



PARTICIPATION NOTICE & SUMMARY DESCRIPTION

IMPORTANT: Carefully read and consider the information on both sides of this notice before you decide whether to start, continue or change your Salary Reduction Agreement.

SECTION A. GENERAL INFORMATION

Employer Information

Name of Employer _____
Address _____
City _____ State _____ Zip _____

Trustee/Custodian/Issuer Information

Name of Trustee, Custodian or Issuer _____
Address _____
City _____ State _____ Zip _____

SECTION B. ELIGIBILITY REQUIREMENTS

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 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.

Eligible Employees

You may become eligible to participate in the Plan unless you are:

- covered by a collective bargaining agreement
- a non-resident alien with no earned income from your Employer
- an Employee on account of an acquisition or similar transaction involving your Employer

Compensation And Service

To become eligible to participate in the Plan, you must have earned \$5,000 during any two preceding years and you must be reasonably expected to earn such amount 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 2) preceding years 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.

SECTION C. PLAN CONTRIBUTIONS

Financial Institution

Your Employer has has not elected to make all contributions to a Designated Financial Institution.

If contributions are not required to be made to a Designated Financial Institution, you must select the financial organization that will serve as trustee, custodian or issuer of your SIMPLE IRA and notify your Employer by providing a completed *Salary Reduction Agreement*.

If contributions are required to be made to a Designated Financial Institution, you may transfer the balance in your SIMPLE IRA, without cost or penalty, from the Designated Financial Institution to a SIMPLE IRA at the financial organization of your choice. To do so, you must request a transfer during the Election Period or during any other period as allowed by the Designated Financial Institution. Upon request, the Designated Financial Institution will periodically transfer your balance.

Elective Deferrals

By completing a *Salary Reduction Agreement*, you agree to make Elective Deferrals to this Plan. Your Compensation will be reduced each pay period by an amount equal to the percentage of your Compensation you specify on the *Salary Reduction Agreement*. Generally, your Elective Deferrals (excluding Catch-Up Contributions) may not exceed \$7,000 for tax Year 2002; \$8,000 for 2003; \$9,000 for 2004; \$10,000 for 2005 and thereafter. For tax Years after 2005, these limits may be increased to reflect a cost-of-living adjustment, if any.

Catch-Up Contributions will will not be permitted under the Plan.

If Catch-Up Contributions are available under the Plan and you will attain age 50 on or before the end of the Year, you are eligible to make Catch-Up Contributions. Your Catch-Up Contributions may not exceed \$500 for tax Year 2002; \$1,000 for 2003; \$1,500 for 2004; \$2,000 for 2005; \$2,500 for 2006 and thereafter.

You may change the amount of your Elective Deferrals by completing and signing a revised *Salary Reduction Agreement* during the Election Period or any other period specified below.

You may discontinue making Elective Deferrals at any time during the Year by completing and signing a revised *Salary Reduction Agreement*. You are allowed to commence making Elective Deferrals the first day of the Year following the Year you cease deferring unless specified otherwise below.

Employer Contributions For calendar year _____, your Employer will make Matching Contributions equal to 100 percent of your Elective Deferrals which do not exceed three percent of your Compensation unless your Employer elects to make either the alternative Matching Contribution or the Nonelective Contribution described in Options 1 and 2 below.

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

Option 2: Nonelective Contributions equal to two percent 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 \$5,000*) during the year to be eligible to receive Nonelective Contributions.

SECTION D. DISTRIBUTIONS

The following is a summary of the rules applicable to distributions from SIMPLE IRAs. You are advised to refer to your SIMPLE IRA documents and/or seek the assistance of a qualified tax advisor if you have additional questions.

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.

Federal Income Tax Distributions from SIMPLE IRAs are taxed as ordinary income in the year in which you receive them. In addition, federal income tax withholding will be applied to your distribution at a rate of 10 percent unless you specify a higher rate or waive your right to withholding.

Penalties **Early Distribution Penalty** - A 25 percent 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 can claim an exemption from the early distribution penalty described in Internal Revenue Code (IRC) Sec. 72(t)(6). If you are under age 59½, have satisfied the two-year requirement and receive a distribution, you will be subject to a 10 percent early distribution penalty.

Rollovers SIMPLE IRA distributions may be rolled over to other SIMPLE IRAs. Rollovers from Traditional IRAs are not permitted. 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.

Required Minimum Distributions You are required to begin taking minimum distributions from your SIMPLE IRA upon attainment of age 70½ in accordance with IRS regulations.

Procedures For Withdrawal If you wish to take a distribution from your SIMPLE IRA, you must complete a withdrawal statement provided by the trustee, custodian or issuer of your SIMPLE IRA. In addition, the following procedures apply to you upon requesting a distribution.

Special Procedures Regarding Transfers The following additional rules and procedures apply to transfers of your balance in your SIMPLE IRA.