

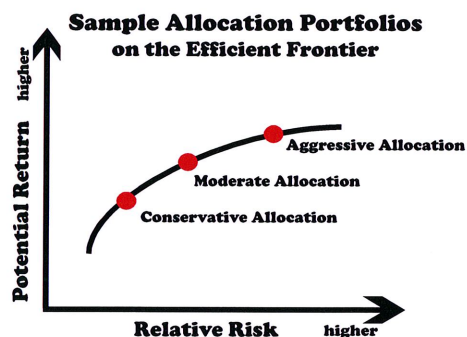
# Heads Up

The Directed Account Plan Quarterly Review

July 2006

## ASSET ALLOCATION STRATEGY

**A** sset allocation is an investment strategy first developed by Nobel prize-winning economist Harry Markowitz. He demonstrated that overall risk could be reduced in a portfolio by diversifying investments across a strategic combination of asset classes. His efficient frontier graph illustrates the risk/return relationship of a given portfolio.



The asset allocation strategy was further studied by Brinson, Hood and Beebower in 1986. Their research revealed that a properly allocated portfolio was the most critical factor in explaining the difference in returns across portfolios. The study found that 93.6% of the difference in portfolio performance was attributable to asset allocation.

One of the most predominant investment education topics today happens to be asset allocation through model portfolios. You can read about asset allocation on most every retirement savings plan's web site. Financial advisors conduct seminars on this strategy to emphasize the importance of spreading risk over several asset classes. The asset class of small company stocks may be in favor this year while the asset class of international stocks takes the forefront next year. By investing in a portion of each asset class, an investor can participate in all markets. It also diminishes the impact of a negatively performing asset class. One advisor refers to asset allocation as "an approach to winning baseball games. You hit singles and doubles. You are not hitting grand slams, but you don't need grand slams to win a baseball game."

The Directed Account Plan has served its participants for over thirteen years now. The original DAP investment structure has remained intact since the plan's inception. With 6 core options, each representing a different asset class, and 3 model portfolios, participants have a wide array of investment choices. The model portfolios utilize the asset allocation strategy. The following

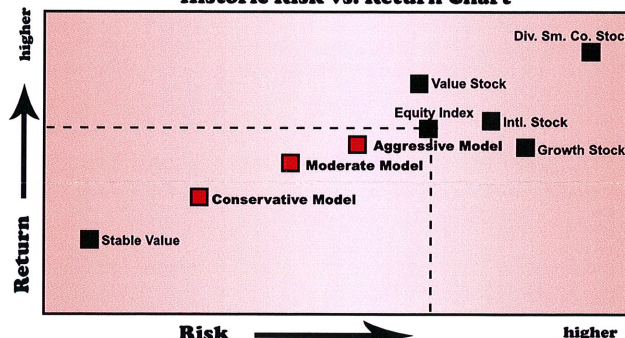
target asset allocations for the model portfolios have not changed since July 1993. They have provided investment success for many DAP participants.

**The DAP Model Portfolios Asset Allocation**

	Conservative Model	Moderate Model	Aggressive Model
Stable Value	60%	35%	20%
Value Stock	20%	15%	15%
Equity Index	20%	15%	15%
Growth Stock	-	15%	15%
Intl. Stock	-	10%	15%
Div. Sm. Co. Stock	-	10%	20%

An examination of the risk return chart below will show how market risk, the sharp peaks and valleys of returns, is significantly reduced with the model portfolios. For example, the return of the Aggressive Model portfolio is close to the return of the Growth Stock Option and Equity Index Option but with substantially lower risk.

**The Directed Account Plan Historic Risk vs. Return Chart**



The chart depicts the approximate risk and return characteristics associated with the (9) DAP investment options over the 12.75 year period ended 3/31/06. Return is measured as monthly investment return and risk is measured as monthly standard deviation. Historical returns may not be indicative of future performance.

### Which DAP Model Portfolio is Right for You?

A simple online questionnaire can help you assess your risk tolerance level and help you determine which portfolio may be best for you. (<http://wps.fidelity.com/401k/tools/assetalloc.htm>)

The three DAP model portfolios accommodate the conservative, moderate and aggressive investors. Generally your asset allocation will change with your life, lifestyle and your investment goals. Please note, however, that asset allocation does not guarantee a profit or protect against a loss.



# Performance

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## Fund Performance

as of June 30, 2006

Funds & Portfolios	2004	2005	Ytd 2006	3 yr. avg.	5 yr. avg.	10 yr. avg.
<b>Stable Value Fund</b>	<b>4.89%</b>	<b>5.41%</b>	<b>2.54%</b>	<b>5.05%</b>	<b>5.23%</b>	<b>5.88%</b>
Lehman Br. 1-3 yr. Govt./Treas.	1.07%	1.73%	1.08%	1.48%	3.23%	4.85%
<b>Value Stock Fund</b>	<b>15.21</b>	<b>6.56</b>	<b>5.52</b>	<b>15.55</b>	<b>6.10</b>	<b>10.63</b>
Russell 1000 Value Index	16.49	7.05	6.56	15.70	6.90	10.85
<b>Equity Index Fund</b>	<b>11.96</b>	<b>6.16</b>	<b>3.16</b>	<b>12.51</b>	<b>3.29</b>	<b>8.20</b>
Russell 3000 Index	11.95	6.12	3.23	12.56	3.53	8.52
<b>Growth Stock Fund</b>	<b>13.62</b>	<b>9.68</b>	<b>-0.21</b>	<b>13.72</b>	<b>1.75</b>	<b>6.76</b>
Russell 1000 Growth Index	6.30	5.26	-0.93	8.35	-0.76	5.42
<b>International Stock Fund</b>	<b>17.38</b>	<b>18.92</b>	<b>9.06</b>	<b>24.35</b>	<b>10.21</b>	<b>8.96</b>
MSCI EAFE Net Dividend	20.25	13.54	10.16	23.94	10.02	6.39
<b>Div. Small Co. Stock Fund</b>	<b>15.19</b>	<b>5.30</b>	<b>4.91</b>	<b>16.94</b>	<b>6.90</b>	<b>9.88</b>
Russell 2000 Index	18.33	4.55	8.21	18.70	8.50	9.05
<b>Conservative Portfolio</b>	<b>8.41</b>	<b>5.80</b>	<b>3.49</b>	<b>8.78</b>	<b>5.25</b>	<b>7.55</b>
Conservative Composite Index	6.33	3.67	2.60	6.54	4.02	6.78
<b>Moderate Portfolio</b>	<b>11.17</b>	<b>7.79</b>	<b>3.65</b>	<b>12.31</b>	<b>5.62</b>	<b>8.41</b>
Moderate Composite Index	9.44	5.18	3.54	10.27	4.43	6.96
<b>Aggressive Portfolio</b>	<b>12.94</b>	<b>8.37</b>	<b>4.56</b>	<b>14.59</b>	<b>5.97</b>	<b>8.96</b>
Aggressive Composite Index	12.13	6.05	4.71	13.12	5.30	7.46

### Beware of Financial Advisors

Outside individuals and investment companies are very eager to provide advice to DAP participants. Services from these entities typically include fees and/or commission payments that you do not pay in the DAP. These solicitations often represent they are familiar with our plan and have a better idea. In fact, neither of these claims may be true. Even Fidelity has investment advisors that recommend a roll over to Fidelity IRA products from the DAP when the same Fidelity investment funds are available within the DAP without a management fee. Fidelity is our record keeper. Some retail Fidelity representatives are not knowledgeable about the DAP and treat us as terminated employees looking for a place to roll over our assets. You should consider cost and actual performance when considering a change of retirement investments.

The intent of this communication is to provide useful information, not investment advice. Each participant in The Directed Account Plan is ultimately responsible to make his or her own investment decisions.

### Market Timer Update

Trades over 12 per year in the DAP cost \$500.00 per trade. This fee is to discourage excess trading which is expensive to the Plan. Market timing usually does not work. We had four DAP participants who have made more than 12 trades this year pay from \$500 to \$1500 for trades in June, 2006 alone. Their performance YTD ranged from -3.4% to 3% for 2006. Compare that with any of the DAP Model Portfolio's YTD performance that your risk tolerance might put you into at no additional cost. These participants' relative poor performance at a higher cost is a good example of market timing not working!

#### More Information and Plan Contacts

To get daily NAVs, account balance information, or to make transfers, you may call the DAP Service Center telephone voice response system, available 24 hours a day. Customer service representatives are available 8:30 am to midnight, Eastern time Monday through Friday. Call 1-877-4TWADAP (1-877-489-2327) or dial the AT&T direct country code and 877-833-9900 (call collect) outside the U.S. Use Social Security number and PIN to access your account.

## Fund Component Weighting

These tables represent component weightings for individual investment funds as of June 30, 2006.

	Weightings	Net Value of Funds (\$MM)
<b>Stable Value Fund</b>		<b>\$330.0</b>
Cash/BGI Money Market	15%	
PRIMCO GIC	45%	
Wellington Core Bond	40%	
<b>Value Stock Fund</b>		<b>57.6</b>
BGI Value Index	20%	
Neuberger Berman Regency	20%	
Morgan Value Strategy	20%	
Goldman Sachs Mid Cap Value	15%	
T. Rowe Price Value	15%	
CGM Focus	10%	
<b>Equity Index Fund</b>		<b>25.3</b>
BGI US Equity Index	100%	
<b>Growth Stock Fund</b>		<b>31.3</b>
BGI Growth Index	20%	
Wellington Mid Cap Opport.	20%	
Turner Mid Cap Growth	20%	
TCW Select Equities I	20%	
Marsico Focus	20%	
<b>International Stock Fund</b>		<b>41.4</b>
BGI EAFE Index	10%	
Am Century Instl. Intl. Disc.	10%	
Am Century Instl. Intl. Growth	10%	
Templeton Instl. Foreign Equity	10%	
First Eagle Overseas	12%	
Longleaf Partners Intl.	10%	
Oppenheimer Intl. Sm. Co. A	10%	
Thornburg Intl. Value	10%	
Marsico Intl. Opportunities	10%	
Dimensional Em. Mkts. Value	8%	
<b>Diversified Small Co. Stock Fund</b>		<b>57.5</b>
BGI Small Co. Index	20%	
Dimensional US Micro Cap Port.	15%	
Royce Opportunity	15%	
Janus Small Cap Value Instl.	10%	
Legg Mason Opportunity	10%	
Century Small Cap Select Instl.	15%	
Third Avenue Small Cap Value	15%	
<b>Conservative Portfolio</b>		<b>49.7</b>
<b>Moderate Portfolio</b>		<b>298.8</b>
<b>Aggressive Portfolio</b>		<b>24.0</b>
<b>Fidelity Funds Window</b>		<b>82.3</b>
<b>Total</b>		<b>\$997.9</b>

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