

Internal Services Agency

Department of Finance

Dave Irish, CPA, Director



Terry Schutten, County Executive
Mark Norris, Agency Administrator

County of Sacramento

October 6, 2008

Subject: **NEWS CONCERNING DEFERRED COMPENSATION 457 PLAN INVESTMENT OPTIONS**

Dear Deferred Compensation Fund Participant:

Over the last several weeks significant events in the financial markets have occurred and have generated questions from participants on how those events impact our Deferred Compensation 457(b) Plan (Plan). We recognize that the current market is challenging for you and want to address some of the concerns you may have regarding your investments in the Plan.

Washington Mutual Bank Purchase

As you may know, Washington Mutual Bank was acquired by JP Morgan Chase on September 25, 2008. For Plan participant deposits, the only thing that has changed is the name of the bank. Participant deposits in the Washington Mutual Liquid Fund and certificates of deposit purchased from Washington Mutual still retain Federal Deposit Insurance Corporation (FDIC) coverage for balances up to \$250,000. Balances over \$250,000 are collateralized at up to 110%. In addition, you continue to be the beneficial owner of the deposit. No part of your deposit may be used for, or diverted to, purposes other than for your exclusive benefit.

Fidelity Investments

Your investment assets at Fidelity are held in trust, segregated so that they are protected from creditors of the County and Fidelity Investments. The Department of Finance, consistent with the County's deferred compensation investment policy, continues to review and monitor the Fidelity and non-Fidelity mutual fund options and, when necessary, take appropriate action to remove funds from the Plan which do not meet the criteria of that investment policy. This review does not, however, protect against market volatility.

Recognizing the importance of diversification of investments, the County's Deferred Compensation Program offers an array of asset classes from which to select. These choices include stocks, bonds, money market funds, bank accounts and certificates of deposits.

If you would like to make changes to your investment options please contact Fidelity Investments at 1-800-343-0860 or www.fidelity.com/atwork. If you have additional questions please call the County of Sacramento Deferred Compensation Office at 916-874-2020.

Sincerely,

A handwritten signature in blue ink that reads "Craig Kramer for".

Mark Norris
Administrator, Internal Services Agency

A handwritten signature in blue ink that reads "Dave Irish".

Dave Irish
Director of Finance

Information was provided by The County of Sacramento. Fidelity Investments is not responsible for its content.