



IMPORTANT NOTICE
MEBT Unitized Pool Fund Correction

August 23, 2007

Dear MEBT Participant:

On July 17, 2007, a pricing error of the MEBT Unitized Pooled Fund was discovered and corrected. The pricing inaccuracy resulted in an understated market value of the MEBT Fund for the period June 15, 2007 to July 17, 2007.

What caused this pricing error? A fixed-income security held within the underlying investments of the MEBT Fund was incorrectly priced by AST. The error was discovered and corrected on July 17, 2007. The cause of the error has been identified, and controls are being put into place to assure this will not happen again.

How did this impact me?

- *Online Account Balances* - If you viewed your account online during the affected period, June 15, 2007 to July 17, 2007, your balance in the MEBT Unitized Pool Fund would have been understated by approximately 0.17%. Instead of a share price of \$14.6082, the share price should have been \$14.6332.
- *Full Distribution* - If your account balance was fully redeemed during the affected period (i.e., you took a full distribution), we will be calculating the full amount you were entitled to plus interest and sending you a residual payment per your original distribution instructions.
- *Contributions to MEBT* - If you made contributions or received city contributions to the MEBT Fund during the affected period, you would have benefited because, at the incorrect lower share price, your contribution purchased slightly more shares than it would otherwise have purchased. AST will not be reducing your MEBT account to withdraw these additional shares, so you have received a slight windfall (approximately \$3,000 among all of the MEBT participants).
- *June 30, 2007 MEBT Statement* - Because the affected period spanned June 30, 2007, the last day of the quarter, your MEBT Statement of Account showed a June 30, 2007 market value and share price that was understated by 0.17%. Again, as stated above, the NAV error was rectified on July 17, 2007 and your account was corrected as of that date.

How can I view my current account balance? Please note that you can always check your account balance online by going to MEBT.org and logging into your account. In fact, the website allows you to generate a Personal Statement of Account for you to view your account balance for any specified time period that you choose. If you don't know your PIN, you can call 1-888-700-0808 between 9:00 am and 5:00 pm Pacific Time to receive your PIN after providing proper identifying information.

Do I need to do anything? No. AST Capital Trust has corrected the problem to ensure all participant records are accurate. Those entitled to a residual balance who took a full distribution during the affected period will be receiving a check under separate cover letter within 10 business days of this notice.

Did this result in a loss to my account? No. As mentioned above, the pricing problem has been corrected and there has been no loss to your account.

We apologize for the inconvenience this may have caused you. Should you have any additional questions, please feel free to contact Fadi Khoshaba toll-free at (800) 458-9269.

Sincerely,
AST Capital Trust Company