

**Summary Plan Description
for
"New Mexico Consortium"
403(b)(7) Custodial Account Plan**

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ERISA 403(b)(7) CUSTODIAL ACCOUNT PLAN

SUMMARY PLAN DESCRIPTION

Part I - General Plan Information

1. Employer's Name and Address:
New Mexico Consortium
4200 West Jemez Road, Suite 301
Los Alamos, NM 87544
2. EIN #: **26-0370262** 3. Phone: **505-663-5007**
4. Plan Name: **New Mexico Consortium 403(b) Retirement Plan**
5. Plan Number Assigned to the Plan by the Employer: **001**
6. Effective Date of Plan: **01/01/2007**
7. Effective Date of Amendment (if applicable): _____
8. Plan Year: The 12-consecutive month period beginning on **January, 01** and ending on **December, 31** each year.
9. Type of Plan: Custodial Account Plan described in Section 403(b)(7) of the Internal Revenue Code of 1986.
10. Plan Administrator's Name and Address:
New Mexico Consortium
4200 West Jemez Road, Suite 301
Los Alamos, NM 87544

The Plan Administrator of your 403(b)(7) plan keeps the records for the Plan and is responsible for the administration of the Plan. The Plan Administrator has the authority to interpret the terms of the Plan and make determinations on questions which may affect your eligibility for benefits. The Plan Administrator may also answer any questions you may have about your Plan.

11. Name and Address of Custodian:
Katharine Chartrand
4200 West Jemez Road, Suite 301
Los Alamos, NM 87544

The Custodian has been designated under your Plan to hold and invest Plan assets for the benefit of you and other Plan participants.

Part II - Introduction

The Employer named above has adopted a retirement plan for its Employees. The Plan is designed to provide you with additional income at the time of your retirement, disability, death, or termination of employment. This Summary Plan Description is designed to provide you with an explanation of the Plan and answer many of your questions about the Plan.

All references in this Summary Plan Description to "we", "us", "our," and "employer" are to the Employer named above. All references to "you," "your," or "employee" are to you, our employees. All references to the "Plan" are to the 403(b)(7) Custodial account Plan adopted by the Employer, as amended from time to time.

Please read this Summary Plan Description carefully and save it for future reference. Where several alternatives appear, marked boxes will identify those adopted by us.

This Summary Plan Description is not the Plan. It is only a summary and brief description of our Plan and your rights,

obligations and benefits under the Plan. The actual plan document and adoption agreement will be used in determining the benefits to which you are entitled under the Plan. In the event of any discrepancy between this Summary Plan Description and the actual Plan document, the Plan shall govern. You may examine copies of the Plan document and adoption agreement. You may obtain them from the Plan Administrator.

Part III - Elective Deferrals Under the Plan

You are allowed to make contributions (known as "elective deferrals") to the Plan from your compensation. The rules which apply to your contributions are discussed in this Part.

1. What is an Elective Deferral?

You may ask us to contribute part of your annual salary to the Plan, rather than having it paid to you currently. These contributions to the Plan are called "elective deferrals," because you choose (or elect) to defer receipt of the money. Technically, you agree to work for a reduced salary, with the difference paid to the plan on your account.

2. Eligibility and Participation for Elective Deferrals

The following employees are eligible to make elective deferrals under the Plan:

- All employees are eligible to make elective deferrals.
- All employees are eligible to make elective deferrals, except the following:
 - Nonresident aliens who receive no earned income from the employer which constitutes income from sources within the U.S.
 - Employees who normally work less than 20 hours per week.
 - Employees who are participants in an eligible deferred compensation plan within the meaning of Section 457 of the Code or a qualified cash or deferred arrangement of the employer or another Section 403(b) plan.
 - Employees who are students performing services described under Section 3121(b)(10) of the Code.

In order to begin making elective deferrals, you must sign a salary reduction agreement designating how much of your compensation will be deferred into the Plan.

When you complete a salary reduction agreement, you will become a participant in the plan and elective deferrals will begin:

- on the date you complete the salary reduction agreement.
- on the first day of the next pay period after you complete the salary reduction agreement.
- on the first day of the next month after you complete the salary reduction agreement.

3. Vesting of Elective Deferrals

Your interest in your elective deferrals will always be 100% vested. "Vested" means nonforfeitable; in other words, you will be entitled to the entire balance in your account, without reduction, when you become eligible to receive it.

4. Amount You Can Defer

The Plan generally permits you to make elective deferrals in the following amounts:

- up to ___% of your compensation.
- up to the maximum amount permitted by law.

However, you can not defer more than the limits described in Part VI and in Sections 5, 6, and 7 of this Part III.

YOU MAY INCUR ADVERSE TAX CONSEQUENCES IF THE AMOUNT YOU DEFER EXCEEDS YOUR

EXCLUSION ALLOWANCE. See the discussion of "Exclusion Allowance" in Part VI below.

5. Limit on Elective Deferrals

If this Plan is the only 403(b) plan in which you are participating, you can elect to defer up to \$9,500 (Subject to cost of living adjustments) each year. For years beginning after 12/31/97, the maximum elective deferral limit was increased to \$10,000 for 1998 and 1999. For 2000 and 2001, the limit was raised to \$10,500. If you are covered by more than one 403(b) plan, then you can defer up to a total of \$10,500 (for 2000 and 2001), into all of the 403(b) plans. If you defer more than the allowable amount, the excess is included in your gross income that year. For years beginning after 2001, the applicable dollar limit for elective deferrals is as follows:

<u>Calendar Year</u>	<u>Applicable Dollar Limit</u>
2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000
2007	\$15,500

After 2006, the applicable dollar limit will be subject to cost of living adjustments.

YOU MAY INCUR ADVERSE TAX CONSEQUENCES IF THE AMOUNT YOU DEFER EXCEEDS YOUR EXCLUSION ALLOWANCE. See the discussion of "Exclusion Allowance" in Part VI below.

6. Combined Limit on Elective Deferrals

Elective deferrals can also be made under cash or deferred arrangements (also known as 401(k) plans), 501(c)(18) plans, SIMPLE IRAs, and certain SEP plans, as well as Section 403(b) plans like this Plan. A combined limit applies to the total amount that you can defer each year under all of these plans. Generally, you cannot defer more than an allowable amount each year for all plans by which you are covered. (This limit applies without regard to community property laws.) If you defer more than the allowable amount, the excess is included in your gross income that year.

If you are covered by different plans in addition to this Plan, then the limit for your total elective deferrals to all plans is \$15,500 for 2007

7. Special Limit for Certain Employees

If you have completed at least 15 years service with an educational organization, hospital, home health service agency, health and welfare service agency, church, or convention or association of churches (or associated organization), the applicable dollar limit (\$15,500 for 2007) is increased each tax year. The limit is increased by the smallest of the following:

- ◆ \$3,000;
- ◆ \$15,000, reduced by increases in the applicable dollar limit you were allowed in earlier years because of this rule; or
- ◆ \$5,000 times the number of your years of service for the organization, minus the total elective deferrals made under the plan for you for earlier years.

8. Changing Your Elective Deferral

Your salary reduction agreement will be binding for compensation earned after you sign the agreement. You may change the amount of your deferral by entering into a new agreement. You may change the amount or percentage of your deferral:

- Once a month;
- Once in a calendar quarter;
- Other (Describe): **Each Pay Period**

If you stop making deferrals during a calendar year, then you can begin making them again by changing your salary

reduction agreement on the next date indicated above.

9. **Allowance of Catch-Up Contributions:** If you have attained age 50 before the close of the plan year you may may not make Catch-Up Contributions under the following schedule:

<u>Calendar Year</u>	<u>Catch-up Amount</u>
2002	\$1,000
2003	\$2,000
2004	\$3,000
2005	\$4,000
2006	\$5,000
2007	\$5,000

Part IV - Eligibility and Participation in Employer Contributions

We will also make contributions to the Plan on your behalf in addition to your elective deferrals. This Part IV discusses when you are eligible for us to make contributions on your behalf. Part V discusses the amount of the contributions we will make.

1. Eligible Employees

All of our employees are eligible to participate in the Plan and receive employer contributions after meeting the eligibility requirements under the Plan, except the following:

- The following categories of Employees are not eligible:

- Not Applicable. All Employees of the Employer are eligible.

2. Eligibility Requirements

If you are not a member of an ineligible category of employees (see Section 1, Part IV above), you will become eligible to participate in the Plan with respect to employer contributions after you meet the requirement(s) checked below:

- You have attained age ____.
- You have completed ____ years of service with the Employer.
- You have attained age ____ and completed ____ years of service with the Employer.
- You are immediately eligible on your date of employment.

For purposes of determining whether you have completed any years of service required above:

- Elapsed Time Method. You will get credit for one year of service for each 365-day period of continuous service with the Employer. This is known as the elapsed time method. See Section 2 of Part IV below.
- Hours of Service Method. You will get credit for one year of service for each 12-month period during which you complete a certain number of hours of service for the Employer. This is known as the hours of service method. See Section 3 of Part IV below.

3. Years of Service (Elapsed Time)

This section applies only if the "Elapsed Time Method" box is marked in Section 2 of Part IV above.

Under the elapsed time method, you will get credit for one year of service for each 365-day period of continuous service with the Employer. A period of continuous service begins on your first day of employment and generally ends on the date that a break in service begins.

A break in service is a 365-day period beginning on the date you retire, quit, or are fired during which you are not employed by the Employer (See Examples #1 and #2 below). If you are absent from work for any other reason, a break in service will begin on the first anniversary of the date on which you were first absent from work, if it is earlier than the

date you are fired, quit, or rehire. (See Example #2 below.) If you are absent from work because of maternity or paternity leave, a break in service will not begin until the second anniversary of the date on which you were first absent from work. (See Example #4 below.)

For Example:

#1 Joe first worked on March 1, 2004 and continued to be employed until February 28, 2006, at which time he quit. He was first absent from work on March 1, 2006. He did not return to work by February 28, 2007. Joe had 2 years of service, measured from March 1, 2004 through February 28, 2006. He had a break in service during the period beginning March 1, 2006 and ending February 28, 2007.

#2 Mary first worked on March 1, 2004 and continued to be employed until June 30, 2005. After not working for 6 months, she returned to work for the employer on January 2, 2006. As of February 28, 2007, Mary has 3 years of service with the employer.

Although Mary was not employed with the Employer during that six month period, her period of employment for purposes of computing years of service includes those 6 months, since she did not have a break in service (that is, 12 consecutive months during which she did not work for the Employer at all).

#3 Jim took a leave of absence from his Employer beginning July 1, 2004. He subsequently quit on July 15, 2005 without having returned to work. If Jim is not rehired by June 30, 2006, he will have a break in service beginning July 1, 2005 (the first anniversary of his first absence from work) and ending June 30, 2006.

#4 Liz works until June 30, 2004, and is first absent from work on July 1, 2006 on account of maternity leave. She returns to work on July 1, 2007. Liz will get credit for years of service for the period from July 1, 2004 to June 30, 2006. She will not get credit for the period from July 1, 2006 through June 30, 2007. She will have a break in service beginning July 1, 2006 and ending June 30, 2007.

4. Years of Service (Hours of Service Method)

This section applies only if the "Hours of Service Method" box is marked in Section 2 of Part IV above.

Under the hours of service method, you will get credit for one year of service for each 12-month period during which you complete _____ hours of service for the Employer. The initial 12-month period will begin on the date you first worked for the Employer. Subsequent periods will begin with: each anniversary of the date you first worked for the Employer; or the Plan Year which begins before the anniversary of the date you first worked for the Employer.

An hour of service is an hour for which you are paid or entitled to payment by Employer. This includes any hour for which you were paid but did not work, such as vacations, holidays and sick time.

For purposes of determining whether you have accumulated necessary hours of service in a twelve-month period, your hours of service will be computed as indicated in the item checked below:

- You will get credit for one hour for each hour you actually work or for which you are entitled to payment.
- You will get credit for 10 hours of service for each day in which you work or are entitled to payment for at least one hour.
- You will get credit for 45 hours of service for each week in which you work or are entitled to payment for at least one hour.
- You will get credit for 95 hours of service for each semi-monthly payroll period in which you work or are entitled to payment for at least one hour.
- You will get credit for 190 hours of service for each month in which you work or are entitled to payment for at least one hour.

A break in service is a 12-month period in which you do not get credit for at least _____ hours of service. The 12-month period begins on the date you first worked and anniversaries of that date.

If you are absent from work because of maternity or paternity leave, you will receive credit for unpaid hours of service related to your leave, up to 501 hours. The hours will be credited to the first period in which you would have otherwise

had a break in service.

5. Participation

After you have met the eligibility requirements described in Section 2 of Part IV, you will become a participant in the Plan:

- On your date of employment. **For example:** If you are hired on February 15, 2007, you will become a participant on that date.
- On the date you complete the age and service requirements. **For example:** If you meet the eligibility requirements on March 15, 2007, you will become a participant on March 15, 2007.
- On the first day of the plan year in which you satisfy the requirements. **For example:** If the plan year is the calendar year, and you meet the eligibility requirements on February 15, 2007, you will become a participant on January 1, 2007.
- On the first day of the 7th month of the plan year or the first day of the next plan year (which ever is earliest) after you satisfy the requirements. **For example:** If the plan year is the calendar year, and you meet the eligibility requirements on March 15, 2007, you will become a participant on July 1, 2007. (July is the 7th month of the plan year.) If you meet the requirements on August 15, 2007, you will become a participant on January 1, 2008.
- On the first day of the month in which you satisfy the requirements. **For example:** If you meet the eligibility requirements on March 15, 2007, you will become a participant on March 1, 2007.
- On the first day of the month after the month in which you satisfy the requirements. **For example:** If you meet eligibility requirements on March 15, 2007, you will become a Participant on April 1, 2007.
- On the first day of the next plan year after you satisfy the age and service requirements. **For example:** If you meet the eligibility requirements on February 15, 2007, you will become a participant on January 1, 2008.
- On the first day of the next pay period beginning after you complete the age and service requirements under the Plan. **For example:** If you meet the eligibility requirements on March 15, 2007, and pay periods are semi-monthly, you will become a participant on March 16, 2007.
- On the first day of each of the following months of the Plan Year: _____

If you have satisfied the eligibility requirements and then become a member of a group of employees not eligible to participate, we will make no further contributions for your benefit. However, you will become a participant again as soon as you rejoin an eligible group of employees.

If you have satisfied the eligibility requirements but are not a member of an eligible group of employees, you will be eligible to become a participant as soon as you rejoin an eligible group of employees.

6. Termination and Reemployment

If you become a participant in the Plan and then terminate your employment, you will become a participant again immediately upon your reemployment.

If you terminate your employment before you become a participant, your eligibility upon reemployment depends on whether you have a break in service. See Section 3 or 4 of this Part IV for information about breaks in service.

If you have a break in service before satisfying the eligibility requirements, your service before the break: will will not be counted for eligibility purposes upon your reemployment.

Part V - Employer Contributions

1. Employer Contributions

After you become a participant with respect to employer contributions, we will make contributions to the Plan as follows:

- We will annually contribute _____% of your compensation to the Plan.
- With respect to your elective deferrals of up to 6% of your compensation, we will make matching employer contributions of 6% of your elective deferrals.
- We will make contributions to the Plan as follows: _____

2. Compensation

For purposes of computing and allocating our contributions, your compensation includes only the compensation you earn after becoming a participant. Not more than \$150,000 (as adjusted annually by the Secretary of the Treasury) will be considered for you in any year. For 1997 through 1999 the compensation limit was \$160,000, and increased for cost of living adjustments (COLAs) to \$170,000 for the years 2000 and 2001. For Plan Years beginning after December 31, 2001, the compensation limitation increases to \$200,000 with COLAs applying for future years. Your compensation will not include the following (if any boxes are marked):

- Overtime Bonuses Other: **Commissions**
 No exclusions. All compensation will be included.

The contributions made by us are not deducted from your paycheck. Our contributions are in addition to your regular wages or salary.

3. Vesting of Employer Contributions

Your interest in our contribution to your account will become 100% vested when you attain the Plan's retirement age (See Section 2 of Part IX) or in the event of your death or disability. "Vested" means nonforfeitable; in other words, you will be entitled to the entire balance in your account, without reduction.

If you terminate your employment prior to the Plan's retirement age, death or disability, your interest in our contributions to your account will become vested as follows:

- You will be 100% vested at all times.
 You will be 100% vested in your account after _____ years of service.
 You will be vested in accordance with the follow schedule:

<u>Vested</u> <u>Years of Service</u>	<u>Percentage</u>
Less than 1 year	_____ %
1	_____ %
2	_____ %
3	_____ %
4	_____ %
5	_____ %
6 or more	100%

Regardless of the vesting formula selected above, all employees who are participants on _____ will be 100% vested.

In order to determine your years of service for purposes of vesting, you will generally receive credit for each plan year in which you complete a year of service. (See Part IV, Sections 3 and 4 for information about "years of service.") However, you will not receive credit for the following years of service:

- Years of service before you attain age 18.
 Years of service during a period you made no mandatory contributions.
 Years of service before we maintained this Plan or a predecessor plan.
 Years of service before January 1, 1971, unless you have at least 3 years of service after December 31, 1970.
 Years of service before the effective date of ERISA if such service would have been disregarded under the break in service rules of the prior plan in effect from time to time before such date. For this purpose, break in service rules are rules which result in the loss of prior vesting or benefit accrual, or which deny an employee eligibility to participate, by reason of separation or failure to complete a required period of service within a specified period of time.

If you have any vested interest in employer contributions upon termination of employment, you will receive credit for all years of service prior to termination if you are rehired and complete one year of service after you are rehired.

For information about the benefits you will receive if your employment terminates before you reach the Plan's retirement age, or die or become disabled, see Part IX.

4. Vesting of Employer Matching Contributions After 12/31/01.

- (a) The Schedule selected under Item #5 below shall apply to all Participants with accrued benefits derived from Employer Matching Contributions.
- (b) The Schedule selected under Item #5 below shall apply to all Participants with accrued benefits derived from Employer Matching Contributions but only Participants who complete an Hour of Service under the Plan in a Plan Year beginning after December 31, 2001.

5. Vesting Schedule for Employer Matching Contributions based on the application chosen in Item 4 above shall be (Choose One):

- (a) **Option 1** (100% immediate). A Participant's accrued benefit derived from Employer Matching Contributions shall be fully and immediately vested.
- (b) **Option 2** (3 year cliff). A Participant's accrued benefit derived from Employer Matching Contributions shall be nonforfeitable upon the Participant's completion of three years of vesting service.
- (c) **Option 3** (6 year graded). A Participant's accrued benefit derived from Employer Matching Contributions shall vest according to the following schedule:

Years of vesting service Nonforfeitable percentage

Less than 1	_____
1	_____
2	_____ (not less than 20%)
3	_____ (not less than 40%)
4	_____ (not less than 60%)
5	_____ (not less than 80%)
6	100%

Part VI - Exclusion Allowance and Related Limits

1. Elective Deferrals and Income Tax

Generally, the elective deferrals you make to the Plan (see Part III above) will be excludable from your taxable income if they do not exceed a specified limit, known as the "exclusion allowance". The "exclusion allowance" is the maximum amount of tax-deferred contributions that can be made by you and your employer in a particular year.

IT IS YOUR RESPONSIBILITY TO DETERMINE WHETHER YOUR ELECTIVE DEFERRALS EXCEED YOUR EXCLUSION ALLOWANCE.

2. What is the Exclusion Allowance?

The amount of the exclusion allowance depends on several factors - your years of past service, salary level, and contributions already made on your behalf to the 403(b) plan or to other retirement plans during years of service with your current employer. It is also based on "includible compensation," which is your salary including the tax-deferred amounts you place into a 403(b) plan. For taxable years beginning prior to 1/1/98, your includible compensation is determined by subtracting your salary deferrals made to your 403(b) plan.

Your exclusion allowance for a particular year is generally equal to 20% of your "includible compensation" for that year, multiplied by the number of years of service, and reduced by the total of your elective deferrals and any contributions paid in prior taxable years for you by us. This limitation is repealed for years after 2002.

3. §415 Limitation

The total of your elective deferrals and our contributions on your behalf may not exceed the lesser of the following:

- ◆ \$35,000 (with cost of living adjustments for 2001); or
- ◆ 25% of your current years' salary (including the amount of your elective deferrals for the current year).

Beginning in 2002, the total of your elective deferrals and our contributions on your behalf may not exceed the lesser of the following:

- ◆ \$40,000; or
- ◆ 100% of your current years salary (including your deferrals for the year)

The \$40,000 limitation is adjusted to cost-of-living and has increased to \$45,000 for 2007.

4. Alternative §415 Limitation for Years Prior to 2002

Employees of educational organizations, hospitals, home health service agencies, health and welfare service agencies, and church or church-related organizations may elect to use one of three alternative limitations. Only one election may be made for any year, and once made it is irrevocable. The three alternatives are:

- ◆ Year of Separation from Service Limitation - If this alternative is available, the year you separate from service with us, you may substitute your exclusion allowance for the 25% of compensation limit described in Section 3 of Part VI above.
- ◆ Any Year Limitation - Under this alternative, you may substitute for the 25% of compensation limit described in Section 3 of Part VI above the least of the following:
 - ⇒ 25% of your includible compensation plus \$4,000;
 - ⇒ your exclusion allowance determined for the year; or
 - ⇒ \$15,000.
- ◆ Overall Limitation - This alternative basically replaced the exclusion allowance with the Section 415 limitation of the lesser of \$35,000 or 25% of compensation.

Once you choose to use one of these alternative limitations, it is irrevocable. Therefore care should be taken when selecting one of these alternatives, since future years will be effected. You should consult with your tax advisor prior to making any election. These alternative limitations are repealed for years after 2001.

5. Special Limitations for Church Employees

If you are a foreign missionary, you may defer the greater of \$3,000 or your includible compensation.

If you are a church employee, you may defer up to \$10,000 for a calendar year and it will be treated as not exceeding the §415 limitations. You have a lifetime deferral limit under this rule of \$40,000.

Part VII - Rollover/Transfer Contributions

1. Rollovers Before 2002

Under the tax laws, you may roll over money or property from one 403(b) plan to another 403(b) plan or to an IRA, as long as you meet certain requirements. An "eligible rollover distribution" may be taken from your 403(b) plan in two ways: (1) paid in a "direct rollover" to your IRA or to another 403(b) plan; or (2) paid to you.

If you choose to have your plan benefits paid to you, you will receive only 80% of the payment, because the Plan Administrator is required to withhold 20% of the payment to send it to the IRS as income tax withholding to be credited against your taxes.

Your Plan Administrator should be able to tell you what portion of your payments is an eligible rollover distribution and is required to provide you with a detailed explanation of the rollover rules.

You may also rollover from an IRA back to a 403(b) plan, if the entire interest in the IRA consists only of money or property which originated in a 403(b) plan. First you must receive a total distribution from the IRA and then you must roll over all or a portion of the distribution back into a 403(b) plan within 60 days of the receipt of the money or property.

Rollover contributions prior to 2002 to this Plan were were not permitted.

2. Rollovers After 2001

- a. **Direct Rollovers:** This Plan will accept a Direct Rollover of an Eligible Rollover Distribution from the following plans: (Check each that applies or N/A.)
- N/A. The Plan will not accept Direct Rollovers from any plan.
 - a qualified plan described in section 401(a) or 403(a) of the Code, excluding after-tax employee contributions.
 - for years after 12/31/06, a qualified plan described in Section 401(a) or 403(a) of the Code, including after-tax employee contributions
 - an annuity contract described in section 403(b) of the Code, including after-tax employee contributions.
 - an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions.
 - an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
- b. This Plan will accept a contribution from you of an Eligible Rollover Distribution from the following plans: (Check each that applies or N/A.)
- N/A. The Plan will not accept Rollover Contributions from any employer plan.
 - a qualified plan described in section 401(a) or 403(a) of the Code.
 - an annuity contract described in section 403(b) of the Code.
 - an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
- c. This Plan: (Choose one.) will will not accept a Rollover Contribution from you of the portion of a distribution from an IRA described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

3. Transfers

The tax laws also allow you to transfer funds directly between 403(b) plans. In such a transaction, the money or property is transferred directly to the successor Custodian, you are never in receipt of these funds.

Transfer contributions to this Plan are are not permitted.

4. Eligibility Requirements for Rollover/Transfer Contributions

If rollover or transfer contributions are permitted, you must complete the minimum age and service requirements elected below before you will be allowed to make rollover or transfer contributions to this Plan:

- You must have attained age _____.
- You must have completed _____ years of service.
- There are no age and service requirements for making rollover or transfer contributions to the Plan.

5. Nonspouse Beneficiary Direct Rollovers

Nonspouse Beneficiary Direct Rollovers to inherited IRAs shall shall not be permitted after 12/31/06.

Part VIII - Investment of Contributions

All contributions to the Plan made by you and us will be paid to the Custodian and will be invested by the Custodian in stock in mutual funds pursuant to your selected investment made on an investment direction form acceptable to the Custodian. You (or your Beneficiary, in the case of your death) may change your investment selections by submitting the appropriate form to the Custodian.

Part IX - Payment of Benefits

1. Allowable Distributions

Distributions under this Plan for contributions attributable to elective deferrals may not begin until you attain age 59-1/2, separate from service, die, become disabled, or encounter hardship.

When distributions are made, they may be made in the following form(s):

- Single sum payment.
- Payments over a period certain not exceeding your life expectancy (or the life expectancy of your beneficiary) or the joint life expectancies of you and your designated beneficiary.

2. Benefits at Retirement

If you terminate employment with us after attaining the normal retirement age under the Plan, you will be entitled to receive 100% of your account balances in the Plan. Normal retirement age under the Plan is 65.

Within 60 days after you terminate employment, you can elect the time at which your benefits under the Plan will begin. Benefits will generally begin no later than 60 days after the close of the plan year in which you attain the retirement age or terminate employment, whichever is later, unless you elect for them to begin earlier or later.

3. Required Distributions at Age 70 1/2

Generally you must begin to receive distributions by the April 1st following the later of the calendar year in which you attain the age of 70 1/2, or retire. This is referred to as your "Required Beginning Date".

The minimum required distribution regulations for 403(b) Plans apply only to benefits which accrue after December 31, 1986. This is referred to as the "post '86 account balance."

If the Custodian of the Plan permits and separate accounting is maintained, the plan value as of December 31, 1986, if any, (referred to as the "pre-'87 account balance") may begin to be distributed no later than the December 31st of the year you attain age 75.

Since the rules for computing your required minimum distribution beginning at age 70 1/2 and retirement are complex, you should consult your tax advisor to assist you in making these calculations.

4. Benefits at Death

If you die before receiving your entire account balance under the Plan, the balance in your account will generally be paid to the beneficiary you designated on a form supplied by the Plan Administrator.

Generally, the entire balance in your account must be distributed to your beneficiary within 5 years after your death. However, distributions may be made over your beneficiary's life or life expectancy if the distributions begin within one year of your death. If your beneficiary is your surviving spouse, distributions over your spouse's life or life expectancy can be postponed until the date you would have reached age 70-1/2.

If you die after you have reached your required beginning date, benefits must generally be made to your designated beneficiary over the longer of the single life expectancy of your beneficiary determined in the calendar year following your death or your remaining single life expectancy determined in the year of your death minus 1.

Once again since these rules are complex, your beneficiary(ies) should consult with their tax advisor prior to taking any death benefits.

5. Benefits at Disability

If you become disabled, your entire account balance will be distributed to you beginning no later than 60 days after the end of the plan year in which you terminate employment on account of disability, unless you request a later date.

"Disability" means your inability to engage in any substantial gainful activity by reason of a physical or mental impairment that can be expected to result in death or to be of long, continued and indefinite duration. The Plan Administrator will determine your disability based on medical evidence.

6. Benefits in Case of Hardship

If you have a "hardship," you may apply for a distribution from the Plan of your elective deferrals. The distribution may not include earnings accrued after December 31, 1988.

A "hardship" is an immediate and heavy financial need where you lack other available resources. The following are the financial needs considered immediate and heavy:

- ◆ Deductible medical expenses of you, your spouse, your children, or your dependents.
- ◆ The purchase of your principal residence (but not including mortgage payments.)
- ◆ Payment of tuition for the next quarter or semester of post-secondary education for you, your spouse, your children, or your dependents.
- ◆ The need to prevent your eviction from or the foreclosure on the mortgage of your principal residence.
- ◆ Payments for burial or funeral expenses of certain family members
- ◆ Expenses for the repair of damages to your principal residence due to a casualty.
- ◆ Any other circumstances which the IRS provides as allowable under future guidance.

You can generally receive a distribution for hardship only if:

- ◆ You have obtained all distributions, other than hardship distributions, and all non-taxable loans under all plans maintained by us;
- ◆ All of our plans provide that any further elective deferrals and employee contributions will be suspended for 6 months (for hardship distributions occurring after 01/01/2007 (enter a date no earlier than December 31, 2001)) after your receipt of the hardship distribution; and
- ◆ The amount of the distribution is not in excess of the amount of an immediate and heavy financial need.

Any additional information can be found in the Employer's Hardship policy.

7. Benefits at Termination of Employment

If you terminate your employment before you attain normal retirement age (see Section 2 of Part IX), die, or become disabled, you may be entitled to receive a distribution under the Plan. You will be entitled to the vested portion of your

employer contributions account and the entire balance of your account containing your elective deferrals. (See Section 3 of Part V for discussion of "vesting".)

If you are not 100% vested when you incur a break in service, the non-vested portion of your account will be forfeited.

The amounts you forfeit are called forfeitures. "Forfeitures" will be used initially to reduce administrative expenses of the Plan. Any additional forfeitures will be applied to reduce required Employer contributions to the Plan.

If you receive a distribution of your vested balance and then are rehired by the Employer, the amount which was forfeited will be restored to your account if you repay the distribution you received before you incur 5 consecutive 1-year breaks in service after the date of distribution.

Distributions may be obtained only after written request. You may obtain a form to make your request from the Plan Administrator. After completion the form, return it to the Plan Administrator. If you are entitled to a distribution, you will generally receive it within 30 days after your request.

Note: Before taking any distribution from the plan, you should consult with your tax advisor as to the tax consequences.

8. Loans

Loans to Participants from the Plan:

- are not available.
- are available. The maximum amount of the loan will be the lesser of one-half of your nonforfeitable account balance or \$50,000. The maximum term of a loan may not exceed 5 years, unless it is for the purpose of buying, building or substantially rehabilitating your personal residence. Collateral for a loan will include no more than your nonforfeitable account balance and any other security required by the Employer described in the Loan Policy. For more details, contact the Plan Administrator.

Part X - Claims Procedures

1. General Description

This Part X sets forth the procedures pertaining to claims for benefits by participants and beneficiaries ("claimants") under this Plan. These claims procedures are effective for claims filed after January 1, 2002.

Outlined below are the Plan's procedures governing the filing of benefit claims, notification of benefit determinations, and appeal of adverse benefit determinations.

There are no fees or costs associated with processing a claim as a condition to making a claim or to appealing an adverse benefit determination. The claims procedures shall be made in accordance with the governing plan documents and, where appropriate, the Plan provisions will be applied consistently with respect to similarly situated claimants.

A participant or beneficiary entitled to benefits under this plan has the right to appoint an authorized representative to act on behalf of such claimant in pursuing a benefit claim or appeal of an adverse benefit determination. Such authorized representative must provide written authority to the Plan Administrator. The Plan Administrator will determine if such representative is authorized to act on behalf of the claimant.

2. Steps in Filing a Claim

- Step 1: The participant or beneficiary shall file a claim for benefits with the Plan Administrator.
- Step 2: The Plan Administrator will either grant the claim, deny it or extend the time for claim processing.

Step 3: If a claim is wholly or partially denied, the Plan Administrator shall notify the claimant of the Plan's adverse benefit determination within a reasonable period of time, but not later than 90 days after receipt of the claim by the Plan, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

3. Disability Benefits

In the case of a claim for disability benefits, the Plan Administrator shall notify the claimant, of the Plan's adverse benefit determination within a reasonable period of time, but not later than 45 days after receipt of the claim by the plan. This period may be extended by the plan for up to 30 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the claimant, prior to the expiration of the initial 45-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If, prior to the end of the first 30-day extension period, the Plan Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Plan Administrator notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the plan expects to render a decision. In the case of any extension under this paragraph, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least 45 days within which to provide the specified information.

4. Measuring Time Periods

For purposes of this Part X, the period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with the claims procedures outlined above, without regard to whether all the information necessary to make a benefit determination accompanies the filing. In the event that a period of time is extended, due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination shall stop ("stop date") from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information. Once the claimant provides the additional information the time period shall resume again from the "stop date".

5. Notice of Adverse Benefits Determination

The Plan Administrator may provide a claimant with written or electronic notification of any adverse benefit determination. If the notice is provided electronically, such claimant must have access to the notification at their worksite and have the opportunity to convert such electronic notification to paper form free of charge. The notification shall include:

- (a) The specific reason or reasons for the adverse determination;
- (b) Reference to the specific Plan provisions, if applicable, on which the determination is based;
- (c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (d) A description of the Plan's review procedures and the time limits applicable to such procedures.

6. Appeal of Adverse Benefit Determinations

You have a right to appeal an adverse benefit determination to the Plan Administrator and there will be a full and fair review of the claim and the adverse benefit determination.

You have the right 60 days following receipt of a notification of an adverse benefit determination within which to appeal the determination. You also have the right to submit written comments, documents, records, and

other information relating to the claim for benefits within the 60 day period.

You have the right to request free of charge, access to, and copies of, all documents, records, and other information relevant to your claim for benefits. Whether a document, record, or other information is relevant to a claim for benefits shall be determined by the Plan Administrator pursuant to Department of Labor regulations.

7. Timing of Notification of Benefit Determination on Review

The Plan Administrator shall notify a claimant of the plan's benefit determination on review within 60 days after receipt of the claimant's request for review by the Plan, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the plan expects to render the determination on review.

If the Plan is administered with a committee or a board of trustees that holds regularly scheduled meetings at least quarterly, the committee or board of trustees shall instead make a benefit determination no later than the date of the meeting of the committee or board that immediately follows the Plan's receipt of a request for review, unless the request for review is filed within 30 days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second meeting following the plan's receipt of the request for review. If special circumstances require a further extension of time for processing, a benefit determination shall be rendered not later than the third meeting of the committee or board following the Plan's receipt of the request for review. If such an extension of time for review is required because of special circumstances, the Plan Administrator shall provide the claimant with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Plan Administrator shall notify the claimant, of the benefit determination as soon as possible, but not later than 5 days after the benefit determination is made.

Part XI - Loss or Denial of Benefits

There are no specific provisions in the Plan which provide for loss or denial of your Plan benefits. However, you should be aware of the following:

- If your account is distributed to you before it is 100% nonforfeitable, you may receive less than the entire balance of your account.
- Our contributions are allocated on the basis of your compensation. You will not receive an allocation of our contributions for any plan year in which you have no compensation.
- You will not receive an allocation of our contributions for any period in which you were a member of a class of employees not eligible to participate.
- If you borrow money from the Plan and fail to timely repay the loan, the unpaid balance may be withheld from your benefits as they are paid.

Benefits under the Plan are not insured by the Pension Benefit Guaranty Corporation, since the plan is an individual account plan. No provision is made under the law for insuring individual account plans.

Part XII - Amendment or Termination of the Plan

We intend to continue the Plan indefinitely. However, we have reserved the right to amend any provision and to terminate the Plan if we desire. However, no amendment can reduce your interest without your consent. If the Plan is terminated, you will be entitled to 100% of your account.

Part XIII - Federal Income Taxation

The amounts we contribute to the Plan on your behalf are not subject to federal income tax when contributed.

However, when benefits under the Plan are distributed to you, you must report as income amounts on which you have not previously paid taxes. It may be possible to roll over the amounts you receive to an individual retirement account.

BECAUSE THE TAX LAWS ARE VERY COMPLEX, YOU SHOULD CONSULT YOUR OWN TAX ADVISOR BEFORE REQUESTING AND REPORTING DISTRIBUTIONS FROM THE PLAN.

Part XIV - Miscellaneous

- The Plan is not an employment contract. The fact that you have been, are now, or may become a participant does not guarantee that you will continue to be employed by us or that you will be rehired if your employment is terminated.
- In order to protect your benefits, the Plan provides that you may not assign, pledge or alienate your benefits under the Plan. To the extent permitted by law, creditors will be prevented from reaching your account under the Plan.

Part XV - Statement of ERISA Rights

As a Participant in your employer's plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

1. Receive Information About Your Plan and Benefits

- ◆ Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
- ◆ Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Administrator may make a reasonable charge for the copies.
- ◆ Receive a summary of the plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- ◆ Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (defined in your Plan document) and if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The plan must provide the statement free of charge.

2. Prudent Actions by Plan Fiduciaries

- ◆ In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

3. Enforce Your Rights

You have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

4. Assistance with Your Questions

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

Benefits provided under this Plan are not insured by the Pension Benefit Guaranty Corporation.

Publication date: