WSRC/BSRI SIP Change Effective Oct. 1

In late July and early August, you received sitewide communications concerning short-term trading activities in mutual funds. Short-term trading is moving money in and out of an investment fund within a short period of time in an apparent effort to conduct trading referred to as "market timing." The Securities & Exchange Commission (SEC) has proposed implementing a 2% redemption fee on all money traded within five days and, if approved, would apply to almost all mutual funds that are offered in plans such as the SIP. Short-term trading or market timing is not consistent with the SIP, which is intended to be a long-term investment vehicle.

Short-term trading transactions in the SIP have been monitored on an ongoing basis and the practice continues. WSRC was recently notified by one of the SIP fund companies that it is considering rejecting SIP trades unless action is taken by WSRC to curb the short-term trading. Other mutual fund companies are also considering actions to control short-term trading.

It is the fiduciary responsibility of the WSRC/BSRI Benefits Committee to ensure that the SIP is administered in the best interests of all participants. To that end, the Benefits Committee has amended the SIP. Effective Oct. 1, 2004, reallocations will be restricted to no more than one every five business days and two per month. This statement replaces the two statements on page 16 of the SIP Summary Plan Description (SPD) issued in October 2000, which state that you may reallocate your existing balances daily. Please put a copy of this communication in your SIP SPD for future reference.

The WSRC/BSRI Benefits Committee also may decline to accept investment instructions (reallocations) from an individual SIP participant if it becomes necessary to do so at any time. A participant will be notified if this should occur.

This change does not affect the ability to change the mix of your future contributions to the SIP. It only affects reallocation of existing balances.