



HARTFORD COUNTY PUBLIC SCHOOLS 403(b) PLAN

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Lincoln Call Center phone number: 1-800-234-3500

TO OUR EMPLOYEES

Most of us look forward to our retirement . . . the end of our working days... we can relax and do many of the things that we postponed until we have more time.

For most of us, retirement planning consists of using our personal savings and investments, such as the Social Security benefits to which both you and your Employer contribute; and in your case, an Employer sponsored plan (the "Plan") that provides benefits at retirement.

Your Employer adopted the Plan in the sincere hope that it will help provide you with financial security during your retirement years. Remember, the benefits provided by the Plan are in addition to benefits received under Social Security.

The Plan is a legal document which has been drafted to comply with certain applicable rules and regulations of the Internal Revenue Code ("Code"). This booklet outlines the main provisions of the Plan document.

If at any time you have specific questions about the Plan, or if you want to examine the actual Plan document, please contact your Plan Administrator. Your Plan Administrator's address and telephone number are listed in the Plan Information section of this booklet.

This booklet is to serve as a brief summary of the Plan. You should understand, however, that the Plan document itself shall govern with respect to the final interpretations of the Plan and benefits provided thereunder.

**SUMMARY PLAN DESCRIPTION
FOR
HARFORD COUNTY PUBLIC SCHOOLS 403(b) PLAN**

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DEFINITIONS

Additional Catch-up Elective Deferral Contributions: Additional Elective Deferral Contributions that Employees:

- who are eligible to make Employee Elective Deferral Contributions under the Plan, and
- who have attained age 50 by the end of the calendar year are permitted to make. Catch-up Elective Deferral Contributions are limited to a maximum amount permitted by law each calendar year. For 2007, the maximum amount is \$5,000. An Elective Deferral Contribution will not be considered an Additional Catch-up Elective Deferral Contribution until Elective Deferral Contributions exceed plan limits.

Alternate Payee: Your spouse, former spouse, child, or other dependent who is recognized by a domestic relations order as having a right to receive all or a portion of the benefits payable to you under the Plan.

Annuity: A specified amount payable at regular intervals during the lifetime of one or more persons, or for a specified period of time, or a combination of these.

Beneficiary: The individual, individuals or legal entity designated to receive any benefit payable under the Plan upon your death.

Compensation: The wages you receive, that are subject to federal income tax withholding plus any Employee Elective Deferrals and any other tax deferred elective contributions that you make. For Plan Years beginning on or after January 1, 2007, Compensation in excess of \$225,000 will not be taken into account in any Plan Year for purposes of this Plan. This amount may be indexed from time-to-time.

Once you attain your first Entry Date for purposes of being eligible to receive Employer Discretionary Contributions, your Compensation for such purposes will count from your first Entry Date.

Early Retirement Age: The option to retire after the attainment of age 55 and prior to your Normal Retirement Age.

Eligibility Year of Service: Your service with the Employer that is used in determining when you are eligible to enter the Plan with respect to the Employer Discretionary Contributions feature. A further explanation of Eligibility Year of Service is found in the Eligibility section.

Employee Elective Deferral Contributions: Contributions made to the Plan based on your salary reduction agreement.

Employer: Your employer, the entity maintaining this Plan, which is the same as the Plan Sponsor.

Employer Discretionary Contributions: Contributions made by your Employer to the Plan on your behalf without regard to the amount of your Employee Elective Deferral Contributions. These contributions are made at the sole discretion of your Employer and in some years such contributions may not be made to the Plan. A further explanation of these contributions can be found in the Employer Discretionary Contributions Section.

Entry Date: The date you actually enter the Plan after you have attained any age and service requirements, for purposes of being eligible to receive Employer Discretionary Contributions.

Hour of Service: Each hour that you work and also each hour (up to a maximum of 501 hours) for which you are paid even though you do not work, such as vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence. A leave of absence may include absence immediately following the birth or adoption of a child.

Hours of Service will be determined on the basis of actual hours for which you are paid or entitled to payment.

Normal Retirement Age: The option to retire upon the attainment of age 65.

One-Year Break in Service: For purposes of computing your eligibility service, a 12 consecutive month period, coinciding with the Plan Year, during which you do not receive credit for more than 500 Hours of Service.

However, you will be credited with a sufficient number of Hours of Service to avoid a break in service, either in the Plan Year in which your absence begins or the following Plan Year, if your absence is due to (i) your pregnancy; (ii) the birth of your child, (iii) the placement of a child in your home for adoption; or (iv) the care of your child during the period immediately following the birth or placement for adoption. This pertains only to how Hours of Service are credited for purposes of a break in service under this Plan and shall have no application to the Company's personnel policy pertaining to maternity leave, paternity leave or the like.

In addition, you will be credited with a sufficient number of Hours of Service to avoid a break in service, either in the Plan Year in which the absence begins or the following Plan Year, if you are entitled to a leave of absence under the provisions of the Family Medical Leave Act of 1993. Please see the Plan Administrator for more details concerning this aspect.

Optional Forms of Payment: The various types of benefit payments from which you may choose. A further explanation of the various optional forms that are available to you is found in the Forms of Distributions section.

Participant: Any employee who meets the eligibility and Entry Date requirements for any type of contribution found in this Plan, and who also completes and returns to the Plan Administrator any necessary application or enrollment forms provided by the Employer. For more information see the sections below describing each type of contribution for an explanation of the eligibility and Entry Date requirements.

If approved by the Plan Administrator upon the receipt of a written request from you, you may waive your right to be a Participant with respect to any Employer Discretionary Contributions.

Plan Administrator: The person, persons, corporation or other legal entity who is responsible for the management of the Plan, including maintaining the records of the Plan, and has been designated in the Plan document as the Plan Administrator.

Plan Sponsor: The Plan Sponsor which is the same as the Employer.

Plan Year: The period commencing each July 1 and ending on the following June 30.

Qualified Domestic Relations Order ("QDRO"): A court order issued under a divorce decree, state domestic relations law or community property law that relates to the payment of child support or alimony or to marital property rights. A QDRO creates or recognizes an Alternate Payee's right, or assigns to an Alternate Payee the right to receive Plan benefits payable to a Participant.

Qualified Joint and Survivor Annuity: A nontransferable Annuity, purchased with your vested account balance, for the duration of your life with a survivor Annuity for the life of your spouse. The amount payable to your spouse will not be less than 50% or more than 100% of the amount of the Annuity payable during your joint lives. The percentage of the survivor Annuity shall be 50% unless you elect a greater percentage in writing.

Qualified Military Service: Your service in the uniformed services for which you are entitled to reemployment rights.

Severance From Employment: When you cease to be employed by this Employer for any reason other than death.

Vested Benefit: The percentage of your account balance that you are entitled to even if you do not continue employment with the Employer.

PLAN INFORMATION

Name of Plan: Harford County Public Schools 403(b) Plan

Type of Plan: 403(b) Employer Contributory Plan

Plan Number: 001

Original Plan
Effective Date: January 1, 1972

Plan Sponsor: Harford County Public Schools
102 South Hickory Avenue
Bel Air Maryland 21014-3731
(410)588-5321

Plan Sponsor's
Employer
Identification
Number ("EIN"): 52-6000955

Plan Administrator: Harford County Public Schools
102 South Hickory Avenue
Bel Air Maryland 21014-3731
(410)588-5321

The Plan Administrator may contract with a separate company for some administrative services.

Agent for Service
of Legal Process: Harford County Public Schools
102 South Hickory Avenue
Bel Air Maryland 21014-3731
(410)588-5321

Service of legal process may also be made upon any of the Plan Sponsor's designated representatives.

**ELIGIBILITY TO MAKE EMPLOYEE
ELECTIVE DEFERRAL CONTRIBUTIONS**

WHICH CATEGORIES OF EMPLOYEES ARE ELIGIBLE TO MAKE EMPLOYEE ELECTIVE DEFERRAL CONTRIBUTIONS?

All employees who are employed by Employer are eligible to make Employee Elective Deferral Contributions.

ARE THERE ANY AGE AND SERVICE REQUIREMENTS I MUST SATISFY TO BE ELIGIBLE TO MAKE EMPLOYEE ELECTIVE DEFERRAL CONTRIBUTIONS?

There are no minimum age or service requirements for participation in the Employee Elective Deferral Contributions portion of the Plan.

WHEN WILL I ENTER THE PLAN FOR PURPOSES OF MAKING EMPLOYEE ELECTIVE DEFERRAL CONTRIBUTIONS?

If you are an eligible employee as described above, you will enter the Plan on the first day of the first payroll period following your completion of a valid salary reduction agreement, provided you agree to defer at least \$200.00 annually.

WHAT HAPPENS IF I SEVER EMPLOYMENT AND THEN I AM REHIRED?

If you resume employment as an eligible employee, you will be able to resume your Employee Elective Deferral Contributions immediately upon your rehire date.

**ELIGIBILITY TO RECEIVE
EMPLOYER DISCRETIONARY CONTRIBUTIONS**

For you to fully understand what requirements you must satisfy to receive an Employer Discretionary Contribution, there are several factors to consider:

- The categories of employees who are eligible to receive such contributions;
- What age and service requirements (if any) the Plan imposes for you to be eligible to receive such contributions;
- When you will actually enter the Plan for purposes of being eligible to receive such contributions;
- When your Compensation will start for purposes of such contributions; and
- Whether the Plan imposes any on-going service requirements for you to receive such a contribution for any given year.

The following questions discuss and explain each of these factors.

WHICH CATEGORIES OF EMPLOYEES ARE ELIGIBLE TO RECEIVE EMPLOYER DISCRETIONARY CONTRIBUTIONS?

Only the Superintendent is eligible to receive Employer Discretionary Contributions.

ARE THERE ANY AGE AND SERVICE REQUIREMENTS I MUST SATISFY TO BE ELIGIBLE TO RECEIVE AN EMPLOYER DISCRETIONARY CONTRIBUTION?

You will enter the Plan for purposes of being eligible to receive an Employer Discretionary Contribution, on the first Entry Date (see the discussion below for the definition of your Entry Date) on or next following your attainment of the following:

- You must complete one Eligibility Year of Service. An Eligibility Year of Service is a 12 consecutive month period during which you complete at least 1000 Hours of Service. Your first Eligibility Year of Service begins on the day you first complete one Hour of Service, and continues for the 12 consecutive months thereafter. If you do not complete 1000 Hours of Service in your first Eligibility Year of Service, your second and any succeeding Eligibility Year of Service will be based upon each Plan Year.

FOR PURPOSES OF BEING ELIGIBLE TO RECEIVE EMPLOYER DISCRETIONARY CONTRIBUTIONS, WHEN IS MY ENTRY DATE?

Your Entry Date for purposes of being eligible to receive Employer Discretionary Contributions is the first day of each payroll period following your satisfaction of the eligibility requirement.

You will not enter the Plan unless your employment with Employer continues to your first Entry Date.

EXAMPLE:

Smith was employed on April 7, 2007. On April 6, 2008, she will have completed one year of service. During that year, she was credited with at least 1,000 Hours of Service. Since Smith is still employed, she will enter the Plan on the first day of the payroll period following April 6, 2008, the first Entry Date following her completion of the eligibility requirement. On this date, Smith will be eligible to receive Employer Discretionary Contributions.

If Smith fails to attain 1,000 Hours of Service in the 12-month period following her date of hire, she will still be entitled to enter the Plan (at the appropriate Entry Date) if she is credited with at least 1,000 Hours of Service in any Plan Year.

WHAT HAPPENS IF I SEVER EMPLOYMENT AND THEN I AM REHIRED WITH RESPECT TO BEING ELIGIBLE TO RECEIVE EMPLOYER DISCRETIONARY CONTRIBUTIONS?

If you sever your employment with a vested right to your account balance, you will reenter the Plan on your date of rehire.

If you sever your employment prior to reaching your Entry Date, and if you incur a One-Year Break in Service prior to being reemployed, you will be treated as a new employee and must again meet any eligibility requirements.

MAY I ELECT NOT TO RECEIVE THE EMPLOYER DISCRETIONARY CONTRIBUTIONS?

Yes, subject to the approval of the Plan Administrator, you may waive your right to receive Employer Discretionary Contributions. Such request must be made in writing prior to the date you satisfy all of the requirements for receiving such contributions, and will remain in effect until you notify the Plan Administrator of your decision to again participate in the discretionary contributions portion of the Plan. You will then be eligible to receive

Employer Discretionary Contributions as of the first Entry Date following your notification to the Plan Administrator assuming you have satisfied the eligibility requirement described in this section.

The Plan Administrator will not approve your request if it will cause the Plan to fail to meet the minimum coverage or nondiscrimination rules of the Internal Revenue Code.

TRANSFER OF EMPLOYMENT/ MILITARY SERVICE

WHAT HAPPENS IF I TRANSFER JOBS WITHOUT LEAVING THE EMPLOYMENT OF MY EMPLOYER?

If you transfer jobs between categories of employees eligible to receive a contribution in this Plan, you will continue to participate in this Plan.

If you transfer to a category of employees not eligible to receive a contribution in this Plan, you will continue to earn interest on your account balance and will continue to receive eligibility and vesting years of service, if you continue to be employed.

If you transfer back to a category of employees eligible to receive a contribution in this Plan, you will be eligible to participate immediately, provided all other eligibility requirements are satisfied.

WHAT HAPPENS IF I LEAVE MY EMPLOYMENT FOR QUALIFIED MILITARY SERVICE?

If you return to the employment of the Employer under certain circumstances after serving in the armed forces of the United States you will be permitted to make-up any Employee Elective Deferral Contributions and Additional Catch-up Elective Deferral Contributions you would have made had you not gone into military service. The Employer will also make any Employer Discretionary Contributions that would have been made on your behalf had you not entered military service. If allowed in the Plan's loan policy, the Plan Administrator will suspend any outstanding loan repayments during that period of time in which you are in Qualified Military Service. Upon your request, the Plan Administrator will provide you a copy of the written loan policy.

EMPLOYEE ELECTIVE DEFERRAL CONTRIBUTIONS

HOW MUCH MAY I ELECT TO CONTRIBUTE TO THE PLAN?

As a Plan Participant, you may elect to defer on a pre-tax basis a minimum of \$200.00 up to a maximum of \$15,500 for the year 2007. You may not defer more than the maximum yearly limit or 100% of your Compensation, whichever is less.

In addition, if you have or will attain age 50 on or before the end of the calendar year you may make an additional elective deferral to the Plan (commonly known as a "catch-up contribution"). For 2007, the additional elective deferral is \$5,000. For years after 2007, these amounts may be adjusted with rules and regulations issued by the Internal Revenue Service.

For a contribution to be considered a Catch-up Elective Deferral Contribution, the Elective Deferral Contribution must exceed the legal maximum dollar amount of yearly Elective Deferral Contribution or one of the various Plan limits for the amount of Elective Deferral Contribution that can be made to the Plan.

HOW DOES MY EMPLOYEE ELECTIVE DEFERRAL CONTRIBUTION WORK?

Example: Assume your Compensation is \$20,000 and you elect to make an Employee Elective Deferral Contribution equal to 6% of your Compensation.

Compensation	\$20,000
Employee Elective Deferral Contribution	X .06
Total Employee Elective Deferral Contribution	\$ 1,200

Compensation	\$20,000
Minus your Employee Elective Deferral Contribution	- 1,200
Your reduced taxable compensation	\$18,800

HOW OFTEN MAY I CHANGE THE AMOUNT OF MY EMPLOYEE ELECTIVE DEFERRAL CONTRIBUTIONS?

You may change the amount of your Employee Elective Deferral Contributions at any time upon completing a new salary reduction agreement with your Employer. Such new salary reduction agreement will take effect as of the first day of the next payroll period, or as soon thereafter as practical.

MAY I CEASE MAKING MY EMPLOYEE ELECTIVE DEFERRAL CONTRIBUTIONS?

Yes, you may cease making your Employee Elective Deferral Contributions at any time upon written notice to the Plan Administrator.

EMPLOYER DISCRETIONARY CONTRIBUTIONS

WHAT ARE EMPLOYER DISCRETIONARY CONTRIBUTIONS?

Employer Discretionary Contributions are contributions the Employer may make to the Plan on your behalf without regard to the amount of your Employee Elective Deferral Contributions. These contributions are made at the sole discretion of the Employer and in some years such contributions may not be made to the Plan.

HOW IS MY SHARE OF ANY EMPLOYER DISCRETIONARY CONTRIBUTION DETERMINED?

Your share of the Employer's Discretionary Contribution, if any, will be allocated to you based on the following formula:

- A percentage of your annual Compensation as determined by the Board of Education.

ARE THERE ANY ON-GOING SERVICE REQUIREMENTS I MUST SATISFY IN ORDER TO RECEIVE AN EMPLOYER DISCRETIONARY CONTRIBUTION FOR ANY GIVEN YEAR?

No, there are no on-going service requirements which must be satisfied in order for you to receive an Employer Discretionary Contribution.

LIMITATION ON AMOUNT OF CONTRIBUTIONS

DOES THE LAW LIMIT THE AMOUNT OF CONTRIBUTIONS THAT CAN BE MADE TO MY ACCOUNT EACH YEAR?

Yes, the law places certain limitations on the amount of contributions that can be made to your account each year, these limitations take into consideration both your Employee Elective Deferral Contributions and any contributions made by your Employer.

HOW DO I CALCULATE THE MAXIMUM CONTRIBUTION?

Contributions made to your account within certain limits are excludable from your federal gross income. There are two separate, yet interrelated, limitations on amounts excludable from your gross income each year:

- The first limitation applies to your Employee Elective Deferral Contributions which includes contributions to this Plan and any other deferred compensation plan. These contributions generally cannot exceed \$15,500 for the year 2007 or 100% of Compensation, whichever is less. For years after 2007, this limit may be adjusted by the IRS to reflect changes in the cost-of-living.

Participants with 15 Years of Service with a Public School, Hospital, Home Health Service Agency, Health & Welfare Service Agency, Church, or Convention or Association of Churches may increase their contributions by an additional amount up to \$3,000 annually (\$15,000 lifetime maximum). Please see the Plan Administrator for additional details.

- The second limitation is an overall contribution limit which generally limits all contributions to this Plan or any other plan sponsored by your Employer to the lesser of 100% of your Compensation or \$45,000 (in 2007) whichever is less. This \$45,000 limit may be adjusted by the IRS in future years.

To aid you in calculating your maximum contribution, review IRS Publication 571 which is entitled "Tax Sheltered Annuity Programs" or contact your Plan Administrator.

ROLLOVER CONTRIBUTIONS

MAY I "ROLL OVER" MY VESTED ACCOUNT BALANCE FROM ANOTHER PLAN?

Yes, the Plan permits you to make a rollover contribution of the taxable amount of your distributions from a Traditional IRA; plans qualified under 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan and money purchase plan; a Section 403(b) Plan; and an eligible Section 457(b) plan maintained by a governmental employer. The Plan also permits you to make a rollover contribution of the after-tax amount of your distributions from a 403(b) employer plan.

Any loan you may have outstanding from such other plan may not be rolled over into this Plan.

The rollover may be made directly from another plan to this Plan, or you may elect within 60 days following the date you receive payment from a plan to roll over the distribution. There are certain tax consequences related to having the distribution made payable directly to you and then electing the rollover option. Contact your Plan Administrator for complete details.

INVESTMENTS

HOW ARE THE CONTRIBUTIONS TO THE PLAN INVESTED?

Contributions to the Plan are invested, as directed by you, in (1) a group fixed Annuity contract owned by your Employer and issued by The Lincoln National Life Insurance Company, Fort Wayne, Indiana, or (2) mutual funds chosen by your Employer and held in a custodial account at Wilmington Trust Company. This group fixed Annuity contract and mutual funds are part of the LINCOLN ALLIANCE® Program selected by your Employer as the funding and record-keeping vehicle for your Plan. The LINCOLN ALLIANCE® Program allows you to direct how your Plan account is to be invested, among those various investment alternatives.

The Employer also has the authority to change the available investments from time to time as it deems it to be prudent, and to direct the investment of Plan assets in such a manner to accommodate the change in investment options. The Employer also has the authority to direct the investment of the Plan's assets without regard to the Participant's instructions, if it is consistent with its fiduciary obligations to do so.

MAY I TRANSFER AMOUNTS ACCUMULATED IN OTHER INVESTMENT VEHICLES TO THIS INVESTMENT VEHICLE?

Yes, the Plan permits you to transfer money to this Plan from amounts that you have accumulated from other 403(b) investment vehicles provided that the transfer is done in accordance with certain Internal Revenue Service rules and regulations. Please see the Plan Administrator for additional details.

HOW OFTEN WILL I RECEIVE A STATEMENT OF MY ACCOUNT?

Quarterly each Plan Year, Lincoln National Life Insurance Company will provide you with an individual account balance statement. The statement will reflect changes due to contributions, withdrawals, and investment gains and losses.

NORMAL RETIREMENT AGE OR LATE RETIREMENT BENEFIT

WHAT IS MY NORMAL RETIREMENT AGE?

Your Normal Retirement Age is the attainment of age 65.

WHAT WILL MY BENEFIT BE WHEN I RETIRE AT MY NORMAL RETIREMENT AGE?

In this event, you will be 100% vested and your normal retirement benefit will be the value in your account.

MAY I ELECT TO RECEIVE MY NORMAL RETIREMENT BENEFIT EVEN IF I CONTINUE WORKING BEYOND MY NORMAL RETIREMENT AGE?

Yes, you may elect to receive some or all of your account balance upon your attainment of your Normal Retirement Age, even if you continue working beyond your Normal Retirement Age.

MAY I CONTINUE WORKING AFTER MY NORMAL RETIREMENT AGE?

Yes, you may elect to postpone your retirement. If you decide to continue your employment after you have reached your Normal Retirement Age, you will continue to participate in this Plan as though you had not reached your Normal Retirement Age.

WHAT WILL MY BENEFIT BE IF I RETIRE AFTER MY NORMAL RETIREMENT AGE?

In this event, you will be 100% vested and your late retirement benefit will be the value in your account.

EARLY RETIREMENT AGE

MAY I RETIRE BEFORE MY NORMAL RETIREMENT AGE?

Yes, you may elect to retire upon the attainment of your Early Retirement Age which is age 55.

WHAT WILL MY BENEFIT BE AT EARLY RETIREMENT?

In this event, you will be 100% vested in your entire account value, and upon Severance From Employment on or after attainment of Early Retirement Age, benefits shall be available for distribution.

DISABILITY RETIREMENT

DOES THE PLAN PROVIDE ANY DISABILITY RETIREMENT BENEFIT?

Yes, if you become disabled (as defined below) while you are a Participant, you will be eligible for a disability retirement benefit from the Plan.

HOW IS DISABILITY UNDER THE PLAN DEFINED?

Disability means that you are entitled to Social Security Disability Benefits. The disability benefits provided by this plan shall begin upon qualifying for Social Security Disability Benefits.

WHAT WILL MY BENEFIT BE IF I BECOME DISABLED?

In this event, you will be 100% vested and your disability retirement benefit will be the value in your account.

WILL I BE ENTITLED TO RECEIVE ANY OTHER BENEFITS FROM THE PLAN?

No, your disability retirement benefit will be in lieu of the other benefits provided by the Plan.

DEATH

WHAT HAPPENS TO MY ACCOUNT IN THE EVENT OF MY DEATH PRIOR TO MY SEVERANCE FROM EMPLOYMENT?

If you die prior to your Severance From Employment, your account balance will be 100% vested immediately. Your Beneficiary will receive your death benefit in an amount equal to your entire account balance.

If you die after you severed your employment, but prior to receiving any benefits, your Beneficiary will receive a death benefit based on the vested portion (if any) of your account balance at the time of your death.

Your Lincoln Annuity contract may contain an enhanced death benefit. Please refer to your Lincoln Annuity contract to determine if the following additional death benefit is available to you:

Your Beneficiary will receive your death benefit in an amount equal to the greater of the following amounts:

1. The net purchase payments, or
2. The value of the contract less any outstanding loan balance.

Net purchase payments will mean the sum of all purchase payments credited to the contract less any amounts paid when a withdrawal occurs and less any outstanding loan balance.

If your state has not approved this death benefit provision, the applicable death benefit will be equal to the contract value. Please contact your Plan Administrator for further information.

A description of how your death benefit will be paid and who must receive that payout is provided below.

WHO WILL RECEIVE MY DEATH BENEFIT?

If you are married at the time of your death, the Plan and the law requires that your death benefit be paid to your surviving spouse. However, if your spouse consents in writing, you may provide for a different Beneficiary. This spousal consent must be witnessed by a plan representative or a notary public.

If you become divorced and you had designated your former spouse as your Beneficiary, the Plan provides that the designation of your former spouse as your Beneficiary shall become null and void upon the event of your divorce (absent a QDRO). However, some investment vehicles will continue to recognize your former spouse as your designated Beneficiary. You are advised to update your Beneficiary designation immediately following your divorce to ensure that your new Beneficiary designation is honored upon your death.

If you remarry, your new spouse will become your Beneficiary, and any prior Beneficiary election will then be null and void. However, if your new spouse consents in a notarized writing, you may provide for a Beneficiary other than your new spouse.

For example: Joe divorced his wife. At the time of the divorce, Joe's Beneficiary election naming his ex-spouse became void. Joe then completed another Beneficiary form naming his children as Beneficiary. Three years later, Joe remarried. His new spouse is now automatically his new Beneficiary and the election of his children as Beneficiary is null and void, unless Joe's new wife consents in a notarized writing to the children remaining the Beneficiaries.

In the event that you are not married or in the event your spouse predeceases you, you may name a non-spouse Beneficiary to receive your death benefit. In the event that you do not have a Beneficiary designation on file or in the event that your Beneficiary designation is not valid, your death benefit will be paid to your estate.

Your Plan Administrator will provide you with a Beneficiary designation form that provides the required spousal consent sections, should you decide to use

them. You should make every effort to keep your Beneficiary designation up to date.

HOW WILL MY DEATH BENEFIT BE PAID?

Your Beneficiary will receive a lump sum payment of the value of your vested Plan account balance.

Your Beneficiary may also choose to receive the death benefit in any of the optional forms of payment provided by the Plan and described in the "Forms of Distributions" section.

For a description of the rules regarding the selection of a Beneficiary, please see "Who Will Receive My Death Benefit."

WHEN WILL PAYMENT OF MY DEATH BENEFIT BEGIN AND END?

Your entire account will be available for distribution to your Beneficiary within a reasonable time after your death. The law requires that your death benefit must be completely distributed no later than December 31 of the calendar year containing the fifth anniversary of your death unless an election is made to receive distributions in accordance with (A) or (B) below:

- (A) If your surviving spouse is your Beneficiary, distributions must begin no earlier than the later of:
 - (1) December 31 of the calendar year immediately following the calendar year in which you died; or
 - (2) December 31 of the calendar year in which you would have attained age 70½.

Distributions must be made over a period that does not exceed your spouse's life or life expectancy (if an Annuity is selected).

If lump sum is provided, your surviving spouse may elect to roll the payment to an IRA or to an eligible employer plan in which the spouse participates.

- (B) If your Beneficiary is other than your surviving spouse, distributions may begin on or before December 31 of the calendar year immediately following the calendar year in which you died and may be paid for a period that does not exceed the life or life expectancies of your Beneficiaries. The distributions may not be rolled into an IRA or to an eligible Employer plan.

SEVERANCE FROM EMPLOYMENT

WILL I BE ENTITLED TO A BENEFIT IF I SEVER EMPLOYMENT PRIOR TO MY RETIREMENT, DEATH OR DISABILITY?

Yes, you will be entitled to the vested portion of your account balance (if any). See the Vesting section of this booklet for an explanation of how your vested portion is determined.

VESTING

WHAT IS MY VESTED BENEFIT?

Your Vested Benefit is the percentage of your account balance that you are entitled to, if any, without the requirement of continuing employment with the Employer. However, your benefit might not be paid until a later date.

HOW DO I DETERMINE MY VESTED BENEFIT?

You are always 100% vested in all of your account balances pertaining to both your contributions (including any rollover contributions) and your Employer contributions.

FORMS OF DISTRIBUTIONS

HOW WILL MY BENEFIT BE PAID IN THE EVENT OF MY DEATH?

The section pertaining to Death describes how your benefit will be paid in the event of your death.

WHAT WILL I RECEIVE IF I SEVER EMPLOYMENT PRIOR TO MY RETIREMENT, DEATH OR DISABILITY?

Since you are always 100% vested in the value of your account balance you will be eligible to receive the value of your account balance when you sever employment.

WHEN WILL PAYMENT OF MY SEVERANCE FROM EMPLOYMENT BENEFIT BEGIN?

If after your Severance From Employment the value of your vested account is \$5,000 or less, ignoring the value of any rollover contributions or earnings on rollover contributions and you do not request a lump sum distribution or a direct rollover to an IRA or to another eligible retirement plan within the time frame described in the notice you received, the Plan Administrator may distribute your benefit, within a reasonable amount of time, in the form of an automatic rollover into an individual retirement account (IRA) without your consent. You may contact your Plan Administrator for further information regarding this administrative policy.

The automatic rollover IRA investment selected by your Employer is the Lincoln Small Accounts IRA. This investment is designed to preserve principal and provide a reasonable rate of return and liquidity and is funded solely with a group fixed Annuity owned by the IRA's custodian. The administrative fee deducted from this account on an annual basis is \$30.00 (\$7.50 deducted per quarter). Contact your Plan Administrator for further information.

You may have your benefit distributed to you as soon as administratively reasonable following your Severance From Employment. If you are married, spousal consent is not required prior to receiving a distribution.

You may, however, elect not to take a distribution and instead leave your account balance in the Plan. If you elect to leave your account balance in the Plan after you sever employment, you may continue to modify your investment elections and continue to receive the distributions available to active Participants.

For a description of the rules regarding required minimum distributions, Please see "When Do I Have To Start Taking A Distribution From My Account

Balance?"

ARE THERE ANY TAX CONSEQUENCES WITH RESPECT TO DISTRIBUTIONS FROM THE PLAN?

Yes, there may be certain tax consequences resulting from whether you receive your benefits in the form of a lump sum distribution, in substantially equal installments, or as an Annuity. Therefore, it is most important that you consult with your tax advisor as to the form of payment of benefits you request.

Also, there may be adverse tax consequences if you receive a taxable distribution prior to attaining age 59½.

You should be aware that the Plan is required to withhold 20% of any payment made directly to you and send such amount to the IRS as income tax withholding in the year you received the distribution. You may, however, avoid such withholding if you directly roll over such amount into another eligible retirement plan or into an individual retirement account. Please see your Plan Administrator for more details concerning this aspect.

HOW WILL MY VESTED BENEFIT BE PAID IN THE EVENT OF MY SEVERANCE FROM EMPLOYMENT, MY RETIREMENT OR MY DISABILITY?

Except for death, which is described above, you will receive a lump-sum payment in cash or in property, payable directly to you or directly to another eligible retirement plan (as such term is defined by the Internal Revenue Code) or IRA, unless you elect an optional form of payment.

WHAT OPTIONAL FORMS OF PAYMENT ARE AVAILABLE?

The following optional forms of payment are available:

Installment payments of substantially equal payments over a period you elect. This period cannot exceed your life expectancy.

A life Annuity, which provides monthly payments to you beginning on your retirement date and continuing during your lifetime. Under this type of Annuity, payments stop with the last monthly payment you received while living. If a married participant selects a life Annuity, spousal consent is required.

A joint and survivor Annuity, which provides monthly payments to you beginning on your retirement date. These payments will be made during your lifetime. After your death, a percentage of these payments (determined by you before you begin receiving benefits) will be continued to your Beneficiary, if living. Written, notarized spousal consent is required for this option unless your spouse is the survivor annuitant and the Annuity qualifies as a Qualified Joint and Survivor Annuity.

HOW DO I ELECT AN OPTIONAL FORM OF PAYMENT?

You will receive a written notice of your right to make an election prior to the commencement of your benefit. This notice will outline the terms and conditions of the optional forms of payment, the rights of your spouse, and your right to revoke a previous election. All elections must be in writing.

WHEN DO I HAVE TO START TAKING A DISTRIBUTION FROM MY ACCOUNT BALANCE?

The IRS requires that distributions must begin no later than the first day of April following the calendar year in which you attain age 70½, or the first day of April following the date you retire, whichever is later. However, if a portion of your account balance is attributable to contributions prior to January 1, 1987 and those contributions have been separately accounted for, the IRS does not require that you begin receiving a distribution of those contributions (and earnings) until the first day of April following the calendar year in which you attain age 75, or the first day of April following the date you retire, whichever is later.

MAY I RECEIVE A DISTRIBUTION DUE TO FINANCIAL HARDSHIP?

Yes, you may request a distribution for "hardship" reasons from the funds in your Annuity contract attributable to you:

- Employer Discretionary Contributions.
- Rollover contributions.
- Direct transfer Annuity contracts (except earnings accrued on Employee Elective Deferrals for plan years beginning on or after January 1, 1989, provided these amounts have been accounted for separately).
- Employee Elective Deferral Contributions (except earnings accrued for Plan Years beginning on or after January 1, 1989, provided these amounts have been accounted for separately).

You may request a distribution for "hardship" reasons from the funds in your custodial account attributable to contributions made prior to January 1, 1989. Your custodial account balance attributable to contributions made after that date are not eligible for hardship distribution.

- Pre 1989 Employer Discretionary Contributions.
- Rollover contributions regardless of when the rollover was made into the Plan.
- Direct transfer of custodial contracts contributed prior to 1989, regardless of the source.
- Direct transfer account of custodial account balances attributable to Employee Elective Deferral contributions (except earnings accrued for Plan Years beginning on or after January 1, 1989, provided these amounts have been accounted for separately).
- Employee Elective Deferral Contributions (except earnings accrued for Plan Years beginning on or after January 1, 1989, provided these amounts have been accounted for separately).

The term financial hardship is defined as an "immediate and heavy" financial need where an individual lacks other available resources.

Hardship distributions are only permitted with respect to amounts which are 100% vested and are not held as security for a plan loan.

The following are the only financial needs considered by the Plan and applicable regulations to be "immediate and heavy:" (i) deductible medical expenses incurred by you, your spouse, your children or other dependents, or expenses necessary for such persons to obtain medical care; (ii) the purchase (excluding mortgage payments) of your principal residence; (iii) payment of tuition and related educational fees (including room and board expenses) for the next 12 months of post-secondary education for you, your spouse, your children or other dependents; or (iv) the need to prevent your eviction from or a foreclosure of the mortgage of your principal residence; (v) payment for burial or funeral expenses for the employee's parent, spouse, children, or dependents; and (vi) expenses for the repair of damage to the employee's principal residence that would qualify as a casualty deduction under Code

Section 165 (determined without regard to whether the loss exceeds 10% of the employee's adjusted gross income).

A distribution will be considered as necessary to satisfy an immediate and heavy financial need only if:

- You have obtained all distributions, other than hardship distributions, and all non-taxable loans under all plans maintained by the Employer.
- The distribution is not in excess of the amount of your immediate and heavy financial need, together with any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated as a result of the distribution.
- All plans maintained by the Employer provide that you will not be allowed to make Employee Elective Deferral Contributions for at least 6 months after receipt of the hardship distribution. In addition, no such distribution will reduce the maximum Employee Elective Deferral Contributions that may be made by a participant.

If you are married, spousal consent is not required prior to receiving a hardship distribution.

MAY I RECEIVE AN IN-SERVICE DISTRIBUTION FROM THE PLAN WHILE STILL EMPLOYED PRIOR TO ATTAINING AGE 59½?

Yes, you may elect to receive an in-service distribution from your vested Annuity contract pertaining to your:

- Employer Discretionary Contributions.
- Rollover contributions and direct transfers (except Employee Elective Deferral Contributions accrued for Plan Years beginning on or after January 1, 1989), provided these amounts have been accounted for separately.
- Employee Elective Deferral Contributions accrued as of the close of the last Plan Year beginning before January 1, 1989, provided these amounts have been accounted for separately.

If you are married, spousal consent is not required prior to receiving an in-service distribution prior to attaining age 59½.

Amounts that you contributed to a custodial account and any direct transfer amounts that are attributable to contributions made to a custodial account are not available for in-service distributions prior to age 59½.

In-service distributions from Employer Safe Harbor Contributions are not available for in-service distribution prior to age 59½.

MAY I RECEIVE AN IN-SERVICE DISTRIBUTION FROM THE PLAN WHILE STILL EMPLOYED AFTER I HAVE ATTAINED AGE 59½?

Yes, if you have attained age 59½, you may elect to receive an in-service distribution from your vested account pertaining to your:

- Employer Discretionary Contributions.
- Rollover contributions and direct transfers from Annuity and/or custodial accounts.
- Employee Elective Deferral Contributions.

If you are married, spousal consent is not required prior to receiving an in-service distribution after attaining age 59½.

Both Annuity contract accounts and custodial contract accounts are available for in-service distributions after age 59½.

WHAT WILL MY IN-SERVICE DISTRIBUTION BE?

The amount of your in-service distribution will be the amount you request. You may request that all of your vested account balance be distributed or any portion of such vested account balance.

LOANS

DOES THE PLAN ALLOW FOR LOANS TO PARTICIPANTS?

Yes, you may request a plan loan from your account, under the rules found in the Plan document or in the Plan's separate written loan policy. These procedures include certain rules required by law, such as rules which limit the amount that you can borrow and the length of the loan repayment period.

If you are married, spousal consent is not required before the plan loan request is processed.

Loans are available from the funds of your account attributable to your:

- Employer Discretionary Contributions.
- Rollover contributions and direct transfers.
- Employee Elective Deferral Contributions.

Upon request, the Plan Administrator will provide you with a copy of the written loan policy and a copy of the loan application.

LOSS OF BENEFITS

CAN I HAVE EXPECTED BENEFITS DENIED, REDUCED OR LIMITED UNDER THE PLAN?

Yes. Some of the events which may result in a denial, reduction or limitation of expected benefits include the following:

- Your failure to meet the eligibility requirements to qualify as a Plan Participant.
- Your failure to complete the required enrollment forms, or if you waive participation in the Plan.
- Your failure to meet the requirements necessary to receive a contribution from your employer.
- The suspension of your ability to make Employee Elective Deferral Contributions for six months, after taking a hardship distribution from your account.
- The limitations on the maximum contributions allowed for a Participant in the Plan.
- The amendment or termination of the Plan.

- Your spouse or other Alternate Payee may be eligible for a portion of your benefit if so ordered by a Court according to the terms of a Qualified Domestic Relations Order.
- Distributions made in compliance with tax liens or levies for tax collection by the United States.

CLAIMS PROCEDURES

WHAT HAPPENS IF I DO NOT RECEIVE THE BENEFIT I THINK I AM ENTITLED TO RECEIVE?

If you do not receive the amount you think you are entitled to under this Plan, the Plan permits you to present a claim for such benefits and also provides a review procedure if such claim is denied. You will have no right to seek a review of a denial of benefits, or to bring any action in any court to enforce a claim for benefits, if you do not first follow the below-described procedures for filing a claim for benefits and for reviewing a denial of your claim for benefits.

HOW DO I MAKE A CLAIM FOR BENEFITS?

You must file a claim for benefits with the Plan Administrator, in such form as is permitted by the Plan Administrator and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Plan Administrator will furnish you with a written notice of this denial. This written notice must be provided to you within a reasonable period of time (generally 90 days) after the receipt of your claim by the Plan Administrator. If special circumstances require an extension of the 90-day time period, a written notice of the extension shall be furnished to you prior to the expiration of the initial 90-day period, and in such situations your claim will be reviewed within 180 days after the receipt of your claim by the Plan Administrator.

The written notice must contain the following information:

- the specific reason or reasons for the denial;
- the specific reference to the Plan provisions on which the denial is based;
- a description of any additional information or material necessary to correct your claim and an explanation of why such material or information is necessary; and
- the appropriate information as to the steps to be taken if you or your Beneficiary wishes to submit your claim for review.

WHAT CAN I DO IF A CLAIM IS DENIED?

Upon the denial of your claim for benefits, you may file your claim for review, in writing, with the Plan Administrator. You must file the claim for review no later than 60 days after you have received written notification of the denial of your claim for benefits. You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.

Your claim for review must be given a full and fair review. If your claim is denied, the Plan Administrator must provide you with written notice of this denial within 60 days after the Plan Administrator's receipt of your written

claim for review. There may be times when this 60-day period may be extended. This extension may only be made, however, when there are special circumstances which are communicated to you in writing within the 60-day period. If there is an extension, a decision shall be made as soon as possible, but not later than 120 days after receipt by the Plan Administrator of your claim for review.

The Plan Administrator's decision on your claim for review will be communicated to you in writing and will include specific references to the pertinent Plan provisions on which the decision was based.

ADDITIONAL INFORMATION

MAY I USE MY ACCOUNT BALANCE AS COLLATERAL? CAN MY ACCOUNT BE ASSIGNED TO OTHERS?

No, applicable law prohibits you from borrowing money from a bank or other lender and assigning or pledging your interest in the Plan to the lender to secure the loan. However, some portion of your account may be set aside for your former spouse or children pursuant to a Qualified Domestic Relations Order.

A Qualified Domestic Relations Order (QDRO) is a court order or decree that provides for property settlement, alimony, or child support type of payments. A "QDRO" may require the Plan Administrator to allocate a portion of your assets in the Plan, or to make an outright distribution from your account for the benefit of your spouse, former spouse, child or other dependent.

DOES PARTICIPATION IN THIS PLAN GIVE ME ANY RIGHTS AS AN EMPLOYEE OF EMPLOYER?

No, the Plan does not give you the right to be retained as an employee. Your right to your retirement benefits is limited to those benefits in which you become vested under the provisions of the Plan.

CAN THIS PLAN BE AMENDED? WHAT HAPPENS IF THE PLAN IS AMENDED?

Yes, the Plan may be amended by the Employer at any time. However, no amendment will be enacted which would deprive you of any accrued benefit that is protected by law. Any amendment to the Plan shall be in writing and shall be executed by a duly authorized officer of the Employer.

CAN THIS PLAN BE TERMINATED? WHAT HAPPENS IF THE PLAN IS TERMINATED?

Yes, this Plan is purely voluntary on the part of the Employer. The Employer reserves the right to reduce, suspend or discontinue contributions under this Plan or to terminate the Plan. This Plan shall terminate if the Employer is dissolved, deemed bankrupt or insolvent, merged with another company, or in the event of a sale by the Employer of all or substantially all of its assets, except that any successor in business may decide to continue this Plan.

In the event the Plan is terminated, you automatically become 100% vested in the Plan, regardless of the number of years of vesting service you have at that time. It is for that reason that the government exempts this type of retirement plan from the termination insurance rules governed by the Pension Benefit Guaranty Corporation.

ERISA RIGHTS

DID ERISA GIVE ME ANY SPECIFIC RIGHTS?

No. Because this Plan is a governmental Plan, the Employee Retirement Income Security Act of 1974 ("ERISA"), does not apply.