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**RETIREMENT PLAN FOR EMPLOYEES OF  
CITY OF JONESBORO, ARKANSAS**

Defined Benefit Plan 8.0

Restated January 1, 1997

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PLAN EXECUTION

## INTRODUCTION

The Employer previously established a defined benefit retirement plan on November 1, 1970.

The Employer is of the opinion that the plan should be changed. It believes that the best means to accomplish these changes is to completely restate the plan's terms, provisions and conditions. The restatement, effective January 1, 1997, is set forth in this document and is substituted in lieu of the prior document.

The restated plan continues to be for the exclusive benefit of employees of the Employer. All persons covered under the plan on December 31, 1996, shall continue to be covered under the restated plan with no loss of benefits.

It is intended that the plan, as restated, shall continue to meet the requirements for a governmental plan under the Internal Revenue Code of 1986, including any later amendments to the Code.

## ARTICLE I

### FORMAT AND DEFINITIONS

#### SECTION 1.01--FORMAT.

Words and phrases defined in the DEFINITIONS SECTION of Article I shall have that defined meaning when used in this Plan, unless the context clearly indicates otherwise.

These words and phrases will have an initial capital letter to aid in identifying them as defined terms.

#### SECTION 1.02--DEFINITIONS.

**Accrual Service** means the total of an Employee's Continuous Service. This total is expressed in whole years and fractional parts of a year (to the nearest month).

However, Accrual Service is modified as follows:

Service excluded:

Service while an Employee was not an Eligible Employee is excluded.

Voluntary discontinuance service excluded:

Service while an Employee failed or refused to make a Contribution required under the Plan is excluded. This provision also applies to an Employee's service while Contributions were not made because he failed or refused to complete a written agreement to make such Contributions. An Employee who does not make the necessary Contributions when first eligible for inclusion in the Plan shall lose all Accrual Service completed prior to the date he is first included in the Plan.

Service included:

For employees hired prior to January 28, 1998, purchased prior service shall be included in accordance with the provisions of the plan then in effect.

Period of Military Duty included:

A Period of Military Duty shall be included as service with the Employer to the extent it has not already been credited. Such service shall be deemed to be service as an Eligible Employee only if an Employee was an Eligible Employee on the day immediately preceding the Period of Military Duty.

**Accrued Benefit** means on any date, the amount of monthly retirement benefit on the Normal Form accrued by an Active Participant and payable on his Normal Retirement Date. See the ACCRUED BENEFIT SECTION of Article IV.

**Active Participant** means an Eligible Employee who is actively participating in the Plan according to the provisions in the ACTIVE PARTICIPANT SECTION of Article II.

**Actuarial Equivalent** means equality in the value of the aggregate amount expected to be received under different forms of payment.

The amount of each payment under an optional form shall be based on 6% interest and the UP84 Mortality Table, except as otherwise provided below.

For purposes of determining the amount of a distribution other than an annual benefit that is nondecreasing for the life of the Participant or, in the case of a qualified preretirement survivor annuity, the life of the Participant's spouse; or that decreases during the life of the Participant merely because of the death of the surviving annuitant (but only if the reduction is to a level not below 50% of the annual benefit payable before the death of the surviving annuitant) or merely because of the cessation or reduction of Social Security supplements or qualified disability payments, Actuarial Equivalent shall mean the Present Value.

In any event, the preceding paragraphs shall not apply to the extent they would cause the Plan to fail to satisfy the requirements of the REQUIRED CONTRIBUTION ACCRUED BENEFIT SECTION and the BENEFIT LIMITATION SECTION of Article IV.

**Annuity Contract** means the annuity contract or contracts into which the Employer enters with the Insurer for guaranteed benefits, for the investment of Contributions in separate accounts and for the payment of benefits under this Plan. The term Annuity Contract as it is used in this Plan shall include the plural unless the context clearly indicates the singular is meant.

**Annuity Starting Date** means, for a Participant, the first day of the first period for which an amount is payable as an annuity or any other form.

The Annuity Starting Date for disability benefits shall be the date such benefits commence if the disability benefit is not an auxiliary benefit. An auxiliary benefit is a disability benefit which does not reduce the benefit payable at Normal Retirement Date.

**Applicable Interest Rate** means the rate of interest on 30-year Treasury securities as specified by the Commissioner for the look-back month for the stability period. The look-back month applicable to the stability period is the second calendar month preceding the first day of the stability period of the month that contains the Annuity Starting Date for the distribution and for which the Applicable Interest Rate remains constant.

A plan amendment that changes the date for determining the Applicable Interest Rate (including an indirect change such as the result of a change in Plan Year when the stability period is the Plan Year), shall not be given effect with respect to any distribution during the period commencing one year after the later of the amendment's effective date or adoption date, if, during such period and as a result of such amendment, the Participant's distribution would be reduced.

**Applicable Mortality Table** means, on any date, the table according to the method set forth in Code Section 417(e).

**Average Compensation** means, on any given date on and after July 1, 1998, the average of an Employee's Monthly Compensation for the five latest Compensation Years (all Compensation Years, if less than this number).

In computing Average Compensation, the Plan will include only Compensation Years ending before such given date.

Prior to July 1, 1998, Average Compensation means the average of an Employee's monthly Compensation from date of inclusion in the Plan to termination of employment.

**Beneficiary** means the person or persons named by a Participant to receive any benefits under this Plan upon the Participant's death. See the BENEFICIARY SECTION of Article X.

**Code** means the Internal Revenue Code of 1986, as amended.

**Compensation** means, except for purposes of the BENEFIT LIMITATION SECTION of Article IV, the total earnings, except as modified in this definition, paid or made available to an Employee by the Employer during any specified period.

"Earnings" in this definition means actual gross annual compensation, without reduction for flexible spending account contributions.

For years beginning after December 31, 1988, the annual Compensation of each Participant taken into account for determining all benefits provided under the Plan for any year shall not exceed \$200,000, as adjusted by the Secretary in accordance with Code Section 415(d). For Plan Years beginning on or after January 1, 1996, the annual Compensation taken into account for determining all benefits provided under the Plan for any Plan Year for any individual who first becomes a Participant in the Plan during a Plan Year beginning after the first Yearly Date in 1996, shall not exceed \$150,000.

Provided, however, with respect to an eligible Participant, the reduced dollar limitation in the preceding paragraph does not apply to the extent that the amount of Compensation allowed to be taken into account under the Plan is reduced below the amount that was allowed to be taken into account under the Plan as in effect on July 1, 1993. For this purpose, "eligible Participant" means an individual who first became a Participant in the plan during a Plan Year beginning before the first Yearly Date in 1996.

The \$150,000 limit shall be adjusted by the Commissioner for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost of living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which pay is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

If Compensation for any prior period is taken into account in determining a Participant's contributions or benefits for the current period, the Compensation for such prior year is subject to the applicable annual compensation limit in effect for that prior year. For this purpose, for years beginning before January 1, 1990, the applicable annual compensation limit is \$200,000 for an Employee who became a Participant before the first Yearly Date in 1996. For years beginning on and after January 1, 1996, the annual



compensation limit is \$150,000 for an Employee who became a Participant on and after the first Yearly Date in 1996.

Compensation means, for a Leased Employee, Compensation for the services the Leased Employee performs for the Employer, determined in the same manner as the Compensation of Employees who are not Leased Employees, regardless of whether such Compensation is received directly from the Employer or from the leasing organization.

**Compensation Year** means a one-year period ending on December 31.

**Contingent Annuitant** means an individual named by the Participant to receive a lifetime benefit after the Participant's death according to a survivorship life annuity form of distribution.

**Continuous Service** means, for an Employee, any period of uninterrupted service with the Employer. However, unless the context clearly indicates otherwise, Continuous Service means his latest period of uninterrupted service.

For purposes of this definition, no interruption in service will occur because of approved periods of absence from the Employer due to temporary lay-off; leave of absence (not to exceed one year, except that the Plan Administrator may consent to extend the period of leave), a temporary absence due to illness or injury, absence due to occupational injury or disease incurred as a result of employment with the employer (for which absence the Employee is entitled to Workmen's Compensation), pregnancy, or disability.

When necessary, the Employer shall use uniform, nondiscriminatory guidelines for determining an approved leave of absence.

**Contributions** means Employer Contributions as set out in Article III.

**Direct Rollover** means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

**Distributee** means an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

**Early Retirement Date** means the first day of any month before a Participant's Normal Retirement Date which the Participant selects for the start of his retirement benefit. This day shall be on or after the date on which he ceases to be an Employee and the date he meets the following requirement(s):

- (a) He has attained age 55.
- (b) He has completed 5 years of Accrual Service.

**Eligible Employee** means any full-time Employee of the Employer (other than an elected official, a uniformed police officer, or a firefighter) who is customarily employed with the Employer for more than 20 hours per week and more than five months per year.

**Eligible Retirement Plan** means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a) or a qualified trust described in Code Section 401(a), that accepts the Distributee's Eligible Rollover Distribution.

However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

**Eligible Rollover Distribution** means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); (iii) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and (iv) any other distribution(s) that is reasonably expected to total less than \$200 during a year.

**Employee** means an individual who is employed by the Employer or any other employer required to be aggregated with the Employer under Code Sections 414(b), (c), (m) or (o).

The term Employee shall also include any Leased Employee deemed to be an employee of any employer described in the preceding paragraph as provided in Code Section 414(n) or (o).

**Employer** means, except for purposes of the BENEFIT LIMITATION SECTION of Article IV, City of Jonesboro, Arkansas.

**Employer Contributions** means contributions made by the Employer to fund this Plan. See the EMPLOYER CONTRIBUTIONS SECTION of Article III.

**Entry Date** means the date an Employee first enters the Plan as an Active Participant. See the ACTIVE PARTICIPANT SECTION of Article II.

**Fiscal Year** means the Employer's accounting year. The last day of the Fiscal Year is December 31.

**Inactive Participant** means a former Active Participant who has an Accrued Benefit. See the INACTIVE PARTICIPANT SECTION of Article II.

**Insurer** means Principal Life Insurance Company and any other insurance company or companies named by the Employer.

**Investment Manager** means any fiduciary (other than a trustee)

- (a) who has the power to manage, acquire, or dispose of any assets of the Plan;
- (b) who (i) is registered as an investment adviser under the Investment Advisers Act of 1940; (ii) is not registered as an investment adviser under such Act by reason of paragraph (1) of Section 203A(a) of such Act, is registered as an investment adviser under the laws of the state (referred

to in such paragraph (1)) in which it maintains its principal office and place of business, and, at the time it last filed the registration form most recently filed it with such state in order to maintain its registration under the laws of such state, also filed a copy of such form with the Secretary of Labor; (iii) is a bank, as defined in that Act; or (iv) is an insurance company qualified to perform services described in subparagraph (a) above under the laws of more than one state; and

- (c) who has acknowledged in writing being a fiduciary with respect to the Plan.

**Late Retirement Date** means the first day of any month which is after a Participant's Normal Retirement Date and on which retirement benefits begin. If a Participant continues to work for the Employer after his Normal Retirement Date, his Late Retirement Date shall be the earliest first day of the month on or after he ceases to be an Employee. A later Retirement Date may apply if the Participant so elects. See the WHEN BENEFITS START SECTION of Article VI.

**Leased Employee** means any person (other than an employee of the recipient) who, pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414)(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient employer. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer.

A Leased Employee shall not be considered an employee of the recipient if:

- (a) such employee is covered by a money purchase pension plan providing (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in Code Section 415(c)(3), but for years beginning before January 1, 1998, including amounts contributed pursuant to a salary reduction agreement which are excludible from the employee's gross income under Code Sections 125, 402(e)(3), 402(h) or 403(b), (2) immediate participation, and (3) full and immediate vesting and
- (b) Leased Employees do not constitute more than 20 percent of the recipient's nonhighly compensated workforce.

**Monthly Compensation** means, for any Compensation Year, 1/12th of an Employee's Compensation for such year.

To determine Monthly Compensation if an Employee is an Employee for only part of a Compensation Year, his Compensation for that Compensation Year shall be converted to an annual basis as though he were employed for the full Compensation Year.

**Normal Form** means a single life annuity with certain period, where the certain period is ten years.

**Normal Retirement Date** means the earliest first day of the month on or after the later of the date the Participant reaches his 65th birthday or the date the Participant completes 5 years of Accrual Service. Unless otherwise provided in this Plan, a Participant's retirement benefits shall begin on a Participant's Normal Retirement Date if he has ceased to be an Employee on such date. An earlier Retirement Date may apply if the Participant is age 70 1/2. See the WHEN BENEFITS START SECTION of Article VI.

**Participant** means either an Active Participant or an Inactive Participant.

**Participant Contributions** means Required Contributions as set out in Article III.

**Period of Military Duty** means, for an Employee

- (a) who served as a member of the armed forces of the United States, and
- (b) who was reemployed by the Employer at a time when the Employee had a right to reemployment in accordance with seniority rights as protected under Chapter 43 of Title 38 of the U. S. Code,

the period of time from the date the Employee was first absent from active work for the Employer because of such military duty to the date the Employee was reemployed.

**Plan** means the defined benefit retirement plan of the Employer set forth in this document, including any later amendments to it.

**Plan Administrator** means the person or persons who administer the Plan.

The Plan Administrator is the Employer.

**Plan Year** means a period beginning on a Yearly Date and ending on the day before the next Yearly Date.

**Present Value** means the current value of a benefit payable on a specified form and on a specified date. The Present Value of any benefit under the terms of this Plan will be the actuarial equivalent of the benefit payable on the Normal Form.

On and after the first Yearly Date after the date this change to Present Value is first adopted, actuarial equivalence shall be determined on the basis of the Applicable Interest Rate and the Applicable Mortality Table.

Prior to such date, actuarial equivalence shall be determined on the basis of the mortality rates specified in the definition of Actuarial Equivalent, and the interest rate specified in the definition of Actuarial Equivalent.

The preceding paragraphs shall not apply to the extent they would cause the Plan to fail to satisfy the requirements of the REQUIRED CONTRIBUTION ACCRUED BENEFIT SECTION and the BENEFIT LIMITATION SECTION of Article IV.

**Reentry Date** means the date a former Active Participant reenters the Plan. See the ACTIVE PARTICIPANT SECTION of Article II.

**Required Contribution Account** means, on any date, the total of a Participant's Required Contributions with interest. Contributions previously paid to the Participant or applied for him, and any interest that would have been credited on those contributions, shall be excluded.

Interest shall be credited in each Plan Year at the rate earned for other Contributions held under the Annuity Contract.

Interest shall be credited on each Required Contribution from the end of the Plan Year for which it was made until the Monthly Date on or before the date of determination.

**Required Contribution Accrued Benefit** means the amount of monthly retirement benefit on the Normal Form accrued by an Active Participant which is derived from his Required Contributions. See the REQUIRED CONTRIBUTION ACCRUED BENEFIT SECTION of Article IV.

**Required Contributions** means nondeductible contributions required from a Participant in order to participate in this Plan. See the REQUIRED CONTRIBUTIONS BY PARTICIPANTS SECTION of Article III.

**Retirement Date** means the date a retirement benefit will begin and is a Participant's Early, Normal or Late Retirement Date, as the case may be.

**Vesting Percentage** means the percentage used to determine that portion of a Participant's Accrued Benefit resulting from Employer Contributions which is nonforfeitable (cannot be lost since it is vested).

A Participant's Vesting Percentage is shown in the following schedule opposite the number of whole years of his Vesting Service.

VESTING SERVICE (whole years)	VESTING PERCENTAGE
Less than 5	0
5 or more	100

The Vesting Percentage for a Participant who is an Employee on or after his Normal Retirement Date or the date he meets the requirement(s) for an Early Retirement Date shall be 100%.

**Vesting Service** means the total of an Employee's Continuous Service. This total is expressed in whole years and fractional parts of a year (to the nearest month).

However, Vesting Service is modified as follows:

Voluntary discontinuance service excluded:

Service while an Employee failed or refused to make a Contribution required under the Plan is excluded. This provision also applies to an Employee's service while Contributions were not made because he failed or refused to complete a written agreement to make such Contributions.

Period of Military Duty included:

A Period of Military Duty shall be included as service with the Employer to the extent it has not already been credited.

**Yearly Date** means November 1, 1970, and each following November 1 through November 1, 1995, and each following January 1.

**Years of Service** means an Employee's Vesting Service disregarding any modifications which exclude service.

## ARTICLE II

### PARTICIPATION

#### SECTION 2.01--ACTIVE PARTICIPANT.

- (a) An Employee shall first become an Active Participant (begin active participation in the Plan) on the earliest date on which he is an Eligible Employee. This date is his Entry Date.

Each Employee who was an Active Participant under the Plan on December 31, 1996, shall continue to be an Active Participant if he is still an Eligible Employee on January 1, 1997, and his Entry Date will not change.

- (b) An Inactive Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again becomes an Eligible Employee. This date is his Reentry Date.

Upon again becoming an Active Participant, he shall cease to be an Inactive Participant.

- (c) A former Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again becomes an Eligible Employee. This date is his Reentry Date.

Prior to July 28, 1998, an Eligible Employee shall become an Active Participant on his Entry Date or Reentry Date (whichever applies) if he agrees to make Required Contributions. This agreement must be in writing and completed no later than 30 days after his Entry or Reentry Date. If he does not complete the agreement within the time allowed, he shall become an Active Participant as of the first following date on which he is an Eligible Employee and has completed the written agreement to make these Contributions. This shall be his adjusted Entry Date (or adjusted Reentry Date, if it applies).

There shall be no duplication of benefits for a Participant under this Plan because of more than one period as an Active Participant.

#### SECTION 2.02--INACTIVE PARTICIPANT.

An Active Participant shall become an Inactive Participant (stop accruing benefits under the Plan) on the earlier of the following:

- (a) The date on which he ceases to be an Eligible Employee.
- (b) The effective date of complete termination of the Plan under Article VIII.

An Employee or former Employee who was an Inactive Participant under the Plan on December 31, 1996, shall continue to be an Inactive Participant on January 1, 1997. Eligibility for any benefits payable to the Participant or on his behalf and the amount of the benefits shall be determined according to the provisions of the prior document, unless otherwise stated in this Plan.

## **SECTION 2.03--CESSATION OF PARTICIPATION.**

A Participant, whether active or inactive, shall cease to be a Participant on the earlier of the following:

- (a) The date of his death.
- (b) The date he receives a single sum distribution which is in lieu of all of his benefits under the Plan if his Vesting Percentage is 100%.

An Inactive Participant shall also cease to be a Participant on the earliest date on which he is not entitled to a deferred monthly income under the VESTED BENEFITS SECTION of Article V.



## **ARTICLE III**

### **CONTRIBUTIONS**

#### **SECTION 3.01--EMPLOYER CONTRIBUTIONS.**

The amount and time of Employer Contributions shall be determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan. Dividends, if any, declared under the Annuity Contract and forfeitures shall be applied to reduce future Employer Contributions.

A portion of the Plan assets resulting from Employer Contributions (but not more than the original amount of those Contributions) may be returned if the Employer Contributions are made because of a mistake of fact. The amount involved must be returned to the Employer within one year after the date the Employer Contributions are made by mistake of fact. Except as provided under this paragraph and in Article VIII, the assets of the Plan shall never be used for the benefit of the Employer and are held for the exclusive purpose of providing benefits to Participants and their Beneficiaries and for defraying reasonable expenses of administering the Plan.

#### **SECTION 3.01A--REQUIRED CONTRIBUTIONS BY PARTICIPANTS.**

No Required Contributions shall be made on or after July 1, 1998.

The Participant's Required Contribution Account is fully (100%) vested and nonforfeitable at all times.

#### **SECTION 3.02--INVESTMENT OF CONTRIBUTIONS.**

The handling of Contributions which are directed to the Annuity Contract is governed by the provisions of the Annuity Contract.

The Employer may delegate to the Investment Manager investment discretion for Plan assets.

All Contributions are forwarded by the Employer to the Insurer to be deposited under the Annuity Contract.

## ARTICLE IV

### RETIREMENT BENEFITS

#### SECTION 4.01--ACCRUED BENEFIT.

An Active Participant's monthly Accrued Benefit as of any date, subject to the modifications below, will be equal to the sum of (a) and (b) below:

- (a) An amount equal to .5% of his Average Compensation multiplied by his Accrual Service prior to November 1, 1970, if any.
- (b) An amount equal to 1.50% (1.25% prior to July 1, 1998) of his Average Compensation multiplied by his Accrual Service on and after November 1, 1970.

However, Accrued Benefit is modified as follows:

Minimum Accrued Benefit:

An Active Participant's monthly Accrued Benefit shall not be less than \$25.

Adjusted Accrued Benefit:

After all other modifications have been applied, an Active Participant's monthly Accrued Benefit shall be reduced by the amount of deferred monthly retirement benefit on the Normal Form beginning on his Normal Retirement Date in lieu of which he has received a single sum payment under the Plan.

The Participant's Accrued Benefit resulting from Employer Contributions is equal to the Participant's total Accrued Benefit reduced by his Required Contribution Accrued Benefit.

#### SECTION 4.01A--REQUIRED CONTRIBUTION ACCRUED BENEFIT.

An Active Participant's Required Contribution Accrued Benefit is the accrued monthly benefit derived from his Required Contributions. On any date, his Required Contribution Accrued Benefit shall be determined as follows:

STEP ONE: Determine the amount of the Participant's Required Contribution Account on such date.

STEP TWO: Add to the amount determined in step one interest compounded annually at the interest rate used to determine Present Value for the period beginning with the determination date and ending on the date on which the Employee reaches his Normal Retirement Date. Convert the amount thus accumulated to a monthly retirement benefit on the Normal Form using the interest rate and mortality table used to determine Present Value.

## SECTION 4.02--BENEFIT LIMITATION.

- (a) **Definitions.** For purposes of determining the benefit limitation set forth in this section, the following terms are defined:

**Annual Additions** means the sum of the following amounts credited to a Participant's account for the Limitation Year:

- (1) employer contributions;
- (2) employee contributions;
- (3) forfeitures; and
- (4) allocations under a simplified employee pension.

**Annual Benefit** means a retirement benefit under the plan which is payable annually in the form of a Straight Life Annuity. Except as provided below, a benefit payable in a form other than a Straight Life Annuity must be adjusted to an actuarially equivalent Straight Life Annuity before applying the limitations of this section. Effective for Limitation Years beginning on or after January 1, 1995, where a Participant's benefit must be adjusted to an actuarially equivalent Straight Life Annuity, the actuarially equivalent Straight Life Annuity is equal to the greater of the annuity benefit computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form, and the annuity benefit computed using a 5 percent interest rate assumption and the Applicable Mortality Table.

No actuarial adjustment to the benefit is required for (i) the value of a qualified joint and survivor annuity, (ii) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (iii) the value of post-retirement cost-of-living increases made in accordance with Code Section 415(d) and section 1.415-3(c)(2)(iii) of the Income Tax Regulations. The Annual Benefit does not include any benefits attributable to employee contributions or rollover contributions, or assets transferred from a qualified plan that was not maintained by the Employer.

**Compensation** means actual gross annual compensation, without reduction for flexible spending account contributions.

Compensation for a Limitation Year is the Compensation actually paid or made available during such Limitation Year.

For Limitation Years beginning after December 31, 1997, Compensation paid or made available during such Limitation Year shall include any elective deferral (as defined in Code Section 402(g)(3)), and any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Code Section 125 or 457. For Limitation Years beginning on and after January 1, 2001, Compensation paid or made available during such Limitation Year shall include elective amounts that are not includible in the gross income of the Employee by reason of Code Section 132(f)(4).

**Defined Benefit Dollar Limitation** means \$90,000, automatically adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary shall prescribe, and payable in the form of a Straight Life Annuity. The new limitation shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment.

**Defined Benefit Plan Fraction** means a fraction, the numerator of which is the sum of the Participant's Projected Annual Benefits under all the defined benefit plans (whether or not terminated) maintained by the Employer, and the denominator of which is 125 percent of the Defined Benefit Dollar Limitation applicable to the Participant, adjusted as necessary in accordance with the definition of Maximum Permissible Benefit.

**Defined Contribution Dollar Limitation** means, for Limitation Years beginning after December 31, 1994, \$30,000, as adjusted under Code Section 415(d).

**Defined Contribution Plan Fraction** means a fraction, the numerator of which is the sum of the Annual Additions to the Participant's account under all the defined contribution plans (whether or not terminated) maintained by the Employer for the current and all prior Limitation Years, (including the Annual Additions attributable to the Participant's voluntary employee contributions, or mandatory employee contributions as defined in Code Section 411(c)(2)(C), to this and all other defined benefit plans (whether or not terminated) maintained by the Employer, and the Annual Additions attributable to all simplified employee pensions maintained by the Employer), and the denominator of which is the sum of the maximum aggregate amounts for the current and all prior Limitation Years of the Participant's service with the Employer (regardless of whether a defined contribution plan was maintained by the Employer).

The maximum aggregate amount for any Limitation Year is the lesser of (i) 125 percent of the Defined Contribution Dollar Limitation, or (ii) 35 percent (1.4 x 25 percent) of the Participant's Compensation for such year.

The Annual Addition for any Limitation Year beginning before January 1, 1987, shall not be recomputed to treat all employee contributions as Annual Additions.

If the Employee was a participant as of the end of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined contributions plans maintained by the Employer which were in existence on May 6, 1986, the numerator of this fraction will be adjusted if the sum of this fraction and the Defined Benefit Plan Fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (i) the excess of the sum of the fractions over 1.0 times (ii) the denominator of this fraction, will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of the end of the last Limitation Year beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the plans made after May 5, 1986, but using the Code Section 415 limitation applicable to the first Limitation Year beginning on or after January 1, 1987.

**Employer** means the employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Code Section 414(b), as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c), as modified by Code Section 415(h)), or affiliated service groups (as defined in Code Section 414(m)) of which

the adopting employer is a part, and any other entity required to be aggregated with the employer under Code Section 414(o).

**Limitation Year** means the 12-consecutive month period ending on each December 31. If the Limitation Year is other than a calendar year, execution of this Plan (or any amendment to this Plan changing the Limitation Year) constitutes the Employer's adoption of a written resolution electing the Limitation Year. If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

**Maximum Permissible Benefit** means the Defined Benefit Dollar Limitation (adjusted where required, as provided below).

- (1) If the Participant has less than ten Years of Participation in the Plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction the numerator of which is the number of Years of Participation (or part thereof) in the Plan, and the denominator of which is ten.

Where a Defined Benefit Plan Fraction is calculated, the adjustments of this (1) shall be applied in the denominator of the Defined Benefit Plan Fraction based upon Years of Service. For purposes of computing the Defined Benefit Fraction only, Years of Service shall include future Years of Service (or part thereof) commencing before the Participant's Normal Retirement Date. Such future Years of Service shall include the year that contains the earlier of (i) the date the Participant reaches Normal Retirement Date, only if it can be reasonably anticipated that the Participant will receive a Year of Service for such year, or (ii) the year in which the Participant terminates employment.

For Limitation Years beginning on or after January 1, 1995, the adjustments of this (1) shall not apply to survivor and disability benefits as provided in Code Section 415(b)(2)(I).

- (2) If the Annual Benefit of the Participant commences prior to age 62, the Defined Benefit Dollar Limitation applicable to the Participant at such earlier age is an Annual Benefit payable in the form of a Straight Life Annuity that is the actuarial equivalent of the Defined Benefit Dollar Limitation (as reduced in (1) above, if necessary) reduced for each month by which the benefits commence before the month in which the Participant attains age 62. Effective for Limitation Years beginning on or after January 1, 1995, the Defined Benefit Dollar Limitation applicable at an age prior to age 62 is determined as the lesser of the actuarial equivalent of the Defined Benefit Dollar Limitation (as reduced in (1) above, if necessary) computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for early retirement benefits, and the actuarial equivalent of the Defined Benefit Dollar Limitation (as reduced in (1) above, if necessary) computed using a 5 percent interest rate and the Applicable Mortality Table. To the extent that the Plan does not specify an interest rate and mortality table (or other tabular factor) or for ages for which no tabular factor is specified, a 5 percent interest rate and the Applicable Mortality Table shall be used to determine actuarial equivalence.

The reduction under this (2) shall not reduce the Defined Benefit Dollar Limitation below \$75,000 if the benefit commences at or after age 55. The reduction under this (2) shall

not reduce the Defined Benefit Dollar Limitation below the actuarial equivalent of the \$75,000 limitation for age 55 if the benefit commences before age 55. Effective for Limitation Years beginning on or after January 1, 1995, the minimum Defined Benefit Dollar Limitation applicable at an age prior to age 55 is determined as the lesser of the actuarial equivalent of the \$75,000 limitation at age 55 computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for early retirement benefits, and the actuarial equivalent of the \$75,000 limitation at age 55 computed using a 5 percent interest rate and the Applicable Mortality Table. To the extent that the Plan does not specify an interest rate and mortality table (or other tabular factor) or for ages for which no tabular factor is specified, a 5 percent interest rate and the Applicable Mortality Table shall be used to determine actuarial equivalence.

Any decrease in the Defined Benefit Dollar Limitation determined in accordance with this (2) shall not reflect a mortality decrement if the benefits are not forfeited upon the death of the Participant. If any benefits are forfeited upon death, the full mortality decrement is taken into account.

For Limitation Years beginning on or after January 1, 1997, the adjustments in this (2) do not apply in the case of a Participant who is a qualified participant (as defined in Code Section 415(b)(2)(H)). For Limitation Years beginning on or after January 1, 1995, the adjustments in this (2) do not apply to survivor and disability benefits as provided in Code Section 415(b)(2)(I).

- (3) If the Annual Benefit of the Participant commences after age 65, the Defined Benefit Dollar Limitation applicable to the Participant at the later age is the Annual Benefit payable in the form of a Straight Life Annuity commencing at the later age that is actuarially equivalent to the Defined Benefit Dollar Limitation applicable to the Participant (adjusted under (1) above, if necessary) at age 65. Effective for Limitation Years beginning on or after January 1, 1995, the actuarial equivalent of the Defined Benefit Dollar Limitation at age 65 is determined as the lesser of the actuarial equivalent of the Defined Benefit Dollar Limitation at age 65 computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for delayed retirement benefits, and the actuarial equivalent of the Defined Benefit Dollar Limitation at age 65 computed using a 5 percent interest rate assumption and the Applicable Mortality Table. For these purposes, mortality between age 65 and the age at which benefits commence must be ignored.
- (4) Minimum benefits permitted: Notwithstanding anything else in this definition to the contrary, the benefit otherwise accrued or payable to a Participant under this Plan shall be deemed not to exceed the Maximum Permissible Benefit if:
  - (i) the retirement benefits payable for a Plan Year under any form of benefit with respect to such Participant under this Plan and under all other defined benefit plans (regardless of whether terminated) ever maintained by the Employer do not exceed \$1,000 multiplied by the Participant's number of Years of Service or parts thereof (not to exceed ten); and

- (ii) the Employer has not at any time maintained a defined contribution plan (for these purposes, employee contributions, whether voluntary or involuntary, under a defined benefit plan are not treated as a separate defined contribution plan).

For Limitation Years beginning on or after January 1, 1995, the amount in (i) above shall be equal to \$10,000 when determining the minimum benefit permitted for survivor and disability benefits as provided in Code Section 415(b)(2)(I).

- (5) For Limitation Years beginning on or after January 1, 1995, the 100 percent of high three-year average compensation limitation provided in Code Section 415(b)(1)(B) shall not apply.

**Projected Annual Benefit** means the Annual Benefit to which the Participant would be entitled under the terms of the Plan assuming:

- (1) the Participant will continue employment until normal retirement age under the Plan (current age, if later), and
- (2) all relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

**Straight Life Annuity** means an annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death.

**Year of Participation** means one year (computed to fractional parts of a year) for each Plan Year for which the following conditions are met:

- (1) The Participant is credited with Accrual Service for benefit accrual purposes, and
- (2) the Participant is included as a Participant under the eligibility provisions of the Plan for at least one day of the Plan Year.

If these two conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of Accrual Service credited to the Participant for such Plan Year. A Participant who is totally and permanently disabled within the meaning of Code Section 415(c)(3)(C)(i) for a Plan Year shall receive a Year of Participation with respect to that period. In addition, for a Participant to receive a Year of Participation (or part thereof) for a Plan Year, the Plan must be established no later than the last day of such Plan Year. In no event will more than one Year of Participation be credited for any 12-month period.

- (b) This (b) applies regardless of whether any Participant is or has ever been a participant in another qualified plan maintained by the adopting Employer. If any Participant is or has ever been a participant in another qualified plan maintained by the Employer or a simplified employee pension (as defined in Code Section 408(k)) maintained by the Employer, that provides an Annual Addition, (c) below is also applicable to that Participant's benefits.

- (1) The Annual Benefit otherwise payable to a Participant at any time will not exceed the Maximum Permissible Benefit. If the benefits the Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible

Benefit, the benefit must be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

- (2) If a Participant has made voluntary employee contributions, or mandatory employee contributions as defined in Code Section 411(c)(2)(C), under the terms of this Plan, the amount of such contributions is treated as an Annual Addition to a qualified defined contribution plan for purposes of (b)(1) and (c)(2) of this section. Such amounts shall be limited to meet the requirements of Code Section 415(c)(1).
- (c) This (c) applies if any Participant is also a participant, or has ever participated, in another plan maintained by the Employer, including a qualified plan or a simplified employee pension that provides an Annual Addition.
- (1) If a Participant is, or has ever been, a participant in more than one defined benefit plan maintained by the Employer, the sum of the Participant's Annual Benefits from all such plans may not exceed the Maximum Permissible Benefit. Where the Participant's employer-provided benefits under all defined benefit plans ever maintained by the Employer (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the benefit shall be limited (or the rate of accrual reduced) in the plan most recently established to the extent necessary so that the sum of the Participant's Annual Benefits from all such plan(s) does not exceed the Maximum Permissible Benefit.
  - (2) For Limitation Years beginning before January 1, 2000, if the Employer maintains, or ever maintained, one or more qualified defined contribution plans in which any Participant in this Plan participated, including a simplified employee pension, the sum of the Participant's Defined Contribution Plan Fraction and Defined Benefit Plan Fraction will not exceed 1.0 in any Limitation Year and, where the sum exceeds 1.0 for a Participant for a Limitation Year, the Projected Annual Benefit shall be limited first. If the Participant's Annual Benefits equal his Projected Annual Benefit, as limited, then Annual Additions to the defined contribution plan(s) shall be limited to amounts that will reduce the sum to 1.0 in the same manner in which the Annual Additions are limited to meet the requirements of Code Section 415(c)(1).

Benefit increases resulting from the repeal of Code Section 415(e) will be provided to all Employees participating in the Plan (with benefits limited by Code Section 415(e)) who have an Accrued Benefit under the Plan immediately before the first day of the first Limitation Year beginning in 2000 and have one hour-of-service with the Employer after such date.

#### **SECTION 4.03--AMOUNT OF BENEFIT AT RETIREMENT.**

The amount of retirement benefit to be provided on the Normal Form for an Active Participant on his Retirement Date shall be determined according to the provisions of this section.

Normal Retirement Date. An Active Participant's retirement benefit on his Normal Retirement Date shall be equal to his Accrued Benefit on such date.



**Early Retirement Date.** An Active Participant's retirement benefit on his Early Retirement Date shall be equal to his Accrued Benefit on such specified date, multiplied by the factor shown below corresponding to the number of years his Early Retirement Date precedes his Normal Retirement Date.

NUMBER OF YEARS EARLY RETIREMENT DATE PRECEDES NORMAL RETIREMENT DATE	FACTOR
1	.933
2	.866
3	.799
4	.732
5	.665
6	.632
7	.599
8	.566
9	.533
10	.500

The above factors shall be prorated for a partial year (counting a partial month as a complete month).

**Late Retirement Date.** An Active Participant's retirement benefit on his Late Retirement Date shall be equal to his Accrued Benefit on his Late Retirement Date.

In any event, an Active Participant's retirement benefit on the Normal Form on his Retirement Date will not be less than the greater of his Required Contribution Accrued Benefit on his Retirement Date, multiplied by the appropriate factor if his Retirement Date is an Early Retirement Date, or the monthly benefit on the Normal Form which is the Actuarial Equivalent of his Required Contribution Account on such date.

The Participant's retirement benefits shall be distributed to the Participant according to the distribution of benefits provisions of Article VI and the small amounts provisions of the SMALL AMOUNTS SECTION of Article X. The amount of payment under any form (other than the Normal Form) shall be determined as provided under the OPTIONAL FORMS OF DISTRIBUTION SECTION of Article VI.

#### **SECTION 4.04--BENEFITS UPON EMPLOYMENT AFTER RETIREMENT DATE.**

If a Participant is reemployed by the Employer after his Retirement Date, any monthly retirement benefit payment he is receiving shall cease with the last payment due prior to his reemployment. Monthly retirement payments shall again become payable on the first day of the month following subsequent termination of employment.

If such Participant again becomes an Active Participant after his Retirement Date, his benefits under this Plan shall not be duplicated. The retirement benefit from the Accrued Benefit resulting from such additional period of Accrual Service shall be payable according to the provisions of Article IV and Article VI. Any death benefit from the Accrued Benefit he accrued during his latest period as an Active Participant shall be determined as provided in the DEATH BENEFITS SECTION of Article V.

## ARTICLE V

### OTHER BENEFITS

#### SECTION 5.01--DEATH BENEFITS.

If a Participant dies before his Annuity Starting Date, death benefits shall be determined under subsection (a) below. The distribution of death benefits shall be subject to the distribution of benefits provisions of Article VI and the provisions of the SMALL AMOUNTS SECTION of Article X.

(a) Single-sum death benefit:

A single-sum death benefit equal to the Participant's Required Contribution Account, if any, on the date he died shall be payable to the Participant's Beneficiary. Such benefit, if elected, shall be in lieu of any and all other benefits that would be payable from his vested Accrued Benefit.

If a Participant dies on or after his Normal Retirement Date and before his Annuity Starting Date, the provisions of subsection (a) shall not apply. Instead, the death benefit shall be the preservation of retirement option death benefit. This death benefit is the death benefit which would have been payable to the Participant's Beneficiary or Contingent Annuitant if the Participant's Retirement Date had occurred on the date he died. The optional form of distribution elected according to the provisions of the ELECTION PROCEDURES SECTION of Article VI before the Participant's death is the form in effect for determining the death benefit. The automatic form of distribution for retirement benefits under the AUTOMATIC FORMS OF DISTRIBUTION SECTION of Article VI shall be in effect if an election has not been made or an election is revoked without a subsequent election according to the provisions of the ELECTION PROCEDURES SECTION of Article VI. Any death benefit payable shall be subject to the distribution limitations of the OPTIONAL FORMS OF DISTRIBUTION SECTION of Article VI and the DISTRIBUTION REQUIREMENTS SECTION of Article VII.

Any death benefit after Annuity Starting Date will be determined by the form of retirement benefit in effect on a Participant's Annuity Starting Date.

#### SECTION 5.02--VESTED BENEFITS.

A Participant who becomes an Inactive Participant before retirement or death will be entitled to one of the following vested benefits whichever is applicable. Any distribution of vested benefits shall be a retirement benefit and shall be subject to the distribution of benefits provisions of Article VI and the provisions of the SMALL AMOUNTS SECTION of Article X.

(a) A deferred monthly retirement benefit on the Normal Form to begin on his Normal Retirement Date. The deferred retirement benefit will be equal to the sum of (1) and (2):

- (1) The Participant's Required Contribution Accrued Benefit as of the date of determination (date the Participant's Required Contribution Account is paid in a single sum, if earlier).

- (2) The product of (i) and (ii):
  - (i) The excess of the Participant's Accrued Benefit on the day before he became an Inactive Participant over the amount determined under (1) above.
  - (ii) The Participant's Vesting Percentage on the date he ceases to be an Employee.
- (b) A deferred monthly retirement benefit on the Normal Form to begin on his Early Retirement Date. The deferred retirement benefit shall be equal to the amount under (a) above multiplied by the applicable early retirement factor in the AMOUNT OF BENEFIT AT RETIREMENT SECTION of Article IV.
- (c) A deferred monthly retirement benefit on the Normal Form to begin on his Late Retirement Date. The deferred retirement benefit shall be determined as follows:
  - (1) For a Participant who became an Inactive Participant on or before his Normal Retirement Date, an amount equal to the amount under (a) above.
  - (2) For a Participant who became an Inactive Participant after his Normal Retirement Date, an amount equal to the Participant's Accrued Benefit on the day before the date he became an Inactive Participant.

The deferred retirement benefit for the Participant on his Retirement Date shall not be less than the monthly benefit on the Normal Form which is the Actuarial Equivalent of his Required Contribution Account on such date.

The amount of payment under any form (other than the Normal Form) shall be determined as provided under the OPTIONAL FORMS OF DISTRIBUTION SECTION of Article VI.

The Participant may receive his Required Contribution Account in a single-sum payment at any time after he ceased to be an Employee and before his Retirement Date, provided he has not again become an Employee. If such amount is not payable under the provisions of the SMALL AMOUNTS SECTION of Article X, it will be distributed only if the Participant elects. The Participant's election shall be subject to the requirements in the ELECTION PROCEDURES SECTION of Article VI. Such payment shall be in lieu of any other benefits payable under the Plan.

If the Participant dies before his Annuity Starting Date, death benefits shall be distributed according to the provisions of the DEATH BENEFITS SECTION of this article.

**ARTICLE VI**  
**WHEN BENEFITS START AND DISTRIBUTION OF**  
**BENEFITS**

**SECTION 6.01--WHEN BENEFITS START.**

Benefits under the Plan begin when a Participant retires, dies, or ceases to be an Employee, whichever applies, as provided in Article IV and Article V. Benefits may begin on an earlier date to the extent necessary to avoid a violation of Code Section 415. The start of benefits is subject to the election procedures of this article.

The Participant may elect to have his benefits begin after the later of his Normal Retirement Date or the date he ceases to be an Employee, subject to the provisions of this section. The Participant shall make his election in writing and deliver the signed statement of election to the Plan Administrator before Normal Retirement Date or the date he ceases to be an Employee, if later. The statement of election must describe the form of distribution and the date the retirement benefits will begin. The Participant shall not elect a date for beginning retirement benefits or a form of distribution that would result in a death benefit payable upon his death that would be more than incidental within the meaning of governmental regulations.

Benefits shall begin by the Participant's Required Beginning Date, as defined in the DEFINITIONS SECTION of Article VII.

**SECTION 6.02--AUTOMATIC FORMS OF DISTRIBUTION.**

Unless an optional form of benefit is selected pursuant to an election within the election period (see the ELECTION PROCEDURES SECTION of this article), the automatic form of benefit payable to or on behalf of a Participant is determined as follows:

- (a) Retirement Benefits. This automatic form of retirement benefit for a Participant who does not die before his Annuity Starting Date shall be the Normal Form.
- (b) Death Benefits. The automatic form of death benefit for a Participant who dies before his Annuity Starting Date is determined according to the provisions of the DEATH BENEFITS SECTION of Article V.

**SECTION 6.03--OPTIONAL FORMS OF DISTRIBUTION.**

- (a) Retirement Benefits. The optional forms of retirement benefit shall be the following: a straight life annuity; a single life annuity with certain period of 10 years; a single life annuity with modified cash refund of the Participant's Required Contribution Account; and survivorship life annuities with survivorship percentages of 50, 75 or 100. If the optional form elected is a survivorship life annuity, such optional form shall only be payable if the Contingent Annuitant is a qualified survivor. Qualified survivor means a Participant's spouse for not less than one year immediately preceding the first retirement payment due, or another person age 40 years or older

receiving more than one-half support from the Participant for not less than one year immediately preceding the first retirement payment due. The benefit payable on any optional annuity form available above (other than the Normal Form) shall be the Actuarial Equivalent of the benefit that would otherwise be payable on the Normal Form, except as follows:

OPTIONAL FORM	PERCENTAGE OF NORMAL FORM BENEFIT
50% survivorship life annuity	90%
75% survivorship life annuity	85%
100% survivorship life annuity	80%

The Participant may also elect to receive a single-sum payment in lieu of all other benefits under this Plan. This single-sum payment shall be equal to his than his Required Contribution Account determined on his Retirement Date.

Election of an optional form is subject to the election provisions of the ELECTION PROCEDURES SECTION of this article and the DISTRIBUTION REQUIREMENTS SECTION of Article VII.

Any annuity contract distributed shall be nontransferable.

- (b) Death Benefits. The optional forms of death benefit are any annuity that is an optional form of retirement benefit.

#### **SECTION 6.04--ELECTION PROCEDURES.**

The Participant, Beneficiary, or spouse shall make any election under this section in writing. The Plan Administrator may require such individual to complete and sign any necessary documents as to the provisions to be made. Any election permitted under (a) and (b) below shall be subject to the election provisions of (c) below.

- (a) Retirement Benefits. A Participant may elect his Beneficiary or Contingent Annuitant and may elect to have retirement benefits distributed under any of the optional forms of retirement benefit available in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article.
- (b) Death Benefits. The Participant may elect not to have the provisions of subparagraph (a) of the DEATH BENEFITS SECTION of Article V continue to apply on and after his Normal Retirement Date. If the Participant makes this election and dies on or after his Normal Retirement Date, the preservation of retirement option death benefit shall be paid. A Participant may elect his Beneficiary for any single-sum death benefits and may elect to have such death benefits distributed under any of the optional forms of death benefit available in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article.

If the Participant has not elected an optional form of distribution for the death benefit payable to his Beneficiary, the Beneficiary may, for his own benefit, elect the form of distribution, in like manner as a Participant.

(c) Election. The Participant, Beneficiary, or spouse may make an election at any time during the election period. The Participant, Beneficiary, or spouse may revoke the election made (or make a new election) at any time and any number of times during the election period.

(1) Election Period for Retirement Benefits. A Participant may make an election as to retirement benefits at any time before the Annuity Starting Date.

(2) Election Period for Death Benefits. A Participant may make an election as to death benefits at any time before he dies. The Beneficiary's election period begins on the date the Participant dies and ends on the date benefits begin. The election period as to the preservation of retirement option death benefit begins 90 days before the first day of the Plan Year in which the Participant reaches his Normal Retirement Date.

## ARTICLE VII

### DISTRIBUTION REQUIREMENTS

#### SECTION 7.01--APPLICATION.

The optional forms of distribution are only those provided in Article VI. An optional form of distribution shall not be permitted unless it meets the requirements of this article.

#### SECTION 7.02—DEFINITIONS.

For purposes of this article, the following terms are defined:

**Designated Beneficiary** means the individual who is designated as the beneficiary under the Plan in accordance with Code Section 401(a)(9) and the regulations thereunder.

**Distribution Calendar Year** means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to (e) of the DISTRIBUTION REQUIREMENTS SECTION of this article.

**Joint and Last Survivor Expectancy** means joint and last survivor expectancy computed using the expected return multiples in Table VI of section 1.72-9 of the Income Tax Regulations.

Unless otherwise elected by the Participant (or spouse, in the case of distributions described in (e)(2)(ii) of the DISTRIBUTION REQUIREMENTS SECTION of this article) by the time distributions are required to begin, life expectancies shall be recalculated annually. Such election shall be irrevocable as to the Participant (or spouse) and shall apply to all subsequent years. The life expectancy of a nonspouse Beneficiary may not be recalculated.

**Life Expectancy** means life expectancy computed by use of the expected return multiples in Table V of section 1.72-9 of the Income Tax Regulations.

Unless otherwise elected by the Participant (or spouse, in the case of distributions described in (e)(2)(ii) of the DISTRIBUTION REQUIREMENTS SECTION of this article) by the time distributions are required to begin, life expectancy shall be recalculated annually. Such election shall be irrevocable as to the Participant (or spouse) and shall apply to all subsequent years. The life expectancy of a nonspouse Beneficiary may not be recalculated.

**Required Beginning Date** means, for a Participant, the April 1 of the calendar year following the later of the calendar year in which he attains age 70 1/2 or the calendar year in which he retires.

## SECTION 7.03—DISTRIBUTION REQUIREMENTS.

(a) General Rules.

- (1) The requirements of this article shall apply to any distribution of a Participant's interest and shall take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this article apply to calendar years beginning after December 31, 1984.
- (2) All distributions required under this article shall be determined and made in accordance with the proposed regulations under Code Section 401(a)(9), including the minimum distribution incidental benefit requirement of section 1.401(a)(9)-2 of the proposed regulations.
- (3) With respect to distributions under the Plan made on or after June 14, 2001, for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the regulations under Code Section 401(a)(9) that were proposed on January 17, 2001 (the 2001 Proposed Regulations), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a Participant for 2001 prior to June 14, 2001, are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such Participant for 2001 on or after such date. If the total amount of required minimum distributions made to a Participant for 2001 prior to June 14, 2001, are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations. These provisions shall continue in effect until the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date as may be published by the Internal Revenue Service.

(b) Required Beginning Date. The entire interest of a Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date.

(c) Limits on Distribution Periods. As of the first Distribution Calendar Year, distributions, if not made in a single sum, may only be made over one of the following periods (or combination thereof):

- (1) the life of the Participant,
- (2) the life of the Participant and a Designated Beneficiary,
- (3) a period certain not extending beyond the Life Expectancy of the Participant, or
- (4) a period certain not extending beyond the Joint and Last Survivor Expectancy of the Participant and a Designated Beneficiary.

(d) Determination of Amount to be Distributed Each Year.

- (1) If the Participant's interest is to be paid in the form of annuity distributions under the Plan, payment under the annuity shall satisfy the following requirements:



- (i) the annuity distributions must be paid in periodic payments made at intervals not longer than one year;
- (ii) the distribution period must be over a life (or lives) or over a period certain not longer than a Life Expectancy (or Joint and Last Survivor Expectancy) described in Code Section 401(a)(9)(A)(ii) or Code Section 401(a)(9)(B)(iii), whichever is applicable;
- (iii) the Life Expectancy (or Joint and Last Survivor Expectancy) for purposes of determining the period certain shall be determined without recalculation of Life Expectancy;
- (iv) once payments have begun over a period certain, the period certain may not be lengthened even if the period certain is shorter than the maximum permitted;
- (v) payments must either be nonincreasing or increase only as follows:
  - (A) with any percentage increase in a specified and generally recognized cost-of-living index;
  - (B) to the extent of the reduction to the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in (c) above dies and the payments continue otherwise in accordance with (c) above over the life of the Participant;
  - (C) to provide cash refunds of employee contributions upon the Participant's death; or
  - (D) because of an increase in benefits under the Plan.
- (vi) If the annuity is a life annuity (or a life annuity with a period certain not exceeding 20 years), the amount which must be distributed on or before the Participant's Required Beginning Date (or, in the case of distributions after the death of the Participant, the date distributions are required to begin pursuant to (e) below) shall be the payment which is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the period for which payments are received, e.g., bimonthly, monthly, semi-annually, or annually.

If the annuity is a period certain annuity without a life contingency (or is a life annuity with a period certain exceeding 20 years) periodic payments for each Distribution Calendar Year shall be combined and treated as an annual amount. The amount which must be distributed by the Participant's Required Beginning Date (or, in the case of distributions after the death of the Participant, the date distributions are required to begin pursuant to (e) below) is the annual amount for the first Distribution Calendar Year. The annual amount for other Distribution Calendar Years, including the annual amount for the calendar year in which the Participant's Required Beginning Date (or the date distributions are required to begin pursuant to (e) below) occurs, must be distributed on or before December 31 of the calendar year for which the distribution is required.

- (2) Annuities purchased after December 31, 1988, are subject to the following additional conditions:
- (i) Unless the Participant's spouse is the Designated Beneficiary, if the Participant's interest is being distributed in the form of a period certain annuity without a life contingency, the period certain as of the beginning of the first Distribution Calendar Year may not exceed the applicable period determined using the table set forth in Q&A A-5 of section 1.401(a)(9)-2 of the proposed regulations.
  - (ii) If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse Beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the Designated Beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A A-6 of section 1.401(a)(9)-2 of the proposed regulations.
  - (iii) Transitional rule. If payment under an annuity which complies with (1) above begins prior to January 1, 1989, the minimum distribution requirements in effect as of July 27, 1987, shall apply to distributions from this Plan, regardless of whether the annuity form of payment is irrevocable. This transitional rule also applies to deferred annuity contracts distributed to or owned by the employee prior to January 1, 1989, unless additional contributions are made under the Plan by the Employer with respect to such contract.
  - (iv) If the form of distribution is an annuity made in accordance with this (d), any additional benefits accruing to the Participant after his Required Beginning Date shall be distributed as a separate and identifiable component of the annuity beginning with the first payment interval ending in the calendar year in which such amount accrues.
  - (v) Any part of the Participant's interest which is in the form of an individual account shall be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and the proposed regulations thereunder.

(e) Death Distribution Provisions.

- (1) Distribution beginning before death. If the Participant dies after distribution of his interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.
- (2) Distribution beginning after death.
  - (i) If the Participant dies before distribution of his interest begins, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except to the extent that an election is made to receive distributions in accordance with A or B below:
    - A. If any portion of the Participant's interest is payable to a Designated Beneficiary, distributions may be made over the life or over a period certain not greater than the Life Expectancy of the Designated Beneficiary commencing on or before

December 31 of the calendar year immediately following the calendar year in which the Participant died;

B. If the Designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with (i) above shall not be earlier than the later of:

1. December 31 of the calendar year immediately following the calendar year in which the Participant died, or

2. December 31 of the calendar year in which the Participant would have attained age 70 1/2.

(ii) If the Participant has not made an election pursuant to this (e)(2) by the time of his death, the Participant's Designated Beneficiary must elect the method of distribution no later than the earlier of:

A. December 31 of the calendar year in which distributions would be required to begin under this subparagraph, or

B. December 31 of the calendar year which contains the fifth anniversary of the date of death of the Participant.

(iii) If the Participant has no Designated Beneficiary, or if the Designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(3) For purposes of (e)(2) above, if the surviving spouse dies after the Participant, but before payments to such spouse begin, the provisions of (e)(2) above, with the exception of (e)(2)(i)(B) therein, shall be applied as if the surviving spouse were the Participant.

(4) For purposes of this (e), any amount paid to a child of the Participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.

(5) For purposes of this (e), distribution of a Participant's interest is considered to begin on the Participant's Required Beginning Date (or, if (e)(3) above is applicable, the date distribution is required to begin to the surviving spouse pursuant to (e)(2) above). If distribution in the form of an annuity irrevocably begins to the Participant before the Required Beginning Date, the date distribution is considered to begin is the date distribution actually begins.

## **SECTION 7.04--TRANSITIONAL RULE.**

- (a) Notwithstanding the other requirements of this article, distribution on behalf of any Participant may be made in accordance with all of the following requirements (regardless of when such distribution begins):
- (1) The distribution by the Plan is one which would not have disqualified such Plan under Code Section 401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.
  - (2) The distribution is in accordance with a method of distribution designated by the Participant whose interest in the Plan is being distributed or, if the Participant is deceased, by a Beneficiary of such Participant.
  - (3) such designation was in writing, was signed by the Participant or the Beneficiary, and was made before January 1, 1984.
  - (4) The Participant had an accrued benefit under the Plan as of December 31, 1983.
  - (5) The method of distribution designated by the Participant or Beneficiary specifies the time at which distribution will begin, the period over which distributions will be made, and in the case of any distribution upon the Participant's death, the Beneficiaries of the Participant listed in order of priority.
- (b) A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the Participant.
- (c) For any distribution which begins before January 1, 1984, but continues after December 31, 1983, the Participant, or Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution is specified in writing and the distribution satisfies the requirements in (a)(1) and (5) above.
- (d) If a designation is revoked, any subsequent distribution must satisfy the requirements of Code Section 401(a)(9) and the proposed regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs, the total amount not yet distributed which would have been required to have been distributed to satisfy Code Section 401(a)(9) and the proposed regulations thereunder, but for the section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements in section 1.401(a)(9)-2 of the proposed regulations. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered a revocation of the designation so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life). In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Q&A J-2 and Q&A J-3 of section 1.401(a)(9)-1 of the proposed regulations shall apply.

## **ARTICLE VIII**

### **TERMINATION OF PLAN**

The Employer expects to continue the Plan indefinitely but reserves the right to terminate the Plan in whole or in part at any time upon giving written notice to all parties concerned.

An Employee who is included in the group of Employees deemed to be affected by complete or partial termination of the Plan shall be fully (100%) vested in his Accrued Benefit as of the date of such complete or partial termination. Upon complete termination of the Plan, no further Employees shall become Participants, and no further Contributions shall be made except as required by any governmental agency to which the Plan's termination is subject.

This Plan is not subject to Title IV of the Employee Retirement Income Security Act of 1974 (ERISA), benefits shall not be insured by the Pension Benefit Guaranty Corporation and the Participant's recourse towards satisfaction of his right to his nonforfeitable Accrued Benefit will be limited to the Plan assets. However, the assets of the Plan that are available to provide benefits shall be allocated and applied as of the effective date of termination of the Plan according to the classifications and order of precedence provided under Title IV of ERISA and under any rules, regulations, interpretations or opinions implementing said Title IV or any other equitable method as determined by the Plan Administrator and agreed upon by the Insurer.

No part of the Plan assets shall be paid to the Employer at any time, except that, after the satisfaction of all liabilities under the Plan, any assets remaining shall be paid to the Employer. No payment shall be made to the Employer if it would contravene any provision of law.

## **ARTICLE IX**

### **ADMINISTRATION OF PLAN**

#### **SECTION 9.01--ADMINISTRATION.**

Subject to the provisions of this article, the Plan Administrator has complete control of the administration of the Plan. The Plan Administrator has all the powers necessary for it to properly carry out its administrative duties. Not in limitation, but in amplification of the foregoing, the Plan Administrator has the power to construe the Plan, including ambiguous provisions, and to determine all questions that may arise under the Plan, including all questions relating to the eligibility of Employees to participate in the Plan and the amount of benefit to which any Participant, Beneficiary, spouse or Contingent Annuitant may become entitled. The Plan Administrator's decisions upon all matters within the scope of its authority shall be final.

Unless otherwise set out in the Plan or Annuity Contract, the Plan Administrator may delegate recordkeeping and other duties which are necessary for the administration of the Plan to any person or firm which agrees to accept such duties. The Plan Administrator shall be entitled to rely upon all tables, valuations, certificates and reports furnished by the consultant or actuary appointed by the Plan Administrator and upon all opinions given by any counsel selected or approved by the Plan Administrator.

The Plan Administrator shall receive all claims for benefits by Participants, former Participants, Beneficiaries, spouses, and Contingent Annuitants. The Plan Administrator shall determine all facts necessary to establish the right of any claimant to benefits and the amount of those benefits under the provisions of the Plan. The Plan Administrator may establish rules and procedures to be followed by claimants in filing claims for benefits, in furnishing and verifying proofs necessary to determine age, and in any other matters required to administer the Plan.

#### **SECTION 9.02--EXPENSES.**

Expenses of the Plan may be paid out of the assets of the Plan provided that such payment is consistent with any law to which the Plan is subject. Such expenses include, but are not limited to, expenses for recordkeeping and other administrative services; fees and expenses of the Annuity Contract; expenses for investment education service; and direct costs that the Employer incurs with respect to the Plan.

#### **SECTION 9.03--RECORDS.**

All acts and determinations of the Plan Administrator shall be duly recorded. All these records, together with other documents necessary for the administration of the Plan, shall be preserved in the Plan Administrator's custody.

Writing (handwriting, typing, printing), photostating, photographing, microfilming, magnetic impulse, mechanical or electrical recording or other forms of data compilation shall be acceptable means of keeping records.




#### **SECTION 9.04--INFORMATION AVAILABLE.**

Any Participant in the Plan or any Beneficiary may examine copies of any bargaining agreement, this Plan, the Annuity Contract or any other instrument under which the Plan was established or is operated. The Plan Administrator shall maintain all of the items listed in this section in its office, or in such other place or places as it may designate in order to comply with governmental regulations. These items may be examined during reasonable business hours. Upon the written request of a Participant or Beneficiary receiving benefits under the Plan, the Plan Administrator will furnish him with a copy of any of these items. The Plan Administrator may make a reasonable charge to the requesting person for the copy.

#### **SECTION 9.05--DELEGATION OF AUTHORITY.**

All or any part of the administrative duties and responsibilities under this article may be delegated by the Plan Administrator to a retirement committee. The duties and responsibilities of the retirement committee shall be set out in a separate written agreement.

#### **SECTION 9.06—EXERCISE OF DISCRETIONARY AUTHORITY.**



The Employer, Plan Administrator and any other person or entity who has authority with respect to the management, administration or investment of the Plan may exercise that authority in its full discretion, subject only to the duties imposed under any law to which the Plan is subject. This discretionary authority includes, but is not limited to, the authority to make any and all factual determinations and interpret all terms and provisions of the Plan documents relevant to the issue under consideration. The exercise of authority will be binding upon all persons; will be given deference in all courts of law to the greatest extent allowed under law; and will not be overturned or set aside by any court of law unless found to be arbitrary and capricious or made in bad faith.

## **ARTICLE X**

### **GENERAL PROVISIONS**

#### **SECTION 10.01--AMENDMENTS.**

The Employer may amend this Plan at any time, including any remedial retroactive changes (within the time specified by Internal Revenue Service regulations) to comply with any law or regulation issued by any governmental agency to which the Plan is subject. An amendment (including a change in the actuarial basis for determining optional or early retirement benefits) may not diminish or adversely affect any accrued interest or benefit of Participants or their Beneficiaries nor allow reversion or diversion of Plan assets to the Employer at any time, except as may be required to comply with any law or regulation issued by any governmental agency to which the Plan is subject.

#### **SECTION 10.02--DIRECT ROLLOVERS.**

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid in a Direct Rollover directly to an Eligible Retirement Plan specified by the Distributee.

#### **SECTION 10.03--PROVISIONS RELATING TO THE INSURER.**

The obligations of an Insurer shall be governed solely by the provisions of the Annuity Contract. The Insurer shall not be required to perform any act not provided in or contrary to the provisions of the Annuity Contract. Each Annuity Contract when purchased shall comply with the Plan. See the CONSTRUCTION SECTION of this article.

The Insurer is not a party to the Plan, nor bound in any way by the Plan provisions. It shall not be required to look to the terms of this Plan, nor to determine whether the Employer or the Plan Administrator have the authority to act in any particular manner or to make any contract or agreement.

Until notice of any amendment or termination of this Plan has been received by the Insurer at its home office, the Insurer is and shall be fully protected in assuming that the Plan has not been amended or terminated according to the latest information which it has received at its home office.

#### **SECTION 10.04--EMPLOYMENT STATUS.**

Nothing contained in this Plan gives an Employee the right to be retained in the Employer's employ or to interfere with the Employer's right to discharge any Employee.



## **SECTION 10.05--RIGHTS TO PLAN ASSETS.**

An Employee shall not have any right to or interest in any assets of the Plan upon termination of his employment or otherwise except as specifically provided under this Plan, and then only to the extent of the benefits payable to such Employee according to the Plan provisions.

Any final payment or distribution to a Participant or his legal representative or to any Beneficiaries, spouse or Contingent Annuitant of such Participant under the Plan provisions shall be in full satisfaction of all claims against the Plan, the Plan Administrator, the Insurer, and the Employer arising under or by virtue of the Plan.

## **SECTION 10.06--BENEFICIARY.**

Each Participant may name a Beneficiary to receive any death benefit (other than any income payable to a Contingent Annuitant) that may arise out of his participation in the Plan. The Participant's Beneficiary designation and any change of Beneficiary shall be subject to the provisions of the ELECTION PROCEDURES SECTION of Article VI. It is the responsibility of the Participant to give written notice to the Insurer of the name of the Beneficiary on a form furnished for that purpose.

With the Employer's consent, the Plan Administrator may maintain records of Beneficiary designations for Participants before their Retirement Dates. In that event, the written designations made by Participants shall be filed with the Plan Administrator. If a Participant dies before his Retirement Date, the Plan Administrator shall certify to the Insurer the Beneficiary designation on its records for the Participant.

If there is no Beneficiary named or surviving when a Participant dies, the Participant's Beneficiary shall be the Participant's surviving spouse or where there is no surviving spouse, the executor or administrator of the Participant's estate.

## **SECTION 10.07--CONSTRUCTION.**

The validity of the Plan or any of its provisions is determined under and construed according to Federal law and, to the extent permissible, according to the laws of the state in which the Employer has its principal office. In case any provision of this Plan is held illegal or invalid for any reason, such determination shall not affect the remaining provisions of this Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been included.

In the event of any conflict between the provisions of the Plan and the terms of any contract or policy issued hereunder, the provisions of the Plan control the operation and administration of the Plan.

## **SECTION 10.08--LEGAL ACTIONS.**

No person employed by the Employer; no Participant, former Participant or their Beneficiaries; nor any other person having or claiming to have an interest in the Plan is entitled to any notice of process. A final judgment entered in any such action or proceeding shall be binding and conclusive on all persons having or claiming to have an interest in the Plan.

## **SECTION 10.09--SMALL AMOUNTS.**

If the Present Value of the Participant's vested Accrued Benefit is \$5,000 or less, such Present Value shall be payable in a single sum as of the Participant's Retirement Date or the date he ceases to be an Employee for any reason (the date the Employer provides notice to the record keeper of the Plan of such event, if later). If a Participant would have received a distribution under the first sentence of this paragraph but for the fact that the Present Value of the Participant's vested Accrued Benefit exceeded the small amounts cash out limit, and if at a later time such amount is equal to or less than the small amounts cash out limit and such Participant has not again become an Employee, such amount shall be paid in a single sum. This is a small amounts payment. Such small amounts payment shall be made to the Participant. Such small amounts payment is in full settlement of all benefits otherwise payable.

No other small amounts payments shall be made.

Prior to August 1, 2002, the Present Value of the Participant's vested Accrued Benefit shall be payable in a single sum as of the Participant's Retirement Date or the date he ceases to be an Employee for any reason (the date the Employer provides notice to the record keeper of the Plan of such event, if later), if his vested Accrued Benefit on such date is less than \$10.

## **SECTION 10.10--WORD USAGE.**

The masculine gender, where used in this Plan, shall include the feminine gender and the singular words, as used in this Plan, may include the plural, unless the context indicates otherwise.

The words "in writing" and "written," where used in this Plan, shall include any other forms, such as voice response or other electronic system, as permitted by any governmental agency to which the Plan is subject.

## **SECTION 10.11--MILITARY SERVICE.**

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).