



EMPLOYEE RETIREMENT & ASSET ACCUMULATION PROGRAM

Investment Funds

This insert outlines the Blended Investment Options as well as the Individual Investment Options available under the Employee Retirement & Asset Accumulation Program. These descriptions are only a brief overview of the investment options. For more detailed information, you may request a fund prospectus, if available, from USI Consulting Group (865-523-8353).

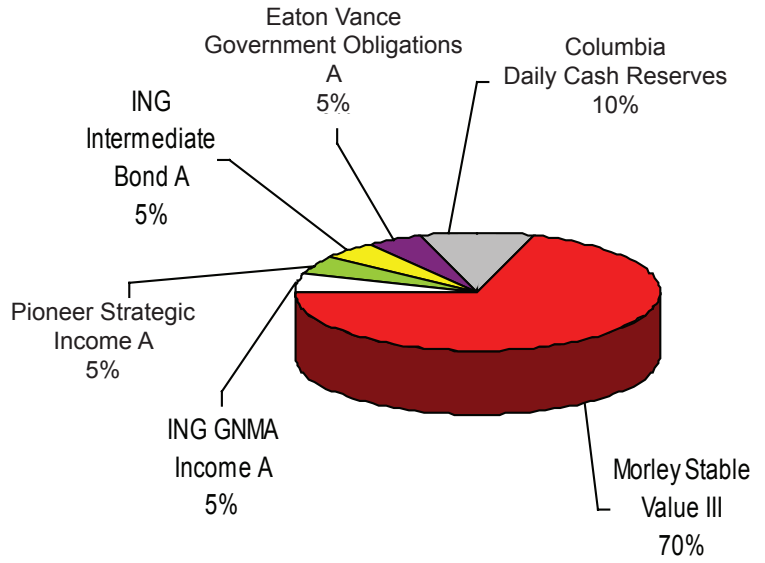
The Knox County Retirement Board reserves the right to add, remove or change designated funds and asset allocations from time to time without prior notice to participants.

December 2008

Blended Investment Options

Ultra Conservative Investment Style

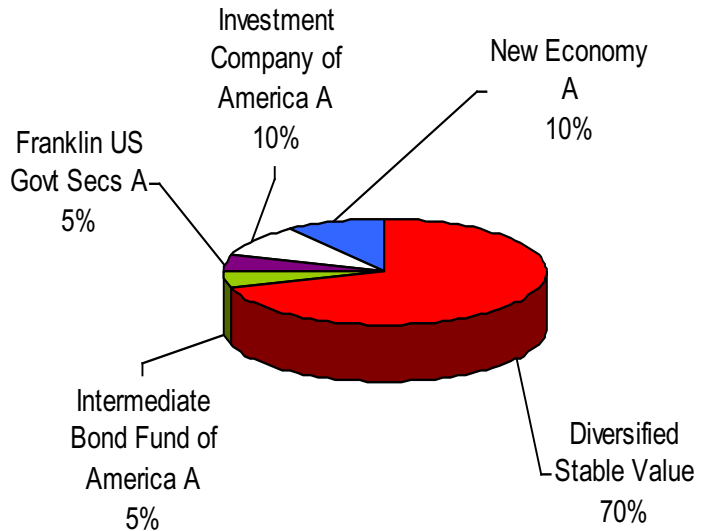
The ultra conservative investment style portfolio is comprised of several underlying mutual funds with a primary focus on preservation of principal. This portfolio is designed for investors seeking stable current income. The targeted asset allocation in this portfolio will be 100% in fixed income instruments.



| | |
|---|-----|
| ING GNMA Income A | 5% |
| Eaton Vance Government Obligations A .. | 5% |
| Pioneer Strategic Income A | 5% |
| ING Intermediate Bond A..... | 5% |
| Columbia Daily Cash Reserves..... | 10% |
| Morley Stable Value III..... | 70% |

Conservative Investment Style

The conservative investment style portfolio is comprised of several underlying mutual funds with a primary focus on preservation of principal. This portfolio is designed for investors seeking stable current income. The targeted asset allocation in this portfolio will be 80% in fixed income instruments with 20% exposure to the equity markets. The equity exposure will be in companies that maintain a record of stable dividends, but will provide an opportunity for modest capital appreciation.

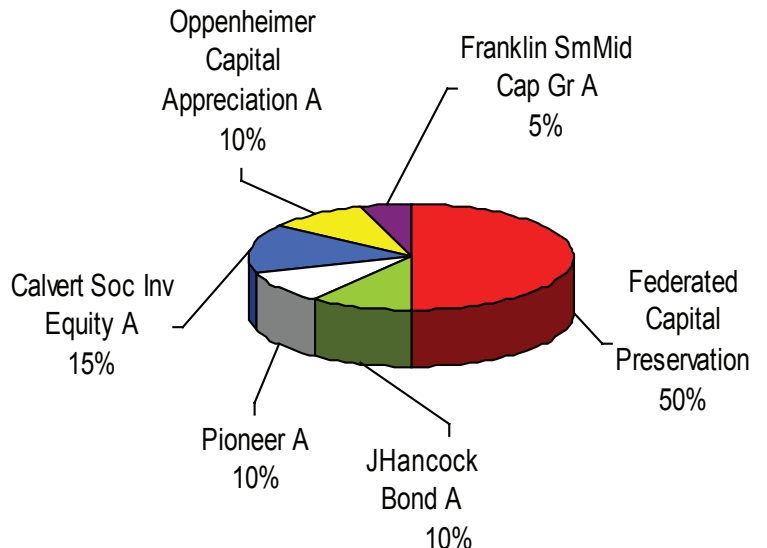


| | |
|---|-----|
| Diversified Stable Value | 70% |
| Intermediate Bond Fund of America A*..... | 5% |
| Franklin US Govt Secs A | 5% |
| Investment Company of America A* | 10% |
| New Economy A* | 10% |

*Investment options through American Funds

Moderate Investment Style

The moderate investment style portfolio is comprised of several underlying funds with a primary focus on current income with some opportunity for capital appreciation. The targeted asset allocation in this portfolio will be 60% in fixed income instruments with 40% exposure to the equity markets. The fixed income exposure will be in stable value funds, corporate and government bonds with a moderate degree of income. The equity exposure will be in domestic and foreign companies with consistent earnings potential.



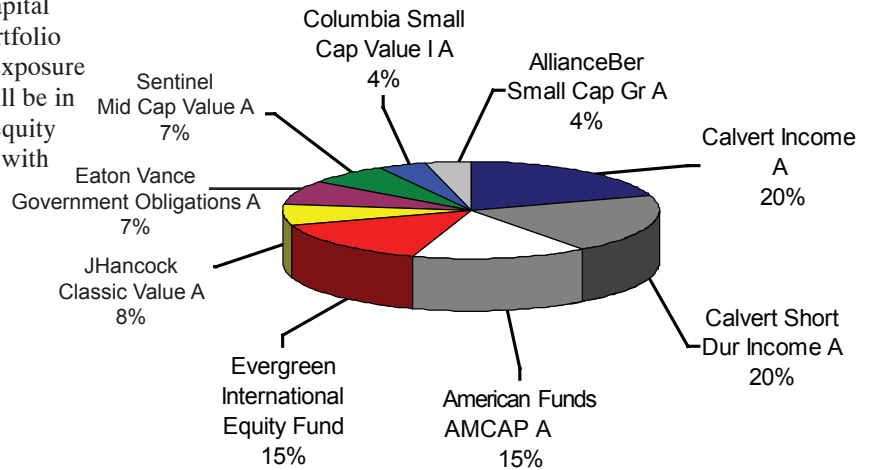
| | |
|--|-----|
| Federated Capital Preservation | 50% |
| JHancock Bond A | 10% |
| Pioneer A | 10% |
| Calvert Social Inv Equity A..... | 15% |
| Oppenheimer Capital Appreciation A | 10% |
| Franklin Small Mid Cap Growth A | 5% |

Blended Investment Options (cont.)

Balanced Investment Style

The balanced investment style portfolio is comprised of several underlying mutual funds with a primary focus on balancing current income with the opportunity for capital appreciation. The targeted asset allocation in this portfolio will be 40% in fixed income instruments with 60% exposure to the equity markets. The fixed income exposure will be in corporate bonds with a high degree of income. The equity exposure will be in domestic and foreign companies with consistent earnings growth.

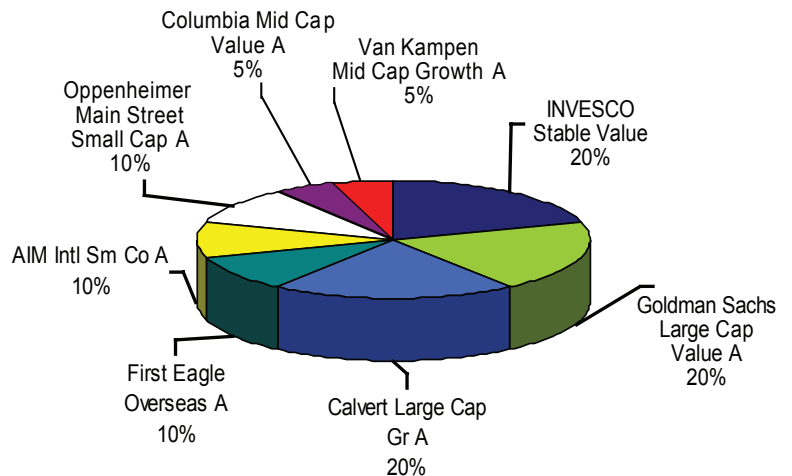
| | |
|--|-----|
| Calvert Income A | 20% |
| Calvert Short Dur Income A | 20% |
| American Funds AMCAP A | 15% |
| Evergreen International Equity Fund | 15% |
| JHancock Classic Value A | 8% |
| Eaton Vance Government Obligations A | 7% |
| Sentinel Mid-Cap Value Fund | 7% |
| Columbia Small Cap Value 1 A | 4% |
| AllianceBer Small Cap Gr A | 4% |



Aggressive Investment Style

The aggressive investment style portfolio is comprised of several underlying mutual funds with a focus on capital appreciation. The targeted asset allocation in this portfolio will be 20% in fixed income instruments with 80% exposure to the equity markets. The fixed income exposure will be in stable value funds. The equity exposure will be in domestic, foreign and emerging markets. These companies will tend to exhibit high degrees of expected earnings growth, but will likely have a high variability of returns.

| | |
|---|-----|
| INVESCO Stable Value | 20% |
| Goldman Sachs Large Cap Value A | 20% |
| Calvert Large Cap Gr A | 20% |
| First Eagle Overseas A | 10% |
| *AIM Intl Sm Co A | 10% |
| Oppenheimer Main Street Small Cap A ... | 10% |
| Columbia Mid Cap Value A | 5% |
| Van Kampen Mid Cap Growth A | 5% |



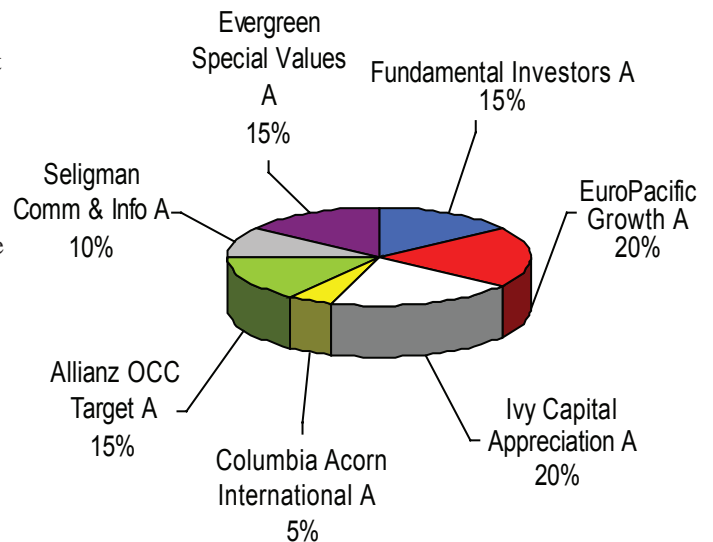
* The AIM International Small Company A Fund is closed to new accounts and the Board is not permitted to offer this fund among its *Knox County Voluntary 457 Plan* lineup. The Aggressive Portfolio for the *Knox County Voluntary 457 Plan* uses the AIM Developing Markets A Fund in its place.

Ultra Aggressive Investment Style

The ultra aggressive investment style portfolio is comprised of several underlying equity mutual funds with aggressive investment styles. The targeted asset allocation in this portfolio will be 100% exposure to the equity markets. The primary focus of this portfolio will be on growth of capital. The underlying mutual funds will tend to invest in companies with little or no dividend payments, and therefore will produce little current income. The equity exposure will be in domestic, foreign and emerging markets. These companies will tend to exhibit high degrees of expected earnings growth, but will likely have a high variability of returns.

| | |
|--------------------------------------|-----|
| Fundamental Investors A* | 15% |
| EuroPacific Growth A* | 20% |
| Ivy Capital Appreciation A | 20% |
| Columbia Acorn International A | 5% |
| Allianz OCC Target A | 15% |
| Seligman Comm & Info A | 10% |
| Evergreen Special Values A | 15% |

*Investment options through American Funds



Individual Investment Options

Morley Stable Value II

Stable Value

The Morley Stable Value II — Pooled Stable Value Fund seeks to provide a consistent rate of return while preserving capital and minimizing risk. The fund is composed of high-quality investments that carry less risk than stocks. Investments include contracts issued by insurance companies and other financial institutions. The fund is diversified among high-quality stable value assets to minimize the impact of any one investment performing poorly.

| Fixed-Income Style | | | |
|--------------------|-----|------|--------|
| Short | Int | Long | |
| | | | High |
| | | | Medium |
| | | | Low |

Sentinel Short Maturity Government A

Short Government

The Sentinel Short Maturity Government Fund seeks current income consistent with low volatility. The fund normally invests at least 65% of assets in U.S. government securities with average maturities from two to five years. The fund is appropriate for investors whose goals include greater stability of principal than can be expected from investing in common stocks or longer-term bonds.

| Fixed-Income Style | | | |
|--------------------|-----|------|--------|
| Short | Int | Long | |
| | | | High |
| | | | Medium |
| | | | Low |

MFS Research Bond A

Intermediate-Term Bond

The MFS Research Bond Fund seeks as high a level of current income as is consistent with the preservation of capital by investing in domestic and foreign bonds. The fund is appropriate for investors whose goals include greater stability of principal or higher current income than can be expected from investing only in common stocks. Historically, the price of bonds has fluctuated less than the price of common stocks.

| Equity Style | | | |
|--------------|-------|--------|-------|
| Value | Blend | Growth | |
| | | | Large |
| | | | Mid |
| | | | Small |

Pioneer Cullen Value A

Large Value

The Pioneer Cullen Value Fund employs a disciplined value investing strategy. Fundamental to the philosophy is the belief that buying stocks at low prices relative to their earnings potential produces attractive returns over time.

| Equity Style | | | |
|--------------|-------|--------|-------|
| Value | Blend | Growth | |
| | | | Large |
| | | | Mid |
| | | | Small |

Vanguard 500 Index

Large Blend

Vanguard 500 Index Fund seeks investment results that correspond with the price and yield performance of the S&P 500 Index. The fund employs a passive management strategy designed to track the performance of the S&P 500 Index, which is dominated by the stocks of large U.S. companies. It attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index.

| Equity Style | | | |
|--------------|-------|--------|-------|
| Value | Blend | Growth | |
| | | | Large |
| | | | Mid |
| | | | Small |

Sentinel Common Stock A

Large Blend

Sentinel Common Stock A seeks a combination of growth of capital, current income, growth of income and relatively low risk as compared with the stock market as a whole. The fund normally invests at least 80% of assets in common stocks. It invests in a diverse group of common stocks of well-established companies, most of which pay regular dividends. When appropriate, the fund may invest in preferred stocks or debentures convertible into common stocks. It may invest up to 25% of assets in securities within a single industry.

Individual Investment Options *(cont.)*

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
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| | | |

AllianceBernstein International Growth A

Foreign Large Blend

The AllianceBernstein International Growth Fund seeks long-term capital appreciation. The Fund invests primarily in equity securities located outside the United States. The Fund's focus is on companies that are undergoing privatization or that were formerly state-owned firms.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
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| | | |

American Funds New Perspective A

World Stock

The New Perspective Fund seeks long-term capital growth by investing in common stocks of foreign and domestic companies. The Fund is appropriate for investors who have a long-term investment horizon. There are special risks associated with an investment in this Fund, including fluctuations in exchange rates and political uncertainty. Stocks require a long investment period because their higher historical returns relative to other types of investments have been accompanied by greater price fluctuations.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
| | | |

Dodge & Cox International Stock

Foreign Large Value

The investment seeks long-term growth of principal and income. The fund will generally invest at least 80% of its assets in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different countries, including emerging markets. It focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
| | | |

Franklin Flex Cap Growth A

Large Growth

The Franklin Flex Cap Growth Fund seeks capital appreciation by investing primarily in small- and mid-size companies that maintain their headquarters or conduct a majority of their operations in California. The Fund is appropriate for investors with a long-term investment horizon. Fund returns may be more volatile than returns for other stock funds because of the narrow investment parameters. Stocks require a long investment period because their higher historical returns relative to other types of investments have been accompanied by greater price fluctuations. NOTE: this Fund's name was formerly Franklin California Growth Fund.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
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| | | |

Franklin Balance Sheet Investment A

Mid-Cap Value

The Franklin Balance Sheet Investment Fund seeks both capital appreciation and income by investing in common stock, preferred stock, bonds, and commercial paper. The Fund also may invest up to 20% of its assets in options, and will seek income when consistent with the objective of capital appreciation. The Fund is appropriate for investors with a long-term investment horizon. Stocks require a long investment period because their higher historical returns relative to other types of investments have been accompanied by greater price fluctuations.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
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| | | |

Columbia Acorn A

Mid-Cap Growth

Columbia Acorn A seeks to provide long-term growth of capital. The fund invests primarily in the stocks of small- and medium-sized companies. It generally invests in the stocks of companies with market capitalizations of less than \$5 billion at the time of purchase. The fund invests the majority of assets in U.S. companies, but also may invest up to 33% of total assets in foreign companies in developed markets.

Individual Investment Options (cont.)

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
| | | |

Sentinel Small Company A

Small Growth

The Sentinel Small Company Fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of common stocks and convertible securities issued by small and mid-size companies. It may also invest in larger, established companies. The Fund is appropriate for investors with a long-term investment horizon who are willing to accept greater short-term changes in value for the potential of a higher long-term return.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
| | | |

Templeton Developing Markets A

Diversified Emerging Markets

The Templeton Developing Markets Fund seeks long-term capital appreciation. The Fund normally invests in at least 65% of assets in equity securities of developing-market issuers; maintaining investments in at least three developing markets. The Fund is appropriate for investors with a long-term investment horizon who are willing to accept greater short-term changes in value for the potential of a higher long-term return.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
| | | |

American Funds Growth Fund of America A

Large Growth

The American Funds Growth Fund of America Fund seeks capital growth. The Fund invests primarily in common stocks. Management selects securities that it believes are reasonably priced and represent solid long-term investment opportunities. The Fund may invest up to 15% of assets in securities of issuers domiciled outside of the U.S. and Canada, and not included in the S&P 500 index. It may also invest up to 10% of assets in debt securities rated below investment-grade.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
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AIM Real Estate A

Specialty Real Estate

AIM Real Estate Fund seeks high total return. The fund normally invests at least 80% of its assets in securities of real estate and real estate-related companies. The fund considers a company to be a real estate-related company if at least 50% of assets, gross income or net profits are attributable to ownership, construction, management or sale of residential, commercial or industry real estate. The fund may invest up to 25% of its total assets in foreign securities.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
| | | |

Vanguard Mid-Cap Index

Mid-Cap Blend

Vanguard Mid Capitalization Index Fund seeks to parallel the performance of the MSCI US Mid Cap 450 Index. The fund invests substantially all assets in each stock found in the index, in approximately the same proportion as represented in the index. Management uses a passive approach when selecting securities and seeks to create a mix of securities that will match the performance of the index.

| Equity Style | | |
|--------------|-------|--------|
| Value | Blend | Growth |
| | | |
| | | |
| | | |

Vanguard Health Care

Specialty Health

Vanguard Health Care Fund seeks long-term growth of capital. The fund normally invests at least 80% of assets in equities of companies engaged in the development, production, or distribution of products and services related to the treatment or prevention of diseases and other medical infirmities. This includes pharmaceutical firms, medical-supply firms, and companies that operate hospitals and other health-care facilities. It may also invest up to 50% of assets in foreign securities.

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