Explanation of
Periodic Retirement Plan Notice /New Quarterly Disclosure
to Comply with Section 508 of the Pension Protection Act

The Pension Protection Act of 2006 (PPA 2006) sets new standards for retirement plan communications to employees. Any employer maintaining a defined contribution plan that provides participants the right to direct (any) investments of plan assets in their accounts is now required to provide a quarterly benefit statement <u>to participants or beneficiaries who have account balances in the plan</u>.

The Senate Finance Committee believes that frequent information concerning the value of retirement benefits is necessary to increase employee awareness and appreciation of retirement savings. Some people think these new rules are a delayed reaction to what happened to the retirement savings of ENRON's employees – focusing on the need to convey information to employees about the importance of <u>diversification of investments</u>.

Failure by an employer/plan sponsor to comply with this quarterly notice requirement can result in a civil action by plan participants to recover from the onsite plan administrator (typically, the company) $100 per day, per participant.

The potential consequences of an employer/plan sponsor not complying with this new requirement are dramatic.

As always, we want to work with you to ensure that your 401(k) Plan is operated in compliance with requirements imposed by the IRS or the Department of Labor – and we want to help you proactively avoid any negative ramifications that could apply in the event of non-compliance.

<u>Maintaining proof of timely compliance is essential</u>.

Regardless of your plan year cycle, this notice must be distributed to all participants and beneficiaries with benefits remaining in the plan within 45 days after the end of each calendar quarter. It would also be good practice to post this same notice on all company bulletin boards. Timetable for compliance:

Statement	**Deadline**
March 31st	May 15th
June 30th	August 15th
September 30th	November 15th
December 31st	February 15th

Notice Regarding
Periodic Benefit Statement Information

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Below is a chart describing the source and timing of Periodic Benefit Statement Information that you will be provided with. The first Periodic Benefit Statement Information will be for the calendar quarter ending __________________.

You may receive the Periodic Benefit Statement information in multiple documents, from multiple providers (sources) and at different times as described below:

INFORMATION	SOURCE	TIMING
Value of each investment	Investment Institution	Within 45 days after the end of each quarter
Total accrued benefit	Investment Institution	Within 45 days after the end of each quarter
Vesting	Participant statement distributed by plan sponsor (employer)	Provided annually
Explanation of limits on right to direct investments	Supplemental Notice	Within 45 days after the end of each quarter
Diversification statement	Supplemental Notice	Within 45 days after the end of each quarter
Explanation of permitted disparity	Supplemental Notice	Within 45 days after the end of each quarter
Where to obtain investing information from Department of Labor	Supplemental Notice	Within 45 days after the end of each quarter

You should be aware of the importance of plan disclosures that are given to you based on the above reference guide. It is advisable that you keep this Periodic Employee Notice together with the following documents as part of your personal financial records:

- Summary Plan Description. Explains highlights of the company's retirement plan provisions.
- Your personal financial statements from the financial institution referenced above.
- Your Year-End Participant Certificate.
- The Department of Labor website link to information about Diversification of Investments.

Supplemental Notice

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Anyone who has chosen to take advantage of the retirement plan by making 401(k) salary deferrals or who has been allocated employer contributions such as matching contributions, profit sharing contributions, or safe harbor 401(k) contributions, should be receiving quarterly plan investment statements from the financial institution, either in the U.S. mail or via e-mail.

The Pension Protection Act of 2006 requires that the following information be provided to you.

Impact of Vesting on Employer Contribution Accounts. Vesting of employer-provided plan benefits is a matter of determining what percentage of your employer contribution accounts you would be entitled to, in the event you terminated employment. When you terminate employment before achieving 100% vesting, the non-vested portion of your accounts would be forfeited under plan provisions. The vested percentage of your account balances from employer contributions would be based on the Plan's vesting schedule. The dollar amount of your vested benefits is sometimes referred to as your nonforfeitable benefit amount. The determination of your vested benefit amount is based on the credited service you have earned for vesting purposes.

According to the Plan's provisions, credited service for vesting purposes is based upon either: your total years of service with the company or your years of service with the company starting with the effective date of the Plan. The Plan's vesting schedule is described in the Summary Plan Description document which also can be relied upon as far as the definition of credited service for vesting purposes. Note that for your vested percentage to increase, you must have earned 1,000 Hours of Service or more, during a Plan Year.

Certain types of contributions are 100% Vested at all times including: Your own Salary Deferral Contributions and Direct Rollover Contributions and, to the extent applicable, Roth 401(k) Deferrals, Safe Harbor 401(k) Contributions, Qualified Employer Matching Contributions, Qualified Nonelective Employer Contributions, and Prevailing Wage Contributions.

Limits on rights to direct investments: Under our Plan, you may direct the investment of all of your plan accounts (based on a range of funds selected by plan fiduciaries). The Plan applies the following limits on the ability of the participant to direct investments:

No limits - accounts are directed by the participant

Diversification statement: To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk.

It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals.

Explanation of permitted disparity: In allocating Profit Sharing Contributions, your plan may use a formula that uses permitted disparity to make some adjustment for the fact that Social Security contributions and benefits are limited to amounts equal to or less than the taxable wage base. These contributions are allocated as a percentage of your pay that exceeds a compensation amount that is related to the taxable wage base. The taxable wage base is the maximum amount of wages that are considered for Social Security retirement contributions. The taxable wage base is adjusted each calendar year.

To obtain additional investing information: Please go to the Department of Labor website at www.dol.gov/ebsa/investing.html.