

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTER ENDED MARCH 31, 2002

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 0-9592

RANGE RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State of incorporation)

34-1312571
(I.R.S. Employer
Identification No.)

777 MAIN STREET, FT. WORTH, TEXAS
(Address of principal executive offices)

76102
(Zip Code)

Registrant's telephone number: (817) 870-2601

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

54,616,019 Common Shares were outstanding on May 3, 2002.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements included herein have been prepared in conformity with generally accepted accounting principles and should be read in conjunction with the Company's latest Form 10-K. The statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to fairly present the Company's financial position and results of operations.

RANGE RESOURCES CORPORATION

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

DECEMBER 31,
MARCH 31,
2001 2002 ---

(Unaudited)

ASSETS

Current
assets Cash
and

equivalents \$
3,253 \$ 557

Accounts
receivable
27,495 27,181

IPF
receivables
(Note 4)

7,000 7,100

Unrealized
hedging gain
(Note 2)

36,768 9,954

Inventory and
other 4,084

3,348 -----

----- 78,600

48,140 -----

----- IPF

receivables

(Note 4)

34,402 33,283

Unrealized

hedging gain

(Note 2)

12,701 1,669

Oil and gas

properties,

successful

efforts (Note

14) 1,057,881

1,073,682

Accumulated

depletion

(512,786)

(529,359) ---

545,095

544,323 -----

Transportation

and field

assets (Note

2) 31,288

31,645

Accumulated

depreciation

(13,576)

(14,401) ----

17,712 17,244

Other (Note

2) 3,055

5,004 -----

----- \$

691,565 \$

649,663

=====

=====

LIABILITIES

AND	
STOCKHOLDERS'	
EQUITY	
Current	
liabilities	
Accounts	
payable \$	
26,944	\$
21,171	
Accrued	
liabilities	
9,947	8,419
Accrued	
interest	
7,105	3,941
-	-
-----	-----
43,996	33,531
-----	-----
Senior debt	
(Note 5)	
95,000	99,600
Non-recourse	
debt (Note 5)	
98,801	95,100
Subordinated	
notes (Note	
5) 108,690	
106,300	Trust
Preferred	
(Note 5)	
89,740	87,340
Commitments	
and	
contingencies	
(Note 7) --	-
- Deferred	
taxes (Note	
11) 9,651	--
Stockholders'	
equity (Notes	
8 and 9)	
Common stock,	
\$.01 par,	
100,000,000	
shares	
authorized,	
52,643,275	
and	
53,517,901	
outstanding	
526	535
Capital in	
excess of par	
value 376,357	
380,437	
Retained	
earnings	
(deficit)	
(169,237)	
(164,726)	
Other	
comprehensive	
income (Note	
2) 38,041	
11,546	-----
-----	-----
245,687	
227,792	-----
-----	-----
-----	\$
691,565	\$
649,663	
=====	
=====	

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE DATA)

THREE MONTHS ENDED MARCH 31, ----- -----	2001 -----	2002 -----
----- Revenues		
Oil and gas sales \$	58,092	\$ 44,283
Transportation and processing 981 774 IPF, net 2,437 (601)		
Interest and other 1,482 (2,009) -----		
-----	62,992	42,447

Expenses		
Direct operating	12,603	9,204
Exploration	1,083	5,271
General and administrative	3,470	3,576
Interest	9,117	5,817
Depletion, depreciation and amortization	18,639	17,439
-----	44,912	41,307

Pretax income	18,080	1,140
Income taxes (Note 11)		
Current -- --		
Deferred --		
(2,186) -----		

(2,186) -----		

Income before extraordinary item 18,080		
3,326 Gain on retirement of securities (Note 16) 432		
1,185 -----		

----- Net income \$	18,512	\$ 4,511
=====		
=====		
Comprehensive income (loss) (Note 2) \$	58,575	\$

(21,984)
=====
=====
Earnings per
share, basic
and diluted
(Note 12)
Before
extraordinary
item \$ 0.37 \$
0.06
=====
=====
After
extraordinary
item \$ 0.38 \$
0.08
=====
=====

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED, IN THOUSANDS)

THREE MONTHS ENDED
MARCH 31, -----

2001 2002 -----

----- CASH

FLOW FROM OPERATIONS

Net income \$ 18,512

\$ 4,511 Adjustments

to reconcile to net

cash provided by

operations: Deferred

taxes -- (2,186)

Depletion,

depreciation and

amortization 18,639

17,439 Writedown of

marketable

securities 1,310 369

Unrealized hedging

(gains) losses

(2,266) 1,700

Adjustment to IPF

receivables (1,097)

1,126 Amortization

of deferred offering

costs 874 144 Gain

on retirement of

securities (435)

(1,185) (Gain) Loss

on sale of assets

(298) 1 Changes in

working capital:

Accounts receivable

92 378 Inventory and

other 875 368

Accounts payable 962

(3,046) Accrued

liabilities (3,874)

(4,163) -----

----- Net

cash provided by

operations 33,294

15,456 -----

----- CASH

FLOW FROM INVESTING

Oil and gas

properties (14,095)

(19,023) IPF

investments (2,428)

(1,599) IPF

repayments 9,699

1,493 Asset sales

304 35 -----

----- Net

cash used in

investing (6,520)

(19,094) -----

----- CASH

FLOW FROM FINANCING

(Repayment)/borrowing

of debt (28,103) 885

Preferred dividends

(4) -- Issuance of

common stock 372 57

----- Net cash (used

in) provided by

financing (27,735)

942 -----

----- Change in

cash (961) (2,696)

Cash and

equivalents,

beginning of period

2,485 3,253 -----

Cash and

equivalents, end of
period \$ 1,524 \$ 557
=====
=====

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND NATURE OF BUSINESS

Range Resources Corporation ("Range") is engaged in the development, acquisition and exploration of oil and gas properties primarily in the Southwestern, Gulf Coast and Appalachian regions of the United States. The Company also provides financing to small oil and gas producers through a subsidiary, Independent Producer Finance ("IPF"). The Company seeks to increase its reserves and production principally through development drilling and acquisitions. Range holds its Appalachian oil and gas assets through a 50% owned joint venture, Great Lakes Energy Partners L.L.C. ("Great Lakes").

After a decade of rapid growth and consistent profitability, Range concluded a series of disastrous acquisitions in 1997 and 1998. Due to the poor performance of the purchased properties, substantial write-downs were required and the Company was forced to retrench. Staff was reduced, capital expenditures cut, assets sold and a program of exchanging common stock for fixed income securities initiated. Since year-end 1998, parent company bank debt has been reduced 73% to \$99.6 million. Total debt, including Trust Preferred, has been reduced 46% to \$388.3 million. As a result, the Company's financial position has stabilized. The Company expects to continue to retire debt with internal cash flow and may exchange additional common stock or equity-linked securities for indebtedness. Stockholders could be materially diluted if a substantial amount of fixed income securities are exchanged for stock. The extent of dilution will depend on a number of factors, including the number of shares issued, the price at which stock is issued or newly issued securities are convertible into common stock and the price at which fixed income securities are reacquired. While such exchanges reduce existing stockholders' proportionate ownership, management believes they enhance the Company's financial flexibility and should increase the market value of its common stock over time.

With its financial strength largely restored, the Company has refocused on increasing production and reserves. As part of this effort, the exploration and production effort was placed under the control of a newly hired Executive Vice President in early 2001. Due to reserve revisions and asset sales, reserves and production fell in 1999 and 2000. In 2001, production increased slightly but reserves continued to decrease as the capital program did not replace production. The Company has announced a capital budget of \$100 million for 2002 and will seek to increase production and reserves during the year.

The Company believes it has sufficient liquidity and cash flow to meet its obligations. However, a material drop in oil and gas prices or a reduction in production and reserves would reduce its ability to fund capital expenditures, reduce debt and meet its financial obligations. In addition, the Company's high depletion, depreciation and amortization ("DD&A") rate may make it difficult to remain profitable if oil and gas prices decline. The Company operates in an environment with numerous financial and operating risks, including, but not limited to, the ability to acquire reserves on an attractive basis, the inherent risks of the search for, development and production of oil and gas, the ability to sell production at prices which provide an attractive return and the highly competitive nature of the industry. The Company's ability to expand its reserve base is, in part, dependent on obtaining sufficient capital through internal cash flow, borrowings or the issuance of debt or equity securities.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of the Company, majority-owned subsidiaries and a pro rata share of the assets, liabilities, income and expenses of Great Lakes. Liquid investments with maturities of ninety days or less are considered cash equivalents. Certain reclassifications have been made to the presentation of prior periods to conform with current classifications.

REVENUE RECOGNITION

The Company recognizes revenues from the sale of products and services in the period delivered. Revenues at IPF are recognized as received. Although receivables are concentrated in the oil industry, the Company does not

view this as an unusual credit risk. At December 31, 2001 and March 31, 2002, IPF had valuation allowances of \$17.3 million and \$18.4 million and the Company had other allowances for doubtful accounts of \$2.2 million and \$2.0 million, respectively. A decrease in oil prices could cause an increase in IPF's valuation allowance.

MARKETABLE SECURITIES

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Investments," pursuant to which the its holdings of equity securities qualify as available-for-sale and are recorded at fair value. Unrealized gains and losses are reflected in Stockholders' equity as a component of Other comprehensive income. A decline in the market value of a security below cost deemed other than temporary is charged to earnings. Realized gains and losses are reflected in income. During the first quarter of 2001 and 2002, the Company determined that the decline in the market value of an equity security it holds was other than temporary and losses of \$1.3 million and \$369,000, respectively, were recorded as reductions to Interest and other revenues.

GREAT LAKES

The Company contributed its Appalachian assets to Great Lakes in 1999, retaining a 50% interest in the venture. The other 50% interest is held by FirstEnergy Corp. Great Lakes' proved reserves, 86% of which are gas, were 423.1 Bcfe at December 31, 2001. In addition, the joint venture owns 4,600 miles of gas gathering and transportation lines and a leasehold position of approximately 1.1 million (497,000 net) acres. Great Lakes has over 1,400 proved drilling locations within existing fields. At year-end, Great Lakes had a reserve life index of 17 years.

INDEPENDENT PRODUCER FINANCE

IPF acquires royalties in oil and gas properties from small producers. The royalties are accounted for as receivables because the investment is recovered from a percentage of revenues until a specified return is received. Payments received believed to relate to the return are recognized as income; remaining receipts reduce receivables. Receivables classified as current represent the return of capital expected within twelve months. All receivables are evaluated quarterly and provisions for uncollectible amounts established. At March 31, 2002, IPF's valuation allowance totaled \$18.4 million. On certain receivables, income is recorded at rates below those specified due to an assessment of risk. Due to favorable oil and gas prices in early 2001, certain of these receivables began to generate greater than anticipated returns. As a result, a \$1.1 million increase in receivables was recorded as additional income in the three months ended March 31, 2001. In the first quarter of 2002, based on price declines and the disappointing performance of certain properties, the valuation account was increased \$1.1 million which was recorded as a decrease to income. During the quarter, IPF revenues were \$1.2 million offset by \$394,000 of general and administrative costs, \$253,000 of interest and the \$1.1 million unfavorable valuation adjustment. During the prior year period, revenues were \$2.5 million and the \$1.1 million favorable valuation adjustment offset by general and administrative expenses of \$519,000 and \$691,000 of interest. IPF's receivables have declined from a high of \$77.2 million in 1998 to \$40.4 million at March 31, 2002, as it has focused on recovering its investments. During this period, IPF's debt declined from \$60.1 million to \$23.1 million. The Company is assessing alternatives relating to its ownership of IPF. Based on the decreasing significance of IPF, the Company will report IPF net results as one line in the revenue section on the Consolidated Statements of Income.

OIL AND GAS PROPERTIES

The Company follows the successful efforts method of accounting. Exploratory drilling costs are capitalized pending determination of whether a well is successful. Costs resulting in discoveries and development costs are capitalized. Geological and geophysical costs, delay rentals and unsuccessful exploratory wells are expensed. Depletion is provided on the unit-of-production method. Oil is converted to mcf at the rate of six mcf per barrel. DD&A rates were \$1.37 and \$1.30 per mcf in the quarters ended March 31, 2001 and 2002. Unproved properties had a net book value of \$25.7 million and \$24.6 million at December 31, 2001 and March 31, 2002, respectively.

TRANSPORTATION AND FIELD ASSETS

The Company's gas gathering systems are located in proximity to certain of its principal fields. Depreciation on these systems is provided on the straight-line method based on estimated useful lives of four to

fifteen years. The Company also receives third party income for providing certain field services which are recognized as earned. These earnings approximated \$500,000 and \$400,000 for the three months ended March 2002 and 2001, respectively. Depreciation on the associated assets is calculated on the straight-line method based on estimated useful lives of three to seven years. Buildings are depreciated over ten years.

OTHER ASSETS

The expense of issuing debt is capitalized and included in Other assets on the balance sheet. These costs are generally amortized over the expected life of the related securities. When a security is retired prior to maturity, related unamortized costs are expensed. At March 31, 2002, these capitalized costs totaled \$2.8 million. In the first quarter of 2002, the Company generated a \$2.2 million deferred tax asset which is included in Other assets.

GAS IMBALANCES

The Company uses the sales method to account for gas imbalances, recognizing revenue based on cash received rather than gas produced. At March 31, 2002, a gas imbalance liability of \$114,000 was included in Accrued liabilities.

COMPREHENSIVE INCOME

The Company follows SFAS No. 130, "Reporting Comprehensive Income," defined as changes in Stockholders' equity from nonowner sources, which is calculated below (in thousands):

Three Months
Ended March
31, -----

--- 2001
2002 -----

-- Net
income \$
18,512 \$
4,511 Change
in
unrealized
gain, net
40,063
(25,823)
Enron hedges
contracts,
net -- (672)
----- -

Comprehensive
income
(loss) \$
58,575 \$
(21,984)
=====
=====

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management estimates and assumptions that affect reported assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from estimates. Estimates which may significantly impact the financial statements include reserves, impairment tests on oil and gas properties, IPF valuation allowance and the fair value of derivatives.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, SFAS No. 143 "Accounting for Asset Retirement" established rules for the recognition and measurement of retirement obligations associated with long-lived assets. The pronouncement requires that retirement costs be capitalized as part of the cost of related assets and subsequently expensed using a systematic and rational method. The Company will adopt the Statement in 2003. The transition adjustment resulting from the adoption of SFAS No. 143 will be reported as the cumulative effect of a change in accounting principle. At this time, the Company cannot estimate the effect of SFAS No. 143's adoption on its financial position or results of operations.

In 2001, the FASB issued SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets". The Statement establishes a single accounting

model for long-lived assets to be disposed of by sale and provides additional implementation guidance for assets to be held and used and assets to be disposed of other than by sale. The statement requires operating losses from discontinued operations to be recognized in the periods in which they are incurred. This statement was adopted by the Company in 2002 and did not have a material impact on the Company.

Beginning in 2001, SFAS No. 133, "Accounting for Derivatives," required that derivatives be recorded on the balance sheet as assets or liabilities at fair value. For derivatives qualifying as hedges, the effective portion of changes in fair value is recognized in stockholders' equity as Other Comprehensive Income ("OCI") and reclassified to earnings when the transaction is consummated. Ineffective portions of such hedges are recognized in earnings as they occur. On adopting SFAS No. 133 in January 2001, the Company recorded a \$72.1 million net unrealized pre-tax hedging loss on its balance sheet and an offsetting deficit in OCI. Due to the decline in oil and gas prices since then, this loss had become a net \$13.6 million unrealized pre-tax gain at March 31, 2002. SFAS No. 133 increases volatility in the earnings and stockholders' equity of independent oil companies. Earnings are affected by the ineffective portion of a hedge contract (changes in realized prices that do not match the changes in the hedge price). Ineffective gains or losses are recorded in Interest and other revenue while the hedge contract is open and may increase or reverse until settlement of the contract. Stockholders' equity is affected by the increase or decrease in OCI. Typically, when oil and gas prices increase, OCI decreases. The reduced OCI at March 31, 2002 related to increases in oil and gas prices since December 31, 2001. Of the \$13.6 million unrealized gain at March 31, 2002, \$10.1 million would be reclassified to earnings over the next twelve month period if prices remained constant. Actual amounts that will be reclassified will vary as a result of changes in prices.

The Company had hedge agreements with Enron North America Corp. ("Enron") for 22,700 Mmbtu per day at \$3.20 per Mmbtu for the first three months of 2002. At December 31, 2001, based on accountants guidance, an allowance for bad debts of \$1.3 million was recorded, offset by a \$318,000 ineffective gain included in income and a \$1.0 million gain included in OCI related to these amounts. The gain included in OCI at year-end 2001 was included in Interest and other revenue in the first quarter of 2002. The last Enron contract expired in March 2002. If the Company recovers any of its \$1.6 million unsecured claim, the recovery will be reported as income at that time.

The Company enters into contracts to reduce the effect of fluctuations in oil and gas prices. These contracts qualify as cash flow hedges. Prior to 2001, gains and losses were determined monthly and included in revenues in the period the hedged production was sold. Starting in 2001, gains or losses on open contracts are recorded in OCI. The Company also enters into swap agreements to reduce the risk of changing interest rates. These agreements qualify as fair value hedges and related income or expense is recorded as an adjustment to interest expense in the period covered.

Interest and other revenues in the Consolidated Statements of Income reflected ineffective hedging gains of \$2.3 million for the three months ended March 31, 2001 and ineffective hedging losses of \$1.7 million in the three months ended March 31, 2002. Unrealized hedging gains of \$13.6 million (net of \$2.0 million losses on interest rate swaps) and OCI of \$11.5 million were recorded on the balance sheet at March 31, 2002. See Note 7.

(3) ACQUISITIONS

Acquisitions are accounted for as purchases. Purchase prices are allocated to acquired assets based on estimates of fair value. Acquisitions have been funded with internal cash flow, bank borrowings and the issuance of debt and equity securities. The Company purchased various properties for \$3.5 million and \$1.0 million during the three months ended March 31, 2001 and 2002, respectively.

(4) IPF RECEIVABLES

At March 31, 2002, IPF had net receivables of \$40.4 million after a \$18.4 million valuation allowance. The receivables represent overriding royalty interests payable from an agreed-upon share of revenues until a specified return is achieved. The royalties are property interests that serve as security for receivables. On certain receivables, income has been recorded at rates below those specified based on an assessment of risk. The Company estimates that \$7.1 million of receivables at March 31, 2002 will be repaid in the next twelve months and are classified as current. Since IPF's receivables primarily relate to oil properties, a decrease in the oil price could cause an increase in IPF's valuation allowance.

(5) INDEBTEDNESS

The Company had the following debt and Trust Preferred outstanding as of the dates shown. Interest rates at March 31, 2002, excluding the impact of interest rate swaps, are shown parenthetically (in thousands):

December 31, March 31, 2001 2002 ----- ----- -----	
	SENIOR DEBT
	Parent credit facility (4.3%) \$ 95,000 \$ 99,600 ----- -----
	NON- RECOURSE DEBT Great Lakes credit facility (3.9%) 75,001 72,000 IPF credit facility (4.3%) 23,800 23,100 ----- -----
	98,801 95,100 ----- -----
	SUBORDINATED DEBT 8.75% Senior Subordinated Notes due 2007 79,115 78,240 6% Convertible Subordinated Debentures due 2007 29,575 28,060 ----- -----
	108,690 106,300 --- ----- -----
	TOTAL DEBT 302,491 301,000
	TRUST PREFERRED 89,740 87,340 ----- -----
	TOTAL \$ 392,231 \$ 388,340 =====

Subsequent to March 31, 2002, the Company exchanged \$5.6 million of 6% Debentures for 906,000 shares of common stock.

Interest paid in cash during the three months ended March 31, 2001 and 2002 totaled \$12.2 million and \$9.1 million, respectively. The Company does not capitalize interest expense.

PARENT SENIOR DEBT

On May 2, 2002, the Company entered into an amended and restated \$225.0 million revolving bank facility (the "Parent Facility"). The Parent Facility provides for a borrowing base subject to redeterminations each April and October. The initial borrowing base is \$135.0 million. At the Company's election, the borrowing base may increase by up to \$10 million during any six month borrowing base period based on a percentage of the face value of subordinated debt retired by the Company. The loan matures in July 2005. The weighted average interest rate was 8.2% and 4.2% for the three months ended March 31, 2001 and 2002. The interest rate is LIBOR plus a margin of 1.50% to 2.25%, depending on outstandings. A commitment fee is paid on the undrawn balance based on an annual rate of 0.375% to 0.50%. At May 3, 2002, the commitment fee was 0.375% and the interest rate margin was 2.00%. At May 3, 2002, the interest rate was 3.9%.

NON-RECOURSE DEBT

The Company consolidates its proportionate share of borrowings on Great Lakes' \$275.0 million secured revolving bank facility (the "Great Lakes Facility"). The Great Lakes Facility is non-recourse to Range and provides for a borrowing base subject to redeterminations each April and October. On May 3, 2002, the borrowing base was \$205.0 million of which \$61.0 million was available. The loan matures in January 2005. The interest rate on the Great Lakes Facility is LIBOR plus 1.50% to 2.00%, depending on outstandings. A commitment fee is paid on the undrawn balance at an annual rate of 0.25% to 0.50%. At March 31, 2002, the commitment fee was 0.375% and the interest rate margin was 1.75%. The average interest rate on the Great Lakes Facility, excluding hedges, was 8.1% and 4.0% for the three

months ended March 31, 2001 and 2002. After hedging (see Note 6), the rate was 8.4% and 6.8% for these periods. At May 3, 2002, the interest rate was 3.7% excluding hedges and 6.6% after hedging.

IPF has a \$100.0 million secured revolving credit facility (the "IPF Facility"). The IPF Facility is non-recourse to Range and matures in January 2004. The borrowing base under the IPF Facility is subject to redeterminations each April and October. On May 3, 2002, the borrowing base was \$27 million of which \$2.3 million was available. The IPF Facility bears interest at LIBOR plus 1.75% to 2.25% depending on outstandings. A commitment fee is paid on the undrawn balance at an annual rate of 0.375% to 0.50%. The weighted average interest rate on the IPF Facility was 8.2% and 4.1% for the three months ended March 31, 2001 and 2002, respectively. As of May 3, 2002, the interest rate was 4.2%.

SUBORDINATED NOTES

The 8.75% Senior Subordinated Notes Due 2007 (the "8.75% Notes") are redeemable at 104.375% of principal, declining 1.46% each January to par in 2005. The 8.75% Notes are unsecured general obligations subordinated to senior debt (as defined). During the three months ended March 31, 2002, the Company exchanged \$875,000 face amount of the 8.75% Notes for 175,000 shares of common stock. Exchanges are not reflected on the cash flow statement. The gain on these exchanges is included as a Gain on retirement of securities on the Consolidated Statements of Income. On May 3, 2002, \$78.2 million of the 8.75% Notes were outstanding.

The 6% Convertible Subordinated Debentures Due 2007 (the "6% Debentures") are convertible into common stock at the option of the holder at a price of \$19.25 per share. The 6% Debentures mature in 2007 and are redeemable at 103.0% of principal, declining 0.5% each February to 101% in 2006, remaining at that level until it becomes par at maturity. The 6% Debentures are unsecured general obligations subordinated to all senior indebtedness (as defined), including the 8.75% Notes. During the quarters ended March 31, 2001 and 2002, \$1.6 million and \$1.5 million of 6% Debentures were retired at a discount in exchange for 193,000 and 245,000 shares of common stock, respectively. In addition, \$15,000 of 6% Debentures were repurchased for cash in the quarter ended March 31, 2002. Extraordinary gains of \$432,000 and \$240,000 were recorded in the first quarter of 2001 and 2002, respectively. Subsequent to March 31, 2002, the Company exchanged \$5.6 million of 6% debentures for 906,000 shares of common stock. On May 3, 2002, \$22.4 million of 6% Debentures were outstanding.

TRUST PREFERRED

In 1997, a special purpose affiliate (the "Trust") issued \$120 million of 5.75% Trust Convertible Preferred Securities (the "Trust Preferred"). The Trust Preferred is convertible into common stock at a price of \$23.50 a share. The Trust invested the proceeds in 5.75% convertible junior subordinated debentures of the Company (the "Junior Debentures"). The Junior Debentures and the Trust Preferred mature in 2027 and are currently redeemable at 103.450% of principal, declining 0.58% each November to par in 2007. The Company guarantees payment on the Trust Preferred to a limited extent, which taken with other obligations, provides a full subordinated guarantee. The Company has the right to suspend distributions on the Trust Preferred for five years without triggering a default. The accounts of the Trust are included in the consolidated financial statements after eliminations. Distributions are recorded as interest expense and are tax deductible. In the quarter ended March 31, 2002, \$2.4 million of Trust Preferred was reacquired at a discount in exchange for 283,000 shares of common stock. An extraordinary gain of \$915,000 was recorded. On May 3, 2002, \$87.3 million face amount of the Trust Preferred was outstanding.

The debt agreements contain covenants relating to net worth, working capital, dividends and financial ratios. The Company was in compliance with all covenants at March 31, 2002. Under the most restrictive covenant, which is embodied in the 8.75% Notes, \$3.0 million of other restricted payments could be made at March 31, 2002. As this covenant limits the ability to repurchase the 6% convertible debentures and Trust Preferred, the Company may seek to amend it. Under the Parent Facility, common dividends are permitted beginning January 1, 2003. Dividends on the Trust Preferred may not be paid unless certain ratio requirements are met. The Parent Facility provides for a restricted payment basket of \$20.0 million plus 50% of net income (excluding GLEP and IPF) plus 66 2/3% of distributions, dividends or payments of debt from or proceeds from sales of equity interests of GLEP and IPF plus 66 2/3% of net cash proceeds from common stock issuances. The Company estimates that \$26 million was available under the bank's restricted payment basket on May 3, 2002.

(6) FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company's financial instruments include cash and equivalents, receivables, payables, debt and commodity and interest rate hedges. The book value of cash and equivalents, receivables and payables is considered representative of fair value because of their short maturity. The book value of bank borrowings is believed to approximate fair value because of their floating rate structure.

A portion of future oil and gas sales is periodically hedged through the use of option or swap contracts. Realized gains and losses on these instruments are reflected in the contract month being hedged as an adjustment to oil and gas revenue. At times, the Company seeks to manage interest rate risk through the use of swaps. Gains and losses on interest rate swaps are included as an adjustment to interest expense in the relevant periods.

At March 31, 2002, the Company had hedging contracts covering 43.5 Bcf of gas at prices averaging \$3.95 per mcf and 1.5 million barrels of oil averaging \$23.56 per barrel. Their fair value, represented by the estimated amount that would be realized upon termination, based on contract prices versus the New York Mercantile Exchange ("NYMEX") price on March 31, 2002, was a net unrealized gain pre-tax of \$13.6 million. The contracts expire monthly through December 2005. Gains or losses on open and closed hedging transactions are determined as the difference between the contract price and the reference price, generally closing prices on NYMEX. Transaction gains and losses on settled contracts are determined monthly and are included as increases or decreases to oil and gas revenues in the period the hedged production is sold. Oil and gas revenues were decreased by \$23.4 million and increased by \$11.7 million due to hedging in the quarters ended March 31, 2001 and 2002, respectively.

The following table sets forth the book and estimated fair values of financial instruments (in thousands):

December			
31, 2001			
March 31,			
2002 -----			

Book Fair			
Book Fair			
Value			
Value			
Value			
Value ----			

Assets			
Cash and			
equivalents			
\$ 3,253 \$			
3,253 \$			
557 \$ 557			
Marketable			
securities			
1,220			
1,220 851			
851			
Commodity			
swaps			
52,100			
52,100			
13,552			
13,552 ---			

Total			
56,573			
56,573			
14,960			
14,960 ---			

Liabilities			
Interest			

rate swaps
 (2,631)
 (2,631)
 (2,019)
 (2,019)
 Long-term
 debt
 (302,491)
 (292,028)
 (301,000)
 (295,728)
 Trust
 Preferred
 (89,740)
 (50,254)
 (87,340)
 (51,531) -

 Total
 (394,862)
 (344,913)
 (390,359)
 (349,278)

 Net
 financial
 instruments
 \$(338,289)
 \$(288,340)
 \$(375,399)
 \$(334,318)
 =====
 =====
 =====
 =====

The following schedule shows the effect of closed oil and gas hedges since the beginning of 2001 and the value of open contracts as of March 31, 2002 (in thousands):

Quarter Hedging Gain/ Ended (Loss) -	-----
-----	-----
-----	-----
Closed Contracts 2001	
March 31	
\$(23,440)	
June 30	
(5,250)	
March 31	
8,450	
December 31	
14,047 -	-----
Subtotal (6,193)	
2002	
March 31	
11,727 -	-----
Total closed \$ 5,534	=====
Open Contracts 2002	
June 30	
\$ 3,746	
September 30	
3,320	
December 31	
2,610	-----
Subtotal 9,676	
2003	
March 31	
471	
June 30	
800	
September 30	
1,122	
December 31	
848 -	-----
Subtotal 3,241	
2004	
March 30	
(77)	
June 30	
180	
September 30	
222	
December 31	
197 -	-----
Subtotal 522	
2005	
March 31	
(6)	
June 30	
28	
September 30	
46	
December 31	
45 --	-----
Subtotal 113	-----

Total open \$	

13,552
=====

Interest rate swaps are accounted for on the accrual basis with income or expense being recorded as an adjustment to interest expense in the period covered. For the quarter ended March 31, 2002, the related losses were

insignificant. Neither the parent company nor IPF had interest rate swaps in effect. However, Great Lakes had nine interest rate swap agreements totaling \$100.0 million. Two agreements totaling \$45.0 million at LIBOR rates of 7.1% expire in May 2004. Two agreements totaling \$20.0 million at 6.2% expire in December 2002. Five agreements totaling \$35.0 million at rates averaging 4.65% expire in June of 2003. The fair value of these swaps at March 31, 2002 approximated a net loss of \$4.0 million of which 50% is consolidated at Range. While the agreements expiring in May 2004 may be terminated at the counterparty's option on May 26, 2002, such termination is unlikely.

The combined fair value of gains on oil and gas hedges and net losses on interest rate swaps totaled \$11.6 million and appear as an Unrealized hedging gain on the balance sheet. Hedging activities are conducted with major financial or commodities trading institutions which management believes are acceptable credit risks. At times, such risks may be concentrated with certain counterparties. The creditworthiness of these counterparties is subject to continuing review.

(7) COMMITMENTS AND CONTINGENCIES

The Company is involved in various legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on the Company's financial position or results of operations.

In 2000, a royalty owner filed suit asking for class action certification against Great Lakes and the Company in New York, alleging that gas was sold to affiliates and gas marketers at low prices, inappropriate post production expenses reduced proceeds to the royalty owners, and improper accounting for the royalty owners' share of gas. The action sought proper accounting, the difference in prices paid and the highest obtainable prices, punitive damages and attorneys' fees. The case has been remanded to state court in New York. While the outcome of the suit is uncertain, the Company believes it will be resolved without material adverse effect on its financial position or results of operations.

(8) STOCKHOLDERS' EQUITY

In 1995, the Company issued \$28.8 million of \$2.03 Convertible Exchangeable Preferred Stock which was convertible into common stock at a price of \$9.50. As of December 31, 2001, the issue had been retired.

The following is a schedule of changes in outstanding common shares since the beginning of 2001:

Quarter Ended	
2001 March	
31, 2002 ----	

Beginning	
Balance	
49,187,682	
52,643,275	
Issuance	
Compensation	
372,398	
140,685 Stock	
options	
223,594	
21,032 Stock	
Purchase Plan	
263,000 --	
Exchanges for	
6% Debentures	
758,597	
247,000 Trust	
Preferred	
291,211	
283,200 \$2.03	
Preferred	
766,889 --	
8.75% Notes	
779,960	
182,709 Other	
(56) -- ----	

3,455,593	
874,626 ----	

Ending	

Balance
52,643,275
53,517,901

=====
=====

Supplemental disclosures of non-cash investing and financing activities

Three months Ended March 31, -----
 --- 2001
 2002 -----
 ----- (In thousands)
 Common stock issued Under benefit plans \$
 1,173 \$ 466
 Exchanged for fixed income securities \$ 5,970 \$ 3,565

(9) STOCK OPTION AND PURCHASE PLANS

The Company has four stock option plans, of which two are active, and a stock purchase plan. Under these plans, incentive and non-qualified options and stock purchase rights are issued to directors, officers, and employees pursuant to decisions of the Compensation Committee of the Board. Information with respect to the option plans is summarized below:

Inactive
 Active ---

 Domain
 1989
 Directors'
 1999 Plan
 Plan Plan
 Plan Total

 Outstanding
 on
 December
 31, 2001
 137,484
 542,700
 120,000
 1,315,113
 2,115,297
 Granted --
 -- --
 715,250
 715,250
 Exercised
 (5,782)
 (11,375) -
 - (3,875)
 (21,032)
 Expired --
 (22,213) -
 - (70,513)
 (92,726) -

 (5,782)

(33,588) -
 - 640,862
 601,492 --

 Outstanding
 on March
 31, 2002
 131,702
 509,112
 120,000
 1,955,975
 2,716,789
 =====
 =====
 =====
 =====
 =====

In 1999, shareholders approved a stock option plan (the "1999 Plan") authorizing the issuance of up to 1.4 million options. In 2001, shareholders approved an increase in the number of options issuable to 3.4 million. The Company has submitted a proposal to shareholders to increase the number of options issuable to 6.0 million at the May 2002 Annual Meeting. All options issued under the 1999 Plan vest 25% per year beginning after one year and have a maximum term of 10 years. During the quarter ended March 31, 2002, 715,250 options were granted under the 1999 Plan at an exercise price of \$4.43 a share to all eligible employees, other than the Chairman and the President. At March 31, 2002, 2.0 million options were outstanding under the 1999 Plan at exercise prices of \$1.94 to \$6.67. On April 1, 2002, the Chairman and the President were granted 250,000 and 175,000 options, respectively. The Compensation Committee intends to review the size of option awards to employees below the senior executive level and may grant additional options to those employees within the next few months.

In 1994, shareholders approved the Outside Directors' Stock Option Plan (the "Directors' Plan"). In 2000, shareholders approved an increase in the number of options issuable to 300,000, extended the term of the options to ten years and set the vesting period at 25% per year beginning a year after grant. Director's options are normally granted upon election of a Director or annually upon their reelection at the Annual Meeting. At March 31, 2002, 120,000 options were outstanding under the Directors' Plan at exercise prices of \$2.81 to \$6.00.

The Company maintains the 1989 Stock Option Plan (the "1989 Plan") which authorized the issuance of up to 3.0 million options. No options have been granted under this plan since 1999. Options issued under the 1989 Plan vest 30% after a year, 60% after two years and 100% after three years and expire in 5 years. At March 31, 2002, 509,112 options remained outstanding under the 1989 Plan at exercise prices of \$2.63 to \$7.63 a share.

The Domain stock option plan was adopted when that company was acquired with existing Domain options becoming exercisable into Range common stock. No options have been granted under the Plan since the acquisition. At March 31, 2002, 131,702 options remained outstanding under the Plan at an exercise price of \$3.46 a share.

In total, 2.7 million options were outstanding at March 31, 2002 at exercise prices of \$1.94 to \$7.63 a share as follows:

Inactive	Active	Total
	---	-----
Range of Average Domain		
1989		
Directors' 1999		
Exercise Prices		
Price Plan		
Plan Plan		
Plan Total		
-----		-----
-----		-----
-----		-----
-----		-----
-----		-----
-----		-----
\$1.94 -		
\$4.99 \$		
3.31		
131,702		
356,887		
64,000		
1,231,450		
1,784,039		
5.00 -		
9.99 \$		
6.68 --		
152,225		
56,000		
724,525		
932,750 --		
-----		-----
-----		-----
-----		-----
----- Total		
131,702		
509,112		
120,000		
1,955,975		
2,716,789		
=====		
=====		
=====		
=====		
=====		
=====		

In 1997, shareholders approved a plan (the "Stock Purchase Plan") authorizing the sale of 900,000 shares of common stock to officers, directors, key employees and consultants. Under the Stock Purchase Plan, the right to purchase shares at prices ranging from 50% to 85% of market value may be granted. Acquired shares are subject to a one year holding requirement. To date, all purchase rights have been granted at 75% of market. In May 2001, shareholders approved an increase in the number of shares authorized under the Plan to 1,750,000. Through March 31, 2002, 1,121,319 shares have been sold under the Plan for \$4.7 million. At March 31, 2002, rights to purchase 203,000 shares were outstanding.

(10) BENEFIT PLAN

The Company maintains a 401(k) Plan which permits employees to contribute up to 50% of salary (with certain limitations) on a pre-tax basis. Historically, the Company has made discretionary contributions to the Plan annually which fully vest after three years of service. In December 2000 and 2001, the Company contributed \$483,000 and \$554,000, respectively, of common stock to the 401(k) Plan. Employees have a variety of investment options in the 401(k) Plan and are encouraged to diversify based on their personal investment strategies.

(11) INCOME TAXES

The Company follows SFAS No. 109, "Accounting for Income Taxes," pursuant to which the liability method is used. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and regulations that will be in effect when the differences are expected to reverse. The significant components of deferred tax liabilities and assets were as follows (in thousands):

December	
31, March	
31, 2001	
2002	-----

Deferred	
tax assets	
Net	
operating	
loss	
carryover	
61,012	\$
63,198	
Percentage	
depletion	
carryover	
5,256	5,256
AMT credits	
and other	
660	660 ---

Total	
66,928	
69,114	
Deferred	
tax	
liabilities	
Depreciation	
(59,887)	
(60,701)	
Unrealized	
gain on	
hedging	
(16,692)	
(6,227)	---

Total	
(76,579)	
(66,928)	--

- Net	
deferred	
tax	
(liability)	
asset	
(9,651)	\$
2,186	
=====	
=====	

A deferred tax liability of \$9.7 million was recorded on the balance sheet at year-end 2001. At March 31, 2002, the Company had generated a deferred tax asset which is expected to be used in the course of the year. Therefore, a tax benefit of \$2.2 million was recorded on the income statement.

At December 31, 2001, the Company had regular net operating loss (NOL) carryovers of \$174.3 million including alternative minimum tax ("AMT") NOL carryovers of \$155.9 million that expire between 2012 and 2020. AMT NOL's generally offset taxable income and to such extent, no income tax payments are required. Regular NOL's utilized in amounts in excess of AMT NOL's generate an alternative minimum tax payment, which can be offset by AMT credits. NOL's generated prior to a change of control are subject to limitations. The Company experienced several changes of control between 1994 and 1998. Consequently, the use of \$34.1 million of NOL's is limited to \$10.2 million per year. No such annual limitation exists on the remaining NOL's. At December 31, 2001, the Company had a statutory depletion carryover of \$6.6 million and an AMT credit carryovers of \$660,000 which are not subject to limitation or expiration.

(12) EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share (in thousands except per share amounts):

Three Months	
Ended March	
31, -----	

---- 2001	
2002 -----	
--- -----	
-- Numerator	
Income	
before	
extraordinary	
item \$	
18,080 \$	
3,326 Gain	
on	
retirement	
Preferred	
Stock 529 --	
Preferred	
dividends	
(4) -- -----	

Numerator	
for earnings	
per share,	
before	
extraordinary	
item 18,605	
3,326	
Extraordinary	
item Gain on	
retirement	
of	
securities,	
net 432	
1,185 -----	

Numerator	
for earnings	
per share,	
basic and	
diluted \$	
19,037 \$	
4,511	
=====	
=====	
Denominator	
Weighted	
average	
shares,	
basic 50,186	
52,978	
Dilutive	
potential	
common	
shares Stock	
options 202	
200 -----	

 -
 Denominator
 for diluted
 earnings per
 share 50,388
 53,178
 =====
 =====
 Earnings per
 share, basic
 and diluted
 Before
 extraordinary
 item \$ 0.37
 \$ 0.06
 =====
 =====
 After
 extraordinary
 item \$ 0.38
 \$ 0.08
 =====
 =====

During the three months ended March 31, 2001 and 2002, 202,149 and 200,342 stock options were included in the computation of diluted earnings per share. Remaining stock options, the 6% Debentures, the Trust Preferred and the \$2.03 Preferred were not included because their inclusion would have been antidilutive.

The Company has and will continue to consider exchanging common stock or equity-linked securities for fixed income securities. Existing stockholders may be materially diluted if substantial exchanges are consummated. The extent of dilution will depend on the number of shares and price at which common stock is issued, the price at which newly issued securities are convertible, and the price at which fixed income securities are acquired.

(13) MAJOR CUSTOMERS

The Company markets its production on a competitive basis. Gas is sold under various types of contracts ranging from life-of-the-well to short-term contracts that are cancelable within 30 days. Oil purchasers may be

changed on 30 days notice. The price for oil is generally equal to a posted price set by major purchasers in the area. The Company sells to oil purchasers on the basis of price and service. For the three months ended March 31, 2002, three customers accounted for 10% or more of oil and gas revenues. Management believes that the loss of any one customer would not have a material long-term adverse effect on the Company.

Between late 1999 and June 30, 2001, Great Lakes sold approximately 90% of its gas production to FirstEnergy, at prices based on the close of NYMEX contracts each month plus a basis differential. In mid-2001, Great Lakes began selling its gas to various purchasers including FirstEnergy. Over the next twelve months, Great Lakes expects to sell approximately a third of its gas to FirstEnergy. At December 31, 2001, 91% of Great Lakes gas was being sold at prices based on the close of NYMEX contracts each month plus a basis differential. The remainder is sold at a fixed price.

(14) OIL AND GAS ACTIVITIES

The following summarizes selected information with respect to producing activities. Exploration costs include capitalized as well as expensed outlays (in thousands):

Three Year Ended Months Ended December 31, March 31, 2001 2002 ----- -----	

Book value Properties subject to depletion \$ 1,032,150 \$ 1,049,069 Unproved properties 25,731 24,613 ---- -----	

Total 1,057,881 1,073,682 Accumulated depletion (512,786) (529,359) - -----	

- Net \$ 545,095 \$ 544,323 =====	
=====	
Costs incurred Development \$ 69,162 \$ 10,599 Exploration 11,405(a) 6,369(a) Acquisition 9,489(b) 1,018(b) -- -----	

- Total \$ 90,056 \$ 17,986 =====	
=====	

(a) Includes \$5,879 and \$5,271 of exploration costs expensed in 2001 and the three months ended March 31, 2002, respectively.

(b) Includes \$3,792 and \$51 for oil and gas reserves, the remainder represents acreage purchases in 2001 and the three months ended March

31, 2002, respectively.

(15) INVESTMENT IN GREAT LAKES

The Company owns 50% of Great Lakes and consolidates its proportionate interest in the joint venture's assets, liabilities, revenues and expenses. The following table summarizes the 50% interest in Great Lakes financial statements as of or for the three months ended March 31, 2002 (in thousands):

March 31,
2002 -----

Balance Sheet
Current
assets \$
8,082 Oil and
gas
properties,
net 156,594
Transportation
and field
assets, net
15,354 Other
assets 79
Current
liabilities
7,106 Long-
term debt
72,000
Members'
equity 95,796
Income
Statement
Revenues \$
12,804 Net
income 3,067

(16) EXTRAORDINARY ITEM

During the first quarter of 2001, 193,000 shares of common stock were exchanged for \$1.6 million of 6% Debentures. An extraordinary gain of \$432,000 was recorded because the securities were acquired at a discount. In addition, 747,000 shares of common stock were exchanged for \$5.3 million of \$2.03 Preferred. In the first quarter of 2002, 703,000 shares of common stock were exchanged for \$2.4 million of Trust Preferred, \$1.5 million of 6% Debentures and \$875,000 of 8.75% Notes and \$15,000 of 6% Debentures were repurchased for cash. An extraordinary gain of \$1.2 million was recorded because the securities were acquired at a discount.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FACTORS AFFECTING FINANCIAL CONDITION AND LIQUIDITY

LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 2002, the Company spent \$18.0 million on development, exploration and acquisitions and debt and Trust Preferred were reduced by \$3.9 million. At March 31, 2002, the Company had \$557,000 in cash, total assets of \$649.7 million and, including the Trust Preferred as debt, a debt to capitalization (including debt, deferred taxes and stockholders' equity) ratio of 63%. Available borrowing capacity on the Company's bank lines at March 31, 2002 was \$20.4 million at the parent, a net \$28.0 million at Great Lakes and \$11.9 million at IPF. On May 3, 2002, under the amended and restated parent facility, there was \$35.0 million available borrowing capacity at the Parent. Long-term debt at March 31, 2002 totaled \$388.3 million. This included \$99.6 million of parent bank borrowings, a net \$72.0 million at Great Lakes, \$23.1 million at IPF, \$78.2 million of 8.75% Notes, \$28.1 million of 6% Debentures and \$87.3 million of Trust Preferred.

During the three months ended March 31, 2002, 703,000 shares of common stock were exchanged for \$1.5 million of 6% Debentures, \$2.4 million of Trust Preferred and \$875,000 of 8.75% Notes. A \$1.2 million extraordinary gain was recorded as the securities were acquired at a discount.

The Company believes its capital resources are adequate to meet its requirements for at least the next twelve months. However, future cash flows are subject to a number of variables including the level of production and prices as well as various economic conditions that have historically affected the oil and gas business. There can be no assurance that internal cash flow and other capital sources will provide sufficient funds to maintain planned capital expenditures.

Cash Flow

The Company's principal sources of cash are operating cash flow and bank borrowings. The Company's cash flow is highly dependent on oil and gas prices. The Company has entered into hedging agreements covering approximately 70%, 40%, 10% and 4% of anticipated production from proved reserves on an mcfe basis for the remainder of 2002, 2003, 2004 and 2005, respectively. The \$19.0 million of capital expenditures (which included \$4.3 million for abandonment) in the three months ended March 31, 2002 were funded with internal cash flow and bank borrowings. Net cash provided by operations for the three months ended March 31, 2001 and 2002 was \$33.3 million and \$15.5 million, respectively. Cash flow from operations decreased from the prior year with lower prices and higher exploration expense being somewhat offset by lower direct operating and interest expense. Net cash used in investing for the three months ended March 31, 2001 and 2002 was \$6.5 million and \$19.1 million, respectively. The 2001 period included \$14.1 million of additions to oil and gas properties and \$2.4 million of IPF investments partially offset by \$9.7 million of IPF receipts and \$300,000 in asset sales. The 2002 period included \$19.0 million of additions to oil and gas properties and \$1.6 million of IPF investments, partially offset by \$1.5 million of IPF receipts. Net cash used in (provided by) financing for the three months ended March 31, 2001 and 2002 was \$27.7 million and \$(942,000), respectively. During the first three months of 2002, total debt, including Trust Preferred, declined \$3.9 million. Parent bank debt increased but this was more than offset by decreases in non-recourse bank debt of \$3.7 million, Subordinated Notes (8.75% Notes and 6% Debentures) of \$2.4 million and the Trust Preferred of \$2.4 million. The net reduction in debt was the result of exchanges of common stock.

Capital Requirements

During the three months ended March 31, 2002, the \$19.0 million of capital expenditures was funded through cash flow and bank borrowings. The Company seeks to fund its capital budget with internal cash flow. The 2002 capital budget of \$100.0 million will seek to increase production and expand the reserve base. The Company currently anticipates the capital expenditure program will be entirely funded with internal cash flow in 2002.

Banking

The Company maintains three separate revolving bank credit facilities: a \$225.0 million facility at the Parent; a \$100.0 million facility at IPF and a \$275.0 million facility at Great Lakes. Each facility is secured by substantially all the borrowers' assets. The IPF and Great Lakes facilities are non-recourse to Range. As Great Lakes is 50% owned, half its borrowings are consolidated in Range's financial statements. Availability under the facilities is subject to borrowing bases set by the banks semi-annually and in certain other circumstances. The borrowing bases are dependent on a number of factors, primarily the lenders' assessment of the future cash flows. Redeterminations require approval of 75% of the lenders, increases require unanimous approval.

At May 3, 2002, the Parent had a \$135.0 million borrowing base of which \$35.0 million was available. IPF had a \$27.0 million borrowing base, of which \$2.3 million was available. Great Lakes, half of which is consolidated at Range, had a \$205.0 million borrowing base, of which \$61.0 million was available.

Hedging

Oil and Gas Prices

The Company regularly enters into hedging agreements to reduce the impact of fluctuations in oil and gas prices. The Company's current policy, when futures prices justify, is to hedge 50% to 75% of anticipated production from existing proved reserves on a rolling 12 to 18 month basis. At March 31, 2002, hedges were in place covering 43.5 Bcf of gas at prices averaging \$3.95 per Mmbtu and 1.5 million barrels of oil at prices averaging \$23.56 per barrel. Their fair value at March 31, 2002 (the estimated amount that would be realized on termination based on contract versus NYMEX prices) was a net unrealized pre-tax gain of \$13.6 million. The contracts expire monthly and cover approximately 70%, 40%, 10% and 4% of anticipated production from proved reserves on an mcfe basis for the remainder of 2002, 2003, 2004 and 2005, respectively. Gains or losses on open and closed hedging transactions are determined as the difference between contract price and a reference price, generally closing prices on the NYMEX. Gains and losses are determined monthly and are included as increases or decreases in oil and gas revenues in the period the hedged production is sold. An ineffective portion (changes in contract prices that do not match changes in the hedge price) of open hedge contracts is recognized in earnings as it occurs. Net decreases to oil and gas revenues from hedging for the three months ended March 31, 2001 were \$23.4 million and oil and gas revenues were increased by \$11.7 million from hedging for the three months ended March 31, 2002.

Interest Rates

At March 31, 2002, Range had \$388.3 million of debt (including Trust Preferred) outstanding. Of this amount, \$193.6 million bore interest at fixed rates averaging 7.0%. Senior debt and non-recourse debt totaling \$194.7 million bore interest at floating rates which averaged 3.7% at that date. At times, the Company enters into interest rate swap agreements to limit the impact of interest rate fluctuations on its floating rate debt. At March 31, 2002, Great Lakes had interest rate swap agreements totaling \$100.0 million. Two agreements totaling \$45.0 million at rates of 7.1% expire in May 2004, two agreements totaling \$20.0 million at 6.2% expire in December 2002, and five agreements totaling \$35.0 million at rates averaging 4.65% expire in June 2003. The values of these swaps are marked to market quarterly. The fair value of the swaps, based on then current quotes for equivalent agreements at March 31, 2002, was a net loss of \$4.0 million, of which 50% is consolidated at Range. The 30-day LIBOR rate on March 31, 2002 was 1.88%. A 1% increase or decrease in short-term interest rates would cost or save the Company approximately \$1.4 million in annual interest expense. While the agreements expiring in May 2004 may be terminated at the counterparty's option on May 26, 2002, such termination is unlikely.

Capital Restructuring Program

As described in Note 1 to the Consolidated Financial Statements, the Company took a number of steps beginning in 1998 to strengthen its financial position. These steps included asset sales and the exchange of common stock for fixed income securities. These initiatives have helped reduce parent company bank debt from \$365.2 million to \$99.6 million and total debt (including Trust Preferred) from \$727.2 million to \$388.3 million at March 31, 2002. While the Company's financial position has stabilized, management believes debt remains too high. To return to its historical posture of consistent profitability and growth, the Company believes it should further reduce debt. Management currently believes the Company has sufficient cash flow and liquidity to meet its obligations for

the next twelve months. However, a significant drop in oil and gas prices or a reduction in production or reserves would reduce the Company's ability to fund capital expenditures and meet its financial obligations.

INFLATION AND CHANGES IN PRICES

The Company's revenues, the value of its assets, its ability to obtain bank loans or additional capital on attractive terms have been and will continue to be affected by changes in oil and gas prices. Oil and gas prices are subject to significant fluctuations that are beyond the Company's ability to control or predict. During the first three months of 2002, the Company received an average of \$22.66 per barrel of oil and \$3.26 per mcf of gas after hedging. Although certain of the Company's costs and expenses are affected by the general inflation, such inflation does not normally have a significant effect on the Company. However, industry specific inflationary pressure built up in late 2000 and 2001 due to favorable conditions in the industry. While product prices declined in late 2001 and the first quarter of 2002, the cost of services in the industry have not declined by the same percentage. Further increases in product prices could cause industry specific inflationary pressures to again increase.

RESULTS OF OPERATIONS

The following table identifies certain items in the results of operations and is presented to assist in comparison of the first quarter 2002 to the same period of the prior year. The table should be read in conjunction with the following discussions of results of operations (in thousands):

Three Months	
Ended March	
31, -----	

---- 2001	
2002 -----	
--- -----	
-- Increase	
(Decrease)	
in Revenues:	
Writedown of	
marketable	
securities \$	
(1,310) \$	
(369)	
Adjustment	
to IPF	
valuation	
reserves	
1,097	
(1,126)	
Ineffective	
portion of	
hedges 2,266	
(1,700)	
(Loss) gain	
from sales	
of assets	
298 (1)	
Hedging	
gains	
(losses)	
(23,440)	
11,727 -----	

---- \$	
(21,089) \$	
8,531	
=====	
=====	
Extraordinary	
Items: Gain	
on	
retirement	
of	
securities \$	
432 \$ 1,185	
=====	
=====	

Comparison of 2002 to 2001

Quarters Ended March 31, 2001 and 2002

Net income in the first quarter of 2002 totaled \$4.5 million, compared to \$18.5 million in the prior year period. Gains on retirement of securities of \$432,000 and \$1.2 million are included in the three months ended March 31, 2001 and 2002, respectively. Production declined to 149.1 Mmcfe per day, a 1% decrease from the prior year period. The decline was due to lower production at Matagorda Island 519. Late in 2001, the operator of Matagorda Island 519 began a workover on the L-4 well with the intent of adding production from a shallower formation. During the workover, the well was damaged and attempts to bring it back have failed to date. Revenues declined primarily due to a decrease in average prices per mcfe to \$3.30. The average prices received for oil decreased 16% to \$22.66 per barrel and 23% for gas to \$3.26 per mcf. Production expenses decreased 27% to \$9.2 million as a result of significantly lower production taxes and workover costs in the Gulf of Mexico. Operating cost (including production taxes) per mcfe produced averaged \$0.69 in 2002 versus \$0.93 in 2001.

Transportation and processing revenues decreased 21% to \$774,000 with significantly lower NGL prices somewhat offset by increased volumes. IPF recorded to a loss of \$601,000, a decrease of \$3.0 million from the 2001 period, which included a \$1.1 million favorable valuation allowance adjustment. The 2002 period includes a \$1.1 million unfavorable valuation allowance adjustment. IPF net also declined from the previous year due to lower oil and gas prices and a smaller portfolio balance. During the quarter ended March 31, 2002, IPF expenses included \$394,000

of administrative costs and \$253,000 of interest, compared to prior year period administrative expenses of \$519,000 and interest of \$691,000.

Exploration expense increased \$4.2 million to \$5.3 million, primarily due to additional seismic activity and \$3.5 million of dry hole costs in East Texas. General and administrative expenses increased 3% to \$3.6 million in the quarter.

Interest and other income decreased from a positive \$1.5 million in 2001 to a loss of \$2.0 million. The 2001 period included \$2.3 million of ineffective hedging gains, \$298,000 of gains on asset sales offset by a \$1.3 million write down of marketable securities. The 2002 period included \$1.7 million of ineffective hedging losses and a \$369,000 write down of marketable securities. Interest expense decreased 36% to \$5.8 million as a result of the lower outstanding debt and falling interest rates. Total debt was \$428.4 million and \$388.3 million at March 31, 2001 and 2002, respectively. The average interest rates were 8.2% and 5.3%, respectively, at March 31, 2001 and 2002 which includes both fixed and variable rate debt.

Depletion, depreciation and amortization ("DD&A") decreased 6% from the first quarter of 2001 primarily due to the effect of a provision for impairment of proved properties taken at year-end 2001 and lower production. The per mcfe DD&A rate for the first quarter of 2002 was \$1.30, a \$0.07 decrease from the rate for the first quarter of 2001. The DD&A rate is determined based on year-end reserves (which are evaluated based on a published ten-year price strip) and the net book value associated with them and, to a lesser extent, depreciation on other assets owned. The Company currently expects its DD&A rate for the remainder of 2002 to approximate \$1.30 per mcfe. The high DD&A rate will make it difficult for the Company to remain profitable if commodity prices fall materially.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about the Company's potential exposure to market risks. The term "market risk" refers to the risk of loss arising from adverse changes in oil and gas prices and interest rates. The disclosures are not meant to be indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how Range views and manages its ongoing market risk exposures. The Company's market risk sensitive instruments were entered into for purposes other than trading.

Commodity Price Risk. Range's major market risk exposure is to oil and gas pricing. Realized pricing is primarily driven by worldwide prices for oil and market prices for North American gas production. Oil and gas prices have been volatile and unpredictable for many years.

The Company periodically enters into hedging arrangements with respect to its oil and gas production. Pursuant to these swaps, Range receives a fixed price for its production and pays market prices to the contract counterparty. This hedging is intended to reduce the impact of oil and gas price fluctuations on the Company's results and not to increase profits. Realized gains or losses are generally recognized in oil and gas revenues when the associated production occurs. Starting in 2001, gains or losses on open contracts are recorded either in current period income or other comprehensive income ("OCI"). The gains or losses realized as a result of hedging are substantially offset in the cash market when the commodity is delivered. Of the \$13.6 million unrealized pre-tax gain included in OCI at March 31, 2002, \$10.1 million would be reclassified to earnings over the next twelve month period if prices remained constant. The actual amounts that will be reclassified will vary as a result of changes in prices. Range does not hold or issue derivative instruments for trading purposes.

As of March 31, 2002, oil and gas hedges were in place covering 43.5 Bcf of gas and 1.5 million barrels of oil. Their fair value, represented by the estimated amount that would be realized on termination based on contract versus NYMEX prices, was a net unrealized pre-tax gain of \$13.6 million at March 31, 2002. These contracts expire monthly through December 2005 and cover approximately 70%, 40%, 10% and 4% of anticipated production from proved reserves on an mcfe basis for the remainder of 2002, 2003, 2004 and 2005, respectively. Gains or losses on open and closed hedging transactions are determined as the difference between the contract price and the reference price, generally closing prices on the NYMEX. Transaction gains and losses are determined monthly and are included as increases or decreases to oil and gas revenues in the period the hedged production is sold. Net realized losses incurred relating to these swaps for the three months ended March 31, 2001 were \$23.4 million and net realized gains were \$11.7 million for the three months ended March 31, 2002.

In the first three months of 2002, a 10% reduction in oil and gas prices, excluding amounts fixed through hedging transactions, would have reduced revenue by \$1.4 million. If oil and gas future prices at March 31, 2002 had declined 10%, the unrealized hedging gain at that date would have increased \$18.5 million.

At March 31, 2002, Range had \$388.3 million of debt (including Trust Preferred) outstanding. Of this amount, \$193.6 million bore interest at fixed rates averaging 7.0%. Senior debt and non-recourse debt totaling \$194.7 million bore interest at floating rates averaging 3.7%. At March 31, 2002, Great Lakes had nine interest rate swap agreements totaling \$100.0 million (See Note 7) which had a fair value loss of \$2.0 million at that date. A 1% increase or decrease in short-term interest rates would cost or save the Company approximately \$1.4 million in annual interest expense.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on its financial position or results of operations. In February 2000, a royalty owner filed suit asking for class certification against Great Lakes and the Company in New York, alleging that gas was sold to affiliates and gas marketers at low prices and inappropriate post production expenses reduced proceeds to the royalty owners and that the royalty owners' share of gas was improperly accounted for. The action sought a proper accounting, an amount equal to the difference in

prices paid and the highest obtainable prices, punitive damages and attorneys' fees. While the outcome is uncertain, Great Lakes believes the suit will be resolved without material adverse effect on its financial position or result of operations.

Item 2. Changes in Securities and Use of Proceeds

- (a) Not applicable
- (b) Not applicable
- (c) At various times during the quarter ended March 31, 2002, Range issued common stock in exchange for fixed income securities. The shares of common stock issued in such exchanges were exempt from registration under Section 3(a)(9) of the Securities Act of 1933. During the quarter ended March 31, 2002, a total of \$1.5 million face value of the 6% Debentures were retired in exchange for 245,000 shares of common stock, \$875,000 face value of \$8.75 Notes was retired in exchange for 175,000 shares of common stock, \$2.4 million face value of Trust Preferred were exchanged for 283,000 shares of common stock.
- (d) Not applicable.

Item 3. Not applicable

Item 4. Not applicable.

Item 5. Not applicable.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits - None.
- (b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned.

RANGE RESOURCES CORPORATION

By: /s/ Eddie M. LeBlanc

Eddie M. LeBlanc
Chief Financial Officer

May 7, 2002

EXHIBIT INDEX

EXHIBIT
NUMBER
DESCRIPTION -

----- 3.1.1.
Certificate
of
Incorporation
of Lomak
dated March
24, 1980
(incorporated
by reference
to the
Company's
Registration
Statement
(No. 33-
31558)).
3.1.2.
Certificate
of Amendment
of
Certificate
of
Incorporation
dated July
22, 1981
(incorporated
by reference
to the
Company's
Registration
Statement
(No. 33-
31558)).
3.1.3.
Certificate
of Amendment
of
Certificate
of
Incorporation
dated
September 8,
1982
(incorporated
by reference
to the
Company's
Registration
Statement
(No. 33-
31558)).
3.1.4.
Certificate
of Amendment
of
Certificate
of
Incorporation
dated
December 28,
1988
(incorporated
by reference
to the
Company's
Registration
Statement
(No. 33-
31558)).
3.1.5.
Certificate
of Amendment
of
Certificate
of
Incorporation
dated August
31, 1989

(incorporated
by reference
to the
Company's
Registration
Statement
(No. 33-
31558)).

3.1.6.

Certificate
of Amendment
of
Certificate
of
Incorporation
dated May 30,
1991

(incorporated
by reference
to the
Company's
Registration
Statement
(No. 333-
20259)).

3.1.7.

Certificate
of Amendment
of
Certificate
of
Incorporation
dated
November 20,
1992

(incorporated
by reference
to the
Company's
Registration
Statement
(No. 333-
20257)).

3.1.8.

Certificate
of Amendment
of
Certificate
of
Incorporation
dated May 24,
1996

(incorporated
by reference
to the
Company's
Registration
Statement
(No. 333-
20257)).

3.1.9.

Certificate
of Amendment
of
Certificate
of
Incorporation
dated October
2, 1996

(incorporated
by reference
to the
Company's
Registration
Statement
(No. 333-
20257)).

3.1.10.

Restated
Certificate
of
Incorporation
as required
by Item 102
of Regulation

S-T

(incorporated by reference to the Company's Registration Statement (No. 333-20257)).

3.1.11.

Certificate of Amendment of Certificate of Incorporation dated August 25, 1998

(incorporated by reference to the Company's Registration Statement (No. 333-62439)).

3.1.12.

Certificate of Amendment of Certificate of Incorporation dated May 25, 2000

(incorporated by reference to the Company's Form 10-Q dated August 8, 2000).

3.2.1. By-Laws of the Company

(incorporated by reference to the Company's Registration Statement (No. 33-31558).

3.2.2 Amended and Restated By-laws of the Company dated May 24, 2001.

10.1* \$225,000,000 amended and restated Credit Agreement among Range Resources Corporation, as Borrower, and Bank One, N.A., and the institutions named herein as lenders, Bank One, NA, as

administrative agent and Banc One Capital Markets, Inc., as joint lead arranger and joint bookrunner and JP Morgan Chase Bank,

as joint lead
arranger and
joint
bookrunner
effective May
2, 2002.
10.2* Amended
and Restated
Range
Resources
Corporation
401(k) Plan
and Trust,
effective
January 1,
1997
including
adoption
agreement.

* Filed herewithin.

AMENDED AND RESTATED
CREDIT AGREEMENT
AMONG
RANGE RESOURCES CORPORATION
AS BORROWER,
AND
BANK ONE, NA
AND THE INSTITUTIONS NAMED HEREIN
AS LENDERS,
BANK ONE, NA,
AS ADMINISTRATIVE AGENT
AND
BANC ONE CAPITAL MARKETS, INC.
AS JOINT LEAD ARRANGER AND JOINT BOOKRUNNER
AND
JPMORGAN CHASE BANK, AS JOINT LEAD
ARRANGER AND JOINT BOOKRUNNER
MAY 2, 2002
\$225,000,000 REVOLVING CREDIT

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EXHIBITS

Exhibit "A"	-	Form of Notice of Borrowing
Exhibit "B"	-	Form of Note
Exhibit "C"	-	Form of Guaranty
Exhibit "D"	-	Form of Certificate of Compliance
Exhibit "E"	-	Form of Assignment and Acceptance Agreement

SCHEDULES

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Schedule 2	-	Financial Condition
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Schedule 6	-	Environmental Matters
Schedule 7	-	Title Matters
Schedule 8	-	Curative Matters
Schedule 9	-	Note Amount/Initial Commitment Amounts

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT (hereinafter referred to as the "Agreement") executed as of the 2nd day of May, 2002, by and among RANGE RESOURCES CORPORATION, a Delaware corporation ("Borrower") and BANK ONE, NA, a national banking association ("Bank One"), and each of the financial institutions which is a party hereto (as evidenced by the signature pages to this Agreement) or which may from time to time become a party hereto pursuant to the provisions of Section 29 hereof or any successor or assignee thereof (hereinafter collectively referred to as "Lenders", and individually, "Lender") and Bank One, as Administrative Agent ("Agent"), Fleet National Bank, as Co-Documentation Agent, Fortis Capital Corp., as Co-Documentation Agent, JPMorgan Chase Bank, as Co-Syndication Agent, Credit Lyonnais, New York Branch, as Co-Syndication Agent, Banc One Capital Markets, Inc., as Joint Lead Arranger and Joint Bookrunner and JPMorgan Chase Bank, as Joint Lead Arranger and Joint Bookrunner.

WITNESSETH:

WHEREAS, as of February 14, 1997, Borrower, Agent and certain of the Lenders entered into a Credit Agreement pursuant to which the Lenders made a credit facility available to Borrower; and

WHEREAS, as of September 30, 1999, Borrower, Agent and certain of the Lenders entered into an Amended and Restated Credit Agreement (the "Existing Credit Agreement"); and

WHEREAS, Borrower has requested that the Lenders agree to make certain changes to the Existing Credit Agreement and the Lenders have agreed to make certain changes to the Existing Credit Agreement, restate the Existing Credit Agreement, reallocate the Commitments of the Lenders and purchase the interests of certain Lenders who are exiting the Facility;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereby agree as follows:

1. DEFINITIONS. When used herein the terms "Agent", "Agreement", "Bank One", "Borrower", "Lender", "Lenders" and "Range", shall have the meanings indicated above. When used herein the following terms shall have the following meanings:

Advance means a borrowing hereunder (i) made by some or all of the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same type and, in the case of LIBOR Loans, for the same Interest Period.

Affiliate means any Person which, directly or indirectly, controls, is controlled by or is under common control with the relevant Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean a member of the board of directors, a partner or an officer of such Person, or any other Person with possession, directly or indirectly,

of the power to direct or cause the direction of the management and policies of such Person, through the ownership (of record, as trustee, or by proxy) of voting shares, partnership interests or voting rights, through a management contract or otherwise. Any Person owning or controlling directly or indirectly ten percent or more of the voting shares, partnership interests or voting rights, or other equity interest of another Person shall be deemed to be an Affiliate of such Person.

Assignment and Acceptance means a document substantially in the form of Exhibit "E" hereto.

Available Commitment means, at any time, the Commitment then in effect minus the Total Outstandings.

Base Rate shall mean, as of any date, a rate of interest per annum equal to the higher of (A) the Prime Rate for such date, or (B) the sum of the Federal Funds Effective Rate for such date plus one-half of one percent (.50%) per annum.

Base Rate Loans shall mean any loan during any period which bears interest based upon the Base Rate or which would bear interest based upon the Base Rate if the Maximum Rate ceiling was not in effect at that particular time.

Base Rate Margin shall be:

(i) one percent (1.0%) per annum whenever the Borrowing Base Usage is equal to or greater than 90%; or

(ii) three-quarters of one percent (.75%) per annum whenever the Borrowing Base Usage is equal to or greater than 75%, but less than 90%; or

(iii) one-half of one percent (.50%) per annum whenever the Borrowing Base Usage is equal to or greater than 50% but less than 75%; or

(iv) one-quarter of one percent (.25%) per annum whenever the Borrowing Base Usage is less than 50%.

Borrowing Base shall mean, as of any date, the sum of (i) the Hydrocarbon Borrowing Base plus (ii) the Increased Amount.

Borrowing Base Deficiency is used herein as defined in Section 9(b) hereof.

Borrowing Base Usage shall mean, as of any date, the Total Outstandings divided by the Borrowing Base.

Borrowing Date means the date elected by Borrower pursuant to Section 2(c) hereof for an Advance on the Loan.

Business Day shall mean (i) with respect to any borrowing, payment or note selection of LIBOR Loans, a day (other than Saturdays or Sundays) on which banks are legally open for business in Dallas, Texas and New York, New York and on which dealings in United States dollars are carried on in the London interbank market, and (ii) for all other purposes a day (other than Saturdays and Sundays) on which banks are legally open for business in Dallas, Texas.

Capital Lease means any lease of property, real or personal, which would be capitalized on a balance sheet of the lessee prepared in accordance with GAAP.

Cash Dividends means cash dividends paid on common equity.

Collateral is used herein as defined in Section 6 hereof.

Commitment means (A) for all Lenders, the lesser of (i) \$225,000,000 or (ii) the Borrowing Base, as reduced or increased from time to time pursuant to Sections 2 and 7 hereof, and (B) as to any Lender, its obligation to make Advances hereunder in amounts not exceeding, in the aggregate, an amount equal to such Lender's Commitment Percentage times the total Commitment as of any date. The Commitment of each Lender hereunder shall be adjusted from time to time to reflect assignments made by such Lender pursuant to Section 29 hereof. Each reduction in the Commitment shall result in a Pro Rata reduction in each Lender's Commitment.

Commitment Percentage means for each Lender the percentage set forth opposite the Lender's name on Schedule 9 attached hereto. The Commitment Percentage of each Lender hereunder shall be adjusted from time to time to reflect assignments made by such Lender pursuant to Section 29 hereof.

Convertible Junior Debentures means the 5.75% Convertible Junior Debentures issued pursuant to an Indenture, dated as of October 22, 1997 as supplemented by the First Supplemental Indenture dated as of October 22, 1997 between Borrower and The Bank of New York as Trustee.

Current Assets means the total of the Borrower's current assets determined in accordance with GAAP, including as of any date, the Available Commitment and excluding any accounting entries made as a result of the application of FASB 133.

Current Liabilities means the total of current obligations as determined in accordance with GAAP, excluding therefrom, as of any date, (i) current maturities due on the Loans and the Junior Securities, and (ii) any accounting entries as a result of the application of FASB 133.

Current Ratio means the ratio of Current Assets for the date or period being measured to the Current Liabilities for such date or period.

Debt means, without duplication, all obligations and liabilities of a Person to any other person, including, without limitation, all debts, claims and indebtedness, heretofore, now and/or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising, whether under written or oral agreement, operation of law, or otherwise. Debt includes, without limiting the foregoing, (i) indebtedness for borrowed money (including without duplication obligations to reimburse the issuer of any letter of credit or any guarantor or surety), (ii) indebtedness for the deferred purchase price of property or services, excluding trade accounts payable within ninety (90) days and arising in the ordinary course of business, (iii) indebtedness evidenced by bonds, debentures, notes or other similar instruments, including, without limitation, all indebtedness evidenced by the Junior Securities, (iv) obligations and liabilities secured by a Lien on property owned by such Person whether or not such Person has assumed such obligations and liabilities and the amount of which Debt shall not exceed the fair market value of the property subject to the Lien if such Person has not assumed such obligations and liabilities, (v) obligations or liabilities created or arising under any capitalized lease, (vi) all net payments or amounts owing by such Person in respect of interest rate protection agreements, foreign currency exchange agreements, commodity swap agreements or other interests, exchange rate or commodity hedging arrangements and (vii) liabilities in respect of unfunded vested benefits under any Plan. Debt shall not include accounts payable and expense accruals incurred or assumed in the ordinary course of business.

Dollar or \$ means United States dollars.

Default means all the events specified in Section 14 hereof, regardless of whether there shall have occurred any passage of time or giving of notice, or both, that would be necessary in order to constitute such event as an Event of Default.

Default Rate shall mean a default rate of interest determined in accordance with Section 4(e) hereof.

EBITDAX shall mean Net Income (excluding gains and losses from asset sales, extraordinary and non-recurring gains and losses) plus the sum of (i) income tax expense (but excluding income tax expense relating to the sales or other disposition of assets, including capital stock, the gains and losses from which are excluded in the determination of Net Income), plus (ii) Interest Expense, plus (iii) depreciation, depletion and amortization expense, plus (iv) any other non-cash expenses, plus (v) all non-cash losses resulting from the application of FASB 121 and 133, minus (vi) any non-cash gains resulting from the application of FASB 133, all as determined in accordance with GAAP and calculated as of the end of each fiscal quarter on a trailing four-quarter basis.

Effective Date means the date of this Agreement.

Eligible Assignee means any of (i) a Lender or any Affiliate of a Lender; (ii) a commercial bank organized under the laws of the United States, or any state thereof, and having

a combined capital and surplus of at least \$100,000,000; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and having a combined capital and surplus of at least \$100,000,000.00, provided that such bank is acting through a branch or agency located in the United States; (iv) a Person that is primarily engaged in the business of commercial lending and that (A) is a subsidiary of a Lender, (B) a subsidiary of a Person of which a Lender is a subsidiary, or (C) a Person of which a Lender is a subsidiary; (v) any other entity (other than a natural person) which is an "accredited investor" (as defined in Regulation D under the Securities Act) which extends credit or buys loans as one of its businesses, including, but not limited to, insurance companies, mutual funds, investments funds and lease financing companies; and (vi) with respect to any Lender that is a fund that invests in loans, any other fund that invests in loans and is managed by the same investment advisor of such Lender or by an Affiliate of such investment advisor (and treating all such funds so managed as a single Eligible Assignee); provided, however, that no Affiliate of Borrower shall be an Eligible Assignee.

Engineered Value is used herein as defined in Section 6 hereof.

Environmental Laws means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C.A. Section 9601, et seq., the Resource Conservation and Recovery Act, as amended by the Hazardous Solid Waste Amendment of 1984, 42 U.S.C.A. Section 6901, et seq., the Clean Water Act, 33 U.S.C.A. Section 1251, et seq., the Clean Air Act, 42 U.S.C.A. Section 1251, et seq., the Toxic Substances Control Act, 15 U.S.C.A. Section 2601, et seq., The Oil Pollution Act of 1990, 33 U.S.G. Section 2701, et seq., and all other laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, orders, permits and restrictions of any federal, state, county, municipal and other governments, departments, commissions, boards, agencies, courts, authorities, officials and officers, domestic or foreign, relating to in any way the environment, preservation or reclamation of natural resources, oil pollution, air pollution, water pollution, noise control and/or the management, release or threatened release, handling, discharge, disposal or recovery of on-site or off-site asbestos, radioactive materials, spilled or leaked petroleum products, distillates or fractions and industrial solid waste or "hazardous substances" as defined by 42 U.S.C. Section 9601, et seq., as amended, as each of the foregoing may be amended from time to time.

Environmental Liability means any claim, demand, obligation, cause of action, order, violation, damage, injury, judgment, penalty or fine, cost of enforcement, cost of remedial action or any other costs or expense whatsoever, contingent or otherwise, including reasonable attorneys' fees and disbursements and any liability for cleanups, costs of environmental remediation, fines or penalties, resulting from the violation or alleged violation of any Environmental Law or the release of any substance into the environment which is required to be remediated by a regulatory agency or governmental authority or the imposition of any Environmental Lien (as hereinafter defined), which could reasonably be expected to individually or in the aggregate have a Material Adverse Effect.

Environmental Lien means a Lien in favor of any court, governmental agency or instrumentality or any other Person (i) for any Environmental Liability or (ii) for damages arising from or cost incurred by such court or governmental agency or instrumentality or other person in response to a release or threatened release of asbestos or "hazardous substance" into the environment, the imposition of which Lien could reasonably be expected to have a Material Adverse Effect.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

Event of Default is used herein as defined in Section 14 hereof.

Federal Funds Effective Rate shall mean, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Dallas, Texas time) on such day on such transactions received by the Agent from three (3) Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

Financial Statements means balance sheets, income statements, statements of cash flow, stockholder equity and appropriate footnotes and schedules, prepared in accordance with GAAP.

Funded Debt means, as of any date, without duplication, (i) all obligations for borrowed money or for the purchase price of property, (ii) all obligations evidenced by bonds, debentures, notes, or other similar instruments, (iii) all other indebtedness (including obligations under capital leases, other than usual and customary oil and gas leases) on which interest charges are customarily paid or accrued, (iv) all guarantees, (v) the unfunded or unreimbursed portion of all letters of credit, (vi) any indebtedness or other obligation secured by a Lien on assets, whether or not assumed, and (vii) all liability as a general partner of a partnership for obligations of that partnership of the nature described in (i) through (vii) preceding.

GAAP means United States generally accepted accounting principles, consistently applied.

GLEP means Great Lakes Energy Partners, L.L.C.

Guaranties means the Guaranty Agreement in the form of Exhibit "C" hereto.

Guarantor means GulfStar Energy, Inc., Range Energy I, Inc., Range HoldCo, Inc., Range Production Company and Range Energy Ventures Corporation.

Hydrocarbon Borrowing Base shall mean the value assigned by the Lenders from time to time to the Oil and Gas Properties pursuant to Section 7 hereof.

Increase Limit is used herein as defined in Section 7(c) hereof.

Increased Amount is used herein as defined in Section 7(c) hereof.

Interest Expense shall mean the aggregate amount of interest expense of Borrower as determined in accordance with GAAP.

Interest Payment Date shall mean the last day of each calendar month in the case of Base Rate Loans and, in the case of LIBOR Loans, the last day of the applicable Interest Period, and if such Interest Period is longer than three (3) months, at three (3) month intervals following the first day of such Interest Periods.

Interest Period shall mean with respect to any LIBOR Loan (i) initially, the period commencing on the date such LIBOR Loan is made and ending one (1), two (2), three (3), six (6), nine (9) or twelve (12) months (if, at the date of any such election, a nine (9) or twelve (12) month placement is available to the Agent) thereafter as selected by the Borrower pursuant to Section 4(a)(ii), and (ii) thereafter, each period commencing on the day following the last day of the next preceding Interest Period applicable to such LIBOR Loan and ending one (1), two (2), three (3), six (6), nine (9) or twelve (12) months (if, at the date of any such election, a nine (9) or twelve (12) month placement is available to the Agent) thereafter, as selected by the Borrower pursuant to Section 4(a)(ii); provided, however, that (i) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day unless the result of such extension would be to extend such Interest Period into the next calendar month, in which case such Interest Period shall end on the immediately preceding Business Day, (ii) if any Interest Period begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) such Interest Period shall end on the last Business Day of a calendar month, and (iii) any Interest Period which would otherwise expire after the Maturity Date shall end on such Maturity Date.

Junior Securities shall mean collectively the 8.75% Senior Subordinated Notes due January 15, 2007 issued pursuant to an Indenture dated as of March 14, 1997 by and between Borrower and Fleet National Bank, as Trustee, the 6% Convertible Subordinated Debentures due 2007, issued pursuant to an Indenture by and between Borrower and Key Corp. Shareholder Services, Inc., as Trustee and the Trust Convertible Preferred Securities.

Letters of Credit is used herein as defined in Section 2(c) hereof.

LIBOR Base Rate shall mean the offered rate for the period equal to or greater than the Interest Period for U.S. dollar deposits of not less than \$1,000,000 as of 11:00 a.m. City of London, England time two (2) Business Days prior to the first day of the Interest Period as shown on the display designated as "British Bankers Association Interest Settlement Rates" on Reuter's for the purpose of displaying such rate. In the event such rate is not available on Reuter's, then such offered rate shall be otherwise independently determined by the Agent from

an alternate, substantially independent source available to Agent or shall be calculated by Agent by substantially similar methodology as that theretofore used to determine such offered rate.

LIBOR Loans means any Loans during any period which bear interest at the LIBOR Rate, or which would bear interest at such rate if the Maximum Rate ceiling was not in effect at a particular time.

LIBOR Margin shall be:

(i) two and one-quarter percent (2.25%) per annum whenever the Borrowing Base Usage is equal to or greater than 90%; or

(b) two percent (2.0%) per annum whenever the Borrowing Base Usage is equal to or greater than 75%, but less than 90%; or

(c) one and three-quarters percent (1.75%) per annum whenever the Borrowing Base Usage is equal to or greater than 50% but less than 75%; or

(d) one and one-half percent (1.50%) per annum whenever the Borrowing Base Usage is less than 50%.

LIBOR Rate means, with respect to a LIBOR Loan for the relevant Interest Period, the sum of (i) the quotient of (A) the LIBOR Base Rate applicable to such Interest Period, divided by (B) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus the (ii) LIBOR Margin. The LIBOR Rate shall be rounded to the next higher multiple of 1/100th of one percent if the rate is not such a multiple.

Lien means any mortgage, deed of trust, pledge, security interest, assignment, encumbrance or lien (statutory or otherwise) of every kind and character.

Loan Documents means this Agreement, the Notes, the Guaranties, the Security Instruments and all other documents executed by Borrower or any of its Subsidiaries with Agent or the Lenders in connection with the transaction described in this Agreement.

Loans means the Revolving Loans.

Material Adverse Effect shall mean a material adverse effect on (i) the assets or properties, liabilities, financial condition, business, operations, affairs or circumstances of the Borrower, (ii) the ability of the Borrower to carry out its businesses as of the date of this Agreement or as proposed at the date of this Agreement to be conducted, (iii) the ability of Borrower to perform fully and on a timely basis its obligations under any of the Loan Documents, (iv) the validity or enforceability of any of the Loan Documents or the rights and remedies of the Agent or the Lenders thereunder or (v) the Collateral, the Liens on the Collateral created pursuant to the Loan Documents or the priority of any such Lien.

Maturity Date shall mean July 1, 2005.

Maximum Rate is used herein as defined in Section 23 hereof.

Net Income shall mean Borrower's net income after income taxes calculated in accordance with GAAP.

Notes means the Notes, substantially in the form of Exhibit "B" hereto issued or to be issued hereunder to each Lender, respectively, to evidence the indebtedness to such Lender arising by reason of the Advances on the Commitment, together with all modifications, renewals and extensions thereof or any part thereof.

Oil and Gas Properties means all oil, gas and mineral properties and interests and related personal properties, in which Borrower or any Guarantor owns an interest.

Other Financing is used herein as defined in Section 15(1) hereof.

Payor is used herein as defined in Section 3(h) hereof.

Permitted Liens shall mean (i) royalties, overriding royalties, reversionary interests, production payments and similar burdens; (ii) sales contracts or other arrangements for the sale of production of oil, gas or associated liquid or gaseous hydrocarbons which would not (when considered cumulatively with the matters discussed in clause (i) above) deprive Borrower of any material right in respect of Borrower's assets or properties (except for rights customarily granted with respect to such contracts and arrangements); (iii) statutory Liens for taxes or other assessments that are not yet delinquent (or that, if delinquent, are being contested in good faith by appropriate proceedings, levy and execution thereon having been stayed and continue to be stayed and for which Borrower has set aside on its books adequate reserves in accordance with GAAP); (iv) easements, rights of way, servitudes, permits, surface leases and other rights in respect to surface operations, pipelines, grazing, logging, canals, ditches, reservoirs or the like, conditions, covenants and other restrictions, and easements of streets, alleys, highways, pipelines, telephone lines, power lines, railways and other easements and rights of way on, over or in respect of Borrower's assets or properties and that do not individually or in the aggregate cause a Material Adverse Effect; (v) materialmen's, mechanic's, repairman's, employee's, vendor's laborer's warehousemen's, landlord's, carrier's, pipeline's, contractor's, sub-contractor's, operator's, non-operator's (arising under operating or joint operating agreements), and other Liens (including any financing statements filed in respect thereof) incidental to obligations incurred by Borrower in connection with the construction, maintenance, development, transportation, processing, storage or operation of Borrower's assets or properties to the extent not delinquent (or which, if delinquent, are being contested in good faith by appropriate proceedings and for which Borrower has set aside on its books adequate reserves in accordance with GAAP); (vi) all contracts, agreements and instruments, and all defects and irregularities and other matters affecting Borrower's assets and properties which were in existence at the time Borrower's assets and properties were originally acquired by Borrower and

all routine operational agreements entered into in the ordinary course of business, which contracts, agreements, instruments, defects, irregularities and other matters and routine operational agreements are not such as to, individually or in the aggregate, interfere materially with the operation, value or use of Borrower's assets and properties, considered in the aggregate; (vii) liens in connection with workmen's compensation, unemployment insurance or other social security, old age pension or public liability obligations; (viii) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding or arising out of a judgment or award with respect to which an appeal is being prosecuted in good faith and levy and execution thereon have been stayed and continue to be stayed; (ix) rights reserved to or vested in any municipality, governmental, statutory or other public authority to control or regulate Borrower's assets and properties in any manner, and all applicable laws, rules and orders from any governmental authority; (x) landlord's liens; (xi) Liens incurred pursuant to the Security Instruments and Liens (other than Liens on Collateral) that secure obligations under Rate Management Transactions permitted pursuant to Section 13(n) hereof; and (xii) Liens existing at the date of this Agreement which are identified in Schedule "1" hereto.

Person means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Plan means any plan subject to Title IV of ERISA and maintained by Borrower, or any such plan to which Borrower is required to contribute on behalf of its employees.

Pre-Approved Contracts as used herein shall mean any contracts or agreements entered into in connection with any Rate Management Transaction which are (i) designed to hedge, provide a price floor for, or swap crude oil or natural gas or otherwise sell up to (A) 90% of Borrower's anticipated production from proved, developed producing reserves of crude oil, and/or (B) 90% of Borrower's anticipated production from proved, developed producing reserves of natural gas, during the period from the immediately preceding settlement date (or the commencement of the term of such hedge transactions if there is no prior settlement date) to such settlement date, (ii) interest rate hedges in an aggregate notional amount of not more than eighty percent (80%) of the total Funded Debt of Borrower projected to be outstanding for any period covered by such hedges, and (iii) with a maturity of thirty-six (36) months or less.

Prime Rate means the rate per annum equal to the Prime Rate announced from time to time by Agent or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said Prime Rate changes.

Pro Rata or Pro Rata Part means for each Lender, (i) for all purposes where no Loan is outstanding, such Lender's Commitment Percentage and (ii) otherwise, the proportion which the portion of the outstanding Loans owed to such Lender bears to the aggregate outstanding Loans owed to all Lenders at the time in question.

Rate Management Transaction means any transaction (including an agreement with respect thereto) now existing or hereafter entered into by Borrower or any of its Subsidiaries which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, forward exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

REFC means Range Energy Finance Corporation.

Regulation D shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto and other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

Reimbursement Obligations means, at any time, the obligations of the Borrower in respect of all Letters of Credit then outstanding to reimburse amounts paid by any Lender in respect of any drawing or drawings under a Letter of Credit.

Release Price is used herein as defined in Section 12(r) hereof.

Required Lenders means Lenders holding 75% or more of the Commitments or if one or more of the Commitments have been terminated, Lenders holding 75% of the outstanding Loans.

Required Payment is used herein as defined in Section 3(h) hereof.

Reserve Requirement means, with respect to any Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

Revolving Loan or Loans means an Advance or Advances made pursuant to Section 2(a) hereof.

Security Instruments is used collectively herein to mean this Agreement, all Deeds of Trust, Mortgages, Security Agreements, Assignments of Production and Financing Statements and other collateral documents covering certain of the Oil and Gas Properties and related personal property, equipment, oil and gas inventory and proceeds of the foregoing, the Guaranties, all pledge agreements and all collateral assignments of notes and liens, all such documents to be in form and substance reasonably satisfactory to Agent.

Senior Debt means, as of any date, the Total Outstandings.

Subsidiary means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by Borrower or another Subsidiary.

Super Majority Lenders means Lenders holding 66-2/3% or more of the Commitments or if one or more of the Commitments have been terminated, Lenders holding 66-2/3% of the outstanding Loans.

Total Outstandings means the total principal balance outstanding on the Notes at any time plus (ii) the total face amount of all outstanding Letters of Credit, plus (iii) the total amount of all unpaid Reimbursement Obligations.

Tranche means a set of LIBOR Loans made by the Lenders at the same time and for the same Interest Period.

Trust Convertible Preferred Securities the 5.75% Trust Convertible Preferred Securities issued pursuant to a Declaration of Trust, dated as of October 8, 1997, as amended by the Amended and Restated Declaration of Trust dated as of October 22, 1997 between Borrower and The Bank of New York

Unscheduled Redeterminations means a redetermination of the Borrowing Base made at any time other than on the dates set for the regular semi-annual redetermination of the Borrowing Base which are made (A) at the request of Borrower (but only one between Borrowing Base redeterminations) (B) at the request of Super Majority Lenders (but only twice between Borrowing Base redeterminations), provided, however, that (i) Super Majority Lenders may require an Unscheduled Redetermination at any time it appears to Administrative Agent or Super Majority Lenders, in the exercise of their reasonable discretion, that either (a) there has been a material decrease in the value of the Oil and Gas Properties, or (b) an event has occurred which is reasonably expected to have a Material Adverse Effect, or (ii) Super Majority Lenders may require an Unscheduled Redetermination if Borrower terminates any material agreements entered into in connection with a Rate Management Transaction used by Lenders in determining the Hydrocarbon Borrowing Base or if the counterparty to any such material agreement commences, or has commenced against it any proceeding under any bankruptcy, insolvency or similar law now or hereafter in effect.

Unused Commitment Fee Rate shall be:

(i) one-half of one percent per annum (.50%) whenever the Borrowing Base Usage is equal to or greater than 90%; or

(ii) three-eighths of one percent per annum (.375%) whenever the Borrowing Base Usage is less than 90%.

2. COMMITMENTS OF THE LENDERS.

(a) Terms of Commitment. On the terms and conditions hereinafter set forth, each Lender agrees severally to make Advances to the Borrower from time to time during the period beginning on the Effective Date and ending on the Maturity Date in such amounts as the Borrower may request up to an amount not to exceed, in the aggregate principal amount advanced at any time, its Pro Rata Part of the Available Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow at any time prior to the Maturity Date. The obligation of the Borrower hereunder shall be evidenced by this Agreement and the Notes issued in connection herewith, said Notes to be as described in Section 3 hereof. Notwithstanding any other provision of this Agreement, no Advance shall be required to be made hereunder if any Default or Event of Default (as hereinafter defined) has occurred and is continuing. Each Advance under the Commitment shall be an aggregate amount of at least \$1,000,000 or any whole multiples of \$100,000 in excess thereof. Irrespective of the face amount of the Note or Notes, the Lenders shall never have the obligation to Advance any amount or amounts in excess of the Commitment.

(b) Procedure for Borrowing. Whenever the Borrower desires an Advance under the Commitment, it shall give Agent telegraphic, telex, facsimile or telephonic notice ("Notice of Borrowing") of such requested Advance, which in the case of telephonic notice, shall be promptly confirmed in writing. Each Notice of Borrowing shall be in the form of Exhibit "A" attached hereto and shall be received by Agent not later than 11:00 a.m. Dallas, Texas time, on (i) the Borrowing Date in the case of the Base Rate Loan, or (ii) three Business Days prior to any proposed Borrowing Date in the case of LIBOR Loans. Each Notice of Borrowing shall specify (i) the Borrowing Date (which shall be a Business Day), (ii) the principal amount to be borrowed, (iii) the portion of the Advance constituting Base Rate Loans and/or LIBOR Loans and (iv) if any portion of the proposed Advance is to constitute LIBOR Loans, the initial Interest Period selected by Borrower pursuant to Section 4 hereof to be applicable thereto. Upon receipt of such Notice, Agent shall advise each Lender thereof; provided, that if the Lenders have received at least one (1) day's notice of such Advance prior to funding of a Base Rate Loan, or at least three (3) days' notice of each Advance prior to funding in the case of a LIBOR Loan, each Lender shall provide Agent at its office at 1717 Main Street, Dallas, Texas 75201, not later than 1:00 p.m., Dallas, Texas time, on the Borrowing Date, in immediately available funds, its pro rata share of the requested Advance, but the aggregate of all such fundings by each Lender shall never exceed such Lender's Commitment. Not later than 2:00 p.m., Dallas, Texas time, on the Borrowing Date, Agent shall make available to the Borrower at the same office, in like funds, the aggregate amount of such requested Advance. Neither Agent nor any Lender shall incur any liability to the Borrower in acting upon any Notice of Borrowing referred to above which Agent or such Lender believes in good faith to have been given by a duly authorized officer or other person authorized to borrow on behalf of Borrower or for

otherwise acting in good faith under this Section 2(b). Upon funding of Advances by Lenders and such funds being made available to Borrower in accordance with this Agreement, pursuant to any such Notice, the Borrower shall have effected Advances hereunder.

(c) Letters of Credit. On the terms and conditions hereinafter set forth, the Agent shall from time to time during the period beginning on the Effective Date and ending on the Maturity Date upon request of Borrower issue standby and/or commercial Letters of Credit for the account of Borrower (the "Letters of Credit") in such face amounts as Borrower may request, but not to exceed in the aggregate face amount at any time outstanding the sum of Ten Million Dollars (\$10,000,000.00). The face amount of all Letters of Credit issued and outstanding hereunder shall be considered as Advances on the Commitment for Borrowing Base purposes and all payments made by the Agent on such Letters of Credit shall be considered as Advances under the Notes. Each Letter of Credit issued for the account of Borrower hereunder shall (i) be in favor of such beneficiaries as specifically requested by Borrower, (ii) have an expiration date not exceeding the earlier of (a) one year or (b) the Maturity Date, and (iii) contain such other terms and provisions as may be required by issuing Lender. Each Lender (other than Agent) agrees that, upon issuance of any Letter of Credit hereunder, it shall automatically acquire a participation in the Agent's liability under such Letter of Credit in an amount equal to such Lender's Commitment Percentage of such liability, and each Lender (other than Agent) thereby shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and shall be unconditionally obligated to Agent to pay and discharge when due, its Commitment Percentage of Agent's liability under such Letter of Credit. The Borrower hereby unconditionally agrees to pay and reimburse the Agent for the amount of each demand for payment under any Letter of Credit that is in substantial compliance with the provisions of any such Letter of Credit at or prior to the date on which payment is to be made by the Agent to the beneficiary thereunder, without presentment, demand, protest or other formalities of any kind. Upon receipt from any beneficiary of any Letter of Credit of any demand for payment under such Letter of Credit, the Agent shall promptly notify the Borrower of the demand and the date upon which such payment is to be made by the Agent to such beneficiary in respect of such demand. Forthwith upon receipt of such notice from the Agent, Borrower shall advise the Agent whether or not it intends to borrow hereunder to finance its obligations to reimburse the Agent, and if so, submit a Notice of Borrowing as provided in Section 2(b) hereof. If Borrower fails to so advise Agent and thereafter fails to reimburse Agent, the Agent shall notify each Lender of the demand and the failure of the Borrower to reimburse the Agent, and each Lender shall reimburse the Agent for its Commitment Percentage of each such draw paid by the Agent and unreimbursed by the Borrower. All such amounts paid by Agent and/or reimbursed by the Lenders shall be treated as an Advance or Advances under the Commitment, which Advances shall be immediately due and payable and shall bear interest at the Maximum Rate.

(d) Procedure for Obtaining Letters of Credit. The amount and date of issuance, renewal, extension or reissuance of a Letter of Credit pursuant to the Commitments shall be designated by Borrower's written request delivered to Agent at least three (3) Business Days prior to the date of such issuance, renewal, extension or reissuance. Concurrently with or promptly following the delivery of the request for a Letter of Credit, Borrower shall execute and deliver to the Agent an application and agreement with respect to the Letters of Credit, said application and agreement to be in the form used by the Agent. The Agent shall not be obligated to issue, renew, extend or reissue such Letters of Credit if (A) the amount thereon when added to the face amount of the outstanding Letters of Credit plus any Reimbursement Obligations exceeds Ten Million Dollars (\$10,000,000.00) or (B) the amount thereof when added to the Total Outstandings would exceed the Commitment. Borrower agrees to pay the Agent for the benefit of the Lenders commissions for issuing the Letters of Credit (calculated separately for each Letter of Credit) in an amount equal to the Eurodollar Margin multiplied by the maximum face amount of the Letter of Credit. Borrower further agrees to pay Agent for its own account an additional fronting fee equal to one-eighth of one percent (.125%) per annum multiplied times the maximum face amount of each Letter of Credit. Such commissions shall be payable prior to the issuance of each Letter of Credit and thereafter on each anniversary date of such issuance while such Letter of Credit is outstanding. Such commissions and fronting fee will be calculated based on the basis of a year consisting of 360 days.

(e) Voluntary Reduction of Commitment. Subject to the provisions of Section 5(e) hereof, the Borrower may at any time, or from time to time, upon not less than three (3) Business Days' prior written notice to Agent, reduce or terminate the Commitment; provided, however, that (i) each reduction in the Commitment must be in the amount of \$1,000,000 or more, in increments of \$1,000,000 and (ii) each reduction must be accompanied by a prepayment of the Notes in the amount by which the outstanding principal balance of the Notes exceeds the Commitment as reduced pursuant to this Section 2(e).

(f) Mandatory Commitment Reductions. The Commitment shall be reduced from time to time by an amount of any prepayment required by Section 12(r) hereof upon the sale of assets. If, as a result of any such reduction in the Borrowing Base, the Total Outstandings ever exceed the Borrowing Base then in effect, the Borrower shall make the mandatory prepayment of principal required pursuant to Section 9(b) hereof.

(g) Several Obligations. The obligations of the Lenders under the Commitments are several and not joint. The failure of any Lender to make an Advance required to be made by it shall not relieve any other Lender of its obligation to make its Advance, and no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender. No Lender shall be required to lend hereunder any amount in excess of its legal lending limit.

(h) Type and Number of Advances. Any Advance on the Commitment may be a Base Rate Loan or a LIBOR Loan, or a combination thereof, as selected by the Borrower pursuant to Section 4 hereof. The total number of Tranches which may be outstanding at any time shall never exceed ten (10).

3. NOTES EVIDENCING LOANS. The loans described above in Section 2 shall be evidenced by promissory notes of Borrower as follows:

(a) Form of Notes. The Loans shall be evidenced by a Note or Notes in the aggregate face amount of \$225,000,000, and shall be in the form of Exhibit "B" hereto with appropriate insertions. Notwithstanding the face amount of the Notes, the actual principal amount due from the Borrower to Lenders on account of the Notes, as of any date of computation, shall be the sum of Advances then and theretofore made on account thereof, less all principal payments actually received by Lenders in collected funds with respect thereto. Although the Notes may be dated as of the Effective Date, interest in respect thereof shall be payable only for the period during which the loans evidenced thereby are outstanding and, although the stated amount of the Notes may be higher, the Notes shall be enforceable, with respect to Borrower's obligation to pay the principal amount thereof, only to the extent of the unpaid principal amount of the Loans. Irrespective of the face amount of the Notes, no Lender shall ever be obligated to advance on the Commitment any amount in excess of its Commitment then in effect.

(b) Issuance of Additional Notes. At the Effective Date there shall be outstanding Notes in the aggregate face amount of \$225,000,000 payable to the order of Lenders. From time to time new Notes may be issued to other Lenders as such Lenders become parties to this Agreement. Upon request from Agent, the Borrower shall execute and deliver to Agent any such new or additional Notes. From time to time as new Notes are issued the Agent shall require that each Lender exchange its Note(s) for newly issued Note(s) to better reflect the extent of each Lender's Commitments hereunder.

(c) Interest Rates. The unpaid principal balance of the Notes shall bear interest from time to time as set forth in Section 4 hereof.

(d) Payment of Interest. Interest on the Notes shall be payable on each Interest Payment Date unless earlier due in whole or in part as a result of an acceleration of the amount due as a result of an Event of Default or pursuant to the mandatory prepayment provisions of Section 9(b) hereof.

(e) Payment of Principal. Principal of the Loans shall be due and payable to the Agent for the ratable benefit of the Lenders on the Maturity Date unless earlier due in whole or in part as a result of an acceleration of the amount due or pursuant to the mandatory prepayment provisions of Section 9(b) hereof.

(f) Payment to Lenders. Each Lender's Pro Rata Part of payment or prepayment of the Loans shall be directed by wire transfer to such Lender by the Agent at the address provided to the Agent for such Lender for payments no later than 2:00 p.m., Dallas, Texas, time on the Business Day such payments or prepayments are deemed hereunder to have been received by Agent; provided, however, in the event that any Lender shall have failed to make an Advance as contemplated under Section 2 hereof (a "Defaulting Lender") and the Agent or another Lender or Lenders shall have made such Advance, payment received by Agent for the account of such Defaulting Lender or Lenders shall not be distributed to such Defaulting Lender or Lenders until such Advance or Advances shall have been repaid in full to the Lender or Lenders who funded such Advance or Advances. Any payment or prepayment received by Agent at any time after 12:00 noon, Dallas, Texas, time on a Business Day shall be deemed to have been received on the next Business Day. Interest shall cease to accrue on any principal as of the end of the day preceding the Business Day on which any such payment or prepayment is deemed hereunder to have been received by Agent. If Agent fails to transfer any principal amount to any Lender as provided above, then Agent shall promptly direct such principal amount by wire transfer to such Lender.

(g) Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, or otherwise) on account of the Loans, (including, without limitation, any set-off) which is in excess of its Pro Rata Part of payments on either of the Loans, as the case may be, obtained by all Lenders, such Lender shall purchase from the other Lenders such participation as shall be necessary to cause such purchasing Lender to share the excess payment pro rata with each of them; provided that, if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of the recovery. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of offset) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

(h) Non-Receipt of Funds by the Agent. Unless the Agent shall have been notified by a Lender or the Borrower (the "Payor") prior to the date on which such Lender is to make payment to the Agent of the proceeds of a Loan to be made by it hereunder or the Borrower is to make a payment to the Agent for the account of one or more of the Lenders, as the case may be (such payment being herein called the "Required Payment"), which notice shall be effective upon receipt, that the Payor does not intend to make the Required Payment to the Agent, the Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient on such date and, if the Payor has not in fact made the Required Payment to the Agent, the recipient of such payment shall, on demand, pay to the Agent the amount made available to it

together with interest thereon in respect of the period commencing on the date such amount was made available by the Agent until the date the Agent recovers such amount at the rate applicable to such portion of the applicable Loan.

4. INTEREST RATES.

(a) Options.

(i) Base Rate Loans. On all Base Rate Loans the Borrower agrees to pay interest on the Notes calculated on the basis of the actual days elapsed in a year consisting of 365 days, or if appropriate, 366 days with respect to the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to Borrower until maturity (whether by acceleration or otherwise), at a varying rate per annum equal to the lesser of (i) the Maximum Rate (defined herein), or (ii) the Base Rate plus the Base Rate Margin. Subject to the provisions of this Agreement as to prepayment, the principal of the Notes representing Base Rate Loans shall be payable as specified in Section 3(e) hereof and the interest in respect of each Base Rate Loan shall be payable on each Interest Payment Date applicable thereto. Past due principal and, to the extent permitted by law, past due interest in respect to each Base Rate Loan, shall bear interest, payable on demand, at a rate per annum equal to the Default Rate.

(ii) LIBOR Loans. On all LIBOR Loans the Borrower agrees to pay interest calculated on the basis of a year consisting of 360 days with respect to the unpaid principal amount of each LIBOR Loan from the date the proceeds thereof are made available to Borrower until maturity (whether by acceleration or otherwise), at a varying rate per annum equal to the lesser of (i) the Maximum Rate, or (ii) the LIBOR Rate. Subject to the provisions of this Agreement with respect to prepayment, the principal of the Notes shall be payable as specified in Section 3(e) hereof and the interest with respect to each LIBOR Loan shall be payable on each Interest Payment Date applicable thereto. Past due principal and, to the extent permitted by law, past due interest shall bear interest, payable on demand, at a rate per annum equal to the Default Rate. Upon three (3) Business Days' written notice prior to the making by the Lenders of any LIBOR Loan (in the case of the initial Interest Period therefor) or the expiration date of each succeeding Interest Period (in the case of subsequent Interest Periods therefor), Borrower shall have the option, subject to compliance by Borrower with all of the provisions of this Agreement, as long as no Event of Default exists, to specify whether the Interest Period commencing on any such date shall be a one (1), two (2), three (3), six (6),

nine (9) or twelve (12) month period, subject to availability. If Agent shall not have received timely notice of a designation of such Interest Period as herein provided, Borrower shall be deemed to have elected to convert all maturing LIBOR Loans to Base Rate Loans.

(b) Interest Rate Determination. The Agent shall determine each interest rate applicable to the Loans hereunder. The Agent shall give prompt notice to the Borrower and the Lenders of each rate of interest so determined and its determination thereof shall be conclusive absent error.

(c) Conversion Option. Borrower may elect from time to time (i) to convert all or any part of its LIBOR Loans to Base Rate Loans by giving Agent irrevocable notice of such election in writing prior to 10:00 a.m. (Dallas, Texas time) on the conversion date and such conversion shall be made on the requested conversion date, provided that any such conversion of LIBOR Loan shall only be made on the last day of the Interest Period with respect thereof, (ii) to convert all or any part of its Base Rate Loans to LIBOR Loans by giving the Agent irrevocable written notice of such election no later than three (3) Business Days prior to the proposed conversion and such conversion shall be made on the requested conversion date or, if such requested conversion date is not a Business Day, on the next succeeding Business Day. Any such conversion shall not be deemed to be a prepayment of any of the loans for purposes of this Agreement or the Notes.

(d) Recoupment. If at any time the applicable rate of interest selected pursuant to Sections 4(a)(i) or 4(a)(ii) above shall exceed the Maximum Rate, thereby causing the interest on the Notes to be limited to the Maximum Rate, then any subsequent reduction in the interest rate so selected or subsequently selected shall not reduce the rate of interest on the Notes below the Maximum Rate until the total amount of interest accrued on the Note equals the amount of interest which would have accrued on the Notes if the rate or rates selected pursuant to Sections 4(a)(i) or (ii), as the case may be, had at all times been in effect.

(e) Interest Rates Applicable After Default. Notwithstanding anything to the contrary contained in this Section 4, during the continuance of a Default or an Event of Default the Super Majority Lenders may, at their option, by notice from Agent to the Borrower (which notice may be revoked at the option of the Super Majority Lenders notwithstanding the provisions of Section 15 hereof, which requires all Lenders to consent to changes in interest rates) declare that no Advance may be made as, converted into, or continued as a LIBOR Loan. During the continuance of an Event of Default, the Super Majority Lenders, may, at their option, by notice from Agent to the Borrower (which notice may be revoked at the option of Super Majority Lenders notwithstanding the provisions of Section 15 hereof, which requires all Lenders to consent to changes in interest rates) declare that (i) each LIBOR Loan shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus

two percent (2%) per annum and (ii) each Base Rate Loan shall bear interest at the rate otherwise applicable to such Interest Period plus two percent (2%), provided that, during the continuance of an Event of Default under Section 14(f) or 14(g), the interest rate set forth in clauses (i) and (ii) above shall be applicable to all outstanding Loans without any election or action on the part of the Agent or any Lender.

5. SPECIAL PROVISIONS RELATING TO LOANS.

(a) Unavailability of Funds or Inadequacy of Pricing. In the event that, in connection with any proposed LIBOR Loan, the Agent reasonably determines, which determination shall, absent manifest error, be final, conclusive and binding upon all parties, due to changes in circumstances since the date hereof, adequate and fair means do not exist for determining the LIBOR Rate or such rate will not accurately reflect the costs to the Lenders of funding LIBOR Loan for such Interest Period, the Agent shall give notice of such determination to the Borrower and the Lenders, whereupon, until the Agent notifies the Borrower and the Lenders that the circumstances giving rise to such suspension no longer exist, the obligations of the Lenders to make, continue or convert Loans into LIBOR Loan shall be suspended, and all Loans to Borrower shall be Base Rate Loans during the period of suspension.

(b) Change in Laws. If at any time any new law or any change in existing laws or in the interpretation of any new or existing laws shall make it unlawful for any Lender to make or continue to maintain or fund LIBOR Loans hereunder, then such Lender shall promptly notify Borrower in writing and such Lender's obligation to make, continue or convert Loans into LIBOR Loans under this Agreement shall be suspended until it is no longer unlawful for such Lender to make or maintain LIBOR Loans. Upon receipt of such notice, Borrower shall either repay the outstanding LIBOR Loans owed to such Lender, without penalty, on the last day of the current Interest Periods (or, if any Lender may not lawfully continue to maintain and fund such LIBOR Loans, immediately), or Borrower may convert such LIBOR Loans at such appropriate time to Base Rate Loans.

(c) Increased Cost or Reduced Return.

(i) If, after the date hereof, the adoption of any applicable law, rule, or regulation, or any change in any applicable law, rule, or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) of any such governmental authority, central bank, or comparable agency:

(A) shall subject such Lender to any tax, duty, or other charge with respect to any LIBOR Loans, its Notes, or its obligation to make LIBOR Loans, or change the basis of taxation of any amounts payable to such Lender under this Agreement or its Notes in respect of any LIBOR Loan (other than franchise taxes and taxes imposed on or measured by the overall net income of such Lender);

(B) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than reserve requirements, if any, taken into account in the determination of the LIBOR Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender, including the Commitment of such Lender hereunder; or

(C) shall impose on such Lender or on the London interbank market any other condition affecting this Agreement or its Notes or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender of making, converting into, continuing, or maintaining any LIBOR Loan or to reduce any sum received or receivable by such Lender under this Agreement or its Notes with respect to any LIBOR Loan, then Borrower shall pay to such Lender on demand such amount or amounts as will reasonably compensate such Lender for such increased cost or reduction. If any Lender requests compensation by Borrower under this Section 5(c), Borrower may, by notice to such Lender (with a copy to Agent), suspend the obligation of such Lender to make or continue LIBOR Loans, or to convert all or part of the Base Rate Loans owing to such Lender to LIBOR Loans, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 5(c) shall be applicable); provided that such suspension shall not affect the right of such Lender to receive the compensation so requested.

(ii) If, after the date hereof, any Lender shall have reasonably determined that the adoption of any applicable law, rule, or regulation regarding capital adequacy or any change therein or in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or

not having the force of law) of any such governmental authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand Borrower shall pay to such Lender such additional amount or amounts as will reasonably compensate such Lender for such reduction.

(iii) Each Lender shall promptly notify Borrower and Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section 5(c) and will designate a separate lending office, if applicable, if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to it. Any Lender claiming compensation under this Section 5(c) shall furnish to Borrower and Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

(iv) Any Lender giving notice to the Borrower through the Agent pursuant to Section 5(c) shall give to the Borrower a statement signed by an officer of such Lender setting forth in reasonable detail the basis for, and the calculation of such additional cost, reduced payments or capital requirements, as the case may be, and the additional amounts required to compensate such Lender therefor.

(v) Within five (5) Business Days after receipt by the Borrower of any notice referred to in Section 5(c), the Borrower shall pay to the Agent for the account of the Lender issuing such notice such additional amounts as are required to compensate such Lender for the increased cost, reduced payments or increased capital requirements identified therein, as the case may be.

(vi) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of any such Lender's right to demand such compensation.

(d) Discretion of Lender as to Manner of Funding.
Notwithstanding any provisions of this Agreement to the contrary, each Lender shall be entitled to fund and

maintain its funding of all or any part of its Loan in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if each Lender had actually funded and maintained each LIBOR Loan through the purchase of deposits having a maturity corresponding to the last day of the Interest Period applicable to such LIBOR Loan and bearing an interest rate at the applicable interest rate for such Interest Period.

(e) Breakage Fees. Without duplication under any other provision hereof, if any Lender incurs any loss, cost or expense including, without limitation, any loss of profit and loss, cost, expense or premium reasonably incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to fund or maintain any LIBOR Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to the Lenders as a result of any of the following events other than any such occurrence as a result in the change of circumstances described in Sections 5(a) and (b):

(i) any payment, prepayment or conversion of a LIBOR Loan on a date other than the last day of its Interest Period (whether by acceleration, prepayment or otherwise);

(ii) any failure to make a principal payment of a LIBOR Loan on the due date thereof; or

(iii) any failure by the Borrower to borrow, continue, prepay or convert to a LIBOR Loan on the dates specified in a notice given pursuant to Section 2(b) or 4(c) hereof;

then the Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for compensation, it shall furnish to Borrower and Agent a statement setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) and the amounts shown on such statement shall be conclusive and binding absent manifest error.

6. COLLATERAL SECURITY. To secure the performance by Borrower and the Guarantors of their obligations hereunder, and under the Notes and Security Instruments, whether now or hereafter incurred, matured or unmatured, direct or contingent, joint or several, or joint and several, including extensions, modifications, renewals and increases thereof, and substitutions therefor, Borrower and certain of the Guarantors have heretofore granted and shall herewith or hereafter grant and assign to Agent for the ratable benefit of the Lenders a first and prior Lien or Liens on certain of their Oil and Gas Properties, certain related equipment, oil and gas inventory and proceeds of the foregoing. The Oil and Gas Properties herewith assigned and mortgaged to the Agent by the Borrower and certain of the Guarantors shall represent not less than 80% of the Engineered Value (as hereinafter defined) of Borrower's and such Guarantor's Oil and Gas

Properties as of the Effective Date. In addition to the mortgaging of the Oil and Gas Properties, Borrower shall pledge to the Agent for the benefit of the Lenders, (i) 100% of the stock of each of Borrower's wholly-owned Subsidiaries, (ii) all of its membership interest in GLEP and (iii) shall cause each Guarantor to provide the Lenders with the Guaranty. Range Energy Ventures Corporation, a Guarantor, shall secure its Guaranty with a pledge of all of the issued and outstanding shares of the common stock of REFC. Obligations arising from agreements arising from Rate Management Transactions between Borrower, any Guarantor, and one or more of the Lenders or an Affiliate of any of the Lenders shall be secured by the Collateral (as hereinafter defined) on a pari passu basis with the indebtedness and obligations of the Borrower under the Loan Documents. Once agreements arising from Rate Management Transactions involving one or more of the Lenders, or an Affiliate of any of the Lenders, is entered into, and pursuant to this provision becomes secured by the Collateral on a pari passu basis, said Collateral shall continue to secure such obligations until such agreements are no longer in force and effect, irrespective of whether the Lender involved in such agreement ceases to be a Lender under this Agreement. All Oil and Gas Properties, stock, membership interest and other collateral in which Borrower and certain of the Guarantors herewith grants or hereafter grants to Agent for the ratable benefit of the Lenders a first and prior Lien (to the satisfaction of the Agent) in accordance with this Section 6, as such properties and interests are from time to time constituted, are hereinafter collectively called the "Collateral".

The granting and assigning of such security interests and Liens by Borrower and certain of the Guarantors shall be pursuant to Security Instruments in form and substance reasonably satisfactory to the Agent. Concurrently with the delivery of each of the Security Instruments or within a reasonable time thereafter, Borrower shall have furnished or caused to be furnished to the Agent mortgage and title opinions and other title information reasonably satisfactory to Agent with respect to the title and Lien status of Borrower's and certain of the Guarantor's interests in not less than 80% of the Engineered Value of the Borrower's and certain of the Guarantor's mortgaged Oil and Gas Properties . "Engineered Value" for this purpose shall mean future net revenues discounted at the discount rate being used by the Agent as of the date of any such determination utilizing the pricing parameters used in the engineering report furnished to the Agent pursuant to Sections 7 and 12 hereof. Borrower will cause to be executed and delivered to the Agent, in the future, additional Security Instruments if the Agent reasonably deems such are necessary to insure perfection or maintenance of Lenders' security interests and Liens in not less than 80% of the Engineered Value of the Oil and Gas Properties or any part thereof.

7. BORROWING BASE.

(a) Initial Hydrocarbon Borrowing Base. At the Effective Date, the Hydrocarbon Borrowing Base shall be \$135,000,000.

(b) Subsequent Determinations of Hydrocarbon Borrowing Base. Subsequent determinations of the Hydrocarbon Borrowing Base shall be made by the Lenders

semi-annually on April 1 and October 1 of each year beginning October 1, 2002 or as Unscheduled Redeterminations. By March 1 each year, beginning March 1, 2003, Borrower shall furnish to the Lenders an engineering report in form and substance reasonably satisfactory to Agent prepared by an independent petroleum engineering firm acceptable to Agent, said engineering report to utilize economic and pricing parameters used by the Agent as established from time to time, together with such other information, reports and data concerning the value of the Oil and Gas Properties as Agent shall deem reasonably necessary to determine the value of such Oil and Gas Properties. By September 1 of each year beginning September 1, 2002, or within thirty (30) days after either (i) receipt of notice from Agent that the Lenders require an Unscheduled Redetermination, or (ii) the Borrower gives notice to Agent of its desire to have an Unscheduled Redetermination performed, in each case the Borrower shall furnish to the Lenders an engineering report in form and substance reasonably satisfactory to Agent, said engineering report to utilize economic and pricing parameters used by the Agent as established from time to time, together with such other information, reports and data concerning the value of such Oil and Gas Properties. Agent shall by written notice to the Borrower no later than April 1 and October 1 of each year, or within a reasonable time thereafter (herein called the "Determination Date"), notify the Borrower of the designation by the Lenders of the new Hydrocarbon Borrowing Base for the period beginning on such Determination Date and continuing until, but not including, the next Determination Date. If an Unscheduled Redetermination is to be made by the Lenders, the Agent shall notify the Borrower within a reasonable time after receipt of all requested information of the new Hydrocarbon Borrowing Base, and such new Hydrocarbon Borrowing Base shall continue until the next Determination Date. If the Borrower does not furnish all such information, reports and data by any date specified in this Section 7(b), unless such failure is reasonably determined by the Agent to be of no fault of the Borrower, the Lenders nonetheless designate the Hydrocarbon Borrowing Base at any amounts which the Lenders in their reasonable discretion determine and redesignate the Hydrocarbon Borrowing Base from time to time thereafter until the Lenders receive all such information, reports and data, whereupon the Lenders shall designate a new Hydrocarbon Borrowing Base as described above. The procedure for determining the Hydrocarbon Borrowing Base at each redetermination shall be that the Agent shall determine the Hydrocarbon Borrowing Base and submit the same to the Lenders. Increases in the Hydrocarbon Borrowing Base will require approval of all Lenders, but other reaffirmation or changes in the Hydrocarbon Borrowing Base will be subject to the approval of Required Lenders. If any redetermined Hydrocarbon Borrowing Base is not approved by Required Lenders within twenty (20) days after submission to the Lenders by the Agent, the Agent shall notify each of the Lenders that the proposed Hydrocarbon Borrowing Base has not been approved and each Lender will submit within ten (10) days thereafter its proposed Hydrocarbon Borrowing Base. The redetermined Hydrocarbon Borrowing Base shall be then determined (in all cases except those involving an increase of the Borrowing Base which requires approval of all Lenders) based upon the weighted arithmetic average of the proposed amounts submitted by each Lender, said proposals to

be weighted according to each Lender's Commitment. Each Lender shall determine the amount of the Hydrocarbon Borrowing Base based upon the loan collateral value which such Lender in its sole discretion (using such methodology, assumptions and discount rates as such Lender customarily uses in assigning collateral value to oil and gas properties, oil and gas gathering systems, gas processing and plant operations) assigns to such Oil and Gas Properties of the Borrower at the time in question and based upon such other credit factors consistently applied (including, without limitation, the assets, liabilities, cash flow, business, properties, prospects, management and ownership of the Borrower and its affiliates) as such Lender customarily considers in evaluating similar oil and gas credits. If at any time any of the Oil and Gas Properties are sold, the Hydrocarbon Borrowing Base then in effect shall automatically be reduced by a sum equal to the amount of prepayment, if any, required to be made pursuant to Section 12(r) hereof. It is expressly understood that the Lenders have no obligation to designate the Hydrocarbon Borrowing Base at any particular amounts, except in the exercise of their discretion, whether in relation to the Commitments or otherwise. Provided, however, that the Lenders shall not have the obligation to designate a Hydrocarbon Borrowing Base in an amount in excess of the Commitment.

(c) Additional Borrowing Base. The Borrowing Base will increase, in increments of not less than \$1,000,000 (the "Increased Amount") from time to time between Determination Dates by an amount equal to 35% of the face amount of all Junior Securities acquired by the Borrower during such period; provided, however, that such Increased Amount may not exceed \$10,000,000 during any six (6) month period between Determination Dates (the "Increase Limit") and, provided further, that the first such period shall include the period of time from January 1, 2002 to October 1, 2002. Borrower shall give the Agent notice of any such acquisition of Junior Securities by Borrower and upon receipt of such notice by Agent, the Borrowing Base (if requested by Borrower in writing during the same Borrowing Base period) shall be increased by the Increased Amount covered by such notice. Provided, further, that at no time may the Borrowing Base exceed the Commitment.

8. FEES.

(a) Unused Commitment Fee. The Borrower shall pay to Agent for the ratable benefit of the Lenders an unused commitment fee (the "Unused Commitment Fee") equivalent to the Unused Commitment Fee Rate times the daily average of the sum of the (i) Hydrocarbon Borrowing Base, plus (ii) the Increase Limit minus Total Outstandings. Such Unused Commitment Fee shall be calculated on the basis of a year consisting of 360 days. The Unused Commitment Fee shall be payable in arrears on the last day of each calendar quarter beginning June 30, 2002 with the final fee payment due on the Maturity Date for any period then ending for which the Unused Commitment Fee shall not have been theretofore paid. In the event the Commitment terminates on any date prior to the end of any such quarterly period, the Borrower shall pay to the Agent for

the ratable benefit of the Lenders, on the date of such termination, the total Unused Commitment Fee due for the period in which such termination occurs. If a date for payment of the Unused Commitment Fee shall be other than a Business Day such payment shall be made on the next succeeding Business Day.

9. PREPAYMENTS.

(a) Voluntary Prepayments. Subject to the provisions of Section 5(e) hereof, the Borrower may at any time and from time to time, without penalty or premium, prepay the Notes, in whole or in part. Each such prepayment shall be made on at least three (3) Business Days' notice to Agent in the case of LIBOR Loan Tranches and without notice in the case of Base Rate Loans and shall be in a minimum amount of (i) \$100,000 or any whole multiple of \$100,000 in excess thereof (or the unpaid balance of the Notes, whichever is less), for Base Rate Loans, plus accrued interest thereon and (ii) \$1,000,000 or any integral multiple thereof (or the unpaid balance on the Notes, whichever is less) for LIBOR Loans, plus accrued interest thereon to the date of prepayment.

(b) Mandatory Prepayment For Borrowing Base Deficiency. In the event the Total Outstandings ever exceed the Borrowing Base as determined by Lenders pursuant to Section 7(b) and 7(c) hereof (a "Borrowing Base Deficiency"), the Borrower shall, within ninety (90) days after written notification from the Agent, either (A) by instruments reasonably satisfactory in form and substance to the Lender, provide the Agent with collateral with value and quality in amounts satisfactory to all of the Lenders in their discretion in order to increase the Borrowing Base by an amount at least equal to such excess, or (B) prepay, without premium or penalty, the principal amount of the Notes in an amount at least equal to such excess plus accrued interest thereon to the date of prepayment, or (C) prepay, without premium or penalty, the principal amount of such excess in not more than two (2) equal installments to be applied to principal plus accrued interest thereon with the first such monthly payment being due upon the 90th day after receipt of notice of such deficiency with the remaining payment being due in one hundred eighty (180) days of receipt of notice of such deficiency.

10. REPRESENTATIONS AND WARRANTIES. In order to induce the Lenders to enter into this Agreement, Borrower represents and warrants to the Lenders (which representations and warranties will survive the delivery of the Notes) that:

(a) Creation and Existence. Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified in all jurisdictions wherein failure to qualify may result in a Material Adverse Effect. The Guarantors are each a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which they were formed and is duly qualified to do business in all jurisdictions wherein failure to qualify may result in a Material Adverse Effect. Borrower and each Guarantor have all corporate power and

authority to own their respective properties and assets and to transact the business in which they are engaged.

(b) Power and Authority. Borrower is duly authorized and empowered to create and issue the Notes; and Borrower and each Guarantor is duly authorized and empowered to execute, deliver and perform their respective Loan Documents, including this Agreement; and all corporate action on Borrower's and each Guarantor's part requisite for the due creation and issuance of the Notes and for the due execution, delivery and performance of the Loan Documents, including this Agreement, has been duly and effectively taken.

(c) Binding Obligations. This Agreement does, and the Notes and other Loan Documents upon their creation, issuance, execution and delivery will, constitute valid and binding obligations of Borrower and each Guarantor, respectively, enforceable in accordance with its respective terms (except that enforcement may be subject to general principles of equity and any applicable bankruptcy, insolvency, or similar debtor relief laws now or hereafter in effect and relating to or affecting the enforcement of creditors' rights generally).

(d) No Legal Bar or Resultant Lien. The Notes and the Loan Documents, including this Agreement, do not and will not, to the best of Borrower's or each Guarantor's knowledge violate or conflict with or result in a default under any provisions of Borrower's or any Guarantor's charter, bylaws or other organizational documents or any contract, agreement, law, regulation, order, injunction, judgment, decree or writ to which Borrower or either Guarantor is subject, or result in the creation or imposition of any lien or other encumbrance upon any assets or properties of Borrower or any Guarantor, other than those contemplated by this Agreement.

(e) No Consent. The execution, delivery and performance by Borrower of the Notes and the execution, delivery and performance by Borrower and each Guarantor of the other Loan Documents, including this Agreement, does not require the consent or approval of any other person or entity, including without limitation any regulatory authority or governmental body of the United States or any state thereof or any political subdivision of the United States or any state thereof except for consents required for federal, state and, in some instances, private leases, right of ways and other conveyances or encumbrances of oil and gas leases all of which shall have been obtained.

(f) Financial Condition. The audited consolidated Financial Statements of Borrower dated as of December 31, 2001 which have been delivered to Lenders by Borrower are complete and correct in all material respects and fully and accurately reflect in all material respects the financial conditions and the results of the operations of Borrower as of such date and for the period stated and no change has occurred between such date and the Effective Date in the condition, financial or otherwise of Borrower or

any Guarantor which is reasonably expected to have a Material Adverse Effect, except as disclosed to Lenders in Schedule "2" attached hereto.

(g) Liabilities. Neither Borrower nor any Guarantor has any material liability, direct or contingent on the Effective Date, except as disclosed to the Lenders in the Financial Statements or on Schedule "3" attached hereto. No unusual or unduly burdensome restrictions, restraint, or hazard exists by contract, law or governmental regulation or otherwise relative to the business, assets or properties of Borrower or either Guarantor which is reasonably expected to have a Material Adverse Effect or which involve any of the Loan Documents.

(h) Litigation. Except as described in the Financial Statements, or as otherwise disclosed to the Lenders in Schedule "4" attached hereto, on the Effective Date there is no litigation, legal or administrative proceeding, investigation or other action of any nature pending or, to the knowledge of any directors or the officers of Borrower or any Guarantor, threatened against or affecting Borrower or any Guarantor which involves the possibility of any judgment or liability not fully covered by insurance, and which is reasonably expected to have a Material Adverse Effect.

(i) Taxes; Governmental Charges. Borrower and each Guarantor has filed all tax returns and reports required to be filed and has paid all taxes, assessments, fees and other governmental charges levied upon it or its assets, properties or income which are due and payable, including interest and penalties, the failure of which to pay could reasonably be expected to have a Material Adverse Effect, except such as are being contested in good faith by appropriate proceedings and for which adequate reserves for the payment thereof as required by GAAP has been provided and levy and execution thereon have been stayed and continue to be stayed.

(j) Titles, Etc. Borrower and each Guarantor has good and defensible title to all of their material assets, including without limitation, the Oil and Gas Properties, free and clear of all Liens except Permitted Liens.

(k) Defaults. Neither Borrower nor any Guarantor is in default and no event or circumstance has occurred which, but for the passage of time or the giving of notice, or both, would constitute a default under any loan or credit agreement, indenture, mortgage, deed of trust, security agreement or other agreement or instrument to which Borrower or any Guarantor is a party in any respect that would be reasonably expected to have a Material Adverse Effect. No Default or Event of Default hereunder has occurred and is continuing.

(l) Casualties; Taking of Properties. Since the dates of the latest Financial Statements of the Borrower or any Guarantor delivered to Lenders, neither the business nor the assets or properties of Borrower has been affected (to the extent it is reasonably

expected to cause a Material Adverse Effect), as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike or other labor disturbance, embargo, requisition or taking of property or cancellation of contracts, permits or concessions by any domestic or foreign government or any agency thereof, riot, activities of armed forces or acts of God or of any public enemy.

(m) Use of Proceeds; Margin Stock. The proceeds of the Commitment may be used by the Borrower solely for the purposes of (i) acquisition, exploration and development of oil and gas properties, and (ii) working capital and letters of credit, and (iii) other general corporate purposes including the purchase of Junior Securities. Borrower is not engaged principally or as one of its important activities in the business of extending credit for the purpose of purchasing or carrying any "margin stock " as defined in Regulation U of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 221), or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of said Regulation U.

Neither Borrower nor any person or entity acting on behalf of Borrower has taken or will take any action which might cause the loans hereunder or any of the Loan Documents, including this Agreement, to violate Regulation U or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Securities Exchange Act of 1934 or any rule or regulation thereunder, in each case as now in effect or as the same may hereafter be in effect.

(n) Location of Business and Offices. The principal place of business and chief executive offices of the Borrower is located at the address as stated in Section 17 hereof.

(o) Compliance with the Law. To the best of Borrower's knowledge, neither Borrower nor any Guarantor:

(i) is in violation of any law, judgment, decree, order, ordinance, or governmental rule or regulation to which Borrower, or any of its assets or properties are subject; or

(ii) has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of any of its assets or properties or the conduct of its business;

which violation or failure is reasonably expected to have a Material Adverse Effect.

(p) No Material Misstatements. No information, exhibit or report furnished by Borrower or any Guarantor to the Lenders in connection with the negotiation of this

Agreement contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(q) Not A Utility. Borrower is not a utility subject to regulation under the laws of in the State of Texas as a result of being engaged in the (i) generation, transmission, or distribution and sale of electric power; (ii) transportation, distribution and sale through a local distribution system of natural or other gas for domestic, commercial, industrial, or other use; (iii) provision of telephone or telegraph service to others; (iv) production, transmission, or distribution and sale of steam or water; (v) operation of a railroad; or (vii) provision of sewer service to others.

(r) ERISA. Borrower is in compliance in all material respects with the applicable provisions of ERISA, and no "reportable event", as such term is defined in Section 403 of ERISA, has occurred with respect to any Plan of Borrower.

(s) Public Utility Holding Company Act. Borrower is not a "holding company", or "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(t) Subsidiaries. Borrower's Subsidiaries are listed on Schedule "5" hereto.

(u) Environmental Matters. Except as disclosed on Schedule "6", as of the Effective Date neither the Borrower nor any Guarantor (i) has received notice or otherwise learned or is otherwise aware of any Environmental Liability which would be reasonably expected to individually or in the aggregate have a Material Adverse Effect arising in connection with (A) any non-compliance with or violation of the requirements of any Environmental Law or (B) the release or threatened release of any toxic or hazardous waste into the environment, (ii) has received notice or otherwise is aware of any threatened or actual liability in connection with the release or notice of any threatened release of any toxic or hazardous waste into the environment which would be reasonably expected to individually or in the aggregate have a Material Adverse Effect or (iii) has received notice or otherwise learned of or is otherwise aware of any federal or state investigation evaluating whether any remedial action is needed to respond to a release or threatened release of any toxic or hazardous waste into the environment for which Borrower or any Guarantor is or may be liable which would reasonably be expected to result in a Material Adverse Effect.

(v) Liens. Except (i) as disclosed on Schedule "1" hereto and (ii) for Permitted Liens, the assets and properties of Borrower and each Guarantor are free and clear of all liens and encumbrances.

(w) Solvency. Immediately after the consummation of the transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of Borrower and each Guarantor, at a fair valuation, will exceed their respective debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of Borrower and each Guarantor will be greater than the amount that will be required to pay the probable liability of their respective debts and other liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; (c) Borrower and each Guarantor will be able to pay their respective debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) Borrower and each Guarantor will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

(x) Insurance. All insurance reasonably necessary in the ordinary course of the Borrower's and any Guarantor's business is maintained by or on behalf of the Borrower and any such Guarantor and all premiums in respect of such insurance have been paid.

11. CONDITIONS OF LENDING.

(a) The effectiveness of this Agreement, and the obligation to make the initial Advance under the Commitment shall be subject to satisfaction of the following conditions precedent:

(i) Borrower's Execution and Delivery. Borrower shall have executed and delivered the Agreement, the Notes and other required Loan Documents, all in form and substance satisfactory to the Agent;

(ii) Guarantor's Execution and Delivery. Each Guarantor shall have executed and delivered its Guaranty in the form of Exhibit "C";

(iii) Legal Opinions. The Agent shall have received from Borrower's and each Guarantor's legal counsel one or more favorable legal opinions in form and substance reasonably satisfactory to the Agent;

(iv) Corporate Resolutions. The Agent shall have received appropriate certified corporate resolutions of Borrower and each Guarantor;

(v) Good Standing. The Agent shall have received evidence of existence and good standing for Borrower and each Guarantor;

(vi) Incumbency. The Agent shall have received a signed certificate of Borrower and each Guarantor, certifying the names of the officers of Borrower and each Guarantor authorized to sign loan documents on behalf of Borrower and each Guarantor, together with the true signatures of each such officer. The Agent may conclusively rely on such certificate until the Agent receives a further certificate of Borrower and any Guarantor canceling or amending the prior certificate and submitting signatures of the officers named in such further certificate;

(vii) Certificates of Incorporation and Bylaws. The Agent shall have received copies of Certificates of Incorporation for Borrower and each Guarantor together with all amendments thereto, appropriately certified by governmental authority in the jurisdiction of incorporation of Borrower and each Guarantor, and a copy of the Bylaws of Borrower and each Guarantor, and all amendments thereto, certified by one or more officers of Borrower or each Guarantor, as the case may be, as being true, correct and complete;

(viii) Payment of Fees. The Agent shall have received for the benefit of Lenders the Fees required pursuant to any Fee Letter among Borrower and Agent, and any Arranger;

(ix) Representation and Warranties. The representations and warranties of Borrower and each Guarantor under this Agreement and the other Loan Documents shall be true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date);

(x) Mortgage and Title. The Agent shall have received the mortgage and title information required to be delivered by Borrower pursuant to Section 6 of this Agreement; provided, however, that for the purposes of satisfying this closing condition, the Borrower shall only be required to have mortgaged Oil and Gas Properties representing not less than 65% of the Engineered Value of its Oil and Gas Properties as of the Effective Date. Within thirty (30) days of the date hereof, the Borrower shall have increased the percentage of properties mortgaged from 65% to 80%;

(xi) No Event of Default. No Default or Event of Default shall have occurred and be continuing;

(xii) Other Documents. Agent shall have received such other instruments and documents incidental and appropriate to the transaction provided for herein as Agent or its counsel may reasonably request, and all such documents shall be in form and substance reasonably satisfactory to the Agent; and

(xiii) Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be reasonably satisfactory to special counsel for Agent retained at the expense of Borrower.

(b) The obligation of the Lenders to make any Advance under the Commitment (other than the initial Advance) shall be subject to the following additional conditions precedent that, at the date of making each such Advance and after giving effect thereto:

(i) Representations and Warranties. The representations and warranties of Borrower and each Guarantor under this Agreement and the other Loan Documents are true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date); and

(ii) No Event of Default. No Default or Event of Default shall have occurred and be continuing;

(iii) Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be reasonably satisfactory to special counsel for Agent retained at the expense of Borrower

Each Borrowing Notice shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 11(b)(i) and (ii) have been satisfied.

12. AFFIRMATIVE COVENANTS. A deviation from the provisions of this Section 12 shall not constitute a Default or an Event of Default under this Agreement if such deviation is expressly consented to in writing by Super Majority Lenders prior to the date of deviation. Borrower will at all times comply, and will cause each Guarantor to comply, with the covenants contained in this Section 12 from the date hereof and for so long as the Commitments are in existence or any amount is owed to the Agent or the Lenders under this Agreement or the other Loan Documents.

(a) Financial Statements and Reports. Borrower shall promptly furnish to the Agent from time to time upon request such information regarding the business and affairs and financial condition of Borrower and each Guarantor, as the Agent may reasonably request, and will furnish to the Agent:

(i) Annual Audited Financial Statements. As soon as available, and in any event within ninety (90) days after the close of each fiscal year, the annual audited consolidated and unaudited consolidating Financial Statements of Borrower, prepared in accordance with GAAP accompanied by an unqualified opinion on such consolidated statements rendered by an independent accounting firm reasonably acceptable to the Agent;

(ii) Quarterly Financial Statements. As soon as available, and in any event within forty-five (45) days after the end of each fiscal quarter of each year, the quarterly unaudited, (i) consolidated and consolidating Financial Statements of Borrower and each Guarantor, and (ii) the unconsolidated quarterly Financial Statements of Borrower, all such Financial Statements to be prepared in accordance with GAAP;

(iii) Report on Properties. As soon as available and in any event on or before March 1 and September 1 of each calendar year, and at such other times as any Lender, in accordance with Section 7 hereof, may request, the engineering reports required to be furnished to the Agent under such Section 7 on the Oil and Gas Properties;

(iv) Additional Information. Promptly upon request of the Agent from time to time any additional financial information or other information that the Agent may reasonably request.

All such reports, information, balance sheets and Financial Statements referred to in Subsection 12(a) above shall be in such detail as the Agent may reasonably request and shall be prepared in a manner consistent with the Financial Statements.

(b) Certificates of Compliance. Concurrently with the furnishing of the annual audited Financial Statements pursuant to Subsection 12(a)(i) hereof and the quarterly unaudited Financial Statements pursuant to Subsection 12(a)(ii) hereof for the months coinciding with the end of each calendar quarter, Borrower will furnish or cause to be furnished to the Agent a certificate in the form of Exhibit "D" attached hereto, signed by the President or Chief Financial Officer of Borrower and each Guarantor, (i) stating that Borrower and each Guarantor have fulfilled in all material respects their respective obligations under the Notes and the Loan Documents, including this Agreement, and that all representations and warranties made herein and therein continue (except to the extent they relate solely to an earlier date) to be true and correct in all material respects (or specifying the nature of any change), or if a Default has occurred, specifying the Default and the nature and status thereof; (ii) to the extent requested from time to time by the Agent, specifically affirming compliance of Borrower in all material respects with any of its representations (except to the extent they relate solely to an earlier date) or obligations under said instruments; (iii) setting forth the computation, in reasonable detail as of the end of each period covered by such certificate, of compliance with Sections 13(b), (c), (d), (e) and (f); and (iv) containing or accompanied by such financial or other details, information and material as the Agent may reasonably request to evidence such compliance.

(c) Accountants' Certificate. Concurrently with the furnishing of the annual audited Financial Statement pursuant to Section 12(a)(i) hereof, Borrower will furnish a

statement from the firm of independent public accountants which audited such Financial Statement to the effect that nothing has come to their attention to cause them to believe that there existed on the date of such statements any Event of Default and specifically calculating Borrower's compliance with Sections 13(b), (c), (d), (e) and (f) of this Agreement.

(d) Taxes and Other Liens. Borrower will pay, and will cause each Guarantor to pay, and discharge promptly all taxes, assessments and governmental charges or levies imposed upon Borrower, or upon the income or any assets or property of Borrower or any Guarantor, as well as all claims of any kind (including claims for labor, materials, supplies and rent) which, if unpaid, might become a Lien or other encumbrance upon any or all of the assets or property of Borrower or any Guarantor and which could reasonably be expected to result in a Material Adverse Effect; provided, however, that neither the Borrower nor any Guarantor shall be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings diligently conducted, levy and execution thereon have been stayed and continue to be stayed and if Borrower shall have set up adequate reserves therefor, if required, under GAAP.

(e) Compliance with Laws. Borrower will observe and comply, and will cause each Guarantor to observe and comply, in all material respects, with all applicable laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, orders and restrictions relating to environmental standards or controls or to energy regulations of all federal, state, county, municipal and other governments, departments, commissions, boards, agencies, courts, authorities, officials and officers, domestic or foreign.

(f) Further Assurances. Borrower will cure promptly any defects in the creation and issuance of the Notes and the execution and delivery of the Notes and the Loan Documents, including this Agreement. Borrower at its sole expense will, and will cause each Guarantor to, promptly execute and deliver to Agent upon its reasonable request all such other and further documents, agreements and instruments in compliance with or accomplishment of the covenants and agreements in this Agreement, or to correct any omissions in the Notes or more fully to state the obligations set out herein.

(g) Performance of Obligations. Borrower will pay the Notes and other obligations incurred by it hereunder according to the reading, tenor and effect thereof and hereof; and Borrower will do and perform every act and discharge all of the obligations provided to be performed and discharged by the Borrower under the Loan Documents, including this Agreement, at the time or times and in the manner specified.

(h) Insurance. Borrower now maintains and will continue to maintain, and will cause each Guarantor to maintain, insurance with financially sound and reputable

insurers with respect to its assets against such liabilities, fires, casualties, risks and contingencies and in such types and amounts as is customary in the case of persons engaged in the same or similar businesses and similarly situated. Upon request of the Agent, Borrower will furnish or cause to be furnished to the Agent from time to time a summary of the respective insurance coverage of Borrower and each Guarantor in form and substance reasonably satisfactory to the Agent, and, if requested, will furnish the Agent copies of the applicable policies. Upon demand by Agent any insurance policies covering any such property shall be endorsed (i) to provide that such policies may not be canceled, reduced or affected in any manner for any reason without fifteen (15) days prior notice to Agent, (ii) to provide for insurance against fire, casualty and other hazards normally insured against, in the amount of the full value (less a reasonable deductible not to exceed amounts customary in the industry for similarly situated business and properties) of the property insured, and (iii) to provide for such other matters as the Agent may reasonably require. Borrower shall, and shall cause each Guarantor to, at all times maintain adequate insurance with respect to all of its other assets and wells in accordance with prudent business practices.

(i) Accounts and Records. Borrower will, and will cause each Guarantor to, keep proper books, records and accounts in which full, true and correct entries will be made of all dealings or transactions in relation to its business and activities, prepared in a manner consistent with prior years, subject to changes suggested by Borrower's auditors.

(j) Right of Inspection. Borrower will permit, and will cause each Guarantor to permit, any officer, employee or agent of the Lenders to examine Borrower's books, records and accounts, and take copies and extracts therefrom, all at such reasonable times during normal business hours and as often as the Lenders may reasonably request. The Lenders will use best efforts to keep all Confidential Information (as herein defined) confidential and will not disclose or reveal the Confidential Information or any part thereof other than (i) as required by law, and (ii) to the Lenders', and the Lenders' subsidiaries', Affiliates, officers, employees, legal counsel and regulatory authorities or advisors to whom it is necessary to reveal such information for the purpose of effectuating the agreements and undertakings specified herein or as otherwise required in connection with the enforcement of the Lenders' and the Agent's rights and remedies under the Notes, this Agreement and the other Loan Documents. As used herein, "Confidential Information" means information about Borrower or any Guarantor furnished by Borrower to the Lenders, but does not include information (i) which was publicly known, or otherwise known to the Lenders, at the time of the disclosure, (ii) which subsequently becomes publicly known through no act or omission by the Lenders, or (iii) which otherwise becomes known to the Lenders, other than through disclosure by Borrower or any Guarantor.

(k) Notice of Certain Events. Borrower shall promptly notify the Agent if Borrower learns of the occurrence of (i) any event which constitutes a Default or Event of

Default together with a detailed statement by Borrower of the steps being taken to cure such Default or Event of Default; (ii) any legal, judicial or regulatory proceedings affecting Borrower or any of the assets or properties of Borrower or any Guarantor which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; (iii) any dispute between Borrower or any Guarantor and any governmental or regulatory body or any other Person or entity which, if adversely determined, would reasonably be expected to cause a Material Adverse Effect; (iv) any other matter which in Borrower's reasonable opinion could have a Material Adverse Effect.

(l) ERISA Information and Compliance. Borrower will, and will cause each Guarantor to, promptly furnish to the Agent upon becoming aware of the occurrence of any "reportable event", as such term is defined in Section 4043 of ERISA, or of any "prohibited transaction", as such term is defined in Section 4975 of the Internal Revenue Code of 1954, as amended, in connection with any Plan or any trust created thereunder, a written notice signed by the chief financial officer of the Borrower specifying the nature thereof, what action such party is taking or proposes to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto.

(m) Environmental Reports and Notices. Borrower will, and will cause each Guarantor to, deliver to the Agent (i) promptly upon its becoming available, one copy of each report (other than routine informational filings) sent by Borrower or any Guarantor to any court, governmental agency or instrumentality pursuant to any Environmental Law, (ii) notice, in writing, promptly upon Borrower's or any Guarantor's receipt of notice or otherwise learning of any claim, demand, action, event, condition, report or investigation indicating any potential or actual liability arising in connection with (x) the non-compliance with or violation of the requirements of any Environmental Law which reasonably could be expected to have a Material Adverse Effect; (y) the release or threatened release of any hazardous substance, toxic or hazardous waste into the environment which reasonably could be expected to have a Material Adverse Effect or which release Borrower or any Guarantor would have a duty to report to any court or government agency or instrumentality, or (iii) the existence of any Environmental Lien on any properties or assets of Borrower or any Guarantor and Borrower shall promptly deliver a copy of any such notice to Agent.

(n) Compliance and Maintenance. Borrower will, and will cause each Guarantor to, (i) observe and comply in all material respects with all Environmental Laws; (ii) except as provided in Subsections 12(p) and 12(q) below, maintain the Oil and Gas Properties and other assets and properties in good and workable condition at all times and make all repairs, replacements, additions, betterments and improvements to the Oil and Gas Properties and other assets and properties as are needed and proper so that the business carried on in connection therewith may be conducted properly and efficiently at all times in the opinion of the Borrower, or any Guarantor, exercised in good faith; (iii) take or cause to be taken whatever actions are necessary or desirable to prevent an event

or condition of default by Borrower or any Guarantor under the provisions of any gas purchase or sales contract or any other contract, agreement or lease comprising a part of the Oil and Gas Properties or other collateral security hereunder which default could reasonably be expected to result in a Material Adverse Effect; and (iv) furnish Agent upon request evidence reasonably satisfactory to Agent that there are no Liens, claims or encumbrances on the Oil and Gas Properties, except Permitted Liens.

(o) Operation of Properties. Except as provided in Subsections 12(p) and (q) below, Borrower will, and will cause each Guarantor to, operate, or use reasonable efforts to cause to be operated, all Oil and Gas Properties in a careful and efficient manner in accordance with the practice of the industry and in compliance in all material respects with all applicable laws, rules, and regulations, and in compliance in all material respects with all applicable proration and conservation laws of the jurisdiction in which the properties are situated, and all applicable laws, rules, and regulations, of every other agency and authority from time to time constituted to regulate the development and operation of the properties and the production and sale of hydrocarbons and other minerals therefrom; provided, however, that Borrower or any such Guarantor shall have the right to contest in good faith by appropriate proceedings, the applicability or lawfulness of any such law, rule or regulation and pending such contest may defer compliance therewith, as long as such deferment shall not subject the properties or any part thereof to foreclosure or loss.

(p) Compliance with Leases and Other Instruments. Borrower will, and will cause each Guarantor to, pay or cause to be paid and discharge all rentals, delay rentals, royalties, production payment, and indebtedness required to be paid by such party (or required to keep unimpaired in all material respects the rights of such party in Oil and Gas Properties) accruing under, and perform or cause to be performed in all material respects each and every act, matter, or thing required of such party by each and all of the assignments, deeds, leases, subleases, contracts, and agreements in any way relating to such party or any of the Oil and Gas Properties and do all other things necessary of such party to keep unimpaired in all material respects the rights of such party thereunder and to prevent the forfeiture thereof or default thereunder; provided, however, that nothing in this Agreement shall be deemed to require Borrower or any Guarantor to perpetuate or renew any oil and gas lease or other lease by payment of rental or delay rental or by commencement or continuation of operations nor to prevent Borrower or any Guarantor from abandoning or releasing any oil and gas lease or other lease or well thereon when, in any of such events, in the opinion of the affected Borrower or Guarantor exercised in good faith, it is not in the best interest of the Borrower to perpetuate the same.

(q) Certain Additional Assurances Regarding Maintenance and Operations of Properties. With respect to those Oil and Gas Properties which are being operated by operators other than the Borrower or a Guarantor, neither Borrower nor any Guarantor shall be obligated to perform any undertakings contemplated by the covenants and

agreement contained in Subsections 12(n) or 12(o) hereof which are performable only by such operators and are beyond the control of Borrower or such Guarantor; however, Borrower agrees to promptly take, or cause to be taken, all reasonable actions available under any operating agreements or otherwise to bring about the performance of any such material undertakings required to be performed thereunder.

(r) Sale of Certain Assets/Prepayment of Proceeds. Borrower will immediately pay over to the Agent for the ratable benefit of the Lenders as a prepayment of principal on the Notes and a reduction of the Commitments, an amount equal to 100% of the "Release Price" from the sale of Oil and Gas Properties by Borrower or any Guarantor in excess of \$10,000,000 in the aggregate received from such sales between Borrowing Base Redetermination, which sale has been either (i) made in compliance with the provisions of Section 13(a)(ii) hereof, or (ii) approved in advance by Required Lenders. Provided, however, that in lieu of making any such payment the Borrower may elect to provide, or cause to be provided by a Guarantor, additional Oil and Gas Properties with value and quality satisfactory to all Lenders in their discretion in substitution for the Oil and Gas Properties sold pursuant to the provisions of this Section 12(r). The term "Release Price" means the price determined by the Required Lenders in their discretion based on the loan value of the Oil and Gas Properties being sold by the Borrower or a Guarantor that the Required Lenders in their discretion (using such methodology, assumptions and discount rates as such Lenders customarily use in assigning loan value to oil and gas properties) assigned to such Oil and Gas Properties as of the date of such determination by the Lenders. Any such prepayment of principal on the Notes required by this Section 12(r), shall not be in lieu of, but shall be in addition to, any mandatory prepayment of principal required to be paid pursuant to Section 9(b) hereof.

(s) Title Matters. Within sixty (60) days after the Effective Date with respect to the Oil and Gas Properties listed on Schedule "7" hereto, Borrower shall furnish Agent with title information reasonably satisfactory to Agent showing good and defensible title of Borrower or a Guarantor to such Oil and Gas Properties subject only to the Permitted Liens. As to any Oil and Gas Properties hereafter mortgaged to Agent, Borrower will promptly (but in no event more than sixty (60) days following such mortgaging), furnish, or cause to be furnished, if requested, Agent with title information reasonably satisfactory to Agent showing good and defensible title of Borrower or a Guarantor to such Oil and Gas Properties subject only to Permitted Liens.

(t) Curative Matters. Within sixty (60) days after the Effective Date with respect to matters listed on Schedule "8" and, thereafter, within sixty (60) days after receipt by Borrower from Agent or its counsel of written notice of title defects the Agent reasonably requires to be cured, Borrower shall, or shall cause a Guarantor to, either (i) provide such curative information, in form and substance satisfactory to Agent, or (ii) substitute Oil and Gas Properties of value and quality satisfactory to the Agent for all

of Oil and Gas Properties for which such title curative was requested but upon which Borrower elected not to provide such title curative information, and, within sixty (60) days of such substitution, provide title information satisfactory to the Agent covering the Oil and Gas Properties so substituted. If the Borrower fails to satisfy (i) or (ii) above within the time specified, the loan collateral value assigned by the Lenders to the Oil and Gas Properties for which such curative information was requested shall be deducted from the Borrowing Base resulting in a reduction thereof.

(u) Change of Principal Place of Business. Borrower shall give Agent at least thirty (30) days prior written notice of its intention to move its principal place of business from the address set forth in Section 17 hereof.

(v) Additional Collateral. Borrower agrees to regularly monitor engineering data covering all producing oil and gas properties and interests owned or acquired by Borrower and the Guarantors on or after the date hereof and to mortgage or cause to be mortgaged such of the same to Agent for the ratable benefit of the Lenders in substantially the form of the Security Instruments, as applicable, to the extent that the Lenders shall at all times during the existence of the Commitment be secured by perfected Liens and security interests covering not less than eighty percent (80%) of the Engineered Value of all producing Oil and Gas Properties of Borrower or the Guarantors. In addition, the Borrower agrees that in connection with the mortgaging of such additional Oil and Gas Properties, it shall within a reasonable time thereafter, deliver or cause to be delivered to the Agent such mortgage and title opinions and other title information with respect to the title and Lien status of such Oil and Gas Properties as may be necessary to maintain at all times a level of such title information (showing good and defensible title) of not less than eighty percent (80%) of the Engineered Value of all Oil and Gas Properties mortgaged to the Agent for the ratable benefit of the Lenders. In order to assist Borrower in monitoring its mortgage coverage, Agent agrees to notify Borrower if the Lenders determine that the coverage required by this paragraph ever falls below 80%. Failure of the Agent to notify the Borrower of any such deficiency shall in no way affect Borrower's obligations under this Section 12(v) to monitor and pledge, or cause to be pledged, additional Oil and Gas Properties from time to time. Upon receipt of any such notice from the Agent, the Borrower shall, within thirty (30) days of receipt of such notice, execute and deliver, or cause to be executed and delivered, Security Instruments in form and substance satisfactory to the Agent covering sufficient additional Oil and Gas Properties to bring the coverage to at least 80%.

(w) Retirement of Certain Preferred Equity. Upon the purchase by Borrower of any of its Convertible Junior Debentures, Borrower will retire or cause to be retired an equivalent dollar amount of the Trust Convertible Preferred Securities and will provide notice thereof to Agent.

13. NEGATIVE COVENANTS. A deviation from the provisions of this Section 13 shall not constitute an Event of Default under this Agreement if such deviation is consented to in writing by Super Majority Lenders prior to the date of deviation. Borrower will at all times comply with the covenants contained in this Section 13 from the date hereof and for so long as the Commitment is in existence or any amount is owed to the Agent or the Lenders under this Agreement or the other Loan Documents.

(a) Negative Pledge. Neither Borrower nor any Guarantor shall without the prior written consent of Super Majority Lenders:

(i) create, incur, assume or permit to exist any Lien, security interest or other encumbrance on any of its assets or properties except Permitted Liens; or

(ii) sell, lease, transfer or otherwise dispose of, in any fiscal year, any of its assets including any equity interests owned by it except for (A) sales, leases, transfers or other dispositions made in the ordinary course of Borrower's oil and gas businesses, (B) sales, leases, transfers or other dispositions of Oil and Gas Properties which do not exceed \$10,000,000 in the aggregate between Borrowing Base redeterminations (C) sales or other dispositions of Borrower's interests in GLEP or REFC; and (D) other sales, leases, transfers or other dispositions made with the consent of Required Lenders;

(b) Current Ratio. Borrower shall not allow its Current Ratio to be less than 1.0 to 1.0 as of the end of any fiscal quarter beginning with the fiscal quarter ending March 31, 2002.

(c) Senior Debt Coverage Ratio. Borrower will not allow its ratio of EBITDAX to Interest Expense on the Senior Debt calculated on a rolling four quarter basis to be less than 3.0 to 1.0 as of the end of any fiscal quarter beginning with the fiscal quarter ending March 31, 2002.

(d) Total Debt Coverage Ratio. Borrower will not allow its ratio of EBITDAX to the sum of (i) Borrower's total Interest Expense plus (ii) Cash Dividends, plus (iii) interest on the Convertible Junior Debentures, calculated as of the end of each fiscal quarter on a rolling four-quarter basis, to be less than 2.5 to 1.0 as of the end of any fiscal quarter beginning with the fiscal quarter ending March 31, 2002.

(e) Senior Debt Leverage Ratio. The Borrower will not allow its ratio of Senior Debt to EBITDAX to be greater than 3.0 to 1.0 as of the end of any fiscal quarter beginning with the fiscal quarter ending March 31, 2002.

(f) Total Debt Leverage Ratio. Borrower will not allow its ratio of Debt to EBITDAX to be greater than 4.0 to 1.0 as of the end of any fiscal quarter beginning with the fiscal quarter ending March 31, 2002.

(g) Consolidations and Mergers. Neither Borrower nor any Guarantor will consolidate or merge with or into any other Person, except that Borrower or any Guarantor may merge with another Person if Borrower or such Guarantor is the surviving entity in such merger or if, after giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

(h) Debts, Guaranties and Other Obligations. Neither Borrower nor any Subsidiary will incur, create, assume or in any manner become or be liable in respect of any indebtedness, nor will Borrower guarantee or otherwise in any manner become or be liable in respect of any indebtedness, liabilities or other obligations of any other person or entity, whether by agreement to purchase the indebtedness of any other person or entity or agreement for the furnishing of funds to any other person or entity through the purchase or lease of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) for the purpose of paying or discharging the indebtedness of any other person or entity, or otherwise, except that the foregoing restrictions shall not apply to:

(i) the Notes and Letters of Credit, and any renewal or increase thereof, or other indebtedness of the Borrower outstanding at the Effective Date which has heretofore disclosed to Lenders in the Borrower's Financial Statements or on Schedule "4" hereto; or

(ii) taxes, assessments or other government charges which are not yet due or are being contested in good faith by appropriate action promptly initiated and diligently conducted, if such reserve as shall be required by GAAP shall have been made therefor and levy and execution thereon have been stayed and continue to be stayed; or

(iii) indebtedness (other than in connection with a loan or lending transaction) incurred in the ordinary course of business, including, but not limited to indebtedness for drilling, completing, leasing and reworking oil and gas wells; or

(iv) obligations under Rate Management Transactions permitted pursuant to Section 13(n) hereof; or

(v) indebtedness on Capital Leases not to exceed \$10,000,000 in the aggregate; or

(vi) indebtedness of REFC or GLEP with respect to which there is no recourse to Borrower or any other Subsidiary;

(vii) other indebtedness of any nature not in excess of \$10,000,000 in outstanding principal amount in the aggregate; or

(viii) any renewals or extensions of (but, other than in the case of the Notes, not increases in) any of the foregoing.

(i) Restricted Payments. The Borrower will not declare or pay any cash dividend, or distribution (whether in cash, securities or other property) purchase, redeem or otherwise acquire for value any of its stock now or hereafter outstanding, return any capital to its stockholders or make any distribution of its assets to its stockholders and such, except that the foregoing shall not apply to:

(i) subject to the inclusion of any dividend or interest payment permitted by this Subsection 13(i)(i) in the basket provided in subsection (ii) below, dividends with respect to common equity, and preferred stock and interest on its Convertible Junior Debentures if, and only if, immediately before and after giving effect to such payment of dividends or interest no Default or Event of Default shall exist under the provision of Section 13(d) hereof; further provided, that no cash dividends may be paid on Borrower's common stock during fiscal 2002 without the consent of Super Majority Lenders; or

(ii) total distributions, Cash Dividends, purchases and payments (including purchases or redemptions of Junior Securities) in aggregate amounts of up to \$20,000,000 plus (a) 50% of cumulative Net Income after December 31, 2001 (which Net Income shall exclude (i) Net Income attributable to REFC and GLEP and (ii) any non-cash gains or losses associated with the application of FASB 121 or 133) plus (b) 66-2/3% of net cash proceeds from the issuance of Borrower's common stock, plus (c) 66-23% of any distributions, dividends, payments of debt from, or sales or equity interests of, GLEP or REFC; provided, however, that immediately before and after giving effect to any such distribution, dividend, purchase or payment no Default or Event of Default shall exist;

(j) Loans, Advances and Investments. Borrower shall not make or permit to remain outstanding any loans or advances to, or investments in, any person or entity, except that the foregoing restriction shall not apply to:

(i) loans or advances to any person, the material details of which have been set forth in the Financial Statements of the Borrower and each Guarantor heretofore furnished to Lenders; or

(ii) loans or advances to a Guarantor; or

(iii) other loans, advances or investments up to \$5,000,000 in the aggregate.

(k) Receivables and Payables. Borrower will not discount or sell with recourse, or sell for less than the market value thereof, any of its notes receivable or accounts receivable.

(l) Nature of Business. Neither Borrower nor any Guarantor will permit any material change to be made in the character of its businesses as carried on at the date hereof.

(m) Transactions with Affiliates. Borrower will not enter into any transaction with any Affiliate, except transactions upon terms that are no less favorable to it than would be obtained in a transaction negotiated at arm's length with an unrelated third party.

(n) Hedging Transactions. Neither Borrower nor any Guarantor will enter into any Rate Management Transactions, except the foregoing prohibitions shall not apply to (x) transactions consented to in writing by the Super Majority Lenders which are on terms acceptable to the Super Majority Lenders, or (y) Pre-Approved Contracts. Once Borrower or any Guarantor enters into a Rate Management Transaction, the terms and conditions of such Rate Management Transaction may not be materially amended or modified, nor may such Rate Management Transaction be cancelled without the Borrower having given the Agent written notice of such amendment, modification or cancellation on the date not later than three (3) Business Days after the date such action takes place. Borrower further agrees to give the Agent written notice of any bankruptcy, insolvency or similar proceeding commenced by or against any counterparty to any agreement entered into any such Rate Management Transaction.

(o) Amendment to Articles of Incorporation or Bylaws. Neither Borrower nor any Guarantor will permit any material amendment to, or any alteration of, its Articles of Incorporation or its Bylaws.

(p) Issuance of Preferred Stock. Borrower shall not issue any preferred stock after the Effective Date except Borrower may issue PIK preferred stock on terms acceptable to Super Majority Lenders.

(q) Payment or Prepayment of Other Indebtedness. Except for purchase or redemptions of Junior Securities and payments permitted pursuant to Section 13(i)(ii) hereof, Borrower shall not make any interest or principal payment, redeem any indebtedness (other than indebtedness owed the Lenders hereunder), or redeem any of its equity if immediately before and after giving effect to any payment, purchase or

redemption a Default or Event of Default shall exist or shall result from such payment, purchase or redemption.

14. EVENTS OF DEFAULT. Any one or more of the following events shall be considered an "Event of Default" as that term is used herein:

(a) The Borrower shall fail to pay when due or declared due the principal of, and the interest on, the Notes or any fee or any other indebtedness of the Borrower secured pursuant to this Agreement or any of the other Loan Documents; or

(b) Any representation or warranty made by Borrower under this Agreement, or in any certificate or statement furnished or made to the Lenders pursuant hereto, or in connection herewith, or in connection with any document furnished hereunder, shall prove to be untrue in any material respect as of the date on which such representation or warranty is made (or deemed made), or any representation, statement (including financial statements), certificate, report or other data furnished or to be furnished or made by Borrower or any Guarantor under any Loan Document, including this Agreement, proves to have been untrue in any material respect, as of the date as of which the facts therein set forth were stated or certified; or

(c) Default shall be made in the due observance or performance of any of the covenants or agreements of the Borrower or any Guarantor contained in the Loan Documents, including this Agreement (excluding covenants contained in Section 13 of the Agreement for which there is no cure period), and such default shall continue for more than thirty (30) days after written notice from Agent is received by Borrower; or

(d) Default shall be made in the due observance or performance of the covenants of Borrower contained in Section 13 of this Agreement; or

(e) Default shall be made in respect of any obligation for borrowed money other than the Notes, for which Borrower is liable (directly, by assumption, as guarantor or otherwise), or any obligations secured by any mortgage, pledge or other consensual security interest with respect thereto, on any asset or property of Borrower or in respect of any agreement relating to any such obligations, and if such default shall continue beyond the applicable grace period, if any; or

(f) Borrower or any Guarantor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking an appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the

benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action authorizing the foregoing; or

(g) An involuntary case or other proceeding, shall be commenced against Borrower or any Guarantor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against Borrower or any Guarantor under the federal bankruptcy laws as now or hereinafter in effect;

(h) A final judgment or order for the payment of money in excess of \$1,000,000 (or judgments or orders aggregating in excess of \$1,000,000) shall be rendered against Borrower or any Guarantor and such judgments or orders shall continue unsatisfied and unstayed for a period of thirty (30) days; or

(i) In the event the Total Outstandings shall at any time exceed the Borrowing Base established for the Notes, and the Borrower shall fail to comply with the provisions of Section 9(b) hereof; or

(j) An Event of Default (as defined therein) shall occur as a result of action of the Borrower under any agreement entered into in connection with any Rate Management Transaction; or

(k) The Liens securing the Loans cease to be in place and/or effective.

Upon occurrence of any Event of Default specified in Subsections 14(f) and (g) hereof, the entire principal amount due under the Notes and all interest then accrued thereon, and any other liabilities of the Borrower hereunder, shall become automatically and immediately due and payable all without notice and without presentment, demand, protest, notice of protest or dishonor or any other notice of default of any kind, all of which are hereby expressly waived by the Borrower. Upon the occurrence of any other Event of Default, the Agent, upon request of Super Majority Lenders, shall by written notice to the Borrower declare the principal of, and all interest then accrued on, the Notes and any other liabilities hereunder to be forthwith due and payable, whereupon the same shall forthwith become due and payable without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which the Borrower hereby expressly waives, anything contained herein or in the Note to the contrary notwithstanding.

Upon the occurrence and during the continuance of any Event of Default, the Lenders are hereby authorized at any time and from time to time, without notice to the Borrower or any Guarantor (any such notice being expressly waived by the Borrower and the Guarantors), to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at

any time held and other indebtedness at any time owing by any of the Lenders to or for the credit or the account of the Borrower or any Guarantor against any and all of the indebtedness of the Borrower under the Notes and the Loan Documents, including this Agreement, irrespective of whether or not the Lenders shall have made any demand under the Loan Documents, including this Agreement or the Notes and although such indebtedness may be unmatured. Any amount set-off by any of the Lenders shall be applied against the indebtedness owed the Lenders by the Borrower pursuant to this Agreement and the Notes. The Lenders agree promptly to notify the Borrower and the affected Guarantor after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Lenders may have.

15. THE AGENT AND THE LENDERS.

(a) Appointment and Authorization. Each Lender hereby appoints Agent as its nominee and agent, in its name and on its behalf: (i) to act as nominee for and on behalf of such Lender in and under all Loan Documents; (ii) to arrange the means whereby the funds of Lenders are to be made available to the Borrower under the Loan Documents; (iii) to take such action as may be requested by any Lender under the Loan Documents (when such Lender is entitled to make such request under the Loan Documents); (iv) to receive all documents and items to be furnished to Lenders under the Loan Documents; (v) to be the secured party, mortgagee, beneficiary, and similar party in respect of, and to receive, as the case may be, any collateral for the benefit of Lenders; (vi) to promptly distribute to each Lender all material information, requests, documents and items received from the Borrower under the Loan Documents; (vii) to promptly distribute to each Lender such Lender's Pro Rata Part of each payment or prepayment (whether voluntary, as proceeds of insurance thereon, or otherwise) in accordance with the terms of the Loan Documents and (viii) to deliver to the appropriate Persons requests, demands, approvals and consents received from Lenders. Each Lender hereby authorizes Agent to take all actions and to exercise such powers under the Loan Documents as are specifically delegated to Agent by the terms hereof or thereof, together with all other powers reasonably incidental thereto. With respect to its Commitment hereunder and the Notes issued to it, Agent and any successor Agent shall have the same rights under the Loan Documents as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Agent and any successor Agent in its capacity as a Lender. Agent and any successor Agent and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of and generally engage in any kind of business with the Borrower, and any person which may do business with the Borrower, all as if Agent and any successor Agent was not Agent hereunder and without any duty to account therefor to the Lenders; provided that, if any payments in respect of any property (or the proceeds thereof) now or hereafter in the possession or control of Agent which may be or become security for the obligations of the Borrower arising under the Loan Documents by reason

of the general description of indebtedness secured or of property contained in any other agreements, documents or instruments related to any such other business shall be applied to reduction of the obligations of the Borrower arising under the Loan Documents, then each Lender shall be entitled to share in such application according to its pro rata part thereof. Each Lender, upon request of any other Lender, shall disclose to all other Lenders all indebtedness and liabilities, direct and contingent, of the Borrower to such Lender as of the time of such request.

(b) Note Holders. From time to time as other Lenders become a party to this Agreement, Agent shall obtain execution by Borrower of additional Notes in amounts representing the Commitments of each such new Lender, up to an aggregate face amount of all Notes not exceeding \$225,000,000. The obligation of such Lender shall be governed by the provisions of this Agreement, including but not limited to, the obligations specified in Section 2 hereof. From time to time, Agent may require that the Lenders exchange their Notes for newly issued Notes to better reflect the Commitments of the Lenders. Agent may treat the payee of any Note as the holder thereof until written notice of transfer has been filed with it, signed by such payee and in form satisfactory to Agent.

(c) Consultation with Counsel. Lenders agree that Agent may consult with legal counsel selected by Agent and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel. LENDERS ACKNOWLEDGE THAT GARDERE WYNNE SEWELL LLP IS COUNSEL FOR BANK ONE, BOTH AS AGENT AND AS A LENDER, AND THAT SUCH FIRM DOES NOT REPRESENT ANY OF THE OTHER LENDERS IN CONNECTION WITH THIS TRANSACTION.

(d) Documents. Agent shall not be under a duty to examine or pass upon the validity, effectiveness, enforceability, genuineness or value of any of the Loan Documents or any other instrument or document furnished pursuant thereto or in connection therewith, and Agent shall be entitled to assume that the same are valid, effective, enforceable and genuine and what they purport to be.

(e) Resignation or Removal of Agent. Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving written notice thereof to Lenders and the Borrower, and Agent may be removed at any time with or without cause by Super Majority Lenders (excluding the Agent). If no successor Agent has been so appointed by Super Majority Lenders (and approved by the Borrower) and has accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation or removal of the retiring Agent, then the retiring Agent may, on behalf of Lenders, appoint a successor Agent. Any successor Agent must be approved by Borrower, which approval will not be unreasonably withheld. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor

Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent, as the case may be, shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Section 15 shall continue in effect for its benefit in respect to any actions taken or omitted to be taken by it while it was acting as Agent. To be eligible to be an Agent hereunder the party serving, or to serve, in such capacity must own a Pro Rata Part of the Commitments equal to the level of Commitment required to be held by any Lender pursuant to Section 29 hereof.

(f) Responsibility of Agent. It is expressly understood and agreed that the obligations of Agent under the Loan Documents are only those expressly set forth in the Loan Documents as to each and that Agent, shall be entitled to assume that no Default or Event of Default has occurred and is continuing, unless Agent has actual knowledge of such fact or has received notice from a Lender or the Borrower that such Lender or the Borrower considers that a Default or an Event of Default has occurred and is continuing and specifying the nature thereof. Neither Agent nor any of its directors, officers, attorneys or employees shall be liable for any action taken or omitted to be taken by them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Agent shall not incur liability under or in respect of any of the Loan Documents by acting upon any notice, consent, certificate, warranty or other paper or instrument believed by it to be genuine or authentic or to be signed by the proper party or parties, or with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment, or which may seem to it to be necessary or desirable. The Syndication Agents, the Documentation Agents and the Arrangers shall have no responsibilities as an agent hereunder.

Agent shall not be responsible to Lenders for any of the Borrower's recitals, statements, representations or warranties contained in any of the Loan Documents, or in any certificate or other document referred to or provided for in, or received by any Lender under, the Loan Documents, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of or any of the Loan Documents or for any failure by the Borrower to perform any of its obligations hereunder or thereunder. Agent may employ agents and attorneys-in-fact and shall not be answerable, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

The relationship between Agent and each Lender is only that of agent and principal and has no fiduciary aspects. Nothing in the Loan Documents or elsewhere shall be construed to impose on Agent any duties or responsibilities other than those for which express provision is therein made. In performing its duties and functions hereunder, Agent does not assume and shall not be deemed to have assumed, and hereby expressly disclaims, any obligation or responsibility toward or any relationship of agency or trust with or for the Borrower or any of its beneficiaries or other creditors. As to any

matters not expressly provided for by the Loan Documents, Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of all Lenders and such instructions shall be binding upon all Lenders and all holders of the Notes; provided, however, that Agent shall not be required to take any action which is contrary to the Loan Documents or applicable law.

Agent shall have the right to exercise or refrain from exercising, without notice or liability to the Lenders, any and all rights afforded to Agent by the Loan Documents or which Agent may have as a matter of law; provided, however, Agent shall not (i) except as provided herein and in Section 7(b) hereof, without the consent of Required Lenders designate the amount of the Borrowing Base, or approve the sale, release or substitution of Collateral other than the sale of Collateral permitted pursuant to Section 13(a)(ii) hereof, or (ii) without the consent of Super Majority Lenders, take any other action with regard to amending the Loan Documents, waiving any default under the Loan Documents, or taking any other action with respect to the Loan Documents. Agent shall not have liability to Lenders for failure or delay in exercising any right or power possessed by Agent pursuant to the Loan Documents or otherwise unless such failure or delay is caused by the gross negligence of the Agent, in which case only the Agent responsible for such gross negligence shall have liability therefor to the Lenders.

(g) Independent Investigation. Each Lender severally represents and warrants to Agent that it has made its own independent investigation and assessment of the financial condition and affairs of the Borrower in connection with the making and continuation of its participation hereunder and has not relied exclusively on any information provided to such Lender by Agent in connection herewith, and each Lender represents, warrants and undertakes to Agent that it shall continue to make its own independent appraisal of the credit worthiness of the Borrower while the Notes are outstanding or its commitments hereunder are in force. Agent shall not be required to keep itself informed as to the performance or observance by the Borrower of this Agreement or any other document referred to or provided for herein or to inspect the properties or books of the Borrower. Other than as provided in this Agreement, Agent shall not have any duty, responsibility or liability to provide any Lender with any credit or other information concerning the affairs, financial condition or business of the Borrower which may come into the possession of Agent.

(h) Indemnification. Lenders agree to indemnify Agent, the Syndication Agents and the Documentation Agents (the "Indemnified Agents") ratably according to their respective Commitments on a Pro Rata basis, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any proper and reasonable kind or nature whatsoever which may be imposed on, incurred by or asserted against Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by any Indemnified

Agent under the Loan Documents, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from any Indemnified Agent's gross negligence or willful misconduct. Each Lender shall be entitled to be reimbursed by any such Indemnified Agent for any amount such Lender paid to such Indemnified Agent under this Section 15(h) to the extent the such Indemnified Agent has been reimbursed for such payments by the Borrower or any other Person. THE PARTIES INTEND FOR THE PROVISIONS OF THIS SECTION TO APPLY TO AND PROTECT THE AGENT FROM THE CONSEQUENCES OF ANY LIABILITY INCLUDING STRICT LIABILITY IMPOSED OR THREATENED TO BE IMPOSED ON ANY INDEMNIFIED AGENT AS WELL AS FROM THE CONSEQUENCES OF ITS OWN NEGLIGENCE, WHETHER OR NOT THAT NEGLIGENCE IS THE SOLE, CONTRIBUTING OR CONCURRING CAUSE OF ANY SUCH LIABILITY.

(i) Benefit of Section 15. The agreements contained in this Section 15 are solely for the benefit of Agent and the Lenders and are not for the benefit of, or to be relied upon by, the Borrower, any affiliate of the Borrower or any other person.

(j) Pro Rata Treatment. Subject to the provisions of this Agreement, each payment (including each prepayment) by the Borrower and each collection by Lenders (including offsets) on account of the principal of and interest on the Notes and fees provided for in this Agreement, that are payable by the Borrower, shall be made Pro Rata; provided, however, in the event that any Defaulting Lender shall have failed to make an Advance as contemplated under Section 2 hereof and Agent or another Lender or Lenders shall have made such Advance, payment received by Agent for the account of such Defaulting Lender or Lenders shall not be distributed to such Defaulting Lender or Lenders until such Advance or Advances shall have been repaid in full to the Lender or Lenders who funded such Advance or Advances.

(k) Assumption as to Payments. Except as specifically provided herein, unless Agent shall have received notice from the Borrower prior to the date on which any payment is due to Lenders hereunder that the Borrower will not make such payment in full, Agent may, but shall not be required to, assume that the Borrower has made such payment in full to Agent on such date and Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to Agent, each Lender shall repay to Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to Agent, at the interest rate applicable to such portion of the Loan.

(l) Other Financings. Without limiting the rights to which any Lender otherwise is or may become entitled, such Lender shall have no interest, by virtue of this Agreement or the Loan Documents, in (a) any present or future loans from, letters of credit issued by, or leasing or other financial transactions by, any other Lender to, on behalf of, or with the Borrower (collectively referred to herein as "Other Financings") other than the obligations hereunder; (b) any present or future guarantees by or for the account of the Borrower which are not contemplated by the Loan Documents; (c) any present or future property taken as security for any such Other Financings; or (d) any property now or hereafter in the possession or control of any other Lender which may be or become security for the obligations of the Borrower arising under any loan document by reason of the general description of indebtedness secured or property contained in any other agreements, documents or instruments relating to any such Other Financings.

(m) Interests of Lenders. Nothing in this Agreement shall be construed to create a partnership or joint venture between Lenders for any purpose. Agent, Lenders and the Borrower recognize that the respective obligations of Lenders under the Commitments shall be several and not joint and that neither Agent nor any of Lenders shall be responsible or liable to perform any of the obligations of the other under this Agreement. Each Lender is deemed to be the owner of an undivided interest in and to all rights, titles, benefits and interests belonging and accruing to Agent under the Security Instruments, including, without limitation, liens and security interests in any collateral, fees and payments of principal and interest by the Borrower under the Commitments on a Pro Rata basis. Each Lender shall perform all duties and obligations of Lenders under this Agreement in the same proportion as its ownership interest in the Loans outstanding at the date of determination thereof.

(n) Investments. Whenever Agent in good faith determines that it is uncertain about how to distribute to Lenders any funds which it has received, or whenever Agent in good faith determines that there is any dispute among the Lenders about how such funds should be distributed, Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if Agent is otherwise required to invest funds pending distribution to the Lenders, Agent may invest such funds pending distribution (at the risk of the Borrower). All interest on any such investment shall be distributed upon the distribution of such investment and in the same proportions and to the same Persons as such investment. All monies received by Agent for distribution to the Lenders (other than to the Person who is Agent in its separate capacity as a Lender) shall be held by the Agent pending such distribution solely as Agent for such Lenders, and Agent shall have no equitable title to any portion thereof.

(o) Delegation to Affiliates. The Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which

perform duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Sections 15 and 18.

(p) Execution of Collateral Documents. The Lenders hereby empower and authorize the Agent to execute and deliver the Security Instruments and all related financing statements and other financing statements, agreements, documents or instruments that shall be necessary or appropriate to effect the purposes of the Security Instruments.

(q) Collateral Releases. The Lenders hereby empower and authorize the Agent to execute and deliver to the Borrower on its behalf any agreements, documents, or instruments as shall be necessary or appropriate to reflect any releases of Collateral which shall be permitted by the terms hereof (including, without limitation, the release of Collateral that Borrower is permitted to sell pursuant to Section 13(a)(ii) hereof) or of any other Loan Document or which shall otherwise have been approved by the Required Lenders pursuant to Section 15 hereof.

(r) Co-Agents, Documentation Agent, Syndication Agent, etc. Neither any of the Lenders identified in this Agreement as the Co-Documentation Agents or Co-Syndication Agents shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Agent in such Section 15(g).

16. EXERCISE OF RIGHTS. No failure to exercise, and no delay in exercising, on the part of the Agent or the Lenders, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right. The rights of the Agent and the Lenders hereunder shall be in addition to all other rights provided by law.

17. NOTICES. Any notices or other communications required or permitted to be given by this Agreement or any other documents or instruments referred to herein must be given in writing (which may be by bank wire, telecopy or similar writing) and shall be given to the party to whom such notice or communication is directed at the address or telecopy number of such party as follows: (a) BORROWER AND GUARANTOR: c/o RANGE RESOURCES CORPORATION, 777 Main Street, Suite 800, Fort Worth, Texas 76102, Attention: Eddie LeBlanc, Chief Financial Officer, (b) AGENT and LENDERS: c/o BANK ONE, NA, 1717 Main Street, TX1-2448, Dallas, Texas 75201, Facsimile No. (214) 290-2332, Attention: Wm. Mark Cranmer, Director Capital Markets. Any such notice or other communication shall be effective (a) if given by telecopy, when such telecopy is transmitted to the telecopy number specified in this Section 17 and the appropriate answerback is received or receipt is otherwise confirmed,

(b) if given by mail, three (3) days after deposit in the mails with first-class postage, prepaid, as addressed as aforesaid or (c) if given by any other method, when delivered at the address specified in this Section 17; provided, however, that notices to the Agent under Sections 2, 3, 4 or 5 hereof shall not be effective until received. Any notice required to be given to the Lenders shall be given to the Agent and distributed to all Lenders by the Agent.

18. EXPENSES. The Borrower shall pay (i) all reasonable and necessary out-of-pocket expenses of the Agent, including reasonable fees and disbursements of special counsel for the Agent, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or Event of Default or alleged Default or Event of Default hereunder, (ii) all reasonable and necessary out-of-pocket expenses of the Agent, including reasonable fees and disbursements of special counsel for the Agent in connection with the preparation of any participation agreement for a participant or participants requested by the Borrower or any amendment thereof and (iii) if a Default or an Event of Default occurs, all reasonable and necessary out-of-pocket expenses incurred by the Lenders, including reasonable fees and disbursements of counsel, in connection with such Default and Event of Default and collection and other enforcement proceedings resulting therefrom. THE BORROWER HEREBY ACKNOWLEDGES THAT GARDERE WYNNE SEWELL LLP IS SPECIAL COUNSEL TO BANK ONE, AS AGENT AND AS A LENDER, UNDER THIS AGREEMENT AND THAT IT IS NOT COUNSEL TO, NOR DOES IT REPRESENT THE BORROWER IN CONNECTION WITH THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT. The Borrower is relying on separate counsel in the transaction described herein. The Borrower shall indemnify the Lenders against any transfer taxes, document taxes, assessments or charges made by any governmental authority by reason of the execution, delivery and filing of the Loan Documents. The obligations of this Section 18 shall survive any termination of this Agreement, the expiration of the Loans and the payment of all indebtedness of the Borrower to the Lenders hereunder and under the Notes.

19. INDEMNITY. The Borrower hereby agrees to indemnify the Agent, the Documentation Agents, the Syndication Agents, the Arrangers, each Lender, their respective Affiliates, and each of their directors, officers, and employees (the "Indemnified Parties") against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor of any Indemnified Party, the Agent, the Arranger, any Lender or any Affiliate that is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any loan hereunder even if any of the foregoing arises out of the ordinary negligence of the party seeking indemnification except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The indemnity set forth herein shall be in addition to any other obligations or liabilities of the Borrower to any Indemnified Party, the Agent, the Arranger and each of the Lenders hereunder or at common law or otherwise, and shall survive any termination of this Agreement, the expiration of the Loans

and the payment of all indebtedness of the Borrower to the Lenders hereunder and under the Notes. THE PARTIES INTEND FOR THE PROVISIONS OF THIS SECTION TO APPLY TO AND PROTECT EACH INDEMNIFIED PARTY FROM THE CONSEQUENCES OF ANY LIABILITY INCLUDING STRICT LIABILITY IMPOSED OR THREATENED TO BE IMPOSED ON AGENT AS WELL AS FROM THE CONSEQUENCES OF ITS OWN NEGLIGENCE, WHETHER OR NOT THAT NEGLIGENCE IS THE SOLE, CONTRIBUTING, OR CONCURRING CAUSE OF ANY CLAIM.

20. Non-Liability of Lenders. The relationship between the Borrower on the one hand and the Lenders and the Agent on the other hand shall be solely that of borrower and lender. Neither the Agent, the Arranger nor any Lender shall have any fiduciary responsibility to the Borrower. Neither the Agent, the Arranger nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's businesses or operations. The Borrower agrees that neither the Agent, the Arranger nor any Lender shall have any liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by this Agreement and the other Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such loss resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Agent, the Arranger nor any Lender shall have any liability with respect to, and the Borrower hereby waive, release and agree not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to this Agreement, the Loan Documents or any transaction contemplated thereby.

21. GOVERNING LAW. THIS AGREEMENT IS BEING EXECUTED AND DELIVERED, AND IS INTENDED TO BE PERFORMED, IN DALLAS, DALLAS COUNTY, TEXAS, AND THE SUBSTANTIVE LAWS OF TEXAS SHALL GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT AND ALL OTHER DOCUMENTS AND INSTRUMENTS REFERRED TO HEREIN, UNLESS OTHERWISE SPECIFIED THEREIN.

22. INVALID PROVISIONS. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provisions shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

23. MAXIMUM INTEREST RATE. Regardless of any provisions contained in this Agreement or in any other documents and instruments referred to herein, the Lenders shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest on the Notes any amount in excess of the Maximum Rate, and in the event any Lender ever receives, collects or applies as interest any such excess, or if an acceleration of the maturities of any Notes or if any prepayment by the Borrower results in the Borrower having paid any interest in excess of the Maximum Rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Notes for which such excess was received, collected or applied, and, if the principal balance of such Note is paid in full, any remaining excess shall forthwith be paid to the Borrower. All sums paid or agreed to be paid to the Lenders for the use, forbearance or detention of the indebtedness evidenced by the Notes and/or this Agreement shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the Maximum Rate. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Rate of interest permitted by law, the Borrower and the Lenders shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee or premium, rather than as interest; and (ii) exclude voluntary prepayments and the effect thereof; and (iii) compare the total amount of interest contracted for, charged or received with the total amount of interest which could be contracted for, charged or received throughout the entire contemplated term of the Note at the Maximum Rate.

For purposes of Section 303 of the Texas Finance Code, to the extent applicable to any Lender or Agent, Borrower agrees that the Maximum Rate shall be the "weekly ceiling" as defined in said Chapter, provided that such Lender or Agent, as applicable, may also rely, to the extent permitted by applicable laws of the State of Texas and the United States of America, on alternative maximum rates of interest under the Texas Finance Code or other laws applicable to such Lender or Agent from time to time if greater (the "Maximum Rate").

24. AMENDMENTS. This Agreement may be amended only by an instrument in writing executed by an authorized officer of the party against whom such amendment is sought to be enforced. No modification or waiver of any provision of the Loan Documents, including this Agreement, or the Notes nor consent to departure therefrom, shall be effective unless in writing signed by Borrower and Super Majority Lenders; provided, however, that no amendment, waiver, or other action shall be effected pursuant to this Section 24 (ii) without the consent of all Lenders which: (a) would increase the Hydrocarbon Borrowing Base, (b) would reduce any fees hereunder, or the principal of, or the interest on, any Lender's Note or Notes, (c) would postpone any date fixed for any payment of any fees hereunder, or any principal or interest of any Lender's Note or Notes, (d) would increase the aggregate Commitments or any Lender's individual Commitment hereunder or would materially alter Agent's obligations to any Lender hereunder, (e) would release Borrower from its obligation to pay any Lender's Note or Notes, (f) would release any Guarantor from its obligations under any Guaranty, (g) would change the definition of Super Majority Lenders or Required Lenders, or (h) would amend this

sentence. No such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other circumstances without such notice or demand. No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent.

25. MULTIPLE COUNTERPARTS. This Agreement may be executed in a number of identical separate counterparts, each of which for all purposes is to be deemed an original, but all of which shall constitute, collectively, one agreement. No party to this Agreement shall be bound hereby until a counterpart of this Agreement has been executed by all parties hereto. Delivery of an executed counterpart of a signature page of the Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

26. CONFLICT. In the event any term or provision hereof is inconsistent with or conflicts with any provision of the Loan Documents, the terms or provisions contained in this Agreement shall be controlling.

27. SURVIVAL. All covenants, agreements, undertakings, representations and warranties made in the Loan Documents, including this Agreement, the Notes or other documents and instruments referred to herein shall survive all closings hereunder and shall not be affected by any investigation made by any party.

28. PARTIES BOUND. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, legal representatives and estates, provided, however, that the Borrower may not, without the prior written consent of all of the Lenders, assign any rights, powers, duties or obligations hereunder.

29. ASSIGNMENTS AND PARTICIPATIONS.

(a) Each Lender shall have the right to sell, assign or transfer all or any part of its Note or Notes, its Commitment and its rights and obligations hereunder to one or more Affiliates, Lenders, financial institutions, pension plans, insurance companies, investment funds, or similar Persons who are Eligible Assignees or to a Federal Reserve Bank; provided, that each sale, assignment or transfer (other than to an Affiliate or a Federal Reserve Bank) shall require the consent of Agent and the Borrower, which consents will not be unreasonably withheld; provided, however, that if an Event of Default has occurred and is continuing, the consent of the Borrower shall not be required. Any such assignee, transferee or recipient shall have, to the extent of such sale, assignment, or transfer, the same rights, benefits and obligations as it would if it were such Lender and a holder of such Note, Commitment and rights and obligations, including, without limitation, the right to vote on decisions requiring consent or approval of all Lenders or Super Majority Lenders and the obligation to fund its Commitment; provided, that (1) each such sale, assignment, or transfer (other than to an Affiliate or a Federal Reserve

Bank) shall be in an aggregate principal amount not less than \$5,000,000, (2) each remaining Lender shall at all times maintain Commitment then outstanding in an aggregate principal amount at least equal to \$5,000,000; (3) each such sale, assignment or transfer shall be of a Pro Rata portion of such Lender's Commitment, (4) no Lender may offer to sell its Note or Notes, Commitment, rights and obligations or interests therein in violation of any securities laws; and (5) no such assignments (other than to a Federal Reserve Bank) shall become effective until the assigning Lender and its assignee delivers to Agent and Borrower an Assignment and Acceptance and the Note or Notes subject to such assignment and other documents evidencing any such assignment. An assignment fee in the amount of \$3,500 for each such assignment (other than to an Affiliate, a Lender or the Federal Reserve Bank) will be payable to Agent by assignor or assignee. Within five (5) Business Days after its receipt of copies of the Assignment and Acceptance and the other documents relating thereto and the Note or Notes, the Borrower shall execute and deliver to Agent (for delivery to the relevant assignee) a new Note or Notes evidencing such assignee's assigned Commitment and if the assignor Lender has retained a portion of its Commitment, a replacement Note in the principal amount of the Commitment retained by the assignor (except as provided in the last sentence of this paragraph (a) such Note or Notes to be in exchange for, but not in payment of, the Note or Notes held by such Lender). On and after the effective date of an assignment hereunder, the assignee shall for all purposes be a Lender, party to this Agreement and any other Loan Document executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and no further consent or action by Borrower, Lenders or the Agent shall be required to release the transferor Lender with respect to its Commitment assigned to such assignee and the transferor Lender shall henceforth be so released.

(b) Each Lender shall have the right to grant participations in all or any part of such Lender's Notes and Commitment hereunder to one or more pension plans, investment funds, insurance companies, financial institutions or other Persons, provided, that:

(i) each Lender granting a participation shall retain the right to vote hereunder, and no participant shall be entitled to vote hereunder on decisions requiring consent or approval of Lender or Super Majority Lenders (except as set forth in (iii) below);

(ii) in the event any Lender grants a participation hereunder, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note or Notes for all purposes under the Loan Documents, and Agent, each Lender and Borrower shall be entitled

to deal with the Lender granting a participation in the same manner as if no participation had been granted; and

(iii) no participant shall ever have any right by reason of its participation to exercise any of the rights of Lenders hereunder, except that any Lender may agree with any participant that such Lender will not, without the consent of such participant (which consent may not be unreasonably withheld) consent to any amendment or waiver requiring approval of all Lenders.

(c) It is understood and agreed that any Lender may provide to assignees and participants and prospective assignees and participants financial information and reports and data concerning Borrower's properties and operations which was provided to such Lender pursuant to this Agreement, provided, that each recipient thereto has first agreed, for the benefit of Borrower, to hold such information, reports and data in confidence on the terms set out in Section 12(j) hereof.

(d) Upon the reasonable request of either Agent or Borrower, each Lender will identify those to whom it has assigned or participated any part of its Notes and Commitment, and provide the amounts so assigned or participated.

30. CHOICE OF FORUM: CONSENT TO SERVICE OF PROCESS AND JURISDICTION.

THE OBLIGATIONS OF BORROWER UNDER THE LOAN DOCUMENTS ARE PERFORMABLE IN DALLAS COUNTY, TEXAS. ANY SUIT, ACTION OR PROCEEDING AGAINST THE BORROWER WITH RESPECT TO THE LOAN DOCUMENTS OR ANY JUDGMENT ENTERED BY ANY COURT IN RESPECT THEREOF, MAY BE BROUGHT IN THE COURTS OF THE STATE OF TEXAS, COUNTY OF DALLAS, OR IN THE UNITED STATES COURTS LOCATED IN DALLAS COUNTY, TEXAS AND THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURTS FOR THE PURPOSE OF ANY SUCH SUIT, ACTION OR PROCEEDING. THE BORROWER HEREBY IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN ANY SUIT, ACTION OR PROCEEDING IN SAID COURT BY THE MAILING THEREOF BY LENDER BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE BORROWER, AT THE ADDRESS FOR NOTICES AS PROVIDED IN SECTION 17. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT BROUGHT IN THE COURTS LOCATED IN THE STATE OF TEXAS, COUNTY OF DALLAS, AND HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

31. WAIVER OF JURY TRIAL. THE BORROWER, THE AGENT AND THE LENDERS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

32. OTHER AGREEMENTS. THIS WRITTEN CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

33. FINANCIAL TERMS. All accounting terms used in this Agreement which are not specifically defined herein shall be construed in accordance with GAAP.

34. TRI-PARTY LOAN. Texas Finance Code, Section 346 shall not apply to loans evidenced by this Agreement or the Notes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BORROWER:

RANGE RESOURCES CORPORATION
a Delaware corporation

By:

Eddie LeBlanc, Chief Financial Officer

LENDERS:

BANK ONE, NA, a national
banking association (Main Office Chicago)
as a Lender and Administrative Agent

By:

Wm. Mark Cranmer
Director, Capital Markets

BANK OF SCOTLAND

By:

Name:

Title:

JPMORGAN CHASE BANK

By:

Name:

Title:

COMPASS BANK

By:

Kathleen J. Bowen, Vice President

CREDIT LYONNAIS, NEW YORK BRANCH

By:

Name:

Title:

FLEET NATIONAL BANK

By: _____
Name: _____
Title: _____

FORTIS CAPITAL CORP.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

NATEXIS BANQUES POPULAIRES

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

DEFINED CONTRIBUTION PROTOTYPE PLAN

CPI QUALIFIED PLAN CONSULTANTS, INC.
DEFINED CONTRIBUTION PROTOTYPE PLAN AND TRUST

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DEFINED CONTRIBUTION PROTOTYPE PLAN

CPI QUALIFIED PLAN CONSULTANTS, INC.
DEFINED CONTRIBUTION PROTOTYPE PLAN AND TRUST

DEFINED CONTRIBUTION PROTOTYPE PLAN AND TRUST AGREEMENT
BASIC PLAN DOCUMENT #01

CPI Qualified Plan Consultants, Inc., in its capacity as Prototype Plan Sponsor, establishes this Prototype Plan intended to conform to and qualify under Section 401 and Section 501 of the Internal Revenue Code of 1986, as amended. An Employer establishes a Plan and Trust under this Prototype Plan by executing an Adoption Agreement. If the Employer adopts this Plan as a restated Plan in substitution for, and in amendment of, an existing plan, the provisions of this Plan, as a restated Plan, apply solely to an Employee whose employment with the Employer terminates on or after the restated Effective Date of the Plan. If an Employee's employment with the Employer terminates prior to the restated Effective Date, that Employee is entitled to benefits under the Plan as the Plan existed on the date of the Employee's termination of employment.

ARTICLE I
DEFINITIONS

1.01 "ACCOUNT" means the separate Account(s) which the Plan Administrator or the Trustee maintains under the Plan for a Participant.

1.02 "ACCOUNT BALANCE" OR "ACCRUED BENEFIT" means the amount standing in a Participant's Account(s) as of any date derived from Employer contributions and from Participant contributions, if any.

1.03 "ACCOUNTING DATE" means the last day of the Plan Year. The Plan Administrator will allocate Employer contributions and forfeitures for a particular Plan Year as of the Accounting Date of that Plan Year, and on such other dates, if any, as the Plan Administrator determines, consistent with the Plan's allocation conditions and other provisions.

1.04 "ADOPTION AGREEMENT" means the document executed by each Employer adopting this Plan. References to Adoption Agreement within this basic plan document are to the Adoption Agreement as completed and executed by a particular Employer unless the context clearly indicates otherwise. An adopting Employer's Adoption Agreement and this basic plan document together constitute a single Plan and Trust of the Employer. Each elective provision of the Adoption Agreement corresponds (by its parenthetical section reference) to the section of the Plan which grants the election. Each Adoption Agreement offered under this Plan is either a Nonstandardized Plan or a Standardized Plan, as identified in that Adoption Agreement. The provisions of this Plan apply in the same manner to Nonstandardized Plans and to Standardized Plans unless otherwise specified. All section references within an Adoption Agreement are Adoption Agreement section references unless the context clearly indicates otherwise.

1.05 "BENEFICIARY" means a person designated by a Participant or by the Plan who is or may become entitled to a benefit under the Plan. A Beneficiary who becomes entitled to a benefit under the Plan remains a Beneficiary under the Plan until the Trustee has fully distributed to the Beneficiary his/her Plan benefit. A Beneficiary's right to (and the Plan Administrator's or a Trustee's duty to provide to the Beneficiary) information or data concerning the Plan does not arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

1.06 "CODE" means the Internal Revenue Code of 1986, as amended and includes applicable Treasury regulations.

1.07 "COMPENSATION" means a Participant's W-2 wages, Code Section 3401(a) wages, or 415 compensation except, in the case of a Self-Employed Individual, Compensation means Earned Income as defined in Section 1.09. The Employer in its Adoption Agreement must specify which definition of Compensation (Section 1.07(A), (B) or (C) applies under the Plan and any modifications thereto, for purposes of contribution allocations under Article III.

Any reference in the Plan to Compensation is a reference to the definition in this Section 1.07, unless the Plan reference, or the Employer in its Adoption Agreement, modifies this definition. The Plan Administrator will take into account only Compensation actually paid during (or as permitted under the Code, paid for) the relevant period. A Compensation payment includes Compensation paid by the Employer through another person under the common paymaster provisions in Code Sections 3121 and 3306. Compensation, unless otherwise specified in the Adoption Agreement, does not include any form of remuneration (including severance pay and vacation pay) paid to the Participant after the Participant incurs a Separation from Service.

(A) W-2 WAGES. W-2 wages means wages for federal income tax withholding purposes, as defined under Code Section 3401(a), plus all other payments to an Employee in the course of the Employer's trade or business, for which the Employer must furnish the Employee a written statement under Code Sections

6041, 6051 and 6052, but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

(B) CODE SECTION 3401(a) WAGES. Code Section 3401(a) wages means wages within the meaning of Code Section 3401(a) for the purposes of income tax withholding at the source, but determined without regard to any rules that limit the remuneration included in wages based on the nature or the location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

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(C) CODE SECTION 415 COMPENSATION (CURRENT INCOME DEFINITION). Code Section 415 compensation means the Employee's wages, salaries, fees for professional service and other amounts received for personal services actually rendered in the course of employment with the Employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits and reimbursements or other expense allowances under a nonaccountable plan as described in Treas. Reg. Section 1.62-2(c)).

Code Section 415 compensation does not include:

(a) Employer contributions to a plan of deferred compensation to the extent the contributions are not included in the gross income of the Employee for the taxable year in which contributed, Employer contributions on behalf of an Employee to a Simplified Employee Pension Plan to the extent such contributions are excludible from the Employee's gross income, and any distributions from a plan of deferred compensation, regardless of whether such amounts are includible in the gross income of the Employee when distributed.

(b) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture.

(c) Amounts realized from the sale, exchange or other disposition of stock acquired under a stock option described in Part II, Subchapter D, Chapter 1, Subtitle A of the Code.

(d) Other amounts which receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the Employee), or contributions made by an Employer (whether or not under a salary reduction agreement) toward the purchase of an annuity contract described in Code Section 403(b) (whether or not the contributions are excludible from the gross income of the Employee).

(D) ELECTIVE CONTRIBUTIONS. Compensation under Sections 1.07(A), 1.07(B) and 1.07(C) includes Elective Contributions unless the Employer in its Adoption Agreement elects to exclude Elective Contributions. "Elective Contributions" are amounts excludible from the Employee's gross income under Code Sections 125, 132(f)(4), 402(e)(3), 402(h)(2), 403(b), 408(p) or 457, and contributed by the Employer, at the Employee's election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401(k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan or a Code Section 457 plan. Notwithstanding the preceding sentence, amounts described in Section 132(f)(4) are not Elective Contributions until Plan Years beginning on or after January 1, 2001, unless the Plan Administrator operationally has included such amounts effective as of an earlier Plan Year beginning no earlier than January 1, 1998.

(E) COMPENSATION DOLLAR LIMITATION. For any Plan Year, the Plan Administrator in allocating contributions under Article III or in testing the Plan for nondiscrimination, cannot take into account more than \$150,000 (or such larger or smaller amount as the Commissioner of Internal Revenue may prescribe) of any Participant's Compensation. Notwithstanding the foregoing, an Employee under a 401(k) arrangement may make elective deferrals with respect to Compensation which exceeds the Plan Year Compensation limitation, provided such deferrals otherwise satisfy Code Section 402(g) and other applicable limitations.

(F) NONDISCRIMINATION. For purposes of determining whether the Plan discriminates in favor of Highly Compensated Employees, Compensation means Compensation as defined in this Section 1.07, except: (1) the Employer annually may elect operationally to include or to exclude Elective Contributions, irrespective of the Employer's election in its Adoption Agreement regarding Elective Contributions; and (2) the Plan Administrator will disregard any elections made in the "modifications to Compensation definition" section of Adoption Agreement Section 1.07. The Employer's election described in clause (1) must be consistent and uniform with respect to all Employees and all plans of the Employer for any particular Plan Year. The Employer, irrespective of clause (2), may elect to exclude from this nondiscrimination definition of Compensation any items of Compensation excludible under Code Section 414(s) and the applicable Treasury regulations, provided such adjusted definition conforms to the nondiscrimination requirements of those regulations. Furthermore, for nondiscrimination purposes, including the computation of an Employee's actual deferral percentage ("ADP") or actual contribution percentage ("ACP"), the Plan Administrator may limit Compensation taken into account to Compensation received only for the portion of the Plan Year in which the Employee was a Participant and only for the portion of the Plan Year in which the Plan or the 401(k) arrangement was in effect.

1.08 "DISABILITY" means the Participant, because of a physical or mental disability, will be unable to perform the duties of his/her customary position of employment (or is unable to engage in any substantial gainful activity) for an indefinite period which the Plan Administrator considers will be of long continued duration. A Participant also is disabled if he/she incurs the permanent loss or loss of use of a member or function of the body, or is permanently disfigured, and incurs a Separation from Service. A Participant is disabled on the date the Plan Administrator determines the Participant satisfies the definition of Disability. The Plan Administrator may require a Participant to submit to a physical examination in order to confirm Disability. The Plan Administrator will apply the provisions of this Section 1.08 in a nondiscriminatory, consistent and uniform manner. The Employer may provide an alternative definition of Disability in an Addendum to its Adoption Agreement.

1.09 "EARNED INCOME" means net earnings from self-employment in the trade or business with respect to which the Employer has established the Plan, provided personal services of the Self-Employed Individual are a material income producing factor. The Plan Administrator will determine net earnings without regard to items excluded from gross income and the deductions allocable to those items. The Plan Administrator will determine net

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earnings after the deduction allowed to the Self-Employed Individual for all contributions made by the Employer to a qualified plan and after the deduction allowed to the Self-Employed Individual under Code Section 164(f) for self-employment taxes.

1.10 "EFFECTIVE DATE" of this Plan is the date specified in the Adoption Agreement unless otherwise for a specified purpose provided within this basic plan document or within (as part of the Adoption Agreement) a Participation Agreement, an Addendum, or within Appendices A or B.

1.11 "EMPLOYEE" means any common law employee, Self-Employed Individual, Leased Employee or other person the Code treats as an employee of the Employer for purposes of the Employer's qualified plan. The Employer in its Adoption Agreement must elect or specify any Employee, or class of Employees, not eligible to participate in the Plan (an "excluded Employee").

(A) COLLECTIVE BARGAINING EMPLOYEES. If the Employer elects in its Adoption Agreement to exclude collective bargaining Employees from eligibility to participate, the exclusion applies to any Employee included in a unit of Employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers, if: (1) retirement benefits were the subject of good faith bargaining; and (2) two percent or less of the employees covered by the agreement are "professionals" as defined in Treas. Reg. Section 1.410(b)-9, unless the collective bargaining agreement requires the Employee to be included within the Plan. The term "employee representatives" does not include any organization more than half the members of which are owners, officers, or executives of the Employer.

(B) NONRESIDENT ALIENS. If the Employer elects in its Adoption Agreement to exclude nonresident aliens from eligibility to participate, the exclusion applies to any nonresident alien Employee who does not receive any earned income, as defined in Code Section 911(d)(2), from the Employer which constitutes United States source income, as defined in Code Section 861(a)(3).

(C) RECLASSIFIED EMPLOYEES. If the Employer elects in its Adoption Agreement to exclude reclassified Employees from eligibility to participate, the exclusion applies to any person the Employer does not treat as an Employee (including, but not limited to, independent contractors, persons the Employer pays outside of its payroll system and out-sourced workers) for federal income tax withholding purposes under Code Section 3401(a), but for whom there is a binding determination the individual is an Employee or a Leased Employee of the Employer.

1.12 "EMPLOYER" means each employer who establishes a Plan under this Prototype Plan by executing an Adoption Agreement and includes to the extent described in Section 1.26 a Related Employer and a Participating Employer. The Employer for purposes of acting as Plan Administrator, making Plan amendments, terminating the Plan or performing other ERISA settlor functions, means the signatory Employer to the Adoption Agreement Execution Page and does not include any Related Employer or Participating Employer.

1.13 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and includes applicable Department of Labor regulations.

1.14 "HIGHLY COMPENSATED EMPLOYEE" means an Employee who:

(a) during the Plan Year or during the preceding Plan Year, is a more than 5% owner of the Employer (applying the constructive ownership rules of Code Section 318, and applying the principles of Code Section 318, for an unincorporated entity); or

(b) during the preceding Plan Year had Compensation in excess of \$80,000 (as adjusted by the Commissioner of Internal Revenue for the relevant year) and, if the Employer under its Adoption Agreement Appendices A or B, makes the top-paid group election, was part of the top-paid 20% group of Employees (based on Compensation for the preceding Plan Year).

For purposes of this Section 1.14, "Compensation" means Compensation as defined in Section 1.07, except any exclusions from Compensation the Employer elects in Adoption Agreement Section 1.07 do not apply, and Compensation specifically includes Elective Contributions. The Plan Administrator must make the determination of who is a Highly Compensated Employee, including the determinations of the number and identity of the top-paid 20% group, consistent with Code Section 414(q) and regulations issued under that Code section. The Employer in its Adoption Agreement Appendices A or B may make a calendar year data election to determine the Highly Compensated Employees for the Plan Year, as prescribed by Treasury regulations or by other guidance published in the Internal Revenue Bulletin. A calendar year data election must apply to all plans of the Employer which reference the highly compensated employee definition in Code Section 414(q). For purposes of this Section 1.14, if the current Plan Year is the first year of the Plan, then the term "preceding Plan Year" means the

12-consecutive month period immediately preceding the current Plan Year.

1.15 "HOUR OF SERVICE" means:

(a) Each Hour of Service for which the Employer, either directly or indirectly, pays an Employee, or for which the Employee is entitled to payment, for the performance of duties. The Plan Administrator credits Hours of Service under this Paragraph (a) to the Employee for the computation period in which the Employee performs the duties, irrespective of when paid;

(b) Each Hour of Service for back pay, irrespective of mitigation of damages, to which the Employer has agreed or for which the Employee has received an award. The Plan Administrator credits Hours of Service under this Paragraph (b) to the Employee for the computation period(s) to which the award or the agreement pertains rather than for the computation period in which the award, agreement or payment is made; and

(c) Each Hour of Service for which the Employer, either directly or indirectly pays an Employee, or for

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which the Employee is entitled to payment (irrespective of whether the employment relationship is terminated), for reasons other than for the performance of duties during a computation period, such as leave of absence, vacation, holiday, sick leave, illness, incapacity (including disability), layoff, jury duty or military duty. The Plan Administrator will credit no more than 501 Hours of Service under this Paragraph (c) to an Employee on account of any single continuous period during which the Employee does not perform any duties (whether or not such period occurs during a single computation period). The Plan Administrator credits Hours of Service under this Paragraph (c) in accordance with the rules of paragraphs (b) and (c) of Labor Reg. Section 2530.200b-2, which the Plan, by this reference, specifically incorporates in full within this Paragraph (c).

The Plan Administrator will not credit an Hour of Service under more than one of the above Paragraphs (a), (b) or (c). A computation period for purposes of this Section 1.15 is the Plan Year, Year of Service period, Break in Service period or other period, as determined under the Plan provision for which the Plan Administrator is measuring an Employee's Hours of Service. The Plan Administrator will resolve any ambiguity with respect to the crediting of an Hour of Service in favor of the Employee.

(A) METHOD OF CREDITING HOURS OF SERVICE. The Employer must elect in its Adoption Agreement the method the Plan Administrator will use in crediting an Employee with Hours of Service and the purpose for which the elected method will apply.

(B) ACTUAL METHOD. Under the Actual Method as determined from records, an Employee receives credit for Hours of Service for hours worked and hours for which the Employer makes payment or for which payment is due from the Employer.

(C) EQUIVALENCY METHOD. Under an Equivalency Method, for each equivalency period for which the Plan Administrator would credit the Employee with at least one Hour of Service, the Plan Administrator will credit the Employee with: (i) 10 Hours of Service for a daily equivalency; (ii) 45 Hours of Service for a weekly equivalency; (iii) 95 Hours of Service for a semimonthly payroll period equivalency; and (iv) 190 Hours of Service for a monthly equivalency.

(D) ELAPSED TIME METHOD. Under the Elapsed Time Method, an Employee receives credit for Service for the aggregate of all time periods (regardless of the Employee's actual Hours of Service) commencing with the Employee's Employment Commencement Date, or with his/her Re-employment Commencement Date, and ending on the date a Break in Service begins. An Employee's Employment Commencement Date or his/her Re-employment Commencement Date begins on the first day he/she performs an Hour of Service following employment or re-employment. In applying the Elapsed Time Method, the Plan Administrator will credit an Employee's Service for any Period of Severance of less than 12-consecutive months and will express fractional periods of Service in days.

Under the Elapsed Time Method, a Break in Service is a Period of Severance of at least 12 consecutive months. A Period of Severance is a continuous period of time during which the Employee is not employed by the Employer. The continuous period begins on the date the Employee retires, quits, is discharged, or dies or if earlier, the first 12-month anniversary of the date on which the Employee otherwise is absent from Service for any other reason (including disability, vacation, leave of absence, layoff, etc.). In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date the Employee is otherwise absent from Service does not constitute a Break in Service.

(E) MATERNITY/PATERNITY LEAVE/FAMILY AND MEDICAL LEAVE ACT. Solely for purposes of determining whether an Employee incurs a Break in Service under any provision of this Plan, the Plan Administrator must credit Hours of Service during the Employee's unpaid absence period: (i) due to maternity or paternity leave; or (ii) as required under the Family and Medical Leave Act. An Employee is on maternity or paternity leave if the Employee's absence is due to the Employee's pregnancy, the birth of the Employee's child, the placement with the Employee of an adopted child, or the care of the Employee's child immediately following the child's birth or placement. The Plan Administrator credits Hours of Service under this Section 1.15(E) on the basis of the number of Hours of Service for which the Employee normally would receive credit or, if the Plan Administrator cannot determine the number of Hours of Service the Employee would receive credit for, on the basis of 8 hours per day during the absence period. The Plan Administrator will credit only the number (not exceeding 501) of Hours of Service necessary to prevent an Employee's Break in Service. The Plan Administrator credits all Hours of Service described in this Section 1.15(E) to the computation period in which the absence period begins or, if the Employee does not need these Hours of Service to prevent a Break in Service in the computation period in which his/her absence period begins, the Plan Administrator credits these Hours of Service to the immediately following computation period.

(F) QUALIFIED MILITARY SERVICE. Hour of Service also includes any Service the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code Section 414(u). The provisions of this Section 1.15(F) apply beginning December 12, 1994, or if the Employer's Plan is effective after that date, as of the Plan's Effective Date.

1.16 "LEASED EMPLOYEE" means an individual (who otherwise is not an Employee of the Employer) who, pursuant to an agreement between the Employer and any other person, has performed services for the Employer (or for the Employer and any persons related to the Employer within the meaning of Code Section 144(a)(3)) on a substantially full time basis for at least one year and who performs such services under primary direction or control of the Employer within the meaning of Code Section 414(n)(2). Except as described in Section 1.16(A), a Leased Employee is an Employee for purposes of the Plan. If a Leased Employee is an Employee, "Compensation" includes Compensation from the leasing organization which is attributable to services performed for the Employer.

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(A) **SAFE HARBOR PLAN EXCEPTION.** A Leased Employee is not an Employee if the leasing organization covers the employee in a safe harbor plan and, prior to application of this safe harbor plan exception, 20% or less of the Employer's Employees (other than Highly Compensated Employees) are Leased Employees. A safe harbor plan is a money purchase pension plan providing immediate participation, full and immediate vesting, and a nonintegrated contribution formula equal to at least 10% of the employee's compensation, without regard to employment by the leasing organization on a specified date. The safe harbor plan must determine the 10% contribution on the basis of compensation as defined in Code Section 415(c)(3) including Elective Contributions.

(B) **OTHER REQUIREMENTS.** The Plan Administrator must apply this Section 1.16 in a manner consistent with Code Sections 414(n) and 414(o) and the regulations issued under those Code sections. If a Participant is a Leased Employee covered by a plan maintained by the leasing organization, the Plan Administrator will determine the allocation of Employer contributions and Participant forfeitures on behalf of the Participant under the Employer's Plan without taking into account the Leased Employee's allocation, if any, under the leasing organization's plan.

1.17 "NONHIGHLY COMPENSATED EMPLOYEE" means any Employee who is not a Highly Compensated Employee.

1.18 "NONTRANSFERABLE ANNUITY" means an annuity contract which by its terms provides that it may not be sold, assigned, discounted, pledged as collateral for a loan or security for the performance of an obligation or for any purpose to any person other than the insurance company. If the Plan distributes an annuity contract, the contract must be a Nontransferable Annuity.

1.19 "PAIRED PLANS" means the Employer has adopted two Standardized Plan Adoption Agreements offered with this Prototype Plan, one Adoption Agreement being a Paired Profit Sharing Plan and one Adoption Agreement being a Paired Pension Plan. A Paired Profit Sharing Plan may include a 401(k) arrangement. A Paired Pension Plan must be a money purchase pension plan, defined benefit plan or a target benefit pension plan. Paired Plans must be the subject of a favorable opinion letter issued by the National Office of the Internal Revenue Service. If an Employer adopts paired plans, only one of the plans may provide for permitted disparity.

1.20 "PARTICIPANT" means an eligible Employee who becomes a Participant in accordance with the provisions of Section 2.01. An eligible Employee means an Employee who is not an excluded Employee under Adoption Agreement Section 1.11.

1.21 "PLAN" means the retirement plan established or continued by the Employer in the form of this Prototype Plan, including the Adoption Agreement under which the Employer has elected to establish this Plan. The Employer must designate the name of the Plan in its Adoption Agreement. An Employer may execute more than one Adoption Agreement offered under this Plan, each of which will constitute a separate Plan and Trust established or continued by that Employer. The Plan and the Trust created by each adopting Employer is a separate Plan and a separate Trust, independent from the plan and the trust of any other employer adopting this Prototype Plan. All section references within this basic plan document are Plan section references unless the context clearly indicates otherwise. The Plan includes any Addendum or Appendix permitted by the basic plan document or by the Employer's Adoption Agreement and which the Employer attaches to its Adoption Agreement. An Addendum must correspond by section reference to the section of the basic plan document or Adoption Agreement permitting the Addendum.

1.22 "PLAN ADMINISTRATOR" means the Employer unless the Employer designates another person or persons to hold the position of Plan Administrator. Any person(s) the Employer appoints as Plan Administrator may or may not be Participants in the Plan. In addition to its other duties, the Plan Administrator has full responsibility for the Plan's compliance with the reporting and disclosure rules under ERISA.

1.23 "PLAN ENTRY DATE" means the date(s) the Employer elects in Adoption Agreement Section 2.01.

1.24 "PLAN YEAR" means the consecutive month period the Employer specifies in its Adoption Agreement. The Employer also must specify in its Adoption Agreement the "Limitation Year" applicable to the limitations on allocations described in Article III. If the Employer maintains Paired Plans, each Plan must have the same Plan Year.

1.25 "PROTECTED BENEFIT" means any accrued benefit described in Treas. Reg. Section 1.411(d)-4, including any optional form of benefit provided under the Plan which may not (except in accordance with such Regulations) be reduced, eliminated or made subject to Employer discretion.

1.26 "RELATED GROUP"/"RELATED EMPLOYER" A Related Group is a controlled group of corporations (as defined in Code Section 414(b)), trades or businesses

(whether or not incorporated) which are under common control (as defined in Code Section 414(c)), an affiliated service group (as defined in Code Section 414(m)) or an arrangement otherwise described in Code Section 414(o). Each Employer/member of the Related Group is a Related Employer. The term "Employer" includes every Related Employer for purposes of crediting Service and Hours of Service, determining Years of Service and Breaks in Service under Articles II and V, determining Separation from Service, applying the Coverage Test under Section 3.06(E), applying the limitations on allocations in Part 2 of Article III, applying the top-heavy rules and the minimum allocation requirements of Article XII, applying the definitions of Employee, Highly Compensated Employee, Compensation and Leased Employee, applying the safe harbor 401(k) provisions of Section 14.02(D), applying the SIMPLE 401(k) provisions of Section 14.02(E) and for any other purpose the Code or the Plan require.

(A) PARTICIPATING EMPLOYER. An Employer may contribute to the Plan only by being a signatory to the Execution Page of the Adoption Agreement or to a Participation Agreement to the Adoption Agreement. If a Related Employer executes a Participation Agreement to the Adoption Agreement, the Related Employer is a

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Participating Employer. A Participating Employer is an Employer for all purposes of the Plan except as provided in Section 1.12.

(B) STANDARDIZED/NONSTANDARDIZED PLAN. If the Employer's Plan is a Standardized Plan, all Employees of the Employer or of any Related Employer, are eligible to participate in the Plan, irrespective of whether the Related Employer directly employing the Employee is a Participating Employer. Notwithstanding the immediately preceding sentence, individuals who become Employees of a Related Employer as a result of a transaction described in Code Section 410(b)(6)(C) are not eligible to participate in the Plan during the Plan Year in which such transaction occurs nor in the following Plan Year, unless the Related Employer which employs such Employees becomes during such period a Participating Employer, by executing a Participation Agreement to the Adoption Agreement. If the Plan is a Nonstandardized Plan, the Employees of a Related Employer are not eligible to participate in the Plan unless the Related Employer is a Participating Employer.

1.27 "SELF-EMPLOYED INDIVIDUAL"/"OWNER-EMPLOYEE"/"SHAREHOLDER-EMPLOYEE" "Self-Employed Individual" means an individual who has Earned Income (or who would have had Earned Income but for the fact that the trade or business did not have net profits) for the taxable year from the trade or business for which the Plan is established. "Owner-Employee" means a Self-Employed Individual who is the sole proprietor in the case of a sole proprietorship. If the Employer is a partnership, or a limited liability company taxed for federal income tax purposes as a partnership, "Owner-Employee" means a Self-Employed Individual who is a partner or member and owns more than 10% of either the capital or the profits interest of the partnership or of the limited liability company. "Shareholder-Employee" means an employee or officer of an "S" corporation who owns (or is considered as owning under Code Section 318(a)(1)) more than 5% of the outstanding stock of the corporation on any day of the corporation's taxable year.

1.28 "SEPARATION FROM SERVICE" means an event after which the Employee no longer has an employment relationship with the Employer maintaining this Plan or with a Related Employer.

1.29 "SERVICE" means any period of time the Employee is in the employ of the Employer, including any period the Employee is on an unpaid leave of absence authorized by the Employer under a uniform, nondiscriminatory policy applicable to all Employees.

1.30 "SERVICE WITH A PREDECESSOR EMPLOYER" If the Employer maintains the plan of a predecessor employer, service of the Employee with the predecessor employer is Service with the Employer. If the Employer does not maintain the plan of a predecessor employer, the Plan does not credit service with the predecessor employer, unless the Employer in its Adoption Agreement (or in a Participation Agreement, if applicable) elects to credit designated predecessor employer service and specifies the purposes for which the Plan will credit service with that predecessor employer.

Unless the Employer under its Adoption Agreement Section 2.01 provides for this purpose specific Plan Entry Dates, an Employee who satisfies the Plan's eligibility condition(s) by reason of the crediting of predecessor service will enter the Plan in accordance with the provisions of Section 2.04 as if the Employee were a re-employed Employee on the first day the Plan credits predecessor service.

1.31 "TRUST" means the separate Trust created under the Plan.

1.32 "TRUST FUND" means all property of every kind acquired by the Plan and held by the Trust, other than incidental benefit insurance contracts.

1.33 "TRUSTEE" means the person or persons who as Trustee execute the Adoption Agreement, or any successor in office who in writing accepts the position of Trustee. The Employer must designate in its Adoption Agreement whether the Trustee will administer the Trust as a discretionary Trustee or as a nondiscretionary Trustee. If a person acts as a discretionary Trustee, the Employer also may appoint a Custodian. See Article X. If the Prototype Plan Sponsor is a bank, savings and loan association, credit union, mutual fund, insurance company, or other institution qualified to serve as Trustee, a person other than the Prototype Plan Sponsor (or its affiliate) may not serve as Trustee or as Custodian of the Plan without the written consent of the Prototype Plan Sponsor.

1.34 "VESTED" means a Participant or a Beneficiary has an unconditional claim, legally enforceable against the Plan, to the Participant's Account Balance or Accrued Benefit.

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ARTICLE II
ELIGIBILITY AND PARTICIPATION

2.01 ELIGIBILITY. Each eligible Employee becomes a Participant in the Plan in accordance with the eligibility provisions the Employer elects in its Adoption Agreement. If this Plan is a restated Plan, each Employee who was a Participant in the Plan on the day before the restated Effective Date continues as a Participant in the restated Plan, irrespective of whether he/she satisfies the eligibility conditions of the restated Plan, unless the Employer provides otherwise in its Adoption Agreement. If the Employer contributes to the Plan under a Davis-Bacon contract, except as the contract provides, the Employer's Adoption Agreement elections imposing age and service eligibility conditions do not apply with respect to an Employee performing Davis-Bacon contract Service.

2.02 AGE AND SERVICE CONDITIONS. For purposes of an Employee's participation in the Plan, the Plan: (1) may not impose an age condition exceeding age 21; and (2) takes into account all of the Employee's Years of Service with the Employer, except as provided in Section 2.03. "Year of Service" for purposes of an Employee's participation in the Plan, means a 12-consecutive month eligibility computation period during which the Employee completes the number of Hours of Service (not exceeding 1,000) the Employer specifies in its Adoption Agreement.

The initial eligibility computation period is the first 12-consecutive month period measured from the Employee's Employment Commencement Date. The Plan measures succeeding 12-consecutive month eligibility computation periods in accordance with the Employer's election in its Adoption Agreement. If the Employer elects to measure subsequent periods on a Plan Year basis, an Employee who receives credit for the required number of Hours of Service during the initial eligibility computation period and also during the first applicable Plan Year receives credit for two Years of Service under Article II. "Employment Commencement Date" means the date on which the Employee first performs an Hour of Service for the Employer.

If the Employer under Adoption Agreement Section 2.01 elects an alternative Service condition to one Year of Service or two Years of Service, the Employer must elect in the Adoption Agreement the Hour of Service and any other requirement(s), if any, after the Employee completes one Hour of Service. Under any alternative Service condition election, the Plan may not require an Employee to complete more than one Year of Service (1,000 Hours of Service in 12-consecutive months) or two Years of Service if applicable.

If the Employer in its Adoption Agreement elects to apply the Equivalency Method or the Elapsed Time Method in applying the Plan's eligibility Service condition, the Plan Administrator will credit Service in accordance with Sections 1.15(D) and (D).

2.03 BREAK IN SERVICE - PARTICIPATION. An Employee incurs a "Break in Service" if during any applicable 12-consecutive month period he/she does not complete more than 500 Hours of Service with the Employer. The "12-consecutive month period" under this Section 2.03 is the same 12-consecutive month period for which the Plan measures a "Year of Service" under Section 2.02. If the Plan applies the Elapsed Time Method of crediting Service under Section 1.15(D), a Participant incurs a "Break in Service" if the Participant has a Period of Severance of at least 12 consecutive months.

(A) TWO YEAR ELIGIBILITY. If the Employer under Adoption Agreement Section 2.01 elects a two Years of Service condition for eligibility purposes, an Employee who incurs a one year Break in Service prior to completing two Years of Service is a new Employee on the date he/she first performs an Hour of Service for the Employer after the Break in Service, and the Employee establishes a new Employment Commencement Date for purposes of the initial eligibility computation period under Section 2.02.

(B) ONE YEAR HOLD-OUT RULE. The Employer must elect in its Adoption Agreement whether to apply the one year hold-out rule under Code Section 410(a)(5)(C). Under this rule, a Participant will incur a suspension of participation in the Plan after incurring a one year Break in Service and the Plan disregards a Participant's Service completed prior to a Break in Service until the Participant completes one Year of Service following the Break in Service. The Plan suspends the Participant's participation in the Plan as of the first day of the Plan Year following the Plan Year in which the Participant incurs the Break in Service. If the Participant completes one Year of Service following his/her Break in Service, the Plan restores that Participant's pre-Break Service (and the Participant resumes active participation in the Plan) retroactively to the first day of the computation period in which the Participant first completes one Year of Service following his/her Break in Service. The initial computation period under this Section 2.03(B) is the 12-consecutive month period measured from the date the Participant first receives credit for an Hour of Service following the one year Break in Service. The Plan measures any subsequent computation periods, if necessary, in a manner consistent with the Employer's

eligibility computation period election in Adoption Agreement Section 2.02. If the Employer elects to apply the one year hold-out rule, the Employer also must elect in its Adoption Agreement whether to limit application of the rule only to a Participant who has incurred a Separation from Service.

The Plan Administrator also will apply the one-year hold out rule, if applicable, to an Employee who satisfies the Plan's eligibility conditions but who incurs a Separation from Service and a one year Break in Service prior to becoming a Participant.

This Section 2.03(B) does not affect a Participant's vesting credit under Article V and, during a suspension period, the Participant's Account continues to share fully in Trust Fund allocations under Article IX. Furthermore, the Plan Administrator in applying this Section 2.03(B) does not restore any Service disregarded under the Break in Service rule of Section 2.03(A).

(C) NO APPLICATION TO 401(k) ARRANGEMENT. If the Plan includes a 401(k) arrangement and the Employer in its Adoption Agreement elects to apply the Section 2.03(B)

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one year hold-out rule, the Plan Administrator will apply the provisions of Section 2.04 to the deferral contributions portion of the Plan without regard to Section 2.03(B).

(D) NO RULE OF PARITY - PARTICIPATION. For purposes of Plan participation, the Plan does not apply the "rule of parity" under Code Section 410(a)(5)(D).

2.04 PARTICIPATION UPON RE-EMPLOYMENT. A Participant who incurs a Separation from Service will re-enter the Plan as a Participant on the date of his/her re-employment with the Employer, subject to the one year hold-out rule, if applicable, under Section 2.03(B). An Employee who satisfies the Plan's eligibility conditions but who incurs a Separation from Service prior to becoming a Participant will become a Participant on the later of the Plan Entry Date on which he/she would have entered the Plan had he/she not incurred a Separation from Service or the date of his/her re-employment, subject to the one year hold-out rule, if applicable, under Section 2.03(B). Any Employee who incurs a Separation from Service prior to satisfying the Plan's eligibility conditions becomes a Participant in accordance with Adoption Agreement Section 2.01.

2.05 CHANGE IN EMPLOYMENT STATUS. The Employer in its Adoption Agreement Section 1.11 may elect to exclude certain Employees from Plan participation ("excluded Employees"). If a Participant has not incurred a Separation from Service but becomes an excluded Employee, during the period of exclusion the excluded Employee will not share in the allocation of any Employer contributions or Participant forfeitures, and may not make deferral contributions if the Plan includes a 401(k) arrangement, with respect to Compensation paid to the excluded Employee during the period of exclusion. However, during such period of exclusion, the Participant, without regard to employment classification, continues to receive credit for vesting under Article V for each included Year of Service and the Participant's Account continues to share fully in Trust Fund allocations under Article IX. If a Participant who becomes an excluded Employee subsequently resumes status as an eligible Employee, the Participant will participate in the Plan immediately upon resuming eligible status, subject to the one year hold-out rule, if applicable under Section 2.03(B).

If an excluded Employee who is not a Participant becomes an eligible Employee, he/she will participate immediately in the Plan if he/she satisfied the eligibility conditions of Adoption Agreement Section 2.01 and would have been a Participant had he/she not been an excluded Employee during his/her period of Service. Furthermore, the excluded Employee receives credit for vesting under Article V for each included vesting Year of Service notwithstanding the Employee's excluded Employee status.

2.06 ELECTION NOT TO PARTICIPATE. If the Plan is a Standardized Plan, the Plan does not permit an otherwise eligible Employee nor any participant to elect not to participate in the Plan ("opt-out"). If the Plan is a Nonstandardized Plan, the Employer in its Adoption Agreement must elect whether any eligible Employee may elect irrevocably to opt-out. The Employee prior to his/her Plan Entry Date must file an opt-out election in writing with the Plan Administrator on a form provided by the Plan Administrator for this purpose.

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ARTICLE III
EMPLOYER CONTRIBUTIONS AND FORFEITURES

PART 1. Amount of Employer Contributions and Plan Allocations: Sections 3.01 through 3.06

3.01 EMPLOYER CONTRIBUTIONS.

(A) AMOUNT AND TYPES OF CONTRIBUTION. The Employer in its Adoption Agreement will elect the amount and type(s) of Employer Plan contribution(s). The Employer will not make a contribution to the Trust for any Plan year to the extent the contribution would exceed the Participants' Maximum Permissible Amounts. Unless otherwise provided in an Addendum to its Adoption Agreement, the Employer need not have net profits to make a contribution under the Plan. If the Employer's Plan is a money purchase pension plan and the Employer also maintains a defined benefit pension plan, notwithstanding the money purchase pension plan formula in the Employer's Adoption Agreement, the Employer's required contribution to its money purchase pension plan for a Plan Year is limited to the amount which the Employer may deduct under Code Section 404(a)(7). If the Employer under Code Section 404(a)(7) must reduce its money purchase pension plan contribution, the Plan Administrator will reduce each Participant's allocation in the same ratio as the reduced total Employer contribution bears to the original (unreduced) Employer contribution.

(B) FORM OF CONTRIBUTION/RELATED EMPLOYER. Subject to the consent of the Trustee, the Employer may make its contribution in property instead of cash, provided the contribution of property is not a prohibited transaction under the Code or under ERISA. Unless the Employer in its Adoption Agreement makes a contrary election, the Plan Administrator will allocate all Employer contributions and forfeitures without regard to which contributing Related Employer directly employs the affected Participants.

(C) TIME OF PAYMENT OF CONTRIBUTION. The Employer may pay its contribution for any Plan Year in or more installments without interest. Unless otherwise required by contract, by the Code or by ERISA, the Employer may make its contribution to the Plan for a particular Plan Year at such time(s) as the Employer in its sole discretion determines. If the Employer makes a contribution for a particular Plan Year after the close of that Plan Year, the Employer will designate in writing to the Trustee the Plan Year for which the Employer is making its contribution.

(D) RETURN OF EMPLOYER CONTRIBUTION. The Employer contributes to the Plan on the condition its contribution is not due to a mistake of fact and the Internal Revenue Service will not disallow the deduction of the Employer's contribution. The Trustee, upon written request from the Employer, must return to the Employer the amount of the Employer's contribution made by the Employer by mistake of fact or the amount of the Employer's contribution disallowed as a deduction under Code Section 404. The Trustee will not return any portion of the Employer's contribution under this Section 3.01(D) more than one year after:

- (1) The Employer made the contribution by mistake of fact; or
- (2) The disallowance of the contribution as a deduction, and then, only to the extent of the disallowance.

The Trustee will not increase the amount of the Employer contribution returnable under this Section 3.01(D) for any earnings attributable to the contribution, but the Trustee will decrease the Employer contribution returnable for any losses attributable to the contribution. The Trustee may require the Employer to furnish the Trustee whatever evidence the Trustee deems necessary to enable the Trustee to confirm the amount the Employer has requested be returnable, is properly returnable under ERISA.

3.02 DEFERRAL CONTRIBUTIONS. If the Plan includes a 401(k) arrangement, the Employer in its Adoption Agreement must elect the Plan limitations and restrictions, if any, which apply to deferral contributions or to cash or deferred contributions, if applicable. Under Adoption Agreement Section 3.02, for purposes of applying any Plan limit the Employer has elected on deferral contributions, the Employer must elect to take into account the Employee's entire Plan Year Compensation or to limit Compensation to the portion of the Plan Year in which the Employee actually is a Participant.

3.03 MATCHING CONTRIBUTIONS. If the Plan includes a 401(k) arrangement, the Employer in its Adoption Agreement must elect the type(s) of matching contributions, the time period applicable to any matching contribution formula, and as applicable, the amount of matching contributions and the Plan limitations and restrictions, if any, which apply to matching contributions.

3.04 EMPLOYER CONTRIBUTION ALLOCATION.

(A) METHOD OF ALLOCATION. The Employer in its Adoption Agreement must specify,

subject to this Section 3.04, the manner of allocating Employer contributions to the Trust. For purposes of this Section 3.04, Employer contributions include as applicable, the Employer's nonelective contributions, money purchase pension and target benefit contributions, but do not include deferral contributions or, except under Section 3.04(B), matching contributions.

(B) COMPENSATION TAKEN INTO ACCOUNT. The Employer in its Adoption Agreement Section 1.07 must specify the Compensation the Plan Administrator is to take into account in allocating an Employer contribution to a Participant's Account. For the Plan Year in which the Employee first becomes a Participant in the Plan (or in any portion of the Plan), the Employer may elect to take into account the Employee's entire Plan Year Compensation or to limit Compensation to the portion of the Plan Year in which the Employee actually is a Participant. For all other Plan Years, the Plan Administrator will take into account only the Compensation determined for the portion of the Plan year in which the Employee actually is a Participant. The Plan Administrator must take into account the Employee's entire Compensation for the Plan Year to determine whether the Plan satisfies the top-heavy minimum allocation requirements of Article XIL. The

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Employer, in its Adoption Agreement, may elect to measure Compensation for allocating its Employer contribution for a Plan Year on the basis of a specified period other than the Plan Year.

(C) TOP-HEAVY MINIMUM ALLOCATION. Unless the Employer in an Addendum to its Adoption Agreement elects to satisfy any top-heavy minimum allocation requirement in another plan (not maintained under this basic plan document), the Employer in this Plan must satisfy the top-heavy requirements of Article XII.

(D) ALLOCATION CONDITIONS. Subject to any restoration allocation required under the Plan, the Plan Administrator will allocate and credit Employer contributions to the Account of each Participant who satisfies the allocation conditions of Section 3.06.

(E) ALTERNATIVE ALLOCATION FORMULAS. The Plan Administrator will allocate Employer contributions for the Plan Year or other applicable period in accordance with the allocation formula the Employer elects in its Adoption Agreement. The Plan Administrator, in allocating under any allocation formula which is based in whole or in part on Compensation, only will take into account Compensation of those Participants entitled to an allocation.

The Employer in its Adoption Agreement must elect, one or more as applicable of the following allocation formulas:

(1) NONINTEGRATED (PRO RATA) ALLOCATION FORMULA. The Plan Administrator will allocate the Employer contributions for a Plan Year in the same ratio that each Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for the Plan Year.

(2) TWO-TIERED PERMITTED DISPARITY ALLOCATION FORMULA. Under the first tier, the Plan Administrator will allocate the Employer contributions for a Plan Year in the same ratio that each Participant's Compensation plus Excess Compensation (as defined in Adoption Agreement Section 3.04) for the Plan Year bears to the total Compensation plus Excess Compensation of all Participants for the Plan Year. The allocation under this first tier, as a percentage of each Participant's Compensation plus Excess Compensation, must not exceed the applicable percentage (5.75%, 5.4% or 4.3%) listed under Section 3.04(D)(4).

Under the second tier, the Plan Administrator will allocate any remaining Employer contributions for a Plan Year in the same ratio that each Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for the Plan Year.

(3) FOUR-TIERED PERMITTED DISPARITY ALLOCATION FORMULA. Under the first tier, the Plan Administrator will allocate the Employer contributions for a Plan Year in the same ratio that each Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for the Plan Year, but not exceeding 3% of each Participant's Compensation. Solely for purposes of this first tier allocation, a "Participant" means, in addition to any Participant who satisfies the allocation conditions of Section 3.06 for the Plan Year, any other Participant entitled to a top-heavy minimum allocation under the Plan.

Under the second tier, the Plan Administrator will allocate the Employer contributions for a Plan Year in the same ratio that each Participant's Excess Compensation (as defined in Adoption Agreement Section 3.04) for the Plan Year bears to the total Excess Compensation of all Participants for the Plan Year, but not exceeding 3% of each Participant's Excess Compensation.

Under the third tier, the Plan Administrator will allocate the Employer contributions for a Plan Year in the same ratio that each Participant's Compensation plus Excess Compensation for the Plan Year bears to the total Compensation plus Excess Compensation of all Participants for the Plan Year. The allocation under this third tier, as a percentage of each Participant's Compensation plus Excess Compensation, must not exceed the applicable percentage (2.7%, 2.4% or 1.3%) listed under Section 3.04(D)(4).

Under the fourth tier, the Plan Administrator will allocate any remaining Employer contributions for a Plan Year, in the same ratio that each Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for the Plan Year.

(4) MAXIMUM DISPARITY TABLE. For purposes of the permitted disparity allocation formulas under this Section 3.04, the applicable percentage is:

Integration level % of taxable	Applicable % for 2-tiered	Applicable % for 4-tiered
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wage base -----	formula -----	formula -----
100%	5.7%	2.7%
More than 80% but less than 100%	5.4%	2.4%
More than 20% (but not less than \$10,001) and not more than 80%	4.3%	1.3%
20% (or \$10,000, if greater) or less	5.7%	2.7%

(5) OVERALL PERMITTED DISPARITY LIMITS.

(i) ANNUAL OVERALL PERMITTED DISPARITY LIMIT. Notwithstanding Sections 3.04(D)(2) and (3), for any Plan Year the Plan benefits any Participant who benefits under another qualified plan or under a simplified employee pension plan (as defined in Code Section 408(k)) maintained by the Employer that provides for permitted disparity (or imputes disparity), the Plan Administrator will allocate Employer contributions to the Account of each Participant in the same ratio that each Participant's Compensation bears to the total Compensation of all Participants for the Plan Year.

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(ii) CUMULATIVE PERMITTED DISPARITY LIMIT. Effective for Plan Years beginning after December 31, 1994, the cumulative permitted disparity limit for a Participant is 35 total cumulative permitted disparity years. "Total cumulative permitted disparity years" means the number of years credited to the Participant for allocation or accrual purposes under the Plan, any other qualified plan or simplified employee pension plan (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's cumulative permitted disparity limit, the Plan Administrator will treat all years ending in the same calendar year as the same year. If the Participant has not benefited under a defined benefit plan or under a target benefit plan of the Employer for any year beginning after December 31, 1993, the Participant does not have a cumulative permitted disparity limit.

For purposes of this Section 3.04(D)(5), a Participant "benefits" under the Plan for any Plan Year during which the Participant receives, or is deemed to receive, a contribution allocation in accordance with Treas. Reg. Section 1.410(b)-3(a).

(6) UNIFORM POINTS ALLOCATION FORMULA. The Plan Administrator will allocate the Employer contributions for a Plan Year in the same ratio that each Participant's points (as elected in Adoption Agreement Section 3.04) bear to the total points of all Participants for the Plan Year.

(7) INCORPORATION OF CONTRIBUTION FORMULA. The Plan Administrator will allocate the Employer's contributions for a Plan Year in accordance with the contribution formula the Employer has elected under Section 3.01.

(8) TARGET BENEFIT ALLOCATION FORMULA. The Plan Administrator will allocate the Employer contributions for a Plan Year as provided in the Employer's target benefit Adoption Agreement.

(9) DAVIS-BACON CONTRACT ALLOCATION FORMULA. The Plan Administrator will allocate the Employer contributions for a Plan Year in accordance with the applicable Davis-Bacon contract pursuant to which the Employer has made its contributions for the Plan Year. The Employer's contributions will take into account each Participant's hourly rate, employment category, employment classification and such other factors the Davis-Bacon contract may specify. For purposes of the Plan, "Davis-Bacon contract" includes a contract under any state prevailing wage law.

(F) QUALIFIED NONELECTIVE CONTRIBUTIONS. The Employer operationally may designate all or any portion of its nonelective contributions as a qualified nonelective contribution. The Employer, to facilitate the Plan Administrator's correction of test failures under Sections 14.08, 14.09 and 14.10, also may make qualified nonelective contributions to the Plan irrespective of whether the Employer in its Adoption Agreement has elected to provide nonelective contributions. The Employer in its Adoption Agreement must elect whether the Plan Administrator will allocate the Employer contributions designated as a qualified nonelective contribution to all Participants or solely to Nonhighly Compensated Employee Participants. The Employer operationally must elect whether the Plan Administrator will allocate qualified nonelective contributions: (1) to eligible Participants pro rata in relation to Compensation; (2) to eligible Participants in the same amount without regard to Compensation (flat dollar); or (3) under the reverse allocation or other similar method. Under the reverse allocation method, the Plan Administrator, subject to Section 3.06, will allocate a qualified nonelective contribution first to the Nonhighly Compensated Employee Participant(s) with the lowest Compensation for the Plan Year not exceeding the Maximum Permissible Amount for each Participant, with any remaining amounts allocated to the next highest paid Nonhighly Compensated Employee Participant(s) not exceeding his/her Maximum Permissible Amount and continuing in this manner until the Plan Administrator has fully allocated the qualified nonelective contribution.

(G) QUALIFIED REPLACEMENT PLAN. The Employer may establish or maintain this Plan as a qualified replacement plan as described in Code Section 4980 under which the Plan may receive a transfer from a terminating qualified plan the Employer also maintains. The Plan Administrator will credit the transferred amounts to a suspense account under the Plan and thereafter the Plan Administrator will allocate the transferred amounts under this Section 3.04(G) in the same manner as the Plan Administrator allocates Employer nonelective contributions, unless the Employer specifies in the Addendum to its Adoption Agreement; (1) to apply such transferred amounts to the Plan's administrative expenses; or (2) if the Plan includes a 401(k) arrangement, the Employer in its Addendum designates such transferred amounts as matching contributions.

3.05 FORFEITURE ALLOCATION. The amount of a Participant's Account forfeited under the Plan is a Participant forfeiture. The Plan Administrator, subject to Section 3.06, will allocate Participant forfeitures at the time and in the manner the Employer specifies in its Adoption Agreement. The Plan Administrator will continue to hold the undistributed, non-Vested portion of the Account of a Participant who has separated from Service solely for his/her benefit until a

forfeiture occurs at the time specified in Section 5.09 or if applicable, until the time specified in Section 9.11. Except as provided under Section 5.04, a Participant will not share in the allocation of a forfeiture of any portion of his/her Account. If the Plan includes a 401(k) arrangement, the Plan Administrator first will determine if a Participant's forfeitures are attributable to nonelective or to matching contributions, and the Plan Administrator then will allocate the forfeitures in the manner the Employer has elected in its Adoption Agreement. If the Employer elects to allocate forfeitures to reduce nonelective or matching contributions and the forfeitures exceed the amount of the contribution to which the Plan Administrator will apply the forfeitures, the Plan Administrator will allocate the remaining forfeitures as an additional discretionary nonelective or discretionary matching contribution or the Plan Administrator will apply the forfeitures to the Employer's nonelective or matching contribution in the succeeding Plan Year. A Participant's forfeiture is attributable to matching contributions if the forfeiture is: (1) a non-Vested matching Account forfeited in accordance with Section 5.09 or, if applicable, Section

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9.11; (2) a non-Vested excess aggregate contribution (adjusted for earnings) forfeited in correcting for nondiscrimination failures under Section 14.09 or Section 14.10; or (3) an "associated matching contribution," which includes any Vested or non-Vested matching contribution (adjusted for earnings) made with respect to elective deferrals or Employee contributions the Plan Administrator distributes in correction of Code Section 402(g), Code Section 415 or nondiscrimination failures under Sections 14.07, 14.08, 14.09 or 14.10. An Employee forfeits an associated matching contribution unless the matching contribution is a Vested excess aggregate contribution distributed in accordance with Sections 14.09 or 14.10.

3.06 ALLOCATION CONDITIONS. The Plan Administrator will determine the allocation conditions which apply to Employer contributions (including matching contributions) and Participant forfeitures on the basis of the Plan Year (or on any other basis representing a reasonable division of the Plan Year) in accordance with the Employer's elections in its Adoption Agreement. A Participant does not accrue an Employer contribution with respect to a Plan Year) in accordance with the Employer's elections in its Adoption Agreement. A Participant does not accrue an Employer contribution with respect to a Plan Year or other applicable period until the Participant satisfies the allocation conditions described in this Section 3.06. The Plan under a 401(k) arrangement may not impose any allocation conditions with respect to deferral contributions, safe harbor contributions or SIMPLE contributions.

(A) HOURS OF SERVICE REQUIREMENT. Except as required to satisfy the top-heavy minimum allocation requirement of Article XII, the Plan Administrator will not allocate any portion of an Employer contribution for a Plan Year to any Participant's Account if the Participant does not complete the applicable minimum Hours of Service or consecutive calendar days of employment requirement the Employer specifies in its Adoption Agreement for the relevant period. The Employer in its Standardized Adoption Agreement must elect whether to require a Participant to complete during a Plan Year 501 Hours of Service or to be employed for at least 91 consecutive calendar days under the Elapsed Time Method, to share in the allocation of Employer contributions for that Plan Year where the Participant is not employed by the Employer on the Accounting Date of that Plan Year, including the Plan Year in which the Employer terminates the Plan.

(B) "LAST DAY" EMPLOYMENT REQUIREMENT. If the Plan is a Standardized Plan, a Participant who is employed by the Employer on the Accounting Date of a Plan Year will share in the allocation of Employer contributions for that Plan Year without regard to the Participant's Hours of Service completed during that Plan Year. If the Plan is a Nonstandardized Plan, the Employer must specify in its Adoption Agreement whether the Participant will benefit under the Plan if the Participant is not employed by the Employer on the Accounting Date of the Plan Year or other specified date. If the Plan is a Nonstandardized money purchase Plan or target benefit Plan, the Plan conditions Employer contribution allocations on a Participant's employment with the Employer on the last day of the Plan Year for the Plan Year in which the Employer terminates the Plan.

(C) DEATH, DISABILITY OR NORMAL RETIREMENT AGE. Unless the Employer otherwise elects in its Adoption Agreement, any allocation condition elected under Adoption Agreement Section 3.06 does not apply for a Plan Year if a Participant incurs a Separation from Service during the Plan Year on account of the Participant's death. Disability or attainment of Normal Retirement Age in the current Plan Year or on account of the Participant's Disability or attainment of Normal Retirement Age in a prior Plan Year.

(D) OTHER CONDITIONS. In allocating Employer contributions under the Plan, the Plan Administrator will not apply any other conditions except those the Employer elects in its Adoption Agreement or otherwise as the Plan may require.

(E) SUSPENSION OF ALLOCATION CONDITIONS UNDER A NONSTANDARDIZED PLAN. The suspension provisions of this Section 3.06(E) do not apply unless the Employer elects in its Nonstandardized Adoption Agreement to apply them. If Section 3.06(E) applies, the Plan suspends for a Plan Year the Adoption Agreement Section 3.06 allocation conditions if the Plan fails in that Plan Year to satisfy coverage under the Ratio Percentage Test, unless in an Addendum to its Adoption Agreement, the Employer specifies the Plan Administrator will apply this Section 3.06(E) using the Average Benefit Percentage Test described in Code Section 410(b)(2). A Plan satisfies coverage under the Ratio Percentage Test if, on the last day of the Plan Year, the Plan's benefiting ratio of the Nonhighly Compensated Includible Employees is at least 70% of the benefiting ratio of the Highly Compensated Includible Employees.

The benefiting ratio of the Nonhighly Compensated Includible Employees is the number of Nonhighly Compensated Includible Employees benefiting under the Plan over the number of the Includible Employees who are Nonhighly Compensated Employees. "Includible" Employees are all Employees other than: (1) those Employees excluded from participating in the Plan for the entire Plan Year by reason of the collective bargaining unit or the nonresident alien exclusions under Code Section 410(b)(3) or by reason of the age and service requirements

of Article II; and (2) those Employees who incur a Separation from Service during the Plan Year and for the Plan Year fail to complete more than 500 Hours of Service or at least 91 consecutive calendar days under the Elapsed Time Method.

For purposes of coverage, an Employee is benefiting under the Plan on a particular date if, under Section 3.04 of the Plan, he/she is entitled to an Employer contribution or to a Participant forfeiture allocation for the Plan Year.

If this Section 3.06(E) applies for a Plan Year, the Plan Administrator will suspend the allocation conditions for the Nonhighly Compensated Includible Employees who are Participants, beginning first with the Includible Employee(s) employed by the Employer on the last day of the Plan Year, then the Includible Employee(s) who have the latest Separation from Service during the Plan Year, and continuing to suspend the allocation conditions for each Includible Employee who incurred an earlier Separation from Service, from the latest to the earliest Separation from Service date, until the Plan satisfies coverage for the Plan Year. If two or more Includible Employees have a Separation from Service on the same day, the Plan Administrator will suspend the allocation conditions for all such Includible Employees, irrespective of whether the Plan can satisfy coverage by accruing

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benefits for fewer than all such Includible Employees. If the Plan for any plan Year suspends the allocation conditions for an Includible Employee, that Employee will share in the allocation of that Plan Year of the Employer contribution and Participant forfeitures, if any, without regard to whether he/she has satisfied the allocation conditions of this Section 3.06.

If the Plan includes Employer matching contributions subject to ACP testing, this Section 3.06(E) applies separately to the Code Section 401(m) portion of the Plan.

PART 2. LIMITATIONS ON ALLOCATIONS: SECTIONS 3.07 THROUGH 3.18

[Note: Sections 3.07 through 3.10 apply only to Participants in this Plan who do not participate, and who have never participated, in another qualified plan, individual medical account (as defined in Code Section 415(l)(2)), simplified employee pension plan (as defined in Code Section 408(k)) or welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, which provides an Annual Addition.]

3.07 ANNUAL ADDITIONS LIMITATION. The amount of Annual Additions which the Plan Administrator may allocate under this Plan to a Participant's Account for a Limitation Year may not exceed the Maximum Permissible Amount. If the Annual Additions the Plan Administrator otherwise would allocate under the Plan to a Participant's Account would for the Limitation Year exceed the Maximum Permissible Amount, the Plan Administrator will not allocate the Excess Amount, but will instead take any reasonable, uniform and nondiscriminatory action the Plan Administrator determines necessary to avoid allocation of an Excess Amount. Such actions include, but are not limited to, those described in this Section 3.07. If the Plan includes a 401(k) arrangement, the Plan Administrator may apply this Section 3.07 in a manner which maximizes the allocation to a Participant of Employer contributions (exclusive of the Participant's deferral contributions). Notwithstanding any contrary Plan provision, the Plan Administrator, for the Limitation Year, may: (1) suspend or limit a Participant's additional Employee contributions or deferral contributions; (2) notify the Employer to reduce the Employer's future Plan contribution(s) as necessary to avoid allocation to a Participant of an Excess Amount; or (3) suspend or limit the allocation to a Participant of any Employer contribution previously made to the Plan (exclusive of deferral contributions) or of any Participant forfeiture. If an allocation of Employer contributions previously made (excluding a participant's deferral contributions) or of Participant forfeitures would result in an Excess amount to a Participant's Account, the Plan Administrator will allocate the Excess Amount to the remaining Participants who are eligible for an allocation of Employer contributions for the Plan Year in which the Limitation year ends. The Plan Administrator will make this allocation in accordance with the Plan's allocation method as if the Participant whose Account otherwise would receive the Excess Amount, is not eligible for an allocation of Employer contributions. If the Plan Administrator allocates to a Participant an Excess Amount, Plan Administrator must dispose of the Excess Amount in accordance with Section 3.10 (relating to certain "reasonable errors" and allocation of forfeitures) or, if Section 3.10 does not apply, the Plan Administrator will dispose of the Excess Amount under Section 9.12.

3.08 ESTIMATING COMPENSATION. Prior to the determination of the Participant's actual Compensation for a Limitation year, the Plan Administrator may determine the Maximum Permissible Amount on the basis of the Participant's estimated annual Compensation for such Limitation Year. The Plan Administrator must make this determination on a reasonable and uniform basis for all Participants similarly situated. The Plan Administrator must reduce the allocation of any Employer contributions (including any allocation of forfeitures) based on estimated annual Compensation by any Excess Amounts carried over from prior Limitation Years.

3.09 DETERMINATION BASED ON ACTUAL COMPENSATION. As soon as is administratively feasible after the end of the Limitation Year, the Plan Administrator will determine the Maximum Permissible Amount for the Limitation Year on the basis of the Participant's actual Compensation for such Limitation Year.

3.10 DISPOSITION OF ALLOCATED EXCESS AMOUNT. If, because of a reasonable error in estimating a Participant's actual Limitation Year Compensation, because of the allocation of forfeitures, because of a reasonable error in determining a Participant's deferral contributions or because of any other facts and circumstances the Internal Revenue Service ("Revenue Service") considers to constitute reasonable error, a Participant receives an allocation of an Excess Amount for a Limitation Year, the Plan Administrator will dispose of such Excess Amount as follows:

- (a) The Plan Administrator first will return to the Participant any Employee contributions (adjusted for earnings) and then any Participant deferral contributions (adjusted for earnings) to the extent necessary to reduce or eliminate the Excess Amount.

(b) If, after the application of Paragraph (a), an Excess Amount still exists and the Plan covers the Participant at the end of the Limitation Year, the Plan Administrator then will use the Excess Amount(s) to reduce future Employer contributions (including any allocation of forfeitures) under the Plan for the next Limitation year and for each succeeding Limitation Year, as is necessary, for the Participant. If the Employer's Plan is a profit sharing plan, a Participant who is a Highly Compensated Employee may elect to limit his/her Compensation for allocation purposes to the extent necessary to reduce his/her allocation for the Limitation Year to the Maximum Permissible Amount and to eliminate the Excess Amount.

(c) If, after the application of Paragraph (a), an Excess Amount still exists and the Plan does not cover the Participant at the end of the Limitation Year, the Plan Administrator then will hold the Excess Amount unallocated in a suspense account. The Plan Administrator will apply the suspense account to reduce Employer Contributions (including the allocation of forfeitures) for all remaining Participants in the next Limitation Year, and in each succeeding Limitation Year if necessary. Neither the Employer nor any Employee may contribute to the Plan for any

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Limitation Year in which the Plan is unable to allocate fully a suspense account maintained pursuant to this Paragraph (c). Amounts held unallocated in a suspense account will not share in any allocation of Trust Fund net income, gain or loss.

(d) The Plan Administrator under Paragraphs (b) or (c) will not distribute any Excess Amount(s) to Participants or to former participants.

[Note: Sections 3.11 through 3.15 apply only to Participants who, in addition to this Plan, participate in one or more M&P defined contribution plans (including Paired Plans), welfare benefit funds (as defined in Code Section 419(e)), individual medical accounts (as defined in Code Section 415(1)(2)), or simplified employee pension plans (as defined in Code Section 408(k)) maintained by the Employer and which provide an Annual Addition during the Limitation Year (collectively "Code Section 415 aggregated plans").]

3.11 COMBINED PLANS ANNUAL ADDITIONS LIMITATION. The amount of Annual Additions which the Plan Administrator may allocate under this Plan to a Participant's Account for a Limitation Year may not exceed the Maximum Permissible Amount, reduced by the sum of any Annual Additions allocated to the Participant's accounts for the same Limitation Year under the Code Section 415 aggregated plans. If the amount the Employer otherwise would allocate to the Participant's Account under this Plan would cause the Annual Additions for the Limitation Year to exceed this Section 3.11 combined plans limitation, the Employer will reduce the amount of its allocation to that Participant's Account in the manner described in Section 3.07, so the Annual Additions under all of the Code Section 415 aggregated plans for the Limitation Year will equal the Maximum Permissible Amount. If the Plan Administrator allocates to a Participant an amount attributed to the Plan under Section 3.14 which exceeds this Section 3.11 combined plans limitation, the Plan Administrator must dispose of the Excess Amount in accordance with Section 3.15 (relating to certain "reasonable errors" and allocation of forfeitures) or, if Section 3.15 does not apply, the Plan Administrator will dispose of the Excess Amount under Section 9.12.

3.12 ESTIMATING COMPENSATION. Prior to the determination of the Participant's actual Compensation for the Limitation Year, the Plan Administrator may determine the Section 3.11 combined plans limitation on the basis of the Participant's estimated annual Compensation for such Limitation Year. The Plan Administrator will make this determination on a reasonable and uniform basis for all Participants similarly situated. The Plan Administrator must reduce the allocation of any Employer contribution (including the allocation of Participant forfeitures) based on estimated annual Compensation by an Excess Amounts carried over from prior years.

3.13 DETERMINATION BASED ON ACTUAL COMPENSATION. As soon as is administratively feasible after the end of the Limitation Year, the Plan Administrator will determine the Section 3.11 combined plans limitation on the basis of the Participant's actual Compensation for such Limitation Year.

3.14 ORDERING OF ANNUAL ADDITION ALLOCATIONS. If, because of a reasonable error in estimating a Participant's actual Limitation Year Compensation, because of the allocation of forfeitures, because of a reasonable error in determining a Participant's deferral contributions or because of any other facts and circumstances the Revenue Service considers to constitute reasonable error, a Participant's Annual Additions under this plan and the Code Section 415 aggregated plans result in an Excess Amount, such Excess Amount will consist of the Amounts last allocated. The Plan Administrator will determine the Amounts last allocated by treating the Annual Additions attributable to a simplified employee pension as allocated first, followed by allocation to a welfare benefit fund or individual medical account, irrespective of the actual allocation date. If the Plan Administrator allocates an Excess Amount to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, unless the employer specifies otherwise in an Addendum to its Adoption Agreement, the Excess Amount attributed to this Plan will equal the product of:

- (a) the total Excess Amount allocated as of such date, multiplied by
- (b) the ratio of (i) the Annual Additions allocated to the Participant as of such date for the Limitation Year under the Plan to (ii) the total Annual Additions allocated to the Participant as of such date for the Limitation Year under this Plan and the Code Section 415 aggregated plans.

3.15 DISPOSITION OF ALLOCATED EXCESS AMOUNT ATTRIBUTABLE TO PLAN. The Plan Administrator will dispose of any allocated Excess Amounts described in and attributed to this Plan under Section 3.14 as provided in Section 3.10 or, as applicable under Section 9.12.

[Note: Section 3.16 applies only to Participants who, in addition to this Plan, participate in one or more qualified defined contribution plans maintained by the Employer during the Limitation Year, but which are not M&P

plans described in Sections 3.11 through 3.15.]

3.16 OTHER DEFINED CONTRIBUTION PLANS LIMITATION. If a Participant is a participant in another defined contribution plan maintained by the Employer, but which plan is not an M&P plan described in Section 3.11 through 3.15, the Plan Administrator must limit the allocation to the Participant of Annual Additions under this Plan as provided in Sections 3.11 through 3.15, as though the other defined contribution plan were an M&P plan, unless the Employer specifies otherwise in an Addendum to its Adoption Agreement.

3.17 DEFINED BENEFIT PLAN LIMITATION. If the Employer maintains a defined benefit plan, or has ever maintained a defined benefit plan which the Employer has terminated, then the sum of the defined benefit plan fraction and the defined contribution plan fraction for any Participant for any Limitation Year beginning before January 1, 2000, must not exceed 1.0. The 1.0 limitation of the immediately preceding sentence does not apply for Limitation Years beginning after December 31, 1999, unless the Employer in Appendix B to its Adoption Agreement specifies a later effective date. To the extent necessary to satisfy the 1.0 limitation, if the Employer still

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maintains the defined benefit plan an active plan, the Employer in its Adoption Agreement Appendix B will elect whether to reduce the participant's projected annual benefit under the defined benefit plan under which the Participant participates, or to reduce its contribution or allocation on behalf of the Participant to the defined contribution plan(s) under which the Participant participates. If the Employer has frozen or terminated the defined benefit plan, the Employer will reduce its contribution or allocation on behalf of the Participant to the defined contribution plan(s) under which the Participant participates. The Employer must provide in Appendix B to its Adoption Agreement the manner in which the Plan will satisfy the top-heavy requirements of Code Section 416 after taking into account the existence (or prior maintenance) of the defined benefit plan.

3.18 DEFINITIONS - ARTICLE III. For purposes of Article III:

(a) "Annual Additions" means the sum of following amounts allocated to a Participant's Account for Limitation Year: (i) all Employer contributions (including Participant deferral contributions); (ii) all forfeitures; (iii) all Employee contributions; (iv) Excess Amounts reapplied to reduce Employer contributions under Section 3.10 or Section 3.15; (v) amounts allocated after March 31, 1984, to an individual medical account (as defined in Code Section 415(1)(2)) included as part of a pension annuity plan maintained by the Employer; (vi) contributions paid or accrued after December 31, 1985, attributable to post-retirement medical benefits allocated to the separate account of a key-employee (as defined in Code Section 419A(d)(3)) under a welfare benefit fund (as defined in Code Section 419(e)) maintained by the employer; (vii) amounts allocated under a Simplified Employee Pension Plan; and (viii) corrected excess contributions described in Code Section 401(k) and corrected excess aggregated contributions described in Code Section 401(m). Excess deferrals described in Code Section 402(g), which the Plan Administrator corrects by distribution by April 15 of the following calendar year, are not Annual Additions.

(b) "Compensation" for purposes of applying the limitations of Part 2 of this Article III, means Compensation as defined in Section 1.07, except, for Limitation Years beginning after December 31, 1997, Compensation includes Elective Contributions, irrespective of whether the Employer has elected to include these amounts as Compensation under Section 1.07 of its Adoption Agreement and any exclusion the Employer has elected in Section 1.07 of the Adoption Agreement does not apply.

(c) "Employer" means the Employer and any Related Employer. Solely for purposes of applying the limitations of Part 2 of this Article III, the Plan Administrator will determine Related Employer by modifying Code Sections 414(b) and (c) in accordance with Code Section 415(h).

(d) "Excess Amount" means the excess of the Participants Annual Additions for the Limitation year over the Maximum Permissible Amount.

(e) "Limitation Year" means the period the Employer elects in its Adoptions Agreement Section 1.24. All qualified plans of the Employer must use the same Limitation Year. If the Employer must use the same Limitation Year. If the Employer amends the Limitation Year to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year for which the Employer makes the amendment, creating a short Limitation Year.

(f) "M&P Plan" means a prototype plan the form of which is the subject of a favorable opinion letter (or prior to Revenue Procedure 2000-20, a favorable notification or favorable opinion letter) from the Revenue Service.

(g) "Maximum Permissible Amount" means the lesser of:(i) \$30,000 (or, if greater, the \$30,000 amount as adjusted under Code Section 415(d)), or (ii) 25% of the Participant's Compensation for the Limitation Year. If there is a short Limitation Year because of a change in Limitation Year, the Plan Administrator will multiply the \$30,000,000 (or adjusted) limitation by the following fraction:

$$\frac{\text{Number of months in the short Limitation Year}}{\text{-----}}$$

The 25% limitation does not apply to any contribution for medical benefits within the meaning of Code Section 401(h) or Code Section 419A(f)(2) which otherwise is an Annual Addition.

(h) "Defined contribution plan" means a retirement plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains, and losses, and any forfeitures of accounts of other participants which the plan may allocate to such participants account. The Plan Administrator must treat all defined contribution plans (whether or not terminated) maintained by the Employer as a single plan. Solely for purposes of the limitations of Part 2

of this Article III, employee contributions made to a defined benefit plan maintained by the Employer is a separate defined contribution plan. The Plan Administrator also will treat as a defined contribution plan an individual medical account (as defined in Code Section 415(l)(2)) included as part of a defined benefit plan maintained by the Employer and, for taxable years ending after December 31, 1985, a welfare benefit fund under Code Section 419(e) maintained by the Employer to the extent there are post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code Section 419A(d)(3)).

(i) "Defined benefit plan" means a retirement plan which does not provide for individual accounts for Employer contributions. All defined benefit plans (whether or not terminated) maintained by the Employer are a single plan.

[Note: The definitions in Paragraphs (j), (k) and (l) apply only if the limitation described in Section 3.17 applies to the Plan.]

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(j) "Defined benefit plan fraction" means the following fraction:

Projected annual benefit of the Participant under
the defined benefit plan(s)

The lesser of: 125% (subject to the "100% limitation" in
Paragraph (1) of the
dollar limitation in effect under Code
Section 415(b)(1)(A) for the Limitation Year, or
(ii) 140% of the Participants average Compensation for
his/her high three (3) consecutive Years of Service

To determine the denominator of this fraction, the Plan Administrator will make any adjustment required under Code Section 415(b) and will determine a Year of Service, unless the Employer provides otherwise in an Addendum to its Adoption Agreement, as a Plan Year in which the Employee completed at least 1,000 Hours of Service. The "projected annual benefit" is the annual retirement benefit (adjusted to an actuarially equivalent straight life annuity if the defined benefit plan expresses such benefit in a form other than a straight life annuity or qualified joint and survivor annuity) of the Participant under the terms of the defined benefit plan on the assumptions he/she continues employment until his/her normal retirement age (or current age, if later) as stated in the defined benefit plan his/her compensation continues at the same rate as in effect in the Limitation Year under consideration until the date of his/her normal retirement age and all other relevant factors used to determine benefits under the defined benefit plan remain consultant as of the current Limitation Year for all future Limitation Years.

CURRENT ACCRUED BENEFIT. If the Participant accrued benefits in one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1986, the dollar limitation used in the denominator of this fraction will not be less than the Participant's Current Accrued Benefit. A Participant's Current Accrued Benefit is the sum of the annual benefits under such defined benefit plans which the Participant had accrued as of the end of the 1986 Limitation Year (the last Limitation Year beginning before January 1, 1987), determined without regard to any change in terms or conditions of the defined benefit plan made after May 5, 1986, and without regard to any cost of living adjustment occurring after May 5, 1986. This Current Accrued Benefit rule applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 as in effect at the end of 1986 Limitation Year.

(k) "Defined contribution plan fraction" means the following fraction:

The sum, as of the close of the Limitation Year, of the
Annual Additions for all Limitation Years
to the Participant's Account under
the defined contribution plan(s)

The sum of the lesser of the following amounts determined
for the Limitation Year and for each prior Limitation Year
of service with the Employer: (i) 125%
(subject to the "100% limitation" in Paragraph (1))
of the dollar limitation in effect under
Code Section 415(c)(1)(A) for the Limitation Year
(determined without regard to the special dollar limitations
for employee stock ownership plans), or
(ii) 35% of the Participants Compensation for the
Limitation Year

For purposes of determining the defined contribution plan fraction, the Plan Administrator will not recompute Annual Additions in Limitations Years beginning prior to January 1, 1987, to treat all Employee contributions as Annual Additions. If the Plan satisfied Code Section 415 for Limitation Years beginning prior to January 1, 1987, the Plan Administrator will redetermine the defined contribution plan fraction and the defined benefit plan fraction as of the end of the 1986 Limitation Year, in accordance with this Section 3.18. If the sum of the redetermined fractions exceeds 1.0, the Plan Administrator will subtract permanently from the numerator of the defined contribution plan fraction an amount equal to the product of: (1) the excess of the sum of the fractions over 1.0 times (2) the denominator of the defined contribution plan fraction. In making the adjustment, the Plan Administrator must disregard any accrued benefit under the defined plan which is in excess of the Current Accrued Benefit. This Plan continues any transitional rules applicable to the determination of the defined contribution plan fraction under the Plan as of the end of the 1986 Limitation Year.

(1) "100% limitation" means the limitation in Code Section 416(h) which applies if the plan is top-heavy. If the 100% limitation applies, the Plan Administrator must determine the denominator of the defined benefit plan fraction and the denominator of the defined contribution plan fraction by substituting 100% for 125%. If this plan is a Standardized Plan, the 100%

limitation applies in all Limitation Years, unless the Employer specifies otherwise in an Addendum to its Adoption Agreement. If the Employer overrides the 100% limitation under a Standardized Plan, the Employer must specify in its Addendum the manner in which the Plan satisfies the extra minimum benefit requirement of Code Section 416(h) and 100% limitation must continue to apply if the Plan's top-heavy ratio exceeds 90%. If this Plan is a Nonstandardized Plan, the 100% limitation applies only if: (i) the Plan's top-heavy ratio exceeds 90%; or (ii) the Plan's top-heavy ratio is greater than 60%, and the Employer does not specify in its Adoption Agreement to provide extra minimum benefits which satisfy Code Section 416(h)(2).

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ARTICLE IV
PARTICIPANT CONTRIBUTIONS

4.01 PARTICIPANT CONTRIBUTIONS. For purposes of this Article IV, Participant contributions means all Employee contributions described in Section 4.02, deductible Participant contributions described in Section 4.03 ("DECs") and rollover contributions described in Section 4.04.

4.02 EMPLOYEE CONTRIBUTIONS. An Employee contribution is a nondeductible contribution which a Participant makes to the Trust as permitted under this Section 4.02. A deferral contribution made by a Participant under a 401(k) arrangement is not an Employee contribution. Employee contributions must satisfy the nondiscrimination requirements of Code Section 401(m). See Section 14.09. An Employer must elect in its Adoption Agreement whether to permit Employee contributions. If the Employer elects to permit Employee contributions, the Employer also must specify in its Adoption Agreement any conditions or limitations which may apply to Employee contributions. If the Employer permits Employee contributions, the Employer operationally will determine if a Participant will make Employee contributions through payroll deduction or by other means.

The Employer must elect in its Adoption Agreement whether the Employer will make matching contributions with respect to any Employee contributions and any conditions or limitations which may apply to those matching contributions. Any matching contributions must satisfy the nondiscrimination requirements of Code Section 401(m). See Section 14.09.

4.03 DECS. A DEC is a deductible Participant contribution made to the Plan for a taxable year commencing prior to 1987. If a Participant has made DECS to the Plan, the Plan Administrator must maintain a separate Account for the Participant's DECS as adjusted for earnings, including DECS which are part of a rollover contribution described in Section 4.04. The DECS Account is part of the Participant's Account for all purposes of the Plan, except for purposes of determining the top-heavy ratio under Article XII. The Plan Administrator may not use a Participant's DECS Account to purchase life insurance on the Participant's behalf.

4.04 ROLLOVER CONTRIBUTIONS. A rollover contribution is an amount of cash or property which the Code permits an eligible Employee or Participant to transfer directly or indirectly to this Plan from another qualified plan. A rollover contribution excludes Employee contributions, as adjusted for earnings. An Employer operationally and on a nondiscriminatory basis, may elect to permit or not to permit rollover contributions to this Plan or may elect to limit an eligible Employee's right or a Participant's right to make a rollover contribution. If an Employer permits rollover contributions, any Participant (or as applicable, any eligible Employee), with the Employer's written consent and after filing with the Trustee the form prescribed by the Plan Administrator, may make a rollover contribution to the Trust. Before accepting a rollover contribution, the Trustee may require a Participant (or eligible Employee) to furnish satisfactory evidence the proposed transfer is in fact a "rollover contribution" which the Code permits an employee to make to a qualified plan. The Trustee, in its sole discretion, may decline to accept a rollover contribution of property which could: (1) generate unrelated business taxable income; (2) create difficulty or undue expense in storage, safekeeping or valuation; or (3) create other practical problems for the Trust. A rollover contribution is not an Annual Addition under Part 2 of Article III.

If an eligible Employee makes a rollover contribution to the Trust prior to satisfying the Plan's eligibility conditions, the Plan Administrator and Trustee must treat the Employee as a limited Participant (as described in Rev. Rul. 96-48 or in any successor ruling). A limited Participant does not share in the Plan's allocation of Employer contributions nor Participant forfeitures and may not make deferral contributions if the Plan includes a 401(k) arrangement until he/she actually becomes a Participant in the Plan. If a limited Participant has a Separation from Service prior to becoming a Participant in the Plan, the Trustee will distribute his/her rollover contributions Account to him/her in accordance with Article VI as if it were an Employer contributions Account.

4.05 PARTICIPANT CONTRIBUTIONS - VESTING. A Participant's Participant contributions Account is, at all times, 100% Vested.

4.06 PARTICIPANT CONTRIBUTIONS - DISTRIBUTION. Subject to any contrary Employer election in its Adoption Agreement Appendix A, an Employee, after attaining age 70 1/2 may elect to receive distribution prior to Separation from Service ("in-service distribution") of all or any part of his/her Participant contributions Account. The Employer in its Adoption Agreement Section 6.01 must elect the additional in-service distribution election rights, if any, a Participant has with respect to his/her Participant contributions Account. For purposes of the Employer's Adoption Agreement elections regarding in-service distribution of Participant contributions, a Participant's Employee contributions also includes DECS. A Participant will not incur a forfeiture of

any Account under the Plan solely as a result of the distribution of his/her Participant contributions.

The Trustee, following a Participant's Separation from Service, will distribute to the Participant his/her Participant contributions Account in accordance with Article VI in the same manner as the Trustee distributes the Participant's Employer contributions Account.

4.07 PARTICIPANT CONTRIBUTIONS - INVESTMENT AND ACCOUNTING. The Plan Administrator must maintain a separate Account in the name of each Participant to reflect his/her Participant contributions (including, if applicable, the different types of Participant contributions), as adjusted for earnings. The Trustee will invest all Participant contributions as part of the Trust Fund.

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ARTICLE V
VESTING

5.01 NORMAL/EARLY RETIREMENT AGE. The Employer in its Adoption Agreement must specify the Plan's Normal Retirement Age. An Employer in its Adoption Agreement may specify an Early Retirement Age. A Participant's Account Balance derived from Employer contributions is 100% Vested upon and after his/her attaining Normal Retirement Age (or if applicable, Early Retirement Age) if the Participant is employed by the Employer on or after that date.

5.02 PARTICIPANT DEATH OR DISABILITY. Unless the Employer elects otherwise in its Adoption Agreement, a Participant's Account Balance derived from Employer contributions is 100% Vested if the Participant's Separation from Service is a result of his/her death or his/her Disability.

5.03 VESTING SCHEDULE. Except as provided in Sections 5.01 and 5.02, for each Year of Service as described in Section 5.06, a Participant's Vested percentage of his/her Account Balance derived from Employer contributions equals the percentage under the vesting schedule the Employer has elected in its Adoption Agreement.

For purposes of Adoption Agreement Section 5.03, "6-year graded," "3-year cliff," "7-year graded" or "5-year cliff" means an Employee's Vested percentage, based on each included Year of Service, under the following applicable schedule:

6-YEAR
GRADED 7-
YEAR
GRADED 0-1
year/ 0%
0-2 years/
0% 2
years/ 20%
3 years/
20% 3
years/ 40%
4 years/
40% 4
years/ 60%
5 years/
60% 5
years/ 80%
6 years/
80% 6
years/100%
7
years/100%

3-YEAR
CLIFF 5-
YEAR CLIFF
0-2
years/0%
0-4
years/0% 3
years/100%
5
years/100%

(A) "GROSSED-UP" VESTING FORMULA. If the Trustee makes a distribution (other than a cash-out distribution described in Section 5.04) to a partially-Vested Participant, and the Participant has not incurred a Forfeiture Break in Service at the relevant time, the provisions of this Section 5.03(A) apply to the Participant's Account Balance. At any relevant time following the distribution, the Plan Administrator will determine the Participant's Vested Account Balance derived from Employer contributions in accordance with the following formula: $P(AB + D) - D$.

To apply this formula, "P" is the Participant's current vesting percentage at the relevant time, "AB" is the Participant's Employer-derived Account Balance at the relevant time and "D" is the amount of the earlier distribution. If, under a restated Plan, the Plan has made distribution to a partially-Vested Participant prior to its restated Effective Date and is unable to apply the cash-out provisions of Section 5.04 to that prior distribution, this special vesting formula also applies to that Participant's remaining Account Balance. The Employer, in an Addendum to its Adoption Agreement, may elect to modify this formula to read as follows: $P(AB + (R \times D)) - (R \times D)$. For purposes of this alternative formula, "R" is the ratio of "AB" to the Participant's Employer-derived Account Balance immediately following the earlier

distribution.

(B) SPECIAL VESTING ELECTIONS. The Employer in its Adoption Agreement may elect other specified vesting provisions which are consistent with Code Section 411 and applicable Treasury regulations.

5.04 CASH-OUT DISTRIBUTIONS TO PARTIALLY-VESTED PARTICIPANTS/RESTORATION OF FORFEITED ACCOUNT BALANCE. If, pursuant to Article VI, a partially-Vested Participant receives a cash-out distribution before he/she incurs a Forfeiture Break in Service, the Participant will incur an immediate forfeiture of the non-Vested portion of his/her Account Balance. If a partially-Vested Participant's Account is entitled to an allocation of Employer contributions or Participant forfeitures for the Plan Year in which he/she otherwise would incur a forfeiture by reason of a cash-out distribution, the Plan Administrator will apply the cash-out forfeiture rule as if the partially-Vested Participant received a cash-out distribution on the first day of the immediately following Plan Year. A partially-Vested Participant is a Participant whose Vested percentage determined under Section 5.03 is more than 0% but is less than 100%. A cash-out distribution is a distribution to the Participant (whether involuntary or with required consent as described in Article VI), of his/her entire Vested Account Balance due to the Participant's Separation from Service.

(A) FORFEITURE RESTORATION AND CONDITIONS FOR RESTORATION. A partially-Vested Participant re-employed by the Employer after receiving a cash-out distribution of the Vested percentage of his/her Account Balance may repay to the Trust the entire amount of the cash-out distribution attributable to Employer contributions without any adjustment for gains and losses, unless the Participant no longer has a right to restoration under this Section 5.04(A). If a re-employed Participant repays his/her cash-out distribution, the Plan Administrator, subject to the conditions of this Section 5.04(A), must restore the Participant's Account Balance attributable to Employer contributions to the same dollar amount as the dollar amount of his/her Account Balance on the Accounting Date, or other valuation date, immediately preceding the date of the cash-out distribution, unadjusted for any gains or losses occurring subsequent to that Accounting Date, or other valuation date. Restoration of the Participant's Account Balance includes restoration of all Protected Benefits with respect to that restored Account Balance, in accordance with applicable Treasury regulations. The Plan Administrator will not restore a re-employed Participant's Account Balance under this Section 5.04(A) if:

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(1) 5 years have elapsed since the Participant's first re-employment date with the Employer following the cash-out distribution;

(2) The Participant is not in the Employer's Service on the date the Participant repays his/her cash-out distribution; or

(3) The Participant has incurred a Forfeiture Break in Service. This condition also applies if the Participant makes repayment within the Plan Year in which he/she incurs the Forfeiture Break in Service and that Forfeiture Break in Service would result in a complete forfeiture of the amount the Plan Administrator otherwise would restore.

(B) TIME AND METHOD OF FORFEITURE RESTORATION. If none of the conditions in Section 5.04(A) preventing restoration of the Participant's Account Balance applies, the Plan Administrator will restore the Participant's Account Balance as of the Plan Year Accounting Date coincident with or immediately following the repayment. To restore the Participant's Account Balance, the Plan Administrator, to the extent necessary, will allocate to the Participant's Account:

(1) First, the amount, if any, of Participant forfeitures the Plan Administrator otherwise would allocate under Section 3.05;

(2) Second, the amount, if any, of the Trust Fund net income or gain for the Plan Year; and

(3) Third, the Employer contribution for the Plan Year to the extent made under a discretionary formula.

In an Addendum to its Adoption Agreement, the Employer may eliminate as a means of restoration any of the amounts described in clauses (1), (2) and (3) or may change the order of priority of these amounts. To the extent the amounts described in clauses (1), (2) and (3) are insufficient to enable the Plan Administrator to make the required restoration, the Employer must contribute, without regard to any requirement or condition of Article III, the additional amount necessary to enable the Plan Administrator to make the required restoration. If, for a particular Plan Year, the Plan Administrator must restore the Account Balance of more than one re-employed Participant, the Plan Administrator will make the restoration allocations from the amounts described in clauses (1), (2) and (3) to each such Participant's Account in the same proportion that a Participant's restored amount for the Plan Year bears to the restored amount for the Plan Year of all re-employed Participants. A cash-out restoration allocation is not an Annual Addition under Part 2 of Article III.

(C) DEEMED CASH-OUT OF 0% VESTED PARTICIPANT. Except as the Employer may provide in an Addendum to its Adoption Agreement, the deemed cash-out rule of this Section 5.04(C) applies to any 0% Vested Participant. A "0% Vested Participant" is a Participant whose Account Balance derived from Employer contributions is entirely forfeitable at the time of his/her Separation from Service. If a 0% Vested Participant's Account is not entitled to an allocation of Employer contributions for the Plan Year in which the Participant has a Separation from Service, the Plan Administrator will apply the deemed cash-out rule as if the 0% Vested Participant received a cash-out distribution on the date of the Participant's Separation from Service. If a 0% Vested Participant's Account is entitled to an allocation of Employer contributions or Participant forfeitures for the Plan Year in which the Participant has a Separation from Service, the Plan Administrator will apply the deemed cash-out rule as if the 0% Vested Participant received a cash-out distribution on the first day of the first Plan Year beginning after his/her Separation from Service. For purposes of applying the restoration provisions of this Section 5.04, the Plan Administrator will treat a re-employed 0% Vested Participant as repaying his/her cash-out "distribution" on the date of the Participant's re-employment with the Employer.

5.05 ACCOUNTING FOR CASH-OUT REPAYMENT. As soon as is administratively practicable, the Plan Administrator will credit to the Participant's Account the cash-out amount a Participant has repaid to the Plan. Pending the restoration of the Participant's Account Balance, the Plan Administrator under Section 9.08(B) may direct the Trustee to place the Participant's cash-out repayment in a temporary segregated investment Account. Unless the cash-out repayment qualifies as a Participant rollover contribution, the Plan Administrator will direct the Trustee to repay to the Participant as soon as is administratively practicable, the full amount of the Participant's cash-out repayment if the Plan Administrator determines any of the conditions of Section 5.04(A) prevents restoration as of the applicable Accounting Date, notwithstanding the Participant's repayment.

5.06 YEAR OF SERVICE - VESTING. For purposes of determining a Participant's vesting under Section 5.03, "Year of Service" means the 12-consecutive month vesting computation period the Employer elects in its Adoption Agreement during which an Employee completes the number of Hours of Service (not exceeding 1,000) specified in the Adoption Agreement or, if the

Plan applies the Elapsed Time Method of crediting Vesting Service, the vesting computation period for which the Employee receives credit for a Year of Service under the Service crediting rules of Section 1.15(D). A Year of Service includes any Year of Service completed prior to the Effective Date of the Plan, except as provided in Section 5.08.

5.07 BREAK IN SERVICE AND FORFEITURE BREAK IN SERVICE - VESTING. For purposes of this Article V, a Participant incurs a "Break in Service" if during any vesting computation period he/she does not complete more than 500 Hours of Service or, if the Plan applies the Elapsed Time Method of crediting Service, the Participant has a Period of Severance of at least 12 consecutive months. If, pursuant to Section 5.06, the Plan does not require more than 500 Hours of Service to receive credit for a Year of Service, a Participant incurs a Break in Service in a vesting computation period in which he/she fails to complete a Year of Service. A Participant incurs a Forfeiture Break in Service when he/she incurs 5 consecutive Breaks in Service. The Plan does not apply the Break in Service (one year hold-out) rule for vesting under Code Section 411(a)(6)(B). Therefore, an Employee need not complete a Year of Service after a Break in Service before

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the Plan takes into account the Employee's otherwise includible pre-Break Years of Service under this Article V.

5.08 INCLUDED YEARS OF SERVICE - VESTING. For purposes of determining "Years of Service" under Section 5.06, the Plan takes into account all Years of Service an Employee completes with the Employer except:

(a) For the sole purpose of determining a Participant's Vested percentage of his/her Account Balance derived from Employer contributions which accrued for his/her benefit prior to a Forfeiture Break in Service or receipt of a cash-out distribution, the Plan disregards any Year of Service after the Participant first incurs a Forfeiture Break in Service or receives a cash-out distribution (except where the Plan Administrator restores the Participant's Account under Section 5.04(A)).

(b) Consistent with Code Section 411(a)(4), any Year of Service the Employer elects to exclude under its Adoption Agreement.

5.09 FORFEITURE OCCURS. A Participant's forfeiture of his/her non-Vested Account Balance derived from Employer contributions occurs under the Plan on the earlier of:

(a) The last day of the vesting computation period in which the Participant first incurs a Forfeiture Break in Service; or

(b) The date the Participant receives a cash-out distribution.

The Plan Administrator determines the percentage of a Participant's Account Balance forfeiture, if any, under this Section 5.09 solely by reference to the vesting schedule the Employer elected in its Adoption Agreement. A Participant does not forfeit any portion of his/her Account Balance for any other reason or cause except as expressly provided by this Section 5.09 or as provided under Section 9.11.

5.10 RULE OF PARITY - VESTING. The Employer may elect in its Adoption Agreement to apply the "rule of parity" under Code Section 411(a)(6)(D) for purposes of determining vesting Years of Service. Under the rule of parity, the Plan Administrator excludes a Participant's Years of Service before a Break in Service if: (a) the number of the Participant's consecutive Breaks in Service equals or exceeds 5; and (b) the Participant is 0% Vested in his/her Account Balance derived from Employer contributions at the time he/she has the Breaks in Service.

5.11 AMENDMENT TO VESTING SCHEDULE. The Employer under Section 13.02 may amend the Plan's vesting schedule(s) under Section 5.03 at any time. However, the Plan Administrator will not apply the amended vesting schedule to reduce any Participant's existing Vested percentage (determined on the later of the date the Employer adopts the amendment, or the date the amendment becomes effective) in the Participant's existing and future Account Balance attributable to Employer contributions, to a percentage less than the Vested percentage computed under the Plan without regard to the amendment. Furthermore, an amended vesting schedule will apply to a Participant only if the Participant receives credit for at least one Hour of Service after the new vesting schedule becomes effective.

If the Employer amends the Plan's vesting schedule, each Participant having completed at least 3 Years of Service (as described in Section 5.06) with the Employer prior to the expiration of the election period described below, may irrevocably elect to have the Plan Administrator determine the Vested percentage of his/her Account Balance without regard to the amendment. The Participant must file his/her election with the Plan Administrator within 60 days of the latest of: (a) the Employer's adoption of the amendment; (b) the effective date of the amendment; or (c) the Participant's receipt of a copy of the amendment. The Plan Administrator, as soon as practicable, must forward a true copy of any amendment to the vesting schedule to each affected Participant, together with a written explanation of the effect of the amendment, the appropriate form upon which the Participant may make an election to remain under the pre-amendment vesting schedule and notice of the time within which the Participant must make an election to remain under the preamendment vesting schedule. The election described in this Section 5.11 does not apply to a Participant if the amended vesting schedule provides for vesting at least as rapid at any time as the vesting schedule in effect prior to the amendment. For purposes of this Section 5.11, an amendment to the vesting schedule includes any Plan amendment which directly or indirectly affects the computation of the Vested percentage of a Participant's Account Balance. Furthermore, any shift in the Plan's vesting schedule under Article XII, due to a change in the Plan's top-heavy status, is an amendment to the vesting schedule for purposes of this Section 5.11.

5.12 DEFERRAL CONTRIBUTIONS TAKEN INTO ACCOUNT. If the Plan includes a 401(k) arrangement, the vesting rules described in Article V must take into account a Participant's deferral contributions for purposes of determining: (1)

if a Participant's distribution is of his/her entire Vested Account balance as required for a cash-out distribution under Section 5.04; (2) if a Participant repays the entire amount of a prior cash-out distribution so the Participant is entitled to restoration under Section 5.04(A); and (3) if a Participant is 0% vested under Section 5.04(C) and under Section 5.10.

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ARTICLE VI
DISTRIBUTIONS

6.01 TIMING OF DISTRIBUTION. The Plan Administrator will direct the Trustee to commence distribution of a Participant's Vested Account Balance in accordance with this Section 6.01 upon the Participant's Separation from Service for any reason, or if the Participant exercises an in-Service distribution right under the Plan. The Trustee may make Plan distributions on any administratively practicable date during the Plan Year, consistent with the Employer's elections in its Adoption Agreement.

(A) DISTRIBUTION UPON SEPARATION FROM SERVICE (OTHER THAN DEATH).

(1) PARTICIPANT'S VESTED ACCOUNT BALANCE NOT EXCEEDING \$5,000. Upon the Participant's Separation from Service for any reason other than death, the Plan Administrator (without any requirement of Participant or spousal consent) will direct the Trustee to distribute the Participant's Vested Account Balance (determined in accordance with Section 6.01(A)(6)) not exceeding \$5,000 in a lump sum (without regard to Section 6.04), at the time specified in the Adoption Agreement, but in no event later than the 60th day following the close of the Plan Year in which the later of the following events occur: (a) the Participant attains Normal Retirement Age; or (b) the Participant Separates from Service.

(2) PARTICIPANT'S VESTED ACCOUNT BALANCE EXCEEDS \$5,000. Upon the Participant's Separation from Service for any reason other than death, the Plan Administrator, subject to the Participant's election to postpone distribution under this Section 6.01(A)(2) and the consent requirements of Section 6.01(A)(5), will direct the Trustee to commence distribution of the Participant's Vested Account Balance (determined in accordance with Section 6.01(A)(6)) exceeding \$5,000, at the time specified in the Adoption Agreement and in a form under Section 6.03 elected by the Participant. Any election under this Section 6.01(A)(2) is subject to the requirements of Section 6.02 and of Section 6.04.

A Participant eligible to make an election under this Section 6.01(A)(2) may elect to postpone distribution beyond the time the Employer has elected in its Adoption Agreement, to any specified date including, but not beyond the Participant's Required Beginning Date, unless the Employer, in its Adoption Agreement, specifically limits a Participant's right to postpone distribution of his/her Account Balance to the later of the date the Participant attains age 62 or Normal Retirement Age. The Plan Administrator will reapply the notice and consent requirements of Section 6.01(A)(4) and Section 6.01(A)(5) to any distribution postponed under this Section 6.01(A)(2).

In the absence of a Participant's consent and distribution election (as described in Section 6.01(A)(5)) or in the absence of the Participant's election to postpone distribution prior to his/her annuity starting date, the Plan Administrator, consistent with the Employer's elections in its Adoption Agreement, will treat the Participant as having elected to postpone his/her distribution until the 60th day following the close of the Plan Year in which the latest of the following events occurs: (a) the Participant attains Normal Retirement Age; (b) the Participant attains age 62; or (c) the Participant Separates from Service. At the applicable date, the Plan Administrator then will direct the Trustee to distribute the Participant's Vested Account Balance in a lump sum (or, if applicable, the annuity form of distribution required under Section 6.04).

(3) DISABILITY. If the Participant's Separation from Service is because of his/her Disability, the Plan Administrator will direct the Trustee to pay the Participant's Vested Account Balance in the same manner as if the Participant had incurred a Separation from Service without Disability.

(4) DISTRIBUTION NOTICE/ANNUITY STARTING DATE. At least 30 days and not more than 90 days prior to the Participant's annuity starting date, the Plan Administrator must provide a written notice (or a summary notice as permitted under Treasury regulations) to a Participant who is eligible to make an election under Section 6.01(A)(2) ("distribution notice"). The distribution notice must explain the optional forms of benefit in the Plan, including the material features and relative values of those options, and the Participant's right to postpone distribution until the applicable date described in Section 6.01(A)(2). For all purposes of this Article VI, the term "annuity starting date" means the first day of the first period for which the Plan pays an amount as an annuity or in any other form but in no event is the "annuity starting date" earlier than a Participant's Separation from Service.

(5) CONSENT REQUIREMENTS/PARTICIPANT DISTRIBUTION ELECTION. A Participant must consent, in writing, following receipt of the distribution notice, to any distribution under this Section 6.01, if at the time of the distribution to the Participant, the Participant's Vested Account Balance exceeds \$5,000 and the Participant has not attained the later of Normal Retirement Age or age 62. Accounts which are distributable prior to the foregoing applicable age are "immediately distributable." Furthermore, the

Participant's spouse also must consent, in writing, to any distribution, for which Section 6.04 requires the spouse's consent. The Participant may reconsider his/her distribution election at any time prior to the annuity starting date and elect to commence distribution as of any other distribution date permitted under the Plan or under the Adoption Agreement. A Participant may elect to receive distribution at any administratively practicable time which is earlier than 30 days following the Participant's receipt of the distribution notice, by waiving in writing the balance of the 30 days. However, if the requirements of Section 6.04 apply, the Participant may not elect to commence distribution less than 7 days following the Participant's receipt of the distribution notice. The consent requirements of this Section 6.01(A)(5) do not apply with respect to defaulted loans described in Section 10.03(E).

(6) DETERMINATION OF VESTED ACCOUNT BALANCE. For purposes of the consent requirements under this Article VI, the Plan Administrator determines a Participant's Vested Account Balance as of the most recent valuation date immediately prior to the distribution date, and takes

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into account the Participants entire Account, including deferral contributions. The Plan Administrator in determining the Participant's Vested Account Balance at the relevant time, will disregard a Participant's Vested Account Balance existing on any prior date, except as the Code otherwise may require.

(7) CONSENT TO CASH-OUT/FORFEITURE. If a Participant is partially-Vested in his/her Account Balance, a Participant's election under Section 6.01(A)(2) to receive distribution prior to the Participant's incurring a Forfeiture Break in Service, must be in the form of a cash-out distribution as defined in Section 5.04.

(8) RETURN TO EMPLOYMENT. A Participant may not receive a distribution by reason of Separation from Service, or continue any installment distribution based on a prior Separation from Service, if, prior to the time the Trustee actually makes the distribution, the Participant returns to employment with the Employer.

(B) DISTRIBUTION UPON DEATH. In the event of the Participant's Separation from Service on account of death, the Plan Administrator will direct the Trustee, in accordance with this Section 6.01(B) and subject to Section 6.02(D), to distribute to the Participant's Beneficiary the Participant's Vested Account Balance remaining in the Trust at the time of the Participant's death.

The Plan Administrator, subject to the requirements of Sections 6.04 and 6.02(D) or to a Beneficiary's written election (if authorized by the next paragraph of this Section 6.01(B)), must direct the Trustee to distribute or commence distribution of the deceased Participant's Vested Account Balance, as soon as administratively practicable following the Participant's death or, if later, the date on which the Plan Administrator receives notification of, or otherwise confirms, the Participant's death. If the Participant's Vested Account Balance determined in accordance with Section 6.01(A)(6) does not exceed \$5,000, the Trustee will distribute the balance in a lump sum without regard to Section 6.04. If the Participant's Vested Account Balance exceeds \$5,000, the Trustee will distribute the balance subject to Section 6.02(D).

If the Participant's death benefit is payable in full to the Participant's surviving spouse, the surviving spouse may elect distribution at any time and in any form (except a joint and survivor annuity) the Plan would permit a Participant to elect upon Separation from Service. The Participant, on a form prescribed by the Plan Administrator, may (subject to the requirements of Section 6.04) elect the payment method or the payment term or both, which will apply to any Beneficiary, including his/her surviving spouse. The Participant's election may limit any Beneficiary's right to increase the frequency or the amount of any payments. Any payment term elected by the Participant must not exceed the payment term the Code otherwise would permit the Beneficiary to elect upon the Participant's death.

(C) IN-SERVICE DISTRIBUTION. The Employer must elect in its Adoption Agreement the distribution election rights, if any, a Participant has prior to his/her Separation from Service ("in-service distribution"). Subject to any contrary Employer election in Appendix A to its Adoption Agreement, a Participant upon attaining age 70 1/2, until he/she incurs a Separation from Service, has a continuing election to receive all or any portion of his/her Account Balance, including Employer contributions and Participant contributions. If the Employer elects in its Adoption Agreement additional in-service distribution of any Employer contribution (including deferral contributions), the Employer in its Adoption Agreement must specify events or conditions, if any, applicable to such in-service distributions. For special requirements regarding hardship distributions, see Section 6.09. The Employer also must elect in its Adoption Agreement the additional in-service distribution rights, if any, a Participant has with respect to Participant contributions as defined in Section 4.01. If a Participant receives an in-service distribution as to a partially-Vested Account, and the Participant has not incurred a Forfeiture Break in Service, the Plan Administrator will apply the vesting provisions of Section 5.03(A).

A Participant must make any permitted in-service distribution election under this Section 6.01(C) in writing and on a form prescribed by the Plan Administrator which specifies the percentage or dollar amount of the distribution and the Participant's Plan Account (Employer contributions or Participant contributions and type) to which the election applies. If the Plan permits in-service distributions, a Participant only may elect to receive one in-service distribution per Plan Year under this Section 6.01(C) unless the election form prescribed by the Plan Administrator provides for more frequent distributions. The Trustee, as directed by the Plan Administrator and subject to Sections 6.01(A)(4), 6.01(A)(5) and 6.04, will distribute the amount(s) a Participant elects in single sum, as soon as administratively practicable after the Participant files his/her in-service distribution election with the Plan Administrator. The Trustee will distribute the Participant's remaining Account Balance in accordance with the other provisions of this Article VI.

The Trustee, prior to a Participant's Normal Retirement Age or Disability may not make any in-service distribution to the Participant with respect to his/her Account Balance attributable to assets (including post-transfer earnings on those assets) and liabilities transferred, within the meaning of Code Section 414(1), to a profit sharing plan from a money purchase pension plan or from a target benefit plan qualified under Code Section 401(a) (other than any portion of those assets and liabilities attributable to Employee contributions).

6.02 REQUIRED MINIMUM DISTRIBUTIONS.

(A) PRIORITY OF REQUIRED MINIMUM DISTRIBUTION. If any distribution under this Article VI (by Plan provision or by Participant election or nonelection), would commence later than the Participant's required beginning date ("RBD"), the Plan Administrator instead must direct the Trustee to make distribution on the Participant's RBD, subject only to the TEFRA election, if applicable, under Section 6.11. The Employer in its Adoption Agreement Appendix B may elect to apply a special effective date to the RBD definition or may elect in Appendix A to continue to apply the RBD definition in effect prior to 1997 ("pre-SBJPA RBD"). The Employer in its Adoption Agreement also may elect to require distribution earlier than the RBD.

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(1) RBD -- MORE THAN 5% OWNER. A PARTICIPANT'S RBD is the April 1 following the close of the calendar year in which the Participant attains age 70 1/2 if the Participant is a more than 5% owner (as defined in Code Section 416) with respect to the Plan Year ending in that calendar year. If a Participant is a more than 5% owner at the close of the relevant calendar year, the Participant may not discontinue required minimum distributions notwithstanding the Participant's subsequent change in ownership status.

(2) RBD -- NON 5% OWNERS. If the Participant is not a more than 5% owner, his/her RBD is the April 1 following the close of the calendar year in which the Participant incurs a Separation from Service or, if later, the April 1 following the close of the calendar year in which the Participant attains age 70 1/2. If a Participant is not a more than 5% owner, his/her pre-SBJPA RBD (if applicable) is April 1 following the close of the calendar year in which the Participant attains age 70 1/2.

(3) FORM OF DISTRIBUTION. The Trustee will make a required minimum distribution at the Participant's RBD in a lump sum (or, if applicable, the annuity form of distribution required under Section 6.04) unless the Participant, pursuant to the provisions of this Article VI, makes a valid election to receive an alternative form of payment.

(B) PARTICIPANT TRANSITIONAL ELECTIONS.

(1) ELECTION TO DISCONTINUE DISTRIBUTIONS. A Participant who: (a) is not a more than 5% owner; (b) had attained age 70 1/2 prior to 1997; (c) had commenced prior to 1997 required minimum distributions under the pre-SBJPA RBD; and (d) has not incurred a Separation from Service, has a continuing election to discontinue receiving distributions from the Plan (which previously were required minimum distributions under the Plan). A Participant who makes an election under this Section 6.02(B)(1) must establish a new annuity starting date when he/she recommences payment of his/her Account Balance under the Plan. A married Participant who is subject to Section 6.04 must obtain spousal consent: (a) to discontinue his/her distributions under this Section 6.04(B)(1) if distributions are in QJSA form; and (b) to recommence benefits in a form other than a QJSA. A Participant may not make any election under this Section 6.02(B)(1) which is inconsistent with any QDRO applicable to the Participant's Account

(2) ELECTION TO POSTPONE DISTRIBUTIONS. A Participant who: (a) is not a more than 5% owner; and (b) attained age 70 1/2 after 1996 (or who attained age 70 1/2 in 1996, but who had not commenced his/her required minimum distributions in 1996) may elect under this Section 6.02(B)(2) to postpone distribution of required minimum distributions until the Participant's RBD established under Section 6.02(A). If the Participant attained age 70 1/2 in 1996, he/she must have elected under this Section 6.02(B)(2) to postpone distributions by December 31, 1997. If the Participant attained age 70 1/2 after 1996, he/she must make the election to postpone distribution under this Section 6.01(B)(2) not later than April 1 of the calendar year following the year in which the Participant attains age 70 1/2.

(3) ELECTION REQUIREMENTS. All Participant elections made under this Section 6.01(B) are subject to and must be consistent with the Employer's RBD elections in its Adoption Agreement Appendices A and B. A Participant makes his/her election under this Section 6.02(B) in writing on a form prescribed by the Plan Administrator.

(C) MINIMUM DISTRIBUTION REQUIREMENTS FOR PARTICIPANTS. The Plan Administrator may not direct the Trustee to distribute the Participant's Vested Account Balance, nor may the Participant elect to have the Trustee distribute his/her Vested Account Balance, under a method of payment which, as of the Participant's RBD, does not satisfy the minimum distribution requirements under Code Section 401(a)(9) and the applicable Treasury regulations.

(1) CALCULATION OF AMOUNT. The required minimum distribution for a calendar year ("distribution calendar year") equals the Participant's Vested Account Balance as of the latest valuation date preceding the beginning of the distribution calendar year (such valuation date being within the "valuation calendar year") divided by the Participant's life expectancy or, if applicable, the joint and last survivor expectancy of the Participant and his/her designated Beneficiary (as determined under Article VIII, subject to the requirements of Code Section 401(a)(9)). The Plan Administrator will increase the Participant's Vested Account Balance, as determined on the relevant valuation date, for contributions or forfeitures allocated after the valuation date and by December 31 of the valuation calendar year, and will decrease the valuation by distributions made after the valuation date and by December 31 of the valuation calendar year. For purposes of this valuation, any portion of the required minimum distribution for the first distribution calendar year made after the close of that year is a distribution occurring in that first distribution calendar year.

(2) RECALCULATION. In computing a required minimum distribution, the Plan

Administrator must use the unisex life expectancy multiples under Treas. Reg. Section 1.72-9. The Plan Administrator, only upon the Participant's timely election, will compute the required minimum distribution for a distribution calendar year subsequent to the first distribution calendar year by redetermining ("recalculation" of) the Participant's life expectancy or the Participant's and spouse designated Beneficiary's life expectancies as elected. However, the Plan Administrator may not redetermine the joint life and last survivor expectancy of the Participant and a nonspouse designated Beneficiary in a manner which takes into account any adjustment to a life expectancy other than the Participant's life expectancy. A Participant must elect recalculation under this Section 6.02(C)(2) in writing and on a form the Plan Administrator prescribes, not later than the Participant's RBD.

(3) MINIMUM DISTRIBUTION INCIDENTAL BENEFIT (MDIB). If the Participant's spouse is not his/her designated Beneficiary, a method of payment to the Participant (whether by Participant election or by Plan Administrator direction) must satisfy the MDIB requirement under Code Section 401(a)(9) for distributions made on or after the Participant's RBD and before the Participant's death. To satisfy the MDIB requirement, the Plan Administrator will compute the Participant's required minimum distribution by substituting the applicable MDIB divisor for the applicable life expectancy factor, if the MDIB divisor is a lesser number. Following the Participants death, the Plan Administrator will compute the minimum distribution required by Section 6.02(D) solely

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on the basis of the applicable life expectancy factor and will disregard the MDIB factor.

(4) PAYMENT DUE DATE. The required minimum distribution for the first distribution calendar year is due by the Participant's RBD. The required minimum distribution for each subsequent distribution calendar year, including the calendar year in which the Participant's RBD occurs, is due by December 31 of the year.

(5) NONTRANSFERABLE ANNUITY. If the Participant receives distribution in the form of a Nontransferable Annuity, the distribution satisfies this Section 6.02(C) if the contract complies with the requirements of Code Section 401(a)(9).

(D) MINIMUM DISTRIBUTION REQUIREMENTS FOR BENEFICIARIES. The method of distribution to the Participant's Beneficiary must satisfy Code Section 401(a)(9).

(1) DEATH AFTER RBD. If the Participant's death occurs after his/her RBD (or earlier, if the Participant had commenced an irrevocable annuity pursuant to Section 6.04), the Trustee must distribute the Participant's remaining benefit to the Beneficiary at least as rapidly as under the method in effect for the Participant, determined without regard to the MDIB requirements of Section 6.02(C)(3).

(2) DEATH PRIOR TO RBD. If the Participant's death occurs prior to his/her RBD (and the Participant had not commenced an irrevocable annuity pursuant to Section 6.04), the method of payment to the Beneficiary, subject to Section 6.04, must provide for completion of payment to the Beneficiary over a period not exceeding: (a) 5 years after the date of the Participant's death; or (b) if the Beneficiary is a designated Beneficiary, the designated Beneficiary's life expectancy. A designated Beneficiary is a Beneficiary designated by the Participant or determined under Section 8.02. The Plan Administrator may not direct payment of the Participant's Vested Account Balance over a period described in clause (b) unless the Trustee will commence payment to the designated Beneficiary no later than the December 31 following the close of the calendar year in which the Participant's death occurred or, if later, and the designated Beneficiary is the Participant's surviving spouse, December 31 of the calendar year in which the Participant would have attained age 70 1/2.

If the Trustee will make distribution in accordance with clause (b) of this Section 6.02(D)(2), the minimum distribution for a distribution calendar year equals the Participant's Vested Account Balance as of the latest valuation date preceding the beginning of the distribution calendar year divided by the designated Beneficiary's life expectancy. The Plan Administrator must use the unisex life expectancy multiples under Treas. Reg. Section 1.72-9 for purposes of applying this Section 6.02(D).

(3) RECALCULATION. The Plan Administrator, only upon the Participant's election (under Section 6.02(C)(2)) or the Participant's surviving spouse designated Beneficiary's election, will recalculate the life expectancy of the Participant's surviving spouse not more frequently than annually. However, the Plan Administrator may not recalculate the life expectancy of a nonspouse designated Beneficiary after the Trustee commences payment to the designated Beneficiary. The Plan Administrator will apply this Section 6.02(D) by treating any amount paid to the Participant's child, which becomes payable to the Participant's surviving spouse upon the child's attaining the age of majority, as paid to the Participant's surviving spouse. A surviving spouse designated Beneficiary must elect recalculation under this Section 6.02(D)(3) in writing and on a form the Plan Administrator prescribes not later than the last day of the spouse's first distribution year.

(4) BENEFICIARY ELECTION. If the Participant under Section 6.01(B) had not elected the payment method or payment term, the Participant's Beneficiary must elect the method of distribution no later than the date specified above upon which the Trustee must commence distribution to the Beneficiary. If the Beneficiary fails to elect timely a distribution method, the Plan Administrator must commence distribution within the time required for a Participant who dies without a designated Beneficiary.

(E) MODEL AMENDMENT. The employer in Appendix B to its Adoption Agreement may elect to apply the following IRS Model Amendment:

With respect to distributions under the Plan made on or after the effective date the Employer specifies in Appendix B to its adoption Agreement, for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Internal Revenue Code in accordance with the regulations under Section 401(a)(9) that were proposed on January 17, 2001, (the "2001 Proposed Regulations"), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a Participant for 2001

prior to the Appendix B effective date are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such Participant for 2001 on or after such date. If the total amount of required minimum distributions made to a Participant for 2001 prior to the Appendix B effective date are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations. This amendment shall continue in effect until the last calendar year beginning before the effective date of final regulations under Section 401(a)(9) or such other date as may be published by the Internal Revenue Service.

6.03 METHOD OF DISTRIBUTION. Subject to any contrary requirements imposed by Sections 6.01 (including 6.01(C) regarding in-service distributions), 6.02 or 6.04, a Participant or a Beneficiary may elect distribution under one, or any combination, of the following methods: (a) by payment in a lump sum; or (b) by payment in monthly, quarterly or annual installments over a fixed reasonable period of time, not exceeding the life expectancy of the Participant, or the joint life and last survivor expectancy of the Participant and his/her designated Beneficiary. The Employer may elect in its Adoption Agreement to modify the methods of payment available under this Section 6.03.

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If the Employer's Plan is a restated Plan, the Employer in its Adoption Agreement and in accordance with Treas. Reg. Section 1.411(d)-4, may elect to eliminate from the prior Plan certain Protected Benefits. If the Employer elects or is required to provide an annuity, the annuity must: (1) be a Nontransferable Annuity; and (2) otherwise comply with the Plan terms.

The distribution options permitted under this Section 6.03 are available only if the Participant's Vested Account Balance, as determined under Section 6.01(A)(6), exceeds \$5,000. To facilitate installment payments under this Article VI, the Plan Administrator under Section 9.08(B) may direct the Trustee to segregate all or any part of the Participant's Account Balance in a segregated investment Account. Under an installment distribution, the Participant or the Beneficiary, at any time, may elect to accelerate the payment of all, or any portion, of the Participant's unpaid Vested Account Balance.

Pending final accounting for a valuation date, the Plan Administrator may make a partial distribution to a Participant who has incurred a Separation from Service or to a Beneficiary.

6.04 ANNUITY DISTRIBUTIONS TO PARTICIPANTS AND TO SURVIVING SPOUSES.

(A) QUALIFIED JOINT AND SURVIVOR ANNUITY (QJSA). The Plan Administrator must direct the Trustee to distribute a married or unmarried Participant's Vested Account Balance in the form of a QJSA, unless the Participant, and spouse if the Participant is married, waive the QJSA in accordance with Section 6.05. If, as of the annuity starting date, the Participant is married (even if the Participant has not been married throughout the one year period ending on the annuity starting date), a QJSA is an immediate annuity which is purchasable with the Participant's Vested Account Balance and which provides a life annuity for the Participant and a survivor annuity payable for the remaining life of the Participant's surviving spouse equal to 50% of the amount of the annuity payable during the life of the Participant. If, as of the annuity starting date, the Participant is not married, a QJSA is an immediate life annuity for the Participant which is purchasable with the Participant's Vested Account Balance. A life annuity means an annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death.

(B) QUALIFIED PRERETIREMENT SURVIVOR ANNUITY (QPSA). If a married Participant dies prior to his/her annuity starting date, the Plan Administrator will direct the Trustee to distribute a portion of the Participant's Vested Account Balance to the Participant's surviving spouse in the form of a QPSA, unless: (1) the Participant has a valid waiver election (as described in Section 6.06) in effect; or (2) the Participant and his/her spouse were not married throughout the one year period ending on the date of the Participant's death. The Employer in an Addendum to its Adoption Agreement may elect not to apply the one year of marriage requirement in clause (2). A QPSA is an annuity which is purchasable with 50% of the Participant's Vested Account Balance (determined as of the date of the Participant's death) and which is payable for the life of the Participant's surviving spouse. The value of the QPSA is attributable to Employer contributions and to Participant contributions in the same proportion as the Participant's Vested Account Balance is attributable to those contributions. The portion of the Participant's Vested Account Balance not payable as a QPSA is payable to the Participant's Beneficiary, in accordance with the remaining provisions of this Article VI.

(C) SURVIVING SPOUSE ELECTIONS. If the Participant's Vested Account Balance which the Trustee would apply to purchase the QPSA exceeds \$5,000, the Participant's surviving spouse may elect to have the Trustee commence payment of the QPSA at any time following the date of the Participant's death, but not later than the mandatory distribution periods described in Section 6.02, and may elect any of the forms of payment described in Section 6.03, in lieu of the QPSA. In the absence of an election by the surviving spouse, the Plan Administrator must direct the Trustee to distribute the QPSA on the earliest administratively practicable date following the close of the Plan Year in which the latest of the following events occurs: (1) the Participant's death; (2) the date the Plan Administrator receives notification of or otherwise confirms the Participant's death; (3) the date the Participant would have attained Normal Retirement Age; or (4) the date the Participant would have attained age 62.

(D) EFFECT OF WAIVER. If the Participant has in effect a valid waiver election regarding the QJSA or the QPSA, the Plan Administrator must direct the Trustee to distribute the Participant's Vested Account Balance in accordance with Sections 6.01, 6.02 and 6.03.

(E) LOAN OFFSET. The Plan Administrator will reduce the Participant's Vested Account Balance by any security interest (pursuant to any offset rights authorized by Section 10.03(E)) held by the Plan by reason of a Participant loan, to determine the value of the Participant's Vested Account Balance distributable in the form of a QJSA or QPSA, provided the loan satisfied the spousal consent requirement described in Section 10.03(E).

(F) EFFECT OF QDRO. For purposes of applying this Article VI, a former spouse (in lieu of the Participant's current spouse) is the Participant's spouse or surviving spouse to the extent provided under a QDRO described in Section 6.07. The provisions of this Section 6.04, and of Sections 6.05 and 6.06, apply separately to the portion of the Participant's Vested Account Balance subject to a QDRO and to the portion of the Participant's Vested Account Balance not subject to the QDRO.

(G) VESTED ACCOUNT BALANCE NOT EXCEEDING \$5,000. The Trustee must distribute in a lump sum, a Participant's Vested Account Balance which the Trustee otherwise under Section 6.04 would apply to provide a QJSA or QPSA benefit, where the Participant's Vested Account Balance determined under Section 6.01(A)(6) does not exceed \$5,000.

(H) PROFIT SHARING PLAN EXCEPTION. If this Plan is a profit sharing plan, the Employer in its Adoption Agreement must elect the extent to which the preceding provisions of Section 6.04 apply. The Employer may elect to exempt from the provisions of Section 6.04, all Participants ("Exempt Participants") except the following Participants to whom Section 6.04 must be applied: (1) a Participant as respects whom the Plan is a direct or indirect transferee from a plan subject to the Code Section 417 requirements and the

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Plan received the transfer after December 31, 1984, unless the transfer is an elective transfer described in Section 13.07; (2) a Participant who elects a life annuity distribution (if Section 13.02 of the Plan requires the Plan to provide a life annuity distribution option); and (3) a Participant whose benefits under a defined benefit plan maintained by the Employer are offset by benefits provided under this Plan. If the Employer elects to apply this Section 6.04 to all Participants, the preceding provisions of this Section 6.04 apply to all Participants without regard to the limitations of this Section 6.04(H). Sections 6.05 and 6.06 only apply to Participants to whom the provisions of this Section 6.04 apply.

6.05 WAIVER ELECTION -- QJSA. At least 30 days and not more than 90 days before the Participant's annuity starting date, the Plan Administrator must provide the Participant a written explanation of the terms and conditions of the QJSA, the Participant's right to make, and the effect of, an election to waive the QJSA benefit, the rights of the Participant's spouse regarding the waiver election and the Participant's right to make, and the effect of, a revocation of a waiver election ("QJSA notice"). The Plan does not limit the number of times the Participant may revoke a waiver of the QJSA or make a new waiver during the election period. The Participant (and his/her spouse, if the Participant is married), may revoke an election to receive a particular form of benefit at any time until the annuity starting date.

A married Participant's QJSA waiver election is not valid unless: (a) the Participant's spouse (to whom the survivor annuity is payable under the QJSA), after the Participant has received the QJSA notice, has consented in writing to the waiver election, the spouse's consent acknowledges the effect of the election, and a notary public or the Plan Administrator (or his/her representative) witnesses the spouse's consent; (b) the spouse consents to the alternative form of payment designated by the Participant or to any change in that designated form of payment; and (c) unless the spouse is the Participant's sole primary Beneficiary, the spouse consents to the Participant's Beneficiary designation or to any change in the Participant's Beneficiary designation. The spouse's consent to a waiver of the QJSA is irrevocable, unless the Participant revokes the waiver election. The spouse may execute a blanket consent to the Participant's future payment form election or Beneficiary designation, if the spouse acknowledges the right to limit his/her consent to a specific designation but, in writing, waives that right.

The Plan Administrator will accept as valid a waiver election which does not satisfy the spousal consent requirements if the Plan Administrator establishes the Participant does not have a spouse, the Plan Administrator is not able to locate the Participant's spouse, the Participant is legally separated or has been abandoned (within the meaning of applicable state law) and the Participant has a court order to that effect, or other circumstances exist under which the Secretary of the Treasury will excuse the spousal consent requirement. If the Participant's spouse is legally incompetent to give consent, the spouse's legal guardian (even if the guardian is the Participant) may give consent.

6.06 WAIVER ELECTION -- QPSA. The Plan Administrator must provide a written explanation of the QPSA to each married Participant ("QPSA notice"), within the following period which ends last: (1) the period beginning on the first day of the Plan Year in which the Participant attains age 32 and ending on the last day of the Plan Year in which the Participant attains age 34; (2) a reasonable period after an Employee becomes a Participant; (3) a reasonable period after Section 6.04 of the Plan becomes applicable to the Participant; or (4) a reasonable period after the Plan no longer satisfies the requirements for a fully subsidized benefit. A "reasonable period" described in clauses (2), (3) and (4) is the period beginning one year before and ending one year after the applicable event. If the Participant separates from Service before attaining age 35, clauses (1), (2), (3) and (4) do not apply and the Plan Administrator must provide the QPSA notice within the period beginning one year before and ending one year after the Separation from Service. The QPSA notice must describe, in a manner consistent with Treasury regulations, the terms and conditions of the QPSA and of the waiver of the QPSA, comparable to the QJSA notice required under Section 6.05. The Plan does not limit the number of times the Participant may revoke a waiver of the QPSA or make a new waiver during the election period. The election period for waiver of the QPSA ends on the date of the Participant's death.

A Participant's QPSA waiver election is not valid unless: (a) the Participant makes the waiver election after the Participant has received the QPSA notice and no earlier than the first day of the Plan Year in which he/she attains age 35; and (b) the Participant's spouse (to whom the QPSA is payable) satisfies or is excused from the consent requirements as described in Section 6.05, except the spouse need not consent to the form of benefit payable to the designated Beneficiary. The spouse's consent to the waiver of the QPSA is irrevocable, unless the Participant revokes the waiver election. The spouse also may execute a blanket consent as described in Section 6.05. Irrespective of the time of election requirement described in clause (a), if the Participant separates from Service prior to the first day of the Plan Year in which he/she

attains age 35, the Plan Administrator will accept a waiver election as respects the Participant's Account Balance attributable to his/her Service prior to his/her Separation from Service. Furthermore, if a Participant who has not separated from Service makes a valid waiver election, except for the timing requirement of clause (a), the Plan Administrator will accept that election as valid, but only until the first day of the Plan Year in which the Participant attains age 35.

6.07 DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS (QDRO). Notwithstanding any other provision of this Plan, the Trustee, in accordance with the direction of the Plan Administrator, must comply with the provisions of a QDRO, as defined in Code Section 414(p), which is issued with respect to the Plan. This Plan specifically permits distribution to an alternate payee under a QDRO at any time, irrespective of whether the Participant has attained his/her earliest retirement age (as defined under Code Section 414(p)) under the Plan. A distribution to an alternate payee prior to the Participant's attainment of earliest retirement age is available only if: (1) the QDRO specifies distribution at that time or permits an agreement between the Plan and the alternate payee to authorize an earlier distribution; and (2) if the present value of the alternate payee's benefits under the Plan exceeds \$5,000, and the QDRO requires, the alternate payee consents to any

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distribution occurring prior to the Participant's attainment of earliest retirement age. Nothing in this Section 6.07 gives a Participant a right to receive distribution at a time the Plan otherwise does not permit nor does Section 6.07 authorize the alternate payee to receive a form of payment the Plan does not permit.

The Plan Administrator must establish reasonable procedures to determine the qualified status of a domestic relations order. Upon receiving a domestic relations order, the Plan Administrator promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Plan Administrator must determine the qualified status of the order and must notify the Participant and each alternate payee, in writing, of the Plan Administrator's determination. The Plan Administrator must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order, or in a manner consistent with DOL regulations.

If any portion of the Participant's Vested Account Balance is payable under the domestic relations order during the period the Plan Administrator is making its determination of the qualified status of the domestic relations order, the Plan Administrator must maintain a separate accounting of the amounts payable. If the Plan Administrator determines the order is a QDRO within 18 months of the date amounts first are payable following receipt of the domestic relations order, the Plan Administrator will direct the Trustee to distribute the payable amounts in accordance with the QDRO. If the Plan Administrator does not make its determination of the qualified status of the order within the 18-month determination period, the Plan Administrator will direct the Trustee to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Plan Administrator later determines the order is a QDRO.

To the extent it is not inconsistent with the provisions of the QDRO, the Plan Administrator under Section 9.08(B) may direct the Trustee to segregate the QDRO amount in a segregated investment account. The Trustee will make any payments or distributions required under this Section 6.07 by separate benefit checks or other separate distribution to the alternate payee(s).

6.08 DEFAULTED LOAN - TIMING OF OFFSET. If a Participant or a Beneficiary defaults on a Plan loan, the Plan Administrator will determine the timing of the reduction (offset) of the Participant's Vested Account Balance in accordance with this Section 6.08 and the Plan Administrator's loan policy. If, under the loan policy a loan default also is a distributable event under the Plan, the Trustee, at the time of the loan default, will offset the Participant's Vested Account Balance by the lesser of the amount in default (including accrued interest) or the Plan's security interest in that Vested Account Balance. If the loan is from a money purchase pension plan or from a target benefit plan and the loan default is a distributable event under the loan policy, the Trustee will offset the Participant's Account Balance in the manner described above, only if the Participant has incurred a Separation from Service or has attained Normal Retirement Age. If the loan is under a 401(k) arrangement, to the extent the loan is attributable to the Participant's deferral contributions Account, qualified matching contributions Account, qualified nonelective contributions Account or safe harbor contributions Account, the Trustee will not offset the Participant's Vested Account Balance unless the Participant has incurred a Separation from Service or unless the Participant has attained age 59 1/2.

6.09 HARDSHIP DISTRIBUTION. For purposes of this Plan, unless the Employer in its Adoption Agreement Section 6.01 elects otherwise, a hardship distribution is a distribution on account of one or more of the following immediate and heavy financial needs: (1) expenses for medical care described in Code Section 213(d) incurred by the Participant, by the Participant's spouse, or by any of the Participant's dependents, or necessary to obtain such medical care; (2) costs directly related to the purchase (excluding mortgage payments) of a principal residence of the Participant; (3) payment of post-secondary education tuition and related educational fees (including room and board), for the next 12-month period, for the Participant, for the Participant's spouse, or for any of the Participant's dependents (as defined in Code Section 152); (4) payments necessary to prevent the eviction of the Participant from his/her principal residence or the foreclosure on the mortgage of the Participant's principal residence; or (5) any need the Revenue Service prescribes in a revenue ruling, notice or other document of general applicability which satisfies the safe harbor definition of hardship under Treas. Reg. Section 1.401(k)-1(d)(2)(iv)(A). See Section 14.11(A) if a hardship distribution is from a Participant's elective deferral Account in a 401(k) arrangement. The Employer in its Adoption Agreement Section 6.01 may elect to apply Section 14.11(A) to all Plan hardship distributions. If the Plan permits a hardship distribution from more than one Account type, the Plan Administrator may determine any

ordering of a Participant's hardship distribution from the hardship distribution eligible Accounts.

6.10 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.

(A) PARTICIPANT ELECTION. A Participant (including for this purpose, a former Employee) may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of his/her eligible rollover distribution from the Plan paid directly to an eligible retirement plan specified by the Participant in a direct rollover election. For purposes of this Section 6.10, a Participant includes as to their respective interests, a Participant's surviving spouse and the Participant's spouse or former spouse who is an alternate payee under a QDRO.

(B) ROLLOVER AND WITHHOLDING NOTICE. At least 30 days and not more than 90 days prior to the Trustee's distribution of an eligible rollover distribution, the Plan Administrator must provide a written notice (including a summary notice as permitted under applicable Treasury regulations) explaining to the distributee the rollover option, the applicability of mandatory 20% federal withholding to any amount not directly rolled over, and the recipient's right to roll over within 60 days after the date of receipt of the distribution ("rollover notice"). If applicable, the rollover notice also must explain the availability of income averaging and the exclusion of net unrealized appreciation. A recipient of an eligible rollover distribution (whether

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he/she elects a direct rollover or elects to receive the distribution), also may elect to receive distribution at any administratively practicable time which is earlier than 30 days (but not less than 7 days if Section 6.04 applies) following receipt of the rollover notice.

(C) DEFAULT ROLLOVER. The Plan Administrator, in the case of a Participant who does not respond timely to the notice described in Section 6.10(B), may make a direct rollover of the Participant's Account (as described in Revenue Ruling 2000-36 or in any successor guidance) in lieu of distributing the Participant's Account.

(D) DEFINITIONS. The following definitions apply to this Section 6.10:

(1) ELIGIBLE ROLLOVER DISTRIBUTION. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the Participant, except an eligible rollover distribution does not include: (a) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's designated beneficiary, or for a specified period of ten years or more; (b) any Code Section 401(a)(9) required minimum distribution; (c) the portion of any distribution which is not includible in gross income (determined without regard to the exclusion of net unrealized appreciation with respect to employer securities); (d) any hardship distribution made after December 31, 1998, from a Participant's deferral contributions Account (except where the Participant also satisfies a non-hardship distribution event described in Section 14.03(d)); and (e) any distribution which otherwise would be an eligible rollover distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than \$200.

(2) 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), or a qualified trust described in Code Section 401(a), which accepts the Participant's or alternate payee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is either an individual retirement account or individual retirement annuity.

(3) DIRECT ROLLOVER. A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

6.11 TEFRA ELECTIONS. Notwithstanding the provisions of Sections 6.01, 6.02 and 6.03, if the Participant (or Beneficiary) signed a written distribution designation prior to January 1, 1984, ("TEFRA election") the Plan Administrator must direct the Trustee to distribute the Participant's Vested Account Balance in accordance with that election, subject however, to the survivor annuity requirements, if applicable, of Sections 6.04, 6.05 and 6.06. This Section 6.11 does not apply to a TEFRA election, and the Plan Administrator will not comply with that election, if any of the following applies: (1) the elected method of distribution would have disqualified the Plan under Code Section 401(a)(9) as in effect on December 31, 1983; (2) the Participant did not have an Account Balance as of December 31, 1983; (3) the election does not specify the timing and form of the distribution and the death Beneficiaries (in order of priority); (4) the substitution of a Beneficiary modifies the distribution payment period; or, (5) the Participant (or Beneficiary) modifies or revokes the election. In the event of a revocation, the Trustee must distribute, no later than December 31 of the calendar year following the year of revocation, the amount which the Participant would have received under Section 6.02 if the distribution designation had not been in effect or, if the Beneficiary revokes the distribution designation, the amount which the Beneficiary would have received under Section 6.02 if the distribution designation had not been in effect. The Plan Administrator will apply this Section 6.11 to rollovers and transfers in accordance with Part J of the Code Section 401(a)(9) Treasury regulations.

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ARTICLE VII
EMPLOYER ADMINISTRATIVE PROVISIONS

7.01 INFORMATION TO PLAN ADMINISTRATOR. The Employer must supply current information to the Plan Administrator as to the name, date of birth, date of employment, Compensation, leaves of absence, Years of Service and date of Separation from Service of each Employee who is, or who will be eligible to become, a Participant under the Plan, together with any other information which the Plan Administrator considers necessary to administer properly the Plan. The Employer's records as to the current information the Employer furnishes to the Plan Administrator are conclusive as to all persons.

7.02 NO RESPONSIBILITY FOR OTHERS. Except as required under ERISA, the Employer has no responsibility or obligation under the Plan to Employees, Participants or Beneficiaries for any act (unless the Employer also serves in such capacities) required of the Plan Administrator, the Trustee, the Custodian, or of any other service provider to the Plan.

7.03 INDEMNITY OF CERTAIN FIDUCIARIES. The Employer will indemnify, defend and hold harmless the Plan Administrator from and against any and all loss resulting from liability to which the Plan Administrator may be subjected by reason of any act or omission (except willful misconduct or gross negligence) in its official capacities in the administration of this Trust or Plan or both, including attorneys' fees and all other expenses reasonably incurred in the Plan Administrator's defense, in case the Employer fails to provide such defense. The indemnification provisions of this Section 7.03 do not relieve the Plan Administrator from any liability the Plan Administrator may have under ERISA for breach of a fiduciary duty. Furthermore, the Plan Administrator and the Employer may execute a written agreement further delineating the indemnification agreement of this Section 7.03, provided the agreement is consistent with and does not violate ERISA. The indemnification provisions of this Section 7.03 extend to any Trustee, third party administrator, Custodian or other Plan service provider solely to the extent provided by a written agreement executed by such persons and the Employer.

7.04 EMPLOYER DIRECTION OF INVESTMENT. The Employer has the right to direct the Trustee with respect to the investment and re-investment of assets comprising the Trust Fund only if and to the extent the Trustee consents in writing to permit such direction.

7.05 EVIDENCE. Anyone including the Employer, required to give data, statements or other information relevant under the terms of the Plan ("evidence") may do so by certificate, affidavit, document or other form which the person to act in reliance may consider pertinent, reliable and genuine, and to have been signed, made or presented by the proper party or parties. The Plan Administrator and the Trustee are protected fully in acting and relying upon any evidence described under the immediately preceding sentence.

7.06 PLAN CONTRIBUTIONS. The Employer is solely responsible to determine the proper amount of any Employer contribution it makes to the Plan and for the timely deposit to the Trust of the Employer's Plan contributions.

7.07 EMPLOYER ACTION. The Employer must take any action under the Plan in accordance with applicable Plan provisions and with proper authority such that the action is valid and under applicable law and is binding upon the Employer.

7.08 FIDUCIARIES NOT INSURERS. The Trustee, the Plan Administrator and the Employer in no way guarantee the Trust Fund from loss or depreciation. The Employer does not guarantee the payment of any money which may be or becomes due to any person from the Trust Fund. The liability of the Employer, the Plan Administrator and the Trustee to make any payment from the Trust Fund at any time and all times is limited to the then available assets of the Trust.

7.09 PLAN TERMS BINDING. The Plan is binding upon the Employer, Trustee, Plan Administrator, Custodian (and all other service providers to the Plan), upon Participants, Beneficiaries and all other persons entitled to benefits, and upon the successors and assigns of the foregoing persons.

7.10 WORD USAGE. Words used in the masculine also apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural includes the singular and the singular includes the plural. Titles of Plan and Adoption Agreement sections are for reference only.

7.11 STATE LAW. The law of the state of the Employer's principal place of business will determine all questions arising with respect to the provisions of the Plan, except to the extent superseded by ERISA or other federal law. The Employer in an Addendum to its Adoption Agreement and subject to applicable law, may elect to apply the law of another state.

7.12 PROTOTYPE PLAN STATUS. if the Plan fails initially to qualify or

to maintain qualification or if the Employer makes any amendment or modification to a provision of the Plan (other than a proper completion of an elective provision under the Adoption Agreement or the attachment of an Addendum authorized by the Plan or by the Adoption Agreement), the Employer no longer may participate under this Prototype Plan. The Employer also may not participate (or continue to participate) in this Prototype Plan if the Trustee or Custodian does not have the written consent of the Prototype Plan Sponsor required under Section 1.33 to serve in the capacity of Trustee or Custodian. If the Employer is not entitled to participate under this Prototype Plan, the Plan is an individually-designed plan and the reliance procedures specified in the applicable Adoption Agreement no longer apply.

7.13 EMPLOYMENT NOT GUARANTEED. Nothing contained in this Plan, or with respect to the establishment of the Trust, or any modification or any amendment to the Plan or Trust, or in the creation of any Account, or with respect to the payment of any benefit gives any Employee, Participant or any Beneficiary any

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right to employment or to continued employment by the Employer, or any legal or equitable right against the Employer, the Trustee, the Plan Administrator or any employee or agent thereof, except as expressly provided by the Plan, the Trust, ERISA or other applicable law.

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ARTICLE VII
PARTICIPANT ADMINISTRATIVE PROVISIONS

8.01 BENEFICIARY DESIGNATION. A Participant from time to time may designate, in writing, any person(s) (including a trust or other entity), contingently or successively, to whom the Trustee will pay the Participant's Vested Account Balance (including any life insurance proceeds payable to the Participant's Account) in the event of death. A Participant also may designate the form and method of payment of his/her Account. The Plan Administrator will prescribe the form for the Participant's written designation of Beneficiary and, upon the Participant's filing the form with the Plan Administrator, the form effectively revokes all designations filed prior to that date by the same Participant. A divorce decree, or a decree of legal separation, revokes the Participant's designation, if any, of his/her spouse as his/her Beneficiary under the Plan unless: (1) the decree or a QDRO provides otherwise; or (2) the Employer provides otherwise in an Addendum to its Adoption Agreement. The foregoing revocation provision (if applicable) applies only with respect to a Participant whose divorce or legal separation becomes effective on or following the date the Employer executes this Plan, unless the Employer in its Adoption Agreement specifies a different effective date.

(A) COORDINATION WITH SURVIVOR ANNUITY REQUIREMENTS. If Section 6.04 applies to the Participant, this Section 8.01 does not impose any special spousal consent requirements on the Participant's Beneficiary designation unless the Participant waives the QJSA or QPSA benefit. If the Participant waives the QJSA or QPSA benefit without spousal consent to the Participant's Beneficiary designation: (1) any waiver of the QJSA or of the QPSA is not valid; and (2) if the Participant dies prior to his/her annuity starting date, the Participant's Beneficiary designation will apply only to the portion of the death benefit which is not payable as a QPSA. Regarding clause (2), if the Participant's surviving spouse is a primary Beneficiary under the Participant's Beneficiary designation, the Trustee will satisfy the spouse's interest in the Participant's death benefit first from the portion which is payable as a QPSA.

(B) PROFIT SHARING PLAN EXCEPTION. If the Plan is a profit sharing plan, the Beneficiary designation of a married Exempt Participant, as described in Section 6.04(H), is not valid unless the Participant's spouse consents (in a manner described in Section 6.05) to the Beneficiary designation. The spousal consent requirement in this Section 8.01(B) does not apply if the Participant's spouse is the Participant's sole primary Beneficiary, or if the Exempt Participant and his/her spouse are not married throughout the one-year period ending on the date of the Participant's death.

(C) INCAPACITY OF BENEFICIARY. If, in the opinion of the Plan Administrator, a Beneficiary is not able to care for his/her affairs because of a mental condition, physical condition or by reason of age, the Plan Administrator will apply the provisions of Section 10.09.

8.02 NO BENEFICIARY DESIGNATION/DEATH OF BENEFICIARY. If a Participant fails to name a Beneficiary in accordance with Section 8.01, or if the Beneficiary named by a Participant predeceases the Participant, then the Trustee will pay the Participant's Vested Account Balance in accordance with Section 6.03 in the following order of priority (unless the Employer specifies a different order of priority in an Addendum to its Adoption Agreement), to:

- (a) The Participant's surviving spouse (without regard to the one-year marriage rule of Sections 6.04(B) and 8.01(B); and if no surviving spouse to
- (b) The Participant's children (including adopted children), in equal shares by right of representation (one share for each surviving child and one share for each child who predeceases the Participant with living descendants); and if none to
- (c) The Participant's surviving parents, in equal shares; and if none to
- (d) The Participant's estate.

If the Beneficiary survives the Participant, but dies prior to distribution of the Participant's entire Vested Account Balance, the Trustee will pay the remaining Vested Account Balance to the Beneficiary's estate unless: (1) the Participant's Beneficiary designation provides otherwise; (2) the Beneficiary has properly designated a beneficiary; or (3) the Employer provides otherwise in an Addendum to its Adoption Agreement. A Beneficiary only may designate a beneficiary for the Participant's Account Balance remaining at the Beneficiary's death, if the Participant has not previously designated a successive contingent beneficiary and the Beneficiary's designation otherwise complies with the Plan terms. If the Plan is a profit sharing plan, and the Plan includes Exempt Participants, the Employer may not specify a different order of priority in an Addendum unless the Participant's surviving spouse will be the sole primary Beneficiary in the different order of priority. The Plan

Administrator will direct the Trustee as to the method and to whom the Trustee will make payment under this Section 8.02.

8.03 ASSIGNMENT OR ALIENATION. Except as provided in Code Section 414(p) relating to QDROs and in Code Section 401(a)(13) relating to certain voluntary, revocable assignments, judgments and settlements, neither a Participant nor a Beneficiary may anticipate, assign or alienate (either at law or in equity) any benefit provided under the Plan, and the Trustee will not recognize any such anticipation, assignment or alienation. Furthermore, except as provided by Code Section 401(a)(13) or other applicable law, a benefit under the Plan is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

8.04 INFORMATION AVAILABLE. Any Participant or Beneficiary may examine copies of the Plan description, latest annual report, any bargaining agreement, this Plan and Trust, and any contract or any other instrument which relates to the establishment or administration of the Plan or Trust. The Plan Administrator will maintain all of the items listed in this Section 8.04 in its office, or in such other place or places as it may designate from time to time in order to comply with the regulations issued under ERISA, for examination during reasonable business hours. Upon

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the written request of a Participant or a Beneficiary, the Plan Administrator must furnish the Participant or Beneficiary with a copy of any item listed in this Section 8.04. The Plan Administrator may make a reasonable copying charge to the requesting person.

8.05 CLAIMS PROCEDURE FOR DENIAL OF BENEFITS. A Participant or a Beneficiary may file with the Plan Administrator a written claim for benefits, if the Participant or the Beneficiary disputes the Plan Administrator's determination regarding the Participant's or Beneficiary's Plan benefit. However, the Plan will distribute only such Plan benefits to Participants or Beneficiaries as the Plan Administrator in its discretion determines a Participant or Beneficiary is entitled to. The Plan Administrator will maintain a separate written document as part of (or which accompanies) the Plan's summary plan description explaining the Plan's claims procedure. This Section 8.05 specifically incorporates the written claims procedure as from time to time published by the Plan Administrator as a part of the Plan. If the Plan Administrator pursuant to the Plan's written claims procedure makes a final written determination denying a Participant's or Beneficiary's benefit claim, the Participant or Beneficiary to preserve the claim must file an action with respect to the denied claim not later than 180 days following the date of the Plan Administrator's final determination.

8.06 PARTICIPANT DIRECTION OF INVESTMENT. A Participant's direction of the investment of his/her Account is subject to the provisions of this Section 8.06. For purposes of this Section 8.06, a Participant shall also include a Beneficiary where the Beneficiary has succeeded to the Participant's Account and the Plan affords the Beneficiary the same self-direction or loan rights as a Participant.

(A) TRUSTEE AUTHORIZATION AND PROCEDURES. A Participant has the right to direct the Trustee with respect to the investment or re-investment of the assets comprising the Participant's individual Account only if the Trustee consents in writing to permit such direction. If the Trustee consents to Participant direction of investment, the Trustee only will accept direction from each Participant on a written direction of investment form the Plan Administrator provides for this purpose. The Trustee, or with the Trustee's consent, the Plan Administrator, may establish written procedures relating to Participant direction of investment under this Section 8.06, including procedures or conditions for electronic transfers or for changes in investments by Participants. The Plan Administrator will maintain, or direct the Trustee to maintain, an appropriate individual investment Account to the extent a Participant's Account is subject to Participant self-direction.

(B) ERISA SECTION 404(c). No Plan fiduciary (including the Employer and Trustee) is liable for any loss or for any breach resulting from a Participant's direction of the investment of any part of his/her directed Account to the extent the Participant's exercise of his/her right to direct the investment of his/her Account satisfies the requirements of ERISA Section 404(c).

(C) PARTICIPANT LOANS. The Plan Administrator, to the extent provided in a written loan policy adopted under Section 9.04, will treat a Plan loan made to a Participant as a Participant direction of investment under this Section 8.06, even if the Plan otherwise does not permit a Participant to direct his/her Account investments. Where a loan is treated as a directed investment, the borrowing Participant's Account alone shares in any interest paid on the loan, and it alone bears any expense or loss it incurs in connection with the loan. The Trustee may retain any principal or interest paid on the borrowing Participant's loan in a segregated Account (as described in Section 9.08(B)) on behalf of the borrowing Participant until the Trustee (or the Named Fiduciary, in the case of a nondiscretionary Trustee) deems it appropriate to add the loan payments to the Participant's Account under the Plan.

(D) COLLECTIBLES. If the Trustee consents to Participant direction of investment of his/her Account, any post-December 31, 1981, investment by a Participant's directed Account in collectibles (as defined by Code Section 408(m)) is a deemed distribution to the Participant for Federal income tax purposes.

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ARTICLE IX
PLAN ADMINISTRATOR

9.01 COMPENSATION AND EXPENSES. The Plan Administrator (and any individuals serving as Plan Administrator) will serve without compensation for services as such, but the Employer will pay all expenses of the Plan Administrator, except to the extent the Trustee properly pays for such expenses, pursuant to Article X.

9.02 RESIGNATION AND REMOVAL. If the Employer appoints one or more persons to serve as Plan Administrator, such person(s) shall serve until they resign by written notice to the Employer or until the Employer removes them by written notice. In case of a vacancy in the position of Plan Administrator, the Employer will exercise any and all of the powers, authority, duties and discretion conferred upon the Plan Administrator pending the filling of the vacancy.

9.03 GENERAL POWERS AND DUTIES. The Plan Administrator has the following general powers and duties which are in addition to those the Plan otherwise accords to the Plan Administrator:

- (a) To determine the rights of eligibility of an Employee to participate in the Plan, all factual questions that arise in the course of administering the Plan, the value of a Participant's Account Balance (based on the value of the Trust assets, as determined by the Trustee) and the Vested percentage of each Participant's Account Balance;
- (b) To adopt rules of procedure and regulations necessary for the proper and efficient administration of the Plan, provided the rules are not inconsistent with the terms of the Plan, the Code, ERISA or other applicable law;
- (c) To construe and enforce the terms of the Plan and the rules and regulations the Plan Administrator adopts, including interpretation of the basic plan document, the Adoption Agreement and any document related to the Plan's operation;
- (d) To direct the Trustee regarding the crediting and distribution of the Trust Fund and to direct the Trustee to conduct interim valuations under Section 10.15;
- (e) To review and render decisions regarding a claim for (or denial of a claim for) a benefit under the Plan;
- (f) To furnish the Employer with information which the Employer may require for tax or other purposes;
- (g) To engage the service of agents whom the Plan Administrator may deem advisable to assist it with the performance of its duties;
- (h) To engage the services of an Investment Manager or Managers (as defined in ERISA Section 3(38)), each of whom will have full power and authority to manage, acquire or dispose (or direct the Trustee with respect to acquisition or disposition) of any Plan asset under such Manager's control;
- (i) To make any other determinations and undertake any other actions the Plan Administrator believes are necessary or appropriate for the administration of the Plan; and
- (j) To establish and maintain a funding standard account and to make credits and charges to the account to the extent required by and in accordance with the provisions of the Code.

The Plan Administrator must exercise all of its powers, duties and discretion under the Plan in a uniform and nondiscriminatory manner. The Plan Administrator shall have total and complete discretion to interpret and construe the Plan and to determine all questions arising in the administration, interpretation and application of the Plan. Any determination the Plan Administrator makes under the Plan is final and binding upon any affected person.

9.04 PLAN LOANS. The Plan Administrator may, in its sole discretion, in accordance with Section 10.03(E) establish, amend or terminate from time to time, a nondiscriminatory policy which the Trustee must observe in making Plan loans, if any, to Participants and to Beneficiaries. If the Plan Administrator adopts a loan policy, the loan policy must be a written document and must include: (1) the identity of the person or positions authorized to administer the participant loan program; (2) the procedure for applying for a loan; (3) the criteria for approving or denying a loan; (4) the limitations, if any, on the

types and amounts of loans available; (5) the procedure for determining a reasonable rate of interest; (6) the types of collateral which may secure the loan; and (7) the events constituting default and the steps the Plan will take to preserve Plan assets in the event of default. A loan policy the Plan Administrator adopts under this Section 9.04 is part of the Plan, except that the Plan Administrator may amend or terminate the policy without regard to Section 13.02.

9.05 FUNDING POLICY. The Plan Administrator will review, not less often than annually, all pertinent Employee information and Plan data in order to establish the funding policy of the Plan and to determine the appropriate methods of carrying out the Plan's objectives. The Plan Administrator must communicate periodically, as it deems appropriate, to the Trustee and to any Plan Investment Manager the Plan's short-term and long-term financial needs for the coordination of the Plan's investment policy with Plan financial requirements.

9.06 INDIVIDUAL ACCOUNTS. The Plan Administrator will maintain, or direct the Trustee to maintain, a separate Account, or multiple Accounts, in the name of each Participant to reflect the Participant's Account Balance under the Plan.

(A) FORFEITURES. If a Participant re-enters the Plan subsequent to his/her having a Forfeiture Break in Service, the Plan Administrator, or the Trustee, must maintain a separate Account for the Participant's pre-Forfeiture Break in Service Account Balance and a separate Account for his post-Forfeiture Break in Service Account Balance, unless

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the Participant's entire Account Balance under the Plan is 100% Vested.

If the Plan is subject to Participant direction of investment under Section 8.06, the Plan Administrator may maintain, or may direct the Trustee to maintain, a separate temporary forfeiture Account in the name of the Plan to account for Participant forfeitures which occur during the Plan Year. The Trustee will direct the investment of any separate temporary forfeiture Account. As of each Accounting Date, or interim valuation date, if applicable, the Plan Administrator will allocate the net income, gain or loss from the temporary forfeiture Account, if any, to the Accounts of the Participants in accordance with the provisions of Section 9.08.

(B) NET INCOME, GAIN OR LOSS. The Plan Administrator will make its allocations of net income, gain or loss or request the Trustee to make its allocations, to the Accounts of the Participants in accordance with the provisions of Section 9.08. The Plan Administrator may direct the Trustee under Section 9.08(B) to maintain a temporary segregated investment Account in the name of a Participant to prevent a distortion of income, gain or loss allocations. The Plan Administrator must maintain records of its activities.

9.07 VALUE OF PARTICIPANT'S ACCOUNT BALANCE. If any or all Plan investment accounts are pooled, each Participant's Account has an undivided interest in the assets comprising the pooled account. In a pooled account, the value of each Participant's Account Balance consists of that proportion of the net worth (at fair market value) of the Trust Fund which the net credit balance in his/her Account (exclusive of the cash value of incidental benefit insurance contracts) bears to the total net credit balance in the Accounts (exclusive of the cash value of the incidental benefit insurance contracts) of all Participants plus the cash surrender value of any incidental benefit insurance contracts held by the Trustee on the Participant's life. If any or all Plan investment accounts are Participant directed, the directing Participant's Account Balance is comprised of the assets held within the Account and the value of the Account is the fair market value of such assets. For purposes of a distribution under the Plan, the value of a Participant's Account Balance is its value as of the valuation date immediately preceding the date of the distribution.

9.08 ALLOCATION AND DISTRIBUTION OF NET INCOME, GAIN OR LOSS. This Section 9.08 applies solely to the allocation of net income, gain or loss of the Trust Fund. The Plan Administrator will allocate Employer contributions and Participant forfeitures, if any, in accordance with Article III.

A "valuation date" under this Plan is each: (1) Accounting Date; (2) valuation date the Employer elects in its Adoption Agreement Section 10.15; or (3) valuation date the Plan Administrator establishes under Section 9.03. The Employer in its Adoption Agreement Section 10.15 or the Plan Administrator may elect alternative valuation dates for the different Account types which the Plan Administrator maintains under the Plan. As of each valuation date, the Plan Administrator must adjust Accounts to reflect net income, gain or loss since the last valuation date. The valuation period is the period beginning on the day after the last valuation date and ending on the current valuation date.

The Plan Administrator will allocate net income, gain or loss to the Participant Accounts in accordance with the daily valuation method, balance forward method, weighted average method, or other method the Employer elects under its Adoption Agreement. The Employer in its Adoption Agreement may elect alternative methods under which the Plan Administrator will allocate the net income, gain or loss to the different Account types which the Plan Administrator maintains under the Plan. If the Employer in its Adoption Agreement elects to apply a weighted average allocation method, the Plan Administrator will treat a weighted portion of the applicable contributions as if includible in the Participant's Account as of the beginning of the valuation period. The weighted portion is a fraction, the numerator of which is the number of months in the valuation period, excluding each month in the valuation period which begins prior to the contribution date of the applicable contributions, and the denominator of which is the number of months in the valuation period. The Employer in its Adoption Agreement may elect to substitute a weighting period other than months for purposes of this weighted average allocation. If the Employer in its Adoption Agreement elects to apply the daily valuation method, the Plan Administrator will allocate the net income, gain or loss on each day of the Plan Year for which Plan assets are valued on an established market and the Trustee is conducting business. If the Employer in its Adoption Agreement elects to apply the balance forward method, the Plan Administrator first will adjust the Participant Accounts, as those Accounts stood at the beginning of the current valuation period, by reducing the Accounts for any forfeitures arising under the Plan, for amounts charged during the valuation period to the Accounts in accordance with Section 9.10 (relating to distributions and to loan disbursement payments) and Section 11.01 (relating to insurance premiums), and for the cash value of incidental benefit insurance contracts. The Plan Administrator then, subject to the restoration allocation requirements of the Plan, will allocate the net income, gain or loss pro rata to the adjusted Participant Accounts. The allocable net income, gain or loss is the net income (or net loss), including

the increase or decrease in the fair market value of assets, since the last valuation date.

(A) TRUST FUND (POOLED) INVESTMENT ACCOUNTS. A pooled investment account is an Account which is not a segregated investment Account or an individual investment Account.

(B) SEGREGATED INVESTMENT ACCOUNTS. A segregated investment Account receives all income it earns and bears all expense or loss it incurs. Pursuant to the Plan Administrator's direction, the Trustee may establish for a Participant a segregated investment Account to prevent a distortion of Plan income, gain or loss allocations or for such other purposes as the Plan Administrator may direct. The Trustee will invest the assets of a segregated investment Account consistent with such purposes. As of each valuation date, the Plan Administrator must reduce a segregated Account for any forfeiture arising under Section 5.09 after the Plan Administrator has made all other allocations, changes or adjustments to the Account for the valuation period.

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(C) INDIVIDUAL DIRECTED INVESTMENT ACCOUNTS. An individual investment Account is an Account which is subject to Participant or Beneficiary self-direction under Section 8.06. An individual investment Account receives all income it earns and bears all expense or loss it incurs. As of each valuation date, the Plan Administrator must reduce an individual Account for any forfeiture arising from Section 5.09 after the Plan Administrator has made all other allocations, changes or adjustment to the Account for the valuation period.

(D) CODE SECTION 415 EXCESS AMOUNTS. An Excess Amount or suspense account described in Part 2 of Article III does not share in the allocation of net income, gain or loss described in this Section 9.08.

(E) INTEREST ADJUSTMENT. Any distribution (other than a distribution from a segregated or individual Account) made to a Participant or Beneficiary more than 90 days after the most recent valuation date may include interest on the amount of the distribution as an expense of the Trust Fund. The interest, if any, accrues from such valuation date to the date of the distribution at the rate the Employer specifies in its Adoption Agreement.

(F) CONTRIBUTIONS PRIOR TO ACCRUAL. If the Employer in its Adoption Agreement elects to impose one or more allocation conditions under Section 3.06 and the Employer contributes to the Plan amounts which at the time of the contribution have not accrued under the Plan terms ("preaccrual contributions"), the Trustee will hold the preaccrual contributions in the Trust and will invest such contributions as the Trustee determines, pending accrual and allocation to Participant Accounts. When the Plan Administrator allocates to Participants who have satisfied the Plan's allocation conditions the Employer's pre-accrual contributions, the Plan Administrator also will allocate the net income, gain or loss thereon pro rata in relation to each Participant's share of the pre-accrual contribution.

9.09 INDIVIDUAL STATEMENT. As soon as practicable after the Accounting Date of each Plan Year, but within the time prescribed by ERISA and the regulations under ERISA, the Plan Administrator will deliver to each Participant (and to each Beneficiary) a statement reflecting the condition of his/her Account Balance in the Trust as of that date and such other information ERISA requires be furnished the Participant or the Beneficiary. No Participant, except the Plan Administrator, has the right to inspect the records reflecting the Account of any other Participant.

9.10 ACCOUNT CHARGED. The Plan Administrator will charge a Participant's Account for all distributions made from that Account to the Participant, to his/her Beneficiary or to an alternate payee, including a disbursement payment for a Participant loan. The Plan Administrator, except as prohibited by the Code or ERISA, also will charge a Participant's Account for any reasonable administrative expenses incurred by the Plan directly related to that Account.

9.11 LOST PARTICIPANTS. If the Plan Administrator is unable to locate any Participant or Beneficiary whose Account becomes distributable under Article VI or under Section 13.06 (a "lost Participant"), the Plan Administrator will apply the provisions of this Section 9.11.

(A) ATTEMPT TO LOCATE. The Plan Administrator will use one or more of the following methods to attempt to locate a lost Participant: (1) provide a distribution notice to the lost Participant at his/her last known address by certified or registered mail; (2) use of the IRS letter forwarding program under Rev. Proc. 94-22; (3) use of a commercial locator service, the internet or other general search method; or (4) use of the Social Security Administration search program.

(B) FAILURE TO LOCATE. If a lost Participant remains unlocated for 6 months following the date of the Plan Administrator first attempts to locate the lost Participant using one or more of the methods described in Section 9.11(A), the Plan Administrator may forfeit the lost Participant's Account. If the Plan Administrator will forfeit the lost Participant's Account, the forfeiture occurs at the end of the above-described 6 month period and the Plan Administrator will allocate the forfeiture in accordance with Section 3.05. If a lost Participant whose Account was forfeited thereafter at any time but before the Plan has been terminated makes a claim for his/her forfeited Account, the Plan Administrator will restore the forfeited Account to the same dollar amount as the amount forfeited, unadjusted for net income, gains or losses occurring subsequent to the forfeiture. The Plan Administrator will make the restoration in the Plan Year in which the lost Participant makes the claim, first from the amount, if any, of Participant forfeitures the Plan Administrator otherwise would allocate for the Plan Year, then from the amount, if any, of Trust net income or gain for the Plan Year and last from the amount or additional amount the Employer contributes to the Plan for the Plan Year. The Plan Administrator will distribute the restored Account to the lost Participant not later than 60 days after the close of the Plan Year in which the Plan Administrator restores the forfeited Account. The Plan Administrator under this Section 9.11(B) will

forfeit the entire Account of the lost Participant, including deferral contributions and Participant contributions.

(C) NONEXCLUSIVITY AND UNIFORMITY. The provisions of Section 9.11 are intended to provide permissible but not exclusive means for the Plan Administrator to administer the Accounts of lost Participants. The Plan Administrator may utilize any other reasonable method to locate lost Participants and to administer the Accounts of lost Participants, including the default rollover under Section 6.10(C) and such other methods as the Revenue Service or the U.S. Department of Labor ("DOL") may in the future specify. The Plan Administrator will apply Section 9.11 in a reasonable, uniform and nondiscriminatory manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a lost Participant's Account, the expense in attempting to locate a lost Participant, the Plan Administrator's ability to establish and the expense of establishing a rollover IRA, and other factors. The Plan Administrator may charge to the Account of a lost Participant the reasonable expenses incurred under this Section 9.11 and which are associated with the lost Participant's Account.

9.12 PLAN CORRECTION. The Plan Administrator in conjunction with the Employer may undertake such

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correction of Plan errors as the Plan Administrator deems necessary, including correction to preserve tax qualification of the Plan under Code Section 401(a) or to correct a fiduciary breach under ERISA. Without limiting the Plan Administrator's authority under the prior sentence, the Plan Administrator, as it determines to be reasonable and appropriate, may undertake correction of Plan document, operational, demographic and employer eligibility failures under a method described in the Plan or under the Employee Plans Compliance Resolution System ("EPCRS") or any successor program to EPCRS. The Plan Administrator, as it determines to be reasonable and appropriate, also may undertake or assist the appropriate fiduciary or plan official in undertaking correction of a fiduciary breach, including correction under the Voluntary Fiduciary Correction Program ("VFC") or any successor program to VFC. If the Plan includes a 401(k) arrangement, the Plan Administrator to correct an operational error may require the Trustee to distribute from the Plan elective deferrals or vested matching contributions, including earnings, where such amounts result from an operational error other than a failure of Code Section 415, Code Section 402(g), a failure of the ADP or ACP tests, or a failure of the multiple use limitation.

9.13 NO RESPONSIBILITY FOR OTHERS. Except as required under ERISA, the Plan Administrator has no responsibility or obligation under the Plan to Participants or Beneficiaries for any act (unless the Plan Administrator also serves in such capacities) required of the Employer, the Trustee, the Custodian or of any other service provider to the Plan. The Plan Administrator is not responsible to collect any required plan contribution or to determine the correctness or deductibility or any Employer contribution. The Plan Administrator in administering the Plan is entitled to, but is not required to rely upon, information which a Participant, Beneficiary, Trustee, Custodian, the Employer, a Plan service provider or representatives thereof provide to the Plan Administrator.

9.14 NOTICE, DESIGNATION, ELECTION, CONSENT AND WAIVER. All notices under the Plan and all Participant or Beneficiary designations, elections, consents or waivers must be in writing and made in a form the Plan Administrator specifies or otherwise approves. To the extent permitted by Treasury regulations or other applicable guidance, any Plan notice, election, consent or waiver may be transmitted electronically. Any person entitled to notice under the Plan may waive the notice or shorten the notice period except as otherwise required by the Code or ERISA.

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ARTICLE X
TRUSTEE AND CUSTODIAN, POWERS AND DUTIES

10.01 ACCEPTANCE. The Trustee accepts the Trust created under the Plan and agrees to perform the obligations imposed. The Trustee must provide bond for the faithful performance of its duties under the Trust to the extent required by ERISA.

10.02 RECEIPT OF CONTRIBUTIONS. The Trustee is accountable to the Employer for the Plan contributions made by the Employer, but the Trustee does not have any duty to ensure that the contributions received comply with the provisions of the Plan. The Trustee is not obliged to collect any contributions from the Employer, nor is the Trustee obliged to ensure that funds deposited with it are deposited according to the provisions of the Plan.

10.03 INVESTMENT POWERS.

(A) DISCRETIONARY TRUSTEE DESIGNATION. If the Employer, in its Adoption Agreement, designates the Trustee to administer the Trust as a discretionary Trustee, then the Trustee has full discretion and authority with regard to the investment of the Trust Fund, except with respect to a Plan asset under the control or the direction of a properly appointed Investment Manager or with respect to a Plan asset properly subject to Employer, or to Participant direction of investment. The Trustee must coordinate its investment policy with Plan financial needs as communicated to it by the Plan Administrator. The Trustee is authorized and empowered, but not by way of limitation, with the following powers, rights and duties:

(a) To invest consistent with and subject to applicable law any part or all of the Trust Fund in any common or preferred stocks, open-end or closed-end mutual funds (including proprietary funds), put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U.S. Treasury bills, U.S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or personal, to buy or sell options on common stock on a nationally recognized exchange with or without holding the underlying common stock, to open and to maintain margin accounts, to engage in short sales, to buy and sell commodities, commodity options and contracts for the future delivery of commodities, and to make any other investments the Trustee deems appropriate, as a prudent person would do under like circumstances with due regard for the purposes of this Plan. Any investment made or retained by the Trustee in good faith is proper but must be of a kind constituting a diversification considered by law suitable for trust investments.

(b) To retain in cash so much of the Trust Fund as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust Fund in a bank account at reasonable interest.

(c) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a state, in any type of deposit of the Trustee (or of a bank related to the Trustee within the meaning of Code Section 414(b)) at a reasonable rate of interest or in a common trust fund, as described in Code Section 584, or in a collective investment fund, the provisions of which govern the investment of such assets and which the Plan incorporates by this reference, which the Trustee (or its affiliate, as defined in Code Section 1504) maintains exclusively for the collective investment of money contributed by the bank (or the affiliate) in its capacity as trustee and which conforms to the rules of the Comptroller of the Currency.

(d) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Trustee decides.

(e) To credit and distribute the Trust Fund as directed by the Plan Administrator. The Trustee is not obliged to inquire as to whether any payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee is accountable only to the Plan Administrator for any payment or distribution made by it in good faith on the order or direction of the Plan Administrator.

(f) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge.

(g) To compromise, contest, arbitrate or abandon claims and demands, in the Trustee's discretion.

(h) To have with respect to the Trust all of the rights of an individual owner, including the power to exercise any and all voting rights associated with Trust assets, to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, to tender shares and to exercise or sell stock subscriptions or conversion rights.

(i) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interests in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders.

(j) To hold any securities or other property in the name of the Trustee or its nominee, with depositories or agent depositories or in another form as it may deem best, with or without disclosing the trust relationship.

(k) To perform any and all other acts in its judgment necessary or appropriate for the proper and

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advantageous management, investment and distribution of the Trust.

(l) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes final adjudication.

(m) To file all information and tax returns required of the Trustee.

(n) To furnish to the Employer and to the Plan Administrator an annual statement of account showing the condition of the Trust Fund and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts are conclusive on all persons, including the Employer and the Plan Administrator, except as to any act or transaction concerning which the Employer or the Plan Administrator files with the Trustee written exceptions or objections within 90 days after the receipt of the accounts or for which ERISA authorizes a longer period within which to object.

(o) To begin, maintain or defend any litigation necessary in connection with the administration of the Plan, except the Trustee is not obliged nor required to do so unless indemnified to its satisfaction.

(B) NONDISCRETIONARY TRUSTEE DESIGNATION/APPOINTMENT OF CUSTODIAN. If the Employer, in its Adoption Agreement, designates the Trustee to administer the Trust as a nondiscretionary Trustee, then the Trustee will not have any discretion or authority with regard to the investment of the Trust Fund, but must act solely as a directed trustee of the funds contributed to it. A nondiscretionary Trustee, as directed trustee of the funds held by it under the Plan, is authorized and empowered, by way of limitation, with the following powers, rights and duties, each of which the nondiscretionary Trustee exercises solely as directed trustee in accordance with the written direction of the Named Fiduciary (except to the extent a Plan asset is subject to the control and the management of a properly appointed Investment Manager or subject to Employer or Participant direction of investment):

(a) To invest any part or all of the Trust Fund in any common or preferred stocks, open-end or closed-end mutual funds (including proprietary funds), put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U.S. Treasury bills, U.S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or personal, to buy or sell options on common stock on a nationally recognized options exchange with or without holding the underlying common stock, to open and to maintain margin accounts, to engage in short sales, to buy and sell commodities, commodity options and contracts for the future delivery of commodities, and to make any other investments the Named Fiduciary deems appropriate.

(b) To retain in cash so much of the Trust Fund as the Named Fiduciary may direct in writing to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust Fund in a bank account at reasonable interest.

(c) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a State, in any type of deposit of the Trustee (or of a bank related to the Trustee within the meaning of Code Section 414(b)) at a reasonable rate of interest or in a common trust fund, as described in Code Section 584, or in a collective investment fund, the provisions of which govern the investment of such assets and which the Plan incorporates by this reference, which the Trustee (or its affiliate, as defined in Code Section 1504) maintains exclusively for the collective investment of money contributed by the bank (or the affiliate) in its capacity as trustee and which conforms to the rules of the Comptroller of the Currency.

(d) To sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Named Fiduciary directs in writing.

(e) To credit and distribute the Trust Fund as directed by the Plan Administrator. The Trustee is not obliged to inquire as to whether any

payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee is accountable only to the Plan Administrator for any payment or distribution made by it in good faith on the order or the direction of the Plan Administrator.

(f) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge in accordance with and at the written direction of the Named Fiduciary.

(g) To have with respect to the Trust all of the rights of an individual owner, including the power to exercise any and all voting rights associated with Trust assets, to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, to tender shares and to exercise or sell stock subscriptions or conversion rights, provided the exercise of any such powers is in accordance with and at the written direction of the Named Fiduciary.

(h) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interests in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders, provided the exercise of any such powers is in accordance with and at the written direction of the Named Fiduciary.

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(i) To hold any securities or other property in the name of the nondiscretionary Trustee or its nominee, with depositories or agent depositories or in another form as the Named Fiduciary may direct in writing, with or without disclosing the custodial relationship.

(j) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes final adjudication.

(k) To file all information and tax returns required of the Trustee.

(l) To furnish to the Named Fiduciary, the Employer and the Plan Administrator an annual statement of account showing the condition of the Trust Fund and all investments, receipts, disbursements and other transactions effected by the nondiscretionary Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts are conclusive on all persons, including the Named Fiduciary, the Employer and the Plan Administrator, except as to any act or transaction concerning which the Named Fiduciary, the Employer or the Plan Administrator files with the nondiscretionary Trustee written exceptions or objections within 90 days after the receipt of the accounts or for which ERISA authorizes a longer period within which to object.

(m) To begin, maintain or defend any litigation necessary in connection with the administration of the Plan, except the Trustee is not obliged nor required to do so unless indemnified to its satisfaction.

APPOINTMENT OF CUSTODIAN. The Employer may appoint a Custodian under the Plan, the acceptance by the Custodian indicated on the execution page of the Adoption Agreement. If the Employer appoints a Custodian, the Plan must have a discretionary Trustee, as described in Section 10.03(A). A Custodian has the same powers, rights and duties as a nondiscretionary Trustee, as described in this Section 10.03(B). The Custodian accepts the terms of the Plan and Trust by executing the Adoption Agreement. Any reference in the Plan to a Trustee also is a reference to a Custodian where the context of the Plan dictates. A limitation of the Trustee's liability by Plan provision also acts as a limitation of the Custodian's liability. Any action taken by the Custodian at the discretionary Trustee's direction satisfies any provision in the Plan referring to the Trustee's taking that action.

MODIFICATION OF POWERS/LIMITED RESPONSIBILITY. The Employer and the nondiscretionary Trustee (or the Custodian), in writing, may limit the powers of the Custodian or the nondiscretionary Trustee to any combination of powers listed within this Section 10.03(B). If there is a Custodian or a nondiscretionary Trustee under the Plan, then the Employer, in adopting this Plan acknowledges the Custodian or the nondiscretionary Trustee does not have any discretion with respect to the investment or the re-investment of the Trust Fund and the Custodian or the nondiscretionary Trustee is acting solely as a custodian or as a directed trustee with respect to the assets comprising the Trust Fund.

(C) LIMITATION OF POWERS OF CERTAIN CUSTODIANS. If a Custodian is a bank which, under its governing state law, does not possess trust powers, then Paragraphs (a), (c) as it relates to common trust funds or collective investment funds, (d), (f), (g) and (h) of Section 10.03(B), Section 10.17 and Article XI do not apply to that bank and that bank only has the power and the authority to exercise the remaining powers, rights and duties under Section 10.03(B).

(D) NAMED FIDUCIARY/LIMITATION OF LIABILITY OF NONDISCRETIONARY TRUSTEE OR CUSTODIAN. The Named Fiduciary under the Plan has the sole responsibility for the management and the control of the Trust Fund, except with respect to a Plan asset under the control or the direction of a properly appointed Investment Manager or with respect to a Plan asset properly subject to Participant or Employer direction of investment. If the Employer appoints a discretionary Trustee, the Named Fiduciary is the discretionary Trustee. If the Employer appoints a Custodian, the Named Fiduciary is the discretionary Trustee. Under a nondiscretionary Trustee designation, unless the Employer designates in writing another person or persons to serve as Named Fiduciary, the Named Fiduciary under the Plan is the president of a corporate Employer, the managing partner of a partnership Employer, the managing member of a limited liability company Employer or the sole proprietor, as appropriate. The Named Fiduciary will exercise its management and control of the Trust Fund through its written direction to the nondiscretionary Trustee or to the Custodian, whichever applies to the Plan.

The nondiscretionary Trustee or the Custodian does not have any duty to review or to make recommendations regarding investments made at the written direction of the Named Fiduciary. The nondiscretionary Trustee or the Custodian must retain any investment obtained at the written direction of the Named

Fiduciary until further directed in writing by the Named Fiduciary to dispose of such investment. The nondiscretionary Trustee or the Custodian is not liable in any manner or for any reason for making, retaining or disposing of any investment pursuant to any written direction of the Named Fiduciary. The Employer will indemnify, defend and hold the nondiscretionary Trustee or the Custodian harmless from any damages, costs or expenses, including reasonable attorneys' fees, which the nondiscretionary Trustee or the Custodian may incur as a result of any claim asserted against the nondiscretionary Trustee, the Custodian or the Trust arising out of the nondiscretionary Trustee's or Custodian's full and timely compliance with any written direction of the Named Fiduciary.

(E) PARTICIPANT LOANS. This Section 10.03(E) specifically authorizes the Trustee to make loans on a nondiscriminatory basis to a Participant or to a Beneficiary in accordance with the loan policy established by the Plan Administrator, provided: (1) the loan policy satisfies the requirements of Section 9.04; (2) loans are available to all Participants and Beneficiaries on a reasonably equivalent basis and are not available in a greater amount for Highly Compensated Employees than for Nonhighly Compensated Employees; (3) any loan is adequately secured and bears a reasonable rate of interest; (4) the loan provides for

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repayment within a specified time (however, the loan policy may suspend loan payments pursuant to Code Section 414(u)(4)) or otherwise in accordance with applicable Treasury Regulations); (5) the default provisions of the note permit offset of the Participant's Vested Account Balance only at the time when the Participant has a distributable event under the Plan, but without regard to whether the Participant consents to distribution as otherwise may be required under Section 6.01(A)(5); (6) the amount of the loan does not exceed (at the time the Plan extends the loan) the present value of the Participant's Vested Account Balance; and (7) the loan otherwise conforms to the exemption provided by Code Section 4975(d)(1). The loan policy may provide a Participant's loan default is a distributable event with respect to the defaulted amount, irrespective of whether the Participant otherwise has incurred a distributable event at the time of default, except as to amounts which the Participant used to secure his/her loan which remain subject to distribution restrictions under Section 14.11 or are money purchase pension plan or target benefit plan balances which may not be distributed in-service at the time of default. If the joint and survivor requirements of Article VI apply to the Participant, the Participant may not pledge any portion of his/her Account Balance as security for a loan unless, within the 90 day period ending on the date the pledge becomes effective, the Participant's spouse, if any, consents (in a manner described in Section 6.05 other than the requirement relating to the consent of a subsequent spouse) to the security or, by separate consent, to an increase in the amount of security.

A Participant who is an Owner-Employee (including other persons described in Code Section 4975(f)(6)), or who is a Shareholder-Employee may not receive a loan from the Plan, unless he/she has obtained a prohibited transaction exemption from the DOL.

(F) INVESTMENT IN QUALIFYING EMPLOYER SECURITIES AND QUALIFYING EMPLOYER REAL PROPERTY. The Trustee (or as applicable, Investment Manager, Employer or Participant) may invest in qualifying Employer securities or in qualifying Employer real property, as defined in and as limited by ERISA. If the Employer's Plan is a profit sharing plan, the aggregate investments in qualifying Employer securities and in qualifying Employer real property may exceed 10% of the value of Plan assets, unless the Employer elects in its Adoption Agreement to restrict such investments to 10% (or to some other percentage which is less than 100%). Notwithstanding the foregoing, except where permitted under ERISA Section 407(b)(2), if the Plan includes a 401(k) arrangement, a participant's Deferral Contributions Account accumulated in Plan Years beginning after December 31, 1998, including earnings thereon, may not be invested more than 10% in qualifying employer securities and qualifying employer real property, unless such investments are directed by the Participant or the Participants Beneficiary.

(G) MODIFICATIONS TO OR SUBSTITUTION OF TRUST. The Employer in its Standardized Adoption Agreement may not amend any provision of Article X (or any other provision of the Plan related to the Trust) except to specify the Trust year, the names of the Plan, the Employer, the Trustee, the Custodian, the Plan Administrator, other fiduciaries or the name of any pooled trust in which the Trust will participate. The Employer in its Nonstandardized Adoption Agreement, in addition to the foregoing amendments, may amend or override the administrative provisions of Article X (or any other provision of the Plan related to the Trust), including provisions relating to Trust investment and Trustee duties. Any such amendment: (1) must not conflict with any other provisions of the Plan (except as expressly are intended to override an existing Trust provision); (2) must not cause the Plan to violate Code Section 401(a); and (3) must be made in accordance with Rev. Proc. 2000-20 or any successor thereto. The Employer using either a Standardized or Nonstandardized Adoption Agreement to establish its Plan, subject to the conditions (1),(2) and (3) described above, may elect to substitute in place of Article X and the remaining trust provisions of the basic plan document, any other trust or custodial account agreement. All Section 10.03(G) Trust modifications or substitutions are subject to Section 13.02 and require the written consent or signature of the Trustee.

(H) COFIDUCIARY LIABILITY. Each fiduciary under the Plan is responsible solely for his/her or its own acts or omissions. A fiduciary does not have any liability for another fiduciary's breach of fiduciary responsibility with respect to the Plan and the Trust unless the fiduciary: (1) participates knowingly in or undertakes to conceal the breach; (2) has actual knowledge of the breach and fails to take reasonable remedial action to remedy the breach; or (3) through negligence in performing his/her or its own specific fiduciary responsibilities that give rise to fiduciary status, the fiduciary has enabled the other fiduciary to commit a breach of the latter's fiduciary responsibility.

10.04 RECORDS AND STATEMENTS. The records of the Trustee pertaining to the Plan must be open to the inspection of the Plan Administrator and the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer or Plan Administrator may specify in writing. The Trustee must furnish the Plan Administrator with whatever information relating to the Trust Fund the Plan Administrator considers necessary to perform its

duties as Plan Administrator.

10.05 FEES AND EXPENSES FROM FUND. A Trustee or a Custodian will receive reasonable compensation as may be agreed upon from time to time between the Employer and the Trustee or the Custodian. No person who is receiving full pay from the Employer may receive compensation (except for reimbursement of Plan expenses) for services as Trustee or as Custodian. The Trustee will pay from the Trust Fund all fees and reasonable expenses incurred by the Plan, to the extent such fees and expenses are for the ordinary and necessary administration and operation of the Plan and are not "settlor expenses" as determined by the DOL unless the Employer pays such fees and expenses. Any fee or expense paid, directly or indirectly, by the Employer is not an Employer contribution to the Plan, provided the fee or the expense relates to the ordinary and necessary administration of the Trust Fund.

10.06 PARTIES TO LITIGATION. Except as otherwise provided by ERISA, a Participant or a Beneficiary is not a necessary party or required to receive notice of process in any court proceeding involving the Plan, the Trust Fund or any fiduciary of the Plan. Any final judgment entered in any such proceeding will be binding upon the Employer, the Plan Administrator, the Trustee,

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Custodian, Participants and Beneficiaries and upon their successors and assigns.

10.07 PROFESSIONAL AGENTS. The Trustee may employ and pay from the Trust Fund reasonable compensation to agents, attorneys, accountants and other persons to advise the Trustee as in its opinion may be necessary. The Trustee reasonably may delegate to any agent, attorney, accountant or other person selected by it any non-Trustee power or duty vested in it by the Plan, and the Trustee may reasonably act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.

10.08 DISTRIBUTION OF CASH OR PROPERTY. The Trustee will make Plan distributions in the form of cash except where: (1) the required form of distribution is a QJSA or QPSA which has not been waived; (2) the Plan is a restated Plan and under the prior Plan, distribution in the form of property ("in-kind distribution") is a Protected Benefit (3) the Plan Administrator adopts a written policy which provides for in-kind distribution; or (4) the Employer is terminating the Plan, and in the reasonable judgement of the Trustee, some or all Plan assets may not within a reasonable time for making final distribution of Plan assets, be liquidated to cash or may not be so liquidated without undue loss in value. The Plan Administrator's policy under clause (3) may restrict in-kind distributions to certain types of Trust investments or specify any other reasonable and nondiscriminatory condition or restriction applicable to in-kind distributions. Under clause (4), the Trustee will make Plan termination distributions to Participants and Beneficiaries in cash, in-kind or in a combination of these forms, in a reasonable and nondiscriminatory manner which may take into account the preferences of the distributees. All in-kind distributions will be made based on the current fair market value of the property, as determined by the Trustee.

10.09 PARTICIPANT OR BENEFICIARY INCAPACITATED. If, in the opinion of the Plan Administrator or of the Trustee, a Participant or Beneficiary entitled to a Plan distribution is not able to care for his/her affairs because of a mental condition, a physical condition, or by reason of age, at the direction of the Plan Administrator the Trustee may make the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his/her attorney-in-fact or to other legal representative upon furnishing evidence of such status satisfactory to the Plan Administrator and to the Trustee. The Plan Administrator and the Trustee do not have any liability with respect to payments so made and neither the Plan Administrator nor the Trustee has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

10.10 DISTRIBUTION DIRECTIONS. The Trustee must promptly notify the Plan Administrator of any unclaimed Plan distribution and then dispose of the distribution in accordance with the Plan Administrator's subsequent direction.

10.11 THIRD PARTY RELIANCE. A person dealing with the Trustee is not obligated to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to any of the terms of the Plan. Each person dealing with the Trustee may act upon any notice, request or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and is not liable to any person in so acting. The certificate of the Trustee that it is acting in accordance with the Plan is conclusive in favor of any person relying on the certificate.

10.12 MULTIPLE TRUSTEES. If more than two persons act as Trustee, a decision of the majority of such persons controls with respect to any decision regarding the administration or the investment of the Trust Fund or of any portion of the Trust Fund with respect to which such persons act as Trustee. If there is more than one Trustee, the Trustees jointly will manage and control the assets of the Trust Fund. However, the Trustees may allocate among themselves specific responsibilities or obligations or may authorize one or more of them, either individually or in concert, to exercise any or all of the powers granted to the Trustee under Article X. In addition, the signature of only one Trustee is necessary to effect any transaction on behalf of the Trust.

10.13 RESIGNATION AND REMOVAL. The Trustee or the Custodian may resign its position by giving written notice to the Employer and to the Plan Administrator. The Trustee's notice must specify the effective date of the Trustee's resignation, which date must be at least 30 days following the date of the Trustee's notice, unless the Employer consents in writing to shorter notice.

The Employer may remove a Trustee or a Custodian by giving written notice to the effected party. The Employer's notice must specify the effective date of removal which date must be at least 30 days following the date of the Employer's notice, except where the Employer reasonably determines a shorter notice period or immediate removal is necessary to protect Plan assets.

In the event of the resignation or the removal of a Trustee, where no other Trustee continues to service, the Employer must appoint a successor Trustee if it intends to continue the Plan. If two or more persons hold the position of Trustee, in the event of the removal of one such person, during any period the

selection of a replacement is pending, or during any period such person is unable to serve for any reason, the remaining person or persons will act as the Trustee. If the Employer fails to appoint a successor Trustee as of the effective date of the Trustee resignation or removal and no other Trustee remains, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed the Employer's acceptance of appointment as successor Trustee with the former Trustee. If state law prohibits the Employer from serving as successor Trustee, the appointed successor Trustee is the president of a corporate Employer, the managing partner of a partnership Employer, the managing member of a limited liability company Employer or the sole proprietor, as appropriate. If the Employer removes and does not replace a Custodian, the discretionary Trustee will assume possession of Plan assets held by the former Custodian.

10.14 SUCCESSOR TRUSTEE ACCEPTANCE. Each successor Trustee succeeds its predecessor Trustee by accepting in writing its appointment as successor Trustee and by filing the acceptance with the former Trustee and

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the Plan Administrator without the signing or filing of any further statement. The resigning or removed Trustee, upon receipt of acceptance in writing of the Trust by the successor Trustee, must execute all documents and do all acts necessary to vest the title of record in any successor Trustee. Each successor Trustee has and enjoys all of the powers, both discretionary and ministerial, conferred under the Plan upon its predecessor. A successor Trustee is not personally liable for any act or failure to act of any predecessor Trustee, except as required under ERISA. With the approval of the Employer and the Plan Administrator, a successor Trustee, with respect to the Plan, may accept the account rendered and the property delivered to it by a predecessor Trustee without liability.

10.15 VALUATION OF TRUST. The Trustee must value the Trust Fund as of each Accounting Date to determine the fair market value of each Participant's Account Balance in the Trust. The Trustee also must value the Trust Fund on such other valuation dates as directed in writing by the Plan Administrator or as the Adoption Agreement may require.

10.16 LIMITATION ON LIABILITY - IF INVESTMENT MANAGER, ANCILLARY TRUSTEE OR INDEPENDENT FIDUCIARY APPOINTED. The Trustee is not liable for the acts or omissions of any Investment Manager the Plan Administrator may appoint, nor is the Trustee under any obligation to invest or otherwise to manage any asset of the Trust Fund which is subject to the management of a properly appointed Investment Manager. The Plan Administrator, the Trustee and any properly appointed Investment Manager may execute a written agreement as a part of this Plan delineating the duties, responsibilities and liabilities of the Investment Manager with respect to any part of the Trust Fund under the control of the Investment Manager.

The limitation on liability described in this Section 10.16 also applies to the acts or omissions of any ancillary trustee or independent fiduciary properly appointed under Section 10.18. However, if a discretionary Trustee, pursuant to the delegation described in Section 10.18, appoints an ancillary trustee, the discretionary Trustee is responsible for the periodic review of the ancillary trustee's actions and must exercise its delegated authority in accordance with the terms of the Plan and in a manner consistent with ERISA. The Employer, the discretionary Trustee and an ancillary trustee may execute a written agreement as a part of this Plan delineating any indemnification agreement among the parties.

10.17 INVESTMENT IN GROUP TRUST FUND. The Employer, by adopting this Plan, specifically authorizes the Trustee to invest all or any portion of the assets comprising the Trust Fund in any group trust fund which at the time of the investment provides for the pooling of the assets of plans qualified under Code Section 401(a). This authorization applies solely to a group trust fund exempt from taxation under Code Section 501(a) and the trust agreement of which satisfies the requirements of Revenue Ruling 81-100, or any successor thereto. The provisions of the group trust fund agreement, as amended from time to time, are by this reference incorporated within this Plan and Trust. The provisions of the group trust fund will govern any investment of Plan assets in that fund. The Employer must specify in an Addendum to its Adoption Agreement the group trust fund(s) to which this authorization applies. If the Trustee is acting as a nondiscretionary Trustee, the investment in the group trust fund is available only in accordance with a proper direction, by the Named Fiduciary, in accordance with Section 10.03(B). Pursuant to Paragraph (c) of Section 10.03(A), a Trustee has the authority to invest in certain common trust funds and collective investment funds without the need for the authorizing Addendum described in this Section 10.17.

Furthermore, at the Employer's direction, the Trustee, for collective investment purposes, may combine into one trust fund the Trust created under this Plan with the trust created under any other qualified retirement plan the Employer maintains. However, the Trustee must maintain separate records of account for the assets of each Trust in order to reflect properly each Participant's Account Balance under the qualified plans in which he/she is a participant.

10.18 APPOINTMENT OF ANCILLARY TRUSTEE OR INDEPENDENT FIDUCIARY. The Employer, in writing, may appoint any qualified person in any state to act as ancillary trustee with respect to a designated portion of the Trust Fund, subject to any consent required under Section 1.33. An ancillary trustee must acknowledge in writing its acceptance of the terms and conditions of its appointment as ancillary trustee and its fiduciary status under ERISA. The ancillary trustee has the rights, powers, duties and discretion as the Employer may delegate, subject to any limitations or directions specified in the agreement appointing the ancillary trustee and to the terms of the Plan or of ERISA. The investment powers delegated to the ancillary trustee may include any investment powers available under Section 10.03. The delegated investment powers

may include the right to invest any portion of the assets of the Trust Fund in a common trust fund, as described in Code Section 584, or in any collective investment fund, the provisions of which govern the investment of such assets and which the Plan incorporates by this reference, but only if the ancillary trustee is a bank or similar financial institution supervised by the United States or by a state and the ancillary trustee (or its affiliate, as defined in Code Section 1504) maintains the common trust fund or collective investment fund exclusively for the collective investment of money contributed by the ancillary trustee (or its affiliate) in a trustee capacity and which conforms to the rules of the Comptroller of the Currency. The Employer also may appoint as an ancillary trustee, the trustee of any group trust fund designated for investment pursuant to the provisions of Section 10.17.

The ancillary trustee may resign its position and the Employer may remove an ancillary trustee as provided in Section 10.13 regarding resignation and removal of the Trustee or Custodian. In the event of such resignation or removal, the Employer may appoint another ancillary trustee or may return the assets to the control and management of the Trustee. The Employer may delegate its responsibilities under this Section 10.18 to a discretionary Trustee under the Plan, but not to a nondiscretionary Trustee or to a Custodian, subject to the acceptance by the discretionary Trustee of that delegation.

If the DOL requires engagement of an independent fiduciary to have control or management of all or a portion of the Trust Fund, the Employer will appoint such independent fiduciary, as directed by the DOL. The

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independent fiduciary will have the duties, responsibilities and powers prescribed by the DOL and will exercise those duties, responsibilities and powers in accordance with the terms, restrictions and conditions established by the DOL and, to the extent not inconsistent with ERISA, the terms of the Plan. The independent fiduciary must accept its appointment in writing and must acknowledge its status as a fiduciary of the Plan.

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ARTICLE XI
PROVISIONS RELATING TO INSURANCE AND INSURANCE COMPANY

11.01 INSURANCE BENEFIT. The Employer may elect to provide incidental life insurance benefits for insurable Participants who consent to life insurance benefits by executing the appropriate insurance company application form. The Trustee will not purchase any incidental life insurance benefit for any Participant prior to a contribution allocation to the Participant's Account. At an insured Participants written direction, the Trustee will use all or any portion of the Participant's Employee contributions, if any, to pay insurance premiums covering the Participant's life. This Section 11.01 also authorizes (except if the Plan is a money purchase pension plan) the purchase of life insurance, for the benefit of the Participant, on the life of a family member of the Participant or on any person in whom the Participant has an insurable interest. However, if the policy is on the joint lives of the Participant and another person, the Trustee may not maintain that policy if the other person predeceases the Participant.

The Employer will direct the Trustee as to the insurance company and insurance agent through which the Trustee is to purchase the insurance contracts, the amount of the coverage and the applicable dividend plan. Each application for a policy, and the policies themselves, must designate the Trustee as sole owner, with the right reserved to the Trustee to exercise any right or option contained in the policies, subject to the terms and provisions of this Plan. The Trustee must be the named beneficiary for the Account of the insured Participant. Proceeds of insurance contracts paid to the Participant's Account under this Article XI are subject to the distribution requirements of Article VI. The Trustee will not retain any such proceeds for the benefit of the Trust.

The Trustee will charge the premiums on any incidental benefit insurance contract covering the life of a Participant against the Account of that Participant and will treat the insurance contract as a directed investment of the Participant's Account, even if the Plan otherwise does not permit a Participant to direct the investment of his/her own Account. The Trustee will hold all incidental benefit insurance contracts issued under the Plan as assets of the Trust created and maintained under the Plan.

(A) INCIDENTAL INSURANCE BENEFITS. The aggregate of life insurance premiums paid for the benefit of a Participant, at all times, may not exceed the following percentages of the aggregate of the Employer's contributions (including Deferral Contributions and forfeitures) allocated to any Participant's Account: (i) 49% in the case of the purchase of ordinary life insurance contracts; or (ii) 25% in the case of the purchase of term life insurance or universal life insurance contracts. If the Trustee purchases a combination of ordinary life insurance contract(s) and term life insurance or universal life insurance contract(s), then the sum of one-half of the premiums paid for the ordinary life insurance contract(s) and the premiums paid for the term life insurance or universal life insurance contract(s) may not exceed 25% of the Employer contributions allocated to any Participant's Account.

(B) EXCEPTION FOR CERTAIN PROFIT SHARING PLANS. If the Plan is a profit sharing plan, the incidental insurance benefits requirement does not apply to the Plan if the Plan purchases life insurance benefits only from Employer contributions accumulated in the Participant's Account for at least two years (measured from the allocation date).

(C) EXCEPTION FOR OTHER AMOUNTS. The incidental insurance benefits requirement does not apply to life insurance purchased with Employee contributions, rollover contributions, or earnings on Employer contributions.

11.02 LIMITATION ON LIFE INSURANCE PROTECTION. The Trustee will not continue any life insurance protection for any Participant beyond his/her annuity starting date as defined in Section 6.01(A)(4). If the Trustee holds any incidental benefit insurance contract(s) for the benefit of a Participant when he/she terminates his/her employment (other than by reason of death), the Trustee must proceed as follows:

(a) If the entire cash value of the contract(s) is Vested in the terminating Participant, or if the contract(s) will not have any cash value at the end of the policy year in which Separation from Service occurs, the Trustee will transfer the contract(s) to the Participant endorsed so as to vest in the transferee all right, title and interest to the contract(s), free and clear of the Trust; subject however, to restrictions as to surrender or payment of benefits as the issuing insurance company may permit and as the Plan Administrator directs;

(b) If only part of the cash value of the contract(s) is Vested in the terminating Participant, the Trustee, to the extent the Participant's interest in the cash value of the contract(s) is not Vested, may adjust the Participant's interest in the value of his/her Account attributable to Trust assets other than

incidental benefit insurance contracts and proceed as in (a), or the Trustee must effect a loan from the issuing insurance company on the sole security of the contract(s) for an amount equal to the difference between the cash value of the contract(s) at the end of the policy year in which termination of employment occurs and the amount of the cash value that is Vested in the terminating Participant, and the Trustee must transfer the contract(s) endorsed so as to vest in the transferee all right, title and interest to the contract(s), free and clear of the Trust; subject however, to the restrictions as to surrender or payment of benefits as the issuing insurance company may permit and the Plan Administrator directs;

(c) If no part of the cash value of the contract(s) is Vested in the terminating Participant, the Trustee must surrender the contract(s) for cash proceeds as may be available.

In accordance with the written direction of the Plan Administrator, the Trustee will make any transfer of contract(s) under this Section 11.02 on the Participant's annuity starting date (or as soon as administratively practicable after that date). The Trustee may not transfer any contract under this Section 11.02 which contains a method of payment not specifically authorized by Article VI or which fails to comply with the joint and survivor annuity requirements, if applicable, of Article VI. In this regard, the Trustee either must convert such a contract to cash and distribute the cash instead of the contract, or

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before making the transfer, must require the issuing company to delete the unauthorized method of payment option from the contract.

11.03 DEFINITIONS. For purposes of this Article XI:

(a) "Policy" means an ordinary life, term life or universal life insurance contract issued by an insurer on the life of a Participant.

(b) "Issuing insurance company" is any life insurance company which has issued a policy upon application by the Trustee under the terms of this Plan.

(c) "Contract" or "Contracts" means a policy of insurance. In the event of any conflict between the provisions of this Plan and the terms of any contract or policy of insurance issued in accordance with this Article XI, the provisions of the Plan control.

(d) "Insurable Participant" means a Participant to whom an insurance company, upon an application being submitted in accordance with the Plan, will issue insurance coverage, either as a standard risk or as a risk in an extra mortality classification.

11.04 DIVIDEND PLAN. The dividend plan is premium reduction unless the Plan Administrator directs the Trustee to the contrary. The Trustee must use all dividends for a contract to purchase insurance benefits or additional insurance benefits for the Participant on whose life the insurance company has issued the contract. Furthermore, the Trustee must arrange, where possible, for all policies issued on the lives of Participants under the Plan to have the same premium due date and all ordinary life insurance contracts to contain guaranteed cash values with as uniform basic options as are possible to obtain. The term "dividends" includes policy dividends, refunds of premiums and other credits.

11.05 INSURANCE COMPANY NOT A PARTY TO AGREEMENT. No insurance company, solely in its capacity as an issuing insurance company, is a party to this Plan nor is the company responsible for its validity.

11.06 NO RESPONSIBILITY FOR OTHERS. Except as required by ERISA, an issuing insurance company has no responsibility or obligation under the Plan to Participants or Beneficiaries for any act (unless the insurance company also serves in such capacities) required of the Employer, the Plan Administrator, the Trustee, the Custodian or any other service provider to the Plan. No insurance company, solely in its capacity as an issuing insurance company, need examine the terms of this Plan. For the purpose of making application to an insurance company and in the exercise of any right or option contained in any policy, the insurance company may rely upon the signature of the Trustee and is held harmless and completely discharged in acting at the direction and authorization of the Trustee. An insurance company is discharged from all liability for any amount paid to the Trustee or paid in accordance with the direction of the Trustee, and is not obliged to see to the distribution or further application of any moneys the insurance company so pays.

11.07 DUTIES OF INSURANCE COMPANY. Each insurance company must keep such records, make such identification of contracts, funds and accounts within funds, and supply such information as may be necessary for the proper administration of the Plan under which it is carrying insurance benefits.

Note: The provisions of this Article XI are not applicable, and the Plan may not invest in insurance contracts, if a Custodian signatory to the Adoption Agreement is a bank which does not have trust powers from its governing state banking authority.

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ARTICLE XII
TOP-HEAVY PROVISIONS

12.01 DETERMINATION OF TOP-HEAVY STATUS. If this Plan is the only qualified plan maintained by the Employer, the Plan is top-heavy for a Plan Year if the top-heavy ratio as of the Determination Date exceeds 60%. The top-heavy ratio is a fraction, the numerator of which is the sum of the Account Balances of all Key Employees as of the Determination Date and the denominator of which is a similar sum determined for all Employees.

The Plan Administrator must include in the top-heavy ratio, as part of the Account Balances, any contribution not made as of the Determination Date but includible under Code Section 416 and the applicable Treasury regulations, and distributions made within the Determination Period. The Plan Administrator must calculate the top-heavy ratio by disregarding the Account Balance (and distributions, if any, of the Account Balance) of any Non-Key Employee who was formerly a Key Employee, and by disregarding the Account Balance (including distributions, if any, of the Account Balance) of an individual who has not received credit for at least one Hour of Service with the Employer during the Determination Period. The Plan Administrator must calculate the top-heavy ratio, including the extent to which it must take into account distributions, rollovers and transfers, in accordance with Code Section 416 and the regulations under that Code section.

If the Employer maintains other qualified plans (including a simplified employee pension plan), or maintained another such plan now terminated, this Plan is top-heavy only if it is part of the Required Aggregation Group, and the top-heavy ratio for the Required Aggregation Group and for the Permissive Aggregation Group, if any, each exceeds 60%. The Plan Administrator will calculate the top-heavy ratio in the same manner as required by the first two paragraphs of this Section 12.01, taking into account all plans within the Aggregation Group. To the extent the Plan Administrator must take into account distributions to a Participant, the Plan Administrator must include distributions from a terminated plan which would have been part of the Required Aggregation Group if it were in existence on the Determination Date. The Plan Administrator will calculate the present value of accrued benefits under defined benefit plans or the account balances under simplified employee pension plans included within the group in accordance with the terms of those plans, Code Section 416 and the regulations under that Code section.

If a Participant in a defined benefit plan is a Non-Key Employee, the Plan Administrator will determine his/her accrued benefit under the accrual method, if any, which is applicable uniformly to all defined benefit plans maintained by the Employer or, if there is no uniform method, in accordance with the slowest accrual rate permitted under the fractional rule accrual method described in Code Section 411(b)(1)(C). If the Employer maintains a defined benefit plan, the Plan Administrator will use the actuarial assumptions (interest and mortality only) stated in that plan to calculate the present value of benefits from that defined benefit plan. If an aggregated plan does not have a valuation date coinciding with the Determination Date, the Plan Administrator must value the Account Balance in the aggregated plan as of the most recent valuation date falling within the twelve-month period ending on the Determination Date, except as Code Section 416 and applicable Treasury regulations require for the first and for the second plan year of a defined benefit plan. The Plan Administrator will calculate the top-heavy ratio with reference to the Determination Dates that fall within the same calendar year. The top-heavy provisions of the Plan apply only for Plan Years in which Code Section 416 requires application of the top-heavy rules.

12.02 DEFINITIONS. For purposes of applying the top-heavy provisions of the Plan:

(a) "Compensation" means Compensation as determined under Section 3.18(b) for Code Section 415 purposes and includes Compensation for the entire Plan Year.

(b) "Determination Date" means for any Plan Year, the Accounting Date of the preceding Plan Year or, in the case of the first Plan Year of the Plan, the Accounting Date of that Plan Year.

(c) "Determination Period" means the 5-year period ending on the Determination Date.

(d) "Employer" means the Employer that adopts this Plan and any Related Employer.

(e) "Key Employee" means, as of any Determination Date, any Employee or former Employee (or Beneficiary of such Employee) who, at any time during the Determination Period: (i) has Compensation in excess of 50% of the dollar amount prescribed in Code Section 415(b)(1)(A) (relating to defined benefit plans) and is an officer of the Employer; (ii) has Compensation in excess of the dollar

amount prescribed in Code Section 415(c)(1)(A) (relating to defined contribution plans), owns a more than 1/2% interest in the Employer and is one of the Employees owning the ten largest interests in the Employer; (iii) is a more than 5% owner of the Employer; or (iv) is a more than 1% owner of the Employer and has Compensation of more than \$150,000. The constructive ownership rules of Code Section 318 (or the principles of that Code section, in the case of an unincorporated Employer,) will apply to determine ownership in the Employer. The number of officers taken into account under clause (i) will not exceed the greater of 3 or 10% of the total number (after application of the Code Section 414(q) exclusions) of Employees, but no more than 50 officers. The Plan Administrator will make the determination of who is a Key Employee in accordance with Code Section 416(i)(1) and the regulations under that Code section.

(f) "Non-Key Employee" means an Employee who does not meet the definition of Key Employee.

(g) "Participant" means any Employee otherwise eligible to participate in the Plan but who is not entitled to receive any allocation under the Plan (or would have received a lesser allocation) for the Plan Year because of his/her Compensation level or because of his/her failure: (i) to make elective deferrals under a 401(k) arrangement; (ii) to make Employee contributions; or (iii) to complete 1,000 Hours of Service or any other service requirement the

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DEFINED CONTRIBUTION PROTOTYPE PLAN

Employer specifies in its Adoption Agreement as a condition to receive an allocation except for employment on the last day of the Plan Year.

(h) "Permissive Aggregation Group" means the Required Aggregation Group plus any other qualified plans maintained by the Employer, but only if such group would satisfy in the aggregate the nondiscrimination requirements of Code Section 401(a)(4) and the coverage requirements of Code Section 410. The Plan Administrator will determine the Permissive Aggregation Group.

(i) "Required Aggregation Group" means: (i) each qualified plan of the Employer in which at least one Key Employee participates or participated at any time during the Determination Period (including terminated plans); and (ii) any other qualified plan of the Employer which enables a plan described in clause (i) to meet the requirements of Code Section 401(a)(4) or of Code Section 410.

12.03 TOP-HEAVY MINIMUM ALLOCATION. The top-heavy minimum allocation requirement applies to the Plan only in a Plan Year for which the Plan is top-heavy. If the Plan is top-heavy in any Plan Year:

(a) Each Non-Key Employee who is a Participant (as described in Section 12.02(g)) and employed by the Employer on the last day of the Plan Year will receive a top-heavy minimum allocation for that Plan Year.

(b) The top-heavy minimum allocation is equal to the lesser of 3% of the Non-Key Employee's Compensation for the Plan Year or the highest contribution rate for the Plan Year made on behalf of any Key Employee. However, if a defined benefit plan maintained by the Employer which benefits a Key Employee depends on this Plan to satisfy the nondiscrimination rules of Code Section 401(a)(4) or the coverage rules of Code Section 410 (or another plan benefiting the Key Employee so depends on such defined benefit plan), the top-heavy minimum allocation is 3% of the Non-Key Employee's Compensation regardless of the contribution rate for the Key Employees.

(c) If, for a Plan Year, there are no allocations of Employer contributions or of forfeitures for any Key Employee, the Plan does not require any top-heavy minimum allocation for the Plan Year, unless a top-heavy minimum allocation applies because of the maintenance by the Employer of more than one plan.

12.04 DETERMINING TOP-HEAVY CONTRIBUTION RATES. In determining under Section 12.03(b) the highest contribution rate for any Key Employee, the Plan Administrator takes into account all Employer contributions (including deferral contributions and including matching contributions but not including Employer contributions to Social Security) and forfeitures allocated to the Participant's Account for the Plan Year, divided by his/her Compensation for the entire Plan Year. For purposes of satisfying the Employer's top-heavy minimum allocation requirement, the Plan Administrator disregards the elective deferrals and matching contributions allocated to a Non-Key Employee's Account in determining the Non-Key Employee's contribution rate. However, the Plan Administrator operationally may include in the contribution rate of a Non-Key Employee any matching contributions not necessary to satisfy the nondiscrimination requirements of Code Section 401(k) or of Code Section 401(m).

To determine a Participant's contribution rate, the Plan Administrator must treat all qualified top-heavy defined contribution plans maintained by the Employer (or by any Related Employer) as a single plan.

12.05 PLAN WHICH WILL SATISFY TOP-HEAVY. The Plan will satisfy the top-heavy minimum allocation requirement in accordance with the following requirements:

(a) If the Employer makes the top-heavy minimum allocation to this Plan, the Employer will make any necessary additional contribution to this Plan. The Plan Administrator first will allocate the Employer contributions (and Participant forfeitures, if any) for the Plan Year in accordance with the provisions of Adoption Agreement Section 3.04. The Employer then will contribute an additional amount for the Account of any Participant entitled under Section 12.03 to a top-heavy minimum allocation and whose contribution rate for the Plan Year, under this Plan and any other plan aggregated under Section 12.02, is less than the top-heavy minimum allocation. The additional amount is the amount necessary to increase the Participant's contribution rate to the top-heavy minimum allocation. The Plan Administrator will allocate the additional contribution to the Account of the Participant on whose behalf the Employer makes the contribution.

(b) If the Employer makes the top-heavy minimum allocation under another plan, this Plan does not provide the top-heavy minimum allocation and the Plan Administrator will allocate the annual Employer contributions (and Participant forfeitures) under the Plan solely in accordance with the allocation method selected under Adoption Agreement Section 3.04.

12.06 TOP-HEAVY VESTING. If the Plan is top-heavy and the Employer in

its Adoption Agreement does not elect immediate vesting, the Employer must elect a top-heavy (or modified top-heavy) vesting schedule. The specified top-heavy vesting schedule applies to the Plan's first top-heavy Plan Year and to all subsequent Plan Years, except as the Employer otherwise elects in its Adoption Agreement. If the Employer elects in its Adoption Agreement to apply the specified top-heavy vesting schedule only in Plan Years in which the Plan is top-heavy, any change in the Plan's vesting schedule resulting from this election is subject to Section 5.11.

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ARTICLE XIII
EXCLUSIVE BENEFIT, AMENDMENT, TERMINATION

13.01 EXCLUSIVE BENEFIT. Except as provided under Article III, the Employer does not have any beneficial interest in any asset of the Trust Fund and no part of any asset in the Trust Fund may ever revert to or be repaid to the Employer, either directly or indirectly; nor, prior to the satisfaction of all liabilities with respect to the Participants and their Beneficiaries under the Plan, may any part of the corpus or income of the Trust Fund, or any asset of the Trust Fund, be (at any time) used for, or diverted to, purposes other than the exclusive benefit of the Participants or their Beneficiaries and for defraying reasonable expenses of administering the Plan.

However, if the Commissioner of Internal Revenue, upon the Employer's application for initial approval of this Plan, determines the Trust created under the Plan is not a qualified trust exempt from Federal income tax, then (and only then) the Trustee, upon written notice from the Employer, will return the Employees contributions (and the earnings thereon) to the Employer. The immediately preceding sentence applies only if the Employer makes the application for the determination by the time prescribed by law for filing the Employer's tax return for the taxable year in which the Employer adopted the Plan, or by such later date as the Internal Revenue Service may prescribe. The Trustee must make the return of the Employer contribution under this Section 13.01 within one year of a final disposition of the Employer's request for initial approval of the Plan. The Employer's Plan and Trust will terminate upon the Trustee's return of the Employer's contributions.

13.02 AMENDMENT BY EMPLOYER. The Employer, consistent with this Section 13.02 and other applicable Plan provisions, has the right, at any time:

- (a) To amend the elective provisions of the Adoption Agreement in any manner it deems necessary or advisable;
- (b) To add overriding language in the Adoption Agreement to satisfy Code Section 415 or 416 because of the required aggregation of multiple plans; and
- (c) To add model amendments published by the Revenue Service (the adoption of which the Revenue Service provides will not cause the Plan to be individually designed).

(A) AMENDMENT FORMALITIES. The Employer must make all Plan amendments in writing by means of substituted Adoption Agreement pages or by restatement of the Adoption Agreement. The Employer (and Trustee if the Trustee's written consent to the amendment is required under Section 10.03(G)), must execute a new Adoption Agreement Execution Page each time the Employer amends the Plan. Each amendment must specify the date as of which the amendment is either retroactively or prospectively effective. See Section 7.12 for the effect of certain amendments adopted by the Employer which will result in the Employer's Plan losing Prototype Plan status.

(B) IMPERMISSIBLE AMENDMENT/PROTECTED BENEFITS. An amendment may not authorize or permit any of the Trust Fund (other than the part required to pay taxes and reasonable administration expenses) to be used for or diverted to purposes other than for the exclusive benefit of the Participants or their Beneficiaries or estates. An amendment may not cause or permit any portion of the Trust Fund to revert to or become a property of the Employer. Furthermore, the Employer may not make any amendment which affects the rights, duties or responsibilities of the Trustee or of the Plan Administrator without the written consent of the affected Trustee or the Plan Administrator.

An amendment (including the adoption of this Plan as a restatement of an existing plan) may not decrease a Participant's Account Balance, except to the extent permitted under Code Section 412(c)(8), and except as provided in Treasury regulations, may not reduce or eliminate Protected Benefits determined immediately prior to the adoption date (or, if later, the effective date) of the amendment. An amendment reduces or eliminates Protected Benefits if the amendment has the effect of either (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy (as defined in Treasury regulations), or (2) except as provided by Treasury regulations, eliminating an optional form of benefit.

The Plan Administrator must disregard an amendment to the extent application of the amendment would fail to satisfy this Section 13.02(B). If the Plan Administrator must disregard an amendment because the amendment would violate clause (1) or clause (2), the Plan Administrator must maintain a schedule of the early retirement option or other optional forms of benefit the Plan must continue for the affected Participants.

13.03 AMENDMENT BY PROTOTYPE PLAN SPONSOR. The Prototype Plan Sponsor

(or the mass submitter, as agent of the Prototype Plan Sponsor), without the Employer's consent, may amend the Plan and Trust, from time to time, in order to conform the Plan and Trust to any requirement for qualification of the Plan and Trust under the Internal Revenue Code. The Prototype Plan Sponsor may not amend the Plan in any manner which would modify any election made by the Employer under the Plan without the Employer's written consent. Furthermore, the Prototype Plan Sponsor may not amend the Plan in any manner which would violate the proscriptions of Section 13.02(B). If the Prototype Plan Sponsor does not adopt the amendments made by the mass submitter, it will no longer be the sponsor of an identical or minor modifier Prototype Plan of the mass submitter.

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13.04 PLAN TERMINATION OR SUSPENSION. The Employer subject to Section 13.02(B) and by proper Employer action has the right, at any time, to suspend or discontinue its contributions under the Plan and thereafter to continue to maintain the Plan (subject to such suspension or discontinuance) until the Employer terminates the Plan. The Employer subject to Section 13.02(B) and by proper Employer action has the right, at any time, to terminate this Plan and the Trust created and maintained under the Plan. The Plan will terminate upon the first to occur of the following:

- (a) The date terminated by proper action of the Employer; or
- (b) The dissolution or merger of the Employer, unless a successor makes provision to continue the Plan, in which event the successor must substitute itself as the Employer under this Plan. Any termination of the Plan resulting from this Paragraph (b) is not effective until compliance with any applicable notice requirements under ERISA.

13.05 FULL VESTING ON TERMINATION. Upon either full or partial termination of the Plan, or, if applicable, upon complete discontinuance of profit sharing plan contributions to the Plan, an affected Participant's right to his/her Account Balance is 100% Vested, irrespective of the Vested percentage which otherwise would apply under Article V.

13.06 POST TERMINATION PROCEDURE AND DISTRIBUTION.

(A) GENERAL PROCEDURE. Upon termination of the Plan, the distribution provisions of Article VI remain operative, with the following exceptions:

(1) if the Participant's Vested Account Balance does not exceed \$5,000 (or exceeds \$5,000 but is not "immediately distributable" in accordance with Section 6.01(A)(5)). The Plan Administrator will direct the Trustee to distribute in cash (subject to Section 10.08) the Participant's Vested Account Balance to him/her in lump sum as soon as administratively practicable after the Plan terminates; and

(2) if the present value of the Participant's Vested Account Balance exceeds \$5,000 and is immediately distributable, the Participant or the Beneficiary, may elect to have the Trustee commence distribution in cash (subject to Section 10.08) of his/her Vested Account Balance in a lump sum as soon as administratively practicable after the Plan terminates. If a Participant with consent rights under this paragraph (2) does not elect an immediate lump sum distribution with spousal consent if required, to liquidate the Trust, the Plan Administrator will purchase a deferred annuity contract for each Participant which protects the Participant's distribution rights under the Plan.

(B) PROFIT SHARING PLAN. If the Plan is a profit sharing plan, in lieu of applying Section 13.06(A) and the distribution provisions of Article VI, the Plan Administrator will direct the Trustee to distribute in cash (subject to Section 10.08) each Participant's Vested Account Balance, in lump sum, as soon as administratively practicable after the termination of the Plan, irrespective of the Participant's Vested Account Balance, the Participant's age and whether the Participant consents to that distribution. This paragraph does not apply if: (1) the Plan at termination provides an annuity option which is a Protected Benefit and which the Employer may not eliminate by Plan amendment; or (2) as of the period between the Plan termination date and the final distribution of assets, the Employer maintains any other defined contribution plan (other than an ESOP). The Employer, in an Addendum to its Adoption Agreement, may elect not to have this paragraph apply.

(C) DISTRIBUTION RESTRICTIONS UNDER CODE SECTION 401(k). If the Plan includes a 401(k) arrangement or if the Plan holds transferred assets described in Section 13.07 such that in either case, the distribution restrictions of Sections 14.03(d) and 14.11 apply, a Participant's restricted balances are distributable on account of Plan termination, as described in this Section 13.06, only if: (a) the Employer does not maintain a successor plan and the Plan Administrator distributes the Participant's entire Vested Account Balance in a lump sum; or (b) the Participant otherwise is entitled under the Plan to a distribution of his/her Vested Account Balance.

A successor plan under clause (b) is a defined contribution plan (other than an ESOP) maintained by the Employer (or by a Related Employer) at the time of the termination of the Plan or within the period ending twelve months after the final distribution of assets. However, a plan is not a successor plan if less than 2% of the Employees eligible to participate in the terminating Plan are eligible to participate (beginning 12 months prior to and ending 12 months after the Plan's termination date) in the potential successor plan.

(D) "LOST PARTICIPANTS." If the Plan Administrator is unable to locate any

Participant or Beneficiary whose Account becomes distributable upon Plan termination, the Plan Administrator will apply Section 9.11 except Section 9.11(B) does not apply.

(E) CONTINUING TRUST PROVISIONS. The Trust will continue until the Trustee in accordance with the direction of the Plan Administrator has distributed all of the benefits under the Plan. On each valuation date, the Plan Administrator will credit any part of a Participant's Account Balance retained in the Trust with its share of the Trust net income, gains or losses. Upon termination of the Plan, the amount, if any, in a suspense account under Article III will revert to the Employer, subject to the conditions of the Treasury regulations permitting such a reversion. A resolution or an amendment to discontinue all future benefit accrual but otherwise to continue maintenance of this Plan, is not a termination for purposes of this Section 13.06.

13.07 MERGER/DIRECT TRANSFER. The Trustee possesses the specific authority to enter into merger agreements or direct transfer of assets agreements with the trustees of other retirement plans described in Code Section 401(a), including an elective transfer, and to accept the direct transfer of plan assets, or to transfer plan assets, as a

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party to any such agreement. Except as provided in Section 13.07(A), the Trustee may not consent to, or be a party to, any merger or consolidation with another plan, or to a transfer of assets or liabilities to another plan (or from the other plan to this Plan), unless immediately after the merger, consolidation or transfer, the surviving plan provides each Participant a benefit equal to or greater than the benefit each Participant would have received had the transferring plan terminated immediately before the merger or the consolidation or the transfer. The Trustee will hold, administer and distribute the transferred assets as a part of the Trust Fund and the Trustee must maintain a separate Employer contribution Account for the benefit of the Employee on whose behalf the Trustee accepted the transfer in order to reflect the value of the transferred assets.

The Trustee may accept a direct transfer of plan assets on behalf of an Employee prior to the date the Employee satisfies the Plan's eligibility conditions. If the Trustee accepts such a direct transfer of plan assets, the Plan Administrator and the Trustee must treat the Employee as a limited Participant as described in Section 4.04.

Sections 13.07(A) and (B) are effective for elective transfers made on or following September 6, 2000. Under an elective transfer which is made pursuant to Section 13.07(A) or (B), the Protected Benefits in the transferring plan are not required to be preserved under Section 13.02(B), except as provided in Section 13.07(B).

(A) DISTRIBUTABLE EVENT ELECTIVE TRANSFER. The Trustee may consent to, or be a party to, a merger, consolidation or transfer of assets with another qualified plan in accordance with this Section 13.07(A).

A transfer between qualified plans is a distributable event elective transfer if: (1) the Participant has a right to immediate distribution from the transferor plan; (2) the transfer is voluntary, under a fully informed election by the Participant; (3) the Participant has an alternative that retains his/her Protected Benefits (including an option to leave his/her benefit in the transferor plan, if that plan is not terminating); (4) the transferor plan satisfies applicable consent and joint and survivor annuity requirements of the Code; (5) the amount transferred, together with the amount of any contemporaneous direct rollover of the Participant's remaining Vested Account Balance, constitutes the Participant's entire Vested Account Balance; (6) the Participant has a 100% Vested interest in the transferred benefit in the transferee plan; and (7) if the transfer is from this Plan to a defined benefit plan, the transferee plan provides a benefit for the affected Participant equal to the benefit (expressed as an annuity payable at normal retirement age) derived solely with respect to the transferred assets.

An elective transfer under this Section 13.07(A) may occur between qualified plans of any type. Any direct transfer of assets from a defined benefit plan to this Plan which does not satisfy the requirements of this Section 13.07(A) renders the Plan individually-designed. See Section 7.12.

Commencing January 1, 2002, the Trustee may not undertake an elective transfer of a Participant's Account under this Section 13.07(A) if the Participant is eligible to receive an immediate distribution of his/her entire Vested Account Balance which would consist entirely of an eligible rollover distribution as described in Section 6.10(D).

(B) TRANSACTION/EMPLOYMENT CHANGE ELECTIVE TRANSFER. The Trustee may consent to, or be a party to, a merger, consolidation or transfer of assets with another qualified defined contribution plan in accordance with this Section 13.07(B).

A transfer is a transaction or employment change transfer irrespective of whether the Participant has a right to an immediate distribution from the transferor plan provided: (1) the transfer satisfies requirements (2) and (3) of Section 13.07(A); (2) the transfer only may occur as between plans described in applicable Treasury regulations; (3) the transfer must occur in connection with a merger, asset or stock acquisition, or change in employment resulting in the participant's loss of right to additional allocations in the transferor plan or in such other circumstances as described in applicable Treasury regulations; (4) the transfer must consist of the Participant's entire Vested and non-Vested Account Balance within the transferor plan; and (5) the transferee plan must protect the QJSA and QPSA benefits (if any) in the transferor plan.

(C) OTHER TRANSFERS. Any transfer which is not an elective transfer under Sections 13.07(A) or 13.07(B) and which includes Protected Benefits is subject to Section 13.02(B). The trustee of the transferee plan in receipt of assets which are Protected Benefits must preserve the Protected Benefits in accordance with applicable Treasury regulations. If the transferor plan contains a 401(k) arrangement with restricted balances as described in Section 14.11, such balances remain subject in the transferee plan to the distribution restrictions described in Section 14.03(d). Any transfer under this Section 13.07(C) from a

defined benefit plan to this Plan must be in the form of the transfer of a paid up individual annuity contract which guarantees the payment of benefits in accordance with the transferor plan. Notwithstanding any Plan language to the contrary, if this Plan is a target benefit or money purchase pension plan, and the Trustee merges or the Employer converts by amendment the Plan into another type of defined contribution plan, the Employer operationally may elect whether to vest immediately the Participants' Account Balances.

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ARTICLE XIV
CODE SECTION 401(k) AND CODE SECTION 401(m) ARRANGEMENTS

14.01 APPLICATION. This Article XIV applies to the Plan only if the Employer is maintaining its Plan under a Code Section 401(k) Adoption Agreement.

14.02 401(k) ARRANGEMENT. The Employer under Article III of its Adoption Agreement will elect the terms of the 401(k) arrangement as described in Code Section 401(k)(2), if any, under the Plan. If the Plan is a Standardized Plan, the 401(k) arrangement must be a salary reduction arrangement. If the Plan is a Nonstandardized Plan, the 401(k) arrangement may be a salary reduction arrangement or a cash or deferred arrangement, or both.

(A) SALARY REDUCTION ARRANGEMENT. If the Employer in its Adoption Agreement Section 3.01 elects a salary reduction arrangement, a Participant (or an Employee in anticipation of becoming a Participant) may file a salary reduction agreement with the Plan Administrator. The salary reduction agreement may not be effective earlier than the following date which occurs last: (1) the Participant's Plan Entry Date (or, in the case of a reemployed Employee, his/her re-participation date under Article II); (2) the execution date of the Participant's salary reduction agreement; (3) the date the Employer adopts the 401(k) arrangement by executing the Adoption Agreement; or (4) the effective date of the 401(k) arrangement, as specified in the Adoption Agreement.

A salary reduction agreement must specify the dollar amount of Compensation or percentage of Compensation the Participant wishes to defer. The salary reduction agreement will apply only to Compensation which becomes currently available to the Participant after the effective date of the salary reduction agreement. The Employer will apply a salary reduction election to the Participant's Compensation as determined under Section 1.07 (and to increases in such Compensation) unless the Participant elects in his/her salary reduction agreement to limit the reduction to certain Compensation. The Plan Administrator in the Plan's salary reduction agreement form, subject to the Plan terms and applicable Revenue Service guidance, will specify additional rules and restrictions applicable to a Participant's salary reduction agreement.

(B) CASH OR DEFERRED ARRANGEMENT. If the Employer in its Adoption Agreement Section 3.02 elects a cash or deferred arrangement, a Participant may elect to make a cash election against his/her proportionate share of the Employer's cash or deferred contribution, in accordance with the Employer's Adoption Agreement elections. A Participant's proportionate share of the Employer's cash or deferred contribution is the percentage of the total cash or deferred contribution which bears the same ratio that the Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for the Plan Year. For purposes of determining each Participant's proportionate share of the cash or deferred contribution, a Participant's Compensation is his/her Compensation as determined under Section 1.07, excluding any effect the proportionate share may have on the Participant's Compensation for the Plan Year. The Plan Administrator will determine the proportionate share prior to the Employer's actual contribution to the Trust, to provide the Participants the opportunity to file cash elections. The Employer will pay directly to the Participant the portion of his/her proportionate share the Participant has elected to receive in cash.

(C) NEGATIVE ELECTION. The Employer in its Adoption Agreement may elect to apply prospectively to its Plan the negative election provisions of this Section 14.02(C). Under a negative election, the Employer automatically will reduce the Compensation of each Participant who is not deferring an amount at least equal to the negative election amount, by the required election amount, except those Participants who timely make a contrary election under Section 14.02(C)(1). Participants deferring an amount equal to or greater than the negative election amount are not subject to the Plan's negative election provisions. Amounts deferred under negative election are treated as elective deferrals for all purposes under the Plan. An Employer in its Adoption Agreement must elect whether the negative election applies to all Participants as of the effective date of the negative election or only to Employees whose Plan Entry Date is on or following the effective date of the negative election.

(1) PARTICIPANT'S CONTRARY ELECTION. A Participant may at any time elect not to defer any Compensation or to defer an amount which is less than the negative election amount ("contrary election"). A Participant's contrary election generally is effective as of the first payroll period for the month which follows the Participant's contrary election. However, a Participant may make a contrary election which is effective: (1) for the first payroll period in which he/she becomes a Participant if the Participant makes a contrary election within a reasonable period following the Participant's Entry Date and before the Compensation to which the election applies becomes currently available; or (2) for the first payroll period following the effective date of the Employer's adoption of the negative election, if the Participant makes contrary election not later than the effective date of the negative election. A Participant's contrary election continues in effect until the Participant subsequently changes his/her Salary Reduction Agreement.

(2) NEGATIVE ELECTION NOTICE. If the Employer in its Adoption Agreement adopts the negative election provision, the Plan Administrator must provide a notice to each Eligible Employee which explains the effect of the negative election and a Participant's right to make a contrary election, including the procedure and timing applicable to the contrary election. The Plan Administrator must provide the notice to an Eligible Employee a reasonable period prior to that Employee's commencement of participation in the Plan subject to the negative election. A Plan Administrator also must notify annually those Participants then subject to the negative election of the existing negative election deferral percentage and the Participant's right to make a contrary election, including the procedure and timing applicable to the contrary election.

(D) SAFE HARBOR 401(k) PLAN. The Employer in its Adoption Agreement may elect to apply to its Plan the safe harbor provisions of this Section 14.02(D). Except as otherwise provided in this Plan, in the Code or in other applicable guidance, an Employer must elect the safe harbor plan provisions of this Section 14.02(D) and must

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satisfy the applicable notice requirements prior to the beginning of the Plan Year to which the safe harbor provisions apply. In addition, except as otherwise indicated, the electing Employer must apply the safe harbor provisions for the entire safe harbor Plan Year, including any short Plan Year. The provisions of this Section 14.02(D) apply to an electing Employer notwithstanding any contrary provision of the Plan and all other remaining Plan terms continue to apply to the Employer's safe harbor plan. An Employer which elects and operationally satisfies the safe harbor provisions of this Section 14.02(D) is not subject to the nondiscrimination provisions of Section 14.08 (ADP test). An electing Employer which provides additional matching contributions as described in Section 14.02(D)(3) is subject to the nondiscrimination provisions of Section 14.09 (ACP test), unless the additional matching contributions satisfy the ACP test safe harbor described in Section 14.02(D)(3).

(1) SAFE HARBOR - COMPENSATION. For purposes of this Section 14.02(D) Compensation is limited as described in Section 1.07(E) and for purposes of allocating the Employer's safe harbor contribution and safe harbor matching contribution, the Employer must elect under its Adoption Agreement a nondiscriminatory definition of Compensation as described in Section 1.07(F). An Employer in its Adoption Agreement also may elect to limit the amount of Compensation which is subject to deferral to any reasonable definition which: (a) permits a Participant to receive the maximum matching contribution, if any, available under the Plan; or (b) limits deferrals under the Plan to a whole percentage or dollar amount.

(2) SAFE HARBOR CONTRIBUTIONS/ADP TEST SAFE HARBOR. An Employer which elects under this Section 14.02(D) to apply the safe harbor provisions, must make a contribution to the Plan which will satisfy the ADP test safe harbor ("safe harbor contribution"). The Employer in its Adoption Agreement must elect whether the Employer will make its safe harbor contribution in the form of: (a) a safe harbor nonelective contribution; (b) a basic matching contribution; or (c) an enhanced matching contribution. A safe harbor nonelective contribution is a fixed nonelective contribution in an amount the Employer elects in its Adoption Agreement and must equal at least 3% of each Participant's Compensation. A basic matching contribution is a fixed matching contribution equal to 100% of a Participant's elective deferrals which do not exceed 3% of Compensation, plus 50% of elective deferrals which exceed 3%, but which do not exceed 5% of Compensation. An enhanced matching contribution is a fixed matching contribution made in accordance with any formula the Employer elects in its Adoption Agreement under which, at any rate of elective deferrals, a Participant receives a matching contribution which is at least equal to the match the Participant would receive under the basic matching contribution formula and under which the rate of match does not increase as the rate of deferrals increases. Under a basic or enhanced safe harbor match, a Highly Compensated Employee may not receive a greater rate of match than any Nonhighly Compensated Employee. The Employer in its Adoption Agreement must elect the applicable time period for computing the Employer's safe harbor basic or enhanced matching contributions. The Plan Administrator must allocate the Employer's safe harbor contribution without regard to the Section 3.06 allocation conditions, but the Plan Administrator will not allocate a safe harbor contribution where the allocation would exceed a Participant's Code Section 415 or 402(g) limitation or where the Participant is suspended from making deferrals under Section 14.11(A)(1). The Plan Administrator must allocate the safe harbor contribution to all Participants unless the Employer in an Addendum to its Adoption Agreement elects to limit the safe harbor allocation to Nonhighly Compensated Employees. A Participant's Account Balance attributable to safe harbor contributions at all times 100% Vested and subject to the distribution restrictions described in Section 14.03(d). An Employer's safe harbor contribution is not subject to nondiscrimination testing under Section 14.08 (ADP test) and if the safe harbor contribution is in the form of a basic matching contribution, it is not subject to nondiscrimination testing under Section 14.09 (ACP test). The Employer in its Adoption Agreement must elect whether to satisfy the ACP test safe harbor Section 14.02(D)(3)(a) amount limitation with respect to the Employer's enhanced matching contributions or to test, using current year testing, its enhanced matching contributions under Section 14.09 (ACP test).

An Employer electing Section 14.02(D) which in its Adoption Agreement also elects to apply permitted disparity in allocating the Employer's nonelective contributions, may not include within the permitted disparity formula allocation, any of the Employer's safe harbor contributions. An Employer in its Adoption Agreement may elect to make the safe harbor contribution to another defined contribution plan maintained by the Employer provided: (i) the Employer maintains its safe harbor 401(k) Plan using a Nonstandardized 401(k) Adoption Agreement; or (ii) the Employer makes its safe harbor contribution to another defined contribution plan paired with the Employer's safe harbor 401(k) Plan.

(3) ADDITIONAL MATCHING CONTRIBUTIONS/ACP TEST SAFE HARBOR. An Employer which satisfies the ADP test safe harbor under Section 14.02(D)(2), in its Adoption Agreement may elect to make matching contributions to the Plan which are in addition to the Employer's safe harbor contributions and which the

Employer does not use to satisfy the ADP test safe harbor ("additional matching contributions"). The Employer in its Adoption Agreement must elect whether to subject the additional matching contributions to the ACP test safe harbor requirements of this Section 14.02(D)(3), or for the Plan Administrator to test, using current year testing, the additional matching contributions for nondiscrimination under Section 14.09 (ACP test). Under the ACP test safe harbor (a) the Employer may not make matching contributions with respect to a Participant's deferral contributions which exceed 6% of Plan Year Compensation; (b) the amount of any discretionary matching contribution allocated to any Participant in Plan Years commencing after 1999 may not exceed 4% of the Participant's Plan Year Compensation; (c) the rate of matching contributions may not increase as the rate of deferrals increases; and (d) subject to application of any Section 3.06 allocation conditions, a Highly Compensated Employee may not receive a greater rate of match than any Nonhighly Compensated Employee. The Employer must elect in its Adoption Agreement the vesting schedule, allocation conditions and distribution provisions applicable to the Employer's additional matching contributions described in this Section 14.02(D)(3). If the Employer in its Adoption Agreement has elected to permit Employee contributions under the Plan: (i) any Employee

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contributions do not satisfy the ACP test safe harbor and the Plan Administrator must test the Employee contributions under Section 14.09 (ACP test) using current year testing; and (ii) if the Employer in its Adoption Agreement elects to match the Employee contributions, the Plan Administrator in applying the 6% amount limit in clause (a) must aggregate a Participant's deferral contribution and Employee contributions which are subject to the 6% limit.

(4) SAFE HARBOR NOTICE. The Plan Administrator annually must provide a safe harbor notice to each Participant a reasonable period prior to each Plan Year for which the Employer in its Adoption Agreement has elected to apply the safe harbor provisions. For this purpose, the Plan Administrator is deemed to provide timely notice if the Plan Administrator provides the safe harbor notice at least 30 days and not more than 90 days prior to the beginning of the safe harbor Plan Year. The safe harbor notice must provide comprehensive information regarding the Participants' rights and obligations under the Plan and must be written in a manner calculated to be understood by the average Participant. If an Employee becomes eligible to participate in the Plan after the Plan Administrator has provided the annual safe harbor notice, the Plan Administrator must provide the safe harbor notice no later than the Employee's Plan Entry Date. A Participant may make or modify a salary reduction agreement under the Employer's safe harbor 401(k) Plan for 30 days following receipt of the safe harbor notice, or if greater, for the period the Plan Administrator specifies in the salary reduction agreement.

(5) MID-YEAR CHANGES IN SAFE HARBOR STATUS. The Employer may amend its 401(k) Plan during any Plan Year to become a safe harbor plan under this Section 14.02(D) for that Plan Year, provided: (a) the Plan then is using current year testing; (b) the Employer amends the Plan to add the safe harbor provisions not later than 30 days prior to the end of the Plan Year and to apply the safe harbor provisions for the entire Plan Year; (c) the Employer elects to satisfy the safe harbor contribution requirement using the safe harbor nonelective contribution; and (d) the Plan Administrator provides a notice to Participants prior to the beginning of the Plan Year for which the safe harbor amendment may become effective, that the Employer later may amend the Plan to a safe harbor plan for that Plan Year using the safe harbor nonelective contribution and if the Employer so amends the Plan, the Plan Administrator will provide a supplemental notice to Participants at least 30 days prior to the end of that Plan Year informing Participants of the amendment. The Plan Administrator then must timely provide any supplemental notice required under this Section 14.02(D)(5). Except as otherwise specified, the Participant notices described in this Section 14.02(D)(5) also must satisfy the requirements applicable to safe harbor notices under Section 14.02(D)(4).

The Employer may amend its safe harbor 401(k) Plan during a Plan Year to reduce or eliminate prospectively, any safe harbor contribution which is a basic matching or enhanced matching contribution (under Section 14.02(D)(2)) provided: (i) the Plan Administrator provides a notice to the Participants which explains the effect of the amendment, specifies the amendment's effective date and informs Participants they will have a reasonable opportunity to modify their salary reduction agreements, and if applicable, Employee contributions; (ii) Participants have a reasonable opportunity and period prior to the effective date of the amendment to modify their salary reduction agreements, and if applicable, Employee contributions; and (iii) the amendment is not effective earlier than the later of: (a) 30 days after the Plan Administrator gives notice of the amendment; or (b) the date the Employer adopts the amendment. An Employer which amends its safe harbor Plan to eliminate or reduce the safe harbor matching contribution under this Section 14.02(D)(5), or which terminates the Plan under Section 13.04 effective during the Plan Year, must continue to apply all of the safe harbor requirements of this Section 14.02(D) until the amendment or termination becomes effective and also must apply for the entire Plan Year, using current year testing, the nondiscrimination test under Section 14.08 (ADP test), and if applicable, the nondiscrimination test under Section 14.09 (ACP test).

An Employer maintaining a profit sharing plan, stock bonus plan or pre-ERISA money purchase pension plan may during a Plan Year amend prospectively its Plan to become a safe harbor 401(k) plan provided: (a) the Employer's Plan is not a successor plan as described in Notice 98-1 or any subsequent applicable guidance; (b) the 401(k) arrangement is in effect for at least 3 months during the Plan Year; (c) the Plan Administrator provides the safe harbor notice described in Section 14.02(D)(4) a reasonable time prior to and not later than the effective date of the amendment; and (d) the Plan satisfies commencing on the effective date of the amendment, all of the safe harbor requirements of this Section 14.02(D).

(E) SIMPLE 401(k) PLAN. The Employer in its Standardized Code Section 401(k) Adoption Agreement may elect to apply prospectively to its Plan the SIMPLE 401(k) provisions of this Section 14.02(E) if: (1) the Plan Year is the calendar year; (2) the Employer (including Related Employers under Section 1.26) has no more than 100 Employees who received Compensation of at least \$5,000 in the immediately preceding calendar year; and (3) the Employer does not maintain any

other plan as described in Code Section 219(g)(5), with respect to which contributions were made or benefits were accrued for Service by an eligible Employee in the Plan Year so which the SIMPLE 401(k) provisions apply. If an electing Employer fails for any subsequent calendar year to satisfy all of the foregoing requirements, including where the Employer is involved in an acquisition, disposition or similar transaction under which the Employer satisfies Code Section 410(b)(6)(C)(1), the Employer remains eligible to maintain the SIMPLE 401(k) Plan for two additional calendar years following the last year in which the Employer satisfied the requirements. The provisions of this Section 14.02(E) apply to an electing Employer notwithstanding any contrary provision in the Plan.

(1) SIMPLE -- COMPENSATION. For purposes of this Section 14.02(E), Compensation is limited as described in Section 1.07(E) and: (a) in the case of an Employee, means W-2 wages but increased by the Employee's elective deferrals under a 401(k) arrangement, SIMPLE IRA, SARSEP or 403(b) annuity; and (b) in the case of a Self Employed Individual, means Earned Income determined without regard to contributions made to this Plan.

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(2) PARTICIPANT DEFERRAL CONTRIBUTIONS. Each eligible Employee may enter into a salary reduction agreement to make deferral contributions into the SIMPLE 401(k) Plan in an amount not exceeding \$6,000 per calendar year, or such other amount as in effect under Code Section 408(p)(2)(E). A Participant may elect to make deferral contributions or modify a salary reduction agreement at any time in accordance with the Plan Administrator's SIMPLE 401(k) salary reduction agreement form, but must be provided at least 60 days prior to the beginning of each SIMPLE Plan Year or commencement of participation for this purpose. A Participant also may at any time terminate prospectively, his/her salary reduction agreement applicable to the Employers SIMPLE 401(k) Plan.

(3) EMPLOYER SIMPLE 401(k) CONTRIBUTIONS. An Employer which elects under this Section 14.02(E) to apply the SIMPLE 401(k) provisions, annually must make a SIMPLE 401(k) contribution to the Plan as described in this Section 14.02(E)(3). The Employer operationally must elect whether the Employer will contribute: (1) a matching contribution equal to each Participant's deferral contributions but not exceeding 3% of Plan Year Compensation or such lower percentage as the Employer may elect under Code Section 408(p)(2)(C)(ii)(II); or (2) a nonelective contribution equal to 2% of Plan Year Compensation for each Participant whose Compensation is at least \$5,000. The Employer in its Adoption Agreement may not elect to apply any Section 3.06 allocation conditions to the Plan Administrator's allocation of Employer SIMPLE contributions.

(4) SIMPLE 401(k) NOTICE. The Plan Administrator must provide notice to each Participant a reasonable period of time before the 60th day prior to the beginning of each SIMPLE 401(k) Plan Year, describing the Participant's deferral election rights and the Employer's matching or nonelective contributions which the Employer will make for the Plan Year described in the notice.

(5) APPLICATION OF REMAINING PLAN PROVISIONS. All contributions to the SIMPLE 401(k) Plan are Annual Additions subject to the limitations set forth in Article III. No contributions other than those described in this Section 14.02(E) or rollover contributions described in Section 4.04 may be made to the SIMPLE 401(k) Plan. All contributions to the SIMPLE 401(k) Plan are 100% Vested at all times and in the event of a conversion of a non SIMPLE Plan into a SIMPLE 401(k) Plan, all Account Balances in existence on the first day of the Plan Year to which the SIMPLE 401(k) provisions apply, become 100% Vested. A SIMPLE 401(k) Plan is not subject to nondiscrimination testing under Section 14.08 (ADP test) or Section 14.09 (ACP test) of the Plan and is not subject to the top heavy provisions of Article XII. Except as otherwise described in this Section 14.03(E), if an Employer has elected in its Adoption Agreement to apply the SIMPLE 401(k) provisions of this Section 14.03(E), the Plan Administrator will apply the remaining Plan provisions to Employer's Plan.

(F) ELECTION NOT TO PARTICIPATE. A Participant's or Employee's election not to participate, pursuant to Section 2.06, includes his/her right to enter into a salary reduction agreement or to share in the allocation of a cash or deferred contribution.

14.03 DEFINITIONS. For purposes of this Article XIV:

(a) "Compensation" means, except as otherwise provided in this Article XIV, Compensation as defined for nondiscrimination purposes in Section 1.07(F).

(b) "Current year testing" means for purposes of the ADP test described in Section 14.08 and the ACP test described in Section 14.09, the use of data from the testing year in determining the ADP or ACP for the Nonhighly Compensated Group.

(c) "Deferral contributions" are salary reduction contributions and cash or deferred contributions the Employer contributes to the Trust on behalf of an eligible Employee, irrespective of whether, in the case of cash or deferred contributions, the contribution is at the election of the Employee. For salary reduction contributions, the terms "deferral contributions" and "elective deferrals" have the same meaning.

(d) "Distribution restrictions" means the Employee may not receive a distribution of the restricted balances described in Section 14.11 (nor earnings on those contributions) except in the event of: (1) the Participant's death, Disability, Separation from Service (which for purposes of this Section 14.03(d), means as the Plan Administrator determines under applicable Revenue Service guidance, including the "same desk" rule and Revenue Ruling 2000-27 with respect to certain asset sale transactions) or attainment of age 59 1/2, (2) financial hardship satisfying Section 14.11(A), (3) Plan termination, without establishment of a successor defined contribution plan (other than an ESOP), (4) a sale by a corporate Employer of substantially all of the assets (within the meaning of Code Section 409(d)(2)) used in a trade or business of the Employer, to another corporation, but only to an Employee who continues employment with the corporation acquiring those

assets, or (5) a sale by a corporate Employer of its interest in a subsidiary (within the meaning of Code Section 409(d)(3)), but only to an Employee who continues employment with the subsidiary. A distribution described in clauses (3), (4) or (5) must be a lump sum distribution, and otherwise must satisfy Code Section 401(k)(10).

(e) "Elective deferrals" are all salary reduction contributions and that portion of any cash or deferred contribution which the Employer contributes to the Plan at the election of an eligible Employee. Any portion of a cash or deferred contribution contributed to the Trust because of the Employee's failure to make a cash election is an elective deferral. However, any portion of a cash or deferred contribution over which the Employee does not have a cash election is not an elective deferral. Elective deferrals do not include amounts which have become currently available to the Employee prior to the election nor amounts designated as an Employee contribution at the time of deferral or contribution. Elective deferrals are 100% vested at all times.

(f) "Eligible Employee" means, for purposes of the ADP test described in Section 14.08, an Employee who is eligible to enter into a salary reduction

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agreement for all or any portion of the Plan Year, irrespective of whether he/she actually enters into such an agreement, and a Participant who is eligible for an allocation of the Employer's cash or deferred contribution for the Plan Year. For purposes of the ACP test described in Section 14.09, an eligible Employee is a Participant who is eligible to receive an allocation of matching contributions (or would be eligible if he/she made the type of contributions necessary to receive an allocation of matching contributions) and a Participant who is eligible to make Employee contributions, irrespective of whether he/she actually makes Employee contributions. An Employee continues to be an eligible Employee during a period the Plan suspends the Employee's right to make elective deferrals or Employee contributions following a hardship distribution.

(g) "Employee contributions" are nondeductible contributions made by a Participant and designated, at the time of contribution, as an Employee contribution. Elective deferrals and deferral contributions are not Employee contributions. Employee contributions are subject to Article IV.

(h) "Highly Compensated Employee" means an eligible Employee who satisfies the definition in Section 1.14 of the Plan.

(i) "Highly Compensated Group" means the group of eligible Employees who are Highly Compensated Employees for the Plan Year.

(j) "Matching contributions" are contributions made by the Employer on account of elective deferrals under a 401(k) arrangement or on account of Employee contributions. Matching contributions also include Participant forfeitures allocated on account of such elective deferrals or Employee contributions.

(k) "Nonelective contributions" are contributions made by the Employer which are not subject to a deferral election by an Employee and which are not matching contributions.

(l) "Nonhighly Compensated Employee" means an eligible Employee who is not a Highly Compensated Employee.

(m) "Nonhighly Compensated Group" means the group of eligible Employees who are Nonhighly Compensated Employees for the Plan Year.

(n) "Prior year testing" means for purposes of the ADP test described in Section 14.08 and the ACP test described in Section 14.09, the use of data from the Plan Year immediately prior to the testing year in determining the ADP or ACP for the Nonhighly Compensated Group.

(o) "Qualified matching contributions" are matching contributions which are 100% Vested at all times and which are subject to the distribution restrictions described in Section 14.03(d). Matching contributions are not 100% Vested at all times if the Employee has a 100% Vested interest because of his/her Years of Service taken into account under a vesting schedule.

Any matching contributions allocated to a Participant's qualified matching contributions Account under the Plan automatically satisfy and are subject to the definition of qualified matching contributions.

(p) "Qualified nonelective contributions" are nonelective contributions which are 100% Vested at all times and which are subject to the distribution restrictions described in Section 14.03(d). Nonelective contributions are not 100% Vested at all times if the Employee has a 100% Vested interest because of his/her Years of Service taken into account under a vesting schedule. Any nonelective contributions allocated to a Participant's qualified nonelective contributions Account under the Plan automatically satisfy and are subject to the definition of qualified nonelective contributions.

(q) "Regular matching contributions" are matching contributions which are not qualified matching contributions.

(r) "Safe harbor contributions" are Employer nonelective or matching contributions which the Plan Administrator applies to satisfy the ADP test safe harbor under Code Section 401(k)(12)(B) or (C) and which are 100% Vested at all times and subject to the distribution restrictions described in Section 14.03(d). Safe harbor contributions are not 100% Vested at all times if the Employee has a 100% Vested interest because of his/her Years of Service taken into account under a vesting schedule. Any nonelective contributions allocated to a Participant's safe harbor contributions Account, automatically satisfy and are subject to the definition of safe harbor contributions.

(s) "Salary reduction agreement" is a written election by a Participant to make salary reduction contributions as described in Section 14.02(A).

(t) "Salary reduction contributions" mean Employer contributions elected by a Participant to be made from the Participant's Compensation pursuant to a salary reduction agreement and which the Plan Administrator must allocate to the electing Participant's Account.

(u) "Testing year" means for purposes of the ADP test described in Section 14.08 and the ACP test described in Section 14.09, the Plan Year for which the ADP or ACP test is being performed.

14.04 MATCHING CONTRIBUTIONS/EMPLOYEE CONTRIBUTIONS. The Employer in Adoption Agreement Section 3.01 may elect to provide matching contributions. The Employer in Adoption Agreement Section 4.02 also may elect to permit a Participant to make Employee contributions.

14.05 DEFERRAL DEPOSIT TIMING/EMPLOYER CONTRIBUTION STATUS. The Employer must make salary reduction contributions to the Trust after withholding the corresponding Compensation from the Participant at the earliest date on which the contributions can reasonably be segregated from the Employer's general assets. Furthermore, the Employer must make to the Trust salary reduction contributions, cash or deferred contributions, matching contributions (including qualified matching

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contributions), qualified nonelective contributions, safe harbor contributions and SIMPLE contributions no later than the time prescribed by the Code or ERISA. Salary reduction contributions and cash or deferred contributions are Employer contributions for all purposes under this Plan, except to the extent the Code prohibits the use of these contributions to satisfy the qualification requirements of the Code.

14.06 SPECIAL ACCOUNTING AND ALLOCATION PROVISIONS. To make allocations under the Plan, the Plan Administrator must establish for each Participant, consistent with the Employer's elections under its Adoption Agreement, a deferral contributions Account, a nonelective contributions Account, a qualified matching contributions Account, a regular matching contributions Account, a qualified nonelective contributions Account, a safe harbor contributions Account and a SIMPLE contributions account.

(A) DEFERRAL CONTRIBUTIONS. The Plan Administrator will allocate to each Participant's deferral contributions Account the amount of deferral contributions the Employer makes to the Trust on behalf of the Participant. The Plan Administrator will make this allocation as of the last day of each Plan Year or more frequently as it may determine to be appropriate and consistent with the Plan terms, including those providing for allocation of net income, gain or loss.

(B) MATCHING CONTRIBUTIONS. The Plan Administrator will allocate the Employer's matching contributions as of the last day of each Plan Year or more frequently as the Plan Administrator may determine to be appropriate and consistent with the Plan terms, including those providing for allocation of net income, gain or loss. The Plan Administrator may not allocate any fixed or discretionary matching contributions with respect to deferral contributions that are excess deferrals under Section 14.07. For this purpose: (a) excess deferrals relate first to deferral contributions for the Plan Year not otherwise eligible for a matching contribution; and (b) if the Plan Year is not a calendar year, the excess deferrals for a Plan Year are the last elective deferrals made for a calendar year. The Plan Administrator may not allocate a matching contribution to a Participant's Account to the extent the matching contribution exceeds the Participant's Annual Additions limitation in Part 2 of Article III. The provisions of Section 3.05 govern the treatment of any matching contribution the Plan Administrator allocates contrary to this Section 14.06(B), and the Plan Administrator will compute a Participant's ACP under Section 14.09 by disregarding the forfeiture.

(1) FIXED MATCH. To the extent the Employer makes matching contributions under a fixed matching contribution formula set forth in the Employer's Adoption Agreement, the Plan Administrator will allocate the matching contribution to the Account of the Participant on whose behalf the Employer makes that contribution. A fixed matching contribution formula is a formula under which the Employer contributes a specified percentage or dollar amount on behalf of a Participant based on that Participant's deferral contributions or Employee contributions eligible for a match. The Employer may contribute on a Participant's behalf under a specific matching contribution formula only if the Participant satisfies the allocation conditions for matching contributions, if any, the Employer elects in Adoption Agreement Section 3.06. The Employer in its Adoption Agreement may elect whether the Plan Administrator will allocate a fixed matching contribution as a qualified matching contribution or as a regular matching contribution.

(2) DISCRETIONARY MATCH. To the extent the Employer makes matching contributions under a discretionary formula, the Plan Administrator will allocate the discretionary matching contributions to the Account of each Participant who satisfies the allocation conditions, if any, for matching contributions the Employer elects in Adoption Agreement Section 3.06. The allocation of discretionary matching contributions to a Participant's Account is in the same proportion that each Participant's deferral contributions bear to the total deferral contributions of all Participants. If the discretionary formula is a tiered formula, the Plan Administrator will make this allocation separately with respect to each tier of deferral contributions, allocating in such manner the amount of the matching contributions made with respect to that tier. The Employer operationally may direct the Plan Administrator to allocate any discretionary match as a regular matching contribution or as a qualified matching contribution.

(3) MATCH ON DEFERRALS AND EMPLOYEE CONTRIBUTIONS. If the matching contribution formula applies both to deferral contributions and to Employee contributions, the matching contributions apply first to deferral contributions.

(C) QUALIFIED NONELECTIVE CONTRIBUTIONS. If the Employer operationally designates a nonelective contribution to be a qualified nonelective contribution for the Plan Year, the Plan Administrator will allocate that qualified

nonelective contribution to the qualified nonelective contributions Account of each Participant eligible for an allocation of that designated contribution, as the Employer elects in Adoption Agreement Section 3.04.

(D) NONELECTIVE CONTRIBUTIONS. If the Employer makes a nonelective contribution for the Plan Year which the Employer does not designate as a qualified nonelective contribution, the Plan Administrator will allocate the nonelective contribution in accordance with Adoption Agreement Section 3.04. For purposes of the nondiscrimination tests described in Sections 14.08 (ADP test), 14.09 (ACP test) and 14.10 (multiple use limitation), the Plan Administrator may treat nonelective contributions allocated under this Section 14.06(D) as qualified nonelective contributions, if the contributions otherwise satisfy the definition of qualified nonelective contributions. The Employer, to facilitate the Plan Administrator's correction of test failures under Sections 14.08, 14.09 and 14.10, also may make qualified nonelective contributions to the Plan irrespective of whether the Employer in its Adoption Agreement has elected to provide nonelective contributions.

(E) SAFE HARBOR CONTRIBUTIONS. If the Employer elects under Section 14.02(D) to apply the safe harbor provisions to the Plan, the Employer will allocate the safe harbor

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contributions to the safe harbor contributions Account of each Participant unless the Employer in an Addendum to its Adoption Agreement elects to limit safe harbor allocations to Nonhighly Compensated Employees.

(F) SIMPLE 401(k) PLAN CONTRIBUTIONS. If the Employer elects under Section 14.02(E) to apply the SIMPLE 401(k) provisions to the Plan, the Employer will allocate the SIMPLE contributions to the SIMPLE contributions Account of Participants eligible to receive an allocation of the Employer's SIMPLE contribution (including Participants who make deferral contributions), as specified in Section 14.02(E).

14.07 ANNUAL ELECTIVE DEFERRAL LIMITATION.

(A) ANNUAL ELECTIVE DEFERRAL LIMITATION. An Employee's elective deferrals for a calendar year may not exceed the Code Section 402(g) limitation ("402(g) limitation"). The 402(g) limitation is the greater of \$7,000 or the adjusted amount determined by the Secretary of the Treasury. If, pursuant to a salary reduction agreement or pursuant to a cash or deferral election, the Employer determines the Employee's elective deferrals to the Plan for a calendar year would exceed the 402(g) limitation, the Employer will suspend the Employee's salary reduction agreement, if any, until the following January 1 and pay in cash the portion of a deferral election which would result in the Employee's elective deferrals for the calendar year exceeding the 402(g) limitation. If the Plan Administrator determines an Employee's elective deferrals already contributed to the Plan for a calendar year exceed the 402(g) limitation, the Plan Administrator will distribute the amount in excess of the 402(g) limitation (the "excess deferral"), as adjusted for allocable income under Section 14.07(C), no later than April 15 of the following calendar year. If the Plan Administrator distributes the excess deferral by the appropriate April 15, the excess deferral is not an Annual Addition under Article III, and the Plan Administrator may make the distribution irrespective of any other provision under this Plan or under the Code. The Plan Administrator will reduce the amount of excess deferrals for a calendar year distributable to the Employee by the amount of excess contributions (as determined in Section 14.08), if any, previously distributed to the Employee for the Plan Year beginning in that calendar year. Elective deferrals distributed to an Employee as excess Annual Additions in accordance with Article III are not taken into account under the Employee's 402(g) limitation.

(B) MORE THAN ONE PLAN. If an Employee participates in another plan subject to the 402(g) limitation under which he/she makes elective deferrals pursuant to a 401(k) arrangement, elective deferrals under a SARSEP, elective contributions under a SIMPLE IRA or salary reduction contributions to a tax-sheltered annuity (irrespective of whether the Employer maintains the other plan), the Employee may provide to the Plan Administrator a written claim for excess deferrals made to the Plan for a calendar year. The Employee must submit the claim no later than the March 1 following the close of the particular calendar year and the claim must specify the amount of the Employee's elective deferrals under this Plan which are excess deferrals. If the Plan Administrator receives a timely claim, it will distribute the excess deferral (as adjusted for allocable income) the Employee has assigned to this Plan, in accordance with the distribution procedure described in Section 14.07(A).

(C) ALLOCABLE INCOME. For purposes of making a distribution of excess deferrals pursuant to this Section 14.07, allocable income means net income or net loss allocable to the excess deferrals for the calendar year (but not beyond the calendar year) in which the Employee made the excess deferral, determined in a manner which is uniform, nondiscriminatory and reasonably reflective of the manner used by the Plan Administrator to allocate income to Participants' Accounts.

14.08 ACTUAL DEFERRAL PERCENTAGE (ADP) TEST. For each Plan Year, the Plan Administrator must determine whether the Plan's 401(k) arrangement satisfies either of the following ADP tests:

- (i) The ADP for the Highly Compensated Group does not exceed 1.25 times the ADP of the Nonhighly Compensated Group; or
- (ii) The ADP for the Highly Compensated Group does not exceed the ADP for the Nonhighly Compensated Group by more than two percentage points (or the lesser percentage permitted by the multiple use limitation in Section 14.10) and the ADP for the Highly Compensated Group is not more than twice the ADP for the Nonhighly Compensated Group.

(A) CALCULATION OF ADP. The ADP for a group is the average of the separate deferral percentages calculated for each eligible Employee who is a member of that group. An eligible Employee's deferral percentage for a Plan Year is the ratio of the eligible Employee's deferral contributions for the Plan Year to the Employee's Compensation for the Plan Year. In determining the ADP, the Plan Administrator must include any Highly Compensated Employee's excess deferrals,

as described in Section 14.07(A), to this Plan or to any other Plan of the Employer and the Plan Administrator will disregard any Nonhighly Compensated Employee's excess deferrals. The Plan Administrator operationally may include in the ADP test, qualified nonelective contributions and qualified matching contributions the Plan Administrator does not use in the ACP test. The Plan Administrator, under prior year testing, may include qualified nonelective contributions or qualified matching contributions in determining the Nonhighly Compensated Employee ADP only if the Employer makes such contribution to the Plan by the end of the testing year and the Plan Administrator allocates the contribution to the prior Plan Year. In determining whether the Plan's 401(k) arrangement satisfies either ADP test, the Plan Administrator will use prior year testing, unless the Employer in Adoption Agreement Appendices A or B elects to use current year testing. An Employer may not change from current year testing to prior year testing except as provided in the Code or in other applicable guidance. For the first Plan Year the Employer permits elective deferrals and the Plan is not a successor plan (as provided in the Code or in other applicable guidance), under prior year testing, the prior year ADP for the Nonhighly Compensated Group is 3% unless the Employer in an Addendum to its Adoption Agreement elects to use the

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actual first year ADP for the Nonhighly Compensated Group.

(B) SPECIAL AGGREGATION RULE FOR HIGHLY COMPENSATED EMPLOYEES. To determine the deferral percentage of any Highly Compensated Employee, the Plan Administrator must take into account any elective deferrals made by the Highly Compensated Employee under any other 401(k) arrangement maintained by the Employer, unless the elective deferrals are to an ESOP. If the plans containing the 401(k) arrangements have different plan years, the Plan Administrator will determine the combined deferral contributions on the basis of the plan years ending in the same calendar year.

(C) AGGREGATION OF CERTAIN 401(k) ARRANGEMENTS. If the Employer treats two or more plans as a single plan for coverage or nondiscrimination purposes, the Employer must combine the 401(k) arrangements under such plans to determine whether the plans satisfy the ADP test. This aggregation rule applies to the ADP determination for all eligible Employees, irrespective of whether an eligible Employee is a Highly Compensated Employee or a Nonhighly Compensated Employee. An Employer may aggregate 401(k) arrangements under this Section 14.08(C) only if the plans have the same plan years and use the same testing method. An Employer may not aggregate an ESOP (or the ESOP portion of a plan) with a non-ESOP plan (or non-ESOP portion of a plan). If the Employer aggregating 401(k) arrangements under this Section 14.08(C) is using prior year testing, the Plan Administrator must adjust the Nonhighly Compensated Group ADP for the prior year as provided in the Code or in other applicable guidance.

(D) CHARACTERIZATION OF EXCESS CONTRIBUTIONS. If, pursuant to this Section 14.08, the Plan Administrator has elected to include qualified matching contributions in the ADP test, the excess contributions are attributable proportionately to deferral contributions and to qualified matching contributions allocated on the basis of those deferral contributions. The Plan Administrator will reduce the amount of excess contributions for a Plan Year distributable to a Highly Compensated Employee by the amount of excess deferrals (as determined in Section 14.07), if any, previously distributed to that Employee for the Employee's taxable year ending in that Plan Year.

(E) DISTRIBUTION OF EXCESS CONTRIBUTIONS. If the Plan Administrator determines the Plan fails to satisfy the ADP test for a Plan Year, the Trustee, as directed by the Plan Administrator, must distribute the excess contributions, as adjusted for allocable income under Section 14.08(F), during the next Plan Year. However, the Employer may incur an excise tax with respect to the amount of excess contributions for a Plan Year not distributed to the appropriate Highly Compensated Employees during the first 2 1/2 months of that next Plan Year. The excess contributions are the amount of deferral contributions made by the Highly Compensated Employees which causes the Plan to fail the ADP test. The Plan Administrator will determine the total amount of the excess contributions to the Plan by starting with the Highly Compensated Employee(s) who has the greatest deferral percentage, reducing his/her deferral percentage (but not below the next highest deferral percentage), then, if necessary, reducing the deferral percentage of the Highly Compensated Employee(s) at the next highest deferral percentage level, including the deferral percentage of the Highly Compensated Employee(s) whose deferral percentage the Plan Administrator already has reduced (but not below the next highest deferral percentage), and continuing in this manner until the ADP for the Highly Compensated Group satisfies the ADP test.

After the Plan Administrator has determined the total excess contribution amount, the Trustee, as directed by the Plan Administrator, then will distribute to each Highly Compensated Employee his/her respective share of the excess contributions. The Plan Administrator will determine each Highly Compensated Employee's share of excess contributions by starting with the Highly Compensated Employee(s) who has the highest dollar amount of elective deferrals, reducing his/her elective deferrals (but not below the next highest dollar amount of elective deferrals), then, if necessary, reducing the elective deferrals of the Highly Compensated Employee(s) at the next highest dollar amount of elective deferrals including the elective deferrals of the Highly Compensated Employee(s) whose elective deferrals the Plan Administrator already has reduced (but not below the next highest dollar amount of elective deferrals), and continuing in this manner until the Trustee has distributed all excess contributions.

(F) ALLOCABLE INCOME. To determine the amount of the corrective distribution required under this Section 14.08, the Plan Administrator must calculate the allocable income for the Plan Year (but not beyond the Plan Year) in which the excess contributions arose. "Allocable income" means net income or net loss. To calculate allocable income for the Plan Year, the Plan Administrator will use a uniform and nondiscriminatory method which reasonably reflects the manner used by the Plan Administrator to allocate income to Participants' Accounts.

14.09 ACTUAL CONTRIBUTION PERCENTAGE (ACP) TEST. For each Plan Year, the Plan Administrator must determine whether the annual Employer matching contributions (other than qualified matching contributions used in the ADP test under Section 14.08), if any, and the Employee contributions, if any, satisfy either of the following ACP tests:

(i) The ACP for the Highly Compensated Group does not exceed 1.25 times the ACP of the Nonhighly Compensated Group; or

(ii) The ACP for the Highly Compensated Group does not exceed the ACP for the Nonhighly Compensated Group by more than two percentage points (or the lesser percentage permitted by the multiple use limitation in Section 14.10) and the ACP for the Highly Compensated Group is not more than twice the ACP for the Nonhighly Compensated Group.

(A) CALCULATION OF ACP. The ACP for a group is the average of the separate contribution percentages calculated for each eligible Employee who is a member of that group. An eligible Employee's contribution percentage for a Plan Year is the ratio of the eligible Employee's aggregate contributions for the Plan Year to the Employee's Compensation for the Plan Year. "Aggregate contributions" are Employer matching contributions (other than qualified matching contributions used in the ADP test under Section

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14.08) and Employee contributions (as defined in Section 14.03). The Plan Administrator operationally may include in the ACP test, qualified nonelective contributions and elective deferrals not used in the ADP test. The Plan Administrator, under prior year testing, may include qualified nonelective contributions or qualified matching contributions in determining the Nonhighly Compensated Employee ACP only if the Employer makes such contribution to the Plan by the end of the testing year and the Plan Administrator allocates the contribution to the prior Plan Year. In determining whether the Plan satisfies either ACP test, the Plan Administrator will use prior year testing, unless the Employer in Appendix A to its Adoption Agreement elects to use the current year testing. An Employer may not change from current year testing to prior year testing except as provided in the Code or in other applicable guidance. For the first Plan Year the Plan permits matching contributions or Employee contributions and the Plan is not a successor plan (as defined in the Code or in other applicable guidance), under prior year testing, the prior year ACP for the Nonhighly Compensated Group is 3% unless the Employer in an Addendum to its Adoption Agreement elects to use the actual first year ACP for the Nonhighly Compensated Group.

(B) SPECIAL AGGREGATION RULE FOR HIGHLY COMPENSATED EMPLOYEES. To determine the contribution percentage of any Highly Compensated Employee, the aggregate contributions taken into account must include any matching contributions (other than qualified matching contributions used in the ADP test) and any Employee contributions made on his/her behalf to any other plan maintained by the Employer, unless the other plan is an ESOP. If the plans have different plan years, the Plan Administrator will determine the combined aggregate contributions on the basis of the plan years ending in the same calendar year.

(C) AGGREGATION OF CERTAIN 401(m) ARRANGEMENTS. If the Employer treats two or more plans as a single for coverage or nondiscrimination purposes, the Employer must combine the 401(m) arrangements under such plans to determine whether the plans satisfy the ACP test. This aggregation rule applies to the ACP determination for all eligible Employees, irrespective of whether an eligible Employee is a Highly Compensated Employee or a Nonhighly Compensated Employee. An Employer may aggregate 401(m) arrangements under this Section 14.09(C) if where the plans have the same plan year and use the same testing method. An Employer may not aggregate an ESOP (or the ESOP portion of a plan) with a non-ESOP plan (or non-ESOP portion of a plan). If the Employer aggregating 401(m) arrangements under this Section 14.09(C) is using prior year testing, the Plan Administrator must adjust the Nonhighly Compensated Group ACP for the prior year as provided in the Code or in other applicable guidance.

(D) DISTRIBUTION OF EXCESS AGGREGATE CONTRIBUTIONS. The Plan Administrator will determine excess aggregate contributions after determining excess deferrals under Section 14.07 and excess contributions under Section 14.08. If the Plan Administrator determines the Plan fails to satisfy the ACP test for a Plan Year, the Trustee, as directed by the Plan Administrator, must distribute the Vested excess aggregate contributions, as adjusted for allocable income, during the next Plan Year. However, the Employer may incur an excise tax with respect to the amount of excess aggregate contributions for a Plan Year not distributed to the appropriate Highly Compensated Employees during the first 2 1/2 months of that next Plan Year. The excess aggregate contributions are the amount of aggregate contributions allocated on behalf of the Highly Compensated Employees which causes the Plan to fail the ACP test. The Plan Administrator will determine the total amount of the excess aggregate contributions by starting with the Highly Compensated Employee(s) who has the greatest contribution percentage, reducing his/her contribution percentage (but not below the next highest contribution percentage), then, if necessary, reducing the contribution percentage of the Highly Compensated Employee(s) at the next highest contribution percentage level, including the contribution percentage of the Highly Compensated Employee(s) whose contribution percentage the Plan Administrator already has reduced (but not below the next highest contribution percentage), and continuing in this manner until the ACP for the Highly Compensated Group satisfies the ACP test.

After the Plan Administrator has determined the total excess aggregate contribution amount, the Trustee, as directed by the Plan Administrator, then will distribute (to the extent Vested) to each Highly Compensated Employee his/her respective share of the excess aggregate contributions. The Plan Administrator will determine each Highly Compensated Employee's share of excess aggregate contributions by starting with the Highly Compensated Employee(s) who has the highest dollar amount of aggregate contributions, reducing the amount of his/her aggregate contributions (but not below the next highest dollar amount of the aggregate contributions), then, if necessary, reducing the amount of aggregate contributions of the Highly Compensated Employee(s) at the next highest dollar amount of aggregate contributions, including the aggregate contributions of the Highly Compensated Employee(s) whose aggregate contributions the Plan Administrator already has reduced (but not below the next highest dollar amount of aggregate contributions), and continuing in this manner until the Trustee has distributed all excess aggregate contributions.

(E) ALLOCABLE INCOME. To determine the amount of the corrective distribution

required under this Section 14.09, the Plan Administrator must calculate the allocable income for the Plan Year (but not beyond the Plan Year) in which the excess aggregate contributions arose. "Allocable income" means net income or net loss. The Plan Administrator will determine allocable income in the same manner as described in Section 14.08(F) for excess contributions.

(F) CHARACTERIZATION OF EXCESS AGGREGATE CONTRIBUTIONS. The Plan Administrator will treat a Highly Compensated Employee's allocable share of excess aggregate contributions in the following priority: (1) first as attributable to his/her Employee contributions, if any; (2) then as matching contributions allocable with respect to excess contributions determined under the ADP test described in Section 14.08; (3) then on a pro rata basis to matching contributions and to the deferral contributions relating to those matching contributions which the Plan Administrator has included in the ACP test; and (4) last to qualified nonelective contributions used in the ACP test. To the extent the Highly Compensated Employee's excess aggregate contributions are attributable to matching contributions, and he/she is not 100% Vested in his/her

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Account Balance attributable to matching contributions, the Plan Administrator will distribute only the Vested portion and forfeit the nonvested portion. The Vested portion of the Highly Compensated Employee's excess aggregate contributions attributable to Employer matching contributions is the total amount of such excess aggregate contributions (as adjusted for allocable income) multiplied by his/her Vested percentage (determined as of the last day of the Plan Year for which the Employer made the matching contribution).

14.10 MULTIPLE USE LIMITATION. If at least one Highly Compensated Employee is includible in the ADP test under Section 14.08 and in the ACP test under Section 14.09, the sum of the Highly Compensated Group's ADP and ACP may not exceed the multiple use limitation.

The multiple use limitation is the sum of (i) and (ii):

(i) 125% of the greater of: (a) the ADP of the Nonhighly Compensated Group for the prior Plan Year; or (b) the ACP of the Nonhighly Compensated Group for the Plan Year beginning with or within the prior Plan Year of the 401(k) arrangement.

(ii) 2% plus the lesser of (i)(a) or (i)(b), but no more than twice the lesser of (i)(a) or (i)(b).

The Plan Administrator, in lieu of determining the multiple use limitation as the sum of (i) and (ii), may elect to determine the multiple use limitation as the sum of (iii) and (iv):

(iii) 125% of the lesser of: (a) the ADP of the Nonhighly Compensated Group for the prior Plan Year; or (b) the ACP of the Nonhighly Compensated Group for the Plan Year beginning with or within the prior Plan Year of the 401(k) arrangement.

(iv) 2% plus the greater of (iii)(a) or (iii)(b), but no more than twice the greater of (iii)(a) or (iii)(b).

If the Employer has elected in its Adoption Agreement to use current year testing, the multiple use limitation is calculated using the Nonhighly Compensated Group's current Plan Year data. The Plan Administrator will determine whether the Plan satisfies the multiple use limitation after applying the ADP test under Section 14.08 and the ACP test under Section 14.09 and using the deemed maximum corrected ADP and ACP percentages in the event the Plan failed either or both tests. If, after applying this Section 14.10, the Plan Administrator determines the Plan has failed to satisfy the multiple use limitation, the Plan Administrator will correct the failure by treating the excess amount as excess contributions under Section 14.08 or as excess aggregate contributions under Section 14.09, as the Plan Administrator determines in its sole discretion. This Section 14.10 does not apply unless, prior to application of the multiple use limitation, the ADP and the ACP of the Highly Compensated Group each exceeds 125% of the respective percentages for the Nonhighly Compensated Group.

14.11 DISTRIBUTION RESTRICTIONS. The Employer in Adoption Agreement Section 6.01 must elect the distribution events permitted under the Plan. The distribution events applicable to the Participant's deferral contributions Account, qualified nonelective contributions Account, qualified matching contributions Account and safe harbor contributions Account (collectively, "restricted balances") must satisfy the distribution restrictions described in Section 14.03(d).

(A) HARDSHIP DISTRIBUTIONS FROM DEFERRAL CONTRIBUTIONS ACCOUNT. The Employer must elect in Adoption Agreement Section 6.01 whether a Participant may receive hardship distribution (as defined in Section 6.09) from his/her deferral contributions Account prior to the Participant's Separation from Service. A hardship distribution from the deferral contributions Account also must satisfy the requirements of this Section 14.11(A). A hardship distribution option may not apply to a Participant's qualified nonelective contributions Account, qualified matching contributions Account, nor to his/her safe harbor contributions Account except as provided in Paragraph (2).

(1) RESTRICTIONS. The following restrictions apply to a Participant who receives a hardship distribution from his/her deferral contributions Account: (a) the Participant may not make elective deferrals or Employee contributions to the Plan for the 12-month period following the date of his/her hardship distribution; (b) the distribution may not exceed the amount of the Participant's immediate and heavy financial need (including any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution); (c) the Participant must have obtained all distributions, other than hardship distributions, and all nontaxable loans (determined at the time of the loan) currently available under this Plan and all other qualified plans maintained by the Employer, and (d) the Participant must limit elective

deferrals under this Plan and under any other qualified plan maintained by the Employer, for the Participant's taxable year immediately following the taxable year of the hardship distribution, to the 402(g) limitation (as described in Section 14.07), reduced by the amount of the Participant's elective deferrals made in the taxable year of the hardship distribution. The suspension of elective deferrals and Employee contributions described in clause (a) also must apply to all other qualified plans and to all nonqualified plans of deferred compensation maintained by the Employer, other than any mandatory employee contribution portion of a defined benefit plan, including stock option, stock purchase and other similar plans, but not including health or welfare benefit plans (other than the cash or deferred arrangement portion of a cafeteria plan). The Plan Administrator, absent actual contrary knowledge, may rely on a Participant's written representation that the distribution is on account of hardship (as defined in Section 6.09) and also satisfies clause (b). In addition, clause (c) regarding loans does not apply if the loan to the Participant would increase the Participant's hardship need.

(2) EARNINGS. A hardship distribution may not include earnings on an Employee's elective deferrals credited after December 31, 1988. Qualified matching

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contributions and qualified nonelective contributions, and any earnings on such contributions, credited as of December 31, 1988, are subject to withdrawal for a hardship distribution only if the Employer in an Addendum to its Adoption Agreement elects to permit such withdrawals. The Addendum may modify the December 31, 1988, date for purposes of determining credited amounts, provided the date is not later than the end of the last Plan Year ending before July 1, 1989.

(B) DISTRIBUTIONS AFTER SEPARATION FROM SERVICE. Following the Participant's Separation from Service, the distribution events applicable to the Participant apply equally to all of the Participant's Accounts.

14.12 SPECIAL ALLOCATION AND VALUATION RULES. If the 401(k) arrangement provides for salary reduction contributions, if the Plan accepts Employee contributions, or if the Plan allocates matching contributions as of any date other than the last day of the Plan Year, the Employer in Adoption Agreement Sections 9.08 and 10.15 must elect the method the Plan Administrator will apply to allocate net income, gain or loss to such contributions made during the Plan Year and any alternative valuation dates for the different Account types which the Plan Administrator maintains under the Plan.

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RANGE RESOURCES CORPORATION 401(K) PLAN

ADOPTION AGREEMENT #005
NONSTANDARDIZED 401(k) PROFIT SHARING PLAN

The undersigned, Range Resources Corporation ("Employer"), by executing this Adoption Agreement, elects to establish a retirement plan and trust ("Plan") under the CPI Qualified Plan Consultants, Inc. Defined Contribution Prototype Plan and Trust (basic plan document # 01). The Employer, subject to the Employer's Adoption Agreement elections, adopts fully the Prototype Plan and Trust provisions. This Adoption Agreement, the basic plan document and any attached appendices or addenda, constitute the Employer's entire plan and trust document. All section references within this Adoption Agreement are Adoption Agreement section references unless the Adoption Agreement or the context indicate otherwise. All article references are basic plan document and Adoption Agreement references as applicable. Numbers in parenthesis which follow headings are references to basic plan document sections. The Employer makes the following elections granted under the corresponding provisions of the basic plan document.

ARTICLE I
DEFINITIONS

1. PLAN (1.21). The name of the Plan as adopted by the Employer is Range Resources Corporation 401(k) Plan.

2. TRUSTEE (1.33). The Trustee executing this Adoption Agreement is: (Choose one of (a), (b) or (c))

(a) A DISCRETIONARY TRUSTEE. See Plan Section 10.03[A].

(b) A NONDISCRETIONARY TRUSTEE. See Plan Section 10.03[B].

(c) A TRUSTEE UNDER A SEPARATE TRUST AGREEMENT. See Plan Section 10.03[G].

3. EMPLOYEE (1.11). The following Employees are not eligible to participate in the Plan: (Choose (a) or one or more of (b) through (g) as applicable)

(a) NO EXCLUSIONS.

(b) COLLECTIVE BARGAINING EMPLOYEES.

(c) NONRESIDENT ALIENS.

(d) LEASED EMPLOYEES.

(e) RECLASSIFIED EMPLOYEES.

(f) CLASSIFICATIONS: Commission Salesmen; Temporary Employees.

(g) EXCLUSIONS BY TYPES OF CONTRIBUTIONS. The following classification(s) of Employees are not eligible for the specified contributions:

EMPLOYEE CLASSIFICATION: _____
CONTRIBUTION TYPE: _____

4. COMPENSATION (1.07). The Employer makes the following election(s) regarding the definition of Compensation for purposes of the contribution allocation formula under Article III: (Choose one of (a), (b) or (c))

(a) W-2 WAGES INCREASED BY ELECTIVE CONTRIBUTIONS.

(b) CODE SECTION 3401(a) FEDERAL INCOME TAX WITHHOLDING WAGES INCREASED BY ELECTIVE CONTRIBUTIONS.

(c) 415 COMPENSATION.

[Note: Each of the Compensation definitions in (a), (b) and (c) include Elective Contributions. See Plan Section 1.07(D). To exclude Elective Contributions, the Employer must elect (g).]

COMPENSATION TAKEN INTO ACCOUNT. For the Plan Year in which an Employee first becomes a Participant, the Plan Administrator will determine the allocation of Employer contributions (excluding deferral contributions) by taking into account: (Choose one of (d) or (e))

(d) PLAN YEAR. The Employee's Compensation for the entire Plan Year.

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[n/a] (e) COMPENSATION WHILE A PARTICIPANT. The Employee's Compensation only for the portion of the Plan Year in which the Employee actually is a Participant.

MODIFICATIONS TO COMPENSATION DEFINITION. The Employer elects to modify the Compensation definition elected in (a), (b) or (c) as follows. (Choose one or more of (f) through (n) as applicable.)

[n/a] (f) FRINGE BENEFITS. The Plan excludes all reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits.

[n/a] (g) ELECTIVE CONTRIBUTIONS. The Plan excludes a Participant's Elective Contributions. See Plan Section 1.07(D).

[n/a] (h) EXCLUSION. The Plan excludes Compensation in excess of:_____.

[X] (i) BONUSES. The Plan excludes bonuses.

[n/a] (j) OVERTIME. The Plan excludes overtime.

[n/a] (k) COMMISSIONS. The Plan excludes commissions.

[X] (l) NONELECTIVE CONTRIBUTIONS. The following modifications apply to the definition of Compensation for nonelective contributions: amounts taxable to employees in connection with purchases of discounted Stock; distributions from deferred compensation plan; imputed interest compensation.

[X] (m) DEFERRAL CONTRIBUTIONS. The following modifications apply to the definition of Compensation for deferral contributions: amounts taxable to employees in connection with purchases of discounted Stock; distributions from deferred compensation plan; imputed interest compensation.

[X] (n) MATCHING CONTRIBUTIONS. The following modifications apply to the definition of Compensation for matching contributions: amounts taxable to employees in connection with purchases of discounted Stock; distributions from deferred compensation plan; imputed interest compensation.

5. PLAN YEAR/LIMITATION YEAR (1.24). Plan Year and Limitation Year mean the 12-consecutive month period (except for a short Plan Year) ending every: (Choose (a) or (b). Choose (c) if applicable)

[X] (a) DECEMBER 31.

[n/a] (b) OTHER:_____.

[n/a] (c) SHORT PLAN YEAR: commencing on: _____ and ending on: _____.

6. EFFECTIVE DATE (1.10). The Employer's adoption of the Plan is a: (Choose one of (a) or (b))

[n/a] (a) NEW PLAN. The Effective Date of the Plan is: _____.

[X] (b) RESTATED PLAN. The restated Effective Date is: January 1, 1997.

This Plan is an amendment and restatement of an existing retirement plan(s) originally established effective as of: January 1, 1989.

7. HOUR OF SERVICE/ELAPSED TIME METHOD (1.15). The crediting method for Hours of Service is: (Choose one or more of (a) through (d) as applicable)

[X] (a) ACTUAL METHOD. See Plan Section 1.15(B).

[n/a] (b) EQUIVALENCY METHOD. The Equivalency Method is: _____. [Note: Insert "daily," "weekly," "semi-monthly payroll periods" or "monthly." See Plan Section 1.15(C).

[n/a] (c) COMBINATION METHOD. In lieu of the Equivalency Method specified in (b), the Actual Method applies for purposes of: _____.

[n/a] (d) ELAPSED TIME METHOD. In lieu of crediting Hours of Service, the Elapsed Time Method applies for purposes of crediting Service for: (Choose one or more of (1), (2) or (3) as applicable)

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[n/a] (1) Eligibility under Article II.

[n/a] (2) Vesting under Article V.

[n/a] (3) Contribution allocations under Article III.

8. PREDECESSOR EMPLOYER SERVICE (1.30). In addition to the predecessor service the Plan must credit by reason of Section 1.30 of the Plan, the Plan credits as Service under this Plan service with the following predecessor employer(s): Lomak Petroleum Inc. and Domain Energy.

[Note: If the Plan does not credit any additional predecessor service under this Section 1.30, insert "N/A" in the blank line. The Employer also may elect to credit predecessor service with specified Participating Employers only. See the Participation Agreement.] Service with the designated predecessor employer(s) applies: (Choose one or more of (a) through (d) as applicable)

[X] (a) ELIGIBILITY. For eligibility under Article II. See Plan Section 1.30 for time of Plan entry.

[X] (b) VESTING. For vesting under Article V.

[X] (c) CONTRIBUTION ALLOCATION. For contribution allocations under Article III.

[n/a] (d) EXCEPTIONS. Except for the following Service: _____.

ARTICLE II
ELIGIBILITY REQUIREMENTS

9. ELIGIBILITY (2.01).

ELIGIBILITY CONDITIONS. To become a Participant in the Plan, an Employee must satisfy the following eligibility conditions: (Choose one or more of (a) through (e) as applicable) [Note: If the Employer does not elect (c), the Employer's elections under (a) and (b) apply to all types of contributions. The Employer as to deferral contributions may not elect (b)(2) and may not elect more than 12 months in (b)(4) and (b)(5).]

[X] (a) AGE. Attainment of age 18 (not to exceed age 21).

[X] (b) SERVICE. Service requirement. (Choose one of (1) through (5))

[n/a] (1) One Year of Service.

[n/a] (2) Two Years of Service, without an intervening Break in Service. See Plan Section 2.03(A).

[X] (3) One Hour of Service (immediate completion of Service requirement). The Employee satisfies the Service requirement on his/her Employment Commencement Date.

[n/a] (4) _____ months (not exceeding 24).

[n/a] (5) An Employee must complete ____ Hours of Service within the ____ time period following the Employee's Employment Commencement Date. If an Employee does not complete the stated Hours of Service during the specified time period (if any), the Employee is subject to the One Year of Service requirement. [Note: The number of hours may not exceed 1,000 and the time period may not exceed 24 months. If the Plan does not require the Employee to satisfy the Hours of Service requirement within a specified time period, insert "N/A" in the second blank line.]

[n/a] (c) ALTERNATIVE 401(k)/401(m) ELIGIBILITY CONDITIONS. In lieu of the elections in (a) and (b), the Employer elects the following eligibility conditions for the following types of contributions: (Choose (1) or (2) or both if the Employer wishes to impose less restrictive eligibility conditions for deferral/Employee contributions or for matching contributions)

(1) [n/a] DEFERRAL/EMPLOYEE CONTRIBUTIONS: (Choose one of a. through d. Choose e. if applicable)

a. [n/a] One Year of Service

b. [n/a] One Hour of Service (immediate completion of Service requirement)

c. [n/a] _____ months (not exceeding 12)

d. [n/a] An Employee must complete _____ Hours of Service within the _____ time period following an Employee's Employment Commencement Date. If an Employee does not complete the stated Hours of Service during the specified time period (if any), the Employee is subject to the One Year of

Service requirement. [Note: The number of hours may not exceed 1,000 and the time period may not exceed 12

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months. If the Plan does not require the Employee to satisfy the Hours of Service requirement within a specified time period, insert "N/A" in the second blank line.]

- e. [n/a] Age _____ (not exceeding age 21)
- (2) [n/a] MATCHING CONTRIBUTIONS: (Choose one of f. through i. Choose j. if applicable)
- f. [n/a] One Year of Service
- g. [n/a] One Hour of Service (immediate completion of Service requirement)
- h. [n/a] _____ months (not exceeding 24)
- i. [n/a] An Employee must complete _____ Hours of Service within the _____ time period following an Employee's Employment Commencement Date. If an Employee does not complete the stated Hours of Service during the specified time period (if any), the Employee is subject to the One Year of Service requirement. [Note: The number of hours may not exceed 1,000 and the time period may not exceed 24 months. If the Plan does not require the Employee to satisfy the Hours of Service requirement within a specified time period, insert "N/A" in the second blank line.]
- j. [n/a] Age _____ (not exceeding age 21)

[n/a] (d) SERVICE REQUIREMENTS: _____.
[Note: Any Service requirement the Employer elects in (d) must be available under other Adoption Agreement elections or a combination thereof.]

[n/a] (e) DUAL ELIGIBILITY. The eligibility conditions of this Section 2.01 apply solely to an Employee employed by the Employer after _____. If the Employee was employed by the Employer by the specified date, the Employee will become a Participant on the latest of: (i) the Effective Date; (ii) the restated Effective Date; (iii) the Employee's Employment Commencement Date; or (iv) on the date the Employee attains age _____ (not exceeding age 21).

PLAN ENTRY DATE. "Plan Entry Date" means the Effective Date and: (Choose one of (f) through (j). Choose (k) if applicable) [Note: If the Employer does not elect (k), the elections under (f) through (j) apply to all types of contributions. The Employer must elect at least one Entry Date per Plan Year.]

[n/a] (f) SEMI-ANNUAL ENTRY DATES. The first day of the Plan Year and the first day of the seventh month of the Plan Year.

[n/a] (g) THE FIRST DAY OF THE PLAN YEAR.

[X] (h) EMPLOYMENT COMMENCEMENT DATE (immediate eligibility).

[n/a] (i) THE FIRST DAY OF EACH: _____ (e.g., "Plan Year quarter").

[n/a] (j) THE FOLLOWING PLAN ENTRY DATES: _____.

[n/a] (k) ALTERNATIVE 401(k)/401(m) PLAN ENTRY DATE(S). For the alternative 401(k)/401(m) eligibility conditions under (c), Plan Entry Date means: (Choose (1) or (2) or both as applicable)

- | | |
|--|---|
| (1) [n/a] DEFERRAL/EMPLOYEE CONTRIBUTIONS
(Choose one of e. through h.) | (2) [n/a] MATCHING CONTRIBUTIONS
(Choose one of a. through d.) |
| a. [n/a] Semi-annual Entry Dates | e. [n/a] Semi-annual Entry Dates |
| b. [n/a] The first day of the Plan Year | f. [n/a] The first day of the Plan Year |
| c. [n/a] Employment Commencement Date
(immediate eligibility) | g. [n/a] Employment Commencement Date
(immediate eligibility) |
| d. [n/a] The first day of each: _____ | h. [n/a] The first day of each: _____ |

TIME OF PARTICIPATION. An Employee will become a Participant, unless excluded under Section 1.11, on the Plan Entry Date (if employed on that date): (Choose one of (l), (m) or (n). Choose (o) if applicable): [Note: If the Employer does not elect (o), the election under (l), (m) or (n) applies to all types of contributions.]

[X] (l) IMMEDIATELY FOLLOWING OR COINCIDENT WITH

[n/a] (m) IMMEDIATELY PRECEDING OR COINCIDENT WITH

[n/a] (n) NEAREST

[n/a] (o) ALTERNATIVE 401(k)/401(m) ELECTION(s): (Choose (1) or (2) or both as applicable)

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(1) [n/a] DEFERRAL CONTRIBUTIONS

a. [n/a] Immediately following
or coincident with

(2) [n/a] MATCHING CONTRIBUTIONS

(Choose one of b., c. or d.)

b. [n/a] Immediately following
or coincident with
c. [n/a] Immediately preceding
or coincident with
d. [n/a] Nearest

the date the Employee completes the eligibility conditions described in this Section 2.01. [Note: Unless otherwise excluded under Section 1.11, an Employee must become a Participant by the earlier of: (1) the first day of the Plan Year beginning after the date the Employee completes the age and service requirements of Code Section 410(a); or (2) 6 months after the date the Employee completes those requirements.]

10. YEAR OF SERVICE - ELIGIBILITY (2.02). (Choose (a) and (b) as applicable):
[Note: If the Employer does not elect a Year of Service condition or elects the Elapsed Time Method, the Employer should not complete (a) or (b).]

[n/a] (a) YEAR OF SERVICE. An Employee must complete _____ Hour(s) of Service during an eligibility computation period to receive credit for a Year of Service under Article II: [Note: The number may not exceed 1,000. If left blank, the requirement is 1,000.]

[n/a] (b) ELIGIBILITY COMPUTATION PERIOD. After the initial eligibility computation period described in Plan Section 2.02, the Plan measures the eligibility computation period as: (Choose one of (1) or (2))

[n/a] (1) The Plan Year beginning with the Plan Year which includes the first anniversary of the Employee's Employment Commencement Date.

[n/a] (2) The 12-consecutive month period beginning with each anniversary of the Employee's Employment Commencement Date.

11. PARTICIPATION - BREAK IN SERVICE (2.03). The one year hold-out rule described in Plan Section 2.03(B): (Choose one of (a), (b) or (c))

[X] (a) NOT APPLICABLE. Does not apply to the Plan.

[n/a] (b) APPLICABLE. Applies to the Plan and to all Participants.

[n/a] (c) LIMITED APPLICATION. Applies to the Plan, but only to a Participant who has incurred a Separation from Service.

12. ELECTION NOT TO PARTICIPATE (2.06). The Plan: (Choose one of (a) or (b))

[X] (a) ELECTION NOT PERMITTED. Does not permit an eligible Employee to elect not to participate.

[n/a] (b) IRREVOCABLE ELECTION. Permits an Employee to elect not to participate if the Employee makes a one-time irrevocable election prior to the Employee's Plan Entry Date.

ARTICLE III

EMPLOYER CONTRIBUTIONS, DEFERRAL CONTRIBUTIONS AND FORFEITURES

13. AMOUNT AND TYPE (3.01). The amount and type(s) of the Employer's contribution to the Trust for a Plan Year or other specified period will equal: (Choose one or more of (a) through (f) as applicable)

[X] (a) DEFERRAL CONTRIBUTIONS (401(k) ARRANGEMENT). The dollar or percentage amount by which each Participant has elected to reduce his/her Compensation, as provided in the Participant's salary reduction agreement and in accordance with Section 3.02.

[X] (b) MATCHING CONTRIBUTIONS (OTHER THAN SAFE HARBOR MATCHING CONTRIBUTIONS UNDER SECTION 3.01(d)). The matching contributions made in accordance with Section 3.03.

[X] (c) NONELECTIVE CONTRIBUTIONS (PROFIT SHARING). The following nonelective contribution (Choose (1) or (2) or both as applicable): [Note: The Employer may designate as a qualified nonelective contribution, all or any portion of its nonelective contribution. See Plan Section 3.04(F).]

[X] (1) DISCRETIONARY. An amount the Employer in its sole discretion may determine.

[n/a] (2) FIXED. The following amount:_____

[n/a] (d) 401(k) SAFE HARBOR CONTRIBUTIONS. The following 401(k) safe harbor contributions described in Plan Section 14.02(D): (Choose one of (1), (2) or (3). Choose (4), if applicable)

[n/a] (1) SAFE HARBOR NONELECTIVE CONTRIBUTION. The safe harbor nonelective contribution equals _____% of a Participant's Compensation [Note: the amount in the blank must be at least 3%.].

[n/a] (2) BASIC SAFE HARBOR MATCHING CONTRIBUTION. A matching contribution equal to 100% of each Participant's deferral contributions not exceeding 3% of the Participant's Compensation, plus 50% of each Participant's deferral contributions in excess of 3% but not in excess of 5% of the Participant's Compensation. For this purpose, "Compensation" means Compensation for: _____. [Note: The Employer must complete the blank line with the applicable time period for computing the Employer's basic safe harbor match, such as "each payroll period," "each month," "each Plan Year quarter" or "the Plan Year".]

[n/a] (3) ENHANCED SAFE HARBOR MATCHING CONTRIBUTION. (Choose one of a. or b.).

[n/a] a. UNIFORM PERCENTAGE. An amount equal to _____% of each Participant's deferral contributions not exceeding _____% of the Participant's Compensation. For this purpose, "Compensation" means Compensation for: _____. [See the Note in (d)(2).]

[n/a] b. TIERED FORMULA. An amount equal to the specified matching percentage for the corresponding level of each Participant's deferral contribution percentage. For this purpose, "Compensation" means Compensation for: _____. [See the Note in (d)(2).]

Deferral Contribution Percentage	Matching Percentage
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[Note: The matching percentage may not increase as the deferral contribution percentage increases and the enhanced matching formula otherwise must satisfy the requirements of Code Sections 401(k)(12)(B)(ii) and (iii). If the Employer wishes to avoid ACP testing on its enhanced safe harbor matching contribution, the Employer also must limit deferral contributions taken into account (the "Deferral Contribution Percentage") for the matching contribution to 6% of Plan Year Compensation.]

[n/a] (4) ANOTHER PLAN. The Employer will satisfy the 401(k) safe harbor contribution in the following plan: _____.

[n/a] (e) DAVIS-BACON CONTRIBUTIONS. The amount(s) specified for the applicable Plan Year or other applicable period in the Employer's Davis-Bacon contract(s). The Employer will make a contribution only to Participants covered by the contract and only with respect to Compensation paid under the contract. If the Participant accrues an allocation of nonelective contributions (including forfeitures) under the Plan in addition to the Davis-Bacon contribution, the Plan Administrator will: (Choose one of (1) or (2))

[n/a] (1) Not reduce the Participant's nonelective contribution allocation by the Davis-Bacon contribution.

[n/a] (2) Reduce the Participant's nonelective contribution allocation by the Davis-Bacon contribution.

[n/a] (f) FROZEN PLAN. This Plan is a frozen Plan effective: _____. For any period following the specified date, the Employer will not contribute to the Plan, a Participant may not contribute and an otherwise eligible Employee will not become a Participant in the Plan.

14. DEFERRAL CONTRIBUTIONS (3.02). The following limitations and terms apply to an Employee's deferral contributions: (If the Employer elects Section 3.01(a), the Employer must elect (a). Choose (b) or (c) as applicable)

[X] (a) LIMITATION ON AMOUNT. An Employee's deferral contributions are subject to the following limitation(s) in addition to those imposed by the Code: (Choose (1), (2) or (3) as applicable)

[X] (1) Maximum deferral amount: 50% of Compensation.

[n/a] (2) Minimum deferral amount: _____.

[n/a] (3) No limitations.

For the Plan Year in which an Employee first becomes a Participant, the Plan Administrator will apply any percentage limitation the Employer elects in (1) or (2) to the Employee's Compensation: (Choose one of (4) or (5) unless the Employer elects (3))

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[n/a] (4) Only for the portion of the Plan Year in which the Employee actually is a Participant.

[X] (5) For the entire Plan Year.

[n/a] (b) NEGATIVE DEFERRAL ELECTION. The Employer will withhold _____% from the Participant's Compensation unless the Participant elects a lesser percentage (including zero) under his/her salary reduction agreement. See Plan Section 14.02(C). The negative election will apply to: (Choose one of (1) or (2))

[n/a] (1) All Participants who have not deferred at least the automatic deferral amount as of: _____.

[n/a] (2) Each Employee whose Plan Entry Date is on or following the negative election effective date.

[n/a] (c) CASH OR DEFERRED CONTRIBUTIONS. For each Plan Year for which the Employer makes a designated cash or deferred contribution under Plan Section 14.02(B), a Participant may elect to receive directly in cash not more than the following portion (or, if less, the 402(g) limitation) of his/her proportionate share of that cash or deferred contribution: (Choose one of (1) or (2))

[n/a] (1) All or any portion. [n/a] (2) _____%.

MODIFICATION/REVOCAION OF SALARY REDUCTION AGREEMENT. A Participant prospectively may modify or revoke a salary reduction agreement, or may file a new salary reduction agreement following a prior revocation, at least once per Plan Year or during any election period specified by the basic plan document or required by the Internal Revenue Service. The Plan Administrator also may provide for more frequent elections in the Plan's salary reduction agreement form.

15. MATCHING CONTRIBUTIONS (INCLUDING ADDITIONAL SAFE HARBOR MATCH UNDER PLAN SECTION 14.02(D)(3)) (3.03). The Employer matching contribution is: (If the Employer elects Section 3.01(b), the Employer must elect one or more of (a), (b) or (c) as applicable. Choose (d) if applicable)

[n/a] (a) FIXED FORMULA. An amount equal to _____% of each Participant's deferral contributions.

[X] (b) DISCRETIONARY FORMULA. An amount (or additional amount) equal to a matching percentage the Employer from time to time may deem advisable of the Participant's deferral contributions. The Employer, in its sole discretion, may designate as a qualified matching contribution, all or any portion of its discretionary matching contribution. The portion of the Employer's discretionary matching contribution for a Plan Year not designated as a qualified matching contribution is a regular matching contribution.

[n/a] (c) MULTIPLE LEVEL FORMULA. An amount equal to the following percentages for each level of the Participant's deferral contributions. [Note: The matching percentage only will apply to deferral contributions in excess of the previous level and not in excess of the stated deferral contribution percentage.]

Deferral Contribution Percentage	Matching Percentage
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-----	-----

[n/a] (d) RELATED EMPLOYERS. If two or more Related Employers contribute to this Plan, the Plan Administrator will allocate matching contributions and matching contribution forfeitures only to the Participants directly employed by the contributing Employer. The matching contribution formula for the other Related Employer(s) is: _____. [Note: If the Employer does not elect (d), the Plan Administrator will allocate all matching contributions and matching forfeitures without regard to which contributing Related Employer directly employs the Participant.]

TIME PERIOD FOR MATCHING CONTRIBUTIONS. The Employer will determine its matching contribution based on deferral contributions made during each: (Choose one of (e) through (h))

[X] (e) PLAN YEAR.

[n/a] (f) PLAN YEAR QUARTER.

[n/a] (g) PAYROLL PERIOD.

[n/a] (h) ALTERNATIVE TIME PERIOD: _____. [Note: Any alternative time period the Employer elects in (h) must be the same for all Participants and may not exceed the Plan Year.]

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DEFERRAL CONTRIBUTIONS TAKEN INTO ACCOUNT. In determining a Participant's deferral contributions taken into account for the above-specified time period under the matching contribution formula, the following limitations apply: (Choose one of (i), (j) or (k))

- [n/a] (i) ALL DEFERRAL CONTRIBUTIONS. The Plan Administrator will take into account all deferral contributions.
- [n/a] (j) SPECIFIC LIMITATION. The Plan Administrator will disregard deferral contributions exceeding _____% of the Participant's Compensation. [Note: To avoid the ACP test in a safe harbor 401(k) plan, the Employer must limit deferrals and Employee contributions which are subject to match to 6% of Plan Year Compensation.]
- [X] (k) DISCRETIONARY. The Plan Administrator will take into account the deferral contributions as a percentage of the Participant's Compensation as the Employer determines.

OTHER MATCHING CONTRIBUTION REQUIREMENTS. The matching contribution formula is subject to the following additional requirements: (Choose (l) or (m) or both if applicable)

- [X] (l) MATCHING CONTRIBUTION LIMITS. A Participant's matching contributions may not exceed: (Choose one of (1) or (2))
- [X] (1) an amount to be determined by the Plan Administrator. [Note: The Employer may elect (1) to place an overall dollar or percentage limit on matching contributions.]
- [n/a] (2) 4% of a Participant's Compensation for the Plan Year under the discretionary matching contribution formula. [Note: The Employer must elect (2) if it elects a discretionary matching formula with the safe harbor 401(k) contribution formula and wishes to avoid the ACP test.]
- [n/a] (m) QUALIFIED MATCHING CONTRIBUTIONS. The Plan Administrator will allocate as qualified matching contributions, the matching contributions specified in Adoption Agreement Section: _____. The Plan Administrator will allocate all other matching contributions as regular matching contributions. [Note: If the Employer elects two matching formulas, the Employer may use (m) to designate one of the formulas as a qualified matching contribution.]

16. CONTRIBUTION ALLOCATION (3.04).

EMPLOYER NONELECTIVE CONTRIBUTIONS (3.04(A)). The Plan Administrator will allocate the Employer's nonelective contribution under the following contribution allocation formula: (Choose one of (a), (b) or (c). Choose (d) if applicable)

- [n/a] (a) NONINTEGRATED (PRO RATA) ALLOCATION FORMULA.
- [X] (b) PERMITTED DISPARITY. The following permitted disparity formula and definitions apply to the Plan: (Choose one of (1) or (2). Also choose (3))
- [n/a] (1) Two-tiered allocation formula.
- [X] (2) Four-tiered allocation formula.
- [X] (3) For purposes of Section 3.04(b), "Excess Compensation" means Compensation in excess of: (Choose one of a. or b.)
- [X] a. 100% of the taxable wage base in effect on the first day of the Plan Year, rounded to the next highest \$100 (not exceeding the taxable wage base).
- [n/a] b. The following integration level: _____.
[Note: The integration level cannot exceed the taxable wage base in effect for the Plan Year for which this Adoption Agreement first is effective.]
- [n/a] (c) UNIFORM POINTS ALLOCATION FORMULA. Under the uniform points allocation formula, a Participant receives: (Choose (1) or both (1) and (2) as applicable)
- [n/a] (1) _____ point(s) for each Year of Service. Year of Service means: _____.
- [n/a] (2) One point for each \$ _____ [not to exceed \$200] increment of Plan Year Compensation.
- [n/a] (d) INCORPORATION OF CONTRIBUTION FORMULA. The Plan Administrator will allocate the Employer's nonelective contribution under Section(s)

3.01(c)(2), (d)(1) or (e) in accordance with the contribution formula adopted by the Employer under that Section.

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QUALIFIED NONELECTIVE CONTRIBUTIONS. (3.04(F)). The Plan Administrator will allocate the Employer's qualified nonelective contributions to: (Choose one of (e) or (f))

(e) NONHIGHLY COMPENSATED EMPLOYEES ONLY.

(f) ALL PARTICIPANTS.

RELATED EMPLOYERS. (Choose (g) if applicable)

(g) ALLOCATE ONLY TO DIRECTLY EMPLOYED PARTICIPANTS. If two or more Related Employers adopt this Plan, the Plan Administrator will allocate all nonelective contributions and forfeitures attributable to nonelective contributions only to the Participants directly employed by the contributing Employer. If a Participant receives Compensation from more than one contributing Employer, the Plan Administrator will determine the allocations under this Section 3.04 by prorating the Participant's Compensation between or among the participating Related Employers. [Note: If the Employer does not elect 3.04(g), the Plan Administrator will allocate all nonelective contributions and forfeitures without regard to which contributing Related Employer directly employs the Participant. The Employer may not elect 3.04(g) under a safe harbor 401(k) Plan.]

17. FORFEITURE ALLOCATION (3.05). The Plan Administrator will allocate a Participant forfeiture: (Choose one or more of (a), (b) or (c) as applicable)
[Note: Even if the Employer elects immediate vesting, the Employer should complete Section 3.05. See Plan Section 9.11.]

(a) MATCHING CONTRIBUTION FORFEITURES. To the extent attributable to matching contributions: (Choose one of (1) through (4))

(1) As a discretionary matching contribution.

(2) To reduce matching contributions.

(3) As a discretionary nonelective contribution.

(4) To reduce nonelective contributions.

(b) NONELECTIVE CONTRIBUTION FORFEITURES. To the extent attributable to Employer nonelective contributions: (Choose one of (1) through (4))

(1) As a discretionary nonelective contribution.

(2) To reduce nonelective contributions.

(3) As a discretionary matching contribution.

(4) To reduce matching contributions.

(c) REDUCE ADMINISTRATIVE EXPENSES. First to reduce the Plan's ordinary and necessary administrative expenses for the Plan Year and then allocate any remaining forfeitures in the manner described in Sections 3.05(a) or (b) as applicable.

TIMING OF FORFEITURE ALLOCATION. The Plan Administrator will allocate forfeitures under Section 3.05 in the Plan Year: (Choose one of (d) or (e))

(d) In which the forfeiture occurs.

(e) Immediately following the Plan Year in which the forfeiture occurs.

18. ALLOCATION CONDITIONS (3.06).

ALLOCATION CONDITIONS. The Plan does not apply any allocation conditions to deferral contributions, 401(k) safe harbor contributions (under Section 3.01(d)) or to Davis-Bacon contributions (except as the Davis-Bacon contract provides). To receive an allocation of matching contributions, nonelective contributions, qualified nonelective contributions or Participant forfeitures, a Participant must satisfy the following allocation condition(s): (Choose one or more of (a) through (i) as applicable)

(a) HOURS OF SERVICE CONDITION. The Participant must complete at least the specified number of Hours of Service (not exceeding 1,000) during the Plan Year: 1000.

(b) EMPLOYMENT CONDITION. The Participant must be employed by the Employer on the last day of the Plan Year (designate time period).

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[n/a] (c) NO ALLOCATION CONDITIONS.

[n/a] (d) ELAPSED TIME METHOD. The Participant must complete at least the specified number (not exceeding 182) of consecutive calendar days of employment with the Employer during the Plan Year: _____.

[n/a] (e) TERMINATION OF SERVICE/501 HOURS OF SERVICE COVERAGE RULE. The Participant either must be employed by the Employer on the last day of the Plan Year or must complete at least 501 Hours of Service during the Plan Year. If the Plan uses the Elapsed Time Method of crediting Service, the Participant must complete at least 91 consecutive calendar days of employment with the Employer during the Plan Year.

[n/a] (f) SPECIAL ALLOCATION CONDITIONS FOR MATCHING CONTRIBUTIONS. The Participant must complete at least _____ Hours of Service during the _____ (designate time period) for the matching contributions made for that time period.

[n/a] (g) DEATH, DISABILITY OR NORMAL RETIREMENT AGE. Any condition specified in Section 3.06 _____ applies if the Participant incurs a Separation from Service during the Plan Year on account of: _____ (e.g., death, Disability or Normal Retirement Age).

[X] (h) SUSPENSION OF ALLOCATION CONDITIONS FOR COVERAGE. The suspension of allocation conditions of Plan Section 3.06(E) applies to the Plan.

[n/a] (i) LIMITED ALLOCATION CONDITIONS. The Plan does not impose an allocation condition for the following types of contributions: _____. [Note: Any election to limit the Plan's allocation conditions to certain contributions must be the same for all Participants, be definitely determinable and not discriminate in favor of Highly Compensated Employees.]

ARTICLE IV PARTICIPANT CONTRIBUTIONS

19. EMPLOYEE (AFTER TAX) CONTRIBUTIONS (4.02). The following elections apply to Employee contributions: (Choose one of (a) or (b). Choose (c) if applicable)

[X] (a) NOT PERMITTED. The Plan does not permit Employee contributions.

[n/a] (b) PERMITTED. The Plan permits Employee contributions subject to the following limitations: _____.
[Note: Any designated limitation(s) must be the same for all Participants, be definitely determinable and not discriminate in favor of Highly Compensated Employees.]

[n/a] (c) MATCHING CONTRIBUTION. For each Plan Year, the Employer's matching contribution made with respect to Employee contributions is: _____.

ARTICLE V VESTING REQUIREMENTS

20. NORMAL/EARLY RETIREMENT AGE (5.01). A Participant attains Normal Retirement Age (or Early Retirement Age, if applicable) under the Plan on the following date: (Choose one of (a) or (b). Choose (c) if applicable)

[X] (a) SPECIFIC AGE. The date the Participant attains age 55. [Note: The age may not exceed age 65.]

[n/a] (b) AGE/PARTICIPATION. The later of the date the Participant attains _____ years of age or the _____ anniversary of the first day of the Plan Year in which the Participant commenced participation in the Plan. [Note: The age may not exceed age 65 and the anniversary may not exceed the 5th.]

[n/a] (c) EARLY RETIREMENT AGE. Early Retirement Age is the later of: (i) the date a Participant attains age _____ or (ii) the date a Participant reaches his/her _____ anniversary of the first day of the Plan Year in which the Participant commenced participation in the Plan.

21. PARTICIPANT'S DEATH OR DISABILITY (5.02). The 100% vesting rule under Plan Section 5.02 does not apply to: (Choose (a) or (b) or both as applicable)

[n/a] (a) DEATH.

[n/a] (b) DISABILITY.

22. VESTING SCHEDULE (5.03). A Participant has a 100% Vested interest at all times in his/her deferral contributions, qualified nonelective contributions, qualified matching contributions, 401(k) safe harbor contributions and Davis-Bacon contributions (unless otherwise indicated in (f)). The following vesting schedule applies to Employer regular matching contributions and to Employer nonelective contributions: (Choose (a) or choose one or more of (b) through (f) as applicable)

[n/a] (a) IMMEDIATE VESTING. 100% Vested at all times. [Note: The Employer must elect (a) if the Service condition under Section 2.01 exceeds One Year of Service or more than twelve months.]

[X] (b) TOP-HEAVY VESTING SCHEDULES. [Note: The Employer must choose one of (b)(1), (2) or (3) if it does not elect (a).]

[n/a] (1) 6-year graded as specified in the Plan. [X] (3) Modified top-heavy schedule
 [n/a] (2) 3-year cliff as specified in the Plan.

Years of Service -----	Vested Percentage -----
Less than 1	0%
1	40%
2	80%
3	100%

[n/a] (c) NON-TOP-HEAVY VESTING SCHEDULES. [Note: The Employer may elect one of (c)(1), (2) or (3) in addition to (b).]

[n/a] (1) 7-year graded as specified in the Plan. [n/a] (3) Modified non-top-heavy schedule
 [n/a] (2) 5-year cliff as specified in the Plan.

Years of Service -----	Vested Percentage -----
Less than 1	____%
1	____%
2	____%
3	____%
4	____%
5	____%
6	____%
7 or more	100%

If the Employer does not elect (c), the vesting schedule elected in (b) applies to all Plan Years. [Note: The modified top-heavy schedule of (b)(3) must satisfy Code Section 416. If the Employer elects (c)(3), the modified non-top-heavy schedule must satisfy Code Section 411(a)(2).]

[n/a] (d) SEPARATE VESTING ELECTION FOR REGULAR MATCHING CONTRIBUTIONS. In lieu of the election under (a), (b) or (c), the following vesting schedule applies to a Participant's regular matching contributions: (Choose one of (1) or (2))

[n/a] (1) 100% Vested at all times.

[n/a] (2) Regular matching vesting schedule: _____.
 [Note: The vesting schedule completed under (d)(2) must comply with Code Section 411(a)(4).]

[n/a] (e) APPLICATION OF TOP-HEAVY SCHEDULE. The non-top-heavy schedule elected under (c) applies in all Plan Years in which the Plan is not a top-heavy plan. [Note: If the Employer does not elect (e), the top-heavy vesting schedule will apply for the first Plan Year in which the Plan is top-heavy and then in all subsequent Plan Years.]

[n/a] (f) SPECIAL VESTING PROVISIONS: _____. [Note: Any special vesting provision must satisfy Code Section 411(a). Any special vesting provision must be definitely determinable, not discriminate in favor of Highly Compensated Employees and not violate Code Section 401(a)(4).]

23. YEAR OF SERVICE - VESTING (5.06). (Choose (a) and (b)): [Note: If the Employer elects the Elapsed Time Method or elects immediate vesting, the Employer should not complete (a) or (b).]

[X] (a) YEAR OF SERVICE. An Employee must complete at least 1000 Hours of Service during a vesting computation period to receive credit for a Year of Service under Article V. [Note: The number may not exceed 1,000. If left blank, the requirement is 1,000.]

[X] (b) VESTING COMPUTATION PERIOD. The Plan measures a Year of Service on the basis of the following 12-consecutive month period: (Choose one of (1) or (2))

[X] (1) Plan Year.

[n/a] (2) Employment year (anniversary of Employment Commencement Date).

24. EXCLUDED YEARS OF SERVICE - VESTING (5.08). The Plan excludes the following Years of Service for purposes of vesting: (Choose (a) or choose one or more of (b) through (f) as applicable)

[X] (a) NONE. None other than as specified in Plan Section 5.08(a).

[n/a] (b) AGE 18. Any Year of Service before the Year of Service during which the Participant attained the age of 18.

[n/a] (c) PRIOR TO PLAN ESTABLISHMENT. Any Year of Service during the period the Employer did not maintain this Plan or a predecessor plan.

[n/a] (d) PARITY BREAK IN SERVICE. Any Year of Service excluded under the rule of parity. See Plan Section 5.10.

[n/a] (e) PRIOR PLAN TERMS. Any Year of Service disregarded under the terms of the Plan as in effect prior to this restated Plan.

[n/a] (f) ADDITIONAL EXCLUSIONS. Any Year of Service before: _____. [Note: Any exclusion specified under (f) must comply with Code Section 411(a)(4). Any exclusion must be definitely determinable, not discriminate in favor of Highly Compensated Employees and not violate Code Section 401(a)(4). If the Employer elects immediate vesting, the Employer should not complete Section 5.08.]

ARTICLE VI DISTRIBUTION OF ACCOUNT BALANCE

25. TIME OF PAYMENT OF ACCOUNT BALANCE (6.01). The following time of distribution elections apply to the Plan:

SEPARATION FROM SERVICE/VESTED ACCOUNT BALANCE NOT EXCEEDING \$5,000. Subject to the limitations of Plan Section 6.01(A)(1), the Trustee will distribute in a lump sum (regardless of the Employer's election under Section 6.04) a separated Participant's Vested Account Balance not exceeding \$5,000: (Choose one of (a) through (d))

[X] (a) IMMEDIATE. As soon as administratively practicable following the Participant's Separation from Service.

[n/a] (b) DESIGNATED PLAN YEAR. As soon as administratively practicable in the _____ Plan Year beginning after the Participant's Separation from Service.

[n/a] (c) DESIGNATED PLAN YEAR QUARTER. As soon as administratively practicable in the _____ Plan Year quarter beginning after the Participant's Separation from Service.

[n/a] (d) DESIGNATED DISTRIBUTION. As soon as administratively practicable in the: _____ following the Participant's Separation from Service. [Note: The designated distribution time must be the same for all Participants, be definitely determinable, not discriminate in favor of Highly Compensated Employees and not violate Code Section 401(a)(4).]

SEPARATION FROM SERVICE/VESTED ACCOUNT BALANCE EXCEEDING \$5,000. A separated Participant whose Vested Account Balance exceeds \$5,000 may elect to commence distribution of his/her Vested Account Balance no earlier than:
(Choose one of (e) through (i). Choose (j) if applicable)

(e) IMMEDIATE. As soon as administratively practicable following the Participant's Separation from Service.

(f) DESIGNATED PLAN YEAR. As soon as administratively practicable in the _____ Plan Year beginning after the Participant's Separation from Service.

(g) DESIGNATED PLAN YEAR QUARTER. As soon as administratively practicable in the _____ Plan Year quarter following the Plan Year quarter in which the Participant elects to receive a distribution.

(h) NORMAL RETIREMENT AGE. As soon as administratively practicable after the close of the Plan Year in which the Participant attains Normal Retirement Age and within the time required under Plan Section 6.01(A)(2).

(i) DESIGNATED DISTRIBUTION. As soon as administratively practicable in the: _____ following the Participant's Separation from Service. [Note: The designated distribution time must be the same for all Participants, be definitely determinable, not discriminate in favor of Highly Compensated Employees and not violate Code Section 401(a)(4).]

(j) LIMITATION ON PARTICIPANT'S RIGHT TO DELAY DISTRIBUTION. A Participant may not elect to delay commencement of distribution of his/her Vested Account Balance beyond the later of attainment of age 62 or Normal Retirement Age. [Note: If the Employer does not elect (j), the Plan permits a Participant who has Separated from Service to delay distribution until his/her required beginning date. See Plan Section 6.01(A)(2).]

PARTICIPANT ELECTIONS PRIOR TO SEPARATION FROM SERVICE. A Participant, prior to Separation from Service may elect any of the following distribution options in accordance with Plan Section 6.01(C). (Choose (k) or choose one or more of (l) through (o) as applicable). [Note: If the Employer elects any in-service distributions option, a Participant may elect to receive one in-service distribution per Plan Year unless the Plan's in-service distribution form provides for more frequent in-service distributions.]

(k) NONE. A Participant does not have any distribution option prior to Separation from Service, except as may be provided under Plan Section 6.01(C).

(l) DEFERRAL CONTRIBUTIONS. Distribution of all or any portion (as permitted by the Plan) of a Participant's Account Balance attributable to deferral contributions if: (Choose one or more of (1), (2) or (3) as applicable)

(1) HARDSHIP (SAFE HARBOR HARDSHIP RULE). The Participant has incurred a hardship in accordance with Plan Sections 6.09 and 14.11(A).

(2) AGE. The Participant has attained age 59 1/2 (Must be at least age 59 1/2).

(3) DISABILITY. The Participant has incurred a Disability.

(m) QUALIFIED NONELECTIVE CONTRIBUTIONS/QUALIFIED MATCHING CONTRIBUTIONS/SAFE HARBOR CONTRIBUTIONS. Distribution of all or any portion of a Participant's Account Balance attributable to qualified nonelective contributions, to qualified matching contributions, or to 401(k) safe harbor contributions if: (Choose (1) or (2) or both as applicable)

(1) AGE. The Participant has attained age 59 1/2 (Must be at least age 59 1/2).

(2) DISABILITY. The Participant has incurred a Disability.

(n) NONELECTIVE CONTRIBUTIONS/REGULAR MATCHING CONTRIBUTIONS. Distribution of all or any portion of a Participant's Vested Account Balance attributable to nonelective contributions or to regular matching contributions if: (Choose one or more of (1) through (5))

(1) AGE/SERVICE CONDITIONS. (Choose one or more of a. through d. as applicable):

a. AGE. The Participant has attained age 59 1/2.

b. TWO-YEAR ALLOCATIONS. The Plan Administrator has allocated the contributions to be distributed for a period of not less than

_____ Plan Years before the distribution date. [Note: The minimum number of years is 2.]

[n/a] c. FIVE YEARS OF PARTICIPATION. The Participant has participated in the Plan for at least _____ Plan Years. [Note: The minimum number of years is 5.]

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d. VESTED. The Participant is 100% Vested in his/her Account Balance. See Plan Section 5.03(A). [Note: If an Employer makes more than one election under Section 6.01(n)(1), a Participant must satisfy all conditions before the Participant is eligible for the distribution.]

(2) HARDSHIP. The Participant has incurred a hardship in accordance with Plan Section 6.09.

(3) HARDSHIP (SAFE HARBOR HARDSHIP RULE). The Participant has incurred a hardship in accordance with Plan Sections 6.09 and 14.11(A).

(4) DISABILITY. The Participant has incurred a Disability.

(5) DESIGNATED CONDITION. The Participant has satisfied the following condition(s): _____.
[Note: Any designated condition(s) must be the same for all Participants, be definitely determinable and not discriminate in favor of Highly Compensated Employees.]

(o) PARTICIPANT CONTRIBUTIONS. Distribution of all or any portion of a Participant's Account Balance attributable to the following Participant contributions described in Plan Section 4.01: (Choose one of (1), (2) or (3))

(1) ALL PARTICIPANT CONTRIBUTIONS.

(2) EMPLOYEE CONTRIBUTIONS ONLY.

(3) ROLLOVER CONTRIBUTIONS ONLY.

PARTICIPANT LOAN DEFAULT/OFFSET. See Section 6.08 of the Plan.

26. DISTRIBUTION METHOD (6.03). A separated Participant whose Vested Account Balance exceeds \$5,000 may elect distribution under one of the following method(s) of distribution described in Plan Section 6.03: (Choose one or more of (a) through (d) as applicable)

(a) LUMP SUM.

(b) INSTALLMENTS.

(c) INSTALLMENTS FOR REQUIRED MINIMUM DISTRIBUTIONS ONLY.

(d) ANNUITY DISTRIBUTION OPTION(s): _____.
[Note: Any optional method of distribution may not be subject to Employer, Plan Administrator or Trustee discretion.]

27. JOINT AND SURVIVOR ANNUITY REQUIREMENTS (6.04). The joint and survivor annuity distribution requirements of Plan Section 6.04: (Choose one of (a) or (b))

(a) PROFIT SHARING PLAN EXCEPTION. Do not apply to a Participant, unless the Participant is a Participant described in Section 6.04(H) of the Plan.

(b) APPLICABLE. Apply to all Participants.

ARTICLE IX
PLAN ADMINISTRATOR - DUTIES WITH RESPECT TO PARTICIPANTS' ACCOUNTS

28. ALLOCATION OF NET INCOME, GAIN OR LOSS (9.08). For each type of contribution provided under the Plan, the Plan allocates net income, gain or loss using the following method: (Choose one or more of (a) through (e) as applicable)

(a) DEFERRAL CONTRIBUTIONS/EMPLOYEE CONTRIBUTIONS. (Choose one or more of (1) through (5) as applicable)

(1) DAILY VALUATION METHOD. Allocate on each business day of the Plan Year during which Plan assets for which there is an established market are valued and the Trustee is conducting business.

(2) BALANCE FORWARD METHOD. Allocate using the balance forward method.

(3) WEIGHTED AVERAGE METHOD. Allocate using the weighted average method, based on the following weighting period: _____. See Plan Section 14.12.

[n/a] (4) BALANCE FORWARD METHOD WITH ADJUSTMENT. Allocate pursuant to the balance forward method, except treat as part of the relevant Account at the beginning of the valuation period _____% of the contributions made during the following valuation period: _____.

[n/a] (5) INDIVIDUAL ACCOUNT METHOD. Allocate using the individual account method. See Plan Section 9.08.

[X] (b) MATCHING CONTRIBUTIONS. (Choose one or more of (1) through (5) as applicable)

[X] (1) DAILY VALUATION METHOD. Allocate on each business day of the Plan Year during which Plan assets for which there is an established market are valued and the Trustee is conducting business.

[n/a] (2) BALANCE FORWARD METHOD. Allocate using the balance forward method.

[n/a] (3) WEIGHTED AVERAGE METHOD. Allocate using the weighted average method, based on the following weighting period: _____. See Plan Section 14.12.

[n/a] (4) BALANCE FORWARD METHOD WITH ADJUSTMENT. Allocate pursuant to the balance forward method, except treat as part of the relevant Account at the beginning of the valuation period _____% of the contributions made during the following valuation period: _____.

[n/a] (5) INDIVIDUAL ACCOUNT METHOD. Allocate using the individual account method. See Plan Section 9.08.

[X] (c) EMPLOYER NONELECTIVE CONTRIBUTIONS. (Choose one or more of (1) through (5) as applicable)

[X] (1) DAILY VALUATION METHOD. Allocate on each business day of the Plan Year during which Plan assets for which there is an established market are valued and the Trustee is conducting business.

[n/a] (2) BALANCE FORWARD METHOD. Allocate using the balance forward method.

[n/a] (3) WEIGHTED AVERAGE METHOD. Allocate using the weighted average method, based on the following weighting period: _____. See Plan Section 14.12.

[n/a] (4) BALANCE FORWARD METHOD WITH ADJUSTMENT. Allocate pursuant to the balance forward method, except treat as part of the relevant Account at the beginning of the valuation period _____% of the contributions made during the following valuation period: _____.

[n/a] (5) INDIVIDUAL ACCOUNT METHOD. Allocate using the individual account method. See Plan Section 9.08.

[n/a] (d) SPECIFIED METHOD. Allocate pursuant to the following method: _____.
[Note: The specified method must be a definite predetermined formula which is not based on Compensation, which satisfies the nondiscrimination requirements of Treas. Reg. Section 1.401(a)(4) and which is applied uniformly to all Participants.]

[n/a] (e) INTEREST RATE FACTOR. In accordance with Plan Section 9.08(E), the Plan includes interest at the following rate on distributions made more than 90 days after the most recent valuation date: _____.

ARTICLE X TRUSTEE AND CUSTODIAN, POWERS AND DUTIES

29. INVESTMENT POWERS (10.03). The following additional investment options or limitations apply under Plan Section 10.03: n/a. [Note: Enter "N/A" if not applicable.]

30. VALUATION OF TRUST (10.15). In addition to the last day of the Plan Year, the Trustee must value the Trust Fund on the following valuation date(s):
(Choose one of (a) through (d))

[X] (a) DAILY VALUATION DATES. Each business day of the Plan Year on which Plan assets for which there is an established market are valued and the Trustee is conducting business.

[n/a] (b) LAST DAY OF A SPECIFIED PERIOD. The last day of each _____ of the Plan Year.

[n/a] (c) SPECIFIED DATES: _____.

[n/a] (d) NO ADDITIONAL VALUATION DATES.

EXECUTION PAGE

The Trustee (and Custodian, if applicable), by executing this Adoption Agreement, accepts its position and agrees to all of the obligations, responsibilities and duties imposed upon the Trustee (or Custodian) under the Prototype Plan and Trust. The Employer hereby agrees to the provisions of this Plan and Trust, and in witness of its agreement, the Employer by its duly authorized officers, has executed this Adoption Agreement, and the Trustee (and Custodian, if applicable) has signified its acceptance, on: _____.

Name of Employer: Range Resources Corporation

Employer's EIN: 34-1312571

Signed: _____

John Pinkerton, President/CEO

Name(s) of Trustee: _____

Rodney Waller

Eddie LeBlanc

Trust EIN (Optional): _____

Signed: _____

Rodney Waller

Signed: _____

Eddie LeBlanc

Signed: _____

[Name/Title]

Name of Custodian (Optional): _____

n/a

Signed: _____

[Name/Title]

31. PLAN NUMBER. The 3-digit plan number the Employer assigns to this Plan for ERISA reporting purposes (Form 5500 Series) is: 002.

USE OF ADOPTION AGREEMENT. Failure to complete properly the elections in this Adoption Agreement may result in disqualification of the Employer's Plan. The Employer only may use this Adoption Agreement in conjunction with the basic plan document referenced by its document number on Adoption Agreement page one.

EXECUTION FOR PAGE SUBSTITUTION AMENDMENT ONLY. If this paragraph is completed, this Execution Page documents an amendment to Adoption Agreement Section(s) _____ effective _____, by substitute Adoption Agreement page number(s) _____.

PROTOTYPE PLAN SPONSOR. The Prototype Plan Sponsor identified on the first page of the basic plan document will notify all adopting employers of any amendment of this Prototype Plan or of any abandonment or discontinuance by the Prototype Plan Sponsor of its maintenance of this Prototype Plan. For inquiries regarding the adoption of the Prototype Plan, the Prototype Plan Sponsor's intended meaning of any Plan provisions or the effect of the opinion letter issued to the Prototype Plan Sponsor, please contact the Prototype Plan Sponsor at the following address and telephone number: 1809 24th Street, Great Bend, Kansas 67530, (620) 793-8473.

RELIANCE ON SPONSOR OPINION LETTER. The Prototype Plan Sponsor has obtained from the IRS an opinion letter specifying the form of this Adoption Agreement and the basic plan document satisfy, as of the date of the opinion letter, Code Section 401. An adopting Employer may rely on the Prototype Sponsor's IRS opinion letter only to the extent provided in Announcement 2001-77, 2001-30 I.R.B. The Employer may not rely on the opinion letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the opinion letter and in Announcement 2001-77. In order to have reliance in such circumstances or with respect to such qualification requirements, the Employer must apply for a determination letter to Employee Plans Determinations of the Internal Revenue Service.

PARTICIPATION AGREEMENT

[n/a] CHECK HERE IF NOT APPLICABLE AND DO NOT COMPLETE THIS PAGE.

The undersigned Employer, by executing this Participation Agreement, elects to become a Participating Employer in the Plan identified in Section 1.21 of the accompanying Adoption Agreement, as if the Participating Employer were a signatory to that Adoption Agreement. The Participating Employer accepts, and agrees to be bound by, all of the elections granted under the provisions of the Prototype Plan as made by the Signatory Employer to the Execution Page of the Adoption Agreement, except as otherwise provided in this Participation Agreement.

32. EFFECTIVE DATE (1.10) The Effective Date of the Plan for the Participating Employer is: January 1, 1997.

33. NEW PLAN/RESTATEMENT. The Participating Employer's adoption of this Plan constitutes: (Choose one of (a) or (b))

[n/a] (a) The adoption of a new plan by the Participating Employer.

[X] (b) The adoption of an amendment and restatement of a plan currently maintained by the Participating Employer, identified as: Range Resources Corporation 401(k) Plan, and having an original effective date of: January 1, 1989.

34. PREDECESSOR EMPLOYER SERVICE (1.30). In addition to the predecessor service credited by reason of Section 1.30 of the Plan, the Plan credits as Service under this Plan, service with this Participating Employer. (Choose one or more of (a) through (d) as applicable): [Note: If the Plan does not credit any additional predecessor service under Section 1.30 for this Participating Employer, do not complete this election.]

[n/a] (a) ELIGIBILITY. For eligibility under Article II. See Plan Section 1.30 for time of Plan entry.

[n/a] (b) VESTING. For vesting under Article V.

[n/a] (c) CONTRIBUTION ALLOCATION. For contribution allocations under Article III.

[n/a] (d) EXCEPTIONS. Except for the following Service: _____.

Name of Plan:

Range Resources Corporation 401(k) Plan

Name of Participating Employer:

Range Production Company

Signed:

John Pinkerton, President/CEO

Participating Employer's EIN: 75-1722213

ACCEPTANCE BY THE SIGNATORY EMPLOYER TO THE EXECUTION PAGE OF THE ADOPTION AGREEMENT AND BY THE TRUSTEE.

Name of Signatory Employer:
Range Resources Corporation

Name(s) of Trustee:
Rodney Waller and Eddie LeBlanc

John Pinkerton, President/CEO

Signed:

[Date]

[Note: Each Participating Employer must execute a separate Participation Agreement. If the Plan does not have a Participating Employer, the Signatory Employer may delete this page from the Adoption Agreement.]

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APPENDIX A
TESTING ELECTIONS/EFFECTIVE DATE ADDENDUM

35. The following testing elections and special effective dates apply: (Choose one or more of (a) through (n) as applicable)

- [n/a] (a) HIGHLY COMPENSATED EMPLOYEE (1.14). For Plan Years beginning after _____, the Employer makes the following election(s) regarding the definition of Highly Compensated Employee:
(1) [n/a] TOP PAID GROUP ELECTION.
(2) [n/a] CALENDAR YEAR DATA ELECTION (FISCAL YEAR PLAN).
- [n/a] (b) 401(k) CURRENT YEAR TESTING. The Employer will apply the current year testing method in applying the ADP and ACP tests effective for Plan Years beginning after: _____. [Note: For Plan Years beginning on or after the Employer's execution of its "GUST" restatement, the Employer must use the same testing method within the same Plan Year for both the ADP and ACP tests.]
- [X] (c) COMPENSATION. The Compensation definition under Section 1.07 will apply for Plan Years beginning after: December 31, 2001.
- [n/a] (d) ELECTION NOT TO PARTICIPATE. The election not to participate under Section 2.06 is effective: _____.
- [n/a] (e) 401(k) SAFE HARBOR. The 401(k) safe harbor provisions under Section 3.01(d) are effective: _____.
- [n/a] (f) NEGATIVE ELECTION. The negative election provision under Section 3.02(b) is effective: _____.
- [n/a] (g) CONTRIBUTION/ALLOCATION FORMULA. The specified contribution(s) and allocation method(s) under Sections 3.01 and 3.04 are effective: _____.
- [n/a] (h) ALLOCATION CONDITIONS. The allocation conditions of Section 3.06 are effective: _____.
- [n/a] (i) BENEFIT PAYMENT ELECTIONS. The distribution elections of Section(s) _____ are effective: _____.
- [n/a] (j) ELECTION TO CONTINUE PRE-SBJPA REQUIRED BEGINNING DATE. A Participant may not elect to defer commencement of the distribution of his/her Vested Account Balance beyond the April 1 following the calendar year in which the Participant attains age 70 1/2. See Plan Section 6.02(A).
- [n/a] (k) ELIMINATION OF AGE 70 1/2 IN-SERVICE DISTRIBUTIONS. The Plan eliminates a Participant's (other than a more than 5% owner) right to receive in-service distributions on April 1 of the calendar year following the year in which the Participant attains age 70 1/2 for Plan Years beginning after: _____.
- [n/a] (l) ALLOCATION OF EARNINGS. The earnings allocation provisions under Section 9.08 are effective: _____.
- [n/a] (m) ELIMINATION OF OPTIONAL FORMS OF BENEFIT. The Employer elects prospectively to eliminate the following optional forms of benefit: (Choose one or more of (1), (2) and (3) as applicable)
- [n/a] (1) QJSA and QPSA benefits as described in Plan Sections 6.04, 6.05 and 6.06 effective: _____.
- [n/a] (2) Installment distributions as described in Section 6.03 effective: _____.
- [n/a] (3) Other optional forms of benefit (Any election to eliminate must be consistent with Treas. Reg. Section 1.411(d)-4): _____.
- [X] (n) SPECIAL EFFECTIVE DATE(S): The Employee definition under Section 1.11 will apply for Plan Years beginning after December 31, 2001.

For periods prior to the above-specified special effective date(s), the Plan terms in effect prior to its restatement under this Adoption Agreement will control for purposes of the designated provisions. A special effective date may not result in the delay of a Plan provision beyond the permissible effective date under any applicable law.

APPENDIX B
GUST REMEDIAL AMENDMENT PERIOD ELECTIONS

36. The following GUST restatement elections apply: (Choose one or more of (a) through (j) as applicable)

[n/a] (a) HIGHLY COMPENSATED EMPLOYEE ELECTIONS. The Employer makes the following remedial amendment period elections with respect to the Highly Compensated Employee definition:

- | | |
|--|------------------------------------|
| (1) 1997: [n/a] Top paid group election. | [n/a] Calendar year election. |
| [n/a] Calendar year data election. | |
| (2) 1998: [n/a] Top paid group election. | [n/a] Calendar year data election. |
| (3) 1999: [n/a] Top paid group election. | [n/a] Calendar year data election. |
| (4) 2000: [n/a] Top paid group election. | [n/a] Calendar year data election. |
| (5) 2001: [n/a] Top paid group election. | [n/a] Calendar year data election. |
| (6) 2002: [n/a] Top paid group election. | [n/a] Calendar year data election. |

[X] (b) 401(k) TESTING METHODS. The Employer makes the following remedial amendment period elections with respect to the ADP test and the ACP test:
[Note: The Employer may use a different testing method for the ADP and ACP tests through the end of the Plan Year in which the Employer executes its GUST restated Plan.]

ADP TEST

ACP TEST

(1) 1997:

[n/a]prior

year [X]

current

year 1997:

[n/a]prior

year

[n/a]current

year (2)

1998:

[n/a]prior

year [X]

current

year 1998:

[n/a]prior

year

[n/a]current

year (3)

1999:

[n/a]prior

year [X]

current

year 1999:

[n/a]prior

year

[n/a]current

year (4)

2000:

[n/a]prior

year [X]

current

year 2000:

[n/a]prior

year

[n/a]current

year (5)

2001:

[n/a]prior

year [X]

current

year 2001:

[n/a]prior

year

[n/a]current

year (6)

2002:

[n/a]prior

year [X]

current

year 2002:

[n/a]prior

year

[n/a]current
year

[n/a] (c) DELAYED APPLICATION OF SBJPA REQUIRED BEGINNING DATE. The Employer elects to delay the effective date for the required beginning date provision of Plan Section 6.02 until Plan Years beginning after: _____.

[X] (d) MODEL AMENDMENT FOR REQUIRED MINIMUM DISTRIBUTIONS. The Employer adopts the IRS Model Amendment in Plan Section 6.02(E) effective January 1, 2001. [Note: The date must not be earlier than January 1, 2001.]

DEFINED BENEFIT LIMITATION

[n/a] (e) CODE SECTION 415(e) REPEAL. The repeal of the Code Section 415(e) limitation is effective for Limitation Years beginning after _____.
[Note: If the Employer does not make an election under (e), the repeal is effective for Limitation Years beginning after December 31, 1999.]

CODE SECTION 415(e) LIMITATION. To the extent necessary to satisfy the limitation under Plan Section 3.17 for Limitation Years beginning prior to the repeal of Code Section 415(e), the Employer will reduce: (Choose one of (f) or (g))

[n/a] (f) The Participant's projected annual benefit under the defined benefit plan.

[n/a] (g) The Employer's contribution or allocation on behalf of the Participant to the defined contribution plan and then, if necessary, the Participant's projected annual benefit under the defined benefit plan.

COORDINATION WITH TOP-HEAVY MINIMUM ALLOCATION. The Plan Administrator will apply the top-heavy minimum allocation provisions of Article XII with the following modifications: (Choose (h) or choose (i) or (j) or both as applicable)

[n/a] (h) No modifications.

[n/a] (i) For Non-Key Employees participating only in this Plan, the top-heavy minimum allocation is the minimum allocation determined by substituting _____% (not less than 4%) for "3%," except: (Choose one of (1) or (2))

[n/a] (1) No exceptions.

[n/a] (2) Plan Years in which the top-heavy ratio exceeds 90%.

[n/a] (j) For Non-Key Employees also participating in the defined benefit plan, the top-heavy minimum is: (Choose one of (1) or (2))

[n/a] (1) 5% of Compensation irrespective of the contribution rate of any Key Employee: (Choose one of a. or b.)

[n/a] a. No exceptions.

[n/a] b. Substituting "7 1/2%" for "5%" if the top-heavy ratio does not exceed 90%.

[n/a] (2) 0%. [Note: The defined benefit plan must satisfy the top-heavy minimum benefit requirement for these Non-Key Employees.]

ACTUARIAL ASSUMPTIONS FOR TOP-HEAVY CALCULATION. To determine the top-heavy ratio, the Plan Administrator will use the following interest rate and mortality assumptions to value accrued benefits under a defined benefit plan: _____.

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CHECKLIST OF EMPLOYER INFORMATION
AND EMPLOYER ADMINISTRATIVE ELECTIONS

COMMENCING WITH THE 2002 PLAN YEAR

The Prototype Plan permits the Employer to make certain administrative elections not reflected in the Adoption Agreement. This form lists those administrative elections and provides a means of recording the Employer's elections. This checklist is not part of the Plan document.

37. EMPLOYER INFORMATION.

Range Resources Corporation

[Employer Name]

777 Main Street, Suite 800

[Address]

Fort Worth, Texas 76102

[City, State and Zip Code]

817-810-1949

[Telephone Number]

38. FORM OF BUSINESS.

- | | | | |
|---|---------------------------|------------------------------|---------------------|
| (a) <input checked="" type="checkbox"/> | Corporation | (b) <input type="checkbox"/> | S Corporation |
| (c) <input type="checkbox"/> | Limited Liability Company | (d) <input type="checkbox"/> | Sole Proprietorship |
| (e) <input type="checkbox"/> | Partnership | (f) <input type="checkbox"/> | _____ |

39. SECTION 1.07(F) - NONDISCRIMINATORY DEFINITION OF COMPENSATION. When testing nondiscrimination under the Plan, the Plan permits the Employer to make elections regarding the definition of Compensation. [Note: This election solely is for purposes of nondiscrimination testing. The election does not affect the Employer's elections under Section 1.07 which apply for purposes of allocating Employer contributions and Participant forfeitures.]

- (a) The Plan will "gross up" Compensation for Elective Contributions.
- (b) The Plan will exclude Elective Contributions.

40. SECTION 4.04 - ROLLOVER CONTRIBUTIONS.

- (a) The Plan accepts rollover contributions.
- (b) The Plan does NOT accept rollover contributions.

41. SECTION 8.06 - PARTICIPANT DIRECTION OF INVESTMENT/404(c). The Plan authorizes Participant direction of investment with Trustee consent. If the Trustee permits Participant direction of investment, the Employer and the Trustee should adopt a policy which establishes the applicable conditions and limitations, including whether they intend the Plan to comply with ERISA Section 404(c).

- (a) The Plan permits Participant direction of investment and is a 404(c) plan.
- (b) The Plan does NOT permit Participant direction of investment or is a non-404(c) plan.

42. SECTION 9.04[A] - PARTICIPANT LOANS. The Plan authorizes the Plan Administrator to adopt a written loan policy to permit Participant loans.

- (a) The Plan permits Participant loans subject to the following conditions:
- (1) Minimum loan amount: \$_____.
 - (2) Maximum number of outstanding loans: _____.
 - (3) Reasons for which a Participant may request a loan:
 - a. Any purpose.
 - b. Hardship events.
 - c. Other: _____.
 - (4) Suspension of loan repayments:
 - a. Not permitted.
 - b. Permitted for non-military leave of absence.
 - c. Permitted for military service leave of absence.
 - (5) The Participant must be a party in interest.
- (b) The Plan does NOT permit Participant loans.

43. SECTION 11.01 - LIFE INSURANCE. The Plan with Employer approval authorizes the Trustee to acquire life insurance.

(a) [n/a] The Plan will invest in life insurance contracts.

(b) [X] The Plan will NOT invest in life insurance contracts.

44. SURETY BOND COMPANY: _____. Surety bond amount: \$_____

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EGTRRA
AMENDMENT TO THE
RANGE RESOURCES CORPORATION 401(K) PLAN

ARTICLE I
PREAMBLE

- 1.1 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.
- 1.2 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.

ARTICLE II
ADOPTION AGREEMENT ELECTIONS

THE QUESTIONS IN THIS ARTICLE II ONLY NEED TO BE COMPLETED IN ORDER TO OVERRIDE THE DEFAULT PROVISIONS SET FORTH BELOW. IF ALL OF THE DEFAULT PROVISIONS WILL APPLY, THEN THESE QUESTIONS SHOULD BE SKIPPED.

UNLESS THE EMPLOYER ELECTS OTHERWISE IN THIS ARTICLE II, THE FOLLOWING DEFAULTS APPLY:

- 1) THE VESTING SCHEDULE FOR MATCHING CONTRIBUTIONS WILL BE A 6 YEAR GRADED SCHEDULE (IF THE PLAN CURRENTLY HAS A GRADED SCHEDULE THAT DOES NOT SATISFY EGTRRA) OR A 3 YEAR CLIFF SCHEDULE (IF THE PLAN CURRENTLY HAS A CLIFF SCHEDULE THAT DOES NOT SATISFY EGTRRA), AND SUCH SCHEDULE WILL APPLY TO ALL MATCHING CONTRIBUTIONS (EVEN THOSE MADE PRIOR TO 2002).
- 2) ROLLOVERS ARE AUTOMATICALLY EXCLUDED IN DETERMINING WHETHER THE \$5,000 THRESHOLD HAS BEEN EXCEEDED FOR AUTOMATIC CASH-OUTS (IF THE PLAN IS NOT SUBJECT TO THE QUALIFIED JOINT AND SURVIVOR ANNUITY RULES AND PROVIDES FOR AUTOMATIC CASH-OUTS). THIS IS APPLIED TO ALL PARTICIPANTS REGARDLESS OF WHEN THE DISTRIBUTABLE EVENT OCCURRED.
- 3) THE SUSPENSION PERIOD AFTER A HARDSHIP DISTRIBUTION IS MADE WILL BE 6 MONTHS AND THIS WILL ONLY APPLY TO HARDSHIP DISTRIBUTIONS MADE AFTER 2001.
- 4) CATCH-UP CONTRIBUTIONS WILL BE ALLOWED.
- 5) FOR TARGET BENEFIT PLANS, THE INCREASED COMPENSATION LIMIT OF \$200,000 WILL BE APPLIED RETROACTIVELY (I.E., TO YEARS PRIOR TO 2002).

2.1 VESTING SCHEDULE FOR MATCHING CONTRIBUTIONS

If there are matching contributions subject to a vesting schedule that does not satisfy EGTRRA, then unless otherwise elected below, for participants who complete an hour of service in a plan year beginning after December 31, 2001, the following vesting schedule will apply to all matching contributions subject to a vesting schedule:

If the plan has a graded vesting schedule (i.e., the vesting schedule includes a vested percentage that is more than 0% and less than 100%) the following will apply:

Years of vesting service	Nonforfeitable percentage
2	20%
3	40%
4	60%
5	80%
6	100%

If the plan does not have a graded vesting schedule, then matching contributions will be nonforfeitable upon the completion of 3 years of vesting service.

In lieu of the above vesting schedule, the employer elects the following schedule:

- a. 3 year cliff (a participant's accrued benefit derived from employer matching contributions shall be nonforfeitable upon the participant's completion of three years of vesting service).
- b. 6 year graded schedule (20% after 2 years of vesting service and an additional 20% for each year thereafter).
- c. Other (must be at least as liberal as a. or the b. above):

Years of vesting service	Nonforfeitable percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

The vesting schedule set forth herein shall only apply to participants who complete an hour of service in a plan year beginning after December 31, 2001, and, unless the option below is elected, shall apply to ALL matching contributions subject to a vesting schedule.

d. The vesting schedule will only apply to matching contributions made in plan years beginning after December 31, 2001 (the prior schedule will apply to matching contributions made in prior plan years).

- 2.2 EXCLUSION OF ROLLOVERS IN APPLICATION OF INVOLUNTARY CASH-OUT PROVISIONS (FOR PROFIT SHARING AND 401(k) PLANS ONLY). If the plan is not subject to the qualified joint and survivor annuity rules and includes involuntary cash-out provisions, then unless one of the options below is elected, effective for distributions made after December 31, 2001, rollover contributions will be excluded in determining the value of the participant's nonforfeitable account balance for purposes of the plan's involuntary cash-out rules.
- a. Rollover contributions will not be excluded.
- b. Rollover contributions will be excluded only with respect to distributions made after _____. (Enter a date no earlier than December 31, 2001.)
- c. Rollover contributions will only be excluded with respect to participants who separated from service after _____. (Enter a date. The date may be earlier than December 31, 2001.)

- 2.3 SUSPENSION PERIOD OF HARDSHIP DISTRIBUTIONS. If the plan provides for hardship distributions upon satisfaction of the safe harbor (deemed) standards as set forth in Treas. Reg. Section 1.401(k)-1(d)(2)(iv), then, unless the option below is elected, the suspension period following a hardship distribution shall only apply to hardship distributions made after December 31, 2001.
- With regard to hardship distributions made during 2001, a participant shall be prohibited from making elective deferrals and employee contributions under this and all other plans until the later of January 1, 2002, or 6 months after receipt of the distribution.

- 2.4 CATCH-UP CONTRIBUTIONS (FOR 401(k) PROFIT SHARING PLANS ONLY): The plan permits catch-up contributions (Article VI) unless the option below is elected.
- The plan does not permit catch-up contributions to be made.

- 2.5 FOR TARGET BENEFIT PLANS ONLY: The increased compensation limit (\$200,000 limit) shall apply to years prior to 2002 unless the option below is elected.
- The increased compensation limit will not apply to years prior to 2002.

ARTICLE III VESTING OF MATCHING CONTRIBUTIONS

- 3.1 Applicability. This Article shall apply to participants who complete an Hour of Service after December 31, 2001, with respect to accrued benefits derived from employer matching contributions made in plan years beginning after December 31, 2001. Unless otherwise elected by the employer in Section 2.1 above, this Article shall also apply to all such participants with respect to accrued benefits derived from employer matching contributions made in plan years beginning prior to January 1, 2002.
- 3.2 Vesting schedule. A participant's accrued benefit derived from employer matching contributions shall vest as provided in Section 2.1 of this amendment.

ARTICLE IV INVOLUNTARY CASH-OUTS

- 4.1 Applicability and effective date. If the plan provides for involuntary cash-outs of amounts less than \$5,000, then unless otherwise elected in Section 2.2 of this amendment, this Article shall apply for distributions made after December 31, 2001, and shall apply to all participants. However, regardless of the preceding, this Article shall not apply if the plan is subject to the qualified joint and survivor

annuity requirements of Sections 401(a)(11) and 417 of the Code.

- 4.2 Rollovers disregarded in determining value of account balance for involuntary distributions. For purposes of the Sections of the plan that provide for the involuntary distribution of vested accrued benefits of \$5,000 or less, the value of a participant's nonforfeitable account balance shall be determined without regard to that portion of the account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Code. If the value of the participant's nonforfeitable account balance as so determined is \$5,000 or less, then the plan shall immediately distribute the participant's entire nonforfeitable account balance.

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ARTICLE V
HARDSHIP DISTRIBUTIONS

- 5.1 Applicability and effective date. If the plan provides for hardship distributions upon satisfaction of the safe harbor (deemed) standards as set forth in Treas. Reg. Section 1.401(k)-1(d)(2)(iv), then this Article shall apply for calendar years beginning after 2001.
- 5.2 Suspension period following hardship distribution. A participant who receives a distribution of elective deferrals after December 31, 2001, on account of hardship shall be prohibited from making elective deferrals and employee contributions under this and all other plans of the employer for 6 months after receipt of the distribution. Furthermore, if elected by the employer in Section 2.3 of this amendment, a participant who receives a distribution of elective deferrals in calendar year 2001 on account of hardship shall be prohibited from making elective deferrals and employee contributions under this and all other plans until the later of January 1, 2002, or 6 months after receipt of the distribution.

ARTICLE VI
CATCH-UP CONTRIBUTIONS

Catch-up Contributions. Unless otherwise elected in Section 2.4 of this amendment, all employees who are eligible to make elective deferrals under this plan and who have attained age 50 before the close of the plan year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the plan implementing the required limitations of Sections 402(g) and 415 of the Code. The plan shall not be treated as failing to satisfy the provisions of the plan implementing the requirements of Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions.

ARTICLE VII
INCREASE IN COMPENSATION LIMIT

Increase in Compensation Limit. The annual compensation of each participant taken into account in determining allocations for any plan year beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. Annual 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). If this is a target benefit plan, then except as otherwise elected in Section 2.5 of this amendment, for purposes of determining benefit accruals in a plan year beginning after December 31, 2001, compensation for any prior determination period shall be limited to \$200,000. 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.

ARTICLE VIII
PLAN LOANS

Plan loans for owner-employees or shareholder-employees. If the plan permits loans to be made to participants, then effective for plan loans made after December 31, 2001, plan provisions prohibiting loans to any owner-employee or shareholder-employee shall cease to apply.

ARTICLE IX
LIMITATIONS ON CONTRIBUTIONS (IRC SECTION 415 LIMITS)

- 9.1 Effective date. This Section shall be effective for limitation years beginning after December 31, 2001.
- 9.2 Maximum annual addition. Except to the extent permitted under Article VI of this amendment and Section 414(v) of the Code, if applicable, the annual addition that may be contributed or allocated to a participant's account under the plan for any limitation year shall not exceed the lesser of:
- a. \$40,000, as adjusted for increases in the cost-of-living under Section 415(d) of the Code, or
 - b. 100 percent of the participant's compensation, within the meaning of Section 415(c)(3) of the Code, for the limitation year.

The compensation limit referred to in b. shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

ARTICLE X
MODIFICATION OF TOP-HEAVY RULES

- 10.1 Effective date. This Article 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. This Article amends the top-heavy provisions of the plan.
- 10.2 Determination of top-heavy status.
- 10.2.1 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 employer 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 employer, or a 1-percent 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) 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.
- 10.2.2 Determination of present values and amounts. This Section 10.2.2 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 employer during the 1-year period ending on the determination date shall not be taken into account.
- 10.3 Minimum benefits.
- 10.3.1 Matching contributions. Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the plan. The preceding sentence shall apply with respect to matching contributions under the plan or, if the plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.
- 10.3.2 Contributions under other plans. The employer may provide, in an addendum to this amendment, that the minimum benefit requirement shall be met in another plan (including another plan that consists solely of a cash or deferred arrangement which meets the requirements of Section 401(k)(12) of the Code and matching contributions with respect to which the requirements of Section 401(m)(11) of the Code are met). The addendum should include the name of the other plan, the minimum benefit that will be provided under such other plan, and the employees who will receive the minimum benefit under such other plan.

ARTICLE XI
DIRECT ROLLOVERS

- 11.1 Effective date. This Article shall apply to distributions made after December 31, 2001.
- 11.2 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.

- 11.3 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.

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11.4 Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions in 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.

ARTICLE XII
ROLLOVERS FROM OTHER PLANS

Rollovers from other plans. The employer, operationally and on a nondiscriminatory basis, may limit the source of rollover contributions that may be accepted by this plan.

ARTICLE XIII
REPEAL OF MULTIPLE USE TEST

Repeal of Multiple Use Test. The multiple use test described in Treasury Regulation Section 1.401(m)-2 and the plan shall not apply for plan years beginning after December 31, 2001.

ARTICLE XIV
ELECTIVE DEFERRALS

14.1 Elective Deferrals - Contribution Limitation. No participant shall be permitted to have elective deferrals made under this plan, or any other qualified plan maintained by the employer during any taxable year, in excess of the dollar limitation contained in Section 402(g) of the Code in effect for such taxable year, except to the extent permitted under Article VI of this amendment and Section 414(v) of the Code, if applicable.

14.2 Maximum Salary Reduction Contributions for SIMPLE plans. If this is a SIMPLE 401(k) plan, then except to the extent permitted under Article VI of this amendment and Section 414(v) of the Code, if applicable, the maximum salary reduction contribution that can be made to this plan is the amount determined under Section 408(p)(2)(A)(ii) of the Code for the calendar year.

ARTICLE XV
SAFE HARBOR PLAN PROVISIONS

Modification of Top-Heavy Rules. The top-heavy requirements of Section 416 of the Code and the plan shall not apply in any year beginning after December 31, 2001, in which the plan consists solely of a cash or deferred arrangement which meets the requirements of Section 401(k)(12) of the Code and matching contributions with respect to which the requirements of Section 401(m)(11) of the Code are met.

ARTICLE XVI
DISTRIBUTION UPON SEVERANCE OF EMPLOYMENT

16.1 Effective date. This Article shall apply for distributions and transactions made after December 31, 2001, regardless of when the severance of employment occurred.

16.2 New distributable event. A participant's elective deferrals, qualified nonelective contributions, qualified matching contributions, and earnings attributable to these contributions shall be distributed on account of the participant's severance from employment. However, such a distribution shall be subject to the other provisions of the plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed.

This amendment has been executed this _____ day of _____, _____.

Name of Employer: Range Resources Corporation

By: _____

EMPLOYER

Name of Plan: Range Resources Corporation 401(k) Plan

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