

SIP EXTRA

March 1, 2002

CHANGE IN CASH BALANCE PLAN

Effective May 1, 2002, eligible employees will no longer accrue contribution credits in the Cash Balance Plan. There will be no new contributions credited to Cash Balance Plan accounts after the April 25, 2002 paycheck. However, earnings will continue to be credited each month using the announced 30-year Treasury Bond rate of return. In 2002, this rate of return is 5.12% and will continue to be reset each November for the following year.

Sargent & Lundy created the Cash Balance Plan (CBP), effective January 1, 1999, as a way to provide a benefit to employees, similar to the employer matching contribution previously made to the Savings Investment Plan (SIP). All full-time and part-time employees automatically became participants in this plan upon completion of one year of full-time or part-time service. The CBP is part of the Sargent & Lundy LLC Retirement Plan, and that plan will be amended effective May 1, 2002 to reflect the discontinuation of contribution credits.

If you are a participant in the Cash Balance Plan, you will continue to receive a Statement of Account each January and July. As before, the funds in this account will be unavailable for distribution until your employment has terminated. At that time, several options will be available to you, including:

- rollover into Savings Investment Plan
- rollover into another employer's plan
- rollover into an IRA
- a distribution as income (subject to regular taxes and possibly 10% early withdrawal penalty)
- a distribution through one of the annuity options available under the

SAVINGS INVESTMENT PLAN: EMPLOYER MATCHING CONTRIBUTION ADDED

Effective May 1, 2002, all eligible employees will receive a 50% employer match on the first 3% of payroll deductions through the Sargent & Lundy LLC Savings Investment Plan. The match will be calculated on a paycheck-by-paycheck basis.

Eligible employees are those who:

- are considered to be full-time or part-time
- have completed at least one year of employment (including any prior years of service)
- are not "Temporary Employees" described in Sargent & Lundy's Employee Relations Procedure covering such employees (Work Group #279 & #289)

The employer match will apply to all payroll deduction contributions made to the Savings Investment Plan from the May 10, 2002 paycheck through the December 24, 2002 paycheck. Continuation of the match beyond that time will be re-evaluated toward the end of this year and an announcement will be issued at that time. Thereafter, as in the previous employer match program, the percentage of employer match will be re-evaluated every 6 months and announced each June and December for the subsequent 6-month period.

Employer Match Calculation

The match will be calculated only on the following:

- regular wages (including comp time taken)
- vacation taken
- illness taken
- extended illness taken
- miscellaneous personal time taken

Regular wages **do not** include additional income such as overtime, per diem, etc.

The match will apply to all types of payroll deduction: SIP after-tax, 401(k) and 401(k) "catch-up" (available in early March).

Vesting Schedule

The employer match will be immediately vested at 100%. This means that 100% of the employer match will be included when calculating the amount available for a new loan or

UPCOMING SIP MEETINGS

You are invited to attend any or all of the following meetings:

SIP Town Hall Meeting

Friday, March 8
11:30 a.m. - 12:30 p.m.
Auditorium, 24th Floor

The meeting will be led by Mike Helminski, SIP Committee Chairman. After presenting an overview of changes to both the Savings Investment Plan and Cash Balance Plan, he will be available to answer any questions you may have.

SIP Enrollment Meeting

Tuesday, March 26
11:30 a.m. - 12:30 p.m.
Auditorium, 24th Floor
(A box lunch will be provided)

Wilmington Office - Thursday, March 28

A representative from Fidelity Investments will discuss the provisions of the plan as well as an overview of the Core Investment Options available.

The meeting will also include information on the following:

- * How do I benefit from participating in the Savings Investment Plan?
- * Where do I find the money to invest?
- * How much will I need for retirement?

Investment Strategy Workshop

Wednesday, March 27
11:30 a.m. - 12:30 p.m.
Auditorium, 24th Floor

A representative from Fidelity Investments will discuss the key steps necessary to determine the best investment strategy for your SIP account.

The workshop will cover many investment topics, including:

- * Asset and sub-asset classes
- * Model portfolios
- * The importance of asset allocation and diversification

To reserve space at any of these meetings, please call the SIP Office at x2130 or x2369.

Employer Matching Contribution

(continued from Page 1)

Taking Full Advantage of the Match

In order to receive an employer match, you must be enrolled in the Plan be making payroll contributions in every pay period. It will be the employee's responsibility to ensure that there are no missed opportunities to receive the maximum match possible.

For example:

- ◆ 401(k) and SIP payroll deductions will receive a matching contribution on the first 3% of regular wages, each paycheck. Therefore, deductions of 1% or 2% will not receive the maximum match possible.
- ◆ If you intend to contribute on a pre-tax basis only, you will need to select a 401(k) percentage of deduction that will ensure a deduction from each paycheck throughout the year.
- ◆ Your 401(k) deductions will stop automatically upon reaching the \$11,000 maximum, and again upon reaching the \$1,000 maximum for those eligible for the "catch-up" contribution*. If you do not want to receive a reduced or zero employer match, you will need to anticipate reaching this limit and elect additional contributions for either the "catch-up" pre-tax or SIP after-tax, or both, for that and any future paychecks that year. This approach will help you to preserve at least a 3% deduction.
- ◆ All payroll deductions will stop upon reaching the \$40,000 maximum contribution for the year. Therefore, to maximize the match you will need to select an after-tax SIP percentage of deduction that will ensure a 3% minimum deduction from each paycheck. At the end of the year, you can make an after-tax lump sum contribution to bring your total contributions up to the maximum allowed. However, there will be no employer match on the after-tax lump sum contribution.

*The "catch-up" contribution is a pre-tax payroll deduction (election of from 1% to 5%) for those 50 years old or older in the current year. ***This contribution option will be available in mid-April for the May 10 paycheck.***

Investment of the Employer Match

Fidelity allows only one investment election at a time, so the employer match will be invested in the same manner as all other deductions (401(k), SIP, pre-tax "catch-up" or loan payment) from that paycheck. However, the investment of the match can be changed by "exchanging" money from one investment fund to another by electing that specific source only.

Enrolling in SIP

If you are not currently participating in the plan, an enrollment package is enclosed. The enrollment deadline is Friday, April 26, for deductions to begin May 10, 2002.

You must create a PIN (Personal Identification Number) before enrolling in the plan. This can be done by calling Fidelity (1-800-835-5095) and providing the following:

- 1 Your Social Security Number
- 2 Your date of birth
- 3 Your mother's maiden name
- 4 Your home zip code
- 5 A 6-12 digit PIN. Please use something that is easy to remember such as your spouse's birth date, an anniversary date, a 4-digit ATM PIN repeated twice or your home telephone number.

As soon as your PIN is acknowledged, you can use one of two processes to enroll:

- 1 Stay on the line and enter "zero" three times to speak with a telephone representative, bypassing their automated voice response system
- 2 Use their web site, www.401k.com

If you need help setting up your PIN or with the enrollment process, please call the SIP Office at (312) 269-2130.

Withdrawal of Employer Match

Each employer matching contribution will be unavailable for 60 months when calculating an in-service withdrawal. This applies to all employees, regardless of years of service. This restriction is required by the Internal Revenue Code. Therefore, the amount that appears in your Employer Match account (either on the quarterly Statement of Account or in NetBenefits at www.401k.com) may not be completely available for an in-service withdrawal.

SELECT PORTFOLIOS*(continued)***Q. What else distinguishes Fidelity's Select Portfolios?**

B.E. Our commitment to technology resources is crucial. To work smarter and more efficiently, we try to give our investment professionals the best technology tools and information resources in the business. Another differentiating factor is the breadth of our sector funds. We offer a diverse product line of 40 funds that cover all the major sectors and industries. With more than \$35 billion of assets in these products, we are able to offer them at competitive expense ratios.

Q. Why does Fidelity offer so many sector funds?

B.E. Historically, different phases of the economic and business cycles have tended to benefit one sector or industry over another. The diversity of our Select Portfolios allows experienced investors to invest according to the phases of the economic and business cycles. Sectors and industries tend to go in and out of favor over long-term periods, so we want to provide exposure to all segments of the market. Since we offer 40 funds in our Select product line, we feel that we are providing investors with the greatest array of products available in the marketplace.

Q. Do you anticipate market times and "hot money" being problems with these funds?

B.E. No, I do not believe that these products are conducive to market timers. The Select Portfolios offer a great vehicle for long-term investors who are looking for diversification. As I mentioned, market cycles typically play out over years, not months or days. This makes it very difficult to time the market successfully in the short term. In fact, we try to prevent "hot money" - each of the Select Portfolios has a short-term fee for shares held less than 30 days. Short-term trading fees are designed to protect fund performance

the interests of longer-term investors by discouraging short-term trading, which can negatively affect investment returns. Short-term trading fees are paid to the fund itself, not to Fidelity. Participants and other fund investors incur these fees only if they redeem shares within the specified period. Also, our participant communications and education group works closely with plan sponsors to educate participants on the perils of market

OVERVIEW OF FUND OPTIONS

Listed below is an overview of the fund options available, progressing from the Asset Allocation Funds appropriate for "less involved investors" to the Self-Directed Brokerage Option for "more involved investors".

This listing is **NOT** intended to indicate levels of risk for these investments.

- I. CORE-Asset Allocation Funds**
Fidelity Freedom Funds
Vanguard Lifestrategy Funds
- II. CORE - Index Funds**
Fidelity US Bond Index
Fidelity US Equity Index
Spartan Extended Market Index
Spartan International Index
- III. CORE - Actively Managed Funds**
Stable Value Fund
PIMCO Total Return Bond Fund
Fidelity Magellan Fund
AF Washington Mutual Investors
Fidelity Aggressive Growth Fund
MAS MidCap Growth Fund
Berger Small Cap Value Fund
Fidelity Diversified International
- IV. Expanded Mutual Fund Options**
Fidelity Funds
FundsNet (non-Fidelity) Funds
- V. Select Portfolios**
- VI. Self-Directed Brokerage Option**

ADDITIONAL INFORMATION

Listed below is the ticker symbol for each of the Select Portfolios. Additional information such as past performance, top 5 or top 10 fund holdings, and expense ratio can be found at various financial websites, such as www.morningstar.com, www.fidelity.com, www.quicken.com or www.stockmaster.com. Prospectuses are available by calling Fidelity Investments at 1-800-835-5095.

Air Transportation	FSAIX
Automotive	FAVX
Banking	FSRBX
Biotechnology	FBIOX
Brokerage/Invest. Mgt.	FSLBX
Bus. Svcs/Outsourcing	FBSOX
Chemicals	FSCHX
Computers	FDCPX
Construction & Housing	FSHOX
Consumer Industries	FSCPX
Cyclical Industries	FCYIX
Defense & Aerospace	FSDAX
Developing Commun.	FSDCX
Electronics	FSELX
Energy	FSENX
Energy Service	FSESX
Environmental Services	FSLEX
Financial Services	FIDSX
Food & Agriculture	FDFAX
Gold	FSAGX
Health Care	FSPHX
Home Finance	FSVLX
Industrial Equipment	FSCGX
Industrial Materials	FSDPX
Insurance	FSPCX
Leisure	FDSLX
Medical Delivery	FSHCX
Medical Equip/Systems	FSMEX
Multimedia	FBMPX
Natural Gas	FSNGX
Natural Resources	FNARX
Networking/Infrastructure	FNINX
Paper & Forest Products	FSPFX
Retailing	FSRPX
Software/Computer Svcs	FSCSX
Technology	FSPTX
Telecommunications	FSTCX
Transportation	FSRFX
Utilities Growth	FSUTX
Wireless	FWRLX