds, this offering boasts many experienced managers, most of whom have been with the company for more than a decade. Each manager runs his or her portion of assets independently of the others. A portion of the portfolio (less than 25% of assets) is run by the firm's analyst staff.

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.

Historical Profile

Return High
Risk Average
Rating ★★★★★ Highest



Investment Style
Equity
Stock %

▼ Manager Change
∇ Partial Manager Change

Growth of $10,000
Investment Values of Fund
Investment Values of MSCI EAFE

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
26.02	28.40	42.66	31.35	26.87	22.97	30.21	35.63	41.10	46.56	50.87	47.04	NAV
9.19	15.54	56.97	-17.84	-12.17	-13.61	32.91	19.69	21.12	21.87	18.96	-7.53	Total Return %
7.41	-4.39	29.94	-3.67	9.27	2.33	-5.68	-0.56	7.58	-4.47	7.79	1.71	+/-MSCI EAFE
6.92	-3.15	28.99	-4.49	9.23	2.19	-6.51	-0.69	6.65	-3.84	6.52	1.49	+/-MSCI Wd xUS
1.78	1.40	1.03	0.50	2.09	0.90	1.35	1.68	2.02	1.88	2.16	0.00	Income Return %
7.41	14.14	55.94	-18.34	-14.26	-14.51	31.56	18.01	19.10	19.99	16.80	-7.53	Capital Return %
32	38	17	60	4	20	49	20	7	82	9	12	Total Rtn % Rank Cat
0.45	0.36	0.29	0.19	0.66	0.24	0.31	0.51	0.72	0.77	1.01	0.00	Income $
1.93	1.26	1.39	3.74	0.00	0.00	0.00	0.00	1.32	2.71	3.63	0.00	Capital Gains $
0.90	0.86	0.84	0.84	0.84	0.88	0.90	0.87	0.82	0.76	0.75	—	Expense Ratio %
1.77	1.64	1.45	0.93	1.89	1.21	1.06	1.08	1.31	1.58	1.54	—	Income Ratio %
26	31	32	29	37	27	29	25	30	35	27	—	Turnover Rate %
18,854	20,798	34,783	31,496	27,153	22,601	29,908	36,920	45,485	56,109	63,433	58,035	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	-9.66	17.98	9.27	14.13	32.91
2004	6.79	-1.83	0.47	13.63	19.69
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

Trailing	Total Return%	+/- MSCI EAFE	+/- MSCI Wd xUS	%Rank Cat	Growth of $10,000
3 Mo	-11.70	2.50	2.52	10	8,830
6 Mo	-1.01	6.51	5.76	8	9,899
1 Yr	9.16	8.94	7.48	5	10,916
3 Yr Avg	18.01	4.19	3.50	10	16,434
5 Yr Avg	21.68	1.40	0.91	12	26,674
10 Yr Avg	11.06	3.93	3.54	4	28,548
15 Yr Avg	12.55	3.69	3.39	3	58,909

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	14.07	26	1.41	51
5 Yr (estimated)	19.02	30	1.02	53
10 Yr (estimated)	9.18	6	1.11	57

Potential Capital Gain Exposure: 29% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	2.88			
3 Yr	15.70	+Avg	Avg	★★★★
5 Yr	20.25	+Avg	Avg	★★★★
10 Yr	10.41	High	-Avg	★★★★★
Incept	13.59			

Other Measures	Standard Index MSCI EAFE	Best Fit Index MSCI Wd xUS
Alpha	3.9	3.4
Beta	0.98	0.97
R-Squared	92	93
Standard Deviation	11.44	
Mean	18.01	
Sharpe Ratio	1.14	

Portfolio Analysis 09-30-07

Share change since 06-07 Total Stocks:300	Sector	Country	% Assets
⊕ Roche Holding Ltd	Health	Switzerland	3.39
Bayer	Ind Mtrls	Germany	2.46
Novo-Nordisk A S	Health	Denmark	1.89
⊕ Banco Santander	Financial	Spain	1.88
⊖ America Mobile ADR	Telecom	Mexico	1.87
⊕ Hon Hai Precision Indust	Hardware	Taiwan	1.51
Nestle	Goods	Switzerland	1.45
⊕ Samsung Electronics	Goods	Korea	1.44
Kookmin Bank	Financial	Korea	1.40
AXA	Financial	France	1.36
⊖ Nokia	Hardware	Finland	1.27
⊕ Brazilian Petroleum Corp	Energy	Brazil	1.21
Vodafone Grp	Telecom	U.K.	1.17
Reliance Industries Ltd	Ind Mtrls	India	1.02
⊕ Inditex Grp	Goods	Spain	1.01
⊕ MTN Grp Ltd	Telecom	South Africa	0.98
POSCO	Ind Mtrls	Korea	0.92
Linde	Ind Mtrls	Germany	0.92
Continental	Ind Mtrls	Germany	0.89
Koninklijke KPN	Telecom	Netherlands	0.89

Current Investment Style

Value Blnd Growth; Large Mid Small

Market Cap	%
Giant	57.6
Large	37.3
Mid	5.1
Small	0.0
Micro	0.0
Avg $mil: 38,710	

Value Measures		Rel Category
Price/Earnings	14.73	1.00
Price/Book	2.24	0.99
Price/Sales	1.28	1.06
Price/Cash Flow	8.81	0.99
Dividend Yield %	2.87	0.98

Growth Measures	%	Rel Category
Long-Term Erngs	14.27	1.06
Book Value	13.00	1.22
Sales	10.12	1.04
Cash Flow	16.50	1.08
Historical Erngs	16.06	0.74

Composition

Cash	6.5	Bonds	1.1
Stocks	92.4	Other	0.0
Foreign (% of Stock)	99.5		

Sector Weightings	% of Stocks	Rel MSCI EAFE	3 Year High	3 Year Low
Info	21.72	1.73		
Software	0.80	1.51	1	0
Hardware	8.48	2.17	10	6
Media	1.74	1.05	3	2
Telecom	10.70	1.65	17	7
Service	40.61	0.93		
Health	9.19	1.36	10	9
Consumer	4.76	0.96	5	5
Business	4.06	0.79	4	1
Financial	22.60	0.84	26	22
Mfg	37.68	0.86		
Goods	14.25	1.08	18	14
Ind Mtrls	13.20	0.76	13	10
Energy	7.71	1.04	9	6
Utilities	2.52	0.44	3	1

Regional Exposure	% Stock		
UK/W. Europe	54	N. America	3
Japan	10	Latn America	6
Asia X Japan	22	Other	5

Country Exposure	% Stock		
Germany	10	U.K.	8
France	10	Switzerland	8
Japan	10		

Morningstar's Take by Michael Breen 11-01-07

American Funds EuroPacific Growth is still special.

This fund continues to buck conventional wisdom. At more than $120 billion in assets, it's the largest portfolio in its category by a wide margin: It's 4 times the size of the next-largest foreign large-blend fund. Many would say this makes the fund too big to maneuver. And when the fund took a breather in 2006 after trouncing its competitors in eight of the 10 prior years, some took it as a sign that the fund was permanently slowing down.

Such is not the case. For one, the fund lagged its peers in 2006, but still returned 21.9%--solid by anyone's standards. And its managers remain strong stock-pickers who handle the fund's big asset base with aplomb. Although the fund is underweight in the hot-performing energy sector, its picks have doubled the returns for the index's energy stocks so far in 2007. And several longtime top holdings, such as Bayer and America Mobile, have gained more than 50% in 2007. The fund is up 19.7% for the year to date through October 23, 2007, topping nearly all of its peers and the benchmark. Its long-term record remains nearly unmatched. Its returns land in or near the category's top quintile in every trailing period.

We're also not worried about a couple of other longtime concerns: Portfolio breadth and emerging-markets exposure. The portfolio currently holds 285 names, but such expansiveness is not new. It started holding between 200 and 300 names about 15 years ago. And its top 100 holdings soak up about 70% of assets--a similar level as in 1992. The fund's emerging-markets stocks are big, leading firms, such as Brazilian Petroleum and Telephones of Mexico, that are concentrated in the so-called top-tier countries such as Mexico, Brazil, Russia, and South Africa. The fund doesn't hold tiny fly-by night firms in exotic locales like Kazakhstan.

This remains a topnotch foreign fund. Low expenses add to its appeal.

Address:	333 S Hope St - 55th FL Los Angeles, CA 90071 800-421-0180
Web Address:	www.americanfunds.com
Inception:	04-16-84
Advisor:	Capital Research & Mgmt Company
Subadvisor:	None
NTF Plans:	Federated Tr NTF, Schwab Instl NTF

Minimum Purchase:	$250	Add: $0	IRA: $0
Min Auto Inv Plan:	$250	Add: $50	
Sales Fees:	5.75%L, 0.25%S		
Management Fee:	0.69% mx./0.40% mn.		
Actual Fees:	Mgt:0.43%	Dist:0.25%	
Expense Projections:	3Yr:$813	5Yr:$989	10Yr:$1497
Income Distrib:	Annually		

DFA U.S. Micro Cap I

Ticker	Load	NAV	Yield	Total Assets	Mstar Category
DFSCX	None	$12.44	1.8%	$4,176 mil	Small Blend

Governance and Management

Stewardship Grade:

Portfolio Manager(s)

A team of portfolio managers, led by Robert Deere, runs this offering. 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.

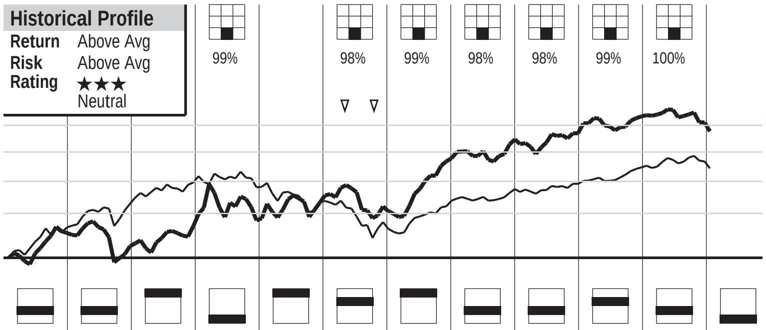
Historical Profile

Return: Above Avg
Risk: Above Avg
Rating: ★★★ Neutral

Investment Style: Equity, Stock %

99% 98% 99% 98% 98% 99% 100%

▼ Manager Change
∇ Partial Manager Change



Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
11.78	10.76	12.61	9.64	10.01	8.53	13.32	15.12	14.77	15.70	13.47	12.44	NAV
22.78	-7.32	29.79	-3.60	22.77	-13.27	60.72	18.39	5.69	16.16	-5.22	-7.65	Total Return %
-10.58	-35.90	8.75	5.50	34.66	8.83	32.04	7.51	0.78	0.37	-10.71	-1.65	+/-S&P 500
0.42	-4.77	8.53	-0.58	20.28	7.21	13.47	0.06	1.14	-2.21	-3.65	-0.83	+/-Russ 2000
0.23	1.28	3.49	3.89	0.51	0.16	2.42	2.04	2.38	2.02	1.55	0.00	Income Return %
22.55	-8.60	26.30	-7.49	22.26	-13.43	58.30	16.35	3.31	14.14	-6.77	-7.65	Capital Return %
57	72	22	87	9	32	7	53	61	37	74	76	Total Rtn % Rank Cat
0.03	0.15	0.38	0.49	0.05	0.02	0.21	0.27	0.36	0.30	0.24	0.00	Income $
1.89	0.00	0.89	1.99	1.71	0.14	0.18	0.36	0.84	1.13	1.16	0.00	Capital Gains $
0.60	0.59	0.61	0.56	0.56	0.56	0.56	0.16	0.55	0.53	—	—	Expense Ratio %
0.21	0.18	0.30	0.34	0.41	0.24	0.25	0.64	0.48	0.64	—	—	Income Ratio %
28	26	23	37	—	—	—	—	—	24	—	—	Turnover Rate %
1,437	1,360	1,452	1,378	1,663	1,533	2,685	3,380	3,912	4,881	4,562	4,176	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	-3.99	27.35	12.56	16.77	60.72
2004	6.46	0.14	-4.32	16.06	18.39
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

Trailing	Total Return%	+/- S&P 500	+/- Russ 2000	%Rank Cat	Growth of $10,000
3 Mo	-15.47	-4.92	-1.91	82	8,453
6 Mo	-11.75	-7.43	-4.24	71	8,825
1 Yr	-13.46	-11.15	-3.67	75	8,654
3 Yr Avg	3.87	-3.41	-1.94	72	11,207
5 Yr Avg	15.90	3.86	0.64	26	20,913
10 Yr Avg	9.77	4.63	3.27	22	25,400
15 Yr Avg	12.43	2.45	3.09	19	57,974

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	2.13	61	1.68	43
5 Yr (estimated)	14.34	28	1.35	43
10 Yr (estimated)	7.75	25	1.84	78

Potential Capital Gain Exposure: 7% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-13.46			
3 Yr	3.87	-Avg	+Avg	★★
5 Yr	15.90	+Avg	+Avg	★★★
10 Yr	9.77	+Avg	+Avg	★★★
Incept	12.77			

Other Measures	Standard Index S&P 500	Best Fit Index Russ 2000
Alpha	-3.8	-1.8
Beta	1.38	1.01
R-Squared	69	97
Standard Deviation	14.10	
Mean	3.87	
Sharpe Ratio	0.03	

Portfolio Analysis 10-31-07

Share change since 09-07 Total Stocks:0	Sector	PE	Tot Ret%	% Assets
⊖ Dimensional U.S. Micro C	—	—	—	100.00

Morningstar's Take by Marta Norton 11-01-07

DFA U.S. Micro Cap has considerable appeal, but it's not appropriate for all investors.

Dimensional Fund Advisors bases this fund on economic theory that says small-cap stocks outpace their larger brethren. The fund owns the smallest 5% of exchanged-listed stocks (generally that means somewhere between 2,000 and 3,000 stocks) and stays diversified across industries and sectors. Lately, this approach hasn't borne out as economic theory suggests. The fund's 4.4% gain trails the S&P 500's 10.8% climb for the year-to-date period ending Oct. 15, 2007.

We're not worried by the lagging short-term returns. Small-cap stocks have been due a breather after a long multiyear rally. Plus, the fund has managed to outstrip the broad market over the long haul. Its annualized 13.7% return since its late 1981 inception edges past that of the S&P 500 and that of its typical small-blend rival. A low expense ratio and low transaction costs (the fund minimizes turnover and uses techniques like block trading to keep trading efficient) have helped in that regard.

The higher long-term returns are attractive, but we'd suggest that investors do a gut check before investing here. Tiny companies are often in the early stages of development and while that gives them tremendous growth potential, they can also easily go bankrupt or, at the very least, face serious financial problems. As a result, this fund is much more volatile than the S&P 500 and the typical small-value fund. Moreover, the fund has been particularly hard hit in years like 1998, when small-cap stocks sold off sharply. Indeed, that year the typical small cap lost 3%, while this fund dropped more than 7%.

Thus, while this well-structured fund can be a good diversifier for investors with plenty of large-cap exposure, we recommend it only to those who can handle the fits and starts. Even then, we suggest investors limit it to a small portion, say 5%, of their total portfolios.

Current Investment Style

Value Blnd Growth / Large Mid Small

Market Cap	%
Giant	0.0
Large	0.0
Mid	0.3
Small	39.8
Micro	59.9
Avg $mil: 444	

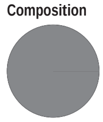
Value Measures		Rel Category
Price/Earnings	15.34	0.96
Price/Book	1.94	0.96
Price/Sales	0.92	0.92
Price/Cash Flow	7.17	0.87
Dividend Yield %	0.77	0.68

Growth Measures	%	Rel Category
Long-Term Erngs	14.39	1.06
Book Value	3.48	0.41
Sales	-24.78	NMF
Cash Flow	-19.46	NMF
Historical Erngs	-14.91	NMF

Profitability	%	Rel Category
Return on Equity	5.79	0.43
Return on Assets	1.21	0.21
Net Margin	5.38	0.54

Sector Weightings	% of Stocks	Rel S&P 500	3 Year High	3 Year Low
Info	20.45	1.03		
Software	5.76	1.44	6	6
Hardware	11.14	1.18	11	10
Media	1.28	0.44	2	1
Telecom	2.27	0.65	2	1
Service	50.13	1.19		
Health	15.53	1.28	16	15
Consumer	9.13	1.29	10	9
Business	11.44	2.57	13	11
Financial	14.03	0.76	16	13
Mfg	29.42	0.77		
Goods	6.25	0.68	7	6
Ind Mtrls	17.61	1.34	18	15
Energy	4.02	0.33	5	4
Utilities	1.54	0.42	2	1

Composition



Cash	0.3
Stocks	99.5
Bonds	0.0
Other	0.1
Foreign (% of Stock)	0.0

Address:	1299 Ocean Ave, Santa Monica, CA 90401, 310-633-7885	Minimum Purchase:	$0	Add: $0	IRA: $0
Web Address:	www.dfafunds.com	Min Auto Inv Plan:	$0	Add: —	
Inception:	12-23-81	Sales Fees:	No-load		
Advisor:	Dimensional Fund Advisors Ltd	Management Fee:	—		
Subadvisor:	None	Actual Fees:	—	Dist: —	
		Expense Projections:	3Yr:$170	5Yr:$296	10Yr:$665
		Income Distrib:	Quarterly		
NTF Plans:	N/A				

T. Rowe Price Mid Gr

Ticker	Load	NAV	Yield	Total Assets	Mstar Category
RPMGX	Closed	$52.73	0.1%	$15,906 mil	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

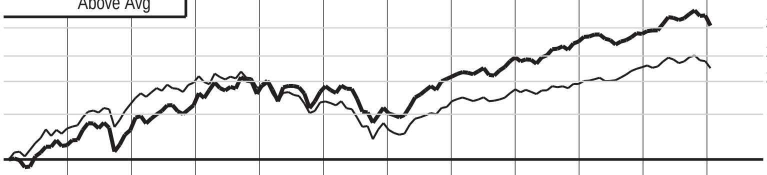
Manager Brian Berghuis looks for companies with sound business models that are growing rapidly. But unlike some other mid-growth managers, he pays close attention to valuations: The fund's average P/E is well below that of its typical rival. He also keeps the fund well diversified across sectors and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

Historical Profile

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

Investment Style: Equity Stock %: 96% 94% 95% 94% 96% 97% 96% 94%

▼ Manager Change
▽ Partial Manager Change



Growth of $10,000
- Investment Values of Fund
- Investment Values of S&P 500

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
28.60	34.08	40.13	39.79	39.40	31.04	42.90	49.88	54.14	53.69	57.67	52.73	NAV
18.33	22.00	23.78	7.43	-0.98	-21.22	38.21	18.39	14.82	6.79	17.65	-8.57	Total Return %
-15.03	-6.58	2.74	16.53	10.91	0.88	9.53	7.51	9.91	-9.00	12.16	-2.57	+/-S&P 500
-4.21	4.14	-27.51	19.18	19.17	6.19	-4.50	2.91	2.72	-3.87	6.22	-0.62	+/-Russ MG
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.11	0.00	Income Return %
18.33	22.00	23.78	7.43	-0.98	-21.22	38.21	18.39	14.82	6.64	17.54	-8.57	Capital Return %
47	39	85	26	7	24	33	13	15	64	37	44	Total Rtn % Rank Cat
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.06	0.00	Income $
0.30	0.73	1.88	3.27	0.00	0.00	0.00	0.90	3.15	4.07	5.33	0.00	Capital Gains $
0.95	0.91	0.87	0.86	0.89	0.88	0.87	0.83	0.80	0.80	—	—	Expense Ratio %
-0.14	-0.14	-0.09	-0.09	-0.35	-0.50	-0.44	-0.39	-0.12	0.14	—	—	Income Ratio %
43	47	53	54	43	36	30	30	29	34	—	—	Turnover Rate %
1,839	3,310	5,243	6,589	6,739	5,713	9,869	12,651	15,187	14,629	16,905	15,213	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	-1.32	19.62	4.20	12.36	38.21
2004	3.36	4.22	-2.14	12.32	18.39
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

Trailing	Total Return%	+/- S&P 500	+/- Russ MG	%Rank Cat	Growth of $10,000
3 Mo	-12.52	-1.97	-0.76	37	8,748
6 Mo	-4.84	-0.52	0.61	49	9,516
1 Yr	4.93	7.24	5.96	28	10,493
3 Yr Avg	10.97	3.69	1.63	26	13,665
5 Yr Avg	17.00	4.96	0.81	20	21,924
10 Yr Avg	10.55	5.41	3.66	13	27,264
15 Yr Avg	14.00	4.02	4.38	5	71,379

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	9.60	26	1.23	44
5 Yr (estimated)	16.06	20	0.80	41
10 Yr (estimated)	9.75	10	0.72	25

Potential Capital Gain Exposure: 26% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	4.93			
3 Yr	10.97	+Avg	-Avg	★★★★
5 Yr	17.00	+Avg	-Avg	★★★★
10 Yr	10.55	+Avg	-Avg	★★★★
Incept	15.11			

Other Measures	Standard Index S&P 500	Best Fit Index Russ MG
Alpha	3.1	1.8
Beta	1.18	0.94
R-Squared	78	93
Standard Deviation	11.39	
Mean	10.97	
Sharpe Ratio	0.60	

Portfolio Analysis 12-31-07

Share change since 09-07 Total Stocks:151	Sector	PE	Tot Ret%	% Assets
Smith International, Inc	Energy	17.5	-30.40	1.87
⊖ Roper Industries, Inc.	Ind Mtrls	22.1	-10.46	1.81
⊖ Amazon.com, Inc.	Consumer	89.3	-16.13	1.69
⊖ VeriSign, Inc.	Software	—	-9.81	1.63
⊖ Consol Energy, Inc.	Energy	35.8	1.80	1.61
Ametek, Inc.	Ind Mtrls	22.0	-6.13	1.52
EOG Resources	Energy	22.5	-1.67	1.51
Juniper Networks, Inc.	Hardware	50.3	-18.22	1.49
⊖ Rockwell Collins, Inc.	Ind Mtrls	17.9	-11.87	1.42
DST Systems, Inc.	Business	5.7	-13.39	1.39
International Game Tech.	Consumer	28.3	-2.50	1.24
⊕ FLIR Systems, Inc.	Ind Mtrls	35.7	-3.16	1.23
⊕ Harman International Ind	Goods	10.5	-36.97	1.14
⊕ Lamar Advertising Compan	Business	87.7	-10.30	1.12
⊕ Cephalon, Inc.	Health	—	-8.54	1.11
⊕ The Western Union Compan	Business	20.8	-8.24	1.09
⊖ Crown Castle Internation	Telecom	—	-13.32	1.05
⊖ Chipotle Mexican Grill,	Consumer	49.5	-22.19	1.03
SAIC, Inc.	Ind Mtrls	21.5	-6.06	1.02
Seagate Technology	Hardware	7.6	-21.87	1.00

Current Investment Style

Value Blnd Growth / Large Mid Small

Market Cap	%
Giant	0.7
Large	20.5
Mid	69.5
Small	9.2
Micro	0.0

Avg $mil: 6,261

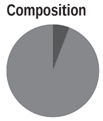
Value Measures		Rel Category
Price/Earnings	16.87	0.80
Price/Book	3.01	0.90
Price/Sales	1.69	0.92
Price/Cash Flow	13.12	1.04
Dividend Yield %	0.46	0.85

Growth Measures	%	Rel Category
Long-Term Erngs	15.33	0.94
Book Value	10.06	0.67
Sales	14.55	1.61
Cash Flow	11.76	0.84
Historical Erngs	22.75	0.93

Profitability	%	Rel Category
Return on Equity	17.44	0.94
Return on Assets	6.48	0.77
Net Margin	8.54	0.74

Sector Weightings	% of Stocks	Rel S&P 500	3 Year High	3 Year Low
Info	24.92	1.26		
Software	6.38	1.59	7	6
Hardware	11.41	1.21	13	10
Media	2.70	0.94	4	2
Telecom	4.43	1.27	6	4
Service	46.32	1.10		
Health	15.13	1.24	19	15
Consumer	13.75	1.94	14	11
Business	12.87	2.89	15	13
Financial	4.57	0.25	10	5
Mfg	28.77	0.76		
Goods	2.48	0.27	3	2
Ind Mtrls	15.11	1.15	15	9
Energy	11.18	0.93	11	8
Utilities	0.00	0.00	0	0

Composition



Cash	5.6
Stocks	94.4
Bonds	0.0
Other	0.0
Foreign (% of Stock)	4.9

Morningstar's Take by Bridget Hughes 12-07-07

No surprise: The remarkably steady T. Rowe Price Mid-Cap Growth remains a favorite.

This fund is a model of consistency. That's true not only in its performance figures--it regularly lands in the mid-growth category's best third or better--but its Morningstar risk scores are below average, suggesting a stable ride. Its predictability extends to other areas. Manager Brian Berghuis has been with the fund since its mid-1992 inception. His 15-plus year tenure is more than three times as long as that of the average mutual fund manager--mid-cap growth or otherwise. Another member of this fund's investment advisory committee, John Wakeman, has worked with Berghuis for as long on the fund.

The portfolio's characteristics have also been reliable. Berghuis' unwavering commitment to his criteria--strong management teams, good business models, steady growth, and reasonable valuations--has produced a diversified portfolio, albeit with some emphases on health-care, consumer-services, and business-services stocks. While Berghuis loves to buy small-cap stocks and hold them as they grow up the market-cap ladder, the portfolio tends to land smack in the middle of the cap spectrum. Berghuis doesn't trade as much as other mid-growth funds, and the fund's turnover rate has hovered around 30% for the past five years.

All that dependability doesn't mean Berghuis is rigid. For example, over the past couple of years, the fund has had more in technology than it has in some time. He's been encouraged by tech firms' flush balance sheets and their stocks' valuations and by his opinion that capital spending would pick up. Still, moderation is a hallmark at T. Rowe Price, so while hardware stocks are on the high side of the fund's historical range, Berghuis is hardly making a bold sector call.

Shareholders should hang on to this one.

Address:	100 East Pratt Street Baltimore, MD 21202 800-225-5132	Minimum Purchase:	Closed	Add: — IRA: —
		Min Auto Inv Plan:	Closed	Add: —
		Sales Fees:	No-load	
Web Address:	www.troweprice.com	Management Fee:	0.66%	
Inception:	06-30-92	Actual Fees:	Mgt:0.66%	Dist: —
Advisor:	Price Rowe T Services Inc /ta	Expense Projections:	3Yr:$255	5Yr:$444 10Yr:$990
Subadvisor:	None	Income Distrib:	Annually	
NTF Plans:	N/A			

Calvert Soc Inv Equity A

Ticker	Load	NAV	Yield	Total Assets	Mstar Category
CSIEX	4.75%	$35.91	0.0%	$1,216 mil	Large Growth

Governance and Management

Stewardship Grade:

Portfolio Manager(s)

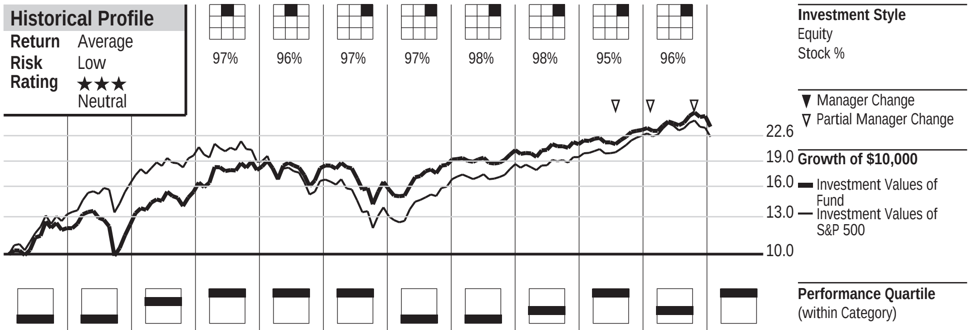
Dan Boone is a manager for subadvisor Atlanta Capital Management, and he has run this fund since September 1998. Boone is assisted by three other portfolio managers, as well as a team of industry-specific analysts at his firm. Calvert does the fund's social screening.

Strategy

Lead manager Dan Boone 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 Boone 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 environmental records and poor labor practices.

Historical Profile

Return Average
Risk Low
Rating ★★★ Neutral



1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
23.28	25.80	29.88	31.72	31.06	26.40	32.29	34.45	35.30	37.30	38.61	35.91	NAV
19.33	10.89	23.17	11.61	0.67	-14.93	22.31	6.69	4.16	10.16	9.94	-6.99	Total Return %
-14.03	-17.69	2.13	20.71	12.56	7.17	-6.37	-4.19	-0.75	-5.63	4.45	-0.99	+/-S&P 500
-11.16	-27.82	-9.99	34.03	21.09	12.95	-7.44	0.39	-1.10	1.09	-1.87	0.81	+/-Russ 1000Gr
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Income Return %
19.33	10.89	23.17	11.61	0.67	-14.93	22.31	6.69	4.16	10.16	9.94	-6.99	Capital Return %
91	94	29	4	2	5	87	86	70	22	69	20	Total Rtn % Rank Cat
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Income $
3.36	0.01	1.83	1.63	0.88	0.02	0.00	0.00	0.59	1.59	2.43	0.00	Capital Gains $
1.20	1.16	1.22	1.13	1.24	1.29	1.29	1.24	1.25	1.23	1.21	—	Expense Ratio %
0.03	-0.14	-0.28	-0.20	-0.07	-0.12	-0.26	-0.32	0.08	-0.06	-0.01	—	Income Ratio %
93	110	51	49	43	28	29	17	31	35	35	—	Turnover Rate %
146	157	203	253	312	380	619	783	883	948	978	903	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	-4.28	14.25	1.94	9.72	22.31
2004	-0.81	2.12	-3.30	8.92	6.69
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

Trailing	Total Return%	+/- S&P 500	+/- Russ 1000Gr	%Rank Cat	Growth of $10,000
3 Mo	-9.26	1.29	2.26	5	9,074
6 Mo	-0.99	3.33	2.16	28	9,901
1 Yr	0.90	3.21	0.39	48	10,090
3 Yr Avg	6.36	-0.92	-0.62	56	12,032
5 Yr Avg	9.84	-2.20	-1.00	68	15,988
10 Yr Avg	6.83	1.69	4.14	16	19,361
15 Yr Avg	7.97	-2.01	0.00	51	31,590

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	4.05	74	0.57	26
5 Yr (estimated)	8.40	79	0.35	22
10 Yr (estimated)	5.82	16	0.46	24

Potential Capital Gain Exposure: 21% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-3.90			
3 Yr	4.65	-Avg	Low	★★
5 Yr	8.78	-Avg	Low	★★
10 Yr	6.31	+Avg	-Avg	★★★★
Incept	7.88			

Other Measures	Standard Index S&P 500	Best Fit Index Russ 1000Gr
Alpha	-0.7	-0.3
Beta	0.95	0.86
R-Squared	87	95
Standard Deviation	8.62	
Mean	6.36	
Sharpe Ratio	0.26	

Portfolio Analysis 12-31-07

Share change since 11-07 Total Stocks:46	Sector	PE	Tot Ret%	% Assets
⊕ Cisco Systems, Inc.	Hardware	19.4	-9.86	4.22
Microsoft Corporation	Software	18.5	-8.43	3.98
Procter & Gamble Company	Goods	20.7	-9.91	3.56
FMC Technologies, Inc.	Energy	23.3	-15.06	3.55
Colgate-Palmolive Compan	Goods	24.3	-0.96	3.49
Aflac, Inc.	Financial	19.2	-2.47	3.27
Medtronic, Inc.	Health	18.8	-7.27	3.19
Cooper Industries, Ltd.	Ind Mtrls	12.9	-15.94	3.16
Emerson Electric Company	Ind Mtrls	19.1	-10.48	2.96
Respironics Inc.	Health	37.9	0.05	2.93
⊕ EOG Resources	Energy	22.5	-1.67	2.66
Dover Corporation	Ind Mtrls	12.7	-12.50	2.58
Air Products and Chemica	Ind Mtrls	18.6	-8.96	2.58
Bank of New York Mellon	Financial	20.7	-4.03	2.55
☼ FHLBA	—	—	—	2.54
Kohl's Corporation	Consumer	12.8	-0.59	2.48
Stryker Corporation	Health	29.5	-10.18	2.34
Questar Corporation	Energy	17.9	-5.56	2.26
Texas Instruments, Inc.	Hardware	17.8	-7.21	2.24
SEI Investments Company	Business	20.8	-13.70	2.16

Current Investment Style

Value Blnd Growth; Large Mid Small

Market Cap	%
Giant	31.0
Large	38.8
Mid	30.2
Small	0.0
Micro	0.0
Avg $mil: 31,071	

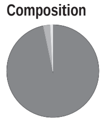
Value Measures		Rel Category
Price/Earnings	18.69	0.94
Price/Book	3.84	1.07
Price/Sales	1.84	0.92
Price/Cash Flow	12.86	0.97
Dividend Yield %	0.93	1.04

Growth Measures	%	Rel Category
Long-Term Erngs	14.13	0.96
Book Value	10.71	0.74
Sales	13.18	1.15
Cash Flow	13.25	0.91
Historical Erngs	19.73	0.84

Profitability	%	Rel Category
Return on Equity	25.16	1.12
Return on Assets	11.21	1.15
Net Margin	14.73	1.03

Sector Weightings	% of Stocks	Rel S&P 500	3 Year High	3 Year Low
Info	22.95	1.16		
Software	7.18	1.79	7	2
Hardware	15.77	1.67	16	10
Media	0.00	0.00	0	0
Telecom	0.00	0.00	0	0
Service	46.15	1.09		
Health	17.52	1.44	21	15
Consumer	12.85	1.81	19	13
Business	6.15	1.38	14	5
Financial	9.63	0.52	15	10
Mfg	30.90	0.81		
Goods	7.31	0.80	7	4
Ind Mtrls	14.80	1.12	17	11
Energy	8.79	0.73	9	5
Utilities	0.00	0.00	0	0

Composition



Cash	0.0
Stocks	96.4
Bonds	2.5
Other	1.0
Foreign (% of Stock)	4.2

Morningstar's Take by Annie Sorich 11-21-07

A manager change at Calvert Social Investment Equity is disappointing, but not a reason to abandon ship.

This fund's long-tenured manager, Dan Boone of subadvisor Atlanta Capital Management, will retire at the end of December, leaving Richard England at the helm. Although England has only been a manager since July 2006, he joined the firm in 2004, and Atlanta created a succession plan in 2001 (and sold 70% to asset manager Eaton Vance). Boone will remain at the firm managing high-net-worth portfolios and will contribute to the firm's research process. This isn't England's first stint as a portfolio manager, either. He worked as a comanager at Putnam Investors from 1996 to 2004 and as a manager of Putnam Health Sciences from mid-1997 through 2001. Along with England, William Hackney III and Marilyn Irvin will remain as comanagers, keeping the analyst team intact.

Much of the fund's success hinges on stock-picking ability. Management invests in companies, such as Microsoft and Medtronic, with rock-solid balance sheets, dominant business franchises, and good earnings prospects that pass Calvert's social screens. This taste for steady growers, along with a few deft moves, served shareholders well in the last bear market. And although Boone won't be in charge of pulling the trigger going forward, he never was alone in making investment decisions. All of the portfolio managers attempt to reach consensus before picks are added or subtracted from the relatively compact portfolio. Still, it remains to be seen if the fund's past success can be repeated.

Overall, Boone's departure is a loss. In addition to his solid track record here, he has more than 30 years of investment experience. Yet, we still think this is one of the more solid offerings for socially responsible investors given its proven approach and reasonable expenses.

Address:	4550 Montgomery Ave, Bethesda, MD 20814, 800-368-2748
Web Address:	www.calvert.com
Inception:	08-24-87
Advisor:	Calvert Asset Management Co., Inc.
Subadvisor:	Atlanta Capital Management Co.
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, 0.25%S, 2.00%R		
Management Fee:	0.50%, 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	Load	NAV	Yield	Total Assets	Mstar Category
FCNTX	Closed	$66.16	0.6%	$72,969 mil	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

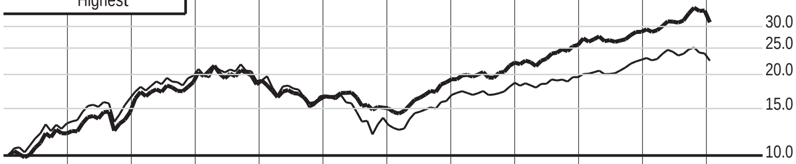
Call it forced evolution: As this fund's asset base grew in the 1990s, manager Will Danoff had to move away from mid-caps and small caps and adopt a growth-at-a-reasonable-price philosophy. He continues to own a substantial stake in mid-caps, but it is now dominated by larger fare. It has been more conservative than most of its large-growth rivals in recent years, with big underweightings in racy sectors such as technology. Danoff has reined in the fund's turnover considerably in recent years.

Historical Profile

Return High
Risk Below Avg
Rating ★★★★★ Highest

Investment Style: Equity, Stock %

91% 90% 90% 94% 89% 90% 92% 83%



▼ Manager Change
∇ Partial Manager Change

Growth of $10,000
— Investment Values of Fund
— Investment Values of S&P 500

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
46.63	56.81	60.02	49.18	42.77	38.60	49.35	56.74	64.76	65.21	73.11	66.16	NAV
23.00	31.57	25.03	-6.80	-12.59	-9.63	27.95	15.07	16.23	11.54	19.78	-9.51	Total Return %
-10.36	2.99	3.99	2.30	-0.70	12.47	-0.73	4.19	11.32	-4.25	14.29	-3.51	+/-S&P 500
-7.49	-7.14	-8.13	15.62	7.83	18.25	-1.80	8.77	10.97	2.47	7.97	-1.71	+/-Russ 1000Gr
0.84	0.64	0.50	0.41	0.45	0.12	0.10	0.09	0.41	0.61	0.68	0.00	Income Return %
22.16	30.93	24.53	-7.21	-13.04	-9.75	27.85	14.98	15.82	10.93	19.10	-9.51	Capital Return %
85	7	21	40	51	2	39	5	3	14	19	67	Total Rtn % Rank Cat
0.35	0.30	0.28	0.24	0.22	0.05	0.04	0.05	0.23	0.39	0.44	0.00	Income $
4.56	4.22	10.22	6.62	0.00	0.00	0.00	0.00	0.97	6.49	4.48	0.00	Capital Gains $
0.67	0.61	0.62	0.84	0.91	0.99	0.98	0.92	0.88	0.89	—	—	Expense Ratio %
0.91	0.70	0.48	0.45	0.49	0.14	0.01	0.08	0.46	0.62	—	—	Income Ratio %
144	197	177	166	141	80	67	64	60	76	—	—	Turnover Rate %
30,809	38,821	46,927	40,220	32,321	27,695	36,051	44,484	60,094	68,576	80,864	72,969	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	-2.15	11.83	5.02	11.34	27.95
2004	3.75	2.36	-0.63	9.04	15.07
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

Trailing	Total Return%	+/- S&P 500	+/- Russ 1000Gr	%Rank Cat	Growth of $10,000
3 Mo	-11.65	-1.10	-0.13	31	8,835
6 Mo	0.27	4.59	3.42	18	10,027
1 Yr	6.10	8.41	5.59	16	10,610
3 Yr Avg	12.51	5.23	5.53	5	14,242
5 Yr Avg	16.37	4.33	5.53	5	21,341
10 Yr Avg	9.65	4.51	6.96	4	25,124
15 Yr Avg	12.64	2.66	4.67	3	59,620

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	11.36	6	1.02	46
5 Yr (estimated)	15.64	5	0.63	39
10 Yr (estimated)	8.38	5	1.16	64

Potential Capital Gain Exposure: 26% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	6.10			
3 Yr	12.51	High	Avg	★★★★★
5 Yr	16.37	High	Avg	★★★★★
10 Yr	9.65	High	Low	★★★★★
Incept	13.17			

Other Measures	Standard Index S&P 500	Best Fit Index Mstar Mid Growth TR
Alpha	4.6	1.4
Beta	1.13	0.80
R-Squared	77	87

Standard Deviation	10.97
Mean	12.51
Sharpe Ratio	0.74

Portfolio Analysis 12-31-07

Share change since 11-07 Total Stocks:347	Sector	PE	Tot Ret%	% Assets
⊕ Google, Inc.	Business	44.0	-18.39	5.42
Apple, Inc.	Hardware	34.5	-31.66	3.71
⊖ Berkshire Hathaway Inc.	Financial	15.2	-3.95	3.19
⊕ ExxonMobil Corporation	Energy	12.4	-8.84	2.92
⊕ Hewlett-Packard Company	Hardware	16.3	-13.35	2.86
Procter & Gamble Company	Goods	20.7	-9.91	2.10
⊕ Schlumberger, Ltd.	Energy	18.8	-23.08	1.79
⊖ America Mobile ADR	Telecom	26.7	-2.69	1.75
⊕ Genentech, Inc.	Health	27.4	4.61	1.54
Walt Disney Company	Media	13.3	-5.82	1.34
⊖ Research in Motion, Ltd.	Hardware	84.8	-17.21	1.32
Merck & Co., Inc.	Health	18.8	-20.30	1.27
⊕ Coca-Cola Company	Goods	25.2	-3.86	1.25
⊕ PepsiCo, Inc.	Goods	18.3	-10.66	1.21
EnCana Corporation	Energy	10.9	-2.75	1.15
⊕ Brazilian Petroleum Corp	Energy	19.0	-3.58	1.00
⊕ Danaher Corporation	Ind Mtrls	19.7	-14.93	0.96
Gilead Sciences, Inc.	Health	—	-0.70	0.92
⊖ Jacobs Engineering Group	Business	29.1	-20.05	0.85
Cooper Industries, Ltd.	Ind Mtrls	12.9	-15.94	0.84

Current Investment Style

Value Blnd Growth / Large Mid Small

Market Cap	%
Giant	57.5
Large	25.2
Mid	14.9
Small	2.2
Micro	0.2
Avg $mil: 50,930	

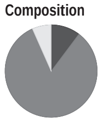
Value Measures		Rel Category
Price/Earnings	18.70	0.94
Price/Book	3.02	0.84
Price/Sales	2.15	1.08
Price/Cash Flow	13.48	1.02
Dividend Yield %	0.78	0.88

Growth Measures	%	Rel Category
Long-Term Erngs	13.45	0.91
Book Value	14.50	1.01
Sales	10.35	0.90
Cash Flow	16.43	1.13
Historical Erngs	28.07	1.20

Profitability	%	Rel Category
Return on Equity	23.05	1.03
Return on Assets	10.61	1.08
Net Margin	15.53	1.09

Sector Weightings	% of Stocks	Rel S&P 500	3 Year High	3 Year Low
Info	23.07	1.16		
Software	3.24	0.81	4	2
Hardware	15.21	1.61	16	5
Media	1.76	0.61	3	2
Telecom	2.86	0.82	7	3
Service	38.28	0.91		
Health	11.06	0.91	16	11
Consumer	4.10	0.58	9	4
Business	11.16	2.51	11	5
Financial	11.96	0.65	23	12
Mfg	38.64	1.02		
Goods	9.41	1.03	10	7
Ind Mtrls	14.30	1.09	18	10
Energy	14.07	1.17	18	8
Utilities	0.86	0.24	1	0

Composition



Cash	10.1
Stocks	83.1
Bonds	0.1
Other	6.8
Foreign (% of Stock)	17.8

Morningstar's Take by Greg Carlson 01-03-08

The veteran manager of Fidelity Contrafund is Morningstar's Domestic-Stock Manager of the Year, but can its future be as good as its past?

This closed large-growth fund isn't a perfect fit in its category. Manager Will Danoff, who's run the fund since 1990, employs a flexible approach. He likes firms with improving prospects, rather than potential turnaround situations, but he'll buy anything that fits that definition, from Internet-search leader Google to oil giant ExxonMobil. Thus, its performance is best measured against its benchmark, the S&P 500.

Versus the S&P, the fund rebounded strongly from a subpar 2006--it crushed the S&P by 14.3 percentage points in 2007. That success owes to solid picks such as Apple and oil-services provider Schlumberger. Apple is an instructive case--Danoff owned only a very tiny position when the firm was struggling through the bear market, but once its fortunes started improving in 2003, he slowly built it into a significant holding and has ridden the stock's tremendous rise since then. (It's now a 3.5% position, the fund's second-largest.)

The fund's fine 2007 campaign owed not just to good stock selection but also a broader move by Danoff toward growth-oriented firms that had previously lagged value names even as they churned out higher profits. That same bias held the fund back in 2006. And just as we didn't conclude that its poor 2006 campaign was proof that Danoff's huge asset pool--he runs roughly $89 billion--was weighing on returns, we don't think that a great year means that asset bloat is not an issue here. We still think Danoff's ability to suss out industry trends and attractive names before most rivals gives the fund an edge. However, his massive workload raises concerns about the fund's long-term prospects, especially since Fidelity has reopened his other, identically managed charge, Fidelity Advisor New Insights. As such, we don't think shareholders should add to their stake in this fund.

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

Minimum Purchase:	Closed	Add: —	IRA: —
Min Auto Inv Plan:	Closed	Add: —	
Sales Fees:	No-load		
Management Fee:	0.71%		
Actual Fees:	Mgt:0.71%	Dist: —	
Expense Projections:	3Yr:$287	5Yr:$498	10Yr:$1108
Income Distrib:	Semi-Annually		

Vanguard Wellington

Analyst Pick	Ticker	Load	NAV	Yield	Total Assets	Mstar Category
	VWELX	None	$31.69	3.3%	$49,111 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 2002, did a solid job managing Putnam Equity Income from late 1992 through early 2000. He also runs Hartford Dividend & Growth.

Strategy

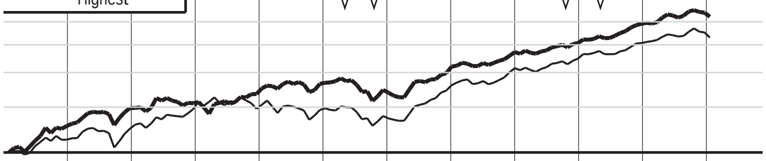
This fund's fixed-income and equity portfolios follow disciplined strategies. The bond portfolio typically emphasizes high-quality issues, but it has often taken on a modest amount of interest-rate risk. On the stock side, Ed Bousa looks for dividend-paying companies with modest valuations and decent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

Historical Profile

Return: Above Avg
Risk: Below Avg
Rating: ★★★★★ Highest

Investment Style: Equity Stock %: 64% 68% 66% 66% 65% 65% 66% 66%

▼ Manager Change
∇ Partial Manager Change



Performance Quartile (within Category)

History

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
29.45	29.35	27.96	28.21	27.26	24.56	28.81	30.19	30.35	32.44	32.62	31.69	NAV
23.23	12.06	4.41	10.40	4.19	-6.90	20.75	11.17	6.82	14.97	8.34	-2.85	Total Return %
12.42	1.61	-13.59	12.56	6.70	0.15	-6.42	-1.98	-0.43	3.06	0.32	0.83	+/-DJ Mod
4.03	-0.33	-8.44	5.96	4.03	3.66	-3.31	0.00	0.83	4.78	3.47	0.23	+/-DJ US Mod
4.34	3.89	3.94	3.88	3.41	3.12	3.15	3.07	3.01	3.27	3.37	0.00	Income Return %
18.89	8.17	0.47	6.52	0.78	-10.02	17.60	8.10	3.81	11.70	4.97	-2.85	Capital Return %
19	56	80	11	5	10	43	17	20	8	22	23	Total Rtn % Rank Cat
1.12	1.13	1.14	1.07	0.95	0.84	0.77	0.88	0.90	0.98	1.08	0.00	Income $
1.57	2.44	1.50	1.48	1.12	0.00	0.00	0.91	0.97	1.40	1.42	0.00	Capital Gains $
0.29	0.31	0.30	0.31	0.36	0.36	0.36	0.31	0.29	0.30	—	—	Expense Ratio %
3.97	3.68	3.74	3.77	3.42	3.18	3.00	2.99	2.93	3.10	—	—	Income Ratio %
27	29	22	33	33	25	28	24	24	25	—	—	Turnover Rate %
21,812	25,761	25,529	22,799	21,724	19,495	24,326	28,328	26,251	29,675	30,979	30,036	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	-3.35	12.55	1.37	9.50	20.75
2004	2.19	0.41	1.65	6.58	11.17
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

Trailing	Total Return%	+/- DJ Mod	+/- DJ US Mod	%Rank Cat	Growth of $10,000
3 Mo	-4.64	1.82	1.27	11	9,536
6 Mo	0.67	1.43	2.10	14	10,067
1 Yr	4.54	1.30	4.36	12	10,454
3 Yr Avg	9.38	1.18	2.89	5	13,086
5 Yr Avg	12.14	-0.52	1.50	9	17,734
10 Yr Avg	7.97	0.41	1.10	7	21,529
15 Yr Avg	10.74	1.98	2.10	5	46,192

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	7.81	4	1.44	52
5 Yr (estimated)	10.75	9	1.24	57
10 Yr (estimated)	6.05	9	1.78	73

Potential Capital Gain Exposure: -6% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	4.54			
3 Yr	9.38	High	-Avg	★★★★★
5 Yr	12.14	+Avg	Avg	★★★★★
10 Yr	7.97	+Avg	-Avg	★★★★★
Incept	8.33			

Other Measures	Standard Index DJ Mod	Best Fit Index S&P 500
Alpha	1.7	3.0
Beta	0.83	0.58
R-Squared	85	88
Standard Deviation	5.33	
Mean	9.38	
Sharpe Ratio	0.91	

Portfolio Analysis 09-30-07

Total Stocks:113 Share change since 06-30-07	Sectors	P/E Ratio	YTD Return %	% Net Assets
⊕ AT&T, Inc.	Telecom	21.6	-10.06	2.55
General Electric Company	Ind Mtrls	16.6	-8.39	2.04
Chevron Corporation	Energy	11.4	-14.97	1.80
Bank of America Corporati	Financial	9.4	2.18	1.75
ExxonMobil Corporation	Energy	13.6	-12.22	1.68
International Business Ma	Hardware	16.2	-4.71	1.61
Total SA ADR	Energy	11.1	-15.54	1.57
⊖ Citigroup, Inc.	Financial	7.9	-10.58	1.40
Exelon Corporation	Utilities	20.2	-4.41	1.37

Total Fixed-Income:2414	Date of Maturity	Amount $000	Value $000	% Net Assets
Illinois St Go Bds 5.1%	06-01-33	109,510	102,579	0.20
FHLBA 4.875%		94,400	95,118	0.19
SIEMENS FIN NV		89,650	90,095	0.18
Unilever Cap 7.125%	11-01-10	77,000	81,706	0.16
Household Fin 6.375%	10-15-11	75,000	77,296	0.15
Hbos Plc Medium Tm Sb Nts	11-01-33	80,500	77,018	0.15
Hewlett Packard 5.25%		75,000	75,473	0.15
Goldman Sachs Grp 5.3%		75,000	74,974	0.15
State Str 5.375%		76,315	74,453	0.15

Equity Style
Style: Blend
Size: Large-Cap

Value Measures		Rel Category
Price/Earnings	15.37	0.97
Price/Book	2.67	1.05
Price/Sales	1.64	1.14
Price/Cash Flow	9.93	0.97
Dividend Yield %	2.10	1.15

Growth Measures	%	Rel Category
Long-Term Erngs	9.78	0.79
Book Value	9.80	0.89
Sales	6.56	0.89
Cash Flow	9.26	1.23
Historical Erngs	14.70	0.81

Market Cap %			
Giant	62.5	Small	0.0
Large	34.5	Micro	0.0
Mid	2.9	Avg $mil:	75,494

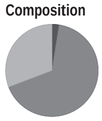
Fixed-Income Style
Duration: Interm-Term
Quality: High

Avg Eff Duration [1]	5.5 Yrs
Avg Eff Maturity	8.8 Yrs
Avg Credit Quality	AA
Avg Wtd Coupon	5.71%

[1]figure provided by fund as of 09-30-07

Sector Weightings	% of Stocks	Rel DJ Mod	3 Year High	3 Year Low
Info	16.41	—		
Software	2.02	—	3	2
Hardware	5.62	—	6	4
Media	3.61	—	5	4
Telecom	5.16	—	5	4
Service	36.74	—		
Health	10.80	—	11	9
Consumer	4.41	—	5	3
Business	4.61	—	7	4
Financial	16.92	—	19	17
Mfg	46.85	—		
Goods	10.76	—	11	7
Ind Mtrls	14.78	—	19	15
Energy	16.19	—	17	13
Utilities	5.12	—	6	5

Composition



Cash	2.4
Stocks	66.5
Bonds	31.0
Other	0.2
Foreign (% of Stock)	20.4

Morningstar's Take by Dan Culloton 12-13-07

Vanguard Wellington, once again, has done its job.

Investors usually sign up for this fund for a few simple reasons; stability is paramount among them. Recently the markets gave the fund a chance to demonstrate its ability to stay calm while the rest of the world trembled, and it delivered. When the broad equity market fell 4.5% in November and the typical moderate-allocation fund fell nearly as far, this fund shed 1.3%. Throughout this volatile year this fund also has held up well. Its more than 9% year-to-date gain through Dec. 12 beats both the broad stock and bond market and 80% of the moderate-allocation category.

Some prescient moves set the stage for the fund's strong showing. On the stock side of the portfolio, manager Ed Bousa trimmed the fund's exposure to financial stocks prior to 2007 because he saw many red flags, not the least of which was the mortgage and housing bubble. Bousa also stuck with big energy stocks, because he thinks tight supply and increasing demand will support their profits. Fixed-income manager John Keogh was similarly cautious, underweighting corporate securities versus the fund's internal benchmark because yields were not high enough to make extra risk pay.

Nice moves, to be sure. But can the fund do it again and again over your time horizon? The odds are good. Though the managers currently running the fund are not solely responsible for its superior long-term record, they are well versed in the offering's style and goals. Bousa tries to put together a diversified portfolio of undervalued stocks with an above-average yield. Keogh favors higher-quality corporate bonds. Both managers look for margins of safety (either low share valuations or favorable bond yields), avoid sector or individual security bets, and hang on for years. Low expenses give this patient approach a chance to work over time.

The fund has proved its worth again, and should do so again in the future.

Address:	PO Box 2600 Valley Forge, PA 19482 800-662-6273
Web Address:	www.vanguard.com
Inception:	07-01-29
Advisor:	Wellington Management
Subadvisor:	None
NTF Plans:	Vanguard NTF

Minimum Purchase:	$10000	Add: $100	IRA: $10000
Min Auto Inv Plan:	$10000	Add: $50	
Sales Fees:	No-load		
Management Fee:	0.28%		
Actual Fees:	Mgt:0.28%	Dist: —	
Expense Projections:	3Yr:$97	5Yr:$169	10Yr:$381
Income Distrib:	Quarterly		

Data through January 31, 2008

Vanguard Long-Tm InvGrde

Analyst Pick	Ticker	Load	NAV	Yield	SEC Yield	Total Assets	Mstar Category
	VWESX	None	$9.02	5.8%	5.82%	$5,738 mil	Long-Term Bond

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Earl McEvoy of esteemed subadvisor Wellington Management Company has managed this fund since March 1994. McEvoy also runs Vanguard High-Yield Corporate and the bond portion of Vanguard Wellesley Income's balanced portfolio, where he has posted impressive results.

Strategy

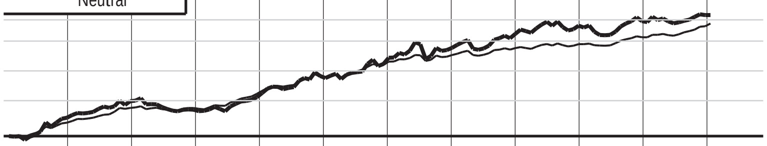
The fund invests mainly in high-quality corporate bonds, but it may also invest up to 20% of assets in Treasuries and other government securities. Starting in mid-2001, the fund could invest up to 5% of assets in high-yield debt, but it has barely endeavored to do so yet. The fund's duration is kept within 20% of the Lehman Brothers 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. Over the past couple years, the fund's duration has ranged from 9.1 to 11.5 years.

Historical Profile

Return: Average
Risk: Above Avg
Rating: ★★★ Neutral

Investment Style
Fixed Income
Income Rtn %Rank Cat

42	58	56	56	25	20	26	16



▼ Manager Change
∇ Partial Manager Change

Growth of $10,000
▬ Investment Values of Fund
— Investment Values of LB Aggreg

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
9.26	9.29	8.11	8.45	8.68	9.23	9.27	9.55	9.52	9.25	9.06	9.02	NAV
13.78	9.21	-6.23	11.76	9.57	13.22	6.26	8.94	5.13	2.86	3.75	0.05	Total Return %
4.13	0.52	-5.41	0.13	1.13	2.97	2.16	4.60	2.70	-1.47	-3.22	-1.63	+/-LB Aggreg
-0.74	-2.56	1.42	-4.40	2.29	-1.59	0.39	0.38	-0.20	0.15	-2.85	-1.95	+/-LB LongTerm
7.21	6.56	6.25	7.30	6.86	6.60	5.85	5.77	5.53	5.61	5.81	0.49	Income Return %
6.57	2.65	-12.48	4.46	2.71	6.62	0.41	3.17	-0.40	-2.75	-2.06	-0.44	Capital Return %
12	20	91	18	11	5	53	16	12	90	60	84	Total Rtn % Rank Cat
0.61	0.59	0.56	0.57	0.56	0.56	0.53	0.52	0.52	0.52	0.52	0.04	Income $
0.07	0.21	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
0.28	0.32	0.30	0.30	0.30	0.32	0.31	0.28	0.25	0.25	0.25	—	Expense Ratio %
7.06	6.87	6.26	6.59	7.02	6.48	6.24	5.64	5.58	5.35	5.73	—	Income Ratio %
30	33	43	7	17	39	33	11	16	9	15	—	Turnover Rate %
3,637	4,153	3,724	3,704	3,550	3,753	3,851	4,213	4,224	4,187	4,273	4,112	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	1.96	6.48	-2.18	0.04	6.26
2004	4.90	-5.01	6.48	2.67	8.94
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

Trailing	Total Return%	+/- LB Aggreg	+/- LB LongTerm	%Rank Cat	Growth of $10,000
3 Mo	1.12	-2.68	-1.45	64	10,112
6 Mo	4.58	-2.24	2.56	56	10,458
1 Yr	4.43	-4.38	-5.94	55	10,443
3 Yr Avg	3.02	-1.90	-3.38	68	10,934
5 Yr Avg	5.34	0.59	-2.14	67	12,971
10 Yr Avg	6.19	0.18	-1.81	25	18,232
15 Yr Avg	7.20	0.74	-1.22	1	28,374

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	1.02	68	1.94	75
5 Yr (estimated)	3.30	70	1.94	53
10 Yr (estimated)	3.76	23	2.29	87

Potential Capital Gain Exposure: 1% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	4.43			
3 Yr	3.02	-Avg	High	★★
5 Yr	5.34	-Avg	+Avg	★★
10 Yr	6.19	Avg	Avg	★★★
Incept	8.66			

Other Measures	Standard Index LB Aggr	Best Fit Index LB LongTerm
Alpha	-2.2	-1.3
Beta	2.04	1.02
R-Squared	79	97

Standard Deviation	6.66
Mean	3.02
Sharpe Ratio	-0.17

Portfolio Analysis 09-30-07

Total Fixed-Income:223	Date of Maturity	Amount $000	Value $000	% Net Assets
Illinois St Go Bds 5.1%	06-01-33	145,000	135,823	2.37
FNMA 6.625%	11-15-30	100,000	118,041	2.06
FHLMC 6.25%	07-15-32	100,000	113,525	1.98
General Elec Cap 6.75%	03-15-32	95,975	106,316	1.86
FHLBA 5.5%		100,000	103,138	1.80
Deutsche Telekom Intl Fi	06-15-30	59,000	72,613	1.27
New York Life Ins 144A 5	05-15-33	70,275	68,403	1.19
At&T Wireless Svcs 8.75%	03-01-31	52,725	66,806	1.17
France Telecom Sa 8.5%	03-01-31	48,175	62,114	1.08
Natl Rural Utils Coop Fi	03-01-32	50,000	59,524	1.04
President&Fellow Harvard	10-01-37	55,000	58,112	1.01
Hutchison Whampoa Intl 1	11-24-33	50,000	56,334	0.98
Intl Busn Machs 7%	10-30-25	50,000	55,287	0.96
Hydro-Quebec 9.4%	02-01-21	40,000	54,730	0.96
New Jersey Econ Dev Auth	02-15-29	44,857	54,163	0.95
BANK AMER CHRLT NC MTN		55,000	53,955	0.94
Intl Bk For Recon&Dev 7.	01-19-23	43,320	53,816	0.94
Appalachian Pwr 6.7%		50,000	52,389	0.91
Wal Mart Stores 7.55%	02-15-30	45,000	52,047	0.91
Northn Sts Pwr 6.2%		50,000	51,579	0.90

Current Investment Style
Duration: Short Int Long
Quality: High Med Low

[1] figure provided by fund

Avg Eff Duration[1]	11.4 Yrs
Avg Eff Maturity	22.3 Yrs
Avg Credit Quality	A
Avg Wtd Coupon	6.68%
Avg Wtd Price	105.80% of par

Coupon Range	% of Bonds	Rel Cat
0% PIK	0.0	0.0
0% to 6%	28.4	0.7
6% to 8%	61.9	1.4
8% to 10%	9.7	0.8
More than 10%	0.0	0.0

1.00 = Category Average

Credit Analysis		% bonds 09-30-07	
AAA	14	BB	0
AA	27	B	0
A	43	Below B	0
BBB	14	NR/NA	1

Sector Breakdown	% of assets
US Treasuries	0
TIPS	0
US Agency	6
Mortgage Pass-Throughs	0
Mortgage CMO	0
Mortgage ARM	0
US Corporate	81
Asset-Backed	0
Convertible	0
Municipal	7
Corporate Inflation-Protected	0
Foreign Corporate	5
Foreign Govt	1

Composition			
Cash	0.6	Bonds	99.4
Stocks	0.0	Other	0.0

Special Securities	
Restricted/Illiquid Secs	7
Exotic Mortgage-Backed	0
Emerging-Markets Secs	0
Options/Futures/Warrants	No

Morningstar's Take by Lawrence Jones 01-07-08

Vanguard Long-Term Investment Grade weathered 2007 and is well positioned for 2008.

The risks this fund faced over the past year changed dramatically, but we're impressed with management's ability to stay one step ahead of them. In early 2007, veteran manager Earl McEvoy was worried about leveraged buyout risk (widespread at the time), which can hurt corporate-heavy funds such as this one, as the added leverage used to finance a deal can impair firm ability to pay obligations. However, instead of retreating to the financials sector (often seen as less prone to buyouts) as many others did, McEvoy shifted assets to taxable munis and agency debt (recently near 9% and 6% of assets, respectively). Later in the year this had the effect of insulating returns from trouble in the financials sector, as the subprime mortgage meltdown and liquidity crisis hit that region of the market hard.

Moreover, as the liquidity crisis has depressed bond prices in various areas of the market, McEvoy has used the opportunity to add issues he thinks are undervalued. For instance, he recently purchased some of the very securities he previously avoided, such as higher-quality banking and investment-banking firm issues at what he thinks are attractive prices. Also, he has modestly added to the taxable municipal stake, preferring higher quality bonds, such as debt issued by Harvard University, as valuations in this market have also looked attractive.

Our lone Fund Analyst Pick in the long-term bond category, this fund has both an experienced manager in McEvoy and ample support. McEvoy has worked at subadvisor Wellington Management since 1978, and he's run this fund for more than a dozen years. A team of 16 investment-grade credit analysts back him, providing the resources required for success. He's also aided greatly by the fund's low expenses, which provide it a meaningful and sustainable competitive advantage over costlier rivals.

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	Add: $100	IRA: $0
Min Auto Inv Plan:	$3000	Add: $50	
Sales Fees:	No-load		
Management Fee:	0.26%		
Actual Fees:	Mgt:0.22%	Dist: —	
Expense Projections:	3Yr:$80	5Yr:$141	10Yr:$318
Income Distrib:	Monthly		

Federated US 2-5 Instl

Ticker	Load	NAV	Yield	SEC Yield	Total Assets	Mstar Category
FIGTX	None	$11.60	4.2%	—	$732 mil	Short Government

Governance and Management

Stewardship Grade: D

Portfolio Manager(s)

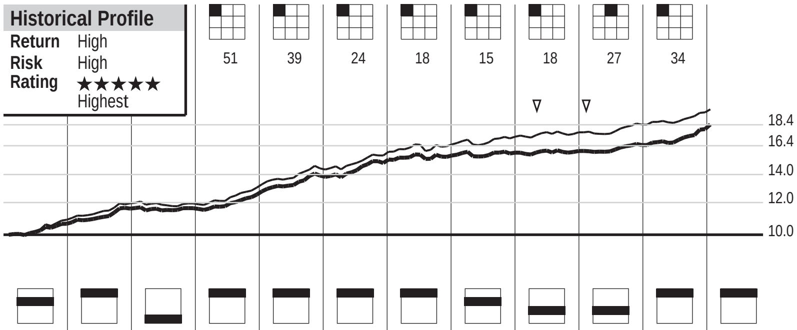
Don Ellenberger is in charge. Ellenberger, head of government bonds at Federated, joined the fund in June 2005 but has been at Federated since 1996. Previously, he was a portfolio manager at Mellon Bank.

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.

Historical Profile

Return High
Risk High
Rating ★★★★★ Highest



Investment Style
Fixed Income
Income Rtn %Rank Cat

▼ Manager Change
∇ Partial Manager Change

Growth of $10,000
Investment Values of Fund
Investment Values of LB Aggreg

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
10.63	10.91	10.35	10.77	11.09	11.67	11.52	11.30	10.97	10.86	11.35	11.60	NAV
7.12	8.11	-0.52	10.16	8.33	9.92	2.22	1.60	0.87	3.34	9.18	2.57	Total Return %
-2.53	-0.58	0.30	-1.47	-0.11	-0.33	-1.88	-2.74	-1.56	-0.99	2.21	0.89	+/-LB Aggreg
0.01	0.46	-2.48	1.07	-0.31	2.23	0.06	0.06	-0.61	-0.67	1.36	-4.90	+/-LB 1-5 YR GOVT
5.71	5.40	4.71	5.91	5.33	4.56	3.53	3.54	3.83	4.34	4.51	0.37	Income Return %
1.41	2.71	-5.23	4.25	3.00	5.36	-1.31	-1.94	-2.96	-1.00	4.67	2.20	Capital Return %
27	2	91	8	11	3	12	34	73	73	1	1	Total Rtn % Rank Cat
0.58	0.56	0.50	0.60	0.56	0.50	0.41	0.40	0.43	0.47	0.48	0.04	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	0.54	0.55	0.56	0.57	0.57	0.57	0.57	0.59	0.58	0.58	—	Expense Ratio %
5.42	5.58	5.13	4.80	6.23	4.29	4.29	3.44	3.55	3.82	4.35	—	Income Ratio %
99	71	126	172	77	66	31	52	66	113	128	—	Turnover Rate %
702	723	627	538	603	764	828	740	666	544	585	641	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	0.99	1.67	-0.04	-0.40	2.22
2004	2.06	-2.44	2.02	0.02	1.60
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

Trailing	Total Return%	+/- LB Aggreg	+/- LB 1-5 YR GOVT	%Rank Cat	Growth of $10,000
3 Mo	5.99	2.19	2.79	1	10,599
6 Mo	8.79	1.97	3.01	1	10,879
1 Yr	12.00	3.19	4.66	1	11,200
3 Yr Avg	5.31	0.39	0.90	1	11,679
5 Yr Avg	3.96	-0.79	0.37	3	12,143
10 Yr Avg	5.37	-0.64	0.16	1	16,872
15 Yr Avg	5.47	-0.99	-0.03	6	22,230

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	3.78	1	1.45	66
5 Yr (estimated)	2.55	2	1.36	69
10 Yr (estimated)	3.63	1	1.65	51

Potential Capital Gain Exposure: 3% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	12.00			
3 Yr	5.31	High	High	★★★★★
5 Yr	3.96	High	High	★★★★★
10 Yr	5.37	High	High	★★★★★
Incept	7.18			

Other Measures	Standard Index LB Aggr	Best Fit Index LB Interm Tr
Alpha	0.4	-0.2
Beta	0.95	1.05
R-Squared	82	99
Standard Deviation	3.05	
Mean	5.31	
Sharpe Ratio	0.30	

Portfolio Analysis 12-31-07

Total Fixed-Income:19	Date of Maturity	Amount $000	Value $000	% Net Assets
FHLMC 5.125%	08-23-10	67,400	69,972	10.48
FNMA 5.125%	11-02-12	46,000	46,817	7.01
US Treasury Note 4.125%	08-31-12	45,000	46,295	6.93
US Treasury Note 4.75%	03-31-11	42,000	44,030	6.59
US Treasury Note 4.875%	04-30-11	40,000	42,101	6.30
US Treasury Note 4.25%	11-15-14	40,000	41,266	6.18
FNMA 5%	02-16-12	38,000	39,561	5.92
FHLMC 4.75%	01-18-11	37,000	38,117	5.71
US Treasury Note 4%	11-15-12	37,000	37,966	5.68
FNMA 6%	05-15-11	33,000	35,335	5.29
US Treasury Note 3.875%	05-15-10	30,000	30,577	4.58
FNMA 5.4%	04-02-12	30,000	30,084	4.50
US Treasury Note 3%	07-15-12	26,732	28,976	4.34
FHLMC 4.625%	10-25-12	27,000	27,787	4.16
FHLMC 4.75%	03-05-12	20,000	20,640	3.09
FHLBA 5.25%	01-14-09	16,000	16,190	2.42
FHLBA	10-27-11	15,000	15,354	2.30
US Treasury Note 4.25%	11-15-17	12,600	12,822	1.92
US Treasury Note 4.75%	05-31-12	10,000	10,543	1.58

Current Investment Style

Duration
Short Int Long
Quality High Med Low

[1] figure provided by fund

Avg Eff Duration[1]	3.0 Yrs
Avg Eff Maturity	3.9 Yrs
Avg Credit Quality	AAA
Avg Wtd Coupon	4.71%
Avg Wtd Price	103.57% of par

Coupon Range	% of Bonds	Rel Cat
0% PIK	0.0	0.0
0% to 6%	100.0	1.2
6% to 8%	0.0	0.0
8% to 10%	0.0	0.0
More than 10%	0.0	0.0

1.00 = Category Average

Credit Analysis	% bonds 12-31-07		
AAA	100	BB	0
AA	0	B	0
A	0	Below B	0
BBB	0	NR/NA	0

Sector Breakdown	% of assets
US Treasuries	40
TIPS	4
US Agency	51
Mortgage Pass-Throughs	0
Mortgage CMO	0
Mortgage ARM	0
US Corporate	0
Asset-Backed	0
Convertible	0
Municipal	0
Corporate Inflation-Protected	0
Foreign Corporate	0
Foreign Govt	0

Composition			
Cash	5.0	Bonds	95.0
Stocks	0.0	Other	0.0

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

Morningstar's Take by Miriam Sjoblom 09-13-07

Federated U.S. Government: 2-5 Year is behaving itself.

We'd be concerned if this short-term government-bond fund weren't performing well right now amid very favorable conditions. With worries about subprime defaults spilling over into other sectors of the bond and equity markets, investors have been flocking to the safety of U.S. Treasury bonds. While increased demand has pushed Treasury prices higher, this fund, which invests strictly in Treasury and agency bonds, has gone to the head of its class, with a 5.41% return year to date as of September 10, 2007.

As recent performance demonstrates, this fund can clearly offer protection in times of market unrest. However, conditions won't always work in its favor. Whereas this fund avoids mortgage bonds of any type, many funds in this category have a sizable stake in agency mortgage bonds, which have little to no credit risk. This lack of mortgage exposure has been a boon for this fund lately, but it can be expected to lag its peers when higher-yielding mortgage bonds outperform.

And although this fund doesn't take on credit risk, it courts more interest-rate risk than its typical peer, primarily because its interest-rate bogy, the Merrill Lynch 3-5 year Treasury Index, is more interest-rate sensitive than the category norm. As a result, this fund has experienced more volatility than the majority of its peers. In contrast to its recent performance, both rising interest rates and lack of exposure to mortgage bonds created a head wind for this fund in 2005 and 2006.

Taking these risks into consideration, we find it comforting that the fund has behaved as it should over time. Manager Don Ellenberger also deserves credit for making timely moves into and out of agency bonds (typically between 10% and 30% of the portfolio) and to a lesser extent Treasury Inflation-Protected Securities. With reasonable expenses to boot, we think this fund is a decent option for pure-government exposure.

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

Minimum Purchase:	$25000	Add: $0	IRA: $25000
Min Auto Inv Plan:	$0	Add: —	
Sales Fees:	No-load		
Management Fee:	0.40%, 0.15%A		
Actual Fees:	Mgt:0.40%	Dist: —	
Expense Projections:	3Yr:$265	5Yr:$460	10Yr:$1025
Income Distrib:	Monthly		

Vanguard Inst Idx

Ticker	Load	NAV	Yield	Total Assets	Mstar Category
VINIX	None	$126.08	2.0%	$68,556 mil	Large Blend

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

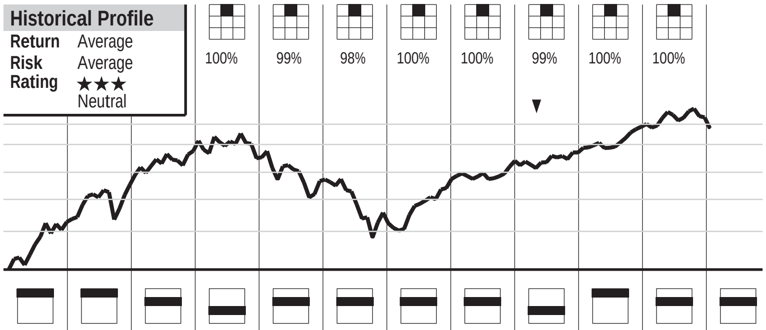
Donald Butler, who joined Vanguard in 1992, has been involved with the day-to-day management of this fund since 2000 and has been lead manager since 2005.

Strategy

The core of the fund's strategy is simple: Manager Donald Butler buys and holds the stocks that compose 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.

Historical Profile

Return Average
Risk Average
Rating ★★★ Neutral



Investment Style
Equity
Stock %

▼ Manager Change
∇ Partial Manager Change

Growth of $10,000
▬ Investment Values of Fund
— Investment Values of S&P 500

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
89.56	112.85	134.01	120.72	104.89	80.45	101.78	110.70	114.01	129.59	134.14	126.08	NAV
33.36	28.79	21.17	-8.94	-11.93	-22.03	28.66	10.86	4.91	15.78	5.47	-6.01	Total Return %
0.00	0.21	0.13	0.16	-0.04	0.07	-0.02	-0.02	0.00	-0.01	-0.02	-0.01	+/-S&P 500
0.51	1.77	0.26	-1.15	0.52	-0.38	-1.23	-0.54	-1.36	0.32	-0.30	-0.01	+/-Russ 1000
2.03	1.59	1.35	1.05	1.14	1.35	1.91	2.00	1.86	1.98	1.99	0.00	Income Return %
31.33	27.20	19.82	-9.99	-13.07	-23.38	26.75	8.86	3.05	13.80	3.48	-6.01	Capital Return %
11	14	36	52	36	39	26	34	57	21	49	38	Total Rtn % Rank Cat
1.39	1.42	1.51	1.40	1.38	1.41	1.53	2.02	2.05	2.24	2.56	0.00	Income $
0.71	0.90	0.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	—	—	Expense Ratio %
1.77	1.46	1.25	1.10	1.27	1.57	1.74	2.00	1.87	1.87	—	—	Income Ratio %
7	11	14	11	8	10	13	5	9	8	—	—	Turnover Rate %
15,348	22,338	28,918	26,406	24,165	20,361	29,458	34,990	39,154	45,243	45,847	43,486	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	-3.15	15.41	2.63	12.16	28.66
2004	1.69	1.72	-1.87	9.23	10.86
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

Trailing	Total Return%	+/- S&P 500	+/- Russ 1000	%Rank Cat	Growth of $10,000
3 Mo	-10.57	-0.02	0.02	40	8,943
6 Mo	-4.34	-0.02	-0.07	43	9,566
1 Yr	-2.33	-0.02	0.12	43	9,767
3 Yr Avg	7.27	-0.01	-0.50	39	12,343
5 Yr Avg	12.02	-0.02	-0.57	37	17,639
10 Yr Avg	5.18	0.04	-0.28	37	16,570
15 Yr Avg	10.01	0.03	-0.06	28	41,829

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.97	24	0.28	10
5 Yr (estimated)	11.68	27	0.30	15
10 Yr (estimated)	4.71	29	0.45	19

Potential Capital Gain Exposure: 18% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.33			
3 Yr	7.27	Avg	Avg	★★★
5 Yr	12.02	Avg	Avg	★★★
10 Yr	5.18	Avg	Avg	★★★
Incept	10.31			

Other Measures	Standard Index S&P 500	Best Fit Index S&P 500
Alpha	0.0	0.0
Beta	1.00	1.00
R-Squared	100	100
Standard Deviation	8.52	
Mean	7.27	
Sharpe Ratio	0.36	

Portfolio Analysis 09-30-07

Share change since 06-07 Total Stocks:507	Sector	PE	Tot Ret%	% Assets
⊖ ExxonMobil Corporation	Energy	12.4	-8.84	3.79
⊕ General Electric Company	Ind Mtrls	15.9	-4.27	3.14
⊖ AT&T, Inc.	Telecom	20.0	-6.44	1.91
⊖ Microsoft Corporation	Software	18.5	-8.43	1.76
⊕ Citigroup, Inc.	Financial	7.6	-3.23	1.72
⊕ Bank of America Corporat	Financial	10.0	7.08	1.65
⊖ Procter & Gamble Company	Goods	20.7	-9.91	1.62
⊕ Cisco Systems, Inc.	Hardware	19.4	-9.86	1.49
⊖ Chevron Corporation	Energy	10.2	-10.56	1.48
⊕ Johnson & Johnson	Health	17.8	-5.00	1.41
⊖ American International G	Financial	9.6	-5.68	1.28
⊖ Pfizer Inc.	Health	23.1	3.07	1.25
⊕ International Business M	Hardware	16.1	-0.57	1.18
⊖ J.P. Morgan Chase & Co.	Financial	10.3	9.15	1.15
⊕ Intel Corporation	Hardware	20.2	-20.67	1.12
⊕ Altria Group Inc.	Goods	13.2	0.16	1.08
⊕ ConocoPhillips	Energy	12.5	-9.12	1.06
⊕ Apple, Inc.	Hardware	34.5	-31.66	0.99
⊕ Google, Inc.	Business	44.0	-18.39	0.97
⊕ Verizon Communications I	Telecom	19.3	-10.35	0.95

Current Investment Style

Value Blnd Growth — Large Mid Small

Market Cap	%
Giant	52.2
Large	36.7
Mid	11.0
Small	0.1
Micro	0.0
Avg $mil: 57,509	

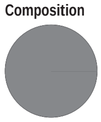
Value Measures		Rel Category
Price/Earnings	15.72	1.00
Price/Book	2.68	1.03
Price/Sales	1.52	1.06
Price/Cash Flow	10.84	1.05
Dividend Yield %	1.76	1.09

Growth Measures	%	Rel Category
Long-Term Erngs	10.61	0.91
Book Value	11.29	0.98
Sales	9.40	1.09
Cash Flow	9.40	1.04
Historical Erngs	17.09	0.93

Profitability	%	Rel Category
Return on Equity	22.14	1.01
Return on Assets	8.26	0.99
Net Margin	14.67	1.04

Sector Weightings	% of Stocks	Rel S&P 500	3 Year High	3 Year Low
Info	20.96	1.06		
Software	3.61	0.90	4	3
Hardware	10.44	1.10	10	9
Media	3.16	1.10	4	3
Telecom	3.75	1.08	4	3
Service	42.50	1.01		
Health	11.70	0.96	13	12
Consumer	7.23	1.02	9	7
Business	3.89	0.87	4	3
Financial	19.68	1.07	22	20
Mfg	36.53	0.96		
Goods	8.69	0.95	9	8
Ind Mtrls	12.81	0.97	13	12
Energy	11.54	0.96	12	9
Utilities	3.49	0.96	4	3

Composition



Cash	0.4
Stocks	99.5
Bonds	0.0
Other	0.0
Foreign (% of Stock)	0.0

Morningstar's Take by Dan Culloton 01-22-08

Vanguard Institutional Index, which tries to approximate the market average, is anything but.

This fund's recent results may not make you clamor to chase its returns, but it's a better core fund option than most of its large-blend peers. The fund's trailing annualized returns through early January 2008 are just north of mediocre. Part of the blah showing is a hangover from the past few years when small-cap stocks, which are in short supply here, did better than large-cap fare. The fund also hasn't owned enough of the aggressive-growth stocks that roared in 2007, such as Apple, to completely make up for suffering value-oriented holdings, such as Citigroup.

This fund, however, remains as solid as it ever was. It passively tracks the S&P 500 Index, which may not be the perfect gauge of the broad domestic-stock market because of its lack of small-cap exposure and more-subjective construction methods. The index and fund, however, are diversified across big, solid, market-leading U.S. businesses from all sectors. Stocks like ExxonMobil and General Electric have significant competitive advantages, such as enormous scale, operating efficiencies, dominant products, and management expertise, that help them fend off competitors and generate a lot of cash. That makes them strong core holdings because their competitive advantages help them produce steadier results. Indeed, this fund has been less volatile than the typical large-blend fund. In 2007's tumultuous second half, this fund lost less than alternatively weighted rivals, such as PowerShares FTSE RAFI US 1000.

The fund has other advantages. Low turnover has made it very tax-efficient. (For the eighth year in a row, it made no capital gains distributions in 2007.) Vanguard's indexing team has often trailed the fund's benchmark by less than the fund's expense ratio, which is lower than all its rivals'. It has a huge minimum investment, but if you have access to it via a retirement plan, use it.

Address:	Po Box 2600 Valley Forge, PA 19482 800-997-2798
Web Address:	www.vanguard.com
Inception:	07-31-90
Advisor:	Vanguard Advisers, Inc.
Subadvisor:	None
NTF Plans:	Vanguard NTF

Minimum Purchase:	$5000000	Add: $100	IRA: $0
Min Auto Inv Plan:	$5000000	Add: $50	
Sales Fees:	No-load		
Management Fee:	0.05%		
Actual Fees:	Mgt:0.05%	Dist: —	
Expense Projections:	3Yr:$16	5Yr:$28	10Yr:$64
Income Distrib:	Quarterly		

Vanguard Target Rtmt Inc

Analyst Pick	Ticker	Load	NAV	Yield	Total Assets	Mstar Category
	VTINX	None	$11.09	3.9%	$1,690 mil	Target-Date 2000-2014

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

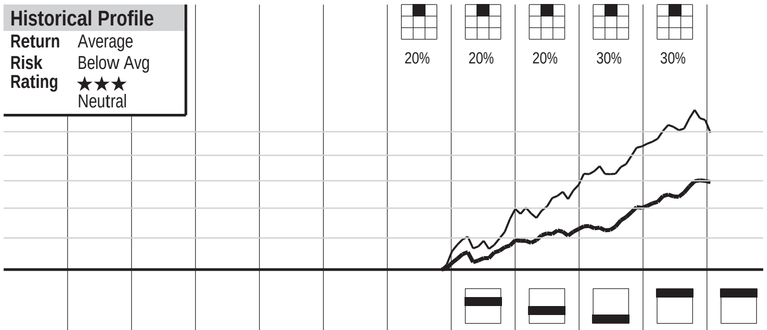
A team led by experienced index-fund manager Duane Kelly oversees this and other Vanguard Target Retirement Funds. Because the components here all are index offerings, shareholders tap into Vanguard's skill at running index funds.

Strategy

This fund seeks to provide current income and, to a lesser extent, capital appreciation. It is heavily weighted toward fixed-income securities. As of the end of October 2007, it had 45% invested in Vanguard Total Bond Market Index and 20% in TIPS through Vanguard Inflation-Protected Securities. With 5% stored in cash, the remaining 30% of the portfolio's assets are devoted to equities, with 24% invested in Vanguard Total Stock Market Index.

Historical Profile

Return Average
Risk Below Avg
Rating ★★★ Neutral



Investment Style
Equity
Stock %

▼ Manager Change
∇ Partial Manager Change

Growth of $10,000
— Investment Values of Fund
— Investment Values of DJ Mod

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
—	—	—	—	—	—	10.18	10.52	10.44	10.70	11.13	11.09	NAV
—	—	—	—	—	—	—	6.82	3.33	6.38	8.17	-0.36	Total Return %
—	—	—	—	—	—	—	-6.33	-3.92	-5.53	0.15	3.32	+/-DJ Mod
—	—	—	—	—	—	—	-3.94	-0.42	-1.52	0.44	0.35	+/-DJ Target 2010
—	—	—	—	—	—	—	3.38	3.95	3.79	4.08	0.00	Income Return %
—	—	—	—	—	—	—	3.44	-0.62	2.59	4.09	-0.36	Capital Return %
—	—	—	—	—	—	—	42	62	76	3	11	Total Rtn % Rank Cat
—	—	—	—	—	—	0.05	0.34	0.41	0.39	0.43	0.00	Income $
—	—	—	—	—	—	0.02	0.00	0.02	0.00	0.00	0.00	Capital Gains $
—	—	—	—	—	—	—	—	—	—	0.21	—	Expense Ratio %
—	—	—	—	—	—	—	3.62	3.80	4.21	4.03	—	Income Ratio %
—	—	—	—	—	—	—	1	—	22	3	—	Turnover Rate %
—	—	—	—	—	—	47	407	734	897	1,555	1,690	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	—	—	—	—	— *
2004	3.15	-1.72	2.16	3.15	6.82
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

Trailing	Total Return%	+/- DJ Mod	+/- DJ Target 2010	%Rank Cat	Growth of $10,000
3 Mo	-0.27	6.19	0.60	6	9,973
6 Mo	4.35	5.11	0.54	3	10,435
1 Yr	7.18	3.94	0.40	2	10,718
3 Yr Avg	5.88	-2.32	-0.63	28	11,870
5 Yr Avg	—	—	—	—	—
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	4.55	30	1.26	53
5 Yr (estimated)	—	—	—	—
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 4% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	7.18			
3 Yr	5.88	Avg	-Avg	★★★
5 Yr	—	—	—	—
10 Yr	—	—	—	—
Incept	6.29			

Other Measures	Standard Index S&P 500	Best Fit Index DJ Mod
Alpha	0.3	0.3
Beta	0.30	0.30
R-Squared	41	41
Standard Deviation	2.78	
Mean	5.88	
Sharpe Ratio	0.53	

Portfolio Analysis 09-30-07

Total Stocks:0 Share change since 06-30-07	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Bond Market Index		—	—	44.98
Vanguard Total Stock Mkt Idx		—	—	23.38
Vanguard Inflation-Protected Secs		—	—	19.91
Vanguard European Stock Index		—	—	3.62
Vanguard Pacific Stock Index		—	—	1.63
Vanguard Emerging Mkts Stock Idx		—	—	1.06
Vanguard Total Stock Market ETF		—	—	0.70

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

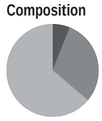
Equity Style
Style: Blend
Size: Large-Cap

Value Measures		Rel Category
Price/Earnings	15.62	1.00
Price/Book	2.48	1.02
Price/Sales	1.38	1.01
Price/Cash Flow	10.07	1.01
Dividend Yield %	1.93	1.01

Growth Measures	%	Rel Category
Long-Term Erngs	14.40	1.17
Book Value	10.05	0.94
Sales	0.20	0.07
Cash Flow	4.08	1.72
Historical Erngs	17.36	0.94

Market Cap %			
Giant	44.6	Small	5.0
Large	30.8	Micro	1.7
Mid	17.9	Avg $mil:	31,602

Composition



Cash	6.0
Stocks	30.1
Bonds	63.8
Other	0.1
Foreign (% of Stock)	20.6

Fixed-Income Style
Duration: Interm-Term
Quality: High

Avg Eff Duration [1]	5.1 Yrs
Avg Eff Maturity	8.0 Yrs
Avg Credit Quality	AAA
Avg Wtd Coupon	4.58%

[1]figure provided by fund as of 09-30-07

Sector Weightings	% of Stocks	Rel DJ Mod	3 Year High	3 Year Low
Info	19.36	—		
Software	3.20	—	4	3
Hardware	8.97	—	10	8
Media	2.89	—	4	3
Telecom	4.30	—	4	3
Service	43.47	—		
Health	10.50	—	13	10
Consumer	6.94	—	10	7
Business	5.23	—	5	5
Financial	20.80	—	24	20
Mfg	37.15	—		
Goods	8.94	—	9	7
Ind Mtrls	13.94	—	14	11
Energy	10.49	—	10	8
Utilities	3.78	—	4	3

Morningstar's Take by Marta Norton 12-13-07

Vanguard Target Retirement Income is a good way to keep investing simple.

There are plenty of target-retirement fund providers out there, but Vanguard's lineup still manages to stand out. Unlike many competitors, it relies solely on index funds. That means asset bloat isn't much of an issue, because index funds are better suited to a growing asset base than actively managed funds. Moreover, as can be expected from Vanguard, expenses are kept admirably low. Indeed, this particular fund has a 0.21% expense ratio, which gives it a significant advantage over its pricier competitors.

One complaint investors might have is the conservative asset allocation. A few years after their target dates, the funds in the series will fold into this fund and adopt its 30%/70% split between stocks and bonds. Others, such as those from T. Rowe Price, stick with stocks for much longer. The bigger stake in bonds limits the bumps in the road, but it also hurts return potential, because stocks tend to earn more than bonds over the long haul.

But for those wanting a more conservative approach, this offering is an excellent choice. The underlying funds are well constructed. Vanguard Total Stock Market, the core equity holding, is well diversified and benefits from the expertise of a longtime manager. Vanguard Total Bond Market, the core bond holding, offers similar advantages. It struggled in 2002, but on the whole its management has done a great job of closely tracking, and from time to time outpacing, its benchmark. Plus, we're pleased with the other diversification the fund offers. It has modest stakes in international indexes, such as Vanguard European Stock Index, and also has exposure to Treasury Inflation-Protected Securities through Vanguard Inflation-Protected Securities. That should help minimize the costs of inflation.

In all, we think investors looking for a simple solution have plenty of reasons to give this fund a look.

Address:	P.O. Box 2600 Valley Forge, PA 19482 800-662-6273
Web Address:	www.vanguard.com
Inception:	10-27-03
Advisor:	The Vanguard Group
Subadvisor:	None
NTF Plans:	Vanguard NTF

Minimum Purchase:	$3000	Add: $100	IRA: $3000
Min Auto Inv Plan:	$3000	Add: $50	
Sales Fees:	No-load		
Management Fee:	0.00%		
Actual Fees:	—	Dist: —	
Expense Projections:	3Yr:$68	5Yr:$118	10Yr:$268
Income Distrib:	Quarterly		

Data through January 31, 2008

Vanguard Target Rtmt 2015

Analyst Pick	Ticker	Load	NAV	Yield	Total Assets	Mstar Category
	VTXVX	None	$12.59	2.7%	$7,256 mil	Target-Date 2015-2029

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

A team led by experienced index-fund manager Duane Kelly oversees this and other Vanguard Target Retirement Funds. Because this is a fund composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds.

Strategy

This fund emphasizes capital growth and income. As of the end of October 2007, it had 35.5% of assets in Vanguard Total Bond Market Index, 51.5% in Vanguard Total Stock Mkt Index, 7.3% in Vanguard European Stock Index, 3.2% in Vanguard Pacific Stock Index, and 2.5% in Vanguard Emerging Markets Stock Index. Allocation to fixed-income securities will increase gradually as the fund nears its target date.

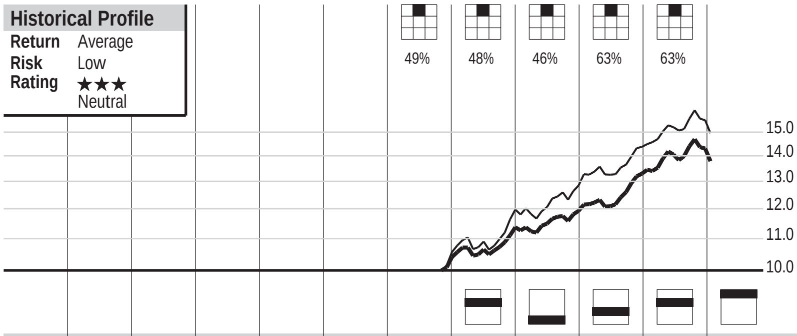
Historical Profile

Return Average
Risk Low
Rating ★★★ Neutral

Investment Style
Equity
Stock %

49% 48% 46% 63% 63%

▼ Manager Change
∇ Partial Manager Change



Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
—	—	—	—	—	—	10.43	11.17	11.46	12.46	13.06	12.59	NAV
—	—	—	—	—	—	—	9.04	4.94	11.42	7.55	-3.60	Total Return %
—	—	—	—	—	—	—	-4.11	-2.31	-0.49	-0.47	0.08	+/-DJ Mod
—	—	—	—	—	—	—	-5.89	-4.09	-2.33	-0.76	0.81	+/-DJ Target 2025
—	—	—	—	—	—	—	1.92	2.33	2.71	2.73	0.00	Income Return %
—	—	—	—	—	—	—	7.12	2.61	8.71	4.82	-3.60	Capital Return %
—	—	—	—	—	—	—	46	78	62	32	20	Total Rtn % Rank Cat
—	—	—	—	—	—	0.06	0.20	0.26	0.31	0.34	0.00	Income $
—	—	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
—	—	—	—	—	—	—	—	—	—	0.21	—	Expense Ratio %
—	—	—	—	—	—	—	2.69	3.11	3.04	2.93	—	Income Ratio %
—	—	—	—	—	—	—	1	1	15	5	—	Turnover Rate %
—	—	—	—	—	—	50	707	2,293	4,355	7,273	7,256	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	—	—	—	—	—*
2004	2.78	-0.56	0.75	5.89	9.04
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

Trailing	Total Return%	+/- DJ Mod	+/- DJ Target 2025	%Rank Cat	Growth of $10,000
3 Mo	-6.19	0.27	1.62	12	9,381
6 Mo	-0.32	0.44	1.51	15	9,968
1 Yr	2.52	-0.72	0.06	9	10,252
3 Yr Avg	6.95	-1.25	-2.40	42	12,233
5 Yr Avg	—	—	—	—	—
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.18	29	0.72	11
5 Yr (estimated)	—	—	—	—
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 3% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	2.52			
3 Yr	6.95	Avg	Low	★★★
5 Yr	—	—	—	—
10 Yr	—	—	—	—
Incept	7.97			

Other Measures	Standard Index S&P 500	Best Fit Index Russ 1000
Alpha	-0.6	0.5
Beta	0.83	0.58
R-Squared	88	91
Standard Deviation	5.24	
Mean	6.95	
Sharpe Ratio	0.49	

Portfolio Analysis 09-30-07

Total Stocks:0 Share change since 06-30-07	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Stock Mkt Idx		—	—	49.50
Vanguard Total Bond Market Index		—	—	36.35
Vanguard European Stock Index		—	—	7.31
Vanguard Pacific Stock Index		—	—	3.26
Vanguard Emerging Mkts Stock Idx		—	—	2.31
Vanguard Total Stock Market ETF		—	—	1.26

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	15.63	1.00
Price/Book	2.48	1.02
Price/Sales	1.38	1.03
Price/Cash Flow	10.08	1.02
Dividend Yield %	1.92	1.02

Growth Measures	%	Rel Category
Long-Term Erngs	14.50	1.12
Book Value	10.06	0.95
Sales	0.15	0.07
Cash Flow	4.05	4.31
Historical Erngs	17.46	0.97

Market Cap %			
Giant	44.5	Small	5.0
Large	30.8	Micro	1.7
Mid	17.9	Avg $mil:	31,555

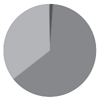
Fixed-Income Style
Duration: Interm-Term
Quality: High

Avg Eff Duration [1]	4.6 Yrs
Avg Eff Maturity	7.3 Yrs
Avg Credit Quality	AAA
Avg Wtd Coupon	5.52%

[1]figure provided by fund as of 09-30-07

Sector Weightings	% of Stocks	Rel DJ Mod	3 Year High	3 Year Low
Info	19.41	—		
Software	3.22	—	3	3
Hardware	9.00	—	9	8
Media	2.89	—	4	3
Telecom	4.30	—	4	4
Service	43.47	—		
Health	10.53	—	12	10
Consumer	6.96	—	9	7
Business	5.23	—	5	5
Financial	20.75	—	24	21
Mfg	37.13	—		
Goods	8.91	—	10	8
Ind Mtrls	13.92	—	14	12
Energy	10.52	—	11	8
Utilities	3.78	—	4	3

Composition



Cash	1.1
Stocks	63.1
Bonds	35.5
Other	0.3
Foreign (% of Stock)	20.1

Morningstar's Take by Marta Norton 12-13-07

Vanguard Target Retirement 2015 is worthy of serious consideration.

In the crowded target-retirement space, Vanguard's lineup stands out. Unlike competitors, it relies solely on index funds. That means asset bloat isn't much of an issue, because index funds are better suited to a growing asset base than actively managed funds. And as can be expected from Vanguard, expenses are kept admirably low. This particular fund has a 0.21% expense ratio, which gives it a significant advantage over its pricier competitors.

Impressive underlying funds add to the lineup's appeal. Vanguard Total Stock Market, the core equity holding that claims 52% of this fund's assets, is well diversified and benefits from the expertise of a longtime manager. Core bond holding Vanguard Total Bond Market, which has 36% of the fund's assets, has similar advantages. Aside from 2002's slipup, its management has closely tracked its benchmark. Plus, we're pleased with the other diversification found here. This fund invests in international index funds, such as Vanguard European Stock Index. And as it slides into more fixed income, it gains exposure to Treasury Inflation-Protected Securities through Vanguard Inflation-Protected Securities. That should help minimize the costs of inflation.

Some might be put off by the fund's conservative asset allocation. A few years after their target dates, the funds in the series will fold into Vanguard Target Retirement Income and adopt its 30%/70% split between stocks and bonds. Rivals such as T. Rowe Price stick with stocks for much longer. More in bonds limits volatility, but it can also hurt returns, because stocks tend to earn more over the long haul. So for those willing to risk more volatility for more return, we recommend opting for a later target date.

That wrinkle aside, investors will be hard pressed to find better target-retirement options. Give this fund careful consideration.

Address:	P.O. Box 2600 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	$3000	Add: $100	IRA: $3000
		Min Auto Inv Plan:	$3000	Add: $50	
		Sales Fees:	No-load		
Web Address:	www.vanguard.com	Management Fee:	0.00%		
Inception:	10-27-03	Actual Fees:	—	Dist: —	
Advisor:	The Vanguard Group	Expense Projections:	3Yr:$68	5Yr:$118	10Yr:$268
Subadvisor:	None	Income Distrib:	Annually		
NTF Plans:	Vanguard NTF				

Vanguard Target Rtmt 2025

Analyst Pick	Ticker	Load	NAV	Yield	Total Assets	Mstar Category
	VTTVX	None	$13.05	2.4%	$7,239 mil	Target-Date 2015-2029

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

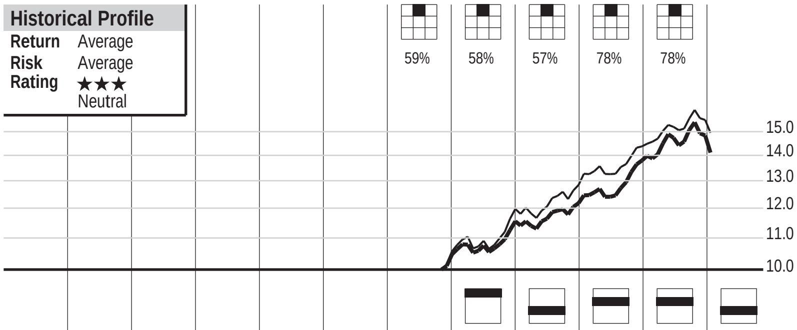
A team led by experienced index-fund manager Duane Kelly oversees this and other Vanguard Target Retirement Funds. Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds.

Strategy

This fund emphasizes capital growth and income. As of the end of October 2007, it had 20.5% of assets in Vanguard Total Bond Market Index, 63.4% in Vanguard Total Stock Market Index, 9.0% in Vanguard European Stock Index, 4.0% in Vanguard Pacific Stock Index, and 3.1% in Vanguard Emerging Markets Index. Allocation to fixed-income securities will increase gradually as the fund nears its target date.

Historical Profile

Return Average
Risk Average
Rating ★★★ Neutral



Investment Style
Equity
Stock %

▼ Manager Change
∇ Partial Manager Change

Growth of $10,000
▬ Investment Values of Fund
— Investment Values of DJ Mod

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
—	—	—	—	—	—	10.51	11.39	11.77	13.04	13.72	13.05	NAV
—	—	—	—	—	—	—	10.11	5.45	13.24	7.59	-4.88	Total Return %
—	—	—	—	—	—	—	-3.04	-1.80	1.33	-0.43	-1.20	+/-DJ Mod
—	—	—	—	—	—	—	-4.82	-3.58	-0.51	-0.72	-0.47	+/-DJ Target 2025
—	—	—	—	—	—	—	1.71	2.11	2.46	2.38	0.00	Income Return %
—	—	—	—	—	—	—	8.40	3.34	10.78	5.21	-4.88	Capital Return %
—	—	—	—	—	—	—	23	66	32	31	56	Total Rtn % Rank Cat
—	—	—	—	—	—	0.06	0.18	0.24	0.29	0.31	0.00	Income $
—	—	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
—	—	—	—	—	—	—	—	—	—	0.21	—	Expense Ratio %
—	—	—	—	—	—	—	2.33	2.84	2.66	2.43	—	Income Ratio %
—	—	—	—	—	—	—	3	2	22	4	—	Turnover Rate %
—	—	—	—	—	—	30	708	2,529	4,605	7,309	7,239	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	—	—	—	—	— *
2004	2.85	-0.28	0.37	6.95	10.11
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

Trailing	Total Return%	+/- DJ Mod	+/- DJ Target 2025	%Rank Cat	Growth of $10,000
3 Mo	-8.47	-2.01	-0.66	48	9,153
6 Mo	-2.10	-1.34	-0.27	46	9,790
1 Yr	0.94	-2.30	-1.52	34	10,094
3 Yr Avg	7.35	-0.85	-2.00	32	12,371
5 Yr Avg	—	—	—	—	—
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.72	15	0.59	1
5 Yr (estimated)	—	—	—	—
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 4% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.94			
3 Yr	7.35	Avg	Avg	★★★
5 Yr	—	—	—	—
10 Yr	—	—	—	—
Incept	8.62			

Other Measures	Standard Index S&P 500	Best Fit Index Russ 1000
Alpha	-0.9	0.4
Beta	1.04	0.73
R-Squared	88	94
Standard Deviation	6.52	
Mean	7.35	
Sharpe Ratio	0.47	

Portfolio Analysis 09-30-07

Total Stocks:0 Share change since 06-30-07	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Stock Mkt Idx		—	—	61.42
Vanguard Total Bond Market Index		—	—	20.87
Vanguard European Stock Index		—	—	9.10
Vanguard Pacific Stock Index		—	—	4.03
Vanguard Emerging Mkts Stock Idx		—	—	2.89
Vanguard Total Stock Market ETF		—	—	1.69

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

Morningstar's Take by Marta Norton 12-13-07

Vanguard Target Retirement 2025 is among the market's best one-size-fits-all funds.

In the crowded target-retirement space, Vanguard's lineup stands out. Unlike competitors, it relies solely on index funds. That means asset bloat isn't much of an issue, because index funds are better suited to a growing asset base than actively managed funds. And as can be expected from Vanguard, expenses are admirably low. This particular fund has a 0.21% expense ratio, which gives it a big edge over pricier competitors.

Some might take issue with the lineup's conservative asset allocation. A few years after their target dates, the funds in the series will fold into Vanguard Target Retirement Income and adopt its 30%/70% split between stocks and bonds. Rivals such as T. Rowe Price stick with stocks for much longer. More in bonds limits volatility, but it can also hurt returns, because stocks tend to earn more over the long haul. But because investors interested in risking more volatility for higher returns can simply opt for a later target date, this concern isn't a sticking point.

Good underlying funds round out the lineup's appeal. Vanguard Total Stock Market, the core equity holding that claims 63% of this fund's assets, is broadly spread across the market and benefits from the expertise of a longtime manager. Core bond holding Vanguard Total Bond Market, which has 21% of the fund's assets, has similar advantages. Aside from 2002's slipup, its management has closely tracked its benchmark. Plus, we're pleased with the other diversification found here. This fund has sizable stakes in international index funds, such as Vanguard European Stock Index. And as it adds more fixed income, it gains exposure to Treasury Inflation-Protected Securities through Vanguard Inflation-Protected Securities. That helps limit the pain of inflation.

There's not much to complain about here. Those wanting ease of use should consider the fund.

Address:	P.O. Box 2600 Valley Forge, PA 19482 800-662-6273
Web Address:	www.vanguard.com
Inception:	10-27-03
Advisor:	The Vanguard Group
Subadvisor:	None
NTF Plans:	Vanguard NTF

Minimum Purchase:	$3000	Add: $100	IRA: $3000
Min Auto Inv Plan:	$3000	Add: $50	
Sales Fees:	No-load		
Management Fee:	0.00%		
Actual Fees:	—	Dist: —	
Expense Projections:	3Yr:$68	5Yr:$118	10Yr:$268
Income Distrib:	Annually		

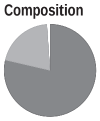
Equity Style
Style: Blend
Size: Large-Cap

Value Measures		Rel Category
Price/Earnings	15.63	1.00
Price/Book	2.48	1.02
Price/Sales	1.38	1.03
Price/Cash Flow	10.08	1.02
Dividend Yield %	1.92	1.02

Growth Measures	%	Rel Category
Long-Term Erngs	14.51	1.13
Book Value	10.06	0.95
Sales	0.15	0.07
Cash Flow	4.05	4.31
Historical Erngs	17.47	0.97

Market Cap %			
Giant	44.5	Small	5.0
Large	30.8	Micro	1.7
Mid	17.9	Avg $mil:	31,557

Composition



Cash	0.8
Stocks	78.4
Bonds	20.4
Other	0.3
Foreign (% of Stock)	20.1

Fixed-Income Style
Duration: Interm-Term
Quality: High

Avg Eff Duration [1]	4.6 Yrs
Avg Eff Maturity	7.3 Yrs
Avg Credit Quality	AAA
Avg Wtd Coupon	5.52%

[1]figure provided by fund as of 09-30-07

Sector Weightings	% of Stocks	Rel DJ Mod	3 Year High	3 Year Low
Info	19.41	—		
Software	3.22	—	3	3
Hardware	9.00	—	9	8
Media	2.89	—	4	3
Telecom	4.30	—	4	4
Service	43.46	—		
Health	10.52	—	12	10
Consumer	6.96	—	9	7
Business	5.23	—	5	5
Financial	20.75	—	24	21
Mfg	37.13	—		
Goods	8.91	—	10	8
Ind Mtrls	13.92	—	14	12
Energy	10.52	—	11	8
Utilities	3.78	—	4	3

Vanguard Target Rtmt 2035

Analyst Pick	Ticker	Load	NAV	Yield	Total Assets	Mstar Category
	VTTHX	None	$13.78	2.1%	$4,737 mil	Target-Date 2030+

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

A team led by experienced index-fund manager Duane Kelly oversees this and other Vanguard Target Retirement Funds. Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds.

Strategy

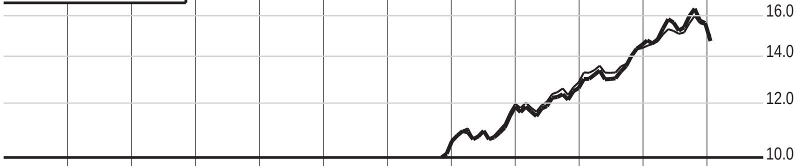
This fund emphasizes capital growth and income. As of the end of October 2007, it invested 9.8% of assets in Vanguard Total Bond Market Index, 72% in Vanguard Total Stock Market Index, 10.2% in Vanguard European Stock Index, 4.5% in Vanguard Pacific Stock Index, and 3.5% in Vanguard Emerging Markets Index. Allocation to fixed-income securities will increase gradually as the fund nears its target date.

Historical Profile

Return Average
Risk Below Avg
Rating ★★★ Neutral

Investment Style Equity Stock %: 79% (2003), 77% (2004), 74% (2005), 89% (2006), 89% (2007)

▼ Manager Change
∇ Partial Manager Change



Growth of $10,000
— Investment Values of Fund
— Investment Values of DJ Mod

Performance Quartile (within Category)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
—	—	—	—	—	—	10.63	11.73	12.26	13.87	14.62	13.78	NAV
—	—	—	—	—	—	—	11.95	6.30	15.24	7.49	-5.75	Total Return %
—	—	—	—	—	—	—	-1.20	-0.95	3.33	-0.53	-2.07	+/-DJ Mod
—	—	—	—	—	—	—	-4.66	-5.06	-1.40	-0.99	0.64	+/-DJ Target 2040
—	—	—	—	—	—	—	1.60	1.79	2.12	2.09	0.00	Income Return %
—	—	—	—	—	—	—	10.35	4.51	13.12	5.40	-5.75	Capital Return %
—	—	—	—	—	—	—	43	87	35	38	24	Total Rtn % Rank Cat
—	—	—	—	—	—	0.06	0.17	0.21	0.26	0.29	0.00	Income $
—	—	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
—	—	—	—	—	—	—	—	—	—	0.21	—	Expense Ratio %
—	—	—	—	—	—	—	1.70	2.33	2.21	2.09	—	Income Ratio %
—	—	—	—	—	—	—	2	—	14	1	—	Turnover Rate %
—	—	—	—	—	—	19	373	1,402	3,050	4,860	4,737	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	—	—	—	—	—*
2004	2.92	0.46	-0.64	8.98	11.95
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

Trailing	Total Return%	+/- DJ Mod	+/- DJ Target 2040	%Rank Cat	Growth of $10,000
3 Mo	-10.09	-3.63	1.23	19	8,991
6 Mo	-3.35	-2.59	1.44	23	9,665
1 Yr	-0.19	-3.43	-0.17	27	9,981
3 Yr Avg	8.12	-0.08	-2.34	32	12,639
5 Yr Avg	—	—	—	—	—
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	7.62	14	0.46	2
5 Yr (estimated)	—	—	—	—
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 4% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-0.19			
3 Yr	8.12	Avg	-Avg	★★★
5 Yr	—	—	—	—
10 Yr	—	—	—	—
Incept	9.74			

Other Measures	Standard Index S&P 500	Best Fit Index Russ 1000
Alpha	-0.9	0.7
Beta	1.24	0.88
R-Squared	91	96
Standard Deviation	7.72	
Mean	8.12	
Sharpe Ratio	0.50	

Portfolio Analysis 09-30-07

Total Stocks:0 Share change since 06-30-07	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Stock Mkt Idx		—	—	69.86
Vanguard European Stock Index		—	—	10.33
Vanguard Total Bond Market Index		—	—	9.95
Vanguard Pacific Stock Index		—	—	4.60
Vanguard Emerging Mkts Stock Idx		—	—	3.30
Vanguard Total Stock Market ETF		—	—	1.96

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

Morningstar's Take by Marta Norton 12-13-07

Vanguard Target Retirement 2035 is an excellent way to keep it simple.

In the crowded target-retirement space, Vanguard's lineup stands out. Unlike many competitors, it relies solely on index funds. That means asset bloat isn't much of an issue, because index funds are better suited to a growing asset base than actively managed funds. And as can be expected from Vanguard, expenses are admirably low. This particular fund has a 0.21% expense ratio, which gives it an edge over pricier competitors.

Some might take issue with the lineup's conservative asset allocation. A few years after their target dates, the funds in the series will fold into Vanguard Target Retirement Income and adopt its 30%/70% split between stocks and bonds. Rivals such as T. Rowe Price stick with stocks for much longer. More in bonds limits volatility, but it can also hurt returns because stocks tend to earn more over the long haul. We don't consider this a sticking point, however, because investors interested in risking more volatility for higher returns can simply opt for a later target date.

Good underlying funds round out the lineup's appeal. Vanguard Total Stock Market, the core equity holding that currently claims 72% of this fund's assets, is broadly spread across the market and benefits from the expertise of a longtime manager. Core bond holding Vanguard Total Bond Market, which has less than 10% of the fund's assets, has similar advantages. Its management has closely tracked, and from time to time outpaced, its benchmark. Plus, we're pleased with the other diversification found here. This fund has sizable stakes in international index funds, such as Vanguard European Stock Index. And as it adds more fixed income, it gains exposure to Treasury Inflation-Protected Securities through Vanguard Inflation-Protected Securities. That helps limit the pain of inflation.

Those looking for an all-in-one fund have a good option here.

Address:	P.O. Box 2600 Valley Forge, PA 19482 800-662-6273
Web Address:	www.vanguard.com
Inception:	10-27-03
Advisor:	The Vanguard Group
Subadvisor:	None
NTF Plans:	Vanguard NTF

Minimum Purchase:	$3000	Add: $100	IRA: $3000
Min Auto Inv Plan:	$3000	Add: $50	
Sales Fees:	No-load		
Management Fee:	0.00%		
Actual Fees:	—	Dist: —	
Expense Projections:	3Yr:$68	5Yr:$118	10Yr:$268
Income Distrib:	Annually		

Equity Style
Style: Blend
Size: Large-Cap

Value Measures		Rel Category
Price/Earnings	15.63	1.00
Price/Book	2.48	1.02
Price/Sales	1.38	1.04
Price/Cash Flow	10.08	1.03
Dividend Yield %	1.92	1.02

Growth Measures	%	Rel Category
Long-Term Erngs	14.53	1.10
Book Value	10.06	0.96
Sales	0.15	0.11
Cash Flow	4.05	15.00
Historical Erngs	17.49	0.95

Market Cap %			
Giant	44.5	Small	5.0
Large	30.8	Micro	1.7
Mid	17.9	Avg $mil:	31,549

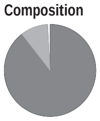
Fixed-Income Style
Duration: —
Quality: —

Avg Eff Duration [1]	—
Avg Eff Maturity	—
Avg Credit Quality	—
Avg Wtd Coupon	—

[1] figure provided by fund

Sector Weightings	% of Stocks	Rel DJ Mod	3 Year High	3 Year Low
Info	19.41	—		
Software	3.22	—	3	3
Hardware	9.00	—	9	8
Media	2.89	—	4	3
Telecom	4.30	—	4	4
Service	43.46	—		
Health	10.52	—	12	10
Consumer	6.96	—	9	7
Business	5.23	—	5	5
Financial	20.75	—	24	21
Mfg	37.13	—		
Goods	8.91	—	10	8
Ind Mtrls	13.92	—	14	12
Energy	10.52	—	11	8
Utilities	3.78	—	4	3

Composition



Cash	0.6
Stocks	89.2
Bonds	9.8
Other	0.3
Foreign (% of Stock)	20.1

Vanguard Target Rtmt 2045

Analyst Pick	Ticker	Load	NAV	Yield	Total Assets	Mstar Category
	VTIVX	None	$14.23	2.1%	$2,306 mil	Target-Date 2030+

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

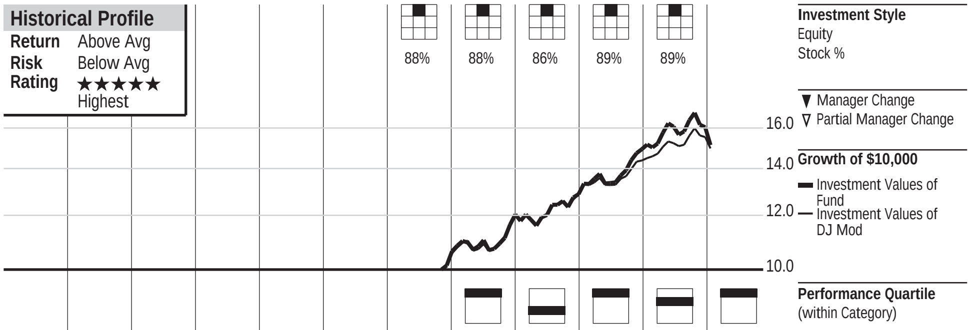
A team led by experienced index-fund manager Duane Kelly oversees this and other Vanguard Target Retirement Funds. Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds.

Strategy

This fund holds a diverse mix of stocks and bonds. As of the end of October 2007, it had 71.9% of assets in Vanguard Total Stock Market Index, 10.3% in Vanguard European Stock Index, 4.5% in Vanguard Pacific Stock Index, and 3.4% in Vanguard Emerging Markets Index. The remaining 9.9% was devoted to bonds through Vanguard Total Bond Market Index. Allocation to fixed-income securities will increase gradually as the fund nears its target date.

Historical Profile

Return: Above Avg
Risk: Below Avg
Rating: ★★★★★ Highest



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	01-08	History
	—	—	—	—	—	—	10.71	11.93	12.57	14.32	15.09	14.23	NAV
	—	—	—	—	—	—	—	12.89	6.95	15.98	7.47	-5.70	Total Return %
	—	—	—	—	—	—	—	-0.26	-0.30	4.07	-0.55	-2.02	+/-DJ Mod
	—	—	—	—	—	—	—	-3.72	-4.41	-0.66	-1.01	0.69	+/-DJ Target 2040
	—	—	—	—	—	—	—	1.49	1.59	1.99	2.09	0.00	Income Return %
	—	—	—	—	—	—	—	11.40	5.36	13.99	5.38	-5.70	Capital Return %
	—	—	—	—	—	—	—	19	74	23	39	22	Total Rtn % Rank Cat
	—	—	—	—	—	—	0.07	0.16	0.19	0.25	0.30	0.00	Income $
	—	—	—	—	—	—	0.00	0.00	0.00	0.01	0.00	0.00	Capital Gains $
	—	—	—	—	—	—	—	—	—	—	0.21	—	Expense Ratio %
	—	—	—	—	—	—	—	1.38	2.07	2.03	2.08	—	Income Ratio %
	—	—	—	—	—	—	—	7	7	3	1	—	Turnover Rate %
	—	—	—	—	—	—	7	142	626	1,446	2,374	2,306	Net Assets $mil

Performance 01-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2003	—	—	—	—	—*
2004	2.89	0.82	-1.17	10.11	12.89
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

Trailing	Total Return%	+/- DJ Mod	+/- DJ Target 2040	%Rank Cat	Growth of $10,000
3 Mo	-10.09	-3.63	1.23	19	8,991
6 Mo	-3.38	-2.62	1.41	24	9,662
1 Yr	-0.19	-3.43	-0.17	27	9,981
3 Yr Avg	8.69	0.49	-1.77	9	12,840
5 Yr Avg	—	—	—	—	—
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	8.22	2	0.43	1
5 Yr (estimated)	—	—	—	—
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -10% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-0.19			
3 Yr	8.69	+Avg	-Avg	★★★★★
5 Yr	—	—	—	—
10 Yr	—	—	—	—
Incept	10.49			

Other Measures	Standard Index S&P 500	Best Fit Index M* U.S. Mkt TR
Alpha	-0.6	1.0
Beta	1.31	0.89
R-Squared	92	97

Standard Deviation	8.05
Mean	8.69
Sharpe Ratio	0.55

Portfolio Analysis 09-30-07

Total Stocks:0 Share change since 06-30-07	Sectors	P/E Ratio	YTD Return %	% Net Assets
Vanguard Total Stock Mkt Idx		—	—	69.89
Vanguard European Stock Index		—	—	10.49
Vanguard Total Bond Market Index		—	—	9.98
Vanguard Pacific Stock Index		—	—	4.62
Vanguard Emerg Markets Stk Idx Fd		—	—	3.18
Vanguard Total Stock Market ETF		—	—	1.83

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	15.63	1.00
Price/Book	2.48	1.02
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Giant	44.6	Small	5.0
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Quality: —

Avg Eff Duration [1]	—
Avg Eff Maturity	—
Avg Credit Quality	—
Avg Wtd Coupon	—

[1]figure provided by fund

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Consumer	6.96	—	9	7
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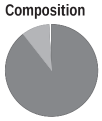
Composition



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Morningstar's Take by Marta Norton 12-13-07

Young investors looking for simplicity should consider Vanguard Target Retirement 2045.

In the crowded target-retirement space, Vanguard's lineup stands out. Unlike competitors, it relies solely on index funds. That means asset bloat isn't much of an issue, because index funds are better suited to a growing asset base than actively managed funds. And as can be expected from Vanguard, expenses are admirably low. This particular fund has a 0.21% expense ratio, which gives it an edge over pricier competitors.

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In all, we find this offering a compelling choice among target-retirement funds.

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Expense Projections:	3Yr:$68	5Yr:$118	10Yr:$268
Income Distrib:	Annually		

Investment Policy Statement and Fund Benchmarks

AdvisedAssetsGroup

Put Our Power Behind You℠

AdvisedAssetsGroup
Put Our Power Behind You

Investment Benchmarks

Investment Product	2007 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 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 Lehman Brothers LT Corporate A * 2 Morningstar LT Corporate Category Average**
Barclay's U.S. Debt Index Fund	1 Lehman Brothers Aggregate Bond Index*
Federated U.S. Government Securities Fund 2-5 Years (Instl)	1 Merrill Lynch 3-5 Year Treasure 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.

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. *Llifecycle 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.

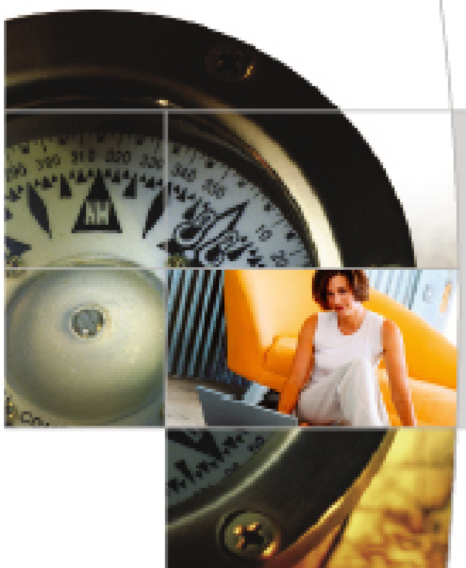
Investment Providers – The companies contracted to provide an investment option to the WDC are responsible for following the investment objectives that were either, identified during the competitive bid process (for fixed income options) or stated in their fund prospectus (for mutual funds).

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	• FDIC insured • Capital ratio as required by US government to maintain FDIC coverage • Minimum size - $1 billion in assets
Insurance Option	• 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	• 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: *Requirements apply to all mutual funds unless specifically waived*	• 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: *Requirements apply to all mutual funds unless specifically waived*	• 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.

Glossary



AdvisedAssetsGroup

Put Our Power Behind You℠

Glossary

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-backeds, 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 <u>not</u> 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 Cyclicals 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 beginnning 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 beginnning 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 Ndtr_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. Ndtr_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, Ndtr_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 Ndtr_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. Ndtr_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, Ndtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

MSCI Pacific Ndtr_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. Ndtr_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, Ndtr_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 Ndtr_D Includes all 23 MSCI developed market countries. Ndtr_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, Ndtr_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.

Ndtr_D: Noted for various Morgan Stanley indexes, Ndtr_D indicates that the index is listed in US dollars, with net dividends reinvested. Ndtr_D indexes take into account actual dividends before withholding taxes, but excludes special tax credits declared by companies. In addition, Ndtr_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.

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.

Glossary

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.

Glossary

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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DATE: May 1, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: Federal Deposit Insurance Corporation (FDIC) Investment Option

This memo is for the Board's information only. No action is required.

The Wisconsin Deferred Compensation Program (WDC) has offered participants a Federal Deposit Insurance Corporation (FDIC) investment option since 1991. Marshall and Ilsley Bank (M&I) currently provides the WDC's FDIC investment option, which is used by approximately 2,900 of the WDC's 48,000 participants. As of March 31, 2009, the FDIC option held assets valued at $79,748,073.

The attached news release from M&I provides an overview of first quarter 2009 results. Also attached are two recent *Milwaukee Journal Sentinel* articles discussing the relative health of M&I. Virtually all financial institutions have suffered declines throughout the last nine months.

Staff from M&I will be available at the Board meeting to discuss the FDIC option and answer any questions you may have regarding the bank's strength and the current economic turbulence.

Attachments

Reviewed and approved by Jean Gilding, Division Administrator, Division of Retirement Services.

Signature ______________________ Date ______________________

Board	Mtg Date	Item #
DC	05/19/2009	6

News Release

Marshall & Ilsley Corporation
770 North Water Street
Milwaukee, WI 53202
414 765-7700 Main
414 298-2921 Fax
mibank.com

For Release: Immediately

Contact: Greg Smith, senior vice president, chief financial officer
414 765-7727
Dave Urban, vice president, director of investor relations
414 765-7853

MARSHALL & ILSLEY CORPORATION REPORTS 2009 FIRST QUARTER RESULTS

- Net loss of $0.44 per share for 2009 first quarter.
- Financial results included one-time tax benefit of $51 million or $0.19 per share and dividends paid to U.S. Treasury under Capital Purchase Program of $25 million or $0.09 per share.
- Aggressively addressed credit issues by writing down problem credits and strengthening balance sheet.
  - Loan loss provision of $478 million, $150 million in excess of net charge-offs.
  - Allowance to loans ratio boosted to 2.75 percent, up 34 basis points from the prior quarter.
- Reduced construction and development exposure to 16.8 percent of total loans.
- Maintained strong expense discipline with adjusted efficiency ratio of 52.1 percent.
- Posted solid tangible common equity ratio of 6.4 percent.

-More-

Milwaukee, Wis. – April 23, 2009 – Marshall & Ilsley Corporation (NYSE: MI) (M&I) today reported a 2009 first quarter net loss of $116.9 million, or $0.44 per share, as compared to net income of $146.2 million, or $0.56 per share, in the first quarter of 2008.

"M&I remains well positioned to continue supporting our customers and prospects as they address the current economic environment," said Mark Furlong, president and CEO, Marshall & Ilsley Corporation. "Our first quarter results reflect the extent to which the current recession, and particularly the housing slowdown, continues to impact our Company. Although these are disappointing results, our excess capital, strong liquidity position, and high levels of reserves will keep us ahead of the industry's challenges."

Loan and Deposit Growth

M&I's average loans and leases totaled $49.8 billion for the first quarter of 2009, increasing $1.2 billion or 2.5 percent compared to the first quarter of 2008. When adjusted for the targeted reduction in the Corporation's construction and development portfolio, loan growth was $3.1 billion or 8 percent versus the same period last year. The Corporation's average deposits totaled $39.7 billion for the first quarter of 2009, rising $1.9 billion or 5 percent versus the first quarter of 2008.

Net Interest Income

The Corporation's net interest income (FTE) was $408.8 million for the first quarter of 2009, down $28.7 million or 7 percent compared to the first quarter of 2008. The net interest margin was 2.82 percent, down 27 basis points from the same period last year. The margin contraction was primarily caused by the recent decline in short term interest rates.

Asset Quality

M&I's construction and development portfolio continued to experience deterioration in the estimated collateral values and repayment abilities of some of the Corporation's customers, particularly among small and mid-sized local residential developers. M&I's provision for loan and lease losses was $478 million in the first quarter of 2009. Net charge-offs for the period were $328 million. At March 31, 2009 and 2008, the allowance for loan and lease losses was 2.75 percent and 1.10 percent, respectively, of total loans and leases. Non-performing loans and leases were 5.15 percent of total loans and leases at March 31, 2009, compared to 3.62 percent at December 31, 2008. Renegotiated loans were $446 million in the first quarter of 2009—up $176 million from the prior quarter. M&I's homeowner assistance program, which included a 90-day foreclosure moratorium on all owner-occupied residential loans, contributed to the higher level of renegotiated loans. Nonaccrual loans and leases were 4.21 percent of total loans and leases at March 31, 2009, compared to 3.05 percent at December 31, 2008.

Non-Interest Income

The Corporation's non-interest income was $176.7 million for the first quarter of 2009, down $7.6 million or 4 percent over the first quarter of 2008 when adjusted for the gain on the redemption of VISA shares in the same period last year. Wealth Management revenue was $62.7 million for the current quarter, falling $9.2 million or 13 percent over the first quarter of 2008. The decline was primarily driven by volatility in the equity markets during the quarter. Assets

-More-

under Management and Assets under Administration were $29.7 billion and $101.5 billion, respectively, at March 31, 2009, compared to $25.8 billion and $105.4 billion, respectively, at March 31, 2008.

Non-Interest Expense

M&I's non-interest expense was $345.5 million for the first quarter of 2009, down $57.3 million or 14 percent from the fourth quarter of 2008 (excluding the $1,535.1 million goodwill impairment charge). This decline reflected the benefit of the Corporation's recent expense initiatives. Non-interest expense increased $17.5 million or 5 percent over the first quarter of 2008 when adjusted for the reversal of VISA-related litigation accruals in the same period last year. The Corporation's salaries and employee benefits expense was $155.2 million for the first quarter of 2009, a decrease of $19.5 million or 11 percent from the same period last year. After adjusting for certain net credit-related expenses, M&I's efficiency ratio was 52.1 percent in the current quarter.

Income Taxes

During the first quarter of 2009, the Corporation recognized a one-time tax benefit of $51 million or $0.19 per share.

Balance Sheet and Capital Management

The Corporation's consolidated assets and total equity were $61.8 billion and $6.3 billion, respectively, at March 31, 2009, compared to $63.4 billion and $7.0 billion, respectively, at

March 31, 2008. There were 265.7 million common shares outstanding at March 31, 2009, compared to 259.1 million outstanding at March 31, 2008. In the first quarter of 2009, M&I paid $24.9 million or $0.09 per share for dividends on the Corporation's Senior Preferred Stock, Series B, owned by the U.S. Treasury under the Capital Purchase Program. M&I's tangible common equity ratio was 6.4 percent at March 31, 2009.

Conference Call

Marshall & Ilsley Corporation will hold a conference call at 11:00 a.m. (Central Daylight Time) Thursday, April 23, regarding first quarter results. For those interested in listening, please call 1-888-711-1825 and ask for M&I's quarterly results conference call. If you are unable to join us at this time, a replay of the call will be available beginning at 2:30 p.m. on April 23 and will run through 5:00 p.m. May 14, by calling 1-800-642-1687 and entering pass code 897 29 675. Supplemental financial information referenced in the conference call can be found at www.micorp.com, Investor Relations, after 8:00 a.m. on April 23.

###

About Marshall & Ilsley Corporation

Marshall & Ilsley Corporation (NYSE: MI) is a diversified financial services corporation headquartered in Milwaukee, Wis., with $61.8 billion in assets. Founded in 1847, M&I Marshall & Ilsley Bank is the largest Wisconsin-based bank, with 193 offices throughout the state. In addition, M&I has 53 locations throughout Arizona; 32 offices in Indianapolis and nearby communities; 36 offices along Florida's west coast and in central Florida; 16 offices in Kansas

City and nearby communities; 26 offices in metropolitan Minneapolis/St. Paul, and one in Duluth, Minn.; and one office in Las Vegas, Nev. M&I's Southwest Bank subsidiary has 17 offices in the greater St. Louis area. M&I also provides trust and investment management, equipment leasing, mortgage banking, asset-based lending, financial planning, investments, and insurance services from offices throughout the country and on the Internet (www.mibank.com or www.micorp.com). M&I's customer-based approach, internal growth, and strategic acquisitions have made M&I a nationally recognized leader in the financial services industry.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, statements regarding expected financial and operating activities and results that are preceded by, followed by, or that include words such as "may," "expects," "anticipates," "estimates" or "believes." Such statements are subject to important factors that could cause M&I's actual results to differ materially from those anticipated by the forward-looking statements. These factors include: (i) M&I's exposure to the deterioration in the commercial and residential real estate markets, along with the deterioration in the U.S. economy as a whole, which could result in increased charge-offs and increases in M&I's allowance for loan and lease losses, (ii) various other factors, including changes in economic conditions affecting borrowers, new information regarding outstanding loans and identification of additional problem loans, which could require an increase in M&I's allowance for loan and lease losses, (iii) M&I's ability to maintain required levels of capital, (iv) the impact of recent and future legislative initiatives on the financial markets or on M&I, (v) M&I's exposure to the actions and potential failure of other financial institutions, (vi) volatility in M&I's stock price, and (vii) those factors referenced in Item 1A. Risk Factors in M&I’s annual report on Form 10-K for the year ended December 31, 2008, and as may be described from time to time in M&I’s subsequent SEC filings, which factors are incorporated herein by reference. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect only M&I’s belief as of the date of this press release. Except as required by federal securities law, M&I undertakes no obligation to update these forward-looking statements or reflect events or circumstances after the date of this press release.

Marshall & Ilsley Corporation

Financial Information

(unaudited)

	Three Months Ended March 31, 2009	2008	Percent Change
PER COMMON SHARE DATA			
Diluted:			
Net Income (Loss)	**($0.44)**	**$0.56**	n.m.
Basic:			
Net Income (Loss)	(0.44)	0.56	n.m.
Dividend Declared per Common Share	**0.01**	**0.31**	-96.8
Book Value per Common Share	**17.45**	**27.09**	-35.6
Common Shares Outstanding (millions):			
Average - Diluted	264.5	262.3	0.9
End of Period	265.7	259.1	2.5
INCOME STATEMENT ($millions)			
Net Interest Income (FTE)	**$408.8**	**$437.5**	-6.6 %
Provision for Loan and Lease Losses	**477.9**	**146.3**	226.6
Wealth Management	62.7	71.9	-12.8
Service Charges on Deposits	35.3	35.7	-1.0
Mortgage Banking	10.8	9.4	15.4
Net Investment Securities Gains	0.1	25.7	-99.7
Other	67.8	68.5	-1.1
Total Non-Interest Revenues	**176.7**	**211.2**	-16.3
Salaries and Employee Benefits	155.2	174.7	-11.2
Net Occupancy and Equipment	33.8	31.2	8.3
Intangible Amortization	5.8	5.9	-2.5
Other	150.7	104.0	44.9
Total Non-Interest Expenses	**345.5**	**315.8**	9.4
Tax Equivalent Adjustment	7.1	7.1	-0.5
Pre-Tax Income (Loss)	(245.0)	179.5	n.m.
Provision (Benefit) for Income Taxes	(153.0)	33.3	n.m.
Net Income (Loss) Attributable to M&I	**($92.0)**	**$146.2**	n.m.
Preferred Dividends	(24.9)	-	
Net Income (Loss) Available to Common Shareholders	**($116.9)**	**$146.2**	n.m. %
KEY RATIOS			
Net Interest Margin (FTE) / Avg. Earning Assets	2.82 %	3.09 %	
Interest Spread (FTE)	2.48	2.53	
Efficiency Ratio	59.0 %	50.6 %	
Return on Assets	n.m.	0.94	
Return on M&I Shareholders' Equity	n.m.	8.37	
Equity / Assets (End of Period)	10.12 %	11.02 %	

Marshall & Ilsley Corporation
Financial Information
(unaudited)

	As of March 31, 2009	As of March 31, 2008	Percent Change
ASSETS ($millions)			
Cash & Due From Banks	$745	$1,360	-45.2 %
Trading Securities	687	195	251.8
Short - Term Investments	451	307	47.2
Investment Securities	7,728	7,853	-1.6
Loans and Leases:			
Commercial Loans & Leases	15,108	15,414	-2.0
Commercial Real Estate	17,642	16,957	4.0
Residential Real Estate	9,319	10,342	-9.9
Home Equity Loans & Lines	5,025	4,722	6.4
Personal Loans and Leases	2,151	1,865	15.2
Total Loans and Leases	49,245	49,300	-0.1
Reserve for Loan & Lease Losses	(1,352)	(544)	148.8
Premises and Equipment, net	570	514	11.1
Goodwill and Intangibles	758	2,246	-66.3
Other Assets	2,958	2,167	36.5
Total Assets	$61,790	$63,398	-2.5 %
LIABILITIES & EQUITY ($millions)			
Deposits:			
Noninterest Bearing	$6,988	$6,138	13.9 %
Interest Bearing:			
Savings and NOW	3,628	3,187	13.9
Money Market	10,614	11,673	-9.1
Time	17,725	14,854	19.3
Foreign	609	2,875	-78.8
Total Interest Bearing	32,576	32,589	0.0
Total Deposits	39,564	38,727	2.2
Short - Term Borrowings	5,336	7,045	-24.3
Long - Term Borrowings	9,539	9,672	-1.4
Other Liabilities	1,100	970	13.4
Total Liabilities	55,539	56,414	-1.6
Equity:			
Marshall & Ilsley Corporation Shareholders' Equity	6,240	6,974	-10.5
Noncontrolling Interest in Subsidiaries	11	10	5.4
Total Equity	6,251	6,984	-10.5
Total Liabilities & Equity	$61,790	$63,398	-2.5 %

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Percent Change
AVERAGE ASSETS ($millions)			
Cash & Due From Banks	$803	$953	-15.7 %
Trading Securities	585	179	228.1
Short - Term Investments	570	332	71.7
Investment Securities	7,689	7,911	-2.8
Loans and Leases:			
Commercial Loans & Leases	15,292	14,911	2.6
Commercial Real Estate	17,692	16,943	4.4
Residential Real Estate	9,619	10,298	-6.6
Home Equity Loans and Lines	5,064	4,670	8.4
Personal Loans and Leases	2,149	1,788	20.1
Total Loans and Leases	49,816	48,610	2.5
Reserve for Loan & Lease Losses	(1,245)	(557)	123.4
Premises and Equipment, net	569	509	11.8
Goodwill and Intangibles	761	2,242	-66.1
Other Assets	2,889	2,174	32.9
Total Assets	$62,437	$62,353	0.1 %
Memo:			
Average Earning Assets	$58,660	$57,032	
Average Earning Assets Excluding Investment Securities Unrealized Gains/Losses	$58,719	$56,998	
AVG LIABILITIES & EQUITY ($millions)			
Deposits:			
Noninterest Bearing	$6,482	$5,629	15.2 %
Interest Bearing:			
Savings and NOW	3,530	3,202	10.2
Money Market	10,631	11,687	-9.0
Time	17,901	13,960	28.2
Foreign	1,123	3,250	-65.5
Total Interest Bearing	33,185	32,099	3.4
Total Deposits	39,667	37,728	5.1
Short - Term Borrowings	5,724	6,416	-10.8
Long - Term Borrowings	9,571	10,020	-4.5
Other Liabilities	1,122	1,152	-2.5
Total Liabilities	56,084	55,316	1.4
Equity:			
Marshall & Ilsley Corporation Shareholders' Equity	6,343	7,027	-9.7
Noncontrolling Interest in Subsidiaries	10	10	4.8
Total Equity	6,353	7,037	-9.7
Total Liabilities & Equity	$62,437	$62,353	0.1 %
Memo:			
Average Interest Bearing Liabilities	$48,480	$48,535	

Marshall & Ilsley Corporation

Financial Information

(unaudited)

	Three Months Ended March 31, 2009		2008		Percent Change	
CREDIT QUALITY (a)						
Net Charge-Offs ($millions)	$328.0		$131.1		150.2	%
Net Charge-Offs / Average Loans & Leases	2.67	%	1.08	%		
Loan and Lease Loss Reserve ($millions)	$1,352.1		$543.5		148.8	%
Loan and Lease Loss Reserve / Period-End Loans & Leases	2.75	%	1.10	%		
Nonaccrual Loans & Leases ($millions)	$2,074.6		$774.1		168.0	%
Nonaccrual Loans & Leases / Period-End Loans & Leases	4.21	%	1.57	%		
Loan and Lease Loss Reserve / Nonaccrual Loans & Leases	65	%	70	%		
Non-Performing Loans & Leases (NPL's) ($millions)	$2,536.7		$787.0		222.3	%
NPL's / Period-End Loans & Leases	5.15	%	1.60	%		
Loan and Lease Loss Reserve / Non-Performing Loans & Leases	53	%	69	%		
MARGIN ANALYSIS (b)						
Loans and Leases:						
Commercial Loans & Leases	3.90	%	6.25	%		
Commercial Real Estate	4.70		6.56			
Residential Real Estate	5.08		6.43			
Home Equity Loans and Lines	5.19		6.89			
Personal Loans and Leases	5.54		6.98			
Total Loans and Leases	4.62		6.49			
Investment Securities	4.26		5.03			
Short - Term Investments	0.89		2.82			
Interest Income (FTE) / Avg. Interest Earning Assets	4.50	%	6.25	%		
Interest Bearing Deposits:						
Savings and NOW	0.13	%	0.97	%		
Money Market	0.62		2.96			
Time	2.71		4.47			
Foreign	0.33		2.96			
Total Interest Bearing Deposits	1.69		3.42			
Short - Term Borrowings	0.28		3.36			
Long - Term Borrowings	4.24		4.91			
Interest Expense / Avg. Interest Bearing Liabilities	2.02	%	3.72	%		
Net Interest Margin(FTE) / Avg. Earning Assets	2.82	%	3.09	%		
Interest Spread (FTE)	2.48	%	2.53	%		

Notes:

(a) Non-performing loans & leases includes renegotiated loans and loans past due 90 days or more.

(b) Based on average balances excluding fair value adjustments for available for sale securities.

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DATE: April 28, 2009

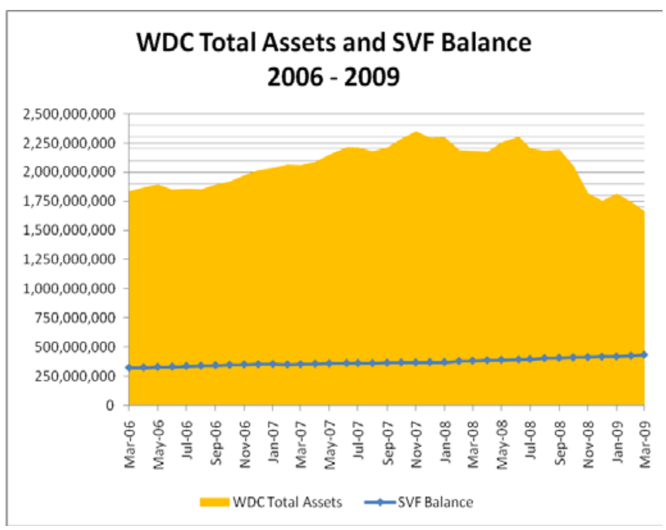
TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: Stable Value Fund Review

This memo is for the Board's information only. No action is required.

The Wisconsin Deferred Compensation Program (WDC) has offered participants a Stable Value Fund (SVF) investment option since 1985. It has proven to be extremely popular, with over 15,000 of the WDC's 48,000 participants currently investing some or all of their WDC retirement assets in the SVF. As shown in the graph below, even as the total amount invested with the WDC has fluctuated over the past three years, the balance in the SVF has steadily risen. It is one of two funds that consistently holds the most WDC assets, and has been the largest WDC fund by assets for ten of the past twelve months. As of March 2009, the SVF held assets valued at $441,246,974, 25% of the WDC overall assets. Galliard Capital Management (Galliard) currently provides the WDC's SVF investment option.



This memo provides an overview of how SVFs are structured and is intended as a supplement to the attached document from Galliard. Staff from the Department and Galliard will be available at the Board meeting to discuss the SVF and answer any questions you may have.

Overview of Stable Value Funds

SVFs appeal to people seeking a conservative investment option because they offer principal preservation. Investors have the safety of a money market fund along with bond fund-like investment returns.

An SVF typically consists of investments known as security backed contracts (SBC). An SBC is comprised of two components: a fixed income (bond) portfolio and an investment contract issued by a high quality financial institution, such as a bank or insurance company. This contract, commonly referred to as a "wrap" or "wrapper agreement," is put in place to allow participants to transact at book value (principal plus credited interest) as well as to provide a principal guarantee for deposits.

Reviewed and approved by Jean Gilding, Division Administrator, Division of Retirement Services.

Signature Date

Board	Mtg Date	Item #
DC	05/19/2009	7

Book value accounting is used for SVFs. This allows participants to transact at book value (principal plus credited interest) and insulates the fund from sudden changes in the market value of the underlying securities. Changes in the market value of the portfolios as well as the impact of the reinvestment of cash flows are reflected to participants through the crediting rate (blended yield) of each SBC. The crediting rate calculations amortize the market value gains and losses of the underlying portfolio over the duration of the portfolio. The result is these gains and losses are applied over time, therefore allowing for the smoothed return profile characteristic of stable value funds.

SVFs require plan providers to institute a transfer restriction called an "equity wash" for transfers from the SVF to a competing option, such as a money market fund, certain bond funds and other fixed investments such as an FDIC option. The equity wash provision requires transfers from the SVF to go to a non-competing option (typically an equity fund, hence the name) for 90 days before moving into the competing fund. This equity "wash" is structured to prevent investors from rapidly shifting their SVF assets in an attempt to arbitrage interest rates, which could have a negative effect on remaining SVF accounts.

<u>WDC's Stable Value Fund</u>

Galliard, the WDC's SVF manager, states that investment objectives of the fund are "safety of principal, stable credited rate of interest, adequate liquidity for participant transactions, and long term investment returns superior to shorter maturity alternatives such as money market funds or short-term yields available in the bond market."

For liquidity needs, the WDC SVF holds assets in the Wells Fargo Stable Return Fund. This is a $15 billion stable value collective trust fund. This fund is fully benefit responsive and currently uses 17 different contract providers. The majority of the WDC SVF is invested in SBCs. Galliard's strategy of diversification helps to protect the SVF from material events at any one wrap provider (bank or insurance company) by utilizing multiple providers for the wrap contracts in this segment. Currently there are three WDC SVF wrap providers: J.P. Morgan Chase Bank; Natixis Financial Products; and Monumental Life Insurance.

Within the SBC segment, Galliard manages a fixed income portfolio. In addition, Galliard also has two firms serving as sub-managers for the WDC SVF: Aberdeen Asset Management and PIMCO. These managers were selected after careful review for their strong performance and styles complementary to Galliard's investment approach. For example, PIMCO places high value on a "top down" investment approach and active duration management. Aberdeen favors a "bottom up" approach to investments and places a lower emphasis on active duration management. Regular oversight of the portfolios managed by the external firms is accomplished by an internal Galliard team of investment and compliance analysts.

A 90-day equity wash transfer restriction is a required part of the WDC's SVF. As with most SVF equity washes, the Galliard equity wash means that the assets cannot be moved directly from the SVF to competing investment options. For WDC participants, this means they cannot move funds directly from the SVF to the Vanguard Admiral Treasury Money Market Fund[1], FDIC Bank Option, or the Federated U.S. Government Securities Fund. Although this requirement has caused some frustration for a few WDC participants, it is not negotiable.

Attachments

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[1] Vanguard closed the Admiral Treasury Money Market fund to all new contributions in March 2009. WDC participants using this option must redirect their deferrals to another option by May 4, 2009.

State of Wisconsin
Deferred Compensation Program

STABLE VALUE FUND

This Disclosure summarizes information about the Stable Value Fund offered as an investment option under the Wisconsin Deferred Compensation Program ("WDC"). WDC participants should read and retain this Disclosure for future reference.

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Investments in the Fund are NOT bank deposits, are NOT guaranteed by the WDC, the Wisconsin Department of Employee Trust Funds or the investment adviser, are NOT insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. Government, and are subject to investment risks, including loss of principal. The Fund is not an investment company and, accordingly, is not required to be registered under the Investment Company Act of 1940. This Fund is only available to participants.

COPIES OF THE DISCLOSURE AND ACCOUNT INFORMATION

Copies of the Disclosure. For additional copies of this Disclosure, go to www.wdc457.org and select the *Investments* tab. Select "Plan Investments" and then "Fund Overview." Or, call the WDC toll-free at 1-877-457-WDCP (9327).

Account Information. For account balance, performance and other WDC information, go to www.wdc457.org and login via the Secure Account Access link using your WDC user name and personal identification number (PIN). Or, call the WDC toll-free at 1-877-457-WDCP (9327). Staff at this number can also help you login to the WDC Web site or reset your WDC PIN.

For additional information about Galliard Capital Management, please visit the firm's website at www.galliard.com, or write to the following address and ask for a copy of Galliard's Form ADV which provides information about the adviser and its business.

Galliard Capital Management, Inc.
Att'n: WDC Stable Value Fund
800 LaSalle Avenue
Suite 1100
Minneapolis, MN 55402-2054

Revised April 2009

KEY INFORMATION

The Stable Value Fund ("Fund") is a managed investment fund offered by the WDC exclusively for participants. The Fund is advised by Galliard Capital Management, Inc. , a wholly owned subsidiary of Wells Fargo Bank, N.A. The Fund invests in investment contracts issued by high quality financial institutions which are backed by a high quality portfolio of fixed income securities managed by Galliard and certain stable value collective funds Trusteed by Wells Fargo and advised by Galliard, Pacific Investment Management Company (PIMCO), and Aberdeen Asset Management. The Fund's holdings are held in a custody account with Wells Fargo Bank, N.A.

Objective. The Fund seeks to provide safety of principal while earning a reasonable level of interest income consistent with an underlying portfolio of short to intermediate duration high quality fixed income (bond) securities, and maintain adequate liquidity to accommodate participant transactions. There is no assurance that the Fund will achieve its objective.

Strategy. The Fund will pursue its objective through the active management of a diversified portfolio of high quality fixed income securities coupled with a wrap contract (together known as a Security Backed Contract), Guaranteed Investment Contracts, and/or Bank Investment Contracts issued by major financial institutions. Refer to the Investments section for information about these contract types.

Risk vs. Return. The Fund is designed for investors who seek current income, preservation of principal and liquidity. No government agency either directly or indirectly insures or guarantees the performance of the Fund. When interest in the Fund is redeemed it may be worth more or less than the amount paid for it.

Trading Restriction. A trading restriction will be imposed on transfers out of the Stable Value Fund into the Money Market Fund, FDIC option or Federated U.S. Government Securities Fund (considered "competing funds"). This means participants are not allowed to transfer dollars directly from the Stable Value Fund to the Money Market Fund, FDIC option or Federated U.S. Government Securities Fund. To comply with the restriction, dollars must first be exchanged into other investment options and remain there for a 90-day period before they can be exchanged into the Money Market Fund, FDIC option or Federated U.S. Government Securities Fund.

WHO SHOULD CONSIDER INVESTING

You should consider investing in the Fund if:
- You are looking to safeguard principal;
- You are looking for stable income;
- You are seeking an investment with low volatility.

You should not consider investing in the Fund if:
- You are looking for FDIC insurance coverage or interest that is guaranteed for a specific period, such as in a certificate of deposit;
- You are unwilling or unable to accept that you may lose money on your investment;
- You are unwilling to accept the risks involved in the securities market.

Who May Invest. The Fund is offered exclusively to WDC participants. There is no minimum amount for initial and subsequent purchases of Fund units.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objectives are:
- Safety of principal
- Current income
- Adequate liquidity
- Long term returns superior to shorter maturity alternatives

The primary emphasis in managing the Stable Value Fund is preservation of principal. Liquidity is another key element in the strategy since the Fund must accommodate participant withdrawals and investment transfers in a timely manner.

Once these objectives are met, the Fund adviser's focus is on selecting the best securities available to provide participants with competitive returns compared to shorter maturity fixed income alternatives. To achieve its investment objectives, the Fund invests in a variety security backed

(Continued on page 3)

contracts (SBCs). Refer to the Investments section for information about these contracts. The Stable Value Fund is appropriate for investors seeking more income than money market funds without the price fluctuation of stock or bond funds.

INVESTMENTS

Security Backed Contracts ("SBCs"). In structuring a security-backed contract, the Fund purchases one or more marketable fixed income portfolios, which are held and owned by the Fund on behalf of investors. The Fund then contracts for a fee with a financially responsible third party such as a large bank or insurance company to assure payments for participant withdrawals and transfers at book value (principal plus credited interest). This contract is typically referred to as a "wrapper agreement" or a "wrap". The issuer is a "Wrap Provider." The yield changes over time based on the impacts of the cash flow, the fixed income portfolio's duration and the market value of the underlying fixed-income securities. Gains or losses are recognized over time by adjusting the yield of the portfolio. The underlying fixed-income securities for security backed contracts that the Fund may purchase include, but are not limited to U.S. government securities, collateralized obligations such as mortgage backed or asset backed securities, corporate debt obligations and derivative investments including futures, options and swaps. The SBC contracts are generally not assignable or transferable and, therefore, are illiquid investments. However, the underlying fixed-income securities are marketable and may be exchanged for other fixed-income assets, with the knowledge and consent of the wrap provider, providing added flexibility.

Active Management. The Security Backed Contracts utilized within the Fund are backed by actively managed portfolios of fixed income securities in varying investment styles. Active management of the fixed income securities can improve diversification and enhance performance of the Fund through use of fixed income management strategies including, but not limited to, sector allocation, yield curve analysis and issue selection. Such strategies can positively or negatively affect the earnings rate of the Security Backed Contract over time without adding materially to the volatility of the overall Fund.

The Fund's advisor, Galliard Capital Management, may manage certain of the actively managed Security Backed Contracts within the Fund directly. The Fund has also selected other non-affiliated investment sub-advisors to manage certain assets as well. Current outside managers used within the Fund include Pacific Investment Management Company (PIMCO) and Aberdeen Asset Management. Galliard monitors outside manager performance, and also monitors all purchases and sales in sub-advisor portfolios and assures all managers function within established Fund investment guidelines for diversification, quality, and interest rate volatility (duration).

Stable Value Collective Funds. The Fund may invest in stable value collective trusts, which have similar objectives to the Fund and invest in assets as described above. Currently, the Fund invests in the Wells Fargo Stable Return Fund which is a large stable value collective trust fund trusteed by Wells Fargo Bank, N. A. and advised by the Fund's adviser, Galliard Capital Management, Inc.

Other Investments/Cash Reserves. The Fund may invest in other collective investment trusts with investment objectives that are consistent with the Fund's investment strategy. The Fund may also invest in other assets including high quality money market instruments.

Portfolio Diversification. The Fund can invest up to 85% of its assets in Security Backed Contracts (SBCs) which are comprised of diversified portfolios of high quality fixed income securities and a wrap contract. The Fund contracts with multiple wrap providers for diversification and default risk reduction purposes. The overall average credit rating of the contract issuers in the Fund will be maintained by the Fund's adviser at a minimum of AA-/Aa3. The marketable fixed income securities underlying the Security Backed Contracts must be rated investment grade at time of purchase and the minimum average quality of the underlying portfolio must be at least AA-/Aa3. The overall duration of the Fund is maintained between 3.0 and 5.0 years.

(Continued on page 4)

Use of Derivatives. The Fund may enter into transactions in certain derivatives, each of which involves risk. Derivatives are financial instruments whose values are derived, at least in part, from the prices of other securities or specified assets, indices, or rates. A variety of risk management procedures ensure the Fund's use of derivatives is closely monitored, remains consistent with the Fund's objectives and avoids undue exposure to risk.

Securities Lending. As of April 2009, the Fund does not participate in securities lending activities. However, the Fund does have the ability to do so as opportunities present themselves.

RISKS

The Fund is designed to allow participants to transact at book value (principal plus credited interest). There are a number of risks and events that may positively or adversely affect future yields of the portfolio. These risks include:

Default (Credit) Risk. Default risk refers to the possibility that parties who issue securities or instruments purchased by the Fund may not be financially able to make interest or principal payments when due. The default risk of securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities is low. The default risk on contract providers or other securities is moderately higher. However, to be eligible for acquisition by the Fund, an investment contract must be issued by an institution whose credit worthiness has been approved by Galliard Capital Management based on its comprehensive internal credit evaluation and third-party ratings by recognized credit-rating agencies. This risk is mitigated by investing in high quality assets and contracting with high quality contract issuers as well as focusing on very broad diversification of the underlying securities. In the case of a Security Backed Contract, the risk of loss due to a default of the institution providing the wrap is minimized because the Fund owns the marketable securities backing the investment contract. There is a risk that the market value of the securities owned may be lower than the book value.

Interest Rate Risk. Interest rate risk in stable value investing is primarily a function of reinvestment of cash flows. Interest rate risk is lessened within the Fund by (1) primarily investing in investment contracts with the intention of holding them to maturity and (2) through active management, the fund adviser intends to select investments that provide predictable consistent cash flow through varying maturities and interest payment features. The Fund also maintains a short to intermediate duration, reducing the volatility of longer-term investments. Also, changes in interest rates affect the prices of the underlying fixed income securities. In general, as interest rates rise, the prices of the fixed income securities fall, and vice versa. Like all fixed income investment options, the Fund is subject to reinvestment rate risk, meaning cash flows are reinvested as received at prevailing interest rates which may be more or less than the current yield of the overall Fund.

Liquidity Risk. Liquidity risk is reflected when the liquidation of contracts/securities is necessary to meet liquidity demands on the portfolio. The Fund is structured to provide adequate liquidity for normal withdrawal needs.

Event Risk. A material plan event or plan sponsor event including but not limited to changes in the law or regulation, bankruptcy of the employer, plan termination, early retirement programs, or group layoff of employees may result in termination of a wrap contract. Termination of a wrap contract may result in participant transactions occurring at market value, which may be higher or lower than book value. However, due to the nature of public plans and certain contract provisions, the probability of a wrap termination is extremely low. In addition, wrap providers will typically work with the investment manager and the plan sponsor to retain book value coverage, if at all possible, although future crediting rates may be impacted as a result of the event.

(Continued on page 5)

FUND MANAGEMENT AND STRUCTURE

Fund Management. Galliard Capital Management, Inc., a wholly owned subsidiary of Wells Fargo Bank, N.A., is registered as an investment adviser under the Investment Advisers Act of 1940 and advises the Fund in a manner consistent with the policies described under "Investment Objective and Policies." WDC participants have no voting or management rights in the Fund. Galliard will devote resources it believes are necessary to fulfill its management and administrative duties to the Fund. Galliard will not invest the Fund's assets in investments that are not consistent with Galliard's obligations as a fiduciary under applicable laws or regulations.

Reinvestment of Income. The Fund reinvests all of its income (including realized capital gains, if any); such income will not be paid out as dividends or other distributions. Income earned on assets in the Fund is reinvested and included in net asset values.

Other Investments/Cash Reserves. For liquidity purposes, pending investments into investment contracts, and other investment-related purposes, the Fund will maintain at least 15% of its assets in high quality money market instruments, and other collective investment trusts including stable value funds.

FEES AND EXPENSES

Advisory Fees. Galliard Capital Management charges an investment advisory fee for ongoing management and supervision of the investment and reinvestment of Fund assets, which is paid directly from the Fund and reflected in the yield of the Fund. This fee includes investment management, custody, trust, audit and other administrative expenses for the various underlying collective investment funds managed by Galliard. The Fund also pays certain advisory fees for Security Backed Contracts managed by outside advisors.

Investment Contract (Wrap Provider)/Securities Transaction Costs. The Fund will pay all investment contract costs including wrapper fees and brokerage commissions incurred on its portfolio transactions. Securities brokers and dealers for the Fund's portfolio transactions are selected on the basis of their ability to provide the best execution on terms that do not include any charge for research services. Investment contracts are selected on the basis of issuer credit quality, ability to meet contract bid specifications and cost.

Refer to the Fund Fact Sheet and quarterly performance reports to obtain the Fund's expense ratio.

VALUATION OF UNITS

Valuation of Units. The Fund is valued daily with a fluctuating unit value. Investment income is credited within the Fund daily resulting in an expected slight increase in the unit value on a daily basis. The investment by a participant in the Fund results in the issuance of a given number of participation interests ("Units") in the Fund for that participant's account. Galliard Capital Management determines the purchase price and redemption price of Units (the "Unit Value") as of 5:00 PM Eastern time each day Galliard is open for business (a "Valuation Date"). Generally, the Fund's Unit Value equals the total value of assets held by the Fund, less any liabilities (including fees payable to the adviser), divided by the total number of Units outstanding on the Valuation Date.

Suspension of trading. Under certain circumstances, Galliard Capital Management may in its discretion choose temporarily not to execute requests to purchase or redeem units of the Fund. Such circumstances include restriction or suspension of trading on the exchanges where the Fund's portfolio of securities are traded and such other unusual circumstances as would in the judgement of Galliard, make disposal of the Fund's investments not reasonably practicable. This may result in a delay in the valuation date as of which the execution of purchases and redemptions occur.

STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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http://etf.wi.gov

DATE: April 20, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: Vanguard Money Market Fund

This memo is for the Board's information only. No action is required.

On March 9, 2009, Vanguard Mutual Fund Company announced the closure of the Vanguard Admiral Treasury Money Market (VUSXX) fund to all new contributions. Vanguard made this move to respond to the continued decline in the Federal Reserve's federal funds target rate[1]. Since September 2007, the Federal Reserve has consistently cut the federal funds target rate in an attempt to help ease the credit crisis gripping the economy.

In a recent report, one fund company explained the effect the falling federal rate has on money market funds:

> Money market funds typically move relative to the fed funds rate; as the Federal Reserve cuts rates, money market fund yields fall in suit. All money market funds are affected by low fed fund rates. However, Treasury money market funds, which traditionally offer the lowest yield relative to other money market funds, are impacted the most.[2]

Vanguard has not indicated if the closure of the VUSXX fund is temporary or permanent. Wisconsin Deferred Compensation (WDC) participants with existing balances in the VUSXX fund may keep their balances in the fund. However, once a participant moves money out of the VUSXX fund, the participant cannot move it back until Vanguard reopens the fund to new investments. The WDC will post information on the WDC Web site and notify participants as soon as possible if the fund is reopened.

Approximately 10,690 WDC participants had a balance in the VUSXX fund. Of these, 3,914 were actively deferring all or a portion of the WDC contributions to the fund. These participants were notified via letter the week of March 23, 2009, that they had until May 4, 2009, to redirect their VUSXX deferrals to another option. Participants who fail to take action by the deadline will have

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[1] The federal-funds rate is the interest rate that banks charge other banks that need overnight loans. Since 1995, the Federal Open Markets Committee (FOMC) has specified a target level for the federal-funds rate as part of its attempt to regulate monetary policy. This rate is regularly reviewed by the FOMC and may be changed in response to the perceived economic situation in the United States.

[2] Fidelity Management and Research Company "Falling Yields: The Money Market Effect" January 2009

Reviewed and approved by Jean Gilding, Administrator, Division of Retirement Services

Signature ______________________ Date ______________________

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their VUSXX contributions automatically reallocated to the Vanguard Target Retirement fund closest to the year in which they will reach age 65. As of May 1, 2009, 722 had moved and 3,192 had not yet moved their deferrals.

A copy of the letter mailed to all WDC participants contributing to the VUSXX fund is included with this memo for your reference. Department staff will be available at the Board meeting to discuss the closure and answer any questions.

Attachments

Wisconsin Deferred Compensation Program

5325 Wall Street, Suite 2755
Madison, WI 53718
(877) 457-WDCP (9327)
www.wdc457.org

March 13, 2009

RE: Vanguard Admiral Treasury Money Market Fund Closure

Dear Participant:

The Wisconsin Deferred Compensation (WDC) Program has been notified by the Vanguard Mutual Fund Company that effective **May 4, 2009**, it will no longer accept any new deposits into the Vanguard Admiral Treasury Money Market Fund (VUSXX).

Our records indicate you were recently directing all or a portion of your WDC deferrals to the Vanguard Admiral Treasury Money Market Fund. **You must redirect your Vanguard Admiral Treasury Money Market deferral to an alternate investment by May 4, 2009.** If you fail to take this action, your deferral amount will be automatically redirected to a Vanguard Target Date Fund determined by the year in which you were born (see chart below).

Year in which you were born	1900-1945	1946-1955	1956-1965	1966-1975	1976-1999
Target Date Fund into which you will be defaulted	Income	2010	2025	2035	2045

The Vanguard Target Date Funds provide a diversified portfolio in a single fund; however, like all investments, they are not risk-free. The Vanguard Target Date Funds invest in U.S. stocks and bonds, as well as international stocks, which may help spread out risk. They also become more conservative as they reach their target date, reducing risk automatically. Please be aware that your overall risk and exposure to market volatility will increase with the transfer from the Vanguard Admiral Treasury Money Market Fund to a Vanguard Target Date Fund, particularly if you are placed in one of the more aggressive Target Date Funds designed for younger investors.

Vanguard has not indicated if the closure of the Vanguard Admiral Treasury Money Market Fund is temporary or permanent. Any current balances in the Vanguard Admiral Treasury Money Market Fund may remain there. However, once you move money out of the fund, you cannot move it back until Vanguard reopens the account to new investments. The WDC will post information on the WDC Web site and notify you as soon as possible if this fund is reopened.

The WDC offers a variety of investment options for participants. The *Spectrum of Investments* brochure, which is enclosed, describes the investment options currently available to you. It is important for you to select funds that best fit your investment goals and risk tolerance level.

Please take action by the deadline noted above to avoid having your WDC retirement savings automatically reallocated to the Vanguard Target Date Fund closest to the year in which you reach age 65. If you fail to take action, this automatic election will take effect on your first payroll period in May 2009.

To change your deferral option, you may access your account through the WDC Web site at **www.wdc457.org,** or you may contact the WDC by calling (877) 457-9327, option "0," from 7:00 a.m. to 7:00 p.m. weekdays.*

An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the Fund.

Sincerely,
WDC Staff

* Access to the voice response system and Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

Securities (except the self-directed brokerage option), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Securities available through the self-directed brokerage account are offered by Charles Schwab. Additional information can be obtained by calling Charles Schwab at (888) 393-7272. Not intended for use in New York. Form# 78767 (03/09)

STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: May 5, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Robert C. Willett, CPA
Chief Trust Financial Officer

SUBJECT: Participant Fee Recommendations

Recommendation: Staff recommend that no changes be made to the current administrative fee structure used to recover administrative costs from Wisconsin Deferred Compensation (WDC) plan participants. Due to the volatile market conditions, staff recommends that the fee structure be reviewed in November 2009 to ensure that reserves are adequate to meet anticipated costs.

Background: The WDC plan maintains an administrative account which is used to pay administrative expenses. These expenses consist primarily of the administrative services contract with Great West Retirement Services, but also include the costs for Employee Trust Funds (ETF) staff, audits and other plan expenses.

Revenues to fund administrative expenses come from participant fees, investment provider reimbursements, and investment income on the account balance. During the last two years, the following revenues and expenses were recorded in the administrative account.

Wisconsin Deferred Compensation Administrative Account
In thousands $

	2008	2007
January 1 Account Balance	$ 2,730	$1,858
Revenues		
Participant Fees	1,085	1,811
Investment Provider Reimbursements	1,325	1,340
Investment Earnings & Other	162	148
Total Revenues	2,572	3,299
Expenses		
Administrative Services Contract	2,421	2,305
Domestic Relations Order Fees	19	12
ETF Administration & Miscellaneous	144	110
Total Expenses	2,584	2,427
December 31 Account Balance	$ 2,718	$2,730
Account Balance as % of Annual Expenses	105%	112%

Reviewed and approved by Jon Kranz, Director, Office of Budget and Trust Finance.

Signature Date

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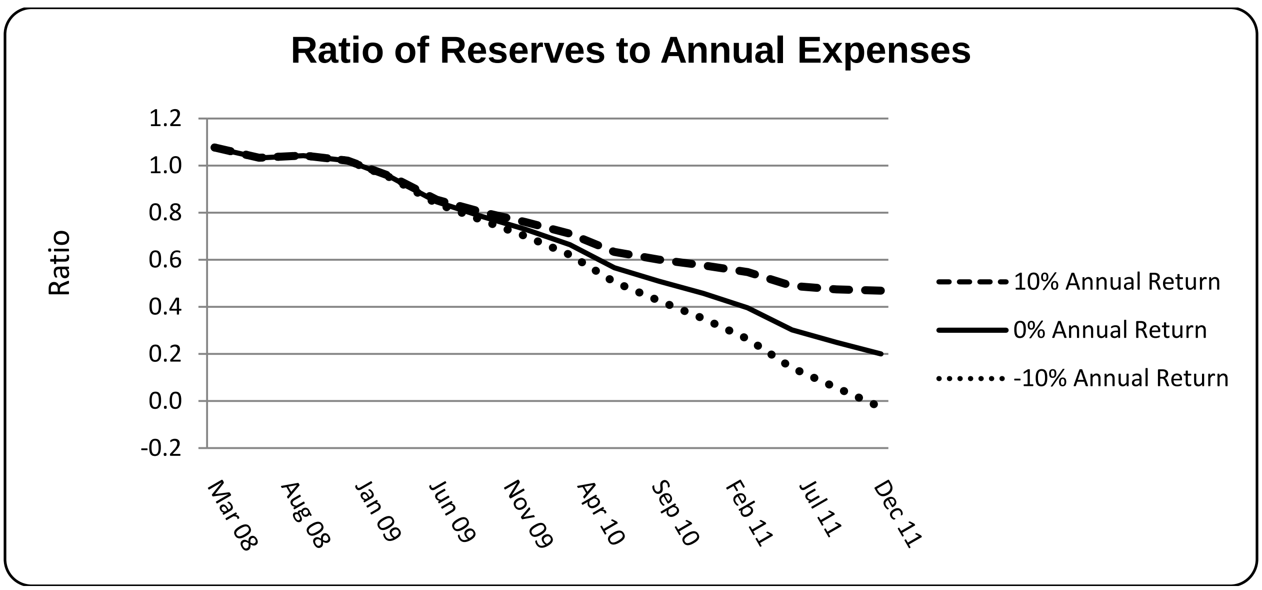
Administrative Account Goal: The goal is to maintain an account balance equal to 50% of annual operating expenses. This balance assures that funds will be available to pay expenses when due, and provides a cushion against reduced participant fees and investment provider reimbursements that could occur during a market downturn. At 105%, the account balance is currently well in excess of the target.

The plan's two primary sources of revenue, participant fees and investment provider reimbursements, are both closely correlated to plan assets. During 2008, declines in investment values reduced net plan assets by over 21%. This asset reduction, in conjunction with the participant fee reduction, resulted in a decrease in overall revenues of 22% in 2008. The largest decline in plan asset values took place during the last quarter of 2008, so the plan has not yet experienced the full impact of the smaller asset base on fees and reimbursements.

Administrative Account Projections: By the end of 2009, the reserve balance is likely to drop to between 70% and 75% of annual plan expenses, depending on investment experience. If poor investment returns continue through 2009 and 2010, by the end of 2010 the reserve balance may drop as low as 35% of annual plan expenses. In the extreme case of negative investment returns continuing through 2011, the administrative account reserve balance could be totally exhausted.



Summary: Given the current level of reserves in our account balance, no action is necessary at this time. However, the decrease in plan asset value that we've experienced over the last six months will translate into lower than anticipated participant fees and provider reimbursements, and further reductions in our reserve account balance.

The next review of participant fees will be at the WDC's November 2009 meeting. At that time, if there has been no recovery in the financial markets, the Board may need to consider modifying the fee schedule.

I will be available at the May 19, 2009, meeting to answer any questions.

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STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

CORRESPONDENCE MEMORANDUM

DATE: April 30, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: Financial Statements Audit Report

This memo is for the Board's information only. No action is required.

As part of its overall program responsibilities, the Board requires annual financial statements audit reports of the Wisconsin Deferred Compensation Program (WDC). The purpose of these audits is to have an independent public accounting firm express its opinion as to whether the financial statements accurately reflect the financial position of the WDC. The audit report should demonstrate that all participant accounts and contributions are properly balanced, records are being kept accurately, and all WDC assets are balanced. Financial statements audits may also reveal any misstatements due to errors, fraud or other reasons that would cause the financial statements to inaccurately reflect the financial position of the WDC.

Pursuant to its contract with the Board, Clifton Gunderson has completed the WDC's comprehensive financial statements audit for the year ending December 31, 2008. As the attached report indicates, the financial statements present the net assets available for plan benefits as of December 31, 2008, and December 31, 2007. The financial highlights for the year ending December 31, 2008, include the following:

- WDC net assets were $1.8 billion. This is a decrease in net assets of approximately $481 million when compared to 2007, and can be attributed to poor market conditions and related investment income loss.
- Because of poor market conditions in 2008, mutual fund investments lost $572.6 million. This is a striking contrast to 2007, when they posted a $167.3 million gain in value.
- Employee contributions increased from $140.7 million in 2007 to $145.5 million in 2008, primarily because the WDC added new employers and participants during 2008.
- Distributions to participants during 2008 totaled $74.8 million.

Conclusion
The financial statements audit report findings demonstrate that the WDC is in good condition. Participant deferrals, investment income and expenses are all properly accounted for in the financial statements report.

Staff from the Department will be available at the meeting to discuss the audit results with the Board.

Attachment

Reviewed and approved by Jean Gilding, Division Administrator, Division of Retirement Services.

_____________________ _____________________
Signature Date

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STATE OF WISCONSIN PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN AND TRUST

Madison, Wisconsin

FINANCIAL STATEMENTS

December 31, 2008 and 2007

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Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

State of Wisconsin Deferred
Compensation Board

We have audited the accompanying statements of net assets available for plan benefits of the State of Wisconsin Public Employees Deferred Compensation Plan and Trust (the Plan), as of December 31, 2008 and 2007 and the related statements of changes in net assets available for plan benefits for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits as of December 31, 2008 and 2007 and the changes in net assets available for plan benefits for the years ended December 31, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clifton Gunderson LLP

Baltimore, Maryland
April 22, 2009

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008 and 2007

This discussion and analysis of the Wisconsin Public Employees Deferred Compensation Plan and Trust (the Plan) financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2008 and 2007. It is presented as required supplemental information to the financial statements.

FINANCIAL HIGHLIGHTS

- Net assets available for plan benefits decreased by approximately $481 million during the year ended December 31, 2008 from $2.3 billion at December 31, 2007 to $1.8 billion at December 31, 2008. This decrease was primarily due to the poor market conditions during 2008 and the related investment income loss. Net assets available for plan benefits increased by approximately $259 million during the year ended December 31, 2007 from $2.0 billion at December 31, 2006 to $2.3 billion at December 31, 2007. This increase was due to favorable market conditions during 2007.
- Mutual fund investment income decreased from a $167.3 million gain for the year ended December 31, 2007 to a $572.6 million loss for the year ended December 31, 2008 due to less favorable market conditions. Mutual fund investment income decreased from a $186.5 million gain for the thirteen month period ended December 31, 2006 to a $167.3 million gain for the year ended December 31, 2007 due to slightly less favorable market conditions.
- Employee contributions increased from $140.7 million for the year ended December 31, 2007 to $145.5 million for the year ended December 31, 2008. The increase was primarily due to an increase in the number of plan participants. Employee contributions decreased from $142.2 million for the thirteen month period ended December 31, 2006 to $140.7 million for the year ended December 31, 2007. The decrease was primarily due to the one month difference between the periods.
- Distributions to participants decreased from $88.8 million for the year ended December 31, 2007 to $74.8 million for the year ended December 31, 2008. This decrease is primarily due to a decrease in the number of retirees during 2008. Distributions to participants increased from $73.0 million for the thirteen month period ended December 31, 2006 to $88.8 million for the year ended December 31, 2007. This increase was primarily due to an increase in the number of retirees during 2007.
- The change in the value of the self-directed option was a decrease of $16.0 million for the year ended December 31, 2008. This decrease was primarily due to less favorable market conditions. The change in the value of the self-directed option was an increase of $8.4 million and $8.8 million for the year and thirteen month period ending December 31, 2007 and 2006, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole. These amounts are included in the Statement of Fiduciary Net Assets on the State of Wisconsin's financial statements.

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008 and 2007

The Plan's net assets available for plan benefits decreased during the year ended December 31, 2008 by $481,799,971 from $2,299,263,810 to $1,817,463,839. This decrease relates to less favorable market conditions during 2008 as compared to 2007. The Plan's net assets available for plan benefits increased during the year ended December 31, 2007 by $259,171,037 from $2,040,092,773 to $2,299,263,810. This increase relates to generally favorable market conditions and contributions from participants partially offset by distributions to participants during 2007. The following analysis below focuses on Net Assets Available for Plan Benefits (Table 1) and Changes in Net Assets Available for Plan Benefits (Table 2).

Table 1
Net Assets Available for Plan Benefits

	December 31, 2008	December, 31, 2007	December 31, 2006
Investments	$ 1,819,705,437	$ 2,301,343,666	$ 2,041,165,878
Receivables - contributions	482,383	655,814	785,611
Total assets	1,820,187,820	2,301,999,480	2,041,951,489
Administrative expenses payable	2,723,981	2,735,670	1,858,716
Net assets available for plan benefits	$ 1,817,463,839	$ 2,299,263,810	$ 2,040,092,773

Table 2
Changes in Net Assets Available for Plan Benefits

	2008	2007	2006 (Thirteen Months)
Additions			
Employee contributions	$ 145,498,687	$ 140,659,769	$ 142,166,202
Transfers-in from other plans	14,929,723	13,635,881	6,392,134
Interest income	22,680,354	20,285,990	22,057,281
Investment income:			
Mutual fund investment income/(loss)	(572,571,835)	167,263,672	186,469,101
Change in value of self-directed option	(16,019,563)	8,421,645	8,891,067
Total additions	(405,482,634)	350,266,957	365,975,785
Deductions			
Distributions to participants	74,772,493	88,761,672	73,039,324
Administrative expenses	1,112,549	1,810,920	1,771,177
Change in value of group annuity policy	432,295	523,328	459,809
Total deductions	76,317,337	91,095,920	75,270,310
Net increase/(decrease)	$ (481,799,971)	$ 259,171,037	$ 290,705,475

ECONOMIC CONDITIONS

Since December 31, 2008 financial markets as a whole have incurred significant declines in value due to the ongoing credit crisis and a contraction in global economic activity. The global economic downturn has adversely impacted the Plan's investment portfolio and caused a significant decline in the values reported in the accompanying financial statements. The values of individual investments fluctuate with market conditions, as such the amount of investment losses that the Plan will recognize in its future financial statements, if any, cannot be determined.

FINANCIAL CONTACT

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustees' accountability. If you have questions about the report or need additional financial information, contact the Deferred Compensation Director for the Department of Employee Trust Funds at P.O. Box 7931, Madison, Wisconsin 53707-7931.

FINANCIAL STATEMENTS

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Investments:		
Fixed earnings investments	$ 499,015,068	$ 426,465,025
Variable earnings investments	1,281,579,297	1,819,315,771
Self-directed option	35,861,066	51,880,569
Annuity investments	3,250,006	3,682,301
Total investments	1,819,705,437	2,301,343,666
Receivable - contributions	482,383	655,814
Total assets	1,820,187,820	2,301,999,480
LIABILITIES		
Administrative expenses payable	2,723,981	2,735,670
NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 1,817,463,839	$ 2,299,263,810

The accompanying notes are an integral part of the financial statements.

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2008 and 2007

	2008	2007
ADDITIONS		
Employee contributions	$ 145,498,687	$ 140,659,769
Transfers-in from other plans	14,929,723	13,635,881
Interest income	22,680,354	20,285,990
Investment income:		
Mutual fund investment income/ (loss)	(572,571,835)	167,263,672
Change in value of self-directed option	(16,019,563)	8,421,645
Total additions	(405,482,634)	350,266,957
DEDUCTIONS		
Distributions to participants	74,772,493	88,761,672
Administrative expenses	1,112,549	1,810,920
Change in value of group annuity policy	432,295	523,328
Total deductions	76,317,337	91,095,920
NET INCREASE/(DECREASE)	(481,799,971)	259,171,037
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF PERIOD	2,299,263,810	2,040,092,773
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF PERIOD	$ 1,817,463,839	$ 2,299,263,810

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The State of Wisconsin Public Employees Deferred Compensation Plan and Trust (the Plan) was established in 1981 pursuant to Wisconsin State Statute Section 40.80. In accordance with Section 457 of the Internal Revenue Code (IRC), the Plan limits the amount of an employee's annual contributions to an amount not to exceed the lesser of $15,500 in 2008 and 2007 or 100% of the employee's includable compensation. The Plan also provides certain catch-up contribution provisions for participants age 50 or older and for participants within three years of their normal retirement age. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. The Plan allows the employer to make contributions to the Plan on behalf of employees. No such contributions were made in 2008 or 2007.

Under the Plan provisions, employees of the State of Wisconsin and municipalities in Wisconsin (employer) that elect to participate are eligible to contribute to the Plan through payroll deductions. As of December 31, 2008 and 2007, approximately 72% of the Plan assets were applicable to State employees and the remaining 28% represent the assets of other Wisconsin municipalities participating in the Plan.

Under provisions of the Small Business Job Protection Act of 1996 (SBJPA), which became effective for plan years beginning after December 31, 1996, assets of IRC Section 457 plans must be held in a trust, custodial account, or annuity contract for the exclusive benefit of employees and beneficiaries. In March 2006, Wisconsin Act 150 was signed into law, creating Code Section s.40.80 (2)(g) of the Wisconsin Statutes. Section s.40.80 (2)(g) incorporates requirements of the federal tax code by establishing the Wisconsin Deferred Compensation (WDC) Program as a trust. Furthermore, it established the Deferred Compensation Board members as trustees with fiduciary responsibilities.

The Plan is governed by the Wisconsin Deferred Compensation Board (the Board) and is administered by a third party. The Board is also the trustee of the Plan.

Employees electing to participate in the Plan may contribute to or exchange within any of the following investment options:

- Fixed earnings investment of the Stable Value option managed by Galliard Capital Management, Inc.
- Fixed earnings investments with M & I Bank of Southern Wisconsin.
- Variable earnings investments consisting of various mutual funds.
- Self-directed option – Personal Choice Retirement Accounts (PCRA) offered by Charles Schwab & Co., Inc. Participants may exchange funds accumulated in the core options of the Plan to a PCRA account, which provides approximately 3,000 additional mutual fund offerings other than the Plan's core options.

Employees may withdraw the value of the funds contributed to the Plan upon termination of employment with the employer, retirement, death, or financial hardship. Employees, or their beneficiaries, may select various payout options which include lump sum or periodic payments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and present the net assets available for plan benefits and the net changes in those assets.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Contributions and Contributions Receivable

Employee contributions are recognized when such amounts are withheld. Contributions receivable represent amounts withheld from employees but not yet received or remitted to the investment carriers at fiscal year-end and these receivables approximate fair value.

Investment Valuation

Fixed earnings investment values represent contributions received plus interest income earned to date less applicable charges and amounts withdrawn.

Variable earnings investments (mutual funds), including personal choice retirement accounts, are presented at fair values based on published quotations. All purchases and sales are recorded on a trade-date basis.

Assets held for annuity payout reserves and allocated insurance contracts are actuarially valued as reported by Great-West Life Annuity Insurance Company (Great-West Life).

Distributions

Distributions are recorded at the time withdrawals are made from participant accounts.

Mutual Fund Investment Income

Mutual fund investment income consists of dividend income and realized and unrealized gains and losses attributed to the mutual funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Income

During 2008, the Stable Value option paid interest ranging from 4.95% to 5.47% (ranging from 5.08% to 5.17% during 2007). At December 31, 2008 and 2007, the actual crediting rate was 4.95% and 5.17%, respectively.

Interest income is recorded as earned on the accrual basis.

Participants' Accounts

Earnings are credited to individual participants' accounts based upon the investment performance of each specific option selected.

Transfers-In From Other Plans

Transfers-in represent the balances of assets transferred by employees from other eligible plans.

Related Party Transactions

Certain members of the Deferred Compensation Board, Wisconsin Retirement Board, Teachers Retirement Board and Employee Trust Funds Board are participating or retired members of the Plan.

NOTE 2 – INVESTMENTS

Investments held in the name of the Plan at December 31, 2008 and 2007 were as follows. Investments marked with an asterisk (*) represent individual investment options, which exceed 5% of net assets available for plan benefits as of December 31, 2008 and 2007.

	Fair and Carrying Value			
	2008		**2007**	
Fixed earnings investment:				
Stable Value	$ 422,812,678	*	$ 373,000,246	*
M&I Bank of Southern Wisconsin	76,202,390		53,464,779	
Total fixed earnings investment	499,015,068		426,465,025	
Variable earnings investments:				
Fidelity Contrafund	269,496,881	*	434,894,511	*
Vanguard Wellington Fund Admiral Shares	194,905,669	*	253,834,692	*
Vanguard Institutional Index Fund Plus Shares - Institutional Plus Shares	144,199,520	*	232,944,077	*
T. Rowe Price Mid-Cap Growth Fund	132,858,104	*	219,174,958	*
DFA US Micro Cap Fund	87,613,061		136,446,560	*
Euro - Pacific Growth Fund - Class W	80,944,400		125,901,479	*
Vanguard Long-Term Investment Grade Fund Admiral Shares	70,632,694		67,826,704	
Vanguard Admiral Treasury Money Market Fund - Admiral Shares	66,909,459		65,804,038	

NOTE 2 – INVESTMENTS (CONTINUED)

	Fair and Carrying Value	
	2008	2007
Variable earnings investments: (Continued)		
BGI Mid Cap Equity Index Fund - Class F	$ 40,569,071	$ 63,491,755
Federated U.S. Government Securities Fund - 2-5 Institutional Shares	38,463,579	22,189,794
BGI EAFE Equity Index Fund - Class W	33,211,314	60,110,976
Vanguard Target Retirement 2015 Fund	24,163,002	28,774,318
Vanguard Target Retirement 2025 Fund	21,099,409	22,577,524
BGI U.S. Debt Index Fund - Class W	19,996,006	16,193,167
BGI Russell 2000 Index Collective T	15,490,548	20,911,258
Calvert Social Investment Fund - Equity Portfolio - Class I	12,261,594	17,430,642
Vanguard Target Retirement 2035 Fund	12,165,724	14,085,087
Vanguard Target Retirement Income Fund	9,204,041	8,259,049
Vanguard Target Retirement 2045 Fund	7,395,221	8,465,182
Total variable earnings investments	1,281,579,297	1,819,315,771
Self-directed option:		
Personal Choice Retirement Accounts - Charles Schwab	35,861,066	51,880,569
Group Annuity Policy:		
Great West Life	3,250,006	3,682,301
Total investments	$ 1,819,705,437	$ 2,301,343,666

At December 31, 2008, $5,341 of the fixed earnings investments on deposit at Vanguard Admiral Treasury Money Market and $2,718,640 of the Stable Value option fixed earnings investment totaling $2,723,981 was payable to the Board for Plan administration costs. At December 31, 2007, $5,231 of the fixed earnings investment on deposit at Vanguard Admiral Treasury Money Market and $2,730,439 of the Stable Value option fixed earnings investment totaling $2,735,670 were payable to the Board for Plan administration costs.

The fixed earnings investments with M&I Bank of Southern Wisconsin are insured by the Federal Deposit Insurance Corporation up to $250,000 per participant. At December 31, 2008 14 accounts of individual participants held more than $250,000.

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan would not be able to recover the value of its deposits, investments, or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent, but not in the Plan's name.

The Stable Value option and the mutual funds do not have securities that are used as evidence of the investments and therefore are not exposed to custodial credit risk.

NOTE 2 – INVESTMENTS (CONTINUED)

Interest rate risk is the risk that changes in interest rates that will adversely affect the value of an investment.

As of December 31, 2008 the Plan had the following investments and maturities in its fixed earnings investments and 9 of its mutual funds, which include investments in bonds.

	Fair Value	Weighted Average Maturity
Fixed earnings investment:		
Stable Value	$ 422,812,678	3.16
Variable earnings investments:		
Vanguard Wellington Fund Admiral Shares	194,905,669	8.90
Vanguard Long-Term Investment Grade Fund Admiral Shares	70,632,694	22.30
Vanguard Target Retirement 2015 Fund	24,163,002	7.10
Vanguard Target Retirement 2025 Fund	21,099,409	7.10
Federated U.S. Government Securities Fund: 2-5 Institutional Shares	38,463,579	3.60
BGI U.S. Debt Index Fund – Class W	19,996,006	5.59
Vanguard Target Retirement 2035 Fund	12,165,724	7.10
Vanguard Target Retirement 2045 Fund	7,395,221	7.10
Vanguard Target Retirement Income Fund	9,204,041	7.63

Credit risk is the risk that the Plan will lose money because of the default of the security of the issuer or investment counterparty. The stable value option and the variable earnings mutual funds are unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investments are managed by several fund managers. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Board. The investments that exceed 5% are identified on pages 10 through 11.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. The Plan allows the option of investments in mutual funds of countries outside the U.S. that invest in securities not required to disclose the individual assets within the fund. However, the Plan had no such investments as of December 31, 2008 and 2007.

An agreement was reached between the Board and Great-West Life on April 27, 1994, whereby the Plan purchased a single premium group annuity policy on May 1, 1994 for $12,946,917 (the balance in the annuity payout reserve at the time of purchase). Under the terms of the policy, Great-West Life assumed the contractual liability for the remaining annuity terms and amounts and assumed all risk related to market fluctuation. The actuarial value of the group annuity contracts, as determined by Great-West Life, was $3,250,006 and $3,682,301 at December 31, 2008 and 2007, respectively.

NOTE 3 – PLAN ADMINISTRATION

The Plan receives periodic recordkeeping fee payments from certain investment companies. Such fees are paid to the Board to support Board costs, which include the contractual fee paid to the third party administrator, Great-West Life.

Each participant in the Plan is charged a fee based upon their account balance and a tiered dollar charge ranging from $6.00 to $66.00 annually, assessed monthly, for accounts over $5,000. Fees assessed in excess of the Plan administrative expenses as of December 31, 2008 and 2007 were $2,723,981 and $2,735,670, respectively. At the Board's discretion, these excess fees are invested and available to defray future administrative expenses and participant fee increases.

NOTE 4 – TAX STATUS

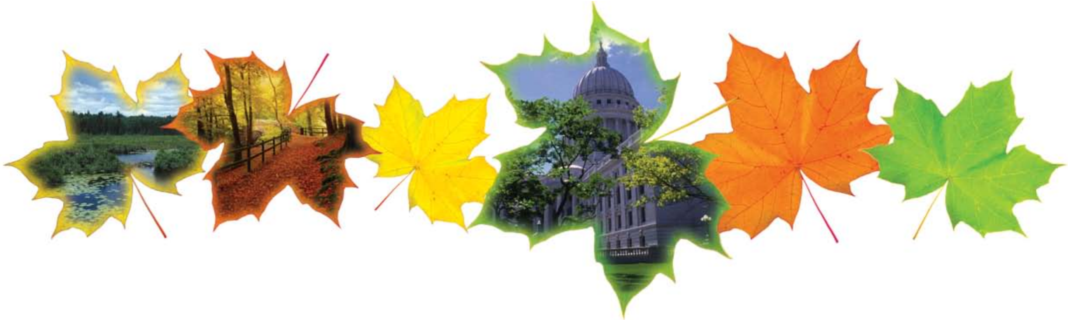
The Plan is reviewed by legal counsel to ensure conformity with Section 457 of the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or other beneficiary.

NOTE 5 – CONTINGENCIES

The Plan is subject to various threatened and pending claims. It is the opinion of management that the ultimate liability arising from such threatened and pending claims will not have a material effect on the financial position of the Plan. The Plan is exposed to various other liabilities and risks related to the fiduciary responsibility of directors and officers.

NOTE 6 – RISK AND UNCERTAINTIES

The Plan, as directed by participants, may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Plan Benefits.



WDC

Wisconsin Deferred Compensation Program

2008 Annual Statistical Report

For the calendar year ending December 31, 2008

WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS

The WDC in 2008
($ in millions)

Total Assets

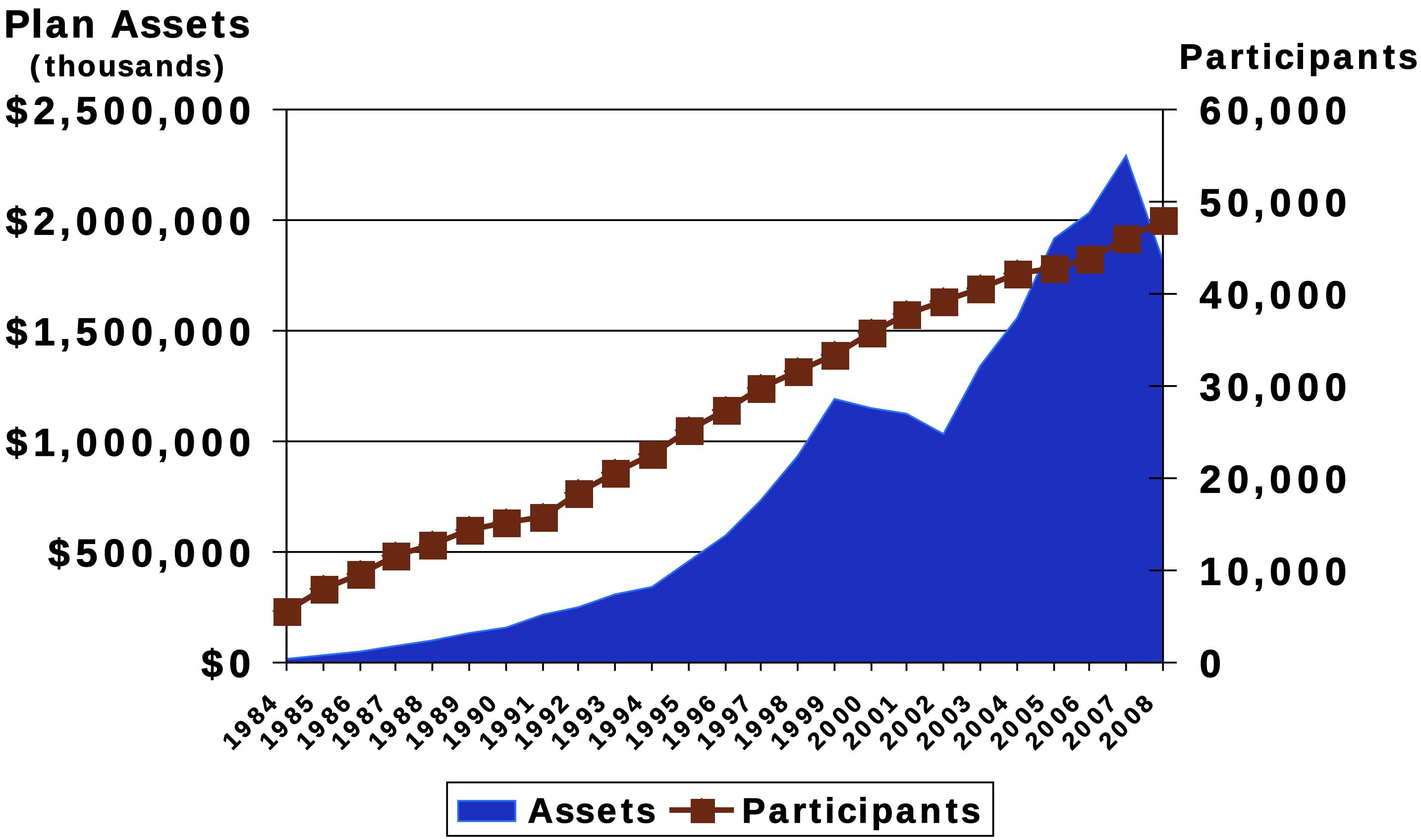
• Assets at December 31, 2008	$1,813.29
• Less assets at December 31, 2007	$2,290.63
• Asset change for the year	- $477.34

Asset Components

• Contributions for the year	$160.83
• Net investment loss for the year	- $563.39
• Less distributions for the year	- $74.78
• Asset change for the year	- $477.34

WDC Assets and Participation

As of December 31, 2008



*2005 data is as of transition on 11/30/05.

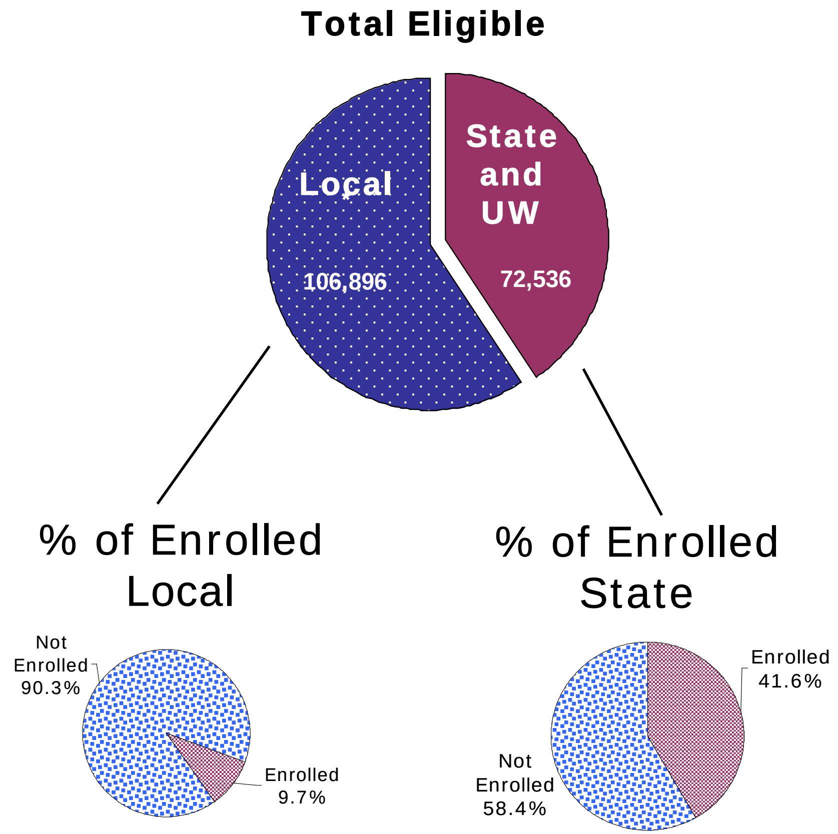
**2006 data begins new recordkeeping of in-force accounts vs. total.

2008 State and Local Employers

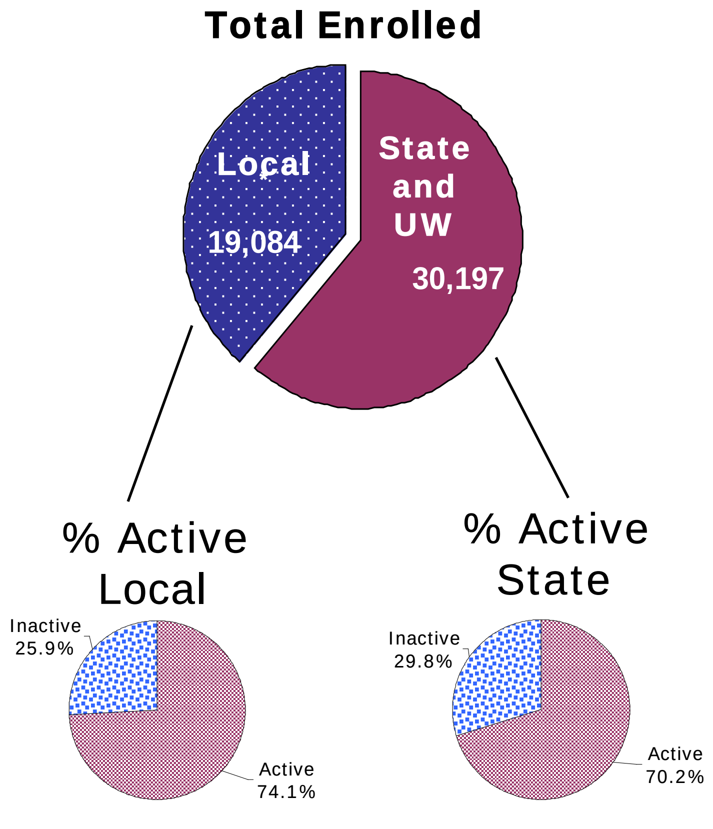
	State	Local	Total
Beginning Balance	1	768	769
# New Employers Added	0	44	44
# Employers Discontinued	0	0	0
Ending Balance	1	812	813

2008 WDC Participant Population

Eligible Public Employees vs. Enrolled

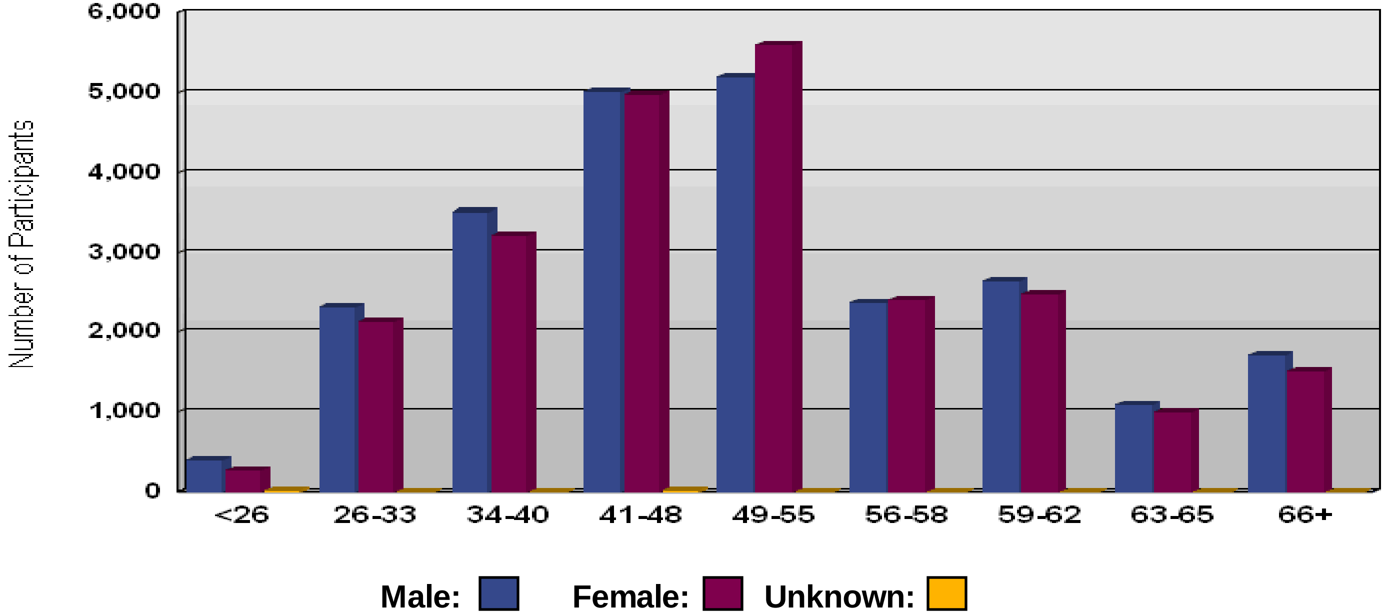


Enrolled vs. Active



*ETF generated a report of # of eligible employees in 2008.

2008 Participation – Age and Gender



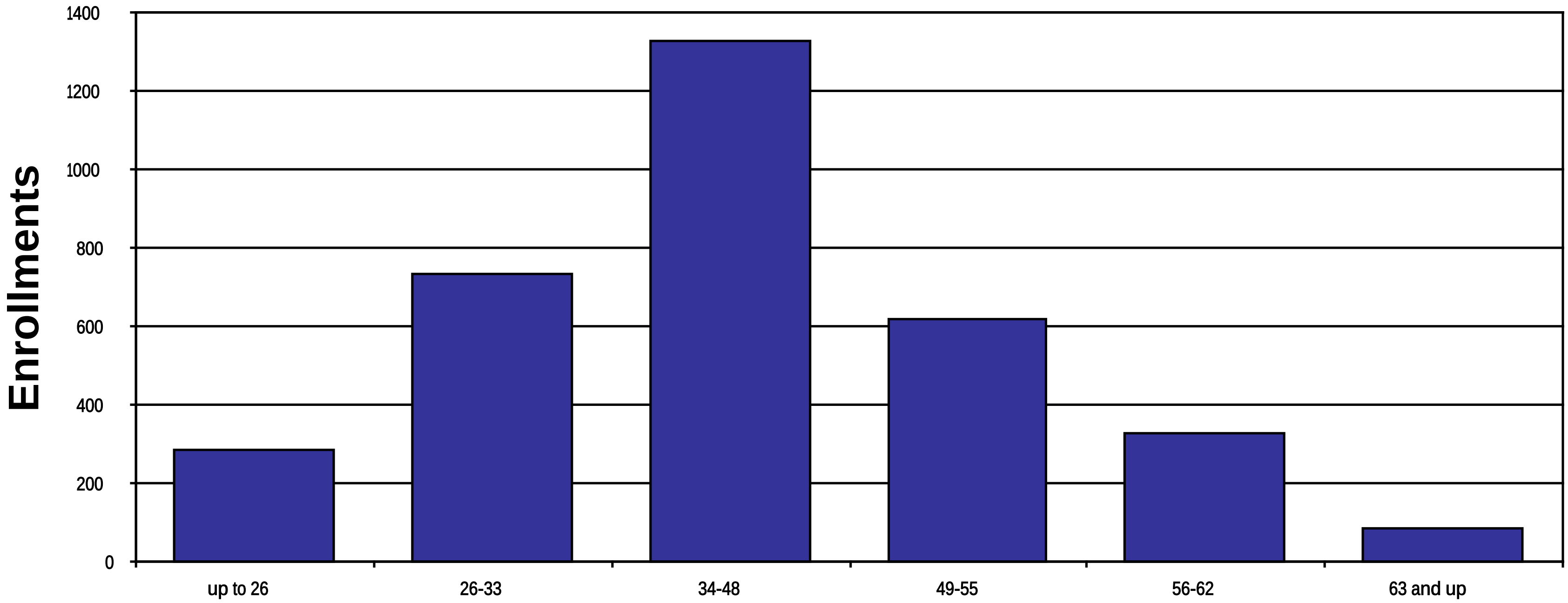
Participant Data*

Total number of participants with an account balance:	47,959
Total number of male participants:	24,282
Total number of female participants:	23,622
Total number of unknown participants:	55
Overall average participant age:	49.12
Overall average age of male participants:	49.03
Overall average age of female participants:	49.28

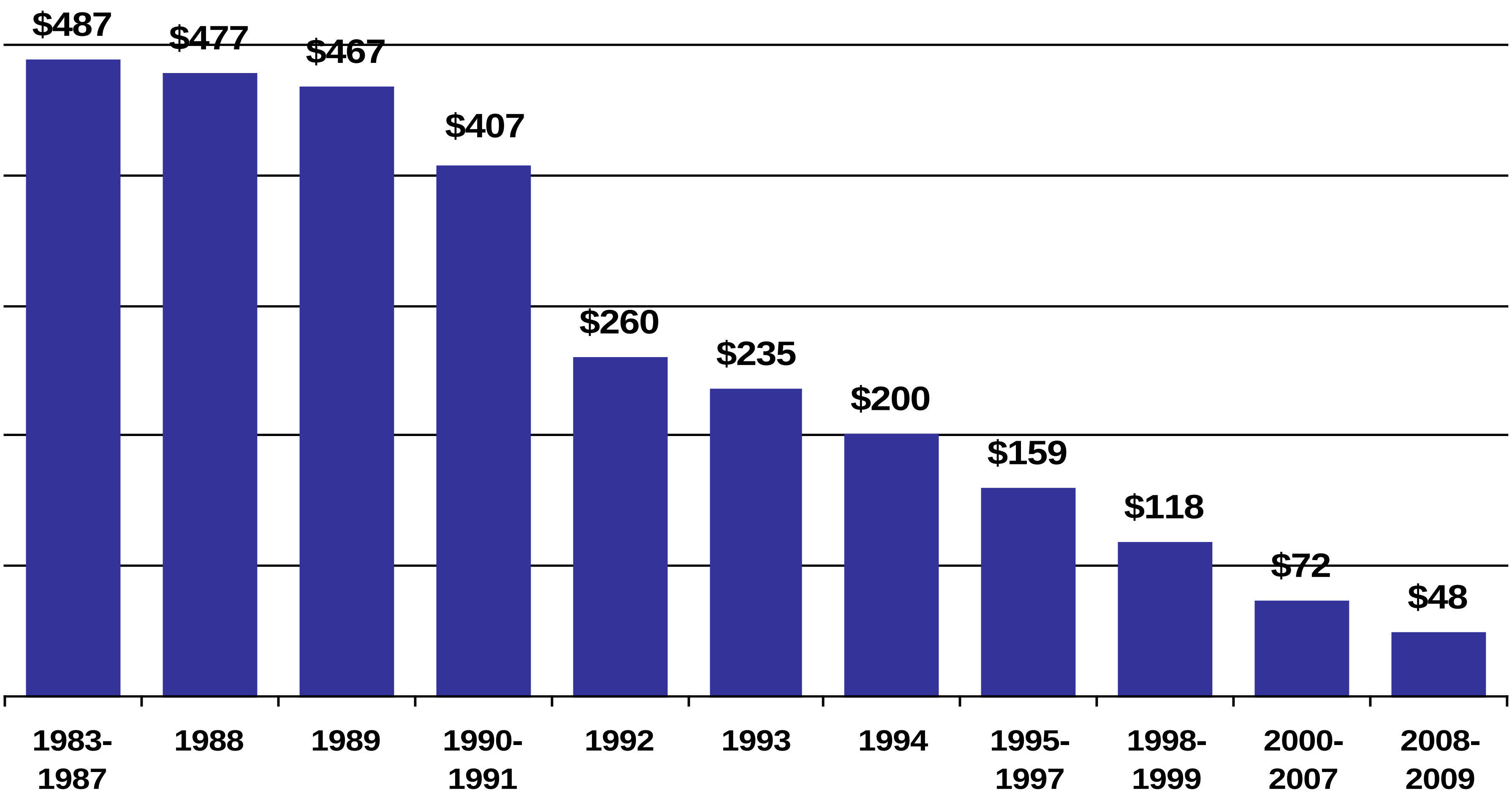
***For the purpose of this slide, a participant is defined as an individual with an account balance as of December 31, 2008.**

New WDC Enrollments by Participant Age

2008

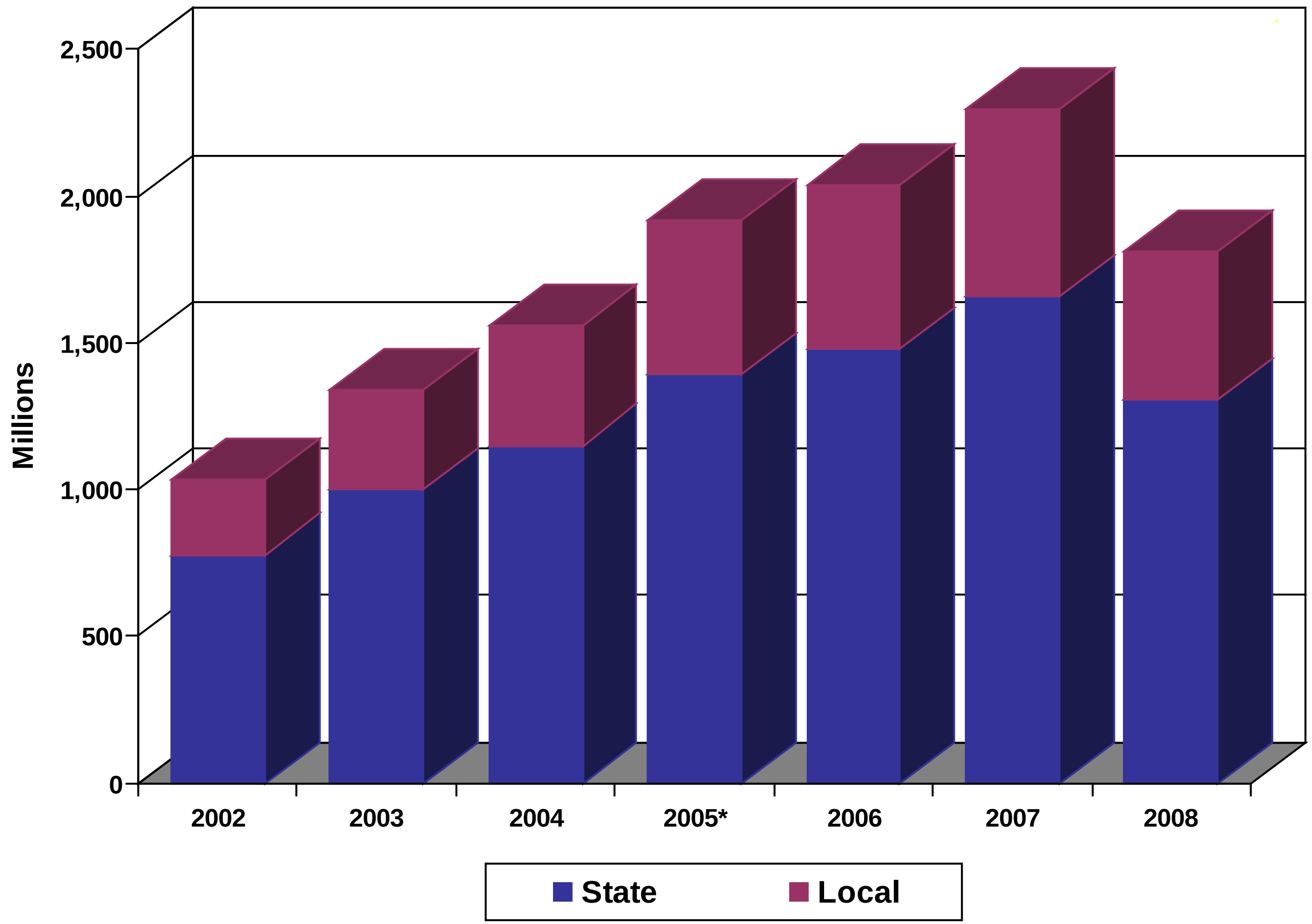


WDC Participant Fee Reduction History



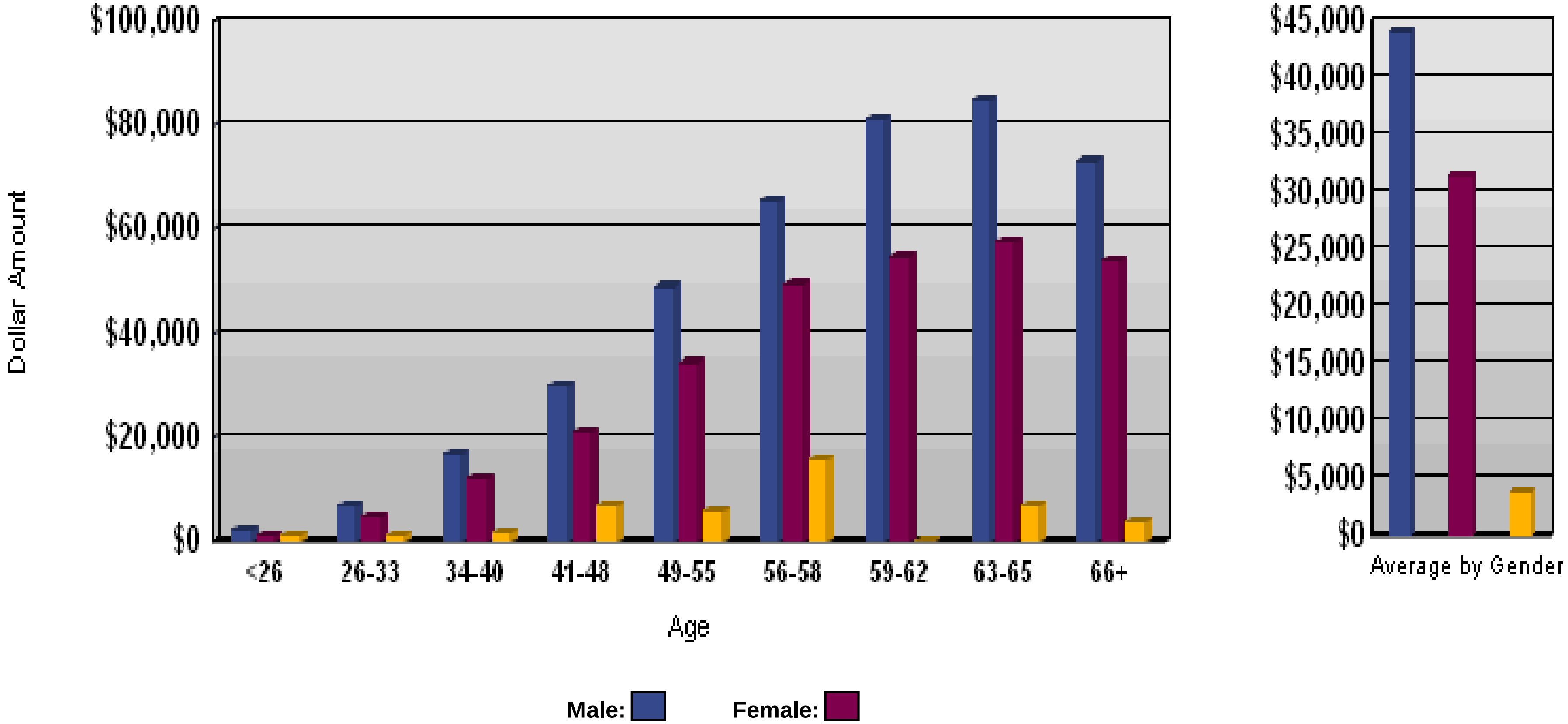
* Example participant fees based on $50,000 account balance.

WDC Participant Asset Growth 2002 - 2008

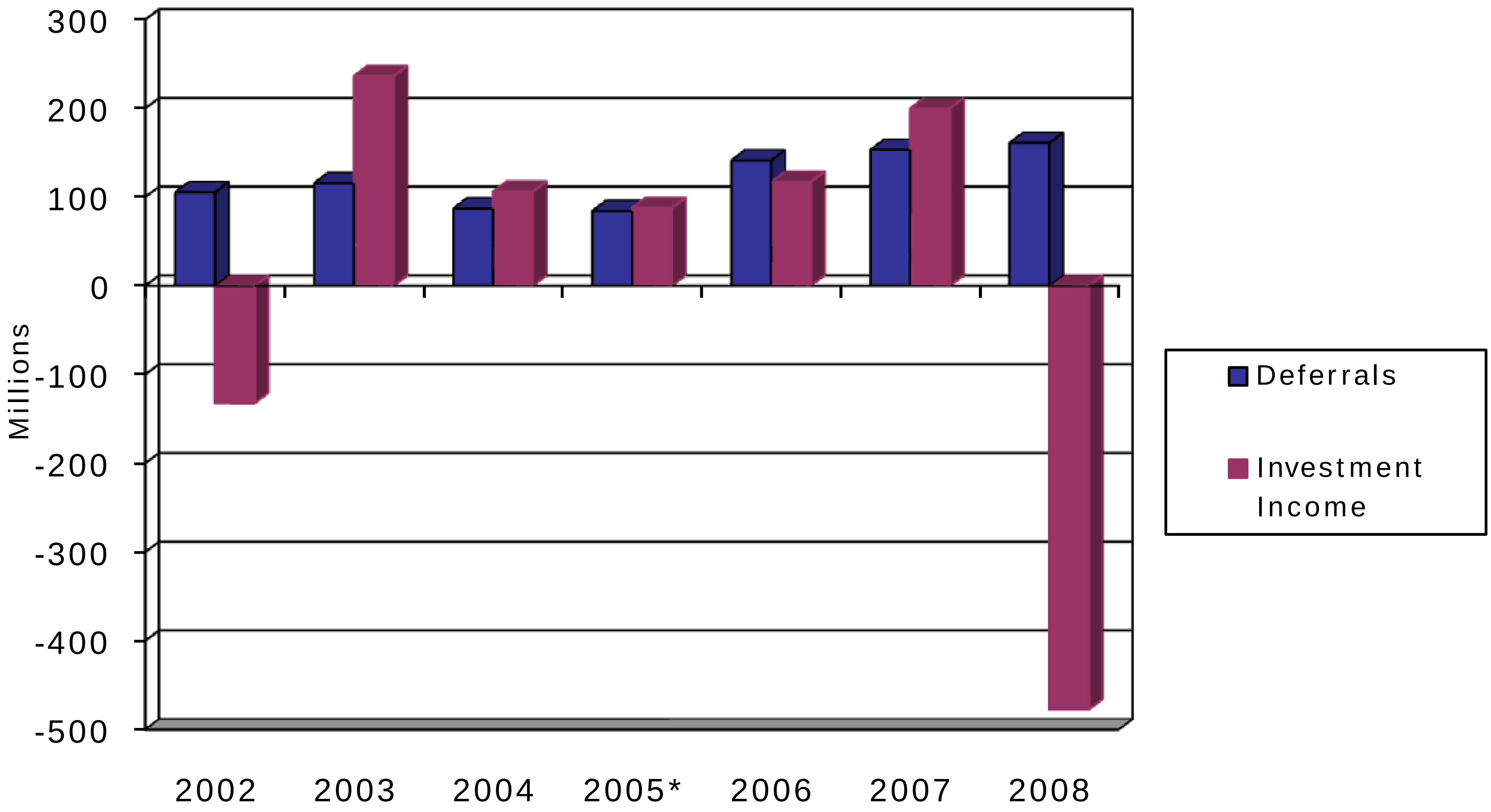


*2005 data is as of transition on 11/30/05.

2008 Average WDC Account Balance
All Participants

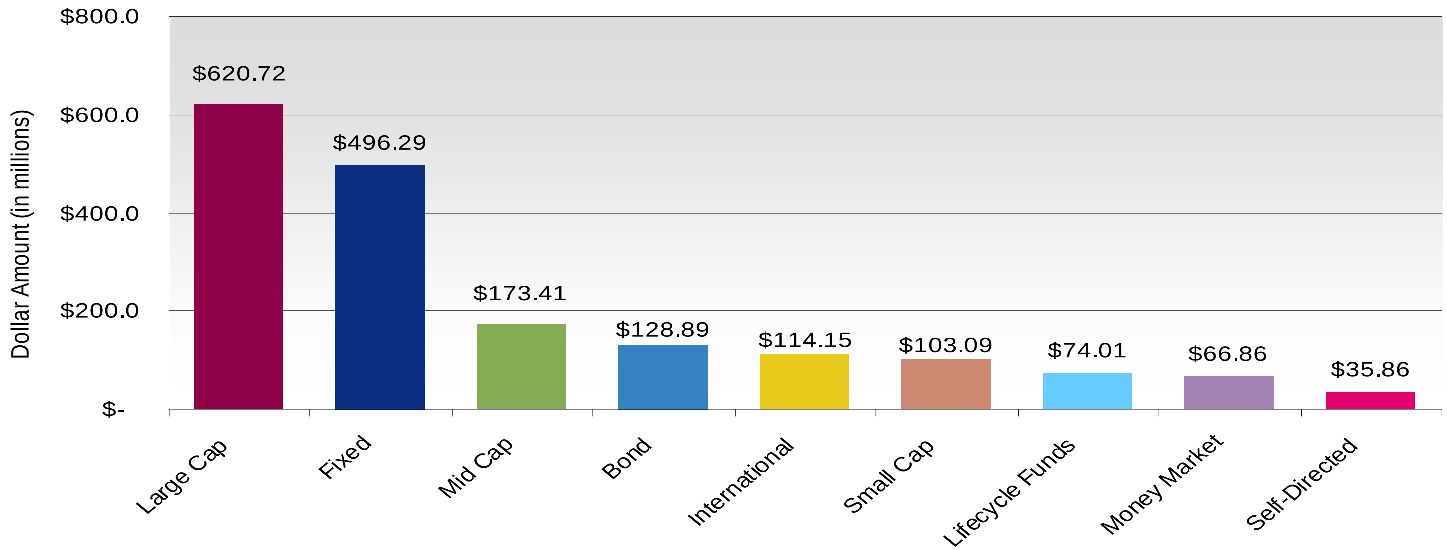


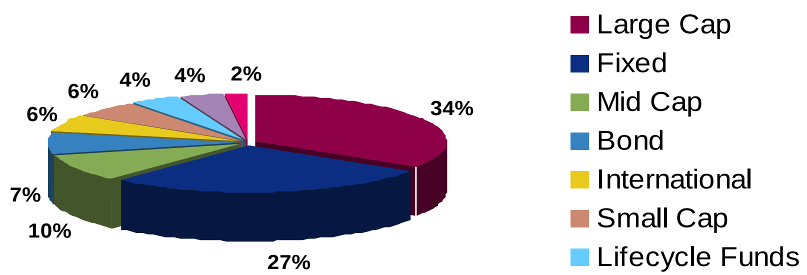
Deferrals and Investment Income 2002 – 2008



*2005 data is as of 11/30/05 per previous recordkeeper.

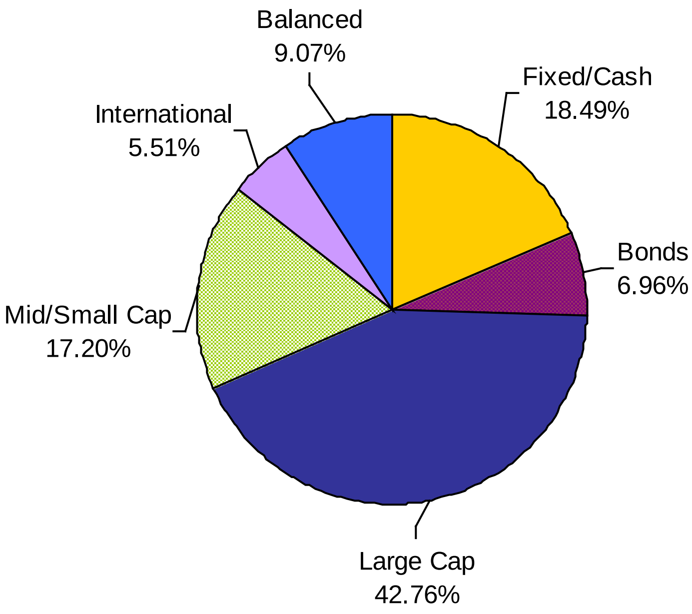
2008 Assets by Asset Class



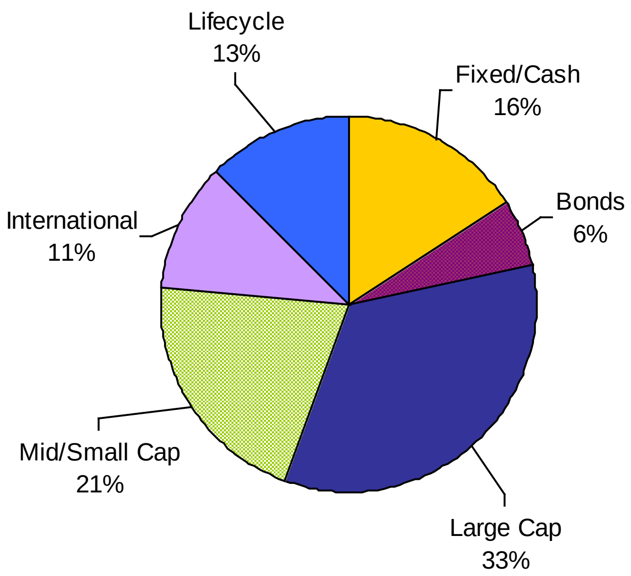


Participant Deferrals by Asset Class 2002 vs. 2008

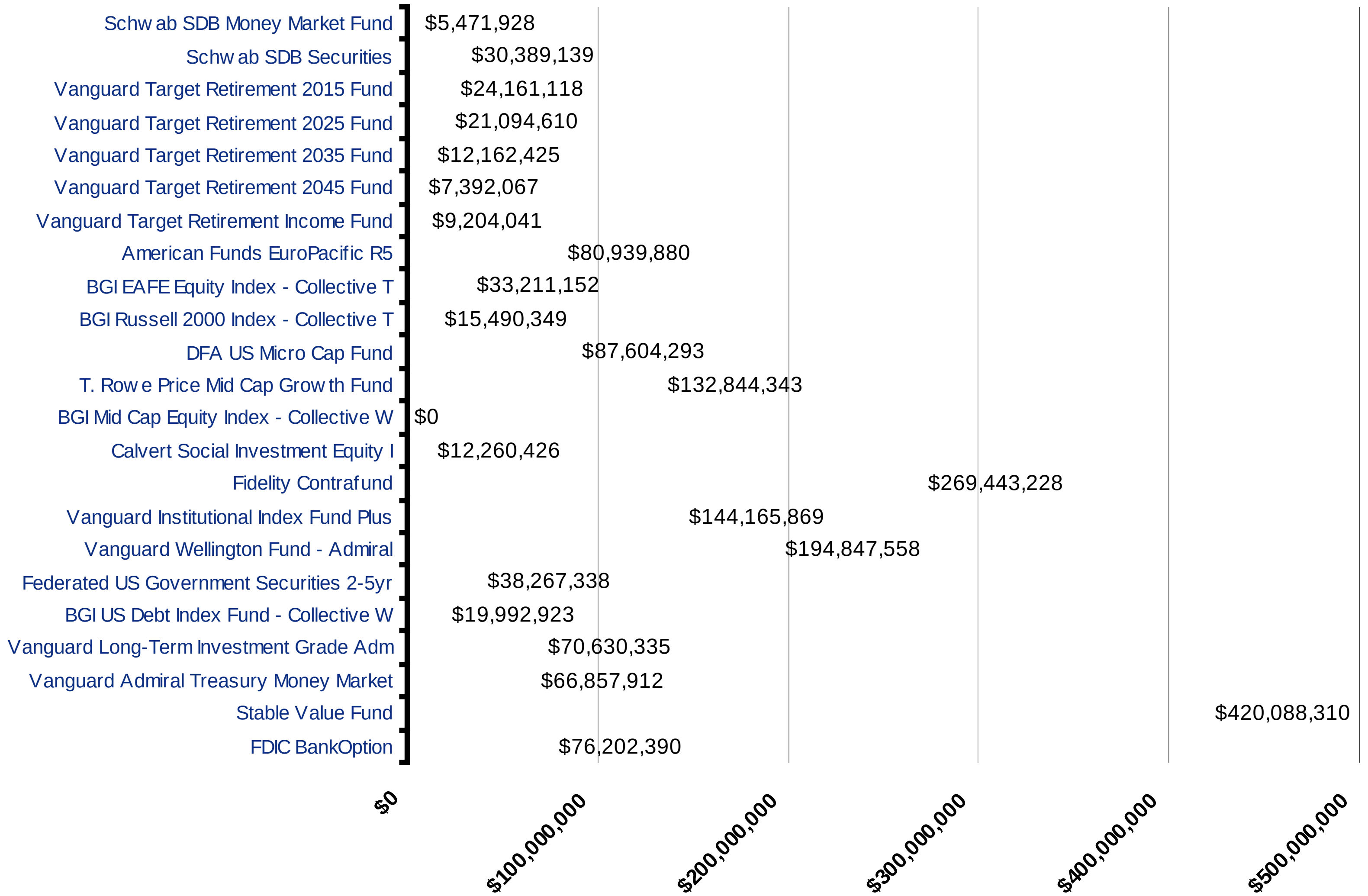
2002



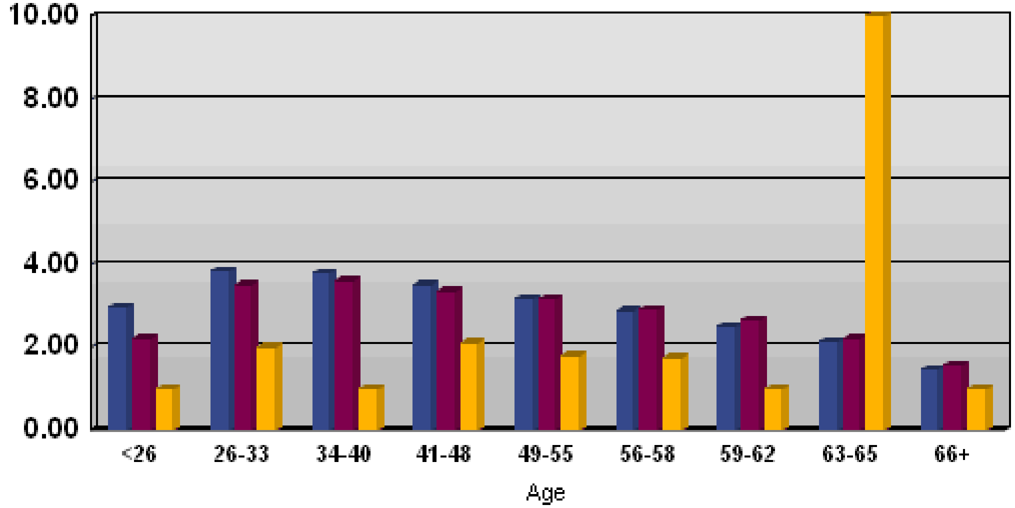
2008

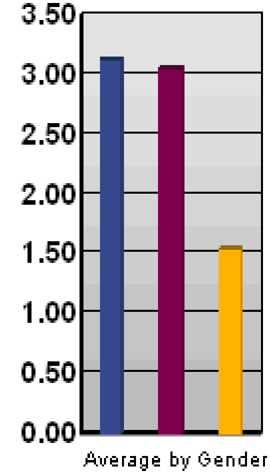


2008 Assets by Investment Option

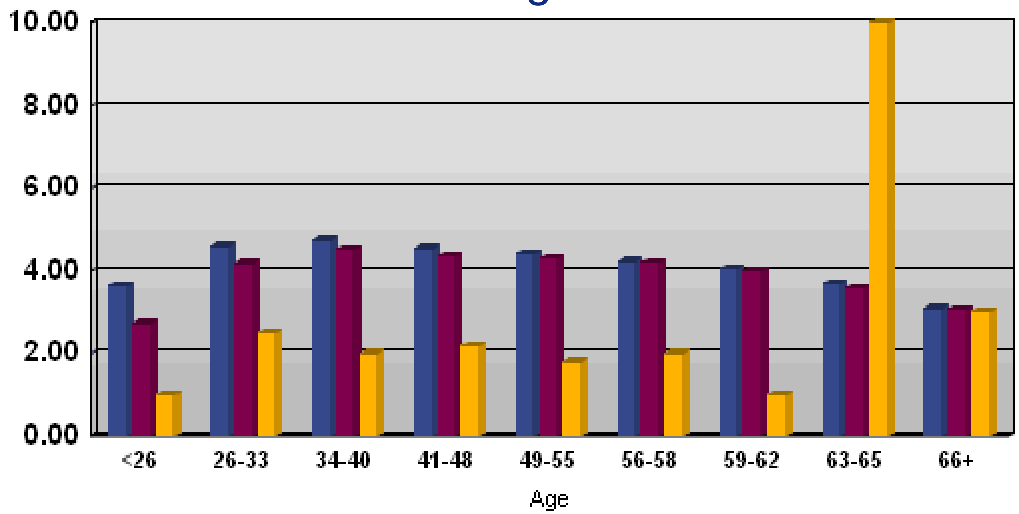


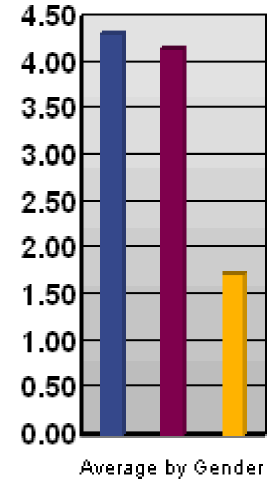
Number of Investment Option Allocations for New Contributions





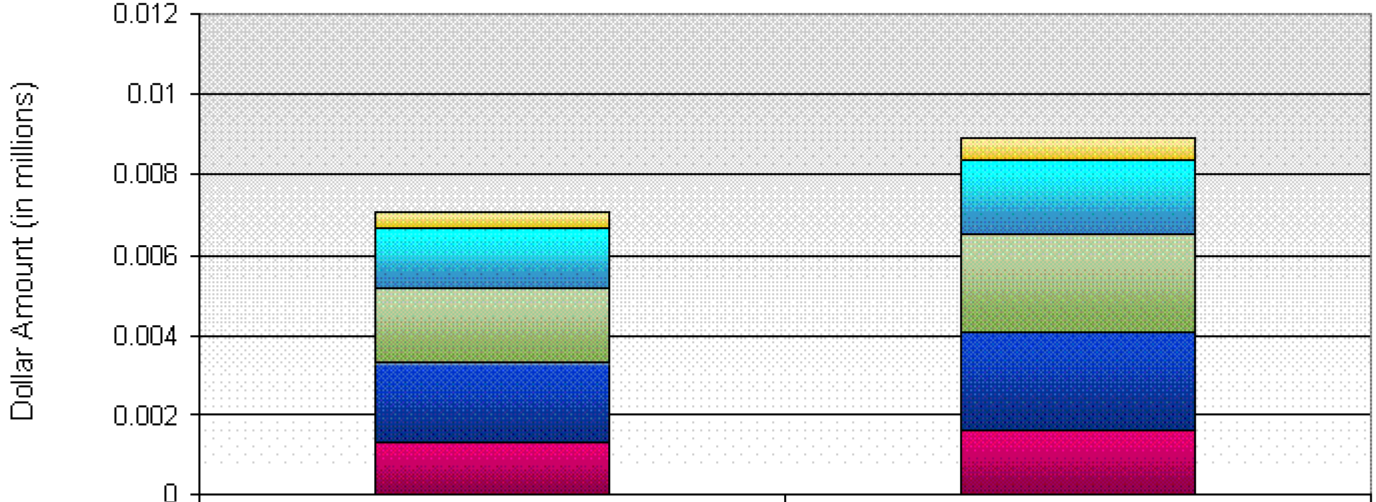
Number of Investment Option Allocations for Existing Account Balance





Male: **Female:** **Unknown:**

Lifecycle Fund Use
by Number of Participants

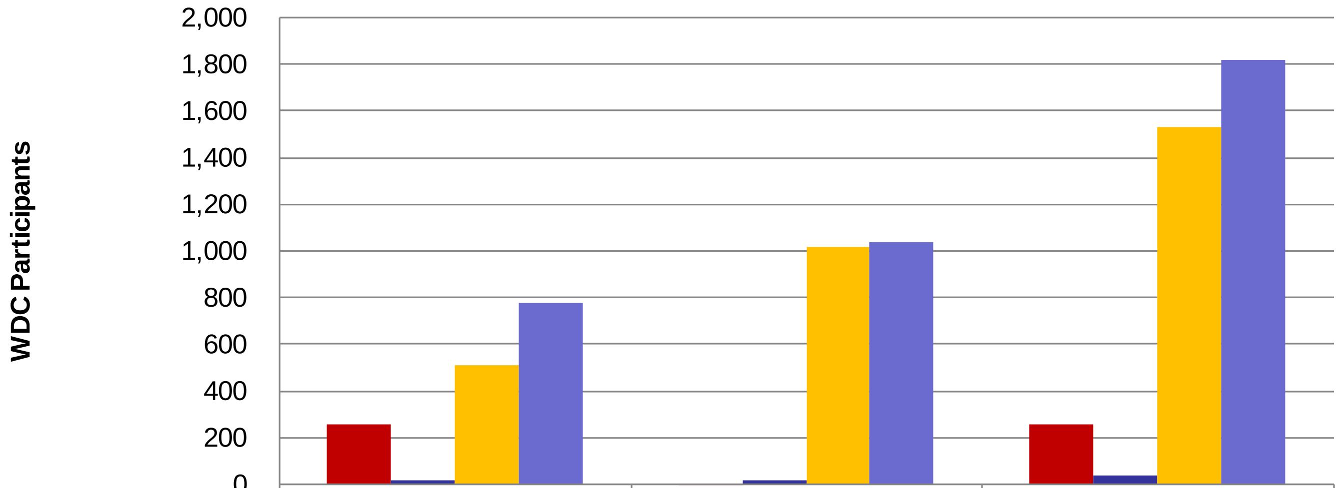


	12/31/2007	12/31/2008
Vanguard Target Retirement Income Fund	382	545
Vanguard Target Retirement 2045 Fund	1511	1859
Vanguard Target Retirement 2035 Fund	1906	2416
Vanguard Target Retirement 2025 Fund	1973	2520
Vanguard Target Retirement 2015 Fund	1304	1571

Reality Investing® Usage

- Board approved --- May 2008
- Available to WDC participants --- Summer 2008

2008 Reality Investing Usage



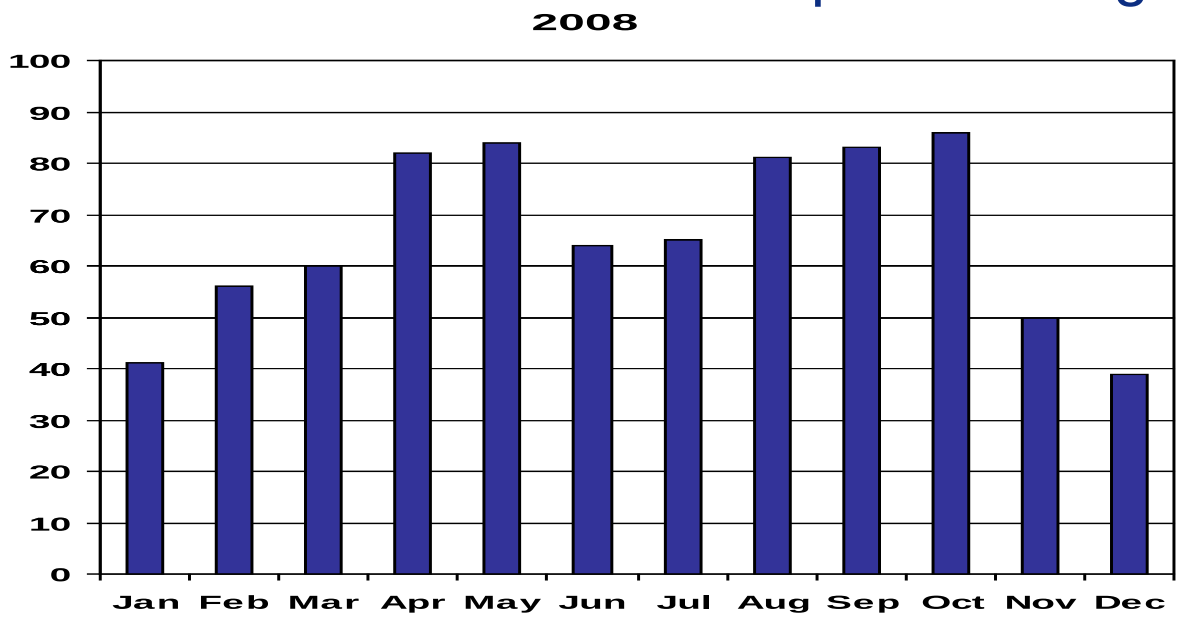
	3Q08	4Q08	2008 Total
Guidance	253	2	255
Advice	16	17	33
Managed Accounts	508	1,016	1,524
Total	777	1,035	1,812

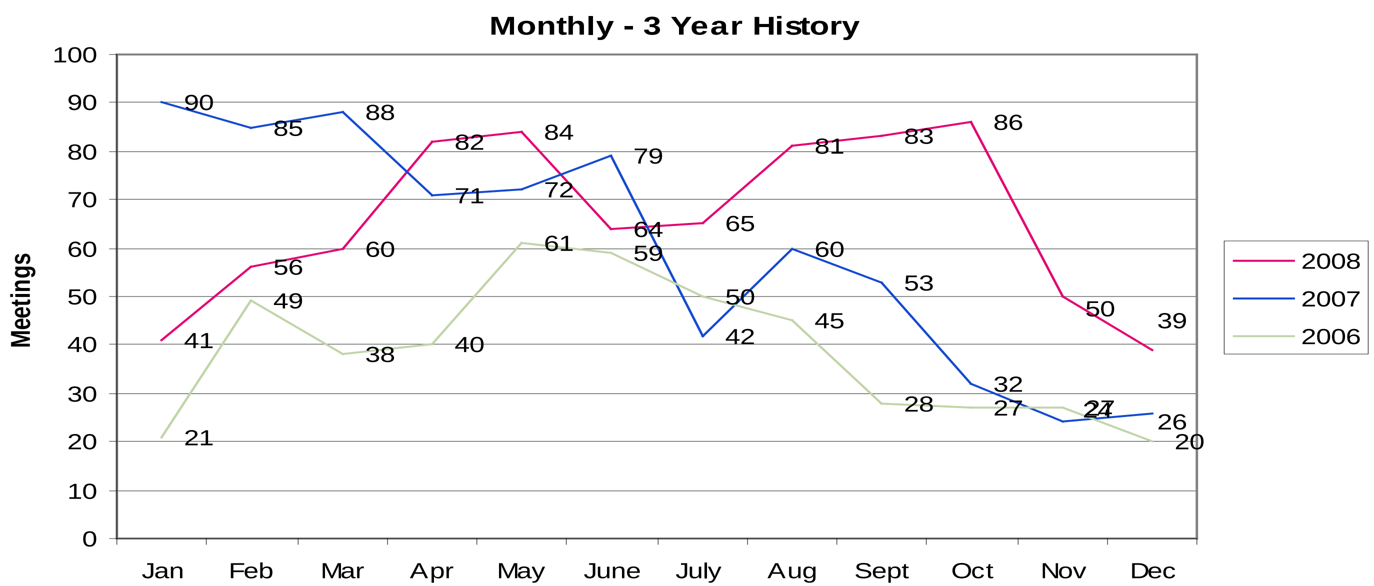
WDC Self-Directed Brokerage Account Usage

As of December 31, 2008:

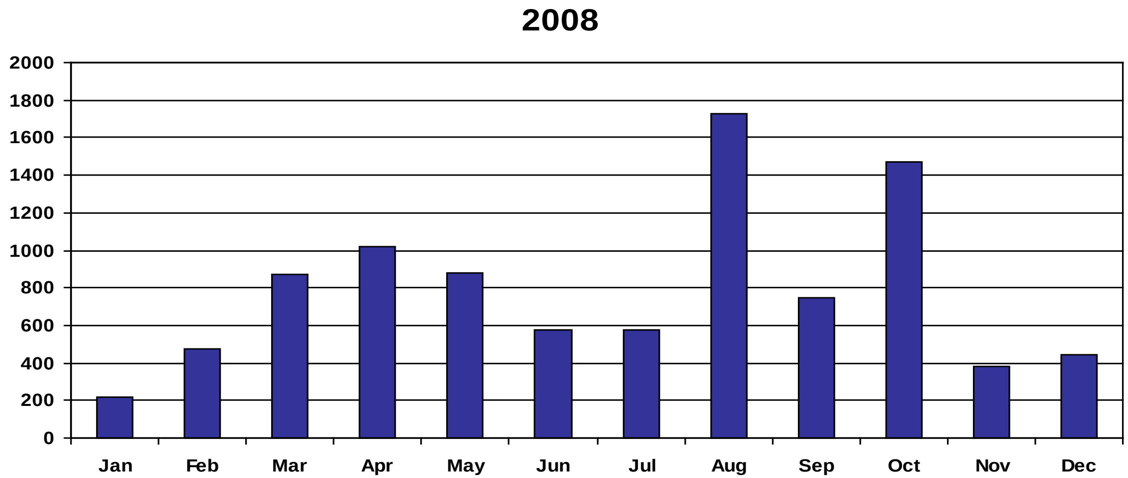
- 1.7% of participants in self-directed option
- 827 total accounts at Schwab
  - 756, or 50.1% were in the Schwab Money Market
  - 752, or 49.9% were using Schwab mutual fund options
- $35.8 million total balance at Schwab
  - $5.4M in Schwab Money Market
  - $30.4M in Schwab mutual funds
- Average account balance at Schwab: $43,363

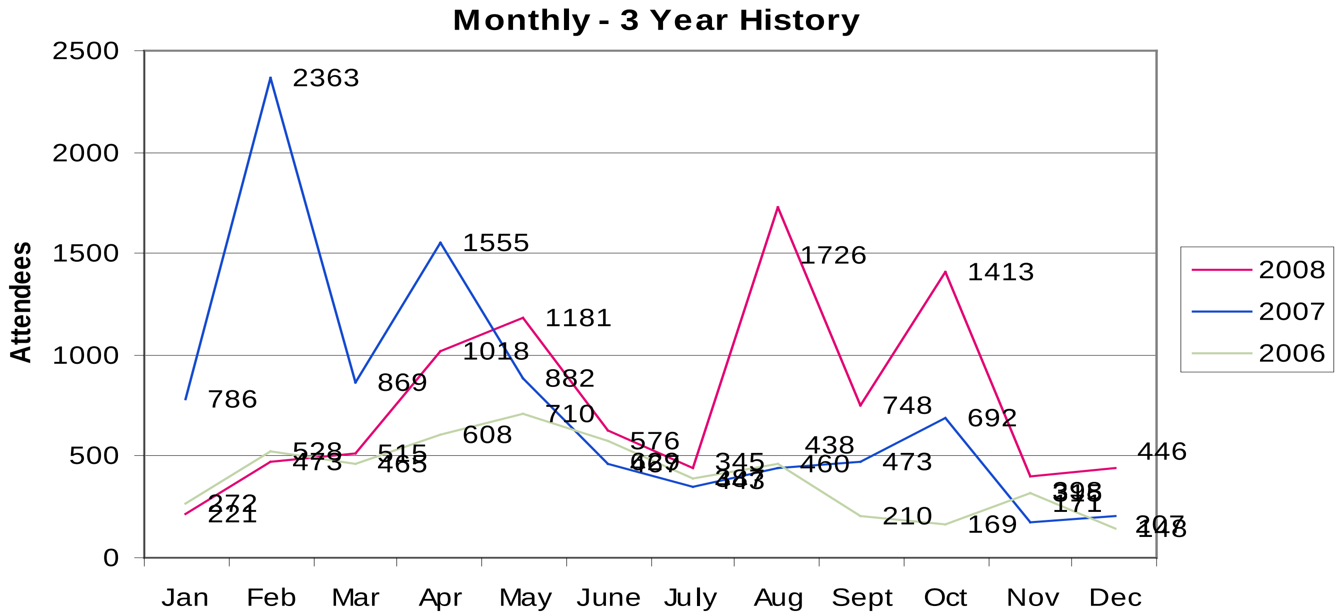
Number of WDC Group Meetings



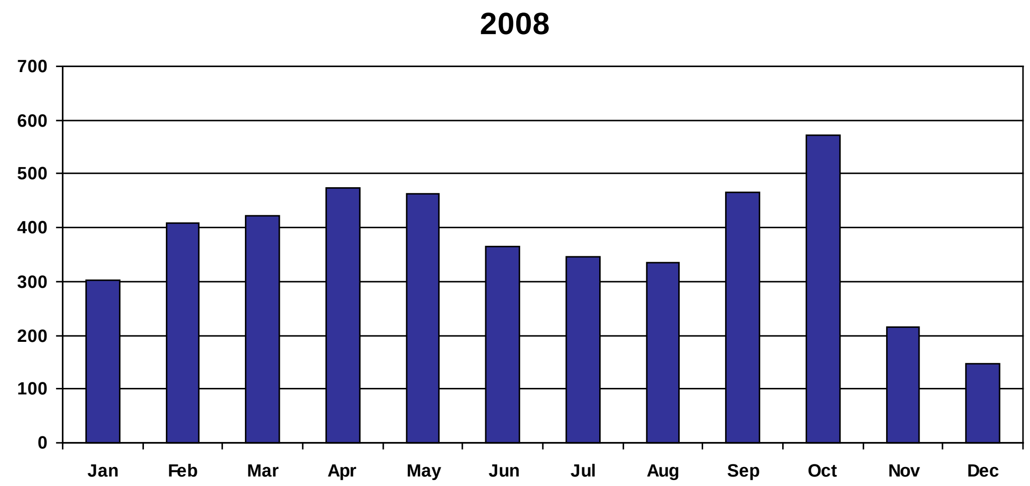


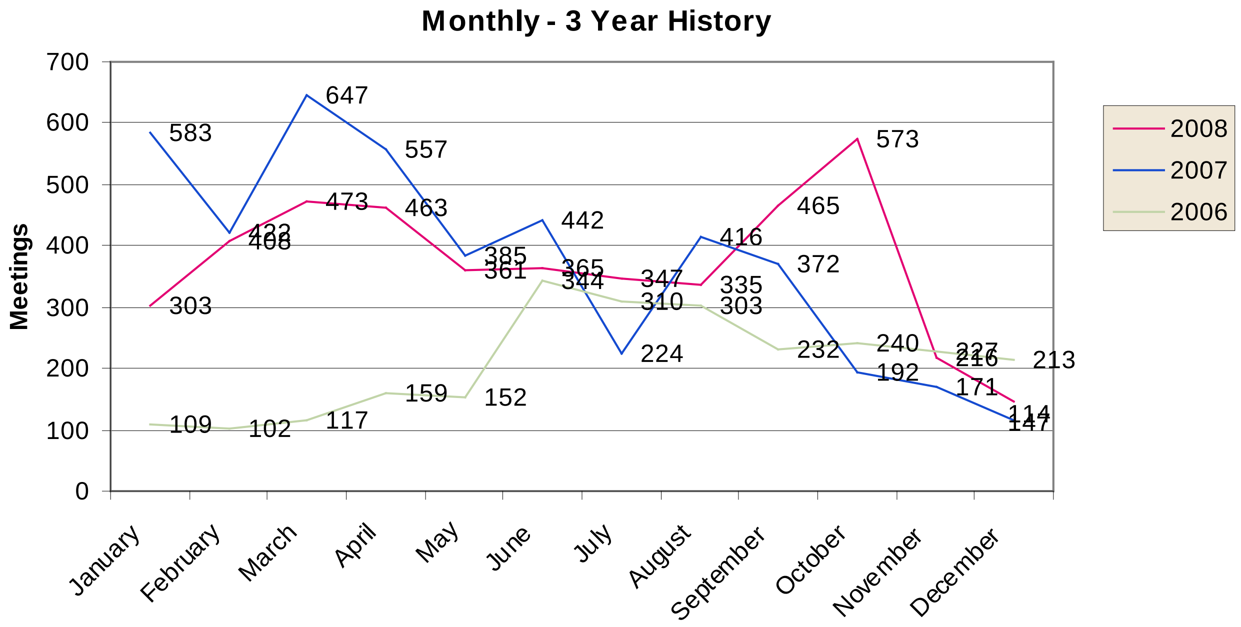
Number of Attendees at WDC Group Meetings



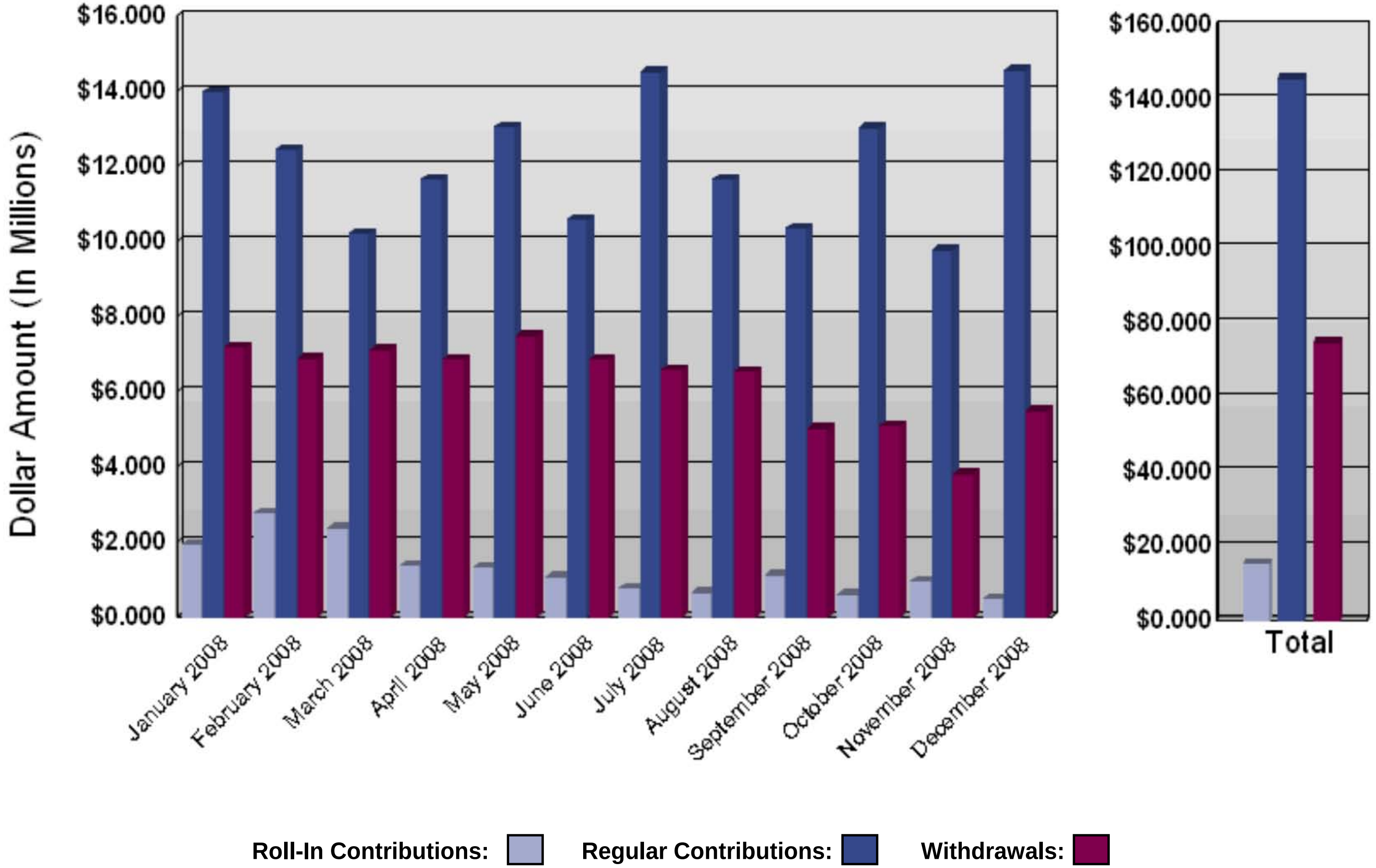


Individual WDC Counseling Sessions

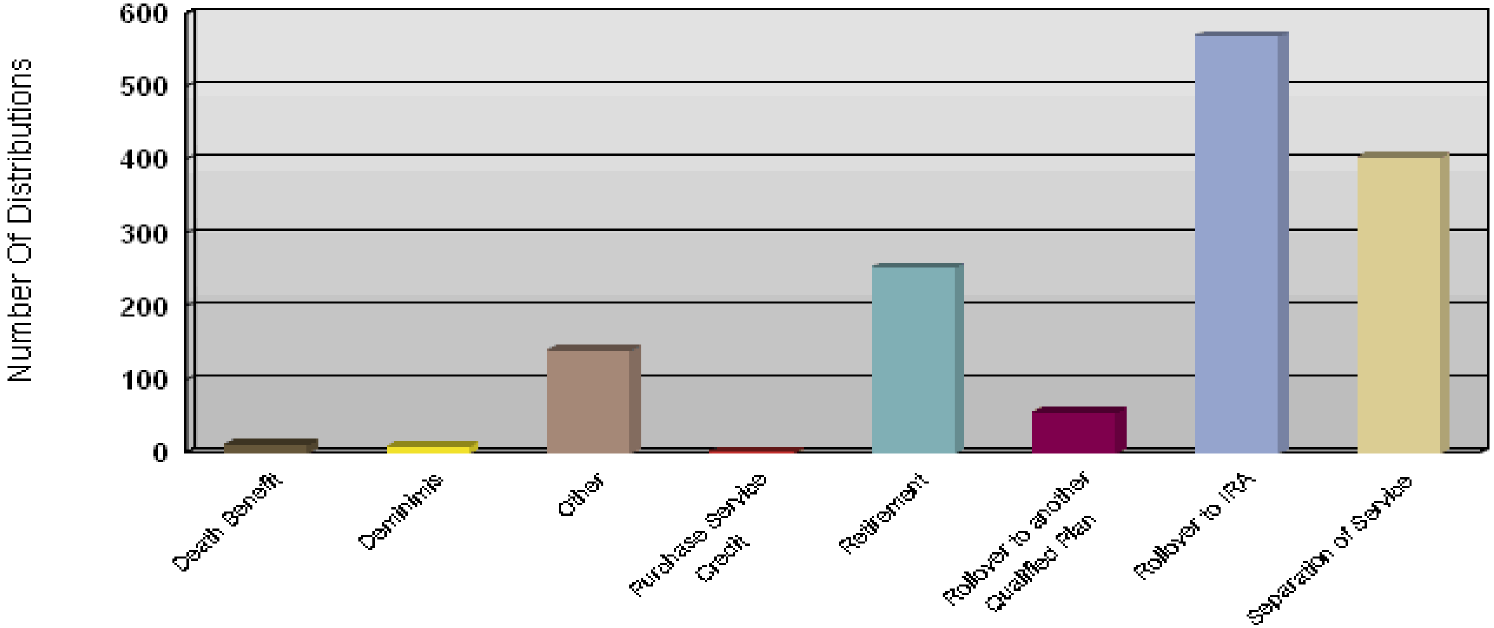


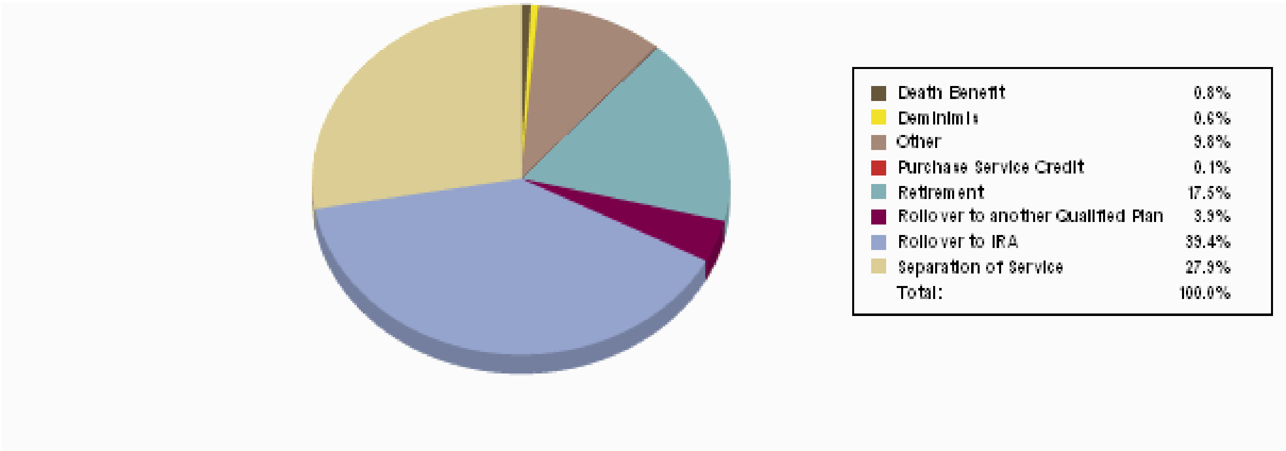


2008 Total
Contribution and Withdrawal Summary

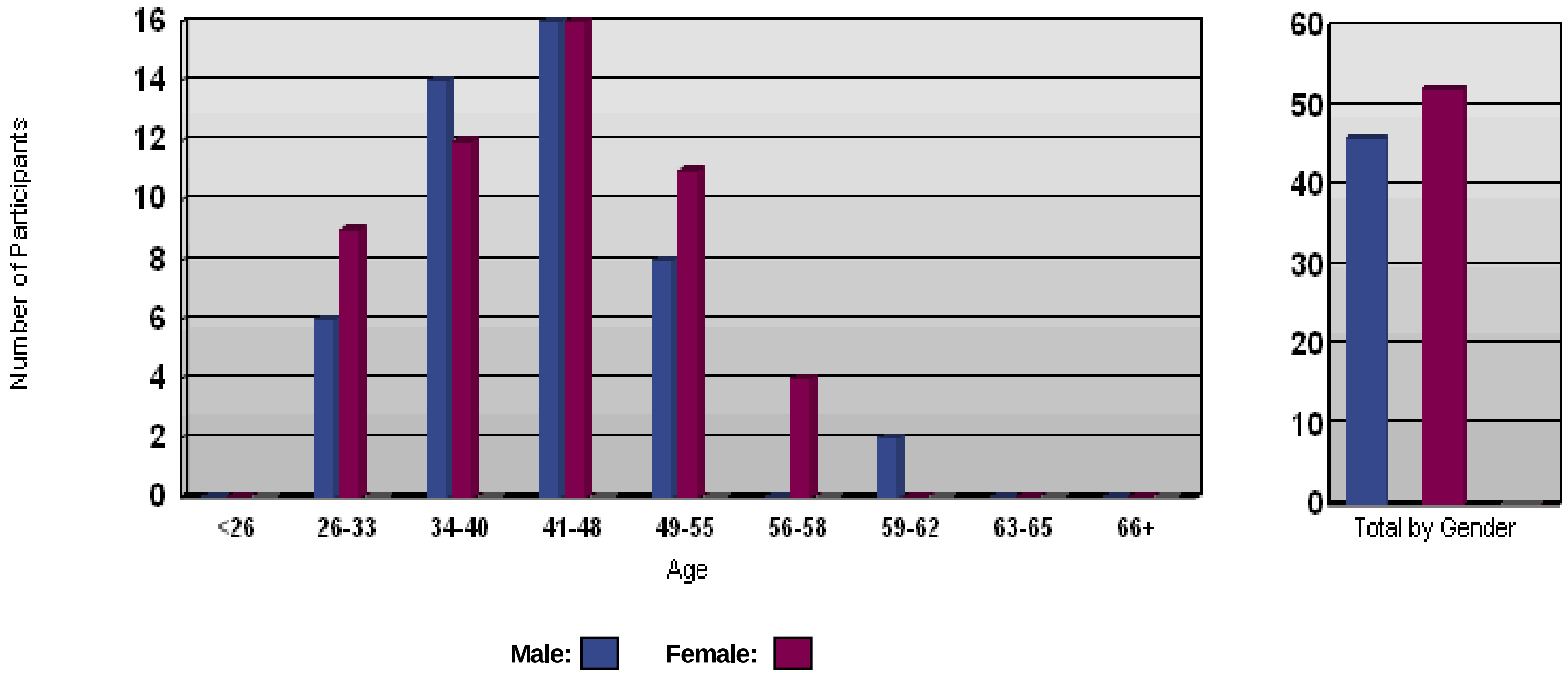


2008 Full Account Distribution by Reason

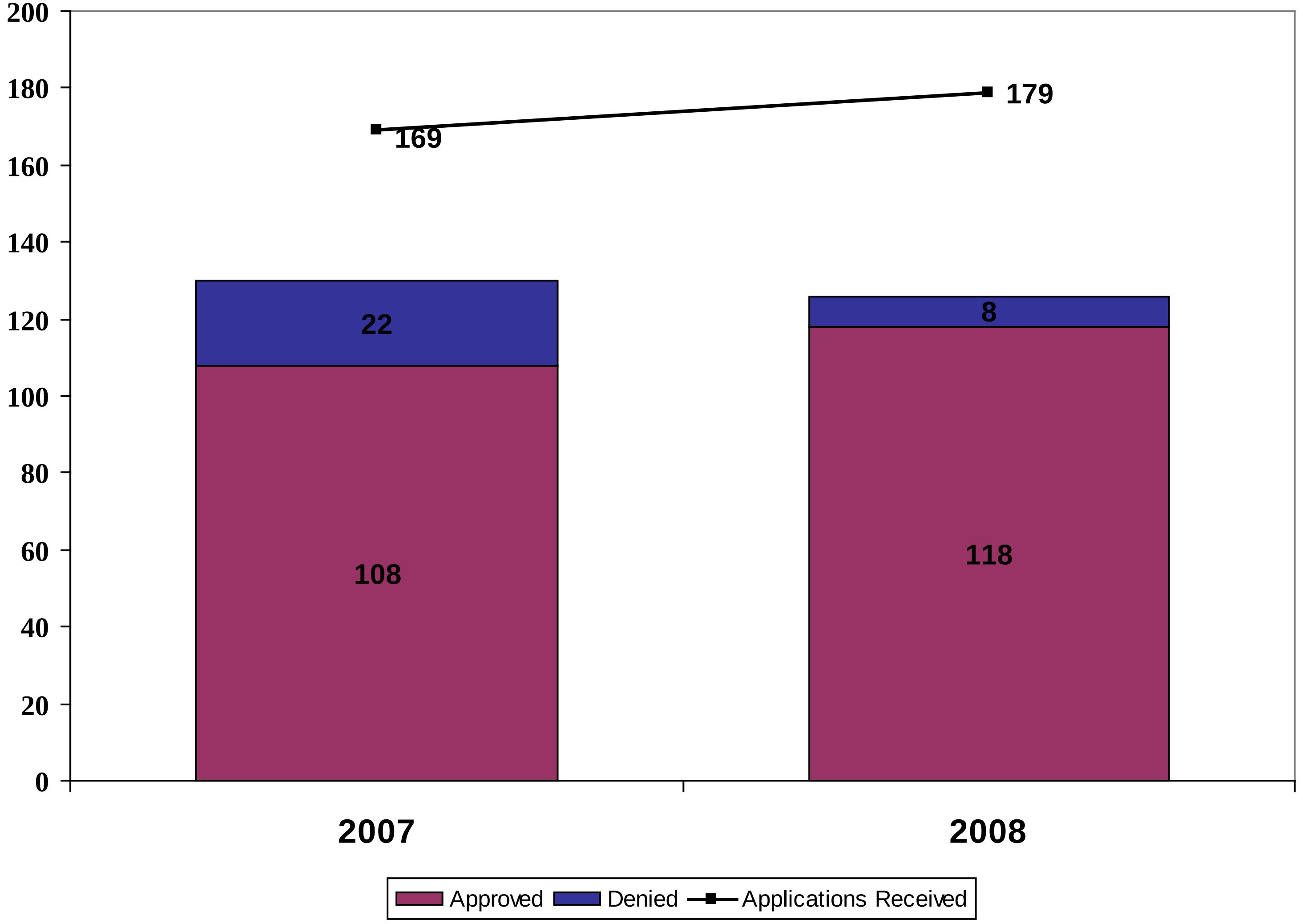




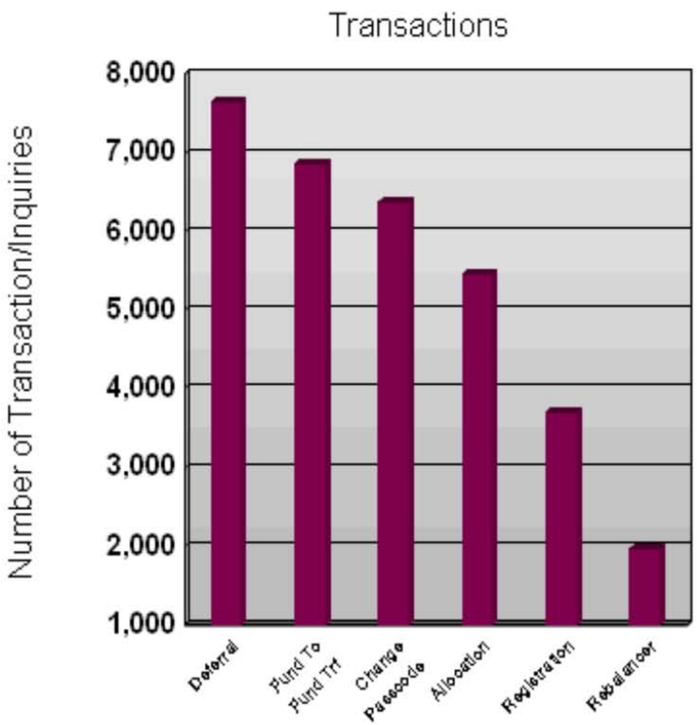
2008 WDC Participant Hardships

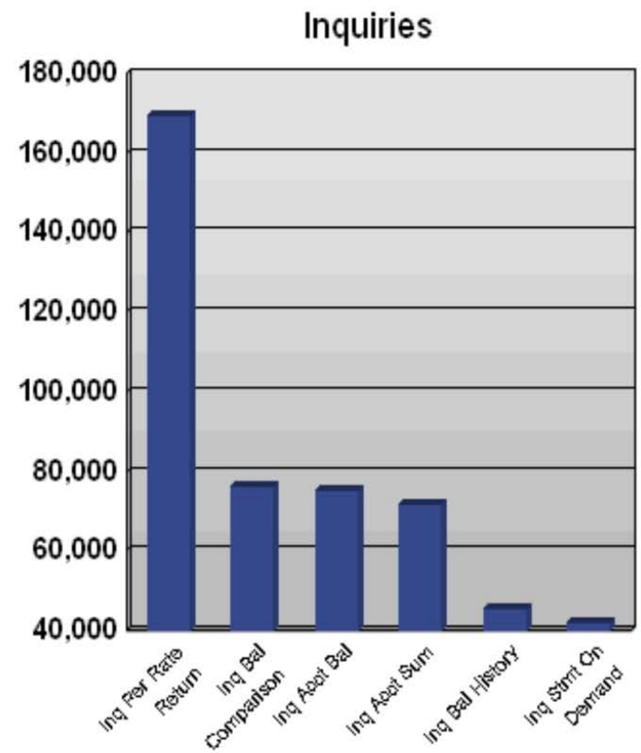


2008 WDC Participant Hardship Withdrawals



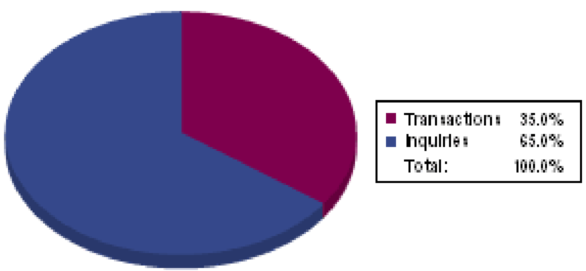
2008 Web Site Activity



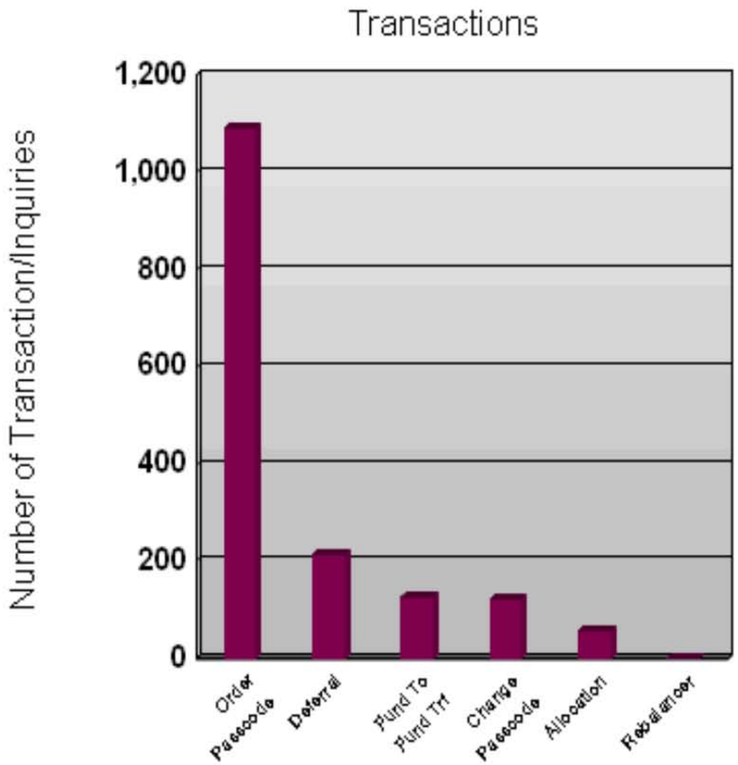


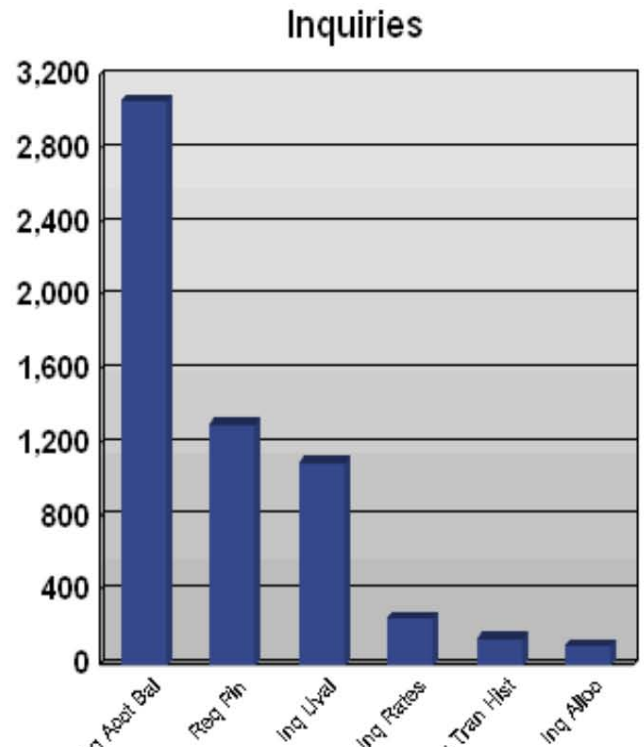
Average number of distinct visitors to the Web Site per month = 7,398

Total number of logins to the Web Site in 2008 = 325,587



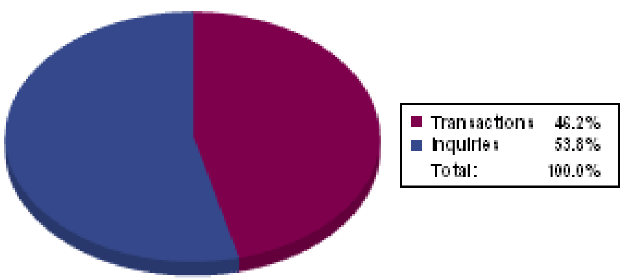
2008 KeyTalk® Activity



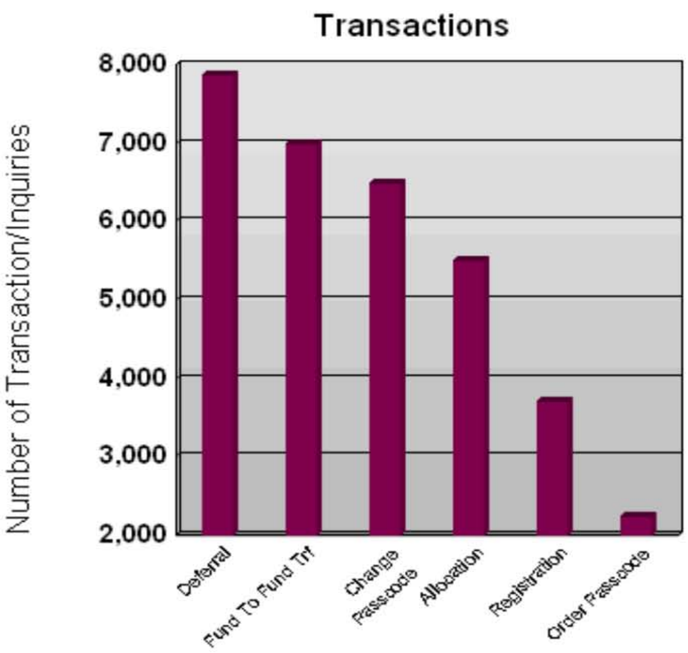


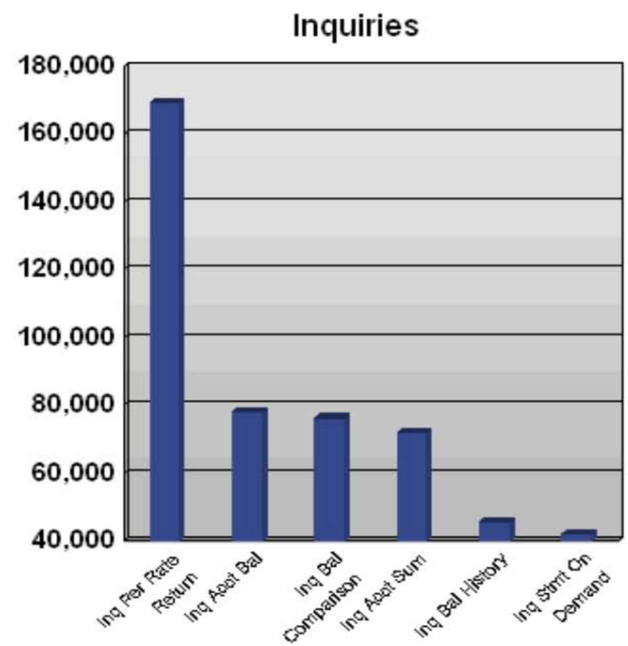
Average number of distinct callers to KeyTalk per month = 498

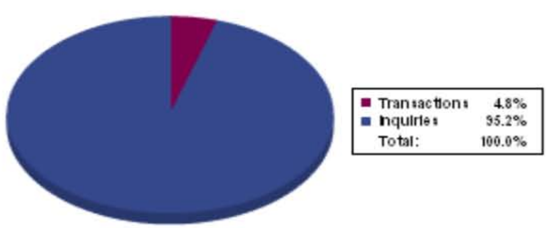
Total number of calls to KeyTalk in 2008 = 18,528



2008 Total Participant Transactions and Inquiries through the Web Site and KeyTalk®

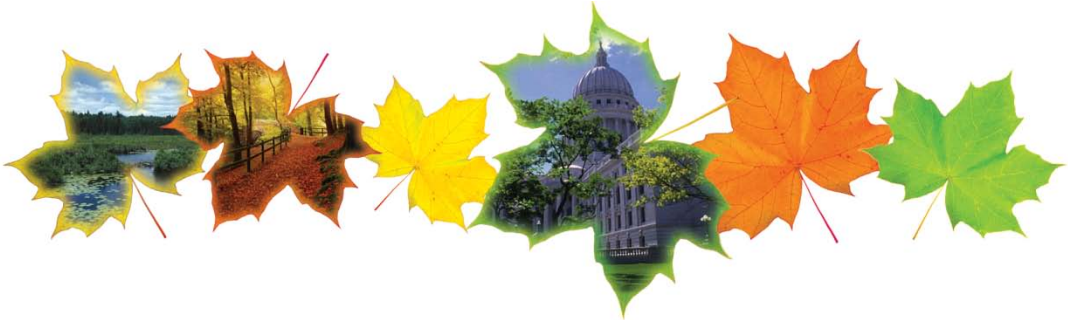






“Stepping Stones” Retirement Workshops

- 2008 - Joint workshops offered for the second year in cooperation with the Wisconsin Retirement System, Social Security Administration and the Wisconsin Deferred Compensation Program
    - Opportunity to hear from all three retirement income sources at the same time and place
    - WDC arranged and hosted evening workshops in Janesville, Wisconsin Rapids, Eau Claire and Superior
    - More than 780 people attended
    - Comments from attendees very positive
- 2009 – 3 workshops scheduled for late spring



WDC

Wisconsin Deferred Compensation Program

Questions?

Thank You

etf
WISCONSIN DEPARTMENT
OF EMPLOYEE TRUST FUNDS

STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
http://etf.wi.gov

DATE: May 13, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: March 2009 Security Breach

This memo is for the Board's information only. No action is required.

The attached memo from Great-West Retirement Services (GWRS) provides details regarding a short-term GWRS system security breach that occurred on March 23, 2009. One of our participants manipulated the URL on his Wisconsin Deferred Compensation (WDC) statement, causing the GWRS system to display another WDC participant's statement. He then shared this system vulnerability with one of his co-workers before reporting it to GWRS. GWRS immediately investigated and corrected their computer system coding to prevent any additional problems. They have also added further security measures intended to preclude any future system explotiation.

GWRS records indicate that between the two individuals, a total of thirty-one participants' statements were viewed. WDC statements contain name, address and a unique, GWRS-generated participant identification number. The statements do not contain Social Security Numbers or any information that could be used to access a participant's electronic record. Neither the Department nor GWRS believe that any personal information has been misused as a result of this situation.

At the Department's request, a letter was mailed to all thirty-one impacted WDC participants, explaining in general terms what happened, steps GWRS has taken to restore the security of their system, and offering participants the option of complimentary credit monitoring or special measures to ensure WDC participant data remains secure. A copy of this letter is attached to this memo.

GWRS will be available at the Board meeting to discuss the incident with the Board.

Attachments

Reviewed and approved by Jean Gilding, Division Administrator, Division of Retirement Services.

Signature   Date

Board	Mtg Date	Item #
DC	05/19/2009	12

Great-West
RETIREMENT SERVICES℠

Michelle Williams
8515 East Orchard Road
Greenwood Village, CO 80111
(303) 737-4648 Tel
(303) 737-3110 Fax
michelle.williams@gwrs.com

April 16, 2009

Ms. Shelly Schueller
Wisconsin Department of Employee Trust Funds
PO Box 7931
801 West Badger Road
Madison, WI 53707-7931

Re: Notification of Security Incident regarding the State of Wisconsin Deferred Compensation Board Plan

Dear Shelly:

The Administrative Services Agreement between Great-West Life & Annuity Insurance Company (the "Company") and the State of Wisconsin Deferred Compensation Board Plan (the "Plan") under Section 2.9 C. 2, requires notification to you if participant information was unauthorized or inadvertently accessed. This letter is to notify you that, in an unauthorized manner, two participants from your Plan viewed 36 other participants' statements from the Plan.

For less than 48 hours, the Company had a system vulnerability allowing a Plan participant to view other participants' quarterly statements by manually changing the document ID contained within the statement URL. The error resulted from a change in computer coding for the statements. The problem was immediately fixed as soon as the Company became aware of this coding error. A complete review by the Company has been performed on the procedures for how the code changes are to be made and pushed into production in the system. Additional security measures have also been implemented to prevent any similar issues from occurring in the future.

On March 23rd, 2009, one Plan participant discovered this system vulnerability. The Company's system log shows the Plan participant logged into the participant's own account and discovered that manually altering the statement ID number contained in the URL would yield a view of the statement of another participant. This Plan participant viewed 24 other participant statements from the Plan. After a short period of time, this individual notified the Company of the issue and his viewing of the participant statements. The Plan participant also showed another Plan participant how to perform the same manual intrusion into the system and the second Plan participant viewed 8 participant statements including his own.

The information from your Plan that could be viewed was quarterly statements containing the participant's name, address and participant id. No social security numbers were contained on any of the statements viewed. The participant ID number is not useful without the participant's unique password. The password information was not available at any time. The privacy of all your Plan participants is our utmost concern and for that reason we are reporting this issue to you even though this would not be considered a reportable security breach under Wisconsin law.

To fully investigate the issue, the Company talked to the two individuals who accessed the statements separately by telephone to determine exactly how they were able to exploit this limited system vulnerability. The first Plan participant indicated he was viewing his own statement and wanted to see more of his own records. To do this quickly, he indicated he changed the document ID number contained in the URL for his own statement and was surprised that this manual change allowed him to view the quarterly statement of another participant. He further stated that he continued to insert random numbers into the URL to see if he could access more records and then contacted another Plan participant to see if the second Plan participant could perform the same manual change. The second Plan Participant then viewed 8 statements by exploiting the same issue in the system that allowed statement access. During the telephone interviews, both Plan participants verbally stated that they did not download, copy, or print any of the information that they viewed and had no intention to further use any of the information they viewed briefly. In fact, the first Plan participant did write an email to the Company explaining his access and how he had intruded into the system, notifying the Company of the incident. The entire incident lasted less than 2 hours total for both Plan participants.

This situation is very unfortunate and we want to assure you that we have addressed and implemented all possible safeguards to prevent a reoccurrence of the situation. Overall, the situation is very serious and involved a limited ability to view quarterly statements with primarily public name and address information. We want to assure you again that the disclosure of the participant ID numbers could not allow the two Plan participants who intruded into the statements to manipulate the other participants' accounts in any manner or to access any other records other than the older quarterly statement. Although this is not technically a security breach under your state's law, we want you to know that we have undertaken many precautions to protect your Plan's data from further disclosure. The Company protects the privacy of its customers and with the additional quality controls in place in our systems units, a similar incident should not occur again.

Please feel free to contact me if have any questions related to this matter.

Sincerely,

Michelle Williams

Michelle Williams, Relationship Manager
Government Markets

cc: Sue Oelke, Regional Director
Chris Luttges, Vice President Field Operations and Plan Management
Gregory Seller, Senior Vice President, Government Markets
Rob Dwyer, Government Markets

[Date]

[Member Name]
[Address Line One]
[Address Line Two]

Dear [Insert Member Name]:

As you know, all day-to-day functions of the Wisconsin Deferred Compensation Program (WDC) are administered by Great-West Retirement Services (GWRS). At GWRS, we take the protection of your personal information very seriously and we adhere to state and federal laws protecting the privacy and security of personal information. As part of our privacy and security programs, we have safeguards in place to prevent unauthorized access to personal information and we review these safeguards regularly. Recently, however, a minor, short-term system vulnerability occurred when computer coding for on line statements was changed. Two WDC participants discovered this vulnerability. While viewing their own statements, the members were each able to access the statements of other WDC participants. A total of 31 other account statements were viewed. Your account statement was one of the statements viewed. The members reported the vulnerability to the WDC's administrator, GWRS and GWRS immediately fixed the problem. The correction to our system included changes to computer coding and verification that this type of incident cannot reoccur. After a thorough investigation we have established the following additional facts:

- GWRS confirmed on March 23, 2009, that your 2008 4th quarter WDC statement was viewed on line by an unauthorized individual.
- The information contained on the WDC statement included your name, address, participant ID (used internally by GWRS only) and account balance, as of December 31, 2008.
- Your social security number, WDC user ID, and unique logon password were NOT accessible nor contained within the statement.
- No other part of your electronic WDC account was viewed by the unauthorized individual.
- No transactions were made, nor was there ever any possibility that such a transaction could have occurred within your account.
- No one else exploited the temporary vulnerability.

Because of the nature of this incident and because the individuals who discovered the vulnerability reported the situation to us, we have no reason to believe that your personal information has been misused. However, to help reassure you of this, GWRS is offering you complimentary credit monitoring services through Equifax for one year. The Federal Trade Commission (FTC) recommends that you check your credit report periodically, to help you spot problems and address them quickly if anything suspicious should arise.

We apologize for any inconvenience this matter has caused. Should you so desire, you may change your WDC account password and user id, although it was not compromised by this system error. As an alternative, you may request that a special code be added to your account in order to make inquiries or changes through our Customer Service Center, or you may request that we change your GWRS-generated WDC participant ID. If you have any additional questions, or to take advantage of the credit monitoring option or other services, please contact me directly at 1-877-457-9327, option 2.

Sincerely,

Sue Oelke, Regional Director
Great-West Retirement Services

STATE OF WISCONSIN
Department of Employee Trust Funds
David A Stella, Secretary

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
http://etf.wi.gov

CORRESPONDENCE MEMORANDUM

DATE: April 30, 2009

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: May 2009 Board Meeting Miscellaneous Items

The following items are included with the Board materials for May 19, 2009:

Wisconsin Deferred Compensation Program Information
a) 2009 Deferred Compensation Board Membership Roster
b) WDC *MoneyTalks* Newsletters: January and April 2009
c) GWRS Financial Stability (Letter dated April 13, 2009)

Investment Product Information
d) Schwab: PCRA Report – Fourth Quarter 2008, First Quarter 2009
e) Galliard: Galliard Updates – April 3, 2009 and March 26, 2009
f) T. Rowe Price: April 17, 2009 – Fee Increase to T. Rowe Price Funds' Administrative Fee Payment Program for Financial Intermediaries Serving DC Retirement Assets
g) Calvert: March 2009 portfolio management team changes
h) Vanguard: January 26, 2009 – "Vanguard's Treasury money market funds are closed"
i) Fidelity: January 2009 Update – "Treasury Money Market Funds: Falling Yields: The Money Market Effect"

Reports
j) Selected 2008 WDC Quarterly Statistics and First Quarter 2009
k) Quarterly Plan Status – Fourth Quarter 2008 and First Quarter 2009
l) Performance Standards Report – Fourth Quarter 2008 and First Quarter 2009
m) Local Employer Elections - Fourth Quarter 2008 and First Quarter 2009
n) Financial Emergency Withdrawal Report through April 30, 2009

Correspondence
o) Participant Tyson correspondence to the Department and response
p) Participant Mattice correspondence to the Department and response
q) Correspondence with WSEU representative Todd Wetzel

Media Articles
r) *Pensions and Investments* PIOnline.com April 20, 2009: "Plan participants play it cool amid crisis"
s) *Pensions and Investments* PIOnline.com April 3, 2009: "Labor Dept., SEC to probe target date funds"
t) *Barron's* April 6, 2009: "Don't Judge This Strategy by Its Name"
u) *Wall Street Journal* April 3, 2009: "Stable Value? Chrysler Fund Shows Woes Still Lurking"
v) *Wall Street Journal* March 26, 2009 D1: "Stable Value Funds in your 401(k) May Not Be"
w) PlanSponsor.com March 9, 2009: "Fund Companies Closing Doors to "Safest" Investments"
x) Morningstar.com March 6, 2009: "Are Vanguard's Target Retirement Funds on Target?"
y) *Pensions and Investments* PIOnline.com December 22, 2008: "Stable Value Managers Stay Safe"

Great-West
LIFE & ANNUITY INSURANCE COMPANY

8515 East Orchard Road
Greenwood Village, CO 80111
(303) 737-3000
Mailing Address:
PO Box 1080, Denver CO 80201
www.greatwest.com

April 13, 2009

Dear Customers, Advisers, Brokers, Consultants and Business Associates:

Over the last few months, there has been an increased focus on the strength of financial institutions worldwide. Accordingly, we felt it was important to provide you with an update on the financial strength of Great-West Life & Annuity Insurance Company (GWL&A).

I. RATINGS

Our company is rated by four nationally recognized agencies. These agencies rate GWL&A on our financial strength and on our ability to meet ongoing obligations to policyholders. We currently have the following ratings:

A+	A.M. Best Company, Inc. (Superior, highest of 10 categories)
AA+	Fitch Ratings (Very Strong, second highest of 9 categories)
Aa3	Moody's Investors Service (Excellent, second highest of 9 categories)
AA	Standard & Poor's Ratings Services (Very Strong, second highest of 9 categories)

Our current ratings are posted on our GWL&A Website at www.greatwest.com/financial.

Our total adjusted capital level at December 31, 2008 was over $1.1 billion, which is more than 7.5 times the authorized control level as defined by the National Association of Insurance Commissioners.

At December 31, 2008, the Company held more than $745 million of cash, cash equivalent, short-term investments and U.S. Government direct debt obligations.

II. 2008 RESULTS

Despite unfavorable stock market conditions in 2008, our business segments maintained their market share and benefited from our diverse product offerings and distribution channels. This, along with strong expense management and transfers by customers from retail investment options to general account and segregated fund investment options, resulted in solid earnings.

In our Individual Markets segment, expanded distribution relationships contributed to a 29% increase in new premium for business-owned life insurance. Sales through financial institutions resulted in premium growth of 348% for GWL&A's single-premium whole life wealth transfer product.

In our Retirement Services segment, the addition of a large state government defined contribution plan led the way in increased public/nonprofit sales, adding 290,000 participants. Total 401(k) sales premium also rose 33%. Record-keeping accounts, including those of FASCore institutional partners and third-party administration clients as well as Great-West Retirement Services customers, increased 6% to more than 3.7 million, representing $92 billion in assets.

III. INVESTMENT PORTFOLIO

A. General

Over a long period our company has maintained prudent and conservative investment policies and practices with respect to the management of our consolidated assets.

As reported in state insurance department filings, GWL&A's general account invested assets totaled $17.3 billion as of December 31, 2008. General account invested assets support the general liabilities of the company, including obligations under life insurance policies and certain guaranteed annuity investment options.

Invested assets usually are identified as fixed income (bonds and mortgage loans); stocks; cash; cash equivalents and short-term investments; contract loans and other invested assets. Other invested assets are predominately limited partnership interests, surplus notes and low income housing tax credit securities.

B. Bond Portfolio – Quality and Diversification

Bonds comprise the largest portion of GWL&A's invested assets at $11.5 billion or 66%. As you can see by the first table below, we have a high quality bond portfolio, with 98% rated investment grade at year-end 2008. The second table shows that our bond portfolio is well diversified across several sectors.

Bonds by ratings – based on rating agency designations (millions)

AAA	$6,018	52.4%
AA	988	8.6%
A	2,239	19.5%
BBB	1,972	17.2%
BB & lower	267	2.3%
Total	$11,484	100%

Bonds by sector (millions)

US government and government agencies	$3,368	29.3%
Mortgage backed and asset backed securities:		
• Residential	2,630	22.9%
• CMBS	645	5.6%
• ABS other	584	5.1%
Finance	1,361	11.8%
Utilities	1,191	10.4%
Consumer products	491	4.3%
Natural resources	378	3.3%
Transportation	160	1.4%
Other	677	5.9%
	$11,485	100%

C. Bond Portfolio - Financial Services, Automobile and Airline Sectors

We have $1.3 billion or 7.2% of our invested assets in financial services institutions, $19 million or 0.1% in domestic automobile manufacturers and $7 million or 0.04% in airlines. Of these investments in the aggregate, 98% were rated investment grade at year-end 2008. The financial services portfolio is diversified by industry including banks, insurance companies, finance companies and asset managers.

D. Bond Portfolio - Mortgage Backed Securities

(1) Prime residential mortgage backed securities

Our portfolio of residential mortgage backed securities includes $784 million of securitized non-agency prime first mortgage loans, representing 4.5% of invested assets. 97% of these securities are rated AAA. The majority of the mortgages backing these securities are fixed rate loans, which typically have lower delinquency, default and loss rates than adjustable rate loans. The weighted average credit enhancement level for these securities is 11%. This credit enhancement represents subordinated securities or surplus collateral that would absorb losses prior to losses being allocated to GWL&A's securities. In addition, many of these securities are "super senior," meaning they benefit from additional credit enhancement because of subordinated AAA rated securities.

78% of these securities are in pools that originated before 2005, which is associated with lower delinquency, default and loss rates compared to pools that originated from 2005 to the present. The securities that originated from 2005 on are all super senior and have a weighted average credit enhancement level of 14%.

(2) Near prime residential mortgage backed securities

Our portfolio of residential mortgage backed securities includes $164 million of securitized non-agency near prime first mortgage loans, representing 0.9% of invested assets. 100% of these securities are rated AAA. These securities are considered higher credit quality than subprime due to the higher credit scores of the underlying borrowers and the lower delinquency, default and loss rates on the loans. The majority of the mortgages backing these securities are fixed rate loans, all were originated in 2006 and 2007, and the weighted average credit enhancement level is 21%.

(3) Subprime residential mortgage backed securities

Our portfolio of residential mortgage backed securities includes $914 million of securitized non-agency subprime first mortgage loans, representing 5.3% of invested assets. 92% of these securities are rated AAA. The majority of the mortgages backing these securities are fixed rate loans and the weighted average credit enhancement level is 34%.

68% of these securities are in pools that originated before 2005. The securities that originated from 2005 on have a weighted average credit enhancement level of 35%. In addition, $99 million of the securities that originated from 2005 on are "short sequential," meaning they rank higher in priority of payment than other AAA rated securities of the issuer, and $128 million are insured by monoline insurers.

We have no exposure to subprime Collateralized Debt Obligations, Asset Backed Commercial Paper or Structured Investment Vehicles.

(4) Alt-A residential mortgage backed securities

Our portfolio of residential mortgage backed securities includes $10 million of so-called "Alt-A" mortgage loan bonds, representing 0.06% of invested assets. These underlying mortgages have a risk potential that is greater than prime but less than subprime. All of our Alt-A mortgage loan bonds are AAA rated, and 62% of them were originated before 2005.

(5) Monoline insured residential mortgage backed securities

Our portfolio of residential mortgage backed securities includes $739 million (4.3% of invested assets) that have been insured by monoline credit insurers. These insurers guarantee the repayment of bond principal and interest if an issuer defaults.

(6) Commercial mortgage backed securities (CMBS)

Our portfolio includes $645 million of CMBS investments, representing 3.7% of invested assets. As the name implies, these securities are backed by commercial mortgages rather than residential mortgages. All of GWL&A's CMBS investments are AAA rated, and the weighted average credit enhancement level is 23%.

70% of these securities are in pools that originated before 2005. The securities that originated from 2005 on are 93% super senior and have a weighted average credit enhancement level of 27%.

E. Impairment Charges

As of year-end 2008, GWL&A had written down $43 million of its investments or 0.25% of our invested assets, including $30 million in Lehman Brothers bonds.

F. Securities Lending

GWL&A has not incurred any losses due to its securities lending activities. All securities lending is done through an agent with select counterparties. The agent invests the proceeds in short term government and agency debt collateral.

IV. OUR FOCUS IN 2009

Despite unfavorable stock market conditions, we've maintained market share and benefited from our diverse product offerings and distribution channels. As we move forward in 2009, it will be very important to continue managing our affairs in a prudent and conservative manner, with particular attention to our strong expense management and risk management disciplines. These disciplines continue to stand us in good stead, especially amidst the continued market volatility.

Looking ahead, we're confident that GWL&A is well positioned to withstand our country's current economic challenges. Moreover, we believe our solid financial position provides many opportunities for continued growth.

Mitchell T.G. Graye
President and Chief Executive Officer

State of Wisconsin Plan

Schwab Personal Choice Retirement Account (PCRA) Quarterly Report

As of 12/31/2008

The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 12/31/2008

charles SCHWAB

Plan Profile Information

Company Name	State of Wisconsin
Total PCRA Assets	$35,861,378
Total PCRA Accounts	827
Total Advisor Managed PCRA Assets	$8,224,477
Total Advisor Managed PCRA Accounts	115

PCRA Participant Profile Information

PCRA Accounts Opened This Quarter	23
PCRA Assets In and Out This Quarter*	$206,664
Average PCRA Account Balance	$43,363

Average Positions (Per Acct)

Cash & Equivalents	1.0
Mutual Funds	4.2
Total	5.1

Average Trades (Per Acct)

Cash & Equivalent	0.0
Mutual Funds	2.3
Total	2.3

Top 10 Mutual Fund Holdings	Ticker Symbols	$ MF Assets	% MF Assets
HUSSMAN STRATEGIC GROWTH	HSGFX	$944,811	3.14
FMI LARGE CAP FUND	FMIHX	$778,800	2.59
OAKMARK EQUITY INCOME FD	OAKBX	$768,478	2.55
FAIRHOLME FUND	FAIRX	$725,490	2.41
CGM FOCUS FUND	CGMFX	$637,254	2.12
PIMCO TOTAL RETURN FUND CLASS	PTTDX	$470,205	1.56
TOCQUEVILLE GOLD FUND	TGLDX	$401,838	1.34
COLUMBIA VALUE & RESTRUCTURING	UMBIX	$400,943	1.33
ARTIO INTL EQUITY FUND	BJBIX	$371,958	1.24
PIMCO TOTAL RETURN FUND INSTIT	PTTRX	$362,208	1.20

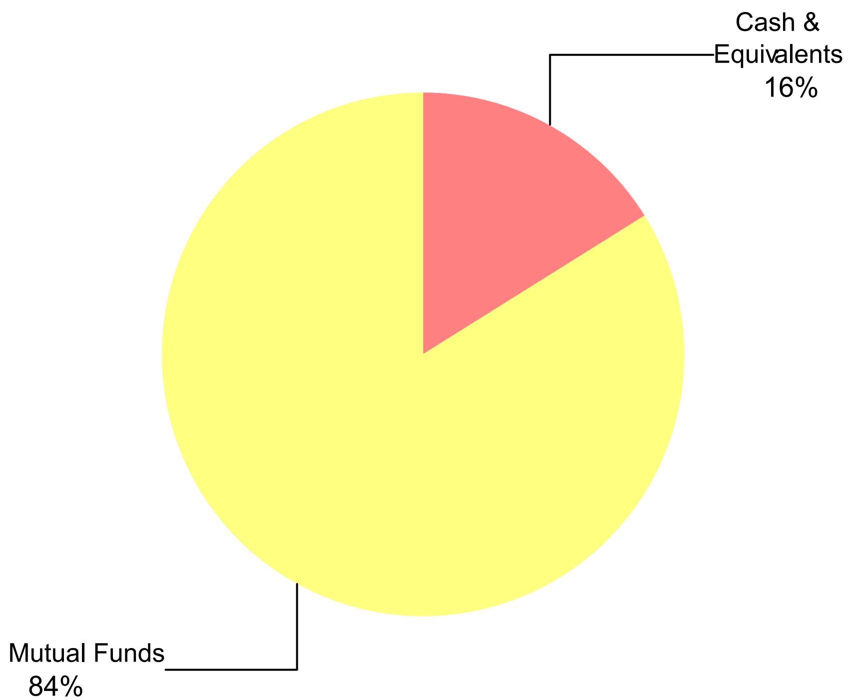
Money Market Fund Balance	Ticker Symbols	Total Value
SCHWAB MONEY MARKET FUND	SWMXX	$5,173,399

* Assets In and Out includes contributions and distributions
Top 10 Mutual Funds % does not include Money Market Funds.

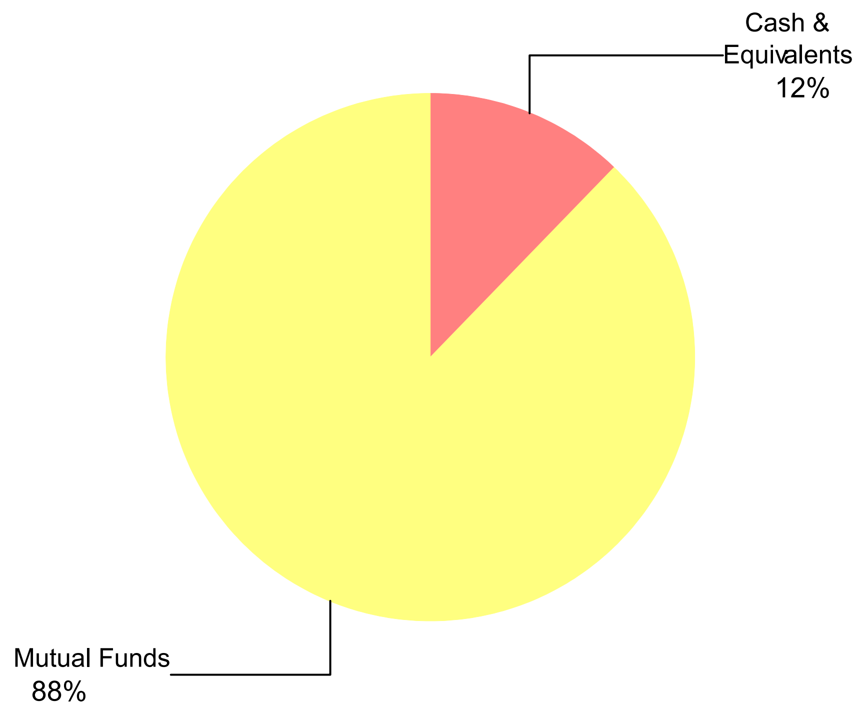
The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 12/31/2008

Market Value Allocation - Asset Classes
(Quarter over Quarter)

12/31/2008



09/30/2008



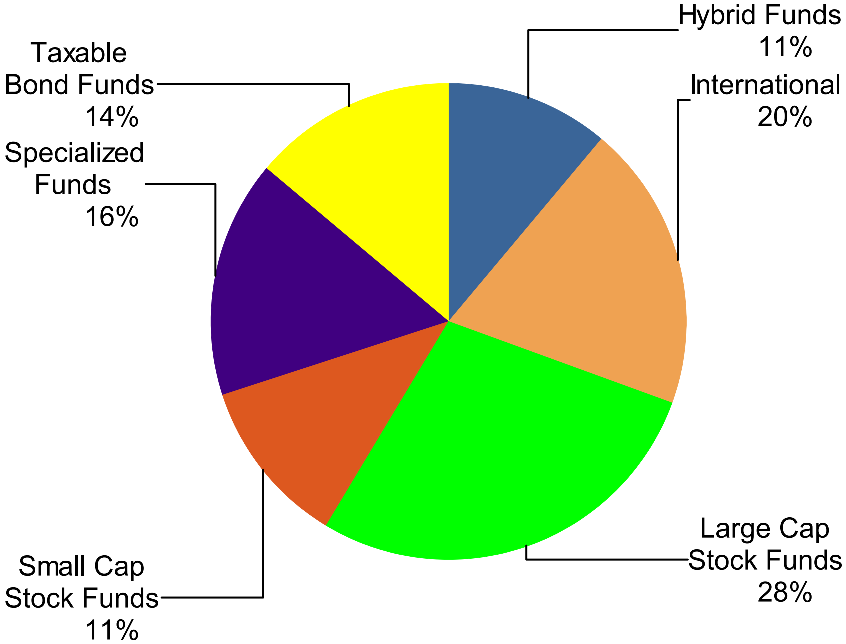
This chart illustrates the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of month-end.
Money market mutual funds are classified under Cash & Equivalents

The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 12/31/2008

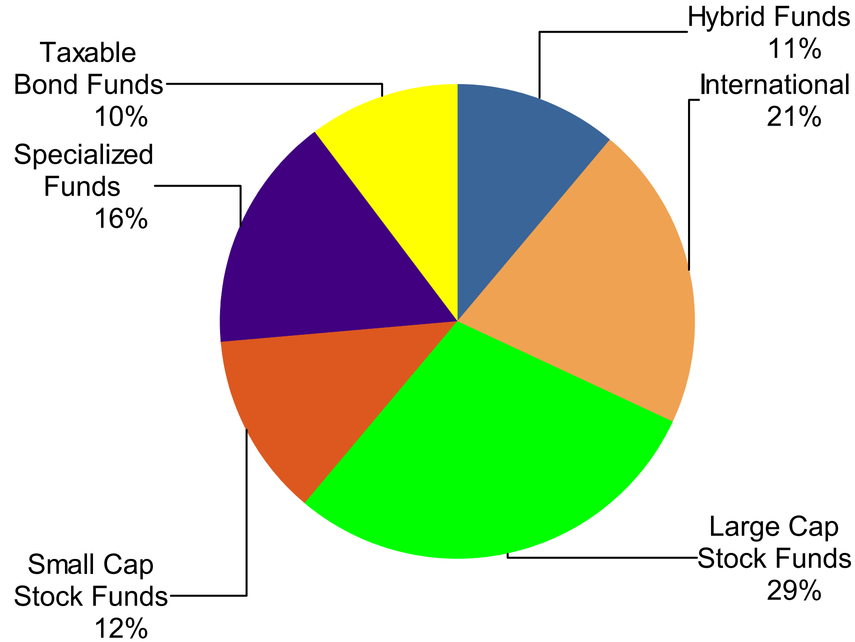
charles SCHWAB

Market Value Allocation - Mutual Funds

12/31/2008



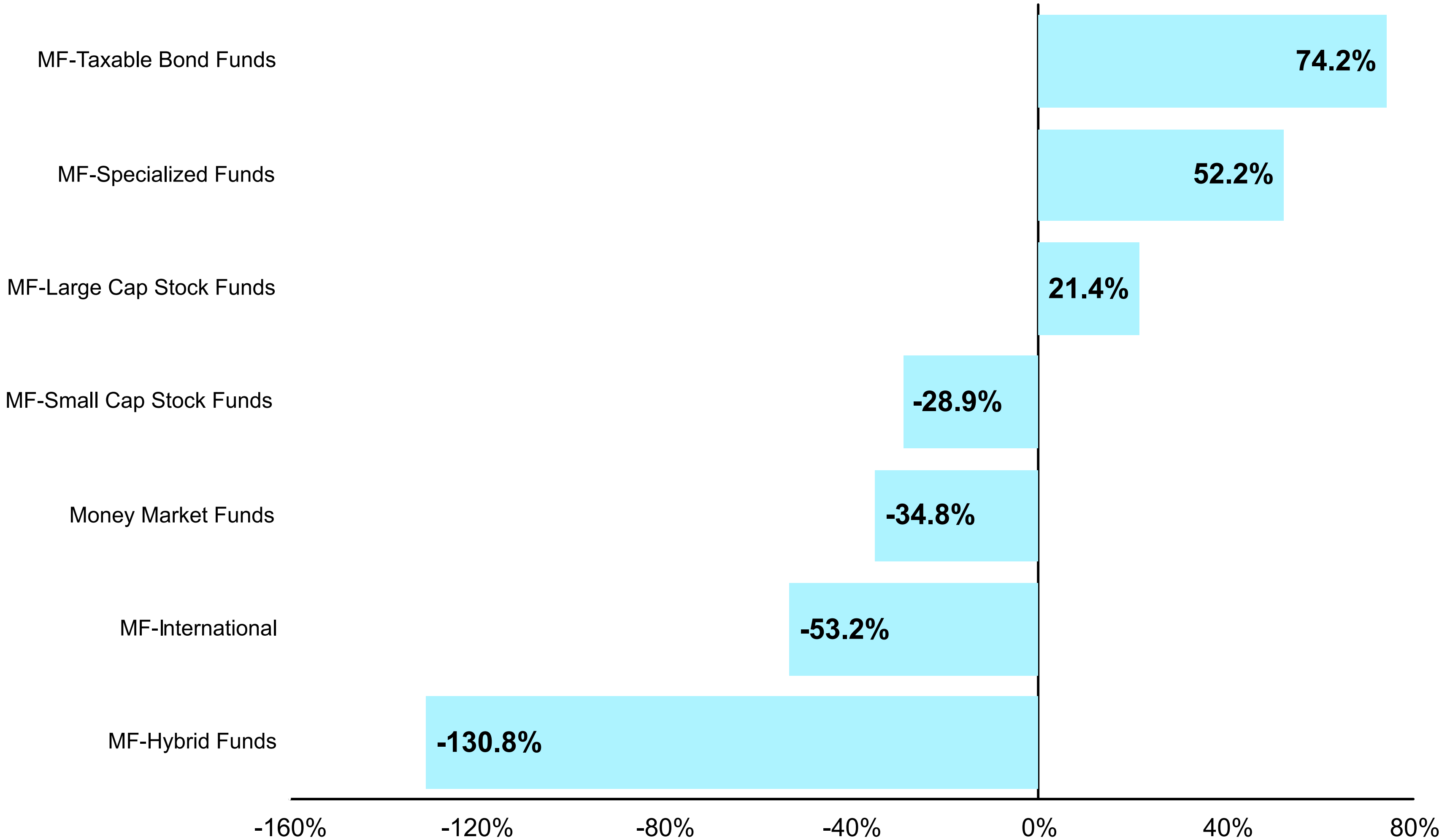
09/30/2008



This chart illustrates the percent of PCRA participant assets in each mutual fund category, as classified by Morningstar Inc., as a percentage of total PCRA long-term mutual fund assets. Percentages are calculated as of month-end. Small cap funds are subject to greater volatility than those in other asset categories. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Since sector funds focus investments on companies involved in a particular sector, the funds may involve a greater degree of risk than an investment in other mutual funds with greater diversification. All data is for informational purposes only.

The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 12/31/2008

Net Asset Flow - All Investment Categories
(3-month period ending **12/31/2008**)



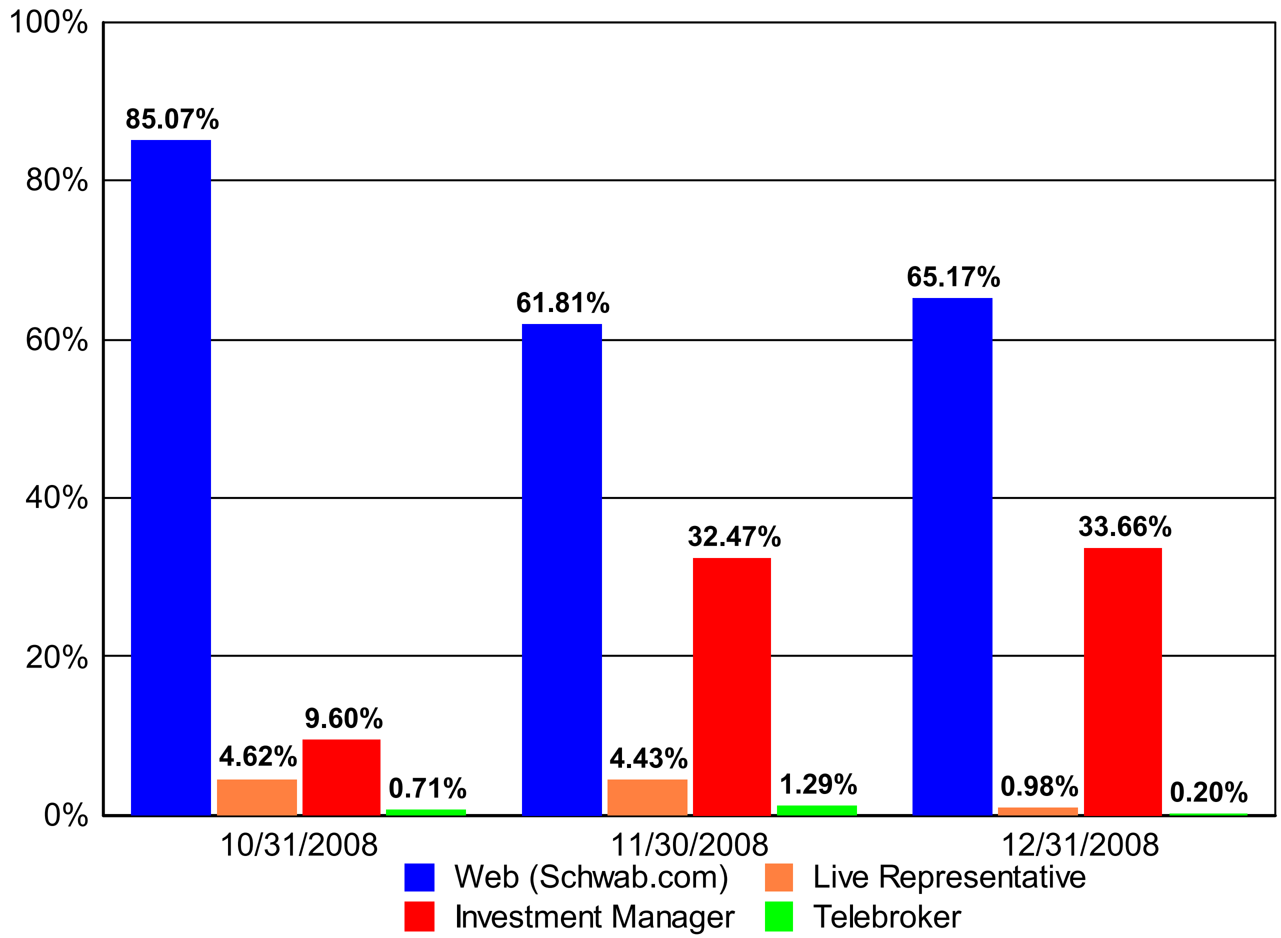
The chart illustrates the percent of total net flows within each investment category, as classified by Standard & Poor's and Morningstar Inc., over the last three-month period. Net flow percentages are calculated by adding the purchases and sales amounts within each respective investment category and dividing by the total net flows over the period. Data is for informational purposes only.

The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 12/31/2008

charles SCHWAB

Trading Channel Mix

(Month over Month)



This chart illustrates the trading channel participants used to place trade orders over the last three-month period. Data is for informational purposes only.

State of Wisconsin Plan

Schwab Personal Choice
Retirement Account (PCRA)
Quarterly Report

As of **3/31/09**

The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 3/31/2009

charles SCHWAB

Plan Profile Information

Company Name	State of Wisconsin
Total PCRA Assets	$33,544,834
Total PCRA Accounts	823
Total Advisor Managed PCRA Assets	$7,355,069
Total Advisor Managed PCRA Accounts	115

PCRA Participant Profile Information

PCRA Accounts Opened This Quarter	23
PCRA Assets In and Out This Quarter*	$-493,558
Average PCRA Account Balance	$40,759

Average Positions (Per Acct)

Cash & Equivalents	1.0
Mutual Funds	4.2
Total	5.1

Average Trades (Per Acct)

Cash & Equivalent	0.0
Mutual Funds	2.0
Total	2.0

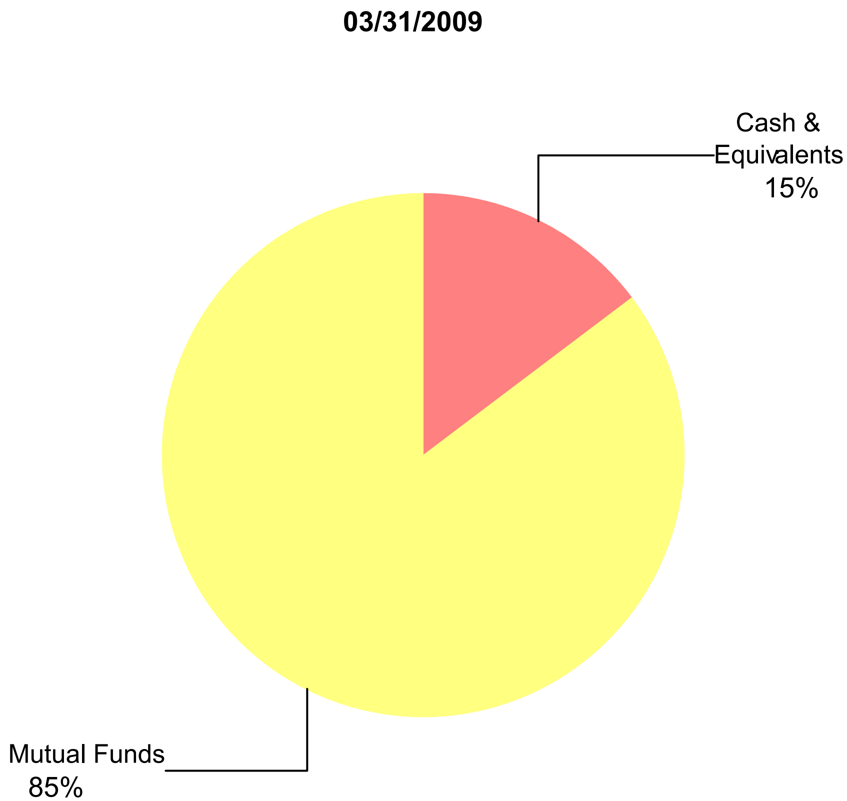
Top 10 Mutual Fund Holdings	Ticker Symbols	$ MF Assets	% MF Assets
HUSSMAN STRATEGIC GROWTH	HSGFX	$1,042,567	3.64
OAKMARK EQUITY INCOME FD	OAKBX	$779,287	2.72
FAIRHOLME FUND	FAIRX	$660,503	2.31
FMI LARGE CAP FUND	FMIHX	$650,384	2.27
CGM FOCUS FUND	CGMFX	$558,958	1.95
PIMCO TOTAL RETURN FUND CLASS	PTTDX	$552,480	1.93
TOCQUEVILLE GOLD FUND	TGLDX	$495,890	1.73
GAMCO GOLD FUND CL AAA	GOLDX	$429,296	1.50
VANGUARD INFLATION	VIPSX	$386,674	1.35
PIMCO TOTAL RETURN FUND INSTIT	PTTRX	$381,980	1.33

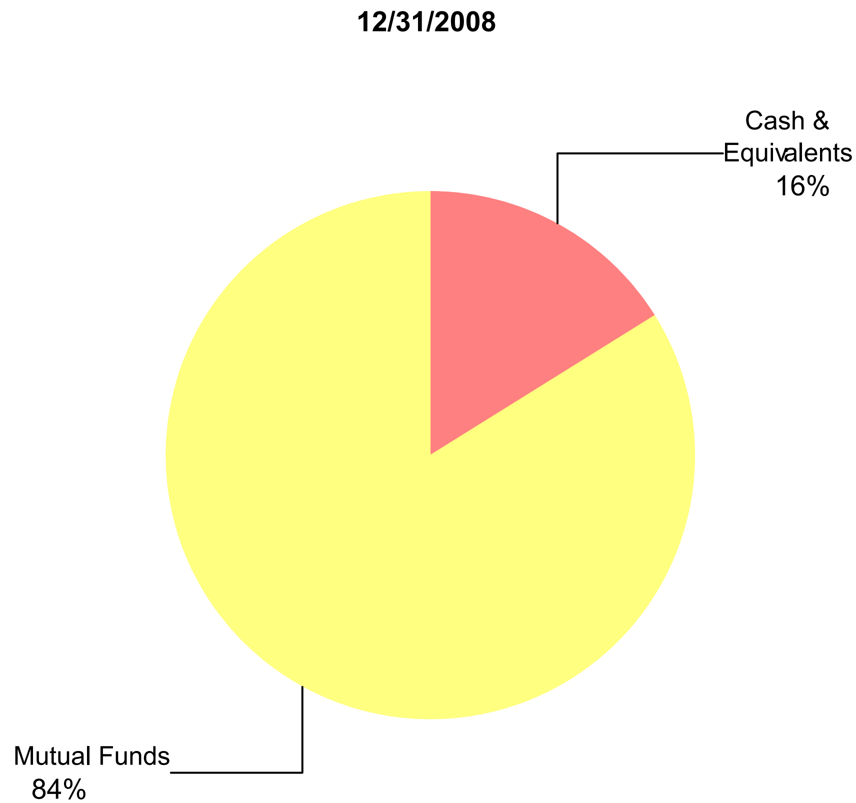
Money Market Fund Balance	Ticker Symbols	Total Value
SCHWAB MONEY MARKET FUND	SWMXX	$4,099,665

* Assets In and Out includes contributions and distributions
Top 10 Mutual Funds % does not include Money Market Funds.

The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 3/31/2009

Market Value Allocation - Asset Classes
(Quarter over Quarter)





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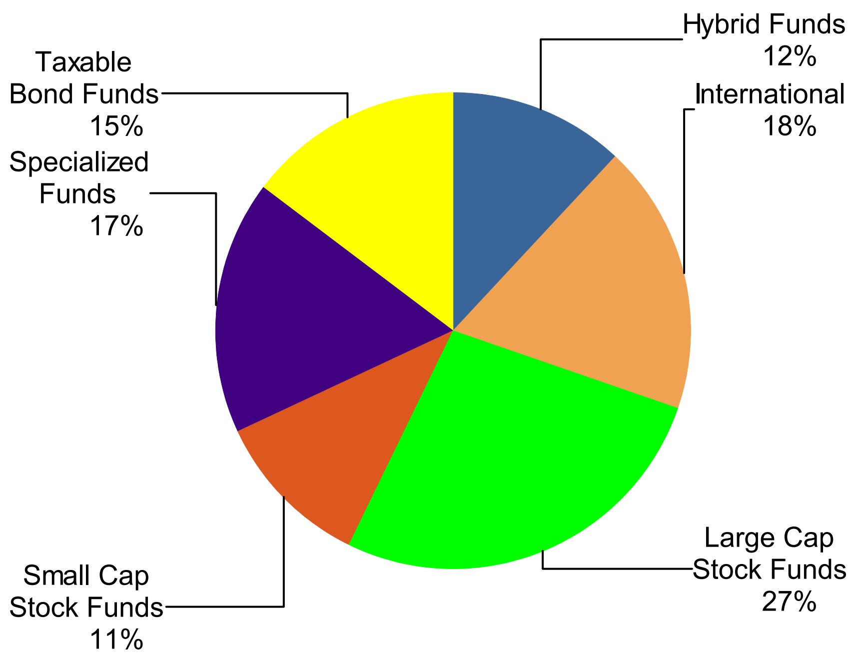
Money market mutual funds are classified under Cash & Equivalents

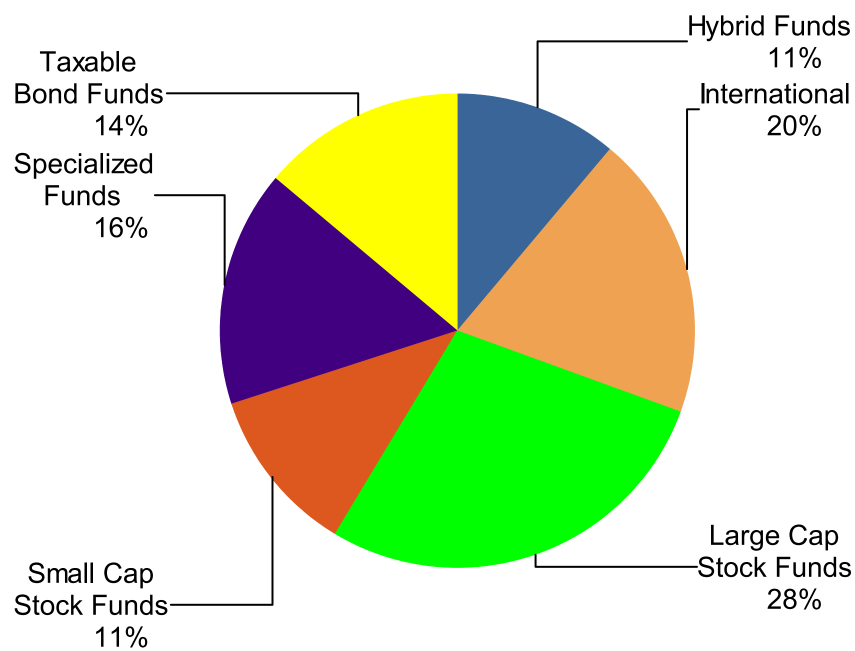
The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 3/31/2009

Market Value Allocation - Mutual Funds

03/31/2009



12/31/2008



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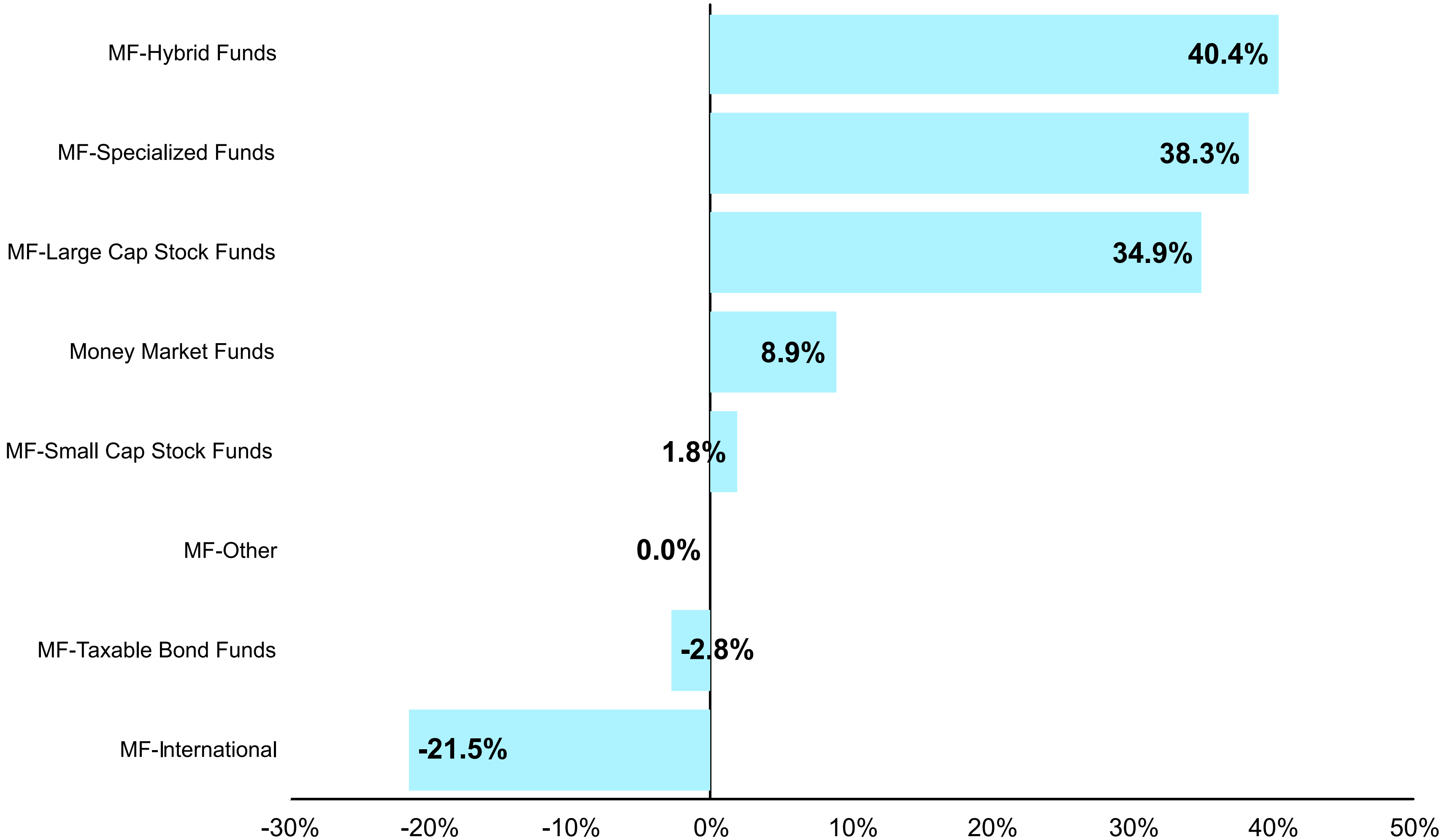
The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 3/31/2009

charles SCHWAB

Net Asset Flow - All Investment Categories
(3-month period ending **3/31/2009**)



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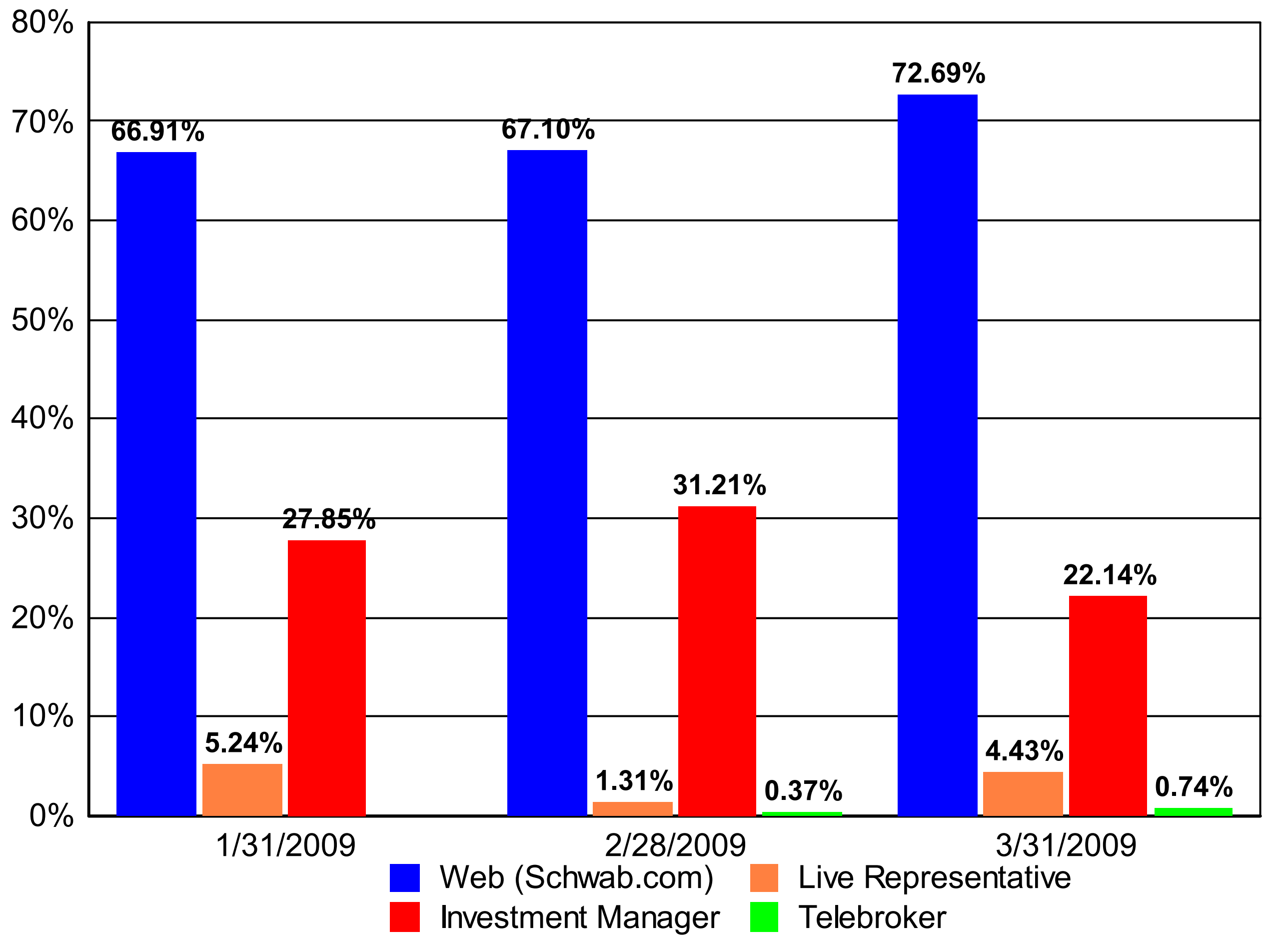
The Schwab Self-Directed Brokerage Account Quarterly Report
For the State of Wisconsin plan as of 3/31/2009

charles SCHWAB

Trading Channel Mix
(Month over Month)



This chart illustrates the trading channel participants used to place trade orders over the last three-month period. Data is for informational purposes only.

From: T. Rowe Price Retirement Plan Services [T._Rowe_Price_Retirement_Plan_Services@troweprice.com]
Sent: Friday, April 17, 2009 11:51 AM
To: Plan Sponsor
Subject: Fee Increase to T. Rowe Price Funds' Administrative Fee Payment Program for Financial Intermediaries Servicing DC Retirement Assets

IMPORTANT INFORMATION -- Fee Increase to T. Rowe Price Funds' Administrative Fee Payment Program for Financial Intermediaries Servicing DC Retirement Assets

We are pleased to announce that the T. Rowe Price Funds' ("Funds") Board of Directors recently approved a change to the current Administrative Fee Payment program ("AFP Program") to increase the AFP payment rate from **10 basis points to 15 basis points** for Investor, Advisor and R class Fund shares held by employer-sponsored defined contribution retirement plans ("DC Plans"). This change recognizes the increasing cost to provide administrative services to DC Plans and participants. The rate increase to 15 basis points for DC Plan assets will be effective for payments made after April 1, 2009.

As a reminder, the AFP Program compensates third parties such as banks, broker/dealers, insurance companies, retirement plans and recordkeepers for performing certain administrative services on behalf of the Funds for underlying shareholders.

We are providing this notice to clients participating in the AFP Program for whom we are able to make a reasonable assessment of DC Plan assets held in accounts. Our assessment is based on either the account registration or other information that you or your intermediary has supplied to us when establishing the account.

Your April fee payment, which you, or your intermediary, should receive from us in mid-May, should reflect the rate increase. We ask you to carefully review your April payment statement to ensure we have appropriately captured DC Plan assets. In the event you identify any discrepancies, please notify us no later than **June 30, 2009** so that we can update our records accordingly. Note that we will not consider back payments of 15 basis points for any DC Plan assets not identified through our assessment process or for which your firm has not notified us by the June 30 deadline*.* We will continue to pay 10 basis points or the current rate stipulated in your agreement for these assets. Any changes communicated to us after the June 30 deadline will be reflected in future payments periods. Additionally, should your firm establish a new DC Plan account that we are unable to identify as such, we will apply the former rate applicable in your agreement until such time you notify us that such accounts hold DC Plan assets. Upon establishment of a new account, we ask that you review the payment statement issued with the next payment in a timely manner to ensure we applied accurate payment rates in the current payment period as well as to ensure that the appropriate rates are applied to future payments.

If you would like to confirm your DC Plan accounts or have any questions regarding this change, please contact your relationship manager.

Additionally, you may request a formal amendment to your agreement by contacting Jackie Lippy, Lead Legal Analyst, at 410-345-2404.

Sincerely,

T. Rowe Price Services, Inc.

T. Rowe Price (including T. Rowe Price Group, Inc. and its affiliates) and its associates do not provide legal or tax advice. Any tax-related discussion contained in this e-mail, including any attachments, is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding any tax penalties or (ii) promoting, marketing, or recommending to any other party any transaction or matter addressed herein. Please consult your independent legal counsel and/or professional tax advisor regarding any legal or tax issues raised in this e-mail.

The contents of this e-mail and any attachments are intended solely for the use of the named addressee(s) and may contain confidential and/or privileged information. Any unauthorized use, copying, disclosure, or distribution of the contents of this e-mail is strictly prohibited by the sender and may be unlawful. If you are not the intended recipient, please notify the sender immediately and delete this e-mail.

Dear Investment Professional:

We're writing to inform you of a change to the portfolio management team for the CSIF Equity/CVS Equity Strategy. On March 18th, Atlanta Capital Management Company, LLC, the sub-advisor for the strategy, eliminated one portfolio manager and one research analyst from the large cap growth equity team in response to the steep stock market decline over the past 15 months. This change is effective immediately and not expected to compromise the quality of investment performance.

While Richard B. England, CFA continues to serve as Lead Portfolio Manager, team member Marilyn Irvin has taken early retirement from the firm. Ms. Irvin's primary portfolio management responsibilities included trade order implementation and portfolio analytics. These tasks will be assumed by portfolio managers Richard B. England, CFA, William Hackney III, CFA, and new team members Paul Marshall, CFA, and Growth Equity Investment Specialist, Peggy Taylor, CFA.

For Mr. Marshall, this move represents his return to the CSIF Equity/CVS Equity Strategy portfolio management team. Mr. Marshall has most recently served as Director of Research, contributing to the strategy in a research capacity. However, his experience includes serving as an active member of the strategy's portfolio management team as recently as 2004.

Research analyst Jason Recio has also departed the firm. Mr. Recio was responsible for covering the Industrials sector, which currently comprises 5–8% of Atlanta's large cap growth portfolios. His research coverage will be divided among members of the investment team.

Atlanta Capital's business and investment operations are managed on a team basis, which helps mitigate the impact personnel changes may have on the investment process. The firm's large cap growth team is now composed of eight investment professionals—three portfolio managers and five analysts.

In terms of implications for the CSIF Equity/CVS Equity Strategy, Ms. Irvin was a member of a three-person portfolio management team led by Mr. England and co-managed with Mr. Hackney. The addition of seasoned portfolio manager Mr. Marshall to the team keeps the management structure at three portfolio managers. The number of analysts is reduced from six to five. Other than these personnel changes, there were no other changes to the strategy. The investment objective remains unchanged, and lead portfolio manager Mr. England continues to serve at the helm.

This is the first staff reduction in Atlanta Capital's 40-year history. The firm made this decision with great reluctance and does not anticipate further reductions to the investment staff. Given the breadth and depth of Atlanta Capital's investment expertise and the highly effective partnership between the portfolio managers and Calvert's own equity team, we do not anticipate any adverse impact on the quality of investment performance delivered to our investors.

Sincerely,
Christine Teske, Senior Institutional Vice President

State of Wisconsin
Department of Employee Trust Funds

Wisconsin Deferred Compensation Program
Selected 2009 Quarterly Statistics

	1Q09	2Q09	3Q09	4Q09	Total
Local Employer Elections (new)	5				5
# Eligible Employees at New Employers	900				900
Participant Enrollments (new)					**Total**
State Participants	244				244
Local Participants	410				410
Participant Total	654	0	0	0	654
Selected Participant Data					**Yearly Ave.**
# With SDB Window (Schwab PCRA)	756				756
# With Target Retirement Accounts	9,023				9,023
# Using Reality Investing - Guidance	97				97
# Using Reality Investing - Advice	25				25
# Using Reality Investing - Managed Accounts	1568				1,568
Total Using Reality Investing	1690				
Withdrawals					**Total**
Full Service Separation	154				154
Partial Service Separation	51				51
Periodic Payments	1,738				1,738
DeMinimis Payments	5				5
Rollovers OUT of the WDC	12				12
Final Withdrawals	227				227
Domestic Relations Order (DRO) Account Divisions					**Total**
Account Divisions Completed	n/a				0
DRO Distributions					
Full Withdrawals	11				11
Partial Withdrawals	4				4
Periodic Payments	3				3
DRO Totals	18	0	0	0	18
Financial Emergency Hardship Withdrawals					**Total**
New Applications Received	40				40
Applications Returned (need more info.)	24				24
Applications Forwarded to ETF for Review	31				31
1. Applications Approved	29				29
2. Applications Denied	2				2
3. Applications Pending	0				0
Percentage of Hardships Approved, Y-T-D	93.5%				
Percentage of Hardships Denied, Y-T-D	6.5%				

n/a = data not available

State of Wisconsin
Department of Employee Trust Funds

Wisconsin Deferred Compensation Program
Selected 2009 Quarterly Statistics

Source:
Local office quarterly ER report
Local office quarterly ER report

Home office quarterly report
Home office quarterly report

Home office quarterly report

AAG quarterly report

Home office quarterly report
Home office quarterly report
Home office quarterly report
Home office quarterly report
Home office quarterly report
Home office quarterly report

Home office quarterly report (comes w/ invoice for payment)

If you are just looking at the people that already have DRO accounts set up, but you want to know who has taken distributions, you can run the distribution report (EMPLOYEE DISBURSEMENT REPORT) off of the PSC. You would just need to open it in Excel, and then sort it accordingly.

Local office quarterly hardship report
Local office quarterly hardship report
Local office quarterly hardship report
Local office quarterly hardship report
Local office quarterly hardship report
Local office quarterly hardship report

Quarterly Report For:

State of Wisconsin Deferred Comp Plan

For the Period From October 1, 2008 to December 31, 2008

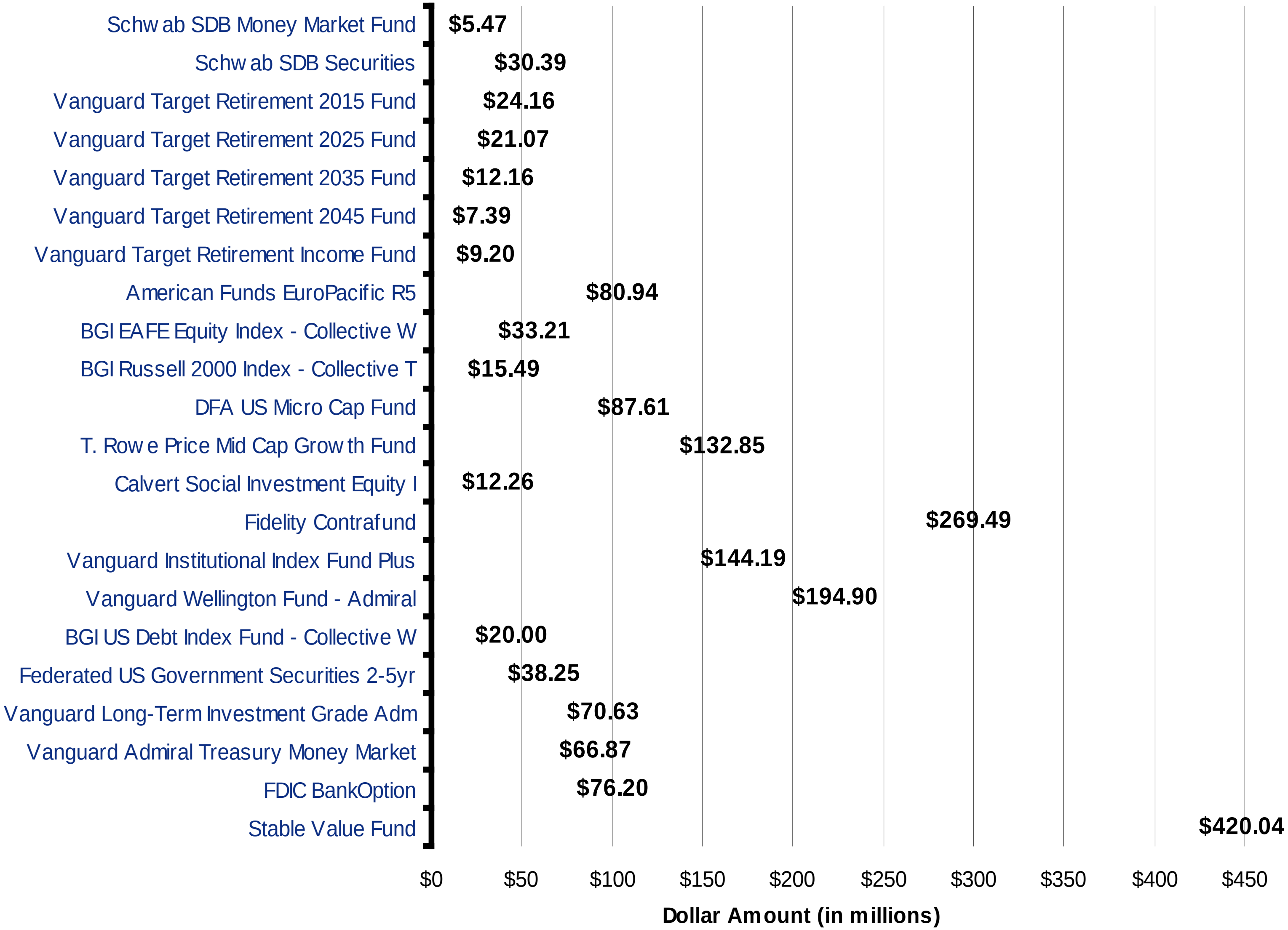
Great-West RETIREMENT SERVICES℠

The Power of Partnering℠

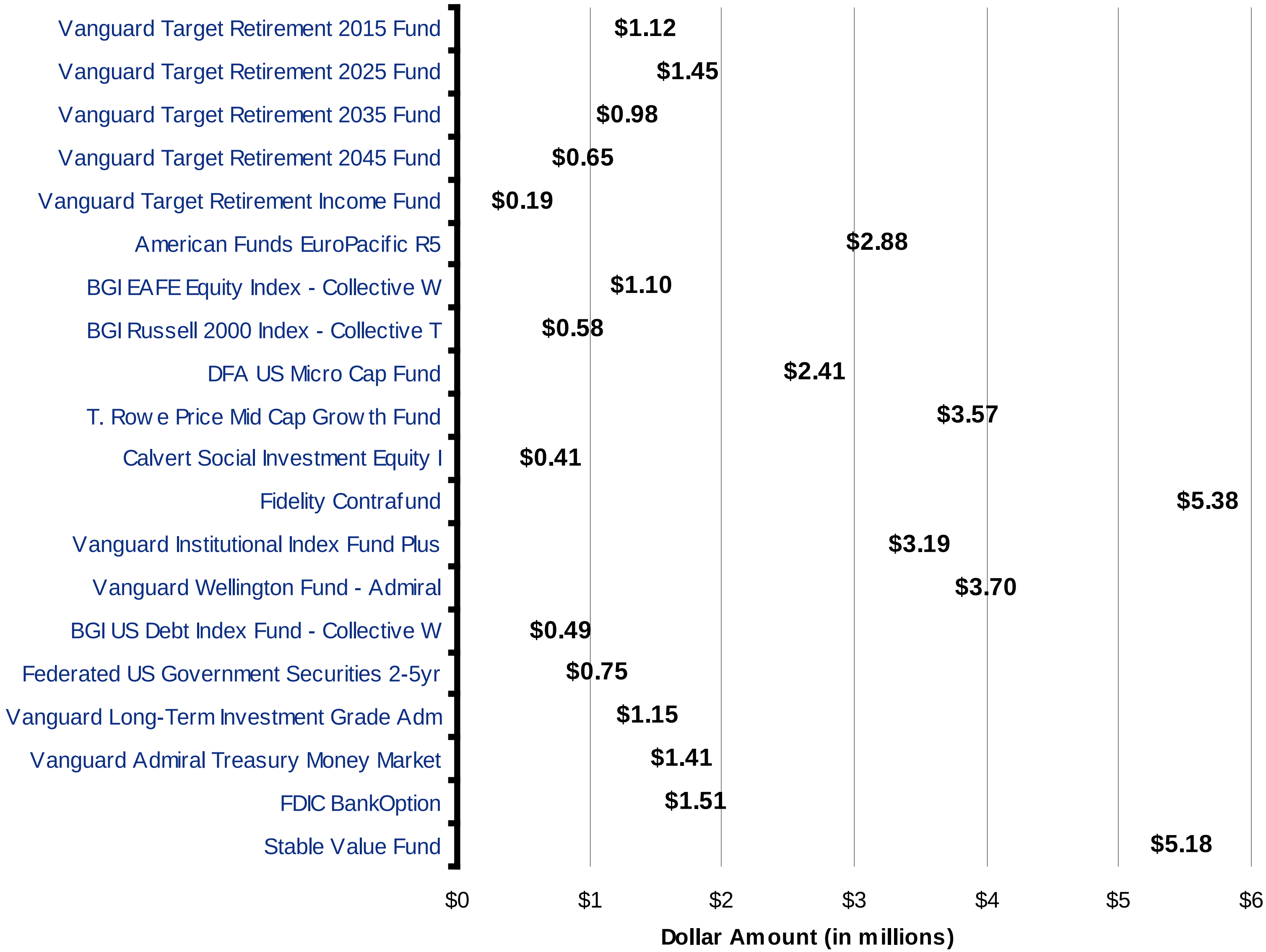
WDC Assets – All Participants

Asset Class/Fund Name	Participants			Plan Assets			
	Date Added	Active	Total	Beginning Balance	Contributions	Change	Ending Balance
Self-Directed							
Schwab SDB Money Market Fund	February 17, 2000	0	756	$4,905,692	$0	$566,235	$5,471,928
Schwab SDB Securities	February 17, 2000	0	752	$38,311,137	$0	-$7,921,998	$30,389,139
		0	**1,508**	***$43,216,829***	**$0**	***-$7,355,763***	***$35,861,066***
Fund of Funds							
Vanguard Target Retirement 2015 Fund	November 30, 2005	1,182	1,572	$27,800,868	$1,122,358	-$3,637,867	$24,163,002
Vanguard Target Retirement 2025 Fund	November 30, 2005	2,130	2,521	$23,632,023	$1,452,557	-$2,564,238	$21,067,785
Vanguard Target Retirement 2035 Fund	November 30, 2005	2,053	2,417	$14,045,110	$984,763	-$1,880,269	$12,164,841
Vanguard Target Retirement 2045 Fund	November 30, 2005	1,506	1,860	$8,228,150	$649,524	-$833,813	$7,394,337
Vanguard Target Retirement Income Fund	November 30, 2005	321	545	$10,038,820	$192,805	-$834,778	$9,204,041
		7,192	**8,915**	***$83,744,971***	**$4,402,007**	***-$9,750,964***	***$73,994,006***
International							
American Funds EuroPacific R5	January 28, 2005	10,573	14,312	$98,055,814	$2,876,351	-$17,111,908	$80,943,905
BGI EAFE Equity Index - Collective T	February 1, 2001	5,134	7,254	$41,064,364	$1,099,541	-$7,853,239	$33,211,125
		15,707	**21,566**	***$139,120,177***	**$3,975,892**	***-$24,965,147***	***$114,155,030***
Small-Cap							
BGI Russell 2000 Index - Collective T	February 20, 2004	3,207	4,511	$19,962,118	$575,722	-$4,472,033	$15,490,085
DFA US Micro Cap Fund	February 1, 1997	12,723	17,987	$116,893,111	$2,406,897	-$29,283,011	$87,610,100
		15,930	**22,498**	***$136,855,229***	**$2,982,619**	***-$33,755,044***	***$103,100,184***
Mid-Cap							
T. Rowe Price Mid Cap Growth Fund	February 1, 1998	15,357	21,586	$177,570,449	$3,568,886	-$44,715,920	$132,854,529
BGI Mid Cap Equity Index - Collective F	February 1, 2001	5,949	8,610	$53,600,309	$1,214,692	-$13,033,715	$40,566,594
		21,306	**30,196**	***$231,170,758***	**$4,783,578**	***-$57,749,635***	***$173,421,123***
Large-Cap							
Calvert Social Investment Equity I	April 18, 2003	1,978	2,960	$15,907,426	$413,227	-$3,647,000	$12,260,426
Fidelity Contrafund	February 1, 1994	17,488	25,720	$340,507,864	$5,376,267	-$71,019,944	$269,487,919
Vanguard Institutional Index Fund Plus	September 1, 1999	11,322	17,913	$182,637,870	$3,193,459	-$38,444,120	$144,193,750
Vanguard Wellington Fund - Admiral	October 26, 2001	11,803	18,217	$218,965,520	$3,701,427	-$24,069,270	$194,896,250
		42,591	**64,810**	***$758,018,679***	**$12,684,380**	***-$137,180,334***	***$620,838,345***
Bond							
BGI US Debt Index Fund - Collective W	February 1, 2001	2,420	3,394	$19,528,220	$485,609	$467,785	$19,996,006
Federated US Government Securities 2-5yr	February 1, 1992	3,172	5,524	$32,992,268	$754,733	$5,254,755	$38,247,023
Vanguard Long-Term Investment Grade Adm	October 26, 2001	5,403	10,387	$63,739,190	$1,146,535	$6,891,386	$70,630,576
		10,995	**19,305**	***$116,259,678***	**$2,386,878**	***$12,613,926***	***$128,873,605***
Money Market							
Vanguard Admiral Treasury Money Market	November 1, 1993	3,964	10,582	$66,918,841	$1,407,249	-$52,181	$66,866,660
		3,964	**10,582**	***$66,918,841***	**$1,407,249**	***-$52,181***	***$66,866,660***
Fixed							
FDIC BankOption	March 15, 1988	1,702	3,588	$64,094,803	$1,512,385	$12,107,587	$76,202,390
Stable Value Fund	April 1, 1984	9,073	15,999	$411,062,038	$5,183,272	$8,974,497	$420,036,535
		10,775	***19,587***	***$475,156,841***	***$6,695,656***	***$21,082,083***	***$496,238,925***
		128,460	**198,967**	**2,050,462,004**	**39,318,262**	**-237,113,059**	**1,813,348,945**

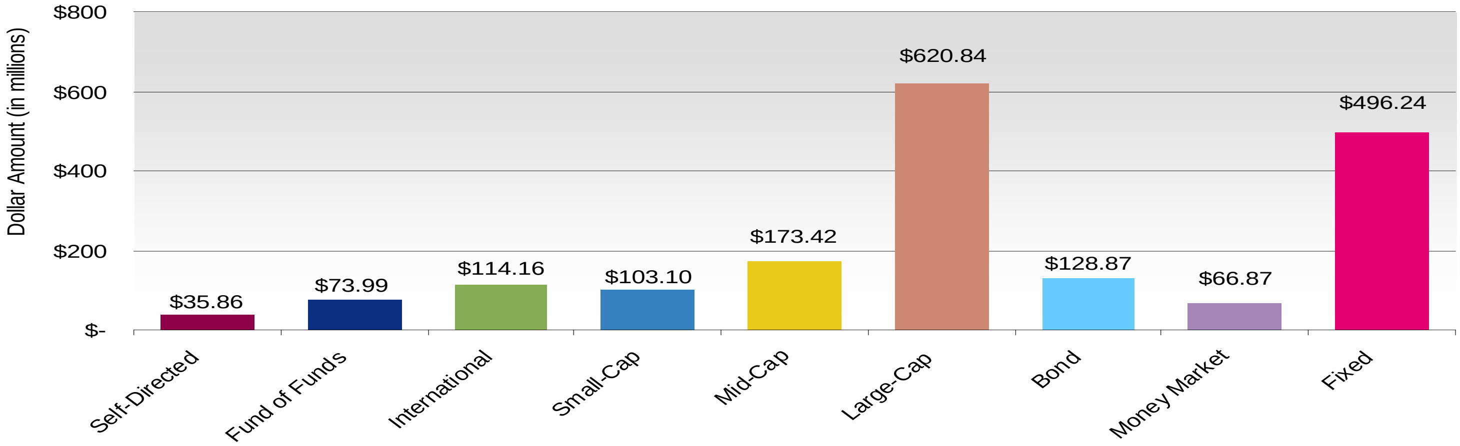
WDC Assets – All Participants

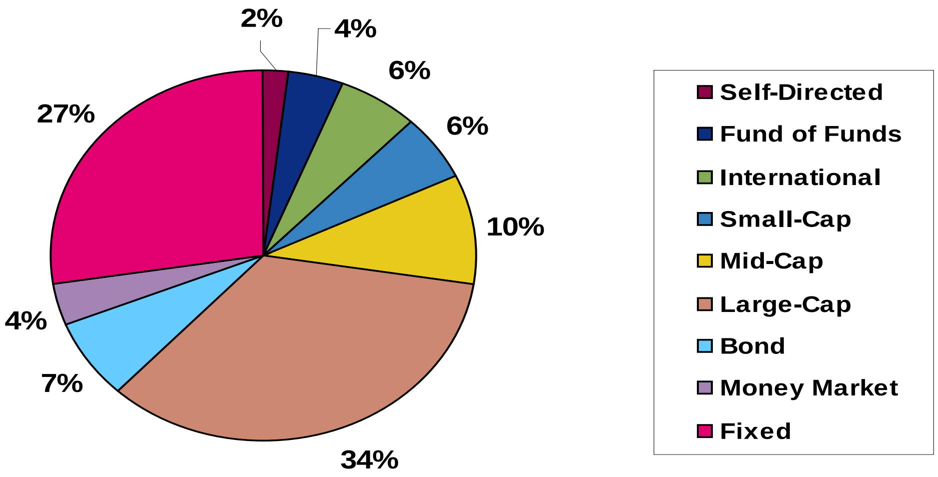


Contributions – All WDC Participants



Assets by Asset Class – All Participants





Assets – State Participants

Asset Class/Fund Name	Participants			Plan Assets			
	Date Added	Active	Total	Beginning Balance	Contributions	Change	Ending Balance
Self-Directed							
Schwab SDB Money Market Fund	February 17, 2000	0	557	$3,890,821	$0	-$10,316	$3,880,505
Schwab SDB Securities	February 17, 2000	0	557	$28,766,955	$0	-$5,610,312	$23,156,643
		0	***1,114***	***$32,657,776***	***$0***	***-$5,620,628***	***$27,037,148***
Fund of Funds							
Vanguard Target Retirement 2015 Fund	November 30, 2005	690	939	$19,116,092	$705,516	-$2,880,006	$16,236,087
Vanguard Target Retirement 2025 Fund	November 30, 2005	1,199	1,426	$14,114,174	$798,478	-$1,611,280	$12,502,894
Vanguard Target Retirement 2035 Fund	November 30, 2005	1,141	1,358	$8,437,235	$605,782	-$1,030,116	$7,407,119
Vanguard Target Retirement 2045 Fund	November 30, 2005	901	1,134	$5,157,903	$394,810	-$528,215	$4,629,688
Vanguard Target Retirement Income Fund	November 30, 2005	205	357	$6,826,464	$145,640	-$225,989	$6,600,475
		4,136	***5,214***	***$53,651,868***	***$2,650,226***	***-$6,275,605***	***$47,376,263***
International							
American Funds EuroPacific R5	January 28, 2005	6,266	8,687	$69,966,344	$1,871,644	-$12,273,341	$57,693,003
BGI EAFE Equity Index - Collective T	February 1, 2001	3,076	4,472	$29,832,203	$771,079	-$5,691,518	$24,140,685
		9,342	***13,159***	***$99,798,547***	***$2,642,724***	***-$17,964,859***	***$81,833,688***
Small-Cap							
BGI Russell 2000 Index - Collective T	February 20, 2004	1,818	2,635	$13,498,241	$385,947	-$2,962,097	$10,536,145
DFA US Micro Cap Fund	February 1, 1997	7,209	10,518	$82,044,164	$1,542,232	-$20,537,463	$61,506,701
		9,027	***13,153***	***$95,542,405***	***$1,928,180***	***-$23,499,560***	***$72,042,846***
Mid-Cap							
T. Rowe Price Mid Cap Growth Fund	February 1, 1998	8,861	12,892	$123,368,046	$2,337,031	-$31,184,412	$92,183,634
		12,303	***18,046***	***$123,368,046***	***$3,155,004***	***-$31,184,412***	***$92,183,634***
Large-Cap							
Calvert Social Investment Equity I	April 18, 2003	1,284	1,940	$12,277,037	$303,280	-$2,871,434	$9,405,603
Fidelity Contrafund	February 1, 1994	10,257	15,549	$242,018,367	$3,561,679	-$50,847,005	$191,171,362
Vanguard Institutional Index Fund Plus	September 1, 1999	6,633	10,925	$134,012,203	$2,140,513	-$28,564,279	$105,447,924
Vanguard Wellington Fund - Admiral	October 26, 2001	7,013	11,120	$154,890,999	$2,460,605	-$17,292,689	$137,598,310
		25,187	***39,534***	***$543,198,606***	***$8,466,076***	***-$99,575,407***	***$443,623,199***
Balanced							
Bond							
BGI US Debt Index Fund - Collective W	February 1, 2001	1,370	1,968	$14,011,207	$335,125	$211,511	$14,222,718
Federated US Government Securities 2-5yr	February 1, 1992	1,998	3,603	$24,579,948	$537,880	$3,897,059	$28,477,006
Vanguard Long-Term Investment Grade Adm	October 26, 2001	3,424	6,798	$47,055,763	$822,233	$5,515,181	$52,570,944
		6,792	***12,369***	***$85,646,918***	***$1,695,237***	***$9,623,751***	***$95,270,668***
Money Market							
Vanguard Admiral Treasury Money Market	November 1, 1993	2,529	6,767	$49,092,607	$999,221	-$91,469	$49,001,138
		2,529	***6,767***	***$49,092,607***	***$999,221***	***-$91,469***	***$49,001,138***
Fixed							
FDIC BankOption	March 15, 1988	1,186	2,559	$50,192,928	$1,027,246	$9,222,778	$59,415,706
Stable Value Fund	April 1, 1984	5,531	10,182	$304,925,187	$3,589,420	$5,824,919	$310,750,106
		6,717	***12,741***	***$355,118,115***	***$4,616,666***	***$15,047,697***	***$370,165,813***
		76,033	**122,097**	**$1,438,074,889**	**$26,153,334**	**-$159,540,492**	**$1,278,534,397**

Assets – Local Participants

Asset Class/Fund Name	Participants			Plan Assets			
	Date Added	Active	Total	Beginning Balance	Contributions	Change	Ending Balance
Self-Directed							
Schwab SDB Money Market Fund	February 17, 2000	0	199	$1,014,871	$0	$576,552	$1,591,423
Schwab SDB Securities	February 17, 2000	0	195	$9,544,181	$0	-$2,311,686	$7,232,496
		0	***394***	***$10,559,052***	***$0***	***-$1,735,134***	***$8,823,918***
Fund of Funds							
Vanguard Target Retirement 2015 Fund	November 30, 2005	492	633	$8,684,776	$416,842	-$757,861	$7,926,915
Vanguard Target Retirement 2025 Fund	November 30, 2005	931	1,095	$9,517,849	$654,079	-$952,958	$8,564,891
Vanguard Target Retirement 2035 Fund	November 30, 2005	912	1,059	$5,607,875	$378,981	-$850,153	$4,757,721
Vanguard Target Retirement 2045 Fund	November 30, 2005	605	726	$3,070,248	$254,714	-$305,598	$2,764,650
Vanguard Target Retirement Income Fund	November 30, 2005	116	188	$3,212,356	$47,164	-$608,790	$2,603,566
		3,056	***3,701***	***$30,093,103***	***$1,751,781***	***-$3,475,360***	***$26,617,743***
International							
American Funds EuroPacific R5	January 28, 2005	4,307	5,625	$28,089,469	$1,004,707	-$4,838,567	$23,250,902
BGI EAFE Equity Index - Collective W	February 1, 2001	2,058	2,782	$11,232,161	$328,462	-$2,161,721	$9,070,440
		6,365	***8,407***	***$39,321,630***	***$1,333,169***	***-$7,000,288***	***$32,321,342***
Small-Cap							
BGI Russell 2000 Index - Collective T	February 20, 2004	1,389	1,876	$6,463,876	$189,775	-$1,509,937	$4,953,940
DFA US Micro Cap Fund	February 1, 1997	5,514	7,469	$34,848,947	$864,665	-$8,745,548	$26,103,399
		6,903	***9,345***	***$41,312,824***	***$1,054,440***	***-$10,255,485***	***$31,057,339***
Mid-Cap							
BGI Mid Cap Equity Index - Collective W	February 1, 2001	0	0	$0	$0	$0	$0
T. Rowe Price Mid Cap Growth Fund	February 1, 1998	6,496	8,694	$54,202,403	$1,231,855	-$13,531,507	$40,670,896
BGI Mid Cap Equity Index - Collective F	February 1, 2001	2,507	3,456	53,600,309	396,719	-13,033,715	40,566,594
		9,003	***12,150***	***$107,802,712***	***$1,628,574***	***-$26,565,223***	***$81,237,489***
Large-Cap							
Calvert Social Investment Equity I	April 18, 2003	694	1,020	$3,630,389	$109,948	-$775,566	$2,854,823
Fidelity Contrafund	February 1, 1994	7,231	10,171	$98,489,496	$1,814,588	-$20,172,939	$78,316,557
Vanguard Institutional Index Fund Plus	September 1, 1999	4,689	6,988	$48,625,667	$1,052,946	-$9,879,841	$38,745,826
Vanguard Wellington Fund - Admiral	October 26, 2001	4,790	7,097	$64,074,521	$1,240,822	-$6,776,581	$57,297,940
		17,404	***25,276***	***$214,820,073***	***$4,218,304***	***-$37,604,927***	***$177,215,146***
Bond							
BGI US Debt Index Fund - Collective W	February 1, 2001	1,050	1,426	$5,517,013	$150,485	$256,275	$5,773,288
Federated US Government Securities 2-5yr	February 1, 1992	1,174	1,921	$8,412,321	$216,854	$1,357,696	$9,770,017
Vanguard Long-Term Investment Grade Adm	October 26, 2001	1,979	3,589	$16,683,427	$324,303	$1,376,205	$18,059,632
		4,203	***6,936***	***$30,612,761***	***$691,641***	***$2,990,176***	***$33,602,936***
Money Market							
Vanguard Admiral Treasury Money Market	November 1, 1993	1,435	3,815	$17,826,234	$408,028	$39,288	$17,865,522
		1,435	***3,815***	***$17,826,234***	***$408,028***	***$39,288***	***$17,865,522***
Fixed							
FDIC BankOption	March 15, 1988	516	1,029	$13,901,875	$485,139	$2,884,808	$16,786,683
Stable Value Fund	April 1, 1984	3,542	5,817	$106,136,851	$1,593,852	$3,149,578	$109,286,428
		4,058	***6,846***	***$120,038,726***	***$2,078,991***	***$6,034,386***	***$126,073,112***
		52,427	76,870	$612,387,115	$13,164,928	-$77,572,567	$534,814,548

Great-West
RETIREMENT SERVICES

WDC Participation Statistics

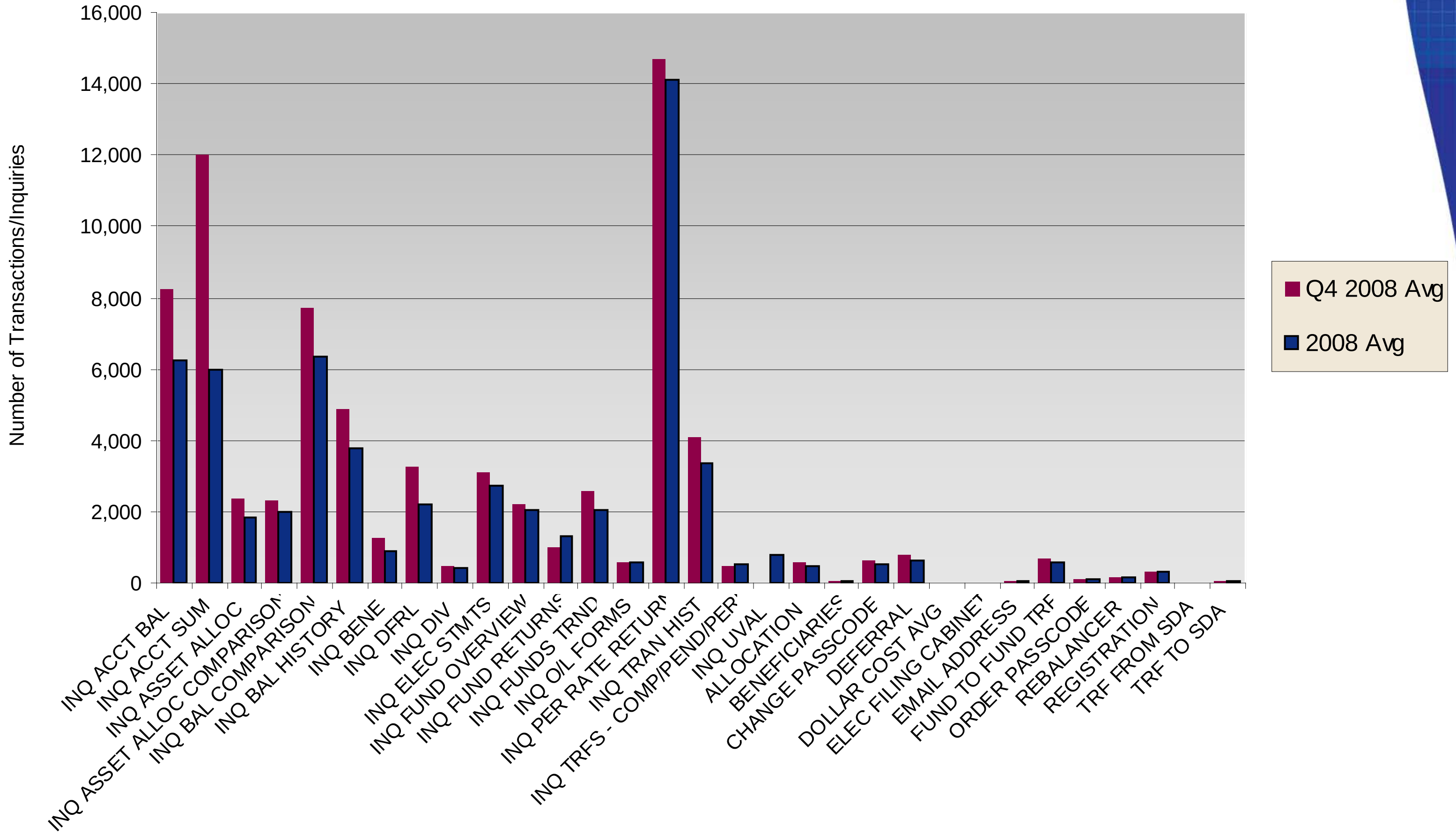
	State	Local	Total
Participants 09/30/2008	29,377	18,336	47,713
New Enrollments 10/1/2008 - 12/31/2008	401	492	893
Withdrawals			
Service Separation			
Full	82	75	157
Partial	41	19	60
Periodic Payments	1,472	531	2,003
Hardship			
Full	0	0	0
Partial	18	5	23
DeMinimis			
Full	2	0	2
Partial	0	2	2
Final Withdraw als			
Rollovers out of the WDC	2	6	8
Final Withdrawals	102	66	168
Participants 12/31/2008	29,611	18,699	48,310

Web Activity (Average Per Month)

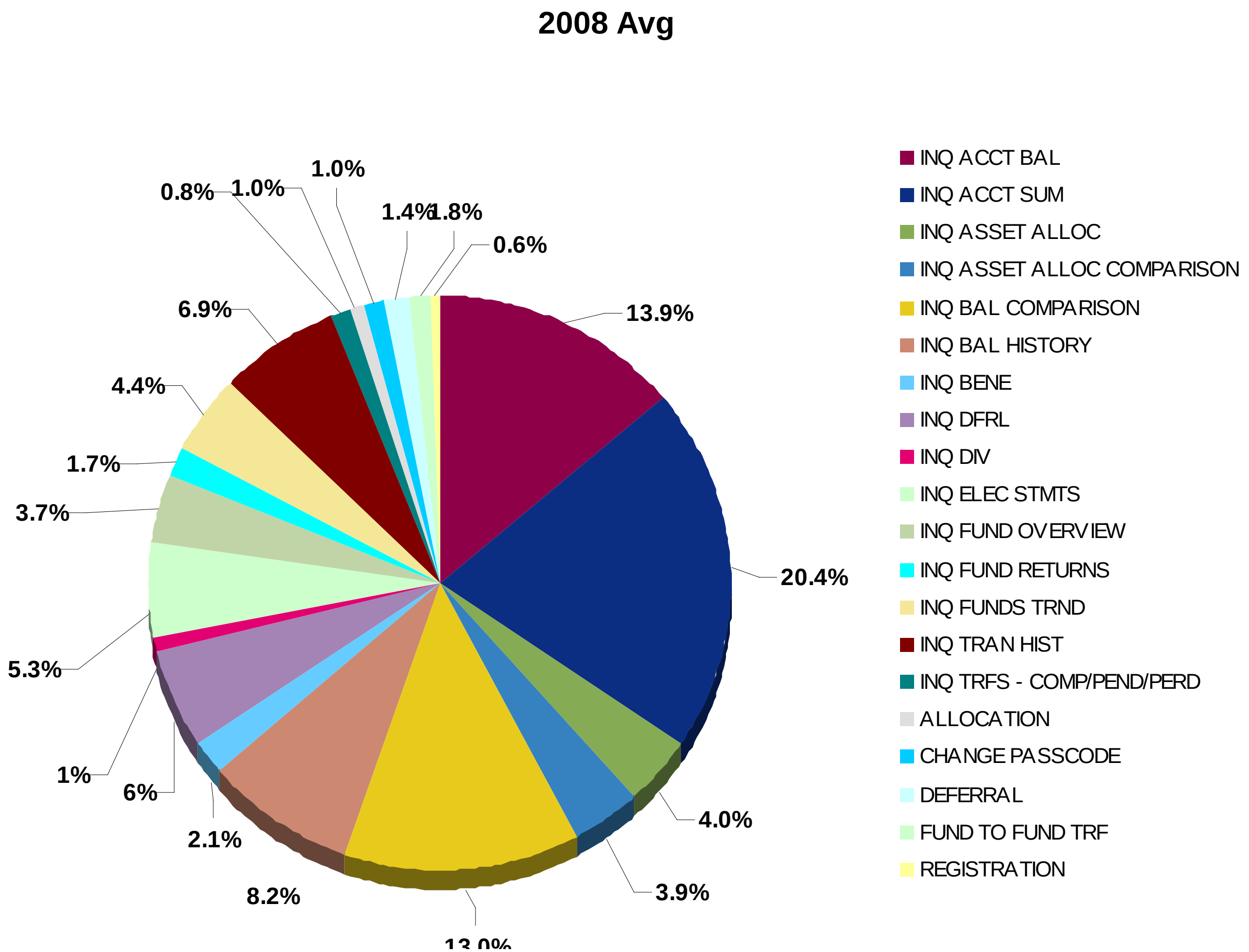
WEBSITE	Q4 2008 Avg	% of Total	2008 Avg	% Total
--				
TOTALS				
--				
DISTINCT USERS	7903	20.6%	7398	20.6%
TOTAL LOGINS	38402		27132	
--				
INQUIRIES				
--				
INQ ACCT BAL	8213	21.4%	6260	21.4%
INQ ACCT SUM	12023	31.3%	5986	31.3%
INQ ASSET ALLOC	2376	6.2%	1843	6.2%
INQ ASSET ALLOC COMPARISON	2324	6.1%	2008	6.1%
INQ BAL COMPARISON	7689	20.0%	6358	20.0%
INQ BAL HISTORY	4864	12.7%	3801	12.7%
INQ BENE	1251	3.3%	878	3.3%
INQ DFRL	3266	8.5%	2184	8.5%
INQ DIV	486	1.3%	424	1.3%
INQ ELEC STMTS	3108	8.1%	2708	8.1%
INQ FUND OVERVIEW	2193	5.7%	2038	5.7%
INQ FUND RETURNS	983	2.6%	1332	2.6%
INQ FUNDS TRND	2594	6.8%	2041	6.8%
INQ O/L FORMS	563	1.5%	562	1.5%
INQ PER RATE RETURN	14678	38.2%	14121	38.2%
INQ TRAN HIST	4078	10.6%	3340	10.6%
INQ TRFS - COMP/PEND/PERD	494	1.3%	546	1.3%
INQ UVAL	13	0.0%	806	0.0%
--				
UPDATES				
--				
ALLOCATION	572	1.5%	454	1.5%
BENEFICIARIES	74	0.2%	75	0.2%
CHANGE PASSCODE	617	1.6%	530	1.6%
DEFERRAL	799	2.1%	638	2.1%
DOLLAR COST AVG	2	0.0%	3	0.0%
ELEC FILING CABINET	17	0.0%	26	0.0%
EMAIL ADDRESS	50	0.1%	48	0.1%
FUND TO FUND TRF	706	1.8%	572	1.8%
ORDER PASSCODE	109	0.3%	95	0.3%
REBALANCER	172	0.4%	166	0.4%
REGISTRATION	334	0.9%	309	0.9%
TRF FROM SDA	12	0.0%	10	0.0%
TRF TO SDA	77	0.2%	73	0.2%

Great-West RETIREMENT SERVICES

Web Activity - continued



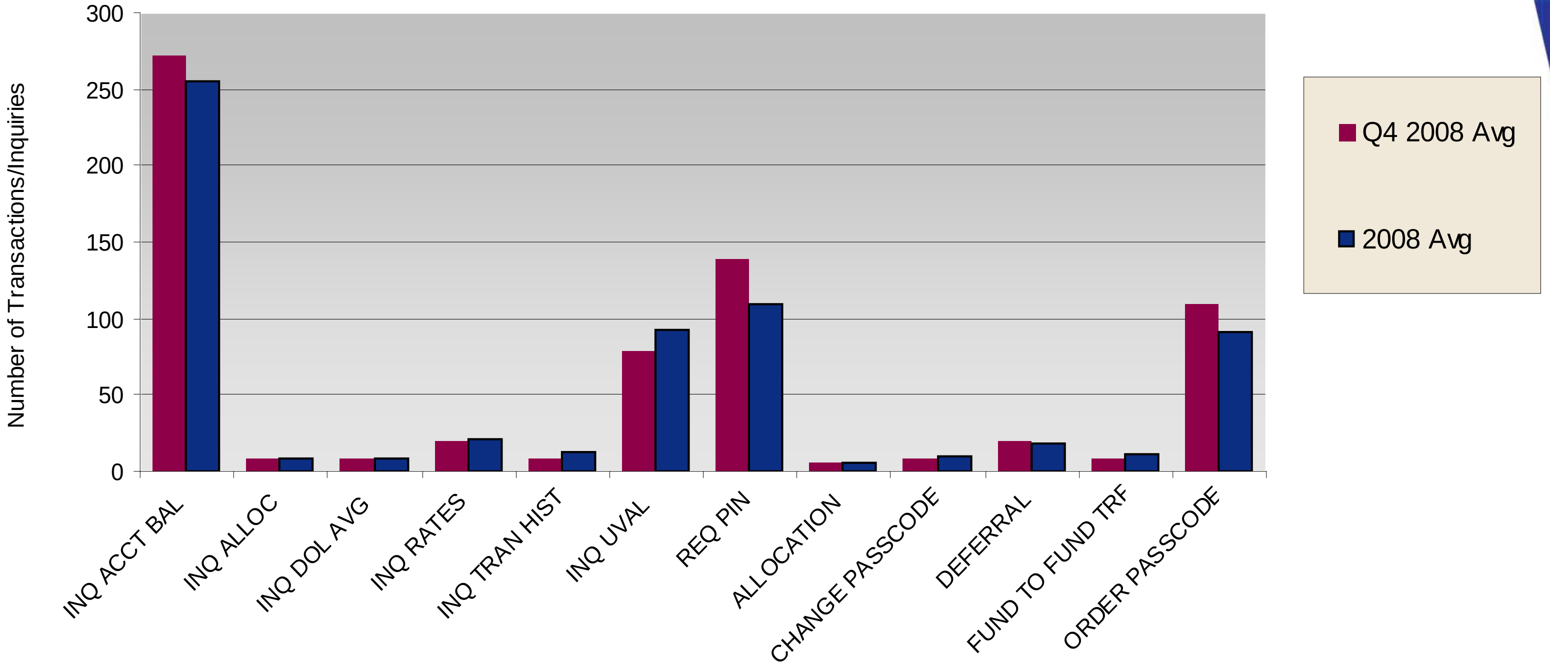
Web Activity - continued



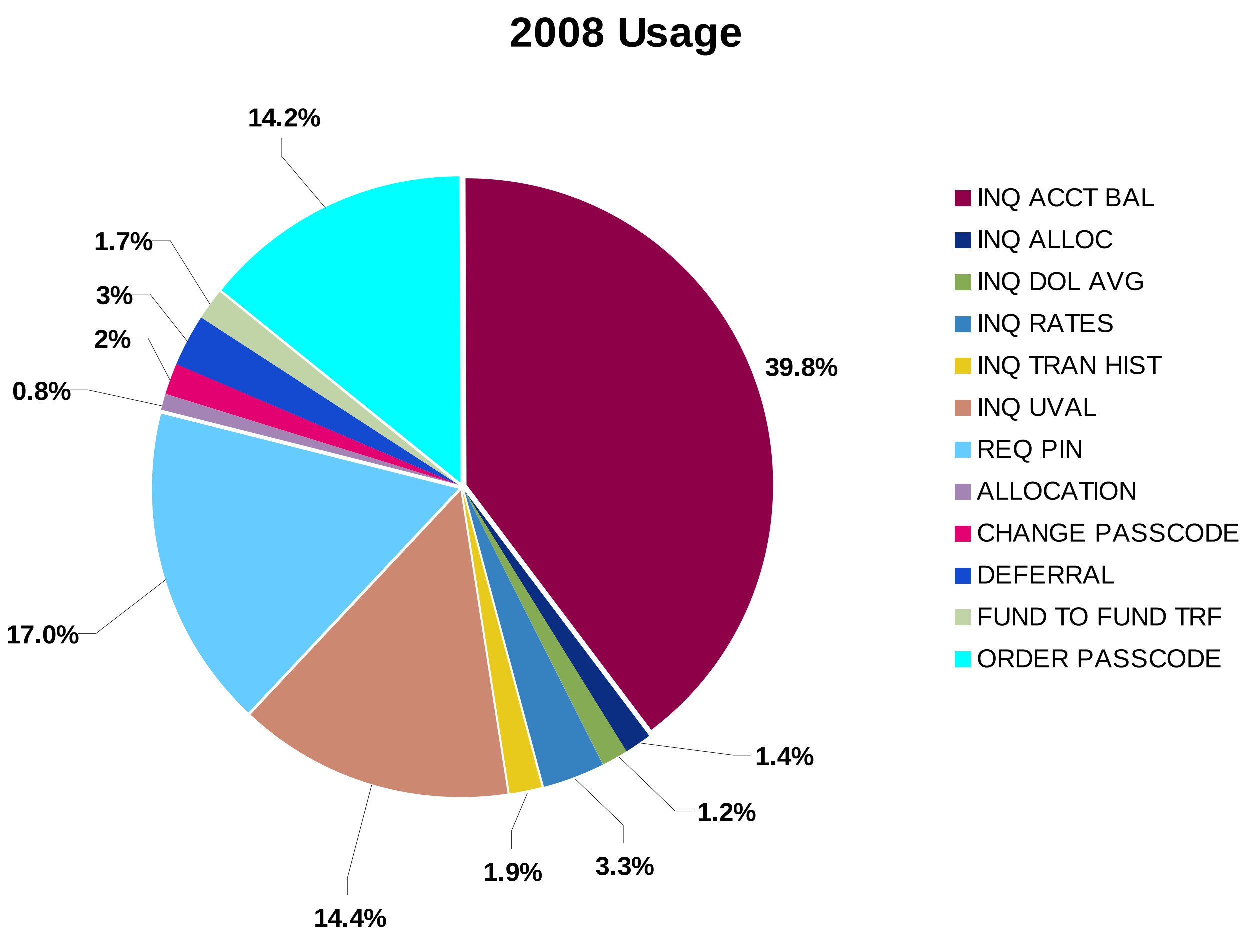
KeyTalk (IVR) Activity (Average Per Month)

VRU USAGE	Q4 2008 Avg	% of Total	2008 Avg	% of Total
--				
TOTALS				
--				
CSR ROLL	**321**	20.1%	**246**	15.9%
DISTINCT USERS	**556**	34.9%	**498**	32.3%
TOTAL CALLS	**1595**		**1544**	
--				
INQUIRIES				
--				
INQ ACCT BAL	**272**	17.1%	**255**	16.5%
INQ ALLOC	**9**	0.6%	**9**	0.6%
INQ DOL AVG	**9**	0.6%	**8**	0.5%
INQ RATES	**19**	1.2%	**21**	1.4%
INQ TRAN HIST	**9**	0.6%	**12**	0.8%
INQ UVAL	**79**	5.0%	**92**	6.0%
REQ PIN	**139**	8.7%	**109**	7.1%
--				
UPDATES				
--				
ALLOCATION	**6**	0.4%	**5**	0.3%
CHANGE PASSCODE	**8**	0.5%	**10**	0.6%
DEFERRAL	**19**	1.2%	**18**	1.2%
FUND TO FUND TRF	**9**	0.6%	**11**	0.7%
ORDER PASSCODE	**110**	6.9%	**91**	5.9%

KeyTalk (IVR) Activity - continued



KeyTalk (IVR) Activity - continued



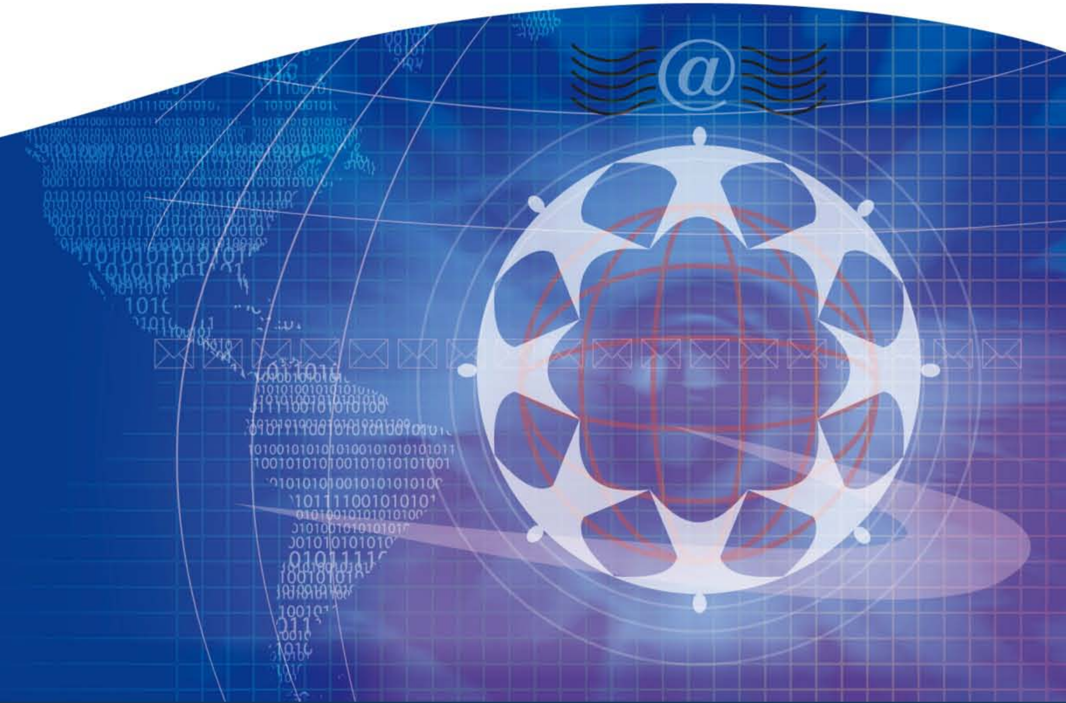
Call Center Statistics

	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr	Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	YTD
41131;48838																	
Total Calls Offered	2485	1616	1588	**5689**	1804	1489	1146	**4439**	1664	1250	1738	**4652**	2542	2065	1824	**6431**	**21211**
Total CS Calls Answered	2452	1602	1569	**5623**	1777	1480	1127	**4384**	1647	1238	1643	**4528**	2388	2033	1794	**6215**	**20750**
Total Abandoned Calls	33	14	19	**66**	27	9	19	**55**	17	12	95	**124**	154	32	30	**216**	**461**
Average Speed of Answer	0:39	0:20	0:25	**0:29**	0:32	0:16	0:30	**0:26**	0:38	0:28	1:38	**0:54**	2:05	0:39	0:41	**1:12**	**0:48**
Average Abandon Time	0:58	2:02	1:35	**1:26**	1:08	0:08	0:49	**0:42**	1:06	0:42	2:52	**1:33**	2:46	1:00	1:08	**1:43**	**2:01**
Average Talk Time	4:15	4:11	4:29	**4:17**	4:43	4:17	4:50	**4:36**	4:45	4:41	5:27	**4:57**	5:40	5:48	5:36	**5:41**	**4:56**
Longest Delay	9:25	19:14	8:16	**19:14**	9:09	4:17	6:29	**9:09**	5:27	4:53	14:44	**14:44**	17:12	6:19	11:42	**17:12**	**19:14**
% of Calls Answered w/in 90 secs incl I	94%	99%	97%	**96%**	96%	99%	96%	**97%**	94%	97%	85%	**92%**	82%	94%	94%	**89%**	**93%**
% of Calls Receiving a Busy signal	<1%	<1%	<1%	**<1%**	<1%	<1%	<1%	**<1%**	<1%	<1%	<1%	**<1%**	<1%	<1%	<1%	**<1%**	**<1%**
% of Calls Abandoned	1.33%	0.87%	1.20%	**1.16%**	1.50%	0.60%	1.66%	**1.24%**	1.02%	0.96%	5.47%	**2.67%**	6.06%	1.55%	1.64%	**3.36%**	**2.17%**

Quarterly Report For:

State of Wisconsin Deferred Comp Plan

For the Period From January 1, 2009 to March 31, 2009



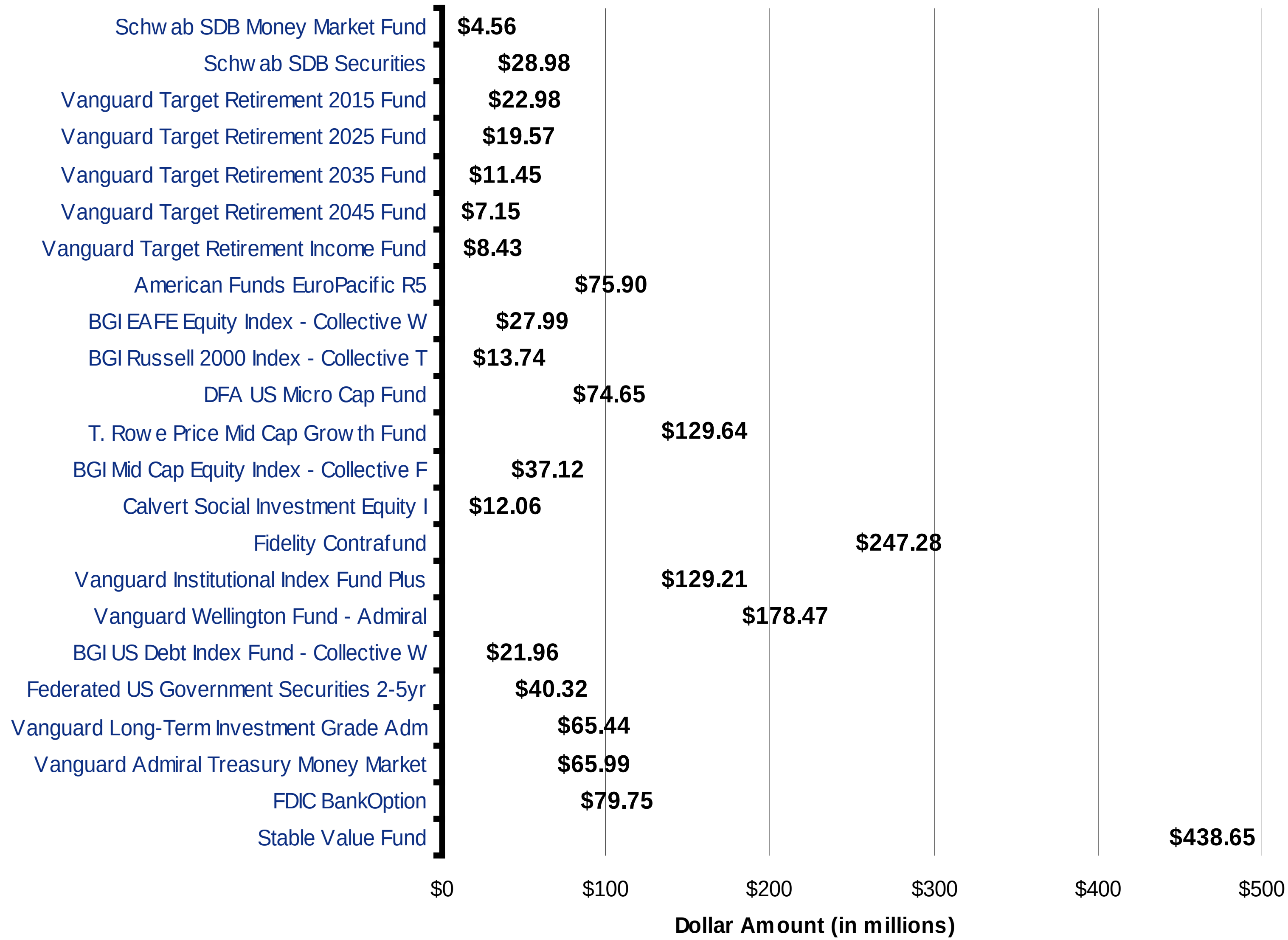
Great-West RETIREMENT SERVICES℠

The Power of Partnering℠

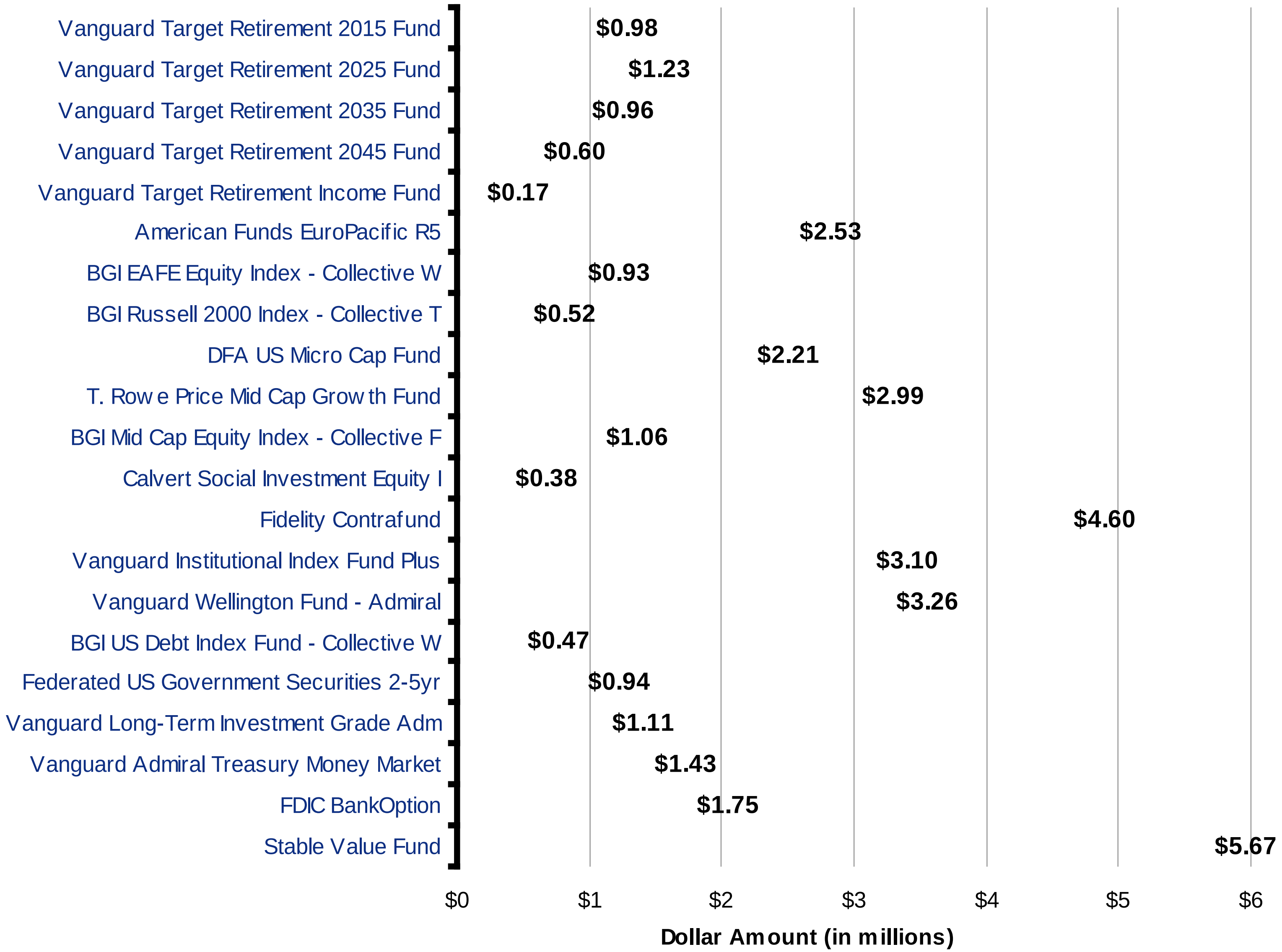
WDC Assets – All Participants

Asset Class/Fund Name	Participants			Plan Assets			
	Date Added	Active	Total	Beginning Balance	Contributions	Change	Ending Balance
Self-Directed							
Schwab SDB Money Market Fund	February 17, 2000	0	740	$5,471,928	$0	-$910,048	$4,561,880
Schwab SDB Securities	February 17, 2000	0	756	$30,389,139	$0	-$1,406,507	$28,982,632
		0	**1,496**	***$35,861,066***	**$0**	***-$2,316,555***	***$33,544,512***
Fund of Funds							
Vanguard Target Retirement 2015 Fund	November 30, 2005	1,170	1,606	$24,163,002	$984,492	-$1,182,961	$22,980,041
Vanguard Target Retirement 2025 Fund	November 30, 2005	2,094	2,530	$21,067,785	$1,226,066	-$1,497,786	$19,569,999
Vanguard Target Retirement 2035 Fund	November 30, 2005	2,039	2,440	$12,164,841	$961,743	-$713,695	$11,451,146
Vanguard Target Retirement 2045 Fund	November 30, 2005	1,474	1,865	$7,394,337	$597,598	-$246,415	$7,147,922
Vanguard Target Retirement Income Fund	November 30, 2005	317	582	$9,204,041	$166,215	-$770,954	$8,433,087
		7,094	**9,023**	***$73,994,006***	**$3,936,114**	***-$4,411,812***	***$69,582,195***
International							
American Funds EuroPacific R5	January 28, 2005	10,616	14,539	$80,943,905	$2,525,177	-$5,047,270	$75,896,636
BGI EAFE Equity Index - Collective T	February 1, 2001	4,930	7,097	$33,211,125	$932,636	-$5,217,768	$27,993,357
		15,546	**21,636**	***$114,155,030***	**$3,457,814**	***-$10,265,037***	***$103,889,993***
Small-Cap							
BGI Russell 2000 Index - Collective T	February 20, 2004	3,518	4,979	$15,490,085	$518,062	-$1,751,252	$13,738,832
DFA US Micro Cap Fund	February 1, 1997	12,690	18,003	$87,610,100	$2,207,847	-$12,959,505	$74,650,594
		16,208	**22,982**	***$103,100,184***	**$2,725,909**	***-$14,710,758***	***$88,389,426***
Mid-Cap							
T. Rowe Price Mid Cap Growth Fund	February 1, 1998	14,414	20,767	$132,854,529	$2,992,656	-$3,216,489	$129,638,040
BGI Mid Cap Equity Index - Collective F	February 1, 2001	5,719	8,403	$40,566,594	$1,064,921	-$3,447,867	$37,118,727
		20,133	**29,170**	***$173,421,123***	**$4,057,577**	***-$6,664,356***	***$166,756,767***
Large-Cap							
Calvert Social Investment Equity I	April 18, 2003	2,345	3,434	$12,260,426	$381,077	-$198,411	$12,062,015
Fidelity Contrafund	February 1, 1994	16,678	24,899	$269,487,919	$4,595,149	-$22,203,820	$247,284,099
Vanguard Institutional Index Fund Plus	September 1, 1999	11,379	17,878	$144,193,750	$3,103,067	-$14,981,255	$129,212,496
Vanguard Wellington Fund - Admiral	October 26, 2001	11,859	18,285	$194,896,250	$3,264,502	-$16,421,845	$178,474,405
		42,261	**64,496**	***$620,838,345***	**$11,343,796**	***-$53,805,331***	***$567,033,015***
Bond							
BGI US Debt Index Fund - Collective W	February 1, 2001	2,753	3,949	$19,996,006	$469,615	$1,962,940	$21,958,945
Federated US Government Securities 2-5yr	February 1, 1992	4,095	6,550	$38,247,023	$935,191	$2,071,105	$40,318,128
Vanguard Long-Term Investment Grade Adm	October 26, 2001	5,367	10,578	$70,630,576	$1,114,078	-$5,193,916	$65,436,660
		12,215	**21,077**	***$128,873,605***	**$2,518,885**	***-$1,159,871***	***$127,713,734***
Money Market							
Vanguard Admiral Treasury Money Market	November 1, 1993	3,916	10,564	$66,866,660	$1,433,879	-$872,006	$65,994,654
		3,916	**10,564**	***$66,866,660***	**$1,433,879**	***-$872,006***	***$65,994,654***
Fixed							
FDIC BankOption	March 15, 1988	1,813	3,763	$76,202,390	$1,749,705	$3,545,683	$79,748,073
Stable Value Fund	April 1, 1984	9,311	16,462	$420,036,535	$5,665,366	$18,609,884	$438,646,419
		11,124	***20,225***	***$496,238,925***	***$7,415,071***	***$22,155,567***	***$518,394,492***
		128,497	**200,669**	**1,813,348,945**	**36,889,044**	**-72,050,158**	**1,741,298,787**

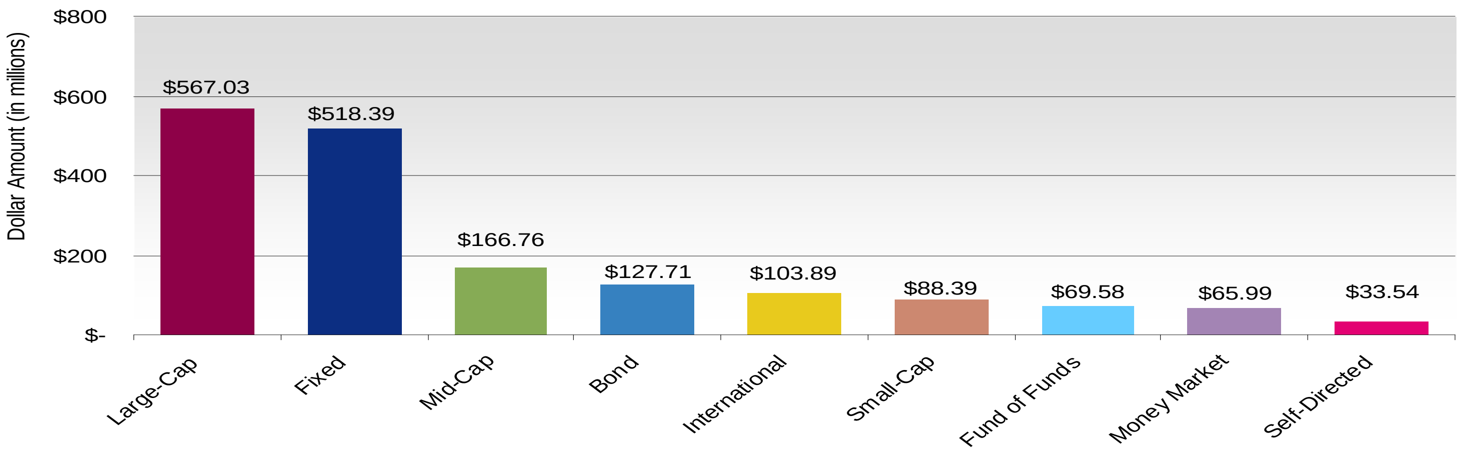
WDC Assets – All Participants

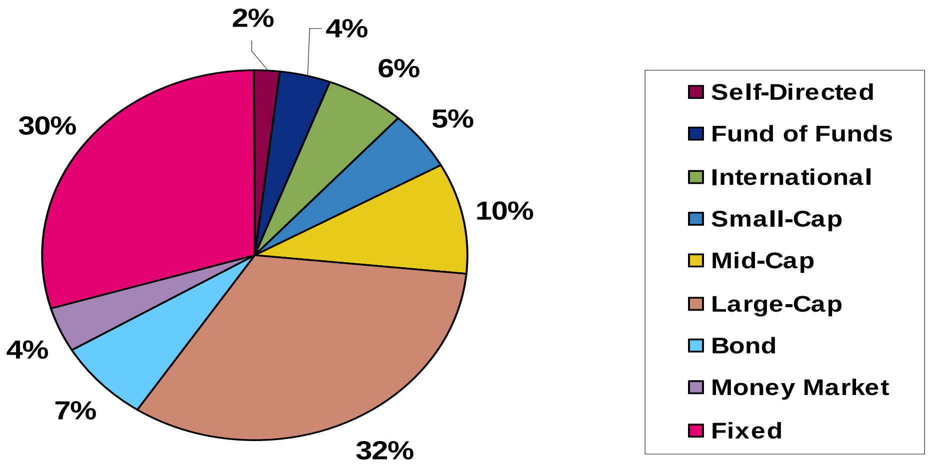


Contributions – All WDC Participants



Assets by Asset Class – All Participants





Assets – State Participants

Asset Class/Fund Name	Participants			Plan Assets			
	Date Added	Active	Total	Beginning Balance	Contributions	Change	Ending Balance
Self-Directed							
Fund of Funds							
Vanguard Target Retirement 2015 Fund	November 30, 2005	676	1,001	$16,236,087	$638,087	-$942,771	$15,293,316
Vanguard Target Retirement 2025 Fund	November 30, 2005	1,165	1,492	$12,502,894	$671,844	-$500,881	$12,002,014
Vanguard Target Retirement 2035 Fund	November 30, 2005	1,124	1,410	$7,407,119	$544,270	-$557,358	$6,849,761
Vanguard Target Retirement 2045 Fund	November 30, 2005	872	1,169	$4,629,688	$356,454	-$178,428	$4,451,260
Vanguard Target Retirement Income Fund	November 30, 2005	202	409	$6,600,475	$118,401	-$533,385	$6,067,091
		4,039	***5,481***	***$47,376,263***	***$2,329,055***	***-$2,712,822***	***$44,663,441***
International							
American Funds EuroPacific R5	January 28, 2005	6,197	9,007	$57,693,003	$1,565,716	-$3,956,341	$53,736,662
BGI EAFE Equity Index - Collective T	February 1, 2001	2,949	4,558	$24,140,685	$624,320	-$3,849,361	$20,291,324
		9,146	***13,565***	***$81,833,688***	***$2,190,036***	***-$7,805,702***	***$74,027,986***
Small-Cap							
BGI Russell 2000 Index - Collective T	February 20, 2004	1,990	2,978	$10,536,145	$332,378	-$1,133,885	$9,402,260
DFA US Micro Cap Fund	February 1, 1997	7,129	10,775	$61,506,701	$1,355,128	-$9,472,873	$52,033,828
		9,119	***13,753***	***$72,042,846***	***$1,687,507***	***-$10,606,758***	***$61,436,088***
Mid-Cap							
T. Rowe Price Mid Cap Growth Fund	February 1, 1998	8,306	13,058	$92,183,634	$1,890,729	-$2,492,637	$89,690,997
		11,619	***18,295***	***$92,183,634***	***$2,589,839***	***-$2,492,637***	***$89,690,997***
Large-Cap							
Calvert Social Investment Equity I	April 18, 2003	1,483	2,267	$9,405,603	$270,475	-$235,488	$9,170,114
Fidelity Contrafund	February 1, 1994	9,736	15,664	$191,171,362	$2,919,516	-$16,314,521	$174,856,841
Vanguard Institutional Index Fund Plus	September 1, 1999	6,603	11,213	$105,447,924	$1,914,884	-$11,282,942	$94,164,983
Vanguard Wellington Fund - Admiral	October 26, 2001	6,960	11,435	$137,598,310	$2,104,206	-$11,947,306	$125,651,004
		24,782	***40,579***	***$443,623,199***	***$7,209,081***	***-$39,780,257***	***$403,842,942***
Balanced							
Bond							
BGI US Debt Index Fund - Collective W	February 1, 2001	1,574	2,340	$14,222,718	$317,724	$1,325,326	$15,548,044
Federated US Government Securities 2-5yr	February 1, 1992	2,446	4,196	$28,477,006	$614,186	$1,013,023	$29,490,029
Vanguard Long-Term Investment Grade Adm	October 26, 2001	3,397	6,983	$52,570,944	$772,582	-$4,148,210	$48,422,735
		7,417	***13,519***	***$95,270,668***	***$1,704,492***	***-$1,809,860***	***$93,460,808***
Money Market							
Vanguard Admiral Treasury Money Market	November 1, 1993	2,508	6,883	$49,001,138	$953,820	-$444,618	$48,556,520
		2,508	***6,883***	***$49,001,138***	***$953,820***	***-$444,618***	***$48,556,520***
Fixed							
FDIC BankOption	March 15, 1988	1,254	2,750	$59,415,706	$1,222,705	$2,118,383	$61,534,089
Stable Value Fund	April 1, 1984	5,671	10,678	$310,750,106	$3,707,118	$13,240,186	$323,990,292
		6,925	***13,428***	***$370,165,813***	***$4,929,822***	***$15,358,569***	***$385,524,381***
		75,555	126,644	$1,278,534,397	$23,593,651	-$51,869,360	$1,226,665,037

Assets – Local Participants

Asset Class/Fund Name	Participants			Plan Assets			
	Date Added	Active	Total	Beginning Balance	Contributions	Change	Ending Balance
Self-Directed							
Schwab SDB Money Market Fund	February 17, 2000	0	165	$1,591,423	$0	-$619,420	$972,003
Schwab SDB Securities	February 17, 2000	0	190	$7,232,496	$0	-$121,861	$7,110,634
		0	***355***	***$8,823,918***	***$0***	***-$741,281***	***$8,082,637***
Fund of Funds							
Vanguard Target Retirement 2015 Fund	November 30, 2005	494	605	$7,926,915	$346,405	-$240,190	$7,686,725
Vanguard Target Retirement 2025 Fund	November 30, 2005	929	1,038	$8,564,891	$554,222	-$996,906	$7,567,985
Vanguard Target Retirement 2035 Fund	November 30, 2005	915	1,030	$4,757,721	$417,473	-$156,337	$4,601,385
Vanguard Target Retirement 2045 Fund	November 30, 2005	602	696	$2,764,650	$241,145	-$67,987	$2,696,663
Vanguard Target Retirement Income Fund	November 30, 2005	115	173	$2,603,566	$47,814	-$237,570	$2,365,996
		3,055	***3,542***	***$26,617,743***	***$1,607,059***	***-$1,698,990***	***$24,918,754***
International							
American Funds EuroPacific R5	January 28, 2005	4,419	5,532	$23,250,902	$959,461	-$1,090,928	$22,159,974
BGI EAFE Equity Index - Collective W	February 1, 2001	1,981	2,539	$9,070,440	$308,316	-$1,368,407	$7,702,033
		6,400	***8,071***	***$32,321,342***	***$1,267,778***	***-$2,459,335***	***$29,862,007***
Small-Cap							
BGI Russell 2000 Index - Collective T	February 20, 2004	1,528	2,001	$4,953,940	$185,684	-$617,367	$4,336,572
DFA US Micro Cap Fund	February 1, 1997	5,561	7,228	$26,103,399	$852,718	-$3,486,632	$22,616,767
		7,089	***9,229***	***$31,057,339***	***$1,038,402***	***-$4,104,000***	***$26,953,339***
Mid-Cap							
T. Rowe Price Mid Cap Growth Fund	February 1, 1998	6,108	7,709	$40,670,896	$1,101,927	-$723,852	$39,947,044
BGI Mid Cap Equity Index - Collective F	February 1, 2001	2,406	3,166	40,566,594	365,811	-3,447,867	37,118,727
		8,514	***10,875***	***$81,237,489***	***$1,467,738***	***-$4,171,719***	***$77,065,770***
Large-Cap							
Calvert Social Investment Equity I	April 18, 2003	862	1,167	$2,854,823	$110,602	$37,078	$2,891,900
Fidelity Contrafund	February 1, 1994	6,942	9,235	$78,316,557	$1,675,633	-$5,889,299	$72,427,258
Vanguard Institutional Index Fund Plus	September 1, 1999	4,776	6,665	$38,745,826	$1,188,183	-$3,698,313	$35,047,513
Vanguard Wellington Fund - Admiral	October 26, 2001	4,899	6,850	$57,297,940	$1,160,297	-$4,474,539	$52,823,400
		17,479	***23,917***	***$177,215,146***	***$4,134,715***	***-$14,025,074***	***$163,190,072***
Bond							
BGI US Debt Index Fund - Collective W	February 1, 2001	1,179	1,609	$5,773,288	$151,891	$637,614	$6,410,901
Federated US Government Securities 2-5yr	February 1, 1992	1,649	2,354	$9,770,017	$321,005	$1,058,082	$10,828,099
Vanguard Long-Term Investment Grade Adm	October 26, 2001	1,970	3,595	$18,059,632	$341,497	-$1,045,706	$17,013,926
		4,798	***7,558***	***$33,602,936***	***$814,393***	***$649,990***	***$34,252,926***
Money Market							
Vanguard Admiral Treasury Money Market	November 1, 1993	1,408	3,681	$17,865,522	$480,059	-$427,388	$17,438,135
		1,408	***3,681***	***$17,865,522***	***$480,059***	***-$427,388***	***$17,438,135***
Fixed							
FDIC BankOption	March 15, 1988	559	1,013	$16,786,683	$527,000	$1,427,301	$18,213,984
Stable Value Fund	April 1, 1984	3,640	5,784	$109,286,428	$1,958,248	$5,369,698	$114,656,126
		4,199	***6,797***	***$126,073,112***	***$2,485,249***	***$6,796,999***	***$132,870,110***
		52,942	74,025	$534,814,548	$13,295,392	-$20,180,798	$514,633,750

WDC Participation Statistics

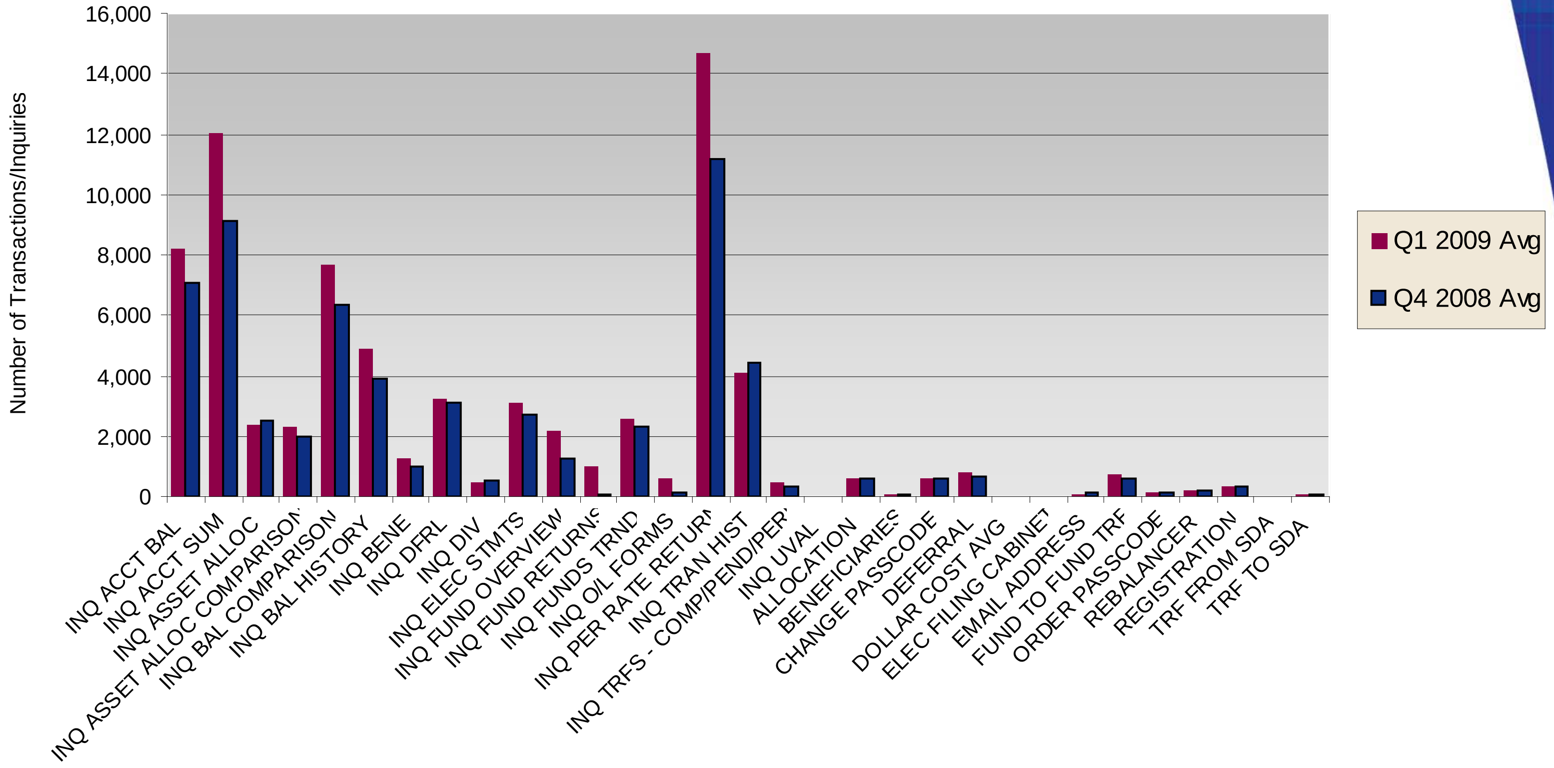
	State	Local	Total
Participants 12/31/2008	29,611	18,699	48,310
New Enrollments 01/01/2009 - 03-31-2009	244	410	654
Withdrawals			
Service Separation			
Full	86	68	154
Partial	31	20	51
Periodic Payments	1,271	467	1,738
Hardship			
Full	0	0	0
Partial	23	6	29
DeMinimis			
Full	0	1	1
Partial	2	2	4
Final Withdraw als			
Rollovers out of the WDC	1	11	12
Final Withdrawals	159	68	227
Participants 03/31/2009	29,744	18,881	48,625

Web Activity

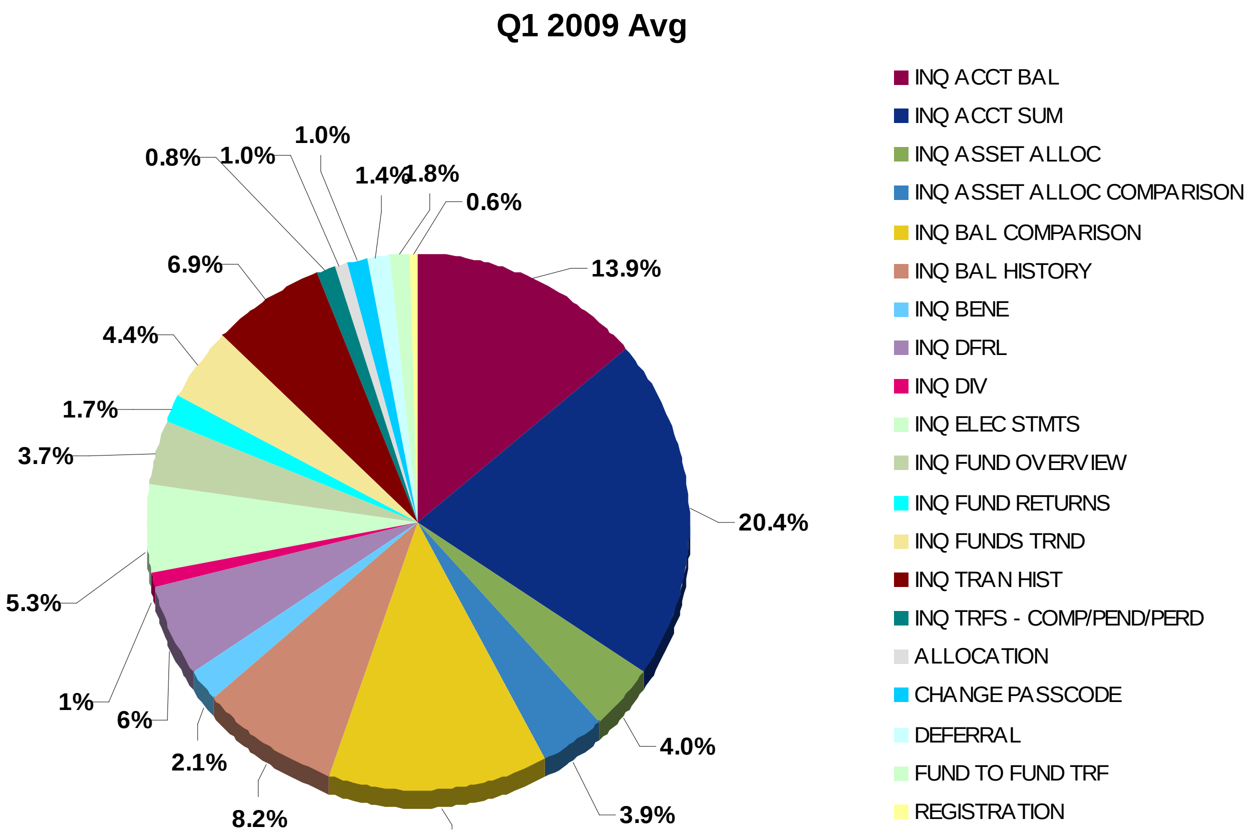
WEBSITE	Q1 2009 Avg	% of Total	Q4 2008 Avg	% Total
--				
TOTALS				
--				
DISTINCT USERS	7903	20.6%	7637	20.6%
TOTAL LOGINS	38402		32025	
--				
INQUIRIES				
--				
INQ ACCT BAL	8213	21.4%	7071	21.4%
INQ ACCT SUM	12023	31.3%	9130	31.3%
INQ ASSET ALLOC	2376	6.2%	2539	6.2%
INQ ASSET ALLOC COMPARISON	2324	6.1%	1962	6.1%
INQ BAL COMPARISON	7689	20.0%	6317	20.0%
INQ BAL HISTORY	4864	12.7%	3887	12.7%
INQ BENE	1251	3.3%	1011	3.3%
INQ DFRL	3266	8.5%	3111	8.5%
INQ DIV	486	1.3%	506	1.3%
INQ ELEC STMTS	3108	8.1%	2736	8.1%
INQ FUND OVERVIEW	2193	5.7%	1249	5.7%
INQ FUND RETURNS	983	2.6%	39	2.6%
INQ FUNDS TRND	2594	6.8%	2320	6.8%
INQ O/L FORMS	563	1.5%	148	1.5%
INQ PER RATE RETURN	14678	38.2%	11176	38.2%
INQ TRAN HIST	4078	10.6%	4447	10.6%
INQ TRFS - COMP/PEND/PERD	494	1.3%	344	1.3%
INQ UVAL	13	0.0%	3	0.0%
--				
UPDATES				
--				
ALLOCATION	572	1.5%	596	1.5%
BENEFICIARIES	74	0.2%	77	0.2%
CHANGE PASSCODE	617	1.6%	586	1.6%
DEFERRAL	799	2.1%	688	2.1%
DOLLAR COST AVG	2	0.0%	3	0.0%
ELEC FILING CABINET	17	0.0%	16	0.0%
EMAIL ADDRESS	50	0.1%	108	0.1%
FUND TO FUND TRF	706	1.8%	583	1.8%
ORDER PASSCODE	109	0.3%	104	0.3%
REBALANCER	172	0.4%	186	0.4%
REGISTRATION	334	0.9%	300	0.9%
TRF FROM SDA	12	0.0%	10	0.0%
TRF TO SDA	77	0.2%	71	0.2%

Great-West
RETIREMENT SERVICES

Web Activity - continued



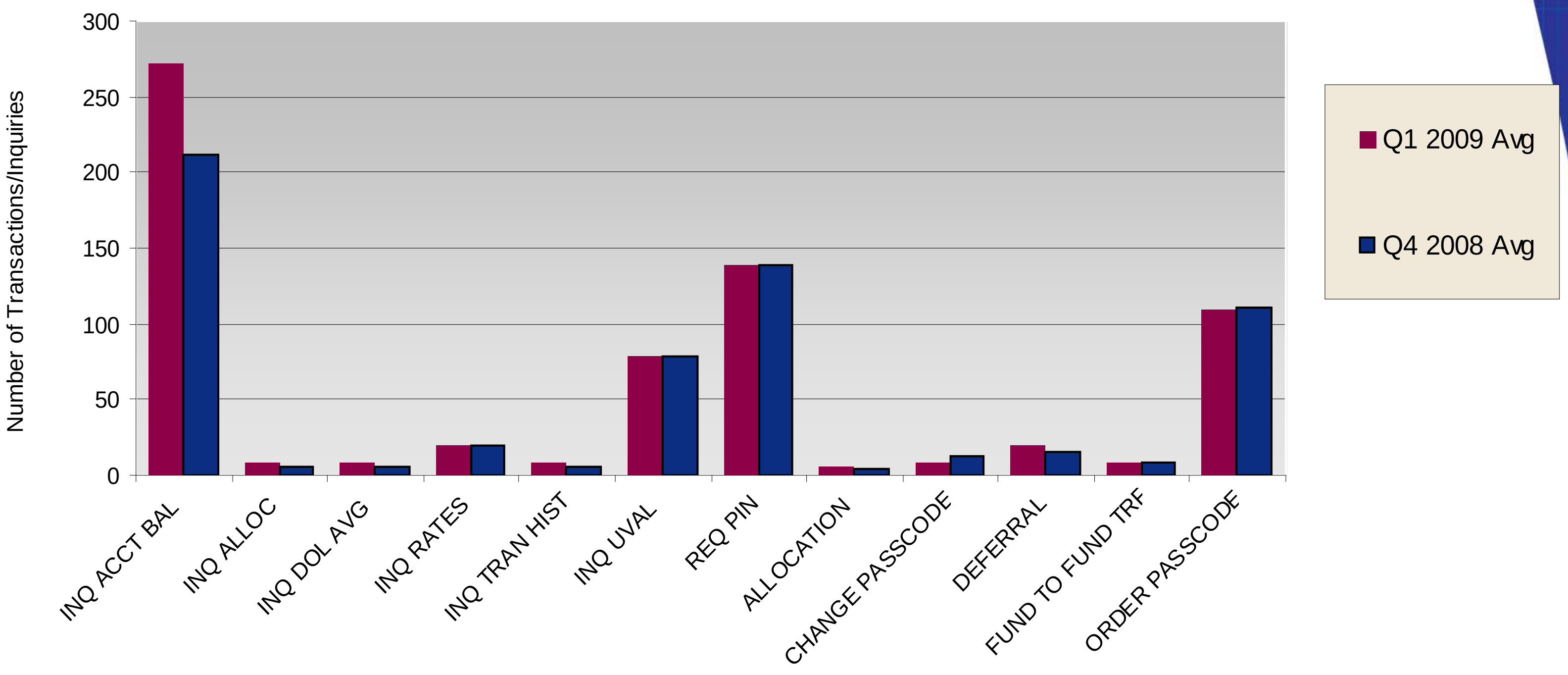
Web Activity - continued



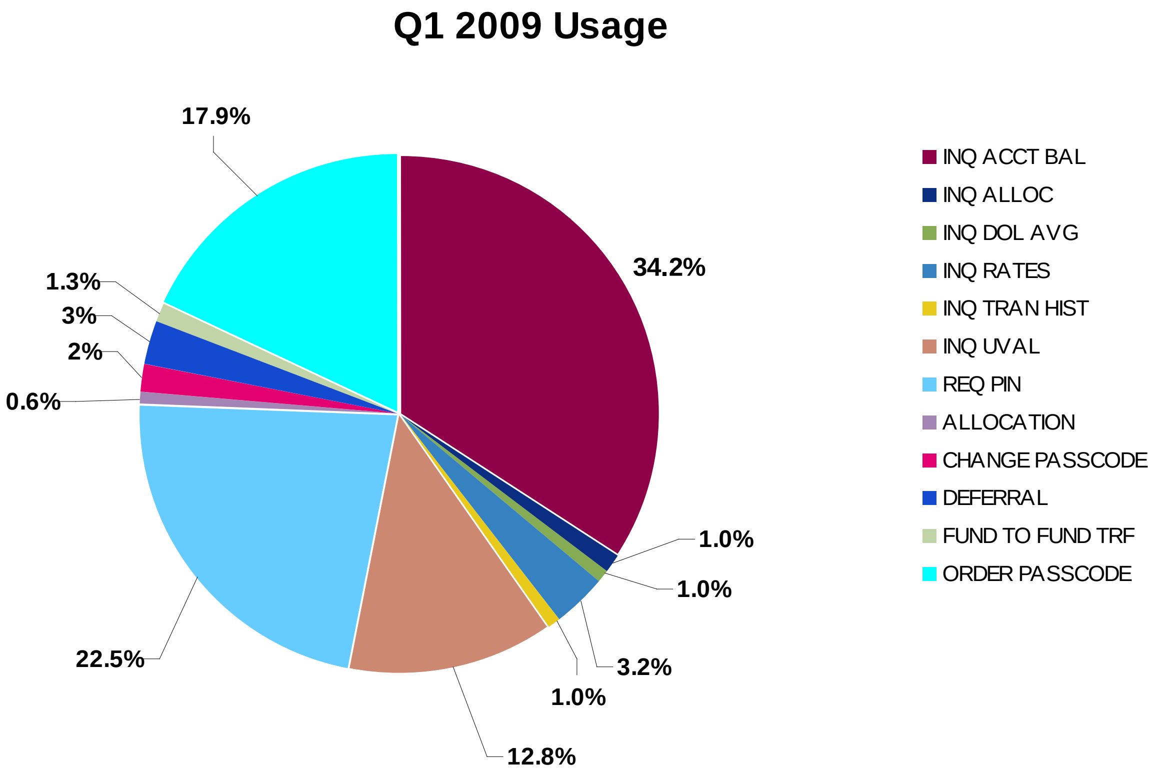
KeyTalk (IVR) Activity

VRU USAGE	Q1 2009 Avg	% of Total	Q4 2008 Avg	% of Total
--				
TOTALS				
--				
CSR ROLL	**321**	20.1%	**284**	20.7%
DISTINCT USERS	**556**	34.9%	**505**	36.8%
TOTAL CALLS	**1595**		**1371**	
--				
INQUIRIES				
--				
INQ ACCT BAL	**272**	17.1%	**212**	15.5%
INQ ALLOC	**9**	0.6%	**6**	0.4%
INQ DOL AVG	**9**	0.6%	**6**	0.4%
INQ RATES	**19**	1.2%	**20**	1.5%
INQ TRAN HIST	**9**	0.6%	**6**	0.4%
INQ UVAL	**79**	5.0%	**79**	5.8%
REQ PIN	**139**	8.7%	**139**	10.1%
--				
UPDATES				
--				
ALLOCATION	**6**	0.4%	**4**	0.3%
CHANGE PASSCODE	**8**	0.5%	**12**	0.9%
DEFERRAL	**19**	1.2%	**16**	1.2%
FUND TO FUND TRF	**9**	0.6%	**8**	0.6%
ORDER PASSCODE	**110**	6.9%	**111**	8.1%

KeyTalk (IVR) Activity - continued



KeyTalk (IVR) Activity - continued



Call Center Statistics

	Jan	Feb	Mar	1st Qtr	YTD
Total Calls Offered	2214	1639	1911	**5764**	**5764**
Total CS Calls Answered	2135	1593	1885	**5613**	**5613**
Total Abandoned Calls	79	46	26	**151**	**151**
Average Speed of Answer	1:30	0:50	0:41	**1:02**	**1:02**
Average Abandon Time	2:04	2:29	2:10	**2:13**	**2:13**
Average Talk Time	5:46	5:43	5:38	**5:42**	**5:42**
Longest Delay	11:15	26:29	9:15	**26:29**	**26:29**
% of Calls Answered w/in 90 secs	84%	92%	93%	**90%**	**90%**
% of Calls Receiving a Busy signal	<1%	<1%	<1%	**<1%**	**<1%**
% of Calls Abandoned	3.57%	2.81%	1.36%	**2.62%**	**2.62%**

State of Wisconsin Deferred Compensation Program Performance Standards Report 4th Quarter 2008

Participant Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
	Enrollment Applications	Process enrollment applications	893	Processed within 5 days; established within 31 days or later, if requested.	100%
	Increase/Decrease Deferrals	Process deferral increases/decreases	2,454	Processed within 5 days; established within 31 days or later, if requested.	100%
	Allocation Changes	Process allocation changes	1,734	Processed within 5 days; effective next pay or later, if requested.	100%
	Transfers between funds	Process transfer requests	2,145	Processed same day if received in good order prior to 3:00 PM Central Time; otherwise, next business day	100%
	Lump Sum Distributions	Process lump sum distribution requests	335	Processed same day if received in good order prior to 3:00 PM Central Time; otherwise, next business day	100%
	Installment Payment Options	Process installment payment (PPAY) requests	2,003	Processed same day if received in good order prior to 3:00 PM Central Time; otherwise, next business day. Payments on the 29th, 30th or 31st of the month not allowed.	100%
	Complaints Error Resolution	Resolve complaints forwarded by participants	5	Respond to participants within time frame agreed upon with Great-West	100%

State of Wisconsin Deferred Compensation Program Performance Standards Report 4th Quarter 2008

Participant Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section C, Part 1.1 & 1	Local office	Field customer services will be provided in Wisconsin to participating employees and employers (to answer questions, provide additional information and services, etc.)	N/A	Every work day of the year.	100%
Section C, Part 3.0	Targeted Presentations	Conduct informational presentations targeted at various groups of employees (new, close to retirement, lower income or gender, etc.)	N/A	Format to be approved by the Department and Great-West.	Std Met
Section C, Part 3.0	Employer Presentations	Offer every participating employer an informational presentation.	N/A	At least annually for each employer	Std Met
Section C, Part 3.0	Employee Presentations	Offer every participating employee an informational presentation.	N/A	At least annually.	Std Met
Section C, Part 4.2	Eligible employer contact	Every eligible local government employer will be contacted regarding the WDC.	N/A	At least annually.	Std Met
Section C, Part 4.2	Eligible employee contact	All eligible state and local government employees will be notified of their eligibility to participate in the WDC.	N/A	Annually with an agreed upon payroll stuffer.	Std Met
Section C, Part 5.3	Financial emergency hardships	Financial emergency hardship application review and processing.	N/A	Application and recommendation submitted to the Department within 5 working days from receipt of properly completed application and required documentation; distributions within 10 working days of receipt of notification of approval	Std Met
Section C, Part 8.0	Contacting eligible employers not participating	Contact each eligible employer not participating in the WDC and offer an informational presentation.	N/A	At least annually.	Std Met

State of Wisconsin Deferred Compensation Program Performance Standards Report 4th Quarter 2008

Administrative Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section B, Part 2.8	Audit expenses	Great-West to remit up to $15,000 annually toward the cost of the annual audit of WDC's financial condition by the independent Certified Public Accounting firm selected, monitored and retained by the WDC.	N/A	Payment of up to $15,000 to the Plan Administrative Account within 90 days from the end of the calendar year.	Std Met
Section B, Part 2.9	Open records for Audits	Open all books, records, ledgers and journals relating to the WDC for inspection and audit.	N/A	Within 30 days of receipt of request.	Std Met
Section B, Part 2.11	Participant Fees	Participant fees will be assessed monthly and deposited into the WDC's Plan Administrative Account maintained by Great-West.	N/A	Deposited on the date assessed or next business day thereafter.	Std Met
Section B, Part 2.12	Payments from Administrative Account	Payments from the WDC's Plan Administrative Account maintained by Great-West to reimburse Department expenses will be made on a quarterly basis.	N/A	Within 15 days after the end of the quarter from receipt of request unless insufficient funds available.	Std Met
Section C, Part 6.1	Web site availability	Web site available	N/A	Web site availability 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on Sunday between the hours of 12:01 a.m. Mountain Time and 12:01 p.m. Mountain Time. Access to the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons.	Std Met

State of Wisconsin Deferred Compensation Program Performance Standards Report 4th Quarter 2008

Reporting

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section B, Part 2.10	Annual Report	Annual report itemizing local office actual administrative costs incurred by Great-West.	N/A	Within 120 days from the end of the calendar year.	Std Met
Section C, Part 7.6	Consolidated quarterly participant statements	Consolidated quarterly participant statements, including personal rate of return.	N/A	Within 20 business days from the end of each quarter, or within ten (10) business days after receipt of information in good order from third party sources, (including the newsletter) whichever is later.	Std Met
Section C, Part 7.7	Investment returns	Investment return of the quarterly investment performance of products and participant newsletter.	N/A	Within 20 business days from the end of each quarter, or within ten (10) business days after receipt of information in good order from third party sources, (including the newsletter) whichever is later.	Std Met
Section C, Part 10.1	Plan Status Report	Plan Status Report as contained in Exhibit 5	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Section C, Part 10.2	Performance Standards Report	Performance Standards Report in a mutually agreeable format as contained in Exhibit 5: WDC Report Details.	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Section C, Part 10.10	Demographic Analysis	WDC Demographic Analysis	N/A	Now a part of the Annual Plan Report, so due date is 120 days from end of the calendar year.	Std Met
Section C, Part 12.5	Basic Fund Performance	Basic Fund Performance Reports	N/A	Within 60 days of the end of each quarter. Three quarters will receive a Basic Fund Performance.	Std Met
Section C, Part 12.8	Annual Fund Performance Report	Annual Expanded Fund Performance Report	N/A	Draft within 75 days of the end of the year with the final version delivered within 90 days after the end of the year.	Std Met

State of Wisconsin Deferred Compensation Program Performance Standards Report 4th Quarter 2008

Interactive Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section C, Part 10.8	Web site statistics	Web site statistics: information to be included in each report located in Exhibit 5: WDC Report Details.	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Section C, Part 10.9	IVR statistics	IVR statistics: information to be included in each report located in Exhibit 5: WDC Report Details	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Telephones	CSR and IVR Systems	Client Service Representatives and Automated Voice Response System	N/A	All telephone calls to the Wisconsin and Home Office Client Service Representatives and the automated voice response system combined will be answered within ninety (90) seconds on average at least ninety percent (90%) of the time on an on-going average annual calendar year basis. On average for the calendar year, there will be less than one percent (1%) of calls that receive a busy signal, and the abandoned call rate will average less than five percent (5%) for the	Std Met; Calendar year 2008: 93% of calls answered inside 90 seconds, 0% of calls received busy signal, and 2.17% calls abandoned.

State of Wisconsin Deferred Compensation Program Performance Standards Report 1st Quarter 2009

Participant Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
	Enrollment Applications	Process enrollment applications	654	Processed within 5 days; established within 31 days or later, if requested.	100%
	Increase/Decrease Deferrals	Process deferral increases/decreases	2,454	Processed within 5 days; established within 31 days or later, if requested.	100%
	Allocation Changes	Process allocation changes	1,734	Processed within 5 days; effective next pay or later, if requested.	100%
	Transfers between funds	Process transfer requests	2,145	Processed same day if received in good order prior to 3:00 PM Central Time; otherwise, next business day	100%
	Lump Sum Distributions	Process lump sum distribution requests	382	Processed same day if received in good order prior to 3:00 PM Central Time; otherwise, next business day	100%
	Installment Payment Options	Process installment payment (PPAY) requests	1,738	Processed same day if received in good order prior to 3:00 PM Central Time; otherwise, next business day. Payments on the 29th, 30th or 31st of the month not allowed.	100%
	Complaints Error Resolution	Resolve complaints forwarded by participants	1	Respond to participants within time frame agreed upon with Great-West	100%

State of Wisconsin Deferred Compensation Program Performance Standards Report 1st Quarter 2009

Participant Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section C, Part 1.1 & 1	Local office	Field customer services will be provided in Wisconsin to participating employees and employers (to answer questions, provide additional information and services, etc.)	N/A	Every work day of the year.	100%
Section C, Part 3.0	Targeted Presentations	Conduct informational presentations targeted at various groups of employees (new, close to retirement, lower income or gender, etc.)	N/A	Format to be approved by the Department and Great-West.	Std Met
Section C, Part 3.0	Employer Presentations	Offer every participating employer an informational presentation.	N/A	At least annually for each employer	Std Met
Section C, Part 3.0	Employee Presentations	Offer every participating employee an informational presentation.	N/A	At least annually.	Std Met
Section C, Part 4.2	Eligible employer contact	Every eligible local government employer will be contacted regarding the WDC.	N/A	At least annually.	Std Met
Section C, Part 4.2	Eligible employee contact	All eligible state and local government employees will be notified of their eligibility to participate in the WDC.	N/A	Annually with an agreed upon payroll stuffer.	Std Met
Section C, Part 5.3	Financial emergency hardships	Financial emergency hardship application review and processing.	N/A	Application and recommendation submitted to the Department within 5 working days from receipt of properly completed application and required documentation; distributions within 10 working days of receipt of notification of approval	Std Met
Section C, Part 8.0	Contacting eligible employers not participating	Contact each eligible employer not participating in the WDC and offer an informational presentation.	N/A	At least annually.	Std Met

State of Wisconsin Deferred Compensation Program Performance Standards Report 1st Quarter 2009

Administrative Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section B, Part 2.8	Audit expenses	Great-West to remit up to $15,000 annually toward the cost of the annual audit of WDC's financial condition by the independent Certified Public Accounting firm selected, monitored and retained by the WDC.	N/A	Payment of up to $15,000 to the Plan Administrative Account within 90 days from the end of the calendar year.	Std Met
Section B, Part 2.9	Open records for Audits	Open all books, records, ledgers and journals relating to the WDC for inspection and audit.	N/A	Within 30 days of receipt of request.	Std Met
Section B, Part 2.11	Participant Fees	Participant fees will be assessed monthly and deposited into the WDC's Plan Administrative Account maintained by Great-West.	N/A	Deposited on the date assessed or next business day thereafter.	Std Met
Section B, Part 2.12	Payments from Administrative Account	Payments from the WDC's Plan Administrative Account maintained by Great-West to reimburse Department expenses will be made on a quarterly basis.	N/A	Within 15 days after the end of the quarter from receipt of request unless insufficient funds available.	Std Met
Section C, Part 6.1	Web site availability	Web site available	N/A	Web site availability 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on Sunday between the hours of 12:01 a.m. Mountain Time and 12:01 p.m. Mountain Time. Access to the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons.	Std Met

State of Wisconsin Deferred Compensation Program Performance Standards Report 1st Quarter 2009

Reporting

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section B, Part 2.10	Annual Report	Annual report itemizing local office actual administrative costs incurred by Great-West.	N/A	Within 120 days from the end of the calendar year.	Std Met
Section C, Part 7.6	Consolidated quarterly participant statements	Consolidated quarterly participant statements, including personal rate of return.	N/A	Within 20 business days from the end of each quarter, or within ten (10) business days after receipt of information in good order from third party sources, (including the newsletter) whichever is later.	Std Met- mailed
Section C, Part 7.7	Investment returns	Investment return of the quarterly investment performance of products and participant newsletter.	N/A	Within 20 business days from the end of each quarter, or within ten (10) business days after receipt of information in good order from third party sources, (including the newsletter) whichever is later.	Std Met
Section C, Part 10.1	Plan Status Report	Plan Status Report as contained in Exhibit 5	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Section C, Part 10.2	Performance Standards Report	Performance Standards Report in a mutually agreeable format as contained in Exhibit 5: WDC Report Details.	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Section C, Part 10.10	Demographic Analysis	WDC Demographic Analysis	N/A	Now a part of the Annual Plan Report, so due date is 120 days from end of the calendar year.	Std Met
Section C, Part 12.5	Basic Fund Performance	Basic Fund Performance Reports	N/A	Within 60 days of the end of each quarter. Three quarters will receive a Basic Fund Performance.	Std Met
Section C, Part 12.8	Annual Fund Performance Report	Annual Expanded Fund Performance Report	N/A	Draft within 75 days of the end of the year with the final version delivered within 90 days after the end of the year.	Std Met

State of Wisconsin Deferred Compensation Program Performance Standards Report 1st Quarter 2009

Interactive Services

Contract Provision		Requirement	Number Processed	Standard	% Met Standard
Section C, Part 10.8	Web site statistics	Web site statistics: information to be included in each report located in Exhibit 5: WDC Report Details.	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Section C, Part 10.9	IVR statistics	IVR statistics: information to be included in each report located in Exhibit 5: WDC Report Details	N/A	Quarterly within 45 days of the end of the quarter.	Std Met
Telephones	CSR and IVR Systems	Client Service Representatives and Automated Voice Response System	N/A	All telephone calls to the Wisconsin and Home Office Client Service Representatives and the automated voice response system combined will be answered within ninety (90) seconds on average at least ninety percent (90%) of the time on an on-going average annual calendar year basis. On average for the calendar year, there will be less than one percent (1%) of calls that receive a busy signal, and the abandoned call rate will average less than five percent (5%) for the	Q1 2009: 90% of calls answered inside 90 seconds, 0% of calls received busy signal, and 2.62% calls abandoned.

LOCAL EMPLOYER ELECTIONS TO THE
WISCONSIN DEFERRED COMPENSATION PROGRAM

DATE	WI PUBLIC EMPLOYER NAME	EIN	Date Presented to DC Board	# Eligible Employees
10/28/2008	Village of Cambridge	1504	05/19/2009	10
01/19/2009	Coleman School District	818	05/19/2009	100
12/15/2008	Village of New Holstein	378	05/19/2009	140
01/26/2009	Menomonee Falls School District	373	05/19/2009	600
09/16/2008	Village of Crivitz	4958	05/19/2009	50
11/18/2008	Plymouth School District	3991	05/19/2009	400
11/17/2008	Ashland County	0032	05/19/2009	160
11/10/2008	Town of Osceola	1111	05/19/2009	2
11/10/2008	City of Blair	1222	05/19/2009	18
10/28/2008	Kenosha Unified School District	4702	05/19/2009	3600
10/28/2008	Little Chute Area School District	0194	05/19/2009	184
10/13/2008	Town of Wingville	1546	05/19/2009	5
10/13/2008	Village of Iola	1205	05/19/2009	30
10/13/2008	Village of Waterford	0236	05/19/2009	108
10/07/2008	Village of West Salem	0029	05/19/2009	20
09/22/2008	Cornell School District	0189	05/19/2009	65
09/17/2008	Swallow School District	3470	05/19/2009	70
09/16/2008	Village of Woodville	0680	05/19/2009	20
09/15/2008	Town of Warren	5424	05/19/2009	8
09/02/2008	Cedarburg School District	5066	05/19/2009	350
08/21/2008	Stockbridge School District	0916	05/19/2009	36
08/17/2008	Sheboygan Falls School District	4508	05/19/2008	305
08/12/2008	Northwest Long Term Care District	5444	05/19/2008	7
07/22/2008	Butternut School District	0720	05/19/2009	40
07/14/2008	Wauwatosa School District	5102	05/19/2009	950
07/10/2008	Village of Cobb	4558	05/19/2009	14
07/02/2008	Town of Wagner	5446	05/19/2009	42
11/26/2007	Village of Star Prairie	4990	05/19/2009	2
				6436

EIN = Employer Identification Number

Wisconsin Deferred Compensation Program
Report of Financial Emergency Hardship Withdrawals – Ch. ETF 70.10 (6)
Deferred Compensation Board Meeting
May 19, 2009

DATE SUBMITTED BY GWRS	FINANCIAL HARDSHIP EMERGENCY WITHDRAWAL REQUEST SITUATION	ETF DECISION AND DATE
November 6, 2008	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant being off work for medical reasons, including a notice to pay rent or vacate his primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved November 11, 2008
November 20, 2008	The participant requested an emergency withdrawal to pay for home repairs necessary after the Wisconsin floods during June of 2008. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved November 24, 2008
November 20, 2008	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including receiving a foreclosure notice on his primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved November 24, 2008
November 25, 2008	The participant requested an emergency withdrawal because the participant's ex-spouse is taking him to back to court regarding custody of their son. He has retained a personal lawyer and incurred Guardian ad Litem costs on behalf of his son. The participant's lawyer does not accept credit cards or payment plans, and the participant has no other means to pay for the legal expenses. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved December 1, 2008
November 25, 2008	The participant requested an emergency withdrawal because he owes taxes and penalties to the IRS for tax periods 2002-2005. Denied as insufficient documentation has been provided to demonstrate how taxes could be an unforseen or unplanned expense. In addition, delinquent taxes are specifically listed as expenses that do not typically qualify for emergency withdrawal under the s. 457 hardship provision.	Denied December 1, 2008
December 9, 2008	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant's spouse being off work for medical reasons. The loss of his income has created financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved December 11, 2008
January 8, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant's spouse being laid off, and for medical expenses not covered by insurance. The loss of his income has created financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved January 12, 2009
January 8, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including receiving a notice to quit or pay rent on her primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved January 12, 2009

DATE SUBMITTED BY GWRS	FINANCIAL HARDSHIP EMERGENCY WITHDRAWAL REQUEST SITUATION	ETF DECISION AND DATE
January 8, 2009 Second request February 4, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant's spouse being laid off work and has also experienced some unanticipated medical expenses. The loss of his income has created financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved January 12, 2009 Second request approved February 9, 2009
January 12, 2009	The participant requested an emergency withdrawal to pay for funeral expenses for her father and medical expenses not covered by insurance. Approved, as these situations were unplanned, unanticipated and unbudgetable per the IRS code requirements.	Approved January 21, 2009
January 23, 2009 Second request March 17, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant's spouse being off work for medical reasons. The loss of his income has created on-going financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved January 26, 2009 Second request approved March 19, 2009
January 27, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including a foreclosure notice on her primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved January 28, 2009
January 27, 2009	The participant requested an emergency withdrawal to cover loss of income. The participant's dependent requires medical treatment for a terminal condition at a clinic in Madison, WI, which is about 75 miles one direction from their home. To get the dependent to the appointments, the participant must take time off from both his full and part time positions, resulting in loss of income. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved January 28, 2009
February 4, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant being placed on an unpaid medical leave of absence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 5, 2009
February 4, 2009	The participant requested an emergency withdrawal because the participant required emergency dental services which were not covered by his insurance company. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 9, 2009
February 10, 2009	The participant requested an emergency withdrawal to pay for legal expenses associated with a motorcycle accident. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 11, 2009
February 12, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including a foreclosure notice on his primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 16, 2009

DATE SUBMITTED BY GWRS	FINANCIAL HARDSHIP EMERGENCY WITHDRAWAL REQUEST SITUATION	ETF DECISION AND DATE
February 12, 2009	The participant requested an emergency withdrawal to pay for legal expenses associated with an involuntary and unanticipated demotion. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 16, 2009
February 12, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant’s spouse being terminated from his position. The loss of his income has created financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 16, 2009
February 23, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant being placed on a medical leave of absence. Without the release of these funds, the participant will be evicted from her primary residence and will be unable to pay for medical insurance, which is critical in light of her health problems. The loss of his income has created multiple financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 23, 2009
February 20, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant’s spouse being terminated from his position. The loss of his income has created financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved February 24, 2009
February 20, 2009	The participant requested an emergency withdrawal to pay off loans incurred during divorce proceedings. Denied as insufficient documentation has been provided to demonstrate how loans could be an unforseen or unplanned expense per the code requirement.	Denied February 24, 2009
February 20, 2009	The participant requested an emergency withdrawal to pay for multiple dental treatment expenses for her spouse that are not fully covered by insurance. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirements.	Approved February 25, 2009
February 25, 2009	The participant requested an emergency withdrawal because the household has fallen behind on mortgage payments and he received a foreclosure notice on his primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved March 2, 2009
March 4, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties, which are a result of the participant’s spouse being terminated from his position. The loss of his income has created financial problems for the household including difficulty in making the mortgage payments on their primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved March 5, 2009
March 17, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties as a result of the participant being off work for medical reasons. He has exhausted all his sick and vacation leave and must begin paying for health insurance premiums as he is now on an unpaid leave of absence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved March 19, 2009

DATE SUBMITTED BY GWRS	FINANCIAL HARDSHIP EMERGENCY WITHDRAWAL REQUEST SITUATION	ETF DECISION AND DATE
March 17, 2009	The participant requested an emergency withdrawal because the participant's primary beneficiary is experiencing financial difficulties. The loss of the beneficairy's income has created financial problems for the participant, who is also on a leave of absence due to a medical injury and also struggling with paying bills given her own loss of income. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved March 19, 2009
March 17, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties, which are a result of the participant's injuries. These injuries have created a loss of income; the participant was terminated from his second job. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved March 19, 2009
March 24, 2009 Reconsideration April 8, 2009	The participant requested an emergency withdrawal because she has lost income due to previous medical problems and is experiencing financial difficulties. In addition, her spouse has left the household. Denied as insufficient documentation has been provided to demonstrate how long the participant has missed work, what sort of medical expenses need to be covered, or what sort of income has been lost due the departure of her spouse. Without this documentation, her request does not meet the requirements of the IRS code. Reconsideration request in April 2009 included documentation regarding her spouse's income such that the IRS requirements (unplanned, unanticipated and unbudgetable) are met and a financial emergency hardship withdrawal can be granted.	Denied March 26, 2009 Reconsideration request approved April 14, 2009
March 24, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties, which are a result of the participant's spouse losing from her position. The loss of her income has created financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved March 26, 2009
April 1, 2009	The participant requested an emergency withdrawal because the participant required emergency dental services which were not covered by her insurance company, including a bridge. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 6, 2009
April 1, 2009	The participant requested an emergency withdrawal to pay for expenses associated with outpatient services for her dependent son, which are not covered by insurance. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 6, 2009
April 14, 2009	The participant requested an emergency withdrawal to pay for dental expenses beyond what is covered by her insurance. She was unable to obtain a loan for this due to her bleak financial situation. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 16, 2009
April 14, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including receiving a notice to quit or pay rent on her primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per	Approved April 20, 2009

DATE SUBMITTED BY GWRS	FINANCIAL HARDSHIP EMERGENCY WITHDRAWAL REQUEST SITUATION	ETF DECISION AND DATE
	the IRS code requirement.	
April 15, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including receiving a foreclosure notice on his primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 20, 2009
April 15, 2009	The participant requested an emergency withdrawal to cover unforeseen retroactive legal expenses (child support) related to dependent children as well as loss of income and increased medical expenses. Approved for child support expenses only, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 20, 2009
April 20, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties, which are a result of the participant's spouse losing from her position. The loss of her income has created financial problems for the household. In addition, there are dental expenses that must be paid that are beyond what their insurance covers. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 22, 2009
April 22, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including a foreclosure notice on her primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 27, 2009
April 22, 2009	The participant requested an emergency withdrawal to pay for medical expenses for his primary beneficiary (his uncle) who is battling cancer. His beneficiary is unemployed and has no medical insurance. Approved as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved April 27, 2009
April 29, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties including receiving a foreclosure notice on his primary residence. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved May 4, 2009
April 29, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties, which are a result of several factors including an involuntary reduction in the hours worked by the participant at his second job, the loss of his spouse's job entirely and a slowdown in business for their weekend DJ services. The loss of all this income has created financial problems for the household. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved May 4, 2009
April 29, 2009	The participant requested an emergency withdrawal because the household is experiencing financial difficulties, which are a result of the participant's injuries. These injuries have created a loss of income; the participant was terminated from his second job. Approved, as this situation was unplanned, unanticipated and unbudgetable per the IRS code requirement.	Approved May 4, 2009