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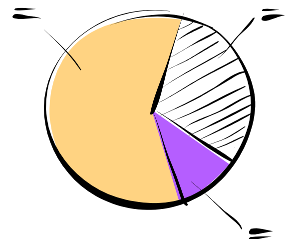
UNDERSTANDING INVESTING BASICS:

ASSET CLASSES



What exactly are "asset classes" and how do they impact your retirement plan investing decisions? Simply put, there are three primary investment types, or asset classes: **Cash**, **Bonds**, and **Stocks**. Each of these asset classes has different investment objectives, and has historically performed differently in reaction to varying market conditions.

To "diversify" your portfolio is to spread your money across a broad spectrum of investments, such as cash, bonds and stocks, that don't move in synch with each other. (The more your investments act independently of each other, the better!) That way, if one asset goes through a rough time, the other assets support the portfolio.

Following is a brief description of the three core asset classes in 401(k) plans. For more information on your own individual investing strategy, please contact your financial advisor or call our retirement plan consultants, TP Investment Advisory Services.

NOTE: DIVERSIFICATION AND ASSET ALLOCATION DOES NOT GUARANTEE A PROFIT, NOR DO THEY ELIMINATE THE RISK OF LOSS OF PRINCIPAL.

CASH

- Fully liquid
- Value fluctuates very little over time
- Examples: Money Markets, Treasury Bills, Certificates of Deposit (CDs)
- **Low risk and typically low return**

BONDS

- Promise of repayment from a borrower to a lender
- Susceptible to interest rate fluctuation
- As interest rates rise, bond values fall
- Potentially higher returns than cash, lower returns than stocks
- **Riskier than cash, less risky than stocks**

STOCKS

- Ownership in a corporation
- Most opportunity for gain (historically)
- Higher return potential than bonds or cash
- **More risk than bonds or cash**