Schwab SIMPLE IRA
Basic Plan Document

charles SCHWAB

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This document contains the legal provisions of your Schwab SIMPLE IRA plan. Please keep it in a place where you can easily find and refer to it.

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DEFINITIONS

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

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

BASIC PLAN DOCUMENT Means this prototype plan document.

CODE Means the Internal Revenue Code of 1986 as amended.

COMPENSATION Means with respect to an Employee the sum of the wages, tips, and other compensation from the Employer subject to federal income tax withholding (as described in Code section 6051[a][3]) and the Employee's salary reduction contributions made under this Plan, and, if applicable, elective deferral on behalf of the Employee under a Code section 401(k) plan, a SARSEP, a Code section 403(b) annuity contract and compensation from the Employer deferred under a Code section 457 plan required to be reported by the Employer on IRS Form W-2 Wage and Tax Statement (as described under Code section 6051[a][8]). Compensation does not include any amounts deferred by the Employee pursuant to a Code section 125 cafeteria plan.

Compensation shall include only that Compensation which is actually paid to the Employee during the Year.

For purposes of the two-percent Nonelective Contribution described in Section 4.02(C) of the Plan, the annual Compensation of each Employee taken into account under the Plan shall not exceed the compensation limit described in Code section 401(a)(17) as adjusted by the Secretary of the Treasury for increases in the cost-of-living in accordance with Code section 401(a)(17)(B). Such adjustments will be in multiples of $5,000. (The Compensation limit for 2002 is $200,000.)

CONTRIBUTING PARTICIPANT Means an Employee who has met the eligibility requirements and who has enrolled as a Contributing Participant pursuant to Section 3.04(A) of the Plan and on whose behalf the Employer is contributing Elective Deferral.

EARNED INCOME Means the net earnings from self-employment in the trade or business with respect to which the Plan is established, determined under Code section 1402(a), without regard to Code section 1402(c)(6), prior to subtracting any contributions made pursuant to this Plan on behalf of the Self-Employed individual.

ELECTION PERIOD Means the period during which a Participant may enroll as a Contributing Participant. The Election Period shall be the 60-day period immediately before the beginning of any Year and such other 60-day period or periods as described in Section 3.04(A) of the Plan.

EMPLOYEE Means a common-law employee of the Employer, and also includes leased employees described in Code section 414(n), unless otherwise elected in the Adoption Agreement, and employees described in Code section 414(o) that are required to be treated as employed by the Employer. The term "Employee" also includes self-employed individuals described in Code section 401(c)(1).

EMPLOYER Means the Adopting Employer and any successor who by merger, consolidation, purchase or otherwise assumes the obligations of the Plan, provided such entity meets the eligibility requirement described in Code section 408(p)(2)(c)(i). A partnership is considered to be the Employer of each of the partners and a sole proprietorship is considered to be the Employer of the sole proprietor.

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

An Employer meets the eligibility requirement and therefore will be eligible to maintain this Plan with respect to any Year only if the Employer had no more than 100 Employees who received at least $5,000 of Compensation from the Employer for the preceding Year.

An eligible Employer who establishes and maintains a SIMPLE IRA plan for one or more Years and who fails to be an eligible Employer for any subsequent Year shall be treated as an eligible Employer for the two Years following the last Year the Employer was an eligible Employer. If such failure is due to any acquisition, disposition, or similar transaction involving an eligible Employer, the preceding sentence shall apply only in accordance with rules similar to the rules of Code section 410(b)(6)(C)(i).

PARTICIPANT Means any Employee who has met the eligibility requirements of Section 3.01 of the Plan and Section 3 of the Adoption Agreement, may enroll as a Contributing Participant, and is or may become eligible to receive an Employer Contribution.

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

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

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

REGULATIONS Means the Treasury Regulations.

SALARY REDUCTION AGREEMENT Means an agreement, made on a form provided by the Employer, pursuant to which a Participant may elect to have his or her Compensation reduced and paid as an Elective Deferral to his or her SIMPLE IRA by the Employer. No Salary Reduction Agreement may apply to Compensation that a Participant received, or had a right to immediately receive, before execution of the Salary Reduction Agreement.

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

SIMPLE IRA Means the individual retirement account or individual retirement annuity, which satisfies the requirements of Code sections 408(p) and 408(a) or 408(b), and, with respect to which, the only contributions allowed are contributions under a SIMPLE IRA plan.

SUMMARY DESCRIPTION Means a statement provided by the trustee, custodian or issuer of a SIMPLE IRA to the Adopting Employer pursuant to Section 1.05 of the Plan which contains the following information:

(i) the names and addresses of the Adopting Employer and the trustee, custodian or issuer of the SIMPLE IRA;

(ii) the eligibility requirements that must be satisfied to become a Participant in the Plan;

(iii) the benefits provided with respect to the Plan;

(iv) the timing and method of making elections with respect to the Plan; and

(v) the procedures for, and effects of, withdrawals (including rollovers) from the Plan.

YEAR Means the calendar year.

SECTION ONE: ESTABLISHMENT AND PURPOSE OF PLAN

1.01 PURPOSE

The purpose of this Plan is to provide, in accordance with its provisions, a SIMPLE IRA plan providing benefits upon retirement for the individuals who are eligible to participate hereunder.

1.02 INTENT TO QUALIFY

It is the intent of the Employer that this Plan shall be for the exclusive benefit of its Employees and shall qualify for approval under Code section 408(p), as amended from time to time (or corresponding provisions of any subsequent federal law at that time in effect) as a SIMPLE IRA plan. This document is intended to conform with the applicable rules and procedures of the Internal Revenue Service (IRS) that apply to prototype SIMPLE IRA plans.

1.03 EXCLUSIVE PLAN REQUIREMENT

A. In General–The Employer cannot contribute to this Plan for any Year if the Employer maintains another qualified plan with respect to which contributions are made, or benefits are accrued, for any Employee's service for any plan year beginning or ending in that Year.

For this purpose, a qualified plan is defined in Code section 219(g)(5) as:

> a plan described in Code section 401(a) that includes a trust exempt from tax under Code section 501(a); an annuity plan described in Code section 403(a); a plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing (but not an eligible deferred compensation plan within the meaning of Code section 457 [b]); a tax-sheltered annuity plan described in Code section 403(b); a simplified employee pension (SEP) plan described in Code section 408(k); and another SIMPLE IRA Plan described in Code section 408(p).

If a failure to meet the exclusive plan requirement is due to an acquisition or similar transaction, the Employer is treated as meeting the exclusive plan requirement through the end of the following Year (through the end of the following two Years, if permitted by Code section 408[p]). However, the Employer is treated as satisfying the exclusive plan requirement only if, during the period described above, Employees who would be employed by another employer involved in the transaction had the transaction not occurred are not eligible to participate in this Plan.

B. Special Rule–Notwithstanding Section 1.03(A) of the Plan, the exclusive plan requirement is not violated if the Employer maintains another qualified plan that limits participation to Employees covered under a collective bargaining agreement described in Code section 410(b)(3)(A) and eligibility to participate in this Plan is limited to other Employees.

1.04 USE WITH SIMPLE IRA

This Plan must be used with an IRS model SIMPLE IRA (Form 5305-S or Form 5305-SA) or any other plan that satisfies Code section 408(p).

1.05 SUMMARY DESCRIPTION

The Summary Description must be provided each Year by the trustee, custodian or issuer of a SIMPLE IRA to the Adopting Employer within a reasonable period of time prior to the Election Period. However, a trustee, custodian or issuer shall be deemed to have provided a Summary Description, if it provides, to Participants for whom it maintains SIMPLE IRAs, its name and address and its procedures for taking withdrawals from a SIMPLE IRA. In addition, the trustee, custodian or issuer must obtain reasonable assurance from the Employer that the Employer will provide its name and address, the SIMPLE IRA plan's eligibility requirements, benefits, required information about SIMPLE IRA plan elections, and the effects of withdrawal pursuant to IRS Notice 98-4, to be deemed to have provided a Summary Description.

1.06 FOR MORE INFORMATION

To obtain more information concerning the rules governing this Plan, contact the Employer listed in Section 6 of the Adoption Agreement.

SECTION TWO: EFFECTIVE DATES

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

SECTION THREE: ELIGIBILITY AND PARTICIPATION

3.01 ELIGIBILITY REQUIREMENTS

Except for those Employees described in Section 3.02 of the Plan who are excluded as indicated in the Adoption Agreement, each Employee of the Employer who fulfills the eligibility requirements specified in the Adoption Agreement shall become a Participant. Each Participant must establish a SIMPLE IRA to which Employer Contributions under this Plan will be made.

3.02 EXCLUSION OF CERTAIN EMPLOYEES

The Employer may exclude collective bargaining unit Employees, non-resident aliens and acquired Employees, as defined in paragraphs (A) through (C) below, from participating in the Plan.

A. Collective Bargaining Unit Employees–A collective bargaining unit Employee is an Employee included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives, if retirement benefits were the subject of good faith bargaining and if two percent or less of the Employees who are covered pursuant to that agreement are professionals as defined in Regulations section 1.410(b)-9. For this purpose, the term "Employee representatives" does not include any organization more than half of whose members are Employees who are owners, officers, or executives of the Employer.

B. Non-Resident Aliens–A non-resident alien is an Employee who is a non-resident alien, within the meaning of Code section 7701(b)(1)(B) and who received no earned income (within the meaning of Code section 911(d)[2]) from the Employer which constitutes income from sources within the United States (within the meaning of Code section 861(a)[3]).

C. Acquired Employees–An acquired Employee is an Employee who would be employed by another employer that has been involved in an acquisition or similar transaction with the Employer, had the transaction not occurred.

An acquired Employee will not be eligible to become a Participant in the Plan for the Year of the transaction and the following Year (the following two Years if permitted by Code section 408[p]).

3.03 ADMITTANCE AS A PARTICIPANT

A. Notification of Eligibility–The Employer shall notify each Employee who becomes a Participant of his or her status as a Participant in the Plan and of his or her duty to establish a SIMPLE IRA to which Employer Contributions may be made. Unless the Employer elects to make all Plan contributions to a Designated Financial Institution, the Employer must permit each Participant to select the financial institution that will serve as trustee, custodian or issuer of the SIMPLE IRA to which the Employer will make all contributions on behalf of such Participant.

B. Establishment of a SIMPLE IRA–If a Participant fails to establish a SIMPLE IRA, the Employer may execute any necessary documents to establish a SIMPLE IRA on behalf of the Participant.

3.04 CONTRIBUTING PARTICIPANT

A. Requirements to Enroll as a Contributing Participant–A Participant for a particular Year must be permitted to enroll as a Contributing Participant or modify an existing Salary Reduction Agreement during the 60-day period immediately preceding the Year, effective as soon as practical after receipt by the Employer (or, if later, the date specified by the Participant in the Salary Reduction Agreement) but not earlier than the first pay period beginning during the Year. In the case of a Participant who becomes eligible to participate after the first day of the Year because (1) the Plan does not impose a prior-year Compensation requirement, (2) the Participant satisfied the Plan's prior-year Compensation requirement during a prior period of employment with the Employer, or (3) the Plan is first effective after the beginning of a Year, the Participant must be permitted to enroll as a Contributing Participant or modify an existing Salary Reduction Agreement during the 60-day Election Period that begins on the day notice is provided to the Participant and that includes the day the Participant begins participating or the day before. In this case, the Salary Reduction Agreement will become effective as soon as practical after receipt by the Employer (or, if later, the date specified by the Participant in the Salary Reduction Agreement). Notwithstanding the foregoing, any Salary Reduction Agreement completed by the Participant may be modified prospectively at any time during the Election Period. In addition to the Election Periods described above, a Participant may make or modify an existing Salary Reduction Agreement during any additional Election Periods specified in the Adoption Agreement.

If a Salary Reduction Agreement is made or modified during one of these additional Election Periods, it will become effective as soon as practical after receipt of the Salary Reduction Agreement by the Employer or, if later, the date specified by the Participant in the Salary Reduction Agreement.

The Employer shall notify each Participant immediately before each Election Period of the Participant's opportunity to complete a Salary Reduction Agreement. The notice shall include, pursuant to rules or procedures promulgated by the IRS, a copy of the Summary Description as described in Code section 408(l)(2)(B) and this Plan. (Code section 6693[c][1] provides that if the Employer fails to provide one or more notices, such Employer may be subject to a penalty of $50 per day for each day that the failure to provide notice occurs.)

A Participant who desires to enroll as a Contributing Participant must complete, sign and deliver to the Employer a Salary Reduction Agreement during the Election Period. In addition, the Employer, in a uniform and nondiscriminatory manner, may provide additional opportunities for Participants to enroll as Contributing Participants in accordance with procedures established by the Employer.

B. Modification of Elective Deferral–Each Contributing Participant shall be notified by the Employer, immediately before each Election Period, of his or her right to increase or decrease the amount of Compensation deferred into his or her SIMPLE IRA under the Plan. A Contributing Participant who desires to make such a modification shall complete, sign and file a new Salary Reduction Agreement with the Employer during the Election Period. In addition, if the Employer permits, in a uniform and nondiscriminatory manner, a Contributing Participant may modify his or her Salary Reduction Agreement more frequently in accordance with procedures established by the Employer.

C. Withdrawal as a Contributing Participant–A Participant may withdraw as a Contributing Participant at any time during the Year by revoking his or her authorization to the Employer to make Elective Deferral on his or her behalf. A Participant who desires to withdraw as a Contributing Participant shall give written notice of withdrawal to the Employer. The notice of withdrawal must become effective as soon as practical after receipt of the notice by the Employer, or if later, the date specified by the Participant on such notice. A Participant shall cease to be a Contributing Participant upon his or her termination of employment, or on account of termination of the Plan.

D. Return as Contributing Participant after Withdrawal–A Participant who has withdrawn as a Contributing Participant may not again become a Contributing Participant until the first day of the first Year following the effective date of his or her withdrawal as a Contributing Participant, unless the Employer, in a uniform and nondiscriminatory manner, permits withdrawing Participants to resume their status as Contributing Participants sooner.

3.05 DETERMINATIONS UNDER THIS SECTION

The Employer shall determine the eligibility of each Employee to be a Participant. This determination shall be conclusive and binding upon all persons except as otherwise provided herein or by law.

3.06 LIMITATION RESPECTING EMPLOYMENT

Neither the fact of the establishment of the Plan, nor the fact that an Employee has become a Participant, shall give to that Employee any right to continued employment; nor shall either fact limit the right of the Employer to discharge or to deal otherwise with an Employee without regard to the effect such treatment may have upon the Employee's rights under the Plan.

SECTION FOUR: CONTRIBUTIONS AND ALLOCATIONS

4.01 ELECTIVE DEFERRAL AND CATCH-UP CONTRIBUTIONS

A. Elective Deferral–Elective Deferrals are contributions made by the Employer to the Plan on behalf of a Contributing Participant under a Salary Reduction Agreement. Elective Deferrals shall include catch-up contributions made to the Plan pursuant to Code section 414(v) and the applicable Regulations and other guidance of general applicability issued thereunder as described in Section 4.01(B) of this Plan. Each Participant who has met the eligibility requirements may elect under a Salary Reduction Agreement to have his or her Compensation reduced by a percentage or a fixed dollar amount. The salary reduction election shall be in writing and delivered to the Employer. The amount of such reduction shall be contributed by the Employer to a SIMPLE IRA on behalf of the Contributing Participant. For any Year, a Contributing Participant's Elective Deferral shall not exceed $7,000 for 2002, $8,000 for 2003, $9,000 for 2004, and $10,000 for 2005 and later years. After 2005, the maximum amount may be adjusted for cost-of-living increases. Such adjustments will be in multiples of $500. At the election of a Contributing Participant, the Employer shall contribute Elective Deferrals to the SIMPLE IRA of such Contributing Participant. Elective Deferrals for a Contributing Participant must be deposited to the SIMPLE IRA of such Contributing Participant by the Employer as of the earlier of: (1) the first date on which such Elective Deferrals can reasonably be segregated from the Employer's general assets, or (2) the close of the 30-day period following the last day of the month in which the contribution is withheld from the Contributing Participant's pay.

B. Catch-up Contribution–Unless otherwise specified in Section 4 in the Adoption Agreement, a Contributing Participant who attains age 50 on or before the end of the Year can elect to have his or her Elective Deferral increased above the amounts specified in Section 4.01(A) of the Plan. The additional amount shall not be greater than $500 for 2002, $1,000 for 2003, $1,500 for 2004, $2,000 for 2005, and $2,500 for 2006 and later years. After 2006, the additional amount may be adjusted for cost-of-living increases. Such adjustments will be in multiples of $500.

4.02 REQUIRED EMPLOYER CONTRIBUTIONS

A. Employer Must Make Certain Contributions–An Employer Contribution is the amount contributed by the Employer to this Plan. Each Year, the Employer shall make either the Matching Contribution described in Section 4.02(B) of the Plan or the Nonelective Contribution described in Section 4.02(C) of the Plan to the SIMPLE IRAs of Participants entitled thereto. Such contributions for any Year shall be made not later than the due date for filing the Employer's tax return for such Year (including extensions).

B. Matching Contribution–A Matching Contribution means an Employer Contribution made pursuant to this Plan on behalf of a Contributing Participant on account of an Elective Deferral, including Catch-up Contributions, made by such Contributing Participant. The Employer may satisfy the requirement set forth in Section 4.02(A) of the Plan by making a Matching Contribution to the SIMPLE IRA of each Contributing Participant for any Year in an amount equal to the amount of the Contributing Participant's Elective Deferral which does not exceed three percent of the Contributing Participant's Compensation for the Year (the "Matching Contribution percentage"). Notwithstanding the foregoing, the Employer may elect to apply a lower Matching Contribution percentage (not less than one percent) for any Year for all Contributing Participants if the Employer notifies Participants of such lower Matching Contribution percentage within a reasonable period of time before the Election Period for such Year. The Employer may not elect a lower Matching Contribution percentage for any Year if that election would result in the Matching Contribution percentage being lower than three percent in more than two of the Years in the five-Year period ending with such Year. If any Year in the five-Year period described in the preceding sentence is a Year prior to the first Year for which this SIMPLE IRA plan (or a Prior Plan) is in effect with respect to the Employer (or any predecessor employer), the Employer shall be treated as if the Matching Contribution percentage was equal to three percent of Compensation for such prior Year.

C. Nonelective Contribution–The Employer may satisfy the requirement set forth in Section 4.02(A) of the Plan by making a Nonelective Contribution of two percent of Compensation to the SIMPLE IRA of each Participant who has at least $5,000 of Compensation (or such lesser amount of Compensation as may be specified in the Adoption Agreement) from the Employer for the Year, provided the Employer notifies Participants that the Employer will be making a Nonelective Contribution within a reasonable period of time before the Election Period for such Year.

4.03 NO OTHER CONTRIBUTIONS

The Employer shall make no contributions to the SIMPLE IRAs of Participants other than Elective Deferral made pursuant to Section 4.01 of the Plan and those contributions required under Section 4.02 of the Plan. Nothing herein shall prevent an Employee from rolling over or transferring funds from another SIMPLE IRA to a SIMPLE IRA maintained under this Plan.

4.04 VESTING AND WITHDRAWAL RIGHTS

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

4.05 SIMPLIFIED EMPLOYER REPORTS

The Employer shall furnish reports, relating to account activity under the Plan, in the time and manner and containing the information prescribed by the Secretary of the Treasury. The Employer shall furnish information to the trustee, custodian or issuer of SIMPLE IRAs of Participants as such trustee, custodian or issuer may reasonably request to enable it to fulfill its reporting and other responsibilities in connection with this Plan or the SIMPLE IRAs of Participants.

4.06 USE OF DESIGNATED FINANCIAL INSTITUTION

This section shall apply if the Employer has indicated in Section 4 in the Adoption Agreement that the Employer will make all Plan contributions at the Designated Financial Institution specified in the Adoption Agreement, provided the financial organization agrees to act as the Designated Financial Institution. A Designated Financial Institution is a financial organization which is the trustee, custodian or issuer of the SIMPLE IRAs to which Plan contributions will be made. Use of a Designated Financial Institution is not required under this Plan, unless elected in Section 4 of the Adoption Agreement. If a Designated Financial Institution is named, pursuant to the provisions of Code section 408(p)(7) the Designated Financial Institution will notify Participants in writing (either separately or as part of the notice described in Section 3.04 of the Plan) that their SIMPLE IRA balances may be transferred without cost or penalty to another SIMPLE IRA in accordance with the withdrawal and rollover provisions under Code section 408(d)(3).

SECTION FIVE: AMENDMENT OR TERMINATION OF PLAN

5.01 AMENDMENT BY EMPLOYER

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

5.02 AMENDMENT OR TERMINATION OF SPONSORSHIP BY PROTOTYPE SPONSOR

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

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

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

5.03 LIMITATIONS ON POWER TO AMEND

No amendment by either the Employer or the Prototype Sponsor shall reduce or otherwise adversely affect any Participant's benefits acquired prior to such amendment unless it is required to maintain compliance with any law, regulation or administrative ruling pertaining to SIMPLE IRA plans. Any amendment to this SIMPLE IRA plan can become effective only at the beginning of the Year after which Participants have been properly notified of the amendment or at such other times as permitted or required by the IRS. Participants shall be deemed to be properly notified of an amendment if the notice is provided pursuant to the notice requirements described in Section 3.04 of the Plan.

5.04 TERMINATION

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

5.05 NOTICE OF AMENDMENT OR TERMINATION

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

5.06 CONTINUANCE OF PLAN BY SUCCESSOR EMPLOYER

A successor of the Employer may continue the Plan and be substituted in the place of the present Employer.

5.07 SENDING OF NOTICES

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

5.08 LIMITATION OF LIABILITY

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

SECTION SIX: ADOPTING EMPLOYER SIGNATURE

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

Reproduction of IRS letter approving Schwab SIMPLE IRA Plan

Department of the Treasury
Internal Revenue Service
Washington, D.C. 20224

Prototype SIMPLE IRA Plan 001
FFN: 50962472700-001 Case: 200301573 EIN: 94-1737782
Letter Serial No: K900647b

CHARLES SCHWAB & CO.
101 MONTGOMERY STREET
SUITE 27
SAN FRANCISCO, CA 94104

Contact Person:
Ms. Arrington 50-00197
Telephone Number:
(202) 283-8811
In Reference To:
T: EP:RA:T
Date: 04/22/2003

Dear Applicant:

In our opinion, the amendment to the form of your Savings Incentive Match Plan for Employees of Small Employers (SIMPLE IRA Plan) does not adversely affect its acceptability under section 408(p) of the Internal Revenue code. This SIMPLE IRA Plan is approved for use only in conjunction with one or more SIMPLE Individual Retirement Arrangements (SIMPLE IRAs), each of which meets the requirements of Code section 408(p) and has received a favorable opinion letter, or is a model SIMPLE IRA (Form 5305-S or 5305-SA).

An employer that adopts this approved prototype will be considered to have a SIMPLE IRA Plan that satisfies the requirements of Code section 408(p) provided that the terms of the plan are followed and that it is used in conjunction with one or more approved SIMPLE IRAs. Please provide a copy of this letter to each adopting employer.

Code section 408(1)(2) requires an employer that adopts a SIMPLE IRA to provide to employees certain information about the SIMPLE IRA Plan.

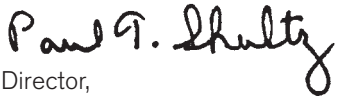
Your prototype may have to be amended to include or revise provisions to comply with future changes in the law or regulations.

If you, the sponsoring organization, have any questions concerning the IRS processing of this case, please call the above telephone number. This number is only for use of the sponsoring organization. Individual participants and/or adopting employers with questions concerning the plan should contact the sponsoring organization. The sponsoring organization must provide its address and telephone number for inquiries by individual participants and adopting employers.

If you write to the IRS regarding this plan, please provide your telephone number and the most convenient time for us to call in case we need more information. Whether you call or write, please refer to the File Folder Number (FFN) shown in the heading of this letter.

You should keep this letter as a permanent record. Please notify us in writing if you modify or discontinue sponsorship of this prototype plan.

Sincerely yours,



Director,
Employee Plans Rulings & Agreements

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