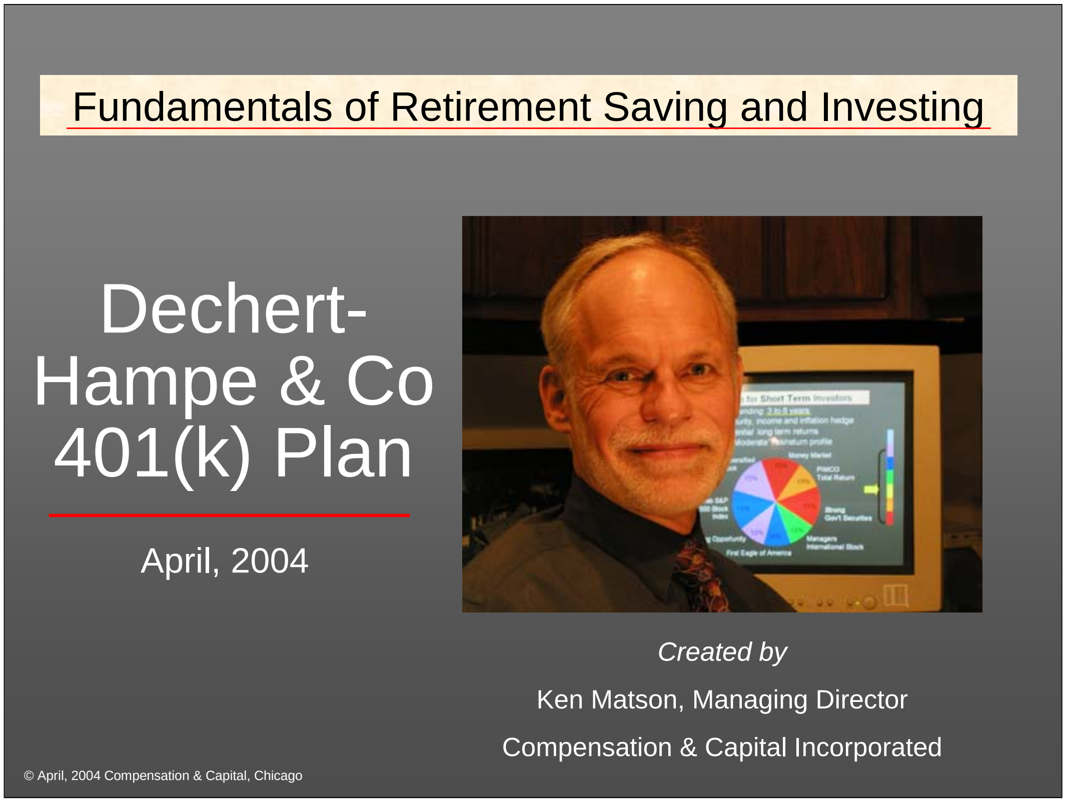


This presentation focuses on the 401(k) Plan at Dechert-Hampe and Moss-Warner. Our 401(k) is an integral part of our comprehensive retirement benefits package – it's also the ONLY part that's customizable by YOU to fit YOUR financial security needs.

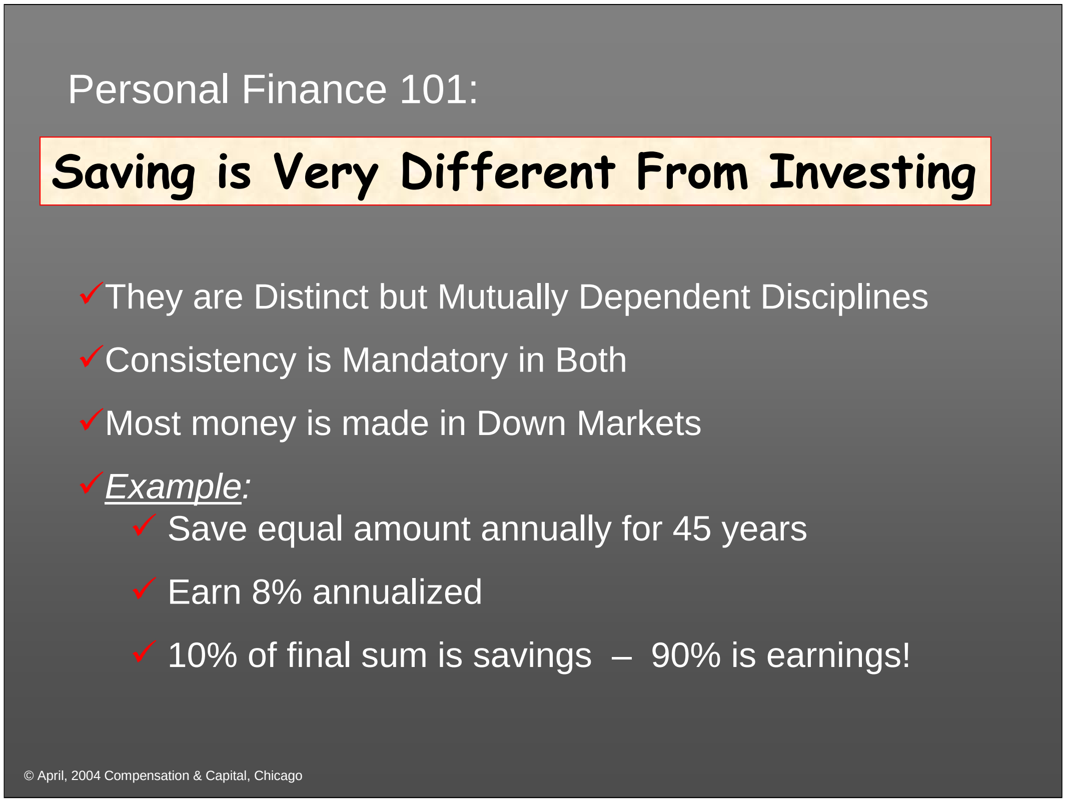
But before we get started with the *'what's and hows'* of our 401(k) plan, you need to know that our presentation was created by someone who has NO vested interest in what you do as a result of listening to it. That's important because that's a rarity in today's financial services industry. So here's tip #1:

Before you open your mind and your wallet to anyone regarding your financial life, be sure you know:

1) <u>Exactly</u> what they are selling.
2) Who will be paying them, and;
3) If that's you, how will you be charged.

Compensation & Capital is our 401(k) Plan's administrator. They are paid only by Dechert-Hampe and their fee is fixed; that is, it's not contingent upon any decision that you make, investment or otherwise.

You need objective counsel on how to make our 401(k) what YOU need it to be. This presentation is a step in that direction. It's objective information developed for a broad-based audience. It's NOT individual advice. But your attention to the concepts presented and your application of those tools to your own personal situation can make that step significant to your financial future.



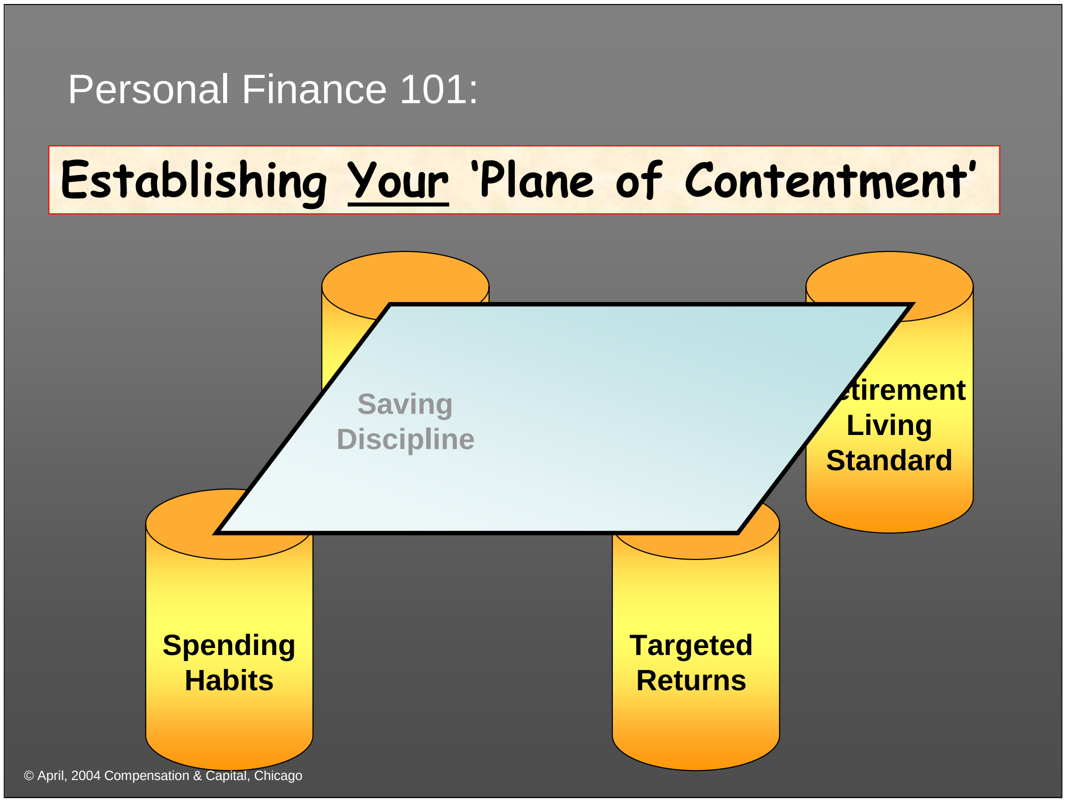
This axiom of retirement planning is far from rocket science. And yet many American workers say they refrain from saving for retirement because they are daunted by the vast sums to be saved and the complexity of investment principles to be employed.

But as with many complex issues, simplicity can result from breaking retirement planning into two separate subjects: saving and investing.

What transpires?

1. First, investing is pretty pointless unless you've saved. So, getting started with the saving part is far more important than what you will invest it in!
2. Long term success in this endeavor results from CONSISTENCY:
    - You must stick with your appropriate savings rate, and
    - You must stick with your appropriate investment strategy...
    - NO MATTER WHAT.
3. In fact, savings during tough market periods result in the biggest gains!
4. And finally, over long time horizons, very little of the huge amounts that you will need will ultimately come from your wallet.

So let's hit the saving part first.



A successful financial life is absolutely NOT correlated to how much money you make. In fact, you will see later in the presentation that people who make a lot of money often have a tougher time securing their lifestyle in retirement.

Many workers think of their adult financial life in two very distinct pieces: working and retired. But a successful financial life is actually attained when the only thing that changes is the SOURCE OF THE INCOME.

In other words, success results from maintaining your living standard consistently THROUGHOUT your adult life. That requires establishing and sticking with what we call your "Plane of Contentment" – a level playing field resulting from all the financial decisions you make every day of your life.

Keeping that "Plane" LEVEL can be accomplished most simply by:

1. Determining what percentage of your paycheck income needs to be saved CONSISTENTLY and THROUGHOUT YOUR CAREER,
2. Adjusting your spending habits (or income) to allow for that savings rate, and
3. Determining the appropriate strategy for investing your very long term savings for the retirement phase of your life!

Notice that we DON'T start at this savings rate equation from what you can afford.

Because if you can't afford to save NOW what it will take to maintain your current lifestyle throughout retirement, your lifestyle is going to take a tumble when you stop working. THEN, you will have NO CHOICE in the matter.

For instance, you will see later in the presentation that average U.S. households starting at age 25 need to set aside about 12% of their income every year that they work (40+years) in order to secure their living standard in retirement. EVERY YEAR.

And if that average household doesn't start saving for retirement until they are age 45, that required savings rate is around 27%.

And finally, if that age 45 household is not average income, but at the 33rd percentile (making more money now), the required savings rate is more like 36%!

And you thought money was tight NOW...

But stay with us because there are a reasonable set of ways to:

• limit the impact of these savings rates on your current lifestyle, and

• pare back the rates too

as long as you start right now.

First, don't forget our "Plan of Contentment" concept. Financial success is all about making choices – both now and later. And one person's financial success can seem like utter failure to someone else. It's all about personal values and the means by which we go after them.

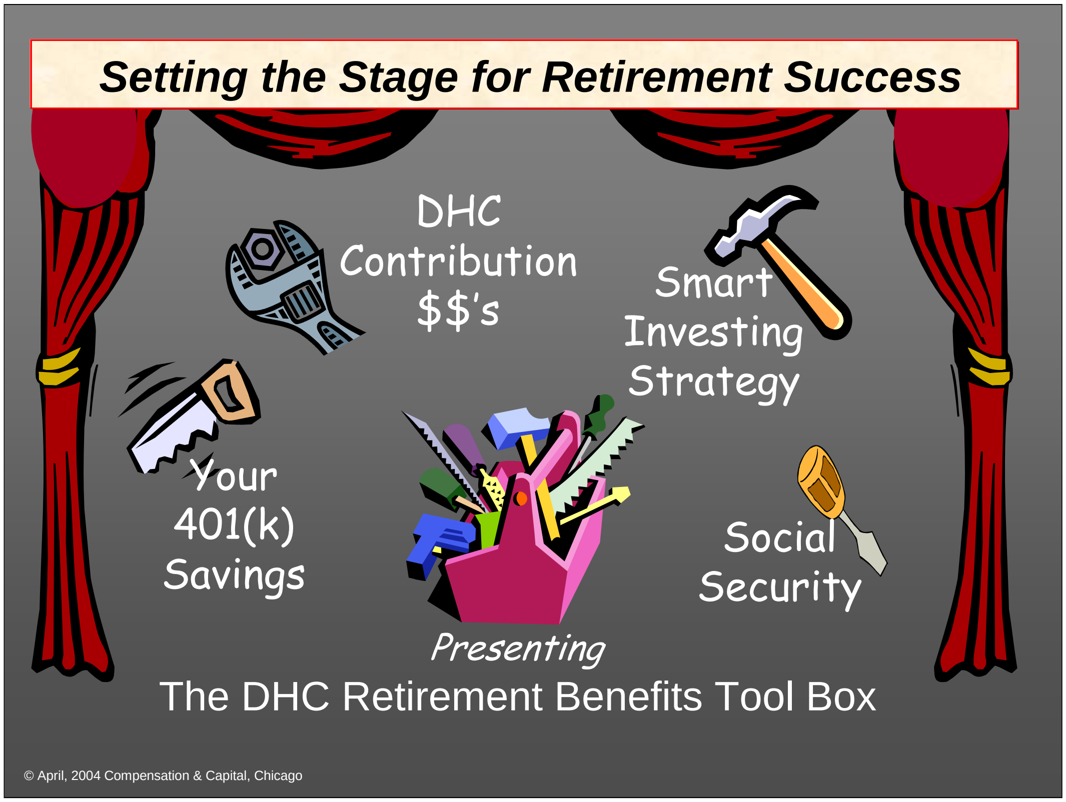
For instance, say our charts say you need to save around 15% a year to support your lifestyle for the rest of your life. One way to tackle this behemoth is to work into it gradually over the course of five years or so using 'baby steps' to get to your goal.

The sooner you adjust your lifestyle to include retirement saving, the easier the saving will be.

And working for Dechert-Hampe softens the blow too!

Because DHC/MW is one of a very prestigious minority of small-sized employers that not only offers a 401(k), but also helps its employees feed that saving monster by offering and contributing to a comprehensive array of retirement programs while you are employed here.

Given the unpredictability of life, its undoubtedly well-placed advice to take advantage of this opportunity while it and you are here!



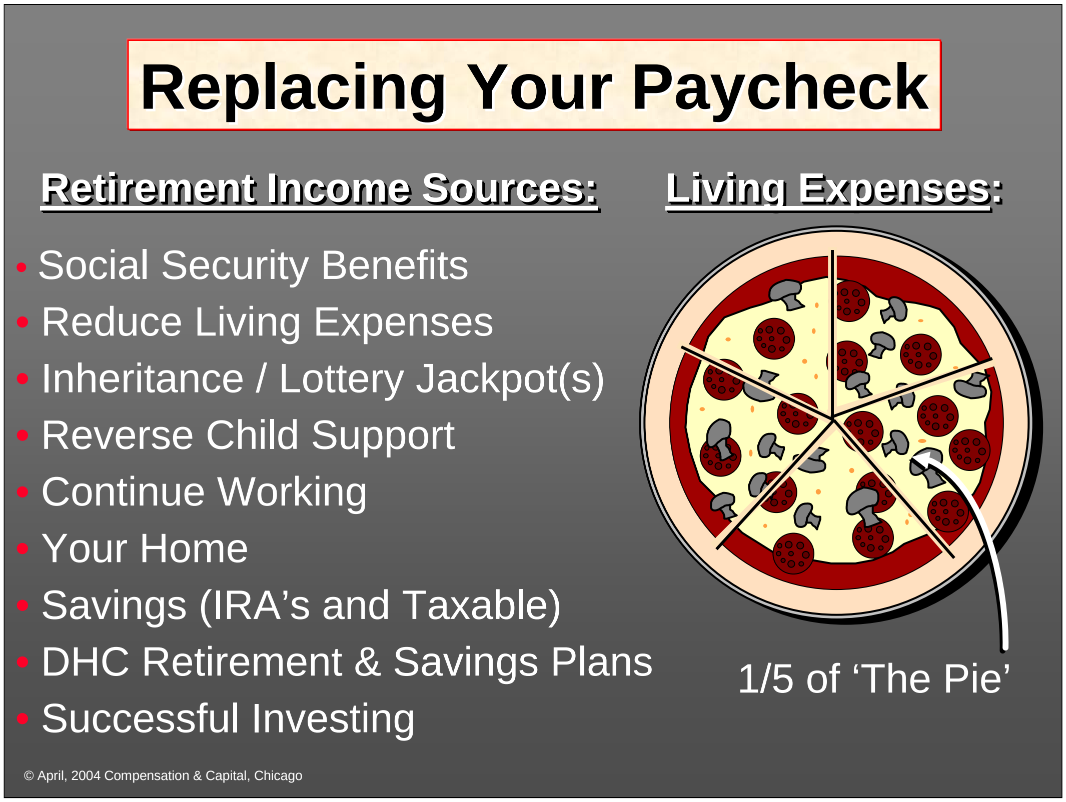
Dechert-Hampe's comprehensive retirement benefit program:

1. supports ½ of the contributions made on your behalf to Social Security (yes, ALL employers have to do this, but if you were self-employed you would have to deal with all 12.4% on your own!);
2. contributes 5% of your eligible pay to the DHC Pension Plan each year;
3. contributes a discretionary percentage of eligible pay to Profit Sharing when DHC's profits allow;
4. supports all administrative and legal expenses of the entire program;
5. provides objective, professional investment counsel for the Plans.

The employer portion of Social Security, 6.2% of pay up to social security limits is paid by DHC. All employees also pay this same rate into the Social Security system. Later in the presentation, we'll show you what sort of income replacement you are scheduled to receive from Social Security.

The program has EVERY TOOL you need to build financial independence for retirement EXCEPT THE WILL POWER to save.

As financial educators, we find that most people will adopt and stick with an appropriate savings program if they believe that it has a high probability of securing their families' financial future.



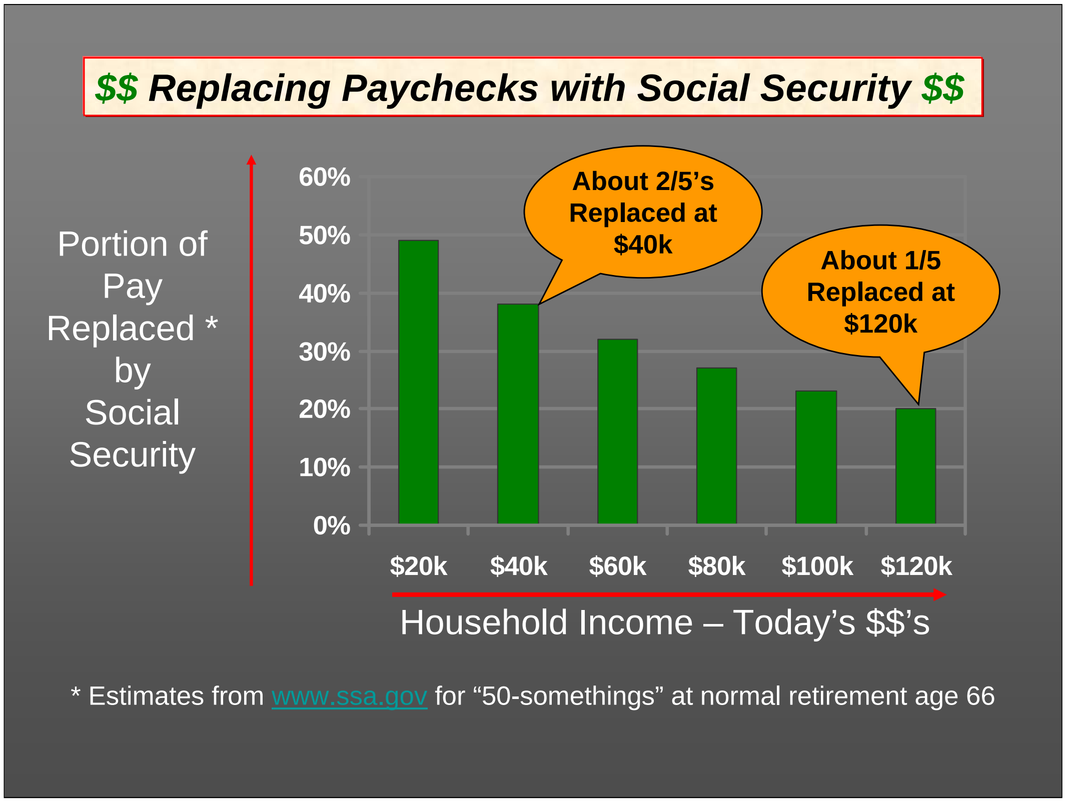
So the next four slides will allow all but those of you with more complex financial situations (rapidly increasing income, extended families, severe health issues, etc.) to get a realistic handle on what your savings rate needs to be. Here's how it works:

After retirement from your primary career, you will be faced with pretty much the same level of living expenses as you have now, just re-allocated to different things. That "pie" of living expenses is on the right, broken into workable portions of 20% or 1/5th each. We use 1/5 slices for no other reason than it makes the computations simpler. You can use your fingers to keep track of your progress!

Sample income sources in retirement are listed on the left. The trick is to quantify each income source given your personal situation into 1/5's of the pie and see what's left to replace when you get to the last two sources, saving and investing.

It's truly simple if you follow along.

One caveat: with simplicity comes high levels of estimation. The results you achieve from this exercise will provide an arguable guideline – not an exact plan. But since there is absolutely NO WAY to create an exact plan, the educated guess works a lot better than wishful thinking!



Social Security is the foundation for almost all of America's retired population. Whether it remains so into the future is undoubtedly arguable. But given its political tenacity and its importance to planning NOW, we have assumed its continuation at currently scheduled benefits. Any degradation of the Social Security system would need to replaced with individual savings. Just another reason to muster the will power to balance your entire financial life.

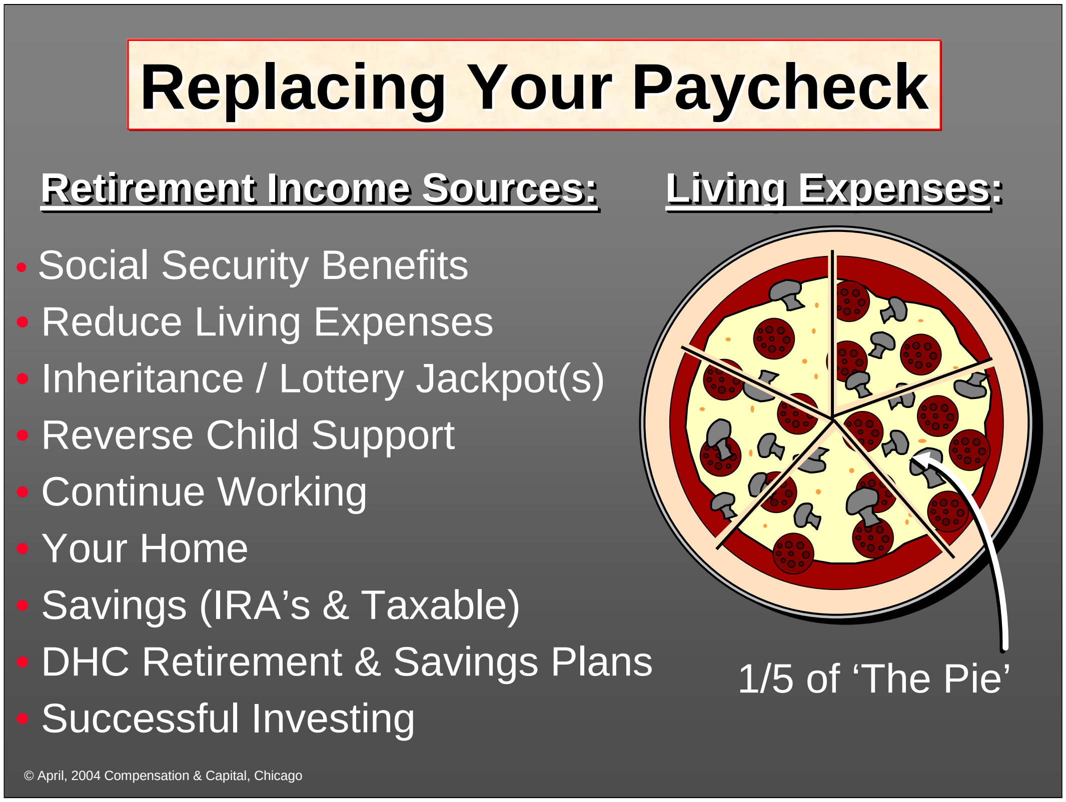
In general, people in the labor market now will be eligible for FULL benefits from Social Security at ages ranging from 66 to 71. The older you are now, the earlier you will qualify.

You can get benefits earlier than this range but if you elect to do so, your benefits are scaled back dramatically.

One big reason why it's so much harder for higher income families to maintain lifestyle into retirement is that Social Security benefits replace income on a regressive rate basis for higher household incomes.

To get an idea of how many 1/5's of your expenses would be covered by FULL Social Security benefits, just find your current household gross income and round the replacement percentage that's shown to fifths.

Or, log on to www.ssa.gov for much more personalized info – it's a great site.



Okay, back to the list of income sources.

REDUCING LIVING EXPENSES: Most financial planners say that retirement households *naturally* have to pay about 20% less to maintain lifestyle than they did while working. Though this probably has merit, we like to keep that 'income source' in our back pocket instead of relying on it from the outset.

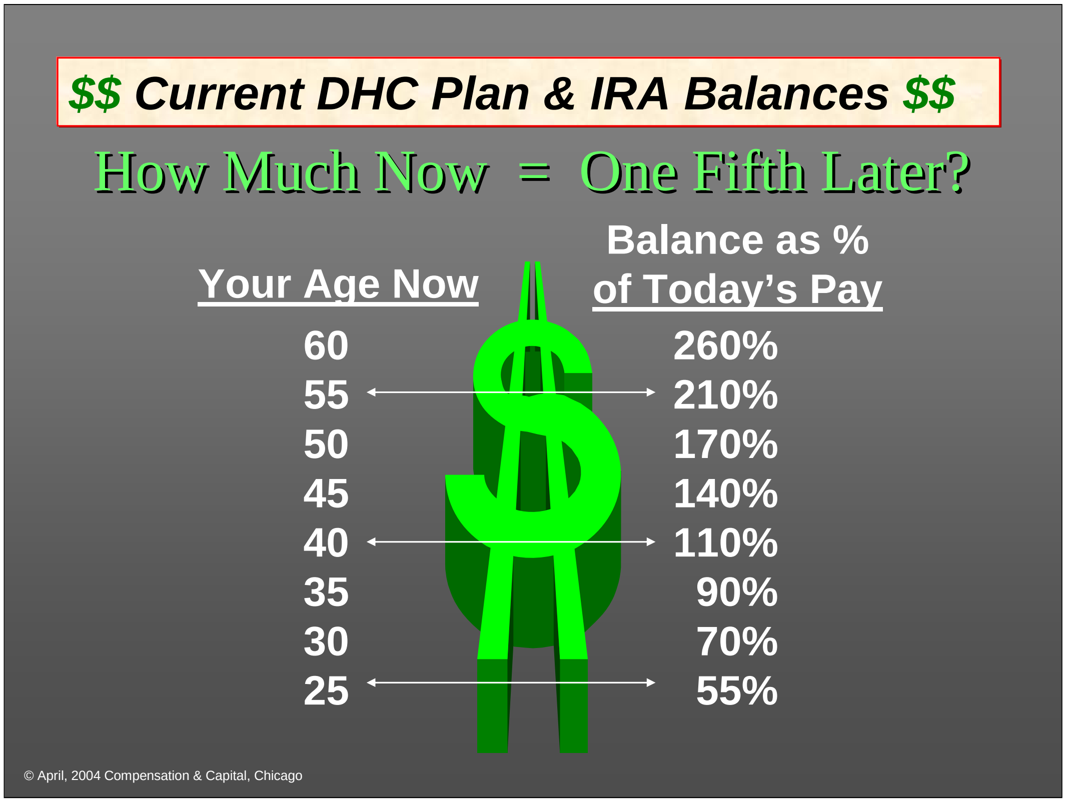
INHERITANCE / LOTTERY AND OTHER DREAMS: We'll take a moment of silent reflection to consider these sources. There are three categories of people from this perspective: blessed, dreamers, and the rest of us. Enough said.

REVERSE CHILD SUPPORT: This one comes after reducing living expenses for us – WAY after! Remember the "Plane of Contentment". It's all the same life – you'll just look different.

CONTINUE WORKING: This one got a lot more play after the stock market bubble burst in 2000. As for quantifying it, don't count on much more than one fifth.

YOUR HOME: Many of us with growing families own a lot more home than we will need or want without them living at home. If this describes you, chances are quite good that your home holds 'excess value' that could replace about 20% of your income if you 'right-sized' it.

SAVINGS AND IRA'S – NON-DHC accounts: Replacement income associated with these sources can be estimated with the chart on the next slide.

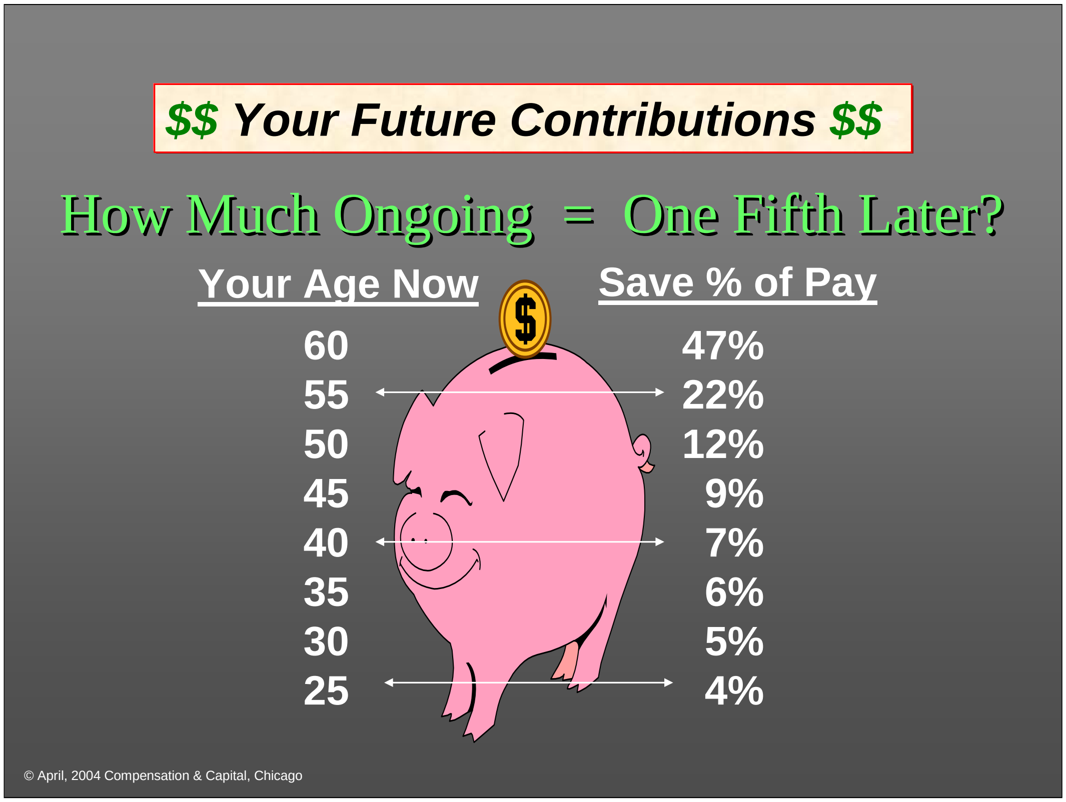


Savings that you've EAR-MARKED FOR RETIREMENT, IRA's and plan accounts from prior employers, your DHC pension, profit sharing, and 401(k) account balances can all be lumped into one balance for purposes of this exercise. So take a moment to add up those balances in your head – very round numbers work just fine.

Now relate that total amount to your household's total pay today.

For instance, our example average household makes about $40,000. Let's say they are around 40 years old and their retirement accounts total $88,000. Putting the $88k total balance into a ratio over the $40k current income, the ratio equals 220%.

The chart says at age 40, we need a balance equal to 110% of today's pay to replace ONE-FIFTH of income at retirement. Since our example household's ratio equals 220% or twice the 110% value, they could plan on covering around TWO fifths with their current plan balances.



Now add up the fifths you have covered so far: Social Security, excess home value, current retirement savings balances, etc.

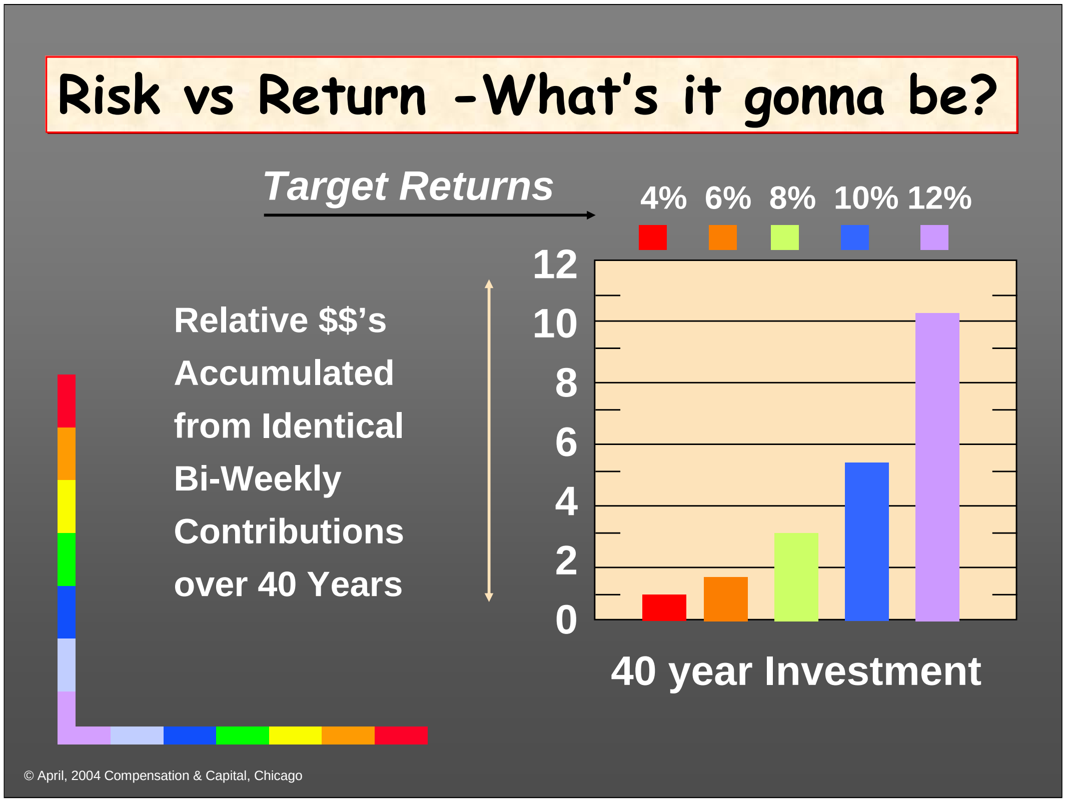
Obviously you need five fifths to cover the whole life-style pie. So if you have come up short, this chart will show you what you need to save GOING FORWARD until you can begin to collect Social Security benefits.

Find your age on the chart – read the percentage on the right. That's the percentage of household income that needs to be contributed to your retirement account every year starting now FOR EACH FIFTH remaining to be covered.

A couple of focal points are worth mentioning:

1. The chart makes it VERY clear why you need to start asap. It's about twice as painful to save for the same replacement value starting at age 25 compared to starting at age 40.
2. If you work for an employer that helps you save, like DHC, their contribution helps to cover this requirement. For example, for a DHC employee age 30, the 5% annual Pension plan contribution could account for 1/5th provided it continues to your retirement.

So now you have it. At this point in the exercise, you should have a reasonable estimate of what savings rate NOW will keep your lifestyle in tact through retirement. That result holds if you invest using a "moderate" strategy that returns about 8% annually "forever".



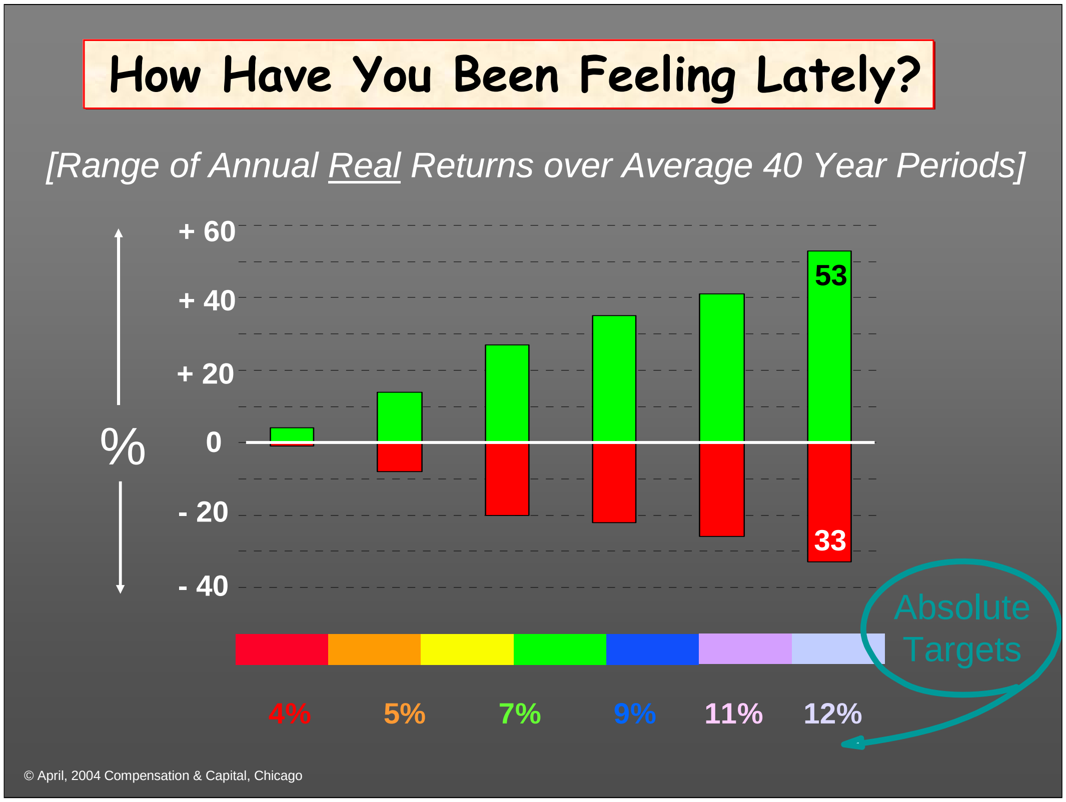
Annual return of 8%. Back in the late 90's, 8% return was considered anemic. Then from 2000 through 2003, anyone turning 8% was considered a master investor. That's why it's so deceptive to label long term investment strategies with "Success" or "Failure" when looking at anything other than very long term time frames – like 40 years!

That seems like a long time to invest using the same strategy, right? But actually, anyone starting this process in their 20's will be investing with a time frame more like TWICE that 40 year period. So 40 years is actually quite appropriate for the majority of retirement investors.

Retirement portfolios invested for this sort of time frame and employing "moderate risk" investment strategies have historically returned around 8% annually. We'll explain how such a "moderate risk" strategy is structured in a moment. For now, lets look at what you get for assuming different risk/return profiles.

The chart shows the relative balances accumulated over forty years of bi-weekly deposits returning the rates shown at the top. For example, a portfolio returning 8% annually would accumulate to about 3 times as much as one returning 6%. And a portfolio returning 10% would accumulate to about 2/3 more than one returning 8%.

If you think about it, two-thirds more money for just 2% more return is a lot! Why wouldn't everyone go for the 10% portfolio?



Maybe it's a lot more complicated to structure a portfolio that could earn 10% annually, on average over 40 years.

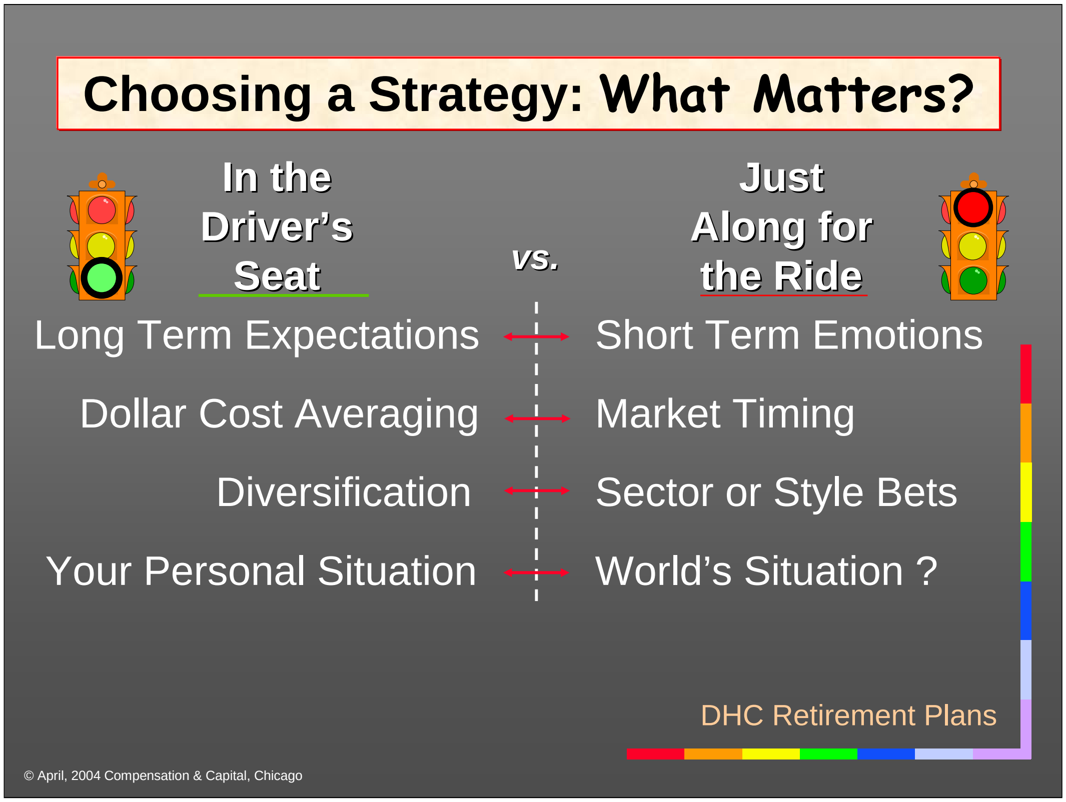
Or maybe those higher returning portfolios are available only to wealthy investors?

No. Neither of these are the reason why most investors never realize these higher returns, or even 8% annually over a 40 year time frame.

The main reason for this disconnect from appropriate returns for the portfolio risk accepted is human nature. For most investors, when the going gets tough, they get going – OUT. They bail out of the originally determined portfolio or they stop adding to the plan, or both. Remember, in a well-structured saving / investing plan, CONSISTENCY is key. The most money is made in down markets.

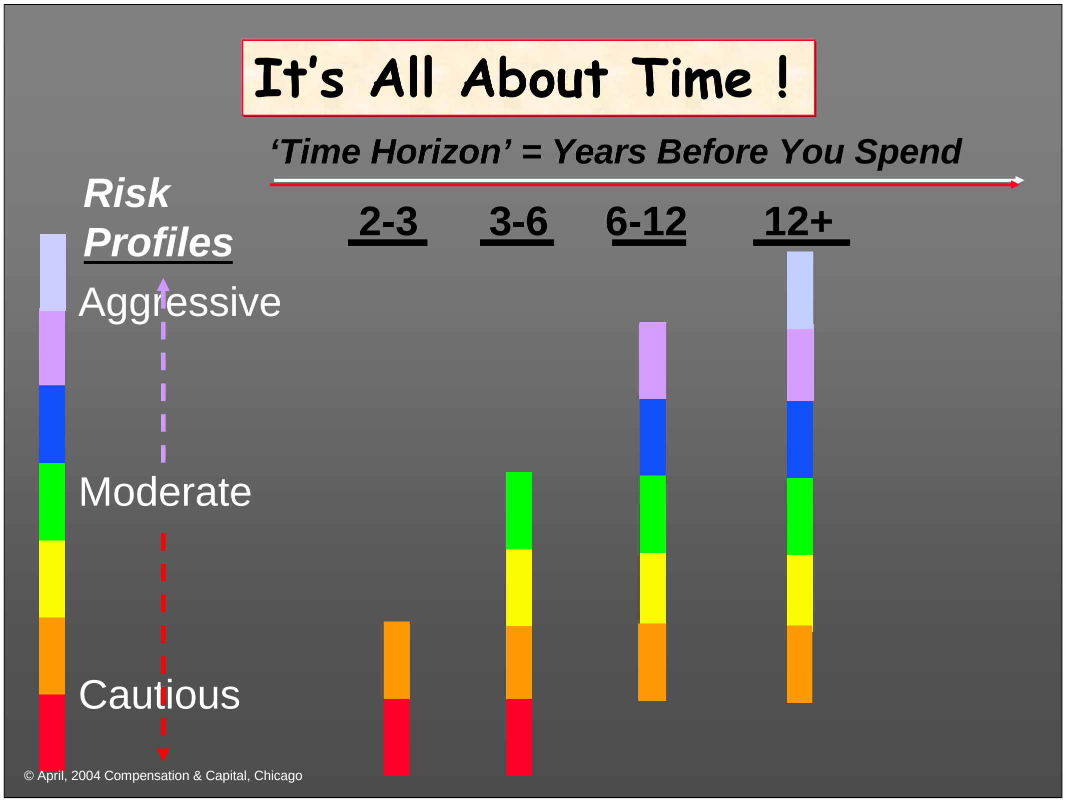
The chart above shows that for <u>every</u> rolling 40-year time frame from 1919 through 2002, portfolios structured to get annual absolute targets shown at the bottom have an equal probability of returning any annual return in the range shown in the bar above that target rate. For example, an investor with a portfolio targeted to return 12% should expect equal probability of anything between a 33% loss and a 53% gain in any single year.

As the target is reduced, the probable range decreases and is thereby MUCH easier to stick with through the nasty down years.



So what are the tenets of a successful investing strategy?

1. Staying in the drivers seat is absolutely essential. Every successful business person knows that decisions born of emotion are doomed to defeat.
2. Know the long term targeted return of your portfolio and NEVER evaluate its progress against anything but that number.
3. Know the appropriate time frame of your portfolio and NEVER evaluate its progress compared to any time frame shorter than that.
4. Stick with your contributions schedule through up markets as well as down.
5. Alter your savings schedule or your portfolio profile ONLY if your personal situation, that is your long term objective changes. This is one of the few systems in which yours is the only situation that matters.



We've touched on "appropriate time frames" and "appropriate portfolio structures". Let's elaborate.

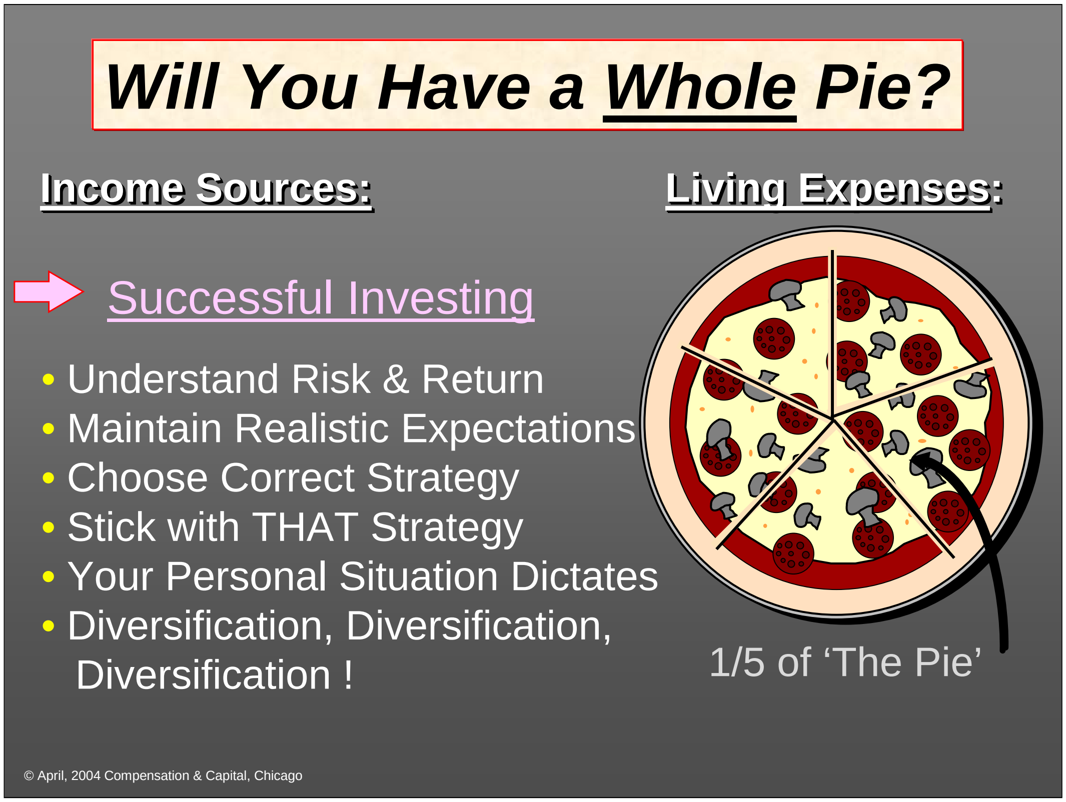
Your investing "time horizon" is the number of years before you expect to begin spending the money you've accumulated. Time frames and portfolio structures are linked in principle. The rule of thumb is that the longer the time frame, the more risk is appropriate.

Various investments carry various levels of risk, that is their range of market value fluctuation over any given time period. This chart illustrates accepted portfolio risk profiles given various time horizons.

The color spectrum represents various types of investments, from low risk money markets depicted in red, to real estate or interest generating bonds in orange and yellow, through dividend-generating "blue chip" stocks in green and blue, to very aggressive growth stocks shown by indigo and violet.

The chart has many "take-aways." One of the most important is that stocks of any kind are NOT appropriate investments unless they are held a minimum of six years. Anything less than that is gambling, not investing.

Another extremely important message is that even portfolios targeted for returns on the higher end of the range (10%+ annually) need to have a wide range of investment types in order to succeed. This is the macro side of that keyword "diversification" you hear so often in investing conversations.



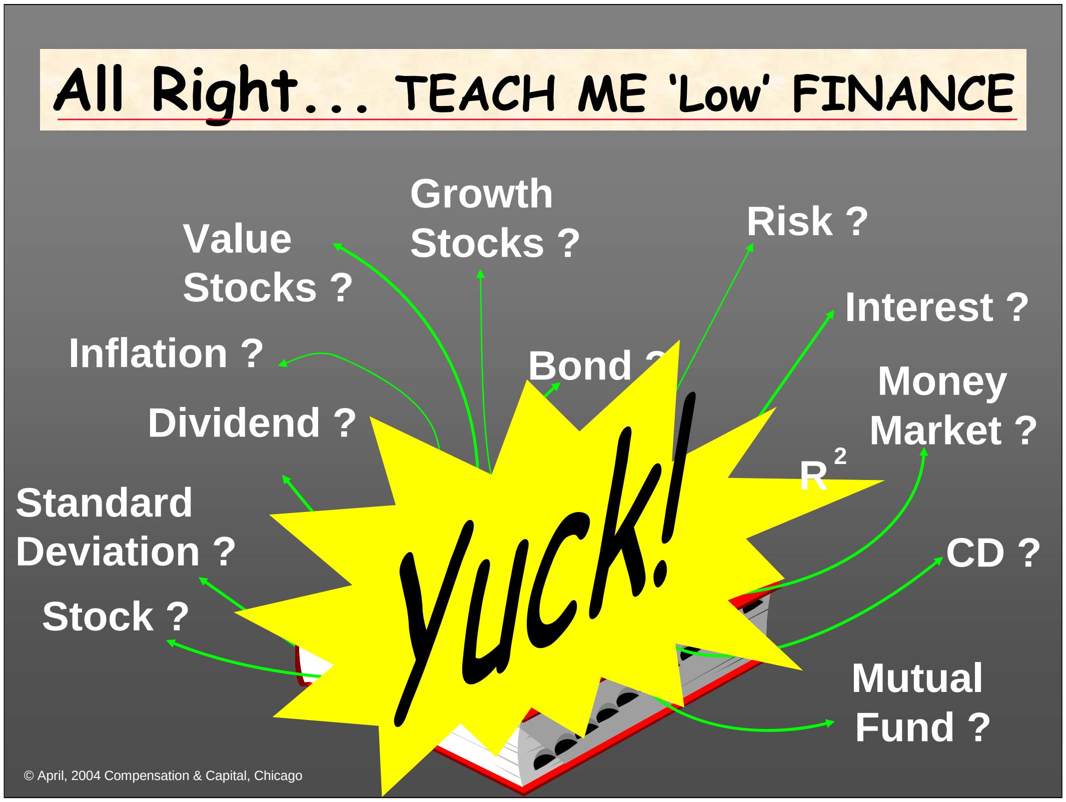
Relating all of this back to the Pie exercise is a bit more complicated. That's why we draw projections based upon moderate risk portfolio structures in the examples we've seen so far.

If you are inclined to temper your retirement portfolio's risk profile from this moderate level, be assured that less risk will require more saving and more risk should require less saving.

As we saw on the "Risk Versus Return" chart, assumption of even a small amount of additional risk over a 40-year period can have very significant impact on the balances accumulated. In fact, a current plan balance that projects to cover 1/5 of living expense in retirement at an 8% targeted return, could cover more than two fifths if successfully invested for a 10% return over the same 40 year period.

Conversely, a current plan balance that projects to cover two fifths of living expense in retirement at an 8% targeted return, would cover less than one fifth if invested for a 6% annual return over the 40 years.

That's a huge difference that can make this planning stuff either very pleasant or very painful. Only you can make the decisions necessary to reach your goals. It's obviously very important that you take the time to understand the issues, learn the major lessons, and invest YOURSELF along side your money in the process.



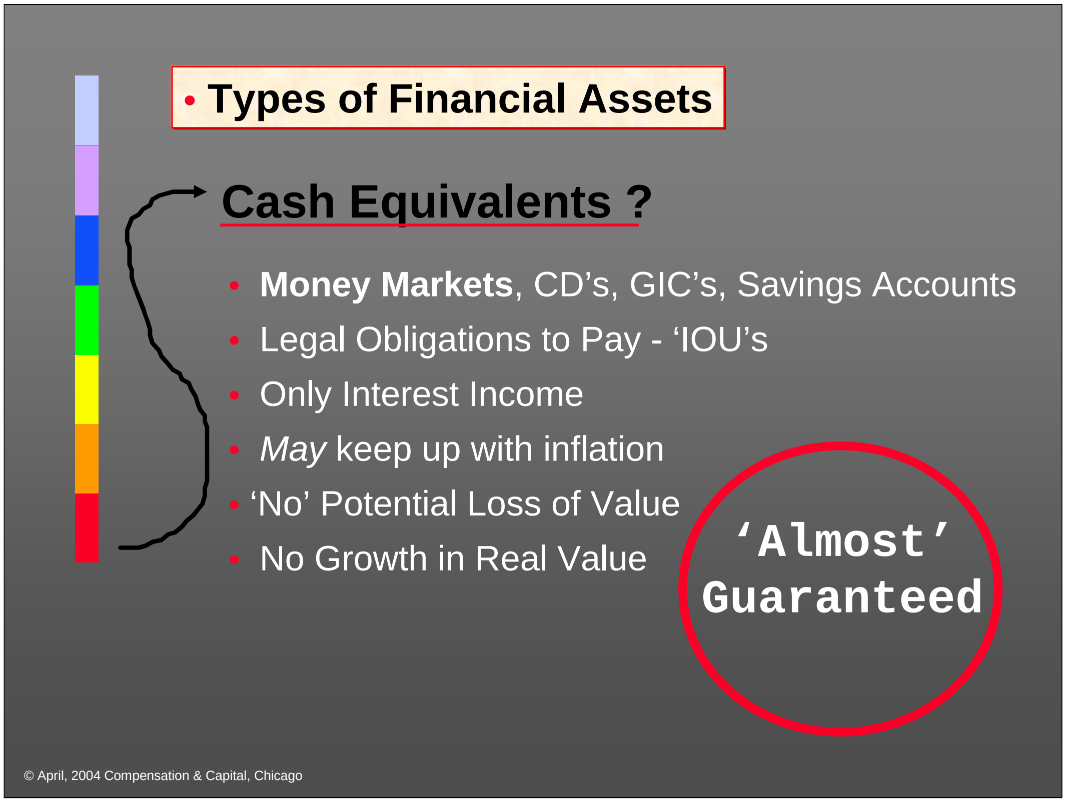
So that's the bulk of the macro lesson.

The rest of the program is the micro side.

And contrary to popular belief, technical knowledge is way over-rated when it comes to investing.

As we said before, your decisions about how much to save and your appropriate portfolio structure are the vast majority of the important inputs to the process. You can certainly feel comfortable putting aside many of the terms in this slide.

But what you should take away in terms of terms are the major categories of investments generally found in retirement portfolios: cash equivalents, bonds, stocks, and mutual funds are starter items that are appropriate for your knowledge.

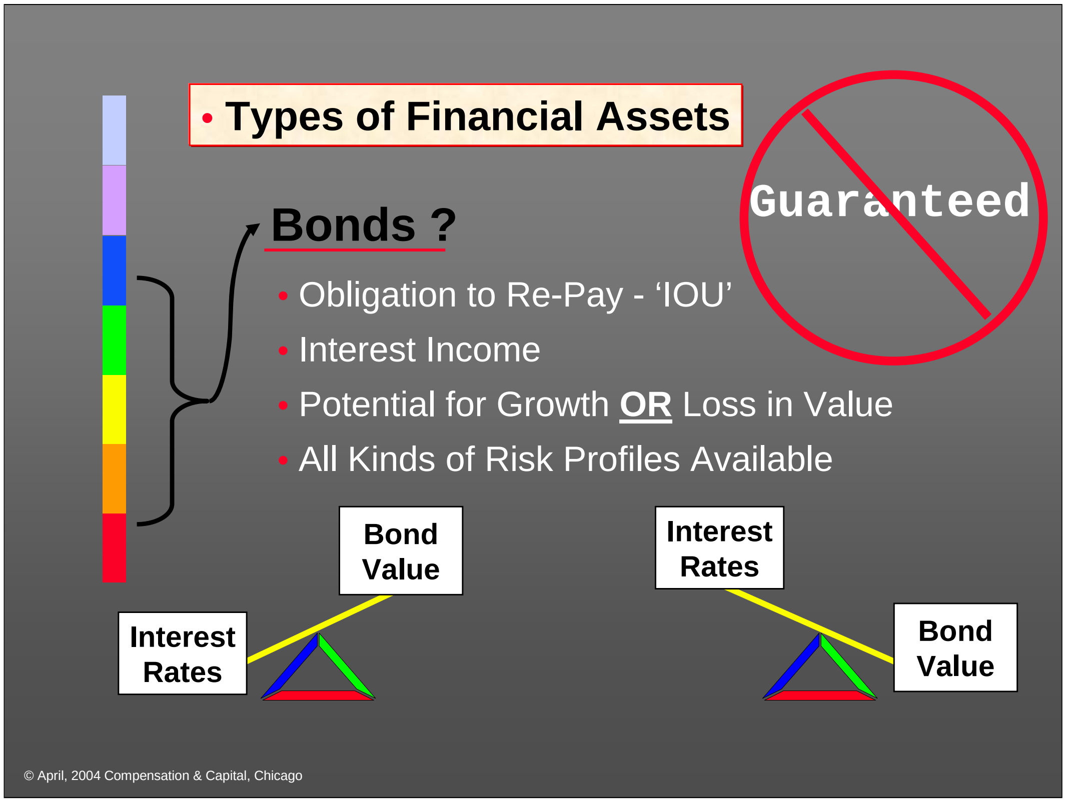


Cash Equivalents are the general asset category that holds money market funds, certificates of deposit (CD’s), savings accounts, treasury bills and other no-or-low risk securities that pay interest and offer some protection of your initial investment against loss.

Only some types of Cash Equivalents are truly guaranteed against loss – specifically, CD’s and Treasury Bills. All other types, INCLUDING money market funds, are NOT GUARANTEED against loss of principal. However, this risk is highly unlikely.

The real risk in investing in Cash Equivalents is that they will lose ground to inflation, the natural loss in purchasing power due to prices of goods and services creeping upward.

Cash equivalents are part of a larger classification known as “Fixed Income” investments that includes all types of securities that pay interest.



Moving up the risk profile, the next major category of financial assets is Bonds.

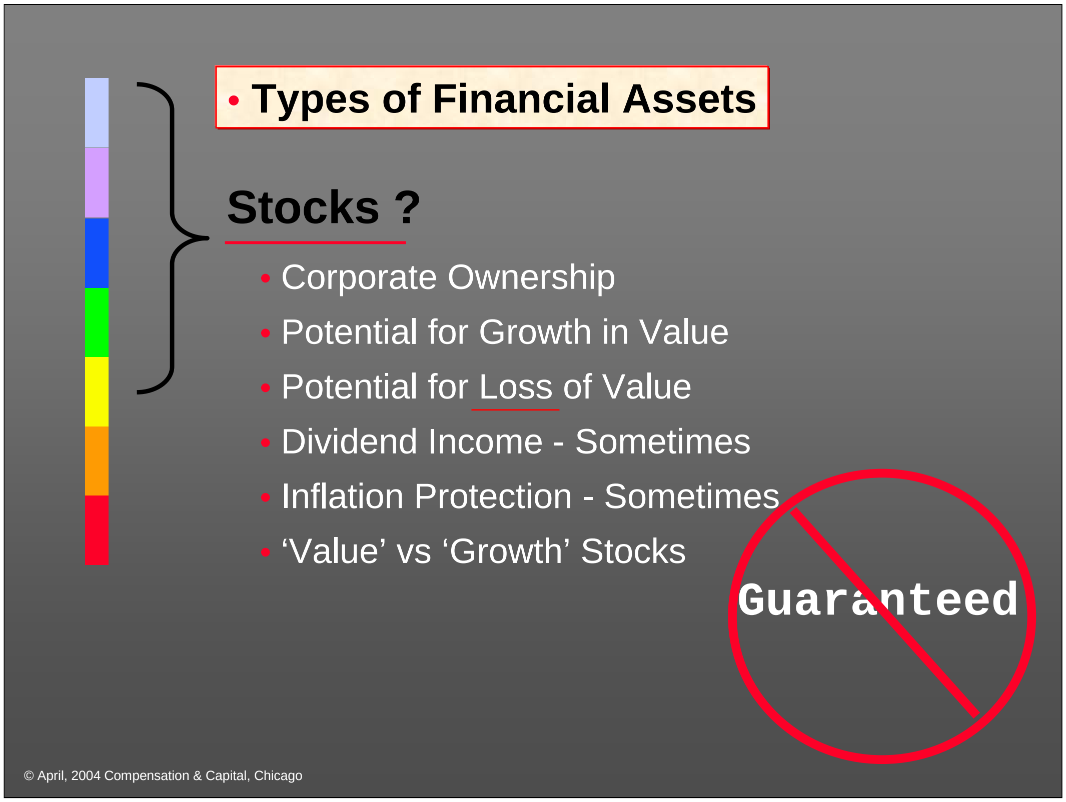
Bonds are also a kind of Fixed Income security. They pay interest. But Bonds differ from Cash Equivalents in that your initial investment in a Bond can fluctuate in value, which puts your investment at risk of loss every day. It also means that your total return from a Bond investment is comprised of interest AND market gain or loss.

When interest rates move up, the market value of existing bonds goes down; and vice versa. Only when interest rates are stable, do the bonds return the interest rate stated on the bond, known as its coupon rate. Otherwise, market gains and losses impact the bond investment's total return.

Bonds can be obligations to repay from governments, corporations, or other institutions. Bonds can be purchased individually or, as in the case of the DHC 401(k) Plan, through a mutual fund that holds many different bonds.

Finally, bonds sold by borrowers with lower credit ratings carry higher coupon rates than those sold by very credit worthy borrowers. That's intuitive – it works the same when ordinary people take out loans.

But the bonds issued by the lower credit borrowers also fluctuate in value to a greater degree than the higher quality bonds. That's why the Bond Fund in the DHC 401(k) Plan is very diversified and consists predominately of higher quality issuers.



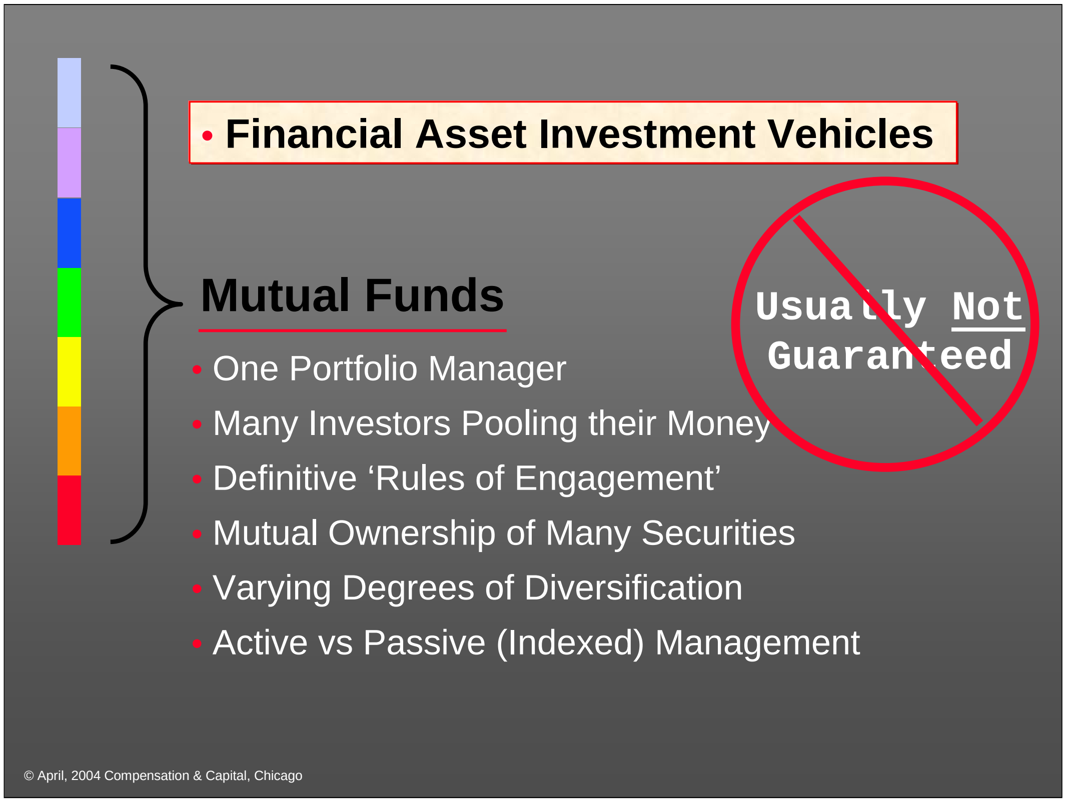
The highest risk profile appropriate to normal retirement plan investing is represented by Stocks. Stocks are shares of ownership in a corporation. They hold NO guarantee of initial investment or of future return. In fact, any stock investor could lose 100% of their investment at any time.

But with this risk comes the highest potential for return – from a combination of market appreciation and sometimes dividend income. Dividends are something like interest, paid to stockholders of high quality corporations as a small but ongoing return on their investment in the corporation.

Of all financial securities, stocks – held for appropriately long time periods - command the greatest potential for inflation protection.

As with Bonds, there are numerous classifications of stocks: Value and Growth, or Large and Small Company are commonly used stock types. Most importantly though, investing in stocks requires diversification across all of the various types.

That's why we invest using Mutual Funds...



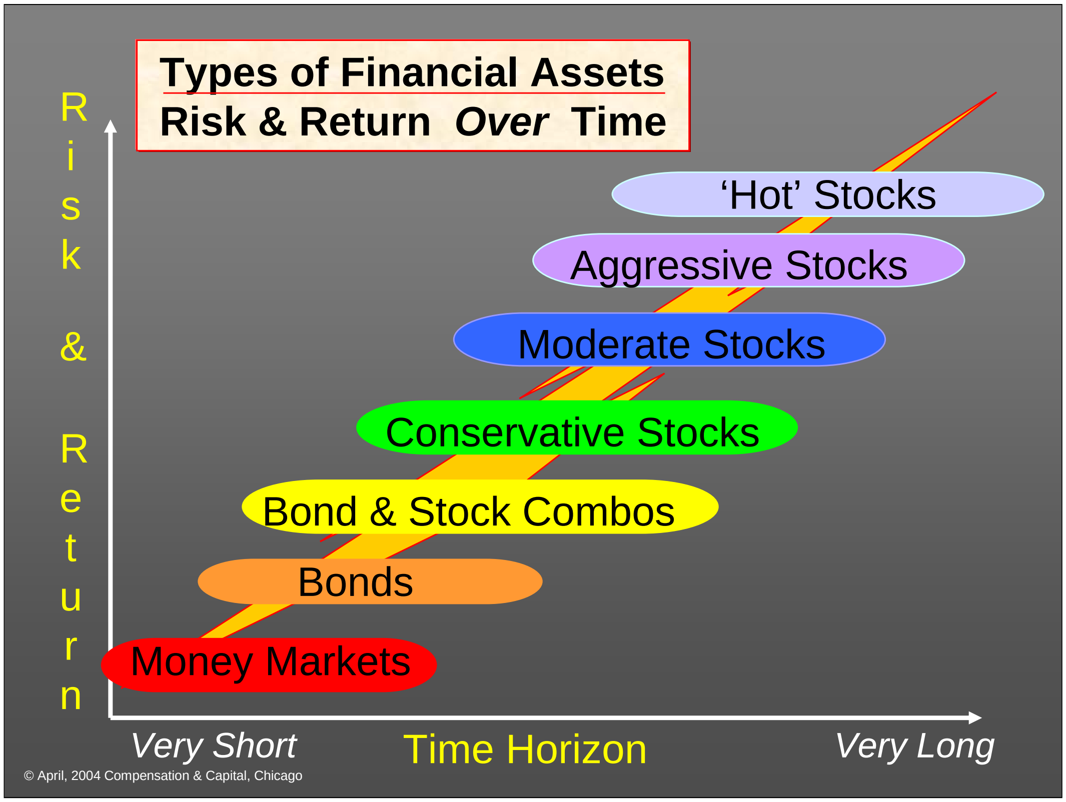
A Mutual Fund is a pooling of many investors’ money under one investment manager. The manager is under contract (called the “prospectus”) to invest the Fund within certain parameters.

Generally speaking, mutual funds hold very diversified pools of securities, sometimes cash equivalents, bonds, and stocks all in the same fund.

But most mutual funds stick to a more focused portfolio, concentrating on one security type (for instance growth stocks or government bonds) along with some small portion of cash equivalents.

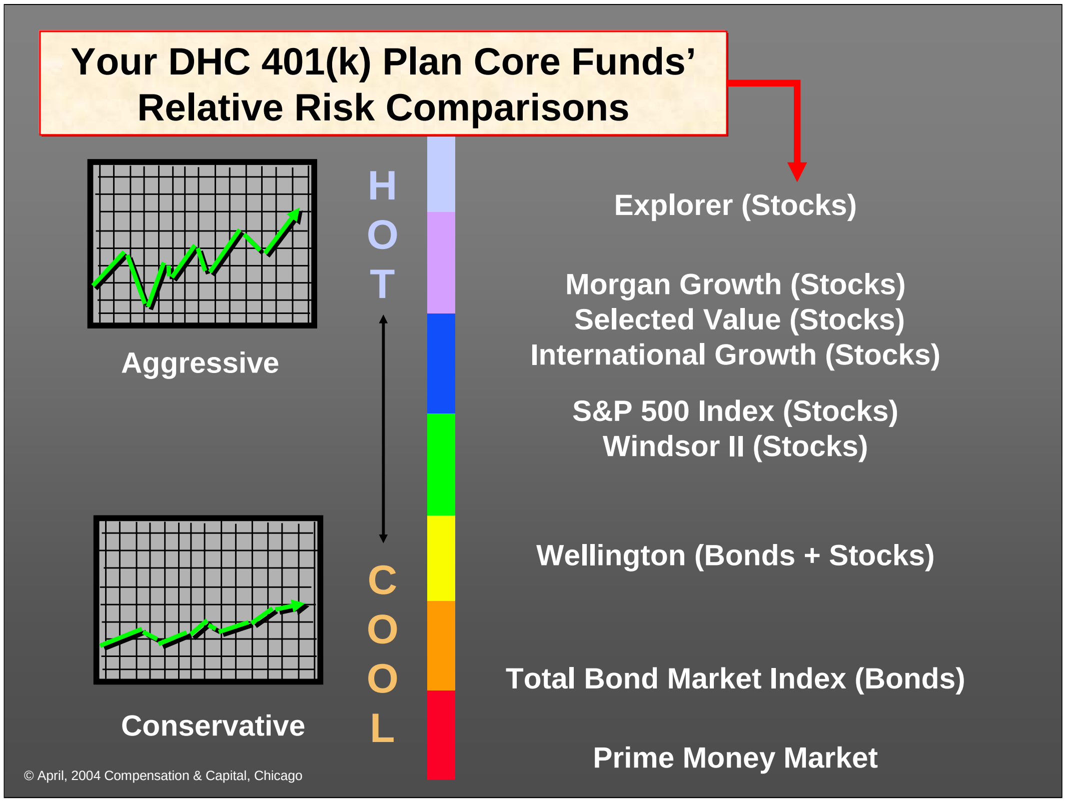
Finally, mutual funds are also classified as actively or passively managed. Active management means that an individual or team is actively selecting and trading the securities in the portfolio. Passive management or “indexing” means that the securities in the portfolio are selected and traded to emulate a pre-defined index – a “market basket” of securities such as the Standard & Poor’s 500 Stock Index.

Your DHC 401(k) Plan has two index funds, the Vanguard Total Bond Index Fund and the Vanguard S&P 500 Stock Index Fund. The rest of the non-Money Market Funds in the 401(k) Plan are actively managed funds.



In general, mutual fund classifications line up along the risk / return profile of all investments like this.

Once again, the color spectrum equivalents should help you identify risk profiles of each of the funds in DHC's 401(k) Plan as we get more specific about the funds.

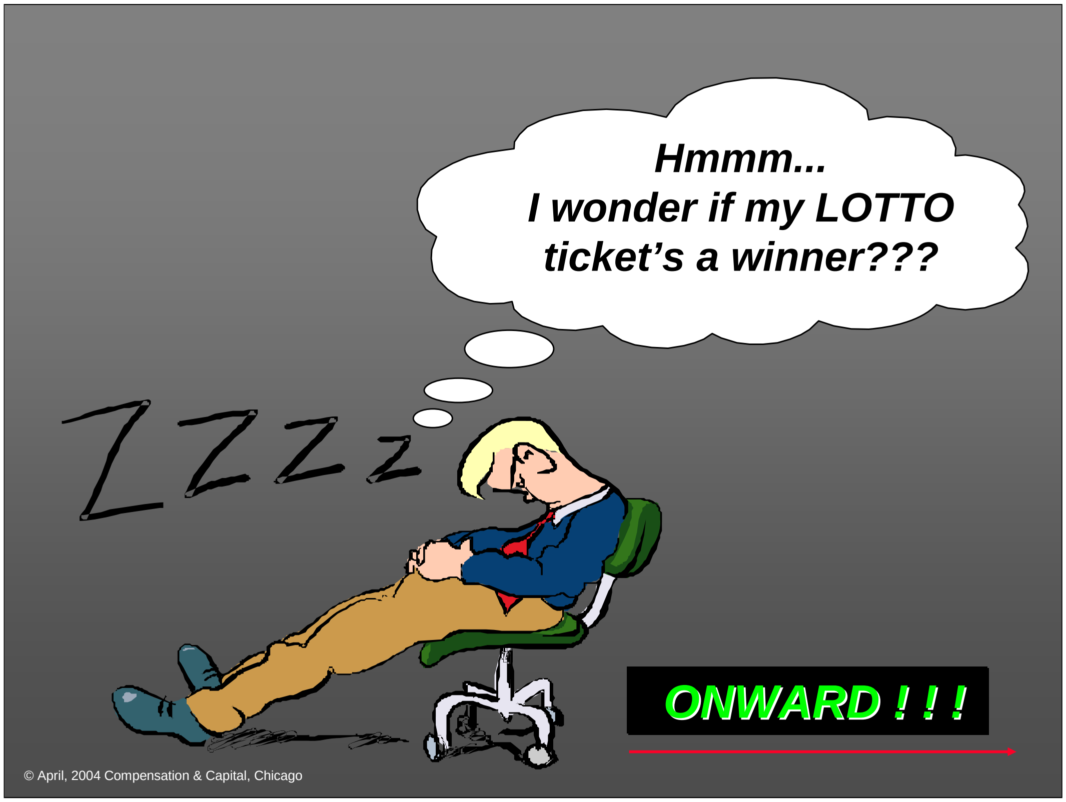


The mutual funds available in our 401(k) Plan are all offered by Vanguard Investments. The Plan's Trustees choose this fund family for a number of good reasons, including:

- Consistently high relative performance against their peers,
- Broad diversification across asset categories and securities,
- Broad representation across management teams and styles,
- Low operating expenses charged to shareholders,
- Impeccable track record of governance.

Detailed information on each of these funds is available in your *Reach for the Top* booklets as well as on the Vanguard website and DHC's intranet.

The funds are selected, monitored and replaced as necessary by an independent investment consulting team based in Chicago. DHC pays for this service as an added benefit of the 401(k) Plan.



No, it's definitely not THIS simple. But with all the progress we've made so far today, there's just one more step in the process:

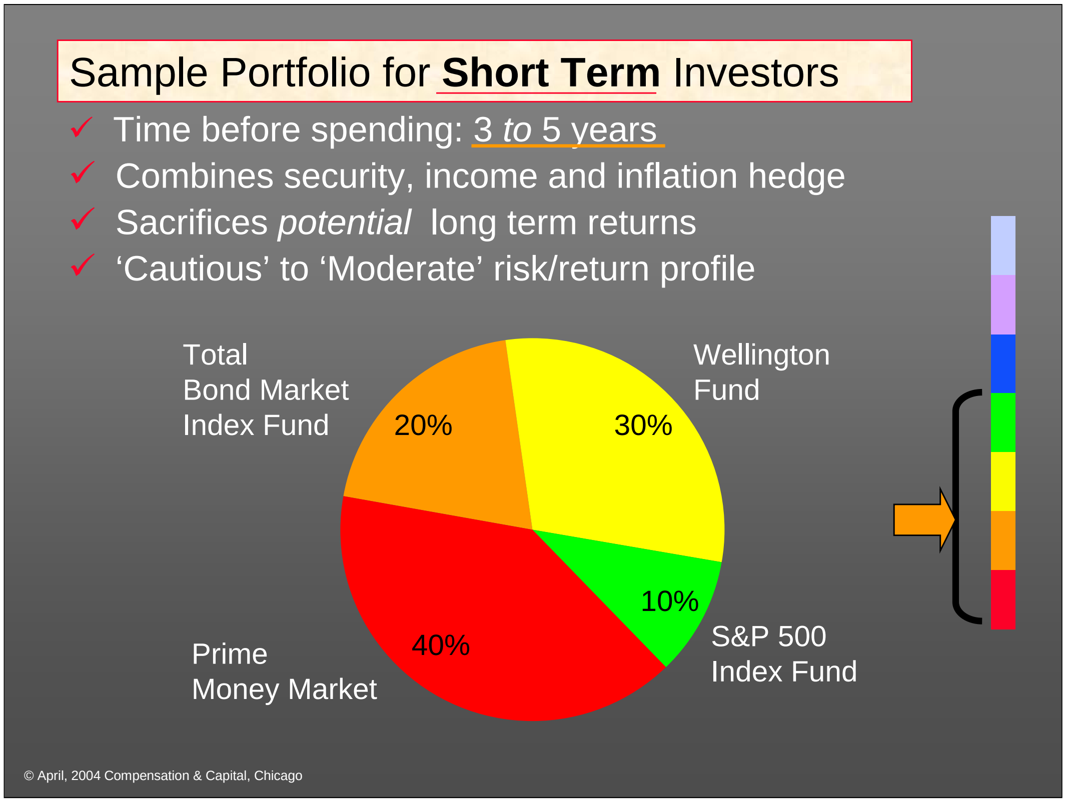
Choosing your appropriate investment strategy.

As we've done with the rest of the process, we've got this one down to a pretty simple process too.

So getting started is easy. All you need to do is decide whether you are a "Short", "Medium", or "Long" term investor and lock in on the portfolio we've constructed under that time frame.

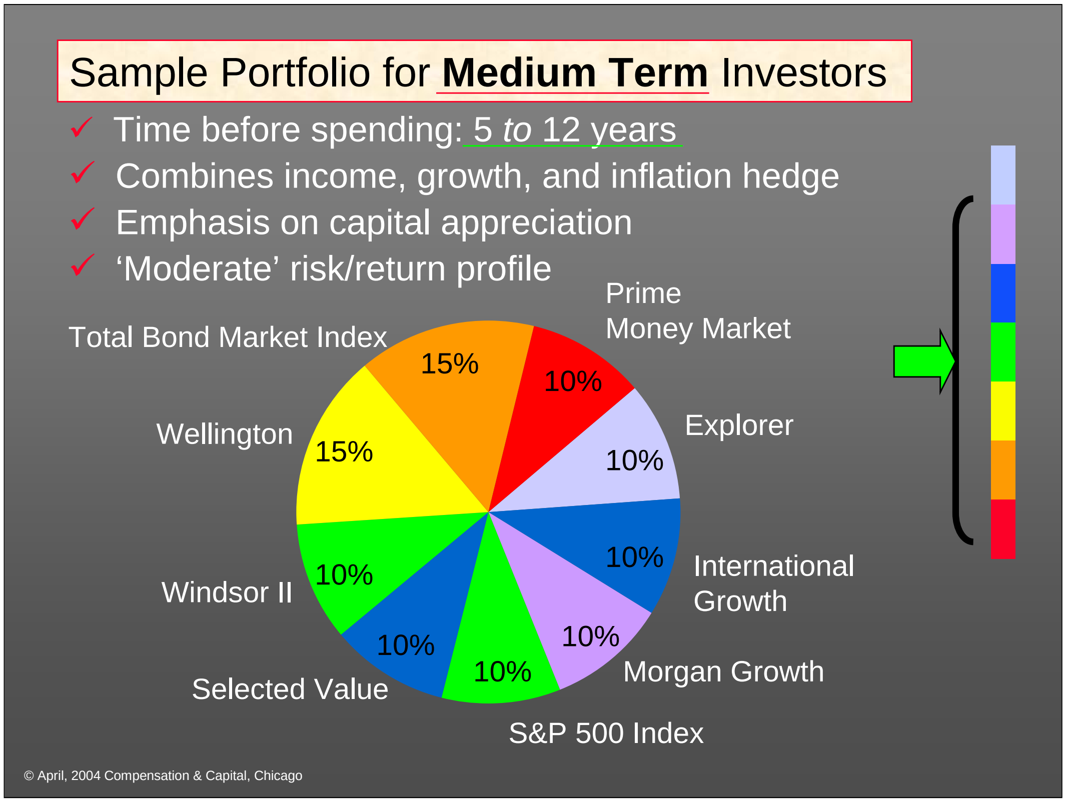
Since most retirement investors are "Long Term", that decision should be relatively simple for the majority of you.

You should be aware that all three of these portfolios are depicted on a one page graphic in your *Reach for the Top* booklets so you don't need to write down the recipes now.



Here's a portfolio suitable for investors with relatively short term investing durations – three to five years. If your time frame is less than this, better to be in only money markets with a bit in bonds.

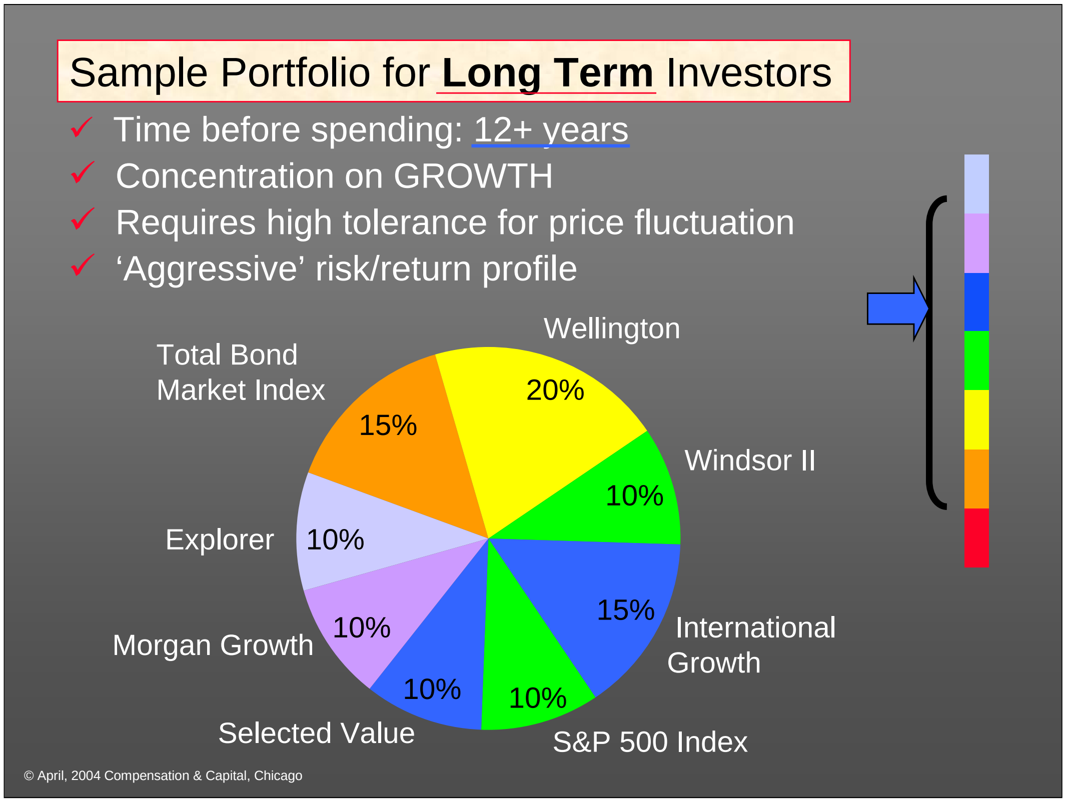
Longer time frames can migrate up the risk profile to the portfolio for Medium Term investors...



This portfolio gets you participating in all of the 401(k) Plan's fund alternatives. It yields a risk profile about half way up the relative scale at a color spectrum of green.

This portfolio employs the Money Market Fund, Total Bond Index Fund and Wellington Fund to allocate a flexible allocation of 35% to 45% of the total portfolio to fixed income securities. The remaining 55% to 65% is invested in a very diversified selection of stocks that tend to be more conservative than aggressive in nature.

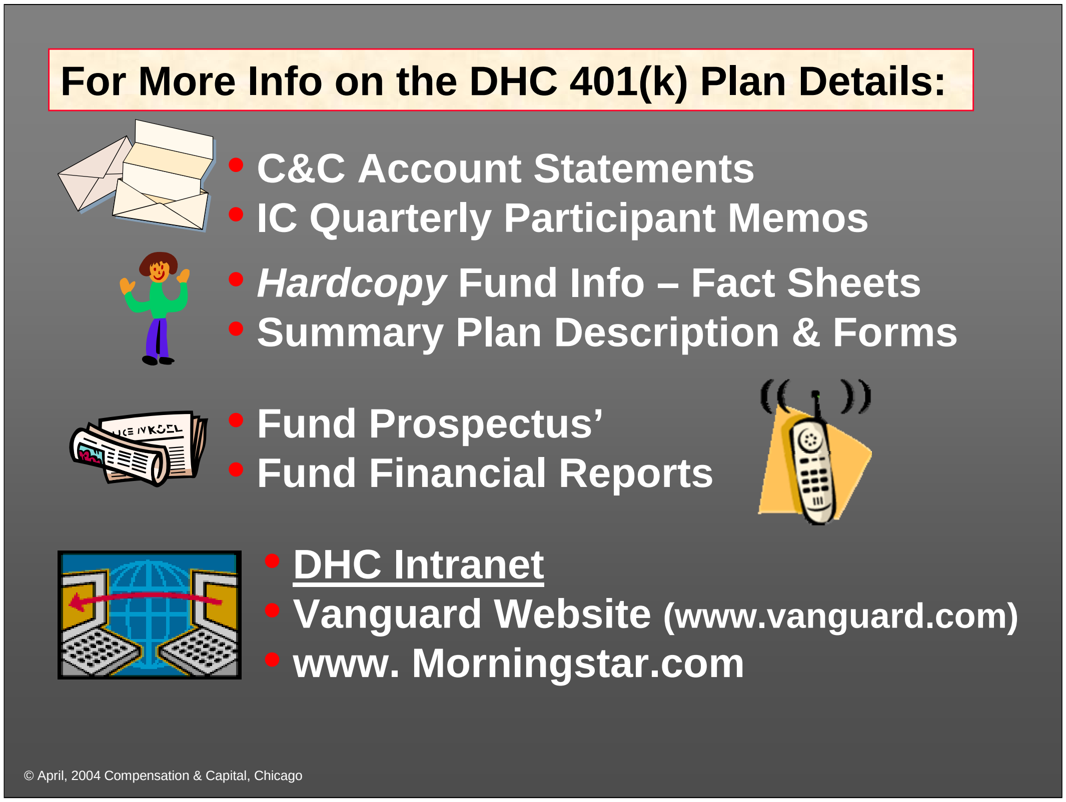
It's also an appropriate portfolio for longer term investors not quite emotionally ready to sign on for the bigger swings in market value that could result from investing in our most aggressively structured portfolio...



The Long Term sample portfolio accepts more risk of market fluctuation to target a projected annual return about 2% greater than the Medium Term portfolio.

We've reduced the allocation to fixed income securities to a range of 25% to 35% of the entire portfolio while slightly increasing the aggressive nature of the stock funds.

If you feel the need to increase risk from here, investment research concludes that your risk profile is best served by further increasing the aggressive nature of the stock selections rather than reducing the fixed income allocation. Greater percentages to more aggressive stock funds such as Selected Value, Explorer, and Morgan Growth, as well as increased exposure to international stocks would fulfill this strategy.



One thing that's definitely NOT lacking in the landscape of our 401(k) Plan is information. We have a wide variety of media serving up a wide variety of information, both personal account data as well info available in the public domain.

And don't forget the Plan's Summary Plan Description, "SPD" for short. As with any financial product to which you subscribe, you should always be well informed of its provisions before you begin participating. If it's been a while since you read the SPD or you're just considering participating for the first time, be sure you read the SPD. If you have questions, direct them to any of the Trustees or Debbie Nichols in our Mission Viejo office.

The SPD is your "contract" with the Plan. It's what governs your rights to the money you deposit to the Plan. And though there isn't much in it that's meant to be other than FOR YOUR BENEFIT, you should definitely be familiar with the Plan's rules.

So that's it. Hopefully our exercise made the process as simple as it can be.

We actually find that many employees who complete the exercise are pleasantly surprised at their progress toward a financially independent retirement. And those who conclude that they have steps to take generally get the feeling that their efforts are worthwhile.

Now the responsibility is yours to act upon this new found knowledge.

Any of the Trustees or Debbie Nichols can help you with questions or refer you to the right places or people for the answers. The Plan's forms are straight-forward but we're all happy to help with them too.

Dechert-Hampe and Moss-Warner are proud of the retirement plan benefits we are so fortunate to be able to offer our employees.

As we said at the outset, the sooner you adjust your lifestyle to include retirement saving, the easier the saving will be.

Be sure you take every opportunity to make these plans work for you.