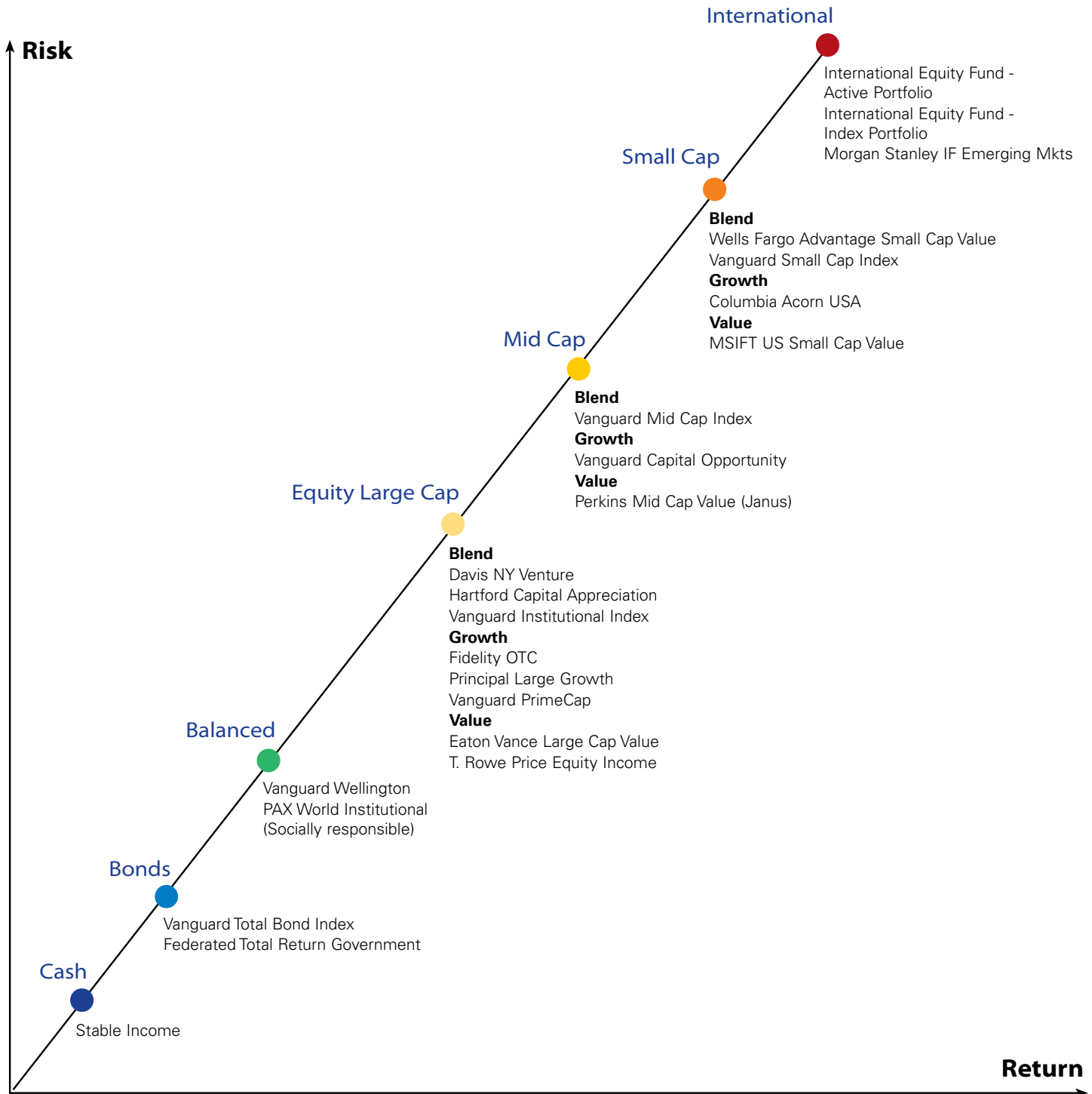


# Investment Options — Risk/Return Profile



Fund prospectuses can be obtained by calling 1-800-422-8463. Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The fund prospectus contains this and other important information. Read the prospectuses carefully before investing.

See back page for important information.

## Exchange Restrictions and Redemption Fees

The Plan works with our investment option providers to permit exchanges between investment options with as few restrictions as possible. All exchange requests received prior to the close of the NYSE (normally 4 pm Eastern Time) will be processed at that day's closing price. Exchanges may be initiated by calling the HELPLINE and accessing the VRU or by speaking to a HELPLINE Representative, or accessing your account online.

However, there are specific trade restriction designed to protect the Plan's long-term investors from the potential detrimental impacts of excessive trading, which could include a negative impact on investment performance, the rejection of an exchange request made by a long-term investor, or the closure of a fund to all Plan participants. The following describes the exchange restrictions currently applicable to the Plan's investment options.

### Individual Fund Restrictions

Each mutual fund may impose exchange limitations. Currently, Columbia Acorn USA, Fidelity, and T. Rowe Price have requested that individuals who exceed fund-specific guidelines, that are generally included in the prospectus of each mutual fund, may be prohibited from making future investments in the fund or have an exchange request rejected.

### Mutual Fund Redemption Fees

Mutual fund companies may assess fund-specific short-term redemption fee when shares of a fund are held for less than a fixed period of time. The funds that are currently assessing a short-term redemption fee are:

- The Vanguard Capital Opportunity and Vanguard PrimeCap Funds assess 1% short-term redemption fee on exchanges only of shares held for less than one year.

In the event an exchange is made within the specified period of time, the Plan is required to assess the short-term redemption fee in accordance with the rules of the mutual fund. For more detailed information, please call the HELPLINE.

### International Fund Repurchase Restriction

There is a 60-day repurchase restriction applicable to both of the Plan's International Equity Funds and the Morgan Stanley Emerging Markets Fund. You may exchange assets out of the International Equity Funds at anytime, however, you may not repurchase shares in these funds for a period of sixty days after the last outgoing exchange.

In addition, direct transfers are not permitted between the International Equity Fund – Active Portfolio and the International Equity Fund – Index Portfolio and an exchange out of either of these fund options will prohibit an exchange into either fund for a 60-day period.

Participants are permitted to exchange assets out of the Morgan Stanley Emerging Markets Fund, but are not able to repurchase shares in this fund during the following 60 calendar days.

For more detailed information, please call the HELPLINE.

The investment options offered under the New York State Deferred Compensation Plan offer diversity and flexibility to Plan participants. Amounts that participants contribute to the New York State Deferred Compensation Plan may be invested in one or more of the listed investment options, which represent seven different asset classes.

The asset classification and/or investment style of any investment option may change. The information concerning asset classification and investment style provided in this guide was last updated on April 23, 2007.

Investing involves market risk including the possible loss of principal. Certain investments may involve additional risks as listed below.

**International/emerging markets funds**—Funds that invest internationally involve risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting and the limited availability of information.

**Small company funds**—Funds investing in stocks of small or emerging companies may have less liquidity and greater volatility than those investing in larger, established companies.

**Mid-cap and large-cap funds**—Stock funds are subject to market risk. Mid-cap funds are generally perceived to be riskier than large-cap funds, but less so than small-cap funds.

**Bond Fund**—Bond funds have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the fund.

The T. Rowe Price Retirement Date funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the portfolio, you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

**Stable Income Fund**—This fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal government agency. Although it seeks to preserve the value of your investment, it's possible to lose money by investing in money market funds.

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