



UNIVERSAL SIMPLIFIED EMPLOYEE PENSION PLAN

Basic Plan Document

DEFINITIONS

ADOPTING EMPLOYER Means any corporation, sole proprietor, or other entity named in the Adoption Agreement and any successor who by merger, purchase, or otherwise, assumes the obligations of the Plan.

ADOPTION AGREEMENT Means the document executed by the Employer through which it adopts the Plan and thereby agrees to be bound by all terms and conditions of the Plan.

BASIC PLAN DOCUMENT Means this prototype plan document.

CODE Means the Internal Revenue Code of 1986 as amended.

COMPENSATION As elected by the Adopting Employer in the Adoption Agreement, Compensation shall mean one of the following, except as otherwise specified in the Plan:

- 1. W-2 Wages.** (Information required to be reported under Code sections 6041, 6051, and 6052 (wages, tips, and other compensation as reported on Form W-2)). Compensation is defined as wages within the meaning of Code section 3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code sections 6041(d), 6051(a)(3) and 6052. Compensation must be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).
- 2. Section 3401(a) Wages.** Compensation is defined as wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).
- 3. 415 Safe-Harbor Compensation.** Compensation is defined as wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the SEP Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Regulations section 1.61-2(c), and excluding the following:
 - (a) Employer contributions to a plan of deferred compensation which are not includible in the Employee's gross income for the taxable year in which contributed, or Employer Contributions under a SEP plan, or any distributions from a plan of deferred compensation;
 - (b) Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
 - (c) Amounts realized from the sale, exchange, or other disposition of stock acquired under a qualified stock option; and
 - (d) Other amounts which received special tax benefits, such as premiums for group-term life insurance (but only to the extent the premiums are not includible in the gross income of the employee).

Compensation shall include only that Compensation which is actually paid or made available to the Participant during the Plan Year.

A Participant's Compensation shall include any elective deferral described in Code section 402(g)(3) or any amount that is contributed by the Employer at the election of the Employee and that is not includible in the gross income of the Employee under Code sections 125, 132(f)(4), or 457.

The annual Compensation of each Participant taken into account under the Plan for any year shall not exceed the Compensation limit described in Code section 401(a)(17) as adjusted by the Secretary of the Treasury for increases in the cost-of-living in accordance with Code section 401(a)(17)(B). Such adjustments shall be made in multiples of \$5,000 (the Compensation limit for 2002 is \$200,000). If a Plan determines Compensation for a period of time that contains fewer than 12 calendar months, then the annual Compensation limit is an amount equal to the annual Compensation limit for the calendar year in which the Compensation period begins multiplied by a fraction, the numerator of which is the number of full months in the short Compensation period, and the denominator of which is 12.

For purposes of Section Seven, Compensation shall include any amount which is contributed by the Employer as an Elective Deferral pursuant to a salary reduction agreement which is not includible in the gross income of the Employee under Code section 402(h).

EARNED INCOME Means the net earnings from self-employment in the trade or business with respect to which the Plan is established, for which personal services of the Self-Employed Individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan or to a Simplified Employee Pension plan to the extent deductible under Code section 404.

Net earnings shall be determined with regard to the deduction allowed to the Employer by Section 164(f) of the Code for taxable years beginning after December 31, 1989.

EMPLOYEE Means any person who is employed by the Employer as a common law employee and, if the Employer is a sole proprietorship or partnership, any Self-Employed Individual who performs services with respect to the trade or business of the Employer as described in Code section 401(c)(1). Further, any employee of any other employer required to be aggregated under Code sections 414(b), (c), (m), or (o) and, unless otherwise indicated in the Adoption Agreement, any leased Employee required to be treated as an employee of the Employer under Code section 414(n) shall also be considered an Employee.

EMPLOYER Means the Adopting Employer and any successor who by merger, consolidation, purchase, or otherwise assumes the obligations of the Plan. A partnership is considered to be the Employer of each of the partners and a sole proprietorship is considered to be the Employer of the sole proprietor.

If the Adopting Employer is a member of a controlled group of corporations (as defined in Code section 414(b)), a group of trades or businesses under common control (as defined in Code section 414(c)), an affiliated service group (as defined in Code section 414(m)), or is required to be aggregated with any other entity as defined in Code section 414(o), then for purposes of the Plan, the term Employer shall include the other members of such groups or other entities required to be aggregated with the Adopting Employer.

HIGHLY COMPENSATED EMPLOYEES A Highly Compensated Employee is a Participant described in Code section 414(q) who during the current or preceding year (a) was a five-percent owner of the Employer as defined in Code section 416(i)(1)(B)(i); or (b) received Compensation in excess of \$80,000, as adjusted pursuant to Code section 414(q)(1).

IRA Means a Traditional individual retirement account or Traditional individual retirement annuity, which satisfies the requirements of Code section 408(a) or (b).

PARTICIPANT Means any Employee who has met the eligibility requirements of Section Three of the Plan, and who is or may become eligible to receive an Employer Contribution.

PLAN Means the prototype SEP Plan adopted by the Employer that is intended to satisfy the requirements of Code section 408(k). The Plan consists of the Basic Plan Document plus the corresponding Adoption Agreement as completed and signed by the Employer.

PLAN YEAR Means the 12-consecutive month period which coincides with the Employer's taxable year or such other 12-consecutive month period as is designated in the Adoption Agreement.

PRIOR PLAN Means a plan which was amended or replaced by adoption of this Plan, as indicated in the Adoption Agreement.

PROTOTYPE SPONSOR Means the entity specified in the Adoption Agreement that makes this prototype Plan available to employers for adoption.

REGULATIONS Means the Treasury Regulations.

SELF-EMPLOYED INDIVIDUAL Means an individual who has Earned Income for a Plan Year from the trade or business for which the Plan is established; also, an individual who would have had Earned Income but for the fact that the trade or business had no net profits for the Plan Year.

TAXABLE WAGE BASE Means, with respect to any taxable year, the contribution and benefit base in effect under Section 230 of the Social Security Act at the beginning of the Plan Year

SECTION ONE**ESTABLISHMENT AND PURPOSE OF PLAN**

- 1.01 PURPOSE** The purpose of this Plan is to provide, in accordance with its provisions, a Simplified Employee Pension plan providing benefits upon retirement for the individuals who are eligible to participate hereunder.
- 1.02 INTENT TO QUALIFY** It is the intent of the Employer that this Plan shall be for the exclusive benefit of its Employees and shall qualify for approval under Code section 408(k). This document is intended to conform with the applicable rules and procedures of the Internal Revenue Service (IRS) that apply to prototype Simplified Employee Pension plans.
- 1.03 USE WITH IRA** This prototype Plan must be used with an IRS model IRA (Form 5305 or Form 5305-A) or any other plan that satisfies Code section 408(a) or 408(b).

SECTION TWO**EFFECTIVE DATES**

The Effective Date means the date the Plan (or in the event a Prior Plan is amended, the restatement) becomes effective as indicated in the Adoption Agreement.

SECTION THREE**ELIGIBILITY AND PARTICIPATION**

- 3.01 ELIGIBILITY REQUIREMENTS** Except for those Employees described in Section 3.02 of the Plan that are excluded as indicated in the Adoption Agreement, each Employee of the Employer who fulfills the eligibility requirements specified in the Adoption Agreement shall become a Participant.
- When the Employer maintains the Plan of a predecessor employer, an Employee's service will include his or her service for such predecessor employer.
- 3.02 EXCLUSION OF CERTAIN EMPLOYEES** The Employer may exclude collective bargaining unit Employees, non-resident aliens, and acquired Employees, as defined in paragraphs (A) through (C) below, from participating in the Plan. In addition, the Employer may exclude Employees earning less than the defined Compensation threshold as defined in paragraph (D) below, pursuant to the conditions described therein.
- A. Collective Bargaining Unit Employees.** A collective bargaining unit Employee is an Employee included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives, if retirement benefits were the subject of good faith bargaining and if two percent or less of the Employees who are covered pursuant to that agreement are professionals as defined in Regulations section 1.410(b)-9. For this purpose, the term "Employee representatives" does not include any organization more than half of whose members are Employees who are owners, officers, or executives of the Employer.
- B. Non-Resident Aliens.** A non-resident alien is an Employee who is a non-resident alien (within the meaning of Code section 7701(b)(1)(B)) and who received no earned income (within the meaning of Code section 911(d)(2)) from the Employer which constitutes income from sources within the United States (within the meaning of Code section 861(a)(3)).
- C. Acquired Employees.** An acquired Employee is an Employee who would be employed by another employer that has been involved in an acquisition or similar transaction described under Code section 410(b)(6)(C) with the Employer, had the transaction not occurred.
- If elected on the Adoption Agreement, an acquired Employee will not be eligible to become a Participant in the Plan during the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction
- D. Compensation Amount.** Compensation for the purposes of the \$450 limit of Code section 408(k)(2)(C) shall be defined as Code section 414(q)(7) Compensation.
- 3.03 ADMITTANCE AS A PARTICIPANT**
- A. Prior Plan.** If this Plan is an amendment or continuation of a Prior Plan, each Employee of the Employer who, immediately before the Effective Date, was a participant in the Prior Plan shall be a Participant in this Plan as of the Effective Date.
- B. Notification of Eligibility.** The Employer shall notify each Employee who becomes a Participant of his or her status as a Participant in the Plan and of his or her duty to establish an IRA to which Employer Contributions may be made.
- C. Establishment of an IRA.** If a Participant fails to establish an IRA within a reasonable period of time after receiving notice from the Employer pursuant to Section 3.03(B) of the Plan, the Employer may execute any necessary documents to establish an IRA on behalf of the Participant.
- 3.04 DETERMINATIONS UNDER THIS SECTION** The Employer shall determine the eligibility of each Employee to be a Participant. This determination shall be conclusive and binding upon all persons except as otherwise provided herein or by law.
- 3.05 LIMITATION RESPECTING EMPLOYMENT** Neither the fact of the establishment of the Plan nor the fact that an Employee has become a Participant shall give to that Employee any right to continued employment; nor shall either fact limit the right of the Employer to discharge or to deal otherwise with an Employee without regard to the effect such treatment may have upon the Employee's rights under the Plan.

SECTION FOUR**CONTRIBUTIONS AND ALLOCATIONS**

- 4.01 EMPLOYER CONTRIBUTIONS**
- A. Obligation to Contribute.** An Employer Contribution is the amount contributed by the Employer to this Plan. Except as otherwise indicated in the Adoption Agreement, the Employer will contribute an amount to be determined from year to year. The Employer may, in its sole discretion, make contributions without regard to current or accumulated earnings or profits.
- B. Allocation Formula.** Employer Contributions shall be allocated in accordance with the allocation formula selected in the Adoption Agreement. Each Employee who has satisfied the eligibility requirements pursuant to Section 3.01 of the Plan (thereby becoming a Participant) will share in such allocation.
- Employer Contributions made for a Plan Year on behalf of any Participant shall not exceed the lesser of 25 percent of Compensation or \$40,000, as adjusted under Code section 415(d). For purposes of the 25 percent limitation described in the preceding sentence, a Participant's Compensation does not include any elective deferral described in Code section 402(g)(3) or any amount that is contributed by the Employer at the election of the Participant and that is not includable in the gross income of the Participant under Code sections 125, 132(f)(4), or 457, except as otherwise provided in Section 7.07(A) of the Plan.
- 1. Pro Rata Allocation Formula.** If the Employer has selected the pro rata allocation formula in the Adoption Agreement, then Employer Contributions for each Plan Year shall be allocated to the IRA of each Participant in the same proportion as such Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for such year.

2. Integrated Allocation Formula. If the Employer has selected the integrated allocation formula in the Adoption Agreement, then Employer Contributions for the Plan Year will be allocated to Participants' IRAs as follows:

Step 1 Employer Contributions will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation bears to all Participants' total Compensation, but not in excess of three percent of each Participant's Compensation.

Step 2 Any Employer Contributions remaining after the allocation in Step One will be allocated to each Participant's IRA in the ratio that each Participant's Compensation for the Plan Year in excess of the integration level bears to the Compensation of all Participants in excess of the integration level, but not in excess of three percent of the Participant's Compensation. For purposes of this Step Two, in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, such Participant's total Compensation for the calendar year will be taken into account.

Step 3 Any Employer Contributions remaining after the allocation in Step Two will be allocated to each Participant's IRA in the ratio that the sum of each Participant's total Compensation and Compensation in excess of the integration level bears to the sum of all Participants' total Compensation and Compensation in excess of the integration level, but not in excess of the maximum disparity rate described in the table below. For purposes of this Step Three, in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, two times such Participant's total compensation for the calendar year will be taken into account.

Step 4 Any Employer Contributions remaining after the allocation in Step Three will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation for the Plan Year bears to all Participants' total Compensation for that Plan Year.

The integration level shall be equal to the Taxable Wage Base or such lesser amount elected by the Employer in the Adoption Agreement.

Integration Level	Maximum Disparity Rate
Taxable Wage Base (TWB)	2.7%
More than \$0 but not more than X*	2.7%
More than X* of TWB but not more than 80 percent of TWB	1.3%
More than 80 percent of TWB but not more than TWB	2.4%

*X means the greater of \$10,000 or 20 percent of TWB.

Annual overall permitted disparity limit. Notwithstanding the preceding paragraphs, for any calendar year this Plan benefits any Participant who benefits under another Simplified Employee Pension plan or qualified plan described in Code section 401(a) maintained by the Employer that provides for permitted disparity (or imputes disparity), Employer Contributions under this Plan will be allocated to each Participant's IRA in the ratio that the Participant's total Compensation for the calendar year bears to all Participants' total Compensation for that year.

Cumulative permitted disparity limit. If the Participant has not benefited under a defined benefit or target benefit plan for any year beginning on or after January 1, 1994, the Participant has no cumulative permitted disparity limit. Effective for calendar years beginning on or after January 1, 1995, the cumulative permitted disparity limit for a Participant who has benefited under a defined benefit or target benefit plan is 35 total cumulative permitted disparity years. Total cumulative permitted disparity years means the number

of years credited to the Participant for allocation or accrual purposes under this Plan or any other Simplified Employee Pension plan or any qualified plan described in Code section 401(a) (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's cumulative permitted disparity limit, all years ending in the same calendar year are treated as the same year.

C. Timing of Employer Contribution. Employer Contributions, if any, made on behalf of Participants for a Plan Year shall be allocated and deposited to the IRA of each Participant no later than the due date for filing the Employer's tax return (including extensions).

4.02 TOP-HEAVY PLAN The following mandatory minimum allocation applies when this Plan is a Top-Heavy Plan:

Unless another plan of the Employer is designated in the Adoption Agreement to satisfy the top-heavy requirements of Code section 416, each year this Plan is a Top-Heavy Plan, the Employer will make a minimum contribution to the IRA of each Participant who is not a Key Employee of at least three percent of the Participant's Compensation. However, in the event that no Key Employee receives a contribution (including Elective Deferrals) of three percent or more for the applicable Plan Year, the Participant who is not a Key Employee need only receive a contribution which is no less than the highest contribution percentage received by any Key Employee.

For purposes of satisfying the minimum contribution requirement of Code section 416, all Employer Contributions under the plan shall be taken into account, but Elective Deferrals shall not be taken into account.

A Key Employee is any Employee or former Employee or beneficiary(ies) of such Employee who at any time during the preceding Plan Year was (a) an officer of the Employer with Compensation greater than \$130,000 (as adjusted under Code section 416(i)(1)(A)); (b) a five-percent owner of the Employer as defined in Code section 416(i)(1)(B)(i); or (c) a one-percent owner of the Employer with Compensation greater than \$150,000.

This plan is a Top-Heavy Plan for a Plan Year if, as of the last day of the preceding Plan Year (or current Plan Year if this is the first year of the Plan), the total of Employer Contributions made on behalf of Key Employees for all the years this SEP has been in existence exceeds 60 percent of such contributions for all Employees. If the Employer maintains (or maintained within the preceding Plan Year) any other SEP or qualified plan in which a Key Employee participates (or participated), the contributions, account balances, or present value of accrued benefits, whichever is applicable, must be aggregated with the contributions made under this Plan. The contributions (and account balances and present value of accrued benefits, if applicable) of an Employee who ceases to be a Key Employee, or of an individual who has not performed services for the Employer in the preceding Plan Year, shall be disregarded. The identification of Key Employees and the top-heavy calculation shall be determined in accordance with Code section 416 and any guidance issued thereunder.

4.03 VESTING AND WITHDRAWAL RIGHTS All Employer Contributions made under the Plan on behalf of Employees shall be fully vested and nonforfeitable at all times. Each Employee shall have an unrestricted right to withdraw at any time all or a portion of the Employer Contributions made on his or her behalf. However, withdrawals taken are subject to the same taxation and penalty provisions of the Code, which are applicable to IRA distributions.

4.04 SIMPLIFIED EMPLOYER REPORTS The Employer shall furnish Participant reports, relating to contributions made under the Plan, in the time and manner and containing the information prescribed by the Secretary of the Treasury. Such reports shall be furnished at least annually and shall disclose the amount of the contribution made under the Plan to the Participant's IRA.

4.05 DEDUCTIBILITY OF CONTRIBUTIONS Contributions to the Plan are deductible by the Employer for the taxable year with or within which the Plan Year of the Plan ends. Contributions made for a particular taxable year and contributed by the due date of the Employer's income tax return, including extensions, are deemed made in that taxable year.

Except as otherwise provided in the Adoption Agreement, Compensation shall mean W-2 wages and the Plan Year shall mean the 12-consecutive month period which coincides with the Adopting Employer's fiscal year.

6.01 AMENDMENT BY EMPLOYER The Employer reserves the right to amend the elections made or not made in the Adoption Agreement by executing a new Adoption Agreement. The Employer shall neither have the right to amend any nonelective provision of the Adoption Agreement nor the right to amend provisions of this Basic Plan Document. If the Employer adopts an amendment to the Adoption Agreement or Basic Plan Document in violation of the preceding sentence, the Plan will be deemed to be an individually designed plan and may no longer participate in this prototype Plan.

6.02 AMENDMENT OR TERMINATION OF SPONSORSHIP BY PROTOTYPE SPONSOR The Employer, by adopting the Plan, expressly delegates to the Prototype Sponsor the power, but not the duty, to amend the Plan without any further action or consent of the Employer as the Prototype Sponsor deems either necessary for the purpose of adjusting the Plan to comply with all laws and applicable Regulations governing Simplified Employee Pension plans, or desirable to the extent consistent with such laws and applicable Regulations. Specifically, it is understood that the amendments may be made unilaterally by the Prototype Sponsor. However, it shall be understood that the Prototype Sponsor shall be under no obligation to amend the Plan documents and the Employer expressly waives any rights or claims against the Prototype Sponsor for not exercising this power to amend.

An amendment by the Prototype Sponsor shall be accomplished by giving notice to the Adopting Employer of the amendment to be made. The notice shall set forth the text of such amendment and the date such amendment is to be effective. Such amendment shall take effect unless, within the 30-day period after such notice is provided, or within such shorter period as the notice may specify, the Adopting Employer gives the Prototype Sponsor written notice of refusal to consent to the amendment. Such written notice of refusal shall have the effect of withdrawing the Plan as a prototype plan and shall cause the Plan to be considered an individually designed plan. The right of the Prototype Sponsor to cause the Plan to be amended shall terminate should the Plan cease to conform as a prototype plan as provided in this or any other section.

In addition to the amendment rights described above, the Prototype Sponsor shall have the right to terminate its sponsorship of this Plan by providing notice to the Adopting Employer of such termination. Such termination of sponsorship shall have the effect of withdrawing the Plan as a prototype plan and shall cause the Plan to be considered an individually designed plan. The Prototype Sponsor shall have the right to terminate its sponsorship of this Plan regardless of whether the Prototype Sponsor has terminated sponsorship with respect to other employers adopting its prototype Plan.

6.03 LIMITATIONS ON POWER TO AMEND No amendment by either the Employer or the Prototype Sponsor shall reduce or otherwise adversely affect any Participant's benefits acquired prior to such amendment unless it is required to maintain compliance with any law, regulation, or administrative ruling pertaining to Simplified Employee Pension plans.

6.04 TERMINATION While the Employer expects to continue the Plan indefinitely, the Employer shall not be under any obligation or liability to continue contributions or to maintain the Plan for any given length of time. The Employer may terminate this Plan at any time by appropriate action of its managing body.

6.05 NOTICE OF AMENDMENT OR TERMINATION Any amendment or termination shall be communicated by the Employer to all appropriate parties as required by law. Amendments made by the Prototype Sponsor shall be furnished to the Employer and communicated by the Employer to all appropriate parties as required by law.

6.06 CONTINUANCE OF PLAN BY SUCCESSOR EMPLOYER A successor of the Employer may continue the Plan and be substituted in the place of the present Employer.

6.07 SENDING OF NOTICES To the extent written instructions or notices are required under this Plan, the Prototype Sponsor or Employer may accept or provide such information in any other form permitted by the Code or related Regulations. Any required notice will be considered effective when it is sent to the intended recipient at the last known address which is on file with the provider of the notice.

6.08 LIMITATION OF LIABILITY The Prototype Sponsor, trustee, custodian, or issuer of this Plan shall not be liable for any losses incurred by the IRA by any direction to invest communicated by the Employer, or any Participant or beneficiary. It is specifically understood that the Prototype Sponsor, trustee, custodian, or issuer shall have no duty or responsibility with respect to the determination of the adequacy of contributions to the Plan and enforcing the payment of such contributions. In addition, it is specifically understood that the Prototype Sponsor, trustee, custodian, or issuer shall have no duty or responsibility with respect to the determination of matters pertaining to the eligibility of any Employee to become a Participant or remain a Participant hereunder; it being understood that all such responsibilities under the Plan are vested in the Employer. Finally, it is specifically understood that the Prototype Sponsor shall have no responsibility for IRAs maintained by Participants at IRA trustees, custodians, or issuers other than the Prototype Sponsor.

In addition to Sections One through Six of the Plan, the provisions of Section Seven shall apply if the Adopting Employer is an eligible employer and has adopted a salary deferral simplified employee pension plan (SARSEP) by indicating in the Adoption Agreement that Elective Deferrals are permitted. The Elective Deferrals will be contributed by the Employer to the IRA established by or on behalf of each Contributing Participant to accept contributions made under this SARSEP.

This Plan is an amendment to the Adopting Employer's existing SARSEP that is intended to qualify under Code section 408(k)(6) and any guidance issued thereunder. This amendment shall be effective upon adoption.

7.01 ELECTIVE DEFERRALS AND CATCH-UP CONTRIBUTIONS Elective Deferrals shall be permitted for a Plan Year only if (a) not less than 50 percent of the Employees eligible to participate elect to have Elective Deferrals made to the Plan on their behalf; and (b) the Employer had no more than 25 Employees at all times during the prior Plan Year who were eligible to participate in the Plan.

Subject to the limits described in Section 7.07 of the Plan, the amount of Elective Deferrals so contributed shall be the amount required by the salary reduction agreements of Contributing Participants.

A. Elective Deferrals. Elective Deferrals are contributions made by the Employer on behalf of a Contributing Participant pursuant to Section 7.07 of the Plan. Elective Deferrals shall be deemed to be Employer Contributions for purposes of (a) the contribution limits described in Section 4.01(B) of the Plan; (b) the vesting and withdrawal rights described in Section 4.03 of the Plan; and (c) determining whether this Plan is a Top-Heavy Plan as described in Section 4.02 of the Plan.

Elective Deferrals made on behalf of Contributing Participants for a Plan Year shall be allocated and deposited to the IRA of each Contributing Participant by the earlier of (1) the first date on which such Elective Deferrals can be reasonably segregated from the Employer's general assets or, (2) 15 business days after the end of the month in which the Elective Deferrals were deducted.

No Elective Deferrals may be based on Compensation a Participant received, or had a right to receive, before execution of a salary reduction agreement by the Participant.

B. Catch-Up Contribution. Unless otherwise specified in Section Seven in the Adoption Agreement, an eligible Employee who will attain age 50 on or before the end of the calendar year can elect to have his or her Elective Deferrals increased above the otherwise applicable limits specified in the Plan made by the Employer, above any dollar or percentage limit applicable to eligible employees. The additional amount shall not be greater than \$1,000 for 2002, \$2,000 for 2003, \$3,000 for 2004, \$4,000 for 2005, and \$5,000 for 2006 and later years. After 2006, the additional amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 414(v)(2)(C). Such adjustments will be in multiples of \$500. Catch-Up Contributions will be determined in accordance with Code section 414(v) and any guidance issued thereunder.

7.02 REQUIREMENTS TO ENROLL AS A CONTRIBUTING PARTICIPANT A Contributing Participant is an Employee who has met the eligibility requirements and who has enrolled as a Contributing Participant pursuant to this Section of the Plan and on whose behalf the Employer is contributing Elective Deferrals.

Each Employee who becomes a Participant may enroll as a Contributing Participant. A Participant shall be eligible to enroll as a Contributing Participant on the first day of any Plan Year, the first day of the seventh month of any Plan Year and any more frequent dates as the Employer may designate in a uniform and nondiscriminatory manner.

7.03 SALARY REDUCTION AGREEMENT A Participant may elect to have Elective Deferrals made under this Plan through either single-sum or continuing contributions, or both, pursuant to a salary reduction agreement. The Employer shall contribute to each Contributing Participant's IRA the amount of Elective Deferrals chosen by the Contributing Participant.

A. Modification of Salary Reduction Agreement. A Contributing Participant may modify his or her salary reduction agreement to increase or decrease (within the limits placed on Elective Deferrals in the Adoption Agreement) the amount of his or her Compensation deferred into his or her IRA under the Plan. Such modification may only be made prospectively effective as of the first day of any Plan Year, the first day of the seventh month of any Plan Year, and any more frequent dates as the Employer may designate in a uniform and nondiscriminatory manner. A Contributing Participant who desires to make such a modification shall complete, sign, and file a new salary reduction agreement with the Employer at least 30 days (or such lesser period of days as the Employer shall permit in a uniform and nondiscriminatory manner) before the modification is to become effective.

B. Withdrawal as a Contributing Participant. A Participant may withdraw as a Contributing Participant as of the last date preceding the first day of any Plan Year, the first day of the seventh month of any Plan Year, and any more frequent dates as the Employer may designate in a uniform and nondiscriminatory manner. A Participant shall withdraw as a Contributing Participant by revoking his or her authorization to the Employer to make Elective Deferrals on his or her behalf. A Participant who desires to withdraw as a Contributing Participant shall give written notice of withdrawal to the Employer at least 30 days (or such lesser period of days as the Employer shall permit in a uniform and nondiscriminatory manner) before the effective date of withdrawal. A Participant shall cease to be a Contributing Participant upon his or her termination of employment, or on account of termination of the Plan.

C. Return as Contributing Participant After Withdrawal. A Participant who has withdrawn as a Contributing Participant under Section 7.03(B) of the Plan may not become a Contributing Participant again until the first day of the first Plan Year following the effective date of his or her withdrawal as a Contributing Participant.

7.04 ACTUAL DEFERRAL PERCENTAGE (ADP) TEST LIMITS

A. Excess Contributions. Elective Deferrals (other than Catch-Up Contributions determined before application of the deferral percentage limitation) by a Highly Compensated Employee must satisfy the actual deferral percentage (hereinafter "ADP") limitation under Code section 408(k)(6). The ADP of any Highly Compensated Employee who is eligible to be a Contributing

Participant shall not be more than the product obtained by multiplying the average of the ADPs of all non-Highly Compensated Employees who are eligible to become Contributing Participants during the Plan Year by 1.25. For purposes of this Section of the Plan, an Employee's ADP is the ratio (expressed as a percentage) of his or her Elective Deferrals (other than Catch-Up Contributions), for the Plan Year to his or her Compensation for the Plan Year. The ADP of an Employee who is eligible to be a Contributing Participant, but who does not make Elective Deferrals during the Plan Year is zero. The determination of the ADP for any Employee is to be made in accordance with Code sections 408(k)(6) and 414(v) and any guidance issued thereunder.

Amounts in excess of the ADP limitation will be deemed Excess Contributions on behalf of the Highly Compensated Employee or Employees.

B. Distribution of Excess Contributions. The Employer shall notify each affected Participant who is a Highly Compensated Employee, within 2½ months following the end of the Plan Year to which the SEP Plan contributions relate, of any Excess Contributions to such Participant's IRA for the applicable Plan Year. Such notification shall specify the amount of the Excess Contributions and the calendar year in which the contributions are includible in income, and must provide an explanation of applicable penalties if the Excess Contributions are not withdrawn in a timely manner. Excess Contributions of a Contributing Participant who will attain age 50 on or before the end of the calendar year are not includible in income and do not have to be withdrawn to the extent such Contributing Participant has not reached the Catch-Up Contribution limit for the Plan Year to which the Excess Contributions relate.

Excess Contributions that are includible in the Contributing Participant's gross income are includible on the earliest dates any Elective Deferrals made on behalf of the Contributing Participant during the Plan Year would have been received by the Contributing Participant had he or she originally elected to receive the amounts in cash. However, if such Excess Contributions (not including allocable income) total less than \$100, then the Excess Contributions are includible in the Contributing Participant's gross income in the year of notification. Income allocable to such Excess Contributions is includible in the year of withdrawal from the IRA.

If the Employer fails to notify any of the affected Contributing Participants within 2½ months following the end of the Plan Year of an Excess Contribution, the Employer must pay a tax equal to 10 percent of the Excess Contribution. If the Employer fails to notify Contributing Participants by the end of the Plan Year following the Plan Year in which the Excess Contributions arose, the SEP Plan no longer will be considered to meet the requirements of Code section 408(k)(6). If the SEP Plan no longer meets the requirements of Code section 408(k)(6), then any contribution to a Contributing Participant's IRA will be subject to the IRA contribution limitations of Code sections 219 and 408 and thus may be considered an Excess Contribution to the Contributing Participant's IRA.

The notification to each affected Contributing Participant of the Excess Contributions must specifically state, in a manner calculated to be understood by the average Contributing Participant:

- (a) the amount of the Excess Contributions attributable to that Contributing Participant's Elective Deferrals;
- (b) the calendar year in which the Excess Contributions are includible in gross income, to the extent applicable; and
- (c) to the extent applicable, that the Contributing Participant must withdraw the Excess Contributions (and allocable income) from the IRA by April 15 following the year of notification by the Employer. Those Excess Contributions not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of Code sections 219 and 408 for the preceding calendar year and thus may be considered an Excess Contribution to the Contributing Participant's IRA. Such Excess Contributions may be subject to the six-percent tax on Excess Contributions under Code section 4973. If income allocable to an Excess Contribution is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the 10-percent tax on early distributions under Code section 72(t) when withdrawn.

7.05 RESTRICTION ON TRANSFERS AND WITHDRAWALS The Employer shall notify each Contributing Participant who makes an Elective Deferral for a Plan Year that, notwithstanding the prohibition on withdrawal restrictions contained in this Plan, any amount attributable to such Elective Deferrals which is withdrawn or transferred before the earlier of 2½ months after the end of the particular Plan Year and the date the Employer notifies its Employees that the ADP limitations have been calculated, will be includible in income for purposes of Code sections 72(t) and 408(d)(1).

7.06 PARTICIPATION REQUIREMENT

A. Disallowed Deferrals. If the 50-percent participation requirement described in this Section of the Plan is not satisfied as of the end of any Plan Year, all Elective Deferrals made by Contributing Participants for that Plan Year shall be considered Disallowed Deferrals, (i.e., IRA contributions that are not SEP contributions).

B. Distribution of Disallowed Deferrals. The Employer shall notify each Contributing Participant, within 2½ months after the end of the Plan Year to which the Disallowed Deferrals relate, that the amounts are no longer considered Elective Deferrals. Such notification shall specify the amount of the Disallowed Deferrals and the calendar year in which they are includible in income and must provide an explanation of applicable penalties if the Disallowed Deferrals are not withdrawn in a timely fashion.

The notice to each Contributing Participant must state specifically

- (a) the amount of the Disallowed Deferrals;
- (b) that the Disallowed Deferrals are includible in the Contributing Participant's gross income for the calendar year or years in which the amounts deferred would have been received by the Contributing Participant in cash had he or she not made an election to defer and that the income allocable to such Disallowed Deferrals is includible in the year withdrawn from the IRA; and
- (c) that the Contributing Participant must withdraw the Disallowed Deferrals (and allocable income) from the IRA by April 15 following the calendar year of notification by the Employer. Those Disallowed Deferrals not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of Code sections 219 and 408 and thus may be considered an Excess Contribution to the Contributing Participant's IRA. Disallowed Deferrals may be subject to the six-percent tax on Excess Contributions under Code section 4973. If income allocable to a Disallowed Deferral is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the 10-percent tax on early distributions under Code section 72(t) when withdrawn.

Disallowed Deferrals are reported in the same manner as are Excess Contributions.

7.07 INDIVIDUAL LIMITATION ON CONTRIBUTIONS

A. Maximum Deferral Amount. Under no circumstances may a Contributing Participant's Elective Deferrals in any calendar year exceed the lesser of 25 percent of his or her Compensation (determined without including the salary deferral contributions) or the limitation under Code section 402(g)(1) (without regard to Code section 402(g)(1)(C)) based on all of the plans of the Employer, unless the Contributing Participant will attain age 50 on or before the end of the calendar year. For such Contributing Participant, the limits in this paragraph are increased by the Catch-Up Contribution limit for the year. The limitation under Code section 402(g)(1) (without regard to Code section 402(g)(1)(C)) is \$11,000 for 2002, \$12,000 for 2003, \$13,000 for 2004, \$14,000 for 2005, and \$15,000 for 2006 and later years. After 2006, the limitation may be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 402(g)(4). Such adjustments will be in multiples of \$500.

If an Employee exceeds the limitation as described under Section 7.07(A) of the Plan, those Elective Deferrals made by the Contributing Participant for the calendar year will be considered Excess Elective Deferrals.

B. Distribution of Excess Elective Deferrals. To the extent that a Contributing Participant's Elective Deferrals (other than Catch-Up Contributions determined before application of the ADP limitation) for a calendar year exceed the limits described in Section 7.07(A) of the Plan for that particular calendar year, the Contributing Participant must withdraw the Excess Elective Deferrals (and any income allocable to such amount) by April 15 following the year of the deferral. Excess Elective Deferrals of a Contributing Participant who will attain age 50 on or before the end of the calendar year are not includible in income and do not have to be withdrawn to the extent such Contributing Participant has not reached the Catch-Up Contribution limit for the Plan Year to which the Excess Elective Deferrals relate.

C. Other. If an Employer maintains any other SEP plan to which Employer Contributions are made for a Plan Year, or any qualified plan to which contributions are made for such Plan Year, then Employer Contributions may be limited to the extent necessary to satisfy the maximum contribution limitation under Code section 415(c)(1)(A) (\$40,000 for 2002).

In addition to the dollar limitation of Code section 415(c)(1)(A), Employer Contributions under this Plan, when aggregated with contributions to all other SEP plans and qualified plans of the Employer, generally may not exceed 100 percent of Compensation for any Contributing Participant. If these limits are exceeded on behalf of any Contributing Participant for a particular Plan Year, that Contributing Participant's Elective Deferrals for that year must be reduced to the extent of the excess.

Each Contributing Participant's Elective Deferrals under this Plan may be based only on the first \$200,000 of Compensation (as adjusted for increases in the cost-of-living in accordance with Code section 401(a)(17)(B)).

SECTION EIGHT

ADOPTING EMPLOYER SIGNATURE

Section Eight of the Adoption Agreement must contain the signature of an authorized representative of the Adopting Employer evidencing the Employer's agreement to be bound by the terms of the Basic Plan Document and Adoption Agreement.