

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

Fourth Quarter 2007

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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 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
North Shore Savings Fund	0.8 %	3.7 %	3.4 %	2.6 %
iMoney Net Money Fund Average	1.2	4.9	3.5	2.4
Stable Value Fund	1.2	4.9	4.7	4.5
EnnisKnupp GIC Index	1.2	4.6	4.1	4.1
PIMCO Total Return Fund Instl	3.9	9.0	5.1	5.1
LB Aggregate Bond Index	3.0	7.0	4.6	4.4

RETURN SUMMARY ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
TRP PS Income	-0.2 %	7.3 %	7.3 %	10.0 %
Custom Benchmark	0.2	6.3	6.7	8.3
TRP PS Balanced	-1.3	7.7	8.7	12.4
Custom Benchmark	-0.8	6.5	8.0	10.7
TRP PS Growth	-2.4	7.8	9.8	14.5
Custom Benchmark	-1.8	6.7	9.2	13.0

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 12/31/07

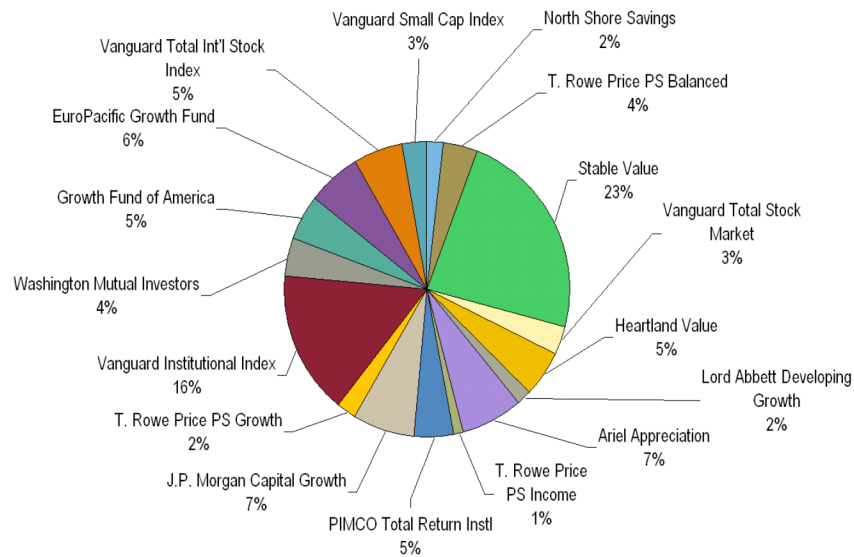
	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Washington Mutual Investors Fund	-5.2 %	4.0 %	8.3 %	11.9 %
Russell 1000 Value Index	-5.8	-0.2	9.3	14.6
Vanguard Institutional Index Fund	-3.3	5.5	8.6	12.8
S&P 500 Index	-3.3	5.5	8.6	12.8
Growth Fund of America	-2.6	11.3	12.3	16.2
Russell 1000 Growth Index	-0.8	11.8	8.7	12.1
Vanguard Total Stock Market Index Fund	-3.3	5.6	9.0	13.9
Performance Benchmark	-3.3	5.6	9.1	14.0
J.P. Morgan Capital Growth Fund	-0.8	17.0	12.5	17.8
Performance Benchmark	-1.7	11.4	11.4	17.9
Ariel Appreciation Fund	-5.9	-1.4	4.0	10.8
Russell 2500 Index	-4.3	1.4	8.4	17.0
Vanguard Small Cap Index Fund	-5.0	1.2	8.0	17.1
Small-Cap Index	-5.0	1.2	8.0	17.4
Lord Abbett Developing Growth Fund	4.0	35.8	19.6	20.5
Russell 2000 Growth Index	-2.1	7.0	8.1	16.5
Heartland Value Fund	-4.4	-5.5	7.2	18.0
Russell 2000 Value Index	-7.3	-9.8	5.3	15.8

RETURN SUMMARY ENDING 12/31/07

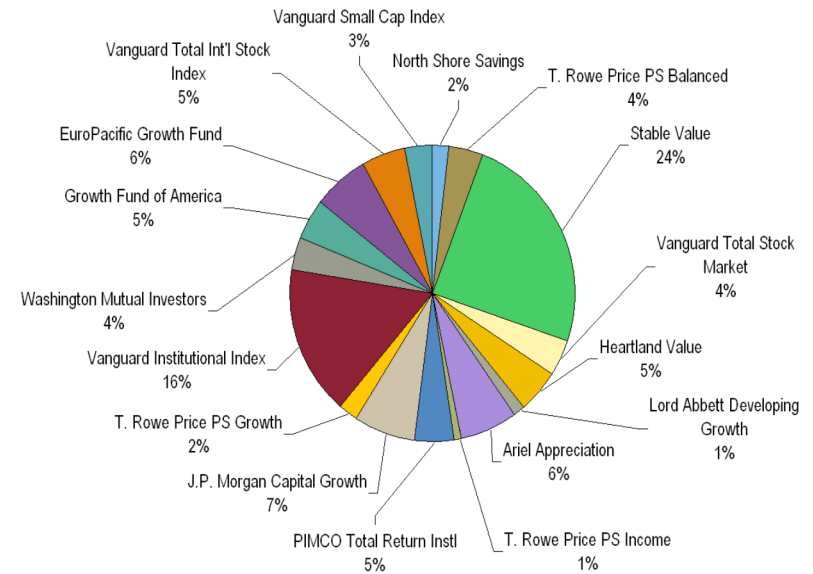
	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
EuroPacific Growth Fund	1.4 %	19.2 %	20.9 %	23.1 %
MSCI All Country World ex-U.S. Index	-0.7	16.7	19.9	24.0
Vanguard Total International Stock Index Fund	-1.2	15.5	19.1	23.5
MSCI All Country World ex-U.S. Index	-0.7	16.7	19.9	24.0

Benchmark descriptions can be found in Section 7.

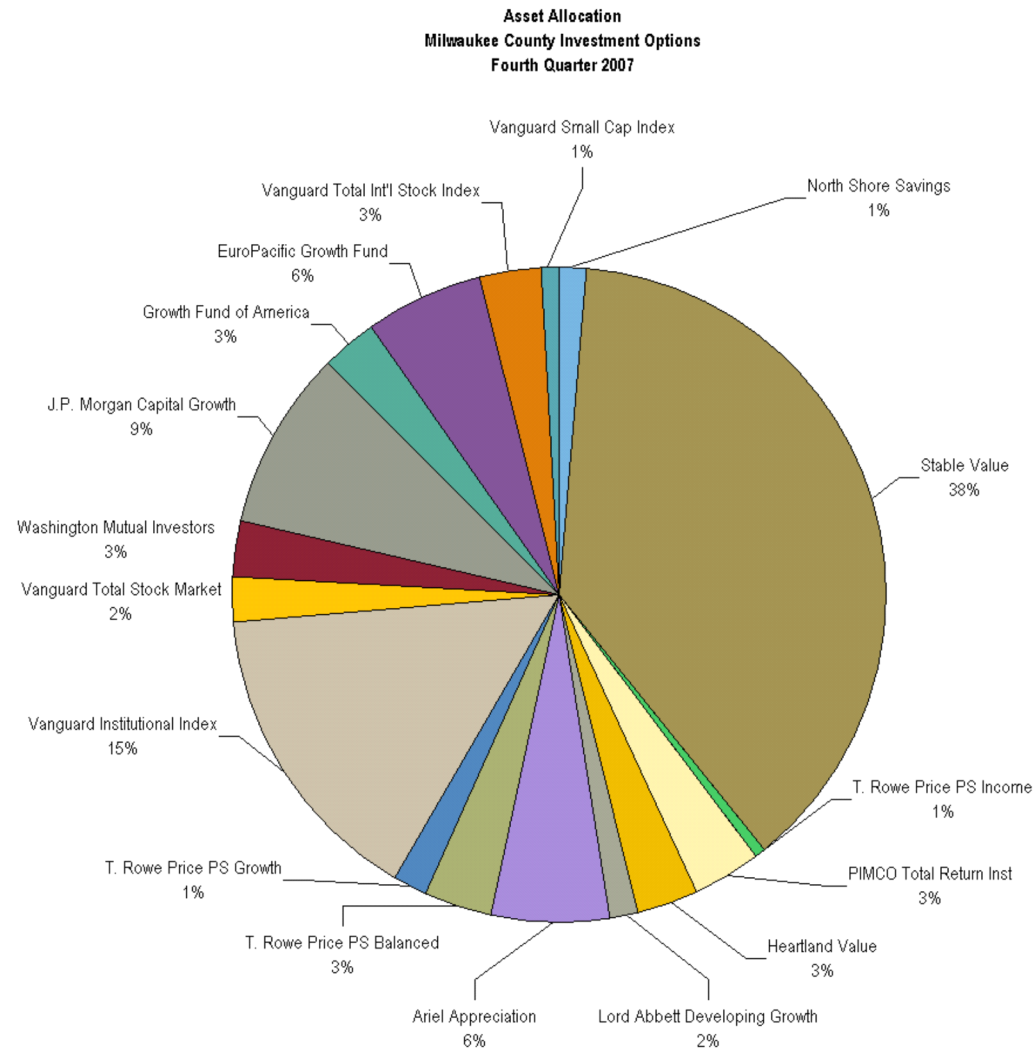
**Contributions by Investment Option
Fourth Quarter 2007**



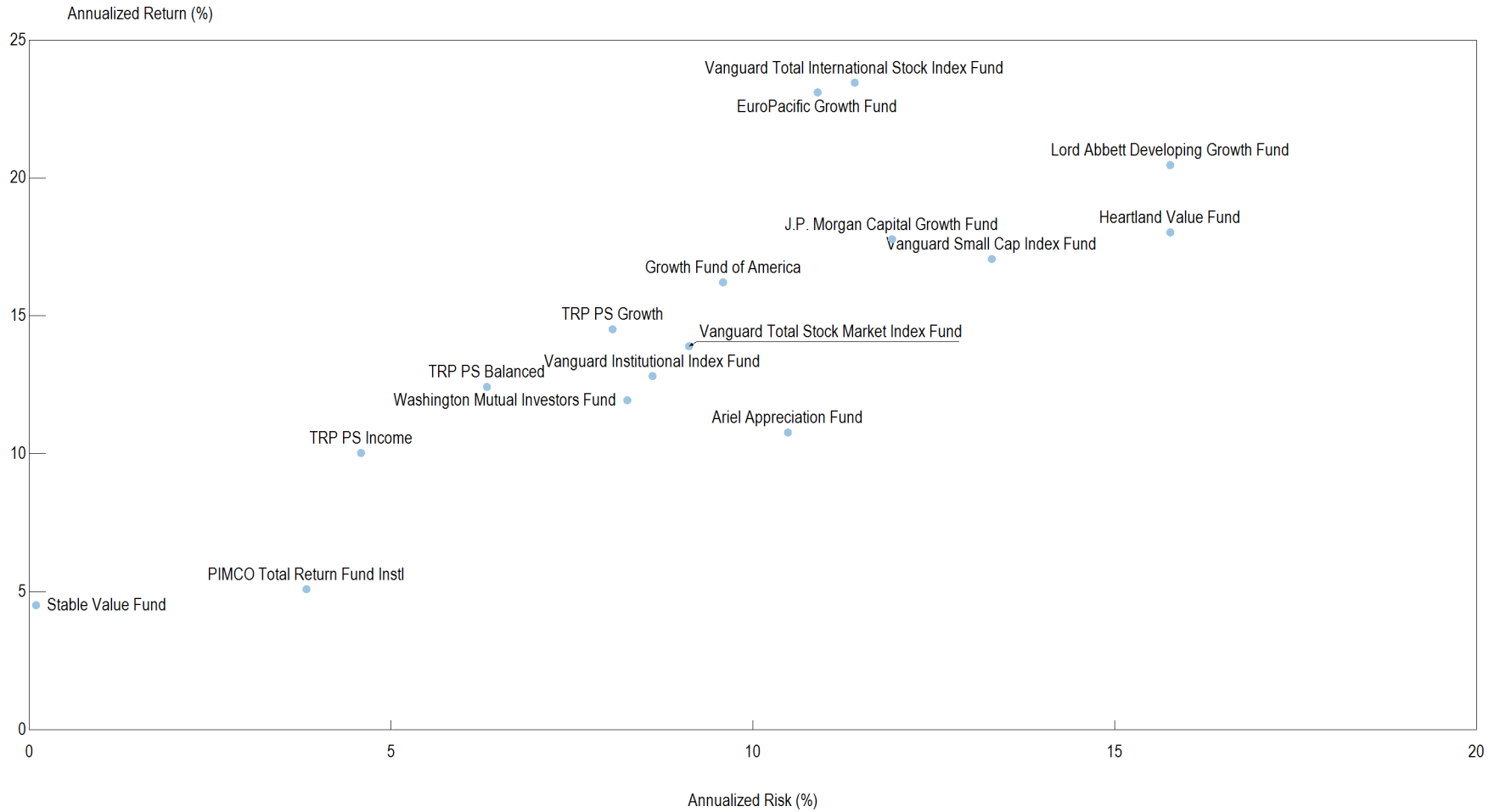
**Contributions by Investment Option
One Year 2007**



INVESTMENT HIGHLIGHTS



**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/07**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	September 30, 2007	Net Contributions/ Withdrawals	Net Income/ Appreciation*	December 31, 2007
North Shore Savings	3,466,633	(412,382)	30,155	3,084,406
Stable Value	85,138,626	(674,992)	1,025,014	85,488,648
T. Rowe Price PS Income	1,153,282	141,740	(2,257)	1,292,766
PIMCO Total Return Inst	6,728,178	164,624	261,960	7,154,761
Hearland Value	6,779,025	350,360	(291,367)	6,838,018
Lord Abbett Developing Growth	2,430,569	932,549	94,331	3,457,449
Ariel Appreciation	12,124,696	1,686,829	(763,927)	13,047,598
T. Rowe Price PS Balanced	7,783,437	(56,373)	(97,542)	7,629,522
T. Rowe Price PS Growth	3,792,829	(349,698)	(84,344)	3,358,787
Vanguard Institutional Index	38,310,931	(2,556,184)	(1,248,410)	34,506,336
Vanguard Total Stock Market	5,476,081	64,438	(182,080)	5,358,439
Washington Mutual Investors	5,870,146	881,672	(319,569)	6,432,249
J.P. Morgan Capital Growth	20,142,252	(190,231)	(172,613)	19,779,408
Growth Fund of America	5,789,844	555,906	(162,382)	6,183,368
EuroPacific Growth Fund	12,933,952	435,089	176,585	13,545,626
Vanguard Total Intl Stock Index	6,814,142	4,235	(90,736)	6,727,641
Vanguard Small Cap Index	3,804,277	(1,871,587)	(144,778)	1,787,912
Total	228,538,899	(894,004)	(1,971,961)	225,672,933

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue Sharing
North Shore Savings	\$ 3,084	0.00%	0.00%	\$ -	\$ -
Stable Value	85,489	0.40%	0.00%	341,955	-
PIMCO Total Return Inst	7,155	0.43%	0.00%	30,765	-
TRP PS Income	1,293	0.77%	0.15%	9,954	1,939
TRP PS Balanced	7,630	0.81%	0.15%	61,799	11,444
TRP PS Growth	3,359	0.86%	0.15%	28,886	5,038
Washington Mutual	6,432	0.57%	0.33%	36,664	21,226
Hearland	6,838	1.14%	0.35%	77,953	23,933
Lord Abbett	3,457	1.19%	0.40%	41,144	13,830
Vanguard Total Intl Stock	6,728	0.32%	0.00%	21,528	-
Vanguard Institutional	34,506	0.05%	0.00%	17,253	-
Vanguard Total Stock Market	5,358	0.15%	0.00%	8,038	-
JP Morgan Capital Growth	19,779	1.35%	0.50%	267,022	98,897
Ariel Appreciation	13,048	1.12%	0.45%	146,133	58,714
Growth Fund of America (R5)	6,183	0.35%	0.05%	21,642	3,092
Vanguard Small Cap Index	1,788	0.23%	0.00%	4,112	-
EuroPacific Growth Fund (R5)	13,546	0.52%	0.05%	70,437	6,773
Total	\$ 225,673	0.53%		\$ 1,185,286	\$ 244,887
Total as a Percent				0.53%	0.11%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 940,399
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.42%

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	\$ 119,887
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.05%

*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
Fourth Quarter 2007

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07	10 Years Ending 12/31/07
Dow Jones Wilshire 5000 Index	-3.2%	5.6%	9.2%	14.0%	6.3%
MSCI All-Country World Ex-US Free	-0.7	16.7	19.9	24.0	9.7
MSCI EAFE Free	-1.8	11.2	16.8	21.6	8.6
MSCI Emerging Markets	3.6	39.4	35.1	37.0	14.2
MSCI All Country World Index	-1.8	11.7	14.4	18.2	7.5
Lehman Brothers Aggregate Bond Index	3.0	7.0	4.6	4.4	6.0

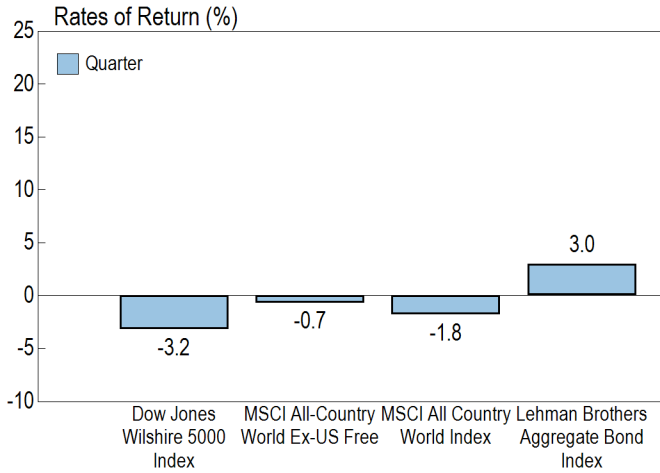
The broad U.S. equity market struggled in the fourth quarter posting its first quarterly loss of 2007. The market struggled in November, declining nearly 4.5% as volatility returned to the market and investors re-priced risk. As instability ensued, the Federal Reserve took action amidst great speculation over rising inflationary pressures and the ability to stimulate the economy. The Fed used two 25 basis point reductions in the Federal Funds rate on October 31st and December 11th to try to stimulate the market. These two 25 basis point reductions, combined with the September 18th reduction, brought the Federal Funds rate to 4.25% at year end.

The Dow Jones Wilshire 5000 Index declined 3.2% during the fourth quarter. However, over the trailing one-year period, the Dow Jones Wilshire 5000 Index advanced 5.6%. Once again, energy was the best-performing sector, advancing 4.9% during the quarter due largely to rising oil prices. Over the trailing one-year period the energy sector has gained 34.5%. Financial stocks were the worst-performing sector during the quarter, declining 11.8%. Financial stocks continued to be hurt by the sub-prime crisis and subsequent credit crunch. Over the trailing one-year period the financial sector has declined 15.9%. The consumer durable sector also performed poorly, declining 9.5% for the quarter and 10.1% over the trailing one-year period. During the quarter and one-year periods, large cap stocks outperformed small cap stocks, while growth stocks outperformed value.

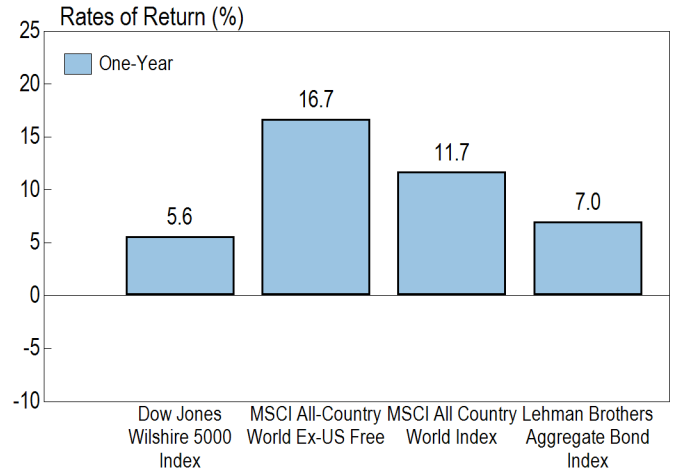
Non-U.S. stocks also experienced declines during the fourth quarter, but to a lesser extent; the MSCI All Country World ex-U.S. Index declined 0.7%. Over the trailing one-year period, the MSCI All Country World ex-U.S. Index advanced 16.7% and outperformed the U.S. equity market by 11.1%. Japan continued to lag the MSCI All Country World ex-U.S. Index declining 6.1% during the quarter and 4.2% over the trailing one-year period. Emerging markets continued to perform well, advancing 3.6% during the quarter and an impressive 39.4% over the trailing one-year period. The best-performing emerging market region was Eastern Europe, which advanced 13.4% during the quarter. Asia and Latin America were the best-performing emerging market regions over the trailing one-year period, gaining 41.6% and 50.7%, respectively.

The domestic fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, posted strong returns for the quarter and the trailing one-year period, advancing 3.0%, and 7.0%, respectively. In continuance from the third quarter, a flight to quality resulted in strong performance from the Treasury and agency sectors of the U.S. bond market, while corporate finance-backed and home equity asset-backed sectors performed the worst, lagging the broad market. As noted earlier, the challenges facing the Fed led to a reduction of the Federal Funds rate by another 50 basis points in an attempt to increase liquidity in the banking system and help credit markets begin trading more steadily.

**MAJOR MARKET RETURNS
FOURTH QUARTER**

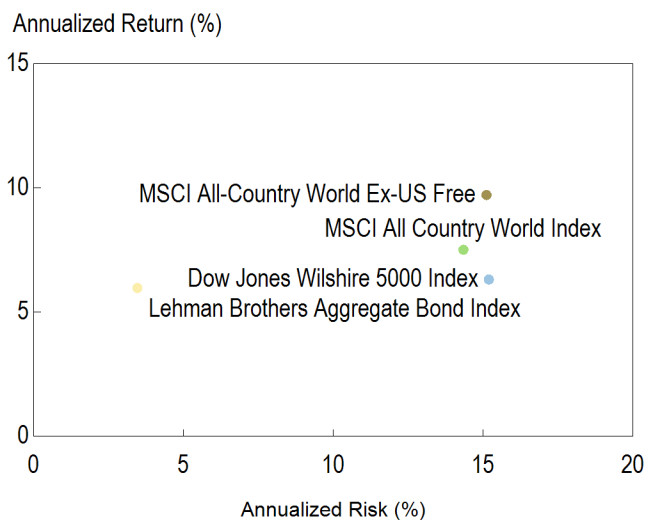


**MAJOR MARKET RETURNS
ONE-YEAR ENDING 12/31/07**

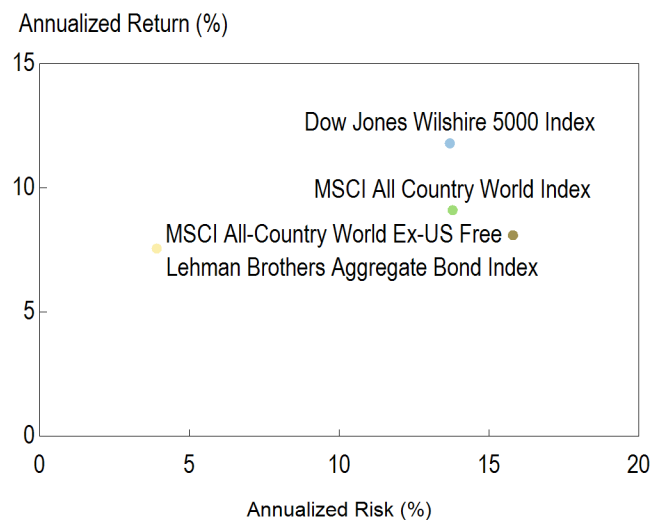


The exhibits above show the performance of the major capital markets during the fourth quarter and year-to-date period.

**MARKET RISK/RETURN
10 YEARS ENDING 12/31/07**



**MARKET RISK/RETURN
20 YEARS ENDING 12/31/07**

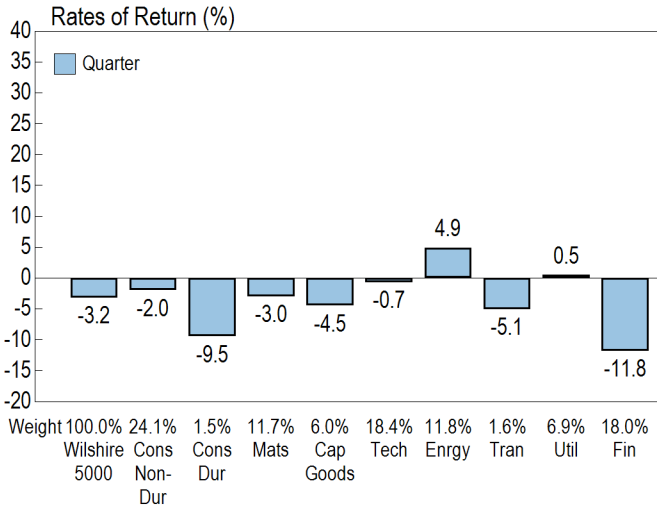


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

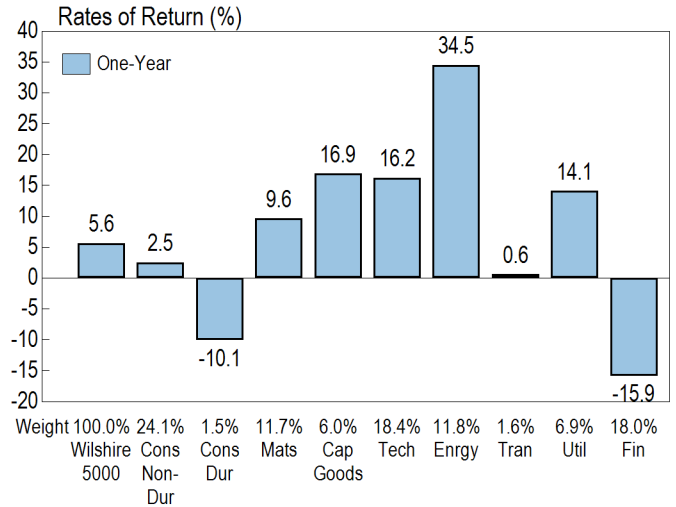
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS FOURTH QUARTER



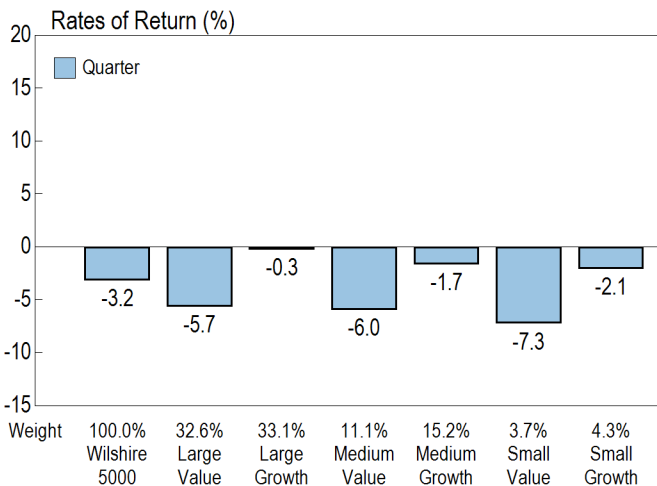
SECTOR RETURNS ONE-YEAR ENDING 12/31/07



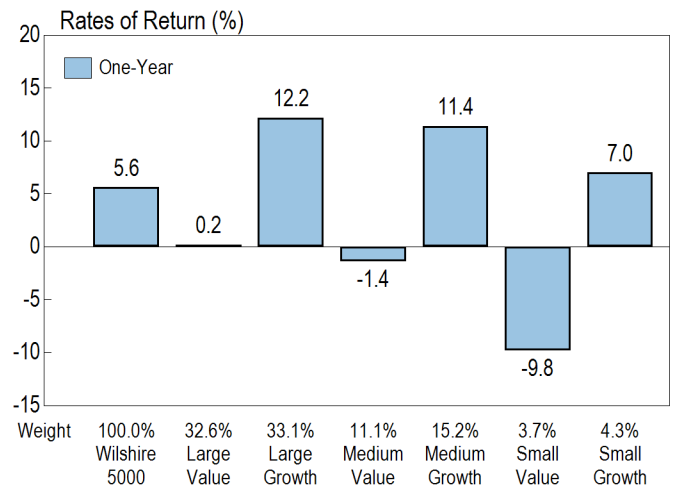
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

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 FOURTH QUARTER

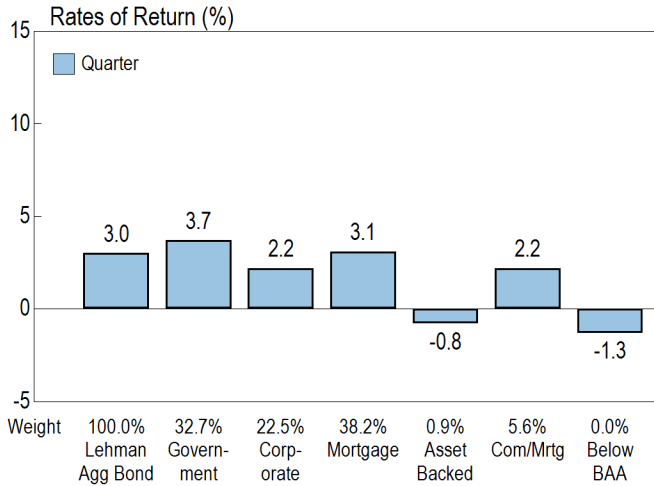


STYLE RETURNS ONE-YEAR ENDING 12/31/07

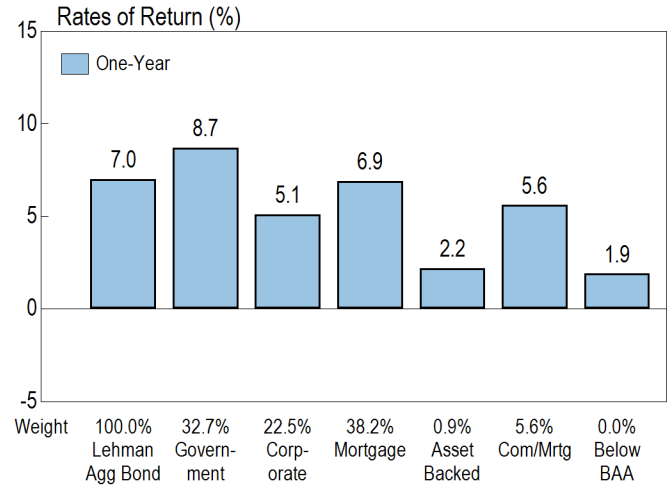


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
FOURTH QUARTER**



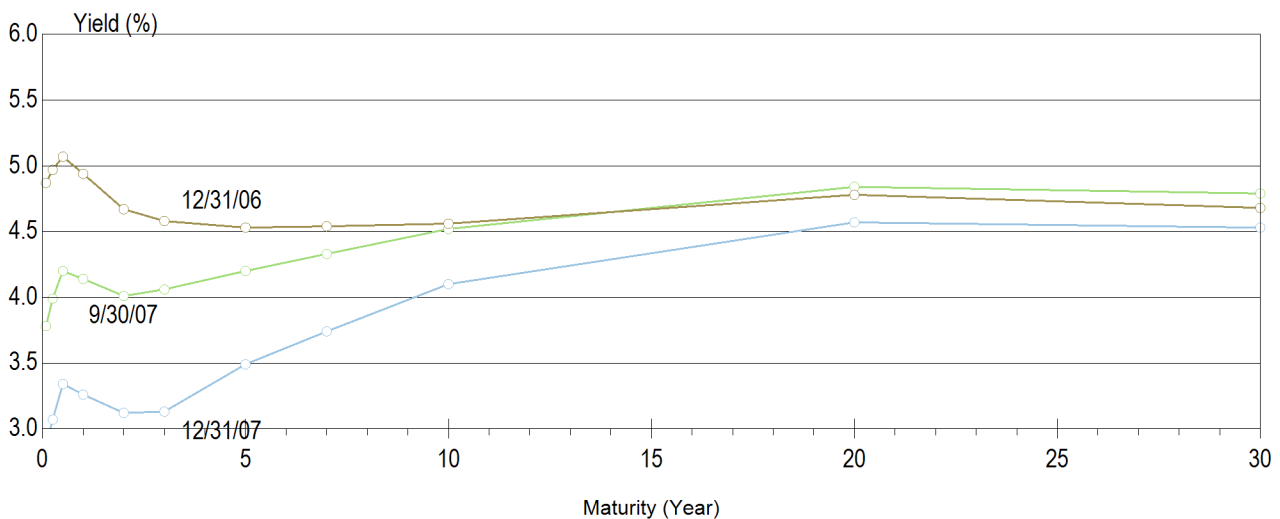
**SECTOR RETURNS
ONE-YEAR ENDING 12/31/07**



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

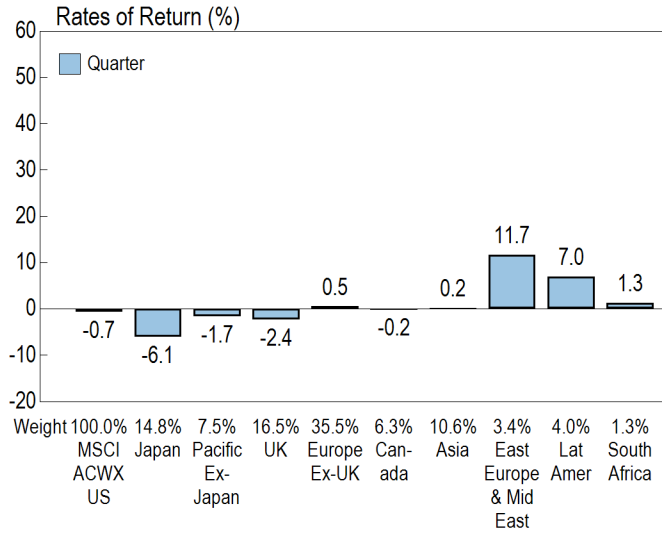


The exhibit above illustrates yields of Treasury securities of various maturities as of December 31, 2006, September 30, 2007, and December 31, 2007.

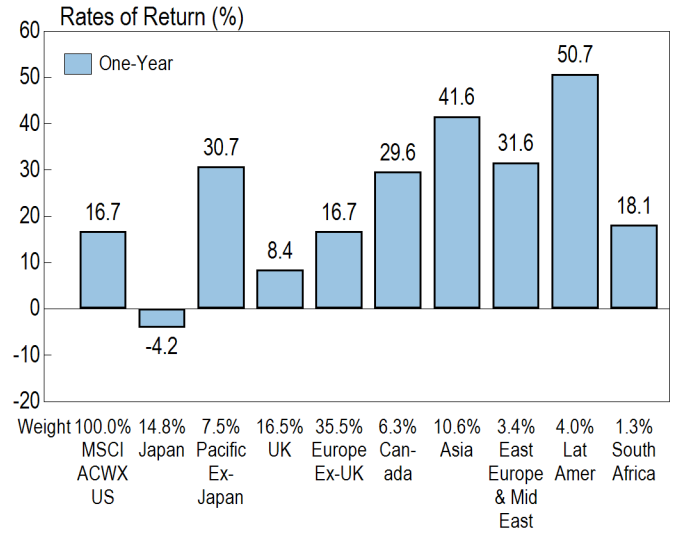
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

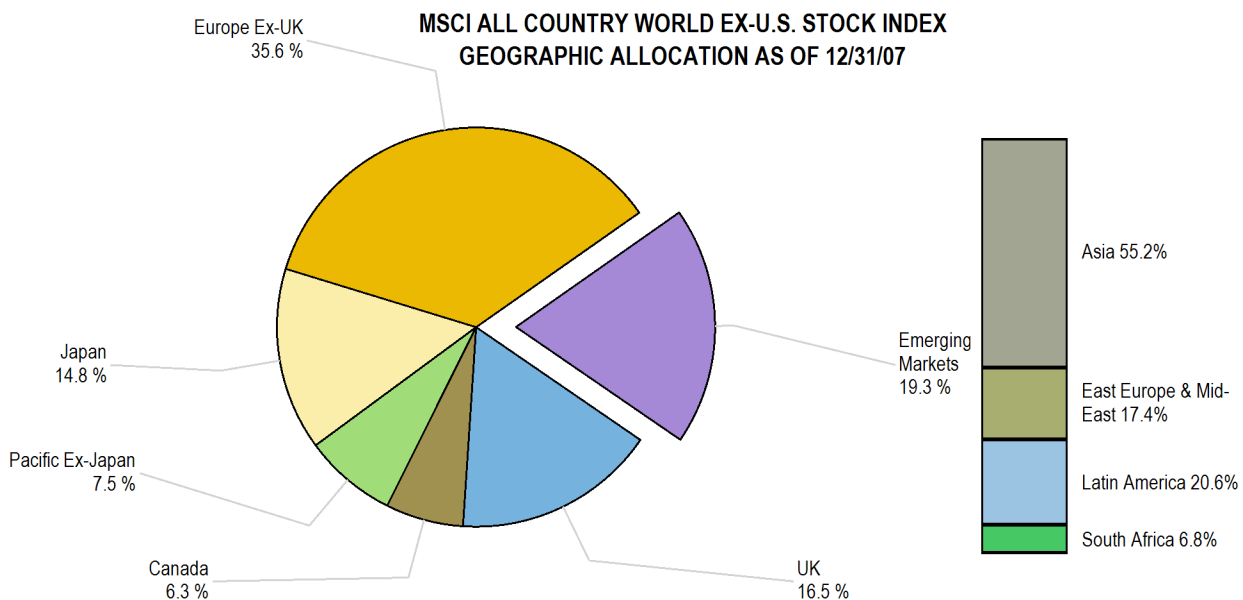
**NON-U.S. STOCK MARKET RETURNS
FOURTH QUARTER**



**NON-U.S. STOCK MARKET RETURNS
ONE-YEAR ENDING 12/31/07**



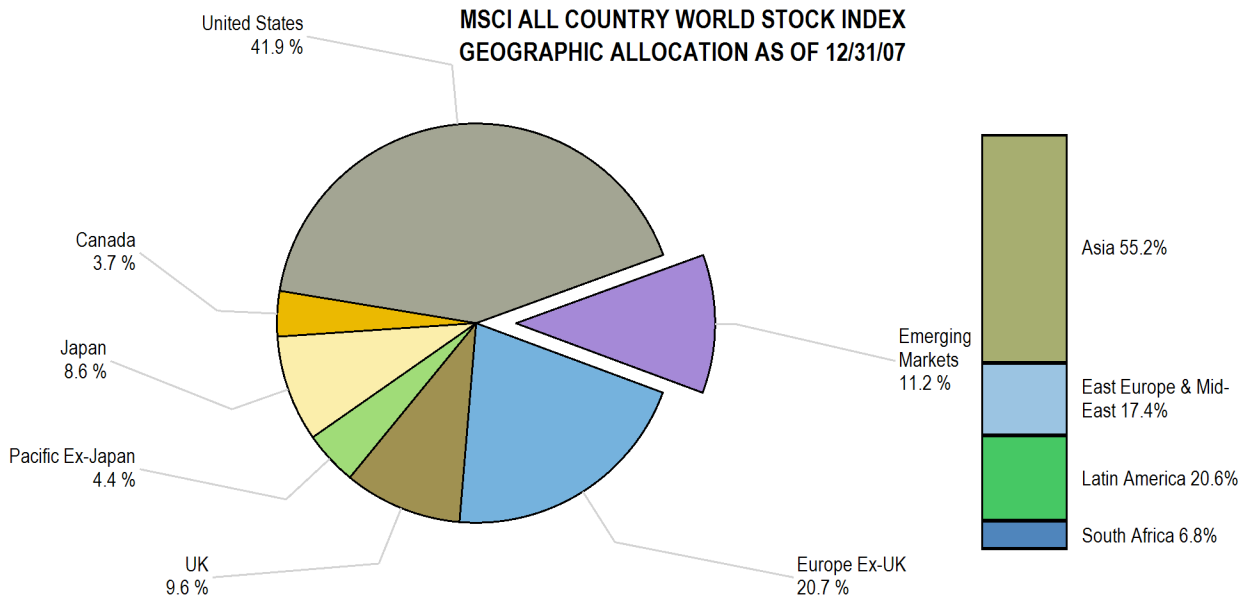
The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.



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.

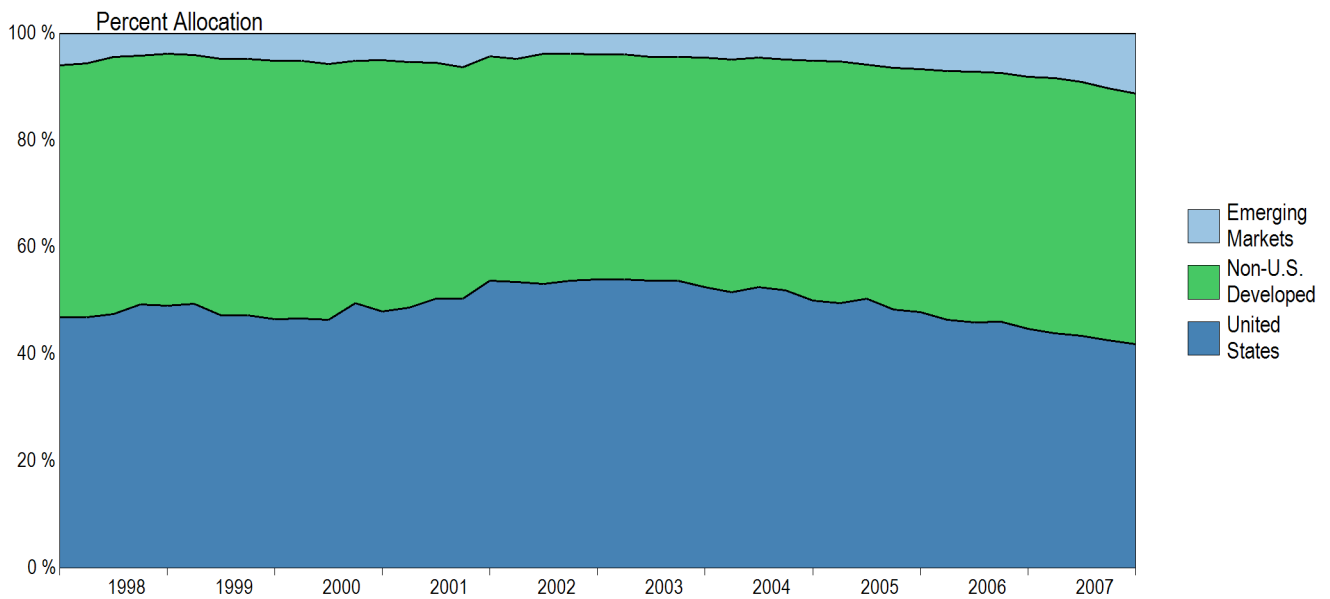
MARKET ENVIRONMENT

GLOBAL STOCK MARKETS



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 12/31/07**

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
North Shore Savings Fund	0.8%	3.7%	3.4%	2.6%
iMoney Net Money Fund Average	1.2	4.9	3.5	2.4

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 Fund trailed the return of the iMoneyNet Money Fund Average during the fourth quarter, and trailing one and three-year periods, but exceeded the return of the Average over the trailing five 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	
1996	5.3%	4.9%	0.4
1997	5.4	5.1	0.3
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	4.9	-1.2
Trailing 3-Year	3.4%	3.5%	-0.1
Trailing 5-Year	2.6	2.4	0.2
Trailing 10-Year	3.4	3.3	0.1
Since Inception (10/31/94)	3.9	3.7	0.2

STABLE VALUE

RETURN SUMMARY ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Stable Value Fund	1.2 %	4.9 %	4.7 %	4.5 %
EnnisKnupp GIC Index	1.2	4.6	4.1	4.1

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

The Stable Value Fund matched the return of its benchmark during the quarter and exceeded its benchmark return over the longer-term periods shown 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	
1996	6.5 %	6.2 %	0.3
1997	6.4	6.3	0.1
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
Trailing 3-Year	4.7 %	4.1 %	0.6
Trailing 5-Year	4.5	4.1	0.4
Trailing 10-Year	5.4	5.0	0.4
Since Inception (7/31/94)	5.7	5.3	0.4

**RETURN SUMMARY
ENDING 12/31/07**

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
PIMCO Total Return Fund Instl	3.9 %	9.0 %	5.1 %	5.1 %
LB Aggregate Bond Index	3.0	7.0	4.6	4.4

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 earned 3.9% during the fourth quarter, exceeding the LB Aggregate Bond Index by 0.9 percentage points. The manager's yield curve positioning proved to be the largest contributor to the favorable performance, as their expectation for a steeper yield curve came to fruition. The decision to underweight corporate bonds was also rewarded, as the sector trailed the returns of the broad market. Another source of value was PIMCO's position on the front end of the British yield curve; their view is that the Bank of England would need to cut interest rates to stimulate the economy, which they did in the fourth quarter, resulting in lower interest rates.

For the year, PIMCO outperformed the LB Aggregate Bond Index by 2.0 percentage points. After a poor first six months in 2007, the Fund bounced back with its curve positioning leading the outperformance for the last six months of 2007.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 12/31/07

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	65%
	AA	15
	A	8
	BBB	4
	<BBB	8
Composition	US Gov't/Agency	7%
	Corporate	14
	Mortgage-Backed	66
	Foreign	8
	Cash	4
	Other	1
Average Maturity/Duration	6.4 years/5.4 years	
Number of Issues	3,189	
Turnover	N/A	
Distriubtion Yield	4.98%	
Inception Date	September 1994	
Total Fund Assets	\$112.7 billion	
Fees	0.43%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	LB Aggregate Bond Index	Return Difference
	Return	Return	
1996	4.5%	3.6%	0.9
1997	9.9	9.7	0.2
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
Trailing 3-Year	5.1%	4.6%	0.5
Trailing 5-Year	5.1	4.4	0.7
Trailing 10-Year	6.5	6.0	0.5
Since Inception (6/30/87)	8.1	7.5	0.6

RETURN SUMMARY
ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
TRP PS Income	-0.2%	7.3%	7.3%	10.0%
Custom Benchmark	0.2	6.3	6.7	8.3

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

The T. Rowe Price Personal Strategy Income Fund underperformed its benchmark by 40 basis points during the fourth quarter. In comparison to the custom benchmark, the Fund had an overweight allocation to stocks and bonds and an underweight allocation to cash. The overweight allocation to stocks hurt returns as stocks experienced a poor quarter. It was noted that the manager continued to hold a bias toward large-cap growth stocks which helped temper underperformance as growth stocks outperformed value stocks in the fourth quarter (Russell 3000 Growth -0.9% vs Russell 3000 Value -5.9%). The manager also noted that an emerging markets component has been added to the Fund.

The Fund's longer-term performance remains favorable relative to the benchmark.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 12/31/07

	Personal Strategy Income Fund	
Composition	U.S. Stock	32.7%
	Non-U.S. Stock	10.2
	Bonds	44.5
	Cash	12.6
Number of Holdings	Stocks	696
	Bonds	552
Turnover	70%	
Inception Date	July 1994	
Total Fund Assets	\$772.1 million	
Fees	0.77%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1996	11.8%	9.9%	1.9
1997	15.0	15.3	-0.3
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
Trailing 3-Year	7.3%	6.7%	0.6
Trailing 5-Year	10.0	8.3	1.7
Trailing 10-Year	7.0	6.0	1.0
Since Inception (8/31/94)	8.9	7.8	1.1

RETURN SUMMARY
ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
TRP PS Balanced	-1.3%	7.7%	8.7%	12.4%
Custom Benchmark	-0.8	6.5	8.0	10.7

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 median of the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

Performance Commentary

The T. Rowe Price Personal Strategy Balanced Fund underperformed its benchmark by 0.5 percentage points during the fourth quarter. In comparison to the custom benchmark, the Fund had an overweight allocation to stocks and bonds and an underweight allocation to cash although it should be noted that the overweight to stocks was lessened during the quarter. The overweight allocation to stocks hurt returns as stocks experienced a poor quarter. In addition the large underweight to cash was detrimental to returns as the Fund was not able to take advantage of the safety of the asset class. It was noted that the manager continued to hold a bias toward large-cap growth stocks which helped temper underperformance as growth stocks outperformed value stocks in the fourth quarter (Russell 3000 Growth -0.9% vs Russell 3000 Value -5.9%). The manager also noted that an emerging markets component has been added to the Fund.

The Fund's longer-term performance remains favorable relative to the benchmark.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 12/31/07

	Personal Strategy Balanced Fund	
Composition	U.S. Stock	48.6%
	Non-U.S. Stock	14.7
	Bonds	33.9
	Cash	2.8
Number of Holdings	Stocks	698
	Bonds	581
Turnover	62%	
Inception Date	July 1994	
Total Fund Assets	\$1.5 billion	
Fees	0.81%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1996	14.2%	12.6%	1.6
1997	17.8	18.9	-1.1
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
Trailing 3-Year	8.7%	8.0%	0.7
Trailing 5-Year	12.4	10.7	1.7
Trailing 10-Year	7.7	6.5	1.2
Since Inception (8/31/94)	10.0	8.8	1.2

RETURN SUMMARY
ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
TRP PS Growth	-2.4 %	7.8 %	9.8 %	14.5 %
Custom Benchmark	-1.8	6.7	9.2	13.0

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 underperformed the custom benchmark during the fourth quarter by 0.6 percentage points. In comparison to the custom benchmark, the Fund had an overweight allocation to stocks and an underweight allocation to bonds. The overweight allocation to stocks hurt returns as stocks experienced a poor quarter. In addition, the large underweight to cash was detrimental to returns as the Fund was not able to take advantage of the safety of the asset class. It was noted that the manager continued to hold a bias toward large-cap growth stocks which helped temper underperformance as growth stocks outperformed value stocks in the fourth quarter (Russell 3000 Growth -0.9% vs Russell 3000 Value -5.9%). The manager also noted that an emerging markets component has been added to the Fund.

The Fund's longer-term performance remains favorable relative to the benchmark.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 12/31/07

	Personal Strategy Growth Fund	
Composition	U.S. Stock	63.2%
	Non-U.S. Stock	19.9
	Bonds	16.1
	Cash	0.8
Number of Holdings	Stocks	696
	Bonds	523
Turnover	50%	
Inception Date	July 1994	
Total Fund Assets	\$1.2 billion	
Fees	0.86%	

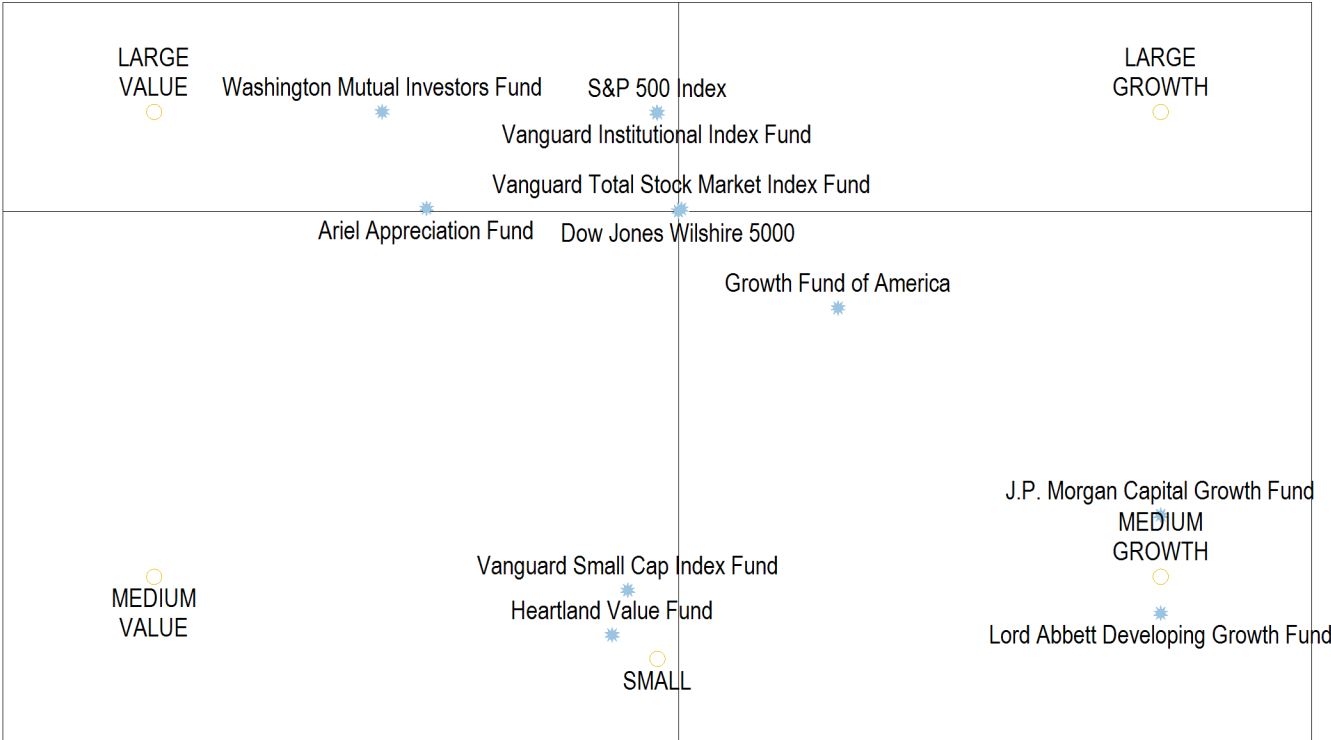
HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1996	17.7%	15.7%	2.0
1997	20.6	23.1	-2.5
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
Trailing 3-Year	9.8%	9.2%	0.6
Trailing 5-Year	14.5	13.0	1.5
Trailing 10-Year	8.1	6.8	1.3
Since Inception (8/31/94)	11.0	9.8	1.2

U.S. STOCK FUNDS - INVESTMENT STYLE

EFFECTIVE STYLE MAP
5 YEARS ENDING 12/31/07



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Washington Mutual Investors Fund	-5.2 %	4.0 %	8.3 %	11.9 %
Russell 1000 Value Index	-5.8	-0.2	9.3	14.6
S&P 500 Index	-3.3	5.5	8.6	12.8

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.

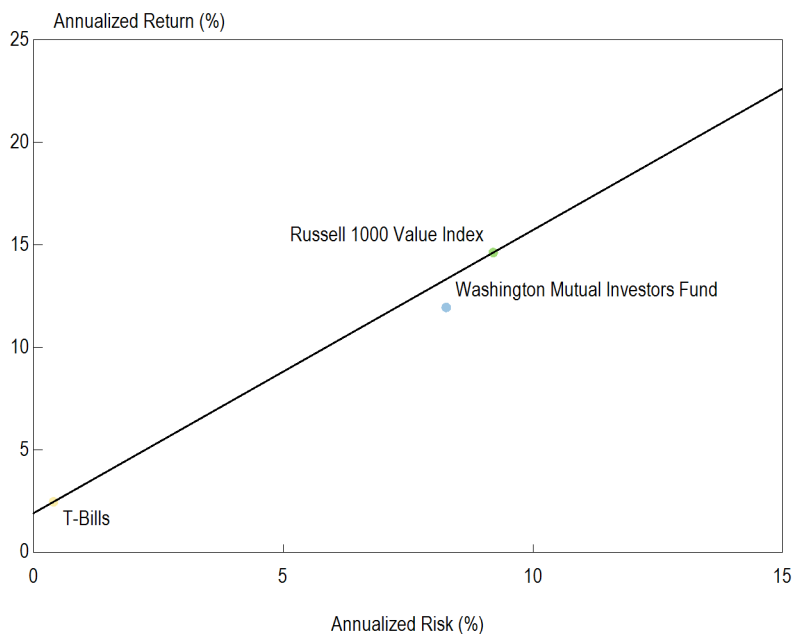
Capital Research & Management (the American Funds family) provides investment services for this fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

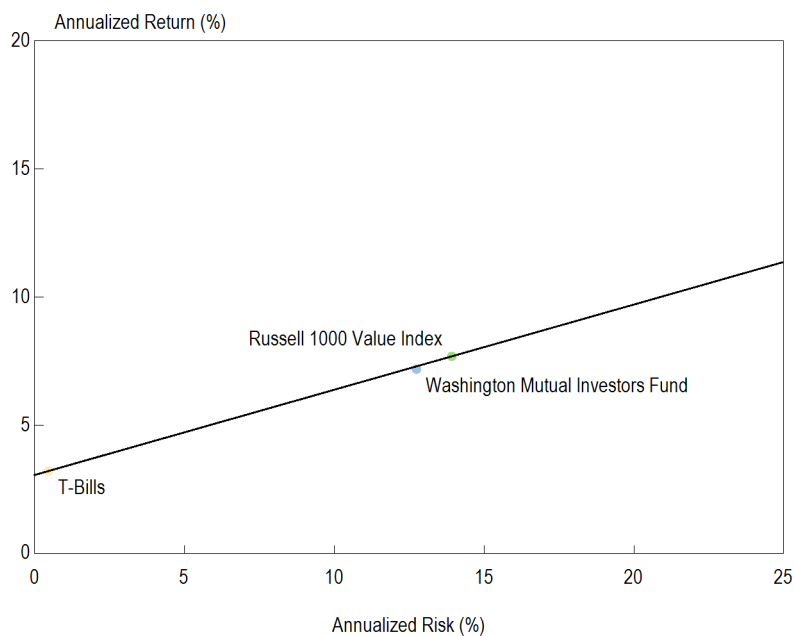
The Washington Mutual Investors Fund outperformed the Russell 1000 Value Index by 0.6 percentage points during the fourth quarter although performance versus the S&P 500 was not as favorable. The Fund's large cap bias was a positive for the fourth quarter as small cap stocks were outperformed by their large cap peers. The Fund's overweight allocation to the energy and health care sectors benefited performance. An underweight allocation to the financial sector also helped performance as the sector continued to suffer from a poor housing market and credit conditions. Poor stock selection within the energy, materials, and industrial sectors detracted from the Fund's return.

Over the one-year period, the Fund outperformed its benchmark. The Fund has trailed the value benchmark over all longer periods. Long-term performance versus the S&P 500 Index has trailed the benchmark. The S&P 500 Index is the Fund's internal benchmark.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/07**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 12/31/07**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 12/31/07

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	95.7%
	Non-U.S. Stocks	0.8
	Cash	3.5
Number of Issues		
Turnover	19%	
Inception Date	July 1952	
Total Fund Assets	\$88.2 billion	
Fees	0.57%	

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference
	Return	Return	
1996	20.2%	21.6%	-1.4
1997	33.3	35.2	-1.9
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
Trailing 3-Year	8.3%	9.3%	-1.0
Trailing 5-Year	11.9	14.6	-2.7
Trailing 10-Year	7.2	7.7	-0.5
Since Inception (8/31/52)	12.8	--	--

*Relative to the Russell 1000 Value Index.

**RETURN SUMMARY
ENDING 12/31/07**

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Vanguard Institutional Index Fund	-3.3 %	5.5 %	8.6 %	12.8 %
S&P 500 Index	-3.3	5.5	8.6	12.8

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 approximated the return of the S&P 500 Index during the fourth quarter and over all longer-term periods shown above, as expected.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 12/31/07

	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
	Cash	0.0
Number of Issues	506	
Turnover	8%	
Inception Date	July 1990	
Total Fund Assets	\$71.6 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1996	23.1%	23.0%	0.1
1997	33.4	33.4	0.0
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
Trailing 3-Year	8.6%	8.6%	0.0
Trailing 5-Year	12.8	12.8	0.0
Trailing 10-Year	6.0	5.9	0.1
Since Inception (8/31/90)	11.4	11.4	0.0

*Relative to the S&P 500 Index.

**RETURN SUMMARY
ENDING 12/31/07**

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Growth Fund of America	-2.6 %	11.3 %	12.3 %	16.2 %
Russell 1000 Growth Index	-0.8	11.8	8.7	12.1

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.

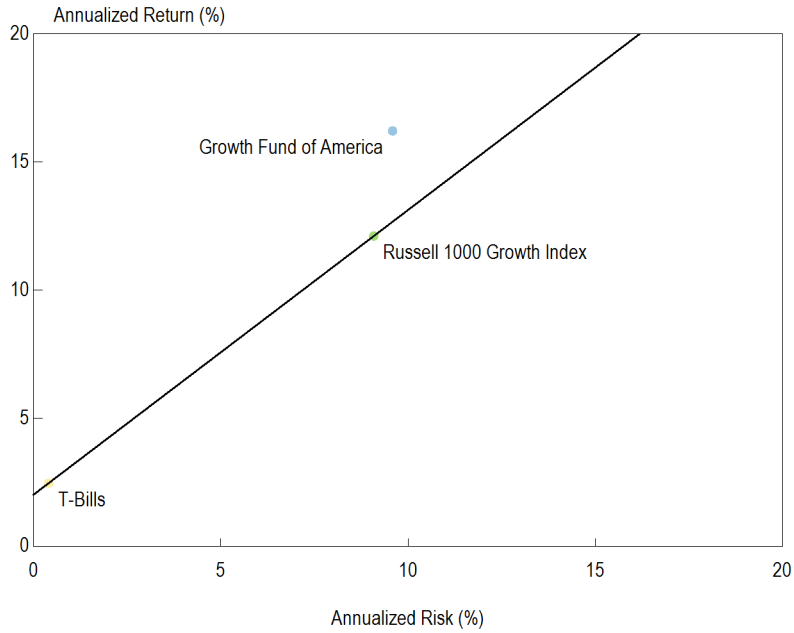
Performance Commentary

The American Funds Growth Fund of America declined 2.6% and underperformed the Russell 1000 Growth Index during the fourth quarter. Major contributors to the Fund's underperformance included the 19.2% allocation to Non-U.S. Stocks (-2.0% MSCI All Country World ex-U.S. Index vs. -0.8% Russell 1000 Growth), underweight allocations to the consumer staples and health care sectors, and poor stock selection within the industrial and consumer discretionary sectors. An approximately 11% exposure to mid and small cap stocks also was a drag on performance as large cap stocks continued to outperform smaller cap stocks. On the positive side, the Fund's 8.4% allocation to cash and overweight allocations to the energy and materials sector helped curtail losses.

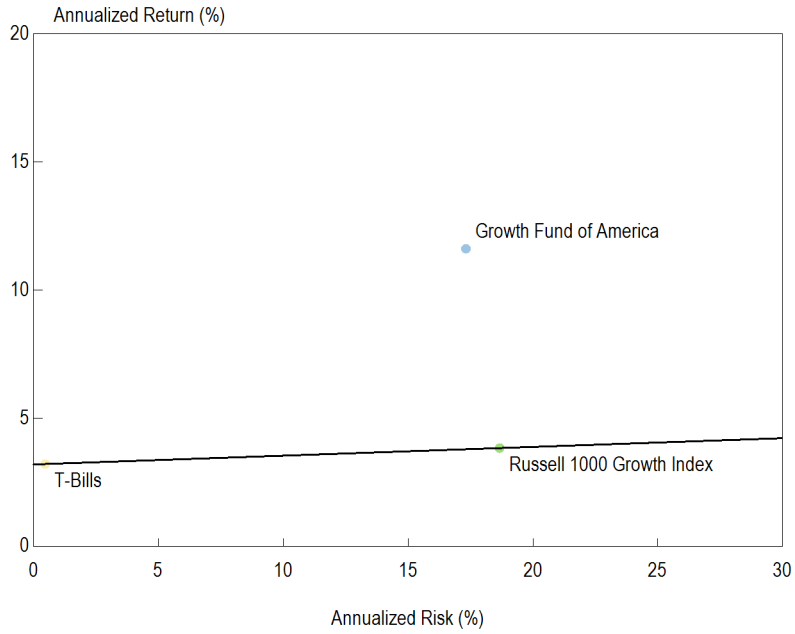
The Fund has underperformed over the trailing one-year period. The Fund outperformed the Index over the longer-term trailing periods shown above.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/07



FUND CHARACTERISTICS AS OF 12/31/07

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition		
	U.S. Stocks	68.8%
	Non-U.S. Stocks	19.2
	U.S. Bonds	0.1
	Cash	11.9
Number of Issues	280	
Turnover	26%	
Inception Date	December 1973	
Total Fund Assets	\$193.5 billion	
Fees	0.35%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1996	14.8%	23.1%	-8.3
1997	26.9	30.5	-3.6
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
Trailing 3-Year	12.3%	8.7%	3.6
Trailing 5-Year	16.2	12.1	4.1
Trailing 10-Year	11.6	3.8	7.8
Since Inception (5/31/94)	13.8	9.4	4.4

*Relative to the Russell 1000 Growth Index.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Vanguard Total Stock Market Index Fund	-3.3 %	5.6 %	9.0 %	13.9 %
Performance Benchmark	-3.3	5.6	9.1	14.0

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

The Vanguard Total Stock Market Index Fund approximated the return of its benchmark during the fourth quarter and over all longer-term periods shown above, as expected. 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 12/31/07

	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	99.5%
	Non-U.S. Stocks	0.5
	Cash	0.0
Number of Issues	3,617	
Turnover	n/a	
Inception Date	April 1992	
Total Fund Assets	\$106.4 billion	
Fees	0.15%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1997 (6 months)	11.4%	11.6%	-0.2
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
Trailing 3-Year	9.0%	9.1%	-0.1
Trailing 5-Year	13.9	14.0	-0.1
Trailing 10-Year	6.3	6.3	0.0
Since Inception (7/31/97)	6.4	6.4	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 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
J.P. Morgan Capital Growth Fund	-0.8 %	17.0 %	12.5 %	17.8 %
Performance Benchmark	-1.7	11.4	11.4	17.9

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.

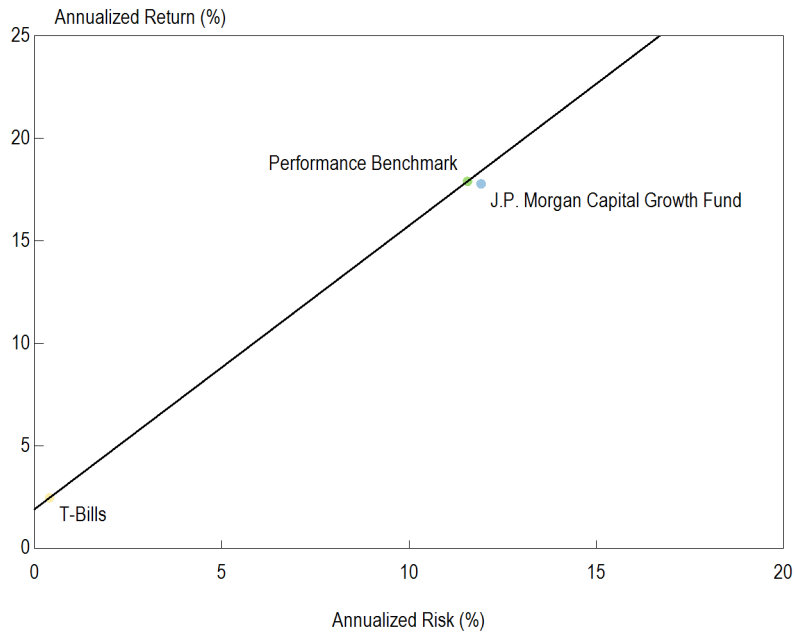
Performance Commentary

The J.P. Morgan Capital Growth Fund outperformed its benchmark, the Russell MidCap Growth Index, by 0.9 percentage points during the fourth quarter. Top holding Amphenol had a strong quarter due to a record earnings announcement. Top ten holdings, Mastercard and two energy companies, Southwestern and Forest Oil, also had strong quarters. Verifone fell from a strong third quarter on the announcement of an earnings adjustment that restated 2007's earnings significantly downward.

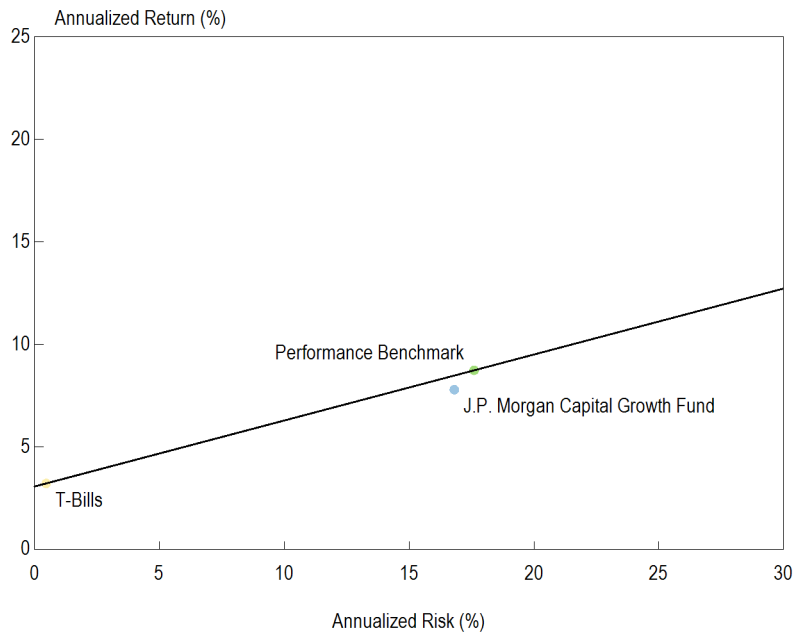
The Fund has outperformed for all longer time periods except for the five-year period. On an absolute basis, the fund has earned a strong 17.8% return, annualized over the last five years.

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

**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/07**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 12/31/07**



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 12/31/07

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.93	
Composition	U.S. Stocks	96.8%
	Non-U.S. Stocks	1.7
	Cash	1.5
Number of Issues	102	
Turnover	105%	
Inception Date	September 1987	
Total Fund Assets	\$1,037 million	
Fees	1.35%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1996	24.2%	19.0%	5.2
1997	23.4	24.4	-1.0
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
Trailing 3-Year	12.5%	11.4%	1.1
Trailing 5-Year	17.8	17.9	-0.1
Trailing 10-Year	7.8	8.7	-0.9
Since Inception (11/30/87)	14.5	13.2	1.3

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

**RETURN SUMMARY
ENDING 12/31/07**

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Ariel Appreciation Fund	-5.9 %	-1.4 %	4.0 %	10.8 %
Russell 2500 Index	-4.3	1.4	8.4	17.0

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.

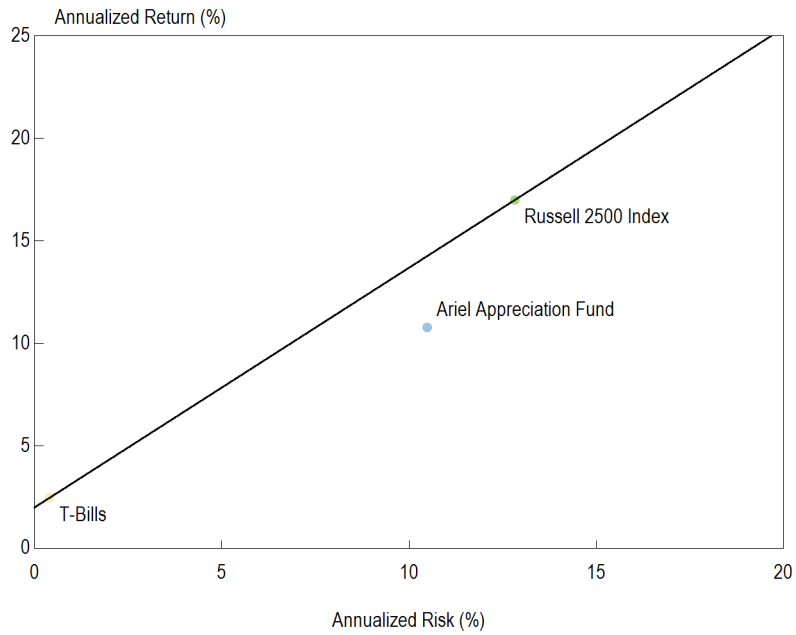
Performance Commentary

The Ariel Appreciation Fund fell 5.9% and underperformed the return of the Russell 2500 Index during the quarter. The manager noted that poor stock selection accounted for much of the underperformance. IMS Health and Anixter were two of the biggest detractors from performance as IMS Health reported lower than expected earnings, drawing the ire of Wall Street. In addition, materials company Pitney Bowes experienced a poor quarter. The manager also highlighted Northern Trust and Janus, both financial companies, who shrugged off the continuing credit crisis to post strong returns for the quarter.

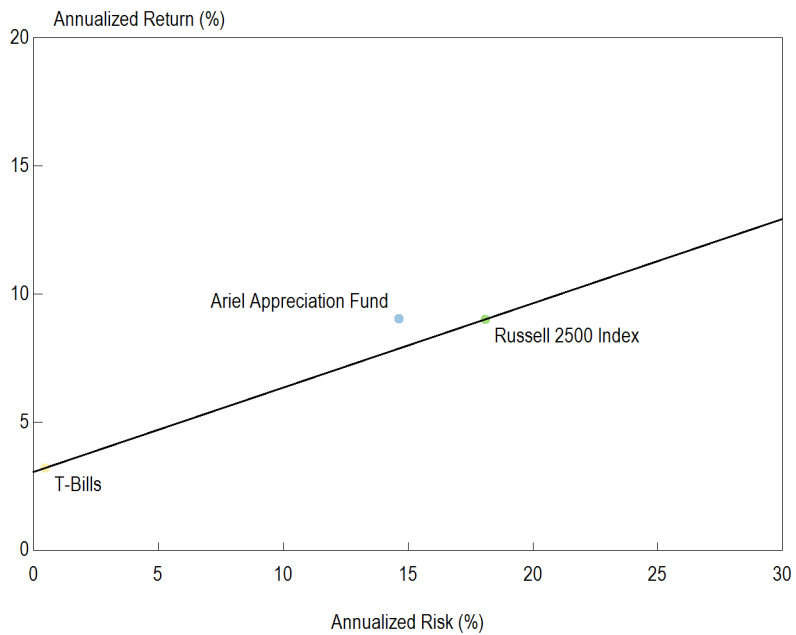
The Fund has struggled versus the Index over all longer-term trailing periods.

ARIEL APPRECIATION

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/07



FUND CHARACTERISTICS AS OF 12/31/07

	Ariel Appreciation Fund	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Somewhat Concentrated	
Market Risk (Beta)*	0.62	
Composition	U.S. Stocks	97.6%
	Cash	2.4
Number of Issues	35	
Turnover	32%	
Inception Date	December 1989	
Total Fund Assets	\$2.1 billion	
Fees	1.12%	

HISTORICAL RETURNS

(BY YEAR)

	Ariel Appreciation Fund	Russell 2500 Index	Return Difference
	Return	Return	
1996	23.7%	19.0%	4.7
1997	37.9	24.4	13.5
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
Trailing 3-Year	4.0%	8.4%	-4.4
Trailing 5-Year	10.8	17.0	-6.2
Trailing 10-Year	9.0	9.0	0.0
Since Inception (12/31/89)	11.8	12.0	-0.2

*Relative to the Russell 2500 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Vanguard Small Cap Index Fund	-5.0 %	1.2 %	8.0 %	17.1 %
Small-Cap Index	-5.0	1.2	8.0	17.4

Investment Strategy

The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI US 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.

Performance Commentary

The Fund matched the return of its benchmark during the fourth quarter of 2007. Slight tracking error existed over the longer-term periods shown above.

The Fund was moved from Admiral shares to the new Signal share class on 10/6/2007.

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

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 12/31/07

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.99	
Composition		
	U.S. Stocks	99.0%
	Non-U.S. Stocks	1.0
	Cash	0.0
Number of Issues	1,735	
Turnover	n/a	
Inception Date	October 1960	
Total Fund Assets	\$14.9 billion	
Fees	0.23%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1996	18.1%	16.5%	1.6
1997	24.6	22.4	2.2
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
Trailing 3-Year	8.0%	8.0%	0.0
Trailing 5-Year	17.1	17.4	-0.3
Trailing 10-Year	7.8	7.6	0.2
Since Inception (5/31/94)	10.9	10.5	0.4

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Lord Abnett Developing Growth Fund	4.0 %	35.8 %	19.6 %	20.5 %
Russell 2000 Growth Index	-2.1	7.0	8.1	16.5

Investment Approach

Management of the Lord Abnett 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.

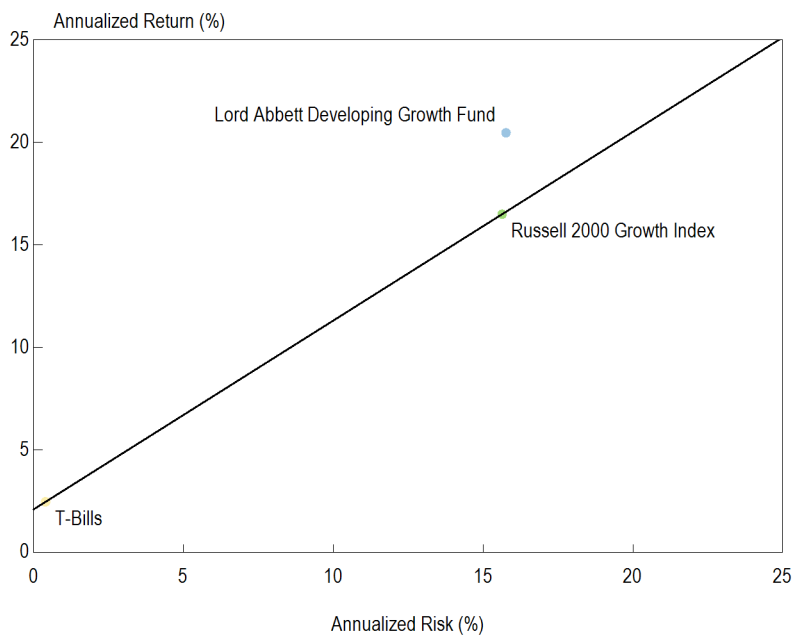
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 119 micro- and small-cap stocks.

Performance Commentary

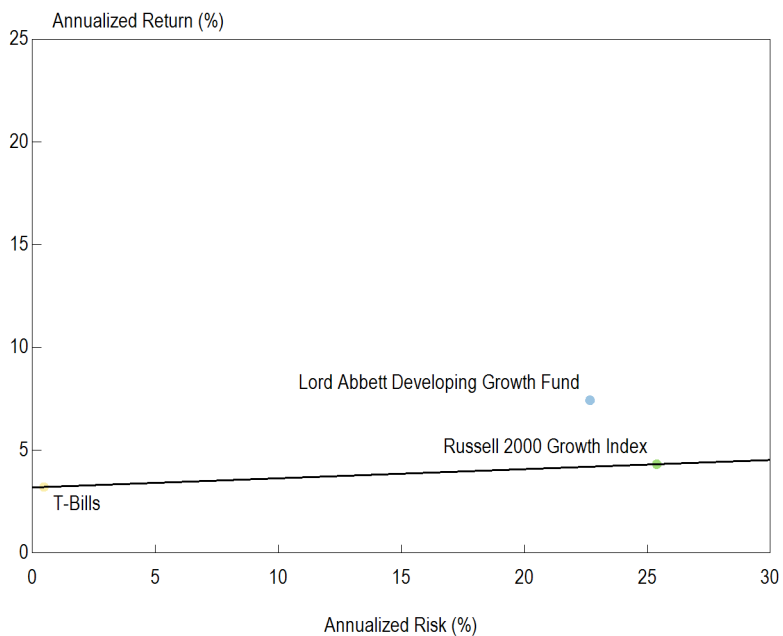
Lord Abnett had another strong quarter, outperforming the Russell 2000 Growth Index by 6.0 percentage points. The manager noted that strong stock selection within the technology and financial sectors were the biggest contributors to performance. On an individual security basis, Mercadolibre added the most to the portfolio. The manager also noted that two securities in the alternative energy industry, First Solar and SunPower, were strong performers. FCStone Group was also a large contributor on account of its strong commodity risk management business.

Over the trailing on-year period the Fund has enjoyed a very strong 35.9% return, outperforming it's benchmark by 28.9 percentage points. Stock selection within the consumer discretionary sector provided the largest portion of this outperformance. The Fund has outperformed for all longer time periods shown above.

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/07



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 12/31/07

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.88	
Composition	U.S. Stocks	88.8%
	Non-U.S. Stocks	5.8
	Cash	5.4
Number of Issues	118	
Turnover	34%	
Inception Date	October 1973	
Total Fund Assets	\$1.2 billion	
Fees	1.19%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1996	22.2%	11.3%	10.9
1997	30.8	12.9	17.9
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
Trailing 3-Year	19.6%	8.1%	11.5
Trailing 5-Year	20.5	16.5	4.0
Trailing 10-Year	7.4	4.3	3.1
Since Inception (11/30/73)	11.6	--	--

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 12/31/07**

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Heartland Value Fund	-4.4 %	-5.5 %	7.2 %	18.0 %
Russell 2000 Value Index	-7.3	-9.8	5.3	15.8

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.

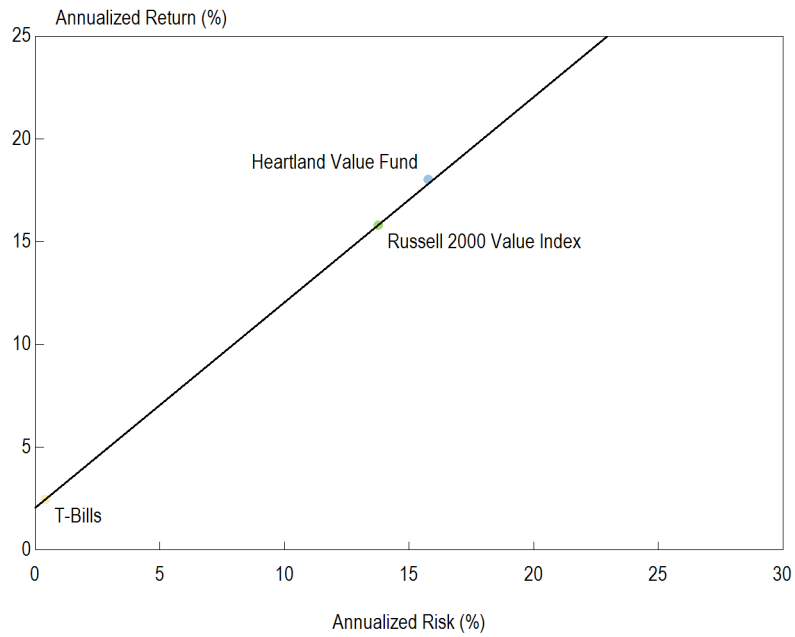
Performance Commentary

In the fourth quarter, the Heartland Value Fund returned -4.4%, outperforming its benchmark, the Russell 2000 Value Index, by 2.9 percentage points. Overweight allocations to the energy and information technology sectors were the primary contributors to performance. Individual holdings Massey Energy and Badger were major contributors to performance. Poor stock selection within the health care sector detracted from performance.

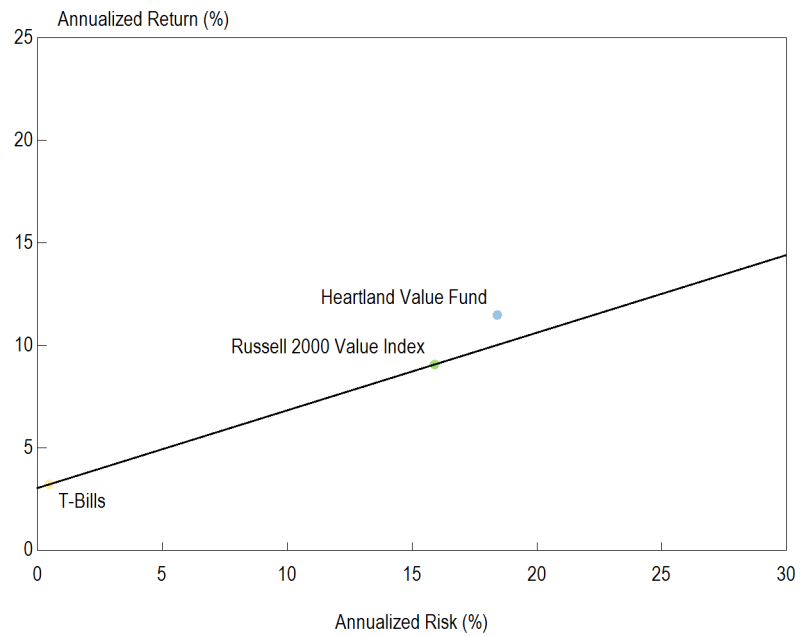
The Fund has outperformed its benchmark for all of longer time periods shown above.

HEARTLAND VALUE

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/07



FUND CHARACTERISTICS AS OF 12/31/07

	Heartland Value Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.98	
Composition		
	U.S. Stocks	77.4%
	Non-U.S. Stocks	12.9
	REITs	0.3
	Cash	9.5
	Other	-0.1
Number of Issues	190	
Turnover	58%	
Inception Date	December 1984	
Total Fund Assets	\$1.7 billion	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	Heartland Value Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1996	21.0%	21.4%	-0.4
1997	23.2	31.8	-8.6
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
Trailing 3-Year	7.2%	5.3%	1.9
Trailing 5-Year	18.0	15.8	2.2
Trailing 10-Year	11.5	9.1	2.4
Since Inception (1/31/85)	14.2	12.3	1.9

*Relative to the Russell 2000 Value Index.

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**RETURN SUMMARY
ENDING 12/31/07**

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
EuroPacific Growth Fund	1.4 %	19.2 %	20.9 %	23.1 %
MSCI All Country World ex-U.S. Index	-0.7	16.7	19.9	24.0

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.

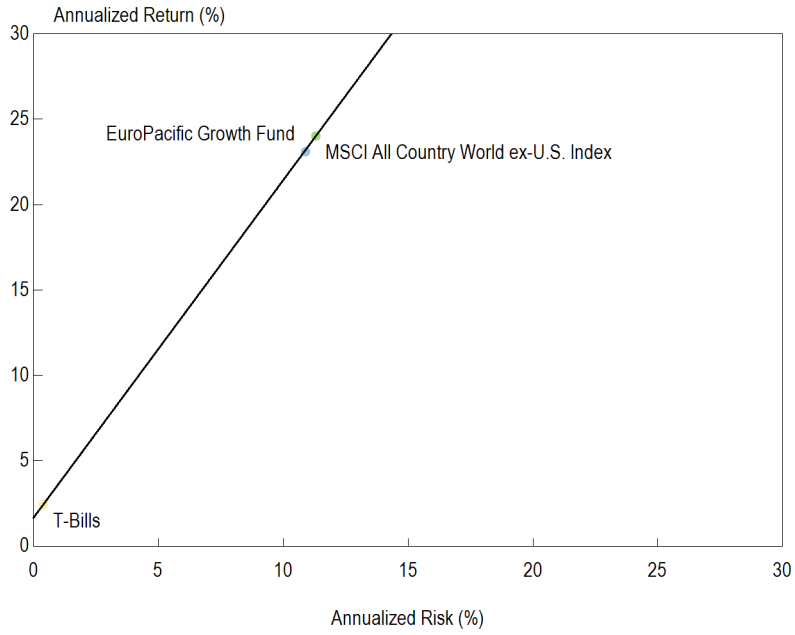
Performance Commentary

The EuroPacific Growth Fund outperformed the MSCI All Country World ex-U.S. Index by 2.1 percentage points in the fourth quarter of 2007. Stock selection within the energy, materials, and industrial sectors as well as underweight allocations to materials and industrials contributed to the excess returns. Stock selection within India and Japan and an underweight allocation to Japan helped the Fund's outperformance as well. In addition, a 10.7% allocation to cash helped as cash outperformed the benchmark in the fourth quarter. Stock selection within and an overweight allocation to South Korea in addition to stock selection within and an overweight allocation to the consumer discretionary sector were the primary detractors to performance.

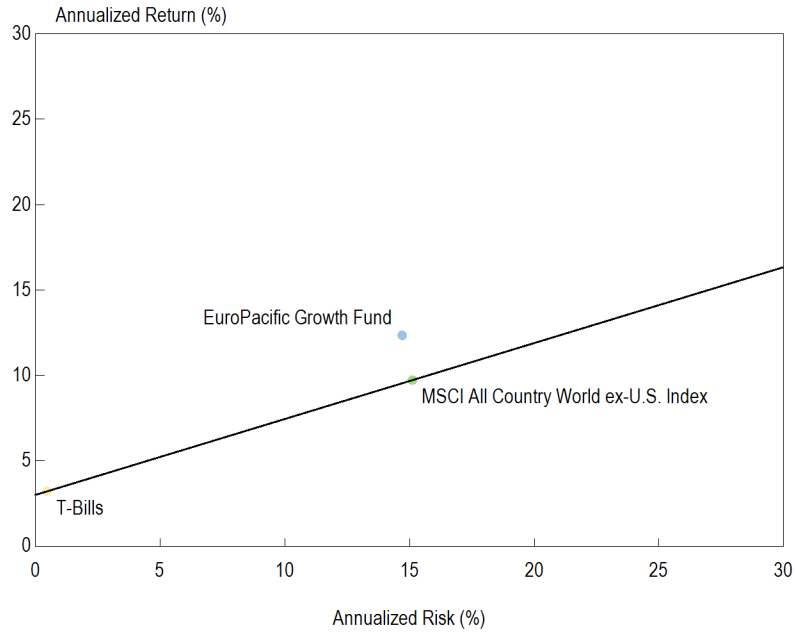
Over the trailing one-, and three-year periods the Fund has outperformed its benchmark. Despite posting a strong absolute return of 23.1% over the trailing five-year period, the Fund underperformed its benchmark.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/07



FUND CHARACTERISTICS AS OF 12/31/07

	EuroPacific Growth Fund	
Geographic Breakdown	United States	0.2%
	Asia & Pacific Basin	23.0
	Europe ex-U.K.	45.4
	U.K.	6.7
	Other (Including Canada & Latin America)	14.2
	Cash	10.7
Composition	Non-U.S. Stocks	89.1%
	U.S. Stocks	0.2
	Cash	10.7
Number of Issues	280	
Turnover	27%	
Inception Date	April 1984	
Total Fund Assets	\$124.0 billion	
Fees	0.52%	

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1996	18.6%	6.4%	12.2
1997	9.2	1.8	7.4
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	26.6	-4.4
2007	19.2	16.7	2.5
Trailing 3-Year	20.9%	19.9%	1.0
Trailing 5-Year	23.1	24.0	-0.9
Trailing 10-Year	12.3	9.7	2.6
Since Inception (5/31/94)	12.1	8.5	3.6

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS 3 MONTHS ENDING 12/31/07

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.8 %	0.4 %	0.5 %
Belgium	0.4	0.9	-6.0
Czech Republic*	--	0.2	14.9
Denmark	2.0	0.7	0.2
Finland	1.8	1.4	-2.1
France	9.2	8.0	0.7
Germany	9.4	7.0	5.1
Greece	1.3	0.6	6.3
Hungary*	0.3	0.2	-6.2
Ireland	1.2	0.5	-11.2
Italy	1.9	2.9	0.5
Netherlands	2.4	2.1	-1.8
Norway	0.8	0.8	-0.6
Poland*	0.2	0.3	1.7
Portugal	0.2	0.3	7.4
Russia*	2.5	2.0	17.4
Spain	3.7	3.3	8.3
Sweden	0.7	1.7	-12.8
Switzerland	6.4	5.0	-1.9
United Kingdom	6.7	16.5	-2.4
Asia/Pacific			
Australia	1.9 %	4.8 %	-4.2 %
China*	1.1	3.1	-3.7
Hong Kong	1.1	1.8	7.1
India*	3.7	1.6	23.3
Indonesia*	0.4	0.3	18.0
Japan	7.7	14.8	-6.1
Korea*	6.2	2.8	-4.6
Malaysia*	--	0.5	12.3
New Zealand	--	0.1	-3.7
Pakistan*	0.1	0.0	3.0
Philippines*	0.4	0.1	7.6
Singapore	0.7	0.8	-3.4
Sri Lanka*	--	0.0	4.1
Taiwan, China*	3.2	1.9	-7.7
Thailand*	0.1	0.3	5.6
Americas			
Argentina*	--	0.1 %	-10.8 %
Brazil*	3.8 %	2.6	13.2
Canada	1.8	6.3	-0.2
Chile*	--	0.2	-1.8
Colombia*	--	0.1	4.1
Mexico*	2.2	0.9	-2.1
Peru*	--	0.1	-4.6
United States	0.2	0.0	-3.3
Venezuela*	--	0.0	1.5
Other			
Egypt*	0.2 %	0.2 %	24.3 %
Israel*	0.6	0.4	5.7
Jordan*	--	0.0	24.2
Morocco*	--	0.1	2.0
South Africa*	1.8	1.3	1.3
Turkey*	0.2	0.3	5.9
Cash			
Cash	10.7 %	--	--
Total	100.0 %	100.0 %	-0.7 %
Developed	62.3	80.6	
Emerging*	27.0	19.5	
Cash	10.7	--	

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

RETURN SUMMARY ENDING 12/31/07

	Fourth Quarter	1 Year Ending 12/31/07	3 Years Ending 12/31/07	5 Years Ending 12/31/07
Vanguard Total International Stock Index Fund	-1.2 %	15.5 %	19.1 %	23.5 %
MSCI All Country World ex-U.S. Index	-0.7	16.7	19.9	24.0

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 failed to track the return of its benchmark during the fourth 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. A large portion of the tracking error is due to the Fund's lack of exposure to Canada. Canada, as of 12/31/07, made up 6.3% of the MSCI All Country World ex-U.S. Index and was one of the better performing countries in the Index.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

FUND CHARACTERISTICS AS OF 12/31/07

	Vanguard Total International Stock Index Fund	
Country Allocations	Japan	15.8%
	Pacific ex-Japan	17.6
	U.K.	17.6
	Europe ex-U.K.	40.6
	Latin America	4.2
	U.S. & Canada	0.0
	Other	4.2
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	\$28.7 billion	
Fees	0.32%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total International Stock Index Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1996 (8 months)	0.7 %	0.1 %	0.6
1997	-0.8	1.8	-2.6
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	26.6	0.0
2007	15.5	16.7	-1.2
Trailing 3-Year	19.1 %	19.9 %	-0.8
Trailing 5-Year	23.5	24.0	-0.5
Trailing 10-Year	9.4	9.7	-0.3
Since Inception (5/31/96)	8.2	8.7	-0.5

RETURNS OF THE MAJOR CAPITAL MARKETS

	Fourth Quarter	Annualized Periods Ending 12/31/07				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	-3.2%	5.6%	9.2%	14.0%	6.3%	10.5%
S&P 500 Index	-3.3	5.5	8.6	12.8	5.9	10.5
Russell 3000 Index	-3.3	5.1	8.9	13.6	6.2	10.5
Russell 1000 Value Index	-5.8	-0.2	9.3	14.6	7.7	12.1
Russell 1000 Growth Index	-0.8	11.8	8.7	12.1	3.8	8.5
Russell MidCap Value Index	-6.0	-1.4	10.1	17.9	10.2	13.3
Russell MidCap Growth Index	-1.7	11.4	11.4	17.9	7.6	10.3
Russell 2000 Value Index	-7.3	-9.8	5.3	15.8	9.1	12.5
Russell 2000 Growth Index	-2.1	7.0	8.1	16.5	4.3	7.1
Domestic Bond Indices:						
Lehman Brothers Aggregate Index	3.0%	7.0%	4.6%	4.4%	6.0%	6.5%
Lehman Brothers Govt/Credit Index	3.1	7.2	4.4	4.4	6.0	6.5
Lehman Brothers Long Govt/Credit Index	3.9	6.6	4.9	5.8	6.9	7.9
Lehman Brothers 1-3 Year Govt/Credit Index	2.2	6.8	4.3	3.4	5.0	5.2
Lehman Brothers U.S. MBS Index	3.1	6.9	4.9	4.5	5.9	6.3
Lehman Brothers High Yield Index	-1.3	1.9	5.4	10.9	5.5	7.5
Lehman Brothers Universal Index	2.7	6.5	4.7	5.0	6.1	6.6
Real Estate Indices:						
NCREIF Net Property Index	3.2%	15.8%	17.5%	15.1%	12.9%	11.2%
NCREIF ODCE Index	1.9	14.8	16.7	14.0	11.9	10.2
DJ Wilshire Real Estate Securities Index	-13.7	-17.7	8.4	18.6	10.8	12.8
FTSE NAREIT US Real Estate Index	-12.7	-15.7	8.5	18.2	10.5	13.0
Foreign/Global Stock Indices:						
MSCI All Country World Index	-1.8%	11.7%	14.4%	18.2%	7.5%	10.0%
MSCI All Country World ex-U.S. Index	-0.7	16.7	19.9	24.0	9.7	10.2
MSCI EAFE Index	-1.8	11.2	16.8	21.6	8.6	9.6
MSCI EAFE Index (in local currency)	-3.0	3.5	15.9	16.1	6.1	8.0
MSCI World ex-U.S.A. Small Cap Index	-4.9	3.3	15.5	26.4	12.0	9.0
MSCI Emerging Markets Index	3.6	39.4	35.1	37.0	14.2	11.8
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	3.9%	11.5%	2.7%	7.5%	6.3%	6.8%
Citigroup Hedged World Gov't Bond Index	1.9	4.9	4.6	4.1	5.7	7.1
Cash Equivalents:						
Treasury Bills (30-Day)	0.8%	4.0%	3.5%	2.5%	3.2%	3.5%
EnnisKnupp STIF Index	1.3	5.4	4.5	3.2	4.0	4.3
Inflation Index:						
Consumer Price Index	0.7%	4.1%	3.3%	3.0%	2.7%	2.7%

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 Stock 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 Stock Index, 20% Lehman Brothers Aggregate Bond Index and 12% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Income) - A mix of 34% DJ Wilshire 5000 Stock 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 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 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 2,529 U.S. stock mutual funds.

Fixed Income Ranks - A broad Morningstar universe of 721 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 9/30/07

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

Third Quarter 2007

CONTENTS

- 1 Investment Highlights**
- 2 Market Environment**
- 3 Fixed Income Funds**
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- 5 U.S. Stock Funds**
- 6 Non-U.S. Stock Funds**
- 7 Appendicies**

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 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
North Shore Savings Fund	0.9%	--	2.8%	--	3.8%	--	3.3%	--	2.5%	--
iMoney Net Money Fund Average	1.2	--	3.6	--	4.8	--	3.1	--	2.2	--
Stable Value Fund	1.2	--	3.6	--	4.8	--	4.7	--	4.5	--
EnnisKnupp GIC Index	1.1	--	3.4	--	4.5	--	4.1	--	4.1	--
PIMCO Total Return Fund Instl	4.6	9	4.9	7	5.8	18	4.2	44	4.8	54
LB Aggregate Bond Index	2.8	54	3.8	46	5.1	50	3.9	63	4.1	80

RETURN SUMMARY ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Income	2.2%	41	7.5%	25	12.0%	17	9.6%	11	11.0%	9
Custom Benchmark	2.0	45	6.1	45	10.1	39	8.3	28	9.1	38
TRP PS Balanced	2.1	41	9.1	29	15.0	21	12.0	14	13.9	10
Custom Benchmark	1.9	45	7.4	46	12.9	39	10.8	27	12.0	33
TRP PS Growth	1.9	43	10.5	33	17.9	25	14.3	17	16.5	16
Custom Benchmark	1.8	45	8.6	47	15.5	41	13.0	29	14.9	33

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 9/30/07

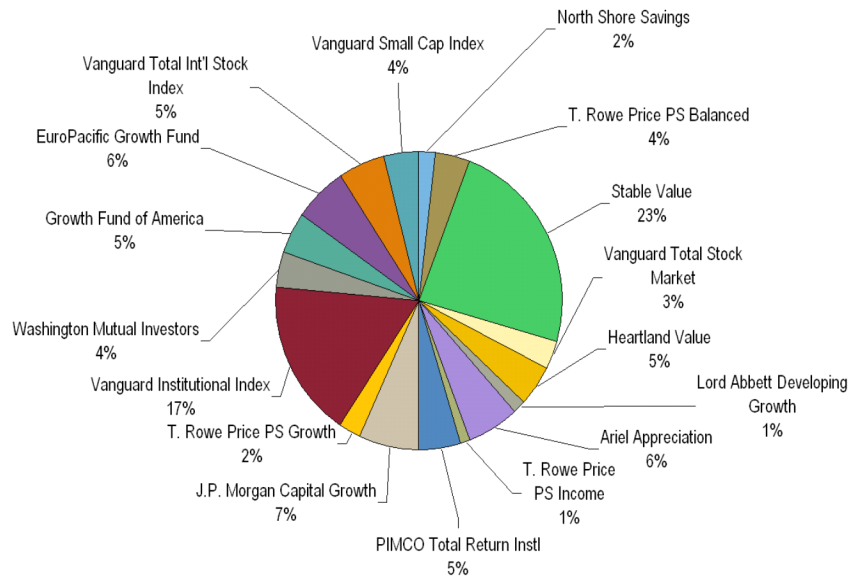
	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Washington Mutual Investors Fund	1.8 %	45	9.7 %	50	16.6 %	53	12.6 %	68	14.9 %	69
Russell 1000 Value Index	-0.2	66	6.0	78	14.5	72	15.2	32	18.1	30
Vanguard Institutional Index Fund	2.0	40	9.1	53	16.4	54	13.1	57	15.4	61
S&P 500 Index	2.0	40	9.1	53	16.4	54	13.1	57	15.5	61
Growth Fund of America	4.5	22	14.3	23	21.7	25	16.9	19	18.4	26
Russell 1000 Growth Index	4.2	24	12.7	31	19.4	35	12.2	73	13.8	81
Vanguard Total Stock Market Index Fund	1.5	48	9.2	53	16.9	50	13.9	46	16.4	49
Performance Benchmark	1.5	48	9.2	53	17.0	50	14.0	46	16.5	48
J.P. Morgan Capital Growth Fund	5.7	15	18.0	11	24.2	17	17.7	14	19.3	20
Performance Benchmark	2.1	38	13.3	28	21.2	27	17.0	18	20.4	12
Ariel Appreciation Fund	-4.7	93	4.8	83	12.1	84	9.5	94	13.3	85
Russell 2500 Index	-2.5	83	5.9	78	15.2	67	15.0	34	19.6	18
Vanguard Small Cap Index Fund	-2.4	82	6.5	74	15.6	64	14.7	36	19.7	17
Small-Cap Index	-2.4	82	6.5	74	15.7	63	14.7	36	20.0	14
Lord Abbett Developing Growth Fund	9.8	4	30.6	1	44.8	1	22.4	3	20.7	11
Russell 2000 Growth Index	0.0	63	9.3	52	18.9	38	14.1	44	18.7	24
Heartland Value Fund	-6.9	98	-1.2	98	12.2	83	12.8	64	20.8	10
Russell 2000 Value Index	-6.3	97	-2.7	99	6.1	98	12.5	69	18.7	24

RETURN SUMMARY ENDING 9/30/07

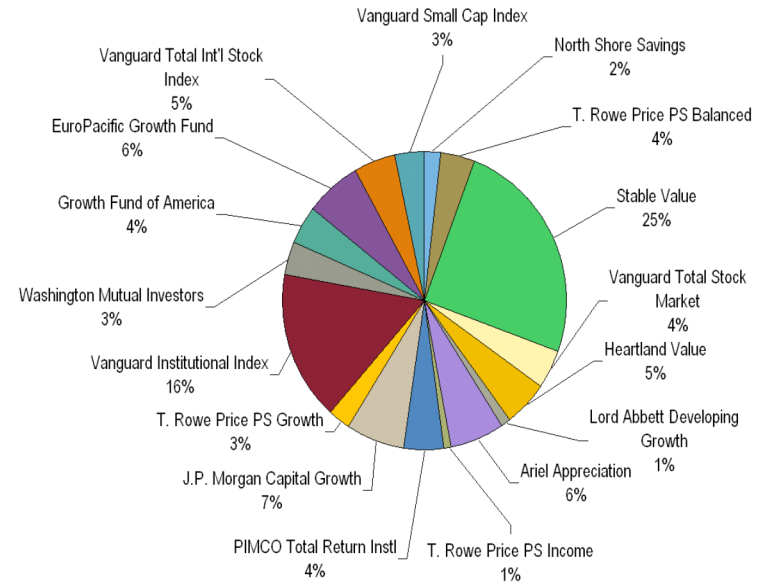
	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
EuroPacific Growth Fund	5.3 %	18	17.6 %	22	27.9 %	38	25.6 %	29	24.7 %	36
MSCI All Country World ex-U.S. Index	4.6	20	17.4	22	30.5	27	26.0	26	25.8	24
Vanguard Total International Stock Index Fund	4.5	22	17.0	26	30.1	28	25.6	29	25.4	26
MSCI All Country World ex-U.S. Index	4.6	20	17.4	22	30.5	27	26.0	26	25.8	24

Benchmark descriptions can be found in Section 7.

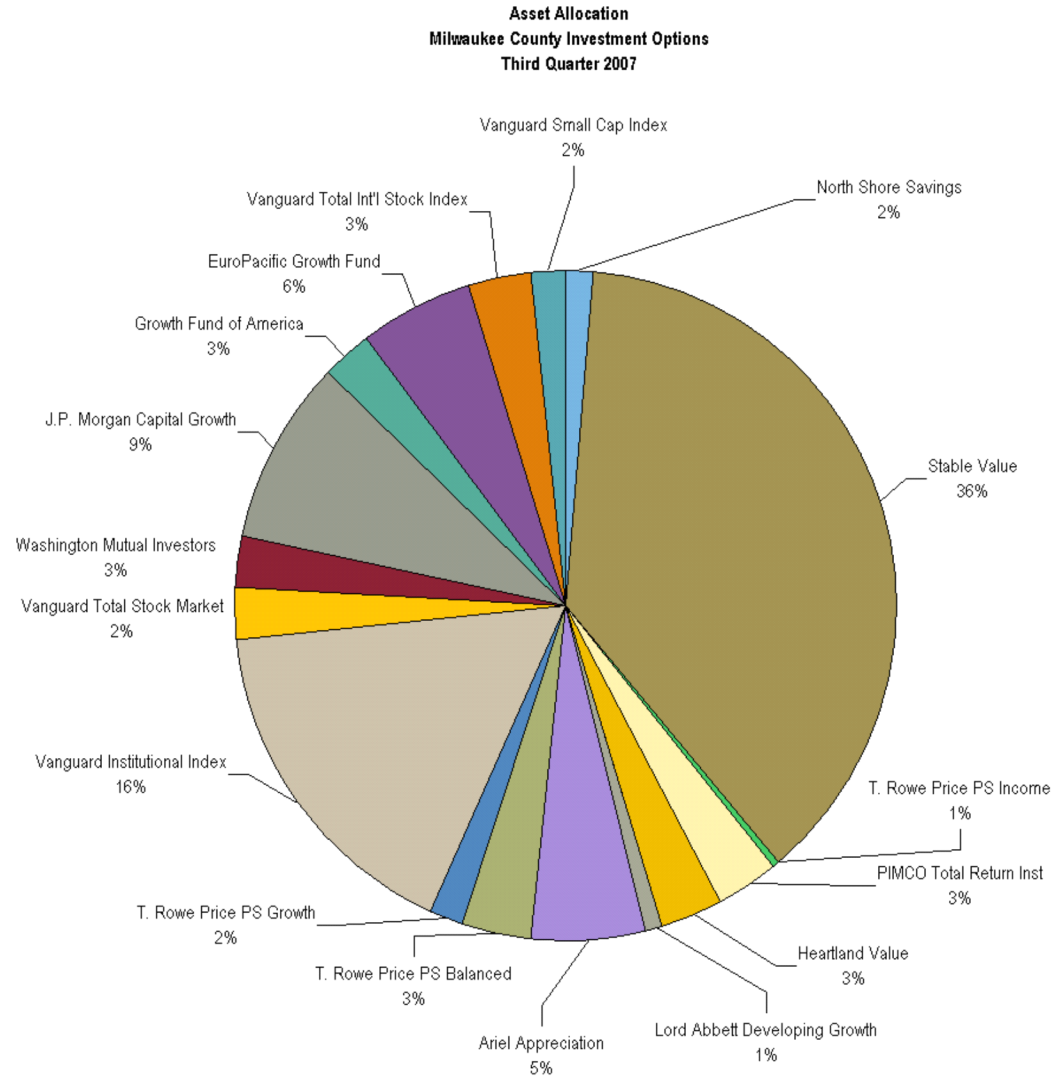
**Contributions by Investment Option
Third Quarter 2007**



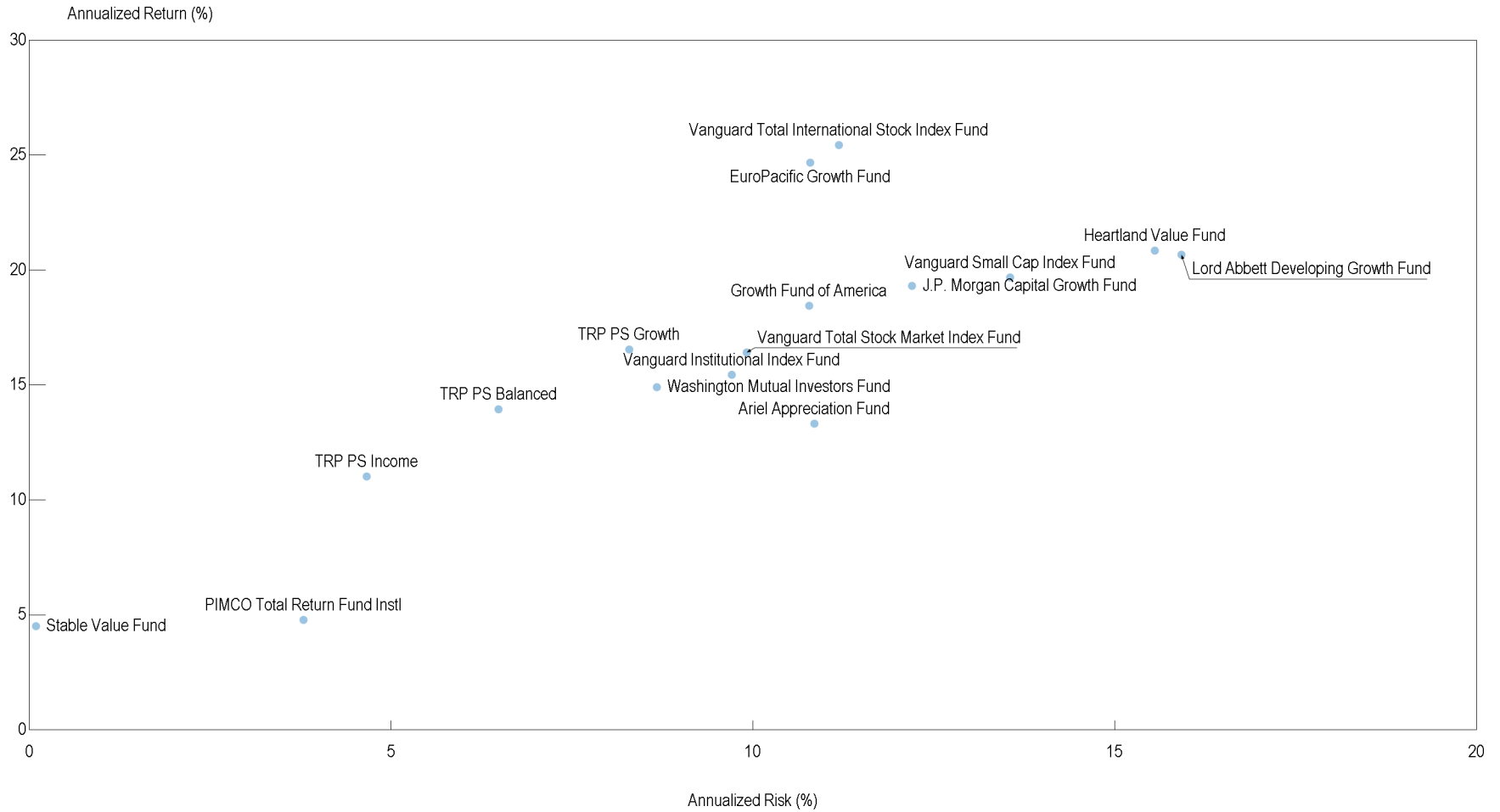
**Contributions by Investment Option
YTD 2007**



INVESTMENT HIGHLIGHTS



**ANNUALIZED RISK RETURN
5 YEARS ENDING 9/30/07**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	June 30, 2007	Net Contributions/ Withdrawals	Net Income/ Appreciation*	September 30, 2007
North Shore Savings	\$3,403,308	\$31,483	\$31,842	\$3,466,633
Stable Value	\$85,670,817	(\$1,555,480)	\$1,023,288	\$85,138,626
T. Rowe Price PS Income	\$1,164,341	(\$35,281)	\$24,222	\$1,153,282
PIMCO Total Return Inst	\$6,438,049	(\$2,379)	\$292,508	\$6,728,178
Hearland Value	\$7,242,701	\$29,131	(\$492,806)	\$6,779,025
Lord Abbett Developing Growth	\$1,860,623	\$367,496	\$202,450	\$2,430,569
Ariel Appreciation	\$12,700,010	\$11,941	(\$587,254)	\$12,124,696
T. Rowe Price PS Balanced	\$7,574,966	\$44,708	\$163,762	\$7,783,437
T. Rowe Price PS Growth	\$3,683,841	\$37,623	\$71,365	\$3,792,829
Vanguard Institutional Index	\$38,085,711	(\$538,014)	\$763,233	\$38,310,931
Vanguard Total Stock Market	\$5,691,747	(\$297,296)	\$81,629	\$5,476,081
Washington Mutual Investors	\$5,815,013	(\$47,963)	\$103,096	\$5,870,146
J.P. Morgan Capital Growth	\$19,237,519	(\$179,560)	\$1,084,293	\$20,142,252
Growth Fund of America	\$5,339,652	\$201,310	\$248,882	\$5,789,844
EuroPacific Growth Fund	\$12,165,839	\$121,679	\$646,434	\$12,933,952
Vanguard Total Intl Stock Index	\$6,414,006	\$118,689	\$281,447	\$6,814,142
Vanguard Small Cap Index	\$3,777,284	\$123,226	(\$96,234)	\$3,804,277
Total	\$226,265,428	(\$1,568,687)	\$3,842,157	\$228,538,899

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue Sharing
North Shore Savings	\$ 3,467	0.00%	0.00%	\$ -	\$ -
Stable Value	85,139	0.20%	0.20%	170,277	170,277
PIMCO Total Return Inst	6,728	0.43%	0.00%	28,931	-
TRP PS Income	1,153	0.77%	0.15%	8,880	1,730
TRP PS Balanced	7,783	0.81%	0.00%	63,046	-
TRP PS Growth	3,793	0.86%	0.15%	32,618	5,689
Washington Mutual	5,870	0.57%	0.33%	33,460	19,371
Hearland	6,779	1.12%	0.35%	75,925	23,727
Lord Abbett	2,431	1.19%	0.40%	28,924	9,722
Vanguard Total Intl Stock	6,814	0.32%	0.00%	21,805	-
Vanguard Institutional	38,311	0.05%	0.00%	19,155	-
Vanguard Total Stock Market	5,476	0.19%	0.00%	10,405	-
JP Morgan Capital Growth	20,142	1.35%	0.50%	271,920	100,711
Ariel Appreciation	12,125	1.16%	0.45%	140,646	54,561
Growth Fund of America (R5)	5,790	0.35%	0.05%	20,264	2,895
Vanguard Small Cap Index	3,804	0.23%	0.00%	8,750	-
EuroPacific Growth Fund (R5)	12,934	0.52%	0.05%	67,257	6,467
Total	\$ 228,539	0.44%		\$ 1,002,265	\$ 223,367
Total as a Percent				0.44%	0.10%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 778,898
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.34%

Great West Revenue Sharing Cap	\$ 125,000
<i>Capped Revenue Sharing as a Percent of Plan Assets</i>	0.05%

Revenue Sharing Returned to the County	\$ 98,367
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.04%

*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.

MARKET ENVIRONMENT
Third Quarter 2007

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Third Quarter	Year-To-Date	1 Year Ending 9/30/07	3 Years Ending 9/30/07	5 Years Ending 9/30/07	10 Years Ending 9/30/07
Dow Jones Wilshire 5000 Index	1.5 %	9.1 %	17.0 %	14.0 %	16.5 %	6.8 %
MSCI All-Country World Ex-US Free	4.6	17.4	30.5	26.0	25.8	8.8
MSCI EAFE Free	2.2	13.2	24.9	23.2	23.6	8.0
MSCI Emerging Markets	14.4	34.5	58.2	40.8	38.7	11.6
MSCI All Country World Index	3.5	13.7	24.0	19.6	20.5	7.3
Lehman Brothers Aggregate Bond Index	2.8	3.8	5.1	3.9	4.1	6.0

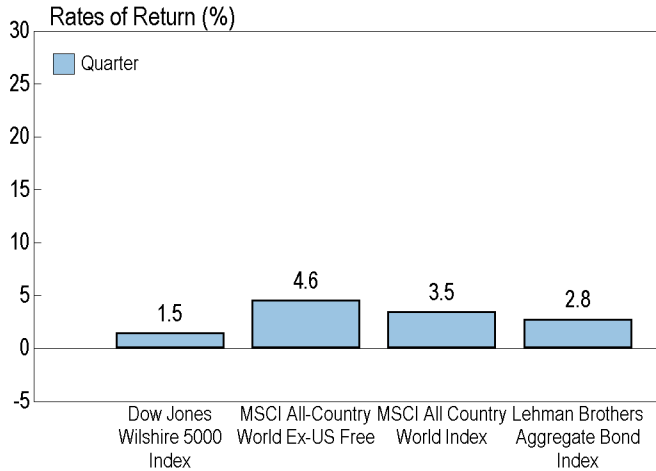
The broad U.S. equity market overcame a volatile end of the summer to post a gain for the third quarter of 2007. The market was shaken during the collapse of the sub-prime market and the lack of liquidity in the credit markets during July and the beginning of August, but showed its resilience during September as it came back strong, gaining 3.6% during the month. The market also rallied off a 50 point basis point reduction in the Federal Funds rate on September 18th, which was the first rate reduction in four years. Fueled by a higher than generally expected cut to the Federal Funds rate, the market ended the quarter on a positive note, though questions remain regarding what lingering effects the sub-prime market collapse, and continuing decline in the housing market, will have in the near future.

The Dow Jones Wilshire 5000 Index gained 1.5% during the third quarter and posted a 9.1% gain year-to-date. Energy was once again the best-performing sector advancing 8.2% during the quarter, and has now gained 28.3% over the year-to-date period. Consumer durables was the worst performing sector during the quarter, declining 8.6%, while financial stocks, hurt by the sub-prime crisis, declined 3.7%. The financial sector declined 4.6% over the year-to-date period, making it the worst performing sector over the last nine months. Over the past quarter and year-to-date period, large cap stocks outperformed their small cap stocks, and growth outperformed value.

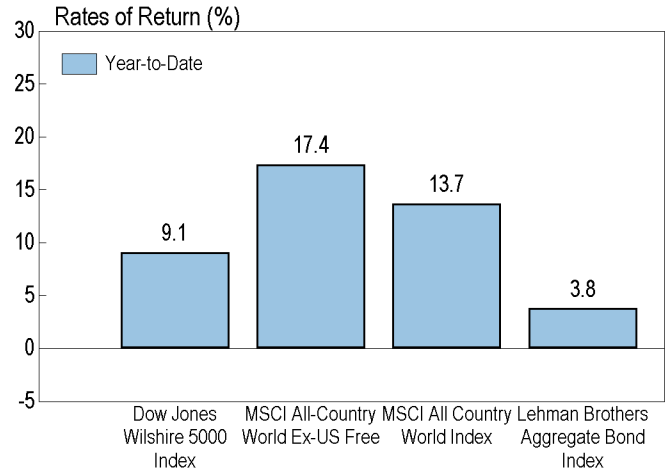
Non-U.S. stocks produced solid gains for the quarter as the MSCI All Country World ex-U.S. Index advanced 4.6%, and has now gained 17.4% year-to-date. Emerging markets led the way as the Asian region advanced 19.0% during the quarter, while Japan once again lagged the index declining 0.9%. Emerging markets held up well during the sub-prime crisis that began in developed markets. After a rough end of July and early August, the MSCI Emerging Markets Index rallied to end the quarter at an all-time high. The MSCI Emerging Markets Index produced stellar returns, advancing 14.4% during the quarter and has now gained 34.5% over the year-to-date period.

The U.S. bond market, as measured by the Lehman Brothers Aggregate Bond Index, gained 2.8% during the quarter and 3.8% year-to-date. Volatility returned to the fixed income market in the form of the sub-prime panic that started in mid-July. Investment grade and high yield corporate bond spreads widened significantly and those sectors lagged the broad market as investors re-priced risk across global asset classes. Government bonds outperformed the broad market, as investors sought a flight to quality under such market conditions. The yield curve declined and steepened during the quarter. The Fed met in September and decided to lower the Federal Funds rate by 50 basis points to 4.75%. Their decision quelled fears of a pending liquidity crisis resulting from the sub-prime panic.

**MAJOR MARKET RETURNS
THIRD QUARTER**

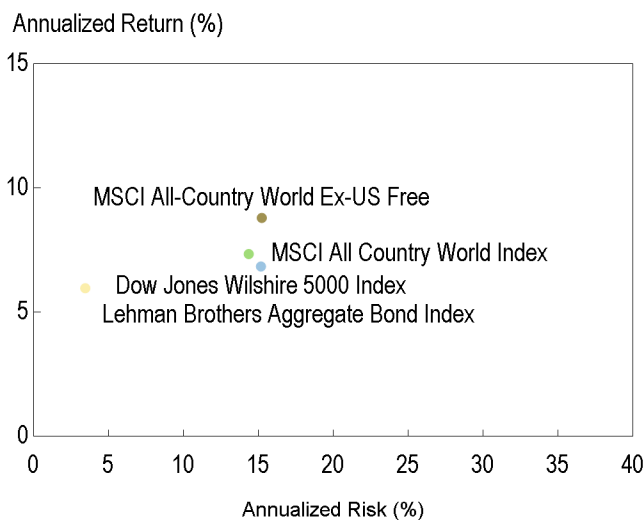


**MAJOR MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/07**

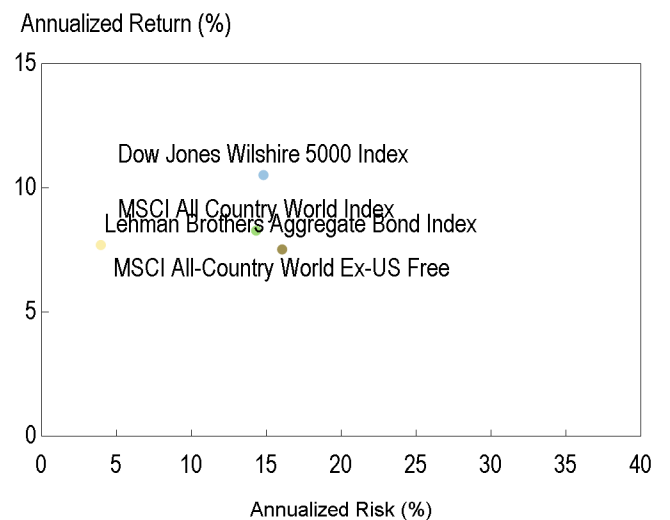


The exhibits above show the performance of the major capital markets during the third quarter and year-to-date period.

**MARKET RISK/RETURN
10 YEARS ENDING 9/30/07**



**MARKET RISK/RETURN
20 YEARS ENDING 9/30/07**

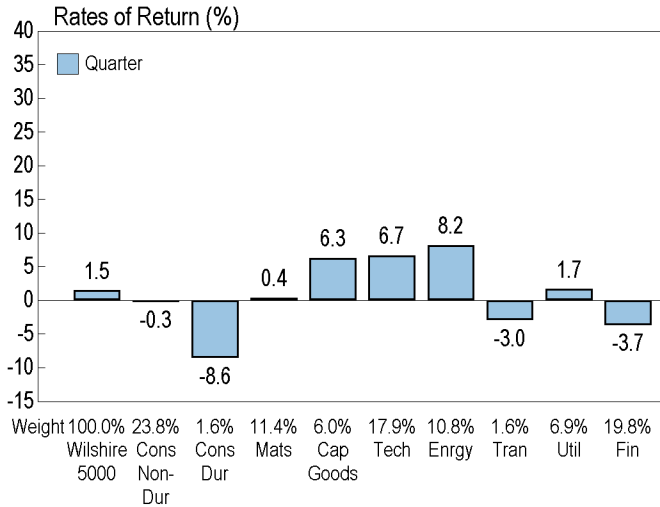


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

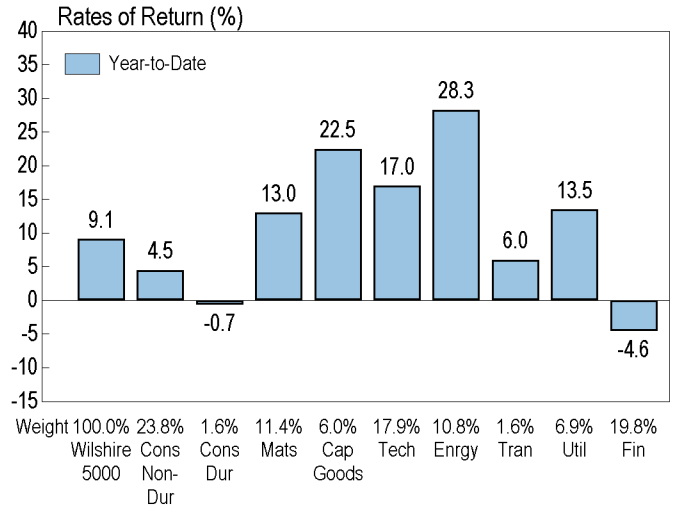
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS THIRD QUARTER



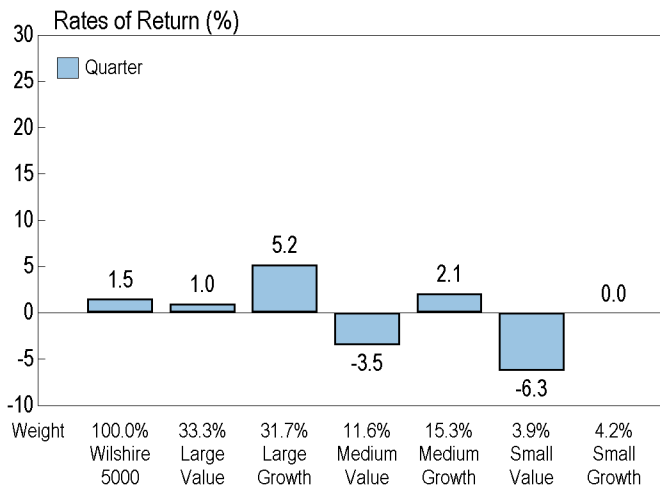
SECTOR RETURNS YEAR-TO-DATE ENDING 9/30/07



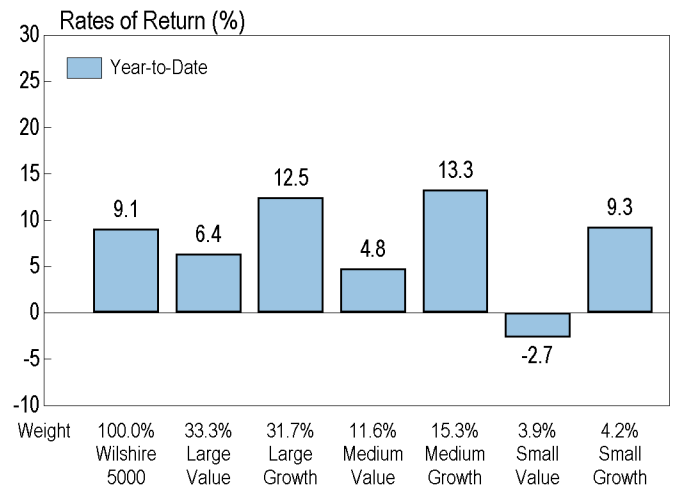
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

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

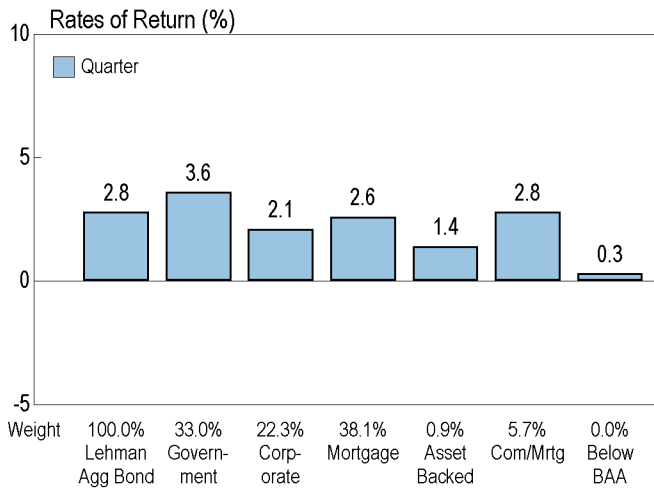


STYLE RETURNS YEAR-TO-DATE ENDING 9/30/07

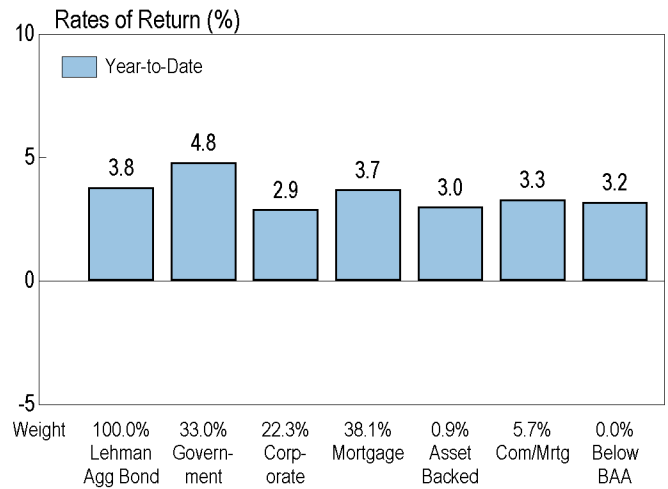


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
THIRD QUARTER**



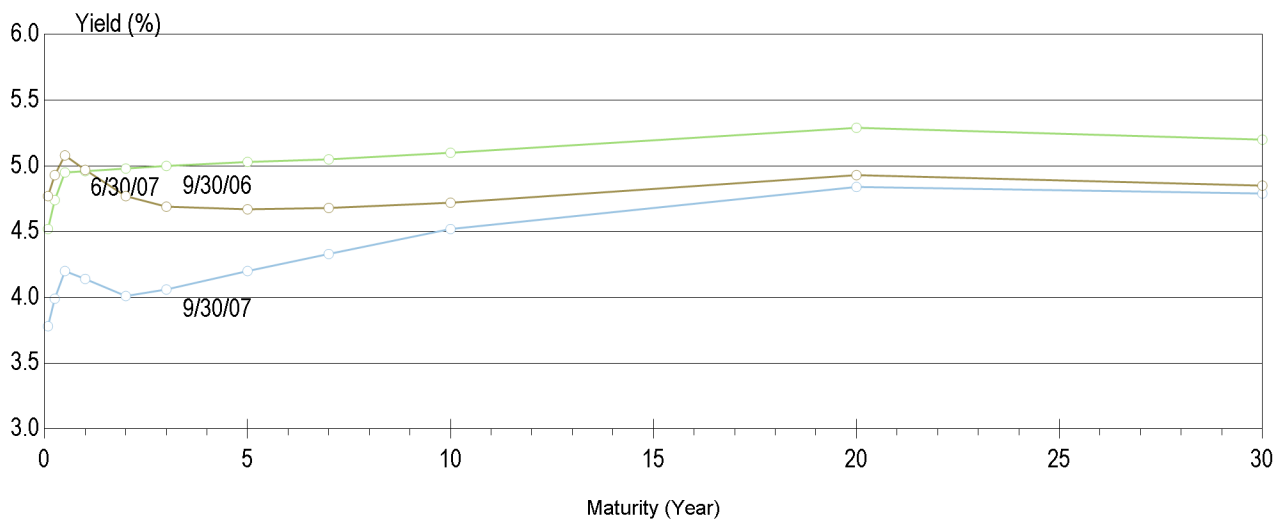
**SECTOR RETURNS
YEAR-TO-DATE ENDING 9/30/07**



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

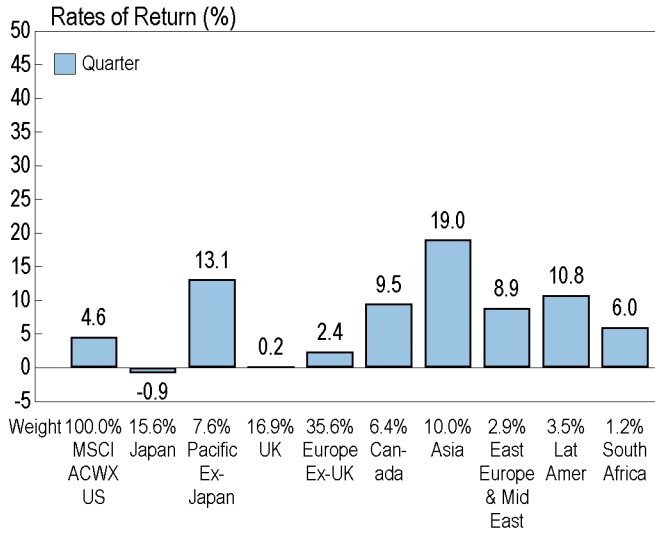


The exhibit above illustrates yields of Treasury securities of various maturities as of September 30, 2006, June 30, 2007, and September 30, 2007.

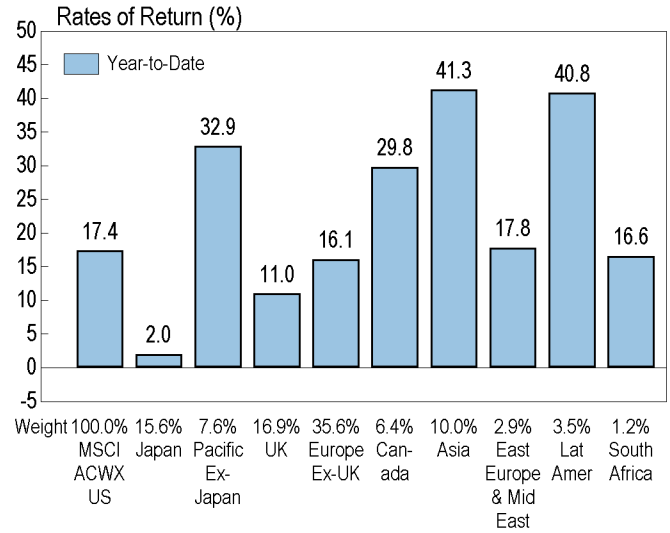
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

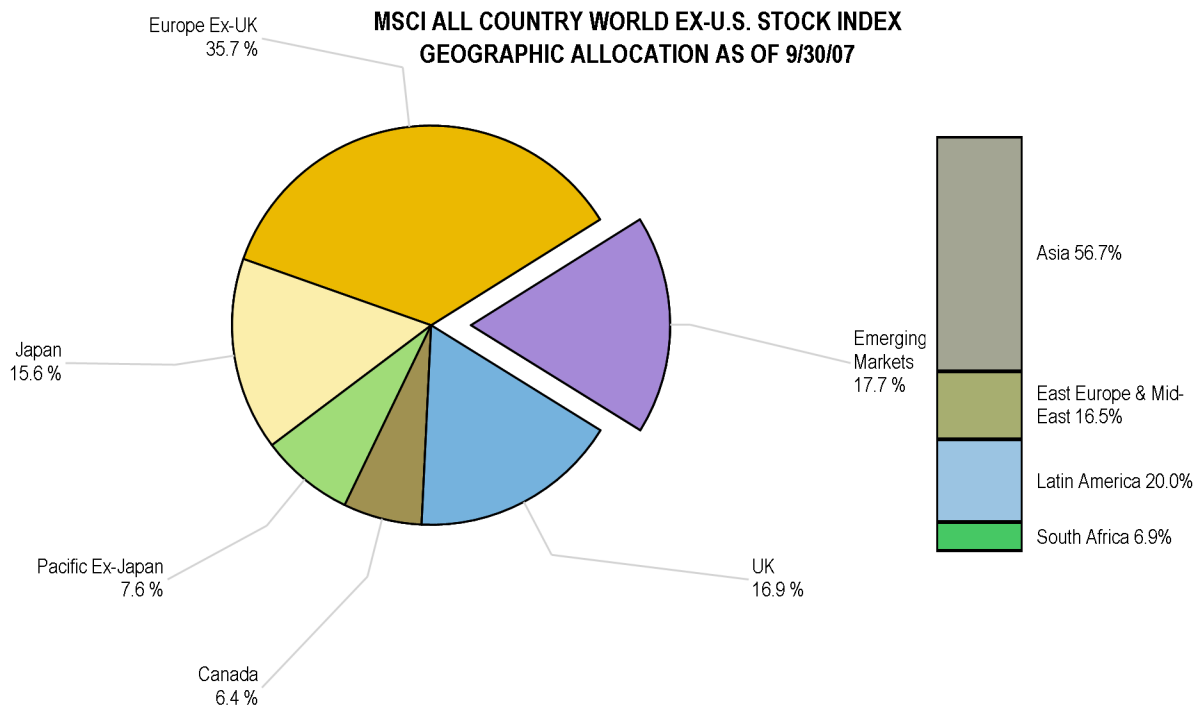
**NON-U.S. STOCK MARKET RETURNS
THIRD QUARTER**



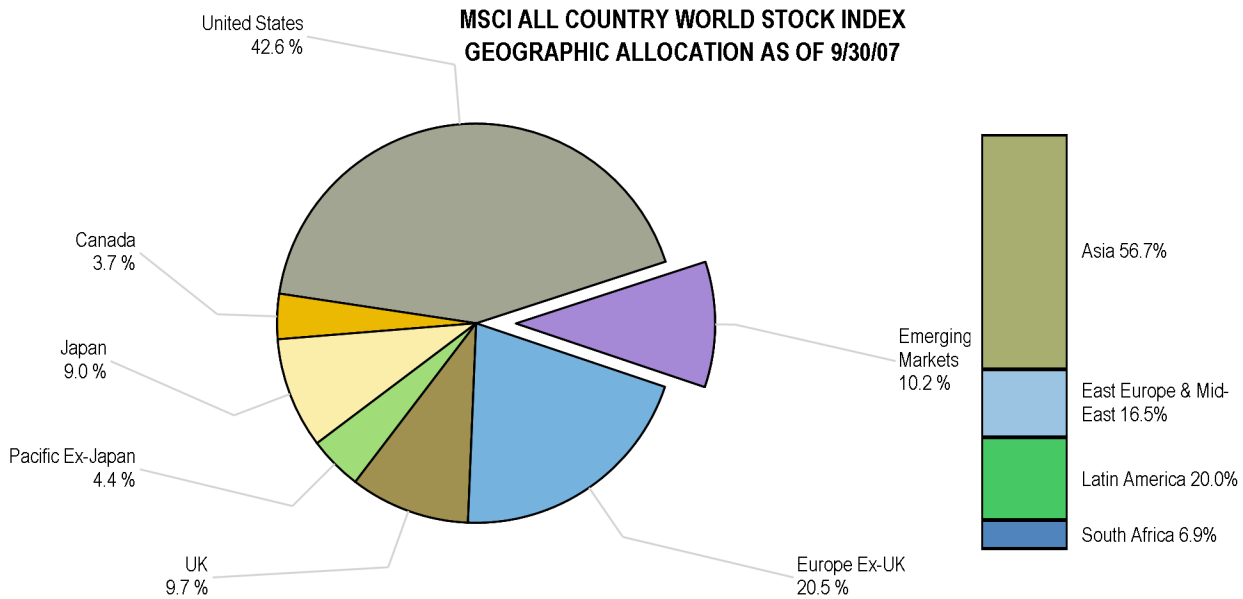
**NON-U.S. STOCK MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/07**



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.

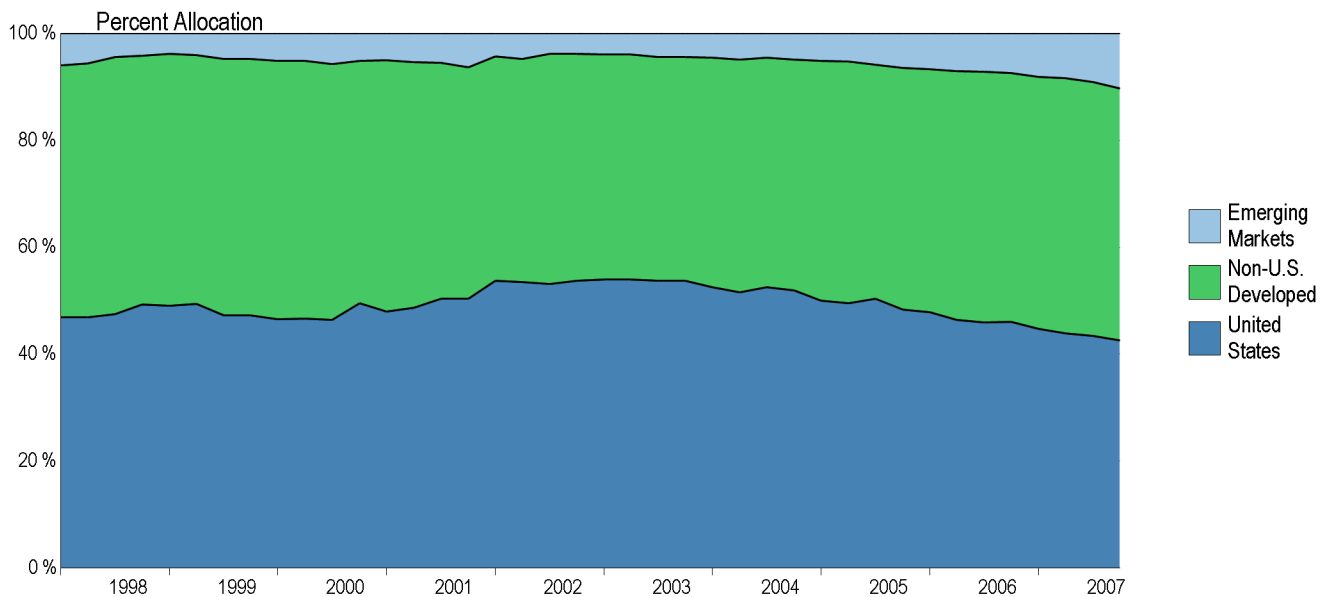


The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.



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 9/30/07**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/07	3 Years Ending 9/30/07	5 Years Ending 9/30/07
North Shore Savings Fund	0.9%	2.8%	3.8%	3.3%	2.5%
iMoney Net Money Fund Average	1.2	3.6	4.8	3.1	2.2

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 fund trailed the return of the iMoneyNet Money Fund Average during the second quarter, year-to-date and one-year periods, but exceeded the return of the Average over the trailing three and five-year periods. 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	
1996	5.3%	4.9%	0.4
1997	5.4	5.1	0.3
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 (9 months)	2.8	3.6	-0.8
Trailing 1-Year	3.8%	4.8%	-1.0
Trailing 3-Year	3.3	3.1	0.2
Trailing 5-Year	2.5	2.2	0.3
Trailing 10-Year	3.5	3.3	0.2
Since Inception (10/31/94)	3.9	3.7	0.2

STABLE VALUE

RETURN SUMMARY ENDING 9/30/07

	Third Quarter	Year-To-Date	1 Year Ending 9/30/07	3 Years Ending 9/30/07	5 Years Ending 9/30/07
Stable Value Fund	1.2 %	3.6 %	4.8 %	4.7 %	4.5 %
EnnisKnupp GIC Index	1.1	3.4	4.5	4.1	4.1

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

The Stable Value Fund exceeded the return of its benchmark during the quarter and over the longer-term periods shown 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	
1996	6.5 %	6.2 %	0.3
1997	6.4	6.3	0.1
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 (9 months)	3.6	3.4	0.2
Trailing 1-Year	4.8 %	4.5 %	0.3
Trailing 3-Year	4.7	4.1	0.6
Trailing 5-Year	4.5	4.1	0.4
Trailing 10-Year	5.4	5.1	0.3
Since Inception (7/31/94)	5.7	5.3	0.4

**RETURN SUMMARY
ENDING 9/30/07**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/07	3 Years Ending 9/30/07	5 Years Ending 9/30/07
PIMCO Total Return Fund Instl	4.6 %	4.9 %	5.8 %	4.2 %	4.8 %
LB Aggregate Bond Index	2.8	3.8	5.1	3.9	4.1

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 4.6% during the third quarter, exceeding the LB Aggregate Bond Index by 1.8 percentage points. The largest contributor of excess returns was the manager's curve steepening position, which fared particularly well given that the Fed eased rates in September by 50 basis points versus the market expectation of 25 basis points. Tactical allocations to corporate credit and a longer-than-benchmark duration position also added to relative performance. Non-dollar securities and currency positions provided excess returns despite marginal underperformance by EMD. An overweight to mortgages, which underperformed Treasuries, detracted from relative performance but security selection of agency pass-throughs neutralized this. PIMCO's subprime exposure of 1.7%, which remains unaffected by troubles in the sector, is limited to AAA-rated, one year or less maturity, senior ABS with approximately 40% credit support.

The Fund's longer-term performance remained favorable relative to that of the benchmark.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 9/30/07

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	64%
	AA	16
	A	7
	BBB	4
	<BBB	9
Composition	US Gov't/Agency	-1%
	Corporate	13
	Mortgage-Backed	58
	Foreign	12
	Cash	17
	Other	1
Average Maturity/Duration	6.6 years/5.3 years	
Number of Issues	3,130	
Turnover	N/A	
Distriubtion Yield	5.22%	
Inception Date	September 1994	
Total Fund Assets	\$106.5 billion	
Fees	0.43%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	LB Aggregate Bond Index	Return Difference
	Return	Return	
1996	4.5%	3.6%	0.9
1997	9.9	9.7	0.2
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 months)	4.9	3.8	1.1
Trailing 1-Year	5.8%	5.1%	0.7
Trailing 3-Year	4.2	3.9	0.3
Trailing 5-Year	4.8	4.1	0.7
Trailing 10-Year	6.4	6.0	0.4
Since Inception (6/30/87)	8.0	7.5	0.5

RETURN SUMMARY
ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Income	2.2%	41	7.5%	25	12.0%	17	9.6%	11	11.0%	9
Custom Benchmark	2.0	45	6.1	45	10.1	39	8.3	28	9.1	38

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

The T. Rowe Price Personal Strategy Income Fund outperformed its benchmark by 20 basis points during the third quarter. In comparison to the custom benchmark, the Fund had an overweight allocation to stocks and an underweight allocation to cash which provided a significant boost in performance. A large-cap bias contributed to excess returns, especially the Fund's overweight to large-cap growth stocks as growth outperformed value for the quarter. In addition, the Fund increased its allocation to non-U.S. stocks by 3.0 percentage points which helped performance. The manager noted that the Fund's high-yield bond exposure was favorable to results.

The Fund's longer-term performance remains favorable relative to the benchmark.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 9/30/07

	Personal Strategy Income Fund	
Composition	U.S. Stock	33.3%
	Non-U.S. Stock	10.4
	Bonds	43.2
	Cash	13.1
Number of Holdings	Stocks	698
	Bonds	531
Turnover	70%	
Inception Date	July 1994	
Total Fund Assets	\$740.5 million	
Fees	0.77%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1996	11.8%	9.9%	1.9
1997	15.0	15.3	-0.3
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 (9 months)	7.5	6.1	1.4
Trailing 1-Year	12.0%	10.1%	1.9
Trailing 3-Year	9.6	8.3	1.3
Trailing 5-Year	11.0	9.1	1.9
Trailing 10-Year	7.3	6.2	1.1
Since Inception (8/31/94)	9.1	7.9	1.2

RETURN SUMMARY
ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Balanced	2.1%	41	9.1%	29	15.0%	21	12.0%	14	13.9%	10
Custom Benchmark	1.9	45	7.4	46	12.9	39	10.8	27	12.0	33

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 median of the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

Performance Commentary

The T. Rowe Price Personal Strategy Balanced Fund outperformed its benchmark by 0.2 percentage points during the third quarter. The Fund's overweight allocation to non-U.S. stocks provided a significant boost to returns in addition to its underweight allocation to cash relative to its custom benchmark. Within the equity portion of the Fund, a bias toward large-cap helped, as did a growth bias as growth outperformed value. In addition, the Fund increased its allocation to non-U.S. stocks by 4.7 percentage points which helped performance. The manager noted that the Fund's high-yield bond exposure was favorable to results.

The longer-term performance of the Fund remains favorable relative to that of the benchmark.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 9/30/07

	Personal Strategy Balanced Fund	
Composition	U.S. Stock	50.1%
	Non-U.S. Stock	15.6
	Bonds	32.5
	Cash	1.8
Number of Holdings	Stocks	700
	Bonds	564
Turnover	62%	
Inception Date	July 1994	
Total Fund Assets	\$1.5 billion	
Fees	0.81%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1996	14.2%	12.6%	1.6
1997	17.8	18.9	-1.1
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 (9 months)	9.1	7.4	1.7
Trailing 1-Year	15.0%	12.9%	2.1
Trailing 3-Year	12.0	10.8	1.2
Trailing 5-Year	13.9	12.0	1.9
Trailing 10-Year	8.1	6.7	1.4
Since Inception (8/31/94)	10.4	9.0	1.4

RETURN SUMMARY
ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Growth	1.9%	43	10.5%	33	17.9%	25	14.3%	17	16.5%	16
Custom Benchmark	1.8	45	8.6	47	15.5	41	13.0	29	14.9	33

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 outperformed the custom benchmark during the third quarter by 0.1 percentage points. An overweight to stocks and underweight to bonds benefited the Fund. An underweight allocation to the financial sector added returns as well. The Fund's large cap growth bias was a positive as growth stocks outperformed value stocks. The manager noted that the Fund's high-yield bond exposure was favorable to results. The Fund's underweight allocation to the energy sector detracted from returns.

The Fund's longer-term performance remained favorable relative to that of the benchmark.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 9/30/07

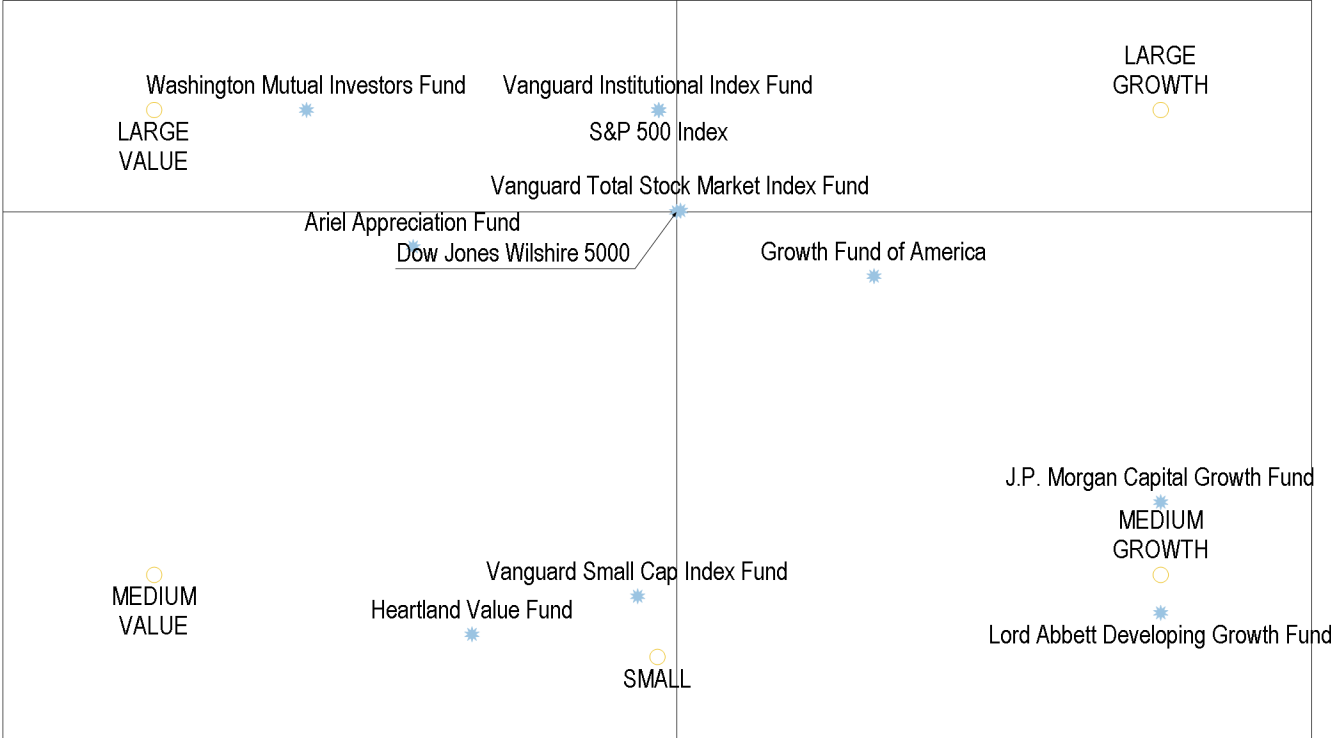
	Personal Strategy Growth Fund	
Composition	U.S. Stock	63.4%
	Non-U.S. Stock	19.9
	Bonds	14.7
	Cash	2.0
Number of Holdings	Stocks	700
	Bonds	504
Turnover	50%	
Inception Date	July 1994	
Total Fund Assets	\$1.3 billion	
Fees	0.86%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1996	17.7%	15.7%	2.0
1997	20.6	23.1	-2.5
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 (9 months)	10.5	8.6	1.9
Trailing 1-Year	17.9%	15.5%	2.4
Trailing 3-Year	14.3	13.0	1.3
Trailing 5-Year	16.5	14.9	1.6
Trailing 10-Year	8.6	7.1	1.5
Since Inception (8/31/94)	11.5	10.1	1.4

EFFECTIVE STYLE MAP
 5 YEARS ENDING 9/30/07



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Washington Mutual Investors Fund	1.8 %	45	9.7 %	50	16.6 %	53	12.6 %	68	14.9 %	69
Russell 1000 Value Index	-0.2	66	6.0	78	14.5	72	15.2	32	18.1	30
S&P 500 Index	2.0	40	9.1	53	16.4	54	13.1	57	15.5	61

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.

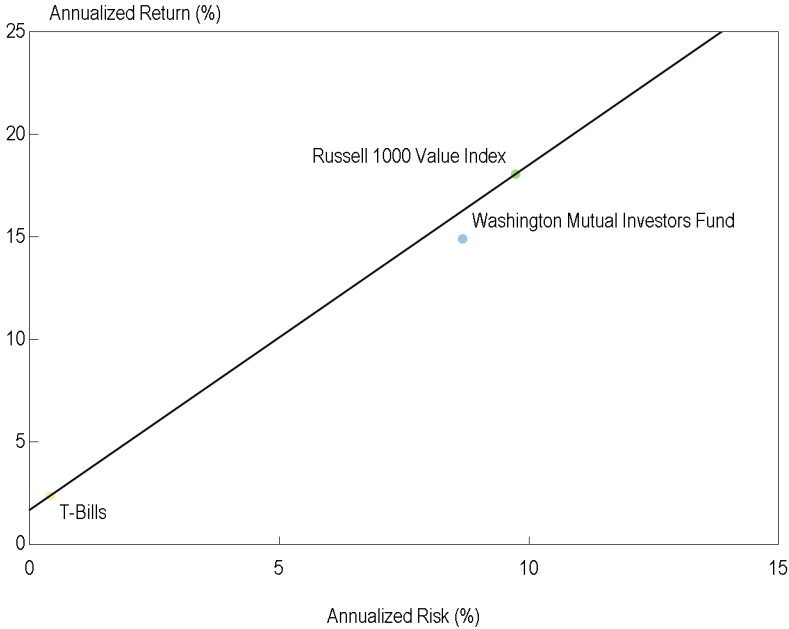
Capital Research & Management (the American Funds family) provides investment services for this fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

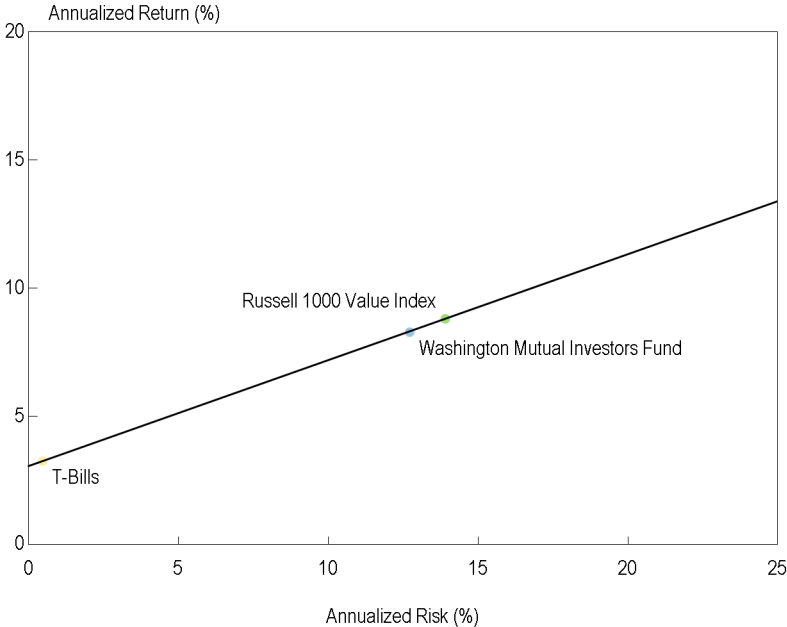
The Washington Mutual Investors Fund outperformed the Russell 1000 Value Index by 2.0 percentage points during the third quarter although performance versus the S&P 500 was not as favorable. The Fund's large cap bias was a positive for the third quarter as small cap stocks were outperformed by their large cap peers. The Fund's overweight allocation to the energy, materials, and industrial sectors benefited performance. An underweight allocation to the consumer discretionary sector also helped performance as the sector suffered from a poor housing market and higher oil prices. Poor stock selection within the energy, materials, and health care sectors detracted from the Fund's return.

Over the one-year period, the Fund outperformed its benchmark. The Fund has trailed the value benchmark over all longer periods. Long-term performance versus the S&P 500 Index has been favorable over the one-year period but has lagged over the three- and five-year periods. The S&P 500 Index is the Fund's internal benchmark.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 9/30/07**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 9/30/07**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 9/30/07

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	96.5%
	Non-U.S. Stocks	0.7
	Cash	2.8
Number of Issues	120	
Turnover	19%	
Inception Date	July 1952	
Total Fund Assets	\$89.0 billion	
Fees	0.57%	

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference
	Return	Return	
1996	20.2%	21.6%	-1.4
1997	33.3	35.2	-1.9
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 (9 months)	9.7	6.0	3.7
Trailing 1-Year	16.6%	14.5%	2.1
Trailing 3-Year	12.6	15.2	-2.6
Trailing 5-Year	14.9	18.1	-3.2
Trailing 10-Year	8.3	8.8	-0.5
Since Inception (8/31/52)	12.9	--	--

*Relative to the Russell 1000 Value Index.

**RETURN SUMMARY
ENDING 9/30/07**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Institutional Index Fund	2.0 %	40	9.1 %	53	16.4 %	54	13.1 %	57	15.4 %	61
S&P 500 Index	2.0	40	9.1	53	16.4	54	13.1	57	15.5	61

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 approximated the return of the S&P 500 Index during the third quarter and over all longer-term periods shown above, as expected.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 9/30/07

	Vanguard Institutional Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	100.0%
	Cash	0.0
Number of Issues	505	
Turnover	9%	
Inception Date	July 1990	
Total Fund Assets	\$72.8 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1996	23.1%	23.0%	0.1
1997	33.4	33.4	0.0
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 (9 months)	9.1	9.1	0.0
Trailing 1-Year	16.4%	16.4%	0.0
Trailing 3-Year	13.1	13.1	0.0
Trailing 5-Year	15.4	15.5	-0.1
Trailing 10-Year	6.6	6.6	0.0
Since Inception (8/31/90)	11.8	11.8	0.0

*Relative to the S&P 500 Index.

**RETURN SUMMARY
ENDING 9/30/07**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Growth Fund of America	4.5 %	22	14.3 %	23	21.7 %	25	16.9 %	19	18.4 %	26
Russell 1000 Growth Index	4.2	24	12.7	31	19.4	35	12.2	73	13.8	81

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

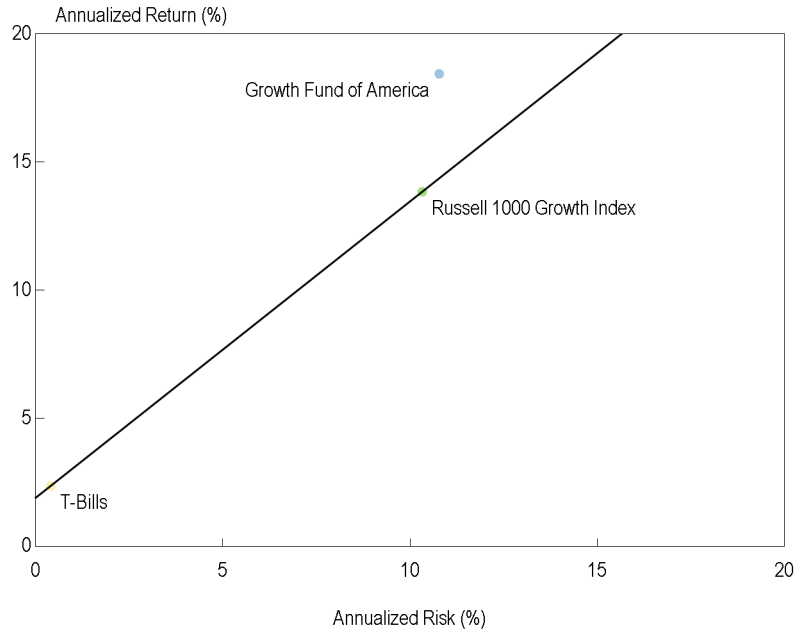
The American Funds Growth Fund of America advanced 4.5% and outpaced the Russell 1000 Growth Index. The Fund's performance was positively impacted by the manager's overweight allocations to the information technology, energy, and materials sectors. Moreover, the manager's underweight allocation to the financial sector benefited results. From a stock selection perspective, the manager benefited from superior choices in the information technology sector, in particular communications equipment, and the materials sector where the manager gained on metals and mining stocks. From a country perspective, the manager's holdings within the United States, Canada, and Finland contributed most to relative results. As of mid-year the portfolio held less than 20% in non-U.S. securities.

Alternatively, the manager experienced difficulties in the industrials sector, especially among conglomerates. Also, the Fund's high cash percentage was a drag on performance. From a country perspective, the manager's holdings within Ireland, Germany, and Spain detracted from performance.

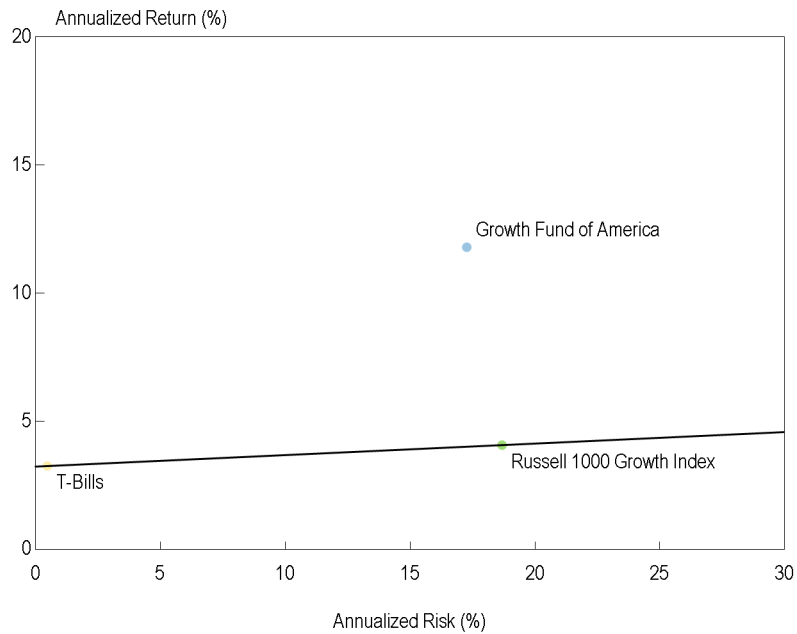
The Fund has outperformed both Indexes over the year-to-date and longer-term trailing periods shown above.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/07



FUND CHARACTERISTICS AS OF 9/30/07

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	71.6%
	Non-U.S. Stocks	19.8
	U.S. Bonds	0.2
	Cash	8.4
Number of Issues	280	
Turnover	26%	
Inception Date	December 1973	
Total Fund Assets	\$195.8 billion	
Fees	0.35%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1996	14.8%	23.1%	-8.3
1997	26.9	30.5	-3.6
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 (9 months)	14.3	12.7	1.6
Trailing 1-Year	21.7%	19.4%	2.3
Trailing 3-Year	16.9	12.2	4.7
Trailing 5-Year	18.4	13.8	4.6
Trailing 10-Year	11.8	4.1	7.7
Since Inception (5/31/94)	14.3	9.6	4.7

*Relative to the Russell 1000 Growth Index.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Total Stock Market Index Fund	1.5 %	48	9.2 %	53	16.9 %	50	13.9 %	46	16.4 %	49
Performance Benchmark	1.5	48	9.2	53	17.0	50	14.0	46	16.5	48

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

The Vanguard Total Stock Market Index Fund approximated the return of its benchmark during the third quarter and over all longer-term periods shown above, as expected. 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 9/30/07

	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	99.5%
	Non-U.S. Stocks	0.5
	Cash	0.0
Number of Issues	3,635	
Turnover	4%	
Inception Date	April 1992	
Total Fund Assets	\$105.2 billion	
Fees	0.19%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1997 (6 months)	11.4%	11.6%	-0.2
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 (9 months)	9.2	9.2	0.0
Trailing 1-Year	16.9%	17.0%	-0.1
Trailing 3-Year	13.9	14.0	-0.1
Trailing 5-Year	16.4	16.5	-0.1
Trailing 10-Year	6.8	6.8	0.0
Since Inception (7/31/97)	6.9	6.9	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 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
J.P. Morgan Capital Growth Fund	5.7 %	15	18.0 %	11	24.2 %	17	17.7 %	14	19.3 %	20
Performance Benchmark	2.1	38	13.3	28	21.2	27	17.0	18	20.4	12

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.

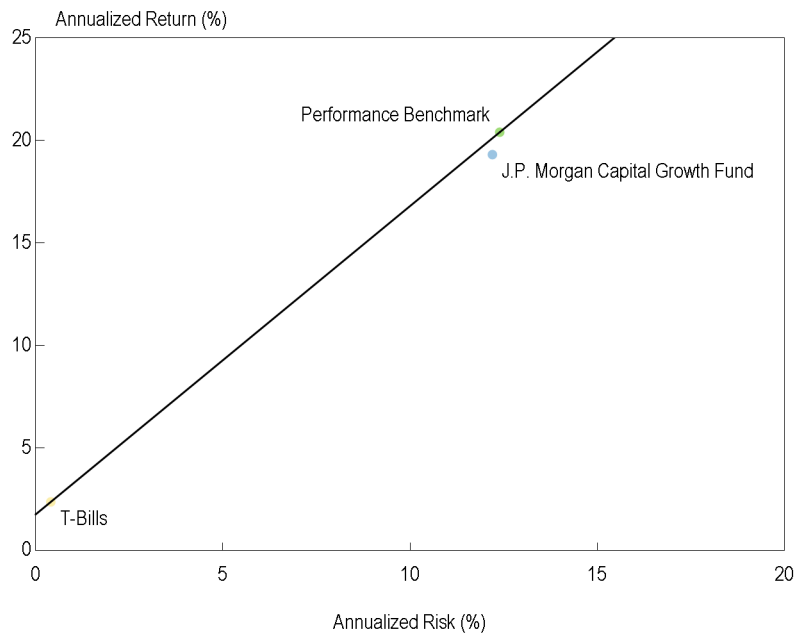
Performance Commentary

The J.P. Morgan Capital Growth Fund outperformed its benchmark, the Russell MidCap Growth Index, by 3.6 percentage points during the third quarter. The Fund's top holding, VeriFone Holdings, Inc. was a large contributor to performance as was the top ten holding NVIDIA Corp. Stock selection within the consumer discretionary and information technology sectors was favorable to performance. Stock selection within the financial and consumer staples sectors detracted from performance.

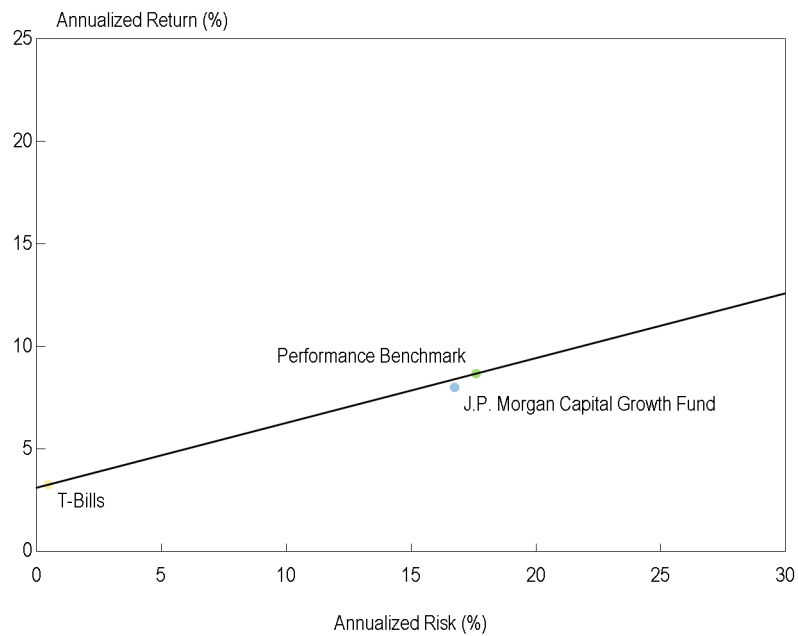
The Fund has outperformed all longer time periods except for the five-year period. On an absolute basis, the fund has earned a strong 19.3% return, annualized over the last five years.

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

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/07



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 9/30/07

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.93	
Composition	U.S. Stocks	99.4%
	Cash	0.6
Number of Issues	101	
Turnover	115%	
Inception Date	September 1987	
Total Fund Assets	\$1,045 million	
Fees	1.35%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1996	24.2%	19.0%	5.2
1997	23.4	24.4	-1.0
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 (9 months)	18.0	13.3	4.7
Trailing 1-Year	24.2%	21.2%	3.0
Trailing 3-Year	17.7	17.0	0.7
Trailing 5-Year	19.3	20.4	-1.1
Trailing 10-Year	8.0	8.7	-0.7
Since Inception (11/30/87)	14.7	13.4	1.3

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

**RETURN SUMMARY
ENDING 9/30/07**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Ariel Appreciation Fund	-4.7 %	93	4.8 %	83	12.1 %	84	9.5 %	94	13.3 %	85
Russell 2500 Index	-2.5	83	5.9	78	15.2	67	15.0	34	19.6	18

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.

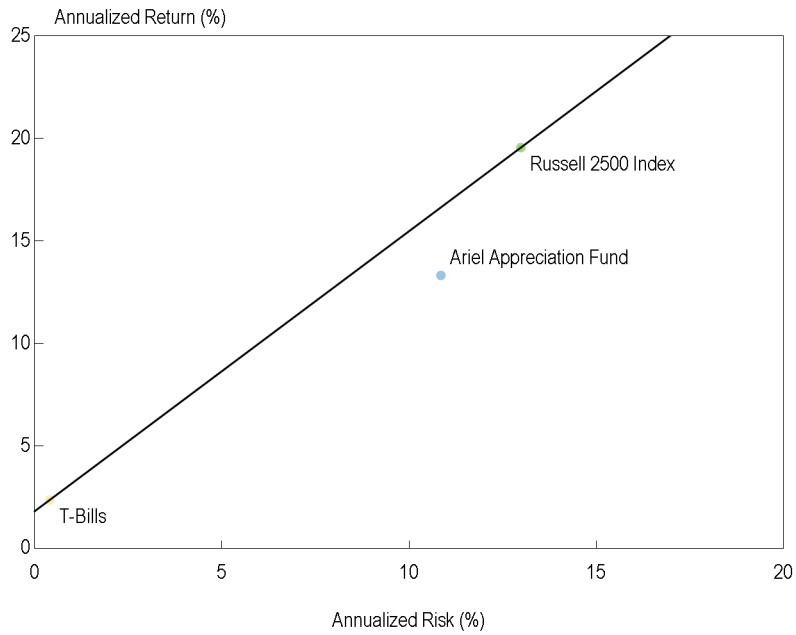
Performance Commentary

The Ariel Appreciation Fund fell 4.7% and underperformed the return of the Russell 2500 Index during the quarter. The biggest detractors to relative performance were companies with interests in the housing market. Some financial sector holdings and mortgage lender Countrywide Financial declined due to their exposure to subprime loans. In addition, carpet and floor covering provider Mohawk Industries suffered weak revenues due to the slow down in the housing market. Battery maker Energizer and scientific and technical instrument maker Thermo Fisher Scientific were individual holdings that benefited performance during the quarter. Energizer gained on a decrease in zinc prices while Thermo Fisher Scientific appreciated on strong earnings and revenue.

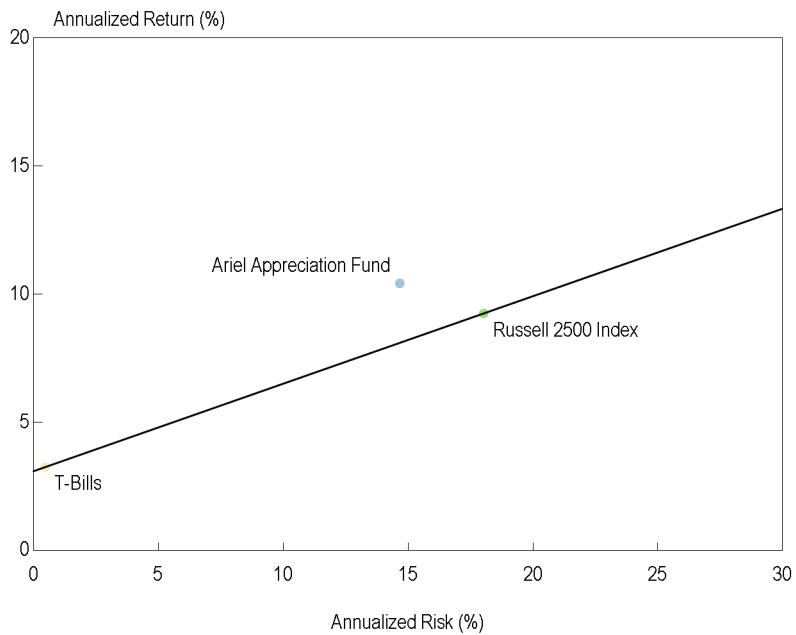
The Fund has struggled versus the Index over the year-to-date period due to weaknesses in its media and newspaper holdings. Two such holdings that have struggled were Gannett and McClatchy. The Fund's performance over the longer-term trailing periods has lagged the Index.

ARIEL APPRECIATION

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/07



FUND CHARACTERISTICS AS OF 9/30/07

	Ariel Appreciation Fund	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Reasonably Diversified	
Market Risk (Beta)*	0.62	
Composition	U.S. Stocks	99.6%
	Cash	0.4
Number of Issues	35	
Turnover	29%	
Inception Date	December 1989	
Total Fund Assets	\$2.5 billion	
Fees	1.16%	

HISTORICAL RETURNS

(BY YEAR)

	Ariel Appreciation Fund	Russell 2500 Index	Return Difference
	Return	Return	
1996	23.7 %	19.0 %	4.7
1997	37.9	24.4	13.5
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 (9 months)	4.8	5.9	-1.1
Trailing 1-Year	12.1 %	15.2 %	-3.1
Trailing 3-Year	9.5	15.0	-5.5
Trailing 5-Year	13.3	19.6	-6.3
Trailing 10-Year	10.4	9.2	1.2
Since Inception (12/31/89)	12.3	12.5	-0.2

*Relative to the Russell 2500 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Small Cap Index Fund	-2.4%	82	6.5%	74	15.6%	64	14.7%	36	19.7%	17
Small-Cap Index	-2.4	82	6.5	74	15.7	63	14.7	36	20.0	14

Investment Strategy

The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI US 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.

Performance Commentary

The Fund matched the return of its benchmark during the third quarter of 2007. Slight tracking error existed over the longer-term periods shown above.

The Fund was moved from Admiral shares to the new Signal share class on 10/6/2007.

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

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 9/30/07

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.99	
Composition		
	U.S. Stocks	99.2%
	Non-U.S. Stocks	0.8
	Cash	0.0
Number of Issues	1,688	
Turnover	14%	
Inception Date	October 1960	
Total Fund Assets	\$15.5 billion	
Fees	0.23%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1996	18.1%	16.5%	1.6
1997	24.6	22.4	2.2
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 (9 months)	6.5	6.5	0.0
Trailing 1-Year	15.6%	15.7%	-0.1
Trailing 3-Year	14.7	14.7	0.0
Trailing 5-Year	19.7	20.0	-0.3
Trailing 10-Year	8.0	7.8	0.2
Since Inception (5/31/94)	11.5	11.1	0.4

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Lord Abbett Developing Growth Fund	9.8 %	4	30.6 %	1	44.8 %	1	22.4 %	3	20.7 %	11
Russell 2000 Growth Index	0.0	63	9.3	52	18.9	38	14.1	44	18.7	24

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.

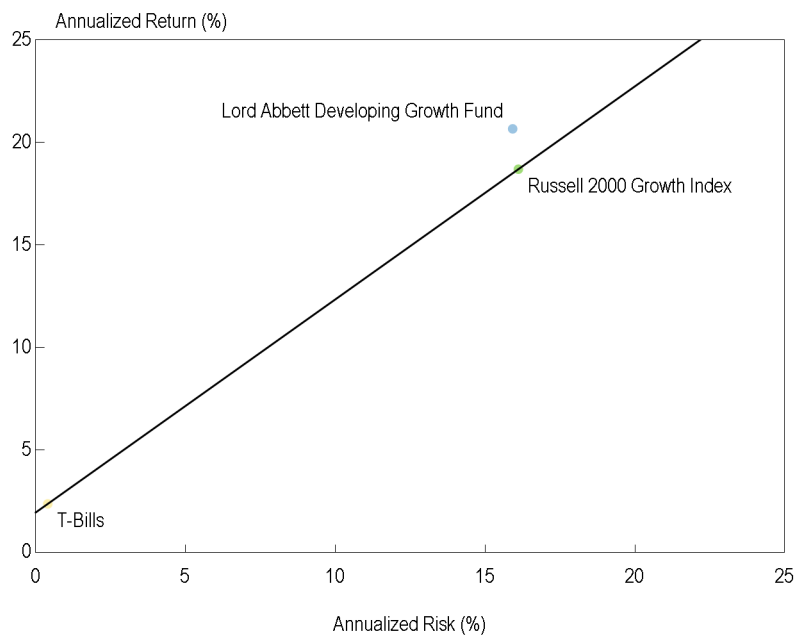
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 119 micro- and small-cap stocks.

Performance Commentary

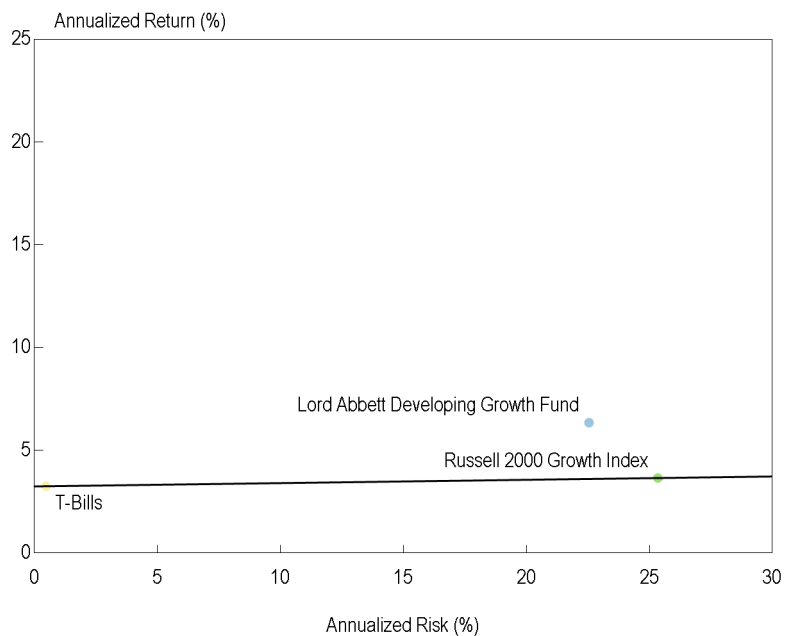
Lord Abbett had a strong quarter, outperforming the Russell 2000 Growth Index by 9.8 percentage points. The manager noted that strong stock selection within the consumer discretionary and technology sectors were the biggest contributors to performance. On an individual security basis, CROCS added the most to the portfolio. The manager also noted that technology security, Synaptics, and biopharmaceutical security, Onyx, added to the Fund's relative outperformance. The largest detractor for the fund, according to the manager, was stock selection within the materials sector.

The Fund has outperformed for all longer time periods shown above.

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/07



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 9/30/07

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.88	
Composition	U.S. Stocks	88.3%
	Non-U.S. Stocks	5.7
	Cash	6.0
Number of Issues	107	
Turnover	35%	
Inception Date	October 1973	
Total Fund Assets	\$1.0 billion	
Fees	1.19%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1996	22.2 %	11.3 %	10.9
1997	30.8	12.9	17.9
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 (9 months)	30.6	9.3	21.3
Trailing 1-Year	44.8 %	18.9 %	25.9
Trailing 3-Year	22.4	14.1	8.3
Trailing 5-Year	20.7	18.7	2.0
Trailing 10-Year	6.3	3.6	2.7
Since Inception (11/30/73)	11.6	--	--

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 9/30/07**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Heartland Value Fund	-6.9 %	98	-1.2 %	98	12.2 %	83	12.8 %	64	20.8 %	10
Russell 2000 Value Index	-6.3	97	-2.7	99	6.1	98	12.5	69	18.7	24

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.

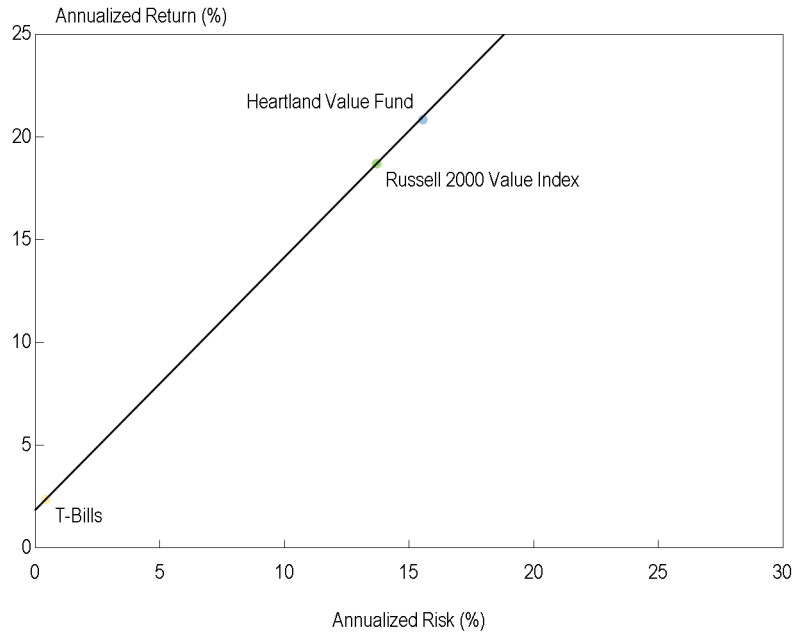
Performance Commentary

In the third quarter, the Heartland Value Fund returned -6.9%, underperforming its benchmark, the Russell 2000 Value Index, by 0.6 percentage points. Individual holdings InterDigital and Alaska Air Group were major detractors from performance. Poor stock selection within the information technology sector also detracted from performance. An underweight allocation to the financial sector helped as did an overweight to the materials sector which the manager noted benefited from a rise in commodities prices due to strong international economic performance.

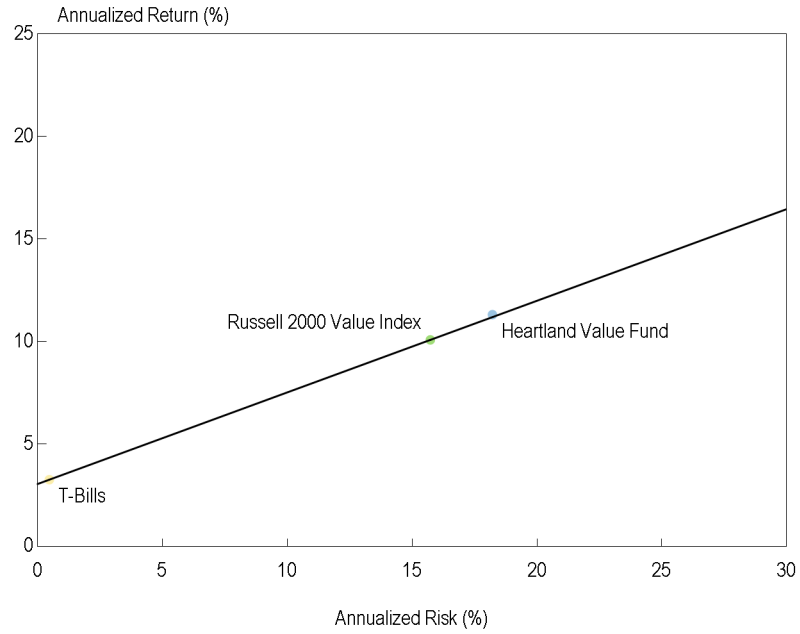
The Fund has outperformed its benchmark for all of longer time periods shown above.

HEARTLAND VALUE

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/07



FUND CHARACTERISTICS AS OF 9/30/07

	Heartland Value Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.98	
Composition		
	U.S. Stocks	75.4%
	Non-U.S. Stocks	12.8
	REITs	0.4
	Cash	10.5
	Other	0.9
Number of Issues	211	
Turnover	60%	
Inception Date	December 1984	
Total Fund Assets	\$1.9 billion	
Fees	1.12%	

HISTORICAL RETURNS

(BY YEAR)

	Heartland Value Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1996	21.0%	21.4%	-0.4
1997	23.2	31.8	-8.6
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 (9 months)	-1.2	-2.7	1.5
Trailing 1-Year	12.2%	6.1%	6.1
Trailing 3-Year	12.8	12.5	0.3
Trailing 5-Year	20.8	18.7	2.1
Trailing 10-Year	11.3	10.1	1.2
Since Inception (1/31/85)	14.6	12.8	1.8

*Relative to the Russell 2000 Value Index.

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**RETURN SUMMARY
ENDING 9/30/07**

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
EuroPacific Growth Fund	5.3 %	18	17.6 %	22	27.9 %	38	25.6 %	29	24.7 %	36
MSCI All Country World ex-U.S. Index	4.6	20	17.4	22	30.5	27	26.0	26	25.8	24

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.

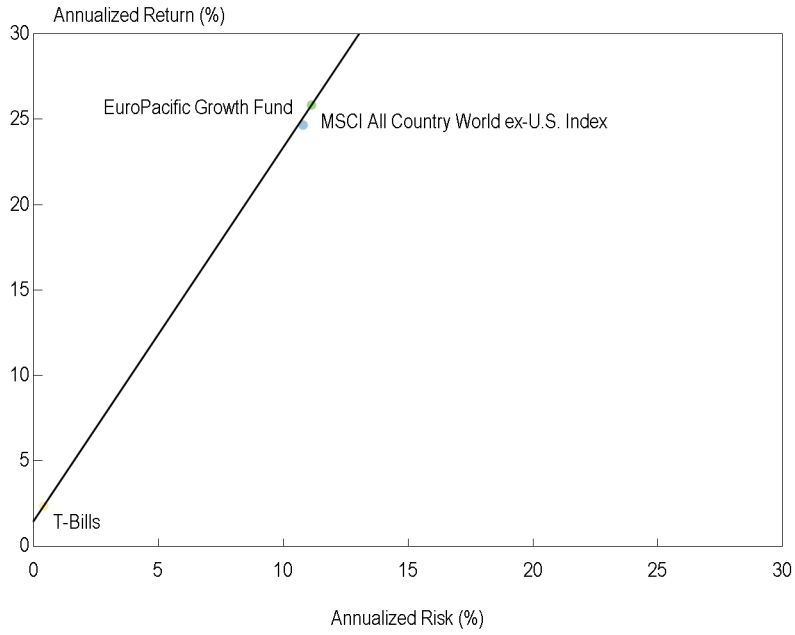
Performance Commentary

The EuroPacific Growth Fund outperformed the MSCI All Country World ex-U.S. Index by 70 basis points in the third quarter of 2007. An underweight allocation to and positive stock selection in the financial sector was positive as this sector once again struggled during the third quarter. Emerging market holdings, particularly in Korea and Brazil, continue to be beneficial to overall Fund performance as emerging markets posted returns well in excess of the developed markets during the third quarter on a broad basis (14.4% vs. 2.2%). In addition, the Fund's overweight allocation to India (+20% return) and resulting currency impact were positives for the quarter.

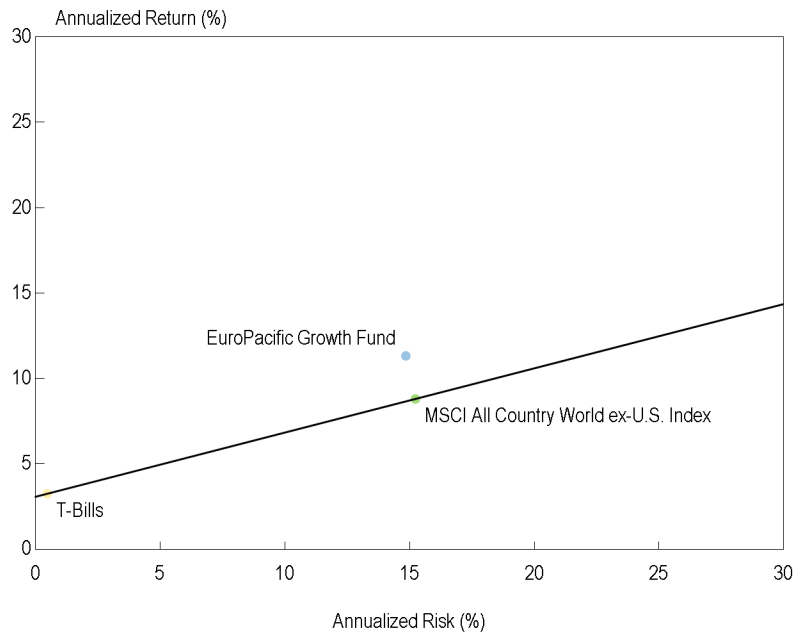
Over the trailing one-, three-, and five-year periods, the Fund has trailed its benchmark despite posting strong absolute gains. Much of the below benchmark performance is due to unfavorable currency effects born out of the Fund's underweight positions to Europe and the UK. High cash allocations have also been a drag on both short-term and longer term relative performance. The Fund has brought this cash position down over time to levels as low as 4%. As of quarter-end, the allocation stands at 7% of the fund.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/07



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/07



FUND CHARACTERISTICS AS OF 9/30/07

	EuroPacific Growth Fund	
Geographic Breakdown	United States	0.2%
	Asia & Pacific Basin	26.0
	Europe ex-U.K.	45.0
	U.K.	6.5
	Other (Including Canada & Latin America)	15.4
	Cash	6.9
Composition	Non-U.S. Stocks	92.7%
	U.S. Stocks	0.2
	Non-U.S. Bonds	0.2
	Cash	6.9
Number of Issues	280	
Turnover	27%	
Inception Date	April 1984	
Total Fund Assets	\$120.6 billion	
Fees	0.52%	

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1996	18.6%	6.4%	12.2
1997	9.2	1.8	7.4
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	26.6	-4.4
2007 (9 months)	17.6	17.4	0.2
Trailing 1-Year	27.9%	30.5%	-2.6
Trailing 3-Year	25.6	26.0	-0.4
Trailing 5-Year	24.7	25.8	-1.1
Trailing 10-Year	11.3	8.8	2.5
Since Inception (5/31/94)	12.2	8.7	3.5

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 9/30/07

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.9 %	0.4 %	-8.4 %
Belgium	0.5	1.0	-4.8
Czech Republic*	--	0.1	13.3
Denmark	1.8	0.7	9.0
Finland	2.2	1.5	19.0
France	8.9	7.7	-0.4
Germany	9.2	6.5	3.7
Greece	0.9	0.6	11.1
Hungary*	0.3	0.2	-0.8
Ireland	0.8	0.5	-12.3
Italy	1.9	2.9	0.3
Netherlands	3.1	2.7	5.3
Norway	0.7	0.8	7.6
Poland*	0.2	0.3	0.9
Portugal	0.2	0.3	-6.2
Russia*	2.0	1.6	9.0
Spain	3.5	3.2	5.1
Sweden	0.6	2.0	2.4
Switzerland	6.8	5.0	1.6
United Kingdom	6.5	16.9	0.2
Asia/Pacific			
Australia	1.9 %	5.0 %	11.1 %
China*	1.1	2.9	41.9
Hong Kong	1.2	1.6	23.9
India*	4.4	1.2	20.2
Indonesia*	0.5	0.3	15.3
Japan	9.0	15.6	-0.9
Korea*	7.3	2.8	14.0
Malaysia*	0.1	0.4	1.0
New Zealand	--	0.1	-1.0
Pakistan*	--	0.0	-5.9
Philippines*	0.3	0.1	-0.6
Singapore	0.8	0.9	9.0
Taiwan, China*	3.7	2.0	6.4
Thailand*	0.1	0.2	13.4
Americas			
Argentina*	--	0.1 %	3.1 %
Brazil*	3.6 %	2.1	20.7
Canada	2.1	6.4	9.5
Chile*	--	0.2	-2.6
Colombia*	--	0.1	-0.5
Mexico*	2.5	0.9	-4.4
Peru*	--	0.1	22.1
United States	0.2	--	--
Other			
Egypt*	0.3 %	0.1 %	11.7 %
Israel*	0.5	0.4	8.0
Jordan*	--	0.0	-4.0
Morocco*	--	0.1	14.1
South Africa*	1.9	1.2	6.0
Turkey*	0.4	0.3	24.4
Other Countries*	0.2	--	--
Cash			
Cash	6.9 %	--	--
Total	100.0 %	100.0 %	4.6 %
Developed	63.7	82.1	
Emerging*	29.4	17.9	
Cash	6.9	--	

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

RETURN SUMMARY ENDING 9/30/07

	Third Quarter		Year-To-Date		1 Year Ending 9/30/07		3 Years Ending 9/30/07		5 Years Ending 9/30/07	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Total International Stock Index Fund	4.5 %	22	17.0 %	26	30.1 %	28	25.6 %	29	25.4 %	26
MSCI All Country World ex-U.S. Index	4.6	20	17.4	22	30.5	27	26.0	26	25.8	24

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 failed to track the return of its benchmark during the third quarter. No exposure to Canada accounted for some of the underperformance for longer time periods.

As the fund invests in three underlying Vanguard Index Funds, performance will not exactly track the return of the MSCI All Country World ex-U.S. Index; however, tracking has been reasonable over the periods shown.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

FUND CHARACTERISTICS AS OF 9/30/07

	Vanguard Total International Stock Index Fund	
Country Allocations	Japan	16.7%
	Pacific ex-Japan	15.8
	U.K.	21.1
	Europe ex-U.K.	40.1
	Latin America	3.8
	U.S. & Canada	-0.1
	Other	2.6
Composition	Non-U.S. Stocks	100.0%
	Cash	0.0
	Other	0.0
Number of Issues	3 mutual funds	
Turnover	N/A	
Inception Date	April 1996	
Total Fund Assets	\$27.7 billion	
Fees	0.32%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total International Stock Index Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1996 (8 months)	0.7 %	0.1 %	0.6
1997	-0.8	1.8	-2.6
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	26.6	0.0
2007 (9 months)	17.0	17.4	-0.4
Trailing 1-Year	30.1 %	30.5 %	-0.4
Trailing 3-Year	25.6	26.0	-0.4
Trailing 5-Year	25.4	25.8	-0.4
Trailing 10-Year	8.5	8.8	-0.3
Since Inception (5/31/96)	8.5	8.9	-0.4

RETURNS OF THE MAJOR CAPITAL MARKETS

	Third Quarter	Annualized Periods Ending 9/30/07				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	1.5%	17.0%	14.0%	16.5%	6.8%	11.2%
S&P 500 Index	2.0	16.4	13.1	15.5	6.6	11.1
Russell 3000 Index	1.5	16.5	13.8	16.2	6.8	11.2
Russell 1000 Value Index	-0.2	14.5	15.2	18.1	8.8	12.9
Russell 1000 Growth Index	4.2	19.4	12.2	13.8	4.1	9.0
Russell MidCap Value Index	-3.5	13.7	17.2	21.0	11.3	14.5
Russell MidCap Growth Index	2.1	21.2	17.0	20.4	7.5	11.3
Russell 2000 Value Index	-6.3	6.1	12.5	18.7	10.1	14.0
Russell 2000 Growth Index	0.0	18.9	14.1	18.7	3.6	8.3
Domestic Bond Indices:						
Lehman Brothers Aggregate Index	2.8%	5.1%	3.9%	4.1%	6.0%	6.3%
Lehman Brothers Govt/Credit Index	3.0	5.1	3.7	4.2	6.0	6.3
Lehman Brothers Long Govt/Credit Index	3.5	3.7	4.3	5.4	7.1	7.7
Lehman Brothers 1-3 Year Govt/Credit Index	2.4	5.6	3.6	3.2	4.9	5.1
Lehman Brothers U.S. MBS Index	2.6	5.4	4.3	4.1	5.8	6.2
Lehman Brothers High Yield Index	0.3	7.5	7.4	12.7	5.9	7.7
Lehman Brothers Universal Index	2.6	5.3	4.2	4.9	6.1	6.5
Real Estate Indices:						
NCREIF Net Property Index	3.6%	17.3%	18.0%	14.8%	13.1%	10.7%
NCREIF ODCE Index	3.7	17.1	17.3	14.0	12.2	10.0
DJ Wilshire Real Estate Securities Index	1.4	3.9	19.7	22.5	12.4	14.4
FTSE NAREIT US Real Estate Index	2.6	5.7	19.0	21.5	12.2	14.3
Foreign/Global Stock Indices:						
MSCI All Country World Index	3.5%	24.0%	19.6%	20.5%	7.3%	10.1%
MSCI All Country World ex-U.S. Index	4.6	30.5	26.0	25.8	8.8	10.0
MSCI EAFE Index	2.2	24.9	23.2	23.6	8.0	9.4
MSCI EAFE Index (in local currency)	-2.5	14.2	19.6	17.3	5.9	8.6
MSCI World ex-U.S.A. Small Cap Index	-3.7	21.3	23.9	27.8	10.5	--
MSCI Emerging Markets Index	14.4	58.2	40.8	38.7	11.6	12.1
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	8.1%	9.5%	4.8%	8.0%	5.8%	6.1%
Citigroup Hedged World Gov't Bond Index	2.9	3.6	4.6	4.1	5.8	7.1
Cash Equivalents:						
Treasury Bills (30-Day)	1.1%	4.3%	3.3%	2.4%	3.2%	3.5%
EnnisKnupp STIF Index	1.4	5.5	4.2	3.1	4.0	4.3
Inflation Index:						
Consumer Price Index	0.1%	2.8%	3.2%	2.9%	2.6%	2.6%

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 Stock 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 Stock Index, 20% Lehman Brothers Aggregate Bond Index and 12% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Income) - A mix of 34% DJ Wilshire 5000 Stock 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 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 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 \$733 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 2,611 U.S. stock mutual funds.

Fixed Income Ranks - A broad Morningstar universe of 730 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.