



SIMPLE IRA Participant Notice and Summary Description

Page 1 of 2

Employer Instructions

Complete all sections of this document, as applicable, in accordance with the elections you made on the Adoption Agreement. Retain the original for your records—this document should **not** be returned to Schwab. Using the completed original as a master copy, provide a photocopy of the Participant Notice and Summary Description to each employee.

Employee Instructions

This notice describes your Employer's SIMPLE IRA Plan and provides you with information about the type of contribution your Employer will make to your SIMPLE IRA in the coming year. Carefully read and consider the information in this notice before you decide whether to start, continue or change your Elective Deferral Agreement.

1. Employer Information

TANKERWASH USA INC. 6414-7765

Business Name of Employer

51-0420526

Employer's Federal Tax ID Number (EIN)

MICHAEL VILARINO

Contact Name or Plan Administrator

(209) 932-0495

Business Telephone Number

743 W. ANDERSON STREET

Business Street Address (no P.O. boxes)

STOCKTON

CA

95206

USA

City

State or Province

Zip or Postal Code

Country

2. Eligibility and Participation Requirements

Part A. Opportunity to Participate. This form is intended, in part, to notify you of your right to choose, during the Election Period, to make Elective Deferrals under the Savings Incentive Match Plan for Employees (SIMPLE) IRA Plan established by your Employer. The Election Period is generally the 60-day period before the beginning of each calendar year and the 60-day period before the first day you become eligible to participate. This notice includes a Summary Description of your Employer's SIMPLE IRA Plan.

Part B. Eligible Employees. You may become eligible to participate in the Plan **unless** you are:

- ☒ Covered by the terms of a collective bargaining agreement (a union agreement)
- ☒ A nonresident alien with no earned income from the Employer
- ☒ An employee on account of an acquisition or similar transaction involving your Employer

Part C. Compensation and Service. To become eligible to participate in the Plan, you must have earned \$5,000 from the Employer during any two preceding years and you must be reasonably expected to earn such amount from the Employer during the current year, unless otherwise specified below.

You are required to earn at least \$ _____ (may not exceed \$5,000) during any _____ (may not exceed two) preceding year(s) to be eligible to participate in the Plan. You must also be reasonably expected to earn at least \$ _____ (may not exceed \$5,000) during the current year.

3. Plan Contributions

Part A. Elective Deferrals. By completing an Elective Deferral Agreement, you agree to make Elective Deferral contributions to this Plan. Your compensation will be reduced each pay period by the amount equal to the percentage of your compensation you specify on the Elective Deferral Agreement. Generally, your Elective Deferral (excluding Catch-Up Contributions) may not exceed the Elective Salary Deferral contribution limits as prescribed by the Internal Revenue Service (IRS). The IRS announces cost-of-living adjustments applicable to dollar limitations for retirement and pension plans annually.

You may make or change an election to make Elective Deferrals at any time during the Election Period beginning November 2 and ending December 31. Your election will be effective January 1 of the following year. Additional times when you may make or change an election to make Elective Deferrals are indicated below. You may discontinue making Elective Deferrals at any time, but unless specified below, you cannot begin making Elective Deferrals again until January 1 of the following year.



Elective Deferral Elections. For this calendar year, in addition to the required Election Period from November 2 to December 31: You may begin making Elective Deferrals by completing and signing an Elective Deferral Agreement during the Election Period from:

____ / ____ to ____ / ____.

You may change the amount of your Elective Deferrals by completing and signing a revised Elective Deferral Agreement during the Election Period from:

____ / ____ to ____ / ____.

You are allowed to re-commence making Elective Deferrals as of the first day of the year following the year you cease deferring or during the Election Period from:

____ / ____ to ____ / ____.

Part B. Catch-Up Contributions.

☐ Will be permitted under the Plan

☐ Will **not** be permitted under the Plan

If Catch-Up Contributions are permitted under the Plan and you will attain age 50 on or before the end of the calendar year, you are eligible to make Catch-Up Contributions. Your Catch-Up Contributions may not generally exceed the salary reduction contribution limits for Catch-Up Contributions as prescribed by the IRS. The IRS announces cost-of-living adjustments applicable to dollar limitations on retirement and pension plans annually.

Part C. Employer Contributions. For this calendar year, your Employer will make Matching Contributions equal to 100% of your Elective Deferrals that do not exceed 3% of your compensation, unless your Employer elects to make either the alternative Matching Contributions or the Nonelective Contributions described in Options 1 and 2 below.

Option 1: ☐ Matching Contributions in an amount equal to your Elective Deferrals that do not exceed ____ % (must not be less than 1%).

Option 2: ☐ Nonelective Contributions in an amount equal to 2% of compensation on behalf of each Participant who earns at least \$5,000 during the year, unless a different dollar amount is specified below.

You are required to earn at least \$ ____ (may not exceed the amount stated under "Compensation and Service" in Section 2) during the year to be eligible to receive Nonelective Contributions.

Part D. Financial Institution. You must select the institution that will serve as the trustee, custodian or issuer of your SIMPLE IRA and notify your Employer of your selection.

4. Distributions

The following is a brief summary of the rules applicable to distributions from SIMPLE IRAs. The rules are complex and subject to change, and this summary does not include all rules which may apply. You are advised to refer to your SIMPLE IRA Custodial Account Agreement and Disclosure Statement and seek the assistance of a qualified tax advisor before making decisions.

Part A. Procedures. SIMPLE IRA assets are fully vested and may be withdrawn at any time, subject to taxes and penalties as explained below. The trustee, custodian or issuer of your SIMPLE IRA, and not your Employer, is responsible for making distributions to you upon your request.

Part B. Federal Income Tax. Distributions from SIMPLE IRAs are taxed as ordinary income in the year in which you receive them. Federal income tax withholding will be applied to your distribution at a rate of 10%, unless you specify a higher rate or request no withholding.

Part C. Early Distribution Penalty. A 25% early withdrawal penalty applies to SIMPLE IRA distributions taken within two years of your initial participation in the Plan, unless you are age 59½ or older or qualify for an exemption from the penalty. If you are under age 59½, have satisfied the two-year requirement and receive a distribution that does not qualify for an exemption, you will be subject to a 10% early distribution penalty.

Part D. Rollovers. SIMPLE IRA distributions may be rolled over to other SIMPLE IRAs. If a SIMPLE IRA distribution is properly rolled over, your rollover amount will be excluded when determining the amount of your federal income tax or early distribution penalty. You may roll over SIMPLE IRA distributions to Traditional IRAs, qualified retirement plans, tax-sheltered annuities and 457(b) deferred compensation plans. However, you must wait two years from the date you become a participant before doing so.

Part E. Required Minimum Distributions. You are required to begin taking minimum distributions from your SIMPLE IRA upon attainment of RMD age in accordance with IRS regulations.

Part F. Procedures for Withdrawal. If you wish to take a distribution from your SIMPLE IRA, you must complete and sign a distribution form provided by the custodian of your SIMPLE IRA.

Part G. Special Procedures Regarding Transfers. If you wish to make a transfer of your balance in your SIMPLE IRA, you must complete and sign a transfer statement or form provided by the successor trustee, custodian or issuer of your SIMPLE IRA.

5. Prototype Sponsor and Custodian

Charles Schwab & Co., Inc.

1-800-435-4000

Name of Prototype Sponsor and Custodian

Telephone Number

211 Main Street

Address

San Francisco

CA

94105

City

State

Zip Code





Schwab SIMPLE IRA Adoption Agreement

Page 1 of 2

Investment Advisor ("IA") Information (This portion to be completed by IA.)

401K ENGINEERS INC.

IA Firm Name (Please print.)

0821-2277

WEST

IA Master Account Number

Service Team

PAUL MARCHETTI

(209) 879-9450

PAUL@401KENGINEERS.COM

IA Contact Name (if follow-up is required)

IA Telephone Number

IA Email Address

Employer Information

TANKERWASH USA INC.

Business Name of Employer

51-0420526

Employer's Federal Tax ID Number (EIN)

MICHAEL VILARINO

Contact Name of Plan Administrator

(209) 932-0495

Business Telephone Number

743 W. ANDERSON STREET

Business Street Address (no P.O. boxes)

STOCKTON

CA

95206

USA

City

State or Province

Zip or Postal Code

Country

12/31

Income Tax Year-End (mm/dd)

1. Establishment and Purpose of Plan

There are no elections required for Section 1. Refer to the Basic Plan Document for information regarding this section.

2. Effective Dates (Complete Option A or B.)

Option A: Initial Adoption

☒ This is the initial adoption of a SIMPLE IRA Plan by the Employer. The Effective Date of this Plan is _____, _____.
Note: The Effective Date may be any date between January 1 and October 1. (mm/dd) (yyyy)

Option B: Amendment and Restatement

☐ This is an amendment and restatement of an existing SIMPLE IRA Plan (a Prior Plan). The Prior Plan was initially effective on _____, _____.
(mm/dd) (yyyy)

The Effective Date of this amendment and restatement is January 1, _____.
(yyyy)

3. Eligibility and Participation Requirements (Complete Parts A, B and C.)

Part A. Service Requirement

Option 1:

☒ Full Eligibility. All employees are eligible.



Option 2:

☐ **Limited Eligibility.** Eligibility is limited to each Employee who satisfies the requirements in both (a) and (b) below.

(a) Prior Year Compensation. An Employee who has received at least \$5,000, or _____ if less, in Compensation during any 2, or _____ (specify 0 or 1) if fewer, preceding years (need not be consecutive); and

(b) Current Year Compensation. An Employee who is reasonably expected to receive at least \$5,000, or _____ if less, in Compensation during the current year.

Note: If no option is selected, Option 1 shall be deemed to be selected.

Part B. Exclusion of Certain Classes of Employees

All Employees will be eligible to become Participants in the Plan except (check any that apply):

☒ **Collective bargaining unit Employees as described in Section 3.02(A) of the Plan. If not selected, this option will be deemed to be selected if the exclusive Plan requirement, as described in Section 1.03 of the Plan, applies.**

☒ **Nonresident aliens as described in Section 3.02(B) of the Plan.**

☒ **Acquired Employees as described in Section 3.02(C) of the Plan.**

Note: If not selected, this choice will be deemed to be selected if there is a failure to meet the exclusive Plan requirement due to an acquisition or similar transaction as described in the last paragraph of Section 1.03(A) of the Plan.

Part C. Election Periods

In addition to the 60-day Election Period described in Section 3.04 of the Plan, a Participant may make or modify a Salary Reduction Agreement during the following Election Periods: _____

(Specify a period, e.g., semiannually, quarterly, monthly or daily, that will apply uniformly to all Participants.)

4. Contributions (Complete Parts A, B and C where applicable.)**Part A. Catch-Up Contributions**

Will Catch-Up Contributions, as described in Section 4.01 of the Plan, be permitted under this Plan? (Select one.)

Option 1: ☐ **Yes** Option 2: ☐ **No**

Note: If no option is selected, Option 1 will be deemed to be selected.

Part B. Employer Contributions (Complete only if Section 3, Part A, Option 2 is selected.)

Each year, the Employer shall make the Matching Contributions or Nonelective Contributions to the SIMPLE IRA of Participants in accordance with the rules described in Section 4.02 of the Plan. For any year the Employer makes Nonelective Contributions, such contributions will be made on behalf of each Participant who has at least _____ (enter a dollar amount no less than the amount entered in Section 3, Part A, Option 2 above, if applicable, and no greater than \$5,000) of Compensation for such year.

Part C. Use of Designated Financial Institution

In adopting the Schwab SIMPLE IRA Plan, the Employer elects to allow each eligible Employee to choose the financial institution to receive each eligible Employee's contributions. To receive contributions, each eligible Employee must establish a SIMPLE IRA investment account at the financial institution he or she selects.

5. Amendment or Termination of Plan

There are no elections required for Section 5. Refer to the Basic Plan Document for information about this section.

6. Employer Signature

I acknowledge that I have relied upon my own advisors regarding the completion of this Adoption Agreement and the legal and tax implications of adopting this Plan. I understand that my failure to properly complete this Adoption Agreement may result in adverse tax consequences.

X

Authorized Signature: Employer

Today's Date (mm/dd/yyyy)

MICHAEL VILARINO

Print Name

Charles Schwab & Co., Inc.	211 Main Street	San Francisco	CA	94105	1-800-435-4000
Name of Prototype Sponsor and Custodian	Street Address	City	State	Zip Code	Telephone Number





Instructions for Completing the Schwab SIMPLE IRA Adoption Agreement

Page 1 of 1

These instructions are designed to help you, the Employer, along with your attorney and/or tax advisor, establish or amend your SIMPLE IRA Plan. The instructions are meant to be used only as a general guide and are not intended as a substitute for qualified legal or tax advice.

Employer Information

Fill in the requested information.

1. Establishment and Purpose of Plan

There are no elections required for Section 1. Refer to the Basic Plan Document for information regarding this section.

2. Effective Dates

This SIMPLE IRA Plan is either a new Plan (an initial adoption) or an amendment and restatement of an existing SIMPLE IRA Plan.

If this is a new SIMPLE IRA Plan, check Option A and fill in the Effective Date. The Effective Date is usually the first day of the plan year in which this Adoption Agreement is signed. For example, if this Adoption Agreement is signed on September 24, 2004, the Effective Date would be January 1, 2004. However:

- The Plan may not become effective during the period from October 1 through December 31, unless the Employer comes into existence after October 1 and establishes the Plan as soon as possible thereafter.
- If the Employer had a previous SIMPLE IRA Plan, a new SIMPLE IRA Plan may be adopted only with a January 1 Effective Date.

If the reason you are adopting this Plan is to amend and replace an existing SIMPLE IRA Plan, check Option B. The existing SIMPLE IRA Plan, which will be replaced, is called a "Prior Plan." You will need to know the Effective Date of the Prior Plan. The best way to determine its Effective Date is to refer to the Prior Plan's Adoption Agreement. The Effective Date of this amendment and restatement is January 1 of the calendar year in which the new Adoption Agreement is signed.

3. Eligibility and Participation Requirements

You should complete this section even if you do not have Employees.

Within certain limits, you as the Employer may restrict participation by requiring a certain amount of Compensation in prior years or the current year or both. Note that the eligibility requirements which you set up for the Plan also apply to you.

Suppose, for example, you establish a service requirement requiring Employees to earn at least \$5,000 in Compensation from you during any two preceding years and requiring the Employee to be expected to earn at least \$5,000 during the current year. Only those Employees (including yourself) who meet the requirements would be eligible to participate in this Plan.

Part A. Service Requirement

If you want all Employees to be eligible to participate in the Plan, check Option 1.

If you want to limit participation, check Option 2 and fill in the amount of annual Compensation required for participation. In addition, provide the number of preceding years (0, 1 or 2) Participants are required to satisfy the minimum Compensation requirement.

Part B. Exclusion of Certain Classes of Employees

All Employees will be eligible to become Participants when they meet the service requirement unless indicated otherwise in the Adoption Agreement. To exclude a particular class of Employee, select one or more classes of Employees you wish to exclude from participating in this Plan. The following describes the classes of Employees that may be excluded:

- Employees covered by the terms of a collective bargaining agreement (e.g., a union agreement) where retirement benefits were the subject of good faith bargaining.
- Employees who are nonresident aliens with no U.S. income.
- New Employees as a result of an acquisition or similar transaction (during a transition period).

Part C. Election Periods

You may choose to specify a period in addition to the annual 60-day Election Period during which a Participant may change their elective deferrals.

4. Contributions

Part A. Catch-Up Contributions

If the Plan will allow Participants who attain age 50 by the end of the year to make an additional Catch-Up Contribution, check Option 1. If not, then check Option 2.

Part B. Employer Contributions

Each year, you must make Matching or Nonelective Contributions to the SIMPLE IRAs of the Participants in accordance with the Basic Plan Document. Fill in the threshold amount of annual Compensation required for Participants to be eligible to receive Nonelective Contributions, should they be made. This amount may not be greater than the amount of annual Compensation required for participation, as chosen in Section 3, Part A, Option 2.

Part C. Use of Designated Financial Institution

There are no elections required for this part. In adopting the Schwab SIMPLE IRA Plan, the Employer elects to allow each eligible Participant to select the financial institution for his or her SIMPLE IRA.

5. Amendment or Termination of Plan

There are no elections for Section 5. Refer to the Basic Plan Document for information about this section.

6. Employer Signature

An authorized representative of the Employer must sign and date the Adoption Agreement.





Schwab SIMPLE IRA

Employer's Agreement With Schwab

Page 1 of 2

Investment Advisor ("IA") Information (This portion to be completed by IA.)

401K ENGINEERS INC.

IA Firm Name (Please print.)

0821-2277

WEST

IA Master Account Number

Service Team

PAUL MARCHETTI

(209) 879-9450

PAUL@401KENGINEERS.COM

IA Contact Name (if follow-up is required)

IA Telephone Number

IA Email Address

Read, complete, sign and return the original with your Adoption Agreement to Schwab. Keep a copy for your files.

1. Employer Information

TANKERWASH USA INC.

51-0420526

Business Name of Employer

Employer's Federal Tax ID Number (EIN)

MICHAEL VILARINO

(209) 932-0495

Contact Name or Plan Administrator

Business Telephone Number

743 W. ANDERSON STREET

Business Street Address (no P.O. boxes)

STOCKTON

CA

95206

USA

City

State or Province

Zip or Postal Code

Country

2. The Employer Acknowledges and Agrees That:

- Schwab does not give legal or tax advice.
- In the role as Employer, the Employer is not opening a brokerage account relationship with Schwab, but is administering the Schwab SIMPLE IRA program in accordance with the terms and conditions of the Schwab SIMPLE IRA Plan and current law.
- It is the Employer's responsibility to ensure that employee contributions are clear, complete, correct and transmitted to Schwab in a timely manner. Schwab will not be held responsible for delays in depositing contributions if Schwab finds the contribution instructions unclear, incomplete or incorrect.

The Employer will indemnify and hold harmless Schwab and Schwab's officers, directors, employees and affiliates from any liability that may result from following the Employer's instructions with respect to the allocation of employee contributions among employees' SIMPLE IRA investment accounts.

3. Schwab Acknowledges and Agrees That:

- The Employer will be provided with current information and updates to ensure the Schwab SIMPLE IRA Plan is correct based upon changes in law and regulations.
- Employer transmittals of contributions to employees' SIMPLE IRA investment accounts will be processed in a timely manner and deposited directly to each employee's account upon receipt of clear, complete and correct instructions.

4. Arbitration Agreement

Required Arbitration Disclosures.

Regulatory authorities require that any brokerage agreement containing a predispute arbitration agreement must disclose that this agreement contains a predispute arbitration clause. This Agreement contains a predispute arbitration clause. By signing an arbitration agreement, the parties agree as follows:

- All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.



- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until:

1. the class certification is denied;
2. the class is decertified; or
3. the customer is excluded from the class by the court.

Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

Arbitration Agreement.

Any controversy or claim arising out of or relating to (i) this Agreement, any other agreement with Schwab, an instruction or authorization provided to Schwab or the breach of any such agreements, instructions, or authorizations; (ii) the Account, any other Schwab account or Services; (iii) transactions in the Account or any other Schwab account; (iv) or in any way arising from the relationship with Schwab, its parent, subsidiaries, affiliates, officers, directors, employees, agents or service providers ("Related Third Parties"), including any controversy over the arbitrability of a dispute, will be settled by arbitration.

This arbitration agreement will be binding upon and inure to the benefit of the parties hereto and their respective representatives, attorneys-in-fact, heirs, successors, assigns and any other persons having or claiming to have a legal or beneficial interest in the Account, including court-appointed trustees and receivers. This arbitration agreement will also inure to the benefit of third-party service providers that assist Schwab in providing Services ("Third-Party Service Providers") and such Third-Party Service Providers are deemed to be third-party beneficiaries of this arbitration agreement.

The parties agree that this arbitration agreement will apply even if the application to open the Account is denied and will survive the closure of your Account and/or the termination of services rendered under this Agreement.

Such arbitration will be conducted by, and according to the securities arbitration rules and regulations then in effect of, the Financial Industry Regulatory Authority (FINRA) or any national securities exchange that provides a forum for the arbitration of disputes, provided that Schwab is a member of such national securities exchange at the time the arbitration is initiated. Any party may initiate arbitration by filing a written claim with FINRA or such eligible national securities exchange. If arbitration before FINRA or an eligible national securities exchange is unavailable or impossible for any reason, then such arbitration will be conducted by, and according to the rules and regulations then in effect of, the American Arbitration Association (AAA). If arbitration before the AAA is unavailable or impossible for any reason, the parties agree to have a court of

competent jurisdiction appoint three (3) arbitrators to resolve any and all disputes or controversies between or among the parties. Each party shall bear its own initial arbitration costs, which are determined by the rules and regulations of the arbitration forum. In the event of financial hardship, the arbitration forum may waive certain costs in accordance with such rules. At the conclusion of the hearing, the arbitrators will decide how to assess the costs of the arbitration among the parties.

Any award the arbitrator makes shall be final and binding, and judgment on it may be entered in any court having jurisdiction. This arbitration agreement shall be enforced and interpreted exclusively in accordance with applicable federal laws of the United States, including the Federal Arbitration Act. Any costs, fees or taxes involved in enforcing the award shall be fully assessed against and paid by the party resisting enforcement of said award.

For FINRA arbitrations, FINRA will appoint a single public arbitrator in customer cases decided by one arbitrator. In customer cases decided by three arbitrators, investors have the option of choosing an arbitration panel with two public arbitrators and one non-public arbitrator (Majority-Public Panel Rule) or a panel of all public arbitrators (Optional All-Public Panel Rule). If the customer declines to elect a panel selection method in writing by the applicable deadline, the Majority-Public Panel Rule for selecting arbitrators will apply.

All notices from one party to the other involving arbitration shall be considered to have been fully given when so served, mailed by first-class, certified or registered mail, or otherwise given by other commercially accepted medium of written notification.

In addition to the above provisions, if a party to this Agreement is or becomes a non-U.S. resident at the time of any controversy subject to this arbitration agreement, such party acknowledges and agrees to the following additional provisions:

- (1) The rules of the organization administering the arbitration specifically provide for the formal designation of the place at which the arbitration is to be held.
- (2) Entering into this Agreement constitutes consent to submit to the personal jurisdiction of the courts of the state of California, U.S.A., to interpret or enforce any or all of these arbitration provisions. Judgment on any arbitration award may be entered in any court having jurisdiction, or application may be made to such court for judicial acceptance of the award and an order of enforcement, as the case may be.
- (3) The exclusive language to be used by the parties and the arbitrators in the arbitration proceedings shall be English. Any party wishing an interpreter shall make all arrangements directly with the interpreter and shall assume all costs of the service.
- (4) If a party is a foreign government or state, state-owned or state-operated enterprise or other instrumentality of a foreign government or state, such party waives all rights of sovereign immunity and neither the Federal Act of State doctrine nor the doctrine of sovereign immunity shall apply insofar as any enforcement in courts located in the U.S.A. is concerned.

The individual signing this form represents and warrants that he or she is authorized and empowered to execute and deliver this Agreement on behalf of the Employer and that this Agreement is a legally binding obligation of the Employer. The Employer agrees that Schwab is authorized to take written or oral instructions from any person Schwab reasonably believes represents the Employer.

The Agreement with Schwab contains a predispute arbitration clause. You acknowledge receipt of the predispute arbitration clause contained in Section 4 on pages 1 and 2.

x

Authorized Signature: Employer

MICHAEL VILARINO

Print Name

Today's Date (mm/dd/yyyy)





SIMPLE IRA Employer's Agreement With Schwab

Page 1 of 1

Please read and retain for your files.

Required Arbitration Disclosures.

Regulatory authorities require that any brokerage agreement containing a predispute arbitration agreement must disclose that this agreement contains a predispute arbitration clause. This Agreement contains a predispute arbitration clause. By signing an arbitration agreement, the parties agree as follows:

- All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until:

1. the class certification is denied;
2. the class is decertified; or
3. the customer is excluded from the class by the court.

Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

Arbitration Agreement.

Any controversy or claim arising out of or relating to (i) this Agreement, any other agreement with Schwab, an instruction or authorization provided to Schwab or the breach of any such agreements, instructions, or

authorizations; (ii) the Account, any other Schwab account or Services; (iii) transactions in the Account or any other Schwab account; (iv) or in any way arising from the relationship with Schwab, its parent, subsidiaries, affiliates, officers, directors, employees, agents or service providers ("Related Third Parties"), including any controversy over the arbitrability of a dispute, will be settled by arbitration.

This arbitration agreement will be binding upon and inure to the benefit of the parties hereto and their respective representatives, attorneys-in-fact, heirs, successors, assigns and any other persons having or claiming to have a legal or beneficial interest in the Account, including court-appointed trustees and receivers. This arbitration agreement will also inure to the benefit of third-party service providers that assist Schwab in providing Services ("Third-Party Service Providers") and such Third-Party Service Providers are deemed to be third-party beneficiaries of this arbitration agreement.

The parties agree that this arbitration agreement will apply even if the application to open the Account is denied and will survive the closure of your Account and/or the termination of services rendered under this Agreement.

Such arbitration will be conducted by, and according to the securities arbitration rules and regulations then in effect of, the Financial Industry Regulatory Authority (FINRA) or any national securities exchange that provides a forum for the arbitration of disputes, provided that Schwab is a member of such national securities exchange at the time the arbitration is initiated. Any party may initiate arbitration by filing a written claim with FINRA or such eligible national securities exchange. If arbitration before FINRA or an eligible national securities exchange is unavailable or impossible for any reason, then such arbitration will be conducted by, and according to the rules and regulations then in effect of, the American Arbitration Association (AAA). If arbitration before the AAA is unavailable or impossible for any reason, the parties agree to have a court of competent jurisdiction appoint three (3) arbitrators to resolve any and all disputes or controversies between or among the parties. Each party shall bear its own initial arbitration costs, which are determined by the rules and regulations of the arbitration forum. In the event of financial hardship, the arbitration forum may waive certain costs in accordance with such rules. At the conclusion of the hearing, the arbitrators will decide how to assess the costs of the arbitration among the parties.

Any award the arbitrator makes shall be final and binding, and judgment on it may be entered in any court having jurisdiction. This arbitration agreement shall be enforced and interpreted exclusively in accordance with

applicable federal laws of the United States, including the Federal Arbitration Act. Any costs, fees or taxes involved in enforcing the award shall be fully assessed against and paid by the party resisting enforcement of said award.

For FINRA arbitrations, FINRA will appoint a single public arbitrator in customer cases decided by one arbitrator. In customer cases decided by three arbitrators, investors have the option of choosing an arbitration panel with two public arbitrators and one non-public arbitrator (Majority-Public Panel Rule) or a panel of all public arbitrators (Optional All-Public Panel Rule). If the customer declines to elect a panel selection method in writing by the applicable deadline, the Majority-Public Panel Rule for selecting arbitrators will apply.

All notices from one party to the other involving arbitration shall be considered to have been fully given when so served, mailed by first-class, certified or registered mail, or otherwise given by other commercially accepted medium of written notification.

In addition to the above provisions, if a party to this Agreement is or becomes a non-U.S. resident at the time of any controversy subject to this arbitration agreement, such party acknowledges and agrees to the following additional provisions:

- (1) The rules of the organization administering the arbitration specifically provide for the formal designation of the place at which the arbitration is to be held.
- (2) Entering into this Agreement constitutes consent to submit to the personal jurisdiction of the courts of the state of California, U.S.A., to interpret or enforce any or all of these arbitration provisions. Judgment on any arbitration award may be entered in any court having jurisdiction, or application may be made to such court for judicial acceptance of the award and an order of enforcement, as the case may be.
- (3) The exclusive language to be used by the parties and the arbitrators in the arbitration proceedings shall be English. Any party wishing an interpreter shall make all arrangements directly with the interpreter and shall assume all costs of the service.
- (4) If a party is a foreign government or state, state-owned or state-operated enterprise or other instrumentality of a foreign government or state, such party waives all rights of sovereign immunity and neither the Federal Act of State doctrine nor the doctrine of sovereign immunity shall apply insofar as any enforcement in courts located in the U.S.A. is concerned.



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.

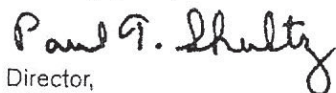
Your prototype may have to be amended to include or revise provisions to comply with future changes in the law or regulations.

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

