



## In This Building Block:

- What does a prospectus tell me?
- What do the funds invest in?
- Select the best investment options for you

# ABOUT YOUR INVEST- MENT OPTIONS



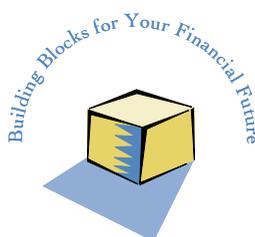
Smart investing requires good information. This Building Block gives you basic information on all of the Plan's investment options. However, the best place to get details about a fund is to start with its prospectus.

## Read the prospectus

Most Plan investment options are mutual funds. Each fund's objectives, policies, management fees and expenses are discussed in a legal document known as a prospectus. Fund companies must give a prospectus to investors when they buy mutual fund shares. To request a prospectus, call the company that manages each fund that interests you. The toll-free numbers are on page A30 and at the bottom of each of the fund pages in this section. Please read the fund's prospectus carefully before you invest.

### The prospectus will tell you:

1. The fund's objectives — As you study this section, remember you are trying to find a fund that matches your investment goals, attitudes, and risk level.
2. What the fund invests in — This states what the fund may buy.
3. How much the fees are — The charges are expressed as a percentage of your investment (for example, a 1% management fee) and are all listed in the fee table at the front of the prospectus. The funds in this Plan are no load (no sales commission) or have waived their sales fee.
4. The portfolio turnover rate — This tells you how often the mutual fund manager buys and sells the securities within the fund. The higher the turnover rate, the higher the brokerage costs, which are an expense to the fund.



**What the prospectus MAY tell you:**

The annual return. If the prospectus doesn't tell you this, you can call the fund company's toll-free number and ask for the annualized return. You'll also receive this information on a quarterly basis, as discussed in Building Block #5.

**The Stable Return Fund is not an SEC-registered mutual fund and therefore does not publish a prospectus. It is a proprietary fund managed by PRIMCO Capital Management for the Deferred Compensation Plan.**

## Let the mix of return potential and stability be your guide

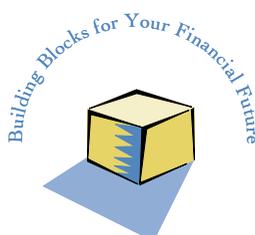
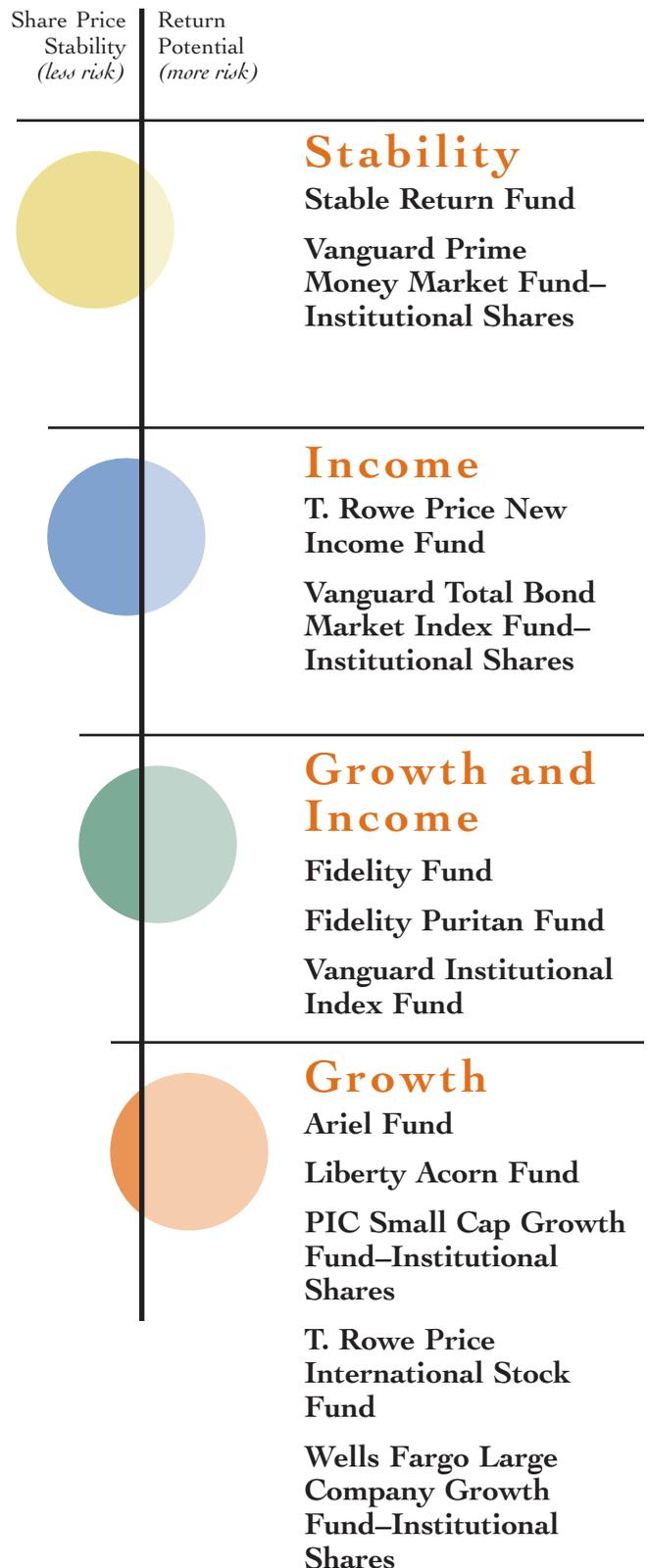
With diversified investment options in the Plan from which to choose, you'll be able to select investment options whose goals match yours.

No single investment or mix is right for everyone. As your needs change over time, strive for a blend of investment options that meets your long-term goals.

The investment option descriptions that follow were provided by the investment firms participating in the Deferred Compensation Plan.

## Your Investment Options

This chart shows where each investment option in the Plan fits on a scale from least risk and least potential return to greatest risk and greatest potential return. Please note the investment options are listed alphabetically within each category. The stock investment options shown at the bottom of the chart have the potential for the highest returns and the least share price stability. The money market and stable return investment options shown at the top are more stable and have a lower potential return than the other investment options.



Stability

## Stable Return Fund

**Objective:**

The fund seeks to provide a generally steady level of income and to preserve principal. The fund is designed so that its principal value does not go up and down as the value of stock and bond funds fluctuates.

**Investment strategy:**

The fund invests in a broadly diversified group of investment contracts. Each contract is unique in its characteristics. The fund seeks to provide a predictable return that is expected to move with current market rates.

**Invests in:**

A diversified portfolio of investment contracts with a group of high-quality insurance companies, banks, and other financial institutions. An investment contract is an agreement in which the contract issuer promises a specific rate of return for a certain period of time.

**Designed for:**

The fund may be appropriate for investors seeking the least fluctuation in principal investment. The fund seeks a competitive market interest rate with a minimal amount of overall risk.

**Risk level:**

Low.

**Special note:** This fund is not an SEC-registered mutual fund. It is a proprietary fund managed by PRIMCO Capital Management for the Deferred Compensation Plan. For more information, call PRIMCO Capital Management at 800/228-7466.

## How does the Stable Return Fund work?

The fund will invest in a number of investment contracts with a diversified group of insurance companies, banks, and other financial institutions. Each contract has its own interest rate and maturity date. The fund earns the blended rate of all its contracts.

The fund's return is expected to be positive and to respond to current market rates. As interest rates rise, the fund's returns will tend to follow that upward movement. The opposite is also true—as rates fall, the fund's returns will follow that trend.


 Stability

## Vanguard Prime Money Market Fund - Institutional Shares

### What is a money market fund?

It is a low-risk, low-return, stable investment that is managed with the goal of maintaining a price of \$1.00 per share. Such investments are made up of short-term instruments, like Treasury bills and certificates of deposit (CDs). However, unlike deposits in a bank account, investments in the Deferred Compensation Plan are neither insured nor guaranteed by the U.S. government. Nor is there any guarantee that any of the stability funds will maintain a \$1.00 share price.

#### Objective:

Seeks the highest level of income consistent with maintaining a stable share price of \$1.\* The fund invests in short-term, high-quality money market instruments issued by financial institutions, nonfinancial corporations, the U.S. government, and federal agencies.

#### Investment strategy:

The fund will invest in only high-grade money market instruments with short maturities. The fund has an average maturity of 90 days or less.

#### Invests in:

Short-term, high-quality securities, such as bank certificates of deposit and commercial paper; also invests in U.S. Treasury bills, banker's acceptances, and other cash instruments.

#### Designed for:

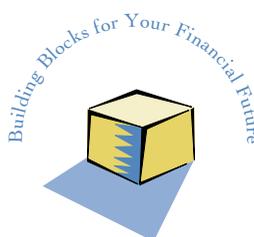
The fund may be appropriate for investors who need their money in the near future or those who wish to take minimal risk.

#### Risk level:

Conservative.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Vanguard at 800/523-8066 to request a current prospectus.

*\* An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.*





## T. Rowe Price New Income Fund

**Objective:**

The fund seeks a relatively high level of income consistent with the preservation of capital over time.

**Investment strategy:**

The fund invests in bonds of varying maturities, with the average between four and 15 years. The majority of the assets will be invested in investment-grade, income-producing securities.

**Invests in:**

U.S. government securities, corporate bonds, and mortgage-backed securities. The fund invests according to interest rate outlook.

**Designed for:**

The fund may be appropriate for investors seeking an attractive level of income over the long term who can accept moderate share price fluctuation.

**Risk level:**

Lower to moderate.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call T. Rowe Price at 888/457-5770 to request a current prospectus.

## What is a bond fund?

Bond funds invest in a variety of government and corporate debt securities known as bonds or fixed-income securities. A bond fund earns the composite rate of all the bonds it holds. These funds are in the income group because they are designed to pay income.

While each individual bond's interest is fixed, bond fund share prices are not fixed. Market forces of supply and demand and the general level of interest rates can cause the market price of a bond fund to move up or down. A bond may, therefore, sell at more or less than what you paid for it. In general, it works like this:

- As interest rates fall, bond fund values rise.
- As interest rates rise, bond fund values fall.

The Deferred Compensation Plan offers you two bond funds:

- Vanguard Total Bond Market Index Fund - Institutional Shares
- T. Rowe Price New Income Fund

Income

## Vanguard Total Bond Market Index Fund - Institutional Shares

### Objective:

The fund seeks to match the investment performance of the Lehman Brothers U.S. Aggregate Index, an unmanaged measure of bond market performance.

### Investment Strategy:

The fund invests in a diversified portfolio of U.S. Treasury, federal agency, mortgage-backed, and investment-grade corporate securities, and seeks to invest its assets in the same proportion as the index.

### Invests in:

The fund invests in a large sample of bonds from a variety of industries in an attempt to match the performance and risk characteristics of the unmanaged Lehman Brothers U.S. Aggregate Index.

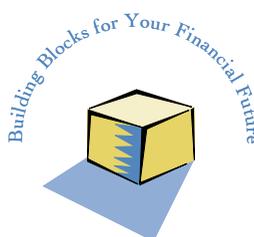
### Designed for:

The fund may be appropriate for investors seeking sustained high income over the long term and who can accept some ups and downs in share price.

### Risk level:

Conservative to moderate.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Vanguard at 800/523-8066 to request a current prospectus.





## Growth and Income

### Fidelity Fund

#### **Objective:**

The fund seeks long-term capital growth and current income.

#### **Investment strategy:**

The fund invests primarily in stocks of well-established companies. Such companies are marked by solid balance sheets, reasonable valuations, and good prospects for growth. To reduce exposure to market risk, the fund spreads its assets across a variety of market sectors. This fund is managed to pay a dividend.

#### **Invests in:**

Primarily shares of common stocks of well-established companies and in companies undergoing positive fundamental change.

#### **Designed for:**

The fund may be appropriate for long-term investors seeking growth from the increase in share price. Such investors must be willing to accept some ups and downs in the fund's share price.

#### **Risk level:**

Moderate.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Fidelity at 800/544-8888 to request a current prospectus.

## What is a stock fund\*?

Stock mutual funds pool money from many investors to buy shares of numerous companies—from a few dozen to several hundred. A professional money manager invests the fund's assets for its shareholders. Owners of stock funds can profit if:

- A company's earnings increase, which may result in a higher share price. If you sell shares worth more than what you paid, you realize a capital gain. In the Deferred Compensation Plan, you only sell shares when you receive a distribution or initiate an exchange between available options.
- A company pays its shareholders dividends. Because dividends are based on a company's profits, they vary from company to company and from year to year. Rather than paying dividends, some companies channel profits back into the business to help it grow.

*\*Stock funds are more volatile than bond funds. Stock funds' share prices can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic conditions, changes in investor psychology, or heavy institutional selling.*


 Growth and Income

## What is a growth and income fund?

Funds in this group invest in stocks seeking growth from an increase in share price. In addition, some funds in this group invest in dividend-paying stocks that also provide income.

Some growth and income funds may invest in bonds for their current income potential.

Growth and income funds tend to be less volatile than funds in the growth category and have more growth potential than funds in the income category.

The Deferred Compensation Plan offers you three growth and income funds:

- Fidelity Puritan Fund
- Fidelity Fund
- Vanguard Institutional Index Fund

### Fidelity Puritan® Fund

**Objective:**

The fund seeks income and growth, consistent with the preservation of capital.

**Investment strategy:**

The fund invests in stocks and bonds. The investments are diversified among a variety of companies, industries, types of securities, and countries.

**Invests in:**

About 40% of its assets in bonds and 60% in stocks. The fund attempts to invest in stocks with above-average yields and in bonds of varying maturities and qualities.

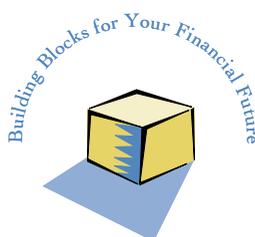
**Designed for:**

This fund may be appropriate for long-term investors seeking a combination of growth and income.

**Risk level:**

Moderate/low.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Fidelity at 800/544-8888 to request a current prospectus.





## Growth and Income

# Vanguard Institutional Index Fund

**Objective:**

Holds all of the stocks in the Standard & Poor's 500 Composite Stock Price Index, an unmanaged measure of stock market performance, to provide long-term growth. These stocks tend to be among the largest in the U.S.

**Investment strategy:**

Vanguard Index Fund attempts to match the performance and risk characteristics of the unmanaged S&P 500 Index, a broad measure of the U.S. stock market.\*

**Invests in:**

The portfolio holds all of the 500 underlying securities in proportion to their weighting in the index.

**Designed for:**

The fund may be appropriate for long-term investors seeking growth of their capital from the increase in the share price and income from dividends. Such investors must be willing to accept some ups and downs in the fund's share price.

**Risk level:**

Moderate to aggressive.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Vanguard at 800/523-8066 to request a current prospectus.

\* "S&P 500," "S&P," and "500" are registered trademarks of the McGraw-Hill Companies, Inc.


 Growth

## Ariel Fund

### Objective:

The fund primarily seeks long-term capital appreciation by investing in small companies that are currently undervalued but have demonstrated potential for growth.

### Investment strategy:

The fund looks for quality companies that have been misunderstood or ignored by the market. Such companies must have distinct market niches, excellent financial conditions, solid management teams, and an established record of success. The fund will not invest in companies involved in the production of tobacco products, weapon systems, nuclear energy, or equipment used to produce nuclear energy. Investments are first screened for financial soundness and then evaluated according to the fund's social criteria.

### Invests in:

Shares of common stock of small companies that provide quality products and/or services and have achieved recognized competence in their respective industries.

### Designed for:

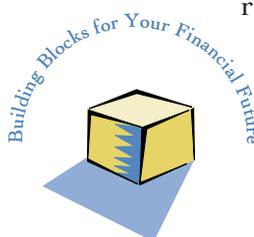
The fund may be appropriate for long-term investors seeking maximum growth potential through an investment in enterprises that meet a certain social criteria. Like all equity mutual funds, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Investing in small-cap stocks is more risky and more volatile than investing in large-cap stocks.

### Risk level:

High.

Before investing in this or any fund, please read the fund's prospectus carefully.

It contains more complete information on management fees and other expenses. Call Ariel at 800/292-7435 to request a current prospectus.




 Growth

## Liberty Acorn Fund

### Objective:

The fund seeks long-term capital growth.

### Investment strategy:

It invests in stocks of smaller companies. The fund looks for attractively priced companies that will benefit from longer-term, economic or political trends. The fund especially seeks small companies which it believes have superior growth potential.

### Invests in:

Primarily shares of common stocks of smaller companies with a strong business franchise that offers growth potential and products that give them a competitive advantage. The fund may invest up to one-third of its assets in foreign securities.

### Designed for:

It may be appropriate for long-term investors seeking maximum growth potential. Such investors must be willing to accept wide swings in the fund's share price over the short term.

### Risk level:

High.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Liberty Acorn at 800/618-7643 to request a current prospectus.

## What is a growth stock fund?

A growth stock fund invests in stocks with the potential to increase in value. The goal is to provide capital appreciation for the fund's shareholders over the long term. Growth funds experience more swings in value than money market or bond funds. During an advancing stock market, growth stock funds tend to rise in value more quickly than dividend-producing stock funds and to drop in value more sharply during declining markets.

These funds are grouped as "growth" funds because they are designed to provide growth over the long term. Your Plan offers these stock funds:

- Liberty Acorn Fund
- Ariel Fund
- PIC Small Cap Growth Fund—Institutional Shares
- T. Rowe Price International Stock Fund
- Wells Fargo Large Company Growth Fund—Institutional Shares



## Growth

# PIC Small Cap Growth Fund— Institutional Shares

**Objective:**

The fund seeks to provide long-term growth of capital through ownership in equity securities of smaller growth companies.

**Investment strategy:**

The fund will invest at least 65% of its assets primarily in the common stocks of small-capitalization growth companies whose market capitalization at the time of initial purchase is \$50 million to \$2 billion. PIC's portfolio management team seeks out companies possessing one or more catalysts for growth, such as new products, demographic trends, proprietary products, gaining market share, or rapid earnings growth.

**Invests in:**

A well-diversified portfolio of small-capitalization growth stocks with an emphasis on strong financial characteristics and future revenue and earnings growth potential. A number of growth sectors, including electronic technology, health technology, finance, industrial services, and retail.

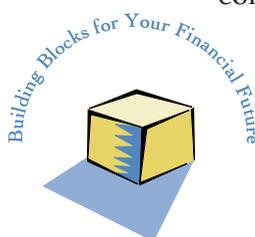
**Designed for:**

Participants seeking capital appreciation through investments in rapidly growing, small-capitalization companies. Investors seeking an opportunity to round out a well-diversified investment plan with a more growth-oriented asset class. Investors who are willing to accept the greater risk of investing in such smaller growth companies.

**Risk level:**

High

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Provident Investment Counsel at 800/618-7643 to request a current prospectus.



Growth

## T. Rowe Price International Stock Fund

**Objective:**

The fund seeks long-term capital growth.

**Investment strategy:**

The fund invests in stocks of companies located outside the United States. The fund is a relatively conservative international fund due to a broadly diversified portfolio of established companies; however, the fund generally involves more risk than a fund investing in U.S. stocks because of the unique risks of international investing, including currency fluctuations.

**Invests in:**

Shares of common stocks of established companies outside the United States.

**Designed for:**

The fund may be appropriate for long-term investors seeking growth potential and who want greater portfolio diversification through international investing. Such investors must be willing to accept wide swings in the fund's share price due to the volatility of the world's stock markets.

**Risk level:**

High.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call T. Rowe Price at 888/457-5770 to request a current prospectus.

Growth

## Wells Fargo Large Company Growth Fund—Institutional Shares

**Objective:**

This fund seeks to provide long-term capital growth.

**Investment strategy:**

It invests primarily in large, high-quality, dynamic growth companies whose earnings are expected to grow 50% faster than the earnings of the S&P 500 Index.

**Invests in:**

A concentrated portfolio of 35 to 50 domestic stocks that the adviser believes to have superior growth potential. The core of the portfolio consists of companies whose earnings growth rate exceeds the average company in the S&P 500 Index by at least 50%. Short-term market timing is avoided, and the fund will typically be fully invested.

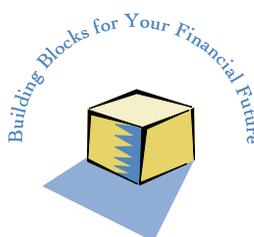
**Designed for:**

The fund may be appropriate for investors with a long-term investment horizon as this fund can experience wide share price swings in the short term.

**Risk level:**

High.

Before investing in this or any fund, please read the fund's prospectus carefully. It contains more complete information on management fees and other expenses. Call Wells Fargo at 866/561-1153 to request a current prospectus.





## Just ahead in Building Block #5...

I've selected my investments but want to know how to follow their progress. How do I do this? I have a question about my Plan account statement. Whom do I call to get more information? How do I change my investment mix or salary deferral percentage? Find out the answers to these questions and more just ahead in Building Block #5.