

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

Third Quarter 2008

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All rates of return presented in this report for time periods greater than one year are annualized. Mutual fund rates of return are provided by Morningstar. Rates of return for the North Shore Savings Fund and the Stable Value Fund are provided by the investment manager. All rates of return contained in this report are net of investment management fees. Percentages in some exhibits may not add to 100% because of rounding.

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INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
North Shore Savings Fund	0.5 %	1.5 %	2.3 %	3.2 %	2.6 %
iMoney Net Money Fund Average	0.5	1.7	2.8	3.6	2.5
Stable Value Fund	1.2	3.6	4.8	4.8	4.6
EnnisKnupp GIC Index	1.2	3.5	4.7	4.4	4.2
PIMCO Total Return Fund Instl	-2.1	-0.1	3.8	4.3	4.1
LB Aggregate Bond Index	-0.5	0.6	3.7	4.2	3.8

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Income	-6.7 %	-10.6 %	-10.8 %	2.3 %	5.4 %
Custom Benchmark	-4.4	-7.9	-7.8	2.8	4.8
TRP PS Balanced	-9.2	-15.3	-16.4	1.4	6.1
Custom Benchmark	-6.6	-12.3	-13.0	2.2	5.5
TRP PS Growth	-11.5	-19.7	-21.7	0.5	6.5
Custom Benchmark	-8.5	-16.3	-17.8	1.5	6.1

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 9/30/08

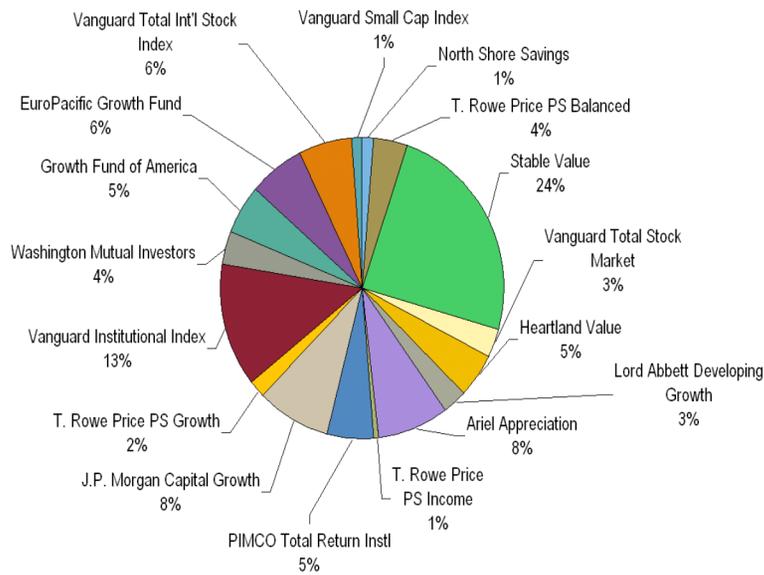
	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Washington Mutual Investors Fund	-4.5 %	-16.1 %	-20.5 %	1.5 %	5.7 %
Russell 1000 Value Index	-6.1	-18.9	-23.6	0.1	7.1
Vanguard Institutional Index Fund	-8.3	-19.3	-22.0	0.2	5.2
S&P 500 Index	-8.4	-19.3	-22.0	0.2	5.2
Growth Fund of America	-15.0	-20.6	-22.7	1.1	7.2
Russell 1000 Growth Index	-12.3	-20.3	-20.9	0.0	3.7
Vanguard Total Stock Market Index Fund	-8.5	-18.4	-21.1	0.6	6.0
Performance Benchmark	-8.5	-18.5	-21.2	0.6	6.0
J.P. Morgan Capital Growth Fund	-16.8	-23.0	-23.7	1.1	7.7
Performance Benchmark	-17.7	-23.4	-24.7	-0.8	6.5
Ariel Appreciation Fund	-4.0	-15.5	-20.5	-2.1	3.6
Russell 2500 Index	-6.7	-14.3	-18.0	0.9	8.1
Vanguard Small Cap Index Fund	-5.0	-12.8	-17.1	1.2	8.6
Small-Cap Index	-5.1	-12.9	-17.3	1.1	8.6
Lord Abbett Developing Growth Fund	-11.8	-26.5	-23.5	4.8	7.7
Russell 2000 Growth Index	-7.0	-15.3	-17.1	1.5	6.6
Heartland Value Fund	-15.4	-17.4	-21.1	0.1	5.7
Russell 2000 Value Index	5.0	-5.4	-12.3	2.0	9.4

RETURN SUMMARY ENDING 9/30/08

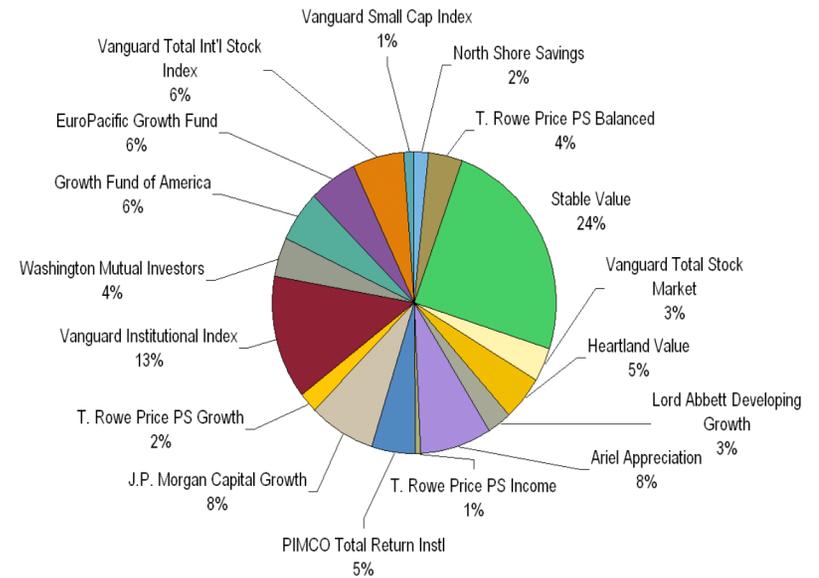
	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
EuroPacific Growth Fund	-18.0 %	-26.2 %	-25.2 %	4.8 %	12.3 %
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3
Vanguard Total International Stock Index Fund	-20.5	-29.2	-30.1	2.6	11.1
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3

Benchmark descriptions can be found in the Appendix.

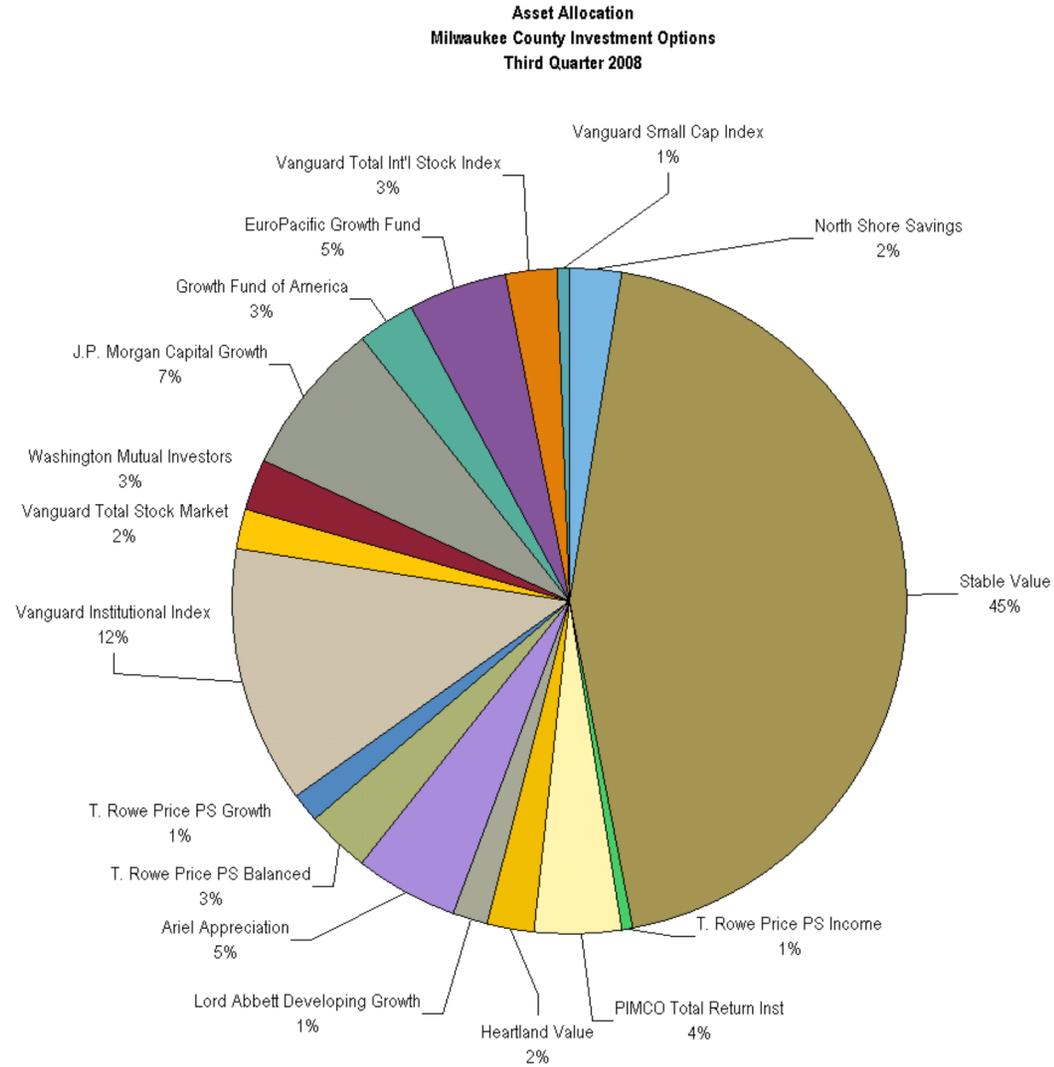
**Contributions by Investment Option
Third Quarter 2008**



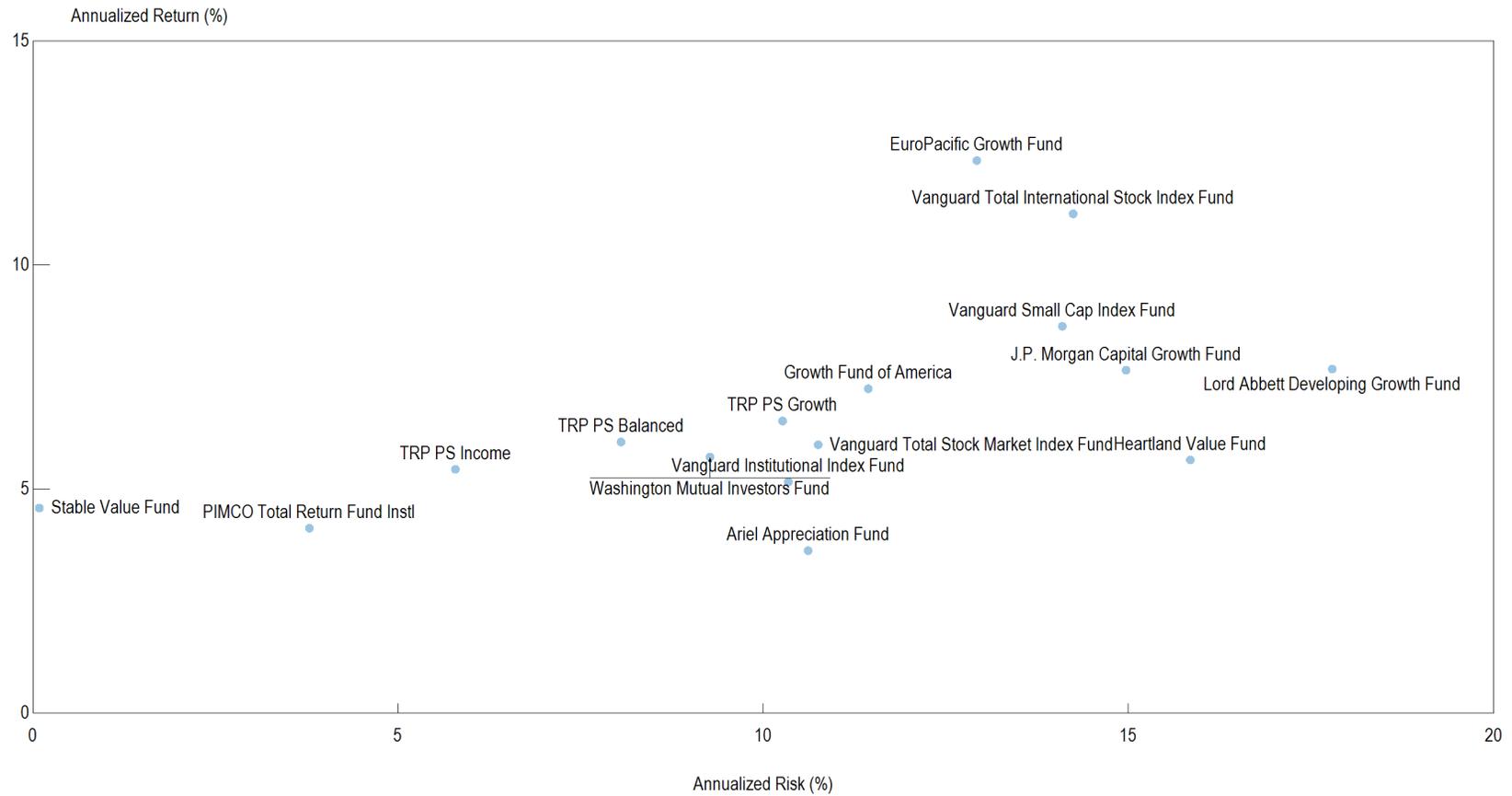
**Contributions by Investment Option
YTD 2008**



INVESTMENT HIGHLIGHTS



**ANNUALIZED RISK RETURN
5 YEARS ENDING 9/30/08**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	June 30, 2008	Net Contributions/ Withdrawals	Net Income/ Appreciation*	September 30, 2008
North Shore Savings	3,274,624	1,685,141	17,840	4,977,605
Stable Value	90,205,429	(113,719)	1,068,147	91,159,857
T. Rowe Price PS Income	1,332,692	(23,938)	(89,457)	1,219,297
PIMCO Total Return Inst	7,812,462	421,606	(183,463)	8,050,605
Heartland Value	6,058,931	(24,253)	(946,591)	5,088,086
Lord Abbett Developing Growth	3,490,554	(71,487)	(412,458)	3,006,610
Ariel Appreciation	11,105,839	(242,745)	(433,308)	10,429,786
T. Rowe Price PS Balanced	6,917,982	23,256	(642,233)	6,299,004
T. Rowe Price PS Growth	2,909,259	(14,832)	(333,415)	2,561,012
Vanguard Institutional Index	28,261,178	(453,262)	(2,343,919)	25,463,996
Vanguard Total Stock Market	4,857,275	580	(415,931)	4,441,924
Washington Mutual Investors	5,579,497	(135,600)	(250,856)	5,193,042
J.P. Morgan Capital Growth	18,138,125	(304,238)	(3,004,024)	14,829,863
Growth Fund of America	6,810,827	33,849	(1,028,560)	5,816,116
EuroPacific Growth Fund	11,928,214	(244,697)	(2,142,568)	9,540,948
Vanguard Total Intl Stock Index	6,099,197	333,949	(1,311,771)	5,121,375
Vanguard Small Cap Index	1,342,175	71,089	(72,476)	1,340,787
Total	216,124,260	940,697	(12,525,045)	204,539,912

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue Sharing
North Shore Savings	\$ 4,978	0.00%	0.00%	\$ -	\$ -
Stable Value	91,160	0.40%	0.00%	364,639	-
PIMCO Total Return Inst	8,051	0.43%	0.00%	34,618	-
TRP PS Income	1,219	0.77%	0.10%	9,389	1,219
TRP PS Balanced	6,299	0.81%	0.10%	51,022	6,299
TRP PS Growth	2,561	0.86%	0.10%	22,025	2,561
Washington Mutual	5,193	0.57%	0.33%	29,600	17,137
Heartland	5,088	1.14%	0.35%	58,004	17,808
Lord Abbett	3,007	1.19%	0.40%	35,779	12,026
Vanguard Total Intl Stock	5,121	0.27%	0.00%	13,828	-
Vanguard Institutional	25,464	0.05%	0.00%	12,732	-
Vanguard Total Stock Market	4,442	0.05%	0.00%	2,221	-
JP Morgan Capital Growth	14,830	1.14%	0.50%	169,060	74,149
Ariel Appreciation	10,430	1.12%	0.45%	116,814	46,934
Growth Fund of America (R5)	5,816	0.35%	0.05%	20,356	2,908
Vanguard Small Cap Index	1,341	0.11%	0.00%	1,475	-
EuroPacific Growth Fund (R5)	9,541	0.51%	0.05%	48,659	4,770
Total	\$ 204,540	0.48%		\$ 990,220	\$ 185,813
Total as a Percent				0.48%	0.09%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 804,407
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.39%

Great West Revenue Sharing Cap**	\$ 125,000 *
<i>Capped Revenue Sharing as a Percent of Plan Assets</i>	0.06%

Revenue Sharing Returned to the County	\$ 60,813
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.03%

*Effective April 2007, the committee approved a fee holiday on the \$20 flat fee and the asset based fee of 0.24% charged to participants. All information in the above table is as reported by Great West.

** Exclusive of 20 bps revenue Great West receives for the Stable Value Fund.

MARKET ENVIRONMENT
Third Quarter 2008

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08	10 Years Ending 9/30/08
Dow Jones Wilshire 5000 Index	-8.7 %	-18.6 %	-21.3 %	0.6 %	6.0 %	4.0 %
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3	6.5
MSCI EAFE Index	-20.6	-29.3	-30.5	1.1	9.7	5.0
MSCI Emerging Markets Index	-27.0	-35.5	-33.2	8.4	18.7	14.4
MSCI All Country World Index	-16.6	-25.5	-26.9	1.3	8.0	4.3
Lehman Brothers Aggregate Bond Index	-0.5	0.6	3.7	4.2	3.8	5.2

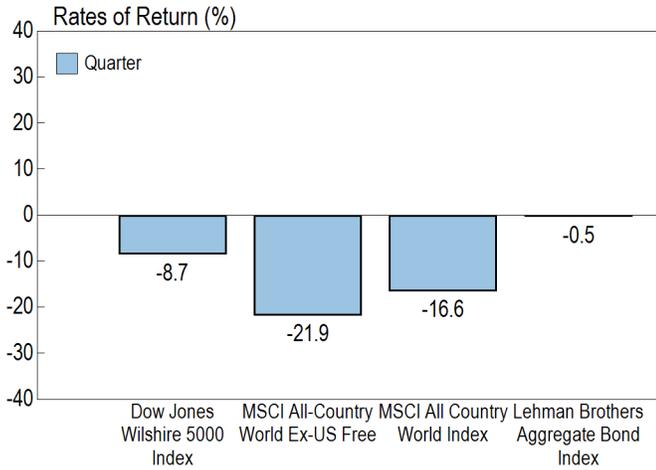
The U.S. broad equity market struggled through a turbulent third quarter which was marked by government bailouts of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and AIG. The market remained highly volatile as it absorbed the effects of the collapse of Lehman Brothers and Washington Mutual along with the reorganization of investment banks Goldman Sachs and Morgan Stanley into bank holding companies. The U.S. government, in an effort to stabilize markets and restore confidence, passed a \$700 billion bailout bill, the Troubled Asset Relief Program (TARP), in which it agreed to purchase distressed assets from banks. On October 8th, following the quarter end, the Federal Open Market Committee cut the target federal funds rate by 50 basis points to 1.5% in a surprise move coordinated with the European Central Bank, Bank of England, and the Bank of Canada.

The Dow Jones Wilshire 5000 Index declined 8.7% during the third quarter, yielding a year-to-date loss of 18.6 percentage points. Value stocks outperformed growth stocks with small cap value producing the only positive return for the quarter. Consumer staples and financials were the strongest performing sectors, gaining 1.4% and 3.6% respectively. The energy, utility, and materials sectors produced the weakest returns, yielding -26.1%, -16.9%, and -14.9% respectively.

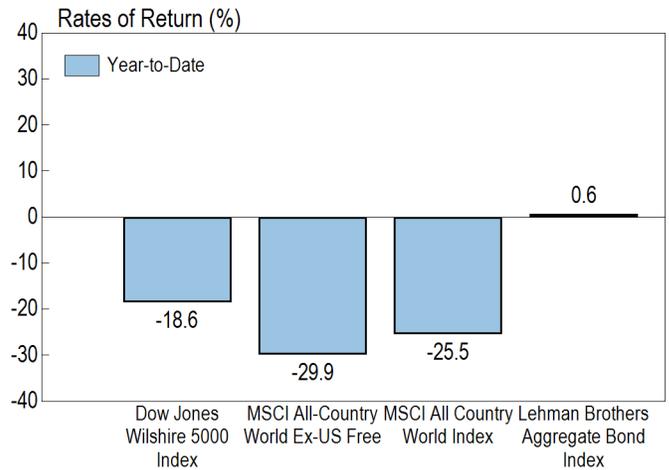
International markets suffered considerably as financial woes in the U.S. spread abroad. The MSCI All Country World ex-U.S. Index declined 21.9% in the third quarter, underperforming the U.S. market by 13.2 percentage points. Emerging markets led this downturn as commodities dipped and oil prices dropped from second quarter highs. The greatest detractors from performance were the Eastern Europe and Middle East, and Latin American regions which declined 33.1% and 32.6% respectively. No international regions yielded positive returns for the third quarter.

The domestic fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, returned -0.5% for the third quarter, with the government bond and mortgage sectors providing the only positive returns. High yield and corporate bonds were by far the greatest detractors as failures in the financial sector brought uncertainty and instability to the markets. The London Interbank Offered Rate (LIBOR) increased dramatically as this uncertainty discouraged banks from lending to one another. The Treasury yield curve steepened modestly from the second quarter amidst a flight to quality. Money market funds struggled as several failed to maintain a \$1 net asset value due to exposure to failing financials and extreme illiquidity in the market.

**MAJOR MARKET RETURNS
THIRD QUARTER**

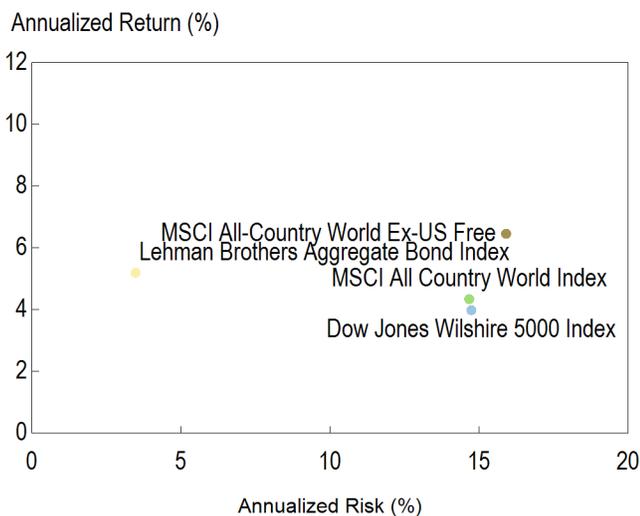


**MAJOR MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/08**

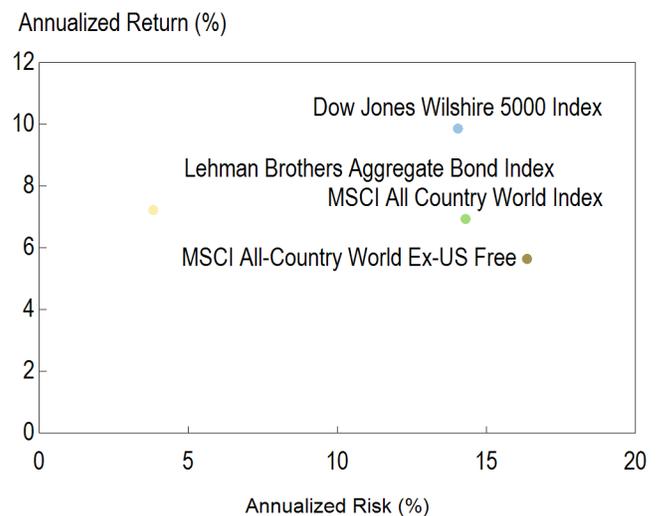


The exhibits above show the performance of the major capital markets during the third quarter and year-to-date period.

**MARKET RISK/RETURN
10 YEARS ENDING 9/30/08**



**MARKET RISK/RETURN
20 YEARS ENDING 9/30/08**

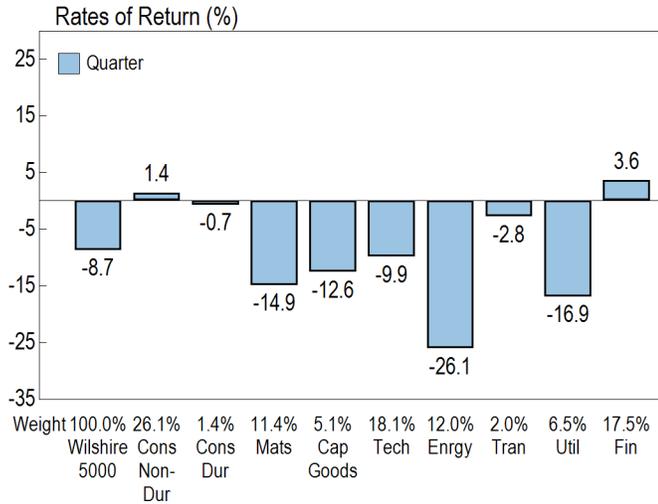


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

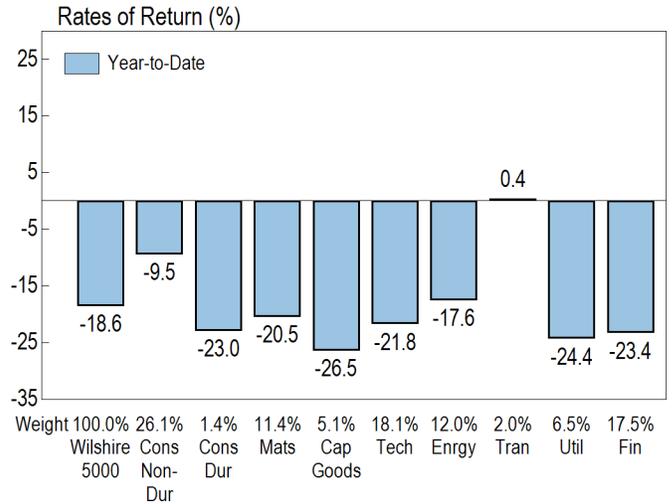
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS THIRD QUARTER



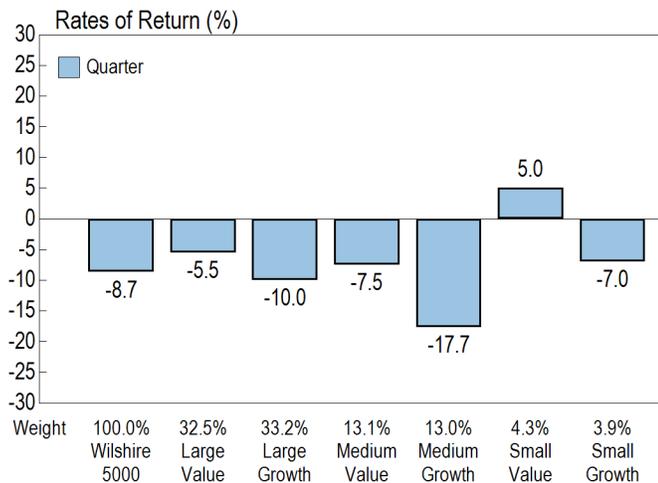
SECTOR RETURNS YEAR-TO-DATE ENDING 9/30/08



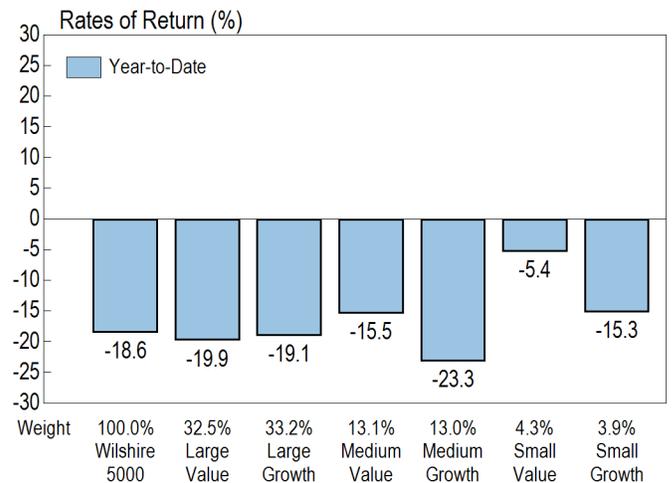
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones Wilshire 5000 Index. The percentage below each bar indicates the sector's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

STYLE RETURNS THIRD QUARTER

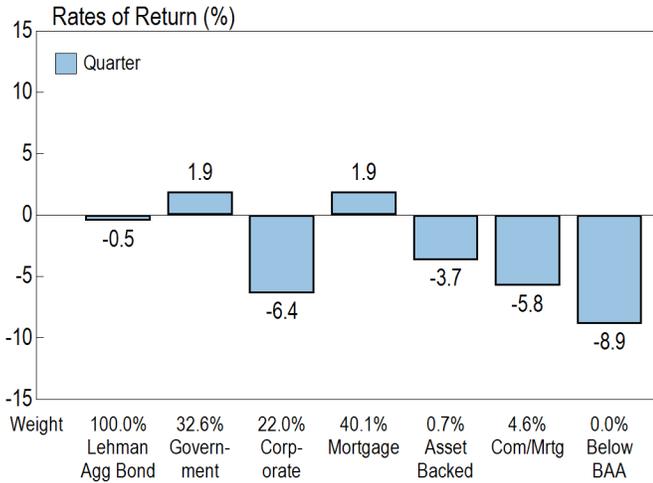


STYLE RETURNS YEAR-TO-DATE ENDING 9/30/08

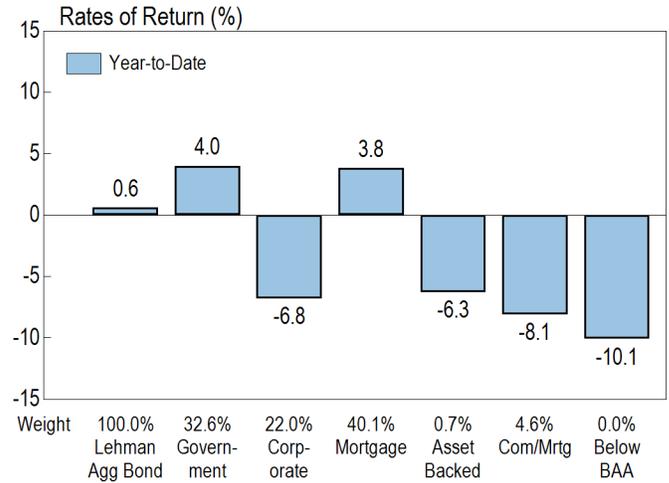


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
THIRD QUARTER**



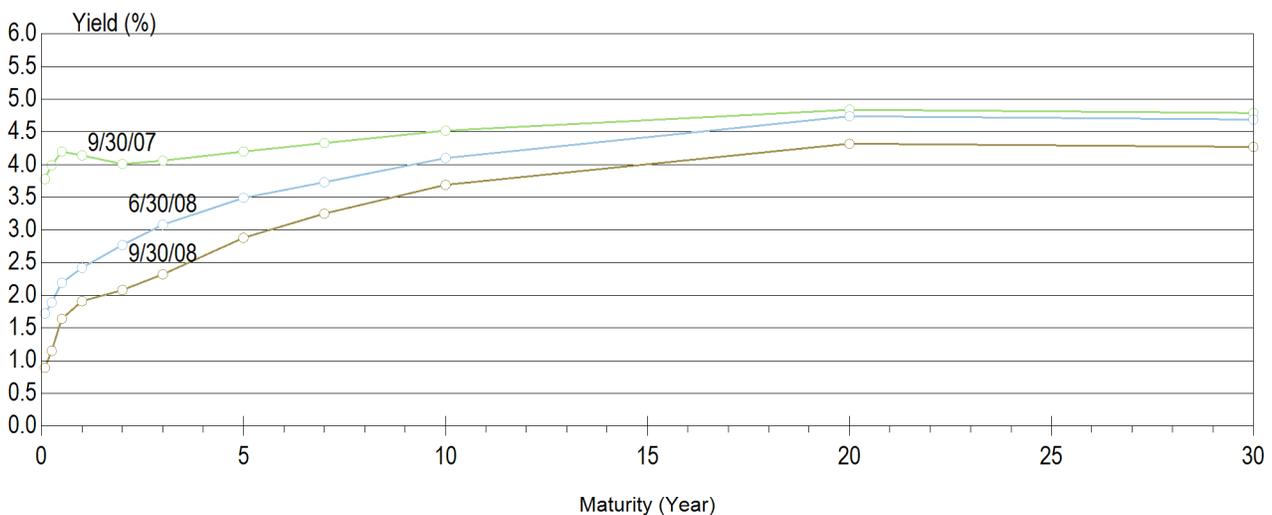
**SECTOR RETURNS
YEAR-TO-DATE ENDING 9/30/08**



The Lehman Brothers Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of the corporate, government, and mortgage-backed indexes and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Lehman Brothers Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

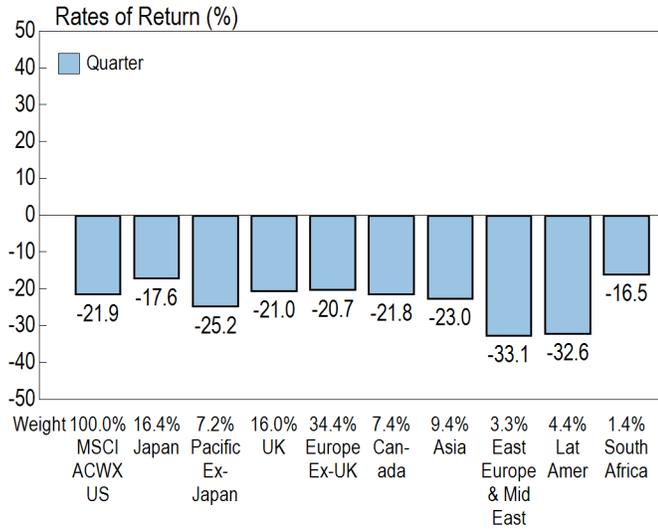


The exhibit above illustrates yields of Treasury securities of various maturities as of September 30, 2007, June 30, 2008, and September 30, 2008.

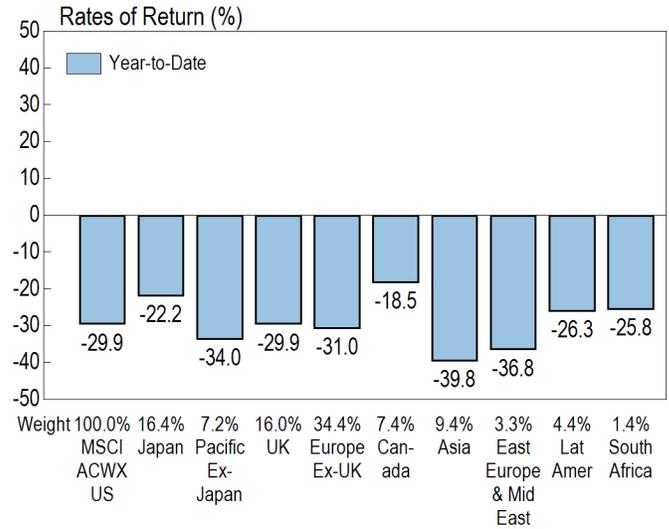
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

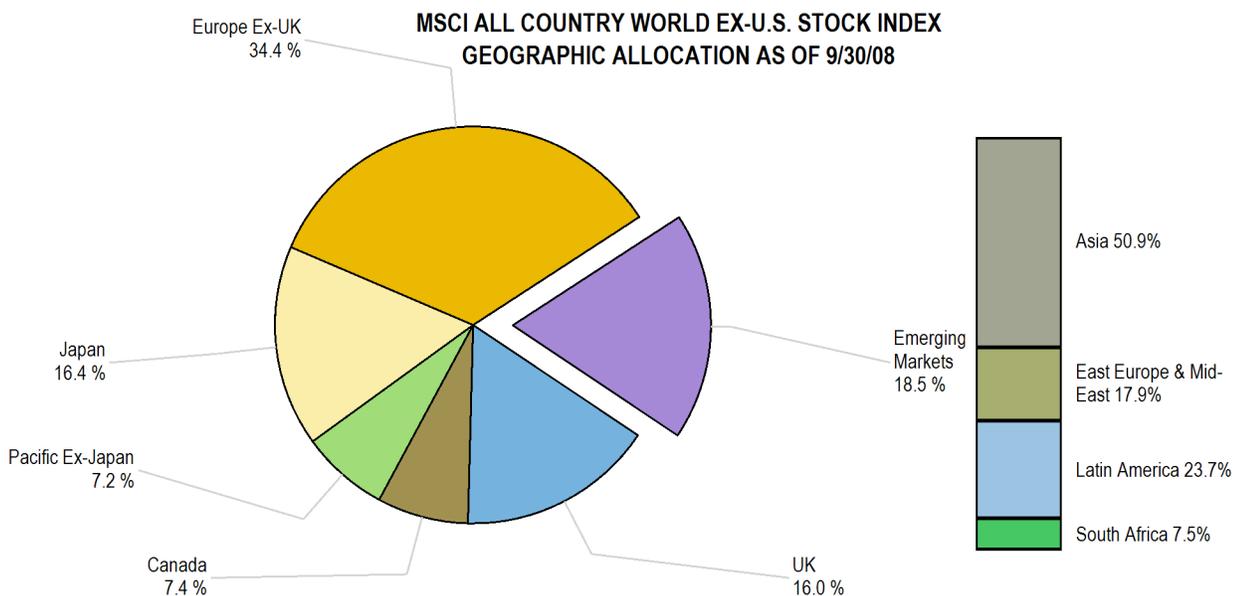
**NON-U.S. STOCK MARKET RETURNS
THIRD QUARTER**



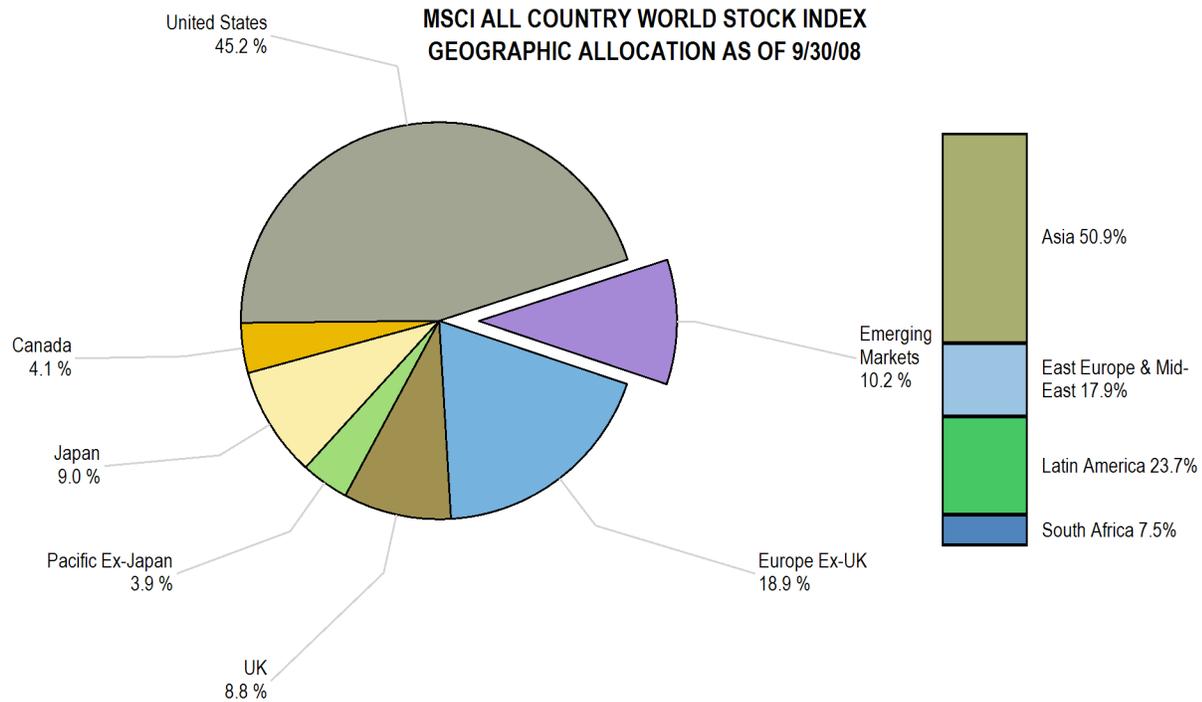
**NON-U.S. STOCK MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/08**



The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

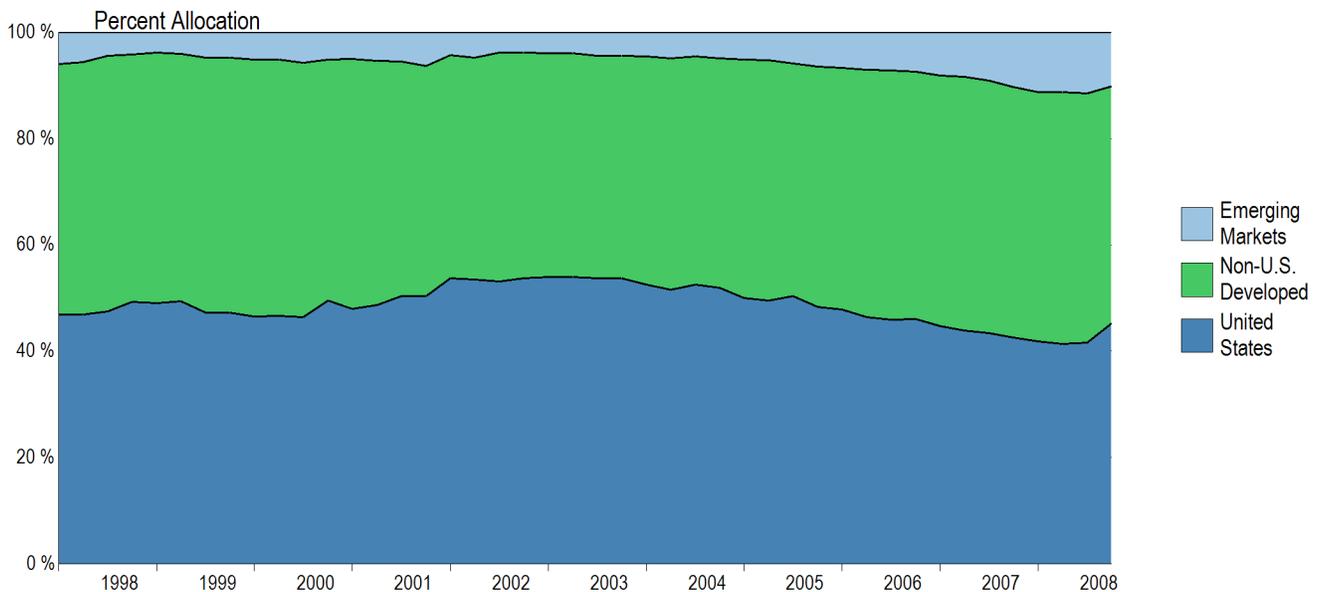


The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 25 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end.

ALLOCATION



The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
North Shore Savings Fund	0.5%	1.5%	2.3%	3.2%	2.6%
iMoney Net Money Fund Average	0.5	1.7	2.8	3.6	2.5

Investment Strategy

The objective of the North Shore Savings Fund is to preserve capital and provide current income, while maintaining a high level of liquidity. The Fund is FDIC insured.

Performance Commentary

The Fund's short-term instruments continued to provide stability for investors.

The North Shore Savings Fund matched the return of the iMoneyNet Money Fund Average during the third quarter. The Fund lagged the return of the Money Fund Average during the year-to-date and trailing one- and three-year periods, but modestly outperformed over the trailing five-year period. The Fund has met its investment objective of providing participants with a high level of liquidity and capital preservation.

HISTORICAL RETURNS

(BY YEAR)

	North Shore Savings Fund	iMoney Net Money Fund Average	Return Difference
	Return	Return	
1998	5.2%	5.0%	0.2
1999	4.8	4.6	0.2
2000	5.3	5.9	-0.6
2001	4.3	3.7	0.6
2002	1.6	2.1	-0.5
2003	1.4	0.9	0.5
2004	1.3	0.6	0.7
2005	2.8	1.7	1.1
2006	3.7	3.8	-0.1
2007	3.7	4.7	-1.0
2008 (9 months)	1.5	1.7	-0.2
Trailing 1-Year	2.3%	2.8%	-0.5
Trailing 3-Year	3.2	3.6	-0.4
Trailing 5-Year	2.6	2.5	0.1
Trailing 10-Year	3.2	3.1	0.1

STABLE VALUE

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Stable Value Fund	1.2%	3.6%	4.8%	4.8%	4.6%
EnnisKnupp GIC Index	1.2	3.5	4.7	4.4	4.2

Investment Strategy

The Stable Value Fund managed by Great-West seeks to provide a stable rate of return through current income while preserving capital. The Fund invests solely in fixed income securities rated AAA or those issued by the U.S. government and its agencies. The Fund will allocate assets to sectors that management believes offer increased yield potential.

Performance Commentary

During the third quarter, the return of the Stable Value Fund matched that of its benchmark and has exceeded its benchmark during all long-term periods illustrated above. As shown below, Great-West's annual performance has been favorable relative to the benchmark since inception.

HISTORICAL RETURNS (BY YEAR)

	Stable Value Fund	EnnisKnupp GIC Index	Return Difference
	Return	Return	
1998	6.3%	6.2%	0.1
1999	6.3	6.0	0.3
2000	6.5	6.4	0.1
2001	6.5	6.2	0.3
2002	5.7	5.1	0.6
2003	4.3	4.1	0.2
2004	4.2	3.9	0.3
2005	4.5	3.7	0.8
2006	4.8	4.1	0.7
2007	4.9	4.6	0.3
2008 (9 months)	3.6	3.5	0.1
Trailing 1-Year	4.8%	4.7%	0.1
Trailing 3-Year	4.8	4.4	0.4
Trailing 5-Year	4.6	4.2	0.4
Trailing 10-Year	5.3	4.9	0.4

**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
PIMCO Total Return Fund Instl	-2.1%	-0.1%	3.8%	4.3%	4.1%
LB Aggregate Bond Index	-0.5	0.6	3.7	4.2	3.8

Investment Strategy

The PIMCO Total Return Fund, Institutional Shares, seeks total return consistent with preservation of capital. The Fund's strategy includes active sector rotation and moderate interest-rate anticipation. PIMCO's objective is to outperform the Lehman Brothers Aggregate Bond Index without incurring greater risk by utilizing innovative investment techniques or identifying sector and issue buying opportunities. The Fund maintains a duration between 3 and 6 years and can invest up to 10% in issues rated below BBB but no lower than B. The Fund may invest up to 20% of assets in non-dollar bonds. In March of 2007, PIMCO's Institutional share class replaced the Administrative share class.

Performance Commentary

The PIMCO Total Return Fund returned -2.1% during the third quarter, underperforming the LB Aggregate Bond Index by 1.6 percentage points. The manager's emphasis on the financial services sector within corporate bonds was the primary detractor during the quarter. The Fund's overweight exposure to Lehman Brothers proved to have the largest impact on performance. Additionally, the Fund's overweight position to AIG suffered due to its substantial price decline. Other positions that hindered performance included PIMCO's overweight allocation to mortgage-backed securities and its front-end yield curve bias. The manager's position on the short end of the U.K. yield curve impacted performance favorably during the quarter.

Effective October 1, 2008 PIMCO will increase fees to several of its funds including the Total Return Fund. The Fund will increase its expense ratio by 3 basis points to 0.46%. PIMCO reported that its reason for increasing the administration fee charged to clients in the impacted funds is the rising cost of providing shareholders in the funds several services pertaining to governance and other administrative services.

Long-term performance remained mixed, as PIMCO has underperformed its benchmark during the year-to-date period, while it has outperformed during the trailing one-, three- and five-year periods.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 9/30/08

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	82%
	AA	14
	A	10
	BBB	-2
	<BBB	5
	Treasury/Agency	-9
Composition	US Gov't/Agency	-9%
	Corporate	16
	Mortgage-Backed	79
	Foreign	5
	Cash	8
	Other	1
Average Maturity/Duration	6.1 years/5.3 years	
Number of Issues	3,939	
Turnover	N/A	
Distriubtion Yield	5.04%	
Inception Date	September 1994	
Total Fund Assets	\$129.6 billion	
Fees	0.43%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	LB Aggregate Bond Index	Return Difference
	Return	Return	
1998	9.5%	8.7%	0.8
1999	-0.5	-0.8	0.3
2000	11.8	11.6	0.2
2001	9.2	8.4	0.8
2002	9.9	10.3	-0.4
2003	5.3	4.1	1.2
2004	4.9	4.3	0.6
2005	2.6	2.4	0.2
2006	3.7	4.3	-0.6
2007	9.0	7.0	2.0
2008 (9 months)	-0.1	0.6	-0.7
Trailing 1-Year	3.8%	3.7%	0.1
Trailing 3-Year	4.3	4.2	0.1
Trailing 5-Year	4.1	3.8	0.3
Trailing 10-Year	5.5	5.2	0.3

RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Income	-6.7%	-10.6%	-10.8%	2.3%	5.4%
Custom Benchmark	-4.4	-7.9	-7.8	2.8	4.8

Investment Strategy

T. Rowe Price Personal Strategy Income Fund seeks to provide income, with a secondary goal of capital appreciation. The Fund invests in a variety of both stocks and bonds, with an emphasis on dividend-paying stocks and government and high-quality corporate, income-producing bonds.

The Fund's target asset allocation is 40% stocks, 40% bonds, and 20% cash. Typically, the Fund maintains a 5% - 10% exposure to non-U.S. stocks. It is the most conservative of the three T. Rowe Price lifestyle funds.

Performance Commentary

During the third quarter, the T. Rowe Price Personal Strategy Income Fund lost 6.7% and lagged its benchmark by 2.3 percentage points. The Fund's underperformance was attributed to an overweight allocation to growth stocks in a quarter where growth stocks struggled greatly relative to value stocks. The manager noted that it has reduced the Fund's exposure to growth stocks as the valuations differential between growth and value stocks declined. The best-performing holdings were Treasuries and consumer staples stocks. The Fund continues to maintain an overweight allocation to investment-grade relative to high-yield bonds.

Although the Fund has underperformed during the year-to-date, trailing one- and three-year periods, the Fund's trailing five-year return has exceeded the return of its benchmark.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 9/30/08

	Personal Strategy Income Fund	
Composition	U.S. Stock	34.5%
	Non-U.S. Stock	8.9
	Bonds	44.3
	Cash	12.1
Number of Holdings	Stocks	670
	Bonds	635
Turnover	73%	
Inception Date	July 1994	
Total Fund Assets	\$736.9 million	
Fees	0.77%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1998	11.5%	14.1%	-2.6
1999	5.2	9.9	-4.7
2000	6.6	1.0	5.6
2001	0.9	-0.9	1.8
2002	-3.4	-4.1	0.7
2003	18.6	14.3	4.3
2004	9.9	7.4	2.5
2005	5.2	4.5	0.7
2006	9.6	9.3	0.3
2007	7.3	6.3	1.0
2008 (9 months)	-10.6	-7.9	-2.7
Trailing 1-Year	-10.8%	-7.8%	-3.0
Trailing 3-Year	2.3	2.8	-0.5
Trailing 5-Year	5.4	4.8	0.6
Trailing 10-Year	5.4	4.6	0.8

RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Balanced	-9.2%	-15.3%	-16.4%	1.4%	6.1%
Custom Benchmark	-6.6	-12.3	-13.0	2.2	5.5

Investment Strategy

T. Rowe Price Personal Strategy Balanced Fund seeks both capital appreciation and income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, income-producing bonds.

The Fund's neutral asset allocation is 60% stocks, 30% bonds, and 10% cash. Typically, the Fund maintains a 10% exposure to non-U.S. stocks. The balanced fund is the moderate fund relative to the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

Performance Commentary

The T. Rowe Price Personal Strategy Balanced Fund declined 9.2% during the third quarter, trailing its benchmark by 2.6 percentage points. The Fund's underperformance was attributed to an overweight allocation to growth stocks in a quarter where growth stocks struggled greatly relative to value stocks. The manager noted that it has reduced the Fund's exposure to growth stocks as the valuations differential between growth and value stocks declined. The best-performing holdings were Treasuries and consumer staples stocks. The Fund continues to maintain an overweight allocation to investment-grade relative to high-yield bonds.

The Fund has underperformed its benchmark during the year-to-date, trailing one- and three-year periods. However, it has outperformed over the trailing five-year period.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 9/30/08

	Personal Strategy Balanced Fund	
Composition	U.S. Stock	50.6%
	Non-U.S. Stock	13.3
	Bonds	33.8
	Cash	2.2
Number of Holdings	Stocks	670
	Bonds	643
Turnover	67%	
Inception Date	July 1994	
Total Fund Assets	\$1.3 billion	
Fees	0.81%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1998	13.9%	17.4%	-3.5
1999	8.0	14.3	-6.3
2000	5.6	-3.0	8.6
2001	-2.5	-4.7	2.2
2002	-7.7	-9.2	1.5
2003	24.4	20.4	4.0
2004	12.6	9.6	3.0
2005	6.4	5.6	0.8
2006	11.9	12.1	-0.2
2007	7.7	6.5	1.2
2008 (9 months)	-15.3	-12.3	-3.0
Trailing 1-Year	-16.4%	-13.0%	-3.4
Trailing 3-Year	1.4	2.2	-0.8
Trailing 5-Year	6.1	5.5	0.6
Trailing 10-Year	5.7	4.7	1.0

RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Growth	-11.5%	-19.7%	-21.7%	0.5%	6.5%
Custom Benchmark	-8.5	-16.3	-17.8	1.5	6.1

Investment Strategy

T. Rowe Price Personal Strategy Growth Fund seeks capital appreciation, with a secondary goal of income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, and income-producing bonds.

The Fund's neutral asset allocation is 80% stocks and 20% bonds. Typically, the Fund maintains a 15% - 25% exposure to non-U.S. stocks. The growth fund has the highest expected risk/reward profile of the three T. Rowe Price lifestyle funds.

Performance Commentary

The T. Rowe Price Personal Strategy Growth Fund posted a return of -11.5% during the quarter, underperforming its benchmark by 3.0 percentage points. The Fund's underperformance was attributed to an overweight allocation to growth stocks in a quarter where growth stocks struggled greatly relative to value stocks. The manager noted that it has reduced the Fund's exposure to growth stocks as the valuations differential between growth and value stocks declined. The best-performing holdings were Treasuries and consumer staples stocks. The Fund continues to maintain an overweight allocation to investment-grade relative to high-yield bonds.

The Fund's long-term performance remained mixed, as illustrated above. The Fund has lagged its benchmark during the year-to-date, trailing one- and three-year periods, but has outperformed over the trailing five-year period.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 9/30/08

	Personal Strategy Growth Fund	
Composition	U.S. Stock	67.0%
	Non-U.S. Stock	17.9
	Bonds	14.9
	Cash	0.0
Number of Holdings	Stocks	670
	Bonds	547
Turnover	53%	
Inception Date	July 1994	
Total Fund Assets	\$1.0 billion	
Fee	0.86%	

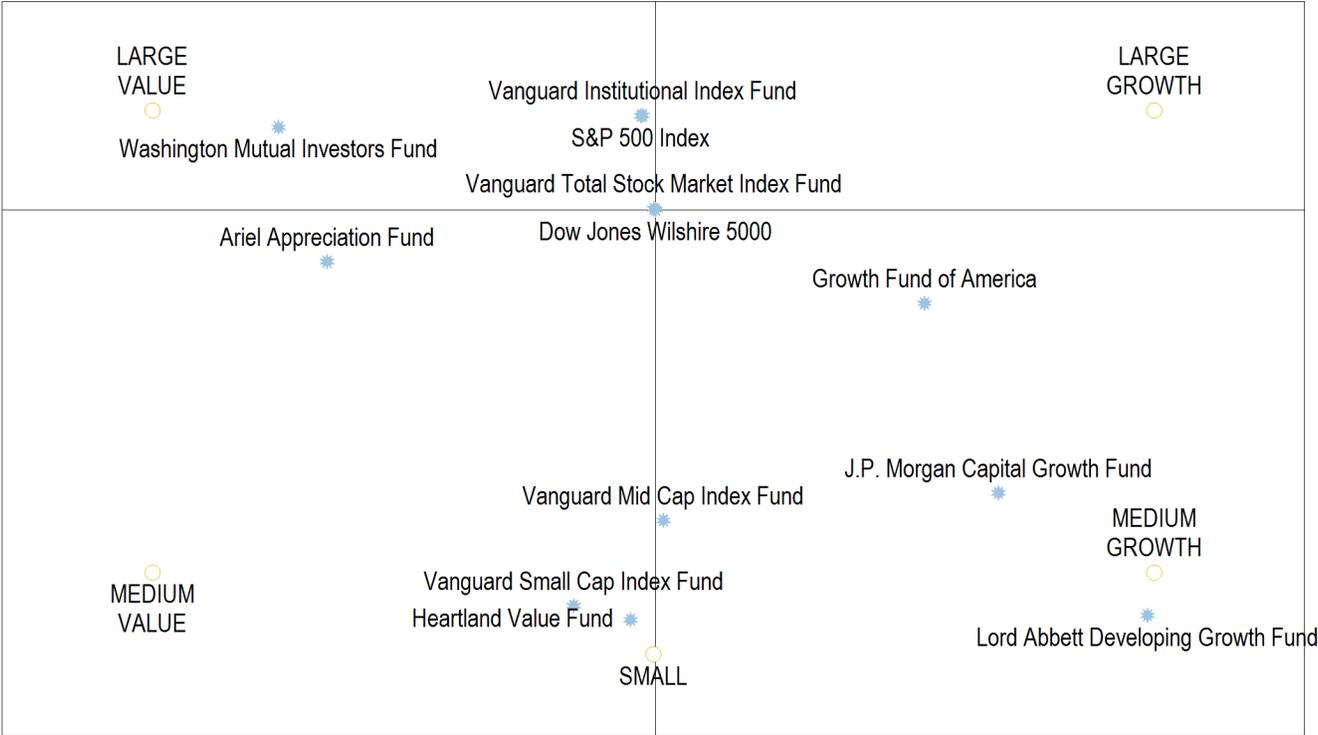
HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1998	15.6%	20.6%	-5.0
1999	11.2	18.8	-7.6
2000	4.7	-7.0	11.7
2001	-6.0	-8.4	2.4
2002	-12.4	-14.4	2.0
2003	29.3	26.6	2.7
2004	15.0	11.8	3.2
2005	7.6	6.5	1.1
2006	14.1	14.7	-0.6
2007	7.8	6.7	1.1
2008 (9 months)	-19.7	-16.3	-3.4
Trailing 1-Year	-21.7%	-17.8%	-3.9
Trailing 3-Year	0.5	1.5	-1.0
Trailing 5-Year	6.5	6.1	0.4
Trailing 10-Year	5.6	4.6	1.0

U.S. STOCK FUNDS - INVESTMENT STYLE

EFFECTIVE STYLE MAP
7 YEARS ENDING 9/30/08



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Washington Mutual Investors Fund	-4.5%	-16.1%	-20.5%	1.5%	5.7%
Russell 1000 Value Index	-6.1	-18.9	-23.6	0.1	7.1
S&P 500 Index	-8.4	-19.3	-22.0	0.2	5.2

Investment Strategy

Washington Mutual Investors Fund seeks both income and growth of capital. The Fund invests in stocks that meet the fiduciary requirements for the investment of trust funds. This includes companies that have paid consistent dividends and excludes those that derive their primary revenues from alcohol or tobacco (this guideline was replaced by ERISA in 1974, but has been an investment principle for this fund since its 1952 inception). In particular, they seek companies that have paid dividends in at least nine of the last ten years.

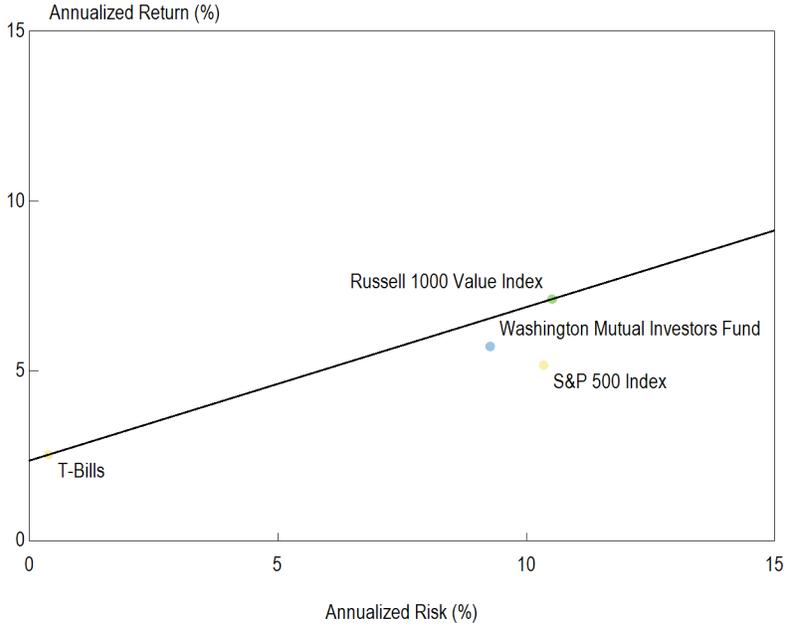
Capital Research & Management (the American Funds family) provides investment services for this Fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

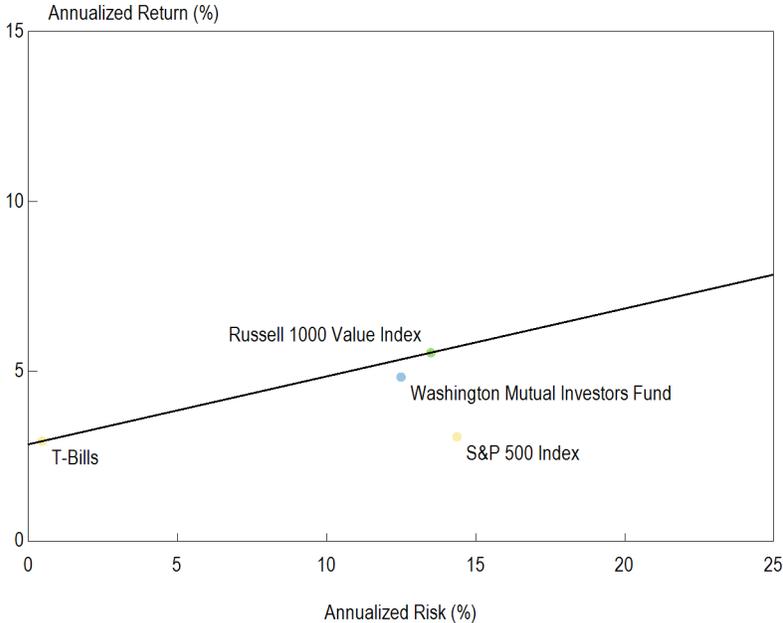
The Washington Mutual Investors Fund declined 4.5% during the third quarter, but outperformed the Russell 1000 Value Index and S&P 500 Index. The Fund benefited from underweight allocations to the energy and information technology sectors. Additionally, positive stock selection within the materials and industrial sectors aided performance. From an industry perspective, commercial banks and computers and peripherals were top contributors. Conversely, electric utilities and thrift and mortgage financials impeded performance. Further detracting from the Fund's return was an overweight allocation in the telecommunication service sector and weak stock selection in the utilities and health care sectors.

The Fund's performance over longer-term periods remained mixed. The Fund has outpaced the returns of both the Russell 1000 Value Index and the S&P 500 Index during the year-to-date and trailing one- and three-year periods. However, over the five-year period, the Fund has trailed the return of the Russell 1000 Value Index due to a period of relative weak results from 2003 to 2006. The Fund's longer term results are close to those of the S&P 500 Index, the Fund's internal benchmark.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 9/30/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 9/30/08**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 9/30/08

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	93.8%
	Non-U.S. Stocks	3.1
	Cash	3.1
Number of Issues	120	
Turnover	18%	
Inception Date	July 1952	
Total Fund Assets	\$64.3 billion	
Fees	0.57%	

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference
	Return	Return	
1998	19.4 %	15.6 %	3.8
1999	1.2	7.4	-6.2
2000	9.1	7.0	2.1
2001	1.5	-5.6	7.1
2002	-14.8	-15.5	0.7
2003	25.8	30.0	-4.2
2004	9.9	16.5	-6.6
2005	3.5	7.0	-3.5
2006	18.0	22.2	-4.2
2007	4.0	-0.2	4.2
2008 (9 months)	-16.1	-18.9	2.8
Trailing 1-Year	-20.5 %	-23.6 %	3.1
Trailing 3-Year	1.5	0.1	1.4
Trailing 5-Year	5.7	7.1	-1.4
Trailing 10-Year	4.8	5.5	-0.7

*Relative to the Russell 1000 Value Index.

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Institutional Index Fund	-8.3%	-19.3%	-22.0%	0.2%	5.2%
S&P 500 Index	-8.4	-19.3	-22.0	0.2	5.2

Investment Strategy

The Vanguard Institutional Index Fund is designed to approximate the performance of the S&P 500 Stock Index. The fund holds a capitalization-weighted position in all 500 securities of the S&P 500 Stock Index.

Management uses S&P 500 Index futures to manage fund inflows and outflows.

Milwaukee County switched from the retail Vanguard 500 Index Fund to the Vanguard Institutional Index Fund in May 1999.

Performance Commentary

The Vanguard Institutional Index Fund declined 8.3% and approximated the return of the S&P Index during the quarter. Energy (-25.0%) and materials (-22.9%) were Index's worst performing sectors, while consumer staples (+4.1%) was the only sector that had a positive return. Although the financial sector experienced a difficult market environment, it was the third best performing sector in the Index with a return of -0.1%.

The Fund has matched the return of the Index during all long-term periods illustrated above.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Institutional Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	99.9%
	Non-U.S. Stocks	0.1
Number of Issues	511	
Turnover**	7%	
Inception Date	July 1990	
Total Fund Assets	\$61.3 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1998	28.8%	28.6%	0.2
1999	21.2	21.0	0.2
2000	-8.9	-9.1	0.2
2001	-11.9	-11.9	0.0
2002	-22.0	-22.1	0.1
2003	28.7	28.7	0.0
2004	10.9	10.9	0.0
2005	4.9	4.9	0.0
2006	15.8	15.8	0.0
2007	5.5	5.5	0.0
2008 (9 months)	-19.3	-19.3	0.0
Trailing 1-Year	-22.0%	-22.0%	0.0
Trailing 3-Year	0.2	0.2	0.0
Trailing 5-Year	5.2	5.2	0.0
Trailing 10-Year	3.1	3.1	0.0

*Relative to the S&P 500 Index.

**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Growth Fund of America	-15.0%	-20.6%	-22.7%	1.1%	7.2%
Russell 1000 Growth Index	-12.3	-20.3	-20.9	0.0	3.7

Investment Approach

Capital Research and Management is the sub-advisor for the Growth Fund of America. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the Fund is to provide long-term growth of capital by investing in a diversified portfolio of common stocks while using a growth-at-a-reasonable price strategy. The Fund may invest up to 15% of its assets in companies domiciled outside the U.S. This Fund is less volatile than most large cap growth funds.

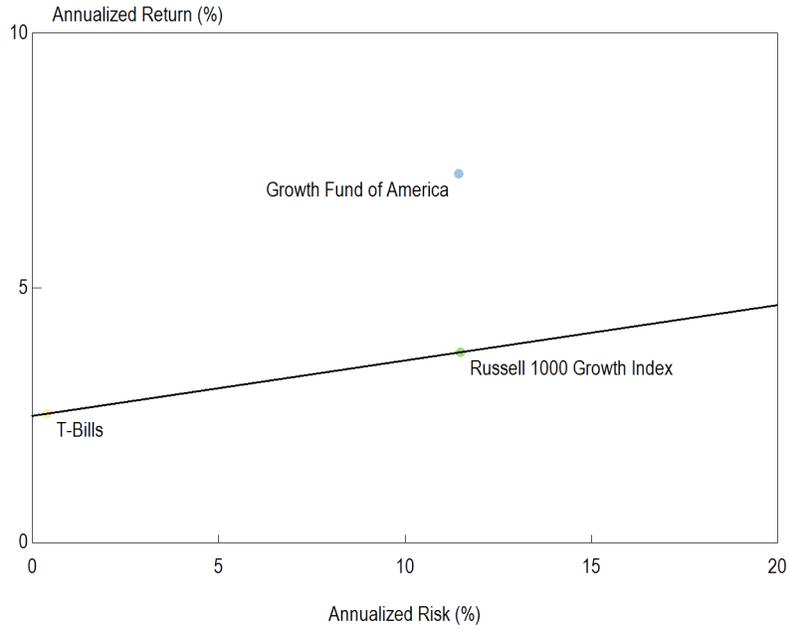
Performance Commentary

The American Funds Growth Fund of America posted a third quarter return of -15.0%, underperforming the Russell 1000 Growth Index. The Fund's performance was negatively impacted by allocations to the energy, consumer staples, and financials sectors. Conversely, an underweight to the industrials and information technology sectors aided performance. The Fund's guidelines allow for the portfolio management team to opportunistically invest in non-U.S. securities. As of September 30, 2008, 20.3% of the Fund's assets were invested outside the United States. From a country perspective, the manager's holdings within Germany, Puerto Rico, France, India, and Spain contributed favorably to relative results.

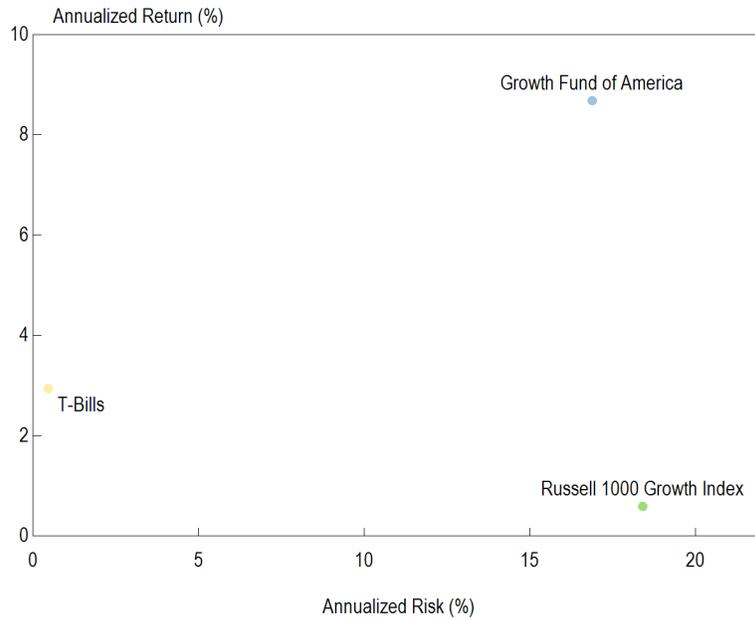
Although the manager has underperformed its benchmark during the year-to-date and trailing one-year periods, it has outperformed during the trailing three- and five-year periods.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



GROWTH FUND OF AMERICA

FUND CHARACTERISTICS AS OF 9/30/08

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.88	
Composition	U.S. Stocks	70.8%
	Non-U.S. Stocks	16.2
	U.S. Bonds	0.0
	Cash	13.0
Number of Issues	290	
Turnover	32%	
Inception Date	December 1973	
Total Fund Assets	\$157.1 billion	
Fees	0.35%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1998	31.8%	38.7%	-6.9
1999	45.7	33.2	12.5
2000	7.5	-22.4	29.9
2001	-12.3	-20.4	8.1
2002	-21.8	-27.9	6.1
2003	33.3	29.8	3.5
2004	12.2	6.3	5.9
2005	14.5	5.3	9.2
2006	11.2	9.1	2.1
2007	11.3	11.8	-0.5
2008 (9 months)	-20.6	-20.3	-0.3
Trailing 1-Year	-22.7%	-20.9%	-1.8
Trailing 3-Year	1.1	0.0	1.1
Trailing 5-Year	7.2	3.7	3.5
Trailing 10-Year	8.7	0.6	8.1

*Relative to the Russell 1000 Growth Index.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Total Stock Market Index Fund	-8.5%	-18.4%	-21.1%	0.6%	6.0%
Performance Benchmark	-8.5	-18.5	-21.2	0.6	6.0

Investment Strategy

The objective of the Vanguard Total Stock Market Index Fund is to approximate the return of the MSCI U.S. Broad Market Index. The Vanguard Total Stock Market Index Fund utilizes a sampling technique that approximates the industry weightings and market capitalizations of the MSCI U.S. Broad Market Index. The Fund will replicate the weightings of the largest stocks in the Index and invest in a representative sample for the remaining portion. Through computer modeling techniques, management intends to match the Index's characteristics, including sector weightings, yield, price ratios, and risk.

Performance Commentary

During the third quarter, the Vanguard Total Stock Market Index Fund matched the return of its benchmark. Over the longer-term periods shown above, the Fund has approximated the return of its benchmark. The Vanguard Total Stock Market Index Fund has provided participants with broad, low cost exposure to the U.S. equity market.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD TOTAL STOCK MARKET INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Total Stock Market Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large and Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition		
	U.S. Stocks	100.0%
	Non-U.S. Stocks	0.0
	Cash	0.0
Number of Issues	3,494	
Turnover	4%	
Inception Date	April 1992	
Total Fund Assets	\$98.6 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	23.3%	23.4%	-0.1
1999	23.8	23.6	0.2
2000	-10.6	-10.9	0.3
2001	-10.9	-11.0	0.1
2002	-21.0	-20.9	-0.1
2003	31.4	31.7	-0.3
2004	12.6	12.6	0.0
2005	6.1	6.2	-0.1
2006	15.7	15.7	0.0
2007	5.6	5.6	0.0
2008 (9 months)	-18.4	-18.5	0.1
Trailing 1-Year	-21.1%	-21.2%	0.1
Trailing 3-Year	0.6	0.6	0.0
Trailing 5-Year	6.0	6.0	0.0
Trailing 10-Year	4.0	4.0	0.0

*Relative to the Performance Benchmark (DJ Wilshire 5000 Stock Index prior to April 2005, MSCI Broad Market Index thereafter).

J.P. MORGAN CAPITAL GROWTH

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
J.P. Morgan Capital Growth Fund	-16.8%	-23.0%	-23.7%	1.1%	7.7%
Performance Benchmark	-17.7	-23.4	-24.7	-0.8	6.5

Investment Strategy

The J.P. Morgan Capital Growth Fund seeks long-term capital growth. Income is not an objective. The Fund invests in stocks of mid cap companies with market capitalizations of \$1 billion to \$5 billion. The current benchmark is the Russell MidCap Growth Index; however, the Fund's actual allocations can vary from those in the Index.

The Fund may invest up to 20% of assets in foreign stocks, although management has typically maintained a small foreign allocation.

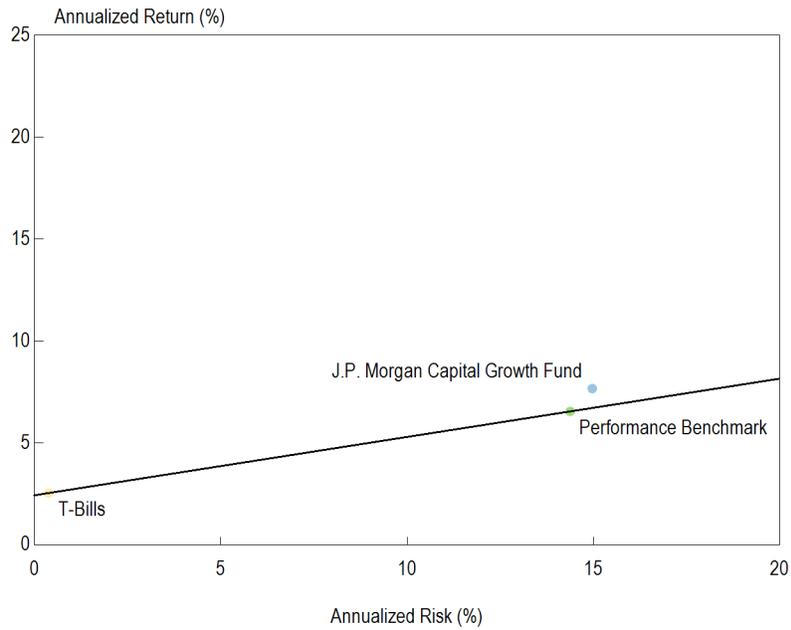
Performance Commentary

Although negative in absolute terms, J.P. Morgan Capital Growth Fund exceeded the return of its benchmark by 0.9 percentage points. The Fund benefited from an overweight allocation to the health care sector and favorable stock selection within the auto and transportation sector. Among the Fund's top holdings, Stericycle (+14.0%) and DaVita (+7.3%) were the best performers. On the other hand, stock selection in the producer durables and technology sectors detracted from performance.

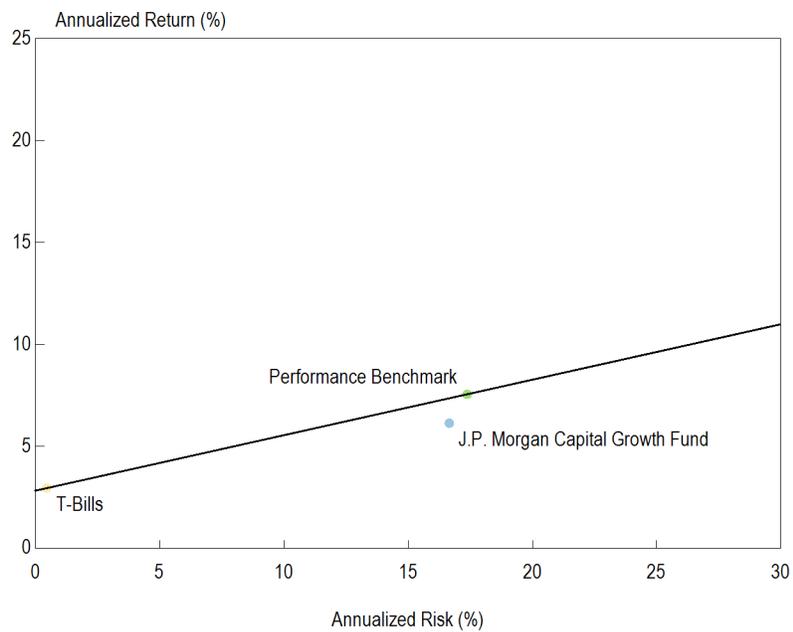
Longer-term relative performance remains favorable, as the Fund has outperformed its benchmark during all long-term periods shown above.

An explanation of the Performance Benchmark can be found in the Appendix.

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 9/30/08

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.70	
Composition	U.S. Stocks	96.5%
	Non-U.S. Stocks	0.1
	Cash	3.4
Number of Issues	88	
Turnover	107%	
Inception Date	September 1987	
Total Fund Assets	\$793.4 million	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	5.5%	0.4%	5.1
1999	12.8	19.0	-6.2
2000	14.2	17.5	-3.3
2001	-4.5	-0.6	-3.9
2002	-28.1	-27.4	-0.7
2003	36.1	42.7	-6.6
2004	16.9	15.5	1.4
2005	9.7	12.1	-2.4
2006	10.9	10.6	0.3
2007	17.0	11.4	5.6
2008 (9 months)	-23.0	-23.4	0.4
Trailing 1-Year	-23.7%	-24.7%	1.0
Trailing 3-Year	1.1	-0.8	1.9
Trailing 5-Year	7.7	6.5	1.2
Trailing 10-Year	6.1	7.5	-1.4

*Relative to J.P. Morgan's Performance Benchmark.

**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Ariel Appreciation Fund	-4.0%	-15.5%	-20.5%	-2.1%	3.6%
Russell 2500 Index	-6.7	-14.3	-18.0	0.9	8.1

Investment Strategy

The Ariel Appreciation Fund seeks long-term capital appreciation, income is not an objective. Management invests in small- and mid-cap U.S. companies that meet environmentally responsible standards. By prospectus, the Fund may not purchase companies involved in the manufacturing of weapons, nuclear energy, or tobacco related products.

Management seeks stocks that are industry leaders or that occupy an industry niche and are selling at a discount to growth-rate projections. Although the Fund is relatively concentrated, management has generally avoided large stakes in growth industries such as technology and health care.

Performance Commentary

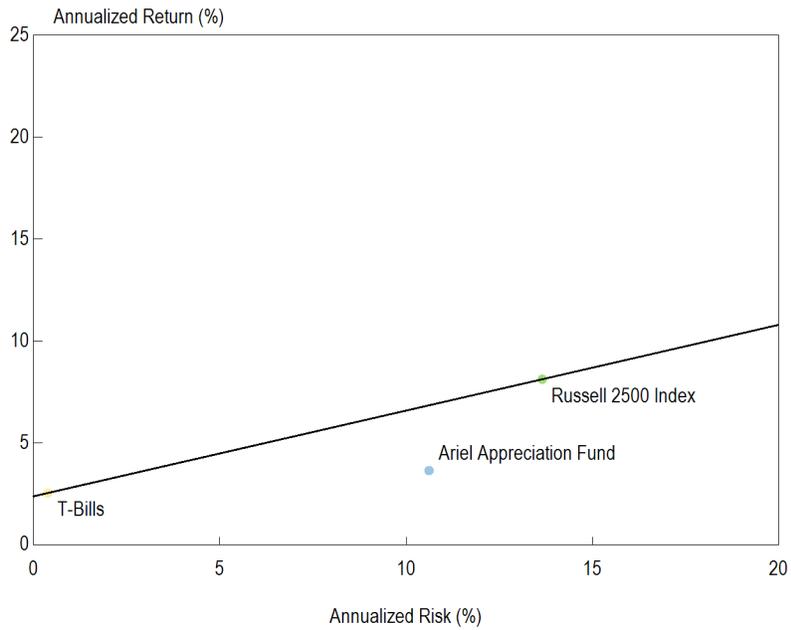
During the third quarter, the Ariel Appreciation Fund declined 4.0%, but exceeded the return of the Russell 2500 Index by 2.7 percentage points. Holdings in the consumer staples sector contributed positively to the Fund's performance as holdings in the sector benefited from falling commodity prices. City National Corp. (+30.3%) was one the Fund's top performers, as many banks produced large gains in September after the announcement of a financial rescue plan was made. Holdings within commercial real estate and telecommunication services were one of the largest detractors of performance, specifically CB Richard Ellis Group (-30.4%) and CBS Corp. (-23.9%). While CB Richard Ellis has been impacted by the credit crisis, it has been doing well relative to its competitors and Ariel believes in the company's unique capabilities. Additionally, Ariel believes in CBS's long-term value and is not focused on the decline in earnings during the current economic downturn.

In July's meeting, the Committee decided to replace the Ariel Appreciation Fund with the Vanguard Mid Cap Index Fund. The change became effective on October 28th.

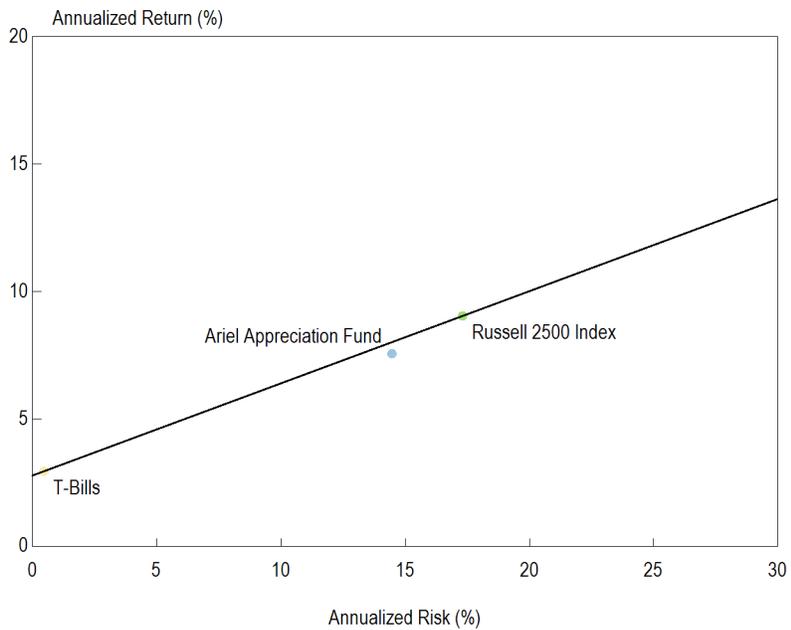
The Fund's longer-term returns remain unfavorable, as the Fund has underperformed the Russell 2500 Index over all periods illustrated above.

ARIEL APPRECIATION

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



FUND CHARACTERISTICS AS OF 9/30/08

	Ariel Appreciation Fund	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Somewhat Concentrated	
Market Risk (Beta)*	0.63	
Composition	U.S. Stocks	99.7%
	Cash	0.3
Number of Issues	33	
Turnover	26%	
Inception Date	December 1989	
Total Fund Assets	\$1.5 billion	
Fees	1.12%	

HISTORICAL RETURNS

(BY YEAR)

	Ariel Appreciation Fund	Russell 2500 Index	Return Difference
	Return	Return	
1998	19.5 %	0.4 %	19.1
1999	-3.8	24.1	-27.9
2000	18.8	4.3	14.5
2001	16.2	1.2	15.0
2002	-10.4	-17.8	7.4
2003	31.0	45.5	-14.5
2004	13.1	18.3	-5.2
2005	2.9	8.1	-5.2
2006	10.9	16.2	-5.3
2007	-1.4	1.4	-2.8
2008 (9 months)	-15.5	-14.3	-1.2
Trailing 1-Year	-20.5%	-18.0%	-2.5
Trailing 3-Year	-2.1	0.9	-3.0
Trailing 5-Year	3.6	8.1	-4.5
Trailing 10-Year	7.6	9.0	-1.4

*Relative to the Russell 2500 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Small Cap Index Fund	-5.0%	-12.8%	-17.1%	1.2%	8.6%
Small-Cap Index	-5.1	-12.9	-17.3	1.1	8.6

Investment Strategy

The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI U.S. 1750 Small Cap Index, which is comprised of the 1,750 smallest stocks out of the 2,500 largest stocks. Prior to May 17, 2003, the Fund replicated the Russell 2000 Index. Prior to June 30, 2003, the fund used a sampling technique to track the Russell 2000 Index. The Fund was moved from Admiral shares to the new Signal share class on 10/6/2007.

Performance Commentary

During the third quarter, the Fund approximated the return of its benchmark. The Fund has experienced modest positive tracking error over the year-to-date and trailing one- and three-year periods.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	99.0%
	Non-U.S. Stocks	1.0
	Cash	0.0
Number of Issues	1,737	
Turnover	16%	
Inception Date	October 1960	
Total Fund Assets	\$13.8 billion	
Fees	0.11%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1998	-2.6%	-2.5%	-0.1
1999	23.1	21.3	1.8
2000	-2.7	-3.0	0.3
2001	3.1	2.5	0.6
2002	-20.0	-20.5	0.5
2003	45.6	47.5	-1.9
2004	19.9	20.0	-0.1
2005	7.4	7.5	-0.1
2006	15.8	15.8	0.0
2007	1.2	1.2	0.0
2008 (9 months)	-12.8	-12.9	0.1
Trailing 1-Year	-17.1%	-17.3%	0.2
Trailing 3-Year	1.2	1.1	0.1
Trailing 5-Year	8.6	8.6	0.0
Trailing 10-Year	8.2	8.0	0.2

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Lord Abbett Developing Growth Fund	-11.8 %	-26.5 %	-23.5 %	4.8 %	7.7 %
Russell 2000 Growth Index	-7.0	-15.3	-17.1	1.5	6.6

Investment Approach

Management of the Lord Abbett Developing Growth Fund employs a process of fundamental research to identify small cap companies that are entering a period of dramatic growth. Management begins by combining growth, balance sheet, and financial statement factors to identify a promising universe of approximately 400 stocks. Portfolio managers and analysts then undertake fundamental and industry research, including company, customer and supplier visits, to select businesses with growth and earnings prospects. However, management sets valuation limits on purchase candidates, preferring to buy stocks at low valuations and then hold them throughout several growth stages.

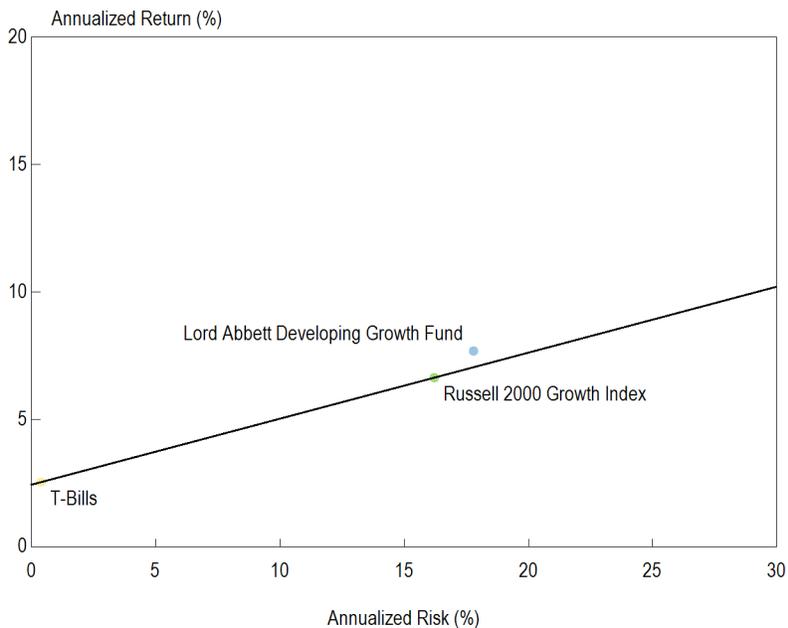
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 130 micro- and small-cap stocks.

Performance Commentary

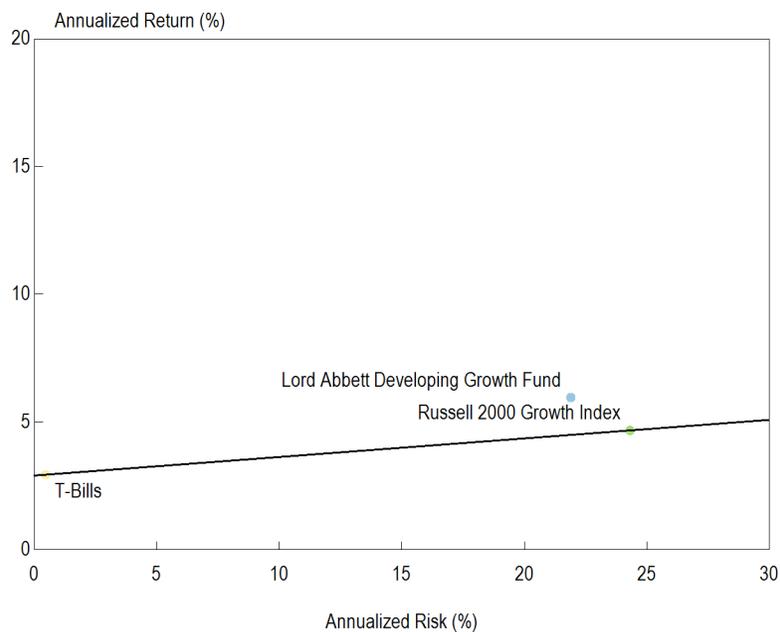
During the third quarter, Lord Abbett produced a loss of 11.8% and underperformed the Russell 2000 Growth Index. Weak stock selection within the health care sector detracted the most from performance. Specific top holdings that hampered results included NetLogic Microsystems (-8.9%) and Illumina Inc. (-6.9%). On the other hand, the portfolio's underweight allocation to the energy sector added value. Also contributing positively to performance was favorable stock selection within the transportation and consumer staples sectors.

Although the Fund has trailed its benchmark during the year-to-date and trailing one-year periods, it has outperformed during the trailing three- and five-year periods. Underperformance during the year-to-date and trailing one-year periods was attributed to weak first and third quarter returns.

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 9/30/08

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	97.3%
	Non-U.S. Stocks	1.1
	Cash	1.6
Number of Issues	116	
Turnover	76%	
Inception Date	October 1973	
Total Fund Assets	\$1.3 billion	
Fees	1.19%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1998	8.3%	1.2%	7.1
1999	38.2	43.1	-4.9
2000	-17.7	-22.4	4.7
2001	-7.0	-9.2	2.2
2002	-29.5	-30.3	0.8
2003	40.1	48.5	-8.4
2004	6.0	14.3	-8.3
2005	11.9	4.1	7.8
2006	12.4	13.3	-0.9
2007	35.8	7.0	28.8
2008 (9 months)	-26.5	-15.3	-11.2
Trailing 1-Year	-23.5%	-17.1%	-6.4
Trailing 3-Year	4.8	1.5	3.3
Trailing 5-Year	7.7	6.6	1.1
Trailing 10-Year	6.0	4.7	1.3

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Heartland Value Fund	-15.4%	-17.4%	-21.1%	0.1%	5.7%
Russell 2000 Value Index	5.0	-5.4	-12.3	2.0	9.4

Investment Approach

The Heartland Value Fund seeks long-term capital appreciation through investments in small or micro cap securities selected under disciplined, value-oriented criteria. Management seeks companies whose stock prices do not reflect what Heartland believes to be the companies' intrinsic or potential values. A company's stock may be undervalued because it is under-followed by Wall Street analysts, misunderstood by investors, temporarily oversold or out-of-favor as a result of investor overreaction to unexpected news or an emerging, undiscovered opportunity.

Heartland builds portfolios based on a bottom-up fundamental analysis of individual securities while avoiding over-concentration in a particular industry or industries. Heartland begins its search for investment ideas by performing a weekly computer screening of a universe of over 10,000 securities. The database is screened to find securities that have a market capitalization of \$750 million or less. The firm's analysts, using 10 value-based criteria referred to at Heartland as the "10 Point Grid", extensively research each security considered for purchase.

Performance Commentary

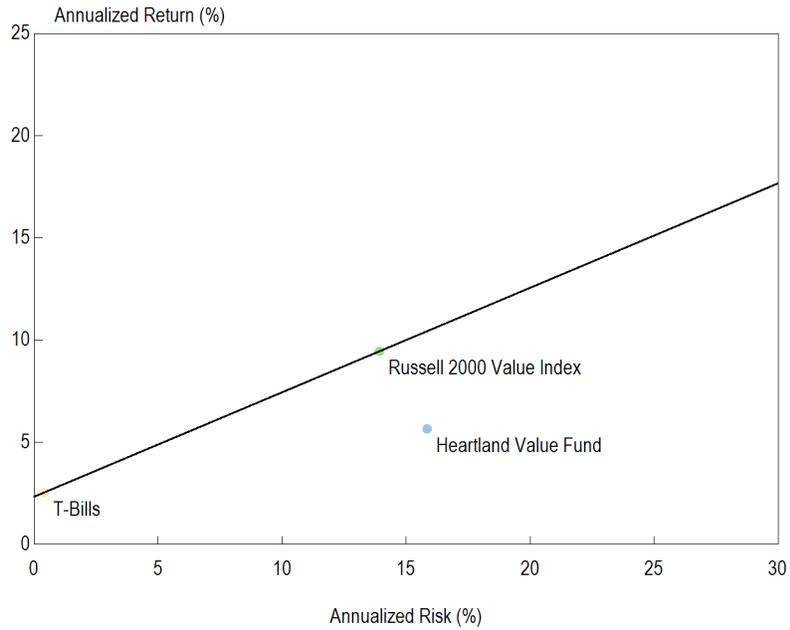
The Heartland Value Fund declined 15.4% during the quarter, trailing the Russell 2000 Value Index by 20.4 percentage points. The largest detractor was an overweight allocation to the energy sector, as prices of oil and other commodities plummeted during the quarter. The Fund's overweight allocation to the information technology sector also impeded results significantly. Although the Fund was underweight to the financial sector relative the Russell 2000 Value Index, exposure to financials negatively impacted the performance as this sector experienced a very challenging environment. On a positive note, favorable stock selection within the consumer discretionary sector aided performance.

The Fund's longer-term performance has been unfavorable, as the Fund has underperformed during all periods illustrated above. Underperformance over the longer-term periods is due to the Fund's significantly weak performance during the third quarter. However, over the past four quarters, the Fund outperformed its benchmark during all long-term periods.

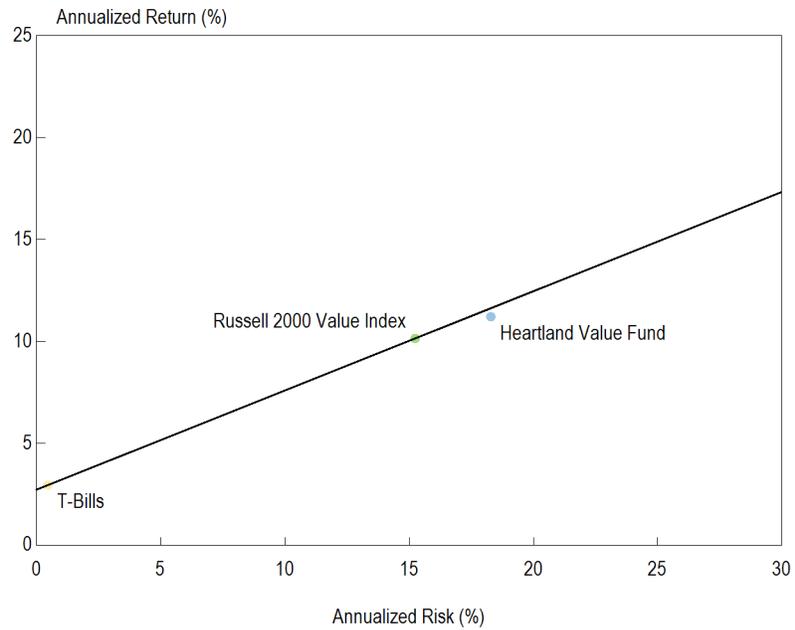
EnnisKnupp is planning a meeting with Heartland to further discuss the Fund's underperformance and outlook going forward.

HEARTLAND VALUE

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



FUND CHARACTERISTICS AS OF 9/30/08

	Heartland Value Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.98	
Composition		
	U.S. Stocks	83.1%
	Non-U.S. Stocks	10.3
	Cash	7.5
	Other	-0.9
Number of Issues	180	
Turnover	58%	
Inception Date	December 1984	
Total Fund Assets	\$1.3 billion	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	Heartland Value Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1998	-11.5 %	-6.4 %	-5.1
1999	25.0	-1.5	26.5
2000	2.0	22.8	-20.8
2001	29.5	14.0	15.5
2002	-11.5	-11.4	-0.1
2003	70.2	46.0	24.2
2004	9.1	22.3	-13.2
2005	2.0	4.7	-2.7
2006	28.0	23.5	4.5
2007	-5.5	-9.8	4.3
2008 (9 months)	-17.4	-5.4	-12.0
Trailing 1-Year	-21.1 %	-12.3 %	-8.8
Trailing 3-Year	0.1	2.0	-1.9
Trailing 5-Year	5.7	9.4	-3.7
Trailing 10-Year	11.2	10.1	1.1

*Relative to the Russell 2000 Value Index.

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RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
EuroPacific Growth Fund	-18.0%	-26.2%	-25.2%	4.8%	12.3%
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3

Investment Approach

Capital Research and Management is the sub-advisor for the EuroPacific Growth Fund. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the fund is to provide long-term growth of capital by investing in a diversified portfolio of international stocks while using a growth-at-a-reasonable price strategy.

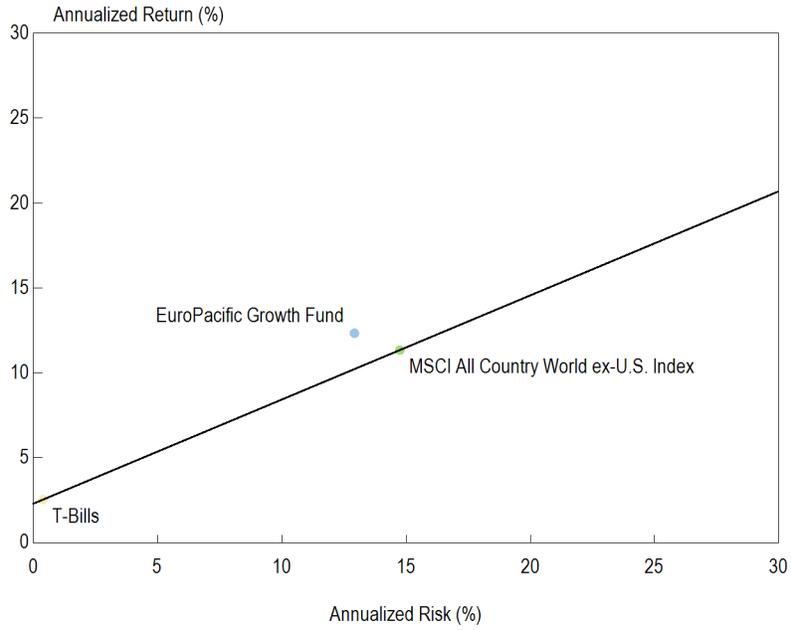
Performance Commentary

The EuroPacific Growth Fund declined 18.0% but outperformed the MSCI All Country World ex-U.S. Index by 3.9 percentage points. During the quarter, the Fund benefited from its high cash allocation (average 9%) in a declining equity environment. Strong stock selection and underweight allocation to the materials sector, specifically the metals and mining industry, contributed positively to relative performance as the sector underperformed the broad market given the decline in commodity prices. Positions within the telecommunication and information technology sectors also added value. From a country perspective, the Fund's underweight allocation to the U.K. and Australia, a result of bottom-up stock selection, had a positive currency impact as the U.S. dollar strengthened against the U.K. sterling and the Australian dollar during the quarter. Some of the outperformance was negated by the Fund's weak stock selection within the utilities and financial sectors as well as Russia.

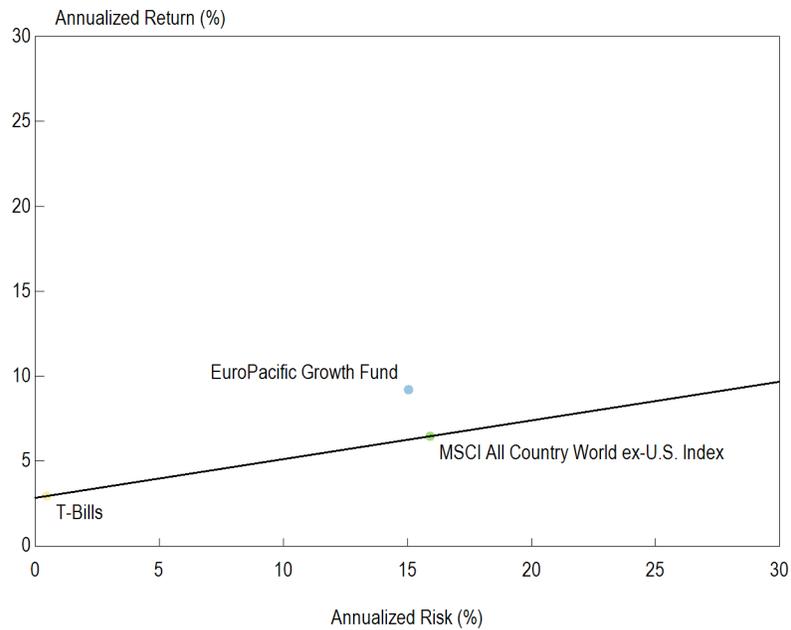
Over longer-term periods shown above, the Fund has outperformed the MSCI All Country World ex-U.S. Index. The Fund is focused on capital goods and telecommunications sectors as the manager believes these areas of the market would provide sustainable earnings growth over the longer term. In the near future, the manager noted that the global economic slowdown will put more pressure on the financial as well as the consumer sectors, specifically the retail industry.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



FUND CHARACTERISTICS AS OF 9/30/08

	EuroPacific Growth Fund	
Geographic Breakdown	Asia & Pacific Basin	19.8%
	Europe ex-U.K.	48.3
	United Kingdom	7.2
	Other (Including Canada & Latin America)	13.4
	Cash	11.3
Composition	Non-U.S. Stocks	88.5%
	U.S. Stocks	0.1
	Non-U.S. Bonds	0.1
	Cash	11.3
Number of Issues	300	
Turnover	38%	
Inception Date	April 1984	
Total Fund Assets	\$91.6 billion	
Fees	0.51%	

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.5%	14.1%	1.4
1999	57.0	30.6	26.4
2000	-17.8	-15.3	-2.5
2001	-12.2	-19.7	7.5
2002	-13.4	-14.9	1.5
2003	33.2	40.8	-7.6
2004	20.0	20.9	-0.9
2005	21.4	16.6	4.8
2006	22.2	26.7	-4.5
2007	19.2	16.7	2.5
2008 (9 months)	-26.2	-29.9	3.7
Trailing 1-Year	-25.2%	-30.3%	5.1
Trailing 3-Year	4.8	2.6	2.2
Trailing 5-Year	12.3	11.3	1.0
Trailing 10-Year	9.2	6.5	2.7

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS 3 MONTHS ENDING 9/30/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.8 %	0.4 %	-41.2 %
Belgium	1.0	0.7	-31.8
Czech Republic*	0.0	0.2	-25.8
Denmark	1.7	0.7	-26.3
Finland	1.2	1.0	-27.3
France	11.1	8.1	-18.9
Germany	9.6	6.7	-20.6
Greece	1.0	0.5	-21.4
Hungary*	0.2	0.2	-19.1
Ireland	0.8	0.3	-42.2
Italy	1.7	2.8	-22.2
Netherlands	2.2	1.9	-21.1
Norway	0.8	0.6	-40.7
Poland*	0.2	0.3	-15.8
Portugal	0.2	0.2	-18.6
Russia*	2.7	1.5	-45.3
Spain	3.5	3.2	-17.2
Sweden	1.6	1.6	-22.8
Switzerland	7.7	5.8	-13.2
United Kingdom	7.2	16.0	-21.0
Asia/Pacific			
Australia	2.0 %	4.7 %	-26.6 %
China*	1.8	2.7	-25.2
Hong Kong	1.3	1.5	-22.9
India*	2.0	1.2	-13.9
Indonesia*	0.3	0.3	-26.3
Japan	7.5	16.4	-17.7
Korea*	2.8	2.4	-24.2
Malaysia*	0.2	0.5	-17.9
New Zealand	0.0	0.1	-16.8
Pakistan*	0.0	0.0	-36.2
Philippines*	0.3	0.1	3.1
Singapore	1.0	0.9	-22.2
Sri Lanka*	0.0	--	--
Taiwan, China*	2.6	1.9	-25.3
Thailand*	0.0	0.3	-22.6
Americas			
Argentina*	0.0 %	0.1 %	-44.0 %
Brazil*	2.9	2.8	-37.9
Canada	2.7	7.4	-21.8
Chile*	0.0	0.3	-10.4
Colombia*	0.0	0.1	-8.4
Mexico*	3.2	1.0	-18.7
Peru*	0.0	0.1	-34.3
United States	0.0	--	-9.1
Venezuela*	0.0	--	--
Other			
Egypt*	0.1 %	0.1 %	-27.5 %
Israel*	0.9	0.5	-15.4
Morocco*	0.0	0.1	-21.8
Jordan*	0.0	0.0	-13.2
Other Countries*	0.2	--	--
South Africa*	1.4	1.4	-16.5
Turkey*	0.0	0.3	-0.7
Cash			
Cash	11.3 %	--	--
Total	100.0 %	100.0 %	-21.9 %
Developed	66.8	81.5	
Emerging*	21.9	18.5	
Cash	11.3	--	

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Total International Stock Index Fund	-20.5%	-29.2%	-30.1%	2.6%	11.1%
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3

Investment Strategy

The Vanguard Total International Stock Index seeks long-term growth of capital by offering exposure to over 1500 companies in more than 30 countries. The Fund invests in three Vanguard Index Funds: Vanguard European Stock Index Fund, Vanguard Pacific Stock Index Fund and Vanguard Emerging Markets Stock Index Fund. Each of these index funds attempts to track the appropriate MSCI Index. The three funds are managed by the Vanguard Quantitative Equity Group. The major difference between the Fund and the Index is the Fund's lack of exposure to Canada.

Performance Commentary

The Vanguard Total International Stock Index generated a loss of 20.5%, but outperformed the MSCI All Country World ex-U.S. Index by 1.4 percentage points during the third quarter. The outperformance was attributed to the Fund's lack of exposure to Canada. As of 9/30/08, Canada made up 7.4% of the MSCI All Country World ex-U.S. Index and had weak performance during the third quarter. It should be noted that the Fund invests in three underlying Vanguard Index Funds, and therefore does not aim to explicitly track the MSCI All Country World ex-U.S. Index.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Total International Stock Index Fund	
Country Allocations	Japan	17.8%
	Pacific ex-Japan	17.8
	United Kingdom	17.0
	Europe ex-U.K.	39.9
	Latin America	4.5
	U.S. & Canada	0.0
	Other	3.0
Composition	Non-U.S. Stocks	100.0%
	Cash	0.0
Number of Issues	3 mutual funds	
Turnover	N/A	
Inception Date	April 1996	
Total Fund Assets	\$22.0 billion	
Fees	0.27%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total International Stock Index Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.6%	14.1%	1.5
1999	29.9	30.6	-0.7
2000	-15.6	-15.3	-0.3
2001	-20.2	-19.7	-0.5
2002	-15.1	-14.9	-0.2
2003	40.3	40.8	-0.5
2004	20.8	20.9	-0.1
2005	15.6	16.6	-1.0
2006	26.6	26.7	-0.1
2007	15.5	16.7	-1.2
2008 (9 months)	-29.2	-29.9	0.7
Trailing 1-Year	-30.1%	-30.3%	0.2
Trailing 3-Year	2.6	2.6	0.0
Trailing 5-Year	11.1	11.3	-0.2
Trailing 10-Year	6.2	6.5	-0.3

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 9/30/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.4 %	0.4 %	-41.2 %
Belgium	0.7	0.7	-31.8
Czech Republic*	0.2	0.2	-25.8
Denmark	0.8	0.7	-26.3
Finland	1.1	1.0	-27.3
France	8.3	8.1	-18.9
Germany	7.3	6.7	-20.6
Greece	0.5	0.5	-21.4
Hungary*	0.2	0.2	-19.1
Ireland	0.4	0.3	-42.2
Italy	3.0	2.8	-22.2
Netherlands	2.4	1.9	-21.1
Norway	0.7	0.6	-40.7
Poland*	0.4	0.3	-15.8
Portugal	0.2	0.2	-18.6
Russia*	1.6	1.5	-45.3
Spain	3.4	3.2	-17.2
Sweden	1.7	1.6	-22.8
Switzerland	6.3	5.8	-13.2
United Kingdom	17.0	16.0	-21.0
Asia/Pacific			
Australia	5.1 %	4.7 %	-26.6 %
China*	1.7	2.7	-25.2
Hong Kong	2.8	1.5	-22.9
India*	1.4	1.2	-13.9
Indonesia*	0.3	0.3	-26.3
Japan	17.8	16.4	-17.7
Korea*	2.6	2.4	-24.2
Malaysia*	0.5	0.5	-17.9
New Zealand	0.1	0.1	-16.8
Pakistan*	0.0	0.0	-36.2
Philippines*	0.1	0.1	3.1
Singapore	0.9	0.9	-22.2
Sri Lanka*	0.0	--	--
Taiwan, China*	2.1	1.9	-25.3
Thailand*	0.3	0.3	-22.6
Americas			
Argentina*	0.0 %	0.1 %	-44.0 %
Brazil*	3.0	2.8	-37.9
Canada	0.0	7.4	-21.8
Chile*	0.3	0.3	-10.4
Colombia*	0.0	0.1	-8.4
Mexico*	1.1	1.0	-18.7
Peru*	0.1	0.1	-34.3
United States	0.0	--	-9.1
Venezuela*	0.0	--	--
Other			
Egypt*	0.1 %	0.1 %	-27.5 %
Israel*	0.6	0.5	-15.4
Morocco*	0.0	0.1	-21.8
Jordan*	0.0	0.0	-13.2
Other Countries*	0.5	--	--
South Africa*	1.5	1.4	-16.5
Turkey*	0.4	0.3	-0.7
Cash			
Cash	0.0 %	--	--
Total	100.0 %	100.0 %	-21.9 %
Developed	80.9	81.5	
Emerging*	19.0	18.5	
Cash	0.0	--	

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RETURNS OF THE MAJOR CAPITAL MARKETS

	Third Quarter	Annualized Periods Ending 9/30/08				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	-8.7%	-21.3%	0.6%	6.0%	4.0%	8.3%
S&P 500 Index	-8.4	-22.0	0.2	5.2	3.1	8.4
Russell 3000 Index	-8.7	-21.5	0.3	5.7	3.8	8.3
Russell 1000 Value Index	-6.1	-23.6	0.1	7.1	5.5	9.3
Russell 1000 Growth Index	-12.3	-20.9	0.0	3.7	0.6	6.9
Russell MidCap Value Index	-7.5	-20.5	0.5	10.0	9.2	10.9
Russell MidCap Growth Index	-17.7	-24.7	-0.8	6.5	5.5	7.8
Russell 2000 Value Index	5.0	-12.3	2.0	9.4	10.1	10.7
Russell 2000 Growth Index	-7.0	-17.1	1.5	6.6	4.7	5.2
Domestic Bond Indices:						
Lehman Brothers Aggregate Index	-0.5%	3.7%	4.2%	3.8%	5.2%	5.9%
Lehman Brothers Govt/Credit Index	-1.6	2.4	3.6	3.3	5.0	5.7
Lehman Brothers Long Govt/Credit Index	-3.4	-0.4	2.0	3.7	5.3	6.5
Lehman Brothers 1-3 Year Govt/Credit Index	0.2	4.4	4.7	3.3	4.6	5.1
Lehman Brothers U.S. MBS Index	1.9	7.0	5.5	4.8	5.7	6.2
Lehman Brothers High Yield Index	-8.9	-11.2	1.0	4.4	4.4	5.9
Lehman Brothers Universal Index	-1.2	2.3	3.9	3.9	5.4	5.9
Real Estate Indices:						
NCREIF Property Index	-0.2%	5.3%	13.2%	14.2%	11.8%	11.2%
NCREIF ODCE Index	-0.9	2.3	11.7	12.8	10.7	10.3
DJ Wilshire Real Estate Securities Index	4.5	-12.9	5.1	13.6	12.9	11.2
FTSE NAREIT US Real Estate Index	5.6	-11.1	5.6	13.5	12.5	11.2
Foreign/Global Stock Indices:						
MSCI All Country World Index	-16.6%	-26.9%	1.3%	8.0%	4.3%	6.4%
MSCI All Country World IMI	-16.6	-26.9	1.2	8.3	5.0	--
MSCI All Country World ex-U.S. Index	-21.9	-30.3	2.6	11.3	6.5	5.7
MSCI All Country World ex-U.S. IMI	-22.3	-30.9	2.4	11.3	6.7	--
MSCI All Country World ex-U.S. Small Cap Index	-25.3	-37.3	-0.6	10.9	8.6	--
MSCI EAFE Index	-20.6	-30.5	1.1	9.7	5.0	5.1
MSCI EAFE IMI	-20.9	-30.9	0.8	9.7	5.3	--
MSCI EAFE Index (in local currency)	-13.0	-28.8	-1.8	7.0	3.2	4.3
MSCI Emerging Markets IMI	-27.0	-34.2	8.1	18.4	12.8	--
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-4.2%	5.2%	5.5%	5.6%	5.2%	5.9%
Citigroup Hedged World Gov't Bond Index	2.7	4.4	3.7	4.2	4.9	6.6
Cash Equivalents:						
Treasury Bills (30-Day)	0.3%	1.8%	3.2%	2.5%	2.9%	3.5%
EnnisKnupp STIF Index	0.6	3.6	4.6	3.5	3.8	4.3
Inflation Index:						
Consumer Price Index	0.0%	4.9%	3.2%	3.4%	2.9%	2.8%

APPENDIX II

Benchmark Descriptions

iMoney Net Money Fund Average - An index made up of the entire universe of taxable money market mutual funds. The index currently represents 1,228 funds, or approximately 99 percent of all money fund assets.

Custom Benchmark (Personal Strategy Balanced) - A mix of 51% DJ Wilshire 5000 Index, 30% Lehman Brothers Aggregate Bond Index, 10% 90-Day Treasury Bills, and 9% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Growth) - A mix of 65% DJ Wilshire 5000 Index, 20% Lehman Brothers Aggregate Bond Index and 12% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Income) - A mix of 34% DJ Wilshire 5000 Index, 40% Lehman Brothers Aggregate Bond Index, 20% 90-Day Treasury Bills, and 6% MSCI EAFE Index.

Performance Benchmark (Vanguard Total Stock Market Index) - DJ Wilshire 5000 Index until 4/30/2005, the MSCI U.S. Broad Market Index going forward.

Performance Benchmark (Vanguard Small Cap Index) - Russell 2000 Index until 6/30/2003, the MSCI U.S. 1750 Small Cap Index going forward.

EnnisKnupp GIC Index - This benchmark index is an average of the 2-, 3-, 4- and 5-year GICs as surveyed by T.Rowe Price.

Lehman Brothers Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$150 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Lehman Brothers Corporate Bond Index - A market value-weighted index consisting of government bonds and SEC-registered corporate bonds with at least one year to maturity and an outstanding par value of \$150 million or greater.

MSCI All Country World ex-U.S. Free Index - A capitalization-weighted index of stocks representing 48 developed and emerging country stock markets, excluding the U.S. market.

MSCI U.S. 1750 Small Cap Index - An index representing the universe of small capitalization companies in the U.S. equity market. This index targets for inclusion 1,750 companies and represents approximately 12% of the capitalization of the U.S. equity market.

Performance Benchmark (J.P. Morgan Capital Growth) - Currently the Russell Mid Cap Growth Index. Prior to January 1, 2002, the benchmark was the S&P 400 Midcap Index effective June 30, 1999, and the Russell 2500 Index prior to that.

60/40 Benchmark - A mix of 60% DJ Wilshire 5000 Stock Index and 40% Lehman Brothers Aggregate Bond Index.

Benchmark Descriptions

S&P Midcap 400 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. None of the stocks included overlap with those in the S&P 500 or the S&P SmallCap 600. Some stocks included in the Index are larger than those in the S&P 500 and some are smaller than those in the S&P Small Cap 600.

S&P 500 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries. Currently the Index comprises industrial, utility, financial and transportation stocks.

Russell 1000 Index - A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.

Russell 1000 Value Index - An Index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 1000 Growth Index - An Index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Russell Mid Cap Stock Index - A capitalization-weighted index consisting of the smallest 800 companies in the Russell 1000 Index. The Russell 1000 Index represents the 1,000 largest publicly traded stocks by capitalization.

Russell 2500 Index - A capitalization-weighted, small-cap stock index representing the performance of 2,500 domestic stocks. This Index represents approximately 22% of the domestic market. Its median market capitalization is approximately \$786 million.

Russell 2000 Stock Index - A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The Index excludes the largest- and smallest-capitalization issues in the domestic stock market.

Russell 2000 Value Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Growth Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

DJ Wilshire 5000 Stock Index - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate domestic stock market.

APPENDIX II

Rank Descriptions

U.S. Equity Ranks* - A broad Morningstar universe of 2,387 U.S. stock mutual funds.

Fixed Income Ranks* - A broad Morningstar universe of 703 fixed income mutual funds.

Non-U.S. Equity Ranks* - A non-U.S. equity universe calculated by Mellon Analytical Solutions. The universe includes 78 non-U.S. stock managers with an aggregate market value of \$306.8 billion.

*Data as of 6/30/08.