

American Century My Retirement Portfolios

Date, 2004

Client Name/Logo

Jeffrey LaRoche

Vice President

Client Portfolio Manager

Feng Ding, CFA

Vice President

Client Portfolio Manager



American Century
Investments

Genuine. Results.

The Need for Better DC Options

- The median 401k plan underperforms the median defined benefit plan by approximately 200 bps*
- 401k participants who selected their own investment options underperformed lifestyle funds by 3.4%**

* Source: *Investment Returns: Defined Benefit vs. 401(k)*, Watson Wyatt, 1998

** Source: Burgess + Associates, 2004

Investors Seek Advice and Guidance

- 50% indicate interest in comprehensive financial advice
- Industry responses:

charles SCHWAB

Self-Directed
Brokerage



Online Advice
Tools



Package Fund
Alternatives

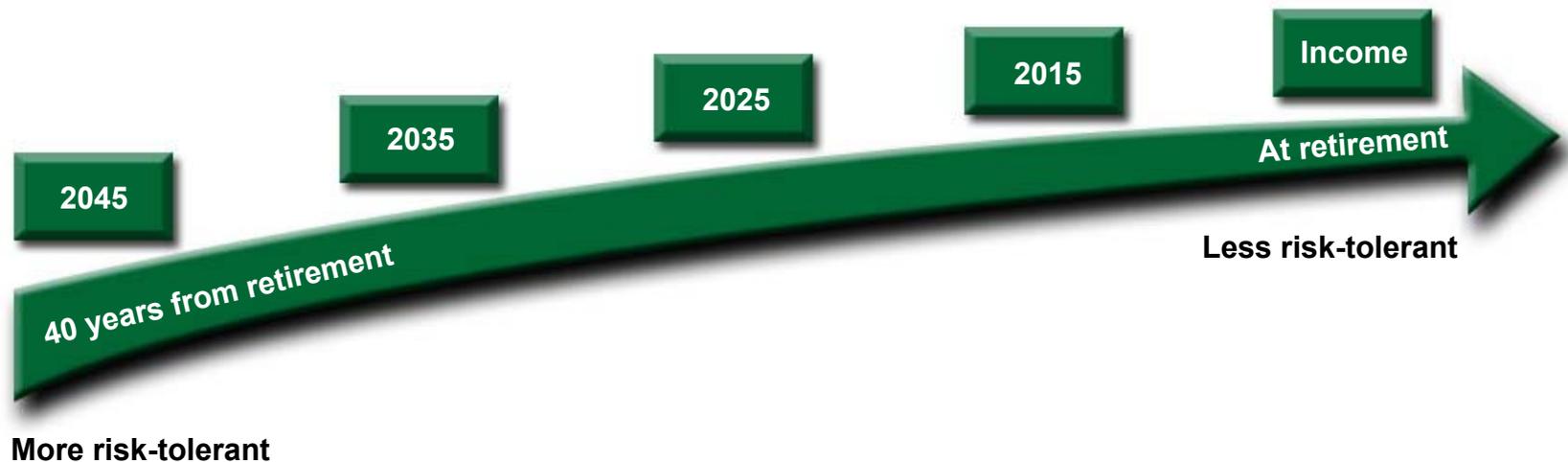
Risk-Based
Funds

American Century
Strategic
Allocation Funds

Age-Based
Funds

American Century
My Retirement
Portfolios

My Retirement Portfolios Offers Comprehensive Solutions



- One decision, one investment approach to retirement planning
 - Simplifies participant decision
 - Offers efficient default option
- Fund of funds structure improves transparency

My Retirement Portfolios Offers Comprehensive Solutions

Participant Underperformance

Misguided Asset Allocation

- Approximately one-half of participants have equity allocations of either 0% or more than 90%*

Insufficient Diversification

- More than one-third of portfolios were concentrated in just one or two asset classes**

Rebalance Inertia

- 60% of participants never rebalance after making an initial enrollment***



My Retirement Portfolios

Refined Asset Allocation

- Extends durability

Multi-level Diversification

- Provides a smoother ride

Intelligent Rebalancing

- Maximizes turnover efficiency

* Source: Employee Benefit Research Institute Issue Brief 272

** Source: Hewitt Associates 2003

***Profit Sharing Council of America

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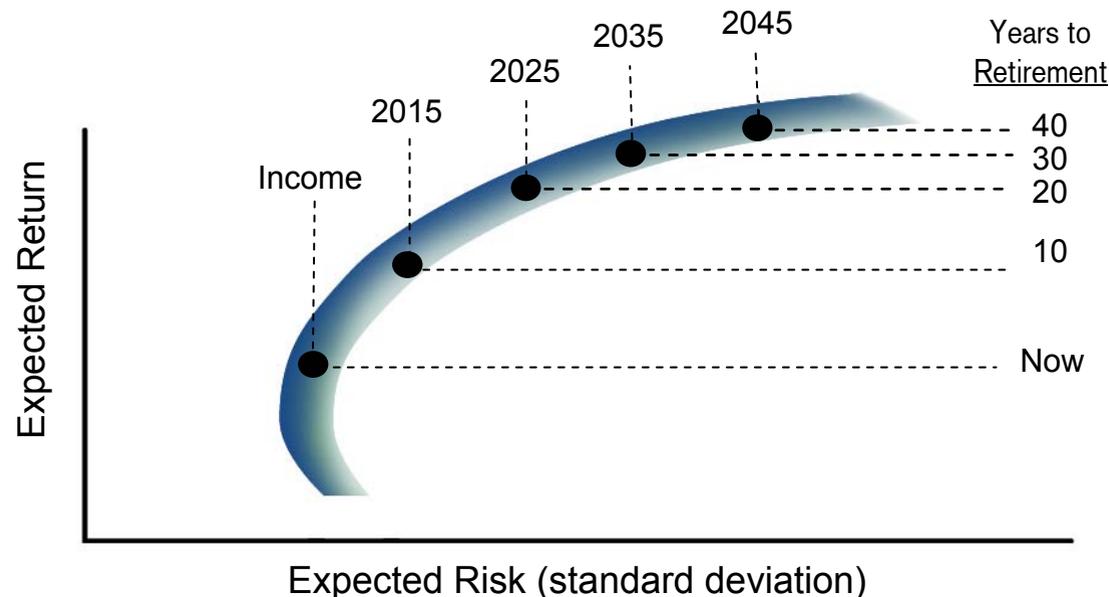
Refined Asset Allocation

Advanced Asset Allocation Modeling

Solution
1

Policy allocation accounts for 90% of investment returns*

- Conduct mean variance analysis incorporating 70 years of historical data
- Broaden asset class selection to reduce input dependency and improve robustness
- Identify points in the efficient frontier band associated with risk tolerance and time to retirement



* Roger G. Ibbotson and Paul D. Kaplan, "Does Asset Allocation Policy Explain 40%, 90% or 100% of Performance?"
Financial Analysts Journal, vol. 56 (January/February 2000)
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Refined Asset Allocation

Comprehensive Style Management

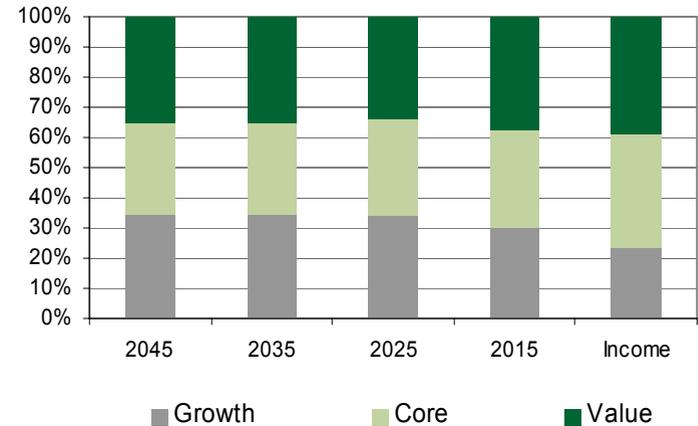
Solution
1

Style neutrality for longer-dated portfolios

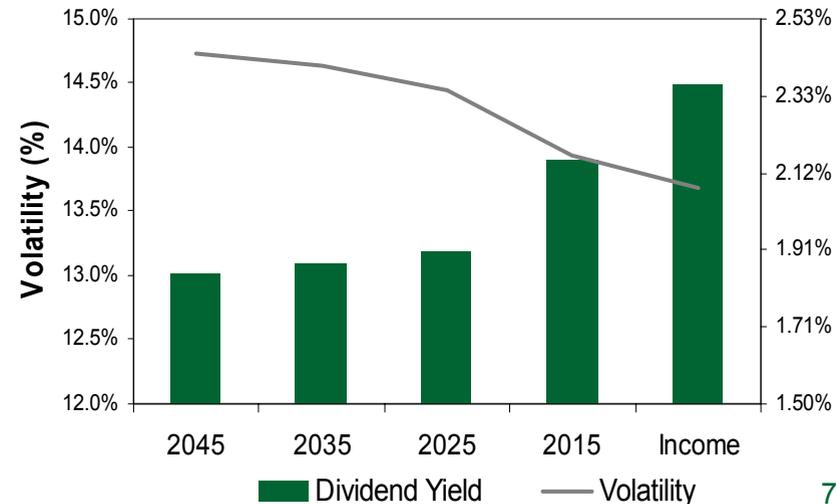
Value tilt for shorter-dated portfolios

- Moderates equity portion risk
- Increases yield by close to 30%

Equity Style Mix Builds in Value Tilt Over Time



Value Tilt Lowers Risk and Increases Yield

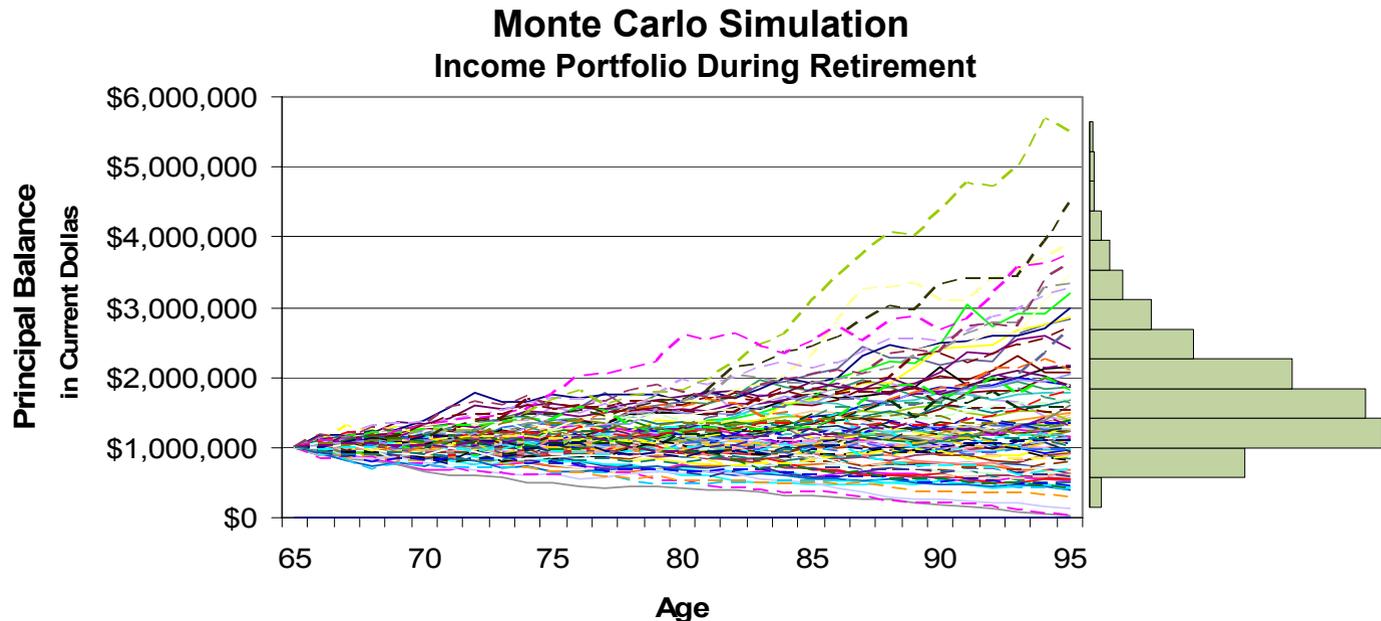


Refined Asset Allocation Extends Durability

Solution
1

- Longer life expectancy demands purchasing power preservation
- Risk/return mixes aimed at providing solid foundation for nest egg

35% equity allocation allows the Income portfolio to sustain 30 years of retirement with 99% probability



Assumptions: investor holds the Income fund at all times and used an initial annual withdrawal rate equal to 4%, annually adjusted by inflation. Probability of success defined as having principal left at age 95.

Multi Level Diversification

Broad Asset Class Coverage

Solution
2

Specialty asset Classes

- Low correlations beneficial
- Risk-adjusted returns often attractive
- But tend to be too specific as stand-alone 401(k) options

| | 3-month T-bill | Russell 3000 | MSCI EAFE | MSCI Emerging Markets | Lehman U.S. Aggregate Bond | CSFB High Yield | JPM World Gov't Bond | Citigroup Inflation-Linked | Wilshire REIT |
|---------------------------------------|----------------|--------------|-----------|-----------------------|----------------------------|-----------------|----------------------|----------------------------|---------------|
| 3-month T-bill | 1.00 | 0.02 | -0.08 | -0.19 | 0.12 | -0.02 | -0.12 | -0.05 | -0.10 |
| Russell 3000 | 0.02 | 1.00 | 0.83 | 0.75 | -0.11 | 0.53 | -0.07 | -0.18 | 0.30 |
| MSCI EAFE | -0.08 | 0.83 | 1.00 | 0.76 | -0.13 | 0.50 | 0.10 | -0.17 | 0.28 |
| MSCI Emerging Markets | -0.19 | 0.75 | 0.75 | 1.00 | -0.17 | 0.60 | -0.08 | -0.10 | 0.36 |
| Lehman U.S. Aggregate Bond | 0.12 | -0.11 | -0.13 | -0.17 | 1.00 | 0.08 | 0.65 | 0.75 | 0.07 |
| CSFB High Yield | -0.20 | 0.53 | 0.50 | 0.60 | 0.08 | 1.00 | 0.00 | 0.02 | 0.34 |
| JPM World Gov't Bond | -0.12 | -0.07 | 0.10 | -0.08 | 0.65 | 0.00 | 1.00 | 0.57 | 0.15 |
| Citigroup Inflation-Linked Securities | -0.05 | -0.18 | -0.17 | -0.10 | 0.75 | 0.02 | 0.57 | 1.00 | 0.17 |
| Wilshire REIT | -0.10 | 0.30 | 0.28 | 0.36 | 0.07 | 0.34 | 0.15 | 0.17 | 1.00 |

Multi Level Diversification

Broad Asset Class Coverage



- Lifecycle funds are ideal diversification vehicles
- Inclusion of specialty asset classes lowers total portfolio risk
- My Retirement Portfolios provide more comprehensive coverage than most

| | American Century My Retirement Portfolios | Fidelity | T. Rowe | BGI | Vanguard |
|-------------------------------|--|----------|---------|-----|----------|
| Domestic Equity | √ | √ | √ | √ | √ |
| Int'l Developed Market Equity | √ | √ | √ | √ | √ |
| Emerging Market Equity | √ | * | | | |
| Domestic Fixed Income | √ | √ | √ | √ | √ |
| High Yield Bonds | √ | √ | √ | √ | √ |
| International Bonds | √ | | | | |
| TIPS | √ | | | | √ |
| REITs | √ | | | | |

*The fidelity Southeast Asia Fund is the only dedicated emerging market equity fund held.
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Multi Level Diversification

Distinct Investment Approaches

Solution
2

Distinct alpha generation processes

Value Team

Core Team

Growth Team

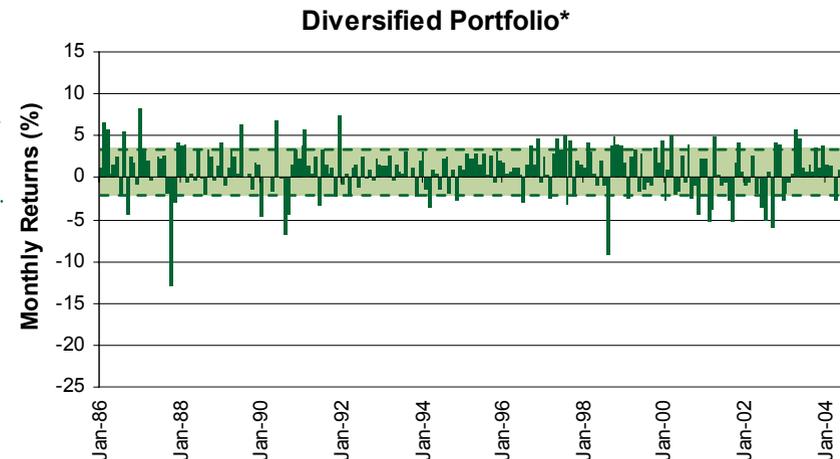
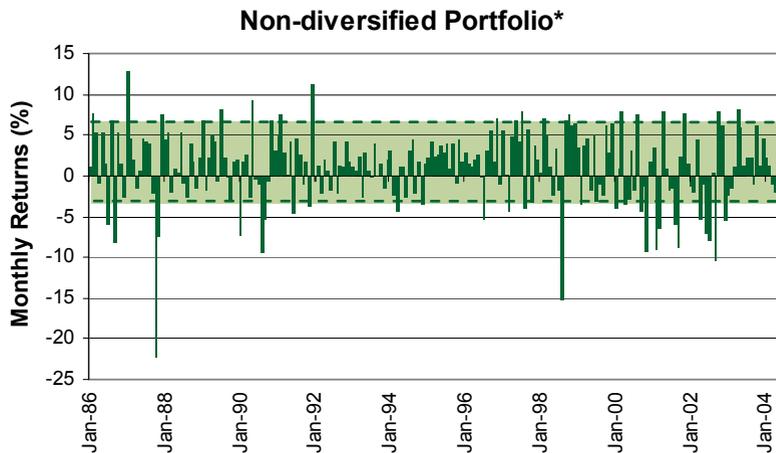
Correlation of Representative AmCen Funds' Excess Returns*

| | Large Cap Value | Large Cap Core | Large Cap Growth |
|------------------|-----------------|----------------|------------------|
| Large Cap Value | 1.00 | | |
| Large Cap Core | -0.15 | 1.00 | |
| Large Cap Growth | -0.32 | 0.03 | 1.00 |

Multi Level Diversification Provides a Smoother Ride

Solution 2

- Multi Level Diversification
 - Broad asset class coverage
 - Distinct investment approaches
- Benefit to you
 - Expanded return potential given level of risk
 - Smoother ride reduces extreme downside probabilities



*Source: American Century. Diversified portfolio represented by MRP 2025, non diversified portfolio represented by Frank Russell 3000.
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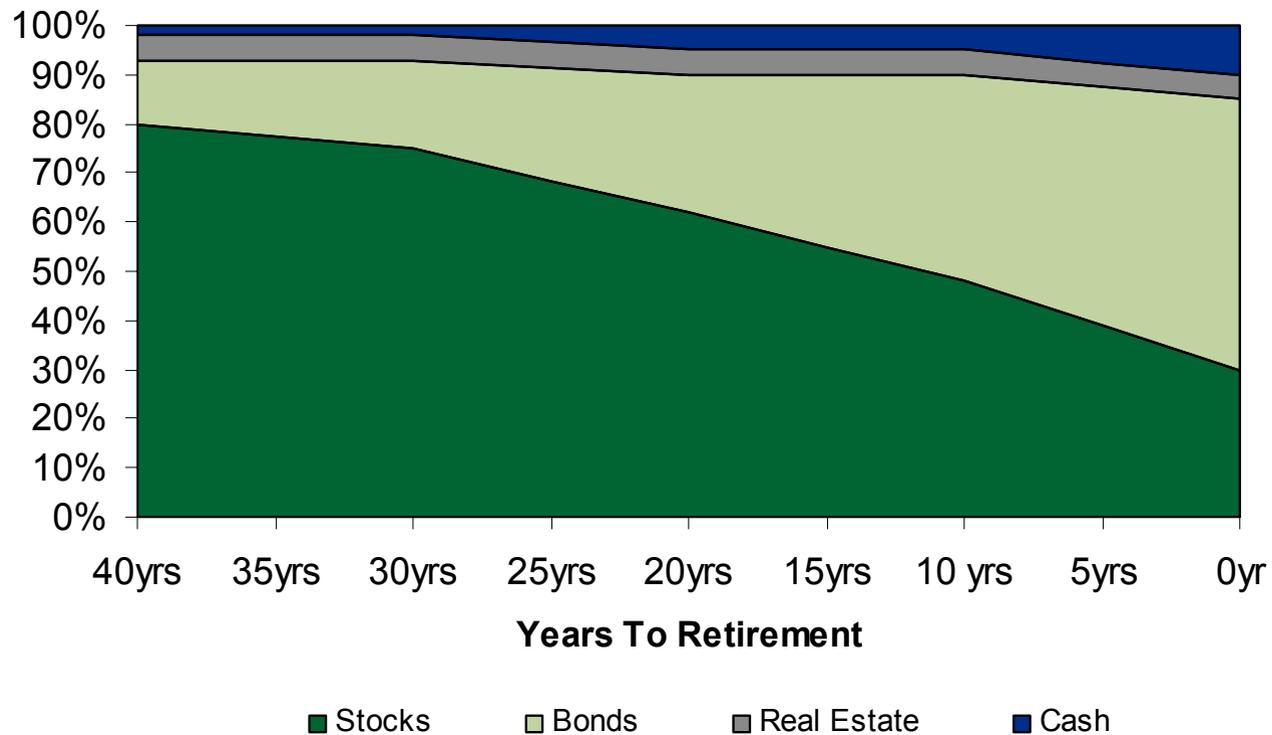
Intelligent Rebalancing

Annual Progression of Strategic Mixes

Solution
3

Strategic mixes progressed annually from aggressive to conservative

Asset Allocation Path

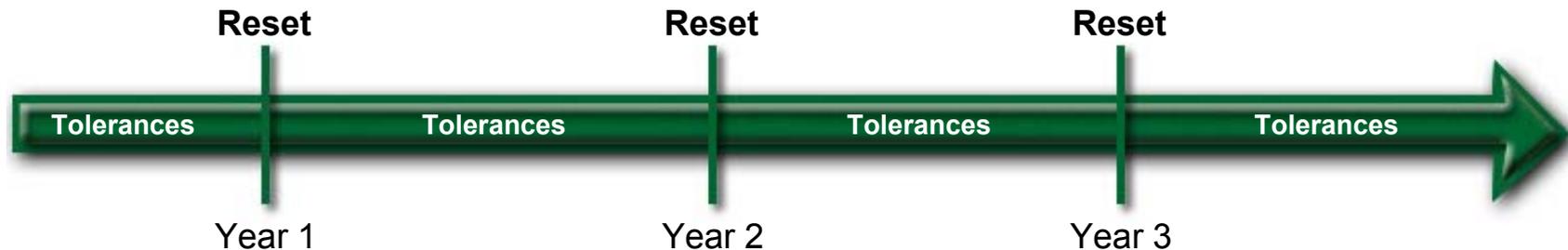


Intelligent Rebalancing

Total Management of Risk/Cost

Solution
3

*Combining a threshold deviation interval with frequent monitoring can enhance risk-adjusted returns**



- Portfolio weights reset annually
- Asset level tolerances based on
 - Incremental risk to total portfolio
 - Transaction cost

Smart tradeoff between risk and cost instead of mechanical rebalancing

My Retirement Portfolios - Built To Last



Refined asset allocation extends durability

- Advanced asset allocation modeling
- Comprehensive style management



Multi-level diversification provides a smoother ride

- Broad asset class selection
- Distinct investment approaches



Intelligent rebalancing maximizes turnover efficiency

- Strategic mix progression
- Total management of risk/cost

Why American Century

- Firm ranked number 4 in industry in number of funds with Morningstar 4 stars or above*
- Sixteen years of asset allocation track record with dedicated assets under management of \$4.9B**
- Underlying 15 funds have proven track records
 - Total assets under management for underlying strategies \$488.9 billion**
 - All funds have at least five years of performance history

Strong values in an age of uncertainty

31 Funds rated 4 stars or above of 53 American Century Funds eligible for ratings. Past performance is no guarantee of future results.

*Morningstar rankings as of July 31, 2004.

** American Century as of June 2004.

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Appendix

- Target portfolio weights
- Investment team experience
- Fees

Target Weights

| Asset Class | Sub Asset Class | Underlying Fund | Income | 2015 | 2025 | 2035 | 2045 |
|--------------|----------------------------|-------------------------|--------|-------|-------|-------|-------|
| Equity | Large Cap Growth | Ultra | 5.0% | 8.0% | 12.0% | 14.0% | 15.0% |
| | Large Cap Core | Equity Growth | 0.0% | 0.0% | 12.0% | 14.0% | 15.0% |
| | Large Cap Core/Value | Income & Growth | 10.0% | 11.0% | 0.0% | 0.0% | 0.0% |
| | Large Cap Value | Large Company Value | 8.5% | 10.0% | 12.0% | 14.0% | 15.0% |
| | Mid Cap Growth | Vista | 2.0% | 4.0% | 5.0% | 7.0% | 7.5% |
| | Mid Cap Value | Value | 3.0% | 5.0% | 5.0% | 7.0% | 7.5% |
| | Small Cap Core | Small Company | 1.5% | 2.0% | 4.0% | 4.0% | 5.0% |
| | International – developed | International Growth | 0.0% | 6.0% | 9.0% | 10.0% | 9.0% |
| | International – emerging | Emerging Markets | 0.0% | 2.0% | 3.0% | 5.0% | 6.0% |
| | Real Estate | Real Estate | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| | | Total | 35.0% | 53.0% | 67.0% | 80.0% | 85.0% |
| Fixed Income | US Fixed Income | Diversified Bond | 36.0% | 29.6% | 22.4% | 14.4% | 10.4% |
| | High Yield | High Yield | 4.5% | 3.7% | 2.8% | 1.8% | 1.3% |
| | TIPS | Inflation-Adjusted Bond | 4.5% | 3.7% | 2.8% | 1.8% | 1.3% |
| | International Fixed Income | International Bond | 10.0% | 5.0% | 0.0% | 0.0% | 0.0% |
| | | Total | 55.0% | 42.0% | 28.0% | 18.0% | 13.0% |
| Cash | | Premium Money Market | 10.0% | 5.0% | 5.0% | 2.0% | 2.0% |

Portfolio Management Team

| Asset Class | Underlying Fund | Portfolio Managers | Years of Investment | |
|----------------------|--------------------------|---------------------|---------------------|---------------|
| | | | Experience | Years at ACIM |
| Asset Allocation | Asset Allocation | Jeff Tyler | 23 | 16 |
| | | Gina Sanchez | 9 | 6 |
| | | Irina Torelli | 7 | 7 |
| Equity | Ultra | Jim Stowers, III | 22 | 22 |
| | | Bruce Wimberly | 12 | 10 |
| | | Wade Slome | 9 | 6 |
| | | Jerry Sullivan | 16 | 4 |
| | Equity Growth | Bill Martin, CFA | 19 | 15 |
| | | Thomas Vaiana | 11 | 7 |
| | | Fei Zou, PhD | 4 | 4 |
| | Income & Growth | Kurt Borgwardt, CFA | 24 | 14 |
| | | Zili Zhang, PhD | 9 | 7 |
| | Large Company Value | Mark Mallon | 30 | 7 |
| | | Chuck Ritter | 26 | 5 |
| | | Brendan Healy | 15 | 4 |
| | Vista | Glenn Fogle, CFA | 16 | 14 |
| | | David Hollond | 10 | 6 |
| | Value | Phil Davidson, CFA | 24 | 11 |
| Scott Moore, CFA | | 15 | 9 | |
| Michael Liss, CFA | | 12 | 6 | |
| Small Company | Matti von Turk, PhD, CFA | 32 | 8 | |
| | Bill Martin, CFA | 19 | 15 | |
| International Growth | Henrik Strabo | 20 | 11 | |
| | Keith Creveling | 12 | 4 | |
| Emerging Markets | Michael Donnelly | 15 | 7 | |
| | Raymond Kong | 11 | 11 | |
| US Fixed Income | Real Estate | | | |
| | Diversified Bond | | | |
| | High Yield | | | |
| | Inflation-Adjusted Bond | | | |
| | International Bond | | | |
| Cash | Premium Money Market | | | |

Need to get information to build out Fixed Income columns from RFT

Fee Schedule

The fee schedule for this investment strategy is based on the amount invested and the product type selected by the investor.

| | | |
|-------------------------------------|-------------|--------|
| Institutional Share Classes: | MRP Income: | 55 bps |
| | MRP 2015: | 64 bps |
| | MRP 2025: | 69 bps |
| | MRP 2035: | 75 bps |
| | MRP 2045: | 77 bps |

No asset allocation fees

Fee Schedule

The fee schedule for this investment strategy is based on the amount invested and the product type selected by the investor.

| | | |
|--------------------------------|-------------|--------|
| Investor Share Classes: | MRP Income: | 75 bps |
| | MRP 2015: | 84 bps |
| | MRP 2025: | 89 bps |
| | MRP 2035: | 95 bps |
| | MRP 2045: | 97 bps |

No asset allocation fees

Fee Schedule

The fee schedule for this investment strategy is based on the amount invested and the product type selected by the investor.

| | | |
|-------------------------------|-------------|---------|
| Advisor Share Classes: | MRP Income: | 100 bps |
| | MRP 2015: | 109 bps |
| | MRP 2025: | 114 bps |
| | MRP 2035: | 120 bps |
| | MRP 2045: | 122 bps |

No asset allocation fees

Fee Schedule

The fee schedule for this investment strategy is based on the amount invested and the product type selected by the investor.

| | | |
|-------------------------|-------------|---------|
| R Share Classes: | MRP Income: | 125 bps |
| | MRP 2015: | 134 bps |
| | MRP 2025: | 139 bps |
| | MRP 2035: | 145 bps |
| | MRP 2045: | 147 bps |

No asset allocation fees

Endnotes

- Performance reflects Investor Class shares, unless otherwise indicated. Past performance does not guarantee future results and investment return and principal value will fluctuate, so redemption value may be worth more or less than original cost. Total return includes reinvestment of all dividends and capital gains. **For more current month end performance, please visit our website.**
- Returns less than one year are not annualized. Returns presented do not reflect recurring and nonrecurring fees. Fund performance may be subject to substantial short-term changes due to market volatility or other factors. Historically, small cap stocks have been more volatile than the stock of larger, more-established companies.
- Holdings are subject to change without notice. The Fund's portfolio may differ significantly from the securities held in an index or benchmark. The index or benchmark shown does not include fees or expenses, and is not available for actual investment. Portfolio construction guidelines are document operational policies and not necessarily investment restrictions imposed by the prospectus. References to specific securities are for illustrative purposes only, and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.
- Rankings are calculated within their respective universe of funds in the category shown, and are based on Investor class of shares, unless otherwise indicated. Lipper rankings are historical and are based on average annual total returns with capital gains and dividends reinvested. Morningstar proprietary category ratings are based on risk adjusted returns.
- Morningstar ratings are based upon Investor class of shares; other classes may have different performance characteristics. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that account for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating™ metrics. Past performance is no guarantee of future results.
- Sector weightings lists companies that represent the largest holdings by sector. Sector returns lists companies that represent the largest contributors and detractors to return by sector. Cumulative returns may vary from actual results due to inter-month transactions, cash holdings and fees. Composite information is used where it most closely reflects the current portfolio investment style represented. Composite performance returns are gross of fees. Gross returns do not reflect investment management fees and other expenses included in account management. Actual net performance depends on the applicable fee schedule.
- The Strategic Allocation Funds' actual asset mixes will vary from the neutral mix based on investment performance. Fund managers regularly review the portfolios and will rebalance the asset mix to stay within the funds' preset operating ranges. The risk level designations are relative only to the three strategic asset allocation funds, and do not represent comparisons with any other investment.
- The VP Funds are managed by the same management team using the same objectives, approach, and philosophy as the retail fund. The VP portfolios are managed in a manner than under normal circumstances should produce similar performance. However, it is important to note that there are additional fees and charges assessed with investments in variable insurance products, those charges are disclosed in the separate account prospectus. The fees and charges will reduce returns when compared to that of the retail fund. There is no guarantee that the management team will achieve the same or similar performance in the future.
- Effective 2/20/04, the Small Company Fund is closed to new investors. Investors who established accounts prior to the closing date may continue to invest in their accounts.
- The American Century logo, American Century and American Century Investments are service marks of American Century Services Corporation.
- **For more information about investment objectives, risks, charges and expenses, please consult the prospectus which can be found on our website.**