Stock market changes and your investment strategy.

There are two fundamental truths about the stock market. It goes up. It goes down.

FEELING UNCOMFORTABLE WITH THE UPS AND DOWNS OF THE STOCK MARKET?

YOU'RE NOT ALONE. STOCK MARKET VOLATILITY CAN UNSETTLE MANY PEOPLE, ESPECIALLY WHEN IT INVOLVES THEIR HARD EARNED MONEY.

What causes market volatility?

While many things contribute to stock market movement — good news, bad news, earnings reports, consumer sentiment, and economic changes — the important thing to remember is that with the stock market, volatility is the norm. Fluctuations in price and potential gains or losses are what the stock market is all about.

The market has weathered many serious events during its history. Since 1929, there have been 16 bear markets — including the one in 2008.[1]

Yet since 1969, the stock market has had a positive return in 42 out of 50 calendar years.[2] So while understanding that volatility in the stock market is normal, it is also important not to react, or overreact, to every headline or market swing.

History says: stay invested

The chart (on page 4) illustrates market volatility fluctuations captured by the CBOE Volatility Index (VIX Index) since 2004 vs. stock returns, as measured by the S&P 500® Index. It demonstrates how stocks often rebound following extreme market volatility.

If you cash out your investment each time the stock market drops, you lose the opportunity to recuperate what are historically temporary losses. History shows that over time, uncertainty and fear which drive volatility, lose their impact on stock market returns.

[1] A bear market history lesson, Gerri Willis, CNN, 10/8/08

[2] Morningstar EnCorr. Stock market represented by S&P 500 R Index

Review your goals and risk tolerance

As you review your investment objectives, ask yourself, have your goals changed? How do you feel about risk? For example, if the idea of losing some of your money in a down market keeps you up at night, you may want to reduce the amount of money you have in stocks.

Be sure to consider both investment risk AND inflation risk. Inflation risk is the risk that your choice of investments won't earn enough to keep pace with inflation. If you invest solely in short-term investments (i.e. cash), you subject your account to inflation risk. Remember that even relatively low inflation can erode the value of your portfolio over time.

Diversify to spread your risk

Your best defense in volatile markets is diversification, which means to spread your money within a variety of investments to reduce your risk and enhance your return. Diversifying your investments is an essential part of a solid investment strategy.

Diversification does not assure a profit and does not protect against loss in a declining market.

Consider lifestyle or target date investment options, if available

If you don't have the time or confidence to select individual investment options to diversify your portfolio, you may want to consider a lifestyle or target date investment option, if your plan offers them.

A lifestyle option tailors its investment approach to your individual tolerance for risk by offering conservative, moderate or aggressive risk styles. It is automatically diversified across investment types (stocks, bonds, and cash instruments) and different fund managers. You pick the option that most closely matches your risk profile, and professional investment managers do the rest. It's an easy-to-use, single solution investment.

A target date investment option is similar to a lifestyle option, except that it links its portfolio to your expected retirement date. Its portfolio will gradually become more conservative in its mix of investments as your year of retirement approaches.

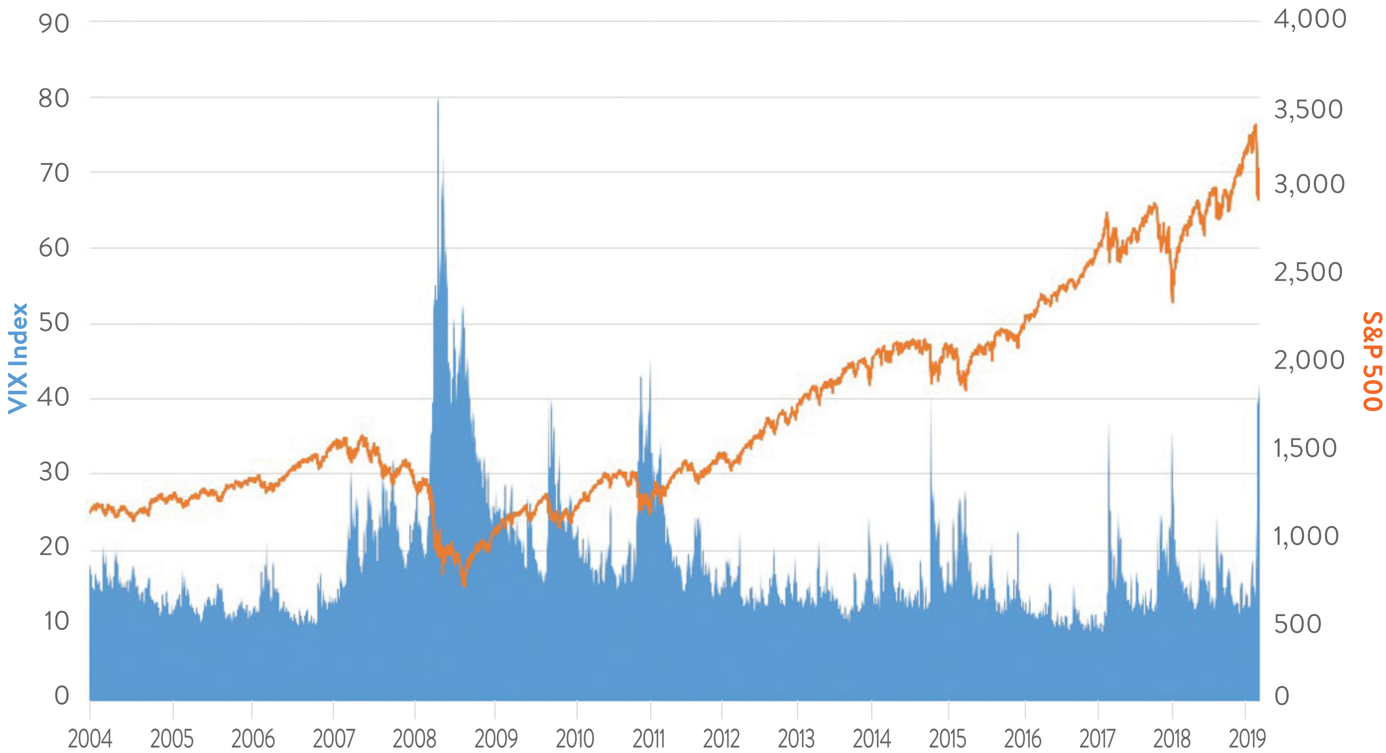
Generally target retirement date (lifecycle) investment options are designed to be held beyond the presumed retirement date to offer a continuing investment option

for the investor in retirement. The year in the investment option name refers to the approximate year an investor in the option would plan to retire and likely would stop making new contributions to the investment option. However, investors may choose a date other than their presumed retirement date to be more conservative or aggressive depending on their own risk tolerance.

Target retirement date (lifecycle) investment options are designed for participants who plan to withdraw the value of their accounts gradually after retirement. Each of these options follows its own asset allocation path (“glide path”) to progressively reduce its equity exposure and become more conservative over time. Options may not reach their most conservative allocation until after their target date. Others may reach their most conservative allocation in their target date year. Investors should consider their own personal risk tolerance, circumstances and financial situation. These options should not be selected solely on a single factor such as age or retirement date. Please consult the prospectus (if applicable) pertaining to the options to determine if their glide path is consistent with your long-term financial plan. Target retirement date investment options’ stated asset allocation may be subject to change. A target retirement date investment option may not achieve its objective and/or you could lose money on your investment in the fund. You may experience losses near, at, or after the target date. There is no guarantee of the fund’s principal value, including at the target date, or that the fund will provide adequate income at and through your retirement.

VALUE OF STAYING THE COURSE

Market Volatility[3] vs. Stock Returns Over Time[4]



1980s

- Reagan shot
- U.S. becomes debtor nation
- Challenger disaster
- Insider trading scandal
- S&L bailout
- Exxon Valdez disaster
- Black Monday

1990s

- Gulf War
- Oklahoma City bombing
- Government shutdown
- Asian economic crisis
- Impeachment Trial
- Russian bond default

2000s

- Crash of the dot-coms
- Corporate accounting scandals
- Wars in Iraq and Afghanistan
- Tsunami/Hurricanes
- Oil prices
- Credit market turmoil
- Recession

2010s

- Slow economic recovery
- Rise of Isis
- Russia in Ukraine
- European sovereign debt woes
- Worldwide central bank action

[3] http://www.cboe.com/products/vix-index-volatility/vix-options-and-futures/vix-index/vix-historical-data

[4]

Invest regularly and stay the course

When you invest regularly each pay period, as you do in your retirement plan, you take advantage of what is called dollar cost averaging. You buy fewer shares when the price is high, and more when the price is low. (Dollar cost averaging does not ensure a profit or protect against loss in declining markets.) Of course, past performance may not be indicative of future results.

Learn more

Understanding how the stock market works is a big step towards being able to stay true to your investment course. Visit **www.retiresmart.com** to use the resources and planning tools available to you or call the Participant Information Center at **1-800-743-5274**. We also suggest that you talk to a financial advisor for assistance in developing your investment strategy.