

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

**SCUDDER INVESTMENT TRUST**

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File No. 811-43

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No.  
Post-Effective Amendment No. 78

and

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 30

Scudder Investment Trust

-----  
(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, MA 02110

-----  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (617) 295-2567

-----  
Thomas F. McDonough  
Scudder, Stevens & Clark, Inc.  
Two International Place, Boston, MA 02110  
-----

(Name and Address of Agent for Service)

It is proposed that this filing will become effective

\_\_\_\_\_ immediately upon filing pursuant to paragraph (b)  
\_\_\_\_\_ on \_\_\_\_\_ pursuant to paragraph (b)  
\_\_\_\_\_ 60 days after filing pursuant to paragraph (a) (i)  
X on March 1, 1997 pursuant to paragraph (a) (i)  
-----  
\_\_\_\_\_ 75 days after filing pursuant to paragraph (a) (ii)  
\_\_\_\_\_ on \_\_\_\_\_ pursuant to paragraph (a) (ii) of Rule 485.

The Registrant has filed a declaration registering an indefinite amount of securities pursuant to Rule 24f-2 under the Investment Company Act of 1940, as amended. The Registrant filed the notice required by Rule 24f-2 for its most recent fiscal year on February 29, 1996.

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SCUDDER INVESTMENT TRUST  
SCUDDER GROWTH AND INCOME FUND  
CROSS-REFERENCE SHEET

Items Required By Form N-1A

PART A

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1.	Cover Page	COVER PAGE
2.	Synopsis	EXPENSE INFORMATION
3.	Condensed Financial Information	FINANCIAL HIGHLIGHTS

4.	General Description of Registrant	INVESTMENT OBJECTIVE AND POLICIES WHY INVEST IN THE FUND? ADDITIONAL INFORMATION ABOUT POLICIES AND INVESTMENTS FUND ORGANIZATION
5.	Management of the Fund	A MESSAGE FROM SCUDDER'S CHAIRMAN FUND ORGANIZATION--Investment adviser and Transfer agent TRUSTEES AND OFFICERS SHAREHOLDER BENEFITS--A team approach to investing
5A.	Management Discussion of Fund Performance	NOT APPLICABLE
6.	Capital Stock and Other Securities	DISTRIBUTION AND PERFORMANCE INFORMATION-- Dividends and capital gains distributions FUND ORGANIZATION TRANSACTION INFORMATION--Tax Information SHAREHOLDER BENEFITS--SAIL(TM)--Scudder Automated Information Line, Dividend reinvestment plan, T.D.D. service for the hearing impaired HOW TO CONTACT SCUDDER
7.	Purchase of Securities Being Offered	PURCHASES FUND ORGANIZATION--Underwriter TRANSACTION INFORMATION--Purchasing shares, Share price, Processing time, Minimum balances, Third party transactions SHAREHOLDER BENEFITS--Dividend reinvestment plan SCUDDER TAX-ADVANTAGED RETIREMENT PLANS
8.	Redemption or Repurchase	EXCHANGES AND REDEMPTIONS TRANSACTION INFORMATION--Redeeming shares, Tax identification number, Minimum balances
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20.	Tax Status	DIVIDENDS AND CAPITAL GAIN DISTRIBUTIONS TAXES
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SCUDDER INVESTMENT TRUST  
SCUDDER LARGE COMPANY GROWTH FUND  
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8.	Redemption or Repurchase	EXCHANGES AND REDEMPTIONS TRANSACTION INFORMATION--Redeeming shares, Tax identification number and Minimum balances
9.	Pending Legal Proceedings	NOT APPLICABLE

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This prospectus sets forth concisely the information about Scudder Large Company Growth Fund, a series of Scudder Investment Trust, an open-end management investment company, that a prospective investor should know before investing. Please retain it for future reference.

If you require more detailed information, a Statement of Additional Information dated March 1, 1997, as amended from time to time, may be obtained without

charge by writing Scudder Investor Services, Inc., Two International Place, Boston, MA 02110-4103 or calling 1-800-225-2470. The Statement, which is incorporated by reference into this prospectus, has been filed with the Securities and Exchange Commission.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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Scudder Large Company Growth Fund

Prospectus  
March 1, 1997

A pure no-load(TM) (no sales charges) mutual fund which seeks long-term growth of capital through investment primarily in the equity securities of large U.S. growth companies.

Expense information

How to compare a Scudder pure no-load(TM) fund

This information is designed to help you understand the various costs and expenses of investing in Scudder Large Company Growth Fund (the "Fund"). By reviewing this table and those in other mutual funds' prospectuses, you can compare the Fund's fees and expenses with those of other funds. With Scudder's pure no-load(TM) funds, you pay no commissions to purchase or redeem shares, or to exchange from one fund to another. As a result, all of your investment goes to work for you.

- 1) Shareholder transaction expenses: Expenses charged directly to your individual account in the Fund for various transactions.

Sales commissions to purchase shares (sales load)	NONE
Commissions to reinvest dividends	NONE
Redemption fees	NONE*
Fees to exchange shares	NONE

- 2) Annual Fund operating expenses: Expenses paid by the Fund before it distributes its net investment income, expressed as a percentage of the Fund's average daily net assets for the fiscal year ended October 31, 1996.

Investment management fee	0.70%
12b-1 fees	NONE
Other expenses	0.37%
Total Fund operating expenses	1.07%

Example

Based on the level of total Fund operating expenses listed above, the total expenses relating to a \$1,000 investment, assuming a 5% annual return and redemption at the end of each period, are listed below. Investors do not pay these expenses directly; they are paid by the Fund before it distributes its net investment income to shareholders. (As noted above, the Fund has no redemption fees of any kind.)

1 Year	3 Years	5 Years	10 Years
\$11	\$34	\$59	\$131

See "Fund organization--Investment adviser" for further information about the investment management fee. This example assumes reinvestment of all dividends and distributions and that the percentage amounts listed under "Annual Fund operating expenses" remain the same each year. This example should not be

considered a representation of past or future expenses or return. Actual Fund expenses and return vary from year to year and may be higher or lower than those shown.

\* You may redeem by writing or calling the Fund. If you wish to receive redemption proceeds via wire, there is a \$5 wire service fee. For additional information, please refer to "Transaction information--Redeeming shares."

# Financial highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the audited financial statements.

If you would like more detailed information concerning the Fund's performance, a complete portfolio listing and audited financial statements are available in the Fund's Annual Report dated October 31, 1996 and may be obtained without charge by writing or calling Scudder Investor Services, Inc.

<TABLE>

<CAPTION>

	Years Ended October 31,					For the Period May 15 1991 (commencement of operations) to October 31, 1991
	1996 (a)	1995	1994	1993	1992	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$18.44	\$16.17	\$16.42	\$15.30	\$13.65	\$12.00
Income from investment operations:						
Net investment income	.08	.11	.16	.06	.02	.03
Net realized and unrealized gain (loss) on investments	3.41	3.40	(.09)	1.09	1.68	1.62
Total from investment operations	3.49	3.51	.07	1.15	1.70	1.65
Less distributions from:						
Net investment income	(.14)	(.15)	(.08)	(.03)	(.03)	--
Net realized gains on investment transactions	(.60)	(1.09)	(.24)	--	(.02)	--
Total distributions	(.74)	(1.24)	(.32)	(.03)	(.05)	--
Net asset value, end of period	\$21.19	\$18.44	\$16.17	\$16.42	\$15.30	\$13.65
Total Return (%)	19.49	23.78	.39	7.49	12.47	13.75**
Ratios and Supplemental Data						
Net assets, end of period (\$millions)	221	173	113	126	101	30
Ratio of operating expenses net, to average daily net assets (%)	1.07	1.17	1.25	1.20	1.25	1.25*
Ratio of operating expenses before expense reductions, to average daily net assets (%)	1.07	1.17	1.25	1.20	1.40	2.67*
Ratio of net investment income to average daily net assets (%)	.41	.71	.96	.39	.24	.83*
Portfolio turnover rate (%)	68.8	91.6	119.7	111.4	27.4	11.5*
Average commission rate paid (b)	\$.0551	\$ --	\$ --	\$ --	\$ --	\$ --

</TABLE>

(a) Based on monthly average shares outstanding during the period.

(b) Average commission rate paid per share of common and preferred stocks is calculated for fiscal years beginning on or after September 1, 1995.

\* Annualized



\*\* Not annualized

A message from Scudder's chairman

Scudder, Stevens & Clark, Inc., investment adviser to the Scudder Family of Funds, was founded in 1919. We offered America's first no-load mutual fund in 1928. Today, we manage in excess of \$100 billion for many private accounts and over 50 mutual fund portfolios. We manage the mutual funds in a special program for the American Association of Retired Persons, as well as the fund options available through Scudder Horizon Plan, a tax-advantaged variable annuity. We also advise The Japan Fund and nine closed-end funds that invest in countries around the world.

The Scudder Family of Funds is designed to make investing easy and less costly. It includes money market, tax free, income and growth funds as well as IRAs, 401(k)s, Keoghs and other retirement plans.

Services available to all shareholders include toll-free access to the professional service representatives of Scudder Investor Relations, easy exchange among funds, shareholder reports, informative newsletters and the walk-in convenience of Scudder Funds Centers.

All Scudder mutual funds are pure no-load(TM). This means you pay no commissions to purchase or redeem your shares or to exchange from one fund to another. There are no "12b-1" fees either, which many other funds now charge to support their marketing efforts. All of your investment goes to work for you. We look forward to welcoming you as a shareholder.

/s/Daniel Pierce

Scudder Large Company Growth Fund

Investment objective

- o long-term growth of capital through investment primarily in the equity securities of large U.S. growth companies

Investment characteristics

- o emphasis on large-sized domestic companies with prospects for maintaining greater than average growth in earnings, cash flow or assets over time
- o focus on companies in strong financial positions
- o opportunity to share in the long-term growth of the stock market
- o daily liquidity at current net asset value

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Investment objective and policies

Scudder Large Company Growth Fund (the "Fund"), a diversified series of Scudder Investment Trust, seeks to provide long-term growth of capital through investment primarily in the equity securities of seasoned, financially strong U.S. growth companies. Although current income is an incidental consideration, many of the Fund's securities should provide regular dividends which are expected to grow over time.

The Fund's equity investments consist of common stocks, preferred stocks and securities convertible into common stocks of companies which are of above-average financial quality and offer the prospect for above-average growth in earnings, cash flow or assets relative to the overall market as defined by the Standard & Poor's 500 Composite Price Index (S&P 500). The prospect for above-average growth in assets is evaluated in terms of the potential future earnings such growth in assets can produce.

The Fund allocates its investments among different industries and companies, and adjusts its portfolio securities based on long-term investment considerations as opposed to short-term trading. While the Fund emphasizes U.S. investments, it can commit a portion of assets to the equity securities of foreign growth companies which meet the criteria applicable to domestic investments.

Except as otherwise indicated, the Fund's investment objective and policies are not fundamental and may be changed without a vote of shareholders. If there is a change in investment objective, shareholders should consider whether the Fund remains an appropriate investment in light of their then current financial position and needs. There can be no assurance that the Fund's objective will be met.

#### Investments

The Fund invests primarily in the equity securities issued by large-sized domestic companies that offer above-average appreciation potential. In seeking such investments, the Fund's investment adviser, Scudder, Stevens & Clark, Inc. (the "Adviser"), invests in companies with the following characteristics:

- o companies that have exhibited above-average growth rates over an extended period with prospects for maintaining greater than average rates of growth in earnings, cash flow or assets in the future;
- o companies that are in a strong financial position with high credit standings and profitability;
- o companies with important business franchises, leading products or dominant marketing and distribution systems;
- o companies guided by experienced, motivated management;
- o companies selling at attractive prices relative to potential growth in earnings, cash flow or assets.

The Adviser utilizes a combination of qualitative and quantitative research techniques to identify companies that have above-average quality and growth characteristics and that are deemed to be selling at attractive market valuations. In-depth fundamental research is used to evaluate various aspects of corporate performance, with a particular focus on consistency of results, long-term growth prospects and financial strength. Quantitative valuation models are designed to help determine which growth companies offer the best values at a given point in time. From time to time, for temporary defensive or emergency purposes, the Fund may invest a portion of its assets in cash and cash equivalents when the Adviser deems such a position advisable in light of economic or market conditions. The Fund also may invest in convertible securities, foreign securities, repurchase agreements, and may engage in strategic transactions. In addition, the Fund may invest, to a limited extent, in illiquid or restricted securities.

#### Quality

The Fund invests at least 65% of its total assets in the equity securities of large U.S. growth companies, i.e., those with total market capitalization of \$1 billion or more. The Fund looks for companies with above-average financial quality.

When assessing financial quality, the Adviser weighs four elements of business risk. These factors are the Adviser's assessment of the strength of a company's balance sheet, the accounting practices a company follows, the volatility of a company's earnings over time and the vulnerability of earnings to changes in external factors, such as the general economy, the competitive environment, governmental action and technological change.

More information about investment techniques is provided under "Additional information about policies and investments."

#### Why invest in the Fund?

The Fund provides investors with convenient and low-cost access to a diversified equity portfolio involving seasoned, financially-strong U.S. growth companies. The Fund's investment strategy is to acquire the equity securities of well-managed large- and medium-sized companies, primarily located in the U.S., which have established records of above-average earnings growth and are judged to have potential for the future. The Adviser believes that companies with relatively consistent and above-average rates of growth will be rewarded by the market with higher stock prices over time and investment returns in excess of the market as a whole. Also, while the business results of such companies will be affected by slowdowns in economic growth, they should be less affected by adverse business conditions than more leveraged or cyclical companies.

The Fund is only appropriate for those investors who understand and can accept the risks of stock market investing. While the Fund emphasizes the securities of companies with above-average growth and quality characteristics, movements in the overall stock market will affect the Fund's price. The Adviser, however, attempts to lessen the effects of stock market fluctuation through portfolio diversification and disciplined security selection. The Adviser has been involved in quality growth investing for over 20 years.

While the Fund is broadly diversified, it does not, in itself, represent a complete investment program. Nonetheless, because of its emphasis on quality growth companies, the Fund may be appropriate as a core equity component of an investment portfolio containing money market, bond and more specialized equity investments.

In addition, the Fund offers all the benefits of the Scudder Family of Funds. Scudder, Stevens & Clark, Inc. manages a diverse family of pure no-load(TM) funds and provides a wide range of services to help investors meet their investment needs. Please refer to "Investment products and services" for additional information.

#### Additional information about policies and investments

##### Investment restrictions

The Fund has adopted certain fundamental policies which may not be changed without a vote of shareholders and which are designed to reduce the Fund's investment risk.

The Fund may not make loans except through the lending of portfolio securities, the purchase of debt securities or through repurchase agreements and may not borrow money except as a temporary measure for extraordinary or emergency purposes.

A complete description of these and other policies and restrictions is contained

under "The Fund's Investment Objective and Policies" in the Fund's Statement of Additional Information.

## Convertible securities

The Fund may invest in convertible securities (bonds, notes, debentures, preferred stocks and other securities convertible into common stocks) which may offer higher income than the common stocks into which they are convertible. The convertible securities in which the Fund may invest include fixed-income or zero coupon debt securities which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares of common stock. Prior to their conversion, convertible securities may have characteristics similar to both nonconvertible debt securities and equity securities.

## Foreign securities

In addition to investments in companies domiciled in the U.S., the Fund may invest a portion of its assets in listed and unlisted foreign securities of the same type as the domestic securities in which it is permitted to invest. The Fund may invest outside of the U.S. when the anticipated performance of foreign securities is believed by the Adviser to offer equal or more return potential than domestic alternatives in keeping with the investment objective of the Fund.

## Repurchase agreements

As a means of earning income for periods as short as overnight, the Fund may enter into repurchase agreements with selected banks and broker/dealers. Under a repurchase agreement, the Fund acquires securities, subject to the seller's agreement to repurchase them at a specified time and price.

## Common stocks

Under normal circumstances, the Fund invests primarily in common stocks. Common stock is issued by companies to raise cash for business purposes and represents a proportionate interest in the issuing companies. Therefore, the Fund participates in the success or failure of any company in which it holds stock. The market values of common stock can fluctuate significantly, reflecting the business performance of the issuing company, investor perception and general economic or financial market movements. Despite the risk of price volatility, however, common stocks have traditionally offered the greatest potential for gain on investment, compared to other classes of financial assets such as bonds or cash equivalents.

## Strategic Transactions and derivatives

The Fund may, but is not required to, utilize various other investment strategies as described below to hedge various market risks (such as interest rates, currency exchange rates, and broad or specific equity or fixed-income market movements), to manage the effective maturity or duration of fixed-income securities in the Fund's portfolio or to enhance potential gain. These strategies may be executed through the use of derivative contracts. Such strategies are generally accepted as a part of modern portfolio management and are regularly utilized by many mutual funds and other institutional investors. Techniques and instruments may change over time as new instruments and strategies are developed or regulatory changes occur.

In the course of pursuing these investment strategies, the Fund may purchase and sell exchange-listed and over-the-counter put and call options on securities, equity and fixed-income indices and other financial instruments, purchase and sell financial futures contracts and options thereon, enter into various interest rate transactions such as swaps, caps, floors or collars, and enter into various currency transactions such as currency forward contracts, currency futures contracts, currency swaps or options on currencies or currency futures (collectively, all the above are called "Strategic Transactions").

Strategic Transactions may be used without limit to attempt to protect against possible changes in the market value of securities held in or to be

## Additional information about policies and investments (cont'd)

purchased for the Fund's portfolio resulting from securities markets or currency exchange rate fluctuations, to protect the Fund's unrealized gains in the value of its portfolio securities, to facilitate the sale of such securities for investment purposes, to manage the effective maturity or duration of

fixed-income securities in the Fund's portfolio, or to establish a position in the derivatives markets as a temporary substitute for purchasing or selling particular securities. Some Strategic Transactions may also be used to enhance potential gain although no more than 5% of the Fund's assets will be committed to Strategic Transactions entered into for non-hedging purposes. Any or all of these investment techniques may be used at any time and in any combination, and there is no particular strategy that dictates the use of one technique rather than another, as use of any Strategic Transaction is a function of numerous variables including market conditions. The ability of the Fund to utilize these Strategic Transactions successfully will depend on the Adviser's ability to predict pertinent market movements, which cannot be assured. The Fund will comply with applicable regulatory requirements when implementing these strategies, techniques and instruments. Strategic Transactions involving financial futures and options thereon will be purchased, sold or entered into only for bona fide hedging, risk management or portfolio management purposes and not for speculative purposes. Please refer to "Risk factors--Strategic Transactions and derivatives" for more information.

#### Risk factors

The Fund's risks are determined by the nature of the securities held and the portfolio management strategies used by the Adviser. The following are descriptions of certain risks related to the investments and techniques that the Fund may use from time to time.

**Convertible securities.** While convertible securities generally offer lower yields than nonconvertible debt securities of similar quality, their prices may reflect changes in the value of the underlying common stock. Convertible securities entail less credit risk than the issuer's common stock. Convertible securities purchased by the Fund must be rated investment-grade, or if unrated, judged of equivalent quality by the Adviser. Investment-grade convertible securities are rated Aaa, Aa, A or Baa by Moody's Investors Service, Inc. ("Moody's"), or AAA, AA, A or BBB by S&P. Moody's considers securities it rates Baa to have speculative elements as well as investment-grade characteristics.

**Illiquid or restricted investments.** The absence of a trading market can make it difficult to ascertain a market value for illiquid or restricted investments. Disposing of illiquid or restricted investments may involve time-consuming negotiation and legal expenses, and it may be difficult or impossible for the Fund to sell them promptly at an acceptable price.

**Foreign securities.** Investing in foreign securities involves considerations not typically found in investing in U.S. markets. These considerations, which may favorably or unfavorably affect the Fund's performance, include changes in exchange rates and exchange rate controls (which may include suspension of the ability to transfer currency from a given country), costs incurred in conversions between currencies, non-negotiable brokerage commissions, less publicly available information, different accounting standards, lower trading volume and greater market volatility, the difficulty of enforcing obligations in other countries, less securities regulation, different tax provisions (including withholding on dividends and interest paid to the Fund), war, expropriation, political and social instability and diplomatic developments. Further, the

settlement period of securities transactions in foreign markets may be longer than in domestic markets. These considerations generally are more of a concern in developing countries. For example, the possibility of revolution and the dependence on foreign economic assistance may be greater in these countries than in developed countries. The Adviser seeks to mitigate the risks associated with these considerations through diversification and active professional management.

**Repurchase agreements.** If the seller under a repurchase agreement becomes insolvent, the Fund's right to dispose of the securities may be restricted. In the event of the commencement of bankruptcy or insolvency proceedings, with respect to the seller of the security under a repurchase agreement, the Fund may encounter delay and incur costs before being able to sell the security. Also, if a seller defaults, the value of such securities may decline before the Fund is able to dispose of them.

**Strategic Transactions and derivatives.** Strategic Transactions, including derivative contracts, have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the Adviser's view as to certain market movements is incorrect, the risk that the use of such Strategic Transactions could result in losses greater than if they had not been used. Use of put and call options may result in losses to the Fund, force the sale or purchase of portfolio securities at inopportune times or for

prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Fund can realize on its investments or cause the Fund to hold a security it might otherwise sell. The use of currency transactions can result in the Fund incurring losses as a result of a number of factors including the imposition of exchange controls, suspension of settlements or the inability to deliver or receive a specified currency. The use of options and futures transactions entails certain other risks. In particular, the variable degree of correlation between price movements of futures contracts and price movements in the related portfolio position of the Fund creates the possibility that losses on the hedging instrument may be greater than gains in the value of the Fund's position. In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter options may have no markets. As a result, in certain markets, the Fund might not be able to close out a transaction without incurring substantial losses, if at all. Although the use of futures contracts and options transactions for hedging should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in value of such position. Finally, the daily variation margin requirements for futures contracts would create a greater ongoing potential financial risk than would purchases of options, where the exposure is limited to the cost of the initial premium. Losses resulting from the use of Strategic Transactions would reduce net asset value, and possibly income, and such losses can be greater than if the Strategic Transactions had not been utilized. The Strategic Transactions that the Fund may use and some of their risks are described more fully in the Fund's Statement of Additional Information.

#### Distribution and performance information

##### Dividends and capital gains distributions

The Fund intends to distribute any dividends from its net investment income and net realized capital gains after utilization of capital loss carryforwards, if any, annually in December to prevent application of federal excise tax, although an additional distribution may be made if required, at a later date. Any dividends or capital gains distributions declared in October, November or December with a record date in such a month and paid the following January will be treated by shareholders for federal income tax

#### Distribution and performance information (cont'd)

purposes as if received on December 31 of the calendar year declared. According to preference, shareholders may receive distributions in cash or have them reinvested in additional shares of the Fund. If the investment is in the form of a retirement plan, all dividends and capital gains distributions must be reinvested into the shareholder's account.

Generally, dividends from net investment income are taxable to investors as ordinary income. Long-term capital gains distributions, if any, are taxable as long-term capital gains regardless of the length of time shareholders have owned their shares. Short-term capital gains and any other taxable distributions are taxable as ordinary income. A portion of dividends from ordinary income may qualify for the dividends-received deduction for corporations.

The Fund sends detailed tax information to shareholders about the amount and type of its distributions by January 31 of the following year.

##### Performance information

From time to time, quotations of the Fund's performance may be included in advertisements, sales literature or shareholder reports. All performance figures are historical, show the performance of a hypothetical investment and are not intended to indicate future performance. "Total return" is the change in value of an investment in the Fund for a specified period. The "average annual total return" of the Fund is the average annual compound rate of return of an investment in the Fund assuming the investment has been held for one year, five years and the life of the Fund. "Cumulative total return" represents the cumulative change in value of an investment in the Fund for various periods. All types of total return calculations assume that all dividends and capital gains distributions during the period were reinvested in shares of the Fund. "Capital change" measures return from capital, including reinvestment of any capital gains distributions but does not include the reinvestment of dividends. Performance will vary based upon, among other things, changes in market conditions and the level of the Fund's expenses.

## Fund organization

The Fund is a diversified series of Scudder Investment Trust (the "Trust"), an open-end management investment company registered under the Investment Company Act of 1940 (the "1940 Act"). The Trust, formerly known as Scudder Growth and Income Fund, was organized as a Massachusetts business trust in September 1984.

The Fund changed its name, from Scudder Quality Growth Fund, on December 10, 1996.

The Fund's activities are supervised by the Trust's Board of Trustees. Shareholders have one vote for each share held on matters on which they are entitled to vote. The Trust is not required to hold and has no current intention of holding annual shareholder meetings, although special meetings may be called for purposes such as electing or removing Trustees, changing fundamental policies or approving an investment management contract. Shareholders will be assisted in communicating with other shareholders in connection with removing a Trustee as if Section 16(c) of the 1940 Act were applicable.

## Investment adviser

The Fund retains the investment management firm of Scudder, Stevens & Clark, Inc., a Delaware corporation, to manage its daily investment and business affairs subject to the policies established by the Board of Trustees. The Trustees have overall responsibility for the management of the Fund under Massachusetts law.

The management fee payable to the Adviser under its Investment Management

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Agreement is equal to an annual rate of 0.70% of the Fund's average daily net assets.

The fee is payable monthly, provided that the Fund will make such interim payments as may be requested by the Adviser not to exceed 75% of the amount of the fee then accrued on the books of the Fund and unpaid.

All of the Fund's expenses are paid out of gross investment income. Shareholders pay no direct charges or fees for investment or administrative services.

Scudder, Stevens & Clark, Inc. is located at Two International Place, Boston, Massachusetts.

## Transfer agent

Scudder Service Corporation, P.O. Box 2291, Boston, Massachusetts 02107-2291, a subsidiary of the Adviser, is the transfer, shareholder servicing and dividend-paying agent for the Fund.

## Underwriter

Scudder Investor Services, Inc., a subsidiary of the Adviser, is the Fund's principal underwriter. Scudder Investor Services, Inc. confirms, as agent, all purchases of shares of the Fund. Scudder Investor Relations is a telephone information service provided by Scudder Investor Services, Inc.

## Fund accounting agent

Scudder Fund Accounting Corporation, a subsidiary of the Adviser, is responsible for determining the daily net asset value per share and maintaining the general accounting records of the Fund.

## Custodian

State Street Bank and Trust Company is the Fund's custodian.

## Transaction information

### Purchasing shares

Purchases are executed at the next calculated net asset value per share after the Fund's transfer agent receives the purchase request in good order. Purchases are made in full and fractional shares. (See "Share price.")

By check. If you purchase shares with a check that does not clear, your purchase will be canceled and you will be subject to any losses or fees incurred in the transaction. Checks must be drawn on or payable through a U.S. bank. If you purchase shares by check and redeem them within seven business days of purchase, the Fund may hold redemption proceeds until the purchase check has cleared. If you purchase shares by federal funds wire, you may avoid this delay. Redemption requests by telephone prior to the expiration of the seven-day period will not be accepted.

By wire. To open a new account by wire, first call Scudder at 1-800-225-5163 to obtain an account number. A representative will instruct you to send a completed, signed application to the transfer agent. Accounts cannot be opened without a completed, signed application and a Scudder fund account number. Contact your bank to arrange a wire transfer to:

The Scudder Funds  
State Street Bank and Trust Company  
Boston, MA 02101  
ABA Number 011000028  
DDA Account 9903-5552

Your wire instructions must also include:

- the name of the fund in which the money is to be invested,
- the account number of the fund, and
- the name(s) of the account holder(s).

The account will be established once the application and money order are received in good order.

You may also make additional investments of \$100 or more to your existing account by wire.

(Continued on page 14)

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#### Purchases

<TABLE>			
<S>	<C>	<C>	<C>
Opening an account	Minimum initial investment: \$2,500; IRAs \$1,000 Group retirement plans (401(k), 403(b), etc.) have similar or lower minimums. See appropriate plan literature.		
Make checks payable to "The Scudder Funds."	o By Mail                      Send your completed and signed application and check  by regular mail to:                      or                      by express, registered, or certified mail to:  The Scudder Funds                      Scudder Shareholder Service Center P.O. Box 2291                      42 Longwater Drive Boston, MA                      Norwell, MA 02107-2291                      02061-1612		
	o By Wire                      Please see Transaction information--Purchasing shares-- By wire for details, including the ABA wire transfer number. Then call 1-800-225-5163 for instructions.		
	o In Person                      Visit one of our Funds Centers to complete your application with the help of a Scudder representative. Funds Center locations are listed under Shareholder benefits.		
Purchasing additional shares	Minimum additional investment: \$100; IRAs \$50 Group retirement plans (401(k), 403(b), etc.) have similar or lower minimums. See appropriate plan literature.		
Make checks payable to "The Scudder Funds."	o By Mail                      Send a check with a Scudder investment slip, or with a letter of instruction including your account number and the complete Fund name, to the appropriate address listed above.		
	o By Wire                      Please see Transaction information--Purchasing shares--		



By wire for details, including the ABA wire transfer number.

- |   |  |
|---|--|
| o In Person                                   | Visit one of our Funds Centers to make an additional investment in your Scudder fund account. Funds Center locations are listed under Shareholder benefits.                                  |
| o By Telephone                                | Please see Transaction information--Purchasing shares-- By AutoBuy or By telephone order for more details.   |
| o By Automatic Investment Plan (\$50 minimum) | You may arrange to make investments on a regular basis through automatic deductions from your bank checking account. Please call 1-800-225-5163 for more information and an enrollment form. |

</TABLE>

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#### Exchanges and redemptions

<TABLE>			
<S>	<C>	<C>	
Exchanging shares	Minimum investments: \$2,500 to establish a new account; \$100 to exchange among existing accounts		
	o By Telephone	To speak with a service representative, call 1-800-225-163 from 8 a.m. to 8 p.m. eastern time or to access SAIL(TM), Scudder's Automated Information Line, call 1-800-343-2890 (24 hours a day).	
	o By Mail or Fax	Print or type your instructions and include: <ul style="list-style-type: none"><li>- the name of the Fund and the account number you are exchanging from;</li><li>- your name(s) and address as they appear on your account;</li><li>- the dollar amount or number of shares you wish to exchange;</li><li>- the name of the Fund you are exchanging into;</li><li>- your signature(s) as it appears on your account; and</li><li>- a daytime telephone number.</li></ul> Send your instructions	
		by regular mail to:	or by express, registered or by fax to:
			or certified mail to:
	The Scudder Funds	Scudder Shareholder	1-800-821-6234
	P.O. Box 2291	Service Center	
	Boston, MA 02107-2291	42 Longwater Drive	
		Norwell, MA	
		02061-1612	

Redeeming shares	<p>o By Telephone To speak with a service representative, call 1-800-225-5163 from 8 a.m. to 8 p.m. eastern time or to access SAIL(TM), Scudder's Automated Information Line, call 1-800-343-2890 (24 hours a day). You may have redemption proceeds sent to your predesignated bank account, or redemption proceeds of up to \$100,000 sent to your address of record.</p> <p>o By Mail or Fax Send your instructions for redemption to the appropriate address or fax number above and include:</p> <ul style="list-style-type: none"><li>- the name of the Fund and account number you are redeeming from;</li><li>- your name(s) and address as they appear on your account;</li><li>- the dollar amount or number of shares you wish to redeem;</li><li>- your signature(s) as it appears on your account; and</li><li>- a daytime telephone number.</li></ul> <p>A signature guarantee is required for redemptions over \$50,000. See Transaction information-Redeeming shares.</p> <p>o By Automatic Withdrawal Plan You may arrange to receive automatic cash payments periodically. Call 1-800-225-5163 for more information and an enrollment form.</p>
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</TABLE>

#### Transaction information (cont'd)

(Continued from page 11)

By telephone order. Existing shareholders may purchase shares at a certain day's

price by calling 1-800-225-5163 before the close of regular trading on the New York Stock Exchange (the "Exchange"), normally 4 p.m. eastern time, on that day. Orders must be for \$10,000 or more and cannot be for an amount greater than four times the value of your account at the time the order is placed. You must include with your payment the order number given at the time the order is placed. A confirmation with complete purchase information is sent shortly after your order is received. If payment by check or wire is not received within three business days, the order is subject to cancelation and the shareholder will be responsible for any loss to the Fund resulting from this cancelation. Telephone orders are not available for shares held in Scudder IRA accounts and most other Scudder retirement plan accounts.

By "AutoBuy." If you elected "AutoBuy" for your account, you can call toll-free to purchase shares. The money will be automatically transferred from your predesignated bank checking account. Your bank must be a member of the Automated Clearing House for you to use this service. If you did not elect "AutoBuy," call 1-800-225-5163 for more information.

To purchase additional shares, call 1-800-225-5163. Purchases must be for at least \$250 but not more than \$250,000. Proceeds in the amount of your purchase will be transferred from your bank checking account in two or three business days following your call. For requests received by the close of regular trading on the Exchange, shares will be purchased at the net asset value per share calculated at the close of trading on the day of your call. "AutoBuy" requests received after the close of regular trading on the Exchange will begin their processing and be purchased at the net asset value calculated the following business day.

If you purchase shares by "AutoBuy" and redeem them within seven days of the purchase, the Fund may hold the redemption proceeds for a period of up to seven business days. If you purchase shares and there are insufficient funds in your bank account, the purchase will be canceled and you will be subject to any losses or fees incurred in the transaction. "AutoBuy" transactions are not available for Scudder IRA accounts and most other retirement plan accounts.

By exchange. Your new account will have the same registration and address as your existing account.

The exchange requirements for corporations, other organizations, trusts, fiduciaries, agents, institutional investors and retirement plans may be different from those for regular accounts. Please call 1-800-225-5163 for more information, including information about the transfer of special account features.

You can also make exchanges among your Scudder fund accounts on SAIL, the Scudder Automated Information Line, by calling 1-800-343-2890.

#### Redeeming shares

The Fund allows you to redeem shares (i.e., sell them back to the Fund) without redemption fees.

By telephone. This is the quickest and easiest way to sell Fund shares. If you elected telephone redemption to your bank on your application, you can call to request that federal funds be sent to your authorized bank account. If you did not elect telephone redemption to your bank on your application, call 1-800-225-5163 for more information.

Redemption proceeds will be wired to your bank unless otherwise requested. If your bank cannot receive federal reserve wires, redemption proceeds will be mailed to your bank. There will be a \$5 charge for all wire redemptions.

You can also make redemptions from your Scudder fund account on SAIL by calling 1-800-343-2890.

If you open an account by wire, you cannot redeem shares by telephone until the Fund's transfer agent has received your completed and signed application. Telephone redemption is not available for shares held in Scudder IRA accounts and most other Scudder retirement plan accounts.

In the event that you are unable to reach the Fund by telephone, you should write to the Fund; see "How to contact Scudder" for the address.

#### Telephone transactions

Shareholders automatically receive the ability to exchange by telephone and the right to redeem by telephone up to \$100,000 to their address of record. Shareholders also may, by telephone, request that redemption proceeds be sent to a predesignated bank account. Each Fund uses procedures designed to give reasonable assurance that telephone instructions are genuine, including recording telephone calls, testing a caller's identity and sending written confirmation of telephone transactions. If a Fund does not follow such procedures, it may be liable for losses due to unauthorized or fraudulent telephone instructions. Each Fund will not be liable for acting upon instructions communicated by telephone that it reasonably believes to be genuine.

By "AutoSell." If you elected "AutoSell" for your account, you can call toll-free to redeem shares. The money will be automatically transferred to your predesignated bank checking account. Your bank must be a member of the Automated Clearing House for you to use this service. If you did not elect "AutoSell," call 1-800-225-5163 for more information.

To redeem shares, call 1-800-225-5163. Redemptions must be for at least \$250. Proceeds in the amount of your redemption will be transferred to your bank checking account in two or three business days following your call. For requests received by the close of regular trading on the Exchange, shares will be redeemed at the net asset value per share calculated at the close of trading on the day of your call. "AutoSell" requests received after the close of regular trading on the Exchange will begin their processing and be redeemed at the net asset value calculated the following business day.

"AutoSell" transactions are not available for Scudder IRA accounts and most other retirement plan accounts.

Signature guarantees. For your protection and to prevent fraudulent redemptions, on written redemption requests in excess of \$50,000 we require an original signature and an original signature guarantee for each person in whose name the account is registered. (The Fund reserves the right, however, to require a signature guarantee for all redemptions.) You can obtain a signature guarantee from most banks, credit unions or savings associations, or from broker/dealers, municipal securities broker/dealers, government securities broker/dealers, national securities exchanges, registered securities associations, or clearing agencies deemed eligible by the Securities and Exchange Commission. Signature guarantees by notaries public are not acceptable. Redemption requirements for corporations, other organizations, trusts, fiduciaries, agents, institutional investors and retirement plans may be different from those for regular accounts. For more information, please call 1-800-225-5163.

#### Share price

Purchases and redemptions, including exchanges, are made at net asset value. Scudder Fund Accounting Corporation determines net asset value per share as of the close of regular trading on the Exchange, normally 4 p.m. eastern time, on each day the Exchange is open for trading. Net asset value per share is calculated by dividing the current market value of total assets, less all liabilities, by the total number of shares outstanding.

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#### Transaction information (cont'd)

##### Processing time

All purchase and redemption requests must be received in good order by the Fund's transfer agent. Those requests received by the close of regular trading on the Exchange are executed at the net asset value per share calculated at the close of regular trading that day.

Purchase and redemption requests received after the close of regular trading on the Exchange will be executed the following business day.

If you wish to make a purchase of \$500,000 or more, you should notify Scudder Investor Relations by calling 1-800-225-5163.

The Fund will normally send your redemption proceeds within one business day following the redemption request, but may take up to seven business days (or longer in the case of shares recently purchased by check).

##### Purchase restrictions

Purchases and sales should be made for long-term investment purposes only. The Fund and Scudder Investor Services, Inc. each reserves the right to reject purchases of Fund shares (including exchanges) for any reason including when a pattern of frequent purchases and sales made in response to short-term fluctuations in the Fund's share price appears evident.

#### Tax information

A redemption of shares, including an exchange into another Scudder fund, is a sale of shares and may result in a gain or loss for income tax purposes.

#### Tax identification number

Be sure to complete the Tax Identification Number section of the Fund's application when you open an account. Federal tax law requires the Fund to withhold 31% of taxable dividends, capital gains distributions and redemption and exchange proceeds from accounts (other than those of certain exempt payees) without a certified Social Security or tax identification number and certain other certified information or upon notification from the IRS or a broker that withholding is required. The Fund reserves the right to reject new account applications without a certified Social Security or tax identification number. The Fund also reserves the right, following 30 days' notice, to redeem all shares in accounts without a certified Social Security or tax identification number.

A shareholder may avoid involuntary redemption by providing the Fund with a tax identification number during the 30-day notice period.

#### Minimum balances

Shareholders should maintain a share balance worth at least \$2,500, which amount may be changed by the Board of Trustees. Scudder retirement plans have similar or lower minimum share balance requirements. A shareholder may open an account with at least \$1,000, if an automatic investment plan of \$100/month is established.

Shareholders who maintain a non-fiduciary account balance of less than \$2,500 in the Fund, without establishing an automatic investment plan, will be assessed an annual \$10.00 per fund charge with the fee to be paid to the Fund. The \$10.00 charge will not apply to shareholders with a combined household account balance in any of the Scudder Funds of \$25,000 or more. The Fund reserves the right, following 60 days' written notice to shareholders, to redeem all shares in accounts below \$250, including accounts of new investors, where a reduction in value has occurred due to a redemption or exchange out of the account. The Fund will mail the proceeds of the redeemed account to the shareholder. Reductions in value that result solely from market activity will not trigger an involuntary redemption. Retirement accounts and certain other accounts will not be assessed the \$10.00 charge or be subject to automatic liquidation. Please refer to "Exchanges and Redemptions--Other information" in the Fund's

Statement of Additional Information for more information.

#### Third party transactions

If purchases and redemptions of Fund shares are arranged and settlement is made at an investor's election through a member of the National Association of Securities Dealers, Inc., other than Scudder Investor Services, Inc., that member may, at its discretion, charge a fee for that service.

#### Redemption-in-kind

The Fund reserves the right, if conditions exist which make cash payments undesirable, to honor any request for redemption or repurchase order by making payment in whole or in part in readily marketable securities chosen by the Fund and valued as they are for purposes of computing the Fund's net asset value (a redemption-in-kind). If payment is made in securities, a shareholder may incur transaction expenses in converting these securities to cash. The Trust has elected, however, to be governed by Rule 18f-1 under the 1940 Act, as a result of which the Fund is obligated to redeem shares, with respect to any one shareholder during any 90-day period, solely in cash up to the lesser of \$250,000 or 1% of the net asset value of the Fund at the beginning of the period.

## Shareholder benefits

### Experienced professional management

Scudder, Stevens & Clark, Inc., one of the nation's most experienced investment management firms, actively manages your Scudder fund investment. Professional management is an important advantage for investors who do not have the time or expertise to invest directly in individual securities.

### A team approach to investing

Scudder Large Company Growth Fund is managed by a team of Scudder investment professionals who each play an important role in the Fund's management process. Team members work together to develop investment strategies and select securities for the Fund's portfolio. They are supported by Scudder's large staff of economists, research analysts, traders and other investment specialists who work in Scudder's offices across the United States and abroad. Scudder believes its team approach benefits Fund investors by bringing together many disciplines and leveraging Scudder's extensive resources.

Lead Portfolio Manager Valerie F. Malter joined Scudder in 1995 and is responsible for the Fund's investment strategy and daily operation. Ms. Malter has 11 years of experience as an analyst covering a wide range of industries, and three years of portfolio management experience focusing on the stocks of companies with medium- to large-sized market capitalizations. Michael K. Shields, Portfolio Manager, assists in setting the Fund's investment strategy. Mr. Shields joined the Fund and Scudder in 1992 and has 15 years of experience in the financial industry.

### SAIL(TM)--Scudder Automated Information Line

For personalized account information including fund prices, yields and account balances, to perform transactions in existing Scudder fund accounts, or to obtain information on any Scudder fund, shareholders can call Scudder's Automated Information Line (SAIL) at 1-800-343-2890, 24 hours a day. During periods of extreme economic or market changes, or other conditions, it may be difficult for you to effect telephone transactions in your account. In such an event you should write to the Fund; please see "How to contact Scudder" for the address.

### Investment flexibility

Scudder offers toll-free telephone exchange between funds at current net asset value. You can move your investments among money market, income, growth, tax-free and growth and income funds with a simple toll-free call or, if you prefer, by sending your instructions through the mail or by fax. Telephone and fax redemptions and

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### Shareholder benefits (cont'd)

exchanges are subject to termination and their terms are subject to change at any time by the Fund or the transfer agent. In some cases, the transfer agent or Scudder Investor Services, Inc. may impose additional conditions on telephone transactions.

### Dividend reinvestment plan

You may have dividends and distributions automatically reinvested in additional Fund shares. Please call 1-800-225-5163 to request this feature.

### Shareholder statements

You receive a detailed account statement every time you purchase or redeem shares. All of your statements should be retained to help you keep track of account activity and the cost of shares for tax purposes.

### Shareholder reports

In addition to account statements, you receive periodic shareholder reports highlighting relevant information, including investment results and a review of portfolio changes.

To reduce the volume of mail you receive, only one copy of most Fund reports, such as the Fund's Annual Report, may be mailed to your household (same surname, same address). Please call 1-800-225-5163 if you wish to receive additional shareholder reports.

## Newsletters

Four times a year, Scudder sends you Perspectives, an informative newsletter covering economic and investment developments, service enhancements and other topics of interest to Scudder fund investors.

## Scudder Funds Centers

As a convenience to shareholders who like to conduct business in person, Scudder Investor Services, Inc. maintains Funds Centers in Boca Raton, Boston, Chicago, New York and San Francisco.

## T.D.D. service for the hearing impaired

Scudder's full range of investor information and shareholder services is available to hearing impaired investors through a toll-free T.D.D. (Telephone Device for the Deaf) service. If you have access to a T.D.D., call 1-800-543-7916 for investment information or specific account questions and transactions.

## Scudder tax-advantaged retirement plans

Scudder offers a variety of tax-advantaged retirement plans for individuals, businesses and non-profit organizations. These flexible plans are designed for use with the Scudder Family of Funds (except Scudder tax-free funds, which are inappropriate for such plans). Scudder Funds offer a broad range of investment objectives and can be used to seek almost any investment goal. Using Scudder's retirement plans can help shareholders save on current taxes while building their retirement savings.

- o Scudder No-Fee IRAs. These retirement plans allow a maximum annual contribution of \$2,000 per person for anyone with earned income. Many people can deduct all or part of their contributions from their taxable income, and all investment earnings accrue on a tax deferred basis. The Scudder No-Fee IRA charges no annual custodial fee.
- o 401(k) Plans. 401(k) plans allow employers and employees to make tax-deductible retirement contributions. Scudder offers a full service program that includes recordkeeping, prototype plan, employee communications and trustee services, as well as investment options.
- o Profit Sharing and Money Purchase Pension Plans. These plans allow corporations, partnerships and people who are self-employed to make annual, tax-deductible contributions of up to \$30,000

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for each person covered by the plans. Plans may be adopted individually or paired to maximize contributions. These are sometimes known as Keogh plans.

- o 403(b) Plans. Retirement plans for tax-exempt organizations and school systems to which employers and employees may both contribute.
- o SEP-IRAs. Easily administered retirement plans for small businesses and self-employed individuals. The maximum annual contribution to SEP-IRA accounts is adjusted each year for inflation.
- o Scudder Horizon Plan. A no-load variable annuity that lets you build assets by deferring taxes on your investment earnings. You can start with \$2,500 or more.

Scudder Trust Company (an affiliate of the Adviser) is Trustee or Custodian for some of these plans and is paid an annual fee for some of the above retirement plans. For information about establishing a Scudder No-Fee IRA, SEP-IRA, Profit Sharing Plan, Money Purchase Pension Plan or a Scudder Horizon Plan, please call 1-800-225-2470. For information about 401(k)s or 403(b)s please call 1-800-323-6105. To effect transactions in existing IRA, SEP-IRA, Profit Sharing or Pension Plan accounts, call 1-800-225-5163.

The variable annuity contract is provided by Charter National Life Insurance Company (in New York State, Intramerica Life Insurance Company [S 1802]). The contract is offered by Scudder Insurance Agency, Inc. (in New York State, Nevada and Montana, Scudder Insurance Agency of New York, Inc.). CNL, Inc. is the Principal Underwriter. Scudder Horizon Plan is not available in all states.

## Trustees and Officers

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Coleen Downs Dinneen\*  
 Assistant Secretary

\*Scudder, Stevens & Clark, Inc.

## The Scudder Family of Funds

Money Market  
 Scudder Cash Investment Trust  
 Scudder U.S. Treasury Money Fund

Tax Free Money Market+  
 Scudder Tax Free Money Fund  
 Scudder California Tax Free Money  
 Fund\*  
 Scudder New York Tax Free  
 Money Fund\*

Tax Free+  
 Scudder California Tax Free Fund\*  
 Scudder High Yield Tax Free Fund  
 Scudder Limited Term Tax Free Fund  
 Scudder Managed Municipal Bonds  
 Scudder Massachusetts Limited  
 Term Tax Free Fund\*  
 Scudder Massachusetts Tax Free  
 Fund\*  
 Scudder Medium Term Tax Free Fund  
 Scudder New York Tax Free Fund\*  
 Scudder Ohio Tax Free Fund\*  
 Scudder Pennsylvania Tax Free Fund\*

Growth and Income  
 Scudder Balanced Fund  
 Scudder Growth and Income Fund

## Income

- Scudder Emerging Markets Income Fund
- Scudder Global Bond Fund
- Scudder GNMA Fund
- Scudder High Yield Bond Fund
- Scudder Income Fund
- Scudder International Bond Fund
- Scudder Short Term Bond Fund
- Scudder Zero Coupon 2000 Fund

## Growth

- Scudder Capital Growth Fund
- Scudder Classic Growth Fund
- Scudder Development Fund
- Scudder Emerging Markets Growth Fund
- Scudder Global Discovery Fund
- Scudder Global Fund
- Scudder Gold Fund
- Scudder Greater Europe Growth Fund
- Scudder International Fund
- Scudder Large Company Growth Fund
- Scudder Latin America Fund
- Scudder Micro Cap Fund
- Scudder Pacific Opportunities Fund
- Scudder Small Company Value Fund
- Scudder 21st Century Growth Fund
- Scudder Value Fund
- The Japan Fund

## Asset Allocation

- Scudder Pathway Series:
  - Conservative Portfolio
- Scudder Pathway Series:
  - Balanced Portfolio
- Scudder Pathway Series:
  - Growth Portfolio
- Scudder Pathway Series:
  - International Portfolio

## Retirement Plans and Tax-Advantaged Investments

- IRAs
- Keogh Plans
- Scudder Horizon Plan\*+++
  - (a variable annuity)
- 401(k) Plans
- 403(b) Plans
- SEP-IRAs
- Profit Sharing and Money Purchase Pension Plans

## Closed-End Funds#

- The Argentina Fund, Inc.
- The Brazil Fund, Inc.
- The First Iberian Fund, Inc.
- The Korea Fund, Inc.
- The Latin America Dollar Income Fund, Inc.
- Montgomery Street Income Securities, Inc.
- Scudder New Asia Fund, Inc.
- Scudder New Europe Fund, Inc.
- Scudder World Income Opportunities Fund, Inc.

## Institutional Cash Management

- Scudder Institutional Fund, Inc.
- Scudder Fund, Inc.
- Scudder Treasurers Trust(TM)++

For complete information on any of the above Scudder funds, including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. +A portion of the income from the tax-free funds may be subject to federal, state, and local taxes. \*Not available in all states.

+++A no-load variable annuity contract provided by Charter National Life Insurance Company and its affiliate, offered by Scudder's insurance agencies,



1-800-225-2470. #These funds, advised by Scudder, Stevens & Clark, Inc., are traded on various stock exchanges. ++For information on Scudder Treasurers Trust, (TM) an institutional cash management service that utilizes certain portfolios of Scudder Fund, Inc. (\$100,000 minimum), call 1-800-541-7703.

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#### How to contact Scudder

<TABLE>			
<S>		<C>	<C>
Account Service and Information:		Scudder Brokerage Services:	
For existing account service and transactions	Scudder Investor Relations 1-800-225-5163	To receive information about this discount brokerage service and to obtain an application	Scudder Brokerage Services**  1-800-700-0820
For personalized information about your Scudder accounts; exchanges and redemptions; or information on any Scudder fund	Scudder Automated Information Line (SAIL) 1-800-343-2890	Please address all correspondence to: The Scudder Funds P.O. Box 2291 Boston, Massachusetts 02107-2291	
Visit the Scudder World Wide Web Site at: <a href="http://funds.scudder.com">http://funds.scudder.com</a>			
Investment Information:		Or Stop by a Scudder Funds Center:	
To receive information about the Scudder funds, for additional applications and prospectuses, or for investment questions	Scudder Investor Relations 1-800-225-2470	Many shareholders enjoy the personal, one-on-one service pf the Scudder Funds Centers. Check for a Funds Center near you--they can be found in the following cities:	
For establishing 401(k) and 403(b) plans	Scudder Defined Contribution Services 1-800-323-6105	Boca Raton Boston Chicago	New York San Francisco
For information on Scudder Treasurers Trust(TM), an institutional cash management service for corporations, non-profit organizations and trusts which utilizes certain portfolios of Scudder Fund, Inc.* (\$100,000 minimum), call: 1-800-541-7703.		For information on Scudder Institutional Funds*, funds designed to meet the broad investment management and service needs of banks and other institutions, call: 1-800-854-8525.	

</TABLE>

Scudder Investor Relations and Scudder Funds Centers are services provided through Scudder Investor Services, Inc., Distributor.

\* Contact Scudder Investor Services, Inc., Distributor, to receive a prospectus with more complete information, including management fees and expenses. Please read it carefully before you invest or send money.

\*\* Scudder Brokerage Services, Inc., 42 Longwater Drive, Norwell, MA 02061--Member NASD/SIPC.

#### SCUDDER LARGE COMPANY GROWTH FUND

A Pure No-Load(TM) (No Sales Charges) Diversified Mutual Fund Seeking Long-Term Growth of Capital through Investment Primarily in Equity Securities of Large U.S. Growth Companies.

STATEMENT OF ADDITIONAL INFORMATION

March 1, 1997

This Statement of Additional Information is not a prospectus and should be read in conjunction with the prospectus for Scudder Large Company Growth Fund dated March 1, 1997, as amended from time to time, a copy of which may be obtained without charge by writing to Scudder Investor Services, Inc., Two International Place, Boston, Massachusetts 02110-4103.

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#### THE FUND'S INVESTMENT OBJECTIVE AND POLICIES

(See "Investment objective and policies" and "Additional information about policies and investments" in the Fund's prospectus.)

#### General Investment Objective and Policies

Scudder Large Company Growth Fund (the "Fund"), a diversified series of Scudder Investment Trust (the "Trust"), seeks to provide long-term growth of capital through investment primarily in the equity securities of large U.S. growth companies. Although current income is an incidental consideration, many of the Fund's securities should provide regular dividends which are expected to grow over time.

The Fund's equity investments consist of common stocks, preferred stocks and securities convertible into common stocks of companies which offer the prospect for above-average growth in earnings, cash flow or assets relative to the overall market as defined by the Standard & Poor's 500 Composite Price Index ("S&P 500"). The prospect for above-average growth in assets is evaluated in terms of the potential future earnings such growth in assets can produce.

The Fund allocates its investments among different industries and companies, and adjusts its portfolio securities based on long-term investment considerations as opposed to short-term trading. While the Fund emphasizes U.S. investments, it can commit a portion of assets to the equity securities of foreign growth companies which meet the criteria applicable to domestic investments.

Except as otherwise indicated, the Fund's investment objective and policies are not fundamental and may be changed without a vote of shareholders. If there is a change in investment objective, shareholders should consider whether the Fund remains an appropriate investment in light of their then current financial position and needs. There can be no assurance that the Fund's objective will be met.

Investments. The Fund invests primarily in the equity securities issued by

large-sized domestic companies that offer above-average appreciation potential. In seeking such investments, the Fund's investment adviser, Scudder, Stevens & Clark, Inc. (the "Adviser"), invests in companies with the following characteristics:

- o companies that have exhibited above-average growth rates over an extended period with prospects for maintaining greater than average rates of growth in earnings, cash flow or assets in the future;
- o companies that are in a strong financial position with high credit standings and profitability;
- o companies with important business franchises, leading products or dominant marketing and distribution systems;
- o companies guided by experienced, motivated management;
- o companies selling at attractive prices relative to potential growth in earnings, cash flow or assets.

The Adviser utilizes a combination of qualitative and quantitative research techniques to identify companies that have above-average quality and growth characteristics and that are deemed to be selling at attractive market valuations. In-depth fundamental research is used to evaluate various aspects of corporate performance, with a particular focus on consistency of results, long-term growth prospects and financial strength. Quantitative valuation models are designed to help determine which growth companies offer the best values at a given point in time. From time to time, for temporary defensive or emergency purposes, the Fund may invest a portion of its assets in cash and cash equivalents when the Adviser deems such a position advisable in light of economic or market conditions. The Fund also may invest in foreign securities, repurchase agreements, and may engage in strategic transactions.

Quality. The Fund invests at least 65% of its total assets in the equity securities of large U.S. growth companies, i.e., those with total market capitalization of \$1 billion or more. The Fund looks for companies with above-average financial quality. When assessing financial quality, the Adviser weighs four elements of business risk. These factors are the Adviser's assessment of the strength of a company's balance sheet, the accounting practices a company follows, the volatility of a company's earnings over time and the vulnerability of earnings to changes in external factors, such as the general economy, the competitive environment, governmental action and technological change.

Convertible Securities. The Fund may invest in convertible securities; that is, bonds, notes, debentures, preferred stocks and other securities which are convertible into common stocks. Investments in convertible securities may provide income through interest and dividend payments and/or an opportunity for capital appreciation by virtue of their conversion or exchange features.

The convertible securities in which the Fund may invest include fixed-income or zero coupon debt securities which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares of common stock. The exchange ratio for any particular convertible security may be adjusted from time to time due to stock splits, dividends, spin-offs, other corporate distributions or scheduled changes in the exchange ratio. Convertible debt securities and convertible preferred stocks, until converted, have general characteristics similar to both debt and equity securities. Although to a lesser extent than with debt securities generally, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion or exchange feature, the market value of convertible securities typically changes as the market value of the underlying common stocks changes, and, therefore, also tends to follow movements in the general market for equity securities. A unique feature of convertible securities is that as the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis, and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible securities tend to rise as a reflection of the value of the underlying common stock, although typically not as much as the underlying common stock. While no securities investments are without risk, investments in convertible securities generally entail less risk than investments in common stock of the same issuer.

As debt securities, convertible securities are investments which

provide for a stream of income (or in the case of zero coupon securities, accretion of income) with generally higher yields than common stocks. Of course, like all debt securities, there can be no assurance of income or principal payments because the issuers of the convertible securities may default on their obligations. Convertible securities generally offer lower yields than nonconvertible securities of similar quality because of their conversion or exchange features.

Convertible securities are generally subordinated to other similar but non-convertible securities of the same issuer, although convertible bonds, as corporate debt obligations, enjoy seniority in right of payment to all equity securities, and convertible preferred stock is senior to common stock, of the same issuer. However, because of the subordination feature, convertible bonds and convertible preferred stock typically have lower ratings than similar nonconvertible securities.

Convertible securities may be issued as fixed income obligations that pay current income or as zero coupon notes and bonds, including Liquid Yield Option Notes (LYONs). Zero coupon securities pay no cash income and are sold at substantial discounts from their value at maturity. When held to maturity, their entire income, which consists of accretion of discount, comes from the difference between the issue price and their value at maturity. Zero coupon convertible securities offer the opportunity for capital appreciation as increases (or decreases) in market value of such securities closely follows the movements in the market value of the underlying common stock. Zero coupon convertible securities are generally expected to be less volatile than the underlying common stocks as they are usually issued with short to medium length maturities (15 years or less) and are issued with options and/or redemption features exercisable by the holder of the obligation entitling the holder to redeem the obligation and receive a defined cash payment.

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Foreign Securities. Investors should recognize that investing in foreign securities involves certain special considerations, including those set forth below, which are not typically associated with investing in U.S. securities and which may favorably or unfavorably affect the Fund's performance. As foreign companies are not generally subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to domestic companies, there may be less publicly available information about a foreign company than about a domestic company. Many foreign stock markets, while growing in volume of trading activity, have substantially less volume than the New York Stock Exchange (the "Exchange"), and securities of some foreign companies are less liquid and more volatile than securities of domestic companies. Similarly, volume and liquidity in most foreign bond markets is less than in the U.S. and at times, volatility of price can be greater than in the U.S. Further, foreign markets have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of the Fund are uninvested and no return is earned thereon. The inability of the Fund to make intended security purchases due to settlement problems could cause the Fund to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems either could result in losses to the Fund due to subsequent declines in value of the portfolio security or, if the Fund has entered into a contract to sell the security, could result in a possible liability to the purchaser. Payment for securities without delivery may be required in certain foreign markets. Fixed commissions on some foreign stock exchanges are generally higher than negotiated commissions on U.S. exchanges, although the Fund will endeavor to achieve the most favorable net results on its portfolio transactions. Further, the Fund may encounter difficulties or be unable to pursue legal remedies and obtain judgments in foreign courts. There is generally less government supervision and regulation of business and industry practices, stock exchanges, brokers and listed companies than in the U.S. It may be more difficult for the Fund's agents to keep currently informed about corporate actions such as stock dividends or other matters which may affect the prices of portfolio securities. Communications between the U.S. and foreign countries may be less reliable than within the U.S., thus increasing the risk of delayed settlements of portfolio transactions or loss of certificates for portfolio securities. In addition, with respect to certain foreign countries, there is the possibility of expropriation or confiscatory taxation, political or social instability, or diplomatic developments which could affect U.S. investments in those countries. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. The management of the Fund seeks to mitigate the risks associated with the foregoing considerations through diversification and continuous professional management.

Because investments in foreign securities will usually involve currencies of foreign countries, and because the Fund may hold foreign currencies and forward foreign currency exchange contracts ("forward contracts"), futures contracts and options on futures contracts on foreign currencies, the value of the assets of the Fund as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency exchange rates and exchange control regulations, and the Fund may incur costs in connection with conversions between various currencies. Although the Fund values its assets daily in terms of U.S. dollars, it does not intend to convert its holdings of foreign currencies into U.S. dollars on a daily basis. It will do so from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference (the "spread") between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire to resell that currency to the dealer. The Fund will conduct its foreign currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward contracts (or options thereon) to purchase or sell foreign currencies. (See "Strategic Transactions and Derivatives" below.)

Repurchase Agreements. The Fund may enter into repurchase agreements with any member bank of the Federal Reserve System and any broker/dealer recognized as a reporting government securities dealer if the creditworthiness of the bank or broker/dealer has been determined by the Adviser to be at least as high as that of other obligations the Fund may purchase or to be at least equal to that of issuers of commercial paper rated within the two highest grades assigned by S&P or Moody's Investors Service, Inc. ("Moody's").

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A repurchase agreement provides a means for the Fund to earn income on funds for periods as short as overnight. It is an arrangement under which the Fund acquires a security ("Obligation") and the seller agrees, at the time of sale, to repurchase the Obligation at a specified time and price. Obligations subject to a repurchase agreement are held in a segregated account and the value of such obligations kept at least equal to the repurchase price on a daily basis. The repurchase price may be higher than the purchase price, the difference being income to the Fund, or the purchase and repurchase prices may be the same, with interest at a stated rate due to the Fund together with the date of repurchase. In either case, the income to the Fund is unrelated to the interest rate on the Obligation itself. Obligations will be held by the Fund's custodian or in the Federal Reserve Book Entry System.

For purposes of the Investment Company Act of 1940, as amended (the "1940 Act"), a repurchase agreement is deemed to be a loan from the Fund to the seller of the Obligation subject to the repurchase agreement and is therefore subject to the Fund's investment restriction applicable to loans. It is not clear whether a court would consider the Obligation purchased by the Fund subject to a repurchase agreement as being owned by the Fund or as being collateral for a loan by the Fund to the seller. In the event of the commencement of bankruptcy or insolvency proceedings with respect to the seller of the Obligation before repurchase of the Obligation under a repurchase agreement, the Fund may encounter delay and incur costs before being able to sell the security. Delays may cause loss of interest or decline in price of the Obligation. If the court characterizes the transaction as a loan and the Fund has not perfected a security interest in the Obligation, the Fund may be required to return the Obligation to the seller's estate and be treated as an unsecured creditor of the seller. As an unsecured creditor, the Fund would be at the risk of losing some or all of the principal and income involved in the transaction. As with any unsecured debt instrument purchased for the Fund, the Adviser seeks to minimize the risk of loss from repurchase agreements by analyzing the creditworthiness of the obligor, in this case the seller of the Obligation. Apart from the risk of bankruptcy or insolvency proceedings, there is also the risk that the seller may fail to repurchase the Obligation, in which case the Fund may incur a loss if the proceeds to the Fund of the sale to a third party are less than the repurchase price. To protect against such potential loss, if the market value (including interest) of the Obligation subject to the repurchase agreement becomes less than the repurchase price (including interest), the Fund will direct the seller of the Obligation to deliver additional securities so that the market value (including interest) of all securities subject to the repurchase agreement will equal or exceed the repurchase price. It is possible that the Fund will be unsuccessful in seeking to impose on the seller a contractual obligation to deliver additional securities.

Illiquid and Restricted Investments. The Fund may occasionally purchase securities other than in the open market. While such purchases may often offer

attractive opportunities for investment not otherwise available on the open market, the securities so purchased are often "restricted securities" or "not readily marketable," i.e., securities which cannot be sold to the public without registration under the Securities Act of 1933 or the availability of an exemption from registration (such as Rules 144 or 144A) or because they are subject to other legal or contractual delays in or restrictions on resale.

Generally speaking, illiquid or restricted investments may be sold only to qualified institutional buyers, or in a privately negotiated transaction to a limited number of purchasers, or in limited quantities after they have been held for a specified period of time and other conditions are met pursuant to an exemption from registration, or in a public offering for which a registration statement is in effect under the Securities Act of 1933. A Fund may be deemed to be an "underwriter" for purposes of the Securities Act of 1933 when selling restricted securities to the public, and in such event a Fund may be liable to purchasers of such securities if the registration statement prepared by the issuer, or the prospectus forming a part of it, is materially inaccurate or misleading.

The Adviser will monitor the liquidity of such restricted securities subject to the supervision of the Board of Trustees. In reaching liquidity decisions, the Adviser will consider the following factors: (1) the frequency of trades and quotes for the security, (2) the number of dealers wishing to purchase or sell the security and the number of their potential purchasers, (3) dealer undertakings to make a market in the security; and (4) the nature of the security and the nature of the marketplace trades (i.e. the time needed to dispose of the security, the method of soliciting offers and the mechanics of the transfer).

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Strategic Transactions and Derivatives. The Fund may, but is not required to, utilize various other investment strategies as described below to hedge various market risks (such as interest rates, currency exchange rates, and broad or specific equity or fixed-income market movements), to manage the effective maturity or duration of fixed-income securities in the Fund's portfolio, or to enhance potential gain. These strategies may be executed through the use of derivative contracts. Such strategies are generally accepted as a part of modern portfolio management and are regularly utilized by many mutual funds and other institutional investors. Techniques and instruments may change over time as new instruments and strategies are developed or regulatory changes occur.

In the course of pursuing these investment strategies, the Fund may purchase and sell exchange-listed and over-the-counter put and call options on securities, equity and fixed-income indices and other financial instruments, purchase and sell financial futures contracts and options thereon, enter into various interest rate transactions such as swaps, caps, floors or collars, and enter into various currency transactions such as currency forward contracts, currency futures contracts, currency swaps or options on currencies or currency futures (collectively, all the above are called "Strategic Transactions"). Strategic Transactions may be used without limit to attempt to protect against possible changes in the market value of securities held in or to be purchased for the Fund's portfolio resulting from securities markets or currency exchange rate fluctuations, to protect the Fund's unrealized gains in the value of its portfolio securities, to facilitate the sale of such securities for investment purposes, to manage the effective maturity or duration of fixed-income securities in the Fund's portfolio, or to establish a position in the derivatives markets as a temporary substitute for purchasing or selling particular securities. Some Strategic Transactions may also be used to enhance potential gain although no more than 5% of the Fund's assets will be committed to Strategic Transactions entered into for non-hedging purposes. Any or all of these investment techniques may be used at any time and in any combination, and there is no particular strategy that dictates the use of one technique rather than another, as use of any Strategic Transaction is a function of numerous variables including market conditions. The ability of the Fund to utilize these Strategic Transactions successfully will depend on the Adviser's ability to predict pertinent market movements, which cannot be assured. The Fund will comply with applicable regulatory requirements when implementing these strategies, techniques and instruments. Strategic Transactions involving financial futures and options thereon will be purchased, sold or entered into only for bona fide hedging, risk management or portfolio management purposes and not for speculative purposes.

Strategic Transactions, including derivative contracts, have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the Adviser's view as to certain market movements is incorrect, the risk that the use of such Strategic Transactions could result in losses greater than if they had not been used. Use of put and call options may result in losses to the Fund, force the sale or

purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Fund can realize on its investments or cause the Fund to hold a security it might otherwise sell. The use of currency transactions can result in the Fund incurring losses as a result of a number of factors including the imposition of exchange controls, suspension of settlements, or the inability to deliver or receive a specified currency. The use of options and futures transactions entails certain other risks. In particular, the variable degree of correlation between price movements of futures contracts and price movements in the related portfolio position of the Fund creates the possibility that losses on the hedging instrument may be greater than gains in the value of the Fund's position. In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter options may have no markets. As a result, in certain markets, the Fund might not be able to close out a transaction without incurring substantial losses, if at all. Although the use of futures and options transactions for hedging should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in value of such position. Finally, the daily variation margin requirements for futures contracts would create a greater ongoing potential financial risk than would purchases of options, where the exposure is limited to the cost of the initial premium. Losses resulting from the use of Strategic Transactions would reduce net asset value, and possibly income, and such losses can be greater than if the Strategic Transactions had not been utilized.

General Characteristics of Options. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. Thus, the following general discussion relates to each of the particular types of options discussed in greater detail below. In addition, many Strategic Transactions involving

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options require segregation of Fund assets in special accounts, as described below under "Use of Segregated and Other Special Accounts."

A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. For instance, the Fund's purchase of a put option on a security might be designed to protect its holdings in the underlying instrument (or, in some cases, a similar instrument) against a substantial decline in the market value by giving the Fund the right to sell such instrument at the option exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price. The Fund's purchase of a call option on a security, financial future, index, currency or other instrument might be intended to protect the Fund against an increase in the price of the underlying instrument that it intends to purchase in the future by fixing the price at which it may purchase such instrument. An American style put or call option may be exercised at any time during the option period while a European style put or call option may be exercised only upon expiration or during a fixed period prior thereto. The Fund is authorized to purchase and sell exchange listed options and over-the-counter options ("OTC options"). Exchange listed options are issued by a regulated intermediary such as the Options Clearing Corporation ("OCC"), which guarantees the performance of the obligations of the parties to such options. The discussion below uses the OCC as an example, but is also applicable to other financial intermediaries.

With certain exceptions, OCC issued and exchange listed options generally settle by physical delivery of the underlying security or currency, although in the future cash settlement may become available. Index options and Eurodollar instruments are cash settled for the net amount, if any, by which the option is "in-the-money" (i.e., where the value of the underlying instrument exceeds, in the case of a call option, or is less than, in the case of a put option, the exercise price of the option) at the time the option is exercised. Frequently, rather than taking or making delivery of the underlying instrument through the process of exercising the option, listed options are closed by entering into offsetting purchase or sale transactions that do not result in ownership of the new option.

The Fund's ability to close out its position as a purchaser or seller of an OCC or exchange listed put or call option is dependent, in part, upon the liquidity of the option market. Among the possible reasons for the absence of a liquid option market on an exchange are: (i) insufficient trading interest in certain options; (ii) restrictions on transactions imposed by an exchange; (iii) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities including reaching daily price limits; (iv) interruption of the normal operations of the



OCC or an exchange; (v) inadequacy of the facilities of an exchange or OCC to handle current trading volume; or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the relevant market for that option on that exchange would cease to exist, although outstanding options on that exchange would generally continue to be exercisable in accordance with their terms.

The hours of trading for listed options may not coincide with the hours during which the underlying financial instruments are traded. To the extent that the option markets close before the markets for the underlying financial instruments, significant price and rate movements can take place in the underlying markets that cannot be reflected in the option markets.

OTC options are purchased from or sold to securities dealers, financial institutions or other parties ("Counterparties") through direct bilateral agreement with the Counterparty. In contrast to exchange listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guarantees and security, are set by negotiation of the parties. The Fund will only sell OTC options (other than OTC currency options) that are subject to a buy-back provision permitting the Fund to require the Counterparty to sell the option back to the Fund at a formula price within seven days. The Fund expects generally to enter into OTC options that have cash settlement provisions, although it is not required to do so.

Unless the parties provide for it, there is no central clearing or guaranty function in an OTC option. As a result, if the Counterparty fails to make or take delivery of the security, currency or other instrument underlying an OTC option it has entered into with the Fund or fails to make a cash

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settlement payment due in accordance with the terms of that option, the Fund will lose any premium it paid for the option as well as any anticipated benefit of the transaction. Accordingly, the Adviser must assess the creditworthiness of each such Counterparty or any guarantor or credit enhancement of the Counterparty's credit to determine the likelihood that the terms of the OTC option will be satisfied. The Fund will engage in OTC option transactions only with U.S. government securities dealers recognized by the Federal Reserve Bank of New York as "primary dealers" or broker/dealers, domestic or foreign banks or other financial institutions which have received (or the guarantors of the obligation of which have received) a short-term credit rating of A-1 from S&P or P-1 from Moody's or an equivalent rating from any nationally recognized statistical rating organization ("NRSRO") or, in the case of OTC currency transactions, are determined to be of equivalent credit quality by the Adviser. The staff of the U.S. Securities and Exchange Commission (the "SEC"), currently takes the position that OTC options purchased by the Fund, and portfolio securities "covering" the amount of the Fund's obligation pursuant to an OTC option sold by it (the cost of the sell-back plus the in-the-money amount, if any) are illiquid, and are subject to the Fund's limitation on investing no more than 10% of its assets in illiquid securities.

If the Fund sells a call option, the premium that it receives may serve as a partial hedge, to the extent of the option premium, against a decrease in the value of the underlying securities or instruments in its portfolio or will increase the Fund's income. The sale of put options can also provide income.

The Fund may purchase and sell call options on securities including U.S. Treasury and agency securities, mortgage-backed securities, corporate debt securities, equity securities (including convertible securities) and Eurodollar instruments that are traded on U.S. and foreign securities exchanges and in the over-the-counter markets, and on securities indices, currencies and futures contracts. All calls sold by the Fund must be "covered" (i.e., the Fund must own the securities or futures contract subject to the call) or must meet the asset segregation requirements described below as long as the call is outstanding. Even though the Fund will receive the option premium to help protect it against loss, a call sold by the Fund exposes the Fund during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or instrument and may require the Fund to hold a security or instrument which it might otherwise have sold.

The Fund may purchase and sell put options on securities including U.S. Treasury and agency securities, mortgage-backed securities, corporate debt securities, equity securities (including convertible securities) and Eurodollar instruments (whether or not it holds the above securities in its portfolio), and on securities, indices, currencies and futures contracts other than futures on individual corporate debt and individual equity securities. The Fund will not sell put options if, as a result, more than 50% of the Fund's assets would be required to be segregated to cover its potential obligations under such put

options other than those with respect to futures and options thereon. In selling put options, there is a risk that the Fund may be required to buy the underlying security at a disadvantageous price above the market price.

**General Characteristics of Futures.** The Fund may enter into financial futures contracts or purchase or sell put and call options on such futures as a hedge against anticipated interest rate, currency or equity market changes, for duration management and for risk management purposes. Futures are generally bought and sold on the commodities exchanges where they are listed with payment of initial and variation margin as described below. The sale of a futures contract creates a firm obligation by the Fund, as seller, to deliver to the buyer the specific type of financial instrument called for in the contract at a specific future time for a specified price (or, with respect to index futures and Eurodollar instruments, the net cash amount). Options on futures contracts are similar to options on securities except that an option on a futures contract gives the purchaser the right in return for the premium paid to assume a position in a futures contract and obligates the seller to deliver such position.

The Fund's use of financial futures and options thereon will in all cases be consistent with applicable regulatory requirements and in particular the rules and regulations of the Commodity Futures Trading Commission and will be entered into only for bona fide hedging, risk management (including duration management) or other portfolio management purposes. Typically, maintaining a futures contract or selling an option thereon requires the Fund to deposit with a financial intermediary as security for its obligations an amount of cash or other specified assets (initial margin) which initially is typically 1% to 10% of the face amount of the contract (but may be higher in some circumstances).

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Additional cash or assets (variation margin) may be required to be deposited thereafter on a daily basis as the mark to market value of the contract fluctuates. The purchase of an option on financial futures involves payment of a premium for the option without any further obligation on the part of the Fund. If the Fund exercises an option on a futures contract it will be obligated to post initial margin (and potential subsequent variation margin) for the resulting futures position just as it would for any position. Futures contracts and options thereon are generally settled by entering into an offsetting transaction but there can be no assurance that the position can be offset prior to settlement at an advantageous price, nor that delivery will occur.

The Fund will not enter into a futures contract or related option (except for closing transactions) if, immediately thereafter, the sum of the amount of its initial margin and premiums on open futures contracts and options thereon would exceed 5% of the Fund's total assets (taken at current value); however, in the case of an option that is in-the-money at the time of the purchase, the in-the-money amount may be excluded in calculating the 5% limitation. The segregation requirements with respect to futures contracts and options thereon are described below.

**Options on Securities Indices and Other Financial Indices.** The Fund also may purchase and sell call and put options on securities indices and other financial indices and in so doing can achieve many of the same objectives it would achieve through the sale or purchase of options on individual securities or other instruments. Options on securities indices and other financial indices are similar to options on a security or other instrument except that, rather than settling by physical delivery of the underlying instrument, they settle by cash settlement, i.e., an option on an index gives the holder the right to receive, upon exercise of the option, an amount of cash if the closing level of the index upon which the option is based exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option (except if, in the case of an OTC option, physical delivery is specified). This amount of cash is equal to the excess of the closing price of the index over the exercise price of the option, which also may be multiplied by a formula value. The seller of the option is obligated, in return for the premium received, to make delivery of this amount. The gain or loss on an option on an index depends on price movements in the instruments making up the market, market segment, industry or other composite on which the underlying index is based, rather than price movements in individual securities, as is the case with respect to options on securities.

**Currency Transactions.** The Fund may engage in currency transactions with Counterparties in order to hedge the value of portfolio holdings denominated in particular currencies against fluctuations in relative value. Currency transactions include forward currency contracts, exchange listed currency futures, exchange listed and OTC options on currencies, and currency swaps. A forward currency contract involves a privately negotiated obligation to purchase or sell (with delivery generally required) a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon

by the parties, at a price set at the time of the contract. A currency swap is an agreement to exchange cash flows based on the notional difference among two or more currencies and operates similarly to an interest rate swap, which is described below. The Fund may enter into currency transactions with Counterparties which have received (or the guarantors of the obligations which have received) a credit rating of A-1 or P-1 by S&P or Moody's, respectively, or that have an equivalent rating from a NRSRO or are determined to be of equivalent credit quality by the Adviser.

The Fund's dealings in forward currency contracts and other currency transactions such as futures, options, options on futures and swaps will be limited to hedging involving either specific transactions or portfolio positions. Transaction hedging is entering into a currency transaction with respect to specific assets or liabilities of the Fund, which will generally arise in connection with the purchase or sale of its portfolio securities or the receipt of income therefrom. Position hedging is entering into a currency transaction with respect to portfolio security positions denominated or generally quoted in that currency.

The Fund will not enter into a transaction to hedge currency exposure to an extent greater, after netting all transactions intended wholly or partially to offset other transactions, than the aggregate market value (at the time of entering into the transaction) of the securities held in its portfolio that are denominated or generally quoted in or currently convertible into such currency, other than with respect to proxy hedging or cross hedging as described below.

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The Fund may also cross-hedge currencies by entering into transactions to purchase or sell one or more currencies that are expected to decline in value relative to other currencies to which the Fund has or in which the Fund expects to have portfolio exposure.

To reduce the effect of currency fluctuations on the value of existing or anticipated holdings of portfolio securities, the Fund may also engage in proxy hedging. Proxy hedging is often used when the currency to which the Fund's portfolio is exposed is difficult to hedge or to hedge against the dollar. Proxy hedging entails entering into a commitment or option to sell a currency whose changes in value are generally considered to be correlated to a currency or currencies in which some or all of the Fund's portfolio securities are or are expected to be denominated, in exchange for U.S. dollars. The amount of the commitment or option would not exceed the value of the Fund's securities denominated in correlated currencies. For example, if the Adviser considers that the Austrian schilling is correlated to the German deutschemark (the "D-mark"), the Fund holds securities denominated in schillings and the Adviser believes that the value of schillings will decline against the U.S. dollar, the Adviser may enter into a commitment or option to sell D-marks and buy dollars. Currency hedging involves some of the same risks and considerations as other transactions with similar instruments. Currency transactions can result in losses to the Fund if the currency being hedged fluctuates in value to a degree or in a direction that is not anticipated. Further, there is the risk that the perceived correlation between various currencies may not be present or may not be present during the particular time that the Fund is engaging in proxy hedging. If the Fund enters into a currency hedging transaction, the Fund will comply with the asset segregation requirements described below.

Risks of Currency Transactions. Currency transactions are subject to risks different from those of other portfolio transactions. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These can result in losses to the Fund if it is unable to deliver or receive currency or funds in settlement of obligations and could also cause hedges it has entered into to be rendered useless, resulting in full currency exposure as well as incurring transaction costs. Buyers and sellers of currency futures are subject to the same risks that apply to the use of futures generally. Further, settlement of a currency futures contract for the purchase of most currencies must occur at a bank based in the issuing nation. Trading options on currency futures is relatively new, and the ability to establish and close out positions on such options is subject to the maintenance of a liquid market which may not always be available. Currency exchange rates may fluctuate based on factors extrinsic to that country's economy.

Combined Transactions. The Fund may enter into multiple transactions, including multiple options transactions, multiple futures transactions, multiple currency transactions (including forward currency contracts) and multiple interest rate transactions and any combination of futures, options, currency and interest rate transactions ("component" transactions), instead of a single Strategic

Transaction, as part of a single or combined strategy when, in the opinion of the Adviser, it is in the best interests of the Fund to do so. A combined transaction will usually contain elements of risk that are present in each of its component transactions. Although combined transactions are normally entered into based on the Adviser's judgment that the combined strategies will reduce risk or otherwise more effectively achieve the desired portfolio management goal, it is possible that the combination will instead increase such risks or hinder achievement of the portfolio management objective.

Swaps, Caps, Floors and Collars. Among the Strategic Transactions into which the Fund may enter are interest rate, currency and index swaps and the purchase or sale of related caps, floors and collars. The Fund expects to enter into these transactions primarily to preserve a return or spread on a particular investment or portion of its portfolio, to protect against currency fluctuations, as a duration management technique or to protect against any increase in the price of securities the Fund anticipates purchasing at a later date. The Fund intends to use these transactions as hedges and not as speculative investments and will not sell interest rate caps or floors where it does not own securities or other instruments providing the income stream the Fund may be obligated to pay. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments with respect to a notional amount of principal. A currency swap is an agreement to exchange cash flows on a notional amount of two or more currencies based on the relative value differential among them and an index swap is an agreement to swap cash flows on a notional amount based on changes in the values of the reference indices. The purchase of a cap

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entitles the purchaser to receive payments on a notional principal amount from the party selling such cap to the extent that a specified index exceeds a predetermined interest rate or amount. The purchase of a floor entitles the purchaser to receive payments on a notional principal amount from the party selling such floor to the extent that a specified index falls below a predetermined interest rate or amount. A collar is a combination of a cap and a floor that preserves a certain return within a predetermined range of interest rates or values.

The Fund will usually enter into swaps on a net basis, i.e., the two payment streams are netted out in a cash settlement on the payment date or dates specified in the instrument, with the Fund receiving or paying, as the case may be, only the net amount of the two payments. Inasmuch as these swaps, caps, floors and collars are entered into for good faith hedging purposes, the Adviser and the Fund believe such obligations do not constitute senior securities under the 1940 Act and, accordingly, will not treat them as being subject to its borrowing restrictions. The Fund will not enter into any swap, cap, floor or collar transaction unless, at the time of entering into such transaction, the unsecured long-term debt of the Counterparty, combined with any credit enhancements, is rated at least A by S&P or Moody's or has an equivalent rating from a NRSRO or is determined to be of equivalent credit quality by the Adviser. If there is a default by the Counterparty, the Fund may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid. Caps, floors and collars are more recent innovations for which standardized documentation has not yet been fully developed and, accordingly, they are less liquid than swaps.

Eurodollar Instruments. The Fund may make investments in Eurodollar instruments. Eurodollar instruments are U.S. dollar-denominated futures contracts or options thereon which are linked to the London Interbank Offered Rate ("LIBOR"), although foreign currency-denominated instruments are available from time to time. Eurodollar futures contracts enable purchasers to obtain a fixed rate for the lending of funds and sellers to obtain a fixed rate for borrowings. The Fund might use Eurodollar futures contracts and options thereon to hedge against changes in LIBOR, to which many interest rate swaps and fixed income instruments are linked.

Risks of Strategic Transactions Outside the U.S. When conducted outside the U.S., Strategic Transactions may not be regulated as rigorously as in the U.S., may not involve a clearing mechanism and related guarantees, and are subject to the risk of governmental actions affecting trading in, or the prices of, foreign securities, currencies and other instruments. The value of such positions also could be adversely affected by: (i) other complex foreign political, legal and economic factors, (ii) lesser availability than in the U.S. of data on which to make trading decisions, (iii) delays in the Fund's ability to act upon economic events occurring in foreign markets during non-business hours in the U.S., (iv) the imposition of different exercise and settlement terms and procedures and margin requirements than in the U.S., and (v) lower trading volume and

liquidity.

Use of Segregated and Other Special Accounts. Many Strategic Transactions, in addition to other requirements, require that the Fund segregate liquid, high grade assets with its custodian to the extent Fund obligations are not otherwise "covered" through ownership of the underlying security, financial instrument or currency. In general, either the full amount of any obligation by the Fund to pay or deliver securities or assets must be covered at all times by the securities, instruments or currency required to be delivered, or, subject to any regulatory restrictions, an amount of cash or liquid, high grade securities at least equal to the current amount of the obligation must be segregated with the custodian. The segregated assets cannot be sold or transferred unless equivalent assets are substituted in their place or it is no longer necessary to segregate them. For example, a call option written by the Fund will require the Fund to hold the securities subject to the call (or securities convertible into the needed securities without additional consideration) or to segregate liquid, high grade securities sufficient to purchase and deliver the securities if the call is exercised. A call option sold by the Fund on an index will require the Fund to own portfolio securities which correlate with the index or to segregate liquid, high grade assets equal to the excess of the index value over the exercise price on a current basis. A put option written by the Fund requires the Fund to segregate liquid, high grade assets equal to the exercise price.

Except when the Fund enters into a forward contract for the purchase or sale of a security denominated in a particular currency, which requires no

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segregation, a currency contract which obligates the Fund to buy or sell currency will generally require the Fund to hold an amount of that currency or liquid securities denominated in that currency equal to the Fund's obligations or to segregate liquid, high grade assets equal to the amount of the Fund's obligation.

OTC options entered into by the Fund, including those on securities, currency, financial instruments or indices and OCC issued and exchange listed index options, will generally provide for cash settlement. As a result, when the Fund sells these instruments it will only segregate an amount of assets equal to its accrued net obligations, as there is no requirement for payment or delivery of amounts in excess of the net amount. These amounts will equal 100% of the exercise price in the case of a non cash-settled put, the same as an OCC guaranteed listed option sold by the Fund, or the in-the-money amount plus any sell-back formula amount in the case of a cash-settled put or call. In addition, when the Fund sells a call option on an index at a time when the in-the-money amount exceeds the exercise price, the Fund will segregate, until the option expires or is closed out, cash or cash equivalents equal in value to such excess. OCC issued and exchange listed options sold by the Fund other than those above generally settle with physical delivery, or with an election of either physical delivery or cash settlement and the Fund will segregate an amount of assets equal to the full value of the option. OTC options settling with physical delivery, or with an election of either physical delivery or cash settlement will be treated the same as other options settling with physical delivery.

In the case of a futures contract or an option thereon, the Fund must deposit initial margin and possible daily variation margin in addition to segregating assets sufficient to meet its obligation to purchase or provide securities or currencies, or to pay the amount owed at the expiration of an index-based futures contract. Such assets may consist of cash, cash equivalents, liquid debt or equity securities or other acceptable assets.

With respect to swaps, the Fund will accrue the net amount of the excess, if any, of its obligations over its entitlements with respect to each swap on a daily basis and will segregate an amount of cash or liquid, high grade securities having a value equal to the accrued excess. Caps, floors and collars require segregation of assets with a value equal to the Fund's net obligation, if any.

Strategic Transactions may be covered by other means when consistent with applicable regulatory policies. The Fund may also enter into offsetting transactions so that its combined position, coupled with any segregated assets, equals its net outstanding obligation in related options and Strategic Transactions. For example, the Fund could purchase a put option if the strike price of that option is the same or higher than the strike price of a put option sold by the Fund. Moreover, instead of segregating assets if the Fund held a futures or forward contract, it could purchase a put option on the same futures or forward contract with a strike price as high or higher than the price of the contract held. Other Strategic Transactions may also be offset in combinations. If the offsetting transaction terminates at the time of or after the primary transaction no segregation is required, but if it terminates prior to such time, assets equal to any remaining obligation would need to be segregated.

The Fund's activities involving Strategic Transactions may be limited by the requirements of Subchapter M of the Internal Revenue Code for qualification as a regulated investment company. (See "TAXES.")

#### Investment Restrictions

Unless specified to the contrary, the following restrictions are fundamental policies and may not be changed without the approval of "a majority of the outstanding voting securities" of the Fund which, under the 1940 Act and the rules thereunder and as used in this Statement of Additional Information, means the lesser of (1) 67% or more of the shares of the Fund present at a meeting if the holders of more than 50% of the outstanding shares of the Fund are present in person or represented by proxy; or (2) more than 50% of the outstanding shares of the Fund. Nonfundamental policies of the Fund may be modified by the Fund's Trustees without a vote of shareholders.

Any investment restrictions herein which involve a maximum percentage of securities or assets shall not be considered to be violated unless an excess over the percentage occurs immediately after, and is caused by, an acquisition or encumbrance of securities or assets of, or borrowings by, the Fund. The Fund is under no restriction as to the amount of portfolio securities which may be bought or sold.

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As a matter of fundamental policy, the Fund may not:

1. with respect to 75% of its total assets taken at market value purchase more than 10% of the voting securities of any one issuer; or invest more than 5% of the value of its total assets in the securities of any one issuer, except obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and except securities of other investment companies;
2. borrow money except as a temporary measure for extraordinary or emergency purposes or except in connection with reverse repurchase agreements provided that the Fund maintains asset coverage of 300% for all borrowings;
3. purchase or sell real estate (except that the Fund may invest in (i) securities of companies which deal in real estate or mortgages, and (ii) securities secured by real estate or interests therein, and that the Fund reserves freedom of action to hold and to sell real estate acquired as a result of the Fund's ownership of securities); or purchase or sell physical commodities or contracts relating to physical commodities;
4. act as an underwriter of securities issued by others, except to the extent that it may be deemed an underwriter in connection with the disposition of portfolio securities of the Fund;
5. make loans to other persons, except (a) loans of portfolio securities, and (b) to the extent the entry into repurchase agreements and the purchase of debt securities in accordance with its investment objective and investment policies may be deemed to be loans;
6. issue senior securities, except as appropriate to evidence indebtedness which it is permitted to incur and except for shares of the separate classes or series of the Trust, provided that collateral arrangements with respect to currency-related contracts, futures contracts, options or other permitted investments, including deposits of initial and variation margin, are not considered to be the issuance of senior securities for purposes of this restriction; and
7. purchase any securities which would cause more than 25% of the market value of its total assets at the time of such purchase to be invested in the securities of one or more issuers having their principal business activities in the same industry, provided that there is no limitation in respect to investments in obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities (for the purposes of this restriction, telephone companies are considered to be in a separate industry from gas and electric public utilities, and wholly-owned finance companies are considered to be in the industry of their parents if their activities are primarily related to financing the activities of their parents).

Other Investment Policies. The Trustees of the Fund voluntarily adopted policies and restrictions which are observed in the conduct of the Fund's affairs. These represent intentions of the Trustees based upon current circumstances. They differ from fundamental investment policies in that they may be changed or amended by action of the Trustees without prior notice to or approval of shareholders.

As a matter of nonfundamental policy, the Fund may not:

- (a) purchase or retain securities of any open-end investment company, or securities of closed-end investment companies except by purchase in the open market where no commission or profit to a sponsor or dealer results from such purchases, or except when such purchase, though not made in the open market, is part of a plan of merger, consolidation, reorganization or acquisition of assets; in any event the Fund may not purchase more than 3% of the outstanding voting securities of another investment company, may not invest more than 5% of its assets in another investment company, and may not invest more than 10% of its assets in other investment companies;

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- (b) pledge, mortgage or hypothecate its assets in excess, together with permitted borrowings, of 1/3 of its total assets;
- (c) purchase or retain securities of an issuer any of whose officers, directors, trustees or security holders is an officer, director or trustee of the Fund or a member, officer, director or trustee of the investment adviser of the Fund if one or more of such individuals owns beneficially more than one-half of one percent (1/2%) of the outstanding shares or securities or both (taken at market value) of such issuer and such individuals owning more than one-half of one percent (1/2%) of such shares or securities together own beneficially more than 5% of such shares or securities or both;
- (d) purchase securities on margin or make short sales unless, by virtue of its ownership of other securities, it has the right to obtain securities equivalent in kind and amount to the securities sold and, if the right is conditional, the sale is made upon the same conditions, except in connection with arbitrage transactions and except that the Fund may obtain such short-term credits as may be necessary for the clearance of purchases and sales of securities;
- (e) invest more than 10% of its total assets in securities which are not readily marketable, the disposition of which is restricted under Federal securities laws, or in repurchase agreements not terminable within seven days, and the Fund will not invest more than 10% of its total assets in restricted securities;
- (f) purchase securities of any issuer with a record of less than three years continuous operations, including predecessors, except U.S. Government securities, securities of such issuers which are rated by at least one nationally recognized statistical rating organization, municipal obligations and obligations issued or guaranteed by any foreign government or its agencies or instrumentalities, if such purchase would cause the investments of the Fund in all such issuers to exceed 5% of the total assets of the Fund taken at market value;
- (g) purchase more than 10% of the voting securities of any one issuer, except securities issued by the U.S. Government, its agencies or instrumentalities;
- (h) buy options on securities or financial instruments, unless the aggregate premiums paid on all such options held by the Fund at any time do not exceed 20% of its net assets; or sell put options on securities if, as a result, the aggregate value of the obligations underlying such put options would exceed 50% of the Fund's net assets;
- (i) enter into futures contracts or purchase options thereon



unless immediately after the purchase, the value of the aggregate initial margin with respect to all futures contracts entered into on behalf of the Fund and the premiums paid for options on futures contracts does not exceed 5% of the fair market value of the Fund's total assets; provided, however, that in the case of an option that is in-the-money at the time of purchase, the in-the-money amount may be excluded in computing the 5% limit;

- (j) invest in oil, gas or other mineral leases, or exploration or development programs (although it may invest in issuers which own or invest in such interests);
- (k) borrow money, including reverse repurchase agreements, in excess of 5% of its total assets (taken at market value) except for temporary or emergency purposes, or borrow other than from banks;
- (l) purchase warrants if as a result warrants taken at the lower of cost or market value would represent more than 5% of the value of the Fund's total net assets or more than 2% of its net assets in warrants that are not listed on the New York or American Stock Exchanges or on an exchange with comparable listing requirements (for this purpose, warrants attached to securities will be deemed to have no value);

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- (m) make securities loans if the value of such securities loaned exceeds 30% of the value of the Fund's total assets at the time any loan is made; all loans of portfolio securities will be fully collateralized and marked to market daily. The Fund has no current intention of making loans of portfolio securities that would amount to greater than 5% of the Fund's total assets; and
- (n) purchase or sell real estate limited partnership interests.

#### PURCHASES

(See "Purchases" and "Transaction information" in the Fund's prospectus.)

#### Additional Information About Opening an Account

Clients having a regular investment counsel account with the Adviser or its affiliates and members of their immediate families, officers and employees of the Adviser or of any affiliated organization and their immediate families, members of the National Association of Securities Dealers, Inc. ("NASD") and banks may, if they prefer, subscribe initially for at least \$2,500 of Fund shares through Scudder Investor Services, Inc. (the "Distributor") by letter, fax, TWX, or telephone.

Shareholders of other Scudder funds who have submitted an account application and have a certified tax identification number, clients having a regular investment counsel account with the Adviser or its affiliates and members of their immediate families, officers and employees of the Adviser or of any affiliated organization and their immediate families, members of the NASD and banks may open an account by wire. These investors must call 1-800-225-5163 to get an account number. During the call, the investor will be asked to indicate the Fund name, amount to be wired (\$2,500 minimum), name of bank or trust company from which the wire will be sent, the exact registration of the new account, the tax identification or Social Security number, address and telephone number. The investor must then call the bank to arrange a wire transfer to The Scudder Funds, State Street Bank and Trust Company, Boston, MA 02110, ABA Number 011000028, DDA Account Number 9903-5552. The investor must give the Scudder fund name, account name and new account number. Finally, the investor must send the completed and signed application to the Fund promptly.

The minimum initial purchase amount is less than \$2,500 under certain special plan accounts.

#### Additional Information About Making Subsequent Investments

Subsequent purchase orders for \$10,000 or more, and for an amount not greater than four times the value of the shareholder's account, may be placed by telephone, fax, etc. by members of the NASD, by banks and by established



shareholders [except by Scudder Individual Retirement Account (IRA), Scudder Profit Sharing and Money Purchase Pension Plans, Scudder 401(k) and Scudder 403(b) plan holders]. Orders placed in this manner may be directed to any office of the Distributor listed in the Fund's prospectus. A two-part invoice of the purchase will be mailed out promptly following receipt of a request to buy. Payment should be attached to a copy of the invoice for proper identification. Federal regulations require that payment be received within seven business days. If payment is not received within that time, the shares may be canceled. In the event of such cancellation or cancellation at the purchaser's request, the purchaser will be responsible for any loss incurred by the Fund or the principal underwriter by reason of such cancellation. If the purchaser is a shareholder, the Trust shall have the authority, as agent of the shareholder, to redeem shares in the account in order to reimburse the Fund or the principal underwriter for the loss incurred. Net losses on such transactions which are not recovered from the purchaser will be absorbed by the principal underwriter. Any net profit on the liquidation of unpaid shares will accrue to the Fund.

#### Additional Information About Making Subsequent Investments by AutoBuy

Shareholders, whose predesignated bank account of record is a member of the Automated Clearing House Network (ACH) and who have elected to participate in the AutoBuy program, may purchase shares of the Fund by telephone. Through this service shareholders may purchase up to \$250,000 but not less than \$250. To purchase shares by AutoBuy, shareholders should call before 4 p.m. eastern time.

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Proceeds in the amount of your purchase will be transferred from your bank checking account two or three business days following your call. For requests received by the close of regular trading on the Exchange, shares will be purchased at the net asset value per share calculated at the close of trading on the day of your call. AutoBuy requests received after the close of regular trading on the Exchange will begin their processing and be purchased at the net asset value calculated the following business day. If you purchase shares by AutoBuy and redeem them within seven days of the purchase, the Fund may hold the redemption proceeds for a period of up to seven business days. If you purchase shares and there are insufficient funds in your bank account the purchase will be canceled and you will be subject to any losses or fees incurred in the transaction. Auto Buy transactions are not available for Scudder IRA accounts and most other retirement plan accounts.

In order to request purchases by AutoBuy, shareholders must have completed and returned to the Transfer Agent the application, including the designation of a bank account from which the purchase payment will be debited. New investors wishing to establish AutoBuy may so indicate on the application. Existing shareholders who wish to add AutoBuy to their account may do so by completing an AutoBuy Enrollment Form. After sending in an enrollment form shareholders should allow for 15 days for this service to be available.

The Fund employs procedures, including recording telephone calls, testing a caller's identity, and sending written confirmation of telephone transactions, designed to give reasonable assurance that instructions communicated by telephone are genuine. and to discourage fraud. To the extent that the Fund does not follow such procedures, it may be liable for losses due to unauthorized or fraudulent telephone instructions. The Fund will not be liable for acting upon instructions communicated by telephone that it reasonably believes to be genuine.

#### Checks

A certified check is not necessary, but checks are only accepted subject to collection at full face value in U.S. funds and must be drawn on, or payable through, a U.S. bank.

If shares of the Fund are purchased by a check which proves to be uncollectible, the Trust reserves the right to cancel the purchase immediately and the purchaser will be responsible for any loss incurred by the Fund or the principal underwriter by reason of such cancellation. If the purchaser is a shareholder, the Trust will have the authority, as agent of the shareholder, to redeem shares in the account in order to reimburse the Fund or the principal underwriter for the loss incurred. Investors whose orders have been canceled may be prohibited from or restricted in placing future orders in any of the Scudder funds.

#### Wire Transfer of Federal Funds

To obtain the net asset value determined as of the close of regular trading on a selected day, your bank must forward federal funds by wire transfer and provide the required account information so as to be available to the Fund prior to the close of regular trading on the Exchange.

The bank sending an investor's federal funds by bank wire may charge for the service. Presently the Distributor pays a fee for receipt by State Street Bank and Trust Company (the "Custodian") of "wired funds," but the right to charge investors for this service is reserved.

Boston banks are closed on certain holidays although the Exchange may be open. These holidays include Martin Luther King, Jr. Day (the 3rd Monday in January), Columbus Day (the 2nd Monday in October) and Veterans Day (November 11). Investors are not able to purchase shares by wiring federal funds on such holidays because the Custodian is not open to receive such federal funds on behalf of the Fund.

#### Share Price

Purchases will be filled without sales charge at the net asset value next computed after receipt of the application in good order. Net asset value normally will be computed as of the close of regular trading on the Exchange on

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each day during which the Exchange is open for trading. Orders received after the close of regular trading on the Exchange will receive the next day's net asset value. If the order has been placed by a member of the NASD, other than the Distributor, it is the responsibility of that member broker, rather than the Fund, to forward the purchase order to the Fund's transfer agent in Boston by the close of regular trading on the Exchange.

#### Share Certificates

Due to the desire of Trust management to afford ease of redemption, certificates will not be issued to indicate ownership in the Fund.

#### Other Information

If purchases or redemptions of Fund shares are arranged and settlement is made at the investor's election through a member of the NASD other than the Distributor, that member may, at its discretion, charge a fee for that service. The Board of Trustees and the Distributor, the Trust's principal underwriter, each has the right to limit the amount of purchases by, and to refuse to sell to, any person. The Trustees and the Distributor each may suspend or terminate the offering of shares of the Fund at any time.

The Trust may issue shares of the Fund at net asset value in connection with any merger or consolidation with, or acquisition of the assets of, any investment company (or series thereof) or personal holding company, subject to the requirements of the 1940 Act.

#### EXCHANGES AND REDEMPTIONS

(See "Exchanges and redemptions" and "Transaction information" in the Fund's prospectus.)

#### Exchanges

Exchanges are comprised of a redemption from one Scudder fund and a purchase into another Scudder fund. The purchase side of the exchange may be either an additional investment into an existing or may involve opening a new account in another fund. When an exchange involves a new account, the new account will be established with the same registration, tax identification number, address, telephone redemption option SAIL ("Scudder Automated Information Line"), and dividend option as the existing account. Other features will not carry over automatically to the new account. Exchanges into a new fund account must be for a minimum of \$2,500. When an exchange represents an additional investment into an existing account, the account receiving the exchange proceeds must have identical registration, tax identification number, address, and account options/features as the account of origin. Exchanges into an existing account must be for \$100 or more. If the account receiving the exchange proceeds is different in any respect, the exchange request must be in writing and must contain a signature guarantee as described under "Transaction information--Redeeming shares--Signature guarantees" in the Fund's prospectus.

Exchange orders received before the close of regular trading on the Exchange on any business day ordinarily will be executed at respective net asset values determined on that day. Exchange orders received after the close will be executed on the following business day.

Investors may also request, at no extra charge, to have exchanges

automatically executed on a predetermined schedule from one Scudder fund to an existing account in another Scudder fund, at current net asset value, through Scudder's Automatic Exchange Program. Exchanges must be for a minimum of \$50. Shareholders may add this free feature over the telephone or in writing. Automatic Exchanges will continue until the shareholder requests by telephone or in writing to have the feature removed, or until the originating account is depleted. The Trust and the Transfer Agent each reserves the right to suspend or terminate the privilege of the Automatic Exchange Program at any time.

No commission is charged to the shareholder for any exchange described above. An exchange into another Scudder fund is a redemption of shares, and therefore may result in tax consequences (gain or loss) to the shareholder and the proceeds of such an exchange may be subject to backup withholding. (See "TAXES.")

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Investors currently receive the exchange privilege, including exchange by telephone, automatically without having to elect it. The Trust employs procedures, including recording telephone calls, testing a caller's identity, and sending written confirmation of telephone transactions, designed to give reasonable assurance that instructions communicated by telephone are genuine, and to discourage fraud. To the extent that the Trust does not follow such procedures, it may be liable for losses due to unauthorized or fraudulent telephone instructions. The Trust will not be liable for acting upon instructions communicated by telephone that it reasonably believes to be genuine. The Trust and the Transfer Agent each reserves the right to suspend or terminate the privilege of exchanging by telephone or fax at any time.

The Scudder funds into which investors may make an exchange are listed under "The Scudder Family Of Funds" herein. Before making an exchange, shareholders should obtain a prospectus of the Scudder fund into which the exchange is being contemplated from the Distributor. Scudder retirement plans may have different exchange requirements. Please refer to appropriate plan literature.

#### Redemption by Telephone

Shareholders currently receive the right automatically, without having to elect it, to redeem up to \$100,000 to their address of record. Shareholders may also request to have the proceeds mailed or wired to their pre-designated bank account. In order to request redemptions by telephone, shareholders must have completed and returned to the Transfer Agent the application, including the designation of a bank account to which the redemption proceeds are to be sent.

- (a) NEW INVESTORS wishing to establish telephone redemption to a pre-designated bank account must complete the appropriate section on the application.
- (b) EXISTING SHAREHOLDERS (except those who are Scudder IRA, Scudder Pension and Profit Sharing, Scudder 401(k) and Scudder 403(b) Plan holders) who wish to establish telephone redemption to a pre-designated bank account or who want to change the bank account previously designated to receive redemption payments should either return a Telephone Redemption Option Form (available upon request) or send a letter identifying the account and specifying the exact information to be changed. The letter must be signed exactly as the shareholder's name(s) appear on the account. An original signature and an original signature guarantee are required for each person in whose name the account is registered.

Telephone redemption is not available with respect to shares held in retirement accounts.

If a request for redemption to a shareholder's bank account is made by telephone or fax, payment will be made by Federal Reserve Bank wire to the bank account designated on the application unless a request is made that the redemption check be mailed to the designated bank account. There will be a \$5.00 charge for all wire redemptions.

Note: Investors designating that a savings bank receive their telephone redemption proceeds are advised that if the savings bank is not a participant in the Federal Reserve System, redemption proceeds must be wired through a commercial bank which is a correspondent of the savings bank. As this may delay receipt by the shareholder's account, it is suggested that investors wishing to use a savings bank discuss wire procedures with their banks and submit any special wire transfer information with the telephone redemption authorization. If

appropriate wire information is not supplied, redemption proceeds will be mailed to the designated bank.

The Trust employs procedures, including recording telephone calls, testing a caller's identity, and sending written confirmation of telephone transactions, designed to give reasonable assurance that instructions communicated by telephone are genuine, and to discourage fraud. To the extent that the Trust does not follow such procedures, it may be liable for losses due

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to unauthorized or fraudulent telephone instructions. The Trust will not be liable for acting upon instructions communicated by telephone that it reasonably believes to be genuine.

#### Redemption By AutoSell

Shareholders, whose predesignated bank account of record is a member of the Automated Clearing House Network (ACH) and who have elected to participate in the AutoSell program may sell shares of the Fund by telephone. To sell shares by AutoSell, shareholders should call before 4 p.m. eastern time. Redemptions must be for at least \$250. Proceeds in the amount of your redemption will be transferred to your bank checking account two or three business days following your call. For requests received by the close of regular trading on the Exchange, shares will be redeemed at the net asset value per share calculated at the close of trading on the day of your call. AutoSell requests received after the close of regular trading on the Exchange will begin their processing and be redeemed at the net asset value calculated the following business day. AutoSell transactions are not available for Scudder IRA accounts and most other retirement plan accounts.

In order to request redemptions by AutoSell, shareholders must have completed and returned to the Transfer Agent the application, including the designation of a bank account from which the purchase payment will be debited. New investors wishing to establish AutoSell may so indicate on the application. Existing shareholders who wish to add AutoSell to their account may do so by completing an AutoSell Enrollment Form. After sending in an enrollment form, shareholders should allow for 15 days for this service to be available.

The Fund employs procedures, including recording telephone calls, testing a caller's identity, and sending written confirmation of telephone transactions, designed to give reasonable assurance that instructions communicated by telephone are genuine, and to discourage fraud. To the extent that the Fund does not follow such procedures, it may be liable for losses due to unauthorized or fraudulent telephone instructions. The Fund will not be liable for acting upon instructions communicated by telephone that it reasonably believes to be genuine.

#### Redemption by Mail or Fax

In order to ensure proper authorization before redeeming shares, the Transfer Agent may request additional documents such as, but not restricted to, stock powers, trust instruments, certificates of death, appointments as executor, certificates of corporate authority and waivers of tax (required in some states when settling estates).

It is suggested that shareholders holding shares registered in other than individual names contact the Transfer Agent prior to any redemptions to ensure that all necessary documents accompany the request. When shares are held in the name of a corporation, trust, fiduciary agent, attorney or partnership, the Transfer Agent requires, in addition to the stock power, certified evidence of authority to sign. These procedures are for the protection of shareholders and should be followed to ensure prompt payment. Redemption requests must not be conditional as to date or price of the redemption. Proceeds of a redemption will be sent within five days after receipt by the Transfer Agent of a request for redemption that complies with the above requirements. Delays in payment of more than seven business days of payment for shares tendered for repurchase or redemption may result, but only until the purchase check has cleared.

The requirements for IRA redemptions are different from those of regular accounts. For more information call 1-800-225-5163.

#### Redemption-In-Kind

The Trust reserves the right, if conditions exist which make cash payments undesirable, to honor any request for redemption or repurchase order by making payment in whole or in part in readily marketable securities chosen by the Fund and valued as they are for purposes of computing the Fund's net asset value (a redemption in kind). If payment is made in securities, a shareholder may incur transaction expenses in converting these securities into cash. The

Trust, on behalf of the Fund, has elected, however, to be governed by Rule 18f-1 under the 1940 Act as a result of which the Fund is obligated to redeem shares, with respect to any one shareholder during any 90 day period, solely in cash up to the lesser of \$250,000 or 1% of the net asset value of the Fund at the beginning of the period.

#### Other Information

If a shareholder redeems all shares in the account after the record date of a dividend, the shareholder will receive, in addition to the net asset value thereof, all declared but unpaid dividends thereon. The value of shares redeemed or repurchased may be more or less than the shareholder's cost depending on the net asset value at the time of redemption or repurchase. The Fund does not impose a redemption or repurchase charge although a wire charge may be applicable for redemption proceeds wired to an investor's bank account. Redemption of shares, including an exchange into another Scudder fund, may result in tax consequences (gain or loss) to the shareholder and the proceeds of such redemptions may be subject to backup withholding. (See "Taxes.")

Shareholders who wish to redeem shares from Special Plan Accounts should contact the employer, trustee or custodian of the Plan for the requirements.

The determination of net asset value may be suspended at times and a shareholder's right to redeem shares and to receive payment may be suspended at times during which (a) the Exchange is closed, other than customary weekend and holiday closings, (b) trading on the Exchange is restricted for any reason, (c) an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or (d) the SEC may by order permit such a suspension for the protection of the Trust's shareholders; provided that applicable rules and regulations of the SEC (or any succeeding governmental authority) shall govern as to whether the conditions prescribed in (b) or (c) exist.

Shareholders should maintain a share balance worth at least \$2,500 (\$1,000 for IRAs, Uniform Gift to Minors Act, and Uniform Trust to Minors Act accounts), which amount may be changed by the Board of Trustees. Scudder retirement plans have similar or lower minimum balance requirements. A shareholder may open an account with at least \$1,000 (\$500 for an UGMA, UTMA, IRA and other retirement accounts), if an automatic investment plan (AIP) of \$100/month (\$50/month for an UGMA, UTMA, IRA and other retirement accounts) is established.

Shareholders who maintain a non-fiduciary account balance of less than \$2,500 in the Fund, without establishing an AIP, will be assessed an annual \$10.00 per fund charge with the fee to be reinvested in the Fund. The \$10.00 charge will not apply to shareholders with a combined household account balance in any of the Scudder Funds of \$25,000 or more. The Fund reserves the right, following 60 days' written notice to shareholders, to redeem all shares in accounts below \$250, including accounts of new investors, where a reduction in value has occurred due to a redemption or exchange out of the account. The Fund will mail the proceeds of the redeemed account to the shareholder at the address of record. Reductions in value that result solely from market activity will not trigger an involuntary redemption. UGMA, UTMA, IRA and other retirement accounts will not be assessed the \$10.00 charge or be subject to automatic liquidation.

#### FEATURES AND SERVICES OFFERED BY THE FUND

(See "Shareholder benefits" in the Fund's prospectus.)

#### The Pure No-Load(TM) Concept

Investors are encouraged to be aware of the full ramifications of mutual fund fee structures, and of how Scudder distinguishes its funds from the vast majority of mutual funds available today. The primary distinction is between load and no-load funds.

Load funds generally are defined as mutual funds that charge a fee for the sale and distribution of fund shares. There are three types of loads: front-end loads, back-end loads, and asset-based 12b-1 fees. 12b-1 fees are distribution-related fees charged against fund assets and are distinct from service fees, which are charged for personal services and/or maintenance of shareholder accounts. Asset-based sales charges and service fees are typically paid pursuant to distribution plans adopted under 12b-1 under the 1940 Act.

A front-end load is a sales charge, which can be as high as 8.50% of the amount invested. A back-end load is a contingent deferred sales charge, which can be as high as 8.50% of either the amount invested or redeemed. The maximum front-end or back-end load varies, and depends upon whether or not a fund also charges a 12b-1 fee and/or a service fee or offers investors various sales-related services such as dividend reinvestment. The maximum charge for a 12b-1 fee is 0.75% of a fund's average annual net assets, and the maximum charge for a service fee is 0.25% of a fund's average annual net assets.

A no-load fund does not charge a front-end or back-end load, but can charge a small 12b-1 fee and/or service fee against fund assets. Under the NASD Rules of Fair Practice, a mutual fund can call itself a "no-load" fund only if the 12b-1 fee and/or service fee does not exceed 0.25% of a fund's average annual net assets.

Because Scudder funds do not pay any asset-based sales charges or service fees, Scudder developed and trademarked the phrase pure no-load(TM) to distinguish Scudder funds from other no-load mutual funds. Scudder pioneered the no-load concept when it created the nation's first no-load fund in 1928, and later developed the nation's first family of no-load mutual funds.

The following chart shows the potential long-term advantage of investing \$10,000 in a Scudder pure no-load fund over investing the same amount in a load fund that collects an 8.50% front-end load, a load fund that collects only a 0.75% 12b-1 and/or service fee, and a no-load fund charging only a 0.25% 12b-1 and/or service fee. The hypothetical figures in the chart show the value of an account assuming a constant 10% rate of return over the time periods indicated and reinvestment of dividends and distributions.

<TABLE>

<CAPTION>

YEARS	Scudder Pure No-Load (TM) Fund	8.50% Load Fund	Load Fund with 0.75% 12b-1 Fee	No-Load Fund with 0.25% 12b-1 Fee
<S>	<C>	<C>	<C>	<C>
10	\$25,937	\$23,733	\$24,222	\$25,354
15	41,772	38,222	37,698	40,371
20	67,275	61,557	58,672	64,282

</TABLE>

Investors are encouraged to review the fee tables on page 2 of the Fund's prospectus for more specific information about the rates at which management fees and other expenses are assessed.

#### Dividend and Capital Gain Distribution Options

Investors have freedom to choose whether to receive cash or to reinvest any dividends from net investment income or distributions from realized capital gains in additional shares of the Fund. A change of instructions for the method of payment must be received by the Transfer Agent in writing at least five days prior to a dividend record date. Shareholders may change their dividend option either by calling 1-800-225-5163 or by sending written instructions to the Transfer Agent. Please include your account number with your request. See "How to contact Scudder" in the Prospectus for the address. Shareholders who have authorized telephone transactions may change their dividend option by calling 1-800-225-5163.

Reinvestment is usually made at the closing net asset value determined on the business day following the record date. Investors may leave standing instructions with the Transfer Agent designating their option for either reinvestment or cash distribution of any income dividends or capital gains distributions. If no election is made, dividends and distributions will be invested in additional shares of the Fund.

Investors may also have dividends and distributions automatically deposited to their predesignated bank account through Scudder's DistributionsDirect Program. Shareholders who elect to participate in the

DistributionsDirect Program, and whose predesignated checking account of record is with a member bank of the Automated Clearing House Network (ACH) can have income and capital gain distributions automatically deposited to their personal bank account usually within three business days after the Fund pays its distribution. A DistributionsDirect request form can be obtained by calling 1-800-225-5163. Confirmation statements will be mailed to shareholders as notification that distributions have been deposited.

Investors choosing to participate in Scudder's Automatic Investment Withdrawal Plan must reinvest any dividends or capital gains. For most retirement plan accounts, the reinvestment of dividends and capital gains is also required.

#### Diversification

An investment in the Fund represents an interest in a large, diversified portfolio of carefully selected securities. Diversification may protect the shareholder against the possible risks associated with concentrating in fewer securities or in a specific market sector.

#### Scudder Funds Centers

Investors may visit any of the Fund Centers maintained by the Distributor and listed in the Fund's prospectus. The Centers are designed to provide individuals with services during any business day. Investors may pick up literature or obtain assistance with opening an account, adding monies or special options to existing accounts, making exchanges within the Scudder Family of Funds, redeeming shares or opening retirement plans. Checks should not be mailed to the Centers but to "The Scudder Funds" at the address listed under "How to contact Scudder" in the prospectus.

#### Reports to Shareholders

The Fund issues shareholders financial statements examined by independent accountants on a semiannual basis and audited annually. These include a list of investments held and statements of assets and liabilities, operations, changes in net assets and supplementary information for the Fund.

#### Transaction Summaries

Annual summaries of all transactions in each Fund account are available to shareholders. The summaries may be obtained by calling 1-800-225-5163.

#### THE SCUDDER FAMILY OF FUNDS

(See "Investment products and services" in the Fund's prospectus.)

The Scudder Family of Funds is America's first family of mutual funds and the nation's oldest family of no-load mutual funds. To assist investors in choosing a Scudder fund, descriptions of the Scudder funds' objectives follow. Initial purchases in each Scudder fund must be at least \$2,500 or \$1,000 in the case of IRAs. Subsequent purchases must be for \$100 or more. Minimum investments for special plan accounts may be lower.

#### MONEY MARKET

Scudder Cash Investment Trust ("SCIT") seeks to maintain the stability of capital, and consistent therewith, to maintain the liquidity of capital and to provide current income through investment in a supervised portfolio of short-term debt securities. SCIT intends to seek to maintain a constant net asset value of \$1.00 per share, although in certain circumstances this may not be possible.

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Scudder U.S. Treasury Money Fund seeks to provide safety, liquidity and stability of capital and consistent therewith to provide current income through investment in a supervised portfolio of U.S. Government and U.S. Government guaranteed obligations with maturities of not more than 762 calendar days. The Fund intends to seek to maintain a constant net asset value of \$1.00 per share, although in certain circumstances this may not be possible.

#### INCOME

Scudder Emerging Markets Income Fund seeks to provide high current income and, secondarily, long-term capital appreciation through investments primarily in high-yielding debt securities issued in emerging markets.

Scudder Global Bond Fund seeks to provide total return with an emphasis on current income by investing primarily in high-grade bonds denominated in foreign currencies and the U.S. dollar. As a secondary objective, the Fund will seek capital appreciation.

Scudder GNMA Fund seeks to provide investors with high current income from a portfolio of high-quality GNMA securities.

Scudder High Yield Bond Fund seeks to provide a high level of current income and, secondarily, capital appreciation through investment primarily in below investment grade domestic debt securities.

Scudder Income Fund seeks to earn a high level of income consistent with the prudent investment of capital through a flexible investment program emphasizing high-grade bonds.

Scudder International Bond Fund seeks to provide income from a portfolio of high-grade bonds denominated in foreign currencies. As a secondary objective, the Fund seeks protection and possible enhancement of principal value by actively managing currency, bond market and maturity exposure and by security selection.

Scudder Short Term Bond Fund seeks to provide a higher and more stable level of income than is normally provided by money market investments, and more price stability than investments in intermediate- and long-term bonds.

Scudder Zero Coupon 2000 Fund seeks to provide as high an investment return over a selected period as is consistent with the minimization of reinvestment risks through investments primarily in zero coupon securities.

#### TAX FREE MONEY MARKET

Scudder Tax Free Money Fund ("STFMF") is designed to provide investors with income exempt from regular federal income tax while seeking stability of principal. STFMF seeks to maintain a constant net asset value of \$1.00 per share, although in certain circumstances this may not be possible.

Scudder California Tax Free Money Fund\* is designed to provide California taxpayers income exempt from California state and regular federal income taxes, and seeks stability of capital and the maintenance of a constant net asset value of \$1.00 per share, although in certain circumstances this may not be possible.

Scudder New York Tax Free Money Fund\* is designed to provide New York taxpayers income exempt from New York state, New York City and regular federal income taxes, and seeks stability of capital and the maintenance of a constant net asset value of \$1.00 per share, although in certain circumstances this may not be possible.

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\* These funds are not available for sale in all states. For information, contact Scudder Investor Services, Inc.

#### TAX FREE

Scudder High Yield Tax Free Fund seeks to provide high income which is exempt from regular federal income tax by investing in municipal securities.

Scudder Limited Term Tax Free Fund seeks to provide as high a level of income exempt from regular federal income tax as is consistent with a high degree of principal stability.

Scudder Managed Municipal Bonds seeks to provide income which is exempt from regular federal income tax primarily through investments in long-term municipal securities with an emphasis on high grade.

Scudder Medium Term Tax Free Fund seeks to provide a high level of income free from regular federal income taxes and to limit principal



fluctuation by investing in high-grade municipal securities of intermediate maturities.

Scudder California Tax Free Fund\* seeks to provide income exempt from both California and regular federal income taxes through the professional and efficient management of a portfolio consisting of California state, municipal and local government obligations.

Scudder Massachusetts Limited Term Tax Free Fund\* seeks to provide as high a level of income exempt from Massachusetts personal and regular federal income tax as is consistent with a high degree of principal stability.

Scudder Massachusetts Tax Free Fund\* seeks to provide income exempt from both Massachusetts and regular federal income taxes through the professional and efficient management of a portfolio consisting of Massachusetts state, municipal and local government obligations.

Scudder New York Tax Free Fund\* seeks to provide income exempt from New York state, New York City and regular federal income taxes through the professional and efficient management of a portfolio consisting of investments in New York state, municipal and local government obligations.

Scudder Ohio Tax Free Fund\* seeks to provide income exempt from both Ohio and regular federal income taxes through the professional and efficient management of a portfolio consisting of Ohio state, municipal and local government obligations.

Scudder Pennsylvania Tax Free Fund\* seeks to provide income exempt from both Pennsylvania and regular federal income taxes through a portfolio consisting of Pennsylvania state, municipal and local government obligations.

#### GROWTH AND INCOME

Scudder Balanced Fund seeks to provide a balance of growth and income, as well as long-term preservation of capital, from a diversified portfolio of equity and fixed income securities.

Scudder Growth and Income Fund seeks to provide long-term growth of capital, current income, and growth of income through a portfolio invested primarily in common stocks and convertible securities by companies which offer the prospect of growth of earnings while paying current dividends.

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\* These funds are not available for sale in all states. For information, contact Scudder Investor Services, Inc.

#### GROWTH

Scudder Capital Growth Fund seeks to maximize long-term growth of capital through a broad and flexible investment program emphasizing common stocks.

Scudder Classic Growth Fund seeks long-term growth of capital with reduced share price volatility compared to other growth mutual funds.

Scudder Development Fund seeks to achieve long-term growth of capital primarily through investments in marketable securities, principally common stocks, of relatively small or little-known companies which in the opinion of management have promise of expanding their size and profitability or of gaining increased market recognition for their securities, or both.

Scudder Emerging Markets Growth Fund seeks long-term growth of capital primarily through equity investment in emerging markets around the globe.

Scudder Global Discovery Fund seeks above-average capital appreciation over the long term by investing primarily in the equity securities of small companies located throughout the world.

Scudder Global Fund seeks long-term growth of capital primarily through a diversified portfolio of marketable equity securities selected on a worldwide basis. It may also invest in debt securities of U.S. and foreign issuers. Income is an incidental consideration.

Scudder Gold Fund seeks maximum return (principal change and income) consistent with investing in a portfolio of gold-related equity securities and gold.

Scudder Greater Europe Growth Fund seeks long-term growth of capital through investments primarily in the equity securities of European companies.

Scudder International Fund seeks long-term growth of capital through investment principally in a diversified portfolio of marketable equity securities selected primarily to permit participation in non-U.S. companies and economies with prospects for growth. It also invests in fixed-income securities of foreign governments and companies, with a view toward total investment return.

Scudder Large Company Growth Fund seeks to provide long-term growth of capital through investment primarily in the equity securities of large U.S. growth companies.

Scudder Latin America Fund seeks to provide long-term capital appreciation through investment primarily in the securities of Latin American issuers.

Scudder Micro Cap Fund seeks long-term growth of capital by investing primarily in a diversified portfolio of U.S. micro-cap stocks.

Scudder Pacific Opportunities Fund seeks long-term growth of capital through investment primarily in the equity securities of Pacific Basin companies, excluding Japan.

Scudder Small Company Value Fund invests for long-term growth of capital by seeking out undervalued stocks of small U.S. companies.

Scudder 21st Century Growth Fund seeks long-term growth of capital by investing primarily in securities of emerging growth companies poised to be leaders in the 21st century.

Scudder Value Fund seeks long-term growth of capital through investment in undervalued equity securities.

The Japan Fund, Inc. seeks capital appreciation through investment in Japanese securities, primarily in common stocks of Japanese companies.

#### ASSET ALLOCATION

Scudder Pathway Series: Conservative Portfolio seeks primarily current income and secondarily long-term growth of capital. In pursuing these objectives, the Portfolio will, under normal market conditions, invest substantially in a select mix of Scudder bond mutual funds, but will have some exposure to Scudder equity mutual funds.

Scudder Pathway Series: Balanced Portfolio seeks a balance of growth and income by investing in a select mix of Scudder money market, bond and equity mutual funds.

Scudder Pathway Series: Growth Portfolio seeks to provide investors with long-term growth of capital. In pursuing this objective, the Portfolio will, under normal market conditions, invest predominantly in a select mix of Scudder equity mutual funds designed to provide long-term growth.

Scudder Pathway Series: International Portfolio seeks maximum total return. Total return consists of any capital appreciation plus dividend income and interest. To achieve this objective, the Portfolio invests in a select mix of international and global Scudder Funds.

The net asset values of most Scudder Funds can be found daily in the "Mutual Funds" section of The Wall Street Journal under "Scudder Funds," and in other leading newspapers throughout the country. Investors will notice the net asset value and offering price are the same, reflecting the fact that no sales commission or "load" is charged on the sale of shares of the Scudder Funds. The latest seven-day yields for the money-market funds can be found every Monday and Thursday in the "Money-Market Funds" section of The Wall Street Journal. This information also may be obtained by calling the Scudder Automated Information Line (SAIL) at 1-800-343-2890.

The Scudder Family of Funds offers many conveniences and services, including: active professional investment management; broad and diversified investment portfolios; pure no-load funds with no commissions to purchase or redeem shares or Rule 12b-1 distribution fees; individual attention from a service representative of Scudder Investor Relations; easy telephone exchanges into other Scudder funds; shares redeemable at net asset value at any time.

#### SPECIAL PLAN ACCOUNTS

(See "Scudder tax-advantaged retirement plans," "Purchases--By Automatic Investment Plan" and "Exchanges and redemptions--By Automatic Withdrawal Plan" in the Fund's prospectus.)

Detailed information on any Scudder investment plan, including the applicable charges, minimum investment requirements and disclosures made pursuant to Internal Revenue Service (the "IRS") requirements, may be obtained by contacting Scudder Investor Services, Inc., Two International Place, Boston, Massachusetts 02110-4103 or by calling toll free, 1-800-225-2470. It is advisable for an investor considering the funding of the investment plans described below to consult with an attorney or other investment or tax adviser with respect to the suitability requirements and tax aspects thereof.

Shares of the Fund may also be a permitted investment under profit sharing and pension plans and IRA's other than those offered by the Fund's distributor depending on the provisions of the relevant plan or IRA.

None of the plans assures a profit or guarantees protection against depreciation, especially in declining markets.

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#### Scudder Retirement Plans: Profit-Sharing and Money Purchase Pension Plans for Corporations and Self-Employed Individuals

Shares of the Fund may be purchased as the investment medium under a plan in the form of a Scudder Profit-Sharing Plan (including a version of the Plan which includes a cash-or-deferred feature) or a Scudder Money Purchase Pension Plan (jointly referred to as the Scudder Retirement Plans) adopted by a corporation, a self-employed individual or a group of self-employed individuals (including sole proprietorships and partnerships), or other qualifying organization. Each of these forms was approved by the IRS as a prototype. The IRS's approval of an employer's plan under Section 401(a) of the Internal Revenue Code will be greatly facilitated if it is in such approved form. Under certain circumstances, the IRS will assume that a plan, adopted in this form, after special notice to any employees, meets the requirements of Section 401(a) of the Internal Revenue Code.

#### Scudder 401(k): Cash or Deferred Profit-Sharing Plan for Corporations and Self-Employed Individuals

Shares of the Fund may be purchased as the investment medium under a plan in the form of a Scudder 401(k) Plan adopted by a corporation, a self-employed individual or a group of self-employed individuals (including sole proprietors and partnerships), or other qualifying organization. This plan has been approved as a prototype by the IRS.

#### Scudder IRA: Individual Retirement Account

Shares of the Fund may be purchased as the underlying investment for an Individual Retirement Account which meets the requirements of Section 408(a) of the Internal Revenue Code.

A single individual who is not an active participant in an employer-maintained retirement plan, a simplified employee pension plan, or a

tax-deferred annuity program (a "qualified plan"), and a married individual who is not an active participant in a qualified plan and whose spouse is also not an active participant in a qualified plan, are eligible to make tax deductible contributions of up to \$2,000 to an IRA prior to the year such individual attains age 70 1/2. In addition, certain individuals who are active participants in qualified plans (or who have spouses who are active participants) are also eligible to make tax-deductible contributions to an IRA; the annual amount, if any, of the contribution which such an individual will be eligible to deduct will be determined by the amount of his, her, or their adjusted gross income for the year. Whenever the adjusted gross income limitation prohibits an individual from contributing what would otherwise be the maximum tax-deductible contribution he or she could make, the individual will be eligible to contribute the difference to an IRA in the form of nondeductible contributions.

An eligible individual may contribute as much as \$2,000 of qualified income (earned income or, under certain circumstances, alimony) to an IRA each year (beginning in 1997, up to \$2,000 per individual for married couples if only one spouse has earned income). All income and capital gains derived from IRA investments are reinvested and compound tax-deferred until distributed. Such tax-deferred compounding can lead to substantial retirement savings.

The table below shows how much individuals would accumulate in a fully tax-deductible IRA by age 65 (before any distributions) if they contribute \$2,000 at the beginning of each year, assuming average annual returns of 5, 10, and 15%. (At withdrawal, accumulations in this table will be taxable.)

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<TABLE>

<CAPTION>

Value of IRA at Age 65  
Assuming \$2,000 Deductible Annual Contribution

Starting Age of	Annual Rate of Return		
	5%	10%	15%
Contributions			
<S>	<C>	<C>	<C>
25	\$253,680	\$973,704	\$4,091,908
35	139,522	361,887	999,914
45	69,439	126,005	235,620
55	26,414	35,062	46,699

</TABLE>

This next table shows how much individuals would accumulate in non-IRA accounts by age 65 if they start with \$2,000 in pretax earned income at the beginning of each year (which is \$1,380 after taxes are paid), assuming average annual returns of 5, 10 and 15%. (At withdrawal, a portion of the accumulation in this table will be taxable.)

Value of a Non-IRA Account at  
Age 65 Assuming \$1,380 Annual Contributions  
(post tax, \$2,000 pretax) and a 31% Tax Bracket

<TABLE>

<CAPTION>

Starting Age of	Annual Rate of Return		
	5%	10%	15%
Contributions			
<S>	<C>	<C>	<C>
25	\$119,318	\$287,021	\$741,431
35	73,094	136,868	267,697
45	40,166	59,821	90,764
55	16,709	20,286	24,681

</TABLE>

Scudder 403(b) Plan

Shares of the Fund may also be purchased as the underlying investment for tax sheltered annuity plans under the provisions of Section 403(b)(7) of the Internal Revenue Code. In general, employees of tax-exempt organizations described in Section 501(c)(3) of the Internal Revenue Code (such as hospitals, churches, religious, scientific, or literary organizations and educational institutions) or a public school system are eligible to participate in a 403(b) plan.

## Automatic Withdrawal Plan

Non-retirement plan shareholders may establish an Automatic Withdrawal Plan to receive monthly, quarterly or periodic redemptions from his or her account for any designated amount of \$50 or more. Payments are mailed at the end of each month. The check amounts may be based on the redemption of a fixed dollar amount, fixed share amount, percent of account value or declining balance. The Plan provides for income dividends and capital gains distributions, if any, to be reinvested in additional shares. Shares are then liquidated as necessary to provide for withdrawal payments. Since the withdrawals are in amounts selected by the investor and have no relationship to yield or income, payments received cannot be considered as yield or income on the investment and the resulting liquidations may deplete or possibly extinguish the initial investment. Requests for increases in withdrawal amounts or to change payee must be submitted in writing, signed exactly as the account is registered and contain signature guarantee(s) as described under "Transaction information--Redeeming shares--Signature guarantees" in the Fund's prospectus. Any such requests must be received by the Fund's transfer agent by the 15th of the month in which such change is to take effect. An Automatic Withdrawal Plan may be terminated at any time by the shareholder, the Trust or its agent on written notice, and will be terminated when all shares of the Fund under the Plan have been liquidated or upon receipt by the Trust of notice of death of the shareholder.

An Automatic Withdrawal Plan request form can be obtained by calling 1-800-225-5163.

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## Group or Salary Deduction Plan

An investor may join a Group or Salary Deduction Plan where satisfactory arrangements have been made with Scudder Investor Services, Inc. for forwarding regular investments through a single source. The minimum annual investment is \$240 per investor which may be made in monthly, quarterly, semiannual or annual payments. The minimum monthly deposit per investor is \$20. Except for trustees or custodian fees for certain retirement plans, at present there is no separate charge for maintaining group or salary deduction plans; however, the Trust and its agents reserve the right to establish a maintenance charge in the future depending on the services required by the investor.

The Trust reserves the right, after notice has been given to the shareholder, to redeem and close a shareholder's account in the event that the shareholder ceases participating in the group plan prior to investment of \$1,000 per individual or in the event of a redemption which occurs prior to the accumulation of that amount or which reduces the account value to less than \$1,000 and the account value is not increased to \$1,000 within a reasonable time after notification. An investor in a plan who has not purchased shares for six months shall be presumed to have stopped making payments under the plan.

## Automatic Investment Plan

Shareholders may arrange to make periodic investments through automatic deductions from checking accounts by completing the appropriate form and providing the necessary documentation to establish this service. The minimum investment is \$50.

The Automatic Investment Plan involves an investment strategy called dollar cost averaging. Dollar cost averaging is a method of investing whereby a specific dollar amount is invested at regular intervals. By investing the same dollar amount each period, when shares are priced low the investor will purchase more shares than when the share price is higher. Over a period of time this investment approach may allow the investor to reduce the average price of the shares purchased. However, this investment approach does not assure a profit or protect against loss. This type of regular investment program may be suitable for various investment goals such as, but not limited to, college planning or saving for a home.

## Uniform Transfers/Gifts to Minors Act

Grandparents, parents or other donors may set up custodian accounts for minors. The minimum initial investment is \$1,000 unless the donor agrees to continue to make regular share purchases for the account through Scudder's Automatic Investment Plan (AIP). In this case, the minimum initial investment is \$500.

The Trust reserves the right, after notice has been given to the shareholder and custodian, to redeem and close a shareholder's account in the

event that regular investments to the account cease before the \$1,000 minimum is reached.

DIVIDENDS AND CAPITAL GAINS DISTRIBUTIONS

(See "Distribution and performance information--Dividends and capital gains distributions" in the Fund's prospectus.)

The Fund intends to follow the practice of distributing substantially all of its investment company taxable income which includes any excess of net realized short-term capital gains over net realized long-term capital losses. The Fund may follow the practice of distributing the entire excess of net realized long-term capital gains over net realized short-term capital losses. However, if it appears to be in the best interest of the Fund and its shareholders, the Fund may retain all or part of such gain for reinvestment, after paying the related federal taxes for which shareholders may then be able to claim a credit against their federal tax liability. If the Fund does not distribute the amount of capital gain and/or net investment income required to

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be distributed by an excise tax provision of the Internal Revenue Code, the Fund may be subject to that excise tax. In certain circumstances, the Fund may determine that it is in the interest of shareholders to distribute less than the required amount. (See "TAXES.")

The Fund intends to distribute investment company taxable income in December each year. The Fund intends to declare in December any net realized capital gains resulting from its investment activity. The Fund intends to distribute the December dividends and capital gains either in December or in the following January. Any dividends or capital gains distributions declared in October, November or December with a record date in such a month and paid during the following January will be treated by shareholders for federal income tax purposes as if received on December 31 of the calendar year declared. Additional distributions may be made if necessary. Both types of distributions will be made in shares of the Fund and confirmations will be mailed to each shareholder unless a shareholder has elected to receive cash, in which case a check will be sent.

PERFORMANCE INFORMATION

(See "Distribution and performance information--Performance information" in the Fund's prospectus.)

From time to time, quotations of the Fund's performance may be included in advertisements, sales literature or reports to shareholders or prospective investors. These performance figures are calculated in the following manners:

Average Annual Total Return

Average annual total return is the average annual compound rate of return for periods of one year, five years, and ten years (or such shorter periods as may be applicable dating from the commencement of the Fund's operations), all ended on the last day of a recent calendar quarter. Average annual total return quotations reflect changes in the price of the Fund's shares and assume that all dividends and capital gains distributions during the respective periods were reinvested in Fund shares. Average annual total return is calculated by computing the average annual compound rates of return of a hypothetical investment over such periods according to the following formula (average annual total return is then expressed as a percentage):

$$T = (ERV/P)^{1/n} - 1$$

Where:

T	=	average annual total return
P	=	a hypothetical initial investment of \$1,000
n	=	number of years
ERV	=	ending redeemable value: ERV is the value, at the end of the applicable period, of a hypothetical \$1,000 investment made at the beginning of the applicable period.

Average Annual Total Return for the periods ended October 31, 1996

One Year	Five Years	Life of the Fund (1)
-----	-----	-----
19.49%	14.59%	13.94%

(1) For the period from May 15, 1991, commencement of operations.

As described above, average annual total return is based on historical earnings and is not intended to indicate future performance. Average annual total return for the Fund will vary based on changes in market conditions and the level of the Fund's expenses.

In connection with communicating its average annual total return to current or prospective shareholders, the Fund also may compare these figures to the performance of other mutual funds tracked by mutual fund rating services or to unmanaged indices which may assume reinvestment of dividends but generally do not reflect deductions for administrative and management costs.

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#### Cumulative Total Return

Cumulative total return is the cumulative rate of return on a hypothetical initial investment of \$1,000 for a specified period. Cumulative total return quotations reflect changes in the price of a Fund's shares and assume that all dividends and capital gains distributions during the period were reinvested in Fund shares. Cumulative total return is calculated by computing the cumulative rates of return of a hypothetical investment over such periods, according to the following formula (cumulative total return is then expressed as a percentage):

$$C = (ERV/P) - 1$$

Where:

C	=	Cumulative total return
P	=	a hypothetical initial investment of \$1,000
ERV	=	ending redeemable value: ERV is the value, at the end of the applicable period, of a hypothetical \$1,000 investment made at the beginning of the applicable period.

Cumulative Total Return for the periods ended October 31, 1996

One Year	Five Years	Life of the Fund (1)
-----	-----	-----
19.49%	97.70%	104.16%

(1) For the period from May 15, 1991, commencement of operations.

#### Total Return

Total return is the rate of return on an investment for a specified period of time calculated in the same manner as cumulative total return.

#### Capital Change

Capital change measures the return from invested capital including reinvested capital gains distributions. Capital change does not include the reinvestment of income dividends.

Quotations of the Fund's performance are based on historical earnings and show the performance of a hypothetical investment and are not intended to indicate future performance of the Fund. An investor's shares when redeemed may be worth more or less than their original cost. Performance of the Fund will vary based on changes in market conditions and the level of the Fund's expenses.

Because some of the Fund's investments are denominated in foreign currencies, the strength or weakness of the U.S. dollar against these currencies may account for part of the Fund's investment performance. Information on the value of the dollar versus foreign currencies may be used from time to time in advertisements concerning the Fund. Such historical information is not indicative of future performance.

#### Performance Indices

The Fund's performance will, from time to time, be compared to the percentage changes of unmanaged performance indices. Such indices will include the Dow Jones Industrial Average ("DJIA"), S&P 500 and the Consumer Price Index ("CPI"). The DJIA and S&P 500 are unmanaged indices widely regarded as representative of the equity market in general. The CPI is a commonly used measure of inflation.

## Comparison of Fund Performance

A comparison of the quoted non-standard performance offered for various investments is valid only if performance is calculated in the same manner. Since there are different methods of calculating performance, investors should consider the effects of the methods used to calculate performance when comparing performance of the Fund with performance quoted with respect to other investment companies or types of investments.

In connection with communicating its performance to current or prospective shareholders, the Fund also may compare these figures to the performance of unmanaged indices which may assume reinvestment of dividends or interest but generally do not reflect deductions for administrative and management costs. Examples include, but are not limited to the Dow Jones Industrial Average, the Consumer Price Index, Standard & Poor's 500 Composite Stock Price Index (S&P 500), the NASDAQ OTC Composite Index, the NASDAQ Industrials Index, the Russell 2000 Index, and statistics published by the Small Business Administration.

From time to time, in advertising and marketing literature, this Fund's performance may be compared to the performance of broad groups of mutual funds with similar investment goals, as tracked by independent organizations such as, Investment Company Data, Inc. ("ICD"), Lipper Analytical Services, Inc. ("Lipper"), CDA Investment Technologies, Inc. ("CDA"), Morningstar, Inc., Value Line Mutual Fund Survey and other independent organizations. When these organizations' tracking results are used, the Fund will be compared to the appropriate fund category, that is, by fund objective and portfolio holdings, or to the appropriate volatility grouping, where volatility is a measure of a fund's risk. For instance, a Scudder growth fund will be compared to funds in the growth fund category; a Scudder income fund will be compared to funds in the income fund category; and so on. Scudder funds (except for money market funds) may also be compared to funds with similar volatility, as measured statistically by independent organizations.

From time to time, in marketing and other Fund literature, Trustees and officers of the Fund, the Fund's portfolio manager, or members of the portfolio management team may be depicted and quoted to give prospective and current shareholders a better sense of the outlook and approach of those who manage the Fund. In addition, the amount of assets that the Adviser has under management in various geographical areas may be quoted in advertising and marketing materials.

The Fund may be advertised as an investment choice in Scudder's college planning program. The description may contain illustrations of projected future college costs based on assumed rates of inflation and examples of hypothetical fund performance, calculated as described above.

Statistical and other information, as provided by the Social Security Administration, may be used in marketing materials pertaining to retirement planning in order to estimate future payouts of social security benefits. Estimates may be used on demographic and economic data.

Marketing and other Fund literature may include a description of the potential risks and rewards associated with an investment in the Fund. The description may include a "risk/return spectrum" which compares the Fund to other Scudder funds or broad categories of funds, such as money market, bond or equity funds, in terms of potential risks and returns. Money market funds are designed to maintain a constant \$1.00 share price and have a fluctuating yield. Share price, yield and total return of a bond fund will fluctuate. The share price and return of an equity fund also will fluctuate. The description may also compare the Fund to bank products, such as certificates of deposit. Unlike mutual funds, certificates of deposit are insured up to \$100,000 by the U.S. government and offer a fixed rate of return.

Because bank products guarantee the principal value of an investment and money market funds seek stability of principal, these investments are considered to be less risky than investments in either bond or equity funds, which may involve the loss of principal. However, all long-term investments, including investments in bank products, may be subject to inflation risk, which is the risk of erosion of the value of an investment as prices increase over a long time period. The risks/returns associated with an investment in bond or equity funds depend upon many factors. For bond funds these factors include, but are not limited to, a fund's overall investment objective, the average portfolio maturity, credit quality of the securities held, and interest rate movements. For equity funds, factors include a fund's overall investment objective, the



types of equity securities held and the financial position of the issuers of the securities. The risks/returns associated with an investment in international bond or equity funds also will depend upon currency exchange rate fluctuation.

A risk/return spectrum generally will position the various investment categories in the following order: bank products, money market funds, bond funds and equity funds. Shorter-term bond funds generally are considered less risky and offer the potential for less return than longer-term bond funds. The same is true of domestic bond funds relative to international bond funds, and bond funds that purchase higher quality securities relative to bond funds that purchase lower quality securities. Growth and income equity funds are generally considered to be less risky and offer the potential for less return than growth funds. In addition, international equity funds usually are considered more risky than domestic equity funds but generally offer the potential for greater return.

Risk/return spectrums also may depict funds that invest in both domestic and foreign securities or a combination of bond and equity securities.

#### Internet access

World Wide Web Site -- The address of the Scudder Funds site is <http://funds.scudder.com>. The site offers guidance on global investing and developing strategies to help meet financial goals and provides access to the Scudder investor relations department via e-mail. The site also enables users to access or view fund prospectuses and profiles with links between summary information in Profiles and details in the Prospectus. Users can fill out new account forms on-line, order free software, and request literature on funds.

The site is designed for interactivity, simplicity and maneuverability. A section entitled "Planning Resources" provides information on asset allocation, tuition, and retirement planning to users who fill out interactive "worksheets." Investors can easily establish a "Personal Page," that presents price information, updated daily, on funds they're interested in following. The "Personal Page" also offers easy navigation to other parts of the site. Fund performance data from both Scudder and Lipper Analytical Services, Inc. are available on the site. Also offered on the site is a news feature, which provides timely and topical material on the Scudder Funds.

Scudder has communicated with shareholders and other interested parties on Prodigy since 1988 and has participated since 1994 in GALT's Network "financial marketplace" site on the Internet. The firm made Scudder Funds information available on America Online in early 1996.

Account Access -- Scudder is among the first mutual fund families to allow shareholders to manage their fund accounts through the World Wide Web. Scudder Fund shareholders can view a snapshot of current holdings, review account activity and move assets between Scudder Fund accounts.

Scudder's personal portfolio capabilities -- known as SEAS (Scudder Electronic Account Services) -- are accessible only by current Scudder Fund shareholders who have set up a Personal Page on Scudder's Web site. Using a secure Web browser, shareholders sign on to their account with their Social Security number and their SAIL password. As an additional security measure, users can change their current password or disable access to their portfolio through the World Wide Web.

An Account Activity option reveals a financial history of transactions for an account, with trade dates, type and amount of transaction, share price and number of shares traded. For users who wish to trade shares between Scudder Funds, the Fund Exchange option provides a step-by-step procedure to exchange shares among existing fund accounts or to new Scudder Fund accounts.

A Call MeTM feature enables users to speak with a Scudder Investor Relations telephone representative while viewing their account on the Web site. In order to use the Call MeTM feature, an individual must have two phone lines and enter on the screen the phone number that is not being used to connect to the Internet. They are connected to the next available Scudder Investor Relations representative from 8 a.m. to 8 p.m. eastern time.

Evaluation of Fund performance or other relevant statistical information made by independent sources may also be used in advertisements concerning the Fund, including reprints of, or selections from, editorials or articles about this Fund. Sources for Fund performance information and articles

about the Fund include the following:

American Association of Individual Investors' Journal, a monthly publication of the AAIJ that includes articles on investment analysis techniques.

Asian Wall Street Journal, a weekly Asian newspaper that often reviews U.S. mutual funds investing internationally.

Banxquote, an on-line source of national averages for leading money market and bank CD interest rates, published on a weekly basis by Masterfund, Inc. of Wilmington, Delaware.

Barron's, a Dow Jones and Company, Inc. business and financial weekly that periodically reviews mutual fund performance data.

Business Week, a national business weekly that periodically reports the performance rankings and ratings of a variety of mutual funds investing abroad.

CDA Investment Technologies, Inc., an organization which provides performance and ranking information through examining the dollar results of hypothetical mutual fund investments and comparing these results against appropriate market indices.

Consumer Digest, a monthly business/financial magazine that includes a "Money Watch" section featuring financial news.

Financial Times, Europe's business newspaper, which features from time to time articles on international or country-specific funds.

Financial World, a general business/financial magazine that includes a "Market Watch" department reporting on activities in the mutual fund industry.

Forbes, a national business publication that from time to time reports the performance of specific investment companies in the mutual fund industry.

Fortune, a national business publication that periodically rates the performance of a variety of mutual funds.

The Frank Russell Company, a West-Coast investment management firm that periodically evaluates international stock markets and compares foreign equity market performance to U.S. stock market performance.

Global Investor, a European publication that periodically reviews the performance of U.S. mutual funds investing internationally.

IBC Money Fund Report, a weekly publication of IBC Financial Data, Inc., reporting on the performance of the nation's money market funds, summarizing money market fund activity and including certain averages as performance benchmarks, specifically "IBC's Money Fund Average," and "IBC's Government Money Fund Average."

Ibbotson Associates, Inc., a company specializing in investment research and data.

Investment Company Data, Inc., an independent organization which provides performance ranking information for broad classes of mutual funds.

Investor's Business Daily, a daily newspaper that features financial, economic, and business news.

Kiplinger's Personal Finance Magazine, a monthly investment advisory publication that periodically features the performance of a variety of securities.

Lipper Analytical Services, Inc.'s Mutual Fund Performance Analysis, a weekly publication of industry-wide mutual fund averages by type of fund.

Money, a monthly magazine that from time to time features both specific funds and the mutual fund industry as a whole.

Morgan Stanley International, an integrated investment banking firm that compiles statistical information.

Mutual Fund Values, a biweekly Morningstar, Inc. publication that provides ratings of mutual funds based on fund performance, risk and portfolio

characteristics.

The New York Times, a nationally distributed newspaper which regularly covers financial news.

The No-Load Fund Investor, a monthly newsletter, published by Sheldon Jacobs, that includes mutual fund performance data and recommendations for the mutual fund investor.

No-Load Fund\*X, a monthly newsletter, published by DAL Investment Company, Inc., that reports on mutual fund performance, rates funds and discusses investment strategies for the mutual fund investor.

Personal Investing News, a monthly news publication that often reports on investment opportunities and market conditions.

Personal Investor, a monthly investment advisory publication that includes a "Mutual Funds Outlook" section reporting on mutual fund performance measures, yields, indices and portfolio holdings.

Smart Money, a national personal finance magazine published monthly by Dow Jones and Company, Inc. and The Hearst Corporation. Focus is placed on ideas for investing, spending and saving.

Success, a monthly magazine targeted to the world of entrepreneurs and growing business, often featuring mutual fund performance data.

United Mutual Fund Selector, a semi-monthly investment newsletter, published by Babson United Investment Advisors, that includes mutual fund performance data and reviews of mutual fund portfolios and investment strategies.

USA Today, a leading national daily newspaper.

U.S. News and World Report, a national news weekly that periodically reports mutual fund performance data.

Value Line Mutual Fund Survey, an independent organization that provides biweekly performance and other information on mutual funds.

The Wall Street Journal, a Dow Jones and Company, Inc. newspaper which regularly covers financial news.

Wiesenberger Investment Companies Services, an annual compendium of information about mutual funds and other investment companies, including comparative data on funds' backgrounds, management policies, salient features, management results, income and dividend records and price ranges.

Working Woman, a monthly publication that features a "Financial Workshop" section reporting on the mutual fund/financial industry.

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Worth, a national publication put out 10 times per year by Capital Publishing Company, a subsidiary of Fidelity Investments. Focus is placed on personal financial journalism.

#### FUND ORGANIZATION

(See "Fund organization" in the Fund's prospectus.)

The Fund is a series of Scudder Investment Trust, a Massachusetts business trust established under a Declaration of Trust dated September 20, 1984, as amended. The name of the Trust was changed, effective May 15, 1991, from Scudder Growth and Income Fund.

The Trust's authorized capital consists of an unlimited number of shares of beneficial interest, par value \$0.01 per share. The Trust's shares are currently divided into two series, Scudder Large Company Growth Fund and Scudder Growth and Income Fund. The Trustees of the Trust have the authority to issue additional series of shares. Each share of each Fund has equal rights with each other share of that Fund as to voting, dividends and liquidation. All shares issued and outstanding will be fully paid and nonassessable by the Trust, and redeemable as described in this Statement of Additional Information and in each Fund's prospectus.

The assets of the Trust received for the issue or sale of the shares of each series and all income, earnings, profits and proceeds thereof, subject only

to the rights of creditors, are specifically allocated to such series and constitute the underlying assets of such series. The underlying assets of each series are segregated on the books of account, and are to be charged with the liabilities in respect to such series and with a proportionate share of the general liabilities of the Trust. If a series were unable to meet its obligations, the assets of all other series may in some circumstances be available to creditors for that purpose, in which case the assets of such other series could be used to meet liabilities which are not otherwise properly chargeable to them. Expenses with respect to any two or more series are to be allocated in proportion to the asset value of the respective series except where allocations of direct expenses can otherwise be fairly made. The officers of the Trust, subject to the general supervision of the Trustees, have the power to determine which liabilities are allocable to a given series, or which are general or allocable to two or more series. In the event of the dissolution or liquidation of the Trust or any series, the holders of the shares of any series are entitled to receive as a class the underlying assets of such shares available for distribution to shareholders.

Shares of the Trust entitle their holders to one vote per share; however, separate votes are taken by each series on matters affecting that individual series. For example, a change in investment policy for a series would be voted upon only by shareholders of the series involved. Additionally, approval of the investment advisory agreement is a matter to be determined separately by each series.

The Trustees, in their discretion, may authorize the division of shares of the Fund (or shares of a series) into different classes, permitting shares of different classes to be distributed by different methods. Although shareholders of different classes of a series would have an interest in the same portfolio of assets, shareholders of any subsequently created classes may bear different expenses in connection with different methods of distribution of their classes. The Trustees have no present intention of taking the action necessary to effect the division of shares into separate classes, nor of changing the method of distribution of shares of the Fund.

The Declaration of Trust provides that obligations of the Fund are not binding upon the Trustees individually but only upon the property of the Fund, that the Trustees and officers will not be liable for errors of judgment or mistakes of fact or law, and that the Fund will indemnify its Trustees and officers against liabilities and expenses incurred in connection with litigation in which they may be involved because of their offices with the Fund except if it is determined in the manner provided in the Declaration of Trust that they have not acted in good faith in the reasonable belief that their actions were in the best interests of the Fund. However, nothing in the Declaration of Trust protects or indemnifies a Trustee or officer against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

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#### INVESTMENT ADVISER

(See "Fund organization--Investment adviser" in the Fund's prospectus.)

Scudder, Stevens & Clark, Inc., an investment counsel firm, acts as investment adviser to the Fund. This organization is one of the most experienced investment management firms in the U.S. It was established in 1919 and pioneered the practice of providing investment counsel to individual clients on a fee basis. In 1928 it introduced the first no-load mutual fund to the public. In 1953 Scudder introduced Scudder International Fund, Inc., the first mutual fund available in the U.S. investing internationally in securities of issuers in several foreign countries. The firm reorganized from a partnership to a corporation on June 28, 1985.

The principal source of the Adviser's income is professional fees received from providing continuous investment advice, and the firm derives no income from brokerage or underwriting of securities. Today, it provides investment counsel for many individuals and institutions, including insurance companies, colleges, industrial corporations, and financial and banking organizations. In addition, it manages Montgomery Street Income Securities, Inc., Scudder California Tax Free Trust, Scudder Cash Investment Trust, Scudder Equity Trust, Scudder Fund, Inc., Scudder Funds Trust, Scudder Global Fund, Inc., Scudder GNMA Fund, Scudder Portfolio Trust, Scudder Institutional Fund, Inc., Scudder International Fund, Inc., Scudder Investment Trust, Scudder Municipal Trust, Scudder Mutual Funds, Inc., Scudder New Asia Fund, Inc., Scudder New Europe Fund, Inc., Scudder Pathway Series, Scudder Securities Trust, Scudder State Tax Free Trust, Scudder Tax Free Money Fund, Scudder Tax Free

Trust, Scudder U.S. Treasury Money Fund, Scudder Variable Life Investment Fund, Scudder World Income Opportunities Fund, Inc., The Argentina Fund, Inc., The Brazil Fund, Inc., The First Iberian Fund, Inc., The Korea Fund, Inc., The Japan Fund, Inc. and The Latin America Dollar Income Fund, Inc. Some of the foregoing companies or trusts have two or more series.

The Adviser also provides investment advisory services to the mutual funds which comprise the AARP Investment Program from Scudder. The AARP Investment Program from Scudder has assets over \$12 billion and includes the AARP Growth Trust, AARP Income Trust, AARP Tax Free Income Trust, AARP Managed Investment Portfolios Trust and AARP Cash Investment Funds.

Institutional assets managed by the Adviser using a large company growth investment approach exceeded \$\_\_\_ million as of September 31, 1996.

International Investment Experience. The Adviser has been a leader in international investment management for over forty years. In addition to Scudder International Fund, Inc., which was incorporated in Canada in 1953 as the first foreign investment company registered with the SEC, the Adviser's investment company clients include Scudder Global Fund, and Scudder Global Bond Fund, which invest worldwide, Scudder Greater Europe Growth Fund, which invests primarily in the equity securities of European companies, Scudder International Bond Fund, which invests internationally, Scudder Latin America Fund, which invests in Latin American issuers, and The Japan Fund, Inc., which invests primarily in securities of Japanese companies. The Adviser also manages the assets of eight closed-end investment companies investing in foreign securities: The Argentina Fund, Inc., The Brazil Fund, Inc., The First Iberian Fund, Inc., The Korea Fund, Inc., The Latin America Dollar Income Fund, Inc., Scudder New Asia Fund, Inc., Scudder New Europe Fund, Inc., and Scudder World Income Opportunities Fund, Inc. Assets of the Adviser's international investment company clients totaled more than \$\_\_ billion as of December 31, 1996.

The Adviser utilizes its international investment experience when evaluating foreign accounting practices such as those which may be used by the issuers of the foreign securities in which the Fund may invest.

The Adviser maintains a large research department, which conducts continuous studies of the factors that affect the position of various industries, companies and individual securities. In this work, the Adviser utilizes certain reports and statistics from a wide variety of sources, including brokers and dealers who may execute portfolio transactions for the Fund and other clients of the Adviser, but conclusions are based primarily on investigations and critical analyses by its own research specialists.

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Certain investments may be appropriate for the Fund and also for other clients advised by the Adviser. Investment decisions for the Fund and other clients are made with a view toward achieving their respective investment objectives and after consideration of such factors as their current holdings, availability of cash for investment and the size of their investments generally. Frequently, a particular security may be bought or sold for only one client or in different amounts and at different times for more than one but less than all clients. Likewise, a particular security may be bought for one or more clients when one or more other clients are selling the security. In addition, purchases or sales of the same security may be made for two or more clients on the same date. In such event, such transactions will be allocated among the clients in a manner believed by the Adviser to be equitable to each. In some cases, this procedure could have an adverse effect on the price or amount of the securities purchased or sold by the Fund. Purchase and sale orders for the Fund may be combined with those of other clients of the Adviser in the interest of achieving the most favorable net results to the Fund.

The Investment Management Agreement (the "Agreement") between the Trust, on behalf of Scudder Large Company Growth Fund, and the Adviser was last approved by the Trustees on August 13, 1996 and by a majority of the Fund's shareholders on May 12, 1992. The Agreement is dated May 9, 1991 and will continue in effect until September 30, 1997 and from year to year thereafter only if its continuance is approved annually by the vote of a majority of those Trustees who are not parties to such Agreement or interested persons of the Adviser or the Trust, cast in person at a meeting called for the purpose of voting on such approval, and by a majority vote either of the Trustees or of the outstanding voting securities of the Fund. The Agreement may be terminated at any time without payment of penalty by either party on sixty days' written notice, and automatically terminates in the event of its assignment.

Under the Agreement, the Adviser provides the Fund with continuing

investment management for the Fund's portfolio consistent with the Fund's investment objectives, policies and restrictions and determines which securities shall be purchased for the portfolio of the Fund, which portfolio securities shall be held or sold by the Fund, and what portion of the Fund's assets will be held uninvested, subject always to the provisions of the Trust's Declaration of Trust and By-Laws, the 1940 Act and the Internal Revenue Code of 1986 and to the Fund's investment objectives, policies and restrictions, and subject, further, to such policies and instructions as the Trustees may from time to time establish. The Adviser also advises and assists the officers of the Fund in taking such steps as are necessary or appropriate to carry out the decisions of its Trustees and the appropriate committees of the Trustees regarding the conduct of the business of the Fund.

The Adviser also renders significant administrative services (not otherwise provided by third parties) necessary for the Fund's operations as an open-end investment company including, but not limited to, preparing reports and notices to the Trustees and shareholders; supervising, negotiating contractual arrangements with, and monitoring various third-party service providers to the Fund (such as the Fund's transfer agent, pricing agents, custodian, accountants and others); preparing and making filings with the SEC and other regulatory agencies; assisting in the preparation and filing of the Fund's federal, state and local tax returns; preparing and filing the Fund's federal excise tax returns; assisting with investor and public relations matters; monitoring the valuation of securities and the calculation of net asset value; monitoring the registration of shares of the Fund under applicable federal and state securities laws; maintaining the Fund's books and records to the extent not otherwise maintained by a third party; assisting in establishing accounting policies of the Fund; assisting in the resolution of accounting and legal issues; establishing and monitoring the Fund's operating budget; processing the payment of the Fund's bills; assisting the Fund in, and otherwise arranging for, the payment of distributions and dividends and otherwise assisting the Fund in the conduct of its business, subject to the direction and control of the Trustees.

The Adviser pays the compensation and expenses (except those for attending Board and Committee meetings outside New York, New York and Boston, Massachusetts) of all Trustees, officers and executive employees of the Trust affiliated with the Adviser and makes available, without expense to the Fund, the services of such Trustees, officers and employees of the Adviser as may duly be elected officers or Trustees of the Trust, subject to their individual consent to serve and to any limitations imposed by law, and provides the Fund's office space and facilities. For these services, the Fund is charged by the Adviser a fee equal to approximately 0.70 of 1% of the Fund's average daily net assets. The fee is payable monthly, provided the Fund will make such interim payments as may be requested by Scudder not to exceed 75% of the amount of the fee then accrued on the books of the Fund and unpaid. The Agreement provides that if the Fund's expenses, exclusive of taxes, interest, and extraordinary expenses, exceed specified limits, such excess, up to the amount of the

management fee, will be paid by the Adviser. The Adviser retains the ability to be repaid by the Fund if expenses fall below the specified limit prior to the end of the fiscal year. These expense limitation arrangements can decrease the Fund's expenses and improve its performance. During the fiscal years ended October 31, 1994, 1995 and 1996, these agreements resulted in a reduction of management fees paid by the Fund of \$0, \$3,897 and \$\_\_, respectively. During the fiscal years ended October 31, 1994, 1995 and 1996, the Adviser imposed a portion of its management fee amounting to \$802,235, \$953,916 and \$1,447,537, respectively. The fees not imposed for the fiscal years ended October 31, 1994, 1995 and 1996 were \$3,897, \$0 and \$0, respectively.

Under the Agreement, the Fund is responsible for all of its other expenses including organizational costs; fees and expenses incurred in connection with membership in investment company organizations; brokers' commissions; payment for portfolio pricing services to a pricing agent, if any; legal, auditing and accounting expenses; the calculation of Net Asset Value, taxes and governmental fees; the fees and expenses of the transfer agent; the cost of preparing stock certificates and any other expenses including clerical expenses of issuance, redemption or repurchase of shares; the expenses of and the fees for registering or qualifying securities for sale; the fees and expenses of Trustees, officers and employees of the Trust who are not affiliated with the Adviser; the cost of printing and distributing reports and notices to shareholders; and the fees and disbursements of custodians. The Trust may arrange to have third parties assume all or part of the expenses of sale, underwriting and distribution of shares of the Fund. The Fund is also responsible for its expenses incurred in connection with litigation, proceedings

and claims and the legal obligation it may have to indemnify its officers and Trustees with respect thereto.

The Adviser has agreed in the Agreement to reimburse the Fund for annual expenses in excess of the lowest applicable expense limitation imposed by any state in which the Fund is at the time offering its shares for sale, although no payments are required to be made by the Adviser pursuant to this reimbursement provision in excess of the annual fee paid by the Fund to the Adviser. Management has been advised that the lowest such limitation is presently 2 1/2% of average daily net assets up to \$30 million, 2% of the next \$70 million of such net assets and 1 1/2% of such net assets in excess of that amount. Certain expenses such as brokerage commissions, taxes, extraordinary expenses and interest are excluded from such limitations, and other expenses may be excluded from time to time. If reimbursement is required, it will be made as promptly as practicable after the end of the Fund's fiscal year. However, no fee payment will be made to the Adviser during any fiscal year which will cause year to date expenses to exceed the cumulative pro rata expense limitation at the time of such payment.

The Agreement also provides that the Trust and the Fund may use any name derived from the name "Scudder, Stevens & Clark" only as long as the Agreement or any extension, any renewal or amendment thereof remains in effect.

In reviewing the terms of the Agreement and in discussions with the Adviser concerning such Agreement, Trustees who are not "interested persons" of the Trust have been represented by independent counsel Ropes & Gray at the Fund's expense.

The Agreement provides that the Adviser shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with matters to which the Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its duties or from reckless disregard by the Adviser of its obligations and duties under the Agreement.

Officers and employees of the Adviser from time to time may engage in transactions with various banks, including the Fund's custodian bank. It is the Adviser's opinion that the terms and conditions of those transactions which have occurred were not influenced by existing or potential custodial or other Fund relationships.

None of the officers or Trustees of the Trust may have dealings with the Fund as principals in the purchase or sale of securities, except as individual subscribers or holders of shares of the Fund.

Personal Investments by Employees of the Adviser

Employees of the Adviser are permitted to make personal securities transactions, subject to requirements and restrictions set forth in the Adviser's Code of Ethics. The Code of Ethics contains provisions and requirements designed to identify and address certain conflicts of interest

between personal investment activities and the interests of investment advisory clients such as the Fund. Among other things, the Code of Ethics, which generally complies with standards recommended by the Investment Company Institute's Advisory Group on Personal Investing, prohibits certain types of transactions absent prior approval, imposes time periods during which personal transactions may not be made in certain securities, and requires the submission of duplicate broker confirmations and monthly reporting of securities transactions. Additional restrictions apply to portfolio managers, traders, research analysts and others involved in the investment advisory process. Exceptions to these and other provisions of the Code of Ethics may be granted in particular circumstances after review by appropriate personnel.

TRUSTEES AND OFFICERS

<TABLE>			
<CAPTION>			
Name, Age and Address	Position with Trust	Principal Occupation**	Position with Underwriter, Scudder Investor Services, Inc.
<S>	<C>	<C>	<C>
Daniel Pierce+*= (62)	President and Trustee	Chairman of the Board and Managing Director of Scudder, Stevens & Clark, Inc.	Director, Vice President and Assistant Treasurer

Henry P. Becton, Jr. (52) WGBH 125 Western Avenue Allston, MA	Trustee	President and General Manager, WGBH Educational Foundation	--
Dudley H. Ladd+* (52)	Trustee	Managing Director of Scudder, Stevens & Clark, Inc.	Director and Senior Vice President
George M. Lovejoy, Jr.= (66) 160 Federal Street Boston, MA	Trustee	President and Director, Fifty Associates	--
Wesley W. Marple, Jr.= (64) 413 Hayden Hall 360 Huntington Ave. Boston, MA 02115	Trustee	Professor of Business Administration Northeastern University, College of Business Administration	--
Juris Padegs#* (65)	Trustee	Managing Director of Scudder, Stevens & Clark, Inc.	Director and Vice President
Jean C. Tempel (53) Ten Post Office Square Suite 1325 Boston, MA 02109	Trustee	General Partner, TL Ventures	--
Bruce F. Beaty# (38)	Vice President	Principal of Scudder, Stevens & Clark, Inc.	--
Jerard K. Hartman# (63)	Vice President	Managing Director of Scudder, Stevens & Clark, Inc.	--

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Name, Age and Address -----	Position with Trust -----	Principal Occupation** -----	Position with Underwriter, Scudder Investor Services, Inc. -----
<S>	<C>	<C>	<C>
Robert T. Hoffman# (38)	Vice President	Managing Director of Scudder, Stevens & Clark, Inc.	--
Thomas W. Joseph+ (57)	Vice President	Principal of Scudder, Stevens & Clark, Inc.	Director, Vice President, Treasurer and Assistant Clerk
David S. Lee+ (62)	Vice President	Managing Director of Scudder, Stevens & Clark, Inc.	President, Assistant Treasure and Director
Valerie F. Malter# (38)	Vice President	Principal of Scudder, Stevens & Clark, Inc.	--
Thomas F. McDonough+ (49)	Vice President, Secretary and Assistant Treasurer	Principal of Scudder, Stevens & Clark, Inc.	Clerk
Pamela A. McGrath+ (42)	Vice President and Treasurer	Managing Director of Scudder, Stevens & Clark, Inc.	--
Edward J. O'Connell# (51)	Vice President and Assistant Treasurer	Principal of Scudder, Stevens & Clark, Inc.	Assistant Treasurer
Coleen Downs Dinneen+ (35)	Assistant Secretary	Vice President of Scudder, Stevens & Clark, Inc.	Assistant Clerk

</TABLE>

\* Messrs. Ladd, Padegs and Pierce are considered by the Trust and its counsel to be persons who are "interested persons" of the Adviser or of the Trust (within the meaning of the 1940 Act, as amended).

\*\* Unless otherwise stated, all the officers and Trustees have been associated with their respective companies for more than five years, but not necessarily in the same capacity.

= Messrs. Ladd, Lovejoy, Pierce and Marple are members of the Executive Committee, which has the power to declare dividends from ordinary income and distributions of realized capital



gains to the same extent as the Board is so empowered.  
 + Address: Two International Place, Boston, Massachusetts  
 # Address: 345 Park Avenue, New York, New York

Certain accounts for which the Adviser acts as investment adviser owned \_\_\_\_\_ shares in the aggregate, or \_\_\_\_\_% of the outstanding shares on January 31, 1997. The Adviser may be deemed to be the beneficial owner of such shares but disclaims any beneficial ownership in such shares.

As of January 31, 1997, all Trustees and officers of the Trust as a group owned beneficially (as the term is defined in Section 13(a) under the Securities Exchange Act of 1934) \_\_\_\_\_ shares, or \_\_\_\_\_% of the shares of the Fund outstanding on such date.

To the best of the Trust's knowledge, as of January 31, 1997, no person owned beneficially more than \_\_\_\_% of the Fund's shares except as stated above.

The Trustees and officers of the Trust also serve in similar capacities for other Scudder funds.

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#### REMUNERATION

Several of the officers and Trustees of the Trust may be officers or employees of the Adviser, or of the Distributor, the Transfer Agent, Scudder Trust Company, or Scudder Fund Accounting Corporation, from whom they receive compensation, as a result of which they may be deemed to participate in the fees paid by the Fund. The Fund pays no direct remuneration to any officer of the Trust. However, each of the Trustees who is not affiliated with the Adviser will be compensated for all expenses relating to Trust business (specifically including travel expenses relating to Trust business). Each of these unaffiliated Trustees receives an annual Trustee's fee of \$4,000 from the Fund plus \$300 for attending each Trustees' meeting, audit committee meeting or meeting held for the purpose of considering arrangements between the Trust and the Adviser or any of its affiliates. Each unaffiliated Trustee also receives \$100 per committee meeting attended other than those set forth above. For the fiscal year ended October 31, 1996, the Trustees' fees and expenses amounted to \$37,344.

The following table shows the aggregate compensation received by each unaffiliated trustee during 1996 from Scudder Large Company Growth Fund and from all Scudder funds as a group.

Name	Scudder Investment Trust*	All Scudder Funds
----	-----	-----
Henry P. Becton, Jr.	\$ _____	\$ _____ (15 funds)
George M. Lovejoy, Jr.	\$ _____	\$ _____ (12 funds)
Wesley W. Marple, Jr.	\$ _____	\$ _____ (15 funds)
Jean C. Tempel	\$ _____	\$ _____ (15 funds)

\* Scudder Investment Trust consists of two mutual funds: Scudder Large Company Growth Fund and Scudder Growth and Income Fund.

#### DISTRIBUTOR

The Trust has an underwriting agreement with Scudder Investor Services, Inc. (the "Distributor"), a Massachusetts corporation, which is a subsidiary of the Adviser. The Trust's underwriting agreement, dated September 10, 1985, will remain in effect until September 30, 1997 and from year to year thereafter only if its continuance is approved annually by a majority of the Trustees who are not parties to such agreement or interested persons of any such party and either by vote of a majority of the Trustees or a majority of the outstanding voting securities of the Trust. The underwriting agreement was last approved by the Trustees on August 13, 1996.

Under the principal underwriting agreement, the Fund is responsible for: the payment of all fees and expenses in connection with the preparation and filing with the SEC of its registration statement and prospectus and any amendments and supplements thereto; the registration and qualification of shares for sale in the various states, including registering the Trust or the Fund as a broker/dealer in various states as required; the fees and expenses of preparing, printing and mailing prospectuses annually to existing shareholders (see below

for expenses relating to prospectuses paid by the Distributor), notices, proxy statements, reports or other communications to shareholders of the Fund; the cost of printing and mailing confirmations of purchases of shares and the prospectuses accompanying such confirmations; any issuance taxes and/or any initial transfer taxes; a portion of shareholder toll-free telephone charges and expenses of shareholder service representatives; the cost of wiring funds for share purchases and redemptions (unless paid by the shareholder who initiates the transaction); the cost of printing and postage of business reply envelopes; and a portion of the cost of computer terminals used by both the Fund and the Distributor.

The Distributor will pay for printing and distributing prospectuses or reports prepared for its use in connection with the offering of the Fund's shares to the public and preparing, printing and mailing any other literature or advertising in connection with the offering of shares of the Fund to the public. The Distributor will pay all fees and expenses in connection with its qualification and registration as a broker or dealer under federal and state laws, a portion of the cost of toll-free telephone service and expenses of shareholder service representatives, a portion of the cost of computer

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terminals, and expenses of any activity which is primarily intended to result in the sale of shares issued by the Fund, unless a Rule 12b-1 Plan is in effect which provides that the Fund shall bear some or all of such expenses.

Note: Although the Fund currently has no 12b-1 Plan and the Trustees have no current intention of adopting one, the Fund will also pay those fees and expenses permitted to be paid or assumed by the Fund pursuant to a 12b-1 Plan, if any, adopted by the Fund, notwithstanding any other provision to the contrary in the underwriting agreement.

As agent, the Distributor currently offers the Fund's shares on a continuous basis to investors in all states in which shares of the Fund may from time to time be registered or where permitted by applicable law. The Underwriting Agreement provides that the Distributor accepts orders for shares at net asset value as no sales commission or load is charged the investor. The Distributor has made no firm commitment to acquire shares of the Fund.

#### TAXES

(See "Distribution and performance information--Dividends and capital gains distributions" and "Transaction information--Tax information and Tax identification number" in the Fund's prospectus.)

The Fund has elected to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), or a predecessor statute and has qualified as such since its inception. It intends to continue to qualify for such treatment. Such qualification does not involve governmental supervision or management of investment practices or policy.

As a regulated investment company qualifying under Subchapter M of the Code, the Fund is required to distribute to its shareholders at least 90 percent of its investment company taxable income (including net short-term capital gains) and is not generally subject to federal income tax to the extent that it annually distributes its investment company taxable income and net realized capital gains in the manner required under the Code.

The Fund will be subject to a 4% nondeductible excise tax on amounts required to be but not distributed under a prescribed formula. The formula requires payment to shareholders during a calendar year of distributions representing an amount equal to the sum of at least 98% of the Fund's ordinary income for the calendar year, at least 98% of the excess of its capital gains over capital losses (adjusted for certain ordinary losses as prescribed in the Code) realized during the one-year period ending October 31 during such year, and all ordinary income and capital gains for prior years that were not previously distributed.

The Fund's investment company taxable income includes dividends, interest and net short-term capital gains in excess of net long-term capital losses, less expenses. Net realized capital gains for a fiscal year are computed by taking into account any capital loss carryforward of the Fund.

If any net realized long-term capital gains in excess of net realized short-term capital losses are retained by the Fund for reinvestment, requiring federal income taxes to be paid thereon by the Fund, the Fund intends to elect to treat such capital gains as having been distributed to shareholders. As a result, each shareholder will report such capital gains as long-term capital

gains, will be able to claim a relative share of federal income taxes paid by the Fund on such gains as a credit against personal federal income tax liabilities, and will be entitled to increase the adjusted tax basis on Fund shares by the difference between a pro rata share of such gains and the individual tax credit. If the Fund makes such an election, it may not be treated as having met the excise tax distribution requirement.

Distributions of investment company taxable income are taxable to shareholders as ordinary income.

Dividends from domestic corporations are expected to comprise a substantial part of the Fund's gross income. To the extent that such dividends constitute a portion of the Fund's gross income, a portion of the income distributions of the Fund may be eligible for the deduction for dividends received by corporations. Shareholders will be informed of the portion of dividends which so qualify. The dividends-received deduction is reduced to the extent the shares of the Fund, with respect to which the dividends are received,

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are treated as debt-financed under federal income tax law and is eliminated if the shares are deemed to have been held for less than 46 days.

Distributions of the excess of net long-term capital gains over net short-term capital losses are taxable to shareholders as long-term capital gains, regardless of the length of time the shares of the Fund have been held by such shareholders. Such distributions are not eligible for the dividends-received deduction. Any loss realized upon the redemption of shares held at the time of redemption for six months or less will be treated as a long-term capital loss to the extent of any amounts treated as distributions of long-term capital gains during such six-month period.

Distributions of investment company taxable income and net realized capital gains will be taxable as described above, whether received in shares or in cash. Shareholders electing to receive distributions in the form of additional shares will have a cost basis for federal income tax purposes in each share so received equal to the net asset value of a share on the reinvestment date.

All distributions of investment company taxable income and net realized capital gains, whether received in shares or in cash, must be reported by each shareholder on a federal income tax return. Dividends and capital gains distributions declared in October, November, or December and payable to shareholders of record in such a month will be deemed to have been received by shareholders on December 31 if paid during January of the following year. Redemptions of shares, including exchanges for shares of another Scudder fund, may result in tax consequences (gain or loss) to the shareholder and are also subject to these reporting requirements.

An individual may make a deductible IRA contribution of up to \$2,000 or, if less, the amount of the individual's earned income for any taxable year only if (i) neither the individual nor his or her spouse (unless filing separate returns) is an active participant in an employer's retirement plan, or (ii) the individual (and his or her spouse, if applicable) has an adjusted gross income below a certain level (\$40,050 for married individuals filing a joint return, with a phase-out of the deduction for adjusted gross income between \$40,050 and \$50,000; \$25,050 for a single individual, with a phase-out for adjusted gross income between \$25,050 and \$35,000). However, an individual not permitted to make a deductible contribution to an IRA for any such taxable year may nonetheless make nondeductible contributions up to \$2,000 to an IRA (up to \$2,250 to IRAs for an individual and his or her nonearning spouse) for that year. There are special rules for determining how withdrawals are to be taxed if an IRA contains both deductible and nondeductible amounts. In general, a proportionate amount of each withdrawal will be deemed to be made from nondeductible contributions; amounts treated as a return of nondeductible contributions will not be taxable. Also, annual contributions may be made to a spousal IRA even if the spouse has earnings in a given year if the spouse elects to be treated as having no earnings (for IRA contribution purposes) for the year.

Distributions by the Fund result in a reduction in the net asset value of the Fund's shares. Should a distribution reduce the net asset value below a shareholder's cost basis, such distribution would nevertheless be taxable to the shareholder as ordinary income or capital gain as described above, even though, from an investment standpoint, it may constitute a partial return of capital. In particular, investors should consider the tax implications of buying shares just prior to a distribution. The price of shares purchased at that time includes the amount of the forthcoming distribution. Those purchasing just prior to a distribution will then receive a partial return of capital upon the distribution, which will nevertheless be taxable to them.

If the Fund invests in stock of certain foreign investment companies, the Fund may be subject to U.S. federal income taxation on a portion of any "excess distribution" with respect to, or gain from the disposition of, such stock. The tax would be determined by allocating such distribution or gain ratably to each day of the Fund's holding period for the stock. The distribution or gain so allocated to any taxable year of the Fund, other than the taxable year of the excess distribution or disposition, would be taxed to the Fund at the highest ordinary income rate in effect for such year, and the tax would be further increased by an interest charge to reflect the value of the tax deferral deemed to have resulted from the ownership of the foreign company's stock. Any amount of distribution or gain allocated to the taxable year of the distribution or disposition would be included in the Fund's investment company taxable income and, accordingly, would not be taxable to the Fund to the extent distributed by the Fund as a dividend to its shareholders.

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Proposed regulations have been issued which will allow the Fund to make an election to mark-to-market its shares of these foreign investment companies in lieu of being taxed in the manner described above. At the end of each taxable year to which the election applies, the Fund will include in its income the amount by which the fair market value of the foreign company's stock exceeds the Fund's adjusted basis in these shares. No mark-to-market losses may be recognized. Distributions and gain on dispositions of such stock will be treated as ordinary income distributable to shareholders rather than being subject to a fund level tax. The Fund intends to make this election if it is determined to be appropriate and in the best interest of the shareholders.

Dividend and interest income received by the Fund from sources outside the U.S. may be subject to withholding and other taxes imposed by such foreign jurisdictions. Tax conventions between certain countries and the U.S. may reduce or eliminate these foreign taxes, however, and foreign countries generally do not impose taxes on capital gains in respect of investments by foreign investors.

Equity options written by the Fund (covered call options on portfolio stock) will be subject to tax under Section 1234 of the Code. If the Fund writes a call option, no gain is recognized upon its receipt of a premium. If the option lapses or is closed out, any gain or loss is treated as a short-term capital gain or loss. If a call option is exercised, any resulting gain or loss is short-term or long-term capital gain or loss depending on the holding period of the underlying stock.

Many futures and forward contracts entered into by the Fund and all listed nonequity options written or purchased by the Fund (including covered call options written on debt securities and options purchased or written on futures contracts) will be governed by Section 1256 of the Code. Absent a tax election to the contrary, gain or loss attributable to the lapse, exercise or closing out of any such position generally will be treated as 60% long-term and 40% short-term capital gain or loss, and on the last trading day of the Fund's fiscal year, all outstanding Section 1256 positions will be marked to market (i.e., treated as if such positions were closed out at their closing price on such day), with any resulting gain or loss recognized as 60% long-term and 40% short-term capital gain or loss. Under Section 988 of the Code, discussed below, foreign currency gain or loss from foreign currency-related forward contracts, certain futures and options, and similar financial instruments entered into or acquired by the Fund will be treated as ordinary income or loss. Under certain circumstances, entry into a futures contract to sell a security may constitute a short sale for federal income tax purposes, causing an adjustment in the holding period of the underlying security or a substantially identical security in the Fund's portfolio.

Subchapter M requires that the Fund realize less than 30% of its annual gross income from the sale or other disposition of stock, securities and certain options, futures and forward contracts held for less than three months. Options, futures and forward activities of the Fund may increase the amount of gains realized by the Fund that are subject to the 30% limitation. Accordingly, the amount of such activities that the Fund may engage in may be limited.

Positions of the Fund which consist of at least one stock and at least one stock option or other position with respect to a related security which substantially diminishes the Fund's risk of loss with respect to such stock could be treated as a "straddle" which is governed by Section 1092 of the Code, the operation of which may cause deferral of losses, adjustments in the holding periods of stock or securities and conversion of short-term capital losses into long-term capital losses. An exception to these straddle rules exists for any "qualified covered call options" on stock written by the Fund.

Positions of the Fund which consist of at least one position not

governed by Section 1256 and at least one futures or forward contract or nonequity option governed by Section 1256 which substantially diminishes the Fund's risk of loss with respect to such other position will be treated as a "mixed straddle." Although mixed straddles are subject to the straddle rules of Section 1092 of the Code, certain tax elections exist for them which reduce or eliminate the operation of these rules. The Fund will monitor its transactions in options and futures and may make certain tax elections in connection with these investments.

Under the Code, gains or losses attributable to fluctuations in exchange rates which occur between the time the Fund accrues interest or other receivables or accrues expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such receivables or pays such liabilities generally are treated as ordinary income or ordinary loss.

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Similarly, on disposition of debt securities denominated in a foreign currency and on disposition of certain futures contracts, forward contracts and options, gains or losses attributable to fluctuations in the value of foreign currency between the date of acquisition of the security or contracts and the date of disposition are also treated as ordinary gain or loss. These gains or losses, referred to under the Code as "Section 988" gains or losses, may increase or decrease the amount of the Fund's investment company taxable income to be distributed to its shareholders as ordinary income.

A portion of the difference between the issue price of zero coupon securities and their face value ("original issue discount") is considered to be income to the Fund each year, even though the Fund will not receive cash interest payments from these securities. This original issue discount (imputed income) will comprise a part of the investment company taxable income of the Fund which must be distributed to shareholders in order to maintain the qualification of the Fund as a regulated investment company and to avoid federal income tax at the level of the Fund. Shareholders will be subject to income tax on such original issue discount, whether or not they elect to receive their distributions in cash.

The Fund will be required to report to the IRS all distributions of taxable income and capital gains as well as gross proceeds from the redemption or exchange of Fund shares, except in the case of certain exempt shareholders. Under the backup withholding provisions of Section 3406 of the Code, distributions of taxable income and capital gains and proceeds from the redemption or exchange of the shares of a regulated investment company may be subject to withholding of federal income tax at the rate of 31% in the case of non-exempt shareholders who fail to furnish the investment company with their taxpayer identification numbers and with required certifications regarding their status under the federal income tax law. Withholding may also be required if the Fund is notified by the IRS or a broker that the taxpayer identification number furnished by the shareholder is incorrect or that the shareholder has previously failed to report interest or dividend income. If the withholding provisions are applicable, any such distributions and proceeds, whether taken in cash or reinvested in additional shares, will be reduced by the amounts required to be withheld.

Shareholders of the Fund may be subject to state and local taxes on distributions received from the Fund and on redemptions of the Fund's shares.

Each distribution is accompanied by a brief explanation of the form and character of the distribution. In January of each year the Fund issues to each shareholder a statement of the federal income tax status of all distributions.

The Fund is organized as a series of a Massachusetts business trust and is not liable for any income or franchise tax in the Commonwealth of Massachusetts, provided that the Fund continues to be treated as a regulated investment company under Subchapter M of the Code.

The foregoing discussion of U.S. federal income tax law relates solely to the application of that law to U.S. persons, i.e., U.S. citizens and residents and U.S. corporations, partnerships, trusts and estates. Each shareholder who is not a U.S. person should consider the U.S. and foreign tax consequences of ownership of shares of the Fund, including the possibility that such a shareholder may be subject to a U.S. withholding tax at a rate of 30% (or at a lower rate under an applicable income tax treaty) on amounts constituting ordinary income received by him or her, where such amounts are treated as income from U.S. sources under the Code.

Shareholders should consult their tax advisers about the application of the provisions of tax law in light of their particular tax situations.

#### PORTFOLIO TRANSACTIONS

## Brokerage Commissions

To the maximum extent feasible the Adviser places orders for portfolio transactions for the Fund through the Distributor, which in turn places orders on behalf of the Fund with other brokers and dealers. The Distributor receives

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no commission, fees or other remuneration from the Fund for this service. Allocation of brokerage is supervised by the Adviser.

The primary objective of the Adviser in placing orders for the purchase and sale of securities for the Fund's portfolio is to obtain the most favorable net results, taking into account such factors as price, commission (negotiable in the case of U.S. national securities exchange transactions), where applicable, size of order, difficulty of execution and skill required of the executing broker/dealer. The Adviser seeks to evaluate the overall reasonableness of brokerage commissions paid through the familiarity of the Distributor with commissions charged on comparable transactions, as well as by comparing commissions paid by the Fund to reported commissions paid by others. The Adviser reviews on a routine basis commission rates, execution and settlement services performed, making internal and external comparisons.

The Fund's purchases and sales of fixed-income securities are generally placed by the Adviser with primary market makers for these securities on a net basis, without any brokerage commission being paid by the Fund. Trading does, however, involve transaction costs. Transactions with dealers serving as primary market makers reflect the spread between the bid and asked prices. Purchases of underwritten issues may be made, which will include an underwriting fee paid to the underwriter.

When it can be done consistently with the policy of obtaining the most favorable net results, it is the Adviser's practice to place such orders with brokers and dealers who supply research, market and statistical information to the Fund. The term "research, market and statistical information" includes advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. The Adviser is authorized when placing portfolio transactions for the Fund to pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction solely on account of the receipt of research, market or statistical information. The Adviser does not place orders with brokers or dealers on the basis that the broker or dealer has or has not sold shares of the Fund. In effecting transactions in over-the-counter securities, orders are placed with the principal market makers for the security being traded unless, after exercising care, it appears that more favorable results are available otherwise.

Although certain research, market and statistical information from brokers and dealers can be useful to the Fund and to the Adviser, it is the opinion of the Adviser that such information will only supplement the Adviser's own research effort since the information must still be analyzed, weighed, and reviewed by the Adviser's staff. Such information may be useful to the Adviser in providing services to clients other than the Fund, and not all such information is used by the Adviser in connection with the Fund. Conversely, such information provided to the Adviser by brokers and dealers through whom other clients of the Adviser effect securities transactions may be useful to the Adviser in providing services to the Fund.

In the fiscal years ended October 31, 1996, 1995 and 1994, the Fund paid brokerage commissions of \$\_\_\_\_\_, \$313,826 and \$302,266, respectively. In the fiscal year ended October 31, 1996, the Fund paid brokerage commissions of \$\_\_\_\_\_ (% of the total brokerage commissions), resulting from orders placed, consistent with the policy of seeking to obtain the most favorable net results, for transactions placed with brokers and dealers who provided supplementary research, market and statistical information to the Trust or Adviser. The amount of such transactions aggregated \$\_\_\_\_\_ (% of all brokerage transactions). The balance of such brokerage was not allocated to any particular broker or dealer or with regard to the above-mentioned or any other special factors.

The Trustees of the Trust intend to review from time to time whether

the recapture for the benefit of the Fund of some portion of the brokerage commissions or similar fees paid by the Fund on portfolio transactions is legally permissible and advisable.

#### Portfolio Turnover

The Fund's average annual portfolio turnover rate, i.e. the ratio of the lesser of sales or purchases to the monthly average value of the portfolio (excluding from both the numerator and the denominator all securities with

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maturities at the time of acquisition of one year or less), for the fiscal years ended October 31, 1996 and 1995 was 68.8% and 91.6%, respectively. A higher rate involves greater brokerage and transaction expenses to the Fund and may result in the realization of net capital gains, which would be taxable to shareholders when distributed. Purchases and sales are made for the Fund's portfolio whenever necessary, in management's opinion, to meet the Fund's objective.

#### NET ASSET VALUE

The net asset value of shares of the Fund is computed as of the close of regular trading on the Exchange on each day the Exchange is open for trading. The Exchange is scheduled to be closed on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Net asset value per share is determined by dividing the value of the total assets of the Fund, less all liabilities, by the total number of shares outstanding.

An exchange-traded equity security is valued at its most recent sale price. Lacking any sales, the security is valued at the calculated mean between the most recent bid quotation and the most recent asked quotation (the "Calculated Mean"). Lacking a Calculated Mean, the security is valued at the most recent bid quotation. An equity security which is traded on the National Association of Securities Dealers Automated Quotation ("NASDAQ") system is valued at its most recent sale price. Lacking any sales, the security is valued at the high or "inside" bid quotation. The value of an equity security not quoted on the NASDAQ System, but traded in another over-the-counter market, is its most recent sale price. Lacking any sales, the security is valued at the Calculated Mean. Lacking a Calculated Mean, the security is valued at the most recent bid quotation.

Debt securities, other than short-term securities, are valued at prices supplied by the Fund's pricing agent(s) which reflect broker/dealer supplied valuations and electronic data processing techniques. Short-term securities with remaining maturities of sixty days or less are valued by the amortized cost method, which the Board believes approximates market value. If it is not possible to value a particular debt security pursuant to these valuation methods, the value of such security is the most recent bid quotation supplied by a bona fide marketmaker. If it is not possible to value a particular debt security pursuant to the above methods, the Adviser may calculate the price of that debt security, subject to limitations established by the Board.

An exchange traded options contract on securities, currencies, futures and other financial instruments is valued at its most recent sale price on such exchange. Lacking any sales, the options contract is valued at the Calculated Mean. Lacking any Calculated Mean, the options contract is valued at the most recent bid quotation in the case of a purchased options contract, or the most recent asked quotation in the case of a written options contract. An options contract on securities, currencies and other financial instruments traded over-the-counter is valued at the most recent bid quotation in the case of a purchased options contract and at the most recent asked quotation in the case of a written options contract. Futures contracts are valued at the most recent settlement price. Foreign currency exchange forward contracts are valued at the value of the underlying currency at the prevailing exchange rate.

If a security is traded on more than one exchange, or upon one or more exchanges and in the over-the-counter market, quotations are taken from the market in which the security is traded most extensively.

If, in the opinion of the Fund's Valuation Committee, the value of a portfolio asset as determined in accordance with these procedures does not represent the fair market value of the portfolio asset, the value of the portfolio asset is taken to be an amount which, in the opinion of the Valuation Committee, represents fair market value on the basis of all available information. The value of other portfolio holdings owned by the Fund is determined in a manner which, in the discretion of the Valuation Committee, most fairly reflects fair market value of the property on the valuation date.



Following the valuations of securities or other portfolio assets in terms of the currency in which the market quotation used is expressed ("Local Currency"), the value of these portfolio assets in terms of U.S. dollars is calculated by converting the Local Currency into U.S. dollars at the prevailing currency exchange rate on the valuation date.

#### ADDITIONAL INFORMATION

##### Experts

The financial highlights of the Fund included in the prospectus and the Financial Statements incorporated by reference in this Statement of Additional Information have been so included or incorporated by reference in reliance on the report of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in accounting and auditing.

##### Shareholder Indemnification

The Trust is an organization of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for the obligations of the Trust. The Declaration of Trust contains an express disclaimer of shareholder liability in connection with the Trust property or the acts, obligations or affairs of the Trust. The Declaration of Trust also provides for indemnification out of the Trust property of any shareholder held personally liable for the claims and liabilities to which a shareholder may become subject by reason of being or having been a shareholder. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Trust itself would be unable to meet its obligations.

##### Other Information

The CUSIP number of the Fund is 811167-20-4.

The Fund has a fiscal year ending October 31.

Many of the investment changes in the Fund will be made at prices different from those prevailing at the time they may be reflected in a regular report to shareholders of the Fund. These transactions will reflect investment decisions made by the Fund's investment adviser in light of the objective and policies of the Fund and other factors such as its other portfolio holdings and tax considerations and should not be construed as recommendations for similar action by other investors.

The name "Scudder Investment Trust" is the designation of the Trustees for the time being under a Declaration of Trust dated September 20, 1984, as amended from time to time, and all persons dealing with the Trust must look solely to the property of the Trust for the enforcement of any claims against the Trust as neither the Trustees, officers, agents nor shareholders assume any personal liability for obligations entered into on behalf of the Trust. Upon the initial purchase of shares, the shareholder agrees to be bound by the Trust's Declaration of Trust, as amended from time to time. The Declaration of Trust is on file at the Massachusetts Secretary of State's Office in Boston, Massachusetts. All persons dealing with the Fund must look only to the assets of the Fund for the enforcement of any claims against the Fund as no other series of the Trust assumes any liabilities for obligations entered into on behalf of the Fund.

Portfolio securities of the Fund are held separately pursuant to a custodian agreement, by the Trust's custodian, State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts 02110.

The law firm of Dechert Price & Rhoads is counsel to the Fund.

Scudder Fund Accounting Corporation (SFAC), Two International Place, Boston, Massachusetts, 02110-4103, a subsidiary of the Adviser, computes net asset value for the Fund. The Fund pays SFAC an annual fee equal to 0.025% of the first \$150 million of average daily net assets, 0.0075% of such assets in excess of \$150 million, 0.0045% of such assets in excess of \$1 billion, plus holding and transaction charges for this service. For the fiscal year ended October 31, 1996, SFAC's fee amounted to \$56,114.



Scudder Service Corporation ("Service Corporation"), P.O. Box 2291, Boston, Massachusetts 02107-2291, a subsidiary of the Adviser, is the transfer, dividend-paying and shareholder service agent for the Fund and also provides subaccounting and recordkeeping services for shareholder accounts in certain retirement and employee benefit plans. The Fund pays Service Corporation an annual fee of \$26.00 for each account maintained for a participant. For the fiscal year ended October 31, 1996, Service Corporation's fee amounted to \$275,078. Please call 1-800-225-5163 for specific mailing instructions regarding your investment.

Scudder Trust Company, Two International Place, Boston, MA 02110-4103, an affiliate of the Adviser provides services for certain retirement plan accounts. The Fund pays Scudder Trust Company an annual fee of \$29.00 for each account maintained for a participant. For the fiscal year ended October 31, 1996, Scudder Trust Company's fee amounted to \$128,483.

The Fund's prospectus and this Statement of Additional Information omit certain information contained in the Registration Statement which the Trust has filed with the Commission under the Securities Act of 1933 and reference is hereby made to the Registration Statement for further information with respect to the Fund and the securities offered hereby. This Registration Statement is available for inspection by the public at the SEC in Washington, D.C.

#### FINANCIAL STATEMENTS

The financial statements, including the investment portfolio, of Scudder Large Company Growth Fund, together with the Report of Independent Accountants, and Financial Highlights, are incorporated by reference and attached hereto on pages 9 through 19, inclusive, in the Annual Report to the Shareholders of the Fund dated October 31, 1996, and are hereby deemed to be a part of this Statement of Additional Information.

#### APPENDIX

##### Standard & Poor's Earnings and Dividend Rankings for Common Stocks

The investment process involves assessment of various factors--such as product and industry position, corporate resources and financial policy--with results that make some common stocks more highly esteemed than others. In this assessment, Standard & Poor believes that earnings and dividend performance is the end result of the interplay of these factors and that, over the long run, the record of this performance has a considerable bearing on relative quality. The rankings, however, do not pretend to reflect all of the factors, tangible or intangible, that bear on stock quality.

Relative quality of bonds or other debt, that is, degrees of protection for principal and interest, called creditworthiness, cannot be applied to common stocks, and therefore rankings are not to be confused with bond quality ratings which are arrived at by a necessarily different approach.

Growth and stability of earnings and dividends are deemed key elements in establishing Standard & Poor's earnings and dividend rankings for common stocks, which are designed to capsuleize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings.

The point of departure in arriving at these rankings is a computerized scoring system based on per-share earnings and dividend records of the most recent ten years--a period deemed long enough to measure significant time segments of secular growth, to capture indications of basic change in trend as they develop, and to encompass the full peak-to-peak range of the business cycle. Basic scores are computed for earnings and dividends, then adjusted as indicated by a set of predetermined modifiers for growth, stability within long-term trend, and cyclicity. Adjusted scores for earnings and dividends are then combined to yield a final score.

Further, the ranking system makes allowance for the fact that, in general, corporate size imparts certain recognized advantages from an investment standpoint. Conversely, minimum size limits (in terms of corporate sales volume)

are set for the various rankings, but the system provides for making exceptions where the score reflects an outstanding earnings-dividend record.

The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B+ Average	C Lowest
A High	B Below Average	D In Reorganization
A- Above Average	B- Lower	

NR signifies no ranking because of insufficient data or because the stock is not amenable to the ranking process.

The positions as determined above may be modified in some instances by special considerations, such as natural disasters, massive strikes, and non-recurring accounting adjustments.

A ranking is not a forecast of future market price performance, but is basically an appraisal of past performance of earnings and dividends, and relative current standing. These rankings must not be used as market recommendations; a high-score stock may at times be so overpriced as to justify its sale, while a low-score stock may be attractively priced for purchase. Rankings based upon earnings and dividend records are no substitute for complete analysis. They cannot take into account potential effects of management changes, internal company policies not yet fully reflected in the earnings and dividend record, public relations standing, recent competitive shifts, and a host of other factors that may be relevant to investment status and decision.

#### Scudder Quality Growth Fund

Annual Report  
October 31, 1996

#### Pure No-Load(TM) Funds

A fund seeking long-term growth of capital through investment primarily in the equity securities of seasoned, financially strong U.S. growth companies.

A pure no-load(TM) fund with no commissions to buy, sell, or exchange shares.

#### Table of Contents

2	In Brief
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#### In Brief

- o Scudder Quality Growth Fund provided a 19.49% total return for the 12 months ended October 31, 1996. The 642 similar funds tracked by Lipper Analytical Services provided an average total return of 18.47%, while the Fund's benchmark, the Russell 1000 Growth Index, provided a 22.05% total return for the period.
- o The Fund's sector breakdown remained relatively unchanged during the fiscal year. We remained committed to keeping the Fund's sector weightings in line with its benchmark index while making informed stock choices within each sector.
- o We believe growth companies will benefit from the current environment of slower economic growth and low inflation.

## Letter From the Fund's President

Dear Shareholders,

We hope you enjoy our newly redesigned shareholder report. The new format is designed to enhance the attractiveness and readability of the reports. Let us know what you think.

This annual report for Scudder Quality Growth Fund covers a period of continued strength for both the U.S. economy and stock market. A healthy backdrop helped the Fund provide a 19.49% total return for the 12 months ended October 31, 1996.

The U.S. economy has been experiencing an expansion of record length, and while a mild recession would not be a surprise in 1997, there are few reasons to question the economy's long-term strength. While the financial markets will always surge and dip in response to short-term indicators, many long-term structural factors such as deregulation, globalization, and technology are setting the stage for global economic growth. This, in turn, offers opportunity for companies domiciled here and abroad in the years ahead as they find global audiences for products and services. While investors should remain vigilant and allocate their assets wisely, these global trends should provide a rewarding investment environment over the long term.

It is with this ever-changing investment landscape in mind that Scudder recently launched an innovative new product called Scudder Pathway Series. Pathway Series is a collection of four distinct portfolios -- Conservative, Growth, Balanced, and International -- that offers flexibility, diversification, and simplicity. Each portfolio invests in a diverse mix of Scudder Funds. For more information on Scudder Fund products and services, please turn to page 22. Should you have any questions about your Scudder Quality Growth Fund account, please contact a Scudder Investor Relations Representative at 1-800-225-2470.

Sincerely,

/s/Daniel Pierce  
Daniel Pierce  
President,  
Scudder Quality Growth Fund

## 3 -- SCUDDER QUALITY GROWTH FUND

PERFORMANCE UPDATE as of October 31, 1996

## FUND INDEX COMPARISONS

Period Ended	Growth of \$10,000	Total Return ----- Average Cumulative Annual
10/31/96		

## SCUDDER QUALITY GROWTH FUND

1 Year	\$11,949	19.49%	19.49%
5 Year	\$17,948	79.48%	12.41%
Life of Fund*	\$20,416	104.16%	13.94%

## RUSSELL 1000 GROWTH INDEX

1 Year	\$12,205	22.05%	22.05%
5 Year	\$19,770	97.70%	14.59%
Life of Fund*	\$20,462	104.62%	14.11%

\*The Fund commenced operations on May 15, 1991. Index comparisons begin May 31, 1991.

## GROWTH OF A \$10,000 INVESTMENT

A chart in the form of a line graph appears here,  
illustrating the Growth of a \$10,000 Investment.  
The data points from the graph are as follows:

YEARLY PERIODS ENDED OCTOBER 31

SCUDDER QUALITY GROWTH FUND

Year	Amount
5/91	\$10,000
10/91	\$10,894
10/92	\$12,252
10/93	\$13,169
10/94	\$13,220
10/95	\$16,364
10/96	\$19,553

YEARLY PERIODS ENDED MONTH OCTOBER 31

RUSSELL 1000 GROWTH FUND

Year	Amount
5/91	\$10,000
10/91	\$10,350
10/92	\$11,470
10/93	\$12,308
10/94	\$12,973
10/95	\$16,766
10/96	\$20,462

The Russell 1000 Growth Index is an unmanaged capitalization-weighted price index of 1000 largest U.S. growth companies traded on the NYSE, AMEX, and NASDAQ. Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses.

RETURNS AND PER SHARE INFORMATION

A chart in the form of a bar graph appears here,  
illustrating the Fund Total Return (%) and Index Total  
Return (%) with the exact data points listed in the table  
below.

YEARLY PERIODS ENDED OCTOBER 31

<TABLE>

<S>	<C> 1991*	<C> 1992	<C> 1993	<C> 1994	<C> 1995	<C> 1996	<C>	<C>	<C>
NET ASSET VALUE...	\$13.65	\$15.30	\$16.42	\$16.17	\$18.44	\$21.19			
INCOME DIVIDENDS..	\$ -	\$ .03	\$ .03	\$ .08	\$ .15	\$ .14			
CAPITAL GAINS									
DISTRIBUTIONS.....	\$ -	\$ .02	\$ -	\$ .24	\$ 1.09	\$ .60			
FUND TOTAL									
RETURN (%).....	13.75	12.47	12.47	.39	23.78	19.49			
RETURN (%).....	8.66	10.82	7.31	5.40	29.23	22.05			

</TABLE>

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results.  
Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased.  
If the Adviser had not maintained the Fund's expenses, the total returns for the five year and the life of Fund would have been lower.

4 -- SCUDDER QUALITY GROWTH FUND

PORTFOLIO SUMMARY as of OCTOBER 31, 1996

ASSET ALLOCATION

Equity Holding	94%
Cash Equivalents	6%

100%

-----  
A graph in the form of a pie chart appears here,  
illustrating the exact data points in the above table.

We remain near-fully invested in stocks of  
seasoned, financially-strong U.S. companies.

-----  
SECTORS  
(Excludes 6% Cash Equivalents)  
-----

Consumer Staples	18%
Health	17%
Manufacturing	14%
Technology	14%
Consumer Discretionary	10%
Service Industries	9%
Financial	8%
Media	5%
Durables	4%
Other	1%

-----  
100%  
-----

A graph in the form of a pie chart appears here,  
illustrating the exact data points in the above table.

The Fund's sector breakdown remained relatively  
unchanged during the period, although holdings within  
sectors changed.

-----  
10 LARGEST EQUITY HOLDINGS  
(24% OF PORTFOLIO)  
-----

- 1.GENERAL ELECTRIC CO.  
Leading producer of electrical equipment
- 2.PHILIP MORRIS COMPANIES INC.  
Tobacco, food products and brewing
- 3.PROCTER & GAMBLE CO.  
Diversified manufacturer of consumer products
- 4.MERCK & CO. INC.  
Leading ethical drug manufacturer
- 5.ELECTRONIC DATA SYSTEMS CORP.  
Provider of information technology services
- 6.AMERICAN INTERNATIONAL GROUP, INC.  
Major international insurance holding company
- 7.JOHNSON & JOHNSON  
Healthcare products
- 8.CLEAR CHANNEL COMMUNICATIONS, INC.  
Operator of T.V. and radio stations
9. MICROSOFT CORP.  
Computer operating systems software
- 10.PFIZER, INC.  
Leading international pharmaceutical company

We established a number of new healthcare positions during the  
period, including tenth-largest holding Pfizer.

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For more complete details about the Fund's investment portfolio,  
see page 9. A monthly Investment Portfolio Summary and quarterly Portfolio  
Holdings are available upon request.

5 -- SCUDDER QUALITY GROWTH FUND

Portfolio Management Discussion

Dear Shareholders,

Throughout Scudder Quality Growth Fund's fiscal year, investor fears of strengthening economic growth and accompanying inflation fueled a host of stock market gyrations. Amidst the surges and dips, your Fund provided a 19.49% total return for its fiscal year ended October 31. This compared with an average return of 18.47% for the 642 similar funds tracked by Lipper Analytical Services, and a 22.05% total return for the same period for the Fund's benchmark, the unmanaged Russell 1000 Growth Index.

#### A Look Back

On balance, the stock market continued its upward march through Scudder Quality Growth Fund's fiscal year. Through February, slow economic growth and low inflation provided a healthy backdrop for companies capable of delivering consistently above-average earnings growth rates. In fact, such growth companies generally prosper when the economy is slow because of their ability to deliver earnings regardless of the underlying economic environment. Demand for equities was high, and record levels of cash flowed into mutual funds. While we felt strongly that economic acceleration was unlikely, signs of stronger growth caused a stir in the market on more than one occasion. Most notably, much stronger-than-anticipated February employment numbers caused investors to fear a surge in inflation, resulting in the Dow Jones Industrial Average tumbling 171 points in March.

The volatile market environment lingered into the second half of the Fund's fiscal year, as July in particular saw equity returns hurt by surprisingly strong indicators, and cash flows into equity mutual funds began to taper off. We continued to believe, however, that economic acceleration and harmful levels of inflation were unlikely to materialize in the near future. The portfolio was invested with the expectation that economic growth would remain moderate, inflation would remain under control, and rapid earnings growth would be increasingly hard to sustain for the more cyclically sensitive companies and industries. We held true to our strategy of investing in those companies that we believed would deliver solid earnings growth, and focused on companies with solid long-term franchises, strategically oriented and experienced management teams, and dominant market shares in growing industries.

#### Focus On Stock Selection

Scudder Quality Growth Fund strives to achieve superior investment returns by investing in companies with consistent above-average earnings growth. The Fund's sector exposure is generally kept reasonably close to that of the Russell 1000 Growth Index. Our focus is on choosing quality growth stocks within each sector. In keeping with this approach, the Fund's sector breakdown for the most part remained relatively unchanged during the period (see accompanying chart), although individual holdings within sectors changed. For example, we established a number of new healthcare positions, including Sandoz, SmithKline, and Pfizer. We also used market volatility to our advantage to initiate or increase

#### 6 -- SCUDDER QUALITY GROWTH FUND

positions in quality technology stocks like Computer Associates, Cisco, Atmel, and Microsoft.

The best performing sectors mid-year were consumer staples and technology, with strong performances from stocks of companies such as Philip Morris, Coca-Cola, and Gillette. Although the healthcare sector was a relatively poor performer during this period, we maintained our exposure as we believed the stocks owned by the Fund were the best positioned in the sector. This proved a sensible strategy, as healthcare was one of the Fund's best performing sectors later in the year.

The Fund had no exposure to communications stocks at the close of the period. The intense competition between the local access providers, long distance companies, and regional bells makes for very interesting reading, but not very rewarding investing, in our opinion. We plan to hold off investing in that sector until a clearer picture emerges.

The most significant change in sector allocation over the 12 months covered by this report was in the manufacturing sector, which increased from 8% to 14%. On more than one occasion during the period, signs of a strengthening economy led investors toward manufacturing stocks, which generally respond positively to a stronger economy. We took advantage of some particularly attractive investment opportunities in this sector, including Honeywell and Monsanto.

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The Year in Review: Quality Growth Fund's  
Sector Weightings

	Q1	Q2	Q3	Q4
Consumer Staples	18%	19%	19%	18%
Health	18%	17%	17%	17%
Technology	14%	12%	11%	14%
Consumer Discretionary	9%	12%	11%	10%
Manufacturing	8%	10%	14%	14%
Service Industries	9%	10%	10%	9%
Financial	9%	7%	7%	8%
Media	7%	5%	5%	5%
Energy	--	2%	--	--
Durables	3%	--	3%	4%
Communications	--	--	--	--
Other	5%	6%	3%	1%

Sector weightings remained relatively unchanged during the fiscal year as the Fund remained committed to a strategy of making informed stock choices, not sector bets.

#### The Road Ahead

We believe growth stocks will benefit from the current environment of slow economic growth and low inflation. Without more concrete signs of acceleration in the rate of inflation, we believe the Federal Reserve will not raise short-term interest rates. This scenario should be viewed positively by the

#### 7 -- SCUDDER QUALITY GROWTH FUND

markets, and should particularly benefit growth stocks.

We continue to believe the best strategy for the Fund is to focus on stock selection. In our opinion, the best performing stocks will be those of companies capable of continued fundamental progress through these uncertain times. We don't plan significant changes to our current sector weights, as we believe any attempt to enhance portfolio returns through sector rotation would be extremely difficult. Any changes made to the Fund will be to ensure that the portfolio is made up of companies with the best long-term fundamentals -- those with growing shares in expanding markets, secure franchises, the ability to deliver consistent earnings quarter after quarter, and skilled management teams.

We believe Scudder Quality Growth Fund should reward investors seeking capital appreciation over the long term through investment in seasoned, financially strong U.S. companies. Thank you for your continued investment in Scudder Quality Growth Fund.

#### Scudder Quality Growth Fund: A Team Approach to Investing

Scudder Quality Growth Fund is managed by a team of Scudder investment professionals who each play an important role in the Fund's management process. Team members work together to develop investment strategies and select securities for the Fund's portfolio. They are supported by Scudder's large staff of economists, research analysts, traders, and other investment specialists who work in Scudder's offices across the United States and abroad. We believe our team approach benefits Fund investors by bringing together many disciplines and leveraging Scudder's extensive resources.

Lead Portfolio Manager Valerie F. Malter joined Scudder in 1995 and is responsible for the Fund's investment strategy and daily operation. Valerie has 10 years of experience as an analyst covering a wide range of industries, and three years of portfolio management experience focusing on the stocks of companies with medium- to large-sized market capitalizations. Michael K. Shields, Portfolio Manager, joined the Fund and Scudder in 1992 and has 14 years of experience in the financial industry.

Sincerely,

/s/Valerie F. Malter  
Valerie F. Malter

/s/Michael K. Shields  
Michael K. Shields

## 8 -- SCUDDER QUALITY GROWTH FUND

Investment Portfolio as of October 31, 1996

	Principal Amount (\$)	Market Value (\$)
-----		
Repurchase Agreements 5.9%		
-----		
Repurchase Agreement with State Street Bank & Trust Company dated 10/31/96 at 5.52%, to be repurchased at \$13,031,998 on 11/1/96, collateralized by a \$12,230,000 U.S. Treasury Bond, 7.25%, 5/15/16 (Cost \$13,030,000) .....	13,030,000	13,030,000
	Shares	
-----		
Common Stocks 94.1%		
-----		
Consumer Discretionary 9.6%		
-----		
Department & Chain Stores 4.5%		
Federated Department Stores, Inc.* .....	58,900	1,943,700
Nordstrom, Inc. ....	17,000	613,063
Price/Costco Inc.* .....	161,900	3,217,762
Wal-Mart Stores Inc. ....	157,600	4,196,100
		9,970,625
		-----
Hotels & Casinos 2.0%		
Host Marriott Corp. ....	163,600	2,515,350
ITT Corp.* .....	43,600	1,831,200
		4,346,550
		-----
Restaurants 0.9%		
McDonald's Corp. ....	46,700	2,072,313
		-----
Specialty Retail 2.2%		
Corporate Express, Inc.* .....	81,200	2,649,150
Intimate Brands, Inc. ....	121,400	2,200,375
		4,849,525
		-----
Consumer Staples 16.5%		
-----		
Alcohol & Tobacco 5.1%		
Anheuser-Busch Companies, Inc. ....	112,100	4,315,850
Philip Morris Companies Inc. ....	76,000	7,039,500
		11,355,350
		-----
Consumer Electronic & Photographic Products 1.1%		
Duracell International Inc. ....	37,300	2,489,775
		-----
Food & Beverage 3.4%		



Coca-Cola Co., Inc. ....	73,500	3,711,750
Dole Food Co. ....	48,900	1,907,100
PepsiCo Inc. ....	65,325	1,935,253
		-----
		7,554,103
		-----

The accompanying notes are an integral part of the financial statements.

9 - SCUDDER QUALITY GROWTH FUND

	Shares	Market Value (\$)
-----		-----
Package Goods/Cosmetics 6.9%		
Avon Products Inc. ....	40,800	2,213,400
Colgate-Palmolive Co. ....	43,300	3,983,600
Gillette Co. ....	37,700	2,818,075
Procter & Gamble Co. ....	63,600	6,296,400
		-----
		15,311,475
		-----
Health 16.3%		
Biotechnology 1.3%		
Amgen Inc.* ....	49,400	3,028,837
		-----
Health Industry Services 0.9%		
United Healthcare Corp. ....	50,800	1,924,050
		-----
Medical Supply & Specialty 1.4%		
Medtronic Inc. ....	47,500	3,057,812
		-----
Pharmaceuticals 12.7%		
American Home Products Corp. ....	42,500	2,603,125
Baxter International Inc. ....	69,000	2,872,125
Eli Lilly & Co. ....	33,349	2,351,105
Johnson & Johnson ....	94,100	4,634,425
Merck & Co. Inc. ....	75,700	5,611,262
Pfizer, Inc. ....	54,100	4,476,775
Sandoz Ltd. AG (ADR) ....	41,600	2,407,600
SmithKline Beecham PLC (ADR) ....	52,200	3,269,025
		-----
		28,225,442
		-----
Financial 8.0%		
Banks 2.5%		
NationsBank Corp. ....	23,300	2,196,025
State Street Boston Corp. ....	53,800	3,409,575
		-----
		5,605,600
		-----
Insurance 3.6%		
American International Group, Inc. ....	47,650	5,175,981
MBIA Inc. ....	30,900	2,738,512
		-----

		7,914,493
Consumer Finance 0.8%		-----
Associates First Capital Corp. ....	39,600	1,717,650
Other Financial Companies 1.1%		-----
Federal National Mortgage Association .....	61,300	2,398,363
		-----

The accompanying notes are an integral part of the financial statements.

10 - SCUDDER QUALITY GROWTH FUND

	Shares	Market Value (\$)
-----	-----	-----
Media 4.8%		
Advertising 0.9%		
Interpublic Group of Companies Inc. ....	42,800	2,075,800
Broadcasting & Entertainment 3.9%		-----
Clear Channel Communications, Inc.* .....	62,200	4,540,600
Time Warner Inc. ....	54,600	2,033,850
Walt Disney Co. ....	31,000	2,042,125
		-----
		8,616,575
		-----
Service Industries 8.1%		
EDP Services 3.9%		
Electronic Data Systems Corp. ....	115,400	5,193,000
First Data Corp. ....	44,600	3,556,850
		-----
		8,749,850
		-----
Miscellaneous Commercial Services 0.8%		
Sensormatic Electronics Corp. ....	104,700	1,714,463
Miscellaneous Consumer Services 2.3%		-----
CUC International Inc.* .....	93,850	2,299,325
Service Corp. International .....	96,700	2,755,950
		-----
		5,055,275
		-----
Printing/Publishing 1.1%		
Reuters Holdings PLC "B" (ADR) .....	33,700	2,506,438
Durables 3.5%		-----
Telecommunications Equipment		
Ascend Communications, Inc.* .....	47,100	3,079,162
Cascade Communications Corp.* .....	30,300	2,200,538
Nokia AB Oy (ADR) .....	53,100	2,462,513
		-----
		7,742,213
		-----
Manufacturing 13.3%		
Chemicals 3.5%		
Monsanto Co. ....	100,500	3,982,312

Praxair Inc. ....	51,400	2,274,450
Sigma-Aldrich Corp. ....	26,775	1,573,031
		-----
		7,829,793
		-----
Diversified Manufacturing 4.3%		
General Electric Co. ....	75,600	7,314,300
Honeywell, Inc. ....	35,300	2,193,013
		-----
		9,507,313
		-----

The accompanying notes are an integral part of the financial statements.

11 - SCUDDER QUALITY GROWTH FUND

	Shares	Market Value (\$)
-----		-----
Electrical Products 3.1%		
Emerson Electric Co. ....	49,900	4,441,100
FORE Systems, Inc.* ....	61,800	2,456,550
		-----
		6,897,650
		-----
Hand Tools 0.9%		
Black & Decker Corp. ....	50,000	1,868,750
		-----
Office Equipment/Supplies 1.5%		
Xerox Corp. ....	73,600	3,413,200
		-----
Technology 12.9%		
Computer Software 5.4%		
Computer Associates International, Inc. ....	48,900	2,891,212
Informix Corp.* ....	125,700	2,788,969
Microsoft Corp.* ....	32,900	4,515,525
Oracle Systems Corp.* ....	42,300	1,789,819
		-----
		11,985,525
		-----
Electronic Components/Distributors 0.2%		
Ingram Micro, Inc."A"* ....	20,700	372,600
		-----
Electronic Data Processing 1.4%		
Ceridian Corp.* ....	63,100	3,131,337
		-----
Office/Plant Automation 3.8%		
3Com Corp.* ....	30,600	2,069,325
Cabletron Systems Inc.* ....	48,600	3,031,425
Cisco Systems, Inc.* ....	54,300	3,359,812
		-----
		8,460,562
		-----
Semiconductors 2.1%		
Atmel Corp.* ....	77,100	1,956,413
Intel Corp. ....	25,300	2,779,838
		-----
		4,736,251
		-----

The accompanying notes are an integral part of the financial statements.

12 - SCUDDER QUALITY GROWTH FUND

	Shares	Market Value (\$)
Energy 1.2%		
Oil/Gas Transmission		
Enron Corp. ....	58,100	2,701,650
Total Common Stocks (Cost \$164,308,185) .....		209,187,208
		=====
Total Investment Portfolio - 100.0%		
(Cost \$177,338,185) (a) .....		222,217,208
		=====

\* Non-income producing security.

(a) The cost for federal income tax purposes was \$177,613,834. At October 31, 1996, net unrealized appreciation for all securities based on tax cost was \$44,603,374. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of market value over tax cost of \$47,481,396 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over market value of \$2,878,022.

The accompanying notes are an integral part of the financial statements.

13 - SCUDDER QUALITY GROWTH FUND

Financial Statements

Statement of Assets and Liabilities

as of October 31, 1996

Assets

Investments, at market (identified cost \$177,338,185) (Note A) .....	\$222,217,208
Cash .....	880
Receivable for investments sold .....	4,997,577
Receivable for Fund shares sold .....	457,311
Dividends and interest receivable .....	76,658
	-----
Total assets .....	227,749,634

Liabilities

Payables for investments purchased .....	\$ 6,038,563
Payable for Fund shares redeemed .....	172,311
Accrued management fee (Note C) .....	136,437
Other accrued expenses (Note C) .....	148,690
	-----
Total liabilities .....	6,496,001
Net assets, at market value .....	\$221,253,633
	=====

Net Assets

Net assets consist of:	
Undistributed net investment income .....	\$ 459,505
Unrealized appreciation on investments .....	44,879,023
Accumulated net realized gain .....	19,088,864
Paid-in capital .....	156,826,241
Net assets, at market value .....	\$221,253,633
	=====

Net Asset Value

Net Asset Value, offering and redemption  
price per share (\$221,253,633 / 10,441,357  
outstanding shares of beneficial interest,  
\$.01 par value, unlimited number of shares

authorized) ..... \$ 21.19  
=====

The accompanying notes are an integral part of the financial statements.  
=====

14 - SCUDDER QUALITY GROWTH FUND

Statement of Operations

year ended October 31, 1996

Investment Income

Income:	
Dividends (net of foreign taxes withheld of \$19,198) .....	\$ 2,526,785
Interest .....	523,058
	-----
	3,049,843
Expenses:	
Management fee (Note C) .....	\$ 1,447,537
Services to shareholders (Note C) .....	474,227
Custodian and accounting fees (Note C) .....	89,652
Trustees' fees and expenses (Note C) .....	37,344
Reports to shareholders .....	62,315
Auditing .....	35,985
Legal .....	14,378
Registration fees .....	23,655
Amortization of organization expenses (Note A) .	6,174
Other .....	11,590
	-----
	2,202,857
Net investment income .....	846,986
	=====

Realized and unrealized gain on investment transactions

Net realized gain from investments .....	19,474,609
Net unrealized appreciation on investments during the period .....	15,602,000
	-----
Net gain on investments .....	35,076,609
Net increase in net assets resulting from operations .....	\$ 35,923,595
	=====

The accompanying notes are an integral part of the financial statements.  
=====

15 - SCUDDER QUALITY GROWTH FUND

Statements of Changes in Net Assets

<TABLE>

<CAPTION>

Increase (Decrease) in Net Assets		Years Ended October 31,	
		1996	1995
<S>	<C>		<C>
Operations:			
Net investment income .....	\$ 846,986	\$	966,751
Net realized gain on investments .....	19,474,609		5,911,775
Net unrealized appreciation on investments during the period	15,602,000		23,228,314
	-----		-----
Net increase in net assets resulting from operations .....	35,923,595		30,106,840
	-----		-----
Distributions to shareholders from:			
Net investment income .....	(1,354,259)		(1,069,236)
	-----		-----
Net realized gains from investment transactions .....	(5,803,710)		(7,769,783)
	-----		-----
Fund share transactions:			
Proceeds from shares sold .....	75,627,033		62,792,871
Net asset value of shares issued to shareholders in reinvestment of distributions.....	6,992,173		8,642,766
	-----		-----
Cost of shares redeemed .....	(63,602,914)		(32,495,742)
	-----		-----
Net increase in net assets from Fund share transactions ....	19,016,292		38,939,895

Increase (decrease) in net assets .....	47,781,918	60,207,716
Net assets at beginning of period .....	173,471,715	113,263,999
Net assets at end of period (including undistributed net investment income of \$459,505 and \$966,778, respectively)...	\$ 221,253,633	\$ 173,471,715

#### Other Information

Increase (decrease) in Fund shares		
Shares outstanding at beginning of period .....	9,409,227	7,006,138
Shares sold .....	3,829,796	3,794,148
Shares issued to shareholders in reinvestment of distributions	380,630	595,642
Shares redeemed .....	(3,178,296)	(1,986,701)
Net increase in Fund shares .....	1,032,130	2,403,089
Shares outstanding at end of period .....	10,441,357	9,409,227

</TABLE>

The accompanying notes are an integral part of the financial statements.

#### 16 - SCUDDER QUALITY GROWTH FUND

#### Financial Highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements.

<TABLE>

<CAPTION>

	Years Ended October 31,					For the Period May 15 1991 (commencement of operations) to October 31, 1991
	1996 (a)	1995	1994	1993	1992	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period .....	\$18.44	\$16.17	\$16.42	\$15.30	\$13.65	\$12.00
Income from investment operations:						
Net investment income .....	.08	.11	.16	.06	.02	.03
Net realized and unrealized gain (loss) on investments .....	3.41	3.40	(.09)	1.09	1.68	1.62
Total from investment operations .....	3.49	3.51	.07	1.15	1.70	1.65
Less distributions from:						
Net investment income .....	(.14)	(.15)	(.08)	(.03)	(.03)	--
Net realized gains on investment transactions .....	(.60)	(1.09)	(.24)	--	(.02)	--
Total distributions .....	(.74)	(1.24)	(.32)	(.03)	(.05)	--
Net asset value, end of period .....	\$21.19	\$18.44	\$16.17	\$16.42	\$15.30	\$13.65
Total Return (%) .....	19.49	23.78	.39	7.49	12.47	13.75**
Ratios and Supplemental Data						
Net assets, end of period (\$ millions) ..	221	173	113	126	101	30
Ratio of operating expenses net, to average daily net assets (%) .....	1.07	1.17	1.25	1.20	1.25	1.25*
Ratio of operating expenses before expense reductions, to average daily net assets (%) .....	1.07	1.17	1.25	1.20	1.40	2.67*
Ratio of net investment income to average daily net assets (%) .....	.41	.71	.96	.39	.24	.83*
Portfolio turnover rate (%) .....	68.8	91.6	119.7	111.4	27.4	11.5*
Average commission rate paid (b) .....	\$.0551	\$ --	\$ --	\$ --	\$ --	\$ --

</TABLE>

(a) Based on monthly average shares outstanding during the period.

(b) Average commission rate paid per share of common and preferred stocks is calculated for fiscal years beginning on or after September 1, 1995.

\* Annualized

\*\* Not annualized

## Notes to Financial Statements

## A. Significant Accounting Policies

Scudder Quality Growth Fund (the "Fund") is a diversified series of Scudder Investment Trust (the "Trust"). The Trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company.

The Fund's financial statements are prepared in accordance with generally accepted accounting principles which require the use of management estimates. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

**Security Valuation.** Portfolio securities which are traded on U.S. or foreign stock exchanges are valued at the most recent sale price reported on the exchange on which the security is traded most extensively. If no sale occurred, the security is then valued at the calculated mean between the most recent bid and asked quotations. If there are no such bid and asked quotations, the most recent bid quotation is used. Securities quoted on the National Association of Securities Dealers Automatic Quotation ("NASDAQ") System, for which there have been sales, are valued at the most recent sale price reported on such system. If there are no such sales, the value is the high or "inside" bid quotation. Securities which are not quoted on the NASDAQ System but are traded in another over-the-counter market are valued at the most recent sale price on such market. If no sale occurred, the security is then valued at the calculated mean between the most recent bid and asked quotations. If there are no such bid and asked quotations, the most recent bid quotation shall be used. Short-term investments having a maturity of sixty days or less are valued at amortized cost.

**Repurchase Agreements.** The Fund may enter into repurchase agreements with certain banks and broker/dealers whereby the Fund, through its custodian, receives delivery of the underlying securities, the amount of which at the time of purchase and each subsequent business day is required to be maintained at such a level that the market value, depending on the maturity of the repurchase agreement and the underlying collateral, is equal to at least 100.5% of the resale price.

**Federal Income Taxes.** The Fund's policy is to comply with the requirements of the Internal Revenue Code which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Accordingly, the Fund paid no federal income taxes and no federal income tax provision was required.

**Distribution of Income and Gains.** Distributions of net investment income are made annually. During any particular year net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders annually. An additional distribution may be made to the extent necessary to avoid the payment of a four percent federal excise tax.

The timing and characterization of certain income and capital gains distributions are determined annually in accordance with federal tax regulations which may differ from generally accepted accounting principles. The differences primarily relate to investments in certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The Fund uses the identified cost method for determining realized gain or loss on investments for both financial and federal income tax reporting purposes.

## 18 - SCUDDER QUALITY GROWTH FUND

**Organization Costs.** Costs incurred by the Fund in connection with its organization and initial registration of shares were deferred and amortized on a straight-line basis over a five-year period.

**Other.** Investment security transactions are accounted for on a trade date basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

## B. Purchases and Sales of Securities

For the year ended October 31, 1996, purchases and sales of investment securities (excluding short-term investments) aggregated \$163,465,611 and \$134,364,781, respectively.

## C. Related Parties

Under the Fund's Investment Management Agreement (the "Agreement") with Scudder, Stevens & Clark, Inc. (the "Adviser"), the Fund pays the Adviser a fee equal to an annual rate of 0.70% of the Fund's average daily net assets, computed and accrued daily and payable monthly. As manager of the assets of the Fund, the Adviser directs the investments of the Fund in accordance with its investment objectives, policies, and restrictions. The Adviser determines the securities, instruments, and other contracts relating to investments to be purchased, sold or entered into by the Fund. In addition to portfolio management services, the Adviser provides certain administrative services in accordance with the Agreement. The Agreement provides that if the Fund's expenses, exclusive of taxes, interest, and extraordinary expenses, exceed specified limits, such excess, up to the amount of the management fee, will be paid by the Adviser. In addition, the Adviser agreed not to impose all or a portion of its management fee until February 29, 1996 in order to maintain the annualized expenses of the Fund at not more than 1.25% of average daily net assets. For the year ended October 31, 1996, the fee pursuant to the Agreement amounted to \$1,447,537.

Scudder Service Corporation ("SSC"), a subsidiary of the Adviser, is the transfer, dividend paying and shareholder service agent for the Fund. For the year ended October 31, 1996, the amount charged to the Fund by SSC aggregated \$275,078, of which \$24,462 is unpaid at October 31, 1996.

Scudder Trust Company ("STC"), a subsidiary of the Adviser, provides recordkeeping and other services in connection with certain retirement and employee benefit plans invested in the Fund. For the year ended October 31, 1996, the amount charged to the Fund by STC aggregated \$128,483, of which \$22,495 is unpaid at October 31, 1996.

Scudder Fund Accounting Corporation ("SFAC"), a subsidiary of the Adviser, is responsible for determining the daily net asset value per share and maintaining the portfolio and general accounting records of the Fund. For the year ended October 31, 1996, the amount charged to the Fund by SFAC aggregated \$56,114, of which \$4,665 is unpaid at October 31, 1996.

The Fund pays each of its Trustees not affiliated with the Adviser \$4,000 annually plus specified amounts for attended board and committee meetings. For the year ended October 31, 1996, Trustees fees and expenses aggregated \$37,344.

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## 19 - SCUDDER QUALITY GROWTH FUND

### Report of Independent Accountants

To the Trustees of Scudder Investment Trust and the Shareholders of Scudder Quality Growth Fund:

We have audited the accompanying statement of assets and liabilities of Scudder Quality Growth Fund including the investment portfolio, as of October 31, 1996, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, and for the period May 15, 1991 (commencement of operations) to October 31, 1991. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 1996, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to



above present fairly, in all material respects, the financial position of Scudder Quality Growth Fund as of October 31, 1996, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, and for the period May 15, 1991 (commencement of operations) to October 31, 1991 in conformity with generally accepted accounting principles.

Boston, Massachusetts  
December 16, 1996

COOPERS & LYBRAND L.L.P.

=====

20 - SCUDDER QUALITY GROWTH FUND

Tax Information

The Fund will mail shareholders IRS Form 1099-Div in late January, summarizing all taxable distributions paid for 1996.

The Fund paid distributions of \$0.32 per share from net long-term capital gains during its fiscal year ended October 31, 1996. Pursuant to section 852 of the Internal Revenue Code, the Fund designates \$16,387,183 as capital gain dividends for the year ended October 31, 1996.

Pursuant to section 854 of the Internal Revenue Code, the Fund designates \$2,418,885 as dividends eligible for the dividends received deduction for corporations for the year ended October 31, 1996.

Officers and Trustees

Daniel Pierce\*  
President and Trustee

Henry P. Becton, Jr.  
Trustee; President and General Manager, WGBH Educational Foundation

Dudley H. Ladd\*  
Trustee

George M. Lovejoy, Jr.  
Trustee; President and Director, Fifty Associates

Wesley W. Marple, Jr.  
Trustee; Professor of Business Administration, Northeastern University

Juris Padegs\*  
Trustee

Jean C. Tempel  
Trustee; General Partner, TL Ventures

Bruce F. Beaty\*  
Vice President

Jerard K. Hartman\*  
Vice President

Robert T. Hoffman\*  
Vice President

Thomas W. Joseph\*  
Vice President

David S. Lee\*  
Vice President

Valerie F. Malter\*  
Vice President

Thomas F. McDonough\*  
Vice President, Secretary and Assistant Treasurer

Pamela A. McGrath\*  
Vice President and Treasurer

Edward J. O'Connell\*  
Vice President and Assistant Treasurer

Coleen Downs Dinneen\*  
Assistant Secretary

\*Scudder, Stevens & Clark, Inc.

21 -- SCUDDER QUALITY GROWTH FUND

Investment Products and Services

The Scudder Family of Funds

---

Money Market

Scudder Cash Investment Trust  
Scudder U.S. Treasury Money Fund

Tax Free Money Market+

Scudder Tax Free Money Fund  
Scudder California Tax Free Money Fund\*  
Scudder New York Tax Free Money Fund\*

Tax Free+

Scudder California Tax Free Fund\*  
Scudder High Yield Tax Free Fund  
Scudder Limited Term Tax Free Fund  
Scudder Managed Municipal Bonds  
Scudder Massachusetts Limited Term  
Tax Free Fund\*  
Scudder Massachusetts Tax Free Fund\*  
Scudder Medium Term Tax Free Fund  
Scudder New York Tax Free Fund\*  
Scudder Ohio Tax Free Fund\*  
Scudder Pennsylvania Tax Free Fund\*

Growth and Income

Scudder Balanced Fund  
Scudder Growth and Income Fund

Income

Scudder Emerging Markets Income Fund  
Scudder Global Bond Fund  
Scudder GNMA Fund  
Scudder High Yield Bond Fund  
Scudder Income Fund  
Scudder International Bond Fund  
Scudder Short Term Bond Fund  
Scudder Zero Coupon 2000 Fund

Growth

Scudder Capital Growth Fund  
Scudder Classic Growth Fund  
Scudder Development Fund  
Scudder Emerging Markets Growth Fund  
Scudder Global Discovery Fund  
Scudder Global Fund  
Scudder Gold Fund  
Scudder Greater Europe Growth Fund  
Scudder International Fund  
Scudder Latin America Fund  
Scudder Micro Cap Fund  
Scudder Pacific Opportunities Fund  
Scudder Quality Growth Fund  
Scudder Small Company Value Fund  
Scudder 21st Century Growth Fund  
Scudder Value Fund  
The Japan Fund

Retirement Plans and Tax-Advantaged Investments

---

IRAs

Keogh Plans

Scudder Horizon Plan\*+++ (a variable annuity)

401(k) Plans  
403(b) Plans  
SEP-IRAs  
Profit Sharing and Money Purchase  
Pension Plans

Closed-End Funds#

-----  
The Argentina Fund, Inc.  
The Brazil Fund, Inc.  
The First Iberian Fund, Inc.  
The Korea Fund, Inc.  
The Latin America Dollar Income Fund, Inc.  
Montgomery Street Income Securities, Inc.  
Scudder New Asia Fund, Inc.  
Scudder New Europe Fund, Inc.  
Scudder World Income Opportunities  
Fund, Inc.

Institutional Cash Management

-----  
Scudder Institutional Fund, Inc.  
Scudder Fund, Inc.  
Scudder Treasurers Trust(TM)++

For complete information on any of the above Scudder funds, including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. +A portion of the income from the tax-free funds may be subject to federal, state, and local taxes. \*Not available in all states. +++A no-load variable annuity contract provided by Charter National Life Insurance Company and its affiliate, offered by Scudder's insurance agencies, 1-800-225-2470. #These funds, advised by Scudder, Stevens & Clark, Inc., are traded on various stock exchanges. ++For information on Scudder Treasurers Trust,(TM) an institutional cash management service that utilizes certain portfolios of Scudder Fund, Inc. (\$100,000 minimum), call 1-800-541-7703.

22 -- SCUDDER QUALITY GROWTH FUND

How to Contact Scudder

Account Service and Information

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For existing account service and transactions

Scudder Investor Relations  
1-800-225-5163

For personalized information about your Scudder accounts;  
exchanges and redemptions; or information on any Scudder fund

Scudder Automated Information Line (SAIL)  
1-800-343-2890

Investment Information

-----  
To receive information about the Scudder funds, for additional  
applications and prospectuses, or for investment questions

Scudder Investor Relations  
1-800-225-2470

For establishing 401(k) and 403(b) plans

Scudder Defined Contribution Services  
1-800-323-6105

Please address all correspondence to

-----  
The Scudder Funds  
P.O. Box 2291  
Boston, Massachusetts  
02107-2291

Visit the Scudder World Wide Web Site at:

-----  
<http://funds.scudder.com>

Many shareholders enjoy the personal, one-on-one service of the Scudder Funds Centers. Check for a Funds Center near you--they can be found in the following cities:

Boca Raton	New York
Boston	Portland, OR
Chicago	San Diego
Cincinnati	San Francisco
Los Angeles	Scottsdale

For information on Scudder Treasurers Trust(TM), an institutional cash management service for corporations, non-profit organizations and trusts which utilizes certain portfolios of Scudder Fund, Inc.\* (\$100,000 minimum), call: 1-800-541-7703.

For information on Scudder Institutional Funds\*, funds designed to meet the broad investment management and service needs of banks and other institutions, call: 1-800-854-8525.

Scudder Investor Relations and Scudder Funds Centers are services provided through Scudder Investor Services, Inc., Distributor.

\* Contact Scudder Investor Services, Inc., Distributor, to receive a prospectus with more complete information, including management fees and expenses. Please read it carefully before you invest or send money.

## 23 -- SCUDDER QUALITY GROWTH FUND

### Celebrating Over 75 Years of Serving Investors

Established in 1919 by Theodore Scudder, Sidney Stevens, and F. Haven Clark, Scudder, Stevens & Clark was the first independent investment counsel firm in the United States. Since its birth, Scudder's pioneering spirit and commitment to professional long-term investment management have helped shape the investment industry. In 1928, we introduced the nation's first no-load mutual fund. Today we offer over 40 pure no load(TM) funds, including the first international mutual fund offered to U.S. investors.

Over the years, Scudder's global investment perspective and dedication to research and fundamental investment disciplines have helped us become one of the largest and most respected investment managers in the world. Though times have changed since our beginnings, we remain committed to our long-standing principles: managing money with integrity and distinction; keeping the interests of our clients first; providing access to investments and markets that may not be easily available to individuals; and making investing as simple and convenient as possible through friendly, comprehensive service.

This information must be preceded or accompanied by a current prospectus.

Portfolio changes should not be considered recommendations for action by individual investors.

### SCUDDER INVESTMENT TRUST

#### PART C. OTHER INFORMATION

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Item 24. Financial Statements and Exhibits  
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a. Financial Statements

Included in Part A:  
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For Scudder Growth and Income Fund:  
Financial highlights for the ten fiscal years ended December 31, 1995  
(Incorporated by reference to Post-Effective Amendment No. 75 to the Registration Statement.)

For Scudder Large Company Growth Fund:  
Financial Highlights for the period May 15, 1991 (commencement of operations) to  
October 31, 1991 and for the five fiscal years ended October 31, 1996

For Scudder Classic Growth Fund:  
Financial Highlights to be filed by amendment.

Included in the Part B:

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For Scudder Growth and Income Fund:  
Investment Portfolio as of December 31, 1995  
Statement of Assets and Liabilities as of December 31, 1995  
Statement of Operations for the year ended December 31, 1995  
Statements of Changes in Net Assets for the two fiscal years  
ended December 31, 1995  
Financial Highlights for the ten fiscal years ended December 31, 1995  
Notes to Financial Statements  
Report of Independent Accountants  
(Incorporated by reference to Post-Effective Amendment No. 75 to the Registration  
Statement.)

For Scudder Large Company Growth Fund:  
Investment Portfolio as of October 31, 1996  
Statement of Assets and Liabilities as of October 31, 1996  
Statement of Operations for the fiscal year ended October 31, 1996  
Statements of Changes in Net Assets for the three fiscal years  
ended October 31, 1996  
Financial Highlights for the period May 15, 1991 (commencement of operations) to  
October 31, 1991 and for the five fiscal years ended October 31, 1996  
Notes to Financial Statements  
Report of Independent Accountants

For Scudder Classic Growth Fund:  
Statement of Assets and Liabilities as of September 5, 1996 and related notes  
(Incorporated by reference to Post-Effective Amendment No. 77 to the Registration  
Statement.)

Statements, schedules and historical information other than those listed above have been  
omitted since they are either not applicable or are not required.

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b. Exhibits:

All references are to the Registrant's Registration Statement on  
Form N-1A filed with the Securities and Exchange Commission. File  
Nos. 2-13628 and 811-43. ("Registration Statement").

1.
  - (a) (1) Amended and Restated Declaration of Trust dated November 4, 1987 is electronically filed herein.
  - (a) (2) Amendment to Amended and Restated Declaration of Trust dated November 14, 1990 is electronically filed herein.
  - (a) (3) Certificate of Amendment of Declaration of Trust dated February 12, 1991 is electronically filed herein.
  - (b) (1) Establishment and Designation of Series of Shares of Beneficial Interest, \$0.01 par value, with respect to Scudder Growth and Income Fund and Scudder Quality Growth Fund is electronically filed herein.
  - (b) (2) Establishment and Designation of Series of Shares of Beneficial Interest, \$0.01 par value, with respect to Scudder Classic Growth Fund is incorporated by reference to Post-Effective Amendment No. 76 to the Registration Statement ("Post-Effective Amendment No. 76").
2.
  - (a) By-Laws of the Registrant dated September 20, 1984 are electronically filed herein.
  - (b) Amendment to By-Laws of the Registrant dated August 13, 1991 is electronically filed herein.
  - (c) Amendment to By-Laws of the Registrant dated November 12, 1991 is electronically filed herein.
3. Inapplicable.

4. Specimen certificate representing shares of beneficial interest with \$0.01 par value of Scudder Growth and Income Fund is incorporated by reference to Post-Effective Amendment No. 59 to the Registration Statement ("Post-Effective Amendment No. 59").
5.
  - (a) Investment Management Agreement between the Registrant (on behalf of Scudder Growth and Income Fund) and Scudder, Stevens & Clark, Inc. ("Scudder") dated November 14, 1990 is electronically filed herein.
  - (b) Investment Management Agreement between the Registrant (on behalf of Scudder Quality Growth Fund) and Scudder dated May 9, 1991 is electronically filed herein.
  - (c) Investment Management Agreement between the Registrant (on behalf of Scudder Growth and Income Fund) and Scudder dated August 10, 1993 is electronically filed herein.

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- (d) Investment Management Agreement between the Registrant (on behalf of Scudder Growth and Income Fund) and Scudder dated August 8, 1995 is incorporated by reference to Post-Effective Amendment No. 75 to the Registration Statement ("Post-Effective Amendment No. 75").
  - (e) Form of Investment Management Agreement between the Registrant, on behalf of Scudder Classic Growth Fund, and Scudder, Stevens & Clark, Inc. is incorporated by reference to Post-Effective Amendment No. 77 to the Registration Statement ("Post-Effective Amendment No. 77").
6.
  - (a) Underwriting Agreement between the Registrant and Scudder Investor Services, Inc., formerly Scudder Fund Distributors, Inc., dated September 10, 1985 is electronically filed herein.
7. Inapplicable.
8.
  - (a)
    - (1) Custodian Agreement between the Registrant (on behalf of Scudder Growth and Income Fund) and State Street Bank and Trust Company ("State Street Bank") dated December 31, 1984 is electronically filed herein.
    - (2) Amendment dated April 1, 1985 to the Custodian Agreement between the Registrant and State Street Bank is electronically filed herein.
    - (3) Amendment dated August 8, 1987 to the Custodian Agreement between the Registrant and State Street Bank is electronically filed herein.
    - (4) Amendment dated August 9, 1988 to the Custodian Agreement between the Registrant and State Street Bank is electronically filed herein.
    - (5) Amendment dated July 29, 1991 to the Custodian Agreement between the Registrant and State Street Bank is electronically filed herein.
    - (6) Custodian fee schedule for Scudder Growth and Income Fund is electronically filed herein.
    - (7) Custodian fee schedule for Scudder Quality Growth Fund is electronically filed herein.
  - (b) Subcustodian Agreement with fee schedule between State Street Bank and The Bank of New York, London office, dated December 31, 1978 is electronically filed herein.
  - (c)
    - (1) Subcustodian Agreement between State Street Bank and The Chase Manhattan Bank, N.A. dated September 1, 1986 is electronically filed herein.
  - (d) Custodian fee schedule for Scudder Quality Growth Fund and Scudder Growth and Income Fund is incorporated by reference to Post-Effective Amendment No. 72 to the Registration Statement ("Post-Effective Amendment No. 72").

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- (e) Form of Custodian fee schedule for Scudder Classic Growth Fund is incorporated by reference to Post-Effective Amendment No. 77 to the Registration Statement ("Post-Effective Amendment No. 77").

9. (a) (1) Transfer Agency and Service Agreement with fee schedule between the Registrant and Scudder Service Corporation dated October 2, 1989 is electronically filed herein.
- (a) (2) Revised fee schedule dated October 6, 1995 for Exhibit 9(a)(1) is incorporated by reference to Post-Effective Amendment No. 76 ("Post-Effective Amendment No. 76").
- (a) (3) Form of revised fee schedule for Exhibit 9(a)(1) dated October 1, 1996 is filed herein.
- (b) (1) COMPASS Service Agreement and fee schedule with Scudder Trust Company dated January 1, 1990 is electronically filed herein.
- (b) (2) COMPASS and TRAK 2000 Service Agreement between Scudder Trust Company and the Registrant dated October 1, 1995 is incorporated by reference to Post-Effective Amendment No. 74 ("Post-Effective Amendment No. 74").
- (b) (3) Form of revised fee schedule for Exhibit 9(b)(1) dated October 1, 1996 is filed herein.
- (c) Fund Accounting Services Agreement between the Registrant, on behalf of Scudder Quality Growth Fund and Scudder Fund Accounting Corporation dated November 1, 1994 is incorporated by reference to Post-Effective Amendment No. 72.
- (d) Fund Accounting Services Agreement between the Registrant, on behalf of Scudder Growth and Income Fund and Scudder Fund Accounting Corporation dated October 17, 1994 is incorporated by reference to Post-Effective Amendment No. 73.
- (e) Form of Fund Accounting Services Agreement between the Registrant, on behalf of Scudder Classic Growth Fund, and Scudder Fund Accounting Corporation is incorporated by reference to Post-Effective Amendment No. 77 to the Registration Statement ("Post-Effective Amendment No. 77").
- (f) (1) Shareholder Services Agreement between the Registrant and Charles Schwab & Co., Inc. dated June 1, 1990 is electronically filed herein.
- (f) (2) Service Agreement between Copeland Associates, Inc. and Scudder Service Corporation (on behalf of Scudder Quality Growth Fund and Scudder Growth and Income Fund) dated June 8, 1995 is incorporated by reference to Post-Effective Amendment No. 74 ("Post-Effective Amendment No. 74").
10. Inapplicable.
11. Consent of Independent Accountants is filed herein.
12. Inapplicable.
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13. Inapplicable.
14. (a) Scudder Flexi-Plan for Corporations and Self-Employed Individuals is electronically filed herein.
- (b) Scudder Individual Retirement Plan is electronically filed herein.
- (c) SEP-IRA is electronically filed herein.
- (d) Scudder Funds 403(b) Plan is electronically filed herein.
- (e) Scudder Cash or Deferred Profit Sharing Plan under Section 401(k) is electronically filed herein.
15. Inapplicable.
16. Schedule for Computation of Performance Quotation is filed herein. Power of Attorney is electronically filed herein.
17. Inapplicable.

Item 25. Persons Controlled by or under Common Control with Registrant.

Item 26. Number of Holders of Securities (as of November 30, 1996).

(1) Title of Class	(2) Number of Record Shareholders
Shares of beneficial interest (\$0.01 par value):	
Scudder Growth and Income Fund	174,834
Scudder Large Company Growth Fund	14,548

Item 27. Indemnification.

A policy of insurance covering Scudder, Stevens & Clark, Inc. its subsidiaries including Scudder Investor Services, Inc., and all of the registered investment companies advised by Scudder, Stevens & Clark, Inc. insures the Registrant's Trustees and officers and others against liability arising by reason of an alleged breach of duty caused by any negligent act, error or accidental omission in the scope of their duties.

Article IV, Sections 4.1-4.3 of Registrant's Declaration of Trust provide as follows:

Section 4.1. No Personal Liability of Shareholders, Trustees, etc. No Shareholder shall be subject to any personal liability whatsoever to any Person in connection with Trust Property or the acts, obligations or affairs of the Trust. No Trustee, officer, employee or agent of the Trust shall be subject to any personal liability whatsoever to any Person, other than to the Trust or its Shareholders, in connection with Trust Property or the affairs of the Trust, save only that arising from bad faith, willful misfeasance, gross negligence or reckless disregard of his duties with respect to such Person; and all such Persons shall look solely to the Trust Property for satisfaction of claims of any nature arising in connection with the affairs of the Trust. If any Shareholder, Trustee, officer,

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employee, or agent, as such, of the Trust, is made a party to any suit or proceeding to enforce any such liability of the Trust, he shall not, on account thereof, be held to any personal liability. The Trust shall indemnify and hold each Shareholder harmless from and against all claims and liabilities, to which such Shareholder may become subject by reason of his being or having been a Shareholder, and shall reimburse such Shareholder for all legal and other expenses reasonably incurred by him in connection with any such claim or liability. The indemnification and reimbursement required by the preceding sentence shall be made only out of the assets of the one or more series of which the shareholder who is entitled to indemnification or reimbursement was a Shareholder at the time the act or event occurred which gave rise to the claim against or liability of said shareholder. The rights accruing to a Shareholder under this Section 4.1 shall not impair any other right to which such Shareholder may be lawfully entitled, nor shall anything herein contained restrict the right of the Trust to indemnify or reimburse a Shareholder in any appropriate situation even though not specifically provided herein.

Section 4.2. Non-Liability of Trustees, etc. No Trustee, officer, employee or agent of the Trust shall be liable to the Trust, its Shareholders, or to any Shareholder, Trustee, officer, employee, or agent thereof for any action or failure to act (including without limitation the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for his own bad faith, willful misfeasance, gross negligence or reckless disregard of the duties involved in the conduct of his office.

Section 4.3 Mandatory Indemnification. (a) Subject to the exceptions and limitations contained in paragraph (b) below:

(i) every person who is, or has been, a Trustee or officer of the Trust shall be indemnified by the Trust to the fullest extent permitted by law against all liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been a Trustee or officer and against amounts paid or incurred by him in the settlement thereof;

(ii) the words "claim," "action," "suit," or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal, administrative, or other, including appeals), actual or threatened; and the words "liability" and "expenses" shall include, without limitation, attorneys' fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities.

(b) No indemnification shall be provided hereunder to a Trustee or officer:

(i) against any liability to the Trust, a Series thereof, or the Shareholders by reason of a final adjudication by a court or other body before which a proceeding



was brought that he engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

(ii) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Trust;

(iii) in the event of a settlement or other disposition not involving a final adjudication as provided in paragraph (b) (i) or (b) (ii) resulting in a payment by a Trustee or officer, unless there has been a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

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(A) by the court or other body approving the settlement or other disposition; or

(B) based upon a review of readily available facts (as opposed to a full trial-type inquiry) by (x) vote of a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter) or (y) written opinion of independent legal counsel.

(c) The rights of indemnification herein provided may be insured against by policies maintained by the Trust, shall be severable, shall not affect any other rights to which any Trustee or officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such Trustee or officer and shall inure to the benefit of the heirs, executors, administrators and assigns of such a person. Nothing contained herein shall affect any rights to indemnification to which personnel of the Trust other than Trustees and officers may be entitled by contract or otherwise under law.

(d) Expenses of preparation and presentation of a defense to any claim, action, suit, or proceeding of the character described in paragraph (a) of this Section 4.3 may be advanced by the Trust prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Section 4.3, provided that either:

(i) such undertaking is secured by a surety bond or some other appropriate security provided by the recipient, or the Trust shall be insured against losses arising out of any such advances; or

(ii) a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees act on the matter) or an independent legal counsel in a written opinion shall determine, based upon a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification.

As used in this Section 4.3, a "Disinterested Trustee" is one who is not (i) an "Interested Person" of the Trust (including anyone who has been exempted from being an "Interested Person" by any rule, regulation or order of the Commission), or (ii) involved in the claim, action, suit or proceeding.

Item 28. Business or Other Connections of Investment Adviser  
-----

The Adviser has stockholders and employees who are denominated officers but do not as such have corporation-wide responsibilities. Such persons are not considered officers for the purpose of this Item 28.

Name ----	Business and Other Connections of Board of Directors of Registrant's Adviser -----
Stephen R. Beckwith	Director, Vice President, Assistant Treasurer, Chief Operating Officer & Chief Financial Officer, Scudder, Stevens & Clark, Inc. (investment adviser)**
Lynn S. Birdsong	Director, Scudder, Stevens & Clark, Inc. (investment adviser)**  Supervisory Director, The Latin America Income and Appreciation Fund N.V. (investment company) + Supervisory Director, The Venezuela High Income Fund N.V. (investment company) xx Supervisory Director, Scudder Mortgage Fund (investment company)+

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Supervisory Director, Scudder Floating Rate Funds for Fannie Mae Mortgage Securities I

Director, Scudder, Stevens & Clark (Luxembourg) S.A. (investment manager) #  
 Trustee, Scudder Funds Trust (investment company)\*  
 President & Director, The Latin America Dollar Income Fund, Inc. (investment company)\*\*  
 President & Director, Scudder World Income Opportunities Fund, Inc. (investment company)\*\*  
 Director, Canadian High Income Fund (investment company)#  
 Director, Hot Growth Companies Fund (investment company)#  
 President, The Japan Fund, Inc. (investment company)\*\*  
 Director, Sovereign High Yield Investment Company (investment company)+

Nicholas Bratt

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 President & Director, Scudder New Europe Fund, Inc. (investment company)\*\*  
 President & Director, The Brazil Fund, Inc. (investment company)\*\*  
 President & Director, The First Iberian Fund, Inc. (investment company)\*\*  
 President & Director, Scudder International Fund, Inc. (investment company)\*\*  
 President & Director, Scudder Global Fund, Inc. (President on all series except Scudder Global Fund) (investment company)\*\*  
 President & Director, The Korea Fund, Inc. (investment company)\*\*  
 President & Director, Scudder New Asia Fund, Inc. (investment company)\*\*  
 President, The Argentina Fund, Inc. (investment company)\*\*  
 Vice President, Scudder, Stevens & Clark Corporation (Delaware) (investment adviser)\*\*  
 Vice President, Scudder, Stevens & Clark Japan, Inc. (investment adviser)###  
 Vice President, Scudder, Stevens & Clark of Canada Ltd. (Canadian investment adviser)  
 Toronto, Ontario, Canada  
 Vice President, Scudder, Stevens & Clark Overseas Corporationoo

E. Michael Brown

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Trustee, Scudder GNMA Fund (investment company)\*  
 Trustee, Scudder U.S. Treasury Fund (investment company)\*  
 Trustee, Scudder Tax Free Money Fund (investment company)\*  
 Assistant Treasurer, Scudder Investor Services, Inc. (broker/dealer)\*  
 Director & President, Scudder Realty Holding Corporation (a real estate holding company)\*  
 Director & President, Scudder Trust Company (a trust company)+++  
 Director, Scudder Trust (Cayman) Ltd.

Mark S. Casady

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Director & Vice President, Scudder Investor Services, Inc. (broker/dealer)\*  
 Vice President, Scudder Service Corporation (in-house transfer agent)\*  
 Director, SFA, Inc. (advertising agency)\*

Linda C. Coughlin

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Director & Senior Vice President, Scudder Investor Services, Inc. (broker/dealer)\*  
 President & Trustee, AARP Cash Investment Funds (investment company)\*\*  
 President & Trustee, AARP Growth Trust (investment company)\*\*  
 President & Trustee, AARP Income Trust (investment company)\*\*  
 President & Trustee, AARP Tax Free Income Trust (investment company)\*\*  
 President & Trustee, AARP Managed Investment Portfolios Trust (investment company)\*\*  
 Director, SFA, Inc. (advertising agency)\*

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Margaret D. Hadzima

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Assistant Treasurer, Scudder Investor Services, Inc. (broker/dealer)\*

Jerard K. Hartman

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Vice President, Scudder California Tax Free Trust (investment company)\*  
 Vice President, Scudder Equity Trust (investment company)\*\*  
 Vice President, Scudder Cash Investment Trust (investment company)\*  
 Vice President, Scudder Fund, Inc. (investment company)\*\*  
 Vice President, Scudder Global Fund, Inc. (investment company)\*\*  
 Vice President, Scudder GNMA Fund (investment company)\*  
 Vice President, Scudder Portfolio Trust (investment company)\*  
 Vice President, Scudder Institutional Fund, Inc. (investment company)\*\*  
 Vice President, Scudder International Fund, Inc. (investment company)\*\*  
 Vice President, Scudder Investment Trust (investment company)\*  
 Vice President, Scudder Municipal Trust (investment company)\*  
 Vice President, Scudder Mutual Funds, Inc. (investment company)\*\*  
 Vice President, Scudder New Asia Fund, Inc. (investment company)\*\*  
 Vice President, Scudder New Europe Fund, Inc. (investment company)\*\*  
 Vice President, Scudder Securities Trust (investment company)\*  
 Vice President, Scudder State Tax Free Trust (investment company)\*  
 Vice President, Scudder Funds Trust (investment company)\*\*  
 Vice President, Scudder Tax Free Money Fund (investment company)\*  
 Vice President, Scudder Tax Free Trust (investment company)\*  
 Vice President, Scudder U.S. Treasury Money Fund (investment company)\*  
 Vice President, Scudder Pathway Series (investment company)\*

Vice President, Scudder Variable Life Investment Fund (investment company)\*  
 Vice President, The Brazil Fund, Inc. (investment company)\*\*  
 Vice President, The Korea Fund, Inc. (investment company)\*\*  
 Vice President, The Argentina Fund, Inc. (investment company)\*\*  
 Vice President & Director, Scudder, Stevens & Clark of Canada, Ltd. (Canadian investment adviser) Toronto, Ontario, Canada  
 Vice President, The First Iberian Fund, Inc. (investment company)\*\*  
 Vice President, The Latin America Dollar Income Fund, Inc. (investment company)\*\*  
 Vice President, Scudder World Income Opportunities Fund, Inc. (investment company)\*\*

Richard A. Holt Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Vice President, Scudder Variable Life Investment Fund (investment company)\*

Dudley H. Ladd Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Director, Scudder Global Fund, Inc. (investment company)\*\*  
 Director, Scudder International Fund, Inc. (investment company)\*\*  
 Director, Scudder Mutual Fund, Inc. (investment company)\*\*  
 Senior Vice President & Director, Scudder Investor Services, Inc. (broker/dealer)\*  
 President & Director, SFA, Inc. (advertising agency)\*  
 Vice President & Trustee, Scudder Cash Investment Trust (investment company)\*  
 Trustee, Scudder Investment Trust (investment company)\*  
 Trustee, Scudder Portfolio Trust (investment company)\*  
 Trustee, Scudder Municipal Trust (investment company)\*  
 Trustee, Scudder Securities Trust (investment company)\*  
 Trustee, Scudder State Tax Free Trust (investment company)\*  
 Trustee, Scudder Equity Trust (investment company)\*\*  
 Vice President, Scudder U.S. Treasury Money Fund (investment company)\*

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John T. Packard Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 President, Montgomery Street Income Securities, Inc. (investment company) o  
 Director, Scudder Realty Advisors, Inc. (realty investment adviser) x

Daniel Pierce Chairman & Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Chairman & Director, Scudder New Europe Fund, Inc. (investment company)\*\*  
 Trustee, Scudder California Tax Free Trust (investment company)\*  
 President & Trustee, Scudder Equity Trust (investment company)\*\*  
 Director, The First Iberian Fund, Inc. (investment company)\*\*  
 President & Trustee, Scudder GNMA Fund (investment company)\*  
 President & Trustee, Scudder Portfolio Trust (investment company)\*  
 President & Trustee, Scudder Funds Trust (investment company)\*\*  
 President & Director, Scudder Institutional Fund, Inc. (investment company)\*\*  
 President & Director, Scudder Fund, Inc. (investment company)\*\*  
 Chairman & Director, Scudder International Fund, Inc. (investment company)\*\*  
 President & Trustee, Scudder Investment Trust (investment company)\*  
 Vice President & Trustee, Scudder Municipal Trust (investment company)\*  
 Vice President & Trustee, Scudder Pathway Series (investment company)\*  
 President & Director, Scudder Mutual Funds, Inc. (investment company)\*\*  
 Director, Scudder New Asia Fund, Inc. (investment company)\*\*  
 President & Trustee, Scudder Securities Trust (investment company)\*  
 Trustee, Scudder State Tax Free Trust (investment company)\*  
 Vice President & Trustee, Scudder Variable Life Investment Fund (investment company)\*  
 Director, The Brazil Fund, Inc. (until 7/94) (investment company)\*\*  
 Vice President & Assistant Treasurer, Montgomery Street Income Securities, Inc. (investment company)o  
 Chairman, Vice President & Director, Scudder Global Fund, Inc. (investment company)\*\*  
 Vice President, Director & Assistant Treasurer, Scudder Investor Services, Inc. (broker/dealer)\*  
 President & Director, Scudder Service Corporation (in-house transfer agent)\*  
 Chairman & President, Scudder, Stevens & Clark of Canada, Ltd. (Canadian investment adviser), Toronto, Ontario, Canada  
 President & Director, Scudder Precious Metals, Inc. xxx  
 Chairman & Director, Scudder Global Opportunities Funds (investment company) Luxembourg  
 Chairman, Scudder, Stevens & Clark, Ltd. (investment adviser) London, England  
 Director, Scudder Fund Accounting Corporation (in-house fund accounting agent)\*  
 Director, Vice President & Assistant Secretary, Scudder Realty Holdings Corporation (a real estate holding company)\*  
 Director, Scudder Latin America Investment Trust PLC (investment company)@  
 Incorporator, Scudder Trust Company (a trust company)+++  
 Director, Fiduciary Trust Company (banking & trust company) Boston, MA  
 Director, Fiduciary Company Incorporated (banking & trust company) Boston, MA  
 Trustee, New England Aquarium, Boston, MA

Kathryn L. Quirk Director & Secretary, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
 Vice President, Scudder Fund, Inc. (investment company)\*\*  
 Vice President, Scudder Institutional Fund, Inc. (investment company)\*\*  
 Vice President & Assistant Secretary, Scudder World Income Opportunities Fund, Inc.

(investment company)\*\*  
Vice President & Assistant Secretary, The Korea Fund, Inc. (investment company)\*\*  
Vice President & Assistant Secretary, The Argentina Fund, Inc. (investment company)\*\*

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Vice President & Assistant Secretary, The Brazil Fund, Inc. (investment company)\*\*  
Vice President & Assistant Secretary, Scudder International Fund, Inc. (investment company)\*\*  
Vice President & Assistant Secretary, Scudder Equity Trust (investment company)\*\*  
Vice President & Assistant Secretary, Scudder Securities Trust (investment company)\*  
Vice President & Assistant Secretary, Scudder Funds Trust (investment company)\*\*  
Vice President & Assistant Secretary, Scudder Global Fund, Inc. (investment company)\*\*  
Vice President & Assistant Secretary, Montgomery Street Income Securities, Inc. (investment company)o  
Vice President & Assistant Secretary, Scudder Mutual Funds, Inc. (investment company)\*\*  
Vice President & Assistant Secretary, Scudder Pathway Series (investment company)\*  
Vice President & Assistant Secretary, Scudder New Europe Fund, Inc. (investment company)\*\*  
Vice President & Assistant Secretary, Scudder Variable Life Investment Fund (investment company)\*  
Vice President & Assistant Secretary, The First Iberian Fund, Inc. (investment company)\*\*  
Vice President & Assistant Secretary, The Latin America Dollar Income Fund, Inc. (investment company)\*\*  
Vice President & Secretary, AARP Growth Trust (investment company)\*\*  
Vice President & Secretary, AARP Income Trust (investment company)\*\*  
Vice President & Secretary, AARP Tax Free Income Trust (investment company)\*\*  
Vice President & Secretary, AARP Cash Investment Funds (investment company)\*\*  
Vice President & Secretary, AARP Managed Investment Portfolios Trust (investment company)\*\*  
Vice President, Scudder GNMA Fund (investment company)\*  
Vice President & Secretary, The Japan Fund, Inc. (investment company)\*\*  
Director, Vice President & Secretary, Scudder Fund Accounting Corporation (in-house fund accounting agent)\*  
Senior Vice President, Scudder Investor Services, Inc. (broker/dealer)\*  
Director, Vice President & Secretary, Scudder Realty Holdings Corporation (a real estate holding company)\*  
Vice President & Assistant Secretary, Scudder Precious Metals, Inc. xxx

Cornelia M. Small

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
Vice President, Scudder Global Fund, Inc. (investment company)\*\*  
Vice President, AARP Cash Investment Funds (investment company)\*\*  
Vice President, AARP Growth Trust (investment company)\*\*  
Vice President, AARP Income Trust (investment company)\*\*  
Vice President, AARP Tax Free Income Trust (investment company)\*\*

Edmond D. Villani

Director, President & Chief Executive Officer, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
Chairman & Director, Scudder New Asia Fund, Inc. (investment company)\*\*  
Chairman & Director, The Argentina Fund, Inc. (investment company)\*\*  
Director, Scudder Realty Advisors, Inc. (realty investment adviser) x  
Supervisory Director, Scudder Mortgage Fund (investment company) +  
Chairman & Director, The Latin America Dollar Income Fund, Inc. (investment company)\*\*  
Director, Scudder, Stevens & Clark Japan, Inc. (investment adviser)###  
Chairman & Director, Scudder World Income Opportunities Fund, Inc. (investment company)\*\*

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Supervisory Director, Scudder Floating Rate Funds for Fannie Mae Mortgage Securities I & II (investment company)+  
Director, The Brazil Fund, Inc. (investment company)\*\*  
Director, Indosuez High Yield Bond Fund (investment company) Luxembourg  
President & Director, Scudder, Stevens & Clark Overseas Corporationoo  
President & Director, Scudder, Stevens & Clark Corporation (Delaware) (investment adviser)\*\*  
Director, IBJ Global Investment Management S.A., (Luxembourg investment management company) Luxembourg, Grand-Duchy of Luxembourg

Stephen A. Wohler

Director, Scudder, Stevens & Clark, Inc. (investment adviser)\*\*  
Vice President, Montgomery Street Income Securities, Inc. (investment company)o

\* Two International Place, Boston, MA  
x 333 South Hope Street, Los Angeles, CA  
\*\* 345 Park Avenue, New York, NY  
++ Two Prudential Plaza, 180 N. Stetson Avenue, Chicago, IL  
+++ 5 Industrial Way, Salem, NH  
o 101 California Street, San Francisco, CA

# Societe Anonyme, 47, Boulevard Royal, L-2449 Luxembourg, R.C. Luxembourg B 34.564  
 + John B. Gorsiraweg 6, Willemstad Curacao, Netherlands Antilles  
 xx De Ruyterkade 62, P.O. Box 812, Willemstad Curacao, Netherlands Antilles  
 ## 2 Boulevard Royal, Luxembourg  
 \*\*\* B1 2F3F 248 Section 3, Nan King East Road, Taipei, Taiwan  
 xxx Grand Cayman, Cayman Islands, British West Indies  
 oo 20-5, Ichibancho, Chiyoda-ku, Tokyo, Japan  
 ### 1-7, Kojimachi, Chiyoda-ku, Tokyo, Japan  
 @ c/o Sinclair Hendersen Limited, 23 Cathedral Yard, Exeter, Devon

Item 29. Principal Underwriters.  
 -----

(a) Scudder California Tax Free Trust  
 Scudder Cash Investment Trust  
 Scudder Equity Trust  
 Scudder Fund, Inc.  
 Scudder Funds Trust  
 Scudder Global Fund, Inc.  
 Scudder GNMA Fund  
 Scudder Institutional Fund, Inc.  
 Scudder International Fund, Inc.  
 Scudder Investment Trust  
 Scudder Municipal Trust  
 Scudder Mutual Funds, Inc.  
 Scudder Pathway Series  
 Scudder Portfolio Trust  
 Scudder Securities Trust  
 Scudder State Tax Free Trust  
 Scudder Tax Free Money Fund  
 Scudder Tax Free Trust  
 Scudder U.S. Treasury Money Fund  
 Scudder Variable Life Investment Fund  
 AARP Cash Investment Funds  
 AARP Growth Trust  
 AARP Income Trust  
 AARP Tax Free Income Trust

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AARP Managed Investment Portfolios Trust  
 The Japan Fund, Inc.

(b)

(1)	(2)	(3)
Name and Principal Business Address -----	Position and Offices with Scudder Investor Services, Inc. -----	Positions and Offices with Registrant -----
E. Michael Brown Two International Place Boston, MA 02110	Assistant Treasurer	None
Mark S. Casady Two International Place Boston, MA 02110	Director and Vice President	None
Linda Coughlin Two International Place Boston, MA 02110	Director and Senior Vice President	None
Richard W. Desmond 345 Park Avenue New York, NY 10154	Vice President	None
Coleen Downs Dinneen Two International Place Boston, MA 02110	Assistant Clerk	Assistant Secretary
Paul J. Elmlinger 345 Park Avenue New York, NY 10154	Senior Vice President	None
Margaret D. Hadzima Two International Place Boston, MA 02110	Assistant Treasurer	None
Thomas W. Joseph	Director, Vice President,	Vice President

Two International Place  
Boston, MA 02110

Treasurer and Assistant Clerk

Dudley H. Ladd  
Two International Place  
Boston, MA 02110

Director and Senior Vice President

Trustee

David S. Lee  
Two International Place  
Boston, MA 02110

Director, President and Assistant  
Treasurer

Vice President and Trustee

Thomas F. McDonough  
Two International Place  
Boston, MA 02110

Clerk

Vice President, Secretary  
and Assistant Treasurer

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Name and Principal  
Business Address  
-----

Position and Offices with  
Scudder Investor Services, Inc.  
-----

Positions and  
Offices with Registrant  
-----

Thomas H. O'Brien  
345 Park Avenue  
New York, NY 10154

Assistant Treasurer

None

Edward J. O'Connell  
345 Park Avenue  
New York, NY 10154

Assistant Treasurer

Vice President and  
Assistant Treasurer

Daniel Pierce  
Two International Place  
Boston, MA 02110

Director, Vice President  
and Assistant Treasurer

President and Trustee

Kathryn L. Quirk  
345 Park Avenue  
New York, NY 10154

Senior Vice President

Vice President and  
Secretary

Edmund J. Thimme  
345 Park Avenue  
New York, NY 10154

Director and Vice President

None

Benjamin Thorndike  
Two International Place  
Boston, MA 02110

Vice President

None

David B. Watts  
Two International Place  
Boston, MA 02110

Assistant Treasurer

None

Linda J. Wondrack  
Two International Place  
Boston, MA 02110

Vice President

None

The Underwriter has employees who are denominated officers of an operational area. Such persons do not have corporation-wide responsibilities and are not considered officers for the purpose of this Item 29.

(c)

(1) Name of Principal Underwriter -----	(2) Net Underwriting Discounts and Commissions -----	(3) Compensation on Redemptions and Repurchases -----	(4) Brokerage Commissions -----	(5) Other Compensation -----
Scudder Investor Services, Inc.	None	None	None	None

Item 30. Location of Accounts and Records.  
-----

Certain accounts, books and other documents required to be maintained by Section 31(a) of the 1940 Act and the Rules promulgated thereunder are maintained by Scudder, Stevens & Clark, Two International Place, Boston, MA 02110. Records relating to the duties of the Registrant's custodian are maintained by State Street Bank and Trust Company, Heritage Drive, North Quincy,

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Massachusetts. Records relating to the duties of the Registrant's transfer agent are maintained by Scudder Service Corporation, Two International Place, Boston, Massachusetts.

Item 31.	Management Services.
-----	-----
	Inapplicable.
Item 32.	Undertakings.
-----	-----
	Inapplicable.

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</TABLE>

#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant has duly caused this amendment to its Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Boston and the Commonwealth of Massachusetts on the 19 day of December, 1996.

#### SCUDDER INVESTMENT TRUST

By /s/Thomas F. McDonough  
-----  
Thomas F. McDonough, Vice President,  
Secretary and Assistant Treasurer

Pursuant to the requirements of the Securities Act of 1933, this amendment to its Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
<S> /s/Daniel Pierce ----- Daniel Pierce*	<C>  President (Principal Executive Officer) and Trustee	<C>  December 19, 1996
/s/Henry P. Becton, Jr. ----- Henry P. Becton, Jr.*	Trustee	December 19, 1996
/s/Dudley H. Ladd ----- Dudley H. Ladd*	Trustee	December 19, 1996
/s/George M. Lovejoy, Jr. ----- George M. Lovejoy, Jr.*	Trustee	December 19, 1996
/s/Wesley W. Marple, Jr. ----- Wesley W. Marple, Jr.*	Trustee	December 19, 1996
/s/Juris Padegs ----- Juris Padegs*	Trustee	December 19, 1996

SIGNATURE -----	TITLE -----	DATE -----
--------------------	----------------	---------------

/s/Jean C. Tempel

-----  
Jean C. Tempel\*

Trustee

December 19, 1996

/s/Pamela A. McGrath

-----  
Pamela A. McGrath

Treasurer (Principal Financial and  
Accounting Officer) and Vice President

December 19, 1996

</TABLE>

\*By: /s/Thomas F. McDonough

-----  
Thomas F. McDonough\*\*

\*\* Attorney-in-fact pursuant to a power of attorney  
contained in the signature page of Post-Effective  
Amendment No. 61 to the Registration Statement  
filed February 22, 1991 and pursuant to a power of  
attorney contained in the signature page of Post-  
Effective Amendment No. 72 to the Registration  
Statement filed February 28, 1995.

2

File No. 2-13628  
File No. 811-43

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

EXHIBITS

TO

FORM N-1A

POST-EFFECTIVE AMENDMENT NO. 78

TO REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

AND

AMENDMENT NO. 30

TO REGISTRATION STATEMENT

UNDER

THE INVESTMENT COMPANY ACT OF 1940

SCUDDER INVESTMENT TRUST

SCUDDER INVESTMENT TRUST

EXHIBIT INDEX

Exhibit 1(a) (1)

Exhibit 1(a) (2)

Exhibit 1(a) (3)

Exhibit 1(b) (1)

Exhibit 2(a)

Exhibit 2(b)



Exhibit 2(c)  
Exhibit 5(a)  
Exhibit 5(b)  
Exhibit 5(c)  
Exhibit 6(a)  
Exhibit 8(a) (1)  
Exhibit 8(a) (2)  
Exhibit 8(a) (3)  
Exhibit 8(a) (4)  
Exhibit 8(a) (5)  
Exhibit 8(a) (6)  
Exhibit 8(a) (7)  
Exhibit 8(b)  
Exhibit 8(c) (1)  
Exhibit 9(a) (1)  
Exhibit 9(a) (3)  
Exhibit 9(b) (1)  
Exhibit 9(b) (3)  
Exhibit 9(f) (1)  
Exhibit 11  
Exhibit 14(a)  
Exhibit 14(b)  
Exhibit 14(c)  
Exhibit 14(d)  
Exhibit 14(e)  
Exhibit 16

## SCUDDER GROWTH AND INCOME FUND

AMENDED AND RESTATED  
DECLARATION OF TRUST

DATED November 3, 1987

FILED  
[ILLEGIBLE]  
NOV 4 1987  
SECRETARY OF STATE  
CORPORATION DIVISION

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AMENDED AND RESTATED  
DECLARATION OF TRUST  
OF  
SCUDDER GROWTH AND INCOME FUND

AMENDED AND RESTATED DECLARATION OF TRUST made November 3, 1987, by the undersigned Trustees;

WHEREAS, pursuant to a Declaration of Trust dated September 20, 1984, the Trustees, established a Massachusetts business trust for the investment and reinvestment of funds contributed thereto;

WHEREAS, said Declaration of Trust has been amended from time to time;

WHEREAS, the Trustees desire to restate said Declaration of Trust in its entirety;

NOW, THEREFORE, the Trustees restate the Declaration of Trust as follows:

## ARTICLE I

### NAME AND DEFINITIONS

Section 1.1. Name. The name of the trust created hereby is the "Scudder Growth and Income Fund".

Section 1.2. Definitions. Wherever they are used herein, the following terms have the following respective meanings:

(a) "By-laws" means the By-laws referred to in Section 2.8 hereof, as from time to time amended.

(b) The term "Commission" has the meaning given it in the 1940 Act. The term "Interested Person" has the meaning given it in the 1940 Act, as modified by any applicable order or orders of the Commission. Except as otherwise defined by the Trustees in conjunction with the establishment of any series of Shares, the term "vote of a majority of the Shares outstanding and entitled to vote" shall have the same meaning as the term "vote of a majority of the outstanding voting securities" given it in the 1940 Act.

(c) "Custodian" means any Person other than the Trust who has custody of any Trust Property as required by Section 17(f) of the 1940 Act, but does not

include a system for the central handling of securities described in said Section 17(f).

(d) "Declaration" means this Declaration of Trust as further amended from time to time. Reference in this Declaration of Trust to "Declaration," "hereof," "herein," and "hereunder" shall be deemed to refer to this Declaration rather than exclusively to the article or section in which such words appear.

(e) "Distributor" means the party, other than the Trust, to the contract described in Section 3.1 hereof.

(f) "His" shall include the feminine and neuter, as well as the masculine, genders.

(g) "Investment Adviser" means the party, other than the Trust, to the contract described in Section 3.2 hereof.

(h) "Municipal Bonds" means obligations issued by or on behalf of states, territories of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, the interest from which is exempt from regular Federal income tax.

(i) The "1940 Act" means the Investment Company Act of 1940, as amended from time to time.

(j) "Person" means and includes individuals, corporations, partnerships, trusts, associations, joint ventures and other entities, whether or not legal entities, and governments and agencies and political subdivisions thereof.

(k) "Series" individually or collectively means the two or more Series as may be established and designated from time to time by the Trustees pursuant to Section 5.11 hereof.

(l) "Shareholder" means a record owner of Outstanding Shares.

(m) "Shares" means the equal proportionate units of interest into which the beneficial interest in the Trust shall be divided from time to time, including the Shares of any and all series which may be established by the Trustees, and includes fractions of Shares as well as whole Shares. "Outstanding Shares" means those Shares shown from time to time on the books of the Trust or its Transfer Agent as then issued and outstanding, but shall not include Shares which have been redeemed or repurchased by the Trust and which are at the time held in the treasury of the Trust.

(n) "Transfer Agent" means any one or more Persons other than the Trust who maintains the Shareholder records of the Trust, such as the list of

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Shareholders, the number of Shares credited to each account, and the like.

(o) The "Trust" means the Scudder Growth and Income Fund.

(p) The "Trust Property" means any and all property, real or personal, tangible or intangible, which is owned or held by or for the account of the Trust or the Trustees.

(q) The "Trustees" means the person or persons who has or have signed this Declaration, so long as he or they shall continue in office in accordance with the terms hereof, and all other persons who may from time to time or be duly qualified and serving as Trustees in accordance with the provisions of Article II hereof and reference herein to a Trustee or the Trustees shall refer to such person or persons in this capacity or their capacities as trustees hereunder.

## ARTICLE II

### TRUSTEES

Section 2.1. General Powers. The Trustees shall have exclusive and absolute control over the Trust Property and over the business of the Trust to the same extent as if the Trustees were the sole owners of the Trust Property and business in their own right, but with such powers of delegation as may be permitted by this Declaration. The Trustees shall have power to conduct the business of the Trust and carry on its operations in any and all of its branches and maintain offices both within and without the Commonwealth of Massachusetts, in any and all states of the United States of America, in the District of Columbia, and in any and all commonwealths, territories, dependencies, colonies, possessions, agencies or instrumentalities of the United States of America and of foreign governments, and to do all such other things and execute all such instruments as they deem necessary, proper or desirable in order to promote the interests of the Trust although such things are not herein specifically mentioned. Any determination as to what is in the interests of the Trust made by the Trustees in good faith shall be conclusive. In construing the provisions of this Declaration, the presumption shall be in favor of a grant of power to the Trustees.

The enumeration of any specific power herein shall not be construed as limiting the aforesaid power. Such powers of the Trustees may be exercised without order of or resort to any court.

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Section 2.2. Investments. The Trustees shall have the power:

(a) To operate as and carry on the business of an investment company, and exercise all the powers necessary and appropriate to the conduct of such operations.

(b) To invest in, hold for investment, or reinvest in, securities, including common and preferred stocks; warrants; bonds, debentures, bills, time notes and all other evidences of indebtedness; negotiable or non-negotiable instruments; government securities, including securities of any state, municipality or other political subdivision thereof, or any governmental or quasi-governmental agency or instrumentality; and money market instruments

including bank certificates of deposit, finance paper, commercial paper, bankers acceptances and all kinds of repurchase agreements, of any corporation, company, trust, association, firm or other business organization however established, and of any country, state, municipality or other political subdivision, or any governmental or quasi-governmental agency or instrumentality

(c) To acquire (by purchase, subscription or otherwise), to hold, to trade in and deal in, to acquire any rights or options to purchase or sell, to sell or otherwise dispose of, to lend, and to pledge any such securities and to enter into repurchase agreements and forward foreign currency exchange contracts, to purchase and sell futures contracts on securities, securities indices and foreign currencies, to purchase or sell options on such contracts, foreign currency contracts and foreign currencies and to engage in all types of hedging and risk management transactions.

(d) To exercise all rights, powers and privileges of ownership or interest in all securities, repurchase agreements, futures contracts and options and other assets included in the Trust Property, including the right to vote thereon and otherwise act with respect thereto and to do all acts for the preservation, protection, improvement and enhancement in value of all such assets.

(e) To acquire (by purchase, lease or otherwise) and to hold, use, maintain, develop and dispose of (by sale or otherwise) any property, real or personal, including cash, and any interest therein.

(f) To borrow money and in this connection issue notes or other evidence of indebtedness; to secure borrowings by mortgaging, pledging or otherwise subjecting as security the Trust Property; to endorse, guarantee, or undertake the performance of any obligation or engagement of any other Person and to lend Trust Property.

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(g) To aid by further investment any corporation, company, trust, association or firm, any obligation of or interest in which is included in the Trust Property or in the affairs of which the Trustees have any direct or indirect interest; to do all acts and things designed to protect, preserve, improve or enhance the value of such obligation or interest, and to guarantee or become surety on any or all of the contracts, stocks, bonds, notes, debentures and other obligations of any such corporation, company, trust, association or firm.

(h) To enter into a plan of distribution and any related agreements whereby the Trust may finance directly or indirectly any activity which is primarily intended to result in the sale of Shares.

(i) In general to carry on any other business in connection with or incidental to any of the foregoing powers, to do everything necessary, suitable



or proper for the accomplishment of any purpose or the attainment of any object or the furtherance of any power hereinbefore set forth, either alone or in association with others, and to do every other act or thing incidental or appurtenant to or growing out of or connected with the aforesaid business or purposes, objects or powers.

The foregoing clauses shall be construed both as objects and powers, and the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the Trustees.

The Trustees shall not be limited to investing in obligations maturing before the possible termination of the Trust, nor shall the Trustees be limited by any law limiting the investments which may be made by fiduciaries.

Section 2.3. Legal Title. Legal title to all the Trust Property, including the property of any Series of the Trust, shall be vested in the Trustees as joint tenants except that the Trustees shall have power to cause legal title to any Trust Property to be held by or in the name of one or more of the Trustees, or in the name of the Trust, or in the name of any other Person as nominee, on such terms as the Trustees may determine, provided that the interest of the Trust therein is deemed appropriately protected. The right, title and interest of the Trustees in the Trust Property and the property of each Series of the Trust shall vest automatically in each Person who may hereafter become a Trustee. Upon the termination of the term of office, resignation, removal or death of a Trustee he shall automatically cease to have any right, title or interest in any of the Trust Property or the property of any Series of the Trust, and the right, title and interest of such Trustee in the Trust Property shall vest automatically in the remaining Trustees. Such vesting and cessation of title shall be effective whether or not conveyancing documents have been

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executed and delivered.

Section 2.4. Issuance and Repurchase of Shares. The Trustees shall have the power to issue, sell, repurchase, redeem, retire, cancel, acquire, hold, resell, reissue, dispose of, transfer, and otherwise deal in Shares and, subject to the provisions set forth in Articles VI and VII and Section 5.11 hereof, to apply to any such repurchase, redemption, retirement, cancellation or acquisition of Shares any funds or property of the particular series of the Trust with respect to which such Shares are issued, whether capital or surplus or otherwise, to the full extent now or hereafter permitted by the laws of the Commonwealth of Massachusetts governing business corporations.

Section 2.5. Delegation; Committees. The Trustees shall have power to delegate from time to time to such of their number or to officers, employees or agents of the Trust the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Trustees or otherwise as the Trustees may deem expedient, to the same extent as such

delegation is permitted by the 1940 Act.

Section 2.6. Collection and Payment. The Trustees shall have power to collect all property due to the Trust; to pay all claims, including taxes, against the Trust Property; to prosecute, defend, compromise or abandon any claims relating to the Trust Property; to foreclose any security interest securing any obligations, by virtue of which any property is owed to the Trust; and to enter into releases, agreements and other instruments.

Section 2.7. Expenses. The Trustees shall have the power to incur and pay any expenses which in the opinion of the Trustees are necessary or incidental to carry out any of the purposes of this Declaration, and to pay reasonable compensation from the funds of the Trust to themselves as Trustees. The Trustees shall fix the compensation of all officers, employees and Trustees.

Section 2.8. Manner of Acting; By-laws. Except as otherwise provided herein or in the By-laws, any action to be taken by the Trustees may be taken by a majority of the Trustees present at a meeting of Trustees (a quorum being present), including any meeting held by means of a conference telephone circuit or similar communications equipment by means of which all persons participating in the meeting can hear each other, or by written consents of the entire number of Trustees then in office. The Trustees may adopt By-laws not inconsistent with this Declaration to provide for the conduct of the business of the Trust and may amend or repeal such By-laws to the extent such power is not reserved to the Shareholders.

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Notwithstanding the foregoing provisions of this Section 2.8 and in addition to such provisions or any other provision of this Declaration or of the By-laws, the Trustees may by resolution appoint a committee consisting of less than the whole number of Trustees then in office, which committee may be empowered to act for and bind the Trustees and the Trust, as if the acts of such committee were the acts of all the Trustees then in office, with respect to the institution, prosecution, dismissal, settlement, review or investigation of any action, suit or proceeding which shall be pending or threatened to be brought before any court, administrative agency or other adjudicatory body.

Section 2.9. Miscellaneous Powers. Subject to Section 5.11, hereof, the Trustees shall have the power to: (a) employ or contract with such Persons as the Trustees may deem desirable for the transaction of the business of the Trust; (b) enter into joint ventures, partnerships and any other combinations or associations; (c) remove Trustees or fill vacancies in or add to their number, elect and remove such officers and appoint and terminate such agents or employees as they consider appropriate, and appoint from their own number, and terminate, any one or more committees which may exercise some or all of the power and authority of the Trustees as the Trustees may determine; (d) purchase, and pay for out of Trust Property, insurance policies insuring the Shareholders,

Trustees, officers, employees, agents, investment advisers, distributors, selected dealers or independent contractors of the Trust against all claims arising by reason of holding any such position or by reason of any action taken or omitted by any such Person in such capacity, whether or not constituting negligence, or whether or not the Trust would have the power to indemnify such Person against such liability; (e) establish pension, profit-sharing, share purchase, and other retirement, incentive and benefit plans for any Trustees, officers, employees and agents of the Trust; (f) to the extent permitted by law, indemnify any person with whom the Trust has dealings, including the Investment Adviser, Distributor, Transfer Agent and selected dealers, to such extent as the Trustees shall determine; (g) guarantee indebtedness or contractual obligations of others; (h) determine and change the fiscal year of the Trust and the method by which its accounts shall be kept; and (i) adopt a seal for the Trust, but the absence of such seal shall not impair the validity of any instrument executed on behalf of the Trust.

Section 2.10. Principal Transactions. Except in transactions not permitted by the 1940 Act or rules and regulations adopted by the Commission, the Trustees may, on behalf of the Trust, buy any securities from or sell any securities to, or lend any assets of the Trust to, any Trustee or officer of the Trust or any firm of which any such Trustee or officer is a member acting as principal, or

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have any such dealings with the Investment Adviser, Distributor or Transfer Agent or with any Interested Person of such Person; and the Trust may employ any such Person, or firm or company in which such Person is an Interested Person, as broker, legal counsel, registrar, Transfer Agent, dividend disbursing agent or custodian upon customary terms.

Section 2.11. Number of Trustees. The number of Trustees shall initially be one (1), and thereafter shall be such number as shall be fixed from time to time by a written instrument signed by a majority of the Trustees, provided, however, that the number of Trustees shall in no event be more than fifteen (15).

Section 2.12. Election and Term. Except for the Trustees named herein or appointed to fill vacancies pursuant to Section 2.14 hereof, the Trustees shall be elected by the Shareholders owning of record a plurality of the Shares voting at a meeting of Shareholders. Such a meeting shall be held on a date fixed by the Trustees. Except in the event of resignation or removals pursuant to Section 2.13 hereof, each Trustee shall hold office until such time as less than a majority of the Trustees holding office have been elected by Shareholders. In such event the Trustees then in office will call a Shareholders' meeting for the election of Trustees. Except for the foregoing circumstances, the Trustees shall continue to hold office and may appoint successor Trustees.

Section 2.13. Resignation and Removal. Any Trustee may resign his trust (without the need for any prior or subsequent accounting) by an instrument in

writing signed by him and delivered to the other Trustees and such resignation shall be effective upon such delivery, or at a later date according to the terms of the instrument. Any of the Trustees may be removed (provided the aggregate number of Trustees after such removal shall not be less than one) with cause, by the action of two-thirds of the remaining Trustees. Any Trustee may be removed at any meeting of Shareholders by vote of two thirds of the Outstanding Shares. The Trustee shall promptly call a meeting of the shareholders for the purpose of voting upon the question of removal of any such Trustee or Trustees when requested in writing so to do by the holders of not less than ten percent of the Outstanding Shares, and in that connection, the Trustees will assist shareholder communications to the extent provided for in Section 16(c) under the 1940 Act. Upon the resignation or removal of a Trustee, or his otherwise ceasing to be a Trustee, he shall execute and deliver such documents as the remaining Trustees shall require for the purpose of conveying to the Trust or the remaining Trustees any Trust Property or property of any series of the Trust held in the name of the resigning or removed Trustee. Upon the incapacity or death of any

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Trustee, his legal representative shall execute and deliver on his behalf such documents as the remaining Trustees shall require as provided in the preceding sentence.

Section 2.14. Vacancies. The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, resignation, removal, bankruptcy, adjudicated incompetence or other incapacity to perform the duties of the office of a Trustee. No such vacancy shall operate to annul the Declaration or to revoke any existing agency created pursuant to the terms of the Declaration. In the case of an existing vacancy, including a vacancy existing by reason of an increase in the number of Trustees, subject to the provisions of Section 16(a) of the 1940 Act, the remaining Trustees shall fill such vacancy by the appointment of such other person as they in their discretion shall see fit, made by a written instrument signed by a majority of the Trustees then in office. Any such appointment shall not become effective, however, until the person named in the written instrument of appointment shall have accepted in writing such appointment and agreed in writing to be bound by the terms of the Declaration. An appointment of a Trustee may be made in anticipation of a vacancy to occur at a later date by reason of retirement, resignation or increase in the number of Trustees, provided that such appointment shall not become effective prior to such retirement, resignation or increase in the number of Trustees. Whenever a vacancy in the number of Trustees shall occur, until such vacancy is filled as provided in this Section 2.14, the Trustees in office, regardless of their number, shall have all the powers granted to the Trustees and shall discharge all the duties imposed upon the Trustees by the Declaration. A written instrument certifying the existence of such vacancy signed by a majority of the Trustees in office shall be conclusive evidence of the existence of such vacancy.

Section 2.15. Delegation of Power to Other Trustees. Any Trustee may, by power of attorney, delegate his power for a period not exceeding six (6) months at any one time to any other Trustee or Trustees; provided that in no case shall less than two (2) Trustees personally exercise the powers granted to the Trustees under this Declaration except as herein otherwise expressly provided.

### ARTICLE III

#### CONTRACTS

Section 3.1. Distribution Contract. The Trustees may in their discretion from time to time enter into an exclusive or non-exclusive underwriting contract or contracts providing for the sale of the Shares at a price based on the net asset value of a Share, whereby the Trustees may either agree to sell the Shares

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to the other party to the contract or appoint such other party their sales agent for the Shares, and in either case on such terms and conditions, if any, as may be prescribed in the By-laws; and such further terms and conditions as the Trustees may in their discretion determine not inconsistent with the provisions of this Article III or of the By-laws; and such contract may also provide for the repurchase of the Shares by such other party as agent of the Trustees.

Section 3.2. Advisory or Management Contract. The Trustees may in their discretion from time to time enter into an investment advisory or management contract or separate advisory contracts with respect to one or more Series whereby the other party to such contract shall undertake to furnish to the Trust such management, investment advisory, statistical and research facilities and services and such other facilities and services, if any, and all upon such terms and conditions as the Trustees may in their discretion determine, including the grant of authority to such other party to determine what securities shall be purchased or sold by the Trust and what portion of its assets shall be uninvested, which authority shall include the power to make changes in the investments of the Trust or any Series.

The Trustees may also employ, or authorize the Investment Adviser to employ, one or more sub-advisers from time to time to perform such of the acts and services of the Investment Adviser and upon such terms and conditions as may be agreed upon between the Investment Adviser and such sub-advisers and approved by the Trustees. Any reference in this Declaration to the Investment Adviser shall be deemed to include such sub-advisers unless the context otherwise requires.

Section 3.3. Affiliations of Trustees or Officers, Etc. The fact that:

(i) any of the shareholders, Trustees or officers of the Trust is a shareholder, director, officer, partner, trustee, employee, manager,

adviser or distributor of or for any partnership, corporation, trust, association or other organization or of or for any parent or affiliate of any organization, with which a contract of the character described in Sections 3.1 or 3.2 above or for services as Custodian, Transfer Agent or disbursing agent or for related services may have been or may hereafter be made, or that any such organization, or any parent or affiliate thereof, is a Shareholder of or has an interest in the Trust, or that

(ii) any partnership. corporation, trust, association or other organization with which a contract of the character described in Sections

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3.1 or 3.2 above or for services as Custodian, Transfer Agent or disbursing agent or for related services may have been or may hereafter be made also has any one or more of such contracts with one or more other partnerships, corporations, trusts, associations or other organizations, or has other business or interests,

shall not affect the validity of any such contract or disqualify any Shareholder, Trustee or officer of the Trust from voting upon or executing the same or create any liability or accountability to the Trust or its Shareholders.

Section 3.4. Compliance with 1940 Act. Any contract entered into pursuant to Sections 3.1 or 3.2 shall be consistent with and subject to the requirements of Section 15 of the 1940 Act (including any amendment thereof or other applicable act of Congress hereafter enacted), as modified by any applicable order or orders of the Commission, with respect to its continuance in effect, its termination and the method of authorization and approval of such contract or renewal thereof.

#### ARTICLE IV

##### LIMITATIONS OF LIABILITY OF SHAREHOLDERS, TRUSTEES AND OTHERS

Section 4.1. No Personal Liability of Shareholders, Trustees, Etc. No Shareholder shall be subject to any personal liability whatsoever to any Person in connection with Trust Property or the acts, obligations or affairs of the Trust. No Trustee, officer, employee or agent of the Trust shall be subject to any personal liability whatsoever to any Person, other than to the Trust or its Shareholders, in connection with Trust Property or the affairs of the Trust, save only that arising from bad faith, willful misfeasance, gross negligence or reckless disregard of his duties with respect to such Person; and all such Persons shall look solely to the Trust Property for satisfaction of claims of any nature arising in connection with the affairs of the Trust. If any Shareholder, Trustee, officer, employee, or agent, as such, of the Trust, is made a party to any suit or proceeding to enforce any such ability of the Trust,

he shall not, on account thereof, be held to any personal liability. The Trust shall indemnify and hold each Shareholder harmless from and against all claims and abilities, to which such Shareholder may become subject by reason of his being or having been a Shareholder, and shall reimburse such Shareholder for all legal and other expenses reasonably incurred by him in connection with any such claim or liability. The indemnification and reimbursement required by the preceding sentence shall be made only out of the assets of the one or more

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Series of which the Shareholder who is entitled to indemnification or reimbursement was a Shareholder at the time the act or event occurred which gave rise to the claim against or liability of said Shareholder. The rights accruing to a shareholder under this Section 4.1 shall not impair any other right to which such Shareholder may be lawfully entitled, nor shall anything herein contained restrict the right of the Trust to indemnify or reimburse a Shareholder in any appropriate situation even though not specifically provided herein.

Section 4.2. Non-Liability of Trustees, Etc. No Trustee, officer, employee or agent of the Trust shall be liable to the Trust, its Shareholders, or to any Shareholder, Trustee, officer, employee, or agent thereof for any action or failure to act (including without limitation the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for his own bad faith, willful misfeasance, gross negligence or reckless disregard of the duties involved in the conduct of his office.

Section 4.3. Mandatory Indemnification. (a) Subject to the exceptions and limitations contained in paragraph (b) below:

(i) every person who is, or has been, a Trustee or officer of the Trust shall be indemnified by the Trust to the fullest extent permitted by law against all liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been a Trustee or officer and against amounts paid or incurred by him in the settlement thereof;

(ii) the words "claim," "action," "suit," or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal, administrative or other, including appeals), actual or threatened; and the words "liability" and "expenses" shall include, without limitation, attorneys, fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities.

(b) No indemnification shall be provided hereunder to a Trustee or officer:

(i) against any liability to the Trust, a Series thereof, or the Shareholders by reason of a final adjudication by a court or other body



before which a proceeding was brought that he engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

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(ii) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Trust;

(iii) in the event of a settlement or other disposition not involving a final adjudication as provided in paragraph (b)(i) or (b)(ii) resulting in a payment by a Trustee or officer, unless there has been a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office:

(A) by the court or other body approving the settlement of other disposition; or

(B) based upon a review of readily available facts (as opposed to a full trial-type inquiry) by (x) vote of a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter) or (y) written opinion of independent legal counsel.

(c) The rights of indemnification herein provided may be insured against by policies maintained by the Trust, shall be severable, shall not affect any other rights to which any Trustee or officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such Trustee or officer and shall inure to the benefit of the heirs, executors, administrators and assigns of such a person. Nothing contained herein shall affect any rights to indemnification to which personnel of the Trust other than Trustees and officers may be entitled by contract or otherwise under law.

(d) Expenses of preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in paragraph (a) of this Section 4.3 may be advanced by the Trust prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Section 4.3, provided that either:

(i) such undertaking is secured by a surety bond or some other appropriate security provided by the recipient, or the Trust shall be insured against losses arising out of any such advances; or

(ii) a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees act on the matter)



or an independent legal counsel in a written opinion shall determine, based

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upon a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification.

As used in this Section 4.3, a "Disinterested Trustee" is one who is not (i) an Interested Person of the Trust (including anyone who has been exempted from being an Interested Person by any rule, regulation or order of the Commission), or (ii) involved in the claim, action, suit or proceeding.

Section 4.4. No Bond Required of Trustees. No Trustee shall be obligated to give any bond or other security for the performance of any of his duties hereunder.

Section 4.5. No Duty of Investigation; Notice in Trust Instruments, Etc. No purchaser, lender, transfer agent or other Person dealing with the Trustees or any officer, employee or agent of the Trust shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trustees or by said officer, employee or agent or be liable for the application of money or property paid, loaned, or delivered to or on the order of the Trustees or of said officer, employee or agent. Every obligation, contract, instrument, certificate, Share, other security of the Trust or undertaking, and every other act or thing whatsoever executed in connection with the Trust shall be conclusively presumed to have been executed or done by the executors thereof only in their capacity as Trustees under this Declaration or in their capacity as officers, employees or agents of the Trust. Every written obligation, contract, instrument, certificate, Share, other security of the Trust or undertaking made or issued by the Trustees may recite that the same is executed or made by them not individually, but as Trustees under the Declaration, and that the obligations of the Trust under any such instrument are not binding upon any of the Trustees or Shareholders individually, but bind only the trust estate, and may contain any further recital which they or he may deem appropriate, but the omission of such recital shall not operate to bind the Trustees individually. The Trustees shall at all times maintain insurance for the protection of the Trust Property, its Shareholders, Trustees, officers, employees and agents in such amount as the Trustees shall deem adequate to cover possible tort liability, and such other insurance as the Trustees in their sole judgment shall deem advisable.

Section 4.6. Reliance on Experts, Etc. Each Trustee and officer or employee of the Trust shall, in the performance of his duties, be fully and completely justified and protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of the

Trust, upon an opinion of counsel, or upon reports made to the Trust by any of its officers or employees or by the Investment Adviser, the Distributor, Transfer Agent, selected dealers, accountants, appraisers or other experts or consultants selected with reasonable care by the Trustees, officers or employees of the Trust, regardless of whether such counsel or expert may also be a Trustee.

## ARTICLE V

### SHARES OF BENEFICIAL INTEREST

Section 5.1. Beneficial Interest. The interest of the beneficiaries hereunder shall be divided into transferable Shares of beneficial interest, all of one class, except as provided in Section 5.11 hereof, par value \$.01 per share. The number of Shares of beneficial interest authorized hereunder is unlimited. All Shares issued hereunder including, without limitation, Shares issued in connection with a dividend in Shares or a split of Shares, shall be fully paid and non-assessable.

Section 5.2. Rights of Shareholders. The ownership of the Trust Property and the property of each Series of the Trust of every description and the right to conduct any business hereinbefore described are vested exclusively in the Trustees, and the Shareholders shall have no interest therein other than the beneficial interest conferred by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights or interests of the Trust nor can they be called upon to share or assume any losses of the Trust or suffer an assessment of any kind by virtue of their ownership of Shares. The Shares shall be personal property giving only the rights specifically set forth in this Declaration. The Shares shall not entitle the holder to preference, preemptive, appraisal, conversion or exchange rights, except as the Trustees may determine with respect to any Series of Shares.

Section 5.3. Trust Only. It is the intention of the Trustees to create only the relationship of Trustee and beneficiary between the Trustees and each Shareholder from time to time. It is not the intention of the Trustees to create a general partnership, limited partnership, joint stock association, corporation, bailment or any form of legal relationship other than a trust. Nothing in this Declaration of Trust shall be construed to make the Shareholders, either by themselves or with the Trustees, partners or members of a joint stock association.

Section 5.4. Issuance of Shares. The Trustees in their discretion may, from time to time without vote of the Shareholders, issue Shares. in addition to the then issued and outstanding Shares and Shares held in the treasury, to such

party or parties and for such amount and type of consideration, including cash or property, at such time or times and on such terms as the Trustees may deem best, and may in such manner acquire other assets (including the acquisition of assets subject to, and in connection with the assumption of liabilities) and businesses. In connection with any issuance of Shares, the Trustees may issue fractional Shares and Shares held in the treasury. The Trustees may from time to time divide or combine the Shares into a greater or lesser number without thereby changing the proportionate beneficial interests in the Trust. Contributions to the Trust may be accepted for, and Shares shall be redeemed as, whole Shares and/or 1/1,000ths of a Share or integral multiples thereof.

Section 5.5. Register of Shares. A register shall be kept at the principal office of the Trust or an office of the Transfer Agent which shall contain the names and addresses of the Shareholders and the number of Shares held by them respectively and a record of all transfers thereof. Such register shall be conclusive as to who are the holders of the Shares and who shall be entitled to receive dividends or distributions or otherwise to exercise or enjoy the rights of Shareholders. No Shareholder shall be entitled to receive payment of any dividend or distribution, nor to have notice given to him as herein or in the By-laws provided, until he has given his address to the Transfer Agent or such other officer or agent of the Trustees as shall keep the said register for entry thereon. It is not contemplated that certificates will be issued for the Shares; however, the Trustees, in their discretion, may authorize the issuance of share certificates and promulgate appropriate rules and regulations as to their use.

Section 5.6. Transfer of Shares. Except as otherwise provided by the Trustees, shares shall be transferable on the records of the Trust only by the record holder thereof or by his agent thereunto duly authorized in writing, upon delivery to the Trustees or the Transfer Agent of a duly executed instrument of transfer, together with such evidence of the genuineness of each such execution and authorization and of other matters as may reasonably be required. Upon such delivery the transfer shall be recorded on the register of the Trust. Until such record is made, the Shareholder of record shall be deemed to be the holder of such Shares for all purposes hereunder and neither the Trustees nor any transfer agent or registrar nor any officer, employee or agent of the Trust shall be affected by any notice of the proposed transfer.

Any person becoming entitled to any Shares in consequence of the death, bankruptcy, or incompetence of any Shareholder, or otherwise by operation of law, shall be recorded on the register of Shares as the holder of such Shares upon production of the proper evidence thereof to the Trustees or the Transfer

Agent, but until such record is made, the Shareholder of record shall be deemed

to be the holder of such Shares for all purposes hereunder and neither the Trustees nor any Transfer Agent or registrar nor any officer or agent of the Trust shall be affected by any notice of such death, bankruptcy or incompetence, or other operation of law.

Section 5.7. Notices, Reports. Any and all notices to which any Shareholder may be entitled and any and all communications shall be deemed duly served or given if mailed, postage prepaid, addressed to any Shareholder of record at his last known address as recorded on the register of the Trust. A notice of a meeting, an annual report and any other communication to Shareholders need not be sent to a Shareholder (i) if an annual report and a proxy statement for two consecutive shareholder meetings have been mailed to such Shareholder's address and have been returned as undeliverable, (ii) if all, and at least two, checks (if sent by first class mail) in payment of dividends on Shares during a twelve-month period have been mailed to such Shareholder's address and have been returned as undeliverable or (iii) in any other case in which a proxy statement concerning a meeting of security holders is not required to be given pursuant to the Commission's proxy rules as front time to time in effect under the Securities Exchange Act of 1934. However, delivery of such proxy statements, annual reports and other communications shall resume if and when such Shareholder delivers or causes to be delivered to the Trust written notice setting forth such Shareholder's then current address.

Section 5.8. Treasury Shares. Shares held in the treasury shall, until reissued pursuant to Section 5.4, not confer any voting rights on the Trustees, nor shall such Shares be entitled to any dividends or other distributions declared with respect to the Shares.

Section 5.9. Voting Powers. The Shareholders shall have power to vote only (i) for the election of Trustees as provided in Section 2.12; (ii) for the removal of Trustees as provided in Section 2.13; (iii) with respect to any investment advisory or management contract entered into pursuant to Section 3.2; (iv) with respect to termination of the Trust as provided in Section 8.2; (v) with respect to any amendment of this Declaration to the extent and as provided in Section 8.3; (vi) with respect to any merger, consolidation or sale of assets as provided in Section 8.4; (vii) with respect to incorporation of the Trust or any Series to the extent and as provided in Section 8.5; (viii) to the same extent as the stockholders of Massachusetts business corporation as to whether or not a court action, proceeding or claim should or should not be brought or maintained derivatively or as a class action on behalf of the Trust or the shareholders; (ix) with respect to any plan adopted pursuant to Rule 12b-1 (or

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any successor rule) under the 1940 Act; and (x) with respect to such additional matters relating to the Trust as may be required by this Declaration, the By-laws or any registration of the Trust as an investment company under the 1940 Act with the Commission (or any successor agency) or as the Trustees may

consider necessary or desirable. Each whole Share shall be entitled to one vote as to any matter on which it is entitled to vote and each fractional Share shall be entitled to a proportionate fractional vote, except that the Trustees may, in conjunction with the establishment of any Series of Shares, establish or reserve the right to establish conditions under which the several Series shall have separate voting rights or, if a Series would not, in the sole judgment of the Trustees, be materially affected by a proposal, no voting rights. There shall be no cumulative voting in the election of Trustees. Until Shares are issued, the Trustees may exercise all rights of Shareholders and may take any action required by law, this Declaration or the Bylaws to be taken by Shareholders. The By-laws may include further provisions for Shareholders' votes and meetings and related matters.

Section 5.10. Meetings of Shareholders. Meetings of Shareholders may be called at any time by the President, and shall be called by the President and Secretary at the request in writing or by resolution, of a majority of Trustees, or at the written request of the holder or holders of ten percent (10%) or more of the total number of Shares then issued and outstanding of the Trust entitled to vote at such meeting. Any such request shall state the purpose of the proposed meeting.

Section 5.11. Series Designation. The Trustees, in their discretion, may authorize the division of Shares into two or more Series, and the different Series shall be established and designated, and the variations in the relative rights and preferences as between the different Series shall be fixed and determined, by the Trustees; provided, that all Shares shall be identical except that there may be variations so fixed and determined between different Series as to investment objective, purchase price, allocation of expenses, right of redemption, special and relative rights as to dividends and on liquidation, conversion rights, and conditions under which the several Series shall have separate voting rights. All references to Shares in this Declaration shall be deemed to be Shares of any or all series as the context may require.

If the Trustees shall divide the Shares of the Trust into two or more Series, the following provisions shall be applicable:

(a) All provisions herein relating to the Trust shall apply equally to each Series of the Trust except, as the context requires otherwise.

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(b) The number of authorized Shares and the number of Shares of each Series that may be issued shall be unlimited. The Trustees may classify or reclassify any unissued Shares or any Shares previously issued and reacquired of any Series into one or more Series that may be established and designated from time to time. The Trustees may hold as treasury Shares (of the same or some other Series), reissue for such consideration and on such terms as they may determine, or cancel any Shares of any Series reacquired by the Trust at their discretion

from time to time.

(c) All consideration received by the Trust for the issue or sale of Shares off a particular Series, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall irrevocably belong to that Series for all purposes, subject only to the rights of creditors of such Series and except as may otherwise be required by applicable laws, and shall be so recorded upon the books of account of the Trust. In the event that there are any assets, income, earnings, profits, and proceeds thereof, funds, or payments which are not readily identifiable as belonging to any particular Series, the Trustees shall allocate them among any one or more of the Series established and designated from time to time in such manner and on such basis as they, in their sole discretion, deem fair and equitable. Each such allocation by the Trustees shall be conclusive and binding upon the shareholders of all Series for all purposes.

(d) The assets belonging to each particular Series shall be charged with the liabilities of the Trust in respect of that Series and all expenses, costs, charges and reserves attributable to that Series, and any general liabilities, expenses, costs, charges or reserves of the Trust which are not readily identifiable as belonging to any particular Series shall be allocated and charged by the Trustees to and among any one or more at the Series established and designated from time to time in such manner and on such basis as the Trustees in their sole discretion deem fair and equitable. Each allocation of liabilities, expenses, costs, charges and reserves by the Trustees shall be conclusive and binding upon the Shareholders of all Series for all purposes. The Trustees shall have full discretion, to the extent not inconsistent with the 1940 Act, to determine which items are capital; and each such determination and allocation shall be conclusive and binding upon the Shareholders. The assets of a particular Series of the Trust shall, under no circumstances, be charged with liabilities attributable to any other Series of the Trust. All persons extending credit to, or contracting with or having any claim against a particular Series

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of the Trust shall look only to the assets of that particular Series for payment of such credit, contract or claim. No Shareholder or former Shareholder of any Series shall have any claim on or right to any assets allocated or belonging to any other series.

(e) Each Share of a Series of the Trust shall represent a beneficial interest in the net assets of such Series. Each holder of Shares of a Series shall be entitled to receive his pro rata share of distributions of income and capital gains made with respect to such Series. Upon redemption of his Shares or indemnification for liabilities incurred by reason of his being or having been a

Shareholder of a Series, such shareholder shall be paid solely out of the funds and property of such Series of the Trust. Upon liquidation or termination of a Series of the Trust, Shareholders of such Series shall be entitled to receive a pro rata share of the net assets of such Series. A Shareholder of a particular Series of the Trust shall not be entitled to participate in a derivative or class action on behalf of any other Series or the Shareholders of any other Series of the Trust.

The establishment and designation of any series of Shares shall be effective upon the execution by a majority of the then Trustees of an instrument setting forth such establishment and designation and the relative rights and preferences of such Series, or as otherwise provided in such instrument. The Trustees may by an instrument executed by a majority of their number abolish any Series and the establishment and designation thereof. Except as otherwise provided in this Article V, the Trustees shall have the power to determine the designations, preferences, privileges, limitations and rights, of each class and Series of Shares. Each instrument referred to in this paragraph shall have the status of an amendment to this Declaration.

Section 5.12. Assent to Declaration of Trust. Every Shareholder, by virtue of having become a shareholder. shall be held to have expressly assented and agreed to the terms hereof and to have become a party hereto.

## ARTICLE VI

### REDEMPTION AND REPURCHASE OF SHARES

Section 8.1. Redemption of Shares. All Shares of the Trust shall be redeemable, at the redemption price determined in the manner set out in this Declaration. Redeemed or repurchased Shares may be resold by the Trust.

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The Trust shall redeem the Shares upon the appropriately verified written application of the record holder thereof (or upon such other form of request as the Trustees may determine) at such office or agency as may be designated from time to time for that purpose in the Trust's then effective registration statement under the Securities Act of 1933. The Trustees may from time to time specify additional conditions, not inconsistent with the 1940 Act, regarding the redemption of Shares in the Trust's then effective registration statement under the Securities Act of 1933.

Section 6.2. Price. Shares shall be redeemed at their net asset value determined as set forth in Section 7.1 hereof as of such time as the Trustees shall have theretofore prescribed by resolution. In the absence of such resolution, the redemption price of Shares deposited shall be the net asset value of such Shares next determined as set forth in Section 7.1 hereof after receipt of such application.



Section 6.3. Payment. Payment for such Shares shall be made in cash or in property out of the assets of the relevant series of the Trust to the Shareholder of record at such time and in the manner, not inconsistent with the 1940 Act or other applicable laws, as may be specified from time to time in the Trust's then effective registration statement under the Securities Act of 1933, subject to the provisions of Section 6.4 hereof.

Section 6.4. Effect of Suspension of Determination of Net Asset Value. If, pursuant to Section 6.9 hereof, the Trustees shall declare a suspension of the determination of net asset value, the rights of Shareholders (including those who shall have applied for redemption pursuant to Section 6.1 hereof but who shall not yet have received payment) to have Shares redeemed and paid for by the Trust shall be suspended until the termination of such suspension is declared. Any record holder who shall have his redemption right so suspended may, during the period of such suspension, by appropriate written notice of revocation at the office or agency where application was made, revoke any application for redemption not honored and withdraw any certificates on deposit. The redemption price of Shares for which redemption applications have not been revoked shall be the net asset value of such Shares next determined as set forth in Section 7.1 after the termination of such suspension, and payment shall be made within seven (7) days after the date upon which the application was made plus the period after such application during which the determination of net asset value was suspended.

Section 6.5. Repurchase by Agreement. The Trust may repurchase Shares directly, or through the Distributor or another agent designated for the purpose, by agreement with the owner thereof at a price not exceeding the net

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asset value per share determined as of the time when the purchase or contract of purchase is made or the net asset value as of any time which may be later determined pursuant to Section 7.1 hereof, provided payment is not made for the Shares prior to the time as of which such net asset value is determined.

Section 6.6. Redemption of Shareholder's Interest. The Trust shall have the right at any time without prior notice to the shareholder to redeem Shares of any shareholder for their then current net asset value per Share if at such time the shareholder owns Shares having an aggregate net asset value of less than \$1,000 subject to such terms and conditions as the Trustees may approve, and subject to the Trust's giving general notice to all shareholders of its intention to avail itself of such right, either by publication in the Trust's registration statement, if any, or by such other means as the Trustees may determine.

Section 6.7. Redemption of Shares in Order to Qualify as Regulated Investment Company; Disclosure of Holding. If the Trustees shall, at any time



and in good faith, be of the opinion that direct or indirect ownership of Shares or other securities of the Trust has or may become concentrated in any Person to an extent which would disqualify any Series of the Trust as a regulated investment company under the Internal Revenue Code, then the Trustees shall have the power by lot or other means deemed equitable by them (i) to call for redemption by any such Person a number, or principal amount, of Shares or other securities of the Trust sufficient to maintain or bring the direct or indirect ownership of Shares or other securities of the Trust into conformity with the requirements for such qualification and (ii) to refuse to transfer or issue Shares or other securities of the Trust to any Person whose acquisition of the Shares or other securities of the Trust in question would result in such disqualification. The redemption shall be effected at the redemption price and in the manner provided in Section 6.1.

The holders of Shares or other securities of the Trust shall upon demand disclose to the Trustees in writing such information with respect to direct and indirect ownership of Shares or other securities of the Trust as the Trustees deem necessary to comply with the provisions of the Internal Revenue Code, or to comply with the requirements of any other taxing authority

Section 6.8. Reductions in Number of Outstanding Shares Pursuant to Net Asset Value Formula. The Trust may also reduce the number of Outstanding Shares pursuant to the provisions of Section 7.3.

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Section 6.9. Suspension of Right of Redemption. The Trust may declare a suspension of the right of redemption or postpone the date of payment or redemption for the whole or any part of any period (i) during which the New York Stock Exchange is closed other than customary week-end and holiday closings, (ii) during which trading on the New York Stock Exchange is restricted, (iii) during which an emergency exists as a result of which disposal by the Trust of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Trust fairly to determine the value of its net assets, or (iv) during any other period when the Commission may for the protection of Shareholders of the Trust by order permit suspension of the right of redemption or postponement of the date of payment or redemption; provided that applicable rules and regulations of the Commission shall govern as to whether the conditions prescribed in (ii), (iii), or (iv) exist. Such suspension shall take effect at such time as the Trust shall specify but not later than the close of business on the business day next following the declaration of suspension, and thereafter there shall be no right of redemption or payment on redemption until the Trust shall declare the suspension at an end, except that the suspension shall terminate in any event on the first day on which said stock exchange shall have reopened or the period specified in (ii) or (iii) shall have expired (as to which in the absence of an official ruling by the Commission, the determination of the Trust shall be conclusive). In the case of a suspension of the right of redemption, a Shareholder may either withdraw his request for redemption or

receive payment based on the net asset value existing after the termination of the suspension.

## ARTICLE VII

### DETERMINATION OF NET ASSET VALUE, NET INCOME AND DISTRIBUTIONS

Section 7.1. Net Asset Value. The value of the assets of the Trust or any Series of the Trust shall be determined by appraisal of the securities of the Trust or allocated to such Series, such appraisal to be on the basis of the amortized cost of such securities in the case of money market securities, market value in the case of other securities, or by such other method as shall be deemed to reflect the fair value thereof, determined in good faith by or under the direction of the Trustees. From the total value of said assets, there shall be deducted all indebtedness, interest, taxes, payable or accrued, including estimated taxes on unrealized book profits. expenses and management charges accrued to the appraisal date, net income determined and declared as a distribution and all other items in the nature of liabilities attributable to the Trust or such Series which shall be deemed appropriate. The resulting amount which shall represent the total net assets of the Trust or the Series shall be

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divided by the number of Shares of the Trust or such Series outstanding at the time and the quotient so obtained shall be deemed to be the net asset value of the Shares. The net asset value of the Shares shall be determined at least once on each business day, as of the close of trading on the New York Stock Exchange or as of such other time or times as the Trustees shall determine. The power and duty to make the daily calculations may be delegated by the Trustees to the Investment Adviser, the custodian, the Transfer Agent or such other Person as the Trustees may determine by resolution or by approving a contract which delegates such duty to another Person. The Trustees may suspend the daily determination of net asset value to the extent permitted by the 1940 Act.

Section 7.2. Distributions to Shareholders. The Trustees shall from time to time distribute ratably among the Shareholders of the Trust or a Series such proportion of the net profits, surplus (including paid-in surplus), capital, or assets of the Trust or such Series held by the Trustees as they may deem proper. Such distributions may be made in cash or property (including without limitation any type of obligations of the Trust or such Series or any assets thereof), and the Trustees may distribute ratably among the Shareholders additional Shares of the Trust or such Series issuable hereunder in such manner, at such times, and on such terms as the Trustees may deem proper. Such distributions may be among the Shareholders of record at the time of declaring a distribution or among the Shareholders of record at such other date or time or dates or times as the Trustees shall determine. The Trustees may in their discretion determine that, solely for the purposes of such distributions, Outstanding Shares shall exclude

Shares for which orders have been placed subsequent to a specified time on the date the distribution is declared or on the next preceding day if the distribution is declared as of a day on which Boston banks are not open for business, all as described in the [effective prospectus] registration statement under the Securities Act of 1933. The Trustees may always retain from the net profits such amount as they may deem necessary to pay the debts or expenses of the Trust or the Series or to meet obligations of the Trust or the Series, or as they may deem desirable to use in the conduct of its affairs or to retain for future requirements or extensions of the business. The Trustees may adopt and offer to Shareholders such dividend reinvestment plans, cash dividend payout plans or related plans as the Trustees shall deem appropriate.

Inasmuch as the computation of net income and gains for Federal income tax purposes may vary from the computation thereof on the books, the above provisions shall be interpreted to give the Trustees the power in their discretion to distribute for any fiscal year as ordinary dividends and as capital gains distributions, respectively, additional amounts sufficient to

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enable the Trust or the Series to avoid or reduce liability for taxes.

Section 7.3. Determination of Net Income; Constant Net Asset Value; Reduction of Outstanding Shares. Subject to Section 5.11 hereof, the net income of the Trust or any Series shall be determined in such manner as the Trustees shall provide by resolution. Expenses of the Trust or a Series, including the advisory or management fee, shall be accrued each day. Such net income may be determined by or under the direction of the Trustees as of the close of trading on the New York Stock Exchange on each day on which such Exchange is open or as of such other time or times as the Trustees shall determine, and, except as provided herein, all the net income of the Trust or any Series, as so determined, may be declared as a dividend on the Outstanding Shares of the Trust or such Series. If, for any reason, the net income of the Trust or any Series, determined at any time is a negative amount, the Trustees shall have the power with respect to the Trust or such Series (i) to offset each Shareholder's pro rata share of such negative amount from the accrued dividend account of such Shareholder, or (ii) to reduce the number of Outstanding Shares of the Trust or such Series by reducing the number of Shares in the account of such Shareholder by that number of full and fractional Shares which represents the amount of such excess negative net income, or (iii) to cause to be recorded on the books of the Trust or such Series an asset account in the amount of such negative net income, which account may be reduced by the amount, provided that the same shall thereupon become the property of the Trust or such Series with respect to the Trust or such Series and shall not be paid to any Shareholder, of dividends declared thereafter upon the Outstanding Shares of the Trust or such Series on the day such negative net income is experienced, until such asset account is reduced to zero; or (iv) to combine the methods described in clauses (i) and (ii) and (iii) of this sentence, in order to cause the net asset value per Share

of the Trust or such Series to remain at a constant amount per Outstanding Share immediately after each such determination and declaration. The Trustees shall also have the power to fail to declare a dividend out of net income for the purpose of causing the net asset value per Share to be increased to a constant amount. The Trustees shall not be required to adopt, but may at any time adopt, discontinue or amend the practice of maintaining the net asset value per Share of the Trust or a Series at a constant amount.

Section 7.4. Allocation Between Principal and Income. The Trustees shall have full discretion to determine whether any cash or property received shall be treated as income or as principal and whether any item of expense shall be charged to the income or the principal account, and their determination made in good faith shall be conclusive upon the Shareholders.

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In the case of stock dividends received, the Trustees shall have full discretion to determine, in the light of the particular circumstances, how much if any of the value thereof shall be treated as income, the balance, if any, to be treated as principal.

Section 7.5. Power to Modify Foregoing Procedures. Notwithstanding any of the foregoing provisions of this Article VII, the Trustees may prescribe, in their absolute discretion, such other bases and times for determining the per Share net asset value or net income, or the declaration and payment of dividends and distributions as they may deem necessary or desirable.

## ARTICLE VIII

### DURATION; TERMINATION OF TRUST; AMENDMENT; MERGERS, ETC.

Section 8.1. Duration. The Trust shall continue without limitation of time but subject to the provisions of this Article VIII.

Section 8.2. Termination of Trust. (a) The Trust or any Series of the Trust may be terminated by an instrument in writing signed by a majority of the Trustees or by the affirmative vote of the holders a majority of the Shares outstanding and entitled to vote, at any meeting of Shareholders. Upon the termination of the Trust or any Series,

(i) the Trust or any Series shall carry on no business except for the purpose of winding up its affairs;

(ii) the Trustees shall proceed to wind up the affairs of the Trust or Series and all of the powers of the Trustees under this Declaration shall continue until the affairs of the Trust or Series shall have been wound up, including the power to fulfill or discharge the contracts of the Trust or

Series, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property or property of the Series to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate its business;

(iii) after paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees may distribute the remaining Trust Property or property of the Series, in cash

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or in kind or partly each, among the Shareholders of the Trust or Series according to their respective rights.

(b) After termination of the Trust or any Series and distribution to the Shareholders as herein provided, a majority of the Trustees shall execute and lodge among the records of the Trust (or series) an instrument in writing setting forth the fact of such termination, and the Trustees shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and interests of all Shareholders of the Trust or Series shall thereupon cease.

Section 8.3. Amendment Procedure. (a) This Declaration may be amended by a vote of the holders of a majority of the Shares outstanding and entitled to vote. Amendments shall be effective upon the taking of action as provided in this section or at such later time as shall be specified in the applicable vote or instrument. The Trustees may also amend this Declaration without the vote or consent of Shareholders if they deem it necessary to conform this Declaration to the requirements of applicable federal or state laws or regulations or the requirements of the regulated investment company provisions of the Internal Revenue Code (including those provisions of such Code relating to the retention of the exemption from federal income tax with respect to dividends paid by the Trust out of interest income received on Municipal Bonds), but the Trustees shall not be liable for failing so to do. The Trustees may also amend this Declaration without the vote or consent of Shareholders if they deem it necessary or desirable to change the name of the Trust or to make any other changes in the Declaration which do not materially adversely affect the rights of Shareholders hereunder.

(b) No amendment may be made under this Section 8.3 which would change any rights with respect to any Shares of the Trust or Series by reducing the amount payable thereon upon liquidation of the Trust or Series or by diminishing or eliminating any voting rights pertaining thereto, except with the vote or consent of the holders of two-thirds of the Shares of the Trust or Series outstanding and entitled to vote. Nothing contained in this Declaration shall permit the amendment of this Declaration to impair the exemption from personal

liability of the Shareholders, Trustees, officers, employees and agents of the Trust or to permit assessments upon Shareholders.

(c) A certificate signed by a majority of the Trustees setting forth an amendment and reciting that it was duly adopted by the Shareholders or by the Trustees as aforesaid or a copy of the Declaration, as amended, and executed by a majority off the Trustees, shall be conclusive evidence of such amendment when lodged among the records of the Trust.

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Notwithstanding any other provision hereof, until such time as a Registration Statement under the Securities Act of 1933, as amended, covering the first public offering of securities of the Trust shall have become effective, this Declaration may be terminated or amended in any respect by the affirmative vote of a majority of the Trustees or by an instrument signed by a majority of the Trustees.

Section 8.4. Merger, Consolidation and Sale of Assets. The Trust or any Series thereof may merge or consolidate with any other corporation, association, trust or other organization or may sell, lease or exchange all or substantially all of the Trust Property or the property of any Series, including its good will, upon such terms and conditions and for such consideration when and as authorized at any meeting of Shareholders of the Trust or Series called for the purpose by the affirmative vote of the holders of a majority of the Shares of the Trust or Series.

Section 8.5. Incorporation. With the approval of the holders of a majority of the Shares of the Trust or any Series outstanding and entitled to vote, the Trustees may cause to be organized or assist in organizing a corporation or corporations under the laws of any jurisdiction or any other trust, partnership, association or other organization to take over all of the Trust Property or the property of any Series or to carry on any business in which the Trust or the Series shall directly or indirectly have any interest, and to sell, convey and transfer the Trust Property or the property of any Series to any such corporation, trust, association or organization in exchange for the Shares or securities thereof or otherwise, and to lend money to, subscribe for the Shares or securities of, and enter into any contracts with any such corporation, trust, partnership, association or organization, or any corporation, partnership, trust, association or organization in which the Trust or the Series holds or is about to acquire shares or any other interest. The Trustees may also cause a merger or consolidation between the Trust or any Series or any successor thereto and any such corporation, trust, partnership, association or other organization if and to the extent permitted by law, as provided under the law then in effect. Nothing contained herein shall be construed as requiring approval of Shareholders for the Trustees to organize or assist in organizing one or more corporations, trusts, partnerships, associations or other organizations and selling, conveying or transferring a portion of the Trust Property to such

organization or entities.

## ARTICLE IX

### REPORTS TO SHAREHOLDERS

The Trustees shall at least semi-annually submit to the Shareholders a written financial report, which may be included in the Trust's prospectus or

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statement of additional information, of the transactions of the Trust, including financial statements which shall at least annually be certified by independent public accountants.

## ARTICLE X

### MISCELLANEOUS

Section 10.1. Filing. This Declaration and any amendment hereto shall be filed in the office of the Secretary of the Commonwealth of Massachusetts and in such other places as may be required under the laws of Massachusetts and may also be filed or recorded in such other places as the Trustees deem appropriate. Unless the amendment is embodied in an instrument signed by a majority of the Trustees, each amendment filed shall be accompanied by a certificate signed and acknowledged by a Trustee stating that such action was duly taken in a manner provided herein. A restated Declaration, integrating into a single instrument all of the provisions of the Declaration which are then in effect and operative, may be executed from time to time by a majority of the Trustees and shall, upon filing with the Secretary of the Commonwealth of Massachusetts, be conclusive evidence of all amendments contained therein and may hereafter be referred to in lieu of the original Declaration and the various amendments thereto. The restated Declaration may include any amendment which the Trustees are empowered to adopt, whether or not such amendment has been adopted prior to the execution of the restated Declaration.

Section 10.2. Governing Law. This Declaration is executed by the Trustees and delivered in the Commonwealth of Massachusetts and with reference to the internal laws thereof, and the rights of all parties and the validity and construction of every provision hereof shall be subject to and construed according to the internal laws of said State without regard to the choice of law rules thereof.

Section 10.3. Counterparts. This Declaration may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and such counterparts, together, shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.



Section 10.4. Reliance by Third Parties. Any certificate executed by an individual who, according to the records of the Trust appears to be a Trustee hereunder, certifying to: (a) the number or identity of Trustees or Shareholders, (b) the due authorization of the execution of any instrument or writing, (c) the form of any vote passed at a meeting of Trustees or

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Shareholders, (d) the fact that the number of Trustees or Shareholders present at any meeting or executing any written instrument satisfies the requirements of this Declaration, (e) the form of any By-laws adopted by or the identity of any officers elected by the Trustees, or (f) the existence of any fact or facts which in any manner relate to the affairs of the Trust, shall be conclusive evidence as to the matters so certified in favor of any Person dealing with the Trustees and their successors.

Section 10.5. Provisions in Conflict with Law or Regulations.

(a) The provisions of this Declaration are severable, and if the Trustees shall determine, with the advice of counsel, that any of such provisions is in conflict with the 1940 Act, the regulated investment company provisions of the Internal Revenue Code or with other applicable laws and regulations, the conflicting provision shall be deemed never to have constituted a part of this Declaration; provided, however, that such determination shall not affect any of the remaining provisions of this Declaration or render invalid or improper any action taken or omitted prior to such determination.

(b) If any provision of this Declaration shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect such provisions in any other jurisdiction or any other provision of this Declaration in any jurisdiction.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 3rd day of November, 1987.

/s/Amey A. DeFriez

-----  
as Trustee and not individually.

THE COMMONWEALTH OF MASSACHUSETTS



Then personally appeared the above-named Amey A. DeFriez, who acknowledged the foregoing instrument to be her free act and deed.

Before me,

/s/[Illegible]

-----  
Notary Public

My commission expires: December 3, 1987

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 3rd day of November, 1987.

/s/George S. Johnston

-----  
as Trustee and not individually.

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk

November 3, 1987

Then personally appeared the above-named George S. Johnston, who acknowledged the foregoing instrument to be his free act and deed.

Before me,

/s/[Illegible]

-----  
Notary Public

My commission expires: December 3, 1987

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 3rd day of November, 1987.

/s/George M. Lovejoy, Jr.  
-----

as Trustee and not individually.

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk

November 3, 1987

Then personally appeared the above-named George M. Lovejoy, Jr., who acknowledged the foregoing instrument to be his free act and deed.

Before me,

/s/[Illegible]  
-----

Notary Public

My commission expires: December 3, 1987

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 3rd day of November, 1987.

/s/Wesley W. Marple, Jr.  
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as Trustee and not individually.

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk

November 3, 1987

Then personally appeared the above-named Wesley W. Marple, Jr., who acknowledged the foregoing instrument to be his free act and deed.

Before me,

/s/[Illegible]

-----  
Notary Public

My commission expires: December 3, 1987

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 3rd day of November, 1987.

/s/August R. Meyer

-----  
as Trustee and not individually.

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk

November 3, 1987

Then personally appeared the above-named August R. Meyer, who acknowledged the foregoing instrument to be his free act and deed.

Before me,

/s/[Illegible]

-----  
Notary Public

My commission expires: December 3, 1987

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 3rd day of November, 1987.

/s/Juris Padeys

as Trustee and not individually.

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk

November 3, 1987

Then personally appeared the above-named Juris Padeys, who acknowledged the foregoing instrument to be his free act and deed.

Before me,

/s/[Illegible]

-----  
Notary Public

My commission expires: December 3, 1987

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 3rd day of November, 1987.

/s/Daniel Pierce

-----  
as Trustee and not individually.

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk

November 3, 1987

Then personally appeared the above-named Daniel Pierce, who acknowledged the foregoing instrument to be his free act and deed.

Before me,

/s/[Illegible]

-----  
Notary Public

My commission expires: December 3, 1987

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SCUDDER GROWTH AND INCOME FUND

Certificate of Amendment

The undersigned, being at least a majority of the duly elected and qualified Trustees of Scudder Growth and Income Fund, a business trust organized under the laws of The Commonwealth of Massachusetts pursuant to a Declaration of Trust dated November 3, 1987, as amended, do hereby certify that the Shareholders of said Trust, by the favorable vote on November 13, 1990 of a majority of the shares outstanding and entitled to vote, adopted amendments to the Declaration of Trust striking out Section 1.2 subsections (k), (m) and (r), Sections 5.1, 5.9 and 6.13, Section 6.6 and Section 7.1 and replacing them with the following:

Article I, Section 1.2:

(k) "Series" Individually or collectively means the two or more Series as may be established and designated from time to time by the Trustees pursuant to Section 5.11 hereof. Unless the context otherwise requires, the term "Series" shall include Classes into which shares of the Trust, or of a Series, may be divided from time to time.

(m) "Shares" means the equal proportionate units of interest into which the beneficial interest in the Trust shall be divided from time to time, including the Shares of any and all Series and Classes which may be established by the Trustees and includes fractions of Shares as well as whole Shares. "Outstanding Shares" means those shares shown from time to time on the books of the Trust or its Transfer Agent as then issued and outstanding, but shall not include Shares which have been redeemed or repurchased by the Trust and which are at the time held in the Treasury of the Trust.

(r) "Class" means the two or more Classes as may be established and designated from time to time by the Trustees pursuant to Section 5.13 hereof.

Article V:

Section 5.1. Beneficial Interest. The interest of the beneficiaries hereunder shall be divided into transferable Shares of beneficial interest, all of one class, except as provided in Section 5.11 and Section 5.13 hereof, par value \$.01 per share. The number of Shares of beneficial interest authorized hereunder is unlimited. All Shares issued hereunder including, without limitation, Shares issued in connection with a dividend in Shares or a split of Shares, shall be fully paid and non-assessable.

Section 5.9 Voting Powers. The Shareholders shall have power to vote only (i) for the election of Trustees as provided in Section 2.12; (ii) for the removal

of Trustees as provided in Section 2.13; (iii) with respect to any investment advisory or management contract entered into pursuant to Section 3.2; (iv) with respect to termination of the Trust as provided in Section 8.2; (v) with respect to any amendment of this Declaration to the extent and as provided in Section 8.3; (vi) with respect to any merger, consolidation or sale of assets as provided in Section 8.4; (vii) with respect to incorporation of the Trust, or any Series to the extent and as provided in Section 8.5; (viii) to the same extent as the stockholders of Massachusetts business corporation as to whether or not a court action, proceeding or claim should or should not be brought or maintained derivatively or as a class action on behalf of the Trust or the shareholders; (ix) with respect to any plan adopted pursuant to Rule 12b-1 (or any successor rule) under the 1940 Act; and (x) with respect to such additional matters relating to the Trust as may be required by this Declaration, the By-laws or any registration of the Trust as an investment company under the 1940 Act with the Commission (or any successor agency) or as the Trustees may consider necessary or desirable. Each whole Share shall be entitled to one vote as to any matter on which it is entitled to vote and each fractional Share shall be entitled to a proportionate fractional vote, except that the Trustees may, in conjunction with the establishment of any Series of Shares, establish or reserve the right to establish conditions under which the several Series shall have separate voting rights or, if a Series would not, in the sole judgment of the Trustees, be materially affected by a proposal, no voting rights. There shall be no cumulative voting in the election of Trustees. Until Shares are issued, the Trustees may exercise all rights of Shareholders and may take any action required by law, this Declaration or the By-laws to be taken by Shareholders.

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The By-laws may include further provisions for Shareholders' votes and meetings and related matters.

Section 5.13. Class Designation. The Trustees, in their discretion, may authorize the division of the Shares of the Trust, or, if any Series be established, the Shares of any Series, into two or more Classes, and the different Classes shall be established and designated, and the variations in the relative rights and preferences as between the different Classes shall be fixed and determined, by the Trustees; provided, that all Shares of the Trust or of any Series shall be identical to all other Shares of the Trust or the same Series, as the case may be, except that there may be variations between different classes as to allocation of expenses, right of redemption, special and relative rights as to dividends and on liquidation, conversion rights, and conditions under which the several Classes shall have separate voting rights. All references to Shares in this Declaration shall be deemed to be Shares of any or all Classes as the context may require.

If the Trustees shall divide the Shares of the Trust or any Series into two or more Classes, the following provisions shall be applicable:

(a) All provisions herein relating to the Trust, or any Series of the Trust,

shall apply equally to each Class of Shares of the Trust or of any Series of the Trust, except as the context requires otherwise.

(b) The number of Shares of each Class that may be issued shall be unlimited. The Trustees may classify or reclassify any unissued Shares of the Trust or any Series or any Shares previously issued and reacquired of any Class of the Trust or of any Series into one or more Classes that may be established and designated from time to time. The Trustees may hold as treasury Shares (of the same or some other Class), reissue for such consideration and on such terms as they may determine, or cancel any Shares of any Class reacquired by the Trust at their discretion from time to time.

(c) Liabilities, expenses, costs, charges and reserves related to the distribution of, and other identified expenses that should properly be allocated to, the Shares of a particular Class may be charged to and borne solely by such Class and the bearing of expenses solely by a Class of Shares may be appropriately reflected (in a manner determined by the Trustees) and cause differences in the net asset value attributable to, and the dividend, redemption and liquidation rights of, the Shares of different Classes. Each allocation of liabilities, expenses, costs, charges and reserves by the Trustees shall be conclusive and binding upon the Shareholders of all Classes for all purposes.

(d) The establishment and designation of any Class of Shares shall be effective upon the execution of a majority of the then Trustees of an instrument setting forth such establishment and designation and the relative rights and preferences of such Class, or as otherwise provided in such instrument. The Trustees may, by an instrument executed by a majority of their number, abolish any Class and the establishment and designation thereof. Each instrument referred to in this paragraph shall have the status of an amendment to this Declaration.

#### Article VI:

Section 6.6. Redemption of Shareholder's Interest. The Trust shall have the right at any time without prior notice to the shareholder to redeem Shares of any shareholder for their then current net asset value per Share if at such time the shareholder owns Shares having an aggregate net asset value of less than an amount set from time to time by the Trustees subject to such terms and conditions as the Trustees may approve, and subject to the Trust's giving general notice to all shareholders of its intention to avail itself of such right, either by publication in the Trust's registration statement, if any, or by such other means as the Trustees may determine.

#### Article VII:

Section 7.1. Net Asset Value. The value of the assets of the Trust or any Series of the Trust shall be determined by appraisal of the securities of the Trust or allocated to such Series, such appraisal to be on the basis of the amortized cost of such securities in the case of money market securities, market value in the case of other securities, or by such other method as shall be deemed to reflect the fair value thereof, determined in good faith by or under the direction of the Trustees. From the total value of said assets, there shall be



deducted all indebtedness, interest, taxes, payable or accrued, including estimated taxes on unrealized book profits, expenses and management charges accrued to the appraisal date, net income determined and declared as distribution and all other items in the nature of liabilities attributable to the Trust or such Series or Class thereof which shall be deemed appropriate. The net asset value of a Share shall be determined by dividing the net asset value of the Class, or, if no Class has been established, of the Series, or, if no Series has been established, of the Trust, by the number of Shares of that Class, or Series, or of the Trust, as applicable, outstanding. The net asset value of Shares of the Trust or any Class or Series of the Trust shall be determined pursuant to the procedure and methods prescribed or approved by the Trustees in their discretion and as set forth in the most recent Registration

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Statement of the Trust as filed with the Securities and Exchange Commission pursuant to the requirements of the Securities Act of 1933, as amended, the Investment Company Act of 1940, as amended, and the Rules thereunder. The net asset value of the Shares shall be determined at least once on each business day, as of the close of trading on the New York Stock Exchange or as of such other time or times as the Trustees shall determine.

The power and duty to make the daily calculations may be delegated by the Trustees to the Investment Adviser, the Custodian, the Transfer Agent or such other Person as the Trustees may determine by resolution or by approving a contract which delegates such duty to another Person. The Trustees may suspend the daily determination of net asset value to the extent permitted by the 1940 Act.

This Certificate may be executed in several counterparts, each of which shall be deemed an original, but all taken together shall constitute one certificate.

IN WITNESS WHEREOF, the undersigned have this day signed this Certificate.

DATE: November 13, 1990

/s/Henry P. Becton Jr.

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Henry P. Becton, Jr.

/s/Amey A. DeFriez

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Amey A. DeFriez

/s/Dudley H. Ladd

-----  
Dudley H. Ladd

/s/George M. Lovejoy, Jr.  
-----

George M. Lovejoy, Jr.

/s/Wesley W. Marple, Jr.  
-----

Wesley W. Marple, Jr.

/s/Juris Padegs  
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Juris Padegs

/s/Daniel Pierce  
-----

Daniel Pierce

## SCUDDER GROWTH AND INCOME FUND

Certificate of Amendment of Declaration of Trust  
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The undersigned, being at least a majority of the duly elected and qualified Trustees of Scudder Growth and Income Fund, a Massachusetts business trust, (the "Trust") acting pursuant to Article VIII, Section 8.3 of the Amended and Restated Declaration of Trust dated November 3, 1987, as amended, (the "Declaration of Trust") do hereby certify that the following amendment to the Declaration of Trust was adopted by the favorable vote on February 12, 1991 of the majority of Trustees, to wit,

RESOLVED that upon the date the Trust's Post-Effective Amendment to its Registration Statement under the Securities Act of 1933 offering shares of a series of the Trust designated "Scudder Quality Growth Fund", becomes effective, Sections 1.1 and 1.2(o) of the Amended and Restated Declaration of Trust dated November 3, 1987, as amended, are amended to change the name of the Trust from "Scudder Growth and Income Fund" to "Scudder Investment Trust" so that said Sections read in their entirety as follows:

"Section 1.1. Name. The name of the trust created hereby is the  
"Scudder Investment Trust."

"Section 1.2(o). The "Trust" means the Scudder Investment Trust."

IN WITNESS WHEREOF, the undersigned have this day signed this Certificate of Amendment of Declaration of Trust.

Dated February 12, 1991

-----  
Henry P. Becton, Jr., as Trustee

/s/Amey A. DeFriez

-----  
Amey A. DeFriez, as Trustee

/s/Dudley H. Ladd

-----  
Dudley H. Ladd, as Trustee

/s/ George M. Lovejoy, Jr.

-----  
George M. Lovejoy, Jr., as Trustee

-----  
Wesley W. Marple, Jr., as Trustee

-----  
Juris Padegs, as Trustee

/s/Daniel Pierce

-----  
Daniel Pierce, as Trustee

0095S

## SCUDDER GROWTH AND INCOME FUND

Establishment and Designation of Series  
of Beneficial Interest, \$.01 Par Value

The undersigned, being a majority of the duly elected and qualified Trustees of Scudder Growth and Income Fund (to be renamed Scudder Investment Trust), a Massachusetts business trust (the "Trust") acting pursuant to Section 5.11 of the Declaration of Trust dated November 3, 1987, as amended (the "Declaration of Trust"), of the Trusts hereby divide the shares of beneficial interest of the Trust into two separate series (each individually a "Fund" or collectively the "Funds"), each Fund to have the following special and relative rights:

## 1. The Funds shall be designated as follows:

Scudder Growth and Income Fund  
Scudder Quality Growth Fund

2. Each Fund shall be authorized to hold cash and invest in securities and instruments and use investment techniques as described in the Trust's registration statement under the Securities Act of 1933, as amended from time to time. Each share of beneficial interest of each Fund ("share") shall be redeemable as provided in the Declaration of Trust, shall be entitled to one vote (or fraction thereof in respect of a fractional share) on matters on which shares of that Fund shall be entitled to vote and shall represent a pro rata beneficial interest in the assets allocated to that Fund. The proceeds of sales of shares of a Fund, together with any income and gain thereon, less any diminution or expenses thereof, shall irrevocably belong to that Fund, unless otherwise required by law. Each share of a Fund shall be entitled to receive its pro rata share of net assets of that Fund upon liquidation of that Fund.

3. Shareholders of each Fund shall vote separately as a class on any matter to the extent required by, and any matter shall be deemed to have been effectively acted upon with respect to that Fund as provided in Rule 18f-2, as from time to time in effect, under the Investment Company Act of 1940, as amended, or any successor rule.

4. The shares of beneficial interest of the Trust outstanding on the date hereof shall be deemed to be as shares of the Scudder Growth and Income Fund.

5. The assets and liabilities of the Trust existing on the date hereof shall, except as provided below, be allocated to the Scudder Growth and Income Fund and, hereafter, the assets and liabilities of the Trust shall be allocated among the Funds as set forth in Section 5.11 of the Declaration of Trust, except as provided below.

(a) Costs incurred in connection with the organization, registration and public offering of shares of Scudder Quality Growth Fund shall be amortized by such Fund over the lesser of the life of the Fund or the five year period beginning with the month the Fund commences operations.

(b) The liabilities, expenses, costs, charges or reserves of the Trust which are not readily identifiable as belonging to any particular Fund shall be allocated among the Funds on the basis of their relative average daily net assets.

(c) The Trustees may from time to time in particular cases make specific allocations of assets or liabilities among the Funds.

6. The Trustees (including any successor Trustees) shall have the right at any time and from time to time to reallocate assets and expenses or to change the designation of any Fund now or hereafter created, or to otherwise change the special and relative rights of any such Fund provided that such change shall not adversely affect the rights of shareholders of a Fund.

The foregoing shall be effective upon the date the Trust's Post-Effective Amendment to its Registration Statement under the Securities Act of 1933 offering shares of the Funds as designated becomes effective.

-----  
Henry P. Becton, Jr., as Trustee

/s/ Amey A. DeFriez

-----  
Amey A. DeFriez, as Trustee

/s/ Dudley H. Ladd

-----  
Dudley H. Ladd, as Trustee

/s/ George M. Lovejoy, Jr.

-----  
George M. Lovejoy, Jr., as Trustee

-----  
Wesley W. Marple, Jr., as Trustee

-----  
Juris Padegs, as Trustee

/s/Daniel Pierce  
-----

Daniel Pierce, as Trustee

BY-LAWS  
OF  
SCUDDER GROWTH AND INCOME FUND

September 20, 1984

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## BY-LAWS

## OF

## SCUDDER GROWTH AND INCOME FUND

## ARTICLE I

## DEFINITIONS

The terms "Commission", "Custodian", "Declaration", "Distributor", "Investment Adviser", "Municipal Bonds", "1940 Act", "Shares", "Transfer Agent", "Trust", "Trust Property", "Trustees", and "vote of a majority of the Shares

outstanding and entitled to vote", have the respective meanings given them in the Declaration of Trust of Scudder Growth and Income Fund dated September 20, 1984, as amended from time to time.

## ARTICLE II

### OFFICES

Section 1. Principal Office. Until changed by the Trustees, the principal office of the Trust in the Commonwealth of Massachusetts shall be in the City of Boston, County of Suffolk.

Section 2. Other Offices. The Trust may have offices in such other places without as well as within the Commonwealth as the Trustees may from time to time determine.

## ARTICLE III

### SHAREHOLDERS

Section 1. Meetings. Meetings of the Shareholders shall be held as provided in the Declaration at such place within or without the Commonwealth of Massachusetts as the Trustees shall designate. The holders of a majority of outstanding Shares present in person or by proxy shall constitute a quorum at any meeting of the shareholders

Section 2. Notice of Meetings. Notice of all meetings of the Shareholders, stating the time, place and purposes of the meeting, shall be given by the Trustees by mail to each Shareholder at his address as recorded on the register of the Trust mailed at least (10) days and not more than sixty (60) days before the meeting. Only the business stated in the notice of the meeting shall be considered at such meeting. Any adjourned meeting may be held as adjourned without further notice. No notice need be given to any Shareholder who shall have failed to inform the Trust of his current address or if a written waiver of notice, executed before or after the meeting by the Shareholder or his attorney thereunto authorized, is filed with the records of the meeting.

Section 3. Record Date for Meetings and Other Purposes. For the purpose of determining the Shareholders who are entitled to notice of and to vote at any meeting, or to participate in any distribution, or for the purpose of any other action, the Trustees may from time to time close the transfer books for such

period, not exceeding thirty (30) days, as the Trustees may determine; or without closing the transfer books the Trustees may fix a date not more than sixty (60) days prior to the date of any meeting of Shareholders or distribution

or other action as a record date for the determinations of the persons to be treated as Shareholders of record for such purposes, except for dividend payments which shall be governed by the Declaration.

Section 4. Proxies. At any meeting of Shareholders, any holder of Shares entitled to vote thereat may vote by proxy, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Secretary, or with such other officer or agent of the Trust as the Secretary may direct, for verification prior to the time at which such vote shall be taken. Proxies may be solicited in the name of one or more Trustees or one or more of the officers of the Trust. Only Shareholders of record shall be entitled to vote. Each whole share shall be entitled to one vote as to any matter on which it is entitled by the Declaration to vote, and each fractional Share shall be entitled to a proportionate fractional vote. When any Share is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Share, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Share. A proxy purporting to be executed by or on behalf of a

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Shareholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger. If the holder of any such share is a minor or a person of unsound mind, and subject to guardianship or the the legal control of any other person as regards the charge or management of such Share, he may vote by his guardian or such other person appointed or having such control, and such vote may be given in person or by proxy.

Section 5. Inspection of Records. The records of the Trust shall be open to inspection by Shareholders to the same extent as is permitted shareholders of a Massachusetts business corporation.

Section 6. Action without Meeting. Any action which may be taken by Shareholders may be taken without a meeting if a majority of Shareholders entitled to vote on the matter (or such larger proportion thereof as shall be required by law, the Declaration or these By-Laws for approval of such matter) consent to the action in writing and the written consents are filed with the records of the meetings of Shareholders. Such consents shall be treated for all purposes as a vote taken at a meeting of Shareholders.

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## ARTICLE IV

### TRUSTEES

Section 1. Meetings of the Trustees. The Trustees may in their discretion provide for regular or stated meetings of the Trustees. Notice of regular or stated meetings need not be given. Meetings of the Trustees other than regular or stated meetings shall be held whenever called by the President, or by any one of the Trustees, at the time being in office. Notice of the time and place of each meeting other than regular or stated meetings shall be given by the Secretary or an Assistant Secretary or by the officer or Trustee calling the meeting and shall be mailed to each Trustee at least two days before the meeting, or shall be telegraphed, cabled, or wirelessly to each Trustee at his business address, or personally delivered to him at least one day before the meeting. Such notice may, however, be waived by any Trustee. Notice of a meeting need not be given to any Trustee if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. A notice or waiver of notice need not specify the purpose of any meeting. The Trustees may meet by means of a telephone conference circuit or similar communications equipment by means of which all persons participating in the meeting shall be deemed to have been held at a place designated by the Trustees at the meeting. Participation in a telephone conference meeting shall constitute presence in person at such

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meeting. Any action required or permitted to be taken at any meeting of the Trustees may be taken by the Trustees without a meeting if all the Trustees consent to the action in writing and the written consents are filed with the records of the Trustees' meetings. Such consents shall be treated as a vote for all purposes.

Section 2. Quorum and Manner of Acting. A majority of the Trustees shall be present in person at any regular or special meeting of the Trustees in order to constitute a quorum for the transaction of business at such meeting and (except as otherwise required by law, the Declaration of these By-Laws) the act of a majority of the Trustees present at any such meeting, at which a quorum is present, shall be the act of the Trustees. In the absence of a quorum, a majority of the Trustees present may adjourn the meeting from time to time until a quorum shall be present. Notice of an adjourned meeting need not be given.

## ARTICLE V

### COMMITTEES

Section 1. Executive and Other Committees. The Trustees by vote of a majority of all the Trustees may elect from their own number an Executive Committee to consist of not less than three (3) to hold office at the pleasure of the Trustees, which shall have the power to conduct the current and ordinary business of the Trust while the Trustees are not in session,

including the purchase and sale of securities and the designation of securities to be delivered upon redemption of Shares of the Trust, and such other powers of the Trustees as the Trustees may, from time to time, delegate to them except those powers which by law, the Declaration or these By-Laws they are prohibited from delegating. The Trustees may also elect from their own number other Committees from time to time, the number composing such Committees, the powers conferred upon the same (subject to the same limitations as with respect to the Executive Committee) and the term of membership on such Committees to be determined by the Trustees. The Trustees may designate a chairman of any such Committee. In the absence of such designation the Committee may elect its own Chairman.

Section 2. Meetings, Quorum and Manner of Acting. The Trustees may (1) provide for stated meetings of any Committee (2) specify the manner of calling and notice required for special meetings of any Committee, (3) specify the number of members of a Committee required to constitute a quorum and the number of members of a Committee required to exercise specified powers delegated to such Committee, (4) authorize the making of decisions to exercise specified powers by written assent of the requisite number of members of a Committee without a meeting, and (5) authorize the members of a Committee to meet by means of a telephone conference circuit.

The Executive Committee shall keep regular minutes of its meetings and records of decisions taken without a meeting and cause them to be recorded in a

book designated for that purpose and kept in the Office of the Trust.

## ARTICLE VI

### OFFICERS

Section 1. General Provisions. The officers of the Trust shall be a President, a Treasurer and a Secretary, who shall be elected by the Trustees. The Trustees may elect or appoint such other officers or agents as the business of the Trust may require, including one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. The Trustees may delegate to any officer or committee the power to appoint any subordinate officers or agents

Section 2. Term of Office and Qualifications. Except as otherwise provided by law, the Declaration or these ByLaws, the President, the Treasurer and the Secretary shall each hold office until his successor shall have been duly elected and qualified and all other officers shall hold office at the pleasure

of the Trustees. The Secretary and Treasurer may be the same person. A Vice President and the Treasurer or a Vice President and the Secretary may be the same person, but the offices of Vice President, Secretary and Treasurer shall not be held by the same person. The President shall hold no other office. Except as above provided, any two offices may be held by the same person. Any officer may be but none need be a Trustee or Shareholder.

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Section 3. Removal. The Trustees, at any regular or special meeting of the Trustees, may remove any officer without cause, by a vote of a majority of the Trustees then in office. Any officer or agent appointed by an officer or committee may be removed with or without cause by such appointing officer or committee.

Section 4. Powers and Duties of the President. The President may call meetings of the Trustees and of any Committee thereof when he deems it necessary and shall preside at all meetings of the Shareholders. Subject to the control of the Trustees and to the control of any Committees of the Trustees, within their respective spheres as provided by the Trustees, he shall at all times exercise a general supervision and direction over the affairs of the Trust. He shall have the power to employ attorneys and counsel for the Trust and to employ such subordinate officers, agents, clerks and employees as he may find necessary to transact the business of the Trust. He shall also have the power to grant issue, execute or sign such powers of attorney, proxies or other documents as may be deemed advisable or necessary in furtherance of the interests of the Trust. The President shall have such other powers and duties, as from time to time may be conferred upon or assigned to him by the Trustees.

Section 5. Powers and Duties of Vice Presidents. In the absence or disability of the President, the Vice President or, if there be more than one Vice President, any Vice President designated by the Trustees shall perform

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all the duties and may exercise any of the powers of the President, subject to the control of the Trustees. Each Vice President shall perform such other duties as may be assigned to him from time to time by the Trustees and the President.

Section 6. Powers and Duties of the Treasurer. The Treasurer shall be the principal financial and accounting officer of the Trust. He shall deliver all funds of the Trust which may come into his hands to such Custodian as the Trustees may employ pursuant to Article X of these By-Laws. He shall render a statement of condition of the finances of the Trust to the Trustees as often as they shall require the same and he shall in general perform all the duties incident to the office of Treasurer and such other duties as from time to time

may be assigned to him by the Trustees. The Treasurer shall give a bond for the faithful discharge of his duties, if required so to do by the Trustees, in such sum and with such surety or sureties as the Trustees shall require.

Section 7. Powers and Duties of the Secretary. The Secretary shall keep the minutes of all meetings of the Trustees and of the Shareholders in proper books provided for that purpose; he shall have custody of the seal of the Trust; he shall have charge of the Share transfer books, lists and records unless the same are in the charge of the Transfer Agent. He shall attend to the giving and serving of all notices by the Trust in accordance with the provisions of these

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By-Laws and as required by law; and subject to these By-Laws, he shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Trustees.

Section 8. Powers and Duties of Assistant Treasurers. In the absence or disability of the Treasurer, any Assistant Treasurer designated by the Trustees shall perform all the duties, and may exercise any of the powers, of the Treasurer. Each Assistant Treasurer shall perform such other duties as from time to time may be assigned to him by the Trustees. Each Assistant Treasurer shall give a bond for the faithful discharge of his duties, if required so to do by the Trustees, in such sum and with such surety or sureties as the Trustees shall require.

Section 9. Powers and Duties of Assistant Secretaries. In the absence or disability of the Secretary, any Assistant Secretary designated by the Trustees shall perform all the duties, and may exercise any of the powers of the Secretary. Each Assistant Secretary shall perform such other duties as from time to time may be assigned to him by the Trustees.

Section 10. Compensation of Officers and Trustees and Members of the Advisory Board. Subject to any applicable provisions of the Declaration, the compensation of the officers and Trustees and members of the Advisory Board shall be fixed from time to time by the Trustees or, in the case of officers, by any Committee or officer upon whom such power may be conferred by the Trustees.

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No officer shall be prevented from receiving such compensation as such officer by reason of the fact that he is also a Trustee.

## ARTICLE VII

### FISCAL YEAR

The fiscal year of the Trust shall begin on the first day of January in each year and shall end on the thirty-first day of December in each year, provided, however, that the Trustees may from time to time change the fiscal year.

## ARTICLE VIII

### SEAL

The Trustees may adopt a seal which shall be in such form and shall have such inscription thereon as the Trustees may from time to time prescribe.

## ARTICLE IX

### WAIVERS OF NOTICE

Whenever any notice whatever is required to be given by law the Declaration or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. A notice shall be deemed to have been telegraphed, cabled or wirelessly for the purposes of these By-Laws when it has been delivered to a representative of any telegraph, cable or wireless company with

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instructions that it be telegraphed, cabled or wirelessly.

## ARTICLE X

### CUSTODY OF SECURITIES

Section 1. Employment of a Custodian. The Trust shall place and at all times maintain in the custody of a Custodian (including any sub-custodian for the Custodian) all funds, securities and similar investments included in the Trust Property. The Custodian (and any sub-custodian) shall be a bank having not less than \$2,000,000 aggregate capital, surplus and undivided profits and shall be appointed from time to time by the Trustees, who shall fix its remuneration

Section 2. Action Upon Termination of Custodian Agreement. Upon termination of a Custodian Agreement or inability of the Custodian to continue to serve, the trustees shall promptly appoint a successor custodian, but in the event that no successor custodian can be found who has the required qualifications and is willing to serve the Trustees shall call as promptly as possible a special meeting of the Shareholders to determine whether the Trust shall function without a custodian or shall be liquidated. If so directed by vote of the holders of a majority of the outstanding voting securities, the Custodian shall deliver and pay over all Trust Property held by it as specified in such vote.



Section 3. Provisions of Custodian Contract. The following provisions shall apply to the employment of a Custodian and to any contract entered into with the Custodian so employed:

The Trustees shall cause to be delivered to the Custodian all securities included in the Trust Property or to which the Trust may become entitled, and shall order the same to be delivered by the Custodian only in completion of a sale, exchange, transfer, pledge, loan of portfolio securities to another person, or other disposition thereof, all as the Trustees may generally or from time to time require or approve or to a successor Custodian; and the Trustees shall cause all funds included in the Trust Property or to which it may become entitled to be paid to the Custodian, and shall order the same disbursed only for investment against delivery of the securities acquired, or the return of cash held as collateral for loans of portfolio securities, or in payment of expenses, including management compensation, and liabilities of the Trust, including distributions to shareholders, or to a successor Custodian

Section 4 Central Certificate System. Subject to such rules, regulations and orders as the Commission may adopt, the Trustees may direct the Custodian to deposit all or any part of the securities owned by the Trust in a system for the central handling of securities established by a national securities exchange or a national securities association registered with the Commission under the Securities Exchange Act of 1934, or such other person as may be permitted by the

Commission, or otherwise in accordance with the 1940 Act, pursuant to which system all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of such securities, provided that all such deposits shall be subject to withdrawal only upon the order of the Trust.

Section 5. Acceptance of Receipts in Lieu of Certificates. Subject to such rules, regulations and orders as the Commission may adopt, the Trustees may direct the Custodian to accept written receipts or other written evidences indicating purchases of securities held in book-entry form in the Federal Reserve System in accordance with regulations promulgated by the Board of Governors of the Federal Reserve System and the local Federal Reserve Banks in lieu of receipt of certificates representing such securities.

## ARTICLE XI

## AMENDMENTS

These By-Laws, or any of them, may be altered, amended or repealed, or new By-Laws may be adopted by (a) vote of a majority of the Shares outstanding and entitled to vote or (b) by the Trustees, provided, however, that no By-Law may be amended, adopted or repealed by the Trustees if such amendment, adoption or repeal requires, pursuant to law, the Declaration or these By-Laws, a vote of the Shareholders.

SCUDDER CASH INVESTMENT TRUST  
SCUDDER GNMA FUND  
SCUDDER INCOME FUND  
SCUDDER INVESTMENT TRUST  
SCUDDER U.S. TREASURY MONEY FUND

SCUDDER CALIFORNIA TAX FREE TRUST  
SCUDDER MUNICIPAL TRUST  
SCUDDER STATE TAX FREE TRUST  
SCUDDER TAX FREE MONEY FUND  
SCUDDER TAX FREE TARGET FUND

On August 13, 1991, the Trustees of each of the aforementioned Funds adopted the following resolution amending the By-Laws of each Fund:

#### ARTICLE IV

##### TRUSTEES

Section 1. Meetings of the Trustees. The Trustees may in their discretion provide for regular or stated meetings of the Trustees. Notice of regular or stated meetings need not be given. Meetings of the Trustees other than regular or stated meetings shall be held whenever called by the President, or by any one of the Trustees, at the time being in office. Notice of the time and place of each meeting other than regular or stated meetings shall be given by the Secretary or an Assistant Secretary or by the officer or Trustee calling the meeting and shall be mailed to each Trustee at least two days before the meeting, or shall be telegraphed, cabled, or wirelessly to each Trustee at his business address, or personally delivered to him at least one day before the meeting. Such notice may, however, be waived by any Trustee. Notice of a meeting need not be given to any Trustee if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. A notice or waiver of notice need not specify the purpose of any meeting. Meetings can be held in conjunction with investment companies having the same investment adviser or an affiliated investment adviser. The Trustees may meet by means of a telephone conference circuit or similar communications equipment; participation by such means shall constitute presence in person at such meeting and shall be deemed to have occurred at a place designated by the Trustees at the meeting. Any action required or permitted to be taken at any meeting of

the Trustees may be taken by the Trustees without a meeting if all the Trustees consent to the action in writing and the written consents are filed with the records of the Trustees' meetings. Such consents shall be treated as a vote for all purposes.

-1-

1596R

Approval of Amendment to the  
Fund's By-Laws with Respect  
to Notice of Meetings  
-----

RESOLVED, that pursuant to the provisions of Article IV of the Fund's By-Laws, Section 1.0 of Article IV of the Fund's By-Laws is hereby amended to read in its entirety as follows (additions have been underlined):

ARTICLE IV

TRUSTEES

Section 1. Meetings of the Trustees. The Trustees may in their discretion provide for regular or stated meetings of the Trustees. Notice of regular or stated meetings need not be given. Meetings of the Trustees other than regular or stated meetings shall be held whenever called by the President, or by any one of the Trustees, at the time being in office. Notice of the time and place of each meeting other than regular or stated meetings shall be given by the Secretary or an Assistant Secretary or by the officer or Trustee calling the meeting and shall be mailed to each Trustee at least two days before the meeting, or delivered to him personally or transmitted by telegraph, cable or -----  
other communication leaving a visual record at least one day before the meeting.  
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Such notice may, however, be waived by any Trustee, Notice of a meeting need not be given to any Trustee if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. A notice or waiver of notice need not specify the purpose of any meeting. Meetings can be held in conjunction with investment companies having the same investment adviser or an affiliated investment adviser. The Trustees may meet by means of a telephone conference circuit or similar communications equipment; participation by such means shall constitute presence in person at such meeting and shall be deemed to have occurred at a place designated by the Trustees at the meeting. Any action required or permitted to be taken at any meeting of the Trustees may be taken by the Trustees without a meeting if all the Trustees consent to the action in writing and the written consents are filed with the records of the Trustees' meetings. Such consents shall be treated as a vote for all purposes.

Scudder Growth and Income Fund  
175 Federal Street  
Boston, Massachusetts 02110

November 14, 1990

Scudder, Stevens & Clark, Inc.  
345 Park Avenue  
New York, NY 10154

Investment Management Agreement

Dear Sirs:

Scudder Growth and Income Fund (the "Trust") has been established as a Massachusetts business trust to engage in the business of an investment company.

That Trust has selected you to act as the sole investment manager of the Trust and to provide certain other services, as more fully set forth below, and you have indicated that you are willing to act as such investment manager and to perform such services under the terms and conditions hereinafter set forth. Accordingly, the Trust agrees with you as follows:

1. Delivery of Documents. The Trust engages in the business of investing and reinvesting the assets of the Trust in the manner and in accordance with the investment objectives, policies and restrictions specified in the currently effective Prospectus (the "Prospectus") and Statement of Additional Information (the "SAI") included in the Trust's Registration Statement on Form N-1 A, as amended from time to time, (the "Registration Statement") filed by the Trust under the Investment Company Act of 1940, as amended, (the "1940 Act") and the Securities Act of 1933, as amended. Copies of the documents referred to in the preceding sentence have been furnished to you by the Trust. The Trust has also furnished you with copies properly certified or authenticated of each of the following additional documents related to the Trust:

(a) Declaration of Trust of the Trust dated November 3, 1987, as amended to date (the "Declaration").

(b) By-Laws of the Trust as in effect on the date hereof (the "By-Laws").

(c) Resolutions of the Trustees and the shareholders of the Trust selecting you as investment manager and approving the form of this Agreement.

The Trust will furnish you from time to time with copies, properly certified or authenticated, of all amendments of or supplements, if any, to the foregoing, including the Prospectus, the SAI and the Registration Statement.

2. Name of Trust. The Trust may use any name derived from the name "Scudder, Stevens & Clark", if the Trust elects to do so, only for so long as this Agreement, any other investment management agreement between you and the Trust or any extension, renewal or amendment hereof or thereof remains in effect, including any similar agreement with any organization which shall have succeeded to your business as investment manager. At such time as such an agreement shall no longer be in effect, the Trust shall (to the extent the Trust has the legal power to cause it to be done) cease to use such a name or any other name indicating that it is managed by or otherwise connected with you or any organization which shall have so succeeded to your business.

3. Portfolio Management Services. As manager of the assets of the Trust, you shall provide continuing investment management of the assets of the Trust in accordance with the investment objectives, policies and restrictions set forth in the Prospectus and SAI; the applicable provisions of the 1940 Act and the Internal Revenue Code of 1986, as amended, (the "Code") relating to regulated investment companies and all rules and regulations thereunder; and all other applicable federal and state laws and regulations of which you have knowledge; subject always to policies and instructions adopted by the Trust's Board of Trustees. In connection therewith, you shall use reasonable efforts to manage the Trust so that it will qualify as a regulated investment company under Subchapter M of the Code and regulations issued thereunder. The Trust shall have the benefit of the investment analysis and research, the review of current economic conditions and trends and the consideration of long-range investment policy generally available to your investment advisory clients in managing the Trust in accordance with the requirements set forth in this section 3, you shall be entitled to receive and act upon advice of counsel to the Trust or counsel to you. You shall also make available to the Trust promptly upon request all of the Trust's investment records and ledgers as are necessary to assist the Trust to comply with the requirements of the 1940 Act and other applicable laws. To the extent required by law, you shall furnish to regulatory authorities having the

requisite authority any information or reports in connection with the services provided pursuant to this Agreement which may be requested in order to ascertain whether the operations of the Trust are being conducted in a manner consistent with applicable laws and regulations.

You shall determine the securities, instruments, investments, currencies, repurchase agreements, futures, options and other contracts relating to investments to be purchased, sold or entered into by the Trust and place orders with broker-dealers, foreign currency dealers, futures commission merchants or others pursuant to your determinations and all in accordance with Trust policies as expressed in the Registration Statement. You shall determine what portion of the Trust's portfolio shall be invested in securities and other assets and what portion, if any, should be held uninvested.

You shall furnish to the Trust's Board of Trustees periodic reports on the investment performance of the Trust and on the performance of your obligations

pursuant to this Agreement, and you shall supply such additional reports and information as the Trust's officers or Board of Trustees shall reasonably request.

4. Administrative Services. In addition to the portfolio management services specified above in section 3, you shall furnish at your expense for the use of the Trust such office space and facilities in the United States as the Trust may require for its reasonable needs, and you (or one or more of your affiliates designated by you) shall render to the Trust administrative services necessary for operating as an open-end investment company and not provided by persons not parties to this Agreement including, but not limited to, preparing reports to and meeting materials for the Trust's Board of Trustees and reports and notices to Trust shareholders; supervising, negotiating contractual arrangements with, to the extent appropriate, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, printers, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable to Trust operations; preparing and making filings with the Securities and Exchange Commission (the "SEC") and other regulatory and self-regulatory organizations, including, but not limited to, preliminary and definitive proxy materials, post-effective amendments to the Registration Statement, semi-annual reports on Form N-SAR and notices pursuant to Rule 24f-2 under the 1940 Act; overseeing the tabulation of proxies by the Trust's transfer agent; assisting in the preparation and filing of the Trust's federal, state and local tax returns; preparing and filing the Trust's federal excise tax return pursuant to Section 4982 of the Code; providing assistance with investor and public relations matters; monitoring the valuation of portfolio securities, the calculation of net asset value and the calculation and payment of distributions to Trust shareholders; monitoring the registration of the Trust's shares of beneficial interest, par value \$.01 per share, ("shares") under applicable federal and state securities laws; maintaining or causing to be maintained for the Trust all books, records and reports and any other information required under the 1940 Act, to the extent that such books, records and reports and other information are not maintained by the Trust's custodian or other agents of the Trust; assisting in establishing the accounting policies of the Trust; assisting in the resolution of accounting issues that may arise with respect to the Trust's operations and consulting with the Trust's independent accountants, legal counsel and the Trust's other agents as necessary in connection therewith; establishing and monitoring the Trust's operating expense budgets; reviewing the Trust's bills; processing the payment of bills that have been approved by an authorized person; assisting the Trust in determining the amount of dividends and distributions available to be paid by the Trust to its shareholders, preparing and arranging for the printing of dividend notices to shareholders, and providing the transfer and dividend paying agent and the custodian with such information as is required for such parties to effect the payment of dividends and distributions; and otherwise assisting the Trust as it may reasonably request in the conduct of the Trust's business, subject to the direction and control of the Trust's Board of Trustees. Nothing in this Agreement shall be deemed to shift to you or to diminish the obligations of any agent of the Trust or any other person not a party to this Agreement which is obligated to provide services to the Trust.



5. Allocation of Charges and Expenses. Except as otherwise specifically provided in this section 5, you shall pay the compensation and expenses of all Trustees, officers and executive employees of the Trust (including the Trust's share of payroll taxes) who are affiliated persons of you, and you shall make available, without expense to the Trust, the services of such of your directors, officers and employees as may duly be elected officers of the Trust, subject to their individual consent to serve and to any limitations imposed by law. You shall provide at your expense the portfolio management services described in section 3 hereof and the administrative services described in section 4 hereof.

You shall not be required to pay any expenses of the Trust other than those specifically allocated to you in this section 5. In particular, but without limiting the generality of the foregoing, you shall not be responsible, except to the extent of the reasonable compensation of such of the Trust's Trustees and officers as are directors, officers or employees of you whose services may be involved, for the following expenses of the Trust: organization expenses of the Trust (including out-of-pocket expenses, but not including your overhead or

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employee costs); fees payable to you and to any other Trust advisors or consultants; legal expenses; auditing and accounting expenses; maintenance of books and records which are required to be maintained by the Trust's custodian or other agents of the Trust; telephone, telex, facsimile, postage and other communications expenses; taxes and governmental fees; fees, dues and expenses incurred by the Trust in connection with membership in investment company trade organizations; fees and expenses of the Trust's custodians, subcustodians, transfer agents, dividend disbursing agents and registrars; payment for portfolio pricing or valuation services to pricing agents, accountants, bankers and other specialists, if any; expenses of preparing share certificates and, except as provided below in this section 5, other expenses in connection with the issuance, offering, distribution, sale, redemption or repurchase of securities issued by the Trust; expenses relating to investor and public relations; expenses and fees of registering or qualifying Shares of the Trust for sale; interest charges, bond premiums and other insurance expense; freight, insurance and other charges in connection with the shipment of the Trust's portfolio securities; the compensation and all expenses (specifically including travel expenses relating to Trust business) of Trustees, officers and employees of the Trust who are not affiliated persons of you; brokerage commissions or other costs of acquiring or disposing of any portfolio securities of the Trust; expenses of printing and distributing reports, notices and dividends to shareholders; expenses of printing and mailing Prospectuses and SAIs of the Trust and supplements thereto; costs of stationery; any litigation expenses; indemnification of Trustees and officers of the Trust; costs of shareholders' and other meetings; and travel expenses (or an appropriate portion thereof) of Trustees and officers of the Trust who are directors, officers or employees of you to the extent that such expenses relate to attendance at meetings of the Board of Trustees of the Trust or any committees thereof or advisors thereto held outside of Boston, Massachusetts or New York, New York.

You shall not be required to pay expenses of any activity which is primarily intended to result in sales of Shares of the Trust if and to the extent that (i) such expenses are required to be borne by a principal underwriter which acts as the distributor of the Trust's Shares pursuant to an underwriting agreement which provides that the underwriter shall assume some or all of such expenses, or (ii) the Trust shall have adopted a plan in conformity with Rule 12b-1 under the 1940 Act providing that the Trust (or some other party) shall assumed some or all of such expenses. You shall be required to pay such of the foregoing sales expenses as are not required to be paid by the principal underwriter pursuant to the underwriting agreement or are not permitted to be paid by the Trust (or some other party) pursuant to such a plan.

6. Management Fee. For all services to be rendered, payments to be made and costs to be assumed by you as provided in sections 3, 4 and 5 hereof, the Trust shall pay you on the last day of each month the unpaid balance of a fee equal to the excess of (a)  $\frac{1}{12}$  of .65 of 1% of the average daily net assets as defined below of the Trust for such month; provided that, for any calendar month during which the average of such values exceeds \$200,000,000, the fee payable for that month based on the portion of the average of such values in excess of \$200,000,000 shall be  $\frac{1}{12}$  of .60 of 1% of such portion; and provided that, for any calendar month during which the average of such values exceeds \$400,000,000, the fee payable for that month based on the portion of the average of such values in excess of \$400,000,000 shall be  $\frac{1}{12}$  of .55 of 1% of such portion over (b) the greater of (i) the amount by which the Trust's expenses exceed the lowest applicable expense limitation (as more fully described below) or (ii) any compensation waived by you from time to time (as more fully described below). You shall be entitled to receive during any month such interim payments of your fee hereunder as you shall request, provided that no such payment shall exceed 75% of the amount of your fee then accrued on the books of the Trust and unpaid.

The "average daily net assets" of the Trust shall mean the average of the values placed on the Trust's net assets as of 4:00 p.m. (New York time) on each day on which the net asset value of the Trust is determined consistent with the provisions of Rule 22c-1 under the 1940 Act or, if the Trust lawfully determines the value of its net assets as of some other time on each business day, as of such time. The value of the net assets of the Trust shall always be determined pursuant to the applicable provisions of the Declaration and the Registration Statement. If the determination of net asset value does not take place for any particular day, then for the purposes of this section 6, the value of the net assets of the Trust as last determined shall be deemed to be the value of its net assets as of 4:00 p.m. (New York time), or as of such other time as the value of the net assets of the Trust's portfolio may be lawfully determined on that day. If the Trust determines the value of the net assets of its portfolio more than once on any day, then the last such determination thereof on that day shall be deemed to be the sole determination thereof on that day for the purposes of this section 6.

You agree that your gross compensation for any fiscal year shall not be greater than an amount which, when added to the other expenses of the Trust, shall cause the aggregate expenses of the Trust to equal the maximum expenses under the lowest applicable expense limitation established pursuant to the

statutes or regulations of any jurisdiction in which the Shares of the Trust may be qualified for offer and sale. Except to the extent that such amount has been reflected in reduced payments to you, you shall refund to the Trust the amount

of any payment received in excess of the limitation pursuant to this section 6 as promptly as practicable after the end of such fiscal year, provided that you shall not be required to pay the Trust an amount greater than the fee paid to you in respect of such year pursuant to this Agreement. As used in this section 6, "expenses" shall mean those expenses included in the applicable expense limitation having the broadest specifications thereof, and "expense limitation" means a limit on the maximum annual expenses which may be incurred by an investment company determined (i) by multiplying a fixed percentage by the average, or by multiplying more than one such percentage by different specified amounts of the average, of the values of an investment company's net assets for a fiscal year or (ii) by multiplying a fixed percentage by an investment company's net investment income for a fiscal year. The words "lowest applicable expense limitation" shall be construed to result in the largest reduction of your compensation for any fiscal year of the Trust; provided, however, that nothing in this Agreement shall limit your fees if not required by an applicable statute or regulation referred to above in this section 6.

You may waive all or a portion of your fees provided for thereunder and such waiver shall be treated as a reduction in purchase price of your services. You shall be contractually bound thereunder by the forms of any publicly announced waiver of your fee, or any limitation of the Trust's expenses, as if such waiver or limitation were fully set forth herein.

7. Avoidance of Inconsistent Position; Services Not Exclusive. In connection with purchases or sales of portfolio securities and other investments for the account of the Trust, neither you nor any of your directors, officers or employees shall act as a principal or agent or receive any commission. You or your agent shall arrange for the placing of all orders for the purchase and sale of portfolio securities and other investments for the Trust's account with brokers or dealers selected by you in accordance with Trust policies as expressed in the Registration Statement. If any occasion should arise in which you give any advice to clients of yours concerning the Shares of the Trust, you shall act solely as investment counsel for such clients and not in any way on behalf of the Trust.

Your services to the Trust pursuant to this Agreement are not to be deemed to be exclusive and it is understood that you may render investment advice, management and services to others. In acting under this Agreement, you shall be an independent contractor and not an agent of the Trust.

8. Limitation of Liability of Manager. As an inducement to your undertaking to render services pursuant to this Agreement, the Trust agrees that you shall not be liable under this Agreement for any error of judgment or mistake of law or for any loss suffered by the Trust in connection with the matters to which

this Agreement relates, provided that nothing in this Agreement shall be deemed to protect or purport to protect you against any liability to the Trust or its shareholders to which you would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of your duties, or by reason of your reckless disregard of your obligations and duties hereunder. Any person, even though also employed by you, who may be or become an employee of and paid by the Trust shall be deemed, when acting within the scope of his or her employment by the Trust, to be acting in such employment solely for the Trust and not as your employee or agent.

9. Duration and Termination of This Agreement. This Agreement shall remain in force until September 30, 1992, and continue in force from year to year thereafter, but only so long as such continuance is specifically approved at least annually (a) by the vote of a majority of the Trustees who are not parties to this Agreement or interested persons of any party to this Agreement, cast in person at a meeting called for the purpose of voting on such approval and (b) by the Trustees of the Trust, or by the vote of a majority of the outstanding voting securities of the Trust. The aforesaid requirement that continuance of this Agreement be "specifically approved at least annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

This Agreement may be terminated with respect to the Trust at any time, without the payment of any penalty, by the vote of a majority of the outstanding voting securities of the Trust or by the Trust's Board of Trustees on 60 days' written notice to you, or by you on 60 days' written notice to the Trust. This Agreement shall terminate automatically in the event of its assignment.

10. Amendment of this Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought, and no amendment of this Agreement shall be effective until approved by the vote of a majority of the outstanding voting securities of the Trust and by the Trust's Board of Trustees, including a majority of the Trustees who are not parties to this Agreement or interested persons of any party to this Agreement, cast in person at a meeting called for the purpose of voting on such approval.

11. Limitation of Liability for Claims. The Declaration, a copy of which, together with all amendments thereto, is on file in the Office of the Secretary of the Commonwealth of Massachusetts, provides that the name "Scudder Growth and Income Trust" refers to the Trustees under the Declaration collectively as trustees and not as individuals or personally, and that no shareholder, Trustee, officer, employee or agent of the Trust, shall be subject to claims against or obligations of the Trust to any extent whatsoever, but that the Trust estate only shall be liable.

You are hereby expressly put on notice of the limitation of liability as set forth in the Declaration and you agree that the obligations assumed by the Trust pursuant to this Agreement shall be limited in all cases to the Trust and its assets, and you shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Trust or any other series of the Trust, or from any Trustee, officer, employee or agent of the Trust. You understand that the rights and obligations of each series under the Declaration are separate and distinct from those of any and all other series.

12. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Agreement shall not apply to the management of assets allocated to any series of the Trust's shares hereafter established by the Trust's Board of Trustees.

In interpreting the provisions of this Agreement, the definitions contained in Section 2(a) of the 1940 Act (particularly the definitions of "affiliated person," "assignment" and "majority of the outstanding voting securities"), as from time to time amended, shall be applied, subject, however, to such exemptions as may be granted by the SEC by any rule, regulation or order.

This Agreement shall be construed in accordance with the laws of the Commonwealth of Massachusetts, provided that nothing herein shall be construed in a manner inconsistent with the 1940 Act, or in a manner which would cause the Trust to fail to comply with the requirements of Subchapter M of the Code.

This Agreement shall supersede all prior investment advisory or management agreements entered into between you and the Trust.

If you are in agreement with the foregoing, please execute the form of acceptance on the accompanying counterpart of this letter and return such counterpart to the Trust, whereupon this letter shall become a binding contract effective as of the date of this Agreement.

Yours very truly,

SCUDDER GROWTH AND INCOME FUND

By /s/ Daniel Pierce

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President

The foregoing Agreement is hereby accepted as of the date thereof.

SCUDDER, STEVENS & CLARK, INC.

By /s/ David S. Lee

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Managing Director

Scudder Investment Trust  
175 Federal Street  
Boston, Massachusetts 02110

May 9, 1991

Scudder, Stevens & Clark, Inc.  
175 Federal Street  
Boston, MA 02110

Investment Management Agreement  
Scudder Quality Growth Fund

Dear Sirs:

Scudder Investment Trust (the "Trust") has been established as a Massachusetts business trust to engage in the business of an investment company. Pursuant to the Trust's Declaration of Trust, the Board of Trustees has divided the Trust's shares of beneficial interest, par value \$.01 per share, (the "Shares") into separate series, or funds, including Scudder Quality Growth Fund (the "Fund"). Series may be abolished and dissolved, and additional series established, from time to time by action of the Trustees.

That Trust, on behalf of the Fund, has selected you to act as the sole investment manager of the Fund and to provide certain other services, as more fully set forth below, and you have indicated that you are willing to act as such investment manager and to perform such services under the terms and conditions hereinafter set forth. Accordingly, the Trust, on behalf of the Fund, agrees with you as follows:

1. Delivery of Documents. The Trust engages in the business of investing and reinvesting the assets of the Fund in the manner and in accordance with the investment objectives, policies and restrictions specified in the currently effective Prospectus (the "Prospectus") and Statement of Additional Information (the "SAI") relating to the Fund included in the Trust's Registration Statement on Form N-1A, as amended from time to time, (the "Registration Statement") filed by the Trust under the Investment Company Act of 1940, as amended, (the "1940 Act") and the Securities Act of 1933, as amended. Copies of the documents referred to in the preceding sentence have been furnished to you by the Trust. The Trust has also furnished you with copies properly certified or authenticated of each of the following additional documents related to the Trust and the Fund:

- (a) Declaration of Trust of the Trust dated November 3, 1987, as amended to date (the "Declaration").
- (b) By-Laws of the Trust as in effect on the date hereof (the "By-Laws").
- (c) Resolutions of the Trustees of the Fund and the shareholders of the



Fund selecting you as investment manager and approving the form of this Agreement.

(d) Establishment and Designation of Additional Shares of Beneficial Interest dated February 12, 1991.

The Trust will furnish you from time to time with copies, properly certified or authenticated, of all amendments of or supplements, if any, to the foregoing, including the Prospectus, the SAI and the Registration Statement.

2. Name of Trust and Fund. The Trust and the Fund may use any name derived from the name "Scudder, Stevens & Clark", if the Trust elects to do so, only for so long as this Agreement, any other investment management agreement between you and the Trust with respect to the Fund or any extension, renewal or amendment hereof or thereof remains in effect, including any similar agreement with any organization which shall have succeeded to your business as investment manager. At such time as such an agreement shall no longer be in effect, the Trust and the Fund shall each (to the extent the Trust has the legal power to cause it to be done) cease to use such a name or any other name indicating that it is managed by or otherwise connected with you or any organization which shall have so succeeded to your business.

3. Portfolio Management Services. As manager of the assets of the Fund, you shall provide continuing investment management of the assets of the Fund in accordance with the investment objectives, policies and restrictions set forth in the Prospectus and SAI; the applicable provisions of the 1940 Act and the Internal Revenue Code of 1986, as amended, (the "Code") relating to regulated investment companies and all rules and regulations thereunder; and all other applicable federal and state laws and regulations of which you have knowledge; subject always to policies and instructions adopted by the Trust's Board of Trustees. In connection therewith, you shall use reasonable efforts to manage the Fund so that it will qualify as a regulated investment company under Subchapter M of the Code and regulations issued thereunder. The Fund shall have

the benefit of the investment analysis and research, the review of current economic conditions and trends and the consideration of long-range investment policy generally available to your investment advisory clients. In managing the Fund in accordance with the requirements set forth in this section 3, you shall be entitled to receive and act upon advice of counsel to the Trust or counsel to you. You shall also make available to the Trust promptly upon request all the Fund's investment records and ledgers as are necessary to assist the Trust to comply with the requirements of the 1940 Act and other applicable laws. To the extent required by law, you shall furnish to regulatory authorities having the requisite authority any information or reports in connection with the services provided pursuant to this Agreement which may be requested in order to ascertain whether the operations of the Trust are being conducted in a manner consistent with applicable laws and regulations.

You shall determine the securities, instruments, investments, currencies,



repurchase agreements, futures, options and other contracts relating to investments to be purchased, sold or entered into by the Fund and place orders with broker-dealers, foreign currency dealers, futures commission merchants or others pursuant to your determinations and all in accordance with Fund policies as expressed in the Registration Statement. You shall determine what portion of the Fund's portfolio shall be invested in securities and other assets and what portion, if any, should be held uninvested.

You shall furnish to the Trust's Board of Trustees periodic reports on the investment performance of the Fund and on the performance of your obligations pursuant to this Agreement, and you shall supply such additional reports and information as the Trust's officers or Board of Trustees shall reasonably request.

4. Administrative Services. In addition to the portfolio management services specified above in section 3, you shall furnish at your expense for the use of the Fund such office space and facilities in the United States as the Fund may require for its reasonable needs, and you (or one or more of your affiliates designated by you) shall render to the Trust administrative services on behalf of the Fund necessary for operating as an open-end investment company and not provided by persons not parties to this Agreement including, but not limited to, preparing reports to and meeting materials for the Trust's Board of Trustees and reports and notices to Fund shareholders; supervising, negotiating contractual arrangements with, to the extent appropriate, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, printers, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable to Fund operations; preparing and making filings with the Securities and Exchange Commission (the "SEC") and other regulatory and self-regulatory organizations, including, but not limited to, preliminary and definitive proxy materials, post-effective amendments to the Registration Statement, semi-annual reports on Form N-SAR and notices pursuant to Rule 24f-2 under the 1940 Act; overseeing the tabulation of proxies by the Fund's transfer agent; assisting in the preparation and filing of the Fund's federal, state and local tax returns; preparing and filing the Fund's federal excise tax return pursuant to Section 4982 of the Code; providing assistance with investor and public relations matters; monitoring the valuation of portfolio securities, the calculation of net asset value and the calculation and payment of distributions to Fund shareholders; monitoring the registration of shares of the Fund under applicable federal and state securities laws; maintaining or causing to be maintained for the Fund all books, records and reports and any other information required under the 1940 Act, to the extent that such books, records and reports and other information are not maintained by the Fund's custodian or other agents of the Trust; assisting in establishing the accounting policies of the Fund; assisting in the resolution of accounting issues that may arise with respect to the Fund's operations and consulting with the Trust's independent accountants, legal counsel and the Fund's other agents as necessary in connection therewith; establishing and monitoring the Fund's operating expense budgets; reviewing the Fund's bills; processing the payment of bills that have been approved by an authorized person; assisting the Fund in determining the amount of dividends and distributions available to be paid by the Fund to its shareholders, preparing

and arranging for the printing of dividend notices to shareholders, and providing the transfer and dividend paying agent and the custodian with such information as is required for such parties to effect the payment of dividends and distributions; and otherwise assisting the Trust and the Fund as it may reasonably request in the conduct of the Fund's business, subject to the direction and control of the Trust's Board of Trustees. Nothing in this Agreement shall be deemed to shift to you or to diminish the obligations of any agent of the Fund or any other person not a party to this Agreement which is obligated to provide services to the Fund.

5. Allocation of Charges and Expenses. Except as otherwise specifically provided in this section 5, you shall pay the compensation and expenses of all Trustees, officers and executive employees of the Trust (including the Fund's share of payroll taxes) who are affiliated persons of you, and you shall make available, without expense to the Fund, the services of such of your directors, officers and employees as may duly be elected officers of the Trust, subject to their individual consent to serve and to any limitations imposed by law. You

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shall provide at your expense the portfolio management services described in section 3 hereof and the administrative services described in section 4 hereof.

You shall not be required to pay any expenses of the Fund other than those specifically allocated to you in this section 5. In particular, but without limiting the generality of the foregoing, you shall not be responsible, except to the extent of the reasonable compensation of such of the Fund's Trustees and officers as are directors, officers or employees of you whose services may be involved, for the following expenses of the Fund: organization expenses of the Fund (including out-of-pocket expenses, but not including your overhead or employee costs); fees payable to you and to any other Fund advisors or consultants; legal expenses; auditing and accounting expenses; maintenance of books and records which are required to be maintained by the Fund's custodian or other agents of the Trust; telephone, telex, facsimile, postage and other communications expenses; taxes and governmental fees; fees, dues and expenses incurred by the Trust in connection with membership in investment company trade organizations; fees and expenses of the Fund's custodians, subcustodians, transfer agents, dividend disbursing agents and registrars; payment for portfolio pricing or valuation services to pricing agents, accountants, bankers and other specialists, if any; expenses of preparing share certificates and, except as provided below in this section 5, other expenses in connection with the issuance, offering, distribution, sale, redemption or repurchase of securities issued by the Fund; expenses relating to investor and public relations; expenses and fees of registering or qualifying Shares of the Fund for sale; interest charges, bond premiums and other insurance expense; freight, insurance and other charges in connection with the shipment of the Fund's portfolio securities; the compensation and all expenses (specifically including travel expenses relating to Trust business) of Trustees, officers and employees of the Trust who are not affiliated persons of you; brokerage commissions or other costs of acquiring or disposing of any portfolio securities of the Fund;

expenses of printing and distributing reports, notices and dividends to shareholders; expenses of printing and mailing Prospectuses and SAI's of the Fund and supplements thereto; costs of stationery; any litigation expenses; indemnification of Trustees and officers of the Trust; costs of shareholders' and other meetings; and travel expenses (or an appropriate portion thereof) of Trustees and officers of the Trust who are directors, officers or employees of you to the extent that such expenses relate to attendance at meetings of the Board of Trustees of the Trust or any committees thereof or advisors thereto held outside of Boston, Massachusetts or New York, New York.

You shall not be required to pay expenses of any activity which is primarily intended to result in sales of Shares of the Fund if and to the extent that (i) such expenses are required to be borne by a principal underwriter which acts as the distributor of the Fund's Shares pursuant to an underwriting agreement which provides that the underwriter shall assume some or all of such expenses, or (ii) the Trust on behalf of the Fund shall have adopted a plan in conformity with Rule 12b-1 under the 1940 Act providing that the Fund (or some other party) shall assume some or all of such expenses. You shall be required to pay such of the foregoing sales expenses as are not required to be paid by the principal underwriter pursuant to the underwriting agreement or are not permitted to be paid by the Fund (or some other party) pursuant to such a plan.

6. Management Fee. For all services to be rendered, payments to be made and costs to be assumed by you as provided in sections 3, 4 and 5 hereof, the Trust on behalf of the Fund shall pay you on the last day of each month the unpaid balance of a fee equal to the excess of (a)  $\frac{1}{12}$  of .70 of 1% of the average daily net assets as defined below of the Fund for such month over (b) the greater of (i) the amount by which the Fund's expenses exceed the lowest applicable expense limitation (as more fully described below) or (ii) any compensation waived by you from time to time (as more fully described below). You shall be entitled to receive during any month such interim payments of your fee hereunder as you shall request, provided that no such payment shall exceed 75% of the amount of your fee then accrued on the books of the Fund and unpaid.

The "average daily net assets" of the Fund shall mean the average of the values placed on the Fund's net assets as of 4:00 p.m. (New York time) on each day on which the net asset value of the Fund is determined consistent with the provisions of Rule 22c-1 under the 1940 Act or, if the Fund lawfully determines the value of its net assets as of some other time on each business day, as of such time. The value of the net assets of the Fund shall always be determined pursuant to the applicable provisions of the Declaration and the Registration Statement. If the determination of net asset value does not take place for any particular day, then for the purposes of this section 6, the value of the net assets of the Fund as last determined shall be deemed to be the value of its net assets as of 4:00 p.m. (New York time), or as of such other time as the value of the net assets of the Fund's portfolio may be lawfully determined on that day. If the Fund determines the value of the net assets of its portfolio more than once on any day, then the last such determination thereof on that day shall be deemed to be the sole determination thereof on that day for the purposes of this section 6.

You agree that your gross compensation for any fiscal year shall not be greater than an amount which, when added to the other expenses of the Fund, shall cause the aggregate expenses of the Fund to equal the maximum expenses under the lowest applicable expense limitation established pursuant to the

statutes or regulations of any jurisdiction in which the Shares of the Fund may be qualified for offer and sale. Except to the extent that such amount has been reflected in reduced payments to you, you shall refund to the Fund the amount of any payment received in excess of the limitation pursuant to this section 6 as promptly as practicable after the end of such fiscal year, provided that you shall not be required to pay the Fund an amount greater than the fee paid to you in respect of such year pursuant to this Agreement. As used in this section 6, "expenses" shall mean those expenses included in the applicable expense limitation having the broadest specifications thereof, and "expense limitation" means a limit on the maximum annual expenses which may be incurred by an investment company determined (i) by multiplying a fixed percentage by the average, or by multiplying more than one such percentage by different specified amounts of the average, of the values of an investment company's net assets for a fiscal year or (ii) by multiplying a fixed percentage by an investment company's net investment income for a fiscal year. The words "lowest applicable expense limitation" shall be construed to result in the largest reduction of your compensation for any fiscal year of the Fund; provided, however, that nothing in this Agreement shall limit your fees if not required by an applicable statute or regulation referred to above in this section 6.

You may waive all or a portion of your fees provided for hereunder and such waiver shall be treated as a reduction in purchase price of your services. You shall be contractually bound hereunder by the terms of any publicly announced waiver of your fee, or any limitation of the Fund's expenses, as if such waiver or limitation were fully set forth herein.

7. Avoidance of Inconsistent Position; Services Not Exclusive. In connection with purchases or sales of portfolio securities and other investments for the account of the Fund, neither you nor any of your directors, officers or employees shall act as a principal or agent or receive any commission. You or your agent shall arrange for the placing of all orders for the purchase and sale of portfolio securities and other investments for the Fund's account with brokers or dealers selected by you in accordance with Fund policies as expressed in the Registration Statement. If any occasion should arise in which you give any advice to clients of yours concerning the Shares of the Fund, you shall act solely as investment counsel for such clients and not in any way on behalf of the Fund.

Your services to the Fund pursuant to this Agreement are not to be deemed to be exclusive and it is understood that you may render investment advice, management and services to others. In acting under this Agreement, you shall be an independent contractor and not an agent of the Trust.

8. Limitation of Liability of Manager. As an inducement to your undertaking to render services pursuant to this Agreement, the Trust agrees that you shall not be liable under this Agreement for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, provided that nothing in this Agreement shall be deemed to protect or purport to protect you against any liability to the Trust, the Fund or its shareholders to which you would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of your duties, or by reason of your reckless disregard of your obligations and duties hereunder. Any person, even though also employed by you, who may be or become an employee of and paid by the Fund shall be deemed, when acting within the scope of his or her employment by the Fund, to be acting in such employment solely for the Trust and not as your employee or agent.

9. Duration and Termination of This Agreement. This Agreement shall remain in force until September 30, 1992, and continue in force from year to year thereafter, but only so long as such continuance is specifically approved at least annually (a) by the vote of a majority of the Trustees who are not parties to this Agreement or interested persons of any party to this Agreement, cast in person at a meeting called for the purpose of voting on such approval and (b) by the Trustees of the Trust, or by the vote of a majority of the outstanding voting securities of the Fund. The aforesaid requirement that continuance of this Agreement be "specifically approved at least annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

This Agreement may be terminated with respect to the Fund at any time, without the payment of any penalty, by the vote of a majority of the outstanding voting securities of the Fund or by the Trust's Board of Trustees on 60 days' written notice to you, or by you on 60 days' written notice to the Trust. This Agreement shall terminate automatically in the event of its assignment.

10. Amendment of this Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought, and no amendment of this Agreement shall be effective until approved by the vote of a majority of the outstanding voting securities of the Fund and by the Trust's Board of Trustees, including a majority of the Trustees who are not parties to this Agreement or interested

persons of any party to this Agreement, cast in person at a meeting called for the purpose of voting on such approval.

11. Limitation of Liability for Claims. The Declaration, a copy of which, together with all amendments thereto, is on file in the Office of the Secretary of the Commonwealth of Massachusetts, provides that the name "Scudder Investment Trust" refers to the Trustees under the Declaration collectively as trustees and not as individuals or personally, and that no shareholder of the Fund, or

Trustee, officer, employee or agent of the Trust, shall be subject to claims against or obligations of the Trust or of the Fund to any extent whatsoever, but that the Trust estate only shall be liable.

You are hereby expressly put on notice of the limitation of liability as set forth in the Declaration and you agree that the obligations assumed by the Trust on behalf of the Fund pursuant to this Agreement shall be limited in all cases to the Fund and its assets, and you shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Fund or any other series of the Trust, or from any Trustee, officer, employee or agent of the Trust. You understand that the rights and obligations of the Fund, or series, under the Declaration are separate and distinct from those of any and all other series.

12. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

In interpreting the provisions of this Agreement, the definitions contained in Section 2(a) of the 1940 Act (particularly the definitions of "affiliated person," "assignment" and "majority of the outstanding voting securities"), as from time to time amended, shall be applied, subject, however, to such exemptions as may be granted by the SEC by any rule, regulation or order.

This Agreement shall be construed in accordance with the laws of the Commonwealth of Massachusetts, provided that nothing herein shall be construed in a manner inconsistent with the 1940 Act, or in a manner which would cause the Fund to fail to comply with the requirements of Subchapter M of the Code.

This Agreement shall supersede all prior investment advisory or management agreements entered into between you and the Trust on behalf of the Fund.

If you are in agreement with the foregoing, please execute the form of acceptance on the accompanying counterpart of this letter and return such counterpart to the Trust, whereupon this letter shall become a binding contract effective as of the date of this Agreement.

Yours very truly,

SCUDDER INVESTMENT TRUST  
(on behalf of Scudder Quality Growth Fund)

By /s/ Daniel Pierce

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President

The foregoing Agreement is hereby accepted as of the date thereof.

SCUDDER, STEVENS & CLARK, INC.

By /s/ David S. Lee

-----  
Managing Director



Scudder Investment Trust  
175 Federal Street  
Boston, Massachusetts 02110

August 10, 1993

Scudder, Stevens & Clark, Inc.  
345 Park Avenue  
New York, NY 10154

Investment Management Agreement  
Scudder Growth and Income Fund

Ladies and Gentlemen:

Scudder Investment Trust (the "Trust") has been established as a Massachusetts business trust to engage in the business of an investment company. Pursuant to the Trust's Declaration of Trust, the Board of Trustees has divided the Trust's shares of beneficial interest, par value \$.01 per share, (the "Shares") into separate series, or funds, including Scudder Growth and Income Fund (the "Fund"). Series may be abolished and dissolved, and additional series established, from time to time by action of the Trustees.

That Trust, on behalf of the Fund, has selected you to act as the sole investment manager of the Fund and to provide certain other services, as more fully set forth below, and you have indicated that you are willing to act as such investment manager and to perform such services under the terms and conditions hereinafter set forth. Accordingly, the Trust on behalf of the Fund agrees with you as follows:

1. Delivery of Documents. The Trust engages in the business of investing and reinvesting the assets of the Fund in the manner and in accordance with the investment objectives, policies and restrictions specified in the currently effective Prospectus (the "Prospectus") and Statement of Additional Information (the "SAI") relating to the Fund included in the Trust's Registration Statement on Form N-1A, as amended from time to time, (the "Registration Statement") filed by the Trust under the Investment Company Act of 1940, as amended, (the "1940 Act") and the Securities Act of 1933, as amended. Copies of the documents referred to in the preceding sentence have been furnished to you by the Trust. The Trust has also furnished you with copies properly certified or authenticated of each of the following additional documents related to the Trust and the Fund:

- (a) Amended and Restated Declaration of Trust of the Trust dated November 3, 1987, as amended to date (the "Declaration").
- (b) By-Laws of the Trust as in effect on the date hereof (the "By-Laws").



(c) Resolutions of the Trustees of the Trust and the shareholders of the Fund selecting you as investment manager and approving the form of this Agreement.

(d) Establishment and Designation of Series of Shares of Beneficial Interest dated February 12, 1991 relating to the Fund.

The Trust will furnish you from time to time with copies, properly certified or authenticated, of all amendments of or supplements, if any, to the foregoing, including the Prospectus, the SAI and the Registration Statement.

2. Name of Trust and Fund. The Trust and the Fund may use any name derived from the name "Scudder, Stevens & Clark", if the Trust elects to do so, only for so long as this Agreement, any other investment management agreement between you and the Trust with respect to the Fund or any extension, renewal or amendment hereof or thereof remains in effect, including any similar agreement with any organization which shall have succeeded to your business as investment manager. At such time as such an agreement shall no longer be in effect, the Trust and the Fund shall each (to the extent the Trust has the legal power to cause it to be done) cease to use such a name or any other name indicating that it is managed by or otherwise connected with you or any organization which shall have so succeeded to your business.

3. Portfolio Management Services. As manager of the assets of the Fund, you shall provide continuing investment management of the assets of the Fund in accordance with the investment objectives, policies and restrictions set forth in the Prospectus and SAI; the applicable provisions of the 1940 Act and the Internal Revenue Code of 1986, as amended, (the "Code") relating to regulated investment companies and all rules and regulations thereunder; and all other applicable federal and state laws and regulations of which you have knowledge; subject always to policies and instructions adopted by the Trust's Board of Trustees. In connection therewith, you shall use reasonable efforts to manage the Fund so that it will qualify as a regulated investment company under Subchapter M of the Code and regulations issued thereunder. The Fund shall have the benefit of the investment analysis and research, the review of current economic conditions and trends and the consideration of long-range investment

policy generally available to your investment advisory clients. In managing the Fund in accordance with the requirements set forth in this section 3, you shall be entitled to receive and act upon advice of counsel to the Trust or counsel to you. You shall also make available to the Trust promptly upon request all of the Fund's investment records and ledgers as are necessary to assist the Trust to comply with the requirements of the 1940 Act and other applicable laws. To the extent required by law, you shall furnish to regulatory authorities having the requisite authority any information or reports in connection with the services provided pursuant to this Agreement which may be requested in order to ascertain whether the operations of the Trust are being conducted in a manner consistent with applicable laws and regulations.

You shall determine the securities, instruments, investments, currencies, repurchase agreements, futures, options and other contracts relating to investments to be purchased, sold or entered into by the Fund and place orders with broker-dealers, foreign currency dealers, futures commission merchants or others pursuant to your determinations and all in accordance with Fund policies as expressed in the Registration Statement. You shall determine what portion of the Fund's portfolio shall be invested in securities and other assets and what portion, if any, should be held uninvested.

You shall furnish to the Trust's Board of Trustees periodic reports on the investment performance of the Fund and on the performance of your obligations pursuant to this Agreement, and you shall supply such additional reports and information as the Trust's officers or Board of Trustees shall reasonably request.

4. Administrative Services. In addition to the portfolio management services specified above in section 3, you shall furnish at your expense for the use of the Fund such office space and facilities in the United States as the Fund may require for its reasonable needs, and you (or one or more of your affiliates designated by you) shall render to the Trust administrative services on behalf of the Fund necessary for operating as an open-end investment company and not provided by persons not parties to this Agreement including, but not limited to, preparing reports to and meeting materials for the Trust's Board of Trustees and reports and notices to Fund shareholders; supervising, negotiating contractual arrangements with, to the extent appropriate, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, printers, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable to Fund operations; preparing and making filings with the Securities and Exchange Commission (the "SEC") and other regulatory and self-regulatory organizations, including, but not limited to, preliminary and definitive proxy materials, post-effective amendments to the Registration Statement, semi-annual reports on Form N-SAR and notices pursuant to Rule 24f-2 under the 1940 Act; overseeing the tabulation of proxies by the Fund's transfer agent; assisting in the preparation and filing of the Fund's federal, state and local tax returns; preparing and filing the Fund's federal excise tax return pursuant to Section 4982 of the Code; providing assistance with investor and public relations matters; monitoring the valuation of portfolio securities, the calculation of net asset value and the calculation and payment of distributions to Fund shareholders; monitoring the registration of Shares of the Fund under applicable federal and state securities laws; maintaining or causing to be maintained for the Fund all books, records and reports and any other information required under the 1940 Act, to the extent that such books, records and reports and other information are not maintained by the Fund's custodian or other agents of the Fund; assisting in establishing the accounting policies of the Fund; assisting in the resolution of accounting issues that may arise with respect to the Fund's operations and consulting with the Fund's independent accountants, legal counsel and the Fund's other agents as necessary in connection therewith; establishing and monitoring the Fund's operating expense budgets; reviewing the Fund's bills; processing the payment of bills that have been approved by an authorized person;

assisting the Fund in determining the amount of dividends and distributions available to be paid by the Fund to its shareholders, preparing and arranging for the printing of dividend notices to shareholders, and providing the transfer and dividend paying agent and the custodian with such information as is required for such parties to effect the payment of dividends and distributions; and otherwise assisting the Trust as it may reasonably request in the conduct of the Fund's business, subject to the direction and control of the Trust's Board of Trustees. Nothing in this Agreement shall be deemed to shift to you or to diminish the obligations of any agent of the Fund or any other person not a party to this Agreement which is obligated to provide services to the Fund.

5. Allocation of Charges and Expenses. Except as otherwise specifically provided in this section 5, you shall pay the compensation and expenses of all Trustees, officers and executive employees of the Trust (including the Fund's share of payroll taxes) who are affiliated persons of you, and you shall make available, without expense to the Fund, the services of such of your directors, officers and employees as may duly be elected officers of the Trust, subject to their individual consent to serve and to any limitations imposed by law. You shall provide at your expense the portfolio management services described in section 3 hereof and the administrative services described in section 4 hereof.

You shall not be required to pay any expenses of the Fund other than those specifically allocated to you in this section 5. In particular, but without limiting the generality of the foregoing, you shall not be responsible, except to the extent of the reasonable compensation of such of the Fund's Trustees and officers as are directors, officers or employees of you whose services may be involved, for the following expenses of the Fund: organization expenses of the Fund (including out-of-pocket expenses, but not including your overhead or employee costs); fees payable to you and to any other Fund advisors or consultants; legal expenses; auditing and accounting expenses; maintenance of books and records which are required to be maintained by the Fund's custodian or other agents of the Trust; telephone, telex, facsimile, postage and other communications expenses; taxes and governmental fees; fees, dues and expenses incurred by the Fund in connection with membership in investment company trade organizations; fees and expenses of the Fund's custodians, subcustodians,

transfer agents, dividend disbursing agents and registrars; payment for portfolio pricing or valuation services to pricing agents, accountants, bankers and other specialists, if any; expenses of preparing share certificates and, except as provided below in this section 5, other expenses in connection with the issuance, offering, distribution, sale, redemption or repurchase of securities issued by the Fund; expenses relating to investor and public relations; expenses and fees of registering or qualifying Shares of the Fund for sale; interest charges, bond premiums and other insurance expense; freight, insurance and other charges in connection with the shipment of the Fund's portfolio securities; the compensation and all expenses (specifically including travel expenses relating to Trust business) of Trustees, officers and employees of the Trust who are not affiliated persons of you; brokerage commissions or

other costs of acquiring or disposing of any portfolio securities of the Fund; expenses of printing and distributing reports, notices and dividends to shareholders; expenses of printing and mailing Prospectuses and SAIs of the Fund and supplements thereto; costs of stationery; any litigation expenses; indemnification of Trustees and officers of the Trust; costs of shareholders' and other meetings; and travel expenses (or an appropriate portion thereof) of Trustees and officers of the Trust who are directors, officers or employees of you to the extent that such expenses relate to attendance at meetings of the Board of Trustees of the Trust or any committees thereof or advisors thereto held outside of Boston, Massachusetts or New York, New York.

You shall not be required to pay expenses of any activity which is primarily intended to result in sales of Shares of the Fund if and to the extent that (i) such expenses are required to be borne by a principal underwriter which acts as the distributor of the Fund's Shares pursuant to an underwriting agreement which provides that the underwriter shall assume some or all of such expenses, or (ii) the Trust on behalf of the Fund shall have adopted a plan in conformity with Rule 12b-1 under the 1940 Act providing that the Fund (or some other party) shall assume some or all of such expenses. You shall be required to pay such of the foregoing sales expenses as are not required to be paid by the principal underwriter pursuant to the underwriting agreement or are not permitted to be paid by the Fund (or some other party) pursuant to such a plan.

6. Management Fee. For all services to be rendered, payments to be made and costs to be assumed by you as provided in sections 3, 4 and 5 hereof, the Trust on behalf of the Fund shall pay you on the last day of each month the unpaid balance of a fee equal to the excess of (a)  $1/12$  of 0.65 of 1% of the average daily net assets as defined below of the Fund for such month; provided that, for any calendar month during which the average of such values exceeds \$200 million, the fee payable for that month based on the portion of the average of such values in excess of \$200 million shall be  $1/12$  of 0.60 of 1% of such portion; provided that, for any calendar month during which the average of such values exceeds \$400 million, the fee payable for that month based on the portion of the average of such values in excess of \$400 million shall be  $1/12$  of 0.55 of 1% of such portion; and provided that, for any calendar month during which the average of such values exceeds \$900 million, the fee payable for that month based on the portion of the average of such values in excess of \$900 million shall be  $1/12$  of 0.50 of 1% of such portion over (b) the greater of (i) the amount by which the Fund's expenses exceed the lowest applicable expense limitation (as more fully described below) or (ii) any compensation waived by you from time to time (as more fully described below). You shall be entitled to receive during any month such interim payments of your fee hereunder as you shall request, provided that no such payment shall exceed 75% of the amount of your fee then accrued on the books of the Fund and unpaid.

The "average daily net assets" of the Fund shall mean the average of the values placed on the Fund's net assets as of 4:00 p.m. (New York time) on each day on which the net asset value of the Fund is determined consistent with the provisions of Rule 22c-1 under the 1940 Act or, if the Fund lawfully determines the value of its net assets as of some other time on each business day, as of such time. The value of the net assets of the Fund shall always be determined

pursuant to the applicable provisions of the Declaration and the Registration Statement. If the determination of net asset value does not take place for any particular day, then for the purposes of this section 6, the value of the net assets of the Fund as last determined shall be deemed to be the value of its net assets as of 4:00 p.m. (New York time), or as of such other time as the value of the net assets of the Fund's portfolio may be lawfully determined on that day. If the Fund determines the value of the net assets of its portfolio more than once on any day, then the last such determination thereof on that day shall be deemed to be the sole determination thereof on that day for the purposes of this section 6.

You agree that your gross compensation for any fiscal year shall not be greater than an amount which, when added to the other expenses of the Fund, shall cause the aggregate expenses of the Fund to equal the maximum expenses under the lowest applicable expense limitation established pursuant to the statutes or regulations of any jurisdiction in which the Shares of the Fund may be qualified for offer and sale. Except to the extent that such amount has been reflected in reduced payments to you, you shall refund to the Fund the amount of any payment received in excess of the limitation pursuant to this section 6 as promptly as practicable after the end of such fiscal year, provided that you shall not be required to pay the Fund an amount greater than the fee paid to you in respect of such year pursuant to this Agreement. As used in this section 6, "expenses" shall mean those expenses included in the applicable expense limitation having the broadest specifications thereof, and "expense limitation" means a limit on the maximum annual expenses which may be incurred by an investment company determined (i) by multiplying a fixed percentage by the average, or by multiplying more than one such percentage by different specified amounts of the average, of the values of an investment company's net assets for a fiscal year or (ii) by multiplying a fixed percentage by an investment company's net investment income for a fiscal year. The words "lowest applicable expense limitation" shall be construed to result in the largest reduction of your compensation for any fiscal year of the Fund; provided, however, that

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nothing in this Agreement shall limit your fees if not required by an applicable statute or regulation referred to above in this section 6.

You may waive all or a portion of your fees provided for hereunder and such waiver shall be treated as a reduction in purchase price of your services. You shall be contractually bound hereunder by the terms of any publicly announced waiver of your fee, or any limitation of the Fund's expenses, as if such waiver or limitation were fully set forth herein.

7. Avoidance of Inconsistent Position; Services Not Exclusive. In connection with purchases or sales of portfolio securities and other investments for the account of the Fund, neither you nor any of your directors, officers or employees shall act as a principal or agent or receive any commission. You or your agent shall arrange for the placing of all orders for the purchase and sale of portfolio securities and other investments for the Fund's account with

brokers or dealers selected by you in accordance with Fund policies as expressed in the Registration Statement. If any occasion should arise in which you give any advice to clients of yours concerning the Shares of the Fund, you shall act solely as investment counsel for such clients and not in any way on behalf of the Fund.

Your services to the Fund pursuant to this Agreement are not to be deemed to be exclusive and it is understood that you may render investment advice, management and services to others. In acting under this Agreement, you shall be an independent contractor and not an agent of the Trust.

8. Limitation of Liability of Manager. As an inducement to your undertaking to render services pursuant to this Agreement, the Trust agrees that you shall not be liable under this Agreement for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, provided that nothing in this Agreement shall be deemed to protect or purport to protect you against any liability to the Trust, the Fund or its shareholders to which you would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of your duties, or by reason of your reckless disregard of your obligations and duties hereunder. Any person, even though also employed by you, who may be or become an employee of and paid by the Fund shall be deemed, when acting within the scope of his or her employment by the Fund, to be acting in such employment solely for the Fund and not as your employee or agent.

9. Duration and Termination of This Agreement. This Agreement shall remain in force until September 30, 1994, and continue in force from year to year thereafter, but only so long as such continuance is specifically approved at least annually (a) by the vote of a majority of the Trustees who are not parties to this Agreement or interested persons of any party to this Agreement, cast in person at a meeting called for the purpose of voting on such approval and (b) by the Trustees of the Trust, or by the vote of a majority of the outstanding voting securities of the Fund. The aforesaid requirement that continuance of this Agreement be "specifically approved at least annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

This Agreement may be terminated with respect to the Fund at any time, without the payment of any penalty, by the vote of a majority of the outstanding voting securities of the Fund or by the Trust's Board of Trustees on 60 days' written notice to you, or by you on 60 days' written notice to the Trust. This Agreement shall terminate automatically in the event of its assignment.

10. Amendment of this Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought, and no amendment of this Agreement shall be effective until approved by the vote of a majority of the outstanding voting securities of the Fund and by the Trust's Board of Trustees, including a majority of the Trustees who are not parties to this Agreement or interested persons of any party to this Agreement, cast in person at a meeting called for



the purpose of voting on such approval.

11. Limitation of Liability for Claims. The Declaration, a copy of which, together with all amendments thereto, is on file in the Office of the Secretary of the Commonwealth of Massachusetts, provides that the name "Scudder Investment Trust" refers to the Trustees under the Declaration collectively as trustees and not as individuals or personally, and that no shareholder of the Fund, or Trustee, officer, employee or agent of the Trust, shall be subject to claims against or obligations of the Trust or of the Fund to any extent whatsoever, but that the Trust estate only shall be liable.

You are hereby expressly put on notice of the limitation of liability as set forth in the Declaration and you agree that the obligations assumed by the Trust on behalf of the Fund pursuant to this Agreement shall be limited in all cases to the Fund and its assets, and you shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Fund or any other series of the Trust, or from any Trustee, officer, employee or agent of the Trust. You understand that the rights and obligations of each Fund, or series, under the Declaration are separate and distinct from those of any and all other series.

12. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

In interpreting the provisions of this Agreement, the definitions contained in Section 2(a) of the 1940 Act (particularly the definitions of "affiliated person," "assignment" and "majority of the outstanding voting securities"), as from time to time amended, shall be applied, subject, however, to such exemptions as may be granted by the SEC by any rule, regulation or order.

This Agreement shall be construed in accordance with the laws of the Commonwealth of Massachusetts, provided that nothing herein shall be construed in a manner inconsistent with the 1940 Act, or in a manner which would cause the Fund to fail to comply with the requirements of Subchapter M of the Code.

This Agreement shall supersede all prior investment advisory or management agreements entered into between you and the Trust on behalf of the Fund.

If you are in agreement with the foregoing, please execute the form of acceptance on the accompanying counterpart of this letter and return such counterpart to the Trust, whereupon this letter shall become a binding contract effective as of the date of this Agreement.

Yours very truly,

SCUDDER INVESTMENT TRUST,

on behalf of Scudder Growth and Income Fund

By: /s/ Daniel Pierce

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President

The foregoing Agreement is hereby accepted as of the date thereof.

SCUDDER, STEVENS & CLARK, INC.

By: /s/ David S. Lee

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Managing Director



SCUDDER GROWTH AND INCOME FUND  
175 Federal Street  
Boston, Massachusetts 02110

September 10, 1985

Scudder Fund Distributors, Inc.  
115 Federal Street  
Boston, Massachusetts 02110

Underwriting Agreement

Dear Sirs:

Scudder Growth and Income Fund (hereinafter called the "Fund") is a business trust organized under the laws of Massachusetts and is engaged in the business of an investment company. The authorized capital of the Fund consists of shares of beneficial interest, without par value ("Shares"), of one series. The Fund has selected you to act as principal underwriter (as such term is defined in Section 2(a)(29) of the Investment Company Act of 1940, as amended (the "1940 Act")) of the Shares and you are willing to act as such principal underwriter and to perform the duties and functions of underwriter in the manner and on the terms and conditions hereinafter set forth. Accordingly, the Fund hereby agrees with you as follows:

1. Delivery of Documents. The Fund has furnished you with copies properly certified or authenticated of each of the following:

- (a) Declaration of Trust of the Fund, dated September 20, 1984, as amended to date.
- (b) By-Laws of the Fund as in effect on the date hereof.
- (c) Resolutions of the Board of Trustees of the Fund selecting you as principal underwriter and approving this form of Agreement.

The Fund will furnish you from time to time with copies, properly certified or authenticated, of all amendments of or supplements to the foregoing, if any.

The Fund will furnish you promptly with properly certified or authenticated copies of any registration statement filed by it with the Securities and Exchange Commission under the Securities Act of 1933, as amended, (the "1933 Act") or the 1940 Act, together with any financial statements and exhibits included therein, and all amendments or supplements thereto hereafter filed.

2. Registration and Sale of Additional Shares. The Fund will from time to time use its best efforts to register under the 1933 Act such number of Shares not already so registered as you may reasonably be expected to sell on behalf of the Fund. You and the Fund will cooperate in taking such action as may be necessary from time to time to qualify Shares so registered for sale by you or the Fund in any states mutually agreeable to you and the Fund, and to maintain such qualification. This Agreement relates to the issue and sale of Shares that are duly authorized and registered and available for sale by the Fund, including redeemed or repurchased Shares if and to the extent that they may be legally sold and if, but only if, the Fund sees fit to sell them.

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3. Sale of Shares. Subject to the provisions of paragraphs 5 and 7 hereof and to such minimum purchase requirements as may from time to time be currently indicated in the Fund's prospectus or statement of additional information, you are authorized to sell as agent on behalf of the Fund Shares authorized for issue and registered under the 1933 Act. You may also purchase as principal Shares for resale to the public. Such sales will be made by you on behalf of the Fund by accepting unconditional orders to purchase Shares placed with you by investors and such purchases will be made by you only after acceptance by you of such orders. The sales price to the public of Shares shall be the public offering price as defined in paragraph 6 hereof.

4. Solicitation of Orders. You will use your best efforts (but only in states in which you may lawfully do so) to obtain from investors unconditional orders for Shares authorized for issue by the Fund and registered under the 1933 Act, provided that you may in your discretion refuse to accept orders for Shares from any particular applicant.

5. Sale of Shares by the Fund. Unless you are otherwise notified by the Fund, any right granted to you to accept orders for Shares or to make sales on behalf of the Fund or to purchase shares for resale will not apply to (i) Shares issued in connection with the merger or consolidation of any other investment company with the Fund or its acquisition, by purchase or otherwise, of all or substantially all of the assets of any investment company or substantially all

-3-

the outstanding shares of any such company, and (ii) to Shares that may be offered by the Fund to shareholders of the Fund by virtue of their being such shareholders.

6. Public Offering Price. All shares sold to investors by you will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per Share, determined, in the manner

provided in the Fund's registration statements as from time to time in effect under the 1933 Act and the 1940 Act, next after the order is accepted by you.

7. Suspension of Sales. If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for Shares shall be accepted by you except unconditional orders placed with you before you had knowledge of the suspension. In addition, the Fund reserves the right to suspend sales and your authority to accept orders for Shares on behalf of the Fund if, in the judgment of a majority of the Board of Trustees or a majority of the Executive Committee of such Board, if such body exists, it is in the best interests of the Fund to do so, such suspension to continue for such period as may be determined by such majority; and in that event, no Shares will be sold by you on behalf of the Fund while such suspension remains in effect except for Shares necessary to cover unconditional orders accepted by you before you had knowledge of the suspension.

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8. Portfolio Securities. Portfolio securities of the Fund may be bought or sold by or through you and you may participate directly or indirectly in brokerage commissions or "spread" in respect of transactions in portfolio securities of the Fund; provided, however, that all sums of money received by you as a result of such purchases and sales or as a result of such participation must, after reimbursement of your actual expenses in connection with such activity, be paid over by you to or for the benefit of the Fund.

9. Expenses. (a) The Fund will pay (or will enter into arrangements providing that others than you will pay) all fees and expenses:

- (1) in connection with the preparation, setting in type and filing of any registration statement (including a prospectus and statement of additional information) under the 1933 Act or the 1940 Act, or both, and any amendments or supplements thereto that may be made from time to time;
- (2) in connection with the registration and qualification of Shares for sale in the various jurisdictions in which the Fund shall determine it advisable to qualify such shares for sale (including registering the Fund as a broker or dealer or any officer of the Fund or other person as agent or salesman of the Fund in any such jurisdictions);

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- (3) of preparing, setting in type, printing and mailing any notice, proxy statement, report, prospectus or other communication to

shareholders of the Fund in their capacity as such;

- (4) of preparing, setting in type, printing and mailing prospectuses annually, and any supplements thereto, to existing shareholders;
- (5) in connection with the issue and transfer of Shares resulting from the acceptance by you of orders to purchase Shares placed with you by investors, including the expenses of printing and mailing confirmations of such purchase orders and the expenses of printing and mailing a prospectus included with the confirmation of such orders;
- (6) of any issue taxes or any initial transfer taxes;
- (7) of WATS (or equivalent) telephone lines other than the portion allocated to you in this paragraph 9;
- (8) of wiring funds in payment of Share purchases or in satisfaction of redemption or repurchase requests, unless such expenses are paid for by the investor or shareholder who initiates the transaction;

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- (9) of the cost of printing and postage of business reply envelopes sent to Fund shareholders;
- (10) of one or more CRT terminals connected with the computer facilities of the transfer agent other than the portion allocated to you in this paragraph 9;
- (11) permitted to be paid or assumed by the Fund pursuant to a plan ("12b-1 Plan"), if any, adopted by the Fund in conformity with the requirements of Rule 12b-1 under the 1940 Act ("Rule 12b-1") or any successor rule, notwithstanding any other provision to the contrary herein;
- (12) of the expense of setting in type, printing and postage of the periodic newsletter to shareholders other than the portion allocated to you in this paragraph 9; and
- (13) of the salaries and overhead of persons employed by you as shareholder representatives other than the portion allocated to you in this paragraph.

(b) You shall pay or arrange for the payment of all fees and expenses:

- (1) of printing and distributing any prospectuses or reports prepared for your use in connection with the offering of Shares to the public;
- (2) of preparing, setting in type, printing and mailing any other literature used by you in connection with the offering of Shares to the public;
- (3) of advertising in connection with the offering of Shares to the public;
- (4) incurred in connection with your registration as a broker or dealer or the registration or qualification of your officers, directors, agents or representatives under Federal and state laws;
- (5) of that portion of WATS (or equivalent) telephone lines, allocated to you on the basis of use by investors (but not shareholders) who request information or prospectuses;
- (6) of that portion of the expense of setting in type, printing and postage of the periodic newsletter to shareholders attributable to promotional material included in such newsletter at your request concerning investment companies other than the Fund or concerning the Fund to the extent you are required to assume the

expense thereof pursuant to paragraph 9(b)(8), except such material which is limited to information, such as listings of other investment companies and their investment objectives, given in connection with the exchange privilege as from time to time described in the Fund's prospectus;

- (7) of that portion of the salaries and overhead of persons employed by you as shareholder representatives attributable to the time spent by such persons in responding to requests from investors, but not share holders, for information about the Fund; and
- (8) of any activity which is primarily intended to result in the sale of Shares, unless a 12b-1 Plan shall be in effect which provides that the Fund shall bear some or all of such expenses, in which case the Fund shall bear such expenses in accordance with such Plan;

- (9) of that portion of one or more CRT terminals connected with the computer facilities of the transfer agent attributable to your use of such terminal(s) to gain access to such of the transfer agent's records as also serve as your records.

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Expenses which are to be allocated between you and the Fund shall be allocated pursuant to reasonable procedures or formulae mutually agreed upon from time to time, which procedures or formulae shall to the extent practicable reflect studies of relevant empirical data.

10. Conformity with Law. You agree that in selling shares you will duly conform in all respects with the laws of the United States and any state in which shares may be offered for sale by you pursuant to this Agreement and to the rules and regulations of the National Association of Securities Dealers, Inc., of which you are a member.

11. Independent Contractor. You shall be an independent contractor and neither you nor any of your officers or employees is or shall be an employee of the Fund in the performance of your duties hereunder. You shall be responsible for your own conduct and the employment, control and conduct of your agents and employees and for injury to such agents or employees or to others through your agents or employees. You assume full responsibility for your agents and employees under applicable statutes and agree to pay all employee taxes thereunder.

12. Indemnification. You agree to indemnify and hold harmless the Fund and each of its Trustees and officers and each person, if any, who controls the Fund within the meaning of Section 15 of the 1933 Act, against any and all losses, claims, damages, liabilities or litigation (including legal and other expenses) to which the Fund or such Trustees, officers, or controlling person may become

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subject under such Act, under any other statute, at common law or otherwise, arising out of the acquisition of any shares by any person which (i) may be based upon any wrongful act by you or any of your employees or representatives, or (ii) may be based upon any untrue statement or alleged untrue statement of a material fact contained in a registration statement (including a prospectus or statement of additional information) covering Shares or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading if such statement or omission was made in reliance upon information furnished to the Fund by you, or (iii) may be incurred or arise by reason of your acting as the Fund's agent instead of purchasing and reselling

Shares as principal in distributing the Shares to the public, provided, however, that in no case (i) is your indemnity in favor of a Trustee or officer or any other person deemed to protect such Trustee or officer or other person against any liability to which any such person would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence in the performance of his duties or by reason of his reckless disregard of obligations and duties under this Agreement or (ii) are you to be liable under your indemnity agreement contained in this paragraph with respect to any claim made against the Fund or any person indemnified unless the Fund or such person, as the case may be, shall have notified you in writing within a reasonable time after the summons or other

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first legal process giving information of the nature of the claims shall have been served upon the Fund or upon such person (or after the Fund or such person shall have received notice of such service on any designated agent), but failure to notify you of any such claim shall not relieve you from any liability which you may have to the Fund or any person against whom such action is brought otherwise than on account of your indemnity agreement contained in this paragraph. You shall be entitled to participate, at your own expense, in the defense, or, if you so elect, to assume the defense of any suit brought to enforce any such liability, but if you elect to assume the defense, such defense shall be conducted by counsel chosen by you and satisfactory to the Fund, to its officers and trustees, or to any controlling person or persons, defendant or defendants in, the suit. In the event that you elect to assume the defense of any such suit and retain such counsel, the Fund, such officers and Trustees or controlling person or persons, defendant or defendants in the suit shall bear the fees and expenses of any additional counsel retained by them, but, in case you do not elect to assume the defense of any such suit, you will reimburse the Fund, such officers and Trustees or controlling person or persons, defendant or defendants in such suit for the reasonable fees and expenses of any counsel retained by them. You agree promptly to notify the Fund of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of Shares.

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The Fund agrees to indemnify and hold harmless you and each of your directors and officers and each person, if any, who controls you within the meaning of Section 15 of the 1933 Act, against any and all losses, claims, damages, liabilities or litigation (including legal and other expenses) to which you or such directors, officers or controlling person may become subject under such Act, under any other statute, at common law or otherwise, arising out of the acquisition of any Shares by any person which (i) may be based upon any wrongful act by the Fund or any of its employees or representatives, or (ii) may be based upon any untrue statement or alleged untrue statement of a material

fact contained in a registration statement (including a prospectus or statement of additional information) covering Shares or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such statement or omission was made in reliance upon information furnished to you by the Fund; provided, however, that in no case (i) is the Fund's indemnity in favor of a director or officer or any other person deemed to protect such director or officer or other person against any liability to which any such person would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence in the performance of his duties or by reason of his reckless disregard of obligations and duties under this Agreement or (ii) is the Fund to be liable under its indemnity agreement

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contained in this paragraph with respect to any claims made against you or any such director, officer or controlling person unless you or such director, officer or controlling person as the case may be, shall have notified the Fund in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon you or upon such director, officer or controlling person (or after you or such director, officer or controlling person shall have received notice of such service on any designated agent), but failure to notify the Fund of any such claim shall not relieve it from any liability which it may have to the person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Fund will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but if the Fund elects to assume the defense, such defense shall be conducted by counsel chosen by it and satisfactory to you, your directors, officers or controlling persons or persons, defendant or defendants in the suit. In the event that the Fund elects to assume the defense of any such suit and retain such counsel you, your directors, officers or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them, but, in case the Fund does not elect to assume the defense of any such suit, it will reimburse You or such directors, officers or controlling person or persons,

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defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Fund agrees promptly to notify you of the commencement of any litigation or proceedings against it or any of its officers or Trustees in connection with, the issuance or sale of any Shares.

13. Authorized Representations. The Fund is not authorized to give any information or to make any representations on behalf of you other than the



information and representations contained in a registration statement (including a prospectus or statement of additional information) covering Shares, as such registration statement and prospectus may be amended or supplemented from time to time.

You are not authorized to give any information or to make any representations on behalf of the Fund or in connection with the sale of shares other than the information and representations contained in a registration statement (including a prospectus or statement of additional information) covering Shares, as such registration statement may be amended or supplemented from time to time. No person other than you is authorized to act as principal underwriter (as such term is defined in the 1940 Act) for the Fund.

14. Duration and Termination of this Agreement. This Agreement shall become effective upon the date first written above and will remain in effect for a period of two years from the date hereof and from year to year thereafter, but

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only so long as such continuance is specifically approved at least annually by the vote of a majority of the Trustees who are not interested persons of you or of the Fund, cast in person at a meeting called for the purpose of voting on such approval, and by vote of the Board of Trustees or of a majority of the outstanding voting securities of the Fund this Agreement may, on 60 days' written notice, be terminated at any time without the payment of any penalty, by the Board of Trustees of the Fund, by a vote of a majority of the outstanding voting securities of the Fund, or by you. This Agreement will automatically terminate in the event of its assignment. In interpreting the provisions of this paragraph 14, the definitions contained in Section 2(a) of the 1940 Act (particularly the definitions of "interested person", "assignment" and "majority of the outstanding voting securities"), as modified by any applicable order of the Securities and Exchange Commission, shall, be applied.

15. Amendment of this Agreement. No provisions of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. If the Fund should at any time deem it necessary or advisable in the best interests of the Fund that any amendment of this Agreement be made in order to comply with the recommendations or requirements of the Securities and Exchange Commission or other governmental

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authority or to obtain any advantage under state or federal tax laws and should notify you of the form of such amendment, and the reasons therefor, and if you should decline to assent to such amendment, the Fund may terminate this

Agreement forthwith. If you should at any time request that a change be made in the Fund's Declaration of Trust or By-laws or in its methods of doing business; in order to comply with any requirements of federal law or regulations of the Securities and Exchange Commission or of a national securities association of which you are or may be a member relating to the sale of shares of the Fund, and the Fund should not make such necessary change within a reasonable time, you may terminate this Agreement forthwith.

16. Termination of Prior Agreements. This Agreement upon its effectiveness terminates and supersedes all prior underwriting contracts between the parties.

17. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

The name "Scudder Growth and Income Fund" is the designation of the Trustees for the time being under a Declaration of Trust dated September 20, 1984, as amended from time to time, and all persons dealing with the Fund must

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look solely to the property of the Fund for the enforcement of any claims against the Fund as neither the Trustees, officers, agents or shareholders assume any personal liability for obligations entered into on behalf of the Fund.

If you are in agreement with the foregoing, please sign the form of acceptance on the accompanying counterpart of this letter and return such counterpart to the Fund, whereupon this letter shall become a binding contract.

Very truly yours,

SCUDDER GROWTH AND INCOME FUND

BY: /s/ [Illegible]  
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The foregoing Agreement is hereby accepted as of the date thereof.

SCUDDER FUND DISTRIBUTORS, INC.

BY: /s/ [Illegible]  
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## CUSTODIAN CONTRACT

This Contract between Scudder Growth and Income Fund (the "Fund"), a Massachusetts business trust created under a Declaration of Trust dated September 20, 1984, as the same may be amended from time to time, (the "Declaration of Trust") and State Street Bank and Trust Company (the "Custodian"),

WITNESSETH: That in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

I. Employment of Custodian and Property to be Held by It; Application of Contract

The Fund hereby employs the Custodian as the Custodian of its assets pursuant to the provisions of the Declaration of Trust and the By-Laws of the Fund. The Fund agrees to deliver to the Custodian all securities and cash owned by it, and all payments of income, payments of principal or capital distributions received by it with respect to all securities owned by the Fund from time to time, and the cash consideration received by it for such new or treasury shares of beneficial interest, without par value, ("Shares") of all series whenever created (each a "Portfolio") of the Fund as may be issued or sold from time to time. The Custodian shall not be responsible for any property of the Fund held or received by the Fund and not delivered to the Custodian.

The Custodian may from time to time employ one or more sub-custodians, but only in accordance with an applicable vote by the Trustees of the Fund, and

provided that the Custodian shall have no more or less responsibility or liability to the Fund on account of any actions or omissions of any sub-custodian so employed than any such sub-custodian has to the Custodian.

The Fund may from time to time employ a special custodian in connection with certain repurchase agreements entered into by the Fund, with the terms of such employment to be governed by a special custodian agreement between the Fund and the special custodian. However, the Fund agrees not to employ any such special custodian until the Fund and the Custodian have entered into a master repurchase agreement or other agreement which sets forth the terms governing the relationship, including the method of transfer of securities and cash, between the Custodian and such special custodian.

State Street acknowledges that additional Portfolios may be established and that Portfolios may be terminated, from time to time by action of the trustees of the Fund. If the context requires and unless otherwise specifically provided

herein, the term "Fund" as used in this Contract shall mean in addition each subsequently created separate Portfolio.

II. Duties of the Custodian with Respect to Property of the Fund Held by the Custodian

- A. Holding Securities. The Custodian shall hold and physically segregate in a separate account for the Fund all non-cash property of the Fund, including all securities owned by the Fund, except that securities which are

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maintained pursuant to Section L of Article II hereof in a clearing agency which acts as a securities depository or in a book-entry system authorized by the U.S. Department of the Treasury, collectively referred to herein as "Securities Systems", shall be identified as belonging to the Fund.

- B. Delivery of Securities. The Custodian shall release and deliver securities owned by the Fund held by the Custodian or in a Securities Systems account of the Custodian only upon receipt of proper instructions, which may be continuing instructions when deemed appropriate by the parties, and only in the following cases:

- 1) Upon sale of such securities for the account of the Fund and receipt of payment therefor;
- 2) Upon the receipt of payment in connection with any repurchase agreement related to such securities entered into by the Fund;
- 3) In the case of a sale effected through a Securities System, in accordance with the provisions of Section L hereof;
- 4) To the depository agent in connection with tender or other similar offers for portfolio securities of the Fund;
- 5) To the Issuer thereof or its agent when such securities are called, redeemed, retired or otherwise become payable; provided that, in any

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such case, the cash or other consideration is to be delivered to the Custodian;

- 6) To the Issuer thereof, or its agent, for transfer into the name of the Fund or into the name of any nominee or nominees of the Custodian or into the name or nominee name of any agent appointed pursuant to

Section K of Article II hereof or into the name or nominee name of any sub-custodian appointed pursuant to Article I hereof; or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units; provided that, in any such case, the new securities are to be delivered to the Custodian;

- 7) To the broker selling the same for examination in accordance with the "street delivery" custom; provided that the Custodian shall adopt such procedures, as the Fund from time to time shall approve, to ensure their prompt return to the Custodian by the broker in the event the broker elects not to accept them;
- 8) For exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the Issuer of such securities, or pursuant to provisions

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for conversion contained in such securities, or pursuant to any deposit agreement; provided that, in any such case, the new securities and cash, if any, are to be delivered to the custodian;

- 9) In the case of warrants, rights or similar securities, for the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities for definitive securities; provided that, in any such case, the new securities and cash, if any, are to be delivered to the custodian;
- 10) For delivery in connection with any loans of securities made by the Fund, but only against receipt of adequate collateral as agreed upon from time to time by the custodian and the Fund, which may be in the form of cash or obligations issued by the United States government, its agencies or instrumentalities;
- 11) For delivery as security in connection with any borrowings by the Fund requiring a pledge of assets by the Fund, but only against receipt of amounts borrowed;
- 12) Upon receipt of instructions from the transfer agent for the Fund (the "Transfer Agent"), for delivery to the Transfer Agent or to holders of

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shares in connection with distributions in kind, as may be described

from time to time in the Fund's currently effective prospectus, in satisfaction of requests by holders of Shares for repurchase or redemption; and

- 13) For any other proper corporate purposes, but only upon receipt of, in addition to proper instructions, a certified copy of a resolution of the Trustees or of the Executive Committee signed by an officer of the Fund and certified by the Secretary or an Assistant Secretary, specifying the securities to be delivered, setting forth the purpose for which such delivery is to be made, declaring such purposes to be proper corporate purposes, and naming the person or persons to whom delivery of such securities shall be made.

C. Registration of Securities. Securities held by the Custodian (other than bearer securities) shall be registered in the name of the Fund or in the name of any nominee of the Fund or of any nominee of the Custodian which nominee shall be assigned exclusively to the Fund, unless the Fund has authorized in writing the appointment of a nominee to be used in common with other registered investment companies having the same investment adviser as the Fund, or in the name or nominee name of any agent appointed

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pursuant to Section K of Article II hereof or in the name or nominee name of any sub-custodian or special custodian appointed pursuant to Article I hereof. All securities accepted by the Custodian on behalf of the Fund under the terms of this Contract shall be in "street" or other good delivery form.

D. Bank Accounts. The Custodian shall open and maintain a separate bank account or accounts in the name of the Fund, subject only to draft or order by the Custodian acting pursuant to the terms of this Contract, and shall hold in such account or accounts, subject to the provisions hereof, all cash received by it from or for the account of the Fund, other than cash maintained by the Fund in a bank account established and used in accordance with Rule 17f-3 under the Investment Company Act of 1940, as amended. Funds held by the Custodian for the Fund may be deposited by it to its credit as Custodian in the Banking Department of the Custodian or in such other banks or trust companies as it may in its discretion deem necessary or desirable; provided, however, that every such bank or trust company shall be qualified to act as a custodian under the Investment Company Act of 1940, as amended, and that each such bank or trust company and the funds to be deposited with each such bank or trust company shall be approved by vote of a majority of the Trustees of the Fund. Such funds shall be deposited by the Custodian in

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its capacity as Custodian and shall be withdrawable by the Custodian only in that capacity.

- E. Payments for Shares. The Custodian shall receive from the distributor of the Fund's Shares or from the Transfer Agent and deposit into the Fund's account such payments as are received for Shares of the Fund issued or sold from time to time by the Fund. The Custodian will provide timely notification to the Fund and the Transfer Agent of any receipt by it of payments for Shares of the Fund.
- F. Investment and Availability of Federal Funds. Upon mutual agreement between the Fund and the Custodian, the Custodian shall, upon the receipt of proper instructions, which may be continuing instructions when deemed appropriate by the parties,
- 1) invest in such instruments as may be set forth in such instructions on the same day as received all federal funds received after a time agreed upon between the Custodian and the Fund; and
  - 2) make federal funds available to the Fund as of specified times agreed upon from time to time by the Fund and the Custodian in the amount of checks received in payment for Shares of the Fund which are deposited into the Fund's account.
- G. Collection of Income. The Custodian shall collect on a timely basis all income and other payments with respect to registered securities held hereunder to which the Fund shall be entitled either by law or pursuant to

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custom in the securities business, and shall collect on a timely basis all income and other payments with respect to bearer securities if, on the date of payment by the Issuer, such securities are held by the Custodian or agent thereof and shall credit such income, as collected, to the Fund's custodian account. Without limiting the generality of the foregoing, the Custodian shall detach and present for payment all coupons and other income items requiring presentation as and when they become due and shall collect interest when due on securities held hereunder.

- H. Payment of Fund Moneys. Upon receipt of proper instructions, which may be continuing instructions when deemed appropriate by the parties, the Custodian shall pay out moneys of the Fund in the following cases only:
- 1) Upon the purchase of securities for the account of the Fund but only (a) against the delivery of such securities to the Custodian (or any bank, banking firm or trust company doing business in the United States or abroad which is qualified under the Investment Company Act



of 1940, as amended, or is permitted by a rule under such Act, to act as a custodian and has been designated by the Custodian as its agent for this purpose) or sub-custodian or special custodian registered in the name of the Fund or in the name of a nominee of the Custodian

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referred to in Section C of Article II hereof or in proper form for transfer; (b) in the case of a purchase effected through a Securities System, in accordance with the conditions set forth in Section L of Article II hereof or (c) in the case of repurchase agreements entered into between the Fund and the Custodian, or another bank, (i) against delivery of the securities either in certificate form or through an entry crediting the Custodian's, sub-custodian's or special custodian's account at the Federal Reserve Bank with such securities or (ii) against delivery of the receipt evidencing purchase by the Fund of securities owned by the Custodian or other bank along with written evidence of the agreement by the Custodian or other bank to repurchase such securities from the Fund;

- 2) In connection with conversion, exchange or surrender of securities owned by the Fund as set forth in Section B of Article II hereof;
- 3) For the redemption or repurchase of Shares issued by the Fund as set forth in Section J of Article II hereof,
- 4) For the payment of any expense or liability incurred by the Fund, including but not limited to the following payments for the account of

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the Fund: interest, taxes, management, accounting, transfer agent and legal fees, and operating expenses of the Fund whether or not such expenses are to be in whole or part capitalized or treated as deferred expenses;

- 5) For the payment of any dividends declared pursuant to the governing documents of the Fund;
- 6) For any other proper purposes, but only upon receipt of, in addition to proper instructions, a certified copy of a resolution of the Trustees or of the Executive Committee of the Fund signed by an officer of the Fund and certified by its Secretary or an Assistant Secretary, specifying the amount of such payment, setting forth the purpose for which such payment is to be made, declaring such purpose to be a proper purpose, and naming the person or persons to whom such

payment is to be made.

- I. Liability for Payment in Advance of Receipt of Securities Purchased. In any and every case where payment for purchase of securities for the account of the Fund is made by the Custodian in advance of receipt of the securities purchased in the absence of specific written instructions from the Fund to so pay in advance, the Custodian shall be absolutely liable to the Fund for such securities to the same extent as if the securities had been received

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by the Custodian, except that in the case of repurchase agreements entered into by the Fund with a bank which is a member of the Federal Reserve System, the Custodian may transfer funds to the account of such bank prior to the receipt of written evidence that the securities subject to such repurchase agreement have been transferred by book-entry into a segregated non-proprietary account of the Custodian maintained with the Federal Reserve Bank of Boston or of the safe-keeping receipt, provided that such securities have in fact been so transferred by book-entry.

- J. Payments for Repurchases or Redemptions of Shares of the Fund. From such funds as may be available for the purpose but subject to the limitations of the Declaration of Trust and any applicable votes of the Trustees of the Fund pursuant thereto, the Custodian shall, upon receipt of instructions from the Transfer Agent, make funds available for payment to holders of Shares who have delivered to the Transfer Agent a request for redemption or repurchase of their Shares. In connection with the redemption or repurchase of Shares of the Fund, the Custodian is authorized upon receipt of instructions from the Transfer Agent to wire funds to or through a commercial bank designated by the redeeming shareholders. In connection with the redemption or repurchase of Shares of the Fund, the Custodian shall honor checks drawn on the Custodian by a holder of Shares, which

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checks have been furnished by the Fund to the holder of Shares, when presented to the Custodian in accordance with such procedures and controls as are mutually agreed upon from time to time between the Fund and the Custodian.

- K. Appointment of Agents. The Custodian may at any time or times in its discretion appoint (and may at any time remove) any other bank or trust company which is itself qualified under the Investment Company Act of 1940, as amended, to act as a custodian, as its agent to carry out such of the provisions of this Article II as the Custodian may from time to time direct; provided, however, that the appointment of any agent shall not

relieve the Custodian of any of its responsibilities or liabilities hereunder.

- L. Deposit of Fund Assets in Securities Systems. The Custodian may deposit and/or maintain securities owned by the Fund in a clearing agency registered with the Securities and Exchange Commission under Section 17A of the Securities Exchange Act of 1934, which acts as a securities depository, or in the book-entry system authorized by the U.S. Department of the Treasury and certain federal agencies, collectively referred to herein as "Securities Systems" in accordance with applicable Federal Reserve Board and Securities and Exchange Commission rules and regulations, if any, and subject to the following provisions:

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- 1) The Custodian may keep securities of the Fund in a Securities System provided that such securities are represented in an account ("Account") of the Custodian in the Securities System which shall not include any assets of the Custodian other than assets held as a fiduciary, custodian, or otherwise for customers.
- 2) The records of the Custodian with respect to securities of the Fund which are maintained in a Securities System shall identify by book-entry those securities belonging to the Fund.
- 3) The Custodian shall pay for securities purchased for the account of the Fund upon (i) receipt of advice from the Securities System that such securities have been transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such payment and transfer for the account of the Fund. The Custodian shall transfer securities sold for the account of the Fund upon (1) receipt of advice from the Securities System that payment for such securities has been transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such transfer and payment for the account of the Fund. Copies of all advices from the Securities System of transfers of securities for the account of the Fund shall

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identify the Fund, be maintained for the Fund by the Custodian and be provided to the Fund at its request. The Custodian shall furnish the Fund confirmation of each transfer to or from the account of the Fund in the form of a written advice or notice and shall furnish to the Fund copies of daily transaction sheets reflecting each day's transactions in the Securities System for the account of the Fund on the next business day.

- 4) The Custodian shall provide the Fund with any report obtained by the Custodian on the Securities System's accounting system, internal accounting control and procedures for safeguarding securities deposited in the Securities System.
- 5) The Custodian shall have received the initial or annual certificate, as the case may be, required by Article IX hereof.
- 6) Anything to the contrary in this Contract notwithstanding, the Custodian shall be liable to the Fund for any loss or damage to the Fund resulting from use of the Securities System by reason of any negligence, misfeasance or misconduct of the Custodian or any of its agents or of any of its or their employees or from any failure of the

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Custodian or any such agent to enforce effectively such rights as it may have against the Securities System; at the election of the Fund, it shall be entitled to be subrogated to the rights of the Custodian with respect to any claim against the Securities System or any other person which the Custodian may have as a consequence of any such loss or damage if and to the extent that the Fund has not been made whole for any such loss or damage.

- M. Ownership Certificates for Tax Purposes. The Custodian shall execute ownership and other certificates and affidavits for all federal and state tax purposes in connection with receipt of income or other payments with respect to securities of the Fund held by it and in connection with transfers of securities.
- N. Proxies. The Custodian shall, with respect to the securities held hereunder, cause to be promptly executed by the registered holder of such securities, if the securities are registered otherwise than in the name of the Fund or a nominee of the Fund, all proxies, without indication of the manner in which such proxies are to be voted, and shall promptly deliver to the Fund such proxies, all proxy soliciting materials and all notices relating to such securities.

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- O. Communications Relating to Fund Portfolio Securities. The Custodian shall transmit promptly to the Fund all written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith) received by the Custodian from issuers of the securities being held for the Fund. With respect to tender or

exchange offers, the Custodian shall transmit promptly to the Fund all written information received by the Custodian from issuers of the securities whose tender or exchange is sought and from the party (or his agents) making the tender or exchange offer. If the Fund desires to take action with respect to any tender offer, exchange offer or any other similar transaction, the Fund shall notify the Custodian at least three business days prior to the date on which the Custodian is to take such action.

- P. Proper Instructions. "Proper instructions" as used throughout this Article ii means a writing signed or initialled by one or more person or persons as the Trustees shall have from time to time authorized. Each such writing shall set forth the specific transaction or type of transaction involved, including a specific statement of the purpose for which such action is requested. Oral instructions will be considered proper instructions if the Custodian reasonably believes them to have been given by a person authorized to give such instructions with respect to the transaction

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involved. The Fund shall cause all oral instructions to be confirmed in writing. Upon receipt of a certificate of the Secretary or an Assistant Secretary as to the authorization by the Trustees of the Fund accompanied by a detailed description of procedures approved by the Trustees, "proper instructions" may include communications effected directly between electro-mechanical or electronic devices provided that the Trustees and the Custodian are satisfied that such procedures afford adequate safeguards for the Fund's assets.

- O. Actions Permitted without Express Authority. The Custodian may in its discretion, without express authority from the Fund:
- 1) make payments to itself or others for minor expenses of handling securities or other similar items relating to its duties under this contract, provided that all such payments shall be accounted for to the Fund;
  - 2) surrender securities in temporary form for securities in definitive form;
  - 3) endorse for collection, in the name of the Fund, checks, drafts and other negotiable instruments; and
  - 4) in general, attend to all non-discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and' property of the Fund except as

otherwise directed by the Trustees of the Fund.

R. Evidence of Authority. The Custodian shall be protected in acting upon any instructions, notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed by or on behalf of the Fund. The Custodian may receive and accept a certified copy of a vote of the Trustees of the Fund as conclusive evidence (a) of the authority of any person to act in accordance with such vote or (b) of any determination or of any action by the Trustees pursuant to the Declaration of Trust as described in such vote, and such vote may be considered as in full force and effect until receipt by the Custodian of written notice to the contrary.

### III. Duties of Custodian with Respect to Books of Account and Calculation of Net Asset value and Net Income

The Custodian shall cooperate with and supply necessary information to the entity or entities appointed by the Trustees of the Fund to keep the books of account of the Fund and/or compute the net asset value per share of the outstanding shares of the Fund or, if directed in writing to do so by the Fund, shall itself keep such books of account and/or compute such net asset value per share. The Custodian shall also upon request calculate the net income of the Fund and, if instructed in writing by an officer of the Fund to do so, shall

advise the Transfer Agent periodically of the division of such net income among its various components. The calculations of the net asset value per share and the income of the Fund shall be made at the time or times described from time to time in the Fund's currently effective prospectus.

### IV. Records

The Custodian shall create and maintain all records relating to its activities and obligations under this Contract in such manner as will meet the obligations of the Fund under the Investment Company Act of 1940, as amended, with particular attention to Section 31 thereof and Rules 31a-1 and 31a-2 thereunder, applicable federal and state tax laws and any other law or administrative rules or procedures which may be applicable to the Fund. All such records shall be the property of the Fund and shall at all times during the regular business hours of the Custodian be open for inspection by duly authorized officers, employees or agents of the Fund and employees and agents of the Securities and Exchange Commission. The Custodian shall, at the Fund's request, supply the Fund with a tabulation of securities owned by the Fund and held by the Custodian and shall, when requested to do so by the Fund and for

such compensation as shall be agreed upon between the Fund and the Custodian, include certificate numbers in such tabulations.

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#### V. Opinion of Fund's Independent Accountant

The Custodian shall take all reasonable action, as the Fund may from time to time request, to obtain from year to year favorable opinions from the Fund's independent accountants with respect to its activities hereunder in connection with the preparation of the Fund's Form N-1, and Form N-1R or other annual reports to the Securities and Exchange Commission and with respect to any other requirements of such Commission.

#### VI. Reports to Fund by Independent Public Accountants

The Custodian shall provide the Fund, at such times as the Fund may reasonably require, with reports by independent public accountants on the accounting system, internal accounting control and procedures for safeguarding securities, including securities deposited and/or maintained in a Securities System, relating to the services provided by the Custodian under this Contract; such reports, which shall be of sufficient scope and in sufficient detail, as may reasonably be required by the Fund, to provide reasonable assurance that any material inadequacies would be disclosed, shall state in detail material inadequacies disclosed by such examination, and, if there are no such inadequacies, shall so state.

#### VII. Compensation of Custodian

The Custodian shall be entitled to reasonable compensation for its services and expenses as Custodian, as agreed upon from time to time between the Fund and the Custodian.

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#### VIII. Responsibility of Custodian

So long as and to the extent that it is in the exercise of reasonable care, the Custodian shall not be responsible for the title, validity or genuineness of any property or evidence of title thereto received by it or delivered by it pursuant to this Contract and shall be held harmless in acting upon any notice, request, consent, certificate or other instrument reasonably believed by it to be genuine and to be signed by the proper party or parties. The Custodian shall be held to the exercise of reasonable care in carrying out the provisions of this Contract, but shall be kept indemnified by and shall be without liability to the Fund for any action taken or omitted by it in good faith without

negligence. It shall be entitled to rely on and may act upon advice of counsel (who may be counsel for the Fund) on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice. Notwithstanding the foregoing, the responsibility of the Custodian with respect to redemptions effected by check shall be in accordance with a separate Agreement entered into between the Custodian and the Fund.

If the Fund requires the Custodian to take any action with respect to securities, which action involves the payment of money or which action may, in the opinion of the Custodian, result in the Custodian or its nominee assigned to the Fund being liable for the payment of money or incurring liability of some other form, the Fund, as a prerequisite to requiring the Custodian to take such

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action, shall provide indemnity to the Custodian in an amount and form satisfactory to it.

If the Fund requires the Custodian to advance cash or securities for any purpose or in the event that the Custodian or its nominee shall incur or be assessed any taxes, charges, expenses, assessments, claims or liabilities in connection with the performance of this Contract, except such as may arise from its or its nominee's own negligent action, negligent failure to act or willful misconduct, any property at any time held for the account of the Fund shall be security therefor and should the Fund fail to repay the Custodian promptly, the Custodian shall be entitled to utilize available cash and to dispose of the Fund assets to the extent necessary to obtain reimbursement.

#### IX. Effective Period, Termination and Amendment

This Contract shall become effective as of its execution, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual agreement of the parties hereto and may be terminated by either party by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than thirty (30) days after the date of such delivery or mailing; provided, however that the Custodian shall not act under Section L of Article II hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Trustees of the Fund have approved the initial use of a particular Securities System and the receipt of an annual certificate of the Secretary or

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an Assistant Secretary that the Trustees have reviewed the use by the Fund of such Securities system, as required in each case by Rule 17f-4 under the Investment Company Act of 1940, as amended; provided further, however, that the



Fund shall not amend or terminate this Contract in contravention of any applicable federal or state regulations, or any provision of the Declaration of Trust or the Fund's By-Laws, and further provided, that the Fund may at any time by action of its Trustees (i) substitute another bank or trust company for the Custodian by giving notice as described above to the Custodian, or (ii) immediately terminate this Contract in the event of the appointment of a conservator or receiver for the Custodian by the Federal Deposit Insurance Corporation or Commissioner of Banks for the Commonwealth of Massachusetts or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction.

Upon termination of the Contract, the Fund shall pay to the Custodian such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements.

#### X. Successor Custodian

If a successor custodian shall be appointed by the Trustees of the Fund, the Custodian shall, upon termination, deliver to such successor custodian at the office of the Custodian, duly endorsed and in the form for transfer. all securities then held by it hereunder.

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If no such successor custodian shall be appointed, the Custodian shall, in like manner, upon receipt of a certified copy of a vote of the Trustees of the Fund, deliver at the office of the Custodian such securities, funds and other properties in accordance with such vote.

In the event that no written order designating a successor custodian or certified copy of a vote of the Trustees shall have been delivered to the Custodian on or before the date when such termination shall become effective, then the Custodian shall have the right to deliver to a bank or trust company, which is a "bank" as defined in the Investment Company Act of 1940, as amended, doing business in Boston, Massachusetts, of its own selection, having an aggregate capital, surplus, and undivided profits, as shown by its last published report, of not less than \$25,000,000, all securities, funds and other properties held by the Custodian and all instruments held by the Custodian relative thereto and all other property held by it under this Contract. Thereafter, such bank or trust company shall be the successor of the Custodian under this Contract.

In the event that securities, funds and other properties remain in the possession of the Custodian after the date of termination hereof owing to failure of the Fund to procure the certified copy of vote referred to or of the Trustees to appoint a successor custodian, the Custodian shall be entitled to fair compensation for its services during such period as the Custodian retains possession of such securities, funds and other properties and the provisions of

this Contract relating to the duties and obligations of the Custodian shall remain in full force and effect.

#### XI. Special Provisions Concerning Repurchase Agreements.

Notwithstanding anything to the contrary in this Agreement, upon receipt of proper instructions, which may be standing instructions, in connection with repurchase agreements, the Custodian shall transmit, prior to receipt on behalf of the Fund of any securities or other property, funds from the Fund's custodian account to a special custodian approved by the Trustees of the Fund, which funds shall be used to pay for securities to be purchased by the Fund subject to the Fund's obligation to sell and the seller's obligation to repurchase such securities shall be held in the custody of the special custodian.

#### XII. Interpretive and Additional Provisions

In connection with the operation of this Contract, the Custodian and the Fund may from time to time agree on such provisions interpretive of or in addition to the provisions of this Contract as may in their joint opinion be consistent with the general tenor of this Contract. Any such interpretive or additional provisions shall be in a writing signed by both parties and shall be annexed hereto, provided that no such interpretive or additional provisions shall contravene any applicable federal or state regulations or any provision of the Declaration of Trust or the By-Laws of the Fund. No interpretive or

additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Contract.

#### XIII. Trustees

All references to actions of or by Trustees herein shall require action by such Trustees acting as a board or formally constituted group and not individually.

#### XIV. Massachusetts Law to Apply

This Contract shall be construed and the provisions thereof interpreted under and in accordance with the laws of the Commonwealth of Massachusetts.

The name "Scudder Growth and Income Fund" is the designation of the Trustees for the time being under a Declaration of Trust dated September 20,

1984 and all persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any claims against the Fund as neither the Trustees, officers, agents or shareholders assume any personal liability for obligations entered into on behalf of the Fund.

IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative and its seal to be hereunder affixed as of the 31st day of December, 1984.

SEAL SCUDDER GROWTH AND INCOME FUND

By /s/ [Illegible}  
-----  
EXECUTIVE VICE PRESIDENT

SEAL STATE STREET BANK AND TRUST COMPANY

By /s/ [Illegible}  
-----  
[Title]

SCUDDER GROWTH AND INCOME FUND

Custodian Contract  
Amendment No. 1

The Scudder Growth and Income Fund (the "Fund") and State Street Bank and Trust Company (the "Custodian") hereby agree to amend the Custodian Contract entered into on December 31, 1984 pursuant to Article IX therein, as follows:

1. Page 5, Article II, Section B. By inserting the following new Paragraphs 12 and 13 as follows and by renumbering the existing Paragraphs 12 and 13 as Paragraphs 14 and 15, respectively:

- "12) For delivery in accordance with the provisions of any agreement among the Fund, the Custodian and a broker-dealer registered under the Securities Exchange Act of 1934 (the "Exchange Act") and a member of The National Association of Securities Dealers, Inc. ("NASD"), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange, or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Fund;
- 13) For delivery in accordance with the provisions of any agreement among the Fund, the Custodian, and a futures commission merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Commodity Futures Trading Commission and/or any Contract Market, or any similar organization or organizations, regarding account deposits in connection with transactions by the Fund;"

2. Page 9, Article II, Section H, Paragraph 1, line 1. By inserting after "securities" the following: ", futures contracts or options on futures contracts".

3. Page 9, Article II, Section H, Paragraph 1, line 3. By inserting after "securities" the following: ", or evidence of title to futures contracts or options on futures contracts,".

4. Page 9, Article II, Section H, Paragraph 1, line 19. By inserting after "another bank" the following: "or a broker-dealer which is a member of the NASD,".

5. Page 11, Article II, Section H. By adding a new Paragraph 6 as follows and by renumbering the current Paragraph 6 as Paragraph 7:

"6) For payment of the amount of dividends received in respect of securities sold short;"

6. Page 16, Article II. By adding the following new Section M. as follows and by renumbering the current Sections M., N., O., P., and Q., as Sections N., O., P., Q. and R., respectively:

"M. Segregated Account. The Custodian shall upon receipt of proper instructions, which may be standing instructions, establish and maintain a segregated account or accounts for and on behalf of the Fund, into which account or accounts may be transferred cash and/or securities, including securities maintained in an account by the Custodian pursuant to Section L hereof, (i) in accordance with the provisions of any agreement among the Fund, the Custodian and a broker-dealer registered under the Exchange Act and a member of the NASD (or any futures commission merchant registered under the Commodity Exchange Act), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange (or the Commodity Futures Trading Commission or any registered contract market), or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Fund, (ii) for purposes of segregating cash or government securities in connection with options purchased, sold or written by the Fund or commodity futures contracts or options thereon purchased or sold by the Fund, (iii) for the purposes of compliance by the Fund with the procedures required by Investment Company Act Release No. 10666, or any subsequent release or releases of the Securities and Exchange Commission relating to the maintenance of segregated accounts by registered investment companies and (iv) for other proper corporate purposes, but only, in the case of clause (iv), upon receipt of, in addition to proper instructions, a certified copy of a resolution of the Trustees or of the Executive Committee signed by an officer of the Fund and certified by the Secretary or an Assistant Secretary, setting forth the purpose or purposes of such segregated account and declaring such purposes to be proper corporate purposes."

7. Page 17, Article II, Section O, line 5. By inserting after "connection therewith" the following: "and notices of exercise of call and put options written by the Fund and the maturity of futures contracts purchased or sold by the Fund)".

8. Page 21, Article VI, line 5. By inserting after "safeguarding securities," the following: "futures contracts and options on futures contracts,".

This Amendment shall become effective as of its date of execution.

IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative and its seal to be hereunder affixed as of the 14 day of April, 1985.

SCUDDER GROWTH AND INCOME FUND

(SEAL)

By /s/Daniel S. Lee

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Title: EXECUTIVE VICE PRESIDENT

STATE STREET BANK AND TRUST COMPANY

(SEAL)

By /s/E.D. Hanks, Jr.

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Title:

## AMENDMENT

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The Custodian Contract dated December 31, 1984 between Scudder Growth and Income Fund (the "Fund") and State Street Bank and Trust Company (the "Custodian") is hereby amended as follows:

I. Section II.A is amended to read as follows:

"Holding Securities. The Custodian shall hold and physically segregate in a separate account for each series ("Portfolio") of the Fund all non-cash property allocated to each portfolio, including all securities owned by the Fund and allocated to each Portfolio except that (a) securities which are maintained pursuant to Section II.L. in a clearing agency which acts as a securities depository or in a book-entry system authorized by the U.S. Department of Treasury, collectively referred to herein as "Securities System", shall be identified as belonging to a specified Portfolio and (b) commercial paper of an issuer for which State Street Bank and Trust Company acts as issuing and paying agent ("Direct Paper") which is deposited and/or maintained in the Direct Paper System of the Custodian pursuant to Section II.L.1., shall be identified as belonging to a specified Portfolio".

II. Sections II.B is amended to read, in relevant part as follows:

"Delivery of Securities. The Custodian shall release and deliver securities owned by the Fund held by the Custodian or in a Securities System account of the Custodian or in the Custodian's Direct Paper book entry system account ("Direct Paper System Account") only upon receipt of Proper Instructions, which may be continuing instructions when deemed appropriate by the parties, and only in the following cases:

1) . . . .

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13) . . . . "

III. Section II.B. 4) through 13) are renumbered 5) through 14) and the following is added as subparagraph 4):

"4) In the case of a sale effected through the Direct Paper System, in accordance with the provisions of Section L.1 hereof."

IV. Section II.H(1) is amended to read in relevant part as follows:

"Payment of Fund Monies. Upon receipt of Proper Instructions, which may be

continuing instructions when deemed appropriate by the parties, the Custodian shall pay out monies of the Fund in the following cases only:

- 1) Upon the purchase of securities, options, futures contracts or options on futures contracts for the account of the Fund but only (a) against the delivery of such securities or evidence of title to such options,

futures contracts or options on futures contracts, to the Custodian (or any bank, banking firm or trust company doing business in the United States or abroad which is qualified under the Investment Act of 1940, as amended, to act as a custodian and has been designated by the Custodian as its agent for this purpose) registered in the name of the Fund or in the name of a nominee of the Custodian referred to in Section II.C hereof or in proper form for transfer; (b) in the case of a purchase effected through a Securities System, in accordance with the conditions set forth in Section II.L. hereof;

(c) in the case of a purchase involving the Direct Paper System, in accordance with the conditions set forth in Section II.L.1.; or (d) in the case of repurchase agreements entered into between the Fund and the Custodian, or another bank, or a broker-dealer which is a member of NASD, (i) against delivery of the securities either in certificate form or through an entry crediting the Custodian's account in which it holds securities as a fiduciary, custodian or otherwise for customers at the Federal Reserve Bank with such securities or (ii) in the case of purchase by the Fund of securities owned by State Street Bank and Trust Company ("State Street") for its own account, against (A) delivery of the receipt evidencing purchase by the Fund, (B) earmarking certificates for such securities to show ownership by the Fund or transfer of such securities from State Street's proprietary account at the Federal Reserve Bank to its account described in (i) above, unless the securities are already held in the latter account, (C) the entry on the records of State Street showing that such securities are held by the Fund, and (D) delivery of written evidence of the agreement of State Street to repurchase such securities from the Fund; provided that, upon receipt of Proper Instructions, the Custodian shall transfer to another bank or trust company qualified to act as a custodian under the Investment Company Act of 1940, as amended, securities held in a Securities System and purchased from State Street subject to State Street's agreement to repurchase such securities;"

V. Following Section II.L., there is inserted a new Section II.L.1 to read as follows:

L.1 "Fund Assets Held in the Custodian's Direct Paper System. The Custodian may deposit and/or maintain securities owned by the Fund for which the Custodian acts as issuing and paying agent for the direct issue of commercial paper by and for issuers through the Custodian's book-entry system, referred to herein as the



"Direct Paper System", subject to the following provisions:

- 1) No transaction relating to securities in the Direct Paper System will be effected in the absence of Proper Instructions;
- 2) The Custodian may keep securities of the Fund in the Direct Paper System only if such securities are represented in an account ("Account") of the Custodian in the Direct Paper System which shall not include any assets of the Custodian other than assets held as a fiduciary, custodian or otherwise for customers;

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- 3) The records of the Custodian with respect to securities of the Fund which are maintained in the Direct Paper System shall identify by Portfolio by book-entry those securities belonging to the Fund;
- 4) The Custodian shall pay for securities purchased for the account of the Fund upon the making of an entry on the records of the Custodian to reflect such payment and transfer of securities to the account of the Fund. The Custodian shall transfer securities sold for the account of the Fund upon the making of an entry on the records of the Custodian to reflect such transfer and receipt of payment for the account of the Fund;
- 5) The Custodian shall furnish the Fund confirmation of each transfer to or from the account of the Fund, in the form of a written advice or notice, of Direct Paper on the next business day following such transfer and shall furnish to the Fund copies of daily transaction sheets reflecting each day's transactions in the Direct Paper System for the account of the Fund; and
- 6) The Custodian shall provide the Fund with any report on its system of internal accounting control regarding the Direct Paper System as the Fund may reasonably request from time to time."

VI. Section IX is hereby amended to read as follows:

Effective Period, Termination and Amendment

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This Contract shall become effective as of its execution, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual agreement to the parties hereto and may be terminated by either party by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than thirty (30) days after the date of such delivery or mailing; provided, however that the Custodian shall not act under Section II.L. hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Board

of Trustees of the Fund has approved the initial use of a particular Securities System and the receipt of an annual certificate of the Secretary or an Assistant Secretary that the Board of Trustees has reviewed the use by the Fund of such Securities System, as required in each case by Rule 17f-4 under the Investment Company Act of 1940, as amended and that the Custodian shall not act under Section II.L.1 hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Board of Trustees has approved the initial use of the Direct Paper System and the receipt of an annual certificate of the Secretary or an Assistant Secretary that the Board of Trustees has reviewed the use by the Fund of the Direct Paper System; provided further, however, that the Fund shall not amend or terminate this Contract in contravention of any applicable federal or state regulations, or any provision of the Declaration of Trust, and further provided, that the Fund may at any time by action of its Board of Trustees (i) substitute another bank or trust company for the Custodian by giving notice as described above to the Custodian, or (ii) immediately terminate this Contract in the event of the appointment of a conservator or receiver for the Custodian by the Comptroller of the Currency,

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the Federal Deposit Insurance Corporation or the Commissioner of Banks for the Commonwealth of Massachusetts or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction.

Upon termination of the Contract, the Fund shall pay to the Custodian such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements."

Except as otherwise expressly amended and modified herein, the provisions of the Custodian Contract shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed in its name on its behalf by its duly authorized representatives and its Seal to be hereto affixed as of the 8th day of August, 1987.

ATTEST:

SCUDDER GROWTH AND INCOME FUND

/s/ Marilyn J. Hayes  
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By: /s/David S. Lee  
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ATTEST:

STATE STREET BANK AND TRUST COMPANY

/s/ P.H. Larsen  
-----

By: /s/ E.D. Hankes, Jr.  
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Assistant Secretary

Vice President

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AMENDMENT TO THE  
CUSTODIAN CONTRACT

AGREEMENT made this 9th day of August 1988 by and between STATE STREET BANK AND TRUST COMPANY ("Custodian") and SCUDDER GROWTH AND INCOME FUND (the "Fund").

WITNESSETH THAT:

WHEREAS, the Custodian and the Fund are parties to a Custodian Contract dated December 31, 1984 (as amended to date, the "Contract") which governs the terms and conditions under which the Custodian maintained custody of the securities and other assets of the Fund:

NOW THEREFORE, the Custodian and the Fund hereby amend the terms of the Custodian Contract and mutually agree to the following:

Replace subsection 7) of Section II.B Delivery of Securities with the following new subsection 7):

7) Upon the sale of such securities for the account of the Fund, to the broker or its clearing agent, against a receipt, for examination in accordance with "street delivery" custom; provided that in any such case, the Custodian shall have no responsibility or liability for any loss arising from the delivery of such securities prior to receiving payment for such securities except as may arise from the Custodian's own negligence or willful misconduct;

IN WITNESS WHEREOF, each of the parties has caused this Amendment to be executed in its name and on its behalf by a duly authorized officer as of the day and year first above written.

ATTEST

/s/Marilyn G. Hayes  
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ATTEST

/s/Maureen O'Brien  
-----

Assistant Secretary

SCUDDER GROWTH AND INCOME FUND

/s/David S. Lee  
-----

STATE STREET BANK AND TRUST COMPANY

/s/  
-----

Vice President

FC0825C/10



# AMENDMENT TO THE CUSTODIAN CONTRACT

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AGREEMENT made by and between State Street Bank and Trust Company (the "Custodian") and Scudder Investment Trust (the "Fund").

WHEREAS, the Custodian and the Fund are parties to a custodian contract dated December 31, 1984 (the "Custodian Contract") governing the terms and conditions under which the Custodian maintains custody of the securities and other assets of the Fund; and

WHEREAS, the Custodian and the Fund desire to amend the custodian Contract to provide for the maintenance of the Fund's foreign securities, and cash incidental to transactions in such securities, in the custody of certain foreign banking institutions and foreign securities depositories acting as sub-custodians in conformity with the requirements of Rule 17f-5 under the Investment Company Act of 1940;

NOW THEREFORE, in consideration of the premises and covenants contained herein, the Custodian and the Fund hereby amend the Custodian Contract by the addition of the following terms and conditions;

## 1. Appointment of Foreign Sub-Custodians

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The Fund hereby authorizes and instructs the Custodian to employ as sub-custodians for the Fund's securities and other assets maintained outside the United States the foreign banking institutions and foreign securities depositories designated on Schedule A hereto ("foreign sub-custodians"). Upon receipt of "Proper Instructions", as defined in Article II Section P of the Custodian Contract, together with a certified resolution of the Fund's Board of Trustees, the Custodian and the Fund may agree to amend Schedule A hereto from time to time to designate additional foreign banking institutions and foreign securities depositories to act as sub-custodian. Upon receipt of Proper Instructions, the Fund may instruct the Custodian to cease the employment of any one or more of such sub-custodians for maintaining custody of the Fund's assets.

## 2. Assets to be Held

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The Custodian shall limit the securities and other assets maintained in the custody of the foreign sub-custodians to: (a) "foreign securities", as defined in paragraph (c) (1) of Rule 17f-5 under the Investment Company Act of 1940, and (b) cash and cash equivalents in such amounts as the

Custodian or the Fund may determine to be reasonably necessary to effect the Fund's foreign securities transactions.

3. Foreign Securities Depositories  
-----

Except as may otherwise be agreed upon in writing by the Custodian and the Fund, assets of the Fund shall be maintained in foreign securities depositories only through arrangements implemented by the foreign banking institutions serving as sub-custodians pursuant to the terms hereof. Where possible, such arrangements shall include entry into agreements containing the provisions set forth in Section 5 hereof.

4. Segregation of Securities  
-----

The Custodian shall identify on its books as belonging to the Fund, the foreign securities of the Fund held by each foreign sub-custodian. Each agreement pursuant to which the Custodian employs a foreign banking institution shall require that such institution establish a custody account for the Custodian on behalf of the Fund and physically segregate in that account, securities and other assets of the Fund, and, in the event that such institution deposits the Fund's securities in a foreign securities depository, that it shall identify on its books as belonging to the Custodian, as agent for the Fund, the securities so deposited.

5. Agreements with Foreign Banking Institutions  
-----

Each agreement with a foreign banking institution shall be substantially in the form set forth in Exhibit 1 hereto and shall provide that: (a) the Fund's assets will not be subject to any right, charge, security interest, lien or claim of any kind in favor of the foreign banking institution or its creditors or agents, except a claim of payment for their safe custody or administration; (b) beneficial ownership for the Fund's assets will be freely transferable without the payment of money or value other than for custody or administration; (c) adequate records will be maintained identifying the assets as belonging to the Fund; (d) officers of or auditors employed by, or other representatives of the Custodian, including to the extent permitted under applicable law the independent public accountants for the Fund, will be given access to the books and records of the foreign banking institution relating to its actions under its agreement with the Custodian; and (e) assets of the Fund held by the foreign sub-custodian will be subject only to the instructions of the Custodian or its agents.

6. Access of Independent Accountants of the Fund  
-----

Upon request of the Fund, the Custodian will use its best efforts to arrange for the independent accountants of the Fund to be afforded

access to the books and records of any foreign banking institution employed as a foreign sub-custodian insofar as such books and records relate to the performance of such foreign banking institution under its agreement with the Custodian.

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7. Reports by Custodian  
-----

The Custodian will supply to the Fund from time to time, as mutually agreed upon, statements in respect of the securities and other assets of the Fund held by foreign sub-custodians, including but not limited to an identification of entities having possession of the Fund's securities and other assets and advices or notifications of any transfers of securities to or from each custodial account maintained by a foreign banking institution for the Custodian on behalf of the Fund indicating, as to securities acquired for the Fund, the identity of the entity having physical possession of such securities.

8. Transactions in Foreign Custody Account  
-----

(a) Except as otherwise provided in paragraph (b) of this Section 8, the provisions of Article II Section B and Article II Section H of the Custodian Contract shall apply, mutatis mutandis to the foreign securities of the Fund held outside the United States by foreign sub-custodians.

(b) Notwithstanding any provision of the Custodian Contract to the contrary, settlement and payment for securities received for the account of the Fund and delivery of securities maintained for the account of the Fund may be effected in accordance with the customary established securities trading or securities processing practices and procedures in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering securities to the purchaser thereof or to a dealer therefor (or an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such securities from such purchaser or dealer.

(c) Securities maintained in the custody of a foreign sub-custodian may be maintained in the name of such entity's nominee to the same extent as set forth in Article II Section C of the Custodian Contract, and the Fund agrees to hold any such nominee harmless from any liability as a holder of record of such securities.

9. Liability of Foreign Sub-Custodians  
-----

Each agreement pursuant to which the Custodian employs a foreign banking institution as a foreign sub-custodian shall require the institution to exercise reasonable care in the performance of its duties and to indemnify, and hold harmless, the Custodian and the Fund from and against any



loss, damage, cost, expense, liability or claim arising out of or in connection with the institution's performance of such obligations. At the election of the Fund, it shall be entitled to be subrogated to the rights of the Custodian with respect to

-3-

any claims against a foreign banking institution as a consequence of any such loss, damage, cost, expense, liability or claim if and to the extent that the Fund has not been made whole for any such loss, damage, cost, expense, liability or claim.

10.           Liability of Custodian

-----

The Custodian shall be liable for the acts or omissions of a foreign banking institution to the same extent set forth with respect to sub-custodians generally in the Custodian Contract and, regardless of whether assets are maintained in the custody of a foreign banking institution, a foreign securities depository or a branch of a U.S. bank as contemplated by paragraph 13 hereof, the Custodian shall not be liable for any loss, damage, cost, expense, liability or claim resulting from nationalization, expropriation, currency restrictions, or acts of war or terrorism or any loss where the sub-custodian has otherwise exercised reasonable care. Notwithstanding the foregoing provisions of this paragraph 10, in delegating custody duties to State Street London Ltd., the Custodian shall not be relieved of any responsibility to the Fund for any loss due to such delegation, except such loss as may result from (a) political risk (including, but not limited to, exchange control restrictions, confiscation, expropriation, nationalization, insurrection, civil strife or armed hostilities) or (b) other losses (excluding a bankruptcy or insolvency of State Street London Ltd. not caused by political risk) due to Acts of God, nuclear incident or other losses under circumstances where the Custodian and State Street London Ltd. have exercised reasonable care.

11.           Reimbursement for Advances

-----

If the Fund requires the Custodian to advance cash or securities for any purpose, or in the event that the Custodian or its nominee shall incur or be assessed any taxes, charges, expenses, assessments, claims or liabilities in connection with the performance of this Contract, except such as may arise from its or its nominee's own negligent action, negligent failure to act or willful misconduct, any property at any time held for the account of the Fund shall be security therefor and should the Fund fail to repay the Custodian promptly, the Custodian shall be entitled to utilize available cash and to dispose of the Fund assets to the extent necessary to obtain reimbursement; provided, however, that (a) such reimbursement shall only occur after written demand has been made upon the Fund, and (b) the amount of each reimbursement shall not exceed any applicable investment restriction of the Fund in effect at the time of the reimbursement, including the Fund's ability to pledge its assets

(such pledges currently being limited to 10% of gross assets).

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12. Monitoring Responsibilities

-----

The custodian shall furnish annually to the Fund, during the month of June, information concerning the foreign sub-custodians employed by the Custodian. Such information shall be similar in kind and scope to that furnished to the Fund in connection with the initial approval of this amendment to the Custodian Contract. In addition, the Custodian will promptly inform the Fund in the event that the Custodian learns of a material adverse change in the financial condition of a foreign sub-custodian or any material loss of the assets of the Fund or in the case of any foreign sub-custodian not the subject of an exemptive order from the Securities and Exchange Commission is notified by such foreign sub-custodian that there appears to be a substantial likelihood that its shareholders' equity will decline below \$200 million (U.S. dollars or the equivalent thereof) or that its shareholders' equity has declined below \$200 million (in each case computed in accordance with generally accepted U.S. accounting principles).

13. Branches of U.S. Banks

-----

(a) Except as otherwise set forth in this amendment to the Custodian Contract, the provisions hereof shall not apply where the custody of the Fund assets is maintained in a foreign branch of a banking institution which is a "bank" as defined by Section 2(a)(5) of the Investment Company Act of 1940 meeting the qualification set forth in Section 26(a) of said Act. The appointment of any such branch as a sub-custodian shall be governed by Article I of the Custodian Contract.

(b) Cash held for the Fund in the United Kingdom shall be maintained in an interest bearing account established for the Fund with the Custodian's London Branch, which account shall be subject to the direction of the Custodian, State Street London Ltd. or both.

14. Applicability of Custodian Contract

-----

Except as specifically superseded or modified herein, the terms and provisions of the Custodian Contract shall continue to apply with full force and effect.

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IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative and its

seal to be hereunder affixed as of the 29th day of July, 1991.

ATTEST:

SCUDDER INVESTMENT TRUST

Vice President  
(Title)

By: /s/Daniel Pierce  
(Title)

ATTEST:  
/s/Mary E. Fox  
Assistant Secretary

STATE STREET BANK AND TRUST COMPANY  
By: /s/  
Vice President

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#### Schedule A

The following foreign banking institutions and foreign securities depositories have been approved by the Board of Trustees of Scudder Investment Trust for use as sub-custodians for the Fund's securities and other assets.

(insert banks and securities depositories)

Certified

-----  
Fund's Authorized Officer

Dated: \_\_\_\_\_

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## STATE STREET BANK AND TRUST COMPANY

## Custodian Fee Schedule

## SCUDDER, STEVENS &amp; CLARK FUNDS

(See Attachment "A")

Effective October 1, 1986

-----  
I. Administration

Custody, Portfolio and Fund Accounting Service - Maintain custody of fund assets. Settle portfolio purchases and sales. Report buy and sell fails. Determine and collect portfolio income. Make cash disbursements and report cash transactions. Maintain investment ledgers, provide selected portfolio transactions, position and income reports. Maintain general ledger and capital stock accounts. Prepare daily trial balance. Calculate net asset value daily. Provide selected general ledger reports. Securities yield or market value quotations will be provided to State Street by the fund.

The administration fee shown below is an annual charge, billed and payable monthly, based on average monthly net assets.

ANNUAL FEES PER PORTFOLIO  
-----

Fund Net Assets -----	Custody, Portfolio and Fund Accounting -----
First \$20 Million	1/ 10 of 1%
Next \$80 Million	1/ 25 of 1%
Excess	1/100 of 1%
Minimum Monthly Charges	As stated in attachment "A" and \$2,000 for all new funds

## II. Portfolio Trades - For each line item processed

State Street Bank Repos	\$ 7.00
DTC or Fed Book Entry	\$12.00
New York Physical Settlements	\$25.00

All other trades

\$16.00

III. Options

Option charge for each option written or  
closing contract, per issue, per broker \$25.00

Option expiration charge, per issue, per broker \$15.00

Option exercised charge, per issue, per broker \$15.00

IV. Interest Rate Futures

Transactions -- no security movement \$ 8.00

V. Coupon Bonds

Monitoring for calls and processing coupons --  
for each coupon issue held -- monthly charge \$ 5.00

VI. Holdings Charge

For each issue maintained -- monthly charge \$ 5.00

VII. Principal Reduction Payments

Per paydown \$ 3.00

VIII. Dividend Charges (For items held at the Request  
of Traders over record date in street form)

\$50.00

IX. Earnings Credit

A balance credit equal to 75% of the 90 day CD rate in effect the last business day of each month will be applied to the Custodian Demand Deposit Account balance of each fund, net of check redemption service overdrafts, on a pro-rated basis against the fund's custodian fee, excluding out-of-pocket expenses. The balance credit will be cumulative and carried forward each month. Any excess credit remaining at year-end (December 31) will not be carried forward.

X. Automated Pricing

Monthly Base Fee \$175.00\*

Monthly Quote Charge -

- Municipal Bonds via Muller Data \$ 21.00

- Municipal Ponds via Kenny Information Systems	\$ 16.00
- Government, Corporate and Convertible Bonds via Merrill Lynch	\$ 11.00
- Corporate and Government Bonds via Muller Data	\$ 11.00
- Options, Futures and Private Placements	\$ 6.00
- Foreign Equities and Bonds via Extel Ltd.	\$ 6.00
- Listed Equities, OTC Equities, and Bonds	\$ 6.00
- Corporate, Municipal, Convertible and Government Bonds, Adjustable Rate Preferred Stocks via IDSI	\$ 6.00

For billing purposes, the monthly quote charge will be based on the average number of positions in the portfolio.

#### XI. Special Services

Fees for activities of a non-recurring nature such as fund consolidations or reorganizations, extraordinary security shipments and the preparation of special reports will be subject to negotiation. Fees for tax accounting/recordkeeping for options, financial futures, and other special items will be negotiated separately.

\* Does not apply to Variable Life Series

#### XII. Out-of-Pocket Expenses

A billing for the recovery of applicable out-of-pocket expenses will be made as of the end of each month. Out-of-pocket expenses include, but are not limited to the following:

- Telephone
- Wire Charges (\$4.70 per wire in and \$4.55 out)
- Postage and Insurance
- Courier Service
- Duplicating
- Legal Fees
- Supplies Related to Fund Records
- Rush Transfer -- \$8.00 Each
- Transfer Fees

Sub-custodian Charges  
Price Waterhouse Audit Letter  
Federal Reserve Fee for Return Check items over \$2,500 - \$4.25  
GNMA Transfer - \$15 each

XIII. Payment

The above fees will be charged against the fund's custodian checking account five (5) days after the invoice is mailed to the fund's offices.

SCUDDER, STEVENS & CLARK FUNDS

STATE STREET BANK & TRUST Co.

By /s/ [Illegible]  
-----

Title President  
Date October 7, 1986

By /s/ [Illegible]  
-----

Title Vice President  
Date October 7, 1986

ATTACHMENT "A"

Fund No. -----	Fund Name -----	Monthly Minimum -----
7201	Scudder Income	\$1,000
7202	Scudder Growth & Income	1,000
7203	Scudder Capital Growth	1,000
7217	Scudder Government Mortgage Securities	2,000
7208	Scudder Cash Investment Trust	1,500
7209	Scudder Managed Mini Bond	1,500
7211	Scudder Government Money	1,500
7290	Scudder California Tax Free	1,500
7291	Scudder New York Tax Free	1,500
7241	Scudder Global	2,500
7232	Scudder Target General 1986	1,000
7233	Scudder Target General 1987	1,000
7234	Scudder Target General 1990	1,000
7240	Scudder Target General 1994	1,000
7237	Scudder Target Government 1986	1,000
7238	Scudder Target Government 1987	1,000
7239	Scudder Target Government 1990	1,000
7260	Scudder Tax Free Target 1987	1,000
7261	Scudder Tax Free Target 1990	1,000
7262	Scudder Tax Free Target 1993	1,000
7251	Scudder Tax Free Target 1996	1,000
7264	Scudder U.S. Government Zero Coupon 1990	1,000
7265	Scudder U.S. Government Zero Coupon 1995	1,000
7266	Scudder U.S. Government Zero Coupon 2000	1,000
7267	Scudder U.S. Government Zero Coupon 2005	1,000

7268	Scudder U.S. Government Zero Coupon 2010	1,000
7213	Scudder Variable Life Money Market	1,000
7214	Scudder Variable Life Equity	1,000
7215	Scudder Variable Life Diversified	1,000
7216	Scudder Variable Life Bond	1,000
7210	Scudder Variable Money Fund	1,500
7253	Scudder Variable Life Zero Coupon 1990	1,000
7254	Scudder Variable Life Zero Coupon 1995	1,000
7255	Scudder Variable Life Zero Coupon 2000	1,000
7256	Scudder Variable Life Zero Coupon 2005	1,000
7257	Scudder Variable Life Zero Coupon 2010	1,000

# ATTACHMENT "B"

to Custodian Fee Schedule  
Dated October 1, 1986

Fund No.	Fund Name	Monthly Minimum
-----	-----	-----
7295	Scudder Equity Income	\$1,000
7292	Scudder High Yield Tax Free	1,500
7225	Scudder California Tax Free Money	1,500
7224	Scudder New York Tax Free Money	1,500
7206	Scudder Variable Life International	1,500
7223	Scudder Mass Tax Free	1,500
7226	Scudder Ohio Tax Free	1,500
7227	Scudder Penn Tax Free	1,500

SCUDDER, STEVENS & CLARK FUNDS

STATE STREET BANK & TRUST Co.

By /s/ [Illegible]

By /s/ [Illegible]

Title President

Title Vice President

Date June 26, 1987

Date 4/8/88



## STATE STREET BANK AND TRUST COMPANY

Exhibit 8(a)(7)

## Custodian Fee Schedule

## SCUDDER QUALITY GROWTH FUND

-----  
I. Administration

Custody, Portfolio and Fund Accounting Service - Maintain custody of fund assets. Settle portfolio purchases and sales. Report buy and sell fails. Determine and collect portfolio income. Make cash disbursements and report cash transactions. Maintain investment ledgers, provide selected portfolio transactions, position and income reports. Maintain general ledger and capital stock accounts. Prepare daily trial balance. Calculate net asset value daily. Provide selected general ledger reports. Securities yield or market value quotations will be provided to State Street by the fund.

The administration fee shown below is an annual charge, billed and payable monthly, based on average monthly net assets.

## ANNUAL FEES PER PORTFOLIO

*Fund Net Assets -----	Custody, Portfolio and Fund Accounting -----
First \$20 Million	1/10 of 1%
Next \$80 Million	1/25 of 1%
Excess	1/100 of 1%
Minimum Monthly Charges	1,000

## II. Portfolio Trades - For each line item processed

State Street Bank Repos	\$ 7.00
DTC or Fed Book Entry	\$12.00
New York Physical Settlements	\$25.00
All Other Trades	\$16.00

\*Administration charge waived for months one - twelve

Minimum Phased in as follows:

Months thirteen - eighteen	\$ 500.00
Months nineteen and thereafter	\$1,000.00

### III. Options

Option charge for each option written or closing contract, per issue, per broker	\$25.00
--	---------

Option expiration charge, per issue, per broker	\$15.00
---	---------

Option exercised charge, per issue, per broker	\$15.00
--	---------

### IV. Interest Rate Futures

Transactions -- no security movement	\$ 8.00
--------------------------------------	---------

### V. Coupon Bonds

Monitoring for calls and processing coupons -- for each coupon issue held -- monthly charge	\$ 5.00
---	---------

### VI. Holdings Charge

For each issue maintained -- monthly charge	\$ 5.00
---	---------

### VII. Principal Reduction Payments

Per paydown	\$ 3.00
-------------	---------

VIII. Dividend Charges (For items held at the Request of Traders over record date in street form)	\$50.00
---	---------

### IX. Earnings Credit

A balance credit equal to 75% of the 90 day CD rate in effect the last business day of each month will be applied to the Custodian Demand Deposit Account balance of each fund, net of check redemption service overdrafts, on a pro-rated basis against the fund's custodian fee, excluding out-of-pocket expenses. The balance credit will be cumulative and carried forward each month. Any excess credit remaining at year-end (December 31) will not be carried forward.

### X. Automated Pricing

Monthly Base Fee \$175.00

Monthly Quote Charge -

- Municipal Bonds via Muller Data \$ 21.00
- Municipal Bonds via Kenny Information Systems \$ 16.00
- Government, Corporate and Convertible Bonds via Merrill Lynch \$ 11.00
- Corporate and Government Bonds via Muller Data \$ 11.00
- Options, Futures and Private Placement \$ 6.00
- Foreign Equities and Bonds via Extel Ltd. \$ 6.00
- Listed Equities, OTC Equities, and Bonds \$ 6.00
- Corporate, Municipal, Convertible and Government Bonds, Adjustable Rate Preferred Stocks via IDSI \$ 6.00

For billing purposes, the monthly quote charge will be based on the average number of positions in the portfolio.

XI. Special Services

Fees for activities of a non-recurring nature such as fund consolidations or reorganizations, extraordinary security shipments and the preparation of special reports will be subject to negotiation.

XII. Out-of-Pocket Expenses

A billing for the recover of applicable out-of-pocket expenses will be made as of the end of each month. Out-of-pocket expenses include, but are not limited to the following:

Telephone  
Wire Charges (\$4.70 per wire in and \$4.55 out)  
Postage and Insurance  
Courier Service  
Duplicating  
Legal Fees  
Supplies Related to Fund Records  
Rush Transfer - \$8.00 Each

Transfer Fees  
Sub-custodian Charges  
Price Waterhouse Audit Letter  
Federal Reserve Fee for Return Check items over  
\$2,500 - \$4.25  
GNMA Transfer - \$15 each

XIII. Payment

The above fees will be charged against the fund's custodian checking account five (5) days after the invoice is mailed to the fund's offices.

SGUDDER, STEVENS & CLARK FUNDS

STATE STREET BANK & TRUST CO.

By /s/ [Illegible]  
-----

By /s/ [Illegible]  
-----

Title [Illegible]  
-----

Title Vice President  
-----

Date [Illegible]  
-----

Date 4/1/91  
-----

SUBCUSTODIAN AGREEMENT

AGREEMENT dated as of December 31, 1978, between State Street Bank and Trust Company organized under the laws of the Commonwealth of Massachusetts (the "Custodian"), and The Bank of New York, London office (the "Subcustodian").

WITNESSETH:

WHEREAS, the Custodian, under its former name, State Street Trust Company, has entered into a custodian agreement with Third Investment Counsel Corporation ("Fund") dated September 30, 1949; as subsequently amended by an amendment dated November 29, 1978;

WHEREAS, Third Investment Counsel Corporation most recently changed its name to Scudder, Stevens & Clark Common Stock Fund, Inc. on March 21, 1950;

WHEREAS, the Custodian desires to utilize Subcustodian for the purpose of holding cash and securities outside the United States;

WHEREAS, the Subcustodian is a bank within the meaning of Section 2(a)(5) of the Investment Company Act of 1940 having an aggregate capital, surplus and undivided profits of not less than Two Million Dollars (\$2,000,000);

NOW, THEREFORE, the Custodian and Subcustodian hereby agree as follows:

I. The Custodian may from time to time deposit securities or cash with the Subcustodian. The Subcustodian shall not be responsible for any property of the Fund not delivered to the Subcustodian.

II. The Subcustodian shall hold and dispose of the securities hereafter held by or deposited with the Subcustodian as follows:

A. The Subcustodian shall hold in a separate account, and physically segregated at all times from those of any other persons, firms or corporations, pursuant to the provisions hereof, all securities received by it for the account of the Custodian as custodian for the Fund. If any securities are registered in nominee name, such nominee name shall be used solely for the Fund. All such securities are to be held or disposed of by the Subcustodian for, and subject at all times to, the instructions of the Custodian pursuant to the terms of this Agreement.

B. Upon receipt of instructions from the Custodian, the Subcustodian shall

release or deliver securities owned by the Fund only for the following purposes:

(1) upon sale of securities for the account of the Fund against receipt of payment therefor by cash, certified or cashier's check, or bank credit;

(2) to the issuer thereof or its agent when securities are called, redeemed, retired or otherwise become payable, provided that the cash is to be delivered to the Subcustodian;

(3) for exchange for a different number of bonds or certificates representing the same aggregate face amount or number of units, for exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement;

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provided that, in any such case, the new securities and cash, if any, are to be delivered to the Subcustodian;

(4) in the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities; provided that the surrender of interim receipts or temporary securities for definitive securities may be made at any time; provided that, in any such case, the new securities are to be delivered to the Subcustodian;

(5) in the case of tender offers or similar offers to purchase received in writing, the delivery of securities to the designated depository or other receipt agent. The Subcustodian shall have full responsibility for transmitting to the Custodian any such offers received by it. Thereafter, the Custodian, if it desires to respond to such offer, shall have full responsibility for providing the subcustodian with all necessary instructions in timely enough fashion for the subcustodian to act thereon prior to any expiration time for such offer;

(6) upon receipt from the Custodian of instructions directing disposition of securities in a manner other than or for purposes other than the manners and purposes enumerated in the foregoing five items; provided, however, that disposition pursuant to this item (6) shall be made by the Subcustodian only upon receipt of instructions from the Custodian specifying the amount of such securities to be delivered, the purpose for

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which the delivery is to be made, and the name of the person or persons to whom such delivery is to be made.

III. The Subcustodian shall hold and dispose of cash hereafter held by or deposited with the Subcustodian as follows:

A. The subcustodian shall open and maintain a separate account or accounts in the name of the Custodian as custodian for the Fund, subject only to draft or order by the Subcustodian acting pursuant to the terms of this Agreement. The Subcustodian shall hold in such account or accounts, subject to the provisions hereof, all cash received by it for the account of the Custodian as custodian for the Fund.

B. Upon receipt of instructions from the Custodian, the Subcustodian shall make payments of cash for the account of the Fund from such cash only for the following purposes:

(1) upon the purchase of securities for the account of the Fund but only against the delivery of such securities to the Subcustodian;

(2) in connection with the subscription, conversion, exchange, tender or surrender of securities owned by the Fund as set forth in Paragraph IIB hereof; and

(3) for deposit with the Custodian or with such other banking institutions as may from time to time be approved by the Fund.

IV. All instructions shall be in writing executed by the Custodian, and the Subcustodian shall not be required to act on instructions otherwise communicated; provided, however, that the subcustodian may in its discretion act

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on the basis of instructions received via telecommunications facilities if the Subcustodian reasonably believes such instructions to have been dispatched by the Custodian. The Subcustodian may require that instructions received via telecommunications facilities be authenticated. The Subcustodian shall be protected in acting upon any instructions, notice, request, consent, certificate or other instrument or paper reasonably believed by it to be genuine and to have been properly executed. The Subcustodian may receive and accept a certificate signed by the secretary of the Custodian as conclusive evidence of the authority of any person to act on behalf of the Custodian, and such certificate may be considered as in full force and effect until receipt by the Subcustodian of written notice to the contrary.

V. Unless and until the Subcustodian receives instructions from the Custodian to the contrary, the Subcustodian shall:

A. Present for payment all coupons and other income items held by it for the account of the Custodian as custodian for the Fund which call for payment upon presentation and hold the cash received by it upon such payment for the account of the Custodian as custodian for the Fund;

B. Collect interest and cash dividends received, with notice to the Custodian, for the account of the Custodian as custodian for the Fund;

C. Hold for the account of the Custodian as custodian for the Fund hereunder all stock dividends, rights and similar securities issued with respect to any securities held by it hereunder.

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VI. The Subcustodian shall execute on behalf of the Custodian, in the Fund's name, any declarations, affidavits, or certificates of ownership which may be necessary or useful from time to time for the Subcustodian to perform any or several of its obligations arising under the provisions of this Agreement.

VII. If the Subcustodian shall receive any notices or reports in respect of securities held by it hereunder, it shall promptly upon receipt thereof transmit to the Custodian by airmail, telecommunications facilities, or comparable means any such notices or reports.

VIII. The Subcustodian may, from time to time, appoint (and may at any time remove) any bank or trust company as its agent for purposes of acquiring or disposing of securities or carrying out such provisions of this Agreement as the Subcustodian may, from time to time, direct; provided that the Subcustodian shall be fully liable to the Custodian for the acts or omissions of such agents to the same extent as if the acts or omissions of the agents were the acts or omissions of the Subcustodian.

IX. On each day on which there is a cash or securities transaction over the account of the Custodian as custodian for the Fund, the Subcustodian shall dispatch to the Custodian (and to the Fund if requested) separate cash and securities advices. The Subcustodian shall furnish to the Custodian at the end of every month a statement of the cash and securities held by the Subcustodian and any agent for the Custodian as custodian for the Fund. Such statements shall be sent by air mail, telecommunications facilities or comparable means to the Custodian within 15 days after the end of each month. The Subcustodian shall

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furnish the Custodian with such additional statements as the Custodian may reasonably request.



X. As compensation for the services rendered pursuant to this Agreement, the Custodian shall pay the Subcustodian a fee computed in accordance with the schedule attached hereto as Exhibit A, as such schedule may be amended from time to time by written agreement between the Custodian and the Subcustodian. The Custodian shall reimburse the Subcustodian for any reasonable out-of-pocket expenses incurred by the Subcustodian in connection with its obligations hereunder.

XI. Upon request, the Custodian shall deliver, or shall request the Fund to deliver, to the Subcustodian, such proxies, powers-of-attorney or other instruments as may be necessary or desirable in connection with the performance by the Subcustodian of its obligations under this Agreement.

XII. So long as and to the extent that it is in the exercise of reasonable care, the Subcustodian shall not be responsible for the title, validity or genuineness of any property or evidence of title thereto received by it or delivered by it pursuant to this Agreement. The Subcustodian shall not be liable for any action taken or omitted in good faith upon any notice, request, certificate or other instrument reasonably believed by it to be genuine and to be signed by the proper party or parties. The Subcustodian shall be obligated to exercise reasonable care and diligence in carrying out the provisions of this Agreement and shall be without liability for any action taken or thing done by it in good faith and without negligence, the standard for which shall be that applicable to

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a bailee for hire under Massachusetts law. Notwithstanding the foregoing, the Subcustodian shall not be liable for (a) any violation by the Fund of any limitation applicable to its powers to make expenditures, to invest in or pledge securities or to borrow which does not involve action by the Subcustodian, and (b) any violation by the Fund of any limitation applicable to its powers to make investments, to invest in or pledge securities or to borrow which involves action by the Subcustodian, provided that such action was authorized in accordance with Paragraphs II, III or IV hereof. The Subcustodian shall be entitled to and may act upon advice of counsel (who may be counsel for the Fund) on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice.

XIII. This Agreement may be terminated at any time by the Custodian or the Subcustodian by giving written notice to the other party at least thirty (30) days prior to the date on which such termination is to become effective. In the event of termination, the Subcustodian will deliver any securities held by it or any agent to the Custodian or to such successor subcustodian as the Custodian shall instruct in a manner to be mutually agreed upon by the parties hereto or, in the absence of such agreement, in a reasonable manner. Further in the event of termination, the Subcustodian shall be entitled to receive prior to the delivery of the securities held by it or any agent all accrued fees and

unreimbursed expenses the payment of which is contemplated by Paragraph X hereof

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upon receipt by the Custodian of a final statement setting forth such fees and expenses.

XIV. Except as the parties shall from time to time otherwise agree, all instructions, notices, reports and other communications contemplated by this Agreement shall be dispatched as follows:

If to the Custodian:	State Street Bank and Trust Company
	225 Franklin Street
	Boston, Massachusetts 02110
	Attention:
	Telex No.:

If to the Subcustodian:	The Bank of New York
	Attention:
	Telex No.:

XV. This Agreement constitutes the entire understanding and agreement of the parties hereto, and neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated except by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

XVI. This Agreement shall be binding upon and shall inure to the benefit of the Custodian and the Subcustodian and their successors and assignees provided that neither the Custodian nor the Subcustodian may assign this Agreement or any of the rights or obligations hereunder without the prior written consent of the other party.

XVII. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts. The parties hereto agree that notwithstanding any provision or provisions of this Agreement of apparent contrary effect, the Subcustodian shall have no obligation to take any action which is contrary to any one or several provisions of the laws, orders or

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regulations of England. The Subcustodian shall not be liable for any expense or damage to the Custodian or the Fund that may result from violation of any or several of the foregoing laws, orders and regulations, except as such expense or damage is caused by the wilful misconduct or negligence of the Subcustodian.

XVIII. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall become effective when one or more counterparts have been signed and delivered by each of the parties.

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

STATE STREET BANK AND TRUST COMPANY  
(the "Custodian")

By /s/ [Illegible]

-----  
VICE PRESIDENT

THE BANK OF NEW YORK  
(the "Subcustodian")

By /s/ [Illegible]

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## SUBCUSTODIAN AGREEMENT

AGREEMENT dated September 1, 1996 between THE CHASE MANHATTAN BANK, N.A. ("Bank") and STATE STREET BANK AND TRUST COMPANY ("Company").

1. Custody Account. The Bank agrees to establish and maintain (a) a custody account in the name of the Company, acting as custodian for SCUDDER GROWTH AND INCOME FUND, a Massachusetts business trust ("Fund") ("Custody Account") for any and all stocks, shares, bonds, debentures, notes, mortgages or other obligations for the payment of money and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same or evidencing or representing any other rights or interests therein and other similar property (hereinafter called "Securities") from time to time received by the Bank or its subcustodian (as defined in the last sentence of Section 3) for the account of the Company, and (b) a deposit account in the name of the Company acting as custodian for the Fund ("Deposit Account") for any and all cash in any currency received by the Bank or its subcustodian for the account of the Company, which cash shall not be subject to withdrawal by draft or check.

2. Maintenance of Securities Abroad. Securities in the Custody Account shall be held in the country or other jurisdiction as shall be specified from time to time in Instructions, provided that such country or other jurisdiction shall be one in which the principal trading market for such

Securities is located or the country or other jurisdiction in which such Securities are to be presented for payment or are acquired for the custody Account and cash in the Deposit Account shall be credited to an account in such amounts and in the country or other jurisdiction as shall be specified from time to time in Instructions, provided that such country or other jurisdiction shall be one in which such cash is the legal currency for the payment of public or private debts.

3. Eligible Foreign Custodians and Securities Depositories. The Company authorizes the Bank to hold the Securities in the Custody Account and the cash in the Deposit Account in custody and deposit accounts, respectively, which have been established by the Bank with one of its branches, a branch of a qualified U.S. bank, an eligible foreign custodian or an eligible foreign securities depository; provided, however, that the Board of Trustees of the Fund has approved the use of, and the Bank's contract with, such eligible foreign custodian or eligible foreign securities depository by resolution, and Instructions to such effect have been provided to the Bank. Furthermore, if one of the Bank's branches, a branch of a qualified U.S. bank or an eligible foreign custodian is selected to act as the Bank's subcustodian to hold any of the Securities or cash, such entity is authorized to hold such Securities or cash in

its account with any eligible foreign securities depository in which it participates. For purposes of this Agreement (a) "qualified U.S. bank" shall mean a qualified U.S. bank as defined in Rule 17f-5 under the Investment Company Act of 1940; (b) "eligible foreign custodian" shall mean (i) a banking

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institution or trust company incorporated or organized under the laws of a country other than the United States that is regulated as such by that country's government or an agency thereof and that has shareholders' equity in excess of \$200 million in U.S. currency (or a foreign currency equivalent thereof), (ii) a majority owned direct or indirect subsidiary of a qualified U.S. bank or bank holding company that is incorporated or organized under the laws of a country other than the United States and that has shareholders' equity in excess of \$100 million in U.S. currency (or a foreign currency equivalent thereof) or (iii) a banking institution or trust company incorporated or organized under the laws of a country other than the United States or a majority owned direct or indirect subsidiary of a qualified U.S. bank or bank holding company that is incorporated or organized under the laws of a country other than the United States which has such other qualifications as shall be specified in Instructions and approved by the Bank; and (c) "eligible foreign securities depository" shall mean a securities depository or clearing agency, incorporated or organized under the laws of a country other than the United States, which operates (i) the central system for handling of securities or equivalent book-entries in that country or (ii) a transnational system for the central handling of securities or equivalent book-entries.

Hereinafter the term "subcustodian" will refer to any branch of a qualified U.S. bank, any eligible foreign custodian or any eligible foreign securities

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depository with which the Bank has entered an agreement of the type contemplated hereunder regarding Securities and/or cash held in or to be acquired for the Custody Account or the Deposit Account.

4. Use of Subcustodian. With respect to Securities and other assets which are maintained by the Bank in the physical custody of a subcustodian pursuant to Section 3 (as used in this Section 4, the term "Securities" means such Securities and other assets).

- (a) The Bank will identify on its books as belonging to the Fund any Securities held by such subcustodian.
- (b) In the event that a subcustodian permits any of the Securities placed in its care to be held in an eligible foreign securities depository,

such subcustodian will be required by its agreement with the Bank to identify on its book such Securities as being held for the account of the Bank as a custodian for its customers.

- (c) Any Securities in the Custody Account held by a subcustodian of the Bank will be subject only to the instructions of the Bank or its agents; and any Securities held in an eligible foreign securities depository for the account of a subcustodian will be subject only to the instructions of such subcustodian.
- (d) The Bank will only deposit Securities in an account with a subcustodian which includes exclusively the assets held by the Bank for its customers, and the Bank will cause such account to be

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designated by such subcustodian as a special custody account for the exclusive benefit of customers of the Bank.

- (e) Any agreement the Bank shall enter into with a subcustodian with respect to the holding of Securities shall require that (i) the Securities are not subject to any right, charge, security interest, lien or claim of any kind in favor of such subcustodian except for their safe custody or administration and (ii) beneficial ownership of such Securities is freely transferable without the payment of money or value other than for safe custody or administration; provided, however, that the foregoing shall not apply to the extent that any of the above-mentioned rights, charges, etc. result from any compensation or other expenses arising with respect to the safekeeping of Securities pursuant to such agreement or from any arrangements made by the Company with any such subcustodian.
- (f) The Bank shall allow independent public accountants of the Fund such reasonable access to the records of the Bank relating to the Securities held in the Custody Account as is required by such accountants in connection with their examination of the books and records pertaining to the affairs of the Fund. The Bank shall, subject to restrictions under applicable law, also obtain from any subcustodian with which the Bank maintains the physical custody of any

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Securities in the custody Account an undertaking to permit independent public accountants of the Fund such reasonable access to the records of such subcustodian as may be required in connection with their examination of the books and records pertaining to the affairs of the

Fund. Upon a reasonable request from the Company, the Bank shall furnish to the Fund and the Company such reports (or portions thereof) of the Bank's external auditors as relate directly to the Bank's system of internal accounting controls applicable to the Bank's duties under this Agreement. The Bank shall use its best efforts to obtain and furnish the Fund and the Company with such similar reports as the Fund or the Company may reasonably request with respect to each eligible foreign custodian and eligible foreign securities depository holding Securities of the Company.

- (g) The Bank will supply to the Fund and the Company from time to time as mutually agreed upon a statement in respect to any Securities in the Custody Account held by a subcustodian, including an identification of the entity having possession of the Securities, and the Bank will send to the Fund and the Company an advice or notification of any transfers of Securities to or from the Custody Account, indicating, as to Securities acquired for the Company, the identity of the entity having

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physical possession of such Securities. In the absence of the filing in writing with the Bank by the Company of exceptions or objections to any such statement within ninety (90) days, the Company shall be deemed to have approved such statement; and in such case or upon written approval of the Company of any such statement the Bank shall, to the extent permitted by law, be released, relieved and discharged with respect to all matters and things readily apparent on the face of such statement as though such statement has been settled by the decree of a court of competent jurisdiction in an action in which the Company and all persons having any equity interest in the Company were parties.

- (h) The Bank hereby warrants to the Fund and the Company that in its opinion, after due inquiry, the established procedures to be followed by each of its branches, each branch of a qualified U.S. bank, each eligible foreign custodian and each eligible foreign securities depository holding Securities of the Fund in the account of the Company pursuant to this Agreement afford protection for such Securities at least equal to that afforded by the Bank's established procedures with respect to similar securities held by the Bank (and its securities depositories) in New York.

5. Deposit Account Payments. Subject to the provisions of Section 7, the Bank shall make, or cause its subcustodians to make, payments of cash credited

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to the Deposit Account only

- (a) in connection with the purchase of Securities for the Fund and the delivery of such securities to, or the crediting of such Securities to the account of, the Bank or its subcustodian, each such payment to be made at prices as confirmed by Instructions (as defined in Section 9 hereof) from Authorized Persons (as defined in Section 10 hereof);
- (b) for the payment for the account of the Fund of dividends, interest, taxes, management or supervisory fees, capital distributions or operating expenses;
- (c) for the payments to be made in connection with the conversion, exchange or surrender of Securities held in the Custody Account;
- (d) for other proper corporate purposes of the Fund; or
- (e) upon the termination of this Custody Agreement as hereinafter set forth.

All payments of cash for a purpose permitted by subsection (a), (b) or (c) of this Section 5 will be made only upon receipt by the Bank of Instructions from Authorized Persons which shall specify the purpose for which the payment is to be made and the applicable subsection of this Section 5. In the case of any payment to be made for the purpose permitted by subsection (d) of this Section 5, the Bank must first receive a certified copy of a resolution of the Board of Trustees of the Fund adequately describing such payment, declaring such purpose to be a proper corporate purpose, and naming the person or persons to whom such

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payment is to be made. Any payment pursuant to subsection (e) of this Section.5 will be made in accordance with Section 17.

In the event that any payment made under this Section 5 exceeds the funds available in the Deposit Account, the Bank may, in its discretion, advance the Company an amount equal to such excess and such advance shall be deemed a loan from the Bank to the Company, payable on demand, bearing interest at the rate of interest customarily charged by the Bank on similar loans.

If the Bank causes the Deposit Account to be credited on the payable date for interest, dividends or redemptions, the Company will promptly return to the Bank any such amount or property so credited upon oral or written notification that neither the Hank nor its subcustodian can collect such amount or property in the ordinary course of business. The Bank or its subcustodian, as the case may be, shall have no duty or obligation to institute legal proceedings, file a claim or proof of claim in any insolvency proceeding or take any other action



with respect to the collection of such amount or property beyond its ordinary collection procedures.

6. Custody Account Transaction. Subject to the provisions of Section 7, Securities in be transferred, exchanged or delivered subcustodians only

- (a) upon sale of such Securities for the Fund and receipt by the Bank or its subcustodian only of payment therefor, each such payment to be in the amount confirmed by Instructions from Authorized Persons;

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- (b) when such securities are called, redeemed or retired, or otherwise become payable;
- (c) in exchange for or upon conversion into other Securities alone or other Securities and cash pursuant to any plan or merger, consolidation, reorganization, recapitalization or readjustment;
- (d) upon conversion of such Securities pursuant to their terms into other securities;
- (e) upon exercise of subscription, purchase or other similar rights represented by such Securities;
- (f) for the purpose of exchanging interim receipts or temporary Securities for definitive Securities;
- (g) for other proper corporate purposes of the Fund;
- (h) upon the termination of this Custody Agreement as hereinafter set forth.

All transfers, exchanges or deliveries of Securities in the Custody Account for a purpose permitted by either subsection (a), (b), (c), (d), (e) or (f) of this Section 6 will be made, except as provided in Section 8, only upon receipt by the Bank of Instructions from Authorized Persons which shall specify the purpose of the transfer, exchange or delivery to be made and the applicable subsection of this Section 6. In the case of any transfer, exchange or delivery to be made for the purpose permitted by subsection (g) of this Section 6, the Bank must first receive a certified copy of a resolution of the Board of Trustees of the Fund adequately describing such transfer,

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exchange or delivery, declaring such purpose to be a proper corporate purpose,

and naming the person or persons to whom delivery of such Securities shall be made. Any transfer or delivery pursuant to subsection (h) of this Section 6 will be made in accordance with Section 17.

7. Custody Account Procedures. With respect to any transaction involving Securities held in or to be acquired for the Custody Account, the Bank in its discretion may cause the Deposit Account to be credited on the contractual settlement date with the proceeds of any sale or exchange of Securities from the Custody Account and to be debited on the contractual settlement date for the cost of Securities purchased or acquired for the Custody Account. The Bank may reverse any such credit or debit if the transaction with respect to which such credit or debit were made fails to settle within a reasonable period, determined by the Bank in its discretion, after the contractual settlement date, except that if any Securities delivered pursuant to this Section 7 are returned by the recipient thereof, the Bank may cause any such credits and debits to be reversed at any time. With respect to any transactions as to which the Bank does not determine so to credit or debit the Deposit Account, the proceeds from the sale or exchange of Securities will be credited and the cost of such Securities purchased or acquired will be debited to the Deposit Account on the date such proceeds or Securities are received by the Bank.

Notwithstanding the preceding paragraph, settlement and payment for Securities received for, and delivery of Securities out of, the custody Account

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may be effected in accordance with the customary or established securities trading or securities processing practices and procedures in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering securities to the purchaser thereof or to a dealer therefor (or an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such Securities from such purchaser or dealer.

8. Actions of the Bank. Until the Bank receives Instructions from Authorized Persons to the contrary, the Bank will, or will instruct its subcustodian, to

- (a) present for payment any Securities in the Custody Account which are called, redeemed or retired or otherwise become payable and all coupons and other income items which call for payment upon presentation to the extent that the Bank or subcustodian is aware of such opportunities for payment, and hold cash received upon presentation of such Securities in accordance with the provisions of Sections 2, 3 and 4 of this Agreement;
- (b) in respect of Securities in the Custody Account, execute in the name of the Company such ownership and other certificates as may be required to obtain payments in respect thereof;

- (c) exchange interim receipts or temporary Securities in the Custody Account for definitive Securities;

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- (d) convert moneys received with respect to Securities of foreign issue into United States dollars or any other currency necessary to effect any transaction involving the Securities whenever it is practicable to do so through customary banking channels, using any method or agency available, including but not limited to, the facilities of the Bank, its subsidiaries., affiliates or subcustodians; and
- (e) appoint brokers and agents for any transaction involving the Securities in the Custody Account, including, without limitation, affiliates of the Bank or any subcustodian, but except as otherwise specifically provided herein the Bank or its subcustodian, as the case may be, will not be responsible for any act, omission or default of, or for the solvency of, any such broker or agent.

9. Instructions. As used in this Agreement, the term "Instructions" means instructions of the Company received by the Bank, via telephone, telex, TWX, facsimile transmission, bank wire or other teleprocess or electronic instruction system acceptable to the Bank which the Bank reasonably believes in good faith to have been given by Authorized Persons or which are transmitted with proper testing or authentication pursuant to terms and conditions which the Bank may specify.

Any Instructions delivered to the Bank by telephone shall promptly thereafter be confirmed in writing by an Authorized Person (which confirmation may bear the facsimile signature of such Person), but the Company will hold the

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Bank harmless for its failure to send such confirmation in writing or the failure of such confirmation to conform to the telephone instructions received. Unless otherwise expressly provided, all Instructions shall continue in full force and effect until cancelled or superseded. If the Bank requires test arrangements, authentication methods or other security devices to be used with respect to Instructions, any Instructions given by the Company thereafter shall be given and processed in accordance with such terms and conditions for the use of such arrangements, methods or devices as the Bank may put into effect and modify from time to time. The Company shall safeguard any testkeys9 identification codes or other security devices which the Bank shall make available to it. The Bank may electronically record any Instructions given by telephone, and any other telephone discussions, with respect to the Custody

Account.

10. Authorized Persons. As used in this Agreement, the term "Authorized Persons" means such officers or such agents of the Fund or the Company as have been designated by a resolution of the Board of Trustees of the Fund or the Company, as the case may be, a certified copy of which has been provided to the Bank, to act on behalf of the Fund or the Company in the performance of any acts which Authorized Persons may do under this Agreement. Such persons shall continue to be Authorized Persons until such time as the Bank receives Instructions from Authorized Persons that any such officer or agent is no longer an Authorized Person.

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11. Nominees. Securities in the Custody Account which are ordinarily held in registered form may be registered in the name of the Bank's nominee or, as to any Securities in the possession of any entity other than the Bank, in the name of such entity's nominee. The Company agrees to hold any such nominee harmless from any liability as a holder of record of such Securities. The Bank may without notice to the Company cause any such Securities to cease to be registered in the name of any such nominee and to be registered in the name of the Company. In the event that any Securities registered in the name of the Bank's nominee or held by one of its subcustodians and registered in the name of such subcustodian's nominee are called for partial redemption by the issuer of such Security, the Bank may allot, or cause to be allotted, the called portion to the respective beneficial holders of such class of security in any manner the Bank deems to be fair and equitable.

12. Standard of Care. The Bank shall be responsible for the performance of only such duties as are set forth herein or contained in Instructions given to the Bank by Authorized Persons which are not contrary to the provisions of this Agreement. The Bank will use reasonable care with respect to the safekeeping of Securities in the Custody Account. The Bank shall be liable to the Fund and the Company for any loss which shall occur as the result of the failure of a subcustodian or an eligible foreign securities depository engaged by such subcustodian to exercise reasonable care with respect to the safekeeping of such securities and other assets to the same extent that the Bank would be liable to

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the Fund and the Company if the Bank were holding such Securities and other assets in New York. In the event of any loss to the Fund or the Company by reason of the failure of the Bank or its subcustodian or an eligible foreign securities depository engaged by such subcustodian to utilize reasonable care, the Bank shall be liable to the Fund or the Company to the extent of the Fund's or the Company's damages, to be determined based on the market value of the

property which is the subject of the loss at the date of discovery of such loss and without reference to any special conditions or circumstances. The Bank shall be held to the exercise of reasonable care in carrying out this Agreement but shall be indemnified by, and shall be without liability to, the Fund or the Company for any action taken or omitted by the Bank in good faith without negligence. The Bank shall be entitled to rely, and may act, on advice of counsel (who may be counsel for the Fund or the Company) on all matters and shall be without liability for any action reasonably taken or omitted pursuant to such advice. The Bank need not maintain any insurance for the benefit of the Fund or the Company.

All collections of funds or other property paid or distributed in respect of Securities in the Custody Account shall be made at the risk of the Company. The Bank shall have no liability for any loss occasioned by delay in the actual receipt of notice by the Bank or by its subcustodian of any payment, redemption or other transaction regarding Securities in the Custody Account in respect of which the Bank has agreed to take action as provided in Section 8 hereof. The

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Bank shall not be liable for any action taken in good faith upon Instructions or upon any certified copy of any resolution and may rely on the genuineness of any such documents which it may in good faith believe to be validly executed. The Bank shall not be liable for any loss resulting from, or caused by nationalization, expropriation, currency restrictions, acts of war or terrorism, insurrection, revolutions nuclear fusion, fission or radiation, acts of God or other similar events or acts not due to the failure of the Bank, subcustodians or eligible foreign securities depositories to exercise reasonable care in the performance of their duties.

13. Compliance with Securities and Exchange Commission Rules and Orders. Except to the extent the Bank has specifically agreed pursuant to this Agreement to comply with a condition of a rule, regulation, interpretation or exemptive order promulgated by or under the authority of the Securities and Exchange Commission, the Fund and the Company shall be solely responsible to assure that the maintenance of Securities and cash under this Agreement complies with any such rule, regulation, interpretation or exemptive order.

14. Corporate Action. The Bank or its subcustodian is to forward to the Company only such communications relative to the Securities in the Custody Account as call for voting or the exercise of rights or other specific action (including material relative to legal proceedings intended to be transmitted to security holders) to the extent sufficient copies are received or may be

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reproduced by the Bank or its subcustodian in time for forwarding to each customer. The Bank or its subcustodian will cause its nominee to execute and deliver to the Company proxies relating to Securities in the Custody Account registered in the name of such nominee but without indicating the manner in which such proxies are to be voted. Proxies relating to bearer Securities will be delivered in accordance with written instructions from Authorized Persons.

15. Fees and Expenses. The Company agrees to pay to the Bank from time to time such compensation for its services pursuant to this Agreement as may be mutually agreed upon in writing from time to time and the Bank's out-of-pocket or incidental expenses, including (but without limitation) legal fees. The Company hereby agrees to hold the Bank harmless from any liability or loss resulting from any taxes or other governmental charges, and any expenses related thereto, which may be imposed, or assessed with respect to the Custody Account or any Securities in the Custody Account and also agrees to hold the Bank, its subcustodians, and their respective nominees harmless from any liability as a record holder of Securities in the Custody Account. The Bank is authorized to charge any account of the Company for such items and the Bank shall have a lien on Securities in the Custody Account and on cash in the Deposit Account for any amount owing to the Bank from time to time under this Agreement, as long as such lien would not contravene the provisions of the Order of the Securities and Exchange Commission contained in Release No. 12053, dated November 20, 1981, as

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the same may be amended from time to time.

16. Effectiveness. This Agreement shall be effective on the date first noted above.

17. Termination. This Agreement may be terminated by the Company or the Bank by 60 days written notice to the other, sent by registered mail, provided that any termination by the Company shall be authorized by a resolution of its Board of Trustees, a certified copy of which shall accompany such notice of termination, and provided further, that such resolution shall specify the names of the persons to whom the Bank shall deliver the Securities in the Custody Account and to whom the cash in the Deposit Account shall be paid. If notice of termination is given by the Bank, the Company shall, within 60 days following the giving of such notice, deliver to the Bank a certified copy of a resolution of its Board of Trustees specifying the names of the persons to whom the Bank shall deliver the Securities in the Custody Account and to whom the cash in the Deposit Account shall be paid. In either case the Bank will deliver such Securities and cash to the persons so specified, after deducting therefrom any amounts which the Bank determines to be owed to it under Section 15. If within 60 days following the giving of a notice of termination by the Bank, the Bank does not receive from the Company a certified copy of a resolution of the Board of Trustees specifying the names of the persons to whom the Bank shall deliver

the Securities in the Custody Account and to whom the cash in the Cash Account shall be paid, the Bank, at its election, may deliver such Securities and pay such cash to a bank or trust company doing business in the State of New York to

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be held and disposed of pursuant to the provisions of this Agreement, or to Authorized Persons, or may continue to hold such Securities and cash until a certified copy of one or more resolutions as aforesaid is delivered to the Bank. The obligations of the parties hereto regarding the use of reasonable care, indemnities and payment of fees and expenses shall survive the termination of this Agreement.

18. Notices. Any notice or other communication from the Company to the Bank is to be sent to the office of the Bank at 1211 Avenue of the Americas (33rd floor), New York, New York, 10036, Attention Global Custody Division, or such other address as may hereafter be given to the Company in accordance with the notice provisions hereunder, and any notice from the Bank to the Fund or the Company is to be mailed postage prepaid, addressed to the Fund at 173 Federal Street, Boston, Massachusetts 02110, and to the Company at the address appearing below, or as it may hereafter be changed on the Bank's records in accordance with notice hereunder from the Fund or the Company.

19. Governing Law and Successors and Assigns. This Agreement shall be governed by the law of the State of New York and shall not be assignable by either party, but shall bind the successors and assigns of the Company and the Bank.

20. Readings. The headings of the paragraphs hereof are included for convenience of reference only and do not form a part of this Agreement.

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STATE STREET BANK AND TRUST COMPANY

By /s/ [Illegible]

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Vice President

Address for record c/o SCUDDER GROWTH AND INCOME FUND  
P.O. BOX 1713  
Boston, MA 02105

-----  
THE CHASE MANHATTAN BANK, N.A.

By /s/ [Illegible]  
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Vice President

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TRANSFER AGENCY AND SERVICE AGREEMENT

between

SCUDDER GROWTH AND INCOME FUND

and

SCUDDER SERVICE CORPORATION

TRANSFER AGENCY AND SERVICE AGREEMENT

AGREEMENT made as of October 2, 1989, by and between SCUDDER GROWTH AND INCOME FUND, a Massachusetts business trust, having its principal office and place of business at 175 Federal Street, Boston, Massachusetts 02110 (the "Company") and SCUDDER SERVICE CORPORATION, a Massachusetts corporation, having its principal office and place of business at 160 Federal Street, Boston, Massachusetts 02110 (the "Agent").

WHEREAS, the Company desires to appoint the Agent as a transfer agent, dividend disbursing agent in connection with certain other activities and the Agent desires to accept such appointment;

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

Article 1. Terms of Appointment: Duties of the Agent.

1.01. Subject to the terms and conditions set forth in this Agreement, the Company hereby employs and appoints the Agent to act as, and the Agent agrees to act as, transfer agent for the Company's authorized and issued shares of beneficial interest ("Shares"), dividend disbursing agent and agent in connection with any accumulation, open-account or similar plans provided to the shareholders of the Company ("Shareholders") and set out in a currently effective prospectus ("Prospectus") or currently effective statement of additional information ("Statement of Additional Information") of the Company, including without limitation any periodic investment plan or periodic withdrawal program. If the Company offers two or more series of Shares as of the date hereof, the term "Company" shall be deemed to apply to each series of Shares, unless the context otherwise requires.

1.02. The Agent agrees that it will perform the following services:

(a) In accordance with procedures established from time to time by agreement between the Company and the Agent, the Agent shall:

- (i) Receive for acceptance orders for the purchase of Shares and promptly deliver payment and appropriate documentation thereof to the duly authorized custodian of the Company (the "Custodian").
- (ii) Pursuant to orders for the purchase of Shares, record the purchase of the appropriate number of Shares in the Shareholder's account and, if requested by the Shareholder, and if the Trustees of the Company have authorized the issuance of stock certificates, issue a certificates for the appropriate number of Shares;
- (iii) Pursuant to instructions provided by Shareholders, reinvest income dividends and capital gain distributions;
- (iv) Receive for acceptance redemption requests and redemption directions and deliver the appropriate documentation thereof to the Custodian;
- (v) Provide an appropriate response to Shareholders with respect to all correspondence and rejected trades;
- (vi) At the appropriate time as and when it receives monies paid to it by the Custodian with respect to any redemption, pay over or cause to be paid over in the appropriate manner such monies as instructed by the redeeming Shareholders;
- (vii) Effect transfers of Shares by the registered owners thereof upon receipt of appropriate instructions;
- (viii) Prepare and transmit payments for dividends and distributions declared by the Company;
- (ix) Report abandoned property to the various states as authorized by the Company in accordance with policies and principles agreed upon by the Company and Agent;
- (x) Maintain records of account for and advise the Company and its Shareholders as to the foregoing;
- (xi) Record the issuance of Shares of the Company and maintain an accurate control book with respect to Shares pursuant to SEC Rule 17A-10(e) under the Securities Exchange Act of 1934. The Agent shall also provide the Company on a regular basis with the total number of Shares which are issued and outstanding and shall have no obligation, when recording the issuance of Shares, to monitor the issuance of such Shares or to take cognizance of any laws relating to the issue or

sale of such Shares, which functions shall be the sole responsibility of the Company;

- (xii) Respond to all telephone inquiries from shareholder or their authorized representatives regarding the status of Shareholder accounts;
- (xiii) Respond to correspondence from Shareholders or their authorized representatives regarding the status of Shareholder accounts or information related to Shareholder accounts; and

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- (xiv) Perform all Shareholder account maintenance updates.

(b) In addition to and neither in lieu nor in contravention of the services set forth in the above paragraph (a), the Agent shall: (i) perform the customary services of a transfer agent, dividend disbursing agent and, as relevant, agent in connection with accumulation, open-account or similar plans (including without limitation any periodic investment plan or periodic withdrawal program). The detailed definition, frequency, limitations and associated costs (if any) set out in the attached fee schedule, include but are not limited to: maintaining all Shareholder accounts, preparing Shareholder meeting lists, mailing proxy statement and proxies, receiving and tabulating proxies, mailing shareholder reports and prospectuses to current Shareholders, and withholding all applicable taxes (including but not limited to all withholding taxes imposed under the U.S. Internal Revenue Code and Treasury regulations promulgated thereunder, and applicable state and local laws to the extent consistent with good industry practice), preparing and filing U.S. Treasury Department Forms 1099, Form 941 when applicable and other appropriate forms required with respect to dividends, distributions and taxes withheld on Shareholder accounts by federal authorities for all registered Shareholders, preparing and mailing confirmation forms and statements of account to Shareholders for all purchases and redemptions of Shares and other confirmable transactions in Shareholder accounts, preparing and mailing activity statements for Shareholders, and providing Shareholder account information, (ii) provide daily and monthly a written report and access to information which will enable the Company to monitor the total number of Shares sold and the aggregate public offering price thereof in each State by the Company, added by sales in each State of the registered Shareholder or dealer branch office, as defined by the Company, and (iii) if directed by the Company, (A) each confirmation of the purchase which establishes a new account will be accompanied by a Prospectus and any amendment or supplement thereto, and (B) a Prospectus, and any amendment or supplement thereto, will be mailed to each Shareholder at the time a confirmation of the first purchase by such Shareholder, subsequent to the effective date of a Prospectus or any amendment or supplement thereto, is mailed to such Shareholders.

(c) In addition, the Company shall (i) identify to the Agent in writing those transactions and assets to be treated as exempt from blue sky reporting to the Company for each state and (ii) approve those transactions to be included for each state on the blue sky system prior to activation and thereafter monitor the daily activity for each state. The responsibility of the Agent for the Company's blue sky State registration status is solely limited to the initial establishment of transactions subject to blue sky compliance by the Company and the reporting of such transactions as provided above.

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(d) The Agent shall utilize a system to identify all share transactions which involve purchase and redemption orders that are processed at a time other than the time of the computation of net asset value per share next computed after receipt of such orders, and shall compute the net effect upon the Company of such transactions so identified on a daily and cumulative basis.

(e) The Agent shall supply to the Company from time to time, as mutually agreed upon, reports summarizing the transactions identified pursuant to paragraph (d) above, and the daily and cumulative net effects of such transactions, and shall advise the Company at the end of each month of the net cumulative effect at such time. The Agent shall promptly advise the Company if at any time the cumulative net effect exceeds a dollar amount equivalent to 1/2 of 1 cent per outstanding Share.

(f) The Agent shall make appropriate arrangements with banking institutions in connection with effecting timely redemptions of shares by the Write-a-Check redemption feature described in the Company's Prospectus and Statement of Additional Information.

1.03. The Agent's offices, personnel and computer and other equipment shall be adequate to perform the services contemplated by this Agreement for the Company and for other investment companies advised by Scudder, Stevens & Clark, Inc. and its affiliates. The Agent shall notify the Company in the event that it proposes to provide such services for any investment companies or other entities other than those managed by Scudder, Stevens & Clark, Inc. and its affiliates.

## Article 2. Fees and Expenses.

2.01 For the performance by the Agent pursuant to this Agreement, the Company agrees to pay the Agent an annual maintenance fee for each Shareholder account as set out in a fee schedule agreed to by both parties in writing. Such fees and out-of-pocket expenses and advances identified under Section 2.02 below may be changed from time to time subject to mutual written agreement between the Company and the Agent, as approved by a majority of the Trustees who are not "interested person" (as defined in the Investment Company Act of 1940) of the Company.

2.02. In addition to the fee paid under Section 2.01 above, the Company agrees to reimburse the Agent for out-of-pocket expenses or advances incurred by the Agent for the items set out in the fee schedule agreed to by both parties in writing. In addition, any other expenses incurred by the Agent at the request or with the consent of the Company will be reimbursed by the Company.

2.03. The Company agrees to pay all fees and reimbursable expenses promptly, the terms, method and procedures for which are detailed on the fee schedule agreed to by both parties in writing. Postage for mailing of dividends, proxy statement, Company reports and other mailings to all Shareholders accounts shall be advanced to

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the Agent by the Company at least two (2) days prior to the mailing date of such materials.

2.04. The Company may engage accounting firms or other consultants to evaluate the fees paid by the Company and quality of services rendered by the Servicing Company hereunder, and such firms or other consultants shall be provided access by the Servicing Company to such information as may be reasonably required in connection with such engagement. The Servicing Company will give due consideration and regard to the recommendations to the Company in connection with such engagement, but shall not be bound thereby.

### Article 3. Representations and Warranties of the Agent.

The Agent represents and warrants to the Company that:

3.01. It is a corporation duly organized and existing and in good standing under the laws of The Commonwealth of Massachusetts.

3.02. It has the legal power and authority to carry on its business in The Commonwealth of Massachusetts.

3.03. It is empowered under applicable laws and by this charter and by-laws to enter into and perform this Agreement.

3.04. All requisite proceedings have been taken to authorize it to enter into and perform this Agreement.

3.05. It is duly registered as a transfer agent under Section 17A of the Securities Exchange Act of 1934, as amended.

3.06. It has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.

#### Article 4. Representations and Warranties of the Company.

4.01. It is a business trust duly organized and existing and in good standing under the laws of Massachusetts.

4.02. It is empowered under applicable laws and by its Declaration of Trust and By-Laws to enter into and perform this Agreement.

4.03. All proceedings required by said Declaration of Trust and By-Laws have been taken to authorize it to enter into and perform this Agreement.

4.04. It is an investment company registered under the Investment Company Act of 1940, as amended.

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4.05. A registration statement under the Securities Act of 1933 is currently effective (or will be effective prior to commencement by the Agent of performance of services hereunder) and will remain effective, and appropriate state securities law filings have been made and/or will continue to be made, with respect to all Shares of the Company being offered for sale.

#### Article 5. Indemnification.

5.01. To the extent that the Agent acts in good faith and without negligence or willful misconduct, the Agent shall not be responsible for, and the Company shall indemnify and hold the Agent harmless from and against, any and all losses, damages, costs, charges, counsel fees, payment, expenses and liabilities arising out of or attributable to:

(a) All actions of the Agent or its agents or subcontractors required to be taken and correctly executed pursuant to this Agreement.

(b) The Company's lack of good faith, negligence or willful misconduct or which arise out of the breach of any representation or warranty of the Company hereunder.

(c) The reasonable reliance on or use by the Agent or its agents of subcontractors of information, records and documents or services which are received or relied upon by the Agent or its agents or subcontractors and furnished to it or performed by or on behalf of the Company.

(d) The reasonable reliance on, or the carrying out by the Agent or its agents or subcontractors of, any written instructions or requests of the Company.

(e) The offer or sale of Shares in violation of any requirement under

the federal securities laws or regulations, or the securities laws or regulations of any state that such Shares be registered in such state, or in violation of any stop order or other determination or ruling by any federal agency or any state with respect to the offer or sale of such Shares in such state, unless such violation is the result of the Agent's negligent or willful failure to comply with the provisions of Section 2.01(b) of this Agreement.

5.02. The Agent shall indemnify and hold the Company harmless from and against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of or attributable to the Agent's refusal or failure to comply with the terms of this Agreement (whether as a result of the acts or omissions of the Agent or of its agents or subcontractors) or arising out of the lack of good faith, negligence or willful misconduct of the Agent, or its agents or subcontractors, or arising out of the breach of any representation or warranty of the Agent hereunder.

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5.03. At any time the Agent may apply to any officer of the Company for instructions, and may consult with outside legal counsel with respect to any matter arising in connection with the services to be performed by the Agent under this Agreement, and the Agent and its agents or subcontractors shall not be liable and shall be indemnified by the Company for any action reasonably taken or omitted by it in reliance upon such instructions or upon the opinion of such counsel. The Agent, its agents and subcontractors shall be protected and indemnified in acting upon any paper or document furnished by or on behalf of the Company, reasonably believed to be genuine and to have been signed by the proper person or persons, or upon any instruction, information, data, records or document provided to the Agent or its agents or subcontractors by machine-readable input, telex, CRT data entry or other similar means authorized by the Company, and shall not be held to have notice of any change of authority of any person, until receipt by the Agent of written notice thereof from the Company. The Agent, its agents and subcontractors shall also be protected and indemnified in recognizing stock certificates which are reasonably believed to bear the proper manual or facsimile signatures of the officers of the Company, and the proper countersignatures of any former transfer agent or registrar, or of a co-transfer agent or co-registrar.

5.04. In the event either party is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, equipment or transmission failure or damage reasonably beyond its control, or other causes reasonably beyond its control, such party shall not be liable to the other for any damages resulting from such failure to perform or otherwise from such causes.

5.05. Neither party to this Agreement shall be liable to the other party for consequential damages under any provisions of this Agreement, but each shall be liable for general damages resulting from breach of this Agreement. For the



purposes of this Agreement, the term "general damages" shall include but shall not be limited to:

- (a) All costs of correcting errors made by the Agent or its agents or subcontractors in Company shareholder accounts, including the expense of computer time, computer programming and personnel;
- (b) Amounts which the Company is liable to pay to a person (or his representative) who has purchased or redeemed, or caused to repurchased, Shares at a price which is higher, in the case of a purchase or lower, in the case of a redemption or repurchase, than correct net asset value per Share, but only to the extent that the price at which such Shares were purchased, redeemed or repurchased was incorrect as a result of either (i) one or more errors caused by the Agent or its agents or subcontractors in processing shareholder accounts of the Company or (ii) the posting by the Agent of the purchase, redemption or repurchase of Shares subsequent to the time such purchase, redemption or repurchase

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should have been posted pursuant to laws and regulations applicable to open-end investment companies, if the delay is caused by the Agent, its agents or subcontractors;

- (c) the value of dividends and distributions which are not credited on Shares because of the failure of the Agent or its agents or subcontractors to timely post the purchase of such Shares;
- (d) The value of dividends and distributions which were incorrectly credited on Shares because of the failure of the Agent or its agents or subcontractors to timely post the redemption or repurchase of such Shares;
- (e) The value of dividends and distributions, some portion of which was incorrectly credited, or was not credited, on Shares because of the application by the Agent or its agents or subcontractor of an incorrect dividend or distribution factor or otherwise;
- (f) Penalties and interest which the Company is required to pay because of the failure of the Agent or its agents or subcontractors to comply with the information reporting and withholding (including backup withholding) requirements of the Internal Revenue Code of 1986, as amended, and applicable Treasury regulations thereunder, applicable to Company Shareholder accounts; and



- (g) Interest in accordance with the laws of The Commonwealth of Massachusetts on any damages from the date of the breach of this Agreement.

5.06. In order that the indemnification provisions contained in this Article 5 shall apply, upon assertion of a claim or loss for either party may be required to indemnify the other, the party seeking indemnification shall promptly notify the other party of such assertion or loss, and shall keep the other party advised with respect to all developments concerning such claim. The party who may be required to indemnify shall have the option to participate at its expense with the party seeking indemnification in the defense of such claim. The party seeking indemnification shall in no case confess any claim or make any compromise in any case in which the other party may be required to indemnify it except with the other party's other written consent.

5.07. Losses incurred by the Company arising from the Agent effecting a share transaction at a trade (pricing) date prior to the processing date shall be governed by a separate agreement between the Agent and the Company.

The obligations of the parties hereto under this Article 5 shall survive the termination of this Agreement.

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## Article 6. Covenants of the Company and the Agent.

6.01. The Company shall promptly furnish to the Agent the following:

(a) A certified copy of the resolution of the Board of Trustees of the Company authorizing the appointment of the Agent and the execution and delivery of this Agreement.

(b) A copy of the Declaration of Trust and By-Laws of the Company and all amendments thereto.

6.02. The Agent hereby agrees to establish and maintain facilities and procedures reasonably acceptable to the Company for safekeeping of stock certificates, check forms and facsimile signature imprinting devices, if any; and for the preparation or use, and for keeping account, of such certificates, forms and devices.

6.03. The Agent shall at all times maintain insurance coverage which is reasonable and customary in light of its duties hereunder and its other obligations and activities.

6.04. The Agent shall keep records relating to the services to be performed hereunder, in the form and manner as it may deem advisable. To the extent

required by Section 31 of the Investment Company Act of 1940, as amended, (the "Act") and the Rules thereunder, the Agent agrees that all such records prepared or maintained by the Agent relating to the services to be performed by the Agent hereunder and those records that the Company and the Agent agree from time to time to be the records of the Company are the property of the Company and will be preserved, maintained and made available in accordance with such Section and Rules, and will be surrendered promptly to the Company on and in accordance with its request. Records surrendered hereunder shall be in machine readable form, except to the extent that the Agent has maintained such a record only in paper form.

6.05. The Agent and the Company agree that all books, records, information and data pertaining to the business of the other party which are exchanged or received pursuant to the negotiation or the carrying out of this Agreement shall remain confidential and shall not be voluntarily disclosed to any other person, except as may be required by law.

6.06. In case of any requests or demands for the inspection of the Shareholders records of the Company, the Agent will endeavor to notify the Company and to secure instructions from an authorized officer of the Company as to such inspection. The Agent reserves the right, however, to exhibit the Shareholders records to any person whenever it is reasonably advised by its counsel that it may be held liable for the failure to exhibit the Shareholders records to such person.

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6.07. The Agent agrees to maintain or provide for redundant facilities or a compatible configuration and to maintain or provide for backup of the Company's master and input files and to store such files in a secure off-premises location so that in the event of a power failure or other interruption of whatever cause at the location of such files the Company's records are maintained intact and transactions can be processed at another location.

6.08. The Agent acknowledges that the Company, as a registered investment company under the Act, is subject to the provisions of the Act and the rules and regulations thereunder, and that the offer and sale of the Company's Shares are subject to the provisions of federal and state laws and regulations applicable to the offer and sale of securities. The Company acknowledges that the Agent is not responsible for the Company's compliance with such laws and regulations. If the Company advises the Agent that a procedure of the Agent related to the discharge of its obligations hereunder has or may have the effect of causing the Company to violate any of such laws or regulations, the Agent shall use its best efforts to develop a mutually agreeable alternative procedure which does not have such effect.

Article 7. Termination of Agreement.

7.01. This Agreement may be terminated by either party upon one hundred twenty (120) days written notice to the other.

7.02. Should the Company exercise its right to terminate, all reasonable out-of-pocket expenses of the Agent associated with the movement of records and materials required by this Agreement will be borne by the Company. Additionally, the Agent reserves the right to charge for any other reasonable expenses associated with such termination.

#### Article 8. Additional Series.

8.01. In the event that the Company establishes one or more series of Shares with respect to which it desires to have the Agent render services as transfer agent under the terms hereof, it shall no notify the Agent in writing, and unless the Agent objects in writing to providing such services, the term "Company" hereunder, unless the context otherwise requires, shall be deemed to include each such series of Shares. All record keeping and reporting shall be done separately for each series. Unless the Company and the Agent agree to an amended fee schedule, the fee schedule attached hereto shall apply to each series separately.

#### Article 9. Assignment.

9.01. Except as provided in Section 9.03 below, neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the written consent of the other party.

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9.02. This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and assigns.

9.03. The Agent may, with notice to and consent on the part of the Company, which consent shall not be unreasonably withheld, subcontract for the performance of certain services under this Agreement to qualified service providers, which shall be registered as transfer agents under Section 17A of the Securities Exchange Act of 1934 if such registration is required; provided, however, that the Agent shall be as fully responsible to the Company for the acts and omissions of any subcontractor as it is for its own acts and omissions.

#### Article 10. Amendment.

10.01. This Agreement may be amended or modified by a written agreement executed by both parties and authorized or approved by a resolution of the Board of Directors or Trustees of each party.

#### Article 11. Massachusetts Law to Apply.

11.01. This Agreement shall be construed and the provisions thereof interpreted under and in accordance with the laws of The Commonwealth of Massachusetts.

Article 12. Form N-SAR.

12.01. The Agent shall maintain such records as shall enable the Company to fulfill the requirements of Form N-SAR or any successor report which must be filed with the Securities and Exchange Commission.

Article 13. Merger of Agreement.

13.01. This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject hereof whether oral or written.

Article 14. Counterparts.

14.01. This Agreement may be executed by the parties hereto in any number of counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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Article 15. Limitation of Liability of the Trustees and the Shareholders.

It is understood and expressly stipulated that none of the Trustees, officers, agents, or shareholders of the Company shall be personally liable hereunder. The name of the Company is the designation of the Trustees for the time being under the Company's Declaration of Trust, as the same is now stated or may hereafter be amended, and all persons dealing with the trust must look solely to the property of the trust for the enforcement of any claims against the trust as neither the Trustee, officers, agents or shareholders assume any personal liability for obligations entered into on behalf of the trust. No series of the Company, if any, shall be liable for the obligations of any other series.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names and on their behalf under their seals by and through their duly authorized officers, as of the day and year first above written.

ATTEST:

SCUDDER GROWTH AND INCOME FUND

/s/ Marilyn J. Hayes

By: /s/ David S. Lee

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Title: Vice President

ATTEST:

SCUDDER SERVICE CORPORATION

/s/ Marilyn J. Hayes

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By: /s/ Daniel Pierce

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Title: Vice President

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## SCUDDER SERVICE CORPORATION

FEE INFORMATION FOR SERVICES PROVIDED UNDER  
TRANSFER AGENCY AND SERVICE AGREEMENTScudder Family of Funds  
(Except Scudder Cash Investment Trust)Annual service charge for each account  
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1/12th of the annual service charge shall be charged and payable each month. It will be charged for any account which at any time during the month had a share balance in the fund. The minimum monthly charge to any portfolio is \$1,500.00 per relationship for an omnibus account, or \$10.00 per subaccount, whichever is greater.

&lt;TABLE&gt;

<S>	<C>	
	Regular Accounts	Retirement Accounts
	-----	-----
Money Market Funds	\$31.50	\$34.50
Non-Money Market Funds	26.00	29.00
Additional Charge per Account for Funds with Redemption Fee	2.00	2.00
Other fees		
Closed Account	4.00	5.00
New Account Setup Charge	7.50	7.50**
Maintenance Charge	5.00	5.00**
National Securities Clearing Corporation (NSCC) Charge per Transaction	1.00	1.00
Information Access:		
o VRU Access Charge per Call	0.20	0.20
o Internet	To be determined	To be determined

\*\* = Applies to retail retirement accounts

&lt;/TABLE&gt;

Out of pocket expenses shall be reimbursed by the fund to Scudder Service Corporation or paid directly by the fund. Such expenses include but are not limited to the following:

Telephone (portion allocable to servicing accounts)  
Postage, overnight service or similar services  
Stationery and envelopes  
Shareholder Statements - printing and postage  
Checks - stock supply, printing and postage  
Data circuits  
Forms  
Microfilm and microfiche  
Expenses incurred at the specific direction of the fund  
Bank check clearing and processing charges

This schedule covers representative assisted services offered from Monday through Friday, 8:00 a.m. to 8:00 p.m. EST.

Payment

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The above will be billed within the first five (5) business days of each month and will be paid by wire within five (5) business days of receipt.

On behalf of the Funds listed on  
Attachment A:

Scudder Service Company

By: \_\_\_\_\_  
David S. Lee  
President or Vice President

By: \_\_\_\_\_  
Daniel Pierce  
President

Date: October 1, 1996

Date: October 1, 1996

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ATTACHMENT A  
TRANSFER AGENCY AND SERVICE AGREEMENT

MONEY MARKET FUND SERVICE ACCOUNT

Money Market Accounts

Scudder California Tax Free Money Fund  
Scudder New York Tax Free Money Fund  
Scudder Tax Free Money Fund  
Scudder U.S. Treasury Money Fund

NON-MONEY MARKET FUND SERVICE ACCOUNT

Monthly Income Funds

Scudder California Tax Free Fund  
Scudder Global Bond Fund  
Scudder GNMA Fund  
Scudder High Yield Bond Fund  
Scudder High Yield Tax Free Fund  
Scudder International Bond Fund  
Scudder Limited Term Tax Free Fund  
Scudder Managed Municipal Bonds  
Scudder Massachusetts Limited Term Tax Free Fund  
Scudder Massachusetts Tax Free Fund  
Scudder Medium Term Tax Free Fund  
Scudder New York Tax Free Fund  
Scudder Ohio Tax Free Fund  
Scudder Pennsylvania Tax Free Fund  
Scudder Short Term Bond Fund

Quarterly Distribution Funds

Scudder Balanced Fund

Scudder Emerging Markets Income Fund  
Scudder Growth and Income Fund  
Scudder Income Fund

Annual Distribution Funds

Scudder Capital Growth Fund	Scudder Latin America Fund
Scudder Classic Growth Fund	Scudder Micro Cap Fund
Scudder Development Fund	Scudder Pacific Opportunities Fund
Scudder Global Discovery Fund	Scudder Quality Growth Fund
Scudder Global Fund	Scudder Small Company Value Fund
Scudder Gold Fund	Scudder 21st Century Growth Fund
Scudder Emerging Markets Growth Fund	Scudder Value Fund
Scudder Greater Europe Growth Fund	Scudder Zero Coupon 2000 Fund
Scudder International Fund	

dated as of October 1, 1996



COMPASS SERVICE AGREEMENT

THIS AGREEMENT made as of this 1st day of January, 1990, by and between SCUDDER TRUST COMPANY, a New Hampshire banking corporation ("Trust Company") and SCUDDER INCOME FUND, a Massachusetts business trust ("the Fund").

WITNESSETH:

WHEREAS, Trust Company is engaged in the business of providing certain recordkeeping and other services; and

WHEREAS, the Fund is engaged in business as an open-end investment company registered under the Investment Company Act of 1940, as amended; and

WHEREAS, Trust Company is willing to provide to the Fund certain recordkeeping and other services in connection with certain omnibus accounts maintained with the Fund on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

Article 1. Terms of Appointment: Duties of the Service.

1.01. Subject to the terms and conditions set forth in this Agreement, the fund hereby employs and appoints Trust Company to act as, and Trust Company agrees to act as, recordkeeping agent with respect to the authorized and issued shares of beneficial interest of the Fund ("Shares") or units representing such Shares ("Units") which are held in plan-level omnibus accounts (individually an "Account" or collectively the "Accounts") in connection with certain retirement and employee benefit plans established under the Internal Revenue Code of 1986 including but not limited to defined contribution plans, Section 403(b) plans, individual retirement accounts and deferred compensation plans (each a "Plan" or collectively the "Plans"), utilizing the Comprehensive Participant Accounting Services ("COMPASS"), and established by plan administrators, employers, trustees, custodians and other persons (each individually an "Administrator" or collectively the "Administrators") on behalf of employers (each individually and "Employer" or collectively the "Employers") and individuals for certain participants in such Plans (each individually a "Participant" or collectively the "Participants").

1.02. Trust Company agrees that it will perform the following services in accordance with procedures established from time to time by agreement between the Fund and Trust Company. Subject to instructions from the Administrators, Trust Company shall:

(i) receive from Administrators instructions for the purchase of Shares of the Fund, confirm compliance with such instructions and, as agent of the respective Administrators, deliver

within a reasonable time such instructions and any appropriate documentation therefor to the Transfer Agent of the Fund duly appointed by the trustees of the Fund (the "Transfer Agent");

(ii) record the purchase by Plans of the appropriate number of Shares or Units and within a reasonable time allocate such Shares or Units among the Participant's Accounts;

(iii) record dividends and capital gains distributions on behalf of Participants;

(iv) receive from Administrators instructions for redemption and repurchase requests and directions, confirm compliance with such instructions and as agent of the respective Administrators deliver within a reasonable time such instructions and any appropriate documentation therefor to the Transfer Agent;

(v) record the redemption or repurchase by Plans of the appropriate number of Shares or Units and within a reasonable time make the appropriate adjustments among the Participants' accounts;

(vi) certify to the Fund no less frequently than annually the number of Participants accounts for which records are maintained hereunder;

(vii) maintain records of accounts for and advise the Fund and Administrators and Participants, when appropriate, as to the foregoing;

(viii) maintain all Plan and Participant accounts other than accounts maintained by the Transfer Agent; and

(ix) maintain and mail administrative reports and Participant statements.

Procedures applicable to certain of these services may be established from time to time by agreement between the Fund and Trust Company.

## Article 2. Fees and Expenses.

2.01. For performance by Trust Company of services pursuant to this Agreement, the Fund agrees to pay Trust Company an annual maintenance fee for each Participant account as set out in the fee schedule, as amended from time to time. Such fee schedule and out-of-pocket expenses and advances identified under Section 2.02 below may be changed from time to time by mutual agreement between the Fund and Trust Company.

2.02. In addition to the fee paid under Section 2.01 above, the Fund agrees to reimburse Trust Company for out-of-pocket expenses or advances incurred by Trust Company for the items set out in the fee schedule. In addition, any other expenses incurred by Trust Company, at the request or with the consent of the Fund, will be reimbursed by the Fund.

2.03. The Fund agrees to pay all fees and reimbursable expenses promptly. Postage and the cost of materials for mailing of administrative reports, Participant statements and other mailings to all Employer accounts or Participants shall be advanced to Trust Company by the Fund at least two (2) days prior to the mailing date of such materials or paid within two (2) days of the receipt by the Fund of a bill therefor.

### Article 3. Representations and Warranties of Trust Company.

Trust Company represents and warrants to the Fund that:

3.01. It is a banking corporation duly organized and existing and in good standing under the laws of The State of New Hampshire.

3.02. It has the legal power and authority to carry on its business in any jurisdiction where it does business.

3.03. It is empowered under applicable laws and by its charter and by-laws to enter into and perform this Agreement.

3.04. All requisite corporate proceedings have been taken to authorize it to enter into and perform this Agreement.

3.05. It has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.

### Article 4. Representations and Warranties of the Fund.

The Fund represents and warrants to Trust Company that:

4.01. It is a business trust duly organized and existing and in good standing under the laws of The Commonwealth of Massachusetts.

4.02. It is empowered under applicable laws and by its Declaration of Trust and By-Laws to enter into and perform this Agreement.

4.03. All proceedings required by said Declaration of Trust and By-Laws have been taken to authorize it to enter into and perform this Agreement.

4.04. It is an investment company registered under the Investment Company Act of 1940, as amended (the "Act").

4.05. It makes available its Shares in connection with certain Plans.

4.06. A majority of the Trustees of the Fund who are not interested persons have made findings to the effect that:

(a) the Agreement is in the best interest of the Fund and its shareholders;

(b) the services to be performed pursuant to the Agreement are services required for the operation of the Fund;

(c) Trust Company can provide services the nature and quality of which are at least equal to those provided by others offering the same or similar services; and

(d) the fees charged by Trust Company for such services are fair and reasonable in the light of the usual and customary charges made by others for services of the same nature and quality.

4.07. A registration statement under the Securities Act of 1933, as amended, has been filed and has become effective, and appropriate state securities law filings have been made with respect to all Shares of the Fund being offered for sale. The Fund shall notify Trust Company (i) if such registration statement or any state securities registration or qualification has been terminated or a stop order has been entered with respect to the Shares or (ii) if such registration statement shall have been amended to cover Shares of any additional Series (as hereinafter defined in Section 8.01).

## Article 5. Indemnification.

5.01. Trust Company shall not be responsible for, and the Fund shall indemnify and hold Trust Company harmless from and against, any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of or attributable to:

(a) All actions of Trust Company or its agents required to be taken pursuant to this Agreement, provided that such actions are taken in good faith and without negligence or willful misconduct.

(b) The Fund's refusal or failure to comply with the terms of this Agreement, or which arise out of the Fund's lack of good faith, negligence or

willful misconduct or which arise out of the breach of any representation or warranty of the Fund hereunder.

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(c) The reliance on or use by Trust Company or its agents of information, records and documents which (i) are received by Trust Company or its agents and furnished to it by or on behalf of the Fund, and (ii) have been prepared and/or maintained by the Fund or any other person or firm (except Trust Company) on behalf of the Fund.

(d) The reliance on or the carrying out by Trust Company or its agents of any written instructions or requests of the Fund or any person acting on behalf of the Fund.

(e) The offer or sale of Shares in violation of any requirement under the federal securities laws or regulations, or the securities laws or regulations of any state that such Shares be registered in such state, or in violation of any stop order or other determination or ruling by any federal agency or any state with respect to the offer or sale of such Shares in such state.

5.02. Trust Company shall indemnify and hold the Fund harmless from and against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of or attributable to Trust Company's refusal or failure to comply with the terms of this Agreement, or which arise out of Trust Company's lack of good faith, negligence or willful misconduct or which arise out of the breach of any representation or warranty of Trust Company hereunder.

5.03. At any time Trust Company may apply to any officer of the Fund for instructions, and may consult with legal counsel (which may also be legal counsel for the Fund) with respect to any matter arising in connection with the services to be performed by Trust Company under this Agreement, and Trust Company shall not be liable and shall be indemnified by the Fund for any action taken or omitted by it in reliance upon such instructions or upon the opinion of such counsel. Trust Company and its agents shall be protected and indemnified in acting upon any paper or document furnished by or on behalf of the Fund, reasonably believed to be genuine and to have been signed by the proper person or persons, or upon any instruction, information, data, records or documents provided Trust Company or its agents by telephone, in person, machine-readable input, telex, CRT data entry or other similar means authorized by the Fund, and shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from the Fund.

5.04. Trust Company may at any time or times in its discretion appoint (any may at any time remove) another individual, corporation, partnership, trust or company as its agent to carry out such of the provisions of this Agreement as

Trust Company shall from time to time direct.

5.05. In the event either party is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, equipment or transmission failure or damage reasonably beyond its control, or other causes reasonably beyond its control, or other causes reasonably beyond its control,

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such party shall not be liable to the other for any damages resulting from such failure to perform or otherwise from such causes.

5.06. In order that the indemnification provisions contained in this Article 5 shall apply, upon the assertion of a claim for which either party may be required to indemnify the other, the party seeking indemnification shall promptly notify the other party of such assertion, and shall keep the other party advised with respect to all developments concerning such claim. The party who may be required to indemnify shall have the option to participate with the party seeking indemnification in the defense of such claim. The party seeking indemnification shall in no case confess any claim or make any compromise in any case in which the other party may be required to indemnify it except with the other party's prior written consent.

#### Article 6. Covenants of the Fund and Trust Company.

6.01. Trust Company hereby agrees to establish and maintain facilities and procedures reasonably acceptable to the Fund for safekeeping of records and for the preparation or use, and for keeping account of, such records.

6.02. Trust Company shall at all times maintain insurance coverage which is reasonable and customary in light of its duties hereunder and its other obligations and activities, and shall notify the Fund of any changes in its insurance coverage unless the Fund is covered by the same policy and such change is also applicable to the Fund.

6.03. Trust Company shall keep records relating to the services to be performed hereunder, in the form and manner as it may deem advisable.

6.04. Trust Company and the Fund agree that all books, records, information and data pertaining to the business of the other party which are exchanged or received pursuant to the negotiation or the carrying out of this Agreement shall remain confidential, and shall not be voluntarily disclosed to any other person, except as may be required by law.

6.05. In case of any requests or demands for the inspection of the records relating to Plan Accounts and participant accounts with the Fund, Trust Company will endeavor to notify the Fund and to secure instructions from an authorized officer of the Fund as to such inspection. Trust Company reserves the right,

however, to exhibit such records to any person whenever it is reasonably advised by counsel to the Fund that it may be held liable for the failure to exhibit such records to such person.

6.06. Trust Company acknowledges that the Fund, as a registered investment company under the Act, is subject to the provisions of the Act and the rules and regulations thereunder, and that the offer and sale of the Fund's

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Shares are subject to the provisions of federal and state laws and regulations applicable to the offer and sale of securities. The Fund acknowledges that Trust Company is not responsible for the Fund's compliance with such laws, rules and regulations. If the Fund advised Trust Company that a procedure of Trust Company related to the discharge of its obligations hereunder has or may have the effect of causing the Fund to violate any of such laws or regulations, Trust Company shall use its best efforts to develop an alternative procedure which does not have such effect.

6.07. Trust Company acknowledges to the Fund that, as the offeror of COMPASS, Trust Company does not act as a plan administrator or as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended from time to time, with respect to any Plan. Trust Company shall not be responsible for determining whether the terms of a particular Plan or the Shares of the Fund are appropriate for the Plan or Participant and does not guarantee the performance of the Fund.

#### Article 7. Termination of Agreement.

7.01. This Agreement may be terminated by either party on the last day of the month next commencing after thirty (30) days written notice to the other party.

7.02. Upon termination of this Agreement, the Fund shall pay to Trust Company such fees and expenses as may be due as of the date of such termination.

7.03. Should the Fund exercise its right to terminate this Agreement, Trust Company reserves the right to charge for any other reasonable expenses associated with such termination.

#### Article 8. Additional Series of the Fund.

8.01. Shares of the Fund are of a single class; however, Shares may be divided into additional series ("Series") that may be established from time to time by action of the Trustees of the Fund. if the context requires and unless otherwise specifically provided herein, the term "Fund" as used in this Agreement shall mean in addition each separate Series currently existing or subsequently created, and the term "Shares" shall mean all shares of beneficial

interest of the Fund, whether of a single class or divided into separate Series of the Fund currently existing or hereinafter created.

8.02. In the event that the Fund establishes one or more or additional Series of Shares in addition to the original Series with respect to which it desires to have Trust Company render services as record keeping agent under the terms hereof, it shall so notify Trust Company in writing,

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and upon the effectiveness of a registration statement under the Securities Act of 19433, as amended, relating to such Series of Shares and unless Trust Company objects in writing to providing such services, such Series shall be subject to this Agreement.

8.03. In the event that the Fund suspends the offering of Shares of any one or more Series, it shall so notify Trust Company in writing to such effect.

#### Article 9. Assignment.

9.01. Neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the written consent of the other party.

9.02. This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and assigns.

#### Article 10. Amendment.

10.01. This Agreement may be amended or modified by a written agreement executed by both parties.

#### Article 11. Massachusetts Law to Apply.

11.01. This Agreement shall be construed and the provisions thereof interpreted under and in accordance with the laws of The Commonwealth of Massachusetts.

#### Article 12. Entire Agreement.

12.01. This Agreement constitutes the entire agreement between the parties hereto.

#### Article 13. Correspondence.

13.01. Trust Company will answer correspondence from Administrators relating to Accounts and such other correspondence as may from time to time be mutually agreed upon and notify the Fund of any correspondence which may require an answer from the Fund.



Article 14. Further Actions.

14.01. Each party agrees to perform such further acts and execute such further documents as are necessary to effectuate the purposes hereof.

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Article 15. Interpretive Provisions.

15.01. In connection with the operation of this Agreement, Trust Company and the Fund may agree from time to time on such provisions interpretive of or in addition to the provisions of this Agreement as may in their joint opinion be consistent with the general tenor of this Agreement. Any such interpretive or additional provisions are to be signed by the parties and annexed hereto, but no such provisions shall contravene any applicable federal or state law or regulation and no such interpretive or additional provision shall be deemed to be an amendment of this Agreement.

Article 16. Miscellaneous.

16.01. The name Scudder Income Fund is the designation of the Trustees for the time being under a Declaration of Trust dated November 3, 1987, as amended, and all persons dealing with the Fund must look solely to the Fund property for the enforcement of any claims against the Fund as neither the Trustees, officers, agents nor shareholders assume any personal liability for obligations entered into on behalf of the Fund. No Series of the Fund shall be liable for any claims against any other Series of the Fund.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers designated below as of the day and year first above written.

SCUDDER TRUST COMPANY

BY:/S/ Dennis [Illegible]}

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Title: Vice President/Treasurer

SCUDDER INCOME FUND

BY:/S/ David S. Lee

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Title: Vice President



## SCUDDER TRUST COMPANY

FEE INFORMATION FOR SERVICES PROVIDED UNDER  
COMPASS AND TRAK 2000 SERVICE AGREEMENT

Annual service charge for each participant's account in a retirement and employee benefit plan:

	Each Account or ----- Sub Account -----
Money Market Funds	\$ 34.50
Non-Money Market Funds	29.00
Closed Account	5.00
Information Access:	
o VRU Access Charge per Call	0.20
o Internet	To be determined

1/12th of the annual service charge shall be charged and payable each month. It will be charged for any account or subaccount which at any time during the month had a share or unit account balance in the fund.

Out of pocket expenses shall be paid by the Fund directly to the Vendor. Such expenses include but are not limited to the following:

## Supplies:

Stationery and envelopes in connection with participant statements and administrative Reports  
Telephone (portion allocable to servicing accounts)  
Postage, overnight service or similar services  
Microfilm and Microfiche  
Checks

On behalf of the Funds listed on  
Attachment A:

Scudder Trust Company

By: \_\_\_\_\_  
David S. Lee  
President or Vice President

By: \_\_\_\_\_  
Dennis M. Cronin, Jr.  
Senior Vice President and Treasurer

Date: October 1, 1996

Date: October 1, 1996

ATTACHMENT A

COMPASS and TRAK 2000 SERVICE AGREEMENT

MONEY MARKET FUND SERVICE ACCOUNTS

Money Market Accounts

Scudder Cash Investment Trust  
Scudder U.S. Treasury Money Fund

NON-MONEY MARKET FUND SERVICE ACCOUNTS

Monthly Income Funds

Scudder Global Bond Fund  
Scudder GNMA Fund  
Scudder High Yield Bond Fund  
Scudder International Bond Fund  
Scudder Short Term Bond Fund

Quarterly Distribution Funds

Scudder Balanced Fund  
Scudder Emerging Markets Income Fund  
Scudder Growth and Income Fund  
Scudder Income Fund

Annual Distribution Funds

Scudder Capital Growth Fund  
Scudder Classic Growth Fund  
Scudder Development Fund  
Scudder Global Discovery Fund  
Scudder Global Fund  
Scudder Gold Fund  
Scudder Emerging Markets Growth Fund  
Scudder Greater Europe Growth Fund  
Scudder International Fund  
Scudder Latin America Fund  
Scudder Micro Cap Fund  
Scudder Pacific Opportunities Fund  
Scudder Quality Growth Fund  
Scudder Small Company Value Fund  
Scudder 21st Century Growth Fund

Scudder Value Fund  
Scudder Zero Coupon 2000 Fund

October 1, 1996

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SHAREHOLDER  
SERVICES AGREEMENT

This Agreement, made as of the 1st day of June, 1990, between SCUDDER GROWTH AND INCOME FUND (the "Fund") an open-end investment company which is registered under the Investment Company Act of 1940, as amended, ("1940 Act"), and CHARLES SCHWAB & CO., INC. ("Schwab"), a corporation organized under the laws of California which is a Securities and Exchange Commission licensed transfer agent which has its principal place of business at 101 Montgomery Street, San Francisco, California 94104.

WHEREAS, Schwab has established the Charles Schwab & Co., Inc. Defined Contribution Prototype Plan (the "Prototype Plan") pursuant to which employers may establish or amend employee benefit plans and their related Trusts ("Trusts"), and Schwab will offer to provide record keeping and trustee services with respect to participants in Prototype Plans; and

WHEREAS, participants in Prototype Plans may direct that all or a portion of their accounts may be invested in shares of the Fund; and

WHEREAS, the Fund desires that Schwab perform certain services for it; and

WHEREAS, the performance of such services by Schwab will benefit the Fund and those participants in Prototype Plans who have directed that all or a portion of their accounts be invested in shares of the Fund; and

WHEREAS, Schwab is willing to perform such services on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of mutual promises set forth below, the parties agree as follows:

1. Omnibus Account. The Fund will cause to be maintained on its shareholder records a single account in the name of Schwab, which account shall include all shares of the Fund held by "Trust Client Shareholders", as defined below, for the benefit of participants in the Prototype Plans.
2. Trust Client Shareholders. Trusts which are related to Prototype Plans and which acquire an interest in the Fund shall herein be referred to as Schwab's "Trust Client Shareholders."
3. Services. Schwab will perform for the Fund the shareholder services set

forth in Exhibit A hereto. Schwab also agrees to perform for the Fund such special services incidental to the performance of the services set forth herein as agreed to by the parties from time to time. Schwab will perform such additional services as are provided on an amendment to Exhibit A hereof, in consideration of the fees set forth in Section 7 below.

4. Agents of Schwab. Upon 60 days prior written notice to the Fund, unless waived by the Fund, Schwab may, in its discretion, appoint in writing other parties qualified to perform shareholder services to carry out some or all of its responsibilities under this Agreement.
5. Compliance With Law. The Fund assumes full responsibility for the preparation and contents of each prospectus, annual report or proxy statement of the Fund and for compliance thereof with all applicable requirements of the Securities Act of 1933, as amended, the Investment Company Act of 1940, as amended, and any other laws, rules and regulations of governmental authorities having jurisdiction. Schwab will comply with all regulatory requirements applicable to it with respect to transmitting orders to purchase or redeem Fund shares.
6. Mailing of Materials and Tabulation of Proxies. Subject to Section 5 hereof, the Fund specifically agrees that Schwab may designate a party for the purpose of mailing the materials described in Section 5 hereof on behalf of the Fund to Schwab's Trust Client Shareholders and for tabulation of returned proxy ballots, with the Fund bearing the reasonable costs of postage and mail house handling. Within a reasonable period prior to the record date, the Fund shall contact such designated party to establish the procedures for such mailing and tabulation of all returned proxy ballots.
7. Fee. For the services provided under this Agreement, the Fund will compute and pay Schwab a monthly fee as follows:

\$1.50 per month per participant account in each Trust Client Shareholder. The fee shall be charged only for participant accounts which held shares in the Fund during the month.

Schwab, through the recordkeeper for adopters of the Prototype Plans, will provide the Fund with a monthly accounting of the assets and the number of participants accounts on whose behalf Schwab's Trust Client Shareholders have invested in Fund Shares. Such accounting shall be for the purpose of computing the fee to be paid Schwab. Each month's fee shall be paid to Schwab monthly.

8. Nonexclusivity. The services furnished to the Fund by Schwab under this agreement are not to be deemed exclusive and Schwab shall be free to furnish similar services to other investment companies registered under the 1940 Act so long as its services under this Agreement are not impaired

thereby. Nothing under this Agreement shall limit or restrict the right of any employee, officer or director of Schwab to engage in any other business or to devote his or her time and attention in part of the management or other aspects of any other business, whether of similar or dissimilar nature.

9. Proprietary Information. The Fund agrees that neither it nor its representatives or agents will use or distribute the names of Schwab's Trust Client Shareholders that it may obtain by reason of the relationship with Schwab under this Agreement.
10. Schwab's Reliance on Records and Instructions. Schwab may rely on any written records or instructions provided to it by the Fund.
11. Uncontrollable Events. Schwab assumes no responsibility hereunder, and will not be liable, for any damage, loss of data, delay or any other loss whatsoever caused by events beyond its reasonable control.
12. Standard of Care. Schwab will use its best efforts to ensure the accuracy of all services performed under this Agreement, but will not be liable to the Fund for any action taken or omitted by Schwab in the absence of bad faith, willful misconduct or negligence. Schwab shall not be liable for any losses to the Fund caused by the Fund but shall use reasonable efforts to recover losses to the Fund.

13. Reports. Schwab will furnish to the Fund and to the Fund's properly authorized auditors, investment advisers, examiners, distributors, dealers, underwriters, salesmen, insurance companies and others designated by the Fund in writing, such reports at such times as are reasonably agreed upon by the Fund and Schwab.
14. Rights of Ownership. All computer programs and procedures developed by Schwab to perform services required to be provided by Schwab under this Agreement are the property of Schwab, except such programs and procedures developed by the Fund or Scudder, Stevens & Clark, Inc. and its affiliates.
15. Assignment. This Agreement and the rights and duties hereunder shall not be assignable by either of the parties hereto except by the specific written consent of the other party. This Section shall not limit or in any way affect Schwab's right to appoint an agent pursuant to Section 4 hereof.
16. Terms. This Agreement may be terminated by either party upon sixty (60) days written notice mailed to the Fund at: c/o D.M. Cronin, Scudder Fund Distributors Inc., 175 Federal Street, Boston, MA 02110 and to Schwab at 101 Montgomery Street, San Francisco, California 94101, Attention: General Counsel.



17. If the Fund is a Massachusetts Business trust the obligations of the Fund under this agreement are not binding upon any Trustees, officers, agents or shareholders of the Fund individually, but bind only the trust estate of the Fund, and all persons dealing with the Fund must look solely to the Fund property for the enforcement of any claims against the Fund. Furthermore, the parties hereto acknowledge that the Fund may be an investment company whose assets may allocated to two or more series. In such a case, Schwab agrees to seek satisfaction of all obligations hereunder solely out of the assets of the series on whose behalf the transaction giving rise to the obligation was entered into.
18. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names and on their behalf by and through their duly authorized officers as of the date and year first above written.

CHARLES SCHWAB & CO., INC.

Dated: June 4, 1990

By:/s/ David Krim

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David Krim  
Vice President  
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(Typed Name)

SCUDDER GROWTH AND INCOME FUND

Dated: June 1, 1990

By:/s/ David S. Lee

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David S. Lee  
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(Typed Name)

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## EXHIBIT A

### SHAREHOLDER SERVICES

#### I. Record Maintenance.

Schwab will provide full maintenance of all shareholder records will include:

- A. Share balance;
- B. Account transaction history, including dividends and other distributions paid and the date and price for all transactions;
- C. Name and address of the record shareholder, including zip codes and tax identification numbers but will not include responsibility for obtaining certified tax identification numbers or impending back-up withholding;
- D. Records of distributions and dividend payments;
- E. Transfer records; and
- F. Overall control records.

## II. Controls

- A. Schwab shall maintain all balance controls daily and produce monthly summaries of the Trust Client Shareholder accounts expressed in:
  - 1. shares; and
  - 2. dollar amounts.

## III. Special Services Included

- A. Prepare envelopes/labels and mail proxy statements; tabulate votes from returned ballots.
- B. Mail Fund reports and prospectuses and Statements of Additional Information.

Coopers  
& Lybrand

Coopers & Lybrand L.L.P.  
a professional services firm

Consent of Independent Accountants

To the Board of Directors and Trustees of Scudder Investment Trust:

We consent to the incorporation by reference in the Post-Effective Amendment No. 78 to the Registration Statement of Scudder Large Company Growth Fund (formerly Scudder Quality Growth Fund) on Form N-1A of our report dated December 16, 1996 on our audit of the financial statements and financial highlights of Scudder Quality Growth Fund which report is included in the Annual Report to Shareholders for the fiscal year ended October 31, 1996 which is incorporated by reference in the Post Effective Amendment to the Registration Statement.

We also consent to the reference to our Firm under the caption, "Experts."

Boston, Massachusetts  
December 20, 1996

/s/Coopers & Lybrand L.L.P.  
Coopers & Lybrand L.L.P.

A GUIDE TO  
SCUDDER FLEXI-PLAN

- =====
- o General Information
  - o Questions and Answers
  - o Plan Agreement
- 

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Scudder Flexi-Plan is a tax-qualified retirement plan consisting of a profit sharing plan and a money purchase pension plan.

Flexi-Plan is for self-employed individuals (sole proprietors or partnerships) and corporations.

It is a significant improvement on Keoghs.

SCUDDER  
SERVING INVESTORS SINCE 1919

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INTRODUCTION

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Scudder Flexi-Plan is a tax-qualified retirement program designed to meet the needs of self-employed individuals, sole proprietors, partnerships and corporations. If you're self-employed, it's an important advancement in Keogh plans, allowing you to reduce your current tax bill while providing for the future of everyone who participates in your plan.

Here are some of the important advantages offered by Scudder-Flexi-Plan:

- o Significantly enhanced benefits for the self-employed. Flexi-Plan is part of a new generation of Keogh plans offering self-employed individuals the same benefits previously available only through corporations, including higher tax-deductible contribution limits.
- o Two plans to choose from. Our Flexi-Plan encompasses a profit sharing plan and a money purchase pension plan: These plans can be used together to maximize your flexibility and your tax-deductible contributions.
- o The Scudder funds. Flexi-Plan investments are made in the Scudder family of mutual funds. With the Scudder funds you can design an investment strategy to suit your objectives, now and in the future. Invest for growth, income, stability, or any combination. You get a full range of investment choices, with the flexibility to exchange among the funds with a simple, toll-free call. And because all Scudder funds are no load, 100% of your investment can go to work for your retirement.
- o The Scudder distinction. Scudder is one of the nation's largest and most experienced investment counsel firms. We manage billions of dollars for astute investors around the world. We pioneered the first no-load mutual fund in 1928, and we have over 30 years of experience and commitment to retirement planning.

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A Scudder Retirement Plan Specialist can answer any questions you have about Flexi-Plan and help you complete our enrollment forms. Just call 1-800-323-6105.  
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HOW YOU BENEFIT FROM A  
SCUDDER FLEXI-PLAN  
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An immediate  
tax break

Your contributions are tax-deductible. This can significantly reduce your tax bill. If you're in the 28% tax bracket, a \$12,000 contribution to a Flexi-Plan will save you \$3,360 that you would otherwise pay in current taxes.

-----  
Tax-deferred  
compounding

Your contributions can grow free from state and federal taxes until withdrawn--usually at retirement. This means all of your earnings are reinvested tax-deferred, so they in turn earn more for you. Tax-deferred compounding is one of the keys to real growth.

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Favorable tax  
treatment for  
distributions

A lump sum distribution from your Flexi-Plan may be eligible for special tax treatment called "5-year forward averaging." By taxing your distribution as if it were your only income, and as if you received 1/5 of it each year for 5 years, 5-year forward averaging can significantly reduce your tax bill. For Flexi-Plan investors it's an important advantage which is not available with IRAs and SEPs.

THE PRINTED DOCUMENT CONTAINS A MOUNTAIN CHART HERE

MOUNTAIN CHART TITLE:

The Advantages of Tax Deferred Investing

MOUNTAIN CHART DATA:

This chart illustrates the advantage of deferring taxes while saving for your retirement. If you invest \$12,000 in your plan each year for 25 years, and earn an 8% return on your investment each year, then at the end of this period you'll have \$947,453 in your account. If you invest the same amount each year in a taxable account, and you're in the 28% tax bracket, paying taxes on your investment income directly from this account, you'll have only \$484,712 at the end of the same 25 years. Of course, your actual return and tax bracket will vary, and retirement plan balances become taxable at distribution. Your results will differ from those in this example.

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IMPORTANT FEATURES OF THE

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A wide range  
of no load  
investments

Scudder offers a family of commission-free mutual funds including money market funds, income funds and growth funds. You can tailor your Flexi-Plan investments to meet your needs by selecting one or more funds with an objective similar to your own. The blue booklet, "How to select the right Scudder funds for you," will help you make the right choice.

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Complete  
flexibility

With Scudder, you always have the freedom to exchange among our funds as your needs or market conditions change. All it takes is a simple toll-free call.

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No fees or  
charges

There's no set-up fee for Scudder Flexi-Plan, no annual maintenance fee, and no fee if you should close your account. And all of the Scudder funds are no-load so every dollar you invest goes to work for your future. Complete this to any other retirement programs you might consider.

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Friendly,  
professional  
service

As a Flexi-Plan investor, you'll receive regular fund reports and a quarterly newsletter covering topics of interest and concern to investors. And you'll have toll-free access to experienced Service Representatives who are ready to assist you with instant updates on your account and speedy answers to your questions.

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Convenient  
recordkeeping

We will send you and your employees detailed account statements, and State Street Bank, as the trustee for your Flexi-Plan, will send you the information you or your accountant will need to file 5500 forms.

If yours is a larger plan, ask about alternative arrangements, including more complete plan administration. You also have the option of naming trustees other than State Street. Call our Retirement Plan Specialists for details.

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Retirement Plan  
Specialists

If you have any questions about Scudder Flexi-Plan, you can call our Retirement Plan Specialists toll-free at 1-800-323-6105. They can explain how to calculate the right contribution and assist you in completing our enrollment forms. And our Service Representatives are always available to help you match a fund to your objectives. Just call 1-800-225-2470.

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QUESTIONS AND ANSWERS  
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Flexi-Plan

Q. What is Scudder  
Flexi-Plan?

A. Flexi-Plan is a complete retirement program consisting of a profit sharing plan and a money purchase pension plan. They can be used separately or together.

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Q. Who is eligible for the  
Scudder Flexi-Plan?

A. Self-employed individuals (including sole proprietors and partnerships) and corporations (including Subchapter corporations) are eligible, so you're eligible if you are any of the following:

- o a member of a corporate Board of Directors;
- o an owner of a small business;
- o a freelancer providing services for a fee;
- o a person with self-employment income from a part-time job--even if you are also employed by a company with a qualified retirement plan.

Q. Can I start a Flexi-Plan  
if I already have a Keogh or other  
qualified retirement plan?

A. You can, so long as your total contributions to all of your retirement plans do not exceed the maximum allowed by law. (IRA contributions are not counted towards this limit.)

Q. Can I have a Flexi-Plan  
and an IRA?

A. Yes, anyone covered by a Flexi-Plan is also entitled to make a tax-deductible IRA contribution of up to \$2,000 for the 1986 tax year.

For 1987, you'll still be able to invest as much as \$2,000 in an IRA, but if you're covered by a Flexi-Pan and your adjusted gross income exceeds \$40,000 (for joint filers) or \$25,000 (for single filers) part or all of your IRA contribution will be nondeductible.

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Q. What fees are involved?

A. There are no fees at all for either you or your employees. You pay no sales charge when you buy or sell fund shares. There are no separate charges for opening, maintaining or closing an account.

Q. What is the minimum  
contribution necessary to start a  
Flexi-Plan?

A. If you are the only person participating in your plan, then your minimum contribution to open either the profit sharing or pension plan alone is just \$500. You can invest in more than one fund as long as you place at least \$500 in each fund. If you adopt the second plan, your minimum contribution for the

second plan is \$300 per fund.

If your Flexi-Plan covers more than one person, then the minimum initial contribution to either the profit sharing or pension plan alone equals \$300 multiplied by your number of participants. Your contribution can be allocated among your participants in any amounts.

For example, if your plan covers three people your initial contribution should be at least \$1500 (3 x \$500). You might contribute \$700 for participant A, \$500 for participant B, and \$300 for participant C. If you adopt the second plan, your minimum initial investment in the second plan equals \$300 multiplied by your number of participants.

Once you establish a plan, your contributions to existing accounts may be  
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Q. When should I start my Flexi-Plan?

A. You must establish your plan by the end of your fiscal year to obtain a tax deduction for that year. If you are a calendar year taxpayer (a self-employed professional, for instance, whose taxes are due on April 15th) then you have until December 31st to start a plan the current year.

Q. What is the deadline for making contributions?

A. You have until the day your tax return is due (inducting any extensions) to make your full contributions. Of course, the sooner you make your contributions the sooner your retirement dollars begin compounding tax-deferred, so it pays to start as early as possible in each new year.

Q. How much can I contribute to the Flexi-pension and profit sharing plans together?

A. If you are incorporated, you can contribute as much as 25% of earned income--up to \$30,000 for each person covered by your plan.

If you are self-employed, the same limits apply, but earned income is defined differently for you. Your earned income equals your net profits less retirement plan contributions made on your behalf. The result is that 25% of your earned income will equal 20% of your net profits. If you are a sole proprietor, your net profits will appear on your Schedule C.

Your employees are still eligible to receive a contribution of up to 25% of their wages.

Example: Assume you are self-employed, have net profits of \$100,000 and no employees. You'd like to contribute the maximum allowable.

You can contribute \$20,000. This would be 20% of your net profits (20% x \$100,000) which is the same as 25% of your earned income [25% x (\$100,000-\$20,000)]. The difference between earned income and net profits is the retirement plan contribution.

The specific contribution limits for each plan are explained later.



Q. What are the advantages of using Flexi-Plan's profit sharing plan?

A. The profit sharing plan provides you with the greatest flexibility. You can change the percentage of compensation you contribute each year. You can also skip a year and make no contribution, if you like.

You can contribute as much as 15% of earned income (again, up to \$30,000 per participant) to a profit sharing plan. If you don't intend to contribute any more than 15%, then the profit sharing plan is your best option. If you'd like to contribute more than 15%, then you should consider the money purchase pension plan in conjunction with the profit sharing plan, or the pension plan alone.

Q. What are the advantages of using Flexi-Plan's money purchase pension plan?

A. The pension plan allows you to contribute the maximum amount. You can contribute as much as 25% of compensation, up to \$30,000 for each participant, to a pension account. The pension plan, however, limits your flexibility. You must contribute a fixed percentage of each participant's compensation to the pension plan each year--even if you have no earnings or profits. You cannot change the percentage you contribute for any year unless you amend your plan.

Q. If I'm self-employed, am I required to contribute to the money purchase pension plan for the year if I have no earnings?

A. No, you are not required to make any contributions for yourself, since contributions are calculated as a fixed percentage of earnings. However, if you have employees you may need to contribute for them.

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Q. Should I adopt both the profit sharing plan and the pension plan?

A. If you're interested in contributing more than 15% you can adopt the profit sharing plan and the pension plan together. This will provide you with the maximum tax-break plus the flexibility to change the percentage of compensation you contribute each year--by as much as 15% by altering your contributions to the profit sharing plan.

Here's how you would divide your contributions if you want to contribute the full 25%:

- o To insure maximum flexibility, you would contribute 15% to the profit sharing plan.
- o To bring your contributions to 25%, you would contribute an additional 10% to the pension plan.

Remember, with the pension plan you would be committed to contributing a fixed 10% each year, but you could vary the level of your contributions to the profit sharing plan from 0% to 15%.

Q. How much can I contrib-

ute to each plan if I'm self-employed?

A. You'll recall that self-employed people can make contributions of up to 25% of earned income, which equals 20% of net profits.

If you're contributing 15% to the profit sharing plan alone you would multiply your net profits by 13.043%. The result will equal 15% of your earned income.

If you're adopting both plans and contributing the maximum, 13.043% for the profit sharing plan does not apply, because you must consider both plans together. As a self-employed individual you would contribute 12% to the profit sharing plan and 8% to the pension plan. These contributions are based on net profits.

Contributions for any employees are based on each individual's compensation as shown on their W-2 forms.

Calculating Your Contribution Limits  
(multiply this percentage by net profits if you are self-employed)

	maximum deduction for	profit sharing plan	total pension plan	contribution limit
Adopting only profit sharing plan	Self-employed Employees	13.043% 15	-- --	13.043% 15
Adopting only pension plan	Self-employed Employees	-- --	20 25	20 25
Adopting both plans	Self-employed Employees	12 15	8 10	20 25

Q. Can I make voluntary contributions to Flexi-Plan?

A. Yes, if you choose to, you and your plan's participants can each make nondeductible voluntary contributions totaling 10% of your cumulative wages during the time you or they are covered by the plan. This is above and beyond the regular contributions you make as the employer.

If you're self-employed, your nondeductible voluntary contributions can be up to 10% of net profits after your deductible retirement plan contributions. In a year when you make the maximum tax-deductible contribution, full voluntary contributions may not be made.

Q. What are the benefits of making voluntary contributions?

A. All the earnings on these contributions are tax-deferred until withdrawn. They allow you to accumulate even greater retirement savings.

Q. Is there a deadline for making voluntary contributions?

A. No, voluntary contributions can be made at any time.

Q. Can I place a distribution from another qualified retirement plan in my Flexi-Plan account?

A. Yes, you can roll over lump sum distributions from other qualified retirement plans. This allows you to continue deferring taxes and retain any right you have to use special forward averaging on subsequent lump sum distributions.

(Note: Generally, if you owned more than 5% of a business, a distribution from a plan sponsored by that business may not be rolled over to another qualified plan.)

Q. Can I transfer an existing corporate retirement plan or Keogh to Scudder?

A. Yes, and we'll do all the paperwork. Simply use the Transfer Form included in this kit. There are no tax penalties involved.

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Q. When can distributions begin?

A. Generally, a participant in Flexi-Plan can start distributions either at retirement or at normal retirement age, whichever is later. Your plan administrator can, in many cases, approve earlier distributions. However, stating in 1987, distributions before age 59-1/2 may be subject to a 10% penalty tax unless rolled over or distributed in a certain manner. In addition,

owners of more than 5% of the business:

- o must begin distributions by April 1st of the year following the year they turn age 70-1/2, even if they continue to work and to make contributions.

other plan participants:

- o may receive distributions when they terminate employment, or when the plan terminates.

- o prior to 1989, need not begin distributions until retirement, even if over age 70-1/2.

Voluntary contributions may be withdrawn at any time.

Q. How can I take out my money?

A. There are three ways to withdraw your money, depending on your plan(s) and your particular situation:

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1. A lump sum payment allows you to withdraw your entire investment at once.
  2. Periodic installments allow you to receive your money over a period of time.
  3. Annuity payments ensure that you receive payments as long as you or your

spouse live.

Please review the Plan Document carefully to decide which options are available for your situation.

Q. How are Flexi-Plan distributions taxed?

A. If you take periodic distributions from your account, they will be taxed as ordinary income.

If you ask to receive a lump sum, then your distribution may be eligible for special forward averaging, a tax treatment which can significantly reduce your tax bill. Lump sum distributions can also be placed in an IRA rollover, where they can continue to tax-deferred.

Q. How does the Tax Reform Act of 1986 change the rules for Flexi-Plan investors?

A. This law makes several changes to the rules governing Keoughs, pensions, and profit sharing plans. You should note that the major benefits of investing in a Flexi-Plan--a large annual tax-deduction and tax-deferred compounding of investment returns--remain intact, and more important than ever.

New rules for the 1987 tax year

- o Nondeductible voluntary contributions will count toward the 25% or \$30,000 ceiling on annual contributions starting with the 1987 tax year.
- o Withdrawals made before age 59-1/2 will generally be subject to a 10% IRS penalty, unless rolled over to another plan or distributed in a certain manner.
- o Plan participants whose adjusted gross income exceeds \$50,000 (for joint filers) or \$35,000 (for single filers) will be able to make only nondeductible IRA contributions.
- o Lump sum distributions will be eligible for five-year forward averaging (formerly 10-year) under restricted conditions. 10-year averaging may apply for individuals who reached age 50 before 1/1/86.

New rules effective with the 1989 tax year

- o Contributions can be based on only the first \$200,000 of compensation for any one person, even if the retirement plan is not top heavy. (A self-employed person can base contributions on as much as \$230,000 if making a \$30,000 contribution.)
- o Employees cannot be required to complete more than two years of service before becoming eligible to participate in a retirement plan.
- o Vesting schedule will be tightened resulting in more rapid vesting for plan participants.
- o All participants will be required to begin distributions by April 1 of the year following the year they turn 70-1/2, even if they continue to work and receive contributions at the same time.
- o There will be a 50% IRS penalty on distributions which were required but not received by plan participants over age 70-1/2.

A more detailed explanation of the tax reform changes, titled "Scudder Flexi-Plan

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For Those Plans Covering Employees

Q. If I have employees,  
should they be covered by this  
Plan?

A. Yes. You must include full-time employees and certain part-time employees, if they meet specific conditions. You can require your employees to complete a waiting period before becoming eligible to participate, or you can offer them immediate participation. Prior to 1989 the most stringent eligibility requirements allowed are 3 years of service and 21 years of age.

Q. How much should I con-  
tribute for each of my employees?

A. Contributions for any employees are based on each individual's compensation as shown on their W-2 forms. You contribute the same percentage of compensation for each employee that you contribute for yourself. For example, you might contribute 5% of compensation for each eligible participant. Maximum contribution limits for employees are shown in the chart on page 7.

Q. Does Flexi-Plan allow for  
Social Security integration?

A. Yes. As an employer you already contribute toward retirement for each of your employees by making payments to Social Security. Your Social Security contributions are based on each employee's wages; however, wages in excess of the Social Security wage base are not taken into account.

Integration allows you to allocate a portion of your total retirement plan contribution to employees whose wages exceed the Social Security wage base (or a lower amount which you can select). In effect, integration allows you to consider your Social Security contributions together with your retirement plan contributions for the purpose of allocation. (A top heavy plan will still have to make minimum contributions.)

Q. How are contributions  
vested?

A. You can select full and immediate vesting, 6-year graduated vesting, or something in between. (If you choose a waiting period of more than one year for eligibility, vesting must be full and immediate.)

Q. Can participants make  
their own investment decisions?

A. Each participant's account will be self-directed within the Scudder family of funds, unless you decide to have your plan administrator make the investment decisions. Generally, the employer is the plan administrator.

Q. Does Flexi-Plan permit  
loans?

A. You have the option of allowing participants to borrow from your plan. Loans must be available to all plan participants on an equal basis.

Plan loans can be an important source of funds for participants in times of hardship. A reasonable rate of interest is required on plan loans.

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Q. What is a "top heavy"  
plan?

A. A top heavy plan is one in which more than 60% of the benefits go to key employees. This is frequently the case in small businesses where there are few employees.

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Q. Who are key employees?

A. A key employee is an employee who at any time during the plan years or any of the preceding four plan years, is one of the following:

- o an individual owning more than 5% of a business;
- o an individual owning more than 1% of a business and earning more than \$150,000;
- o an officer of a business earning more than \$45,000;
- o one of the 10 employees earning more than \$30,000 and owning the largest interests in the employer.

Q. Are there special requirements for top heavy plans?

A. Top heavy plans must allocate a contribution of at least 3% to non-key employees (or the percentage equal to the highest contribution rate used for key employees). Top heavy plans must also provide that vesting for eligible participants reach 100% after 6 years. This rule is incorporated in the Flexi-Plan.

Q. Does the Flexi-Plan satisfy TEFRA's top heavy rules?

A. Yes, the Flexi-Plan automatically includes provisions that satisfy these rules regarding top heavy plans.

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Q. What kind of reports will I need to file?

A. You should file a Summary Plan Description with the U.S. Department of Labor within 120 days of starting your Flexi-Plan. We'll send one to you with instructions as soon as you sign up.

You may also have to file the IRS Form 5500 Series Report for your plan each year. It's due by the final day of the seventh month following the end of your plan year. This will be July 31 for those plans on a calendar year. State Street Bank and Trust Co., if trustee, will send you the information you need to complete the form.

Q. What kind of notification should I give to my employees?

A. You must post a Notice to Interested Parties. You should also make a copy of the Summary Plan Description available to each of your participants. The

Notice to Interested Parties is included in the enrollment book.

Q. Will I need to apply to the  
IRS for a determination letter?

A. If you use the Adoption Agreements enclosed in this kit (which appoint State Street Bank as Trustee), you can rely on Scudder's IRS opinion letter, unless you maintain or have maintained at any time another qualified plan (other than a plan amended into a Flexi-Plan appointing State Street Bank as trustee or another Flexi-Plan appointing State Street Bank as trustee). If you have maintained another plan, you'll have to file for a determination letter from the IRS for assurance that both your plans will be qualified.

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How to Start Your Flexi-Plan

Q. What should I do to start  
a Flexi-Plan?

A. Everything you need is right in this package. After reading all of the enclosed material, including the prospectus for the fund or funds you've selected, turn to the booklet of enrollment forms and follow the instructions there. (If you need a new prospectus, please give us a call.)

SCUDDER  
PROTOTYPE PLAN  
Basic Plan Document 01

SECTION 1.  
INTRODUCTION

The Employer has established this Plan (the "Plan") consisting of the Adoption Agreement and the following provisions (the "Prototype Plan") for the exclusive benefit of its Employees and their Beneficiaries.

SECTION 2.  
DEFINITIONS

Where the following words and phrases appear in this Plan, they shall have the respective meanings set forth below, unless their context clearly indicates a contrary meaning. The singular herein shall include the plural, and vice versa, and the masculine gender shall include the feminine gender, and vice versa, where the context requires.

2.01 "Account" shall mean the Trust assets held by the Trustee for the benefit of a Participant, which shall be the sum of the Participant's Employer Contribution Account, Nondeductible Voluntary Contribution Account, Deductible Voluntary Contribution Account, Rollover Account, and any transfer account established pursuant to Section 4.04 hereof with respect to funds transferred on the Participant's behalf.

2.02 "Act" shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.03 "Administrator" shall mean the person or persons specified in Section 12.01 hereof.

2.04 "Adoption Agreement" shall mean the agreement by which the Employer has most recently adopted or amended the Plan.

2.05 "Beneficiary" shall mean any person or legal representative effectively designated by the Participant as a person entitled to receive benefits on or after the death of a Participant within the meaning of Code

Section 401(a)(9)(E) and any regulations promulgated thereunder by the Secretary of the Treasury.

2.06 "Code" shall mean the Internal Revenue Code of 1954, as amended. Reference to a section of the Code shall include any comparable section or sections of future legislation that amends, supplements or supersedes such section.

2.07 "Compensation" shall mean the amount paid during the Plan Year by the Employer to the Employee for services rendered while a Participant, as reportable to the Federal Government for the purpose of withholding Federal income taxes, but not including, so long as the Plan is not integrated with Social Security, amounts attributable to any category specified in the Adoption Agreement. If so specified in the Adoption Agreement, Compensation shall also mean amounts paid to the Employee for services rendered for the entire Plan Year in which an Employee became a Participant whether or not such an Employee was a Participant for the entire Plan Year. In the case of a Self-Employed Individual, the above determination of Compensation shall be made on the basis of the Self-Employed Individual's Earned Income. Notwithstanding the previous sentence, for the purposes of the limitations imposed by Section 401(a)(i)(C)(II) below, Compensation of a Self-Employed Individual shall be determined in accordance with the rules provided in Code Section 404(a)(8)(D).

2.08 "Current Accumulated Earnings and Profits" of an Employer other than a sole-proprietorship or partnership shall mean the Employer's current or accumulated earnings and profits, as determined on the basis of the Employer's books of account in accordance with generally accepted accounting practices, without any deductions for Employer Contributions under the Plan (or any other qualified plan) for the current Year or for income taxes for the current Year, and without regard to the Employer's election to be taxed as a small business corporation, if it has so elected. If the Employer is a sole-proprietorship or partnership, "Current or Accumulated Earnings and Profits" shall mean the net income of such Employer before deduction for income taxes and contributions made hereunder.

2.09 "Deductible Voluntary Contribution Account" shall mean the separate account maintained pursuant to Section 6.03(c) hereof for the Deductible Voluntary Contributions made by the Participant and the income, expenses, gains and losses attributable thereto.

2.10 "Deductible Voluntary Contributions" shall mean the contributions made by Participants in accordance with Section 4.02 hereof, which respective contributing Participants designate as "Deductible Voluntary Contributions" at the time of contribution, and which comply with the requirements of Code Section 219.

2.11 "Designated Investment Company" shall mean a regulated investment company for which Scudder, Stevens & Clark, its successor or any of its affiliates, acts as investment adviser and which is designed by Scudder Fund Distributors, Inc. or its successors, as eligible for investment under the Plan.

2.12 "Designation of Beneficiary" or "Designation" shall mean the document executed by a Participant under Section 15.

2.13 "Disability" shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expect to result in death or last for a continuous period of 12 months or more, as certified by a licensed physician selected by the Participant and approved by the Employer.

2.14 "Distributee" shall mean the Beneficiary or other person entitled to receive the undistributed portion of the Participant's Account under Section 8 because of death or under Section 14 because of incompetency or inability to ascertain or locate such individual.

2.15 "Distributor" shall mean Scudder Fund Distributors, Inc. or its



successor.

2.16 "Earned Income" shall mean the net earnings from self employment in the trade or business with respect to which the Plan is established, for which personal services of the Owner-Employee or Self-Employed Individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan, including this Plan, to the extent deductible under Code Section 404.

2.17 "Effective Date" shall mean the date specified by the Employer in the Adoption Agreement.

2.18 "Election Period" shall mean the period which begins of the first day of the Plan Year in which the Participant attains age 35 and which ends on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which he or she attains age 35 the Election Period with respect to his or her vested Account balance (as of his or her date of separation) shall begin on his or her date of separation.

2.19 "Employee" shall mean an individual who performs services in the business of the Employer in any capacity (including any individual deemed to be an employee of the Employer under Code Section 414(n)).

2.20 "Employer" shall mean the organization or other entity named as such in the Adoption Agreement and any successor organization or entity which adopts the Plan.

Any two or more organizations or entities which are members of (a) a controlled group of corporations (as defined under Code Section 414(b)), (b) a group of trades or businesses (whether or not incorporated) which are under common control (as defined under Code Section 414(c)), or (c) an affiliated service group (as defined under Code Section 414(m)), will be considered to be the Employer for the purposes of the Plan, unless the Plan is adopted as a nonstandardized plan, the adopting Employer makes a written election to the contrary and such written election is attached to the Adoption Agreement. Any such attached, written election shall become part of the Adoption Agreement.

2.21 "Employer Contribution Account" shall mean the separate account maintained pursuant to Section 6.03(a) hereof for the Employer Contributions allocated to a Participant and the income, expenses, gains and losses attributable thereto.

2.22 "Employer Contributions" shall mean the contributions made by the Employer in accordance with Section 4.01 hereof.

2.23 "Hour of Service" shall mean:

(a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours shall be credited to the Employee for the computation period in which the duties are performed;

(b) Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including Disability), layoff, jury duty, military duty or leave of absence. No more than 501 Hours of Service shall be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period). Hours under this subsection shall be calculated and credited pursuant to section 2530.200b-2 of the Department of Labor Relations which are incorporated herein by reference;

(c) Solely for the purpose of determining whether a One-Year Break in Service has occurred, each hour which normally would have been credited to an Employee (or in any case in which such hour cannot be determined, eight hours per day of such absence) but for an absence from work during a Plan Year

beginning after December 31, 1984 because of such individual's pregnancy, birth of a child of the individual, placement of an adopted child with the individual, or caring for an adopted or a natural child following placement or birth. Hours of Service under this paragraph shall be credited in the Plan Year in which the absence begins if the individual would otherwise have suffered a One-Year Break in Service, and in all other cases, in the immediately following Plan Year. No more than 501 Hours of Service shall be credited under this paragraph by reason of any one placement or pregnancy. Notwithstanding any implication of this subsection (c) to the contrary, no credit shall be given under this subsection (c), unless the Employee makes a timely, written filing with the Administrator which establishes valid reasons for the absence and enumerates the days for which there was such an absence;

(d) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service shall not be credited both under subsection (a), (b) or (c), as the case may be, and under this subsection (d). These hours shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made.

Where the Employer maintains the plan of a predecessor employer, service for such predecessor employer shall be treated as Service of the Employer. Where the Employer does not maintain the plan of a predecessor employer, employment by a predecessor employer, upon the written election of the Employer made in a uniform and non-discriminatory manner, shall be treated as Service for the Employer, provided that the Employer may only make such an election if he has adopted this Plan as a nonstandardized plan.

If the Employer is a member of (a) a controlled group of corporations (as defined under Code Section 414(b)), (b) a group of trades or businesses (whether or not incorporated) which are under common control (as defined under Code Section 414(c)), or (c) an affiliated service group (as defined under Code Section 414(m)), all service of an Employee for any member of such a group shall be treated as if it were Service for the Employer for purposes of this Section 2.23.

In addition, all service for any individual who is considered a leased employee of the Employer under Code Section 414(n) shall be treated as if it were Service for the Employer for purposes of this Section 2.23. However, qualified plan contributions or benefits provided by the leasing organization which are attributable to Services performed for the Employer shall be treated as provided by the Employer. The provisions of this paragraph shall not apply to any leased employee if such employee is covered by a money purchase pension plan maintained by the leasing organization providing: (a) a nonintegrated employer contribution rate of at least 7-12% of compensation, (b) immediate participation, and (c) full and immediate vesting. For purposes of this Section 2.23, the term "leased employee" means any person who is not an Employee and who, pursuant to an agreement

between the recipient and any other person, has performed services for the Employer (or for the Employer and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full-time basis for a period of at least one year and such services are of a type historically performed by employees in the business field of the Employer.

2.24 "Integration Level" for a Plan Year shall mean the lesser of the Social Security Wage Base or the dollar amount specified in the Adoption Agreement.

2.25 "Integration Rate" for a Plan Year shall mean the lesser of the OASDI Rate (as in effect on the first day of the Plan Year) or the rate specified in the Adoption Agreement.

2.26 "Loan Trustee" shall mean the Trustee or, if the Employer has specified otherwise in the Adoption Agreement, the individual or individuals so appointed to act as trustees solely for the purpose of administering the provisions of Section 10 and holding the Trust assets to the extent that they are invested in loans pursuant to such Section.

2.27 "Nondeductible Voluntary Contributions Account" shall mean the separate account maintained pursuant to the Section 6.03(b) hereof for Nondeductible Voluntary Contributions made by the Participant and the income, expenses, gains and losses attributable thereto.

2.28 "Nondeductible Voluntary Contributions" shall mean all contributions by Participants which are not Deductible Voluntary Contributions, Rollover Contributions, or contributions of accumulated deductible employee contributions made pursuant to Section 4.02(b) (vi) hereof.

2.29 "Normal Retirement Date" or "Normal Retirement Age" shall mean the earlier of (a) the date selected by the Employer in the Adoption Agreement or, (b) if the Employer enforces a mandatory retirement age, the first day of the month in which the Participant reaches that age.

2.30 "OASDI Rate" for a Plan Year shall mean the tax rate applicable, on the first day of the Plan Year, to employer contributions for old age, survivors, and disability insurance under the Social Security Act.

2.31 "One-Year Break in Service" shall mean a 12-consecutive-month period in which an Employee does not complete more than 500 Hours of Service unless the number of Hours of Service specified in the Adoption Agreement for purposes of determining a Year of Service is less than 501, in which case a 12-consecutive-month period in which an Employee has fewer than that number of Hours of Service shall be a One-Year Break in Service. The computation period over which One-Year Breaks in Service shall be measured shall be the same computation period over which Years of Service are measured.

2.32 "Owner-Employee" shall mean an Employee who is a sole proprietor adopting this Plan as the Employer, or who is a partner owning more than 10% of either the capital or profits interest of a partnership adopting this Plan as the Employer. Solely for the purposes of Section 10 hereof, Owner-Employee shall also mean an Employee or officer who owns (or is considered as owning within the meaning of Code Section 318(a)(1)) on any day during the Year, more than 5% of the Employer if the Employer is an electing small business corporation.

2.33 "Participant" shall mean an Employee who is eligible to participate in the Plan under Section 3 (other than, if this Plan is adopted as a non-standardized plan, a Self-Employed Individual who elects not to be a Participant in the Plan) and who has not, since becoming a Participant, died, retired, otherwise terminated employment with the Employer or transferred from an eligible class to a class of Employees ineligible to participate in the Plan.

2.34 "Plan" shall mean the Prototype Plan and Adoption Agreement.

2.35 "Plan Year" shall mean the fiscal year of the Employer or a different 12-consecutive-month period as specified in the Adoption Agreement.

2.36 "Prototype Plan" shall mean these Sections 1.24.

2.37 "Qualified Election" shall mean a valid waiver of a Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity, as the case may be. To be valid, the waiver must be in writing and Participant's Spouse must consent to it in writing. The Spouse's consent to the waiver must be witnessed by a Plan representative or notary public and must be a limited consent to the provision of a benefit or benefits to a specific alternate person or persons. Notwithstanding the foregoing consent requirement, if the Participant establishes to the satisfaction of a Plan representative that such written consent may not be obtained because there is no Spouse or the Spouse cannot be located, a waiver will nonetheless be deemed a Qualified Election. Any consent

necessary for a Qualified Election will be valid only with respect to the Spouse who signs the consent, or in the event of a deemed Qualified Election, the Spouse whose consent could not be obtained or who could not be located. Additionally, a revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of distributions or benefits. The number of revocations shall be unlimited, but each such revocation shall once again make the Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity applicable, as the case may be, and the spouse must consent to any subsequent waiver in accordance with the requirements of this Section 2.37.

2.38 "Qualified Joint and Survivor Annuity" shall mean, in the case of a married Participant, an annuity which can be purchased with the Participant's vested Account balance for the life of the Participant with a survivor annuity for the life of the Spouse equal to 50% of the amount of the annuity which is payable during the joint lives of the participant and the Spouse. In the case of an unmarried Participant, Qualified Joint and Survivor Annuity shall mean an annuity which can be purchased with a Participant's vested Account balance for the life of the Participant.

2.39 "Rollover Account" shall mean the separate account maintained pursuant to Section 6.03(d) hereof for any Rollover Contributions (as described in Section 4.03 hereof) made by the Participant and the income, expenses, gains and losses attributable thereto.

2.40 "Rollover Contributions" shall mean contributions made to the Trust by Participants in accordance with Section 4.03 hereof.

2.41 "Self-Employed Individual" shall mean an Employee who has Earned Income for the taxable year from the trade or business for which the Plan is established, or an individual who would have had Earned Income but for the fact that the trade or business had no Current or Accumulated Earnings and Profits for the taxable year.

2.42 "Service" shall mean employment by the Employer and, if the Employer is maintaining the plan of a predecessor employer, or if the Employer is not maintaining the plan of a predecessor employer but has so elected in the manner described in Section 2.23 above, employment by such predecessor employer.

2.43 "Social Security Wage Base" for a Plan Year means the maximum amount of annual earnings which may be considered wages under Code Section 3121(a)(1) as in effect on the first day of such Plan Year.

2.44 "Sponsor" shall mean any of the organizations (a) which have requested a favorable opinion letter from the National Office of the Internal Revenue Service for this Plan or (b) to which a favorable opinion letter for this Plan has been issued by the National Office of the Internal Revenue Service.

2.45 "Spouse" shall mean the spouse or surviving spouse of the Participant, provided that a former spouse will be treated as the spouse or surviving spouse to the extent provided under a Qualified Domestic Relations Order (as described in Section 16.02 hereinafter).

2.46 "Trust" shall mean the trust established under Section 11 of this Plan for investment of Trust assets.

2.47 "Trust Fund" shall mean the contributions to the Trust and any assets into which such contributions shall be invested or reinvested in accordance with Sections 11.01 and 11.03 of this Plan.

2.48 "Trustee" shall mean the person or persons including any successor or successors thereto, named in the Adoption Agreement to act as trustee of the Trust and hold the Trust assets in accordance with Section 11 hereof.

2.49 "Valuation Date" shall mean the last day of each Plan Year.

2.50 "Vesting Years" shall be measured on the 12-consecutive-month period specified in the Adoption Agreement. A Participant will have a Vesting Year during such computation period only if the Participant completes the number of Hours of Service selected in the Adoption Agreement for purposes of computing a Year of Service. However, notwithstanding the preceding sentence, if the Employer has so specified in the Adoption Agreement, a Participant who does not receive credit for a Vesting Year under the preceding sentence will still have a Vesting Year for each Plan Year for which the Participant shares in the allocation of Employer contributions for the Plan Year. However, when determining Vesting Years, unless the Employer has otherwise specified in the Adoption Agreement, there shall be excluded: (a) if this Plan is a continuation of an earlier plan which would have disregarded such service, Service before the first Plan Year to which the Act is applicable; (b) Service after five consecutive One-Year Breaks in Service (but this exclusion shall apply only for the purpose of computing the vested percentage of Employer Contributions made before such five-year period); (c) Service before a period of five One-Year Breaks in Service, if the Participant has no vested interest in his Employer Contribution Account at the time of such break and the number of consecutive One-Year Breaks in Service equals or exceeds the number of Vesting Years excluded by such break without counting Vesting Years excluded by an earlier application of this provision; (d) Service before the first Plan Year in which the Participant attained age 18; (e) Service before the Employer maintained this Plan or a predecessor plan; and (f) Service before January 1, 1971, unless the Participant has completed at least three Vesting Years after December 31, 1970. For the purposes of subsection (a), service disregarded under a prior plan includes service credits lost because of separation or failure to complete a required period of service within a specified period of time; such lost service credits may have resulted in the loss of prior vesting or benefit accruals, or the denial of eligibility to participate.

2.51 "Year" shall mean the fiscal year of the Employer.

2.52 "Year of Service" shall mean a 12-consecutive-month period, beginning on an Employee's initial date of employment or an anniversary thereof during which the Employee completes the number of Hours of Service specified in the Adoption Agreement. The initial date of employment is the first day on which the Employee performs an Hour of Service.

### SECTION 3. ELIGIBILITY

3.01 Entry. Each Employee of the Employer, who on the Effective Date of this Plan meets the conditions specified in the Adoption Agreement, shall become eligible to participate in the Plan commencing with Effective Date. Each other Employee of the Employer, including future Employees, shall become eligible to participate in the Plan when the eligibility requirements specified in the Adoption Agreement are met. For the purposes of this Plan's eligibility requirements, the exclusion concerning Employees who are covered by collective bargaining agreements applies to individuals who are covered by a collective bargaining contract between the Employer and Employee Representatives if contract negotiations considered retirement benefits in good faith and unless such contract specifically provides for participation in the Plan. For the purposes of this Section 3.01, "Employee Representatives" shall mean the representatives of an employee organization which engages in collective bargaining negotiations with the Employer, provided that owners, officers and executives of the Employer do not comprise more than 50% of the employee organization's membership.

3.02 Interrupted Service. All Years of Service with the Employer are counted towards eligibility except the following:

(a) If the Employer has specified in the Adoption Agreement that more than one Year of Service is required before becoming a Participant, and if the individual has a One-Year Break in Service before satisfying the Plan's eligibility requirements. Service before such break will not be taken into account.

(b) For Plan Years beginning before January 1, 1985, in the case of a Participant who does not

have any nonforfeitable right to his or her Employer Contributions, Years of Service before a One-Year Break in Service will not be taken into account in computing Years of Service for purposes of eligibility if the number of consecutive One-Year Breaks in Service equals or exceeds the aggregate number of such Years of Service before such break. Such aggregate number of Years of Service before such break will not include any Years of Service disregarded under this subsection (b) by reason of a prior break in service.

(c) For Plan Years beginning after December 31, 1984, in the case of a Participant who does not have any nonforfeitable right to his or her Employer Contributions, Years of Service before a period of consecutive One-Year Breaks in Service will not be taken into account in computing Years of Service for purposes of eligibility, if the number of consecutive One-Year Breaks in Service in such period equals or exceeds the greater of five or the Employee's aggregate number of such Years of Service before such break. Such aggregate number of Years of Service before such period will not include any Years of Service disregarded under this subsection (c) by reason of a prior period of consecutive One-Year Breaks in Service.

3.03 Reentry. If a former Participant either (a) had a nonforfeitable right to all or a portion of his or her Employer Contribution Account at the time of termination from Service or (b) did not have any nonforfeitable right to his or her Employer Contribution Account but does not have Service prior to the break in Service disregarded by operation of Section 3.02(b) or (e) hereof, such former Participant shall become a Participant immediately upon return to the employ of the Employer as a member of an eligible class of Employees.

3.04 Transfer to Eligible Class. In the event an Employee is not a member of an eligible class of Employees becomes a member of an eligible class, such Employee shall participate immediately if such Employee has satisfied the minimum age and Service requirements and would have previously become a Participant had he or she been a member of an eligible class through the period of employ with the Employer.

3.05 Determination by Administrator. Eligibility shall be determined by the Administrator and the Administrator shall notify each Employee upon his or her admission as a Participant in the Plan.

#### SECTION 4. CONTRIBUTIONS

##### 4.01 Employer Contributions and Allocation

(a) Profit Sharing Plan. If the Employer has adopted this Plan as a profit sharing plan, the following provisions shall apply:

(i) Contribution.

(A) Subject to Requirements of subparagraphs (B) and (C) below, beginning in the Plan Year in which the Plan is adopted, and for each Plan Year thereafter, the Employer will contribute the amount determined by it, in its discretion, for the Plan Year in question.

(B) Subject to the requirements of subparagraph (C) below, during any Plan Year in which the Employer has elected to provide Employer thrift matching contributions in the Adoption Agreement, the Employer shall contribute at least the aggregate amount specified in the Adoption Agreement.

(C) During a Plan Year, the aggregate Employer Contributions



made pursuant to this Section 4.01(a)(i) may not exceed the lesser of (I) the Employer's Current or Accumulated Earnings and Profits for the Plan Year or (II) 15% (or such larger percentage as may be permitted by the Code as a current deduction to the Employer with respect to any Plan Year) of the total Compensation (disregarding any exclusion from Compensation specified by the Employer in the Adoption Agreement) paid to, or accrued by the Employer for, Participants for that Plan Year plus any unused credit carryovers from previous Plan Years. For this purpose, a "credit carryover" is the amount by which Employer Contributions for a previous Plan Year were less than 15% of the total Compensation (disregarding any exclusion from Compensation specified by the Employer in the Adoption Agreement) paid or accrued by the Employer to Participants for such Plan Year, but such unused credit carryover shall in no event permit the Employer Contributions for a Plan Year to exceed 25% (or such larger percentage as may be permitted by the Code as a deduction to the Employer) of the total Compensation (disregarding any exclusions from Compensation specified by the Employer in the Adoption Agreement) paid to, or accrued for, Participants by the Employer for the Plan Year in question.

(ii) Allocation Under Non-Integrated, Profit Sharing Plan. If the Employer has adopted this Plan as a profit sharing plan under which allocations shall be made on a non-integrated basis, Employer Contributions, plus any forfeitures under Section 7.02, for a Plan Year shall be allocated according to the provisions of this subsection (ii) as of the Valuation Date for such Plan Year.

(A) Subject to the terms of subparagraph (B) below, unless the Employer has specified otherwise in the Adoption Agreement, such amount shall be allocated among the Employer Contribution Accounts of all Participants and former Participants who were employed by the Employer during the Plan Year. If the Employer has specified in the Adoption Agreement that a minimum number of Hours of Service are necessary to share in the allocation of Employer Contributions and forfeitures for a Plan Year in which the Plan is not Top Heavy, Participants and former Participants, as the case may be, who fail to complete the required number of Hours of Service during such a Plan Year shall not share in the allocation. If the Employer has so specified in the Adoption Agreement, Employer Contributions and forfeitures shall be allocated only among otherwise entitled Participants who are employed by the Employer on such Valuation Date. Employer Contributions and forfeitures shall be allocated to Participants entitled to share in the allocation of Employer Contributions and forfeitures for that Plan Year in proportion to their Compensation for such Plan Year.

(B) Notwithstanding the provisions of subparagraph (A) above but nonetheless subject to the provisions of Section 21.03 below, during any Plan Year in which the Employer has elected to provide Employer thrift matching contributions in the Adoption Agreement and the Plan is not a Top-Heavy Plan, Employer Contributions and forfeitures shall be allocated in proportion to the percentage of Participants' Nondeductible Voluntary Contributions as specified in the Adoption Agreement.

(iii) Allocation Under Integrated, Profit Sharing Plan. If the Employer has adopted this Plan as a profit sharing plan under which allocations shall be made on an integrated basis, Employer Contributions, plus any forfeitures under Section 7.02, for a Plan Year shall be allocated according to the provisions of this subsection (iii) as of the Valuation Date for such Plan Year. Unless the Employer has specified otherwise in the Adoption Agreement, such amount shall be allocated among all Participants and former Participants who were employed by the Employer during the Plan Year. If the Employer has specified in the Adoption Agreement that a minimum number of Hours of Service are necessary to share in the allocation of Employer Contributions and forfeitures for a Plan Year in which the Plan is not Top Heavy, Participants and former Participants, as the case may be, who fail to complete the required number of Hours of Service during such a Plan Year shall not share in the allocation. If the Employer has so specified in the Adoption Agreement, Employer Contributions and forfeitures shall be allocated only among otherwise entitled Participants who are employed by the Employer on such Valuation Date. Employer

Contributions and forfeitures shall be allocated to Participants entitled to share in the allocation of Employer Contributions and forfeitures for that Plan Year as follows:

(A) First, Employer Contributions and forfeitures will be allocated to the Employer Contribution Account of each Participant entitled to share in the allocation of such amounts in the ratio that each such Participant's Compensation for the Plan Year in excess of the Integration Level bears to the Compensation in excess of the Integration Level for all such Participants, provided that the amount so credited to any such Participant's Employer Contribution Account for the Plan Year shall not exceed the product of the Integration Rate times the Participant's Compensation in excess of the Integration Level.

(B) Next, any remaining Employer Contributions or forfeitures will be allocated to the Employer Contribution Accounts of all Participants entitled to share in the allocation of the Employer Contributions for the Plan Year in the ratio that each such Participant's Compensation for the Plan Year bears to all such Participants' Compensation for that Plan Year.

(b) Money Purchase Pension Plan. If the Employer has adopted this Plan as a money purchase pension plan, the Employer will, beginning for the Plan Year in which the Plan is adopted, and for each Plan Year thereafter, contribute, for allocation to the Employer Contribution Account of each Participant entitled to share in the allocation of Employer Contributions, the amount specified in the Adoption Agreement reduced by any forfeitures arising during the preceding Plan Year pursuant to Section 7.02 hereafter.

(i) Unless the Employer has specified otherwise in the Adoption Agreement, the amount of the Employer Contribution shall be calculated on the basis of the Compensation of all Participants and former Participants who were employed by the Employer during the Plan Year. If the Employer has specified in the Adoption Agreement that a minimum number of Hours of Service are necessary to receive an Employer Contribution in a Plan Year in which the Plan is not Top Heavy, Participants and former Participants, as the case may be, who fail to complete the required number of Hours of Service during such a Plan Year shall not be considered when calculating the amount of the Employer Contribution. If the Employer has so specified in the Adoption Agreement, only Participants who are employed by the Employer on such Valuation Date and who are otherwise entitled to receive an allocation shall be considered when calculating the amount of the Employer Contribution. Employer Contributions shall be allocated to the Employer Contribution Accounts of only those Participants who were included in the calculation of the amount of the Employer Contribution.

(ii) To the extent that the Employer Contribution for a Plan Year is reduced by forfeitures, such forfeitures shall be added to such Employer Contribution and allocated as a part thereof.

(iii) Any excess forfeitures not allocated pursuant to this Section 4.01(b) shall be carried over to future Plan Years.

4.02 Participant Contributions. If, in the Adoption Agreement, the Employer has specified that Participants may make either Deductible Voluntary Contributions or Nondeductible Voluntary Contributions, or both, a Participant may make such permitted contributions to his or her Account; provided, however, that a Participant's right to make such contribution(s) shall be subject to the conditions and limitations specified below.

(a) The following conditions and limitations shall apply if the Employer has specified that Participants may make Nondeductible Voluntary Contributions:

(i) The aggregate amount of a Participant's Nondeductible Voluntary Contributions, plus any nondeductible voluntary contributions he or she makes under any other qualified retirement plan maintained by the Employer, shall not exceed 10% of his or her Compensation (disregarding any exclusions



from Compensation specified by the Employer in the Adoption Agreement) for the period in which he or she has been a Participant in the Plan.

(ii) The aggregate amount of a Participant's Nondeductible Voluntary Contributions shall not cause the Annual Addition (as defined in Section 5.05(a) hereof) to his or her Account to exceed the limitations set forth in Section 5.

(iii) A Participant's Nondeductible Voluntary Contributions shall be allocated to his or her Nondeductible Voluntary Contribution Account under Section 6.03 hereof.

(iv) A Participant's Nondeductible Voluntary Contribution Account shall be nonforfeitable and the Participant may withdraw all or a portion of his or her Nondeductible Voluntary Contribution Account upon 30 days' written notice to the Administrator.

(b) The following conditions and limitations shall apply if the Employer has specified that the Participants may make Deductible Voluntary Contributions:

(i) The aggregate amount of a Participant's Deductible Voluntary Contributions in any calendar year may not exceed the lesser of (1) \$2,000 or (2) the Participant's compensation for calendar year for which the contribution is made. Compensation for this purpose means all wages, salaries, earned income and other amounts received or derived from

personal services actually rendered and includible in gross income, but does not include amounts derived from or received as earnings or profits from property or amounts received as a pension or annuity or as deferred compensation. This limitation applies to all the Participant's Deductible Voluntary Contributions made for the calendar year to all qualified retirement plans maintained by the Employer. The Administrator shall not accept any contributions in excess of this limitation.

(ii) A Participant may not make Deductible Voluntary Contributions for the calendar year in which he or she attains age 70-1/2 or any calendar year thereafter.

(iii) A Deductible Voluntary Contribution will be considered contributed for the calendar year in which it is actually made. However, if a Participant makes a Deductible Voluntary Contribution on or before April 15, he or she may notify the Administrator at the time the Deductible Voluntary Contribution is made that it is made for the preceding calendar year. A Deductible Voluntary Contribution may only be made for a calendar year in which the Employee was a Participant, and in no event may a Deductible Voluntary Contribution be made by an Employee after he or she has ceased to be a Participant.

(iv) All Participant Contributions will be considered to be Deductible Voluntary Contributions, unless the Employer has elected in the Adoption Agreement to allow Nondeductible Voluntary Contributions and the Participant designates before April 15 of the calendar year following the calendar year in which the contribution was made that the contribution was a Nondeductible Voluntary Contribution. In such a case, the contribution will be considered to have been a Nondeductible Voluntary Contribution made during the calendar year in which it was contributed.

(v) A Participant's Deductible Voluntary Contributions must be in cash and shall be allocated to his or her Deductible Voluntary Contribution Account under Section 6.03 hereof.

(vi) A Participant's right to his or her Deductible Voluntary Contribution Account shall be nonforfeitable and the Participant may withdraw

all or a portion of his or her Deductible Voluntary Contribution Account upon written application to the Administrator. However, if at the time the Participant receives the withdrawal, he or she has not attained age 59-1/2 and is not disabled, the Participant will be subject to a federal income tax penalty unless, within 60 days of the date he or she receives it, he or she rolls over the amount withdrawn to an individual retirement plan or, if the Participant can satisfy the requirement contained in section 4.03(b) below, a qualified retirement plan.

(vii) The Administrator may, in its discretion, accept accumulated deductible employee contributions (as defined in Code Section 72(o)(5)) that were distributed from a qualified retirement plan and rolled over pursuant to Code Sections 402(a)(5), 402(a)(7), 403(a)(4), or 408(d)(3). The rolled over amount will be added to the Participant's Deductible Voluntary Contribution Account, but will not be taken into account in applying the restrictions specified in Section 4.02(b)(i) and (ii) above. In no case may the Administrator authorize the Plan to accept rollovers of accumulated deductible employee contributions from a qualified plan to which a contribution was made for the Participant while the plan was a Top-Heavy Plan (as defined in Section 21.02(b) hereof and applied to such other plan) and the Participant was a Key Employee (as defined in Section 21.02(a) hereof and applied to such other employer).

4.03 Rollover Contributions. The Administrator may, in its discretion, direct the Trustee to accept a Rollover Contribution upon the express request of the Participant wishing to make such Rollover Contribution, the same to be held, administered and distributed by the Trustee in accordance with the terms of this Plan, provided that the Trustee consents if the contribution includes property other than cash. A Rollover Contribution shall only be a contribution, comprised of money and/or property, which is a "rollover amount" within the meaning of Code Section 402(a)(5) or a "rollover contribution" within the meaning of Code Section 408(d)(3)(A)(ii) (as modified by Code Section 408(d)(3)(C)) with respect to which both of the following conditions are met:

(a) The transfer of such amount is being made within 60 days of its receipt by the Participant and

(b) No part of such amount is attributable to contributions made on behalf of the Participant while he or she was a Key Employee (as defined in Section 21.02(a) and applied to such other employer) in a Top-Heavy Plan (as defined in Section 21.02(b) and applied to such other plan).

All Rollover Contributions made under this Section 4.03 must be accepted by the Trustee within the 60-day period referred to in paragraph (a) above. A Participant's Rollover Contribution shall at no time be included in the computation of the maximum allocation to a Participant's Account as set forth in Section 5 hereof. Each Rollover Contribution made by a Participant shall be allocated to his or her Rollover Account pursuant to Section 6.03(d) hereof. Such Rollover Account shall be invested by the Trustee as part of the Trust Fund, pursuant to Section 11 hereafter, except as it may be held in kind as permitted above. A Participant may withdraw all or a portion of his or her Rollover Account upon 30 days' written notice to the Administrator. However, if the Participant is, or has been, a 5-percent owner (as defined in Code Section 416(i)(1)(B)(i)) and at the time of the withdrawal, he or she has not attained age 59-1/2 and is not disabled, the Participant will be subject to a federal income tax penalty unless, within 60 days of the date he or she receives it, he or she rolls the amount withdrawn to an individual retirement plan or, if the Participant can satisfy the requirement contained in subsection (b) above, a qualified retirement plan.

4.04 Transfers from other Qualified Plans. The Administrator may, in its discretion, direct the Trustee to accept the transfer of any assets held for the Participant's benefit under a qualified retirement plan of a former employer of such Participant. Such a transfer shall be made directly between the trustee or custodian of the former employer's plan and the Trustee in the form of cash or its equivalent, and shall be accompanied by written instruction showing

separately the portion of the transfer attributable to contributions by the former employer and by the Participant respectively. Separate written instructions delivered to the Administrator shall identify the portion of the transferred funds, if any, attributable to any period during which the Participant participated in a defined benefit plan, money purchase pension plan (including a target benefit plan), stock bonus plan or profit sharing plan which would otherwise have provided a life annuity form of payment to the Participant. The Administrator shall be entitled to rely on all inclusions and commissions in such written instructions with respect to character of the transferred funds. To the extent that the amount transferred is attributable to contributions by the former employer, it shall be maintained in a separate transfer account. To the extent that the amount transferred is attributable to contributions by the Participant, it shall be maintained in the Participant's Nondeductible Voluntary Contribution Account or Deductible Voluntary Contribution Account as is appropriate.

SECTION 5.  
CODE SECTION 415  
LIMITATIONS ON ALLOCATIONS

5.01 Employers Maintaining No Other Plan.

(a) If a Participant does not participate in, and has never participated in another qualified plan or a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, the amount of the Annual Addition which may be credited to the Participant's Account for any Limitation Year shall not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in the Plan.

(b) If the Employer Contribution that would otherwise be allocated to a Participant's Account would cause the Annual Addition for the Limitation Year to exceed the Maximum Permissible Amount, the amount allocated will be reduced so that any Excess Amount shall be eliminated and, consequently, the Annual Addition for the Limitation Year will equal the Maximum Permissible Amount.

(i) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant on the basis of a reasonable estimation of the Participant's Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.

(ii) As soon as is administratively feasible after the end of each Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of Participants' actual Compensation for the Limitation Year.

(c) Any Excess Amount shall be eliminated pursuant to the following procedure:

(i) The portion of the Excess Amount consisting of Nondeductible Voluntary Contributions which are a part of the Annual Addition (as defined in Section 5.05(a)) shall be returned to the Participant as soon as administratively feasible;

(ii) If after the application of subparagraph (i) an Excess Amount still exists and the Participant is covered by the Plan at the end of the Limitation Year, the Excess Amount in the Participant's Account will be used to reduce Employer Contributions (including any allocation of forfeitures) for such Participant in the next Limitation Year, and each succeeding Limitation Year if necessary.

(iii) If after the application of subparagraph (i) an Excess Amount still exists and the Participant is not covered by the Plan at the end of the Limitation Year, the Excess Amount will be held unallocated in a suspense account. The suspense account will be applied to reduce proportionally future Employer Contributions (including any allocation of forfeitures) for all

remaining Participants in the next Limitation Year, and each succeeding Limitation Year, if necessary. If a suspense account is in existence at any time during the Limitation Year pursuant to this subparagraph, it will not participate in the allocation of the Trust's investment gains and losses. In the event of termination of the Plan, the suspense account shall revert to the Employer to the extent it may not then be allocated to any Participant's Account.

(d) Notwithstanding any other provision in subsections (a) through (c), the Employer shall not contribute any amount that would cause an allocation to the suspense account as of the date the contribution is allocated.

#### 5.02 Employers Maintaining Other Master or Prototype Defined Contribution Plans

(a) This Section 5.02 applies if, in addition to this Plan, a Participant is covered under another qualified Master or Prototype defined contribution plan or a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer during any Limitation Year. The Annual Addition which may be allocated to any Participant's Account for any such Limitation Year shall not exceed the Maximum Permissible Amount, reduced by the sum of any portion of the Annual Addition credited to the Participant's account under such other plans and welfare benefit funds for the same Limitation Year.

(b) If the Annual Addition with respect to a Participant under other defined contribution plans and welfare benefit funds maintained by the Employer of what would be portions of the Annual Addition (if the allocations were made under the Plan) are less than the Maximum Permissible Amount and the Employer Contribution that would otherwise be contributed or allocated to the Participant's Account under this Plan would cause the Annual Addition for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the Annual Addition under all such plans and funds for the Limitation Year will equal the Maximum Permissible Amount.

(c) If the Annual Addition with respect to the Participant under such other defined contribution plans and welfare benefit funds in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year.

(d) If an Excess Amount was allocated to a Participant under this Plan on a date which coincides with the date an allocation was made under another plan, the Excess Amount attributed to this Plan will be the product of,

(i) The total Excess Amount allocated as of such date, multiplied by

(ii) the quotient obtained by dividing

(A) the portion of the Annual Addition allocated to the Participant for the Limitation Year as of such date by

(B) the total Annual Addition allocations to the Participant for the Limitation Year as of such date under this and all other qualified Master or Prototype defined contribution plans maintained by the Employer.

(e) Any Excess Amount attributed to the Plan will be disposed in the manner described in Section 5.01.

5.03 Employers Maintaining Other Defined Contribution Plans. If a Participant is covered under another qualified defined contribution plan which is not a Master or Prototype plan, the Annual Addition credited to the Participant's Account under this Plan for any Limitation Year will be limited in accordance with the provisions of Section 5.02 as though the plan were a Master

or Prototype Plan, unless the Employer provides other limitations pursuant to the Adoption Agreement.

5.04 Employers Maintaining Defined Benefit Plans. If the Employer maintains, or at any time maintained, a qualified defined benefit plan covering any Participant in this Plan, the sum of the Participant's Defined Benefit Plan Fraction and the Defined Contribution Plan Fraction will not exceed 1.0 in any Limitation Year. The Annual Addition which may be credited to the Participant's Account under this Plan for any Limitation Year will be limited in accordance with the provisions of Section 5.02, unless the Employer provides other limitations pursuant to the Adoption Agreement.

5.05 Definitions. For purposes of this Section 5, the following terms shall be defined as follows:

(a) Annual Addition. With respect to any Participant, the "Annual Addition" shall be the sum of the following amounts credited to a Participant's Account for the Limitation Year:

(i) Employer Contributions;

(ii) forfeitures; and

(iii) the lesser of

(A) one-half (1/2) the allocated Nondeductible Voluntary Contributions or

(B) the amount of allocated Nondeductible Voluntary Contributions in excess of 6% of the Participant's Compensation for the Limitation Year.

Any Excess Amount applied under Section 5.01(c)(ii) or (iii) or Section 5.02(e) in a Limitation Year to reduce Employer Contributions will be considered part of the Annual Addition for such Limitation Year. Amounts allocated, after March 31, 1984, to an individual medical account (as defined in Code Section 415(1)(1)) which is part of a defined benefit plan maintained by the Employer, are treated as part of the Annual Addition. Also, amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a Key Employee (as defined in Section 21.02(a) hereof) under a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, are treated as part of the Annual Addition.

(b) Compensation. For the purposes of this Section 5, a Participant's "Compensation" shall include any earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer maintaining the Plan (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses), and excluding the following:

(i) Employer contributions to a plan of deferred compensation which are not includible in the Participant's gross income for the taxable year in which contributed, or Employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the Participant, or any distributions from a plan of deferred compensation;

(ii) Amounts realized from the exercise of a nonqualified stock option, or when restricted property held by the Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(iv) other amounts which received special tax benefits, or

contributions made by the Employer (whether or not under a salary-reduction agreement) towards the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludable from the gross income of the Participant).

For purposes of applying the limitations of this Section 5, Compensation for a Limitation Year is the Compensation actually paid or includible in gross income during such year.

Notwithstanding the preceding sentence, Compensation for a Participant in a profit sharing plan who is permanently and totally disabled (as defined in Code Section 22(e)(3)) is the Compensation such Participant would have received for the Limitation Year if the Participant was paid at the rate of Compensation paid immediately before becoming permanently and totally disabled; such imputed compensation for the disabled Participant may be taken into account only if the Participant is not an officer, an owner, or highly compensated, and contributions made on behalf of such a Participant are nonforfeitable when made.

(c) Defined Benefit Fraction. The "Defined Benefit Fraction" shall be a fraction, the numerator of which is the sum of the Participant's Projected Annual Benefits under all the defined benefit plans (whether or not terminated) maintained by the Employer, and the denominator of which is the lesser of 125% of the dollar limitation in effect for the Limitation Year under Code Section 415(b)(1)(A) or 140% of the Participant's Highest Average Compensation.

Notwithstanding the above, if the Participant was a participant in one or more defined benefit plans maintained by the Employer which were in existence on July 11, 1982, the denominator of this fraction will not be less than 125% of the sum of the annual benefits under such plans which the Participant had accrued as of the later of the end of the last Limitation Year beginning before January 1, 1983. The preceding sentence applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 as in effect at the end of the 1982 Limitation Year. For purposes of this paragraph, a Master or Prototype plan with an opinion letter issued before January 1, 1983, which was adopted by the Employer on or before June 30, 1983, is treated as a plan in existence on July 1, 1982.

(d) Defined Contribution Fraction. The "Defined Contribution Fraction" shall be a fraction, the numerator of which is the sum of the Annual Additions to the Participant's account under all the defined contribution plans (whether or not terminated) maintained by the Employer for the current and all prior Limitation Years, (including the Annual Additions attributable to the Participant's nondeductible employee contributions to all defined benefit plans, whether or not terminated, maintained by the Employer, and the Annual Additions attributable to all welfare benefit funds (as defined in Code Section 419(e))), and the denominator of which is the sum of the Maximum Aggregate Amounts for the current and all prior Limitation Years of service with the Employer (regardless of whether a defined contribution plan was maintained by the Employer). The Maximum Aggregate Amount in any Limitation Year is the lesser of 125% of the dollar limitation in effect under Code Section 415(c)(1)(A) or 35% of the Participant's Compensation for such year.

If a Participant was a participant in one or more defined contribution plans maintained by the Employer which were in existence on July 1, 1982, the numerator of this fraction will be adjusted if the sum of this Defined Contribution Fraction and the Defined Benefit Fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of

(i) The excess of the sum of the fractions over 1.0, multiplied by

(ii) the denominator of this Defined Contribution Fraction.

will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as

of the later of the end of the last Limitation Year beginning before January 1, 1983 or September 30, 1983. This adjustment also will be made if at the end of the last Limitation Year beginning before January 1, 1984, the sum of the fractions exceeds 1.0 because of the accruals or additions that were made before the limitations of this Section 5 became effective to any plans of the Employer in existence on July 1, 1982. For purposes of this paragraph, a Master or Prototype plan with an opinion letter issued before January 1, 1983, which is adopted by the Employer on or before September 30, 1983, is treated as a plan in existence on July 1, 1982.

(e) Employer. "Employer" means the Employer that adopts this Plan and all members of (i) a controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)), (ii) commonly controlled trades or businesses (whether or not incorporated) (as defined in Code Section 414(c) as modified by Code Section 415(h)), or (iii) affiliated service groups (as defined in Code Section 414(m)) or which the Employer is a part.

(f) Excess Amount. The "Excess Amount" is the excess of what would otherwise by a Participant's Annual Addition for the Limitation Year over the Maximum Permissible Amount. If at the end of a Limitation Year when the Maximum Permissible Amount is determined on the basis of the Participant's actual Compensation for the year, an Excess Amount results, the Excess Amount will be deemed to consist of the portion of the Annual Addition last allocated, except that the portion of the Annual Addition attributable to a welfare benefit fund will be deemed to have been allocated first regardless of the actual allocation date.

(g) Highest Average Compensation. A Participant's "Highest Average Compensation" is his or her average Compensation for the three consecutive Years of Service with the Employer that produces the highest average. A Year of Service with the Employer is the 12-consecutive-month period defined in Section 2.52 of the Plan.

(h) Limitation Year. A "Limitation Year" is the Plan Year or any other 12-consecutive-month period specified by the Employer in the Adoption Agreement. All qualified plans maintained by the Employer must use the same Limitation Year. If the Limitation Year is amended to a different 12-consecutive-month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(i) Master or Prototype Plan. A "Master or Prototype" plan is a plan the form of which is the subject of a favorable opinion letter from the Internal Revenue Service.

(j) Maximum Permissible Amount. For a Limitation Year, the "Maximum Permissible Amount" with respect to any Participant shall be the lesser of

(i) \$30,000 (or beginning January 1, 1988, such larger amount determined by the Commissioner of Internal Revenue for the Limitation Year) or

(ii) 25% of the Participant's Compensation for the Limitation Year.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive-month period, the Maximum Permissible Amount will not exceed the quotient determined by first multiplying \$30,000 by the number of months in the short Limitation Year and then dividing the product by 12.

(k) Projected Annual Benefit. The "Project Annual Benefit" is the annual retirement benefit (adjusted to an actuarially equivalent straight life annuity if such benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity) to which the Participant would be entitled under the terms of the plan assuming:

(i) the Participant will continue employment until normal



retirement date under the plan (or current age, if later), and

(ii) the Participant's compensation for the current Limitation Year and all other relevant factors used to determine benefits under the plan will remain constant for all future Limitation Years.

#### SECTION 6. TIME AND MANNER OF MAKING CONTRIBUTIONS

6.01 Manner. Unless otherwise agreed to by the Trustee, contributions to said Trustee shall be made only in cash. All contributions may be made in one or more installments.

6.02 Time. Employer Contributions and Participant Contributions with respect to a Plan Year shall be made before the time limit, including extensions thereof, for filing the Employer's federal income tax returns for the Year with or within which the particular Plan Year ends (or such later time as is permitted by regulations authorized by the Secretary of the Treasury or delegate). Rollover Contributions may be made at any time acceptable to the Administrator in accordance with Section 4.0 hereof. All contributions shall be paid to the Administrator for transfer to the Trustee, as soon as possible, or, if acceptable to the Administrator and the Trustee, such contributions may be paid directly to the Trustee. The Administrator shall transfer such contributions to the Trustee as soon as possible. The

Administrator may establish a payroll deduction system or other procedure to assist the making of Participant Contributions to the Trust, and the Administrator may from time to time adopt rules or policies governing the manner in which such contributions may be made so that the Plan may be conveniently administered.

6.03. Separate Accounts. For each Participant, a separate account shall be maintained for each of the following types of contributions and the income, expenses, gains and losses attributable thereto:

(a) Employer Contributions;

(b) Nondeductible Voluntary Contributions, if selected in the Adoption Agreement;

(c) Deductible Voluntary Contributions, if selected in the Adoption Agreement;

(d) Rollover Contributions, if, pursuant to Section 4.03 hereof, the Administrator directs the Trustee to accept such contributions; and

(e) funds directly or indirectly transferred from another qualified retirement plan pursuant to Section 4.04 hereof, if the Administrator directs the Trustee to accept such transfers.

In addition, pursuant to Section 7.02(d) and (f) hereof, separate accounts will be maintained for the pre-break and postbreak Employer Contributions made on behalf of a Participant who has Service excluded from the calculations of Vesting Years pursuant to Section 2.50(b) or (c). Notwithstanding the above, if a Participant's rights to Employer Contributions are immediately and fully nonforfeitable, Employer Contributions allocated on behalf of such Participant and his or her Nondeductible Voluntary Contributions may be maintained in a single account.

#### SECTION 7. VESTING

7.01 When Vested. A Participant shall always have a fully vested and



nonforfeitable interest in his or her Nondeductible Voluntary Contribution Account, Deductible Voluntary Contribution Account and Rollover Account, and any transfer account established pursuant to Section 4.04 hereof on his or her behalf. A Participant's interest in his or her Employer Contribution Account shall be vested and nonforfeitable at Normal Retirement Date, death, Disability, upon termination (including a complete discontinuance of Employer Contributions) or partial termination of the Plan and otherwise only to the extent specified in the Adoption Agreement.

7.02 Forfeitures. If a Participant's employment with the Employer is terminated before his or her Employer Contribution Account is fully vested in accordance with Section 7.01 hereof, this Section 7.02 shall apply.

(a) If the Participant completes a period of five consecutive One-Year Breaks in Service before returning to employment with the Employer, dying or becoming disabled, the portion of the Participant's Employer Contribution Account which was not vested at the time of his or her termination shall be forfeited and

(i) if this Plan is adopted as a profit sharing plan, allocated exclusively as of the next Valuation Date in the same manner, and to the same Participants' Employer Contribution Accounts as the Employer Contribution for that Plan Year is allocated pursuant to Section 4.01 hereof, or

(ii) if this Plan is adopted as a money purchase pension plan, applied exclusively to reduce the Employer Contributions for the next Plan Year.

(b) No forfeitures shall occur solely as a result of withdrawal of Deductible Voluntary Contributions, Nondeductible Voluntary Contributions, Rollover Contributions or amounts held in a transfer account.

(c) Following a forfeiture, the Participant shall be fully vested in all funds which remain in his or her Employer Contribution Account immediately after the forfeiture and in all Trust earnings subsequently attributed to such funds.

(d) If the Participant is reemployed by the Employer after he or she completes five consecutive One-Year Breaks in Service, an additional Employer Contribution Account shall be maintained on the Participant's behalf; provided that, at a subsequent time, the Trustee shall have the discretionary authority to combine any number of Employer Contribution Accounts maintained for a Participant, so long as the Participant is 100% vested in each combined account. All subsequent Employer Contributions made on the Participant's behalf shall be credited to the Employer Contribution Account which was established at the time of his or her return to employment with the Employer. The extent to which the Participant is vested in any additional Employer Contribution Accounts established on his or her behalf shall be determined independently of any determination of the extent to which the Participant is vested in any previously established Employer Contribution Account(s); all such determinations shall be made in accordance with the provisions in Section 2.50 above.

(e) If the Participant has received a distribution from his or her Employer Contribution Account pursuant to Section 9 hereof and if the Participant is reemployed by the Employer before he or she completes five consecutive One-Year Breaks in Service, the portion of the Employer Contribution Account which is then vested shall be determined by adding to the then value of the Employer Contribution Account, the amount, if any, previously distributed and not repaid to the Trust, applying the vesting percentage then applicable, and then subtracting the amount previously distributed and not repaid to the Trust.

(f) Each Employer Contribution Account established pursuant to subsection (d) hereof (or such Employer Contribution Account into which the Trustee has combined the accounts pursuant to all powers granted to it in subsection (d) hereof) shall be credited with its proportionate share of Trust earnings and losses. For the purposes of the remaining Sections of this Plan,

all Employer Contribution Accounts established in the name of a Participant shall be treated as a single account.

SECTION 8.  
DISTRIBUTION UPON DEATH

8.01 Qualified Preretirement Survivor Annuity. If this Plan is adopted as a money purchase pension plan, unless an optional form of distribution has been selected within the Election Period pursuant to a Qualified Election, if a Participant's Service terminates because of death before distributions have commenced, then the Trustee shall, upon the direction of the Administrator, apply 50% of the Participant's vested Account balance toward the purchase of an annuity contract for the life of the Spouse.

8.02 Other Distributions at Death. If the Participant dies after he or she has begun to receive distributions pursuant to Section 9.01 or 9.03(b), this Section 8.02 shall apply with respect to the Participant's entire Account. With respect to any Account, or portion thereof, to which Section 8.01 did not apply, if the Participant dies before he or she has begun to receive distributions pursuant to Sections 9.01 and 9.03(b), this Section 8.02 shall apply with respect to such Account, or portion thereof. With respect to a portion of the Participant's Account to which Section 8.01 did apply, if the Participant made a Qualified Election within the Election Period not to receive a Qualified Preretirement Survivor Annuity at his or her death and the Participant's Service terminates because of death before distributions have commenced, this Section 8.02 shall apply with respect to such portion of the Participant's Account.

(a) With respect to any Account or portion thereof to which this Section 8.02 applies the Trustee shall, at the direction of the Administrator, distribute the Participant's Account in accordance with the provisions of this Section 8.02. The Administrator's direction shall include notification of the Participant's or Beneficiary's death and the existence or non-existence of a surviving spouse.

(b) If the Participant has validly named a Beneficiary or Beneficiaries in the most recent Designation of Beneficiary form filed with Trustee before the Participant's death in compliance with Section 15, his or her Account shall be distributed to the Beneficiary or Beneficiaries so named. To the extent that any portion of an Account of a deceased Participant is not governed by an effective Designation of Beneficiary form which names at least one living Beneficiary, that portion of the Account shall be distributed to the deceased Participant's Spouse or if that is not possible, to the estate of the deceased Participant.

(c) If the Participant has validly elected a manner of distribution with respect to his or her Account, his or her Account shall be distributed in accordance with such election. With respect to any portion of a deceased Participant's Account for which the Participant has not validly elected a manner of distribution, distribution shall be made in such manner as the Participant's Beneficiary (or Beneficiaries) may elect, or in the absence of such an election, in a lump sum.

(d) Distribution to the Participant's Beneficiary shall be made according to the following provisions:

(i) If the Participant dies before benefits commence and during a Plan Year which began after December 31, 1984, and if the Spouse is not the Beneficiary, the Participant's entire Account balance must be distributed to the Participant's Beneficiary either (A) within five years after the Participant's death, or (B) in substantially equal annual or more frequent installments over a period not exceeding the life expectancy of the Beneficiary (as determined as of the date of the Participant's death by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that such distributions commence within one year after the Participant's death.

(ii) If the Participant dies before benefits commence and during

a Plan Year which begins after December 31, 1984, and if the Spouse is the Beneficiary, the Participant's entire Account balance must be distributed to the Participant's Spouse either (A) within five years after the Participant's death, or (B) in substantially annual or more frequent installments over a period not longer than the Spouse's life expectancy (as determined as of the time distribution is commenced and recalculated annually, by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that such distribution is commenced on or before the later of the date on which the Participant would have attained age 70-1/2 or one year after the Participant's death.

(iii) If distributions have commenced to the Participant before the Participant's death, distributions to the Participant's Spouse, Beneficiary or estate shall continue over a period at least as rapid as the period selected by the Participant.

(e) If a Participant's Beneficiary dies after the Participant and before he or she receives full payment of the portion of the Participant's Account balance to which he or she is entitled, the Trustee shall, upon direction of the Administrator, distribute the funds to which the deceased Beneficiary is entitled to the beneficiary or beneficiaries validly named on the most recent designation of beneficiary form filed by the Beneficiary with the Trustee before the Beneficiary's death. To the extent that any portion of the funds to which the deceased Beneficiary was entitled are not governed by an effective designation of beneficiary, the funds shall be distributed to the deceased Beneficiary's surviving spouse, or if that is not possible, to the estate of the deceased Beneficiary. The Administrator's direction shall include notification of the Beneficiary's death and the existence or non-existence of a surviving spouse.

(i) If distributions had commenced before the Participant's death, distribution to the beneficiary of a deceased Beneficiary shall continue over a period at least as rapid as the period selected by the Participant.

(ii) If the deceased Beneficiary was the surviving Spouse of the Participant and the deceased Beneficiary had not begun to receive distributions from the Participant's Account at the time of his or her death, the Participant's Account shall be distributed to the deceased Beneficiary's beneficiary according to the provisions of this Section 8.02 applied as if the Beneficiary were the Participant. In addition, the surviving spouse's beneficiaries shall be treated as Beneficiaries during any future application of this Section 8.02.

(iii) If neither subparagraph (i) nor (ii) above apply, the Participant's Account shall be distributed to the deceased Beneficiary's beneficiary either (A) within five years after the Participant's death, or (B) in substantially equal annual or more frequent installments over the remainder of the life expectancy of the Beneficiary as that life expectancy was determined at the Participant's death (by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that distributions commence (or commenced) within one year of the Participant's death.

(f) If a beneficiary of a Beneficiary (or a beneficiary) dies before he or she has received full payment of the portion of the Participant's Account balance to which he or she is entitled, the Trustee shall, after notification by the Administrator of the beneficiary's death, distribute the funds to which the deceased beneficiary is entitled to the beneficiary or beneficiaries validly

named on the most recent designation of beneficiary form filed by the deceased beneficiary with the Trustee before the beneficiary's death. To the extent that any portion of the funds to which the deceased beneficiary was entitled are not governed by an effective designation of beneficiary, the funds shall be distributed to the deceased beneficiary's surviving spouse, or if that is not possible, to the estate of the deceased beneficiary.

(i) If distributions had commenced before the Participant's Death, distribution to the beneficiary of a deceased Beneficiary shall continue over a period at least as rapid as that selected by the Participant.

(ii) In all other cases, the Participant's Account shall be distributed to the deceased beneficiary's beneficiary either (A) within five years after the Participant's death, or (B) in substantially equal annual or more frequent installments over the remainder of the life expectancy of the Beneficiary as that life expectancy was determined at the Participant's death (by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that distributions commence (or commenced) within one year of the Participant's death.

8.03 Children as Beneficiaries. For the purposes of Section 8.02, any distribution paid to a Participant's child shall be treated as paid to the Participant's surviving Spouse if such amount becomes payable to the surviving Spouse when the child reaches the age of maturity.

#### SECTION 9 OTHER DISTRIBUTIONS

9.01 Distribution in Plan Years Beginning Before January 1, 1985. During any Plan Year which begins before January 1, 1985, the Account of any Participant to which Section 8 does not apply, to the extent it is vested pursuant to Section 7.01 hereof, will be distributed in accordance with the terms of this Section 9.01.

(a) A Participant's Account will normally be distributed in monthly installments which must commence at or within 60 days after the end of the Plan Year in which occurs his or her Normal Retirement Date or in which his or her Service ceases, whichever is later, to continue over a period of 120 months; provided, however, that in the case of a Participant who is an Owner-Employee, monthly installments to such a Participant must commence no later than the last day of the Participant's taxable year in which such Participant attains age 70-1/2. The monthly amount shall normally be the vested balance of the Participant's Account divided by the remaining number of months in such 120 months, all rounded to the nearest cent. However, the amount of each monthly installment may be recomputed and adjusted from time to time no more frequently than monthly as the Trustee may reasonably determine.

(b) All Participants may request and the Administrator shall have the discretionary power to approve, subject to the requirements stated in this Plan, any of the following variations from the normal pattern of distribution:

(i) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's attainment of age 59-1/2, Disability, or separation from Service, if this Plan is adopted as a profit sharing plan.

(ii) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's Disability or separation from Service, if this Plan is adopted as a money purchase pension plan.

(iii) Distributions made or commencing after the normal time of distribution described in Section 9.01(a); provided, however, that any such deferred distribution must commence no later than the last day of the Participant's taxable year in which the Participant attains age 70-1/2.

(iv) Distribution of the Participant's entire Account at one time.

(v) Installment payments of a fixed amount, such payments to be made until exhaustion of the Participant's Account.

(vi) Distribution in kind.

(vii) Any reasonable combination of the foregoing or any reasonable time or manner of distribution within the above-stated limitations.

9.02 Timing of Annuity Payments and Normal Distributions in Plan Years Beginning After December 31, 1984. Payment of benefits under the Qualified Joint and Survivor Annuity or distributions pursuant to the normal form of distribution discussed in Section 9.03(b), shall commence after the Participant attains his or her Normal Retirement Date and on or before the earlier of 60 days after the close of the Plan Year, or the first April 1 after the calendar year, in which occurs the Participant's Normal Retirement Date or in which his or her employment ceases, whichever is later; provided, however, that in the case of a Participant who is a 5-percent owner of the Employer (as defined in Code Section 416(i)(1)(B)(i)), payment of benefits or monthly installments to such a Participant must commence on or before the first April 1 after the calendar year in which such Participant attains age 70-1/2. In the case of a Participant who becomes a 5-percent owner of the Employer (as defined in Code Section 416(i)(1)(B)(i)) after attaining age 70-1/2 but before termination of employment, and during a Plan Year which began after December 31, 1984, payment of benefits or monthly installments to such Participant must begin on or before the first April 1 after the calendar year in which Participant becomes a 5-percent owner.

9.03 Form of Distribution in Plan Years Beginning after December 31, 1984. During any Plan Year which begins after December 31, 1984, the Account of a Participant to which Section 8 does not apply, shall be distributed in a form according to this Section 9.03.

(a) If this Plan is adopted as a money purchase pension plan, unless the Participant elects an optional form of distribution pursuant to a Qualified Election within 90 days before the date on which distributions under this Section 9 would commence, a Participant's Account shall be paid in the form of a Qualified Joint and Survivor Annuity.

(b) If the Participant was eligible to receive a Qualified Joint and Survivor Annuity and he or she elects an optional form of distribution pursuant to a Qualified Election within 90 days before the date on which distributions under this Section 9 would commence or if this Plan is adopted as a profit sharing plan and Section 9.03(a) does not apply to the Participant, a Participant's Account will normally be distributed in monthly installments over a period equal to the shorter of 120 months or the joint life and last survivor expectancy of the Participant and his or her spouse (as calculated by using the return multiples specified in Section 1.72-9 of the Treasury Regulations at the time of the first distribution). The monthly account shall normally be the balance of the Participant's Account divided by the remaining number of months in such period, all rounded to the nearest cent. However, the amount of each monthly installment may be recomputed and adjusted from time to time no more frequently than monthly as the Trustee may reasonably determine.

(c) If this Plan is adopted as a money purchase pension plan and the Participant elects an optional form of distribution pursuant to Qualified Election within 90 days before the date on which distributions under this Section 9 will commence and such optional form of distribution is not the normal form of distribution discussed in subsection (b) or if this Plan is adopted as a profit sharing plan and the Participant makes a written election to receive an optional form of distribution, the Administrator shall have the discretion to approve or disapprove such form of distribution. Pursuant to this Section 9.03(c), the Administrator shall have the discretion to approve of the following variation from the normal pattern of distribution, provided that the distribution shall otherwise comply with the requirements of this Plan:

(i) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's attainment of age 59-1/2, Disability, or separation from Service, if this Plan is adopted as a profit sharing plan.

(ii) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's Disability or separation from Service, if this Plan is adopted as a money purchase pension plan.

(iii) Distributions made or commencing after the normal time of distribution described in Section 9.02; provided, however, that any such deferred distribution must commence no later than the first April 1 after the calendar year in which the Participant attains age 70-1/2.

(iv) Distribution of the Participant's entire vested Account balance at one time, provided that the Participant requests such distribution in writing.

(v) Installment payments of a fixed amount, such payments to be made until exhaustion of the Participant's Account.

(vi) Distribution in kind.

(vii) Any reasonable combination of the foregoing or any reasonable time or manner of distribution within the above-stated limitations.

Notwithstanding the above, if this Plan is adopted as a money purchase pension plan and a married Participant's vested Account Balance (exclusive of the Participant's Rollover Account and Deductible Voluntary Contribution Account) exceeds \$3,500, no amount may be distributed to a participant unless the Participant's Spouse consents in writing to such distribution.

9.04 Required Minimum Distributions. In the case of any Participant to whom Section 9.01 applies, to whom Section 9.03(a) does not apply, or to whom Section 9.03(a) applies and who elects an option form of distribution, the annual distribution from his or her Account must equal or exceed the applicable required minimum distribution. The minimum distribution to be made for each calendar year beginning with the calendar year during which distribution is required to commence pursuant to Section 9.01 or 9.03(b) or (c) shall be the amount equal to the quotient obtained by dividing the Participant's Account balance at the beginning of the year by the greater of the life expectancy of the Participant or the joint life and last survivor expectancy of the Participant and Beneficiary. For purposes of this minimum distribution rule, life expectancy and joint life and last survivor expectancy shall be calculated by using the return multiples specified in section 1.72-9 of the Treasury Regulations either once, at the time of the first distribution, or in the case of an expectancy involving only a spousal Beneficiary, annually in a consistent manner. If the Participant's Spouse is not the Beneficiary, the method of distribution used must ensure that at least 50% of Present Value (as defined in Section 21.02(h) hereof) of the Participant's Account balance at the time distributions commence is paid within the life expectancy of the Participant.

9.05 Nonconsensual Distributions. Notwithstanding any provision of this Section 9 to the contrary, if a former Participant's vested Account balance (exclusive of his or her Rollover Account and Deductible Voluntary Contribution Account) equals \$3,500 or less, the Administrator may direct that the entire vested Account balance be distributed to the former Participant regardless or whether the former Participant (or his or her Spouse, if applicable) requests or otherwise consents to such distribution.

9.06 Special One-Time Distribution Election. Notwithstanding any Plan provision to the contrary and subject to the requirements of Section 9.03(a) above, distribution on behalf of any Employee, including a 5-percent owner (as defined in Code Section 416(i)(1)(B)(i)), may be made in accordance with the following requirements (regardless of when such distribution commences):

(a) The distribution is one which would not have disqualified the Plan under Code Section 401(a)(9) as it was in effect prior to its amendment by the Deficit Reduction Act of 1984.

(b) The distribution is in accordance with a method of distribution



designated by the Participant whose interest in the Plan is being distributed or, if the Participant has died, by a beneficiary of such Participant.

(c) Such designation was in writing, was signed by the Participant or the beneficiary, and was made before January 1, 1984.

(d) The Participant had accrued a benefit under the Plan as of December 31, 1983.

(e) The method of distribution designated by the Participant or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Participant's death, the Beneficiaries of the Participant are listed in order of priority.

(f) If the distribution is one to which the provisions of Section 9.03(a) hereof would otherwise have applied and the Participant is married, the Participant's spouse consents to the election in a writing filed with the Administrator.

A distribution upon death will not be covered by this section 9.06 unless the information in the designation contains the required information

described above with respect to the distributions to be made upon the death of the Participant.

For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Participant, or the Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirement in subsections (a) and (e) above.

If a designation is revoked, any subsequent distribution must satisfy the requirements of Code Section 401(a)(9) as amended. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life).

## SECTION 10. LOANS

10.01 Availability of Loans. If, in the Adoption Agreement, the Employer has specified that loans to Participants are permitted, the Loan Trustee shall, upon the direction of the Administrator, make one or more loans, including any renewal thereof, to a Participant (other than a Participant who is an Owner-Employee). Any such loan shall be subject to such terms and conditions as the Administrator shall determine pursuant to a uniform policy adopted by the Administrator for this purpose, which policy shall be at least as restrictive as required by this Section 10.

10.02 Spousal Consent Required. To obtain a loan, a Participant must obtain the consent of his or her Spouse, if any, within the 90-day period before the time his or her Account balance is used as security for the loan. Furthermore, a new consent is required if an increase in the amount of the security is necessary and any of the remaining balance of the Account is used. A spousal consent to a loan must be in writing, witnessed by a Plan representative or notary public, and acknowledge that as a result of a default repayment of the loan the Spouse may be entitled to a lesser death benefit than he or she would otherwise receive under the Plan. A Spouse shall be deemed to

consent to any loan which is outstanding at the time of his or her marriage to the Participant.

10.03 Equivalent Basis. No such loan may be made to a disqualified person within the meaning of Code Section 4975(e), unless such loans are available to all Participants on a reasonably equivalent basis and are not made available to officers, shareholders or highly paid Participants in an amount which, when stated as a percentage of any such Participant's Account, is greater than is available to any other Participants.

10.04 Limitation on Amount. The amount of any such loan, when added to the outstanding balance of all other loans from the Plan (and any other qualified retirement plans of the Employer's) to the Participant, shall not exceed the following:

Participant's Vested Account Balance	Maximum Amount of Loan
\$0 - \$10,000	100% of vested Account balance
\$10,000 - \$20,000	\$10,000
\$20,000 - \$100,000	50% of vested Account balance
over \$100,000	\$50,000

The value of the Participant's Account balance shall be as determined by the Administrator; provided, however, that such determination shall in no event take into account the portion of the Participant's Account attributable to the Participant's Deductible Voluntary Contribution Account.

10.05 Maximum Term. The term of the any such loan shall not exceed 5 years; provided, however, that such limitation shall not apply to any loan used to acquire, construct, reconstruct, or substantially rehabilitate any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant or a member of the Participant's family (within the meaning of Code Section 267(c)(4)).

10.06 Promissory Note. Any such loan shall be evidenced by a promissory note executed by the Participant and payable to the Loan Trustee, on the earliest of (i) a fixed maturity date meeting the requirements of Section 10.05 above, but in no event later than the Participant's Normal Retirement Date, (ii) the Participant's death, or (iii) when distribution hereunder is to be made to the Participant (other than a withdrawal which will not reduce the value of his or her Account to the extent that the aggregate amount owing could not be made as a new loan within the limitation set forth in Section 10.04 above). Such promissory note shall be secured by an assignment of the Participant's Account to the Loan Trustee. Such promissory note shall evidence such terms as are required by this Section 10.

10.07 Interest. Any such loan shall be subject to a reasonable rate of interest.

10.08 Repayment. If a note is not paid when the Participant's benefits hereunder are to be distributed, then any unpaid portion of such loan and unpaid interest thereon shall be deducted by the Loan Trustee from the Participant's Account before benefits are paid from or purchased out of the Account. Such deduction shall, to the extent thereof, cancel the indebtedness of the Participant. If a note is not paid when it otherwise becomes payable under Section 10.05 hereof, or if at any time the Administrator determines that the aggregate amounts owing by a Participant upon such notes exceed the vested value of the Participant's Account, the Participant shall be promptly notified in writing that unless such loan or excess is repaid within 30 days, action will be taken to collect the same plus any cost of collections. Notwithstanding any implication of the preceding sentence to the contrary, no attachment of the Participant's Account shall occur until a distributable event occurs under



Sections 8 or 9 (or if it is otherwise applicable, Section 22) hereof.

10.09 Accounting. Loans shall be made only from the Account of the Participant (exclusive of that portion of the account attributable to the Participant's Deductible Voluntary Contribution Account) requesting the loan, and shall be treated as an investment of such Account. All interest payments made with respect to such loan shall be credited to the Participant's Account.

10.10 Precedence. This Section 10 overrides Section 16.01 below.

#### SECTION 11. TRUST PROVISIONS

11.01 Manner of Investment. All contributions to the Account of a Participant shall be held in trust by the Trustee designated in the Adoption Agreement. Except to the extent that a Participant's Account is invested in a loan pursuant to Section 10 hereof, the Account of a Participant may only be invested and reinvested in shares of Designated Investment Companies, unless the Distributor permits less than 100% of the Trust assets to be so invested. If the Administrator or the Participant, as the case may be, has elected to have a portion of an Account invested in other than shares of Designated Investment Companies and the Distributor has authorized the investment of less than 100% of Trust assets in such shares, the Trustee shall invest such amount in such investments as it is empowered to invest in under Section 11.03 hereof. The Designated Investment Companies available for investment may be limited by the Employer. Investment in the shares of more than one Designated Investment Company is not permitted unless the value of the Participant's Account and the value of the investment in each additional Designated Investment Company exceed amounts from time to time determined by the Distributor.

11.02 Investment Decision.

(a) The decision as to the investment of an Account shall be made by the person designated in the Adoption Agreement, and the Trustee shall have no responsibility for determining how an Account is to be invested or to see that investment directions communicated to it comply with the terms of the Plan. If the decision is made by the Participant, the Participant shall convey investment instructions to the Administrator and the Administrator shall promptly transmit those instructions to the Trustee. Further, if the decision is to be made by the Participant, the right to make such a decision shall remain with the Participant upon retirement and shall pass to the Distributee upon death.

(b) The person designated to make the decision as to the investment of an Account may direct that the investment medium of an Account be changed provided that no such change may be made from or to an investment other than a Designated Investment Company except to the extent permitted under Section 11.10 above and by the terms of that other investment vehicle. If the Distributor determines in its own judgment that there has been trading of shares of Designated Investment Companies in the Accounts of the Participants, any Designated Investment Company may refuse to sell its shares to such Accounts. When an investment is being made or changed, the person designated to do so shall specify the type of account to which the change refers.

(c) If any decision as to investments is to be made by the Administrator, it shall be made on a uniform basis with respect to all Participants.

(d) The Administrator and the Trustee may adopt procedures permitting Participants to convey their investment instructions directly to the Trustee or to the transfer agent for the Designated Investment Company or Companies or for any other investment permitted by the Distributor.

(e) Whenever a Participant is the person designated to make the decision as to the investment of an Account, the Administrator shall ascertain that the Participant has received a copy of the current prospectus relating to the shares of any Designated Investment Company in which such Account is to be

invested plus, where required by any state or federal law, the current prospectus relating to any other investment in which the Account is to be invested. With respect to contributions designated for investment by a Participant, by remitting such a contribution to the Trustee, the Administrator shall be deemed to warrant to the Trustee for the benefit of the appropriate Designated Investment Company or Companies and its or their principal underwriter that the Participant has received all such prospectuses. By remitting any other contribution to the Trustee, the Administrator shall be deemed to warrant to the Trustee for the benefit of the appropriate Designated Investment Company or Companies and its or their principal underwriter that the Administrator has received a current prospectus of any Designated Investment Company in which the contribution is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested.

11.03 Investment Powers. To the extent that a portion of the Trust assets are invested other than in shares of Designated Investment Companies pursuant to Section 11.01 above, the Trustee is hereby granted full power and authority to invest and reinvest the Trust assets in any property of any kind or nature whatsoever (speculative or otherwise) or in any rights or interests therein, or in any evidences or indicia thereof and whether real, personal or mixed or whether tangible or intangible (including for illustration but not to be limited to the following, or anything of a similar kind, character or class: common or preferred stocks, evidences or ownership in so-called Massachusetts business trusts, fees, beneficial interests, leaseholds, bonds, mortgages, leases, notes or obligations, oil and gas payments, oil and gas contracts, other securities, instruments or commodities, investments in property yielding little or no income and shares of regulated investment companies) without regard to any rule of law or statute of the state of the Trustee designation investments eligible for trust funds, and without respect to any custom or practice either as to types of investments or diversification of investments, and to hold cash uninvested at any time and from time to time in such amounts and to such extent as the Trustee in its own uncontrolled discretion and judgment deems advisable; provided, however, that the Trustee is to act with the care, skill and diligence, under the circumstances then prevailing, which would characterize the actions of a prudent man who is acting as such a Trustee and who is familiar with the duties of such a Trustee; further provided that the Trustee shall diversify the investments of the Trust Fund so as to minimize the risk of large losses unless, under the circumstances, such diversification would not be prudent; further provided that the Trustee is not empowered to enter into any investment which would be prohibited under the Act or otherwise by the provisions of this Plan.

Notwithstanding the above, the following restrictions on the investment of a Participant's Account shall apply:

(a) No part of a Participant's Deductible Voluntary Contribution Account may be used to purchase life insurance.

(b) At most, less than one-half of the aggregate Employer Contributions allocated to a Participant's Employer Contribution Account may be used to pay premiums attributable to the purchase of ordinary life insurance contracts (life insurance contracts with both nondecreasing death benefits and nonincreasing premiums).

(c) No more than one-quarter of aggregate Employer Contributions allocated to a Participant's Employer Contribution Account may be used to pay premiums on term life insurance contracts, universal life insurance contracts, and all other life insurance contracts which are not ordinary life insurance contracts.

(d) One-half of the amount used to pay premiums on ordinary life insurance contracts plus the amount used to pay premiums on all other life insurance contracts may not exceed an amount equal to one-quarter of the

aggregate Employer Contributions allocated to a Participant's Employer Contribution Account.

(e) No part of a Participant's Account shall be applied towards the purchase of any insurance contract unless (i) the Trustee applies for and is the owner of such contract, (ii) the contract provides that all contract proceeds shall be paid to the Trustee, and (iii) the contract provides for distributions to the Participant's Spouse, as necessary to ensure compliance with the applicable requirements of Sections 8, 9, and 22.

If a Participant's Account is invested in one or more insurance contracts, the Trustee is required to pay over all proceeds of the contract(s) to the Participant's Beneficiary or Beneficiaries in accordance with the terms of this Plan and under no circumstances shall the Trust retain any contract proceeds.

11.04 Appointment of Investment Manager. Subject to Sections 11.01 and 11.03 above, the Administrator may designate, and the Employer may contract with, Scudder, Stevens & Clark, or its successor or any affiliate, to act as investment manager (within the meaning of the Act), and may at any time revoke such designation. If an investment manager is so designated, the Trustee shall follow all investment directions given by the investment manager with respect to the retention, investment and reinvestment of the Plan assets to the extent they are under the control of such investment manager. If permitted by the Trustee, the investment manager may issue orders for the purchase and sale of securities, including orders through any affiliate of such investment manager. Such an investment manager is specifically allowed to direct or make investments in shares of any Designated Investment Company. The Trustee shall not be liable for following any direction given by, or any actions of, an investment manager so appointed.

#### 11.05 Trustee: Number, Qualifications and Majority Action.

(a) The number of Trustees shall be one, two or three. Any natural person and any corporation having the power under applicable law to act as a trustee of a pension or profit sharing plan may be a Trustee. No person shall be disqualified from being a Trustee by being employed by the Employer, by being the Administrator, by being a trustee under any other qualified retirement plan of the Employer or by being a Participant in this Plan or such other qualified plan.

(b) A Trustee holding office as sole Trustee hereunder shall have all the powers and duties herein given the Trustees. When the number of Trustees hereunder is three, any two of them may act, but the third Trustee shall be promptly informed of the action. There are two or three Trustees hereunder, they may, by written instrument communicated to the Employer and the Administrator, allocate among themselves the powers and duties herein given to the Trustee hereunder. If such an allocation is made, to the extent permitted by applicable law, no Trustee shall be liable either individually or as a trustee for loss to the Plan from the acts or omissions of another Trustee with respect to duties allocated to such other Trustee.

#### 11.06 Change of Trustee

(a) Any Trustee may resign as Trustee upon notice in writing to the Employer, and the Employer may remove any Trustee upon notice in writing to each Trustee. The removal of a Trustee shall be effective immediately, except that a corporation serving as a Trustee shall be entitled to 60 days' notice which it may waive, and the resignation of a Trustee shall be effective immediately, provided that, if the Trustee is the sole Trustee, neither a removal nor a resignation of a Trustee shall be effective until a successor Trustee has been appointed and has accepted the appointment. If within 60 days of the delivery of the written resignation or removal of a sole Trustee another Trustee shall not have been appointed and have accepted, the resigning or removed Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee or may terminate the Plan pursuant to Section 18 of the Prototype Plan. The Trustee shall not be liable for the acts and omissions of any successor

trustee.

(b) At any time when the number of Trustees is one or two the Employer may but need not appoint one or two additional Trustees, provided that the number of Trustees shall not be more than three. Such an appointment and the acceptance thereof shall be in writing, and shall take effect upon the delivery of written notice thereof to all the Trustees and the Administrator and such acceptance by the appointed Trustee, provided that if a corporation is a Trustee then in the absence of its consent, such an appointment of an additional or successor Trustee shall not become effective until 60 days after its receipt of notice.

(c) Although any Employer adopting the Plan may choose any Trustee who is willing to accept the Trust, the Distributor or its successor may make or may have made tentative standard arrangements with any bank or trust company with the expectation it will be used as the Trustee by a substantial group of Employers. It is also contemplated that more favorable results can be obtained with a substantial volume of business, and that it may become advisable to remove such bank or trust company as the Trustee and substitute another Trustee. Therefore, anything in the prior to subsections of this Section 11.06 notwithstanding, each Employer adopting this Plan hereby agrees that the Distributor may, upon a date specified in a notice of at least 30 days to the affect Employer and in the absence of written objection by the Employer received by the Distributor before such date (i) remove any such Trustee and in that case, or if such a Trustee has resigned as to a group of Employers, (ii) appoint such a successor Trustee, provided such action is taken with respect to all Employers similarly circumstanced of which the Distributor has knowledge, and provided such notice is given in writing mailed postage prepaid to the Employer at the latest address furnished to the Distributor directly or supplied to it by such Trustee which is to be succeeded. If within 60 days after such Trustee's resignation or removal, the Employer has not appointed a successor which has accepted such appointment (unless the appointment of a successor Trustee is waiting for action by the Distributor pursuant to the next preceding sentence according to notice which has been given), the Trustee may petition an appropriate court for the appointment of its successor. The Trustee shall not be liable for the acts and omissions of such successor.

(d) Successor Trustees qualifying under this Section 11.06 shall have all rights and powers and all the duties and obligations of original Trustees.

11.07 Valuation. Annually, on the Valuation Date, or more frequently in the discretion of the Trustee, the assets of the Trust shall be revalued at fair market value and the accounts of the Trust shall be proportionately adjusted to reflect income, gains, losses or expenses, if the system of accounting does not directly accomplish all such adjustments. Each account shall share in income gains, loses, or expenses connected with an asset in which it is invested according to the proportion which the account's investment in the asset bears to the total amount of the Trust Fund invested in the asset. Any dividends or credits earned on insurance contracts shall be allocated to the specific account of the Participant from which the funds originated for investment in the contract.

The Trust Fund shall be administered separately from, and shall not include any assets being administered under, any other plan of an Employer. Interim valuations, if any, shall be applied uniformly and in a non-discriminatory manner for all Employees.

11.08 Registration. Any assets in the Trust Fund may be registered in the name of the Trustee or any nominee designated by the Trustee.

11.09 Certifications and Instructions.

(a) Any pertinent vote or resolution of the Board of Directors of the Employer (if it is a corporation) shall be certified to the Trustee over the signature of the Secretary or an Assistant Secretary of the Employer and under its corporate seal. The Employer shall promptly furnish to the Trustee

appropriate certification evidencing the appointment and termination of the individual or individuals serving as Administrator under Section 12.01 of the Plan.

(b) The Administrator shall furnish to the Trustee appropriate certification of the individual or individuals authorized to give notice on behalf of the Administrator and providing specimens of their signatures. All requests, directions, requisitions for money and instructions by the Administrator to the Trustee shall be in writing and signed. There may be standing requests, directions, requisitions or instructions to the extent acceptable to the Trustee.

#### 11.10 Accounts and Approval

(a) The Trustee shall keep accurate and detailed accounts of all investments, receipts and disbursements and other transactions hereunder, and all books and records relating thereto shall be open at all reasonable times to inspection and audit by any person or persons designated by the Administrator or by the Employer.

(b) Within 90 days following the close of each Plan Year the Trustee may, and upon the request of the Employer or the Administrator shall, file with the Administrator and the Employer a written report setting forth all securities or other investments (including insurance contracts) purchased and sold, all receipts, disbursements and other transactions effected by it during the period since the date covered by the next proper report, and showing the securities and other property held at the end of such period, and such other information about the Trust Fund as the Administrator shall request. Unless the Employer or Administrator, within 90 days from the date of mailing of such report, objects to the contents of such report, the report shall be deemed approved. Any such objections shall set forth the specific grounds on which they are based.

11.11 Taxes. The Trustee may assume that any taxes assessed on or in respect of the Trust Fund are lawfully assessed unless the Administrator shall in writing advise the Trustee that in the opinion of counsel for the Employer such taxes are not lawfully assessed. In the event that the Administrator shall so advise the Trustee, the Trustee, if so requested by the Administrator and suitable provision for their indemnity having made, shall contest the validity of such taxes in any manner deemed appropriate by the Administrator or counsel for the Employer. The word "taxes" in this Section 11 shall be deemed to include any interest or penalties that may be levied or imposed in respect to any taxes assessed. Any taxes, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Trust Fund that may be levied or assessed in respect to such assets shall, if allocable to the Accounts of specific Participants, be charged to such Accounts, and if not so allocable, they shall be equitably apportioned among all such Participant's Accounts.

11.12 Employment of Counsel. The Trustee may employ legal counsel (who may be counsel for the Employer) and shall be fully protected in acting or refraining from acting, upon such counsel's advice in respect to any legal questions.

11.13 Compensation of Trustee. An individual Trustee who is an Employee of the Employer shall not be compensated for services as Trustee. A corporation, or an individual who is not an Employee of the Employer, serving as a Trustee shall be entitled to reasonable compensation for services; such compensation shall be paid in accordance with Section 13.

#### 11.14 Limitation of Trustee's Liability.

(a) The Trustee shall have no duty to take any action other than as herein specified, unless the Administrator shall furnish it with instructions in proper form and such instructions shall have been specifically agreed to by it, or to defend or engage in any suit unless it shall have first agreed in writing to do so and shall have been fully indemnified to its satisfaction.

(b) The Trustee may conclusively rely upon and shall be protected in acting in good faith upon any written representation or order from the Administrator or any other notice, request, consent, certifi-

cate or other instrument or paper believed by the Trustee to be genuine and properly executed, or any instrument or paper if the Trustee believes the signature thereon to be genuine.

(c) The Trustee shall not be liable for interest on any reasonable cash balances maintained in the Trust.

(d) The Trustee shall not be obligated to, but may, in its discretion, receive a contribution directly from a participant.

11.15 Successor Trustee. Any corporation into which a corporation acting as a Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger, reorganization or consolidation to which such Trustee may be a party, shall be the successor of the Trustee hereunder, without the necessity of any appointment or other action, provided the Trustee does not resign and is not removed.

11.16 Enforcement of Provisions. To the extent permitted by applicable law, the Employer and the Administrator shall have the exclusive right to enforce any and all provisions of this Agreement on behalf of all Employees and former Employees of the Employer or their Beneficiaries or other persons having or claiming to have an interest in the Trust Fund or under the Plan. In any action or proceeding affecting the Trust Fund or any property constituting a part or all thereof, or the administration thereof or for instructions to the Trustee, the Employer, the Administrator and the Trustee shall be the only necessary parties and shall be solely entitled to any notice of process in connection therewith; any judgment that may be entered in such action or proceeding shall be binding and conclusive on all persons having or claiming to have any interest in the Trust Fund or under the Plan.

11.17 Voting. The Trustee shall deliver, or cause to be executed and delivered, to the Administrator all notices, prospectuses, financial statements, proxies and proxy soliciting materials received by the Trustee relating to securities held by the Trust. The Administrator shall deliver these to the appropriate Participant or Beneficiary of a deceased Participant, but only if the Employer has specified in the Adoption Agreement that investment decisions shall be made by Participants pursuant to Section 11.02 hereof. The Trustee shall vote securities held by the Trust in accordance with the written instructions of the person or persons entitled to make investment decisions pursuant to Section 11.02. If, however, the Trustee is not State Street Bank and Trust Company and has not received instructions with respect to how to vote given securities before five full business days prior to the meeting at which such securities are to be voted, the Trustee may vote such securities. If the Trustee is State Street Bank and Trust Company and it has not received instructions with respect to how to vote given securities before two full business days prior to the meeting at which such securities are to be voted, it shall not vote such securities except to the extent they are shares of a Designated Investment Company, in which case it shall vote such securities for or against each proposal, or abstain from voting on each proposal, in the same proportion as all other shares of such Designated Investment Company vote or abstain from voting at the shareholder meeting either in person or by proxy. In applying the foregoing, the Trustee is not required to vote particular shares of a Designated Investment Company in the manner specified in the preceding sentence, so long as all of the shares of the Designated Investment Company as to which the Trustee has not received instructions are voted in the aggregate in accordance with the preceding sentence. Notwithstanding the foregoing, the Trustee shall not have the authority to vote shares of a Designated Investment Company without instructions from the person or persons entitled to make investment decisions unless either (a) the Securities and Exchange Commission



shall have issued an exemptive order pursuant to Section 6(c) of the Investment Company Act of 1940, as amended, the application for which order describes the Trustee's authorization to so vote without instructions, or (b) the Trustee has received an opinion of its counsel that the exercise of the authority to vote shares of a Designated Investment Company without instructions will not render the Trustee an "affiliated person" as defined in the Investment Company Act of 1940, as amended.

11.18 Applicability to Loan Trustee. Where appropriate, the foregoing provisions of this Section 11 shall apply to the Loan Trustee on the same basis as if the Loan Trustee were the Trustee.

## SECTION 12. ADMINISTRATION

12.01 Appointment of Administrator. From time to time, the Employer may, by identifying such person(s) in writing to both the Trustee and the Participants, appoint one or more persons as Administrator (hereinafter referred to in the singular). Such Administrator shall have all power and authority necessary to carry out the terms of the Plan. A person appointed as Administrator may also serve in any other fiduciary capacity, including that of Trustee, with respect to the Plan. The Administrator may resign upon 15 days' advance written notice to the Employer, and the Employer may at any time revoke the appointment of the Administrator with or without cause. The Employer shall exercise the power and fulfill the duties of the Administrator if at any time, an Administrator has not been properly appointed in accordance with this Section 12.01 or the position is otherwise vacant.

12.02 Named Fiduciaries. The "Named Fiduciaries" within the meaning of the Act shall be the Administrator and the Trustee.

12.03 Allocation of Responsibilities. Responsibilities under the Plan shall be allocated among the Trustee, the Administrator, and the Employer as follows:

(a) Trustee: The Trustee shall have exclusive responsibility to hold, manage and invest, pursuant to instructions communicated to it in accordance with Section 11.02 above, the funds received by it subject to the powers granted to it under Section 11 hereof. To the extent that loans are made to Participants in accordance with Section 10 hereof, these responsibilities shall fall to the Loan Trustee.

(b) The Administrator: The Administrator shall have the responsibility and authority to control the operation and administration of the Plan in accordance with its terms including, without limiting the generality of the foregoing, (i) any investment decisions assigned to it under the Adoption Agreement or transmission to the Trustee of any participant investment decision under Section 11.02; (ii) interpretation of the Plan, conclusive determination of all questions of eligibility, status, benefits and rights under the Plan and certification to the Trustee of all benefits payments under the Plan; (iii) hiring of persons to provide necessary services to the Plan not provided by Employees; (iv) preparation and filing of all statements, returns and reports required to be filed by the Plan with any agency of Government; (v) compliance with all disclosure requirements of all state or federal law; (vi) maintenance and retention of all Plan records as required by law, except those required to be maintained by the Trustee; and (vii) all functions otherwise assigned to it under the terms of the Plan.

(c) Employer: The Employer shall be responsible for the design of the Plan, as adopted or amended, the designation of the Administrator and Trustee (and, if appropriate, the Loan Trustee) as provided in the Plan, the delivery to the Administrator and the Trustee of Employee information necessary for operation of the Plan, the timely making of the Employer Contributions pursuant to Section 4.01 hereof, and the exercise of all functions provided in or necessary to the Plan except those assigned in the Plan to other persons.

(d) This Section 12.03 is intended to allocate individual responsibility for the prudent execution of the functions assigned to each of the Trustees, the Loan Trustee, the Administrator and the Employer and none of such responsibilities or any other responsibility shall be shared among them unless specifically provided in the Plan. Whenever one such person is required by the Plan to follow the directions of another, the two shall not be deemed to share responsibility, but the person who gives the direction shall be responsible for giving it and the responsibility of the person receiving the direction shall be to follow it insofar as it is on its face proper under applicable law.

12.04 More Than One Administrator. If more than one individual is appointed as Administrator under Section 12.01, such individuals shall either exercise the duties of the Administrator in concert, acting by a majority vote or allocate such duties among themselves by written agreement delivered to the Employer and the Trustee. In such a case, the Trustee may rely upon the instruction of any one of the individuals appointed as Administrator regardless of the allocation of duties among them.

12.05 No Compensation. The Administrator shall not be entitled to receive any compensation from the funds held under the Plan for its services in that capacity unless so determined by the Employer or required by law.

12.06 Record of Acts. The Administrator shall keep a record of all its proceedings, acts and decisions, and all such records and all instruments pertaining to Plan administration shall be subject to inspection by the Employer at any time. The Employer shall supply, and the Administrator may rely on the accuracy of, all Employee data and other information needed to administer the Plan.

12.07 Bond. The Administrator shall be required to give bond for the faithful performance of its duties to the extent, if any, required by the Act, the expense to be borne by the Employer.

12.08 Agent for Service of Legal Process. The Administrator shall be agent for service of legal process on the Plan.

12.09 Rules. The Administrator may adopt or amend and shall publish to the Employees such rules and forms for the administration of the Plan, and may employ or retain such attorneys, accountants, physicians, investment advisors, consultants and other persons to assist in the administration of the Plan as it deems necessary or advisable.

12.10 Delegation. To the extent permitted by applicable law, the Administrator may delegate all or part of its responsibilities hereunder and at any time revoke such delegation, by written statement communicated to the delegate and the Employer. The Trustee may, but need not, act on the instructions of such a delegate. The Administrator shall annually review the performance of all such delegates.

12.11 Claims Procedure. It is anticipated that the Administrator will administer the Plan to provide Plan benefits without waiting for them to be claimed, but the following procedure is established to provide additional protection to govern unless and until a different procedure is established by the Administrator and published to the Participants and Beneficiaries.

(a) Manner of Making Claim. A claim for benefits by a Participant or Beneficiary to be effective under this procedure must be made to the Administrator and must be in writing unless the Administrator formally or by course of conduct waives such requirements.

(b) Notice of Reason for Denial. If an effective claim is wholly or partially denied, the Administrator shall furnish such Participant or Beneficiary with written notice of the denial within 60 days after the original claim was filed. This notice of denial shall set forth in a manner calculated to be understood by the claimant (i) the reason or reasons for denial, (ii)



specific reference to pertinent plan provisions on which the denial is based, (iii) a description of any additional information needed to perfect the claim and an explanation of why such information is necessary, and (iv) an explanation of the Plan's claims procedure.

(c) The Participant or Beneficiary shall have 60 days from receipt of the denial notice in which to make written application for review by the Administrator. The Participant or Beneficiary may request that the review be in the nature of a hearing. The Participant or Beneficiary shall have the rights (i) to have representation, (ii) to review pertinent documents, and (iii) to submit comments in writing.

(d) The Administrator shall issue a decision on such review within 60 days after receipt of an application for review, except that such period may be extended for a period of time not to exceed an additional 60 days if the Administrator determines that special circumstances (such as the need to hold a hearing) requires such extension. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based.

#### SECTION 13. FEES AND EXPENSES

All reasonable fees and expenses of the Administrator or Trustee incurred in the performance of their duties hereunder or under the Trust shall be paid by the Employer; and to the extent not so paid by the Employer, said fees and expenses shall be deemed to be an expense of the Trust and the Trustee is authorized to charge the same to the Accounts of the

Participants, and unless allocable to the Accounts of specific Participants, they shall be charged against the respective accounts of all or a reasonable group of Participants in such reasonable manner as the Trustee shall determine.

#### SECTION 14. BENEFIT RECIPIENT INCOMPETENT OR DIFFICULT TO ASCERTAIN OR LOCATE

14.01 Incompetency. If any portion of the Trust Fund becomes distributable to a minor or to a Participant or Beneficiary who, as determined by the sole discretion of the Administrator, is physically or mentally incapable of handling his or her financial affairs, the Administrator may direct the Trustee to make such distribution either to the legal representative or custodian of, or any of the relatives and friends of, the incompetent or to apply such distribution directly for the incompetent's support and maintenance. Payments which are made in good faith shall completely discharge the Employer, Administrator and Trustee from liability therefor.

14.02 Difficulty to Ascertain or Locate. If it is impossible or difficult to ascertain the person who is entitled to receive any benefit under the Plan, the Administrator in its discretion may direct that such benefit be (a) paid to another person in order to carry out the Plan's purposes; or (b) retained in the Trust; or (c) paid to a court pending judicial determination of the right thereto.

#### SECTION 15. DESIGNATION OF BENEFICIARY

Each participant and beneficiary may submit to the Trustee a properly executed Designation of Beneficiary form. In order to be effective, such designation (a) must have been properly executed and submitted to the Trustee before the death of the Participant or beneficiary, as the case may be, and (b) for Participants who die after August 22, 1984 leaving a surviving Spouse, must

be accompanied, or preceded, by a consent of the Participant's Spouse (unless said Spouse is designated as the sole, primary Beneficiary). Such consent of the Spouse must be in writing, acknowledge that the effect of such consent is that the Spouse may receive no benefits under the Plan, be witnessed by a Plan representative or a notary public, and be a limited consent to the payment of death benefits to a specific person or persons. The last effective Designation accepted by the Trustee shall be controlling, and whether or not fully dispositive of the Participant's Account, thereupon shall revoke all Designations (and related spousal consents) previously submitted by the Participant or beneficiary, as the case may be. Each such executed Designation (and related spousal consent) is hereby specifically incorporated herein by reference and shall be construed and enforced in accordance with the laws of the state in which the Trustee has its principal place of business.

SECTION 16.  
SPENDTHRIFT PROVISION AND  
DISTRIBUTIONS PURSUANT TO QUALIFIED  
DOMESTIC RELATIONS ORDERS

16.01 General Spendthrift Rule. No interest of any Participant or Beneficiary shall be assigned, anticipated or alienated in any manner nor shall it be subject to attachment, to bankruptcy proceedings or to any other legal process or to the interference or control of creditors or others, except (a) to the extent that Participants may secure loans from the Trust with their Accounts pursuant to Section 10 hereof and (b) pursuant to Section 16.02 hereof.

16.02 Account Division and Distribution Pursuant to Qualified Domestic Relations Orders. The interest of a Participant may be assigned pursuant to a "Qualified Domestic Relations Order" (as defined below). The Trustee shall make distributions of such Participant's interest as are required by the order and this Section 16.02.

(a) A "Qualified Domestic Relations Order" is any judgment, decree or order, including the approval of a property settlement agreement (collectively hereinafter referred to as an "order"), provided that:

(i) The order related to the provision of child support, alimony or marital property rights and is made pursuant to state domestic relations or community property laws;

(ii) The order creates or recognizes the existence of an alternate payee's right to or assigns to an alternative payee rights to, receive all or a portion of the benefits payable with respect to the Participant under this Plan;

(iii) The order specifies the name and last known mailing address of the Participant and each alternative payee covered by the order;

(iv) The order precisely specifies the amount or percentage of the Participant's benefits to be paid to each alternate payee or the manner in which the amount or percentage is to be determined;

(v) The order specifies the number of payments or the period to which the order applies;

(vi) The order specifically names this Plan as a plan to which the order applies;

(vii) The order does not require the Trustee to provide any form of distribution other than those contained in Sections 8 and 9 hereof (or Section 22 hereof, if that Section applies in the Participant's case) other than in the form of a Qualified Joint and Survivor Annuity with respect to the alternative payee and his or her subsequent spouse;

(viii) The order does not require the Trustee to provide benefits at any time in excess of the Account balance;

(ix) If the order requires that distribution to the alternative payee commence before distribution to the Participant commences, the order:

(A) specifies that, unless the Administrator otherwise consents, distribution to the alternative payee will not commence prior to ten years before the Participant's Normal Retirement Date; and

(B) specifies that the amount distributed is to be calculated as if the Participant had retired on the date on which distributions are required to commence; and

(x) The order does not require the payment of benefits to an alternative payee which are required to be paid to another alternative payee under a previously entered Qualified Domestic Relations Order.

(b) At the request of an alternative payee and pursuant to a Qualified Domestic Relations Order, the Administrator may, in its discretion, direct the Trustee to make a lump-sum distribution from a Participant's Account to an alternative payee at any time prior to time when distribution of such Account would otherwise occur pursuant to Section 8, 9 or 22 hereof.

(c) The Administrator may, in its discretion, provide a standard form Qualified Domestic Relations Order to a Participant or any other person, on request. If this form is properly completed, used without substantial modification, and incorporated into an order which on its face appears to be valid, the Administrator shall treat it as a Qualified Domestic Relations Order and shall distribute named Participant's Account according to its terms. Any manner of distribution authorized by the Administrator in such a standard form, other than a manner of distribution specified in Section 8 and 9 hereof, shall be authorized only as to the alternate payees by whom the standard form has been used.

(d) The Administrator shall not treat any order entered after January 1, 1985 as a Qualified Domestic Relations Order unless it meets all of the requirements of subsection (a). For the purposes of this subsection (d), the Administrator shall treat a domestic relations order entered before January 1985 as a Qualified Domestic Relations Order regardless of whether it meets the requirements of subsection (a). The Administrator and Trustee shall follow the terms of a Qualified Domestic Relations Order regardless of whether the Plan has been joined as a party to the litigation out of which the order arises.

Upon receipt of a domestic relations order entered after January 1, 1985, the Administrator shall notify the Participant and alternate payee of (i) its receipt of the order and (ii) its procedures to determine the qualified status of the order in accordance with subsection (a). Within a reasonable period after receipt of such order, the Administrator shall determine whether such order is a Qualified Domestic Relations Order and notify the Participant and each alternative payee of such determination. The alternate payee may designate a representative to receive copies of future notices with respect to the qualified status of the order.

(e) To the extent an order entered after January 1, 1985 calls for the benefits to be paid to an alternate payee before the qualified nature of the order is determined, a separate account shall be established to hold the benefit payments affected by the order. If within 18 months, the Administrator determines that the order (or a modification thereof) is a Qualified Domestic Relations Order, the Administrator shall deal with the funds in the separate account (increased by any earning and decreased by any losses thereon) in accordance with the instructions of the Qualified Domestic Relations Order. If within 18 months, the Administrator either (i) determines that the order is not a Qualified Domestic Relations Order or (ii) is unable to determine whether the order is a Qualified Domestic Relations Order, the Administrator shall return the funds in the separate account (increased by any earnings and decreased by any losses thereon) to the account(s) from which the funds were originally removed. Any determination by the Administrator that an order is a Qualified

Domestic Relations Order after the expiration of the above discussed 18-month period shall be applied on a prospective-only basis.

(f) The "alternate payee" referred to in this Section 16.02 shall be any spouse, former spouse, child or other dependent of the Participant who is recognized by a domestic relations order as being entitled to receive benefits payable under the Plan with respect to the Participant. Such alternate payee shall be considered a "beneficiary" for purposes of the reporting and disclosure requirements of the Act.

#### SECTION 17. NECESSITY OF QUALIFICATION

This Plan is established with the intent that it shall qualify under Code Section 401(a) as that Section exists at the time the Plan is established. If the Plan as adopted by the Employer fails to attain such qualification, the Plan will no longer participate in this Prototype Plan and will be considered an individually designed plan. If the Plan as adopted by the Employer fails to attain or retain such qualification, the Employer shall promptly either amend the Plan under Code Section 401(b) so that it does qualify, or direct the Trustee to terminate the Trust, and distribute all the assets of the Trust equitably among the contributors thereto in proportion to their contributions, and the Plan and the Trust shall be considered to be rescinded and of no force and effect.

#### SECTION 18. AMENDMENT AND TERMINATION

18.01 Amendment or Termination by the Employer. The Employer may at any time, and from time to time amend this Prototype Plan and the Adoption Agreement (including a change in any election it has made in the Adoption Agreement), or suspend or terminate this Plan by giving written notice to the Trustee, but the Trust may not thereby be diverted from the exclusive benefit of the Participants, their Beneficiaries, survivors or estates, or the administrative expenses of the Plan, nor revert to the Employer, nor may an allocation or contribution theretofore made be changed thereby, nor may any amendment directly or indirectly deprive a Participant of such Participant's nonforfeitable rights to benefits accrued to the date of the amendment.

No amendment to the Plan shall be effective to the extent that it would have the effect of decreasing a Participant's Account balance or eliminating an optional form of distribution. Notwithstanding the preceding sentence, a Participant's Account balance may be reduced to the extent permitted under Code Section 412(c)(8). Furthermore, no amendment to the Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted or the date on which it becomes effective.

The Employer may amend the Plan by adding overriding Plan language to the Adoption Agreement where such language is necessary to satisfy Code Sections 415 or 416 because of the required aggregation of multiple plans under these Code Sections. The Employer may also amend the Plan by adding language to allow the Plan to operate under a waiver of the minimum funding requirement.

Any amendment by the Employer which is other than (a) a change in the Employer's prior designation of an option in the Adoption Agreement (b) an amendment referred in the Adoption Agreement which will allow the Plan to satisfy the requirements of Code Section 415 or to avoid duplication of minimum

benefits or accruals under Code Section 416 because of the required aggregation of multiple plans, or (c) an amendment which allows the Plan to operate under a waiver of the minimum funding requirement, will constitute a substitution by the Employer of an individually designed plan for this Prototype Plan; thereafter,

the Plan shall no longer participate in the Prototype Plan and the general amendment procedure of the Internal Revenue Service governing individually designed plans will be applicable.

If an amendment changing the vesting schedule is executed (including execution of this Adoption Agreement as an amendment to an existing plan), Participants with five or more Vesting Years before the expiration of the election period described in the next sentence shall have the right to elect the vesting schedule in effect on the day before the election period. The election period shall commence on the date the amendment is adopted and end on the latest of (a) 60 days after the amendment is adopted, (b) 60 days after the Effective Date, or (c) 60 days after the Participant is issued written notice of the amendment by the Administrator. Failure to so elect shall be treated as a rejection and such election or rejection shall be final.

Nothing contained herein shall constitute an agreement or representation by any Sponsor or the Distributor that it will continue to maintain its sponsorship of the Plan indefinitely.

18.02 Delegation. The Employer hereby delegates to the Sponsor the authority to amend so much of the Adoption Agreement and this Prototype Plan as in prototype form and, to the extent to which the Employer could effect such amendment, the Employer shall be deemed to have consented to any amendment so made. When an election within the prototype form has been made by the Employer, it shall be deemed to continue after amendment of the prototype form unless and until the Employer expressly further amends the election, notwithstanding that the provision for the election in the amended prototype form is in a different form or place; provided, however, that if the amended form inadvertently fails to provide means to duplicate exactly the earlier election, such earlier election shall continue until such further amendment. The immediately preceding sentence is subject to the qualification that each Employer hereby delegates to the Sponsor, in the event of such an amendment of the prototype form, authority to determine conclusively that such a continuation of an earlier election by the Employer is not advisable and to make the election for the Employer in the amended prototype form which in the judgment of the Sponsor most nearly corresponds with the election made by the Employer before the amendment of the prototype form, provided the following procedure is followed: the election for the Employer may be made with respect to any specified Employers as to whom it may be made applicable singly, or such election may be made with respect to all Employers as to whom it may be made applicable as a group; and the election shall be made as of an effective date which has been specified on a notice mailed or delivered, at the last address(es) of the Employer(s) on the records of the Distributor, to the Employer(s) at least 20 days before the end of the remedial amendment period. Such notice may be mailed to Employers to whom it cannot be applicable by reason of a previous election made by the Employer or otherwise, but it shall be effective only as to those Employers who have received the notice and have not themselves made a new election with respect to that item since the amendment of the prototype form and previous to the effective date of such election by the Sponsor. The foregoing delegations of authority to make elections, or to make amendments, shall not impose any duty on the Sponsor to make a given election or amendment and shall not affect the interpretation of the Plan if any so delegated authority is not used.

18.03 Distribution of Accounts Upon Termination. Upon termination or partial termination of the Plan or, if this Plan is adopted as a profit sharing plan, complete discontinuance of Employer Contributions under it, the Administrator shall determine whether to pay the interests of Participants, former Participants and Beneficiaries immediately, to retain such interest in the Trust and pay them in the future according to Section 8, 9 and/or 22 as applicable, or to use what other methods the Administrator deems advisable in order to furnish whatever benefits the Trust will provide; provided any such distributions pursuant to this Section 18.03 shall comply with the requirements of Section 8, 9, and/or 22 hereof.

## SECTION 19. TRANSFERS

Nothing contained herein shall prevent the merger or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, another plan meeting the requirements of Code Section 401(a) or the transfer to the Plan of assets or liabilities of another such plan so qualified under the Code. Any such merger, consolidation or transfer shall be accompanied by the transfer of such existing records and information as may be necessary to properly allocate such assets among Participants, including any tax or other information necessary for the Participants or persons administering the plan which is receiving the assets. The terms of such merger, consolidation or transfer must be such that if this Plan is then terminated, the requirements of Section 18.01 hereof would be satisfied and each Participant would receive a benefit immediately after the merger, consolidation or transfer equal to or greater than the benefit he or she would have received if the Plan had terminated immediately before the merger, consolidation or transfer.

SECTION 20.  
OWNER-EMPLOYEE PROVISIONS

20.01 Purpose of Section. This Section is intended to insure that the Plan complies with Code Section 401(d). Any ambiguity herein will be construed to that end, and this Section 20 will override any other provision of the Plan with which it may be inconsistent.

20.02 Control. For purposes of this Section 20, "Control" means the ownership directly or indirectly of more than 50% of either the capital interest or the profits interest in a partnership or an unincorporated trade or business. For the purposes of applying the preceding sentence, an Owner-Employee, or 2 or more Owner-Employees shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such Owner-Employee, or such 2 or more Owner-Employees, are considered to Control.

20.03 Limitations. No benefits shall be provided to an Owner-Employee under this Plan unless:

(a) if an Owner-Employee or group of Owner-Employees Controls the trade or business covered by this Plan and also Control as an Owner-Employee or Owner-Employees one or more other trades or businesses, this Plan and the plans established for such other trades or businesses, when taken together, form a single plan which satisfies the requirements of Sections 401(a) and (d) of the Code with respect to the Employees of all the controlled trades or businesses; and

(b) if an Owner-Employee or group of Owner-Employees controls another trade or business but does not control the trade or business covered by this Plan, the employees of such other trades or business are included in a Plan which satisfies the requirements of Sections 401(a) and (d) of the Code and which provides contributions and benefits for such employees which are not less favorable than those provided for Owner-Employees under this Plan; and

(c) if an Owner-Employee is covered under the qualified retirement plans of two or more trades or businesses which he or she does not Control but the Owner-Employee Controls a trade or business, contributions or benefits for the employers under the plan of the trade or business which the Owner-Employee Controls are not less favorable than those provided for the Owner-Employee in the most favorable qualified retirement plan of the trade(s) or business(es) which the Owner-Employee does not Control.

SECTION 21.  
TOP-HEAVY PROVISIONS

21.01 Purpose of Section. This Section is intended to insure that the Plan complies with Code Section 416. If the Plan is or becomes Top-Heavy in any Plan Year beginning after December 31, 1983, the provisions of this Section will supersede any conflicting provision in the Plan.



21.02 Definitions. The terms used in this Section shall have the following meanings:

(a) Key Employee: Any Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the determination period was (i) an officer of the Employer having an annual compensation greater than 1.5 multiplied by the amount in effect under Code Section 415(c)(1)(A) for the Plan Year (subject to the limitation that no more than the lesser of (A) 50 Employees or (B) the greater of 3 Employees or 10% of the Employees shall be deemed to be officers), (ii) an owner (or considered an owner under Code Section 318) or 1 of the 10 largest interest in the Employer if both such individual was an owner of more than 5% interest in the Employer (aggregated with the Employer for this purpose are all members of (i) a controlled group of corporations (as defined in Code Section 414(c) as modified by Code Section 415(h)), or (iii) affiliated service groups (as defined in Code Section 414(m)) of which the Employer is a part) and such individual's compensation exceeds the dollar limitation under Code Section 415(c)(1)(A), (iii) a five-percent owner of the Employer, or (iv) a one-percent owner of the Employer who has an annual compensation of more than \$150,000. The determination period is the Plan Year containing the Determination Date and the 4 preceding Plan Years. The determination of who is a Key Employee will be made in accordance with Code Section 416(i)(1) and the regulations thereunder.

(b) Top-Heavy Plan. For any Plan Year beginning after December 31, 1983, this Plan is Top-Heavy if any of the following conditions exist:

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

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

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

(c) Top-Heavy Ratio.

(i) If the Employer maintains one or more defined contribution plans (including any Simplified Employee Pension Plan within the meaning of Code Section 408(k)) and the Employer has not maintained any defined benefit plan which during the five-year period ending on the Determination Date(s) has or has had accrued benefits. Top-Heavy Ratio for this Plan alone or for the Required Aggregation Group or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the account balances under all of the plans as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)) of all Key Employees who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s), and the denominator of which is the sum of all account balances as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)), of all Participants who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s). Both the numerator and denominator of the fraction shall be computed in accordance with Code Section 416 and the Treasury Regulations promulgated thereunder. In addition, both the numerator and denominator of the Top-Heavy Ratio shall be adjusted to reflect any contribution which is not actually made as of the Determination Date(s), but which is required to be taken into account on that date under Code Section 416 and the Treasury Regulations promulgated thereunder.

(ii) If the Employer maintains one or more defined contribution plans (including any Simplified Employee Pension Plan within the meaning of Code

Section 408(k)) and the Employer maintains or has maintained one or more defined benefit plans which during the five-year period ending on the Determination Date(s) has or has had accrued benefits, the Top-Heavy Ratio for any Required Aggregation Group or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of (A) account balances under the defined contribution plans as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on

the Determination Date(s)) of all Key Employees who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s) and (B) the present value of accrued benefits under the defined benefit plans for all Key Employees, who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s) and the denominator of which is the sum of (A) the account balances under the defined contribution plans as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)) of all participants who have received compensation from the Employer (other than benefits under this Plan) at any time during the five-year period ending on the Determination Date(s) and (B) the present value of accrued benefits under the defined benefit plans for all participants who have received compensation from the Employer (other than benefits under this Plan) at any time during the five-year period ending on the Determination Date(s). Both the numerator and denominator of the fraction shall be computed in accordance with Code Section 416 and the Treasury Regulations promulgated thereunder. In addition, both the numerator and denominator of the Top-Heavy Ratio shall include aggregate distribution(s) of an account balance or an accrued benefit made during the five-year period ending on the Determination Date(s) and any contribution which is not actually made as of the Determination Date(s), but which is required to be taken into account on that date under Code Section 416 and the Treasury Regulations promulgated thereunder.

(iii) For purposes of (i) and (ii) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within, or ends with, the 12-month period ending on the Determination Date, except as provided in Code Section 416 and the Treasury Regulations promulgated thereunder for the first and second plan years of a defined benefit plan. The account balances and accrued benefits of a Participant (A) who is not a Key Employee but who was a Key Employee in a prior Plan Year or (B) who has not been credited with at least one Hour of Service at any time during the five-year period ending on the Determination Date, will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the Treasury Regulations promulgated thereunder. Deductible Voluntary Contributions and any deductible employee contributions under any other qualified plan maintained by the Employer will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

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

(e) Required Aggregation Group. (i) Each qualified plan of the Employer in which at least one Key Employee participates or participated at any time during the determination period (regardless of whether the plan has terminated), and (ii) any other qualified plan of the Employer which enables a plan described in (i) to meet the requirements of Code Sections 401(a)(4) or 410.



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

(g) Valuation Date. See Section 2.49.

(h) Present Value. Present value shall be based only on the interest rate employed as of the date in question by the Pension Benefit Guaranty Corporation to value immediate annuities and the mortality rate specified in Table LN at Treas. Reg. 20.2031-10, unless otherwise specified in the most recently adopted or amended defined benefit plan maintained by the Employer.

#### 21.03 Minimum Allocation.

(a) In any Plan Year in which this Plan is Top-Heavy, except as otherwise provided in (d), (e) and (f) below, the Employer Contributions and forfeitures allocated on behalf of any Participant who is not a Key Employee shall not be less than the lesser of 3% of such Participant's Compensation or, in the case where the Employer has no defined benefit plan which designates this Plan to satisfy Code Section 401, the largest percentage of Employer Contributions and forfeitures stated as a percentage of the first \$200,000 of a Key Employee's Compensation, allocated on behalf of any Key Employee for that Plan Year. The minimum allocation is determined without regard to any Social Security contribution by the Employer. This minimum allocation shall be made even though, under other provisions of this Plan, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the year because (i) the Participant failed to complete the minimum number of Hours of Service specified in the Adoption Agreement for receiving an allocation, (ii) the Participant's Compensation was less than a stated amount, or (iii) the Participant made insufficient mandatory contributions to receive an Employer Contribution (allocated on a thrift matching basis) sufficient to alleviate the need a minimum allocation under this Section 21.03.

(b) For purposes of computing the minimum allocation, "Compensation" will have the same meaning as in Section 2.07, disregarding any exclusion from Compensation specified by the Employer in the Adoption Agreement.

(c) During any Plan Year for which a minimum allocation is required under subsections (a) or (f) to a plan under which allocations shall be made on an integrated basis pursuant to Section 4.01(a)(iii) or 4.01(b) or a matching basis pursuant to Section 4.01(a)(ii)(B), Employer Contributions and forfeitures will be allocated to each Participant's Employer Contribution Account in the ratio that the Participant's Compensation for the Plan Year bears to all Participants' Compensation for the Plan Year but not in excess of 3% of such Compensation. The provisions of this Section 21.03(c) shall take precedence over any conflicting provisions of Section 4.01. To the extent any amount of Employer Contributions and forfeitures remains unallocated after the application of this subsection (c), such amount shall be allocated in accordance with the provisions of Section 4.01 hereof.

(d) The provision in subsection (a) above shall not apply to any Participant who was not employed by the Employer on the last day of the Plan Year.

(e) The provision in subsection (a) above shall not apply to any Participant to the extent the Participant is covered under any other plan (other than a plan which incorporates the Prototype Plan) or plans of the Employer, and the Employer has provided in the Adoption Agreement that the minimum allocation or benefit requirement applicable to Top-Heavy Plans will be met in such other plan or plans.

(f) The provision in subsection (a) above shall not apply in the case of a Participant who is an Employee of an Employer who has adopted both a

profit sharing plan and a money purchase pension plan which incorporate this Prototype Plan. In such case, the aggregate total of the Employer Contributions and forfeitures under both plans allocated to the Employer Contribution Account of a Participant who is not a Key Employee shall not be less than 3% of such Participant's Compensation. Unless the Employer has specified otherwise in the Adoption Agreement and such specification is sufficient to satisfy the minimum allocation requirement referred to in the preceding sentence, subsection (c) above shall apply to the allocation of Employer Contributions and forfeitures under the profit sharing plan and, only to the extent that such allocation is insufficient to satisfy the minimum allocation requirement referred to in the preceding sentence, the money purchase pension plan.

21.04 Nonforfeitability of Minimum Allocation. The minimum allocation required (to the extent required to be nonforfeitable under Code Section 416(b)) may not be forfeited under Code Section 411(a)(3)(B) or 411(a)(3)(D).

21.05 Limitation on Compensation. For any Plan Year in which the Plan is Top-Heavy, only the first \$200,000 (or such larger amount as may be prescribed by the Secretary of the Treasury or his or her delegate) of a Participant's Compensation for the Plan Year shall be taken into account for purposes of allocating Employer Contributions under the Plan.

21.06 Minimum Vesting Schedule. Unless the Employer has specified a more rapid vesting schedule in the Adoption Agreement, for any Plan Year in which this Plan is Top-Heavy, the following minimum vesting schedule shall apply:

Vesting Years	Nonforfeitable Percentage of Employer Contribution Account
1	0%
2	20
3	40
4	60
5	80
6 or more	100

The minimum vesting schedule applies to all benefits within the meaning of Code Section 411(a)(7) attributable to Employer Contributions and forfeitures, including benefits accrued before the effective date of Code Section 416 and benefits accrued before the Plan became Top-Heavy. Further, no reduction in vested benefits may occur in the event the Plan's status as Top-Heavy changes for any Plan Year. IF conversion of the Plan into a Top-Heavy Plan has resulted in a change of the Plan's vesting schedule to the minimum vesting schedule discussed above, the change shall be treated as an amendment to the Plan and the election referred to in Section 18.01 hereof shall apply. This Section 21.06 does not apply to the Employer Contribution Account balances of any former Participant who does not have an Hour of Service after the Plan has initially become Top-Heavy and such former Participant's vested Employer Contribution Account balance will be determined without regard to this Section.

21.07 Effect on Code Section 415 Limitations. Notwithstanding anything to the contrary in Section 5 above, the following provisions apply if the Plan is Top-Heavy.

(a) In any Plan Year in which the Top-Heavy ratio exceeds 90% (and the Plan therefore becomes super Top-Heavy) the denominators of the Defined Benefit Fraction (as defined in Section 5.05(c) above) and the Defined Contribution Fraction (as defined in Section 5.05(d) above) shall be computed using 100% of the dollar limitation stated therein instead of 125%.

(b) In any Plan Year in which the Top-Heavy Ratio exceeds 60%, but is less than 90%, the denominators of the Defined Benefit Fraction (as defined in Section 5.05(c) above) and the Defined Contribution Fraction (as defined in Section 5.05(d) above) shall be computed using 100% of the dollar limitation described therein instead of 125%, unless the Employer has specified in the Adoption Agreement that the minimum allocation provisions of Section 21.03 above

shall be computed using 4% of a Participant's Compensation, in which case the dollar limitations of the Defined Benefit Fraction (as defined in Section 5.05(c) above) and the Defined Contribution Fraction (as defined in Section 5.05(d) above) shall continue to be computed using 125% of the dollar limitations.

21.08 Termination of Top-Heavy Status. If the Plan ceases to be Top-Heavy for any Plan Year and if the Employer has not specified otherwise in the Adoption Agreement, the minimum vesting schedule described in Section 21.06 shall continue to apply. If the Employer has specified in the Adoption Agreement that, upon conversion of the Plan to non-Top-Heavy status, Participants' vested benefits are to be determined according to a schedule other than the minimum vesting schedule described in Section 21.06, such change in vesting schedules shall be treated as an amendment, and the election referred to in Section 18.01 hereof shall apply.

## SECTION 22. SPECIAL DISTRIBUTION RULES

22.01 Special Rule for Profit Sharing Plan Participants. If this Plan is adopted as a profit sharing plan and (a) it is determined that this Plan is a direct or indirect transferee (including a plan which is amended into this Plan) of a defined benefit plan, money purchase pension plan (including a target benefit plan), stock bonus or profit sharing plan which would otherwise provide a life annuity form of payment with respect to such Participant, (b) the Plan is amended so as to allow a Participant to elect to receive his or her benefits in the form of a life annuity and Participant elects to receive his or her

benefits in such form, (c) the Plan is amended to provide that absent a Qualified Election of a Participant's surviving spouse, someone other than the Participant's surviving spouse becomes entitled to the Participant's vested Account balance, or (d) if someone other than the Participant's surviving spouse is the beneficiary of any insurance purchased with funds from the Participant's Account, the provisions of Sections 8, 9, and 15 shall apply as if this Plan were adopted as a money purchase pension plan.

22.02 Elections for Former Participants. An opportunity to make the applicable distribution elections discussed below in this Section 22.02 must be given to any living former Participant who had not begun receiving benefits from this Plan on August 23, 1984 and who would not otherwise receive the benefit forms prescribed by Sections 8 and 9 above.

(a) In the case of a former Participant who:

(i) would have been entitled to receive his or her benefits in the form of a life annuity had he or she completed an Hour of Service during a Plan Year commencing after December 31, 1984,

(ii) was credited with Service under this Plan or a predecessor plan in a plan year beginning after December 31, 1975, and

(iii) had at least ten years of vesting Service when he or she separated from Service,

the former Participant must be given an opportunity to elect to receive his or her benefits in accordance with the provisions of Sections 8 and 9 applied as if this Plan were adopted as a money purchase pension plan.

(b) In the case of a former Participant:

(i) who was credited with service under this Plan or a predecessor plan after September 1, 1974;

(ii) who was not credited with service under this plan or a predecessor plan in a plan year beginning after December 31, 1975; and

(iii) whose benefits would have been payable in the form of a life annuity

the Participant must be given an opportunity to elect to receive his or her benefits in accordance with the provisions of Section 22.04.

(c) In the case of a former Participant who:

(i) satisfies the requirements of subsection (a) but does not exercise the election made available to him or her in subsection (a), or

(ii) satisfies the requirements of subsection (a) other than the requirement of paragraph (iii),

the former participant shall have his or her benefits distributed in accordance with the provisions of Section 22.04.

22.03 Election Period for Certain Elections by Separated Participants. The period during which a former Participant entitled to make an election pursuant to Section 22.02 shall commence on August 23, 1984 and end on the earlier of the former Participant's death or the date benefits would otherwise commence to said former Participant.

22.04 Benefit Form for Certain Former Participants. The benefits of a former Participant who is entitled to elect, and has elected to have his or her benefits distributed pursuant to this Section 22.04 or a former Participant whose benefits are required to be distributed in accordance with the provisions of this Section 22.04 shall be distributed in accordance with the following provisions:

(a) If benefits in the form of a life annuity become payable to a married former Participant who:

(i) begins to receive payments under the Plan on or after Normal Retirement Age; or

(ii) dies on or after Normal Retirement Age while still working for the Employer; or

(iii) begins to receive payments prior to Normal Retirement Age; or

(iv) separates from Service on or after attaining Normal Retirement Age (or the qualified early retirement age) after satisfying the eligibility requirement for the payment of benefits under the Plan and thereafter dies before beginning to receive such benefits;

then such benefits will be received under this plan in the form of a Qualified Joint and Survivor Annuity, unless the former Participant has elected otherwise during the election period. For this purpose, the election period must begin at least six months before the participant attains qualified early retirement age and end not more than 90 days before the commencement of benefit distributions. Any election hereunder must be in writing and delivered to the Administrator; such election may be changed by the former Participant at any time by delivery of written notification of such change and/or a separate written election to the Administrator.

(b) A former Participant who is employed at the start of the election period defined below will be given the opportunity to elect, during such election period, to have a survivor annuity payable on death. If the former Participant elects the survivor annuity, payments under such annuity must not be less than the payments which would have been made to the Spouse under the Qualified Joint and Survivor Annuity if the former Participant had retired on

the day before his or her death. Any election under this provision must be in writing and delivered to the Administrator; such election may be changed by the former Participant at any time by delivery of written notification of such change and/or a separate written election to the Administrator. The election period begins on the later of (i) the 90th day before the former Participant attains the qualified early retirement age or (ii) the date the former Participant terminates employment with the Employer.

(c) The qualified early retirement age referred to in this Section 22.04 shall mean the latest of:

(i) the earliest date, under the plan, on which the former Participant may elect to receive retirement benefits,

(ii) the first day of the 120th month beginning before the former Participant reaches Normal Retirement Age, or

(iii) the date the former Participant began participation.

#### SECTION 23. DISTRIBUTION OPTION NOTICE REQUIREMENTS

23.01 Notice of Waivability of Qualified Preretirement Survivor Annuity. In the case of a Participant who is scheduled to receive Qualified Preretirement Survivor Annuity pursuant to section 8.01 hereof, the Administrator shall provide the Participant within the period beginning on the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year in which the Participant attains age 35, a written explanation of: (a) the terms and conditions of a Qualified Preretirement Survivor Annuity; (b) the Participant's right to make, and the effect of, an election to waive Qualified Preretirement Survivor Annuity coverage; (c) the rights of a Participant's Spouse; and (d) the Participant's right to make, and the effect of, a revocation of a previous election to waive Qualified Preretirement Survivor Annuity coverage. In the case of a Participant who becomes a Participant after the first day of the Plan Year in which the Participant attained age 32 and who is scheduled to receive a Qualified Preretirement Survivor Annuity pursuant to Section 8.01 hereof, the Administrator shall provide the notice required by this Section 23.01 no later than the close of the third Plan Year subsequent to the Participant's commencement of participation in the Plan.

23.02 Notice of Waivability of Qualified Joint and Survivor Annuity. In the case of a Participant who is scheduled to receive a Qualified Joint and Survivor Annuity pursuant to the provisions of Section 9.03 hereof, the Administrator shall provide to the Participant, within a reasonable period prior to the commencement of distributions, a written explanation of: (a) the terms and conditions of a Qualified Joint and Survivor Annuity; (b) the Participant's right to make, and the effect of, an election to waive distribution in the form of a Qualified and Joint Survivor Annuity coverage; (c) the rights of the Participant's Spouse; and (d) the Participant's right to make, and the effect of, a revocation of a previous election to waive distribution in the form of the Qualified and Joint Survivor Annuity.

#### SECTION 24. WAIVER OF MINIMUM FUNDING STANDARD

If an Employer who has adopted this Prototype Plan as a money purchase pension plan is unable to satisfy the minimum funding standard (as described in Code Section 412) for a given Plan Year, it may apply to the Internal Revenue Service for a waiver of such minimum funding standard. If the waiver is granted, the following provisions apply:

(a) An adjusted Account balance shall be maintained for each Participant whose actual Account balance is less than or equal to his or her adjusted Account balance.

(i) For the Plan Year for which the first waiver is granted, the adjusted Account balance as of the Valuation Date for each affected Participant equals:

(A) the Participant's actual Account balance, plus

(B) the amount that such Participant would have received if the amount waived had been contributed.

(ii) For each Plan Year following the Plan Year for which a waiver is granted, the adjusted Account balance for each Participant affected by such waiver (calculated as of the Valuation Date for that Plan Year) equals:

(A) the adjusted Account balance as of the Valuation Date in the prior Plan Year, plus

(B) the amount equal to the actual investment return credited or charged to the Participant's actual Account balance, plus

(C) the amount equal to 5% of the excess of the amount in (A) over the Participant's actual Account balance calculated as of the same date, plus

(D) the amount equal to such Participant's allocated share of the required Employer Contribution (whether or not waived) for the Plan Year (determined without regard to adjusted waiver payments and discretionary Employer Contributions), minus

(E) the amount of the Participant's adjusted Account balance forfeited during the Plan Year under the Plan's provisions.

(b) For a given Plan Year, the Employer is required to contribute a certain amount in order to satisfy the minimum funding standard for such Plan Year. For each Plan Year which follows a Plan Year for which a waiver of the minimum funding standard was granted the amount equals:

(i) the amount due as determined under Section 4.01(b) above without regard to this Section), plus

(ii) the adjusted waiver amount.

(c) The adjusted waiver amount for a given Plan Year equals:

(i) the sum of the amounts necessary to amortize each waived funding deficiency over a period of fifteen Plan Years (measured from the Valuation Date of the Plan Year for which the corresponding waiver was granted) at 5% interest, compounded annually, minus

(ii) the sum of the amounts necessary to amortize the total of each Plan Year's forfeitures (which have arisen since the first waiver was granted) over a period of fifteen Plan Years (measured from the Valuation Date of the Plan Year in which the corresponding forfeitures arose) at 5% interest, compounded annually.

(d) An amount equal to the adjusted waiver amount must be contributed only until each Participant's actual Account balance equals the Participant's adjusted Account balance.

(e) Any Plan provision which provides that Employer Contributions shall be reduced immediately by forfeitures is revoked until each Participant's actual Account balance equals that Participant's adjusted Account balance.

(f) Discretionary Employer Contributions, which are in addition to the amounts contributed to satisfy the minimum funding standard, can be made in any given Plan Year. However, the total Employer Contribution for the Plan Year cannot exceed the then remaining underfunded amount (the sum of Participants'

adjusted Account balances minus total Plan assets).

(g) The adjusted waiver payments, discretionary Employer contributions and the forfeitures of actual Account balances for the current Plan Year shall be allocated as of that Plan Year's Valuation Date to the actual Account balances of the affected Participants.

(h) Each time a waiver is granted, an original waiver amount ("OWA") will be determined for each affected Participant. The OWA equals the Participant's portion of the amount which was waived.

(i) Commencing with the Valuation Date of the Plan Year for which a waiver is granted, a remaining original waiver amount ("ROWA") must be calculated for each affected Participant. As of such Valuation Date the OWA equals the ROWA. On the Valuation Date of a succeeding Plan Year the ROWA equals the prior Plan Year's ROWA multiplied by

1.05, minus the forfeiture of amounts in the prior Plan year's ROWA incurred in the current Plan Year. For each waiver that is granted one OWA and a corresponding ROWA will be established for each affected Participant.

(j) The sum of the adjusted waiver payments, discretionary Employer Contributions and forfeitures of actual Account balances for a given Plan Year are allocated to those Participants who have ROWAs by multiplying the sum of these three amounts by the fraction:

(i) the numerator of which equals the sum of OWAs for a particular Participant, and

(ii) the denominator of which equals the sum of the OWAs for all Participants.

To determine the portion of this allocation which is to be assigned to a given ROWA, multiply the allocation by the corresponding OWA, then divide by the sum of the OWAs for the particular Participant.

(k) If the calculation of a ROWA results in a value which is less than zero, then

(i) the ROWA is set equal to zero,

(ii) the corresponding OWA is set equal to zero, and

(iii) the excess payments will be reallocated to the remaining ROWAs.

(l) A distribution is determined by multiplying a Participant's vested percentage by his or her adjusted Account balance. However, distributions from the Plan may not exceed a Participant's actual Account balance. If so limited, plan Participants shall receive subsequent distributions derived from future adjusted waiver payments.

## SECTION 25. MISCELLANEOUS

25.01 Misrepresentation. Notwithstanding any other provision herein, if an Employee misrepresents his or her age or any other fact, any benefit payable hereunder shall be the smaller of: (a) the amount that would be payable if no facts had been misrepresented, or (b) the amount that would be payable if the facts were as misrepresented.

25.02 Legal or Equitable Action. If any legal or equitable action with respect to the Plan is brought by or maintained against any person, and the



results of such action are adverse to that person, attorney's fees and all other costs to the Employer, the Administrator or the Trust of defending or bringing such action shall be charged against the interest, if any, of such person under the Plan.

25.03 No Enlargement of Plan Rights. It is a condition of the Plan, and each Participant by participating herein expressly agrees, that he or she shall look solely to the assets of the Trust for the payment of any benefit under the Plan.

25.04 No Enlargement of Employment Rights. Nothing appearing in or done pursuant to the Plan shall be construed (a) to give any person a legal or equitable right or interest in the assets of the Trust or distribution therefrom, nor against the Employer, except as expressly provide herein or (b) to create or modify any contract of employment between the Employer and any Employee or obligate the Employer to continue the services of any Employee.

25.05 Written Orders. In taking or omitting to take any action under this Plan, the Trustee may conclusively rely upon and shall be protected in acting upon any written orders from or determinations by the Employer or the Administrator as appropriate, or upon any other notices, requests, consents, certificates or other instruments or papers believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action.

25.06 No Release from Liability. Nothing in the Plan shall relieve any person from liability for any responsibility under Part 4 of Title I of the Act. Subject thereto, neither Trustee, Loan Trustee, Administrator nor Distributor nor any other person shall have any liability under the Plan, except as a result of negligence or wilful misconduct, and in any event the Employer shall fully indemnify and save harmless all persons from any liability except that resulting from their negligence or wilful misconduct.

25.07 Discretionary Actions. Any discretionary action, including the granting of a loan pursuant to Section 10 hereof, to be taken by the Employer or the Administrator under this Plan shall be non-discriminatory in nature and all Employees similarly situated shall be treated in a uniform manner.

25.08 Headings. Headings herein are primarily for convenience of reference, and if they conflict with the text, the text shall control.

25.09 Applicable law. This Plan shall, to the extent state law is applicable, be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the state in which (a) if the Trustee is a corporation, the Trustee has its principal place of business; (b) if the Trustee is an individual, the Trustee resides; or (c) if the Trustee is individuals, where a majority of the individuals serving as Trustee reside. The Employer's execution of the Adoption Agreement may be acknowledged where required by applicable law.

25.10 No Reversion. Notwithstanding any other contrary provision of the Plan, but subject nevertheless to Sections 5 and 16, no part of the assets in the Trust shall revert to the Employer, and no part of such assets, other than that amount required to pay taxes or administrative expenses, shall be used for any purpose other than exclusive benefit of Employees or their Beneficiaries. However, the Employer may request a return, and this Section 25.10 shall not prohibit return, of an amount to the Employer under any of the following circumstances:

(a) if the amount was all or part of an Employer contribution which was made as a result of a mistake of fact and the amount contributed is returned to the Employer within one year after the date on which the mistaken payment of the contribution was made, or

(b) if the amount was all or part of an Employer contribution which was conditioned on deductibility under Code Section 404 and this condition is



not satisfied, and the amount is returned to the Employer within one after the date on which the deduction is disallowed, or

(c) if the amount was all or part of an Employer contribution which was conditioned on the initial qualification of the Plan under Code Section 401(a), this condition is not satisfied, and the amount is returned to the Employer within one year after the date on which initial qualification is denied, or

(d) if the amount was all or part of an Employer contribution which was conditioned on the qualification of the Plan as amended under Code Section 401(a), this condition is not satisfied, the Plan amendment was submitted to the Internal Revenue Service for qualification within one year after it was adopted, and the amount is returned to the Employer within one year after the date on which requalification is denied.

For the purposes of this Section 25.10, all Employer contributions are conditioned on initial qualification of the Plan under Code Section 401(a), qualification of the Plan as amended under Code Section 401(a), and deductibility under Code Section 404.

25.11 Notices. The Employer will provide the notice to other interested parties contemplated under Code Section 7476 before requesting a determination by the Secretary of the Treasury or his or her delegate with respect to the qualification of the Plan.

25.12 Conflict. In the event of any conflict between the provisions of this Plan and the terms of any contract or agreement issued thereunder or with respect thereto, the provisions of the Plan shall control. In particular, the proceeds of any life insurance contract purchased by the Trustee and not governed by an effective Designation of Beneficiary form shall be paid to the Participant's Spouse regardless of who is named as the beneficiary or beneficiaries in the contract.

SCUDDER FLEXI-PLAN AMENDMENT  
FOR TAX REFORM ACT OF 1986  
MODEL AMENDMENT II FOR DEFINED CONTRIBUTION PLANS

SECTION I: PURPOSE AND EFFECTIVE DATE

1.1. Purpose. The purpose of this amendment is to amend the plan to comply with those provisions of the Tax Reform Act of 1986 that are effective prior to the first year beginning after December 31, 1988. Nothing contained in this amendment shall permit or require Matching Employer Contributions or Employee Contributions under the plan unless such Matching Employer contributions or Employee Contributions have been authorized by the employer under other provisions of the plan or under other amendments thereto.

1.2. Effective Date. Except as otherwise provided, this amendment shall be effective as of the first day of the first Plan Year beginning after December 31, 1986.

SECTION II: DEFINITIONS

For the purposes of this amendment only, the following definitions shall apply:

2.1. "Adoption Agreement Amendment" shall mean that portion of this amendment in which the employer makes any elections permitted under the amendment.

2.2. "Affiliated Employer" shall mean any corporation which is a member of a controlled group of corporations (as defined in section 414(b) of the Code) which includes the employer, any trade or business (whether or not incorporated)

which is under common control (as defined in section 414(c) of the Code) with the employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in section 414(m) of the Code) which includes the employer; and any other entity required to be aggregated with the employer pursuant to regulations under section 414(o) of the Code.

2.3. "Code" shall mean the Internal Revenue Code of 1986 and amendments thereto.

2.4. "Compensation" shall mean, for purposes of section V of this amendment, compensation paid by the Employer to the Participant during the Plan Year which is required to be reported as wages on the Participant's Form W-2 or which, in the case of a self-employed individual, constitutes payment for services rendered includible in the self-employed individual's gross income and, if the provisions of the plan other than this amendment so provide, shall also include compensation which is not currently includible in the Participant's gross income by reason of the application of sections 125, 402(a)(8), 402(h)(1)(B), or 403(b) of the Code.

2.5. "Employee" shall mean employees of the Employer and shall include leased employees within the meaning of section 414(n)(2) of the Code. Notwithstanding the foregoing, if such leased employees constitute less than twenty percent of the employer's nonhighly compensated workforce within the meaning of section 414(n)(5)(C)(ii) of the Code, the term "Employee" shall

[PLEASE NOTE PREVIOUS PAGE ENDS WITH SECTION 2.5 CURRENT PAGE BEGINS WITH 4.1]

aggregate contributions as defined in section 401(m)(6)(B), and excess deferrals as described in section 402(g), regardless of whether such amounts are distributed or forfeited;

(ii) Forfeitures; and

(iii) Amounts described in sections 415(1)(1) and 419A(d)(2) of the Code.

4.1(b). Maximum Annual Addition. The maximum Annual Addition that may be contributed or allocated to a Participant's account under the plan for any Limitation Year shall not exceed the lesser of:

(i) the Defined Contribution Dollar Limitation, or

(ii) 25 percent of the Participant's compensation, within the meaning of section 415(c)(3) of the Code for the Limitation Year.

4.1(c). Special Rules. The compensation limitation referred to in section 4.1(b)(ii) shall not apply to:

(i) Any contribution for medical benefits (within the meaning of section 419A(f)(2) of the Code) after separation from service which is otherwise treated as an Annual Addition, or

(ii) Any amount otherwise treated as an Annual Addition under section 415(1)(1) of the Code.

4.1(d). Definitions. For purposes of section 4.1, "Defined Contribution Dollar Limitation" shall mean \$30,000 or, if greater, one-fourth of the defined benefit dollar limitation set forth in section 415(b)(1) of the Code as in effect for the Limitation Year.

4.2. Special Rules for Plans Subject to Overall Limitations Under Code Section 415(e).

4.2(a). Recomputation Not Required. The Annual Addition for any Limitation Year beginning before January 1, 1987 shall not be recomputed to treat all Employee Contributions as an Annual Addition.

4.2(b). Adjustment of Defined Contribution Plan Enrollment. If the plan satisfied the applicable requirements of section 415 of the Code as in effect for all Limitation Years beginning before January 1, 1987, an amount shall be subtracted from the numerator of the defined contribution plan fraction (not exceeding such numerator) as prescribed by the Secretary of the Treasury so that the sum of the defined benefit plan fraction and defined contribution plan fraction computed under section 415(e)(1) of the Code (as revised by this section IV) does not exceed 1.0 for such Limitation Year.

4.3. Limitation Year. For purposes of this section IV, "Limitation Year" shall mean the limitation year specified in the plan, or if none is specified, the calendar year.

4.4. Effective Date of Section IV Provisions. The provisions of this section IV shall be effective for Limitation Years beginning after December 31, 1986.

4.5. For purposes of this section IV, Affiliated Employer shall also include those employers described in section 415(h) of the Code.

[PLEASE NOTE PREVIOUS PAGE ENDS WITH SECTION 4.5 CURRENT PAGE BEGINS WITH 5.4]

such plans were a single plan.

5.4(c). For purposes of determining the Contribution Percentage of an Eligible Participant who is a Highly Compensated Employee, the Employee Contributions, Matching Contributions and Compensation of such Eligible Participant shall include the Employee Contributions, Matching Contributions and Compensation of Family Members. Family Members with respect to Highly Compensated Employees shall be disregarded as separate employees in determining the Contribution Percentage both for Eligible Participants who are Nonhighly Compensated Employees and both for Eligible Participants who are Highly Compensated Employees.

5.4(d). The determination and treatment of the Contribution Percentage of any Eligible Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

5.5. Distribution of Excess Aggregate Contributions.

5.5(a). In General. Excess Aggregate Contributions plus any income and minus any loss allocable thereto shall be forfeited, if otherwise forfeitable under the terms of this plan, or if not forfeitable, distributed no later than the last day of each Plan Year beginning after December 31, 1987, to Participants to those accounts Employee Contributions or Matching Contributions were allocated for the preceding Plan Year. (1) Excess Aggregate Contributions shall be treated as Annual Additions under section 4.1(a) of this Amendment.

5.5(b). Excess Aggregate Contribution. For purposes of this amendment, "Excess Aggregate Contributions" shall mean the amount described in section 401(m)(6)(B) of the Code.

5.5(c). Determination of Income or Loss. The Excess Aggregate Contributions to be forfeited, if otherwise forfeitable under the terms of the plan, or if not forfeitable, distributed to the Participant shall be adjusted for income or loss. The income or loss allocable to Excess Aggregate Contributions shall be determined by multiplying the income or loss allocable to the Participant's Employee Contributions and Matching Contributions for the Plan Year by a fraction, the numerator of which is the Excess Aggregate Contributions on behalf of the Participant for the preceding Plan Year and the denominator of which is the sum of the Participant's account balances attributable to Employee

Contributions and Matching Contributions on the last day of the preceding Plan Year.

5.5(d). Accounting for Excess Aggregate Contributions. Excess Aggregate Contributions shall be distributed from the Participant's Employee Contribution account, and forfeited if otherwise forfeitable under the terms of the plan (or, if not forfeitable, distributed) from the Participant's Matching Contribution account in proportion to the Participant's Employee Contributions and Matching Contributions for the Plan Year.

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(1) If Excess Aggregate Contributions plus any income and minus any loss allocable thereto are forfeited (if forfeitable) or distributed more than 2 1/2 months after the last day of the Plan Year in which such Excess Aggregate Contributions arose, then section 4979 of the Code imposes a ten (10) percent excise tax on the employer maintaining the plan with respect to such accounts.

[PLEASE NOTE PREVIOUS PAGE ENDS WITH SECTION 5.5 CURRENT PAGE BEGINS WITH 10.1]

would have been applied, if forfeited, to reduce employer contributions under the plan.

#### SECTION X: PROFITS NOT REQUIRED

10.1. Applicability of this Section. This section X shall apply to the plan only if such plan is a profit-sharing plan and the employer elects in the Adoption Agreement to have this section apply.

10.2. Employer Contributions. Notwithstanding any other provision of the plan, employer contributions for Plan Years specified in the Adoption Agreement Amendment shall be made to the plan without regard to current or accumulated earnings and profits for the taxable years or years ending with or within in Plan Year. The plan shall continue to be designated to qualify as a profit-sharing plan for purposes of section 401(a), 402, 412, and 417 of the Code.

THESE SECTIONS ARE TO REPLACE THE CORRESPONDING  
SECTIONS OF THE SCUDDER FLEXI-PLAN DOCUMENT

#### SECTION 15. DESIGNATION OF BENEFICIARY

Each participant and beneficiary may submit to the Trustee a properly executed Designation of Beneficiary form. In order to be effective, such designation (a) must have been properly executed and submitted to the Trustee before the death of the Participant or beneficiary, as the case may be, and (b) except in the case of the portion of a Participant's vested Account balance in a money purchase pension plan which is not available for distribution in the form of a Qualified Preretirement Survivor Annuity pursuant to Section 8.01 above, for Participants who die after August 22, 1984 leaving a surviving Spouse, must be accompanied, or preceded, by a consent of the Participant's Spouse (unless said Spouse is designated as the sole, primary Beneficiary). Such consent of the Spouse must be in writing, acknowledge that the effect of such consent is that the Spouse may receive no benefits under the Plan, be witnessed by a Plan representative or a notary public, and be limited consent to the payment of death benefits to a specific person or persons. The last effective Designation accepted by the Trustee shall be controlling, and whether or not fully dispositive of the Participant's Account, thereupon shall revoke all Designations (and related spousal consents) previously submitted by the Participant or beneficiary, as the case may be. Each such executed Designation (and related spousal consent) is hereby specifically incorporated herein by

reference and shall be construed and enforced in accordance with the laws of the state in which the Trustee has its principal place of business.

SECTION 22.  
SPECIAL DISTRIBUTION RULES

22.01 Special Rule for Profit Sharing Plan Participants. If this Plan is adopted as a profit sharing plan and (a) it is determined that this Plan is a direct or indirect transferee (including a plan which is amended into this Plan) of a defined benefit plan, money purchase pension plan (including a target benefit plan), stock bonus or profit sharing plan which would otherwise provide a life annuity form of payment with respect to such Participant, (b) the Plan is amended so as to allow a Participant to elect to receive his or her benefits in the form of a life annuity and a Participant elects to receive his or her benefits in such form, (c) the Plan is amended to provide that absent a Qualified Election of a Participant's surviving spouse, someone other than the Participant's surviving spouse becomes entitled to the Participant's vested Account balance, or (d) if someone other than the Participant's surviving Spouse is the beneficiary of any insurance purchased with funds from the Participant's Account, the provisions of Section 8, 9 and 15 shall apply as if this Plan were adopted as a money Purchase pension plan.

SCUDDER FLEXI-PLAN  
ENROLLMENT BOOKLET  
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Adoption Agreements

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Contribution Forms

-----  
Transfer Forms

-----  
Designation of Beneficiary Forms

-----  
Notice to Interested Parties

SCUDDER  
SERVING INVESTORS SINCE 1919  
=====

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HOW TO START  
YOUR FLEXI-PLAN  
=====

Everything you need is right in this booklet. After reading all of the enclosed

material, just follow these simple steps:

- 
- 1 Fill out the appropriate Adoption Agreements. You can choose the profit sharing plan, the pension plan, or both. Build a customized retirement plan by selecting the appropriate features.
  - 2 Complete a Transfer Form if you are transferring assets from an existing plan to Scudder.
  - 3 Choose the fund or funds you and any participants would like to invest in and complete the appropriate Contribution Form. Be sure that you and any participants read the prospectus of the fund(s) selected.
  - 4 Have your plan's participants fill out a Designation of Beneficiary for each plan you adopt. If necessary, you can make copies of these forms for additional participants.
  - 5 Make copies of all the forms for your records
  - 6 Send these forms with your check payable to State Street Bank and Trust Co. in the reply envelope provided.
  - 7 Post the "Notice to Interested Parties" for your employees.
- 

If you have any questions or would like assistance in filling out these forms, please call our Retirement Plan Specialists at 1-800-323-6105

They'll be happy to help you.

THIS BOOKLET CONTAINS:

Adoption Agreements

- o A Flexi-Profit Sharing Plan Adoption Agreement. Complete this application to establish a profit sharing plan.
  - o A Flexi-Money Purchase Pension Plan Adoption Agreement. Complete this application to establish a pension plan.
- 

Plan Contribution Forms

- o A Flexi-Profit Sharing Plan Contribution Form. Use this form to tell us how to divide and invest any contribution to the profit sharing plan.
  - o A Flexi-Money Purchase Pension Plan Contribution Form. Use this form to tell us how to divide and invest any contribution to the pension plan.
- 

Transfer Forms

- o A Flexi-Profit Sharing Plan Transfer Form. Fill out this form to move the assets of an existing profit sharing plan to Scudder.
  - o A Flexi-Money Purchase Pension Plan Transfer Form. Fill out this form to move the assets of an existing pension plan to Scudder.
-

## Designation of Beneficiary Forms

o A Flexi-Profit Sharing Plan Designation of Beneficiary. Each participant in the profit sharing plan should complete one to name a beneficiary for his or her vested balance.

o A Flexi-Money Purchase Pension Plan Designation of Beneficiary. Each participant in the pension plan should complete one to name a beneficiary for his or her vested balance.

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### Notice to Interested Parties

o Please post this notice for your employees in a common area of your workplace. See instructions for posting at the top of the form.

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#### SCUDDER FLEXI-PLAN

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#### Profit Sharing Plan Adoption Agreement

Return this form to:

Scudder Fund Distributors, Inc.  
Retirement Plan Services  
P.O. Box 9047  
Boston, MA 02205-9047

Plan number 003

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### INSTRUCTIONS:

These instructions are provided to help you make selections in the corresponding sections of the Profit Sharing Plan Adoption Agreement. The Adoption Agreement is designed with "pre-selected" options shaded in each section. If you want the pre-selected option, please do not check or complete the unshaded option below it. If you prefer the unshaded option, check the box and fill in any blanks.

#### 1. ELIGIBILITY

This section determines who will be covered by the plan. You determine the waiting period, how many hours constitute a year of service, minimum age required, and starting day for participation. You also decide whether you wish to exclude certain classes of employees from participation in the plan. If this is your first year of business, you must reduce the waiting period to make contributions for this year.

#### 2. VESTING OF EMPLOYER CONTRIBUTIONS

- A. If you choose a waiting period of more than one year in 1.A., you must select full and immediate vesting. If you choose a waiting period of one year or less and want graduated vesting, check the unshaded option to select the vesting schedule in Column 1. For a more rapid schedule, check the box and complete Column 2.
- B. If you choose immediate vesting, skip this section. If you choose graduated vesting, you may select the 12 month period on which vesting years are calculated. If you check the unshaded option, you may not check the box in 2.C., the following section.
- C. Do not check the unshaded option if you checked the box in 2.B. If you did not check the box in 2.B. and want participants to accrue a vesting year for years they receive an employer contribution, whether or not the participant completes the number of Hours of Service specified in Section 1.B., check the

box in 2.C.

- D. Checking a box(es) in this section allows you to calculate vesting years including a participant's service before the plan (or predecessor plan) was established or before the plan year in which a participant turned 18.

### 3. ALLOCATION OF EMPLOYER CONTRIBUTIONS

- A. This option allows you to decide whether you will make contributions for former participants who retired or otherwise terminated participation in the plan during the plan year. If you do not wish to make contributions for these former participants, check the unshaded option.
- B. If your plan is top heavy, you may be required to make minimum contributions for non-key employees. If you maintain more than one qualified retirement plan, this election lets you select the plan responsible for making these minimum contributions.

Check and complete the unshaded option if you want to make any minimum plan contributions from another tax qualified plan or from the Scudder Pension Plan if you have adopted both the Scudder Profit Sharing and Pension Plans.

Do not check the unshaded option if you are adopting only the Profit Sharing plan.

### 4. INTEGRATION WITH SOCIAL SECURITY

If you do not want your plan integrated with Social Security, skip this section. If you do wish to integrate the plan, check the unshaded option and make the selection in 4.A. for the wage level to which you want integration to apply and in 4.B. for the rate of integration (check and complete the desired options).

### 5. NORMAL RETIREMENT DATE

The normal retirement date for plan participants will be 59-1/2 unless you check and complete the unshaded option.

### 6. COMPENSATION

The unshaded option in this section allows you to base contributions on compensation for the entire year an employee becomes a participant, even if the employee becomes a participant during the year.

### 7. PARTICIPANT CONTRIBUTIONS

Non-deductible voluntary contributions (after-tax) are allowed by the plan unless you select otherwise by checking the unshaded option.

### 8. INVESTMENT

Plan participants will have discretion over the investment of plan contributions made for them unless the unshaded option is checked.

### 9. LOANS

Loans to participants from this plan are not permitted unless you check the unshaded option. NOTE: Certain owners, including owner-employees, are prohibited from taking loans from the plan.

### 10. EFFECTIVE DATE

The effective date of the plan will be the first day of the employer's fiscal year, unless otherwise indicated by checking and completing the unshaded option.

### 11. PLAN YEAR



The plan year will be the employer's fiscal year unless you check and complete the unshaded option.

## 12. AMENDMENT

If you are adopting the Profit Sharing Plan as an amendment to an existing plan, please check the unshaded option.

## 13. LIMITATIONS ON ALLOCATIONS

This section advises you concerning the limitations on allocations of contributions if you have other tax-qualified plans in addition to the Flexi-Plan Profit Sharing Plan or Money Purchase Pension Plan.

## 14. LIMITATION YEAR

The limitation year will be the same as the plan year unless you check and complete the unshaded option.

## 15. SIGNATURES

Please read and complete this section. State Street Bank and Trust Company is predesignated as the Plan's trustee and the Adoption Agreement is presigned by an authorized representative of State Street Bank.

If you elect to allow loans to participants in this Agreement, please designate a loan trustee and obtain the loan trustee's signature. The loan trustee may be an individual.

Please provide all the information requested, including the employer's tax identification number and fiscal year. If you do not have a tax identification number, please contact your local Internal Revenue Service office to obtain a number.

## ADOPTION AGREEMENT AMENDMENT

As permitted under the Tax Reform Act of 1986, an employer need not have profits in a plan year in order to make employer contributions. Check the box if you want this provision to apply to your plan.

If you have any questions about this Adoption Agreement, please call a Scudder Retirement Plan Specialist at 1-800-323-6105.

-----  
SCUDDER FLEXI-PLAN

Profit Sharing Plan  
Adoption Agreement

Return this form to:

Scudder Fund Distributors, Inc.  
Retirement Plan Services  
P.O. Box 9047  
Boston, MA 02205-9047

Plan number 003  
-----

The undersigned (the "Employer") establishes, or amends, the (Scudder automatically inserts employer's name) Profit Sharing Plan, by completing this Adoption Agreement adopting or amending the Profit Sharing Plan in the form of the Prototype Plan attached.

## 1. ELIGIBILITY

A. To become a Participant an Employee must complete 3 Years of Service

☐ or, if this box is checked, an Employee must complete \_\_\_\_ Year(s) of Service, (insert less than "3"; select more than "1" only if the employer selects full and immediate vesting in Section 2.A. below; insert "0" for no waiting period).

B. The number of Hours of Service required to have a Year of Service is 1000

☐ or, if this box is checked, \_\_\_\_ (insert less than 1000 hours). However, if the Year(s) of Service selected in A. above is or includes a fractional year, an Employee is not required to complete any specified number of Hours of Service to receive eligibility credit for such fractional year.

C. To become a Participant an Employee need not attain any minimum age

☐ or, if this box is checked. a employee must be at least \_\_\_\_ (insert 21 or less) years of age.

D. An Employee who meets the above requirements shall become a Participant on the first day the requirements are met

☐ or, if this box is checked, on the first day of the next month.

E. All Employees are entitled to be Participants

☐ or, if this box is checked, all Employees are entitled to be Participants except (check one or both):

☐ Non-resident aliens who receive no earned income from the Employer which constitutes income from sources within the United States

☐ Individuals covered by a collective bargaining contract which meets the requirements specified in the Plan.

## 2. VESTING OF EMPLOYER CONTRIBUTIONS

A. Employer Contributions under the Plan shall be fully and immediately vested and non-forfeitable

☐ or, if this box is checked, vested at the rate in Column 1 below, or at a more rapid rate of vesting if specified in Column 2 below.

VESTING TABLE

Vesting Years	Column 1	Column 2
	----- Minimum Percentage	----- Percentage Selected
1	0	_____
2	20	_____
3	40	_____
4	60	_____
5	80	_____
6	100	_____

B. Vesting Years and One-Year Breaks in Service for the purpose of vesting shall be measured on the Plan Year

☐ or, if this box is checked, on the 12 consecutive month period beginning on the Participant's initial date of employment or an anniversary of that date.

Note: If you make this election, you may not check the box in Section 2.C. below.

- C. The Participant will have a Vesting Year only if the Participant completes the number of Hours of Service specified in Section 1.B.

☐ or, if this box is checked, if the Participant either completes the number of Hours of Service specified in Section 1.B. or receives an allocation of the Employer Contribution for the Plan Year, or both.

- D. The following Service will be included in determining Vesting Years only if checked below:

☐ Service before the Employer maintained this Plan or a predecessor plan

☐ Service before the first Plan Year in which a Participant attained age 18.

### 3. ALLOCATION OF EMPLOYER CONTRIBUTIONS

- A. A former Participant who has retired, died, otherwise terminated Service, or transferred to an ineligible class of Employee during the Plan Year shall share in the allocation of Employer Contributions for the Plan Year

☐ or, if this box is checked, shall not share in the allocation of Employer Contributions.

- B. Any required minimum top heavy allocations will be made first from this Plan

☐ or, if this box is checked, first from the \_\_\_\_\_ Plan (insert name of another qualified plan maintained by the Employer)

### 4. INTEGRATION WITH SOCIAL SECURITY

The Plan will not be integrated with Social Security

☐ or, if this box is checked, will be integrated with Social Security on the following basis:

- A. The Integration Level for a Plan Year will be the Social Security Wage Base for such Plan Year

☐ or, if this box is checked, \$ \_\_\_\_\_ (not to exceed the Social Security Wage Base)

- B. The Integration Rate for a Plan Year will be the OASDI Rate for each Plan Year

☐ or, if this box is checked, \_\_\_\_\_ % (not in excess of OASDI Rate)

Note: An Employer may elect to integrate the Plan with Social Security only if the Employer does not maintain another qualified retirement plan integrated with Social Security.

### 5. NORMAL RETIREMENT DATE

A Participant's Normal Retirement Date shall be age 59-1/2

☐ or, if this box is checked, age \_\_\_\_\_ (insert more than 59-1/2 but not more than 65).

6. COMPENSATION

"Compensation" shall only include amounts paid during the Plan Year by the Employer to the Employee while the Employee was a Participant

☐ or, if this box is checked, "Compensation" shall include amounts paid by the Employer to the Employee during the entire Plan Year in which an Employee became a Participant whether or not such Employee was a Participant for the entire Plan Year.

7. PARTICIPANT CONTRIBUTIONS

Non-deductible Voluntary contributions by a Participant are permitted

☐ or, if this box is checked, are not permitted.

8. INVESTMENT

Investment decisions shall be made by the Participant

☐ or, if this box is checked, by the Administrator.

9. LOANS

Loans to a Participant are not permitted

☐ or, if this box is checked, are permitted.

10. EFFECTIVE DATE

The Effective Date of the Adoption Amendment shall be the first day of the Employee's fiscal year during which the Plan is adopted or amended

☐ or, if this box is checked, \_\_\_\_\_ (insert date).

11. PLAN YEAR

The Plan Year shall be the same as the fiscal year of the Employee

☐ or, if this box is checked, shall end on the last day of the month of \_\_\_\_\_.

12. AMENDMENT

Execution of the Adoption Agreement is not an amendment to an existing plan

☐ or, if this box is checked, is an amendment to an existing plan.

13. LIMITATION ON ALLOCATIONS

If the Employer maintains or has even maintained another qualified defined contribution plan other than a Scudder Money Purchase Pension Plan (Plan number 002 or 004) or a plan amended into the Prototype Plan in which any Participant in the Plan is or was a participant or could possibly become a participant, the provisions of Section 5.03 of the Prototype Plan will apply.

If the Employer maintains or has ever maintained a qualified defined benefit plan in which any Participant in this Plan is or was a participant or could possibly become a participant, the provisions of Section 5.04 of the Prototype

Plan will apply.

#### 14. LIMITATION YEAR

The Limitation Year shall be identical for all plans maintained by the Employee as the Plan Year.

|\_ | or, if this box is checked, shall end on the last day of the  
month of \_\_\_\_\_.

#### 15. SIGNATURES

The Employer (1) covenants and agrees that whenever a Participant makes a contribution the Employer shall ascertain the Participant has received a copy of the current prospectus relating to the shares of any Designated Investment Company in which such contribution is to be invested plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested, and (2) by remitting such a contribution to the Trustee the Employer shall be deemed to represent that the Employer has received a current prospectus, and (3) by remitting any other contribution to the Trustee the Employer shall be deemed to represent that the Employer has received a current prospectus of any Designated Investment Company in which it is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested.

An Employer adopting this plan may rely on the opinion letter issued by the National Office of the Internal Revenue Service as evidence that this Plan is qualified under Section 401 of the Internal Revenue Code, provided that the Employer has never maintained, is not maintaining, and will not (while maintaining this Plan) adopt another qualified plan (other than the Scudder Money Purchase Pension Plan (plan number 002 or 004) or a plan which is being amended into this Plan or the Scudder Money Purchase Pension Plan (plan number 002 or 004)) or after December 31, 1985, a welfare benefit fund (as defined in Code Section 419(e)) which provides post-retirement medical benefits allocated to separate accounts for Key Employees (as defined in Code Section 419A(d)(3)).

An employer who adopts or maintain multiple plans other than the Scudder Profit Sharing Plan (plan number 001 or 003) together with the Scudder Money Purchase Pension Plan (plan number 002 or 004) may apply for a determination letter from the appropriate Key District Director of the Internal Revenue to obtain reliance that the plans are qualified.

This Adoption Agreement may be used only in conjunction with basic plan document #01.

\_\_\_\_\_  
Name of Employer

\_\_\_\_\_  
Signature of Employer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Daytime Telephone

Employer Tax Identification Number

Employer Fiscal Year

Name of Loan Trustee\*

Signature

\*NOTE: If you elect to allow loans to Participants in Section 9, you must designate a Loan Trustee.

Trustee:

State Street Bank and Trust Company

By: /s/ G. Reeves

#### ADOPTION AGREEMENT AMENDMENT

Employer Contributions in Profit Sharing Plan.  
(check the option below if you wish it to apply to your plan)

|\_ | Effective for Plan Years beginning on or after \_\_\_\_\_  
[fill in the first day of the Plan Year in which this Adoption Agreement  
Amendment is executed or a subsequent anniversary of such date],  
notwithstanding any other provision of the plan, the employer contributions  
shall be made to the plan without regard to current or accumulated earnings and  
profits for the taxable year or years ending with or within such Plan Year.

Please make copies of all completed forms for your records.

To be Completed by Employer

-----  
SCUDDER FLEXI-PLAN  
=====  
Profit Sharing Plan  
Contribution Form

Return this form to:

Scudder Fund Distributors, Inc.  
Retirement Plan Services  
P.O. Box 9047  
Boston, MA 02205-9047  
-----

#### Employer Information

Name \_\_\_\_\_ Tax I.D. # \_\_\_\_\_  
Business Address \_\_\_\_\_ Telephone \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

-----  
Telephone Exchange Option

You or your plan participants will be able to exchange shares from one Scudder Fund into any other Scudder Fund by telephone, telegram, or TWX. The new account will have the identical registration as the account from which the shares are transferred.

-----  
Participant Information

The minimum investment for the first Scudder plan you establish (either the Profit Sharing Plan or the Pension Plan) is \$500 times the number of participants, which may be allocated in any amounts among the participants (e.g. 2 participants, minimum investment = \$1000 which can be allocated \$700 for one and \$300 for the other). If you are establishing both plans, the minimum investment for the second plan is \$300 times the number of participants. Participants may invest in more than one Scudder Fund if at least \$500 is invested in each fund.

|\_ | Check here if assets to be invested in the Profit Sharing Plan will include a transfer from an existing plan. Please also complete the enclosed transfer form. (Please designate allocation of transfer money on the transfer form, and not on this form.)

	Scudder Fund(s) Selected	Contribution Amount		
		Employer	Employee	Total
Participant _____	_____	\$ _____	\$ _____	\$ _____
Birth Date _____	_____	_____	_____	_____
Social Security # _____	_____	_____	_____	_____
Participant _____	_____	_____	_____	_____
Birth Date _____	_____	_____	_____	_____
Social Security # _____	_____	_____	_____	_____
Participant _____	_____	_____	_____	_____
Birth Date _____	_____	_____	_____	_____
Social Security # _____	_____	_____	_____	_____

(Please attach additional pages if necessary)      Total investment    \$=====

Please make your contribution check payable to State Street Bank and Trust Co.

-----  
SCUDDER FLEXI-PLAN  
=====

Profit Sharing Plan  
Transfer Form

Return this form to:

Scudder Fund Distributors, Inc.  
Retirement Plan Services  
P.O. Box 9047  
Boston, MA 02205-9047  
-----

1. Name and Address of Employer

Name _____	Tax I.D.# _____
Business Address _____	Telephone _____
City _____ State _____	Zip Code _____

2. Instructions to Present Trustee

Name of Trustee _____	
Address _____	Telephone _____
City _____ State _____	Zip Code _____
Present Account #'s _____	
_____	
_____	

I request that the Trustee of my present qualified retirement plan transfer the assets of my profit sharing plan to State Street Bank and Trust Company, which I have appointed as Trustee of my Scudder Flexi-Profit

Sharing Plan. All assets should be transferred as cash according to the following instructions:

☐ Please transfer all of my present retirement plan assets and resign as Trustee

or

☐ Please transfer \$\_\_\_\_\_ of my present retirement plan assets and retain the balance.

Other instructions (e.g. make transfer upon maturity date of \_\_/\_\_/\_\_): \_\_\_\_\_

-----  
Trustee should make check payable to:

State Street Bank and Trust Company A/C \_\_\_\_\_ Scudder Flexi-  
(employer name)  
Profit Sharing Plan.

Return check in the enclosed envelope to Scudder Fund Distributors, Inc.,  
Retirement Plan Services, P.O. Box 9047, Boston, MA 02205-9047.

-----  
3. Instructions to State Street Bank and Trust Company

Upon receipt of the assets from my previous profit sharing plan trustee,  
please invest them in the Scudder Flexi-Profit Sharing Plan in the Scudder  
funds as indicated below:

<TABLE>

<CAPTION>

Participant	Scudder Fund(s) Selected	Account# (if existing)	Employer Contribution	Employee Contribution	Total
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----

</TABLE>

(Please attach additional pages if necessary.)

-----  
4. Signature of Employer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employer Signature

5. Acceptance by New Trustee (To be completed by Scudder Fund Distributors,  
Inc. and State Street Bank and trust company)

State Street Bank and Trust Company accepts the appointment as successor trustee  
of the above Profit Sharing Plan account and requests the liquidation and  
transfer of assets as indicated above.

Scudder Fund Distributors, Inc.

By: \_\_\_\_\_

Date: \_\_\_\_\_

State Street Bank and Trust Company

By: /s/ G. Reeves  
-----

This form is valid only is signed by an authorized representative of Scudder



SCUDDER FLEXI-PLAN

=====

Profit Sharing Plan  
Designation of Beneficiary

Return this form to:

\_\_\_\_\_  
Name of Employer

Scudder Fund Distributors, Inc.

\_\_\_\_\_  
Fund(s)

Retirement Plan Services

\_\_\_\_\_  
Account #'s, if assigned

P.O. Box 9047

Boston, MA 02205-9047

\_\_\_\_\_  
Name of Participant

Note: You must file a separate Designation of Beneficiary form for the Flexi-Money Purchase Pension Plan.

Instructions

With this form you designate the beneficiary who will receive your Plan assets if you die while a balance remains in your account. Your spouse must consent if less than 100% is left to him or her. This form is not effective until filed with the Plan Trustee.

Examples of beneficiary designations

- o Sandra Casey (SS# 000-00-0000), 3 Oak Street, Chicago, IL 60060, my wife, if living at my death; otherwise to my children who survive me, in equal shares. If any child does not survive me, such deceased child's share shall go by right of representation to that child's issue who survive me. (Note: "issue" refers to children, grandchildren, etc.)
- o Sandra Casey (SS# 000-00-0000) 3 Oak Street, Chicago, IL 60060, my wife, if living at my death; otherwise to James Casey (SS# ###-##-####), 321 Elm Street, San Mateo, CA 94042, my son, if living at my death. If he is not living at my death, then to his issue who survive me by right of representation.
- o James Casey (SS# ###-##-####), 321 Elm Street, San Mateo, CA 94042, my son, and Mary Casey (SS# 999-99-9999), 7 Beech Avenue, Dallas, TX 75302, my daughter, in equal shares, if they both survive me; otherwise all to the one of them who survives me. If neither survives me, to X charity.

These are only examples. You may wish to consult an attorney before naming beneficiaries.

\_\_\_\_\_  
Name your plan Beneficiaries and list their Social Security Numbers and addresses if possible

The following beneficiaries are entitled to receive the assets of my Plan upon my death. This designation revokes any previous designation. I understand that I can change this choice of beneficiary by submitting a new form to the Trustee for the Scudder Plan.

Beneficiaries (Please print): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

-----  
Sign here

\_\_\_\_\_  
Your signature

\_\_\_\_\_  
Date

-----  
Obtain the consent of your spouse if necessary (both boxes may be checked). If box (a) is checked, your spouse's signature must be witnessed by a Notary Public or Plan Representative

☐ (a) If less than 100% of the assets in the Plan have been left to me as primary beneficiary, I consent to such designation and limit my consent to the beneficiaries indicated above. In addition, recognizing that I also have a right to limit my consent to a specific form of benefits (such as a lump sum distribution or installment payments over a period of time). I relinquish that right and consent to any form of benefits which may be elected under the plan. I understand that my spouse must execute a new designation if he or she wants to designate another beneficiary.

☐ (b) As spouse of a Participant who is a resident of Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, or Washington, I consent to (1) the naming of another person as primary beneficiary to receive more than one-half the plan distributions or (2) the naming of myself as primary beneficiary and others as contingent beneficiaries.

I acknowledge that I have read the above election and understand the effect its exercise shall have on me.

\_\_\_\_\_  
Spouse's signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

☐ Plan representative  
or  
☐ Notary Public  
State: \_\_\_\_\_

-----  
SCUDDER FLEXI-PLAN

=====

Money Purchase Pension Plan  
Adoption Agreement

Return this form to:

Scudder Fund Distributors, Inc.  
Retirement Plan Services  
P.O. Box 9047  
Boston, MA 02205-9047

Plan number 004

-----  
INSTRUCTIONS:

These instructions are provided to help you make selections in the corresponding sections of the Money Purchase Pension Plan Adoption Agreement. The Adoption Agreement is designed with "pre-selected" options shaded in each section. If you want the pre-selected option, please do not check or complete the unshaded option below. If you prefer the unshaded option, check the box and fill in any blanks.

## 1. ELIGIBILITY

This section determines who will be covered by the plan. you determine the waiting period, how many hours constitute a year of service, minimum age required, and starting day for participation. You also decide whether you wish to exclude certain classes of employees from participation in the plan. If this is your first year of business, you must reduce the waiting period to make contributions this year.

## 2. VESTING OF EMPLOYER CONTRIBUTIONS

- A. If you choose a waiting period of more than one year in 1.A., you must select full and immediate vesting. If you choose a waiting period of one year or less and want graduated vesting, check the unshaded option to select the vesting schedule in Column 1. For a more rapid schedule, check the box and complete Column 2.
- B. If you choose immediate vesting, skip this section. If your choose graduated vesting, you may select the 12 month period on which vesting years are calculated. If you check the unshaded option, you may not check the box in 2.C., the following section.
- C. Do not check the unshaded option if you checked the box in 2.B. If you did not check the box in 2.B. and want participants to accrue a vesting year for years they receive an employer contribution, whether or not the participant completes the number of Hours of Service specified in Section 1.B., check the box in 2.C.
- D. Checking a box(es) in this section allows you to calculate vesting years including a participant's service before the plan (or predecessor plan) was established or before the plan year in which a participant turned 18.

## 3. ALLOCATION OF EMPLOYER CONTRIBUTIONS

- A. This option allows you to decide whether you will make contributions for former participants who retired or otherwise terminated participation in the plan during the plan year. If you do not wish to make contributions for these former participants, check the unshaded option.
- B. If you plan is top heavy, you may be required to make minimum contributions for non-key employees. If you maintain more than one qualified retirement plan, this election lets you select the plan responsible for making these minimum contributions.

Check and complete the unshaded option if you want to make any minimum plan contributions from another tax-qualified plan or from this Pension Plan if you have adopted both the Scudder Profit Sharing and Pension Plans.

Do not check the unshaded option if you are adopting only the Money Purchase Pension Plan.

## 4. NORMAL RETIREMENT DATE

The normal retirement date for plan participants will be 59 1/2 unless you check and complete the unshaded option.

## 5. COMPENSATION

The unshaded option in this section allows you to base contributions on compensation for the entire year an employee becomes a participant, even if the employee becomes a participant during the year.

## 6. PARTICIPANT CONTRIBUTIONS

Non-deductible voluntary contributions (after-tax) are allowed by the plan unless you select otherwise by checking the unshaded option.

## 7. INVESTMENT

[Illegible]

## 8. LOANS

Loans to participants from this plan are not permitted unless you check the unshaded option. NOTE: Certain owners, including owner-employees, are prohibited from taking loans from the Plan.

## 9. EFFECTIVE DATE

The effective date of the plan will be the first day of the employer's fiscal year, unless otherwise indicated by checking and completing the unshaded option.

## 10. PLAN YEAR

The plan year will be the employee's fiscal year unless you check and complete the unshaded option.

## 11. AMENDMENT

If you are adopting the Money Purchase Pension Plan as an amendment to an existing plan, please check the unshaded option.

## 12. PENSION CONTRIBUTIONS AND INTEGRATION WITH SOCIAL SECURITY

If you do not want your plan integrated with Social Security, complete the blank in the shaded option to designate the contribution rate for the plan. Do not check the unshaded option.

If you do wish to integrate the plan, check the unshaded option and then specify the integration rate and integration level. Note: If integration is selected, please indicate, at the end of the unshaded option, the rate for contributions made to the plan exclusive of Social Security contribution. The rate chosen should not result in total contributions to any participant exceeding 25% of compensation. (For a self-employed individual, the rate should not exceed 25%, which is the same of 20% of net profits before contributions to the plan for the self-employed. See guide for more information.)

## 13. LIMITATIONS ON ALLOCATIONS

This section advises you concerning the limitations on allocations of contributions if you have other tax-qualified plans in addition to the Flexi-Plan Profit Sharing Plan or Money Purchase Pension Plan.

## 14. LIMITATION YEAR

The limitation year will be the same as the plan year unless you check and complete the unshaded option.

## 15. SIGNATURES

Please read and complete this section. State Street Bank and Trust Company is predesignated as the Plan's trustee and the Adoption Agreement is presigned by an authorized representative of State Street Bank.

If you elect to allow loans to participants in this Agreement, please designate a loan trustee and obtain the loan trustee's signature. The loan trustee may be an individual.

Please provide all the information requested, including the employer's tax identification number and fiscal year. If you do not have a tax identification number, please contact your local Internal Revenue Service office to obtain a number.

ADOPTION AGREEMENT AMENDMENT

As permitted under the Tax Reform Act of 1986, forfeitures may be reallocated to participants rather than reducing future contributions. Check the box if you want this provision to apply to your plan.

If you have any questions about this Adoption Agreement [Illegible]

-----  
SCUDDER FLEXI-PLAN  
=====

Money Purchase Pension Plan  
Adoption Agreement

Return this form to:

Scudder Fund Distributors, Inc.  
Retirement Plan Services  
P.O. Box 9047  
Boston, MA 02205-9047

Plan number 004  
-----

The undersigned (the "Employer") establishes, or amends, the (Scudder automatically inserts employer's name) Money Purchase Pension Plan, by completing the Adoption Agreement adopting or amending the Money Purchase Pension Plan in the form of the Prototype Plan attached.

1. ELIGIBILITY

A. To become a Participant an Employee must complete 3 Years of Service

☐ or, if this box is checked, an Employee must complete \_\_\_\_\_ Year(s) of Service, (insert less than "3"; select more than "1" only if the employer selects full and immediate vesting in Section 2.A. below; insert "0" for no waiting period).

B. The number of Hours of Service required to have a Year of Service is 1000

☐ or, if this box is checked, \_\_\_\_\_ (insert less than 1000 hours). However, if the Year(s) of Service selected in A. above is or includes a fraction year, an Employee is not required to complete any specified number of Hours of Service to receive eligibility credit for such fractional year.

C. To become a Participant an Employee need not attain any minimum age

☐ or, if this box is checked, an Employee must be at least \_\_\_\_ (insert 21 or less) years of age.

D. An Employee who meets the above requirements shall become a Participant on the first day the requirements are met

☐ or, if this box is checked, on the first day of the next month.

E. All Employees are entitled to be Participants

☐ or, if this box is checked, all Employees are entitled to be Participants except (check one or both):

☐ Non-resident aliens who receive no earned income from the Employer which constitutes income from sources within the United States

☐ Individuals covered by a collective bargaining contract which meets the requirements specified in the Plan.

2. VESTING OF EMPLOYER CONTRIBUTIONS

- A. Employer Contributions under the Plan shall be fully and immediately vested and non-forfeitable

☐ or, if this box is checked, vested at the rate in Column 1 below, or at a more rapid rate of vesting if specified in Column 2 below.

VESTING TABLE

Vesting Years	Column 1	Column 2
	Minimum Percentage	Percentage Selected
1	0	_____
2	20	_____
3	40	_____
4	60	_____
5	80	_____
6	100	_____

- B. Vesting Years and One-Year Breaks in Service for the purpose of vesting shall be measured on the Plan Year

☐ or, if this box is checked, on the 12 consecutive month period beginning on the Participant's initial date of employment or an anniversary of that date.

Note: If you make this election, you may not check the box in Section 2.C. below.

- C. The Participant will have a Vesting Year only if the Participant completes the number of Hours of Service specified in Section 1.B.

☐ or, if this box is checked, if the Participant either completes the number of Hours of Service specified in Section 1.B. or receives an allocation of the Employer Contribution for the Plan Year, or both.

- D. The following Service will be included in determining Vesting Years only if checked below:

☐ Service before the Employer maintained this Plan or a predecessor plan

☐ Service before the first Plan Year in which a Participant attained age 18.

3. ALLOCATION OF EMPLOYER CONTRIBUTIONS

- A. A former Participant who has retired, died, otherwise terminated Service, or transferred to an ineligible class of Employees during the Plan year shall share in the allocation of Employer Contributions for the Plan Year

☐ or, if this box is checked, shall not share in the allocation of Employer Contributions.

- B. Any required minimum top heavy allocations will be made first from this Plan unless the Employer has also adopted a Scudder Profit Sharing Plan (plan number 001 and 003), in which case the minimum top heavy allocations will be made first from that plan.

☐ or, if this box is checked, first from the \_\_\_\_\_ Plan

(insert name of another qualified plan maintained by the Employer).

4. NORMAL RETIREMENT DATE

A. Participant's Normal Retirement Date shall be age 59 1/2

☐ or, if this box is checked, age \_\_\_\_\_ (insert more than 59 1/2 but not more than 65).

5. COMPENSATION

"Compensation" shall only include amounts paid during the Plan Year by the Employer to the Employee while the Employee was a Participant

☐ or, if this box is checked, "Compensation" shall include amounts paid by the Employer to the Employee during the entire Plan Year in which an Employee became a Participant whether or not such Employee was a Participant for the entire Plan Year.

6. PARTICIPANT CONTRIBUTIONS

Non-deductible Voluntary contributions by a Participant are permitted

☐ or, if this box is checked, are not permitted.

7. INVESTMENT

Investment decisions shall be made by the Participant

☐ or, if this box is checked, by the Administrator.

8. LOANS

Loans to a Participant are not permitted

☐ or, if this box is checked, are permitted.

9. EFFECTIVE DATE

The Effective Date of the Plan or Amendment shall be the first day of the Employer's fiscal year during which the Plan is adopted or amended

☐ or, if this box is checked, \_\_\_\_\_ (insert date).

10. PLAN YEAR

The Plan Year shall be the same as the fiscal year of the Employer

☐ or, if this box is checked, shall end on the last day of the month of \_\_\_\_\_.

11. AMENDMENT

Execution of the Adoption Agreement is not an amendment to an existing plan

☐ or, if this box is checked, is an amendment to an existing plan.

12. PENSION CONTRIBUTIONS AND INTEGRATION WITH SOCIAL SECURITY

The Plan will not be integrated with Social Security and for each Plan Year the Employer will contribute to the Account of each Participant entitled to an allocation under Section 3, \_\_\_\_\_% (insert not more than 25%) of that Participant's Compensation for the Plan Year.

☐ or, if this box is checked,  
the Plan will be integrated with Social Security and for each Plan

Year, the Employer will contribute

☐ the OASDI Rate

or

☐ \_\_\_\_\_ % (not to exceed the OASDI Rate)

of such Participant's Compensation in excess of (check one):

☐ the Social Security Wage Base

or

☐ [Illegible text] Social Security Wage Base

Note: Rates chosen should not result in total contributions to any Participant exceeding 25% of that Employee's aggregate Compensation.

Employer contributions allocable to a Participant shall be reduced by that Participant's allocation of forfeitures arising during preceding Plan Years.

An Employer may elect to integrate the Plan with Social Security only if the Employer does not maintain another qualified retirement plan integrated with Social Security.

#### 13. LIMITATION ON ALLOCATIONS

If the Employer maintains or has ever maintained another qualified defined contribution plan other than a Scudder Profit Sharing Plan (Plan number 001 or 003) or a plan amended into the Prototype Plan in which any Participant in this Plan is or was a participant or could possible become a participant, the provisions of Section 5.03 of the Prototype Plan will apply.

If the Employer maintains or has ever maintained a qualified defined benefit plan in which any Participant in this Plan is or was a participant or could possibly become a participant, the provisions of Section 5.04 of the Prototype Plan will apply.

#### 14. LIMITATION YEAR

The Limitation Year shall be identical for all plans maintained by the Employer and is the Plan Year

☐ or, if this box is checked, shall end on the last day of the month of \_\_\_\_\_.

#### 15. SIGNATURES

The Employer (1) covenants and agrees that whenever a Participant makes a contribution the Employer shall ascertain that the Participant has received a copy of the current prospectus relating to the shares of any Designated Investment Company in which such contribution is to be invested plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested, and (2) by remitting such a contribution to the Trustee the Employer shall be deemed to represent that the Participant has received such a prospectus, and (3) by remitting any other contribution to the Trustee the Employer shall be deemed to represent that the Employer has received a current prospectus of any Designated Investment Company in which it is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested.



An Employer adopting this plan may rely on the opinion letter issued by the National Office of the Internal Revenue Service as evidence that this Plan is qualified under Section 401 of the Internal Revenue Code, provided that the Employer has never maintained, is not maintaining, and will not (while maintaining this Plan) adopt a qualified plan (other than the Scudder Profit Sharing Plan (plan number 001 or 003) or a plan which is being amended into this Plan or the Scudder Profit Sharing Plan (plan number 001 and 003)) or after December 31, 1985, a welfare benefit fund (as defined in Code Section 419(e)) which provides post retirement benefits allocated to separate accounts for Key Employees (as defined in Code Section 419A(d)(3)).

An employer who adopts or maintains multiple plans other than the Scudder Profit Sharing Plan (plan number 001 or 003) together with the Scudder Money Purchase Pension Plan (plan number 002 or 004) may apply for a determination letter from the appropriate Key District Director of the Internal Revenue to obtain reliance that the plans are qualified.

This Adoption Agreement may be used only in conjunction with basic plan document #01.

\_\_\_\_\_  
Name of Employer

\_\_\_\_\_  
Name of Loan Trustee\*

\_\_\_\_\_  
Signature of Employer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\*NOTE: If you elect to allow loans to Participants in Section 8, you must designate a Loan Trustee

\_\_\_\_\_  
Street Address

Trustee:

\_\_\_\_\_  
City State Zip

State Street Bank and Trust Company

\_\_\_\_\_  
Daytime Telephone

By: /s/ G. Reeves  
-----

\_\_\_\_\_  
Employer Tax Identification Number

ADOPTION AGREEMENT AMENDMENT  
Benefit Forfeitures in Money Purchase Plan  
(check the option below if you wish it to apply to your plan)

\_\_\_\_\_  
Employer Fiscal Year

Please make copies of all completed forms for your records

|\_ | Notwithstanding any other provision of the plan, forfeitures occurring in Plan Years beginning on or after \_\_\_\_\_ [fill in the first day of the Plan Year in which this Adoption Agreement Amendment is executed or a subsequent anniversary of such date] shall be allocated to those Participants entitled to an allocation of employer contributions for the Plan Year in which the forfeiture occurs.

To be Completed by Employer

-----  
SCUDDER FLEXI-PLAN

=====

Money Purchase Pension Plan  
Contribution Form

Return this form to:

Scudder Fund Distributors, Inc.

Employer Information

Name \_\_\_\_\_ Tax I.D. # \_\_\_\_\_  
Business Address \_\_\_\_\_ Telephone \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone Exchange Option

You or your plan participants will be able to exchange shares from one Scudder Fund into any other Scudder Fund by telephone, telegram, or TWX. The new account will have the identical registration as the account from which the shares are transferred.

Participant Information

The minimum investment for the first Scudder plan you establish (either the Profit Sharing Plan or the Pension Plan) is \$500 times the number of participants, which may be allocated in any amounts among the participants (e.g. 2 participants, minimum investment = \$1000 which can be allocated \$700 for one and \$300 for the other). If you are establishing both plans, the minimum investment for the second plan is \$300 times the number of participants. Participants may invest in more than one Scudder Fund if at least \$500 is invested in each fund.

☐ Check here if assets to be invested in the Money Purchase Pension Plan will include a transfer from an existing plan. Please also complete the enclosed transfer form. (Please designate allocation of transfer money on the transfer form, and not on this form.)

	Scudder Fund(s) Selected	Contribution Amount		
		Employer	Employee	Total
Participant _____	_____	\$ _____	\$ _____	\$ _____
Birth Date _____	_____	_____	_____	_____
Social Security # _____	_____	_____	_____	_____
Participant _____	_____	_____	_____	_____
Birth Date _____	_____	_____	_____	_____
Social Security # _____	_____	_____	_____	_____
Participant _____	_____	_____	_____	_____
Birth Date _____	_____	_____	_____	_____
Social Security # _____	_____	_____	_____	_____

(Please attach additional pages if necessary) Total investment \$=====

Please make your contribution check payable to State Street Bank and Trust Co.

SCUDDER FLEXI-PLAN

=====

Money Purchase Pension Plan  
Designation of Beneficiary  
Waiver of Qualified Preretirement Survivor Annuity

\_\_\_\_\_  
Name of Employer  
\_\_\_\_\_  
Fund(s)  
\_\_\_\_\_

Return this form to:

Scudder Fund Distributors, Inc.  
Retirement Plan Services  
P.O. Box 9047

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Name of Participant \_\_\_\_\_

Note: You must file a separate Designation of Beneficiary form for the Flexi-Profit Sharing Plan.

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Instructions

With this form you designate the beneficiary who will receive your account balance if you die while a balance remains in your account. Please note that if you are married and you die before beginning distributions from the Plan, your spouse is automatically entitled to 50% of the account balance in the form of a preretirement survivor annuity, unless you make the waiver election below (Waiver of Preretirement Survivor Annuity) and your spouse consents (on the back of this form).

In addition, once you begin distributions from your account, the distributions will be in the form of a joint and survivor annuity whether you are married or unmarried, unless you waive that right (a separate waiver form is available to waive the joint and survivor annuity).

If you waive the preretirement survivor annuity with your spouse's consent, the beneficiary designation below will apply to your entire account balance. If you do not waive the annuity, or if your spouse does not consent to the waiver, the beneficiary designation will apply only to the 50% of the account not distributable as a preretirement survivor annuity.

-----

Examples of beneficiary designations

- o Sandra Casey (SS# 000-00-0000), 3 Oak Street, Chicago, IL 60060, my wife, if living at my death; otherwise to my children who survive me, in equal shares. If any child does not survive me, such deceased child's share shall go by right of representation to that child's issue who survive me. (Note: "issue" refers to children, grandchildren, etc.)
- o Sandra Casey (SS# 000-00-0000) 3 Oak Street, Chicago, IL 60060, my wife, if living at my death; otherwise to James Casey (SS# ###-##-####), 321 Elm Street, San Mateo, CA 94042, my son, if living at my death. If he is not living at my death, then to his issue who survive me by right of representation.
- o James Casey (SS# ###-##-####), 321 Elm Street, San Mateo, CA 94042, my son, and Mary Casey (SS# 999-99-9999), 7 Beech Avenue, Dallas, TX 75302, my daughter, in equal shares, if they both survive me; otherwise all to the one of them who survives me. If neither survives me, to X charity.

These are only examples. You may wish to consult an attorney before naming beneficiaries.

-----

Name your plan Beneficiaries and list their Social Security Numbers and addresses if possible

The following beneficiaries are entitled to receive the assets of my Plan upon my death. This designation revokes any previous designation. I understand that I can change this choice of beneficiary by submitting a new form to the Trustee for the Scudder Money Purchase Pension Plan.

Beneficiaries (Please print): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

-----  
Waiver of Preretirement Survivor Annuity

This waiver is effective only when executed by a married individual either (a) during or after the plan year in which such individual attains age 35, or (b) after the individual separates from service, if earlier. Check box if you are eligible and you wish to make a waiver election.

☐ I waive automatic payment of the portion of my account balance which would otherwise be distributed as a preretirement survivor annuity. I acknowledge that I have read and understood the information provided to me concerning such annuity. I reserve the right to revoke this election to waive the annuity coverage.

\_\_\_\_\_  
Sign here

\_\_\_\_\_  
Your signature

\_\_\_\_\_  
Date

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Your Date of Birth

-----  
(over, please)

Obtain the consent of your spouse if necessary (both boxes may be checked). If box (a) is checked, your spouse's signature must be witnessed by a Notary Public or Plan Representative

☐ (a) I, the spouse of the Participant, have read the above waiver of preretirement survivor annuity and understand that the effect such waiver has on me may be that all death benefits under the plan may be paid to someone other than me. By signing below, I consent to my spouse's waiver of a preretirement survivor annuity. My consent is limited to the beneficiary(ies) listed above. In addition, recognizing that I also have the right to limit my consent to a specific form of benefits (such as a lump sum distribution or installments over a period of time), by signing below, I relinquish that right and consent to any form of benefits which may be elected under the Plan.

I understand that my spouse must execute a new designation if he or she wants to designate another beneficiary.

☐ (b) As spouse of a Participant who is a resident of Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, or Washington, I consent to (1) the naming of another person as primary beneficiary to receive more than one-half of my spouse's account balance or (2) the naming of myself as primary beneficiary and others as contingent beneficiaries.

I acknowledge that I have read the above election and understand the effect its exercise shall have on me.

\_\_\_\_\_  
Spouse's signature

\_\_\_\_\_  
Date

Witness \_\_\_\_\_

☐ Plan Rep. or ☐ Notary Public

State: \_\_\_\_\_

Commission Expires: \_\_\_\_\_

[In the printed material, this page contains photocopies of two IRS approval letters]

IRS  
Approval  
Letters

-----  
NOTICE TO INTERESTED PARTIES  
=====

After enrolling in the Scudder Flexi-Plan, please complete this notice and post it in a common area for your employees' information.

(Where no determination letter submission is required in order for the employer to obtain reliance, this notice must be posted 9 to 23 days after adoption or amendment of a plan. Where a determination letter submission is required, this notice must be posted 7 to 21 days prior to the submission.)

An employer adopting a master or prototype plan or an amendment thereto or a restatement thereof, is required to notify all interested parties including all employees and any self-employed individuals) of such adoption, amendment, or restatement. Recently, \_\_\_\_\_ (name of employer) |\_| adopted |\_| restated the |\_| \_\_\_\_\_ Money Purchase Pension Plan |\_| \_\_\_\_\_ Profit Sharing Plan (the "Plan"). The Internal Revenue Service, On August 5, 1985, issued an opinion letter with respect to this (amended form of) plan as a tax qualified prototype.

1. Notice to employees of \_\_\_\_\_ (name of employer) (the "Employer").

An application |\_| is |\_| is not to be made to the Internal Revenue Service by the Employer for determination on the qualification of the employee benefit pension plan described below.

2. The Employer has |\_| adopted |\_| restated the employee pension benefit plan described below on \_\_\_\_\_.
3. The name of the plan is \_\_\_\_\_ (insert full name of plan from first paragraph of adoption agreement).
4. The plan's identification number is \_\_\_\_\_. (For instance, the first plan will be No. 001 and subsequent plans No. 002, 003, etc.)
5. The name and address of the Employer is \_\_\_\_\_.
6. The prototype plan's Opinion Letter number is |\_| C212885a (if the Plan is a profit sharing plan) |\_| C212883a (if the Plan is a money purchase pension plan).
7. The plan's sponsor is Scudder Fund Distributors, Inc., 175 Federal Street, Boston, Massachusetts 02110.
8. The Employer's Tax Identification Number is \_\_\_\_\_.
9. The plan administrator's name and address is \_\_\_\_\_.  
(If none appointed, insert Employer's name).
10. The address of the Key District Director having jurisdiction over the plan is \_\_\_\_\_.\*

\* Please refer to chart at Appendix A, attached hereto.

11. The employees eligible to participate under the plan are (describe by class): \_\_\_\_\_  
\_\_\_\_\_.

12. The Internal Revenue Service ☐ has ☐ has not previously issued a determination letter with respect to the qualification of this plan.

13. Check Appropriate Box:

☐ For employers who are required to make a determination letter submission to the IRS:

The application will be filed on \_\_\_\_\_ with the Key District Director, Internal Revenue Service at \_\_\_\_\_ for an advance determination as to whether the plan meets the qualification requirements of section 401, 403(a) or 405(a) of the Internal Revenue Code with respect to the plan's ☐ initial qualification ☐ amendment ☐ termination ☐ merger ☐ consolidation or ☐ transfer of plan assets or liabilities.

☐ For employers who are not required to make a determination letter to the IRS.

It is not contemplated that the plan will be submitted to the Internal Revenue Service for an advance determination as to whether it meets the qualification requirements of section 401 of the Internal Revenue Code with respect to either its initial qualification or any subsequent amendment.

#### RIGHTS OF INTERESTED PARTIES

14. You have the right to submit to the Key District Director, at the above address, either individually or jointly with other interested parties, your comments as to whether this plan meets the qualification requirements of the Internal Revenue Code. You may instead, individually or jointly with other interested parties, request the Department of Labor to submit, on your behalf, comments to the Key District Director regarding qualification of the plan. If the Department declines to comment on all or some of the matters [Illegible text].

#### REQUESTS FOR COMMENTS BY THE DOL

15. Check Appropriate Box:

☐ For employers who are required to make a determination letter submission to the IRS:

The Department of Labor may not comment on behalf of interested parties unless requested to do so by the lesser of 10 employees or 10% of the employees who qualify as interested parties. The number of persons needed for the Department to comment with respect to this plan is \_\_\_\_\_. If you request the Department to comment, your comment must be in writing and must specify the matters upon which comments are requested, and also must include:

(1) the information contained in items 2 through 9 of this Notice; and

(2) the number of persons needed for the Department to comment.

☐ For employers who are not required to make a determination letter submission to the IRS:

The Department of Labor may not comment on behalf of interested parties unless requested to do so by the lesser of 10 employees or 10% of the employees who qualify as interested parties. The number of persons needed for the Department to comment with respect to this plan is \_\_\_\_\_. If you request the Department to comment, your comment must be in writing and must specify the matters upon which comments are requested, and must also include:

- (1) the information contained in items 2 through 9 of this Notice; and
- (2) the number of persons needed for the Department to comment.

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A request to the Department to comment should be addressed as follows:

Administrator of Pension and Welfare Benefit Programs  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, D.C. 20216  
ATTN: 3001 Comment Request

COMMENTS TO THE IRS

16. Check Appropriate Box:

☐ For employers who are required to make a determination letter submission to the IRS:

Comments submitted by you to the Key District Director must be in writing and received by him by \_\_\_\_\_ (the 45th day after the date on which the application for determination is received by the Key District Director). However, if there are matters you request the Department of Labor to comment upon your behalf, and the Department declines, you may submit comments on these matters to the Key District Director to be received by him on \_\_\_\_\_ (within 15 days from the time the Department notifies you that it will not comment on a particular matter), or by \_\_\_\_\_ (the 45th day after the date on which the application for determination is received by the Key District Director), whichever is later. A request to the Department to comment on your behalf must be received by it by \_\_\_\_\_ (the 15th day after the date on which the application for determination is received by the Key District Director) if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by \_\_\_\_\_ (the 25th day after the date on which the application for determination is received by the Key District Director) if you wish to waive that right.

☐ For employers who are not required to make a determination letter submission to the IRS:

Comments submitted by you to the Key District Director must be in writing and received by him by \_\_\_\_\_ (the 75th day after the date on which the plan is adopted or amended). However, if there are matters you request the Department of Labor to comment upon your behalf, and the Department declines, you may submit comments on these matters to the Key District Director to be received by him on \_\_\_\_\_ (within 15 days from the time the Department notifies you that it will not comment on a particular matter), or by \_\_\_\_\_ (the 75th day after the date on which the plan is adopted or amended), whichever is later. A request to the Department to comment on your behalf must be received by it by \_\_\_\_\_ (the 45th day after the date on which the plan is adopted or amended) if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by \_\_\_\_\_

\_\_\_\_\_ (the 55th day after the date on which the plan is adopted or amended) if you wish to waive that right.

#### ADDITIONAL INFORMATION

#### 17. Check Appropriate Box:

☐ For employers who are required to make a determination letter submission to the IRS:

Detailed instruction regarding the requirements for notification of interested parties may be found in sections 6,7 and 8 of Revenue Procedure 80-30. Additional information concerning this adoption or amendment (including, where applicable, an updated copy of the plan and related trust; the application for determination; and any additional documents dealing with the application for determination; and copies of section 6 of Revenue Procedure 80-30) is available at \_\_\_\_\_ during the hours of \_\_\_\_\_ for inspection and copying. (There is a nominal charge for copying and/or mailing.)

☐ For employers who are not required to make a determination letter submission to the IRS:

Detailed instruction regarding the requirements for notification of interested parties may be found in sections 6,7 and 8 of Revenue Procedure 80-30. Additional information concerning this adoption or amendment (including, where applicable, a description of the provisions providing for nonforfeitable benefits; a description of the circumstances which may result in ineligibility or loss of benefits; a description of the source of financing of the plan; and copies of section 6 of Revenue Procedure 80-30) is available at \_\_\_\_\_ during the hours of \_\_\_\_\_ for inspection and copying. (There is a nominal charge for copying and/or mailing.)

#### Appendix A Key District Addresses

Key District	IRS Districts Covered
Mid Atlantic Region	
Baltimore 31 Hopkins Plaza Baltimore, MD 21201	Baltimore, Pittsburgh, Richmond
Newark 70 Broad Street Newark, NJ 07102	Newark, Philadelphia, Wilmington
North Atlantic Region	
Brooklyn 35 Tillary Street Brooklyn, NY 11201	Albany, Augusta, Boston, Brooklyn, Buffalo, Burlington, Hartford, Manhattan, Portsmouth, Providence
Central Region	
Cincinnati 550 Main Street Cincinnati, OH 45202	Cincinnati, Cleveland, Detroit, Indianapolis, Louisville, Parkersburg
Midwest Region	
Chicago 230 S. Dearborn Street Chicago, IL 60604	Aberdeen, Chicago, Des Moines, Fargo, Helena, Milwaukee, Omaha, St. Louis, St. Paul, Springfield



Southeast Region

Atlanta  
275 Peachtree Street, NE  
Atlanta, GA 30303

Atlanta, Birmingham, Columbia,  
Greensboro, Jackson, Jacksonville,  
Little Rock, Nashville, New Orleans

Southwest Region

Dallas  
1100 Commerce Street  
Dallas, TX 75202

Albuquerque, Austin, Cheyenne,  
Dallas, Denver, Houston, Oklahoma  
City, Phoenix, Salt Lake City, Wichita

Western Region

Los Angeles  
300 N. Los Angeles Street  
Los Angeles, CA 90012

Anchorage, Boise, Honolulu, Laguna  
Niguel, Los Angeles, Portland, Reno,  
Sacramento, San Francisco, San Jose,  
Seattle

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TELEPHONE  
NUMBERS AND  
ADDRESSES  
=====

-----  
For questions about Scudder Flexi-Plan

Call: (Toll-free)  
1-800-323-6105  
or  
Write to:  
Scudder Funds  
Group Retirement Plans Dept.  
175 Federal Street  
Boston, MA 02110-2267

-----  
For questions about the Scudder Funds

Call: (Toll-free)  
1-800-225-2470  
or  
Write to:  
Scudder Funds  
160 Federal Street  
Boston, MA 02110

-----  
To arrange transactions and for questions  
about existing accounts

Call: (Toll-free)  
1-800-225-5163  
or  
Write to:  
Scudder Funds  
P.O. Box 2291  
Boston, MA 02107-2291

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Scudder Offices

Boston

160 Federal Street  
Boston, Massachusetts 02110  
800-225-2470

Chicago  
111 East Wacker Drive, 22nd Fl.  
Chicago, Illinois 60601  
312-861-2700

Cincinnati  
555 Carew Tower  
Cincinnati, Ohio 45202  
513-621-4200

Cleveland  
950 Terminal Tower  
Cleveland, Ohio 44113  
216-241-7744

Houston  
1100 Louisiana Street  
Suite 2190  
Houston, Texas 77002  
713-659-3838  
800-445-0544 (in Texas)

Los Angeles  
333 South Hope Street, 37th Fl.  
Los Angeles, California 90071  
213-628-1144

New York  
345 Park Avenue, 26th Fl.  
New York, New York 10154  
212-326-6200

Philadelphia  
Three Mellon Bank Center  
Philadelphia, Pennsylvania 19102  
215-864-7200

Portland, Oregon  
One S.W. Columbia Street  
Suite 575  
Portland, Oregon 97258  
503-224-3999

San Francisco  
101 California Street, 41st Fl.  
San Francisco, California 94111  
415-981-8191

West Palm Beach  
Phillips Point, Suite 1100  
777 South Flagler Drive  
West Palm Beach  
Florida, 33401  
305-832-3600

Return a copy to:  
Scudder Fund Distributors, Inc.  
Retirement Plan Services  
175 Federal Street  
Boston, MA 02110

SCUDDER FLEX I-PLAN  
Profit Sharing Plan  
Adoption Agreement

Plan number 005

The undersigned (the "Employer") establishes, or amends, the (Scudder automatically inserts employer's name) Profit Sharing Plan, by completing this Adoption Agreement adopting or amending the Profit Sharing Plan in the form of the Prototype Plan attached.

I. ELIGIBILITY

- A. To become a Participant an Employee must complete 3 Years of Service

☐ or, if this box is checked, an Employee must complete \_\_\_\_\_ Year(s) of Service, (insert less than "3"; select more than "1" only if the Employer selects full and immediate vesting in Section II.A. below; insert "0" for no waiting period).

- B. The number of Hours of Service required to have a Year of Service is 1000

☐ or, if this box is checked, \_\_\_\_\_ (insert less than 1000 hours). However, if the Year(s) of Service selected in A. above is or includes a fractional year, an Employee is not required to complete any specified number of Hours of Service to receive eligibility credit for such fractional year.

- C. To become a Participant an Employee need not attain any minimum age

☐ or, if this box is checked, an Employee must be at least \_\_\_\_\_ (insert "21" or less) years of age.

- D. An Employee who meets the above requirements shall become a Participant on the first day the requirements are met

☐ or, if this box is checked, on the first day of the next month.

- E. All Employees are entitled to be Participants except [one or more may be selected]:

☐ Non-resident aliens who receive no earned income from the Employer which constitutes income from sources within the United States

☐ Individuals covered by a collective bargaining contract which meets the requirements specified in the Plan

☐ Salaried Employees

☐ Hourly-paid Employees

☐ Piece-rate Employees

☐ Employees paid by commission

☐ Employees covered by another retirement plan to which the Employer is required to contribute

☐ Employees in the following non-discriminatory classification:

Note: If Employees are excluded from the Plan under one or more of the classifications above (not including the first two classifications) the exclusion must NOT result in discrimination in favor of officers, shareholders or highly paid Employees.

-2-

## II. EMPLOYER CONTRIBUTIONS

Each Plan Year, the Employer shall make an Employer Contribution to the Plan in an amount determined by it, in its discretion

☐ and, if this box is checked, an amount equal to \_\_\_\_% of aggregate Nondeductible Voluntary Contributions made during the Plan Year by Participants whose Non-deductible Voluntary Contributions equal or exceed \_\_\_\_% [insert "0" or a number not in excess of the next chosen number] of such Participant's Compensation, but only to the extent that such Participant's Non-deductible Voluntary Contributions do not exceed \_\_\_\_% [insert "6" or less] of such Participant's Compensation; plus such additional amount as shall be determined by the Employer, in its discretion, to be allocated in proportion to Participant's Non-deductible Voluntary Contributions in excess of the second above designated percentage, but not in excess of the last above designated percentage.

## III. VESTING OF EMPLOYER CONTRIBUTIONS

A. Employer Contributions under the Plan shall be fully and immediately vested and non-forfeitable

or, check one:

☐ Vested at the "Top-Heavy" rate in Column 1 below

☐ Vested at the "4-40 vesting" rate in Column 2 below

☐ Vested at the rate specified in Column 4 below, which rate shall be at least as rapid as the rate in Column 3 below.

-3-

VESTING TABLE

Vesting Years	Column 1 "Top-Heavy" Percentage	Column 2 "4-40 Vesting" Percentage	Column 3 Minimum Percentage	Column 4 Percent age Elected
1	0	0	0	_____
2	20	0	0	_____
3	40	0	0	_____
4	60	40	0	_____
5	80	45	25	_____
6	100	50	30	_____
7	100	60	35	_____
8	100	70	40	_____
9	100	80	45	_____

10	100	90	50	_____
11	100	100	60	_____
12	100	100	70	_____
13	100	100	80	_____
14	100	100	90	_____
15	100	100	100	_____

- B. Vesting Years and One-Year Breaks in Service for the purpose of vesting shall be measured on the Plan Year

☐ or, if this box is checked, on the 12 consecutive month period beginning on the Participant's initial date of employment or an anniversary of that date.

Note: If you make this election, you may not make elections in Sections III.C. or IV.B.

- C. The Participant will have a Vesting Year only if the Participant completes the number of Hours of Service specified in Section I.B.

☐ or, if this box is checked, if the Participant either completes the number of Hours of Service specified In Section I.B. or receives an allocation of the Employer Contribution for the Plan Year, or both.

-4-

- D. The following Service will be included in determining Vesting Years only if checked:

☐ Service before the first Plan Year in which the Participant attained age 18

☐ Service before the Employer maintained this Plan or a predecessor plan

☐ Service before January 1, 1971, unless the Participant has completed at least 3 Vesting Years after December 31, 1970

☐ Service before the first Plan Year to which ERISA is applicable if this Plan is a continuation of an earlier plan which would have disregarded such service

☐ Service after five consecutive One-Year Breaks in Service (but this exclusion shall apply only for the purpose of computing the vested percentage of Employer Contributions made before such break)

☐ Service before a period of consecutive One-Year Breaks in Service, if the Participant had no vested interest at the time of such breaks and the number of consecutive One-Year Breaks in Service equals or exceeds the greater of five or the number of Vesting Years before such break without counting Vesting Years excluded by an earlier application of this provision.

- E. If the Plan shifts out of Top-Heavy status for any Plan Year, the vesting schedule in effect while the Plan was Top-Heavy will continue to be in effect for all existing and future Participants

☐ or, if this box is checked, the Plan will shift to the vesting schedule selected in Section III.A. for all Plan Years during which the Plan is not Top-Heavy.

#### IV. ALLOCATION OF EMPLOYER CONTRIBUTIONS

- A. A former Participant who has retired, died, otherwise terminated Service, or transferred to an ineligible class of Employees during the Plan Year shall share in the allocation of Employer Contributions for the Plan Year

☐ or, if this box is checked, shall not share in the allocation of Employer Contributions.

- B. Participants will share in the allocation of Employer Contributions for a Plan Year regardless of the number of Hours of Service completed in such Plan Year

☐ or, if this box is checked, in a Plan Year in which the Plan is not Top-Heavy, only if they complete during such Plan Year the number of Hours of Service specified in Section I.B.

- C. Any minimum Top-Heavy allocations of the Plan will be made first by this Plan

☐ or, if this box is checked, by the \_\_\_\_\_ Plan (insert name of another qualified plan maintained by the Employer).

- D. In any Year in which the Plan is Top-Heavy, the minimum Top-Heavy Allocation shall be at the rate of 3%

☐ or, if this box is checked, at the rate of 4%.

Note: The Employer may not make a selection in A. or B. above, if it has previously made an election in Section II.

#### V. INTEGRATION WITH SOCIAL SECURITY

The Plan will not be integrated with Social Security

☐ or, if this box is checked, will be integrated with Social Security on the following basis:

- A. The Integration Level for a Plan Year will be the Social Security Wage Base for such Plan year

☐ or, if this box is checked, \$\_\_\_\_\_ (not in excess of Social Security Wage Base).

- B. The Integration Rate for a Plan Year will be the OASDI Rate for such Plan Year

☐ or, if this box is checked, \_\_\_\_\_% (not in excess of OASDI rate).

Note: An employer may elect to integrate the Plan with Social Security only if the Employer both does not maintain another qualified retirement plan integrated with Social Security and has not made an election in Section II above.

VI. NORMAL RETIREMENT DATE

A participant's Normal Retirement Date shall be age 59-1/2

☐ or, if this box is checked, age \_\_\_\_\_ (insert more than 59-1/2 but not more than 65).

VII. COMPENSATION

"Compensation" shall Include mounts paid during the Plan Year by the Employer to the Employee while the Employee was a Participant

☐ or, if this box is checked, "Compensation" shall include amounts paid by the Employer to the Employee during the entire Plan Year in which an Employee became a Participant whether or not such an Employee was a Participant for the entire Plan Year.

☐ and, if this box is checked, "Compensation" shall not include the following (select one or more if desired):

- ☐ Bonuses
- ☐ Commissions
- ☐ Overtime Payments
- ☐ Other (specify) \_\_\_\_\_.

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Note: The above exclusions from Compensation shall only apply if benefits under this plan are not integrated with Social Security Benefits. Furthermore, the above exclusions must not result in prohibited discrimination under Code Section 401(a)(4).

VIII. PARTICIPANT CONTRIBUTIONS

A. Nondeductible Voluntary Contributions by a Participant are permitted

☐ or, if this box is checked, are not permitted.

B. Deductible Voluntary Contributions (QVECs) by a Participant are not permitted

☐ or, if this box is checked, are permitted.

IX. INVESTMENT

Investment decisions shall be made by the Participant

☐ or, if this box is checked, by the Administrator.

X. LOANS

Loans to a Participant are not permitted

☐ or, if this box is checked, are permitted.

XI. EFFECTIVE DATE

The Effective Date of this Plan or amendment shall be the first day of the Employer's fiscal year during which the Plan is adopted or amended

☐ or, if this box is checked, \_\_\_\_\_.

XII. PLAN AND LIMITATION YEARS

- A. The Plan Year shall be the same as the fiscal year of the Employer

☐ or, if this box is checked, shall end on the last day of the month of \_\_\_\_\_

- B. The Limitation Year shall be identical for all plans of the Employer and is the Plan Year

☐ or, if this box is checked, shall end on the last day of the month of \_\_\_\_\_.

XIII. AMENDMENT

Execution of this Adoption Agreement is not an amendment to an existing plan

☐ or, if this box is checked, is an amendment to an existing plan.

XIV. LIMITATIONS ON ALLOCATIONS

This section applies only for an employer who maintains or has ever maintained another qualified retirement plan, other than the Scudder Prototype Plan adopted as a Money Purchase Pension Plan, or a Plan amended into the Scudder Prototype Plan, in which any participant in this plan is or was a participant or could possibly become a participant.

- A. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, other than a master or prototype plan, the provisions of Section 5 of the Prototype Plan will apply as if the other plan were a master or prototype plan

☐ or, if this box is checked, the attached rider describes the method by which the plans will limit total Annual Addition to the Maximum Permissible Amount described in Section 5.5 of the Plan and reduce any excess amount in a manner that precludes Employer discretion.

- B. If the Participant is, or has ever been, a participant in a defined benefit plan maintained by the Employer, the provisions of Section 5 of the Prototype Plan will apply

or, if this box is checked, the attached rider describes the method by which the plans involved will satisfy the 1.0 limitation described in Section 5.4 of the Plan and reduce any excess amount in a manner that precludes Employer discretion.

XV. APPOINTMENT OF TRUSTEES:

The Employer hereby designates the following person or persons as Trustee(s) under the Trust:



XVI. SIGNATURES

The Employer (1) covenants and agrees that whenever a Participant makes a contribution the Employer shall ascertain that the Participant has received a copy of the current prospectus relating to the shares of any Designated Investment Company in which such contribution is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested, and (2) by remitting such a contribution to the Trustee the Employer shall be deemed to represent that the Participant has received such a prospectus, and (3) by remitting any other contribution to the Trustee the Employer shall be deemed to represent that the Employer has received a current prospectus of any Designated Investment Company in which it is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested.

An Employer adopting this Plan may not rely on the opinion letter issued by the National Office of the Internal Revenue Service as evidence that this Plan is qualified under Code D Section 401. An Employer who wishes to obtain such reliance should apply for a determination letter from the appropriate Key District Director of the Internal Revenue Service to obtain reliance that the Plan is qualified.

This Adoption Agreement may be used in conjunction with basic Plan Document #01.

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IN WITNESS WHEREOF, the Employer has hereunto executed this Adoption Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Print Name of Employer

Trustee(s) Signature(s):

\_\_\_\_\_  
Signature of Employer

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Employer Tax Identification Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employer Fiscal Year

Scudder Fund Distributors, Inc., acknowledges receipt of a copy of the executed Adoption Agreement and agrees to accept contributions under the Plan on behalf of the Designated Investment Companies.

SCUDDER FUND DISTRIBUTORS

By: \_\_\_\_\_

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The Flexi-Plan has been amended for all Tax Reform changes effective in 1987 and 1988. The Adoption Agreement below has been included as part of this Tax Reform Amendment.  
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ADOPTION AGREEMENT AMENDMENT

Employer Contributions in Profit Sharing Plan.  
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(check the option below if you wish it to apply to your plan)

☐ Effective for Plan Years beginning on or after [\_\_\_\_\_] fill in the first day of the Plan Year in which this Adoption Agreement Amendment is executed or a subsequent anniversary of such date], notwithstanding any other provision of the plan, the employer contributions shall be made to the plan without regard to current or accumulated earnings and profits for the taxable year or years ending with or within such Plan Year.

Return to:  
Scudder Fund Distributors, Inc.  
Retirement Plan Services  
175 Federal Street  
Boston, MA 02210

SCUDDER FLEXI-PLAN  
Money Purchase Pension Plan  
Adoption Agreement

Plan number 006

The undersigned (the "Employer") establishes, or amends, the (Scudder automatically inserts employer's name) Money Purchase Pension Plan, by completing this Adoption Agreement adopting or amending the Money Purchase Pension Plan in the form of the Prototype Plan attached.

I. ELIGIBILITY

- A. To become a Participant an Employee must complete 3 Years of Service

☐ or, if this box is checked, an Employee must complete Year(s) of Service, (insert less than "3"; select more than "1" only if the Employer selects full and immediate vesting

in Section II.A. below; insert "0" for no waiting period).

- B. The number of Hours of Service required to have a Year of Service is 1000

☐ or, if this box is checked, \_\_\_\_\_ (insert less than 1000 hours). However, if the Year(s) of Service selected in A. above is or includes a fractional year, an Employee is not required to complete any specified number of Hours of Service to receive eligibility credit for such fractional year.

- C. To become a Participant an Employee need not attain any minimum age

☐ or, if this box is checked, an Employee must be at least (insert "21" or less) years of age.

- D. An Employee who meets the above requirements shall become a Participant on the first day the requirements are met

☐ or, if this box is checked, on the first day of the next month.

- E. All Employees are entitled to be Participants except (one or more may be selected):

☐ Non-resident aliens who receive no earned income from the Employer which constitutes income from sources within the United States

☐ Individuals covered by a collective bargaining contract which meets the requirements specified in the Plan

☐ Salaried Employees

☐ Hourly-paid Employees

☐ Piece-rate Employees

☐ Employees paid by commission

☐ Employees covered by another retirement plan to which the Employer is required to contribute

☐ Employees in the following non-discriminatory classification:

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Note: If Employees are excluded from the Plan under one or more of the classifications above (not including the first two classifications) the exclusion must NOT result in discrimination in favor of officers, shareholders or highly paid Employees.

## II. VESTING OF EMPLOYER CONTRIBUTIONS

- A. Employer contributions under the Plan shall be fully and immediately vested and non-forfeitable

or, check one:

☐ Vested at the "Top-Heavy" rate in Column 1 below

☐ Vested at the "4-40 vesting" rate in Column 2 below

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☐ Vested at the rate specified in Column 4 below, which rate shall be at least as rapid as the rate in Column 3 below.

VESTING TABLE

Vesting Years	Column 1 "Top-Heavy" Percentage	Column 2 "4-40 Vesting" Percentage	Column 3 Minimum Percentage	Column 4 Percentage Elected
1	0	0	0	_____
2	20	0	0	_____
3	40	0	0	_____
4	60	40	0	_____
5	80	45	25	_____
6	100	50	30	_____
7	100	60	35	_____
8	100	70	40	_____
9	100	80	45	_____
10	100	90	50	_____
11	100	100	60	_____
12	100	100	70	_____
13	100	100	80	_____
14	100	100	90	_____
15	100	100	100	_____

- B. Vesting Years and One-Year Breaks in Service for the purpose of vesting shall be measured on the Plan Year

☐ or, if this box is checked, on the 12 consecutive month period beginning on the Participant's initial date of employment or anniversary of that date.

Note: If you make this election, you may not make elections in Sections II.C. or IV.B.

- C. The Participant will have a Vesting Year only if the Participant completes the number of Hours of Service specified in Section I.B.

☐ or, if this box is checked, if the Participant either completes the number of Hours of Service specified in Section I.B. or receives an allocation of the Employer Contribution for the Plan Year, or both.

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- D. The following Service will be included in determining Vesting Years only if checked:

☐ Service before the first Plan Year in which the Participant attained age 18

☐ Service before the Employer maintained this Plan or a predecessor plan

☐ Service before January 1, 1971, unless the Participant has

completed at least 3 Vesting Years after December 31, 1970

- ☐ Service before the first Plan Year to which ERISA is applicable if this Plan is a continuation of an earlier plan which would have disregarded such service
- ☐ Service after five consecutive One-Year Breaks in Service (but this exclusion shall apply only for the purpose of computing the vested percentage of employer Contributions made before such break)
- ☐ Service before a period of consecutive One-Year breaks in Service, if the participant had no vested interest at the time of such breaks and the number of consecutive One-Year Breaks in Service equals or exceeds the greater of five or the number of Vesting Years before such break without counting Vesting Years excluded by an earlier application of this provision.

E. If the Plan shifts out of Top-Heavy status for any Plan Year, the vesting schedule in effect while the Plan was Top-Heavy will continue to be in effect for all existing and future Participants

- ☐ or, if this box is checked, the Plan will shift to the vesting schedule selected in Section II.A. for all Plan Years during which the Plan is not Top-Heavy.

### III. EMPLOYER CONTRIBUTIONS AND INTEGRATION WITH SOCIAL SECURITY

The Plan will not be integrated with Social Security, and for each Plan Year the Employer will contribute to the Account of each Participant entitled to an allocation under Section IV, \_\_\_\_\_% (insert not more than 25%) of that Participant's compensation for the Plan Year

-4-

or, check and complete one:

- ☐ The Plan will be integrated with Social Security and for each Plan Year, the Employer will contribute

☐ the OASDI Rate

or

☐ \_\_\_\_\_% (not to exceed the OASDI Rate)

of such Participant's Compensation in excess of (check one)

☐ the Social Security Wage Base

or

☐ \$\_\_\_\_\_ (not to exceed the Social Security Wage Base)

Plus, an amount equal to \_\_\_\_\_% of each Participant's Compensation for the Plan Year.

- ☐ The Plan will not be integrated with Social Security and for each Plan Year the Employer will contribute an amount equal

to \_\_\_\_% of the aggregate Nondeductible Voluntary Contributions made during the Plan Year by Participants whose Nondeductible Voluntary Contributions for the Plan Year equal or exceed \_\_\_\_% (insert "0" or a number not in excess of the next chosen number) of such Participant's Compensation, but only to the extent that such Participant's Nondeductible Voluntary Contributions do not exceed \_\_\_\_% insert "6" or less) of such Participant's Compensation.

Notes: Rates chosen should not result in total contributions to any Participant exceeding 25% of that Employee's aggregate compensation.

Employer contributions allocable to a Participant shall be reduced by that Participant's allocation of forfeitures arising during preceding Plan Years.

An Employer may elect to integrate the Plan with Social Security only if the Employer does not maintain another qualified retirement plan integrated with Social Security.

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#### IV. ALLOCATION OF EMPLOYER CONTRIBUTIONS

- A. A former Participant who has retired, died, otherwise terminated Service, or transferred to an ineligible class of Employees during the Plan Year shall share in the allocation of Employer Contributions for the Plan Year

☐ or, if this box is checked, shall not share in the allocation of Employer Contributions.

- B. Participants will share in the allocation of Employer Contributions for a Plan Year regardless of the number of Hours of Service completed in such Plan Year

☐ or, if this box is checked, in a Plan Year in which the Plan is not Top-Heavy, only if they complete during such Plan Year the number of Hours of Service specified in Section I.B.

- C. Any minimum Top-Heavy allocations of the Plan will be made first by this Plan, unless the Employer has adopted the Scudder Profit Sharing Plan, in which case, the minimum Top-Heavy allocation will be made first from that plan

☐ or, if this box is checked, by the \_\_\_\_\_ Plan (insert name of another qualified plan maintained by the Employer).

- D. In any Year in which the Plan is Top-Heavy, the minimum Top-Heavy Allocation shall be at the rate of 3%

☐ or, if this box is checked, at the rate of 4%

#### V. NORMAL RETIREMENT DATE

A Participant's Normal Retirement Date shall be age 59-1/2

☐ or, if this box is checked, age \_\_\_\_\_ (insert more than 59-1/2 but not more than 65).

#### VI. COMPENSATION

"Compensation" shall include amounts paid during the Plan Year by the Employer to the Employee while the Employee was a Participant

☐ or, if this box is checked, "Compensation" shall include amounts paid by the Employer to the Employee during the entire Plan Year in which an Employee became a Participant whether or not such an Employee was a Participant for the entire Plan Year.

☐ and, if this box is checked, "Compensation" shall not include the following (select one or more if desired):

- ☐ Bonuses
- ☐ Commissions
- ☐ Overtime Payments
- ☐ Other (specify) \_\_\_\_\_

Note: The above exclusions from Compensation shall only apply if benefits under this plan are not integrated with Social Security Benefits. Furthermore, the above exclusions must not result in prohibited discrimination under Code Section 401(a)(4).

#### VII. PARTICIPANT CONTRIBUTIONS

A. Nondeductible Voluntary Contributions by a Participant are permitted

☐ or, if this box is checked, are not permitted.

B. Deductible Voluntary Contributions (QVECs) by a Participant are not permitted

☐ or, if this box is checked, are permitted.

#### VIII. INVESTMENT

Investment decisions shall be made by the Participant

☐ or, if this box is checked, by the Administrator.

#### IX. LOANS

Loans to a Participant are not permitted

☐ or, if this box is checked, are permitted.

#### X. EFFECTIVE DATE

The Effective Date of this Plan or amendment shall be the first day of the Employer's fiscal year during which the Plan is adopted or amended

☐ or, if this box is checked, \_\_\_\_\_  
(Insert date)

#### XI. PLAN AND LIMITATION YEARS

- A. The Plan Year shall be the same as the fiscal year of the Employer

☐ or, if this box is checked, shall end on the last day of the month of \_\_\_\_\_.

- B. The Limitation Year shall be identical for all plans of the Employer and is the Plan Year

☐ or, if this box is checked, shall end on the last day of the month of \_\_\_\_\_.

#### XII. AMENDMENT

Execution of this Adoption Agreement is not an amendment to an existing plan

☐ or, if this box is checked, is an amendment to an existing plan.

#### XIII. LIMITATIONS ON ALLOCATIONS

This section applies only for an employer who maintains or has ever maintained another qualified retirement plan, other than the Scudder Prototype Plan adopted as a Profit Sharing Plan, or a Plan amended into the Scudder Prototype Plan, in which any Participant in this plan is or was a Participant or could possibly become a Participant.

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- A. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, other than a master or Prototype Plan, the provisions of Section 5 of the Prototype Plan will apply as if the other plan were a master or prototype plan

☐ or, if this box is checked, the attached rider describes the method by which the plans will limit total Annual Addition to the Maximum Permissible Amount described in Section 5.5 of the Plan and reduce any excess amount in a manner that precludes Employer discretion.

- B. If the Participant is, or has ever been, a Participant in a defined benefit plan maintained by the Employer, the provisions of Section 5 of the Prototype Plan will apply

☐ or, if this box is checked, the attached rider describes the method by which the plans involved will satisfy the 1.0 limitation described in Section 5.4 of the Plan and reduce any excess amount in a manner that precludes Employer discretion.

#### XIV. APPOINTMENT OF TRUSTEES:

The Employer hereby designates the following person or persons as Trustee(s) under the Trust:



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XV. SIGNATURES

The Employer (1) covenants and agrees that whenever a Participant makes a contribution the Employer shall ascertain that the Participant has received a copy of the current prospectus relating to the shares of any Designated Investment Company in which such contribution is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested, and (2) by remitting such a contribution to the Trustee the Employer shall be deemed to represent that the Participant has received such a prospectus, and (3) by remitting any other contribution to the Trustee the Employer shall be deemed to represent that the Employer has received a current prospectus of any Designated Investment Company in which it is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested.

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An Employer adopting this Plan may not rely on the opinion letter issued by the National Office of the Internal Revenue Service as evidence that this plan is qualified under Code Section 401. An Employer who wishes to obtain such reliance should apply for a determination letter from the appropriate Key District Director of the Internal Revenue Service to obtain reliance that the plan is qualified.

This Adoption Agreement may be used in conjunction with Basic Plan Document #01.

IN WITNESS WHEREOF, the Employer has hereunto executed this Adoption Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

_____	Trustee(s) Signature(s):
Print Name of Employer	
_____	_____
Signature of Employer	
_____	_____
Street Address	
_____	_____
City                      State              Zip	
_____	_____
Telephone	
_____	_____
Employer Tax Identification Number	
_____	_____
Employer Fiscal Year	Date

Scudder Fund Distributors, Inc., acknowledges receipt of a copy of the executed Adoption Agreement and agrees to accept contributions under the Plan on behalf of the Designated Investment Companies.

SCUDDER FUND DISTRIBUTORS, INC.

By:

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Scudder IRA  
Plan  
and  
Disclosure  
Statement

=====

Scudder IRA Form 1-88

Scudder  
Individual Retirement Custodial Account  
(Under Section 408(a) of the Internal Revenue Code)

The Depositor whose name appears on the Scudder Application is establishing an individual retirement account (under section 408(a) of the Internal Revenue Code) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required under the Income Tax Regulations under section 408(a) of the Code.

The Depositor has deposited with the Custodian the amount indicated on the Application.

The Depositor and the Custodian make the following agreement:

Article I

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The Custodian may accept additional cash contributions on behalf of the Depositor for a tax year of the Depositor. The total cash contributions are limited to \$2,000 for the tax year unless the contribution is a rollover contribution described in section 402(a)(5), 402(a)(7), 403(a)(4), 403(b)(8), 408(d)(3) of the code or an employer contribution to a simplified employee pension plan as described in section 408(k).

Article II

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The Depositor's interest in the balance in the custodial account is nonforfeitable.

Article III

-----  
1. No part of the custodial funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5) of the Code).

2. No part of the custodial funds may be invested in collectibles (within the meaning of section 408(m) of the Code).

#### Article IV

-----

1. The Depositor's entire interest in the custodial account must be or begin to be, distributed by the Depositor's required beginning date, the April 1 following the calendar year end in which the Depositor reaches age 70 1/2. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in:

- (a) A single sum payment.
- (b) An annuity contract that provides equal or substantially equal monthly, quarterly, or annual payments over the life of the Depositor. The payments must begin by the April 1 following the calendar year in which the Depositor reaches age 70 1/2.
- (c) An annuity contract that provides equal or substantially equal monthly, quarterly, or annual payments over the joint and last survivor lives of the Depositor and his or her designated beneficiary. The payments must begin by the April 1 following the calendar year in which the Depositor reaches age 70 1/2.
- (d) Equal or substantially equal annual payments over a specified period that may not be longer than the Depositor's life expectancy
- (e) Equal of substantially equal annual payments over a specified period that may not be longer than the joint life and last survivor expectancy of of Depositor and his or her designated beneficiary.

Even if distributions have begun to be made under option (d) or (e), the Depositor may receive a distribution of the balance in the custodial account at any time by giving written notice to the Custodian. If the Depositor does not choose any of the methods of distribution described above by the April 1 following the calendar year in which he or she reaches age 70 1/2, distribution to the Depositor will be made on that date by a single sum payment. If the Depositor elects as a means of distribution (b) or (c) above, the annuity contract must satisfy the requirements of section 408(b)(1), (3), and (4) of the Code. If the Depositor elects as a means of distribution (d) or (e) above, the annual payment required to be made by the Depositor's required beginning date is for the calendar year the Depositor reached age 70 1/2. Annual payments for subsequent years, including the year the Depositor's required beginning date occurs, must be made by December 31 of that year.

2. If the Depositor dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows:

- (a) If the Depositor dies on or after the Depositor's required beginning date, distribution must continue to be made in accordance with paragraph 1.
- (b) If the Depositor dies before the Depositor's required beginning date, the entire remaining interest will, at the election of the beneficiary or beneficiaries, either
  - (i) Be distributed by the December 31 of the year containing the fifth anniversary of the Depositor's death.
  - or
  - (ii) Be distributed in equal or substantially equal payments over the life or life expectancy of the designated beneficiary or beneficiaries.

The election of either (i) or (ii) must be made by December 31 of the year following the year of the Depositor's death. If the beneficiary or beneficiaries do not elect either of the distribution options described in (i) and (ii), distribution will be made in accordance with (ii) if the beneficiary is the Depositor's surviving spouse and in accordance with (i) if the beneficiary or beneficiaries are or include anyone other than the surviving spouse. In the case of distributions under (ii), distributions must commence by December 31 of the year following the year of the Depositor's death. If the Depositor's spouse is the beneficiary, distributions need not commence until December 31 of the year the Depositor would have attained age 70 1/2, if later.

- (c) If the Depositor dies before his or her entire interest has been distributed and if the beneficiary is other than the surviving spouse, no additional cash contributions or rollover contributions may be accepted in the account.

3. In the case of distribution over life expectancy in equal or substantially equal annual payments, to determine the minimum annual payment for each year, divide the Depositor's entire interest in the custodial account as of the close of business on December 31 of the preceding year by the life expectancy of the Depositor (or the joint life and last survivor expectancy of the Depositor and the Depositor's designated beneficiary, or the life expectancy of the designated beneficiary, whichever applies). In the case of distributions under paragraph (1), determine the initial life expectancy (or joint life and last survivor expectancy) using the attained ages of the Depositor and designated beneficiary as of their birthdays in the year the Depositor reaches age 70 1/2. In the case of distribution in accordance with paragraph (2)(b)(ii), determine life expectancy using the attained age of the designated beneficiary as of the beneficiary's birthday in the year distributions are required to commence. Unless the Depositor (or spouse) elects not to have life expectancy

recalculated, the Depositor's life expectancy (and the life expectancy of the Depositor's spouse, if applicable) will be recalculated annually using their attained age as of their birthdays in the year for which the minimum annual payment is being determined. The life expectancy of the designated beneficiary (other than the spouse) will not be recalculated. The minimum annual payment may be made in a series of installments (e.g. monthly, quarterly, etc.) as long as the total payments for the year made by the date required are not less than the minimum amounts required.

#### Article V

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Unless the Depositor dies, is disabled (as defined in section 72(m) of the Code), or reaches age 59 1/2 before any amount is distributed from the custodial account, the Custodian must receive from the Depositor a statement explaining how he or she intends to dispose of the amount distributed.

#### Article VI

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1. The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required under section 408(i) of the Code and related regulations.

2. The Custodian agrees to submit reports to the Internal Revenue Service and the Depositor prescribed by the Internal Revenue Service.

#### Article VII

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Notwithstanding any other article which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with section 408(a) of the Code and related regulations will be invalid.

#### Article VIII

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This agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

#### Article IX

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1. Please refer to Scudder IRA Application which is incorporated herein by reference.

#### 2. Depositor's Selection of Investments

Depositor directs Custodian to invest all custodial funds in investment shares issued by the "Mutual Funds(s)," or in the other investments which have been designated by Scudder Fund Distributors, Inc. (or its successors) as eligible for investment hereunder, which have been selected by Depositor until Depositor hereafter gives custodian contrary instructions pursuant to Article

IX, paragraph ("para.") 6 below, which governs investment of the custodial account in "Mutual Fund" shares or other investment.

### 3. Contributions

(a) Periodic Contributions. Periodic contributions which Depositor intends to be tax-deductible under Internal Revenue Code Section 219 shall be in cash and are to be invested under this Agreement. Depositor contemplates future periodic contributions within the tax-deductible limits and in accordance with the rules for tax-deductibility specified in the Internal Revenue Code. Depositor assumes full and sole responsibility for making sure that the sum of periodic contributions during a single taxable year of Depositor does not exceed those limits or violate those rules. Depositor should not contribute to the custodial account after it ceases to be exempt by reason of either section 408(e) or 415(g) of the Internal Revenue Code.

(b) Rollover Contributions From an Individual Retirement Account or Individual Retirement Annuity Funded Exclusively With Deductible Contributions. A rollover contribution by Depositor from an individual retirement account or individual retirement annuity funded exclusively with deductible contributions shall be a deposit in cash to be invested under this agreement, with respect to which contribution, Depositor warrants that

(1) it meets the requirements for a rollover contribution from such an individual requirement account or individual retirement annuity as are contained in Code Section 408(d) and that

(2) no portion of such rollover contribution is attributable to a distribution from an employee's trust, an employee annuity, an annuity contract or a U.S. retirement bond as described in Internal Revenue Code Sections 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), or 409(c)(3)(C).

(c) Rollover Contributions Attributable to Distributions From Employer Plans. A rollover contribution by Depositor other than a contribution described in paragraph (b) above shall be a deposit in cash to be invested under this Agreement with respect to which contribution Depositor warrants that 91) the amount rolled over is attributable to a distribution from an employees' trust, an employee annuity, an annuity contract, a qualified bond purchase plan, or a U.S. retirement bond, which meets the requirements of Code section 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), or 409(b)(3)(C); and (2) Depositor will make no additional contributions to the custodial account in which such contribution is deposited, except as other wise permitted by Scudder Fund Distributors, Inc.

If permitted by Scudder Fund Distributors, Inc. rollover contributions may be received under this Agreement with respect to qualified voluntary employee contributions as defined in Internal Revenue Code Section 219(e)(2) and such contributions shall thereafter be held and administered hereunder by the Custodian in accordance with all applicable law with respect to accumulated deductible employee contributions as defined in Internal Revenue Code Section 72(g)(5)(B).

(d) Transfer from an Individual Retirement Account or Individual Retirement Annuity. Depositor may make an opening contribution hereunder by directing the transfer of a cash amount from a custodian or trustee or an individual retirement account or individual retirement annuity to the Custodian be made for investment under this Agreement.

(1) From IRA Funded with Deductible Contributions. Where no portion of such transferred amount is attributable to a distribution from an employees trust, an employee annuity, an annuity contract or a U.S. retirement bond as described in Internal Revenue Code Sections 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), or 409(b)(3)(C). Depositor warrants that Depositor did not inherit the account or annuity, or if Depositor did inherit the account or annuity, that Depositor is the surviving spouse of the individual for whose benefit the account was originally maintained or the annuity was originally purchased.

(2) From IRA Funded with Distributions Attributable to an Employer Plan. With respect to any other transferred amount, Depositor:

(A) agrees that no additional contributions will be made to the custodial account in which such contribution is deposited except as otherwise permitted by Scudder Fund Distributors Inc.

(B) that the entire amount of such transferred amount is attributable to a distribution from an employees trust, an employee annuity, an annuity contract, a qualified bond purchase plan, or a U.S. retirement bond, as described in Internal Revenue Code Sections 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), 409(b)(3)(C), or other applicable law;

(3) that if the transferred amount had been a rollover contribution it would have complied with the requirements of subparagraph (b) or (c) above.

#### 4. Tax Reform Act of 1986

Notwithstanding anything to the contrary herein, the provisions of this agreement are to be interpreted in accordance with the provisions of the Internal Revenue Code of 1986, to the extent any provisions of this agreement conflicts with the provisions of the Internal Revenue Code of 1986, it shall be deemed to have been amended in such manner as best preserves the original intent of the unamended provision of the agreement while also bringing the provision into compliance with the relevant provision(s) of the Internal Revenue Code of 1986.

#### 5. Custodian's Fees

(a) Custodian shall be entitled to receive such reasonable fees with respect to the establishment and administration of this custodial account as are established by it from time to time.

(b) Upon thirty (30) days prior written notice. Custodian may change its



fee schedule.

Custodian's fees, any income, gift, estate and inheritance taxes or other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the custodial account, that may be levied or assessed in respect to such assets and all other administrative expenses incurred by Custodian in the performance of its duties including fees for legal services rendered to Custodian, may be charged to the custodial account, with the right to liquidate Mutual Fund shares or other investments for this purpose or Custodian's options to the Depositor.

## 6. Custodial Account

(a) This Agreement shall take effect only when accepted and signed by Custodian. As directed, Custodian shall then open and maintain a separate custodial account for Depositor and invest the initial contribution hereunder in shares of the Mutual Fund(s) or other investments selected by Depositor in Article IX Para 1. "Mutual Fund" means a regulated investment company which is defined in Internal Revenue Code Section 851(a) and which has been designated by Scudder Fund Distributors, Inc. (or its successors) as appropriate for investment hereunder.

(b) Every subsequent contribution shall be invested in accordance with instructions authorized by Depositor indicating Depositor's choice of the Mutual Funds or other investments designated by Scudder Fund Distributors, Inc. (or its successors) as appropriate for investment hereunder. Depositor agrees that the listing shall not be construed as an endorsement by Custodian of the Mutual Funds or other investment in which contributions may be invested, final choice of which is in the sole discretion of Depositor. The Custodian does not undertake to render any investment advice whatsoever to Depositor; its sole duties are those prescribed in Article IX, para. 8(c).

(c) The Custodian shall invest subsequent contributions as directed. However, if any such instructions authorized by Depositor are not received as required, or if received, are in the opinion of Custodian unclear, or if the accompanying contribution would cause the Depositor to exceed the maximum limitation on tax deductibility. Custodian may hold or return all or a portion of the contribution uninvested without liability for loss of income or appreciation or for other loss, and without liability for interest, pending receipt of written instructions or clarification.

(d) All dividends and capital gains distributions received on shares of a Mutual Fund held in the custodian account shall (unless received in additional such shares be reinvested in shares of that Mutual Fund, if available, which shall be credited to the account. If any distribution on such shares may be received at the election of the shareholder in additional such shares or in cash or other property. Custodian shall elect to receive it in additional such shares. All accumulations on account of other investments shall be reinvested in Depositor's custodial account.

(e) All Mutual Fund shares or other investments acquired by Custodian hereunder shall be registered in the name of Custodian (with or without identifying Depositor) or of its nominee. Custodian shall deliver, or cause to be executed and delivered, to Depositor all notices, prospectuses, financial statements, proxies, and proxy soliciting materials relating to such Mutual Funds shares or other investments held in the custodial account. Custodian shall not vote any such Mutual Fund shares or other investments except in accordance with any written instructions received from Depositor.

## 7. Distributions

(This paragraph 7 supplements Article IV on Scudder IRA Form 12-86 of the Agreement and must be read in conjunction with it.)

(a) Distribution of the custodial account assets in accordance with Article IV shall be made in a manner set forth in subparagraph (c)(1) or (2), whichever applies, except as Article IV otherwise requires and at such time as Depositor (or Depositor's Beneficiary if Depositor is deceased) shall elect by written order to Custodian, provided that distribution (except for distribution on account of Depositor's disability or death, return of an "excess contribution" referred to in subparagraph (d) or a "rollover" from this account), must be no earlier than age 59 1/2 if Depositor wants to avoid an "early distribution additional tax" under Code section 408(f) or other applicable law. For that purpose, Depositor will be considered disabled if Depositor can prove, as provided in Code section 72(m)(7), that Depositor is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration. Depositor's (or Depositor's Beneficiary if Depositor is deceased) will order distribution in the manner and at the time permitted or required by Article IV and this paragraph. Custodian assumes no responsibility for the tax treatment of any distribution from the custodial account, such responsibility accrues solely to person ordering the distribution.

(b) Custodian assumes (and shall have) no responsibility to make any distribution on order of Depositor (or Depositor's Beneficiary if Depositor is deceased) unless and until such order specifies the occasion for such distribution, the elected manner of distribution and any declaration required by Article V. Also, before making any such distribution or before honoring any assignment of the custodial account. Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with an order which appears on its face to be genuine, or for refusing to comply if not satisfied it is genuine, and assumes no duty of further inquiry.

(c) Upon receipt of a proper written order as required above Custodian shall distribute the assets of the custodial account in cash or kind as follows:

(1) Distribution to Depositor. If the distribution order calls for the

custodial account to be paid to Depositor under Article IV then distribution shall be made in one or more of the following ways as specified in the order.

(A) In a lump sum.

(B) In installments pursuant to a cash withdrawal plan, provided that such a plan suitable for prearranging the distributions described in this subparagraph (b) is available for Custodian's use under the rules governing the investments held in the custodial account. A suitable cash withdrawal plan will provide for periodic liquidation of some of investments held in the custodial account to yield the cash necessary to pay each installment. Prior to January 1, 1985, a suitable cash withdrawal plan will provide for payment of installments over a period not longer than the life expectancy of Depositor or the joint life and the last survivor expectancy of Depositor and Depositor's spouse. Subsequent to December 31, 1984, a suitable cash withdrawal plan will provide for payment of installments ratably over a period of not longer than the life expectancy of the Depositor or the joint life and last survivor expectancy of the Depositor and the Depositor's Beneficiary (as defined in subparagraph (c)(2) of this Para. 7). The life expectancies referred to in this Agreement shall be determined by using applicable Internal Revenue Service tables. The amount distributed each year shall be at least equal to the quotient obtained by dividing the entire custodial account remaining at the beginning of that year by the adjusted life expectancy of Depositor, the joint life and last survivor expectancy of Depositor and Depositor's spouse, or the joint life and last survivor expectancy of Depositor's Beneficiary (whichever is applicable). Prior to January 1, 1985 the life or joint life and last survivor expectancy used to calculate the minimum amount to be distributed in a given year shall be equal to the relevant expectancy as it was determined as of when Depositor attained age 70 1/2 reduced by the number of whole years elapsed, if any, since Depositor attained age 70 1/2. Subsequent to December 31, 1984, the adjusted life of joint life and last survivor expectancy used to calculate the minimum amount to be distributed in a given year shall be at the Depositor's election, either determined by referring to the

applicable Internal Revenue Service table and determining the relevant expectancy as of the particular year in question of by using a previously determined expectancy and reducing such expectancy by the number of whole years elapsed since it was determined. Notwithstanding any implication to the contrary in this subsection (B) no distribution need be made in any year or a lesser amount may be distributed during such year if the aggregate amounts distributed through the end of such year are at least equal to the aggregate of the minimum amounts required by this subparagraph (B) to have been distributed. Moreover, during Depositor's lifetime the entire custodial account remaining for distribution at any time under this subparagraph (B) may, pursuant to proper supplementary written order as specified above be distributed

to Depositor.

(C) By the purchase and distribution of a single-premium contract meeting the requirements of Code section 408(b)(1), (3), (4) and, prior to January 1, 1985, (5) applicable to an "individual retirement annuity."

(2) Distribution upon Death of Depositor or Depositor's Spouse. Prior to January 1, 1985, if Custodian receives a proper written order for distribution on account of the Depositor's death or the spouse's death, if distributions were being made to the spouse over the joint life and last survivor expectancy. Custodian shall distribute the then-remaining custodial account to Depositor's (or, if applicable, the spouse's) Beneficiary within five (5) years of Depositor's (or, if applicable, the spouse's) death either in a lump sum or installments; provided, however, that if distributions have already begun before Depositor's death for a specified term, then Custodian may instead continue to make the distribution in the same manner and without regard to the foregoing five-year limitation; provided further, that if Depositor's Beneficiary is Depositor's spouse and if Depositor's Beneficiary elects to treat the account as if Depositor's Beneficiary were the Depositor, then the Custodian may distribute the account as directed by the Depositor's Beneficiary as if such person were the Depositor and in accordance with the Articles IV and IX. Subsequent to December 31, 1984, if Custodian receives a proper written order for distribution on account of the Depositor's death or the spouse's death, if distributions were being made to the Depositor's surviving spouse, then the Custodian shall distribute the then-remaining custodial account to the Depositor's (or, if applicable, the spouse's) Beneficiary over the life of the Depositor's (or, if applicable, the spouse's) Beneficiary or within a period not greater than the greater of five (5) years after the Depositor's (or, if applicable, the spouse's) death or the life expectancy of Depositor's (or, if applicable, the spouse's) Beneficiary; provided, however, that if distributions have already begun before Depositor's death for a specified term. Custodian shall continue to distribute the custodial account over a period at least as rapid as that specified term. The term "Depositor's Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) on a form acceptable to Custodian for use in connection with this Agreement, signed by the designating person, and filed with the Custodian in accordance with this subparagraph (2). The form may name persons or estates to take upon the contingency of survival. However, the term "Depositor's Beneficiary" means the designating persons estate to the extent no such designation on such a form effectively disposes of the custodial account as of when such distribution is to commence. Moreover, a form shall not become effective for that purpose until it is filed with the Custodian during the lifetime of the designating person. The term last accepted by Custodian before such distribution is to commence upon becoming effective during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of the custodial account, thereupon shall revoke all such forms previously filed by that person. The term "designating person" means Depositor; after Depositor's death, it also

means the person or persons (other than Depositor's estate) who begin to receive a portion of the custodial account pursuant to such a designation by Depositor and designations by such a person shall relate solely to the balance of that portion remaining in the custodial account as of when distribution pursuant to a designation by that person is to commence. The Custodian shall accept all such forms only in the Commonwealth of Massachusetts and they shall be considered part of this Agreement for purposes of Article IX, para. 13(c).

(3) Any annuity which Custodian is to purchase and distribute under this Agreement may be fixed or variable, but Custodian shall not be required to distribute in that manner unless the premium for that annuity is at least \$1,000.

(4) Depositor's beneficiary shall not have the right or power to anticipate any part of the custodial account or to sell, assign, transfer, pledge or hypothecate any part thereof. The custodial account shall not be liable for the debts of Depositor's Beneficiary or subject to any seizure, attachment, execution or other legal process in respect thereto.

(d) If during a taxable year under Article I a total amount as contributed which exceeds the amount deductible for that year, either because such amount exceeds the tax-deductible limits specified in the Internal Revenue Code, or because of attainment of age 70 1/2 in that year, or for some other reason, then upon receiving written notice specifying the year in question, the amount of the excess, the reason it is an excess, and the amount of net income in the custodial account attributable to such excess -- Custodian shall distribute cash to Depositor in an amount equal to the sum of such excess and earnings. If the excess Custodian's discretion unless otherwise instructed by depositor in lieu of being distributed, said sum shall be treated by Depositor as a contribution in the then current or a succeeding taxable year, in accordance with applicable law.

## 8. Additional Provisions Regarding the Custodian

(a) When and after distributions of the custodial account to Depositor's Beneficiary commence, all rights and obligations assigned to Depositor by provisions of this Agreement shall inure to and be enjoyed and exercised by, Depositor's beneficiary instead of Depositor. Until such distributions commence to such a person, the Custodian shall not be responsible for treating such person's predecessor to such rights and obligations as still possessing the same.

(b) Custodian shall keep adequate records of transactions it is required to perform hereunder. Not later than sixty (60) days after the close of each calendar year or after the Custodian's resignation or removal pursuant to Article IX, para. 10(1). Custodian shall render to Depositor a written report or reports reflecting the transactions effected by it during such period and the assets of the custodial account at the close of the period. Sixty (60) days after rendering such report(s), Custodian shall be forever released and discharged from all liability and accountability to anyone with respect to its

acts and transactions known in or reflected by such report(s), except with respect to those as to which the recipient of such report(s) shall have filed written objections with the Custodian within the latter such sixty-day period.

(c) Custodian shall be an agent for Depositor to receive and invest contributions as authorized by Depositor, hold and distribute such investments and keep adequate records and report thereon, all in accordance with this Agreement. The parties do not intend to confer any fiduciary duties on Custodian and none shall be implied. Custodian may perform any of its administrative duties through other persons designated by Custodian from time to time, except the Mutual Fund shares or other investments must be registered as stated in para. 6(e) of this Article IX and Custodian intends initially to delegate all such duties to Boston Financial Data Services, Inc., which is partially owned by Custodian's parent company, but no such delegation or future change therein shall not be liable (and assumes no responsibility) for the collection of contributions, the deductibility of any contribution or its propriety under this Agreement or the purpose or property of any distribution ordered in accordance with Article IX, para. 7, or made in accordance with Article IX, para. 12. which matters are the sole responsibility of Depositor and Depositor's Beneficiary.

(d) Depositor shall always fully indemnify Custodian and save it harmless from any and all liability whatsoever which may arise either (1) in connection with this Agreement and matters which it contemplates, except that which arised due to Custodian's negligence or willful misconduct, or (2) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with any order therefor which is in full compliance with both Article IV and para. 7(a) and (b) of Article IX. Custodian shall not be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by Custodian and Depositor, and unless fully indemnify for so doing to Custodian's satisfaction.

(e) Custodian may conclusively rely upon and shall be protected in acting upon any written order from or authorized by Depositor or Depositor's beneficiary or any other notice, request, consent, certificate or their instrument, paper, or other communication believed by it to be genuine, and to have been issued in proper form and with proper authority and, so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon.

## 9. Amendment

(This paragraph 9 supplements Article VIII on Scudder IRA Form 12-86 of the Agreement and must be read in conjunction with it.)

(a) Depositor retains the right to amend this Agreement in any respect at any time effective on a stated date which shall be at least sixty (60) days after giving written notice of the amendment (including its exact terms) to Custodian by registered or certified mail unless Custodian waives such notice as



to that amendment. If Custodian does not wish to continue serving in that capacity under this Agreement as so amended, it may resign in accordance with Article IX, para. 10. Depositor also delegates, to the distributor (principal underwriter) of a plurality of the Mutual Funds described in Article IX, para. 6(b), Depositor's right so to amend, including retroactively, as necessary or appropriate in the opinion of counsel satisfactory to the distributor, in order to conform with pertinent provisions of the Code and other laws or successor provisions of law or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master plan (when one becomes available) for investment in shares of such Mutual Funds or other investment, or as otherwise may be advisable in the opinion of such counsel provided the distributor amends in the same manner all agreements comparable to this one, having the same Custodian, permitting investment in shares of such Mutual Funds or other investments, and under which such power has been delegated to it. Such an amendment by the distributor shall be communicated in writing to Depositor and Custodian and Depositor shall be deemed to have consented thereto unless, within thirty (30) days after such communication to Depositor is mailed. Depositor either (1) gives Custodian a proper written order for a lump-sum distribution of the custodial account, or (2) removes Custodian and simultaneously appoints a Successor Custodian under Article IX, para. 1.

(b) This paragraph 9 shall not be construed to restrict Custodian's freedom to agree with distributors of Mutual Fund shares, or others, upon the terms by which shares of additional Mutual Funds or other investments may be chosen for investment as contemplated in Article IX, para. 6(b), or Custodian's freedom to change fee schedules in the manner approved by Article IX, para. 5(b), and no such agreement or change shall be deemed to be an amendment of this Agreement.

#### 10. Resignation or Removal of Custodian

(a) Custodian may resign at any time upon at least thirty (30) days prior notice in writing to Depositor, and may be removed by Depositor at any time upon at least thirty (30) days prior notice in writing to Custodian. Upon such resignation or removal, Depositor shall appoint a Successor Custodian to serve under this Agreement. Upon receipt by Custodian of written acceptance of such appointment by the Successor Custodian, Custodian shall transfer to such Successor the assets of the custodial account and all necessary records (or copies thereof) pertaining thereof, provided that (if so requested by Custodian) any Successor Custodian agrees not to dispose of any such records without Custodian's consent. Custodian is authorized, however, to reserve such a portion of such assets as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the Successor Custodian.

(b) If within thirty (30) days after Custodian's resignation or removal or such longer time as Custodian may agree to, Depositor has not appointed a Successor Custodian which has accepted such appointment, Custodian shall terminate the custodial account pursuant to Article IX, para. 11, unless within that time the distributor referred to in Article IX, para. 9(a), appoints such

Successor and gives written notice thereof to Depositor and Custodian.

(c) Custodian shall not be liable for the acts or omissions of such Successor.

(d) The Custodian, and every Successor Custodian appointed to serve under this Agreement, must be a bank as defined in Code section 408(n) or such other person who qualifies to serve in the manner prescribed by Code section 408(a) (2) and satisfies the Depositor, distributor or Custodian, upon request, as to such qualification.

(e) After Custodian has transferred the custodial account assets (including any reserve balance as contemplated above) to the Successor Custodian, Custodian shall be relieved of all further liability with respect to this Agreement, the custodial account, and the assets thereof.

#### 11. Termination of Account

(a) Custodian shall terminate the custodial account if within the time specified in Article IX, para. 10(b), after Custodian's resignation or removal, neither Depositor nor the distributor has appointed a Successor Custodian which has accepted such appointment. Termination of the custodial account shall be effected by distributing all assets thereof in a lump sum in cash or in kind to Depositor subject to Custodian's right to reserve funds as provided in Article IX, para 10(a).

(b) Upon termination of the custodial account, this Agreement shall terminate and have no further force and effect, and Custodian shall be relieved from all further liability with respect to this Agreement, the custodial account, and all assets thereof so distributed.

#### 12. Liquidation of Account

(a) Notwithstanding anything contained in this Agreement to the contrary, Scudder Fund Distributors, Inc. shall have the right to direct Custodian, by written order to Custodian, to liquidate the custodial account if the value of the account at the time of such written order is less than a minimum value established on a non-discriminatory basis from time to time by Scudder Fund Distributors, Inc., and upon receipt of such written order (which Scudder Fund Distributors, Inc. shall have no duty to make and which, if made, may be made with respect to any specified accounts as to which it may be made applicable singly or to all accounts as to which it may be made applicable as a group), Custodian shall forthwith proceed to liquidate the custodial account by distributing all assets thereof in a lump sum in cash or in kind to Depositor, subject to Custodian's right to reserve such a portion of such assets as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment to any other liabilities constituting a charge on or against the assets of the custodial account or on or against Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to



Depositor.

(b) Neither Scudder Fund Distributors, Inc. nor Custodian shall be liable for, or in any way responsible with respect to, any penalty or any other loss incurred by any person with respect to a distribution made hereunder and upon liquidation of the custodial account as aforesaid, this Agreement shall terminate and have no further force and effect, and Custodian and Scudder Fund Distributors, Inc. shall be relieved from all further liability with respect to this Agreement, the custodial account, and all assets thereof so distributed.

### 13. Miscellaneous

(a) References herein to the "Internal Revenue Code" or "Code" and sections thereof shall mean the same as amended from time to time hereafter, including successors to such sections.

(b) Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail to such person at that person's last address on Custodian's records.

(c) This agreement is accepted by Custodian in, and shall be construed and administered in accordance with the laws of the Commonwealth of Massachusetts. This Agreement is intended to qualify under section 408 of the Code as an Individual Retirement Account and for the Retirement Savings deduction under section 219 of the Code, and if any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction which is consistent with that intent. However, neither the Custodian nor any Mutual Fund (or company associated therewith) shall be responsible for whether or not such intentions are achieved through use of this Agreement and Depositor is referred to depositor's attorney for any such assurances.

### CUSTODIAN DISCLOSURE STATEMENT

The following information is being provided to you by the State Street Bank and Trust Company, the Custodian of the Scudder Individual Retirement Accounts, in accordance with the requirements of the Internal Revenue Service. Please read it together with the Individual Retirement Plan and the prospectus for the shares of each Mutual Fund selected by you for the investment of your contributions to that Plan, copies of which you should have already received from the distributor of those shares. The provisions of the Plan and prospectus must prevail over this statement in any instance where the statement is incomplete or appears to conflict.

The Employee Retirement Income Security Act of 1974 has provided an entirely new program that may enable you to plan for your retirement by creating a "retirement plan" with federally tax-deductible dollars. This federal income tax deduction is available even if you do not otherwise itemize your deductions. In addition, any earnings on the assets held in your individual retirement account will not be subject to federal income tax until you actually begin to

receive a distribution from your account. The state income tax treatment of your account may differ, and details should be available from your state taxing authority or your own tax adviser.

As with most other laws that provide special tax treatment, there are certain restrictions and limitations involved with respect to your individual retirement account:

1. Only a limited amount of savings can qualify for the preferential tax treatment -- 100% of your compensation or earnings from self-employment up to an annual maximum of \$2,000.

Under certain conditions, an individual and his or her unemployed spouse, or employed spouse with less than \$250 of earnings, may each open an IRA.

Annual deductions for contributions are allocable if a joint income tax return is filed and the deductions are limited to the lesser of 100% of the employed spouse's wages or \$2,250, and the amount contributed to either individual retirement account may not exceed \$2,000.

In the case of an individual retirement account which meets the requirements of a so-called Simplified Employee Pension Plan, an employer may contribute a deductible amount equal to 15% of the employee's compensation up to an annual maximum of \$30,000. The amount of such contribution is includible in the employee's income as wages (for federal income tax purposes) but is deductible by him or her. The employee is also allowed an annual deduction for his or her own individual retirement account contributions limited to the lesser of 100% of the employee's compensation of \$2,000.

There is a 6% penalty tax on any so-called "excess contribution" if you make one, that is, on the portion of a contribution made to your IRA in excess of the amount which can be currently deducted. Some examples of when this can occur are when you make a contribution to your IRA in excess of the allowable deduction limitations, or you contribute during or after the calendar year in which you reach 70 1/2. The 6% penalty tax on any "excess contribution" also attaches for each following year until the excess is withdrawn or used up in an excess contribution plus earnings on it is withdrawn before the time for filing the individual's tax return for the year of the contribution (including extensions), there will be no 6% penalty tax. The amount withdrawn will not be considered a premature distribution

nor taxes as ordinary income, except the earnings withdrawn will be included in the income of the taxpayer. In addition, in certain cases an excess contribution may be withdrawn after the time for filing the individual's tax return without resulting in taxable income to the individual. Also, excess contributions for one year may be carried

forward and deducted in the next year.

2. Contributions must be made to a Trust or Custodial Account in which the Trustee Custodian is either a bank or such other person who has been approved by the Secretary of the Treasury. No part of your contribution may be invested in life insurance or be commingled with other property except in a common trust fund or common investment fund.
3. No deduction is allowed for (a) contributions other than in cash; (b) contributions (other than those by an employee to a Simplified Employer Pension Plan) made during your calendar year in which you attain age 70 1/2 or thereafter; or (c) for any amount you contribute which was a distribution from another retirement plan ("rollover" contribution). However, the limitations in paragraph 1 do not apply to such rollovers.
4. Individuals receiving compensation may establish their own individual retirement accounts even if they are already covered under tax-qualified plans (including Keogh plans for self-employed individuals), government plans, or certain annuities.
5. Your interest in the account must be nonforfeitable at all times.
6. An individual is allowed to transfer, or rollover, such individual's investment in one type of individual retirement plan to another without any tax liability. Also, under certain conditions, an individual may roll over (tax-free) a distribution received from a qualified plan or a tax sheltered annuity. However, strict limitations apply to such rollovers, and you should seek a competent tax advice in order to comply with all the rules governing rollovers.
7. Since the purpose of the IRA savings plan is to accumulate funds for retirement, your receipt or use of any portion of this account (for example, as collateral for a loan) before you attain age 59 1/2 would be considered as an early distribution unless the distribution is a result of death or disability. The amount of an early distribution would be includible in your gross income and would also subject you to a penalty tax equal to 10% of the distribution unless you transfer it to another IRA under circumstances whereby it qualifies as a rollover.
8. If you or your beneficiary were to engage in any prohibited transaction (such as any sale, exchange or leasing of any property between you and the account, or any interference with the independent status of the account) then the account would lose its exemption from tax and be treated as having been distributed to you. The value of the entire account would be includible in your gross income, and if you were then under age 59 1/2 you would also be subject to the 10% penalty tax on early distributions.
9. Your entire interest in your account must be distributed, or begin to

be distributed, to you no later than the first April 1st of the year following the later of the year in which you attain age 70 1/2. Distribution may be made at once in a lump sum or it may be made in installments. However, installment payments cannot be scheduled to be made over a period which extends beyond your life expectancy (as determined annually), or the joint life and last survivor expectancy of you and the beneficiary you designate (as determined annually, if that beneficiary is your spouse). However, where the beneficiary is other than the spouse, the value of the expected distributions to you, determined at the time distributions commence, must equal at least 50% of the total value at that time. If the amount distributed during the calendar year is less than the minimum amount required to be distributed, the recipient would be subject to a penalty tax equal to 50% of the difference between the amount required to be distributed and the amount actually distributed. If you die before the entire interest is distributed to you, but after you have begun to receive distributions, your entire account must be distributed to your beneficiary over a period no longer than the last determined life expectancy or life and last survivor expectancy over which your account was being distributed prior to your death. If you die before the entire interest has begun to be distributed to you and your spouse is your beneficiary, distributions to your spouse must either (a) be completed within 5 years of your death or (b) commence before the later of one year after your death or the date on which you would have attained age 70 1/2 and continue over his or her life or a period not exceeding his or her life expectancy. If you die before the entire interest has begun to be distributed to your beneficiary must either (a) be completed within five years of your death or (b) commence with one year after your death and continue over your beneficiary's life or a period not exceeding his or her life expectancy.

10. Amounts distributed to you are invaluable in your gross income when you receive them and are taxable as ordinary income without any special lump-sum distribution privileges. However, normal four-year income averaging may be available.
11. You must file Treasury Form 5329 with the Internal Revenue Service for each calendar year during which there is an excess contribution, premature distribution, or during which there is an insufficient distribution as referred to in paragraph 9.
12. The Individual Retirement Account Plan has been approved as to form by the Internal Revenue Service. This approval is a determination only as to the form of the account and does not represent a determination of the merits of such account.
13. Information about the shares of each mutual fund available for investment by your individual retirement account must be furnished to you in form of a prospectus governed by rules of the Securities and Exchange Commission. Please refer to the prospectus for detailed information concerning your mutual fund. Growth in the value of your

account cannot be guaranteed or projected. However, the income and operating expenses of a mutual fund will affect the value of its shares, and hence the value of your account, as does any increase or decrease in the value of the assets of the mutual fund. The fund's prospectus containing information regarding current income and expenses of your mutual fund.

Fees and other expenses maintaining your account may be charged to you or your account. The Custodian's fee schedule is referred to in Article IX of the Plan document and is distributed to you with it.

14. The information contained in this Disclosure Statement and the terms of the related Custodial Account agreement are applicable to Individual Retirement Accounts set up, and contributions made, with respect to the 1986 calendar year. Effective January 1, 1987, the law with regard to the establishment, maintenance and termination of Individual Retirement Accounts has been substantially modified. For example, a married individual will only be able to make a fully deductible contribution to his or her account (an amount equal to the lesser of his or her compensation or earnings from self-employment, of \$2,000) if the married couple files a joint Federal income tax return and they satisfy either of the following standards: (a) their combined adjusted gross income is less than \$40,000 or (b) neither spouse actively participates in an employer-sponsored retirement plan. A single individual will be subject to similar rules except that the adjusted gross income limit is \$25,000. Married couples and single individuals who do not satisfy the active-participant standard and whose adjusted gross incomes exceed the applicable limit by not more than \$10,000 will be eligible to make limited deductible Individual Retirement Account contributions. Generally speaking, for every \$5 by which a couple's or single individual's adjusted gross income exceeds the applicable limit, the \$2,000 cap on the amount of deductible contributions is reduced by \$1. Individuals who are not eligible to make fully deductible Retirement Account contributions will be permitted to make nondeductible contributions equal to the difference between (a) the lesser of his or her compensation or earnings from self-employment, or \$2,000, minus (b) the maximum amount the individual is permitted to contribute on a deductible basis. Earnings on both deductible and non-deductible contributions will accumulate on a tax-deferred basis.

If you have not received this Disclosure Statement at least seven calendar days before the establishment of your Individual Retirement Account, you have the right to revoke your Individual Retirement Account during the seven calendar day period following the establishment of it. In order to so revoke your Individual retirement Account, you must do so in writing and you must mail or deliver your revocation to Scudder Fund Distributors, Inc., 175 Federal Street, Retirement Plan Services, Boston, MA 01220. If your revocation is mailed, the date of the postmark (or the date of certification or registration if sent by

certified or registered mail) will be considered your revocation date. If you so revoke your individual retirement account during the seven-day period, the entire amount of your account, without any adjustments (for items such as administrative expenses, fees, or fluctuation in market value) will be returned to you.

You may obtain further information from any district office of the Internal Revenue Service.

Scudder  
[Logo] IRA Portfolio  
12-8-28 (c) Scudder Fund Distributors, Inc.

400-28

Scudder IRA Application  
&  
IRA Transfer Request  
for ....

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Return these forms to:

Scudder Fund Distributors, Inc.  
P.O. Box 2291  
Boston, MA 02107-2291

-----

It's easy to open a Scudder IRA. Just complete the Scudder IRA Application and return it in the enclosed postage-paid envelope today.

#### A Few Tips

- o Please make check(s) payable to "Scudder Funds."
- o You have two forms--an IRA Application and an IRA Transfer Request. Please do not separate them, even if you use only one.
- o Please fill out each section carefully, preferably in print or type. This helps us avoid any delays in processing your Application.
- o Please be sure to sign your name exactly as it appears in your Account Registration (Part 1).
- o If you are transferring IRA assets from another IRA sponsor, please fill out the attached IRA Transfer Request form and return it along with your Application and a check for any investment you may be making at this time.

If you already have a Scudder IRA, complete only the IRA Transfer

Request form.

Please return this form today. It will only take a few minutes and will let us put your money to work for you that much sooner!

Scudder

[Logo] IRA Portfolio

Application

### 1. IRA Account Registration

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security Number  
(       )

\_\_\_\_\_  
Address

\_\_\_\_\_  
Daytime Phone  
      /       /

\_\_\_\_\_  
City                      State                      Zip

\_\_\_\_\_  
Date of Birth

### 2. Type of IRA & Fund Choices

/\_\_\_/      New IRA. \$2000 maximum per year. Contribution for tax year 198\_\_

/\_\_\_/      Transfer IRA. IRA assets transferred directly from your present custodian to Scudder. If the transfer establishes your first Scudder IRA, please complete this Application and an IRA Transfer Request making sure to indicate fund(s) choices on both forms. If transferring to an existing Scudder IRA, complete only the IRA Transfer Request. A separate Transfer Request must be completed for each IRA being transferred.

/\_\_\_/      Rollover IRA.      (check one)

/\_\_\_/      Assets distributed from an employer-sponsored retirement plan.

or

/\_\_\_/      60-day Rollover. You have taken receipt of your IRA assets from another institution and are enclosing a check for part or all of these funds.

The minimum initial investment is \$240.

If you choose more than one fund, the minimum initial investment is \$500 for each fund.

\$ Amount

Money Market Funds

\_\_\_\_\_

Cash Investment Trust

_____	Government Money Fund
	Income Funds
_____	GNMA Fund
_____	Income Fund
_____	Target Fund (multi-Portfolios),
_____	U.S. Government 1990 _____
	_____ General 19 _____
	Maturity year
	U.S. Gov't. Zero Coupon
_____	Target Fund _____
	Maturity year
	Growth & Income Funds
_____	Equity Income Fund
_____	Growth and Income Fund
	Growth Funds
_____	Japan Fund
_____	Capital Growth Fund
_____	Development Fund
_____	Global Fund
_____	International Fund
\$	Total
=====	

### 3. Designation of Beneficiary & Signatures

(Please be sure to sign your name exactly as it appears in Part 1.)

The following person(s) are to receive the balance of my IRA assets upon my death. This designation revokes any previous one I may have filed with the Custodian. (Provide name(s), address(es), and Social Security Number(s).)



Any resident of a Community Property State who designates a spouse as primary beneficiary and others as contingent beneficiaries, or designates more than half the distribution to beneficiaries other than a spouse, must obtain the spouse's consent.

Spouse's  
consent X \_\_\_\_\_

Signature

\_\_\_\_\_ Date

I hereby designate the beneficiaries listed and adopt with the custodian this Scudder Individual Retirement Account agreement which uses the language of IRS Form 5305-A. Once the Custodian acknowledges receipt of this form by mail, it shall be deemed accepted, and therefore, effective as of the date I signed it. I have received and read the Scudder IRA plan and the prospectus(es) of the fund(s) selected.

X /s/ G. Reeves

-----  
State Street Bank and Trust Company, Custodian

X \_\_\_\_\_

Your Signature Date (exactly as in Part 1)

\_\_\_\_\_ Date

Scudder  
[IRA Portfolio]

Extra Application  
For your spouse or friend

### 1. IRA Account Registration

\_\_\_\_\_  
Name Social Security Number  
(      )

\_\_\_\_\_  
Address Daytime Phone  
                    /      /

\_\_\_\_\_  
City State Zip Date of Birth

### 2. Type of IRA & Fund Choices

/ \_\_\_\_/ New IRA. \$2000 maximum per year. Contribution for tax year 198\_\_

/ \_\_\_\_/ Transfer IRA. IRA assets transferred directly from your present custodian to Scudder. If the transfer establishes your first Scudder

IRA, please complete this Application and an IRA Transfer Request making sure to indicate fund(s) choices on both forms. If transferring to an existing Scudder IRA, complete only the IRA Transfer Request. A separate Transfer Request must be completed for each IRA being transferred.

/\_\_\_/ Rollover IRA. (check one)

/\_\_\_/ Assets distributed from an employer-sponsored retirement plan.

or

/\_\_\_/ 60-day Rollover. You have taken receipt of your IRA assets from another institution and are enclosing a check for part or all of these funds.

The minimum initial investment is \$240.

If you choose more than one fund, the minimum initial investment is \$500 for each fund.

\$ Amount	Money Market Funds
_____	Cash Investment Trust
_____	Government Money Fund
	Income Funds
_____	GNMA Fund
_____	Income Fund
_____	Target Fund (multi-Portfolios),
_____	U.S. Government 1990_____
_____	General 19_____
	Maturity year
	U.S. Gov't. Zero Coupon
_____	Target Fund _____
	Maturity year
	Growth & Income Funds
_____	Equity Income Fund
_____	Growth and Income Fund

Growth Funds

\_\_\_\_\_ Japan Fund

\_\_\_\_\_ Capital Growth Fund

\_\_\_\_\_ Development Fund

\_\_\_\_\_ Global Fund

\_\_\_\_\_ International Fund

\$ \_\_\_\_\_ Total

=====

### 3. Designation of Beneficiary & Signatures

(Please be sure to sign your name exactly as it appears in Part 1.)

The following person(s) are to receive the balance of my IRA assets upon my death. This designation revokes any previous one I may have filed with the Custodian. (Provide name(s), address(es), and Social Security Number(s).)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any resident of a Community Property State who designates a spouse as primary beneficiary and others as contingent beneficiaries, or designates more than half the distribution to beneficiaries other than a spouse, must obtain the spouse's consent.

Spouse's  
consent X

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

I hereby designate the beneficiaries listed and adopt with the custodian this Scudder Individual Retirement Account agreement which uses the language of IRS Form 5305-A. Once the Custodian acknowledges receipt of this form by mail, it shall be deemed accepted, and therefore, effective as of the date I signed it. I have received and read the Scudder IRA plan and the prospectus(es) of the fund(s) selected.

X /s/ G. Reeves

-----  
State Street Bank and Trust Company, Custodian

X \_\_\_\_\_

RETURN THIS FORM IN THE POSTPAID ENVELOPE PROVIDED, OR MAIL TO:  
SCUDDER FUNDS, P.O. BOX 2291, BOSTON, MA 02107-2291.

It's easy to open a Scudder IRA. Just complete this Scudder IRA Application and return it in the enclosed postage-paid envelope today.

#### A Few Tips

- o Please make check(s) payable to "Scudder Funds".
- o You have two forms--an IRA Application and an IRA Transfer Request. Please do not separate them, even if you use only one.
- o Please fill out each section carefully, preferably in print or type. This helps us avoid any delays in processing your Application.
- o Please be sure to sign your name exactly as it appears in your Account Registration (Part 1).
- o If you are transferring IRA assets from another IRA sponsor, please fill out an IRA Transfer Request form and return it along with your Application and a check for any investment you may be making at this time.

If you already have a Scudder IRA, complete only the IRA Transfer Request form.

Please return this form today. It will only take a few minutes and will let us put your money to work for you that much sooner!

Scudder [Logo] IRA Portfolio

IRA Transfer Request

Complete this form if you wish to transfer the assets in your current IRA directly to the Scudder IRA. If establishing a new Scudder IRA, complete the Scudder IRA Application as well. Return this form in the postpaid envelope provided. We will send you a notice confirming that we received this form, and arrange to complete the transfer. The amount you transfer does not affect the amount you can invest and deduct annually. If you wish to transfer assets held in another type of plan, e.g. Keogh, profit-sharing, 403(b), etc., please call us for the proper forms. This form is only for IRA transfers.

#### 1. Name & Address

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Name</div> <hr style="border: none; border-top: 1px solid black; margin-top: 10px;"/>	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Social Security Number</div> <div>(       )</div> <hr style="border: none; border-top: 1px solid black; margin-top: 10px;"/>
---	--

Address

Daytime Phone

/ /

City

State

Zip

## 2. Instructions to Present Custodian

-----  
Name of Current Custodian/Trustee

-----  
Attention: (Person or department handling transfers)

-----  
Address

City

State

Zip

/\_\_\_/ Please transfer all of my IRA assets.

/\_\_\_/ Please transfer \$\_\_\_\_\_ of my IRA assets.

Other instructions (e.g., make transfer upon maturity)

/ /

-----  
maturity date

-----  
IRA Account Number (with this Custodian)

( )

-----  
Custodian's Phone Number

I request that the above-named Custodian or Trustee transfer my IRA assets as cash to State Street Bank and Trust Company, Custodian of my Scudder IRA.

-----  
Please make the check payable to:

Scudder Funds, A/C (Investor name), Scudder IRA  
Mail to: The Scudder Funds Retirement Plan Services,  
P.O. Box 9647, Boston, MA 02205-9918

X

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[ILLEGIBLE]

-----  
Please ask your present custodian if a signature guarantee is required.

3. Fund Choices (If you invest in 2 or more funds, the minimum initial investment is \$500 for each fund.)

\$ Amount	Money Market Funds	Acct. #*
_____	Cash Investment Trust	_____
_____	Government Money Fund	_____
	Growth & Income Funds	
_____	Equity Income Fund	_____
_____	Growth and Income Fund	_____
	Growth Funds	
_____	Japan Fund	_____
_____	Capital Growth Fund	_____
_____	Development Fund	_____
_____	Global Fund	_____
_____	International Fund	_____
_____	GNMA Fund	_____
_____	Income Fund	_____
	Target Fund (Multi-Portfolios),	
_____	U.S. Government 1990	_____
_____	General 199_____	
	Maturity year	_____
	U.S. Government Zero Coupon	
_____	Target Fund_____	_____
	Maturity year	
Total	_____	

\* When transferring to an existing Scudder IRA, please provide your Scudder IRA

account number.

=====

For Scudder use only, do not complete.

Acceptance by Custodian

We agree to accept custodianship and the transfer described above for the Scudder IRA Plan established on behalf of the above-names individual. State Street Bank and Trust Company accepts its appointment as successor Custodian of the above IRA account and requests the liquidation and transfer of assets as indicated above.

Scudder Fund Distributors, Inc.

By \_\_\_\_\_

Date \_\_\_\_\_

State Street Bank & Trust Company

By /s/ G. Reeves  
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Scudder  
[Logo] IRA Portfolio  
Scudder Fund Distributors, Inc.  
175 Federal Street, Boston, MA 02110

National Toll-Free Number  
1-800-225-2470

=====

Scudder IRA  
Plan  
&  
Disclosure  
Statement

=====

Scudder IRA Form 1-88

Scudder  
Individual Retirement Custodial Account

(Under Section 408(a) of the Internal Revenue Code)

The Depositor whose name appears on the Scudder Application is establishing an individual retirement account (under section 408(a) of the Internal Revenue Code) to provide for this or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required under the Income Tax Regulations under section 408(i) of the Code.

The Depositor has deposited with the Custodian the amount indicated on the Application.

Article I

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The Custodian may accept additional cash contributions on behalf of the Depositor for a tax year of the Depositor. The total cash contributions are limited to \$2,000 for the tax year unless the contribution is a rollover contribution described in section 402(a)(5), 402(a)(7), 403(a)(4), 403(b)(8), 408(d)(3) of the Code or an employer contribution to a simplified employee pension plan as described in section 408(k).

Article II

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The Depositor's interest in the balance in the custodial account is nonforfeitable.

Article III



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1. No part of the custodial funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5) of the Code).

2. No part of the custodial funds may be invested in collectibles (within the meaning of section 408(m) of the Code).

#### Article IV

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1. The Depositor's entire interest in the custodial account must be or begin to be, distributed by the Depositor's required beginning date, the April 1 following the calendar year end in which the Depositor reaches age 70 1/2. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in:

- (a) A single sum payment.
- (b) An annuity contract that provides equal or substantially equal monthly, quarterly, or annual payments over the life of the Depositor. The payments must begin by the April 1 following the calendar year in which the Depositor reaches age 70 1/2.
- (c) An annuity contract that provides equal or substantially equal monthly, quarterly, or annual payments over the joint and last survivor lives of the Depositor and his or her designated beneficiary. The payments must begin by the April 1 following the calendar year in which the Depositor reaches age 70 1/2.
- (d) Equal or substantially equal annual payments over a specified period that may not be longer than the Depositor's life expectancy.
- (e) Equal or substantially equal annual payments over a specified period that may not be longer than the joint life and last survivor expectancy of the Depositor and his or her designated beneficiary.

Even if distributions have begun to be made under option (d) or (e), the Depositor may receive a distribution to the balance in the custodial account at any time by giving written notice to the Custodian. If the Depositor does not choose any of the methods of distribution described above by the April 1 following the calendar year in which he or she reaches age 70 1/2, distribution to the Depositor will be made on that date by a single sum payment. If the Depositor elects as a means of distribution (b) or (c) above, the annuity contract must satisfy the requirements of section 408(b)(1), (3), and (4) of the Code. If the Depositor elects as a means of distribution (d) or (e) above, the annual payment required to be made by the Depositor's required beginning date is for the calendar year the Depositor reached age 70 1/2. Annual payments for subsequent years, including the year the Depositor's required beginning date

occurs, must be made by December 31 of that year.

2. If the Depositor dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows:

- (a) If the Depositor dies on or after the Depositor's required beginning date, distribution must continue to be made in accordance with paragraph 1.
- (b) If the Depositor dies before the Depositor's required beginning date, the entire remaining interest will, at the election of the beneficiary or beneficiaries, either
  - (i) Be distributed by the December 31 of the year containing the fifth anniversary of the Depositor's death,
  - or
  - (ii) be distributed in equal or substantially equal payments over the life or life expectancy of the designated beneficiary or beneficiaries.

The election of either (i) or (ii) must be made by December 31 of the year following the year of the Depositor's death. If the beneficiary or beneficiaries do not elect either of the distribution options described in (i) and (ii), distribution will be made in accordance with (ii) if the beneficiary is the Depositor's surviving spouse and in accordance with (i) if the beneficiary or beneficiaries are or include anyone other than the surviving spouse. In the case of distributions under (ii), distributions must commence by December 31 of the year following the year of the Depositor's death. If the Depositor's spouse is the beneficiary, distributions need not commence until December 31 of the year the Depositor would have attained age 70 1/2, if later.

- (c) If the Depositor dies before his or her entire interest has been distributed and if the beneficiary is other than the surviving spouse, no additional cash contributions or rollover contributions may be accepted in the account.

3. In the case of distribution over life expectancy in equal or substantially equal annual payments, to determine the minimum annual payment for each year, divide the Depositor's entire interest in the custodial account as of the close of business on December 31 of the preceding year by the life expectancy of the Depositor (or the joint life and last survivor expectancy of the Depositor and the Depositor's designated beneficiary, or the life expectancy of the designated beneficiary, whichever applies). In the case of distributions under paragraph (1), determine the initial life expectancy (or joint life and last survivor expectancy) using the attained ages of the Depositor and designated beneficiary as of their birthdays in the year the Depositor reaches age 70 1/2. In the case of distribution in accordance with paragraph (2) (b) (ii), determine life expectancy using the attained age of the designated beneficiary as of the beneficiary's birthday in the year distributions are required to

commence. Unless the Depositor (or spouse) elects not to have life expectancy recalculated, the Depositor's life expectancy (and the life expectancy of the Depositor's spouse, if applicable) will be recalculated annually using their attained ages as of their birthdays in the year for which the minimum annual payment is being determined. The life expectancy of the designated beneficiary (other than the spouse) will not be recalculated. The minimum annual payment may be made in a series of installments (e.g. monthly, quarterly, etc.) as long as the total payments for the year made by the date required are not less than the minimum amounts required.

#### Article V

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Unless the Depositor dies, is disabled (as defined in section 72(m) of the Code), or reaches age 59 1/2 before any amount is distributed from the custodial account, the Custodian must receive from the Depositor a statement explaining how he or she intends to dispose of the amount distributed.

#### Article VI

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1. The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required under section 408(i) of the Code and related regulations.

2. The Custodian agrees to submit reports to the Internal Revenue Service and the Depositor prescribed by the Internal Revenue Service.

#### Article VII

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Notwithstanding any other article which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with section 408(a) of the Code and related regulations will be invalid.

#### Article VIII

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This agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

#### Article IX

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1. Please refer to Scudder IRA Application which is incorporated herein by reference.

## 2. Depositor's Selection of Investments

Depositor directs Custodian to invest all custodial funds in investment shares issued by the "Mutual Fund(s)," or in the other investments which have been designated by Scudder Fund Distributors, Inc. (or its successors) as eligible for investment hereunder, which have been selected by Depositor until Depositor hereafter gives custodian contrary instructions pursuant to Article IX, paragraph ("para.") 6 below, which governs investment of the custodial account in "Mutual Fund" shares or other investments.

## 3. Contributions

(a) Periodic Contributions. Periodic contributions which Depositor intends to be tax-deductible under Internal Revenue Code Section 219 shall be in cash and are to be invested under this Agreement. Depositor contemplates future periodic contributions within the tax-deductible limits and in accordance with the rules for tax-deductibility specified in the Internal Revenue Code. Depositor assumes full and sole responsibility for making sure that the sum of periodic contributions during a single taxable year of Depositor does not exceed those limits or violate those rules. Depositor should not contribute to the custodial account after it ceases to be exempt by reason of either section 408(e) or 415(g) of the Internal Revenue Code.

(b) Rollover Contributions From an Individual Retirement Account or Individual Retirement Annuity Funded Exclusively With Deductible Contributions. A rollover contribution by Depositor from an individual retirement account or individual retirement annuity funded exclusively with deductible contributions shall be a deposit in cash to be invested under this agreement, with respect to which contribution, Depositor warrants that

(1) it meets the requirements for a rollover contribution from such an individual retirement account or individual retirement annuity as are contained in Code Section 408(d) and that

(2) no portion of such rollover contribution is attributable to a distribution from an employees' trust, an employees annuity, an annuity contract or a U.S. retirement bond as described in Internal Revenue Code Sections 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), or 409(b)(3)(C).

(c) Rollover Contributions Attributable to Distributions From Employer Plans. A rollover contribution by Depositor other than a contribution described in paragraph (b) above shall be a deposit in cash to be invested under this Agreement with respect to which contribution Depositor warrants that (1) the amount rolled over is attributable to a distribution from an employees' trust, an employee annuity, an annuity contract, a qualified bond purchase plan, or a U.S. retirement bond, which meets the requirements of Code section 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), or 409(b)(3)(C); and (2) Depositor will make no additional contributions to the custodial account in which such contribution is deposited, except as otherwise permitted by Scudder Fund Distributors, Inc.

If permitted by Scudder Fund Distributors, In., rollover contributions may

be received under this Agreement with respect to qualified voluntary employee contributions as defined in Internal Revenue Code Section 219(e)(2) and such contributions shall thereafter be held and administered hereunder by the Custodian in accordance with all applicable law with respect to accumulated deductible employee contributions as defined in Internal Revenue Code Section 72(o)(5)(B).

(d) Transfer from an Individual Retirement Account or Individual Retirement Annuity. Depositor may make an opening contribution hereunder by directing the transfer of a cash amount from a custodian or trustee of an individual retirement account or individual retirement annuity to the Custodian be made for investment under this Agreement.

(1) From IRA Funded with Deductible Contributions. Where no portion of such transferred amount is attributable to a distribution from an employees' trust, an employee annuity, an annuity contract or a U.S. retirement bond as described in Internal Revenue Code Sections 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), or 409(b)(3)(C), Depositor warrants that the Depositor did not inherit the account or annuity, or if the Depositor did inherit the account or annuity, that Depositor is the surviving spouse of the individual for whose benefit the account was originally maintained or the annuity was originally purchased.

(2) From IRA Funded with Distributions Attributable to an Employer Plan. With respect to any other transferred amount, Depositor:

(A) agrees that no additional contributions will be made to the custodial account in which such contribution is deposited, except as otherwise permitted by Scudder Fund Distributors, Inc.;

(B) that the entire amount of such transferred amount is attributable to a distribution from an employees' trust, an employee annuity, an annuity contract, a qualified bond purchase plan, or a U.S. retirement bond, as described in Internal Revenue Code Sections 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), or 409(b)(3)(C), or other applicable law.

(3) that if the transferred amount had been a rollover contribution, it would have complied with the requirements of subparagraph (b) or (c) above.

#### 4. Tax Reform Act of 1986.

Notwithstanding anything to the contrary herein, the provisions of this agreement are to be interpreted in accordance with the provisions of the Internal Revenue Code of 1986; to the extent any provision of this agreement conflicts with the provisions of the Internal revenue Code of 1986, it shall be deemed to have been amended in such manner as best preserves the original intent of the unamended provision of the agreement which also bringing the provision into compliance with the relevant provision(s) of the Internal Revenue Code of 1986.

#### 5. Custodian's Fees

(a) Custodian shall be entitled to receive such reasonable fees with respect to the establishment and administration of this custodial account as are established by it from time to time.

(b) Upon thirty (30) days prior written notice, Custodian may change its fee schedule.

Custodian's fees, any income, gift, estate and inheritance taxes or other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the custodial account, that may be levied or assessed in respect to such assets, and all other administrative expenses incurred by Custodian in the performance of its duties including fees for legal services rendered to Custodian, may be charged to the custodial account, with the right to liquidate Mutual Fund shares or other investments for this purpose, or (at Custodian's option) to the Depositor.

## 6. Custodial Account

(a) This Agreement shall take effect only when accepted and signed by Custodian. As directed, Custodian shall then open and maintain a separate custodial account for Depositor and invest the initial contribution hereunder in shares of the Mutual Fund(s) or other investments selected by Depositor in Article IX Para. 1. "Mutual Fund" means a regulated investment company, which is defined in Internal Revenue Code Section 851(a) and which has been designated by Scudder Fund Distributors, Inc. (or its successors) as appropriate for investment hereunder.

(b) Every subsequent contribution shall be invested in accordance with instructions authorized by Depositor indicating Depositor's choice of the Mutual Funds or other investments designated by Scudder Fund Distributors, Inc. (or its successors) as appropriate for investment hereunder. Depositor agrees that the listing shall not be construed as an endorsement by Custodian of the Mutual Funds or other investments in which contributions may be invested, final choice of which is in the sole discretion of Depositor. The Custodian does not undertake to render any investment advice whatsoever to Depositor; its sole duties are those prescribed in Article IX, para. 8(c).

(c) The Custodian shall invest subsequent contributions as directed. However, if any such instructions authorized by Depositor are not received as required, or if received, are in the opinion of Custodian unclear, or if the accompanying contribution would cause the Depositor to exceed the maximum limitation on tax deductibility, Custodian may hold or return all or a portion of the contribution uninvested without liability for loss of income or appreciation or for other loss, and without liability for interest, pending receipt of written instructions or clarification.

(d) All dividends and capital gains distributions received on shares of a Mutual Fund held in the custodial account shall (unless received in additional

such shares) be reinvested in shares of that Mutual Fund, if available, which shall be credited to the account. If any distribution of such shares may be received at the election of the shareholder in additional such shares or in cash or other property, Custodian shall elect to receive it in additional such shares. All accumulations on account of other investments shall be reinvested in Depositor's custodial account.

(e) All Mutual Fund shares or other investments acquired by Custodian hereunder shall be registered in the name of Custodian (with or without identifying Depositor) or its nominee. Custodian shall deliver, or cause to be executed and delivered, to Depositor all notices, prospectuses, financial statements, proxies, and proxy soliciting materials relating to such Mutual Funds shares or other investments held in the custodial account. Custodian shall not vote any such Mutual Fund shares or other investments except in accordance with any written instructions received from Depositor.

## 7. Distributions

(This paragraph 7 supplements Article IV on Scudder IRA Form 12-86 of the Agreement and must be read in conjunction with it.)

(a) Distribution of the custodial account assets in accordance with Article IV shall be made in a manner set forth in subparagraph (c)(1) or (2), whichever applies, except as Article IV otherwise requires and at such time as Depositor (or Depositor's Beneficiary if Depositor is deceased) shall elect by written order to Custodian, provided that distribution (except for distribution on account of Depositor's disability or death, return of an "excess contribution" referred to in subparagraph (d) or a "rollover" from this account), must be no earlier than age 59 1/2 if Depositor wants to avoid an "early distribution additional tax" under Code section 408(f) or other applicable law. For that purpose, Depositor will be considered disabled if depositor can prove, as provided in Code section 72(m)(7), that Depositor is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration. Depositor's (or Depositor's Beneficiary if Depositor is deceased) will order distribution in the manner and at the time permitted or required by Article IV and this paragraph. Custodian assumes no responsibility for the tax treatment of any distribution from the custodial account; such responsibility accrues solely to the person ordering the distribution.

(b) Custodian assumes (and shall have) no responsibility to make any distribution on order of Depositor (or Depositor's Beneficiary if Depositor is deceased) unless and until such order specifies the occasion for such distribution, the elected manner of distribution, and any declaration required by Article V. Also, before making any such distribution or before honoring any assignment of the custodial account. Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with an order which appears on its face to be genuine, or for refusing



to comply if not satisfied it is genuine, and assumes no duty of further inquiry.

(c) Upon receipt of a proper written order as required above, Custodian shall distribute the assets of the custodial account in cash or kind as follows:

(1) Distribution to Depositor. If the distribution order calls for the custodial account to be paid to Depositor under Article IV then distribution shall be made in one or more of the following ways as specified in the order.

(A) In a lump sum.

(B) In installments pursuant to a cash withdrawal plan, provided that such a plan suitable for prearranging the distributions described in this subparagraph (B) is available for Custodian's use under the rules governing the investments held in the custodial account. A suitable cash withdrawal plan will provide for periodic liquidation of some of investments held in the custodial account to yield the cash necessary to pay each installment. Prior to January 1, 1985, a suitable cash withdrawal plan will provide for payment of installments over a period not longer than the life expectancy of Depositor or the joint life and last survivor expectancy of Depositor and Depositor's spouse. Subsequent to December 31, 1984, a suitable cash withdrawal plan will provide for payment of installments ratably over a period of not longer than the life expectancy of the Depositor or the joint life and last survivor expectancy of the Depositor and the Depositor's Beneficiary (as defined in subparagraph (c)(2) of this Para. 7) The life expectancies referred to in this Agreement shall be determined by using applicable Internal Revenue Service tables. The amount distributed each year shall be at least equal to the quotient obtained by dividing the entire custodial account remaining at the beginning of that year by the adjusted life expectancy of Depositor, the joint life and last survivor expectancy of Depositor and Depositor's spouse, or the joint life and last survivor expectancy of Depositor's Beneficiary (whichever is applicable). Prior to January 1, 1985, the life or joint life and last survivor expectancy used to calculate the minimum amount to be distributed in a given year shall be equal to the relevant expectancy as it was determined as of when Depositor attained age 70 1/2 reduced by the number of whole years elapsed, if any, since Depositor attained age 70 1/2. Subsequent to December 31, 1984, the adjusted life or joint life and last survivor expectancy used to calculate the minimum amount to be distributed in a given year shall be at the

Depositor's election, either determined by referring to the applicable Internal Revenue Service table and determining the relevant expectancy as of the particular year in question or by using a previously determined expectancy and reducing such expectancy by the number of



whole years elapsed since it was determined. Notwithstanding any implication to the contrary in this subsection (B), no distribution need be made in any year, or a lesser amount may be distributed during such year, if the aggregate amounts distributed through the end of such year are at least equal to the aggregate of the minimum amounts required by the subparagraph (B) to have been distributed. Moreover, during Depositor's lifetime the entire custodial account remaining for distribution at any time under this subparagraph (B) may, pursuant to proper supplementary written order as specified above, be distributed to Depositor.

(C) By the purchase and distribution of a single-premium contract meeting the requirements of Code section 408(b)(1), (3), (4) and, prior to January 1, 1985, (5) applicable to an "individual retirement annuity."

(2) Distribution upon Death of Depositor or Depositor's Spouse. Prior to January 1, 1985, if Custodian receives a proper written order for distribution on account of the Depositor's death or the spouse's death, if distributions were being made to the spouse over the joint life and last survivor expectancy, Custodian shall distribute the then-remaining custodial account to Depositor's (or, if applicable, the spouse's) Beneficiary within five (5) years of Depositor's (or, if applicable, the spouse's) death either in a lump sum or installments; provided, however, that if distributions have already begun before Depositor's death for a specified term, then Custodian may instead continue to make the distribution in the same manner and without regard to the foregoing five-year limitation; provided further, that if Depositor's Beneficiary is Depositor's spouse and if Depositor's Beneficiary elects to treat the account as if Depositor's Beneficiary were the Depositor, then the Custodian may distribute the account as directed by the Depositor's Beneficiary as if such person were the Depositor and in accordance with Articles IV and IX. Subsequent to December 31, 1984, if Custodian receives a proper written order for distribution on account of the Depositor's death or the spouse's death, if distributions were being made to the Depositor's surviving spouse, then the Custodian shall distribute the then-remaining custodial account to the Depositor's (or, if applicable, the spouse's) Beneficiary over the life of the Depositor's (or, if applicable, the spouse's) Beneficiary; provided, however, that if distributions have already begun before Depositor's death for a specified term, Custodian shall continue to distribute the custodial account over a period at least as rapid as that specified term. The term "Depositor's Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) on a form acceptable to Custodian for use in connection with the Agreement, signed by the designating person, and filed with the Custodian in accordance with this subparagraph (2). The form may name persons or estates to take upon the contingency of survival. However, the term "Depositor's Beneficiary" means the designating person's estate to the extent no such designation on such a form effectively disposes of the custodial account as of when such distribution is to commence. Moreover, a form shall not become effective for that purpose until it is file with the

Custodian during the lifetime of the designating person. The form last accepted by Custodian before such distribution is to commence, upon becoming effective during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of the custodial account, thereupon shall revoke all such forms previously filed by that person. The term "designating person" means Depositor; after Depositor's death, it also means the person or persons (other than Depositor's estate) who begin to receive a portion of the custodial account pursuant to such a designation by Depositor, and designations by such a person shall relate solely to the balance of that portion remaining in the custodial account as of when distribution pursuant to a designation by that person is to commence. The Custodian shall accept all such forms only in the Commonwealth of Massachusetts, and they shall be considered part of this Agreement for purposes of Article IX, para. 13(c).

(3) Any annuity which Custodian is to purchase and distribute under this Agreement may be fixed or variable, but Custodian shall not be required to distribute in that manner unless the premium for that annuity is at least \$1,000.

(4) Depositor's Beneficiary shall not have the right or power to anticipate any part of the custodial account or to sell, assign, transfer, pledge or hypothecate any part thereof. The custodial account shall not be liable for the debts of Depositor's Beneficiary or subject to any seizure, attachment, execution or other legal process in respect thereto.

(d) If during a taxable year under Article I a total amount is contributed which exceeds the amount deductible for that year, either because such amount exceeds the tax-deductible limits specified in the Internal Revenue Code, or because of attainment of age 70 1/2 in that year, or for some other reason, then upon receiving written notice specifying the year in question, the amount of the excess, the reason it is an excess, and the amount of net income in the custodial account attributable to such excess -- Custodian shall distribute cash to Depositor in an amount equal to the sum of such excess and earnings. If the excess contribution did not arise because of attainment of age 70 1/2, then (in Custodian's discretion unless otherwise instructed by Depositor) in lieu of being distributed, said sum shall be treated by Depositor as a contribution in the then current or a succeeding taxable year, in accordance with applicable Law.

## 8. Additional Provisions Regarding the Custodian

(a) When and after distributions of the custodial account to Depositor's Beneficiary commence, all right and obligations assigned to Depositor by provisions of this Agreement shall inure to, and be enjoyed and exercised by, Depositor's Beneficiary instead of Depositor, shall not be responsible for treating such person's predecessor to such rights and obligations as still possessing the same.

(b) Custodian shall keep adequate records of transactions it is required to perform hereunder. Not later than sixty (60) days after the close of each

calendar year or after the Custodian's resignation or removal pursuant to Article IX, para. 10(a) Custodian shall render to Depositor a written report or reports reflecting the transactions effected by it during such period and the assets of the custodial account at the close of the period. Sixty (60) days after rendering such report(s), Custodian shall be forever released and discharged from all liability and accountability to anyone with respect to its acts and transactions shown in or reflected by such report(s), except with respect to those as to which the recipient of such report(s) shall have filed written objections with the Custodian within the latter such sixty-day period.

(c) Custodian shall be an agent for Depositor to receive and invest contributions as authorized by Depositor, hold and distribute such investments, and keep adequate records and report thereon, all in accordance with this Agreement. The parties do not intend to confer any fiduciary duties on Custodian, and none shall be implied. Custodian may perform any of its administrative duties through other persons designated by Custodian from time to time, except that Mutual Fund shares or other investments must be registered as stated in para. 6(e) of this Article IX; and Custodian intends initially to delegate all such duties to Boston Financial Data Services, Inc., which is partially owned by Custodian's parent company; but no such delegation or future change therein shall be considered as an amendment to this Agreement. Custodian shall not be liable (and assumes no responsibility) for the collection of contributions, the deductibility of any contribution or its propriety under this Agreement, or the purpose or propriety of any distribution ordered in accordance with Article IX, para. 7, or made in accordance with Article IX, para. 12, which matters are the sole responsibility of Depositor and Depositor's Beneficiary.

(d) Depositor shall always fully indemnify Custodian and save it harmless from any and all liability whatsoever which may arise either (1) in connection with this Agreement and matters which it contemplates, except that which arises due to Custodian's negligence or willful misconduct, or (2) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with an order therefor which is in full compliance with both Article IV and para. 7(a) and (b) of Article IX. Custodian shall not be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by Custodian and Depositor, and unless fully indemnified for so doing to Custodian's satisfaction.

(e) Custodian may conclusively rely upon and shall be protected in acting upon any written order from or authorized by Depositor or Depositor's Beneficiary or any other notice, request, consent, certificate or other instrument, paper, or other communication believed by it to be genuine and to have been issued in proper form and with proper authority, and, so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon.

## 9. Amendment

(This paragraph 9 supplements Article VIII on Scudder IRA From 12-86 of the Agreement and must be read in conjunction with it.)

(a) Depositor retains the right to amend this Agreement in any respect at any time, effective on a stated date which shall be at least sixty (60) days after giving written notice of the amendment (including its exact terms) to Custodian by registered or certified mail unless Custodian waives such notice as to that amendment. If Custodian does not wish to continue serving in that capacity under this Agreement as so amended, it may resign in accordance with Article IX, para. 10. Depositor also delegates, to the distributor (principal underwriter) of a plurality of the Mutual Funds described in Article IX, para. 6(b), Depositor's right so to amend, including retroactively, as necessary or appropriate in the opinion of counsel satisfactory to the distributor, in order to conform with pertinent provisions of the Code and other laws or successor provisions of law or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master plan (when one becomes available) for investment in shares of such Mutual Funds or other investments, or as otherwise may be advisable in the opinion of such counsel, provided the distributor amends in the same manner all agreements comparable to this one, having the same Custodian, permitting investment in shares of such Mutual Funds or other investments, and under which such power has been delegated to it. Such an amendment by the distributor shall be communicated in writing to Depositor and Custodian, and Depositor shall be deemed to have consented thereto unless, within thirty (30) days after such communication to Depositor is mailed. Depositor either (1) gives Custodian a proper written order for a lump-sum distribution of the custodial account, or (2) removes Custodian and simultaneously appoints a Successor Custodian under Article IX, para. 10.

(b) This paragraph 9 shall not be construed to restrict Custodian's freedom to agree with distributors of Mutual Fund shares, or others, upon the terms by which shares of additional Mutual Funds or other investments may be chosen for investment as contemplated in Article IX, para. 6(b), or Custodian's freedom to change fee schedules in the manner approved by Article IX, para. 5(b), and no such agreement or change shall be deemed to be an amendment of this Agreement.

#### 10. Resignation or Removal of Custodian

(a) Custodian may resign at any time upon at least thirty (30) days prior notice in writing to Depositor, and may be removed by Depositor at any time upon at least thirty (30) days prior notice in writing to Custodian. Upon such resignation or removal, Depositor shall appoint a Successor Custodian to serve under this Agreement. Upon receipt by Custodian of written acceptance of such appointment by the Successor Custodian, Custodian shall transfer to such Successor the assets of the custodial account and all necessary records (or copies thereof) pertaining thereto, provided that (if so requested by Custodian) any Successor Custodian agrees not to dispose of any such records without Custodian's consent. Custodian is authorized, however, to reserve such a portion of such assets as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against Custodian, with any balance of such reserve

remaining after the payment of all such items to be paid over to the Successor Custodian.

(b) If within thirty (30) days after Custodian's resignation or removal or such longer time as Custodian may agree to, Depositor has not appointed a Successor Custodian which has accepted such appointment, Custodian shall terminate the custodial account pursuant to Article IX, para. 11, unless within that time the distributor referred to in Article IX, para. 9(a) appoints such Successor and gives written notice thereof to Depositor and Custodian.

(c) Custodian shall not be liable for the acts or omissions of such Successor.

(d) The Custodian, and every Successor Custodian appointed to serve under this Agreement, must be a bank as defined in Code section 408(n) or such other person who qualifies to serve in the manner prescribed by Code section 408(a)(2) and satisfies the Depositor, distributor, or Custodian, upon request, as to such qualification.

(e) After Custodian has transferred the custodian account assets (including any reserve balance as contemplated above) to the Successor Custodian, Custodian shall be relieved of all further liability with respect to this Agreement, the custodial account, and the assets thereof.

#### 11. Termination of Account

(a) Custodian shall terminate the custodial account if, within the time specified in Article IX, para. 10(b), after Custodian's resignation or removal, neither Depositor nor the distributor has appointed a Successor Custodian which has accepted such appointment. Termination of the custodial account shall be effected by distributing all assets thereof in a lump sum in cash or in kind to Depositor subject to Custodian's right to reserve funds as provided in Article IX, para. 10(a)

(b) Upon termination of the custodial account, this Agreement shall terminate and have no further force and effect, and Custodian shall be relieved from all further liability with respect to this Agreement, the custodial account, and all assets thereof so distributed.

#### 12. Liquidation of Account

(a) Notwithstanding anything contained in this Agreement to the contrary, Scudder Fund Distributors, Inc. shall have the right to direct Custodian, by written order to Custodian, to liquidate the custodial account if the value of the account at the time of such written order is less than a minimum value established on a non-discriminatory basis from time to time by Scudder Fund Distributors, Inc., and upon receipt of such written order (which Scudder Fund Distributors, Inc. shall have no duty to make and which, if made, may be made with respect to any specified accounts as to which it may be made applicable

singly or to all accounts as to which it may be made applicable as a group), Custodian shall forthwith proceed to liquidate the custodial account by distributing all assets thereof in a lump sum in cash or in kind to Depositor, subject to Custodian's right to reserve such a portion of such assets as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the custodial account or on or against Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to Depositor.

(b) Neither Scudder Fund Distributors, Inc. nor Custodian shall be liable for, or in any way responsible with respect to, any penalty or any other loss incurred by any person with respect to a distribution made hereunder and upon liquidation of the custodial account as aforesaid, this Agreement shall terminate and have no further force and effect, and Custodian and Scudder Fund Distributors, Inc. shall be relieved from all further liability with respect to this Agreement, the custodial account, and all assets thereof so distributed.

### 13. Miscellaneous

(a) References herein to the "Internal Revenue Code" or "Code" and sections thereof shall mean the same as amended from time to time hereafter, including successors to such sections.

(b) Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail to such person at that person's last address on Custodian's records.

(c) This agreement is accepted by Custodian in, and shall be construed and administered in accordance with the laws of the Commonwealth of Massachusetts. This Agreement is intended to qualify under section 408 of the Code as an Individual Retirement Account and for the Retirement Savings deduction under section 219 of the Code, and if any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent. However, neither the Custodian, nor any Mutual Fund (or company associated therewith) shall be responsible for whether or not such intentions are achieved through use of this Agreement, and Depositor is referred to Depositor's attorney for any such assurances.

### CUSTODIAN

#### DISCLOSURE STATEMENT

The following information is being provided to you by the State Street Bank and Trust Company, the Custodian of the Scudder Individual Retirement Accounts, in accordance with the requirements of the Internal Revenue Service. Please read it together with the Individual Retirement Plan and the prospectus for the shares of each Mutual Fund selected by you for the investment of your contributions to that plan, copies of which you should have already received from the distributor of those shares. The provisions of the Plan and prospectus



must prevail over this statement in any instance where the statement is incomplete or appears to conflict.

The Employee Retirement Income Security Act of 1974 has provided an entirely new program that may enable you to plan for your retirement by creating a "retirement plan" with federally tax-deductible dollars. This federal income tax deduction is available even if you do not otherwise itemize your deductions. In addition, any earnings on the assets held in your individual retirement account will not be subject to federal income tax until you actually begin to receive a distribution from your account. The state income tax treatment of your account may differ, and details should be available from your state taxing authority or your own tax adviser.

As with most other laws that provide special tax treatment, there are certain restrictions and limitations involved with respect to your individual retirement account:

1. Only a limited amount of savings can qualify for the preferential tax treatment -- 100% of your compensation or earning from self-employment up to an annual maximum of \$2,000.

Under certain conditions, an individual and his or her unemployed spouse, or each employed spouse with less than \$250 of earnings, may each open an IRA.

Annual deductions for contributions are allowable if a joint income tax return is filed and the deductions are limited to the lesser of 100% of the employed spouse's wages or \$2,250, and the amount contributed to either individual retirement account may not exceed \$2,000.

In the case of an individual retirement account which meets the requirements of a so-called Simplified Employee Pension Plan, an employer may contribute a deductible amount equal to 15% of the employee's compensation up to an annual maximum of \$30,000. The amount of such contribution is includible in the employee's income as wages (for federal income tax purposes) but is deductible by him or her. The employee is also allowed an annual deduction for his or her own individual retirement account contributions limited to the lesser of 100% of the employee's compensation or \$2,000.

There is a 6% penalty tax on any so-called "excess contribution" if you make one, that is, on the portion of a contribution made to your IRA in excess of the amount which can be currently deducted. Some examples of when this can occur are when you make a contribution to your IRA in excess of the allowable deduction limitations, or you contribute during or after the calendar year in which you reach 70 1/2. The 6% penalty tax on any "excess contribution" also attaches for each following year until the excess is withdrawn or used up. If an excess contribution plus earnings on it is withdrawn before the time for filing the individual's tax return for the year of the

contribution (including extensions), there will be no 6% penalty tax. The amount with-

drawn will not be considered a premature distribution nor taxed as ordinary income, except the earnings withdrawn will be included in the income of the taxpayer. In addition, in certain cases an excess contribution may be withdrawn after the time for filing the individual's tax return without resulting in taxable income to the individual. Also, excess contributions for one year may be carried forward and deducted in the next year.

2. Contributions must be made to a Trust or Custodial Account in which the Trustee/Custodian is either a bank or such other person who has been approved by the Secretary of the Treasury. No part of your contribution may be invested in life insurance or be commingled with other property, except in a common trust fund or common investment fund.
3. No deduction is allowed for (a) contributions other than in cash; (b) contributions (other than those by an employer to a Simplified Employee Pension Plan) made during your calendar year in which you attain age 70 1/2 or thereafter; or (c) for any amount you contribute which was a distribution from another retirement plan ("rollover" contribution). However, the limitations in paragraph 1 do not apply to such rollovers.
4. Individuals receiving compensation may establish their own individual retirement accounts even if they are already covered under tax-qualified plans (including Keogh plans for self-employed individuals), government plans, or certain annuities.
5. Your interest in the account must be nonforfeitable at all times.
6. An individual is allowed to transfer, or rollover, such individual's investment in one type of individual retirement plan to another without any tax liability. Also, under certain conditions, an individual may roll over (tax-free) a distribution received from a qualified plan or a tax-sheltered annuity. However, strict limitations apply to such rollover, and you should seek competent tax advice in order to comply with all the rules governing rollovers.
7. Since the purpose of the IRA savings plan is to accumulate funds for retirement, your receipt or use of any portion of this account (for example, as collateral for a loan) before you attain age 59 1/2 would be considered as an early distribution unless the distribution is a result of death or disability. The amount of an early distribution would be includable in your gross income and could also subject you to a penalty tax equal to 10% of the distribution unless you transfer it to another IRA under circumstances whereby it qualifies as a rollover.



8. If you or your beneficiary were to engage in any prohibited transaction (such as any sale, exchange or leasing of any property between you and the account, or any interference with the independent status of the account) then the account would lose its exemption from tax and be treated as having been distributed to you. The value of the entire account would be includable in your gross income, and if you were then under age 59 1/2, you would also be subject to the 10% penalty tax on early distributions.
9. Your entire interest in your account must be distributed, or begin to be distributed, to you no later than the first April 1st of the year following the later of the year in which you attain age 70 1/2. Distribution may be made at one in a lump sum or it may be made in installments. However, installment payments cannot be scheduled to be made over a period which extends beyond your life expectancy (as determined annually) or the joint life and last survivor expectancy of you and the beneficiary you designate (as determined annually, if that beneficiary is your spouse). However, where the beneficiary is other than the spouse, the value of the expected distributions to you, determined at the time distributions commence, must equal at least 50% of the total value at that time. If the amount distributed during a calendar year is less than the minimum amount required to be distributed, the recipient would be subject to a penalty tax equal to 50% of the difference between the amount required to be distributed and the amount actually distributed. If you die before the entire interest is distributed to you, but after you have begun to receive distributions, your entire account must be distributed to your beneficiary over a period no longer than the last determined life expectancy or life and last survivor expectancy over which your account was being distributed prior to your death. If you die before the entire interest has begun to be distributed to you and your spouse is your beneficiary, distributions to your spouse must either (a) be completed within 5 years of your death or (b) commence before the later of one year after your death or the date on which you would have attained age 70 1/2, and continue over his or her life or a period not exceeding his or her life expectancy. If you die before the entire interest has begun to be distributed to you and your spouse is not your beneficiary, distributions to your beneficiary must either (a) be completed within five years of your death and continue over your beneficiary's life or a period not exceeding his or her life expectancy.
10. Amounts distributed to you are includable in your gross income when you receive them and are taxable as ordinary income without any special lump-sum distribution privileges. However, normal four-year income averaging may be available.
11. You must file Treasury Form 5329 with the Internal Revenue Service for each calendar year during which there is an excess contribution, premature distribution, or during which there is an insufficient

distribution as referred to in paragraph 9.

12. The Individual Retirement Account Plan has been approved as to form by the Internal Revenue Service. This approval is a determination only as to the form of the account and does not represent a determination of the merits of such account.
13. Information about the shares of each mutual fund available for investment by your individual retirement account must be furnished to you in the form of a prospectus governed by the rules of the Securities and Exchange Commission. Please refer to the prospectus for detailed information concerning your mutual fund. Growth in the value of your account cannot be guaranteed or projected. However, the income and operating expenses of a mutual fund will affect the value of its shares, and hence the value of your account, as does any increase or decrease in the value of the assets of the mutual fund. The fund's prospectus contains information regarding current income and expenses of your mutual fund.

Fees and other expenses of maintaining your account may be charged to you or your account. The Custodian's fee schedule is referred to in Article IX of the Plan document and is distributed to you with it.

14. The information contained in this Disclosure Statement and the terms of the related Custodial Account agreement are applicable to Individual Retirement Accounts set up, and contributions made, with respect to the 1986 calendar year. Effective January 1, 1987, the law with regard to the establishment, maintenance and termination of Individual Retirement Accounts has been substantially modified. For example, a married individual will only be able to make a fully deductible contribution to his or her account (an amount equal to the lesser of his or her compensation or earnings from self-employment, or \$2,000) if the married couple files a joint Federal income tax return and they satisfy either of the following standards: (a) their combined adjusted gross income is less than \$40,000 or (b) neither spouse actively participates in an employer-sponsored retirement plan. A single individual will be subject to similar rules except that the adjusted gross income limit is \$25,000. Married couples and single individuals who do not satisfy the active-participant standard and whose adjusted gross incomes exceed the applicable limit by not more than \$10,000 will be eligible to make limited deductible Individual Retirement Account contributions. Generally speaking, for every \$5 by which a couple's or single individual's adjusted gross income exceeds the applicable limit, the \$2,000 cap on the amount of deductible contributions is reduced by \$1. Individuals who are not eligible to make fully deductible Retirement Account contributions will be permitted to make nondeductible contributions equal to the difference between (a) the lesser of his or her compensation or earnings from self-employment, or \$2,000, minus (b) the maximum amount the

individual is permitted to contribute on a deductible basis. Earnings on both deductible and non-deductible contributions will accumulate on a tax-deferred basis.

If you have not received this Disclosure Statement at least seven calendar days before the establishment of your Individual Retirement Account, you have the right to revoke your Individual Retirement Account during the seven calendar day period following the establishment of it. In order to so revoke your Individual Retirement Account, you must do so in writing and you must mail or deliver your revocation to Scudder Fund Distributors, Inc., 175 Federal Street, Retirement Plan Services, Boston, MA 02110. If your revocation is mailed, the date of the postmark (or the date of certification or registration if sent by certified or registered mail) will be considered your revocation date. If you so revoke your individual retirement account during the seven-day period, the entire amount of your account, without any adjustments (for items such as administrative expenses, fees, or fluctuation in market value) will be returned to you.

You may obtain further information from any district office of the Internal Revenue Service.

Scudder  
[Logo] IRA Portfolio

12-8-28 (c) Scudder Fund Distributors, Inc.

## SCUDDER IRA-SEP

### HOW TO ADOPT THE IRS MODEL SEP (FORM 5305-SEP)

#### EMPLOYERS

1. Complete Form 5305-SEP
  - a. Fill in employer name.
  - b. Fill in eligibility requirements.
  - c. Sign and date the form and retain the original for your files. Send a copy of the completed form to:

The Scudder Funds  
175 Federal Street  
Boston, MA 02110  
Attn: L. Thompson

Do not send a copy to the IRS.

2. Provide each eligible employee with a copy of the completed Form

5305-SEP (including the agreement form, instructions, and questions and answers).

3. Contact Scudder for employee IRA kits. Call toll-free at 1-800-225-2470.
4. Make timely contributions to your employees' IRAs.

#### IMPORTANT

Your adoption of the IRS Model SEP will not be effective until you have given all eligible employees copies of the completed Form 5305-SEP and all eligible employees have adopted their own IRAs.

#### EMPLOYEES

1. Eligible employees must adopt their own Individual Retirement Accounts. Employees can obtain information about the Scudder IRA from you, the employer, or by calling Scudder's toll-free number listed above.
2. Eligible employees should notify you when they open their IRAs and give you instructions for depositing SEP contributions to their accounts.

35-3-97

Form 5305-SEP  
(Rev January 1987)  
Department of the Treasury  
Internal Revenue Service

OMB No. 1545-0499  
Expires 10-31-88  
-----  
Do NOT File with  
Internal Revenue  
Service

Simplified Employee Pension-Individual  
Retirement Accounts Contribution Agreement  
(Under Section 408(k) of the Internal Revenue Code)

-----

(Business name--employer) makes the following agreement under the terms of section 408(k) of the Internal Revenue Code and the instructions to this form.

The employer agrees to provide for discretionary contribution in each calendar year to the Individual Retirement Accounts or Individual Retirement Annuities (IRA's) of all eligible employees who are at least \_\_\_\_ years old (not over 21 years old) (see instruction "Who May Participate") and worked in at least \_\_\_\_ years (not over 3 years) of the immediately preceding 5 years (see instruction "Who May Participate"). This |\_| includes |\_| does not include

employees covered under a collective bargaining agreement and |\_| includes |\_| does not include employees whose total compensation during the year is less than \$300.

The employer agrees that contributions made on behalf of each eligible employee will:

- o Be made only on the first \$200,000 of compensation (as adjusted per Code section 408(k)(3)(C)).
- o Be made in an amount that is the same percentage of total compensation for every employee.
- o Be limited to the smaller of \$30,000 (or if greater, 1/4 of the dollar limitation in effect under section 415(b)(1)(A)) or 15% of compensation.
- o Be paid to the employee's IRA trustee, custodian, or insurance company (for an annuity contract).

\_\_\_\_\_  
Signature of employer

\_\_\_\_\_  
Date

\_\_\_\_\_  
By

-----  
Instructions for the Employer

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act Notice. -- The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how it is to be used, and whether you have to give it to us. The information is used to determine if you are entitled to a deduction for contributions made to a SEP. Your completing this form is only required if you want to establish a Model SEP.

Purpose of Form. -- Form 5305-SEP (Model SEP) is used by an employer to make an agreement to provide benefits to all employees under a Simplified Employee Pension (SEP) plan described in section 408(k). This form is NOT to be filed with IRS.

What is a SEP Plan? -- A SEP provides an employer with a simplified way to make contributions toward an employee's retirement income. Under a SEP, the employer is permitted to contribute a certain amount (see below) to an employee's Individual Retirement Account or Individual Retirement Annuity (IRA's). The employer makes contributions directly to an IRA set up by an employee with a bank, insurance company, or other qualified financial institution. When using this form to establish a SEP, the IRA must be a model IRA established on an IRS form or a master or prototype IRA for which IRS has issued a favorable opinion letter. Making the agreement on Form 5305-SEP does not establish an employer IRA

as described under section 408(c).

This form may not be used by an employer who:

- o Currently maintains any other qualified retirement plan.
- o Has maintained in the past a defined benefit plan, even if now terminated.
- o Has any eligible employees for whom IRA's have not been established.
- o Uses the services of leased employees (as described in section 414(n)).
- o Is a member of an affiliated service group (as described in section 414(m)), a controlled group of corporations (as described in section 414(b)), or trades or businesses under common control (as described in section 414(c)), UNLESS all eligible employees of all the members of such groups, trades, or businesses, participate under the SEP.
- o This form should only be used if the employer will pay the cost of the SEP contributions. This form is not suitable for a SEP that provides for contributions at the election of the employee whether or not made pursuant to a salary reduction agreement.

Who May Participate. -- Any employee who is at least 21 years old and has performed "service" for you in at least 3 years of the immediately preceding 5 years must be permitted to participate in the SEP. However, you may establish less restrictive eligibility requirements if you choose. "Service" is any work performed for you for any period of time, however short. Further, if you are a member of an affiliated service group, a controlled group of corporations, or trades or businesses under common control, "service" includes any work performed for any period of time for any other member of such group, trades, or businesses. Generally, to make the agreement, all eligible employees (including all eligible employees, if any, of other members of an affiliated service group, a controlled group of corporations, or trades or businesses under common control) must participate in the plan. However, employees covered under a collective bargaining agreement and certain nonresident aliens may be excluded if section 410(b)(3)(A) or 410(b)(3)(C) applies to them. Employees whose total compensation for the year is less than \$300 may be excluded.

Amount of Contributions. -- You are not required to make any contributions to an employee's SEP-IRA in a given year. However, if you do make contributions, you must make them to the IRA's of all eligible employees, whether or not they are still employed at the time contributions are made. The contributions made must be the same percentage of each employee's total compensation (up to a maximum compensation base of \$200,000 as adjusted per section 408(k)(3)(C) for cost of living changes). The contributions you make in a year for any one employee may not be more than the smaller of \$30,000 or 15% of that employee's total compensation (figured without considering the SEP-IRA contributions).

For this purpose, compensation includes:

- o Amounts received for personal services actually performed (see section 1.219-1(c) of the Income Tax Regulations); and
- o Earned income defined under section 401(c)(2).

In making contributions, you may not discriminate in favor of any employee who is highly compensated.

Under this form you may not integrate your SEP contributions with, or offset them by, contributions made under the Federal Insurance Contributors Act (FICA).

Currently, employers who have established a SEP using this agreement and have provided each participant with a copy of this form, including the questions and answers, are not required to file the annual information returns, Forms 5500, 5500-C, 5500-R, or 5500EZ for the SEP.

-----

Deducting Contributions. -- You may deduct all contributions to a SEP subject to the limitations of section 404(h). This SEP is maintained on a calendar year basis and contributions to the SEP are deductible for your taxable year with or within which the calendar year ends. Contributions made for a particular taxable year and contributed by the due date of your income tax return (including extensions) shall be deemed made in that taxable year.

Making the Agreement. -- This agreement is considered made when (1) IRA's have been established for all of your eligible employees, (2) you have completed all blanks on the agreement form without modification, and (3) you have given all your eligible employees copies of the agreement form, instructions, and questions and answers.

Keep the agreement form with your records; do not file it with IRS.

#### Information for the Employee

The information provided explains what a Simplified Employee Pension plan is, how contributions are made, and how to treat your employer's contributions for tax purposes.

Please read the questions and answers carefully. For more specific information, also see the agreement form and instructions to your employer on this form.

#### Questions and Answers

1. Q. What is a Simplified Employee Pension, or SEP?



A. A SEP is a retirement income arrangement under which your employer may contribute any amount each year up to the smaller of \$30,000 or 15% of your compensation into your own Individual Retirement Account/Annuity (IRA).

Your employer will provide you with a copy of the agreement containing participation requirements and a description of the basis upon which employer contributions may be made to your IRA.

All amounts contributed to your IRA by your employer belong to you, even after you separate from service with that employer.

The \$30,000 limitation referred to above may be increased by 1/4 of the dollar limitation in effect under section 415(b)(1)(A).

2. Q. Must my employer contribute to my IRA under the SEP?

A. Whether or not your employer makes a contribution to the SEP is entirely within the employer's discretion. If a contribution is made under the SEP, it must be allocated to all the eligible employees according to the SEP agreement. The Model SEP specifies that the contribution on behalf of each eligible employee will be the same percentage of compensation (excluding compensation higher than \$200,000) for all employees.

3. Q. How much may my employer contribute to my SEP-IRA in any year?

A. Under the Model SEP (Form 5305-SEP) that your employer has adopted, your employer will determine the amount of contribution to be made to your IRA each year. However, the contribution for any year is limited to the smaller of \$30,000 or 15% of your compensation for that year. The compensation used to determine this limit does not include any amount which is contributed by your employer to your IRA under the SEP. The agreement does not require an employer to maintain a particular level of contributions. It is possible that for a given year no employer contribution will be made on an employee's behalf.

Also see Question 5.

4. Q. How do I treat my employer's SEP contributions for my taxes?

A. The amount your employer contributes for years beginning after 1986 is excludable from your gross income subject to certain limitations including the lesser of \$30,000 or 15% of compensation mentioned in 1.a. above and is not includable as taxable wages on your Form W-2.

5. Q. May I also contribute to my IRA if I am a participant in a SEP?

A. Yes. You may still contribute the lesser of \$2,000 or 100% of your compensation to an IRA. However, the amount which is deductible is subject to various limitations.

Also see Question 11.



6. Q. Are there any restrictions on the IRA I select to deposit my SEP contributions in?

A. Under the Model SEP that is approved by IRS, contributions must be made to either a Model IRA which is executed on an IRS form or a master or prototype IRA for which IRS has issued a favorable opinion letter.

7. Q. What if I don't want a SEP-IRA?

A. Your employer may require that you become a participant in such an arrangement as a condition of employment. However, if the employer does not require all eligible employees to become participants and an eligible employee elects not to participate, all other employees of the same employer may be prohibited from entering into a SEP-IRA arrangement with that employer. If one or more eligible employees do not participate and the employer attempts to establish a SEP-IRA agreement with the remaining employees, the resulting arrangement may result in adverse tax consequences to the participating employees.

8. Q. Can I move funds from my SEP-IRA to another tax-sheltered IRA?

A. Yes, it is permissible for you to withdraw, or receive, funds from your SEP-IRA, and no more than 60 days later, place such funds in another IRA, or SEP-IRA. This is called a "rollover" and may not be done without penalty more frequently than at one-year intervals. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have such funds transferred between the trustees, so that you never have possession.

9. Q. What happens if I withdraw my employer's contribution from my IRA?

A. If you don't want to leave the employer's contribution in your IRA, you may withdraw it at any time, but any amount withdrawn is includable in your income. Also, if withdrawals occur before attainment of age 59 1/2, and not on account of death or disability, you may be subject to a penalty tax.

10. Q. May I participate in a SEP even though I'm covered by another plan?

A. An employer may not adopt this IRS Model SEP (Form 5305-SEP) if the employer maintains another qualified retirement plan or has ever maintained a qualified defined benefit plan. However, if you work for several employers you may be covered by a SEP of one employer and a different SEP or pension or profit-sharing plan of another employer.

Also see Questions 11 and 12.

11. Q. What happens if too much is contributed to my SEP-IRA in one year?

A. Any contribution that is more than the yearly limitations may be withdrawn without penalty by the due date (plus extensions) for filing your tax return (normally April 15th) but is includable in your gross income. Excess contributions left in your SEP-IRA account after that time are subject to a 6%

excise tax. Withdrawals of those contributions may be taxed as premature withdrawals.

Also see Question 10.

12. Q. Do I need to file any additional forms with IRS because I participate in a SEP?

A. No.

13. Q. Is my employer required to provide me with information about SEP-IRA's and the SEP agreement?

A. Yes, your employer must provide you with a copy of the executed SEP agreement (Form 5305-SEP), these Questions and Answers, and provide a statement each year showing any contribution to your IRA.

Also see Question 4.

14. Q. Is the financial institution where I establish my IRA also required to provide me with information?

A. Yes, it must provide you with a disclosure statement which contains the following items of information in plain, nontechnical language

(1) the statutory requirements which relate to your IRA;

(2) the tax consequences which follow the exercise of various options and what those options are;

(3) participation eligibility rules and rules on the deductibility and nondeductibility of retirement savings;

(4) the circumstances and procedures under which you may revoke your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation (this explanation must be prominently displayed at the beginning of the disclosure statement);

(5) explanations of when penalties may be assessed against you because of specified prohibited or penalized activities concerning your IRA; and

(6) financial disclosure information which

(a) either projects value growth rates of your IRA under various contribution and retirement schedules, or describes the method of computing and allocating annual earnings and charges which may be assessed;

(b) describes whether, and for what period, the growth projections for the plan are guaranteed, or a statement of the earnings rate and terms on which the projection is based;

(c) states the sales commission to be charged in each year expressed as a percentage of \$1,000, and

(d) states the proportional amount of any nondeductible life insurance which may be a feature of your IRA.

See Publication 590, Individual Retirement Arrangements (IRA's), available at most IRS offices for a more complete explanation of the disclosure requirements.

In addition to this disclosure statement, the financial institution is required to provide you with a financial statement each year. It may be necessary to retain and refer to statements for more than one year in order to evaluate the investment performance of the IRA and in order that you will know how to report IRA distributions for tax purposes.

(c) U.S. Government Printing Offices: 1987-201-993/60175

Scudder IRA Application  
&  
IRA Transfer Request  
for ...

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-----  
Return these forms to:

Scudder Fund Distributors, Inc.  
P.O. Box 2291  
Boston, MA 02107-2291

It's easy to open a Scudder IRA. Just complete the Scudder IRA Application and return it in the enclosed postage-paid envelope today.

#### A Few Tips

- o Please make check(s) payable to "Scudder Funds."
- o You have two forms--an IRA Application and an IRA Transfer Request. Please do not separate them, even if you use only one.
- o Please fill out each section carefully, preferably in print or type. This helps us avoid any delays in processing your Application.
- o Please be sure to sign your name exactly as it appears in your Account Registration (Part 1).

- o If you are transferring IRA assets from another IRA sponsor, please fill out the attached IRA Transfer Request form and return it along with your Application and a check for any investment you may be making at this time.

If you already have a Scudder IRA, complete only the IRA Transfer Request form.

Please return this form today. It will only take a few minutes and will let us put your money to work for you that much sooner!

Scudder

[Logo] IRA Portfolio

Application

### 1. IRA Account Registration

Name		Social Security Number	
		( )	
Address		Daytime Phone	
		/ /	
City	State	Zip	Date of Birth

### 2. Type of IRA & Fund Choices

- ☐ New IRA. \$2000 maximum per year. Contribution for tax year 198\_\_.
- ☐ Transfer IRA. IRA assets transferred directly from your present custodian to Scudder. If the transfer establishes your first Scudder IRA, please complete this Application and an IRA Transfer Request making sure to indicate fund(s) choices on both forms. If transferring to an existing Scudder IRA, complete only the IRA Transfer Request. A separate Transfer Request must be completed for each IRA being transferred.
- ☐ Rollover IRA. (check one)
- ☐ Assets distributed from an employer-sponsored retirement plan.
- or
- ☐ 60-day Rollover. You have taken receipt of your IRA assets from another institution and are enclosing a check for part or all of these funds.

The minimum initial investment is \$240.

If you choose more than one fund, the minimum initial investment is \$500 for each fund.

\$ Amount

	Money Market Funds
_____	Cash Investment Trust
_____	Government Money Fund
	Income Funds
_____	GNMA Fund
_____	Income Fund
_____	Target Fund (multi-Portfolios)
_____	U.S. Government 1990
_____	General 19_____
	Maturity year
	U.S. Gov't. Zero Coupon
_____	Target Fund _____
	Maturity year
	Growth & Income Funds
_____	Equity Income Fund
_____	Growth and Income Fund
	Growth Funds
_____	Japan Fund
_____	Capital Growth Fund
_____	Development Fund
_____	Global Fund
_____	International Fund
\$	Total
=====	

3. Designation of Beneficiary & Signatures  
(Please be sure to sign your name exactly as it appears in Part 1.)

The following person(s) are to receive the balance of my IRA assets upon my death. This designation revokes any previous one I may have filed with the Custodian. (Provide name(s), address(es), and Social Security Number(s).)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Any resident of a Community Property State who designates a spouse as primary beneficiary and others as contingent beneficiaries, or designates more than half the distribution to beneficiaries other than a spouse, must obtain the spouse's consent.

Spouse's

consent

X

Signature

Date

I hereby designate the beneficiaries listed and adopt with the custodian this Scudder Individual Retirement Account agreement which uses the language of IRS Form 5305-A. Once the Custodian acknowledges receipt of this form by mail, it shall be deemed accepted, and therefore, effective as of the date I signed it. I have received and read the Scudder IRA plan and the prospectus(es) of the fund(s) selected.

X /s/ G. Reeves

-----  
State Street Bank and Trust Company, Custodian

X

\_\_\_\_\_  
Your Signature (Exactly as in Part 1)

\_\_\_\_\_  
Date

Scudder

[Logo] IRA Portfolio

-----  
Extra Application

-----  
For your spouse or a friend

### 1. IRA Account Registration

_____ Name	_____ Social Security Number (____)_____
_____ Address	_____ Daytime Phone ____/____/____
_____ City	_____ Date of Birth
_____ State	_____ Zip

### 2. Type of IRA & Fund Choices

☐ New IRA. \$2000 maximum per year. Contribution for tax year 198\_\_.

☐ Transfer IRA. IRA assets transferred directly from your present custodian to Scudder. If the transfer establishes your first Scudder IRA, please complete this Application and an IRA Transfer Request making sure to indicate fund(s) choices on both forms. If transferring to an existing Scudder IRA, complete only the IRA Transfer Request. A separate Transfer Request must be completed for each IRA being transferred.

☐ Rollover IRA. (check one)

|\_ | Assets distributed from an employer-sponsored retirement plan.

or

|\_ | 60-day Rollover. You have taken receipt of your IRA assets from another institution and are enclosing a check for part or all of these funds.

The minimum initial investment is \$240.

If you choose more than one fund, the minimum initial investment is \$500 for each fund.

\$ Amount

Money Market Funds

Cash Investment Trust

Government Money Fund

Income Funds

GNMA Fund

Income Fund

Target Fund (multi-Portfolios)

U.S. Government 1990

General 19 \_\_\_\_\_

Maturity year

U.S. Gov't. Zero Coupon

Target Fund \_\_\_\_\_

Maturity year

Growth & Income Funds

Equity Income Fund

Growth and Income Fund

Growth Funds

Japan Fund

Capital Growth Fund

Development Fund

Global Fund

International Fund

\$ Total

=====

3. Designation of Beneficiary & Signatures

(Please be sure to sign your name exactly as it appears in Part 1.)

The following person(s) are to receive the balance of my IRA assets upon my death. This designation revokes any previous one I may have filed with the Custodian. (Provide name(s), address(es), and Social Security Number(s).)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Any resident of a Community Property State who designates a spouse as primary beneficiary and others as contingent beneficiaries, or designates more than half the distribution to beneficiaries other than a spouse, must obtain the spouse's consent.

Spouse's  
consent

X

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

I hereby designate the beneficiaries listed and adopt with the custodian this Scudder Individual Retirement Account agreement which uses the language of IRS Form 5305-A. Once the Custodian acknowledges receipt of this form by mail, it shall be deemed accepted, and therefore, effective as of the date I signed it. I have received and read the Scudder IRA plan and the prospectus(es) of the fund(s) selected.

X /s/ G. Reeves

-----  
State Street Bank and Trust Company, Custodian

X

\_\_\_\_\_  
Your Signature (Exactly as in Part 1)

\_\_\_\_\_  
Date

RETURN THIS FORM IN THE POSTPAID ENVELOPE PROVIDED, OR MAIL TO:  
SCUDDER FUNDS, P.O. BOX 291, BOSTON, MA 02107-2291.

It's easy to open a Scudder IRA. Just complete the Scudder IRA Application and return it in the enclosed postage-paid envelope today.

#### A Few Tips

- o Please make check(s) payable to "Scudder Funds."
- o You have two forms--an IRA Application and an IRA Transfer Request. Please do not separate them, even if you use only one.
- o Please fill out each section carefully, preferably in print or type. This helps us avoid any delays in processing your Application.
- o Please be sure to sign your name exactly as it appears in your Account Registration (Part 1).



- o If you are transferring IRA assets from another IRA sponsor, please fill out the attached IRA Transfer Request form and return it along with your Application and a check for any investment you may be making at this time.

If you already have a Scudder IRA, complete only the IRA Transfer Request form.

Please return this form today. It will only take a few minutes and will let us put your money to work for you that much sooner!

Scudder [Logo] IRA Portfolio

IRA Transfer Request

Complete this form if you wish to transfer the assets in your current IRA directly to the Scudder IRA. If establishing a new Scudder IRA, complete the Scudder IRA Application as well. Return this form in the postpaid envelope provided. We will send you a notice confirming that we received this form, and arrange to complete the transfer. The amount you transfer does not affect the amount you can invest and deduct annually. If you wish to transfer assets held in another type of plan, e.g. Keogh, profit-sharing, 403(b), etc., please call us for the proper forms. This form is only for IRA transfers.

#### 1. Name & Address

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security Number

(\_\_\_\_) \_\_\_\_\_

\_\_\_\_\_  
Address

\_\_\_\_\_  
Daytime Phone

\_\_\_\_\_  
City

\_\_\_\_\_  
State Zip

#### 2. Instructions to Present Custodian

\_\_\_\_\_  
Name of Current Custodian/Trustee

\_\_\_\_\_  
Attention: (Person or department  
handling transfers)

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State Zip

☐ Please transfer all of my IRA assets.

☐ Please transfer \$ \_\_\_\_\_ of my IRA assets.

Other instructions (e.g., make transfer upon maturity)

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
maturity date

\_\_\_\_\_  
IRA Account Number (with this Custodian)

\_\_\_\_\_  
Custodian's Phone Number

I request that the above-named Custodian or Trustee transfer my IRA assets as cash to State Street Bank and Trust Company, Custodian of my Scudder IRA.

Please make the check payable to:

Scudder Funds, A/C (Investor name), Scudder IRA  
Mail to: The Scudder Funds Retirement Plan Services,  
P.O. Box 9647, Boston, MA 02205-9918

X \_\_\_\_\_

Please ask your present custodian if a signature guarantee is required.

### 3. Fund Choices

If you invest in 2 or more funds,  
the minimum initial investment is \$500 for each fund.

\$ Amount	Money Market Funds	Acct. #*
_____	Cash Investment Trust	_____
_____	Government Money Fund	_____
_____	Growth & Income Funds	
_____	Equity Income Fund	_____
_____	Growth and Income Fund	_____
_____	Growth Funds	
_____	Japan Fund	_____
_____	Capital Growth Fund	_____
_____	Development Fund	_____
_____	Global Fund	_____
_____	International Fund	_____
_____	Income Funds	
_____	GNMA Fund	_____
_____	Income Fund	_____
_____	Target Fund (multi-Portfolios)	
_____	U.S. Government 1990	_____
_____	General 19_____	_____
	Maturity year	
_____	U.S. Gov't. Zero Coupon	
_____	Target Fund _____	_____
	Maturity year	

Total \$  
=====

\* When transferring to an existing Scudder IRA, please provide your Scudder IRA account number.

=====

For Scudder use only, do not complete.

#### Acceptance by Custodian

We agree to accept custodianship and the transfer described above for the Scudder IRA Plan established on behalf of the above-named individual. State Street Bank and Trust Company accepts its appointment as successor Custodian of the above IRA account and requests the liquidation and transfer of assets as indicated above.

Scudder Fund Distributions, Inc.

By \_\_\_\_\_ State Street Bank & Trust Company

Date \_\_\_\_\_ By /s/ G. Reeves

-----

Scudder  
[Logo] IRA Portfolio  
Scudder Fund Distributors, Inc.  
175 Federal Street, Boston, MA 02110

National Toll-Free Number  
1-800-225-2470

#### SIMPLIFIED EMPLOYEE PENSIONS (SEPs) QUESTIONS AND ANSWERS

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Q. 1. What is a SEP?

A. A SEP is a simplified retirement plan which allows employers to make contributions directly to their employees' own Individual Retirement Accounts (IRAs). Employers receive a tax deduction for the full amount of each contribution.

---

## Advantages of a SEP

- Q. 2. What are the advantages of a SEP? A. The SEP has many advantages over other types of retirement plans. An employer who adopts a SEP will only have to comply with minimal reporting and disclosure requirements. Because the SEP is a "simplified" plan, the IRS does not require an annual 5500 report for the plan, nor does it require a Summary Plan Description, a Notice to Interested Parties, or a Summary Annual Report. The employer is only required to give a copy of the SEP agreement to each employee and to notify participants each year of the amount that was contributed on their behalf to the SEP. The employer, in most cases, does not have to set up any accounts or arrange for the recordkeeping of the plan, because the contributions are made to the employees' own IRAs. The employees set up their IRAs and decide how the money should be invested.
- Q. 3. How much can an employer contribute to a SEP for each participant? A. The employer can annually contribute up to 15% of an employee's compensation or \$30,000, whichever is less, for each employee.
- Q. 4. Can an employee also make IRA contributions to the same IRA? A. Yes. The employee can also make IRA contributions of up to \$2,000 to the same account (starting in 1987, an employee's IRA deduction may be limited, see the enclosed Scudder IRA Owners Manual for an explanation).

Q. 5. What is the IRS Model SEP?

A. It is a model SEP plan that the IRS developed to meet all the requirements of the Internal Revenue Code. This model plan is IRS Form 5305-SEP, Simplified Employee Pension-Individual Retirement Accounts Contribution Agreement. If the employer elects to use the IRS Model SEP, the employer cannot make any changes to this form.

Q. 6. Who may use the IRS model SEP?

A. Any employer (including sole proprietors, partnerships or corporations) who does not currently maintain another qualified plan and who has never maintained a defined benefit plan.

Q. 7. Does the employer have to file for IRS approval of the plan?

A. No. If an employer uses the IRS Model SEP, he or she is assured that the plan meets all the requirements of the Internal Revenue Code, and would not have to file for any additional ruling or an opinion or determination letter from the IRS.

Q. 8. Does the IRS Model SEP allow for social security integration?

A. No.

---

## Establishing a SEP

Q. 9. When can a SEP be adopted?

A. A SEP can be adopted for the 1986 calendar year any time on or before April 15, 1987.

Q. 10. How is the SEP adopted?

A. First, the employer must complete the IRS Form 5305-SEP and distribute copies of it to all employees. Second, all eligible employees must either have an IRA or establish one.

- Q. 11. Can SEPs be maintained on a calendar or a taxable year?
- A. For 1986, a SEP can only be maintained on a calendar basis. For 1987 and later years, a SEP can be maintained on either a calendar year or on the employer's taxable year.
- Q. 12. Must all employees be eligible to participate?
- A. No. If the employer uses the IRS Model SEP, the following employees may be excluded: (a) employees under the age of 21, (b) employees who have not worked for the employer during at least 3 of the last 5 calendar years, (c) employees who were paid less than \$200 (\$300, for taxable years after 1986), (d) employees covered by certain collective bargaining agreements, and (e) nonresident aliens who receive no income from the employer from a U.S. source.
- Q. 13. Must all eligible employees have IRAs?
- A. Yes, because the Model SEP is not established until all eligible employees have IRAs. If an employee cannot or will not open an IRA, the employer can open an IRA on behalf of that employee.
- Q. 14. What information about the SEP is the employer required to give an employee?
- A. The employer must give each employee a copy of the IRS Model SEP Form once the employee becomes eligible to participate. The employer is also required to notify the employee each year of the amount contributed to that employee's IRA for the year. If contributions are made to an IRA in the Scudder funds, participant statements will confirm the amount of the contribution and provide the necessary notice.
- Q. 15. How is the IRS notified of the SEP contribution and how does the employee treat the contribution?
- A. For 1986, the employer reports any SEP contributions on the employee's Form W-2 as wages. The employee can then deduct the amount of the contribution up to the lesser of

\$30,000 or 15% of the employee's compensation (not including the SEP contribution). There is no Federal income tax, F.I.C.A., or F.U.T.A. withholding on contributions under SEPs to IRAs on amounts meeting the employee's deduction limit. If contributions are made after the end of the tax year, the employer may have to issue an additional Form W-2 showing only the amount of the contribution. For 1987 and later years, the amount of any SEP contribution will be excluded from the employee's compensation, but must still be listed for informational

purposes on the Form W-2. If the contributions are made after the end of the tax year, the employer will have to issue a revised Form W-2 to employees.

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#### Making Contributions to a SEP

- |   |   |
|---|---|
| Q. 16. Are employer contributions tax deductible?     | A. Yes, up to the lesser of \$30,000 or 15% of compensation, for each employee.   |
| Q. 17. What is the deadline for making contributions? | A. For 1986, the contributions may be made up until April 15, 1987. If the employer's fiscal year is not the calendar year, the contributions may only be deducted for the fiscal year in which the calendar year ends. For example, if an employer's fiscal year ends May 31, 1987, the employer may deduct for that fiscal year only contributions made for calendar year 1986. For 1987, regardless of whether the plan is a calendar year or a fiscal year SEP, contributions for the appropriate year can be made up until the due date for the employer's tax return, including |

any extensions.

Q. 18. What is compensation?

A. The IRS defines compensation as wages, salaries, profession fees or other amounts received for personal services actually rendered by the employee.

Q. 19. What is compensation for a self-employed individual?

A. For self-employed individuals, compensation is "earned income," which is the individual's net profits less the amount of the retirement plan contribution for the individual. For example, assume a self-employed individual has \$100,000 of net profits (bottom line, Schedule C) after the deduction for the SEP contributions for the employees. A SEP contribution of \$13,043 ( $13.043\% \times \$100,000$ ) may be made to the self-employed individual's IRA. This is equal to 15% of "earned income" of \$86,957 [ $15\% (\$100,000 - \$13,043)$ ].

Q. 20. May all of an employee's compensation be taken into account?

A. No, the employer's contributions may not be based on more than \$200,000 of an employee's compensation.

Q. 21. How are employer contributions allocated?

A. The employer contributions must equal the same percentage of compensation for each employee.

Q. 22. Is the employer required to make contributions to the SEP every year?

A. No, however, if the employer does make contributions, they must be made for all employees eligible for that year, whether or not the employees are still employed when the contributions are made.



SCUDDER

403(b) Program

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A tax-advantaged investment program using the Scudder family of pure no-load(TM)  
mutual funds

For employees of educational and other tax-exempt organizations

Build retirement assets for tomorrow while saving on taxes today

1

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Scudder Retirement Plan Specialists are ready to answer any questions you  
may have about the Scudder 403(b) Program. Call toll-free 1-800-323-6105.

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## HIGHLIGHTS

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## A Unique Program

Employees of colleges, universities, public school systems, many hospitals and other tax-exempt organizations have a unique opportunity to set aside money for retirement by taking advantage of special tax benefits designed to encourage early and active retirement planning. With a special mutual fund custodial account, called a 403(b) plan, you and your employer can make tax- advantaged investments today, for a more secure retirement tomorrow.

A 403(b) plan can help you build substantial retirement income and save on current taxes because every dollar invested is sheltered from taxes while in your account. You don't pay taxes while in your account. You don't pay taxes until money is withdrawn, usually at retirement when you may be in a lower tax bracket.

Scudder makes a good thing even better by offering the special advantages of investing in a family of mutual funds--investment choice, flexibility, low cost, and helpful service.

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## Scudder Funds for You

Scudder 403(d) plan investments are made in the Scudder family of mutual funds. With the Scudder Funds you can design an investment strategy that suit your objectives now and in the future. You get a wide range of investment choice, including money market, income, and growth fund. And, to make your investment even more flexible, you can exchange among funds with a free telephone call.

Such flexibility means you are never locked into an investment decision. As our retirement investment needs or market conditions change, your 403(b) investment strategy can change too.

And remember, you can use the Scudder Funds for your IRA as well.

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## Scudder Investment Specialists

Scudder, Stevens & Clark, investment adviser to the Scudder Funds, is one of the largest and most experienced investment management firms in the country. Since 1919, investing has been our only business and service to the investor our only product. Today we offer a broad range of mutual fund and investment management products. Through our network of offices around the country, we provide specialized investment services to employee benefit and retirement plans, endowments and foundations, corporate case management funds, insurance plans, individuals' portfolios and, of course, mutual funds.

As a convenience to investors, Scudder Funds Centers in Boston, Chicago, Cincinnati, Cleveland, Houston, Los Angeles, New York, Portland, San Francisco, and West Palm Beach offer the opportunity to conduct business in person with professional Service Representatives. The Scudder offices, their addresses and phone numbers are listed on the inside back cover.

Retirement planning is becoming an increasingly important activity for Americans young and old. This rising awareness of the need to build retirement savings to help ensure a comfortable lifestyle when working years are over stems from many factors. Concerns today about inflation, the future of Social Security benefits, and the effect of taxes on income all play a part in causing people to plan for retirement earlier and more actively. A 403(b) plan can help you do just that. By making regular investments in our 403(b) program you can build retirement income while reducing your current tax bill.

#### Current Tax Savings

There are many good reasons to make 403(b) investments. Few are so compelling as the opportunity to reduce your taxes. Every dollar you invest in a 403(b) plan through salary reduction is subtracted from your wages (as reported on your W-2 form) and is not included in calculating your federal income taxes. You pay no federal income tax on this money until you start withdrawing it, normally at retirement. Certain states also allow you to exclude 403(b) investments when calculating state income taxes, so your tax savings may be even greater. The net result is that you pay less in current taxes and the extra money goes to work for you. Let's look at what this might mean for different 403(b) participants.

SINGLE RETURN -----	TAXABLE INCOME -----	TAXES*	JOINT RETURN -----	TAXABLE INCOME -----	TAXES*
No contribution to 403(b) plan	\$25,000	\$ 4,680	No contribution to 403(b) plan	\$40,000	\$ 7,333
Salary reduction for 403(b) investment	-\$ 2,400 -----		Salary reduction for 403(b) investment	-\$ 6,000 -----	
After 403(b) plan contribution	\$22,600	\$ 4,008	After 403(b) plan contribution	\$34,000	\$ 5,653
Savings on current taxes		\$ 622	Savings on current taxes		\$ 7,680

\* Federal income taxes calculated with the 28% marginal rate for 1988.

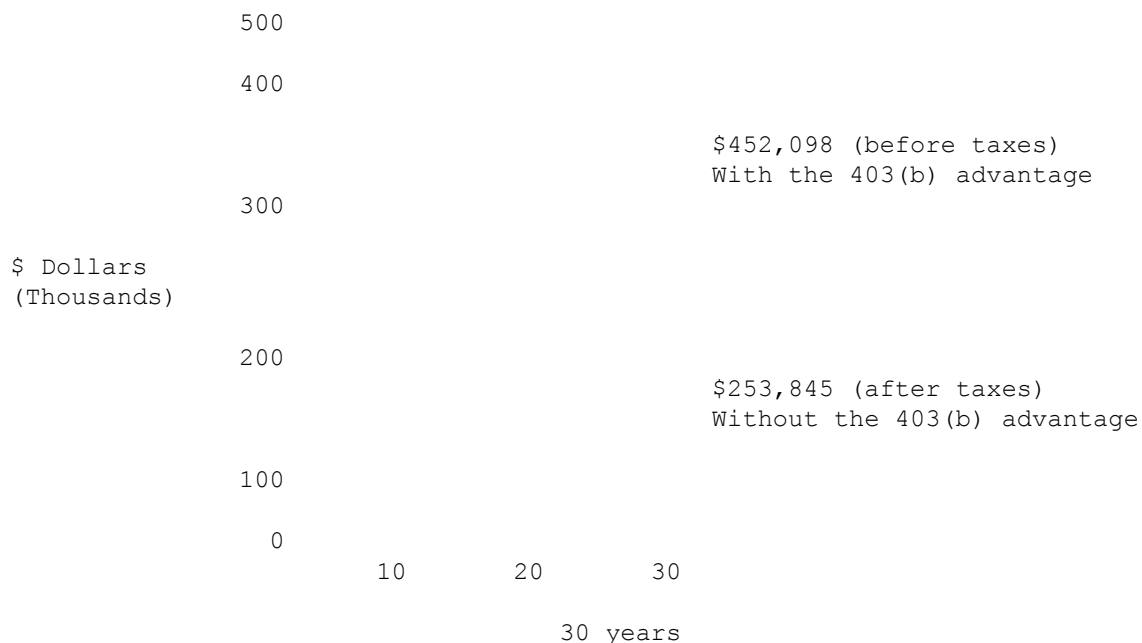
4

#### Tax Deferred Compounding

Another way you benefit with a 403(b) is that all earnings on your investment--whether interest, dividends, or capital gains--are reinvested, and grow free of taxes until you're ready to use them. The advantages of investing for your retirement through a 403(b) instead of an investment program not offering the benefits of current tax savings and tax-deferred compounding are highlighted in the following example.

If you start your 403(b) at age 35 and invest \$2,400 each year (\$200 per month), by age 65 you will accumulate \$452,098 (before taxes) assuming a 10% annual

return. By comparison, if you take the same \$200 per month, pay taxes at a 28% rate, and invest in a taxable investment plan earning a 10% pre-tax (7.2% after-tax) annual return, you will accumulate \$253,845. Of course, 403(b) accumulations are taxed when withdrawn, but normally at retirement when you may be in a lower tax bracket. Even after paying taxes on your distributions, a 403(b) plan can offer you a significant advantage in reaching your retirement goals.



For illustration purposes, we've assumed an annual investment return of 10% and a 25% tax rate. Your actual return and tax bracket aren't likely to be constant from year to year and there can be no guarantee that a specific rate or return will be achieved.

## WHY A SCUDDER 403(b)?

### A Family of No-Load Mutual Funds

The Scudder 403(b) program offers you a family of mutual funds for retirement investments. This flexible, low-cost approach provides you with a comprehensive but not overwhelming selection of investment options. You determine how your Scudder 403(b) plan is invested, thereby tailoring an investment strategy to meet your needs.

For more information on the Scudder Funds, please see the blue booklet entitled "How to select the right Scudder funds for you."

### Wide Choice

A Scudder 403(b) plan offers you choice among a broad range of mutual funds. You may choose from money market, income, growth and income, and growth funds, which allow you to emphasize stability, income, or growth--or any

combination--depending on your investment objective.

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## Flexibility

With the Scudder 403(b), you're not limited to one investment choice. Invest in as many eligible funds as you wish. You may make investment changes in writing or with a toll-free phone call. Changes may be made at any time unless your employer's guidelines provide otherwise. So, for example, you can start with a growth fund and easily switch to more conservative investments as you approach retirement.

---

## Low Cost

One of the most important advantages of the Scudder 403(b) plan is its low cost to you. All Scudder funds are pure no-load (no sales, account, or redemption charges). This means that 100 percent of your contribution is invested in the fund or funds of your choice. You pay no separate charges for opening, maintaining, or closing your plan account.

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## Account Records and Investment Information

As a Scudder fund shareholder, you receive account transaction statements describing activity in your account, fund reports listing current interest to investors.

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## Direct Access to Scudder

Scudder Retirement Plan Specialists are available to help you with your 403(b) plan. Call them at our toll-free number listed on the inside back cover.

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## QUESTIONS AND ANSWERS

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### Making Investments

Q. What is a 403(b) plan?

A. A 403(b) is a special, tax-advantaged, retirement savings account for people working in public school systems, colleges, universities, many hospitals and other tax-exempt organizations described in section 501(c)(3) of the Internal Revenue Code. Sometimes called Tax-Sheltered Annuities (TSAs) or Tax-Deferred Annuities (TDAs), 403(b) plans shelter income from current taxes, and investment earnings grow free of taxes while in the plan. 403(b)s that invest in mutual funds, technically called 403(b)(7) plans after the Internal Revenue Code section that permits them, offer the special advantages of mutual funds--choice, flexibility, professional management, and diversification.

Q. How do I make contributions?

A. Through a salary reduction agreement with your employer, you set aside a portion of your pay in your plan account before income taxes are withheld. Complete the enclosed 403(b) Application and then ask your employer about any additional procedures for starting contributions to your plan.

Q. How do I know the maximum amount I can contribute to my 403(b) plan each year?

A. Your employer will often tell you the amount of your maximum annual contribution. If necessary, Scudder Fund Distributors can provide a questionnaire for you to complete. Send it to us and we can compute the amount for you. However, the final responsibility for the accuracy of the contribution limit is yours.

Q. May I choose any fund I wish for my initial contribution?

A. Yes. You are not limited to a specific Scudder fund for your initial contribution. And, you may maintain investments in as many of the eligible Scudder funds as you wish, as long as you meet the required minimums listed on the following page.

Q. Can I exchange previously invested assets among funds?

A. Yes. You may move already invested assets among funds with a toll-free call or by writing to us. Phone numbers and addresses for arranging transactions are on the inside back cover. Be sure to specify account number(s) and fund name(s).

Q. Can I change my investment instructions for allocating my future contributions among funds?

A. Yes. Group 403(b) participants may complete the Allocation Change Form available from your employer or our Boston retirement plan office. If you are not a group participant, just notify our employer which funds your future contributions should be directed to. Allocation changes cannot be made by telephone.

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Q. Can I change the level of my 403(b) salary reduction?

A. Yes. The Internal Revenue Service allows you to change the amount of salary reduction once a calendar year. Please check with your employer for more information.

Q. Can I suspend contributions to the Scudder 403(b) plan?

A. Yes. You are free to suspend or stop participation at the end of any payroll period by notifying your employer. However, you cannot participate again for the rest of the calendar year.

Q. Can I transfer to the Scudder 403(b) from another carrier?

A. Yes. You may transfer your existing 403(b) assets to a Scudder 403(b) without tax liability if your existing carrier permits transfers. Just complete the Scudder 403(b) Transfer Request form included with this kit. If you have questions, contact a Scudder Service Representative at 1-800-225-2470.

Q. Can I continue to invest in an IRA as well as a 403(b) plan?

A. Yes, however, if your income exceeds \$40,000 (for joint filers, \$25,000 for single filers), and you are a 403(b) plan participant, then part or all of your IRA contribution will be non-deductible. All income earned in your IRA will grow free of taxes until withdrawn. Call or write for more information on the Scudder IRA.

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#### Fees, Charges, and Minimums

Q. What fees are involved?

A. Since the Scudder funds are "no-load," you pay no sales charges when you buy or sell fund shares. In addition, there are no separate charges for opening, maintaining, or closing your account. Fund expenses, such as management fees, are paid out of the gross investment income of each fund, as detailed in each fund's prospectus.

Q. What minimums are there?

A. There is no minimum initial investment. However, you will need to invest at least \$240 during each twelve month period you are in the plan, until your investment reaches \$1,000. You may invest in more than one fund as long as you have at least \$500 in each fund.

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#### Distributions and Withdrawals

Q. When can I withdraw my Scudder 403(b) plan assets?

A. You may withdraw 403(b) accumulations when you retire, leave your employer, reach age 59 1/2, or become disabled. Should you encounter financial hardship, you may withdraw part or all of your plan accumulation under certain circumstances. However, any distribution made before you reach age 59 1/2, become disabled, or die, will be subject to a 10% penalty by the IRS, unless:

- o after you have left your employer, payments are made over your lifetime, or over your lifetime and that of any beneficiary

or

- o payments are made after you have reached age 55, because you have retired early.  
Check with your employer for any special distribution and withdrawal requirements. (Criteria for determining financial hardship are subject to further clarification from the Internal Revenue Service.)

Q. What happens to my 403(b) plan if I leave my employer before I retire?

A. All contributions to your 403(b) plan are yours to keep. You may be eligible to make 403(b) contributions with your new employer. If not, you can either "rollover" your 403(b) plan assets into an IRA or, if your employer permits, simply leave them until you are ready to use them.

Q. What happens to the money in my 403(b) plan when I die?

A. The Custodian pays the money to the person you name as your beneficiary. This kit includes a Designation of Beneficiary form for this purpose. You can change your beneficiary by filing a new form. If you do not designate a beneficiary, any undistributed plan assets will be paid to a surviving spouse, or to your estate if no spouse survives you. The full market value of your 403(b) plan will be paid at the time of the distribution. There are no closing costs or administrative fees. (Since tax consequences may differ depending on your choices, you may wish to consult your attorney or tax adviser before making a designation.)

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#### Account Information

Q. What reports do I receive about my 403(b) plan?

A. You receive comprehensive account transaction statements. Statement information includes the trade date, dollar amount, share price, number of shares involved, and shares owed after each transaction. A sample statement is shown on page 11.

Q. Who can answer my questions?

A. Professionals from Scudder Fund Distributors will answer your questions about the Scudder 403(b) plan, investment objectives and characteristics of any of the Scudder Funds, and requests for literature. Please refer to the back page for the appropriate toll-free number to call.

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### How to Use Your Scudder 403(b)

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#### Getting Started

Enrolling in the Scudder 403(b) program is easy. Simply complete the enclosed Scudder 403(b) Application and forward it as directed by your employer. Also complete your employer's salary reduction authorization.

=====

#### Transferring from Another Carrier

To transfer any assets you may have from another 403(b) plan carrier to Scudder, just complete the enclosed Scudder 403(b) Transfer Request and return it as instructed on the form.

=====

#### Exchanging among Scudder Funds

You may exchange dollars already invested in one Scudder fund to another, with a toll-free call or in writing.

##### By phone:

Simply call toll-free: 1-800-225-5163. It will be helpful to have your account number(s) handy. If your call is received prior to 4:00 p.m., Eastern time, your exchange will be made at the share price computed that evening. If received after that time, the exchange will take



place at the next business day's share price.

In writing:

Write to Scudder Funds, P.O. Box 2291, Boston, MA 02107-2291. Written exchanges will be processed promptly. Please be sure to reference your existing account numbers and indicate your fund choices. Sign your name exactly as it appears on your statement.

Exchanging assets already invested will not affect your investment instructions for future contributions. To change the funds receiving your future investments, please refer to the following section "Changing Contribution Allocation".

Changing Contribution Allocation

Group participants can change the fund or funds receiving contributions, or change the proportionate amount received by a particular fund, by completing the Scudder Allocation Change Form. Allocation Change Forms are available either from your employer or from Scudder.

Participants who are not a part of a group 403(b) plan should simply notify their employer which funds future contributions should be directed to. Please note that change of allocation requests cannot be accepted over the telephone. They must be in writing and will apply only to future contributions, not to previously invested dollars.

Questions?

If you have any questions about a Scudder 403(b) program or the enrollment forms, please call a Scudder Retirement Plan Specialist at: 1-800-323-6105.

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SAMPLE ACCOUNT TRANSACTION STATEMENT

The figures in the illustration below are not intended to be the actual prices or current estimated returns of any particular Scudder fund. They are for illustrative purposes only. Some plan statements will have all your fund investments listed on one statement.

RETIREMENT PLAN STATEMENT  
9/30/XX

STATE STREET BANK AND TRUST CO.  
CUSTODIAN FOR THE 403(B) PLAN OF  
STATE UNIVERSITY  
SUSAN JUDITH JACKSON  
49 CLIFF DRIVE  
HOUSTON, TX 77002

SCUDDER GROWTH AND INCOME FUND

Statements are issued for each  
Scudder fund held.

<TABLE>

<CAPTION>

Tax ID or Soc. Sec. No. ###-##-####  
Account No. 520-48-8519 JACKSSUSAJ

PLEASE REFER TO THIS  
ACCOUNT NUMBER IN ALL  
CORRESPONDENCE

AND MAIL TO

[?] DATE	[?] DATE	TRANSACTION	DOLLAR AMOUNT OF TRANSACTION	SHARE PRICE	SHARES THIS TRANSACTION	TOTAL SHARES ORDERED
<C>	<C>	<C>	<C>	<C>	<C>	<C>
		Dates on which retirement plan contribution is invested and confirmed by the custodian of the funds				
		BEGINNING BALANCE				1446.660
		SALARY REDUCTION	130.00	13.55	9.594	1456.254
2/28	2/28	SALARY REDUCTION	130.00	13.72	9.480	1465.734
3/1	3/1	Dividends periodically reinvested (.13 = dividend per SHARE)	190.54	13.77	13.840	1479.574
3/31	3/31	EMPLOYER CONTRIB.	515.00	13.85	37.184	1516.758
4/30	4/30	SALARY REDUCTION	130.00	13.58	9.572	1526.330
5/16	5/16	SALARY REDUCTION	130.00	13.78	9.433	1535.763
5/31	5/31	SALARY REDUCTION	130.00	13.72	9.480	1545.243
6/1	6/1	INCOME REINVEST .14	212.44	13.80	15.394	1560.637
6/30	6/30	EMPLOYER CONTRIB.	485.00	Price per SHARE of the fund on the trade date	34.970	1595.607
7/31	7/31	SALARY REDUCTION	130.00	13.81	Number of fund shares purchased on the date	1605.020
8/31	8/31	Represents contribution made by salary reduction	130.00	13.82	9.410	1614.430
9/1	9/1	INCOME REINVEST .15	234.15	13.79	16.980	Total Shares owned after latest transaction

TOTAL DIVIDENDS AND OTHER CONTRIBUTIONS	LONG TERM CAPITAL GAINS DISTRIBUTION	INCOME DIVIDENDS	ACCOUNT VALUE AS OF LATEST CONFIRM DATE
637.13 +		637.13 +	Latest account value

Cumulative figures indicating  
the level of current and prior  
year contributions

INVESTOR COPY

</TABLE>

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SCUDDER PLAN

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Scudder 403(b)  
Custodial Agreement

ARTICLE I. EFFECTIVE DATE

This Scudder 403(b) (7) Custodial Agreement shall become effective on the date on which the Custodial mails an acknowledgment of receipt of the incorporated Scudder 403(b) Application to the Employee who executed such Scudder 403(b) Application.

ARTICLE II. DEFINITIONS

2.01. Account means the separate account or account established and maintained by the Custodian for an Employee pursuant to this Agreement.

2.02. Agreement or Scudder 403(b) (7) Agreement means this document and the Application.

2.03. Application or Scudder 403(b) Application means the document(s) which established the Agreement and is (are) executed by the Employer, Employee and Custodian.

2.04. Beneficiary means the person or persons (including entities) designated by the Employee as entitled to receive the Account balance, if any, at the Employee's death. If at the time of the Employee's death, no designated Beneficiary is alive, Beneficiary shall mean the Employee's surviving spouse or, if the Employee does not leave a surviving spouse, the Employee's estate.

2.05. Code means the Internal Revenue Code of 1986, as amended.

2.06. Contributions shall mean Salary Reduction Contributions, Employer Direct Contributions, and Nondeductible Voluntary Contributions.

2.07. Custodian means the party who executed the Application as Custodian, and any successor thereto, provided that such successor is either a bank or another person who satisfies the requirements of Code Section 401(f) (2).

2.08. Designated Investment Company means a regulated investment company for which Scudder, Stevens & Clark Ltd., its successor or any affiliates, acts as the investment advisor and which has been designated by the Distributor as appropriate for investment hereunder.

2.09. Designation of Beneficiary means a form executed and submitted to the Custodian in accordance with the terms of Article IX.

2.10. Disability means the inability of the Employee to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.

2.11. Distributor means Scudder Fund Distributors, Inc. and any successor thereto.

2.12. Employee means an individual who is employed by the Employer and who

has properly executed the Application.

2.13. Employer means the employer who is listed on the Application.

2.14. Employer Direct Contribution means the amount, other than Salary Reduction Contributions, contributed by the Employer to the Account.

2.15. Salary Reduction Contribution means the amount not included in the Employee's compensation pursuant to a written salary reduction agreement and transmitted by the Employer to the Custodian for addition to the Employee's Account.

#### ARTICLE III. MAINTENANCE OF A CUSTODIAL ACCOUNT

3.01. Salary Reduction Contributions to the Account. The Employee may make Salary Reduction Contributions to the Account. Any salary reduction agreement between the Employer and the Employee shall be effective only as to amounts earned by the Employee after such agreement becomes effective. Each such agreement shall be irrevocable as to both the Employer and the Employee except that either party may terminate such agreement as of the end of any payroll period so that the agreement will not apply to compensation subsequently earned. Subject to the immediately preceding sentence, the Employee may modify a salary reduction agreement no more than once in each calendar year.

3.02. Employer Direct Contribution to the Account. The Employer may make Employer Direct Contributions to the Account.

3.03. Transfers to and from the Account. All direct or indirect asset transfers to an Account from an existing custodial account described in Code Sections 403(b)(7) or an annuity contract qualified under Code Section 403(b)(1) shall be in cash unless the Custodian otherwise consents. The Employee has the right by proper written instrument to cause a transfer of cash or, if agreed to by the Custodian, shares of a Designated Investment Company, to another custodial account described in Code Section 403(b)(7), an annuity contract qualified under Code Section 403(b)(1), an individual retirement account described in Code Section 408(a) or an individual retirement annuity described in Code Section 408(b).

3.04. Rollovers to the Account. The Custodial shall accept rollover contributions; it shall be the Employee's responsibility to ensure that such contributions satisfy the applicable provisions of the Code.

3.05. Other Contributions. If permitted by the Custodian, the Employee may make voluntary contributions to the Account. To the extent that such contributions are "deductible employee contributions" (within the meaning of Code Section 72(o)(5)(A), made with respect to calendar years ended before January 1, 1987, they shall be administered in accordance with the provisions of Code Section 72(o). The Employee's other voluntary contributions plus similar contributions made by the Employee under other 403(b) arrangements and/or qualified retirement plans may not exceed 10% of the Employee's aggregate compensation during his or her period of participation in such arrangements and/or plans.

#### ARTICLE IV. INVESTMENT OF CONTRIBUTIONS

4.01. Purchase of Shares. As soon as is practical after the Custodian receives a Contribution, it shall invest such Contribution in shares of one or more Designated Investment Companies in accordance with the Employee's most recent effective investment instructions. The Account may be invested in the shares of not more than one Designated Investment Company, provided that any minimum investment limits specified by the Distributor are met.

4.02. Registration and Safekeeping. Any stock of a Designated Investment Company shall be registered in the name of the Custodian or its nominee and will

be held in unissued form.

4.03. Reports and Voting of Securities. The Custodial shall deliver to the Employee or, if applicable, to his or her Beneficiary, all notices, prospectuses, financial statements, proxies and proxy solicitation materials received by it with respect to investments made for the Employee's Account. The Custodial shall vote all shares only in accordance with the instructions of the Employee (or, if applicable, Beneficiary) as expressed in an executed proxy. Notwithstanding the foregoing, if the Custodian has not received instructions as to how to vote given shares before two full business days prior to the meeting at which such securities are to be voted, it shall vote such securities for or against each proposal, or abstain from voting on each proposal, in the same proportion as all other shares of such Designated Investment Company vote or abstain from voting at the shareholders meeting either in person or by proxy; provided, however, that the Custodial shall not have the authority to vote shares of a Designated Investment Company without instructions from the person or persons entitled to make investment decisions unless either (a) the Securities and Exchange Commission shall have issued an exemptive order pursuant to Section 6(c) of the Investment Company Act of 1940, as amended, the application for which order describes the Custodian's authorization to so vote without instructions, or (b) the Custodian has received an opinion of its counsel that the exercise of this authority to vote shares of a Designated Investment Company without instructions will not render the Custodian an "affiliated person" as defined in the Investment Company Act of 1940, as amended.

4.04. Dividends. All capital gains distributions and dividends received on the shares of a Designated Investment Company shall be reinvested in shares of that Designated Investment Company.

4.05. Change of Investments. Subject to Section 4.01, an Employee (or his or her surviving Beneficiary to whom distributions are being made or his or her spouse or former spouse pursuant to a domestic relations order) may in any manner specified by the Distributor direct that the investment in a Designated Investment Company be changed, in whole or in part, to other Designated Investment Companies. Notwithstanding the preceding sentence, if the Distributor determines in its own judgment that there has been trading within the Account, any Designated Investment Company may refuse to sell its shares to such Account. Where the Beneficiary is entitled to exercise the rights enumerated in this Section 4.05 with respect to a separate account and the Beneficiary is more than one person, the majority of such persons must agree before any power they have as a Beneficiary may be exercised.

#### ARTICLE V. DISTRIBUTIONS AND WITHDRAWALS

5.01. Instructions to Custodian. The Custodian shall not be responsible for making any distributions until such time as it has been notified in writing by the Employee to begin making distributions. No distribution will be made upon the death of the Employee unless the Custodian has been notified in writing of the Employee's death, and the Custodian, in its opinion, has been provided with adequate verification of such death. Distributions to the Employee (or, if applicable, his or her Beneficiary) of amounts in the Account shall be made in cash and/or, if the Distributor consents, in kind.

#### 5.02. Employee Withdrawals.

(a) After Attainment of Age 59 1/2. At any time after the Employee attains age 59 1/2, he or she may withdraw amounts from his or her Account by making written instructions to the Custodian as to the amounts to be so withdrawn.

(b) Hardship Withdrawals. If, at any time, the Employee encounters financial hardship, the Employee may withdraw amounts from his Account. For the purposes of this subsection (b), determination as to whether the Employee has

encountered financial hardship shall be made according to rules of uniform application and in accordance with applicable law, governmental regulations or ruling. Before the Employee may exercise his withdrawal rights pursuant to this subsection (b), the Employee must submit to the Custodian written proof of such determination of hardship and written instructions to the Custodian as to the amounts so withdrawn.

(c) Withdrawal of Excess Deferrals. If, on or before the first March 1 following the close of a calendar year, the Employee notifies the Custodian in writing that an amount in the Account constitutes a deferral (including Salary Reduction Contributions) in excess of the limit set forth in Code Section 402(g) (generally, \$9,500), the Custodian shall distribute such amount (and any income allocable to such amount) on or before the next following April 15.

5.03 Distributions at Separation from Service. Distributions upon separation from service will be made only upon written notice from the Employee to the Custodian. The written notice shall list the date on which distribution shall commence, and the manner in which and the period over which distribution shall be made. The Employee must elect to

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commence receiving distribution(s) not later than the first April 1 following the later of the calendar year during which the Employee attains age 70 1/2 or the calendar year during which the employee retires. The Employee must elect a manner of distribution which will result in (a) payment(s) which will at all times equal or exceed the minimum distributions required under Code Sections 401(a)(9) and 403(b)(10), and (b) the present value (determined at the time distribution commences) of payments to be made to the Employee over the Employee's life expectancy (as determined under Section 1.72-9 of the Treasury Regulations) equaling more than 50% of the present value of the total payments to be made.

5.04. Distributions at the Employee's Death. At the Employee's death, distributions shall be made in the form elected by the Beneficiary unless the Employee has specified the form of distribution. The Beneficiary must notify the Custodian in writing (in a form acceptable to the Custodian) of the Employee's death. To the extent the Beneficiary may elect the form of distribution, the Beneficiary must provide written notice to the Custodian listing the date on which distribution shall commence, and the manner in which and the period over which distribution shall be made. Any form of distribution must comply with the following requirements:

(a) Death While Receiving Distributions. If the Employee has already begun to receive distributions from the Account, the Account Balance which remains at the time of the Employee's death shall be distributed to the Beneficiary at least as rapidly as under the distribution method being used at the time of the Employee's death.

(b) Death Prior to Receiving Distributions. (i) If the Employee dies before distribution from the Account has commenced and the Employee's spouse is not the Beneficiary, the Employee's entire Account balance must be distributed to the Employee's Beneficiary either (A) within five years after the Employee's death, or (B) in substantially equal annual or more frequent installments over a period not exceeding the life expectancy of the Beneficiary (as determined as of the date of the Employee's death using the return multiples in Section 1.72-9 of the Treasury Regulations) provided that such distributions commence within one year after the Employee's death.

(ii) If the Employee dies before distribution from the Account has commenced and the Employee's spouse is the Beneficiary, the Employee's entire Account balance

must be distributed to the Employee's spouse either (A) within five years after the Employee's death, or (B) in substantially equal annual or more frequent installments over a period not longer than the spouse's life expectancy (as determined as of the time distribution is commenced and recalculated annually (if requested), by using the return multiples contained in Section 1.72-9 of the Treasury Regulations) provided that such distribution is commenced on or before the later of the date on which the Employee would have attained age 70 1/2 or one year after the Employee's death.

5.05. Distributions upon Disability. If the Employee suffers a Disability, the Employee may elect to receive distribution(s) from his or her Account by providing written notice to the Custodian. The written notice shall list the date on which distribution shall commence, and the manner in which and the period over which distribution shall be made. The Employee must elect to commence receiving distribution(s) not later than the first April 1 following the calendar year during which the Employee attains age 70 1/2. The Employee must elect a manner of distribution which will result in (a) payment(s) which will at all times equal or exceed the minimum distributions required under Code Sections 401(a)(9) and 403(b)(10), and (b) the present value (determined at the time distribution commences) of payments to be made to the Employee over the Employee's life expectancy (as determined under Section 1.72-9 of the Treasury Regulations) equaling more than 50% of the present value of the total payments to be made.

5.06. Distribution to Incompetents. If a distribution is payable to a person known by the Custodian to be a minor or a person under a legal disability, the Custodian may, in its absolute discretion, make all or any part of the distribution to (a) a parent or such person, (b) the guardian, committee or other legal representative, wherever appointed, of such person, including a custodian for such person under a Uniform Gifts to Minors Act or similar act, (c) any person having the control and custody of such person, or (d) to such person directly.

5.07. Distributions Pursuant to Domestic Relations Orders. Where required by law, the Custodian shall make distributions pursuant to any "qualified domestic relations order" (as defined in the Employee Retirement Income Security Act of 1974, as amended) and any other domestic relations order.

#### ARTICLE VI. CUSTODIAN

6.01. Duties. The Custodian shall:

- (a) Receive transmitted Contributions;
- (b) Provide safekeeping for the assets in the Account;
- (c) Collect income;
- (d) Execute orders for purchase, sale or exchange of Designated Investment Company shares and make settlements in accordance with general practice;
- (e) Maintain records of all transactions in the Account;
- (f) Transmit to each Employee, not less frequently than annually, appropriate statements of the amount of the Custodian's compensation, if any, charged to the Account;
- (g) File with the Internal Revenue Service and/or any other government agency such returns, reports, forms, and other information as may be required of it as Custodian;
- (h) Perform all other duties and services consistent with the purposes and intentions of this Agreement.

The Custodian may perform any of its administrative duties through other persons designated by the Custodian from time to time.

6.02. Share Redemptions. If cash funds are required to pay taxes, fees, or other expenses pursuant to Article VI or to make payments to the Employee or his Beneficiary pursuant to Article V, the Employee (or Beneficiary, if applicable) shall instruct the Custodian in writing which shares shall be redeemed or sold if the Account is invested in shares of more than one Designated Investment Company, unless the item for which cash is required is clearly allocable to an investment in a specific Designated Investment Company. In the absence of such written instructions, the Custodian shall exercise its discretion.

#### 6.03. Limitations on Liabilities and Duties.

(a) The Custodian shall be fully protected in acting or omitting to take any action in reliance upon any document, order (including any domestic relations order) or other direction believed by the Custodian to be genuine and properly given. Conversely, the Custodian shall be fully protected in acting or omitting to take any action in reliance on its belief than any document, order or other direction either is not genuine or was not properly given.

(b) To the extent permitted by law, 30 days after providing to the Employee the statements required under Section 6.01(f), the Custodian shall be released and discharged from all liability to the Employer or any third party as to the matters contained in such statement unless the Employee files written objections with the Custodian within such 30-day period.

(c) In no event shall the Custodian or Distributor be under a fiduciary duty to the Employee in regard to the selection of investments or be liable for any loss incurred on account of a selected investment.

(d) The Custodian and Distributor shall have no responsibility with regard to the initial or continued qualification of the Account under Code Section 403(b) (7).

(e) Neither the Custodian nor the Distributor shall be obligated to determine the amount of any Contribution due or to collect any Contribution from the Employee.

(f) Neither the Custodian nor the Distributor shall be held responsible for determining the amount, character, or timing of any distribution to the Employee.

(g) Neither the Custodian nor the Distributor shall have responsibility, and the Employee shall have sole responsibility, with respect to the computation of the Employee's "exclusion allowance" as defined in Code Section 403(b) (2), any applicable limitation(s) on contributions under Code Section 415(c), any election available to the Employee under Code Section 415, any applicable limit on elective deferrals (including Salary Reduction Contributions) under Code Section 402(g), or any matters relating to any tax consequences with respect to Contributions, Account earnings, Account distributions, transfers or rollovers.

(h) The Custodian shall not be required to carry out any instructions not given in accordance with this Agreement and neither the Custodian nor the Distributor shall be liable for the loss of income, or for appreciation or depreciation in share value that shall result from the Custodian's failure to follow instructions not given in accordance with this Agreement.

(i) If instructions are received that, in the opinion of the Custodian, are unclear, neither the Custodian nor the Distributor shall be liable for loss of income, or for appreciation or depreciation in share value during the period preceding the Custodian's receipt of written clarification of



the instructions.

(j) The Custodian shall have no responsibility to make any distribution or process any withdrawal by order of the Employee or Beneficiary unless and until the requisite written instructions specify the occasion for such action and the Custodian is furnished with any and all applications, certificates, tax waivers, signature guarantees and other documents (including proof of any legal representative's authority) deemed necessary or advisable by the Custodian.

(k) The Custodian shall neither assume nor have any duty of inquiry about any matter arising under the Plan.

(l) Neither the Custodian nor the Distributor shall have any liability to the Employee or Beneficiary for any tax penalty or other damages resulting from any inadvertent failure by the Custodian to make a distribution under this Agreement.

(m) Neither the Custodian nor the Distributor shall be liable for interest on temporary cash balances, if any, maintained in the Account.

(n) To the extent permitted by law, the Employee shall always fully indemnify the Custodian and hold it harmless from any and all liability whatsoever which may arise either (i) in connection with this Agreement and matters which it contemplates (except that which arise due to the Custodian's negligence or willful misconduct) or (ii) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with instructions therefor which are in full compliance with both Article IX and this Section 6.03.

(o) Except as required by law, the Custodian shall not be obligated or expected to commence or to defend a legal action or proceeding in connection with this Agreement, unless the Custodian and the Employee agree that the Custodian will defend a given legal action and the Custodian is fully indemnified for so doing to its satisfaction.

(p) Neither the Employer nor the Distributor shall have any responsibility or liability for any acts or omissions of the Custodian hereunder.

6.04. Compensation. In consideration for its services hereunder, the Custodian shall be entitled to receive the applicable fees specified in its then current fee schedule, if any. The Custodian may substitute a revised fee schedule from time to time upon 30 days' written notice to the Employer or Employee. The Custodian shall be entitled to such

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reasonable additional fees as it may from time to time determine for services required of it and not clearly identified on the fee schedule.

6.05. Resignation and Removal. The Custodian may resign by giving at least 30 days' written notice to the Employer or Employee. The Distributor may remove the Custodian hereunder by giving at least 30 days' written notice to the Custodian. In each case, the Distributor shall designate a successor custodian qualified pursuant to Section 2.07 hereof, which successor shall accept such appointment by a writing to be submitted to the Employer or Employee, and the Custodian.

On the effective date of its resignation or removal, the Custodian shall transfer to the designated successor custodian the assets and records (or copies thereof) of the Account provided, however, that the Custodian may retain

whatever assets it deems necessary for payment of its fees, costs, expenses, compensation, and any other liabilities which constitute a charge on or against the assets of the Account or on or against the Custodian.

#### ARTICLE VII. FEES, TAXES, AND OTHER EXPENSES

Any income taxes or other taxes of any kind whatsoever that may be levied or assessed upon or in respect of the Account (including any transfer taxes incurred in connection with the investment and reinvestment of Account assets), expenses, fees and administrative costs incurred by the Custodian in the performance of its duties (including fees for legal services rendered to the Custodian), and the Custodian's compensation as determined under Section 6.04, if any, shall constitute a charge upon the assets of the Account. At the Custodian's option, such fee, tax or expense shall be paid from the Account or by the Employee.

#### ARTICLE VIII. PROTECTION OF EMPLOYEE BENEFITS

8.01. Nonforfeitability. At no time shall any part of the Account be used for purposes other than for the exclusive benefit of the Employee. The Employee's rights to Contributions shall be nonforfeitable at all times after such Contributions are transferred to the Custodian.

8.02. Non-alienability. Any right or benefit which shall be payable under the terms of this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt at such shall be void. Furthermore, no right or benefit shall be subject to the debts, contracts, liabilities, engagements or torts of the person who is entitled to such right or benefit, and no such right or benefit shall be subject to attachment or legal process for or against such person.

#### ARTICLE IX. BENEFICIARY DESIGNATION

Each Employee may submit to the Custodian a properly executed written Designation of Beneficiary acceptable to the Custodian for use in connection with this Agreement. Any such Designation of Beneficiary shall not be effective unless it is filed during the Employee's lifetime with the Custodian at the Custodian's home office. Whether or not fully dispositive of the Account, the most recently filed Designation of Beneficiary accepted by the Custodian shall be controlling and all previously filed designations shall be considered superseded and shall have no effect. If a Beneficiary dies while receiving distributions, the portion of the Account to which the Beneficiary would have been entitled (had he or she survived) shall be paid to the Beneficiary's beneficiary or beneficiaries (or if impossible, to the Beneficiary's estate) in a lump sum within 90 days after the Custodian receives notification of the Beneficiary's death.

#### ARTICLE X. AMENDMENT

10.01. By the Distributor. The Distributor may amend this Agreement in its entirety or any portion thereof. The Distributor shall provide copies of such amendment to the Employer and/or Employee. Neither this Section nor any other portion of this Agreement shall impose on the Distributor an affirmative obligation to amend the Agreement.

10.02. Limitations. No amendment shall be made:

(a) Which would cause or permit any part of the Account to be diverted to purposes other than for the exclusive benefit of the Employee and/or his or her Beneficiary, or cause or permit any portion of such assets to revert to or become the property of the Employer.

(b) Without the written consent of the Custodian, or

(c) Which would retroactively deprive any Employee of any benefit to which he or she was entitled under the Agreement, unless such amendment is necessary, in the opinion of counsel, to conform the Agreement to, or satisfy the conditions of Code Section 403(b), any other law, or any governmental regulation or ruling, provided that this prohibition shall not be construed to prohibit prospective amendment of the Agreement (including prospective amendment to eliminate a benefit) where such prospective amendment is permitted by law.

#### ARTICLE XI. TERMINATION

11.01. Automatic Termination on Distribution. This Agreement shall terminate when all the assets held in the Account established hereunder have been distributed or otherwise transferred out of the Account.

11.02. Termination on Disqualification. This Agreement shall terminate if, after notification by the Internal Revenue Service that the Employee's Account does not qualify under Code Section 403(b)(7), the Employer and/or Distributor do not make the amendments necessary to so qualify the Account. On such termination of this Agreement, the Custodian shall distribute all assets in an Account, in its discretion in cash or in kind, to the Employee or, in the event of the Employee's death, to the Beneficiary, subject to the Custodian's right to reserve funds as provided in Section 6.05.

#### ARTICLE XII. MISCELLANEOUS

12.01. Applicable Law. This Agreement shall be construed and administered in accordance with the laws of the state in which the home office of the Custodian is located.

12.02. Employer's Signature. If the Employer does not sign the Application and is not required to do so under the Code and the regulations thereunder, the Employee, to the extent allowed by law, assumes all obligations and responsibilities of the Employer under this Agreement.

12.03. Change of Address. The Employer, or if permitted by the Custodian, the Employee, shall notify the Custodian in writing of any change of address within 30 days of such change.

12.04. Notice. Any notice from the Custodian to the Employee pursuant to this Agreement shall be effective when sent by U.S. Mail to the address of record of the Employer or Employee. Any notice to the Custodian pursuant to this Agreement shall be by first class mail addressed to its home office.

12.05. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors in interest of the parties hereto.

12.06. Construction. It is intended that this Agreement, together with the other documents comprising the 403(b)(7) arrangement pursuant to which the Employee's funds are invested under this Agreement, qualify as a custodial account under Code Section (403(b)(7). This Agreement shall be construed and limited by applicable laws, and the powers and discretions conferred hereunder shall be exercised in a manner consistent with that purpose. Subject to the provisions of this Section and Section 12.09 below, in the event of any conflict between this Agreement and the documents incorporated in this Agreement by reference, the provisions of this Agreement shall prevail.

12.07. Separability. If any provision of this Agreement shall be held invalid or illegal for any reason, such determination shall not affect any remaining provisions of this Agreement, but this Agreement shall be construed and enforced as if such invalid or illegal provision has never been included in this Agreement.

12.08. Statutory Requirements. In the event any applicable state or local law, regulation or rule conflicts with and/or supplements the terms of this

Agreement, such law, regulation or rule shall be deemed to supersede and/or supplement the terms of this Agreement, provided that the Distributor and the Custodian receive written notice of such law, regulation, or rule.

12.09. Separate Employer Plan. If the Employer has established a written separate 403(b) plan, the terms of such plan will supersede any provisions of this Agreement which conflict with such terms; provided that the Employer has furnished the Distributor with a copy of such written plan and the Custodian has agreed in writing to be bound by the terms thereof.

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TELEPHONE  
NUMBERS AND  
ADDRESSES

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For questions about	Call: (Toll-free)
the Scudder Funds	1-800-225-2470
	or
	Write to:
	Scudder Funds
	160 Federal Street
	Boston, MA 02110

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To arrange	Call: (Toll-free)
transactions and	1-800-225-5163
for questions about	or
existing accounts	Write to:
	Scudder Funds
	P.O. Box 2291
	Boston, MA 02107-2291

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For questions	Call: (Toll-free)
about your Scudder	1-800-323-6105
403(b) plan	or
	Write to:
	Scudder Funds
	Group Retirement Plans Dept.
	175 Federal Street
	Boston, MA 02110-2267

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#### Scudder Offices

Boston  
166 Federal Street  
Boston, Massachusetts 02110  
800-225-2470

Chicago  
111 East Wacker Drive (22nd Fl.)  
Chicago, Illinois 60601  
312-861-2700

Cincinnati  
555 Carew Tower  
Cincinnati, Ohio 45202  
513-721-4200

Cleveland  
950 Terminal Tower  
Cleveland, Ohio 44113  
216-241-7744

Houston  
1000 Louisiana Street  
Suite 2190  
Houston, Texas 77002  
713-659-3838  
800-445-0544 (in Texas)

Los Angeles  
333 South Hope Street (37th Fl.)  
Los Angeles, California 90071  
213-628-1144

New York  
345 Park Avenue (26th Fl.)  
New York, New York 10154  
212-326-6370

Philadelphia  
Three Mellon Bank Center  
Philadelphia, Pennsylvania 19102  
215-864-7200

Portland, Oregon  
One S.W. Columbia Street  
Suite 575  
Portland, Oregon 97258  
503-224-3999

San Francisco  
101 California Street (41st Fl.)  
San Francisco, California 94111  
415-981-8191

West Palm Beach  
Phillips Point, Suite 1100  
777 South Flagler Drive  
West Palm Beach, Florida 33401  
401-832-3600  
800-422-0323 (in Florida)

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SCUDDER FUNDS

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403(b) Application

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Please return to your Benefits Office  
unless otherwise instructed  
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1. PARTICIPANT INFORMATION (please print)

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Name \_\_\_\_\_ Daytime Telephone (\_\_\_\_) \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Social Security Number - - - Date of Birth \_\_\_\_\_  
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2. EMPLOYER INFORMATION  
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Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Employer Group Number \_\_\_\_\_ (obtain from employer if your account is  
part of a group program)  
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3. INVESTMENT INSTRUCTIONS  
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Check appropriate box(es) for initial contribution source:

☐ Employee contribution      ☐ Transfer of assets (please complete the Scudder  
☐ Employer contribution      403(b) Transfer Request form and send it with  
☐ Rollover check for \$\_\_\_\_\_ this application)

		%
MONEY MARKET	\$ Amount	or (group programs only)
Scudder Cash Investment Trust	_____	_____
Scudder Government Money Fund	_____	_____

INCOME		
Scudder GNMA Fund	_____	_____
Scudder Income Fund	_____	_____
Scudder Target Fund	_____	_____
(multi-Portfolios)		
U.S. Government 1990	_____	_____
General 19 _____	_____	_____
_____ Maturity Year		
Scudder U.S. Government Zero	_____	_____
Coupon	_____	_____
Target Fund _____	_____	_____
_____ Maturity Year		

GROWTH AND INCOME		
Scudder Equity Income Fund	_____	_____
Scudder Growth and Income Fund	_____	_____

GROWTH		
The Japan Fund	_____	_____
Scudder Capital Growth Fund	_____	_____
Scudder Development Fund	_____	_____
Scudder Global Fund	_____	_____
Scudder International Fund	_____	_____
TOTAL \$	_____	_____
	_____	_____
	_____	_____

Do not select a fund for which you have not received a prospectus. If you would like additional prospectuses, please call 1-800-225-2470.

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4. TELEPHONE EXCHANGE  
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Shareholders are able to exchange by telephone, telegram, or TWX shares in one Scudder fund for shares of any other Scudder fund. The recipient account must have the identical registration and address as the account from which it is exchanged.

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5. ADOPTION OF AGREEMENT AND SIGNATURE  
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By this application, my employer and I direct the Custodian to open a separate Custodial Investment Account for my benefit according to the Scudder 403(b) Custodial Agreement, and agree to the provisions contained in the Agreement. I acknowledge that I have received a current prospectus for the fund(s) selected for investment.

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Signature of Employer

/s/ G. Reeves

\_\_\_\_\_  
Date

\_\_\_\_\_  
State Street Bank and Trust Company, Custodian

IMPORTANT: This Agreement is not effective until acknowledgement of the receipt of this Application is mailed by the Custodian to the Employee. Please complete Designation of Beneficiary on reverse side.

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For Benefits Office use only:

After reviewing and signing this application, sent it to:  
Scudder Funds P.O. Box 2291 Boston, MA 02107-2291  
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16

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SCUDDER FUNDS  
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403(b) Designation of Beneficiary  
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Instructions

With this form you designate the beneficiary who is to receive your Plan assets if you die while a balance remains in your account. This designation is not effective until filed with the Custodian.

Section 2.04 and Article IX of the Custodial Agreement provide for the distribution of plan assets when the beneficiary form on file does not completely dispose of the plan assets.

Examples of  
beneficiary  
designations

- o Sandra Casey (SS #000-00-0000), 3 Oak Street, Chicago, Il 60060, my wife, if living at my death; otherwise, in equal shares, to my children who survive me. If any child does not survive me, such deceased child's share shall go by right of representation to that child's issue who survive me. (Note: "issue" refers to children, grandchildren, etc.)
- o Sandra Casey (SS #000-00-0000), 3 Oak Street, Chicago, Il 60060, my wife, if living at my death; otherwise, to James Casey (SS #####-##-####), 231 Elm Street, San Mateo, CA 94042, my son, if living at my death. If he is not living at my death, then to his issue who survive me by right of representation.
- o James Casey (SS #####-##-####), 231 Elm Street, San Mateo, CA 94042, my son, and Mary Casey (SS #999-99-9999), 17 Beech Avenue, Dallas, TX 73302, my daughter, in equal shares, if they both survive me; otherwise all to the one of them who survive me. If neither survives me, to XYZ charity.

These are only examples. You may wish to consult an attorney before naming beneficiaries.

-----

Name your Plan  
beneficiaries and  
provide their  
Social Security  
Numbers and  
addresses if  
possible.

The following beneficiaries are entitled to receive the assets of my Plan upon my death. This designation revoked any previous designation. I understand that I can change this choice of beneficiary by submitting a new form to State Street Bank and Trust Company, the Custodian for the Scudder Plan.

Beneficiaries (please print): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

-----

Sign here

\_\_\_\_\_  
Your signature

\_\_\_\_\_  
Date

-----

Spousal consent

Obtain the consent of your spouse if (a) ☐ The Participant's employer makes contributions to the Plan account (or, if, for any other reason, this



your designation above results in either or both of the circumstances described in (a) and (b).

is an employer-sponsored plan) and less than 100% of the assets in the Plan have been left to me as primary beneficiary. I consent to such designation and limit my consent to the beneficiaries indicated above. In addition, recognizing that I also have a right to limit my consent to a specific form of benefit (such as a lump sum distribution or installment payments over a period of time), I relinquish that right and consent to any form of benefits which may be elected under the Plan.

and/or

Either or both boxes may be checked.

(b) ☐ As spouse of a Participant who is a resident of Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, or Washington, I consent to (1) the naming of another person as primary beneficiary to receive more than one-half the Plan distributions or (2) the naming of myself as primary beneficiary and others as contingent beneficiaries.

I acknowledge that I have read the above elections and understand the effect their exercise will have on me. I also understand that my spouse must execute a new designation if he or she wants to designate another beneficiary.

\_\_\_\_\_  
Spouse's signature

\_\_\_\_\_  
Date

Witness

If box (a) is checked \_\_\_\_\_

spouse's signature      Witness

must be witnessed by

a Notary Public or a

Plan Representative.

☐ Plan Representative  
or

☐ Notary Public

State: \_\_\_\_\_

Commission expires: \_\_\_\_\_

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SCUDDER 403(b)  
EMPLOYER ADOPTION AGREEMENT

All Employees will be eligible to participate in the plan, unless the Employer specifies otherwise in writing attached to this Adoption Agreement.

I. PLAN NAME

The name of this Plan will be:

The \_\_\_\_\_ 403(b) Plan.  
(insert name of Employer)

II. EMPLOYER CONTRIBUTIONS BY SALARY REDUCTION

Employer Contributions ☐ may ☐ may not be made by Salary Reduction Contributions. If allowed, these Contributions must be made according to a salary reduction agreement, described in Section 3.01 of the Custodial Agreement, between the Employer and the Employee.

NOTE: If the Employer chooses either mandatory contributions or employee thrift contributions (see sections III and IV below),

Employer Contributions by salary reduction must be allowed.

### III. MANDATORY CONTRIBUTIONS BY SALARY REDUCTION

☐ In order to participate in any Employer Direct Contributions which the Employer may make directly to the Employee's Account for any taxable year of the Employee, the Employee must agree with the Employer to make mandatory contributions of at least \_\_\_\_% of the Employee's compensation according to a salary reduction agreement between the Employer and the Employee.

NOTE: The Employer may not require both mandatory contributions and employee thrift contributions (see section IV below).

### IV. EMPLOYER MATCHING AND EMPLOYEE THRIFT CONTRIBUTIONS

☐ For each taxable year of the Employee that the Employee has agreed to make thrift contributions under a salary reduction agreement with the Employer, the Employee may contribute up to \_\_\_\_ % (not over 6%) of compensation as a thrift contribution for that taxable year and the Employer will match the Employee's thrift contribution by contributing \_\_\_\_% of the Employee's thrift contribution.

☐ For each taxable year of the Employee that the Employee has agreed to make thrift contributions under a salary reduction agreement with the Employer, the amount of the allowable employee thrift contribution, which cannot exceed 6% of compensation, and the amount of the employer matching contribution will be determined according to the provisions specified in an attachment to this Adoption Agreement.

### V. EMPLOYEE CONTRIBUTIONS

Employee non-deductible voluntary contributions are:

☐ permitted.

☐ not permitted.

### VI. PERMITTED INVESTMENTS

Contributions under the provisions of the Scudder 403(b) Custodial Agreement may be invested in:

☐ All Scudder funds (except tax-free funds)

☐ \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(please list permitted Scudder Funds).

### VII. PROCEDURES FOR CHANGING INVESTMENTS

Employees or Employees' beneficiaries may change the investments

of their 403(b) Accounts by giving instructions directly to the:

☐ Plan Administrator.

☐ Custodian.

#### VIII. DISTRIBUTION INSTRUCTIONS TO CUSTODIAN

The Custodian will make distributions upon a written request from the:

☐ Employer or Plan Administrator.

☐ Employee.

☐ Employer, Plan Administrator or Employee.

#### IX. WITHDRAWALS BY AN EMPLOYEE WHO HAS REACHED AGE 59-1/2

Withdrawals from an account by an Employee who has reached the age of 59-1/2:

☐ are not permitted.

☐ are permitted.

#### X. WITHDRAWALS BY AN EMPLOYEE ON ACCOUNT OF FINANCIAL HARDSHIP\*

Withdrawals from an account by an Employee who has encountered financial hardship:

☐ are not permitted.

☐ are permitted.

#### XI. DISTRIBUTION TO AN EMPLOYEE UPON SEPARATION FROM SERVICE\*

Distributions to an Employee will commence:

☐ upon the Employee's separation from service.

☐ upon the Employee's separation from service, or at age \_\_\_\_\_, if later.

☐ at the times specified in an attachment to this Adoption Agreement.

#### XII. AMENDMENT

This adoption agreement ☐ is ☐ is not an amendment to an existing plan.

#### XIII. ADOPTION OF AGREEMENT BY EMPLOYER AND CUSTODIAN

By completing and signing this Adoption Agreement, the Employer agrees to open a custodial account under Internal Revenue Code Section 403(b) (7) for each Employee who signs a Scudder 403(b) Application Form. The Employer also adopts a Scudder 403(b) Plan according to the provisions in this Adoption Agreement and the Scudder 403(b) Custodial Agreement. If any selections in this Adoption Agreement are

inconsistent with the applicable provisions of the Custodial Agreement, the selections here will control.

The Scudder 403(b) Custodial Agreement, including this Employer Adoption Agreement, becomes effective on the date both the Custodian and the Employer have signed this Agreement.

_____ Name of Employer	State Street Bank and Trust Company
_____ Signature of Employer	BY _____
_____ Street Address	_____
_____ City/Town and Zip	
_____ Date	

\* Please note that, in general, if an Employee receives a hardship withdrawal or a distribution before reaching the age of 59-1/2, dying or becoming disabled, the withdrawal or distribution may be subject to a 10% IRS early withdrawal penalty tax. A distribution which is rolled over into an IRA will not be subject to this penalty, however.

SCUDDER 403(b)  
EMPLOYER ADOPTION AGREEMENT

All Employees will be eligible to participate in the plan, unless the Employer specifies otherwise in writing attached to this Adoption Agreement.

I. PLAN NAME

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☐ In order to participate in any Employer Direct Contributions which the Employer may make directly to the Employee's Account for any taxable year of the Employee, the Employee must agree with the Employer to make mandatory contributions of at least

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☐ All Scudder funds (except tax-free funds).

☐ \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(please list permitted Scudder Funds).

#### VII. LOANS

Loans to an Employee are:

☐ permitted according to the provisions specified in an attachment to this Adoption Agreement.

☐ not permitted.

#### VIII. PROCEDURES FOR CHANGING INVESTMENTS

Employees or Employees' beneficiaries may change the investments

of their 403(b) Accounts by giving instructions directly to the:

☐ Plan Administrator.

☐ Custodian.

#### IX. DISTRIBUTION INSTRUCTIONS TO CUSTODIAN

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The Scudder 403(b) Custodial Agreement, including this Employer Adoption Agreement, becomes effective on the date both the Custodian and the Employer have signed this Agreement.

_____	State Street Bank and Trust Company
Name of Employer	
_____	BY _____
Signature of Employer	
_____	_____
Street Address	
_____	
City/Town and Zip	
_____	
Date	

\* Please note that, in general, if an Employee receives a hardship withdrawal or a distribution before reaching the age of 59-1/2, dying or becoming disabled, the withdrawal or distribution may be subject to a 10% IRS early withdrawal penalty tax. A distribution which is rolled over into an IRA will not be subject to this penalty, however.

SCUDDER

401(k) PROGRAM

-----  
A Family of Pure No-Load(TM) Mutual Funds

A Flexible Prototype Plan

Versatile Administrative Systems  
-----

Choose a turn-key 401(k) program or  
enhance your current plan with the  
Scudder Funds

-----  
INTRODUCTION  
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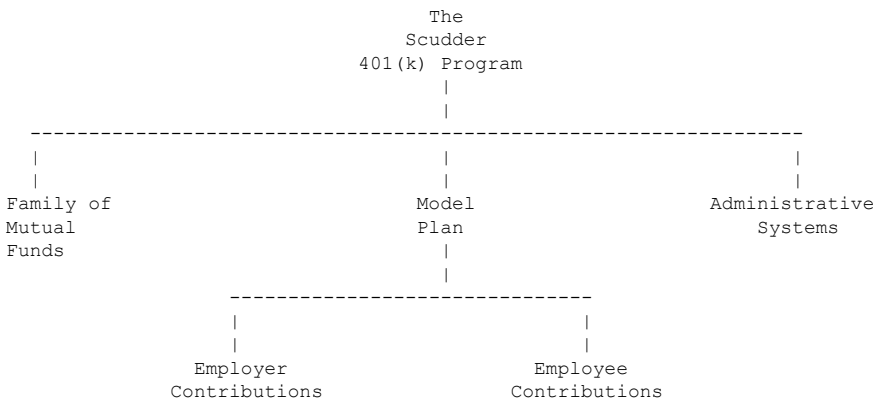
Today, more and more successful firms are discovering the advantages of  
flexible, cost-effective 401(k) plans. Over 80% of the nation's largest  
companies already have 401(k) plans in place.

The Scudder 401(k) Program consists of the Scudder funds, the Scudder  
prototype plan, and the Scudder administrative systems.

You can adopt an entire turn-key program, or use the Scudder funds as high  
quality, performance-driven alternatives to the investments offered by a  
separately designed 401(k) plan. You will not find a more flexible  
program.

This brochure is your opportunity to learn all the advantages of the  
Scudder 401(k) Program. The accompanying booklet "How to select the right  
Scudder funds for you" is your in-depth guide to the Scudder funds.

Scudder Retirement Plan Specialists are ready to answer any questions you  
may have about the Scudder 401(k) Program. Call toll-free 1-800-323-6105.



This brochure is divided into several sections, each highlighting a  
specific segment of the Scudder 401(k) Program.



SCUDDER: OVER 65 YEARS OF  
EXPERIENCE

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Founded in Boston in 1919	Scudder, Stevens & Clark is one of the nation's largest and most respected investment counsel firms, managing over \$30 billion for individual, corporate, and institutional clients worldwide. Scudder is independent and privately owned.
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First for investors	Right from the start, Scudder has put performance and investor service first. That's why Scudder introduced the first no-load mutual funds in 1928, offered the nation's first international growth fund, and is a leader in offering mutual funds for retirement plans. Today, Scudder maintains one of the largest independent research staffs in the industry.
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National service network	Scudder has offices in eleven cities across the country to better serve investors who prefer to conduct business in person. For more information about any of the Scudder funds, you're welcome to visit us in Boston, Chicago, Cincinnati, Cleveland, Houston, Los Angeles, New York, Philadelphia, Portland, San Francisco, or West Palm Beach.
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[PHOTO OMITTED]

CAPTION: Scudder Retirement Plan Specialists  
will work with you when you use the  
Scudder 401(k) program.

3

THE SCUDDER MUTUAL FUNDS  
FOR YOUR 401(k) PLAN

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Traditional advantages	Choosing the Scudder Funds as investment options for your plan gives you all the traditional advantages of a no-load mutual fund family, like broad diversification, professional management, and more.
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Choice	Scudder offers you a full range of funds to choose from. We can help you meet virtually any objective, from capital preservation to high current income to aggressive growth.
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Many employers prefer a balanced  
approach when selecting funds for  
their plan, including at least one  
money market, income, growth and  
income, and growth fund.

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Flexibility	Scudder offers participants free exchange privileges, so they can move among eligible funds as their needs or objectives change. You can specify the frequency with which these changes are permitted in your plan.
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Low cost	All of the Scudder funds are pure no- load(TM) (commission-free). Your
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employees pay no set-up fees, no maintenance fees, no termination fees, and no sales charges to buy or sell fund shares.

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Convenience

Scudder fund investors can easily follow the prices of their shares each day in the local paper--or by calling Scudder's toll-free 24-hour price/yield information line.

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Service

Friendly, professional Service Representatives are always available to answer a question or explain the objectives of a fund. Scudder is as close as your phone.

[PHOTO OMITTED]

CAPTION: Scudder's Service Representatives can answer your Scudder fund questions.

4

ADVANTAGES OF THE SCUDDER  
401(k) PLAN FOR YOU--THE EMPLOYER

---

The Scudder 401(k) plan  
is flexible

The Scudder prototype plan can be used by a wide variety of employers. You can amend an existing profit sharing or thrift plan into the Scudder 401(k) plan, or use the Scudder plan to start a new retirement program.

The essence of a 401(k) plan is the ability to combine salary deferral contributions from employees with profit sharing contributions from employers, in a single tax-advantaged plan. The Scudder 401(k) plan offers you all the advantages of a thrift or profit sharing plan, plus the added benefit of a systematic savings program using pre-tax dollars. It's an attractive, popular plan offering employees a unique opportunity for asset accumulation and favorable tax treatment.

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The Scudder 401(k) plan  
is cost-effective and  
convenient

The low cost and simplicity of maintaining the Scudder 401(k) plan will surprise you. You will not incur any fees for using either the Scudder funds or the Scudder prototype plan.

Take advantage of the Scudder Plan, and you'll also save the time and expense of writing your own. Scudder will work to keep you informed so you can keep your plan up-to-date as tax laws change.

---

401(k) contributions are  
tax-deductible

The contributions you make and the pre-tax contributions made by your employees are fully tax-deductible by the employer as contributions to a retirement plan.

In addition, with a 401(k) plan in place, state unemployment insurance and worker's compensation costs may be reduced because they are based on employee compensation--which is lowered (actually deferred) by participation in your 401(k) plan.

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The Scudder 401(k) plan will enhance your benefits package

Adopting the Scudder 401(k) plan can improve your firm's image and employee morale. Most important, you will find it helps you attract, motivate, and retain highly qualified personnel. A 401(k) plan is an innovative, responsive addition to your employee benefits package.

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A 401(k) plan will encourage your employees to save for retirement

The availability of a salary deferral plan makes it easy and convenient for your employees to invest for their futures. Changing tax laws make 401(k) plans even more attractive alternatives for employees who have lost their IRA deductions.

5

ADVANTAGES OF THE SCUDDER  
401(k) PLAN FOR YOUR EMPLOYEES

-----  
There are two major tax benefits for 401(k) plan participants.

First, your employees can contribute pre-tax dollars to a 401(k) plan, cutting their current taxes.

[BAR CHART OMITTED]  
The Power of Tax-Deferred Investing

Second, all contributions to a 401(k) plan compound tax-deferred, allowing participants to accumulate substantially greater assets than they could with a conventional savings program. Tax-deferred compounding is one of the keys to real growth.

The chart compares tax-deferred programs like the Scudder 401(k) with taxable savings programs over 10, 20, and 30 years.

For example, an employee earning \$20,000 who defers 5% of salary--just \$1,000 each year--would build an account worth over \$170,000 after 30 years (before taxes) assuming a constant 10% rate of return. This employee would accumulate only \$74,000 (after taxes, assuming 28% bracket) investing the same amount and earning the same return in a taxable savings program.

401(k) accumulations are only taxed when withdrawn, usually during retirement. (There is no assurance that a participant will earn 10% annually--actual earnings could be more or less. A participant's salary would also be likely to rise over this period. Savings are more significant at higher wage levels.)

-----  
Employer matching contributions help build a retirement account.

You may elect to make matching contributions, providing your employees with added incentive to plan for their retirement income needs.

In addition, your plan may allow participants to make voluntary, non-deductible contributions of up to 10% of their salaries. All earnings on this money are tax deferred until withdrawn. This greatly enhances your employees' ability to defer taxes and accumulate assets.

-----

401(k) plan participants can save conveniently --and direct their own accounts

There is no easier nor more convenient way to save than through payroll deduction.

Participants personally select the investment options that best meet their individual goals. A 401(k) plan gives your employees the freedom to actively plan for their futures. And regular account statements keep employees informed of their

progress--and aware of the value of this important employee benefit.

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Participants have access to their accounts in special circumstances	Distributions can be taken when a plan participant retires or separates from service, but these may be subject to an early withdrawal penalty. Once a plan participant reaches age 59-1/2, distributions can be taken without penalty.
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In addition, withdrawals can be made under certain hardship conditions, if you select this distribution option for your plan. Participants may also be permitted to borrow from their accounts, which can be an important source of funds in times of need.

6

#### TAILOR THE SCUDDER 401(k) PLAN TO YOUR OWN SPECIFICATIONS

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A flexible plan you can customize	The Scudder 401(k) plan is a unique and flexible profit sharing plan with many distinct advantages for both employers and employees. It's the product of 30 years of retirement planning experience. Adopting the Scudder plan allows you to tailor your 401(k) to specific requirements.
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Below are just a few of the options at your command when you build a 401(k) plan at Scudder.

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Employee eligibility	You determine eligibility. You can require a waiting period of up to three years and a minimum age of up to 21 before allowing an employee to participate in the plan. You may also limit participation to certain classes of employees.
----------------------	--

Starting in 1989, you may require that employees wait one year before contributing to the plan, and up to two years before becoming eligible for employer contributions.

---

Includable compensation	You can elect to either include or exclude certain types of compensation such as bonuses, commissions, and overtime pay for the purpose of calculating 401(k) contributions.
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Vesting schedules	If you make contributions on behalf of your employees you are free to select a vesting schedule which encourages extended service.
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Loans and hardship withdrawals	You can permit participants to borrow from their balances in the plan, at a reasonable interest rate, and/or take early distributions in cases of hardship.
--------------------------------	---

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Types of permissible contributions	You have great leeway in selecting the kinds of contributions to allow in your plan. The different types can be divided into employer and employee contributions.
------------------------------------	---

o Employer contributions	Matching contributions. You can match your participant's contributions with employer dollars to encourage participation in the plan.
--------------------------	--

Profit sharing contributions. You can make

annual profit sharing contributions to the plan on behalf of each participant. As with all profit sharing plans, contributions can be varied each year, or even skipped if desired.

o Employee contributions

Salary deferral contributions. Salary deferral contributions allow participants to reduce their current income taxes and save for their retirement through automatic contributions to a tax-qualified retirement plan. Participants can contribute up to \$7,313\* through salary reduction in 1988.

Deferred cash contributions. You can reward employees with bonus payments, and allow them to take these bonuses in cash or in the form of a contribution of the entire amount to your 401(k) plan.

\*This amount is indexed to inflation, and adjusted annually.

7

PROFESSIONAL ADMINISTRATIVE SUPPORT

Whether you adopt the complete Scudder 401(k) Program, or simply use the Scudder funds as investments for your 401(k) plan, we'll provide the recordkeeping system which is right for you. We recognize that no two organizations have identical needs, so we offer two different systems.

For employers with larger plans requiring more complete recordkeeping

Scudder Benefit Plan Administration System (SBPAS). SBPAS is appropriate for larger and more complex 401(k) plans, plans requiring non-discrimination testing, loan processing, or vesting schedules, and plans offering company stock or GICs as investment options.

SBPAS maintains detailed participant and plan account records, and prepares 1099-Rs and W-2Ps. SBPAS can record contributions, process exchanges and withdrawals, add new participants, allocate earnings, track vesting schedules, and record loan activity. SBPAS generates comprehensive reports for management, and consolidated quarterly statements for participants. There is an annual fee for this system which is based upon the services your program requires.

For employers with less complicated administrative needs

Scudder Plan Accounting. This system is designed for employers using the Scudder prototype 401(k) plan. The employer allocates contributions among the funds, while the system maintains detailed participant account and beneficiary records and prepares 1099-Rs and W-2Ps. The system links all the accounts in your plan, producing a master management report for you. There is no fee for using this system.

Benefits of Scudder 401(k) Recordkeeping Systems  
<TABLE>  
<CAPTION>

# of Participants Accepted	Comprehensive Participant Statements	Exchange Between Funds	Vesting Schedules	Employer Management Reports	Distribution Processing	1099-R W-2P	Loan Processing*
----------------------------	--------------------------------------	------------------------	-------------------	-----------------------------	-------------------------	-------------	------------------

<S>	-----<C>	-----<C>	-----<C>	-----<C>	-----<C>	-----<C>	-----<C>	-----<C>
Scudder Benefit Plan Administration System	any number	X	X	X	X	X	X	X
Scudder Accounting Plan	10 or more**	X	X	--	X	X	X	--

<TABLE>  
<CAPTION>

	Non- discrimi- nation Testing	5500 Preparation	Annual Fees	Beneficiary Files
<S>	<C>	<C>	<C>	<C>
Scudder Benefit Plan Administration System	X	X	X	--
Scudder Accounting Plan	--	--	--	X

\* These are optional services which incur an extra charge.

\*\* The Scudder 401(k) plan is also appropriate for employers with less than 10 participants. Call our Retirement Plan Specialists for more information.

8

#### SCUDDER SERVICE AND ASSISTANCE

Employee  
communications  
assistance

Scudder knows that the success of a 401(k) program is often measured by the level of employee participation. Toward that end Scudder will help you introduce your plan and help you design employee information kits. Scudder's communication kits explain in plain English the advantages of salary deferral, tax-deferred compounding, and the different Scudder funds offered by your plan. Scudder will also work with you to design employee presentations to encourage participation.

Of course, each of your employees has toll-free telephone access to Scudder's professional Service Representatives. These helpful, knowledgeable people can answer their questions, and explain the objectives of each Scudder Fund

[PHOTO OMITTED]

CAPTION: You can put Scudder's experienced, dedicated Retirement Plan Specialists to work for your company's plan.

Conclusion

The Scudder 401(k) Program can meet the 401(k) needs of virtually any organization. You can create your own unique plan using the distinctive elements of the Scudder program:

- o a wide range of performance-driven investments
- o a flexible, comprehensive prototype plan

- o administrative systems to meet virtually any need

The Scudder 401(k) Program is backed by our commitment to service and assistance--a commitment to the success of your plan.

9

# TELEPHONE NUMBERS AND ADDRESSES

For questions about the Scudder 401(k) Program and help in selecting the right Scudder Funds to offer

Call: (Toll-free)  
1-800-323-6105

or

Write To:  
The Scudder Funds  
Group Retirement Plan Department  
175 Federal Street  
Boston, MA 02110-2267

Retirement Plan Specialists will answer your 401(k) questions and help you complete our enrollment forms.

## Scudder Offices

Boston 166 Federal Street Boston, MA 02110 800-225-2470	New York 345 Park Avenue (26th Floor) New York, NY 10154 212-326-6370
Chicago 111 East Wacker Drive (22nd Floor) Chicago, IL 60601 312-861-2700	Philadelphia Three Mellon Bank Center Philadelphia, PA 19102 215-864-7200
Cincinnati 555 Carew Tower Cincinnati, OH 45202 513-621-4200	Portland, Oregon One S.W. Columbia Street Suite 575 Portland, OR 97258 503-224-3999
Cleveland 950 Terminal Tower Cleveland, OH 44113 216-241-7744	San Francisco 101 California Street (41st Floor) San Francisco, CA 94111 415-981-8191
Houston 1000 Louisiana Street Suite 2190 Houston, TX 77002 713-659-3838 800-445-0544 (in Texas)	West Palm Beach Phillips Point Suite 1100 777 South Flagler Drive West Palm Beach, FL 33401 407-832-3600 800-422-0323 (in Florida)
Los Angeles 333 South Hope Street (37th Floor) Los Angeles, CA 90071 213-628-1144	

This booklet is being sent to you by Scudder Fund Distributors, Inc., underwriter of the Scudder funds, and must be preceded or accompanied by a current fund prospectus.

## SCUDDER

1-800-323-6105

175 Federal Street, Boston, MA 02110

(ask for a Retirement Plan Specialist)

17-58(c)1988, Scudder Fund  
Distributors, Inc.

Complete and post this Notice in a common area for your employees' information. If you are required to file for a determination letter on the qualified status of your plan, you must post this Notice 7 to 21 days before you submit your determination letter request. If you are not required to file for a determination letter, you must post the Notice 9 to 23 days after you adopt or amend the Plan.

SCUDDER 401(k) PROTOTYPE PLAN

NOTICE TO INTERESTED PARTIES

An employer adopting a master or prototype plan or an amendment thereto or a restatement thereof, is required to notify all interested parties (including all employees and any self-employed individuals) of such adoption, amendment or restatement. Recently, \_\_\_\_\_ (name of employer) ☐ adopted ☐ restated the ☐ \_\_\_\_\_ Money Purchase Pension Plan ☐ \_\_\_\_\_ Profit Sharing Plan (the "Plan"). The Internal Revenue Service, on May 1, 1987, issued an opinion letter with respect to this (amended form of) plan as a tax qualified prototype.

1. Notice to employees of \_\_\_\_\_  
(name of employer) (the "Employer").

An application ☐ is ☐ is not to be made to the Internal Revenue Service by the Employer for a determination on the qualification of the employee benefit pension plan described below.

2. The Employer has ☐ adopted ☐ restated the employee pension benefit plan described below on \_\_\_\_\_.

3. The name of the Plan is \_\_\_\_\_. (insert full name of plan from first paragraph of Adoption Agreement).

4. The Plan's identification number is \_\_\_\_\_. (For instance, the first plan will be No. 001 and subsequent plans No. 002, 003, etc.)

5. The name and address of the Employer is \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

6. The prototype plan's Opinion Letter number is C212885a-k.

7. The Plan's sponsor is Scudder Fund Distributors, Inc., 175 Federal Street, Boston, Massachusetts 02110.

8. The Employer's Tax Identification Number is \_\_\_\_\_.

9. The Plan Administrator's name and address is \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.  
(If none appointed, insert Employer's name.)

10. The address of the Key District Director having jurisdiction over the Plan is \_\_\_\_\_.

\* Please refer to chart at Appendix A, attached hereto.

11. The employees eligible to participate under the plan are (describe by class): \_\_\_\_\_  
\_\_\_\_\_.

12. The Internal Revenue Service ☐ has ☐ has not previously issued a determination letter with respect to the qualification of this plan.

13. Check appropriate box:

☐ For employers who are required to make a determination letter submission to the IRS:

The application will be filed on \_\_\_\_\_ with the Key District Director, Internal Revenue Service at \_\_\_\_\_  
\_\_\_\_\_ for an advance determination as to whether the plan meets the qualification requirements of section 401, 403(a) or 405(a) of the Internal Revenue Service Code with respect to the



plan's ☐ initial qualification ☐ amendment ☐ termination ☐  
☐ merger ☐ consolidation or ☐ transfer of plan assets or  
liabilities.

☐ For employers who are not required to make a determination letter  
submission to the IRS:

It is not contemplated that the plan will be submitted to the Internal  
Revenue Service for an advance determination as to whether it meets  
the qualification requirements of section 401 of the Internal Revenue  
Code with respect to either its initial qualification of any  
subsequent amendment.

#### RIGHTS OF INTEREST PARTIES

14. You have the right to submit to the Key District Director, at the  
above address, either individually or jointly with other interested  
parties, your comments as to whether this plan meets the qualification  
requirements of the Internal Revenue Code. You may instead, individually  
or jointly with other interested parties, request the Department of Labor  
to submit, on your behalf, comments to the Key District Director regarding  
qualification of the plan. If the Department declines to comment on all or  
some of the matters you raise, you may, individually, or jointly if your  
request was made to the Department jointly, submit your comments to these  
matters directly to the Key District Director.

#### REQUESTS FOR COMMENTS BY THE DOL

15. Check appropriate box:

☐ For employers who are required to make a determination letter  
submission to the IRS:

The Department of Labor may not comment on behalf of interested  
parties unless requested to do so by the lesser of 10 employees or 10%  
of the employees who qualify as interested parties. The number of  
persons needed for the Department to comment with respect to this plan  
is \_\_\_\_\_. If you request the Department to comment, your  
comment must be in writing and must specify the matters upon which  
comments are requested, and must also include:

- (1) the information contained in items 3 through 5 of this  
Notice; and
- (2) the number of persons needed for the Department to comment.

☐ For employers who are not required to make a determination letter  
submission to the IRS:

The Department of Labor may not comment on behalf of interested  
parties unless requested to do so by the lesser of 10 employees or 10%  
of the employees who qualify as interested parties. The number of  
persons needed for the Department to comment with respect to this plan  
is \_\_\_\_\_. If you request the Department to comment, your  
comment must be in writing and must specify the matters upon which  
comments are requested, and must also include:

- (1) the information contained in items 2 through 9 of this  
Notice; and
- (2) the number of persons needed for the Department to comment.

A request to the Department to comment should be addressed as follows:

Administrator of Pension and Welfare Benefit Programs  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, D.C. 20216  
ATTN: 3001 Comment Request

#### COMMENTS TO THE IRS

16. Check appropriate box:

☐ For employers who are required to make a determination letter  
submission to the IRS:

Comments submitted by you to the Key District Director must be in  
writing and received by him by \_\_\_\_\_ (the 45th  
day after the date on which the application for determination is  
received by the Key District Director). However, if there are matters  
that you request the Department of Labor to comment upon on your

behalf, and the Department declines, you may submit comments on these matters to the Key District Director to be received by him on \_\_\_\_\_ (within 15 days from the time the Department notifies you that it will not comment on a particular

matter), or by \_\_\_\_\_ (the 45th day after the date on which the application for determination is received by the Key District Director), whichever is later. A request to the Department to comment on our behalf must be received by it by \_\_\_\_\_ (the 15th day after the date on the application for determination is received by the Key District Director) if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by \_\_\_\_\_ (the 25th day after the date on which the application for determination is received by the Key District Director) if you wish to waive that right.

☐ For employers who are not required to make a determination letter submission to the IRS:

Comments submitted to you by the Key District Director must be in writing and received by him by \_\_\_\_\_ (the 75th day after the date on which the plan is adopted or amended). However, if there are matters that you request the Department of Labor to comment upon on your behalf, and the Department declines, you may submit matters to the Key District Director to be received by him on \_\_\_\_\_ (within 15 days from the time the Department notifies you that it will not comment on a particular matter), or by \_\_\_\_\_ (the 75th day after the date on which the plan is adopted or amended), whichever is later. A request by the Department to comment on your behalf must be received by it by \_\_\_\_\_ (the 45th day after the date on which the plan is adopted or amended) if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by \_\_\_\_\_ (the 55th day after the date on which the plan is adopted or amended) if you wish to waive that right.

#### ADDITIONAL INFORMATION

#### 17. Check appropriate box:

☐ For employers who are required to make a determination letter submission to the IRS:

Detailed instruction regarding the requirements for notification of interested parties may be found in sections 6, 7, and 8 of Revenue Procedure 80-30. Additional information concerning this adoption or amendment (including, where applicable, an updated copy of the plan and related trust; the application for determination; any additional documents dealing with the application for determination; and copies of section 6 of Revenue Procedure 80-30) is available at \_\_\_\_\_ during the hours of \_\_\_\_\_ for inspection and copying. (There is a nominal charge for copying and/or mailing.)

☐ For employers who are not required to make a determination letter submission to the IRS:

Detailed instruction regarding the requirements for notification of interested parties may be found in sections 6, 7, and 8 of Revenue Procedure 80-30. Additional information concerning this adoption or amendment (including, where applicable, a description of the provisions providing for nonforfeitable benefits; a description of the circumstances which may result in ineligibility or loss of benefits; a description of the source of financing of the plan; and copies of section 6 of Revenue Procedure 80-30) is available at \_\_\_\_\_ during the hours of \_\_\_\_\_ for inspection and copying. (There is a nominal charge for copying and/or mailing.)

#### Appendix A Key District Addresses

Mid-Atlantic Region  
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Key District

IRS Districts Covered

-----

Baltimore  
  
31 Hopkins Plaza  
Baltimore, MD 21201

Newark  
  
970 Broad Street  
Newark, NJ 07102

Brooklyn  
  
35 Tillary Street  
Brooklyn, NY 11201

Cincinnati  
  
550 Main Street  
Cincinnati, OH 45202

Chicago  
  
230 S. Dearborn Street  
Chicago, IL 60604

Key District  
-----

Atlanta  
  
275 Peachtree Street, N.E.  
Atlanta, GA 30303

Dallas  
  
1100 Commerce Street  
Dallas, TX 75202

Los Angeles  
  
300 N. Los Angeles Street  
Los Angeles, CA 90012

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Baltimore, Pittsburgh, Richmond

Newark, Philadelphia  
Wilmington

North Atlantic Region  
-----

Albany, Augusta, Boston  
Brooklyn, Buffalo,  
Burlington, Hartford,  
Manhattan, Portsmouth  
Providence

Central Region  
-----

Cincinnati, Cleveland,  
Detroit, Indianapolis,  
Louisville, Parkersburg

Midwest Region  
-----

Aberdeen, Chicago,  
Des Moines, Fargo  
Helena, Milwaukee  
St. Paul, Springfield

Southeast Region  
-----

IRS Districts Covered  
-----

Atlanta, Birmingham,  
Columbia, Greensboro,  
Jackson, Jacksonville,  
Little Rock, Nashville,  
New Orleans

Southwest Region  
-----

Albuquerque, Austin,  
Cheyenne, Dallas, Denver,  
Houston, Oklahoma City,  
Phoenix, Salt Lake City,  
Wichita

Western Region  
-----

Anchorage, Boise, Honolulu, Laguna  
Niguel, Los Angeles, Portland,  
Reno, Sacramento, San Francisco, San  
Jose, Seattle

Internal Revenue Service

Department of the Treasury

Plan Description: Prototype Standardized Profit Sharing Plan CODA Amendment  
FFN: 50250523201-003 Case: 8500550k EIN: 04-2321686  
BPD: 01 Plan: 003 Letter Serial No: C212558a-k

Washington, DC 20224

Scudder Fund Distributors, Inc.

Person to contact: Mrs. Fleming

175 Federal Street

Telephone Number: (202) 566-6421

Date: 05/01/87

Dear Applicant:

In our opinion, the amendment to the form of the plan identified above to add a cash or deferred arrangement CODA described in section 401(k) of the Internal Revenue Code does not in and of itself adversely affect the plan's acceptability under section 401 of the Code. This opinion relates only to the amendment to add a CODA to the form of the plan. It is not an opinion as to the acceptability of any other amendment or of the form of the plan as a whole, or as to the effect of other Federal or local statutes. This letter does not consider the effect of the Tax Reform Act of 1986 on the acceptability of this plan under section 401(a) of the Code.

Adoption by an employer of the CODA amendment will not by itself affect the qualification of the employer's plan or the exempt status of any related trust. Therefore, such employer may rely on this opinion letter, provided the requirements of section 18 of Revenue Procedure 84-23, 1984-1 C.B.457, including the appropriate Notice to Interested Parties, are met.

You must furnish a copy of this letter to each employer who adopts the CODA, either as part of a new plan adoption or as an amendment to a prior adoption of your existing master or prototype profit-sharing plan. You are also required to send a copy of the approved form of the plan and related documents to each Key District Director of Internal Revenue Service whose jurisdiction there are adopting employers.

If you have any questions concerning the IRS processing of this case, please call the above telephone number. If you write, please provide your telephone number and the most convenient time for us to call in case we need more information. Whether you call or write, please refer to the Letter Serial Number and File Folder Number shown in the heading of this letter.

Please advise those adopting the plan to contact you if they have any questions about the operation of the plan.

You should keep this letter as a permanent record. Please notify us if you modify or discontinue sponsorship of this plan.

Sincerely yours,

/s/ [Illegible]  
Chief, Employee Plans Qualification Branch

Internal Revenue Service

Department of the Treasury

Plan Name:

Profit Sharing Plan

FF#: 50250523201-003 Control #: 8500550

BPD#: 01 Plan: 003 Letter Serial #: C212558a

Washington, DC 20224

Scudder Fund Distributors, Inc.

Person to contact: Ms. Carr

175 Federal Street

Telephone Number: (202) 566-6814

Boston, MA 02110

Refer Reply to: OP:E:EP:RQ:1:4

Date: 08/05/85

E.I.N.: 04-2321685

Dear Applicant:

In our opinion, the form of the plan identified above is acceptable under section 401 of the Internal Revenue Code for use by employers for the benefit of their employees. This opinion relates only to the acceptability of the form of the plan under the Internal Revenue Code. It is not an opinion of the effect of other Federal or local statutes.

You must furnish a copy of this letter to each employer who adopts the plan. You are also required to send a copy of the approved form of the plan and related documents to each Key District Director of Internal Revenue Service in whose jurisdiction there are adopting employers.

Our opinion on the acceptability of the form of the plan is not a ruling or determination as to whether an employer's plan qualifies under Code section

401(a). An employer who adopts this plan will be considered to have a plan qualified under Code section 401(a) provided all the terms of the plan are followed, and the eligibility requirements and contribution or benefit provisions are not more favorable for officers, owners, or highly compensated employees than for other employees. Except as stated below, the Key District Director will not issue a determination letter with regard to this plan.

Our opinion does not apply to the form of the plan for purposes of Code section 401(a)(16) if: (1) an employer ever maintained another qualified plan for one or more employees who are covered by this plan, other than a specified paired plan within the meaning of section 7 of Rev. Proc. 84-23, 1984-1 C.B. 457; or (2) after December 31, 1985, the employer maintains a welfare benefit fund defined in Code section 419(e), which provides postretirement medical benefits allocated to separate accounts for key employees as defined in Code section 419A(d)(3). In such situations, the employer should request a determination as to whether the plan, considered with all related qualified plans and, if appropriate, welfare benefit funds, satisfies the requirements of Code section 401(a)(16) as to limitations on benefits and contributions in Code section 415.

If you have any questions concerning the IRS processing of this case, please call the above telephone number. If you write, please provide your telephone number and the most convenient time for us to call in case we need more information. Whether you call or write, please refer to the Letter Serial Number, Plan Number and File Folder Number shown in the heading of this letter.

Please advise those adopting the plan to contact you if they have any questions about the operation of the plan.

You should keep this letter as a permanent record. Please notify us if you modify or discontinue sponsorship of this plan.

Sincerely yours,  
  
/s/ [Illegible]  
Chief, Employee Plans  
Rulings and Qualifications Branch

SCUDDER  
401(k) PROTOTYPE  
PLAN DOCUMENT

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SCUDDER  
SERVING INVESTORS SINCE 1919

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SCUDDER  
PROTOTYPE PLAN  
Basic Plan Document 01

SECTION 1.  
INTRODUCTION

The Employer has established this Plan (the "Plan") consisting of the Adoption Agreement and the following provisions (the "Prototype Plan") for the exclusive benefit of its Employees and their Beneficiaries.

SECTION 2.  
DEFINITIONS

Where the following words and phrases appear in this Plan, they shall have the respective meanings set forth below, unless their context clearly indicates a contrary meaning. The singular herein shall include the plural, and vice versa, and the masculine gender shall include the feminine gender, and vice versa, where the context requires.

2.01 "Account" shall mean the Trust assets held by the Trustee for the benefit of a Participant, which shall be the sum of the Participant's Employer Contribution Account, Nondeductible Voluntary Contribution Account, Deductible Voluntary Contribution Account, Rollover Account, and any transfer account established pursuant to Section 4.04 hereof with respect to funds transferred on the Participant's behalf.

2.02 "Act" shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.03 "Administrator" shall mean the person or persons specified in Section 12.01 hereof.

2.04 "Adoption Agreement" shall mean the agreement by which the Employer has most recently adopted or amended the Plan.

2.05 "Beneficiary" shall mean any person or legal representative effectively designated by the Participant as a person entitled to receive benefits on or after the death of a Participant within the meaning of Code Section 401(a) (9) (E) and any regulations promulgated thereunder by the Secretary of the Treasury.

2.06 "Code" shall mean the Internal Revenue Code of 1954, as amended. Reference to a section of the Code shall include any comparable section or sections of future legislation that amends, supplements or supersedes such section.

2.07 "Compensation" shall mean the amount paid during the Plan Year by the Employer to the Employee for services rendered while a Participant, as reportable to the Federal Government for the purpose of withholding Federal income taxes, but not including, so long as the Plan is not integrated with Social Security, amounts attributable to any category specified in the Adoption Agreement. If so specified in the Adoption Agreement, Compensation shall also mean amounts paid to the Employee for services rendered for the entire Plan Year in which an Employee became a Participant whether or not such an Employee was a Participant for the entire Plan Year. In the case of a Self-Employed Individual, the above determination of Compensation shall be made on the basis of the Self-Employed Individual's Earned Income. Notwithstanding the previous sentence, for the purposes of the limitations imposed by Section 401(a)(1)(C)(II) below, Compensation of a Self-Employed Individual shall be determined in accordance with the rules provided in Code Section 404(a)(8)(D).

2.08 "Current Accumulated Earnings and Profits" of an Employer other than a sole-proprietorship or partnership shall mean the Employer's current or accumulated earnings and profits, as determined on the basis of the Employer's books of account in accordance with generally accepted accounting practices, without any deductions for Employer Contributions under the Plan (or any other qualified plan) for the current Year or for income taxes for the current Year, and without regard to the Employer's election to be taxed as a small business corporation, if it has so elected. If the Employer is a sole-proprietorship or partnership, "Current or Accumulated Earnings and Profits" shall mean the net income of such Employer before deduction for income taxes and contributions made hereunder.

2.09 "Deductible Voluntary Contribution Account" shall mean the separate account maintained pursuant to Section 6.03(c) hereof for the Deductible Voluntary Contributions made by the Participant and the income, expenses, gains and losses attributable thereto.

2.10 "Deductible Voluntary Contributions" shall mean the contributions made by Participants in accordance with Section 4.02 hereof, which respective contributing Participants designate as "Deductible Voluntary Contributions" at the time of contribution, and which comply with the requirements of Code Section 219.

2.11 "Designated Investment Company" shall mean a regulated investment company for which Scudder, Stevens & Clark, its successor or any of its affiliates, acts as investment adviser and which is designed by Scudder Fund Distributors, Inc. or its successors, as eligible for investment under the Plan.

2.12 "Designation of Beneficiary" or "Designation" shall mean the document executed by a Participant under Section 15.

2.13 "Disability" shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of 12 months or more, as certified by a licensed physician selected by the Participant and approved by the Employer.

2.14 "Distributee" shall mean the Beneficiary or other person entitled to receive the undistributed portion of the Participant's Account under Section 8 because of death or under Section 14 because of incompetency or inability to ascertain or locate such individual.

2.15 "Distributor" shall mean Scudder Fund Distributors, Inc. or its successor.

2.16 "Earned Income" shall mean the net earnings from self employment in the trade or business with respect to which the Plan is established, for which personal services of the Owner-Employee or Self-Employed Individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan, including this Plan, to the extent deductible under Code Section 404.

2.17 "Effective Date" shall mean the date specified by the Employer in the Adoption Agreement.

2.18 "Election Period" shall mean the period which begins of the first day of the Plan Year in which the Participant attains age 35 and which ends on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which he or she attains age 35 the Election Period with respect to his or her vested Account balance (as of his or her date of separation) shall begin on his or her date of separation.

2.19 "Employee" shall mean an individual who performs services in the business of the Employer in any capacity (including any individual deemed to be an employee of the Employer under Code Section 414(n)).

2.20 "Employer" shall mean the organization or other entity named as such in the Adoption Agreement and any successor organization or entity which adopts the Plan.

Any two or more organizations or entities which are members of (a) a controlled group of corporations (as defined under Code Section 414(b)), (b) a group of trades or businesses (whether or not incorporated) which are under common control (as defined under Code Section 414(c)), or (c) an affiliated service group (as defined under Code Section 414(m)), will be considered to be the Employer for the purposes of the Plan, unless the Plan is adopted as a nonstandardized plan, the adopting Employer makes a written election to the contrary and such written election is attached to the Adoption Agreement. Any such attached, written election shall become part of the Adoption Agreement.

2.21 "Employer Contribution Account" shall mean the separate account maintained pursuant to Section 6.03(a) hereof for the Employer Contributions allocated to a Participant and the income, expenses, gains and losses attributable thereto.

2.22 "Employer Contributions" shall mean the contributions made by the Employer in accordance with Section 4.01 hereof.

2.23 "Hour of Service" shall mean:

(a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours shall be credited to the Employee for the computation period in which the duties are performed;

(b) Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including Disability), layoff, jury duty, military duty or leave of absence. No more than 501 Hours of Service shall be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period). Hours under this subsection shall be calculated and credited pursuant to section 2530.200b-2 of the Department of Labor Relations which are incorporated herein by reference;

(c) Solely for the purpose of determining whether a One-Year Break in Service has occurred, each hour which normally would have been credited to an Employee (or in any case in which such hour cannot be determined, eight hours per day of such absence) but for an absence from work during a Plan Year beginning after December 31, 1984 because of such individual's pregnancy, birth of a child of the individual, placement of an adopted child with the individual, or caring for an adopted or a natural child following placement or birth. Hours of Service under this paragraph shall be credited in the Plan Year in which the absence begins if the individual would otherwise have suffered a One-Year Break in Service, and in all other cases, in the immediately following Plan Year. No more than 501 Hours of Service shall be credited under this paragraph by reason of any one placement or pregnancy. Notwithstanding any implication of this subsection (c) to the contrary, no credit shall be given under this subsection (c), unless the Employee makes a timely, written filing with the Administrator which establishes valid reasons for the absence and enumerates the days for which there was such an absence;

(d) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service shall not be credited both under subsection (a), (b) or (c), as the case may be, and under this subsection (d). These hours shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made.

Where the Employer maintains the plan of a predecessor employer, service for such predecessor employer shall be treated as Service of the Employer. Where the Employer does not maintain the plan of a predecessor employer, employment by a predecessor employer, upon the written election of the Employer made in a uniform and non-discriminatory manner, shall be treated as Service for the Employer, provided that the Employer may only make such an election if he has adopted this Plan as a nonstandardized plan.

If the Employer is a member of (a) a controlled group of corporations (as defined under Code Section 414(b)), (b) a group of trades or businesses (whether or not incorporated) which are under common control (as defined under Code Section 414(c)), or (c) an affiliated service group (as defined under Code Section 414(m)), all service of an Employee for any member of such a group shall be treated as if it were Service for the Employer for purposes of this Section 2.23.

In addition, all service for any individual who is considered a leased



employee of the Employer under Code Section 414(n) shall be treated as if it were Service for the Employer for purposes of this Section 2.23. However, qualified plan contributions or benefits provided by the leasing organization which are attributable to Services performed for the Employer shall be treated as provided by the Employer. The provisions of this paragraph shall not apply to any leased employee if such employee is covered by a money purchase pension plan maintained by the leasing organization providing: (a) a nonintegrated employer contribution rate of at least 7-12% of compensation, (b) immediate participation, and (c) full and immediate vesting. For purposes of this Section 2.23, the term "leased employee" means any person who is not an Employee and who, pursuant to an agreement

between the recipient and any other person, has performed services for the Employer (or for the Employer and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full-time basis for a period of at least one year and such services are of a type historically performed by employees in the business field of the Employer.

2.24 "Integration Level" for a Plan Year shall mean the lesser of the Social Security Wage Base or the dollar amount specified in the Adoption Agreement.

2.25 "Integration Rate" for a Plan Year shall mean the lesser of the OASDI Rate (as in effect on the first day of the Plan Year) or the rate specified in the Adoption Agreement.

2.26 "Loan Trustee" shall mean the Trustee or, if the Employer has specified otherwise in the Adoption Agreement, the individual or individuals so appointed to act as trustees solely for the purpose of administering the provisions of Section 10 and holding the Trust assets to the extent that they are invested in loans pursuant to such Section.

2.27 "Nondeductible Voluntary Contributions Account" shall mean the separate account maintained pursuant to the Section 6.03(b) hereof for Nondeductible Voluntary Contributions made by the Participant and the income, expenses, gains and losses attributable thereto.

2.28 "Nondeductible Voluntary Contributions" shall mean all contributions by Participants which are not Deductible Voluntary Contributions, Rollover Contributions, or contributions of accumulated deductible employee contributions made pursuant to Section 4.02(b)(vi) hereof.

2.29 "Normal Retirement Date" or "Normal Retirement Age" shall mean the earlier of (a) the date selected by the Employer in the Adoption Agreement or, (b) if the Employer enforces a mandatory retirement age, the first day of the month in which the Participant reaches that age.

2.30 "OASDI Rate" for a Plan Year shall mean the tax rate applicable, on the first day of the Plan Year, to employer contributions for old age, survivors, and disability insurance under the Social Security Act.

2.31 "One-Year Break in Service" shall mean a 12-consecutive-month period in which an Employee does not complete more than 500 Hours of Service unless the number of Hours of Service specified in the Adoption Agreement for purposes of determining a Year of Service is less than 501, in which case a 12-consecutive-month period in which an Employee has fewer than that number of Hours of Service shall be a One-Year Break in Service. The computation period over which One-Year Breaks in Service shall be measured shall be the same computation period over which Years of Service are measured.

2.32 "Owner-Employee" shall mean an Employee who is a sole proprietor adopting this Plan as the Employer, or who is a partner owning more than 10% of either the capital or profits interest of a partnership adopting this Plan as the Employer. Solely for the purposes of Section 10 hereof, Owner-Employee shall also mean an Employee or officer who owns (or is considered as owning within the meaning of Code Section 318(a)(1)) on any day during the Year, more than 5% of the Employer if the Employer is an electing small business corporation.

2.33 "Participant" shall mean an Employee who is eligible to participate in the Plan under Section 3 (other than, if this Plan is adopted as a non-standardized plan, a Self-Employed Individual who elects not to be a Participant in the Plan) and who has not, since becoming a Participant, died, retired, otherwise terminated employment with the Employer or transferred from an eligible class to a class of Employees ineligible to participate in the Plan.

2.34 "Plan" shall mean the Prototype Plan and Adoption Agreement.

2.35 "Plan Year" shall mean the fiscal year of the Employer or a different 12-consecutive-month period as specified in the Adoption Agreement.

2.36 "Prototype Plan" shall mean these Sections 1.24.

2.37 "Qualified Election" shall mean a valid waiver of a Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity, as the case may be. To be valid, the waiver must be in writing and Participant's Spouse must consent to it in writing. The Spouse's consent to the waiver must be witnessed by a Plan representative or notary public and must be a limited consent to the provision of a benefit or benefits to a specific alternate person or persons. Notwithstanding the foregoing consent requirement, if the Participant establishes to the satisfaction of a Plan representative that such written consent may not be obtained because there is no Spouse or the Spouse cannot be located, a waiver will nonetheless be deemed a Qualified Election. Any consent necessary for a Qualified Election will be valid only with respect to the Spouse who signs the consent, or in the event of a deemed Qualified Election, the Spouse whose consent could not be obtained or who could not be located. Additionally, a revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of distributions or benefits. The number of revocations shall be unlimited, but each such revocation shall once again make the Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity applicable, as the case may be, and the spouse must consent to any subsequent waiver in accordance with the requirements of this Section 2.37.

2.38 "Qualified Joint and Survivor Annuity" shall mean, in the case of a married Participant, an annuity which can be purchased with the Participant's vested Account balance for the life of the Participant with a survivor annuity for the life of the Spouse equal to 50% of the amount of the annuity which is payable during the joint lives of the participant and the Spouse. In the case of an unmarried Participant, Qualified Joint and Survivor Annuity shall mean an annuity which can be purchased with a Participant's vested Account balance for the life of the Participant.

2.39 "Rollover Account" shall mean the separate account maintained pursuant to Section 6.03(d) hereof for any Rollover Contributions (as described in Section 4.03 hereof) made by the Participant and the income, expenses, gains and losses attributable thereto.

2.40 "Rollover Contributions" shall mean contributions made to the Trust by Participants in accordance with Section 4.03 hereof.

2.41 "Self-Employed Individual" shall mean an Employee who has Earned Income for the taxable year from the trade or business for which the Plan is established, or an individual who would have had Earned Income but for the fact that the trade or business had no Current or Accumulated Earnings and Profits for the taxable year.

2.42 "Service" shall mean employment by the Employer and, if the Employer is maintaining the plan of a predecessor employer, or if the Employer is not maintaining the plan of a predecessor employer but has so elected in the manner described in Section 2.23 above, employment by such predecessor employer.

2.43 "Social Security Wage Base" for a Plan Year means the maximum amount of annual earnings which may be considered wages under Code Section 3121(a)(1) as in effect on the first day of such Plan Year.

2.44 "Sponsor" shall mean any of the organizations (a) which have requested a favorable opinion letter from the National Office of the Internal Revenue Service for this Plan or (b) to which a favorable opinion letter for this Plan has been issued by the National Office of the Internal Revenue Service.

2.45 "Spouse" shall mean the spouse or surviving spouse of the Participant, provided that a former spouse will be treated as the spouse or surviving spouse to the extent provided under a Qualified Domestic Relations Order (as described in Section 16.02 hereinafter).

2.46 "Trust" shall mean the trust established under Section 11 of this Plan for investment of Trust assets.

2.47 "Trust Fund" shall mean the contributions to the Trust and any assets into which such contributions shall be invested or reinvested in accordance with Sections 11.01 and 11.03 of this Plan.

2.48 "Trustee" shall mean the person or persons including any successor or successors thereto, named in the Adoption Agreement to act as trustee of the Trust and hold the Trust assets in accordance with Section 11 hereof.

2.49 "Valuation Date" shall mean the last day of each Plan Year.

2.50 "Vesting Years" shall be measured on the 12-consecutive-month period specified in the Adoption Agreement. A Participant will have a Vesting Year during such computation period only if the Participant completes the number of Hours of Service selected in the Adoption Agreement for purposes of computing a Year of Service. However, notwithstanding the preceding sentence, if the Employer has so specified in the Adoption Agreement, a Participant who does not receive credit for a Vesting Year under the preceding sentence will still have a Vesting Year for each Plan Year for which the Participant shares in the

allocation of Employer contributions for the Plan Year. However, when determining Vesting Years, unless the Employer has otherwise specified in the Adoption Agreement, there shall be excluded: (a) if this Plan is a continuation of an earlier plan which would have disregarded such service, Service before the first Plan Year to which the Act is applicable; (b) Service after five consecutive One-Year Breaks in Service (but this exclusion shall apply only for the purpose of computing the vested percentage of Employer Contributions made before such five-year period); (c) Service before a period of five One-Year Breaks in Service, if the Participant has no vested interest in his Employer Contribution Account at the time of such break and the number of consecutive One-Year Breaks in Service equals or exceeds the number of Vesting Years excluded by such break without counting Vesting Years excluded by an earlier application of this provision; (d) Service before the first Plan Year in which the Participant attained age 18; (e) Service before the Employer maintained this Plan or a predecessor plan; and (f) Service before January 1, 1971, unless the Participant has completed at least three Vesting Years after December 31, 1970. For the purposes of subsection (a), service disregarded under a prior plan includes service credits lost because of separation or failure to complete a required period of service within a specified period of time; such lost service credits may have resulted in the loss of prior vesting or benefit accruals, or the denial of eligibility to participate.

2.51 "Year" shall mean the fiscal year of the Employer.

2.52 "Year of Service" shall mean a 12-consecutive-month period, beginning on an Employee's initial date of employment or an anniversary thereof during which the Employee completes the number of Hours of Service specified in the Adoption Agreement. The initial date of employment is the first day on which the Employee performs an Hour of Service.

### SECTION 3. ELIGIBILITY

3.01 Entry. Each Employee of the Employer, who on the Effective Date of this Plan meets the conditions specified in the Adoption Agreement, shall become eligible to participate in the Plan commencing with Effective Date. Each other Employee of the Employer, including future Employees, shall become eligible to participate in the Plan when the eligibility requirements specified in the Adoption Agreement are met. For the purposes of this Plan's eligibility requirements, the exclusion concerning Employees who are covered by collective bargaining agreements applies to individuals who are covered by a collective bargaining contract between the Employer and Employee Representatives if contract negotiations considered retirement benefits in good faith and unless such contract specifically provides for participation in the Plan. For the purposes of this Section 3.01, "Employee Representatives" shall mean the representatives of an employee organization which engages in collective bargaining negotiations with the Employer, provided that owners, officers and executives of the Employer do not comprise more than 50% of the employee organization's membership.

3.02 Interrupted Service. All Years of Service with the Employer are counted towards eligibility except the following:

(a) If the Employer has specified in the Adoption Agreement that more than one Year of Service is required before becoming a Participant, and if the individual has a One-Year Break in Service before satisfying the Plan's eligibility requirements. Service before such break will not be taken into account.

(b) For Plan Years beginning before January 1, 1985, in the case of a Participant who does not

have any nonforfeitable right to his or her Employer Contributions, Years of Service before a One-Year Break in Service will not be taken into account in computing Years of Service for purposes of eligibility if the number of consecutive One-Year Breaks in Service equals or exceeds the aggregate number of such Years of Service before such break. Such aggregate number of Years of Service before such break will not include any Years of Service disregarded under this subsection (b) by reason of a prior break in service.

(c) For Plan Years beginning after December 31, 1984, in the case of a Participant who does not have any nonforfeitable right to his or her Employer Contributions, Years of Service before a period of consecutive One-Year Breaks in Service will not be taken into account in computing Years of Service for purposes of eligibility, if the number of consecutive One-Year Breaks in Service in such period equals or exceeds the greater of five or the Employee's aggregate number of such Years of Service before such break. Such aggregate number of Years of Service before such period will not include any Years of Service disregarded under this subsection (c) by reason of a prior period of consecutive One-Year Breaks in Service.

3.03 Reentry. If a former Participant either (a) had a nonforfeitable right to all or a portion of his or her Employer Contribution Account at the time of termination from Service or (b) did not have any nonforfeitable right to his or her Employer Contribution Account but does not have Service prior to the break in Service disregarded by operation of Section 3.02(b) or (e) hereof, such former Participant shall become a Participant immediately upon return to the employ of the Employer as a member of an eligible class of Employees.

3.04 Transfer to Eligible Class. In the event an Employee is not a member of an eligible class of Employees becomes a member of an eligible class, such Employee shall participate immediately if such Employee has satisfied the minimum age and Service requirements and would have previously become a Participant had he or she been a member of an eligible class through the period of employ with the Employer.

3.05 Determination by Administrator. Eligibility shall be determined by the Administrator and the Administrator shall notify each Employee upon his or her admission as a Participant in the Plan.

#### SECTION 4. CONTRIBUTIONS

##### 4.01 Employer Contributions and Allocation

(a) Profit Sharing Plan. If the Employer has adopted this Plan as a profit sharing plan, the following provisions shall apply:

(i) Contribution.

(A) Subject to Requirements of subparagraphs (B) and (C) below, beginning in the Plan Year in which the Plan is adopted, and for each Plan Year thereafter, the Employer will contribute the amount determined by it, in its discretion, for the Plan Year in question.

(B) Subject to the requirements of subparagraph (C) below, during any Plan Year in which the Employer has elected to provide Employer thrift matching contributions in the Adoption Agreement, the Employer shall contribute at least the aggregate amount specified in the Adoption Agreement.

(C) During a Plan Year, the aggregate Employer Contributions made pursuant to this Section 4.01(a) (i) may not exceed the lesser of (I) the Employer's Current or Accumulated Earnings and Profits for the Plan Year or (II) 15% (or such larger percentage as may be permitted by the Code as a current deduction to the Employer with respect to any Plan Year) of the total Compensation (disregarding any exclusion from Compensation specified by the Employer in the Adoption Agreement) paid to, or accrued by the Employer for, Participants for that Plan Year plus any unused credit carryovers from previous Plan Years. For this purpose, a "credit carryover" is the amount by which Employer Contributions for a previous Plan Year were less than 15% of the total Compensation (disregarding any exclusion from Compensation specified by the Employer in the Adoption Agreement) paid or accrued by the Employer to Participants for such Plan Year, but such unused credit carryover shall in no event permit the Employer Contributions for a Plan Year to exceed 25% (or such larger percentage as may be permitted by the Code as a deduction to the Employer) of the total Compensation (disregarding any exclusions from Compensation specified by the Employer in the Adoption Agreement) paid to, or accrued for, Participants by the Employer for the Plan Year in question.

(ii) Allocation Under Non-Integrated, Profit Sharing Plan. If the Employer has adopted this Plan as a profit sharing plan under which allocations shall be made on a non-integrated basis, Employer Contributions, plus any forfeitures under Section 7.02, for a Plan Year shall be allocated according to the provisions of this subsection (ii) as of the Valuation Date for such Plan Year.

(A) Subject to the terms of subparagraph (B) below, unless the Employer has specified otherwise in the Adoption Agreement, such amount shall be allocated among the Employer Contribution Accounts of all Participants and former Participants who were employed by the Employer during the Plan Year. If the Employer has specified in the Adoption Agreement that a minimum number of Hours of Service are necessary to share in the allocation of Employer Contributions and forfeitures for a Plan Year in which the Plan is not Top Heavy. Participants and former Participants, as the case may be, who fail to complete the required number of Hours of Service during such a Plan Year shall not share in the allocation. If the Employer has so specified in the Adoption Agreement, Employer Contributions and forfeitures shall be allocated only among otherwise entitled Participants who are employed by the Employer on such Valuation Date. Employer Contributions and forfeitures shall be allocated to Participants entitled to share in the allocation of Employer Contributions and forfeitures for that Plan Year in proportion to their Compensation for such Plan Year.

(B) Notwithstanding the provisions of subparagraph (A) above but nonetheless subject to the provisions of Section 21.03 below, during any

Plan Year in which the Employer has elected to provide Employer thrift matching contributions in the Adoption Agreement and the Plan is not a Top-Heavy Plan. Employer Contributions and forfeitures shall be allocated in proportion to the percentage of Participants' Nondeductible Voluntary Contributions as specified in the Adoption Agreement.

(iii) Allocation Under Integrated, Profit Sharing Plan. If the Employer has adopted this Plan as a profit sharing plan under which allocations shall be made on an integrated basis. Employer Contributions, plus any forfeitures under Section 7.02, for a Plan Year shall be allocated according to the provisions of this subsection (iii) as of the Valuation Date for such Plan Year. Unless the Employer has specified otherwise in the Adoption Agreement, such amount shall be allocated among all Participants and former Participants who were employed by the Employer during the Plan Year. If the Employer has specified in the Adoption Agreement that a minimum number of Hours of Service are necessary to share in the allocation of Employer Contributions and forfeitures for a Plan Year in which the Plan is not Top Heavy, Participants and former Participants, as the case may be, who fail to complete the required number of Hours of Service during such a Plan Year shall not share in the allocation. If the Employer has so specified in the Adoption Agreement, Employer Contributions and forfeitures shall be allocated only among otherwise entitled Participants who are employed by the Employer on such Valuation Date. Employer Contributions and forfeitures shall be allocated to Participants entitled to share in the allocation of Employer Contributions and forfeitures for that Plan Year as follows:

(A) First, Employer Contributions and forfeitures will be allocated to the Employer Contribution Account of each Participant entitled to share in the allocation of such amounts in the ratio that each such Participant's Compensation for the Plan Year in excess of the Integration Level bears to the Compensation in excess of the Integration Level for all such Participants, provided that the amount so credited to any such Participant's Employer Contribution Account for the Plan Year shall not exceed the product of the Integration Rate times the Participant's Compensation in excess of the Integration Level.

(B) Next, any remaining Employer Contributions or forfeitures will be allocated to the Employer Contribution Accounts of all Participants entitled to share in the allocation of the Employer Contributions for the Plan Year in the ratio that each such Participant's Compensation for the Plan Year bears to all such Participants' Compensation for that Plan Year.

(b) Money Purchase Pension Plan. If the Employer has adopted this Plan as a money purchase pension plan, the Employer will, beginning for the Plan Year in which the Plan is adopted, and for each Plan Year thereafter, contribute, for allocation to the Employer Contribution Account of each Participant entitled to share in the allocation of Employer Contributions, the amount specified in the Adoption Agreement reduced by any forfeitures arising during the preceding Plan Year pursuant to Section 7.02 hereafter.

(i) Unless the Employer has specified otherwise in the Adoption Agreement, the amount of the Employer Contribution shall be calculated on the basis of the Compensation of all Participants and former Participants who were employed by the Employer during the Plan Year. If the Employer has specified in the Adoption Agreement that a minimum number of Hours of Service are necessary to receive an Employer Contribution in a Plan Year in which the Plan is not Top Heavy, Participants and former Participants, as the case may be, who fail to complete the required number of Hours of Service during such a Plan Year shall not be considered when calculating the amount of the Employer Contribution. If the Employer has so specified in the Adoption Agreement, only Participants who are employed by the Employer on such Valuation Date and who are otherwise entitled to receive an allocation shall be considered when calculating the amount of the Employer Contribution. Employer Contributions shall be allocated to the Employer Contribution Accounts of only those Participants who were included in the calculation of the amount of the Employer Contribution.

(ii) To the extent that the Employer Contribution for a Plan Year is reduced by forfeitures, such forfeitures shall be added to such Employer Contribution and allocated as a part thereof.

(iii) Any excess forfeitures not allocated pursuant to this Section 4.01(b) shall be carried over to future Plan Years.

4.02 Participant Contributions. If, in the Adoption Agreement, the Employer has specified that Participants may make either Deductible Voluntary Contributions or Nondeductible Voluntary Contributions, or both, a Participant may make such permitted contributions to his or her Account; provided, however, that a Participant's right to make such contribution(s) shall be subject to the conditions and limitations specified below.

(a) The following conditions and limitations shall apply if the Employer has specified that Participants may make Nondeductible Voluntary Contributions:

(i) The aggregate amount of a Participant's Nondeductible Voluntary Contributions, plus any nondeductible voluntary contributions he or she makes under any other qualified retirement plan maintained by the Employer, shall not exceed 10% of his or her Compensation (disregarding any exclusions from Compensation specified by the Employer in the Adoption Agreement) for the period in which he or she has been a Participant in the Plan.

(ii) The aggregate amount of a Participant's Nondeductible Voluntary Contributions shall not cause the Annual Addition (as defined in Section 5.05(a) hereof) to his or her Account to exceed the limitations set forth in Section 5.

(iii) A Participant's Nondeductible Voluntary Contributions shall be allocated to his or her Nondeductible Voluntary Contribution Account under Section 6.03 hereof.

(iv) A Participant's Nondeductible Voluntary Contribution Account shall be nonforfeitable and the Participant may withdraw all or a portion of his or her Nondeductible Voluntary Contribution Account upon 30 days' written notice to the Administrator.

(b) The following conditions and limitations shall apply if the Employer has specified that the Participants may make Deductible Voluntary Contributions:

(i) The aggregate amount of a Participant's Deductible Voluntary Contributions in any calendar year may not exceed the lesser of (1) \$2,000 or (2) the Participant's compensation for calendar year for which the contribution is made. Compensation for this purpose means all wages, salaries, earned income and other amounts received or derived from

personal services actually rendered and includible in gross income, but does not include amounts derived from or received as earnings or profits from property or amounts received as a pension or annuity or as deferred compensation. This limitation applies to all the Participant's Deductible Voluntary Contributions made for the calendar year to all qualified retirement plans maintained by the Employer. The Administrator shall not accept any contributions in excess of this limitation.

(ii) A Participant may not make Deductible Voluntary Contributions for the calendar year in which he or she attains age 70-1/2 or any calendar year thereafter.

(iii) A Deductible Voluntary Contribution will be considered contributed for the calendar year in which it is actually made. However, if a Participant makes a Deductible Voluntary Contribution on or before April 15, he or she may notify the Administrator at the time the Deductible Voluntary Contribution is made that it is made for the preceding calendar year. A Deductible Voluntary Contribution may only be made for a calendar year in which the Employee was a Participant, and in no event may a Deductible Voluntary Contribution be made by an Employee after he or she has ceased to be a Participant.

(iv) All Participant Contributions will be considered to be Deductible Voluntary Contributions, unless the Employer has elected in the Adoption Agreement to allow Nondeductible Voluntary Contributions and the Participant designates before April 15 of the calendar year following the calendar year in which the contribution was made that the contribution was a Nondeductible Voluntary Contribution. In such a case, the contribution will be considered to have been a Nondeductible Voluntary Contribution made during the calendar year in which it was contributed.

(v) A Participant's Deductible Voluntary Contributions must be in cash and shall be allocated to his or her Deductible Voluntary Contribution Account under Section 6.03 hereof.

(vi) A Participant's right to his or her Deductible Voluntary Contribution Account shall be nonforfeitable and the Participant may withdraw all or a portion of his or her Deductible Voluntary Contribution Account upon written application to the Administrator. However, if at the time the Participant receives the withdrawal, he or she has not attained age 59-1/2 and is not disabled, the Participant will be subject to a federal income tax penalty unless, within 60 days of the date he or she receives it, he or she rolls over the amount withdrawn to an individual retirement plan or, if the Participant can satisfy the requirement contained in section 4.03(b) below, a qualified retirement plan.

(vii) The Administrator may, in its discretion, accept accumulated deductible employee contributions (as defined in Code Section 72(o)(5)) that were distributed from a qualified retirement plan and rolled over pursuant to Code Sections 402(a)(5), 402(a)(7), 403(a)(4), or 408(d)(3). The rolled over amount will be added to the Participant's Deductible Voluntary

Contribution Account, but will not be taken into account in applying the restrictions specified in Section 4.02(b)(i) and (ii) above. In no case may the Administrator authorize the Plan to accept rollovers of accumulated deductible employee contributions from a qualified plan to which a contribution was made for the Participant while the plan was a Top-Heavy Plan (as defined in Section 21.02(b) hereof and applied to such other plan) and the Participant was a Key Employee (as defined in Section 21.02(a) hereof and applied to such other employer).

4.03 Rollover Contributions. The Administrator may, in its discretion, direct the Trustee to accept a Rollover Contribution upon the express request of the Participant wishing to make such Rollover Contribution, the same to be held, administered and distributed by the Trustee in accordance with the terms of this Plan, provided that the Trustee consents if the contribution includes property other than cash. A Rollover Contribution shall only be a contribution, comprised of money and/or property, which is a "rollover amount" within the meaning of Code Section 402(a)(5) or a "rollover contribution" within the meaning of Code Section 408(d)(3)(A)(ii) (as modified by Code Section 408(d)(3)(C)) with respect to which both of the following conditions are met:

(a) The transfer of such amount is being made within 60 days of its receipt by the Participant and

(b) No part of such amount is attributable to contributions made on behalf of the Participant while he or she was a Key Employee (as defined in Section 21.02(a) and applied to such other employer) in a Top-Heavy Plan (as defined in Section 21.02(b) and applied to such other plan).

All Rollover Contributions made under this Section 4.03 must be accepted by the Trustee within the 60-day period referred to in paragraph (a) above. A Participant's Rollover Contribution shall at no time be included in the computation of the maximum allocation to a Participant's Account as set forth in Section 5 hereof. Each Rollover Contribution made by a Participant shall be allocated to his or her Rollover Account pursuant to Section 6.03(d) hereof. Such Rollover Account shall be invested by the Trustee as part of the Trust Fund, pursuant to Section 11 hereafter, except as it may be held in kind as permitted above. A Participant may withdraw all or a portion of his or her Rollover Account upon 30 days' written notice to the Administrator. However, if the Participant is, or has been, a 5-percent owner (as defined in Code Section 416(i)(1)(B)(i)) and at the time of the withdrawal, he or she has not attained age 59-1/2 and is not disabled, the Participant will be subject to a federal income tax penalty unless, within 60 days of the date he or she receives it, he or she rolls the amount withdrawn to an individual retirement plan or, if the Participant can satisfy the requirement contained in subsection (b) above, a qualified retirement plan.

4.04 Transfers from other Qualified Plans. The Administrator may, in its discretion, direct the Trustee to accept the transfer of any assets held for the Participant's benefit under a qualified retirement plan of a former employer of such Participant. Such a transfer shall be made directly between the trustee or custodian of the former employer's plan and the Trustee in the form of cash or its equivalent, and shall be accompanied by written instruction showing separately the portion of the transfer attributable to contributions by the former employer and by the Participant respectively. Separate written instructions delivered to the Administrator shall identify the portion of the transferred funds, if any, attributable to any period during which the Participant participated in a defined benefit plan, money purchase pension plan (including a target benefit plan), stock bonus plan or profit sharing plan which would otherwise have provided a life annuity form of payment to the Participant. The Administrator shall be entitled to rely on all inclusions and commissions in such written instructions with respect to character of the transferred funds. To the extent that the amount transferred is attributable to contributions by the former employer, it shall be maintained in a separate transfer account. To the extent that the amount transferred is attributable to contributions by the Participant, it shall be maintained in the Participant's Nondeductible Voluntary Contribution Account or Deductible Voluntary Contribution Account as is appropriate.

SECTION 5.  
CODE SECTION 415  
LIMITATIONS ON ALLOCATIONS

5.01 Employers Maintaining No Other Plan.

(a) If a Participant does not participate in, and has never participated in another qualified plan or a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, the amount of the Annual Addition which may be credited to the Participant's Account for any Limitation Year shall not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in the Plan.

(b) If the Employer Contribution that would otherwise be allocated to a Participant's Account would cause the Annual Addition for the Limitation Year to exceed the Maximum Permissible Amount, the amount allocated will be reduced



so that any Excess Amount shall be eliminated and, consequently, the Annual Addition for the Limitation Year will equal the Maximum Permissible Amount.

(i) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant on the basis of a reasonable estimation of the Participant's Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.

(ii) As soon as is administratively feasible after the end of each Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of Participants' actual Compensation for the Limitation Year.

(c) Any Excess Amount shall be eliminated pursuant to the following procedure:

(i) The portion of the Excess Amount consisting of Nondeductible Voluntary Contributions which are a part of the Annual Addition (as defined in Section 5.05(a)) shall be returned to the Participant as soon as administratively feasible;

(ii) If after the application of subparagraph (i) an Excess Amount still exists and the Participant is covered by the Plan at the end of the Limitation Year, the Excess Amount in the Participant's Account will be used to reduce Employer Contributions (including any allocation of forfeitures) for such Participant in the next Limitation Year, and each succeeding Limitation Year if necessary.

(iii) If after the application of subparagraph (i) an Excess Amount still exists and the Participant is not covered by the Plan at the end of the Limitation Year, the Excess Amount will be held unallocated in a suspense account. The suspense account will be applied to reduce proportionally future Employer Contributions (including any allocation of forfeitures) for all remaining Participants in the next Limitation Year, and each succeeding Limitation Year, if necessary. If a suspense account is in existence at any time during the Limitation Year pursuant to this subparagraph, it will not participate in the allocation of the Trust's investment gains and losses. In the event of termination of the Plan, the suspense account shall revert to the Employer to the extent it may not then be allocated to any Participant's Account.

(d) Notwithstanding any other provision in subsections (a) through (c), the Employer shall not contribute any amount that would cause an allocation to the suspense account as of the date the contribution is allocated.

#### 5.02 Employers Maintaining Other Master or Prototype Defined Contribution Plans

(a) This Section 5.02 applies if, in addition to this Plan, a Participant is covered under another qualified Master or Prototype defined contribution plan or a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer during any Limitation Year. The Annual Addition which may be allocated to any Participant's Account for any such Limitation Year shall not exceed the Maximum Permissible Amount, reduced by the sum of any portion of the Annual Addition credited to the Participant's account under such other plans and welfare benefit funds for the same Limitation Year.

(b) If the Annual Addition with respect to a Participant under other defined contribution plans and welfare benefit funds maintained by the Employer of what would be portions of the Annual Addition (if the allocations were made under the Plan) are less than the Maximum Permissible Amount and the Employer Contribution that would otherwise be contributed or allocated to the Participant's Account under this Plan would cause the Annual Addition for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the Annual Addition under all such plans and funds for the Limitation Year will equal the Maximum Permissible Amount.

(c) If the Annual Addition with respect to the Participant under such other defined contribution plans and welfare benefit funds in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year.

(d) If an Excess Amount was allocated to a Participant under this Plan on a date which coincides with the date an allocation was made under another plan, the Excess Amount attributed to this Plan will be the product of,

(i) The total Excess Amount allocated as of such date, multiplied by

(ii) the quotient obtained by dividing

(A) the portion of the Annual Addition allocated to the



Participant for the Limitation Year as of such date by

(B) the total Annual Addition allocations to the Participant for the Limitation Year as of such date under this and all other qualified Master or Prototype defined contribution plans maintained by the Employer.

(e) Any Excess Amount attributed to the Plan will be disposed in the manner described in Section 5.01.

5.03 Employers Maintaining Other Defined Contribution Plans. If a Participant is covered under another qualified defined contribution plan which is not a Master or Prototype plan, the Annual Addition credited to the Participant's Account under this Plan for any Limitation Year will be limited in accordance with the provisions of Section 5.02 as though the plan were a Master or Prototype Plan, unless the Employer provides other limitations pursuant to the Adoption Agreement.

5.04 Employers Maintaining Defined Benefit Plans. If the Employer maintains, or at any time maintained, a qualified defined benefit plan covering any Participant in this Plan, the sum of the Participant's Defined Benefit Plan Fraction and the Defined Contribution Plan Fraction will not exceed 1.0 in any Limitation Year. The Annual Addition which may be credited to the Participant's Account under this Plan for any Limitation Year will be limited in accordance with the provisions of Section 5.02, unless the Employer provides other limitations pursuant to the Adoption Agreement.

5.05 Definitions. For purposes of this Section 5, the following terms shall be defined as follows:

(a) Annual Addition. With respect to any Participant, the "Annual Addition" shall be the sum of the following amounts credited to a Participant's Account for the Limitation Year:

(i) Employer Contributions;

(ii) forfeitures; and

(iii) the lesser of

(A) one-half (1/2) the allocated Nondeductible Voluntary Contributions or

(B) the amount of allocated Nondeductible Voluntary Contributions in excess of 6% of the Participant's Compensation for the Limitation Year.

Any Excess Amount applied under Section 5.01(c)(ii) or (iii) or Section 5.02(e) in a Limitation Year to reduce Employer Contributions will be considered part of the Annual Addition for such Limitation Year. Amounts allocated, after March 31, 1984, to an individual medical account (as defined in Code Section 415(l)(1)) which is part of a defined benefit plan maintained by the Employer, are treated as part of the Annual Addition. Also, amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a Key Employee (as defined in Section 21.02(a) hereof) under a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, are treated as part of the Annual Addition.

(b) Compensation. For the purposes of this Section 5, a Participant's "Compensation" shall include any earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer maintaining the Plan (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses), and excluding the following:

(i) Employer contributions to a plan of deferred compensation which are not includible in the Participant's gross income for the taxable year in which contributed, or Employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the Participant, or any distributions from a plan of deferred compensation;

(ii) Amounts realized from the exercise of a nonqualified stock option, or when restricted property held by the Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(iv) other amounts which received special tax benefits, or contributions made by the Employer (whether or not under a salary-reduction agreement) towards the purchase of an annuity described in Code Section 403(b)

(whether or not the amounts are actually excludable from the gross income of the Participant).

For purposes of applying the limitations of this Section 5, Compensation for a Limitation Year is the Compensation actually paid or includible in gross income during such year.

Notwithstanding the preceding sentence, Compensation for a Participant in a profit sharing plan who is permanently and totally disabled (as defined in Code Section 22(e)(3)) is the Compensation such Participant would have received for the Limitation Year if the Participant was paid at the rate of Compensation paid immediately before becoming permanently and totally disabled; such imputed compensation for the disabled Participant may be taken into account only if the Participant is not an officer, an owner, or highly compensated, and contributions made on behalf of such a Participant are nonforfeitable when made.

(c) Defined Benefit Fraction. The "Defined Benefit Fraction" shall be a fraction, the numerator of which is the sum of the Participant's Projected Annual Benefits under all the defined benefit plans (whether or not terminated) maintained by the Employer, and the denominator of which is the lesser of 125% of the dollar limitation in effect for the Limitation Year under Code Section 415(b)(1)(A) or 140% of the Participant's Highest Average Compensation.

Notwithstanding the above, if the Participant was a participant in one or more defined benefit plans maintained by the Employer which were in existence on July 11, 1982, the denominator of this fraction will not be less than 125% of the sum of the annual benefits under such plans which the Participant had accrued as of the later of the end of the last Limitation Year beginning before January 1, 1983. The preceding sentence applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 as in effect at the end of the 1982 Limitation Year. For purposes of this paragraph, a Master or Prototype plan with an opinion letter issued before January 1, 1983, which was adopted by the Employer on or before June 30, 1983, is treated as a plan in existence on July 1, 1982.

(d) Defined Contribution Fraction. The "Defined Contribution Fraction" shall be a fraction, the numerator of which is the sum of the Annual Additions to the Participant's account under all the defined contribution plans (whether or not terminated) maintained by the Employer for the current and all prior Limitation Years, (including the Annual Additions attributable to the Participant's nondeductible employee contributions to all defined benefit plans, whether or not terminated, maintained by the Employer, and the Annual Additions attributable to all welfare benefit funds (as defined in Code Section 419(e))), and the denominator of which is the sum of the Maximum Aggregate Amounts for the current and all prior Limitation Years of service with the Employer (regardless of whether a defined contribution plan was maintained by the Employer). The Maximum Aggregate Amount in any Limitation Year is the lesser of 125% of the dollar limitation in effect under Code Section 415(c)(1)(A) or 35% of the Participant's Compensation for such year.

If a Participant was a participant in one or more defined contribution plans maintained by the Employer which were in existence on July 1, 1982, the numerator of this fraction will be adjusted if the sum of this Defined Contribution Fraction and the Defined Benefit Fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of

(i) The excess of the sum of the fractions over 1.0, multiplied by

(ii) the denominator of this Defined Contribution Fraction.

will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of the later of the end of the last Limitation Year beginning before January 1, 1983 or September 30, 1983. This adjustment also will be made if at the end of the last Limitation Year beginning before January 1, 1984, the sum of the fractions exceeds 1.0 because of the accruals or additions that were made before the limitations of this Section 5 became effective to any plans of the Employer in existence on July 1, 1982. For purposes of this paragraph, a Master or Prototype plan with an opinion letter issued before January 1, 1983, which is adopted by the Employer on or before September 30, 1983, is treated as a plan in existence on July 1, 1982.

(e) Employer. "Employer" means the Employer that adopts this Plan and all members of (i) a controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)), (ii) commonly controlled trades or businesses (whether or not incorporated) (as defined in Code Section 414(c) as modified by Code Section 415(h)), or (iii) affiliated service groups (as defined in Code Section 414(m)) or which the Employer is a part.

(f) Excess Amount. The "Excess Amount" is the excess of what would otherwise be a Participant's Annual Addition for the Limitation Year over the Maximum Permissible Amount. If at the end of a Limitation Year when the Maximum

Permissible Amount is determined on the basis of the Participant's actual Compensation for the year, an Excess Amount results, the Excess Amount will be deemed to consist of the portion of the Annual Addition last allocated, except that the portion of the Annual Addition attributable to a welfare benefit fund will be deemed to have been allocated first regardless of the actual allocation date.

(g) Highest Average Compensation. A Participant's "Highest Average Compensation" is his or her average Compensation for the three consecutive Years of Service with the Employer that produces the highest average. A Year of Service with the Employer is the 12-consecutive-month period defined in Section 2.52 of the Plan.

(h) Limitation Year. A "Limitation Year" is the Plan Year or any other 12-consecutive-month period specified by the Employer in the Adoption Agreement. All qualified plans maintained by the Employer must use the same Limitation Year. If the Limitation Year is amended to a different 12-consecutive-month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(i) Master or Prototype Plan. A "Master or Prototype" plan is a plan the form of which is the subject of a favorable opinion letter from the Internal Revenue Service.

(j) Maximum Permissible Amount. For a Limitation Year, the "Maximum Permissible Amount" with respect to any Participant shall be the lesser of

(i) \$30,000 (or beginning January 1, 1988, such larger amount determined by the Commissioner of Internal Revenue for the Limitation Year) or

(ii) 25% of the Participant's Compensation for the Limitation Year.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive-month period, the Maximum Permissible Amount will not exceed the quotient determined by first multiplying \$30,000 by the number of months in the short Limitation Year and then dividing the product by 12.

(k) Projected Annual Benefit. The "Project Annual Benefit" is the annual retirement benefit (adjusted to an actuarially equivalent straight life annuity if such benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity) to which the Participant would be entitled under the terms of the plan assuming:

(i) the Participant will continue employment until normal retirement date under the plan (or current age, if later), and

(ii) the Participant's compensation for the current Limitation Year and all other relevant factors used to determine benefits under the plan will remain constant for all future Limitation Years.

#### SECTION 6. TIME AND MANNER OF MAKING CONTRIBUTIONS

6.01 Manner. Unless otherwise agreed to by the Trustee, contributions to said Trustee shall be made only in cash. All contributions may be made in one or more installments.

6.02 Time. Employer Contributions and Participant Contributions with respect to a Plan Year shall be made before the time limit, including extensions thereof, for filing the Employer's federal income tax returns for the Year with or within which the particular Plan Year ends (or such later time as is permitted by regulations authorized by the Secretary of the Treasury or delegate). Rollover Contributions may be made at any time acceptable to the Administrator in accordance with Section 4.0 hereof. All contributions shall be paid to the Administrator for transfer to the Trustee, as soon as possible, or, if acceptable to the Administrator and the Trustee, such contributions may be paid directly to the Trustee. The Administrator shall transfer such contributions to the Trustee as soon as possible. The

Administrator may establish a payroll deduction system or other procedure to assist the making of Participant Contributions to the Trust, and the Administrator may from time to time adopt rules or policies governing the manner in which such contributions may be made so that the Plan may be conveniently administered.

6.03. Separate Accounts. For each Participant, a separate account shall be maintained for each of the following types of contributions and the income, expenses, gains and losses attributable thereto:

(a) Employer Contributions;

(b) Nondeductible Voluntary Contributions, if selected in the Adoption Agreement;

(c) Deductible Voluntary Contributions, if selected in the Adoption Agreement;

(d) Rollover Contributions, if, pursuant to Section 4.03 hereof, the Administrator directs the Trustee to accept such contributions; and

(e) funds directly or indirectly transferred from another qualified retirement plan pursuant to Section 4.04 hereof, if the Administrator directs the Trustee to accept such transfers.

In addition, pursuant to Section 7.02(d) and (f) hereof, separate accounts will be maintained for the pre-break and postbreak Employer Contributions made on behalf of a Participant who has Service excluded from the calculations of Vesting Years pursuant to Section 2.50(b) or (c). Notwithstanding the above, if a Participant's rights to Employer Contributions are immediately and fully nonforfeitable, Employer Contributions allocated on behalf of such Participant and his or her Nondeductible Voluntary Contributions may be maintained in a single account.

#### SECTION 7. VESTING

7.01 When Vested. A Participant shall always have a fully vested and nonforfeitable interest in his or her Nondeductible Voluntary Contribution Account, Deductible Voluntary Contribution Account and Rollover Account, and any transfer account established pursuant to Section 4.04 hereof on his or her behalf. A Participant's interest in his or her Employer Contribution Account shall be vested and nonforfeitable at Normal Retirement Date, death, Disability, upon termination (including a complete discontinuance of Employer Contributions) or partial termination of the Plan and otherwise only to the extent specified in the Adoption Agreement.

7.02 Forfeitures. If a Participant's employment with the Employer is terminated before his or her Employer Contribution Account is fully vested in accordance with Section 7.01 hereof, this Section 7.02 shall apply.

(a) If the Participant completes a period of five consecutive One-Year Breaks in Service before returning to employment with the Employer, dying or becoming disabled, the portion of the Participant's Employer Contribution Account which was not vested at the time of his or her termination shall be forfeited and

(i) if this Plan is adopted as a profit sharing plan, allocated exclusively as of the next Valuation Date in the same manner, and to the same Participants' Employer Contribution Accounts as the Employer Contribution for that Plan Year is allocated pursuant to Section 4.01 hereof, or

(ii) if this Plan is adopted as a money purchase pension plan, applied exclusively to reduce the Employer Contributions for the next Plan Year.

(b) No forfeitures shall occur solely as a result of withdrawal of Deductible Voluntary Contributions, Nondeductible Voluntary Contributions, Rollover Contributions or amounts held in a transfer account.

(c) Following a forfeiture, the Participant shall be fully vested in all funds which remain in his or her Employer Contribution Account immediately after the forfeiture and in all Trust earnings subsequently attributed to such funds.

(d) If the Participant is reemployed by the Employer after he or she completes five consecutive One-Year Breaks in Service, an additional Employer Contribution Account shall be maintained on the Participant's behalf; provided that, at a subsequent time, the Trustee shall have the discretionary authority to combine any number of Employer Contribution Accounts maintained for a Participant, so long as the Participant is 100% vested in each combined account. All subsequent Employer Contributions made on the Participant's behalf shall be credited to the Employer Contribution Account which was established at the time of his or her return to employment with the Employer. The extent to which the Participant is vested in any additional Employer Contribution Accounts established on his or her behalf shall be determined independently of any determination of the extent to which the Participant is vested in any previously established Employer Contribution Account(s); all such determinations shall be made in accordance with the provisions in Section 2.50 above.

(e) If the Participant has received a distribution from his or her Employer Contribution Account pursuant to Section 9 hereof and if the Participant is reemployed by the Employer before he or she completes five consecutive One-Year Breaks in Service, the portion of the Employer Contribution Account which is then vested shall be determined by adding to the then value of

the Employer Contribution Account, the amount, if any, previously distributed and not repaid to the Trust, applying the vesting percentage then applicable, and then subtracting the amount previously distributed and not repaid to the Trust.

(f) Each Employer Contribution Account established pursuant to subsection (d) hereof (or such Employer Contribution Account into which the Trustee has combined the accounts pursuant to all powers granted to it in subsection (d) hereof) shall be credited with its proportionate share of Trust earnings and losses. For the purposes of the remaining Sections of this Plan, all Employer Contribution Accounts established in the name of a Participant shall be treated as a single account.

#### SECTION 8. DISTRIBUTION UPON DEATH

8.01 Qualified Preretirement Survivor Annuity. If this Plan is adopted as a money purchase pension plan, unless an optional form of distribution has been selected within the Election Period pursuant to a Qualified Election, if a Participant's Service terminates because of death before distributions have commenced, then the Trustee shall, upon the direction of the Administrator, apply 50% of the Participant's vested Account balance toward the purchase of an annuity contract for the life of the Spouse.

8.02 Other Distributions at Death. If the Participant dies after he or she has begun to receive distributions pursuant to Section 9.01 or 9.03(b), this Section 8.02 shall apply with respect to the Participant's entire Account. With respect to any Account, or portion thereof, to which Section 8.01 did not apply, if the Participant dies before he or she has begun to receive distributions pursuant to Sections 9.01 and 9.03(b), this Section 8.02 shall apply with respect to such Account, or portion thereof. With respect to a portion of the Participant's Account to which Section 8.01 did apply, if the Participant made a Qualified Election within the Election Period not to receive a Qualified Preretirement Survivor Annuity at his or her death and the Participant's Service terminates because of death before distributions have commenced, this Section 8.02 shall apply with respect to such portion of the Participant's Account.

(a) With respect to any Account or portion thereof to which this Section 8.02 applies the Trustee shall, at the direction of the Administrator, distribute the Participant's Account in accordance with the provisions of this Section 8.02. The Administrator's direction shall include notification of the Participant's or Beneficiary's death and the existence or non-existence of a surviving spouse.

(b) If the Participant has validly named a Beneficiary or Beneficiaries in the most recent Designation of Beneficiary form filed with Trustee before the Participant's death in compliance with Section 15, his or her Account shall be distributed to the Beneficiary or Beneficiaries so named. To the extent that any portion of an Account of a deceased Participant is not governed by an effective Designation of Beneficiary form which names at least one living Beneficiary, that portion of the Account shall be distributed to the deceased Participant's Spouse or if that is not possible, to the estate of the deceased Participant.

(c) If the Participant has validly elected a manner of distribution with respect to his or her Account, his or her Account shall be distributed in accordance with such election. With respect to any portion of a deceased Participant's Account for which the Participant has not validly elected a manner of distribution, distribution shall be made in such manner as the Participant's Beneficiary (or Beneficiaries) may elect, or in the absence of such an election, in a lump sum.

(d) Distribution to the Participant's Beneficiary shall be made according to the following provisions:

(i) If the Participant dies before benefits commence and during a Plan Year which began after December 31, 1984, and if the Spouse is not the Beneficiary, the Participant's entire Account balance must be distributed to the Participant's Beneficiary either (A) within five years after the Participant's death, or (B) in substantially equal annual or more frequent installments over a period not exceeding the life expectancy of the Beneficiary (as determined as of the date of the Participant's death by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that such distributions commence within one year after the Participant's death.

(ii) If the Participant dies before benefits commence and during a Plan Year which begins after December 31, 1984, and if the Spouse is the Beneficiary, the Participant's entire Account balance must be distributed to the Participant's Spouse either (A) within five years after the Participant's death, or (B) in substantially annual or more frequent installments over a period not longer than the Spouse's life expectancy (as determined as of the time distribution is commenced and recalculated annually, by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that such distribution is commenced on or before the later of the date on which the

Participant would have attained age 70-1/2 or one year after the Participant's death.

(iii) If distributions have commenced to the Participant before the Participant's death, distributions to the Participant's Spouse, Beneficiary or estate shall continue over a period at least as rapid as the period selected by the Participant.

(e) If a Participant's Beneficiary dies after the Participant and before he or she receives full payment of the portion of the Participant's Account balance to which he or she is entitled, the Trustee shall, upon direction of the Administrator, distribute the funds to which the deceased Beneficiary is entitled to the beneficiary or beneficiaries validly named on the most recent designation of beneficiary form filed by the Beneficiary with the Trustee before the Beneficiary's death. To the extent that any portion of the funds to which the deceased Beneficiary was entitled are not governed by an effective designation of beneficiary, the funds shall be distributed to the deceased Beneficiary's surviving spouse, or if that is not possible, to the estate of the deceased Beneficiary. The Administrator's direction shall include notification of the Beneficiary's death and the existence or non-existence of a surviving spouse.

(i) If distributions had commenced before the Participant's death, distribution to the beneficiary of a deceased Beneficiary shall continue over a period at least as rapid as the period selected by the Participant.

(ii) If the deceased Beneficiary was the surviving Spouse of the Participant and the deceased Beneficiary had not begun to receive distributions from the Participant's Account at the time of his or her death, the Participant's Account shall be distributed to the deceased Beneficiary's beneficiary according to the provisions of this Section 8.02 applied as if the Beneficiary were the Participant. In addition, the surviving spouse's beneficiaries shall be treated as Beneficiaries during any future application of this Section 8.02.

(iii) If neither subparagraph (i) nor (ii) above apply, the Participant's Account shall be distributed to the deceased Beneficiary's beneficiary either (A) within five years after the Participant's death, or (B) in substantially equal annual or more frequent installments over the remainder of the life expectancy of the Beneficiary as that life expectancy was determined at the Participant's death (by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that distributions commence (or commenced) within one year of the Participant's death.

(f) If a beneficiary of a Beneficiary (or a beneficiary) dies before he or she has received full payment of the portion of the Participant's Account balance to which he or she is entitled, the Trustee shall, after notification by the Administrator of the beneficiary's death, distribute the funds to which the deceased beneficiary is entitled to the beneficiary or beneficiaries validly

named on the most recent designation of beneficiary form filed by the deceased beneficiary with the Trustee before the beneficiary's death. To the extent that any portion of the funds to which the deceased beneficiary was entitled are not governed by an effective designation of beneficiary, the funds shall be distributed to the deceased beneficiary's surviving spouse, or if that is not possible, to the estate of the deceased beneficiary.

(i) If distributions had commenced before the Participant's Death, distribution to the beneficiary of a deceased Beneficiary shall continue over a period at least as rapid as that selected by the Participant.

(ii) In all other cases, the Participant's Account shall be distributed to the deceased beneficiary's beneficiary either (A) within five years after the Participant's death, or (B) in substantially equal annual or more frequent installments over the remainder of the life expectancy of the Beneficiary as that life expectancy was determined at the Participant's death (by using the return multiples contained in section 1.72-9 of the Treasury Regulations) provided that distributions commence (or commenced) within one year of the Participant's death.

8.03 Children as Beneficiaries. For the purposes of Section 8.02, any distribution paid to a Participant's child shall be treated as paid to the Participant's surviving Spouse if such amount becomes payable to the surviving Spouse when the child reaches the age of maturity.

#### SECTION 9 OTHER DISTRIBUTIONS

9.01 Distribution in Plan Years Beginning Before January 1, 1985. During any Plan Year which begins before January 1, 1985, the Account of any Participant to which Section 8 does not apply, to the extent it is vested pursuant to Section 7.01 hereof, will be distributed in accordance with the

terms of this Section 9.01.

(a) A Participant's Account will normally be distributed in monthly installments which must commence at or within 60 days after the end of the Plan Year in which occurs his or her Normal Retirement Date or in which his or her Service ceases, whichever is later, to continue over a period of 120 months; provided, however, that in the case of a Participant who is an Owner-Employee, monthly installments to such a Participant must commence no later than the last day of the Participant's taxable year in which such Participant attains age 70-1/2. The monthly amount shall normally be the vested balance of the Participant's Account divided by the remaining number of months in such 120 months, all rounded to the nearest cent. However, the amount of each monthly installment may be recomputed and adjusted from time to time no more frequently than monthly as the Trustee may reasonably determine.

(b) All Participants may request and the Administrator shall have the discretionary power to approve, subject to the requirements stated in this Plan, any of the following variations from the normal pattern of distribution:

(i) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's attainment of age 59-1/2, Disability, or separation from Service, if this Plan is adopted as a profit sharing plan.

(ii) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's Disability or separation from Service, if this Plan is adopted as a money purchase pension plan.

(iii) Distributions made or commencing after the normal time of distribution described in Section 9.01(a); provided, however, that any such deferred distribution must commence no later than the last day of the Participant's taxable year in which the Participant attains age 70-1/2.

(iv) Distribution of the Participant's entire Account at one time.

(v) Installment payments of a fixed amount, such payments to be made until exhaustion of the Participant's Account.

(vi) Distribution in kind.

(vii) Any reasonable combination of the foregoing or any reasonable time or manner of distribution within the above-stated limitations.

9.02 Timing of Annuity Payments and Normal Distributions in Plan Years Beginning After December 31, 1984. Payment of benefits under the Qualified Joint and Survivor Annuity or distributions pursuant to the normal form of distribution discussed in Section 9.03(b), shall commence after the Participant attains his or her Normal Retirement Date and on or before the earlier of 60 days after the close of the Plan Year, or the first April 1 after the calendar year, in which occurs the Participant's Normal Retirement Date or in which his or her employment ceases, whichever is later; provided, however, that in the case of a Participant who is a 5-percent owner of the Employer (as defined in Code Section 416(i)(1)(B)(i)), payment of benefits or monthly installments to such a Participant must commence on or before the first April 1 after the calendar year in which such Participant attains age 70-1/2. In the case of a Participant who becomes a 5-percent owner of the Employer (as defined in Code Section 416(i)(1)(B)(i)) after attaining age 70-1/2 but before termination of employment, and during a Plan Year which began after December 31, 1984, payment of benefits or monthly installments to such Participant must begin on or before the first April 1 after the calendar year in which Participant becomes a 5-percent owner.

9.03 Form of Distribution in Plan Years Beginning after December 31, 1984. During any Plan Year which begins after December 31, 1984, the Account of a Participant to which Section 8 does not apply, shall be distributed in a form according to this Section 9.03.

(a) If this Plan is adopted as a money purchase pension plan, unless the Participant elects an optional form of distribution pursuant to a Qualified Election within 90 days before the date on which distributions under this Section 9 would commence, a Participant's Account shall be paid in the form of a Qualified Joint and Survivor Annuity.

(b) If the Participant was eligible to receive a Qualified Joint and Survivor Annuity and he or she elects an optional form of distribution pursuant to a Qualified Election within 90 days before the date on which distributions under this Section 9 would commence or if this Plan is adopted as a profit sharing plan and Section 9.03(a) does not apply to the Participant, a Participant's Account will normally be distributed in monthly installments over a period equal to the shorter of 120 months or the joint life and last survivor expectancy of the Participant and his or her spouse (as calculated by using the return multiples specified in Section 1.72-9 of the Treasury Regulations at the time of the first distribution). The monthly account shall normally be the



balance of the Participant's Account divided by the remaining number of months in such period, all rounded to the nearest cent. However, the amount of each monthly installment may be recomputed and adjusted from time to time no more frequently than monthly as the Trustee may reasonably determine.

(c) If this Plan is adopted as a money purchase pension plan and the Participant elects an optional form of distribution pursuant to Qualified Election within 90 days before the date on which distributions under this Section 9 will commence and such optional form of distribution is not the normal form of distribution discussed in subsection (b) or if this Plan is adopted as a profit sharing plan and the Participant makes a written election to receive an optional form of distribution, the Administrator shall have the discretion to approve or disapprove such form of distribution. Pursuant to this Section 9.03(c), the Administrator shall have the discretion to approve of the following variation from the normal pattern of distribution, provided that the distribution shall otherwise comply with the requirements of this Plan:

(i) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's attainment of age 59-1/2, Disability, or separation from Service, if this Plan is adopted as a profit sharing plan.

(ii) Distributions made or commencing before the Participant's Normal Retirement Date and following the Participant's Disability or separation from Service, if this Plan is adopted as a money purchase pension plan.

(iii) Distributions made or commencing after the normal time of distribution described in Section 9.02; provided, however, that any such deferred distribution must commence no later than the first April 1 after the calendar year in which the Participant attains age 70-1/2.

(iv) Distribution of the Participant's entire vested Account balance at one time, provided that the Participant requests such distribution in writing.

(v) Installment payments of a fixed amount, such payments to be made until exhaustion of the Participant's Account.

(vi) Distribution in kind.

(vii) Any reasonable combination of the foregoing or any reasonable time or manner of distribution within the above-stated limitations.

Notwithstanding the above, if this Plan is adopted as a money purchase pension plan and a married Participant's vested Account Balance (exclusive of the Participant's Rollover Account and Deductible Voluntary Contribution Account) exceeds \$3,500, no amount may be distributed to a participant unless the Participant's Spouse consents in writing to such distribution.

9.04 Required Minimum Distributions. In the case of any Participant to whom Section 9.01 applies, to whom Section 9.03(a) does not apply, or to whom Section 9.03(a) applies and who elects an option form of distribution, the annual distribution from his or her Account must equal or exceed the applicable required minimum distribution. The minimum distribution to be made for each calendar year beginning with the calendar year during which distribution is required to commence pursuant to Section 9.01 or 9.03(b) or (c) shall be the amount equal to the quotient obtained by dividing the Participant's Account balance at the beginning of the year by the greater of the life expectancy of the Participant or the joint life and last survivor expectancy of the Participant and Beneficiary. For purposes of this minimum distribution rule, life expectancy and joint life and last survivor expectancy shall be calculated by using the return multiples specified in section 1.72-9 of the Treasury Regulations either once, at the time of the first distribution, or in the case of an expectancy involving only a spousal Beneficiary, annually in a consistent manner. If the Participant's Spouse is not the Beneficiary, the method of distribution used must ensure that at least 50% of Present Value (as defined in Section 21.02(h) hereof) of the Participant's Account balance at the time distributions commence is paid within the life expectancy of the Participant.

9.05 Nonconsensual Distributions. Notwithstanding any provision of this Section 9 to the contrary, if a former Participant's vested Account balance (exclusive of his or her Rollover Account and Deductible Voluntary Contribution Account) equals \$3,500 or less, the Administrator may direct that the entire vested Account balance be distributed to the former Participant regardless or whether the former Participant (or his or her Spouse, if applicable) requests or otherwise consents to such distribution.

9.06 Special One-Time Distribution Election. Notwithstanding any Plan provision to the contrary and subject to the requirements of Section 9.03(a) above, distribution on behalf of any Employee, including a 5-percent owner (as defined in Code Section 416(i)(1)(B)(i)), may be made in accordance with the following requirements (regardless of when such distribution commences):

(a) The distribution is one which would not have disqualified the



Plan under Code Section 401(a)(9) as it was in effect prior to its amendment by the Deficit Reduction Act of 1984.

(b) The distribution is in accordance with a method of distribution designated by the Participant whose interest in the Plan is being distributed or, if the Participant has died, by a beneficiary of such Participant.

(c) Such designation was in writing, was signed by the Participant or the beneficiary, and was made before January 1, 1984.

(d) The Participant had accrued a benefit under the Plan as of December 31, 1983.

(e) The method of distribution designated by the Participant or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Participant's death, the Beneficiaries of the Participant are listed in order of priority.

(f) If the distribution is one to which the provisions of Section 9.03(a) hereof would otherwise have applied and the Participant is married, the Participant's spouse consents to the election in a writing filed with the Administrator.

A distribution upon death will not be covered by this section 9.06 unless the information in the designation contains the required information

described above with respect to the distributions to be made upon the death of the Participant.

For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Participant, or the Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirement in subsections (a) and (e) above.

If a designation is revoked, any subsequent distribution must satisfy the requirements of Code Section 401(a)(9) as amended. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life).

## SECTION 10. LOANS

10.01 Availability of Loans. If, in the Adoption Agreement, the Employer has specified that loans to Participants are permitted, the Loan Trustee shall, upon the direction of the Administrator, make one or more loans, including any renewal thereof, to a Participant (other than a Participant who is an Owner-Employee). Any such loan shall be subject to such terms and conditions as the Administrator shall determine pursuant to a uniform policy adopted by the Administrator for this purpose, which policy shall be at least as restrictive as required by this Section 10.

10.02 Spousal Consent Required. To obtain a loan, a Participant must obtain the consent of his or her Spouse, if any, within the 90-day period before the time his or her Account balance is used as security for the loan. Furthermore, a new consent is required if an increase in the amount of the security is necessary and any of the remaining balance of the Account is used. A spousal consent to a loan must be in writing, witnessed by a Plan representative or notary public, and acknowledge that as a result of a default repayment of the loan the Spouse may be entitled to a lesser death benefit than he or she would otherwise receive under the Plan. A Spouse shall be deemed to consent to any loan which is outstanding at the time of his or her marriage to the Participant.

10.03 Equivalent Basis. No such loan may be made to a disqualified person within the meaning of Code Section 4975(e), unless such loans are available to all Participants on a reasonably equivalent basis and are not made available to officers, shareholders or highly paid Participants in an amount which, when stated as a percentage of any such Participant's Account, is greater than is available to any other Participants.

10.04 Limitation on Amount. The amount of any such loan, when added to the outstanding balance of all other loans from the Plan (and any other qualified retirement plans of the Employer's) to the Participant, shall not exceed the following:

Participant's Vested Account Balance	Maximum Amount of Loan
\$0 - \$10,000	100% of vested Account balance
\$10,000 - \$20,000	\$10,000
\$20,000 - \$100,000	50% of vested Account balance
over \$100,000	\$50,000

The value of the Participant's Account balance shall be as determined by the Administrator; provided, however, that such determination shall in no event take into account the portion of the Participant's Account attributable to the Participant's Deductible Voluntary Contribution Account.

10.05 Maximum Term. The term of the any such loan shall not exceed 5 years; provided, however, that such limitation shall not apply to any loan used to acquire, construct, reconstruct, or substantially rehabilitate any dwelling unit which within a reasonable time is to be sued (determined at the time the loan is made) as a principal residence of the Participant or a member of the Participant's family (within the meaning of Code Section 267(c)(4)).

10.06 Promissory Note. Any such loan shall be evidenced by a promissory note executed by the Participant and payable to the Loan Trustee, on the earliest of (i) a fixed maturity date meeting the requirements of Section 10.05 above, but in no event later than the Participant's Normal Retirement Date, (ii) the Participant's death, or (iii) when distribution hereunder is to be made to the Participant (other than a withdrawal which will not reduce the value of his or her Account to the extent that the aggregate amount owing could not be made as a new loan within the limitation set forth in Section 10.04 above). Such promissory note shall be secured by an assignment of the Participant's Account to the Loan Trustee. Such promissory note shall evidence such terms as are required by this Section 10.

10.07 Interest. Any such loan shall be subject to a reasonable rate of interest.

10.08 Repayment. If a note is not paid when the Participant's benefits hereunder are to be distributed, then any unpaid portion of such loan and unpaid interest thereon shall be deducted by the Loan Trustee from the Participant's Account before benefits are paid from or purchased out of the Account. Such deduction shall, to the extent thereof, cancel the indebtedness of the Participant. If a note is not paid when it otherwise becomes payable under Section 10.05 hereof, or if at any time the Administrator determines that the aggregate amounts owing by a Participant upon such notes exceed the vested value of the Participant's Account, the Participant shall be promptly notified in writing that unless such loan or excess is repaid within 30 days, action will be taken to collect the same plus any cost of collections. Notwithstanding any implication of the preceding sentence to the contrary, no attachment of the Participant's Account shall occur until a distributable event occurs under Sections 8 or 9 (or if it is otherwise applicable, Section 22) hereof.

10.09 Accounting. Loans shall be made only from the Account of the Participant (exclusive of that portion of the account attributable to the Participant's Deductible Voluntary Contribution Account) requesting the loan, and shall be treated as an investment of such Account. All interest payments made with respect to such loan shall be credited to the Participant's Account.

10.10 Precedence. This Section 10 overrides Section 16.01 below.

#### SECTION 11. TRUST PROVISIONS

11.01 Manner of Investment. All contributions to the Account of a Participant shall be held in trust by the Trustee designated in the Adoption Agreement. Except to the extent that a Participant's Account is invested in a loan pursuant to Section 10 hereof, the Account of a Participant may only be invested and reinvested in shares of Designated Investment Companies, unless the Distributor permits less than 100% of the Trust assets to be so invested. If the Administrator or the Participant, as the case may be, has elected to have a portion of an Account invested in other than shares of Designated Investment Companies and the Distributor has authorized the investment of less than 100% of Trust assets in such shares, the Trustee shall invest such amount in such investments as it is empowered to invest in under Section 11.03 hereof. The Designated Investment Companies available for investment may be limited by the Employer. Investment in the shares of more than one Designated Investment Company is not permitted unless the value of the Participant's Account and the value of the investment in each additional Designated Investment Company exceed amounts from time to time determined by the Distributor.

11.02 Investment Decision.

(a) The decision as to the investment of an Account shall be made by the person designated in the Adoption Agreement, and the Trustee shall have no responsibility for determining how an Account is to be invested or to see that investment directions communicated to it comply with the terms of the Plan. If the decision is made by the Participant, the Participant shall convey investment instructions to the Administrator and the Administrator shall promptly transmit those instructions to the Trustee. Further, if the decision is to be made by the Participant, the right to make such a decision shall remain with the Participant upon retirement and shall pass to the Distributee upon death.

(b) The person designated to make the decision as to the investment of an Account may direct that the investment medium of an Account be changed provided that no such change may be made from or to an investment other than a Designated Investment Company except to the extent permitted under Section 11.10 above and by the terms of that other investment vehicle. If the Distributor determines in its own judgment that there has been trading of shares of Designated Investment Companies in the Accounts of the Participants, any Designated Investment Company may refuse to sell its shares to such Accounts. When an investment is being made or changed, the person designated to do so shall specify the type of account to which the change refers.

(c) If any decision as to investments is to be made by the Administrator, it shall be made on a uniform basis with respect to all Participants.

(d) The Administrator and the Trustee may adopt procedures permitting Participants to convey their investment instructions directly to the Trustee or to the transfer agent for the Designated Investment Company or Companies or for any other investment permitted by the Distributor.

(e) Whenever a Participant is the person designated to make the decision as to the investment of an Account, the Administrator shall ascertain that the Participant has received a copy of the current prospectus relating to the shares of any Designated Investment Company in which such Account is to be invested plus, where required by any state or federal law, the current prospectus relating to any other investment in which the Account is to be invested. With respect to contributions designated for investment by a Participant, by remitting such a contribution to the Trustee, the Administrator shall be deemed to warrant to the Trustee for the benefit of the appropriate Designated Investment Company or Companies and its or their principal underwriter that the Participant has received all such prospectuses. By remitting any other contribution to the Trustee, the Administrator shall be deemed to warrant to the Trustee for the benefit of the appropriate Designated Investment Company or Companies and its or their principal underwriter that the Administrator has received a current prospectus of any Designated Investment Company in which the contribution is to be invested, plus, where required by any state or federal law, the current prospectus relating to any other investment in which contributions are to be invested.

11.03 Investment Powers. To the extent that a portion of the Trust assets are invested other than in shares of Designated Investment Companies pursuant to Section 11.01 above, the Trustee is hereby granted full power and authority to invest and reinvest the Trust assets in any property of any kind or nature whatsoever (speculative or otherwise) or in any rights or interests therein, or in any evidences or indicia thereof and whether real, personal or mixed or whether tangible or intangible (including for illustration but not to be limited to the following, or anything of a similar kind, character or class: common or preferred stocks, evidences or ownership in so-called Massachusetts business trusts, fees, beneficial interests, leaseholds, bonds, mortgages, leases, notes or obligations, oil and gas payments, oil and gas contracts, other securities, instruments or commodities, investments in property yielding little or no income and shares of regulated investment companies) without regard to any rule of law or statute of the state of the Trustee designation investments eligible for trust funds, and without respect to any custom or practice either as to types of investments or diversification of investments, and to hold cash uninvested at any time and from time to time in such amounts and to such extent as the Trustee in its own uncontrolled discretion and judgment deems advisable; provided, however, that the Trustee is to act with the care, skill and diligence, under the circumstances then prevailing, which would characterize the actions of a prudent man who is acting as such a Trustee and who is familiar with the duties of such a Trustee; further provided that the Trustee shall diversify the investments of the Trust Fund so as to minimize the risk of large losses unless, under the circumstances, such diversification would not be prudent; further provided that the Trustee is not empowered to enter into any investment which would be prohibited under the Act or otherwise by the provisions of this Plan.

Notwithstanding the above, the following restrictions on the investment of a Participant's Account shall apply:

(a) No part of a Participant's Deductible Voluntary Contribution Account may be used to purchase life insurance.

(b) At most, less than one-half of the aggregate Employer Contributions allocated to a Participant's Employer Contribution Account may be used to pay premiums attributable to the purchase of ordinary life insurance contracts (life insurance contracts with both nondecreasing death benefits and nonincreasing premiums).

(c) No more than one-quarter of aggregate Employer Contributions allocated to a Participant's Employer Contribution Account may be used to pay premiums on term life insurance contracts, universal life insurance contracts, and all other life insurance contracts which are not ordinary life insurance contracts.

(d) One-half of the amount used to pay premiums on ordinary life insurance contracts plus the amount used to pay premiums on all other life insurance contracts may not exceed an amount equal to one-quarter of the aggregate Employer Contributions allocated to a Participant's Employer Contribution Account.

(e) No part of a Participant's Account shall be applied towards the purchase of any insurance contract unless (i) the Trustee applies for and is the owner of such contract, (ii) the contract provides that all contract proceeds shall be paid to the Trustee, and (iii) the contract provides for distributions to the Participant's Spouse, as necessary to ensure compliance with the applicable requirements of Sections 8, 9, and 22.

If a Participant's Account is invested in one or more insurance contracts, the Trustee is required to pay over all proceeds of the contract(s) to the Participant's Beneficiary or Beneficiaries in accordance with the terms of this Plan and under no circumstances shall the Trust retain any contract proceeds.

11.04 Appointment of Investment Manager. Subject to Sections 11.01 and 11.03 above, the Administrator may designate, and the Employer may contract with, Scudder, Stevens & Clark, or its successor or any affiliate, to act as investment manager (within the meaning of the Act), and may at any time revoke such designation. If an investment manager is so designated, the Trustee shall follow all investment directions given by the investment manager with respect to the retention, investment and reinvestment of the Plan assets to the extent they are under the control of such investment manager. If permitted by the Trustee, the investment manager may issue orders for the purchase and sale of securities, including orders through any affiliate of such investment manager. Such an investment manager is specifically allowed to direct or make investments in shares of any Designated Investment Company. The Trustee shall not be liable for following any direction given by, or any actions of, an investment manager so appointed.

#### 11.05 Trustee: Number, Qualifications and Majority Action.

(a) The number of Trustees shall be one, two or three. Any natural person and any corporation having the power under applicable law to act as a trustee of a pension or profit sharing plan may be a Trustee. No person shall be disqualified from being a Trustee by being employed by the Employer, by being the Administrator, by being a trustee under any other qualified retirement plan of the Employer or by being a Participant in this Plan or such other qualified plan.

(b) A Trustee holding office as sole Trustee hereunder shall have all the powers and duties herein given the Trustees. When the number of Trustees hereunder is three, any two of them may act, but the third Trustee shall be promptly informed of the action. There are two or three Trustees hereunder, they may, by written instrument communicated to the Employer and the Administrator, allocate among themselves the powers and duties herein given to the Trustee hereunder. If such an allocation is made, to the extent permitted by applicable law, no Trustee shall be liable either individually or as a trustee for loss to the Plan from the acts or omissions of another Trustee with respect to duties allocated to such other Trustee.

#### 11.06 Change of Trustee

(a) Any Trustee may resign as Trustee upon notice in writing to the Employer, and the Employer may remove any Trustee upon notice in writing to each Trustee. The removal of a Trustee shall be effective immediately, except that a corporation serving as a Trustee shall be entitled to 60 days' notice which it may waive, and the resignation of a Trustee shall be effective immediately, provided that, if the Trustee is the sole Trustee, neither a removal nor a resignation of a Trustee shall be effective until a successor Trustee has been appointed and has accepted the appointment. If within 60 days of the delivery of the written resignation or removal of a sole Trustee another Trustee shall not have been appointed and have accepted, the resigning or removed Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee or may terminate the Plan pursuant to Section 18 of the Prototype Plan. The Trustee shall not be liable for the acts and omissions of any successor trustee.

(b) At any time when the number of Trustees is one or two the Employer may but need not appoint one or two additional Trustees, provided that the number of Trustees shall not be more than three. Such an appointment and the acceptance thereof shall be in writing, and shall take effect upon the delivery of written notice thereof to all the Trustees and the Administrator and such acceptance by the appointed Trustee, provided that if a corporation is a Trustee then in the absence of its consent, such an appointment of an additional or successor Trustee shall not become effective until 60 days after its receipt of notice.

(c) Although any Employer adopting the Plan may choose any Trustee who is willing to accept the Trust, the Distributor or its successor may make or may have made tentative standard arrangements with any bank or trust company with the expectation it will be used as the Trustee by a substantial group of Employers. It is also contemplated that more favorable results can be obtained with a substantial volume of business, and that it may become advisable to remove such bank or trust company as the Trustee and substitute another Trustee. Therefore, anything in the prior to subsections of this Section 11.06 notwithstanding, each Employer adopting this Plan hereby agrees that the Distributor may, upon a date specified in a notice of at least 30 days to the affect Employer and in the absence of written objection by the Employer received by the Distributor before such date (i) remove any such Trustee and in that case, or if such a Trustee has resigned as to a group of Employers, (ii) appoint such a successor Trustee, provided such action is taken with respect to all Employers similarly circumstanced of which the Distributor has knowledge, and provided such notice is given in writing mailed postage prepaid to the Employer at the latest address furnished to the Distributor directly or supplied to it by such Trustee which is to be succeeded. If within 60 days after such Trustee's resignation or removal, the Employer has not appointed a successor which has accepted such appointment (unless the appointment of a successor Trustee is waiting for action by the Distributor pursuant to the next preceding sentence according to notice which has been given), the Trustee may petition an appropriate court for the appointment of its successor. The Trustee shall not be liable for the acts and omissions of such successor.

(d) Successor Trustees qualifying under this Section 11.06 shall have all rights and powers and all the duties and obligations of original Trustees.

11.07 Valuation. Annually, on the Valuation Date, or more frequently in the discretion of the Trustee, the assets of the Trust shall be revalued at fair market value and the accounts of the Trust shall be proportionately adjusted to reflect income, gains, losses or expenses, if the system of accounting does not directly accomplish all such adjustments. Each account shall share in income gains, losses, or expenses connected with an asset in which it is invested according to the proportion which the account's investment in the asset bears to the total amount of the Trust Fund invested in the asset. Any dividends or credits earned on insurance contracts shall be allocated to the specific account of the Participant from which the funds originated for investment in the contract.

The Trust Fund shall be administered separately from, and shall not include any assets being administered under, any other plan of an Employer. Interim valuations, if any, shall be applied uniformly and in a non-discriminatory manner for all Employees.

11.08 Registration. Any assets in the Trust Fund may be registered in the name of the Trustee or any nominee designated by the Trustee.

#### 11.09 Certifications and Instructions.

(a) Any pertinent vote or resolution of the Board of Directors of the Employer (if it is a corporation) shall be certified to the Trustee over the signature of the Secretary or an Assistant Secretary of the Employer and under its corporate seal. The Employer shall promptly furnish to the Trustee appropriate certification evidencing the appointment and termination of the individual or individuals serving as Administrator under Section 12.01 of the Plan.

(b) The Administrator shall furnish to the Trustee appropriate certification of the individual or individuals authorized to give notice on behalf of the Administrator and providing specimens of their signatures. All requests, directions, requisitions for money and instructions by the Administrator to the Trustee shall be in writing and signed. There may be standing requests, directions, requisitions or instructions to the extent acceptable to the Trustee.

#### 11.10 Accounts and Approval

(a) The Trustee shall keep accurate and detailed accounts of all investments, receipts and disbursements and other transactions hereunder, and all books and records relating thereto shall be open at all reasonable times to inspection and audit by any person or persons designated by the Administrator or by the Employer.

(b) Within 90 days following the close of each Plan Year the Trustee may, and upon the request of the Employer or the Administrator shall, file with the Administrator and the Employer a written report setting forth all securities or other investments (including insurance contracts) purchased and sold, all receipts, disbursements and other transactions effected by it during the period since the date covered by the next proper report, and showing the securities and other property held at the end of such period, and such other information about the Trust Fund as the Administrator shall request. Unless the Employer or Administrator, within 90 days from the date of mailing of such report, objects to the contents of such report, the report shall be deemed approved. Any such objections shall set forth the specific grounds on which they are based.

11.11 Taxes. The Trustee may assume that any taxes assessed on or in respect of the Trust Fund are lawfully assessed unless the Administrator shall in writing advise the Trustee that in the opinion of counsel for the Employer such taxes are not lawfully assessed. In the event that the Administrator shall so advise the Trustee, the Trustee, if so requested by the Administrator and suitable provision for their indemnity having made, shall contest the validity of such taxes in any manner deemed appropriate by the Administrator or counsel for the Employer. The word "taxes" in this Section 11 shall be deemed to include any interest or penalties that may be levied or imposed in respect to any taxes assessed. Any taxes, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Trust Fund that may be levied or assessed in respect to such assets shall, if allocable to the Accounts of specific Participants, be charged to such Accounts, and if not so allocable, they shall be equitably apportioned among all such Participant's Accounts.

11.12 Employment of Counsel. The Trustee may employ legal counsel (who may be counsel for the Employer) and shall be fully protected in acting or refraining from acting, upon such counsel's advice in respect to any legal questions.

11.13 Compensation of Trustee. An individual Trustee who is an Employee of the Employer shall not be compensated for services as Trustee. A corporation, or an individual who is not an Employee of the Employer, serving as a Trustee shall be entitled to reasonable compensation for services; such compensation shall be paid in accordance with Section 13.

11.14 Limitation of Trustee's Liability.

(a) The Trustee shall have no duty to take any action other than as herein specified, unless the Administrator shall furnish it with instructions in proper form and such instructions shall have been specifically agreed to by it, or to defend or engage in any suit unless it shall have first agreed in writing to do so and shall have been fully indemnified to its satisfaction.

(b) The Trustee may conclusively rely upon and shall be protected in acting in good faith upon any written representation or order from the Administrator or any other notice, request, consent, certifi-

cate or other instrument or paper believed by the Trustee to be genuine and properly executed, or any instrument or paper if the Trustee believes the signature thereon to be genuine.

(c) The Trustee shall not be liable for interest on any reasonable cash balances maintained in the Trust.

(d) The Trustee shall not be obligated to, but may, in its discretion, receive a contribution directly from a participant.

11.15 Successor Trustee. Any corporation into which a corporation acting as a Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger, reorganization or consolidation to which such Trustee may be a party, shall be the successor of the Trustee hereunder, without the necessity of any appointment or other action, provided the Trustee does not resign and is not removed.

11.16 Enforcement of Provisions. To the extent permitted by applicable law, the Employer and the Administrator shall have the exclusive right to enforce any and all provisions of this Agreement on behalf of all Employees and former Employees of the Employer or their Beneficiaries or other persons having or claiming to have an interest in the Trust Fund or under the Plan. In any action or proceeding affecting the Trust Fund or any property constituting a part or all thereof, or the administration thereof or for instructions to the Trustee, the Employer, the Administrator and the Trustee shall be the only necessary parties and shall be solely entitled to any notice of process in connection therewith; any judgment that may be entered in such action or proceeding shall be binding and conclusive on all persons having or claiming to have any interest in the Trust Fund or under the Plan.

11.17 Voting. The Trustee shall deliver, or cause to be executed and

delivered, to the Administrator all notices, prospectuses, financial statements, proxies and proxy soliciting materials received by the Trustee relating to securities held by the Trust. The Administrator shall deliver these to the appropriate Participant or Beneficiary of a deceased Participant, but only if the Employer has specified in the Adoption Agreement that investment decisions shall be made by Participants pursuant to Section 11.02 hereof. The Trustee shall vote securities held by the Trust in accordance with the written instructions of the person or persons entitled to make investment decisions pursuant to Section 11.02. If, however, the Trustee is not State Street Bank and Trust Company and has not received instructions with respect to how to vote given securities before five full business days prior to the meeting at which such securities are to be voted, the Trustee may vote such securities. If the Trustee is State Street Bank and Trust Company and it has not received instructions with respect to how to vote given securities before two full business days prior to the meeting at which such securities are to be voted, it shall not vote such securities except to the extent they are shares of a Designated Investment Company, in which case it shall vote such securities for or against each proposal, or abstain from voting on each proposal, in the same proportion as all other shares of such Designated Investment Company vote or abstain from voting at the shareholder meeting either in person or by proxy. In applying the foregoing, the Trustee is not required to vote particular shares of a Designated Investment Company in the manner specified in the preceding sentence, so long as all of the shares of the Designated Investment Company as to which the Trustee has not received instructions are voted in the aggregate in accordance with the preceding sentence. Notwithstanding the foregoing, the Trustee shall not have the authority to vote shares of a Designated Investment Company without instructions from the person or persons entitled to make investment decisions unless either (a) the Securities and Exchange Commission shall have issued an exemptive order pursuant to Section 6(c) of the Investment Company Act of 1940, as amended, the application for which order describes the Trustee's authorization to so vote without instructions, or (b) the Trustee has received an opinion of its counsel that the exercise of the authority to vote shares of a Designated Investment Company without instructions will not render the Trustee an "affiliated person" as defined in the Investment Company Act of 1940, as amended.

11.18 Applicability to Loan Trustee. Where appropriate, the foregoing provisions of this Section 11 shall apply to the Loan Trustee on the same basis as if the Loan Trustee were the Trustee.

## SECTION 12. ADMINISTRATION

12.01 Appointment of Administrator. From time to time, the Employer may, by identifying such person(s) in writing to both the Trustee and the Participants, appoint one or more persons as Administrator (hereinafter referred to in the singular). Such Administrator shall have all power and authority necessary to carry out the terms of the Plan. A person appointed as Administrator may also serve in any other fiduciary capacity, including that of Trustee, with respect to the Plan. The Administrator may resign upon 15 days' advance written notice to the Employer, and the Employer may at any time revoke the appointment of the Administrator with or without cause. The Employer shall exercise the power and fulfill the duties of the Administrator if at any time, an Administrator has not been properly appointed in accordance with this Section 12.01 or the position is otherwise vacant.

12.02 Named Fiduciaries. The "Named Fiduciaries" within the meaning of the Act shall be the Administrator and the Trustee.

12.03 Allocation of Responsibilities. Responsibilities under the Plan shall be allocated among the Trustee, the Administrator, and the Employer as follows:

(a) Trustee: The Trustee shall have exclusive responsibility to hold, manage and invest, pursuant to instructions communicated to it in accordance with Section 11.02 above, the funds received by it subject to the powers granted to it under Section 11 hereof. To the extent that loans are made to Participants in accordance with Section 10 hereof, these responsibilities shall fall to the Loan Trustee.

(b) The Administrator: The Administrator shall have the responsibility and authority to control the operation and administration of the Plan in accordance with its terms including, without limiting the generality of the foregoing, (i) any investment decisions assigned to it under the Adoption Agreement or transmission to the Trustee of any participant investment decision under Section 11.02; (ii) interpretation of the Plan, conclusive determination of all questions of eligibility, status, benefits and rights under the Plan and certification to the Trustee of all benefits payments under the Plan; (iii) hiring of persons to provide necessary services to the Plan not provided by Employees; (iv) preparation and filing of all statements, returns and reports required to be filed by the Plan with any agency of Government; (v) compliance with all disclosure requirements of all state or federal law; (vi) maintenance and retention of all Plan records as required by law, except those required to be maintained by the Trustee; and (vii) all functions otherwise assigned to it



under the terms of the Plan.

(c) Employer: The Employer shall be responsible for the design of the Plan, as adopted or amended, the designation of the Administrator and Trustee (and, if appropriate, the Loan Trustee) as provided in the Plan, the delivery to the Administrator and the Trustee of Employee information necessary for operation of the Plan, the timely making of the Employer Contributions pursuant to Section 4.01 hereof, and the exercise of all functions provided in or necessary to the Plan except those assigned in the Plan to other persons.

(d) This Section 12.03 is intended to allocate individual responsibility for the prudent execution of the functions assigned to each of the Trustees, the Loan Trustee, the Administrator and the Employer and none of such responsibilities or any other responsibility shall be shared among them unless specifically provided in the Plan. Whenever one such person is required by the Plan to follow the directions of another, the two shall not be deemed to share responsibility, but the person who gives the direction shall be responsible for giving it and the responsibility of the person receiving the direction shall be to follow it insofar as it is on its face proper under applicable law.

12.04 More Than One Administrator. If more than one individual is appointed as Administrator under Section 12.01, such individuals shall either exercise the duties of the Administrator in concert, acting by a majority vote or allocate such duties among themselves by written agreement delivered to the Employer and the Trustee. In such a case, the Trustee may rely upon the instruction of any one of the individuals appointed as Administrator regardless of the allocation of duties among them.

12.05 No Compensation. The Administrator shall not be entitled to receive any compensation from the funds held under the Plan for its services in that capacity unless so determined by the Employer or required by law.

12.06 Record of Acts. The Administrator shall keep a record of all its proceedings, acts and decisions, and all such records and all instruments pertaining to Plan administration shall be subject to inspection by the Employer at any time. The Employer shall supply, and the Administrator may rely on the accuracy of, all Employee data and other information needed to administer the Plan.

12.07 Bond. The Administrator shall be required to give bond for the faithful performance of its duties to the extent, if any, required by the Act, the expense to be borne by the Employer.

12.08 Agent for Service of Legal Process. The Administrator shall be agent for service of legal process on the Plan.

12.09 Rules. The Administrator may adopt or amend and shall publish to the Employees such rules and forms for the administration of the Plan, and may employ or retain such attorneys, accountants, physicians, investment advisors, consultants and other persons to assist in the administration of the Plan as it deems necessary or advisable.

12.10 Delegation. To the extent permitted by applicable law, the Administrator may delegate all or part of its responsibilities hereunder and at any time revoke such delegation, by written statement communicated to the delegate and the Employer. The Trustee may, but need not, act on the instructions of such a delegate. The Administrator shall annually review the performance of all such delegates.

12.11 Claims Procedure. It is anticipated that the Administrator will administer the Plan to provide Plan benefits without waiting for them to be claimed, but the following procedure is established to provide additional protection to govern unless and until a different procedure is established by the Administrator and published to the Participants and Beneficiaries.

(a) Manner of Making Claim. A claim for benefits by a Participant or Beneficiary to be effective under this procedure must be made to the Administrator and must be in writing unless the Administrator formally or by course of conduct waives such requirements.

(b) Notice of Reason for Denial. If an effective claim is wholly or partially denied, the Administrator shall furnish such Participant or Beneficiary with written notice of the denial within 60 days after the original claim was filed. This notice of denial shall set forth in a manner calculated to be understood by the claimant (i) the reason or reasons for denial, (ii) specific reference to pertinent plan provisions on which the denial is based, (iii) a description of any additional information needed to perfect the claim and an explanation of why such information is necessary, and (iv) an explanation of the Plan's claims procedure.

(c) The Participant or Beneficiary shall have 60 days from receipt of the denial notice in which to make written application for review by the Administrator. The Participant or Beneficiary may request that the review be in



the nature of a hearing. The Participant or Beneficiary shall have the rights (i) to have representation, (ii) to review pertinent documents, and (iii) to submit comments in writing.

(d) The Administrator shall issue a decision on such review within 60 days after receipt of an application for review, except that such period may be extended for a period of time not to exceed an additional 60 days if the Administrator determines that special circumstances (such as the need to hold a hearing) requires such extension. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based.

#### SECTION 13. FEES AND EXPENSES

All reasonable fees and expenses of the Administrator or Trustee incurred in the performance of their duties hereunder or under the Trust shall be paid by the Employer; and to the extent not so paid by the Employer, said fees and expenses shall be deemed to be an expense of the Trust and the Trustee is authorized to charge the same to the Accounts of the

Participants, and unless allocable to the Accounts of specific Participants, they shall be charged against the respective accounts of all or a reasonable group of Participants in such reasonable manner as the Trustee shall determine.

#### SECTION 14. BENEFIT RECIPIENT INCOMPETENT OR DIFFICULT TO ASCERTAIN OR LOCATE

14.01 Incompetency. If any portion of the Trust Fund becomes distributable to a minor or to a Participant or Beneficiary who, as determined by the sole discretion of the Administrator, is physically or mentally incapable of handling his or her financial affairs, the Administrator may direct the Trustee to make such distribution either to the legal representative or custodian of, or any of the relatives and friends of, the incompetent or to apply such distribution directly for the incompetent's support and maintenance. Payments which are made in good faith shall completely discharge the Employer, Administrator and Trustee from liability therefor.

14.02 Difficulty to Ascertain or Locate. If it is impossible or difficult to ascertain the person who is entitled to receive any benefit under the Plan, the Administrator in its discretion may direct that such benefit be (a) paid to another person in order to carry out the Plan's purposes; or (b) retained in the Trust; or (c) paid to a court pending judicial determination of the right thereto.

#### SECTION 15. DESIGNATION OF BENEFICIARY

Each participant and beneficiary may submit to the Trustee a properly executed Designation of Beneficiary form. In order to be effective, such designation (a) must have been properly executed and submitted to the Trustee before the death of the Participant or beneficiary, as the case may be, and (b) except in the case of the portion of a Participant's vested Account balance in a money purchase pension plan which is not available for distribution in the form of a Qualified Preretirement Survivor Annuity pursuant to Section 8.01 above, for Participants who die after August 22, 1984 leaving a surviving Spouse, must be accompanied, or preceded, by a consent of the Participant's Spouse (unless said Spouse is designated as the sole, primary Beneficiary). Such consent of the Spouse must be in writing, acknowledge that the effect of such consent is that the Spouse may receive no benefits under the Plan, be witnessed by a Plan representative or a notary public, and be a limited consent to the payment of death benefits to a specific person or persons. The last effective Designation accepted by the Trustee shall be controlling, and whether or not fully dispositive of the Participant's Account, thereupon shall revoke all Designations (and related spousal consents) previously submitted by the Participant or beneficiary, as the case may be. Each such executed Designation (and related spousal consent) is hereby specifically incorporated herein by reference and shall be construed and enforced in accordance with the laws of the state in which the Trustee has its principal place of business.

#### SECTION 16. SPENDTHRIFT PROVISION AND DISTRIBUTIONS PURSUANT TO QUALIFIED DOMESTIC RELATIONS ORDERS

16.01 General Spendthrift Rule. No interest of any Participant or Beneficiary shall be assigned, anticipated or alienated in any manner nor shall it be subject to attachment, to bankruptcy proceedings or to any other legal process or to the interference or control of creditors or others, except (a) to

the extent that Participants may secure loans from the Trust with their Accounts pursuant to Section 10 hereof and (b) pursuant to Section 16.02 hereof.

16.02 Account Division and Distribution Pursuant to Qualified Domestic Relations Orders. The interest of a Participant may be assigned pursuant to a "Qualified Domestic Relations Order" (as defined below). The Trustee shall make distributions of such Participant's interest as are required by the order and this Section 16.02.

(a) A "Qualified Domestic Relations Order" is any judgment, decree or order, including the approval of a property settlement agreement (collectively hereinafter referred to as an "order"), provided that:

(i) The order related to the provision of child support, alimony or marital property rights and is made pursuant to state domestic relations or community property laws;

(ii) The order creates or recognizes the existence of an alternate payee's right to or assigns to an alternative payee rights to, receive all or a portion of the benefits payable with respect to the Participant under this Plan;

(iii) The order specifies the name and last known mailing address of the Participant and each alternative payee covered by the order;

(iv) The order precisely specifies the amount or percentage of the Participant's benefits to be paid to each alternate payee or the manner in which the amount or percentage is to be determined;

(v) The order specifies the number of payments or the period to which the order applies;

(vi) The order specifically names this Plan as a plan to which the order applies;

(vii) The order does not require the Trustee to provide any form of distribution other than those contained in Sections 8 and 9 hereof (or Section 22 hereof, if that Section applies in the Participant's case) other than in the form of a Qualified Joint and Survivor Annuity with respect to the alternative payee and his or her subsequent spouse;

(viii) The order does not require the Trustee to provide benefits at any time in excess of the Account balance;

(ix) If the order requires that distribution to the alternative payee commence before distribution to the Participant commences, the order:

(A) specifies that, unless the Administrator otherwise consents, distribution to the alternative payee will not commence prior to ten years before the Participant's Normal Retirement Date; and

(B) specifies that the amount distributed is to be calculated as if the Participant had retired on the date on which distributions are required to commence; and

(x) The order does not require the payment of benefits to an alternative payee which are required to be paid to another alternative payee under a previously entered Qualified Domestic Relations Order.

(b) At the request of an alternative payee and pursuant to a Qualified Domestic Relations Order, the Administrator may, in its discretion, direct the Trustee to make a lump-sum distribution from a Participant's Account to an alternative payee at any time prior to time when distribution of such Account would otherwise occur pursuant to Section 8, 9 or 22 hereof.

(c) The Administrator may, in its discretion, provide a standard form Qualified Domestic Relations Order to a Participant or any other person, on request. If this form is properly completed, used without substantial modification, and incorporated into an order which on its face appears to be valid, the Administrator shall treat it as a Qualified Domestic Relations Order and shall distribute named Participant's Account according to its terms. Any manner of distribution authorized by the Administrator in such a standard form, other than a manner of distribution specified in Section 8 and 9 hereof, shall be authorized only as to the alternate payees by whom the standard form has been used.

(d) The Administrator shall not treat any order entered after January 1, 1985 as a Qualified Domestic Relations Order unless it meets all of the requirements of subsection (a). For the purposes of this subsection (d), the Administrator shall treat a domestic relations order entered before January 1985 as a Qualified Domestic Relations Order regardless of whether it meets the requirements of subsection (a). The Administrator and Trustee shall follow the terms of a Qualified Domestic Relations Order regardless of whether the Plan has been joined as a party to the litigation out of which the order arises.

Upon receipt of a domestic relations order entered after January 1, 1985, the Administrator shall notify the Participant and alternate payee of (i) its receipt of the order and (ii) its procedures to determine the qualified status of the order in accordance with subsection (a). Within a reasonable period after receipt of such order, the Administrator shall determine whether such order is a Qualified Domestic Relations Order and notify the Participant and each alternative payee of such determination. The alternate payee may designate a representative to receive copies of future notices with respect to the qualified status of the order.

(e) To the extent an order entered after January 1, 1985 calls for the benefits to be paid to an alternate payee before the qualified nature of the order is determined, a separate account shall be established to hold the benefit payments affected by the order. If within 18 months, the Administrator determines that the order (or a modification thereof) is a Qualified Domestic Relations Order, the Administrator shall deal with the funds in the separate account (increased by any earning and decreased by any losses thereon) in accordance with the instructions of the Qualified Domestic Relations Order. If within 18 months, the Administrator either (i) determines that the order is not a Qualified Domestic Relations Order or (ii) is unable to determine whether the order is a Qualified Domestic Relations Order, the Administrator shall return the funds in the separate account (increased by any earnings and decreased by any losses thereon) to the account(s) from which the funds were originally removed. Any determination by the Administrator that an order is a Qualified Domestic Relations Order after the expiration of the above discussed 18-month period shall be applied on a prospective-only basis.

(f) The "alternate payee" referred to in this Section 16.02 shall be any spouse, former spouse, child or other dependent of the Participant who is recognized by a domestic relations order as being entitled to receive benefits payable under the Plan with respect to the Participant. Such alternate payee shall be considered a "beneficiary" for purposes of the reporting and disclosure requirements of the Act.

#### SECTION 17. NECESSITY OF QUALIFICATION

This Plan is established with the intent that it shall qualify under Code Section 401(a) as that Section exists at the time the Plan is established. If the Plan as adopted by the Employer fails to attain such qualification, the Plan will no longer participate in this Prototype Plan and will be considered an individually designed plan. If the Plan as adopted by the Employer fails to attain or retain such qualification, the Employer shall promptly either amend the Plan under Code Section 401(b) so that it does qualify, or direct the Trustee to terminate the Trust, and distribute all the assets of the Trust equitably among the contributors thereto in proportion to their contributions, and the Plan and the Trust shall be considered to be rescinded and of no force and effect.

#### SECTION 18. AMENDMENT AND TERMINATION

18.01 Amendment or Termination by the Employer. The Employer may at any time, and from time to time amend this Prototype Plan and the Adoption Agreement (including a change in any election it has made in the Adoption Agreement), or suspend or terminate this Plan by giving written notice to the Trustee, but the Trust may not thereby be diverted from the exclusive benefit of the Participants, their Beneficiaries, survivors or estates, or the administrative expenses of the Plan, nor revert to the Employer, nor may an allocation or contribution theretofore made be changed thereby, nor may any amendment directly or indirectly deprive a Participant of such Participant's nonforfeitable rights to benefits accrued to the date of the amendment.

No amendment to the Plan shall be effective to the extent that it would have the effect of decreasing a Participant's Account balance or eliminating an optional form of distribution. Notwithstanding the preceding sentence, a Participant's Account balance may be reduced to the extent permitted under Code Section 412(c)(8). Furthermore, no amendment to the Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted or the date on which it becomes effective.

The Employer may amend the Plan by adding overriding Plan language to the Adoption Agreement where such language is necessary to satisfy Code Sections 415 or 416 because of the required aggregation of multiple plans under these Code Sections. The Employer may also amend the Plan by adding language to allow the Plan to operate under a waiver of the minimum funding requirement.

Any amendment by the Employer which is other than (a) a change in the Employer's prior designation of an option in the Adoption Agreement (b) an amendment referred in the Adoption Agreement which will allow the Plan to satisfy the requirements of Code Section 415 or to avoid duplication of minimum benefits or accruals under Code Section 416 because of the required aggregation

of multiple

plans, or (c) an amendment which allows the Plan to operate under a waiver of the minimum funding requirement, will constitute a substitution by the Employer of an individually designed plan for this Prototype Plan; thereafter, the Plan shall no longer participate in the Prototype Plan and the general amendment procedure of the Internal Revenue Service governing individually designed plans will be applicable.

If an amendment changing the vesting schedule is executed (including execution of this Adoption Agreement as an amendment to an existing plan), Participants with five or more Vesting Years before the expiration of the election period described in the next sentence shall have the right to elect the vesting schedule in effect on the day before the election period. The election period shall commence on the date the amendment is adopted and end on the latest of (a) 60 days after the amendment is adopted, (b) 60 days after the Effective Date, or (c) 60 days after the Participant is issued written notice of the amendment by the Administrator. Failure to so elect shall be treated as a rejection and such election or rejection shall be final.

Nothing contained herein shall constitute an agreement or representation by any Sponsor or the Distributor that it will continue to maintain its sponsorship of the Plan indefinitely.

18.02 Delegation. The Employer hereby delegates to the Sponsor the authority to amend so much of the Adoption Agreement and this Prototype Plan as in prototype form and, to the extent to which the Employer could effect such amendment, the Employer shall be deemed to have consented to any amendment so made. When an election within the prototype form has been made by the Employer, it shall be deemed to continue after amendment of the prototype form unless and until the Employer expressly further amends the election, notwithstanding that the provision for the election in the amended prototype form is in a different form or place; provided, however, that if the amended form inadvertently fails to provide means to duplicate exactly the earlier election, such earlier election shall continue until such further amendment. The immediately preceding sentence is subject to the qualification that each Employer hereby delegates to the Sponsor, in the event of such an amendment of the prototype form, authority to determine conclusively that such a continuation of an earlier election by the Employer is not advisable and to make the election for the Employer in the amended prototype form which in the judgment of the Sponsor most nearly corresponds with the election made by the Employer before the amendment of the prototype form, provided the following procedure is followed: the election for the Employer may be made with respect to any specified Employers as to whom it may be made applicable singly, or such election may be made with respect to all Employers as to whom it may be made applicable as a group; and the election shall be made as of an effective date which has been specified on a notice mailed or delivered, at the last address(es) of the Employer(s) on the records of the Distributor, to the Employer(s) at least 20 days before the end of the remedial amendment period. Such notice may be mailed to Employers to whom it cannot be applicable by reason of a previous election made by the Employer or otherwise, but it shall be effective only as to those Employers who have received the notice and have not themselves made a new election with respect to that item since the amendment of the prototype form and previous to the effective date of such election by the Sponsor. The foregoing delegations of authority to make elections, or to make amendments, shall not impose any duty on the Sponsor to make a given election or amendment and shall not affect the interpretation of the Plan if any so delegated authority is not used.

18.03 Distribution of Accounts Upon Termination. Upon termination or partial termination of the Plan or, if this Plan is adopted as a profit sharing plan, complete discontinuance of Employer Contributions under it, the Administrator shall determine whether to pay the interests of Participants, former Participants and Beneficiaries immediately, to retain such interest in the Trust and pay them in the future according to Section 8, 9 and/or 22 as applicable, or to use what other methods the Administrator deems advisable in order to furnish whatever benefits the Trust will provide; provided any such distributions pursuant to this Section 18.03 shall comply with the requirements of Section 8, 9, and/or 22 hereof.

#### SECTION 19. TRANSFERS

Nothing contained herein shall prevent the merger or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, another plan meeting the requirements of Code Section 401(a) or the transfer to the Plan of assets or liabilities of another such plan so qualified under the Code. Any such merger, consolidation or transfer shall be accompanied by the transfer of such existing records and information as may be necessary to properly allocate such assets among Participants, including any tax or other information necessary for the Participants or persons administering the plan which is receiving the assets. The terms of such merger, consolidation or transfer must be such that

if this Plan is then terminated, the requirements of Section 18.01 hereof would be satisfied and each Participant would receive a benefit immediately after the merger, consolidation or transfer equal to or greater than the benefit he or she would have received if the Plan had terminated immediately before the merger, consolidation or transfer.

## SECTION 20. OWNER-EMPLOYEE PROVISIONS

20.01 Purpose of Section. This Section is intended to insure that the Plan complies with Code Section 401(d). Any ambiguity herein will be construed to that end, and this Section 20 will override any other provision of the Plan with which it may be inconsistent.

20.02 Control. For purposes of this Section 20, "Control" means the ownership directly or indirectly of more than 50% of either the capital interest or the profits interest in a partnership or an unincorporated trade or business. For the purposes of applying the preceding sentence, an Owner-Employee, or 2 or more Owner-Employees shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such Owner-Employee, or such 2 or more Owner-Employees, are considered to Control.

20.03 Limitations. No benefits shall be provided to an Owner-Employee under this Plan unless:

(a) if an Owner-Employee or group of Owner-Employees Controls the trade or business covered by this Plan and also Control as an Owner-Employee or Owner-Employees one or more other trades or businesses, this Plan and the plans established for such other trades or businesses, when taken together, form a single plan which satisfies the requirements of Sections 401(a) and (d) of the Code with respect to the Employees of all the controlled trades or businesses; and

(b) if an Owner-Employee or group of Owner-Employees controls another trade or business but does not control the trade or business covered by this Plan, the employees of such other trades or business are included in a Plan which satisfies the requirements of Sections 401(a) and (d) of the Code and which provides contributions and benefits for such employees which are not less favorable than those provided for Owner-Employees under this Plan; and

(c) if an Owner-Employee is covered under the qualified retirement plans of two or more trades or businesses which he or she does not Control but the Owner-Employee Controls a trade or business, contributions or benefits for the employers under the plan of the trade or business which the Owner-Employee Controls are not less favorable than those provided for the Owner-Employee in the most favorable qualified retirement plan of the trade(s) or business(es) which the Owner-Employee does not Control.

## SECTION 21. TOP-HEAVY PROVISIONS

21.01 Purpose of Section. This Section is intended to insure that the Plan complies with Code Section 416. If the Plan is or becomes Top-Heavy in any Plan Year beginning after December 31, 1983, the provisions of this Section will supersede any conflicting provision in the Plan.

21.02 Definitions. The terms used in this Section shall have the following meanings:

(a) Key Employee: Any Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the determination period was (i) an officer of the Employer having an annual compensation greater than 1.5 multiplied by the amount in effect under Code Section 415(c)(1)(A) for the Plan Year (subject to the limitation that no more than the lesser of (A) 50 Employees or (B) the greater of 3 Employees or 10% of the Employees shall be deemed to be officers), (ii) an owner (or considered an owner under Code Section 318) or 1 of the 10 largest interest in the Employer if both such individual was an owner of more than 5% interest in the Employer (aggregated with the Employer for this purpose are all members of (i) a controlled group of corporations (as defined in Code Section 414(c) as modified by Code Section 415(h)), or (iii) affiliated service groups (as defined in Code Section 414(m)) of which the Employer is a part) and such individual's compensation exceeds the dollar limitation under Code Section 415(c)(1)(A), (iii) a five-percent owner of the Employer, or (iv) a one-percent owner of the Employer who has an annual compensation of more than \$150,000. The determination period is the Plan Year containing the Determination Date and the 4 preceding Plan Years. The determination of who is a Key Employee will be made in accordance with Code Section 416(i)(1) and the regulations thereunder.

(b) Top-Heavy Plan. For any Plan Year beginning after December 31, 1983, this Plan is Top-Heavy if any of the following conditions exist:

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

Group of plans.

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

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

(c) Top-Heavy Ratio.

(i) If the Employer maintains one or more defined contribution plans (including any Simplified Employee Pension Plan within the meaning of Code Section 408(k)) and the Employer has not maintained any defined benefit plan which during the five-year period ending on the Determination Date(s) has or has had accrued benefits. Top-Heavy Ratio for this Plan alone or for the Required Aggregation Group or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the account balances under all of the plans as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)) of all Key Employees who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s), and the denominator of which is the sum of all account balances as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)), of all Participants who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s). Both the numerator and denominator of the fraction shall be computed in accordance with Code Section 416 and the Treasury Regulations promulgated thereunder. In addition, both the numerator and denominator of the Top-Heavy Ratio shall be adjusted to reflect any contribution which is not actually made as of the Determination Date(s), but which is required to be taken into account on that date under Code Section 416 and the Treasury Regulations promulgated thereunder.

(ii) If the Employer maintains one or more defined contribution plans (including any Simplified Employee Pension Plan within the meaning of Code Section 408(k)) and the Employer maintains or has maintained one or more defined benefit plans which during the five-year period ending on the Determination Date(s) has or has had accrued benefits, the Top-Heavy Ratio for any Required Aggregation Group or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of (A) account balances under the defined contribution plans as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on

the Determination Date(s)) of all Key Employees who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s) and (B) the present value of accrued benefits under the defined benefit plans for all Key Employees, who have received compensation from the Employer (other than benefits under a qualified retirement plan) at any time during the five-year period ending on the Determination Date(s) and the denominator of which is the sum of (A) the account balances under the defined contribution plans as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)) of all participants who have received compensation from the Employer (other than benefits under this Plan) at any time during the five-year period ending on the Determination Date(s) and (B) the present value of accrued benefits under the defined benefit plans for all participants who have received compensation from the Employer (other than benefits under this Plan) at any time during the five-year period ending on the Determination Date(s). Both the numerator and denominator of the fraction shall be computed in accordance with Code Section 416 and the Treasury Regulations promulgated thereunder. In addition, both the numerator and denominator of the Top-Heavy Ratio shall include aggregate distribution(s) of an account balance or an accrued benefit made during the five-year period ending on the Determination Date(s) and any contribution which is not actually made as of the Determination Date(s), but which is required to be taken into account on that date under Code Section 416 and the Treasury Regulations promulgated thereunder.

(iii) For purposes of (i) and (ii) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within, or ends with, the 12-month period ending on the Determination Date, except as provided in Code Section 416 and the Treasury Regulations promulgated thereunder for the first and second plan years of a defined benefit plan. The account balances and accrued benefits of a Participant (A) who is not a Key Employee but who was a Key Employee in a prior Plan Year or (B) who has not been credited with at least one Hour of Service at any time during the five-year period ending on the Determination Date, will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which

distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the Treasury Regulations promulgated thereunder. Deductible Voluntary Contributions and any deductible employee contributions under any other qualified plan maintained by the Employer will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

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

(e) Required Aggregation Group. (i) Each qualified plan of the Employer in which at least one Key Employee participates or participated at any time during the determination period (regardless of whether the plan has terminated), and (ii) any other qualified plan of the Employer which enables a plan described in (i) to meet the requirements of Code Sections 401(a)(4) or 410.

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

(g) Valuation Date. See Section 2.49.

(h) Present Value. Present value shall be based only on the interest rate employed as of the date in question by the Pension Benefit Guaranty Corporation to value immediate annuities and the mortality rate specified in Table LN at Treas. Reg. 20.2031-10, unless otherwise specified in the most recently adopted or amended defined benefit plan maintained by the Employer.

#### 21.03 Minimum Allocation.

(a) In any Plan Year in which this Plan is Top-Heavy, except as otherwise provided in (d), (e) and (f) below, the Employer Contributions and forfeitures allocated on behalf of any Participant who is not a Key Employee shall not be less than the lesser of 3% of such Participant's Compensation or, in the case where the Employer has no defined benefit plan which designates this Plan to satisfy Code Section 401, the largest percentage of Employer Contributions and forfeitures stated as a percentage of the first \$200,000 of a Key Employee's Compensation, allocated on behalf of any Key Employee for that Plan Year. The minimum allocation is determined without regard to any Social Security contribution by the Employer. This minimum allocation shall be made even though, under other provisions of this Plan, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the year because (i) the Participant failed to complete the minimum number of Hours of Service specified in the Adoption Agreement for receiving an allocation, (ii) the Participant's Compensation was less than a stated amount, or (iii) the Participant made insufficient mandatory contributions to receive an Employer Contribution (allocated on a thrift matching basis) sufficient to alleviate the need a minimum allocation under this Section 21.03.

(b) For purposes of computing the minimum allocation, "Compensation" will have the same meaning as in Section 2.07, disregarding any exclusion from Compensation specified by the Employer in the Adoption Agreement.

(c) During any Plan Year for which a minimum allocation is required under subsections (a) or (f) to a plan under which allocations shall be made on an integrated basis pursuant to Section 4.01(a)(iii) or 4.01(b) or a matching basis pursuant to Section 4.01(a)(ii)(B), Employer Contributions and forfeitures will be allocated to each Participant's Employer Contribution Account in the ratio that the Participant's Compensation for the Plan Year bears to all Participants' Compensation for the Plan Year but not in excess of 3% of such Compensation. The provisions of this Section 21.03(c) shall take precedence over any conflicting provisions of Section 4.01. To the extent any amount of Employer Contributions and forfeitures remains unallocated after the application of this subsection (c), such amount shall be allocated in accordance with the provisions of Section 4.01 hereof.

(d) The provision in subsection (a) above shall not apply to any Participant who was not employed by the Employer on the last day of the Plan Year.

(e) The provision in subsection (a) above shall not apply to any Participant to the extent the Participant is covered under any other plan (other than a plan which incorporates the Prototype Plan) or plans of the Employer, and the Employer has provided in the Adoption Agreement that the minimum allocation or benefit requirement applicable to Top-Heavy Plans will be met in such other plan or plans.



(f) The provision in subsection (a) above shall not apply in the case of a Participant who is an Employee of an Employer who has adopted both a profit sharing plan and a money purchase pension plan which incorporate this Prototype Plan. In such case, the aggregate total of the Employer Contributions and forfeitures under both plans allocated to the Employer Contribution Account of a Participant who is not a Key Employee shall not be less than 3% of such Participant's Compensation. Unless the Employer has specified otherwise in the Adoption Agreement and such specification is sufficient to satisfy the minimum allocation requirement referred to in the preceding sentence, subsection (c) above shall apply to the allocation of Employer Contributions and forfeitures under the profit sharing plan and, only to the extent that such allocation is insufficient to satisfy the minimum allocation requirement referred to in the preceding sentence, the money purchase pension plan.

21.04 Nonforfeatability of Minimum Allocation. The minimum allocation required (to the extent required to be nonforfeitable under Code Section 416(b)) may not be forfeited under Code Section 411(a)(3)(B) or 411(a)(3)(D).

21.05 Limitation on Compensation. For any Plan Year in which the Plan is Top-Heavy, only the first \$200,000 (or such larger amount as may be prescribed by the Secretary of the Treasury or his or her delegate) of a Participant's Compensation for the Plan Year shall be taken into account for purposes of allocating Employer Contributions under the Plan.

21.06 Minimum Vesting Schedule. Unless the Employer has specified a more rapid vesting schedule in the Adoption Agreement, for any Plan Year in which this Plan is Top-Heavy, the following minimum vesting schedule shall apply:

Vesting Years	Nonforfeitable Percentage of Employer Contribution Account
1	0%
2	20
3	40
4	60
5	80
6 or more	100

The minimum vesting schedule applies to all benefits within the meaning of Code Section 411(a)(7) attributable to Employer Contributions and forfeitures, including benefits accrued before the effective date of Code Section 416 and benefits accrued before the Plan became Top-Heavy. Further, no reduction in vested benefits may occur in the event the Plan's status as Top-Heavy changes for any Plan Year. If conversion of the Plan into a Top-Heavy Plan has resulted in a change of the Plan's vesting schedule to the minimum vesting schedule discussed above, the change shall be treated as an amendment to the Plan and the election referred to in Section 18.01 hereof shall apply. This Section 21.06 does not apply to the Employer Contribution Account balances of any former Participant who does not have an Hour of Service after the Plan has initially become Top-Heavy and such former Participant's vested Employer Contribution Account balance will be determined without regard to this Section.

21.07 Effect on Code Section 415 Limitations. Notwithstanding anything to the contrary in Section 5 above, the following provisions apply if the Plan is Top-Heavy.

(a) In any Plan Year in which the Top-Heavy ratio exceeds 90% (and the Plan therefore becomes super Top-Heavy) the denominators of the Defined Benefit Fraction (as defined in Section 5.05(c) above) and the Defined Contribution Fraction (as defined in Section 5.05(d) above) shall be computed using 100% of the dollar limitation stated therein instead of 125%.

(b) In any Plan Year in which the Top-Heavy Ratio exceeds 60%, but is less than 90%, the denominators of the Defined Benefit Fraction (as defined in Section 5.05(c) above) and the Defined Contribution Fraction (as defined in Section 5.05(d) above) shall be computed using 100% of the dollar limitation described therein instead of 125%, unless the Employer has specified in the Adoption Agreement that the minimum allocation provisions of Section 21.03 above shall be computed using 4% of a Participant's Compensation, in which case the dollar limitations of the Defined Benefit Fraction (as defined in Section 5.05(c) above) and the Defined Contribution Fraction (as defined in Section 5.05(d) above) shall continue to be computed using 125% of the dollar limitations.

21.08 Termination of Top-Heavy Status. If the Plan ceases to be Top-Heavy for any Plan Year and if the Employer has not specified otherwise in the Adoption Agreement, the minimum vesting schedule described in Section 21.06 shall continue to apply. If the Employer has specified in the Adoption Agreement that, upon conversion of the Plan to non-Top-Heavy status, Participants' vested benefits are to be determined according to a schedule other than the minimum vesting schedule described in Section 21.06, such change in vesting schedules shall be treated as an amendment, and the election referred to in Section 18.01 hereof shall apply.



SECTION 22.  
SPECIAL DISTRIBUTION RULES

22.01 Special Rule for Profit Sharing Plan Participants. If this Plan is adopted as a profit sharing plan and (a) it is determined that this Plan is a direct or indirect transferee (including a plan which is amended into this Plan) of a defined benefit plan, money purchase pension plan (including a target benefit plan), stock bonus or profit sharing plan which would otherwise provide a life annuity form of payment with respect to such Participant, (b) the Plan is amended so as to allow a Participant to elect to receive his or her benefits in the form of a life annuity and Participant elects to receive his or her

benefits in such form, (c) the Plan is amended to provide that absent a Qualified Election of a Participant's surviving spouse, someone other than the Participant's surviving spouse becomes entitled to the Participant's vested Account balance, or (d) if someone other than the Participant's surviving spouse is the beneficiary of any insurance purchased with funds from the Participant's Account, the provisions of Sections 8, 9, and 15 shall apply as if this Plan were adopted as a money purchase pension plan.

22.02 Elections for Former Participants. An opportunity to make the applicable distribution elections discussed below in this Section 22.02 must be given to any living former Participant who had not begun receiving benefits from this Plan on August 23, 1984 and who would not otherwise receive the benefit forms prescribed by Sections 8 and 9 above.

(a) In the case of a former Participant who:

(i) would have been entitled to receive his or her benefits in the form of a life annuity had he or she completed an Hour of Service during a Plan Year commencing after December 31, 1984,

(ii) was credited with Service under this Plan or a predecessor plan in a plan year beginning after December 31, 1975, and

(iii) had at least ten years of vesting Service when he or she separated from Service,

the former Participant must be given an opportunity to elect to receive his or her benefits in accordance with the provisions of Sections 8 and 9 applied as if this Plan were adopted as a money purchase pension plan.

(b) In the case of a former Participant:

(i) who was credited with service under this Plan or a predecessor plan after September 1, 1974;

(ii) who was not credited with service under this plan or a predecessor plan in a plan year beginning after December 31, 1975; and

(iii) whose benefits would have been payable in the form of a life annuity

the Participant must be given an opportunity to elect to receive his or her benefits in accordance with the provisions of Section 22.04.

(c) In the case of a former Participant who:

(i) satisfies the requirements of subsection (a) but does not exercise the election made available to him or her in subsection (a), or

(ii) satisfies the requirements of subsection (a) other than the requirement of paragraph (iii),

the former participant shall have his or her benefits distributed in accordance with the provisions of Section 22.04.

22.03 Election Period for Certain Elections by Separated Participants. The period during which a former Participant entitled to make an election pursuant to Section 22.02 shall commence on August 23, 1984 and end on the earlier of the former Participant's death or the date benefits would otherwise commence to said former Participant.

22.04 Benefit Form for Certain Former Participants. The benefits of a former Participant who is entitled to elect, and has elected to have his or her benefits distributed pursuant to this Section 22.04 or a former Participant whose benefits are required to be distributed in accordance with the provisions of this Section 22.04 shall be distributed in accordance with the following provisions:

(a) If benefits in the form of a life annuity become payable to a

married former Participant who:

(i) begins to receive payments under the Plan on or after Normal Retirement Age; or

(ii) dies on or after Normal Retirement Age while still working for the Employer; or

(iii) begins to receive payments prior to Normal Retirement Age; or

(iv) separates from Service on or after attaining Normal Retirement Age (or the qualified early retirement age) after satisfying the eligibility requirement for the payment of benefits under the Plan and thereafter dies before beginning to receive such benefits;

then such benefits will be received under this plan in the form of a Qualified Joint and Survivor Annuity, unless the former Participant has elected otherwise during the election period. For this purpose, the election period must begin at least six months before the participant attains qualified early retirement age and end not more than 90 days before the commencement of benefit distributions. Any election hereunder must be in writing and delivered to the Administrator; such election may be changed by the former Participant at any time by delivery of written notification of such change and/or a separate written election to the Administrator.

(b) A former Participant who is employed at the start of the election period defined below will be given the opportunity to elect, during such election period, to have a survivor annuity payable on death. If the former Participant elects the survivor annuity, payments under such annuity must not be less than the payments which would have been made to the Spouse under the Qualified Joint and Survivor Annuity if the former Participant had retired on the day before his or her death. Any election under this provision must be in writing and delivered to the Administrator; such election may be changed by the former Participant at any time by delivery of written notification of such change and/or a separate written election to the Administrator. The election period begins on the later of (i) the 90th day before the former Participant attains the qualified early retirement age or (ii) the date the former Participant terminates employment with the Employer.

(c) The qualified early retirement age referred to in this Section 22.04 shall mean the latest of:

(i) the earliest date, under the plan, on which the former Participant may elect to receive retirement benefits,

(ii) the first day of the 120th month beginning before the former Participant reaches Normal Retirement Age, or

(iii) the date the former Participant began participation.

#### SECTION 23. DISTRIBUTION OPTION NOTICE REQUIREMENTS

23.01 Notice of Waivability of Qualified Preretirement Survivor Annuity. In the case of a Participant who is scheduled to receive Qualified Preretirement Survivor Annuity pursuant to section 8.01 hereof, the Administrator shall provide the Participant within the period beginning on the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year in which the Participant attains age 35, a written explanation of: (a) the terms and conditions of a Qualified Preretirement Survivor Annuity; (b) the Participant's right to make, and the effect of, an election to waive Qualified Preretirement Survivor Annuity coverage; (c) the rights of a Participant's Spouse; and (d) the Participant's right to make, and the effect of, a revocation of a previous election to waive Qualified Preretirement Survivor Annuity coverage. In the case of a Participant who becomes a Participant after the first day of the Plan Year in which the Participant attained age 32 and who is scheduled to receive a Qualified Preretirement Survivor Annuity pursuant to Section 8.01 hereof, the Administrator shall provide the notice required by this Section 23.01 no later than the close of the third Plan Year subsequent to the Participant's commencement of participation in the Plan.

23.02 Notice of Waivability of Qualified Joint and Survivor Annuity. In the case of a Participant who is scheduled to receive a Qualified Joint and Survivor Annuity pursuant to the provisions of Section 9.03 hereof, the Administrator shall provide to the Participant, within a reasonable period prior to the commencement of distributions, a written explanation of: (a) the terms and conditions of a Qualified Joint and Survivor Annuity; (b) the Participant's right to make, and the effect of, an election to waive distribution in the form of a Qualified and Joint Survivor Annuity coverage; (c) the rights of the Participant's Spouse; and (d) the Participant's right to make, and the effect of, a revocation of a previous election to waive distribution in the form of the Qualified and Joint Survivor Annuity.

SECTION 24.  
WAIVER OF MINIMUM FUNDING STANDARD

If an Employer who has adopted this Prototype Plan as a money purchase pension plan is unable to satisfy the minimum funding standard (as described in Code Section 412) for a given Plan Year, it may apply to the Internal Revenue Service for a waiver of such minimum funding standard. If the waiver is granted, the following provisions apply:

(a) An adjusted Account balance shall be maintained for each Participant whose actual Account balance is less than or equal to his or her adjusted Account balance.

(i) For the Plan Year for which the first waiver is granted, the adjusted Account balance as of the Valuation Date for each affected Participant equals:

(A) the Participant's actual Account balance, plus

(B) the amount that such Participant would have received if the amount waived had been contributed.

(ii) For each Plan Year following the Plan Year for which a waiver is granted, the adjusted Account balance for each Participant affected by such waiver (calculated as of the Valuation Date for that Plan Year) equals:

(A) the adjusted Account balance as of the Valuation Date in the prior Plan Year, plus

(B) the amount equal to the actual investment return credited or charged to the Participant's actual Account balance, plus

(C) the amount equal to 5% of the excess of the amount in (A) over the Participant's actual Account balance calculated as of the same date, plus

(D) the amount equal to such Participant's allocated share of the required Employer Contribution (whether or not waived) for the Plan Year (determined without regard to adjusted waiver payments and discretionary Employer Contributions), minus

(E) the amount of the Participant's adjusted Account balance forfeited during the Plan Year under the Plan's provisions.

(b) For a given Plan Year, the Employer is required to contribute a certain amount in order to satisfy the minimum funding standard for such Plan Year. For each Plan Year which follows a Plan Year for which a waiver of the minimum funding standard was granted the amount equals:

(i) the amount due as determined under Section 4.01(b) above without regard to this Section), plus

(ii) the adjusted waiver amount.

(c) The adjusted waiver amount for a given Plan Year equals:

(i) the sum of the amounts necessary to amortize each waived funding deficiency over a period of fifteen Plan Years (measured from the Valuation Date of the Plan Year for which the corresponding waiver was granted) at 5% interest, compounded annually, minus

(ii) the sum of the amounts necessary to amortize the total of each Plan Year's forfeitures (which have arisen since the first waiver was granted) over a period of fifteen Plan Years (measured from the Valuation Date of the Plan Year in which the corresponding forfeitures arose) at 5% interest, compounded annually.

(d) An amount equal to the adjusted waiver amount must be contributed only until each Participant's actual Account balance equals the Participant's adjusted Account balance.

(e) Any Plan provision which provides that Employer Contributions shall be reduced immediately by forfeitures is revoked until each Participant's actual Account balance equals that Participant's adjusted Account balance.

(f) Discretionary Employer Contributions, which are in addition to the amounts contributed to satisfy the minimum funding standard, can be made in any given Plan Year. However, the total Employer Contribution for the Plan Year cannot exceed the then remaining underfunded amount (the sum of Participants' adjusted Account balances minus total Plan assets).

(g) The adjusted waiver payments, discretionary Employer contributions and the forfeitures of actual Account balances for the current

Plan Year shall be allocated as of that Plan Year's Valuation Date to the actual Account balances of the affected Participants.

(h) Each time a waiver is granted, an original waiver amount ("OWA") will be determined for each affected Participant. The OWA equals the Participant's portion of the amount which was waived.

(i) Commencing with the Valuation Date of the Plan Year for which a waiver is granted, a remaining original waiver amount ("ROWA") must be calculated for each affected Participant. As of such Valuation Date the OWA equals the ROWA. On the Valuation Date of a succeeding Plan Year the ROWA equals the prior Plan Year's ROWA multiplied by

1.05, minus the forfeiture of amounts in the prior Plan year's ROWA incurred in the current Plan Year. For each waiver that is granted one OWA and a corresponding ROWA will be established for each affected Participant.

(j) The sum of the adjusted waiver payments, discretionary Employer Contributions and forfeitures of actual Account balances for a given Plan Year are allocated to those Participants who have ROWAs by multiplying the sum of these three amounts by the fraction:

(i) the numerator of which equals the sum of OWAs for a particular Participant, and

(ii) the denominator of which equals the sum of the OWAs for all Participants.

To determine the portion of this allocation which is to be assigned to a given ROWA, multiply the allocation by the corresponding OWA, then divide by the sum of the OWAs for the particular Participant.

(k) If the calculation of a ROWA results in a value which is less than zero, then

(i) the ROWA is set equal to zero,

(ii) the corresponding OWA is set equal to zero, and

(iii) the excess payments will be reallocated to the remaining ROWAs.

(l) A distribution is determined by multiplying a Participant's vested percentage by his or her adjusted Account balance. However, distributions from the Plan may not exceed a Participant's actual Account balance. If so limited, plan Participants shall receive subsequent distributions derived from future adjusted waiver payments.

#### SECTION 25. MISCELLANEOUS

25.01 Misrepresentation. Notwithstanding any other provision herein, if an Employee misrepresents his or her age or any other fact, any benefit payable hereunder shall be the smaller of: (a) the amount that would be payable if no facts had been misrepresented, or (b) the amount that would be payable if the facts were as misrepresented.

25.02 Legal or Equitable Action. If any legal or equitable action with respect to the Plan is brought by or maintained against any person, and the results of such action are adverse to that person, attorney's fees and all other costs to the Employer, the Administrator or the Trust of defending or bringing such action shall be charged against the interest, if any, of such person under the Plan.

25.03 No Enlargement of Plan Rights. It is a condition of the Plan, and each Participant by participating herein expressly agrees, that he or she shall look solely to the assets of the Trust for the payment of any benefit under the Plan.

25.04 No Enlargement of Employment Rights. Nothing appearing in or done pursuant to the Plan shall be construed (a) to give any person a legal or equitable right or interest in the assets of the Trust or distribution therefrom, nor against the Employer, except as expressly provide herein or (b) to create or modify any contract of employment between the Employer and any Employee or obligate the Employer to continue the services of any Employee.

25.05 Written Orders. In taking or omitting to take any action under this Plan, the Trustee may conclusively rely upon and shall be protected in acting upon any written orders from or determinations by the Employer or the Administrator as appropriate, or upon any other notices, requests, consents, certificates or other instruments or papers believed by it to be genuine and to

have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action.

25.06 No Release from Liability. Nothing in the Plan shall relieve any person from liability for any responsibility under Part 4 of Title I of the Act. Subject thereto, neither Trustee, Loan Trustee, Administrator nor Distributor nor any other person shall have any liability under the Plan, except as a result of negligence or wilful misconduct, and in any event the Employer shall fully indemnify and save harmless all persons from any liability except that resulting from their negligence or wilful misconduct.

25.07 Discretionary Actions. Any discretionary action, including the granting of a loan pursuant to Section 10 hereof, to be taken by the Employer or the Administrator under this Plan shall be non-discriminatory in nature and all Employees similarly situated shall be treated in a uniform manner.

25.08 Headings. Headings herein are primarily for convenience of reference, and if they conflict with the text, the text shall control.

25.09 Applicable law. This Plan shall, to the extent state law is applicable, be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the state in which (a) if the Trustee is a corporation, the Trustee has its principal place of business; (b) if the Trustee is an individual, the Trustee resides; or (c) if the Trustee is individuals, where a majority of the individuals serving as Trustee reside. The Employer's execution of the Adoption Agreement may be acknowledged where required by applicable law.

25.10 No Reversion. Notwithstanding any other contrary provision of the Plan, but subject nevertheless to Sections 5 and 16, no part of the assets in the Trust shall revert to the Employer, and no part of such assets, other than that amount required to pay taxes or administrative expenses, shall be used for any purpose other than exclusive benefit of Employees or their Beneficiaries. However, the Employer may request a return, and this Section 25.10 shall not prohibit return, of an amount to the Employer under any of the following circumstances:

(a) if the amount was all or part of an Employer contribution which was made as a result of a mistake of fact and the amount contributed is returned to the Employer within one year after the date on which the mistaken payment of the contribution was made, or

(b) if the amount was all or part of an Employer contribution which was conditioned on deductibility under Code Section 404 and this condition is not satisfied, and the amount is returned to the Employer within one after the date on which the deduction is disallowed, or

(c) if the amount was all or part of an Employer contribution which was conditioned on the initial qualification of the Plan under Code Section 401(a), this condition is not satisfied, and the amount is returned to the Employer within one year after the date on which initial qualification is denied, or

(d) if the amount was all or part of an Employer contribution which was conditioned on the qualification of the Plan as amended under Code Section 401(a), this condition is not satisfied, the Plan amendment was submitted to the Internal Revenue Service for qualification within one year after it was adopted, and the amount is returned to the Employer within one year after the date on which requalification is denied.

For the purposes of this Section 25.10, all Employer contributions are conditioned on initial qualification of the Plan under Code Section 401(a), qualification of the Plan as amended under Code Section 401(a), and deductibility under Code Section 404.

25.11 Notices. The Employer will provide the notice to other interested parties contemplated under Code Section 7476 before requesting a determination by the Secretary of the Treasury or his or her delegate with respect to the qualification of the Plan.

25.12 Conflict. In the event of any conflict between the provisions of this Plan and the terms of any contract or agreement issued thereunder or with respect thereto, the provisions of the Plan shall control. In particular, the proceeds of any life insurance contract purchased by the Trustee and not governed by an effective Designation of Beneficiary form shall be paid to the Participant's Spouse regardless of who is named as the beneficiary or beneficiaries in the contract.

MODEL AMENDMENT II  
FOR DEFINED  
CONTRIBUTION PLANS

SECTION I:

1.1 Purpose. The purpose of this amendment is to amend the plan to comply with those provisions of the Tax Reform Act of 1986 that are effective prior to the first year beginning after December 31, 1988. Nothing contained in this amendment shall permit or require Matching Employer Contributions or Employee Contributions under the plan unless such Matching Employer Contributions or Employee Contributions have been authorized by the employer under other provisions of the plan or under other amendments thereto.

1.2 Effective Date. Except as otherwise provided, this amendment shall be effective as of the first day of the first Plan Year beginning after December 31, 1986.

SECTION II:  
DEFINITIONS

For the purposes of this amendment only, the following definitions shall apply:

2.1. "Adoption Agreement Amendment" shall mean that portion of this amendment in which the Employer makes any elections permitted under the amendment.

2.2. "Affiliated Employer" shall mean any corporation which is a member of a controlled group of corporations (as defined in section 414(b) of the Code) which includes the Employer, any trade or business (whether or not incorporated) which are under common control (as defined in section 414(c) of the Code) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in section 414(m) of the Code) which includes the Employer; and any other entity required to aggregated with the Employer pursuant to regulations under section 414(o) of the Code.

2.3. "Code" shall mean the Internal Revenue Code of 1986 and amendments thereto.

2.4. "Compensation" shall mean, for purposes of section V of this amendment, compensation paid by the Employer to the Participant during the Plan Year which is required to be reported as wages on the Participant's Form W-2 of which, in the case of a self-employed individual, constitutes payment for services rendered includible in the self-employed individual's gross income and, if the provisions of the plan other than this amendment so provide, shall also include compensation which is not currently includible in the Participant's gross income by reason of the application of sections 125, 402(a)(8), 402(h)(1)(B), or 403(b) of the Code.

2.5. "Employee" shall mean employees of the Employer and shall include leased employees within the meaning of section 414(n)(2) of the Code. Notwithstanding the foregoing, if such leased employees constitute less than twenty percent of the Employer's nonhighly compensated workforce within the meaning of Section 414(n)(5)(C)(ii) of the Code, the term "Employee" shall not include those leased employees covered by a plan described in section 414(n)(5) of the Code unless otherwise provided by the terms of this plan other than this amendment.

2.6. "Employee Contributions" shall mean contributions made to the plan by a Participant during the Plan Year.

2.7. "Employer" shall mean the entity that establishes or maintains the plan, any "Affiliated Employer" and any successor of such establishing employer.

2.8. "Family Member" shall mean an individual described in section 414(q)(6)(B) of the Code.

2.9. "Highly Compensated Employee" shall mean an employee described in section 414(q) of the Code.

2.10. "Matching Contribution" shall mean any contribution to the plan made by the Employer for the Plan Year and allocated to a Participant's account by reason of the Participant's Employee Contributions or elective deferrals.

2.11. "Nonhighly Compensated Employee" shall mean an Employee of the Employer who is neither a Highly Compensated Employee nor a Family member.

2.12. "Participant" shall mean any Employee of the Employer who has met the eligibility and participation requirements of the plan.

2.13. "Plan Year" shall mean the plan year otherwise specified in the plan.

SECTION III:

PROVISIONS RELATING TO  
LEASED EMPLOYEES

3.1. Safe-Harbor. Notwithstanding any other provisions of the plan, for purposes of determining the number or identity of Highly Compensated Employees or for the purposes of the pension requirements of section 414(n)(3) of the Code, the employees of the Employer shall include individuals defined as Employees in section 2.5 of the amendment.

3.2. Participation and Accrual. A leased employee within the meaning of section 414(n)(2) of the Code shall become a Participant in, and accrue benefits under, the plan based on service as a leased employee only as provided in provisions of the plan other than this section III.

3.3. Effective Date. This section III shall be effective for services performed after December 31, 1986.

SECTION IV:  
LIMITATIONS ON CONTRIBUTIONS  
AND BENEFITS

4.1. Revised Contribution Limitations under Defined Contribution Plan.

4.1(a). Definition of Annual Additions. For purposes of the plan, "Annual Addition" shall mean the amount allocated to a Participant's account during the Limitation Year that constitutes:

(i) Employer Contributions or Employee Contributions, including Excess Contributions as defined in section 401(k)(8)(B) of the Code, Excess Aggregate Contributions as defined in section 401(m)(6)(B), and Excess Deferrals as described in section 402(g), regardless of whether such amounts are distributed or forfeited;

(ii) Forfeitures; and

(iii) Amounts described in sections 415(l)(1) and 419A(d)(2) of the Code.

4.1(b). Maximum Annual Addition. The maximum Annual Addition that may be contributed or allocated to a Participant's account under the plan for any Limitation Year shall not exceed the lesser of:

(i) the Defined Contribution Dollar Limitation, or

(ii) 25 percent of the Participant's compensation, within the meaning of section 415(c)(3) of the Code for the Limitation Year.

4.1(c). Special Rules. The compensation limitation referred to in section 4.1(b)(ii) shall not apply to:

(i) Any contribution for medical benefits (within the meaning of section 419A(f)(2) of the Code) after separation from service which is otherwise treated as an Annual Addition, or

(ii) Any amount otherwise treated as an Annual Addition under section 415(l)(1) of the Code.

4.1(d). Definitions. For purposes of section 4.1, "Defined Contribution Dollar Limitation" shall mean \$30,000 or, if greater, one-fourth of the defined benefit dollar limitation set forth in section 415(b)(1) of the Code as in effect for the Limitation Year.

4.2. Special Rules for Plans Subject to Overall Limitations Under Code Section 415(e).

4.2(a). Recomputation Not Required. The Annual Addition for any Limitation Year beginning before January 1, 1987 shall not be recomputed to treat all Employee Contributions as an Annual Addition.

4.2(b). Adjustment of Defined Contribution Plan Fraction. If the plan satisfied the applicable requirements of section 415 of the Code as in effect for all Limitation Years beginning before January 1, 1987, an amount shall be subtracted from the numerator of the defined contribution plan fraction (not exceed such numerator) as prescribed by the Secretary of the Treasury so that the sum of the defined benefit plan fraction and defined contribution plan fraction computed under section 415(e)(1) of the Code (as revised by this section IV) does not exceed 1.0 for such Limitation Year.

4.3. Limitation Year. For purposes of this section IV, "Limitation Year" shall mean the limitation year specified in the plan, or if none is specified, the calendar year.

4.4. Effective Date of Section IV Provisions. The provisions of this section IV shall be effective for Limitation Years beginning after December 31,

4.5. For purposes of this section IV, Affiliated Employer shall also include those employers described in section 415(h) of the Code.

SECTION V:  
LIMITATIONS ON EMPLOYEE  
CONTRIBUTIONS

5.1. Applicability of this Section. This section V shall apply to the plan only if such plan permits Employee Contributions or allocates Matching Contributions to Participants' accounts in Plan Years beginning after December 31, 1986.

5.2. Contribution Percentage.

5.2(a). The Average Contribution Percentage for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 1.25; or

5.2(b). The Average Contribution Percentage for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 2, provided that the Average Contribution Percentage for Highly Compensated Employees does not exceed the Average Contribution Percentage for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year by more than two (2) percentage points or such lesser amount as the Secretary of the Treasury shall prescribe to prevent the multiple use of this alternative limitation with respect to any Highly Compensated Employee.

5.3. Definitions. For purposes of this section V, the following definitions shall apply:

5.3(a). "Average Contribution Percentage" shall mean the average (expressed as a percentage) of the Contribution Percentages of the Eligible Participants in a group.

5.3(b). "Contribution percentage" shall mean the ratio (expressed as a percentage) if the sum of the Employee Contributions and Matching Contributions under the plan on behalf of the Eligible Participant for the Plan Year to the Eligible Participant's Compensation for the Plan Year.

5.3(c). "Eligible Participant" shall mean any employee who is authorized under the terms of the plan to have Employee Contributions or Matching Contributions allocated to his account for the Plan Year.

5.4. Special Rules.

5.4(a). For purposes of this section V, the Contribution Percentage for any Eligible Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to make Employee Contributions, or to have Matching Contributions within the meaning of section 401(m)(4)(A) of the Code allocated to his account under two or more plans described in section 401(a) of the Code or arrangements described in section 401(k) of the Code that are maintained by the Employer shall be determined as if the total of such Employee Contributions and Matching Contributions was made under each plan.

5.4(b). In the event that this plan satisfies the requirements of section 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of section 410(b) of the Code only if aggregated with this plan, then this section V shall be applied by determining the Contribution Percentages of Eligible Participants as if all such plans were a single plan.

5.4(c). For purposes of determining the Contribution Percentage of an Eligible Participant who is a Highly Compensated Employee, the Employee Contributions, Matching Contributions and Compensation of such Eligible Participant shall include the Employee Contributions, Matching Contributions and Compensation of Family Members. Family Members with respect to Highly Compensated Employees shall be disregarded as separate employees in determining the Contribution Percentage both for Eligible Participants who are Nonhighly Compensated Employees and for Eligible Participants who are Highly Compensated Employees.

5.4(d). The determination and treatment of the Contribution Percentage of any Eligible Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

5.5. Distribution of Excess Aggregate Contributions.

5.5(a). In General. Excess Aggregate Contributions plus any income and minus any loss allocable thereto shall be forfeited, if otherwise forfeitable



under the terms of this plan, or if not forfeitable, distributed no later than the last day of each Plan Year beginning after December 31, 1987, to Participants to whose accounts Employee Contributions or Matching Contributions were allocated for the preceding Plan Year.(1) Excess Aggregate Contributions shall be treated as Annual Additions under section 4.1(a) of this amendment.

5.5(b). Excess Aggregate Contribution. For purposes of this amendment, "Excess Aggregate Contribution" shall mean the amount described in section 401(m) (6) (B) of the Code.

5.5(c). Determination of Income or Loss. The Excess Aggregate Contributions to be forfeited, if otherwise forfeitable under the terms of the plan, or if not forfeitable, distributed to the Participant shall be adjusted for income or loss. The income or loss allocable to Excess Aggregate Contributions shall be determined by multiplying the income or loss allocable to the Participant's Employee Contributions and Matching Contributions for the Plan Year by a fraction, the numerator of which is the Excess Aggregate Contributions on behalf of the Participant for the preceding Plan Year and the denominator of which is the sum of the Participant's account balances attributable to Employee Contributions and Matching Contributions on the last day of the preceding Plan Year.

5.5(d). Accounting for Excess Aggregate Contributions. Excess Aggregate Contributions shall be distributed from the Participant's Employee Contribution account, and forfeited if otherwise forfeitable under the terms of the plan (or, if not forfeitable, distributed) from the Participant's Matching Contribution account in proportion to the Participant's Employee Contributions and Matching Contributions for the Plan Year.

5.5(e). Allocation of Forfeitures. Amounts forfeited by Highly Compensated Employees under this section V shall be:

(i) Treated as Annual Additions under section 4.1(a) of this amendment and either;

(ii) Applied to reduce Employer contributions if forfeitures of matching Contributions under the plan are applied to reduce Employer contributions; or

(iii) Allocated, after all other forfeitures under the plan, and subject to section 5.4(f) of this amendment, to the same Participants and in the same manner as such other forfeitures of Matching Contributions are allocated to other Participants under the plan.

5.5(f). Notwithstanding the foregoing, no forfeitures arising under this section V shall be allocated to the account of any Highly Compensated Employee.

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(1) If Excess Aggregate Contributions plus any income and minus any loss allocable thereto are forfeited (if forfeitable) or distributed more than 2-1/2 months after the last day of the Plan Year in which such Excess Aggregate Contributions arose, then section 4979 of the Code imposes a ten (10) percent excise tax on the employer maintaining the plan with respect to such amounts.

SECTION VI:  
QUALIFIED VOLUNTARY EMPLOYEE  
CONTRIBUTIONS NOT PERMITTED

6.1. The plan shall accept no Employee Contributions designated by the Participant as deductible employee contributions (within the meaning of section 72(o) (5) (A) of the Code) for a taxable year of the Participant beginning after December 31, 1986.

SECTION VII:  
DETERMINATION OF TOP HEAVY STATUS

7.1. Solely for the purpose of determining if the plan or any other plan included in a required aggregation group of which this plan is a part, is top-heavy (within the meaning of section 416(g) of the Code) the accrued benefit in a defined benefit plan of an Employee other than a Key Employee (within the meaning of section 416(i) (1) of the Code) shall be determined under (a) the method, of any, that uniformly applies for accrual purposes under all plans maintained by the Employer, or (b) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of section 411(b) (1) (C) of the Code.

SECTION VIII:  
RESERVED

SECTION IX:

## BENEFIT FORFEITURES

9.1. Applicability of this Section. This section IX shall apply to the plan only if such plan is a money purchase pension plan, other than a target benefit plan, and the Employer elects in the Adoption Agreement Amendment to have this section apply.

9.2. Allocation of Forfeitures. Notwithstanding any other provision of the plan, forfeitures occurring in Plan Years specified in the Adoption Agreement Amendment shall be allocated to Participants entitled to an allocation of Employer contributions for the Plan Year in which the forfeiture occurs in proportion to their compensation. The plan shall continue to be designed to qualify as a money purchase pension plan for purposes of section 401(a), 402, 412 and 417 of the Code.

9.3. Forfeitures. For purposes of this section IX, "forfeitures" shall mean those nonvested amounts allocated to Participants' accounts that, under the terms of the plan immediately prior to the adoption of this amendment, would have been applied, if forfeited to reduce employer contributions under the plan.

## SECTION X: PROFITS NOT REQUIRED

10.1. Applicability of this Section. This section X shall apply to the plan only if such plan is a profit-sharing plan and the Employer elects in the Adoption Agreement to have this section apply.

10.2. Employer Contributions. Notwithstanding any other provision of the plan, Employer Contributions for Plan Years specified in the Adoption Agreement Amendment shall be made to the plan without regard to current or accumulated earnings and profits for the taxable year or years ending with or within such Plan Year. The plan shall continue to be designed to qualify as a profit-sharing plan for purposes of sections 401(a), 402, 412 and 417 of the Code.

## MODEL CASH OR DEFERRED ARRANGEMENT AMENDMENT

## SECTION I: PURPOSE AND EFFECTIVE DATE

1.1. Purpose. If so elected in the cash or deferred arrangement (CODA) adoption agreement, it is the intention of the Employer to incorporate a CODA, which satisfies the requirements of section 401(k) of the Code, as part of its profit-sharing plan.

1.2. Effective Date. The CODA is effective upon adoption by the adopting employer subject to the limitations specified in section XI of the CODA adoption agreement.

## SECTION II: DEFINITIONS

The following definitions shall apply for purposes of this amendment only:

2.1. "Actual Deferral Percentage" shall mean the ratio (expressed as a percentage) of Elective Deferrals, Qualified Matching Contributions (to the extent taken into account in section 3.6 of the CODA, pursuant to section 3.4(A) of the CODA adoption agreement) and Qualified Non-elective Contributions on behalf of a Participant for the Plan Year to the Participant's Compensation for the Plan Year. The Actual Deferral Percentage of an Employee who is eligible to, but does not make an Elective Deferral and who does not receive an allocation of a Qualified Matching Contribution or a Qualified Non-elective Contribution, is zero.

2.1(a). Qualified Matching Contributions (to the extent taken into account in section 3.6 of the CODA) shall be treated as Qualified Non-elective Contributions for the purposes of this section, as well as sections 2.11, 3.7(a), 3.7(b), 3.7(c), 3.8, 3.8(a), 3.8(b), 3.10, 3.11, 5.1 and 5.2 of the CODA and section 7.1 of the CODA adoption agreement. Also, to the extent that Qualified Matching Contributions are taken into account in section 3.6 of the CODA, then any earnings that are attributable to such Qualified Matching Contributions must be allocated to a Participant's Qualified Non-elective Contribution accounts under section 3.10 of the CODA.

2.2. "Adjustment Factor" shall mean the cost of living factor prescribed by the Secretary of the Treasury under section 415(d) of the Code for years beginning after December 31, 1987, as applied to such items and in such manner as the Secretary shall provide.

2.3. "Affiliated Employer" shall mean any corporation which is a member of a controlled group of corporations (as defined in section 414(b) of the Code)

which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in section 414(c) of the Code) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in section 414(m) of the Code) which includes the Employer; and any other entity required to aggregated with the Employer pursuant to regulations under section 414(o) of the Code.

2.4. "Average Actual Deferral Percentage" shall mean the average (expressed as a percentage) of the Actual Deferral Percentages of the Participants in a group.

2.5. "Code" shall mean the Internal Revenue Code of 1986.

2.6. "Compensation" shall mean, unless otherwise elected in the CODA adoption agreement, compensation paid by the Employer to the Participant during the Plan Year which is required to be reported as wages on the Participant's Form W-2, or which, in the case of a self-employed individual, constitutes payment for services includible in the self-employed individual's gross income. This definition shall apply solely for purposes of determining the Actual Deferral Percentage under section 3.6 and the Contribution Percentage under section 7.1.

2.7. "Elective Deferrals" shall mean contributions made to the plan during the Plan Year by the Employer, at the election of the Participant, in lieu of cash compensation and shall include contributions that are made pursuant to a salary reduction agreement. Such contributions must be nonforfeitable when made and distributable only as specified in section 5.1 below.

2.8. "Employee" shall mean employees of the Employer and shall include leased employees within the meaning of section 414(n) (2) of the Code. Notwithstanding the foregoing, if such leased employees constitute less than twenty (20) percent of the Employer's Non-highly Compensated work force within the meaning of section 414(n) (5) (C) (ii) of the Code, the term "Employee" shall not include those leased employees covered by a plan described in section 414(n) (5) (B) of the Code unless otherwise provided by the terms of this plan other than this amendment.

2.9. "Employee Contributions" shall mean contributions made to the plan by a Participant during the Plan Year.

2.10. "Employer" shall mean the entity that establishes or maintains the plan, any successor to such entity, and any Affiliated Employer.

2.11. "Excess Contributions" shall mean, with respect to any Plan Year, the aggregate amount of Elective Deferrals and Qualified Non-elective Contributions actually paid over to the trust on behalf of Highly Compensated Employees for such Plan Year over the maximum amount of such contributions permitted under section 3.6 below.

2.12. "Excess Elective Deferrals" shall mean the amount of Elective Deferrals for a calendar year that the Participant allocates to this plan pursuant to the claim procedure set forth in section 3.5(a) (1).

2.13. "Family Member" shall mean an individual described in section 414(q) (6) (B) of the Code.

2.14. "Highly Compensated Employee" shall mean an Employee described in section 414(q) of the Code.

2.15. "Matching Contribution" shall mean any contribution to the plan made by the Employer for the Plan Year and allocated to a Participant's account by reason of the Participant's Employee Contributions or Elective Deferrals. Matching Contributions are subject to the distribution provisions applicable to Employer contributions in the underlying plan document.

2.16. "Non-highly Compensated Employee" shall mean an Employee of the Employer who is neither a Highly Compensated Employee nor a Family Member.

2.17. "Participant" shall mean any Employee of the Employer who has met the eligibility and participation requirements of the Plan.

2.18. "Plan Year" shall mean the plan year otherwise specified in the plan.

2.19. "Qualified Non-elective Contributions" shall mean contributions (other than Matching Contributions) made by the Employer and allocated to Participants' accounts that the Participants may not elect to receive in cash until distributed from the plan; that are nonforfeitable when made; and that are distributable only as specified in section 5.1.

2.20. "Qualified Matching Contributions" shall mean any contributions to the plan made by the Employer for the Plan Year and allocated to a Participant's account by reason of Elective Deferrals, that are non-forfeitable when made, and that are distributable only as specified in section 5.1.

SECTION III:  
ELECTIVE DEFERRALS

3.1. Allocation of Deferrals. The Employer shall contribute and allocate to each Participant's Elective Deferral account an amount equal to the amount of a Participant's Elective Deferrals.

3.2. Elective Deferrals Pursuant to a Salary Reduction Agreement. To the extent provided in the CODA adoption agreement, a Participant may elect to have Elective Deferrals made under this plan. Elective Deferrals shall include single-sum and continuing contributions made pursuant to a salary reduction agreement.

3.2(a). Commencement of Elective Deferrals. A Participant shall be afforded a reasonable period at least once each calendar year, as specified in section 2.1(a) of the CODA adoption agreement, to elect to commence Elective Deferrals. Such election shall not become effective before the time specified in section 2.1(a) of the CODA adoption agreement.

3.2(b). Modification and Termination of Elective Deferrals. A Participant's election to commence Elective Deferrals shall remain in effect until modified or terminated. A Participant shall be afforded a reasonable period at least once each calendar year, as specified in section 2.1(b) of the CODA adoption agreement, to modify the amount or frequency of his or her Elective Deferrals. A Participant may terminate his or her election to make Elective Deferrals at any time.

3.3. Cash bonuses. To the extent provided in section 2.2 of the CODA adoption agreement, a Participant may also base Elective Deferrals on cash bonuses that, at the Participant's election, may be contributed to the CODA or received by the Participant in cash.

3.3(a). Time and Manner of Election. A Participant shall be afforded a reasonable period, as provided in section 2.2 of the CODA adoption agreement, to elect to defer amounts described in section 3.3 above to the CODA. Such election shall not become effective before the time specified in section 2.2(a) of the CODA adoption agreement.

3.4. Maximum Amount of Elective Deferrals. A Participant's Elective Deferrals are subject to any limitations imposed in Section 2.1 of the CODA adoption agreement and any further limitations under the plan. No Participant shall be permitted to have Elective Deferrals made under this plan during any calendar year in excess of \$7,000, multiplied by the Adjustment Factor.

3.5. Distribution of Excess Elective Deferrals. Notwithstanding any other provision of the plan, Excess Elective Deferrals, plus any income and minus any loss allocable thereto, shall be distributed no later than April 15, 1988, and each April 15 thereafter, to Participants to whose accounts Excess Elective Deferrals were allocated for the preceding calendar year and who claim Excess Elective Deferrals for such calendar year. Excess Elective Deferrals shall be treated as Annual Additions under the plan.

3.5(a)(1). The Participant's claim shall be in writing; shall be submitted to the plan administrator not later than the date elected in section 8.1 of the CODA adoption agreement; shall specify the amount of the Participant's Excess Elective Deferral for the preceding calendar year; and shall be accompanied by the Participant's written statement that if such amounts are not distributed, such Excess Elective Deferrals, when added to amounts deferred under other plans or arrangements described in sections 401(k), 408(k), or 403(b) of the Code, will exceed the limit imposed on the Participant by section 402(g) of the Code for the year in which the deferral occurred.

3.5(a)(2). Determinations of Income or Loss. The Excess Elective Deferral shall be adjusted for income or loss. The income or loss allocable to Excess Elective Deferrals shall be determined by multiplying the income or loss allocable to Participant's Elective Deferrals for the Plan Year by a fraction, the numerator of which is the Excess Elective Deferral on behalf of the Participant for the preceding Plan Year and the denominator of which is the Participant's account balance attributable to Elective Deferrals on the last date of the preceding Plan Year.

3.6. Average Actual Deferral Percentage. The Average Actual Deferral Percentage for Highly Compensated Employees for each Plan Year and the Average Actual Deferral Percentage for Non-highly Compensated Employees for the same Plan Year must satisfy one of the following tests: (a) The Average Actual Deferral Percentage for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for Participants who are Non-highly Compensated Employees for the Plan Year multiplied by 1.25; or (b) The Average Actual Deferral Percentage for Participants who are Highly Compensated Employees for the Plan Year shall not

exceed the Average Actual Deferral Percentage for Participants who are Non-highly Compensated Employees for the Plan Year multiplied by 2.0, provided that the Average Actual Deferral Percentage for Participants who are Highly Compensated Employees does not exceed the Average Actual Deferral Percentage for Participants who are Non-highly Compensated Employees by more than two (2) percentage points or such lesser amount as the Secretary of the Treasury shall prescribe to prevent the multiple use of this alternative limitation with respect to any Highly Compensated Employee.

### 3.7. Special Rules.

3.7(a). The Actual Deferral Percentage for any Participant who is a Highly Compensated Employee for the Plan year and who is eligible to have Elective Deferrals or Qualified Non-elective Contributions allocated to his or her account under two or more arrangements described in section 401(k) of the Code that are maintained by the Employer shall be determined as if such Elective Deferrals and Qualified Non-elective Contributions were made under a single arrangement.

3.7(b). For purposes of determining the Actual Deferral Percentage of a Participant who is a Highly Compensated Employee, the Elective Deferrals, Qualified Non-elective Contributions and Compensation of such Participant shall include the Elective Deferrals, Qualified Non-elective Contributions, and Compensation of Family Members. Family Members, with respect to Highly Compensated Employees, shall be disregarded as separate Employees in determining the Actual Deferral Percentage both for Participants who are Non-highly Compensated Employees and for Participants who are Highly Compensated Employees.

3.7(c). The determination and treatment of the Elective Deferrals, Qualified Non-elective Contributions, and Actual Deferral Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

3.8. Distribution of Excess Contributions. Notwithstanding any other provision of the plan, except section 3.9(b) herein, Excess Contributions plus any income and minus any loss allocable thereto, shall be distributed no later than the last day of each Plan Year beginning after December 31, 1987, to Participants to whose accounts Elective Deferrals and Qualified Non-elective Contributions were allocated for the preceding Plan Year. Excess Contributions shall be treated as Annual Additions under the plan.

3.8(a). Determination of Income or Loss. The Excess Contributions shall be adjusted for income or loss. The income or loss allocable to Excess Contributions shall be determined by multiplying the income or loss allocable to a Participant's Elective Deferrals and Qualified Non-elective Contributions for the Plan Year by a fraction, the numerator of which is the Excess Contribution on behalf of the Participant for the preceding Plan Year and the denominator of which is the sum of the Participant's account balances attributable Elective Deferrals and Qualified Non-elective Contributions on the last day of the preceding Plan Year.

3.8(b). Accounting for Excess Contributions. Amounts distributed under this section shall be made from the Participant's Elective Deferral account and Qualified Non-elective Contribution account in proportion to the Participant's Elective Deferrals and Qualified Non-elective Contributions for the Plan Year.

### 3.9. Qualified Non-elective Contributions.

3.9(a). The Employer may elect to make Qualified Non-elective Contributions under the plan on behalf of Employees as provided in sections 3.1 and 4.1 of the CODA adoption agreement.

3.9(b). Special Qualified Non-elective Contributions. In lieu of distributing Excess Contributions as provided in sections 3.8(a)-(b) above, and to the extent provided in sections 3.1 and 4.2 of the CODA adoption agreement, the Employer may make special Qualified Non-elective Contributions on behalf of Non-highly Compensated Employees that are sufficient to satisfy either of the Average Actual Deferral Percentage tests. Allocations of Qualified Non-elective Contributions to each Non-highly Compensated Employee's account shall be made in accordance with section 4.2 of the CODA adoption agreement.

3.10. Separate Accounts. A separate account shall be maintained for that portion of a Participant's accrued benefit that is attributable to Elective Deferrals and a separate account shall be maintained for that portion of a Participant's accrued benefit that is attributable to Qualified Non-elective Contributions. Each separate account shall be credited with the applicable contributions, earnings and losses, distributions, and other adjustments.

3.11. Under no circumstances may Elective Deferrals and Qualified Non-elective Contributions be contributed and allocated to the trust under the plan later than thirty (30) days after the close of the Plan Year for which the contributions are deemed to be made, or such other time as provided in applicable regulations under the Code.

SECTION IV:  
TOP-HEAVY REQUIREMENTS

4.1. If the underlying plan document does not designate another plan to satisfy the top-heavy requirements of section 416 of the Code, or if the underlying plan document allocates less than three (3) percent of each Non-key Employee's top-heavy compensation under the plan to such Participant's account for a Plan Year, then the minimum top-heavy allocation under the plan shall be allocated on behalf of Non-key Employees in accordance with section 416 of the Code. Such allocation shall not be less than the lesser of three (3) percent of such Participant's compensation or, in the case where the Employer has no defined benefit plan which designates this plan to satisfy section 401 of the Code, the largest percentage of Employer contributions and forfeitures, as a percentage of the first \$200,000 of the Key Employee's compensation, allocated on behalf of any Key Employee for that year.

4.2. For purposes of determining whether a plan is top-heavy under section 416 of the Code, Elective Deferrals are considered Employer contributions.

SECTION V:  
SPECIAL DISTRIBUTION RULES

5.1. Except as provided in section 7.1 of the CODA adoption agreement, Elective Deferrals, Qualified Non-elective Contributions and income allocable thereto are not distributable to the Participant, or the Participant's beneficiary or beneficiaries, in accordance with the Participant's or beneficiary's election, earlier than upon separation from service, death, or disability, as defined in the underlying plan document.

5.2. Distribution on Account of Financial Hardship.

5.2(a). If elected by the Employer in section 7.1(e) of the CODA adoption agreement, distributions of Elective Deferrals and Qualified Non-elective Contributions under the CODA may be made on account of financial hardship if the distribution is necessary in light of the immediate and heavy financial needs of the Participant. Such a distribution shall not exceed the amount required to meet the immediate financial need created by the hardship and may not be made to the extent that other financial resources of the Participant are reasonably available.

5.2(b). The determination of the existence of financial hardship, and the amount required to be distributed to meet the need created by the hardship, shall be made by a person or persons designated by the Employer (unless a different person or persons are given authority elsewhere in the plan to approve hardship distributions).

5.2(c). All determinations regarding financial hardship shall be made in accordance with written procedures that are established by the person or persons described in section 5.2(b) above, and applied in a uniform and nondiscriminatory manner. Such written procedures shall specify the requirements for requesting and receiving distributions on account of hardship, including what forms must be submitted and to whom. All determinations regarding financial hardship must be made in accordance with objective criteria set forth in section 7.2(a) through (c) of the CODA adoption agreement. Such determinations must also comply with applicable regulations under the Code.

5.2(d). Processing of applications and distributions of amounts under this section, on account of a bona fide financial hardship, must be made as soon as administratively feasible.

SECTION VI:  
MATCHING CONTRIBUTIONS

6.1. If elected by the Employer in the CODA adoption agreement, the Employer will make Matching Contributions to the plan. The amount of such Matching Contributions shall be calculated by reference to the Participant's Elective Deferrals as specified by the Employer in the adoption agreement.

6.2. Separate Account. A separate account shall be maintained for that portion of a Participant's accrued benefit that is attributable to Matching Contributions. Such separate account shall be credited with the applicable contributions, earnings and losses, distributions, and other adjustments.

6.3. Vesting. Matching Contributions will be vested in accordance with the Employer's election in section 6.3 of the CODA adoption agreement.

6.4. Forfeitures. Forfeitures of Matching Contributions other than Excess Aggregate Contributions shall be made in accordance with the forfeiture provisions otherwise applicable to Employer contributions in the underlying plan document.

## 6.5. Qualified Matching Contributions.

6.5(a). If elected by the Employer in section 3.1(A) of the CODA adoption agreement, the Employer will make Qualified Matching Contributions to the plan. The amount of such Qualified Matching Contributions shall be calculated by reference to the Participant's Elective Deferrals as specified in the CODA adoption agreement.

### SECTION VII: LIMITATIONS ON EMPLOYEE CONTRIBUTIONS AND MATCHING CONTRIBUTIONS

#### 7.1. Contribution Percentage.

7.1(a). The Average Contribution Percentage for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Participants who are Non-highly Compensated Employees for the Plan Year multiplied by 1.25; or

7.1(b). The Average Contribution Percentage for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Participants who are Non-highly Compensated Employees for the Plan Year multiplied by two (2), provided that the Average Contribution Percentage for Participants who are Highly Compensated Employees does not exceed the Average Contribution Percentage for Participants who are Non-highly Compensated Employees by more than two (2) percentage points or such lesser amount as the Secretary of the Treasury shall prescribe to prevent the multiple use of this alternative limitation with respect to any Highly Compensated Employee.

7.2. Definitions. For purposes of this section, the following definitions shall apply:

7.2(a). "Average Contribution Percentage" shall mean the average (expressed as a percentage) of the Contribution Percentages of the Participants in a group.

7.2(b). "Contribution Percentage" shall mean the ratio (expressed as a percentage) if the sum of the Employee Contributions, Matching Contributions and Qualified Matching Contributions (to the extent not taken into account in Section 3.6 of the CODA) under the plan on behalf of the Participant for the Plan Year to the Participant's Compensation for the Plan Year.

7.2(b)(1). Qualified Matching Contributions (to the extent not taken into account in Section 3.6 of the CODA) shall be treated as Matching Contributions for the purposes of this section and sections 7.3(a), 7.3(b), 7.4(a), 7.4(b), and 7.4(d) of the CODA.

7.2(c). "Excess Aggregate Contributions" shall mean the amount described in 401(m)(6)(B) of the Code.

#### 7.3. Special Rules.

7.3(a). For purposes of this section, the Contribution Percentage for any Participant who is a Highly Compensated Employee and who is eligible to make Employee Contributions, or to have Matching Contributions allocated to his or her account under two or more plans described in section 401(a) of the Code, or arrangements described in section 401(k) of the Code, that are maintained by the Employer, shall be determined as if the total of such Employee Contributions and Matching Contributions was made under each plan.

7.3(b). In the event that this plan satisfies the requirements of section 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of section 410(b) of the Code only if aggregated with this plan, then this section shall be applied by determining the Contribution Percentages of Participants as if all such plans were a single plan.

7.3(c). For purposes of determining the Contribution Percentage of a Participant who is a Highly Compensated Employee, the Employee Contributions, Matching Contributions and Compensation of such Participant shall include the Employee Contributions, Matching Contributions and Compensation of Family Members. Family Members with respect to Highly Compensated Employees shall be disregarded as separate employees in determining the Actual Deferral Percentage both for Participants who are Non-highly Compensated Employees and for Participants who are Highly Compensated Employees.

7.3(d). The determination and treatment of the Contribution Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

#### 7.4. Distribution of Excess Aggregate Contributions.



7.4(a). General Rule. Notwithstanding any other provision of this plan, Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited, if forfeitable, or if not forfeitable, distributed no later than the last day of each Plan Year beginning after December 31, 1987, to Participants to whose accounts Employee Contributions or Matching Contributions were allocated for the preceding Plan Year. Excess Aggregate Contributions shall be treated as Annual Additions under the plan.

7.4(b). Determination of Income or Loss. The Excess Aggregate Contributions shall be adjusted for income or loss. The income or loss allocable to Excess Aggregate Contributions shall be determined by multiplying the income or loss allocable to the Participant's Employee Contributions and Matching Contributions for the Plan Year by a fraction, the numerator of which is the Excess Aggregate Contributions on behalf of the Participant for the preceding Plan Year and the denominator of which is the sum of the Participant's account balances attributable to Employee Contributions and Matching Contributions on the last day of the preceding Plan Year.

7.4(c). Treatment of Forfeitures. Forfeitures of Excess Aggregate Contributions may either serve to reduce Employer contributions or may be reallocated to the accounts of Non-highly Compensated Employees, as elected by the Employer in section 9.1 of the CODA adoption agreement. Amounts forfeited by Highly Compensated Employees under this section shall be treated as Annual Additions under the plan. The allocation of such forfeitures shall be made pursuant to section 9.1 of the Adoption Agreement. However, no forfeitures arising under this section shall be allocated to the account of any Highly Compensated Employee.

7.4(d). Accounting for Excess Aggregate Contributions. Excess Aggregate Contributions shall be distributed from the Participant's Employee Contribution account, and forfeited if otherwise forfeitable under the terms of the plan (or, if not forfeitable, distributed) from the Participant's Matching Contribution account in proportion to the Participant's Employee Contributions and Matching Contributions for the Plan Year.

7.4(e). The determination of the Excess Aggregate Contributions shall be made after first determining the Excess Elective Deferrals, and then determining the Excess Contributions.

FOOTNOTES: The following provisions of the model CODA warrant additional explanation:

1. 2.8 and 2.13. Leased employees that are defined as Employees in section 2.8 of the amendment to the basic plan document must be considered for purposes of determining the identity and number of Highly Compensated Employees.

2. 3.5. Excess Elective Deferrals that are distributed after April 15 are not only includible in the Participant's gross income in the taxable year when made, but are also includible in the Participant's gross income again in the year when distributed.

3. 3.8 and 7.4(a). The model CODA permits a plan to distribute Excess Contributions and Excess Aggregate Contributions on or before the last day of the Plan Year after the Plan Year in which such excess amounts arose. Distribution of such amounts or other corrective action, is required under sections 401(k)(8) and 401(m)(6) of the Code if the plan is to maintain its tax-qualified status. However, if such excess amounts, plus any income and minus any loss allocable thereto, are distributed more than 2-1/2 months after the last day of the Plan Year in which such excess amounts arose, then section 4979 of the Code imposes a ten (10) percent excise tax on the Employer maintaining the plan with respect to such amounts.

4. 3.9. Any additional contributions that are allocated pursuant to this section shall be subject to the limitations under section 415(c) of the Code.

5. 8.1. If section 8 is not adopted, Employer contributions, including Elective Deferrals, are limited to accumulated earnings or profits for the taxable year or years ending within the Plan Year.



GROWTH & INCOME  
 SERIES FOR TEN YEARS ONLY  
 DECEMBER YEARS  
 <TABLE>  
 <CAPTION>

DATE	DISTRIBUTIONS CAP GAIN	INCOME	REINV PRICE	CAP SHARE AMT	TOTAL SHARE AMT	CAPITAL SERIES	TOTAL SERIES	DECEMBER PRICES	DATE	ADJUSTED NAV PRICE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
5/15/79		0.1700	10.17	0.00000	0.01672	26.4513	71.3706	10.07	12/78	706.8856
11/15/79		0.2200	11.35	0.00000	0.01930	26.4513	72.7540	11.99	12/79	872.3202
5/15/80		0.2000	11.79	0.00000	0.01696	26.4513	73.9881	15.56	12/80	1171.4403
11/15/80		0.2000	15.97	0.00000	0.01753	26.4513	75.2854	13.25	12/81	1101.0361
2/2/81	0.9000		13.97	0.06442	0.06442	28.1554	80.1355	13.89	12/82	1346.1943
2/15/81		0.1000	13.83	0.00000	0.00723	28.1554	80.7150	14.79	12/83	1528.8867
5/15/81		0.1200	14.36	0.00000	0.00836	28.1554	81.3895	11.90	12/84	1461.1673
8/15/81		0.1200	13.87	0.00000	0.00865	28.1554	82.0936	15.35	12/85	1965.9529
11/15/81		0.1600	13.09	0.00000	0.01222	28.1554	83.0971	15.02	12/86	2327.7059
2/3/82	1.3600		11.44	0.11888	0.11888	31.5025	92.9757	12.31	12/87	2409.1725
2/10/82		0.1000	11.18	0.00000	0.00894	31.5025	93.8074	13.18	12/88	2698.5150
5/10/82		0.1200	11.32	0.00000	0.01060	31.5025	94.8018			
8/4/82		0.1200	10.46	0.00000	0.01147	31.5025	95.8894			
11/9/82		0.1500	13.98	0.00000	0.01073	31.5025	96.9182			
2/3/83	0.4850		13.60	0.03566	0.03566	32.6259	100.3745			
2/9/83		0.1000	13.55	0.00000	0.00738	32.6259	101.1153			
5/11/83		0.1100	15.55	0.00000	0.00707	32.6259	101.8306			
8/3/83		0.1100	14.70	0.00000	0.00748	32.6259	102.5926			
11/9/83		0.1100	14.46	0.00000	0.00761	32.6259	103.3730			
2/3/84	1.7000	--	12.12	0.14686	0.14686	37.4175	110.5548			
2/14/84		0.0900	11.55	0.00000	0.00779	37.4175	119.4787			
5/9/84		0.1100	11.40	0.00000	0.00965	37.4175	120.6315			
8/15/84		0.1100	10.92	0.00000	0.01007	37.4175	121.8467			
11/14/84		0.0900	11.66	0.00000	0.00772	37.4175	122.7872			
2/13/85		0.1100	13.05	0.00000	0.00843	37.4175	123.8222			
5/15/85		0.1400	13.37	0.00000	0.01047	37.4175	125.1187			
8/14/85		0.1600	13.79	0.00000	0.01160	37.4175	126.5704			
11/13/85		0.1700	14.30	0.00000	0.01189	37.4175	128.0751			
2/13/86		0.1800	14.56	0.00000	0.01236	37.4175	129.6585			
2/13/86	1.4260		14.56	0.09794	0.09794	41.0822	142.3571			
5/13/86		0.1700	15.97	0.00000	0.01064	41.0822	143.8725			
8/13/86		0.1600	16.22	0.00000	0.00986	41.0822	145.2917			
11/11/86		0.1700	15.98	0.00000	0.01064	41.0822	146.8374			
12/16/86	0.0500		15.34	0.05541	0.05541	43.3586	154.9738			
2/11/87	0.2775		16.50	0.01682	0.02694	44.0878	159.1487			
5/87		0.1600	16.47	0.00000	0.00971	44.0878	160.6947			
8/87		0.1800	18.05	0.00000	0.00997	44.0878	162.2972			
12/87	2.3642		12.31	0.19206	0.20587	52.5551	195.7086			
2/88		0.1500	12.88	0.00000	0.01165	52.5551	197.9878			
7/88		0.1400	12.96	0.00000	0.01080	52.5551	200.1265			
10/88		0.1400	13.01	0.00000	0.01076	52.5551	202.2801			
12/88		0.1600	13.14	0.00000	0.01218	52.5551	204.7432			

<CAPTION>

DATE	1 YEAR TOTAL RETURN	CUM. 5 YEAR TOTAL RETURN	ANN. 5 YEAR TOTAL RETURN	CUM. 10 YEAR TOTAL RETURN	ANN. 10 YEAR TOTAL RETURN	10 YRS BEGIN	5 YRS BEGIN	1 YRS BEGIN
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
5/15/79						\$1,000		
11/15/79	23.4					\$1,234		
5/15/80	34.3					\$1,657		
11/15/80	-6.0					\$1,558		
2/2/81	22.3					\$1,904		
2/15/81	13.6					\$2,163	\$1,000	
5/15/81	-4.4					\$2,067	\$956	
8/15/81	34.5					\$2,781	\$1,286	
11/15/81	18.4					\$3,293	\$1,522	
2/3/82	3.5					\$3,400	\$1,576	\$1,000
2/10/82	12.0	76.5	12.0	281.7	14.3	\$3,817	\$1,765	\$1,120
5/10/82								
8/4/82								
11/9/82								
2/3/83								
2/9/83								
5/11/83								
8/3/83								
11/9/83								
2/3/84								
2/14/84								

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5/13/86  
8/13/86  
11/11/86  
12/16/86  
2/11/87  
5/87  
8/87  
12/87  
2/88  
7/88  
10/88  
12/88  
</TABLE>

SCUDDER GROWTH & INCOME  
REINVESTMENT SERIES, ADJUSTED NAV AND PERFORMANCE  
FOR CAPITAL CHANGE AND TOTAL RETURN AS OF 4/86

ASSUMED INCEP 11/13/84  
1431.6883

<TABLE>  
<CAPTION>

DATE	NAV	REINVESTMENT PRICE	AMOUNT	SHARES #	CAPITAL SERIES	ADJUSTED CAP NAV	CAPITAL MONTHLY RETURN	CAPITAL QTRLY RETURN	CAPITAL YEAR TO DATE	CAPITAL ANNUAL RETURN	INCOME & CAPGAINS AMOUNT
<C>	<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	486	15.73			41.08220	646.22301					
INC	5/86	15.57	0	0.0000000	41.08220	677.03466	4.7680				0.17
	586	16.33			41.08220	670.87233	-0.9102				
	686	16.60			41.08220	681.96452	1.6534	5.5308			
	786	15.90			41.08220	653.20698	-4.2169	-3.5194			
INC	8/86	16.22	0	0.0000000	41.08220	661.01260	1.1950	-1.4697			0.16
	886	16.48			41.08220	677.03466	3.6478	-0.7229			
	986	15.31			41.08220	628.96848	-7.0995	-3.7107			
	1086	16.02			41.08220	658.13684	4.6375	-0.4351			
INC	11/86	15.98	0	0.0000000	41.08220	656.49356	-0.2497	-3.0340			0.17
	1186	16.09			41.08220	661.01260	0.4370	5.0947			
CAP	12/86	15.34	0.85	0.0554107	43.35859	665.12082		1.0612			0.85
	1286	15.02			43.35859	651.24607	-10.4753	-0.7993			
	187	16.73			43.35859	725.38926	11.3848	9.7391	11.3848		
CAP	2/87	16.50	0.2775	0.0168182	44.08781	727.44880	10.0507	9.3709	11.7011		0.4475
	287	16.76			44.08781	738.91163	1.8642	11.7848	13.4612		
	387	16.81			44.08781	741.11602	0.2983	13.7997	13.7997		
	487	16.50			44.08781	727.44880	-1.8441	0.2839	11.7011	12.56931	
	587	16.43	0.00	0.0000000	44.08781	724.36265	-0.4242	-1.9690	11.2272	7.97325	0.16
	687	17.01			44.08781	749.93358	3.5301	1.1898	15.1536	9.96666	
	787	17.67			44.08781	779.03153	3.8801	7.0909	19.6217	19.26258	
8/12	INC	18.05	0.00	0.0000000	44.08781	795.78489	2.1505	9.8608	22.1942	20.38876	0.18
	887	18.10			44.08781	797.98928	2.4335	10.1643	22.5327	17.86535	
	987	17.93			44.08781	790.49436	-0.9392	5.4086	21.3818	25.68108	
	1087	14.49			44.08781	638.83231	-19.1857	-17.9966	-1.9062	-2.93321	
	1187	13.81			44.08781	608.85260	-4.6929	-23.7017	-6.5096	-7.89092	
CAP	12/87	12.31	2.3642	0.1920552	52.55510	646.95328	6.2578	-18.1504	-0.6592	-2.73146	2.5312
	188	12.68			52.55510	666.39867	3.0057	4.3151	3.0057	-8.13227	
INC	288	12.89	0.00	0.0000000	52.55510	677.43524	1.6562	11.2642	4.7116	-8.31986	0.15
	388	12.76			52.55510	670.60307	-1.0085	3.6556	3.6556	-9.51443	
	488	12.87			52.55510	676.38414	0.8621	1.4984	4.5491	-7.01969	
	588	12.78			52.55510	671.65418	-0.6993	-0.8534	3.8180	-7.27653	
	688	13.11			52.55510	688.99736	2.5822	2.7429	6.4988	-8.12555	
INC	788	12.93	0.00	0.0000000	52.55510	679.53744	-1.3730	0.4662	5.0366	-12.77151	0.14
	888	12.61			52.55510	662.71981	-2.4749	-1.3302	2.4370	-16.95129	
	988	12.96			52.55510	681.11409	2.7756	-1.1442	5.2803	-13.83694	
INC	1088	13.29	0.00	0.0000000	52.55510	698.45728	2.5463	2.7842	7.9610	9.33343	0.14
	1188	13.22			52.55510	694.77842	-0.5267	4.8374	7.3392	14.11275	
INC	1288	13.18	0.00	0.0000000	52.55510	692.67622	-0.3026	1.6975	7.0674	7.06742	0.16

<CAPTION>

DATE	SHARES #	TOTAL SERIES	ADJUSTED TOTAL NAV	TOTAL MONTHLY RETURN	TOTAL QTRLY RETURN	TOTAL YEAR TO DATE	TOTAL ANNUAL RETURN	AGGREG INCEP	ANNUALZ INCEP	YEARS
<C>	<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	486	142.32220	2238.72821							
INC	5/86	0.010918	143.87614	2240.15143	0.0636					

	586		143.87614	2349.49729	4.8812														
	686		143.87614	2388.34385	1.6534	6.6831													
	786		143.87614	2287.63055	-4.2169	2.1195													
INC	8/86	0.009864	145.29538	2356.69110	3.0189														
	886		145.29538	2394.46790	4.6702	1.9141													
	986		145.29538	2224.47230	-7.0995	-6.8613													
	1086		145.29538	2327.63202	4.6375	1.7486													
INC	11/86	0.010638	146.84108	2346.52042	0.8115	-0.4316													
	1186		146.84108	2362.67294	0.6884	-1.3279													
CAP	12/86	0.055410	154.97764	2377.35705	0.6215	6.8729													
	1286		154.97764	2327.76420	-2.0860	0.0057													
	187		154.97764	2592.77597	11.3848	10.4945	11.3848												
CAP	2/87	0.027121	159.18082	2626.48361	1.3001	11.1658	12.8329												
	287		159.18082	2667.87062	1.5758	12.2200	14.6109												
	387		159.18082	2675.82966	0.2983	14.9528	14.9528												
	487		159.18082	2626.48341	-1.8441	1.3001	12.8329	17.3203											
	587	0.009714	160.72721	2640.74803	0.5431	-1.0166	13.4457	12.3963											
	687		160.72721	2733.96981	3.5301	2.1728	17.4505	14.4714											
	787		160.72721	2940.04977	3.8901	8.1313	22.0076	24.1481											
8/12	INC	0.009972	162.33003	2930.05700	3.1692	10.9556	25.8743	24.3293											
	887		162.33003	2938.17350	3.4550	11.2629	26.2230	22.7067											
	987		162.33003	2910.57740	-0.9392	6.4597	25.0375	30.8435											
	1087		162.33003	2352.16210	-19.1857	-17.1788	1.0481	1.0539											
	1187		162.33003	2241.77768	-4.6929	-23.7017	-3.6940	-5.1169											
CAP	12/87	0.205621	195.70856	2409.17241	7.4671	-17.2270	3.4973	3.4973	68.274	18.364	3.0868								
	188		195.70856	2481.58450	3.0057	5.5023	3.0057	-4.2885	73.332	18.946	3.1701								
INC	288	0.011645	197.98778	2552.06245	2.8400	13.8410	5.9311	-4.3408	78.255	19.443	3.2534								
	388		197.98778	2526.32404	-1.0085	4.8627	4.8627	-5.5873	76.457	18.553	3.3367								
	488		197.98778	2548.10270	0.8621	2.6805	5.7667	-2.9843	77.978	18.359	3.4201								
	588		197.98778	2530.28300	-0.6993	-0.8534	5.0271	-4.1831	76.734	17.650	3.5034								
	688		197.98778	2595.61976	2.5822	2.7429	7.7391	-5.0604	81.297	18.042	3.5867								
INC	788	0.010802	200.12653	2587.63609	-0.3076	1.5515	7.4077	-8.8876	80.740	17.500	3.6701								
	888		200.12653	2523.59560	-2.4749	-0.2643	4.7495	-14.1101	76.267	16.301	3.7534								
	988		200.12653	2593.63989	2.7756	-0.0763	7.6569	-10.8892	81.159	16.750	3.8367								
INC	1088	0.010760	202.28009	2688.30235	3.6498	3.8903	11.5861	14.2907	87.771	17.436	3.9201								
	1188		202.28009	2674.14274	-0.5267	5.9656	10.9984	19.2867	86.782	16.889	4.0034								
INC	1288	0.012176	204.74316	2698.51488	0.9114	4.0435	12.0100	12.0100	88.484	16.777	4.0867								

</TABLE>