



## Time-Based Pre-Arranged Portfolios (PAPs)

The Deferred Compensation Plan offers 9 Pre-Arranged Portfolios for participants who prefer the ease of selecting a well-diversified and managed portfolio. The portfolios are made up of six of the Plan's core investment options: the Stable Income Fund, Bond Fund, Equity Index Fund, Mid-Cap Equity Fund, International Equity Fund, and Small-Cap Equity Fund. These time-based Pre-Arranged Portfolios are designated by future payout years.

### Selection of a Portfolio

To pick a time-based portfolio, find the fund whose date most closely matches the year in which you expect to begin receiving distributions from your account. Note: The date you plan to begin distributions may be later than your retirement date.

Here are a few examples of how you might choose a Pre-Arranged Portfolio:

Years to Your Payout		Fund to Choose
About 25	→	2030 Fund
About 20	→	2025 Fund
About 15	→	2020 Fund
About 10	→	2015 Fund
About 5	→	2010 Fund
Payout or Retirement	→	Target Fund

### Benefits of Selecting a Pre-Arranged Portfolio

**Portfolio Diversification** - The Plan's time-based funds are made up of the Plan's core investment options and are appropriately diversified for the time horizon specified. Studies show that most participants' portfolios are significantly under diversified. These funds offer the simplicity of a single investment vehicle with the benefit of exposure to different asset classes and efficient allocations.

**Risk Management** - The Plan's time-based portfolios are designed to meet certain expected rate of return requirements over time horizons, and balances the rate of return needs with the appropriate amount of risk.

**Portfolio Rebalancing** - The Plan's time-based portfolios are professionally rebalanced. The asset mix of the portfolio is looked at relative to the strategic allocations and changed accordingly. This ensures that the risk and expected return characteristics remain consistent with the appropriate time horizon.

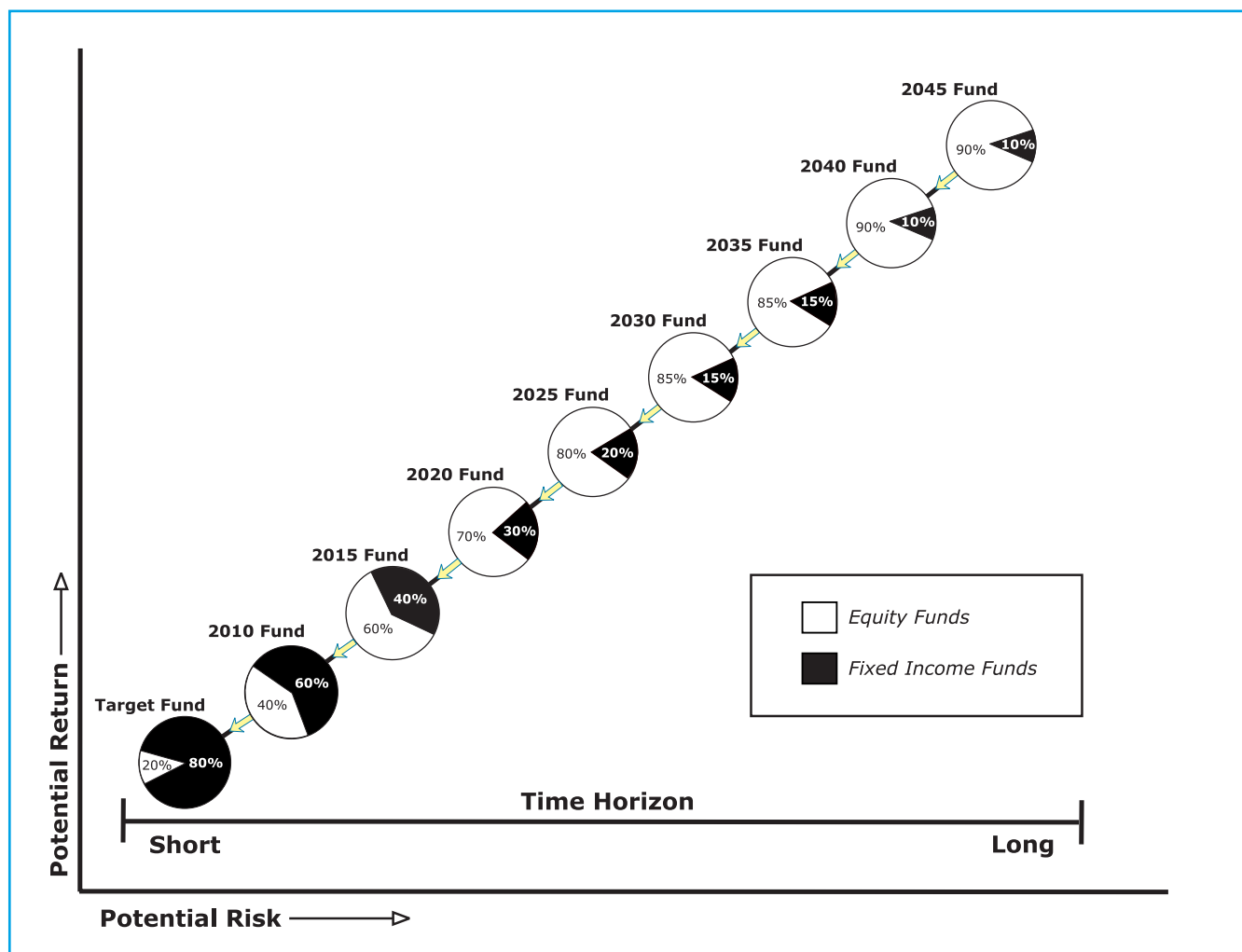
### Management of Your Account

After you choose a time-based portfolio, that portfolio will be periodically rebalanced to lower its equity exposure as you near your payout date. Each portfolio's investment mix at any point in time depends upon how many years are left until you begin to receive distributions from your account. For example, the further you are from your payout date, the greater the percentage of equity in the portfolio. The final portfolio, the Target Fund, will receive the proceeds of each portfolio in the year designated by the name of the fund. For example, in the year 2010, the 2010 Fund will become part of the Target Fund. The Target Fund is the fund that you would choose if you are within five years of your expected payout date or are already in payout. Participants remain in the Target Fund throughout their payout years. This portfolio is designed to be a relatively stable source of regular income during your retirement years, as well as provide capital preservation with some opportunity for growth.

#### Disclaimer

A time-based portfolio does not imply that investors will have enough retirement funds to retire on the specific target date. Investors should realize that these funds are not a complete solution to their retirement needs. Investors must weigh many factors when considering when to retire, what their retirement needs will be, and what sources of income they may have. Performance of these funds depends on performance of the underlying funds in which it invests. Performance of the underlying funds, in turn, depends on performance of equity, fixed-income, and money markets in the U.S. and abroad. The value of these funds will vary from day to day, reflecting changes in these markets and in the values of the underlying funds. When you sell the fund you are invested in, it may be worth more or less than what you paid for it.

## Array of Time-Based Portfolios



<u>Target Fund</u>	<u>2010 Fund</u>	<u>2015 Fund</u>	<u>2020 Fund</u>	<u>2025 Fund</u>
Fixed Income Funds 60.0% Stable Income 20.0% Bond	Fixed Income Funds 40.0% Stable Income 20.0% Bond	Fixed Income Funds 20.0% Stable Income 20.0% Bond	Fixed Income Funds 15.0% Stable Income 15.0% Bond	Fixed Income Funds 10.0% Stable Income 10.0% Bond
Equity Funds 11.0% Equity Index 2.0% Mid-Cap 5.0% International 2.0% Small-Cap	Equity Funds 23.0% Equity Index 3.5% Mid-Cap 10.0% International 3.5% Small-Cap	Equity Funds 34.0% Equity Index 5.5% Mid-Cap 15.0% International 5.5% Small-Cap	Equity Funds 39.5% Equity Index 6.5% Mid-Cap 17.5% International 6.5% Small-Cap	Equity Funds 45.0% Equity Index 7.5% Mid-Cap 20.0% International 7.5% Small-Cap
Expense ratio: .23%	Expense ratio: .24%	Expense ratio: .25%	Expense ratio: .26%	Expense ratio - .26%
<u>2030 Fund</u>	<u>2035 Fund</u>	<u>2040 Fund</u>	<u>2045 Fund</u>	
Fixed Income Funds 5.0% Stable Income 10.0% Bond	Fixed Income Funds 5.0% Stable Income 10.0% Bond	Fixed Income Funds 0.0% Stable Income 10.0% Bond	Fixed Income Funds 0.0% Stable Income 10.0% Bond	
Equity Funds 48.0% Equity Index 8.0% Mid-Cap 21.0% International 8.0% Small-Cap	Equity Funds 48.0% Equity Index 8.0% Mid-Cap 21.0% International 8.0% Small-Cap	Equity Funds 50.5% Equity Index 8.5% Mid-Cap 22.5% International 8.5% Small-Cap	Equity Funds 50.5% Equity Index 8.5% Mid-Cap 22.5% International 8.5% Small-Cap	
Expense ratio: .26%	Expense ratio: .26%	Expense ratio: .26%	Expense ratio: .26%	

Investment allocations and expense ratios reflect investments made into the pre-arranged portfolios in 2006. Allocations in each portfolio will be reviewed every year as that portfolio is managed to gradually lower its risk exposure. Expense ratios may vary from year to year.