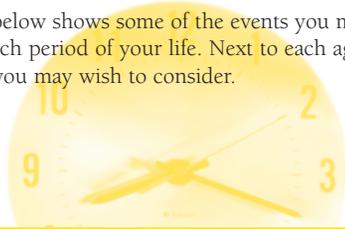


STEP 1. Figure out your timetable

How many years before you retire?
This number has a big effect on:

- How much of your income you need to save
- What kinds of funds you choose to invest in

The timeline below shows some of the events you may be facing at each period of your life. Next to each age are strategies you may wish to consider.

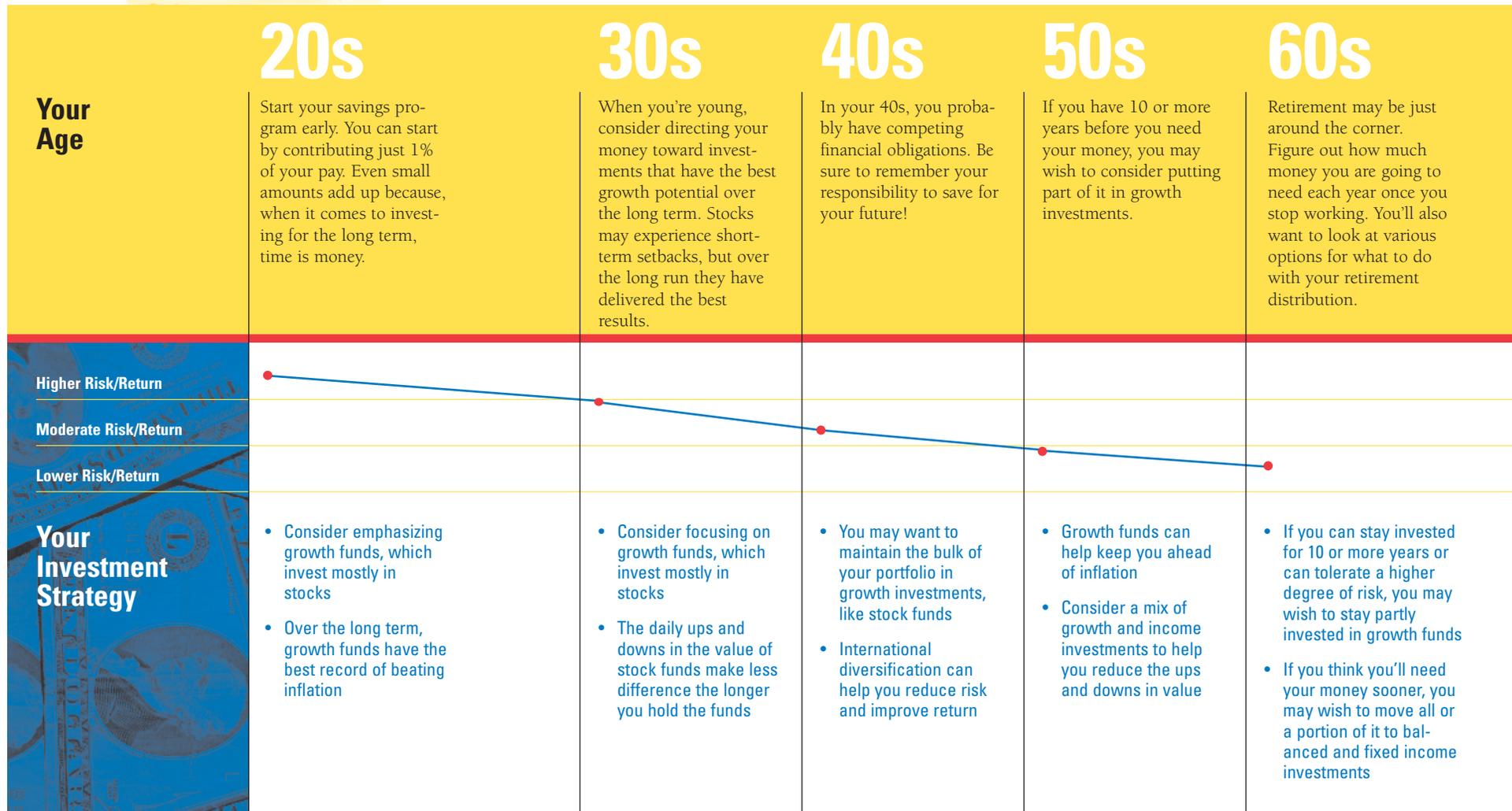


STEP 2. Balance risk and return

Many investors think of risk as the chance you may lose part of your original investment.

“Return” is how much money an investment earned over a specific period. No single investment — stocks or fixed income investments — can be expected to perform well through all market conditions. But when you spread your money among different kinds of investments, you can balance risk and reward.

Which is more risky — stocks or fixed income investments? Fixed income investments may not deliver high enough returns over the decades to provide enough retirement income. This is one kind of risk. Another kind of risk is when an investment has sharp ups and downs in value over the short term. Stock funds may go up and down in value more than fixed income funds but have generally delivered better returns over the long run.



To use the NRECA Retirement Benefits Voice Line

Press 1 to select English, or 2 to select Spanish

Enter your Social Security number

Then enter your four-digit PIN

If you lose or forget your PIN, you can request a copy of it by pressing zero, zero, followed by the pound sign (#). Your PIN will be mailed to you at your co-op within two business days.

Then, follow the voice prompts to navigate the system:

 For account information or to make changes to your account

■ Press 1 for your account balance. Then press:

- 1 for your balances by investment option
- 2 for your balances by type of contribution
- 3 for your Self-Directed Brokerage Account balance

■ Press 2 to reallocate your current account balance. Then press:

- 1 to reallocate your account balance
- 2 to transfer a specific dollar amount by investment option
- 3 to transfer a specific percent by investment option
- 4 to transfer funds to your Self-Directed Brokerage Account
- 5 to transfer funds from your Self-Directed Brokerage Account

■ Press 4 to hear or change your current investment allocations for future deposits. Then press:

- 1 for your current investment allocations

 For loan information and modeling

■ Press 1 for current loan interest rates

■ Press 2 for information on your outstanding loans

■ Press 3 to hear the amount you have available for a loan or to model a new loan

 For investment prices and performance

■ Press one of the numbers listed below followed by the star (*) for information on a specific investment option

- 1 Short Term Bond Fund
- 2 Money Market Fund
- 3 Growth & Income Stock Fund
- 4 S&P 500 Stock Index Fund
- 5 International Stock Fund
- 6 Small-Company Stock Index Fund
- 7 Nasdaq-100 Index Tracking Stock™
- 8 Conservative Investor Lifestyle Fund
- 9 Moderate Investor Lifestyle Fund
- 10 Aggressive Investor Lifestyle Fund

Press 1 for current price information

Press 2 for prior performance information (Year-to-Date, 12-month, 3-year, and 5-year performance)

■ Press the pound sign (#) to hear the list of available investments

■ Press 0 followed by the star (*) for the current share price of all investment options

 To change your PIN

Enter your new PIN once, and again, for verification, when prompted

 To repeat a menu

 To return to the previous menu

Not available at the main menu (only available at sub-menus)

 To return to the main menu

Not available at the main menu (only available at sub-menus)

To speed up your transaction time, you can make a selection at any time while listening to menu options

A few rules about timing your transactions:

- It is considered a business trading day when the New York Stock Exchange (NYSE) is open. On business trading days, share prices are updated daily and available by 7 a.m. E.T. the following business trading day.
- For cooperatives allowing daily investment reallocations:
 - Transactions requested **by 4 p.m. E.T.** on a regular business trading day are processed using that day's closing share prices. The results will be reflected in your account balance the next day.
 - Transactions requested **after 4 p.m. E.T.** on a regular business trading day or during a non-business trading day (weekend, holiday, etc.) will be processed the next business trading day based on that day's closing share prices.
- For cooperatives allowing monthly investment reallocations:
 - Transactions requested **by 4 p.m. E.T.** on a regular business trading day will be processed on the last regular business trading day of the month using that day's closing share prices. Changes in your account balance will be reflected the next day.
 - Transactions requested **after 4 p.m. E.T.** on the last regular business trading day of the month will be processed at the end of the following month. The results will be reflected in your account balance the following day.

For more information,
please contact
Mercantile Funds

1-800-551-2145

Investment Advisor &
Administrator:
MERCANTILE CAPITAL
ADVISORS, INC.

An investor should consider the fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the fund's prospectus. To obtain a prospectus, please call 1-800-551-2145. Please read the prospectus carefully before investing. Mercantile Investment Services serves as the Funds' distributor.

The ratings shown represent the fund's superior performance relative to its peers but do not reflect the possibility that the fund may have experienced short-term negative performance results. For current fund performance, please visit our web site www.mercantilemutual-funds.com.

Mercantile Funds Morningstar™ Ratings (period ending 9/30/04)

	Overall	3 Year	5 Year	10 Year
International Equity Fund¹ <i>Institutional shares</i>	★★★★★ Out of 385 Foreign Large Blend Funds	★★★★★ Out of 385 Foreign Large Blend Funds	★★★★★ Out of 279 Foreign Large Blend Funds	★★★★★ Out of 84 Foreign Large Blend Funds
Growth & Income Fund <i>Institutional shares</i>	★★★★★ Out of 1,174 Large Blend Funds	★★★★★ Out of 1,174 Large Blend Funds	★★★★★ Out of 855 Large Blend Funds	★★★★★ Out of 277 Large Blend Funds
Diversified Real Estate Fund² <i>Institutional shares</i>	★★★ Out of 144 Specialty—Real Estate Funds	★★★ Out of 144 Specialty—Real Estate Funds	★★★ Out of 118 Specialty—Real Estate Funds	N/A
Capital Opportunities Fund³ <i>Institutional shares</i>	★★★★★ Out of 549 Small Growth Funds	★★★★★ Out of 549 Small Growth Funds	N/A	N/A
Maryland Tax-Exempt Bond Fund⁴ <i>Institutional shares</i>	★★★ Out of 225 Muni Single State Interm Bond Funds	★★★ Out of 225 Muni Single State Interm Bond Funds	★★★ Out of 201 Muni Single State Interm Bond Funds	★★ Out of 120 Muni Single State Interm Bond Funds
Limited Maturity Bond Fund <i>Institutional shares</i>	★★★ Out of 209 Short Term Bond Funds	★★★ Out of 209 Short Term Bond Funds	★★★ Out of 164 Short Term Bond Funds	★★★★★ Out of 96 Short Term Bond Funds
Total Return Bond Fund <i>Institutional shares</i>	★★★ Out of 688 Interm. Term Bond Funds	★★★ Out of 688 Interm. Term Bond Funds	★★★ Out of 532 Interm. Term Bond Funds	N/A
National Tax-Exempt Bond Fund⁴ <i>Institutional shares</i>	★★★ Out of 186 Muni Nat'l Interm Bond Funds	★★ Out of 186 Muni Nat'l Interm Bond Funds	★★★ Out of 147 Muni Nat'l Interm Bond Funds	N/A
Tax-Exempt Limited Maturity Bond Fund⁴ <i>Institutional shares</i>	★★★ Out of 77 Muni Natl. Short Bond Funds	★★★ Out of 77 Muni Natl. Short Bond Funds	★★★ Out of 68 Muni Natl. Short Bond Funds	N/A
Equity Growth Fund <i>Institutional shares</i>	★★★ Out of 996 Large Growth Funds	★★ Out of 996 Large Growth Funds	★★★★ Out of 681 Large Growth Funds	N/A
Equity Income Fund <i>Institutional shares</i>	★★ Out of 749 Large Value Funds	★★★ Out of 749 Large Value Funds	★ Out of 544 Large Value Funds	N/A

Morningstar, Inc. is an independent mutual fund performance monitor. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts 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 a rating category receive 5 stars, the next 22.5% receive 4 stars, the middle 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The overall rating is a weighted average of the 3-, 5- and 10-year rating (where applicable).

Bond Funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in price, especially for longer-term issues and in environments of rising interest rates.

Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes.

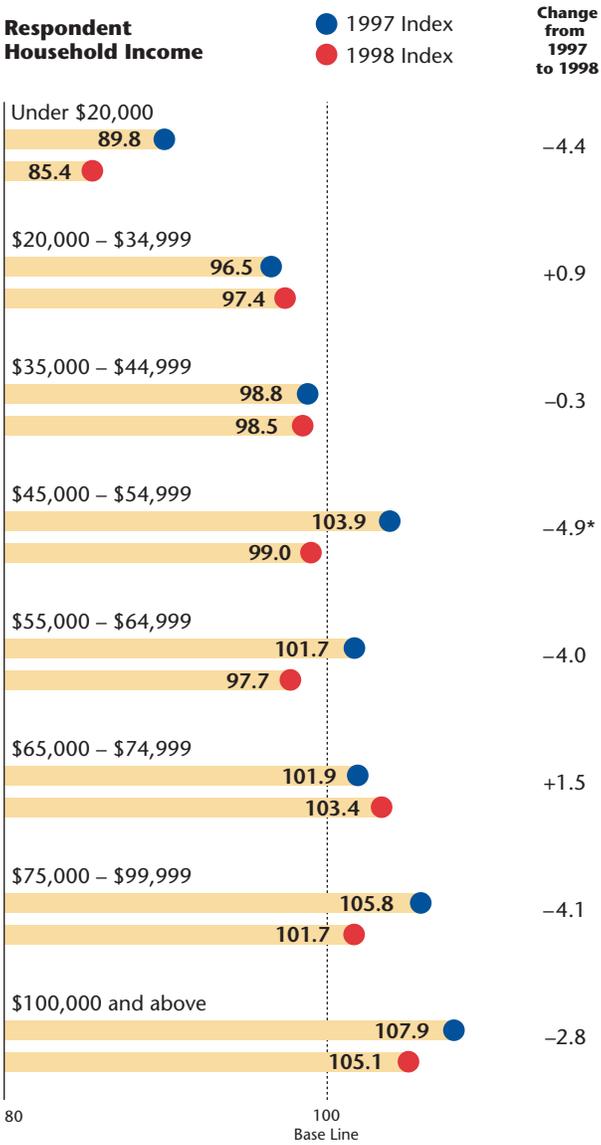
Common stocks, and funds investing in common stocks, generally provide greater return potential when compared with other types of investments.

- 1 International investing involves increased risk and volatility.
- 2 Although the fund will not invest in real estate directly, it is subject to the same risks that are associated with the direct ownership of real estate.
- 3 The Capital Opportunities Fund could fluctuate in price more than most funds, due to the volatile nature of both the technology sector and stocks of smaller companies. In addition, the Fund may participate in the Initial Public Offering (IPO) market, and a portion of the Fund's returns consequently may be attributable to its investment in IPO's.
- 4 The Maryland Tax-Exempt, Tax-Exempt Limited Maturity and National Tax-Exempt Bond Fund's income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.

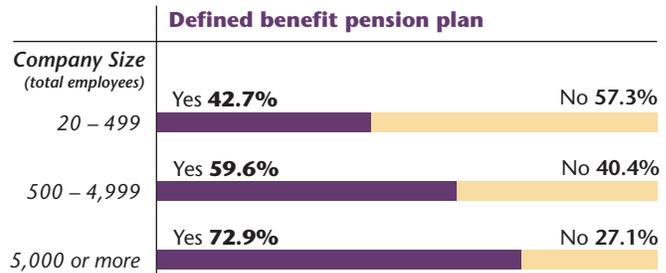
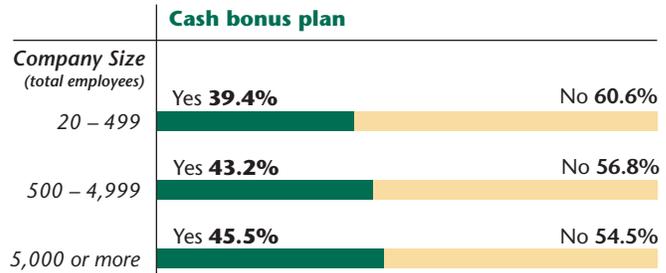
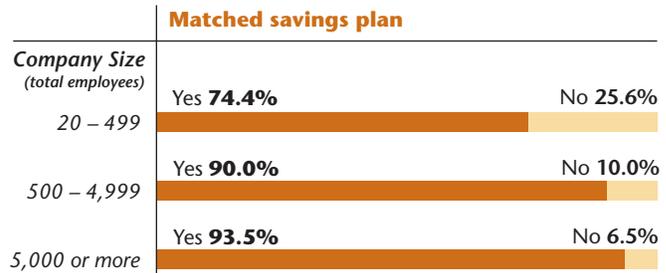
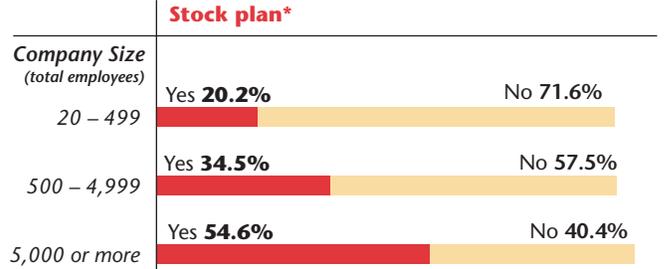
FACTS & FIGURES

Compensation

Comparison of WCI to Household Income



* significant at the .05 level



* All percentages do not add up to 100% since some respondents did not answer the question or their company does not offer a stock plan.

FACTS & FIGURES

Employee Benefits

BENEFITS IN ORDER OF EXPERIENCE

