

TECH/OPS SEVCON, INC. RETIREMENT INCOME PLAN

Plan Document

ARTICLE I INTRODUCTION

1.1 Amendment and Restatement of Plan

Tech/Ops Sevcon, Inc. hereby amends and restates the Tech/Ops Sevcon, Inc. Retirement Plan (the "Plan") effective January 1, 2007.

1.2 Plan and Trust Intended to Qualify

This Plan and the Trust forming a part hereof are intended to qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended. Except as provided herein, no part of the corpus or income of the Trust will be used for or diverted to purposes other than for the exclusive benefit of each Participant and his Beneficiary.

ARTICLE II DEFINITIONS

2.1 "Accrued Benefit" means the retirement benefit a Participant is entitled to receive pursuant to the retirement benefit formula set forth in Section 5.1. In the event a Participant terminates employment prior to Normal Retirement Date, the Participant's Accrued Benefit shall be equal to the amount determined under the retirement benefit formula computed as of the Participant's date of termination of employment.

2.2 "Act" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.3 "Actuarial Equivalent" means a form of benefit differing in time, period, or manner of payment from a specific benefit provided under the Plan but having the same value based on the Applicable Mortality Table and with interest at 8% per annum or the Applicable Interest Rate and Applicable Mortality Table, as defined below, whichever produces the greater benefit. However, with respect to any lump sum payment that may be payable under this Plan, the Actuarial Equivalent lump sum value for payments made in any Plan Year shall be calculated using the Applicable Mortality Table prescribed by the Secretary of Treasury and the Applicable Interest Rate. The Applicable Mortality Table as of any determination date is the mortality table that is prescribed by the Internal Revenue Commissioner for purposes of Section 417(e) of the Code, as published in the Internal Revenue Bulletin. The Applicable Interest Rate is equal to the annual rate of interest on 30 year Treasury securities determined for the month of November prior to the beginning of the Plan Year in which the distribution is made as specified by the Commissioner in the Internal Revenue Bulletin.

2.4 "Administrator" means the person or entity designated by the Employer pursuant to Article II to administer the Plan on behalf of the Employer.

2.5 "Affiliated Employer" means any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which

is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Regulations under Code Section 414(o).

2.6 "Annuity Starting Date" means, with respect to any Participant, the first day of the first period for which an amount is paid as an annuity, or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitles the Participant to such benefit.

2.7 "Average Annual Compensation" means the Compensation of a Participant averaged over the five (5) consecutive Years of Service which produce the highest average. If a Participant has less than five (5) consecutive Years of service from date of employment to date of termination, the Participant's Average Annual Compensation will be based on the Participant's Compensation during the Participant's months of service from date of employment to date of termination. Compensation paid to an Employee subsequent to termination of participation shall not be recognized.

2.8 "Beneficiary" means the person (or entity) designated as provided in Section 6.10 to receive the benefits which are payable under the Plan upon or after the death of a Participant.

2.9 "Code" means the Internal Revenue Code of 1986, as amended or replaced from time to time.

2.10 "Compensation" with respect to any Participant means all amounts paid to a Participant for a Plan Year as reported on the Participant's Form W-2, but excluding bonuses and overtime pay but including amounts which are contributed by the Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Employer contributions. The annual Compensation of each Participant taken into account in determining all benefits provided under the Plan for any determination period shall not exceed \$200,000, as adjusted for cost-of-living adjustments in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any determination period beginning with or within such calendar year.

2.11 "Covered Compensation" means the average of the taxable wage bases for the 35-year period ending with the last day of the calendar year in which the Participant attains (or will attain) Social Security Retirement Age. In determining a Participant's Covered Compensation for a Plan Year, the taxable wage base for the current Plan Year and any subsequent Plan Year shall be assumed to be the same as the taxable wage base as in effect as of the beginning of the Plan Year for which the determination is being made. A Participant's Covered Compensation for a Plan Year ending after the 35-year period described above shall be the Participant's Covered Compensation for the Plan Year during which the Participant attained his Social Security Retirement Age. A Participant's Covered Compensation for a Plan Year prior to the 35-year period described above shall be the taxable wage base in effect as of the beginning of the Plan Year. In no event shall Covered Compensation exceed the taxable wage base in effect at the beginning of the Plan Year.

2.12 "Early Retirement Date" means the first day of any month coinciding with or following the date a Participant reaches age 55.

2.13 "Eligible Employee" means any Employee who is not (a) a Leased Employee within the meaning of Section 414(n) of the Code; (b) a nonresident alien who receives no earned income from the Employer which constitutes income from sources within the United States and (c) included in a collective bargaining unit whose bargaining agreement does not provide for participation in the Plan. Employees of Affiliated Employers shall not be eligible to participate in this Plan unless such Affiliated Employers have specifically adopted this Plan in writing. Employees classified by the Employer as independent contractors who are subsequently determined by the Internal Revenue Service to be Employees shall not be Eligible Employees.

2.14 "Employee" means any person who is employed by the Employer or Affiliated Employer, and excludes any person who is employed as an independent contractor. Employee shall include Leased Employees within the meaning of Code Sections 414(n) unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and such Leased Employees do not constitute more than 20% of the recipient's non-highly compensated work force.

2.15 "Employer" means Tech/Ops Sevcon, Inc. and any successor which shall maintain this Plan; and any predecessor which has maintained this Plan.

2.16 "Final Average Compensation" means the average of a Participant's Compensation over the three (3) consecutive Years of Service with the Employer ending with or within the Plan Year. If a Participant's entire period of service for the Employer is less than three (3) consecutive Years of Service, the Participant's Final Average Compensation will be based on the Participant's Compensation over the Participant's entire period of employment. Compensation for any year in excess of the taxable wage base in effect at the beginning of such year shall not be taken into account.

2.17 "415 Compensation" with respect to any Participant means all amounts paid to a Participant for a Plan Year as reported on the Participant's Form W-2. For purposes of this Section, the determination of "415 Compensation" shall include any elective deferral made by the Employer on behalf of the Participant with respect to such Plan Year which are not includible in gross income under Sections 125, 402(g)(3), 402(h), 132(f)(4) and 457 of the Code.

2.18 "Highly Compensated Employee" means an Employee described in Section 414(q) and the Regulations thereunder, and generally means any Employee who was a "five percent owner" at any time during the "determination year" or "look-back year" or for the "look-back year" had Compensation from the Employer in excess of \$80,000 and was in the top-paid group for the "look-back year". The \$80,000 amount is adjusted at the same time and in the same manner as under Code Section 415(d). The "determination year" means the Plan Year for which testing is being performed, and the "look-back year" means the immediately preceding twelve (12) month period. A highly compensated former Employee is based on the rules applicable to determining Highly Compensated Employee status as in effect for the "determination year," in accordance with Regulation 1.414(q)-1T, A-4 and IRS Notice 97-45 (or any superseding guidance).

2.19 "Hour of Service" means, for purposes of eligibility for participation, vesting and benefit accrual, (i) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer for the performance of duties (these hours will be credited to the Employee for the computation period in which the duties are performed); (ii) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, layoff, military duty or leave of absence) during the applicable computation period (these hours will be calculated and credited pursuant to Department of Labor regulation 2530.200b-2 which is incorporated herein by reference); (iii) each hour for which back pay is awarded or agreed to by the Employer without regard to mitigation of damages (these hours will be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made). The same Hours of Service shall not be credited both under (i) or (ii), as the case may be, and under (iii). Notwithstanding (ii) above, (1) no more than 501 Hours of Service are required to be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (2) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws; and (3) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee. For purposes of this Section, Hours of Service will be credited for employment with other Affiliated Employers. The provisions of Department of Labor regulations 2530.200b-2(b) and (c) are incorporated herein by reference.

2.20 "Normal Retirement Age" means the Participant's 65th birthday. A Participant shall become fully vested in the Participant's Normal Retirement Benefit upon attaining Normal Retirement Age.

2.21 "Normal Retirement Date" means the first day of the month coinciding with or next following the Participant's Normal Retirement Age.

2.22 "Offset Level" means a Participant's Covered Compensation.

2.23 "1-Year Break in Service" means the applicable computation period during which an Employee has not completed more than 500 Hours of Service with the Employer. Further, solely for the purpose of determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for "authorized leaves of absence" and "maternity and paternity leaves of absence." Years of Service and 1-Year Breaks in Service shall be measured on the same computation period. For purposes of this Section, an "Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason. For purposes of this Section, a "maternity or paternity leave of absence" means, for Plan Years beginning after December 31, 1984, an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of

a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a "maternity or paternity leave of absence" shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a "maternity or paternity leave of absence" shall not exceed the number of Hours of Service needed to prevent the Employee from incurring a 1-Year Break in Service.

2.24 "Participant" means any Eligible Employee who participates in the Plan and has not for any reason become ineligible to participate further in the Plan.

2.25 "Plan" means Tech/Ops Sevcon, Inc. Retirement Plan, including all amendments thereto.

2.26 "Plan Year" means a period of twelve (12) months commencing on October 1 of each year and ending the following September 30.

2.27 "Qualified Joint and Survivor Annuity" means an actuarially reduced immediate annuity payable for the life of the Participant with a survivor benefit payable for the life of the Participant's eligible spouse which is (a) not less than 75% of the annuity payable during the joint lives of the Participant and the Participant's spouse; (b) the Actuarial Equivalent of the Participant's Normal Retirement Benefit; and (c) at least as valuable as the Actuarial Equivalent of any other optional form of benefit payable under Article 5 of the Plan.

2.28 "Social Security Retirement Age" means the age used as the retirement age under Section 216(1) of the Social Security Act, except that such section shall be applied without regard to the age increase factor and as if the early retirement age under Section 216(1)(2) of such Act were 62.

2.29 "Year of Service" means the computation period of twelve (12) consecutive months, herein set forth, during which an Employee has at least 1,000 Hours of Service. For purposes of eligibility for participation, the initial computation period shall begin with the date on which the Employee first performs an Hour of Service. The participation computation period beginning after a 1-Year Break in Service shall be measured from the date on which an Employee again performs an Hour of Service. The participation computation period shall shift to the Plan Year which includes the anniversary of the date on which the Employee first performed an Hour of Service. Years of Service with any Affiliated Employer shall be recognized.

2.30 "Years of Credited Service" means all of an Employee's Years of Service with the Employer.

2.31 "Years of Vesting Service" means all of an Employee's Years of Service with the Employer.

ARTICLE III ELIGIBILITY

3.1 Conditions of Eligibility

Any Eligible Employee who has completed one (1) Year of Service and attained age 21 shall be eligible to participate hereunder as of the date such Employee satisfies such requirements. Any Employee who was a Participant in the Plan prior to the effective date of this amendment and restatement shall continue to participate in the Plan.

3.2 Change in Employment Status

(a) If an Employee, who has satisfied the Plan's eligibility requirements and would otherwise have become a Participant, shall go from a classification of a noneligible Employee to an Eligible Employee, such Employee shall become a Participant on the date such Employee becomes an Eligible Employee or, if later, the date that the Employee would have otherwise entered the Plan had the Employee always been an Eligible Employee.

(b) If an Employee, who has satisfied the Plan's eligibility requirements and would otherwise become a Participant, shall go from a classification of an Eligible Employee to a noneligible class of Employees, such Employee shall become a Participant in the Plan on the date such Employee again becomes an Eligible Employee, or, if later, the date that the Employee would have otherwise entered the Plan had the Employee always been an Eligible Employee. However, if such Employee incurs a 1-Year Break in Service, eligibility will be determined under the Break in Service rules set forth in Section 3.3.

3.3 Rehired Employees and Breaks in Service

(a) If any Participant becomes a former Participant due to severance from employment with the Employer and is reemployed by the Employer before a 1-Year Break in Service occurs, the former Participant shall become a Participant as of the reemployment date.

(b) If any Participant becomes a former Participant due to severance from employment with the Employer and is reemployed after a 1-Year Break in Service has occurred, Years of Service shall include Years of Service prior to the 1-Year Break in Service subject to the following rules:

(i) In the case of a former Participant who under the Plan does not have a nonforfeitable right to any interest in the Plan resulting from Employer contributions, Years of Service before a period of 1-Year Break in Service will not be taken into account if the number of consecutive 1-Year Breaks in Service equal or exceed the greater of (A) five (5) or (B) the aggregate number of pre-break Years of Service. Such aggregate number of Years of Service will not include any Years of Service disregarded under the preceding sentence by reason of prior 1-Year Breaks in Service.

(ii) A former Participant who has not had Years of Service before a 1-Year Break in Service disregarded pursuant to (i) above, and completes a Year of Service for

eligibility purposes, shall participate in the Plan as of the date immediately following completion of a Year of Service.

(c) If any Participant becomes a former Participant due to severance of employment with the Employer and again becomes a Participant, such renewed participation shall not result in duplication of benefits. Accordingly, if such Participant has received a distribution of a vested Accrued Benefit under the Plan by reason of prior participation (and such distribution has not been repaid to the Plan with interest within a period of the earlier of five (5) years after the first date on which the Participant is subsequently reemployed by the Employer or the close of the first period of five (5) consecutive 1-Year Breaks in Service commencing after the distribution), the Participant's Accrued Benefit shall be reduced by the Actuarial Equivalent (at the date of distribution) of the present value of the Accrued Benefit as of the date of distribution. Any repayment by a Participant shall be equal to the total of the amount of the distribution with interest, compounded annually at the rate of one-hundred-twenty percent (120%) of the federal mid-term rate (as in effect under Code Section 1274 for the first month of a Plan Year) from the beginning of the date of distribution to the date of repayment.

3.4 Qualified Military Service

Notwithstanding any provision of this Plan to the contrary, effective December 12, 1994, contributions, benefits and service will be provided in accordance with Code Section 414(u).

ARTICLE IV CONTRIBUTIONS AND ALLOCATIONS

4.1 Employer Contributions

The Employer will pay contributions for a particular Plan Year in such amounts as are actuarially required to fund Plan benefits and at such times as the Employer may decide. The valuation for actuarially determining such amounts will be based on the method of funding, actuarial assumptions as deemed reasonable by an enrolled actuary and, if applicable, the period of amortization of any unfunded actuarial liability, and such valuation will reflect the adjustment for experience realized from the investment of the Trust Fund, mortality, turnover, forfeitures, and any dividends resulting from insurance, if applicable. The Employer does not guarantee either the making of the contributions or the payment of the benefits under the Plan. The Employer reserves the right to reduce, suspend or discontinue contributions for any reason at any time, provided, however, that if the Plan is deemed to be terminated as a result of such reduction, suspension or discontinuance, the provisions of **Article 9** will become effective.

4.2 Refund of Contributions

If the Plan fails to initially satisfy the requirements of Code Section 401(a) and the Employer declines to amend the Plan to satisfy such requirements, contributions made prior to the date qualification is denied must be returned to the Employer within 1 year of the date of denial, but only if the application for qualification is made by the time prescribed by law for filing the Employer's tax return for the taxable year in which the Plan is adopted, or by such later date as the Secretary of the Treasury may prescribe. If a contribution is attributable in whole or

in part to a good faith mistake of fact, including a good faith mistake in determining deductibility under Code Section 404, an amount may be returned to the Employer equal to the excess of the amount contributed over the amount which would have been contributed had the mistake not occurred. Earnings attributable to an excess contribution will not be returned, but losses attributable to the excess contribution will reduce the amount so returned. Such amount will be returned to the Employer within 1 year of the date the contribution was made or the deduction disallowed, as the case may be.

4.3 Payments from the Trust Fund

Except as otherwise provided in the Trust Agreement, all expenses reasonably incurred in the administration of the Plan and its Trust including but not limited to, bonding costs, attorneys fees, trustee fees, accounting fees, actuarial fees and PBGC premiums, shall be a charge against, and paid out of the Trust by the Trustee, unless paid for by the Employer.

ARTICLE V REQUIREMENTS FOR RETIREMENT BENEFITS

5.1 Normal Retirement Benefit

(a) Subject to the provisions of Article VI and subject to the minimum benefit in Section 10.3 if the Plan is Top-Heavy, each Participant will be entitled to retire upon his or her Normal Retirement Date and to receive an Accrued Benefit determined in accordance with the provisions of this Section. Retirement benefits will be distributed under Article VI. Notwithstanding Section 5.3, a Participant will be 100% vested in his Accrued Benefit when he reaches his Normal Retirement Age.

(b) The amount of the monthly Normal Retirement Benefit on a single-life basis shall be equal to:

(i) 1.75% of the Participant's Average Annual Compensation multiplied by Years of Credited Service, offset by

(ii) 0.75% times Final Average Compensation up to the Offset Level for each Year of Credited Service not in excess of 35.

(c) The offset percentage for any Participant shall not exceed one-half of the Participant's gross benefit percentage, multiplied by a fraction (not to exceed one), the numerator of which is the Participant's Average Annual Compensation and the denominator of which is the Participant's Final Average Compensation up to the Offset Level.

(d) In no event shall a Participant's Normal Retirement Benefit be lower than the Normal Retirement Benefit calculated on the basis of the Participant's accrued benefit as of September 30, 1989.

5.2 Early Retirement Benefit

Upon reaching Early Retirement Date prior to termination of employment, a Participant may

retire and elect to receive at any time up to the Normal Retirement Date an amount equal to the Participant's Accrued Benefit determined at the date of his termination of employment, reduced for each month prior to Normal Retirement Date that distribution of the benefit begins. Early Retirement benefits will be distributed under Section 5.1.

5.3 Vested Pension

A Participant shall be eligible for a Vested Pension if his employment is terminated before death or retirement after he has completed five (5) Years of Vesting Service. The amount of the Vested Pension shall be equal to the Participant's Accrued Benefit reduced for each month prior to Normal Retirement Date that distribution of the benefit begins. Vested Pension benefits will be distributed under Section 5.3.

5.4 Benefit upon Late Retirement

If a Participant elects to work beyond Normal Retirement Date, the Accrued Benefit the Participant is entitled to receive will be determined as of Normal Retirement Date and will be recomputed on each annual anniversary thereof, in accordance with the following provisions:

(a) A Participant's Accrued Benefit upon late retirement will be based upon the Participant's Average Annual Compensation and completed Years of Credited Service as of each such point in time. Late retirement benefits will be distributed under Section 5.1.

(b) Notwithstanding paragraph (a), if the Plan is Top Heavy, the late retirement benefit will not be smaller than the minimum benefit the Participant is entitled to receive under Section 10.3. In determining the amount of Accrued Benefit a Participant is entitled to receive, the Actuarial Equivalent value of amounts previously distributed or segregated will be taken into account.

5.5 Benefit upon Death

(a) Upon the death of a Participant after he has satisfied the requirements for a Normal Retirement, Early Retirement or Vested Pension, but prior to the Participant's termination of employment, his eligible spouse, if any, will be entitled to a pension. The monthly amount of the pension will be equal to the pension that would have been payable to the Participant had the Participant retired on the day following his death and elected to receive a 75% joint and survivor benefit.

(b) If the death of a Participant entitled to receive an Early Retirement or Vested Pension occurs before the date his pension benefits commence but after retirement or termination of employment, his eligible spouse, if any, will be entitled to a pension. The monthly amount of the pension shall be equal to the 75% survivor benefit that would have been paid to such spouse had the Participant retired and elected to receive the Qualified Joint and Survivor Annuity.

5.6 Disability Retirement Benefits. No disability benefits, other than those payable upon termination of employment, are provided in this Plan.

ARTICLE VI

DISTRIBUTION OF BENEFITS

6.1 Benefit upon Retirement

Unless a cash-out occurs pursuant to the provisions of Section 6.4, the benefit of a Participant who retires on or after the Participant's Normal or Early Retirement Date will be distributed to the Participant in accordance with the following provisions:

(a) Standard Form of Distribution. Unless waived in accordance with Section 6.5, a Participant's retirement benefit as determined under Section 5.1 will be distributed in the form of a Qualified Joint and Survivor Annuity if the Participant is married on the Annuity Starting Date and has not died before such date. If the Participant is unmarried on the Annuity Starting Date and has not died before such date, the Participant's retirement benefit will be distributed in a monthly annuity payable for the life of the Participant.

(b) Optional Forms of Distribution. If a Participant elects not to receive the form of benefit described in paragraph (a) above, the Participant may elect to have his or her retirement benefit distributed in one of the optional forms set forth in Section 6.10.

(c) Time of Distribution. Distribution will be made within a reasonable time after the Participant's actual retirement date, but no later than the Required Beginning Date.

6.2 Benefit upon Death

Unless a cash-out occurs pursuant to Section 6.4, a deceased Participant's death benefit will be distributed in accordance with the following provisions:

(a) Death Before Retirement. The pension payable to the eligible spouse, as set forth in Section 5.5(a) above, will commence as of the first day of the month following the later of (i) the Participant's death or (ii) the date the Participant would have been eligible to begin collecting his pension, and it shall continue until the beginning of the month in which the death of the eligible spouse occurs.

(b) Death Between Termination of Employment and Pension Commencement Date. The pension payable to the eligible spouse, as set forth in Section 5.5(b) above, will begin as of the first day of the month following the later of (i) the Participant's death, or (ii) the date the Participant would have been eligible to begin collecting his pension, and it shall continue until the beginning of the month in which the death of the eligible spouse occurs.

(c) Time Of Distribution To A Surviving Spouse. Notwithstanding (a) and (b) above, the eligible spouse may elect to defer distribution of the death benefit, but distribution may not be deferred beyond December 31st of the calendar year in which the deceased Participant would have attained age 70½.

(d) Form of Distribution to Surviving Spouse. Notwithstanding any other beneficiary designation made by a Participant, if a Participant is married on the date of his or her death and dies before the Annuity Starting Date, the Participant's surviving spouse will receive the death benefit in a form of a Qualified Preretirement Survivor Annuity unless such annuity has been

waived under Section 6.5.

6.3 Benefit Upon Termination

Unless a cash-out occurs pursuant to Section 6.4, the benefit to which a terminated participant is entitled will be distributed as follows:

(a) Standard Form Of Distribution. Unless waived in accordance with Section 6.5, a terminated participant's benefit as determined under Section 5.3 will be distributed in the form of a Qualified Joint and Survivor Annuity if the Participant is married on the Annuity Starting Date and has not died before such date. If the Participant is unmarried on the Annuity Starting Date and has not died before such date, the Participant's retirement benefit will be distributed in a monthly annuity payable for the life of the Participant.

(b) Optional Forms Of Distribution. If a Participant elects not to receive the form of benefit described in paragraph (a) above, the Participant may elect to have his or her benefit distributed in one of the optional forms set forth in Section 6.10.

(c) Time Of Distribution. Distribution will be made to a terminated participant within a reasonable time after a terminated participant reaches Normal or Early Retirement Date, but must begin no later than the Required Beginning Date.

6.4 Cash-Out Of Benefits

If the lump sum value of a Participant's benefit does not exceed \$1,000, the Administrator can distribute the benefit in a lump sum without the Participant's consent as soon as practicable after the Participant terminates employment with the Employer, but distribution must occur no later than the date such benefit would otherwise be distributable under the terms of the Plan. That portion of the Participant's Accrued Benefit which is not vested will be forfeited. If a Participant's vested Accrued Benefit is zero on the date of distribution, the Participant will be deemed to have received a distribution of such balance.

6.5 Spousal Consent Requirements

A married Participant's election not to receive a Qualified Joint and Survivor Annuity (QJSA) under Section 6.1 or a Qualified Preretirement Survivor Annuity under Section 6.2 must be made in accordance with the following provisions:

(a) Election Not To Receive A QJSA. A married Participant's election not to receive a Qualified Joint and Survivor Annuity, or an unmarried Participant's election not to receive a life annuity, must be in writing and must be made during the 90-day period ending on the Annuity Starting Date. Such election may be revoked in writing and a new election made at any time and any number of times during the election period.

(b) Election Not to Receive a QPSA. A married Participant's election not to receive a Qualified Preretirement Survivor Annuity must be in writing and must be made during an election period beginning on the first day of the Plan Year in which Participant reaches age 35 and ending on the date of his or her death. The election may be revoked in writing and a new

election may be made at any time and any number of times during the election period. If a Participant separates from service before the Plan Year in which he or she attains age 35, the foregoing election may be made on or after the date of separation with respect to benefits accrued prior to separation from service.

(c) Written Explanation Of QJSA. In connection with an election not to receive a Qualified Joint and Survivor Annuity, the Administrator will, no less than 30 days and no more than 90 days prior to the Annuity Starting Date, provide the Participant a written explanation of the terms and conditions of the Qualified Joint and Survivor Annuity; the Participant's right to make (and the effect of) an election to waive the Qualified Joint and Survivor Annuity; the rights of the Participant's spouse; and the right of the Participant to revoke such election (and the effect thereof).

(c) Elections Must Have Spousal Consent. A Participant's election not to receive a Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity will not be effective (1) unless the Participant's spouse consents in writing to the election; (2) unless the election designates a form of benefit which may not be changed without spousal consent (or the consent of the spouse expressly permits designations by the Participant without any requirement of further spousal consent); and (3) unless the spouse's consent acknowledges the effect of the election and is witnessed by the Administrator or a notary public.

(d) Additional Requirements For Spousal Consent: Notwithstanding paragraph (a), a spouse's consent will not be required if there is no spouse or if the spouse cannot be located, or if there are other circumstances (as set forth in the Code) which preclude the necessity of such spouse's consent. Consent by a Participant's spouse (or establishment that consent cannot be obtained) will be effective only with respect to such spouse. A consent that permits designations by the Participant without any requirement of further consent by the spouse must acknowledge that the spouse has the right to limit consent to a specific form of benefit where applicable, and that the spouse voluntarily elects to relinquish such rights. A revocation of a prior election may be made by a Participant without the spouse's consent at any time before the commencement of benefits. No consent obtained under paragraph (d) will be valid unless the Participant has received notice as provided in paragraph (b).

6.6 Application Of Code Section 401(a)(9)

All distributions made under the terms of the Plan will be determined and made in accordance with the regulations issued under Code Section 401(a)(9), including the minimum distribution incidental benefit requirement of regulation 1.401(a)(9)-2, and any provisions in this Plan which reflect Code Section 401(a)(9) will override any distribution options which are inconsistent with such Code section and regulations.

6.7 Statutory Commencement Of Benefits

Unless the Participant otherwise elects, distribution of a Participant's benefit must begin no later than the 60th day after the latest of the close of the Plan Year in which the Participant (1) reaches Normal Retirement Age; (2) reaches the 10th anniversary of the year the Participant commenced Plan participation; or (3) terminates service with the Employer. If this Plan provides for early

retirement, a Participant who satisfied the service requirement for early retirement prior to termination of employment will be entitled to receive his or her Accrued Benefit upon satisfaction of the age requirement for early retirement.

6.8 Distribution In Event Of Legal Incapacity

If any person entitled to benefits (the "Payee") suffers from a disability or is under a legal incapacity, payments may be made in one or more of the following ways as directed by the Administrator: (a) to the Payee directly; (b) to the guardian or legal representative of the Payee's person or estate; (c) to a relative of the Payee, to be expended for the Payee's benefit; or (d) to the custodian of the Payee under any Uniform Gifts to Minors Act. The Administrator's determination of minority or incapacity will be final.

6.9 Direct Rollovers

A distributee may elect to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover, which is a payment by the Plan to the eligible retirement plan specified by the distributee.

(a) Eligible Rollover Distribution. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or for the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; (2) any distribution to the extent such distribution is required under Code Section 401(a)(9); (3) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation one Employer securities); and (4) the portion of any distribution made on or after January 1, 2000 which is attributable to a hardship distribution described in Code Section 401(k)(2)(B)(i)(IV). A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(b) Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a), an annuity contract described in Section 403(b), and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such Plan. The definition of an eligible retirement plan shall also apply in the case of a distribution to a surviving spouse or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined

in Section 414(p) of the Code.

(c) Definition Of Distributee. For purposes of this Section, a distributee includes an Employee or former Employee. In addition, an Employee's or former Employee's Surviving Spouse and an Employee's or former Employee's spouse or former Spouse who is the alternate payee under a qualified domestic relations order as defined in Code Section 414(p), are distributees with regard to the interest of the Spouse or former Spouse.

6.10 Optional Forms Of Distribution

If a Participant elects not to receive the form of benefit distribution described in Section 6.1(a) or Section 6.3(a), as applicable, the Participant may elect to have his or her benefit distributed in one of the following forms:

- (a) Life Annuity: As a monthly annuity payable for the life of the Participant.
- (b) 100% Survivor Annuity. As an actuarially reduced monthly annuity to the life of the Participant and thereafter for the life of the Participant's eligible spouse in which monthly payments made to the spouse are 100% of the monthly payment the Participant was receiving.
- (c) 50% Survivor Annuity. As an actuarially reduced monthly annuity for the life of the Participant and thereafter for the life of the Participant's eligible spouse in which the monthly payments made to the spouse are reduced to 50% of the monthly payment the Participant was receiving.
- (d) 10-Year Term Certain. Payments paid for ten years. If the Participant dies prior to the expiration of the 10-year period, his beneficiary shall receive the remainder of the payments.

6.11 Notice Regarding Forms of Payment

The Administrator shall provide a Participant with a description of (i) the terms and conditions of the normal forms of payment, (ii) the optional forms of payment provided in Section 6.10 and their relative value in comparison to the normal form of payment provided under the Plan, (iii) the Participant's right to waive the normal form of payment and elect an optional form of payment and the effect thereof, (iv) the rights of the Participant's spouse with respect to the Qualified Joint and Survivor Annuity form of payment, and (v) the Participant's right to revoke a waiver of the normal form of payment or to change his election of an option and the effect thereof. The explanation shall notify the Participant of his right to defer payment of his retirement benefit under the plan until his Normal Retirement Date or such later date as may be provided under the Plan, and the consequences if the Participant elects not to defer. The Administrator shall provide such explanation no fewer than 30 days and no more than 90 days before a Participant's Annuity Starting Date.

Notwithstanding the foregoing, a Participant's Annuity Starting Date may occur fewer than 30 days after receipt of such explanation if the Administrator clearly informs the Participant:

(a) of his right to consider his form of payment election for a period of at least 30 days following receipt of the explanation;

(b) the Participant, after receiving the explanation, affirmatively elects an early Annuity Date, with his spouse's written consent, if necessary;

(c) the Participant's Annuity Starting Date occurs after the date the explanation is provided to the Participant;

(d) the election period does not end until the later of his Annuity Starting Date or the expiration of the seven-day period beginning the day after the date the explanation is provided to him; and

(e) actual payment of the Participant's retirement benefit does not begin to the Participant before such revocation period ends.

ARTICLE VII CODE SECTION 415 LIMITATIONS

7.1 Definitions. For purposes of this Article VII, the following terms have the following meanings:

(a) An "affiliated employer" means any corporation or business, other than an Employer, which would be aggregated with an Employer for a relevant purpose under Code Section 414 as modified by Code Section 415(h).

(b) A Participant's "annual retirement benefit" means the amount of retirement benefit which is payable to him annually under the Plan adjusted to the actuarially equivalent straight life annuity form using the factors prescribed in the following paragraph if such benefit is to be paid in a manner other than to the Participant for his life only or as a qualified joint and survivor annuity as defined in Code Section 417. A Participant's "aggregate annual retirement benefit" includes his "annual retirement benefit" and his annual retirement benefit, if any, under any and all other defined benefit plans (whether or not terminated) maintained by an Employer or any affiliated employer. For purposes of applying the "defined benefit compensation limitation", a Participant's "aggregate annual retirement benefit" shall exclude any benefits accrued by the Participant under a multiemployer plan.

For purposes of determining a Participant's "annual retirement benefit", the following special rules shall apply:

(i) If payment is to be made in a form other than to the Participant for his life only or as a qualified joint and survivor annuity, and such form is not subject to the requirements of Code Section 417(e)(3), the actuarially equivalent straight life annuity shall be:

(A) For "limitation years" beginning before July 1, 2007, the annual amount of straight life annuity commencing on the same Annuity Starting Date with the same actuarial present value as the Participant's form of benefit

computed using the following factors, whichever produces the greater amount: (I) the interest rate and mortality table specified in Section 1.1(c) used under the Plan for purposes of determining Actuarial Equivalence of optional forms not subject to the requirements of Code Section 417(e)(3) or (II) the "applicable mortality table" and 5 percent.

(B) For "limitation years" beginning on and after July 1, 2007, the greater of (I) the annual amount of straight life annuity, if any, payable to the Participant under the Plan commencing at the same Annuity Starting Date as the Participant's form of payment or (II) the annual amount of straight life annuity commencing at the same Annuity Starting Date that has the same actuarially equivalent present value as the Participant's form of payment computed using the "applicable mortality table" and an interest rate of 5 percent.

(ii) If payment is to be made to the Participant in a form that is subject to the requirements of Code Section 417(e)(3), the actuarially equivalent straight life annuity form shall be the annual amount of straight life annuity commencing on the same Annuity Starting Date that has the same actuarially equivalent present value as the Participant's form of payment determined using the following, whichever provides the greatest annual amount: (I) the mortality table and interest rate otherwise used under the Plan for purposes of determining Actuarial Equivalence of such optional form; (II) the "applicable mortality table" and an interest rate of 5.5 percent; or (III) the "applicable mortality table" and the interest rate otherwise used under the Plan for purposes of determining Actuarial Equivalence of such optional form, divided by 1.05.

(c) The "applicable mortality table" means the table prescribed by the Secretary of the Treasury, which for any distribution with an Annuity Starting Date prior to December 31, 2002, is the table specified in Revenue Ruling 95-6 and for any distribution with an Annuity Starting Date on or after December 31, 2002, is the table specified in Revenue Ruling 2001-62.

(d) "Defined benefit plan" has the meaning given such term in Code Section 415(k).

(e) "Defined benefit compensation limitation" means 100 percent of a Participant's average 415 compensation for his high three years of service. In the case of a Participant who has fewer than 10 years of service with the employer, the "defined benefit compensation limitation" shall be multiplied by a fraction, (i) the numerator of which is the number of years (or part thereof, but not less than one) of service with the employer and (ii) the denominator of which is 10. For purposes of this paragraph (d), a Participant is credited with a "year of service" (computed to fractional years) for each accrual computation period if for which he is credited with the number of Hours of Service, or period of service, if elapsed time crediting applies, required to accrue Years of Credited Service under the terms of the Plan for the accrual computation period, taking into account only service with the Employers, any affiliated employer, or a predecessor employer.

(f) "Defined benefit dollar limitation" means \$160,000, as adjusted, effective

January 1 of each year, under Code Section 415(d) in such manner as the Secretary of the Treasury shall prescribe, and payable in the form of a straight life annuity. A limitation adjusted under Code Section 415(d) will apply to "limitation years" ending with or within the calendar year for which the adjustment applies. A Participant's "annual retirement benefit" shall not be adjusted to reflect increases in the "defined benefit dollar limitation" effective for "limitation years" beginning after the "limitation year" in which his termination occurred.

The "defined benefit dollar limitation" shall be adjusted as follows:

- (i) If the Participant has fewer than 10 years of participation in the Plan, the "defined benefit dollar limitation" shall be multiplied by a fraction, (i) the numerator of which is the number of years (or part thereof, but not less than one) of participation in the Plan and (ii) the denominator of which is 10. For purposes of this paragraph (i), a Participant is credited with a "year of participation" (computed to fractional years) equal to the Years of Credited Service with which he is credited under the Plan for each accrual computation period if (A) he is credited with the number of Hours of Service, or period of service, if elapsed time crediting applies, required to accrue Years of Credited Service under the terms of the Plan for the accrual computation period, (B) he is included as a Participant under the eligibility provisions of the Plan for at least one day of the accrual computation period, and (C) the Plan is established no later than the last of such accrual computation period. No more than one year of participation shall be credited for an accrual computation period.
- (ii) If the benefit of a Participant begins prior to age 62, the "defined benefit dollar limitation" applicable to the Participant at such earlier age is an annual benefit payable in the form of a straight life annuity beginning at the Participant's Annuity Starting Date that is:
 - (A) For "limitation years" beginning before July 1, 2007, the actuarial equivalent of the "defined benefit dollar limitation" (adjusted under (i) above, if required) determined using the following factors, whichever produces the lesser annual amount: (I) the interest rate and mortality table (or other tabular factor) specified in Section 5.2, as applicable, for adjusting benefits for early commencement or (II) the "applicable mortality table" and an interest rate of 5 percent.
 - (B) For "limitation years" beginning on or after July 1, 2007, the following, as applicable:
 - (1) If the plan does not provide an immediately commencing straight life annuity commencing at both age 62 and the Participant's age at his Annuity Starting Date, the actuarial equivalent of the "defined benefit dollar limitation" (adjusted under (i) above, if required) determined using the "applicable mortality table" (expressing the Participant's age based on completed calendar months as of the Annuity Starting Date) and an interest rate of 5 percent.

- (II) If the plan does provide an immediately commencing straight life annuity commencing at both age 62 and the Participant's age at his Annuity Starting Date, the lesser of: (a) the amount determined under (1) above or (b) the "defined benefit dollar limitation" (adjusted under (i) above, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant's Annuity Starting Date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this Article VII.

Any decrease in the "defined benefit dollar limitation" determined in accordance with this paragraph (ii) shall not reflect a mortality decrement if benefits are not forfeited upon the death of the Participant. If any benefits are forfeited upon death, the full mortality decrement is taken into account. For this purpose, no forfeiture is treated as occurring upon the Participant's death if the Plan does not charge Participants for providing Qualified Preretirement Survivor Annuity coverage.

- (iii) If the benefit of a Participant begins after the Participant attains age 65, the "defined benefit dollar limitation" applicable to the Participant at the later age is an annual benefit payable in the form of a straight life annuity beginning at the Annuity Starting Date that is:
 - (A) For "limitation years beginning before July 1, 2007, the actuarial equivalent of the "defined benefit dollar limitation" (adjusted under (i) above, if required) determined using the following factors, whichever provides the lesser amount: (I) the interest rate and mortality table (or other tabular factor) used under the Plan to determine Actuarial Equivalence for purposes of delayed retirement or (II) the "applicable mortality table" and an interest rate of 5 percent.
 - (B) For "limitation years" beginning on or after July 1, 2007, the following, as -applicable:
 - (I) If the plan does not provide an immediately commencing straight life annuity commencing at both age 65 and the Participant's age at his Annuity Starting Date, the actuarial equivalent of the "defined benefit dollar limitation" (adjusted under (i) above, if required) determined using the "applicable mortality table" (expressing the Participant's age based on completed calendar months as of the Annuity Starting Date) and an interest rate of 5 percent.
 - (II) If the plan does provide an immediately commencing straight life annuity commencing at both age 65 and the Participant's age at his Annuity Starting Date, the lesser of: (a) the amount determined under (I) above or (b) the "defined benefit dollar limitation"

(adjusted under (i) above, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the Participant's Annuity Starting Date to the annual amount of the adjusted immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this Article VII. The adjusted immediately commencing straight life annuity at the Participant's Annuity Starting Date is the annual amount of such annuity payable to the Participant computed disregarding accruals after age 65, but including actuarial adjustments even if those adjustments are used to offset accruals and the adjusted immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable to a hypothetical Participant who is age 65 and has the same Accrued Benefit as the Participant.

Any adjustment to the "defined benefit dollar limitation" determined in accordance with this paragraph (iii) shall not reflect a mortality decrement if benefits are not forfeited upon the death of the Participant. If any benefits are forfeited upon death, the full mortality decrement is taken into account. For this purpose, no forfeiture is treated as occurring upon the Participant's death if the Plan does not charge Participants for providing Qualified Preretirement Survivor Annuity coverage.

(g) The "limitation year" means the calendar year.

(h) A "predecessor employer" means (1) any former employer with respect to which an Employer or "affiliated employer" maintains a plan that provides benefits that the Participant accrued while performing services for such other employer or (2) a former entity that antedates an Employer or an "affiliated employer" if under the facts and circumstances the Employer or "affiliated employer" constitutes a continuation of all or a part of the trade or business of the former entity.

7.2 Maximum Limitation on Annual Benefits. The aggregate annual retirement benefit accrued or payable to a Participant may not at any time within any limitation year exceed the lesser of the defined benefit compensation limitation or the defined benefit dollar limitation; provided, however, that the "aggregate annual retirement benefit" accrued or payable to a Participant shall be deemed not to exceed such limits if:

(a) The aggregate annual retirement benefit payable for a limitation year under any available form of payment does not exceed \$10,000 multiplied by a fraction, the numerator of which is the Participant's number of years (or part thereof, but not less than one) of service (not to exceed 10) with the Employers and all "affiliated employers" and the denominator of which is 10; and

(b) The Employers, all affiliated employers, and any predecessor employer have not at any time maintained a separate defined contribution plan in which the Participant participated.

7.3 Manner of Reduction. If the Participant's aggregate annual retirement benefit exceeds the limitations specified in this Article, the reduction in the amount of his annual retirement benefit shall be equal to the amount by which his "aggregate annual retirement benefit" exceeds the limitations of this Article multiplied by a fraction, the numerator of which is his annual retirement benefit (determined without regard to this Article) and the denominator of which is his aggregate annual retirement benefit (determined without regard to the limitations of this Article or any corresponding limitation in any other defined benefit plan maintained by an Employer or any affiliated employer).

ARTICLE VIII ADMINISTRATION

8.1 Plan Administration

(a) The Plan shall be administered by the Administrator. The Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified. The Employer, upon the resignation or removal of an Administrator, shall promptly designate a successor to this position. If the Employer does not appoint an Administrator, the Employer will function as the Administrator.

(b) If more than one person is appointed as Administrator, the responsibilities of each Administrator may be specified by the Employer and accepted in writing by each Administrator. In the event that no such delegation is made by the Employer, the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer and the Trustee in writing of such action and specify the responsibilities of each Administrator. The Trustee thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Employer or the Administrators file with the Trustee a written revocation of such designation.

8.2 Powers And Duties Of The Administrator

(a) The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to be deemed a qualified plan under the terms of Code Section 401(a), and shall comply with the

terms of the Act and all regulations issued pursuant thereto. The Administrator shall have all powers necessary or appropriate to accomplish the Administrator's duties under the Plan.

(b) The Administrator shall be charged with the duties of the general administration of the Plan as set forth under the terms of the Plan, including, but not limited to, the following:

(i) to adopt such rules of procedure and regulations as, in its opinion, may be necessary or advisable for the proper and efficient administration of the Plan and as are consistent with the provisions of the Plan;

(ii) to enforce the Plan in accordance with its terms and with such applicable rules and regulations as may be adopted by the Committee;

(iii) to determine, in its sole discretion, all questions arising under the Plan, including, without limitation, to interpret and construe the Plan provisions, to determine remedies for ambiguities, inconsistencies or omissions in the Plan, to determine the rights or eligibility of Employees, Participants and Beneficiaries, and to determine the amount, manner and time of payment of any benefits under the Plan;

(iv) to give such directions to the Trustee with respect to the Trust Fund as may be provided in the Trust Agreement, including the depositories which have been designated by the Board, which must be an incorporated Federally insured bank or trust Employer;

(v) to maintain and keep adequate books, records and other data as shall be necessary to administer the Plan, except those that are maintained by the Employer or by the Trustee, and to meet the disclosure and reporting requirements of ERISA;

(vi) to be an agent for the service of legal process on behalf of the Plan;

(vii) to execute any documents on behalf of the Committee, in which event the Committee shall notify the Trustee in writing of such action;

(viii) to prepare and distribute all reports and statements required by law or the Plan; and

(ix) to perform any other acts necessary or appropriate to the administration of the Plan and the discharge of its duties.

8.3 Records And Reports

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, policies, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Internal Revenue Service, Department of Labor, Participants, Beneficiaries and others as required by law.

8.4 Appointment Of Advisers

The Administrator, or the Trustee with the consent of the Administrator, may appoint counsel, specialists, advisers, agents (including nonfiduciary agents) and other persons as the Administrator or the Trustee deems necessary or desirable in connection with the administration of this Plan, including but not limited to agents and advisers to assist with the administration and management of the Plan, and thereby to provide, among such other duties as the Administrator may appoint, assistance with maintaining Plan records and the providing of investment information to the Plan's investment fiduciaries.

8.5 Information From Employer

The Employer shall supply full and-timely information to the Administrator on all pertinent facts as the Administrator may require in order to perform its function hereunder and the Administrator shall advise the Trustee of such of the foregoing facts *as* may be pertinent to the Trustee's duties under the Plan. The Administrator may rely upon such information *as* is supplied by the Employer and shall have no duty or responsibility to verify such information.

8.6 Payment Of Expenses

All expenses of administration may be paid out of the Trust Fund unless paid by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, or any person or persons retained or appointed by any named Fiduciary incident to the exercise of their duties under the Plan, including, but not limited to, fees of accountants, counsel, Investment Managers, and other specialists and their agents, the costs of any bonds required pursuant to Act Section 412, and other costs of administering the Plan. Until paid, the expenses shall constitute a liability of the Trust Fund.

8.7 Claims Procedure And Limitation On Actions

(a) Filing of Claim with Committee. Any Participant or Beneficiary who disputes the Administrator's determination of the benefits due to him under the Plan may file a claim with the Administrator. A claim must be in writing, in a form which gives the Administrator reasonable notice of the claim, sets forth the basis of the claim, and authorizes the Administrator to take all steps reasonably necessary to determine the validity of the claim and to facilitate the payment of any benefits to which the claimant is entitled. The Administrator will, if reasonably possible, decide whether to grant or deny a claim within ninety (90) days after it is filed. If a longer period is needed, the Administrator will, no later than the last day of the ninety (90) day period, notify the claimant of the extension of time and the reasons why it is needed. A decision must then be rendered within ninety (90) days after the claimant was notified of the extension. If the Administrator does not act within the time specified by this Section, the claim is automatically denied, and the claimant may appeal in accordance with subsection 8.7(b). If the Administrator determines that a claim should be denied, it will give the claimant written notice of denial. This notice must be written in a manner calculated to be understood by the claimant, state specific reasons for denying the claim, citing the provisions of the Plan on which the denial is based, explain the procedure for reviewing the Administrator's decision, and if the claim is denied because the Administrator lacks adequate information to reach a decision, state what information

is needed to make a decision possible and why it is needed.

(b) Claims Review Procedure. If a claim is denied, the claimant may appeal to the Administrator. His appeal must be submitted in writing to them no later than sixty (60) days after the earlier of the date on which he receives notice of denial or the expiration of the period within which the Administrator is required to render a decision. The claimant or his representative may submit any documents or written arguments that he desires in support of his claim, and the Administrator may, but are not required to, hold a hearing on the claim. The Administrator will, if reasonably possible, decide the claimant's appeal within sixty (60) days after it is filed. If a longer period is needed, the Administrator will, no later than the last day of the sixty (60) day period, notify the claimant of the extension of time and the reasons why it is needed. A decision must then be rendered within sixty (60) days after the claimant was notified of the extension. If the Administrator does not act within the time specified by this subsection, the appeal is automatically denied.

(c) Limitation on Actions. No Participant or Beneficiary may bring an action, suit or proceeding, at law or in equity, with regard to the determination of benefits due to him under the Plan unless the Participant or Beneficiary first exhausts the claims procedures set forth in subsections 8.7(a) and (b). If the claims procedures are followed and the appeal is denied pursuant to subsection 8.7(b), then the Participant or Beneficiary shall have ninety (90) days after the earlier of (i) the date on which he receives notice of denial or (ii) the expiration of the period within which the Administrator are required to render a decision, to commence an action, suit or proceeding, at law or in equity, and to serve process. No action, suit or proceeding may be commenced after such ninety (90) day period unless section 413 of ERISA requires otherwise. If any limitation set forth in this subsection regarding the time within which an action, suit or proceeding must be brought is found unreasonable or is otherwise prohibited by ERISA, the limitation shall be deemed to be amended to agree with the minimum period of limitation permitted under ERISA or by the relevant court.

ARTICLE IX AMENDMENT, TERMINATION AND MERGER

9.1 Amendment

The Employer, by action of its board of directors, will have the right to amend the Plan at any time if the amendment is in compliance with the following requirements:

(a) General Requirements. Amendments must be in writing and cannot (1) increase the responsibilities of the Trustee or Administrator without written consent; (2) deprive any Participant or Eligible Spouse of Plan benefits to which he or she is entitled; (3) decrease the amount of any Participant's Accrued Benefit except as permitted under Code Section 412(c)(8); (4) permit any part of the Trust Fund to be used for or diverted to purposes other than the exclusive benefit of the Participants or their Beneficiaries except as required to pay taxes and administration expenses, or cause or permit any portion of the Trust Fund to revert to or become the property of the Employer; or (5) eliminate or reduce a retirement-type subsidy, or an early retirement benefit, or an optional form of benefit with respect to benefits attributable to service before the amendment. In the case of a retirement-type subsidy, this provision will apply only to a Participant who satisfies the pre-amendment conditions for the subsidy either before or after

the amendment.

(b) Certain Corrective Amendments. For purposes of satisfying the minimum coverage requirements of Code Section 410(b), the nondiscriminatory amount requirement of regulation §1.401(a)(4)-1(b)(2), or the nondiscriminatory plan amendment requirement of regulation §1.401(a)(4)-1(b)(4), a corrective amendment may retroactively increase accruals for Employees who benefited under the Plan during the Plan Year being corrected, or may grant accruals to Employees who did not benefit under the Plan during the Plan Year being corrected. In addition, to satisfy the nondiscriminatory current availability requirement of regulation §1.401(a)(4)-4(b) for benefits, rights or features, a corrective amendment may make a benefit, right or feature available to Employees to whom it was previously not available. A corrective amendment will not be effective prior to the date of adoption unless it satisfies the applicable requirements of regulation §1.401(a)(4)-11(g)(3)(ii) through (vii), including the requirement that, in order to be effective for the preceding Plan Year, such amendment must be adopted by the 15th day of the 10th month after the close of the preceding Plan Year.

9.2 Termination

The Employer has the right to terminate the Plan and the Trust in whole or in part at any time by delivering 60 days written notice to the Administrator and Trustee. Upon termination of the Plan, the Trustee will continue to administer the Trust until distribution has been made to the Participants, which distribution must occur within a reasonable time after the termination of the Plan, and must be made in accordance with the provisions of Article VI of the Plan. Upon termination of the Plan, whether partial or complete, any Participant who is affected by such termination will have a 100% vested interest in his or her Accrued Benefit.

9.3 Merger Or Consolidation

This Plan and Trust may not be merged or consolidated with, nor may any of its assets or liabilities be transferred to, any other plan, unless the benefits payable to each Participant if the Plan was terminated immediately after any such merger, consolidation or transfer would be equal to or greater than the benefits to which such Participant would have been entitled if this Plan had been terminated immediately before such merger, consolidation or transfer.

9.4 Allocation Of Assets Upon Termination

If the Plan is terminated, or if there is a partial termination, the Trust Fund will be allocated on the basis of the costs of benefits due active, terminated, and retired Participants, their spouses or Beneficiaries, with respect to Years of Service to the date of termination or partial termination, subject to the following provisions:

(a) Priority Of Payment: If the Trust Fund cannot provide such costs in full, it will be allocated in the following order of priority, with allocations within the last category for which assets are available being made in proportion to the costs within that category for each Participant: (1) benefits accrued for Participants from Employee contributions; (2) costs for Participants who have been receiving benefits or who have been eligible to receive Normal Retirement Benefits in accordance with Section 5.1 for more than three years as of the date of termination; (3) costs for Participants who have been receiving benefits or who have been

eligible to receive Normal Retirement Benefits in accordance with Section 5.1 for less than three years as of the date of termination; (4) costs for Participants who were eligible to receive early retirement benefits as of the date of termination; (5) costs for all other benefits insured by the Pension Benefit Guaranty Corporation; and (6) costs for any other benefits.

(b) Discrimination Not Permitted. If the allocation made under paragraphs (a)(5) and (a)(6) above results in discrimination in favor of Participants who are officers, shareholders, or Highly Compensated Employees, then the assets allocated under paragraph (a)(5) and paragraph (a)(6) will be reallocated to avoid such discrimination. All amounts allocated under this paragraph shall be nonforfeitable, to the extent Fund assets are sufficient. After allocation, the Employer will determine whether to make lump sum payments of the Actuarial Equivalent of benefits from the Trust Fund or whether to purchase immediate or deferred annuities from an insurance company in whatever amounts the monies so allocated will provide. If the Trust Fund has sufficient assets to cover the cost of all Accrued Benefits and full settlement of all such benefits is made by lump sum payments of the Actuarial Equivalent of benefits or through the purchase of a group annuity contract or individual annuity contracts, then any balance remaining in the Trust Fund will be refunded to the Employer.

9.5 Early Termination Provisions

Upon termination of the Plan, benefits distributed in full will be subject to the following provisions:

(a) Assets Are Sufficient To Satisfy Accrued Benefits. If, as of the date this Plan terminates and benefits are distributed in full, the value of Plan assets is not less than the Actuarial Equivalent of all Accrued Benefits (whether or not nonforfeitable), distribution of assets to each Participant equal to the Actuarial Equivalent of that Participant's Accrued Benefit will not be discriminatory if the formula for computing benefits as of the date of termination is not discriminatory under Code Section 401(a)(4). The benefit payable to a current or former Participant who is or was a Highly Compensated Employee (as of the date he or she last completed an Hour of Service) shall not exceed the benefit which is considered nondiscriminatory under Code Section 401(a)(4). All Actuarial Equivalents and the value of Plan assets will be computed using assumptions satisfying Section 4044 of ERISA. Upon the occurrence of the above situation, the amount by which the value of Plan assets exceeds the Actuarial Equivalent of Accrued Benefits (whether or not nonforfeitable) will revert to the Employer.

9.6 Limitation Of Benefits On Termination

(a) In the event of a plan termination, the benefit of any highly compensated active or former employee is limited to a benefit that is nondiscriminatory under Section 401(a)(4). Benefits distributed to any of the twenty-five (25) Highly Compensated Participants with the greatest compensation in the current or prior year are restricted such that the monthly payments are no greater than an amount equal to the monthly payment that would be made on behalf of such individual under a straight life annuity that is the Actuarial Equivalent of the sum of the individual's Accrued Benefit, the individual's other benefits under the Plan (other than a social security supplement within the meaning of Regulation 1.411(a)-7(c)(4)(ii)), and the amount the individual is

entitled to receive under a social security supplement. However, the limitation of this Section 9.6 shall not apply if:

- (1) after payment of the benefit to an individual described above, the value of Plan assets equals or exceeds one-hundred-ten percent (110%) of the value of current liabilities, as defined in Code Section 412(1)(7);
- (2) the value of the benefits for an individual described above is less than 1 percent of the value of current liabilities before distribution; or
- (3) the value of the benefits payable under the Plan to an individual described above does not exceed \$5,000 (\$3,500 for Plan Years beginning prior to August 6, 1997).

(b) For purposes of this Section, benefit includes any periodic income, any withdrawal values payable to a living Participant, and any death benefits not provided for by insurance on the individual's life.

(c) An individual's otherwise restricted benefit may be distributed in full to the affected individual if, prior to receipt of the restricted amount, the individual enters into a written agreement with the Administrator to secure repayment to the Plan of the restricted amount. The restricted amount is the excess of the amounts distributed to the individual (accumulated with reasonable interest) over the amounts that could have been distributed to the individual under the straight life annuity described above (accumulated with reasonable interest). The individual may secure repayment of the restricted amount upon distribution by:

- (1) entering into an agreement for promptly depositing in escrow with an acceptable depository, property having a fair market value equal to at least one-hundred-twenty-five percent (125%) of the restricted amount;

- (2) providing a bank letter of credit in an amount equal to at least one-hundred percent (100%) of the restricted amount; or

- (3) posting a bond equal to at least one-hundred percent (100%) of the restricted amount. The bond must be furnished by an insurance company, bonding company or other surety for federal bonds.

(d) The escrow arrangement may permit an individual to withdraw from escrow amounts in excess of one-hundred-twenty-five percent (125%) of the restricted amount. If the market value of the property in an escrow account falls below one-hundred-ten percent (110%) of the remaining restricted amount, the individual must deposit additional property to bring the value of the property held by the depository up to one-hundred-twenty-five percent (125%) of the restricted amount. The escrow arrangement may provide that the individual has the right to receive any income from the property placed in escrow, subject to the individual's obligation to deposit additional property, as set forth in the preceding sentence.

(e) A surety or bank may release any liability on a bond or letter of credit in excess of one-hundred percent (100%) of the restricted amount.

(f) If the Administrator certifies to the depository, surety or bank that the individual (or the individual's estate) is no longer obligated to repay any restricted amount, a depository may deliver to the individual any property held under an escrow arrangement, and a surety or bank may release any liability on an individual's bond or letter of credit.

ARTICLE X TOP HEAVY

10.1 Priority of Article XI. If the Plan is or becomes Top-Heavy, as defined in this Article X, the provisions of this Article XI shall supersede any conflicting provision elsewhere in the Plan.

10.2 Definitions. For purposes of this Article XIII, the following terms are defined as follows:

(a) **Key Employee:** Any Employee or former Employee in the Plan (and the Beneficiaries of any such Employee) who at any time during the Plan Year that includes the determination date, was an officer of the Employer having annual compensation greater than \$130,000 (as adjusted under Section 416(i) of the Code), a 5% owner of the Employer, or a 1% owner of the Employer having annual compensation of more than \$150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3). The determination of who is a Key Employee will be made in accordance with Section 416(i) of the Code and the applicable Regulations and other guidance of general applicability issued thereunder.

(b) **Top-Heavy Plan:** The Plan shall be deemed to be Top-Heavy if any of the following conditions exists:

(i) If the Top-Heavy Ratio for this Plan exceeds sixty percent (60%) and this Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans;

(ii) If this Plan is a part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the group of plans exceeds sixty percent (60%); or

(iii) If this Plan is part of a Required Aggregation Group and part of a Permissive Aggregation Group of plans and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds sixty percent (60%).

(c) **Top-Heavy Ratio:**

(i) If the Employer maintains one or more defined benefit plans (including the Plan) and the Employer has not maintained any defined contribution plan (including any simplified employee pension plan) which during the five (5) year period ending on the Determination Date(s) has or has had account balances, the Top-Heavy Ratio for this Plan alone or for the Required Permissive or Aggregation Groups, as applicable, is a fraction, the numerator of which is the sum of the present value of Accrued Benefits of

all Key Employees as of the Determination Date(s) (including any part of any Accrued Benefit distributed in the five (5) year period ending on the Determination Date(s)), and the denominator of which is the sum of the present value of all Accrued Benefits (including any part of any Accrued Benefit distributed in the five (5) year period ending on the Determination Date(s)) determined in accordance with Section 416 of the Code and the regulations thereunder.

(ii) If the Employer maintains one or more defined benefit plans (including the Plan) and the Employer maintains or has maintained one or more defined contribution plans (including any simplified employee pension plan) which during the five (5) year period ending on the Determination Date(s) has or has had any account balances, or any Required or Permissive Aggregation Group, as applicable, the Top-Heavy Ratio is a fraction, the numerator of which is the sum of the account balances under the aggregated defined contribution plan or plans of all Key Employees as of the Determination Date(s) and the present value of Accrued Benefits under the aggregated defined benefit plan or plans of all Key Employees as of the Determination Date, and the denominator of which is the sum of the account balances under all the aggregated defined contribution plan or plans of all Participants therein and the present value of Accrued Benefits under all the aggregated defined benefit plan or plans of all Participants therein, determined in accordance with Section 416 of the Code and the regulations thereunder. The account balances under a defined contribution plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an account balance made in the five (5) year period ending on the Determination Date.

(iii) For purposes of clauses (i) and (ii) above, the value of account balances and the present value of Accrued Benefits shall be determined as of the most recent Top-Heavy Valuation Date that falls within or ends with the twelve (12) month period ending on the Determination Date, except as provided in Section 416 of the Code and the regulations thereunder for the first and second years of a defined benefit plan. Present value shall be based on the interest rate and mortality table specified in this Plan. The account balance and Accrued Benefit of a Participant (A) who is not a Key Employee but who was a Key Employee in a prior year or (B) who has not been credited with at least one (1) Hour of Service with the Employer maintaining the Plan at any time during the one-year period ending on the Determination Date shall be disregarded. In the case of a distribution made for a reason other than severance from employment, death, or disability, this paragraph shall be applied by substituting 'five-year period' for 'one-year period'. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers and transfers are taken into account, shall be made in accordance with Section 416 of the Code and the regulations thereunder. Deductible Employee Contributions shall not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans, the value of account balances and Accrued Benefits shall be calculated with reference to the Determination Dates that fall within the same calendar year. The Accrued Benefit of a Participant other than a Key Employee shall be determined under (1) the method, if any, that was uniformly applied for accrual purposes under all defined benefit plans maintained by the Employer or (2) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Section 411(b)(1)(C) of the Code.

(d) Required Aggregation Group: (i) Each qualified plan of the Employer in which at least one Key Employee participates, and (ii) any other qualified plan of the Employer which enables a plan described in (1) to meet the requirements of Sections 401(a)(4) or 410 of the Code.

(e) Permissive Aggregation Group: The Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Section 401(a)(4) and 410 of the Code.

(f) Determination Date: For any Plan Year subsequent to the first Plan Year, the Determination Date shall be the last day of the preceding Plan Year. For the first Plan Year of the Plan, the Determination Date shall be the last day of that year.

(g) Top-Heavy Valuation Date: The date as of which account balances or Accrued Benefits are valued for purposes of calculating the Top-Heavy Ratio which in the case of this Plan shall be the same valuation date used for computing Plan costs for minimum funding, regardless of whether a valuation is performed in a given year.

(h) Top-Heavy Group: Any aggregation group if the sum (as of the Determination Date) of (i) the present value of the cumulative Accrued Benefits for Key Employees under all defined benefit plans included in such group, and (ii) the aggregation of the accounts of Key Employees under all defined contribution plans included in such group, exceeds sixty percent (60%) of a similar sum determined for all Employees.

(i) Non-Key Employee: Any Employee who is not a Key Employee is a Non-Key Employee.

10.3 Accrued Benefit. (a) Except as otherwise provided in subsection (d) below, the Accrued Benefit at any point in time of each Participant who is a Non-Key Employee shall be no less than a benefit on a single life annuity basis commencing at Normal Retirement Age equal to the product of (i) two percent (2%) of his Average Annual Compensation for the five (5), or lesser actual number of, consecutive Plan Years yielding the highest average, multiplied by (ii) the number of Plan Years beginning on or after January 1, 1984, during which the Plan is Top-Heavy in which such Participant completes at least one thousand (1,000) Hours of Service, up to ten (10) such years. A Non-Key Employee shall accrue no less than the aforesaid minimum benefit with respect to each year described in clause (ii) of the preceding sentence even though under other Plan provisions he would not otherwise be entitled to any accrual, or would receive a lesser accrual, for any such year because, if applicable under the Plan, (A) he was not employed at the end of the year, (B) his Compensation was less than a stated amount, (C) he failed to make mandatory contributions to the Plan, or (D) the Plan is integrated with Social Security.

(b) For purposes of computing the minimum Accrued Benefit, Compensation shall mean compensation as defined for purposes of Section 415 of the Code. Compensation shall be limited to \$200,000, as adjusted by the Secretary of the Treasury under Section 401(a)(17) of the Code.

(c) If the form of payment of Plan benefits is other than a single life annuity and/or if benefits commence to be paid at a date other than Normal Retirement Age, each Participant who is a Non-Key Employee shall receive no less than an amount which is the Actuarial Equivalent of the minimum single life annuity benefit commencing at Normal Retirement Age.

(d) The provisions of subsection (a) above shall not require additional funding under the Plan with respect to any Participant to the extent the benefits provided in Article V of this Plan equal or exceed such minimum benefit or to the extent the Participant is covered under any other plan or plans of the Employer, whether defined benefit and/or defined contribution, and either (i) the Employer elects by vote of its Board of Directors that the minimum allocation or benefit requirement applicable to Top-Heavy Plans shall be met in the other plan or plans, (ii) such minimum allocation or benefit requirement is already met in the other plan or plans by the existing benefit structure therein, or (iii) such minimum allocation or benefit requirement is met when the benefits under this Plan are combined actuarially with the benefits provided in the other plan or plans.

(e) The minimum Accrued Benefit (to the extent required to be non-forfeitable under Section 416(b) of the Code) may not be forfeited under Section 411(a)(3)(B) or 411(a)(3)(D) of the Code.

10.4 Vesting Schedule. (a) For any Plan Year in which this Plan is Top-Heavy, the following vesting schedule shall, without further action by the Employer, automatically apply to all benefits within the meaning of Section 411(a)(7) of the Code attributable to Employer contributions, including benefits accrued before the effective date of Section 416 of the Code and benefits accrued before the Plan became Top-Heavy:

<u>Years of Service</u>	<u>Vested Percentage</u>
0-1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

However, this Section 10.4 shall not apply to the Accrued Benefit of any Participant who does not have an Hour of Service after the Plan initially becomes Top-Heavy and such Participant's Accrued Benefits attributable to Employer contributions shall be determined without regard to this Section.

(b) If the vesting schedule under the Plan automatically shifts into the schedule specified in subsection (a) above in any Plan Year because of the Plan's Top-Heavy status, such shift shall constitute an automatic amendment to the vesting schedule. If the Plan subsequently ceases to be Top-Heavy, the vesting schedule provided in subsection (a) above shall nevertheless continue to apply unless the Employer adopts a written amendment to the Plan to change the vesting schedule. If the Plan's vesting schedule is amended or the Plan is amended in any way that directly or indirectly affects the computation of a Participant's non-forfeitable percentage or if the Plan is deemed amended by an automatic change to a Top-Heavy vesting schedule, each Participant who has completed at least three (3) Years of Service with the Employer may elect, within sixty (60) days after the latest of the amendment adoption date (which in the case of an automatic change to a Top-Heavy vesting schedule shall be deemed to be the amendment effective date), the amendment effective date or the date the Participant is given written notice of the amendment by the Retirement Committee, to have his vesting percentage determined under the pre-amendment vesting program. For Participants who do not have at least one (1) Hour of Service in any Plan Year beginning after December 31, 1988, the preceding sentence shall be applied by substituting "five (5) Years of Service" for "three (3) Years of Service" where such language appears. No amendment to the Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted (which in the case of an automatic change to a Top-Heavy vesting schedule shall be deemed to be the amendment effective date) or the date such amendment becomes effective.

ARTICLE XI MINIMUM DISTRIBUTION REQUIREMENTS

11.1 General Rule.

(a) Effective Date. The provisions of this Article XI shall apply for purposes of determining the required minimum distributions for calendar years beginning with the 2003 calendar year.

(b) Precedence. The requirements of this Article XI will take precedence over any inconsistent provisions of the Plan.

(c) Requirements of Treasury Regulations Incorporated. All distributions required under this Article XI will be determined and made in accordance with the Treasury regulations under Section 401(a)(9) of the Code.

11.2 Time and Manner of Distribution.

(a) Required Beginning Date. The participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

(b) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the Participant's surviving spouse is the Participant's sole designated beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

(ii) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant's surviving spouse is the Participant's sole beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 11.2, other than Section 11.2(a), will apply as if the surviving spouse were the Participant.

(c) For purposes of this Section 11.2 and Section 11.5 below, distributions are considered to begin on the Participant's Required Beginning Date (or if Section 11.2(d) applies, the date distributions are required to begin to the surviving spouse under Section 11.2(a)). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 11.2(a)), the date distributions are considered to begin is the date distributions actually commence.

(d) Form of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with Sections 11.3, 11.4 and 11.5 of this Section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury regulations.

11.3. Determination of Amount to be Distributed Each Year.

(a) General Annuity Requirements. If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(i) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) the distribution period will be over a life (or lives) or over a period certain

not longer than the period described in Section 11.4 or 11.5;

(iii) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) payments will be either nonincreasing or increase only as follows:

(A) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(B) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Section 4 dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(C) to provide cash refunds of employee contributions upon the Participant's death; or

(D) to pay increased benefits that result from a plan amendment.

(b) Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 2.2(a) or (b)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payments intervals ending on or after the Participant's Required Beginning Date.

(c) Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

11.4. Requirements for Annuity Distributions that Commence during the Participant's Lifetime.

(a) Joint Life Annuities Where the Beneficiary is Not the Participant's Spouse. If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of Section 1.401(a)(9)-6T of the Treasury Regulations. If the form of distribution combines a joint and

survivor annuity for the joint lives of the Participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to the annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(b) Period Certain Annuities. Unless the Participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the annuity starting date. If the Participant's spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 11.4(b), or the joint life and last survivor expectancy of the Participant and the Participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages of the Participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

11.5. Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in section 11.2(b)(i) or (ii), over the life of the designated beneficiary or over a period certain not exceeding:

(i) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(ii) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant dies before the date distribution of his or her interest begins, the Participant's

surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Section 5 will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to section 11.2(b)(i).

11.6 Participant Dies after Distributions have Begun. If the Participant dies after the date distribution of his or her benefit has begun, the remaining portion of the Participant's Accrued Benefit shall be distributed as least as rapidly as under the method of distribution being used as of the date of the Participant's death.

11.7. Definitions.

(a) Designated Beneficiary. The individual who is designated as the beneficiary in accordance with the Plan and is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-1, Q&A -4, of the Treasury regulations.

(b) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to section 11.2.

(c) Life Expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

(d) Required Beginning Date. The Required Beginning Date of a Participant is April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70-1/2 or the calendar year in which the Participant retires, except that benefit distributions to a 5-percent owner must commence by April 1 of the calendar year following the calendar year in which such Participant attains age 70-1/2..

**ARTICLE XII
MISCELLANEOUS**

12.1 Participant's Rights. This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which Such discharge shall have upon the Employee as a Participant of this Plan.

12.2 Alienation

(a) Subject to the exceptions provided below, and as otherwise permitted by the Code and the Act, no benefit which shall be payable out of the Trust Fund to any person (including a Participant or the Participant's Beneficiary) shall be subject in any manner to anticipation,

alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Trustee, except to such extent as may be required by law.

(b) Subsection (a) shall not apply to a "qualified domestic relations order" defined in Code Section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. The Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. Further, to the extent provided under a "qualified domestic relations order," a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under the Plan.

12.3 Construction Of Plan. This Plan and Trust shall be construed and enforced according to the Code, the Act and the laws of the State of Connecticut, to the extent not preempted by the Act,

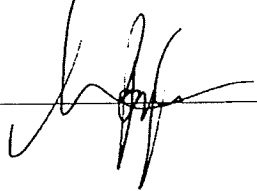
12.4 Gender And Number. Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

12.5 Legal Action. In the event any claim, suit, or proceeding is brought regarding the Trust and/or Plan established hereunder to which the Trustee, the Employer or the Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Trustee, the Employer or the Administrator, they shall be entitled to be reimbursed from the Trust Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable.

12.6 Prohibition Against Diversion Of Funds. Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Trust Fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Former Participants, or their Beneficiaries. In the event the Employer shall make an excessive contribution under a mistake of fact pursuant to Act Section 403(c)(2)(A), the Employer may demand repayment of such excessive contribution at any time within one (1) year following the time of payment and the Trustees shall return such amount to the Employer within the one (1) year period. Earnings of the Plan attributable to the contributions may not be returned to the Employer but any losses attributable thereto must reduce the amount so returned.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed this 28 day of July, 2009.

TECH/OPS SEVCON, INC.

By:  _____

**AMENDMENT
TO THE
TECH/OPS SEVCON, INC. RETIREMENT INCOME PLAN**

WHEREAS, Tech/Ops Sevcon, Inc. (the "Company") established the Tech/Ops Sevcon, Inc. Retirement Income Plan (the "Plan") for the benefit of its eligible employees; and

WHEREAS, the Company desires to amend the Plan to reflect certain provisions of GUST, the Economic Growth and Tax Relief Reconciliation Act of 2001, the minimum distribution requirements of Section 401(a)(9), and the mandatory rollover rules of Section 401(a)(31) of the Code; and

WHEREAS, the Plan may be amended by resolution of the Board of Directors of the Company; and

NOW, THEREFORE, the Plan is hereby amended, effective as stated herein, as follows:

A. GUST AMENDMENTS

1. Qualified Military Service.

- a. Effective Date. This Section shall be effective December 12, 1994.
- b. Qualified Military Service. Notwithstanding any other provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with the requirements of Code §414(u).

2. Repeal of Section 415(e).

- a. Notwithstanding anything in the Plan to the contrary, effective with respect to Limitation Years beginning after 1999, the provisions of Code Section 415(e) as in effect prior to the enactment of the Small Business Job Protection Act of 1996 are hereby deleted.

3. Qualified Transportation Fringe Benefits.

- a. For limitation years beginning on and after January 1, 2001, compensation paid or made available during such limitation years shall include elective amounts that are not includible in the gross income of the Participant by reason of Code Section 132(f)(4). This amendment shall also apply to the definition of compensation for purposes of determining Highly Compensated Employees, Key Employees, and the limitation for defined benefit plans under Section 415(b) of the Code.

4. Definition of Leased Employee.
 - a. Effective for years beginning after December 31, 1996, a "Leased Employee" means any person, other than a common law employees of the Employer, who pursuant to an agreement between the Employer and any other person ("leasing organization") has performed services for the Employer (or for the Employer and related persons) on a substantially full time basis for a period of at least one year and such services are performed under primary direction and control by the Employer.

5. Section 415 Compensation.
 - a. Effective for limitation years beginning after December 31, 1997, the definition of compensation for purposes of Section 415 of the Code shall include any elective deferrals made by the Employer on behalf of a Participant with respect to a Plan Year which are not includible in his gross income under Sections 125, 402(g)(3) and 457 of the Code.

6. Modification of definition of eligible rollover distribution to exclude hardship distributions.
 - a. An "eligible rollover distribution" means any distribution described in Code Section 402(c)(4) and generally includes any distribution of all or any portion of the balance to the credit of the distributee, except that an "eligible rollover distribution" does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the "distributee" or the joint lives (or joint life expectancies) of the "distributee" and the "distributee's" designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); for distributions made after December 31, 1998, any hardship distribution as defined in Code Section 401(k)(2)(B)(i)(IV), which are attributable to the Participant's elective contributions under Treasury Regulation Section 1.401(k)-1(d)(2)(ii); and any other distribution reasonably expected to total less than \$200 during a year.

7. Maximum Benefit Limitations.
 - a. The maximum monthly benefit payable under the Plan to a Participant shall not exceed the lesser of one-twelfth (1/12) of \$90,000 or 100 percent (100%) of the Participant's average compensation for his high three (3) years (or fewer, if the employee does not have three consecutive years.

8. Actuarial Equivalent.

- a. For limitation years beginning prior to December 31, 1994, in order to determine the actuarial equivalence, the interest rate assumption may not be less than the greater of 5% or the rate specified in the Plan. For limitation years beginning on or after January 1, 1995, the actuarially equivalent straight life annuity for purposes of applying the limitations under Section 415(b) to benefits that are not subject to Section 417(e)(3) is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table specified in the plan for actuarial equivalence for the particular form of benefit payable, and the equivalent annual benefit computed using a 5% interest rate assumption and the applicable mortality table. For benefits subject to Section 417(e)(3) of the Code, the equivalent annual straight life annuity is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table specified in the Plan for actuarial equivalence for the particular form of benefit payable and the equivalent annual benefit computed using the applicable interest rate and the applicable mortality table. The applicable interest rate used for determining actuarial equivalencies is the annual interest rate on 30-year Treasury securities. The applicable mortality table is the mortality table described in Rev. Rul. 95-6.

B. EGTRRA AMENDMENTS AND 401(a)(9) AMENDMENTS

1. PREAMBLE

a. Adoption and effective date of amendment. This amendment of the Plan is adopted to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). This amendment is intended as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this amendment shall be effective as of the first day of the first Plan Year beginning after December 31, 2001.

b. Supersession of inconsistent provisions. This amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this amendment.

2. LIMITATION ON BENEFITS

a. Effective Date. This Section shall be effective for Limitation Years ending after December 31, 2001.

b. Effect on Participants. Benefit increases resulting from the increase in the limitations of Section 415(b) of the Code will be provided to those Participants who have one Hour of Service on or after the first day of the Limitation Year ending after December 31, 2001.

c. Definitions.

(i) Defined Benefit Dollar Limitation. The "defined benefit dollar limitation" is \$160,000, as adjusted, effective January 1 of each year, under Section 415(d) of the Code in such manner as the Secretary shall prescribe, and payable in the form of a straight life annuity. A limitation as adjusted under Section 415(d) will apply to Limitation Years ending with or within the calendar year for which the adjustment applies.

(ii) Maximum Permissible Benefit. The "maximum permissible benefit" is the lesser of the defined benefit dollar limitation or the defined benefit compensation limitation (both adjusted where required, as provided in (a) and, if applicable, in (b) or (c) below).

(a) If the Participant has fewer than 10 years of participation in the Plan, the defined benefit dollar limitation shall be multiplied by a fraction, (i) the numerator of which is the number of years, (or part thereof) of participation in the Plan and (ii) the denominator of which is 10. In the case of a Participant who has fewer than 10 years of service with the Company, the defined benefit compensation limitation shall be multiplied by a fraction, (i) the numerator of which is the number of years (or part thereof) of service with the Company and (ii) the denominator of which is 10.

(b) If the benefit of a Participant begins prior to age 62, the defined benefit dollar limitation applicable to the Participant at such earlier age is an annual benefit payable in the form of a straight life annuity beginning at the earlier age that is the actuarial equivalent of the defined benefit dollar limitation applicable to the Participant at age 62 (adjusted under (a) above, if required). The defined benefit dollar limitation applicable at an age prior to age 62 is determined as the lesser of (i) the actuarial equivalent (at such age) of the defined benefit dollar limitation computed using the interest rate and mortality table (or other tabular factor) specified in the Plan and (ii) the actuarial equivalent (at such age) of the defined benefit dollar limitation computed using a 5 percent interest rate and the applicable mortality table as defined in the Plan. Any decrease in the defined benefit dollar limitation determined in accordance with this paragraph (b) shall not reflect a mortality decrement if benefits are not forfeited upon the death of

the Participant. If any benefits are forfeited upon death, the full mortality decrement is taken into account.

(c) If the benefit of a Participant begins after the Participant attains age 65, the defined benefit dollar limitation applicable to the Participant at the later age is the annual benefit payable in the form of a straight life annuity beginning at the later age that is actuarially equivalent to the defined benefit dollar limitation applicable to the Participant at age 65 (adjusted under (a) above, if required). The actuarial equivalent of the defined benefit dollar limitation applicable at an age after age 65 is determined as (i) the lesser of the actuarial equivalent (at such age) of the defined benefit dollar limitation computed using the interest rate and mortality table (or other tabular factor) specified in the Plan and (ii) the actuarial equivalent (at such age) of the defined benefit dollar limitation computed using a 5 percent interest rate assumption and the applicable mortality table as defined in the Plan. For these purposes, mortality between age 65 and the age at which benefits commence shall be ignored.

3. INCREASE IN COMPENSATION LIMIT

a. Increase in Limit. The Compensation of each Participant taken into account in determining benefit accruals in any Plan Year beginning after December 31, 2001 shall not exceed \$200,000. Compensation means compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the determination period).

b. Cost-of-Living Adjustment. The \$200,000 limit on annual compensation in paragraph 1 shall be adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

c. Compensation includes Certain Amounts. The Compensation of each Participant shall include any elective contributions made by the Company on behalf of the Participant with respect to the Plan Year which are not includible in gross income under Sections 125, 402(g)(3), 402(h) of the Code, and for Plan Years beginning on and after January 1, 2001, elective amounts not included in gross income by reason of Section 132(f)(4) of the Code.

4. MODIFICATION OF TOP-HEAVY RULES

a. Effective Date. This Section shall apply for purposes of determining whether the Plan is a top-heavy plan under Section 416(g) of the Code for Plan Years

beginning after December 31, 2001, and whether the Plan satisfies the minimum benefits requirements of Section 416(c) of the Code for such years.

b. Determination of Top-Heavy Status.

(i) Key Employee. Key employee means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the determination date was an officer of the Company having annual compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Company, or a 1-percent owner of the Company having annual compensation of more than \$150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a key employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(ii) Determination of Present Values and Amounts. This Section shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the determination date.

(A) Distributions During Year Ending on the Determination Date. The present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting 5-year period for 1-year period.

(B) Employees Not Performing Services During Year Ending on the Determination Date. The accrued benefits and accounts of any individual who has not performed services for the Company during the 1-year period ending on the determination date shall not be taken into account.

c. Minimum Benefits. For purposes of satisfying the minimum benefit requirements of Section 416(c)(1) of the Code and the Plan, in determining years of service with the Company, any service with the Company shall be disregarded to the

extent that such service occurs during a Plan Year when the Plan benefits (within the meaning of Section 401(b) of the Code) no key employee or former key employee.

5. DIRECT ROLLOVERS OF PLAN DISTRIBUTIONS

a. Effective date. This Section shall apply to distributions made after December 31, 2001.

b. Modification of definition of eligible retirement plan. For purposes of the direct rollover provisions of the Plan, an eligible retirement plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code.

c. Modification of definition of eligible rollover distribution to exclude hardship distributions. For purposes of the direct rollover provisions of the Plan, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

d. Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions of the Plan, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

e. Waiver of 30-Day Period. If a distribution is one to which Sections 401(a)(11) and 417 of the Code do not apply, such distribution may commence less than thirty (30) days after the notice required under Section 1.411(a)-11(c) of the Income Tax Regulations is given, provided that: (i) the Plan Administrator clearly informs the Distributee that the Distributee has a right to a period of at least thirty (30) days after receiving the notice to consider whether or not to elect a distribution (and, if applicable, a particular distribution option), and (ii) the Distributee, after receiving the notice, affirmatively elects a distribution.

6. AMENDMENT TO MORTALITY TABLE

a. Effective Date. This Section shall apply to distributions with annuity starting dates on or after December 31, 2002.

b. Notwithstanding any other plan provisions to the contrary, the applicable mortality table used for purposes of adjusting any benefit or limitation under §415(b)(2)(B), (C), or (D) of the Internal Revenue Code and the applicable mortality table used for purposes of satisfying the requirements of §417(e) of the Internal Revenue Code is the table prescribed in Rev. Rul. 2001-62.

c. For any distribution with an annuity starting date on or after the effective date of this Section and before the adoption date of this Section, if application of the amendment as of the annuity starting date would have caused a reduction in the amount of any distribution, such reduction is not reflected in any payment made before the adoption date of this Section. However, the amount of any such reduction that is required under §415(b)(2)(B) must be reflected actuarially over any remaining payments to the participant.

7. MINIMUM DISTRIBUTION REQUIREMENTS

1. General Rule.

1.1 Effective Date. The provisions of this Section will apply for purposes of determining the required minimum distributions for calendar years beginning with the 2003 calendar year.

1.2 Precedence. The requirements of this Section will take precedence over any inconsistent provisions of the Plan.

1.3 Requirements of Treasury Regulations Incorporated. All distributions required under this Section will be determined and made in accordance with the Treasury regulations under Section 401(a)(9) of the Code.

2. Time and Manner of Distribution.

2.1 Required Beginning Date. The participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

2.2 Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the Participant's surviving spouse is the Participant's sole designated beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year

in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

(b) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving spouse is the Participant's sole beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 2.2, other than Section 2.2(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 2.2 and Section 5 below, distributions are considered to begin on the Participant's Required Beginning Date (or if Section 2.2(d) applies, the date distributions are required to begin to the surviving spouse under Section 2.2(a)). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

2.3 Form of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with Sections 3, 4 and 5 of this Section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury regulations.

3. Determination of Amount to be Distributed Each Year.

3.1 General Annuity Requirements. If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(a) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(b) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 4 or 5;

(c) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(d) payments will be either nonincreasing or increase only as follows:

(1) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(2) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Section 4 dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(3) to provide cash refunds of employee contributions upon the Participant's death; or

(4) to pay increased benefits that result from a plan amendment.

3.2 Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 2.2(a) or (b)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.

3.3 Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

4. Requirements for Annuity Distributions that Commence during the Participant's Lifetime.

4.1 Joint Life Annuities Where the Beneficiary is Not the Participant's Spouse. If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of Section 1.401(a)(9)-6T of the Treasury Regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to the annuity payments to be made to the designated beneficiary after the expiration of the period certain.

4.2 Period Certain Annuities. Unless the Participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the annuity starting date. If the Participant's spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 4.2, or the joint life and last survivor expectancy of the Participant and the Participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages of the Participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

5. Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin.

5.1 Participant Survived by Designated Beneficiary. If the Participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Section 2.2(a) or (b), over the life of the designated beneficiary or over a period certain not exceeding:

(a) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(b) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

5.2 No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

5.3 Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant dies before the date distribution of his or her interest begins, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Section 5 will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 2.2(a).

6. Definitions.

6.1 Designated Beneficiary. The individual who is designated as the beneficiary in accordance with the Plan and is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-1, Q&A - 4, of the Treasury regulations.

6.2 Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 2.2.

6.3 Life Expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

6.4 Required Beginning Date. For a Participant who is not a five-percent (5%) owner, April 1 of the calendar year following the calendar year in

which occurs the later of the Participant's (i) attainment of age 70-1/2 or (ii) retirement. For a Participant who is a five-percent (5%) owner, April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2.

C. MANDATORY AUTOMATIC ROLLOVER

1. Effective Date. The provisions of this Section shall apply with respect to distributions made on or after March 28, 2005.
2. Precedence. This Section supersedes any inconsistent provision of the Plan.
3. Automatic Rollover. The provisions of the Plan that provide for the involuntary distribution of vested accrued benefits of \$3,500 or less ("cash out") are modified to reduce the \$3,500 threshold in such provisions to \$1,000 and the value of the Participant's interest in the Plan for such purpose shall include any rollover contributions (and earnings thereon) within the meaning of Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii) and 457(e)(16).

C. AMENDMENT FOR THE FINAL 415 REGULATIONS

**ARTICLE I
PREAMBLE**

1. **Effective date of amendment.** This Amendment is effective for limitation years and plan years beginning on or after July 1, 2007, except as otherwise provided herein. This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment. This Amendment is intended to provide good faith compliance with the requirements of the final regulations published by the Department of Treasury on April 5, 2007 governing limitations on benefits and contributions under Section 415 of the Code.

2. **415 Compensation paid after severance from employment.**

2.1 Section 415 Compensation shall be adjusted, as set forth herein, for the following types of compensation paid after a Participant's severance from employment with the Employer maintaining the Plan (or any other entity that is treated as the Employer pursuant to Code Section 414(b), (c), (m) or (o)). However, amounts described in subsections (a) and (b) below may only be included in Section 415 Compensation to the extent such amounts are paid by the later of 2½ months after severance from employment or by the end of the limitation year that includes the date of such severance from employment. Any other payment of compensation paid after severance of employment that is not described in the following types of compensation is not considered Section 415 Compensation within the meaning of Code Section 415(c)(3), even if payment is made within the time period specified above.

(a) **Regular pay.** Section 415 Compensation shall include regular pay after severance of employment if:

(1) The payment is regular compensation for services during the participant's regular working hours, or compensation for services outside the participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and

(2) The payment would have been paid to the participant prior to a severance from employment if the participant had continued in employment with the Employer.

(b) **Leave cashouts and deferred compensation.** Leave cashouts shall be included in Section 415 Compensation if those amounts would have been included in the definition of Section 415 Compensation if they were paid prior to the participant's severance from employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the participant would have been able to use the leave if employment had continued. In addition, deferred compensation shall be included in Section 415 Compensation if the compensation would have been included in the definition of Section 415 Compensation if it had been paid prior to the participant's severance from employment, and the compensation is received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid at the same time if the participant had continued in employment with the Employer and only to the extent that the payment is includible in the participant's gross income.

(c) **Salary continuation payments for military service participants.** Section 415 Compensation does not include payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as the term is used in Code § 414(u)(1)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than enter qualified military service; provided, however, for plan years beginning on or after January 1, 2009, Section 415 Compensation will include differential wage payments, as defined in Section 414(u)(12)(D) of the Code.

(d) **Salary continuation payments for disabled Participants.** Section 415 Compensation does not include compensation paid to a participant who is permanently and totally disabled (as defined in Code Section 22(e)(3)).

2.2 **Administrative delay ("the first few weeks") rule.** Section 415 Compensation for a limitation year shall not include amounts earned but not paid during the limitation year solely because of the timing of pay periods and pay dates.

2.3 **Inclusion of certain nonqualified deferred compensation amounts.** If the Plan's definition of Compensation for purposes of Code Section 415 is the definition in Regulation Section 1.415(c)-2(b) (Regulation Section 1.415-2(d)(2) under the Regulations in effect for limitation years beginning prior to July 1, 2007) and the simplified compensation definition of Regulation 1.415(c)-2(d)(2) (Regulation Section 1.415-2(d)(10) under the

Regulations in effect for limitation years prior to July 1, 2007) is not used, then Section 415 Compensation shall include amounts that are includible in the gross income of a Participant under the rules of Code Section 409A or Code Section 457(f)(1)(A) or because the amounts are constructively received by the Participant.

2.4 **Definition of annual additions.** The Plan's definition of "annual additions" is modified as follows:

(a) **Restorative payments.** Annual additions for purposes of Code Section 415 shall not include restorative payments. A restorative payment is a payment made to restore losses to a Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under ERISA or under other applicable federal or state law, where participants who are similarly situated are treated similarly with respect to the payments. Generally, payments are restorative payments only if the payments are made in order to restore some or all of the plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). This includes payments to a plan made pursuant to a Department of Labor order, the Department of Labor's Voluntary Fiduciary Correction Program, or a court-approved settlement, to restore losses to a qualified defined contribution plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under ERISA are not restorative payments and generally constitute contributions that are considered annual additions.

(b) **Other Amounts.** Annual additions for purposes of Code Section 415 shall not include:

- (1) the direct transfer of a benefit or employee contributions from a qualified plan to this Plan;
- (2) rollover contributions (as described in Code Sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16));
- (3) repayments of loans made to a participant from the Plan; and
- (4) repayments of amounts described in Code Section 411(a)(7)(B) (in accordance with Code Section 411(a)(7)(C)) and Code §Section411(a)(3)(D) or repayment of contributions to a governmental plan (as defined in Code Section 414(d)) as described in Code Section 415(k)(3), as well as Employer restorations of benefits that are required pursuant to such repayments.

2.5 **Change of limitation year.** The limitation year may only be changed by a Plan amendment. Furthermore, if the Plan is terminated effective as of a date other than the last day

of the Plan's limitation year, then the Plan is treated as if the Plan had been amended to change its limitation year.

2.6 **Excess Annual Additions.** Notwithstanding any provision of the Plan to the contrary, if the annual additions (within the meaning of Code Section 415) are exceeded for any participant, then the Plan may only correct such excess in accordance with the Employee Plans Compliance Resolution System (EPCRS) as set forth in Revenue Procedure 2006-27 or any superseding guidance, including, but not limited to, the preamble of the final Section 415 regulations.

2.7 **Aggregation and Disaggregation of Plans.**

(a) For purposes of applying the limitations of Code Section 415, all defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Employer (or a "predecessor employer") under which the participant receives annual additions are treated as one defined contribution plan. The "Employer" means the Employer that adopts this Plan and all members of a controlled group or an affiliated service group that includes the Employer (within the meaning of Code Sections 414(b), (c), (m) or (o)), except that for purposes of this Section, the determination shall be made by applying Code Section 415(h), and shall take into account tax-exempt organizations under Regulation Section 1.414(c)-5, as modified by Regulation Section 1.415(a)-1(f)(1). For purposes of this Section:

- (1) A former Employer is a "predecessor employer" with respect to a participant in a plan maintained by an Employer if the Employer maintains a plan under which the participant had accrued a benefit while performing services for the former Employer, but only if that benefit is provided under the plan maintained by the Employer.
- (2) With respect to an Employer of a participant, a former entity that antedates the Employer is a "predecessor employer" with respect to the participant if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(b) **Break-up of an affiliate employer or an affiliated service group.** For purposes of aggregating plans for Code Section 415, a "formerly affiliated plan" of an employer is taken into account for purposes of applying the Code Section 415 limitations to the employer, but the formerly affiliated plan is treated as if it had terminated prior to the "cessation of affiliation."

(c) **Midyear Aggregation.** Two or more defined contribution plans that are not required to be aggregated pursuant to Code Section 415(f) and the Regulations thereunder as of the first day of a limitation year do not fail to satisfy the requirements of Code Section 415 with respect to a participant for the limitation year merely because they are aggregated later in that limitation year, provided that

no annual additions are credited to the participant's account after the date on which the plans are required to be aggregated.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed this 28th day of July, 2009.

TECH/OPS SEVCON, INC.

By:  _____