Why start now?

"I went to the bank today and
I have all the money I need...
if I die tomorrow."
- Henny Youngman

HOW MUCH WILL YOU NEED TO SAVE?

Financial experts say that when you retire, you'll need approximately **75%** of your current income, every year, to maintain your standard of living. This chart shows what a 30-year old person making the various annual incomes shown below, assuming a 4% annual salary increase, will need to have saved up when he or she retires in 35 years (at age 65).

Estimated Savings Needed For Retirement
(assumes 35 years to retirement)

Current Salary	Total Estimated Amount Needed at Retirement
$20K	$ 713,921
$30K	$1,070,881
$40K	$1,427,842
$50K	$1,784,802
$60K	$2,141,763

This example assumes that the Total Estimated Amount will generate 75% of Current Salary over a 23 year payout period, the average duration of retirement.

How do you reach numbers like the ones shown above? According to financial experts, you should be putting away **10% to 15%** of your current salary in order to provide for your retirement years. But that's a very high number. So...where will you get that money you need for retirement?

Sources of retirement money:

For most people, the main sources for retirement income are: Social Security, personal savings and their company retirement plan. Let's look at each one in turn:

SOCIAL SECURITY

Today, Social Security provides less than half of what you'll need for retirement. And that amount is expected to decrease as the years go on.

PERSONAL SAVINGS

Although experts say people should save 10% to 15% of their salaries for retirement, most Americans only save 4%. Plus, most of the interest you make on your personal savings gets taxed every year.

YOUR 401(k) PLAN

Your 401(k), or your company retirement plan, was specifically designed to help you build up the money you need for retirement. Read on, and you'll find out why.

In the year 2030, the cost of:

Food & Shelter	$5,239.10	a month
Average Social Security Check	$1,814.27	a month

Source: Department of Labor, Social Security Administration. Social Security Bureau, Washington, D.C. Inflation is measured by the Consumer Price Index (CPI). Assumes a 5.2% inflation rate. Social Security calculation based on the year 2000 projected average monthly individual check amount of $804.00 compounded annually with an average increase of 2.75% per year.

WHY SHOULD YOU INVEST IN YOUR RETIREMENT PLAN?

Your plan offers many advantages you can't get through regular savings:

TAX DEFERRED EARNINGS

In your plan, your earnings are tax deferred. That means you don't pay taxes on any of the money you earn until funds are withdrawn, typically at retirement - when you'll probably be in a lower tax bracket.

PRE-TAX DEDUCTIONS

Your plan contributions are taken out of your salary before your taxes are calculated. As a result, the IRS considers you to have a lower taxable income.

WHY? NOW

THE POWER OF COMPOUNDING

Compounding is when the money you invest earns money, and that additional amount earns money, over and over again. And since the money in your plan compounds without taxes being taken out, it can really add up. The key: the sooner you start, the better. Because the more time you give compounding to work, the better it works for you.

Understand investing.

"There is no greater tragedy than doing nothing for fear of doing too little."
- Chinese Proverb

Your plan lets you choose from many different investments. But how do you know which ones are right for you? To understand that, you first need to understand a little about investing...

reach your GOALS

"It's tough to make predictions, especially about the future."
- Yogi Berra

THE RULE OF RISK AND REWARD:

Like many things in life, investing is governed by the rule of risk and reward. It works something like this:

reward

The more you're willing to risk, the more you have **a chance to gain.**

but

The more you're willing to risk, the more you have **a chance to lose.**

risk

Every investment has its own level of risk, and its own potential for reward. In your plan, you can choose from a number of investments, but they all generally come down to one of three basic types:

- **CONSERVATIVE**
- **MODERATE**
- **AGGRESSIVE**

Your plan provides you with investment options that blend different investments together to create these categories.

TYPES OF INVESTMENTS:

CONSERVATIVE

MONEY MARKETS
Lower risk
Lower potential return

Many people believe that because they want a secure retirement, they should put their money into investments with the lowest risk: conservative funds. Conservative funds such as money markets and Treasury Bills, are designed to keep the money you put into them (your principal) from swinging up or down in value.

Investments in a money market fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.

MODERATE

BONDS
(and funds that mix bonds with money markets or stocks)
Moderate risk
Moderate potential return

People who prefer to earn a little more reward - in return for a little more risk - often choose a moderate investment. These are usually bond funds, or funds that blend bonds with either money markets or stocks.

Basically, bonds are loans you give to companies and institutions who promise to pay back the amount you lent them, plus interest. Bond funds tend to have a moderately higher level of risk than more conservative investments. As a result, they offer a moderate potential for reward.

AGGRESSIVE

STOCKS
Higher risk
Higher potential return

Aggressive investors seeking higher levels of reward, in return for a higher level of risk, tend to invest in the stock market.

When you buy stocks, you're buying partial ownership in a company or companies. Stocks are considered to be a higher risk because the value of the money you put in can go up and down on a daily basis. However, as the chart on page 6 shows, stocks have tended, over time, to earn more than conservative or moderate investments.

Comparing the three TYPES OF INVESTMENTS:

The following chart shows how all three types of investments (conservative, moderate, and aggressive) have performed over the past 20 years.

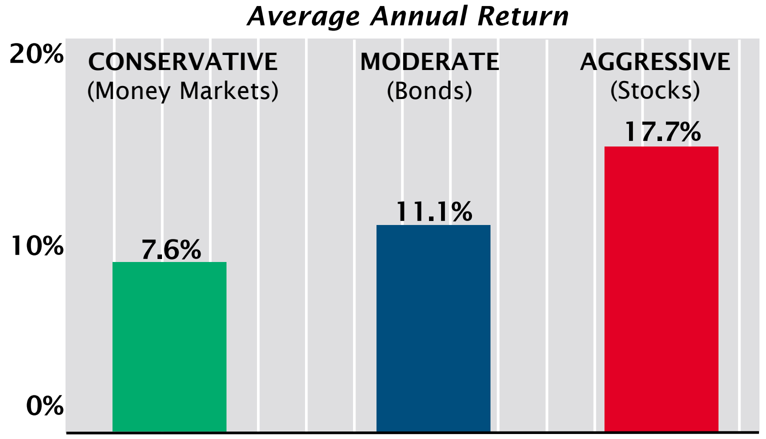
Looking at the chart, it seems to say, "Go for the big return." But that's not necessarily the best choice. Because the law of risk and reward works both ways:

You may go for a higher reward, but you have a greater chance of losing a portion (sometimes a big portion) of the money you've invested. On the other hand, you may not earn enough to provide for your retirement.

types

How All 3 Investment Types Have Performed Over The Past 20 Years (1978 to 1998)

Average Annual Return



Source: Lipper Money Market Fund Index and Stocks, Bonds, and Inflation, 1999 Yearbook, Ibbotson and Associates, Chicago, 1978-1998.

This chart is for illustrative purposes only and is not indicative of future performance.

The indices presented provide you with an understanding of their historic long-term performance, and are not to illustrate the performance of any current investment outlined in your retirement plan. Investors cannot directly purchase any index. The Money Market return is represented by the Lipper Money Market Index. The Stock returns are represented by the S&P 500 Composite Stock Price Index, a market-weighted, unmanaged index of 500 Stocks. The Bond returns are represented by the U.S. Long-Term Government Bond Index.

RISKS

So the next thing you need to know is,
"What are the risks of the different investments?"

INVESTMENT RISKS:

There are three basic risks you need to consider when deciding which investments are right for you:

- **INFLATION RISK**
- **BOND MARKET RISK**
- **STOCK MARKET RISK**

"The best time to buy anything was last year."
- Marty Allen

INFLATION RISK

Inflation is that inevitable force that makes sure a dollar can't buy you today what it bought you ten, twenty or thirty years ago. So when you're planning for the future, you need to remember that things will cost a lot more than they do today - and you'll be paying for them on a fixed income.

To give you an idea of inflation's impact, the chart below shows how much a few standard consumer items cost 30 years ago in 1970, what they cost today, and what they're estimated to cost 30 years from now - when you're likely to be in, or nearing, your retirement years.

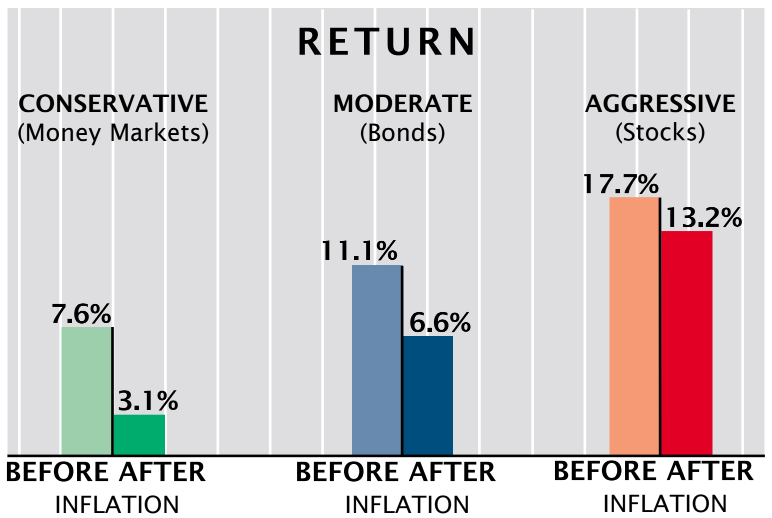
	30 YEARS AGO (1970)	TODAY (Year 2000)	30 YEARS FROM NOW (Year 2030)
Family sedan	$ 4,600.00	$ 20,000.00	$ 91,517.00
Single home	$29,400.00	$130,000.00	$594,861.00
Refrigerator	$ 550.00	$ 1,000.00	$ 4,576.00
Cup of coffee	$ .08	$ .85	$ 3.89

Source: Department of Labor. Inflation is measured by the Consumer Price Index (CPI).
A 5.2% inflation rate is used.

INFLATION RISK
continued

The point is if you know inflation is going to take a bite out of your earning power, you'll want to protect yourself by making sure it takes as small a bite as possible. And the more money you have, the more you'll have left over after inflation takes its share.

The Impact of Inflation on All Three Investment Types
(1978 to 1998)



Source: Lipper Money Market Fund Index and Stocks, Bonds, and Inflation, 1999 Yearbook, Ibbotson and Associates, Chicago. 1978-1998.
This chart is for illustrative purposes only and is not indicative of future performance. A 4.5% inflation rate is used and measured by the Consumer Price Index (CPI).

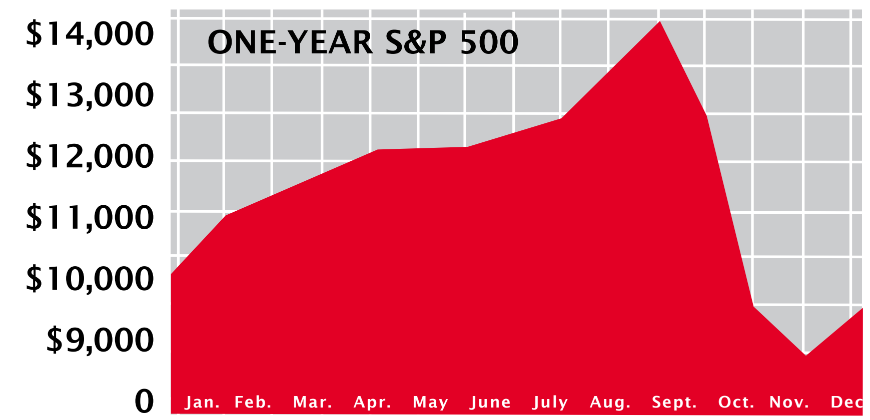
What does this chart mean to the way you invest?

It means that ***so-called "conservative" investments might be something of a risk*** - especially if you're looking to make money over time.

STOCK MARKET RISK

If you choose to take the aggressive path and invest in stocks, you'll find that in the short term, the value of the money you invest can be up one day and down the next, as shown in the chart below.

The Stock Market ***Short-Term View*** *(starting value $10,000)*



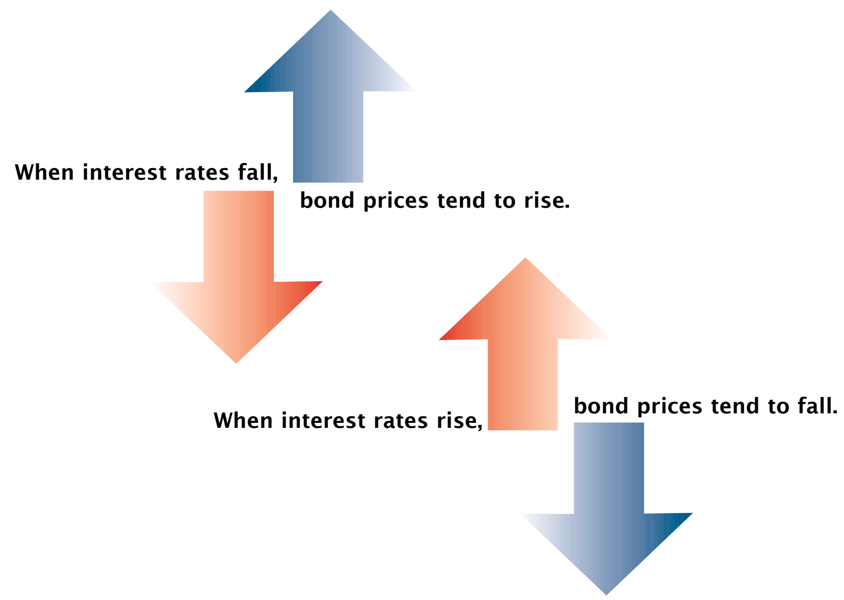
Source: Stocks, Bonds, Bills, and Inflation, 1997 Yearbook, Ibbotson & Associates.
This chart depicts Large Company Stock returns for the year 1987.

RISKS

BOND MARKET RISK

The main risk of bonds - the moderate investment - is that the value of the money you invest can go up or down, as well as your interest. This is different from conservative investments, which are designed to keep the value of the money you put in from going up or down.

Basic Rule of Thumb for Bonds

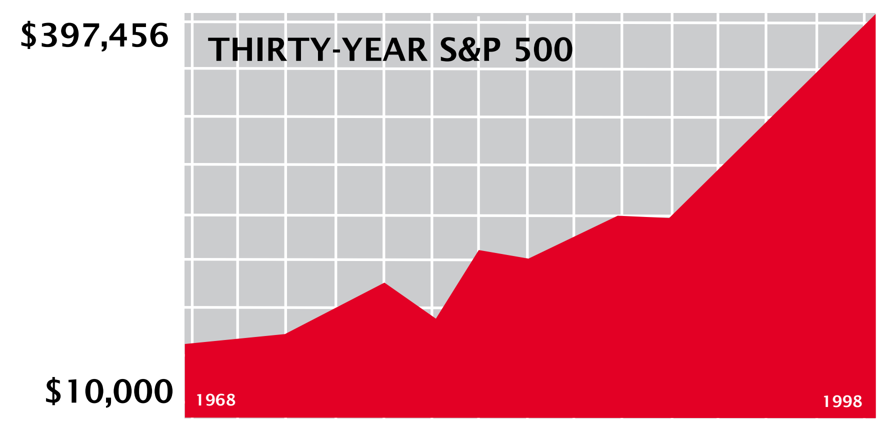


But over the long term, it's a much different view. Because as you see in the chart below, stocks have consistently moved higher over the past 30 years. Still, this doesn't mean you should put all your money in stocks. After all, looking at the past isn't always a good indication of what's going to happen in the future. These are trends, not guarantees.

So how do you reduce your risks?

You diversify.

The Stock Market ***Long-Term View*** *(starting value $10,000)*

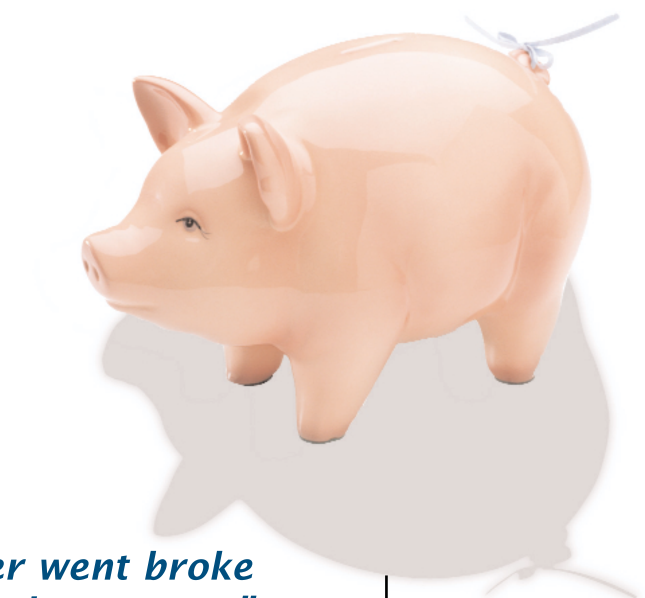


Source: Stocks, Bonds, Bills, and Inflation, 1999 Yearbook, Ibbotson & Associates.
This chart depicts Large Company Stock returns for the years 1968 through 1998. Large Company Stock returns are based on the S&P 500 Composite Stock Price Index, a market weighted, unmanaged index of 500 stocks. Past performance is not an indication of future results.

WHY DIVERSIFY?

The idea behind diversifying is as simple as "Don't put all your eggs in one basket."

Your plan offers you several easy ways to diversify...



"Nobody ever went broke saving money."

-Erma Bombeck

"Don't put all your eggs in one basket."

-Aesop

diversify

MUTUAL FUND ADVANTAGE

Most, if not all, of the choices in your retirement plan are ***mutual funds.*** A mutual fund pools together the money of many investors to buy a ***range*** of investments that fit a certain classification. This built-in diversification helps reduce your risk, because if one investment within the fund decreases in value, that loss could be balanced by possible gains made by other investments in the fund.

Mutual Funds usually fit into the categories of conservative, moderate, and aggressive, or a blended segment within those categories.

A CHOICE OF INVESTMENTS

Your retirement plan also lets you diversify by giving you a wide choice of investments across the different categories of risk and reward. Plus your plan lets you mix these choices in whatever way best fits your goals.

For a detailed description of your investment choices, see your **Plan Highlights.**

Now, how do you decide which are the investments for you?...

TWO GOOD REASONS TO DIVERSIFY:

1. **You're not tying your future to the performance of one type of investment.**
2. **You're balancing the different risks and rewards of every investment you select.**

Investor profile.

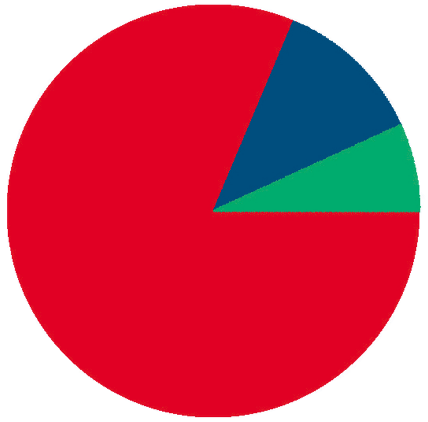
*"If I'd known I was going to live this long,
I'd have took better care of myself."*
-Mickey Mantle

Deciding which are the right investments for you can actually be pretty easy:
If you know how old you are, you'll have a good idea of how you should invest.

SAMPLE PORTFOLIO MIXES

The following asset mixes shown here are designed to provide the optimum level of risk and reward as balanced against the time you have until you retire. Obviously the mix can be tailored according to your changing needs.

AGE: *20 to 29*

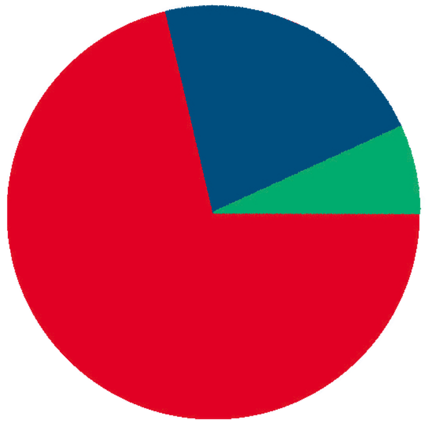


Conservative	**5%**
Moderate	**15%**
Aggressive	**80%**

Why this mix?

If you're in your 20's, and have a long way to go before you retire, you can afford to be a little more aggressive - because time is on your side. So your portfolio should probably favor stocks - where the earnings potential is greatest over time.

AGE: *30 to 39*

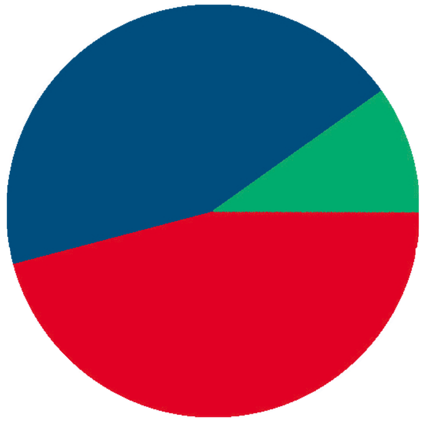


Conservative	**5%**
Moderate	**30%**
Aggressive	**65%**

Why this mix?

If you're in your 30's, you're still looking to the future - a future that might include more than just you. You still have a long time before retirement, so investing in stocks for long-term growth still makes sense.

AGE: *40 to 49*

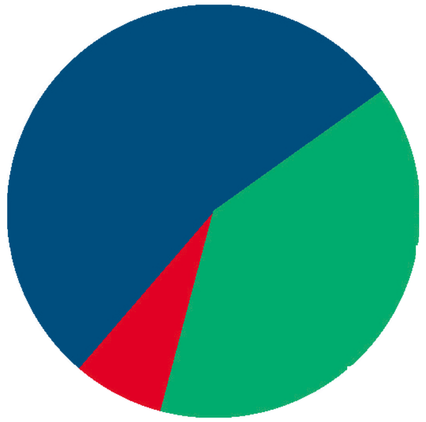


Conservative	**15%**
Moderate	**40%**
Aggressive	**45%**

Why this mix?

When you're in your 40's, you start seeing your future in both the short term and the long term...and your investment strategy should reflect that.

AGE: *50 to 59*



Conservative	**45%**
Moderate	**45%**
Aggressive	**10%**

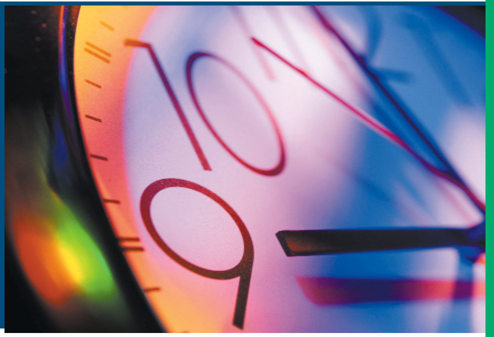
Why this mix?

When you reach your 50's, you could be withdrawing funds soon, so you may want to invest more conservatively. However, you still need to invest for the future. After all, you'll need that "post-retirement" income.

Please remember that this program summarizes some general investment principles which you may elect to consider. We recommend that you consult an investment professional before setting your personal investment strategy. The tables and charts are meant as general guidelines to help you identify your goals and find appropriate ways to achieve them. The tables and charts are for illustrative purposes only and do not represent the performance or annualized returns of any of the investment instruments. Actual rates of return cannot be predicted and will fluctuate. Past performance does not guarantee future results.

It's easy to enroll.

*"Save for your future.
You'll be spending the
rest of your life there."*



Now that you've come to understand a little more about your plan, how you can invest in it, and how much it can mean to you in the years ahead - it's time to start making your plan work for you…
by enrolling in your plan.

WHAT do I do?

GETTING STARTED

There are many benefits to your plan. Some have been covered here, and you'll find more of them, in greater detail, in your Plan Highlights. But the only way you can take advantage of any of them is to enroll now.

When it comes to planning for your future, the sooner you get started - the better. So enroll in your retirement plan today.

STEP 1 SETTING YOUR GOAL…

Determining Your Monthly Contribution Percentages

A ANNUAL SALARY — CONTRIBUTION PERCENTAGE B

	15%	12%	10%	9%	6%	5%	3%
$20K	$250.05	$200.04	$166.70	$150.03	$100.02	$83.35	$50.01
$30K	$375.00	$300.00	$250.00	$225.00	$150.00	$125.00	$75.00
$40K	$499.95	$399.96	$333.30	$299.97	$199.98	$166.65	$99.99
$50K	$625.05	$500.04	$416.70	$375.03	$250.02	$208.35	$125.01
$60K	$750.00	$600.00	$500.00	$450.00	$300.00	$250.00	$150.00
$70K	*$875.00	$699.96	$583.30	$524.97	$349.98	$291.65	$174.99
$80K	*$875.00	$800.04	$666.70	$600.03	$400.02	$333.35	$200.01

These are only examples and are not intended as a projection or guarantee. Your actual results will be different and are based only on how much you contribute and how your investments actually perform over time. ***Annual Salary deferral contributions are capped at $10,500 in 2000.***

How much can you afford to contribute? This chart shows various salary deferral contribution percentages in terms of a monthly dollar amount. If you receive paychecks more often than monthly, the actual dollar amount withheld from your paycheck will only be a portion of your monthly total. If you earn a commission or other irregular salary, your deferral amount will also vary accordingly.

A Circle the horizontal row that most closely matches your preferred contribution percentage.

B Circle the vertical row that contains the annual salary closest to yours. Find the point where the two inter-sect. That is your weekly contribution.

You need to decide which funds best fit your needs, but many experts suggest matching your investment mix to fit your age. Here's how to match the expert's suggestions:

1 Find your age range using the chart at right.

2 Using your Plan Highlights, write in the fund names you have chosen in the appropriate column.

3 Write in the percentage you want invested in each fund.

4 Make sure the percentages you write in add up to the amount at the bottom of each column.

5 The total of all categories should be 100%. Please use whole numbers.

STEP 2 CHOOSE YOUR INVESTMENTS

Age	CONSERVATIVE	MODERATE	AGGRES-
20-29	5%	15%	80%
30-39	5%	30%	65%
40-49	15%	40%	45%
50-59	45%	45%	10%

CONSERVATIVE		MODERATE		AGGRESSIVE	
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
TOTAL	%	TOTAL	%	TOTAL	%