
**Wisconsin Deferred
Compensation Program**

2002

**Annual Investment
Performance Report**

Nationwide Retirement Solutions

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STATE OF WISCONSIN DEFERRED COMPENSATION PLAN INVESTMENT PERFORMANCE REPORT EXECUTIVE SUMMARY DECEMBER 31, 2002

Nationwide Retirement Solutions, Inc. (NRS) currently offers 17 investment options, including the Schwab Personal Choice Retirement Account option, within the State of Wisconsin Deferred Compensation Program (WDC). This review details the evaluation of the performance of these options for the period ending December 31, 2002. This report also includes statistical information about WDC participation and a breakdown of where the assets are invested.

NRS' goal is to assist you in providing a well-diversified and complete list of investment options' which meets the retirement planning needs of the State of Wisconsin Deferred Compensation Plan participants. Our objective is to provide a simple, yet thorough evaluation of your current variable options and to provide recommendations for closing funds that fail to meet performance benchmarks and to add additional qualified funds.

As part of the fund selection and evaluation process, Nationwide Retirement Solutions has compiled this Annual Investment Performance Report to provide you with detailed performance information for the investment options made available to the State of Wisconsin. Each investment option is compared with the appropriate Morningstar Category or peer group average and the most appropriate market index. These evaluations appear on the bar charts on the following pages throughout this report.

The following changes were made to the WDC's investment spectrum during 2002:

- At the November 2002 meeting, the board reviewed several alternative socially responsible investment options to replace The Dreyfus Premier Third Century Fund (Class R). Ultimately, the final decision was made to add the Calvert Social Investment Fund – Equity Portfolio (Class I) to WDC's core spectrum. This new option will be available to participants on April 18, 2003. The Dreyfus Premier Third Century Fund (Class R) has been restricted from any new or increased deferrals.

Performance Analysis

International Stock Funds: As of 12/31/02, there were two available options in this asset class:

- *T. Rowe Price International Stock Fund*
- *EAFE Equity Index Fund*

The *T. Rowe Price International Stock Fund* failed to meet its benchmarks for the one, three and five-year performance periods, while its ten-year return exceeded one of three benchmarks. The fund's bias towards large-growth stocks and, more recently, an undersized Japan stake, has led this fund to perform in the bottom half of its category three of the last five calendar years. While performance has been lackluster, its low expense ratio and lower volatility compared to its peers still makes it an attractive option.

The *EAFE Equity Index Fund* underperformed its benchmark index after allowing for the fund's expenses of 0.10%.

Small Cap Stock Funds: As of 12/31/02, there was one available option in this asset class:

- *DFA U.S. Micro Cap Portfolio*

The *DFA U.S. Micro Cap Portfolio* met or exceeded one or more performance benchmarks for the one, three, five and ten-year periods. 2001 was a particularly attractive year for the fund in comparison to most others, gaining 22.77%. The fund invests in the smallest 20% of companies and is broadly diversified with anywhere between 2,500 and 3,000 holdings, though it tends to be more aggressive due to its ultra-small stock focus. The market's bias toward cheaper, smaller stocks in the past few years has helped this fund perform in the top half of its category three of the last four calendar years.

Mid Cap Stock Funds: As of 12/31/02, there were two available options in this asset class:

- *T. Rowe Price Mid Cap Growth Fund*
- *MidCap Equity Index Fund*

The *T. Rowe Price Mid Cap Growth Fund* met or exceeded one or more performance benchmarks for the one, three, five and ten-year periods. Management continues to look for companies with sound business models while also paying close attention to valuations. The fund also stays well-diversified across sectors and does not let

individual positions in the portfolio become too significant. This management approach has helped the fund perform in the top half of its category since 2000.

The *MidCap Equity Index Fund* under performed its benchmark index after allowing for the fund's expenses of 0.04%.

Large Cap Stock Funds: As of 12/31/02, there were four available options in this asset class. The Dreyfus Premier Third Century Fund (Class R) was restricted so that no new or increased deferrals were permitted. The Calvert Social Investment Fund (Class I) will be available to plan participants on April 18, 2003.

- *Janus Fund*
- *The Dreyfus Premier Third Century Fund (Class R)*
- *Calvert Social Investment Fund – Equity Portfolio (Class I)*
- *Fidelity Contrafund*
- *Vanguard Institutional index Fund (Instl Plus Shares)*

The average U.S. stock fund dropped 22.43% in 2002, marking the first 3 year in a row losing streak for U.S. stocks since the Great Depression. Despite a 4th quarter rally, only 3.8% of U.S. stock funds made money in 2002. Amid the horrible performance, investors withdrew more money from equity funds than they put into them for the first time since 1988.

The *Janus Fund* exceeded one or more benchmarks for all periods, except the three-year period. The fund mixes pricey, high-growth stocks with more stable growth names. The fund's performance has been hindered recently due to one of its top holdings, Tenet Healthcare, coming under scrutiny for some of its business practices. The fund has since dramatically reduced its position in this stock and has been a top half performer for three of the last five calendar years.

The Dreyfus Premier Third Century Fund (Class R) failed to meet any of its performance benchmarks for the three and five-year periods. NCM Capital, the minority owned and managed firm who had managed the fund for several years, was replaced in May. Future direction remains somewhat unclear at this point. This fund has been restricted so that no new or increased deferrals or exchanges are allowed. This fund has also been closed to all new participants.

Calvert Social investment Fund – Equity Portfolio (Class I) exceeded one of more performance benchmarks for each time period reviewed. This fund will be added to the plan on April 18, 2003, replacing *The Dreyfus Premier Third Century Fund* as a socially responsible investment option. Since current portfolio manager, Daniel Boone III, took over four years ago, this fund has performed in the top half of its peer group.

The *Fidelity Contrafund* meets or exceeds one or more of its performance benchmarks for all time periods reviewed. The fund tends to be more conservative than its large-blend rivals, with a big underweighting in sectors such as technology. The returns this fund has posted handily beats the S&P 500 and its average peer over the last ten years, with less volatility than the norm.

The *Vanguard Institutional Index Plus Fund* exceeds its benchmark index for all time periods reviewed.

Balanced Funds: As of 12/31/02, there was one available option in this asset class:

- *Vanguard Wellington Fund (Admiral Shares)*

The *Vanguard Wellington Fund (Admiral Shares)* meets or exceeds one or more of its performance benchmarks for all time periods reviewed. This fund is typically light on technology stocks and has plenty of exposure to value-oriented fare. The bond portion of the portfolio emphasizes high quality issues. The strategy has resulted in returns in the top half of its peer group since 2000.

Bond Funds: As of 12/31/02, there were three available options in this asset class:

- *Vanguard Long – Term Corporate Fund (Admiral Shares)*
- *U.S. Debt Index Fund*
- *Federated U.S. Government Securities Fund: 2-5 Year (Instl Shares)*

Bond funds outperformed stock funds for the third year in a row, with the average taxable bond fund gaining 6.04% vs. an 11.72% average annual loss for the average domestic equity fund. After 3 robust years, numerous questions loom for bond fund investors, including uncertainty about the pending war with Iraq, fear of potential price deflation, and the specter of the Fed raising interest rates. These fears have caused many bond fund managers to adopt a more conservative, shorter maturity investment strategy for 2003.

The *Vanguard Long – Term Corporate Fund (Admiral Shares)* exceeded one or more performance benchmarks for each time period reviewed. The fund invests mainly in high-quality corporate bonds, but may also invest up to 20% in government securities. This fund will tend to be more sensitive to interest-rate shifts than many of its peers due to its longer duration. During the last few years of declining interest rates, however, it has performed in the top quartile of its peer group.

The *Federated U.S. Government Securities Fund – 2-5 Year (Instl Shares)* exceeds one or more performance benchmarks for all time periods reviewed. This fund stands apart from most in its category because it does not invest in mortgage-backed securities, opting to invest in either Treasuries or agency bonds. This strategy has resulted in a longer duration than most of its peers, making it much more interest-rate sensitive. During the last few years of declining interest rates, this fund has performed in the top quartile of its category.

The *U.S. Debt Index Fund* underperformed its benchmark after allowing for the fund expenses of 0.06%.

Fixed Account/Cash: As of 12/31/02, there were three available options in this asset class:

- *Vanguard Admiral Treasury Money Market Fund*
- *Stable Value Fund*
- *FDIC Bank Option*

Stable Value portfolios had another year of relatively steady returns exceeding 5.5% in an environment where short-term yields fell below 2%. With U.S. Treasury yields at 40-year lows, the likelihood of further meaningful interest rate declines seems remote. At the same time, the uncertainty of war with Iraq looms as a wild card in the forecast. It is widely believed that interest rates will remain in a trading range around current levels in the months immediately ahead.

The rate cuts that have occurred over the last two years have hindered the returns on money market mutual funds. Rate cuts that make it cheaper to buy a mortgage or car loan also cut the return on interest-based investments such as money market funds. The average return for all taxable money market funds in 2002 was 1.00%, according to Lipper, Inc.

The *Vanguard Admiral Treasury Money Market Fund* experienced a 1.69% return in 2002 compared to 4.16% in 2001. The current yield at year-end was 1.15%, reflecting the sharp decline in interest rates during 2002. This fund exceeded its performance benchmark for the one, three, and five-year periods.

The *Stable Value Fund* returned 5.88% (Gross of Fees) in 2002, compared to a return of 6.54% in 2001. The Fund exceeded its performance benchmark for all periods reviewed.

Participants in the *FDIC option* earned a total annual return of 1.95% in 2002, down from 5.05% in 2001.

Equity Funds

Morningstar Style Boxes

* No new or increased deferrals or exchanges

** Will be added to plan 04/18/2003

	Value	Blend	Growth
Large Cap		Calvert Social Invest Equity A ** Fidelity Contrafund Vanguard Institutional Index Inst Plus	Janus Fund Dreyfus Prem Third Century R *
(Intl)		EAFE Equity Index Fund	T. Rowe Price Intl Stock
Mid Cap		MidCap Equity Index Fund	T. Rowe Price Mid Cap Growth
Small Cap		DFA U.S. Micro Cap Portfolio	

Fixed Acct/Cash & Balanced

Morningstar Style Boxes

	Short	Intermediate	Long
Long-term Bond			Vanguard Long-Term Corp Admiral
Interm-term Bond		U.S. Debt Index Fund	
Short-term Govt Bond	Federated U.S. Govt 2-5 Yr Instl		
Fixed Acct / Cash	Stable Value Fund Vanguard Adm Treas Money Market FDIC Option		
	Balanced		Asset Allocation
	Vanguard Wellington Fund Admiral		

ALLOCATION OF ASSETS

AS OF DECEMBER 31, 2002

INVESTMENT OPTION	AVERAGE ACCOUNT VALUE	# OF WDC PARTICIPANTS	% OF WDC PARTICIPANTS	TOTAL ASSET VALUE	% OF WDC ASSETS
FDIC	\$11,653.15	2,982	1.93%	\$34,749,694.54	3.36%
STABLE	\$18,291.71	11,242	7.29%	\$205,635,391.72	19.88%
VUSX	\$8,308.28	3,586	2.32%	\$29,793,483.14	2.88%
FIGT	\$5,292.49	3,425	2.22%	\$18,126,792.44	1.75%
VWET	\$5,304.67	8,563	5.55%	\$45,423,861.24	4.39%
BUSD	\$3,237.89	1,230	0.80%	\$3,982,600.19	0.39%
VWEN	\$7,414.14	13,530	8.77%	\$100,313,325.07	9.70%
VINI	\$7,225.57	18,340	11.89%	\$132,516,864.17	12.81%
JANS	\$5,129.60	21,413	13.88%	\$109,840,074.50	10.62%
FCNT	\$7,582.08	19,575	12.69%	\$148,419,199.82	14.35%
DRTH	\$3,482.16	6,301	4.08%	\$21,941,117.90	2.12%
RPMG	\$4,155.20	15,101	9.79%	\$62,747,629.85	6.07%
DFSC	\$4,312.37	11,423	7.40%	\$49,260,255.04	4.76%
BMDC	\$2,925.93	3,197	2.07%	\$9,354,210.89	0.90%
PRIT	\$3,460.30	12,873	8.34%	\$44,544,414.56	4.31%
BEQI	\$1,141.76	816	0.53%	\$931,676.34	0.09%
PCRA	\$24,067.77	691	0.45%	\$16,630,825.62	1.61%
TOTAL		154,288	100%	\$1,034,211,417.03	100%

Key to Investment Options:

FDIC	Firstar Bank, Madison NA
STABLE	Stable Value Fund - formerly Great West Life Assurance
VUSX	Vanguard Admiral - US Treasury Money Market Portfolio
FIGT	Federated US Government Securities: 2-5 Year
VWET	Vanguard Admiral Long Term Corporate Portfolio
BUSD	US Debt Index Fund
VWEN	Vanguard Admiral Wellington Fund
VINI	Vanguard Institutional Index Fund
JANS	Janus Fund
FCNT	Fidelity Contrafund
DRTH	Dreyfus Third Century Fund
RPMG	T Rowe Price Mid Cap Growth Fund
DFSC	DFA U.S. Micro Cap Portfolio
BMDC	Mid-Cap Equity Index Fund
PRIT	T Rowe Price International Stock Fund
BEQI	EAFE Equity Index Fund
PCRA	Schwab Personal Choice Retirement Account

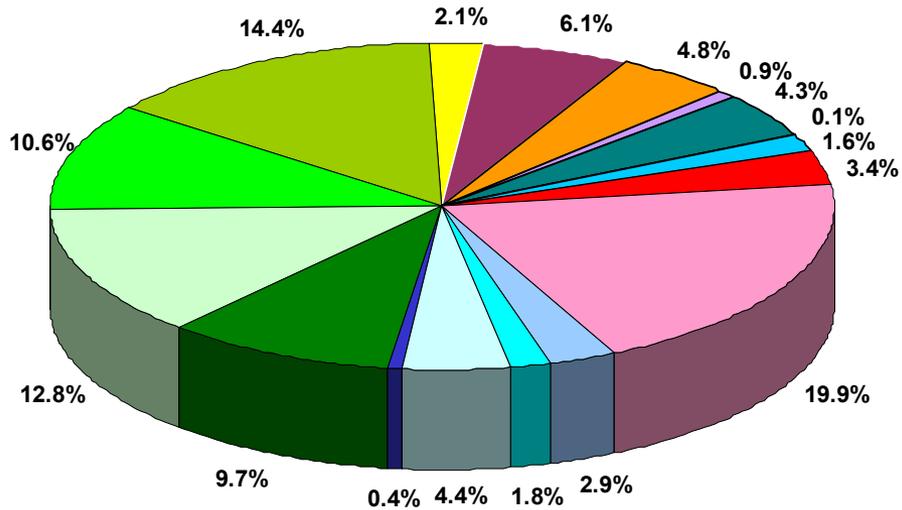
Illustration of Investment Options

December 31, 2002

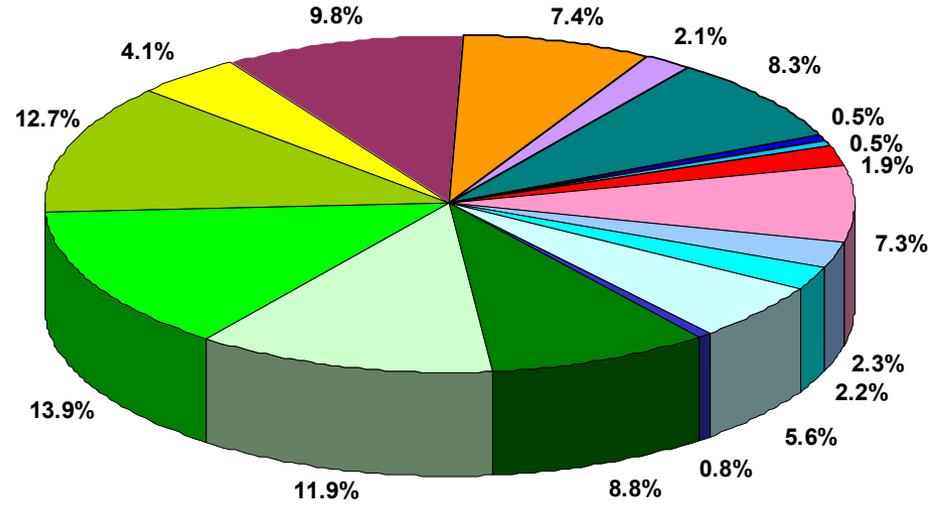
Total Plan Assets: \$1,034,211,417.03

Total Participant Accounts: 154,288

% of Assets



% of Accounts



- FDIC - 3.4%
- Stable Value Fund - 19.9%
- Vang. Adm. US Treas MM - 2.9%
- Fed. US Gov't Sec 2-5 Yr - 1.8%
- Vanguard Long Term Corp. - 4.4%
- US Debt Index Fund - 0.7%
- Vanguard Wellington - 9.7%
- Vanguard Inst'l Index Plus - 12.8%
- Schwab PCRA - 1.6%
- Janus Fund - 10.6%
- Fidelity Contrafund - 14.4%
- Dreyfus Pr Third Cent - 2.1%
- T Rowe Pr Mid-Cap Gr - 6.1%
- DFA US Micro Cap Portfolio - 4.8%
- Mid Cap Equity Index - 0.9%
- T Rowe Price Int'l Stock - 4.3%
- EAFE Equity Index Fund - 0.1%

- FDIC - 1.9%
- Stable Value Fund - 7.3%
- Vang. Adm. US Treas MM - 2.3%
- Fed. US Gov't Sec 2-5 Yr - 2.2%
- Vanguard Long Term Corp. - 5.6%
- US Debt Index Fund - 0.8%
- Vanguard Wellington - 8.8%
- Vanguard Inst'l Index Plus - 11.9%
- Schwab PCRA - 0.5%
- Janus Fund - 13.9%
- Fidelity Contrafund - 12.7%
- Dreyfus Pr Third Cent - 4.1%
- T Rowe Pr Mid-Cap Gr - 9.8%
- DFA US Micro Cap Portfolio - 7.4%
- Mid Cap Equity Index - 2.1%
- T Rowe Price Int'l Stock - 8.3%
- EAFE Equity Index Fund - 0.5%

**The Schwab Self-Directed Brokerage Account Quarterly Report
for the State of Wisconsin plan as of 12/31/2002**

Plan Profile Information	
Company Name	State of Wisconsin
Total PCRA Assets	\$16,630,829
Total PCRA Accounts	692
PCRA Accounts Opened this Quarter	14
PCRA Assets In and Out this Quarter*	\$524,159

PCRA Participant Profile Information	
Average PCRA Account Balance	\$24,033

Average Positions (per Account)	
Cash & Equivalents	1.0
Mutual Funds	3.7
Other	0.0
Total	4.7

Average Trades (per Account)	
Mutual Funds	0.8
Other	0.0
Total	0.8

Top 10 Mutual Fund Holdings	Symbols	\$ MF Assets	% MF Assets
Artisan Intl Fd	ARTIX	\$412,356	2.85%
Oakmark Select Fund	OAKLX	\$297,169	2.06%
Oakmark Fund	OAKMX	\$267,592	1.85%
Janus Global Life Scienc	JAGLX	\$243,436	1.68%
Thompson Plumb Growth Fund	THPGX	\$239,363	1.66%
Vanguard Gnma Fund Invest	VFII	\$227,349	1.57%
Tweedy Browne Global Value	TBGVX	\$200,138	1.38%
Pimco Rcm Biotechnology Class	DRBNX	\$192,407	1.33%
Weitz Value Fund	WVALX	\$189,666	1.31%
Royce Low Priced Stock Fund	RYLPX	\$181,582	1.26%

* Assets In and Out includes contributions and distributions

Top 10 Mutual Funds % does not include Money Market Funds

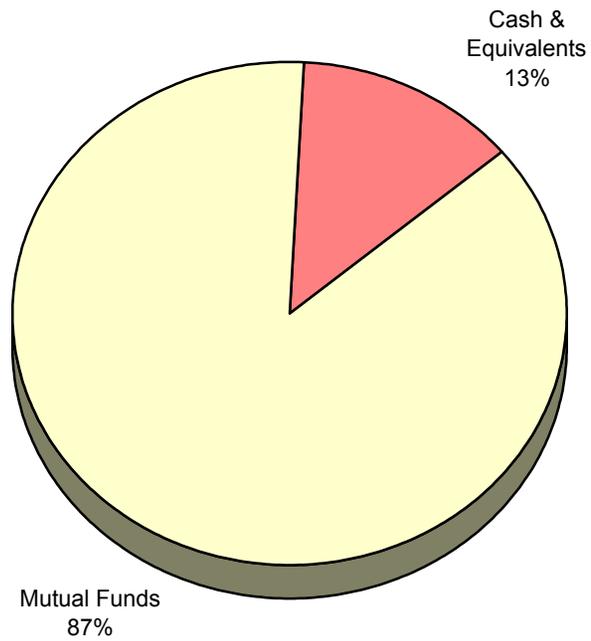
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**The Schwab Self-Directed Brokerage Account Quarterly Report
for the State of Wisconsin plan as of 12/31/2002**

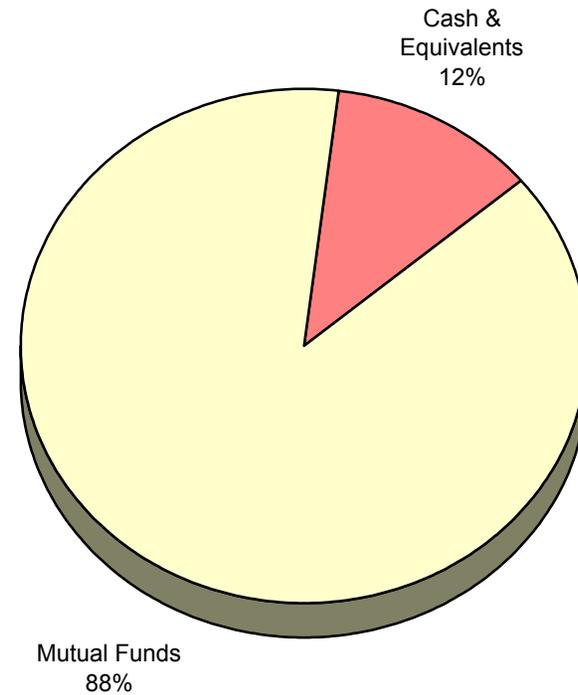
Market Value Allocation - Asset Classes

(Quarter over Quarter)

As of 12/31/2002



As of 09/30/2002



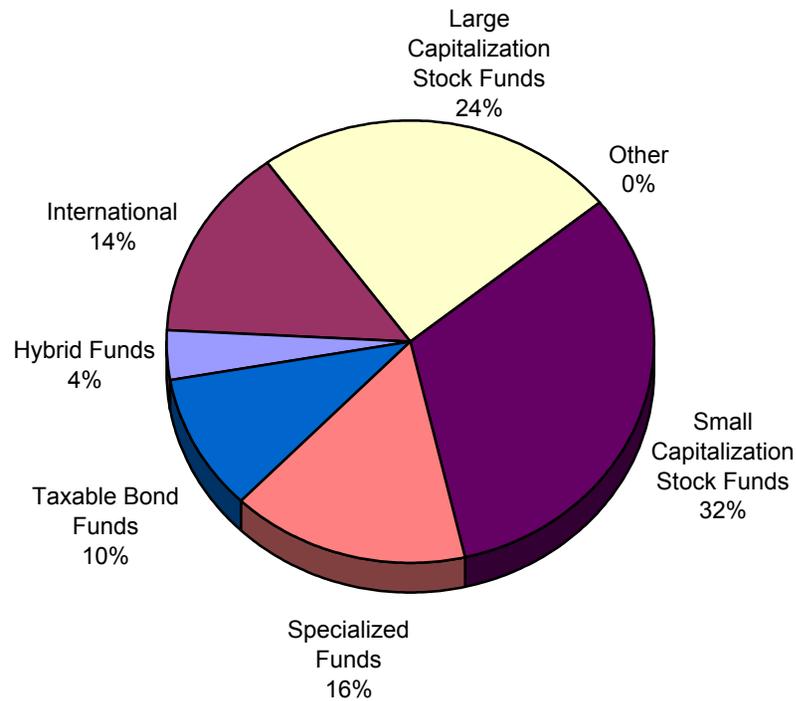
This chart illustrates the percent of PCRA participant assets in each noted asset class as a percentage of total PCRA assets. Percentages are calculated as of month end. Money market mutual funds are classified under Cash & Equivalents.

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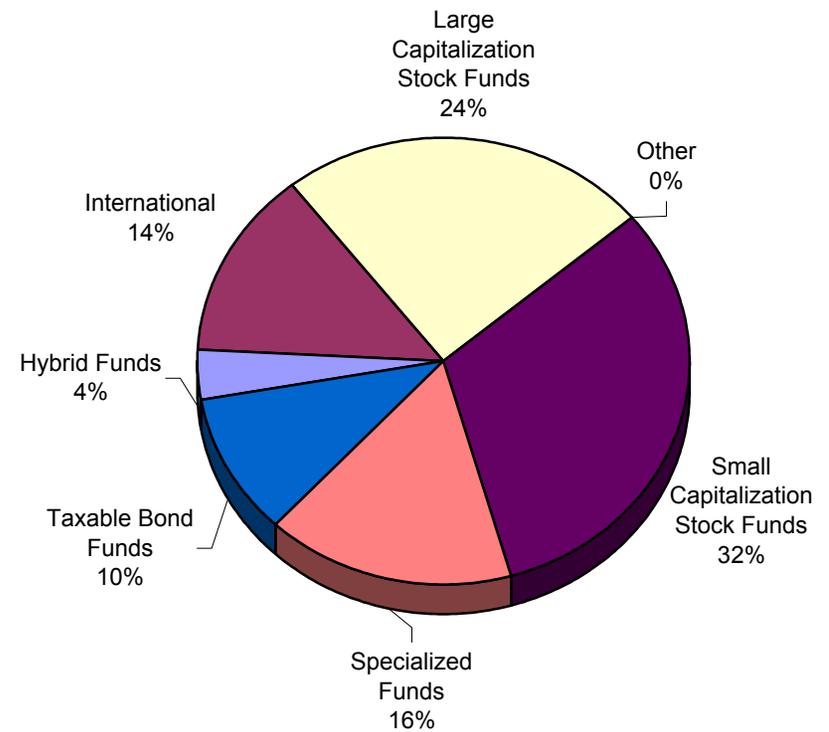
**The Schwab Self-Directed Brokerage Account Quarterly Report
for the State of Wisconsin plan as of 12/31/2002**

Market Value Allocation - Mutual Funds

As of 12/31/2002



As of 09/30/2002



This chart illustrates the percent of PCRA participant assets in each mutual fund category, as classified by Morningstar Inc., as a percentage of total PCRA long-term mutual fund assets. Percentages are calculated as of month end. Small cap funds are subject to greater volatility than those in other asset categories. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Since sector funds focus investments on companies involved in a particular sector, the funds may involve a greater degree of risk than an investment in other mutual funds with greater diversification. All data is for informational purposes only.

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State of Wisconsin Deferred Compensation Plan

Participant Cost Information by Investment Option

Investment Option Name	Expense Ratios % of Assets	Average Category Expense**
T. Rowe Price International Stock Fund	0.96%	1.39%
EAFE Equity Index Fund	0.10%	1.39%
DFA U.S. Micro Cap Portfolio	0.56%	1.34%
T. Rowe Price Mid Cap Growth Fund	0.88%	1.35%
MidCap Equity Index Fund	0.04%	1.16%
Janus Fund	0.83%	1.24%
The Dreyfus Premier Third Century Fund (Class R)	1.02%	1.24%
Calvert Social Investment Fund - Equity Portfolio (Class A)	1.29%	0.99%
Fidelity Contrafund	0.91%	0.99%
Vanguard Institutional Index Fund (Instl Plus Shares)	0.02%	0.99%
Vanguard Wellington Fund (Admiral Shares)	0.26%	1.01%
Vanguard Long-Term Corporate Fund (Admiral Shares)	0.24%	0.87%
U.S. Debt Index Fund	0.05%	0.78%
Federated U.S. Government Securities Fund: 2-5 Year (Instl Shares)	0.57%	0.75%
Vanguard Admiral Treasury Money Market Fund	0.14%	-

** - Average expense ratios for Morningstar Categories are for fund share classes without a CDSC (Contingent Deferred Sales Charge)

FEE STRUCTURE

Participant Balance:	Fee per mth/ year:
\$0 - \$ 5,000	\$.50 mth / \$6 year
\$ 5,001 - \$25,000	\$1.50 / \$18
\$25,001 - \$50,000	\$3.00 / \$36
\$50,001 - \$100,000	\$6.00 / \$72
\$100,001 - \$150,000	\$8.33 / \$100
\$150,000 and up	\$10.00 / \$120

SUGGESTED PERFORMANCE BENCHMARKS FOR 2003 INVESTMENT PRODUCTS

(No changes recommended for 2003)

INVESTMENT PRODUCT	2002 PERFORMANCE BENCHMARKS	2003 PERFORMANCE BENCHMARKS
EAFE Equity Index Fund (Barclays Global Investors)	1. Morgan Stanley Capital International EAFE- Free (Europe, Australia Far East) Index *	No Change
T. Rowe Price International Stock Fund	1. MSCI EAFE Index* 2. Lipper International Fund Index* 3. Morningstar Foreign Category Average**	No Change
DFA U.S. Micro Cap Portfolio	1. Russell 2000 Index* 2. Morningstar Small Blend Category Average**	No Change
T. Rowe Price Mid Cap Growth Fund	1. Lipper Mid Cap Growth Funds Average* 2. Russell Mid Cap Growth Index* 3. S&P 400 Mid Cap Growth Index** 4. Morningstar Mid Cap Growth Category Average**	No Change
MidCap Equity Index Fund (Barclays Global Investors)	1. S&P MidCap 400 Index *	No Change
Janus Fund	1. S&P 500 Index 2. S&P 500 Barra Growth Index** 3. Lipper Large Cap Growth Fund Average* 4. Morningstar Large Cap Growth Category Average**	No Change
The Dreyfus Third Century Fund (Class R)	1. S&P 500 Index* 2. Domini Social 400 Index* 3. Morningstar Large Growth Category Average** 4. Morningstar Socially Responsible Large Growth Fund Average**	No Change

INVESTMENT PRODUCT	2001 PERFORMANCE BENCHMARKS	2002 PERFORMANCE BENCHMARKS
Fidelity Contrafund	1. S & P 500 Index* 2. Lipper Growth Fund Average* 3. Morningstar Large Blend Category Average** 4. Russell 3000 Index**	No Change
Vanguard Institutional Index Fund (Instl Plus Shares)	1. S & P 500 Index*	No Change
Vanguard Wellington Fund (Admiral Shares)	1. Lipper Balanced Average* 2. Morningstar Balanced Objective Average** 3. Composite of 65% S & P 500 Barra Value Index and 35% Lehman Brothers Aggregate Bond Index**	No Change
Vanguard Long-Term Corporate Fund (Admiral Shares)	1. Lehman Brothers LT Corporate A or Better Bond Index* 2. Morningstar Long Term Corporate Category Average**	No Change
U.S. Debt Index Fund (Barclays Global Investors)	1. Lehman Brothers Aggregate Bond Index *	No Change
Federated U.S. Government Securities, 2-5 Year Institutional	1. Merrill Lynch 3-5 Year Treasury Index* 2. Lipper Short-Intermediate Term U.S. Government Average* 3. Morningstar Short Term Govt. Category - US Treasury Fund, 2-5 Yr Maturity Funds Average**	No Change
Vanguard Admiral Treasury Money Market Fund	1. iMoneyNet Money Fund Report Average 100% Treasury Fund*	No Change
Stable Value Fund (Galliard Capital Management)	1. Five Year Constant Maturity Treasury Rate (CMT)* 2. Hueler Analytics Pooled Fund Universe Average*	No Change
FDIC Option - M&I Bank of Southern Wisconsin	1. Lehman Brothers Aggregate Bond Index *	No Change

Evaluation of fund investment performance will be based on a 1, 3, 5, & 10 year rolling average measured against the corresponding benchmarks. Any fund that does not meet the benchmarks in any given year must be reviewed by the Board to determine the fund's continued acceptability.

- * Benchmarks used by the fund
- ** Benchmarks used by the Board

EXPLANATION OF AVERAGES AND INDICES USED AS BENCHMARKS

►DOMINI SOCIAL 400 INDEX

Capitalization-weighted common stock index consisting of 400 corporations that have passed multiple, broad-based social screens.

►FIVE YEAR CONSTANT MATURITY RATE

Calculated daily by the U.S. Treasury Department, based on the most actively traded marketable treasury securities. Yields on these issues are based on composite quotes reported by U.S. Government Securities Dealers to the Federal Reserve Bank of New York.

►HUELER ANALYTICS STABLE VALUE POOLED FUND COMPARATIVE UNIVERSE

Represents the investment strategies of approximately \$60 billion invested in 27 funds with contracts written by 33 general account issuers and 15 synthetic guarantors.

►IMONEYNET MONEY FUND REPORT AVERAGE 100% TREASURY FUND

iMoneyNet's flagship weekly publication that provides asset, yield, average maturity and portfolio holdings information for 1,500 taxable and tax-exempt money market funds.

►LEHMAN BROTHERS LONG TERM CORPORATE AA OR BETTER BOND INDEX

Included all public-issued non-convertible investment-grade corporate debts which have a maturity of 10 years or more.

►LIPPER BALANCED FUND AVERAGE

Included are funds whose primary objective is to conserve principal by maintaining at all times a balanced portfolio of both stocks and bonds. Typically, the stock/bond ratio ranges around 60%/40%.

►LIPPER CAPITAL APPRECIATION FUND AVERAGE

Includes those funds which aim at maximum capital appreciation, frequently by means of 100% or more portfolio turnover, leveraging, purchasing, unregistered securities, purchasing options, etc. The funds may take large cash positions.

►LIPPER GROWTH FUND AVERAGE

Includes those funds which normally invest in companies whose long-term earnings are expected to grow significantly faster than the earnings of the stocks represented in the major unmanaged stock indices.

►LIPPER GROWTH INDEX

Includes the 30 largest Growth funds as defined above.

►LIPPER INTERNATIONAL FUND INDEX

Includes the 30 largest funds which invest their assets in securities whose primary trading markets are outside of the United States.

► **LIPPER SHORT-INTERMEDIATE TERM U.S. GOVERNMENT AVERAGE**

Includes funds which invest at least 65% of assets in securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities with dollar weighted average maturities of three - five years.

► **LIPPER U.S. TREASURY MONEY MARKET FUND AVERAGE**

This is the average of all U.S. Treasury Money Market Funds.

► **MERRILL LYNCH 3-5 YEAR TREASURY INDEX**

This is an unmanaged index which includes U.S. Treasury securities with maturities of 3 to 4.99 years. This index is produced by Merrill Lynch, Pierce, Fenner & Smith, Inc.

► **MORNINGSTAR BALANCED FUND OBJECTIVE AVERAGE**

Includes funds which are classified by Morningstar as having an investment objective of "Balanced." Balanced funds seek both income and capital appreciation by investing in a generally fixed combination of stocks and bonds. These funds generally hold a minimum of 25% of their assets in fixed securities at all times.

► **MORNINGSTAR CATEGORY AVERAGES**

Morningstar Categories provide a more specific grouping of mutual funds, by categorizing the fund by market capitalization and management style as measured by their portfolio holdings.

► **MORNINGSTAR LONG TERM CORPORATE BOND FUND AVERAGE**

Includes funds which are classified by Morningstar as having an investment objective of "Corporate High Quality" whose portfolios have an average maturity of 10 years or longer and a minimum performance history of one year. It includes funds with sales charges and funds who have no sales charge.

► **MORNINGSTAR SHORT TERM GOVERNMENT TREASURY FUND AVERAGE**

Includes funds classified by Morningstar with an investment objective of "Government Treasury", and a minimum performance history of one year. It includes funds with sales charges and funds who have no sales charge and have an average weighted maturity of between 2 and 5 years. Target maturity funds, which are longer term in nature, but near to their maturity date, have been excluded.

► **MORNINGSTAR SOCIALLY RESPONSIBLE GROWTH FUND AVERAGE**

This group represents funds listed by Morningstar, Inc. as Socially Responsible Growth Funds and a minimum performance history of one year. It includes funds with sales charges and funds who have no sales charge.

► **MSCI EAFE INDEX**

The Morgan Stanley Capital International (Europe, Australia and the Far East) Index measures the performance of selected stock markets in Europe, Australia, New Zealand, the Far East and Emerging Markets, as well as, the performance of international industry groups. It does not include the U.S. or Canada.

► **RUSSELL 2000 INDEX**

Composed of the 2000 smallest U.S. companies by market capitalization, representing approximately 7% of the Russell 3000 Index. This index is generally used to measure the performance of small cap stocks.

➤ **RUSSELL 3000 INDEX**

Composed of the 3000 largest U.S. companies by market capitalization, representing approximately 98% of the U.S. equity market.

➤ **S&P 400 MID-CAP INDEX**

Includes approximately 10% of the capitalization of US equity securities. These are comprised of stocks in the middle capitalization range. At the original time of screening this was a \$200 million to \$5 billion market value range. Any mid cap stocks already included in the S&P 500 are excluded from this index.

➤ **S&P 500 INDEX**

"The purpose of the S & P 500 Stock Price is to portray the pattern of common stock movement. Construction of the Index proceeds from industry groups to the whole. Component stocks are chosen solely with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the New York Stock Exchange common stock population.

Currently (the S&P covers) 500 stocks, broken down into 83 individual groups, which comprise the five main groups, i.e., Industrials, Transportation, Utilities, Financial and 500 Composite. There are also four supplementary group series: namely, Capital, Goods Companies, Consumer Goods, High Grade Common Stocks and Low-Priced Common Stocks. (The Standard & Poor's 500) based on the aggregate market value of the common stocks of all (500) companies" (Quoted from Standard & Poor's description entitled "Standard & Poor's Stock Price Indices").

➤ **S&P 500 BARRA GROWTH INDEX**

➤ **S&P 500 BARRA VALUE INDEX**

Standard & Poor's ranks all of the companies in the S & P 500 by market price to book. It then selects the companies with the highest price to book ratios comprising approximately the top 505 of composite market price and places them in their Growth Component. The remaining companies fall into the Value Component. There are approximately 150 funds in the Growth Component and 350 funds in the Value component.

Spectrum of Investment Options

Risk/Return		Conservative	Moderate	Aggressive		
Asset Class		Fixed Income/ Cash	Bonds	Large Cap Stocks	Mid/Small Cap Stocks ¹	International Stocks ²
Tier 1	Passive Funds <i>(Manager attempts to correlate to or match an index)</i>		US Debt Index Fund [Lehman Brothers Aggregate Bond Index] ¹	Vanguard Institutional Index Plus Fund [S&P 500 Index]	Mid Cap Equity Index Fund ¹ DFA US Micro Cap Portfolio	EAFE Equity Index Fund ¹
Tier 2	Active Funds <i>(Manager tries to beat an index)</i>	FDIC Bank Option Stable Value Fund Vanguard Admiral Treasury Money Market Fund	Federated US Government Securities Fund 2-5 Years (Instl) Vanguard Long-term Corporate Fund (Admiral Shares)	Vanguard Wellington Fund (Admiral Shares) Janus Fund Fidelity Contrafund Calvert Social Investment Fund Equity Portfolio (Class I) ²	T. Rowe Price Mid Cap Growth Fund	T. Rowe Price International Stock Fund
Tier 3	Self-directed brokerage	**For the Advanced Investor** Charles Schwab Personal Choice Retirement Account				

The above options are illustrated as conservative to aggressive investments. The funds on the far left are the least volatile and have less risk to loss of principal investment. The FDIC option and the Stable Value Fund have been designed specifically for the WDC. Information about these options can be obtained through the Plan Administrator. The Vanguard Admiral Fund is a money market fund. Although this fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this option.

The funds on the right provide more aggressive investments, with a greater risk of loss in exchange for potentially higher returns. International investing has additional inherent risks relating to currency fluctuations, economic and political factors, etc. Mutual funds and commingled options are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. These options are subject to market risk and may experience a loss to the principal investment. Refer to the mutual fund prospectus for complete information about each fund, such as the investment objective and expenses. Prospectuses may be obtained through the Plan Administrator.

Excessive trading or market timing in your WDC account disrupts management of investment options, increases expenses and negatively effects performance to the detriment of other investors. Many investment providers to the WDC have adopted underlying restrictions and limitations with respect to transfers into and withdrawals from their investment options. All participant and beneficiary accounts are subject to such restrictions or limitations. In the event that an investment provider identifies a participant or beneficiary account in violation, the Department shall direct the Plan Administrator to take the appropriate action to cause this practice to cease.

¹These three options are indexed, commingled funds managed by Barclays Global Investors. They are NOT mutual funds. You will find performance and other information regarding these options in this packet, on the WDC Web site at www.wdc457.org, the voice response telephone system at 800/758-4457, or by calling the plan administrator's office. Because these are not mutual funds, you will not find information about these options in the newspaper or any other investor resource material.

² This option is offered to provide a socially responsible investment alternative. The Board reviews this fund's performance compared to its peer group of socially responsible funds. Performance may fall short of conventional growth/large cap stock fund benchmarks.

Wisconsin Deferred Compensation Program Investment Spectrum



The Wisconsin Deferred Compensation Program (WDC) investment spectrum is divided into three tiers. The first tier includes index funds only. The second tier adds actively managed funds to the investment choices. A self-directed brokerage account is the third tier and it provides over 2,000 additional mutual fund options.

The investment spectrum has been designed to offer a broad range of investments to meet the needs of the novice to most experienced investors. The WDC's asset allocation service can help you design and maintain a diversified investment portfolio for your retirement savings. See the "Investment Options" brochure for more information on developing your portfolio and the WDC's asset allocation service.

The following is a brief explanation of the three tiers of investment options offered by the WDC.

TIER 1:

Five Index Funds

An easy way to invest!

Index funds are passively managed investments that are designed to match the performance of a particular market index. This tier allows you to design your portfolio based on asset classes, instead of specific funds. By selecting an index option, your investments will correlate to a particular segment of the market. For example, if you invest in the S&P 500 index fund, the performance of your investment will correlate to the large capitalized stock market sector.

The Board selected the tier one options because of their low cost and excellent correlation to the corresponding index. This tier includes two mutual funds and three commingled options. A commingled fund pools assets from several institutional type investors seeking the same investment objective. The Board chose to offer commingled funds, in addition to mutual funds, because of their considerably lower cost and excellent correlation to the associated index. Information on commingled options, including performance and share price, can only be obtained from the WDC. It can be found on the WDC's Web site, automated voice response telephone system and by calling the WDC participant service representatives. Although you won't be able to find specific information about these funds from other investor resources, performance of the corresponding index can be tracked in the financial news from newspapers, magazines and television. Remember that the corresponding index does not reflect fees or charges of the fund or your employer's plan, and that individuals can't invest directly in an index.

TIER 2:

Eleven Actively Managed Fund Choices

More effort for potentially enhanced returns.

This tier is comprised of eleven actively managed options ranging from conservative to aggressive investments. Each option is managed according to a set investment objective, detailed in the fund prospectus and other material. The goal of actively managed funds is to outperform an index or benchmark, instead of trying to match it. Options range from conservative to aggressive investing. Conservative options include an FDIC bank option, stable value fund and a money market fund. Eight actively managed bond and stock mutual funds provide moderate to aggressive investment choices. The Board monitors the performance of these funds and may replace them if they fail to meet established performance standards.

TIER 3:

Self-Directed Brokerage Option (SDO)

Choices are yours... invest at your own risk!

An additional 2,000 plus mutual fund options are available for your WDC investments. The Board does not monitor or review these options to determine if they are appropriate for long-term retirement savings. You need to be aware of the additional risk that may be present in some of the options offered through the SDO.

MUTUAL FUND QUARTILE PERFORMANCE RANKING OF THREE YEAR TOTAL RETURNS

The variable investment options under the State of Wisconsin Deferred Compensation Plan are presented on the attached report in such a manner as to illustrate the options whose three year average total returns were in the third or fourth (bottom) quartile of the identified Morningstar Category or peer group. This chart was compiled using three year average total return data and Category percentile performances from the *Morningstar Principia* database. Funds are listed by asset class and in Spectrum of Investment Options order.

When a fund's three year average total return for any specific quarter-ending calendar period falls within the third quartile (51%-75%) of its Morningstar Category, the fund receives a **yellow** ranking on the chart. When a fund's three year average total return for the period falls within the fourth quartile (76%-100%), the fund receives a **red** ranking. Funds that receive either a **yellow** or **red** ranking also receive a ▲ indicating the fund finished the one-year period in the top half of the Category or a ▼ indicating the fund finished in the bottom half of the Category for the one-year period.

Since the chart's purpose is to direct attention to the funds that finish in the bottom half of their peer groups, funds that fall within the top two quartiles for the three year period when compared to their peer groups are not given a ranking by this chart.

If an approved investment option does not meet the following suggested evaluation criteria upon any review, the Board may initiate a "phase out" process by taking action to:

1. Place the fund on a "**Watch List**" when a fund receives a **red** rating for three consecutive quarters, or when it receives a **red** or **yellow** rating for three consecutive quarters; *and* when the one year quartile ranking within the appropriate Morningstar Category is in the bottom half of the Category, indicated by a ▼.
2. "Eliminate" the fund when the fund receives a **red** or **yellow** rating for six consecutive quarters or **red** and **yellow** ratings for six of the last eight quarters, and when the current one year quartile ranking falls within the bottom half of its peer group indicated by a ▼.

Data for this chart is available for the first quarter of 2001 through the fourth quarter of 2002, using Morningstar.

**STATE OF WISCONSIN DEFERRED COMPENSATION PLAN
MUTUAL FUND
QUARTILE PERFORMANCE RANKING
OF THREE YEAR TOTAL RETURNS FOR PERIODS ENDING:**

Mutual Fund	1st Qtr 2001	2nd Qtr 2001	3rd Qtr 2001	4th Qtr 2001	1st Qtr 2002	2nd Qtr 2002	3rd Qtr 2002	4th Qtr 2002
T. Rowe Price International Stock Fund								▼
DFA U.S. Micro Cap Portfolio								
T. Rowe Price Mid Cap Growth Fund								
Janus Fund								▲
The Dreyfus Premier Third Century Fund (CI R)								▼
Calvert Social Investment Fund - Equity Portfolio (Class I)								
Fidelity Contrafund								
Vanguard Institutional Index Fund (Instl Plus Shares)								
Vanguard Wellington Fund (Admiral Shares)								
Vanguard Long Term Corporate Fund (Admiral Shares)								
Federated US Govt Securities Fund: 2-5 Yr Instl								

- Yellow** = 3RD QUARTILE (51%-75%) OF PEER GROUP (3 Yr)
- RED** = BOTTOM QUARTILE (76%-100%) OF PEER GROUP (3 Yr)
- ▲ = TOP HALF OF PEER GROUP (1 Yr)
- ▼ = BOTTOM HALF OF PEER GROUP (1 Yr)

Source of data: Morningstar Principia

INVESTMENT PERFORMANCE ANALYSIS

1. BAR CHART DESCRIPTIONS AND DEFINITIONS

The following bar charts report annualized returns for each investment option compared with the approved peer group universe and the appropriate benchmark index for the one, three, five, and ten-year periods. The 3-year Morningstar Rating is also shown for each fund that is in the Morningstar Database. Commonly called the star rating, this is a measure of a fund's risk-adjusted return, relative to funds in its category. Funds are rated from one to five stars, with the best performers receiving five stars. The three-year Morningstar Category ranking is the fund's total-return percentile rank relative to all funds that have the same category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Returns are reported from the Morningstar Principia Pro and Lipper databases or were obtained directly from the fund.

2. ZEPHYR CHART DESCRIPTIONS AND DEFINITIONS

Following each bar chart are corresponding charts generated by Zephyr StyleAdvisor that analyze each investment option's performance characteristics. Below is a description of the information illustrated on these charts and how each one can be interpreted.

Manager vs Universe: Annualized Return

This chart is used to analyze returns of the investment option compared to a peer group universe. It is designed to illustrate the returns using 36-month rolling periods ending in December of each year listed. For example, the bar labeled "Dec 1998" is for the period between January 1, 1996 and December 31, 1998. The bars are created using the returns for all funds in the appropriate peer group and are broken down into quartiles. Both the fund being analyzed and the benchmark that it is compared to are plotted on each bar.

A table below the bar chart lists the returns. The returns for the fund, benchmark, each quartile, and the 5th and 95th percentiles are all listed for each time period. Funds would pass the comparison when performance falls within the top half of the peer group universe.

Manager Risk/Return

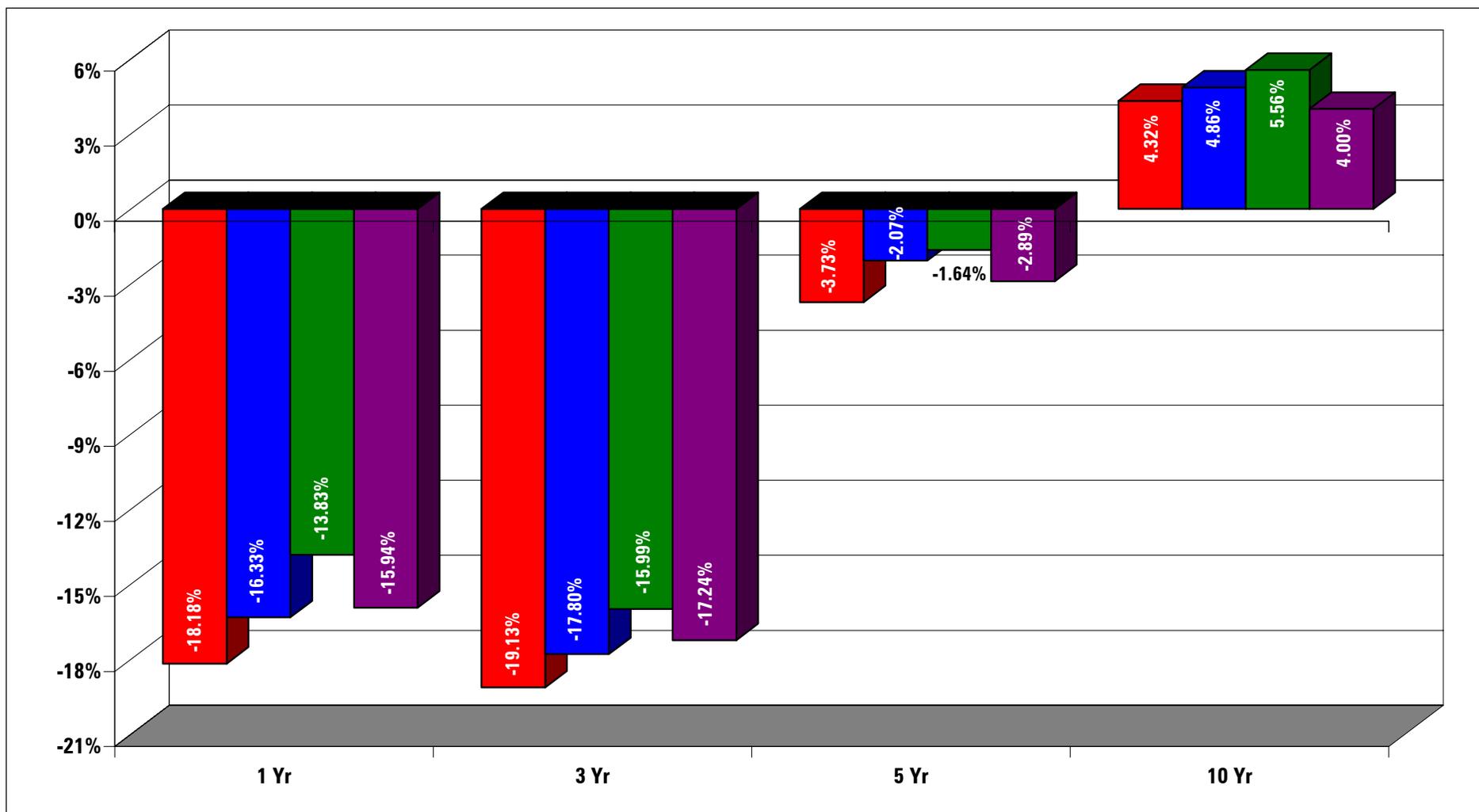
This graph displays the risk/return characteristics of a fund and compares them to a benchmark. It plots returns on the vertical axis and standard deviation on the horizontal axis. The crosshairs represents the peer group universe median. The ideal position for a manager is in the upper left quadrant, illustrating a higher return and lower risk than the universe median. This chart uses a single computation for the manager and benchmark covering the 5-year period from January 1998 to December 2002.

Manager Style

This graph creates a "map" using the style basis as coordinates. The graph is constructed (for equity funds) using the Russell 1000 Growth Index (Large Cap Growth) in the top right corner with the Russell 1000 Value Index (Large Cap Value) in the top left corner. In the bottom right corner is the Russell 2000 Growth Index (Small Cap Growth) and in the bottom left corner is the Russell 2000 Value Index (Small Cap Value). The Zephyr StyleADVISOR analyzes the individual returns of the manager and the benchmark and uses those returns to plot their positions on the graph. This chart uses 36-month rolling periods and plots every period available. The largest dot on the graph illustrates the most recent 36 month period.

T. Rowe Price International Stock Fund

December 31, 2002

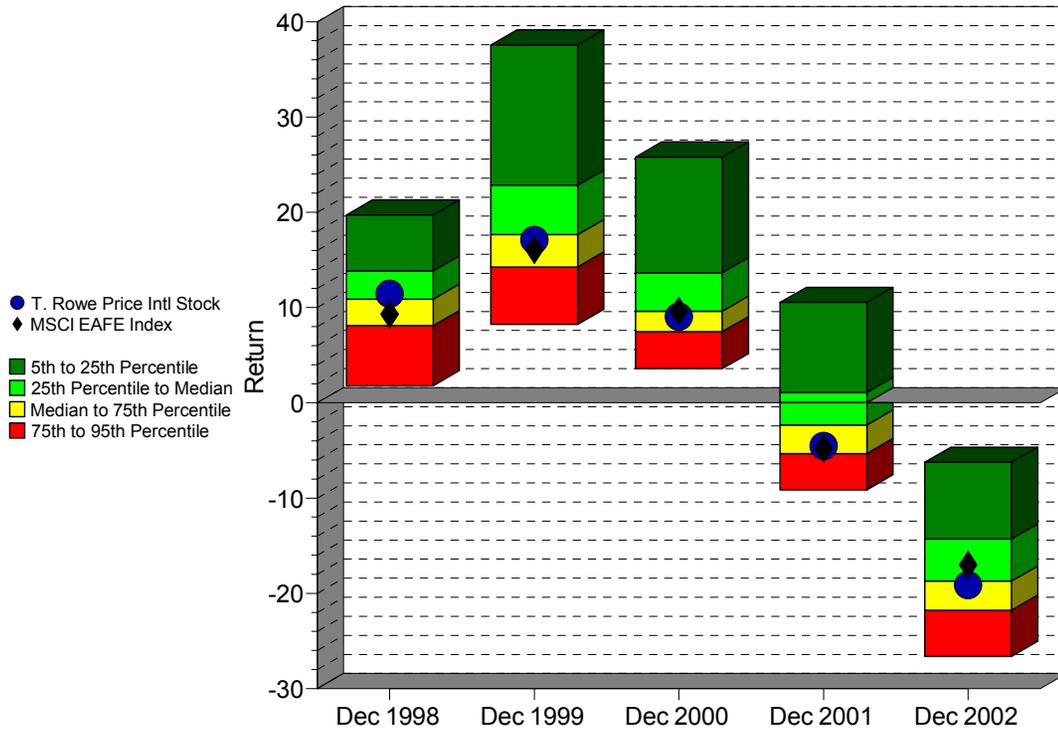


Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
T. Rowe Price International Stock Fund	Foreign Stock	Large-Cap/Growth	-18.18%	-19.13%	-3.73%	4.32%	3	54
Mstar Category Average Tot Ret: Foreign Stock Funds	Foreign Stock	-	-16.33%	-17.80%	-2.07%	4.86%	-	-
Peer Group Average: Lipper International Funds	-	-	-13.83%	-15.99%	-1.64%	5.56%	-	-
Benchmark Index: MSCI EAFE Index	-	-	-15.94%	-17.24%	-2.89%	4.00%	-	-

T. Rowe Price International Stock Fund

Manager vs Universe: Return

Morningstar Foreign Stock Universe



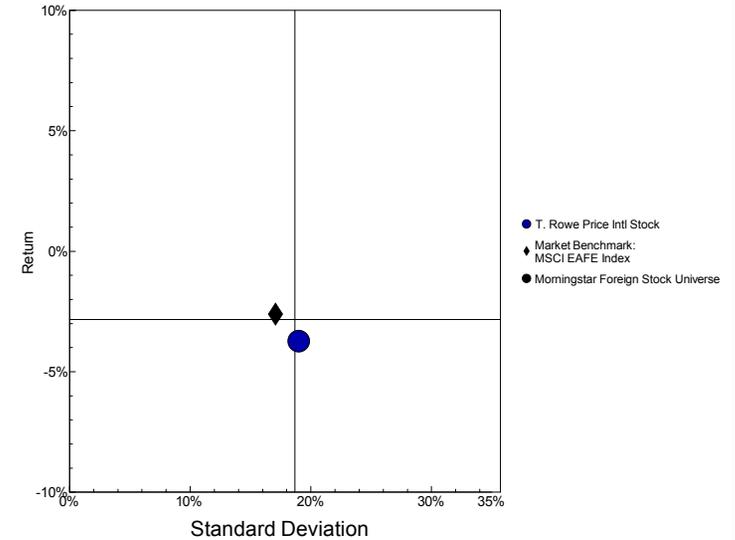
	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	19.70%	37.55%	25.79%	10.52%	-6.25%
25th Percentile	13.84%	22.84%	13.65%	1.08%	-14.30%
Median	10.87%	17.66%	9.61%	-2.32%	-18.72%
75th Percentile	8.09%	14.25%	7.46%	-5.33%	-21.78%
95th Percentile	1.80%	8.23%	3.57%	-9.14%	-26.63%
T. Rowe Price Intl Stock	11.43%	17.09%	9.03%	-4.53%	-19.13%
MSCI EAFE Index	9.30%	16.06%	9.65%	-4.79%	-16.99%

Morningstar Foreign Stock Universe

Manager returns supplied by: Morningstar, Inc.

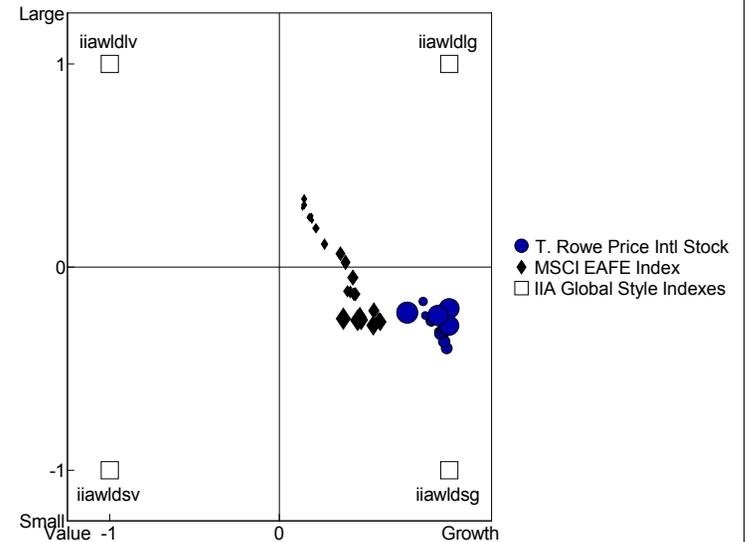
Manager Risk/Return

Single Computation
January 1998 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly
January 1998 - December 2002



T. Rowe Price Intl Stk

12-31-2002

Rating

★★★

Manager Name

Ford/Warren/Seddon/Bickf

Morningstar Category

Foreign Stock

Risk and Return Profile

	Rel to Inv Category	Rel to Intl Stk Fnds
Risk	—	Average
Return	—	Average
Rating	—	★★★

Analysis by William Samuel Rocco 10-02-02

While this foreign stock vehicle isn't looking too good these days, it still has some real attractions. T. Rowe Price International Stock Fund has gotten banged up in this year's rough conditions. It has lost nearly 3 percentage points more than the category norm of 20% for the year to date through Oct. 2, 2002. The primary reason, of course, is its large-growth bias. Blue-chip growth stocks have really suffered this year, and the fund's median market cap is nearly twice the group average and its price multiples are relatively high.

But the fund has also fared a bit worse than most other large-growth offerings in the category. The fund, which is more moderate than most of its like-minded rivals, has been hurt by an undersized Japan stake and some individual names.

Due to this year's woes and a sluggish showing in 1999, the fund's three- and five-year returns are subpar relative to the overall foreign category as well as to the large-growth subset. The fund's longer-term returns are fairly competitive versus both groups, though, as it generally posted solid to good annual results from the early 1990s through 1998. Meanwhile, the fund has real appeal from a risk perspective. It has suffered significantly less volatility than the typical foreign large-growth fund—and bit less than the category norm—because John Ford and his team are price conscious and make an effort to diversify. The fund has other charms, too. Its management team is both deep and experienced. (Ford has been on board for 20 years.) And its expense ratio is low.

This fund certainly isn't an exciting or exceptional offering, but we still think it's a solid choice.

Prospectus Summary

T. Rowe Price International Stock Fund seeks long-term growth of capital.

The fund normally invests at least 65% of assets in the common stocks of established non-U.S. issuers. It may invest the balance of assets in preferred stocks, warrants, convertibles, and/or debt securities. The fund typically maintains investments in at least three foreign countries, and it may invest in both industrialized and developing countries. The fund offers three different share classes, which differ in fee structure and availability. Prior to Sept. 10, 1986, the fund was named T. Rowe Price International Fund.

Manager Profile

John R. Ford. Since 01-82. CFA '86.

David J.L. Warren. Since 01-83.

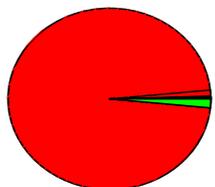
James B.M. Seddon. Since 01-87.

Mark Bickford-Smith. Since 01-95.

Investment Approach 09-30-02

Composition

% of assets 09-30-02



- Cash
- U.S. Stocks
- ▨ Non-U.S. Stoc
- Bonds
- Other

Investment Style

Equity Style	Fixed-Income Maturity												
Value Blend Growth	Short Int Long												
<table border="1"> <tr><td>Large Size</td><td>—</td></tr> <tr><td>Medium</td><td>—</td></tr> <tr><td>Small</td><td>—</td></tr> </table>	Large Size	—	Medium	—	Small	—	<table border="1"> <tr><td>High Quality</td><td>—</td></tr> <tr><td>Medium</td><td>—</td></tr> <tr><td>Low</td><td>—</td></tr> </table>	High Quality	—	Medium	—	Low	—
Large Size	—												
Medium	—												
Small	—												
High Quality	—												
Medium	—												
Low	—												
Size: Growth	Quality: —												
Style: Large	Maturity: —												

Sector Weightings

% of stocks 09-30-02

Information Economy	21.4
Software	0.1
Hardware	4.5
Media	7.3
Telecommunication	9.4
Service Economy	46.4
Healthcare	13.5
Consumer Services	5.6
Business Services	6.8
Financial Services	20.5
Manufact. Economy	32.3
Consumer Goods	16.8
Industrial Materials	4.0
Energy	9.7
Utilities	1.7

Top 10 Securities 09-30-02

% Net Total Stocks: 185
Assets Total Bonds: 0

Country	Sector
GBR	Healthcare Services
FRA	Energy
GBR	Media
CHE	Consumer Goods
GBR	Financial Services
GBR	Energy
GBR	Telecommunication
FRA	Healthcare Services
FRA	Healthcare Services
FRA	Financial Services

International Investments 09-30-02

Regional Exposure	% of stocks
Americas	3.7
Greater Europe	70.3
Greater Asia	25.9

Top Five Countries

(out of 0 countries) % of stocks

United Kingdom	28.0
Japan	15.5
France	12.8
Italy	5.6
Switzerland	5.4

25 % Net Assets in Top 10 Securities

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T. Rowe Price Intl Stk

12-31-2002

EQ Style

Large/Growth

FI Style

-

Morningstar Category

Foreign Stock

Short-Term Volatility

3 Mo Rolling Return

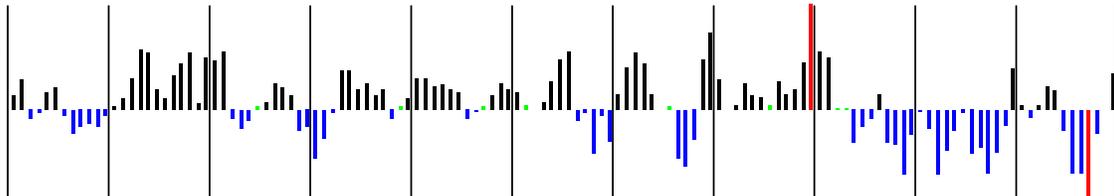
Best Rtn 24.70 % 10/1999-12/1999

Worst Rtn -21.64 % 07/2002-09/2002

Out of 132 periods

Num of times Below T-bill 63

Num of times Below Zero 53



Longer-Term Volatility

3 Yr Rolling Return (Annualized)

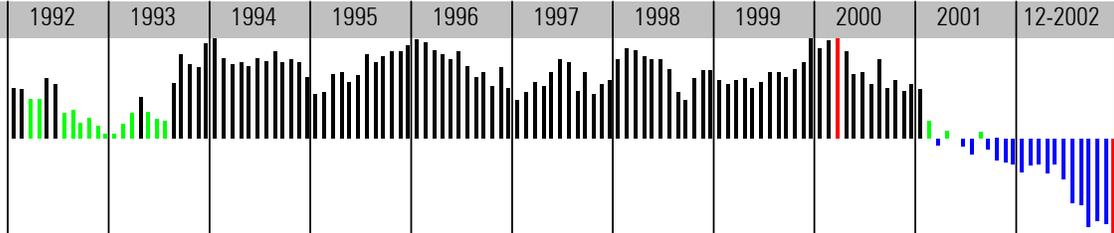
Best Rtn 17.28 % 04/1997-03/2000

Worst Rtn -19.13 % 01/2000-12/2002

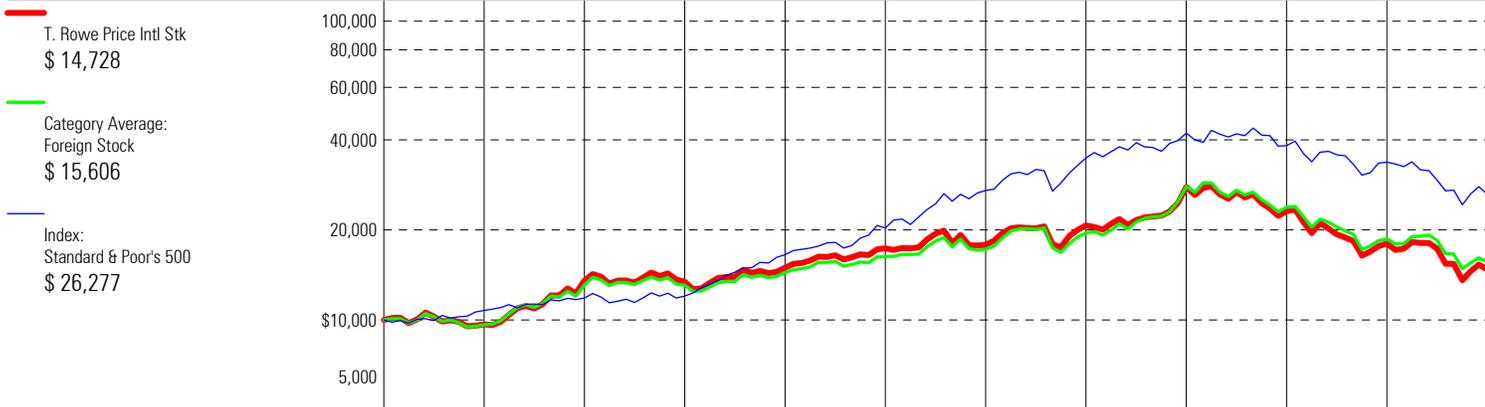
Out of 132 periods

Num of times Below T-bill 37

Num of times Below Zero



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate	■	■	■	■	■	■	■	■	■	■	■
Total Return %	-3.47	40.11	-0.76	11.39	15.99	2.70	16.14	34.60	-17.09	-22.02	-18.18
+/- Standard & Poor's 500	-11.09	30.05	-2.07	-26.15	-6.95	-30.65	-12.44	13.56	-7.99	-10.14	3.91
Income \$	0.16	0.09	0.12	0.18	0.18	0.20	0.22	0.13	0.09	0.30	0.11
Capital Gains \$	0.16	0.20	0.62	0.20	0.20	0.55	0.35	0.91	1.18	0.03	—
Expense Ratio %	1.05	1.01	0.96	0.91	0.88	0.85	0.85	0.85	0.84	0.90	0.90
Net Assets (\$mil)	1949.6	4290.0	5786.9	6703.3	9340.8	9720.6	10141.8	12674.0	9734.6	6507.4	—
NAV	8.89	12.16	11.32	12.23	13.80	13.42	14.99	19.03	14.52	10.99	8.88

Trailing-Time-Period Performance

12-31-2002

	Inception 05-09-80	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	■	■	■	■	■	■	■
Total Return %	9.87	-18.18	8.47	-18.18	-19.13	-3.73	4.32	5.61
+/- Standard & Poor's 500	—	3.91	0.05	3.91	-4.58	-3.15	-5.02	-5.86
Load-Adjusted Return %	9.87	-18.18	8.47	-18.18	-19.13	-3.73	4.32	5.61
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee: 0.00 % Expense Projection: 3 Yr: \$ 287 Front-End Load: 0.00 % 12 Month: 1.23 %
 Expense Ratio: 0.90 % 5 Yr: \$ 498 Deferred Load: 0.00 % SEC

Yield

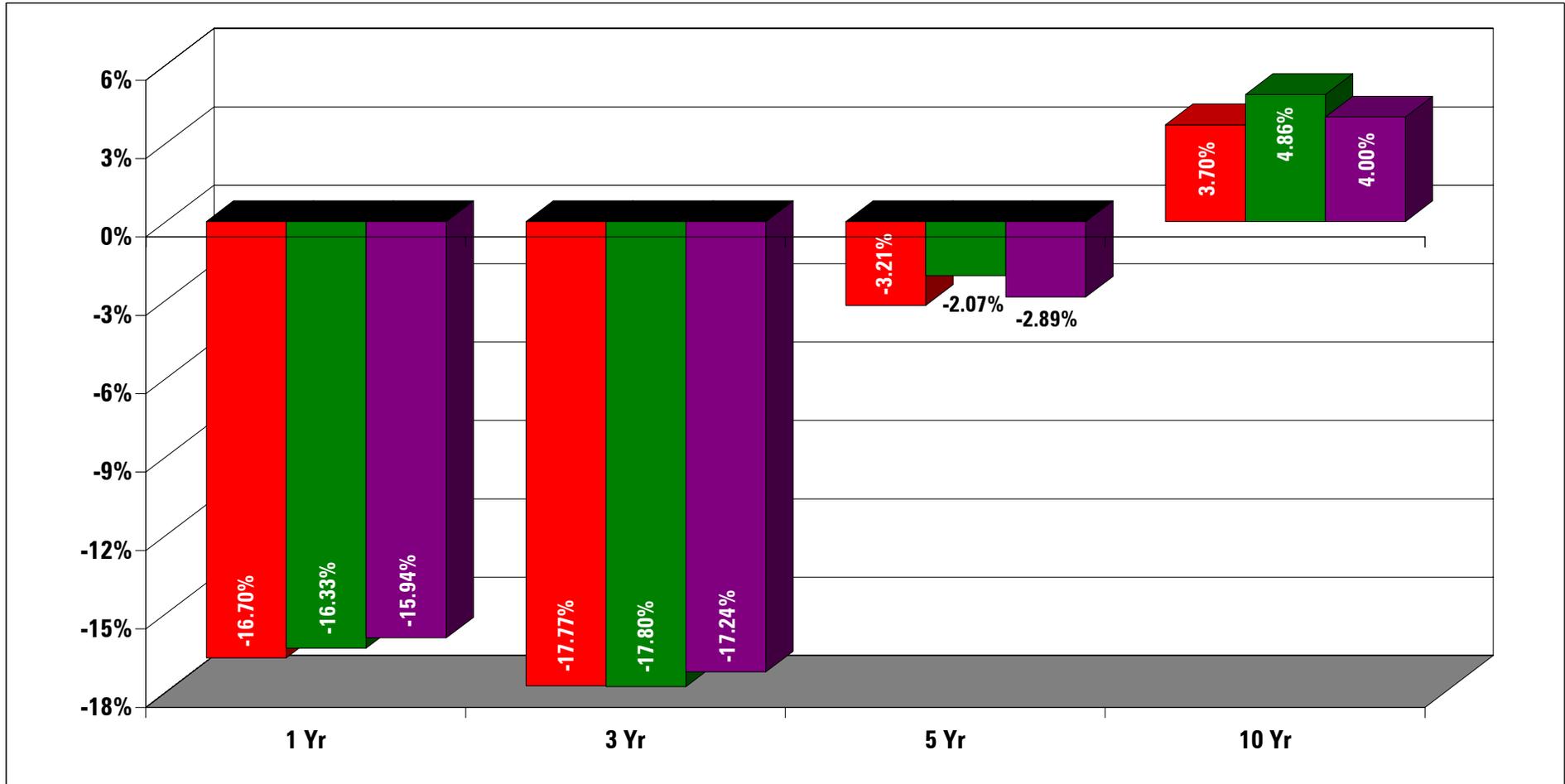
12 Month: 1.23 %
 SEC

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EAFE Equity Index Fund

December 31, 2002



Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
EAFE Equity Index Fund	Foreign Stock	-	-16.70%	-17.77%	-3.21%	3.70%	-	-
Mstar Category Average Tot Ret: Foreign Stock Funds	Foreign Stock	-	-16.33%	-17.80%	-2.07%	4.86%	-	-
Benchmark Index: MSCI EAFE Index	-	-	-15.94%	-17.24%	-2.89%	4.00%	-	-

EAFE Equity Index Fund

December 31, 2000

FUND FACTS

A collective investment fund managed by Barclays Global Investors, N.A.

WHO SHOULD CONSIDER INVESTING IN THIS FUND?

This fund is intended for long-term investors seeking to capture high returns and diversification by investing in a broad range of foreign stocks. The fund's goal is to match the returns of its benchmark, the Morgan Stanley Capital International EAFE-Free (Europe Australasia Far East) Index.

RISK/RETURN POTENTIAL

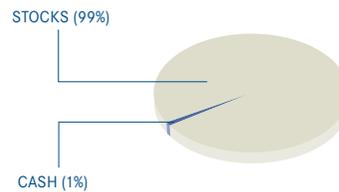


This chart is for illustrative purposes only and does not predict future risk or performance.

The fund is NOT FDIC insured, is NOT an obligation or deposit of, or guaranteed by, Barclays Global Investors or its affiliates and involves investment risk, including possible loss of principal.

WHAT THE FUND INVESTS IN:

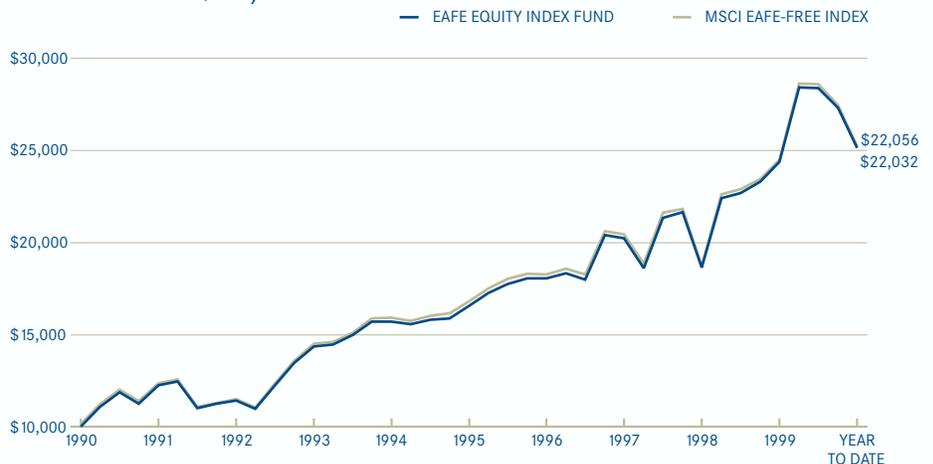
The fund invests in a diversified portfolio of approximately 1,000 foreign stocks representing established companies in 20 countries located in Western Europe and the Pacific Rim. The fund's benchmark is the Morgan Stanley Capital International EAFE-Free (Europe Australasia Far East) Index; the word "Free" means that it excludes any restricted securities.



WHY INVEST IN INTERNATIONAL STOCKS?

Foreign markets often move independently of the US market, which can add greater diversification to an investment portfolio. Diversification increases the chances that one investment's strong performance will offset another investment's poor performance.

GROWTH OF \$10,000



This graph represents the growth of a hypothetical investment of \$10,000. It assumes reinvestment of all income, and does not take into consideration any management fees. Returns reflected here are those of a fund with a similar investment strategy. Past performance is no guarantee of future results.

PERFORMANCE NOTES

All values are unaudited and subject to revision. Fund returns are reported before management fees and certain transaction costs and expenses are charged to the fund. Returns would be lower if such costs and fees were included. All income is reinvested in the fund. The fund's inception is 5/3/00. Returns from 1/31/92 to 5/3/00 are those of a daily fund with similar investment strategy. Returns prior to 1/31/92 are those of a non-daily fund with similar investment strategy. Actual returns for a daily fund may differ from those of a non-daily fund. The EAFE-Free Index does not reflect any management fees, transaction costs, or expenses, and does not include stocks that cannot be purchased by US investors. The index is published by Morgan Stanley Capital International and is a market-value weighted index of approximately 1,000 stocks from Europe, Australia, New Zealand, and the Far East, excluding restricted stocks in Singapore. Returns are calculated in US dollars. Past performance does not guarantee future results. Any returns shown as less than one year are cumulative returns.

FUND MANAGER

Barclays Global Investors, N. A. is the manager and trustee for the fund.

FUND STRUCTURE

The EAFE Equity Index Fund invests in underlying collective investment funds which in turn invest in the securities mentioned in this fact sheet. Descriptions of the fund in some cases refer to the underlying funds. The fund or underlying funds may also invest in cash and use derivatives (including futures) for non-speculative purposes.

The fund is a collective investment fund and is privately offered. Prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your service representative.

www.barclaysglobal.com

WHAT IS AN INDEX FUND?

Index funds seek to match the performance of a specific index of securities, such as the MSCI EAFE-Free Index. To do that, an index fund invests in many or all of the same stocks, bonds or money market instruments that make up the index. Because the fund manager seeks to match rather than beat the index, there is low turnover of securities in the fund which results in low trading costs for investors.

PERFORMANCE RETURNS (%)

	FUND	BENCHMARK [†]
Fourth Quarter	-2.97	-2.68
Year to Date	-14.55	-14.17
One Year	-14.55	-14.17
Three Year*	9.28	9.31
Five Year*	7.07	7.08
Ten Year*	8.16	8.23

*Average annualized return † MSCI EAFE-Free Index

TOP 10 HOLDINGS

Nokia	2.3%
Vodafone Airtouch	2.2%
Royal Dutch Petroleum	1.8%
Novartis	1.7%
BP AMOCO	1.7%
Glaxo	1.6%
HSBC Holdings	1.3%
Total Fina	1.2%
Nestle	1.2%
Toyota Motor	1.2%

TOP 10 COUNTRY WEIGHTINGS

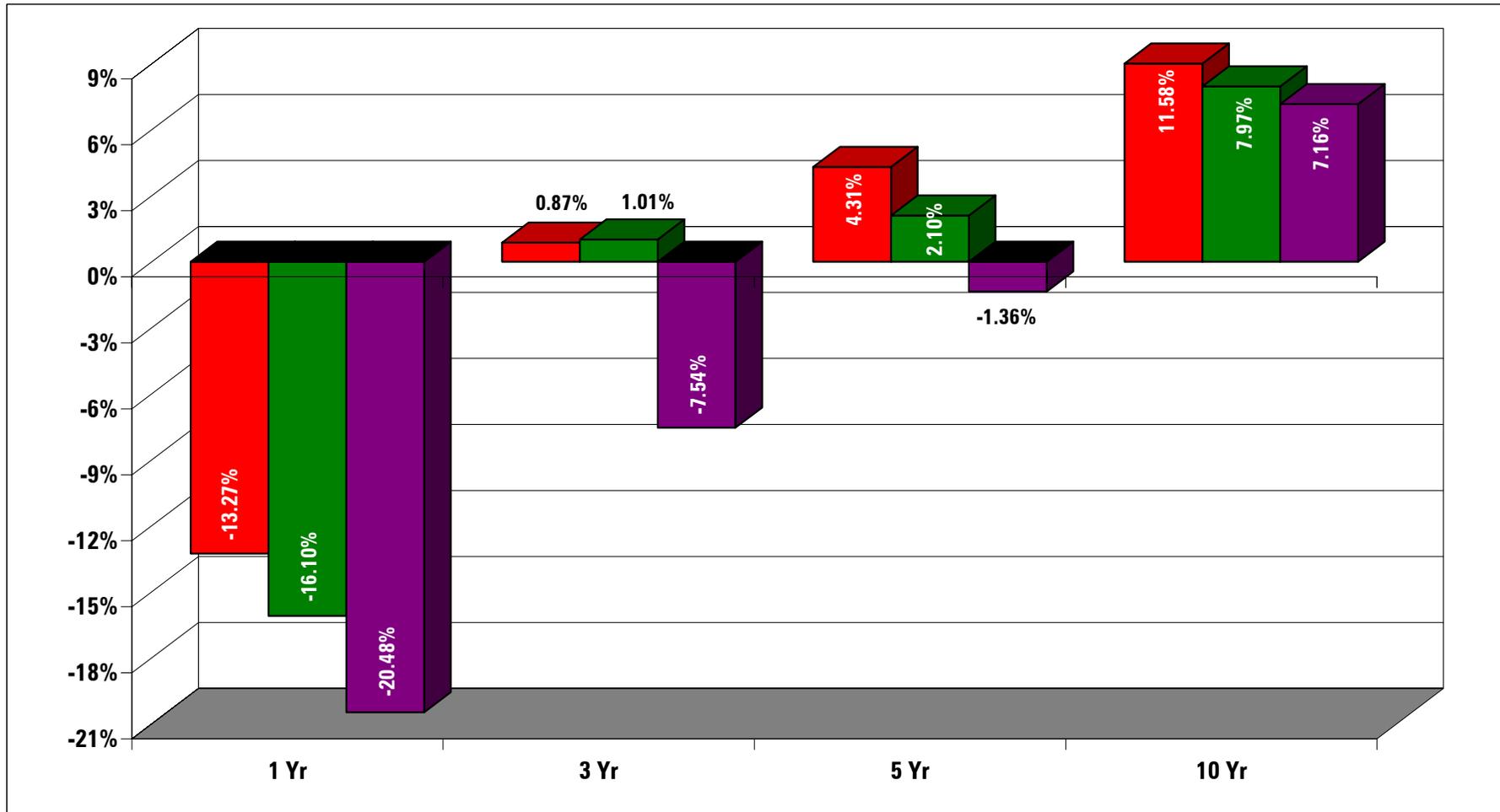
Japan	22.6%
United Kingdom	21.3%
France	11.7%
Germany	8.8%
Switzerland	7.2%
Netherlands	5.7%
Italy	4.8%
Spain	2.9%
Finland	2.8%
Australia	2.7%

ADDITIONAL INFORMATION

Yield	1.70%
Price/earnings	25.0
Price/book	2.8

DFA U.S. Micro Cap Portfolio

December 31, 2002

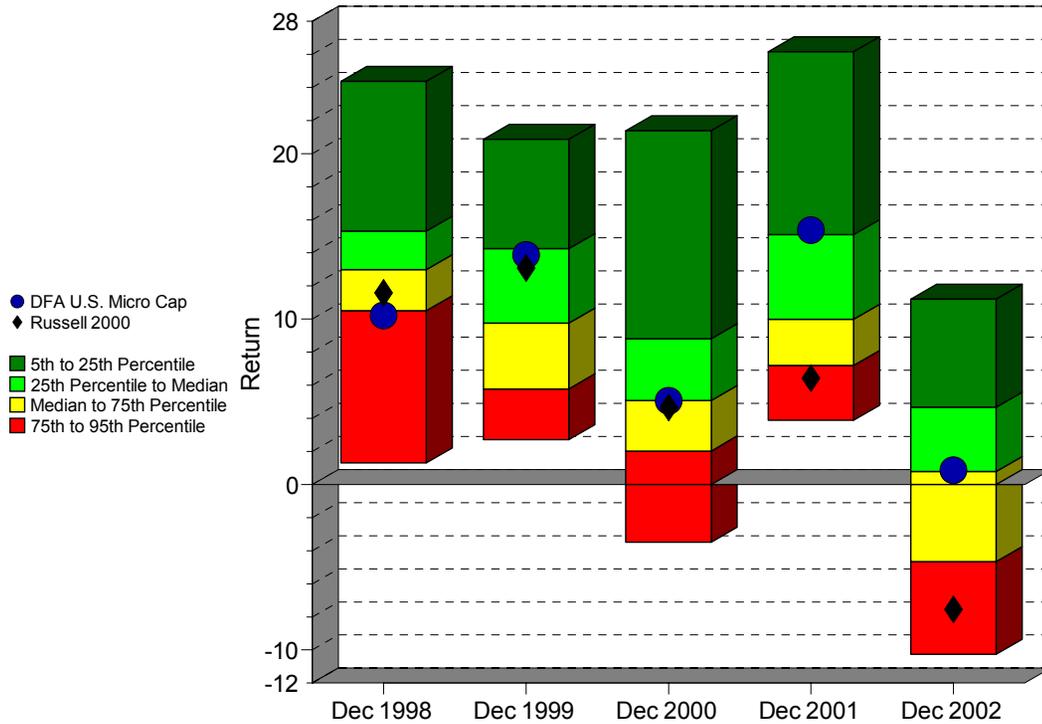


Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
DFA U.S. Micro Cap Portfolio	Small-Cap Blend	Small-Cap/Blend	-13.27%	0.87%	4.31%	11.58%	3	51
Mstar Category Average Tot Ret: Small Cap Blend Funds	Small-Cap Blend	-	-16.10%	1.01%	2.10%	7.97%	-	-
Benchmark Index: Russell 2000 Index	-	-	-20.48%	-7.54%	-1.36%	7.16%	-	-

DFA U.S. Micro Cap Portfolio

Manager vs Universe: Return

Morningstar Small Cap Blend Universe



	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	24.37%	20.85%	21.37%	26.15%	11.20%
25th Percentile	15.32%	14.26%	8.82%	15.10%	4.67%
Median	12.99%	9.76%	5.08%	9.98%	0.79%
75th Percentile	10.50%	5.78%	2.03%	7.20%	-4.66%
95th Percentile	1.30%	2.70%	-3.48%	3.88%	-10.26%
DFA U.S. Micro Cap	10.21%	13.88%	5.06%	15.38%	0.87%
Russell 2000	11.58%	13.08%	4.65%	6.42%	-7.55%

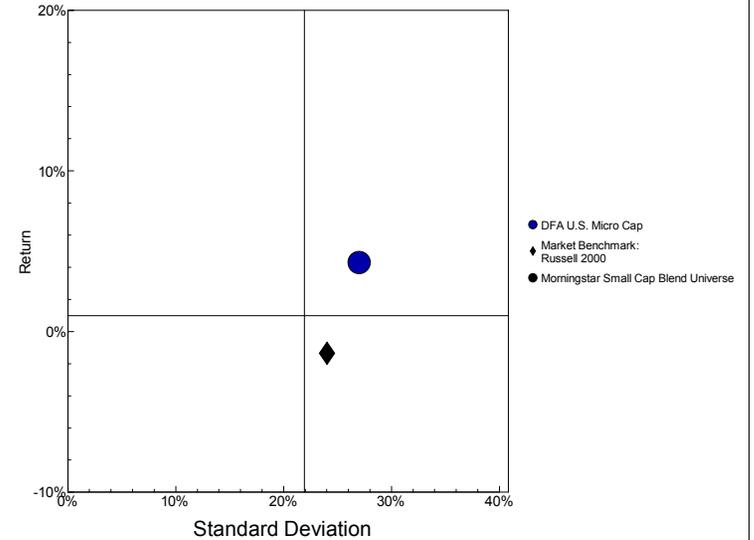
Morningstar Small Cap Blend Universe

Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

January 1998 - December 2002

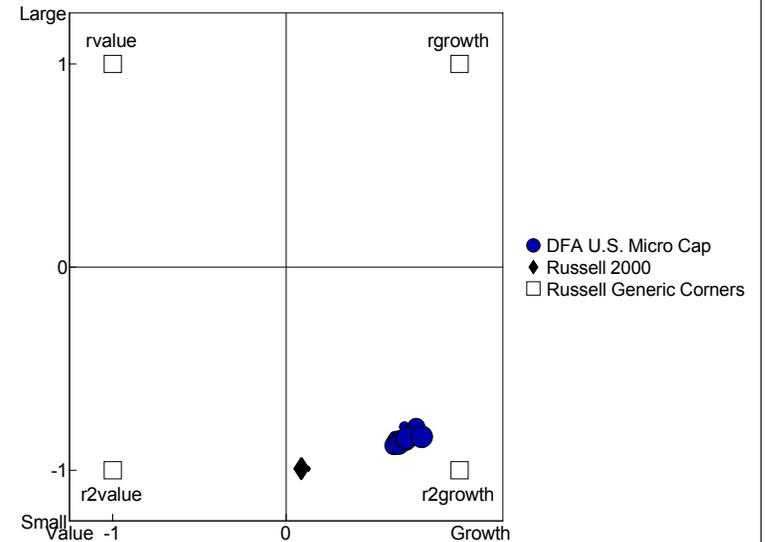


Standard Deviation

Manager Style

36-Month Moving Windows, Computed Monthly

January 1998 - December 2002



DFA U.S. Micro Cap

12-31-2002

Rating

★★★

Manager Name

Sinquefield/Deere/Snyder

Morningstar Category

Small Blend

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	High
Return	—	Above Average
Rating	—	★★★

Prospectus Summary

DFA U.S. 9-10 Small Company Portfolio seeks long-term capital appreciation.

The fund invests in a diverse group of small companies with readily marketable securities. These companies may be traded on the NYSE, the AMEX, or the over-the-counter market, but their market capitalizations must be comparable with those in the smallest quintile of the NYSE. The portfolio is rebalanced at least semiannually. The fund is designed primarily for institutional investors. Prior to April 10, 1989, the fund was named DFA Investment Dimensions Small Company. Prior to 1983, the fund was named DFA Small Company.

Manager Profile

Jeanne C. Sinquefield. Since 04-83.

Carl Snyder. Since 07-91.

Robert T. Deere. Since 11-91.

Henry Gray. Since 06-02.

Analysis by Robert Gynn 10-31-02

This is an appealing option for investors who can stomach lots of risk—as long as they have access to it.

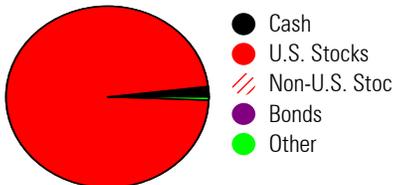
DFA U.S. Micro Cap is built on the theory, supported by academic research, that small caps outperform larger names over the long haul. To take advantage of this small-cap effect, the fund provides broad exposure to the smallest 20% of stocks, giving the fund an average median market cap of roughly 135 million during the past 10 years, a fraction of the category norm. The idea is that investors are rewarded with higher returns for assuming the risks inherent in ultra-small stocks.

For all intents and purposes, this theory has played itself out here. The fund certainly has been risky. Despite its well-diversified portfolio, its standard deviation (a measure of volatility) is far above the category's average. But the fund has handsomely compensated shareholders for the risks over the long haul; it has handily outpaced rivals with similar market caps as well as the Russell 2000 Index by sizable margins over a 10-year period. The market's move toward cheaper, smaller stocks has helped so far in 2002. Its 16.5% loss for the year to date through Oct. 30 is poor in absolute terms, but it isn't too shabby given the negative market environment. The fund's loss is small enough to rank squarely in the second quartile of the small-blend category.

The fund's low correlation with the S&P 500 makes it a good way for investors to diversify a large-cap portfolio. What's more, its rock-bottom expense ratio also gives it a significant advantage over its micro- and small-cap rivals. All in all, we think this offering should warrant serious consideration from long-term investors looking to spice up a modest portion of their portfolios. Unfortunately, the fund's steep \$2-million minimum limits its availability to those who can purchase it through a 401(k) plan or a DFA-approved advisor.

Investment Approach 11-30-02

Composition % of assets 11-30-02



Investment Style

Equity Style	Fixed-Income Maturity									
Value Blend Growth	Short Int Long									
<table border="1"> <tr> <td>Large Size</td> <td>—</td> <td>High Quality</td> </tr> <tr> <td>Medium</td> <td>—</td> <td>Medium</td> </tr> <tr> <td>Small</td> <td>—</td> <td>Low</td> </tr> </table>	Large Size	—	High Quality	Medium	—	Medium	Small	—	Low	Quality: — Maturity: —
Large Size	—	High Quality								
Medium	—	Medium								
Small	—	Low								

Sector Weightings % of stocks 11-30-02

Information Economy	17.4
Software	5.1
Hardware	9.6
Media	1.3
Telecommunication	1.4
Service Economy	52.0
Healthcare	14.4
Consumer Services	11.4
Business Services	11.0
Financial Services	15.2
Manufact. Economy	30.7
Consumer Goods	9.5
Industrial Materials	15.3
Energy	4.5
Utilities	1.4

Top 10 Securities 11-30-02

% Net Assets: 3016
 Total Stocks: 3016
 Total Bonds: 0

Country	Sector
USA	Financial Services
USA	Business Services
USA	Consumer Services
USA	Hardware
USA	Consumer Goods
USA	Consumer Services
USA	Consumer Services
USA	Consumer Services
USA	Healthcare Services
USA	Healthcare Services

International Investments 11-30-02

Regional Exposure	% of stocks
Americas	100.0
Greater Europe	0.0
Greater Asia	0.0

Top Five Countries

(out of 0 countries) % of stocks	
United States	100.0
Canada	0.0
Cayman Islands	0.0

3 % Net Assets in Top 10 Securities

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DFA U.S. Micro Cap

12-31-2002

EQ Style

Small/Blend

FI Style

-

Morningstar Category

Small Blend

Short-Term Volatility

3 Mo Rolling Return

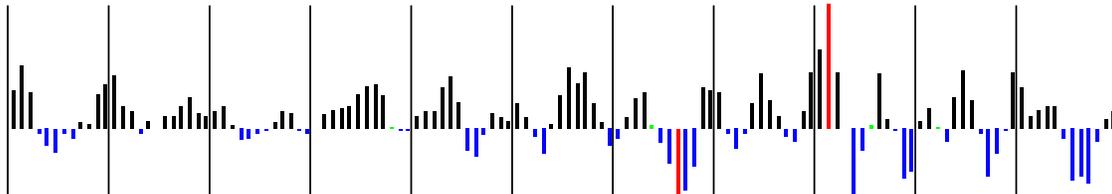
Best Rtn 45.81 % 12/1999-02/2000

Worst Rt. -27.00 % 06/1998-08/1998

Out of 132 periods

Num of times Below T-bill 53

Num of times Below Zero 49



Longer-Term Volatility

3 Yr Rolling Return (Annualized)

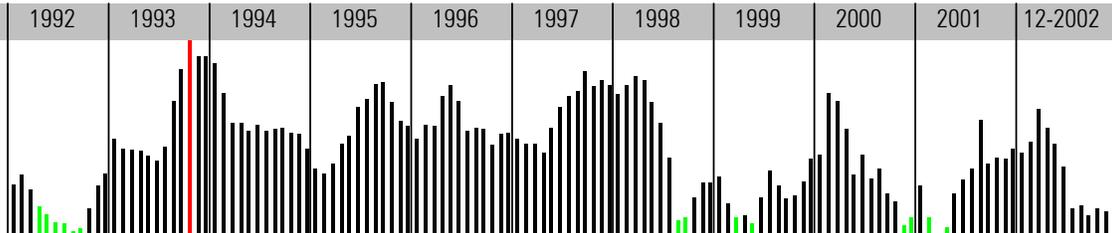
Best Rtn 31.85 % 11/1990-10/1993

Worst Rt 0.87 % 01/2000-12/2002

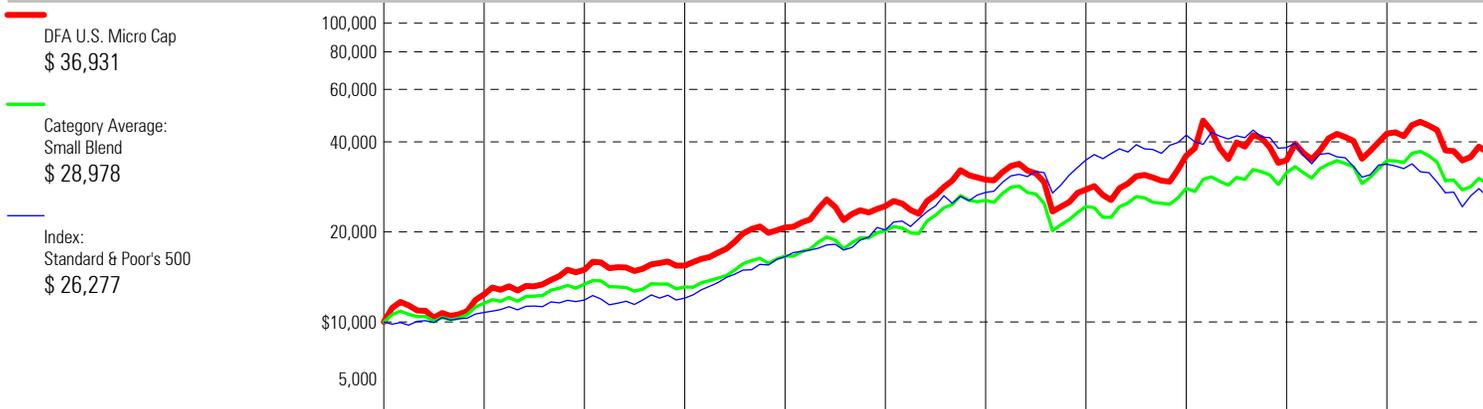
Out of 132 periods

Num of times Below T-bill 16

Num of times Below Zero



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate	■	■	■	■	■	■	■	■	■	■	■
Total Return %	23.48	20.97	3.09	34.48	17.65	22.78	-7.32	29.79	-3.60	22.77	-13.27
+/- Standard & Poor's 500	15.86	10.91	1.78	-3.06	-5.29	-10.57	-35.90	8.75	5.50	34.65	8.82
Income \$	0.04	0.02	0.02	0.04	0.03	0.03	0.15	0.38	0.49	0.05	0.02
Capital Gains \$	0.67	0.62	—	0.84	1.16	1.89	—	0.89	1.99	1.71	0.14
Expense Ratio %	0.68	0.70	0.65	0.62	0.61	0.60	0.59	0.61	0.56	0.56	0.56
Net Assets (\$mil)	671.8	643.0	663.0	946.1	1186.6	1437.3	1360.2	1451.5	1378.0	1662.7	—
NAV	7.36	8.25	8.49	10.53	11.20	11.78	10.76	12.61	9.64	10.01	8.53

Trailing-Time-Period Performance

12-31-2002

	Inception 12-22-81	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	■	■	■	■	■	■	■
Total Return %	12.27	-13.27	6.39	-13.27	0.87	4.31	11.58	12.24
+/- Standard & Poor's 500	—	8.82	-2.03	8.82	15.42	4.89	2.24	0.77
Load-Adjusted Return %	12.27	-13.27	6.39	-13.27	0.87	4.31	11.58	12.24
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

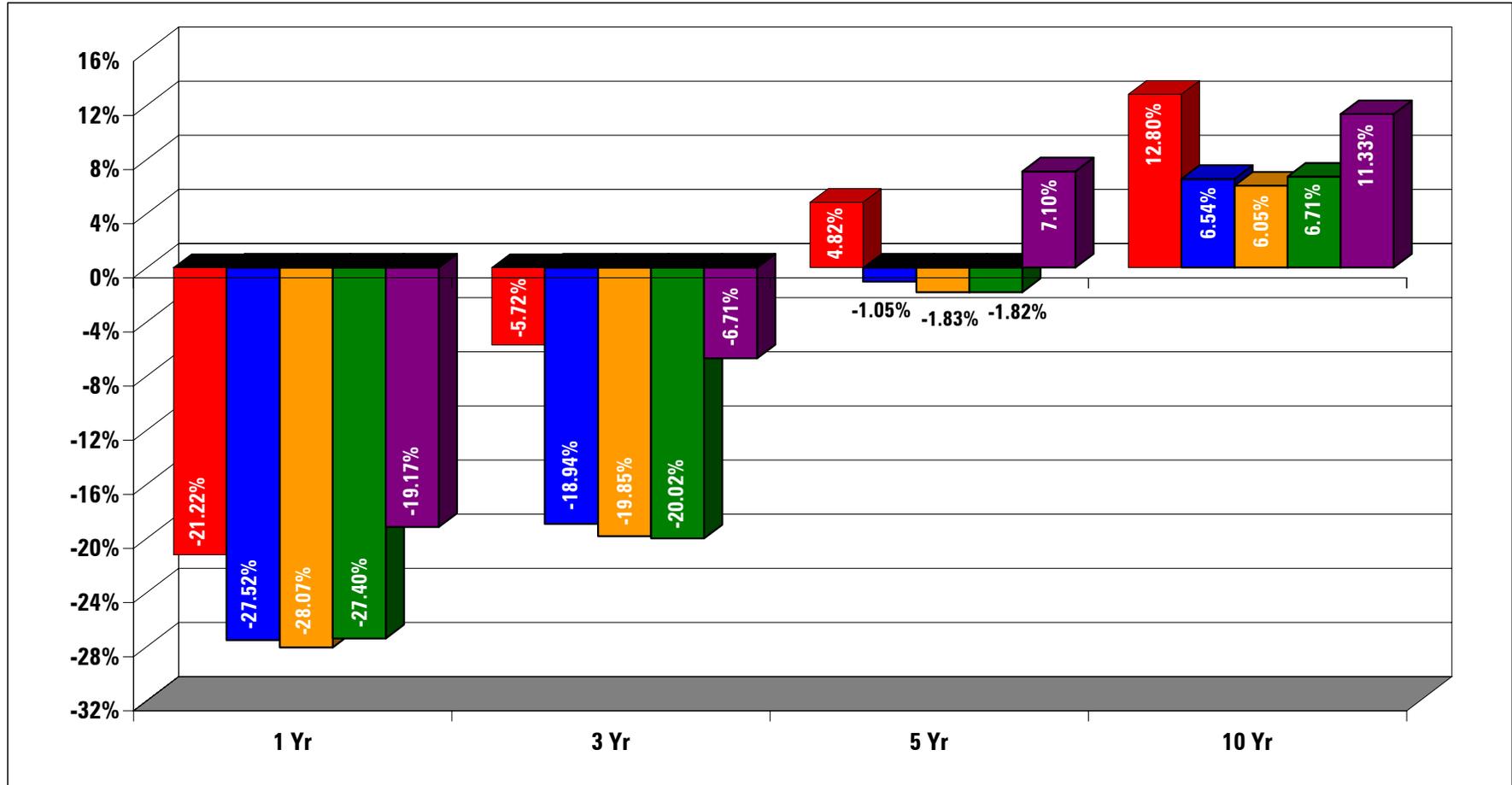
12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 195	Front-End Load:	0.00 %	12 Month:	0.18 %
Expense Ratio:	0.56 %		5 Yr: \$ 340	Deferred Load:	0.00 %	SEC	— %

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T. Rowe Price Mid Cap Growth Fund

December 31, 2002

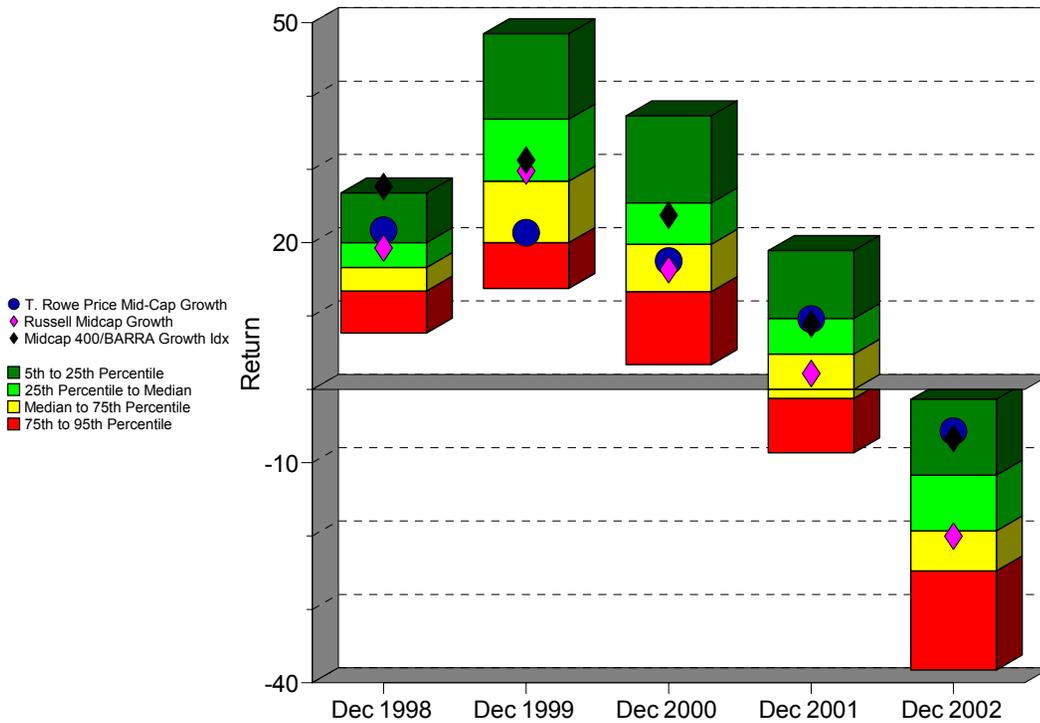


Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
T. Rowe Price Mid Cap Growth Fund (Inv Class)	Mid-Cap Growth	Mid-Cap/Growth	-21.22%	-5.72%	4.82%	12.80%	4	10
Mstar Category Average Total Return: Mid Cap Growth Funds	Mid-Cap Growth	-	-27.52%	-18.94%	-1.05%	6.54%	-	-
Peer Group Average: Lipper Mid Cap Growth Funds	-	-	-28.07%	-19.85%	-1.83%	6.05%	-	-
Benchmark Index: Russell Mid Cap Growth Index	-	-	-27.40%	-20.02%	-1.82%	6.71%	-	-
Benchmark Index: S&P 400 Barra Growth Index	-	-	-19.17%	-6.71%	7.10%	11.33%	-	-

T. Rowe Price Mid Cap Growth Fund

Manager vs Universe: Return

Morningstar Mid Cap Growth Universe



	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	26.76%	48.49%	37.30%	18.90%	-1.37%
25th Percentile	20.02%	36.83%	25.42%	9.65%	-11.69%
Median	16.61%	28.36%	19.81%	4.82%	-19.29%
75th Percentile	13.40%	20.02%	13.32%	-1.23%	-24.79%
95th Percentile	7.67%	13.73%	3.37%	-8.65%	-38.26%
T. Rowe Price Mid-Cap Growth	21.69%	21.35%	17.50%	9.60%	-5.72%
Russell Midcap Growth	19.27%	29.77%	16.32%	2.16%	-20.03%
Midcap 400/BARRA Growth Index	27.65%	31.26%	23.75%	8.95%	-6.71%

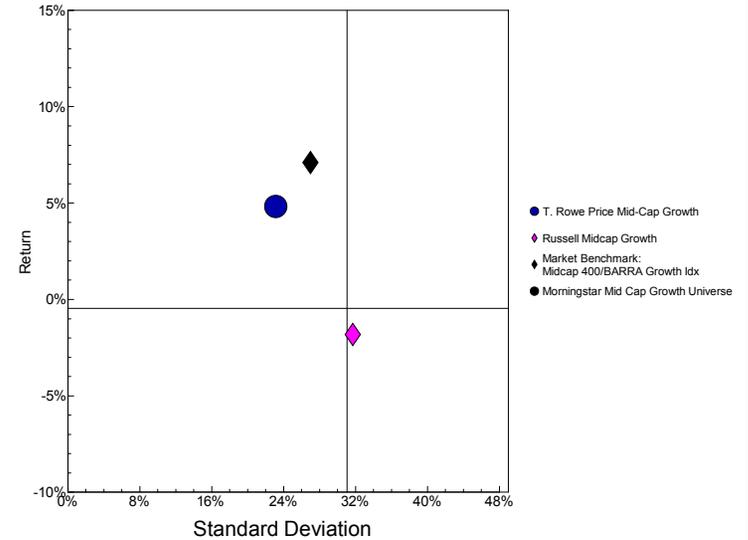
Morningstar Mid Cap Growth Universe

Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

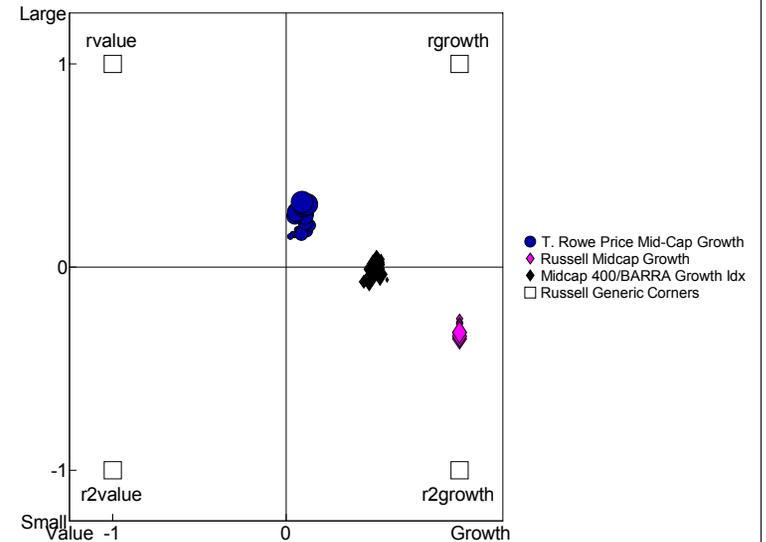
January 1998 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly

January 1998 - December 2002



T. Rowe Price Mid Gr

12-31-2002

Rating

★★★★★

Manager Name

Berghuis, Brian W.H.

Morningstar Category

Mid-Cap Growth

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	Below Average
Return	—	High
Rating	—	★★★★★

Analysis by Brian Lund 10-08-02

T. Rowe Price Mid-Cap Growth has taken its lumps, but it's still the champ. It was a tough summer at this fund. After holding up well through May, manager Brian Berghuis became a bit more aggressive, adding some beaten-down tech and biotech names, which subsequently got beaten down more. But the real damage came from the business-services sector, where the fund is significantly overweight. Stocks such as Concord EFS CEFT and Robert Half International RHI, both of which Berghuis was trimming on strength in the first half of 2002, got crushed in the third quarter on disappointing results. The fund lost 23% for the trailing three months through Oct. 7, 2002, increasing its year-to-date loss to 32.6%—still a touch above average in the mid-growth category.

Shareholders are not accustomed to such losses. Berghuis, who has run the fund since its 1992 inception, emphasizes steadiness and predictability. He is willing to own tech and other volatile stocks, but he keeps individual positions small. In addition, T. Rowe Price's excellent team of analysts vets all purchases for fundamental quality and attractive valuation.

The results have been excellent: The fund did not have a calendar-year loss until it dropped 1% in 2001, which was a superb performance in a weak market. As testament to Berghuis' eye for growth, the fund also stood out during strong markets in the mid-1990s, making its 10-year record among the very best in the category. At the same time, the fund is far less volatile than its rivals are, as measured by its standard deviation.

Berghuis is not backing down. He's adding to his Concord stake and continuing to look for biotech buys. Given his record for spotting good opportunities among unloved segments of growth stocks, we think the fund's chances of being right—if early—are good. This is a fine option for investors looking for an intelligent growth fund that maximizes opportunity without taking too many chances.

Prospectus Summary

T. Rowe Price Mid-Cap Growth Fund seeks long-term growth of capital.

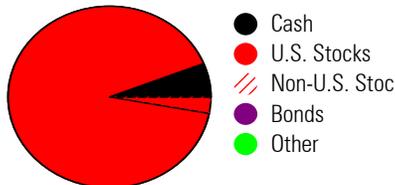
The fund normally invests at least 80% of assets in mid-cap common stocks with above-average growth potential. The advisor seeks companies that offer proven products or services; have an above-average historical record of earnings growth; have the potential for sustaining growth; operate in industries experiencing increasing demand; and/or are reasonably valued. The fund may invest up to 25% of assets in foreign securities. The fund offers three different share classes, which differ in fee structure and availability.

Manager Profile

Brian W.H. Berghuis. Since 06-92. CFA '87. BA '81 Princeton U. MBA '85 Harvard U.

Investment Approach 09-30-02

Composition % of assets 09-30-02



Investment Style

Equity Style	Fixed-Income Maturity															
Value Blend Growth	Short Int Long															
<table border="1"> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </table>										<table border="1"> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table>						
Large Size	High Quality															
Medium	Medium															
Small	Low															
Size: Growth	Quality: —															
Style: Medium	Maturity: —															

Sector Weightings % of stocks 09-30-02

Information Economy	15.1
Software	4.1
Hardware	7.5
Media	2.5
Telecommunication	0.9
Service Economy	66.0
Healthcare	19.8
Consumer Services	12.9
Business Services	21.0
Financial Services	12.3
Manufact. Economy	18.9
Consumer Goods	2.1
Industrial Materials	7.2
Energy	9.6
Utilities	0.0

Top 10 Securities 09-30-02

% Net Assets	Total Stocks:	Total Bonds:
2.29	128	0
2.07	Affiliated Comp Svcs A	
1.75	Omnicare	
1.73	Anthem	
1.45	Whole Foods Market	
1.43	Ocean Energy	
1.43	ITT Inds	
1.43	Waddell & Reed Finl Cl A	
1.43	Rockwell Collins	
1.35	Manpower	
1.35	BJ Svcs	

Country	Sector
USA	Business Services
USA	Healthcare Services
USA	Financial Services
USA	Consumer Services
USA	Energy
USA	Industrial Goods
USA	Financial Services
USA	Industrial Goods
USA	Business Services
USA	Energy

International Investments 09-30-02

Regional Exposure	% of stocks
Americas	98.2
Greater Europe	0.6
Greater Asia	1.2

Top Five Countries

(out of 0 countries) % of stocks	
United States	96.3
Canada	2.0
Israel	1.2
United Kingdom	0.6

16 % Net Assets in Top 10 Securities

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T. Rowe Price Mid Gr

12-31-2002

EQ Style

Medium/Growth

FI Style

-

Morningstar Category

Mid-Cap Growth

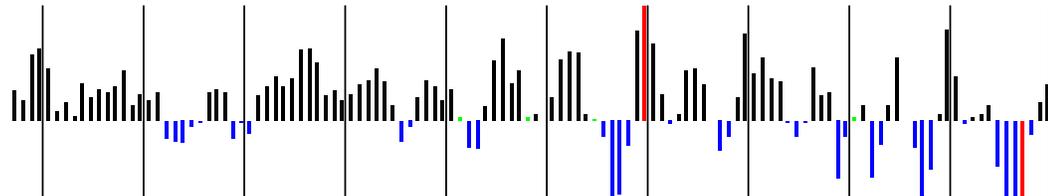
Short-Term Volatility

3 Mo Rolling Return

Best Rtn 26.79 % 10/1998-12/1998
Worst Rtn -18.88 % 07/2002-09/2002

Out of 124 periods

Num of times Below T-bill 42
Num of times Below Zero 37



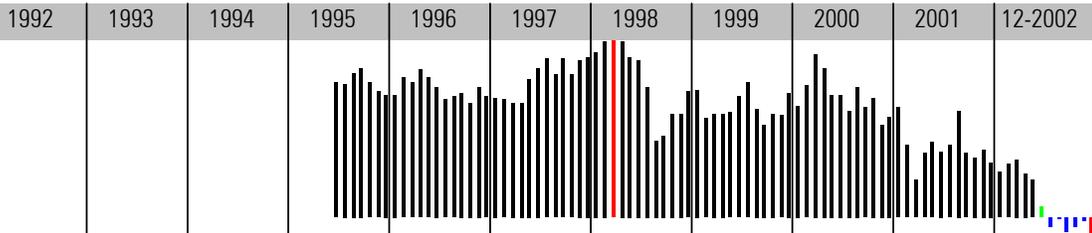
Longer-Term Volatility

3 Yr Rolling Return (Annualized)

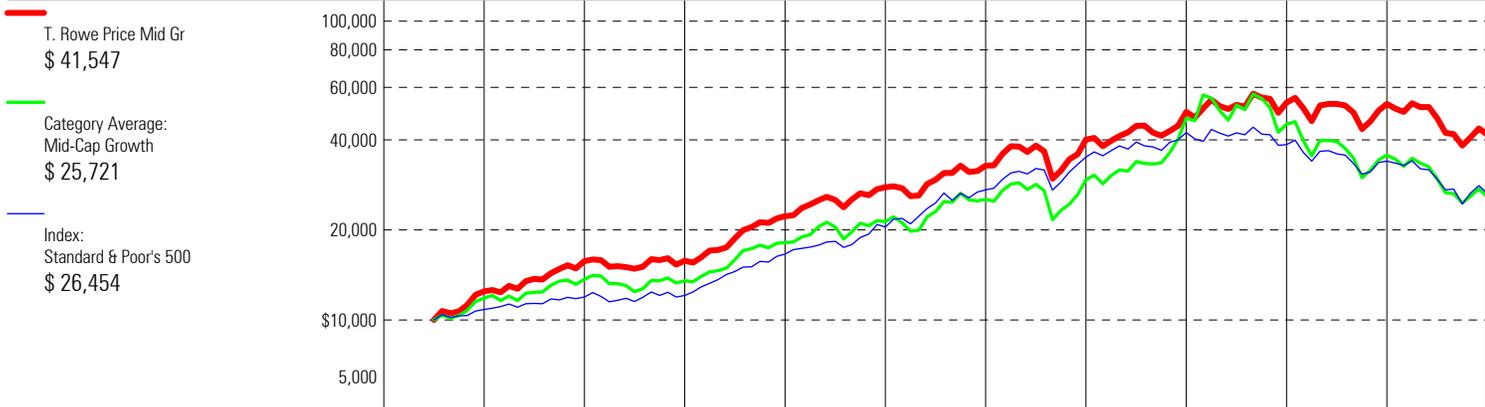
Best Rtn 30.76 % 04/1995-03/1998
Worst Rtn -5.72 % 01/2000-12/2002

Out of 91 periods

Num of times Below T-bill 7
Num of times Below Zero



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate	—	■	■	■	■	■	■	■	■	■	■
Total Return %	—	26.24	0.29	40.95	24.84	18.33	22.00	23.78	7.43	-0.98	-21.22
+/- Standard & Poor's 500	—	16.18	-1.02	3.41	1.90	-15.02	-6.58	2.74	16.53	10.90	0.87
Income \$	—	—	—	—	—	—	—	—	—	—	—
Capital Gains \$	0.18	0.30	0.37	0.79	0.69	0.30	0.73	1.88	3.27	—	—
Expense Ratio %	1.25	1.25	1.25	1.25	1.04	0.95	0.91	0.87	0.86	0.89	0.89
Net Assets (\$mil)	27.6	64.5	100.5	264.0	1021.0	1838.7	3310.2	5243.5	6588.9	6739.4	—
NAV	12.27	15.18	14.85	20.13	24.43	28.60	34.08	40.13	39.79	39.40	31.04

Trailing-Time-Period Performance

12-31-2002

	Inception 06-30-92	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	■	■	■	■	■	■	—
Total Return %	14.52	-21.22	8.49	-21.22	-5.72	4.82	12.80	—
+/- Standard & Poor's 500	—	0.87	0.07	0.87	8.83	5.40	3.46	—
Load-Adjusted Return %	14.52	-21.22	8.49	-21.22	-5.72	4.82	12.80	—
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 278	Front-End Load:	0.00 %	12 Month:	0.00 %
Expense Ratio:	0.89 %		5 Yr: \$ 482	Deferred Load:	0.00 %	SEC	— %

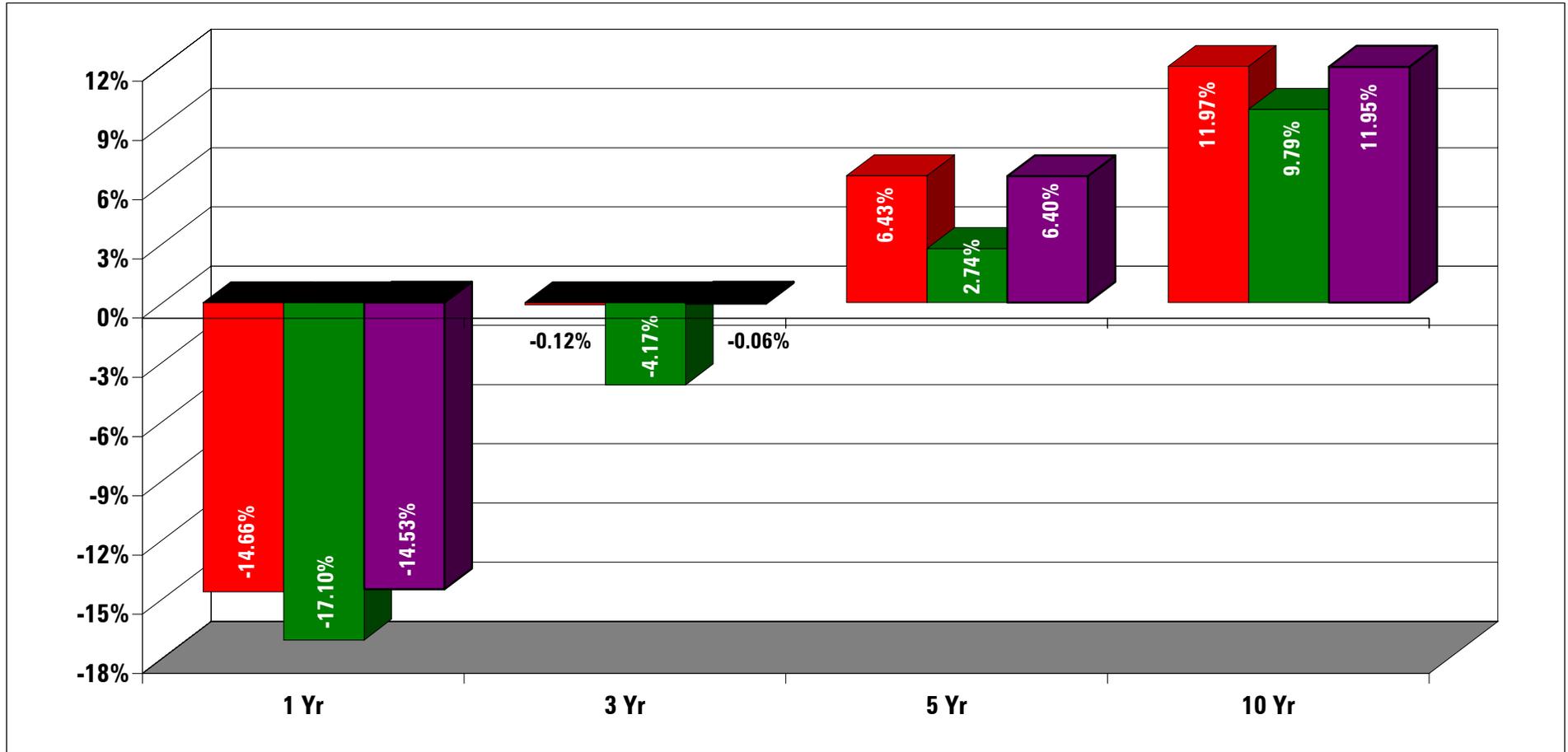
Yield

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MidCap Equity Index Fund

December 31, 2002



Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
MidCap Equity Index Fund	Mid-Cap Blend	-	-14.66%	-0.12%	6.43%	11.97%	-	-
Mstar Category Average Tot Ret: Mid Cap Blend Funds	Mid-Cap Blend	-	-17.10%	-4.17%	2.74%	9.79%	-	-
Benchmark Index: S&P 400 Mid Cap Index	-	-	-14.53%	-0.06%	6.40%	11.95%	-	-

MidCap Equity Index Fund W

December 31, 2002

FUND FACTS

A collective investment fund managed by Barclays Global Investors, N.A.

WHO SHOULD CONSIDER INVESTING IN THIS FUND?

This fund is intended for long-term investors seeking high returns that reflect the growth potential of mid-sized US companies. The fund tracks its benchmark, the Standard & Poor's MidCap 400 Index.

RISK/RETURN POTENTIAL

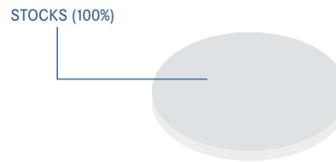


This chart is for illustrative purposes only and does not predict future risk or performance.

The fund is NOT FDIC insured, is NOT an obligation or deposit of, or guaranteed by, Barclays Global Investors or its affiliates and involves investment risk, including possible loss of principal.

WHAT THE FUND INVESTS IN:

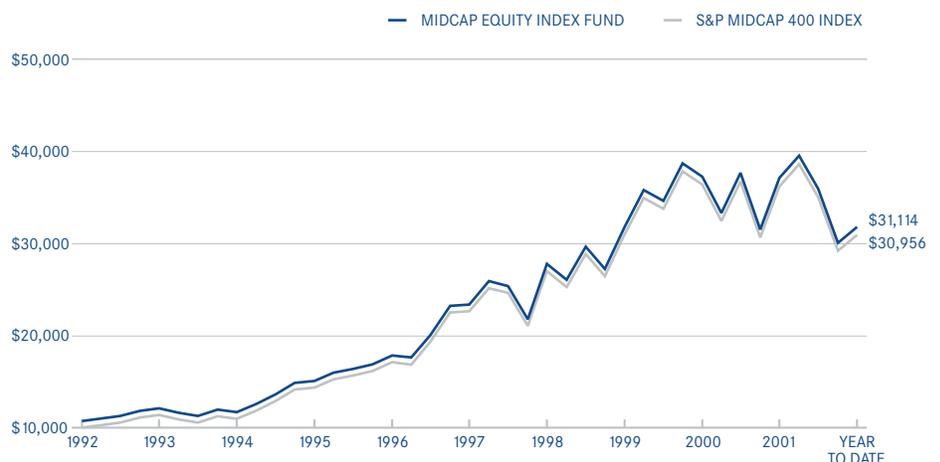
This fund invests in the stocks of the 400 medium-sized US companies that make up the S&P MidCap 400 Index. These companies represent the middle tier of the US stock market while the S&P 500 Index represents the largest tier of the US market.



WHY INVEST IN MID-CAPITALIZATION US STOCKS?

Because of their growth potential, investing in medium-sized companies can offer higher returns than investing in more established companies. However, with this growth potential comes a higher risk level. The MidCap Equity Index Fund attempts to manage this risk by diversifying its investments among mid-capitalization stocks from all sectors of the US economy. Stock investing may be an essential component of a sound investment strategy and is geared to providing long-term growth rather than current income.

GROWTH OF \$10,000



This graph represents the growth of a hypothetical investment of \$10,000. It assumes reinvestment of all income, and does not take into consideration any management fees. Past performance is no guarantee of future results.

PERFORMANCE NOTES

All values are unaudited and subject to revision. All income is reinvested in the fund. The fund's inception is 2/1/01. Fund returns since inception are reported after management fees and certain transaction costs and expenses charged to the fund. Returns from 2/29/92 to 2/1/01 are those of a daily fund with similar investment strategy, and are calculated gross of investment management fees. The S&P MidCap 400 Index is an unmanaged index that tracks the performance of 400 mid-sized companies. The index was created in June 1991. Past performance does not guarantee future results. Any returns shown as less than one year are cumulative returns.

FEES AND EXPENSES

Total management fees and other expenses charged to the fund were approximately .04% of the fund's estimated average assets.

FUND MANAGER

Barclays Global Investors, N. A. is the manager and trustee for the fund.

FUND STRUCTURE

The MidCap Equity Index Fund W invests in underlying collective investment funds which in turn invest in the securities mentioned in this fact sheet. Descriptions of the fund in some cases refer to the underlying funds. The fund or underlying funds may also invest in cash and use derivatives (including futures) for non-speculative purposes.

The fund is a collective investment fund and is privately offered. Prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your service representative.

www.barclaysglobal.com

WHAT IS AN INDEX FUND?

Index funds seek to match the performance of a specific index of securities, such as the S&P 400 MidCap Index. To do that, an index fund invests in many or all of the same stocks, bonds or money market instruments that make up the index. Because the fund manager seeks to track rather than beat the index, there is low turnover of securities in the fund, which results in minimized trading costs for investors.

PERFORMANCE RETURNS (%)

	FUND	BENCHMARK [†]
Fourth Quarter	5.80	5.83
Year to Date	-14.65	-14.51
One Year	-14.65	-14.51
Three Year*	-0.12	-0.05
Five Year*	6.43	6.43
Since Inception*	11.81	11.80

*Average annualized return † S&P MidCap 400 Index

TOP 10 HOLDINGS (%)

M & T Bank Corporation	1.04
Washington Post	1.00
Affiliated Computer Svcs	0.99
Gilead Sciences Inc	0.95
Symantec Corp	0.83
Weatherford Intl Ltd	0.74
IDEC Pharmaceuticals Corp	0.72
Microchip Technology Inc	0.71
Natl Commerce Financial Corp	0.70
American Water Works Co Inc	0.65

SECTOR DIVERSIFICATION (%)

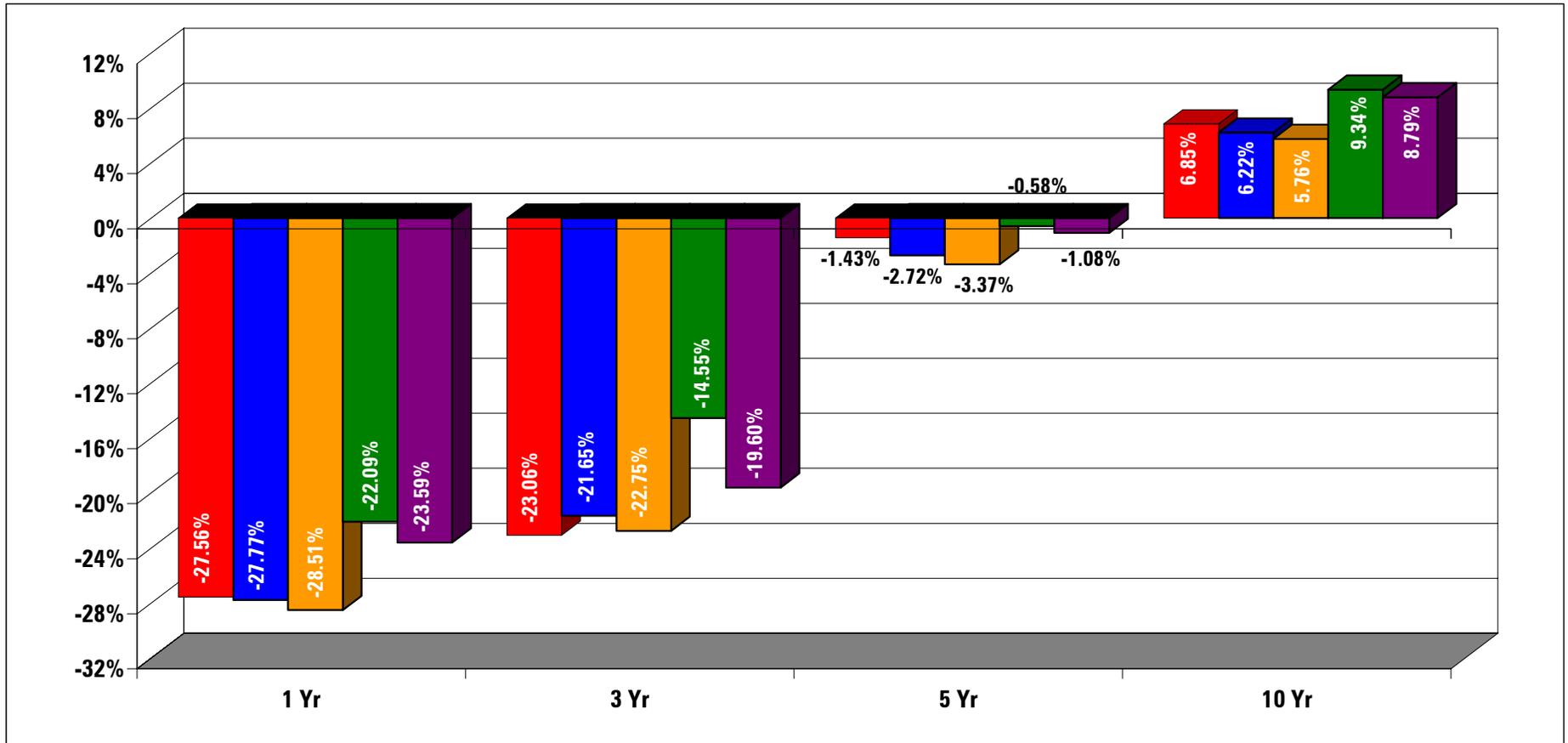
Basic Materials	3.99
Communications	8.14
Consumer, Cyclical	13.29
Consumer, Non-cyclical	20.67
Energy	8.73
Financial	18.37
Industrial	10.14
Technology	9.89
Utilities	6.79

ADDITIONAL INFORMATION

Yield	1.19%
Beta	0.93
Number of holdings	400

Janus Fund

December 31, 2002

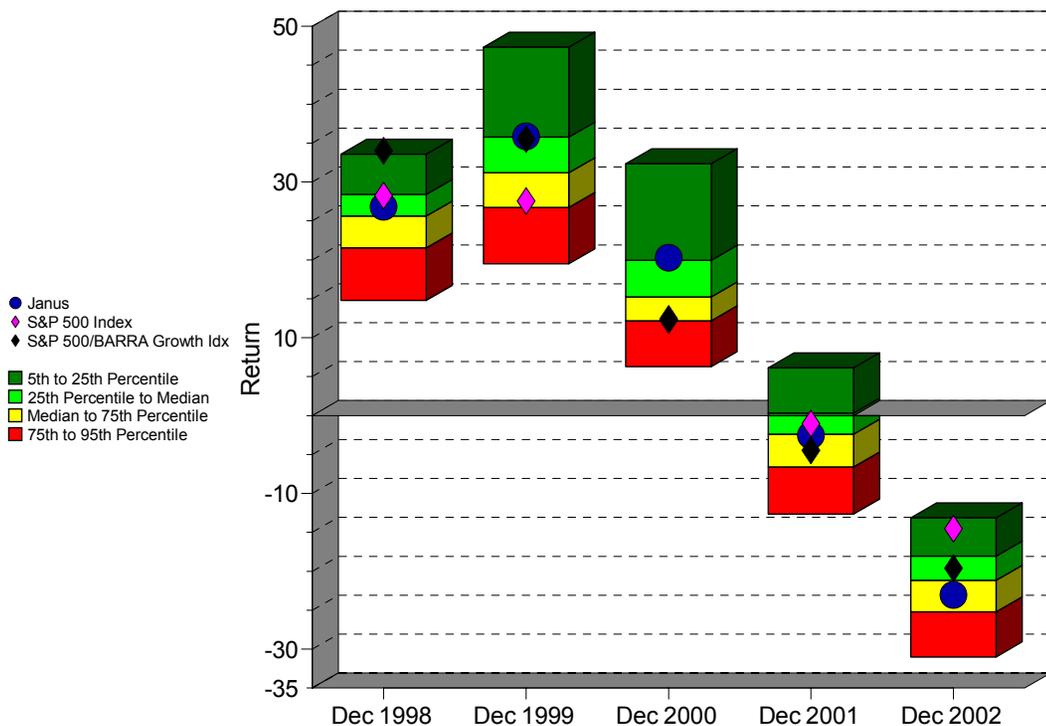


Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Category Rating	% Rank Category 3 Yr
Janus Fund	Large-Cap Growth	Large-Cap/Growth	-27.56%	-23.06%	-1.43%	6.85%	3	62
Mstar Category Average Tot Ret: Large Cap Growth Funds	Large-Cap Growth	-	-27.77%	-21.65%	-2.72%	6.22%	-	-
Peer Group Average: Lipper Large Cap Growth Funds	-	-	-28.51%	-22.75%	-3.37%	5.76%	-	-
Benchmark Index: S&P 500 Index	-	-	-22.09%	-14.55%	-0.58%	9.34%	-	-
Benchmark Index: S&P 500 Barra Growth Index	-	-	-23.59%	-19.60%	-1.08%	8.79%	-	-

Janus Fund

Manager vs Universe: Return

Morningstar Large Cap Growth Universe



	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	33.57%	47.31%	32.33%	6.12%	-13.13%
25th Percentile	28.40%	35.77%	19.92%	0.31%	-18.04%
Median	25.63%	31.18%	15.23%	-2.41%	-21.17%
75th Percentile	21.53%	26.74%	12.15%	-6.60%	-25.22%
95th Percentile	14.79%	19.47%	6.27%	-12.64%	-31.00%
Janus	26.80%	35.86%	20.25%	-2.56%	-23.06%
S&P 500 Index	28.23%	27.56%	12.26%	-1.03%	-14.55%
S&P 500/BARRA Growth Index	34.00%	35.52%	12.42%	-4.46%	-19.61%

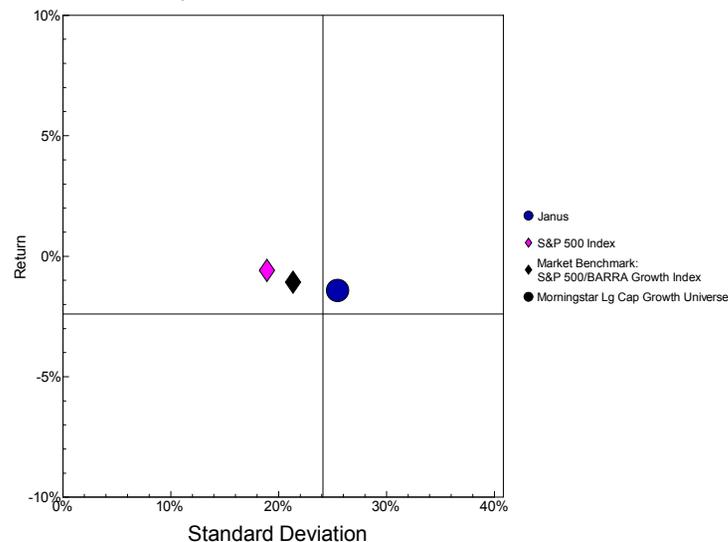
Morningstar Large Cap Growth Universe

Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

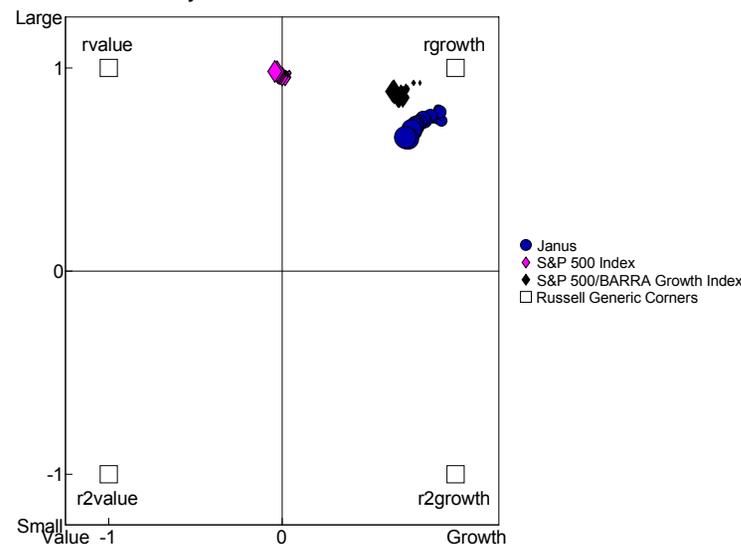
January 1998 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly

January 1998 - December 2002



Janus

12-31-2002

Rating

★★★

Manager Name

Rollins, Blaine P.

Morningstar Category

Large Growth

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	Average
Return	—	Average
Rating	—	★★★

Prospectus Summary

Janus Fund seeks long-term capital growth consistent with preservation of capital.

The fund invests primarily in common stocks of larger, more-established companies, though it may invest in a large number of issuers of any size. The advisor uses a bottom-up approach to choosing investments, emphasizing companies with earnings-growth potential. It may invest without limit in foreign securities. The fund may also invest in preferred stocks, warrants, government securities, and corporate debt. It may use derivatives for hedging purposes or as a means of enhancing return.

Manager Profile

Blaine P. Rollins. Since 01-00. CFA '94. BS '89 U. of Colorado.

Analysis by Brian Portnoy 12-13-02

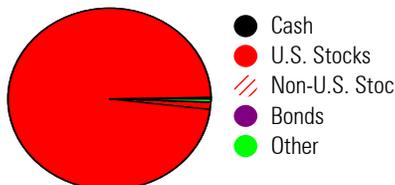
Despite a recent blowup, newly reopened Janus Fund remains a decent option. Earlier in 2002, this fund held more shares of hospital operator Tenet Healthcare THC than any other offering. According to its most recent publicly available portfolio, it owned 11.5 million shares, or about 2.4% of the company's outstanding shares. Thus, it was a rude awakening for manager Blaine Rollins when the company came under fire in October for allegedly bilking Medicare with excessive prices. The stock quickly lost two thirds of its value, and Rollins proceeded to slash his stake. (He and other Janus managers had been big fans of Tenet: According to a recent SEC filing, the Janus fund family boosted its number of shares by 29% during 2002's third quarter, not long before it blew up.)

Fortunately for shareholders, Rollins runs a diversified portfolio of about 100 names and no longer makes huge individual stock bets. Thus, despite the Tenet debacle, the fund actually posted outsized gains relative to other large-growth rivals during the market's autumn rally. Thanks to rebounds in chip stocks such as Maxim Integrated Products MXIM and media-related issues including AOL AOL, it climbed 19.6% from the market bottom on Oct. 9, through the end of November. Meanwhile, the fund's year-to-date performance is average: Its 25.1% loss is virtually identical to the group norm.

Now that Janus has once again opened this fund's doors to new investors, there's reason to consider it for large-growth exposure (and for beleaguered shareholders to stay the course). No, it's not a standout compared with other large-growth options, nor do episodes with Tenet and Tyco TYC inspire added confidence in the fund's ability to identify high-quality businesses with savvy, forthright managers. But its bull-market performance and sufficiently solid showings during bear-market growth rallies indicate that the fund should stay in the hunt when the market one day smiles again on growth-oriented investing.

Investment Approach 10-31-02

Composition % of assets 10-31-02



Investment Style

Equity Style	Fixed-Income Maturity									
Value Blend Growth	Short Int Long									
<table border="1"> <tr> <td>Large Size</td> <td>—</td> <td>High Quality</td> </tr> <tr> <td>Medium</td> <td></td> <td>Medium</td> </tr> <tr> <td>Small</td> <td></td> <td>Low</td> </tr> </table>	Large Size	—	High Quality	Medium		Medium	Small		Low	Quality: — Maturity: —
Large Size	—	High Quality								
Medium		Medium								
Small		Low								
Size: Growth	Style: Large									

Sector Weightings % of stocks 10-31-02

Information Economy	34.2
Software	0.6
Hardware	14.4
Media	19.0
Telecommunication	0.2
Service Economy	48.0
Healthcare	9.4
Consumer Services	10.7
Business Services	10.2
Financial Services	17.7
Manufact. Economy	17.7
Consumer Goods	7.1
Industrial Materials	10.2
Energy	0.0
Utilities	0.4

Top 10 Securities 10-31-02

% Net Assets	Security
6.35	Viacom Cl B
5.94	Comcast
5.22	AOL Time Warner
4.73	Colgate-Palmolive
4.33	Linear Tech
4.22	Maxim Integrated Products
3.07	Walgreen
2.77	Tenet Healthcare
2.51	Bank of New York
2.06	XL Cap Cl A

Country	Sector
USA	Media
USA	Media
USA	Media
USA	Consumer Goods
USA	Hardware
USA	Hardware
USA	Consumer Services
USA	Healthcare Services
USA	Financial Services
USA	Financial Services

International Investments 10-31-02

Regional Exposure	% of stocks
Americas	98.5
Greater Europe	1.5
Greater Asia	0.0
Top Five Countries	
(out of 0 countries) % of stocks	
United States	98.6
Ireland	0.8
Canada	0.5

41 % Net Assets in Top 10 Securities

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Janus

12-31-2002

EQ Style

Large/Growth

FI Style

-

Morningstar Category

Large Growth

Short-Term Volatility

3 Mo Rolling Return

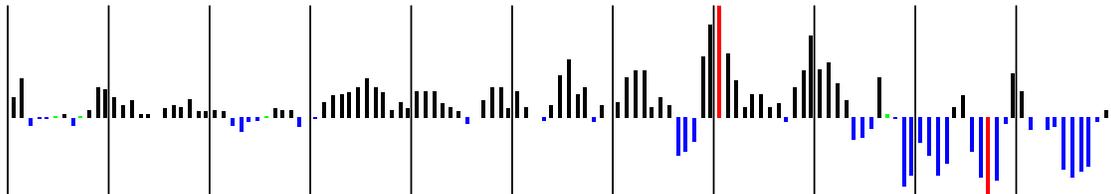
Best Rtn 34.51 % 11/1998-01/1999

Worst Rt. -25.82 % 07/2001-09/2001

Out of 132 periods

Num of times Below T-bill 50

Num of times Below Zero 45



Longer-Term Volatility

3 Yr Rolling Return (Annualized)

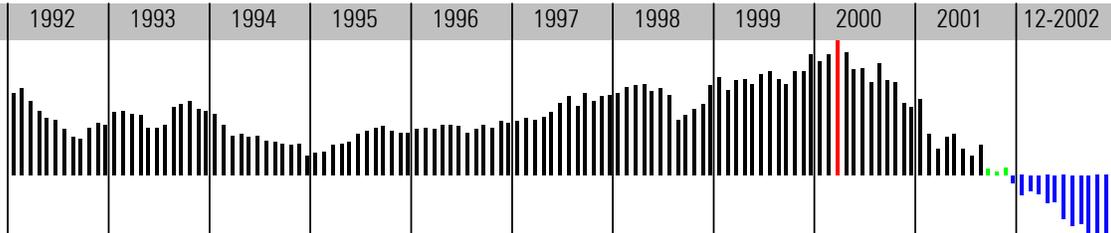
Best Rtn 40.55 % 04/1997-03/2000

Worst Rt -23.06 % 01/2000-12/2002

Out of 132 periods

Num of times Below T-bill 16

Num of times Below Zero

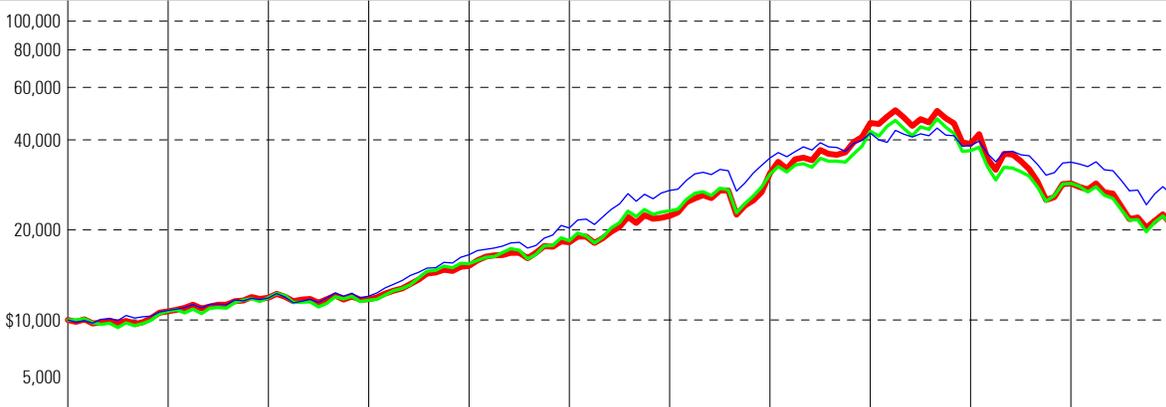


Growth of \$10,000

Janus
\$ 20,729

Category Average:
Large Growth
\$ 20,702

Index:
Standard & Poor's 500
\$ 26,277



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate	■	■	■	■	■	■	■	■	■	■	■
Total Return %	6.86	10.92	-1.10	29.43	19.61	22.72	38.89	47.13	-14.91	-26.10	-27.56
+/- Standard & Poor's 500	-0.76	0.86	-2.41	-8.11	-3.33	-10.63	10.31	26.09	-5.81	-14.22	-5.47
Income \$	0.29	0.39	0.01	0.78	0.21	0.23	0.08	—	0.55	—	—
Capital Gains \$	0.90	0.94	0.39	0.49	2.92	4.75	0.82	5.22	3.84	—	—
Expense Ratio %	0.97	0.92	0.91	0.86	0.85	0.86	0.87	0.84	0.84	0.83	0.83
Net Assets (\$mil)	5831.9	9199.6	9400.6	12466.2	15890.3	19280.2	25490.6	42330.2	39174.4	25621.8	15420.0
NAV	18.68	19.39	18.78	23.04	24.45	24.90	33.65	44.05	33.29	24.60	17.82

Trailing-Time-Period Performance

12-31-2002

	Inception 02-05-70	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	■	■	■	■	■	■	■
Total Return %	—	-27.56	1.89	-27.56	-23.06	-1.43	6.85	11.34
+/- Standard & Poor's 500	—	-5.47	-6.53	-5.47	-8.51	-0.85	-2.49	-0.13
Load-Adjusted Return %	—	-27.56	1.89	-27.56	-23.06	-1.43	6.85	11.34
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee: 0.00 % Expense Projection: 3 Yr: \$ 271 Front-End Load: 0.00 % 12 Month: 0.00 %
 Expense Ratio: 0.83 % 5 Yr: \$ 171 Deferred Load: 0.00 % SEC

Yield

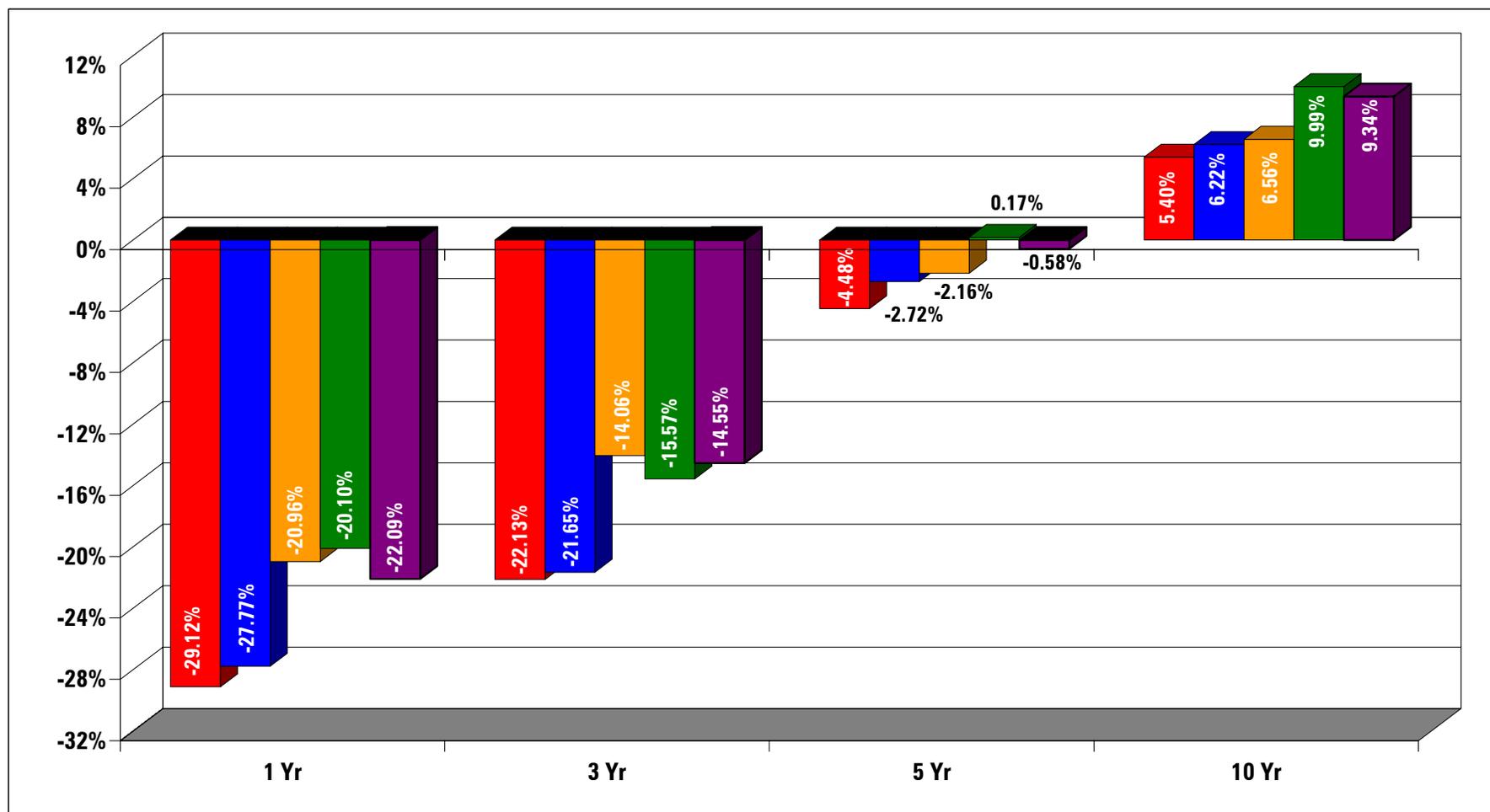
12 Month: 0.00 %

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The Dreyfus Premier Third Century Fund (Class R) *

December 31, 2002



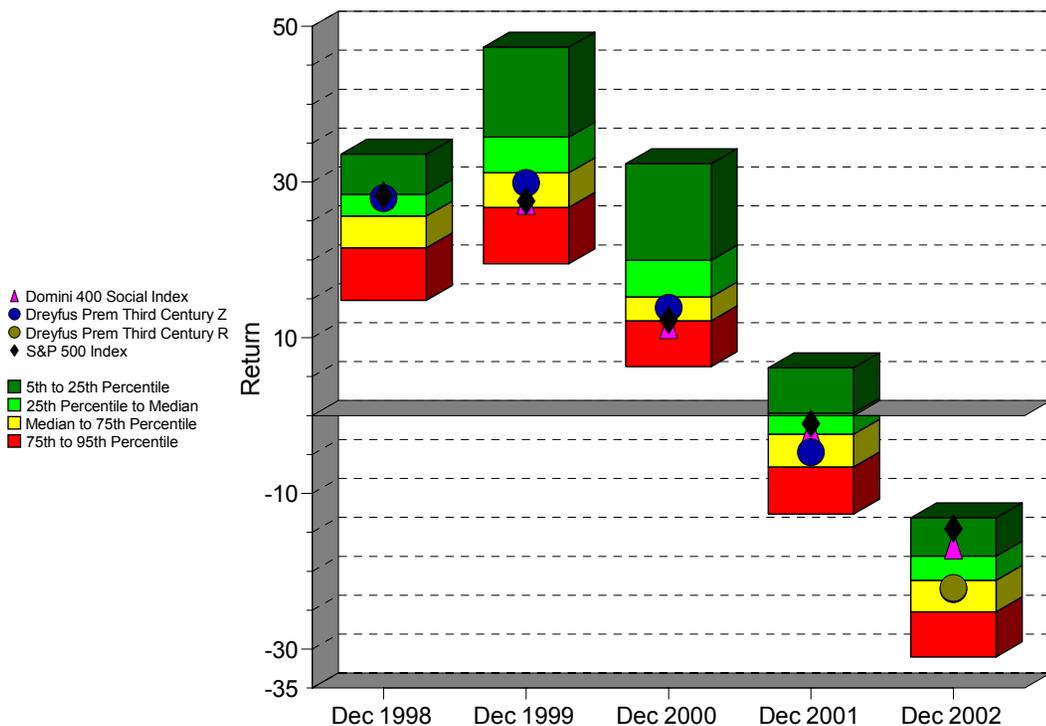
Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
The Dreyfus Premier Third Century Fund (Class R) *	Large-Cap Growth	Large-Cap/Growth	-29.12%	-22.13%	-4.48%	5.40%	3	56
Mstar Category Average Tot Ret: Large Growth Funds	Large-Cap Growth	-	-27.77%	-21.65%	-2.72%	6.22%	-	-
Peer Group Average: Large Cap Socially Responsible Funds	-	-	-20.96%	-14.06%	-2.16%	6.56%	-	-
Benchmark Index: Domini Social Index	-	-	-20.10%	-15.57%	0.17%	9.99%	-	-
Benchmark Index: S&P 500 Index	-	-	-22.09%	-14.55%	-0.58%	9.34%	-	-

* Closed to new or increased deferrals or exchanges / Returns for Class Z used for periods prior to the Class R inception date of 08/1999

The Dreyfus Premier Third Century Fund (Class R)

Manager vs Universe: Return

Morningstar Large Cap Growth Universe



	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	33.57%	47.31%	32.33%	6.12%	-13.13%
25th Percentile	28.40%	35.77%	19.92%	0.31%	-18.04%
Median	25.63%	31.18%	15.23%	-2.41%	-21.17%
75th Percentile	21.53%	26.74%	12.15%	-6.60%	-25.22%
95th Percentile	14.79%	19.47%	6.27%	-12.64%	-31.00%
Domini 400 Social Index	28.29%	27.56%	11.60%	-1.73%	-16.70%
Dreyfus Prem Third Century Z	27.93%	29.90%	13.85%	-4.73%	-22.29%
Dreyfus Prem Third Century R	N/A	N/A	N/A	N/A	-22.14%
S&P 500 Index	28.23%	27.56%	12.26%	-1.03%	-14.55%

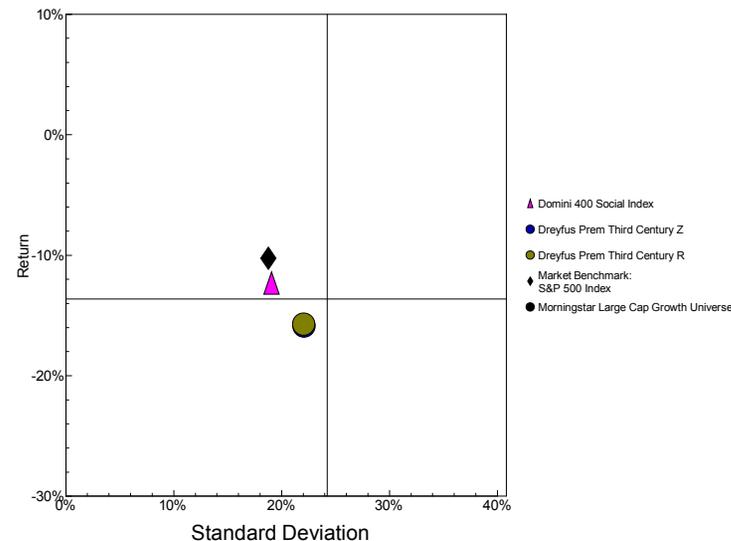
Morningstar Large Cap Growth Universe

Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

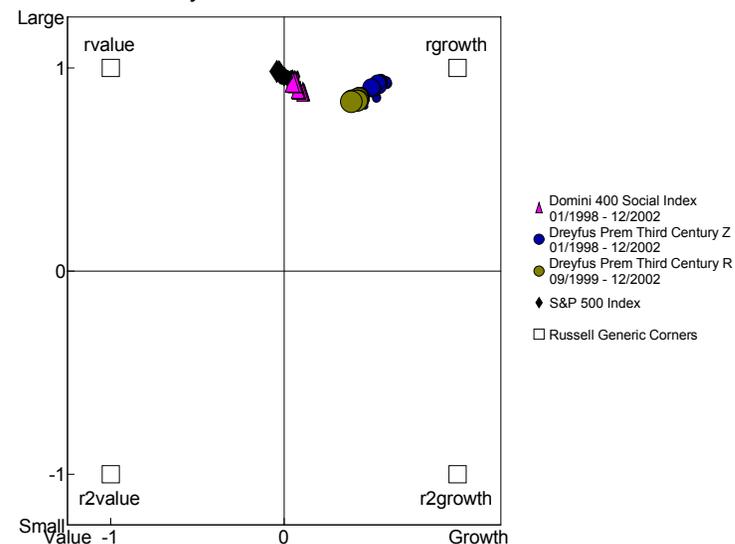
September 1999 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly

January 1998 - December 2002



Dreyfus Prem Thrd Cent R

12-31-2002

Rating

★★★

Manager Name

Tuttle/Hilton

Morningstar Category

Large Growth

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	Below Average
Return	—	Average
Rating	—	★★★

Analysis by Shannon Zimmerman 09-04-02

Dreyfus Premier Third Century Fund's prospects have recently brightened. Emerson Tuttle became lead manager at this large-growth offering in May 2002 following Dreyfus' decision to take subadvisor NCM Capital Management and manager Maceo Sloan off the case. Sloan had been at the helm since 1994, turning in performance slightly below the peer-group norm. Tuttle, on the other hand, regularly put up peer-besting numbers at SSgA Growth & Income SSGWX, the large-blend offering he ran from January 1998 through September 2001.

Though we're frequently critical of management shakeups, those divergent track records suggest that this change is in shareholders' best interests. The fund continues as a socially responsible offering, with all of the manager's picks passing through Dreyfus' social screens before being added to the portfolio. Tuttle says the portfolio transition is still under way, but going forward, shareholders should see a more consistent growth-oriented approach, even though he ran his earlier charge as a large-blend offering. Moreover, after the transition wraps up, Tuttle's buy-and-hold orientation should lead to a lower turnover ratio as well.

If recent purchases are any indication, investors may also detect a willingness to scoop up the market's unloved. Tuttle has added beaten-down conglomerate Tyco TYC to the portfolio, for instance, and though he has reduced the fund's overall tech stake, its position in that moribund sector is still pretty hefty. Semiconductor concern Applied Materials AMAT, whose share price has dropped precipitously this year, is another recent addition.

We like this fund's prospects with Tuttle at the helm and think current investors have ample reason to stay the course. Still, it's too soon to issue a ringing endorsement. New investors looking for a large-growth, socially responsible offering should keep an eye on this fund's open share classes while mulling more-proven options.

Prospectus Summary

Dreyfus Premier Third Century Fund seeks capital growth; current income is a secondary consideration.

The fund invests primarily in the common stock of companies that, in the opinion of the fund's management, meet traditional investment standards and conduct their business in a manner that contributes to the enhancement of the quality of life in America. It may invest in derivative instruments, such as options. The fund currently offers class A, B, C, R, T, and Z shares, all of which differ in fee structure and availability.

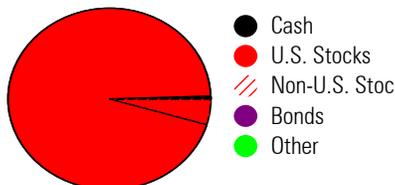
Manager Profile

L. Emerson Tuttle. Since 05-02. CFA. J.D.. Suffolk Law School.

Paul A. Hilton. Since 07-02.

Investment Approach 09-30-02

Composition % of assets 09-30-02



Investment Style

Equity Style	Fixed-Income Maturity												
Value Blend Growth	Short Int Long												
<table border="1"> <tr><td>Large Size</td><td>—</td></tr> <tr><td>Medium</td><td>—</td></tr> <tr><td>Small</td><td>—</td></tr> </table>	Large Size	—	Medium	—	Small	—	<table border="1"> <tr><td>High Quality</td><td>—</td></tr> <tr><td>Medium</td><td>—</td></tr> <tr><td>Low</td><td>—</td></tr> </table>	High Quality	—	Medium	—	Low	—
Large Size	—												
Medium	—												
Small	—												
High Quality	—												
Medium	—												
Low	—												
Size: Growth	Quality: —												
Style: Large	Maturity: —												

Sector Weightings % of stocks 09-30-02

Information Economy	25.1
Software	6.1
Hardware	12.3
Media	5.1
Telecommunication	1.6
Service Economy	52.0
Healthcare	17.8
Consumer Services	9.7
Business Services	2.8
Financial Services	21.8
Manufact. Economy	23.0
Consumer Goods	10.7
Industrial Materials	7.4
Energy	4.3
Utilities	0.5

Top 10 Securities 09-30-02

% Net Assets	Total Stocks:	Total Bonds:
4.26	59	0
4.01		
3.84		
3.56		
3.32		
3.15		
2.91		
2.85		
2.58		
2.54		

Country	Sector
NLD	Energy
USA	Software
USA	Consumer Goods
USA	Consumer Services
USA	Consumer Goods
USA	Healthcare Services
USA	Media
USA	Healthcare Services
USA	Financial Services
USA	Industrial Goods

International Investments 09-30-02

Regional Exposure	% of stocks
Americas	95.7
Greater Europe	4.3
Greater Asia	0.0

Top Five Countries

(out of 0 countries) % of stocks	
94.9	United States
4.3	Netherlands
0.8	Bermuda
—	-

33 % Net Assets in Top 10 Securities

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Dreyfus Prem Thrd Cent R

12-31-2002

EQ Style

Large/Growth

FI Style

-

Morningstar Category

Large Growth

Short-Term Volatility

3 Mo Rolling Return

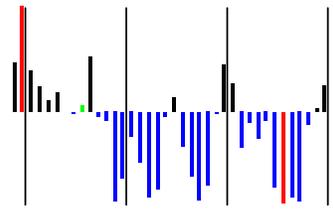
Best Rtn 21.20 % 10/1999-12/1999

Worst Rt. -18.69 % 05/2002-07/2002

Out of 38 periods

Num of times Below T-bill 26

Num of times Below Zero 25



Longer-Term Volatility

3 Yr Rolling Return (Annualized)

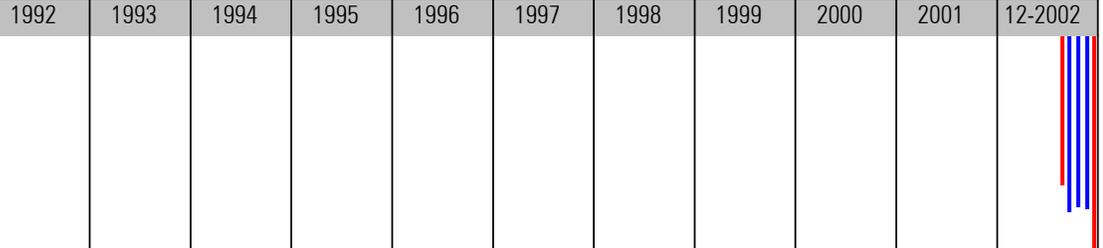
Best Rtn -15.65 % 09/1999-08/2002

Worst Rt -22.14 % 01/2000-12/2002

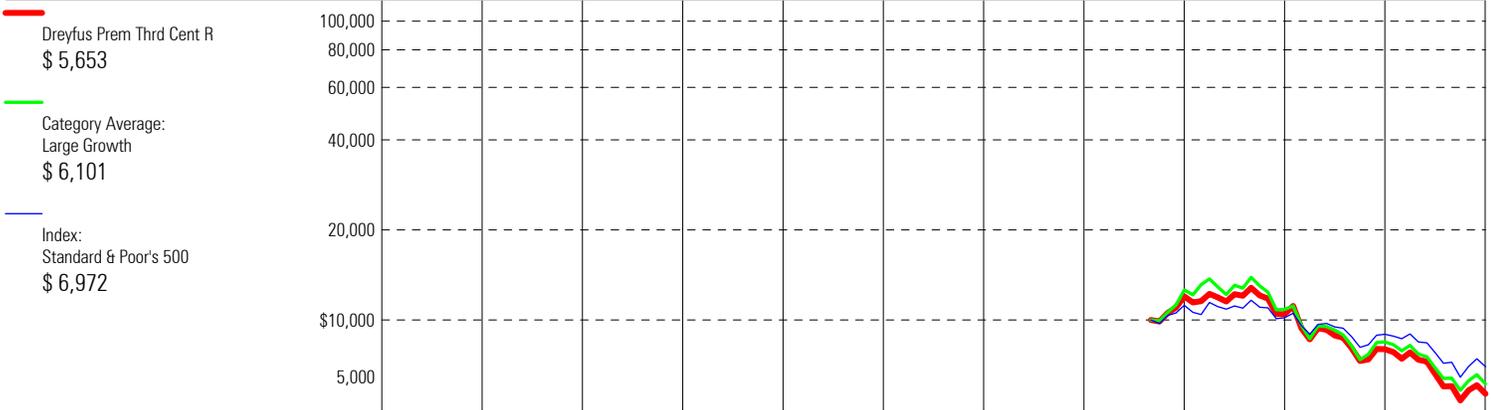
Out of 5 periods

Num of times Below T-bill 5

Num of times Below Zero



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate								—	■	■	■
Total Return %								—	-12.87	-23.57	-29.12
+/- Standard & Poor's 500	—	—	—	—	—	—	—	—	-3.77	-11.69	-7.03
Income \$								—	0.09	—	—
Capital Gains \$								1.35	0.84	0.07	—
Expense Ratio %								—	—	0.84	0.84
Net Assets (\$mil)								0.1	44.6	34.6	23.9
NAV								14.54	11.78	8.93	6.33

Trailing-Time-Period Performance

12-31-2002

	Inception 08-31-99	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	■	■	■	■	—	—	—
Total Return %	-15.72	-29.12	5.32	-29.12	-22.14	—	—	—
+/- Standard & Poor's 500	—	-7.03	-3.10	-7.03	-7.59	—	—	—
Load-Adjusted Return %	-15.72	-29.12	5.32	-29.12	-22.13	—	—	—
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 318	Front-End Load:	0.00 %	12 Month:	0.00 %
Expense Ratio:	0.84 %		5 Yr: \$ 552	Deferred Load:	0.00 %	SEC	— %

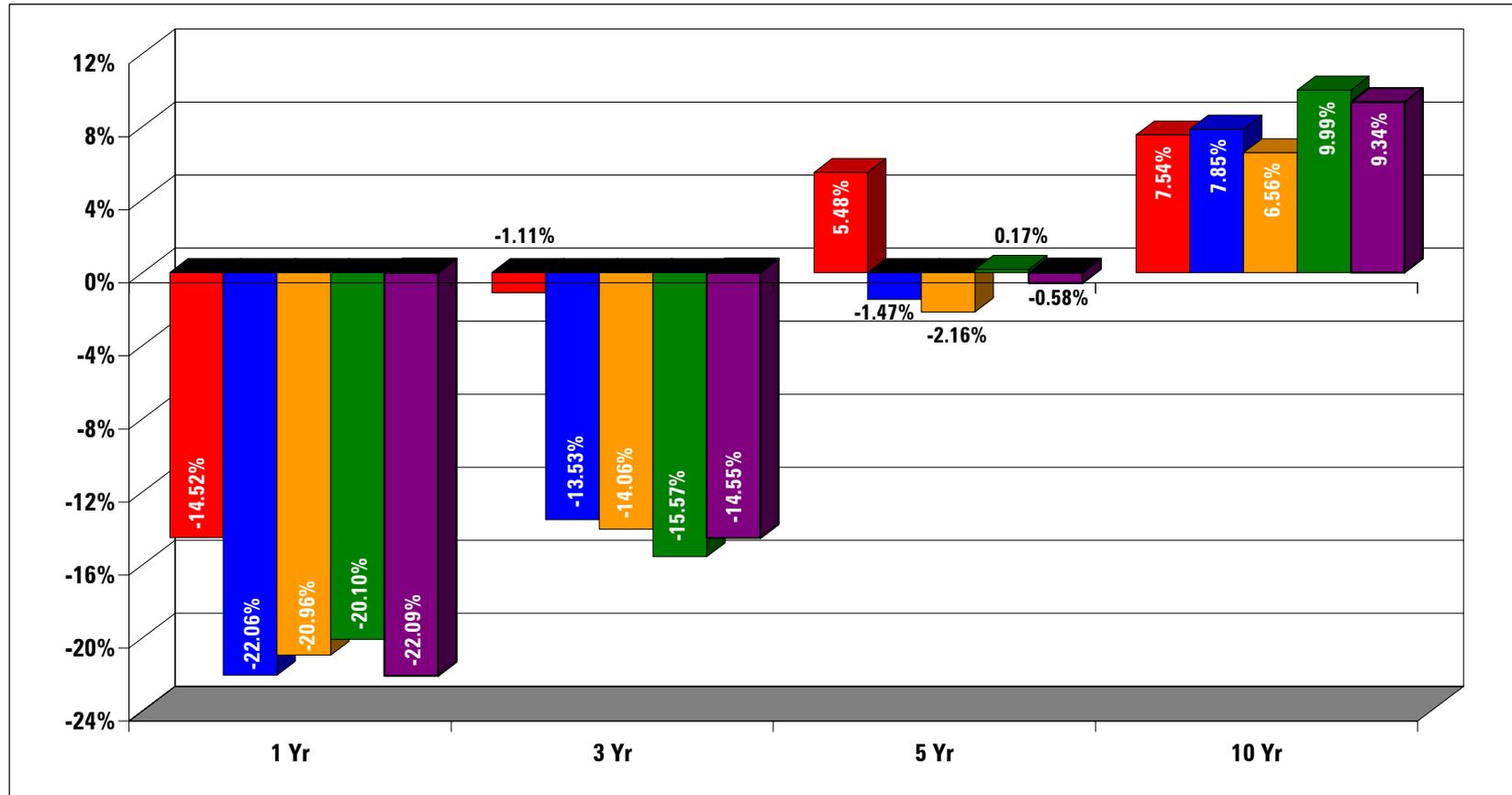
Yield

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Calvert Social Investment Fund - Equity Portfolio (Class I) *

December 31, 2002



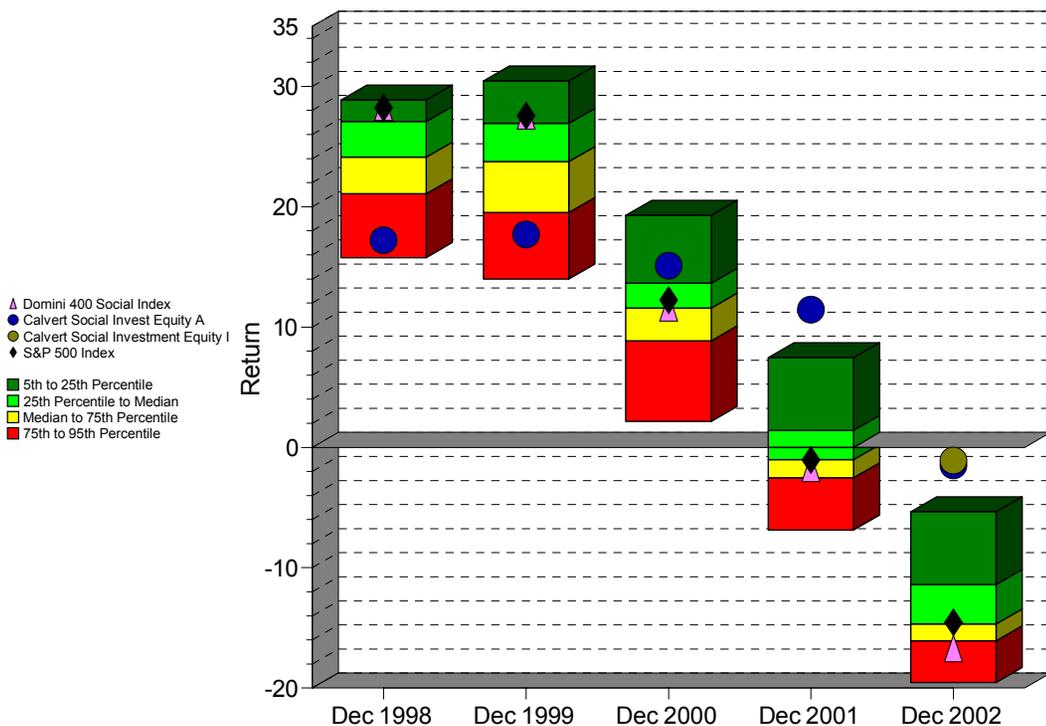
Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
Calvert Social Investment Fund - Equity Portfolio (Class I) *	Large-Cap Blend	Large-Cap/Growth	-14.52%	-1.11%	5.48%	7.54%	5	3
Mstar Category Average Tot Ret: Large Blend Funds	Large-Cap Blend	-	-22.06%	-13.53%	-1.47%	7.85%	-	-
Peer Group Average: Large Cap Socially Responsible Funds	-	-	-20.96%	-14.06%	-2.16%	6.56%	-	-
Benchmark Index: Domini Social Index	-	-	-20.10%	-15.57%	0.17%	9.99%	-	-
Benchmark Index: S&P 500 Index	-	-	-22.09%	-14.55%	-0.58%	9.34%	-	-

* Fund will be added to plan 4/18/03 / Returns for Class A used for periods prior to the Class I inception date of 11/1999

Calvert Social Investment Fund - Equity Portfolio (Class I)

Manager vs Universe: Return

Morningstar Large Cap Blend Universe



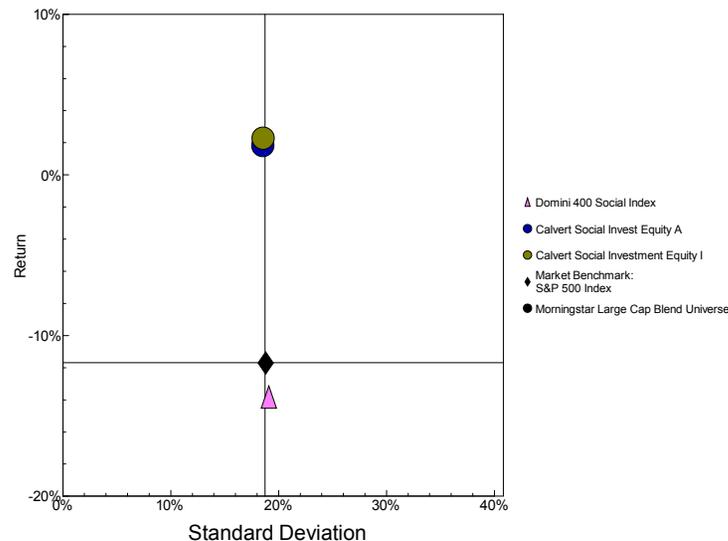
	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	28.86%	30.44%	19.28%	7.45%	-5.36%
25th Percentile	27.09%	26.92%	13.64%	1.41%	-11.39%
Median	24.12%	23.74%	11.59%	-1.00%	-14.67%
75th Percentile	21.07%	19.52%	8.85%	-2.53%	-16.08%
95th Percentile	15.77%	13.98%	2.15%	-6.86%	-19.53%
Domini 400 Social Index	28.29%	27.56%	11.60%	-1.73%	-16.70%
Calvert Social Invest Equity A	17.21%	17.69%	15.09%	11.44%	-1.49%
Calvert Social Investment Equity I	N/A	N/A	N/A	N/A	-1.11%
S&P 500 Index	28.23%	27.56%	12.26%	-1.03%	-14.55%

Morningstar Large Cap Blend Universe

Manager returns supplied by: Morningstar, Inc.

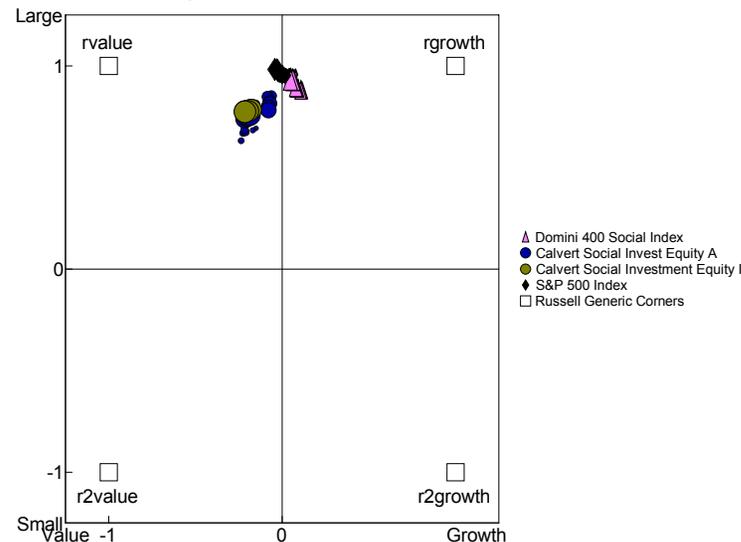
Manager Risk/Return

Single Computation
November 1999 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly
January 1998 - December 2002



Calvert Soc Inv Equity I

12-31-2002

Rating

★★★★★

Manager Name

Boone, III, Daniel W.

Morningstar Category

Large Blend

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	Above Average
Return	—	High
Rating	—	★★★★★

Analysis by Robert Gynn 08-29-02

Calvert Social Investment Equity Fund offers a lot to like. First, its relative performance has been stellar. After a break-even return placed it at the top of the large-blend category in 2001, a 14.2% decline through Aug. 28, 2002, though tough to swallow on absolute terms, finds it once again near the front of the pack. Second, the fund's standard deviation, a measure of volatility, is slightly less than that of its typical rival. This has provided shareholders with a relatively smooth ride to the fund's strong showing. Third, this offering has been able to pull off both feats while applying screens to eliminate alcohol, tobacco, gambling, and weapons companies, from consideration.

Most of the credit for this fund's winning ways goes to manager Daniel Boone. Since his arrival four years ago, he has transformed it from a run-of-the-mill offering to a top-of-the-line fund and a standout in the world of social investments. In accomplishing this, Boone searches for companies that he thinks offer solid business models and strong growth prospects, but he's leery of high valuations. This has lead him to health-care network manager WellPoint Health Networks WLP and dental-product manufacturer Dentsply International XRAY, each of which boasts double-digit gains so far this year. But like other socially screened funds, this offering tends to lean a bit toward faster-growing sectors such as technology, and Boone hasn't been able to avoid some of its pitfalls. These include Intel INTC and EMC EMC, both of which have weighed on returns.

The fund has other risks as well. The portfolio contains 50 to 55 names, which can hurt if a few holdings take a dive. Moreover, Boone will pick up mid-caps and small caps on occasion, which courts more risk. Even so, the course Boone has chartered should garner serious consideration from investors looking for a terrific core holding.

Prospectus Summary

Calvert Social Investment Fund Equity Portfolio seeks growth of capital.

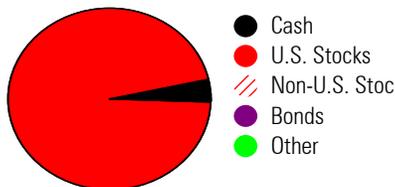
The fund normally invests at least 80% of assets in equity securities including common stocks, convertible securities, and preferred stocks. The fund believes that long-term rewards to investors will come from those organizations whose products, services, and methods enhance the human condition and the traditional American values of individual initiative, equality of opportunity, and cooperative effort. The fund currently offers Class A, B, C, and I shares, all of which differ in fee structure and availability.

Manager Profile

Daniel W. Boone, III, et al. Since 11-99. CFA. BA. Davidson C. MBA. U. of Pennsylvania-Wharton

Investment Approach 11-30-02

Composition % of assets 11-30-02



Investment Style

Equity Style	Fixed-Income Maturity									
Value Blend Growth	Short Int Long									
<table border="1"> <tr> <td>Large Size</td> <td>—</td> <td>High Quality</td> </tr> <tr> <td>Medium</td> <td>—</td> <td>Medium</td> </tr> <tr> <td>Small</td> <td>—</td> <td>Low</td> </tr> </table>	Large Size	—	High Quality	Medium	—	Medium	Small	—	Low	Quality: — Maturity: —
Large Size	—	High Quality								
Medium	—	Medium								
Small	—	Low								

Sector Weightings % of stocks 11-30-02

Information Economy	24.1
Software	4.2
Hardware	14.8
Media	0.0
Telecommunication	5.1
Service Economy	57.0
Healthcare	20.1
Consumer Services	10.8
Business Services	11.2
Financial Services	14.8
Manufact. Economy	19.0
Consumer Goods	6.2
Industrial Materials	7.1
Energy	3.0
Utilities	2.6

Top 10 Securities 11-30-02

% Net Total Stocks: 51
Assets Total Bonds: 1

Country	Sector
USA	Telecommunication
USA	Hardware
USA	Healthcare Services
USA	Financial Services
USA	Energy
USA	Healthcare Services
USA	Hardware
USA	Healthcare Services
USA	Utilities
USA	Healthcare Services

International Investments 11-30-02

Regional Exposure	% of stocks
Americas	100.0
Greater Europe	0.0
Greater Asia	0.0

Top Five Countries

(out of 0 countries) % of stocks	
United States	100.0
-	—
-	—
-	—

29 % Net Assets in Top 10 Securities

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Calvert Soc Inv Equity I

12-31-2002

EQ Style

Large/Growth

FI Style

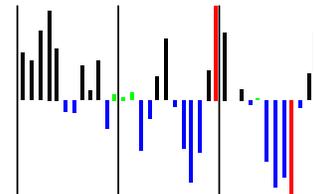
-

Morningstar Category

Large Blend

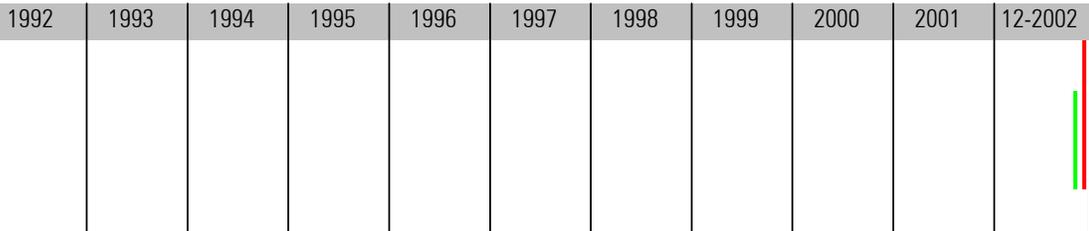
Short-Term Volatility

3 Mo Rolling Return											
Best Rtn	15.31 %	10/2001-12/2001									
Worst Rtn	-16.10 %	07/2002-09/2002									
Out of 36 periods											
Num of times Below T-bill	20										
Num of times Below Zero	16										

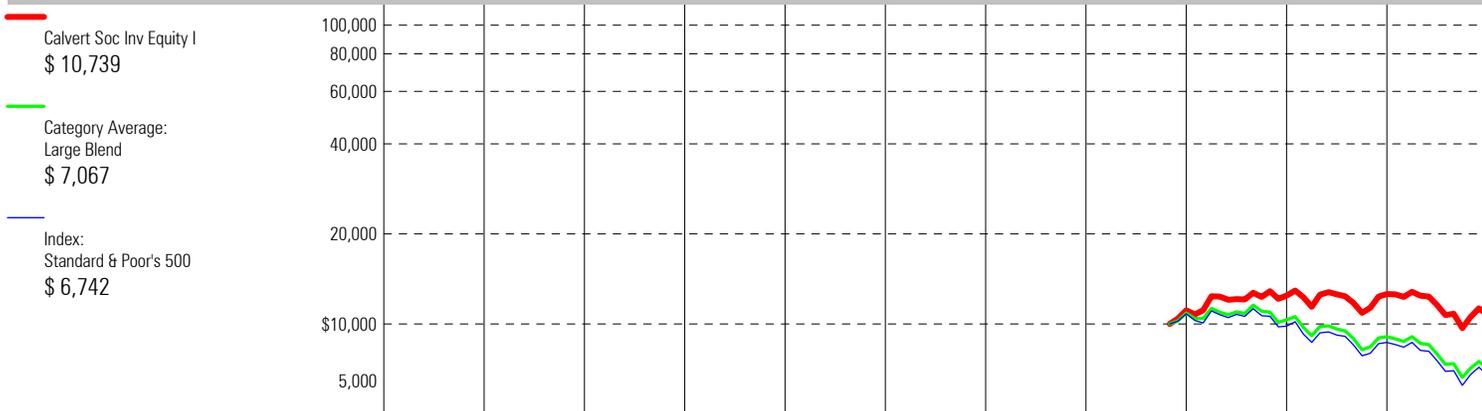


Longer-Term Volatility

3 Yr Rolling Return (Annualized)											
Best Rtn	2.69 %	12/1999-11/2002									
Worst Rtn	-1.11 %	01/2000-12/2002									
Out of 3 periods											
Num of times Below T-bill	3										
Num of times Below Zero											



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate								—	■	■	■
Total Return %								—	11.98	1.05	-14.52
+/- Standard & Poor's 500	—	—	—	—	—	—	—	—	21.08	12.93	7.57
Income \$								—	—	—	—
Capital Gains \$								1.83	1.63	0.88	0.02
Expense Ratio %								—	0.80	0.80	0.80
Net Assets (\$mil)								2.5	2.9	8.7	—
NAV								29.90	31.85	31.31	26.74

Trailing-Time-Period Performance

12-31-2002

	Inception 11-01-99	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	■	■	■	■	—	—	—
Total Return %	2.28	-14.52	10.96	-14.52	-1.11	—	—	—
+/- Standard & Poor's 500	—	7.57	2.54	7.57	13.44	—	—	—
Load-Adjusted Return %	2.28	-14.52	10.96	-14.52	-1.11	—	—	—
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ —	Front-End Load:	0.00 %	12 Month:	0.00 %
Expense Ratio:	0.80 %		5 Yr: \$ —	Deferred Load:	0.00 %	SEC	— %

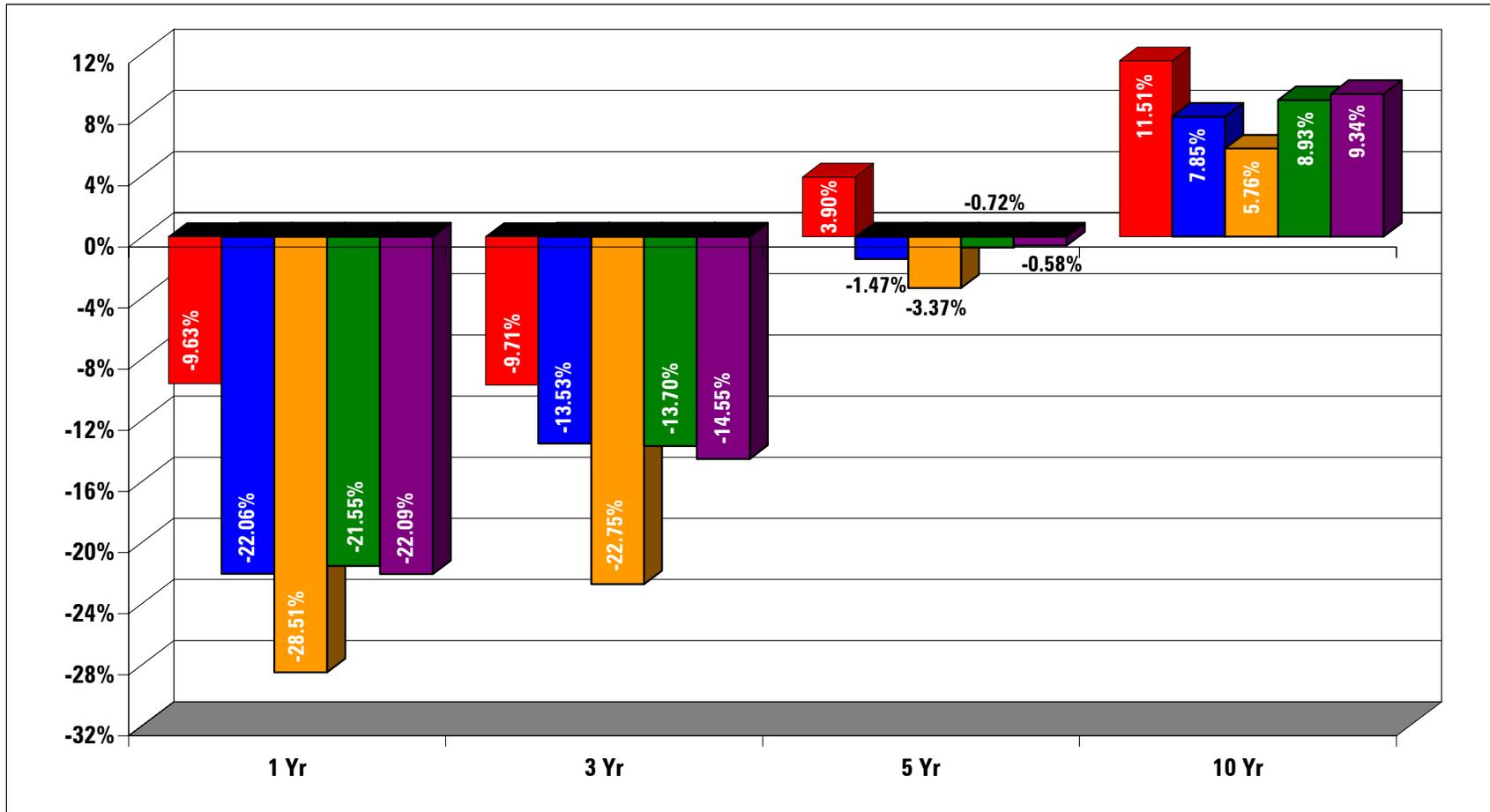
Yield

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Fidelity Contrafund

December 31, 2002

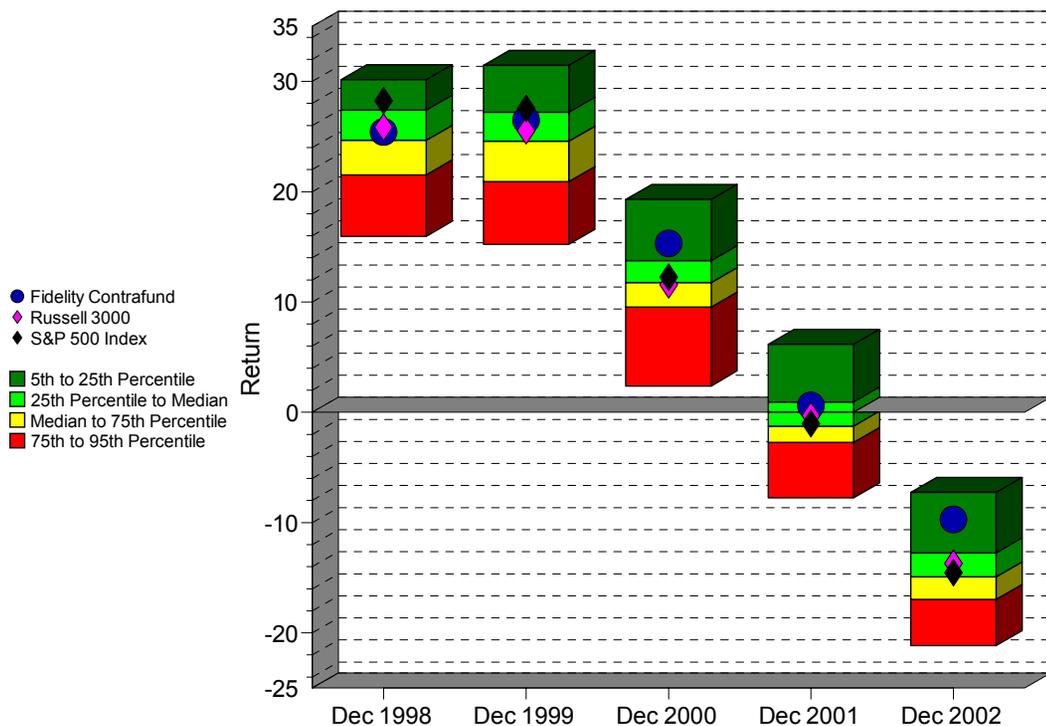


Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
Fidelity Contrafund	Large-Cap Blend	Large-Cap/Blend	-9.63%	-9.71%	3.90%	11.51%	4	15
Mstar Category Average Tot Ret: Large Blend Funds	Large-Cap Blend	-	-22.06%	-13.53%	-1.47%	7.85%	-	-
Peer Group Average: Lipper Large Cap Growth Funds	-	-	-28.51%	-22.75%	-3.37%	5.76%	-	-
Benchmark Index: Russell 3000 Index	-	-	-21.55%	-13.70%	-0.72%	8.93%	-	-
Benchmark Index: S&P 500 Index	-	-	-22.09%	-14.55%	-0.58%	9.34%	-	-

Fidelity Contrafund

Manager vs Universe: Return

Morningstar Large Cap Blend Universe



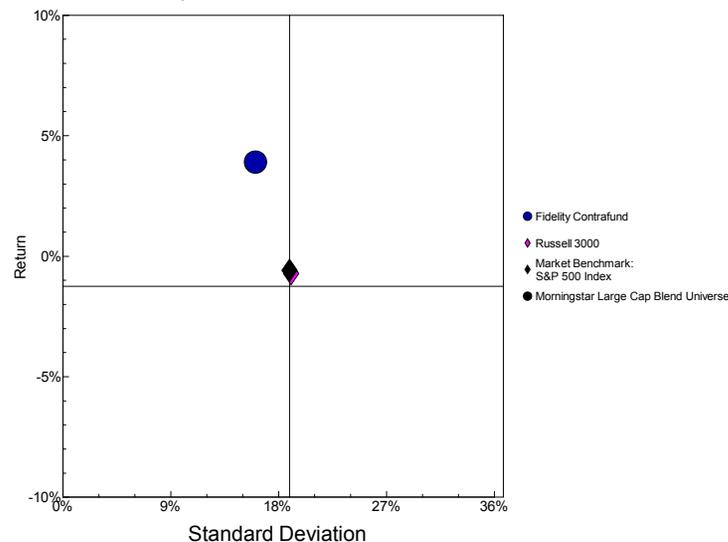
	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	30.14%	31.46%	19.30%	6.15%	-7.27%
25th Percentile	27.41%	27.22%	13.76%	0.95%	-12.73%
Median	24.66%	24.58%	11.76%	-1.25%	-14.93%
75th Percentile	21.53%	20.91%	9.53%	-2.73%	-16.95%
95th Percentile	15.96%	15.22%	2.39%	-7.76%	-21.15%
Fidelity Contrafund	25.43%	26.48%	15.31%	0.62%	-9.71%
Russell 3000	25.84%	25.52%	11.57%	-0.32%	-13.70%
S&P 500 Index	28.23%	27.56%	12.26%	-1.03%	-14.55%

Morningstar Large Cap Blend Universe

Manager returns supplied by: Morningstar, Inc.

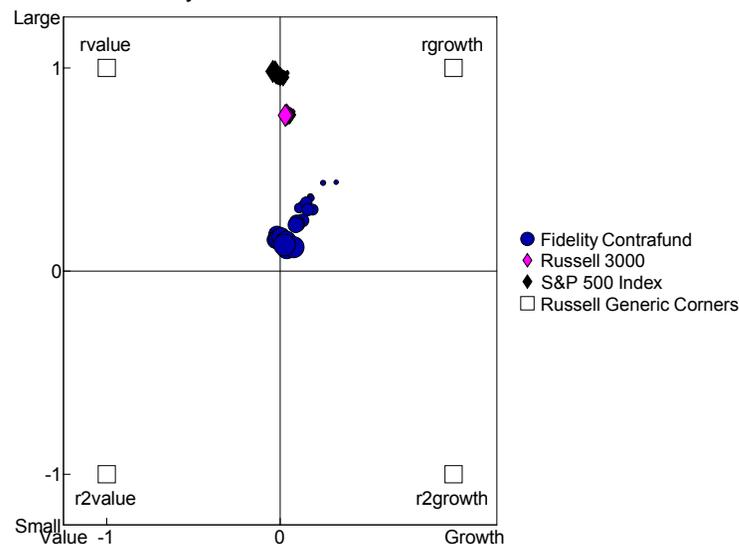
Manager Risk/Return

Single Computation
January 1998 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly
January 1998 - December 2002



Fidelity Contrafund

12-31-2002

Rating

★★★★★

Manager Name

Danoff, William

Morningstar Category

Large Blend

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	Below Average
Return	—	High
Rating	—	★★★★★

Analysis by Christopher J. Traulsen 12-10-02

Fidelity Contrafund continues to succeed where many big funds have failed. In relative terms, this fund's performance in 2002 has been little short of superb. Yes, it's down 10.3% for the year to date through Dec. 9, but that isn't at all bad in light of the general downturn in equity markets. It's actually quite good: The fund's benchmark S&P 500 Index and typical large-blend peer are each down more than 21% for the period.

Unlike many managers of funds with large asset bases, Will Danoff has served investors well by deviating substantially from his benchmark. Most notably, he has drastically underweighted technology stocks all year. He thought they were too expensive, and their earnings power too uncertain. Danoff nibbled a bit at tech names he thought were cheap at the end of September, but he still questions the earnings power in the sector. He also correctly put about 30% of the fund in mid-caps and has about 20% overseas.

Instead of tech, Danoff has favored names he thinks are trading at attractive prices, with steady earnings growth. He fared well with defense contractor Lockheed Martin LMT, and consumer-staples names such as Avon Products AVP and Pepsi Bottling Group PBG. He also bought a sizable position in Newmont Mining NEM, which is up 40% on the strength of rising gold prices in 2002. Health-care services names have also worked well for the fund, though Danoff was burned by sticking with hospital operator Tenet Healthcare THC for too long.

Over time, Danoff has done exceedingly well for shareholders here: The fund has handily beat the S&P 500 and its average peer over the trailing three, five, and 10 years, with less volatility than the norm. And despite the fund's enormous girth, he often seems one step ahead of the competition. There is a chance that the fund will be left behind if tech stocks mount a sustained rally, but we think that's a risk worth taking given Danoff's proven record of success. We continue to think this is a very good core holding.

Prospectus Summary

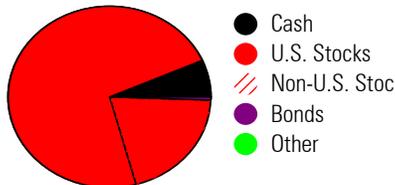
Fidelity Contrafund seeks capital appreciation. The fund invests primarily in common stocks and convertible securities that management judges to be undervalued. It may also invest in preferred stocks, warrants, and debt securities. Management seeks companies that are currently out of favor with the investing public and that may have favorable long-term outlooks because of termination of unprofitable operations; changes in management, industry, or products; or a possible merger or acquisition. The fund may invest up to 5% of assets in lower-quality debt obligations. It may also invest in foreign securities.

Manager Profile

William Danoff. Since 09-90. BA '82 Harvard U. MBA '86 U. of Pennsylvania MA '86 University of Pennsylvania, Wharton School

Investment Approach 06-30-02

Composition % of assets 06-30-02



Investment Style

Equity Style	Fixed-Income Maturity												
Value Blend Growth	Short Int Long												
<table border="1"> <tr><td>Large Size</td><td>—</td></tr> <tr><td>Medium</td><td>—</td></tr> <tr><td>Small</td><td>—</td></tr> </table>	Large Size	—	Medium	—	Small	—	<table border="1"> <tr><td>High Quality</td><td>—</td></tr> <tr><td>Medium</td><td>—</td></tr> <tr><td>Low</td><td>—</td></tr> </table>	High Quality	—	Medium	—	Low	—
Large Size	—												
Medium	—												
Small	—												
High Quality	—												
Medium	—												
Low	—												
Size: Growth	Quality: —												
Style: Large	Maturity: —												

Sector Weightings % of stocks 06-30-02

Information Economy	4.8
Software	1.6
Hardware	1.1
Media	2.0
Telecommunication	0.1
Service Economy	56.1
Healthcare	19.2
Consumer Services	11.5
Business Services	8.7
Financial Services	16.7
Manufact. Economy	39.1
Consumer Goods	20.2
Industrial Materials	13.8
Energy	5.0
Utilities	0.1

Top 10 Securities 06-30-02

% Net Total Stocks: 446
Assets Total Bonds: 6

Country	Sector
USA	Industrial Goods
USA	Consumer Goods
USA	Consumer Goods
USA	Financial Services
USA	Industrial Goods
USA	Consumer Goods
CAN	—
GBR	Energy
USA	Healthcare Services
USA	Healthcare Services

International Investments 06-30-02

Regional Exposure	% of stocks
Americas	84.9
Greater Europe	12.9
Greater Asia	2.2

Top Five Countries

(out of 0 countries) % of stocks	
United States	77.7
United Kingdom	7.5
Canada	5.8
Switzerland	2.0
Japan	1.6

23 % Net Assets in Top 10 Securities

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Fidelity Contrafund

12-31-2002

EQ Style

Large/Growth

FI Style

-

Morningstar Category

Large Blend

Short-Term Volatility

3 Mo Rolling Return

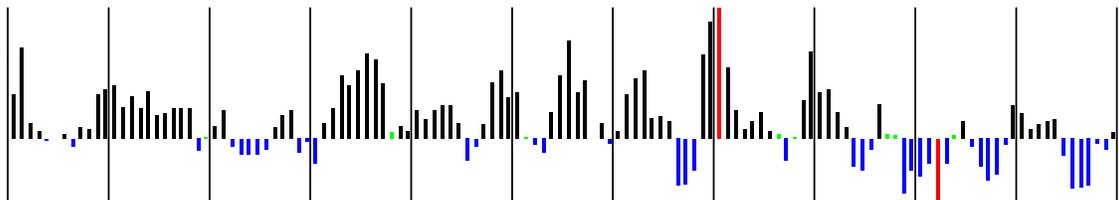
Best Rtn 26.68 % 11/1998-01/1999

Worst Rtn -13.18 % 01/2001-03/2001

Out of 132 periods

Num of times Below T-bill 50

Num of times Below Zero 41



Longer-Term Volatility

3 Yr Rolling Return (Annualized)

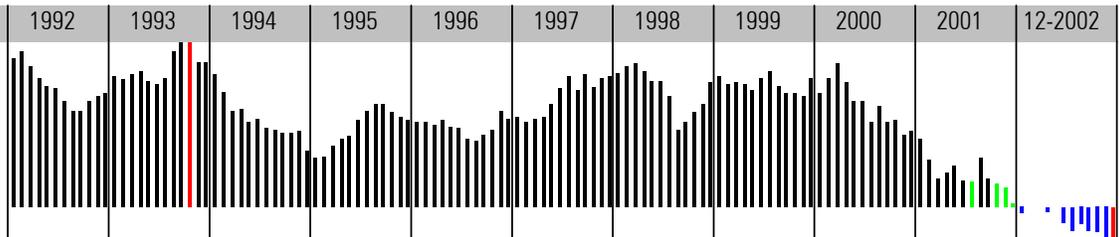
Best Rtn 34.13 % 11/1990-10/1993

Worst Rtn -9.71 % 01/2000-12/2002

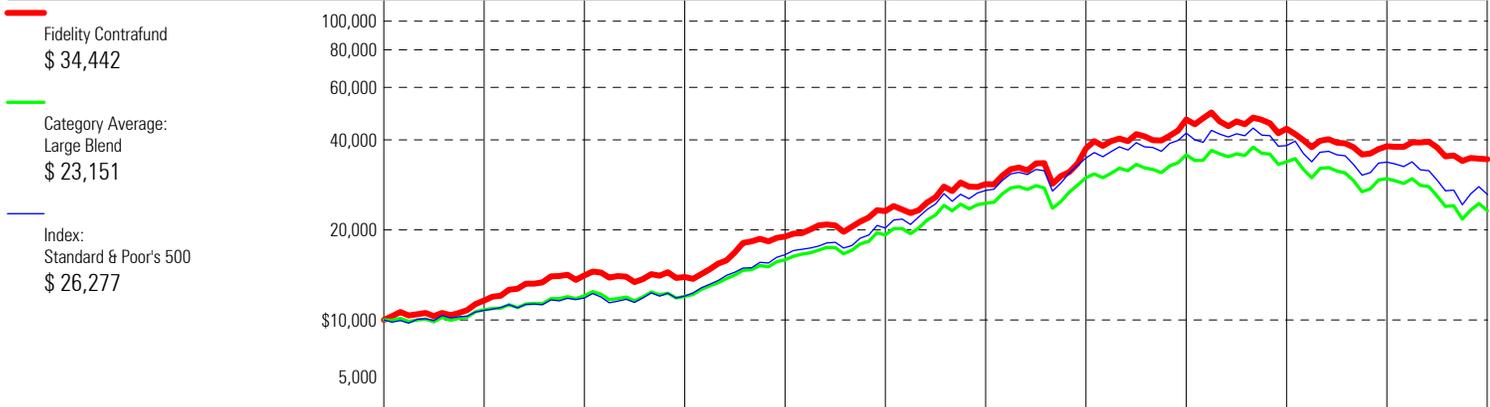
Out of 132 periods

Num of times Below T-bill 16

Num of times Below Zero



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate	■	■	■	■	■	■	■	■	■	■	■
Total Return %	15.89	21.43	-1.12	36.28	21.94	23.00	31.57	25.03	-6.80	-12.59	-9.63
+/- Standard & Poor's 500	8.27	11.37	-2.43	-1.26	-1.00	-10.35	2.99	3.99	2.30	-0.71	12.46
Income \$	0.20	0.18	—	0.09	0.38	0.35	0.30	0.28	0.24	0.22	0.05
Capital Gains \$	1.92	2.25	0.22	3.13	3.45	4.56	4.22	10.22	6.62	—	—
Expense Ratio %	0.87	1.06	1.00	0.96	0.79	0.67	0.61	0.62	0.84	0.91	0.91
Net Assets (\$mil)	1958.3	6193.3	8682.4	14831.7	23797.9	30808.5	38821.3	46927.0	40284.8	32320.9	27690.0
NAV	27.47	30.84	30.28	38.02	42.15	46.63	56.81	60.02	49.18	42.77	38.60

Trailing-Time-Period Performance

	12-31-2002									
	Inception 05-17-67	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized		
Quartile Performance w/i Inv Cate	—	■	■	■	■	■	■	■	■	■
Total Return %	12.86	-9.63	1.18	-9.63	-9.71	3.90	11.51	16.28		
+/- Standard & Poor's 500	—	12.46	-7.24	12.46	4.84	4.48	2.17	4.81		
Load-Adjusted Return %	12.76	-12.34	-1.86	-12.34	-10.62	3.27	11.17	16.04		
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—		

Fees and Costs

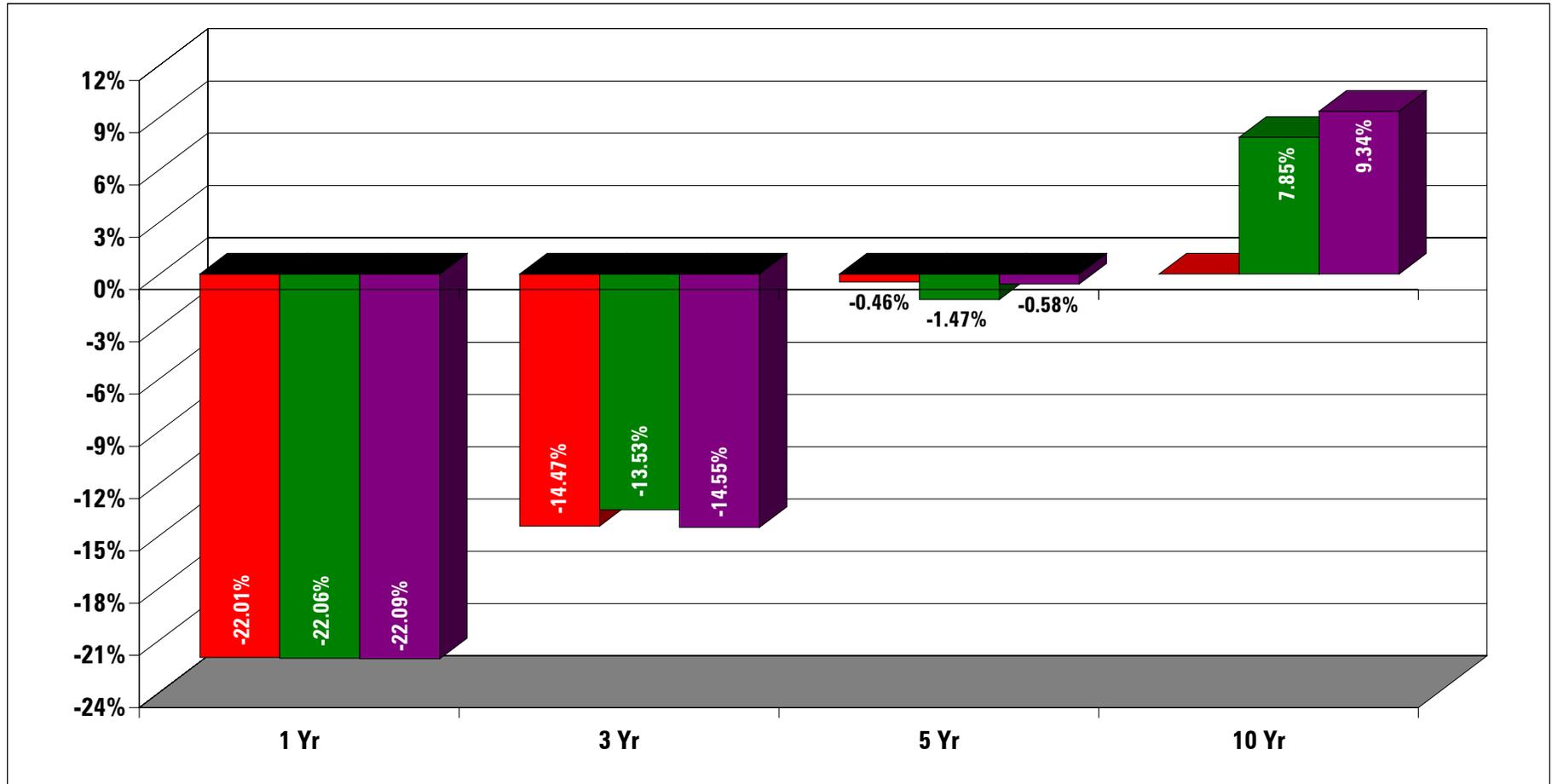
12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 502	Front-End Load:	3.00 %	12 Month:	0.12 %
Expense Ratio:	0.91 %		5 Yr: \$ 351	Deferred Load:	0.00 %	SEC	— %

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Vanguard Institutional Index Fund (Instl Plus Shares)

December 31, 2002

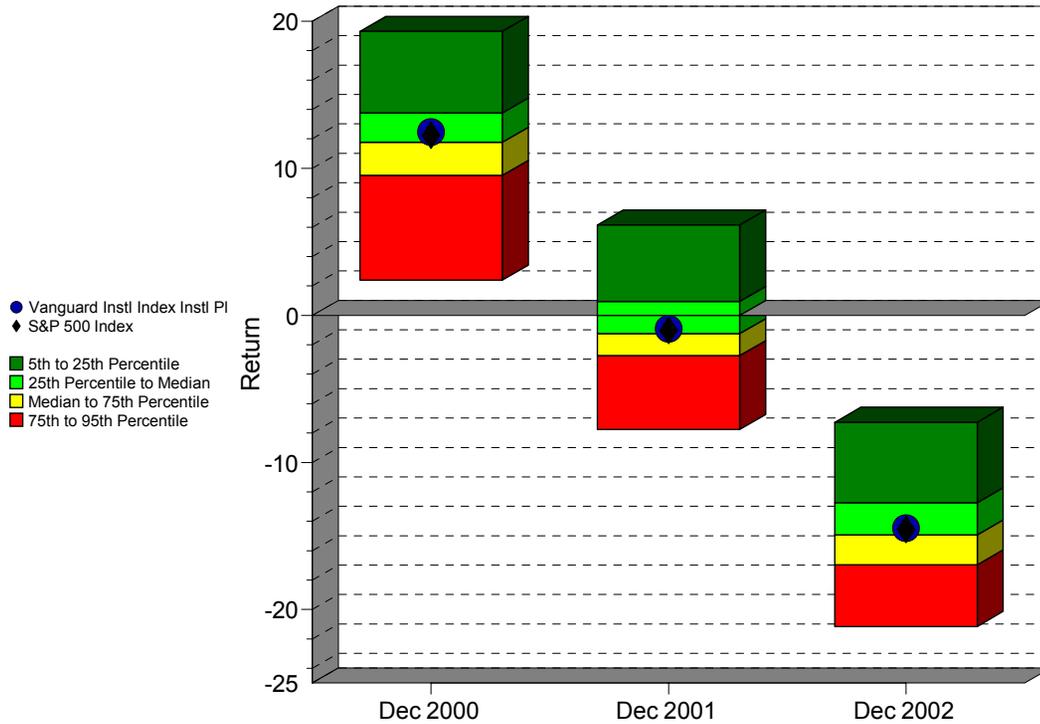


Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
Vanguard Instl Index Fund (Instl Plus Shares)	Large-Cap Blend	Large-Cap/Blend	-22.01%	-14.47%	-0.46%	N/A	3	47
Mstar Category Average Tot Ret: Large Blend Funds	Large-Cap Blend	-	-22.06%	-13.53%	-1.47%	7.85%	-	-
Benchmark Index: S&P 500 Index	-	-	-22.09%	-14.55%	-0.58%	9.34%	-	-

Vanguard Institutional Index Fund (Instl Plus Shares)

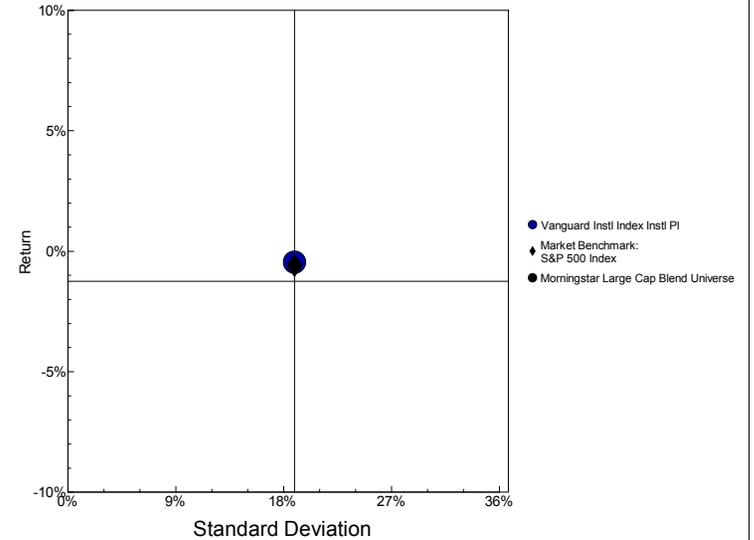
Manager vs Universe: Return

Morningstar Large Cap Blend Universe



Manager Risk/Return

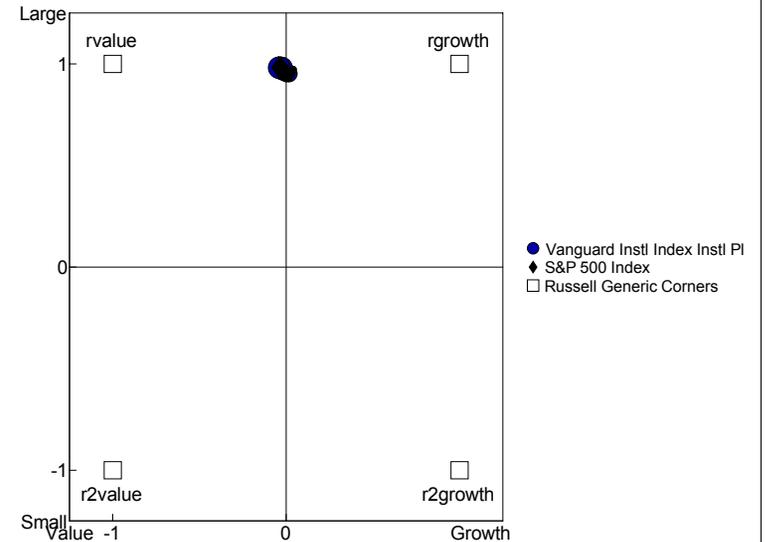
Single Computation
January 1998 - December 2002



Standard Deviation

Manager Style

36-Month Moving Windows, Computed Monthly
January 1998 - December 2002



	Dec 2000	Dec 2001	Dec 2002
5th Percentile	19.30%	6.15%	-7.27%
25th Percentile	13.76%	0.95%	-12.73%
Median	11.76%	-1.25%	-14.93%
75th Percentile	9.53%	-2.73%	-16.95%
95th Percentile	2.39%	-7.76%	-21.15%
Vanguard Instl Index Instl PI	12.46%	-0.92%	-14.47%
S&P 500 Index	12.26%	-1.03%	-14.55%

Morningstar Large Cap Blend Universe

Manager returns supplied by: Morningstar, Inc.

Vanguard Inst Idx InstPI

12-31-2002

Rating

★★★★

Manager Name

Sauter, George U.

Morningstar Category

Large Blend

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	Average
Return	—	Above Average
Rating	—	★★★★

Analysis by William Harding 11-20-02

Vanguard Institutional Index is a solid large-cap choice for investors who can pony up the steep minimum.

Though one could make critical points against this fund, it doesn't lessen its overall appeal. Individuals might point out that the fund is not as passive as one might expect because an S&P committee subjectively picks companies for inclusion in the index and has jettisoned names in recent years for "lack of representation." For instance, WorldCom WCOEQ and Vitesse Semiconductor VTSS left the index in 2002 thanks in part to their low share prices. But even though the index has witnessed some changes in recent years, the fund still boasts one of the lowest turnover rates in the business.

A second potential criticism is that the fund's bias toward mega-cap fare can be a drag on returns at times. This is a fair concern. Because the S&P 500 is weighted by market capitalization, the largest companies dominate the index. So when mega-cap stocks, such as General Electric GE and Microsoft MSFT, rule the roost like they did in the late-1990s, this fund will look great. But as smaller-cap names have paced the market in recent years, the fund's trailing three-year return through Nov. 19 has dropped to the middle of the large-blend pack. Meanwhile, sibling Vanguard Total Stock Market Index VITMX, which tracks the broader Wilshire 5000 Index, has outpaced the majority of funds in the large-blend group over that time.

Investors shouldn't get too caught up in the numbers, however. Rather, they should focus on what role this fund plays in a portfolio. Total Stock Market Index may be a slightly better option for investors in search of one fund to provide U.S. stock-market exposure. But for those who want a sturdy, large-cap offering to fill the core portion of a portfolio, this remains a solid choice. A tiny 0.05% price tag, broad diversification, and superb tax efficiency makes this fund a smart choice for investors with at least \$10 million to invest.

Prospectus Summary

Vanguard Institutional Index Fund seeks to replicate the aggregate price and yield performance, before fund expenses, of the S&P 500 index.

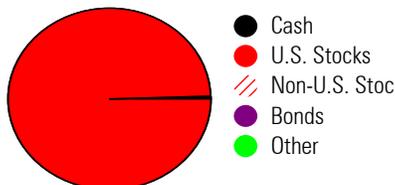
The fund invests in all 500 stocks listed in the S&P 500 index in approximately the same proportions as they are represented in the index. The correlation between the performance of the fund and that of the index is expected to be 0.95 or higher. The fund may invest up to 20% of assets in futures and options for temporary purposes, but generally remains fully invested in common stocks. The fund is designed for institutional investors.

Manager Profile

George U. Sauter. Since 07-97. AB '76 Dartmouth C. MBA '80 U. of Chicago

Investment Approach 09-30-02

Composition % of assets 09-30-02



Investment Style

Equity Style	Fixed-Income Maturity									
Value Blend Growth	Short Int Long									
<table border="1"> <tr> <td>Large Size</td> <td>—</td> <td>High Quality</td> </tr> <tr> <td>Medium</td> <td></td> <td>Medium</td> </tr> <tr> <td>Small</td> <td></td> <td>Low</td> </tr> </table>	Large Size	—	High Quality	Medium		Medium	Small		Low	
Large Size	—	High Quality								
Medium		Medium								
Small		Low								
Size: Blend	Quality: —									
Style: Large	Maturity: —									

Sector Weightings % of stocks 09-30-02

Information Economy	19.5
Software	4.4
Hardware	7.8
Media	3.6
Telecommunication	3.6
Service Economy	49.6
Healthcare	15.3
Consumer Services	9.4
Business Services	4.1
Financial Services	20.8
Manufact. Economy	30.9
Consumer Goods	11.3
Industrial Materials	11.0
Energy	5.8
Utilities	2.8

Top 10 Securities 09-30-02

% Net Assets	Total Stocks:	498
	Total Bonds:	0
3.23	General Elec	
3.12	Microsoft	
2.89	Wal-Mart Stores	
2.84	ExxonMobil	
2.37	Pfizer	
2.12	Johnson & Johnson	
1.98	Citigroup	
1.88	American Intl Grp	
1.57	Coca-Cola	
1.53	Procter & Gamble	

Country	Sector
USA	Industrial Goods
USA	Software
USA	Consumer Services
USA	Energy
USA	Healthcare Services
USA	Healthcare Services
USA	Financial Services
USA	Financial Services
USA	Consumer Goods
USA	Consumer Goods

International Investments 09-30-02

Regional Exposure	% of stocks
Americas	100.0
Greater Europe	0.0
Greater Asia	0.0

Top Five Countries

(out of 0 countries) % of stocks	
United States	99.9
Bermuda	0.1
-	—
-	—

24 % Net Assets in Top 10 Securities

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Vanguard Inst Idx InstPI

12-31-2002

EQ Style

Large/Blend

FI Style

-

Morningstar Category

Large Blend

Short-Term Volatility

3 Mo Rolling Return

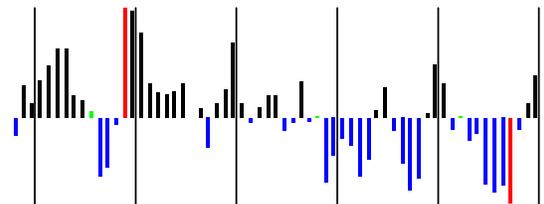
Best Rtn 22.16 % 09/1998-11/1998

Worst Rt. -17.17 % 07/2002-09/2002

Out of 63 periods

Num of times Below T-bill 31

Num of times Below Zero 28



Longer-Term Volatility

3 Yr Rolling Return (Annualized)

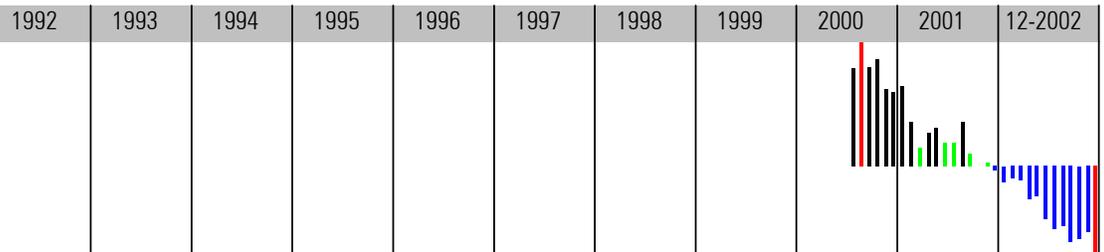
Best Rtn 20.90 % 09/1997-08/2000

Worst Rt -14.47 % 01/2000-12/2002

Out of 30 periods

Num of times Below T-bill 19

Num of times Below Zero



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate:						—	■	■	■	■	■
Total Return %						—	28.83	21.22	-8.92	-11.90	-22.01
+/- Standard & Poor's 500	—	—	—	—	—	—	0.25	0.18	0.18	-0.02	0.08
Income \$						0.87	1.45	1.56	1.45	1.41	1.43
Capital Gains \$						0.62	0.90	0.96	—	—	—
Expense Ratio %						0.03	0.03	0.03	0.03	0.02	0.02
Net Assets (\$mil)						2827.7	4950.5	25840.5	11412.6	11348.8	—
NAV						89.56	112.85	134.02	120.72	104.89	80.45

Trailing-Time-Period Performance

12-31-2002

	Inception 07-07-97	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate:	—	■	■	■	■	■	—	—
Total Return %	0.87	-22.01	8.43	-22.01	-14.47	-0.46	—	—
+/- Standard & Poor's 500	—	0.08	0.01	0.08	0.08	0.12	—	—
Load-Adjusted Return %	0.87	-22.01	8.43	-22.01	-14.47	-0.46	—	—
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 3	Front-End Load:	0.00 %	12 Month:	1.77 %
Expense Ratio:	0.02 %		5 Yr: \$ 14	Deferred Load:	0.00 %	SEC	1.50 %

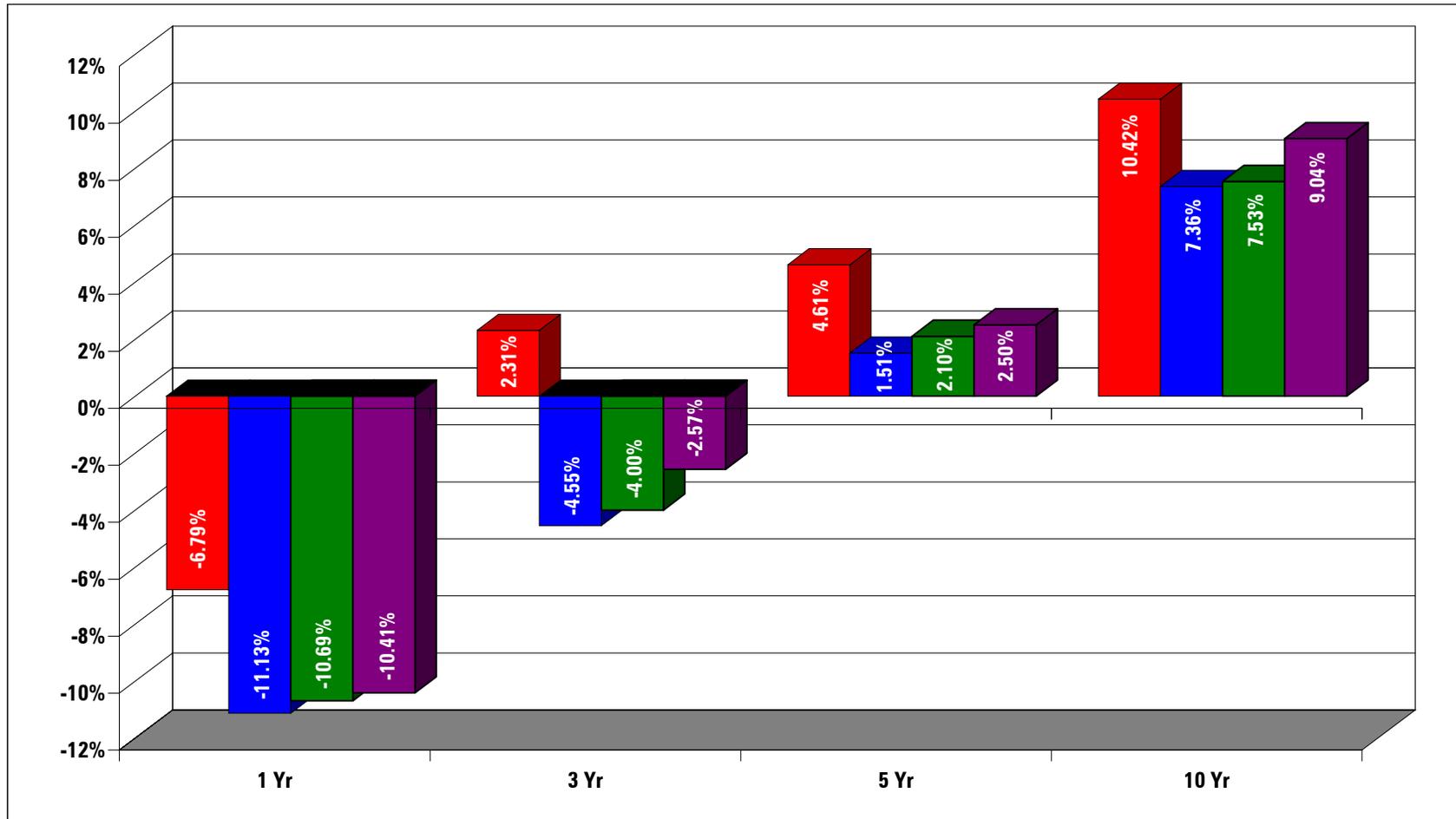
Yield

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Vanguard Wellington Fund (Admiral Shares)

December 31, 2002



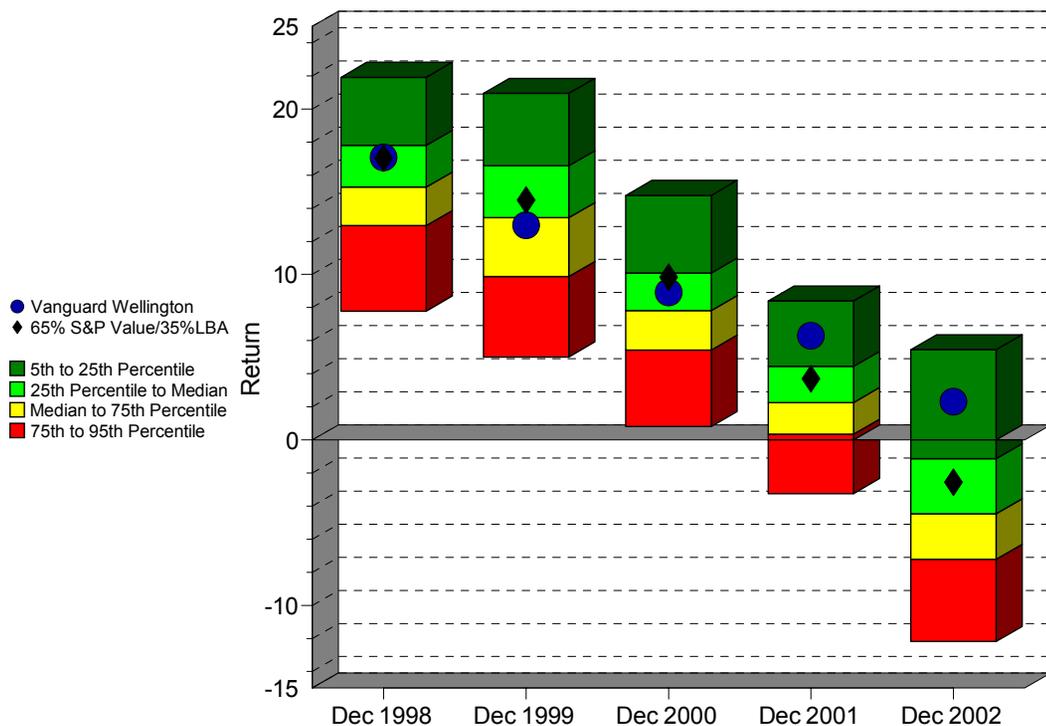
Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
Vanguard Wellington Fund (Admiral Shares) *	Domestic Hybrid	Large-Cap/Value	-6.79%	2.31%	4.61%	10.42%	4	12
Mstar Objective Average Tot Ret: Balanced Funds	-	-	-11.13%	-4.55%	1.51%	7.36%	-	-
Peer Group Average: Lipper Balanced Funds	-	-	-10.69%	-4.00%	2.10%	7.53%	-	-
Benchmark Index: 65% S&P 500 Barra Value Index + 35% LB Aggregate Bond Index	-	-	-10.41%	-2.57%	2.50%	9.04%	-	-

* Returns for Investor Shares used for periods prior to the Admiral Shares inception date of 05/2001

Vanguard Wellington Fund (Admiral Shares)

Manager vs Universe: Return

Morningstar Domestic Hybrid Universe



	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	21.91%	20.94%	14.77%	8.40%	5.45%
25th Percentile	17.80%	16.57%	10.09%	4.45%	-1.13%
Median	15.28%	13.43%	7.81%	2.26%	-4.47%
75th Percentile	12.95%	9.87%	5.42%	0.34%	-7.22%
95th Percentile	7.78%	5.01%	0.81%	-3.24%	-12.19%
Vanguard Wellington	17.07%	12.97%	8.91%	6.29%	2.31%
65% S&P Value/35%LBA	17.04%	14.50%	9.84%	3.69%	-2.57%

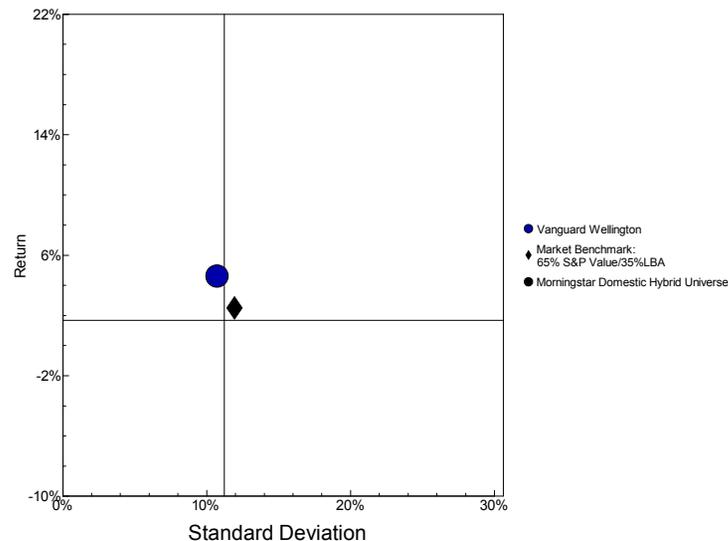
Morningstar Domestic Hybrid Universe

Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

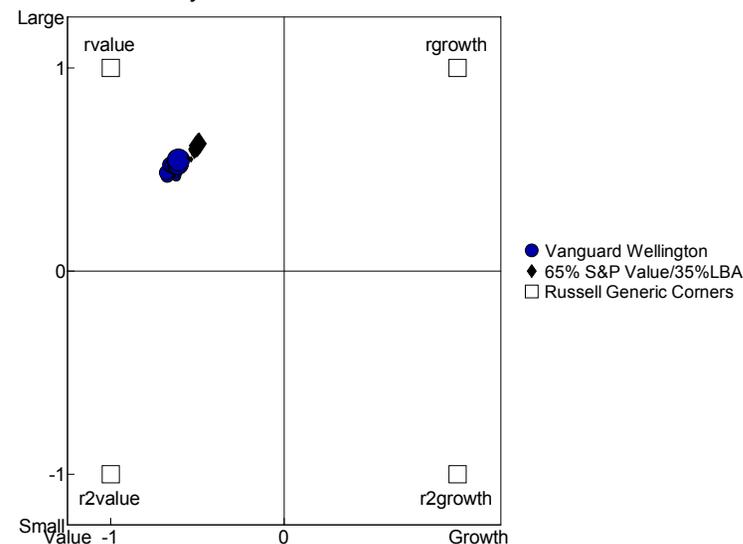
January 1998 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly

January 1998 - December 2002



Vanguard Wellington Adm

12-31-2002

Rating

—

Manager Name

Kaplan/Bousa

Morningstar Category

Domestic Hybrid

Risk and Return Profile

	Rel to Inv Category	Rel to Stock Funds
Risk	—	—
Return	—	—
Rating	—	—

Prospectus Summary

Vanguard Wellington Fund seeks moderate long-term capital growth and current income.

The fund invests at least 60-70% of assets in dividend-paying value stocks. It may also invest 30-40% of assets in the following securities, high quality intermediate, long-term corporate, and U.S. government bonds with an average maturity of 5 to 15 years. The fund also offers Adm shares. Prior to May 3, 1993, the fund was named Wellington Fund. From that date until Oct. 27, 1998, the fund was named Vanguard/Wellington Fund.

Manager Profile

Paul D. Kaplan. Since 05-01. BA '68 Dickinson U. MS '74 MIT

Edward P. Bousa. Since 12-02. BA. Williams C. MBA. Harvard U.

Analysis by Scott Cooley 11-22-02

Despite an impending management change, there's no reason for shareholders to contemplate selling Vanguard Wellington Fund.

Ernst von Metzsch is retiring at the end of the year, but he is leaving the portfolio in the hands of an experienced manager, Ed Bousa. (Paul Kaplan will continue to handle the 35% or so of the portfolio that's devoted to high-quality fixed-income issues.) Bousa was a longtime manager at Putnam who came to Wellington Management, this fund's subadvisor, more than two years ago. Bousa says he will continue to focus on moderately valued companies with decent dividend yields. That is consistent with how Bousa managed portfolios in the past, when he managed several Putnam funds. As manager of that firm's Equity-Income Fund PEYAX for more than seven years, he delivered a return that was slightly better than his average large-value peer's. Given that the fund frequently had less than 90% of assets invested in stocks, which handily outperformed bonds and cash during the 1990s, that performance is solid.

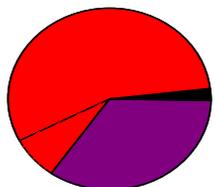
Speaking of solid performance, that is exactly what investors have come to expect here. Although the fund's 65% equity stake might have hurt it in the bear market, von Metzsch's stock selection has continued to be terrific. In addition to scoring with picks such as KeyCorp KEY and US Bancorp USB, von Metzsch avoided most of the carnage in the tech industry during the first nine months of the year. In addition, some of the beaten-down stocks that he picked up on weakness during the third-quarter sell-off, including Schering-Plough SGP, have rebounded sharply. For the year to date through Nov. 21, 2002, the fund's 5.9% loss put it comfortably in the top third of the domestic-hybrid group. The fund's long-term marks are even better.

Although management changes are often cause for serious concern, that's not the case here. Given Bousa's prior experience and success, as well as the fund's modest costs, this one is still a keeper.

Investment Approach 09-30-02

Composition

% of assets 09-30-02



- Cash
- U.S. Stocks
- ▨ Non-U.S. Stoc
- Bonds
- Other

Investment Style

Equity Style	Fixed-Income Maturity												
Value Blend Growth	Short Int Long												
<table border="1"> <tr><td>■</td><td>Large Size</td></tr> <tr><td>■</td><td>Medium</td></tr> <tr><td>■</td><td>Small</td></tr> </table>	■	Large Size	■	Medium	■	Small	<table border="1"> <tr><td>■</td><td>High Quality</td></tr> <tr><td>■</td><td>Medium</td></tr> <tr><td>■</td><td>Low</td></tr> </table>	■	High Quality	■	Medium	■	Low
■	Large Size												
■	Medium												
■	Small												
■	High Quality												
■	Medium												
■	Low												
Size: Value	Quality: Medium												
Style: Large	Maturity: Int												

Sector Weightings

% of stocks 09-30-02

Information Economy	11.6
Software	0.0
Hardware	6.1
Media	1.7
Telecommunication	3.9
Service Economy	41.8
Healthcare	10.9
Consumer Services	4.1
Business Services	9.5
Financial Services	17.3
Manufact. Economy	46.5
Consumer Goods	8.7
Industrial Materials	20.7
Energy	9.9
Utilities	7.2

Top 10 Securities 09-30-02

% Net Assets	Total Stocks:	Total Bonds:
1.62	108	665
1.54		
1.42		
1.36		
1.33		
1.14		
1.10		
1.09		
1.09		
1.01		

Country	Sector
USA	Industrial Goods
USA	Financial Services
CAN	Energy
USA	Business Services
USA	Healthcare Services
USA	Utilities
USA	Hardware
USA	Industrial Goods
USA	Utilities
USA	Industrial Goods

International Investments 09-30-02

Regional Exposure	% of stocks
Americas	93.4
Greater Europe	6.6
Greater Asia	0.0

Top Five Countries

(out of 0 countries) % of stocks	
88.2	United States
5.0	Canada
2.0	Netherlands
1.8	United Kingdom
1.2	France

13 % Net Assets in Top 10 Securities

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Vanguard Wellington Adm

12-31-2002

EQ Style

Large/Value

FI Style

Medium/Int

Morningstar Category

Domestic Hybrid

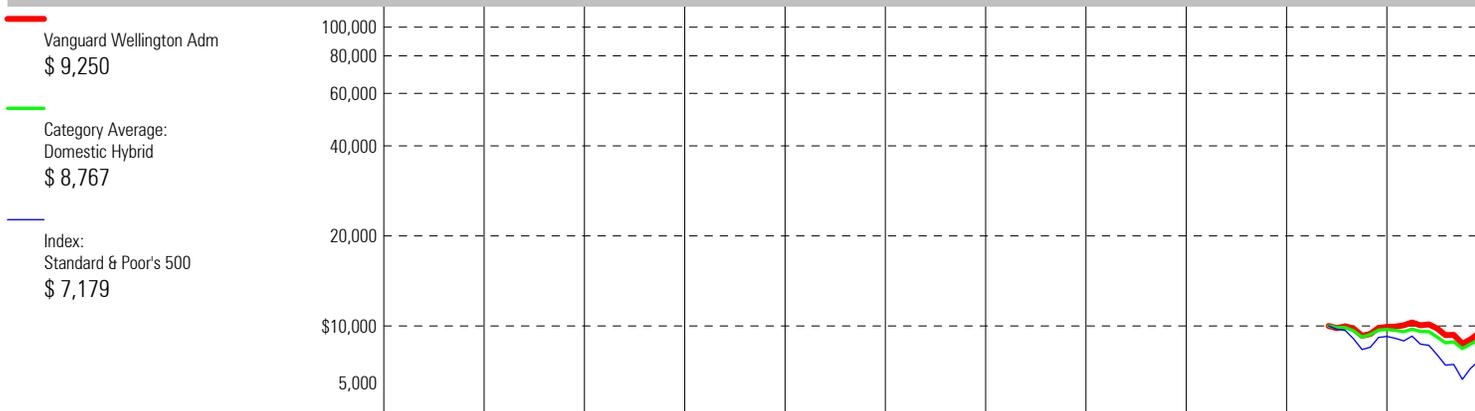
Short-Term Volatility

3 Mo Rolling Return												
Best Rtn	7.01 %	10/2001-12/2001										
Worst Rt.	-11.00 %	07/2002-09/2002										
Out of	17 periods											
Num of times Below T-bill	9											
Num of times Below Zero	8											

Longer-Term Volatility

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-2002
3 Yr Rolling Return (Annualized)											
Best Rtn	0.00 %	00/00-00/00									
Worst Rt	0.00 %	00/00-00/00									
Out of	0 periods										
Num of times Below T-bill	0										
Num of times Below Zero											

Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate										—	—
Total Return %										—	-6.79
+/- Standard & Poor's 500	—	—	—	—	—	—	—	—	—	—	15.30
Income \$										1.26	1.50
Capital Gains \$										1.94	—
Expense Ratio %										0.28	0.28
Net Assets (\$mil)										2569.0	—
NAV										47.09	42.43

Trailing-Time-Period Performance

12-31-2002

	Inception 05-14-01	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	—	—	—	—	—	—	—
Total Return %	-3.78	-6.79	6.20	-6.79	—	—	—	—
+/- Standard & Poor's 500	—	15.30	-2.22	15.30	—	—	—	—
Load-Adjusted Return %	-3.78	-6.79	6.20	-6.79	—	—	—	—
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 30	Front-End Load:	0.00 %	12 Month:	3.53 %
Expense Ratio:	0.28 %		5 Yr: \$ 157	Deferred Load:	0.00 %	SEC	3.20 %

Yield

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Vanguard Wellington Manager Change

Effective December 31, 2002, The Vanguard Wellington Fund underwent a portfolio management change. Ernst von Metzsch retired, after being the lead portfolio manager for the equity portion since 1995. Edward P. Bousa, a 20-year investing veteran, assumed the lead role.

Vanguard Wellington, the country's oldest balanced fund, is one of Vanguard's largest funds, with \$22.4 billion in assets as of December 31, 2002. It seeks to provide current income and long-term growth through a combination of roughly 65% invested in value stocks and 35% in intermediate- and long-term bonds.

The majority of the fund's equity assets are invested in dividend-paying stocks. All stocks are selected from a universe of medium- and large-cap stocks, from which the fund managers try to identify companies whose prospects are improving. The objective is to identify these companies before their values are recognized in the marketplace. This is a disciplined investment strategy that the Vanguard Wellington Fund has, and will continue to, adhere to, even with the management change.

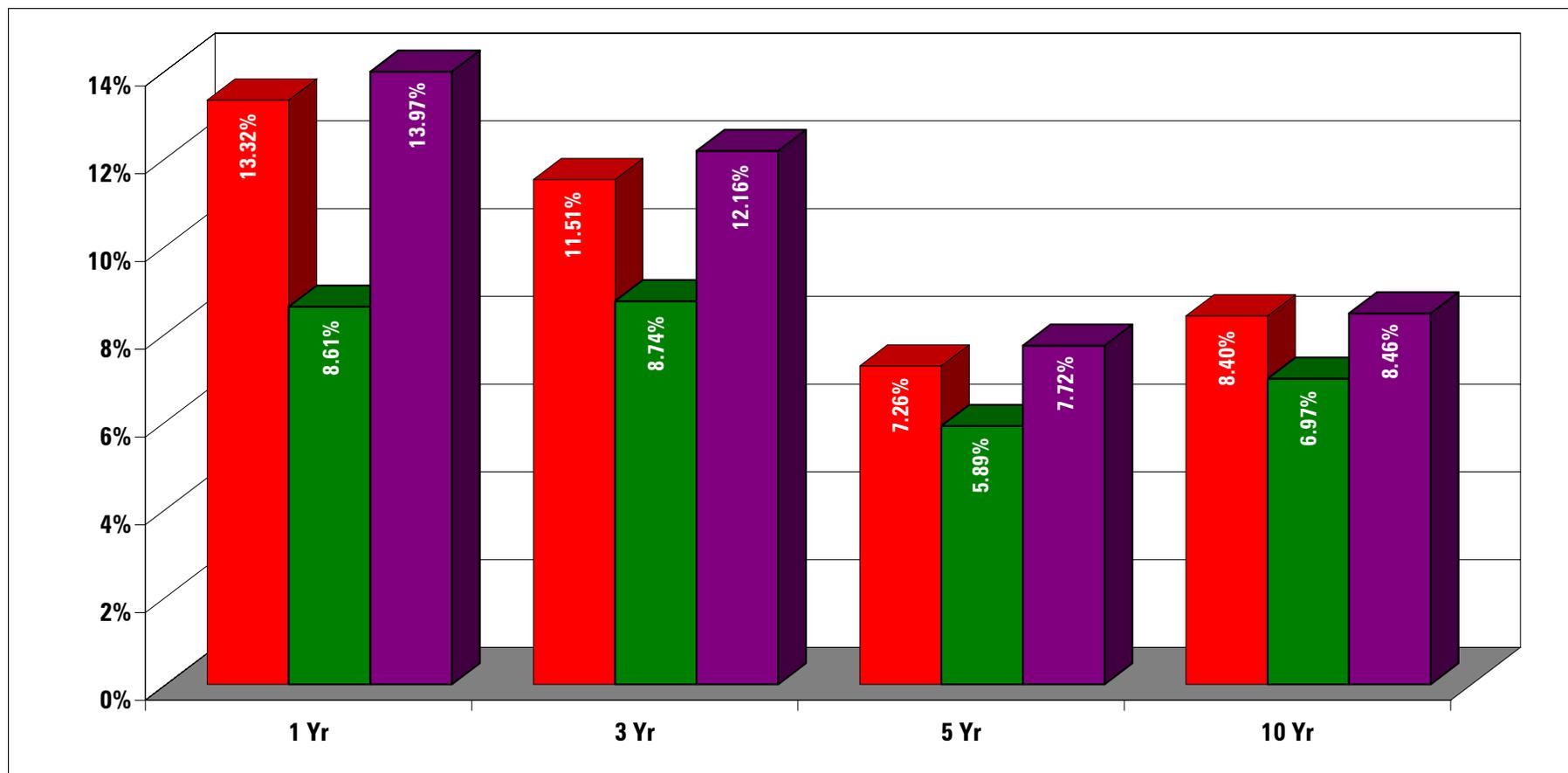
Paul Kaplan will continue to handle the 35% or so of the portfolio that's devoted to high-quality fixed-income issues. Mr. Kaplan has been in this lead role since 1994.

Edward P. Bousa has been a value-stock manager for most of his career, having previously managed Putnam Equity-Income fund for more than seven years. He is not planning on making any major changes to the fund and will continue to adhere to the strict investment strategy that has made this fund one of its categories top performers for the last twenty years.

While we are encouraged by Mr. Bousa's prior experience and success, closer monitoring is warranted to detect any changes in management style.

Vanguard Long - Term Corporate Fund (Admiral Shares)

December 31, 2002



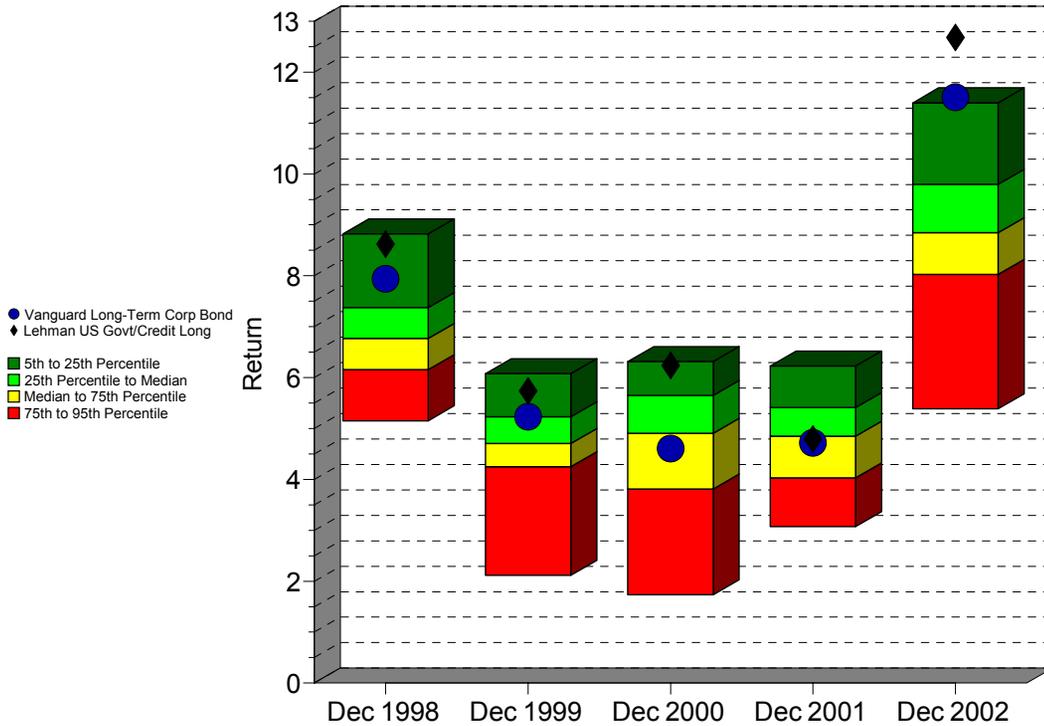
Fund Name	Morningstar Category	Fixed Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
Vanguard Long-Term Corporate Fund (Admiral Shares) *	Long-Term Bond	Long/High Q	13.32%	11.51%	7.26%	8.40%	5	4
Mstar Category Average Tot Ret: Long-Term Bond Funds	Long-Term Bond	-	8.61%	8.74%	5.89%	6.97%	-	-
Benchmark Index: LB Long Credit A/Better Index	-	-	13.97%	12.16%	7.72%	8.46%	-	-

* Returns for Investor Shares used for periods prior to the Admiral Shares inception date of 02/2001

Vanguard Long-Term Corp Fund (Admiral Shares)

Manager vs Universe: Return

Morningstar Long Term Bond Universe



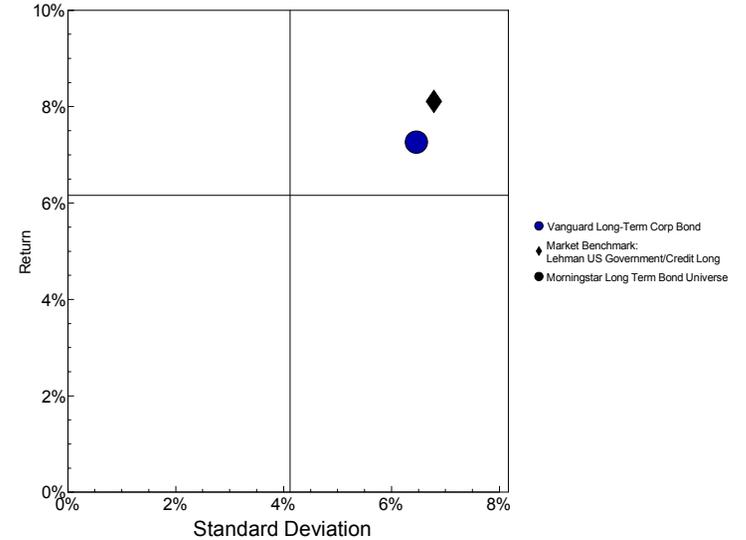
	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	8.82%	6.08%	6.31%	6.23%	11.40%
25th Percentile	7.37%	5.23%	5.65%	5.41%	9.80%
Median	6.77%	4.71%	4.91%	4.85%	8.85%
75th Percentile	6.16%	4.25%	3.81%	4.03%	8.03%
95th Percentile	5.15%	2.12%	1.74%	3.07%	5.39%
Vanguard Long-Term Corp Bond	7.94%	5.23%	4.60%	4.72%	11.51%
Lehman US Government/Credit Long	8.62%	5.74%	6.24%	4.79%	12.68%

Morningstar Long Term Bond Universe

Manager returns supplied by: Morningstar, Inc.

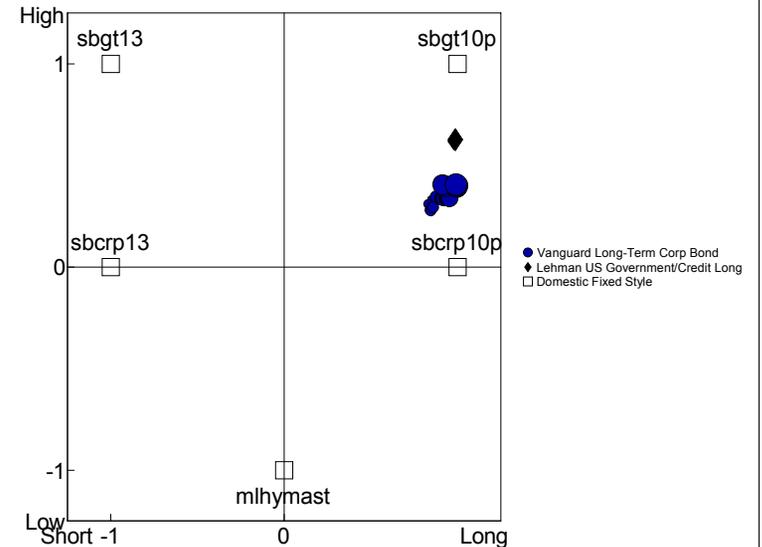
Manager Risk/Return

Single Computation
January 1998 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly
January 1998 - December 2002



Vanguard Lg-Tm Cp Bd Adm

12-31-2002

Rating

—

Manager Name

McEvoy, Earl E.

Morningstar Category

Long-term Bond

Risk and Return Profile

	Rel to Inv Category	Rel to Bond Funds
Risk	—	—
Return	—	—
Rating	—	—

Analysis by Jeffrey Ptak 12-10-02

Vanguard Long-Term Corporate Bond Fund's enticing returns come with a catch. On its face, this fund has much to recommend it. After all, the fund's annual returns over the trailing three, five, and 10 years top all but a handful of rivals in the long-term bond category. And its 9.6% return for the year to date through Dec. 4, 2002 beats nearly all comers. Moreover, income-minded types are likely to be pleased by its above-average yield. Finally, it has done a sterling job of preserving capital, suffering only a handful of losing years since its 1974 inception.

So, what's not to like? For investors averse to short-term market gyrations, the fund's volatility might come as a bit of a shock. Because the fund keeps its duration (a measure of interest-rate sensitivity) within 20% of the Lehman Brothers Long Credit Index, it has typically been more rate-sensitive than its average peer. Though that stance has provided a strong tailwind as rates have continued to fall, it has been a liability in years when rates climb--such as 1996 and 1999, when the fund tumbled into the group's bottom quartile.

That said, the fund has stood the test of time. Part of that durability owes to the fund's rock-bottom 0.32% expense ratio which is well below the group norm. This expense margin ensures that longtime manager Earl McEvoy doesn't have to stretch into lower-rated fare for yield. Thus, McEvoy can keep the fund focused squarely on mid-rated credits. And he's certainly done his part by deftly averting some of the worst blowups that have befallen his rivals in this year's topsy-turvy credit market.

Despite the fund's merits, a few caveats apply. As mentioned, its high volatility makes it suitable only for investors able to withstand its frequent ups and downs. In addition, willing investors should be cognizant of the fund's long duration, as returns could suffer when rates move off of their historic lows.

Prospectus Summary

Vanguard Long-Term Corporate Bond Fund seeks current income consistent with maintenance of principal and liquidity.

The fund typically invests at least 70% of assets in high-quality corporate bonds; it invests at least 80% of assets in a combination of U.S. government securities and investment-grade corporate bonds. The average weighted maturity generally ranges from 15 to 25 years. The fund also offers Adm shares. Past names: Vanguard Fixed-Income Securities Investment Grade Bond, Vanguard Fixed-Income Securities Investment Grade Corporate Portfolio, and Vanguard Fixed-Income Long-Term Corporate Bond Fund.

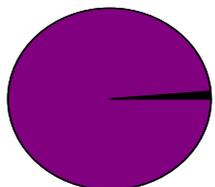
Manager Profile

Earl E. McEvoy. Since 02-01. BA '70 Dartmouth C. MBA '72 Columbia U.

Investment Approach 09-30-02

Composition

% of assets 09-30-02



- Cash
- U.S. Stocks
- ▨ Non-U.S. Stoc
- Bonds
- Other

Investment Style

Equity Style	Fixed-Income Maturity
1.5	Short Int Long
0.0	High Quality
0.0	Medium
98.5	Low
0.0	Quality: Medium
	Maturity: Long

Sector Weightings

% of stocks -

- Information Economy
- Software
- Hardware
- Media
- Telecommunication
- Service Economy
- Healthcare
- Consumer Services
- Business Services
- Financial Services
- Manufact. Economy
- Consumer Goods
- Industrial Materials
- Energy
- Utilities

Top 10 Securities 09-30-02

% Net Assets	Total Stocks:	Total Bonds:	Country	Sector
1.51	0	169	USA	—
1.41			USA	—
1.39			USA	—
1.38			USA	—
1.34			USA	—
1.31			USA	—
1.31			USA	—
1.30			—	—
1.29			USA	—
1.26			USA	—

International Investments 09-30-02

Regional Exposure	% of stocks
Americas	—
Greater Europe	—
Greater Asia	—

Top Five Countries

(out of 0 countries) % of stocks
—
—
—
—

14 % Net Assets in Top 10 Securities

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Vanguard Lg-Tm Cp Bd Adm

EQ Style

FI Style

Morningstar Category

12-31-2002

Medium/Low

Long-term Bond

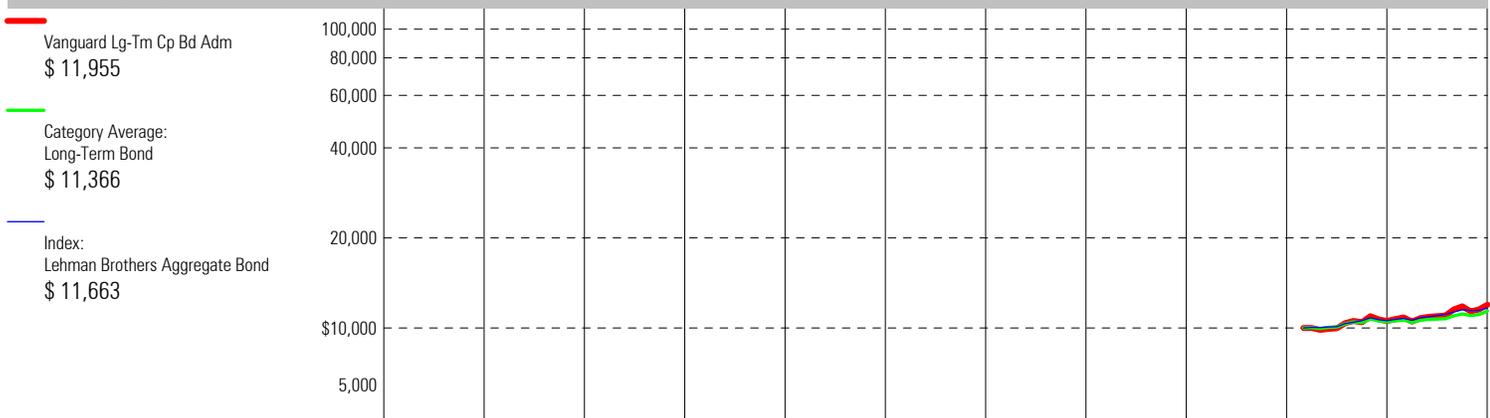
Short-Term Volatility

3 Mo Rolling Return												
Best Rtn	7.98 %	07/2002-09/2002										
Worst Rt.	-2.03 %	11/2001-01/2002										
Out of	20 periods											
Num of times Below T-bill	5											
Num of times Below Zero	5											

Longer-Term Volatility

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-2002
3 Yr Rolling Return (Annualized)											
Best Rtn	0.00 %	00/00-00/00									
Worst Rt	0.00 %	00/00-00/00									
Out of	0 periods										
Num of times Below T-bill	0										
Num of times Below Zero											

Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate											
Total Return %											13.32
+/- Lehman Brothers Aggregate B											3.05
Income \$										0.50	0.56
Capital Gains \$											
Expense Ratio %											0.24
Net Assets (\$mil)									139.1	426.7	
NAV										8.68	9.23

Trailing-Time-Period Performance

12-31-2002

	Inception	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
	02-12-01							
Quartile Performance w/i Inv Cate								
Total Return %	10.74	13.32	1.19	13.32				
+/- Lehman Brothers Aggregate B		3.05	-0.38	3.05				
Load-Adjusted Return %	10.74	13.32	1.19	13.32				
Load- and Tax-Adjusted Return %								

Fees and Costs

12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 77	Front-End Load:	0.00 %	12 Month:	6.11 %
Expense Ratio:	0.24 %		5 Yr: \$ 135	Deferred Load:	0.00 %	SEC	6.12 %

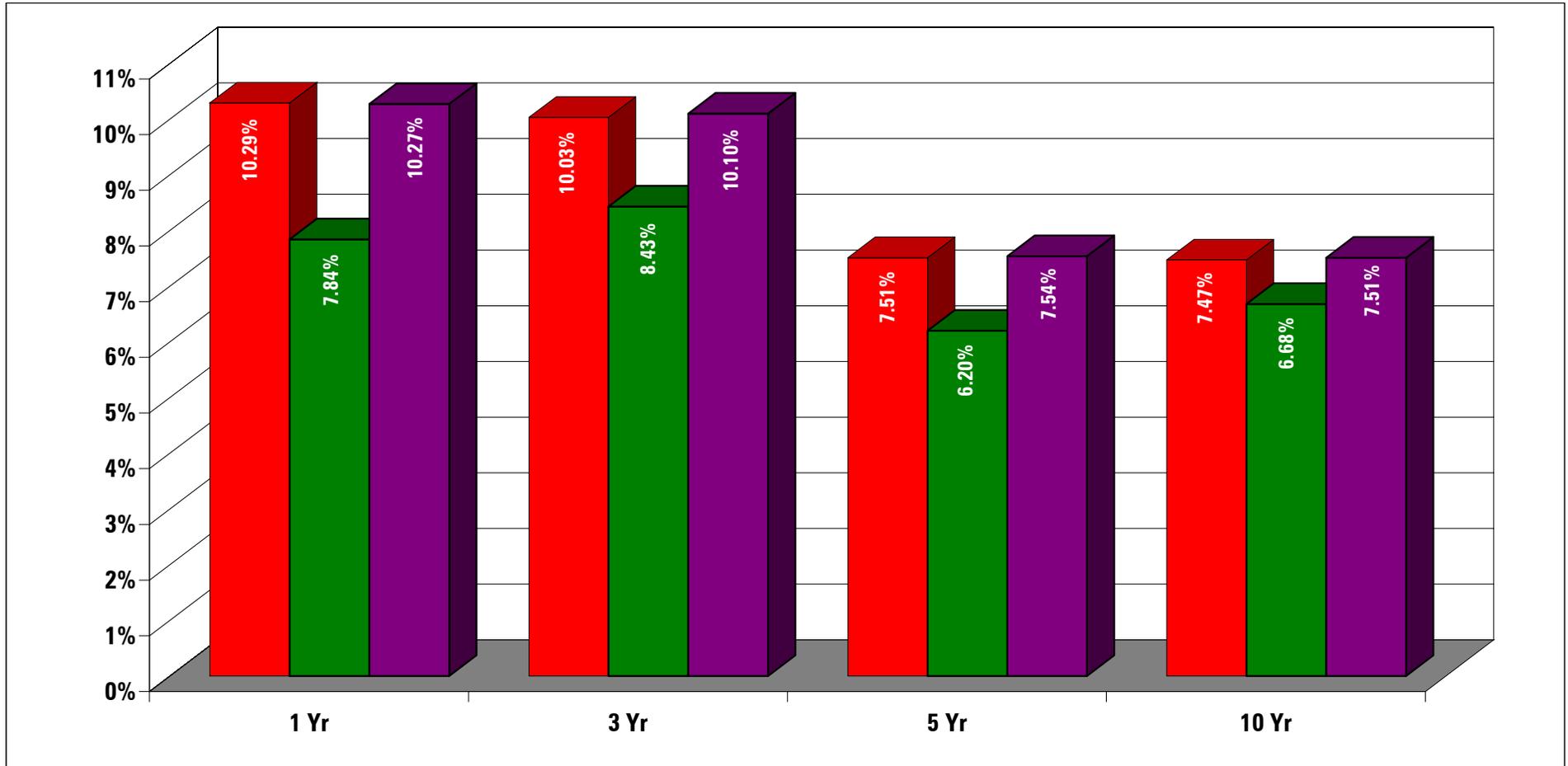
Yield

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U.S. Debt Index Fund

December 31, 2002



Fund Name	Morningstar Category	Fixed Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
U.S. Debt Index Fund	Interm-Term Bond	-	10.29%	10.03%	7.51%	7.47%	-	-
Mstar Category Average Tot Ret: Interm-Term Bond Funds	Interm-Term Bond	-	7.84%	8.43%	6.20%	6.68%	-	-
Benchmark Index: LB Aggregate Bond Index	-	-	10.27%	10.10%	7.54%	7.51%	-	-

US Debt Index Fund W

December 31, 2002

FUND FACTS

A collective investment fund managed by Barclays Global Investors, N.A.

WHO SHOULD CONSIDER INVESTING IN THIS FUND?

This fund is intended for intermediate-term investors seeking moderate returns by investing in a diversified portfolio of high-quality debt securities. The fund invests in US government bonds, corporate bonds, residential and commercial mortgage-backed securities, and asset-backed securities. The fund tracks the Lehman Brothers Aggregate Bond Index.

RISK/RETURN POTENTIAL

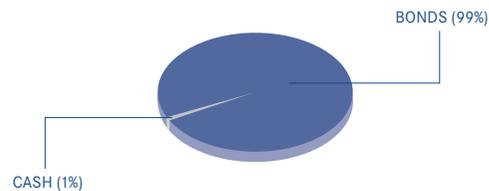


This chart is for illustrative purposes only and does not predict future risk or performance.

The fund is NOT FDIC insured, is NOT an obligation or deposit of, or guaranteed by, Barclays Global Investors or its affiliates and involves investment risk, including possible loss of principal.

WHAT THE FUND INVESTS IN:

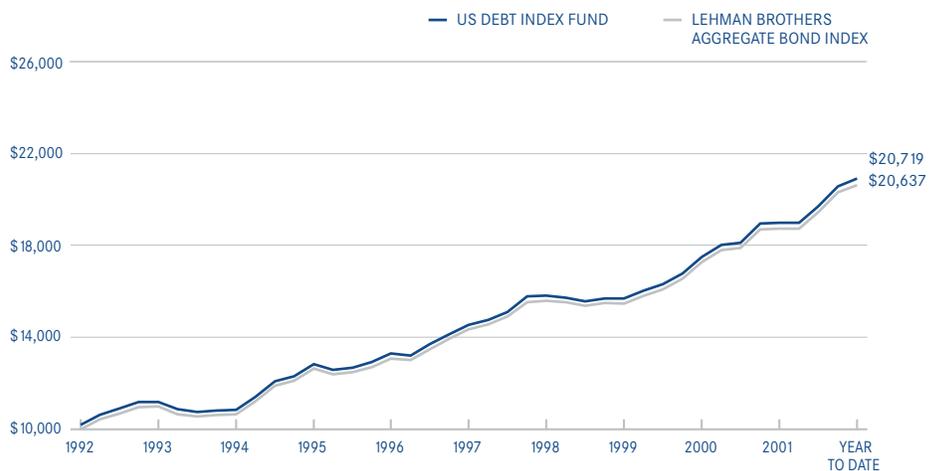
The fund's benchmark, the Lehman Brothers Aggregate Bond Index, is the broadest measure of the US investment-grade bond market. The market value of the bonds within the index is more than \$7.0 trillion. The fund invests in a diversified sample of these bonds to cost effectively match returns of the index.



WHY INVEST IN BONDS?

Bond investments are an important part of a well-planned investment strategy. Called fixed income securities because they make specified payments on a regular basis, bonds can act as a moderating force in an investment portfolio by sheltering investors from fluctuations in other assets such as stocks and money market securities.

GROWTH OF \$10,000



This graph represents the growth of a hypothetical investment of \$10,000. It assumes reinvestment of all income, and does not take into consideration any management fees. Returns reflected here are those of a fund with a similar investment strategy. Past performance is no guarantee of future results.

PERFORMANCE NOTES

All values are unaudited and subject to revision. All income is reinvested in the fund. The fund's inception is 2/1/01. Fund returns since inception are reported net of management fees and other expenses charged to the fund. Returns from 1/3/92 to 2/1/01 are those of a daily fund with a similar investment strategy, reported before management fees. Returns prior to 1/3/92 are those of a non-daily fund with a similar investment strategy reported before management fees. Actual returns for a daily fund may vary from those of a non-daily fund. The Lehman Brothers Aggregate Bond Index is a broadly based benchmark designed to reflect the composition of the US fixed income market. It includes fixed-coupon bonds issued by the US Treasury, US government agencies, US corporations, residential and commercial mortgage-backed securities, and asset-backed securities. It also includes US-traded dollar-denominated bonds issued by supra-national organizations, foreign governments and corporations. Bonds eligible for inclusion in the Index must be issued with at least \$150 million par value, and have at least one year remaining until maturity. Past performance does not guarantee future results. Any returns shown as less than one year are cumulative returns.

FEES AND EXPENSES

Total management fees and other expenses charged to the fund were approximately 0.05% of the fund's estimated average assets.

FUND MANAGER

Barclays Global Investors, N. A. is the manager and trustee for the fund.

FUND STRUCTURE

The US Debt Index Fund W invests in underlying collective investment funds which in turn invest in the securities mentioned in this fact sheet. Descriptions of the Fund in some cases refer to the underlying funds. The fund or underlying funds may also invest in cash and use derivatives (including futures) for non-speculative purposes.

The fund is a collective investment fund and is privately offered. Prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your service representative.

www.barclaysglobal.com

WHAT IS AN INDEX FUND?

Index funds seek to match the performance of a specific index of securities, such as the Lehman Brothers Aggregate Bond Index. To do that, an index fund invests in many or all of the same stocks, bonds or money market instruments that make up the index. Because the fund manager seeks to match rather than beat the index, there is low turnover of securities in the fund which results in low trading costs for investors.

PERFORMANCE RETURNS (%)

	FUND	BENCHMARK [†]
Fourth Quarter	1.60	1.57
Year to Date	10.21	10.26
One Year	10.21	10.26
Three Year*	10.00	10.10
Five Year*	7.50	7.55
Ten Year*	7.46	7.51

*Average annualized return † Lehman Brothers Aggregate Bond Index

HOLDINGS (%)

Mortgage-backed securities (MBS)	35.01
US treasuries	21.90
Industrial	11.36
US government agencies	12.88
Finance	8.91
Non-US credit	4.02
Utility	1.97
Asset-backed securities	1.61
Commercial MBS	2.33

ADDITIONAL INFORMATION

Average coupon	6.12%
Average yield	5.12%
Average maturity	5.73 Yrs
Average duration	3.77 Yrs

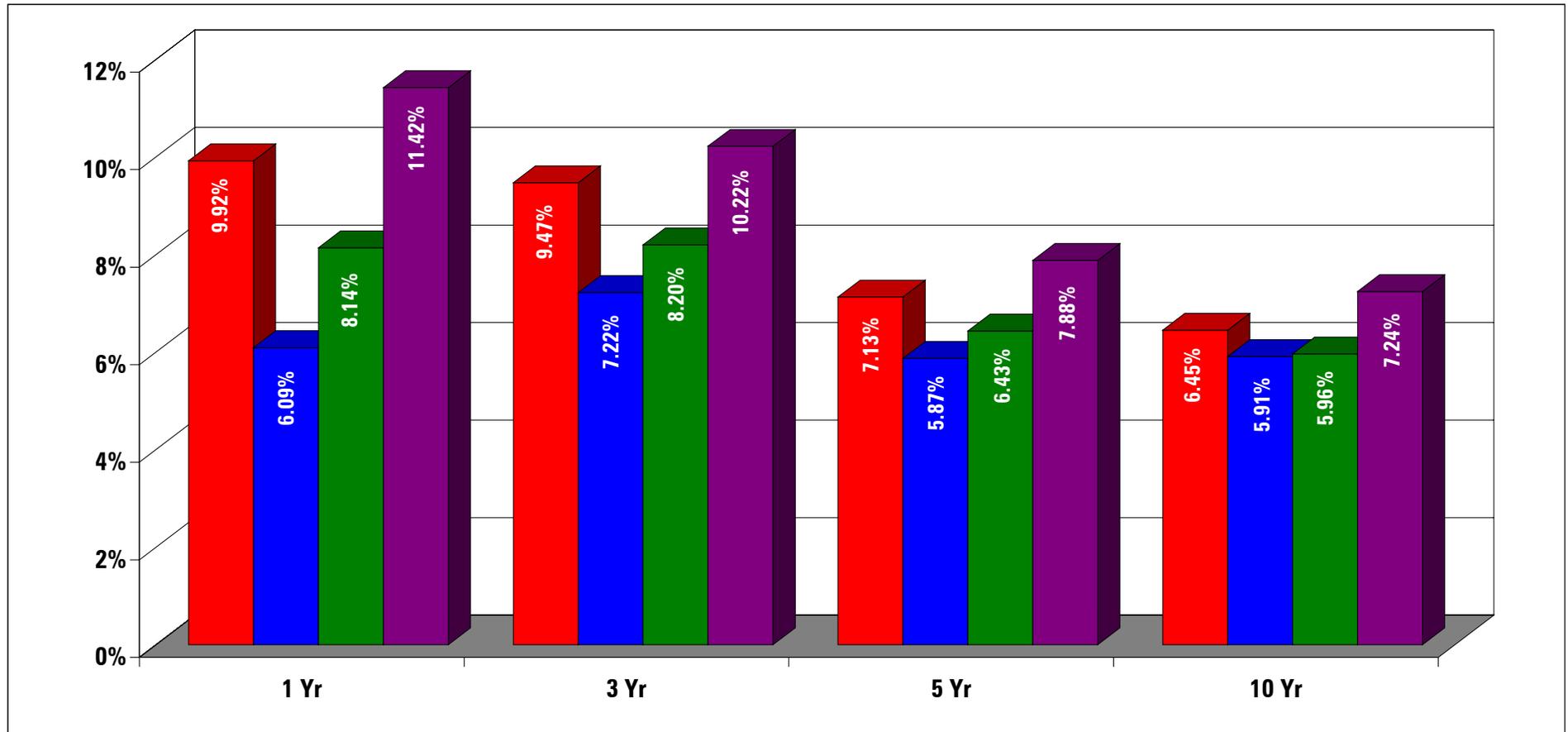
QUALITY BREAKDOWN (%)

AAA+	69.61
AAA	5.65
AA	5.24
A	9.90
BAA	8.77

BARCLAYS GLOBAL INVESTORS

Federated U.S. Government Securities Fund : 2-5 Years (Instl Shares)

December 31, 2002

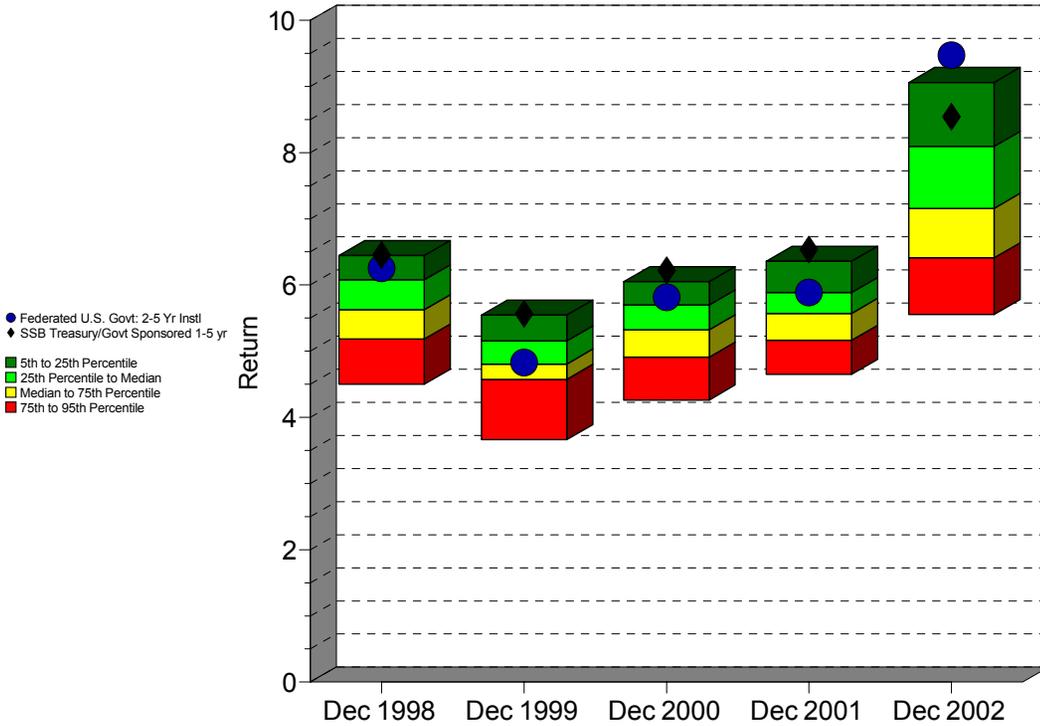


Fund Name	Morningstar Category	Fixed Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
Federated US Govt Securities Fund: 2-5 Yr (Instl Shares)	Short-Term Government	Short/High Q	9.92%	9.47%	7.13%	6.45%	5	3
Mstar Category Average Tot Ret: ST Govt Treasury 2-5 Yr Funds	-	-	6.09%	7.22%	5.87%	5.91%	-	-
Peer Group Average: Lipper Short-Intermediate U.S. Govt Funds	-	-	8.14%	8.20%	6.43%	5.96%	-	-
Benchmark Index: Merrill Lynch 3-5 Year Treasury Index	-	-	11.42%	10.22%	7.88%	7.24%	-	-

Federated U.S. Government Securities Fund: 2-5 Years (Instl Shares)

Manager vs Universe: Return

Morningstar Short Term Government Bond Universe



	Dec 1998	Dec 1999	Dec 2000	Dec 2001	Dec 2002
5th Percentile	6.45%	5.54%	6.05%	6.36%	9.06%
25th Percentile	6.08%	5.15%	5.70%	5.89%	8.09%
Median	5.63%	4.81%	5.32%	5.57%	7.16%
75th Percentile	5.18%	4.57%	4.91%	5.17%	6.41%
95th Percentile	4.50%	3.66%	4.26%	4.65%	5.55%
Federated U.S. Govt: 2-5 Yr Instl	6.25%	4.83%	5.81%	5.89%	9.47%
SSB Treasury/Govt Sponsored 1-5 yr	6.46%	5.56%	6.22%	6.54%	8.54%

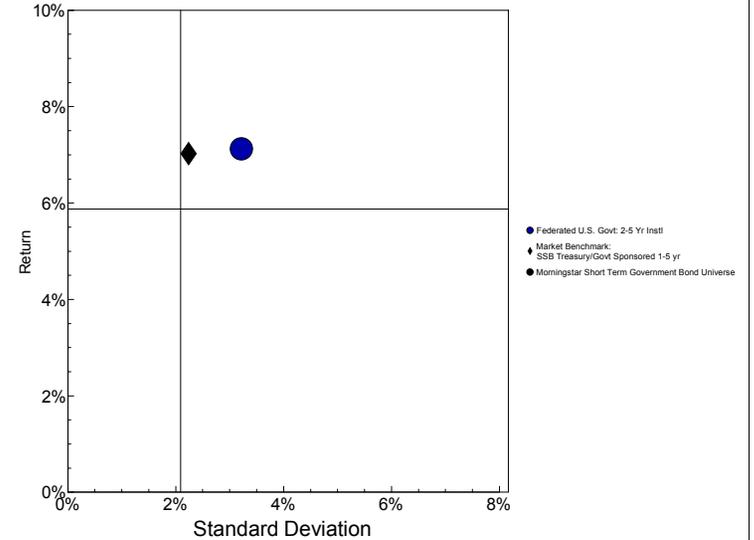
Morningstar Short Term Government Bond Universe

Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

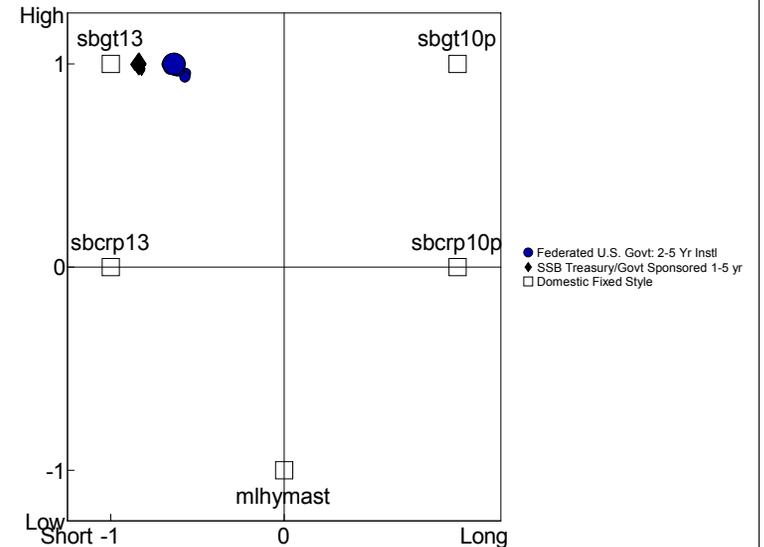
January 1998 - December 2002



Manager Style

36-Month Moving Windows, Computed Monthly

January 1998 - December 2002



Federated US 2-5 Instl

12-31-2002

Rating

★★★★★

Manager Name

Nason/Ostrowski

Morningstar Category

Short Government

Risk and Return Profile

	Rel to Inv Category	Rel to Bond Funds
Risk	—	High
Return	—	High
Rating	—	★★★★★

Analysis by Dan McNeela 09-05-02

Federated U.S. Government Securities: 2-5 Year Trust takes on more interest-rate risk to earn top returns.

From a structural standpoint, this fund looks much different from most short-term government-bond funds. First of all, it invests nearly exclusively in Treasuries and Federal Home Loan Bank bonds, both of which are backed by the full faith and credit of the U.S. government. It eschews mortgage-backed debt. Secondly, it benchmarks its duration, a common measure of interest-rate sensitivity, against the Merrill Lynch 3-5 Year Treasury index, making it much more interest-rate sensitive than its peers. The fund's 3-year duration, for example, is much greater than the 2.2-year category average.

That second factor sparked the fund's outstanding run, which started in 2000. Only two rivals in the category have topped its 8.8% annualized returns in the three-year period ending Sept. 4, 2002. The good times have continued in 2002, as the fund's 7.6% year-to-date gain through Sept. 4 ranks in the category's elite. The Fed hasn't had to end the party by raising interest rates because economic growth has remained anemic.

Investors should remember that the knife cuts both ways. The fund finished in the bottom decile of the category in 1999, a year when the Fed regularly raised interest rates. Funds with mortgages usually perform better in such an environment because they have higher yields than Treasuries. And having longer duration means that this fund will suffer more than its peers when interest rates rise.

In all, owning a Treasury-only portfolio and maintaining longer duration makes the fund more volatile, but that has been a price worth paying for most investors. Those who desire a Treasury fund but who want less interest-rate risk can look at Federated U.S. Government Securities 1-3 Year Fund FSGVX. Both require a hefty \$25,000 minimum initial investment to take advantage of the low expenses.

Prospectus Summary

Federated U.S. Government Securities: 2-5 Year Trust seeks current income.

The fund invests only in U.S. government securities with a dollar weighted average duration between two and five years. The fund may enter into repurchase agreements. This fund offers multiple sharclasses, all of which differ in fee structure and availability. Prior to May 11, 1995, the fund was named Federated Intermediate Government Trust.

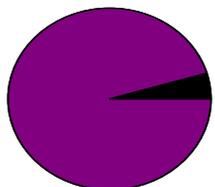
Manager Profile

Susan M. Nason. Since 09-91. CFA '92. BA '83 U. of Maine-Orono. MBA '87 Carnegie Mellon U. Since 09-02 of Fed. BS '85 Westminster C. MS '87 Carnegie Mellon U.

Investment Approach 09-30-02

Composition

% of assets 09-30-02



- Cash
- U.S. Stocks
- ▨ Non-U.S. Stoc
- Bonds
- Other

Investment Style

Equity Style	Fixed-Income Maturity
Value Blend Growth	Short Int Long
Size: Large Small	Quality: High Medium Low
Style: —	Maturity: Short

Sector Weightings

% of stocks -

- Information Economy**
- Software
- Hardware
- Media
- Telecommunication
- Service Economy**
- Healthcare
- Consumer Services
- Business Services
- Financial Services
- Manufact. Economy**
- Consumer Goods
- Industrial Materials
- Energy
- Utilities

Top 10 Securities 09-30-02

% Net Assets	Total Stocks:	Total Bonds:	Country	Sector
6.58	0	27	USA	—
6.08	0	27	USA	—
5.39	0	27	USA	—
5.32	0	27	USA	—
5.21	0	27	USA	—
5.05	0	27	USA	—
5.03	0	27	USA	—
4.22	0	27	USA	—
4.08	0	27	USA	—
4.07	0	27	USA	—

International Investments 09-30-02

Regional Exposure	% of stocks
Americas	—
Greater Europe	—
Greater Asia	—

Top Five Countries

(out of 0 countries) % of stocks
-
-
-
-

51 % Net Assets in Top 10 Securities

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Federated US 2-5 Instl

EQ Style

FI Style

Morningstar Category

12-31-2002

High/Short

Short Government

Short-Term Volatility

3 Mo Rolling Return

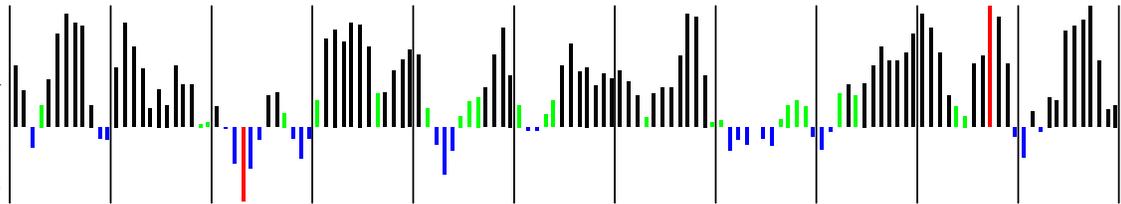
Best Rtn 5.07 % 07/2001-09/2001

Worst Rt. -3.08 % 02/1994-04/1994

Out of 132 periods

Num of times Below T-bill 52

Num of times Below Zero 28



Longer-Term Volatility

3 Yr Rolling Return (Annualized)

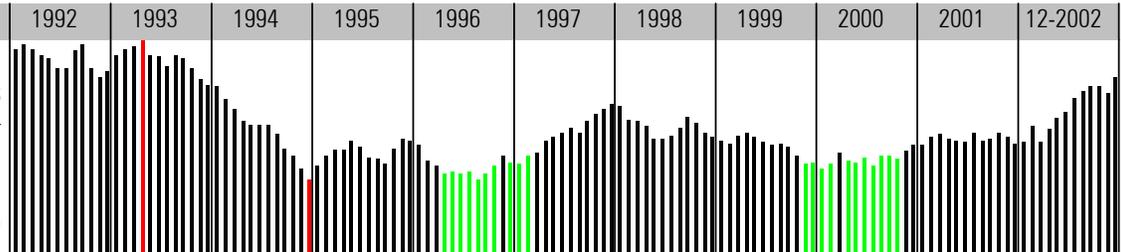
Best Rtn 11.57 % 05/1990-04/1993

Worst Rt 3.86 % 01/1992-12/1994

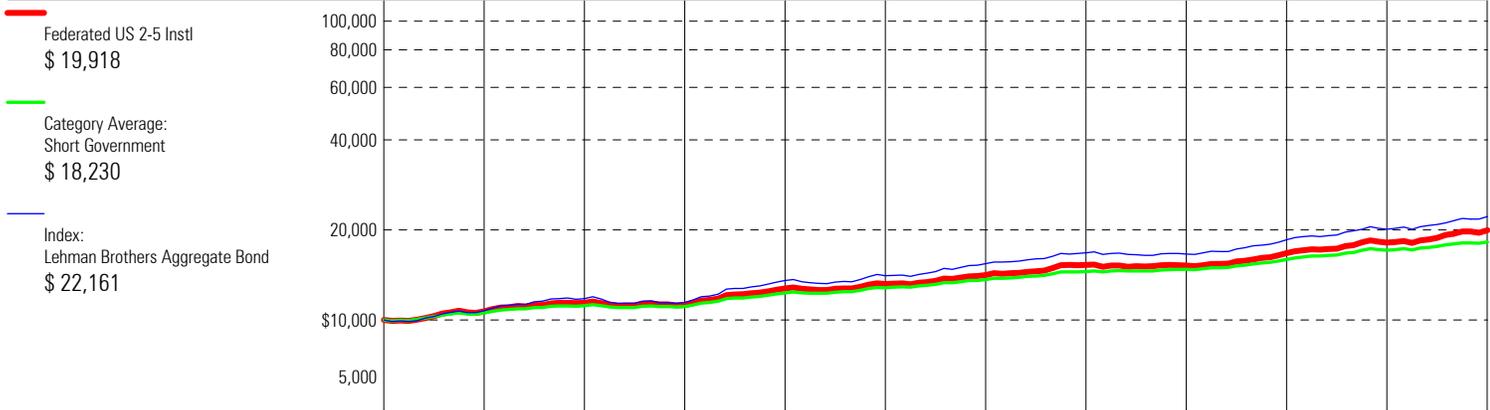
Out of 132 periods

Num of times Below T-bill 21

Num of times Below Zero



Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	12-02
Quartile Performance w/i Inv Cate	■	■	■	■	■	■	■	■	■	■	■
Total Return %	6.66	7.10	-1.92	13.57	3.58	7.12	8.11	-0.52	10.16	8.33	9.92
+/- Lehman Brothers Aggregate B	-0.74	-2.65	1.00	-4.90	-0.03	-2.56	-0.56	0.31	-1.47	-0.09	-0.35
Income \$	0.58	0.47	0.52	0.64	0.57	0.58	0.56	0.50	0.60	0.56	0.50
Capital Gains \$	—	—	—	—	—	—	—	—	—	—	—
Expense Ratio %	0.50	0.50	0.52	0.54	0.54	0.54	0.54	0.55	0.56	0.57	0.57
Net Assets (\$mil)	818.3	938.2	732.2	856.4	782.6	702.1	722.7	627.1	538.0	602.6	764.1
NAV	10.47	10.73	10.01	10.69	10.49	10.63	10.91	10.35	10.77	11.09	11.67

Trailing-Time-Period Performance

12-31-2002

	Inception 02-18-83	YTD	3 Mo	12 Mo	3 Yr Annualized	5 Yr Annualized	10 Yr Annualized	15 Yr Annualized
Quartile Performance w/i Inv Cate	—	■	■	■	■	■	■	■
Total Return %	8.05	9.92	0.91	9.92	9.47	7.13	6.45	7.40
+/- Lehman Brothers Aggregate B	—	-0.35	-0.66	-0.35	-0.63	-0.41	-1.06	-1.23
Load-Adjusted Return %	8.05	9.92	0.91	9.92	9.47	7.13	6.45	7.40
Load- and Tax-Adjusted Return %	—	—	—	—	—	—	—	—

Fees and Costs

12b-1 Fee:	0.00 %	Expense Projection:	3 Yr: \$ 255	Front-End Load:	0.00 %	12 Month:	4.24 %
Expense Ratio:	0.57 %		5 Yr: \$ 144	Deferred Load:	0.00 %	SEC	5.05 %

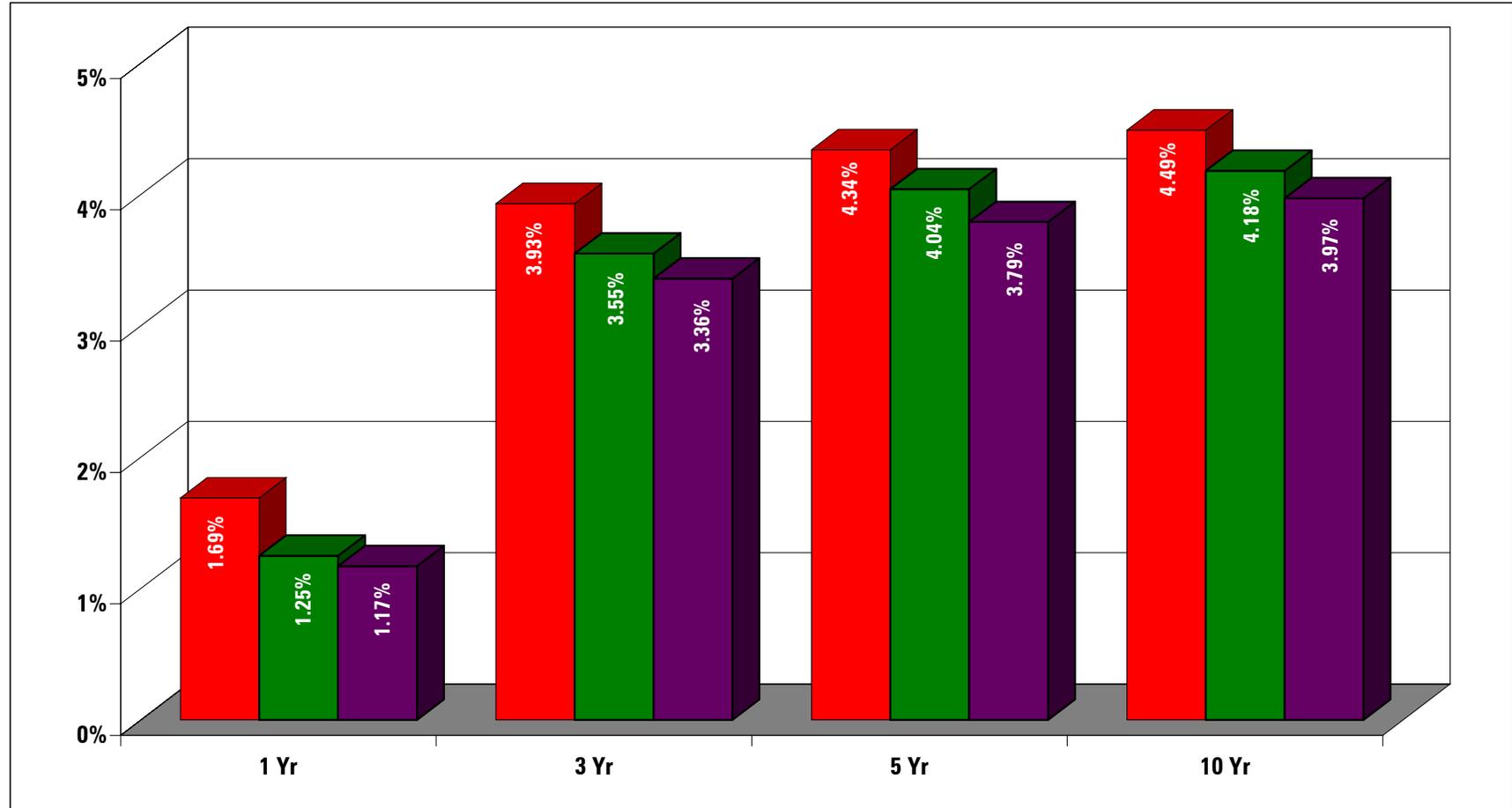
Yield

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Vanguard Admiral Treasury Money Market Fund

December 31, 2002



Fund Name	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr
Vanguard Admiral Treasury Money Market Fund	1.69%	3.93%	4.34%	4.49%
Peer Group Average: Lipper U.S. Treasury Money Market Funds	1.25%	3.55%	4.04%	4.18%
Benchmark Index: iMoneyNet Money Fund Report Avg 100% Treasury Fund	1.17%	3.36%	3.79%	3.97%

Wisconsin Deferred Compensation Plan - Stable Value Fund

Investment Objective

The WDC Stable Value Fund seeks to provide an attractive, stable level of current income plus safety of principal.

Investment Philosophy and Process

The WDC Stable Value Fund is conservatively managed to protect principal while providing the potential for higher rates of return compared to other conservative investments, such as money market funds. To achieve this, the fund invests in diversified portfolios of intermediate maturity fixed income securities. To provide a stabilized earnings rate and for benefit payments at book value (deposits plus interest), the fund enters into contracts to guarantee book value with highly-rated financial institutions.

In managing the fixed income securities, the fund incorporates the investment styles of three nationally recognized fixed income managers. Within the constraints of the fund's overall investment objectives and high quality guidelines, each company manages a portfolio in their unique style. Blending the different investment styles of the managers provides broader portfolio diversification and additional return stability in varying economic and interest rate environments.

Fund Management

Galliard Capital Management, located in Minneapolis, Minnesota, serves as the overall stable value manager for the fund. Galliard is a subsidiary of Wells Fargo & Company, one of the nation's leading providers of financial services. The Galliard management team, led by managing partner and senior portfolio manager, Karl Tourville, is responsible for overall fund management. Sanford C. Bernstein & Co., Inc. and PIMCO, nationally recognized active, fixed income managers, are sub-advisors to the fund. Wells Fargo Bank N.A. serves as the trustee.

Fund Highlights As of 12/31/02

Stable Value Fund Statistics:

Blended Yield	5.50%
Weighted Average Quality	AA+
Weighted Average Maturity	3.1 Years

Contract Issuer Breakdown

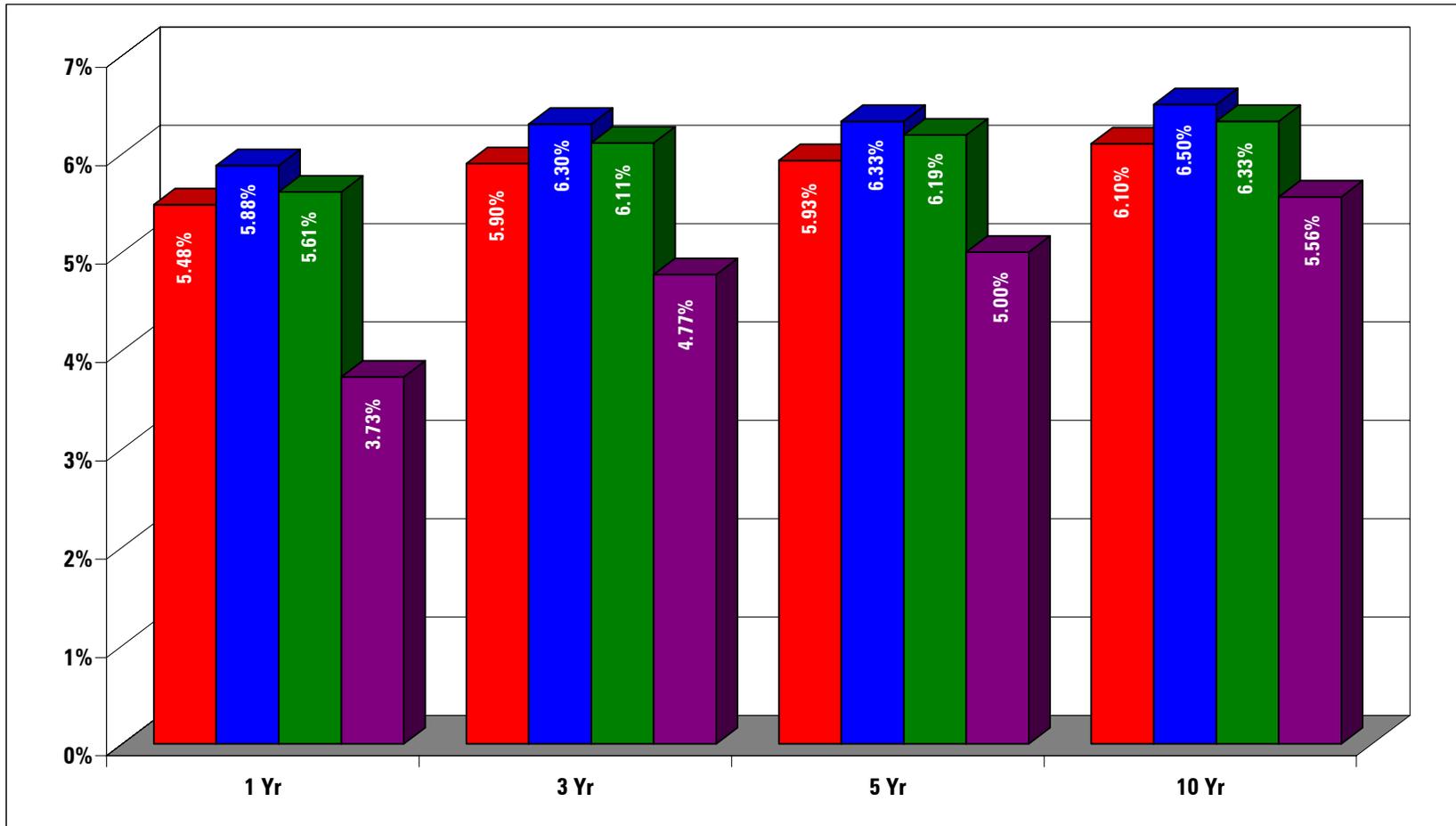
Stable Return	AA+
J.P. Morgan	AA-
Monumental Life	AA+

Quality Rating

The Fund is not insured by the FDIC, Federal Reserve Bank, nor guaranteed by Wells Fargo Bank N.A. Past Performance is no guarantee of future results.

STABLE VALUE FUND

December 31, 2002



Fund Name	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr
Stable Value Fund - Net of Fees	5.48%	5.90%	5.93%	6.10%
Stable Value Fund - Gross of Fees	5.88%	6.30%	6.33%	6.50%
Peer Group Average: Hueler Analytics Pooled Fund Universe Average	5.61%	6.11%	6.19%	6.33%
Benchmark Index: 5 Year CMT Index	3.73%	4.77%	5.00%	5.56%

Marshall & Ilsley Bank, Milwaukee Wisconsin*
FDIC Insured Savings Option
December 31, 2002

2,982 Participant Accounts – 7.64% of Total
 \$34,749,695 in Assets - 3.36% of Total
 M&I became the FDIC provider on December 29, 2000

2002 Review of the FDIC Option Compared to Board's Established Criteria	
Board's Criteria	2001 Assessment
Maintain Federal Deposit Insurance Corporation (FDIC) coverage.	M&I continued to provide FDIC protection to Plan participants during the 4 th Qtr 2001.
Meet the capital ratio as prescribed by the U.S. government.	Their risk adjusted capital ratio as of December 31, 2002 was 11.93% and met the requirements of the U.S. government for continuing FDIC coverage.
Minimum of \$1 billion in assets.	Their assets are currently \$28.2 billion, which exceeds the minimum size requirement.

Upon the effective date of the agreement the State will determine the dollar level of assets on deposit in the State Account upon which the fixed rate calculation will be applied, with the remaining assets on deposit being assigned to the floating rate calculation. The fixed and floating rate assigned to each portion of Plan assets is calculated as described in A and B below. The rate that will be applied to all Participant Savings Account balances will be the blended rate of return. This rate will be determined on a quarterly basis.

- A. **FIXED RATE:** The fixed rate is based on the 12 month LIBOR, not to exceed the remaining term of the Agreement, less a spread of 0.25% to be reset annually. The rate will be determined by published sources as of two business days prior to the account reset date.
- B. **FLOATING RATE:** The floating rate will be based on the 3 month LIBOR, not to exceed the remaining term of the Agreement, less a spread of 0.25% to be reset quarterly. This rate will be determined by published sources as of two (2) business days prior to the account reset date.

Date	1 Year LIBOR	3 Month LIBOR	Blended Rate	Blended Rate – 0.25%
12/28/01	2.45%	1.91%	2.176%	2.176 – 0.25 = 1.926%
03/28/02	2.45%	2.05%	2.251%	2.251 – 0.25 = 2.001%
06/27/02	2.45%	1.88%	2.165%	2.165 – 0.25 = 1.915%
09/27/02	2.45%	1.83%	2.138%	2.138 – 0.25 = 1.888%
12/30/02	1.45%	1.40%	1.425%	1.425 – 0.25 = 1.175%

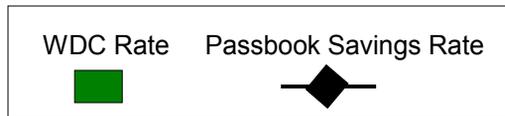
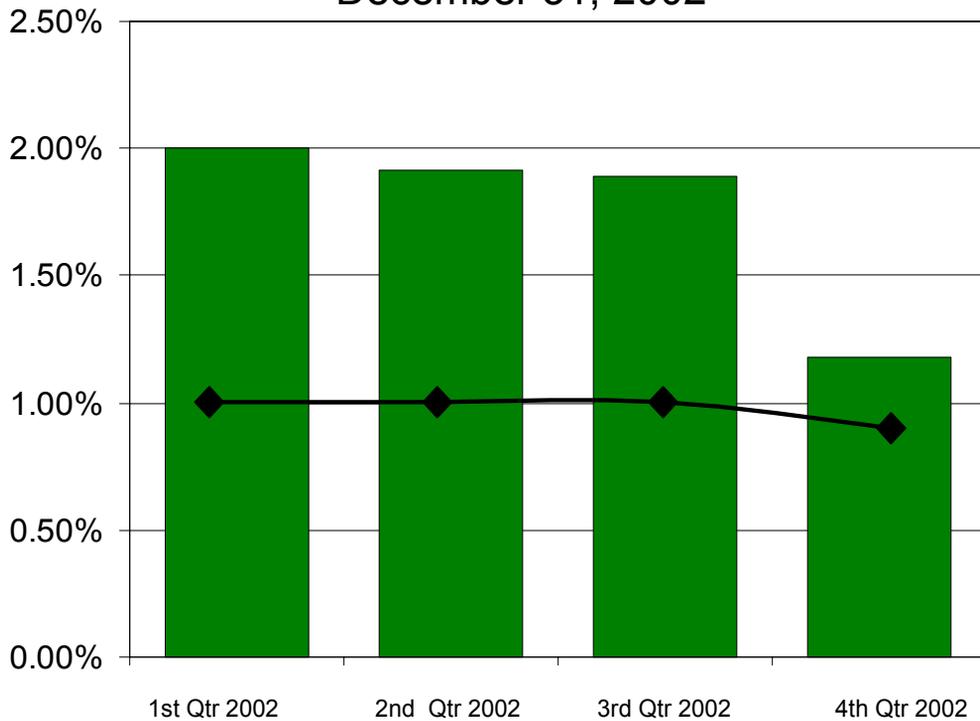
The following page compares M&I's quarterly rates credited to WDC participants with their passbook savings rates paid throughout the year.

* The M&I Bank of Southern Wisconsin merged with the Marshall & Ilsley Bank, Milwaukee, Wisconsin (M&I).

Marshall & Ilsley Bank

FDIC

December 31, 2002



	1st Qtr 2002	2nd Qtr 2002	3rd Qtr 2002	4th Qtr 2002
M&I's WDC Rate	2.001%	1.915%	1.888%	1.175%
M&I's Passbook Savings Rate*	1.00%	1.00%	1.00%	0.75%

*The WDC Rate is declared at the beginning of each quarter and is guaranteed for the quarter. The Passbook Savings Rate is subject to change at any time. The table above reflects the highest passbook rate in effect during each month of the respective quarter.

Wisconsin Deferred Compensation Program
Deferred Compensation Board
Investment Policy Statement
Approved by the Deferred Compensation Board November 1998

Objective:

The Wisconsin Deferred Compensation Program (WDC) will provide participants with the ability to invest pre-tax income in a broad range of investment alternatives with diverse risk and return characteristics. The Deferred Compensation Board's goal is to ensure the WDC offers sufficient investment choices to meet participants' needs when establishing their personal retirement savings portfolio.

Investment Spectrum:

The Board will maintain a core investment spectrum, normally between eight and twenty options, to ensure sufficient choices are available and are reasonable in number to allow the average participant to decide which options best meet their personal needs. The spectrum will be comprised of fixed options and publicly traded mutual fund options from the following categories:

1. *Fixed income/cash investments - FDIC insured bank account option, stable value fund, or money market mutual fund.*
2. *Bond mutual funds - government or corporate bond funds, domestic or international, active or passive management.*
3. *Balanced mutual fund – combining equity and bond investments in one option*
4. *Domestic large cap equity mutual funds – including both active and passive (index) investments; funds with investment objectives that may include: growth and income, growth, aggressive growth, value, and blend of growth and value.*
5. *Domestic small and mid cap equity mutual funds – growth, value or blend.*
6. *International or foreign equity mutual funds – growth, value or blend.*

Selection Process:

The Board may from time to time provide additional investment alternatives and may change the categories of funds offered to maintain a broad spectrum to address participants' changing needs or changes to the investment industry. The Board has established minimum criteria for selecting and evaluating the options offered by the WDC.

Mutual fund options are selected from the universe of publicly traded funds through a comprehensive search process. For an option to be considered for the WDC, it must meet the established minimum requirements in regard to: asset size, years in operation, costs (expense ratio and sales fees), and historical performance. Once the initial screening has occurred, options are further analyzed based on criteria that includes, but is not limited to: short and long term performance as compared to peer group average and benchmarks, risk/return measurements, manager tenure, and industry ratings (such as *Morningstar*). Fixed income investments must also meet minimum criteria established by the Board (see attachment 1) and are selected from a competitive request for proposal process.

Evaluation Process:

To ensure options continue to be suitable for offering to WDC participants and are consistent with the established investment policy, the Board completes a comprehensive evaluation each year.

Performance benchmarks are specifically established for each investment option and include a comparison to their peer group average, an appropriate index measurement, and an internal benchmark identified by the fund manager. Volatility is also measured by an analysis of risk versus return.

If the Board determines an option is no longer acceptable for continued offering, the Board may close the investment to new participant elections or initiate the process to phase the option out of the WDC and require participants to move account balances to an alternate choice. The steps in the review process are as follows:

1. *A determination is made that a fund is unacceptable for offering. The Board can either close the fund to new elections and proceed with step 2, or initiate the phase out process to remove the fund from the WDC and skip step 2 and 3 and go directly to step 4.*
2. *As a result of the next year's annual review, if it is determined to once again be acceptable, the fund is re-opened to participant elections.*
3. *If improvements have occurred but it is not completely meeting all established criteria and/or there are remaining questions about its performance in can be continued in it's current closed status for an additional year.*
4. *If the review demonstrates that the fund continues to be unacceptable for offering, the Board can initiate the process to phase it out of the WDC over a minimum of a one-year period (as required in Wisconsin Administrative Code ETF 70.08(3)).*
5. *Participants are instructed to re-direct deferrals to an alternate choice within a period of not less than six-months from the original notification. If this action is not taken, deferrals being directed into the option being removed will automatically be redirected to an alternate option as designated by the Board.*
6. *Participants are instructed to transfer existing balances to an alternate choice within a period of not less than one year from the original notification. If this action is not taken, account balances not exchanged out of the option being removed will automatically be redirected to an alternate option as designated by the Board.*

Responsibilities:

Deferred Compensation Board – The Board is responsible for selecting appropriate investment options for offering by the WDC and monitoring the selections to ensure they continue to be acceptable for long-term retirement savings.

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

Department of Employee Trust Funds and Administrative Services Provider staff – Staff is responsible for completing the annual evaluation to monitor the WDC investment choices and providing sufficient analysis and information on which the Board can base decisions regarding maintaining, removing or adding investment options to the WDC. Staff is also responsible for providing sufficient information about the available investment choices and how to structure a retirement savings portfolio to enable participants to make informed decisions.

Participants – Investment decisions are the full responsibility of participants and their beneficiaries. Although the Board monitors the options that are being made available, participants are responsible for deciding which, if any, of the available choices are the most appropriate for their supplemental retirement savings needs.

Minimum Criteria for Selecting and Evaluating Fixed Income Options

Bank Option	<ul style="list-style-type: none"> • FDIC insured • Capital ratio as required by US government to maintain FDIC coverage • Minimum size - \$1 billion in assets
Insurance Option	<ul style="list-style-type: none"> • Top rating received by at least 2 rating agencies • No rating below a Double A or equivalent • Total capital (equivalent to total assets minus total liabilities) equal to at least 5% of invested assets • High risk assets (non-investment grade bonds and non-performing real estate loans and investments) under 200% of total capital • Performance returns compared to blended 5-year Treasury rates, or other index as appropriate
Stable Value Fund Manager	<ul style="list-style-type: none"> • Minimum five years experience managing stable value assets • Minimum \$2 billion in discretionary assets under management • Investment guidelines and performance benchmark as approved by Board

Minimum Criteria for Selecting and Evaluating Mutual Fund Options

<p>Selection criteria: <i>Requirements apply to all mutual funds unless specifically waived</i></p>	<ul style="list-style-type: none"> • Minimum 5 year operating history – may be waived for index funds • Expense ratio [internal expense charge plus any 12(b)1 fee] not greater than the mean for the appropriate peer group • 5-year rolling average performance must equal or exceed appropriate benchmark or index • Minimum total asset size of \$400 million – may be waived for certain categories of funds • Anticipated WDC assets not greater than 5% of total fund (determined by comparing current WDC asset levels in a comparable fund) • No loads or sales charges unless they are waived for the WDC • Not a sector fund
<p>Monitoring Criteria: <i>Requirements apply to all mutual funds unless specifically waived</i></p>	<ul style="list-style-type: none"> • Performance must meet or exceed one or more of established benchmarks – benchmarks used include, but are not limited to 1) peer group average, 2) appropriate index as determined by Board, and 3) internal benchmark assigned by fund manager. • For specialty funds selected for reasons other than performance (i.e., socially responsive funds), performance will only be evaluated based on a comparison to the funds peer group of funds with same specialty objective. [Participants will be fully advised that fund is selected for reasons other than investment returns.] • WDC assets in fund no greater than 10% of the total mutual fund assets • After 5 years in WDC, minimum of 3% of participants or 3% of assets.

Investment Objectives and Guidelines

State of Wisconsin Deferred Compensation Plan - Stable Value Fund

Investment Objectives:

The primary objective of the portfolio is to provide safety of principal and a stable credit rate, while generating a competitive return. The underlying fixed income portfolio on an aggregated basis shall conform to the following guidelines.

A. SECTOR

<u>Fund Level</u>	<u>Minimum Weighting</u>	<u>Target Weighting</u>	<u>Maximum Weighting</u>
Cash Equivalents & Buffer	15%	20%	30%
Managed Synthetics*	70%	80%	85%

Underlying Asset Level

U.S. Government/Agency	0%	100%
Corporates	0%	50%
Asset Backed	0%	25%
Mortgage Backed	0%	65%
Non-U.S. Issuers (Yankee only)	0%	10%

No more than 5% of the aggregate portfolio will be invested in any one corporate issuer.

No more than 10% of aggregate portfolio will be invested in any other issuer other than the U.S. Government or its agencies.

No more than 20% of aggregate portfolio at time of purchase will be invested in corporate bonds within a single S&P industry code.

*All managed portfolios must have book value wrap contracts in place.

B. Quality

Contract Level

The minimum weighted average quality of the contracts will be maintained at Aa3/AA-. Contract issuers must be on the Galliard "approved" list at the time of purchase.

Underlying Asset Level

All securities will be rated investment grade at time of purchase. The minimum weighted average quality of the underlying assets will be maintained at AA-/Aa3.

<u>Composite Long-Term Rating</u>	<u>Minimum Weighting</u>	<u>Maximum Weighting</u>
AA-/Aa3 or better	50%	100%
A-/A3 to A+/A1	0%	40%
BBB-/Baa3 to BBB+/Baa1	0%	20%

Minimum rating on money market instruments will be A1/P1 at time of purchase.

C. DURATION

Target Effective Duration - 4.0 years for overall portfolio. The overall portfolio shall be maintained within \pm 1 year of the target duration.

D. PERFORMANCE

Overall Fund:

The long-term portfolio goal is to provide a credited rate of interest to participants exceeding a similar duration U.S. Treasury Bond Yield (measured using the "Constant Maturity Treasury Bond" return calculation).

Individual Managers:

Individual manager performance is expected to exceed established benchmarks by at least .50% on a net of fees basis over a market cycle.

E. PERMISSIBLE SECURITIES*

1. U.S. Treasury notes, bonds, bills
2. U.S. Federal Agency Securities
3. Asset-backed securities
4. Corporate notes, bonds, and debentures, including domestic and foreign issuers (Yankee bonds), and securities issued under Rule 144A
5. Mortgage-backed securities
6. Mortgage pass through securities
7. Municipal securities
8. Forward purchase agreements
9. U.S. Treasury futures and Euro-dollar futures Agreements
10. Federal Funds
11. Repurchase Agreements

12. Money market instruments
13. Collective Funds investing in the above

*All securities will be U.S. dollar denominated only.

F. ADDITIONAL RISK MANAGEMENT GUIDELINES

1. **Duration Stress Tests**

Entire portfolio must remain within .5 years of effective duration guidelines subject to \pm 300 bp stress test of the portfolio.

2. **Diversification**

The net exposure to any one issuer or counterpart (including principal exposure to their securities plus any difference between market value and book value on outstanding contracts) shall not exceed 7.5% of the Fund.

3. **Credit Quality**

In the case of a split rating on securities, the higher rating shall apply. For securities downgraded below investment grade, or A1/P1 for short term securities, the manager shall be allowed up to 90 days to liquidate the security in an orderly fashion.

For securities downgrade to BBB+/Baa1 or lower, to the extent the 20% maximum in BBB/Baa rated securities is exceeded, the manager shall be allowed up to 90 days to come back into compliance.

4. **Portfolio Leverage and Derivatives**

The portfolio may not be leveraged. Derivatives may be used to hedge portfolio or manage portfolio duration and cannot be used to leverage the portfolio in any manner or for speculative purposes. Any derivative products in the portfolio will be included in all measures of portfolio performance, including yield, duration, and convexity.

The portfolio may purchase securities for forward delivery as long as the position is fully incorporated in calculating the portfolio's duration.

The portfolio may purchase securities on a when-issued basis as long as the position is fully incorporated in calculating the portfolio's duration. Cash or cash equivalents must be held to meet forward commitments including mortgage rolls.

All structured notes which are issued by a non-governmental issuer must be rated A or better.