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**401(k) SAVINGS PLAN SUMMARY**

TABLE OF CONTENTS

SECTION PAGE

1 INTRODUCTION 1

2 THE PLAN IN BRIEF 1

1 Eligibility 1

2 Your Deposits 1

3 Company Contributions 2

4 Investment Choices 2

5 Ownership in Your Account 2

6 Payouts from the Plan 2

7 Taxes 3

3 YOUR DEPOSITS AND COMPANY CONTRIBUTIONS 3

1 Nondeferred Deposits 3

2 Tax-Deferred Deposits 3

3 Other Kinds of Deposits 4

4 Changing Deposits 4

4 INVESTMENT CHOICES 4

1 Money Market Fund 4

2 Diversified Equity Funds 4

3 Income Reserve Fund 4

4 Personal Insurance or Annuity Contracts 4

5 Changes and Transfers 5

6 Voting Rights 5

7 Statement of Accounts 5

8 Important Considerations 5

5 PAYOUTS FROM THE PLAN 5

1 Retirement and Disability Benefits 5

2 Benefits at Death 6

3 Termination of Employment 6

6 WITHDRAWALS AND LOANS 7

1 Withdrawals 7

2 Loans 7

7 TAX CONSIDERATIONS AND ACCOUNT GROWTH 8

1 Payroll Deduction Deposit Example 8

2 Tax-Deferred Examples 8

8 CLAIMS PROCEDURE 9

9 OTHER FACTS YOU SHOULD KNOW 9

10 YOUR PLAN 10

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**(Company Name)**

**401(k) SAVINGS PLAN SUMMARY**

**INTRODUCTION**

"Benefits. for Both of Us." That's the theme of our benefit program at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. It's a program designed to meet your needs and those of your dependents; and it's a program we believe will help us attract and keep high quality employees who will contribute to the success of the business.

This Summary is about our 401(k) Savings Plan. It's a plan created to encourage you to save regularly over your career; and as an incentive for saving, the Company may add a contribution to your account based on your savings and also based on the profits the Company makes each year. The Board of Directors each year will determine the amount of this matching contribution. Perhaps no other part of our benefit program reflects our themes as well as the 401(k) Savings Plan. As we grow and prosper as a Company, this Plan will provide all of us an excellent level of benefits.

This Summary Plan Description is a brief summary of your Plan and your rights and benefits under the Plan. It is not meant to interpret or change the provisions of your Plan. A copy of your Plan is on file at your Employer’s office and may be read by you, your beneficiaries, or your legal representative at any reasonable time. If, after reading this Summary, you have any questions regarding either the Plan or how the Plan operates, please contact your Plan Administrator. If any discrepancies exist between this Summary Plan Description and the actual provision of the Plan, the Plan shall govern.

**THE PLAN IN BRIEF**

Eligibility

If you are a full-time employee and you have worked for the Company for at least twelve (12) continuous months, you are eligible to participate in the Plan. Enrollment is voluntary. You become a participant on the first day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whichever comes first, after you submit the enrollment form and have fulfilled the eligibility requirement.

Your Deposits

There are a number of ways you can make deposits to the Plan:

1. You can deposit a percentage of your pay to your 401(k) Savings Plan account by regular payroll deduction called nondeferred deposits. These are deposits after you have paid taxes on them.

2. You can have the Company take a percentage of your pay and make tax-deferred deposits to your thrift account on your behalf. The annual maximum cannot exceed the lesser of 25% of your gross salary or $13,000 (2004 level—indexed annually).

3. You can make lump-sum deposits either from a qualified retirement plan or IRA (rollover account deposits) or you may make deposits by payroll deduction each pay period. You will be restricted by the new laws as to whether your contributions to an IRA are tax deductible or nondeferred as a result of participating in the 401(k).

4. You can make “catch up” tax-deferred deposits to your thrift account in excess of the amounts in item #2 above if you are above age (55) until you retire at your normal retirement age.

Company Contributions

The Company may match the tax-deferred deposits to your 401(k) Savings Plan account. Based on the profits of the Company, the Board of Directors may authorize the Company to match your deposits from 0% up to \_\_\_% of your pay. Deposits in excess of \_\_\_% of your pay to the thrift account are not matched by Company contributions. If the Company's profits are at a high level, the Board of Directors may authorize an extra matching contribution or profit-sharing contribution to your account.

Investment Choices

Matching Company Contributions to your thrift account will be automatically invested in the investment determined by the Company. You will be given a choice of several investment options for money you direct to be contributed to the 401(k) Savings Plan.

Ownership in Your Account

You always own the full value of deposits you have made to your account. You own the full value of Company matching contributions once you have at least \_\_\_\_\_\_\_\_\_\_ years of service with the Company, or if you retire, die or are totally disabled. Otherwise your ownership of matching Company Contributions is based on your length of service with the Company according to the following schedule:

Vesting Schedule Table

Less than 3 years 0%

3 years 20%

4 years 40%

5 years 60%

6 years 80%

7 years 100%

**OR**

100% vested after five (5) years of service

Payouts from the Plan

The full value of all deposits plus the value of Company matching contributions which you own will be paid out within one (1) year after you stop working at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Under certain conditions, you may withdraw funds from the Plan while you are still an active employee. The rules for withdrawal vary depending on the kind of withdrawal you make. In most cases, you cannot withdraw any of the interest earned or matching deposits. You will also have to pay a 10% penalty on any amount you withdraw.

Under certain circumstances, you may borrow against the value of your account. Generally, loans must be repaid on a monthly basis over a period of five years or less or upon termination from the Company. Loans for the purchase of your personal residence must be paid over a period of 30 years or less or upon termination from the Company. Loans will not be available at this time, but may be available at some future time determined by the Company.

Taxes

Current Federal tax law allows you to postpone paying taxes on Company matching contributions to your account and on tax-deferred deposits you authorize the Company to make on your behalf to your thrift account. However, you will be required to pay taxes on these amounts in the future when you receive a payment from the Plan. If you pay current taxes on the money you deposit (nondeferred deposits) through payroll deductions, when you receive a payout of these deposits they are not taxed. Earnings on all tax-deferred deposits and contributions to your account are taxed when you receive them as a payout from the Plan.

**YOUR DEPOSITS AND COMPANY CONTRIBUTIONS**

There are several ways you can deposit money in the Plan. The most common ways are nondeferred and tax-deferred deposits to your thrift account. The first 10% of pay deposited to the thrift account may or may not be matched by Company contributions at the discretion of the Board of Directors.

Nondeferred Deposits

You can make regular after-tax deposits through payroll deduction. By checking the nondeferred income option on the enrollment form, you authorize the Company to deduct the percentage of pay you indicate each pay period and deposit it in your thrift account. Nondeferred deposits are made with "taxed" dollars. That is, taxes are first taken from your pay, then these deposits are made to your account. Monies deposited in your 401(k) Savings Account in this manner are not taxable later when you receive them back from the Plan. No more than 10% of your wage may be contributed to the Plan as nondeferred deposits.

Tax-Deferred Deposits

You can authorize the Company to make tax-deferred deposits to the 401(k) Savings Plan on your behalf. By checking the tax-deferred option on the enrollment form, you authorize the Company to reduce your gross pay by the percentage you indicate and to deposit that percentage of pay into your 401(k) Savings Plan account. By checking tax-deferred, you postpone the payment of taxes on the money being deposited until you actually receive it. For most people, this will mean more savings and/or take-home pay and lower taxes.

You may authorize up to 25% or $13,0000 (2004 level—indexed annually), whichever is less, of your pay to be deposited in the Plan either by nondeferred or tax-deferred deposits or a combination of those. The first 10% of pay deposited may be matched by Company contributions; and if profits are high, the Board of Directors may authorize an extra matching contribution. Any deposit over 10% of pay will not be matched, but will enjoy the same investment opportunities as matched deposits.

The total amount that may be deposited by both the Company and by you should not exceed the lesser of $30,000 or 25% of your pay. Your Company may also place restrictions on the amount you may deposit in order to meet IRS requirements.

Other Kinds of Deposits

In addition to nondeferred and tax-deferred deposits, you may make other deposits to the Plan. These unmatched deposits include:

Rollovers Deposits which you roll into the Plan from another qualified retirement plan. Talk to the Personnel Department to discuss a rollover account.

Changing Deposits

You may increase, decrease, or stop your deposits by filing the appropriate form with your personnel representative. The change will be effective as soon as administratively feasible. No more than four changes are allowed in any calendar year.

There are certain limitations that the Internal Revenue Code places on deposits of higher-paid employees. You will be notified if any of these should apply to you, and you may be required to change your rate or manner of deposits.

**INVESTMENT CHOICES**

All matching Company contributions will be invested in a manner determined by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. You have a choice as to how your deposits and their earnings are invested. The Company will make several investment options available. You may put 100% of your account in one fund or divide your investment between the available funds of your choice (in 10% portions).

Money Market Fund

This fund is made up of high quality investments of less than two years duration, including government securities, bank certificates of deposit, commercial paper, notes and other similar investments. The rate of return is similar to that available in money market investments.

Diversified Equity Funds

These funds are a diversified portfolio of common and preferred stock of corporations as well as warrants, options, and rights to purchase stock. The earnings of these funds are based on growth in the value of the stock and on dividend earnings.

Income Reserve Fund

This fund is invested in stable, relatively safe U.S. Government securities and bonds of large companies. The rate of return is a mix between the money market rate and a fixed income rate.

Personal Insurance or Annuity Contracts

Up to half of the investment you make in the 401(k) Savings Plan may be placed in some type of insurance vehicle which has some death benefit and some savings benefit, provided the product consists of whole life or permanent value life insurance; or up to 25% of the investment you make in the 401(k) Savings Plan may be placed in some type of Universal Life Insurance. Term insurance cannot be used as an investment vehicle in the 401(k) Savings Plan.

Changes and Transfers

You may change the way new deposits are invested by filing the appropriate form with the Committee. Forms are available from your personnel representative. The change will be effective as of the first of the month after the form is processed. Changes in the amount of new deposits are allowed. Changes may not be made more than once in any calendar quarter and not more than a total of twice during any Plan Year.

You may transfer in 10% increments the existing amounts you have in any fund once in any calendar quarter. Transfers are allowed \_\_\_\_\_\_\_\_ times a year. Forms for directing transfers of your investments are available from your personnel representative. Completed forms should be sent to the Committee.

Voting Rights

Should any of your 401(k) Savings Plan money be invested in a Company stock fund which invests in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ common stock, you will be entitled to direct the way in which your stock will be voted at annual meetings of shareholders. A proxy which you may use to direct your vote will be sent to you before each annual meeting.

Statement of Accounts

You will receive an annual statement of your account. It will show your balance as of your last statement, how much you and the Company have added since the last statement, what the investment gains or losses have been, and what your ending balance is.

Important Considerations

Your account will grow based on deposits and any matching Company contributions and on the investment returns for the funds you choose. Different investments have different degrees of risk and different opportunities for growth.

**PAYOUTS FROM THE PLAN**

You can receive the full value of deposits to your account and matching Company contributions, including investment gains or losses, when you retire, die, become totally and permanently disabled, or leave the Company with at least \_\_\_\_\_\_\_\_ years of vesting service. If you leave the Company before you have \_\_\_\_\_\_\_\_ full years of vesting service, you will forfeit a portion of matching Company contributions and their earnings as shown above.

Retirement and Disability Benefits

If you qualify for normal or early retirement under the pension plan, or you are unable to work because of a total physical or mental disability that is expected to be permanent, then you are 100% vested in the full value of your accounts under the Plan.

You have a choice of how your benefit will be paid. If you wish to receive it all at one time, you may request a lump-sum distribution. In that case, you will receive the cash value of your account. If you wish to receive the value of your account in installments, you may tell the Committee how many installments you wish to receive. You may have as few as 18 or as many as 120 installments. The full value of your account would be transferred to a reserve income fund and you would then receive a monthly payment of a proportion of its value.

If your termination of employment is due to early retirement or disability, you may defer the payment of your account to a later date, i.e., up to your 65th birthday.

Benefits at Death

Your account becomes fully vested if you should die while a Participant in the Plan. In that case, the full value of your account in cash will be paid to your beneficiary in one lump sum. If you should die while receiving benefits from the Plan, your beneficiary will receive a lump-sum payment of the remainder of your account.

When you enroll in the Plan, you will be asked to designate a beneficiary to receive your account value if you should die before you have received the full amount due you. You may change your beneficiary designation by filing a form with the Committee. Forms are available from your personnel representative. If you do not have a valid beneficiary that survives you, your account will be paid to your spouse. If you have no spouse, the Committee will pay your benefits to one or more members of your family or to your estate.

Termination of Employment

If you terminate employment for any reason other than retirement, disability, or death, you will receive the full value of the deposits you had made to the thrift account, plus the tax-deferred deposits made on your behalf and the vested value of matching Company contributions to your account. If you have fewer than \_\_\_\_\_\_\_\_ years of service, your entitlements to Company Contributions and their earnings will be based on the table given above.

If you leave the Company before you have \_\_\_\_\_\_\_\_ years of vesting service and then you return to work, you forfeit the service you had when you left unless you are gone less than one year or the number of one-year breaks in service you have when you return is less than the service you had when you left. A one-year break in service happens when you have terminated employment and have not been an employee for 12 consecutive months.

When you fail to complete at least 501 hours during the Plan Year, you incur a break in service. Thus, in any year you work less than 501 hours (approximately three months), you will incur a break in service. In certain circumstances, your Plan is required to credit you with 501 hours, even though you did not actually work 501 hours. This is primarily if you take time off to have, adopt or care for a child for a period immediately following birth or adoption. You will receive this credit only for purposes of determining whether you have incurred a break in service and not for receiving additional credit for a contribution, deposit or for vesting.

You are always fully vested with the deposits you make to your accounts and to the deposits you authorize the Company to make on your behalf.

If you are 100% vested when you leave and you receive a lump-sum distribution of the cash value of your account, the distribution will take place as soon as administratively possible after your termination date.

If you terminate employment before you are 100% vested, you may request a lump-sum distribution of the non-forfeitable portion of your accounts. After a one year break in service, you will receive a lump-sum distribution from your account. This may be "rolled over" into another qualified employer plan or to an IRA.

If you terminate employment before you are 100% vested, you forfeit the nonvested portions of your account. You may have the amount you forfeit restored if you return to employment before you have a one-year break in service and you repay any distribution you receive when you left. You have two years to repay the distribution.

**WITHDRAWALS AND LOANS**

You may withdraw part of the money in your accounts while an active employee, or you may qualify for a loan under certain conditions.

Withdrawals

You may submit a request at any time to withdraw any amount of money up to the current amount of your unmatched nondeferred deposits plus the current value of your matched nondeferred deposits.

Tax-deferred elective contributions may not be withdrawn on account of hardship. However, the following employee accounts shall be available for hardship withdrawals: (1) all after-tax employee contributions and income on employee contributions; and (2) elective contributions and income on elective contributions allocable. Matching contributions and other nonelective contributions shall also be available under certain conditions.

Hardship includes an immediate and heavy financial need of the family. An amount necessary to satisfy this financial need may be withdrawn according to the terms of the plan. "Immediate and heavy financial need" is determined by the IRS on the basis of all relevant facts and circumstances. Certain such needs have been specifically listed by the IRS to include home purchase, threat of personal residence foreclosure, medical expenses, and college education.

You may withdraw only up to the amount necessary to meet your financial hardship, and you will be charged a 10% excise tax on the amount withdrawn. The excise tax will not be incurred for medical expenses.

Loans

You may borrow part of your account subject to certain rules and regulations. Both nondeferred and tax-deferred deposits as well as vested Company contributions are considered in determining the amount you may borrow. The maximum loan allowed is the greater of:

1. Up to $10,000 of the vested value of your accounts; or

2. Fifty percent (50%) of the vested value of your accounts up to $50,000.

However, in no case may the amount of the loan exceed 100% of the vested value of your accounts.

Loans must be repaid within five years unless the loan is for the purchase of the Participant's primary residence, which loan must be repaid within at least thirty (30) years. The interest rate applicable to a loan is the same or a greater rate than that paid under the Plan's Income Reserve Fund at the time the loan is granted. Repayment will be made by payroll deductions. There are no penalties for prepayment. If you terminate employment, the loan balance is payable immediately.

During the period of the loan, your account is credited with the amount of principal and interest which you pay. Loans will not be available for some time after this Plan becomes effective, but may be available in the future if the Company decides to make them available.

**TAX CONSIDERATIONS AND ACCOUNT GROWTH**

Our 401(k) Savings Plan offers some unique choices to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ employees. You can save with non-deferred payroll deduction deposits and have the ability to make withdrawals easily on those deposits at any time and with no restrictions. You may also save through salary reduction and make tax-deferred deposits and receive the incentive of having your current taxes lowered. However, your tax-deferred deposits may only be withdrawn in the event of hardship. If you wish, you may save using a combination of nondeferred and tax-deferred deposits. The choice is yours.

Why is there a difference in the tax treatment for these different savings methods, and what are the financial differences?

The government allows special treatment of tax-deferred deposits and makes these deposits more difficult to withdraw so that employees will save these dollars for retirement; it's a government incentive for retirement saving, much like IRAs. Taxes are different for deferred deposits both going into the Plan and coming out. Because taxes are less initially for tax-deferred deposits, your money grows faster over time. The differences are best shown by example:

Payroll Deduction Deposit Example

Let's consider an employee who now makes $20,000 a year in pay and who deposits 4% of it into the Plan. Using nondeferred payroll deduction deposits, this employee's take-home pay after federal income, social security taxes, and 401(k) Savings Plan deductions of $800, would equal about $15,634.

Gross Pay $ 20,000

Taxes - 3,566

After-tax Pay $ 16,434

Deposits - 800

Net Pay $ 15,634

Tax-Deferred Examples

This employee could save more and have more take-home pay by using the tax-deferred deposits. Why? Because the deposits are used to reduce taxable pay, so taxes are lower. From $20,000 pay, let's say the employee elects tax-deferred deposits of 5% of pay. The employee's take home pay after tax-deferred deposits of $1,000 and federal income and social security taxes of $3,309 is $15,691.

Gross Pay $20,000

Tax-deferred Deposits 1,000

Taxable Pay $19,000

Taxes 3,309

Net Pay $15,691

The difference in net pay is in lower taxes. The tax-deferred method of saving gives you the ability to save more and at the same time increase take-home pay. In the example, the employee saves $200 more a year plus he could receive a higher match from the Company. For example, the Company might add another $200. What can that $400 a year amount to?

After 10 years at 8% interest, just to be conservative, $400 deposited each year is worth almost $5,800. After 20 years, it's worth over $18,000. After 30 years, $45,000. So it can add up over time.

How about at the end? Taxes have to be paid on that money. Most employees will benefit greatly from using tax-deferred deposits for their long-term savings.

**CLAIMS PROCEDURE**

To receive your benefits from the 401(k) Savings Plan or to make a withdrawal or apply for a loan, just complete the appropriate form and forward it to the 401(k) Savings Plan committee. Forms are available from your personnel representative. We don't anticipate disagreements on the payment of benefits, but it's good to know that the Plan has specific procedures for handling disputes if they do arise.

If your claim is denied, you will receive an explanation within 90 days. The decision will be in writing and will contain specific reasons and references to the plan provisions on which the denial is based. If you believe you've been incorrectly denied a benefit, you may request a review of your case. Write to the 401(k) Savings Plan committee within 60 days after you receive your denial notice and explain the basis for your request.

Usually within 60 days after receiving your written appeal, the committee will notify you of its final decision. If you wish to pursue the matter further after that, you have certain rights under the law.

**OTHER FACTS YOU SHOULD KNOW**

The Plan's official name is the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ EMPLOYEE SAVINGS AND INVESTMENT PLAN.

The Plan Administrator is the Company. The Company has appointed a committee to handle the administration of the Plan. The Committee may interpret the Plan and make decisions concerning eligibility and payment of benefits. Certain day-to-day administrative tasks have been delegated to certain qualified individuals. You may contact the Committee at the main office of the Company Personnel Department.

Plan records are kept on an annual basis beginning \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ each year.

The effective date of this Plan is \_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_.

While the Company does intend to continue this Plan for the foreseeable future, the Company does have the right to terminate it or suspend contributions. In either case, all the money in the trust must be used to pay benefits before any could revert to the Company. Because all benefits are fully funded in a defined contribution plan such as ours, it does not require the kind of protection offered by the Pension Benefit Guaranty Corporation.

All contributions and deposits under the Plan are put into a trust fund which is administered by a Trustee selected by the Company. The Company Personnel Department can assist you if you need to contact the Trustee directly.

If the Plan merges or is consolidated with another plan, you are guaranteed to receive a benefit at least as large as the benefit you had already earned under this Plan up to the date of merger or consolidation. If the Plan is terminated while you are an employee, you will be fully vested in all Company contributions to your account, and of course you are always fully vested with the amounts you contribute or have reduced from your salary to add to the Plan.

There are limitations under the law on the amounts that the Company may contribute to the accounts of certain highly paid employees. There are also rules on the percentage of pay that certain highly paid employees may designate as tax-deferred deposits. The Trust Committee will advise those people who are affected by these rules.

This Plan is intended to be tax-qualified under Internal Revenue Service Regulations and to comply with all the requirements and regulations issued by the IRS as of December 29, 2004 and as updated from time to time. The Company reserves the right to change provisions of the Plan in order to obtain or maintain such tax qualification. You will be notified if any such changes are made.

This Summary is based on the official legal documents that establish the Plan. If there is any conflict between the information in this Summary and that in the official legal documents, the legal documents will govern.

**YOUR PLAN**

This is your Plan, and it will require you to become actively involved in the planning decision related to your own savings accounts. It is the most Flexible Plan allowed under the Law, and if used wisely can help assure your future financial security.