

# NOTICE TO PARTICIPANTS AND BENEFICIARIES

To each Participant and Beneficiary of the **Acme Widget Company 401(k) Profit Sharing Plan** ("Plan"):

The Plan permits you to direct the investment of your account balance.

As a general rule, the Plan's Trustee is personally responsible for investing the Plan's assets. However, if the Plan qualifies as a "404(c) plan," the law relieves the Trustee and other Plan "fiduciaries" of at least part of this responsibility. A 404(c) plan permits participants to direct the investment of plan assets according to the rules of section 404(c) of the Employee Retirement Income Security Act of 1974 and Title 29 of the Code of Federal Regulations, section 2550.404c-1

The Plan intends to qualify as a 404(c) plan. As a result, the Plan's fiduciaries will not be liable for losses which are the direct and necessary result of investment instructions received from you. As a 404(c) plan, the Plan must give you the information contained in this notice.

Retirement Plan Service Corp, a Third-Party Administrator, is responsible for providing you this information and carrying out the Plan's procedures for investment direction. You may contact RPSC by phone, letter or email at:

RetirementAssets.com.  
10300 SW Greenburg Road, Suite 487  
Portland, OR 97223  
503-244-0440 or 800-757-2963  
service@RetirementAssets.com

## I. The Investment Options Available To You

You may invest your account balance in one of seventeen specific investment funds and/or within four Model Portfolios. Each of these Model Portfolios will allocate your account balance among the seventeen specific investment funds according to certain risk constraints set forth in the Plan's Statement of Investment Policy. Your account balance can be invested in just one fund or one Model Portfolio, or among up to all seventeen funds and all four Model Portfolios, in increments of one percentage point. These options represent a range of investment management among stocks and bonds, both in the U.S. and in foreign countries. Through various combinations of these options, the ability exists to create a portfolio appropriately suitable for your financial objectives and tolerance to accept investment risk.

## II. When, How, and to Whom You May Give Investment Directions

You must deliver your investment instructions to the Trustee in writing, by telephone or over the Internet. To give instructions in writing, you must use the form the Plan Trustees provides. A copy of this form is available from your Employer. Please complete the entire form carefully. The Trustee cannot accept an incomplete or incorrect form. This form should be faxed to the Plan's Third Party Administrator, Retirement Plan Service Corp (RPSC) at 503-245-1906. Alternatively, it can be mailed or emailed to RPSC at the addresses listed above.

If you want to use the telephone during normal business hours, you can call RPSC at 503-244-0440 or 800-757-2963. Verbal instructions can be given in this manner. Alternatively, you can submit instructions over the Internet by either emailing your instructions to [service@RetirementAssets.com](mailto:service@RetirementAssets.com) or by logging into [www.MyPlanAccount.com](http://www.MyPlanAccount.com). To leave instructions at this web site, you must login using your social security number (without any dashes or slashes) as the USER ID and a PASSWORD. Initially, the PASSWORD is the last 4 digits of your Social Security number. Once logged in, you can change both your USER ID and PASSWORD.

You may change your investment elections on any day and your changes will be implemented as soon as administratively possible (generally the same day but always within one week). Your most recent instructions will remain in effect until you submit new instructions according to these rules. **IF YOU DO NOT PROVIDE ANY INSTRUCTIONS, THE TRUSTEE AUTOMATICALLY WILL INVEST YOUR ACCOUNT BALANCE ACCORDING TO THE BALANCED MODEL PORTFOLIO OPTION.**

The Plan will exercise all voting, tender, or other similar rights (if any) attendant on your ownership of an interest in any of the seventeen investment options.

### **III. Fees Associated With Your Purchase or Sale of an Interest in any Investment Alternative**

If you maintain a Self-Directed Brokerage Account, all transaction costs will be deducted from your account balance. In addition, your account will be charged annually the administrative costs resulting from your having established such an account. This cost will range between \$200 and \$500 depending upon the brokerage firm at which the account is established.

No transaction specific-charge is assessed against your account for any change in your investment instructions pertaining to the seventeen mutual funds or the four Model Portfolios.

All mutual funds purchased and sold within any investment option are bought with no payment of commissions nor involve any contingent deferred sales charges. Some funds would normally charge commissions, but even these funds are purchased without sales charges. All funds that pay 12b-1 fees or administrative fees will pay such revenue to the Custodian to help offset the expenses of custodianship and transactions. Some funds may charge a short term redemption fee (STRF) if shares are not held for the required holding period (generally 90 days, but can vary by fund company). Information about STRF charges for any of the investment alternatives is available on the [www.MyPlanAccount.com](http://www.MyPlanAccount.com) website.

### **IV. Additional Information You May Request**

A website has been set up with information about the Plan in general and detailed information of the Investment Options available to you, including prospectuses. To access this website, browse to [www.PlanToACT.com](http://www.PlanToACT.com), please use demo123 as the Login Name and 123 as the Password.

Information about the Fund's Investment Options is updated monthly. This same performance information is available to you at [www.MyPlanAccount.com](http://www.MyPlanAccount.com) along with access to the most current fund prospectuses.

Additional information can alternatively be secured from the Plan Trustees. To receive this information, you must deliver a written request to the Plan Trustees. You may submit a request only once each calendar quarter. Available information includes:

1. The operating expenses of each designated investment alternative;
2. The most recent prospectus, financial statements, reports and other materials;
3. The value of each asset within the portfolio of each investment alternative;
4. If the plan offers a fixed rate investment contract of a bank, savings and loan, or insurance company as an investment alternative, the name of the contract issuer, the term of the contract, and the rate of return; and
5. The investment performance of each investment alternative.

The Plan Trustees will monitor the effectiveness of these procedures. The Plan Trustees must establish any new procedures that become necessary, and will advise you regarding those procedures in writing as soon as possible.

Please address any question you have regarding this notice to Fred Payne of Retirement Plan Service Corp.

## INVESTMENT OPTIONS

### DODGE & COX STOCK FUND

Investment Objective: The Fund seeks long-term growth of principal and income. A secondary objective is to achieve a reasonable current income.

Strategy: The Fund invests primarily in a broadly diversified portfolio of common stocks. In selecting investments, the Fund invests in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The Fund focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow and dividends. Companies are also selected with an emphasis on financial strength and sound economic condition.

Risk/Return Characteristics: You could lose money on your investment in the Fund, or the Fund could underperform other investments, for any of the following reasons: the stock market goes down, the market continues to undervalue the stocks in the Fund's portfolio, and or Dodge & Cox's opinion about the intrinsic worth of a company or security is incorrect.

### VANGUARD 500 INDEX FUND

Investment Objective: The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks

Strategy: The Fund employs a "passive management"-or indexing-investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Risk/Return Characteristics: An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

\*Stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

\*Investment style risk, which is the chance that returns from large-cap stocks will trail returns from the overall stock market. Specific types of stocks tend to go through cycles of doing better-or worse-than the stock market in general. These periods have, in the past, lasted for as long as several years.

### GROWTH FUND OF AMERICA FUND

Investment Objective: The fund's investment objective is to provide you with growth of capital. The fund invests primarily in common stocks.

Strategy: The basic investment philosophy of the Fund's investment adviser is to seek attractively priced securities that represent good long-term investment opportunities. The investment adviser believes that the best way to accomplish this is through fundamental analysis, including meeting with company executives and employees, suppliers, customers and competitors. Securities may be sold when the investment adviser believes they no longer represent good long-term value.

Risk/Return Characteristics: The prices of securities held by the Fund may decline in response to certain events, including those directly involving the companies whose securities are owned in the Fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate fluctuations. The growth-oriented, equity-type securities generally purchased by the fund may involve large price swings and potential for loss. The Fund may also hold cash or money market instruments depending on various factors, including market conditions and purchases and redemptions of Fund shares. A larger cash position could detract from the achievement of the Fund's objective in a period of rising market prices; conversely, it could reduce the Fund's magnitude of loss in the event of falling market prices and provide liquidity to make additional investments or to meet redemptions.

### NORTH TRACK PSE TECH 100 INDEX FUND

Investment Objective: The PSE Tech 100 Index Fund seeks a total return, before operating expenses of the Fund are deducted, that replicates the total return of the Pacific Exchange Technology Stock Index (the "PSE Technology Index").

Strategy: The Fund seeks to achieve its objective primarily by investing in all 100 common stocks included in the PSE Technology Index in approximately the same proportions as they are represented in the Index. However, the Fund is not required to invest its assets so as to meet any specified coefficient of correlation to the Index. Up to 5% of the Fund's total assets may be held in cash equivalents or certain short-term, fixed-income securities. In order to help the performance of the Fund more closely replicate the performance of the PSE Index, the Fund may invest up to 10% of its total assets in exchange-traded index futures contracts and index options, including futures contracts and options on the Nasdaq 100 Index. The Fund's total return (before deducting its expenses) is expected to be highly correlated to that of the Index, with the variation in performance being less than 5% on an annual basis.

Risk/Return Characteristics: The technology market sector experiences increases and decreases generally based on the investing public's changing attitude toward such sector in contrast to the overall stock market. The Fund's share price is subject to significant volatility. The performance of the Index and the Fund will be more sensitive to price movements in higher priced stocks than in lower-priced stocks and the index includes many smaller company stocks which are more volatile and less liquid. The Fund is concentrated in the technology sector and therefore is not diversified. The Fund may experience more volatility and greater price swings as compared to the stock market generally and you can lose money by investing in this Fund.

#### **Eaton Vance Worldwide Healthcare Fund**

Investment Objective: The Fund's investment objective is to seek long-term capital growth by investing in a diversified portfolio of domestic health sciences companies.

Strategy: The Fund invests at least 80% of net assets in securities of healthcare and biotechnology companies in the US. The Fund utilizes a bottom-up strategy of qualitative and quantitative analysis to find growth companies with superior earnings prospects, reasonable valuations, and favorable trading-volume and price patterns.

Risk/Return Characteristics: The value of Fund shares is sensitive to stock market volatility. Moreover, the stocks in which the Fund invests may be more volatile than the stock market as a whole. Although stock values can rebound, there is no assurance that values will return to previous levels. The Fund concentrates its investments in medical research and the health care industry, so the Fund will likely be affected by events that adversely affect that industry. The Fund is more sensitive to developments affecting particular stocks than a more broadly diversified fund would be. The Fund is not a complete investment program and you may lose money by investing in the Fund.

#### **JP MORGAN MID CAP VALUE FUND**

Investment Objective: The Fund seeks growth from capital appreciation.

Strategy: Under normal circumstances, the Fund invests at least 80% of its Assets in domestic equity securities of midcap companies, although it may invest in ETFs and other investment companies as well as derivatives which may be a substitute for securities in which the Fund might normally invest. The Fund may invest in mortgage-related securities issued by governmental entities and private issuers. These may include investments in collateralized mortgage obligations and principal-only and interest- only stripped mortgage-backed securities. The Fund's Board of Directors may change any of these investment policies (including its investment objective) without shareholder approval.

Risk/Return Characteristics: The Fund may not achieve its objective if the adviser's expectations regarding particular securities or markets are not met or if general market, economic, interest rate, or political trends and events cause the market or particular market sectors to decline in value. The securities of mid-sized companies may trade less frequently and in smaller volumes than securities of larger, more established companies. Mid-sized companies may have limited product lines, markets or financial resources, and they may depend on a small management group. To the degree the Fund holds debt securities both interest rate movements and changes in credit quality may cause declines in value. The Fund may use derivatives in connection with its investment strategies. Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the Fund's original investment. It is possible to lose money investing in this Fund.

#### **T ROWE PRICE MID CAP VALUE FUND**

Investment Objective: The Fund seeks to provide long-term capital appreciation by investing primarily in mid-sized companies believed to be undervalued.

Strategy: The Fund will invest at least 80% of net assets in companies whose market capitalization falls within the range of companies in the S&P MidCap 400 Index.

Risk/Return Characteristics: Mid-Cap stocks typically offer greater return potential than larger established firms and involve less risk than small-caps. By investing in stocks that already appear to be out of favor or undervalued, the fund should be less volatile than one investing in growth stocks.

However, earnings of mid-caps tend to fluctuate more than those of larger firms, and small-caps could offer greater return potential. In addition, the value approach carries the risk that a security's intrinsic value may not be recognized for a long time, or the stock may actually be appropriately priced. It is possible to lose money investing in this Fund.

#### **ARTISAN MID CAP FUND**

Investment Objective: Artisan Mid Cap Fund seeks maximum long-term capital growth. The Fund may change this goal without the approval of shareholders.

Strategy: The fund uses bottom up analysis to construct a diversified portfolio of mid-sized US growth companies that exhibit some form of market dominance, the ability to accelerate profits and cash flow, and currently sell at an attractive discount to their intrinsic value.

Risk/Return Characteristics: The value of the fund's investments are subject to general market trends and company specific risks. Additional risk may result from concentration by geographic region or specific industry sector. To a limited extent the fund may invest in Initial Public Offerings that of companies with limited track records. The fund value can fluctuate significantly and an investor may lose value.

### **HERITAGE MID CAP STOCK FUND**

Investment Objective: Long-term capital appreciation.

Strategy: The Fund will invest at least 65% of its assets in common stock of companies with established positions in their industry using a bottom-up analysis to determine which companies are undervalued in relation to long-term growth prospects. The Fund is diversified, but will normally the stock of fewer companies than other diversified funds.

Risk/Return Characteristics: The Fund is subject to general economic and market trends as well as the risks associated with holding small-cap and mid-cap sized growth companies. The Fund is also subject to concentration risk arising from the more limited number of securities held in the portfolio. It is possible to lose money investing in this Fund.

### **FPA CAPITAL FUND**

Investment Objective: The Fund's primary investment objective is long-term growth of capital. Providing you current income is a secondary consideration. The Fund seeks to make your investment grow over the long-term by investing principally in common stocks the Adviser deems to possess above average ability to increase in market value.

Strategy: The Fund's Adviser favors investments in common stocks it believes undervalued when considering various valuation criteria. The Adviser deems the following important in its stock selection process: current as well as future levels of profitability, book value, replacement cost of assets and free cash flow. The Adviser attempts to lessen price risk by not overpaying for earnings of even the best companies. Furthermore, investments tend to be focused in areas viewed as temporarily out-of-favor, as evidenced by such factors as low price-to-normalized earnings ratios and price-to-book value ratios. Debt securities are selected using an investment approach similar to that of equities and may include United States Government and agency obligations, corporate debt and convertible securities. Lower rated or comparable unrated debt securities may comprise up to 15% of net assets.

Risk/Return Characteristics: The Fund is subject to general market, economic, and political trends and events as well as company specific risks which may be increased due to concentrated holdings. Additional risks arise from investing primarily in smaller companies which tend to be more volatile than the overall market due to their more limited operating history and liquidity. The Fund depends on the Adviser's ability to select securities that will increase in value. Holdings in debt securities are subject to interest rate movements and changes in credit quality. It is possible to lose money investing in this Fund.

### **LAUDUS ROSENBERG US DISCOVERY FUND**

Investment Objective: The Fund seeks to outperform its benchmark, the Russell 2500 Index, by investing primarily in stocks of small- to mid-capitalization companies that are traded principally in the US.

Strategy: The Fund manager utilizes both a valuation model and an earnings forecast model to select securities for investment. The proprietary models utilize sophisticated forecasting techniques to determine relative valuation and growth prospects.

Risk/Return Characteristics: Small-capitalization funds typically carry additional risks since smaller companies generally have a higher risk of failure, and historically, their stocks have experienced a greater degree of market volatility than stocks on average. It is possible to lose money investing in this Fund.

### **VANGUARD SMALL COMPANY GROWTH INDEX FUND**

Investment Objective: The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks.

Strategy: The Fund employs a "passive management"-or indexing-investment approach designed to track the performance of the MSCI US Small Cap Growth Index, a broadly diversified index of growth stocks of smaller US companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Risk/Return Characteristics: An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

\*Stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

\*Investment style risk, which is the chance that returns from small-cap growth stocks will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they perform quite differently.

### **AMERICAN CENTURY SMALL COMPANY FUND**

Investment Objective: The Fund's investment objective is long-term capital appreciation from investing in the common stock of small companies.

Strategy: The investment strategy utilizes quantitative management techniques in a two step process that first ranks companies according to various measures of stock value and growth potential and then uses portfolio optimization techniques to select the stocks for the portfolio that will optimize the relation between potential return and risk. The portfolio is generally fully invested.

Risk/Return Characteristics: You risk losing money by investing in the Fund. The Fund is subject to general market risk associated with owning securities as well as specific company risks associated with owning the securities selected by the Advisor. Additional risk arises from concentration in particular securities or industries and the risks of owning stock in smaller, less seasoned companies. If the quantitative style used by the fund manager is out of favor, then the performance of the fund may less than that of funds using other investment styles.

### **FIRST EAGLE OVERSEAS FUND**

Investment Objective: The investment objective of the Overseas Fund is long-term growth of capital through investments primarily in equities issued by non-U.S. corporations.

Strategy: To achieve its objective, the Fund invests primarily in companies traded in mature markets (for example, Japan, Germany and France) and may invest in emerging markets (for example, Brazil and Thailand). The Overseas Fund seeks companies that have financial strength and stability, strong management and fundamental value. The Fund may invest in companies that do not have all of these characteristics. The equity securities in which the Fund may invest include common and preferred stocks, warrants or other similar rights, and convertible securities. The Fund may also invest up to 20% of its total assets in debt securities of any rating. The Funds may engage in currency exchange transactions to hedge against losses in the U.S. dollar value of their portfolio securities resulting from possible variations in exchange rates and not for speculation. The Funds have the flexibility to respond promptly to changes in market and economic conditions. Pursuant to a defensive strategy, the Funds may temporarily hold cash and/or invest up to 100% of their assets in high quality debt securities or money market instruments of U.S. or foreign issuers. In such a case, the Funds may not be able to pursue, and may not achieve their investment objectives.

Risk/Return Characteristics: In general, the share price of each of the Fund fluctuates in reaction to stock market movements. This means that the shares of each of the Funds can fall in value. The Fund is subject to general market, small and medium companies, foreign investment, debt securities, and precious metals risks as well as the risk that the Fund manager's security selections may under perform.

### **EUROPACIFIC GROWTH FUND**

Investment Objective: The fund's investment objective is to provide you with long-term growth of capital.

Strategy: Normally, the Fund will invest at least 80% of its assets in securities of issuers located in Europe and the Pacific Basin. The basic investment philosophy is to seek attractively priced securities that represent good long-term investment opportunities. The investment adviser accomplishes this through fundamental analysis, including meeting with company executives and employees, suppliers, customers and competitors. Securities may be sold when the investment adviser believes they no longer represent good long-term value. The Fund may also hold cash, money market instruments and other fixed income securities. The size of the fund's cash and fixed income position will vary and will depend on various factors, including market conditions and purchases and redemptions of fund shares.

Risk/Return Characteristics: The prices of securities held by the Fund may decline in response to certain events, including: those directly involving the companies whose securities are owned in the fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate fluctuations. The growth-oriented, equity-type securities generally purchased by the fund may involve large price swings and potential for loss. Investments outside the U.S. may be affected by these events to a greater extent and may also be affected by differing securities regulations and administrative difficulties such as delays in clearing and settling portfolio transactions. These risks are potentially heightened in connection with investments in developing countries.

### **MATTHEWS GROWTH & INCOME FUND**

Investment Objective: Long-term capital appreciation. The Fund also seeks to provide some current income.

Strategy: This Fund invests at least 80% of its assets in the convertible bonds and dividend-paying equity securities of companies located in Asia. Examples of convertible securities are convertible bonds and debentures which may, under specific circumstances, be converted into the common or preferred stock of that company.

Risk/Return Characteristics: Ownership of convertible securities and bonds has different risks than ownership of common and preferred stocks including interest rate and principal risk. Principal could be lost if the borrower defaults on the bond

causing the Fund to lose money. If market interest rates increase, the bond's market value will go down. Many Asian convertible securities and bonds are not rated by rating agencies, or they're rated below investment grade (commonly referred to as "junk bonds" and may have a greater risk of default). The Fund also has special risks associated with higher yielding equities. There can be no guarantee that companies, which have historically paid dividends, will continue to do so. During periods of rising interest rates such stocks may under-perform. Since this Fund may invest in companies from many countries, each country's size, level of economic development, and governmental stability will have an impact on the value of those companies. In general, the economies of these countries are smaller and less developed than in the U.S. Their stock exchanges and brokerage industries do not have the level of governmental oversight as do those in the United States, and sometimes their governments are unstable.

#### **GARTMORE MORLEY STABLE VALUE FUND**

Investment Objective: Gartmore Morley's Stable Value Fund (the "Fund") is designed to provide preservation of capital and returns that are consistent regardless of stock and bond market volatility. The Fund seeks to earn a high level of income consistent with those objectives.

Strategy: The Fund consists of a diversified portfolio of high quality stable value investment contracts issued by life insurance companies, banks and other financial institutions. The principal value of these assets is intended to remain stable regardless of stock and bond market fluctuations. The income return on the Fund is a blend of all the rates of the various investments purchased by the Fund. Income is accrued daily and reinvested in the Fund. This accrual of income is reflected in the Fund's unit price which is priced daily and is not held constant.

Risk/Return Characteristics: The Fund seeks to provide the highest returns commensurate with stability of principal. While this is generally one of the most conservative investment options, stable value assets do carry potential risks. There is credit risk, or the risk that an issuer will become impaired or default on payments of interest and/or principal. A similar risk exists on the ability of wrap providers to honor the provisions of wrap agreements, and on the credit quality and prepayment characteristics of assets held in alternative investment contracts. The Fund is also subject to reinvestment risk, or the risk that, due to prevailing market conditions, maturing assets may not be able to be invested in assets having similar return or credit characteristics.