A More In-Depth Look at Investing:
An In-Depth Check-Up on Investment Performance, Asset Management, Balancing Goals with the Big Picture, Avoiding Common Blunders, and Cruising a Volatile Market.

Oak Ridge 401(k) Savings Program

Presented by Brad Case
Communications Specialist
The 401(k) Company

WHAT WE'LL DISCUSS TODAY:

- **In-depth Look at Investing:**

  Tax-deferred, Balancing Investment Goals, Big Picture Investing, Good Investing Habits, Market Volatility, Returns vs. Risk, Asset Class Performance, Investment Styles for a Well-balanced Portfolio, Sector Performance, Checking Portfolio Performance, Evaluating Investments, Choosing Benchmarks, Leading Economic Indicators, Investing Pitfalls & Common Mistakes, Investment Risks & Volatility, and Automatic Rebalancing

TRADITIONAL 401(K) VS. ROTH 401(K)

	Pre-Tax 401(k)	After-tax	Roth 401(k)
Employee Contributions	**Made** pre-tax	**Made** after-tax	**Made** *after-tax*
Investment Earnings	**Grow** *tax-deferred* **while in the account**	**Grow** *tax-deferred* **while in the account**	**Grow** *tax-free* **while in the account**
Distributions on Employee Contributions	**Contributions and investment earnings are taxable**	**Only investment earnings are taxed, not contributions**	**Investment earnings are** *tax-free*
Distributions on Company Match	**Match and investment earnings are taxable at time of distribution**	**Match and investment earnings are taxable at time of distribution**	**Match and investment earnings are taxable at time of distribution**
Advantages	**If late in career, taxes paid now may be higher then when you retire.**	**Limited liquidity after 24 months**	**If early in career, taxes paid now may be lower then when you retire.**

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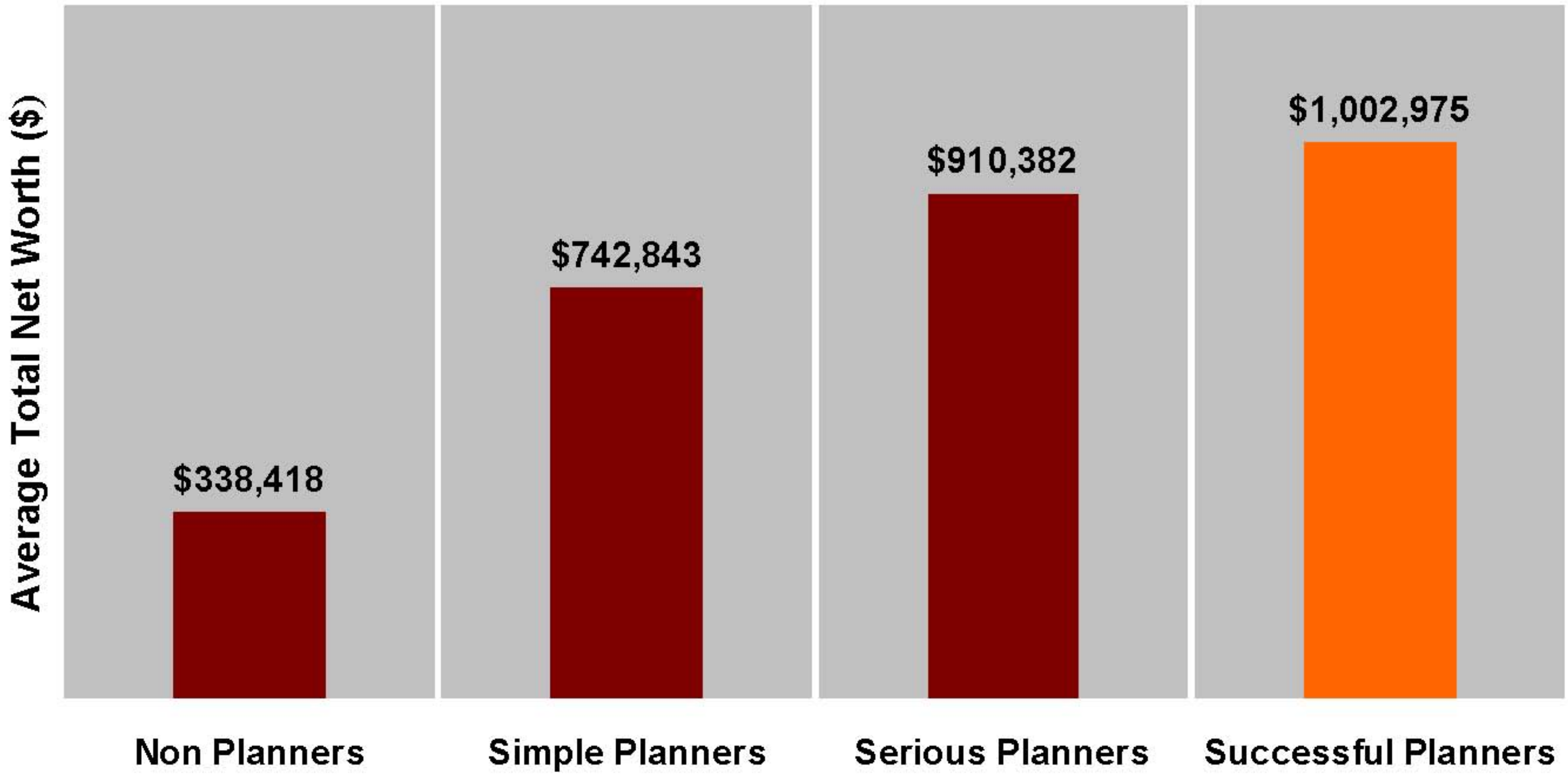
Investing

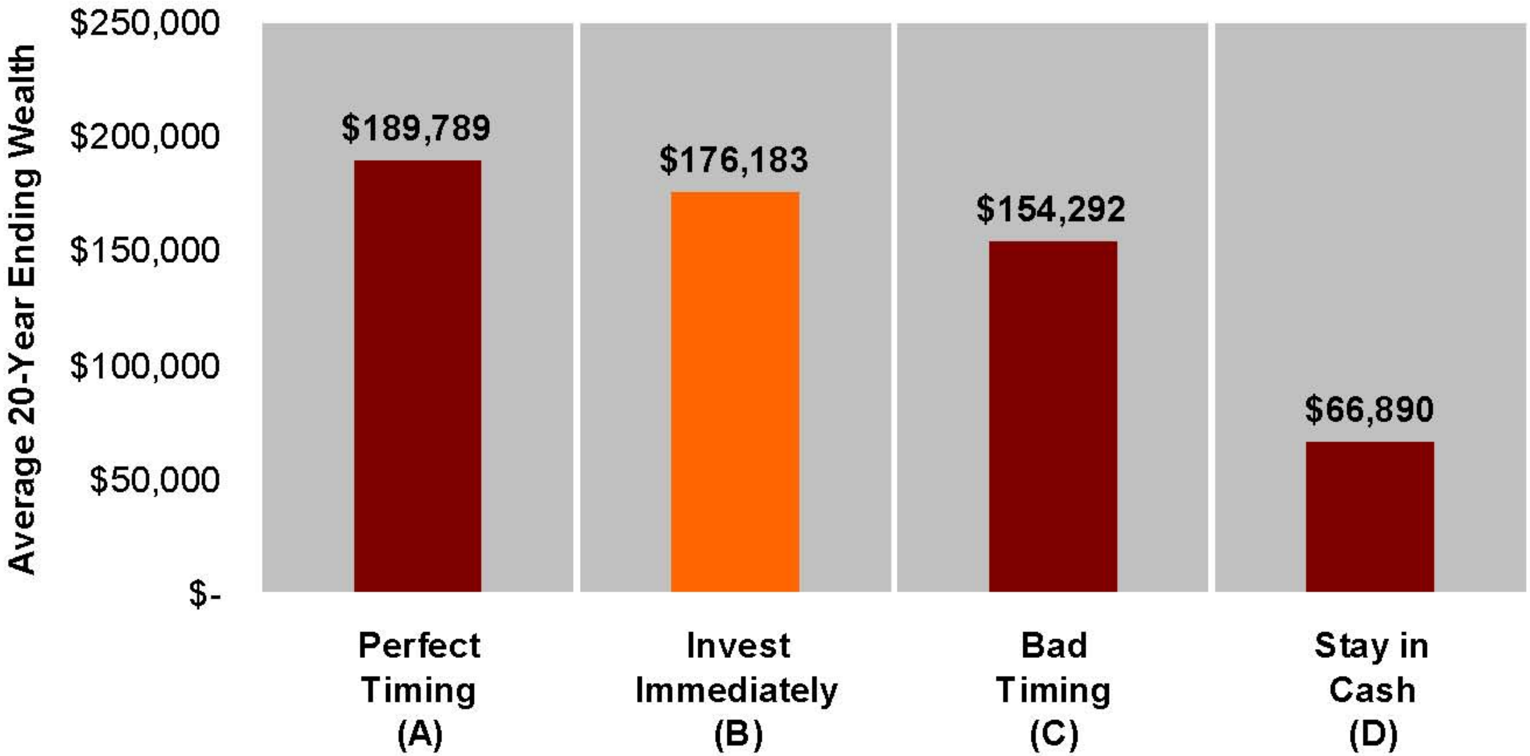
Executed plans associated with people who have greater wealth



Source: Lusardi, Annamaria and Mitchell, Olivia S., "Financial Literacy and Planning: Implications for Retirement Wellbeing", October 2006, page 26.
"Simple" planners tried to calculate how much they need to save for retirement; "Serious" planners created a savings plan; "Successful" planners stuck to their plan. The total number of observations is 1,269.
The original data came from a special retirement planning module for the 2004 Health and Retirement Study targeting Americans over the age of 50.

The costs of waiting to invest

Ending wealth for four types of investors over all 20-year periods (1926-2006)

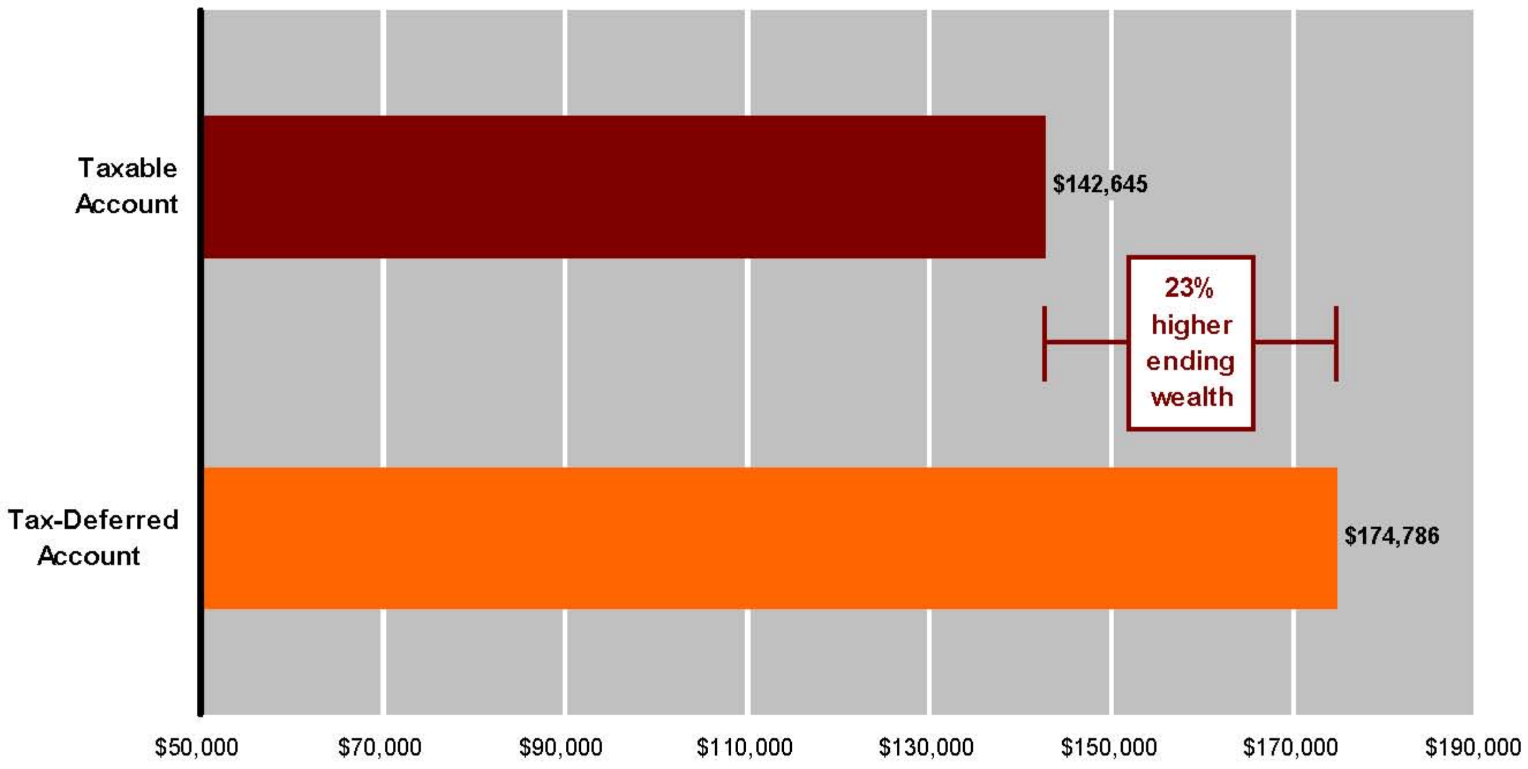


Source: Schwab Center for Financial Research. This chart shows the outcomes for four hypothetical investors who invested $2,000 a year for 20 years. Investor A invested each year at the market trough. Investor B invested immediately on the first day of each year. Investor C invested each year at the market peak. Investor D never implemented the plan and stayed in T-bills. Investors A & C invested their yearly $2,000 investments in T-Bills while waiting to invest in stocks. Stocks are represented by the S&P 500 Index with all dividends invested. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Average results remained unchanged when the study is extended to 12-month periods that begin with a month other than January. In the case of the 12-month period that goes from February to January, Investor B invested immediately on the first day of February each 12-month period for 20 years. Past performance is no indication of future results.

Investing

Tax-deferred investing has its benefits

Hypothetical growth of $50,000 investment over a 20-year period

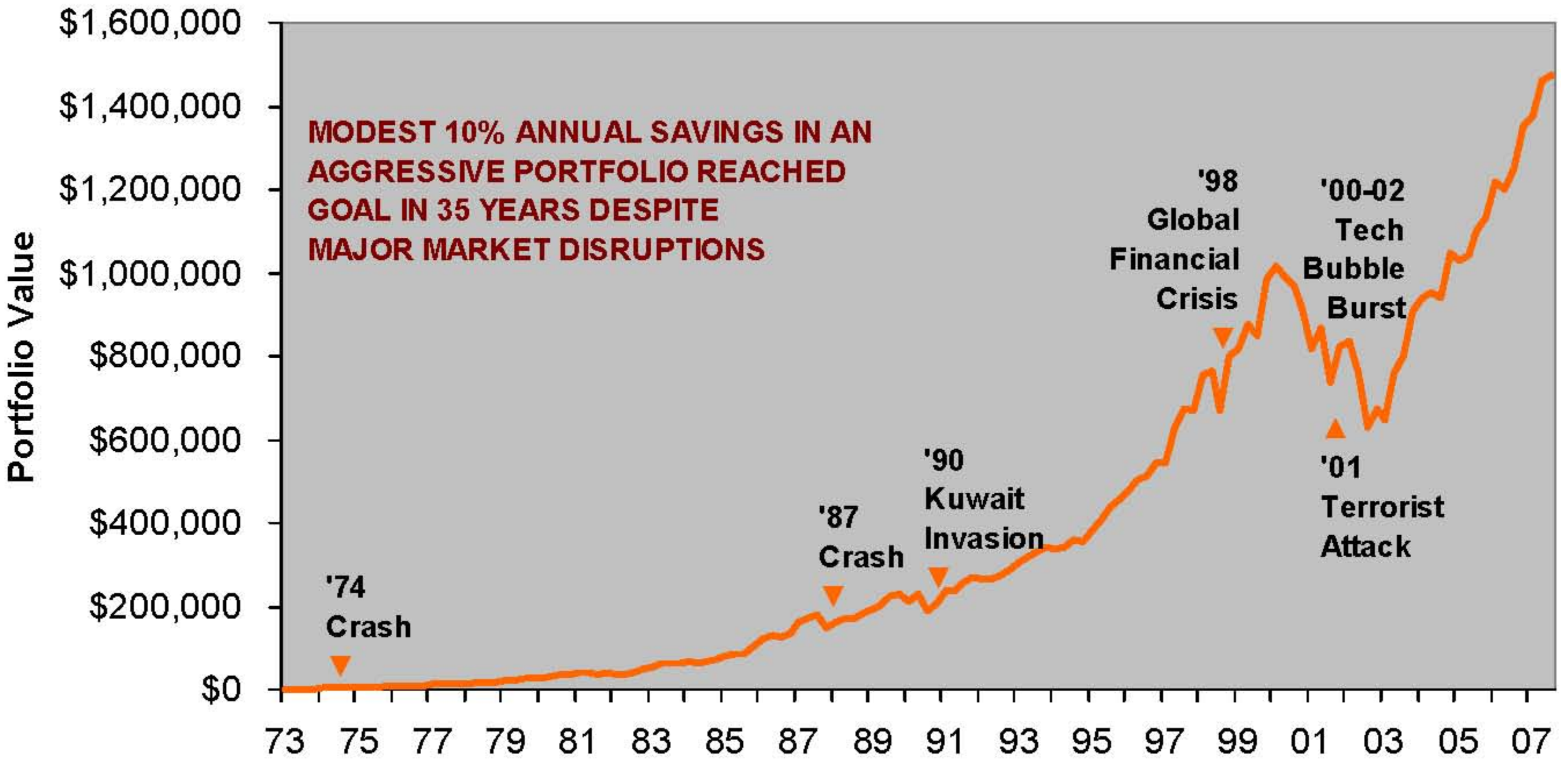


Source: Schwab Center for Financial Research. In this graph, both investors start with an initial investable amount of $50,000, and both had an 8% annual return composed of 2% qualified income dividends and 6% long-term capital gains, both taxed at 15% when realized throughout the 20-year investment period. The taxable account invests the $50,000 after being taxed at 25%, realizes capital gains every 5 years and dividends annually, with net proceeds reinvested. The tax-deferred account pays taxes on the entire investment upon withdrawal at a 25% ordinary income tax rate.

INVESTING

Progress toward goal more important than short-term performance

Hypothetical saver starting out in 1973 followed plan



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The chart illustrates the growth in value of saving 10% of annual salary invested according to the Schwab Aggressive Model Plan. The saver is a 25-year old in 1973, whose 1973 salary of $21,000 is assumed to grow at 3% annual inflation and an additional 10% due to promotion every 5 years to reach $100,000 in 2007. The asset allocation plan is weighted averages of the performance of the indices used to represent each asset class in the plans and are rebalanced annually. Returns include reinvestment of dividends and interest. The indices representing each asset class are S&P 500® Index (large-cap stocks), Russell 2000 Index (small-cap stocks), MSCI EAFE Net of Taxes (international stocks), Lehman Brothers U.S. Aggregate Index (bonds), and Citigroup U.S. 3-month Treasury bills (cash). The Aggressive allocation is 50% large-cap stocks, 20% small-cap stocks, 25% international stocks, and 5% cash. CRSP 6-8 was used for small-cap stocks prior to 1979, Ibbotson Intermediate-Term Government Bond Index was used for bonds prior to 1976, and Ibbotson U.S. 30-day Treasury Bill Index was used for cash prior to 1978. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. ***Past performance is no indication of future results.***

Balancing Investment Goals

- The path to success starts by determining your investment objective, be it capital preservation, targeted results, or market-beating returns — or a combination that balances more than one of these. Overall investment results will depend on the specific goals you decide to emphasize.
  - If experiencing widely varying and possibly negative investment returns is not for you, preserving capital is probably the best choice for your primary investment goal.
  - If your goal is to earn steady returns that beat bonds and cash equivalents rather than to beat the stock market, you might invest primarily in a diversified mix of stock funds — growth and income and other fund types.
  - If you aim to achieve a specific investment return rate, such as a high 10%, you could invest your portfolio entirely in equity funds.*

*Individual stocks are inherently more risky than mutual funds. Every investment involves risk.

Big Picture Investing

- Focusing on short-term investment performance may make you lose track of the big picture.
- Don’t micromanage! Changing investments frequently because of daily market movements rarely pays off in the long run.
- Chasing returns can be more costly since this results in buying at the peak price, which is contrary to smart investing: buy low, sell high!
- Concentrate on your goal, and choose an investment mix with the potential to help you reach that goal over time.
- Choose a mix that offers you a realistic opportunity to achieve long-term gains while reducing the *overall* risk to a level you are comfortable with.
- Big picture investors can be less concerned with the markets day-to- day activity.

GOOD INVESTING HABITS

Daily Habits:

- **Reading Routine** - read about investments routinely.
- **Daily Diary** - in a notebook, jot down notes on changes you make to your portfolio, what happened in the market that day, and your perspective. Your diary entries may reveal patterns and provide you with insight. Recognizing past investment mistakes is the first step in learning from them and modifying future behavior.

Monthly Habits:

- **Evaluate Everything** - take a look at how *everything* is doing — not just your retirement accounts or your stock holdings — to get an indication of overall performance. See the big picture.
- **Start Scorekeeping** - pick appropriate yardsticks to measure the performance of your investments.

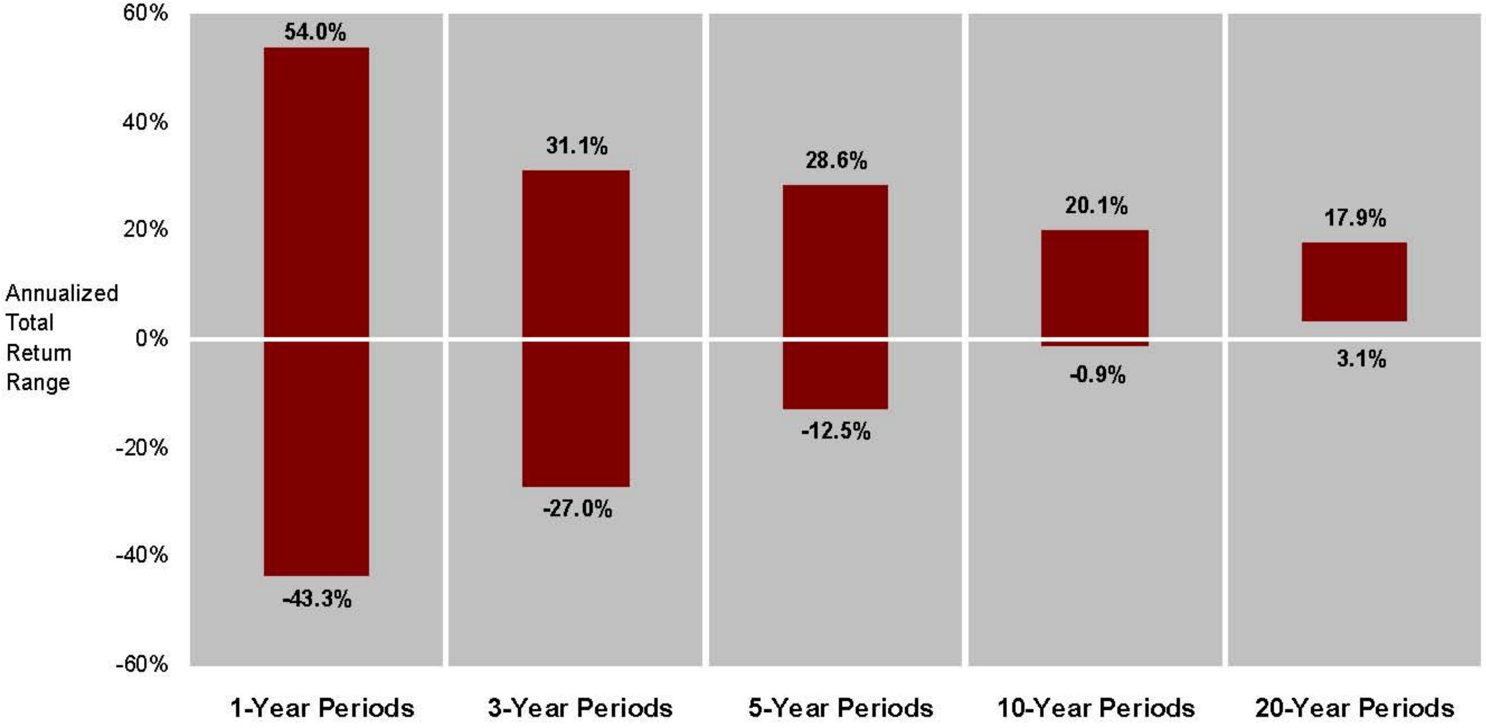
Yearly Habits:

- **Take the time to do a complete review of your investment strategies.**

Risk, volatility, & Performance

Lengthening holding period may reduce downside risk

Diversified equity portfolio as represented by the S&P 500® Index (1926-2007)

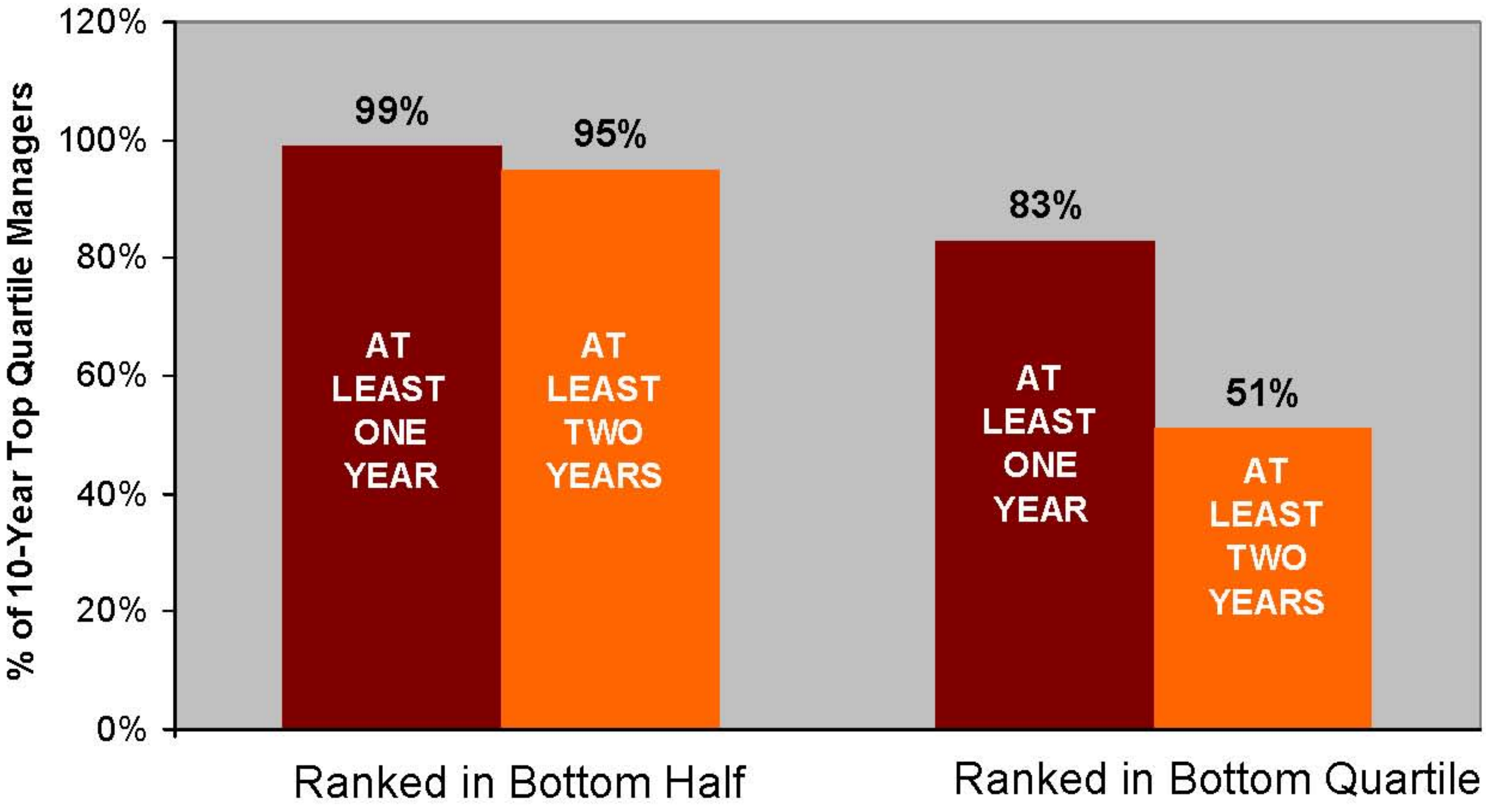


Source: Schwab Center for Financial Research with data provided by Standard and Poor's. Every 1-, 3-, 5-, 10-, and 20-year rolling calendar period for the S&P 500 Index was analyzed from 1926 through 2007. The highest and lowest annual total returns for the specified rolling time periods were chosen to depict the volatility of the market. Returns include reinvestment of dividends. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Risk, volatility, & Performance

Long-term top performance may include short-term underperformance

Ten-year top quartile managers often have a bad year



Source: Schwab Center for Financial Research with data provided by Morningstar. The chart examines a universe of 1,167 distinct portfolios of diversified U.S. domestic equity funds with a complete 10-year history from January 1998 through December 2007. Each fund's annual performance was ranked within a given year and placed in quartiles within its respective Morningstar style category. The annual ranking was derived by comparing the fund's performance to the performance of all distinct, non-passive portfolios currently placed in the category. The number of times an individual fund's annual performance ranked in a year's bottom half or bottom quartile was then counted for funds with top quartile ten-year performance within its style group. Past performance is no indication of future results. Principal value and investment return will fluctuate with changes in market conditions so an investor's returns, when redeemed, may be worth more or less than their original cost.

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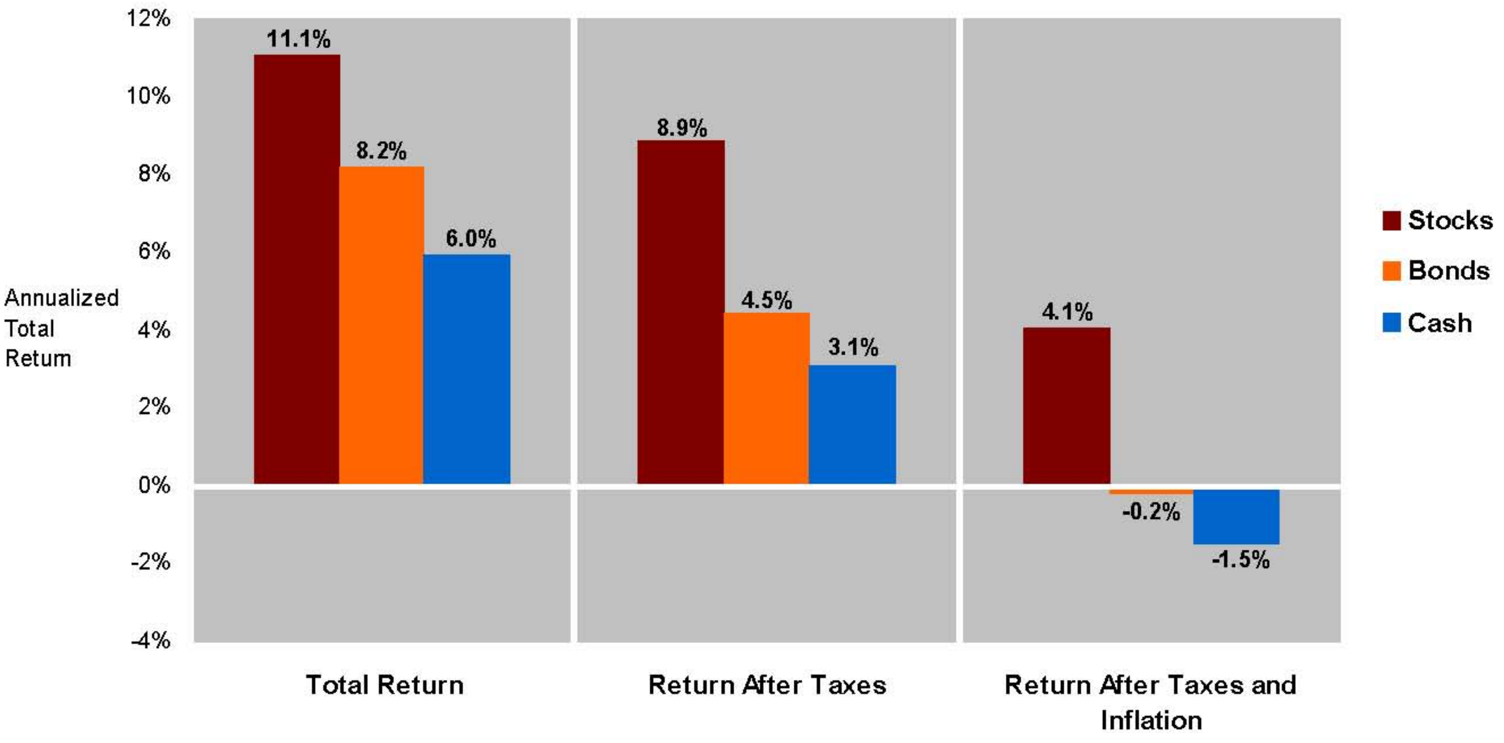
Risk, volatility, & Performance

Equities have been the best defense against taxes and inflation

(1970-2007)

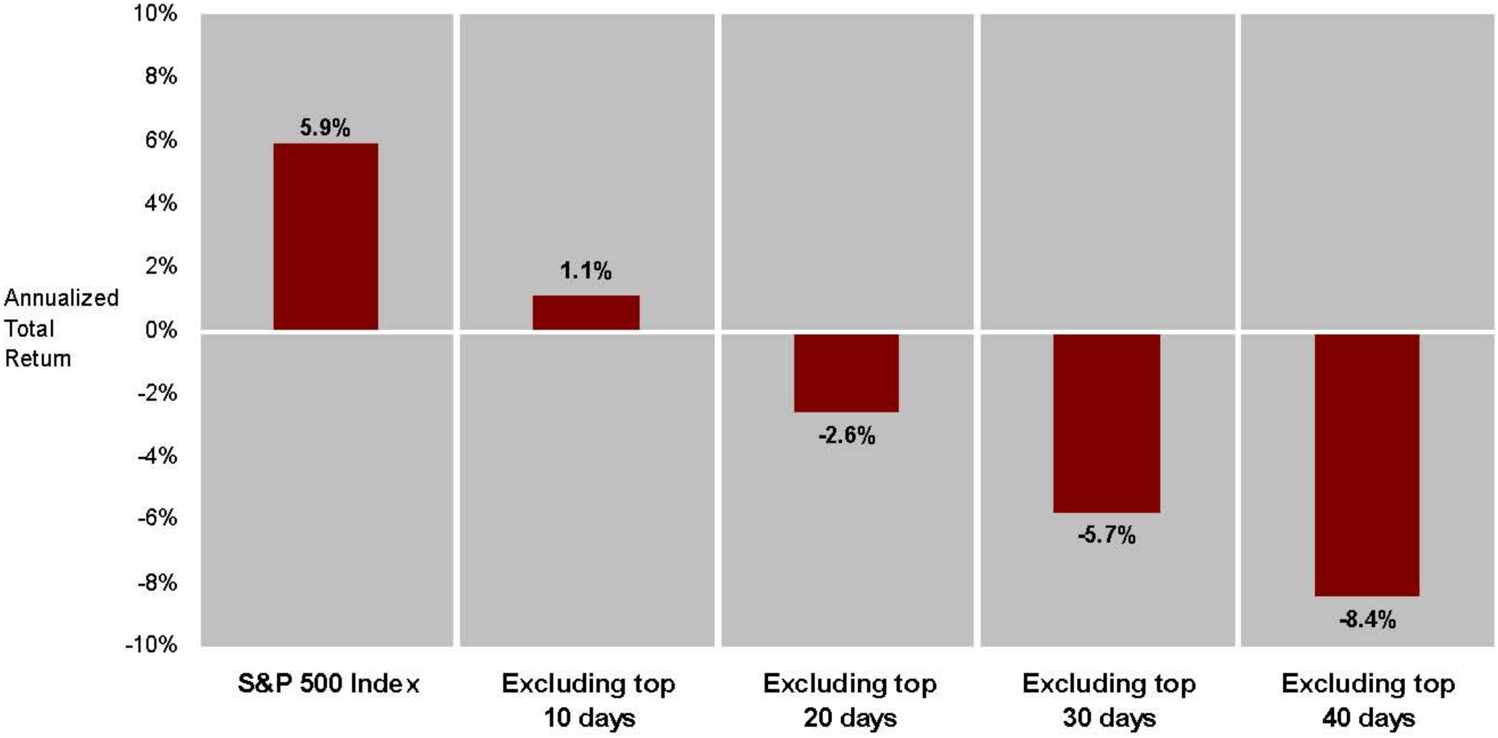


Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Indices representing each asset class are the S&P 500® Index (stocks), Ibbotson Intermediate U.S. Government Bond Index (bonds), and Ibbotson U.S. 30-day Treasury bills (cash). Historical marginal tax rates and inflation rates were used to adjust "Return After Taxes" and "Return After Taxes and Inflation." Chart results assume a 38-year holding period, dividend payments were taxed annually at the highest marginal tax rates, and capital gains were calculated at the end of the period at the long-term capital gains rate (15% as of 2007). Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

RISK, VOLATILITY, & PERFORMANCE

Time in the market is more important than timing the market

(1998-2007)

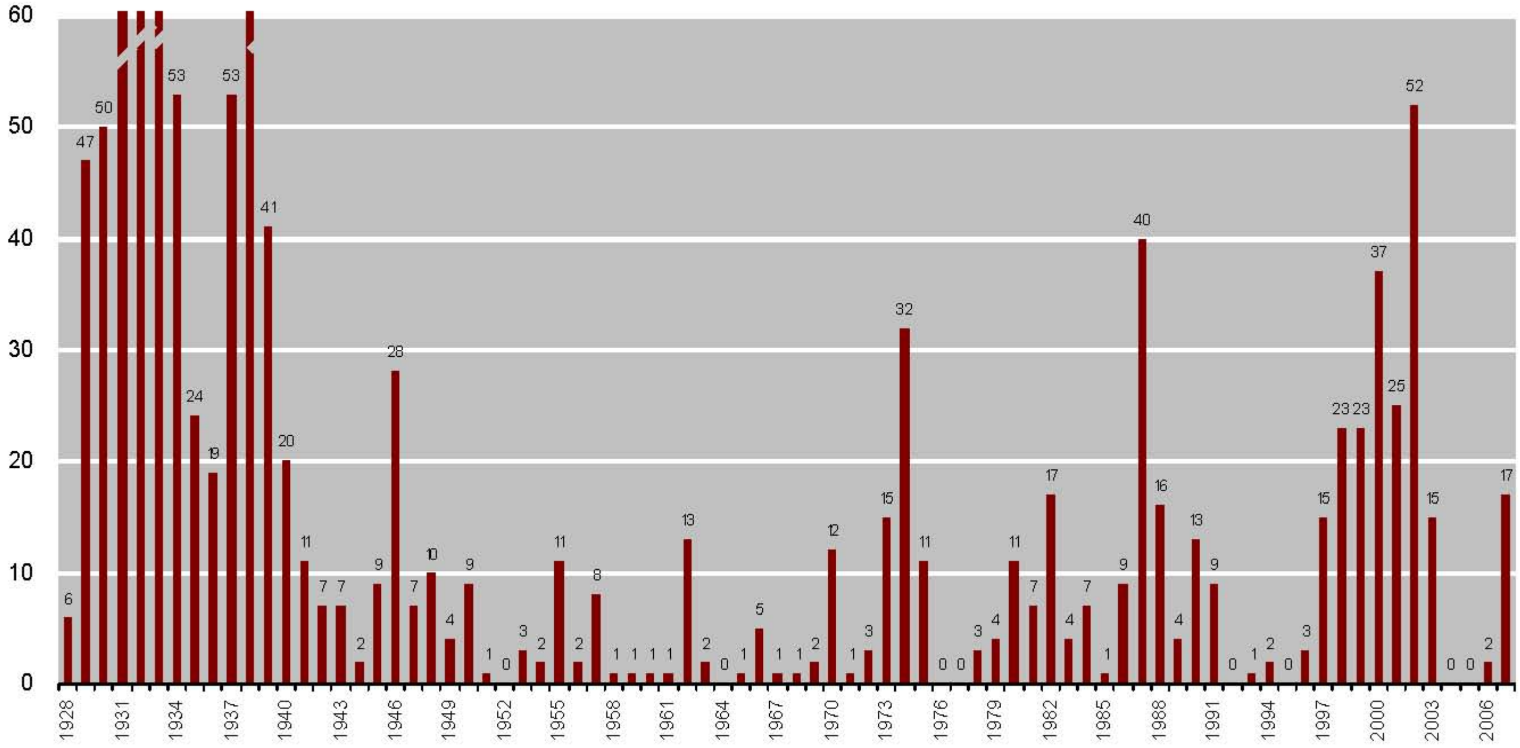


Source: Schwab Center for Financial Research with data provided by Standard and Poor's. Return data is annualized based on an average of 252 trading days within a calendar year. The year begins on the first trading day in January and ends on the last trading day of December, and daily total returns were used. Returns assume reinvestment of dividends. When out of the market, cash is not invested. Market returns are represented by the S&P 500 Index which represents an index of widely traded stocks. Top days are defined as the best performing days of the S&P 500 during the ten-year period. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Risk, volatility, & Performance

Big changes can happen in short periods

Days with S&P 500® Index volatility over 2% (1928-2007)

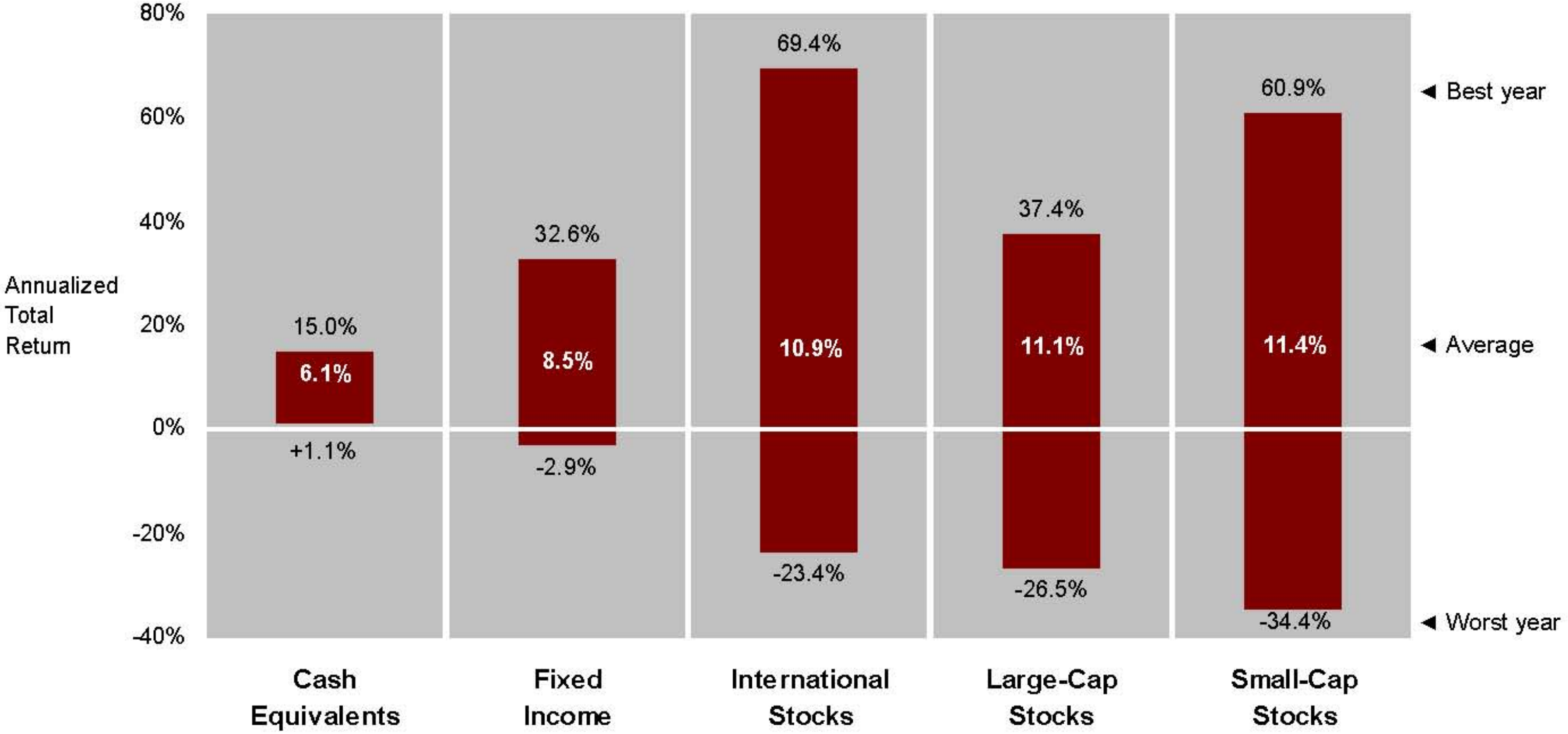


Source: Schwab Center for Financial Research with data provided by Standard and Poor's. The chart above depicts the total number of days within a given year in which the daily change of the S&P 500 Index exceeded 2%. The time periods are one year in length and do not overlap. The year begins on the first trading day of January and ends on the last trading day of December and daily close prices were used for the period 1928 through 2007. Indices are unmanaged, do not incur fees or expenses and cannot be invested in directly. Past results are not indicative of future performance.

Risk, volatility, & Performance

Higher returns come with increased short-term volatility

Indices underlying Schwab's model portfolios (1970-2007)

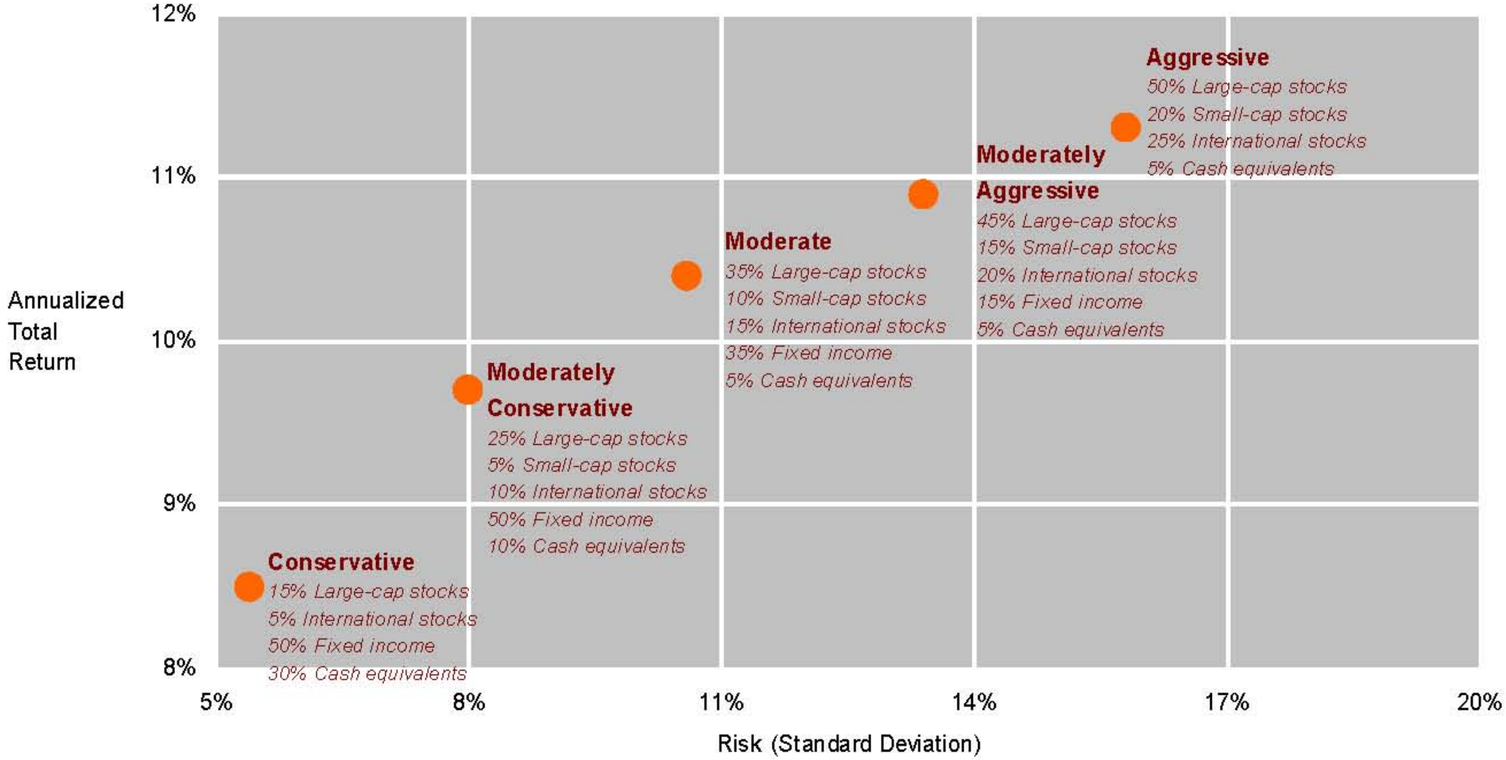


Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The return figures represented are the average, minimum, and maximum annual total returns of indices used to represent an asset class in Schwab's hypothetical asset allocation plans. Returns include reinvestment of dividends and interest. The indices representing each asset class are S&P 500® Index (large-cap stocks), Russell 2000 Index (small-cap stocks), MSCI EAFE Net of Taxes (international stocks), Lehman Brothers U.S. Aggregate Index (fixed income), and Citigroup U.S. 3-month Treasury bills (cash equivalents). CRSP 6-8 was used for small-cap stocks prior to 1979, Ibbotson Intermediate-Term Government Bond Index was used for fixed income prior to 1976, and Ibbotson U.S. 30-day Treasury Bill Index was used for cash equivalents prior to 1978. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Risk, volatility, & Performance

Higher returns come with higher risk

Asset allocation helps match your risk tolerance to your expected return (1970-2007)



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The asset allocation plans are weighted averages of the performance of indices used to represent each asset class in the plans, and are rebalanced annually. The indices representing each asset class are S&P 500® Index (large-cap stocks), Russell 2000 Index (small-cap stocks), MSCI EAFE Net of Taxes (international stocks), Lehman Brothers U.S. Aggregate Index (fixed income), and Citigroup U.S. 3-month Treasury bills (cash equivalents). CRSP 6-8 was used for small-cap stocks prior to 1979, Ibbotson Intermediate-Term Government Bond Index was used for fixed income prior to 1976, and Ibbotson U.S. 30-day Treasury Bill Index was used for cash equivalents prior to 1978. Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Opportunities outside the U.S. should not be forgotten

When was the U.S. the best performing market?

Year	Best-performing developed market		Worst-performing developed market		U.S. market performance
	Country	Return	Country	Return	
1993	Hong Kong	117%	United States	10%	10%
1994	Finland	52%	Hong Kong	-29%	1%
1995	Switzerland	44%	Austria	-5%	37%
1996	Spain	41%	Japan	-15%	23%
1997	Portugal	46%	Singapore	-30%	33%
1998	Finland	120%	Norway	-30%	29%
1999	Finland	155%	Belgium	-13%	21%
2000	Switzerland	6%	Greece	-42%	-9%
2001	New Zealand	8%	Finland	-38%	-12%
2002	New Zealand	24%	Germany	-33%	-22%
2003	Greece	69%	Finland	19%	29%
2004	Austria	72%	Finland	6%	11%
2005	Canada	29%	Ireland	-2%	5%
2006	Spain	49%	Japan	6%	16%
2007	Finland	48%	Ireland	-20%	5%

Source: Schwab Center for Financial Research with data provided by Morgan Stanley Capital International and Standard & Poor's. Based on developed markets as designated by MSCI® as of 12/31/2007. Each market, except the U.S., is represented by annual total returns of the MSCI country index and is net of taxes. The S&P 500® Index represents the U.S. market's annual total returns. Returns assume reinvestment of dividends and interest. All returns are in U.S. dollars. International investing may involve greater risk than U.S. investments due to currency fluctuations, unforeseen political and economic events, and legal and regulatory structures in foreign countries. Such circumstances can potentially result in a loss of principal. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

INVESTING

Asset class performance varies from year to year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Highest Return	Large growth 38.7%	Small growth 43.1%	Small value 22.8%	Small value 14.0%	Bonds 10.3%	Small growth 48.5%	Small value 22.2%	International 13.5%	International 26.3%	Large growth 11.8%
	Large cap 28.6%	Large growth 33.2%	Bonds 11.6%	Bonds 8.4%	Cash 1.7%	Small cap 47.3%	International 20.2%	Large Value 7.1%	Small value 23.5%	International 11.2%
	International 20.0%	International 27.0%	Large value 7.0%	Cash 4.1%	Small value -11.4%	Small value 46.0%	Small cap 18.3%	Large growth 5.3%	Large Value 22.2%	Small growth 7.1%
	Large value 15.6%	Small cap 21.3%	Cash 6.0%	Small cap 2.5%	Large value -15.5%	International 38.6%	Large value 16.5%	Large cap 4.9%	Small cap 18.4%	Bonds 7.0%
	Bonds 8.7%	Large cap 21.0%	Small cap -3.0%	Large value -5.6%	International -15.9%	Large value 30.0%	Small growth 14.3%	Small value 4.7%	Large cap 15.8%	Large cap 5.5%
	Cash 5.1%	Large value 7.3%	Large cap -9.1%	Small growth -9.2%	Small cap -20.5%	Large growth 29.7%	Large cap 10.9%	Small cap 4.6%	Small growth 13.3%	Cash 4.7%
	Small growth 1.2%	Cash 4.7%	International -14.2%	Large cap -11.9%	Large cap -22.1%	Large cap 28.7%	Large growth 6.3%	Small growth 4.2%	Large growth 9.1%	Large value -0.2%
	Small cap -2.5%	Bonds -0.8%	Large growth -22.4%	Large growth -20.4%	Large growth -27.9%	Bonds 4.1%	Bonds 4.3%	Cash 3.0%	Cash 4.8%	Small cap -1.6%
Lowest Return	Small value -6.5%	Small Value -1.5%	Small growth -22.4%	International -21.4%	Small growth -30.3%	Cash 1.1%	Cash 1.2%	Bonds 2.4%	Bonds 4.3%	Small value -9.8%

Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Asset class performance is represented by total annual returns of the following indices: S&P 500® Index (large cap), Russell® 1000 Growth Index (large-cap growth), Russell 1000 Value Index (large-cap value), Russell 2000 Index (small cap), Russell 2000 Growth Index (small-cap growth), Russell 2000 Value Index (small-cap value), MSCI EAFE Net of Taxes (international stocks), Lehman Brothers U.S. Aggregate Index (bonds), and Citigroup U.S. Domestic 3-Month Treasury bills (cash). Returns assume reinvestment of dividends, interest, and capital gains. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

In general, as interest rates rise bond prices fall, and vice versa. Bonds are subject to various risks, including interest rate, inflation, and credit risks. Since this fund focuses its investments on companies involved in one specific sector, this fund ***will*** involve a greater degree of risk than an investment with greater diversification. Smaller company stocks historically have exhibited greater price swings than larger company stocks, and perform differently than the overall stock market. Investments outside the U.S. involve additional risks including political instability, currency fluctuation, and foreign regulations. Developing or emerging markets involve heightened risk due to a lack of established legal, political, business and social frameworks to support the securities market.

INVESTING

Calendar Year Returns for Key Capital Market Indices (1988-2007)
Ranked in Order of Performance (Best to Worst)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Emerging Markets 34.9	Emerging Markets 59.2	Bonds 9.0	Emerging Markets 56.0	Small Value 29.1	Emerging Markets 71.3	Int'l Small 8.5	Large Growth 38.1	Real Estate 35.3	Large Growth 36.5
Small Value 29.5	Large Growth 36.4	Cash 7.9	Small Growth 51.2	Real Estate 14.6	Int'l Large 32.9	Int'l Large 8.1	Large Value 37.0	Large Growth 24.0	Small Value 31.8
Int'l Small 28.8	Large Value 26.1	Large Growth 0.2	Small Value 41.7	Large Value 10.5	Int'l Small 31.1	Cash 4.2	Small Growth 31.0	Large Value 22.0	Large Value 30.0
Int'l Large 28.6	Int'l Small 23.3	Large Value -6.9	Large Growth 38.4	Emerging Markets 9.1	Small Value 23.8	Real Estate 3.2	Small Value 25.8	Small Value 21.4	Real Estate 20.3
Large Value 21.7	Small Growth 20.2	Emerging Markets -13.8	Real Estate 35.7	Small Growth 7.8	Real Estate 19.7	Large Growth 3.1	Bonds 18.5	Small Growth 11.3	Small Growth 13.0
Small Growth 20.4	Bonds 14.5	Real Estate -15.4	Large Value 22.6	Bonds 7.4	Large Value 18.6	Large Value -0.6	Real Estate 15.3	Int'l Small 7.2	Bonds 9.7
Real Estate 13.5	Small Value 12.4	Small Growth -17.4	Bonds 16.0	Large Growth 5.1	Small Growth 13.4	Small Value -1.6	Int'l Large 11.6	Int'l Large 6.4	Cash 5.3
Large Growth 12.0	Int'l Large 10.8	Small Value -21.8	Int'l Large 12.5	Cash 3.6	Bonds 9.8	Small Growth -2.4	Cash 5.8	Cash 5.3	Int'l Large 2.1
Bonds 7.9	Real Estate 8.8	Int'l Small -22.5	Int'l Small 6.5	Int'l Large -11.9	Cash 3.1	Bonds -2.9	Int'l Small 5.3	Emerging Markets 3.9	Int'l Small -9.4
Cash 6.8	Cash 8.6	Int'l Large -23.2	Cash 5.8	Int'l Small -15.2	Large Growth 1.7	Emerging Markets -8.7	Emerging Markets -6.9	Bonds 3.6	Emerging Markets -13.4

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Large Growth 42.2	Emerging Markets 63.7	Real Estate 26.4	Small Value 14.0	Bonds 10.3	Int'l Small 53.7	Real Estate 31.6	Emerging Markets 30.3	Real Estate 35.1	Emerging Markets 39.8
Int'l Large 20.3	Small Growth 43.1	Small Value 22.8	Real Estate 13.9	Real Estate 3.8	Emerging Markets 51.6	Int'l Small 28.7	Int'l Small 22.1	Emerging Markets 32.6	Int'l Large 11.6
Large Value 14.7	Large Growth 28.3	Bonds 11.6	Bonds 8.4	Cash 1.7	Small Growth 48.5	Emerging Markets 22.5	Int'l Large 14.0	Int'l Small 29.4	Large Growth 9.1
Int'l Small 12.2	Int'l Large 27.3	Large Value 6.1	Cash 4.1	Int'l Small -7.3	Small Value 46.0	Small Value 22.3	Real Estate 12.2	Int'l Large 26.9	Int'l Small 7.3
Bonds 8.7	Int'l Small 23.5	Cash 6.0	Emerging Markets -4.9	Emerging Markets -8.0	Int'l Large 39.2	Int'l Large 20.7	Large Value 6.3	Small Value 23.5	Small Growth 7.1
Cash 5.1	Large Value 12.7	Int'l Small -10.3	Small Growth -9.2	Small Value -11.4	Real Estate 37.1	Large Value 15.7	Small Value 4.7	Large Value 20.8	Bonds 7.0
Small Growth 1.2	Cash 4.7	Int'l Large -14.0	Large Value -11.7	Int'l Large -15.7	Large Value 31.8	Small Growth 14.3	Small Growth 4.2	Small Growth 13.4	Cash 4.7
Small Value -6.5	Bonds -0.8	Large Growth -22.1	Large Growth -12.7	Large Value -20.9	Large Growth 25.7	Large Growth 6.1	Large Growth 3.5	Large Growth 11.0	Large Value 2.0
Real Estate -17.5	Small Value -1.5	Small Growth -22.4	Int'l Small -15.7	Large Growth -23.6	Bonds 4.1	Bonds 4.3	Cash 3.0	Cash 4.8	Small Value -9.8
Emerging Markets -27.5	Real Estate -4.6	Emerging Markets -31.8	Int'l Large -21.2	Small Growth -30.3	Cash 1.1	Cash 1.2	Bonds 2.4	Bonds 4.3	Real Estate -15.7

Cash: Citigroup U.S. Domestic 3-Month T-Bill Index measures the performance of Treasury Bills issued by the U.S. Government maturing within 3 months. **Bonds:** Lehman Brothers Aggregate Bond Index measures the performance of the U.S. investment-grade bond market. **Real Estate:** NAREIT Equity Index measures the performance of publicly traded real estate equity securities. **Large Value and Large Growth:** Prior to 2006, S&P/BARRA 500 Value and S&P/BARRA 500 Growth indices measure the performance of U.S. large-cap value and large-cap growth stocks and are constructed by dividing the stocks in the S&P 500 Index according to price-to-book ratios. Beginning in 2006, performance results reflect the S&P/Citigroup Value and Growth indices. **Small Value and Small Growth:** Russell 2000 Value and Russell 2000 Growth indices measure the performance of U.S. small company stocks (the smallest 2,000 companies in the Russell 3000 Index) and are constructed by dividing the stocks in the Russell 2000 Index according to price-to-book ratios. **International Large:** MSCI EAFE Index is a Morgan Stanley Capital International index of foreign stocks designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East. **International Small:** Beginning in 1990, performance results reflect the S&P/Citigroup EMI World ex-U.S. Index, a Standard & Poors index designed to measure the performance of foreign stocks listed in the smallest quintile of market capitalizations across the developed markets of Europe, Australasia, and the Far East. Prior to 1990, performance results reflect the IIA International Small Cap Index. **Emerging Markets:** Beginning in 1988, performance results reflect the MSCI Emerging Markets Index, a Morgan Stanley Capital International index designed to measure the performance of foreign equity securities in emerging (developing) markets. Prior to 1988, performance reflects the IFCG Emerging Composite, an International Finance Corporation Global composite index.

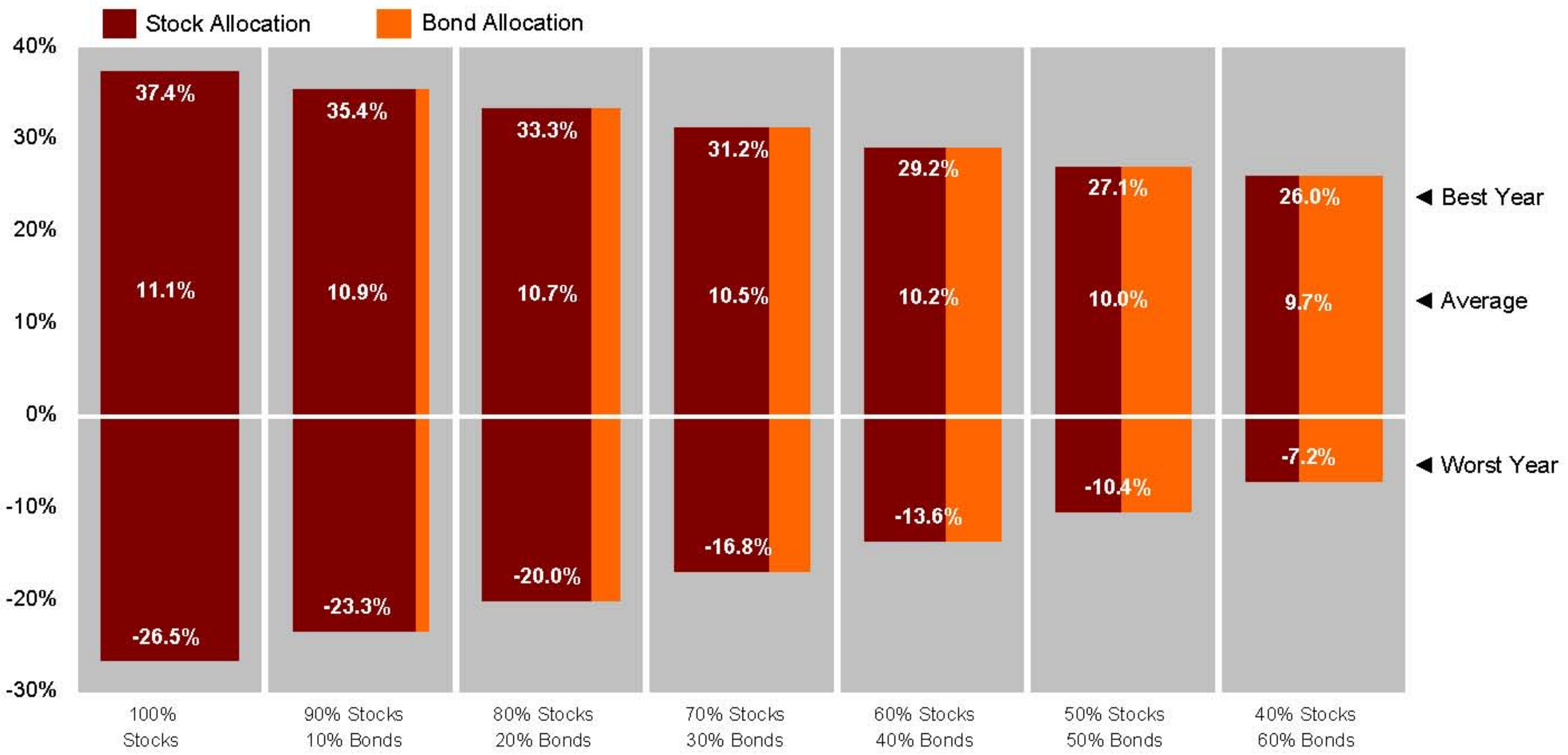
Important Disclosures: Indexes are unmanaged, and one cannot invest directly in an index. This analysis assumes market indices are reasonable representations of the asset classes and approximate the returns an investor would have experienced from exposures to the depicted asset classes over the period shown. In fact, investment manager performance relative to the different asset class indices has varied widely across the asset classes during the past 20 years. The market values of equity securities fluctuate in response to interest rates, investor perceptions, and market liquidity. All stocks have risks involving historical and prospective earnings of the stock issuer, the value of its assets and general economic, political and market conditions. Small or relatively new companies have smaller revenues, limited product lines, lower liquidity and small market share, which makes them more susceptible to price fluctuation. Value and Growth stocks tend to go through cycles of doing better (or worse) than the market as a whole and can underperform the market for long periods of time. Stock of foreign issuers can respond adversely to currency fluctuations, differing regulations, accounting standards, as well as political, social and economic instability and can perform differently than the U.S. market. Emerging markets have increased risks related to the same factors, in addition to those associated with the relatively small size and lower liquidity of these markets. Real Estate investment values will rise and fall based on a variety of factors, including building competition, taxes, zoning laws, and defaults.

Data reflects past performance and is not indicative of future results. Data source: Ibbotson Associates. Sources are considered reliable but accuracy and completeness cannot be guaranteed. *For 401(k) Investment Committee use only.*

Investing

Fixed income investments can lower portfolio volatility

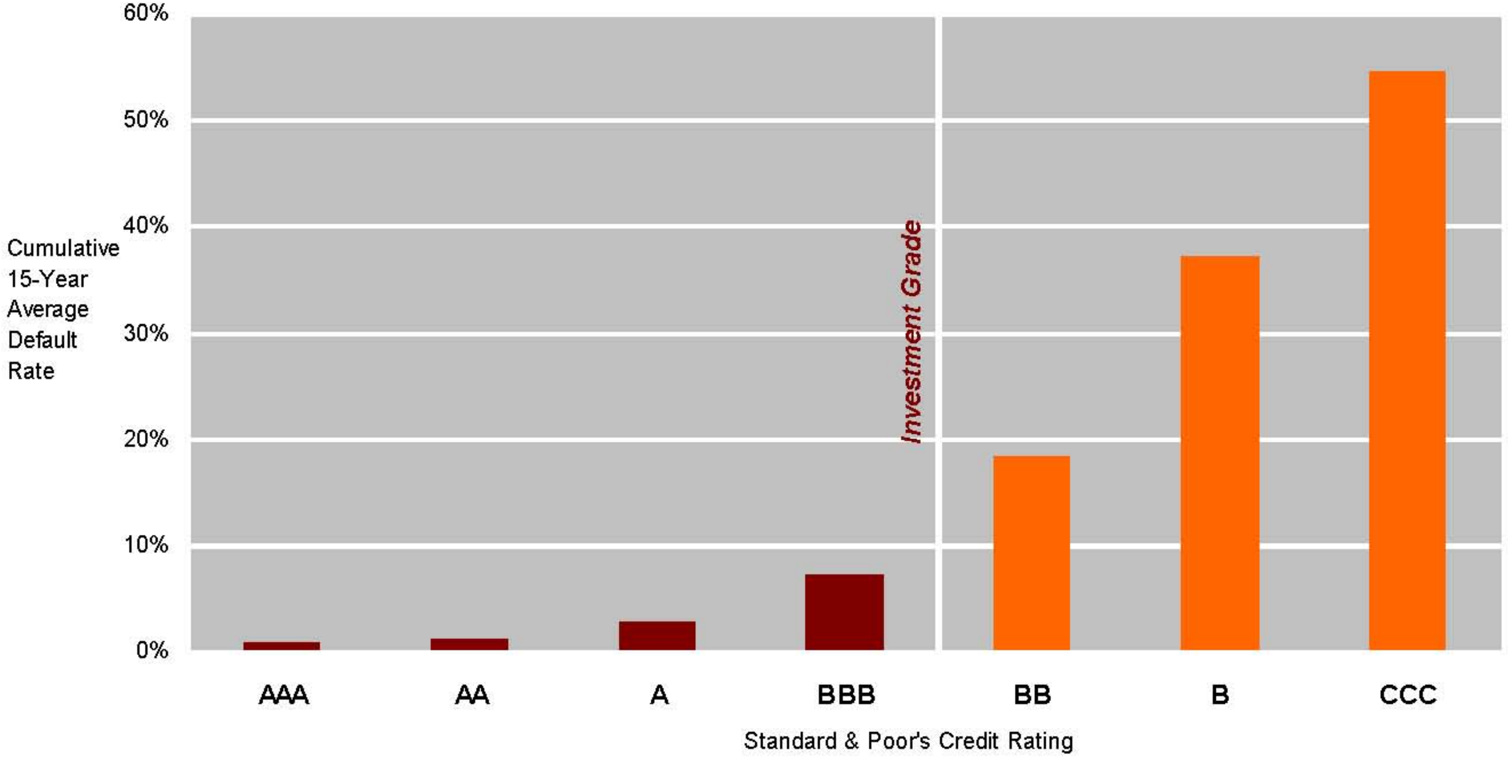
Range of annual returns (1970-2007)



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Stocks are represented by total annual returns of the S&P 500® Index, and bonds are represented by total annual returns of the Ibbotson U.S. Intermediate Government Bond Index. The return figures are the average, the maximum, and the minimum annual total return for the portfolios represented in the chart, and are rebalanced annually. Returns include reinvestment of dividends, interest, and capital gains. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Investing

Lower bond credit quality can correspond with higher default rates

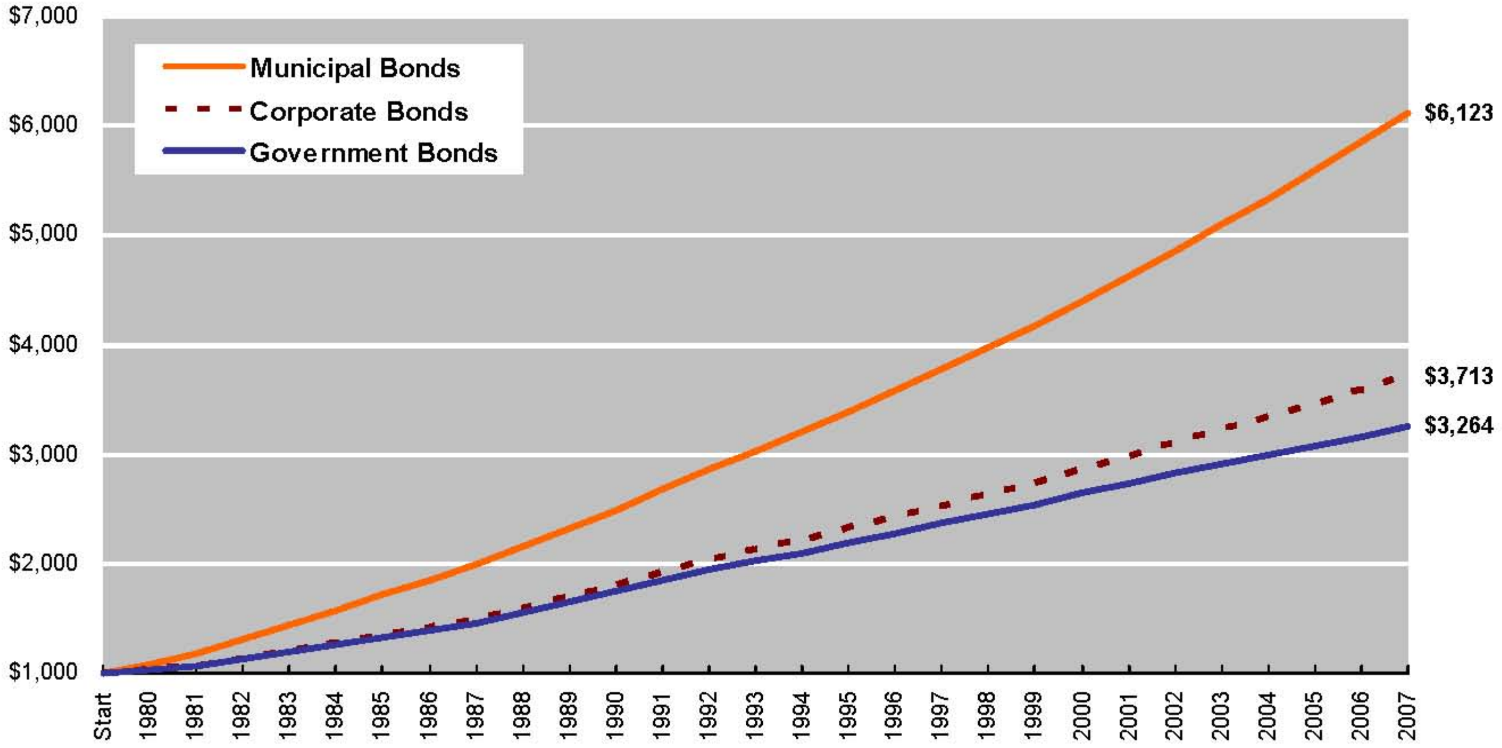


Source: Schwab Center for Financial Research with data from Standard & Poor's 2004 Global Corporate Default Study. The study analyzed the rating and default history of 12,293 U.S. and non-U.S. companies first rated by Standard & Poor's between December 31, 1981 and December 31, 2006. The 15-year cumulative average default rate is calculated by weight-averaging the marginal default rates in all static pools. Past performance is no indication of future results.

Investing

Municipal bonds earn more on an after-tax basis

For people in high tax brackets

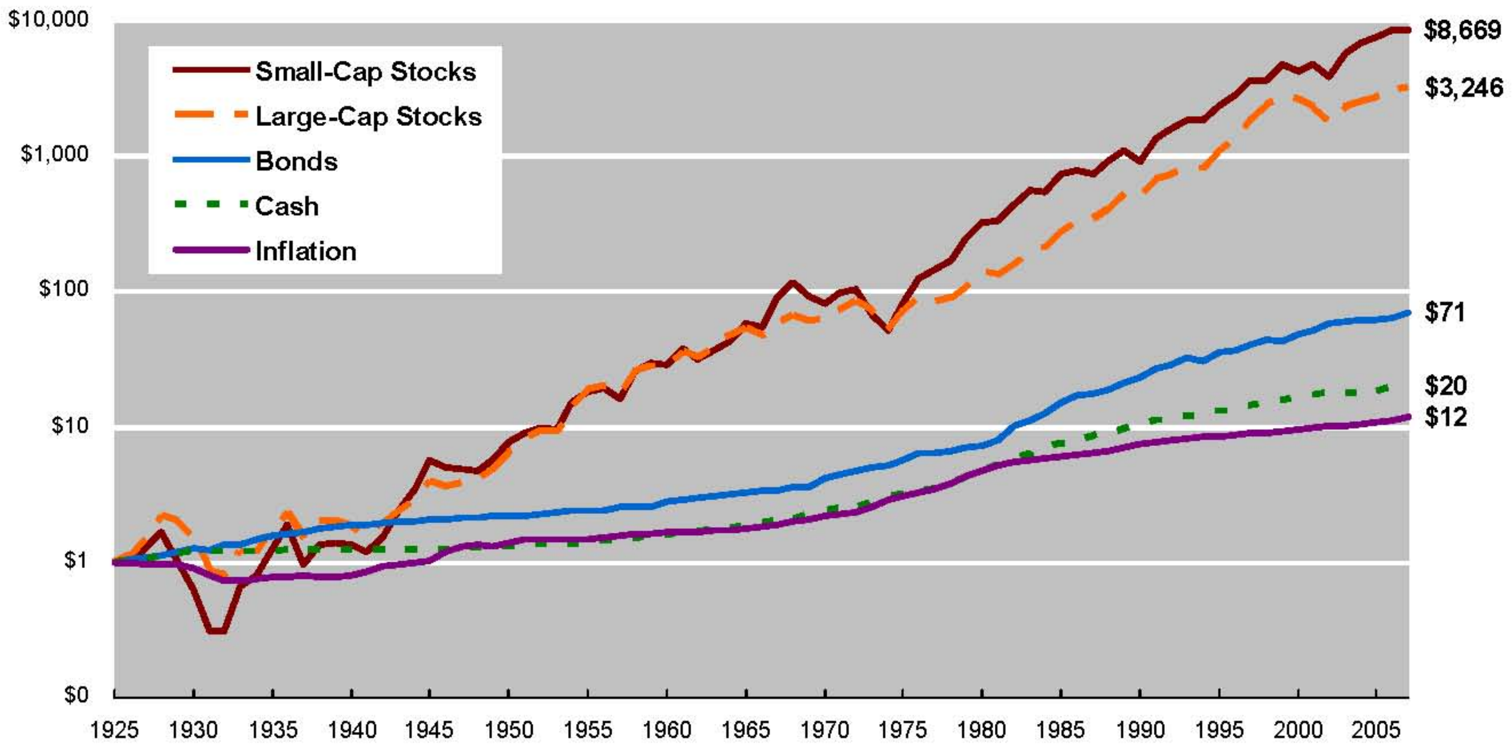


Source: Schwab Center for Financial Research with data from Morningstar, Inc. Chart shows the growth of a $1000 investment on 12/31/1979 in municipal bonds, corporate bonds, and government bonds. Indices representing each investment are the Lehman Brothers Municipal Bond Index (municipal bonds), Lehman Brothers Credit Index (corporate bonds), and Lehman Brothers Government Index (government bonds). Historical income tax rates using the highest marginal tax bracket were used to adjust total return to after-tax return, 1980 through 2007. Dividend payments were taxed annually at historical maximum income tax rates. The highest historical tax rates were chosen to illustrate the impact of tax-advantaged municipal bonds on people in high tax brackets. The tax treatment of capital gains was not factored into this analysis. Income may be subject to Alternative Minimum Taxes (AMT). Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Investing

Equities have outperformed other asset classes

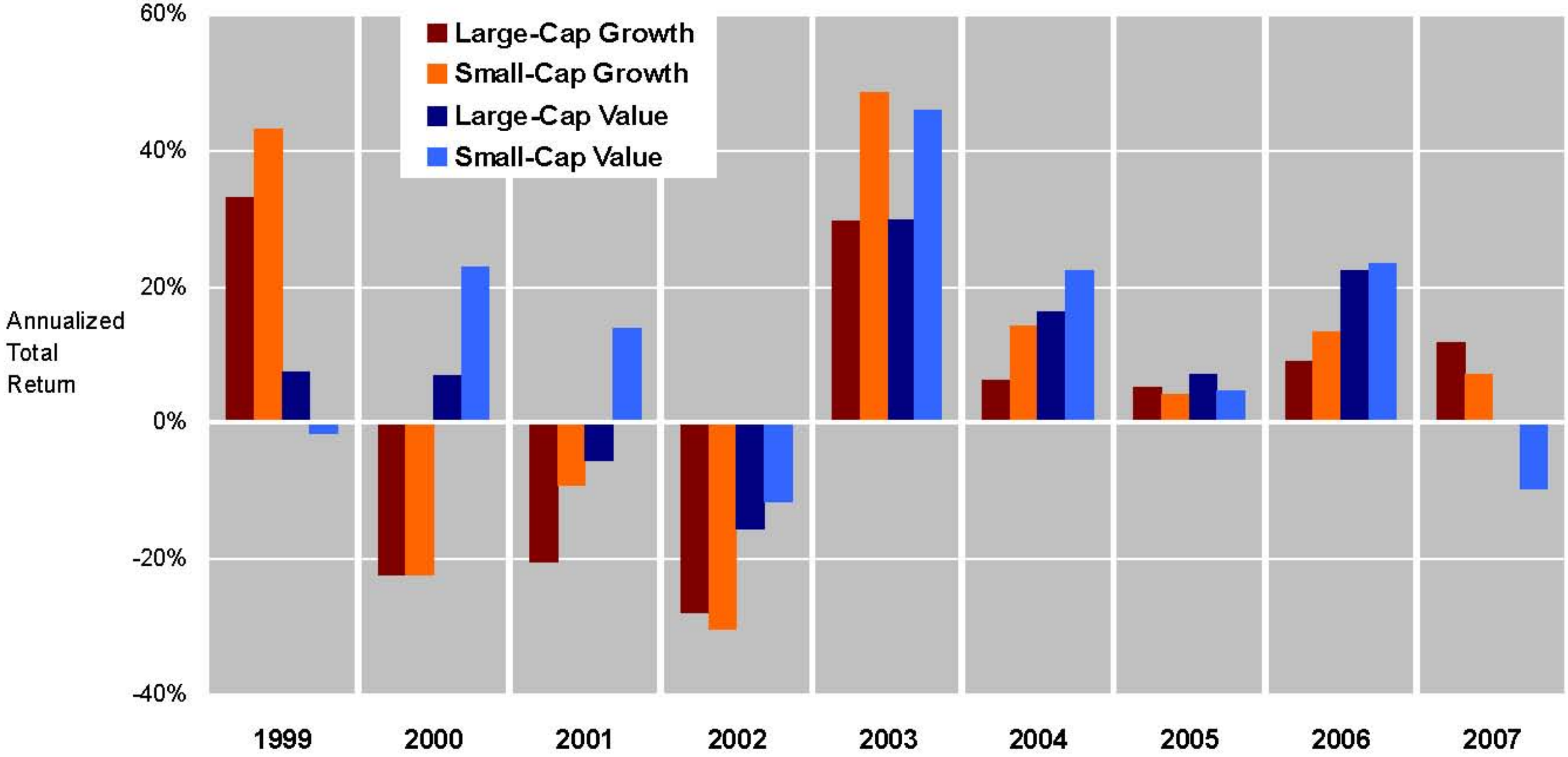
(1926-2007)



The chart illustrates the growth in value of $1.00 invested in various financial instruments on 12/31/1925. Results assume reinvestment of dividends, capital gains, and coupons; and no taxes or transaction costs. Generally small-cap stocks are in the bottom 50% of publicly traded companies based on market capitalization. These stocks are subject to greater volatility. Source: *Stocks, Bonds, Bills & Inflation® 2007 Yearbook*, © 2008 Morningstar, Inc. Based on the copyrighted works of Ibbotson and Sinquefield. All rights reserved. Used with permission. The indices representing each asset class are S&P 500® Index (large-cap stocks); CRSP 6-8 Index (small-cap stocks); Ibbotson Intermediate U.S. Government Bond Index (bonds); and Ibbotson U.S. 30-day Treasury bills (cash). Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Investing

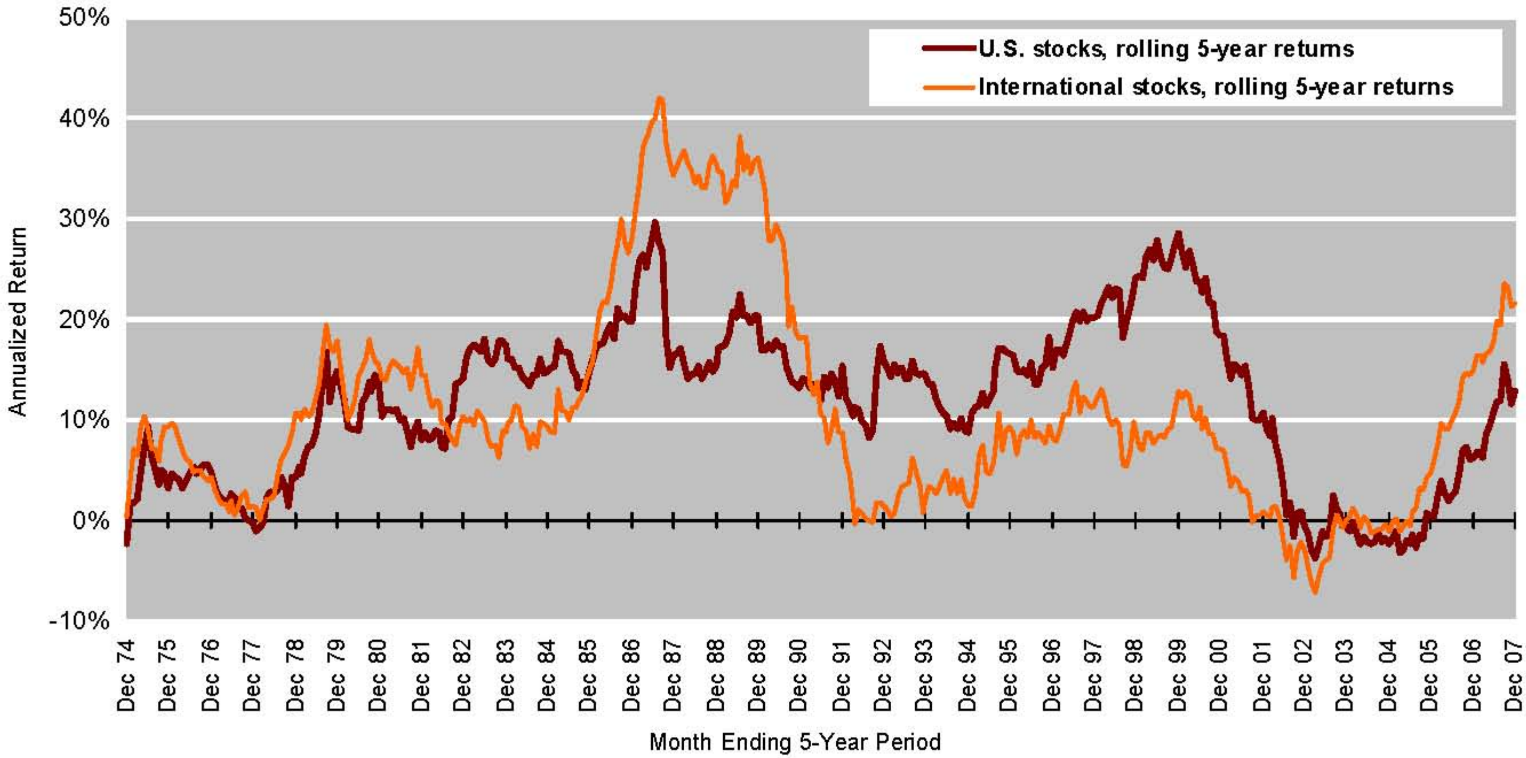
A well-balanced portfolio includes both growth and value styles



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Indices representing each asset class are Russell 1000® Growth Index (large-cap growth), Russell 1000® Value Index (large-cap value), Russell 2000® Growth Index (small-cap growth), and Russell 2000® Value Index (small-cap value). Returns assume reinvestment of dividends. Small-cap stocks are subject to greater volatility than other asset classes. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

A well-balanced portfolio includes international equities

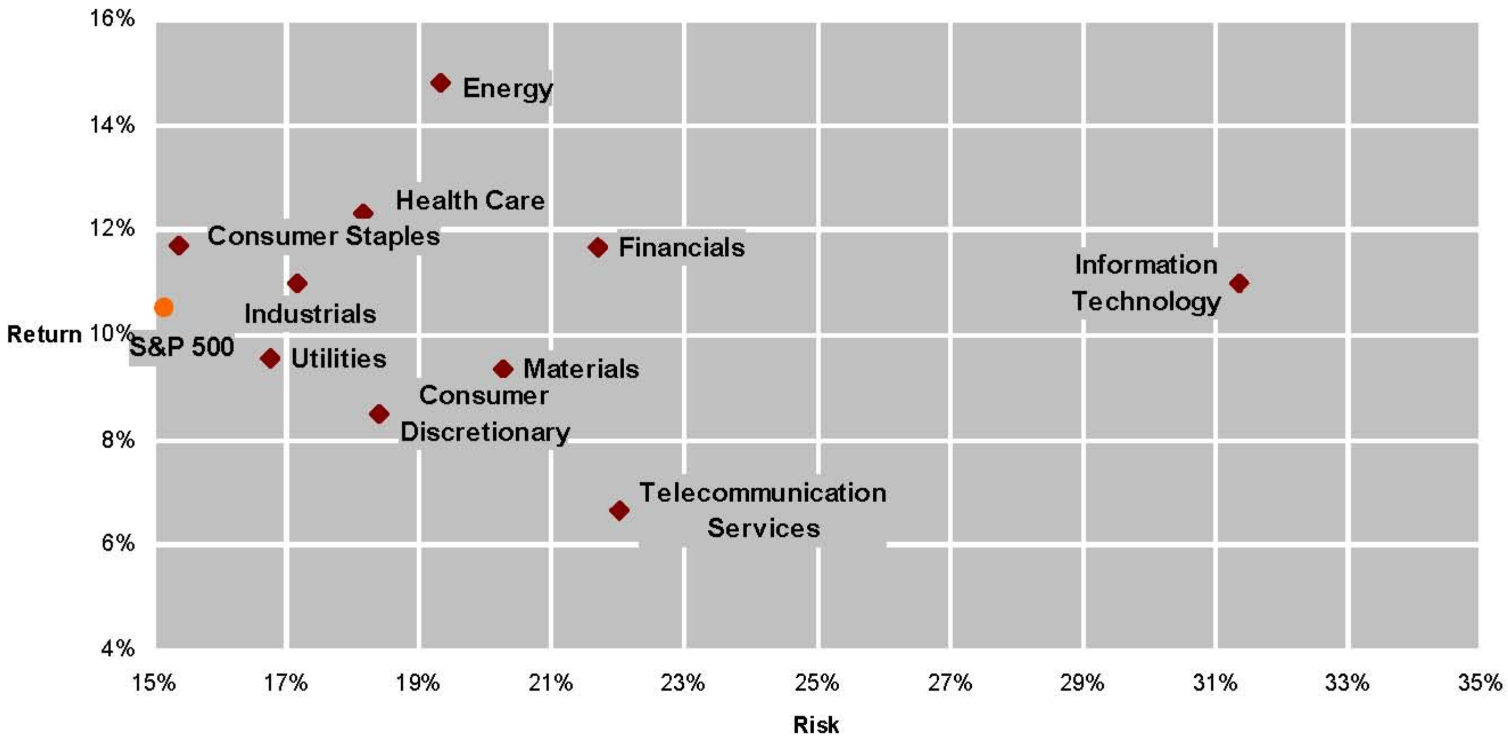
Rolling 5-year returns (1970-2007)



Source: Schwab Center for Financial Research with data from Morningstar, Inc. The graph shows the rolling 5-year annualized total returns of the S&P 500® Index, representing U.S. stocks, and MSCI EAFE Index net of taxes, representing international stocks, from January 1970 through December 2007. The first rolling 5-year period is January 1970 through December 1974. Returns assume reinvestment of dividends. International investing may involve greater risk than U.S. Investments due to currency fluctuations, unforeseen political and economic events, and legal and regulatory structures in foreign countries. Such circumstances can potentially result in a loss of principal. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

A well-balanced portfolio is diversified across sectors

Sector risk and return profiles (October 1989-December 2007)



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The chart above compares the risk and return features of the market, as represented by the S&P 500 Index, to the risk and return of market sectors, which are represented by GICS sector indices. Risk is represented by the annualized standard deviation of monthly returns, and return is represented by the average annualized total return for the given time frame, October 1989 through December 2007. Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Investing

Sector performance varies from year to year

Highest Return

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Info. Tech. 78.1%	Info. Tech. 78.7%	Utilities 57.2%	Materials 3.5%	Cons. Stpls -4.3%	Info. Tech. 47.2%	Energy 31.5%	Energy 31.4%	Telecom. 36.8%	Energy 34.4%
Telecom. 52.4%	Materials 25.3%	Health Care 37.1%	Cons. Discr. 2.8%	Materials -5.5%	Materials 38.2%	Utilities 24.3%	Utilities 16.8%	Energy 24.2%	Materials 22.5%
Health Care 43.9%	Cons. Discr. 25.2%	Financials 25.7%	Industrials -5.7%	Energy -11.1%	Cons. Discr. 37.4%	Telecom. 19.9%	Financials 6.5%	Utilities 21.0%	Utilities 19.4%
Cons. Discr. 41.1%	Industrials 21.5%	Cons. Stpls 16.8%	Cons. Stpls -6.4%	Financials -14.6%	Industrials 32.2%	Industrials 18%	Health Care 6.5%	Financials 19.2%	Info. Tech. 16.3%
S&P 500 28.6%	S&P 500 21%	Energy 15.7%	Financials -9%	Health Care -18.8%	Financials 31%	Cons. Discr. 13.2%	S&P 500 4.9%	Cons. Discr. 18.6%	Cons. Stpls 14.2%
Cons. Stpls 15.8%	Telecom. 19.1%	Industrials 5.9%	Energy -10.4%	S&P 500 -22.1%	S&P 500 28.7%	Materials 13.2%	Materials 4.4%	Materials 18.6%	Industrials 12.0%
Utilities 14.8%	Energy 18.7%	S&P 500 -9.1%	S&P 500 -11.9%	Cons. Discr. -23.8%	Utilities 26.3%	Financials 10.9%	Cons. Stpls 3.6%	S&P 500 15.8%	Telecom. 11.9%
Financials 11.4%	Financials 4.1%	Materials -15.7%	Health Care -11.9%	Industrials -26.3%	Energy 25.6%	S&P 500 10.9%	Industrials 2.3%	Cons. Stpls 14.4%	Health Care 7.2%
Industrials 10.9%	Utilities -9.2%	Cons. Discr. -20%	Telecom. -12.2%	Utilities -30%	Health Care 15.1%	Cons. Stpls 8.2%	Info. Tech. 1.0%	Industrials 13.3%	S&P 500 5.5%
Energy 0.6%	Health Care -10.7%	Telecom. -38.8%	Info. Tech. -25.9%	Telecom. -34.1%	Cons. Stpls 11.6%	Info. Tech. 2.6%	Telecom. -5.6%	Info. Tech. 8.4%	Cons. Discr. -13.2%
Materials -6.2%	Cons. Stpls -15.1%	Info. Tech. -40.9%	Utilities -30.4%	Info. Tech. -37.4%	Telecom. 7.1%	Health Care 1.7%	Cons. Discr. -6.4%	Health Care 7.5%	Financials -18.6%

Lowest Return

Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Sector performance is represented by total annual returns of the following ten GICS sector indices: Consumer Discretionary Sector, Consumer Staples Sector, Energy Sector, Financials Sector, Health Care Sector, Industrials Sector, Information Technology Sector, Materials Sector, Telecommunication Services Sector, and Utilities Sector. Returns of the broad market are represented by the S&P 500 Index. Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

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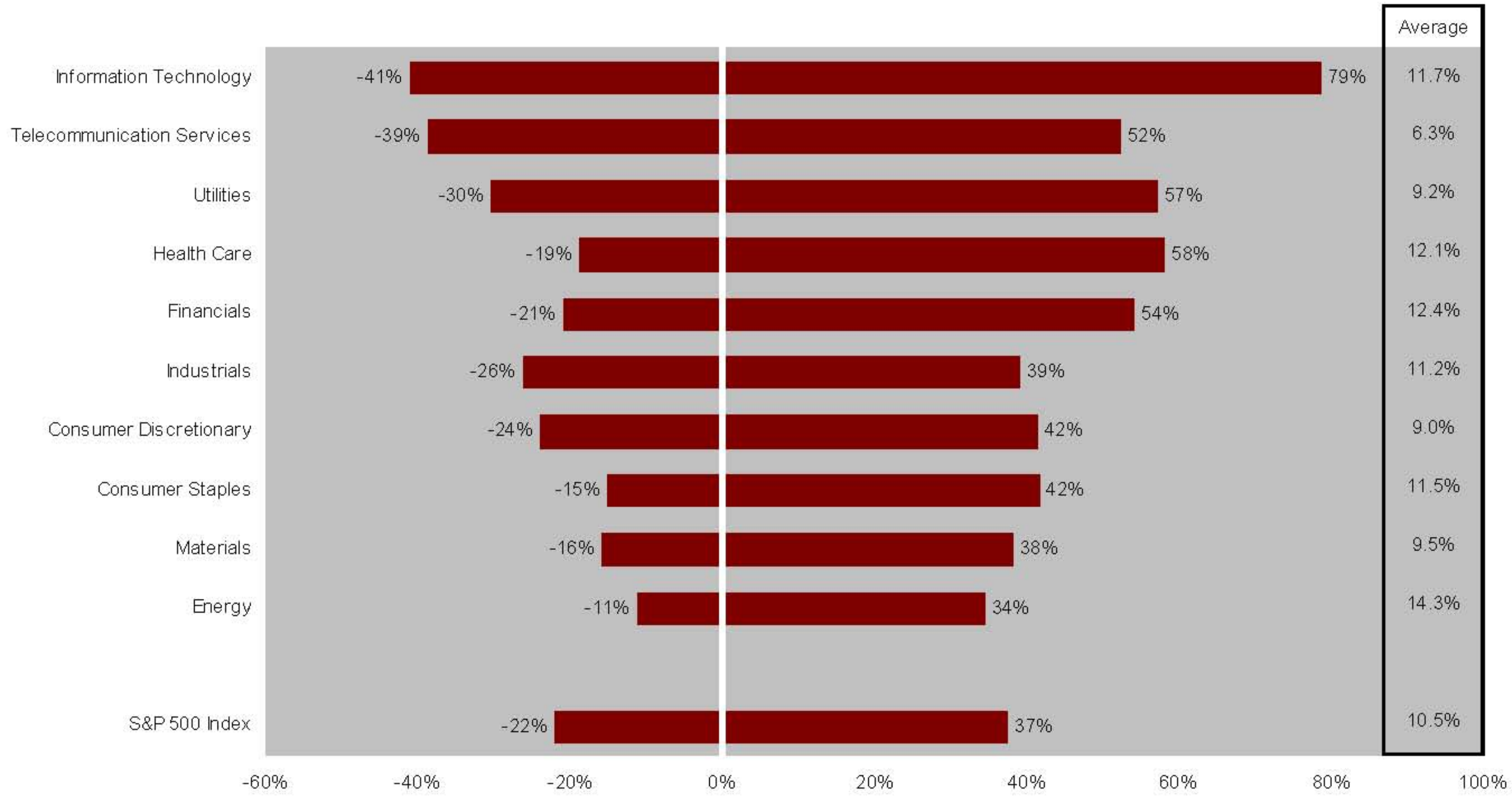
Investing

A well-balanced portfolio includes broad sector representation

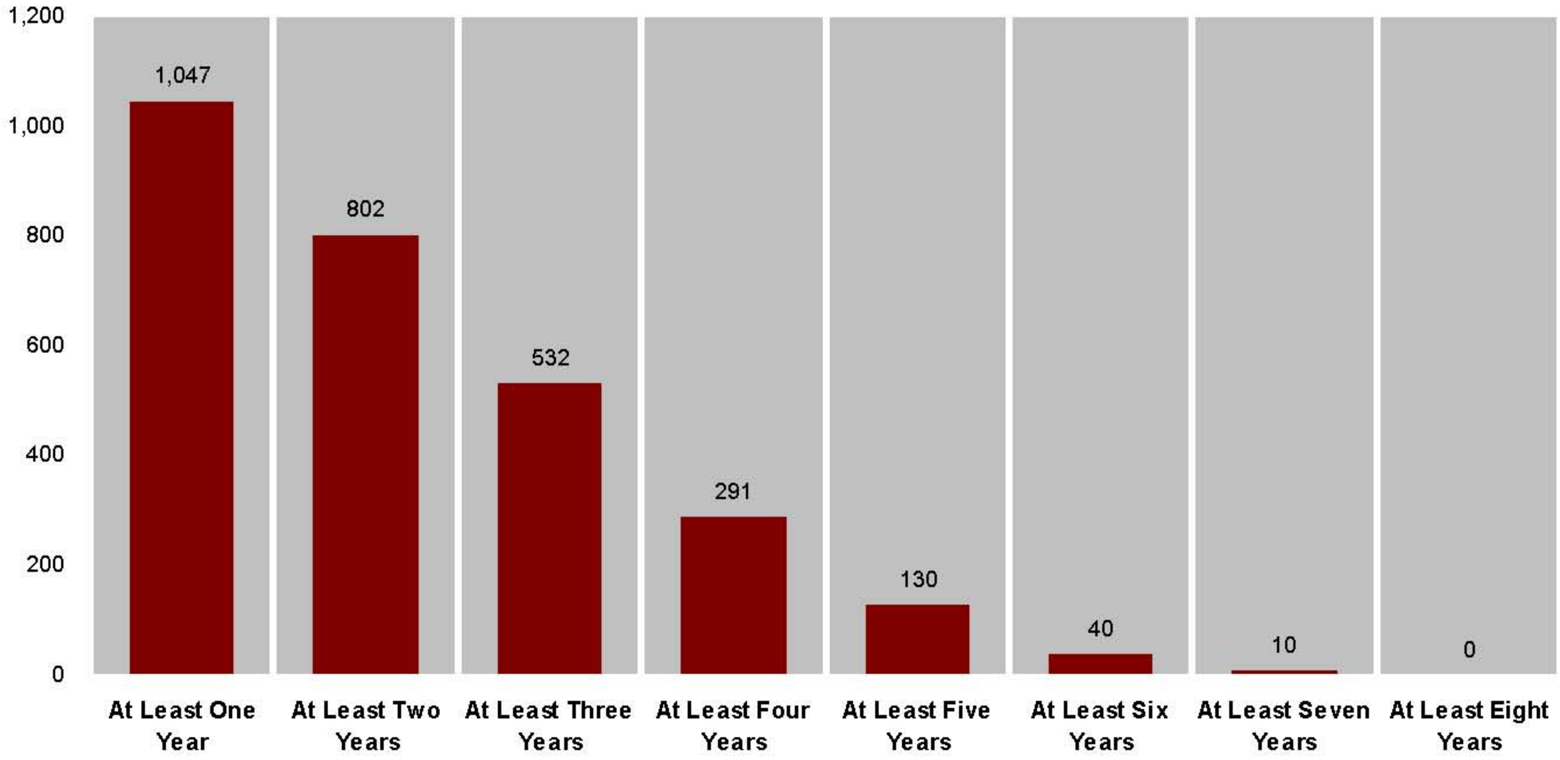
Range of annual total returns (1990-2007)



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The chart compares the volatility of the market, which is represented by the S&P 500® Index, to the volatility of market sectors, which are represented by ten GICS sector indices. The highest and lowest annual total return was chosen to depict the volatility for each sector and the market, along with the average annual return for this period. Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Evaluate mutual funds annually

Number of equity funds in the top performance quartile (1998-2007)



Source: Schwab Center for Financial Research with data provided by Morningstar. The chart examines a universe of 1167 distinct portfolios of diversified U.S. domestic equity funds with a complete 10-year history from January 1998 through December 2007. Each fund's annual performance was ranked within a given year and placed in quartiles within its respective Morningstar style category. The annual ranking was derived by comparing the fund's performance to the performance of all distinct, non-passive portfolios currently placed in the category. The number of times an individual fund's annual performance ranked in a year's top quartile was then counted. Past performance is no indication of future results. Principal value and investment return will fluctuate with changes in market conditions so an investor's returns, when redeemed, may be worth more or less than their original cost.

Check the Tempo of Your Portfolio's Performance

- **Look at Your Statements.** Compare the value of your investments today with their value at the end of last year. If their value has dropped or remained stagnant, you may be lacking the momentum you need to reach your goals.
- **Find a Benchmark.** How did your investments perform compared to similar investments? If they've kept pace with — or even outperformed — their benchmarks, your portfolio is probably in good shape. But, if they're lagging behind, consider making some changes.
- **Assess Your Risk.** If one type of investment — say, stocks — significantly outperforms your other investment types, it can upset your desired asset allocation. When that happens, your portfolio may be exposed to more or less risk than you want. If your investment mix has changed significantly, you may want to rebalance by selling some investments that have increased in value or directing more of your future dollars to the asset class(es) that lost ground.
- **Consider Your Time Frame.** How many years before you'll need your savings? As you get closer to needing your money, you may want to protect some of your gains by switching to more conservative investments.

Check an Investment's Fit

Here are some important things to look for when evaluating the investments that are available through the Savings Program:

- **Know the Fund's Holdings and Risk** - Knowing the types of securities a fund holds is important because each type has a different degree of risk, ranging from very high (international stocks) to high (stocks) to medium (bonds) to low (cash equivalents).
- **Check the Historical Returns** - check the fund's past returns over a range of periods, such as one, five, and ten years.
- **Benchmark Performance** - compare the fund's actual performance to the overall market performance for *similar* investments over the same periods. Look at a market index that invests in securities that are comparable to the fund's holdings.
- **Compare the Short- and Long-term Average Annual Returns of Major Asset Classes**

Choosing the Right Benchmark:

Dow Jones Industrial Average tracks the performance of 30 of the largest U.S. companies, representing approximately 25% of the total value of all stocks listed on the New York Stock Exchange.

Lehman Brothers Government/Credit Bond Index tracks the taxable bond market based on 4,000 highly rated bonds.

Morgan Stanley Capital International EAFE Index follows non-U.S. companies in Europe, Australia, Asia, and the Far East.

Russell 2000 Index, a benchmark for small-company stocks, measures the performance of the smallest two thirds of U.S. companies.

Standard & Poor's 500 Index, a "value-weighted" index that gives greater weight to stocks having the greatest market value, is an important benchmark for large-cap investors. It tracks 500 financial, industrial, transportation, and utility company stocks.

Wilshire 5000 Index, the broadest stock index, includes almost all stocks traded in U.S. markets.

Leading Economic Indicators

Understand exactly how these leading indicators will affect your retirement investments. The market's reactions to economic indicators are often short-lived. As a long-term retirement investor, you need to pay attention to your own investment roadmap and not get distracted by misleading signs.

Consumer Price Index (CPI). This is the rate of inflation.

Unemployment Rate. The monthly rise or fall in unemployment is an indicator of economic health.

Job Growth. A strong increase in the number of new jobs indicates an expanding economy and tends to boost consumer confidence.

Consumer Confidence Index (CCI). The CCI reflects consumers' perceptions about the economy and their spending plans.

Housing Starts. When housing starts are high, it means that there has been a lot of construction on new houses, condos, and apartment buildings. Low housing starts could indicate that the economy is slowing down.

Gross Domestic Product (GDP). The GDP measures the total value of all the finished goods and services produced within the United States. A flat or shrinking GDP suggests recession may lie ahead, while a rapidly growing GDP raises fears of inflation. Moderate growth, however, suggests a stable economy.

Curb These Investing Missteps:

- Investing Your Emergency Fund - Money that you are saving for emergencies generally should not be invested in stocks and bonds.
- Feeling Sentimental about an Investment - If an investment no longer fits in with your goals or its performance has been substandard for several quarters, it may be time to move on.
- Not Opening Your Statements - You may miss an error or fail to notice that your investment portfolio has become unbalanced.
- Following the Crowd - Your decision to buy or sell a "hot" investment should be based on sound research, not on what others are doing.
- Becoming discouraged if you experience a short-term decline with an investment.
- Underestimating your retirement needs.
- Forgetting to review your investment strategy on a regular basis to make sure it still suits your needs.

Investing Pitfalls

Avoid These Common Mistakes:

- Investing without a strategy.
- Ignoring your investments.
- Investing in a vacuum.
- Failing to diversify.
- Ignoring the underlying company.
- Trading too frequently.
- Relying on a “hot” tip.
- Borrowing from your account.
- Cashing out your account if you change jobs.

Investment Risks

Every investment carries some kind of risk - even so-called "safe" investments. Here are some of the risks investors face:

- **Principle risk**- This is the risk most investors worry about. It is the risk that you will lose some of your invested funds.
- **Inflation risk**- This is the risk that inflation (increases in the cost of living) will eat away the buying power of the dollars you invest today.
- **Interest-rate risk**- This is the risk that interest rate changes will affect the price of bonds and other fixed income investments and the amount of income investors will receive from these investments.
- **Credit risk**- This is the risk that the issuer of a fixed income investment will default in paying interest or principle.
- **Market risk**- The risk of loss due to drastic slumps in the market.

Managing Portfolio Risk in a Volatile Market

Ultimately, the decision of how much risk to assume in your asset allocation selection is yours. Take these factors into consideration:

- Hold on for an Upswing.
- Take Losses To Save Taxes - you may be able to use a market downturn to reduce your income taxes* while you remain invested in the market.
- Reduce Overall Risk by Diversifying.
- **Invest New Funds Regularly.**

*Always consult your tax advisor.

Don't Panic When the Markets are Jumpy!

- Beware of taking *action* as a result of your nervousness without giving thought to your overall investment strategy.
- Avoid hasty decisions and let a long-range perspective be your guiding strategy.
- Don't let market fluctuations dictate your investment decisions. History has shown that the impact of short-term market losses diminishes over longer investment time frames.
- Prepare yourself to weather periodic short-term market downturns and take advantage of long-term performance trends.
- Diversify!

Volatile Markets

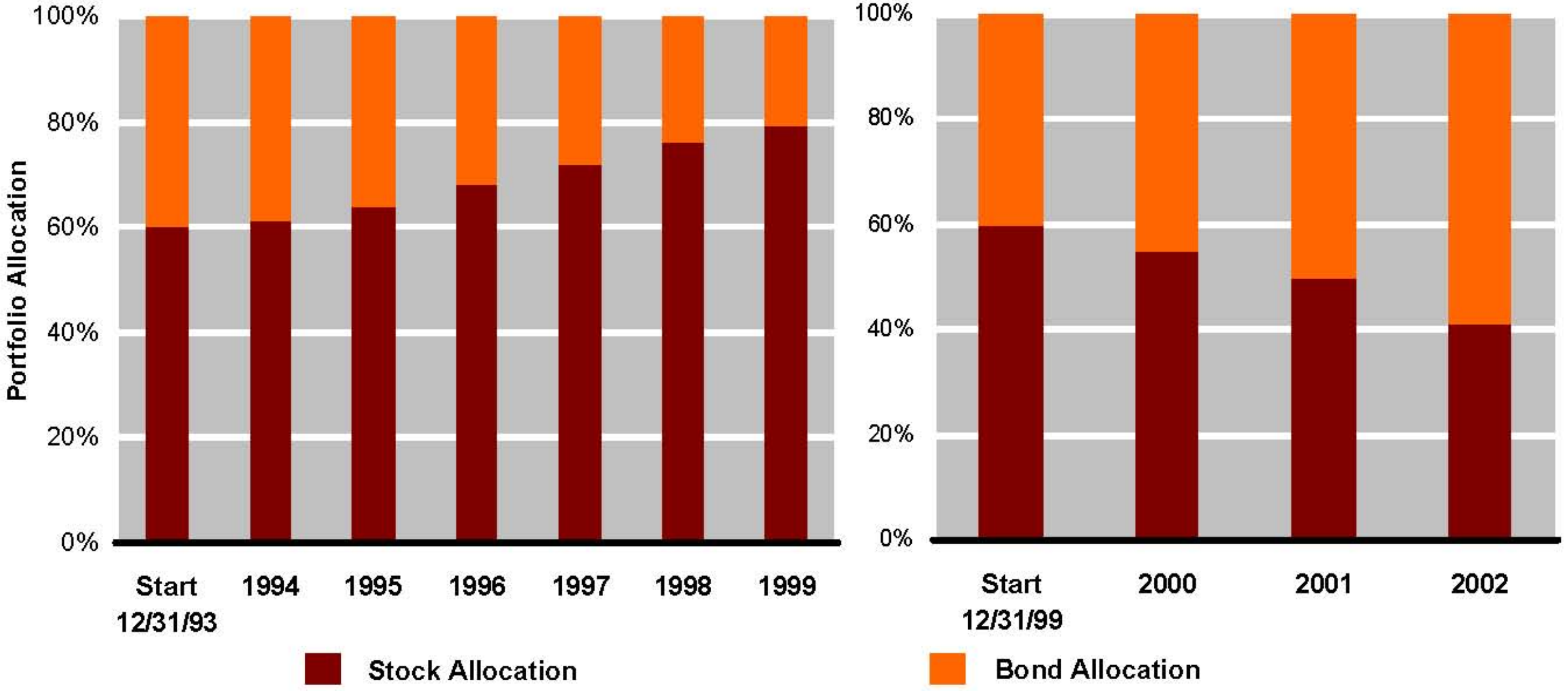
Business cycles and stock market recoveries

Recession (Performance from Peak to Trough)			Expansion (Performance 1-Year from Recession Trough)		
Date	Small Cap Return	Large Cap Return	Date	Small Cap Return	Large Cap Return
Jan 1970 Nov 1970	-19.2%	-1.7%	Dec 1970 Nov 1971	+16.3%	+11.2%
Dec 1973 Mar 1975	+3.6%	-7.9%	Apr 1975 Mar 1976	+49.6%	+28.3%
Feb 1980 Jul 1980	+7.1%	+9.5%	Aug 1980 Jul 1981	+29.1%	+12.9%
Aug 1981 Nov 1982	+18.4%	+14.6%	Dec 1982 Nov 1983	+34.3%	+25.4%
Aug 1990 Mar 1991	+6.6%	+8.0%	Apr 1991 Mar 1992	+24.7%	+11.0%

Source: Schwab Center for Investment Research with data provided by Ibbotson Associates, Inc. Large cap stocks are represented by the S&P 500 Index and small cap stocks are represented by the CRSP 6-10 Index. All returns assume reinvestment of dividends. Indices are unmanaged, do not incur fees or expenses and cannot be invested in directly. Performance is no indication of future results.

Automatic Rebalancing

Annual rebalancing adds needed discipline



Without annual rebalancing in the 1990s, a moderate portfolio took on too much risk.

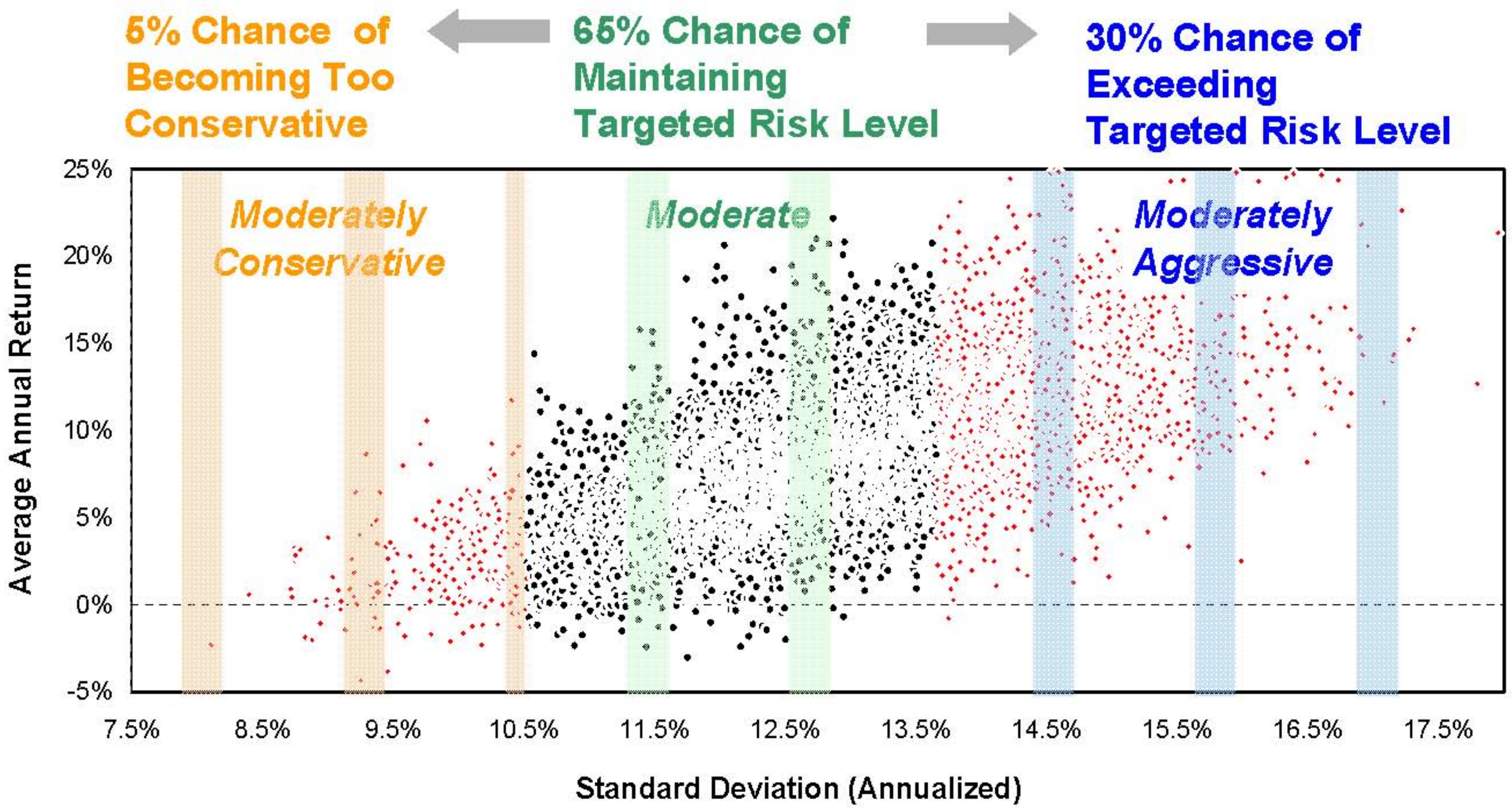
Without annual rebalancing in the 2000s, a moderate portfolio lost recovery potential.

Source: Schwab Center for Financial Research with data from Morningstar, Inc. The portfolio above is composed of 60% stocks and 40% bonds on 12/31/1993, and is not rebalanced through 12/31/1999. It is rebalanced to 60% stocks and 40% bonds on 12/31/99 and not rebalanced through 12/31/2002. Asset class allocations are derived from a weighted average of the total monthly returns of indices representing each asset class. The indices representing the asset classes are the S&P 500 Index (stocks) and the Lehman Brothers U.S. Aggregate Index (bonds). Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees and expenses, and cannot be invested in directly.

Automatic Rebalancing

The danger of not rebalancing

Not rebalancing lets the market dictate the portfolio risk level



Source: Schwab Center for Financial Research. The chart shows the projected outcomes from 5,000 Monte-Carlo simulation iterations that simulate the ten-year performance of a portfolio that began with a Moderate allocation (35% large-cap stocks, 10% small-cap stocks, 15% international stocks, 35% bonds and 5% cash), and is never rebalanced with dividends reinvested. Each dot on the chart represents the average return and risk level resulting from one simulation iteration. The color shaded regions show the approximate risk (standard deviation of returns) expected for three portfolio risk tolerance levels. The simulation assumptions are consistent with Schwab's expected long-term returns, standard deviations and asset correlations of the underlying asset classes. No transaction costs were assumed. This represents a hypothetical investment and is for illustrative purposes only; the actual rate of return will fluctuate with market conditions.

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IN-DEPTH INVESTING SUMMARY

Here Are Just A Few Key Points To Remember:

- Diversify Investments.
- Allocate Assets.
- Have an Investment Strategy.
- Minimize Risk.
- Invest According to Your Long-term Goals.

Improving Your Savings Program Account's Long-term Potential Results:

- Save as much as possible.
- Take some risk.
- Keep track of your investment.
- Don't give in to temptation.
- Keep the faith that you are on track to a more secure retirement.

How to Make or Change Your Investment Elections:

- Log on to **www.401kaccess.com/oakridge**.

-OR-

- Call Participant Services: **1-800-777-401k,** Monday through Friday, 8 a.m. to 10 p.m. Eastern time.

-OR-

- Complete the **Salary Deferral Agreement Form** online or return a paper version to Participant Services by mailing to P.O. Box 684067, Austin, TX 78768-4067 or faxing to 1-512-397-6605.

Ways to Access Your Account Ongoing:

- **Website:** You may access and make changes to your account 24/7 via **www.401kaccess.com/oakridge**. You'll need your Account Number or Web ID and web password.
- **Voice Response Unit:** Available 24 hours a day at 1-800-777-401k. You'll need your Account Number or VRU ID and Personal Identification Number [PIN].
- **Participant Services Representatives:** Personal assistance is available by calling 1-800-777-401k, from 8 a.m. to 10 p.m. Eastern time, Monday through Friday.
- Easy to understand **Quarterly Participant Statements**.