

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

Fourth Quarter 2008

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

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INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
North Shore Savings Fund	0.5%	2.0%	3.1%	2.7%
iMoney Net Money Fund Average	0.3	2.0	3.5	2.6
Stable Value Fund	1.2	4.8	4.8	4.6
EnnisKnupp GIC Index	1.2	4.7	4.5	4.2
PIMCO Total Return Fund Instl	5.0	4.8	5.8	5.0
Barclays Capital Aggregate Bond Index	4.6	5.2	5.5	4.7

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Income	-11.0%	-20.4%	-2.2%	1.6%
Custom Benchmark	-7.5	-14.9	-0.3	2.1
TRP PS Balanced	-16.5	-29.3	-5.2	0.4
Custom Benchmark	-12.5	-23.2	-2.8	1.2
TRP PS Growth	-22.2	-37.6	-8.4	-1.0
Custom Benchmark	-17.3	-30.8	-5.4	0.1

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 12/31/08

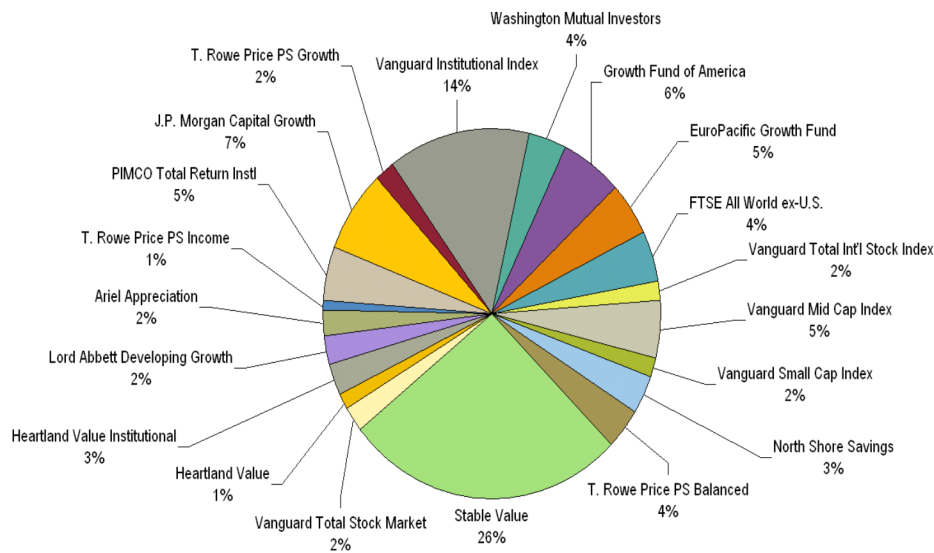
	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Washington Mutual Investors Fund	-20.2 %	-33.1 %	-6.4 %	-1.3 %
Russell 1000 Value Index	-22.2	-36.8	-8.3	-0.8
Vanguard Institutional Index Fund	-21.9	-37.0	-8.3	-2.2
S&P 500 Index	-21.9	-37.0	-8.4	-2.2
Growth Fund of America	-23.0	-38.9	-8.9	-0.6
Russell 1000 Growth Index	-22.8	-38.4	-9.1	-3.4
Vanguard Total Stock Market Index Fund	-22.7	-36.9	-8.3	-1.7
Performance Benchmark	-22.8	-37.0	-8.4	-1.7
J.P. Morgan Capital Growth Fund	-26.9	-43.7	-9.9	-1.3
Performance Benchmark	-27.4	-44.3	-11.8	-2.3
Vanguard Mid Cap Index Fund	-25.6	-41.8	-11.0	-0.7
MSCI U.S. Mid Cap 450 Index	-25.6	-41.8	-11.1	-0.7
Vanguard Small Cap Index Fund	-26.6	-36.0	-9.1	-0.7
Small-Cap Index	-26.7	-36.2	-9.2	-0.7
Lord Abbett Developing Growth Fund	-28.6	-47.5	-7.1	-1.0
Russell 2000 Growth Index	-27.4	-38.5	-9.3	-2.4
Heartland Value Institutional Fund	-26.7	-39.4	-9.8	-4.0
Russell 2000 Value Index	-24.9	-28.9	-7.5	0.3

RETURN SUMMARY ENDING 12/31/08

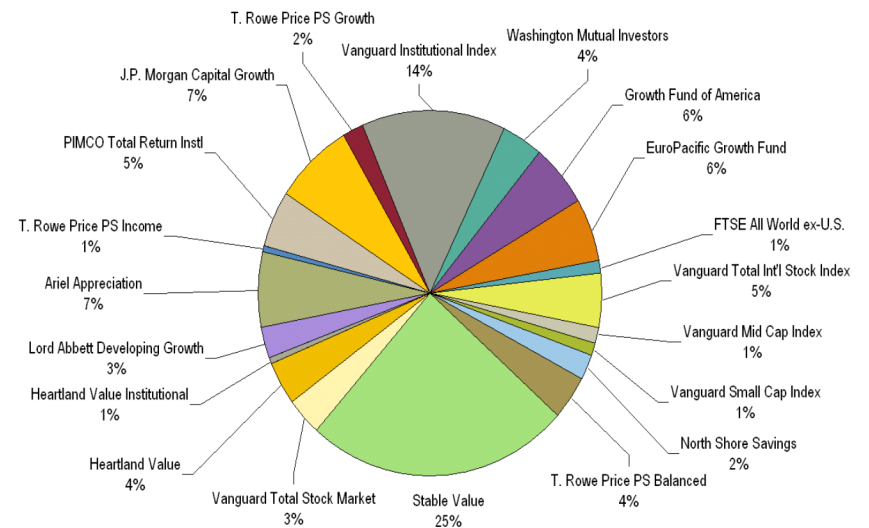
	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
EuroPacific Growth Fund	-19.2 %	-40.4 %	-4.6 %	4.8 %
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6
Vanguard FTSE All World ex-U.S. Index	-21.9	-44.0	--	--
FTSE All World ex-U.S. Index	-22.3	-45.3	-6.1	3.4

Benchmark descriptions can be found in the Appendix.

**Contributions by Investment Option
Fourth Quarter 2008**

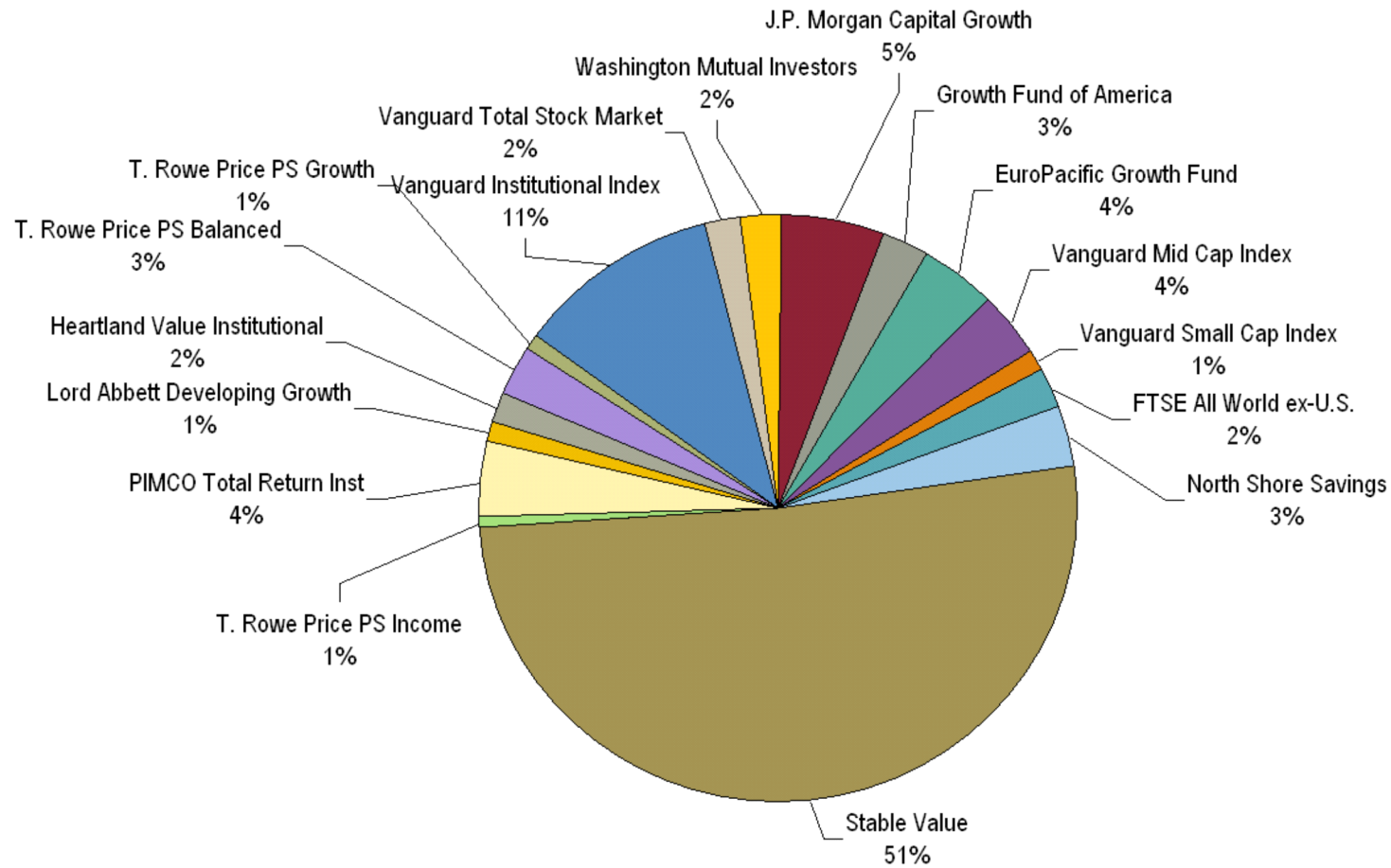


**Contributions by Investment Option
2008**

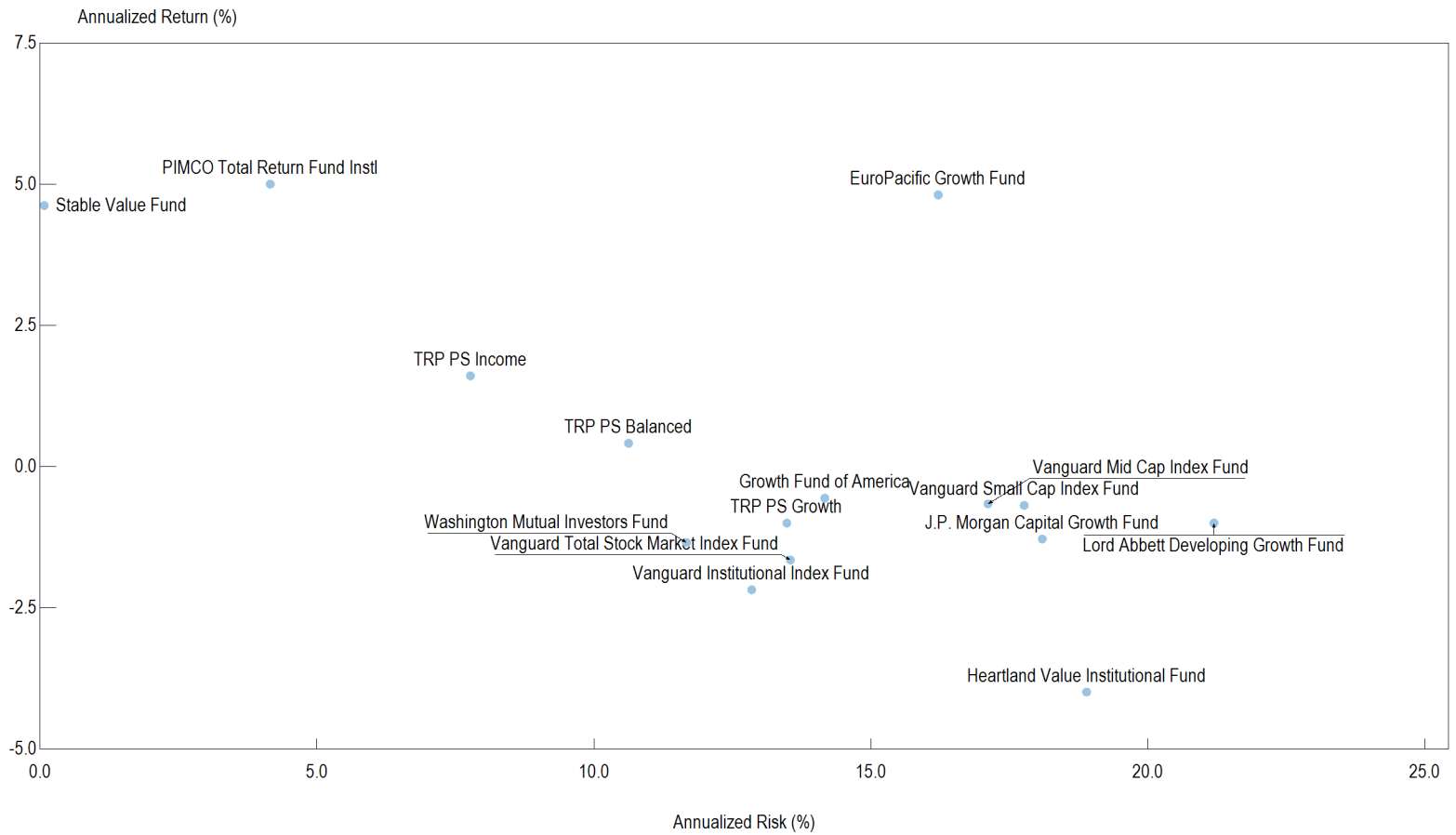


INVESTMENT HIGHLIGHTS

Asset Allocation Milwaukee County Investment Options Fourth Quarter 2008



**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/08**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	September 30, 2008	Net Contributions/ Withdrawals	Net Income/ Appreciation*	December 31, 2008
North Shore Savings	4,977,605	1,158,152	30,929	6,166,685
Stable Value	91,159,857	1,768,154	1,079,172	94,007,182
T. Rowe Price PS Income	1,219,297	48,441	(133,119)	1,134,619
PIMCO Total Return Inst	8,050,605	(421,263)	382,831	8,012,173
Heartland Value	5,088,086	(3,503,330)	(1,584,756)	0
Heartland Value Institutional	0	3,188,929	191,355	3,380,284
Lord Abbett Developing Growth	3,006,610	(437,035)	(895,041)	1,674,534
Ariel Appreciation	10,429,786	(7,387,302)	(3,042,484)	0
T. Rowe Price PS Balanced	6,299,004	(498,036)	(1,038,506)	4,762,462
T. Rowe Price PS Growth	2,561,012	(37,276)	(565,753)	1,957,983
Vanguard Institutional Index	25,463,996	383,835	(5,520,178)	20,327,653
Vanguard Total Stock Market	4,441,924	58,136	(1,015,690)	3,484,370
Washington Mutual Investors	5,193,042	174,474	(1,032,746)	4,334,770
J.P. Morgan Capital Growth	14,829,863	(691,190)	(4,014,898)	10,123,775
Growth Fund of America	5,816,116	169,939	(1,351,524)	4,634,530
EuroPacific Growth Fund	9,540,948	(60,287)	(1,832,164)	7,648,497
FTSE All World ex-U.S. Index	0	3,851,554	280,962	4,132,516
Vanguard Total Intl Stock Index	5,121,375	(3,759,810)	(1,361,565)	0
Vanguard Mid Cap Index	0	6,503,597	123,243	6,626,840
Vanguard Small Cap Index	1,340,787	931,919	(272,448)	2,000,258
Total	204,539,912	1,441,601	(21,572,379)	184,409,134

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue
North Shore Savings	\$ 6,167	0.00%	0.00%	\$ -	\$ -
Stable Value	94,007	0.40%	0.00%	376,029	-
PIMCO Total Return Inst	8,012	0.46%	0.00%	36,856	-
TRP PS Income	1,135	0.77%	0.10%	8,737	1,135
TRP PS Balanced	4,762	0.81%	0.10%	38,576	4,762
TRP PS Growth	1,958	0.86%	0.10%	16,839	1,958
Washington Mutual	4,335	0.57%	0.33%	24,708	14,305
Heartland Value Institutional	3,380	0.89%	0.10%	30,085	3,380
Lord Abbett	1,675	1.19%	0.40%	19,927	6,698
FTSE All World ex-U.S. Index	4,133	0.15%	0.00%	6,199	-
Vanguard Institutional	20,328	0.05%	0.00%	10,164	-
Vanguard Total Stock Market	3,484	0.05%	0.00%	1,742	-
JP Morgan Capital Growth	10,124	1.14%	0.50%	115,411	50,619
Vanguard Mid Cap Index	6,627	0.07%	0.00%	4,639	-
Growth Fund of America (R5)	4,635	0.35%	0.05%	16,221	2,317
Vanguard Small Cap Index	2,000	0.11%	0.00%	2,200	-
EuroPacific Growth Fund (R5)	7,648	0.51%	0.05%	39,007	3,824
Total	\$ 184,409	0.41%		\$ 747,339	\$ 88,999
Total as a Percent				0.41%	0.05%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 658,340
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.36%

Great West Revenue Sharing Cap**	\$ 125,000 *
<i>Capped Revenue Sharing as a Percent of Plan Assets</i>	0.07%
Revenue Sharing Returned to the County	\$ -
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.00%

*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 2008

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08	10 Years Ending 12/31/08
Dow Jones Wilshire 5000 Index	-22.9 %	-37.2 %	-8.4 %	-1.7 %	-0.6 %
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6	1.9
MSCI EAFE Index	-20.0	-43.4	-7.4	1.7	0.8
MSCI Emerging Markets Index	-27.6	-53.3	-4.9	7.7	9.0
MSCI All Country World Index	-22.4	-42.2	-7.9	-0.1	-0.2
Barclays Capital Aggregate Bond Index	4.6	5.2	5.5	4.7	5.6

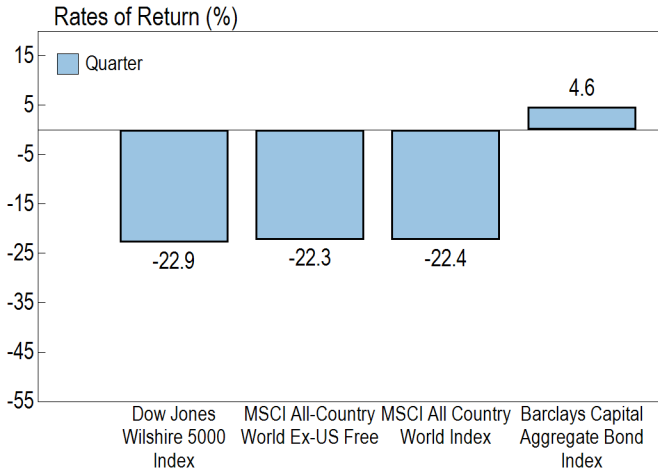
The U.S. broad equity market suffered through one of its worst quarters with most major indices losing more than one fifth of their value. An exceptionally bleak October and November were followed by comparatively small gains in December as the U.S. government allocated \$17.4 billion in TARP (Troubled Asset Relief Program) funds to aid the ailing auto industry, ending the year on an optimistic note. The Federal Reserve Open Markets Committee cut the target federal funds rate by 50 basis points twice during the month of October bringing the rate to 1.5% on the 8th and 1.0% on the 29th. On December 16th, in an unprecedented move, the target rate was cut to a range of 0-0.25%.

The Dow Jones Wilshire 5000 Index ended the year down 22.9% in the fourth quarter, by far the worst performing quarter of 2008. The majority of this decline occurred in October as the markets struggled to digest September's turmoil. Value and growth stocks kept pace in their retreat with value outperforming over the one-year period. Small cap value stocks declined the least over the one-year period, with a return of -28.9%. Consumer durables and financials were the weakest performing sectors at -36.1% and -32.4% respectively, while utilities delivered a strong relative return at -8.5% for the quarter. The DJ Wilshire 5000 Index hit its low for the year in mid-November, reaching levels not seen since 2003. Its total return for the year was -37.2%. It is worth noting that the Index's trailing ten year return is -0.6%.

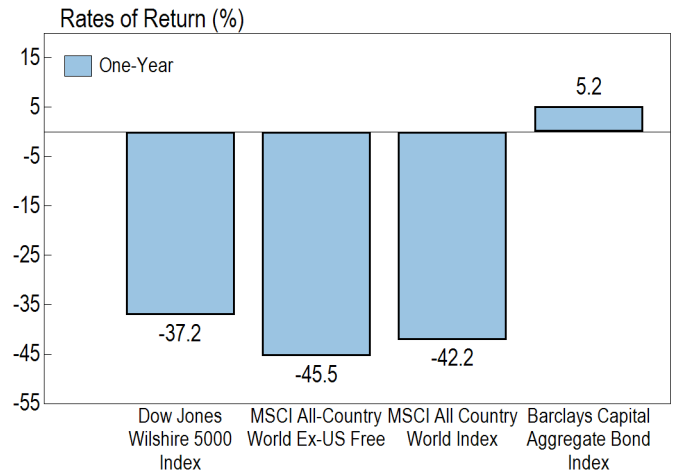
International markets roughly matched their U.S. counterparts for the quarter, though with slightly more volatility. The MSCI All Country World ex-U.S. Index returned -22.3% in the fourth quarter and -45.5% for the year, underperforming the U.S. equity market by 8.3 percentage points for the year. Frontier and emerging markets fared the worst during these periods with the Eastern Europe and Middle East, and Latin American regions yielding quarterly returns of -41.9% and -34.1%, respectively. Japan declined the least with a return of -9.0%. No international regions yielded positive returns for the fourth quarter.

The domestic fixed income market, as measured by the Barclays Capital Aggregate Bond Index (formerly the Lehman Brothers Aggregate Bond Index), strongly outperformed all major equity indices, returning 4.6% during the fourth quarter and 5.2% for the year. The government and mortgage sectors were the strongest performers for the quarter, returning 8.1% and 4.3%, respectively. Below-investment grade corporate bonds and commercial mortgages fared the worst at -17.9% and -13.5%, respectively. Corporate bonds, both high-yield and investment grade, performed poorly during the quarter, with steep losses during October and November before moderate gains during December. Treasury yields approached record lows and yields fell across all maturities as investors flocked to the security of U.S. government bonds during the quarter.

**MAJOR MARKET RETURNS
FOURTH QUARTER**

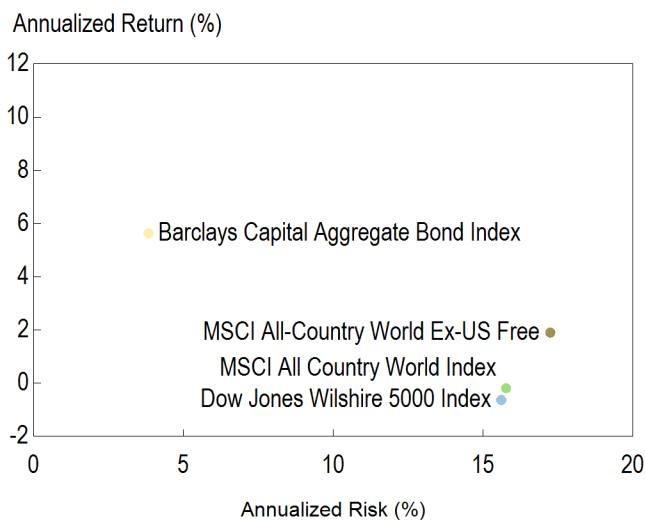


**MAJOR MARKET RETURNS
ONE-YEAR ENDING 12/31/08**

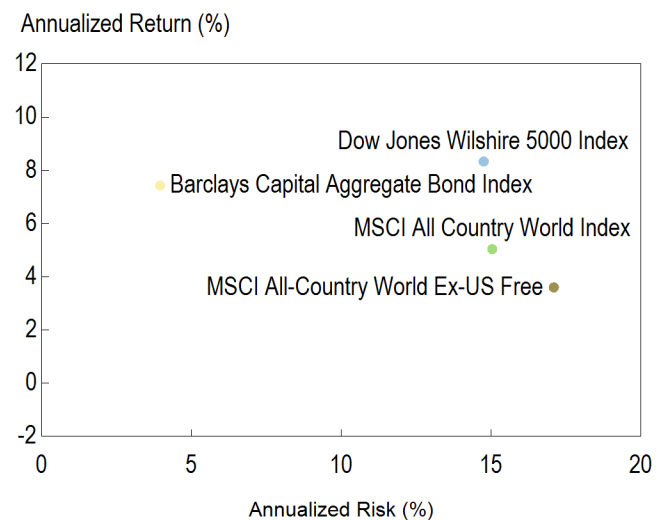


The exhibits above show the performance of the major capital markets during the fourth quarter and one-year periods.

**MARKET RISK/RETURN
10 YEARS ENDING 12/31/08**



**MARKET RISK/RETURN
20 YEARS ENDING 12/31/08**

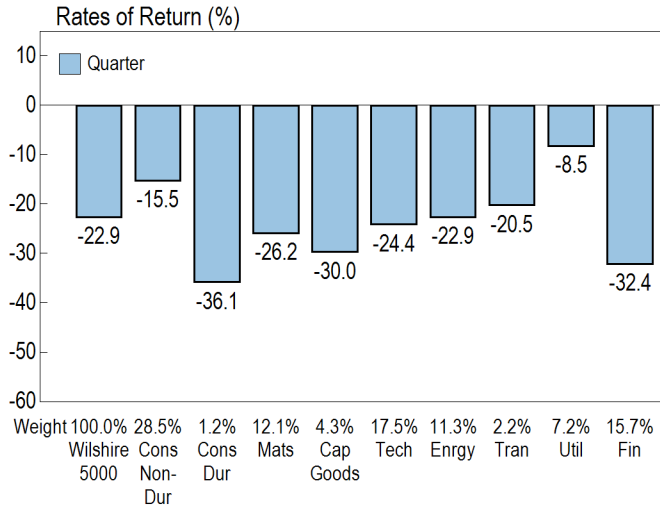


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

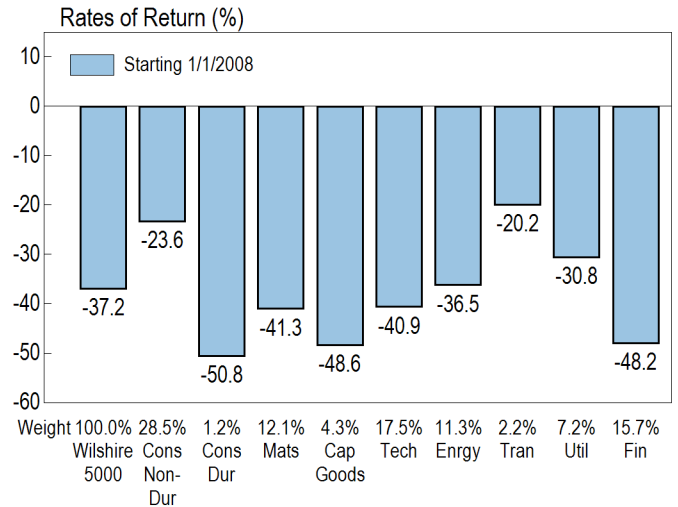
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS FOURTH QUARTER



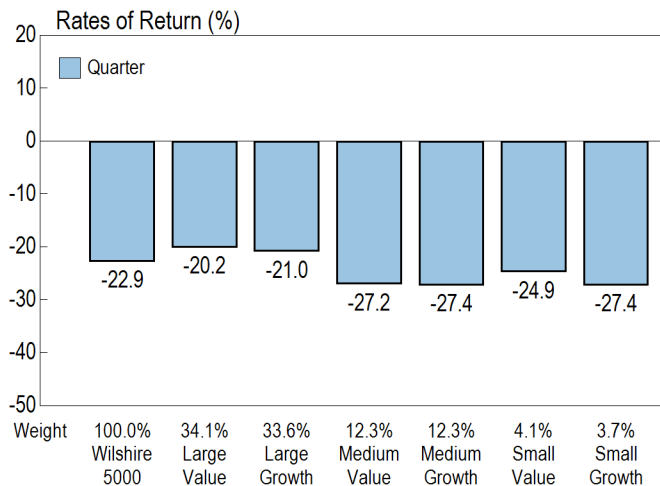
SECTOR RETURNS ONE-YEAR ENDING 12/31/08



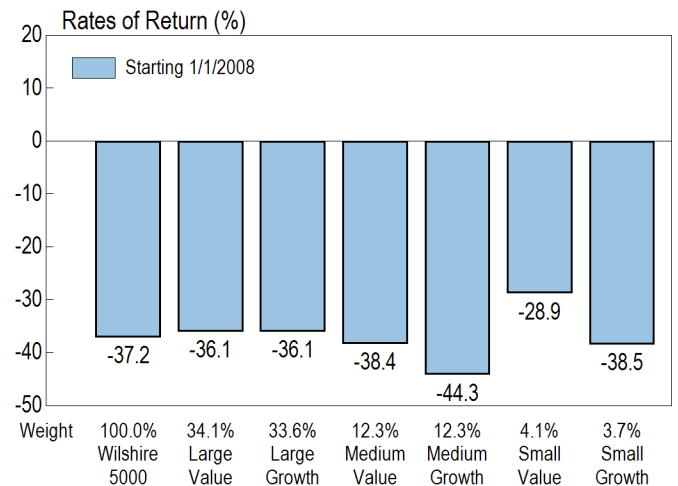
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

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

STYLE RETURNS FOURTH QUARTER

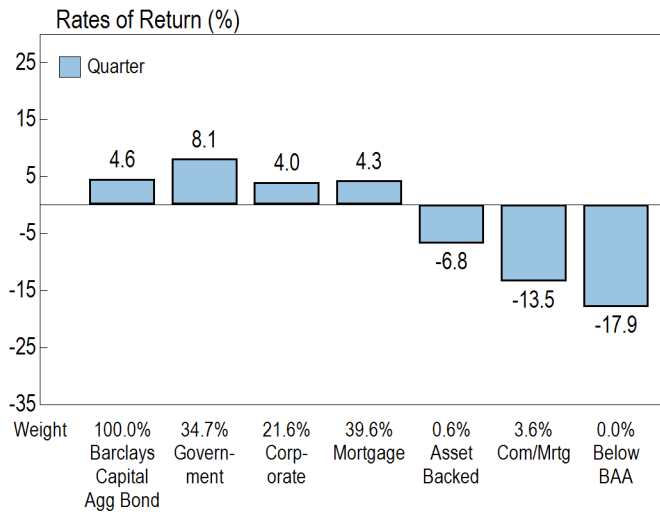


STYLE RETURNS ONE-YEAR ENDING 12/31/08

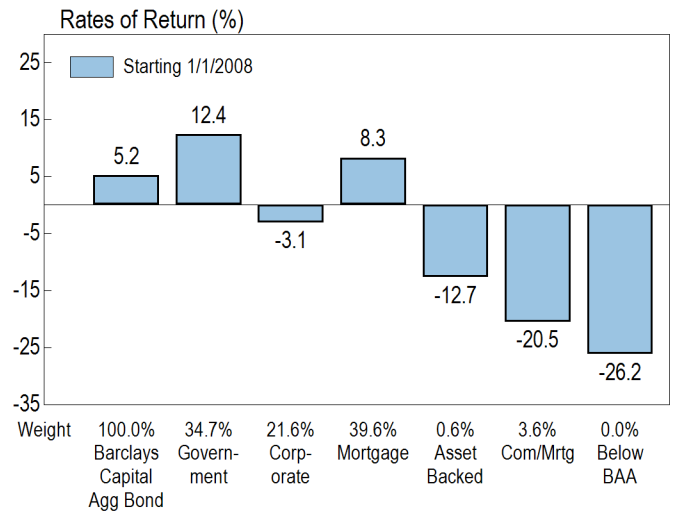


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
FOURTH QUARTER**



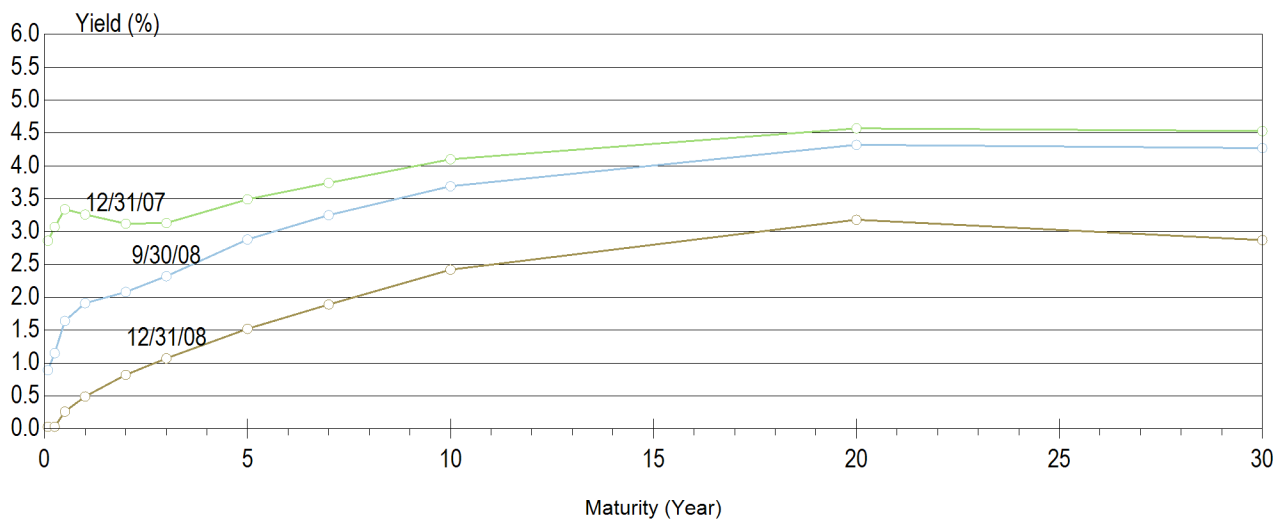
**SECTOR RETURNS
ONE-YEAR ENDING 12/31/08**



The Barclays Capital 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 Barclays Capital Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

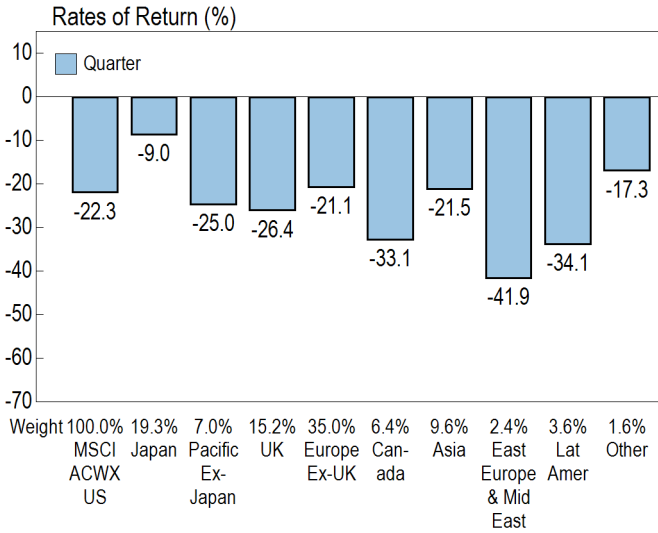


The exhibit above illustrates yields of Treasury securities of various maturities as of December 31, 2007, September 30, 2008, and December 31, 2008.

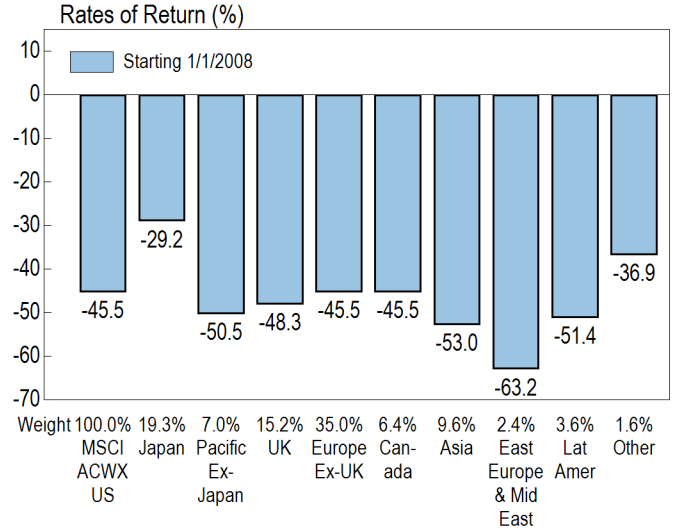
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

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

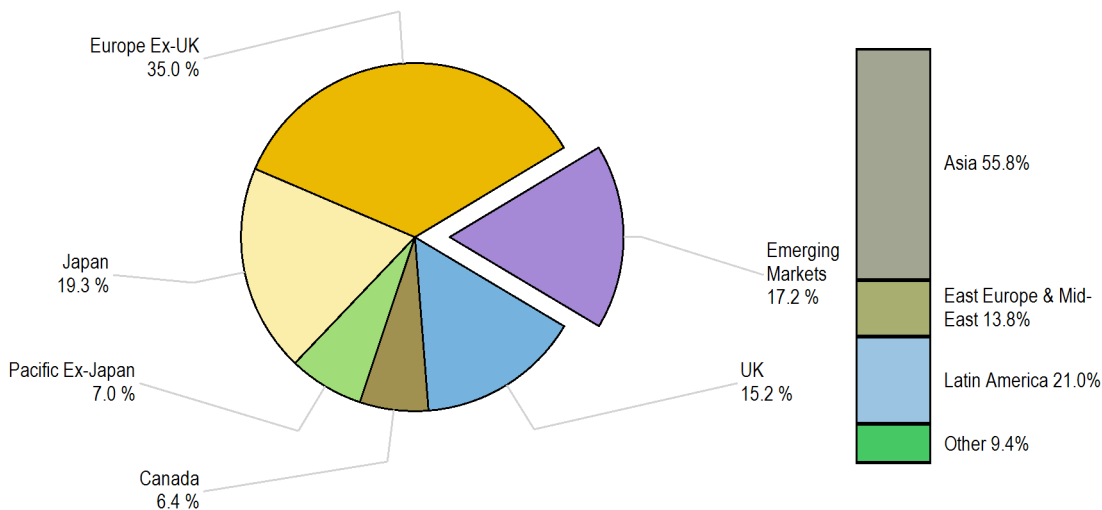


**NON-U.S. STOCK MARKET RETURNS
ONE-YEAR ENDING 12/31/08**



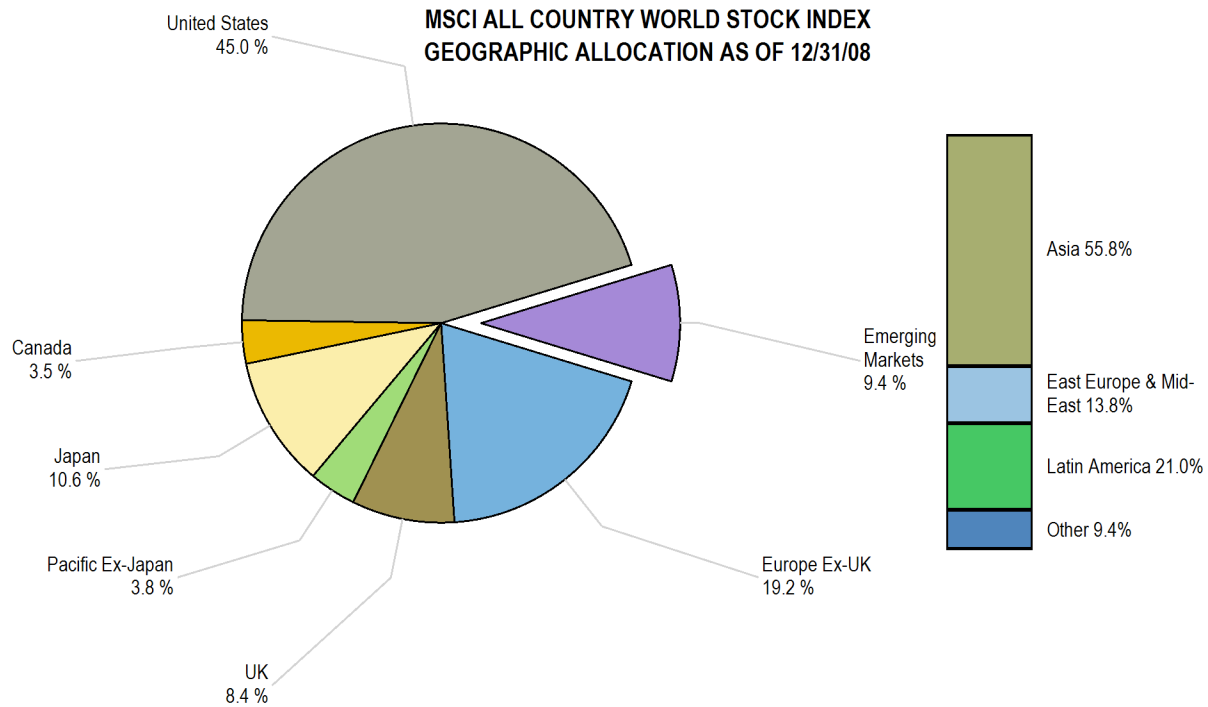
The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

**MSCI ALL COUNTRY WORLD EX-U.S. STOCK INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/08**



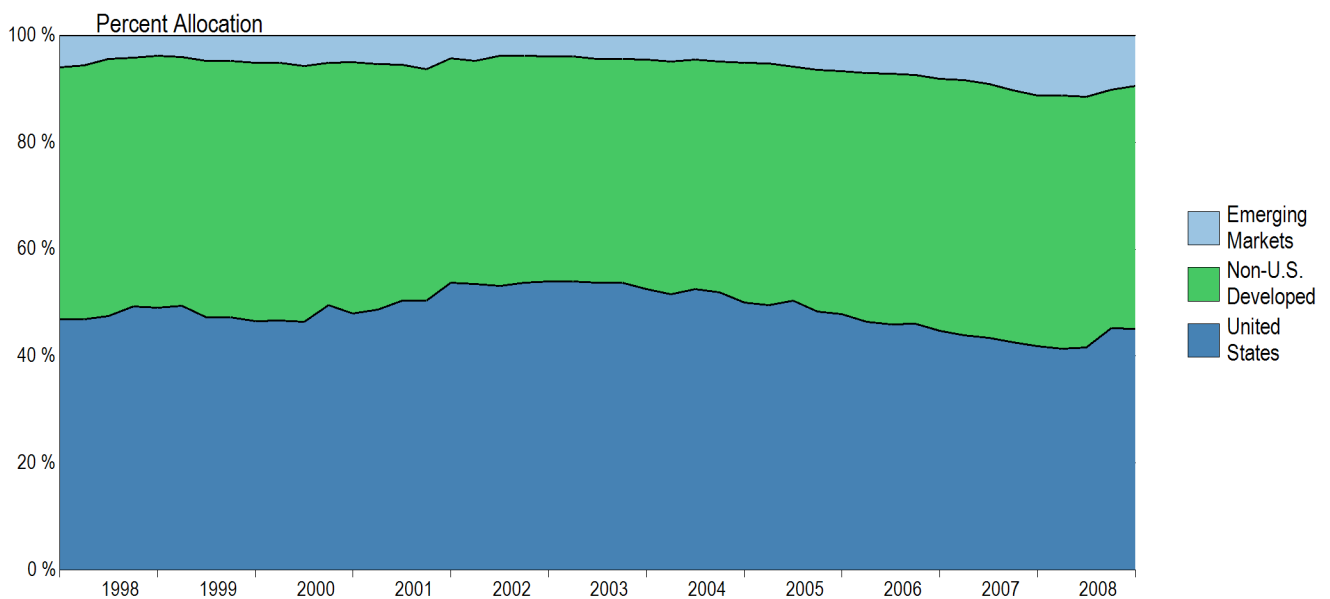
The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.

Note on Other: Includes South Africa, Egypt and Morocco. Returns expressed are the weighted average returns.



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. Note on Other: Includes South Africa, Egypt and Morocco.

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 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
North Shore Savings Fund	0.5%	2.0%	3.1%	2.7%
iMoney Net Money Fund Average	0.3	2.0	3.5	2.6

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 North Shore Savings Fund modestly outpaced the return of the iMoneyNet Money Fund Average by 20 basis points during the fourth quarter. Over the trailing one-year period, the Fund matched the return of the Money Fund Average, while the Fund underperformed during the trailing three-year period. Conversely, the Fund outperformed during the trailing five-year period. The Fund has met its investment objective of providing participants with a high level of liquidity and capital preservation.

HISTORICAL RETURNS

(BY YEAR)

	North Shore Savings Fund	iMoney Net Money Fund Average	Return Difference
	Return	Return	
1998	5.2%	5.0%	0.2
1999	4.8	4.6	0.2
2000	5.3	5.9	-0.6
2001	4.3	3.7	0.6
2002	1.6	2.1	-0.5
2003	1.4	0.9	0.5
2004	1.3	0.6	0.7
2005	2.8	1.7	1.1
2006	3.7	3.8	-0.1
2007	3.7	4.7	-1.0
2008	2.0	2.0	0.0
Trailing 3-Year	3.1%	3.5%	-0.4
Trailing 5-Year	2.7	2.6	0.1
Trailing 10-Year	3.1	3.0	0.1

STABLE VALUE

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Stable Value Fund	1.2 %	4.8 %	4.8 %	4.6 %
EnnisKnupp GIC Index	1.2	4.7	4.5	4.2

Investment Strategy

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

Performance Commentary

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

HISTORICAL RETURNS (BY YEAR)

	Stable Value Fund	EnnisKnupp GIC Index	Return Difference
	Return	Return	
1998	6.3%	6.2%	0.1
1999	6.3	6.0	0.3
2000	6.5	6.4	0.1
2001	6.5	6.2	0.3
2002	5.7	5.1	0.6
2003	4.3	4.1	0.2
2004	4.2	3.9	0.3
2005	4.5	3.7	0.8
2006	4.8	4.1	0.7
2007	4.9	4.6	0.3
2008	4.8	4.7	0.1
Trailing 3-Year	4.8 %	4.5 %	0.3
Trailing 5-Year	4.6	4.2	0.4
Trailing 10-Year	5.2	4.9	0.3

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
PIMCO Total Return Fund Instl	5.0 %	4.8 %	5.8 %	5.0 %
Barclays Capital Aggregate Bond Index	4.6	5.2	5.5	4.7

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 Barclays Capital 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 advanced 5.0% during the quarter, outperforming the Barclays Capital Aggregate Bond Index by 0.4 percentage points. The manager noted that exposure to short maturities in the U.S. and U.K. aided performance as policy initiatives helped reduce interbank lending rates. The Fund's underweight allocation to corporates relative to the Index demonstrated to be beneficial as investors' flight to quality resulted in the widening of credit premiums. Also helping performance was the Fund's overweight allocation to bonds of financial companies, which benefited from government policy assistance. In contrast, the Fund's holdings of Agency mortgage pass-throughs hindered returns as these bonds were negatively impacted by global deleveraging. Holding upper tier non-Agency mortgages and asset-backed securities also detracted from performance as these holdings were adversely affected by the Treasury's Troubled Asset Relief Program (TARP) focusing away from direct mortgage investments.

PIMCO has lagged the Index during the trailing one-year period as a result of weak performance during the third quarter of 2008, but has outperformed during the trailing three- and five-year periods.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 12/31/08

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	58%
	AA	10
	A	15
	BBB	4
	<BBB	1
	Treasury/Agency	9
Composition	US Gov't/Agency	9%
	Corporate	19
	Mortgage-Backed	62
	Foreign	4
	Cash	4
	Other	2
Average Maturity/Duration	3.7 years/3.4 years	
Number of Issues	4,998	
Turnover	N/A	
Distriubtion Yield	5.56%	
Inception Date	September 1994	
Total Fund Assets	\$132.3 billion	
Fees	0.46%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	Barclays Capital Aggregate Bond Index	Return Difference
	Return	Return	
1998	9.5%	8.7%	0.8
1999	-0.5	-0.8	0.3
2000	11.8	11.6	0.2
2001	9.2	8.4	0.8
2002	9.9	10.3	-0.4
2003	5.3	4.1	1.2
2004	4.9	4.3	0.6
2005	2.6	2.4	0.2
2006	3.7	4.3	-0.6
2007	9.0	7.0	2.0
2008	4.8	5.2	-0.4
Trailing 3-Year	5.8%	5.5%	0.3
Trailing 5-Year	5.0	4.7	0.3
Trailing 10-Year	6.0	5.6	0.4

RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Income	-11.0 %	-20.4 %	-2.2 %	1.6 %
Custom Benchmark	-7.5	-14.9	-0.3	2.1

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 declined 11.0% during the quarter, trailing its benchmark by 3.5 percentage points. The Fund's investment-grade bond selection along with positions in high-yield bonds impeded results. Additionally, poor security selection hindered performance. The Fund's stock allocation of 45.6% compared to its benchmark allocation of 40.0% also detracted from performance as stocks experienced another difficult quarter. An underweight allocation to cash relative to its benchmark was another negative for the Fund, as it held 10.8% compared to 20.0% by its benchmark. On a positive note, the Fund's overseas stock selection proved to be favorable.

Although the Fund has underperformed its benchmark during all long-term periods shown above, it has outperformed in 8 of the past 11 calendar years. Long-term underperformance is attributed to recent poor performance.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 12/31/08

	Personal Strategy Income Fund	
Composition	U.S. Stock	35.0%
	Non-U.S. Stock	10.6
	Bonds	43.4
	Cash	10.8
Number of Holdings	Stocks	666
	Bonds	635
Turnover	73%	
Inception Date	July 1994	
Total Fund Assets	\$640.5 million	
Fees	0.66%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1998	11.5%	14.1%	-2.6
1999	5.2	9.9	-4.7
2000	6.6	1.0	5.6
2001	0.9	-0.9	1.8
2002	-3.4	-4.1	0.7
2003	18.6	14.3	4.3
2004	9.9	7.4	2.5
2005	5.2	4.5	0.7
2006	9.6	9.3	0.3
2007	7.3	6.3	1.0
2008	-20.4	-14.9	-5.5
Trailing 3-Year	-2.2%	-0.3%	-1.9
Trailing 5-Year	1.6	2.1	-0.5
Trailing 10-Year	3.5	3.0	0.5

RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Balanced	-16.5%	-29.3%	-5.2%	0.4%
Custom Benchmark	-12.5	-23.2	-2.8	1.2

Investment Strategy

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

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

Performance Commentary

During the quarter, the T. Rowe Price Personal Strategy Balanced Fund generated a loss of 16.5% and trailed its benchmark by 4.0 percentage points. The Fund's investment-grade bond selection along with positions in high-yield bonds impeded results. Additionally, poor security selection hindered performance. The Fund's stock allocation of 64.5% compared to its benchmark allocation of 60.0% also detracted from performance as stocks experienced another difficult quarter. An underweight allocation to cash relative to its benchmark was another negative for the Fund, as it held 1.4% compared to 10.0% by its benchmark. On a positive note, the Fund's overseas stock selection proved to be favorable.

Although the Fund has underperformed its benchmark during all long-term periods shown above, it has outperformed in 7 of the past 11 calendar years. Long-term underperformance is attributed to recent poor performance.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 12/31/08

	Personal Strategy Balanced Fund	
Composition	U.S. Stock	49.7%
	Non-U.S. Stock	14.8
	Bonds	33.8
	Cash	1.4
Number of Holdings	Stocks	666
	Bonds	629
Turnover	68%	
Inception Date	July 1994	
Total Fund Assets	\$1.2 billion	
Fees	0.76%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1998	13.9%	17.4%	-3.5
1999	8.0	14.3	-6.3
2000	5.6	-3.0	8.6
2001	-2.5	-4.7	2.2
2002	-7.7	-9.2	1.5
2003	24.4	20.4	4.0
2004	12.6	9.6	3.0
2005	6.4	5.6	0.8
2006	11.9	12.1	-0.2
2007	7.7	6.5	1.2
2008	-29.3	-23.2	-6.1
Trailing 3-Year	-5.2%	-2.8%	-2.4
Trailing 5-Year	0.4	1.2	-0.8
Trailing 10-Year	2.7	2.1	0.6

RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Growth	-22.2%	-37.6%	-8.4%	-1.0%
Custom Benchmark	-17.3	-30.8	-5.4	0.1

Investment Strategy

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

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

Performance Commentary

The T. Rowe Price Personal Strategy Growth Fund declined 22.2% during the quarter and underperformed its benchmark by 4.9 percentage points. The Fund's investment-grade bond selection along with positions in high-yield bonds impeded results. Additionally, poor security selection hindered performance. The Fund's stock allocation of 85.5% compared to its benchmark allocation of 80.0% also detracted from performance as stocks experienced another difficult quarter. On a positive note, the Fund's overseas stock selection proved to be favorable.

Although the Fund has underperformed its benchmark during all long-term periods shown above, it has outperformed in 7 of the past 11 calendar years. Long-term underperformance is attributed to recent poor performance.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

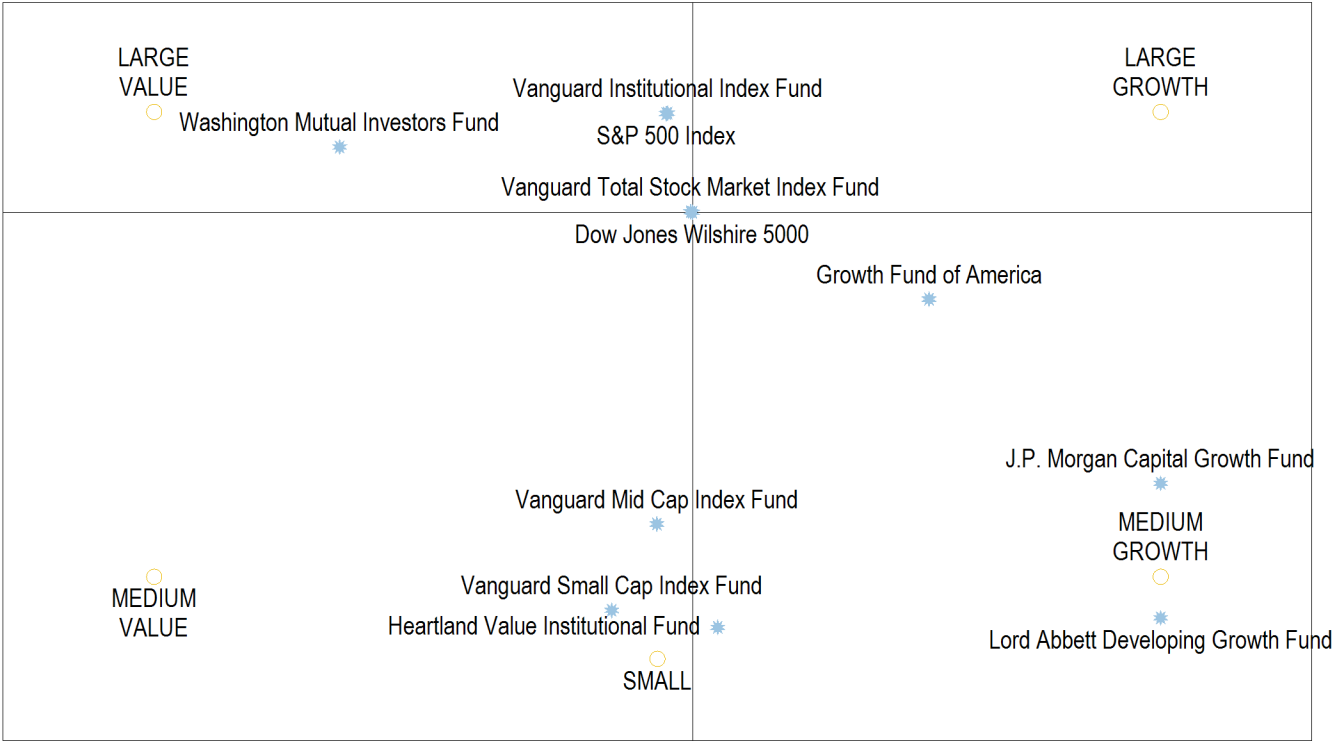
	Personal Strategy Growth Fund	
Composition	U.S. Stock	65.6%
	Non-U.S. Stock	19.9
	Bonds	13.9
	Cash	0.3
Number of Holdings	Stocks	666
	Bonds	488
Turnover	58%	
Inception Date	July 1994	
Total Fund Assets	\$770.6 million	
Fee	0.83%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1998	15.6%	20.6%	-5.0
1999	11.2	18.8	-7.6
2000	4.7	-7.0	11.7
2001	-6.0	-8.4	2.4
2002	-12.4	-14.4	2.0
2003	29.3	26.6	2.7
2004	15.0	11.8	3.2
2005	7.6	6.5	1.1
2006	14.1	14.7	-0.6
2007	7.8	6.7	1.1
2008	-37.6	-30.8	-6.8
Trailing 3-Year	-8.4%	-5.4%	-3.0
Trailing 5-Year	-1.0	0.1	-1.1
Trailing 10-Year	1.7	1.0	0.7

EFFECTIVE STYLE MAP
 7 YEARS ENDING 12/31/08



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Washington Mutual Investors Fund	-20.2 %	-33.1 %	-6.4 %	-1.3 %
Russell 1000 Value Index	-22.2	-36.8	-8.3	-0.8
S&P 500 Index	-21.9	-37.0	-8.4	-2.2

Investment Strategy

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

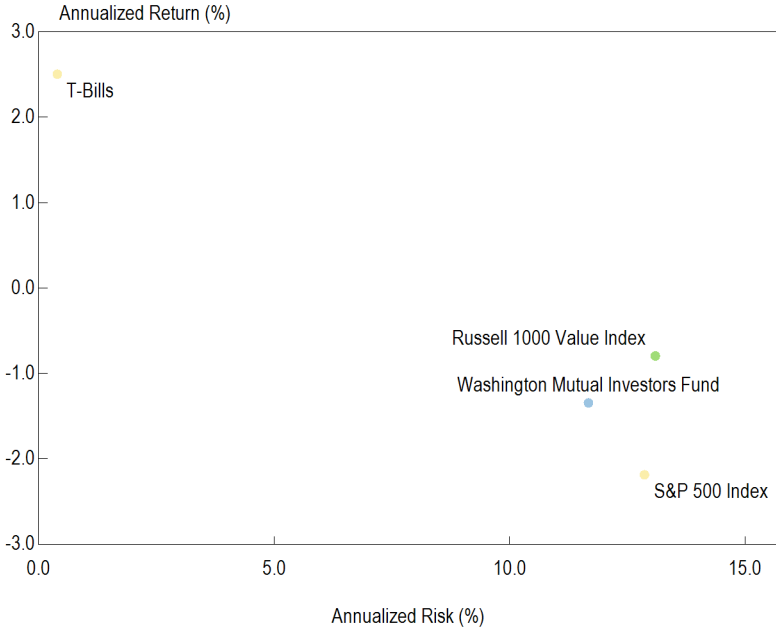
Capital Research & Management (the American Funds family) provides investment services for this Fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

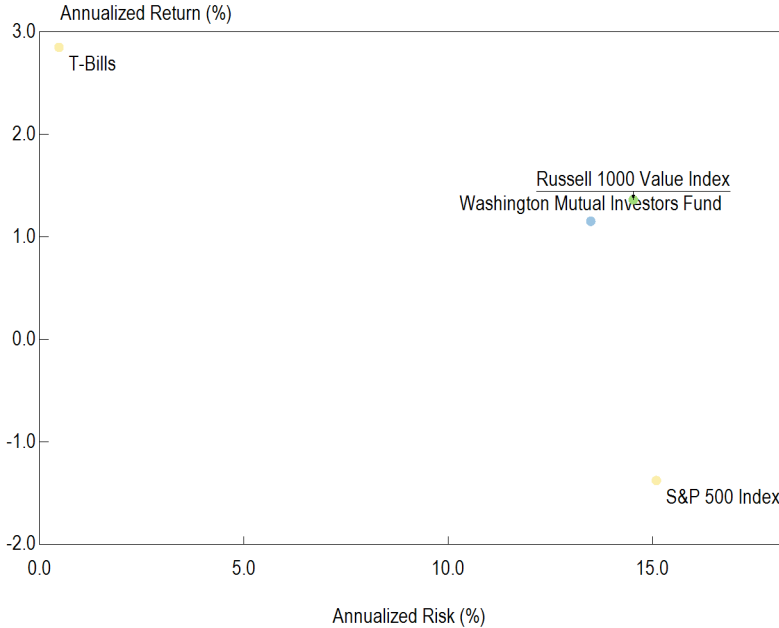
Although negative in absolute terms, the Washington Mutual Investors Fund's return of -20.2% outperformed both the Russell 1000 Value Index and the S&P 500 Index during the fourth quarter. The Fund benefited from an overweight allocation to the telecommunication service and utilities sectors. Additionally, favorable stock selection within the energy, health care, and information technology sectors aided results. The Fund continued to hold a significant percentage (2.9%) in cash which also benefited returns as U.S. equities suffered great losses in the fourth quarter. Conversely, poor stock selection within the materials, consumer staples, and consumer discretionary sectors hindered performance. From an industry perspective, holdings in diversified telecommunication services and pharmaceuticals added the most value, while diversified financial services and household products detracted the most.

Over longer-term periods, the Fund's performance remains mixed. The Fund has outperformed both the Russell 1000 Value Index and the S&P 500 Index over the trailing one- and three- year periods. However, over the trailing five-year period, the Fund lagged the return of the Russell 1000 Value Index by 0.5 percentage points as a result of relative poor performance from 2003 to 2006.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 12/31/08**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 12/31/08

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	93.0%
	Non-U.S. Stocks	3.3
	Cash	3.7
Number of Issues	120	
Turnover	18%	
Inception Date	July 1952	
Total Fund Assets	\$48.8 billion	
Fees	0.58%	

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference	S&P 500 Index	Return Difference
	Return	Return		Return	
1998	19.4 %	15.6 %	3.8	28.6 %	-9.2
1999	1.2	7.4	-6.2	21.0	-19.8
2000	9.1	7.0	2.1	-9.1	18.2
2001	1.5	-5.6	7.1	-11.9	13.4
2002	-14.8	-15.5	0.7	-22.1	7.3
2003	25.8	30.0	-4.2	28.7	-2.9
2004	9.9	16.5	-6.6	10.9	-1.0
2005	3.5	7.0	-3.5	4.9	-1.4
2006	18.0	22.2	-4.2	15.8	2.2
2007	4.0	-0.2	4.2	5.5	-1.5
2008	-33.1	-36.8	3.7	-37.0	3.9
Trailing 3-Year	-6.4 %	-8.3 %	1.9	-8.4 %	2.0
Trailing 5-Year	-1.3	-0.8	-0.5	-2.2	0.9
Trailing 10-Year	1.2	1.4	-0.2	-1.4	2.6

*Relative to the Russell 1000 Value Index.

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Institutional Index Fund	-21.9 %	-37.0 %	-8.3 %	-2.2 %
S&P 500 Index	-21.9	-37.0	-8.4	-2.2

Investment Strategy

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

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

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

Performance Commentary

During the fourth quarter, the Vanguard Institutional Index Fund returned -21.9%, matching the return of the S&P 500 Index. None of the Index's sectors had positive returns during the quarter. Sectors that produced the least losses included telecommunication services (-1.4%) and utilities (-11.0%). The financial (-36.9%), materials (-30.8%), and information technology (-25.7%) sectors detracted the most from performance.

The Fund has approximated the return of the Index over all long-term periods shown above, as expected.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard Institutional Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	99.6%
	Non-U.S. Stocks	0.10
	Cash	0.30
Number of Issues	515	
Turnover	5.6%	
Inception Date	July 1990	
Total Fund Assets	\$49.2 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1998	28.8%	28.6%	0.2
1999	21.2	21.0	0.2
2000	-8.9	-9.1	0.2
2001	-11.9	-11.9	0.0
2002	-22.0	-22.1	0.1
2003	28.7	28.7	0.0
2004	10.9	10.9	0.0
2005	4.9	4.9	0.0
2006	15.8	15.8	0.0
2007	5.5	5.5	0.0
2008	-37.0	-37.0	0.0
Trailing 3-Year	-8.3%	-8.4%	0.1
Trailing 5-Year	-2.2	-2.2	0.0
Trailing 10-Year	-1.3	-1.4	0.1

*Relative to the S&P 500 Index.

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Growth Fund of America	-23.0 %	-38.9 %	-8.9 %	-0.6 %
Russell 1000 Growth Index	-22.8	-38.4	-9.1	-3.4

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.

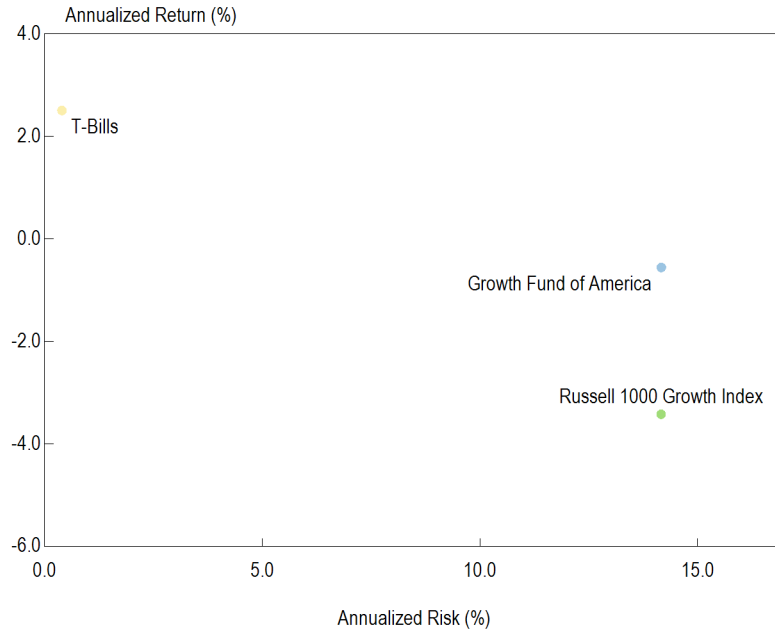
Performance Commentary

The American Funds Growth Fund of America declined 23.0% and underperformed the Russell 1000 Growth Index by 0.2 percentage points during the quarter. Holdings in oil and gas, energy equipment and services, and diversified telecommunication service industries were the top detractors from performance. Partially offsetting underperformance were holdings in the diversified financial, capital markets, and real estate trust industries. The Fund's 15.1% cash allocation also proved favorable as stocks experienced another quarter of significant decline. From a country perspective, the Fund was hurt by weak stock selection in Canada, the U.S., Brazil, and Russia. On the contrary, favorable stock selection within Switzerland, Japan, Finland, and Ireland aided results.

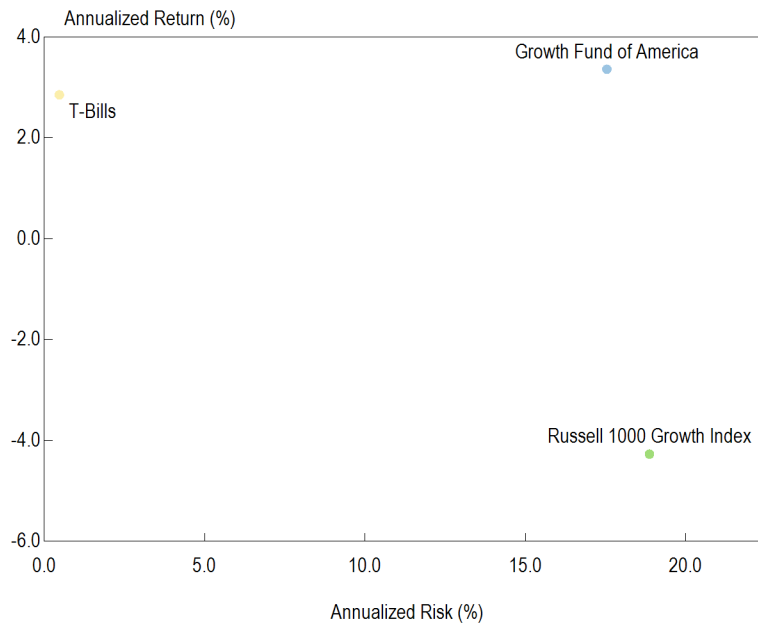
The Fund has outperformed the Index on a relative basis during the trailing three- and five-year periods. The Fund has lagged the Index during the trailing one-year as a result of weak performance in the third quarter of 2008.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



FUND CHARACTERISTICS AS OF 12/31/08

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.90	
Composition		
	U.S. Stocks	69.0%
	Non-U.S. Stocks	15.9
	U.S. Bonds	0.0
	Cash	15.1
Number of Issues	290	
Turnover	32%	
Inception Date	December 1973	
Total Fund Assets	\$179.1 billion	
Fees	0.34%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1998	31.8%	38.7%	-6.9
1999	45.7	33.2	12.5
2000	7.5	-22.4	29.9
2001	-12.3	-20.4	8.1
2002	-21.8	-27.9	6.1
2003	33.3	29.8	3.5
2004	12.2	6.3	5.9
2005	14.5	5.3	9.2
2006	11.2	9.1	2.1
2007	11.3	11.8	-0.5
2008	-38.9	-38.4	-0.5
Trailing 3-Year	-8.9%	-9.1%	0.2
Trailing 5-Year	-0.6	-3.4	2.8
Trailing 10-Year	3.4	-4.3	7.7

*Relative to the Russell 1000 Growth Index.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Total Stock Market Index Fund	-22.7 %	-36.9 %	-8.3 %	-1.7 %
Performance Benchmark	-22.8	-37.0	-8.4	-1.7

Investment Strategy

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

Performance Commentary

During the quarter, the Vanguard Total Stock Market Index Fund experienced 10 basis points of positive tracking relative to its benchmark, the MSCI US Broad Market Index. None of the Index's sectors posted gains during the fourth quarter. The sectors that produced the largest losses were financials (-33.1%), materials (-31.3%), and information technology (-26.0%).

Over the longer-term periods illustrated above, the Fund has approximated the return of its benchmark. The Vanguard Total Stock Market Index Fund has provide 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 12/31/08

	Vanguard Total Stock Market Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large and Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition		
	U.S. Stocks	99.1%
	Non-U.S. Stocks	0.0
	Cash	0.9
Number of Issues	3,405	
Turnover	5.0%	
Inception Date	April 1992	
Total Fund Assets	\$81.9 billion	
Fees	0.15%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	23.3%	23.4%	-0.1
1999	23.8	23.6	0.2
2000	-10.6	-10.9	0.3
2001	-10.9	-11.0	0.1
2002	-21.0	-20.9	-0.1
2003	31.4	31.7	-0.3
2004	12.6	12.6	0.0
2005	6.1	6.2	-0.1
2006	15.7	15.7	0.0
2007	5.6	5.6	0.0
2008	-36.9	-37.0	0.1
Trailing 3-Year	-8.3%	-8.4%	0.1
Trailing 5-Year	-1.7	-1.7	0.0
Trailing 10-Year	-0.6	-0.6	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 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
J.P. Morgan Capital Growth Fund	-26.9 %	-43.7 %	-9.9 %	-1.3 %
Performance Benchmark	-27.4	-44.3	-11.8	-2.3

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.

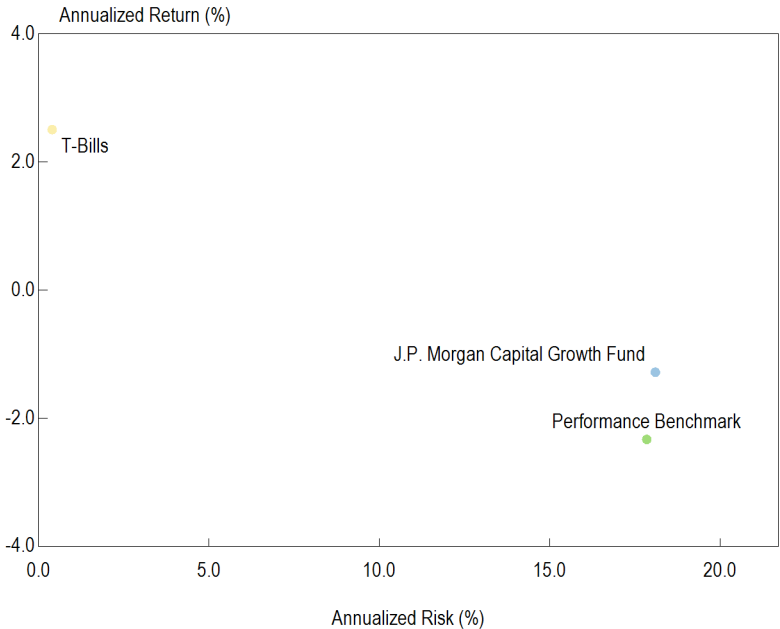
Performance Commentary

J.P. Morgan Capital Growth Fund declined 26.9% during the fourth quarter, but outperformed the return of its benchmark by 0.5 percentage points. Stock selection in the financial services and consumer discretionary sectors positively impacted performance. Among the Fund's top ten holdings, only ITT Educational Services (+17.4%), a provider of post secondary degree programs, posted gains during the quarter. On the other hand, weak stock selection in the materials and processing and producer durables sectors hampered results.

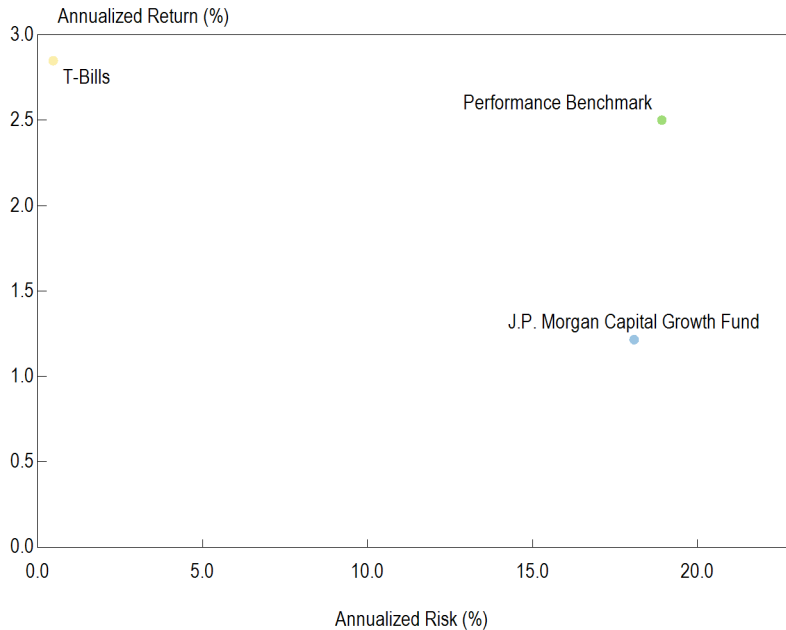
Although negative in absolute value, the Fund's longer-term performance relative to its benchmark has been favorable for all periods illustrated above.

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

**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 12/31/08**



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.81	
Composition	U.S. Stocks	98.5%
	Non-U.S. Stocks	0.0
	Cash	1.5
Number of Issues	88	
Turnover	112%	
Inception Date	September 1987	
Total Fund Assets	\$600.0 million	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	5.5%	0.4%	5.1
1999	12.8	19.0	-6.2
2000	14.2	17.5	-3.3
2001	-4.5	-0.6	-3.9
2002	-28.1	-27.4	-0.7
2003	36.1	42.7	-6.6
2004	16.9	15.5	1.4
2005	9.7	12.1	-2.4
2006	10.9	10.6	0.3
2007	17.0	11.4	5.6
2008	-43.7	-44.3	0.6
Trailing 3-Year	-9.9%	-11.8%	1.9
Trailing 5-Year	-1.3	-2.3	1.0
Trailing 10-Year	1.2	2.5	-1.3

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

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Mid Cap Index Fund	-25.6 %	-41.8 %	-11.0 %	-0.7 %
MSCI U.S. Mid Cap 450 Index	-25.6	-41.8	-11.1	-0.7

Investment Strategy

The Vanguard Mid-Cap Index Fund seeks to replicate the performance of the MSCI U.S. Mid Cap 450 Index. In 2003, the Fund adopted the MSCI version of the mid-cap index. The Performance Benchmark consists of the S&P Mid Cap 400 Index prior to June 2003. In June 2003, the benchmark was changed to the MSCI Mid Cap 450 Index.

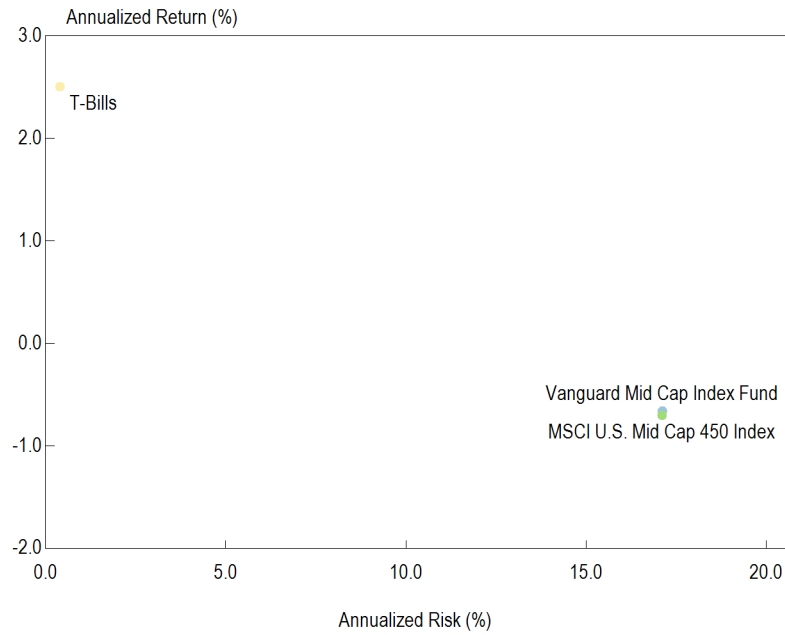
Performance Commentary

Vanguard Mid Cap Index Fund's fourth quarter return of -25.6% matched that of the MSCI U.S. Mid Cap 450 Index. As of October 29, 2008, the Vanguard Mid-Cap Index Fund replaced the Ariel Appreciation Fund.

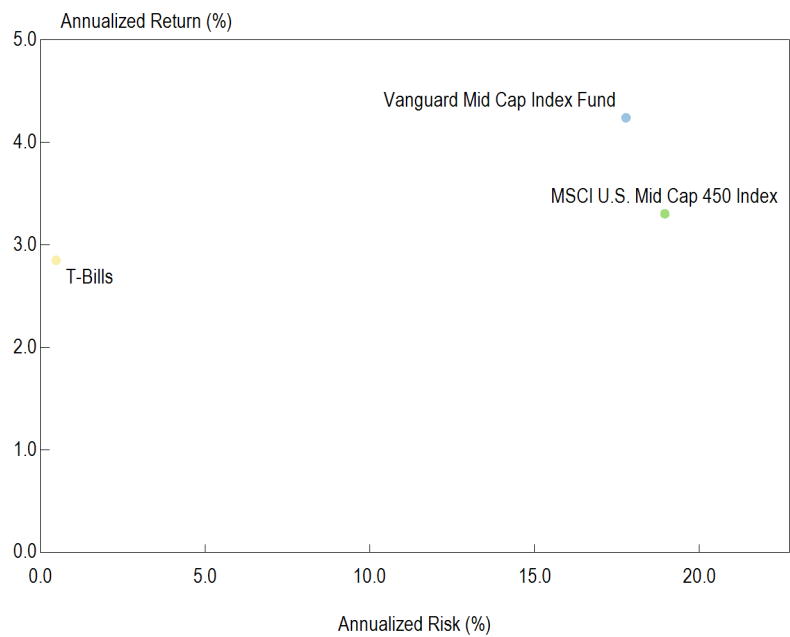
As illustrated above, the Fund has been successful in approximating the return of its benchmark.

VANGUARD MID CAP INDEX

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



VANGUARD MID CAP INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard Mid Cap Index	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Somewhat Concentrated	
Market Risk (Beta)*	0.93	
Composition		
	U.S. Stocks	98.8%
	Non-U.S. Stocks	1.1
	Cash	0.1
Number of Issues	452	
Turnover	24%	
Inception Date	December 1989	
Total Fund Assets	\$12.8 billion	
Fees	0.21%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Mid Cap Index Fund	MSCI U.S. Mid Cap 450 Index	Return Difference
	Return	Return	
1998 (7 months)	11.1%	1.9%	9.2
1999	15.5	34.3	-18.8
2000	18.4	-1.9	20.3
2001	-0.4	-6.4	6.0
2002	-14.5	-16.5	2.0
2003	34.3	39.0	-4.7
2004	20.5	20.5	0.0
2005	14.1	13.9	0.2
2006	13.8	13.7	0.1
2007	6.2	6.2	0.0
2008	-41.8	-41.8	0.0
Trailing 3-Year	-11.0%	-11.1%	0.1
Trailing 5-Year	-0.7	-0.7	0.0
Trailing 10-Year	4.2	3.3	0.9

*Relative to the MSCI U.S. Mid Cap 450 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Small Cap Index Fund	-26.6 %	-36.0 %	-9.1 %	-0.7 %
Small-Cap Index	-26.7	-36.2	-9.2	-0.7

Investment Strategy

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

Performance Commentary

During the quarter the Fund experienced 10 basis points of positive tracking relative to its benchmark. The Fund has approximated its benchmark over long-term periods illustrated above.

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

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	98.7%
	Non-U.S. Stocks	1.3
	Cash	0.0
Number of Issues	1,748	
Turnover	14%	
Inception Date	October 1960	
Total Fund Assets	\$10.4 billion	
Fees	0.22%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1998	-2.6%	-2.5%	-0.1
1999	23.1	21.3	1.8
2000	-2.7	-3.0	0.3
2001	3.1	2.5	0.6
2002	-20.0	-20.5	0.5
2003	45.6	47.5	-1.9
2004	19.9	20.0	-0.1
2005	7.4	7.5	-0.1
2006	15.8	15.8	0.0
2007	1.2	1.2	0.0
2008	-36.0	-36.2	0.2
Trailing 3-Year	-9.1%	-9.2%	0.1
Trailing 5-Year	-0.7	-0.7	0.0
Trailing 10-Year	3.3	3.1	0.2

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Lord Abnett Developing Growth Fund	-28.6 %	-47.5 %	-7.1 %	-1.0 %
Russell 2000 Growth Index	-27.4	-38.5	-9.3	-2.4

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.

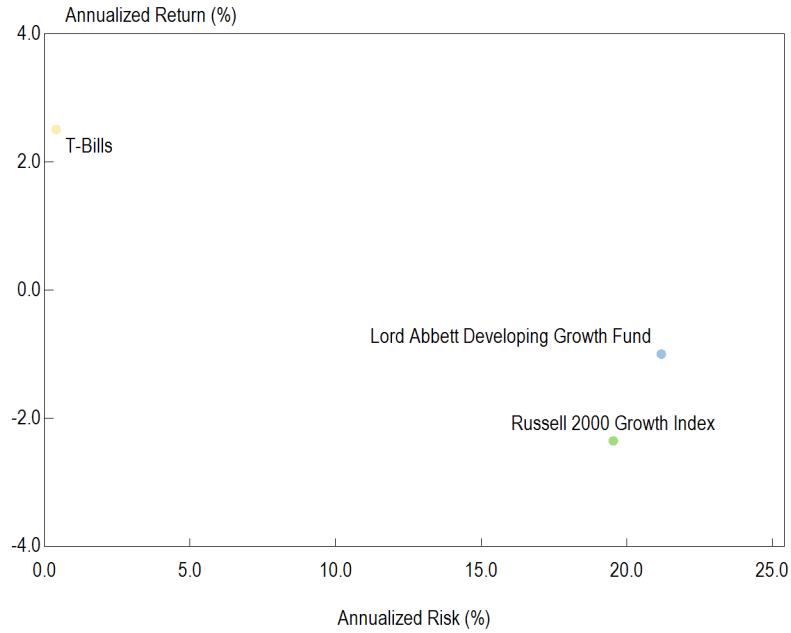
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 130 micro- and small-cap stocks.

Performance Commentary

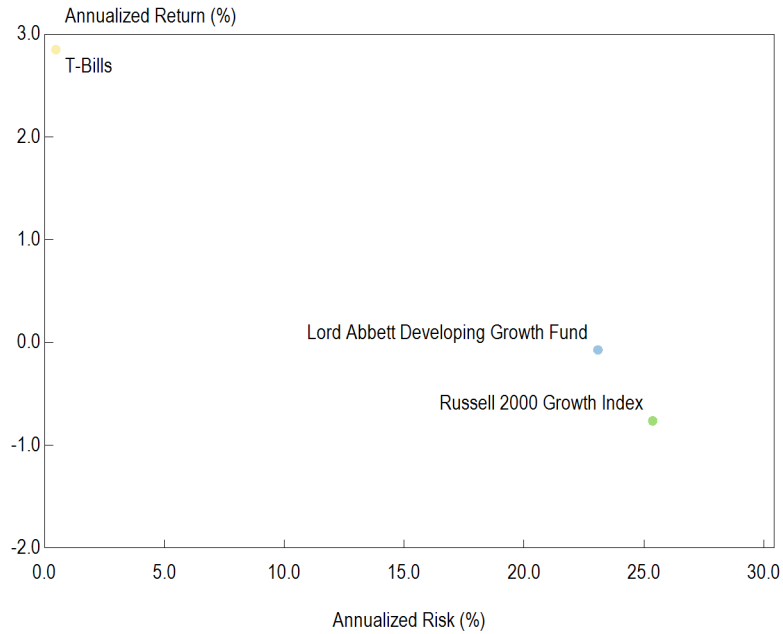
Lord Abnett declined 28.6% during the fourth quarter, trailing the Russell 2000 Growth Index by 1.2 percentage points. The largest detractor from performance was stock selection within the technology sector. In particular, shares of NetLogic Microsystems, a semiconductor company, fell 25.5% amid weakening consumer demand and sales of personal computers. Additionally, stock selection within the healthcare sector impeded returns. Partially offsetting underperformance was favorable stock selection within the auto and transportation and consumer discretionary sectors.

The Fund's long-term performance remains mixed as shown above. Even though the Fund lagged its benchmark during the trailing one-year period, it has outperformed during the trailing three- and five-year periods.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 12/31/08**



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	96.2%
	Non-U.S. Stocks	1.4
	Cash	2.4
Number of Issues	125	
Turnover	39%	
Inception Date	October 1973	
Total Fund Assets	\$0.9 billion	
Fees	1.13%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1998	8.3%	1.2%	7.1
1999	38.2	43.1	-4.9
2000	-17.7	-22.4	4.7
2001	-7.0	-9.2	2.2
2002	-29.5	-30.3	0.8
2003	40.1	48.5	-8.4
2004	6.0	14.3	-8.3
2005	11.9	4.1	7.8
2006	12.4	13.3	-0.9
2007	35.8	7.0	28.8
2008	-47.5	-38.5	-9.0
Trailing 3-Year	-7.1%	-9.3%	2.2
Trailing 5-Year	-1.0	-2.4	1.4
Trailing 10-Year	-0.1	-0.8	0.7

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Heartland Value Institutional Fund	-26.7 %	-39.4 %	-9.8 %	-4.0 %
Russell 2000 Value Index	-24.9	-28.9	-7.5	0.3

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.

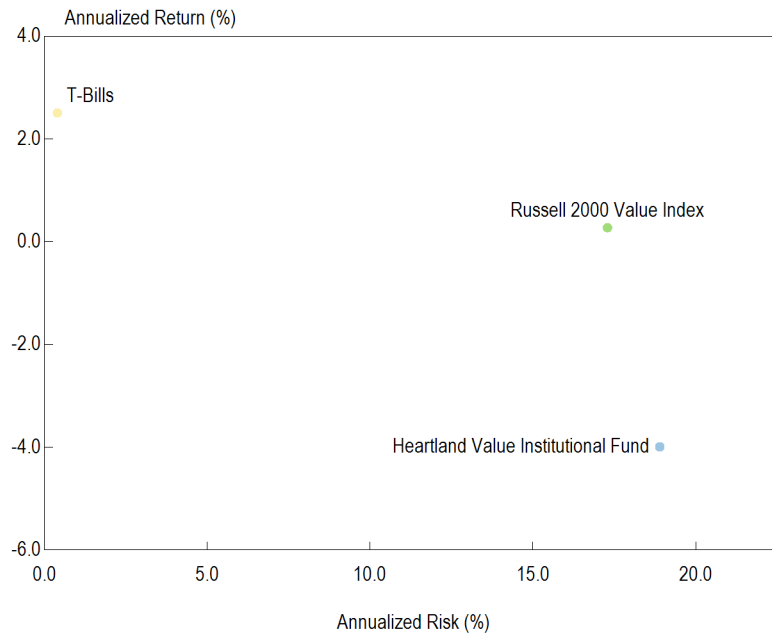
Performance Commentary

During the fourth quarter, the Heartland Value Fund fell 26.7% and underperformed the return of the Russell 2000 Value Index by 1.8 percentage points. Stock selection within the energy sector detracted from performance as oil and natural gas prices continued to decline. Although the Fund continued to underweight the financial sector relative to the Index, exposure to the sector hindered results. Conversely, favorable stock selection within the information technology sector benefited performance. Additionally, positive stock selection within the consumer discretionary sector saved value as the Fund avoided many stocks that were affected by consumers' decreased spending.

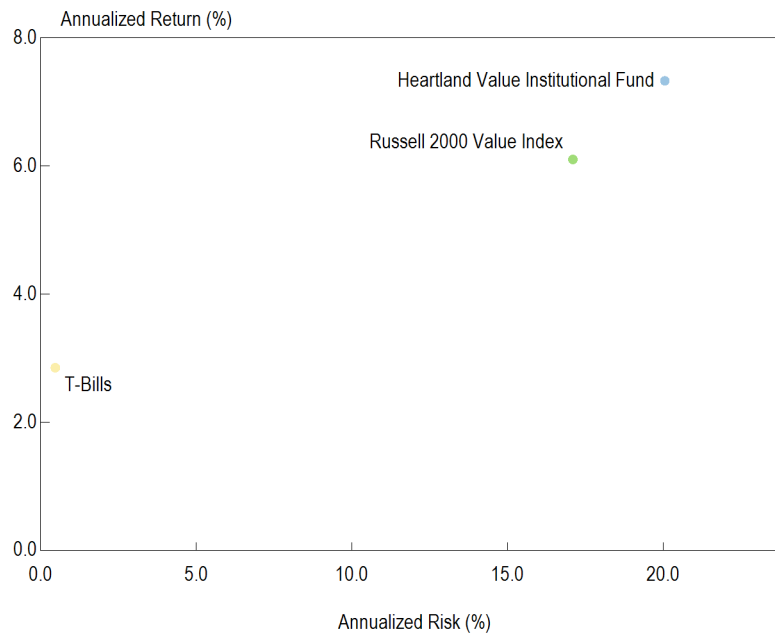
2008 proved to be a difficult year for all investment including value stocks. Such was the case for Heartland, as it experienced a challenging year, particularly during the third quarter. Consequently, its long-term performance was affected as the Fund has underperformed during all periods illustrated above. Prior to the third quarter, the Fund had outperformed its benchmark during all long-term periods. Heartland has experienced high volatility in its calendar year performance as strong outperformance has followed significant underperformance and vice-versa.

HEARTLAND VALUE INSTITUTIONAL

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



HEARTLAND VALUE INSTITUTIONAL

FUND CHARACTERISTICS AS OF 12/31/08

	Heartland Value Institutional Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.99	
Composition	U.S. Stocks	82.8%
	Non-U.S. Stocks	14.4
	Cash	2.8
Number of Issues	180	
Turnover	61%	
Inception Date	December 1984	
Total Fund Assets	\$0.9 billion	
Fees	0.99%	

HISTORICAL RETURNS (BY YEAR)

	Heartland Value Institutional Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1998	-11.5 %	-6.4 %	-5.1
1999	25.0	-1.5	26.5
2000	2.0	22.8	-20.8
2001	29.5	14.0	15.5
2002	-11.5	-11.4	-0.1
2003	70.2	46.0	24.2
2004	9.1	22.3	-13.2
2005	2.0	4.7	-2.7
2006	28.0	23.5	4.5
2007	-5.5	-9.8	4.3
2008	-39.4	-28.9	-10.5
Trailing 3-Year	-9.8%	-7.5%	-2.3
Trailing 5-Year	-4.0	0.3	-4.3
Trailing 10-Year	7.3	6.1	1.2

*Relative to the Russell 2000 Value Index.

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RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
EuroPacific Growth Fund	-19.2 %	-40.4 %	-4.6 %	4.8 %
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6

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.

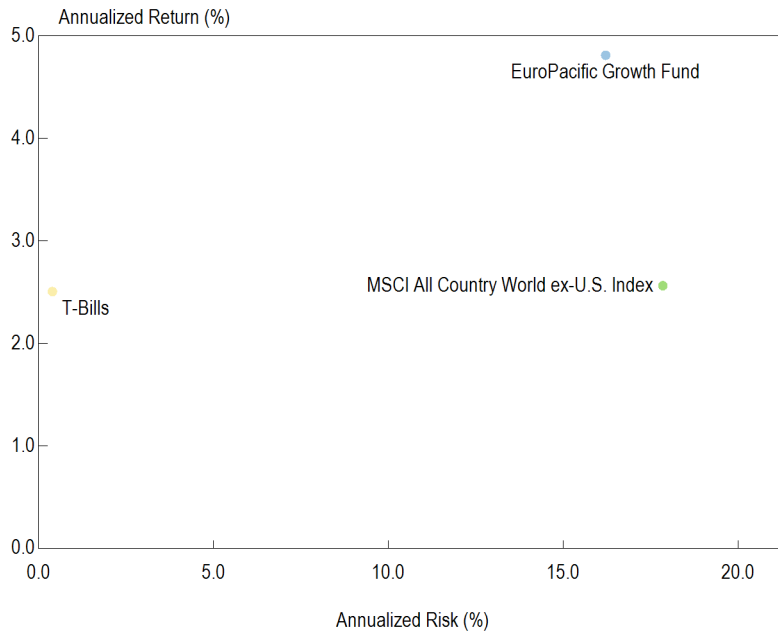
Performance Commentary

During the quarter, the EuroPacific Growth Fund fell 19.2% but outpaced the return of the MSCI All Country World ex-U.S. Index by 3.1 percentage points. The Fund's overweight allocation to the health care sector and underweight allocation to financials contributed positively to relative performance. Additionally, the Fund's significant allocation to cash, 12.0% as of quarter end, was advantageous as equity markets experienced another difficult quarter. Detracting from performance was the Fund's underweight allocation to the industrials and utilities sectors, as these were the better performing sectors. Weak stock selection in the energy and information technology sectors also contributed negatively. From a country perspective, the manager's U.S., U.K., and Switzerland holdings enhanced relative results; while stock selection within Japan, France, and Mexico proved unfavorable.

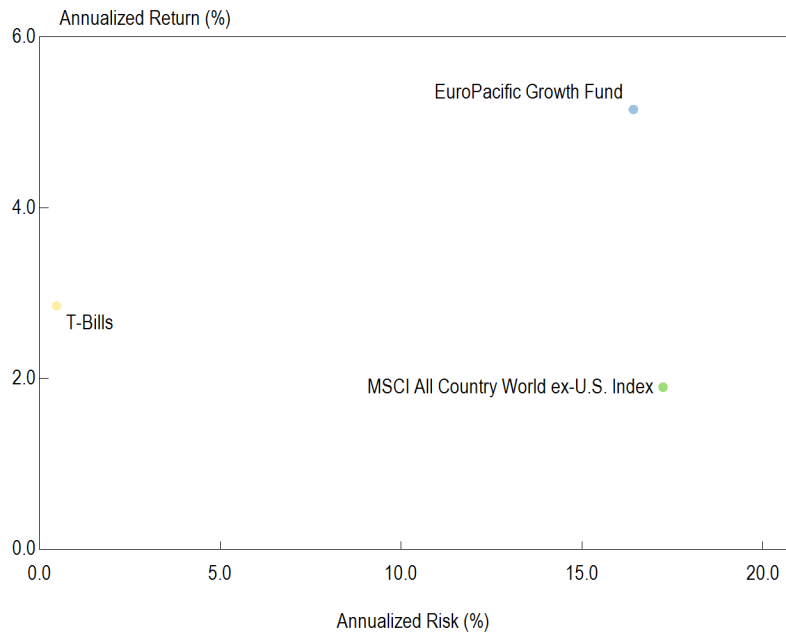
The Fund's longer-term results are favorable, as the Fund's returns have exceeded those of the Index for all periods shown above. On an absolute basis the Fund has earned a positive return of 4.8% annualized over the last five years.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



EUROPACIFIC GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

	EuroPacific Growth Fund	
Geographic Breakdown	Asia & Pacific Basin	19.6%
	Europe ex-U.K.	49.6
	United Kingdom	6.3
	Other (Including Canada & Latin America)	12.5
	Cash	12.0
Composition	Non-U.S. Stocks	87.2%
	U.S. Stocks	0.2
	Non-U.S. Bonds	0.6
	Cash	12.0
Number of Issues	300	
Turnover	38%	
Inception Date	April 1984	
Total Fund Assets	\$70.3 billion	
Fees	0.50%	

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.5%	14.1%	1.4
1999	57.0	30.6	26.4
2000	-17.8	-15.3	-2.5
2001	-12.2	-19.7	7.5
2002	-13.4	-14.9	1.5
2003	33.2	40.8	-7.6
2004	20.0	20.9	-0.9
2005	21.4	16.6	4.8
2006	22.2	26.7	-4.5
2007	19.2	16.7	2.5
2008	-40.4	-45.5	5.1
Trailing 3-Year	-4.6%	-7.0%	2.4
Trailing 5-Year	4.8	2.6	2.2
Trailing 10-Year	5.1	1.9	3.2

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS 3 MONTHS ENDING 12/31/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.5 %	0.2 %	-43.2 %
Belgium	1.9	0.6	-37.0
Czech Republic*	--	0.2	-31.2
Denmark	2.4	0.6	-28.1
Finland	1.1	1.1	-20.1
France	9.6	8.3	-20.5
Germany	10.0	6.7	-20.9
Greece	0.8	0.4	-41.0
Hungary*	0.2	0.1	-46.7
Ireland	0.9	0.2	-40.2
Italy	1.4	2.8	-23.1
Netherlands	2.4	1.9	-23.0
Norway	0.8	0.5	-40.7
Poland*	0.2	0.3	-39.1
Portugal	0.2	0.3	-21.3
Russia*	2.2	1.0	-51.3
Spain	3.9	3.5	-17.0
Sweden	1.6	1.5	-25.1
Switzerland	8.9	6.4	-13.3
United Kingdom	6.3	15.2	-26.4
Asia/Pacific			
Australia	1.7 %	4.5 %	-26.9 %
China*	2.6	3.1	-10.8
Hong Kong	1.6	1.5	-18.8
India*	2.3	1.1	-29.9
Indonesia*	0.2	0.3	-33.7
Japan	8.3	19.3	-9.0
Korea*	1.8	2.3	-26.5
Malaysia*	--	0.5	-13.2
New Zealand	--	0.1	-24.0
Pakistan*	--	0.0	-50.4
Philippines*	0.3	0.1	-25.7
Singapore	0.7	0.8	-26.3
Taiwan, China*	2.1	1.9	-23.8
Thailand*	--	0.2	-26.8
Americas			
Argentina*	--	0.0 %	-43.8 %
Brazil*	2.4 %	2.2	-37.3
Canada	2.1	6.4	-33.1
Chile*	--	0.2	-25.9
Colombia*	--	0.1	-17.6
Mexico*	3.0	0.9	-30.0
Peru*	--	0.1	-15.5
Other			
Egypt*	0.1 %	0.1 %	-32.2 %
Israel*	2.3	0.6	-21.4
Morocco*	--	0.1	-12.8
South Africa*	1.2	1.4	-16.3
Turkey*	0.3	0.3	-37.4
Cash			
Cash	12.0 %	--	--
Total	100.0 %	100.0 %	-22.3 %
Developed	67.0	82.8	
Emerging*	21.0	17.2	
Cash	12.0	--	

RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08
Vanguard FTSE All World ex-U.S. Index	-21.9 %	-44.0 %
FTSE All World ex-U.S. Index	-22.3	-45.3

Investment Strategy

The Vanguard FTSE All World ex-U.S. Index is designed to track the investment performance of the FTSE All World ex-U.S. Index which is comprised of approximately 47 developed and emerging countries, excluding the U.S., while including Canada.

Performance Commentary

During the quarter, the Vanguard FTSE All World ex-U.S. Index declined 21.9%, but incurred positive tracking relative to the FTSE All World ex-U.S. Index. The Fund has also experienced positive tracking error during the trailing one-year period. Longer-term performance is not shown as the Fund started in April 2007.

On October 28, 2009 The Vanguard FTSE All World ex-U.S. Index replaced the Vanguard Total International Stock Index. The Vanguard FTSE All World ex-U.S. Index Fund's lower expense ratio and exposure to Canada made it a more compelling investment option than the Total International Fund.

VANGUARD FTSE ALL WORLD EX-U.S. INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard FTSE All World ex-U.S. Index	
Country Allocations	Japan	18.1%
	Pacific ex-Japan	9.0
	United Kingdom	14.8
	Europe ex-U.K.	36.2
	North America	5.0
	Emerging Markets	17.0
	Other	3.0
Composition	Non-U.S. Stocks	100.0%
	Cash	0.0
Number of Issues	2,192	
Turnover	N/A	
Inception Date	April 2007	
Total Fund Assets	\$3.6 billion	
Fees	0.15%	

HISTORICAL RETURNS

(BY Years)

	Vanguard FTSE All World ex-U.S. Index	FTSE All World ex-U.S. Index
	Return	Return
2007 (9 months)	12.7 %	13.9 %
2008	-44.0	-45.3

VANGUARD FTSE ALL WORLD EX-U.S. INDEX

COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 12/31/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.3%	0.3%	-42.0%
Belgium	0.6	0.6	-32.5
Czech Republic*	0.2	0.2	-27.9
Denmark	0.7	0.7	-29.5
Finland	1.0	1.0	-20.7
France	8.6	9.0	-20.8
Germany	6.6	6.6	-20.8
Greece	0.4	0.4	-40.2
Hungary*	0.1	0.1	-46.4
Ireland	0.2	0.2	-37.8
Italy	3.0	3.0	-22.0
Netherlands	1.9	1.8	-24.9
Norway	0.5	0.5	-39.6
Poland*	0.2	0.2	-37.7
Portugal	0.3	0.3	-20.1
Russia*	1.0	0.9	-51.5
Spain	3.9	3.8	-16.5
Sweden	1.5	1.5	-27.1
Switzerland	6.0	6.1	-13.3
United Kingdom	14.9	14.6	-26.3
Asia/Pacific			
Australia	4.6%	4.6%	-27.5%
China*	2.0	1.8	-12.7
Hong Kong	2.9	3.1	-15.2
India*	1.7	1.7	-28.7
Indonesia*	0.2	0.3	-35.7
Japan	18.2	18.0	-9.0
Korea*	2.6	2.7	-25.0
Malaysia*	0.7	0.7	-13.8
New Zealand	0.1	0.1	-20.8
Singapore	0.9	0.9	-25.5
Taiwan, China*	2.1	2.1	-23.7
Thailand*	0.2	0.2	-26.3
Americas			
Argentina*	0.1%	0.1%	-43.2%
Brazil*	2.4	2.4	-37.0
Canada	5.3	5.4	-33.5
Chile*	0.3	0.3	-23.8
Mexico*	1.0	1.1	-30.2
Peru*	0.1	0.1	-19.9
Other			
Egypt*	0.1%	0.2%	-31.4%
Israel*	0.5	0.5	-19.7
South Africa*	1.7	1.7	-16.3
Turkey*	0.2	0.2	-38.4
Total	100.0%	100.0%	-22.3%
Developed	82.5	83.0	
Emerging*	17.5	17.0	
Cash	--	--	

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RETURNS OF THE MAJOR CAPITAL MARKETS

	Fourth Quarter	Annualized Periods Ending 12/31/08				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	-22.9%	-37.2%	-8.4%	-1.7%	-0.6%	6.3%
S&P 500 Index	-21.9	-37.0	-8.4	-2.2	-1.4	6.5
Russell 3000 Index	-22.8	-37.3	-8.6	-1.9	-0.8	6.4
Russell 1000 Value Index	-22.2	-36.8	-8.3	-0.8	1.4	7.5
Russell 1000 Growth Index	-22.8	-38.4	-9.1	-3.4	-4.3	4.8
Russell MidCap Value Index	-27.2	-38.4	-10.0	0.3	4.4	8.6
Russell MidCap Growth Index	-27.4	-44.3	-11.8	-2.3	-0.2	5.3
Russell 2000 Value Index	-24.9	-28.9	-7.5	0.3	6.1	8.4
Russell 2000 Growth Index	-27.4	-38.5	-9.3	-2.4	-0.8	2.8
Domestic Bond Indices:						
Barclays Capital Aggregate Index	4.6%	5.2%	5.5%	4.7%	5.6%	6.2%
Barclays Capital Govt/Credit Index	6.4	5.7	5.6	4.6	5.6	6.2
Barclays Capital Long Govt/Credit Index	13.1	8.4	5.9	6.3	6.6	7.5
Barclays Capital 1-3 Year Govt/Credit Index	2.7	5.0	5.3	3.8	4.8	5.2
Barclays Capital U.S. MBS Index	4.3	8.3	6.8	5.5	6.0	6.4
Barclays Capital High Yield Index	-17.9	-26.2	-5.6	-0.8	2.2	4.3
Barclays Capital Universal Index	2.7	2.4	4.6	4.3	5.6	6.1
Real Estate Indices:						
NCREIF Property Index	-8.3%	-6.5%	8.1%	11.7%	10.5%	10.6%
NCREIF ODCE Index	-11.0	-10.7	5.7	9.7	9.1	9.4
DJ Wilshire Real Estate Securities Index	-40.4	-39.8	-12.4	0.6	7.3	8.0
FTSE NAREIT US Real Estate Index	-38.8	-37.7	-10.8	0.9	7.4	8.2
Foreign/Global Stock Indices:						
MSCI All Country World Index	-22.4%	-42.2%	-7.9%	-0.1%	-0.2%	4.5%
MSCI All Country World IMI	-22.7	-42.4	-8.2	0.1	0.5	--
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6	1.9	3.8
MSCI All Country World ex-U.S. IMI	-22.5	-46.0	-7.4	2.6	2.3	--
MSCI All Country World ex-U.S. Small Cap Index	-24.0	-50.2	-11.3	2.1	4.3	--
MSCI EAFE Index	-20.0	-43.4	-7.4	1.7	0.8	3.5
MSCI EAFE IMI	-20.2	-43.7	-7.8	1.7	1.2	--
MSCI EAFE Index (in local currency)	-18.5	-40.3	-10.4	0.9	-0.4	2.6
MSCI Emerging Markets IMI	-27.4	-53.8	-5.2	7.6	7.8	--
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	8.8%	10.1%	9.5%	6.0%	5.6%	6.5%
Citigroup Hedged World Gov't Bond Index	5.5	8.0	5.3	5.4	5.4	6.7
Cash Equivalents:						
Treasury Bills (30-Day)	0.1%	1.2%	3.0%	2.5%	2.8%	3.4%
EnnisKnupp STIF Index	0.4	2.7	4.4	3.6	3.7	4.3
Inflation Index:						
Consumer Price Index	-3.9%	0.1%	2.2%	2.7%	2.5%	2.5%

APPENDIX II

Benchmark Descriptions

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

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

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

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

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

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

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

Barclays Capital 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.

Barclays Capital 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 Index and 40% Barclays Capital Aggregate Bond Index.

Benchmark Descriptions

S&P Midcap 400 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 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.

FTSE All World ex-U.S. Index - An index of stocks representing approximately 47 developed and emerging countries, excluding the U.S. while including Canada.

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

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

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

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

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

Russell 2000 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 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 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 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 2,260 U.S. stock mutual funds.

Fixed Income Ranks* - A Morningstar universe of 190 fixed income mutual funds.

Non-U.S. Equity Ranks* - A non-U.S. equity universe calculated by Mellon Analytical Solutions. The universe includes 99 non-U.S. stock managers with an aggregate market value of \$231.2 billion.

*Data as of 9/30/08.