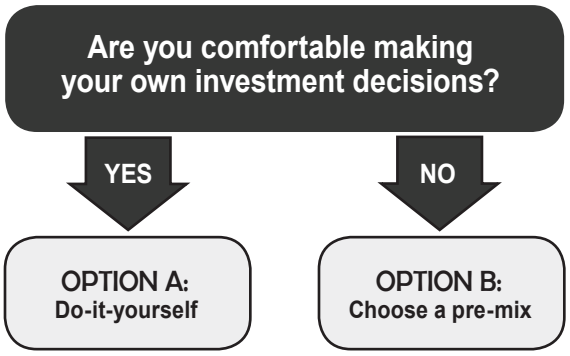
Investment Fund Information

Performance results are contained on the **Investment Fund Overview** updated quarterly at **hraveba.org**.

Which option is right for you?



Option A: Do-it-yourself	Build your own portfolio using funds from among seven individual asset classes.
Option B: Choose a pre-mix	Select one of four professionally designed pre-mixed asset allocation portfolios each with a risk level that gives strong consideration to your projected time horizon (i.e. the length of time until you expect to begin filing claims).

Important Investment Guidelines

What is your asset allocation strategy?

Before making your investment decision, you should define your asset allocation strategy. A proper asset allocation strategy (i.e. choosing the right blend of asset classes for your financial situation) can help reduce risk and increase potential return over time.

What kind of investor are you?

Determining what kind of investor you are will help you define your asset allocation strategy. In other words, are you most interested in *growing* your account or *preserving* your account? If you are most interested in growing your account, you must be willing to tolerate more risk and accept potentially large fluctuations in value. Preserving your account generally involves less risk and should result in smaller fluctuation in value.

What is your time horizon?

Your time horizon is the number of years you have to invest, or the length of time until you anticipate filing claims. Investors with longer time horizons are often willing to tolerate more risk; investors with shorter time horizons tolerate less risk.

Time is very important when determining your asset allocation strategy. Investments may increase in value over time assisted by the power of compounding, and time can help smooth the ups and downs of the financial market. Your asset allocation strategy should depend heavily on how much time you have until you will begin filing claims.

Risk vs. potential reward

Risk is generally thought of as the possibility of losing money on investments. If your investment's value fluctuates significantly down and up, and you make a withdrawal for a qualified medical expense during a down market investment period, you may experience loss. You also need to consider inflation risk, the change that your investments will not earn enough to keep pace with the rising cost of living, in this case, increasing health care costs. Consider the following general principals of risk:

- Reducing one type of risk generally requires you take on more of another
- The higher the risk, the higher the potential for reward; the lower the risk, the lower the potential for reward
- The shorter the time frame you have for investing, the more you should reduce investment risk

Asset class

Asset classes come in three general types: stocks, bonds, and short-term investments (stable value). Your overall investment strategy will help you determine what percentage you should allocate to each asset class.

Diversification

You know the old saying, "Don't put all your eggs in one basket"? With investing, this is called diversification. It's the process of spreading your money among different asset classes. In addition, mutual funds are diversified and if you invest your money in a stock mutual fund, you will hold stock in many different companies. Even if a few companies perform poorly, their losses may be offset by stocks that perform well.

Asset allocation

Choosing the right combination of investments for your portfolio is called asset allocation. This is an important step that can help you reach your retirement goals. When you allocate your assets, you spread your savings out among stable value, bond, and stock investments, but not in random amounts. Aggressive investors with long-term goals may prefer portfolios with more stocks, while more conservative investors are likely to use more stable value and bonds. As you build your investment portfolio, consider your personal situation. Your asset allocation decisions should be based on:

- When you will begin to file claims
- The amount of time you have to reach your goal
- Your own tolerance for risk
- Your other savings and investments

Importance of rebalancing

Over time, some of your investment fund selections may grow more quickly than others, some may even lose value, causing your portfolio to become out of alignment with your original allocation percentages.

Rebalancing periodically redistributes your entire account balance according to your most recent allocation percentages on file with the third-party administrator. This process aids in maintaining the level of risk you are willing to take and helps you achieve the goals and objectives of your asset allocation strategy.

Rebalancing at the end of each calendar year is optional under **Option A: Do-it-yourself**. The pre-mixed asset allocation portfolios offered under **Option B: Choose a pre-mix** are automatically rebalanced quarterly.

No guarantees

Keep in mind that the use of asset allocation or diversification as part of an investment strategy does not guarantee a profit or guarantee against a loss.

Funds are not FDIC insured, are not guaranteed by a bank, and may lose value. Even the most conservative investment fund option may lose value.

More information

Go to **hraveba.org** for more information, including historical fund performance. Fund fact sheets and prospectuses can be found at each fund's respective Web site listed below.

Option A: Do-It-Yourself

Listed below are the available asset classes and funds you can use to build your own portfolio. Performance results are contained on the **Investment Fund Overview** updated quarterly at **hraveba.org**.

LOWEST POTENTIAL RISK → HIGHEST POTENTIAL RISK

Stable Value	**Dwight Separate Account** | www.dwight.com *Seeks to provide preservation of capital with competitive interest earnings* NOTE: Dwight Separate Account is the most conservative investment fund choice.
Total Return Bond	**PIMCO total Return Institutional** | www.pimcofunds.com *Seeks maximum total return, consistent with preservation of capital and prudent investment management*
Balanced	**Vanguard Balanced Index Institutional** | www.vanguard.com *With 60% of its assets, seeks to track the performance of a benchmark index that measures the return of the overall U.S. stock market. With 40% of its assets, seeks to track the performance of a broad, market-weighted bond index.*
Large Cap Equity	**Vanguard Institutional Index (S&P 500)** | www.vanguard.com *Seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks*
Mid Cap Equity	**Touchstone Mid Cap** | www.touchstoneinvestments.com *Seeks long-term capital growth by investing in common stocks of medium-capitalization companies*
Small Cap Equity	**Champlain Small Company Fund** | www.cipvt.com *Seeks capital appreciation by investing in small-capitalization U.S. common stocks*
International Equity	**Artio International Equity II** | www.artioglobal.com *Seeks long-term growth of capital by investing in a wide variety of international equity securities issued throughout the world, normally excluding the U.S.*

Not FDIC insured. No bank guarantee. May lose value.

Option B: Choose a Pre-mix

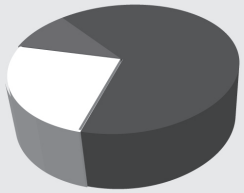
If you want your asset allocation designed by professionals, VEBA Trust offers a series of pre-mixed portfolios to accommodate a variety of asset allocation strategies from conservative to aggressive. These portfolios are routinely monitored by investment experts using sophisticated financial analysis software and modern portfolio theory.

Many investment advisors recommend the use of pre-mixed portfolios. Pre-mixed portfolios are well diversified and designed to meet specific goals and objectives. The pre-mixed asset allocation portfolios are automatically rebalanced quarterly. Performance results can be found on the quarterly Investment Fund Overview at **hraveba.org**.

Which pre-mixed asset allocation portfolio is best for you?
The risk level of each pre-mixed portfolio is designed with strong consideration given to the portfolio's projected time horizon (i.e. the length of time until you expect to begin filing claims). The time horizon is simply a guide; you can always file claims no matter which pre-mix you choose.

Conservative

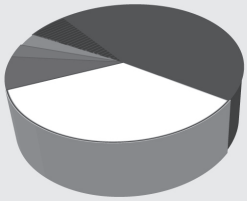
Immediate Use
0-1 years
You expect to begin filing claims within the next year and want to avoid potential significant fluctuations in value.



- 65% Dwight Separate Account
- 25% PIMCO Total Return Bond
- 10% Vanguard Institutional Index (S&P 500)

Moderately Conservative

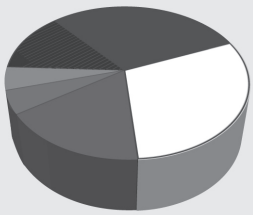
Short-term Use
2-3 years
You expect to begin filing claims within two to three years and can accept potential moderate fluctuations in value.



- 45% Dwight Separate Account
- 35% PIMCO Total Return Bond
- 8% Vanguard Institutional Index (S&P 500)
- 3% Touchstone Mid Cap
- 3% Champlain Small Company
- 6% Artio Int'l Equity II

Moderately Aggressive

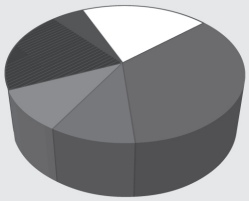
Medium-term Use
4-5 years
You expect to begin filing claims within four to five years and can accept potential moderate to large fluctuations in value.



- 30% Dwight Separate Account
- 30% PIMCO Total Return Bond
- 17% Vanguard Institutional Index (S&P 500)
- 5% Touchstone Mid Cap
- 5% Champlain Small Company
- 13% Artio Int'l Equity II

Aggressive

Long-term Use
6+ years
You expect to begin filing claims within six or more years and can accept potential large fluctuations in value.



- 5% Dwight Separate Account
- 20% PIMCO Total Return Bond
- 35% Vanguard Institutional Index (S&P 500)
- 10% Touchstone Mid Cap
- 10% Champlain Small Company
- 20% Artio Int'l Equity II

LOWEST POTENTIAL RISK

HIGHEST POTENTIAL RISK

Not FDIC insured. No bank guarantee. May lose value.

Other Important Information

Contributions
Contributions received are allocated per your current investment fund allocation election on file with the TPA. If no investment fund allocation election is on file, funds will be allocated to the Stable Value fund.

Transfers
You may transfer among the investment funds up to once each calendar month. You can make fund transfer requests online or by submitting a completed and signed Account Change Form to the TPA. Transfer requests are generally effective within two to three business days.

Withdrawals
If your account is allocated among multiple investment funds, withdrawals from your account will be made proportionately based on your fund allocation election on file with the TPA unless you request otherwise.

Investment Risk
The Stable Value fund is invested among interest-bearing guaranteed investment contracts (GICs) and is the most conservative fund choice. The remaining funds are invested in securities that will fluctuate in value on a monthly basis, and withdrawals from these funds may be worth more or less than your original employer contribution. Prior to submitting your Participant Enrollment Form or Account Change Form to the TPA, please carefully review your selected investment fund choice(s).

Should your investment objectives change, you should reevaluate your fund selection(s) and make appropriate changes. Remember, any investment that contains stock market investments entails the risk of loss. We must stress that investment returns, particularly over shorter time horizons, are highly dependent on trends in various investment markets. Thus, investing in stocks and bonds is suitable primarily as a longer-term strategy and should not be used by participants who will begin filing claims immediately.

Using Multiple Investment Funds
You may use a single fund or multiple funds when creating your do-it-yourself portfolio. You may choose only one pre-mixed portfolio. You may not choose both a do-it-yourself portfolio and a pre-mixed portfolio.

Fund Management Expenses
Fund management expenses vary from fund to fund. Each investment fund's expense ratio can be found on the HRA VEBA Trust Investment Fund Overview updated quarterly at **hraveba.org**, or by visiting each fund's respective website.

Investment Advice
Please read this information carefully and consult with your personal financial advisor before making an investment decision. The trustees, plan consultant, and third-party administrator do not give investment advice.

Investment Terms

Bonds
A fixed income debt security. Bonds may be issued by corporations or governments (both federal and municipal), and pay a set amount of interest, on a predetermined schedule over a predetermined number of years, until maturity.

Diversification
The investment technique of spreading risk among securities and asset classes.

Modern Portfolio Theory
An investment strategy that seeks to build an optimal portfolio by considering the relationship between risk and return.

Mutual Fund
A collective investment program operated by an investment company which enables small investors to invest in a diversified portfolio of securities.

Principal
The amount of money you put into an investment. It does not include appreciation, dividends, or interest.

Prospectus
Formal written document used to describe securities for sale and are used by mutual funds to describe fund objectives, risks, and other essential information.

Securities
A general term for publicly traded stocks and bonds.

Separate Account
A custom investment portfolio designed and operated solely for a particular plan sponsor, in this case, the HRA VEBA Trust.

Stocks
An investment that signifies an ownership position (called equity) in a corporation and represents a claim on its proportional share in the corporation's assets and profits.

Time Horizon
The length of time an investor will own a particular investment can be viewed as the length of time from the date of investment until the investment is sold or withdrawn.

Total Return
The amount of interest or dividends your investment earns plus any increase or decrease in principal.

Volatility
An investment's volatility refers to how much and how often its price changes. Common stocks, for which prices can change sharply, are usually more volatile than bonds.