

# SAVINGS PLAN INFORMATION FOR ORNL PARTICIPANTS

The enclosed communication provides details about the upcoming investment changes to the Savings Plan for Employees at ORNL (the Savings Plan). You should read it carefully to learn about the changes and determine what actions you may want to take. **Please note, the Stable Value Fund will remain in the Savings Plan and any monies invested in this option will remain in this option unless you elect otherwise.**

In addition, a representative from Schwab will be on-site in September and October holding workshops about the new investment options. Meetings for retirees and terminated employees participating in the Savings Plan will be held at the Y-12 National Security Complex New Hope Building Auditorium, located at 602 Scarboro Road to allow parking and easy access.

To ensure there is ample space, please try to attend the meeting that corresponds with your last name. Mark your calendar and plan to attend and learn more.

DATE	TIME	LAST NAME	LOCATION
<b>September 28</b>	9 a.m.	A – E	Y-12 New Hope Auditorium
	10:30 a.m.	F – K	
<b>October 12</b>	9 a.m.	L – R	
	10:30 a.m.	S – Z	

Contact Participant Services at 1-800-777-4015, Monday through Friday, 8 a.m. to 10 p.m. Eastern time if you have any questions about the investment changes.

For questions regarding the meetings, please call Retirement Services at 1-865-574-8944.

# DISCOVER YOUR WORLD OF INVESTMENT OPTIONS



## UPCOMING INVESTMENT CHANGES

The Company is pleased to announce the specific details of the recently announced changes to the investment options available through the Savings Plan for Employees at ORNL (the Savings Plan) following the close of market on Friday, September 28, 2012. These changes are being made in response to employee feedback to streamline the investment choices in the Savings Plan while also offering more choices than before to those who are interested in additional investment options. The changes are the result of a thorough review of the current investment structure and alternatives by the ORNL Savings and Retirement Investment Committee, which has been delegated the responsibility to select and monitor the investment options in the Savings Plan. Read through this communication to learn about the new investment options, the closing of the current investment options other than the Stable Value Fund, and what actions you may want to take during the election period concerning the investment of your Savings Plan account. Fund fact sheets for each of the new core fund options are also provided in this package and all the fund fact sheets are available at [www.401kaccess.com/ornl](http://www.401kaccess.com/ornl) to assist in making your new investment elections.

## THE UPCOMING CHANGES INCLUDE A VARIETY OF OPTIONS FOR EVERY TYPE OF INVESTOR:

**Choice 1: New LifePath® Index Funds**—These funds are target date funds that provide a diversified portfolio in a single fund and are established in five-year bands, around the fund reaching a target date. These funds may be appropriate for those who are not confident managing their investment strategy. The funds are broadly diversified and professionally managed, gradually becoming more conservative as the fund gets closer to its target date year and beyond, reducing risk automatically.

**Choice 2: Build your own allocation using the individual core funds**—These are new core funds that are passively managed index funds covering the major investment classes. These funds have potentially lower investment fees than actively managed funds. This approach may appeal to those who are knowledgeable about investing and confident creating their own investment strategy.

**Choice 3: A self-directed brokerage account**—If you're a savvy investor and wish to invest in mutual funds outside the core investments, this option allows you to invest all or a portion of your account in a self-directed brokerage account that is part of your Savings Plan account.

In addition to these changes, retirement plan advice powered by Morningstar® Retirement Manager<sup>SMF</sup> will be available to you over the phone. With this addition to the Savings Plan, you can get the same retirement plan advice over the phone with a Schwab Advice Consultant that's been available online.

## ELECTION PERIOD—IMPORTANT DATES

The election period for the new investment options will begin after the markets close on Friday, September 28, 2012, at which time you may move existing balances and direct the investment of new contributions into the new funds. Any new contributions received after you have made your election will be directed to your new investment elections. If you have not made your new investment election on or before Monday, October 29, 2012, any new contributions received will be directed to the LifePath Index Fund (target date fund) that corresponds with the date on which you will reach age 65 with the exception of any investment election you currently have in the Stable Value Fund. On or after Monday, October 29, 2012, you may choose or change your direction of investments on any day that the New York Stock Exchange is open (subject to any fund restrictions and the Savings Plan limits on page 3 under Changing Your Investment Options).

**If you do not make investment elections during the transition period, the amounts in your account invested in the funds that are being closed will transfer into the LifePath Index target date fund that corresponds with the date on which you will reach age 65.**

**The Stable Value Fund will not be closed. You may continue to direct amounts, including past and future contributions, into and out of the Stable Value Fund. However, you may not move amounts from the Stable Value Fund directly to the Schwab Personal Choice Retirement Account® (PCRA). Such amounts must be invested in another fund for at least 90 days before they are eligible to be moved to the PCRA self-directed brokerage account. If you currently have any or all of your account invested in the Stable Value Fund and do not make an election during the transition period, these amounts will remain in the Stable Value Fund.**

## NEW INVESTMENT OPTIONS

Following the close of the markets on Friday, September 28, 2012, the following new investment options, including the LifePath Index Funds, will be available in the Savings Plan. The new investment options are collective trust funds that are only available to large plans and have potentially lower management expenses than similar mutual funds. The index funds are passively managed and are tied to specific indices covering the major asset classes.

Information about the new options is included starting on page 4. You can learn more about the LifePath Index Funds starting on page 6. The Stable Value Fund will continue as an option.

FUND NAME	ASSET CLASS
US Debt Index Non-Lendable Fund W <sup>1,2</sup>	Intermediate-term Bond
Equity Index Non-Lendable Fund M <sup>2</sup>	Large Blend
Russell 2500 Index Fund F <sup>2,3</sup>	Small Blend
BlackRock MSCI ACWI ex-US Index Non-Lendable Fund F <sup>2,4</sup>	Foreign Large Blend
LifePath Index Retirement Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2015 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2020 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2025 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2030 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2035 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2040 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2045 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2050 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2055 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
Schwab Personal Choice Retirement Account® (PCRA)	Self-Directed Brokerage Account

**The values of the target date funds will fluctuate up to and after the target dates. There is no guarantee the funds will provide adequate income at or through retirement.** The target date funds are built for investors who expect to start gradual withdrawals of fund assets on the target date, to begin covering expenses in retirement. The principal value of the funds is not guaranteed at any time. The target date funds are subject to market volatility and risks associated with the underlying investments. Risks include exposure to international and emerging markets, small company and sector equity securities, and fixed income securities subject to changes in inflation, market valuations, liquidity, prepayments, and early redemption.

## INVESTMENT OPTIONS BEING REMOVED

On Thursday, November 1, 2012, after the close of the market, any money invested in the investment options being removed will be transferred automatically to the appropriate LifePath Index Fund based on when you will reach age 65.

CLOSING INVESTMENT OPTION	DEFAULT INVESTMENT OPTION
Wells Fargo Advantage Ttl Return Bond I <sup>1</sup>	LifePath Index Fund (that most closely corresponds with the date on which you will reach age 65)
American Funds American Balanced R5	
Allianz NFJ Dividend Value Instl	
American Funds Invmt Co of America R5	
SSgA S&P 500 Index Fund	
American Funds Growth Fund of Amer R5	
Goldman Sachs Small Cap Value Inst <sup>3</sup>	
Wells Fargo Advantage Emerging Gr Instl <sup>3</sup>	
American Funds New Perspective R5 <sup>4</sup>	
American Funds EuroPacific Gr R5 <sup>4</sup>	
Conservative Model	
Moderate Model	
Moderate Aggressive Model	
Aggressive Model	

**If you invest in any of the options that are being removed and *do not* want your existing balances and/or future contributions invested in the LifePath Index Fund corresponding with the chart on page 6, you will need to complete a fund transfer or change your investment elections before 4 p.m. Eastern time on Wednesday, October 31, 2012.**

## CHANGING YOUR INVESTMENT ELECTIONS

Participants may transfer existing balances, in 1% increments, among the investment options up to 12 times per year, and in any event at least once per quarter. Subject to these restrictions and any fund restrictions, you can change your investment elections on any day that the New York Stock Exchange is open. Generally, requests made by 4 p.m. Eastern time on any business day will be processed that day. Requests made after 4 p.m. Eastern time will be processed at the end of the next business day.

To change your investment elections or request information about your investment options, you have two choices:

1. Log in to [www.401kaccess.com/ornl](http://www.401kaccess.com/ornl) using your Login ID and password. From the Transactions tab, click the Investment/Portfolio Changes tab. If you have any questions, go to the Access tab and click Contact Us to send a secure email.
2. Contact Participant Services at 1-800-777-4015, Monday through Friday, 8 a.m. to 10 p.m. Eastern time. Press \*0 to talk to a Participant Services Representative. You will need your Login ID and PIN.

## YOU HAVE 3 WAYS YOU CAN INVEST THROUGH THE SAVINGS PLAN:

### CHOICE 1

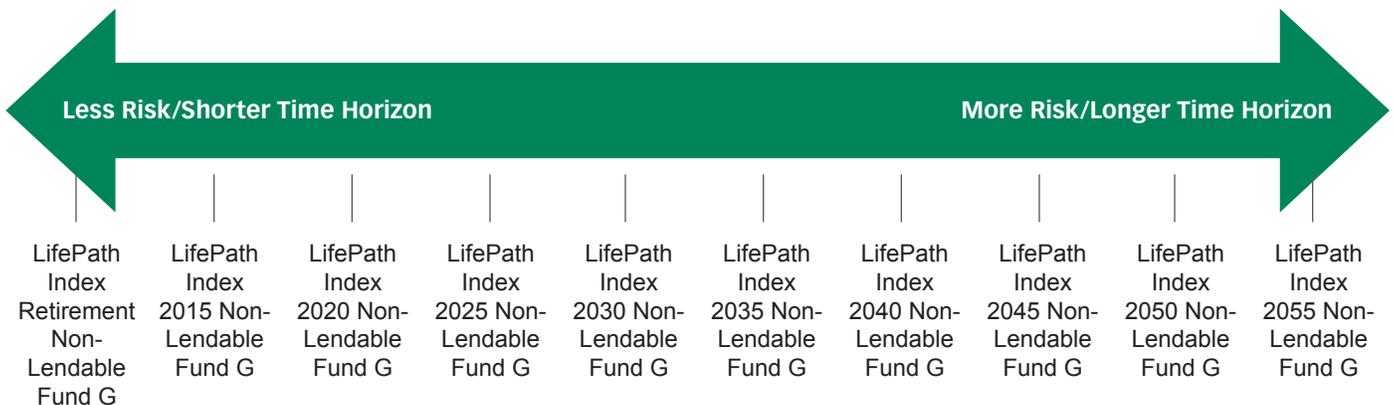
#### Consider a LifePath Index Fund.

You have the option to invest in a LifePath Index Fund, (a target date fund that provides a diversified portfolio in a single fund established in five-year bands around reaching a specific date). The funds automatically adjust over time to become more conservative as they get closer to their target date. LifePath Index Funds are monitored and rebalanced by a team of investment managers at BlackRock, in an effort to maximize potential returns for a given level of risk. BlackRock is a respected investment management company established in 1988, currently managing over \$3.35 trillion in assets. BlackRock offers a broad range of investment solutions to help companies and individuals prepare for their financial future.

The LifePath Index Funds are invested across several asset classes to provide a well-diversified investment portfolio. As time passes, the risk level for each LifePath Index Fund will slowly be reduced as the fund gets closer to its target year.

Despite their diversification, these funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in small-cap and foreign securities.

The chart below shows the new LifePath Index Funds available in the Savings Plan. They are listed in order from the least amount of risk and the shortest timeframe to retirement to the most amount of risk and the longest timeframe to retirement.



The information in the chart has been provided by BlackRock and is solely the responsibility of BlackRock.

## CHOICE 2

### Choose from the core investment options.

This approach may be an appropriate option for those who are knowledgeable about investing and comfortable creating their own investment strategy. Choose from the individual investment options in the Savings Plan and create your own unique portfolio.

The new fund lineup is shown at right.

**Investors should carefully consider information contained in the fund fact sheets, including investment objectives, risks, trading policies, charges and expenses. You can request a fund fact sheet and other available literature by calling Participant Services at 1-800-777-4015. You may also request a fund fact sheet and other available literature at [www.401kaccess.com/ornl](http://www.401kaccess.com/ornl). Please review the fund fact sheet carefully before investing.**

FUND NAME	ASSET CLASS
Stable Value Fund <sup>2</sup>	Cash Investment
US Debt Index Non-Lendable Fund W <sup>1,2</sup>	Intermediate-term Bond
Equity Index Non-Lendable Fund M <sup>2</sup>	Large Blend
Russell 2500 Index Fund F <sup>2,3</sup>	Small Blend
BlackRock MSCI ACWI ex-US Index Non-Lendable Fund F <sup>2,4</sup>	Foreign Large Blend
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LifePath Index 2030 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
LifePath Index 2035 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
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LifePath Index 2055 Non-Lendable Fund G <sup>2</sup>	Asset Allocation
Schwab Personal Choice Retirement Account® (PCRA)	Self-Directed Brokerage Account

## CHOICE 3

### Invest in a Schwab Personal Choice Retirement Account® (PCRA)<sup>††</sup>.

You have the option to invest up to 100% of your 401(k) balance in the Schwab Personal Choice Retirement Account (PCRA). This approach may be appropriate for investors who are interested in investing in mutual funds rather than the LifePath Index Funds and the individual investment options. PCRA provides a wide range of mutual funds and information you need to make more informed investment decisions. Please note there are additional fees to use PCRA. More information is available in the enclosed fact sheet.

## LIVE RETIREMENT PLAN ADVICE EFFECTIVE THURSDAY, NOVEMBER 1, 2012

Once the transfer to the new investment options is complete on Thursday, November 1, 2012, you will be able to work with a Schwab Advice Consultant who will review your retirement portfolio using retirement plan advice. It's practical, comprehensive and available to you at no additional cost through the Savings Plan.

Get personalized answers to your retirement savings plan questions and discover:

- How much money you might have at retirement
- How much to save
- Which funds to choose from within the Savings Plan

Call Participant Services at 1-800-777-4015, Monday through Friday, 8 a.m. to 10 p.m. Eastern time beginning Thursday, November 1, 2012, to get started.

## LEARN MORE ABOUT THE NEW LIFEPATH INDEX FUNDS

### LIFEPATH INDEX FUND DEFAULTS

The LifePath Index Fund that you may be defaulted into is based upon your date of birth and the Savings Plan assumes you will retire at age 65. Please see the examples indicated in the chart below.

DATE OF BIRTH	RETIREMENT DATE RANGE	LIFEPATH INDEX FUND
12/31/1947 <i>or earlier (or if date of birth not provided)</i>	Prior to 2013	LifePath Index Retirement Non-Lendable Fund G
1/1/1948– 12/31/1952	2013–2017	LifePath Index 2015 Non-Lendable Fund G
1/1/1953– 12/31/1957	2018–2022	LifePath Index 2020 Non-Lendable Fund G
1/1/1958– 12/31/1962	2023–2027	LifePath Index 2025 Non-Lendable Fund G
1/1/1963– 12/31/1967	2028–2032	LifePath Index 2030 Non-Lendable Fund G
1/1/1968– 12/31/1972	2033–2037	LifePath Index 2035 Non-Lendable Fund G
1/1/1973– 12/31/1977	2038–2042	LifePath Index 2040 Non-Lendable Fund G
1/1/1978– 12/31/1982	2043–2047	LifePath Index 2045 Non-Lendable Fund G
1/1/1983– 12/31/1987	2048–2052	LifePath Index 2050 Non-Lendable Fund G
1/1/1988 or later	2053 or later	LifePath Index 2055 Non-Lendable Fund G

### EACH LIFEPATH INDEX FUND IS CUSTOMIZED FOR CHANGE

#### One fund, extensive diversification.

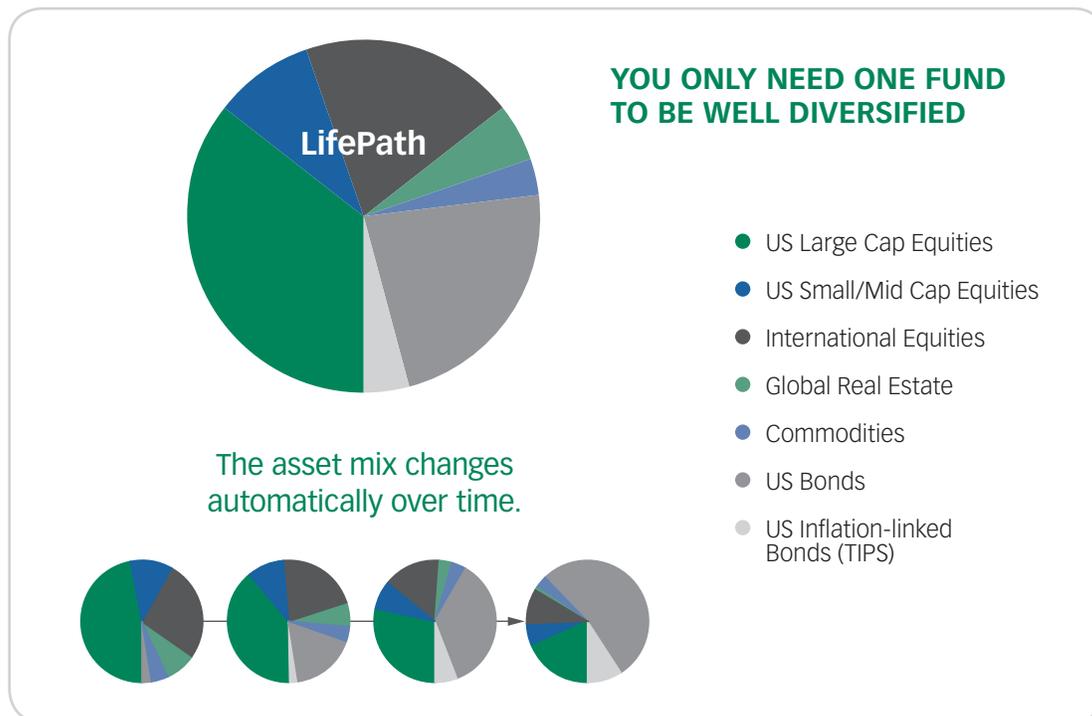
The LifePath Index Funds are designed to be comprehensive investment solutions for individuals. Each LifePath Index Fund is broadly diversified and designed for a particular risk tolerance based on when the money will be needed. Other factors important to your individual planning objectives, such as your risk tolerance, personal circumstances and complete financial situation, should also be considered when selecting a LifePath Index Fund.

As time passes, a team of investment managers at BlackRock gradually shifts the investment mix from a greater concentration of higher-risk investments (namely stock funds) to a greater concentration of lower-risk investments (fixed income funds). This investment mix will continue to adjust until the fund's target year.

The information contained on this page has been provided by BlackRock and is solely the responsibility of BlackRock.

## HOW DO LIFEPATH INDEX FUNDS CHANGE OVER TIME?

The graphic below may help explain how the LifePath investment team changes the LifePath Index Fund as the fund gets closer to its target year.\*



\*Fund mixes are for illustration only and do not represent the actual allocation of any LifePath Index Fund.

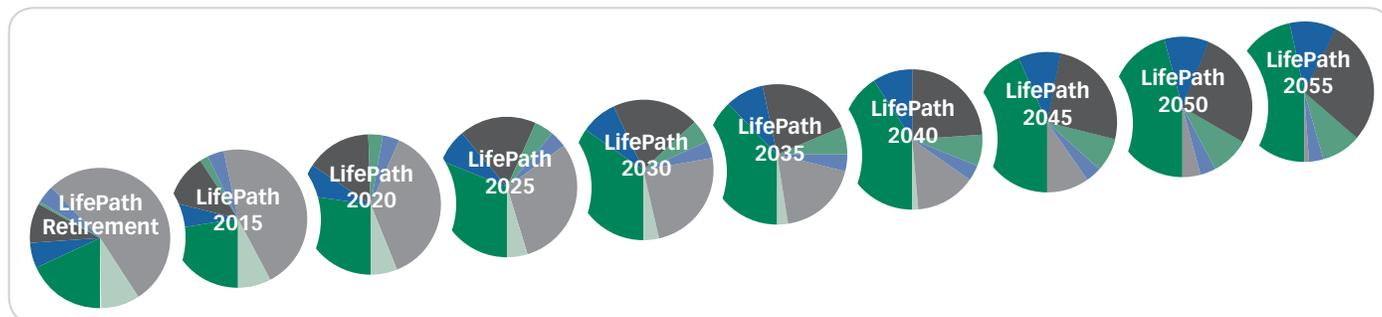
## WHAT DOES THE NUMBER IN EACH LIFEPATH INDEX FUND REPRESENT?

The number—as in LifePath Index 2020 Fund—represents the approximate year when you plan to start withdrawing your money. The investment managers gradually adjust the fund’s mix to try and reduce fluctuations in the value of the investment as the fund reaches its target year.

One fund—LifePath Index Retirement Fund—does not include a number because it is designed for people currently withdrawing their money. This fund is intended for people currently in or very close to retirement. Although the fund invests in a greater concentration of lower-risk investments, such as fixed income funds, it does include a modest allocation to equities.

## WHAT'S IN EACH LIFEPATH INDEX FUND?

Each LifePath Index Fund includes a mix of funds holding securities in the asset classes shown on the next page. The mix of asset classes varies across the funds and is dependent upon the target year of the fund.



## HOW MUCH SHOULD I INVEST IN LIFEPATH?

Because each fund is broadly diversified, you can invest 100% of your assets in a LifePath Index Fund and feel confident that you are invested in all the asset classes you need for a well-diversified portfolio. A LifePath Index Fund can also be used as an investment core. For example, you may choose to put the majority of your contributions in a LifePath Index Fund and then invest the remaining portion of your contributions in other funds. You may also invest in more than one LifePath Index Fund.

## WHAT HAPPENS WHEN THE FUND REACHES ITS TARGET YEAR?

When a LifePath Index Fund reaches the year identified in its name, it will have reached its most conservative investment mix and will then be moved into the LifePath Index Retirement Fund, which is designed for people currently withdrawing their money or very close to retirement. Although the fund invests in a greater concentration of lower-risk investments, such as fixed income funds, it does include a modest allocation to equities to help provide some degree of protection from inflation.

## WHO MANAGES THE LIFEPATH INDEX FUNDS?

A team of investment professionals at BlackRock manages the LifePath Index Funds to try to maximize your return for the level of risk that is appropriate for your time frame. This dedicated team manages over \$350 billion\* in defined contribution investments.

## CAN I GET OUT OF LIFEPATH AT ANY TIME?

Yes, you can exchange your account in or out of your LifePath Index Fund subject to Savings Plan restrictions.

## WHO IS BLACKROCK?

BlackRock is a respected investment management company established in 1988, currently managing over \$3.35 trillion in assets.\* It offers a broad range of investment solutions to help companies and individuals prepare for their financial future.

\*Defined contribution assets as of December 31, 2011.

There are risks involved with investing, including loss of principal. Risk controls, asset allocation models, diversification, and proprietary technology do not promise any level of performance or guarantee against loss of principal.

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HIGH QUALITY INVESTMENT BUILDING BLOCKS USED IN THE LIFEPATH FUNDS	
<b>U.S. LARGE-CAP EQUITY EXPOSURE</b>	Active Stock Fund BlackRock's flagship S&P 500®-based enhanced index strategy
<b>U.S. MID AND SMALL CAP EQUITY EXPOSURE</b>	Extended Equity Market Fund Index fund benchmarked to Dow Jones Completion Total Stock Market Index
<b>INTERNATIONAL EQUITY EXPOSURE</b>	EAFE Equity Index Fund Index fund benchmarked to MSCI AWCI ex-U.S. Investable Market Index
<b>GLOBAL REAL ESTATE</b>	Global Real Estate Fund Index fund benchmarked to the FTSE EPRA/NAREIT Developed Index
<b>U.S. BONDS</b>	CoreAlpha Bond Fund Index fund benchmarked to Barclays U.S. Aggregate Bond Index
<b>U.S. INFLATION-LINKED BONDS</b>	U.S. TIPS Fund Index fund benchmarked to the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index
<b>COMMODITIES</b>	Index fund benchmarked to the Dow Jones-UBS Commodity Index

## Index Definitions

**Barclays U.S. Aggregate Bond:** An unmanaged market value-weighted index for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

**The Barclays U.S. TIPS Index:** Measures the performance of the inflation protected public obligations of the U.S. Treasury, commonly known as TIPS.

**Dow Jones Completion Total Stock Market Index:** Measures the performance of all small and mid-cap stocks. It is constructed using the Dow U.S. Total Stock Market Index with the companies in the S&P 500 Index removed.

**Dow Jones-UBS Commodity Index:** The index is made up of exchange-traded futures on physical commodities.

**FTSE EPRA/NAREIT Developed Index:** An unmanaged market capitalization-weighted index designed to represent the performance of developed stock markets outside the U.S. and Canada.

**The FTSE EPRA/NAREIT Developed Index:** Designed to track the performance of listed real estate companies and REITS worldwide.

**S&P 500:** The S&P 500 Index is a registered service mark of The McGraw-Hill Companies, Inc. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks that includes the reinvestment of dividends.

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BlackRock Institutional Trust Company, N.A., a national banking association operating as a limited purpose trust company and subsidiary of BlackRock, Inc., manages the investment strategies and other fiduciary services referred to in this publication and provides fiduciary and trust services to various institutional investors. Strategies maintained by BlackRock are not insured by the Federal Deposit Insurance Corporation and are not guaranteed by BlackRock or its affiliates.

A collective investment fund is privately offered; prospectuses are not required. There are risks involved with investing, including loss of principal. Risk controls, asset allocation models, diversification, and proprietary technology do not promise any level of performance or guarantee against loss of principal.

The LifePath products are covered by U.S. patents 5,812,987 and 6,336,102. BlackRock® and LifePath are trademarks of BlackRock, Inc. or its subsidiaries, used with permission.

<sup>1</sup>Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks, including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors.

<sup>2</sup>These investment options are not mutual funds and thus not subject to the Securities and Exchange Commission rules. Therefore, there are no prospectuses required or available. The prices of units of these funds are not published in newspapers or available via traditional means. Units of participation in these funds are not deposits or obligations, and are not insured by the FDIC. Principal value and investment return will fluctuate, so that an investor's shares when redeemed may be worth more or less than the original investment. Fund portfolio statistics change over time. The funds are not FDIC-insured, may lose value and are not guaranteed by a bank or other financial institution.

<sup>3</sup>Small-cap funds are subject to greater volatility than those in other asset categories.

<sup>4</sup>International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets.

<sup>5</sup>Retirement plan investment advice is formulated and provided by Morningstar® Retirement Manager<sup>SM</sup> (Morningstar), which is not affiliated with or an agent of Charles Schwab & Co., Inc. (CS&Co.), Schwab Retirement Plan Services Company (SRPS) or any of their affiliates. The Morningstar service is available to participants enrolled in plans that use the recordkeeping and related services of SRPS. Participant access to the Morningstar service is facilitated through CS&Co. Neither CS&Co., SRPS, nor their affiliates supervise, make recommendations with respect to, or take responsibility for monitoring the advice provided to participants by Morningstar. Advice Consultants are employees of CS&Co. and not of Morningstar and act solely as facilitators to participants accessing the Morningstar service. There is no additional cost for the Morningstar service outside of the standard fees paid to SRPS and CS&Co. for recordkeeping and related services, including fees paid to Charles Schwab Bank.

Fund operating expenses represent the total of all of a mutual fund's annual fund operating expenses. Management fees are one component of the fund operating expenses. Index funds generally have low management fees because they don't have to pay investment managers to actively manage underlying investments.

Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

Diversification strategies do not assure a profit and do not protect against losses in declining markets.

Stable Value providers and retirement plan sponsors may impose an "equity wash" requirement on plan participants who want to transfer money out of a stable value fund and into a competing fund. Competing funds are defined as money markets, stable value funds, and bond funds with a duration of fewer than three years. The Equity Wash rules state that assets cannot be transferred directly to competing funds. Instead, the money must be transferred to a different Plan investment option and held there for a minimum of 90 days before transferring into the competing fund.

<sup>6</sup>For participants who utilize the Personal Choice Retirement Account (PCRA), the following fees and conditions may apply: Schwab's short-term redemption fee of \$49.95 will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds®, which may charge a separate redemption fee, and funds that accommodate short-term trading. Trades in no-load mutual funds available through the Mutual Fund OneSource service (including Schwab Funds), as well as certain other funds, are available without transaction fees when placed through schwab.com or our automated phone channels. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Funds are also subject to management fees and expenses. Charles Schwab & Co., Inc., Member SIPC, receives remuneration from fund companies for recordkeeping, shareholder services, and other administrative services for shares purchased through its Mutual Fund OneSource service. Schwab also may receive remuneration from transaction fee fund companies for certain administrative services.

Access to electronic services may be limited or unavailable during periods of peak demand, market volatility, systems upgrade, maintenance, or for other reasons.

Schwab Retirement Plan Services Company, Charles Schwab Bank, and Charles Schwab & Co., Inc. are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Trust and custody services are provided by Charles Schwab Bank.

Schwab Personal Choice Retirement Account® (PCRA) is offered through Charles Schwab & Co., Inc. (Member SIPC), the registered broker/dealer which also provides other brokerage and custody services to its customers.

Schwab Retirement Plan Services Company (Schwab) provides recordkeeping services with respect to retirement plans.

## US Debt Index Non-Lendable Fund W

**Benchmark**  
Barclays U.S. Aggregate Index

**Morningstar Category**  
Intermediate-Term Bond

**Overall Morningstar Rating™**  
★★  
See disclosure for details.

**Morningstar Return**  
Below Average

**Morningstar Risk**  
Below Average

### Investment Information

#### Investment Strategy

This is an index fund that seeks to match the performance of the Barclays Aggregate Bond Index by investing in a diversified sample of the bonds that make up the index. The index is the broadest measure of the US investment-grade bond market and is comprised of US Treasury and federal agency bonds, corporate bonds, residential and commercial mortgage-backed securities and asset-backed securities.

Bond investments are an important part of a well-planned investment strategy. Called fixed income securities because they make specified payments on a regular basis, bonds can act as a moderating force in an investment portfolio by sheltering investors from fluctuations in other assets such as stocks. This fund is intended for intermediate-term investors seeking moderate returns by investing in a diversified portfolio of high-quality fixed income securities. As with any security, an investment in bonds is subject to risk.

#### Fees and Expenses as of 06-30-12

Investment Management Fee	0.06%
Administrative Fee	0.02%

#### Operations and Management

Product Inception Date	09-30-11
Strategy Inception Date	02-06-09
Total Fund Assets (\$mil)	14.54
Investment Manager	BlackRock Institutional Trust Company NA

### Volatility Analysis



In the past, this investment has shown a relatively small range of price fluctuations relative to other investments. Based on this measure, currently more than two-thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a conservative investment strategy.

#### Best 3 Month Return

3.96%  
(Jun '10 - Aug '10)

#### Worst 3 Month Return

-1.48%  
(Nov '10 - Jan '11)

### Notes

The Barclays Aggregate Bond Index returns do not reflect any management fees, transaction costs or other expenses. Benchmark performance results do not represent actual fund performance.

### Portfolio Analysis

#### Composition as of 06-30-12



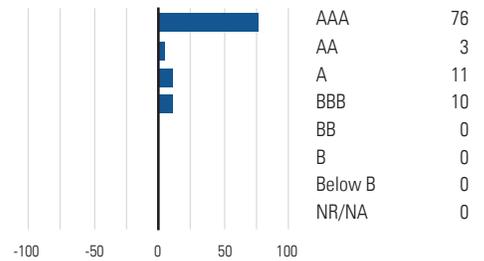
#### Morningstar F-I Sectors as of 06-30-12

	% Fund	% Category
Government	41.82	18.68
Corporate	20.65	32.99
Securitized	30.95	28.89
Municipal	0.84	1.70
Cash & Equivalents	5.74	11.94
Other	0.00	5.81

#### Morningstar Style Box™ as of 06-30-12



#### Credit Analysis as of 06-30-12



### Performance



The fund returns are net of an annual management fee of 0.06%. The returns are net of the fund's administrative costs, including, but not limited to accounting, custody and audit fees. The amount is capped at 2 basis points (0.02%) per year in order to limit the impact on fund performance.

The fund's inception date is 9/30/11. Any returns shown as less than one year are cumulative returns. All values are unaudited and subject to revision. All income is reinvested in the fund. Past performance does not guarantee future results. Please contact your service provider for management fee information.

#### Growth of \$10,000 as of 06-30-12



## Equity Index Non-Lendable Fund M

**Benchmark**  
Standard & Poors 500® Index

**Morningstar Category**  
Large Blend

**Overall Morningstar Rating™**  
★★★★  
See disclosure for details.

**Morningstar Return**  
Above Average

**Morningstar Risk**  
Average

### Investment Information

#### Investment Strategy

This is an index fund that seeks to match the performance of the S&P 500® Index by investing in stocks that make up their index. The S&P 500® Index, considered a large-capitalization benchmark, is comprised of a sample of leading US companies in leading industries, and accounts for more than 75% of the market value of all publicly traded stocks in the US. Investing in large-capitalization stocks is the most efficient way to participate in earnings from large US companies. These stocks have the potential for more stable earnings than that of small- or mid capitalization stocks, and their prices tend to be less volatile. This fund is intended for long-term investors seeking to capture the earnings and growth potential of large US companies.

#### Fees and Expenses as of 03-31-12

Investment Management Fee	0.02%
Administrative Fee	0.02%

#### Operations and Management

Product Inception Date	03-15-12
Strategy Inception Date	02-23-09
Total Fund Assets (\$mil)	186.37
Investment Manager	BlackRock Institutional Trust Company NA

### Portfolio Analysis

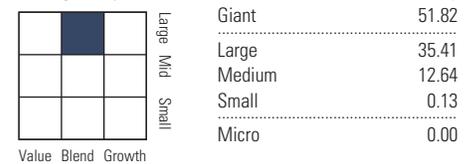
#### Composition as of 03-31-12



#### Top 10 Holdings as of 03-31-12

Company	% Assets
Apple, Inc.	4.37
Exxon Mobil Corporation	3.20
International Business Machines Corp	1.89
Microsoft Corporation	1.88
Chevron Corp	1.66
General Electric Co	1.66
AT&T Inc	1.45
Procter & Gamble Co	1.45
Johnson & Johnson	1.42
Wells Fargo & Co	1.41

#### Morningstar Style Box™ as of 03-31-12



#### Morningstar Equity Sectors as of 03-31-12

Sector	% Fund
Cyclical	27.72
Basic Materials	2.81
Consumer Cyclical	9.31
Financial Services	13.73
Real Estate	1.87
Sensitive	46.42
Communication Services	4.21
Energy	11.25
Industrials	11.82
Technology	19.14
Defensive	25.86
Consumer Defensive	11.37
Healthcare	11.16
Utilities	3.33

### Volatility Analysis



In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

#### Best 3 Month Return

24.74%  
(Mar '09 - May '09)

#### Worst 3 Month Return

-13.84%  
(Jul '11 - Sep '11)

### Notes

The S&P 500® Index returns do not reflect any management fees, transaction costs or expenses. The Index consists of 500 stocks selected to be representative of the major industry groups. Benchmark performance results do not represent actual fund performance.

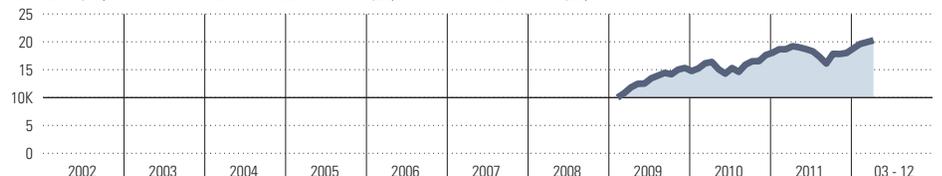
### Performance



The fund returns are net of an annual management fee of 0.02%. The returns are net of the fund's administrative costs, including, but not limited to accounting, custody and audit fees. The amount is capped at 2 basis points (0.02%) per year in order to limit the impact on fund performance.

The fund's inception date is 3/15/12. Returns prior to inception are those of Equity Index Non-Lendable Fund F (inception 2/23/09). Any returns shown as less than one year are cumulative returns. All values are unaudited and subject to revision. All income is reinvested in the fund. Past performance does not guarantee future results.

#### Growth of \$10,000 as of 03-31-12



## Russell 2500 Index Fund F

**Benchmark**  
Russell 2500® Index

**Morningstar Category**  
Small Blend

**Overall Morningstar Rating™**  
★★★★  
See disclosure for details.

**Morningstar Return**  
Above Average

**Morningstar Risk**  
Below Average

### Investment Information

#### Investment Strategy

This is an index fund that seeks to match the performance of the Russell 2500® Index by investing in a diversified sample of the stocks that make up the index. The Index represents the small to mid-cap segment of the US Equity universe in the Russell 3000® Index. The Russell 3000® Index represents 98% of the total US equity market capitalization. Because of their growth potential, investing in small to mid-sized companies can offer higher returns than investing in more established companies. However, with this growth potential comes a higher risk level. This fund is intended for long-term investors seeking capital appreciation from investing in small to mid-cap US companies.

#### Fees and Expenses as of 03-31-12

Investment Management Fee —  
Administrative Fee 0.02%

#### Operations and Management

Product Inception Date 09-30-08  
Strategy Inception Date 09-30-08  
Total Fund Assets (\$mil) 1,328.76  
Investment Manager BlackRock Institutional Trust Company NA

### Portfolio Analysis

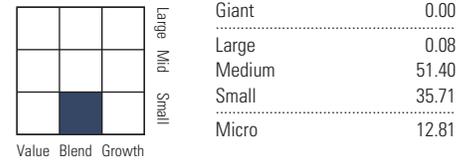
#### Composition as of 03-31-12



#### Top 10 Holdings as of 03-31-12

Company	% Assets
Monster Beverage Corp	0.31
Regeneron Pharmaceuticals, Inc.	0.30
Herbalife, Ltd.	0.29
CarMax, Inc.	0.28
Kansas City Southern, Inc.	0.28
Ametek, Inc.	0.27
Macerich Company	0.27
Digital Realty Trust, Inc.	0.26
Equinix, Inc.	0.26
Airgas, Inc.	0.25

#### Morningstar Style Box™ as of 03-31-12



#### Morningstar Equity Sectors as of 03-31-12

Sector	% Fund
Cyclical	42.16
Basic Materials	5.94
Consumer Cyclical	14.99
Financial Services	12.87
Real Estate	8.36
Sensitive	39.25
Communication Services	1.62
Energy	5.68
Industrials	17.63
Technology	14.32
Defensive	18.59
Consumer Defensive	4.27
Healthcare	9.49
Utilities	4.83

### Volatility Analysis



In the past, this investment has shown a wide range of price fluctuations relative to other investments. This investment may experience significant price increases in favorable markets or undergo large price declines in adverse markets. Some of this risk may be offset by owning other investments that follow different investment strategies.

#### Best 3 Month Return

29.83%  
(Mar '09 - May '09)

#### Worst 3 Month Return

-26.00%  
(Oct '08 - Dec '08)

### Notes

The Russell 2500® Index returns do not reflect any management fees, transaction costs, or expenses. The Index is an unmanaged index which tracks the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. Benchmark performance results do not represent actual fund performance.

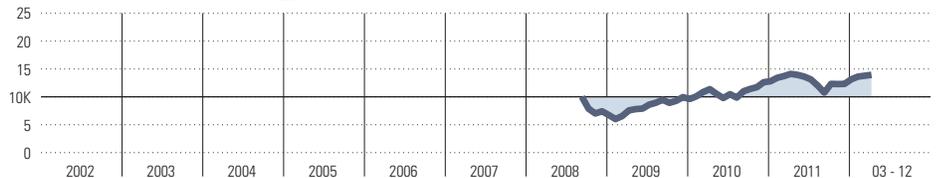
### Performance



The fund returns are gross of an annual management fee because there is no management fee deducted from the fund's unit value. Returns would be lower if such costs and fees were included. The returns are net of the fund's administrative costs, including, but not limited to accounting, custody and audit fees. The amount is capped at 2 basis points (0.02%) per year in order to limit the impact on fund performance.

The fund's inception date is 09/30/08. All values are unaudited and subject to revision. All income is reinvested in the fund. Past performance does not guarantee future results. Please contact your service provider for management fee information.

#### Growth of \$10,000 as of 03-31-12



## BlackRock MSCI ACWI ex-US Index Non-Lendable Fund F

### Benchmark

MSCI All Country World ex-US Index

### Morningstar Category

Foreign Large Blend

### Overall Morningstar Rating™

★★★★

See disclosure for details.

### Morningstar Return

Above Average

### Morningstar Risk

Average

### Investment Information

#### Investment Strategy

This is an index fund that seeks to match the performance of the MSCI ACWI ex-US Index by investing in stocks that make up the index. The Morgan Stanley Capital International (MSCI) ACWI ex-US Index is comprised of foreign stocks representing companies in 22 developed markets and 22 emerging markets. The Index represents approximately 60% of the world's total market capitalization. Investing in foreign markets may offer additional diversification benefits to an investment portfolio. Diversification increases the chances that one investment's strong performance will offset another investment's poor performance. This fund is intended for long-term investors seeking to capture the earnings and growth potential of foreign companies in both developed and emerging countries throughout the world.

#### Fees and Expenses as of 06-30-12

Investment Management Fee	—
Administrative Fee	0.02%

#### Operations and Management

Product Inception Date	02-27-09
Strategy Inception Date	02-27-09
Total Fund Assets (\$mil)	2,404.82
Investment Manager	BlackRock Institutional Trust Company NA

### Volatility Analysis



In the past, this investment has shown a wide range of price fluctuations relative to other investments. This investment may experience significant price increases in favorable markets or undergo large price declines in adverse markets. Some of this risk may be offset by owning other investments that follow different investment strategies.

#### Best 3 Month Return

41.50%  
(Mar '09 - May '09)

#### Worst 3 Month Return

-20.72%  
(Jul '11 - Sep '11)

### Notes

The MSCI ACWI ex-US Index returns do not reflect any management fees, transaction costs or expenses. The index is published by Morgan Stanley Capital International and is a market-value weighted index of stocks from 22 developed and 22 emerging markets worldwide. Benchmark performance results do not represent actual fund performance.

### Portfolio Analysis

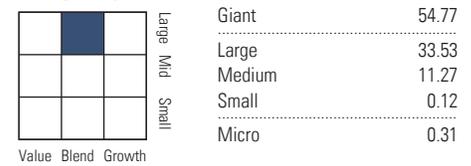
#### Composition as of 06-30-12



#### Top 10 Holdings as of 06-30-12

Nestle	1.35
HSBC Holdings PLC	1.09
Vodafone Ag	0.96
Novartis AG	0.88
BP	0.86
Royal Dutch Shell PLC	0.85
Roche Holding AG	0.83
Samsung Electronics Co Ltd	0.82
GlaxoSmithKline PLC	0.79
Toyota Motor Corp	0.76

#### Morningstar Style Box™ as of 06-30-12



#### Morningstar Super World Regions as of 06-30-12

Americas	13.55
Greater Europe	47.29
Greater Asia	39.17

#### Top Five Countries as of 06-30-12

Japan	15.02
United Kingdom	14.49
Canada	8.42
Australia	6.60
Germany	6.56

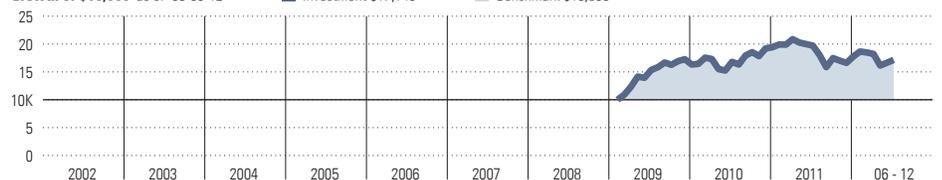
### Performance



The fund returns are gross of an annual management fee because there is no management fee deducted from the fund's unit value. Returns would be lower if such costs and fees were included. The fund is subject to an accrual for administrative costs, including, but not limited to accounting, custody and audit fees. The amount is capped at 2 basis points (0.02%) per year in order to limit the impact on fund performance.

The fund's inception date is 02/27/09. Any returns shown as less than one year are cumulative returns. All values are unaudited and subject to revision. All income is reinvested in the fund. Past performance does not guarantee future results. Please contact your service provider for management fee information.

#### Growth of \$10,000 as of 06-30-12



# Disclosure

When used as supplemental sales literature, the Investment Profile must be preceded or accompanied by this disclosure statement. The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares when redeemed may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not insured by the Federal Deposit Insurance Corporation ("FDIC"), may lose value and is not guaranteed by a bank or other financial institution.

## Fund Structure

The fund described herein is a bank-maintained collective investment fund maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC"). BTC is a national banking association organized under the laws of the United States and operates as a limited purpose trust company.

In reliance upon an exemption from the registration requirements of the federal securities laws, investments in the fund are not registered with the Securities and Exchange Commission ("SEC") or any state securities commission. Likewise, in reliance upon an exclusion from the definition of an investment company in the Investment Company Act of 1940, as amended (the "Company Act"), the fund is not registered with the SEC as an investment company under the Company Act. Accordingly, certain protections afforded investors in funds registered as investment companies under the Company Act (such as limitations on illiquid investments and oversight by a board of trustees comprised primarily of independent persons) are not available to investors in the fund.

The fund is offered to defined contribution plans ("Plans") that are qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended ("IRC"), and governmental Plans, such as state and municipal government Plans that are described in IRC Section 818(a)(6), such as governmental IRC Section 457(b) Plans. The fund is established and governed by a trust instrument, the Plan of BlackRock Institutional Trust Company, N.A. Investment Funds for Employee Benefit Trusts (the "Plan Document"), which sets forth BTC's powers, authority and responsibilities regarding the administration, investment and operation of the fund. Plans investing in the fund become subject to the terms and conditions of the Plan Document.

## Best and Worst 3 Month Performance

Morningstar calculates best and worst 3-month period (in percentage) in-house on a monthly basis.

**Best 3-month Period:** The highest total return the stock has posted in a consecutive three-month period over the trailing 15 years, or if a fund does not have 15 years of history, it will go back as far as the inception date.

**Worst 3-month Period:** The lowest total return the stock has posted in a consecutive three-month period over the trailing 15 years, or if a fund does not have 15 years of history, it will go back as far as the inception date.

## Growth of \$10,000 Graph

The Growth of \$10,000 graph shows a fund's performance based on how \$10,000 invested in the fund would have grown over time. The returns used in the graph are not load-adjusted. The growth of \$10,000 begins at the date of the fund's inception, or the first year listed on the graph, whichever is appropriate. Located alongside the fund's graph line is a line that represents the growth of \$10,000 in an index. The inclusion of the index allows investors to compare the performance of the fund with the performance of a benchmark index.

## Morningstar Rating™

Often simply called the Star Rating, the Morningstar Rating brings load-adjustments, performance (returns) and risk together into one evaluation. To determine a fund's star rating for a given time period (three, five, or 10 years), the fund's risk-adjusted return is plotted on a bell curve: If the fund scores in the top 10% of its category, it receives 5 stars (Highest); if it falls in the next 22.5% it receives 4 stars (Above Average); a place in the middle 35% earns 3 stars (Average); those lower still, in the next 22.5%, receive 2 stars (Below Average); and the bottom 10% get only 1 star (Lowest). The Overall Morningstar Rating is a weighted average of the available three-, five-, and 10-year ratings.

## Morningstar Return

This statistic is a measurement of a fund's excess return over a risk-free rate (the return of the 90-day Treasury bill), after adjusting for all applicable loads and sales charges. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return, the next 22.5% Above Average, the middle 35% Average, the next 22.5% Below Average, and the bottom 10% Low. Morningstar Return is measured for up to three time periods (three-, five-, and 10-years). These separate measures are then weighted and averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

## Morningstar Risk

This statistic evaluates the variations in a fund's monthly returns, with an emphasis on downside variations. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk, the next 22.5% Below Average, the middle 35% Average, the next 22.5% Above Average, and the top 10% High. Morningstar Risk is measured for up to three time periods (three-, five-, and 10-years). These separate measures are then weighted and averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

## Morningstar Style Box™

The Morningstar Style Box reveals a fund's investment strategy as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

For corporate and municipal bonds, Morningstar surveys credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information, Morningstar instructs fund companies to only use ratings that have been assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). If two NRSROs have rated a security, fund companies are to report the lowest rating to Morningstar. If a rating is unavailable or unpublished, then the security or issuer is categorized as Not Rated/Not Available. US Government Securities issued by the US Treasury or US Government Agencies are included in the US Government category. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO rating on a fixed-income security can change from time-to-time.

## Certain Investment Risks

Investments in the fund are not bank deposits, are not guaranteed by BTC or BlackRock, Inc. or any of their

affiliates, are not insured by the FDIC or any other agency of the U.S. government, and are subject to investment risks, including loss of principal. The fund may be subject to certain key risks set forth below. Some or all of these risks may adversely affect the value of units in the fund, yield, total return and the fund's ability to meet its investment objective. There may be additional risks not identified herein that could adversely affect the fund's performance.

**Equity Securities:** To the extent a fund invests in equity securities, the fund is subject to equity market risk, which is the possibility that common stock prices will fluctuate over short or even extended periods. Equity securities generally have greater price volatility than fixed income securities. The market price of equity securities may rise or decrease, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting equity securities markets generally, particular industries, sectors or geographic regions represented in those markets, or individual issuers. Different parts of the equity market and different types of equity securities can fluctuate separately in response to issuer, political, market and economic developments.

**Fixed Income Securities Risk:** To the extent a fund invests in fixed income securities, it will be subject to the following risks. Fixed income securities are affected by changes in interest rates. When interest rates rise, the values of fixed income securities are likely to decrease. Conversely, when interest rates fall, the values of fixed income securities are likely to increase. The values of fixed income securities may also be affected by changes in the credit rating or financial condition of the issuing entities. In addition, there is also a risk that parties who issue securities purchased by the fund may not be financially able to make interest or principal payments when due.

**Risks Relating to Investment in Non-U.S. Securities:** Investment in non-U.S. securities by a fund or an underlying fund in which the fund may invest is subject to certain special risks and considerations, including potentially less liquidity and greater price volatility than investments in securities traded in the U.S. markets. Investments in securities of non-U.S. issuers are subject to all of the risks of investing in the market of such issuers, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and abrupt changes in stock prices. Other risks associated with such investments include less liquid and less efficient securities markets; greater price volatility; exchange rate fluctuations and exchange controls; less publicly available information about issuers; imposition of withholding or other taxes; higher transaction and custody costs and delays in attendant settlement procedures; difficulties in enforcing contractual obligations; lower levels of regulation of the securities market; and different accounting disclosure and reporting requirements.

**Risks of Investing in Commodity Futures:** To the extent a fund invests in commodity futures, it will be subject to the following risks. Commodity prices are generally affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather, political and other global events and global economic factors. Accordingly, commodity prices can change substantially and in a rapid and unpredictable manner. Commodity futures markets are also subject to liquidity risk, and it may not, therefore, always be possible for a fund or an underlying collective trust fund to exit an investment in commodity futures. Transactions in

# Disclosure

futures contracts involve certain risks and transaction costs. Risks include imperfect correlation between the price of the futures contract and movements in the price of the underlying index, the possible absence of a liquid secondary market for any particular instrument, the risk of default of the counterparty or guaranteeing agent, and restrictions on trading imposed by futures exchanges due to price volatility. Futures contracts involve the posting of margin deposits, and movement in the underlying index or asset may result in calls for additional payments of cash. The need to make such additional payments could require a fund or an underlying collective trust fund to liquidate securities at a disadvantageous time.

**Risks Associated with Investing in Securities of Real Estate Companies:** To the extent a fund invests in real estate, it will be subject to the following risks. Investing in companies that invest in real estate, such as real estate investment trusts or real estate holding companies ("Real Estate Companies"), exposes participants to the risks of owning real estate directly, as well as to risks that relate specifically to the way in which Real Estate Companies are organized and operated. Real estate is highly sensitive to general and local economic conditions and developments, and is characterized by intense competition and periodic overbuilding. Real estate is also illiquid, and it may be difficult to sell properties in response to changes in economic or other conditions. Real Estate Companies may be highly leveraged, and may be at heightened risk of liquidation or default if they experience variations in cash flow. Real Estate Companies may also be geographically concentrated, placing them at increased risk from localized catastrophic events or changes in local economic conditions. Investments in Real Estate Companies may also be illiquid, meaning that purchases and sales of interests in a Real Estate Company may have a magnified impact on the price of such interests, resulting in abrupt or erratic price fluctuations.

**Fund-of-Funds Risk:** To achieve their investment strategy, certain funds may invest their assets through one or more underlying collective trust funds. Each such fund bears the risk of the underlying funds to the extent of its investment in the underlying funds. The investment objective of an underlying fund may differ from, and an underlying fund may have different risks than, the fund. There is no assurance that the underlying funds will achieve their investment objectives.

**Passive Investment Risk:** Unitholders of funds will not have any control over the activities of the funds. Such unitholders will not have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by BTC in the selection, structuring, monitoring and disposition of investments.

**Active Strategy Risk:** Active strategies could result in the Fund's underperforming other funds with similar investment objectives and strategies.

**Convertible Securities Risk:** If interest rates rise, the market value of a convertible security usually falls. Convertible securities are subject to the risk that the issuer may not honor its obligation to pay interest or dividends when due, and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Because a convertible security derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of risk that apply to the underlying common stock.

**Investment and Trading Risk:** An investment in the fund involves risks, including the risk that the entire amount invested may be lost. The fund may invest in and trade

securities and other financial instruments using investment techniques with risk characteristics, including risks arising from the volatility of the equity, convertible securities, fixed income, currency markets, the risks of borrowings and short sales, the potential illiquidity of securities and other financial instruments and the risk of loss from counterparty defaults. No guarantee or representation is made that a fund's investment program will be successful. A fund may utilize such investment techniques as option transactions, margin transactions, short sales, leverage and derivatives trading, which practices involve volatility and can increase the adverse impact to which a fund's investment portfolio may be subject.

**Securities Lending Risk:** To the extent that a fund is authorized to engage in securities lending activities, it may be exposed to certain risks, including cash collateral reinvestment risk (risk that cash collateral is reinvested at the risk of the lending fund in cash collateral funds managed by BTC ("Cash Collateral Funds") that hold securities and other instruments with a different risk profile than those in the lending fund and which may not achieve their investment objective or suffer realized or unrealized loss due to investment performance), which includes "gap" risk (risk that the return on cash collateral investment is insufficient to pay the rebate fees the lending fund has committed to pay), liquidity risk (risk that the Cash Collateral Funds are invested in securities and other instruments that are less liquid than the lending fund), operational risk (risk of losses resulting from problems in the settlement and accounting process), and credit, investment, legal, counterparty and market risks. At any particular point in time, the Cash Collateral Funds could comprise a material portion of a lending fund's assets. The risks also include those risks associated with the types of investments made by the Cash Collateral Funds.

**Risks Relating to Target Date Funds:** Risks associated with investing in "target date" funds, such as BTC's LifePath® Funds, include the risk of loss of principal, including losses near, at, or after the target retirement date, and there is no guarantee that any such funds will provide adequate income at or through an investor's retirement.

## Index Provider Information

**Funds with S&P® Benchmark:** "Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500", "500", "Standard & Poor's MidCap 400", "S&P MidCap", "S&P MidCap 400 Growth Index", "S&P®/Citigroup Equity Value Index", and "S&P®/Citigroup Equity Growth Index" are trademarks of The McGraw-Hill Companies, Inc. and Citigroup is a trademark of Citigroup, Inc. or its affiliates. These marks have been licensed for use by BlackRock Institutional Trust Company, N.A. The fund is not sponsored, endorsed, sold or promoted by Standard & Poor's or Citigroup, and Standard & Poor's and Citigroup make no representation regarding the advisability of investing in the fund.

**Funds with Dow Jones Benchmark:** "Dow Jones", the "Dow Jones U.S. Total Stock Market Index SM" and "Dow Jones U.S. Completion Total Stock Market IndexSM" are service marks of Dow Jones & Company, Inc., and the "Dow Jones-UBS Commodity Index" is a service mark or trademark of Dow Jones & Company, Inc. and UBS AG, and have been licensed for use for certain purposes by BlackRock Institutional Trust Company, N.A. ("BTC"). BTC's Extended Equity Market Index Funds, US Equity Market Index Funds and BlackRock Dow Jones-UBS Commodity Index Funds, based on the Dow Jones U.S. Total Stock Market IndexSM, the Dow Jones U.S. Completion Total Stock Market IndexSM and the Dow Jones-UBS Commodity Index respectively, are not sponsored, endorsed, sold or promoted

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**Funds with an MSCI Benchmark:** The MSCI World ex-U.S. Index Funds, MSCI ACWI ex-US Index Funds, Emerging Markets Index Funds, Active International Equity Index Funds, EAFE Equity Index Funds, and US Real Estate Index Funds described herein are indexed to an MSCI index. The MSCI Indexes are the exclusive property of Morgan Stanley Capital International Inc. ("MSCI"). MSCI, the MSCI Index Names and EAFE® are trade or service marks of MSCI or its affiliates and have been licensed for use for certain purposes by BlackRock Institutional Trust Company, N.A. The funds, accounts products or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds, accounts, products or securities or any index on which such funds, accounts, products or securities are based.

**Funds with a Russell Benchmark:** The Russell 1000 Index Funds, Russell 1000 Growth Funds, Russell 1000 Value Funds, Russell 2000 Index Funds, Russell 2000 Growth Funds, Russell 2000 Value Funds and Russell 3000 Index Funds are not promoted, sponsored or endorsed by, nor in any way affiliated with Frank Russell Company. Frank Russell Company is not responsible for and has not reviewed the Russell 1000 Index Funds, Russell 1000 Growth Funds, Russell 1000 Value Funds, Russell 2000 Index Funds, Russell 2000 Growth Funds, Russell 2000 Value Funds and Russell 3000 Index Funds nor any associated literature or publications and Frank Russell Company makes no representation or warranty, express or implied, as to their accuracy, or completeness, or otherwise. Frank Russell Company reserves the right, at any time and without notice, to alter, amend, terminate or in any way change the Russell Indexes. Frank Russell Company has no obligation to take the needs of any particular fund or its participants or any other product or person into consideration in determining, composing or calculating any of the Russell Indexes. Frank Russell Company's publication of the Russell Indexes in no way suggests or implies an opinion by Frank Russell Company as to the attractiveness or appropriateness of investment in any or all securities upon which the Russell Indexes are based. The Russell 1000®, Russell 1000® Growth, Russell 1000® Value, Russell 2000®, Russell 2000® Growth, Russell 2000® Value and Russell 3000® Indexes are trademarks/service marks of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company.

**Funds with a FTSE EPRA/NAREIT Benchmark:** The fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (FTSE), by the London Stock Exchange Plc (the "Exchange"), Euronext N.V. (Euronext), The Financial Times Limited (FT), European Public Real Estate Association (EPRA) or the National Association of Real Estate Investment Trusts (NAREIT) (together the "Licensor Parties") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE EPRA/NAREIT Developed Index, FTSE EPRA/NAREIT Developed ex U.S. Index or the FTSE EPRA/NAREIT United States Index (each, an "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. Each Index is compiled and calculated by FTSE. However, none of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in each Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein. FTSE® is a trademark of the Exchange and the FT, NAREIT® is a trademark of the National Association of Real

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## Additional Information

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. The firm offers a wide range of investment strategies across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

Through BlackRock Solutions®, the firm offers risk management and advisory services that combine capital markets expertise with proprietary-developed analytics, systems, and technology. BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in 24 countries around the world. For more information on BlackRock, please visit [www.blackrock.com](http://www.blackrock.com).

The information provided in the Investment Profile and this disclosure statement should not be considered a recommendation to purchase or sell a particular security. The fund is a collective investment fund and is privately offered. Prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your service representative.

Please note that the information provided in the Investment Profile and this disclosure statement may not meet all of the disclosure requirements for an ERISA "section 404(c) plan", as described in the Department of Labor regulations under section 404(c). In addition, the information disclosed in the Investment Profile and this disclosure statement may not meet the requirements of Department of Labor Rule 404a-5 of ERISA ("Rule 404a-5"). Plan Sponsors intending to comply with such regulations will need to provide Plan participants with additional information. For additional information related to the BlackRock product

featured in the Investment Profile that is responsive to the investment-related disclosure requirements of Rule 404a-5, please visit [www.blackrockinstitutional.com](http://www.blackrockinstitutional.com). The information provided herein does not constitute individual investment advice for a Plan participant or investor, is only informational in nature and should not be used by a Plan participant or investor as a primary basis for making an investment decision.

Please note that many collective investment funds maintained by BTC, including certain underlying funds in which such collective investment funds invest, engage in securities lending.

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## Schwab Personal Choice Retirement Account® (PCRA)

### Fact Sheet

#### What is Schwab PCRA?

Schwab Personal Choice Retirement Account® (PCRA) is a self-directed brokerage account (SDBA) designed to supplement the Savings Plan for Employees at ORNL core investments and give you access to thousands of additional investment choices.

#### Who should choose to invest through PCRA?

Schwab PCRA is for *knowledgeable* investors who understand the risks associated with many of the investment choices available through PCRA and who are committed to staying invested for the long term. PCRA is designed for individuals who seek more flexibility, increased diversification and a greater role in managing their retirement savings.

#### How does PCRA differ from a typical brokerage account?

One important difference is that your PCRA can only be used to invest in mutual funds offered at Schwab, based on the provisions of your plan. Additionally, PCRA is different because it is funded only through transfers from your retirement plan core investments. You can direct future contributions into this account and execute withdrawals. If you have any other accounts with Schwab, such as an Individual Retirement Account (IRA), you cannot transfer assets between such accounts and PCRA. All restrictions imposed on your retirement plan apply to the money transferred to PCRA.

#### What investments are available through PCRA?

Through PCRA, you may access more than 6,000 mutual funds from over 400 well-known fund families. Over 3,000 mutual funds are available with no loads and no transaction fees,<sup>1</sup> including over 1,100 load-waived funds typically available only to institutional clients.

Ineligible investments include: Individual stocks and bonds, currencies, short sales, private placements, commodities, precious metals, real estate, futures, margin accounts, collectibles and options.

**Note: Investors should carefully consider information contained in the prospectus, including investment objectives, risks, trading policies, charges and expenses. You can request a prospectus by calling Schwab's dedicated PCRA Call Center at 1-888-393-PCRA (7272). You may also request a prospectus online at [www.schwab.com/prospectus](http://www.schwab.com/prospectus). Please read the prospectus carefully before investing.**

#### How do I open my PCRA?

To open your PCRA, follow these steps:

1. Go to [www.401kaccess.com/ornl](http://www.401kaccess.com/ornl) and follow the link to open your PCRA account.
2. Follow the steps to complete the online PCRA application.
3. Once you click Submit, you will receive your account number instantly on the screen.
4. Click the Return button to return to [www.401kaccess.com/ornl](http://www.401kaccess.com/ornl). Your PCRA is now available as an investment option.
5. Click the Login button on Schwab.com, then click the link for "New User" to set up your PCRA for Web access.
6. Your PCRA is now ready to be funded, and you can begin researching investment opportunities.
7. You will receive a PCRA Welcome Kit in a few days.

<b>How do I transfer money into my PCRA?</b>	<p>Once your Schwab PCRA is established, you fund your PCRA by transferring money from your other retirement plan core investments in a three-step process:</p> <ol style="list-style-type: none"> <li>1. Determine which of your retirement plan core investments you want to transfer money from.</li> <li>2. Decide on the amount to transfer (a minimum transfer amount may apply for initial and subsequent transfers).</li> <li>3. Transfer assets online at <a href="http://www.401kaccess.com/ornl">www.401kaccess.com/ornl</a>, or contact a Participant Services Representative at 1-800-777-4015 to initiate a transfer.</li> </ol>
<b>How do I place trades and manage my PCRA balance?</b>	<ul style="list-style-type: none"> <li>• Log in to Schwab.com to manage your PCRA and place trade orders.</li> <li>• Call 1-888-393-PCRA (7272) to access Schwab's dedicated PCRA Call Center, TeleBroker® touch-tone service, or Schwab by Phone™ voice recognition service. PCRA Registered Representatives are available Monday through Friday, 9:00 a.m. to 7:30 p.m. Eastern time.</li> </ul>
<b>What does it cost?</b>	<ul style="list-style-type: none"> <li>• Transaction fees and commissions are outlined in the <i>Charles Schwab Pricing Guide for Retirement Plan Accounts</i> provided in your PCRA Welcome Kit.</li> <li>• Please note that there is no charge from Schwab to open a PCRA. However, you may be charged account fees by your Retirement Plan Service Provider.</li> </ul>
<b>What information is available to help me learn about and select investments?</b>	<ul style="list-style-type: none"> <li>• Powerful proprietary research tools on Schwab.com, such as Schwab <i>Mutual Fund OneSource Select List</i>®,<sup>1</sup> as well as mutual fund commentary and insight.</li> <li>• Access to mutual fund screener tools to help you choose your investments.</li> <li>• Knowledgeable PCRA Call Center representatives who can help with investing information.</li> <li>• Online or in-person investing workshops led by Schwab investment professionals covering timely topics.</li> <li>• Find information about PCRA at <a href="http://www.schwab.com/pcra">www.schwab.com/pcra</a>.</li> <li>• Once logged in to your PCRA on Schwab.com, view the PCRA Educational Webcast, as well as other helpful information contained in the PCRA Resources section.</li> <li>• Over 300 Schwab branch offices nationwide to help with your other investing needs.</li> </ul>
<b>How do I invest the money in my PCRA?</b>	<p>Money transferred from your core retirement investments into your PCRA will be automatically allocated to the sweep money market fund in your PCRA within approximately two business days. Use these assets to purchase other investments in your PCRA.</p> <p><b>Note: An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.</b></p>
<b>Can I make direct payroll contributions to my PCRA?</b>	<p>Your retirement plan allows you to direct future contributions directly into your PCRA. Direct deferrals will be transferred directly into the sweep money market fund in your PCRA, where your assets will remain until you purchase other investments.</p>

**How do I transfer money from my PCRA back to the other core investments in my retirement plan?**

Visit Schwab.com or call the PCRA Call Center to liquidate securities, if required, to make cash available for transfer. As soon as settled cash is available in the sweep money market fund in your PCRA, you may transfer the assets back to your retirement plan core investments.

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**Who provides my PCRA statements?**

Schwab will send you a PCRA statement each month. You can access your PCRA statement, see your balance and view all transactions you have made in two years by logging in to your PCRA on Schwab.com. You can enroll in Schwab's Paperless Service and electronically receive your trade confirms and other regulatory materials via email.

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**Is there a minimum transfer required?**

Your retirement plan does not require a minimum amount for initial and subsequent transfers into your PCRA.

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<sup>1</sup>Charles Schwab & Co., Inc. (Member SIPC) receives remuneration from fund companies for recordkeeping and shareholder services, and other administrative services for shares purchased through Schwab's Mutual Fund OneSource® program. Schwab may also receive remuneration from transaction fee fund companies for certain administrative services. Data as of August 31, 2010.

Trades in no-load mutual funds available through OneSource (including Schwab Funds®), as well as certain other funds, are available without transaction fees when placed through Schwab.com or our automated phone channels. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Funds are also subject to management fees and expenses.

Schwab's short-term redemption fee will be charged on redemption of funds (except certain Schwab Funds) bought through Schwab's Mutual Fund OneSource program (and certain other funds) with no transaction fee and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds, which may charge a separate redemption fee, and funds that accommodate short-term trading.

Schwab Personal Choice Retirement Account® (PCRA) is offered through Charles Schwab & Co., Inc., a registered broker-dealer which also provides other brokerage and custody services to its customers.

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Savings Plan for Employees at ORNL  
**Important Investment Change**

