

**The P.A.M. Transport, Inc.  
401(k) Retirement  
Savings Plan**

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## **Introduction**

The P.A.M. Transport, Inc. 401(k) Retirement Savings Plan ("Plan") was established effective as of January 1, 1990 to provide you with greater financial security. The Plan is known as a defined contribution 401(k) profit sharing plan. It has been established to help you provide for your future financial security through a combination of personal savings, current tax savings and contributions made by your Employer.

This Plan offers you an easy way to save for your retirement using pre-tax contributions which are directly deducted from your paycheck. Neither the amount you choose to save, nor the earnings on those savings, is subject to federal taxation until you withdraw them from the Plan.

This Summary Plan Description -- or SPD -- will explain how the Plan works. It describes your benefits and rights under the Plan, as it was amended and restated, effective as of October 1, 2009 and as further amended effective January 1, 2010.

This SPD is only a summary of your benefits and rights under the Plan. It is important that you understand that it cannot cover all of the details of the Plan or how the rules of the Plan apply to every person, in every situation. You can find the specific rules of the Plan in the Plan document, which you may request from your Plan Administrator.

Every effort has been made to accurately describe the Plan. If you find a difference between the information in this SPD and the information in the Plan document, your benefits will be determined based on the information found in the Plan document.

If in reading this SPD or the Plan document you find you have questions concerning your benefits under the Plan, please contact your Plan Administrator.

## Important Information About the Plan

<b>Plan Sponsor:</b>	P.A.M. Transport, Inc. ("Employer") P.O. Box 188 Tontitown, AR 72770 (479) 361-9111 EIN: 71-0531642
<b>Plan Name:</b>	P.A.M. Transport, Inc. 401(k) Retirement Savings Plan
<b>Plan Number:</b>	001
<b>Plan Effective Date:</b>	The Plan was originally effective as of January 1, 1990. This SPD describes the Plan as amended and restated effective as of October 1, 2009 and as further amended effective January 1, 2010.
<b>Plan Year:</b>	January 1st - December 31st
<b>Plan Administrator:</b>	P.A.M. Transport, Inc. P.O. Box 188 Tontitown, AR 72770 (479) 361-9111
<b>Plan Trustee(s):</b>	State Street Bank & Trust Company One Lincoln Street Boston, MA 02111 (617) 330-6700
<b>Agent for Service of Legal Process*:</b>	P.A.M. Transport, Inc. P.O. Box 188 Tontitown, AR 72770 (479) 361-9111

\*Service of legal process may be made upon the Plan Trustee, if applicable, or the Plan Administrator.

**Plan Funding:** All assets of the Plan are held in a group annuity contract issued by Transamerica financial Life Insurance Company (TFLIC). The contract established by TFLIC will be the funding medium used for the accumulation of assets from which benefits will be distributed.

P.A.M. Transport, Inc. 401(k) Retirement Savings Plan

**Plan Recordkeeper:** Diversified Investment Advisors ("Diversified")  
440 Mamaroneck Avenue  
Harrison, NY 10528

**Participating  
Employer:** East Coast Transport, Inc.  
Mount Royal Plaza, Suite 11  
Paulsboro, NJ 08066  
EIN: 26-3723388

## Joining the Plan

### May I join the Plan?

Provided you are not an excluded employee, you may join the Plan once you satisfy the Plan's eligibility conditions described below.

You may not join the Plan if you are an excluded employee. You are an excluded employee if you are an employee subject to a collective bargaining agreement where benefits were the subject of good faith bargaining, a non-resident alien with no U.S. source income, a leased employee or an employee of any member of the controlled and/or affiliated service group employer whose employer does not affirmatively adopt this Plan.

### What happens if I become an excluded employee?

If you become an excluded employee, you will no longer be allowed to make or receive additional contributions under the Plan. You will, however, still have the ability to manage your account and keep certain rights and benefits.

### When can I become a participant in the Plan?

For purposes of salary deferral contributions, you may become a participant on the first day of the month coinciding with or next following your completion of one month of service and your 18<sup>th</sup> birthday.

For purposes of receiving matching contributions and nonelective contributions, you may become a participant on the first day of the month coinciding with or next following your completion of one year of service and your 18<sup>th</sup> birthday.

If you are a rehired employee, or you are returning from a qualified military service leave, and you were previously a participant in the Plan, you may join the Plan on your rehire date.

If you are a rehired employee, and you were not previously a participant in the Plan, your Plan Administrator will determine the date you may enter the Plan.

**NOTE:** Service with T.T.X., Inc., Allen Freight Services, Inc., P.A.M. Dedicated Services, Inc., Decker Transport, Inc. and Choctaw Express, Inc. will be counted when determining whether you completed the service requirement. Your service with East Coast Transport, Inc. prior to February 1, 2003 and with McNeill Express, Inc. prior to April 3, 2003, will be counted when determining whether you completed the service requirement.

To complete a year of service, you must have worked 1,000 hours of service during an eligibility period. The first eligibility period is the 12-month period beginning on your date of hire. Subsequent eligibility periods are based on the Plan Year (see "Important Information" for definition of "Plan Year").

Only those hours for which you are paid or for which you are entitled to be paid (for example: vacations, holidays and sick days) can be counted to reach the required 1,000 hours of service. However, if you go on a qualified military service leave, such period of leave will be counted when determining hours of service.

### **How do I become a participant in the Plan?**

You will become a participant in the Plan upon meeting the eligibility requirements indicated above. You must choose how you want your contributions to be invested. Please see the "**Managing Your Account**" section for more information on how to choose your investment allocations.

If you are eligible to participate in the Plan, and would like to join, you may do so by completing the applicable enrollment form. See your Plan Administrator for the proper form.

If you do not join the Plan when you first become eligible, you may join on the first of any month thereafter, or as soon as administratively feasible.

### **If I am married, may I designate someone other than my spouse as the beneficiary of my account?**

Yes, but you must first submit the written consent of your spouse witnessed by either a notary public or Plan representative.

## **Contributions to the Plan**

### **What are the tax advantages of being in the Plan?**

Saving through the Plan provides you with tax advantages. You pay no current income taxes on contributions and on the earnings in your account while the money is in the Plan. Money in the Plan is not subject to federal taxation until it is actually distributed to you.

**NOTE:** You will not pay income taxes on any rollover after-tax contributions you withdraw from the Plan since these contributions were taxed before being contributed to the Plan. However, the earnings on these contributions will be taxable.

### **May I elect to make contributions to the Plan?**

Yes, you may make salary deferral contributions to the Plan. Salary deferral contributions are pre-tax contributions.

Your salary deferral contributions go directly into the Plan instead of your paycheck. Since these contributions do not show up as income on your W-2 form, the amount you contribute will not be subject to federal or, in most cases, state income taxes, until paid to you.

However, you do pay Social Security (FICA) and certain other employment taxes on your contributions.

For example: If your salary is \$20,000 per year and you elect to make contributions to the Plan totaling \$1,000 during the Plan Year, you only pay income taxes on \$19,000.

### **How much of my salary may I contribute to the Plan?**

You may contribute as much of your salary as you would like, subject to the maximum dollar limit (see the question "**Are there any other limits to the amount of salary deferral contributions that I can make?**" for the applicable limit). To do this, you must elect to have a portion of your salary contributed to the Plan through payroll withholding. You will need to complete an enrollment form and submit it to your Plan Administrator in order to make your initial salary deferral contribution. Your salary deferral election will become effective no later than 30 days after you have filed the form and will remain in effect until you amend it.

### **Are there any other limits to the amount of salary deferral contributions that I can make?**

The total dollar amount that you can contribute as salary deferral contributions to 401(k) plans is limited by law. Your total salary deferral contributions to all 401(k) plans (and 403(b) accounts) during a calendar year generally cannot exceed this maximum dollar amount. For the 2010 calendar year, your salary deferral contributions cannot exceed \$16,500. After calendar year 2010, the salary deferral limit may increase for cost-of-living increases. If you only participate in this Plan during the year, your Employer automatically limits your salary deferral contributions to the maximum dollar limit. However, if you participated in another employer's 401(k) plan (or 403(b) account) as well as this Plan during the year, your total salary deferral contributions to both plans together may not exceed the maximum dollar limit.

Adverse tax consequences may apply if your total salary deferral contributions to all 401(k) plans (and 403(b) accounts) exceed the maximum annual dollar limit. If you participated in more than one 401(k) plan (or 403(b) account) during a year, and you contributed more than the maximum dollar limit during such year, you may request that any excess salary deferral contributions made to this Plan, with earnings, be distributed to you by April 15th of the following year. Your request should be made no later than March 1st of the following year. If you think this limitation may apply to you, contact your Plan Administrator.

The maximum amount that certain "highly compensated employees" can contribute in a Plan Year may be further limited in order for the Plan to comply with IRS nondiscrimination rules. (For the definition of "highly compensated employee", see "**Who is a highly compensated employee?**" at the end of this section.)

You may be allowed to make additional catch-up salary deferral contributions beginning in the calendar year in which you become age 50, or in any calendar year after 2001 if you are already age 50 or older. For the 2010 calendar year, your catch-up contributions cannot exceed \$5,500. After calendar year 2010, the catch-up contribution limit may increase for

cost-of-living increases. You may make such catch-up contributions, if you have already contributed salary deferral contributions up to the maximum limit permitted by law, or you have reached other plan or IRS limits for that year. To make catch-up salary deferral contributions, you must elect to have a portion of your salary contributed to the Plan through payroll withholding. You will need to complete a catch-up contribution election form and submit it to your Plan Administrator in order to make your initial catch-up salary deferral contribution election. Unless you amend it, the election will remain in effect for each succeeding year.

**How often may I change the percentage of my salary deferral contributions and catch-up contributions?**

You may change the percentage of your salary deferral contributions and/or catch-up contributions on the first day of any month, by completing the applicable form. Changes will be effective as soon as administratively possible thereafter. See your Plan Administrator for the appropriate forms.

**May I stop making salary deferral contributions and catch-up contributions to the Plan?**

Yes, you may stop making salary deferral contributions and/or catch-up contributions at any time. To do this, you must submit the appropriate form to your Plan Administrator. If you decide to start making salary deferral contributions and/or catch-up contributions again at a later date, you may begin making them on the first day of any month. However, to do this, you must again submit the applicable form to your Plan Administrator. Contributions will be deducted as of the next payroll period or as soon as administratively possible thereafter.

**Does my Employer make contributions to the Plan?**

Your Employer may make contributions to the Plan as follows:

**Matching Contributions.** Your Employer will make a matching contribution equal to 50% of your salary deferral contributions up to a maximum of 1.5% of your salary. This contribution will be determined each Plan Year.

Your Employer will only match catch-up salary deferral contributions if you were unable to receive the maximum matching contribution under the Plan formula because of a Plan or IRS limit on salary deferral contributions or because of a failed actual deferral percentage ("ADP") test.

**Nonelective Contributions.** Your Employer may choose to make a nonelective contribution. If so, the amount credited to your account will be in the same ratio that your salary bears to the total salary of all participants in the Plan. The amount of the nonelective contribution, if any, will be determined each Plan Year and announced to all participants.

In order to receive the matching and nonelective contributions, you must be employed on the last day of the Plan Year. This requirement does not apply if you terminate employment due to death, disability or retirement.

**What happens if I go on a qualified military service leave?**

Generally, when you go on a qualified military service leave, you are no longer able to make salary deferral or catch-up contributions until you return to work. However, when you return to work, you will be given an opportunity to make up the contributions that you could have made while you were on such leave. You will have a period of three times the period of military service to make up these contributions, not to exceed five years.

When you return from a qualified military service leave, your Employer is required to restore your account with any contributions that would have been made on your behalf, had you not been absent due to the leave. If you make the missed contributions you were not able to make due to your qualified military service leave, you will also be entitled to receive any applicable matching contributions. Your Employer will make the applicable matching contributions within a reasonable period after you make up any missed contributions.

When determining the contributions to be restored to your account, your Employer will use the salary you would have received during the period of your leave, based on your rate of pay, or if not reasonably certain, your average salary during the 12-month period preceding your leave.

**May I make a rollover contribution to the Plan?**

Yes, unless you are an excluded employee. If you were a participant in another plan (for example, a qualified plan, governmental 457(b) plan, or 403(b) account from a previous employer), you may elect that a direct rollover or a participant rollover contribution be made into this Plan from the other plan. You generally have 60 days from the date of a distribution to contribute that amount to this Plan as a participant rollover contribution. If you elect a direct rollover, that amount will be contributed directly to this Plan and may include after-tax contributions, provided the direct rollover is from a qualified plan. You may also roll over amounts that were previously contributed to a traditional Individual Retirement Account ("IRA"). To make a rollover contribution, you must provide the Plan Administrator with a certification from your former employer, plan administrator or IRA provider stating that the distribution you received from their plan or traditional IRA qualifies as a rollover contribution. See your Plan Administrator for additional information.

**May I make a rollover contribution prior to meeting the Plan's eligibility requirements?**

Yes, as long as you are not an excluded employee.

**What does it mean for a plan to become top heavy?**

A plan is considered "top heavy" when more than 60% of the plan's assets have been allocated to key employees (e.g., certain owners, officers and other employees of the company as of a specific date). Your Plan Administrator will notify you if the Plan becomes top heavy.

### **What happens if the Plan becomes top heavy?**

If the Plan becomes top heavy and you are not a key employee of the company, your Employer will be required to make a top heavy minimum contribution ("minimum contribution") to your account if one has not already been made. The contribution your Employer must make to your account will equal the lesser of:

- 3% of your salary; or
- the same percentage as the largest allocation to a key employee.

### **What is the most that may be contributed to the Plan on my behalf?**

The Internal Revenue Service (IRS) places a maximum limit on the amount of money (the "Annual Contributions") that may be contributed to your account each Plan Year. For your Plan, this limit applies to:

- your own contributions to the Plan (excluding catch-up contributions); and
- your Employer's contributions to the Plan.

For the 2010 Plan Year, the maximum Annual Contributions to your account cannot exceed the lesser of \$49,000 or 100% of your total salary. Total salary for this purpose includes any salary deferral contributions to 401(k) plans, Section 125 cafeteria plans, Section 132(f)(4) plans, governmental 457(b) plans, 403(b) accounts, simplified employee pension plans or simple retirement accounts.

**NOTE:** In general, for purposes of applying these limits (which may be adjusted in future years), contributions to all qualified defined contribution plans maintained by your Employer are counted.

If you are a "highly compensated employee", the IRS also places an annual limit on the amount of salary deferral contributions and matching contributions which may be made to your account. Contributions may be limited to an amount that enables the Plan to meet certain nondiscrimination tests.

In addition, in order to pass these tests (known as the ADP and ACP tests), your Employer may return or forfeit excess contributions to highly compensated employees. As an alternative your Employer may choose to make a 100% vested contribution to any or all of the members of the non-highly compensated group who have met the eligibility requirements for your Plan. Your Employer will notify you if your contributions exceed these limits and if they will need to be adjusted or refunded.

### **Who is a highly compensated employee?**

A highly compensated employee is one who:

- owns more than 5% of the Employer's company in the current or prior year; or
- receives salary from the Employer of over \$110,000 (2010 Plan Year limit) in the prior year.

**NOTE:** The IRS may adjust the salary limit stated above in future years based on the cost-of-living index.

### **Is my total salary used to calculate contributions?**

For the 2010 Plan Year, the IRS allows salary up to \$245,000 to be used when calculating contributions. This limit may be adjusted in future years based on the cost-of-living index.

Your salary used to calculate contributions will be your total salary (up to the maximum salary as described above) actually paid during the Plan Year, excluding bonuses, reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation and welfare benefits and generally including any salary deferral contributions made to any salary deferral plan(s) of the Employer (e.g., to this 401(k) Plan or a Section 125 cafeteria plan).

The amount of your salary used to calculate any minimum contributions or maximum contribution amounts that may be contributed on your behalf is your total annual salary (again, up to the maximum salary as described above).

For your first year of participation in the Plan, your salary will be recognized as of the date you enter the Plan.

## **Managing Your Account**

### **Who decides how the money in my account is invested?**

You do. When you become eligible to participate in the Plan you may select from a variety of professionally managed investment funds. You will receive enrollment material that will include the following information for each fund:

- a description of the investment objectives;
- the risk and return characteristics;
- the type and diversification of the assets; and
- the investment manager.

To help you make your selection, investment education material will be made available to you through your Plan Administrator. You may also visit Diversified Direct Online at [www.divinvest.com](http://www.divinvest.com) for more information. Diversified Direct at 800-755-5801 is also available to provide investment information to help you make investment decisions. Diversified is equipped to handle your calls and questions in over 140 languages through Language Line® service. It also provides services for those who are hearing-impaired. All calls are recorded for your protection.

Once you decide how you would like your contributions invested, you will need to either complete an enrollment form or call Diversified Direct at 800-755-5801. If you complete the form, you will need to indicate your choices and return it to the Plan Administrator. Please note that your choices must be in whole percentages.

**NOTE:** If you have not made your investment elections, all contributions made on your behalf will be invested in the Balanced Fund.

Your Plan is intended to be a 404(c) plan as described in Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA"). This provision provides special rules for plans that permit participants to have control over their accounts (like yours). Because you choose your own investments, you are responsible for any investment gains or losses that result from your investment decisions. The Plan's fiduciaries (the Plan Administrator, etc.) are not liable if the value of your account declines because of investment losses based on your investment decisions.

### **Is there any other information available?**

Certain additional information is available to you directly from your Plan Administrator upon request. The information for each investment fund includes:

- a description of the annual operating expenses;
- the most recent copies of financial statements, prospectuses (if applicable), reports and other information;
- a listing of assets comprising the portfolio of each designated investment fund holding "plan assets", its value, and information related to fixed-rate investment contracts (rate of return and maturity date); and
- a performance history and information regarding the value of shares or units in the investment fund and in your account.

There are no investment fund transaction fees or expenses (e.g., commissions, front-end or back-end loads) associated with the investments which will affect your account. Prior to making any investment, you should obtain and read all available information concerning that particular investment, including financial statements, prospectuses (if applicable), reports or other offering documents, where available.

### **How do I change the way my future contributions will be invested?**

You may change the way your contributions are invested by visiting Diversified Direct Online at [www.divinvest.com](http://www.divinvest.com) or by calling Diversified Direct at 800-755-5801. Changes received by Diversified before 4:00 p.m. Eastern Time will be effective the same day. You may change the way your contributions are invested at any time. Please note that your choices must be in whole percentages. Confirmation of any changes you make will be sent to you within five business days.

### **May I transfer money among the different investment funds?**

Yes, you may transfer money among the various investment funds by visiting Diversified Direct Online at [www.divinvest.com](http://www.divinvest.com) or by calling Diversified Direct at 800-755-5801. Transfers received before 4:00 p.m. Eastern Time will be processed the same day. You may transfer money among the various investment funds at any time. Confirmation of your transfer will be sent to you within five business days.

**NOTE:** Some investment funds may impose trading restrictions and/or redemption fees as a result of frequent trading activity. If a prospectus is issued for any investment fund in which you invest, please read it carefully to determine if the fund imposes any trading restrictions or redemption fees.

## **Ownership of Your Account (Vesting)**

### **What does vesting mean?**

Vesting means ownership of your account. The portion of your account that is yours is called your vested account.

### **How do I know which portion of my account is vested?**

You are always 100% vested in (i.e., have full ownership of) the following portions of your account:

- salary deferral contributions;
- catch-up contributions;
- rollover contributions; and
- any earnings on the above contributions.

Matching contributions, nonelective contributions and minimum contributions, if any, become "vested" based on your number of periods of service with your Employer. The schedule below shows how your vested percentage is determined:

<u>Completed Periods of Service</u>	<u>Vested Percentage</u>
Less than 1	0% Vested
1	20% Vested
2	40% Vested
3	60% Vested
4	80% Vested
5 or more	100% Vested

**NOTE:** When calculating your vested percentage, service with T.T.X., Inc., Allen Freight Services, Inc., P.A.M. Dedicated Services, Inc., Decker Transport, Inc. and Choctaw Express, Inc. will be counted. Your service with East Coast Transport, Inc. prior to February 1, 2003 and with McNeill Express, Inc. prior to April 3, 2003, will be counted when calculating your vested percentage.

Your vested percentage is directly tied to your Periods of Service. Your Periods of Service are measured in 12-month periods starting with your date of hire (or reemployment date) and ending with your Severance Date(s). Your Severance Date is the date which is the earlier of: (a) the date on which you quit, retire, are discharged or die; or (b) the first anniversary of the first date of a period in which you do not complete an hour of service with your Employer or affiliate (with or without pay) for any reason other than quitting, retirement, discharge or death (e.g., lay off, sick leave, or maternity leave). More simply stated, for every 12 months of service that you accumulate, you will earn one Period of Service for vesting.

For example:

- You are hired on April 1, 2007. Assuming you did not have a severance from service (such as quitting or termination) during the next 12 consecutive month period, then on March 31, 2008 you would be credited with a 1-year Period of Service.
- You are hired on April 1, 2007 and then you quit work on July 2, 2007. You are rehired on March 1, 2008. Because you returned to work and remained employed through March 31, 2008 you will receive credit for one Period of Service.
- You are hired on April 1, 2007 and then you take a leave from work on July 1, 2007. You do not return to work by June 30, 2008. Your Severance Date is July 1, 2008, one year from the date you were out on leave. If you return to work and perform an hour of service for your Employer before June 30, 2009 (returned from leave on April 1, 2009), you will be credited with all service from April 1, 2007 through April 1, 2009 or two Periods of Service because the period from your Severance Date (July 1, 2008) to your reemployment date (April 1, 2009) is less than 12 months, or in other words, prior to the first anniversary of your Severance Date.

Generally, absences of less than 12 consecutive months will count as service.

**NOTE:** If you go on a qualified military service leave, such period of leave generally will be counted when determining Periods of Service.

In addition, you will be 100% vested in matching contributions, nonelective contributions and minimum contributions, if any, and the earnings on such contributions if, while employed by your Employer,

- you attain the Plan's normal retirement age of 65;
- you become permanently disabled; or
- you die.

You will be considered disabled if you furnish proof of the existence of a disability in the form and manner consistent with the requirements of the Social Security Administration to receive benefits. In other words, if you are not able to work in any substantially gainful activity because of any physical or mental impairment(s) that can be shown medically and those impairments are expected to result in death or to last for a continuous period of more than 12 months, you may be considered disabled under the Social Security Administration's guidelines. Furnishing a letter from the Social Security Administration stating that you are entitled to disability benefits would be sufficient proof of your disability.

**If I terminate service with my Employer, will I receive the total value of my account?**

The answer to this question depends on why and when you terminate service. If you terminate employment under any of the circumstances listed above or you have five or more periods of service, you will receive the total value of your account.

**Is my vesting affected if I become an excluded employee?**

No. While you cannot participate in the Plan if you become an excluded employee, your vesting will not be affected. You will continue to be credited with periods of service. The vested percentage of your matching contributions, nonelective contributions and minimum contributions, if any, will increase as long as you continue working for your Employer.

**When I terminate employment, what will happen to the portion of my account that is not vested?**

The portion of your account that is not yet vested will be considered a "forfeiture." You will not be entitled to any portion of your account that is not vested when you terminate employment. Forfeitures will be used in the following sequence:

- Restore participant accounts
- Offset Plan expenses
- Reduce any Employer contributions

**What happens to my prior years of service if I am later reemployed with my Employer?**

If you are reemployed, you will receive credit for all prior periods of service.

**What happens to my forfeited money if I am later reemployed with my Employer?**

If you return to work for the Employer before five consecutive one-year Periods of Severance elapse, you may restore the forfeited portion of your account by repaying any payment that you received at termination. Your account will automatically be restored if you did not receive a distribution and you are reemployed by your Employer.

A one-year Period of Severance occurs for each 12 consecutive month period, beginning with your Severance Date and the anniversaries of that date, in which you do not perform an hour of service for your Employer. Absences of less than 12 consecutive months count as service.

Contact your Plan Administrator for further details, including the deadline by which you would need to repay any payment that you received.

**What if a Qualified Domestic Relations Order ("QDRO") is issued against my account?**

Generally, your vested account may not be sold, used as collateral for a loan outside the Plan, given away, or otherwise transferred. In addition, with certain limited exceptions (e.g., an IRS levy), your creditors may not interfere with your account in any way. An exception to this general rule, however, is a QDRO. A QDRO is a decree or order issued by a court that makes you pay child support, alimony, or otherwise allocates a portion of your account to your spouse, former spouse, child or other dependent. If a QDRO is received by your Plan Administrator, all or a portion of your benefits may be used to satisfy such order. Your Plan Administrator will determine if the decree or order issued by the court meets the requirements of a QDRO. Participants and beneficiaries can obtain a description of the procedures for QDRO determinations at no charge from the Plan Administrator, and should do so before having their legal counsel draft any domestic relations order.

## **Withdrawals**

**May I make a withdrawal while I am employed?**

Yes, you may make a withdrawal as follows:

**Age 59 ½ or Older.**

When you reach age 59 ½, you may withdraw all or a portion of your vested account balance.

**Hardship.**

Your Plan allows you to make hardship withdrawals. A "hardship withdrawal" is a withdrawal made for an "immediate and heavy financial need," such as:

- unreimbursed medical expenses for you, a dependent, a properly designated primary beneficiary of your account under the Plan or a non-custodial child;
- purchase of your principal residence, excluding mortgage payments. Funds cannot be withdrawn to purchase a vacation home;

- post-secondary education (e.g., college), tuition and related educational fees and room and board expenses for the next 12 months for you, your spouse, your child, a properly designated primary beneficiary of your account under the Plan or your dependent;
- amounts necessary to prevent foreclosure or eviction from your principal residence (e.g., unpaid rent or mortgage payments);
- unreimbursed burial or funeral expenses for your deceased parent, spouse, child, a properly designated primary beneficiary of your account under the Plan or dependent;
- unreimbursed expenses for the repair of damage to your principal residence that qualifies for the casualty loss deduction under Code Section 165 (without regard to whether the loss exceeds 10% of adjusted gross income); or
- amounts for other expenses which the IRS may later define as a hardship withdrawal.

The amount of the hardship withdrawal cannot exceed the exact amount needed to cover your financial need, plus any income taxes or penalties reasonably anticipated to result from the hardship withdrawal. In addition, in order to receive approval for a hardship withdrawal, it must be determined by the Plan Administrator that your need for the withdrawal cannot reasonably be relieved by:

- stopping of salary deferral contributions under the Plan; or
- other distributions from plans maintained by the Employer or any other employer.

The Plan Administrator will determine whether you qualify for a hardship withdrawal using uniform and nondiscriminatory standards. If the Plan Administrator determines that you qualify for a hardship withdrawal, you may withdraw the following contributions and earnings:

- rollover contributions and earnings;
- salary deferral contributions;
- vested matching contributions and earnings; and
- vested nonelective contributions and earnings.

### **Are there any restrictions relating to hardship withdrawals?**

Yes. If you take a hardship withdrawal, you may not make any salary deferral contributions for six months from the date of your hardship withdrawal.

### **How do I apply for a withdrawal?**

You can apply for an in-service withdrawal by completing a withdrawal form. Your Plan Administrator must receive the withdrawal form at least 30 days before you would like to receive your withdrawal.

**If I make a withdrawal, may I repay it?**

No, amounts withdrawn from the Plan may not be repaid.

**What are the tax effects of making a withdrawal?**

If you make a withdrawal from the Plan, you generally will have to pay income taxes on the money you withdraw. Unless you are withdrawing money to make a direct rollover contribution to another qualified plan, governmental 457(b) plan, 403(b) account, or traditional IRA, your withdrawal is generally subject to the mandatory 20% federal income tax withholding. Since hardship withdrawals are not eligible to be rolled over to another plan, they are subject to optional 10% federal income tax withholding. Also, if you are under age 59 1/2 when you make your withdrawal, an additional 10% penalty tax may apply (unless you are a military reservist called into active duty and you receive a qualified reservist distribution).

**NOTE:** You will not pay income taxes on any rollover after-tax contributions you withdraw from the Plan since these contributions were taxed before being contributed to the Plan. However, the earnings on these contributions will be taxable.

## **Benefits**

**When may I retire under the Plan?**

Your normal retirement date is your 65th birthday.

**When will I begin to receive benefits from the Plan?**

If you terminate service, you have the option to receive the total vested value of your account at any time. The Plan is required by law to distribute your benefits no later than April 1st of the calendar year following the year in which you reach age 70 1/2.

However, if you are still working for your Employer at the time you reach age 70 1/2 (and you are not a 5% owner of your Employer), you may:

- delay payment of your benefits until the April 1st of the calendar year following the year you retire; or
- provided you did not elect an annuity, delay the rest of your benefit payments until the April 1st of the calendar year following the year you retire, if you had already begun to receive payment of your benefits.

### **How will my account be paid to me?**

Your account will be paid to you in one lump sum payment.

### **May I elect a different payment option?**

Yes, other payment options are available. ***(Note, however, that if you elect any of the annuity options below, other than the joint and survivor annuity, spousal consent is required.)*** If your vested account balance is \$5,000 or less, your account will automatically be paid to you in one lump sum payment. If your vested account balance is over \$5,000, the other payment options available to you are:

#### **Life Annuity**

This annuity provides a monthly payment to you for your lifetime. No payments will be made after your death.

#### **Joint and Survivor Annuity**

This annuity pays a monthly lifetime benefit to you and, upon your death, to your spouse. You may elect to have your spouse receive another amount (such as 50%, 66 2/3%, 75% or 100% of your payment). No payment will be made after your death if your spouse does not survive you.

#### **Term Certain Annuity guaranteed for 5 Years**

This annuity provides a monthly payment to you for a guaranteed period of 5 years. If you die before receiving 5 years of payments (60 months), the remaining payments will be made to your beneficiary. Your beneficiary can choose to have the remaining payments made in one lump sum.

#### **Term Certain Annuity guaranteed for 10 Years**

This annuity provides a monthly payment to you for a guaranteed period of 10 years. If you die before receiving 10 years of payments (120 months), the remaining payments will be made to your beneficiary. Your beneficiary can choose to have the remaining payments made in one lump sum.

#### **Term Certain Annuity guaranteed for 15 Years**

This annuity provides a monthly payment to you for a guaranteed period of 15 years. If you die before receiving 15 years of payments (180 months), the remaining payments will be made to your beneficiary. Your beneficiary can choose to have the remaining payments made in one lump sum.

### **Installment Payments**

You may also elect to receive payments on a monthly, quarterly, semi-annual (twice a year) or annual basis. If you die before receiving all of the payments, the balance in your account will be paid to your beneficiary in one lump sum payment. Your beneficiary may elect another form of benefit.

### **Partial Cash Payments**

You may elect to receive partial cash payments. This means that you may receive part of your account balance while leaving the remainder of your account in the Plan. You may receive partial cash payments from your account at any time, and as often as you like. If you die before receiving all of your account, the balance in your account will be paid to your beneficiary in one lump sum payment.

### **What happens if I become disabled?**

If you become disabled, you will be fully vested in your account. Your disability retirement date will be the first day of the month following the date that you become disabled. Your account will be paid to you in one lump sum payment. You may, however, choose any other payment option listed above.

### **Does the Plan provide for death benefits?**

Yes. If you die before your benefits begin under the Plan, your account will be paid to your beneficiary. Your beneficiary may choose any payment option listed above (except a joint and survivor annuity).

### **Who will be the beneficiary of my death benefits?**

If you are married, you may not designate a beneficiary other than your spouse without your spouse's written consent. A notary public or Plan representative must witness your spouse's signature on the consent form. You have the right to designate your beneficiary or beneficiaries at any time. If you fail to designate a beneficiary, if your beneficiary designation is not valid or if your beneficiary fails to survive you, then your benefits will be paid in the following order to: (1) your spouse; (2) your descendants; (3) your surviving parents in equal shares; and (4) your estate. To make a beneficiary designation contact your Plan Administrator to request the appropriate beneficiary designation form.

**IMPORTANT NOTE:** If you have designated your spouse as your beneficiary and you then get legally divorced, your designation of your spouse will be considered **not** valid unless you complete a new beneficiary form after the divorce redesignating your spouse as beneficiary.

### **May a nonspouse beneficiary roll over a death benefit?**

Yes, effective January 1, 2007, a nonspouse designated beneficiary of a deceased participant may request a direct rollover to an "inherited IRA". An inherited IRA means that the title of the IRA account must identify it as an IRA with respect to a deceased individual and also

identify the deceased individual and the beneficiary. The rules for determining the required minimum distributions under the Plan with respect to a nonspouse beneficiary also apply under the inherited IRA.

**If I terminate employment with my Employer for any reason, do I need to take my money immediately?**

It depends.

If your vested account balance is over \$5,000, you may leave your money in the Plan, unless otherwise required by the Plan's minimum distribution requirements.

A special rule applies (known as a "mandatory distribution") if your vested account balance is over \$1,000 but not more than \$5,000, and you have not attained the later of age 62 or the normal retirement age under the Plan. In such case, if you do not make a timely distribution or direct rollover election, your entire vested account balance, including any prior rollover contributions, will automatically be rolled over to a traditional IRA serviced by Diversified. (In computing your vested account balance for purposes of any automatic rollover to an IRA, any loan default amount is not included.) If your vested account balance is \$1,000 or less, and you do not make a timely distribution or direct rollover election, your vested account balance will be paid directly to you by check as a mandatory distribution (subject to required 20% federal withholding and any applicable state withholding).

The IRA will be invested in the Money Market Fund of the Transamerica Partners Funds Group. This Fund has been designated to preserve principal and provide a reasonable rate of return and liquidity. You may thereafter elect to transfer your monies from such IRA by completion of the appropriate form(s) provided by Diversified. There are no administrative fees or sales charges associated with this account.

For additional information, please visit Diversified Direct Online at [www.divinvest.com](http://www.divinvest.com) or call Diversified Direct at 800-755-5801.

## **Taxes on Distributions**

**What are the tax effects of taking my money?**

If you withdraw money from the Plan and you do not directly roll it over into another qualified plan, governmental 457(b) plan, 403(b) account or eligible IRA, you generally will have to pay income taxes on the money. The amount you withdraw is generally subject to a mandatory 20% federal income tax. Note: Since hardship withdrawals are not eligible to be rolled over to another plan, they are subject to an optional 10% federal income tax withholding. In addition, if you are under age 59 1/2 when you make the withdrawal, an additional 10% IRS penalty tax may apply (unless you are a military reservist called into active duty and you receive a qualified reservist distribution).

**NOTE:** You will not pay income taxes on any rollover after-tax contributions you withdraw from the Plan since these contributions were taxed before being contributed to the Plan. However, the earnings on these contributions will be taxable.

**Is there a way to reduce or defer the taxes due on my distribution?**

Yes, there are ways to either reduce or defer the income taxes due on your distribution. For example:

(1) If you receive a taxable distribution from the Plan, you generally have 60 days from the date of the distribution to roll over all or a portion of that amount to an eligible IRA, another employer's qualified plan, a governmental 457(b) plan or to a 403(b) account. If you roll over your account in any of these ways, you will not pay taxes on the money. You will however, have to pay taxes when you begin to withdraw money from a traditional IRA or new employer's plan.

Under certain circumstances, all or a portion of your distribution may not qualify as a rollover contribution to a traditional IRA or another employer's qualified plan, governmental 457(b) plan or 403(b) account. In addition, most distributions will be subject to a mandatory 20% federal income tax. This tax will reduce the actual amount you receive in your distribution. For this reason, if you wish to roll over all or a portion of your distribution, you may want to take advantage of the direct rollover option described in (2) below.

(2) If you roll over your distribution directly to an eligible IRA or another employer's qualified plan, governmental 457(b) plan or 403(b) account, no taxes will be taken out. Taxes will be payable, however, when you begin to receive payments.

Like the rollover (described in (1) above), all or a portion of your distribution may not qualify for a direct rollover to an eligible IRA, other qualified plan, governmental 457(b) plan, or 403(b) account.

(3) If you qualify, you may also elect favorable income tax treatment, such as "10-year forward averaging" or "capital gains" method of taxation.

You will receive additional information regarding the special tax rules, rollover distributions and direct rollovers when you request a distribution.

## **Distribution Claim Procedures**

**How do I apply for benefits?**

You ("you" includes your beneficiary throughout this section) may apply for benefits by submitting a request as previously described. Your request for benefits must be made at least 30 days before you want to receive your distribution.

### **What if my claim is denied?**

Your application for benefits is also known as your "claim for benefits". If your claim for benefits is wholly or partially denied, you will receive written notice of this decision no later than 90 days after the date you submitted your claim. This written notice will explain:

- why your claim was denied;
- the Plan provisions which led to your claim being denied;
- the additional information needed to process your request for benefits; and
- the Plan's review procedures and applicable time limits, including a statement of your right to bring a civil action in accordance with Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

### **How may I appeal a claim denial?**

If your claim for benefits is denied, you may appeal the decision. However, you must do so within 60 days of receiving the denial notice from your Plan Administrator. You and your representative (such as your attorney) are entitled to review any of the appropriate documents involved in the denial of your claim. All comments must be submitted in writing.

A final decision on your appeal will be made in writing no later than 60 days after receipt of the appeal. The Plan Administrator may request an extension of time to review your appeal, if there are special circumstances (e.g., a need to hold a hearing concerning the appeal). Such an extension will not be longer than 120 days counting from the date your appeal was received.

## **Legal Rights**

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA provides that all Plan participants are entitled to:

### **Receive Information About Your Plan and Benefits**

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as work sites and union halls, all documents governing the Plan, including any insurance contracts and collective bargaining agreements, if applicable, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including any insurance contracts and collective bargaining agreements, if applicable, and copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The Plan Administrator may charge a reasonable amount for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to retirement benefits from your Plan at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working now. If you do not have a right to retirement benefits, the statement will tell you how many more years you have to work to get a right to your retirement benefits. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your Employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If your claim for a retirement benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights.

- For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.
- If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court.
- If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay the court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if the court finds your claim is frivolous).

### **Assistance With Your Questions**

If you have any questions about your Plan, you should contact your Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

## **Additional Information**

### **Who handles the administration of the Plan?**

The Plan is administered by your Employer. As Plan Administrator, your Employer is generally responsible for Plan operations and has sole discretion to interpret Plan provisions.

Diversified performs some, but not all, of the recordkeeping services for your Plan. Diversified performs these functions at the direction of the Plan Administrator in accordance with the provisions of the Plan and the Plan funding documents. Diversified:

- receives the Plan contributions;
- credits your account for those contributions; and
- pays benefits to you and/or your beneficiaries.

### **Who pays the costs of administering the Plan?**

All other costs of administering the Plan will be paid by your Employer or from Plan assets.

### **Can my Employer amend and/or terminate the Plan?**

Your Employer may choose to amend and/or terminate the Plan at any time. If your Employer terminates the Plan (or a partial plan termination occurs), you will automatically become 100% vested in your account. This means that you would have full ownership of the money in your account. If your Employer decides to amend the Plan, your vested benefit in the account cannot be reduced.

Upon full termination of the Plan, the Employer will direct the distribution of the assets to participants in a manner that is consistent with the provisions of the Plan. Distributions will

be made in cash and if permitted by the Plan, in property or through the purchase of irrevocable nontransferable deferred commitments from Transamerica Financial Life Insurance Company (formerly known as AUSA Life Insurance Company, Inc.). Except as permitted by Internal Revenue Service regulations, the termination of the Plan shall not result in any reduction of protected benefits.

**Is this Plan insured?**

No, this Plan is not insured. The assets of the Plan are held entirely separate from the assets of your Employer. All assets of the Plan are dedicated to the exclusive benefit of the Plan's participants. ERISA established a special federal agency, the Pension Benefit Guaranty Corporation (PBGC), to protect employees' benefits in certain pension plans when there is not enough money to cover benefits if a plan should terminate. By definition, benefits under this Plan are always equal to the value of the investments in the Plan. Thus, there is no need for insurance, nor is coverage available, for plans of this type.