

THE
ABC SAMPLE COMPANY
PROFIT SHARING PLAN AND TRUST

SUMMARY PLAN DESCRIPTION

This booklet summarizes the provisions of the ABC Sample Company Profit Sharing Plan, your rights there under, and the benefits you may receive. It is not meant to be the final word on or to overrule the plan document in any way. In case of discrepancy between the plan document and this summary, the plan document controls.

I. GENERAL INFORMATION ABOUT THE PLAN

Name of Plan:	ABC Sample Company Profit Sharing Plan and Trust.
Plan Number:	001
Effective Date:	This summary plan description is effective for plan years beginning on or after January 1, 2001. For prior plan years, if any, consult the Plan Administrator.
Type of Plan:	This is a profit sharing plan sponsored by the Employer. Under this profit sharing plan, your benefit depends on the amount of contributions made by the Employer and investment earnings (or losses) on such contributions. The Employer has no obligation to make contributions.
Employer:	ABC Sample Company
Employer ID:	12-3456789
Plan Year Anniversary:	January 1 st
Fiscal Year-End:	December 31 st
Plan Administrator:	The Employer (see above for address). The Plan Administrator handles day-to-day plan operations as explained in this booklet and is available to answer questions you may have with regard to the Plan.
Trustee:	John Doe 30 Main St Albany, NY 10234 Plan assets are held in such investments as the Trustee elects. Examples are mutual funds, insurance contracts, stocks, bonds, etc. The Trustee may make changes in available choices, investment managers, etc., if in its judgment such changes are in the best interest of the participants.
Agent for Service of Process:	The Employer at the above address. Service of legal process may also be had upon any named trustee or the Plan Administrator.
Collective Bargaining:	This Plan is not maintained pursuant to a collective bargaining agreement.

II. TERMINOLOGY & DEFINITIONS

Service:

Service starts on the date you were first employed by the company. You are credited with an hour of service for each hour of employment and for certain other periods during which you do not work but for which you are paid, such as vacation, sick leave, etc.

A year of service is a plan year in which you complete 1,000 hours of service. Years of service are used to determine your eligibility to participate and your vesting status. For vesting purposes, years of service include years of service completed before the Plan's effective date.

You will also be credited with hours of service (other than for benefit accrual or contribution purposes) for services with companies that are affiliated or under common control with your employer.

Break in Service:

You will incur a break in service for any plan year in which you fail to complete more than 500 hours of service. Exceptions exist for maternity or paternity leave, jury duty, and military service. Breaks in service may delay vesting of your benefit rights (and plan reentry, should you terminate employment and subsequently be reemployed).

If you are reemployed after incurring a break in service and you have a vested benefit that was not paid out, you will be reinstated in the years of service you accrued previously.

If your partially-vested benefit was distributed to you at termination, then your years of prior service will only be reinstated if you pay back the distribution before the 5th anniversary of your reemployment date and before you incur 5 breaks in service. Of course, you won't need to pay anything back if you were not vested.

Years of service are automatically reinstated if you were fully vested at the time of termination.

III. ELIGIBILITY & PARTICIPATION

Eligibility:

You will be eligible to participate in the Plan beginning on your entry date, provided you meet the following eligibility requirements:

- Attained age 21;
- Not covered by a collective bargaining agreement with the Employer;

Entry Date:

Your entry date is the first day of the plan year during which you met (or would have met, had this Plan been in effect prior to your date of hire) the requirements to become a participant.

Plan Reentry Date:

If you were previously a participant in this Plan and terminated employment, upon rehire, you will reenter the Plan immediately.

IV. CONTRIBUTIONS & INVESTMENTS**Contributions:**

The Employer intends to, but is not required to, make contributions to the Plan for eligible participants. The decision whether to make contributions for any given plan year, and if so, how much, will depend upon the Employer's business and financial circumstances. Employer contributions will include benefits forfeited by participants who were not fully vested at the time of termination.

The maximum compensation that can be used in determining your contribution is \$200,000 for plan years beginning in the year 2002. This maximum will be adjusted for cost-of-living for later years.

Contributions made by the Employer for your benefit are not taxable to you in the year made. As your retirement date approaches, the Plan Administrator will provide you up-to-date tax information and distribution options available to you under this Plan.

Limitations on Contributions:

Total employer contributions, including contributions to other defined contribution plans the Employer may sponsor, cannot exceed 25% of your pay or the dollar limit imposed by the Tax Code. This dollar limit is \$40,000 for the year 2002. The limit is periodically adjusted for cost of living.

- You will receive contributions if you were employed on the last day of the plan year.

Allocation of Employer Contributions to Participants' Account Balances:

The Employer decides how much, if any, the total employer contribution to the Plan will be.

Employer contributions are allocated taking into account the Employer's share in paying for your social security benefits by providing a different contribution percentage on compensation below and compensation above the "integration level." Once the amount of allocation is determined, the contributions will be allocated as follows:

- Step 1: The first allocation will be an amount that is the same percentage of each eligible participant's earnings, up to a maximum of 3%.
- Step 2: If there's money left, a second allocation will be made that is the same percentage each eligible participant's earnings that is in excess of the integration level, again up to a maximum of 3%.
- Step 3: If there's still money left, a third allocation will be made that is the same percentage of the sum of each eligible participant's earnings and the earnings of such participant that is excess of the integration level, up to a maximum of 2.70% this time.
- Step 4: Anything remaining is then allocated proportionally with each eligible participant's compensation.

The Plan's integration level is equal to the Social Security Taxable Wage Base. The Social Security Taxable Wage Base is the maximum amount of earnings that are subject to the FICA taxes that pay for your Social Security benefits.

Illustration: Let's say that for the year 2001, an employer sponsoring a profit sharing plan decides to give its employees a plan contribution of 10% of compensation and an additional contribution of 5.7% of compensation that exceeds the integration level. Let's further suppose that the plan provides that the integration level for the year 2001 is the Taxable Wage Base, i.e., \$80,400.

Employee John's compensation for the year 2001 is \$25,000.

John gets an allocation of \$2,500 ($\$25,000 \times 10\%$). Because John's compensation is less than \$80,400, he does not get any additional contribution.

However, Employee Joan's compensation for the year 2001 is \$82,000. Joan's initial allocation is \$8,200.00 ($\$82,000 \times 10\%$).

Because Joan's compensation exceeds the Taxable Wage Base by \$1,600 ($\$82,000 - \$80,400$), she receives an additional contribution of 5.7% of that \$1,600 ($= \91.20), for a total contribution of \$8,291.20.

Investments:

This is a **self-directed account plan**, i.e., you have control over how to invest the assets in your account within a wide range of investment alternatives. Such a plan is also called ERISA §404(c) plan, meaning that it will comply with ERISA §404(c) and Department of Labor regulations. Accordingly, the Plan Administrator will give you descriptions of the available investment alternatives with information about their risk and return characteristics. Moreover, upon request, you will also receive the following information:

- A description of the annual operating expenses of each investment alternative and the aggregate amount of these expenses expressed as a percentage of average net assets;
- Copies of any prospectuses, financial statements, and reports that are made available to the Plan;
- A list of the assets in the portfolio of each alternative and, for assets that are fixed investment contracts, the issuers' names, durations of such contracts, and rates of return;
- Information on the value of shares of the alternative investment options, including their past and current investment performance determined (net of expenses) on a reasonable and consistent basis; and
- Instructions for changing from one alternative investment to another.

Note that the plan's fiduciaries have no liability for the investment losses in accounts that are self-directed under §404(c) of ERISA.

V. ACCRUED BENEFIT & VESTING

Accrued Benefit:

Your accrued benefit is your account balance in the Plan.

Vesting:

If you terminate employment before your normal or early retirement date, you will receive only that portion of your accrued benefit that is "vested," i.e., non forfeitable and permanently set aside for your benefit. Your vested percentage depends on the number of years of service you have accrued. Benefits that are not vested are generally forfeited at termination and are added to employer contributions to the Plan.

Of course, benefits arising from your own contributions (such as rollovers) cannot be taken from you and are always fully vested.

Years of service for vesting purposes include all your years of service, except for:

- Years of service completed before you attained age 18.
- Years of service during which you made no mandatory employee contributions.

Vesting at Reemployment:

If you were previously a partially vested participant under this Plan who received as distribution at termination the vested portion of your accrued benefit, upon reemployment you can be reinstated in your accrued benefit by repaying the distribution you received at termination before you have incurred 5 consecutive breaks in service. The amount you previously forfeited will not be adjusted for gains and losses incurred by the Plan's investment fund.

Vesting Schedule:

Under this Plan, all accrued benefits become vested in accordance with the following schedule:

<u>Years of Service</u>	<u>Percent Vested</u>
Less than one	0%
One but less than two	0%
Two but less than three	20%
Three but less than four	40%
Four but less than five	60%
Five but less than six	80%
Six but less than seven	100%
Seven or more	100%

Additionally, full vesting of your interest in the Plan will occur *before* you meet the terms of the above vesting schedule if, in the meantime, you reach retirement age or your employer terminates the Plan.

Illustration: For instance, if you terminate employment with a \$10,000 accrued benefit and you are 60% vested, then your vested accrued benefit is equal to \$6,000 and the remaining \$4,000 is forfeited.

VI. PAYMENT OF BENEFITS

Normal Retirement:

Your normal retirement date is the later of your 65th birthday or the 5th anniversary of your entry date.

Unless you elect otherwise, the distribution of your benefits will begin within the 60-day period following the plan year in which you reach your normal retirement date. If you delay retirement beyond your normal retirement date, you will continue to receive contributions as long as you are actively employed and meet the eligibility requirements.

You can delay distributions, but not beyond April 1 following the calendar year in which you attain age 70½.

Early Retirement:

Your early retirement date is the later the day you attain age 65 and the date you complete 10 years of service.

You become fully vested at your early retirement date. If you take early retirement, you can begin receiving benefits within 60 days. But you will continue to accrue benefits if you continue working beyond your early retirement date.

Death Benefit:

If you die, your beneficiary will receive your accrued benefit.

If you want to designate as beneficiary anyone other than your spouse, you must obtain your spouse's written consent on forms to be provided by the Plan Administrator. The same beneficiary you designated for the Plan's survivor benefits. Your beneficiary will also receive the proceeds of any insurance policies held on your behalf by the Trustees.

This Plan does not allow you to purchase life insurance.

Disability:

Disability is defined as an inability to work at any type of job because of physical or mental illness (whether caused by accident or illness), diagnosed by a medical practitioner and expected to result in death or indefinitely long duration.

If you become disabled, you will receive your accrued benefit as if you terminated employment as of the day you became disabled.

Termination of Employment:

When you terminate employment for any reason other than the above, you will receive that portion of your account that is vested.

In-Service Distributions:

This Plan does not allow distributions to participants from their vested accounts during their service with the Employer.

VII. FORMS OF BENEFIT

All benefits under this Plan will be paid out in a lump sum.

Normal Form of Benefit:

The normal form of benefit under the Plan is a pension.

Unmarried Participant:

Your vested accrued benefit will be paid out as a *single life annuity* for you or your beneficiary unless you (or your surviving beneficiary) elect a different form of payout.

Married Participant:

Your vested accrued benefit will be paid out as a qualified *joint and survivor annuity*. This annuity provides you with a pension and a pension to your designated beneficiary at 50% of the benefit payable to you. You can elect to have your benefits paid out in a different form, such as a lump sum, or to designate a beneficiary other than your spouse. **An election of beneficiary other than your spouse could leave your spouse without a survivor pension.**

Should you die before retiring, your vested accrued benefit will be paid out as a *qualified pre-retirement survivor annuity* providing a pension to your designated beneficiary, unless your beneficiary elects a different form of payout. The Plan can delay commencement of payment of this survivor pension until the earliest date you would otherwise have become eligible to begin receiving your benefits.

Spousal Consent: Any election other than a qualified joint and survivor or qualified pre-retirement survivor annuity benefiting your spouse and any other change in an election requires spousal consent. Electing a different beneficiary could leave your spouse without a survivor pension. Any election will only be valid if such election is in a writing signed by your spouse, and your spouse's signature has either been notarized or witnessed by a disinterested plan representative.

When to Make Elections:

Subject to any limitations in the Plan concerning designation of beneficiary, your right to make a different election (or revoke or reinstate a prior election) concerning distribution of your accrued benefit takes effect at the beginning of the plan year in which you reach age 35 (or, if earlier, terminate employment) and continues throughout the 90-day period preceding the date your pension is set to start.

Optional Forms of Benefit:

Subject to a written election (and written spousal consent if you are married), the plan permits you to elect a lump sum distribution during the 90-day period preceding your retirement date.

Notice requirements:

Between 30 and 90 days prior to your annuity starting date, the Plan Administrator will inform you of all the details of the foregoing by written notice which will also include a comparison of the relative values of the various optional forms of benefit permitted under the Plan.

However, the annuity starting date period can be shortened to less than 30 days after notice is given if, among other conditions, you to elect to receive your accrued benefit in a form other than a qualified joint and survivor annuity.

VIII. LOANS & ROLLOVERS

Participant Loans:

This Plan allows participants to take out loans. Such loans are available to participants on a nondiscriminatory basis. The amount of the loans cannot exceed the lesser of one-half the value of your vested accrued benefit or \$50,000. Loans are subject to a strict repayment schedule and a number of special requirements.

Rollovers:

The Plan does not permit participants to roll over benefits from a qualified plan sponsored by a different employer.

IX: OTHER IMPORTANT PLAN PROVISIONS

Top Heavy Provisions:

A plan is called top heavy when 60% or more of the value of the accrued benefits belong to *key employees* (generally, the Employer's owners and/or officers.). A number of special rules apply for plan years during which a plan is top heavy. The more important ones are:

- Each non-key employee will receive a minimum contribution of 3.0% of compensation if one or more key employees receive a contribution equal to or more than 3.0% of compensation.
- The Employer may choose a different plan to provide you the minimum benefit.
- All accrued benefits become vested in accordance with the following schedule:

<u>Years of Service</u>	<u>Percent Vested</u>
Less than one	0%
One but less than two	0%
Two but less than three	20%
Three but less than four	40%
Four but less than five	60%
Five but less than six	80%
Six or more	100%

Loss or Delay of Benefits:

Certain circumstances could result in reduction or denial of your benefits or contributions. The more important ones are:

- You no longer belong to a group of eligible employees.
- You did not accrue the number of hours of service the Plan requires for vesting or contribution purposes.
- You had one or more breaks in service.
- The plan's favorable tax status is disqualified.
- You participate, or did participate, in another plan sponsored by the Employer.
- Loss of benefits under the break-in-service rules. (See above.)
- Limits imposed by the Internal Revenue Code.
- Losses incurred by the Plan's investment fund.
- Violation of the terms of an insurance policy.
- Payments that must be made to an alternative payee under a Qualified Domestic Relations Order.
- You terminate employment before you are partially or fully vested, or if you voluntarily withdraw from participating in the Plan.
- Payment may be delayed if you fail to execute forms properly, to make required participant elections (if any), or to perform any acts that may be required of you by the Plan to provide for your benefit.
- If the Plan requires you to make contributions and you fail to do so.

Anti-Alienation Clause:

You cannot give away your interest in the Plan or use it as collateral for a borrowing from a third party lender, nor can your benefit be attached or garnished. There are some exceptions, such as compliance with court orders to pay alimony or child support, settlements that are part of a divorce decree, payments of outstanding participant loans upon termination of employment, as well as certain settlements with the Department of Labor or the PBGC or certain judgments for crimes or violations involving the Plan.

Taxation Of Benefits:

Taxation of your benefits at the time of distribution depends on the tax laws. Tax laws change, but typically the law as it stands at the time of receipt of benefits will apply.

Generally, when you receive a distribution, you will have to pay income taxes at ordinary income tax rates. A 10% excise tax may be imposed on distributions received before you reach age 59½.

You may be eligible to roll over any or all of the benefits paid to you into an Individual Retirement Account (IRA) and escape taxation until you withdraw the money at a later date.

Information on your options and tax implications will be given to you at the time you become eligible to receive your benefits or terminate your employment. In any event, it is recommended that you consult your tax advisor in making your decision.

Amendment or Termination of the Plan:

The Employer has the right to amend or terminate this Plan at any time it deems necessary. If the Employer amends the Plan, it shall in no way use or divert plan assets for any purpose other than the exclusive benefit of participants or their beneficiaries, which may include payment of expenses properly chargeable to the Plan. Nor shall an amendment reduce the vested percentage of any participant or beneficiary or provide for a reversion of any plan assets to the Employer.

If the Plan is terminated altogether, accrued benefits of active participants will become fully vested and will be paid out as soon as practicable in the manner described above, after meeting the expenses legitimately incurred by the Plan.

Plan Insurance

Pension Benefit Guaranty Corporation insurance coverage is not available for profit sharing plans.

Claim for Benefits:

It is anticipated that this Plan will be administered in such a manner that your benefits will be paid when due without filing a claim.

However, if you believe a benefit due you has not been paid, you may file a written claim with the Plan Administrator. If your benefit request is denied, the Employer shall give you written notice of the denial, as well as specific reasons for the denial, within 90 days after your claim is received by the Plan Administrator. You then have 90 days to appeal the decision to the Employer in writing. The Employer then has 60 days in which to review the earlier decision, make a final decision and communicate it to you in writing.

Your Legal Rights as Participant:

As a participant in the Plan you are entitled to certain rights and protections under the Employment Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office all plan documents, including insurance contracts and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for such copies.
- Receive a copy of a summary of the Plan's annual financial report (called "Summary Annual Report"), which the Plan Administrator is required by law to furnish each participant.
- Obtain a written statement, free of charge, telling you whether you have a right to receive a pension at normal retirement age and, if so, what your benefits would be at normal retirement age if you stopped working under the Plan as of the date of such statement. (If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension.) This statement must be *requested* in writing and is not required to be given more than once a year.

In addition to creating rights for plan participants, ERISA imposes duties upon the persons who are responsible for the operation of an employee benefit plan. The persons who operate your plan have a duty to do so prudently and in your interest and that of other plan participants and beneficiaries.

No one, including the Employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension or exercising your rights under ERISA. If your claim for a pension benefit is denied in whole or in part, you must be given a written explanation of the reason for the denial. You have the right to have the Plan Administrator review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan Administrator and do not receive them within 30 days, you may file suit in federal court. In such case, the court may require the Plan Administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in state or federal court. If it should happen that plan fiduciaries misuse the Plan's assets, or if you are discriminated against for asserting your rights, you may file suit in federal court. The court will decide who should pay court costs and legal fees.

If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

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

The general provisions of this summary plan description are designed to provide you with information on how the Plan works.

This Plan was adopted to provide employees income after their retirement. The Plan's provisions are governed by a legally binding plan document and trust written in accordance with requirements of the Internal Revenue Code. Although we have designed the Plan in a way that we believe complies with applicable pension law, some changes may be required for formal and continued approval by the Treasury Department. In such case, the changes will be made and communicated to you.